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PROCEEDINGS AND DEBATES OF THE 93d CONGRESS, SECOND SESSION

SENATE—*Tuesday, October 8, 1974*

The Senate met at 9 a.m., and was called to order by Hon. Quentin N. Burdick, a Senator from the State of North Dakota.

PRAYER

The Chaplain, the Reverend L. R. Elson, D.D., offered the following prayer:

Eternal Father, giver of every good and perfect gift, on this "Day of Bread" we lift our hearts in thanksgiving for Thy goodness and mercy to the children of Thy creation. We thank Thee for the bounty of the Earth and for those who plant and grow and reap and grind and bake and serve bread—the universal sustainer of life.

May that half of the world's population without enough to eat be so assisted by that half with enough and to spare, that every day may soon be a "Day of Bread" for all mankind. When we pray "Give us this day our daily bread," may we remember Him who spoke the words and feed on His spirit unto life eternal. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., October 8, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. Quentin N. Burdick, a Senator from the State of North Dakota, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. BURDICK thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, October 7, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nomination will be stated.

NATIONAL MEDIATION BOARD

The second assistant legislative clerk read the nomination of Kay McMurray, of Idaho, to be a member of the National Mediation Board.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

CONSIDERATION OF CERTAIN ITEMS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendars Nos. 1166, 1168, 1170, 1171, 1172, and 1173.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

INVOLUNTARY DISCHARGE OF CERTAIN OFFICERS IN THE ARMY UNDER REDUCTION IN FORCE

The Senate proceeded to consider the bill (S. 3191) to amend title 10, United States Code, to provide that commissioned officers of the Army in regular grades below major may be involuntarily discharged whenever there is a reduction in force, which had been reported from the Committee on Armed Services with an amendment to strike out all after the enacting clause and insert the following:

That chapter 361 of title 10, United States Code, is amended by inserting the following new section after section 3814, and inserting a corresponding new item in the chapter analysis:

"§ 3814a. Regular commissioned officers; second lieutenants, first lieutenants, and captains; discharge during a reduction in force

"(a) Under regulations prescribed by the Secretary of the Army, whenever he determines that a reduction in the active duty officer personnel strength of the Army is required, he is authorized to remove from the active list of the Regular Army any commissioned officer below the grade of major, if such officer is recommended for removal from the active list by a board of officers appointed by the Secretary of the Army, or his designee, for the purpose of recommending the removal of officers from the active list.

"(b) Any officer selected for removal from the active list of the Regular Army under subsection (a) shall—

"(1) if he is eligible, and so requests, be retired under section 3911 of this title on the date requested by him and approved by the Secretary, but not later than ninety days after such officer receives notification that he is to be removed from the active list of the Regular Army;

"(2) if he is not eligible for retirement under section 3911 of this title, but is eligible for retirement under any other provision of law, be retired under that law on the date requested by him and approved by the Secretary, but not later than ninety days after the date such officer receives notification that he is to be removed from the active list of the Regular Army; or

"(3) if he is not eligible for retirement under section 3911 of this title or any other provision of law, or does not request retirement under section 3911 of this title or under any other provision of law if he is eligible, be honorably discharged on the date requested by him and approved by the Secretary, but not later than ninety days after the date such officer receives notification that he is to be removed from the active list of the Regular Army, and be granted a readjustment payment as provided in subsection (c) of this section.

"(c)(1) Any officer discharged under subsection (b)(3) and who has completed, immediately before his discharge, at least five years of continuous active duty is entitled to a readjustment payment computed by multiplying his years of active service, but not more than eighteen, by two months' basic pay of the grade in which he is serving on the date of his discharge. Such an officer may not be paid more than two years' basic pay of the grade in which he is serving at the time of his discharge or $15,000, whichever amount is the lesser.

"(2) For the purpose of computing the amount of a readjustment payment under subsection (b)(3), a part of a year that is six months or more is counted as a whole year, and a part of a year that is less than six months is disregarded.

"(d) If any officer who received a readjustment payment under this section qualifies for retired pay under any provision of this title or title 14 that authorizes his retirement upon completion of twenty years of active service, an amount equal to 75 per centum of that payment, without interest, shall be deducted immediately from his retired pay.

"(e) This section does not apply to any officer who is required to be discharged or retired for failure of promotion to the grade of first lieutenant, captain, or major under section 3298 or 3303, as appropriate, or who is found to be disqualified for promotion under section 3302 of this title.

"(f) When, under regulations prescribed by the Secretary, any officer has been recommended for removal from the active list of the Regular Army under chapter 359 or 360 of this title, and that recommendation has been received by headquarters, Department of the Army, or when, under regulations prescribed by the Secretary, any officer has been selected by headquarters, Department of the Army, for discharge under section 3814 of this title, such officer may not be considered for removal from the active list under this section. However, any action by any headquarters subordinate to headquarters, Department of the Army, with respect to proceedings for the consideration of any officer for discharge under chapter 359 or 360 or section 3814 of this title shall not prevent consideration for removal of such officer from the active list under this section. Further, the removal of any officer from the active list under this section is not prevented if such officer was previously considered for discharge under chapter 359 or 360 of this title and was recommended for retention under such provision of law or if such officer was recommended for discharge under section 3814 but was not discharged under authority of such section.

"(g) Under regulations prescribed by the Secretary, any regular officer who is within two years of becoming eligible for retired pay may not be involuntarily discharged under this section before he becomes eligible for that pay, unless his discharge is approved by the Secretary.".

SEC. 2. This Act is effective on the date of enactment and expires three years after that date.

The ACTING PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. MANSFIELD. Mr. President, I am somewhat disturbed by the title of this bill, which indicates that it applies to regular grades below major. It is my understanding that there are a good many generals, admirals, colonels, and what not considerably in excess of those who commanded a 15-million-man force during World War II; whereas now we have slightly above 2 million men in uniform.

I should like to voice my opposition to this bill. I do not like to see this type of discrimination against younger officers who may have better opportunities to fashion their careers, who will not be too stereotyped in their thinking, and who perhaps could make a better contribution to the defense of this country than would be in the case of this bill.

Mr. THURMOND. Mr. President, I rise in support of S. 3191, a bill to provide temporary authority for the Secretary of the Army to remove Regular Army captains and lieutenants from the active list whenever there is a reduction of personnel strength.

Mr. President, Senator NUNN, the chairman of the Manpower Subcommittee of the Senate Armed Services Committee, conducted hearings on the Army's request for this legislation. I commend him for the outstanding work that he has done in bringing this bill to the Senate.

The requirement for this legislation comes as the result of the rather rapid reduction in the size of the Army over the past several years. As a result of this reduction, the Army, unfortunately, finds itself with an excess of junior officers. For the past few years the Army, in an attempt to balance the number of junior officers with its requirements, has had to release a large number of Reserve officers. These reductions-in-force, commonly referred to as RIF's, could only apply to Reserve officers, since existing law protects Regular officers from any RIF.

However, this particular legislation will allow the Secretary of the Army in any future reduction, to have both Regular and Reserve captains and lieutenants screened for possible release from the service. Because Reserve Army captains and lieutenants have been subjected to two RIF reviews over the past 2 years, those who survived this screening process are extremely well qualified. To now require some of these same Reserve officers to leave active duty when, in fact, there are Regular officers whose performance records are not as outstanding would be an inequity.

Mr. President, S. 3191 provides this authority to the Secretary of the Army for 3 years, which is the amount of time the Army believes it will take to solve this problem. I had some concern that the legislation did not grant the same authority to the Secretaries of the Navy and Air Force, even though those services did not request the legislation. Nevertheless, I felt each Service Secretary should have the same discretionary authority, even though he might not use it. However, since my distinguished colleague from Georgia has indicated he will take up the Defense Office Personnel Management Act—DOPMA—legislation at an early date next year, the authority we are providing in this particular legislation could be encompassed in the DOPMA legislation, I believe the bill needs no further modification.

Mr. President, I urge my colleagues to vote in support of this bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AGRICULTURE CONSERVATION PROGRAMS

The Senate proceeded to consider the bill (S. 3943) to extend the time for using funds appropriated to carry out the rural environmental assistance program—REAP, and the rural environmental conservation program—RECP—for the fiscal years ending June 30, 1973, and June 30, 1974, which had been reported from the Committee on Agriculture and Forestry with an amendment to strike out all after the enacting clause and insert the following:

That notwithstanding any other provision of law or regulation issued by the Secretary of Agriculture, the time within which producers may request and receive approval for cost-sharing assistance under the 1973 Rural Environmental Assistance Program and the 1974 Rural Environmental Conservation Program (as authorized by sections 7 to 15, 16 (a), and 17 of the Soil Conservation and Domestic Allotment Act, as amended, and title X of the Agricultural Act of 1970, as amended) is extended to December 31, 1975, and funds appropriated for such programs shall remain available for making payments to eligible producers until December 31, 1976, for practices carried out during the period July 1, 1972, to December 31, 1975.

Mr. CLARK. Mr. President, the bill before the Senate, S. 3943, is an uncomplicated one. It simply extends for 1 year the time available for utilization of the funds being offered in 1974 for agricultural soil conservation cost-sharing through the rural environmental assistance and rural environmental conservation programs—REAP and RECP.

An extension is necessary because administration impoundments, bureaucratic delays and bad weather have made it impossible for many farmers to utilize these funds this year, even though the amount of soil conservation work that needs to be done is overwhelming.

Current indications are that the unused funds will total approximately $100 million—or more than a fourth of the $385 million in REAP and RECP funds available.

These programs are funded on a calendar year basis, and as it stands now, the unused funds will revert to the Federal Treasury on December 31 unless legislation is enacted.

Congress appropriated $225.5 million for REAP for 1973 and $160 million for RECP for 1974. President Nixon arbitrarily impounded a major portion of these appropriations and finally canceled the entire REAP program early in 1973.

The impoundments and the termination were ruled illegal on December 28, 1973, and the administration subsequently released $210 million of the 1973 appropriation and $90 million of the 1974 appropriation. The administration still refused, however, to make available the other $70 million appropriated by Congress for 1974.

The funds that were released were finally made available at the county level on April 1, 1974. This meant that the Agricultural Stabilization and Conservation Service and the Soil Conservation Service—which administer these programs—had only 9 months' time to work with nearly 2 years' worth of funds.

As though this ridiculously short time span were not enough, the date that the funds were finally made available was just about the same time that the Midwest was hit with some of the worst rains and flooding in recent memory.

No field work could be done for 30 to 60 days in most areas, and when field work finally became possible again, farmers were so far behind with seeding that many of them had to forgo the conservation work they wanted to accomplish.

Ironically, the same rains and flooding also compounded the need for conservation work by destroying conservation structures already in place and creating new erosion, silting, and gullying problems where none had existed before.

In short, farmers this year did not have a reasonable opportunity to utilize the money appropriated by Congress for this badly needed purpose.

It should be stressed that S. 3943 does not involve any new appropriations. It does not make available any more money than Congress originally intended for the REAP and RECP programs. It simply provides that the funds originally appropriated for soil conservation cost-sharing for 1973 and 1974 and uncommitted to that use as of December 31, 1974, shall remain available for use through December 31, 1975, in order to give deserving farmers a reasonable opportunity to use them.

The only circumstance that has changed since the funds were originally appropriated is that these funds are many times more vital today than anyone could have imagined they would be at the time of the original appropriation.

Mr. President, never in the history of the world have so few farmers been expected to produce food for so many people. The American farmer is equal to this task but he needs and deserves our support and assistance to accomplish it.

I ask for support for this measure as a sign of good faith in the American farmer, and as a sign of support for his determination to provide food for the hungry people of the world.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to extend the time for using funds appropriated to carry out the 1973 rural environmental assistance program and the 1974 rural environmental conservation program."

CLARA BARTON NATIONAL HISTORIC SITE; JOHN DAY FOSSIL BEDS NATIONAL MONUMENT; KNIFE RIVER INDIAN VILLAGES NATIONAL HISTORIC SITE; SPRINGFIELD ARMORY NATIONAL HISTORIC SITE; TUSKEGEE INSTITUTE NATIONAL HISTORIC SITE; AND MARTIN VAN BUREN NATIONAL HISTORIC SITE

The Senate proceeded to consider the bill (H.R. 13157) to provide for the establishment of the Clara Barton National Historic Site, Md.; John Day Fossil Beds National Monument, Oreg.; Knife River Indian Villages National Historic Site, N. Dak.; Springfield Armory National Historic Site, Mass.; Tuskegee Institute National Historic Site, Ala.; and Martin Van Buren National Historic Site, N.Y.; and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with amendments on page 1, line 4, strike out the words "That (a) unless" and insert in lieu thereof "Sec. 101. (a) Unless".

On page 4, in line 19, strike out "Sec. 2. (a)" and insert in lieu thereof "Sec. 102.".

On page 5, in line 16, strike out "Sec. 3." and insert in lieu thereof "Sec. 103.".

On page 5, in line 22, strike out "Sec. 4." and insert in lieu thereof "Sec. 104.".

On page 6, in line 1, after the word "for" insert the words "acquisition of lands and interests in lands and for".

On page 6, in line 8, strike out "$1,130,000" and insert in lieu thereof "$2,268,000".

On page 6, beginning at line 17, insert the following new language:

TITLE II

Sec. 201. In order to preserve for the benefit and inspiration of the people of the United States as a national historic site, the Sewall-Belmont House within the District of Columbia, the Secretary of the Interior is authorized to enter into a cooperative agreement to assist in the preservation and interpretation of such house.

Sec. 202. The property subject to cooperative agreement pursuant to section 101 of this Act is hereby designated as the "Sewall-Belmont House National Historic Site".

Sec. 203. The cooperative agreement shall contain, but shall not be limited to, provisions that the Secretary, through the National Park Service, shall have right of access at all reasonable times to all public portions of the property covered by such agreement for the purpose of conducting visitors through such property and interpreting it to the public, that no changes or alterations shall be made in such property except by mutual agreement between the Secretary and the other parties to such agreement. The agreement may contain specific provisions which outline in detail the extent of the participation by the Secretary in the restoration, preservation, and maintenance of the historic site.

Sec. 204. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act, but not to exceed $500,000.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An act to provide for the establishment of the Clara Barton National Historic Site, Md.; John Day Fossil Beds National Monument, Oreg.; Knife River Indian Village National Historic Site, N. Dak.; Springfield Armory National Historic Site, Mass.; Tuskegee Institute National Historic Site, Ala.; Martin Van Buren National Historic Site, N.Y.; and Sewall-Belmont House National Historic Site, Washington, D.C.; and for other purposes."

NATIONAL PARK SYSTEM

The Senate proceeded to consider the bill (H.R. 14217) to provide for increases in appropriation ceilings and boundary changes in certain units of the national park system, to authorize appropriations for additional costs of land acquisition for the national park system, and for other purposes which had been reported from the Committee on Interior and Insular Affairs with amendments on page 3, in line 17, strike out the word "and".

On page 3, beginning at line 22, insert the following new language:

(11) Apostle Islands National Lakeshore, Wisconsin: Section 8 of the Act of September 26, 1970 (84 Stat. 880) is amended by deleting "$4,250,000" and inserting in lieu thereof "$5,250,000";

(12) Lake Mead National Recreation Area, Arizona and Nevada: Section 10 of the Act of October 8, 1964 (78 Stat. 1039) is amended by deleting "$1,200,000" and inserting in lieu thereof "$7,100,000"; and

(13) Sleeping Bear Dunes, Michigan: Section 15 of the Act of October 21, 1970 (84 Stat. 1075) is amended by deleting "$19,800,000" and inserting in lieu thereof "$57,753,000".

On page 10, beginning at line 18, insert the following new language:

Sec. 406. The Act of March 10, 1966 (80 Stat. 33; 16 U.S.C. 459g) providing for the establishment of Cape Lookout National Seashore in the State of North Carolina is amended as follows:

(1) Section 1 is amended by deleting " 'Proposed Boundaries—Proposed Cape Lookout National Seashore', dated April 1964, and numbered NS–CL–7101–B," and substituting in lieu thereof "Boundary Map, Cape Lookout National Seashore,' dated March 1974, and numbered 623–20,009," and by changing the colon to a period and deleting the remainder of the section.

(2) Subsection 2(a) is amended by deleting the third sentence and inserting in lieu thereof the following: "Lands owned by the State of North Carolina or any political subdivision thereof may be acquired only by donation, but the Secretary may, subject to the provisions of section 7 of this Act, acquire any other non-Federal lands, marshlands, waters, or interests therein which are located within the boundaries of the seashore by donation, purchase with donated or appropriated funds, or exchange. Notwithstanding any other provision of law, the Secretary may accept any lands donated by the State of North Carolina subject to a provision for reversion to the State conditioned upon continued use of the property for national seashore purposes.".

(3) Section 3 is amended by revising the first sentence to read as follows: "When title to lands and interests in lands in an amount sufficient to constitute an efficiently administerable unit for the purposes of this Act is vested in the United States, the Secretary shall declare the establishment of the seashore by publication of notice thereof in the Federal Register.".

(4) Section 7 is amended to read as follows:

"Sec. 7. There is hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act, not to exceed $7,903,000 for acquisition of lands and interests therein, of which no more than $1,000,000 may be expended for acquisition of lands owned by Core Banks Club Properties, Incorporated. For development of essential public facilities there are authorized to be appropriated not more than $2,935,000. Within three years from the date of the enactment of this Act, the Secretary shall develop and transmit to the Committees on Interior and Insular Affairs of the United States Congress a final master plan for the full development of the seashore consistent with the preservation objectives of this Act, indicating:

"(1) the facilities needed to accommodate the health, safety, and recreation needs of the visiting public;

"(2) the location and estimated cost of all facilities; and

"(3) the projected need for any additional facilities within the seashore.".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

SAN CARLOS MINERAL STRIP

The Senate proceeded to consider the bill (H.R. 7730) to authorize the Secretary of the Interior to purchase property located within the San Carlos Mineral Strip, which had been reported from the Committee on Interior and Insular Affairs with an amendment to strike out all after the enacting clause and insert the following:

That the Secretary of the Interior (hereinafter referred to as the "Secretary") is hereby authorized and directed to acquire through purchase within the so-called San Carlos Mineral Strip as of January 24, 1969, all privately owned real property, taking title thereto in the name of the United States in trust for the San Carlos Apache Indian Tribe.

SEC. 2. The Secretary is authorized and directed to purchase from the owners all range improvements of a permanent nature placed, under the authority of a permit from or agreement with the United States, on the lands restored to the San Carlos Apache Indian Tribe for the reasonable value of such improvements, as determined by the Secretary: *Provided, however,* That if any such range improvements were constructed under cooperative agreement with the Federal Government, the reasonable value shall be decreased proportionately by the percentage of original Federal participation. Such permanent improvements shall include, but not be limited to, wells, windmills, water tanks, ponds, dams, roads, fences, corrals and buildings. The Secretary shall take title to such range improvements in the name of the United States in trust for the San Carlos Apache Indian Tribe.

SEC. 3. There are authorized to be appropriated for the purposes of this Act not to exceed $3,000,000 to be available without fiscal year limitation: *Provided,* That the Secretary shall make a fair determination of compensation for property acquired pursuant to this Act: *And provided further,* That the Secretary shall make such appraisals and require the owners to present such documents as title, tax assessment, bills of sale, other paper, and other evidence which he may deem necessary for such determination.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

WISCONSIN MICHIGAN POWER CO.

The bill (H.R. 3903) to direct the Secretary of the Interior to convey certain public land in the State of Michigan to the Wisconsin Michigan Power Co. was considered, ordered to a third reading, read the third time, and passed.

LEGISLATIVE PROGRAM

Mr. HUGH SCOTT. Mr. President, I rise to make some inquiries of the distinguished majority leader, inasmuch as we have a continuing resolution, a campaign reform bill, and other measures tc be considered. I inquire as to what the program is for the day and until the Senate stands in recess. Also, I inquire as to the conditions under which Congress will stand in recess.

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished Republican leader, I ask unanimous consent at this time that at the conclusion of the morning business and the morning hour, H.R. 12993, a bill to amend the Communications Act, be laid before the Senate and made the pending business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. That will be followed by the conference report on campaign reform, and that in turn will be followed by the conference report on the continuing resolution.

It is imperative, in my opinion, that all these bills be passed, hopefully today.

The other bill of major significance is the supplemental appropriation bill, which will have to be considered, I would hope, before the Senate adjourns this week for the recess.

Of course, I point out that there will be difficulties which will force the Senate to meet on Saturday and perhaps into next week if no agreement is reached, especially on the continuing resolution with respect to appropriations. I had hoped that it would have been possible to have had the Senate consider the nomination of Nelson A. Rockefeller before the recess; but in view of events which have developed, it appears that that is impossible at this time.

Mr. HUGH SCOTT. Can the distinguished majority leader advise me whether action is expected on the conference report on conservation and rehabilitation programs, H.R. 11537? It is on page 17 of the calendar.

Mr. MANSFIELD. I am glad the Senator mentioned that. We have a consent agreement on that. It will be the intent of the leadership to lay aside the bill to amend the Communications Act and take the conservation and rehabilitation program legislation up first.

Mr. HUGH SCOTT. I thank the distinguished majority leader.

I add my regret that the nomination of the distinguished Vice President-designate cannot be disposed of before the recess. Information was requested from the Treasury and the Internal Revenue Service which we have been assured would be received on October 18. We have had other assurances that it would be received earlier and it was not. It is obvious that the Committee on Rules is not in a position to make a report.

On the campaign reform fund bill, as it is sometimes called, the conferees have labored long. It has had many disagreements, and it finally resolved the issues in conflict. By and large, it is a reasonably good bill. It represents some important steps forward in limitations of contributions, in limitations of the amount an individual may furnish for his own campaigning, in tightening up committee giving and reporting, and in establishing an independent Federal Election Commission, which I am proud to say was my own amendment.

I believe we have fortified that Commission so as to assure its independence by public financing, with the use of matching funds and the necessity for a threshold contribution by the candidate before he becomes eligible to match the collection of future funds with Federal funds in the case of Presidential elections only. I am very sorry that the bill did not contain the Kennedy-Scott amendment, which extended public financing to congressional elections. It is my own judgment that, after we give this bill a trial in the 1976 election, its usefulness and desirability in congressional elections will be made manifest.

There are many people who disagree with me, including many in my own party. This has been a stance taken by the distinguished Senator from Massachusetts (Mr. KENNEDY) and myself, with which the Senate, however, did not agree, and on which we have expressed clearly our preference to this form of this extension of financing.

However, it is necessary to say that the bill is in a form which I believe the President would find possible to sign into law. We ought to give it a fair trial. We have sought to eliminate a number of abuses in election laws, and now we need good administration, fearless enforcement, and a fair trial.

I yield back the remainder of my time.

QUORUM CALL

Mr. HUGH SCOTT. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. On whose time?

Mr. HUGH SCOTT. I ask unanimous consent that the time be first taken from the remaining time available to the majority leader and myself, and thereafter, if necessary, from the time of the assistant majority leader (Mr. ROBERT C. BYRD).

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum with the time coming out of someone else's time, because we do not have any left.

Mr. McCLURE. Mr. President, the time may be charged to the time allotted to me.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask

unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The PRESIDING OFFICER (Mr. CHILES). Under the previous order, the Senator from Michigan (Mr. GRIFFIN) is recognized for not to exceed 15 minutes.

Mr. GRIFFIN. Mr. President, I yield back my time.

The PRESIDING OFFICER. Under the previous order, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) is recognized for a period of not to exceed 15 minutes.

MORE ON SPENDING: KEEPING THE TEMPLES DRY

Mr. HARRY F. BYRD, JR. Mr. President, today I am continuing my series of reports to the Senate on examples of wasteful or inappropriate spending by the Federal Government. This is my sixth report in the series, which will end with adjournment this Friday.

I am convinced that a growing number of Americans are concerned about Government spending habits. Each year the Government runs another massive deficit, and each year it thereby adds to inflation.

I think the people are coming to see the connection between Government deficits and inflation. Spendthrift Government helps to overheat the economy, and the borrowing made necessary by huge deficits forces the Government to take 62 percent of the Nation's lendable funds out of the money market.

So I think it is important to focus on Government expenditures which are wasteful, or represent questionable uses of public funds, or are just simply too large.

In previous reports I have mentioned some of our Government's outlays overseas, and I shall have more to say about that in a future speech.

Today I would like to report an expenditure of $4 million by the Smithsonian Institution, which is the U.S. contribution to an international campaign to preserve Nubian archeological monuments inundated by Nile River waters regulated by the Aswan Dam.

The flooded temples are to be moved to the island of Philae.

The sponsor of the campaign is the United Nations Educational, Social, and Cultural Organization.

I seem to recall, Mr. President, that it was Russian money which built the Aswan Dam. I wonder why the American taxpayer is being asked to foot part of the bill for the archeological damage which this construction has caused.

I want to stress that I am not opposed to the preservation of the temples, if the people of Egypt want them preserved as part of their heritage. I think private subscription to such an effort would be appropriate. I think support from the Soviet Union, or perhaps some of Egypt's oil-rich allies, would be even more appropriate.

But I do not think that it is appropriate for the American taxpayer to pay a $4 million bill for this purpose.

Another aspect of Federal spending which deserves attention is the question of duplication of effort within the Government.

Examples of this appear in a program called Research Applied to National Needs—RANN—sponsored by the National Science Foundation.

We have on the statute books a Law Enforcement Assistance Act, administered by the Justice Department, yet under RANN an experimental study of decisionmaking in the 12-man jury, as opposed to the 6-man jury, will be funded at $571,500. An inquiry into the effect of video-taped testimony will cost over $250,000.

Despite the big budget of the Department of Housing and Urban Development, RANN is spending $148,000 to study black perceptions of residential opportunities in the Philadelphia metropolitan area.

The Department of Transportation funds numerous mass transit projects, yet RANN provided $216,300 for a study of comparative costs of Bay Area—San Francisco region—transportation modes.

This kind of procedure not only is potentially duplicative, but it encourages the practice of grant shopping. Some States and localities support professionals in Washington, who prowl the corridors of the bureaucracy looking for stray funds. The theory is that if you cannot get it in one department, you can get it in another—and that may be right.

In concluding my report today, I want to cite two more of the many scholarly studies which are regularly underwritten by the Government.

The first, funded by the National Endowment for the Arts, is an $82,609 grant to Associated Councils of the Arts, New York City, to fund a national survey on "the attitudes of the general public to the arts."

The second, sponsored by the Department of Health, Education, and Welfare, provides funds for work in Yugoslavia on "Late Byzantine Influence on South Slavic and Russian Literature and Worldview." The cost is $5,755.

Two points on these and the other studies I have cited in my speeches: first, I do not judge the value of the studies, but only question the appropriateness of using tax funds to pay for them; second, while many of them are small in cost, compared to the total budget, cumulatively they represent a large—and undetermined—sum of money.

One way of putting this into perspective is this:

The average individual income tax return in the United States is $1,536. That means that to pay for the survey of public attitudes toward the arts, the entire Federal tax payment of 53 American families was used.

In my opinion, that is not appropriate.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from Montana (Mr. MANSFIELD) is recognized for a period of not to exceed 15 minutes.

Mr. MANSFIELD. Mr. President, I yield back my time.

The PRESIDING OFFICER. Under the previous order, the Senator from New York is recognized for 15 minutes.

THE ECONOMY

Mr. BUCKLEY. Mr. President, rumors surfaced a week or so ago that the administration's position "is not cast in stone" concerning the reimposition of wage and price controls. I want to emphasize that the reports are as of yet in the rumor stage. Yet all too often the rumors of today become the policies of tomorrow and I am convinced that it is in the public interest to address the substance of such rumors whether or not they become fact.

I can think of no step that would be more damaging to the prospects for inflation-free economic recovery than the reimposition of the catastrophic strangle-hold of wage and price controls. Nothing reflects more the bankruptcy of the understanding of our economic system than does the preference for reinstituting wage and price controls after they have so conspicuously failed; not merely failed to control wages and prices, but also managed to impose unprecedented shortages of food, raw materials, finished goods.

Here, perhaps, is a good place to refresh our memories as to the real dangers of wage and price controls. It is bad enough that controls failed so signally in achieving their objective of price stability. What is far more serious is that in the process of imposing them we caused dislocations that will plague us far into the future.

It is astonishing that people should so soon forget the extent of these dislocations, and the speed with which they were spreading even before oil shortages complicated the picture. In the past months before economic controls were lifted, every newspaper, every bag of constituent mail I received, contained new examples of an essential item in short supply. I speak of every kind of commodity—of newsprint, furniture, baling wire, cotton goods, food freezers, bottled gas, paper bags, drilling pipe, and a host of others.

What we must understand is that these shortages did not just happen. They were caused. They were the predictable consequences of the imposition of controls on a free economy. When the market ceases to be free, when a willing buyer is not allowed to bargain with a willing seller, we destroy the signals that channel investment and production. If a producer is not allowed to sell a given item at a price commensurate with the cost and risk of its production, he will simply stop producing it. This simple lesson in economics was driven home to millions of Americans two summers ago who saw on television the destruction of tens of thousands of day-old chicks because the price allowed farmers for the sale of their poultry was less than the cost of the feed required to bring the chicks to marketable size. And so it is with expanding production to meet increased demand. No one will invest in new plants and facilities if the goods to be produced are not permitted to be sold for a price that will allow a reasonable return on the investment.

No sector of our economy, no wage earner, no pensioner, and no housewife was immune from the Government-imposed catastrophy of 3½ years of wage and price controls between 1971 and 1974.

To suggest that wage and price controls could possibly improve our present economic difficulties flies in the face of bitter reality. No one can claim in 1974—as many were doing in 1971—that we somehow had the unique capability to succeed where everyone has failed, and successfully contains inflation through imposition of economic controls. Our bitter experience in the very recent past leaves no doubt, or at least should leave no doubt that wage and price controls not only do not contain inflation, they pile shortages, inequities and economic inefficiency on top of inflation.

Inflation is widely understood by economists to be primarily a monetary phenomenon emerging as a consequence of an excessive increase in the supply of money. There are many competing theories of why the supply of money increases, but the technical understanding of the problem of inflation leaves no doubt that wage and price controls will not stop an increase in prices if the underlying monetary stimulus to price increases continues to exist.

The primary stimulus to the growth of the money supply in the past 3 years has been the series of extraordinary Federal deficits and the subsequent heavy borrowings of the Federal Government in the private capital markets. This heavy borrowing has preempted the ordinary private borrower such as the individuals seeking to buy a home or a business enterprise seeking to raise funds through the sale of stock or to borrow money from the public through the sale of bonds.

The Federal Government has, as a consequence of its voracious appetite for funds to finance those ever-swelling deficits—$110 billion in 5 years—forced the potential home buyer out of the market and has compelled business borrowers in the capital markets to be diverted to the commercial banking sector. In order to meet the huge business demand for short-term loans, the Federal Reserve has pumped money through the banking system at a rate which has resulted in our present double-digit inflation. Attempting to stem this tidal wave of Government-induced inflation by attempting to cap the wage earner and business organization through wage and price controls has not and cannot work.

I cannot urge too strongly that this sorry remedy be forever abandoned as a futile relic of the failure of Government intervention into the private marketplace. It is only through the private marketplace that the supply of goods can increase so that the demand for such goods can be satisfied at a stable price level.

Our priorities should, therefore, be to get the Government out of preempting private borrowers by cutting Federal spending and borrowing in the capital markets, and providing an environment conducive to the efficient functioning of our competitive, consumer-oriented economy.

Price controls simply do not work. It is not merely a matter of devising a more effective regulatory machinery. Economic interrelationships are so subtle, so sensitive, that it is impossible for any body of regulators, however large, however wise, to anticipate how and where to mobilize the resources and set the prices so that our infinitely complex economy can work at maximum efficiency. An axiom which has been raised to the status of a cliche among professional economists is that the one task economists can perform if given the power to do so is to create a surplus or a shortage. By raising the price of wheat through Government price supports above the price that the market would pay, economists were able to create the notorious agricultural surpluses of the 1950's and 1960's. Later, by attempting to set the price of agricultural commodities below the price at which farmers were willing to produce, they created the food shortages of 1973.

The tragic frequency with which consequences of governmental attempts to control prices and wages here and abroad provided persuasive evidence that there is no administrative or procedural reform that can improve them. By substituting bureaucratic judgment for that of producers and consumers, wage and price controls will without fail create artificial surpluses or shortages despite the very best intentions of all concerned.

I hope, Mr. President, that the Congress will stand firm and reject any proposal that we again flirt with to discredit an economic patent medicine on economic controls.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the unanimous consent agreement and under the previous order, the Senator from Utah (Mr. Moss) is recognized for the purpose of considering the conference report on H.R. 11537.

CONSERVATION AND REHABILITATION PROGRAMS ON MILITARY RESERVATIONS CONFERENCE REPORT

Mr. MOSS. Mr. President, I submit a report of the committee of conference on H.R. 11537, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The report will be stated by title.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11537) to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations, and to authorize the implementation of such programs on certain public lands, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of September 16, 1974 at p. 31125.)

Mr. MOSS. Mr. President, I understand there is a time limitation agreement.

The ACTING PRESIDENT pro tempore. Yes. Time for debate is limited to 40 minutes to be equally controlled by the Senator from Utah (Mr. Moss) and the Senator from Idaho (Mr. MCCLURE), with a limitation on debatable motions and appeals of 10 minutes each.

Who yields time?

Mr. MOSS. Mr. President, I yield myself such time as I may use to make a statement, which will be brief, and then I intend to yield to others on this matter.

Mr. President, we are dealing here with a problem that has been before the Senate in times past, and it has to do with the management of our resident fish and game.

There is not any question that the law is clear that the management of resident fish and game belongs to the States, and the States control how that game shall be managed and how it shall be harvested. The Federal Government lacks jurisdiction to enter into that part of the function. The Federal Government, however, is a landowner, and it owns land within the boundaries of some States.

Now, it has the rights of a landowner which could be to exclude any person from entering the land or it may exclude parts of that land from being used as a hunting area or some other reason having to do with the management of the land or its habitat such as safety or damaging an important geologic formation or something of that sort. But it cannot go over the line of managing resident fish and wildlife except under certain circumstances.

Since we have large areas of Federal jurisdiction within some States, Congress has before it this legislation which requires that the Federal Government, in cooperation with the States, develop fish and wildlife programs whereby the habitat for fish and wildlife would be enhanced upon the Federal property.

In order to enhance the habitat for fish and game, joint agreement could be signed whereby a charge would be made or a stamp sold for using the Federal lands. This would be made uniformly and it would not be exclusively assigned to any group. Any person who holds a fishing or hunting license within the State would be entitled to go on the Federal lands that are open for fishing and hunting, but if the State agrees, there may be a charge placed upon them or a stamp required. A stamp could be required only if the State has less than 60 percent Federal land. And that is the only real issue with this conference report.

Mr. President, H.R. 11537 represents a major step forward in promoting fish and wildlife values on Federal lands. Certain Federal agencies, notably the

Bureau of Land Management, would be required under the bill to develop comprehensive plans to assure the enhancement of habitat of fish and wildlife in their management of the public lands. The Bureau of Land Management has not performed well in the past in enhancing the propagation of fish and wildlife on its lands. By requiring that fish and wildlife habitat programs be developed, the bill represents a significant step forward and should greatly enhance those values which so many of us hold to be of great importance.

Obviously, to those of us residing in the Western States, where most of the public domain is located, this bill takes on particular significance. The well-being of fish and wildlife habitat on Federal lands is extremely important to our constituents, not only for the obvious pleasure that fish and wildlife gives to them, but for some very important economic reasons relating to tourism and the enjoyment of fish and wildlife in general. The acceptance of this conference report can only foster those benefits.

I am happy to report that the conferees agreed to virtually all of the Senate amendments to this bill. In doing so, I am confident that the traditional relationships which have existed between the Federal Government and State agencies with respect to the management of resident species of fish and wildlife is preserved. While Federal agencies will retain full authority to manage the lands under their jurisdiction and its habitat, if hunting, trapping, and fishing of resident species is allowed on Federal lands in accordance with those responsibilities, it shall be pursuant to State law and regulations. This is the current arrangement, and it should continue.

It is no secret to those of us who served on the committee of conference or to other western Senators, that the distinguished junior Senator from Idaho has expressed reservations over the conference report. At this point, I think it would be proper to explain exactly how the bill would work with respect to his chief concern.

As I understand it, the Senator is primarily concerned that a provision in the bill which would allow State and Federal agencies to agree to require a hunting, fishing, or trapping stamp on Federal lands might be construed to be a "Federal hunting license." Let me say first to the Senator that I share his concern. Congress would be ill-advised to require anything resembling a Federal hunting license. The Federal duck stamp is required to be affixed on the license of those who hunt migratory waterfowl. But the licensing function has been left to the States, and properly so.

While I would oppose any measure to impose a Federal hunting license, I see no risk in this bill for the following reasons:

First. Section 203(b)(1) of the bill states explicitly that:

> Such stamp shall be issued, sold, and fees therefore collected by the State agency or by the authorized agents of such agencies.

Second. As the States must be a party to any agreement to require such stamps, there is little danger of the requirement resembling a Federal hunting license. Who better is qualified to guard the States' prerogative to issue hunting, trapping, and fishing licenses than the States themselves? There is no authority under the bill for Federal agencies to act unilaterally.

Third. The States themselves support the bill and the stamp provision. This includes the International Association of Game, Fish, and Conservation Commissioners, which represents the wildlife agencies of all the States. Their counsel, Mr. Paul Lenzini, stated explicitly in hearings before the Commerce Committee that this bill does not move toward a Federal hunting license. Moreover, the Western Association of Game, Fish, and Conservation Commissioners, made up of wildlife officials from the Western States, supports not only the entire conference report, but the stamp provisions as well.

While I would agree with the Senator from Idaho that a Federal hunting license is something to be avoided, I have no fears that this bill moves in that direction. The bill is vitally needed and I would urge the acceptance of the conference report.

Mr. President, I reserve the remainder of my time.

The ACTING PRESIDENT pro tempore. The Senator from Idaho. How much time does the Senator yield?

Mr. McCLURE. Mr. President, I yield myself such time as I may consume.

Mr. President, I wonder if the Senator from Utah will respond to a couple of questions that might set the framework for the discussion a little more precisely.

First of all, I understand that the Senator from Utah has indicated that the intention of the authors of the bill, the Senate committee, and the conferees, has been to develop a bill which deals only with habitat improvement programs; is that correct?

Mr. MOSS. That is correct. There was some question in the bill as to whether we might include the word "habitat" in one extra place, but the whole intention of the bill is to improve the habitat. The bill does not regulate the management of wildlife herds or fish populations. It simply will force the improvement of the habitat so that in normal conditions fish and wildlife will grow and flourish.

Mr. McCLURE. The Senator would also agree, I am certain, to make it even more explicit, that the committee and the authors and the conferees have discussed at some length the question of whether or not this bill should apply to the management of the resident fish and game, and in every instance the decision has been that this bill is not intended to and it is the feeling of the sponsors of the legislation that it does not enlarge the authority of the Federal Government to manage the resident fish and game species, is that correct?

Mr. MOSS. That is correct. That is the intention.

This goes back to the Carlsbad case where the Federal Government claimed the right to take animals on a Federal reservation and the court held that even when they do so, they must have a State license in order to take the animals.

Mr. McCLURE. I thank the Senator for those responses.

If I may, Mr. President, I appreciate the responses, but it still does not remove my concern about the thrust and direction of the legislation.

Mr. METCALF. I wonder if the Senator from Idaho would yield for one question?

Mr. McCLURE. Certainly.

Mr. METCALF. A few years ago when I was a Member of the House of Representatives and the distinguished late Senator from California, Mr. Engle, was chairman of the House Interior Committee, we explored the business of making military reservations closed reservations for fish and game.

One of the things that we explored was the fact that generals would invite distinguished people out and have a hunting party and close the reservation to everyone else.

At that time we tried to provide that there would be enforcement on the military reservation of the State hunting and fishing licenses. Is there any question in this bill about continued enforcement of that program?

Mr. McCLURE. I would say to the Senator that the bill we have before us now is an extension of the bill that dealt earlier with the question of hunting and fishing on military reservations and the management responsibilities and prerogatives on the military reservations are unchanged by this bill, so that the situation that was in existence on military reservations prior to this time will not be changed as a result of this legislation.

Mr. METCALF. And so, on Federal military reservations, this bill will continue to have this management of the game and licensing of hunting and fishing on those reservations.

Mr. McCLURE. That is correct.

Mr. METCALF. I thank the Senator.

Mr. McCLURE. I would say that my concern has to be against the background of the evolution of events, a portion of which the Senator from Montana has mentioned, and that is the continuing struggle on the part of the States to maintain their own right to manage the resident fish and game species and the struggle on the part of others to enlarge the area of Federal control on the public lands, as well as elsewhere within the State.

The hunting and the fishing on military reservations rather obviously occupies a special category in the eyes of the law because military reservations are unique reservations of land for a specific purpose and the hunting and fishing that is permitted on military reservations is an enlargement of the rights which are ordinarily held by the citizens in the area and not a restriction on their right.

If it were not for the enactment of the law designating specific right to go on a military reservation, there would be no such right. We have to distinguish from the public domain generally.

We have similar restrictions in national parks in which the resident fish and game are managed entirely by the

Federal Government and the State regulations do not apply in the national park.

That is a peculiar and particular creature of Federal statute and a special management unit under Federal statute.

There has been a continuing struggle on the part of those of us who come from public land States to keep the Federal Government from going further into all special management units.

I recall when I served in the House of Representatives we had that on the Oregon Dunes legislation, a special management area of public lands in which the authors of the legislation were in accord with me that the State ought to manage the fish and game harvest in that special management unit, but the majority of the committee in the House was very nearly in favor of Federal management of the fish and wildlife on that special management unit, although it would have broken with the precedents of the past that only in military reservations and national parks did we recognize the Federal Government's preeminence.

The Senator from Utah has mentioned that we now have a migratory water fowl system, not because it is a right to control what happens on public lands, because it is a Federal responsibility under treaty obligations with Canada and Mexico to regulate the hunting of the migratory water fowl.

So we have a unique situation in military reservations, in national parks, or in the migratory water fowl, and that is a precedent that should not be extended by inadvertence into other fields.

We have other such examples of special Federal legislation where there is an overriding national interest, and I refer to the Endangered Species Act which extends Federal jurisdiction over endangered species.

We have preempted States' rights in the field of the Wild Horse and Burro Act where the State's right to manage a resident game herd was, to some degree, limited because of the overriding national interest in the maintenance of the wild horses and burros in certain areas, and we gave a priority over resident fish and game by that Federal enactment.

We can pick out specific instances where the Federal Government has preempted for special reasons the prerogatives to manage, but in every instance where we have had the opportunity, we have carefully limited that right and made certain that the Federal Government was not encroaching upon the State's right to manage the fish and game that are resident species.

The manager of the bill, the Senator from Utah, has just indicated that it is the intention that this bill deal only with habitat and not with the resident fish and game species, and I have indicated that I shall offer a motion to recommit this bill to the conference.

That is the only way in which we feel that we can get this matter back to the conference for resolution with the House in regard to the language which is in the bill.

Section 201 of the bill refers to conservation and rehabilitation programs. It does not say conservation and rehabilitation of habitat.

I think there is a danger that is involved in future interpretation. While we here today may understand that when the bill speaks of conservation and rehabilitation of fish and wildlife we are not talking about the fish and wildlife as the bill says we are talking, we are talking about the habitat for the fish and wildlife.

I think that the bill ought to say what we say it means, rather than giving to future bureaucrats or the courts the opportunity to construe the bill in a way which we say it should not be intended.

Mr. MOSS. Would the Senator yield at that particular point?

Mr. McCLURE. Yes.

Mr. MOSS. If the Senator would refer to the conference report that is on the Senator's desk:

> AMENDMENT NO. 19
>
> *House provision.* The House bill does not define the term "conservation and rehabilitation program" for purposes of title II.
>
> *Senate amendment.* The Senate amendment adds a provision to define the term. Under the definition, a substantive standard for the performance of the Federal agencies in carrying out title II would be established. The term means to utilize those methods and procedures which are necessary to enhance fish, wildlife, and game resources to the maximum extent practicable consistent with any overall land use and management plans for the lands involved. The definition further specifies the methods and procedures of resource management which may be used. The definition also disclaims any intent to diminish the authority or jurisdiction of the States with respect to the management of resident species of fish, wildlife, or game, except as otherwise provided by law.

That is what the Senator was talking about with respect to endangered species or migratory waterfowl. There are some exceptions, but those are the one now contained in the law. This bill does not exclude any more of the resident fish and game species from State management.

I thank the Senator.

Mr. McCLURE. The Senator from Utah does not really satisfy my fears. He enhances them. Again, the very language he quotes does not say it is confined to habitat.

As he said, it is his intention that the bill should do it. The definition which he cites says that they shall be able to manage in such a way as to enhance the fish and wildlife.

Mr. MOSS. That is correct.

Mr. McCLURE. What better way to enhance the number of fish and wildlife in the minds of some, at least, than to prohibit hunting or to shorten the hunting season, or to limit the kind of hunting that goes on? The point that I am trying to make is that this language is supposed to say that the Federal Government can manage the habitat, period, but it does not quite say that. That is why I shall offer the motion to recommit, so that the language can conform to do exactly what the Senator says it does.

Mr. MOSS. As the Senator well knows, the construction of words of a statute are often measured by the report that is made by the committee reporting the bill, by any debate on the floor, and certainly by any conference report. That is the reason that I read from the conference report. This makes it absolutely clear what was in the minds of the conferees when they talked about this very subject.

The Senator injects a fear that some way or other the Bureau of Land Management, or somebody, is going to wiggle away from this language and say, "Well, we will not consider what the conferees said."

I do not think that is a valid way to enter an objection to the language of the bill.

Mr. McCLURE. Let me say to the Senator from Utah I respect his motives. I just wish he would read the language a little more carefully. I appreciate the colloquy on the floor that says what the intention is. But the Senator from Utah knows, as the Senator from Idaho knows, that any future bureaucrat who wishes to can take this language and read it the way he wants and ignore the legislative history.

Mr. MOSS. I deny that. I think the Federal courts are still sitting and if any bureaucrat takes it and tries to twist it around there is some way to get it into court.

Mr. McCLURE. I would again remind the Senator from Utah that the language he read from the conference report does not speak of the management of fish and wildlife habitat. It says, and the Senator quoted the language, "to protect, conserve, and enhance wildlife, fish, and game." That is precisely the thing that I do not want the Federal Government to be involved in doing, interfering in the management of the resident fish and game.

I think the record ought to indicate that, contrary to the expression of the Senators from Washington and Utah in their letter to their colleagues, the Western States Association has not come down in favor of this language, in spite of the statement of two of their spokesmen to the contrary.

As a matter of fact, the Western States Association opposed this bill. I can provide for the record the letters that indicate that that is the case.

I quote from the letter of September 27 which was written by the Senator from Washington (Mr. MAGNUSON) and the Senator from Utah (Mr. MOSS). It says:

> Moreover, although not unanimously, the Western Association of Game, Fish, and Conservation Commissions, made up of wildlife officials from the Western States, supports not only the entire conference report on H.R. 11537, but the conference agreement on the McClure amendment as well, according to Carl Crouse, Western Association's president. Mr Crouse is also the director of the Washington State Department of Game.

I think it is fair to say, and it should be said for the record, that that is Mr. Crouse's opinion; that is not the opinion of the Western Association.

I have asked the Senator from Utah to delay this so we could find out what the Western Association really believed. I am denied that opportunity, which is the

Senator's right. But I think the record should also be very plain as to what their attitude is.

I have a letter addressed to me dated August 12 from the Office of the Director of the Wildlife Commission from the State of Oregon, Mr. John W. McKean. I read from that letter:

> The Western Wildlife agencies, through the Western Association of State Game and Fish Commissioners, opposed the original bill on the basis that existing laws permitted the States to issue hunting and fishing licenses, and to invest those funds in development of fish and wildlife habitat upon public lands. Therefore, this would serve no useful purpose.

Mr. MOSS. I will wait to respond on my time. I realize the Senator has very little time remaining.

Mr. McCLURE. I thank the Senator.

The State of California addressed me on August 13, a letter signed by Mr. Arnett:

> I certainly agree, Senator McClure, with your stand on H.R. 11537. Hopefully, if enough of us feel the way you do and are active in supporting our beliefs, we may stem the Federal move to usurp the powers of the States to manage fish and game. With the Western States amendment—

And I would insert parenthetically he is referring to the amendment which I offered, which the conferees reduced in effectiveness—

> With the Western States amendment to H.R. 11537, we have at least temporarily halted the issuance of Federal hunting and fishing licenses in Western States.

I have a telegram from Mr. Phelps, the commissioner in the Senator's State of Utah, in which he says:

> We understand H.R. 11537 which extends authority for carrying out conservation and rehabilitation programs on military land to other Federal lands such as the national forests and BLM lands has just cleared conference committee of which you are a member. Please do everything in your power to delay immediate action on the bill in order to give us an opportunity to study the bill, particularly in light of changes made by the conference committee.

That telegram is dated October 5.

I have a similar communication from Ladd Gordon in the State of New Mexico, which states:

> We are opposed to the conference report. We want some changes in the language that guarantee the kind of support we think is necessary in these programs.

The PRESIDING OFFICER (Mr. CHILES). The time of the Senator has expired.

Mr. McCLURE. Mr. President, will the Senator from Utah yield me 3 minutes of his time?

Mr. MOSS. I yield 3 minutes to the Senator from Idaho.

Mr. McCLURE. I thank the Senator.

It is difficult to go into the ramifications of this bill in the time that is permitted us this morning. Perhaps it is not even constructive, in view of the "tremendous" audience of other Senators we have here who will soon vote on this issue, without having heard the colloquy.

The bill does mandate a comprehensive plan by the Federal agencies, and the States do not have to agree with that plan. There is no guarantee that the plan that is developed for the public lands will have the approval of the State authorities. Despite the statement that has been made that the States have the veto power over it, they do not have. If there is to be a habitat program that is developed in consultation with them, the Federal Government could do exactly what it wishes, without the agreement of the State, and could prohibit hunting under the terms set forth in that comprehensive plan.

There is also the provision that says that the States may consult and enter into a cooperative agreement. The cooperative agreement, of course, would have to have their consent, but the comprehensive plan would not.

I say that there is a danger involved in that kind of ambiguity, that the States will not have the same kind of consultation on the comprehensive plan that they should have.

These are things which I think we ought to be able to consider now in the conference and revise the language, to make certain that it does what the Senator from Utah says is the intention of the parties.

Lynn Greenwalt, the present Director of the Fish and Wildlife Service, has stated in hearings on this bill and at his confirmation hearings that this tends in the direction of a hunting and fishing license. While I would agree with the Senator from Utah that it does not establish one, it establishes the precedent that the Federal Government has the right to do so if it desires. This is exactly the kind of precedent that I think all of us who live in public land States ought to resist.

People in the Eastern United States want the opportunity to hunt on Federal lands. It is an enlargement of their right, a right they did not have before. But those of us who live in public land States, where two-thirds of the State is owned by the Federal Government, take the right of recreation on that land as a right of the citizen of the State that is not limited by the Federal Government. Any additional restriction on that right is a restriction of a right we now have, not an enlargement on a right we did not heretofore enjoy.

For all these reasons, and the additional reasons which I have detailed in some of my communications to other Senators and members of the conference, I think this bill should be recommitted to the conference so that we can consider these very serious matters and get the bill to say what the Senator from Utah says it says. I know that he is acting in complete good faith here. If he were to interpret the law from now through all time to come, I would not be concerned about it. But neither the Senator from Utah nor the Senator from Idaho is going to control what the courts may say or what the Federal bureaucrats may say this bill says.

I thank the Senator for yielding me some time.

Mr. President, I ask unanimous consent that certain written material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

1. Jim McClure's objections that this bill gives the Federal agencies specific statutory authority over fish and game management were not in any way resolved in conference.

The bill under section 201 mandate that the Secretaries of Agriculture and Interior, in cooperation with the states, "plan, develop, maintain, and coordinate programs for the conservation and rehabilitation of wildlife, fish and game.

The sponsors of the legislation say it is their intention to institute a positive direction for habitat management for wildlife, fish and game on the public lands, while preserving the present management of resident fish and game to the states. Unfortunately, the bill does not say so as clearly as it should.

Senator McClure has suggested that the language should be changed to read: "conservation and rehabilitation of the habitat of wildlife, fish and game."

Section 201 goes on to say: "Such conservation and rehabilitation programs shall include but not be limited to, specific habitat improvement activities and adequate protection for species considered threatened or endangered." The suggested change is necessary to clarify the "but limited to" language.

2. The bill, as written, also mandates that the Secretaries of Agriculture and Interior "shall develop, in consultation with the State agencies, a comprehensive plan for conservation and rehabilitation programs to be implemented on public land . . ." That's section 202.

In section 202(G)(4), it goes on to say, "Except where limited under a comprehensive plan or pursuant to cooperative agreement, hunting, fishing, and trapping shall be permitted with respect to resident fish and wildlife in accordance with applicable laws of the state in which such land is located:"

Senator McClure sees that is specifically giving the Federal government unilateral authority to limit hunting, fishing and trapping on the Federal lands through the mandated comprehensive plan. The word "consult" does not mean a plan is drafted jointly by the state and Federal agencies. It can mean a plan is drafted jointly by the state and Federal agencies. It can mean that the Feds are merely supposed to inform the state of such a plan. And remember that the "comprehensive plan" is mandated under section 201.

The same theme is repeated in Sec. 202(b) of the measure, and again in Sec. 203(b)(4) which reads:

The purchase of any such stamp shall entitle the purchaser thereof to hunt, trap, and fish on any public land within such State which is the subject of a conservation or rehabilitation program implemented under this title except to the extent that the public use of such land is limited pursuant to a comprehensive plan or cooperative agreement:

3. The McClure amendment, which removed those states with 25 percent plus of their total area in Federal lands, was gutted in conference. The limit is now set at 60 percent, which would cover only four states—Idaho, Alaska, Nevada and Utah. Under the Public Land Area Management provisions of the bill, Federal lands are treated clearly as a different class and access can clearly be limited. Sec. 203. (a) of the bill is specific:

"Any state agency may agree with the Secretary of the Interior and the Secretary of Agriculture (or with the Secretary of the Interior or the Secretary of Agriculture, as the case may be, if within the State concerned all conservation and rehabilitation programs under this title will be implemented by him) that no individual will be permitted to hunt, trap or fish on any public land within the State which is subject to a conservation and rehabilitation program implemented under this title unless at the time such individual is engaged in such activity he has on his person a valid public land management area issued pursuant to this section."

Further, Lynn Greenwalt, acting head of the Bureau of Sport Fisheries and Wildlife testified before the Senate Commerce Committee on this question of stamps. He said:

Mr. Greenwalt. There is one fundamental philosophy that the Department, as a matter of fact, has always supported. And that is one that does not in fact endorse the idea of what constitutes a Federal hunting license. Federal migratory bird-hunting stamp notwithstanding, since it is not supplemental, does not supersede a state permit.

In short, one of our fundamental difficulties has been with the idea that there ought to be a Federal license, or taking of what are essentially resident game as is the case in most public domain area.

Deputy Assistant Secretary Doug Wheeler was even more blunt:

"So notwithstanding the fact that the state sells these stamps, you have isolated Federal lands as being a special category for which you require a hunting license in addition to the hunting license that you would be required to buy wherever you hunt throughout the state."

And again during his confirmation hearings as the nominee to head the U.S. Fish & Wildlife Service September 20, 1974, Mr. Greenwalt repeated his strong feeling that nothing should place the BLM or Forest Service lands in any separate category.

4. Proponents of this bill say the stamp provisions are purely voluntary and the business of the states.

Why then, under section 204, are the enforcement provisions of the stamp programs to be carried out by agents of the Federal government and violators tried under Federal authority.

Sec. 204 (c) (3) reads: "Any person charged with committing any offense under subsection (a) of this section may be tried and sentenced by any United States magistrate designated for that purpose by the court by which he was appointed . . ."

If the administration of the stamps are a state matter, as proponents of this bill claim, why then does section 202 (c) (3) (F) (iii) authorize the Comptroller General to audit records of state receipts for stamp sales.

That certainly does not leave the stamp provisions as entirely the property of state government.

5. Further, in section 204, there are clear provisions for seizure and forfeiture of property to the Federal government under the stamp provisions.

The bill reads (Sec. 204) "All guns, traps, nets and other equipment, vessels, vehicles, and other means of transportation used by any person when engaged in committing an offense under subsection (a) of this section shall be subject to forfeiture to the United States and may be held pending the prosecution of any person arrested for committing such an offense."

6. Despite the letter sent recently by proponents of the bill claiming that it has the support of the Western States, this just isn't the case. Attached also is a letter from the Oregon and California departments spelling out very clear objections and saying that the Western Association of Fish and Game Commissioners opposed the bill.

[Telegram]

Santa Fe, N. Mex.,
October, 5, 1974.

Hon. James A. McClure,
U.S. Senate, Committee on Interior and Insular Affairs, Capitol Hill, D.C.:

I respectfully request you take action to delay further congressional consideration of H.R. 11537 until such time as States may thoroughly review language proposed by conference committee. Provisions of this bill are of extreme interest to public land States and have potential of further eroding State jurisdiction over wildlife and ultimately weakening State management programs.

Ladd S. Gordon,
Director, New Mexico Department of Game and Fish.

Wildlife Commission,
Portland, Oreg., August 12, 1974.

Hon. James A. McClure,
U.S. Senator, Committee on Interior and Insular Affairs, Washington, D.C.

Dear Senator McClure: Thanks for your letter and enclosure relating to H.R. 11537.

Your good judgment and effective strategy are most commendable and I trust the conference committee will retain the provisions you valiantly fought for in the Senate version.

The western wildlife agencies through the Western Association of State Game and Fish Commissioners opposed the original bill on the basis that existing laws permitted the states to issue hunting and fishing licenses and to invest those funds in development of fish and wildlife habitat upon public lands. Therefore the law served no useful purpose.

On the surface it appears that H.R. 11537 may limit the freedom of western states to voluntarily initiate such programs. However, I am confident that there will continue to be opportunities for the state wildlife agencies and the federal land management agencies to cooperatively develop fish, wildlife and recreational opportunities on the public lands.

We certainly share your concern for the motives of Senator Javits and his constituents and recognize that the western states must vigilantly defend the historic concept that resident fish and wildlife are the property of the people of the respective states.

Your vigilance and initative in this matter is greatly appreciated.

Sincerely yours,
John W. McKean, *Director.*

Department of Fish and Game,
Sacramento, Calif., August 13, 1974.

Hon. James McClure,
U.S. Senator,
New Senate Office Building,
Washington, D.C.

I certainly agree, Senator McClure, with your stand on H.R. 11537. Hopefully if enough of us feel the way that you do and are active in supporting our beliefs, we may stem the Federal move to usurp the power of the states to manage fish and game. With the Western States amendment to H.R. 11537 we have at least temporarily halted the issuance of Federal hunting and fishing licenses in western states.

We shall continue to watch legislation that may lead to further eroding of states rights and responsibilities. In this regard we are very concerned about the proposal of the U. S. Fish and Wildlife Service which would ban the use of lead shot in the hunting of waterfowl. We support your legislation that would prohibit such action by the Secretary of the Interior until public hearings were held to determine the feasibility of such action.

Thank you again for your active participation in these very important conservation matters.

Sincerely,
G. Ray Arnett, *Director.*

Mr. MOSS. Mr. President, I appreciate what the Senator from Idaho has said. Even if the bureaucrats should try to do the nefarious things that he says they are likely to do, and even if the courts did not restrain them and let them go, Congress will still be here, and each of the sovereign States will be represented by two Senators. I do not see any of the fears that the Senator from Idaho conjures up as coming to light.

The Senator complained somewhat of the fact that consideration of this conference report was premature and we should delay further consideration of this matter. This bill was passed by the Senate on the 15th of July of this year. The Senate agreed to a conference asked by the House on August 6. The conference report was signed by the conferees on September 11. And there was great discussion, I can assure the Senator.

The Senator from Idaho then asked for a delay by writing to Senator Magnuson on September 13. Subsequently, the Senator from Idaho asked me for a delay. The conference report was filed in the House on the 16th of September. Then the majority leader became involved. This matter has been put off at least three times before being called up today.

Now, on the 8th day of October, we are taking up the conference report that has been filed in the House for about a month. On September 27, the Senator from Washington, the chairman of the Committee on Commerce, and I sent a letter to all our colleagues, explaining the bill. That letter went to every Senator.

Mr. President, I ask unanimous consent that the letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

September 27, 1974.

Dear Senator: Concern has been expressed with respect to the conference agreement on H.R. 11537, a bill to expand fish and wildlife enhancement programs on Federal lands. As the bill affects primarily the Western States with large amounts of public land, we would like to take the opportunity to explain the controversial provision. The conference report should be considered by the Senate in the next few days.

The concern expressed goes to a provision contained in both the House and Senate bills which would authorize State and Federal agencies to enter into agreements to require a public land management area stamp to hunt, trap, or fish on public lands subject to a fish and wildlife conservation and rehabilitation program under the bill. By the adoption of a modification of the so-called "McClure amendment," the conference agreement further requires that in any State which is 60% or more Federal land, State and Federal agencies may agree to impose a surcharge on State hunting, trapping, and fishing licenses to finance, in part, enhancement programs on Federal lands. This would be in lieu of the public land management area stamp.

The concern expressed is that the public land management area stamp is tantamount to a "Federal hunting license". It is our view that such a stamp could not conceivably be so construed for the following reasons:

1. The bill states explicitly in section 203 (b) (1) that "Such stamps shall be issued, sold, and fees therefore collected by the State agency or by the authorized agents of such agencies."

2. As State agencies must be a party to any agreement to require such stamps, there is little danger of the requirement resembling a Federal hunting license. Obviously, the

State agencies jealously guard their prerogative to issue hunting, trapping, and fishing licenses. As there is no authority for the Federal agencies to act unilaterally under the bill, abuse seems impossible.

3. In testimony before the Senate Committee on Commerce, Mr. Paul Lenzini, Counsel to the International Association of Game, Fish and Conservation Commissioners, which represents the wildlife agencies of all 50 states, commented on the fear that this bill moves toward a Federal hunting license:

"In our view, however, this bill does not do this. It does not move in that direction. It simply moves in the direction some States have already moved: namely, in areas that have been set aside for more intensive management, fish and wildlife management, it is frequent to see that an additional fee or stamp is required on top of the State license."

Moreover, although not unanimously, the Western Association of Game, Fish and Conservation Commissioners, made up of wildlife officials from the Western States, supports not only the entire conference report on H.R. 11537, but the conference agreement on the McClure amendment as well, according to Carl Crouse, the Western Association's President. Mr. Crouse is also the Director of the Washington State Department of Game.

Again, the organizations that should be most concerned with an intrusion into States' rights with respect to the licensing function do not fear that this bill moves in that direction. On the contrary, the International and the Western Associations, and the national conservation organizations as well, support the bill's provisions explicitly.

In our view, the conference agreement on H.R. 11537 represents a substantial step forward in enhancing our fish and wildlife resources on public lands. That worthy goal should not be diminished by fears which we feel are not substantiated. We strongly urge your support of the conference report.

With best wishes.

Sincerely yours,

WARREN G. MAGNUSON,
U.S. Senator.
FRANK E. MOSS,
U.S. Senator.

Mr. MOSS. Mr. President, I just make the point that we have delayed, we have put off, we have done everything we could to accommodate the Senator from Idaho.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. MOSS. I gave the Senator 3 minutes of my time. I need the remainder.

Mr. President, the Senator from Idaho complains that the Western Association of Game, Fish, and Conservation Commissions did not indeed endorse the conference report on the bill. This letter says that it was not unanimous, but that a majority did. That is what I was careful to say. Mr. Crouse, the association's president spoke to his members by phone, and we talked to Mr. Crouse again yesterday afternoon. He still stands by his statement. The majority say that they are satisfied with the language of the bill.

We can quibble about two or three words, which is really what it comes down to. But I think we have made it absolutely clear what the words mean. The definition is contained not only in the bill itself but also in the conference report, which certainly is part of the legislative history. It has been reiterated on the floor of the Senate today by the manager of the bill and confirmed by others who think that we have done our work properly.

I think there is really no fear that somehow or other a Federal hunting license is going to creep in.

The Senator from Idaho mentions that a great part of his State contains public lands. May I say that more of my State, percentagewise, is in public ownership than his. No less than he do I think that the Federal Government ought not to come in and issue a hunting license and say who can hunt and how they can hunt.

The only thing that the Federal Government can do is to manage the lands it owns. If it is a military reservation and they are going to drop bombs on it, of course, they can say that people cannot go on the military reservation at certain times. Or, if it is an area where they have picnickers and campers, they can say that certain sections of this land are not open to hunting at certain times. It is merely the management of land.

So far as the fish and wildlife are concerned, the State has to set the terms and conditions under which any citizen may take that fish and game. He has to have a State permit to do it, which is in the form of a State hunting or fishing license.

The only purpose of this act is to say that the Federal Government will develop programs and cooperate with the States in enhancing the fish and wildlife on the Federal lands by improving the habitat. That is all this bill is for. It authorizes that some Federal moneys be spent as well as moneys that would be collected by the sale of a stamp for those who wanted to use the Federal land.

As the Senator from Montana clearly pointed out, it is to improve and enhance fishing and hunting; not to constrict it, not to make it subject to Federal control. I think the bill certainly accomplishes this purpose.

I think we should adopt the conference report. We worked on it very hard. I certainly hope that this body will reject the motion to recommit the bill, because, if it is recommitted to conference, we can go back, but we cannot meet until after the recess. After the recess, I foresee that there is going to be a lot of pressure to get this Congress over, completed, and it may be that the bill will be lost entirely.

Mr. STEVENS. Will the Senator yield?

Mr. METCALF. Will the Senator from Utah yield to me?

Mr. MOSS. I yield for a moment to the Senator from Montana.

Mr. METCALF. Mr. President, I feel that here, we have an analogous situation with the migratory bird refuges. We have a duck stamp. We put a stamp on everybody's hunting license. They have to have that stamp if they want to hunt migratory birds. That money is invested in waterfowl refuges all over the United States. We allow 40 percent hunting on those waterfowl refuges. That hunting is under the control of the local State fish and game commission.

We have never had any objection to the fact that the fish and game commission can completely close the hunting, or they can say that they can be hunted to 40 percent. We have improved the habitat. We have invested duck stamp, Federal administration money into that purpose.

While the first part of this debate was going on, the distinguished Senator from North Dakota (Mr. BURDICK), who is a member of the Migratory Bird Conservation Commission, was presiding. I have been a member for a long time; I am no longer a member. Nevertheless, I have never experienced any interference as far as the Federal Government is concerned with the State regulating and managing the waterfowl refuges after the Federal Government has bought the land and improved the habitat. I think there is a good analogy there.

If I have time, I should like the Senator from Utah to reassure me of one thing. That is on the endangered species. Probably the most important area for grizzly bears in the United States is in the State of Montana and in Alaska. In the so-called lower 48, the grizzly bear is a threatened species. Is that not the language of the Senator's bill?

Mr. MOSS. Yes.

Mr. METCALF. "Endangered species" is the language of the other legislation.

I am concerned about the Federal Government moving in, even on an enhancement and preservation of habitat basis, and saying, "We will tell the State of Montana that they may have a hunting season," or, "They may have," and take over the management of the grizzly bear or the brown bear or some other so-called threatened or endangered species as a result of this legislation.

Mr. MOSS. There is no change made by this act in the Endangered Species Act. That is an area in which there has been some Federal preemption, that is true.

This bill does provide that adequate protection shall be given, including habitat improvement projects and activitives for the adequate protection of the species considered to be threatened or endangered. This does not move into the area of whether they can be hunted or not, but it says that we will move into improving the habitat of those considered threatened or endangered.

Mr. METCALF. The bill improves the habitat, but it leaves to the local States—Montana, Idaho, Wyoming, or other States—the management or control of those species?

Mr. MOSS. Exactly.

Mr. METCALF. I thank the Senator.

Mr. STEVENS. Will the Senator yield?

Mr. MOSS. Whatever time I have left, I yield to the Senator from Alaska.

Mr. STEVENS. I thank the Senator from Utah.

I wish to make sure that we have a record here on section 206. That section refers to any State——

The PRESIDING OFFICER. All time for debate on the conference report has expired.

Mr. STEVENS. Mr. President, I ask unanimous consent that I may have 2 minutes.

Mr. MANSFIELD. Mr. President, to be fair, I ask unanimous consent that there be 4 minutes, the time to be equaly divided between the two Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Then we shall have a vote, or at least get to a conclusion. If it is going to be a rollcall vote, I suggest that it be at the conclusion of the morning business.

I wish to emphasize that breaking in like this is not to be considered a precedent in the future.

Mr. STEVENS. I thank the majority leader.

I wish to make sure that this reference to "all Federal land" means any land of any description that is owned by the Federal Government. We have defense land, we have atomic energy lands, we have the petroleum reserve lands. It means what it says, I assume, "all Federal lands." We are not talking about just those lands categorized as public land, but all Federal lands of any description in the State could be counted toward the 60 percent?

Mr. MOSS. That is correct. That is the intent of the bill, and I am sure it is spelled out.

Mr. STEVENS. I thank the Senator from Utah and the Senator from Montana. I am sorry I am late because of another appointment. I have withheld my signature from this report until this time in order that my good friend from Idaho could have the opportunity to express his disagreement.

I wish to ask that the final report show that I am a signatory and do approve of this conference report. I think the Senator from Utah has been very fair and has tried to meet our problems in the States that have such a great area of Federal land.

In my State, if one had to pay a second license fee to hunt on Federal land, everyone would have to pay two because 90-some-odd percent is Federal land.

I should like the record to show that I do approve the conference report.

Mr. President, it is a pleasure to commend to my colleagues the Senate-House conference report on H.R. 11537. This legislation would open for recreational use by members of the public many thousands of acres of public lands previously closed to them. It would extend authority and increase funds for the Sikes Act of 1960 to enable more of the successful wildlife, fish and game conservation and rehabilitation programs on military reservations enabled through the years by that act. It also would authorize and fund the implementation of such programs on other public lands where no such authority or funding now is available. In this respect, the legislation would provide for approximately 450 million acres of Bureau of Land Management lands, 187 million acres of national forest lands, 2 million acres of Atomic Energy Commission lands, and several thousand acres of NASA lands.

Mr. President, the bill would authorize for each fiscal year until June 30, 1978, the appropriation of $1.5 million for the Secretary of Defense and $2 million for the Secretary of the Interior to carry out the programs on military reservations; $10 million per year until June 30, 1978, to the Secretary of Agriculture for programs on Forest Service lands; and $10 million per year for the same period for the Secretary of the Interior to carry out programs on BLM, NASA, and AEC lands.

There has been no evident disagreement as to the merits of extending and expanding these programs. For the most part, the amendments to the House bill included in the legislation passed by the Senate July 15, 1974, are technical in nature and were readily agreed in conference. Some amendment was needed to clarify and preserve existing Federal-State relations in the management of fish, wildlife and game on Federal lands. For example, special precautions were taken to avoid disruption or preemption of programs on Indian lands; and an amendment of mine would ensure that the legislation would in no way detract from the duties of the existing Federal-State Land Use Planning Commission established by the Alaska Native Claims Settlement Act. Some amendments offered by the Senate and accepted by House conferees are intended to make sure that hunting, fishing, and trapping on public land is in accordance with applicable laws and regulations of the State in which the land is located. Other amendments by the Senate and agreed by the House conferees are to ensure that this act does not negate Federal authority under such laws as the Migratory Bird Treaty Act, the Endangered Species Act, and the Bald Eagle Protection Act.

Section 203 of the House bill has been the subject of much concern. This section would authorize Federal and State agencies to agree to require public land management area stamps in order to hunt, trap or fish on public lands subject to conservation and rehabilitation programs implemented under this act. Western Senators from States containing large proportions of Federal lands, myself included, supported an amendment offered by Senator McCLURE and subsequently approved in the Senate-passed bill, which would exempt States comprised of 25 percent or more Federal lands from the same program.

We are greatly concerned by any threat of a federally influenced additional charge for our constituents to hunt, fish, and trap on lands which they have traditionally utilized through the purchase of State licenses and in some cases migratory bird stamps. The McClure amendment was further amended in conference to the effect that the stamp program would not apply to Forest Service and BLM lands in States where they comprise 60 percent or more of the total lands of the State—Alaska, Idaho, Nevada, and Utah—unless the State agrees to collect a fee at the point of sale of regular hunting, fishing, or trapping licenses, the proceeds to be used for conservation and rehabilitation programs under this act in the State concerned.

In my opinion, the original amendment by my good friend, the Senator from Idaho, which passed the Senate offered the better protection for Western States. However, the compromise agreed in conference is adequate, and I support it in the interest of completing our legislative work without further delay, so the bill can become law.

Mr. President, this is progressive legislation which would enable our citizenry to enjoy the use of lands as they should be used. Just as importantly it is legislation which would protect those lands and their wildlife from whatever harm might otherwise develop through such use.

Mr. McCLURE. Mr. President, I am concerned primarily because the bill does not really say what the managers of the bill have indicated that it does say. Because I have that concern, I am very serious about the motion to recommit.

The Senator from Utah (Mr. Moss) has indicated that there probably would not be time. My expectation would be—and certainly the Senator from Montana, the distinguished majority leader, can perhaps shed more light on it than I can. I would suggest that we shall probably be here for 4 weeks after we get back, at least. During 4 weeks' time, it is quite possible to take the language that we have, add the few words that I have suggested should be added, and report it back to both the House and the Senate with those amendments and remove the obstacle and the question.

The Senator from Utah has indicated that legislative history binds, but it does not bind unless they want to be bound. The Senator has seen, as I have seen, I am certain, court decisions that are done in the manner in which the court decides what it wishes to do. If the legislative history undergirds their argument, they cite it. If it does not, they ignore it. The words have to be in the statute to be binding.

The words in the legislative history are advisory. They assist in determining the meaning. I thank the Senator from Utah for the colloquy, which I hope nails it down as tightly as legislative history can, but there are limits to the value of legislative history. It does not supplant the necessity for words in the statute, when, as, and if those words can be gotten in the statute.

For that reason, I think it is important that we get the statute refined as closely as is possible, and I think we have the time to do it. The question, I submit, does not lie in the intent, it lies in the wording.

The PRESIDING OFFICER. All time has expired.

Mr. McCLURE. Mr. President, I move that this conference report be recommitted to the conference.

The PRESIDING OFFICER. Under the previous unanimous-consent request——

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may be heard. I shall not oppose the request of the distinguished Senator from Idaho, but I ask unanimous consent that the vote occur after the morning business is concluded, just prior to the laying down of H.R. 12993, a bill to amend the Communication Act of 1934 and so forth. I ask that at that time, the vote occur on the motion to recommit. If the distinguished

Senator wishes to have the yeas and nays——

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. MANSFIELD. I make that request.

The PRESIDING OFFICER. Is there objection?

Mr. McCLURE. Mr. President, reserving the right to object, is it the intention of the majority leader to postpone debate on the motion to recommit at this time?

The PRESIDING OFFICER. Under the previous unanimous-consent agreement, 10 minutes had been allocated for debate, 5 minutes to each side.

Mr. MANSFIELD. On the motion to recommit?

The PRESIDING OFFICER. Yes.

Mr. MANSFIELD. I see.

Mr. McCLURE. Then we will take up that 10 minutes following the morning hour?

Mr. MANSFIELD. Yes.

Mr. McCLURE. I have no objection.

Mr. MANSFIELD. And at the conclusion of the vote on the conference report, the Senate will proceed to the consideration of H.R. 12993.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for a period not to exceed 10 minutes, with statements therein limited to 2 minutes.

Is there morning business?

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. HATHAWAY) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Labor and Public Welfare.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 9:03 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House has passed, without amendment, the following bill and joint resolution:

S. 3362. A bill to enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes; and

S.J. Res. 123. A joint resolution authorizing the procurement of an oil portrait and marble bust of former Chief Justice Earl Warren.

At 9:39 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12471) to amend section 552 of title 5, United States Code, known as the Freedom of Information Act.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the resolution (H.J. Res. 1131) making further continuing appropriations for the fiscal year 1975, and for other purposes; that the House recedes from its disagreement to the amendment of the Senate numbered 3 to the aforesaid bill and concurs therein with an amendment in which it requests the concurrence of the Senate.

The message further announced that the House agrees to the amendment of the Senate to the bill (H.R. 11541) to amend the National Wildlife Refuge System Administration Act of 1966 in order to strengthen the standards under which the Secretary of the Interior may permit certain uses to be made of areas within the System and to require payment of the fair market value of rights-of-way or other interests granted in such areas in connection with such uses.

At 1:15 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker has affixed his signature to the following enrolled bills:

S. 283. An act to declare that the United States holds in trust for the Bridgeport Indian Colony certain lands in Mono County, Calif.;

S. 634. An act to declare that certain federally owned lands shall be held by the United States in trust for the Kootenai Tribe of Idaho, and for other purposes;

S.2001. An act to redesignate the Alamogordo Dam and Reservoir, N. Mex., as Sumner Dam and Lake Sumner, respectively; and

H.R. 12471. An act to amend section 552 of title 5, United States Code, known as the Freedom of Information Act.

The enrolled bills were subsequently signed by the President pro tempore.

At 3 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House insists upon its amendments to the bill (S. 356) to provide disclosure standards for written consumer product warranties against defect or malfunction; to define Federal content standards for such warranties; to amend the Federal Trade Commission Act in order to improve its consumer protection activities; and for other purposes, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. STAGGERS, Mr. MOSS, Mr. STUCKEY, Mr. ECKHARDT, Mr. BROYHILL of North Carolina, Mr. WARE, and Mr. McCOLLISTER were appointed conferees on the part of the House.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11537) to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations, and to authorize the implementation of such programs on certain public lands.

The message further announced that the House agrees to the amendment of the Senate to the bill (H.R. 13261) to amend the International Claims Settlement Act of 1949, as amended, to provide for the timely determination of certain claims of American nationals settled by the United States-Hungarian Claims Agreement of March 6, 1973, and for other purposes.

The message also announced that the House agrees to the amendments of the Senate to the bill (H.R. 9075) to authorize the disposition of certain office equipment and furnishings, and for other purposes.

The message further announced that the House has passed the following bills and joint resolutions in which it requests the concurrence of the Senate:

H.R. 1355. An act to donate certain surplus railway equipment to the Hawaii Chapter of the National Railway Historical Society, Incorporated;

H.R. 5264. An act to amend section 3(f) of the Federal Property and Administrative Services Act of 1949, with respect to American Samoa, Guam, and the Trust Territory of the Pacific Islands;

H.R. 7072. An act to allow advance payment of subscription charges for publication for official use prepared for auditory as well as visual usage;

H.R. 16424. An act to establish a Commission on Federal Paperwork;

H.R. 5056. An act to provide for crediting service as an aviation midshipman for purposes of retirement for nonregular service under chapter 67 of title 10, United States Code, and for pay purposes under title 37, United States Code;

H.R. 12860. An act to amend title 10 of the United States Code in order to clarify when claims must be presented for reimbursement of memorial service expenses in the case of members of the Armed Forces whose remains are not recovered;

H.R. 14401. An act to authorize military band recordings in support of the American Revolution Bicentennial;

H.R. 15148. An act to extend the time limit for the award of certain military decorations.

H.R. 7978. An act to declare that certain federally owned lands shall be held by the United States in trust for the Hualapai Indian Tribe of the Hualapai Reservation, Ariz., and for other purposes;

H.R. 12216. An act to amend the Act relating to the Lumbee Indians of North Carolina;

H.R. 14689. An act to provide for a plan for the preservation, interpretation, development, and use of the historic, cultural, and architectural resources of the Lowell Historic Canal District in Lowell, Mass., and for other purposes;

H.R. 11847. An act for the relief of certain fire districts and departments in the State of Missouri to compensate them for expenses relating to a fire on Federal property;

H.R. 13364. An act to amend title 17 of the United States Code to remove the expiration date provided in Public Law 92–140 which authorized the creation of a limited copyright in sound recordings for the purpose of protecting against unauthorized duplication and piracy of sound recordings; to increase the criminal penalties for piracy and counterfeiting of sound recordings; and for other purposes;

H.R. 13561. An act to amend the Intercoastal Shipping Act, 1933;

H.R. 15067. An act to prevent reductions in pay for any officer or employee who would be adversely affected as a result of implementing Executive Order 11777;

H.R. 17026. An act relating to former Speakers of the House of Representatives;

H.J. Res. 898. A joint resolution authorizing the President to proclaim the second full week in October 1974, as "National Legal Secretaries' Court Observance Week";

H.J. Res. 444. A joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project.

The message also announced that the House has passed the following bills with amendments in which it requests the concurrence of the Senate:

S. 1411. An act to authorize the Sisseton and Wahpeton Sioux Tribe of the Lake Traverse Reservation to consolidate its landholdings in North Dakota and South Dakota, and for other purposes;

S. 1412. An act to declare that certain federally owned lands are held by the United States in trust for the Sisseton-Wahpeton Sioux Tribe of the Lake Traverse Indian Reservation in North and South Dakota;

S. 3341. An act to revise certain provisions of title 5, United States Code, relating to per diem and mileage expenses of employees and other individuals traveling on official business, and for other purposes; and

S. 2348. An act to amend the Canal Zone Code to transfer the functions of the Clerk of the U.S. District Court for the District of the Canal Zone with respect to the issuance and recording of marriage licenses, and related activities, to the civil affairs director of the Canal Zone Government, and for other purposes.

At 5:35 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker has affixed his signature to the enrolled bill (H.R. 11537) to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations, and to authorize the implementation of such programs on certain public lands.

The enrolled bill was subsequently signed by the President pro tempore.

At 7:45 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker has affixed his signature to the following enrolled bills:

H.R. 7954. An act to direct the Secretary of Agriculture to release on behalf of the United States conditions in a deed conveying certain lands to the State of New York and to provide for the conveyance of certain interests in such lands so as to permit such State, subject to certain conditions, to sell such land; and

H.R. 9054. An act to amend the act entitled "An Act to authorize the Secretary of Agriculture to execute a subordination agreement with respect to certain lands in Lee County, S.C."

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Burdick) laid before the Senate the following letters, which were referred as indicated:

Supplemental Appropriation for the National Railroad Passenger Corporation (S. Doc. No. 93–121)

A communication from the President of the United States transmitting a proposed supplemental appropriation for the fiscal year 1975 in the amount of $84.9 million for the National Railroad Passenger Corporation (with accompanying papers). Referred to the Committee on Appropriations and ordered to be printed.

Report of the Department of Agriculture

A letter from the Deputy Assistant Secretary of Agriculture transmitting, pursuant to law, a report on the actions of the Department of Agriculture in the implementation of the pilot special supplemental food program for women, infants, and children (with an accompanying report). Referred to the Committee on Agriculture and Forestry.

Air Force Military Construction

A letter from the Under Secretary of the Air Force transmitting, pursuant to law, a report on the Air Force military construction contracts awarded by the Department of the Air Force without formal advertisement for the period July 1, 1973 through June 30, 1974 (with an accompanying report). Referred to the Committee on Armed Services.

Report of the Department of the Navy

A letter from the Commander of the Naval Facilities Engineering Commands, Department of the Navy, transmitting, pursuant to law, a report on military construction contracts awarded on other than a competitive bid basis during the period of July 1, 1973 through June 1974 (with an accompanying report). Referred to the Committee on Armed Services.

Report of the Export-Import Bank

A letter from the First Vice President of the Export-Import Bank of the United States transmitting, pursuant to law, a report of the actions taken by the Export-Import Bank during the quarter ended June 30, 1974 (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

International Agreements Other Than Treaties

A letter from the Assistant Legal Adviser for Treaty Affairs of the Department of State transmitting, pursuant to law, copies of international agreements other than treaties entered into within the past 60 days (with accompanying papers). Referred to the Committee on Foreign Relations.

Report of the Environmental Protection Agency

A letter from the Assistant Director for General Services transmitting, pursuant to law, a report of the Environmental Protection Agency on the disposal of foreign excess property (with an accompanying report). Referred to the Committee on Government Operations.

Report of the Department of Justice

A letter from the Assistant Attorney General transmitting, pursuant to law, a report on the disposal of foreign excess property for the fiscal year 1974 (with an accompanying report). Referred to the Committee on Government Operations.

Report of the Atomic Energy Commission

A letter from the General Manager of the Atomic Energy Commission transmitting, pursuant to law, a report on the disposal of foreign excess property (with an accompanying report). Referred to the Committee on Government Operations.

Report of the Comptroller General

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Management of Aircraft Modification Programs in the Army, Navy and Air Force" (with an accompanying report). Referred to the Committee on Government Operations.

Report of the Federal Energy Administration

A letter from the Administrator of the Federal Energy Administration transmitting, pursuant to law, a report on the petrochemical industry's current situation and outlook through the calendar year 1975 (with an accompanying report). Referred to the Committee on Interior and Insular Affairs.

Distribution of Yankton Sioux Judgment Funds

A letter from the Secretary of the Interior transmitting, pursuant to law, a proposed plan for the use and distribution of Yankton Sioux judgment funds awarded in Docket 332–B before the Indian Claims Commission (with an accompanying report). Referred to the Committee on Interior and Insular Affairs.

Proposed Legislation by the Administrative Office of the U.S. Courts

A letter from the Deputy Director of the Administrative Office of the U.S. Courts transmitting a draft of proposed legislation providing for the defense of judges and judicial officers sued in their official capacities (with accompanying papers). Referred to the Committee on the Judiciary.

Hearings Between the Commission on Product Safety and the Office of Management and Budget

A letter from the Chairman of the Consumer Product Safety Commission transmitting, pursuant to law, the transcript of hearings held between the Commission and the Office of Management and Budget on September 25, 1974 (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Report of the Comptroller General

A letter from the Acting Comptroller General of the United States transmitting, pursuant to law, a report and recommendation concerning the claim of Mr. Joseph J. Andrews against the United States (with accompanying papers). Referred to the Committee on the Judiciary.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. Burdick):

A resolution adopted by the Southern Governors' Conference relating to the right to privacy. Ordered to lie on the table.

A resolution adopted by the Southern Governors' Conference relating to the economic summit meeting. Referred to the Committee on Government Operations.

A resolution adopted by the Southern Governors' Conference relating to energy policy. Referred to the Committee on Interior and Insular Affairs.

A resolution adopted by the Council of the City of Youngstown, Ohio, urging the Congress to assure the continuation of general revenue sharing.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, with an amendment:

S. 2859. A bill for the relief of Marian Law Shale Holloway (Rept. No. 93–1243).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

H.R. 7768. A bill for the relief of Nolan Sharp (Rept. No. 93–1244).

H.R. 6624. An act for the relief of Alvin V. Burt, Jr., Eileen Wallace Kennedy Pope, and David Douglas Kennedy, a minor (Rept. No. 93–1245).

By Mr. PASTORE, from the Joint Committee on Atomic Energy, with an amendment:

S. 4033. A bill to amend Public Law 93–276 to increase the authorization for appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes (Rept. No. 93-1246).

By Mr. BAKER, from the Committee on Public Works, with amendments:

S. 3057. A bill to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments (together with minority views) (Rept. No. 93-1247).

ENERGY TRANSPORTATION SECURITY ACT—CONFERENCE REPORT SUBMITTED DURING THE ADJOURNMENT OF THE SENATE (REPT. NO. 93-1242)

Mr. LONG, under authority of the order of the Senate of October 7, 1974, submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8193) to require that a percentage of U.S. oil imports be carried on U.S.-flag vessels, which was ordered to be printed.

THE AMTRAK IMPROVEMENT ACT OF 1974—CONFERENCE REPORT (REPT. NO. 93-1248)

Mr. MAGNUSON submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15427) to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

Philip Edward Coldwell, of Texas, to be a member of the Board of Governors of the Federal Reserve System.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, October 8, 1974, he presented to the President of the United States the following enrolled bills:

S. 283. An act to declare that the United States holds in trust for the Bridgeport Indian Colony certain lands in Mono County, Calif.;

S. 634. An act to declare that certain federally owned lands shall be held by the United States in trust for the Kootenai Tribe of Idaho, and for other purposes; and

S. 2001. An act to redesignate the Alamogordo dam and reservoir, New Mexico, as Sumner Dam and Lake Sumner, respectively.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following House bills and joint resolution were each read twice by their titles and referred as indicated:

H.R. 1355. An act to donate certain surplus railway equipment to the Hawaii Chapter of the National Railway Historical Society, Incorporated;

H.R. 5264. An act to amend section 3(f) of the Federal Property and Administrative Services Act of 1949, with respect to American Samoa, Guam, and the Trust Territory of the Pacific Islands;

H.R. 7072. An act to allow advance payment of subscription charges for publication for official use prepared for auditory as well as visual usage; and

H.R. 16424. An act to establish a Commission on Federal Paperwork; to the Committee on Government Operations.

H.R. 5056. An act to provide for crediting service as an aviation midshipman for purposes of retirement for nonregular service under chapter 67 of title 10, United States Code, and for pay purposes under title 37, United States Code;

H.R. 12660. An act to amend title 10 of the United States Code in order to clarify when claims must be presented for reimbursement of memorial service expenses in the case of members of the armed forces whose remains are not recovered;

H.R. 14401. An act to authorize military band recordings in support of the American Revolution Bicentennial; and

H.R. 15148. An act to extend the time limit for the award of certain military decorations; to the Committee on Armed Services.

H.R. 7978. An act to declare that certain federally owned lands shall be held by the United States in trust for the Hualapai Indian Tribe of the Hualapai Reservation, Arizona, and for other purposes;

H.R. 12216. An act to amend the Act relating to the Lumbee Indians of North Carolina; and

H.R. 14689. An act to provide for a plan for the preservation, interpretation, development, and use of the historic, cultural, and architectural resources of the Lowell Historic Canal District in Lowell, Mass., and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 11847. An act for the relief of certain fire districts and departments in the State of Missouri to compensate them for expenses relating to a fire on Federal property; and

H.R. 13364. An act to amend title 17 of the United States Code to remove the expiration date provided in Public Law 92-140 which authorized the creation of a limited copyright in sound recordings for the purpose of protecting against unauthorized duplication and piracy of sound recordings; to increase the criminal penalties for piracy and counterfeiting of sound recordings; and for other purposes; to the Committee on the Judiciary.

H.R. 13561. An act to amend the Intercoastal Shipping Act, 1933; to the Committee on Commerce.

H.R. 15067. An act to prevent reductions in pay for any officer or employee who would be adversely affected as a result of implementing Executive Order 11777; to the Committee on Post Office and Civil Service.

H.R. 17026. An act relating to former Speakers of the House of Representatives; to the Committee on Public Works.

H.J. Res. 444. A joint resolution to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project. Ordered placed on the Calendar.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. ERVIN:

S. 4095. A bill to amend section 5(c) of the National Trails System Act to provide for the study of the Daniel Boone Trail to determine the feasibility of designating such trail as a national scenic trail. Referred to the Committee on Interior and Insular Affairs.

By Mr. HATFIELD (for himself and Mr. PACKWOOD):

S. 4096. A bill to amend the Internal Revenue Code of 1954 to provide the same tax treatment for recognized Indian tribes as are applicable to other governmental units. Referred to the Committee on Finance.

By Mr. EASTLAND (by request):

S. 4097. A bill to amend title 18, United States Code, to provide for the protection of United States probation officers. Referred to the Committee on the Judiciary.

By Mr. BURDICK:

S. 4098. A bill to provide for the return to the former owners of certain former tribal lands acquired in connection with the Garrison Dam and Reservoir. Referred to the Committee on Interior and Insular Affairs.

By Mr. HUGH SCOTT:

S. 4099. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income interest on not more than $10,000 of long-term savings deposited with a savings and loan association. Referred to the Committee on Finance.

By Mr. MATHIAS:

S. 4100. A bill for the relief of Dolores Espinosa Carrasco. Referred to the Committee on the Judiciary.

By Mr. WILLIAMS:

S. 4101. A bill to authorize certain filling and construction in a portion of Upper New York Bay, Hudson County, N.J. Referred to the Committee on Public Works.

By Mr. PELL (for himself, Mr. BROOKE, Mr. MUSKIE, Mr. BROCK, and Mr. ALLEN):

S. 4102. A bill to amend title 44, United States Code, to redesignate the National Historical Publications Commission as the National Historical Publications and Records Commission, to increase the membership of such Commission, and to increase the authorization of appropriations for such Commission. Referred to the Committee on Government Operations.

By Mr. MANSFIELD:

S.J. Res. 247. A joint resolution authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act. Placed on the Calendar.

STATEMENT ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ERVIN:

S. 4095. A bill to amend section 5(c) of the National Trails System Act to provide for the study of the Daniel Boone Trail to determine the feasibilty and desirability of designating such trail as a national scenic trail. Referred to the Committee on Interior and Insular Affairs.

Mr. ERVIN. Mr. President, today I am introducing S. 4095, to designate the Daniel Boone Trail which runs from Wilkes County, N.C., to Boonesboro, Ky., as a part of the National Trails System.

The National Trails System presently includes such historic trails as the Lewis and Clark Trail, the Santa Fe Trail, the El Camino Real, the Continental Divide Trail, and several others. I have found it most puzzling that one of the most historic trails in the eastern half of our Nation was not included in the National Trails Systems Act. The opening of the Daniel Boone Trail from the western reaches of North Carolina into the undeveloped midwestern regions represented a significant milepost in the early growth and development of our Nation and its economy.

As the Bicentennial of our Revolution approaches, I have taken some time to look back into history to refresh my collection of the sort of people who founded our Nation. Daniel Boone was far from the legendary folk hero that we envision today. He was in most respects a middle-American of his period who scratched out a living as a dirt farmer and part-time trader. I am always proud to remember that it is often common folk of Daniel Boone's type who played significant roles in bringing our Nation through its formative years. Daniel Boone's restless spirit and his search for a somewhat better life style for himself and his family led him west. Eventually, he built a road westward into Tennessee and Kentucky and led others to join him in taming an unspoiled wilderness. I can think of no better way of beginning our Nation's Bicentennial celebration than by officially designating the route that Daniel Boone carved out of the wilderness as a national trail.

I would like to take this opportunity to salute one of my fellow North Carolinians who in many ways represents the qualities we have idolized in the person of the lengendary Daniel Boone. Mr. R. Ivey Moore of North Wilkesboro, N.C., has served for as long as I can remember as the wagonmaster of the annual Daniel Boone wagon train which traces a portion of the route that Daniel Boone traveled on his way to Kentucky. Ivey Moore is a man of tender years and endless youth, and although he is into his seventh decade here in this life he is preparing to join two younger men in walking over the entire length of the Daniel Boone Trail in celebration of the Bicentennial. I salute Ivey Moore in this endeavor and suggest that we in the Senate act to commemorate that spirit of adventure and determination that motivates men like Ivey Moore and Daniel Boone by designating the Daniel Boone Trail as a part of the National Trails System.

By Mr. HUGH SCOTT:

S. 4099. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income interest on not more than $10,000 of long-term savings deposited with a savings and loan association. Re*ferred to* the Committee on Finance.

Mr. HUGH SCOTT. Mr. President, I am pleased to introduce today a bill which has a dual purpose: To aid our crippled housing industry and to provide taxpayers with an added incentive to save.

The bill is designed to exempt interest on the first $10,000 in savings accounts held in a savings or loan institution for 12 months or more. Commercial banks are excluded from the bill because they are not mandated by law to channel their funds into the housing industry as are savings and loan institutions. We all know the vital necessity for additional funding for the housing industry—this bill will help. Its added bonus aids the average wage earner, not the large investor, who keeps his savings in savings and loan institutions.

The average savings account holds almost exactly $4,000, and the interest currently earned on this amount is taxable. My bill would encourage the wage earner to save more, because interest on these savings would not be taxable.

An additional provision would allow a husband and wife who file joint tax returns, but who maintain individual savings accounts, to treat each savings account separately. This would allow them an exemption on interest on a total of $20,000 in savings and loans institutions' savings accounts.

I believe this legislation represents a good first step toward solving our inflationary crisis. I hope it will receive the support of my colleagues. I ask unanimous consent that the full text of the bill be printed in the Record immediately following my remarks.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 4099

A bill to amend the Internal Revenue Code of 1954 to exclude from gross income interest on not more than $10,000 of long term savings deposited with a savings and loan association

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 124 as 125, and by inserting after section 123 the following new section:

"Sec. 124. Interest on savings.

"(a) In General.—In the case of an individual, gross income does not include interest or dividends received during the taxable year on money held for more than 12 months (determined as of the close of such taxable year) in a savings account maintained with a savings and loan association the deposits or accounts of which are insured by the Federal Savings and Loan Insurance Corporation.

"(b) Limitation.—The provisions of this section do not apply to interest received with respect to amounts in excess of $10,000. In the case of a married individual, the provisions of this subsection apply separately to each spouse if the savings account maintained by that spouse is not maintained jointly with the other.

"(c) For purposes of this section, the term 'savings account' means an interest bearing deposit or account which is not payable on a specified date or at the expiration of a specified time after the date of deposit (although the individual who maintains the deposit or account may be required by the savings and loan association with which the deposit or account is maintained to give notice in writing of an intended withdrawal not less than 30 days before withdrawal is made).".

(b) The table of sections for such part III is amended by striking out the last item therein and inserting in lieu thereof the following:

"Sec. 124. Interest on savings.

"Sec. 125. Cross references to other Acts.".

Sec. 2. The amendments made by this Act apply to taxable years beginning after December 31, 1973.

By Mr. WILLIAMS:

S. 4101. A bill to authorize certain filling and construction in a portion of Upper New York Bay, Hudson County, N.J. Referred to the Committee on Public Works.

Mr. WILLIAMS. Mr. President, I am introducing the Caven Point Redevelopment Act today. This bill would declare the Caven Point portion of the Jersey City waterfront to be non-navigable. The developable sections of this area are currently owned by Jersey City. It is only 4 feet under water, and it has never been used for navigational purposes in the past.

Clear title to this property is essential to the city's Liberty Harbor redevelopment program. Liberty Harbor is a 3,000-acre tract of land on Upper New York Bay. The site extends from the Jersey City-Bayonne line on the south to the Morris Canal Basin and Grand Street on the north, and from the New Jersey Turnpike extension on the west to the U.S. Pierhead Line on the east. Over the years large portions of the site have been filled for use as railroad yards and for various shipping and warehousing functions. Today, however, much of the land lies vacant and abandoned. Other areas within the site are marshy or under water. This largely vacant, abandoned, and underutilized acreage represents what is probably the most magnificent development opportunity presently available in the New York-New Jersey metropolitan region.

The site itself presents startling contrasts. The land is largely derelict, weed-covered, and abandoned. The railroads, which once made this site a major transportation link, are bankrupt and have largely ceased operations. Miles of shorefront are dotted with abandoned piers and wrecks. Nonetheless, the visitor stands at the core of the metropolitan region. To the east are the bustling harbor, Ellis Island, and the Statue of Liberty. To the west is the Jersey Turnpike Extension, with its direct linkages to the metropolitan highway network. To the south, on the water's edge, are new active container ports at Port Jersey. Just across the bay rise the spectacular towers of lower Manhattan.

The redevelopment plan for Jersey City includes the construction of new homes and apartments, and it provides for major new industrial and shipping activities as well. In addition, the State of New Jersey is developing Liberty State Park to the east of the proposed new residential communities. The park will greatly enhance public access to the waterfront and serve as a unique recreation resource for Jersey City as a whole.

Jersey City and its surrounding environs have literally served as a gateway for this country for centuries. In the 17th century the present site of Jersey City was a commercial focal point for the Dutch traders who settled Manhattan and for the settlers who began to bring their farm products to New York. In the 18th century the establishment of a new land route to Philadelphia made Paulus Hook a vital link between New York and the South and West. In the late 19th and early to mid 20th centuries, Ellis Island, merely a few hundred yards from Jersey City's waterfront, was the "Gateway to the New World" for more than 16 million immigrants to this country. In its peak, 1,285,349 immigrants passed through Liberty Harbor and Ellis Island.

I am hopeful that this legislation will help to revitalize an area which is currently at the core of our eastern metropolitan region, and which has played a significant role in our Nation's history as well.

By Mr. PELL (for himself, Mr. Brooke, Mr. Muskie, Mr. Brock, and Mr. Allen):

S. 4102. A bill to amend title 44, United States Code, to redesignate the National Historical Publications Commission as the National Historical Publications and Records Commission, to increase the membership of such Commission, and to increase the authorization of appropriations for such Commission. Referred to the Committee on Government Operations.

Mr. PELL. Mr. President, I am introducing today with Senator Brooke legislation to enable us better to care for, preserve and maintain our Nation's historical documents and records.

Senator Brooke has already taken important initiative earlier in this Congress in this area which has great significance to the history of our country.

I am also very pleased that Senators Muskie, Brock, and Allen are joining as cosponsors of this bill.

Mr. President, we have recently considered more specific legislation in this area. We have considered how best to resolve problems surrounding the records of the previous administration of President Nixon. I have stated my firm conviction that those records should be preserved, and should not be the subject of possible destruction.

The history of the United States, however, is not contained in the records of the Federal Government or in the personal papers of its chief leaders. There is a vast amount of significant documentation in the records of States, counties, towns, and other governmental units throughout the land.

Among the valuable files are those of State and local courts. Unfortunately, a great number of these records are neglected, so neglected in fact that many are being lost and others are in serious jeopardy.

This is a loss that the Nation can ill afford to sustain. These records are close to the citizens, and there is too much of value in them for us to ignore or overlook this serious situation.

In addition to official records at various levels there are thousands of manuscripts cared for by hundreds of private historical societies throught the Nation: These manuscripts represent the personal papers of scores of leaders and representative citizens; the records of churches, businesses, and organizations; diaries, journals, logbooks, and many other private records that allow us to draw close to the experiences of Americans of earlier days.

The Rhode Island Historical Society in my home State is an outstanding example of dedication to the cause of preserving our national heritage.

Many of the private organizations I refer to are rich in resources but impoverished in funds. They have done a great work for many decades. They have often lacked sufficient funds, and have been understaffed, and overworked. They, too, need assistance in the performance of their notable public service.

For 40 years the National Archives has been doing a fine job in caring for the records of the Federal Government. The General Services Administration's National Archives not only handles the oldest and most basic records of the United States but has active programs for effective management of records currently created. The National Historical Publications Commission, of which the Archivist of the United States, Dr. James B. Rhoads, is chairman, is doing an excellent job in promoting and encouraging the publication of documents of national significance. It has been a great satisfaction to me, Mr. President, to serve on the Commission as the representative of the Senate since 1967. I have personal knowledge of the Commission's work and of the distinguished work of Dr. Rhoads and of the Commission's excellent staff.

But all of what I say is preface to the essential fact that, in my judgment, it is time for the Federal Government to give concrete, if modest, aid and support to the States and other units of government, as well as to responsible groups in the private sector, in the identification and preservation of important documents.

To accomplish this objective I am introducing today legislation, which if enacted, will change the name of the National Historical Publications Commission to the National Historical Publication and Records Commission; will add four members to the Commission, two members representing the Society of American Archivists and two members representing the American Association for State and Local History; and will change the annual authorization from $2 million to $4 million.

Mr. President, I believe this legislation can serve a most beneficial purpose, and I ask unanimous consent that the text of this bill be printed in the Record following my remarks.

I am pleased that Congressman Jack Brooks has taken the initiative with companion legislation in the House of Representatives.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 4102

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 25 of title 44, United States Code, is amended by inserting "AND RECORDS" immediately after "PUBLICATIONS" in the chapter heading.

(b) Section 2501 of such title is amended by inserting "two members of the Society of American Archivists to be appointed, for terms of four years, by the Society of American Archivists; two members of the American Association for State and Local History to be appointed, for terms of four years, by the American Association for State and Local History;" immediately after the last semicolon in such section.

(c) Section 2504(b) of such title is amended by—

(1) striking out "1973" and inserting in lieu thereof "1975"; and

(2) striking out "$2,000,000" and inserting in lieu thereof "$4,000,000".

Sec. 2. The chapter analysis at the beginning of title 44, United States Code, is amended by striking out

"25. National Historical Publications Commission"

and inserting in lieu thereof

"25. National Historical Publications and Records Commission".

Mr. BROOKE. Mr. President, I am pleased to introduce today, with Senator Pell, a bill which will greatly strengthen our commitment to protect and to preserve this Nation's historic and cultural treasures. This bill is a revised version of legislation which I introduced in 1973.

Most people when they think about historic preservation, are primarily aware of the efforts to save and restore historic homes and buildings, such as Mount Vernon and Independence Hall. Far fewer people are aware of the great resources of historic publications, documents and records which are in danger of being lost or destroyed through neglect.

Many of the most precious records of our Nation's early history may lie lost or forgotten at the bottom of dusty files and cabinets. Sometimes they turn up: The June issue of American Heritage magazine contains a column reporting this discovery of an extraordinary document in the office of the tax assessor for Templeton, Mass. It is a broadside dated June 17, 1774, calling for the sum of 500 pounds to send four delegates to the First Continental Congress. In that summer, 200 years ago, copies had been sent to selectmen in every town in the Massachusetts Bay Colony by the provincial house of representatives. They were signed by the house clerk, Sam Adams.

The copy of the broadside dispatched to Templeton was kept among the town records along with some 50 other pre-Civil War documents. The documents were discovered by the chairman of Templeton's tax assessors. He lent them to a high school history teacher, who, in turn, mentioned them to the Massachusetts State archivist, Dr. Richard W. Hale. Besides the 1774 broadside, the discovery included a 1763 assessment for French and Indian War expenses, a 1787 amnesty proclamation for participants in Shay's Rebellion, and a 1791 tax bill. The broadside is particularly important, however, because only three other 1774 broadsides are known to exist. As the American Heritage editor comments:

> It is interesting to speculate on how many other important documents lie gathering dust in the archives of the small towns where the first stirrings of our independence took place.

With this thought in mind, the Commonwealth of Massachusetts has undertaken a comprehensive statewide document preservation program which Dr. Hale hopes may become a prototype for the entire country. A seven-member Massachusetts Archives Advisory Commission has been established which is charged with determining specific inventory and preservation needs in the Bay State. In cooperation with other public and private organizations concerned with the custody and use of archival and manuscript materials, the commission plans to make a complete inventory of historical manuscripts, documents, and other records, updating existing surveys and coordinating archives publishing and microfilming programs already functioning in Massachusetts. Area colleges are also being approached about programs to train graduate students in records preservation techniques as part of their study of New England history.

Mr. President, I believe that this kind of program ought to be extended nationwide, and the bill which Senator PELL and I are introducing today would be a very important step in this direction. It would strengthen chapter 25 of title 44 of the United States Code, which establishes the National Historical Publications Commission, in several important respects. First, it would change the name of the Commission to the National Historical Publications and Records Commission, thus giving special emphasis to the Commission's responsibility for encouraging the collection, preservation, and publication of historical documents.

Second, the bill expands the membership of the Commission to include two members appointed by the Society of American Archivists and two appointed by the American Association for State and Local History. Representation on the Commission by members of these two organizations will greatly increase its ability to coordinate National, State, and local preservation efforts.

Finally, the bill doubles the Commission's authorized funding, from $2,000,000 to $4,000,000. The money is badly needed to assist and extend State, local, and regional preservation and publication efforts, such as the program in my own State, the Commonwealth of Massachusetts.

Mr. President, I strongly urge Senate approval of this bill. Similar legislation has already been favorably reported by the House Committee on Government Operations, and passage of the bill by the 93d Congress would be a significant contribution to our preparations of the Nation's Bicentennial.

By Mr. MANSFIELD:

S.J. Res. 247. A joint resolution authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act. Placed on the Calendar.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the joint resolution which I introduce today, under rule XIV, paragraph 4, be placed on the Senate calendar.

The PRESIDING OFFICER (Mr. McGOVERN). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the text of the joint resolution be printed at this point in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 247

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized to suspend the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act in the case of Turkey during the period beginning on the date of the enactment of this joint resolution and ending on November 30, 1974, if he determines that such suspension will further negotiations for a peaceful resolution of the Cyprus conflict.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 796

At the request of Mr. PELL, the Senator from South Dakota (Mr. ABOUREZK), and the Senators from Indiana (Mr. HARTKE and Mr. BAYH) were added as cosponsors of S. 796, a bill to improve museum services.

S. 2951

At the request of Mr. BAYH, the Senator from Alaska (Mr. GRAVEL) and the Senator from Connecticut (Mr. RIBICOFF) were added as cosponsors of S. 2951, the Public Documents Act.

S. 3481

At the request of Mr. CANNON, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 3481, the International Air Transportation Fair Competitive Practices Act of 1974.

S. 3982

At the request of Mr. WEICKER, the Senator from South Dakota (Mr. ABOUREZK) was added as a cosponsor of S. 3982, a bill to restrict the authority for inspections of tax returns and the disclosure of information contained therein, and for other purposes.

S. 3985

At the request of Mr. WILLIAMS, the Senator from South Dakota (Mr. ABOUREZK), the Senator from North Dakota (Mr. BURDICK), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Maryland (Mr. MATHIAS), the Senator from Wyoming (Mr. MCGEE), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Georgia (Mr. TALMADGE) were added as cosponsors of S. 3985, the Anti-Dog-Fighting Act.

S. 3988

At the request of Mr. BIDEN, the Senator from Maryland (Mr. BEALL), the Senator from Florida (Mr. CHILES), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of S. 3988, a bill to authorize Federal financial assistance to States for the preparation of energy conservation programs.

S. 4054

At the request of Mr. FANNIN, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 4054, a bill to exclude from gross income the first $1,000 of interest on deposits in savings institutions.

S. 4093

At the request of Mr. RIBICOFF, the Senator from Illinois (Mr. STEVENSON), the Senator from Idaho (Mr. CHURCH), and the Senator from Montana (Mr. METCALF) were added as cosponsors of S. 4093, a bill to freeze medicare deductibles.

AMENDMENTS SUBMITTED FOR PRINTING

THE DEEPWATER PORT ACT OF 1974—S. 4076

AMENDMENTS NOS. 1962 AND 1963

(Ordered to be printed and to lie on the table.)

Mr. JACKSON submitted two amendments intended to be proposed by him to the bill (S. 4076) to regulate commerce, promote efficiency in transportation, and protect the environment, by establishing procedures for the location, construction, and operation of deepwater ports off the coasts of the United States, and for other purposes.

REASONABLY PRICED MORTGAGE CREDIT FOR HOUSING—S. 3979

AMENDMENT NO. 1964

Mr. STEVENS. Mr. President, I am offering an amendment to S. 3979 which would increase the maximum mortgage for residential dwellings under this bill to $55,000. This limit would be applied at the discretion of the Secretary of the Department of Housing and Urban Development in high cost areas as determined by him.

The bill, as reported by the committee, has not taken sufficiently into account the areas of the country where construction costs are substantially higher than the national average.

Currently, the average price of a new home in Anchorage is $52,000, in Fairbanks and other parts of Alaska, the cost is even higher since transportation charges add significantly to housing costs. With the economic impact of the pipeline construction increasing prices of new housing in Alaska at a rapidly spiraling rate, I believe the maximum mortgage rate should be increased to $55,000. As I pointed out earlier, this $55,000 figure would only be a ceiling. The Secretary of the Department of Housing and Urban Development can then set the maximum mortgage according to the particular need in each high cost area. The bill as written would offer no assistance to Alaskans who are now faced with a most critical housing shortage brought on by the influx of new residents seeking employment on the pipeline and related activities.

Mr. President, I ask unanimous consent that my amendment be printed in the CONGRESSIONAL RECORD immediately following my remarks.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1964

On page 4, line 6, delete "$45,000" and insert "$55,000".

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 1942

At the request of Mr. SCHWEIKER, the Senator from Kentucky (Mr. COOK) was added as a cosponsor of Amendment No. 1942 intended to be proposed to the bill (S. 3952) the Social Security Recipients' Fairness Act of 1974.

AMENDMENT NO. 1956

At the request of Mr. TUNNEY, the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Wyoming (Mr. MCGEE), the Senator from Texas (Mr. TOWER), the Senator from Georgia (Mr. TALMADGE), the Senator from Alaska (Mr. STEVENS), the Senator from Oregon (Mr. HATFIELD), the Senator from Alaska (Mr. GRAVEL), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of amendment No. 1956, intended to be proposed to the bill (H.R. 12993) to amend the Communications Act of 1934 to provide that licenses for the operation of broadcasting stations may be issued and renewed for terms of 4 years, and for other purposes.

NOTICE OF HEARINGS ON OPEN GOVERNMENT LEGISLATION

Mr. RIBICOFF. Mr. President, I would like to announce for the information of the Senate and the public, a day of hearings on S. 260, Government in the Sunshine Act, which provides for open meetings of Government agencies and congressional committees.

The hearings will take place at 10 a.m. on Tuesday, October 15, in room 3300 Dirksen Senate Office Building.

Those Senators wishing to testify or those who wish to submit a written statement for the hearing record should write to the Reorganization Subcommittee, room 162, Russell Senate Office Building, Washington, D.C. 20510, or call 225-2308 or 225-5274.

ADDITIONAL STATEMENTS

MAKING GOVERNMENT WORK

Mr. SYMINGTON. Mr. President, my colleagues will be interested in a thoughtful article by John W. Gardner, chairman of Common Cause, "Making Government Work," which appeared in the Kansas City Star last Sunday, October 6. I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MAKING GOVERNMENT WORK

(By John W. Gardner)

Everyone is familiar with the list of substantive problems the nation faces—inflation, energy shortages, unemployment, international tensions, crimes, racial conflict and so on. But while we're tackling those problems—and we can't run away from them—we must recognize that we're going to have a terrible time solving any of them until we repair the instruments of self-government.

It is useful to remind ourselves that the citizen's loss of trust in politics and government began long before Watergate. As long ago as 1960, John Kennedy was startled to discover that only 65 per cent of the eligible electorate actually voted in the election that made him President. Twelve years later, in 1972, only 55 per cent voted. How much lower will we allow it to drop before we act to repair the mistrust?

There is only one way to repair the citizen's loss of confidence in our political and governmental institutions, and that is to make the institutions worthy of his confidence. We must build a political and governmental process that is open, accountable and unbought, a political and governmental process that citizens can believe in and place their trust in. This is the problem that underlies all the other problems. Until we tackle it, we will not solve the others. Corruption, backroom fixes, secret deals—quite aside from their moral repulsiveness—finally create government that just doesn't work. Finally, the "insiders" can't even save themselves. The intricately rigged system fails to serve even those who rigged it.

The point is worth reflecting on. There are serious and intelligent observers who believe that the world is rapidly becoming unmanageable—and as I reflect on the current problems of worldwide inflation, food and energy shortages, and the nuclear arms race, I almost agree with them. Perhaps the dizzying rate of change, the ever-increasing complexity of our problems and the unbearable strains placed on our institutions have carried our society—and the world—beyond the reach of manageability. I'm not ready to believe that.

But if you think about it, and then observe the incredibly complex nation under the management of politicians and bureaucrats, many of them honest and well-intentioned, but others bought, others semibought, and all operating within a system that is often almost crippled by surreptitious pressures and arrangements; it's bound to send a chill up your spine.

When the public process falls into decay, it finally reaches a stage of paralysis where it can't serve anybody—neither the rich nor poor, neither white nor black, neither old nor young. The consequences fall upon virtually all citizens, consumers, taxpayers. The money leaks out of their pockets in taxes and they don't know where it goes. They elect people on promises and can't hold them to account. And they are the ones who ultimately foot the bill for graft and corruption.

MOVEMENT FOUNDED

Most of you are familiar with what one nonpartisan citizens' movement, Common Cause, is trying to do about all of this. It's a fairly spectacular story. In early 1970—four years ago—Common Cause was nothing but an idea. It had no members, no office, no name, no experience, no money. Nothing.

When we announced, in the late summer of 1970, that we were founding a citizens' movement, veteran observers of the Washington scene greeted us with something between pity and derision. And no one can be quite so derisive as veteran Washington observers. They know all the reasons why something new can't possibly be done.

But the skepticism has vanished. The organization that was supposed to die in its cradle now has 325,000 members. We have fought literally hundreds of tough battles in the Congress, the courts and the state legislatures, and we have won most of them. That's a matter of record.

Horace Walpole said that the thing about an infant is that it is more easily conceived than described. It's true of Common Cause. But let me try to tell you, in the simplest possible terms, what I think we're up to.

I have heard it said that Common Cause is mainly interested in ethics in government. But we ourselves almost never use the term "ethics" because it suggests personal standards that cannot be legislated and seems to suggest that we are engaged primarily in the ancient struggle to make mankind "moral." We applaud those who pursue that goal, but we believe it is a distant one, and we see our own efforts in different terms. Taking mankind as it is, we are interested in the concrete, practical steps that may be taken to make our instruments of self-government work.

ACCOUNTABILITY FACTOR

Common Cause did not choose at random from the thousands of tasks we might have tackled to correct governmental deficiencies. We have clear, explicit and limited concerns with respect to government. We believe it should be accessible, accountable and responsive. The key word is accountability. The problem is not power as such—in the presidency, in the private sector or anywhere else. The problem is power that is not held accountable. And we have discovered that the most powerful obstacles to that kind of government are money and secrecy: The scandalous capacity of money to buy political outcome, and the old, bad political habit of doing the public's business behind closed doors.

We are not utopians. We know that we'll never get rid of all the rascals. But we agree with the Chinese proverb which says, "You can't keep the birds of sorrow from flying over your head, but you can prevent them from building nests in your hair."

In 1970, when Common Cause was founded, we said that given traditional campaign financing practices, the spectacular rise in campaign costs was going to corrupt our political system beyond repair. That was two years before Watergate. In those days we couldn't get the mass media even to mention the subject. We haven't had that trouble in the last couple of years.

We sued both political parties in 1971 for violating campaign finance statutes, and the suit helped prod Congress to pass a better law for campaign finance disclosure that same year.

Since no attorney general has ever seriously enforced campaign finance laws, more than 1,000 Common Cause volunteers throughout the country monitored compliance with the new law in the 1972 congressional campaigns. We filed complaints against 128 Democrats and 98 Republicans—but we evened that out somewhat by suing the Committee to Re-Elect the President. The purpose was to force disclosure of its list of secret contributors, and we won the suit. It turned out that among those secret gifts were funds which financed some of the most scandalous episodes of Watergate.

Looking back at our 3-year battle to control campaign financing, I'm struck that we have made ourselves unpopular with a lot of people. We have fought both Republicans and Democrats. We have fought corporate givers. We have had more than one head-on contest with labor union givers, and we made a great many politicians angry. We didn't do all of that because we enjoy being unpopular. We did it because it was apparent as early as 1970, when Common Cause was founded, that traditional campaign giving practices would finally result in large-scale corruption of the American political process.

BATTLING SECRECY

Everyone senses the corrupting power of money, but few grasp the power of secrecy to subvert the public process. Accountability is the central ingredient of free self-government, and secrecy is fatal to accountability. The citizen cannot call public officials to account if he is denied the information which would make that possible. What citizens don't know, they can't object to.

Citizens associate secrecy with national security. But most government secrecy has nothing to do with national security. It covers day-to-day decision-making on agriculture, energy, commerce, taxation and hundreds of other matters that bureaucrats and politicians prefer to settle behind closed doors.

In 1973, Common Cause played the key outside lobbying role in persuading the House of Representatives to reverse its long tradition of secrecy and open up most of its bill-drafting sessions. The Senate has not yet taken similar action. Something to ask your two senators about.

Common Cause also played a key role in altering the archaic and tyrannical seniority system in Congress. The Senate still clings to the old system. Again, something to ask your two senators about.

At the state level, we set out to accomplish reform in four areas having to do with open and accountable government—campaign financing reform, lobbying disclosure, conflict-of-interest disclosure and open government. In the last two years 42 out of the 50 states have passed major reforms on one or another of those issues. And you know that state legislators do not have an ungovernable impulse to reform.

We are fighting the fight of everyone who believes that the individual—and individual responsibility—count for something. We are saying that individuals can have their say, even in the complex processes of modern society. We are showing how it can be done.

Citizen action is not only good for the political system, it is very good for the citizens doing the acting. It gives them a feeling that citizens haven't had for a long, long time—that America is their venture, theirs to preserve, or theirs to neglect, and through neglect, perhaps to destroy.

Motivation and morale are everything—in worker productivity, in solving community problems, in preserving the nation's vitality. Citizens who don't bother to vote, people who litter the streets and parks of their own city, and workers who are satisfied with low productivity and careless workmanship are all suffering from the same malady. They no longer believe that America is their venture.

It is possible to be foolishly sentimental about "the people." But I will tell you one unsentimental and inescapable fact about human societies—any human society: The vitality and coherence of a society begins and ends with motivated people and the ideas they have in their heads of what their society is and ought to be. That's where it begins—and if it ends, that's where it ends.

KEEPING THE FAITH

Every summer millions of American citizens come to Washington—and bring their children—to visit our national shrines—the White House, the Capitol, the Washington, Jefferson and Lincoln monuments. But the spirit of the nation is not in the physical structures. It is in the hearts and minds of the citizens who come to look at the structures. If they stop believing, if they lost faith, if they stop caring, the monuments will be meaningless piles of stone, and the nation will be deader than the stones.

There will still be the land and the physical plant, and a lot of people milling around, but the historic venture that began with the Declaration of Independence—the venture we refer to familiarly as America—will be over. Dead. Finished.

In my judgment, that need not happen. In my judgment, if citizens stand up on their hind legs and act like free men and women, it will not happen.

In less than 16 months we will begin our bicentennial year. The way to celebrate it is to work for the ideas of the founding fathers, the principles that proved so powerful and resilient in recent events. Let 1976 find us deep in the struggle to create—in the words of the Declaration of Independence—a government "deriving its just powers from the consent of the governed."

ECOLOGY AND THE ECONOMY

Mr. BROOKE. Mr. President, there has been a disturbing trend among some people both in the Federal Government and in industry to single out our environmental protection programs as significant stimulants for our inflationary problems. Happily, however, the Environmental Protection Agency has all but laid this puerile charge to rest.

In a very timely address before the New York Chamber of Commerce and Industry, Administrator Russell Train speaks directly to the controversy surrounding the economics of pollution abatement strategies. Citing a Chase Econometrics Associates study, Mr. Train estimates that pollution programs will cause an average annual inflation rate of about 0.3 percent for the period between 1973 and 1978, and an average annual rate of 0.2 percent between 1973 and 1982. He then concludes:

> It can hardly be said, with price effects of this magnitude, that the environmental expenditures are a significant part of our inflationary problem. Even if we delayed or eliminated all pollution control expenditures, we would not make a dent in our inflation problem. We would, on the other hand, not only allow the buildup of pollutants that would do increasingly greater damage to public health and welfare, but insure that when the nation once more took up the task of reducing or removing these pollutants, it would be far more costly.

Mr. Train also scoffed at the arguments which suggest that pollution control investments have created a capital squeeze. Said Train:

> Capital requirements for environmental protection are, and will remain, very small in relation to the total flow of capital within our economy. Indeed, the amount required is, and will remain, well within the normal year-to-year fluctuations in the rate of capital formation. Over the next decade, pollution-related investment by industry is projected to equal only 2–3 percent of gross private domestic investment, and about 6 percent of private investment in plant and equipment—although those percentages will be considerably higher for certain industries.

Mr. President, I commend Mr. Train's fine speech to my colleagues and I ask unanimous consent that it be printed in the Record along with a very timely editorial on this matter which appeared in the October 4 Washington Star-News.

There being no objection, the speech and editorial were ordered to be printed in the Record, as follows:

Ecology and Economy: Two Household Words

(By Hon. Russell E Train)

It was, if I am not mistaken, George Bernard Shaw who originally made the remark—so often repeated in recent weeks—that if all economists were laid end to end they still wouldn't reach a conclusion.

I think that Mr. Shaw was being both unkind and unfair.

The economic conference of the past few weeks have demonstrated beyond any doubt that economists do not have the slightest difficulty in reaching a conclusion—they just never reach the same one.

And something would be seriously wrong if they ever did. For the really critical economic questions must inevitably and equally be political and social questions as well; and efforts to resolve those questions must, for that reason, reflect the wide divergence of views and values within our society, the different—even disparate—interests and aims of its various sectors.

The conference culminating in the White House summit did not result in easy or overnight answers to our economic problems. They sought, instead—and they succeeded—in making the nation more fully aware of the fact that the economic problems before us are in some fundamental ways unprecedented; that these problems cannot be appeased or alleviated, but only aggravated, by throwing scapegoats and simplistic solutions at them; and that it will take nothing less than a strong and sustained effort on the part of all of us to gradually bring them down to size.

The economic conferences represent, in my judgment, the highly welcome opening up of reasoned, responsible and democratic discussion and decision-making at the highest levels of our national government.

It is in that same spirit that I would like to explore some of the economic impacts and implications of the environmental efforts—and in particular to address the view of some in the business and financial community that pollution control expenditures are inherently inflationary and nonproductive and that, in a time when inflation is high and capital hard to come by, those expenditures should be stretched out. I assure you of my personal concern over these economic problems and my determination that EPA contribute responsibly to their solutions.

Let me underscore, at the outset, some of the main points that I think must be made:

Environmental expenditures are not a significant factor in the present inflation and are not to any significant degree responsible for the capital squeeze. Their impact in these areas will remain small for the foreseeable future.

Environmental expenditures are no more inherently inflationary or nonproductive than expenditures for national defense, or law enforcement, or health, or education. Their purpose is to protect the public health and welfare against some very serious hazards.

Like any other expenditures—public or private—environmental expenditures cannot be justified simply on the grounds that their goals are important, even essential. It must be demonstrated both that we get what we pay for with these expenditures, and that what we get is worth it.

All the available evidence is that the benefits of our pollution control expenditures far exceed their costs.

EPA must, and does, in the very process of putting together its regulations, analyze and assess the potential economic impacts of those regulations and do everything it reasonably can to ease or avert any adverse impacts. We must constantly strive to improve this process.

The fundamental economic aim of the environmental effort is to improve the quality of growth in this country by encouraging the reduction or recovery of the enormous waste of energy and other resources within our economy—wastes that, in large measure, represent economic as well as environmental costs. To the degree that clean air and water, and indeed land itself, have become increasingly scarce and costly goods—and that energy and other materials, whose extraction, production and consumption generate the pollution we are trying to clean up, have themselves become increasingly scarce and costly—it makes both environmental and economic sense to make the conservation of energy and the reduction or recovery of waste a matter of the highest priority.

Our environmental, energy and economic

interests converge to put a premium upon greater and greater efficiency in the industrial process—a new efficiency which can, at one and the same time, cut costs, conserve energy and curb pollution—a new efficiency which I am convinced can help attack our inflation problem.

By encouraging us to live within our energy and environmental means, environmental expenditures can help us achieve the kind of economic growth that will give us real gains both in our standards of living and in our quality of life.

Let me take up these points in more detail, if not necessarily in the same order.

To begin with, environmental expenditures are no more responsible for the inflation and capital squeeze that afflict not only our economy, but the economies of the entire industrialized world, than they were for the Arab oil embargo or for the drought that has diminished our agricultural yield this year. The oil cartel, the world-wide adverse climate and resulting food shortages, the end of the two-price system in copper and a rise in U.S. copper prices, the U.S. devaluation and resulting rise in import prices—these are the factors mainly responsible for what some economists have called "the first commodity inflation in over two decades." A study by Chase Econometrics Associates forecasts that pollution programs will cause an average annual inflation rate of about 0.3 percent for the period 1973 through 1978, and an average annual rate of 0.2 percent for 1973 through 1982. These forecasts are consistent with the report of the Council on Environmental Quality that the environmental program was responsible for less than 0.5 percent of the 17 percent increase in the wholesale price index for the year ending in March 1974. It can hardly be said, with price effects of this magnitude, that the environmental expenditures are a significant part of our inflationary problem. Even if we delayed or eliminated all pollution control expenditures, we would not make a dent in our inflation problem. We would, on the other hand, not only allow the buildup of pollutants that would do increasingly greater damage to public health and welfare, but insure that when the nation once more took up the task of reducing or removing these pollutants, it would be far more costly.

It should be understood, as well, that price increases which reflect the true cost of pollution control should not really be treated as price increases at all. The increase in the monthly electric bill as a result of pollution controls is, to begin with, a cost that we would otherwise have to pay in the form of health hazards. That price increase, moreover, represents an increase in value in the product itself: we are getting cleaner electricity. Cleaner electricity costs more than dirty electricity just as high-quality chopped meat costs more than low-quality chopped meat. When a price rise thus reflects a rise in the value of a product or a service, it can hardly be regarded as inflationary. Of course, we cannot be insensitive to any price rise, particularly in an area such as electricity where the burden may fall disproportionately on the poor and others least able to assume that burden. At the same time, however, it has to be pointed out that pollution itself, when unabated, imposes severe costs on society and that the adverse health effects tend to fall with special severity on the poor and others who live in crowded urban centers.

The relative rise in prices as a result of pollution controls is, as you know, simply a means of putting the market mechanism to work to protect the public health and welfare. By allowing some industries to use our environmental resources for free, we have encouraged them to expand at the expense of those resources. An increase in relative prices, which both discourages the purchase of environmentally intensive goods and encourages the development of less polluting industrial processes, must be a central part of an efficient environmental protection program.

If it could be demonstrated that the costs of pollution control exceeded its benefits, then it could legitimately be argued that pollution control expenditures should be delayed or diminished. But what we are really talking about, in such an instance, is not an inherent inflationary effect of pollution control expenditures, but rather a bad investment in pollution control. And we should not as a country support investments in pollution control, or any other public or private good, which do not give us what we pay for.

Like the consumer price index, our system of national accounts is thoroughly biased. It tells us what we spend when we clean up. But it does not tell us what we get for it, or what we spend when we fail to clean up. Indeed, a number of noted economists, including Paul Samuelson of MIT and James Tobin of Yale, contend that conventional measures of Gross National Product and inflation are inadequate because they do not account for improvements in the quality of life which are not priced by the market system. It is increasingly obvious that more quantitative measures of production, whether of goods or services, provide very imperfect measures of the overall well-being of our society. Thus, the adverse health effects of sulfur emissions will increase the demand for medical services which in turn will go to increase GNP. Were GNP and the various inflation indices to adequately measure the beneficial outputs of pollution control, we would not have to deal with erroneous assertions that the costs of this control are nonproductive or that they are inherently inflationary.

It is, as you know, far from a simple matter to work out the costs and benefits of an environmental program. The costs can be calculated with some precision; the benefits seldom can. A longer life span, the easing of pain from illness, the conservation of the beauty of our land, air and water—we can only use our best judgment in assigning dollar values to these things. We can, on the other hand, measure with far greater adequacy such benefits as decreased medical costs, decreased absenteeism and increased property values.

Simply on the basis of their quantifiable costs and benefits, our environmental expenditures have been shown to be well worth the cost. The National Academy of Sciences (NAS), for example, has just completed a year-long study of our automotive emission standards which was widely expected to provide a basis for easing those standards. The NAS found, however, after weighing the quantifiable costs and benefits, that "the benefits in monetary terms that could reasonably be expected to accrue from implementing the federal statutory emission control standards for automobiles are commensurate with the expected cost." The NAS did tentatively support an easing of automotive standards for nitrogen oxide emissions, a recommendation I made to Congress last year. In addition, EPA research has shown that measurable damages of $11.2 billion annually accrue from sulfur oxide and particulate pollution, compared with annual costs of less than half that amount to control it.

Environmental expenditures, like other expenditures, create jobs, markets and profit opportunities. These are positive opportunities which more and more companies should be taking advantage of, as Carl Gerstacher of Dow Chemical declared at one of the recent pre-summit economic meetings. Obviously environmental expenditures represent a demand for goods, which can bid up the price of scarce resources. But they are no more inflationary in this respect than spending to make our streets safe or our country secure, to build highways or hospitals or highrises. So far as demand-pull inflation is concerned, all expenditures are created equal.

It is not the nature of the expenditure that is critical in determining its inflationary impact, but rather the state of the economy at the time it is made. So-called "nonproductive" defense expenditures have on some occasions helped lift the economy out of recessions just as they have helped fuel inflation at other times. It is interesting to note that when the construction industry was booming several years ago, some concern was expressed that EPA funding of municipal wastewater treatment plant construction would aggravate inflation in construction prices. Now that the construction industry is having a rough time of it, some have suggested that EPA could help breathe some life into it by accelerating the funding of treatment plant construction. In short, it is the state of the economy and of the financial markets that determines whether environmental or any other expenditures are inflationary.

What we are talking about, then, is simply competing demands for goods. And the real question is: which should take precedence at a time when the control of inflation may require some easing of these demands? Do we cut expenditures on airplanes, or on school buildings, or on TV sets, or on pollution control? Pollution control may seem to be the easiest to cut, because—in relation to these others—it is a new kind of expenditure. But to put environmental needs last in line for this reason is like refusing to admit a critically ill man to an overcrowded hospital without first comparing his needs with those of the patients already in the hospital. And to single out environmental demands as inflationary for this reason is like blaming the last patient admitted for the fact that the hospital is overcrowded.

Moreover, we really do not have the option of *not* paying environmental costs at all. The question is really who shall bear the burden of these costs. If electric power is generated with inadequate controls over sulfur and particulate emissions, then the cost is borne by the general public through statistically demonstrable increases in mortality and morbidity. If those same emissions are effectively controlled, then the cost of that control is (or should be) passed on to the consumers of the electricity through the rates. It is, thus, a matter of equity and of cost-effectiveness.

There is, therefore, no inherent reason to cut environmental spending first, just as there is no justification for unquestioningly placing it first above all other priorities without considering the tradeoffs. As long as resources are scarce, we cannot avoid the necessity of choosing among many desirable ends, not all of which we will fully achieve. The reasonable man will ask: what will I get for what I'm giving up? And that is what we must ask when considering whether to cut environmental or other expenditures.

The evidence, as I have already indicated, is that the inflationary impact of environmental expenditures is negligible and that the benefits they bring substantially exceed their costs. The economic case *for* environmental expenditures is thus very strong.

Once we have said all this concerning the impact of environmental expenditures upon the overall economy, we need to address the argument that the capital requirements of environmental protection efforts place an undue burden upon our capital markets and upon particular industries—that environmental requirements siphon off scarce capital that, at a time when capacity is desperately needed and unemployment is high, could be put to far more productive use.

We should recognize, to begin with, that the slowdown in the growth of U.S. industrial capacity over recent years would have occurred whether or not there had been pollution control requirements. As a recent Economic Letter of the First National City Bank put it: "the question of pollution control seems somewhat academic. Most of the basic industries could not justify new investment—with or without pollution control—with profits at the 1970–71 levels."

Capital requirements for environmental protection are, and will remain, very small in relation to the total flow of capital within our economy. Indeed, the amount required is, and will remain, well within the normal year-to-year fluctuations in the rate of capital formation. Over the next decade, pollution-related investment by industry is projected to equal only 2–3 percent of gross private domestic investment, and about 6 percent of private investment in plant and equipment—although those percentages will be considerably higher for certain industries. It is worth emphasizing, in this regard, the recent survey by the Bureau of Economic Analysis in the Department of Commerce, in which only 2 percent of the firms surveyed reported that pollution control investment had caused a reduction in expenditures for new plant and equipment made in 1973 or planned for 1974.

There is simply no evidence that environmental requirements have had or will have any marked adverse impact upon jobs or productive capacity, especially since—as I have said—investments in environmental protection create new markets, new jobs and new profit opportunities. Since January 1971, EPA has learned of only 69 plant closings, involving 12,000 jobs, for which pollution control was alleged to be a significant factor. Of these, only 14 plant closings involved Federal enforcement action; and in 5 of those 14 closings State action was involved as well. I am concerned about the impacts these closings have on the employees, their families and communities, and I am working to ensure that these people get the full benefit of the various assistance programs available to them. While the local impacts of these closings may be quite serious, it simply cannot be said that they have significantly affected the nation's productive capacity or its employment problem. Reviews of the plants that have closed reveal that they have, for the most part, been small, old marginal plants whose demise may have been hastened slightly by pollution standards, but which probably would have been closed soon anyway for economic reasons.

I expect that, in the future, the impacts of our program on productive capacity will be noticeable, but not alarming. The Chase Econometrics Associates study I mentioned earlier forecasts that pollution control costs would result in a negligible average increase in the rate of unemployment between 1973 and 1982—the largest increase would be 0.2 percent in 1978. The study also projects a negligible reduction in the annual growth rate of GNP, as currently measured, over the same period. In 1982, GNP would be only 0.2 percent lower because of pollution controls. These impacts are far smaller than those of a number of other controllable and uncontrollable factors, and cannot legitimately be regarded as cause for concern.

One reason that I expect only moderate impacts on existing capacity and employment is that EPA specifically looks at these in the process of setting standards. We now perform or sponsor studies of costs and economic impacts as part of the regular process of developing each standard. Furthermore, each proposed standard is subjected to the critical review of the public and other federal agencies before final promulgation. I am particularly concerned that we be highly sensitive to job impacts of our regulatory activities.

I should point out two limitations to EPA's ability to incorporate economic impact concerns into its standard-setting process. One is the uncertainty involved in forecasting future impacts under changing economic conditions and with advancing technologies. In addition, EPA's governing legislation is some instances does not grant the agency the authority to take economic impacts into account. An extreme example of this is the auto emissions standards, which are set by law in the Clean Air Act.

Let me cite just a few examples in which a balancing of environmental and economic concerns has influenced EPA's actions:

A number of effluent guideline limitations on industrial water pollution have been modified on the basis of EPA studies and public comments.

The steel industry effluent guidelines are currently under review to determine if industry projections of major impacts on the Mahoning Valley region of Ohio are valid. If they are, a separate set of guidelines may be issued for that region.

The thermal effluent guidelines for the electric utility industry have undergone a very thorough review of the practicability of alternative levels of control for the utility industry and its customers, with the final guidelines reflecting substantially lower costs commensurate with effective environmental protection.

A Clean Air Act amendment has been sought to ease the statutory nitrogen oxide standard now scheduled for imposition in 1978. The major factor in this decision was the likelihood that the required technology would not be available in time.

EPA has sought to persuade states whose sulfur oxide emissions standards are more stringent than required to meet health-related standards to eliminate the "overkill", thus allowing the continued use of available fuels until acceptable control is feasible.

Nondegradation regulations have been structured to mesh with State economic development planning without posing unreasonable constraints on necessary development and at the same time fully protecting the integrity of federal air quality standards.

The low-lead gasoline regulations contain a delay in imposition upon small refiners who need more time to finance and arrange the installation of octane-boosting equipment.

These are just some examples of our effort to insure that impacts of environmental regulations on existing and new plants are warranted by the environmental improvement involved. In the current economic situation, we must also take a long, hard look at another potential impact—at the possibility that in capacity-short industries environmental requirements prevent firms from investing available capital in expansion of capacity which is sorely needed to eliminate demand-pull inflation. The evidence on this impact is exceedingly mixed. EPA is currently assessing the combined impact of its regulations upon key industries as well as examining the effects of its regulations upon capital markets and the cost of capital for specific industries.

One industry especially hard hit by the current capital squeeze is the utility industry. Over the past few years, its costs have drastically increased—primarily for reasons that have little or nothing to do with the environment. Its fuel, finance and construction costs have all gone up—mainly for non-environmental reasons. Delays have also raised costs, but these have, for the most part, been the result of labor or engineering problems or AEC actions related to safety. In addition, utilities could until recently count on an increase in thermal efficiency from new plants to provide them with a cost savings to compensate for other cost increases. The switch to nuclear capacity and slow down in the rate of improvement in thermal efficiency has deprived the utilities of this compensatory cushion. Since State public utility commissions have been slow to raise rates in the face of these cost increases, utility earnings have fallen, and so has their ability to attract capital.

It seems clear both that the utilities are sorely squeezed for capital and that they will continue to be squeezed until they are allowed to earn adequate rates of return. I have made emphatically clear my view that the costs of pollution control should be fully reflected in the prices utilities charge for electricity. As long ago as last April, I wrote the State utility commissions urging that they permit utilities to "pass through" the full costs of environmental control. I would urge, further, that the State commissions grant the utilities the higher rates of return they must have to finance orderly and essential expansion. I would also suggest that there are steps which utilities themselves can and should take to ease their capital problems. By establishing appropriate peak-load prices, for example, for large industrial and commercial customers, they could move to measurably reduce the growth of peak demand, and thus reduce their capital needs as well as the amount of pollution they create and are required to control. They could, at one and the same time, save energy and cut capital needs and pollution costs.

It is more than an historical curiosity and coincidence that the words "ecology" and "economy" come from the same etymological root—from the Greek word meaning "household management."

In no small measure, our energy, environmental and economic problems reflect the fact that we are living beyond our means.

Pollution is waste, and to the extent that we can prevent that waste and put it to productive use we are serving both economic and environmental ends. In other words, as I said earlier, our energy, environmental and economic interests combine to put a very high premium on greater efficiency in the industrial process.

One expert has estimated that about 25 percent of the total U.S. energy use could be saved through efficiency. Another has observed that our production of waste energy is growing twice as fast as our production of useable energy and that if we could halt the growth of waste energy we could save enough energy to close the entire fuel gap by 1985. That wasted energy represents an economic as well as an environmental cost. And we can cut both of these costs to the degree that we can conserve energy through greater efficiency.

This is the point President Ford tried to hammer home in his address to the economic summit on Saturday, as again and again he urged Americans "to become Inflation Fighters and Energy Savers."

If, in 1972, the average efficiency of gasoline consumption in our automobiles had been 20 miles per gallon—instead of 13.5 miles per gallon—we could have saved more than 23 billion gallons and more than $14 billion worth of gas.

If, in 1972, the aggregate efficiency of electric power production had been 40 percent, instead of 29.5 percent, we could have saved the equivalent of 330 million barrels or $3.3 billion worth of oil.

It is easy enough to multiply these examples.

They all make the same point: environmental pollution is, in a very real sense, simply a sign of economic inefficiency and waste.

By making the conservation of energy and materials and the prevention of pollution an ordinary and integral part of our production process, we will become increasingly able to enjoy the benefits of economic growth and an improved quality of life.

The American free enterprise system has brought a higher degree of material well-being to a larger proportion of a society than ever before in history. We have led the world in producing a revolution which has made abundant goods and services available to the many at reasonable cost. It is a revolution which has spread around the globe, although obviously not equally everywhere.

It has been a revolution—indeed, often a seeming miracle—based upon abundant and relatively cheap energy and other natural resources together with an energetic and resourceful people. Thank God, we still have the latter. And we still have abundant—if not always cheap—resources. Our challenge today and in the years immediately ahead is to demonstrate our ability to sustain and strengthen the economic well-being of our people while at the same time improving and not degrading the quality of their lives. This is a challenge which the United States has a special responsibility to address. It is a challenge which cries aloud for the leadership of this country. No other nation can provide it. And the business community of the United States must and can help provide that leadership.

We must as a nation unite in a War on Waste.

We must make a national commitment to conserve resources, to save energy.

We must change course from a throwaway society to a reuse and recycling society. We should develop tax and other incentive systems to encourage recycling and the conversion of wastes to energy.

We should re-examine and revise those existing incentives in the tax system, freight rate structure, or otherwise, which encourage and subsidize use of virgin materials rather than recycling.

We must insist on far more energy-efficient automobiles. We must increasingly shift our national priorities toward mass transit.

We need, as a nation, to develop positive land use policies—not I assure you to permit more Federal intrusion into this area but to provide more effective operation of State and local planning and control—with enormous potential savings of energy and other resources.

We must make massive investments in research and development, especially in the area of clean energy.

Above all, we must develop new values which match the new needs of our times, values which recognize that growth simply for the sake of growth is no longer enough—that we must find ways to nourish our physical needs while promoting the quality of our lives.

These are objectives to which the economic profession should increasingly be directing its energies.

The need for aggressively pursuing environmental protection policies is a high priority need of our time, one which is essential to any sustained economic growth and development. The fact that we must pursue this objective at a time when inflation and other economic problems beset us only makes the task more complex and demanding.

On my part, I assure you that the Environmental Protection Agency will carry out its job with patience and with sensitivity to the problems which confront the businessmen and working people of the nation. I ask your help and cooperation in a task which is difficult, but which is vital to our future. We will doubtless have many disagreements but let us not have misunderstandings. My door is always open to you. Let us work together.

CLEANING UP COAL

The economic impact of programs to clean up America's air and water was set in perspective the other day by Russell Peterson, chairman of the Council on Environmental Quality. What he said—on the basis of CEQ's most recent analysis—is that the impact really doesn't amount to much. Environmental efforts "account for, at most, roughly one-half of one percent of our current inflation," he declared, and this surely doesn't warrant any major cutbacks in those programs as part of the anti-inflation strategy. But still the diverse effects of environmentalism must be recognized, as in the sizable switch from coal to oil for production of electricity.

It was a matter of immediate necessity, as some electric companies saw it. They could meet the new clean-air standards by burning oil for power generation, and could not do it by staying with coal, and the switch-over contributed a good deal to this country's oil shortage. Now there's a strong push to get back to coal, but complaints from segments of the power industry, on economic points, have been forceful indeed. Two main charges persist: that technology for "stack scrubbers," which remove pollutants from coal smoke, is woefully imperfect, and that this system in any case is frightfully expensive. So the implication is that more pollution must be allowed in the air, in the name of economics and energy salvation.

To this obnoxious idea, the Environmental Protection Agency now has given a ringing reply which we hope will stand every test of application. Actually, it says, the scrubber technology has been proved a great success, to the extent that vast quantities of high-sulfur coal lying unmined in the East can be burned, as unhealthful sulfur oxide pollutants are removed in smokestacks. Nor does the installation cost seem out of sight—an estimated $45 million extra for the average power plant. That should be offset considerably in many cases by burning this fuel which is much cheaper than low-sulfur oil.

The best aspect, though, is that this technology—already developed—should enable the United States to utilize an almost inexhaustible energy resource on a massive scale, thus reducing its dependence on foreign oil. In fact, scrubber systems already are being installed or planned at numerous power plants, and this may be welcomed as one bright development in the troubled field of energy. Coal, perhaps, can pull us through the pinch.

SCHOOL LUNCH WEEK IN DELAWARE

Mr. BIDEN. Mr. President, since the week of October 13 is National School Lunch Week, it is important for us to recognize that the national school lunch program, which daily provides over 25 million schoolchildren with nutritious meals, has been one of our most effective domestic accomplishments.

With the pressure of inflation increasing, these hot lunches, served free or at reduced costs for children of lower-income families, also immeasurably aid those middle-income parents whose struggle to feed their children balanced meals has become more difficult as prices climb. A nutritious meal at an affordable cost is an important source of security for the parents of the 16 million children who pay for school lunches each day.

In my own State of Delaware every public school participates in this program, providing over 70,000 schoolchildren with lunch every day. These children not only enjoy a balanced meal, but they also learn good nutrition and proper eating habits as well.

I am pleased that the Governor of Delaware, Sherman W. Tribbitt, has declared the week of October 13–18, School Lunch Week in Delaware. As we celebrate National School Lunch Week across the country I am hopeful that we will all recognize the importance of the school lunch program, and its contributions toward building more alert, healthy, and vigorous schoolchildren.

Mr. President, I ask unanimous consent that Governor Tribbitt's declaration of October 13–18 as School Lunch Week in Delaware be printed in the RECORD.

There being no objection, the declaration was ordered to be printed in the RECORD, as follows:

STATEMENT BY GOV. SHERMAN W. TRIBBITT IN OBSERVANCE OF SCHOOL LUNCH WEEK IN DELAWARE

Whereas, a child derives full value from school only when he or she develops physical and mental agility, strength, and stamina; and

Whereas, over 70,000 Delaware students take the school lunch each day, guaranteeing them a sound, well-balanced, hot meal, prepared by over 1,500 cafeteria workers; and also learn good nutrition and proper eating habits; and

Whereas, the National School Lunch Program provides funds so that our needy students have lunch free or at a reduced price and also provides a ready and reliable market for Delaware agricultural commodities; and

Whereas, all public schools in the state take part in this program, far above the national percentage;

Now, therefore, I, Sherman W. Tribbitt, Governor of Delaware, hereby declare October 13–18, 1974 as School Lunch Week In Delaware, and heartily urge all citizens to recognize how the program contributes to our students' individual progress, to the success of the school system, and to the health, vigor, and prosperity of the state.

THE ROCKEFELLER NOMINATION

Mr. HELMS. Mr. President, this morning I hand delivered a letter to our distinguished colleague, the chairman of the Senate Rules Committee (Mr. CANNON).

Mr. President, at this point I will read the text of the letter for the benefit of my colleagues in the Chamber.

U.S. SENATE,
Washington, D.C., October 8, 1974.

Hon. HOWARD CANNON,
Chairman, Senate Committee on Rules and Administration, Washington, D.C.

DEAR MR. CHAIRMAN: This morning's Washington Post reports that a trusted aide of Governor Nelson Rockefeller, Dr. William Ronan, received a personal gift of $500,000 from the Governor. A spokesman for the Governor, without confirming the amount, confirmed that a gift was made after Dr. Ronan resigned as Chairman of the Metropolitan Transit Authority and before he became head of the New York Port Authority. Dr. Ronan is reportedly also a trustee of the New York State Power Authority.

As you will recall, in my testimony before your Committee, I raised certain questions about an alleged incident in which Governor Rockefeller and David Rockefeller (acting for Chase Manhattan Bank) signed a stipulation which led to the compromise through merger of the rights of the Triborough Bridge Authority bondholders, for whom Chase was trustee.

According to reports, the only other participants in this meeting, besides the Rockefeller brothers, were Governor Tom Dewey, now deceased, and Dr. Ronan. Dr. Ronan subsequently became head of the new agency which resulted, the Metropolitan Transit Authority.

This morning's revelations make it more urgent that Governor Rockefeller be recalled to be questioned in public hearings about this incident, and that Dr. Ronan also be brought forward as a witness. If the incidents are correct as reported—and I have no personal knowledge of the events—then a grave question of conflict of interest arises. Even if the description of events should not be correct in every detail, the question of personal gifts to Dr. Ronan and to other political figures raises a grave question of propriety. The Committee should ascertain whether Dr. Ronan received personal gifts at other times, or has been a beneficiary from enterprises and institutions controlled by the Rockefeller family.

Indeed, the Governor should be questioned about the extent and scope of his gift-giving to any person who stands in the public trust as a political figure or public official. The public deserves to know the names of the beneficiaries of the Governor's generosity. At no other time in history have the American people been so in need of candor and of assurance of integrity beyond any reasonable doubt.

Sincerely,

Jesse Helms.

Mr. President, the revelations of this morning's paper, coupled with the stories over the weekend, tend to confirm the presence of the kind of issue which I raised in my appearance a few days ago before the Rules Committee. At that time, I did not raise any questions about the fitness of a wealthy man to serve his country. Indeed, I wish that I were wealthy myself. But I did raise the issue whether the context of Mr. Rockefeller's personal wealth—that is to say, personal wealth combined with the power, influence, goals, and motivations of the Rockefeller family dynasty, past, and present, was such a unique case that it would preclude a clear-cut distinction between his personal affairs and the national interest. In other words, has Mr. Rockefeller used his wealth in such a way that it would be difficult, or impossible, for him to avoid a conflict of interest on many issues.

We now find that Mr. Rockefeller has been in the practice of making gifts to political figures. It has been confirmed that Dr. Kissinger received $50,000 a few days before he became President Nixon's National Security Adviser. We have been assured that there was nothing illegal in the manner in which this gift was given or received. Yet the propriety of it is separate from its legality. If it were illegal, certainly it would be improper. But even if it is legal, there is a question of whether or not it is proper to induce a sense of substantial obligation in a man about to become a senior public official.

As I indicated before the Rules Committee, the testimony of Mr. John Dean before the Watergate Committee contained references indicating that a continued confidential relationship existed between Governor Rockefeller and Dr. Kissinger after Dr. Kissinger had entered the White House. Indeed, some may speculate that the failure to maintain confidentiality of the Kissinger-related wiretaps led President Nixon to feel that he had to set up a special investigative unit, the unit known as "the plumbers." Whether that decision was correct or not, from it flowed many of the consequences of Watergate.

So we must ask the further question: Was it proper for Dr. Kissinger to maintain an intimate relationship with a man who had given him $50,000 as a token of friendship and appreciation?

And other questions also arise. It is rumored that Governor Rockefeller spent as much as $500,000 a year on "gifts" to men who wielded political and financial power. I do not know whether it is true or not, but it does not seem improbable in the light of what has already been confirmed. Until we, as U.S. Senators, know the full extent of the way in which Governor Rockefeller may have used the power of his fortune in building a network of political dependency, we will not be able to resolve the question of whether he ought to be confirmed as Vice President of the United States.

EARLIEST HEARINGS ADVISE ADOPTION OF GENOCIDE TREATY

Mr. PROXMIRE. Mr. President, much has happened to the world in the long 25-year history of the Genocide Treaty, and the equally long delay of the U.S. Senate in ratifying the document. However, international conditions have not changed drastically enough to warrant claim that the Genocide Treaty is obsolete. On the contrary, it is of even more importance in world situations today than it was 25 years ago.

The Senate has twice conducted hearings under a subcommittee of the Foreign Relations Committee. Both subcommittees came to the same ultimate conclusion, that it was in the interest of the U.S. Government and the American people to ratify this document. Quite appropriately, the conclusions made by the 1950 subcommittee are still applicable today, exemplifying the universality and eternity of the implications of the Genocide Treaty. Their report concluded with the following reasons for adoption:

First. It will create a more stable and better world condition in which this country may live. The destruction of human beings by groups along racial, national, and religious lines is an evil which has long shocked mankind, and is in great need of correction. The convention will outlaw this barbaric practice.

Second. It will advance the cause of world peace. Genocide is a form of aggression by one national group against another. As long as genocide exists there can be assurance that war can be abolished.

Third. It will do away with certain forms of group hatred. Genocide arouses deepseated hatreds and resentment in persecuted groups. With genocide outlawed a significant step toward the elimination of these hatreds will have been taken.

Fourth. It will lessen the burden on the international community. Genocide generally dislocates many people who flee to neighboring states, as did the Baltic peoples, Jews, and others during World War II. These refugees must be cared for. Not only do they suffer great damage, but they are a charge on the world.

Fifth. It will assure a more productive and economically stable world society. The practice of genocide is economically costly and causes losses in production and trade.

By adopting the Genocide Convention Accords of 1949, the 93d Congress can go on record as showing good faith and integrity in pursuing the goals outlined some 25 years ago. I urge adoption of this document without delay.

REPORT ON ACTIVITIES OF THE MINORITY IN THE COMMITTEE ON LABOR AND PUBLIC WELFARE IN 1974

Mr. JAVITS. Mr. President, during the 2d session of the 93d Congress, 1974, the Republican minority of the Committee on Labor and Public Welfare, of which I am the ranking minority member, made again a distinctive record of constructive contributions and effective legislative achievement. It is gratifying to note that in a number of instances the central concepts around which major legislation was built originated on the minority side. These contributions cover all areas of activity of the committee.

I ask unanimous consent that a report I have prepared on these contributions and the contributions of minority members not on the committee to legislation considered by the committee be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

Committee on Labor and Public Welfare—Minority Report

LABOR

Employee Retirement Income Security Act of 1974 (P.L. 93–406):

Enacted September 2, 1974, the law (known commonly as the "pension reform act") constitutes the first sweeping overhaul of the Nation's private pension and welfare benefit plans.

The pension reform act is based on legislation authored by Senator Javits in 1967 (S. 1103), and reintroduced in 1969 (S. 2167) and 1971 (S. 2). In 1972, the Javits bill was merged into the bipartisan Williams-Javits bill (S. 3598) (Harrison Williams, Chairman) which was cosponsored on the minority side by Senator Jacob K. Javits and cosponsored by J. Glenn Beall, Jr., Richard S. Schweiker, Robert T. Stafford, and Robert Taft, Jr., and reported favorably in July 1972.

In 1973, the Williams-Javits bill was reintroduced as S. 4 cosponsored on the minority side by Senators Jacob K. Javits, Peter H. Dominick, Richard S. Schweiker, Robert Taft, Jr., J. Glenn Beall, Jr., and Robert T. Stafford, and reported unanimously by the Committee in April, 1973. It was merged with S. 1179, a similar omnibus bill reported favorably by the Senate Finance Committee, and passed the Senate. Subsequently, the bill went to conference with the House version (H.R. 2). It passed the Senate and was sent to the President who signed it into law on September 2, 1974 as P.L. 93–406.

Committee studies and activities in support of pension reform legislation were extensive and minority members of the Committee participated actively in all studies and investigations.

Fair Labor Standards Amendments of 1974 (P.L. 93–259):

Congress enacted a bill cosponsored by Senator JAVITS which raised the minimum wage for all covered employees to $2.30 by 1978 and extended coverage under the Act to 10 million employees including employees of State and local governments and domestic service employees.

Minority amendments which were adopted include:

First, an amendment to provide for a study by the Secretary of Labor of the justification for continuation of the exemptions from minimum wage and overtime coverage of the Act—Senator Javits.

Second, an amendment to provide for study by the Secretary of Labor of the means available to prevent curtailment of employment opportunities for the disadvantaged, youth, the aged, and other groups which have a historically high incidence of unemployment—Senator Taft.

Third, an amendment to provide an exemption from the overtime requirements of the Act for married couples employed as house-parents in orphanages—Senator Schweiker.

Coverage of Non-Profit Hospitals under the National Labor Relations Act (P.L. 93–360):

This Act is a fusion of bills introduced by Senators Taft and Javits which provided for coverage of employees of not-for-profit hospitals under the National Labor Relations Act.

Also included was a special provision for the settlements of labor-management disputes in non-profit hospitals, which included mandatory mediation by the Federal Mediation and Conciliation Service, the creation of special boards of inquiry where disputes threaten essential health services, and advance notice of any intent to strike.—Senator Taft.

Federal Employees Compensation Act Amendments (P.L. 93–416):

This bill updates benefits under and improves the administration of the Federal Employees Compensation Act.

Included an amendment to expand the scope of services available to disabled Federal employees to include optometrists, clinical psychologists, and certain services of chiropractors.—Senators Javits and Taft.

EDUCATION AMENDMENTS OF 1974 (PL 93–380)

First, extension and expansion of the Adult Education Act, including provisions that up to 20% of the funds may be used for high school equivalency programs; that give new emphasis to programs for adults in institutions and to audit programs in community schools; and that State advisory councils may be established to counsel with both Federal and State authorities—Senator Javits.

Second, a new program for bilingual vocational training for persons of limited English-speaking ability who have dropped out of school or finished secondary schooling—Senator Dominick.

Third, grants for States to develop plans for equalization of educational expenditures between areas within the State—Senator Schweiker.

Fourth, establish special emphasis programs in reading improvement—Senators Beall and Dominick.

Fifth, requirement that States provide procedures for insuring that handicapped children and their parents are guaranteed procedural safeguards and access to appropriate educational opportunity—Senator Stafford.

Sixth, a new program to encourage the education of gifted and talented children—Senators Javits, Schweiker, Beall, Weicker, Percy, et al.

Seventh, retention of Part B (Special Incentive Grants) of Title I, ESEA—Senator Dominick.

Eighth, additional flexibility in the Ethnic Heritage Act by providing for ethnic heritage programs in lieu of ethnic heritage centers—Senator Schweiker.

Ninth, establishment within the U.S. Office of Education of a clearinghouse on adult education—Senator Beall.

Tenth, provision for the handicapped in the career education program—Senator Stafford.

Eleventh, provision in the Special Projects Act of an "incubator" setaside for specified developing categorical programs—Senator Javits.

Twelfth, an amendment to the General Education Provisions Act mandating the issuance of rules and regulations by the Executive Department in a timely fashion in order to expedite administration of education legislation enacted by Congress—Senator Schweiker.

Thirteenth, provision for reading training on public television—Senators Beall and Dominick.

Fourteenth, provision retaining requirement of district-wide parent advisory councils under Title I, ESEA—Senator Stafford.

Fifteenth, inclusion in the White House Conference on Education of adult education—Senator Javits.

Sixteenth, prohibition of orders requiring the transportation of students for racial desegregation except at the beginning of an academic school year—Senator Beall.

Seventeenth, provisions for expanding programs to assist individuals from disadvantaged backgrounds to undertake legal professional training—Senators Javits and Mondale.

Eighteenth, provisions to lessen the impact of losses caused by revisions in the impact aid law—Senator Beall.

Nineteenth, stipulation in the Title IX (prohibition of sex discrimination) regulations that such regulations shall include with respect to intercollegiate athletic activities reasonable provisions concerning the nature of particular sports—Senator Javits.

Twentieth, finding that the Title II provisions relating to busing are not intended to diminish the U.S. courts authority to enforce fully the fifth and fourteenth amendments to the Constitution—Senators Scott and Mansfield.

Twenty-first, provisions for the protection of the rights and privacy of parents and students—Senator Buckley.

Twenty-second, inclusion in the disaster provisions of PL 815 that Commissioner may include in construction costs amounts to assure that the restored facility will afford appropriate protection against personal injuries—Senators Cook, Brock, Huddleston Pearson.

Twenty-third, provision for reasonable time for developing voluntary plans for desegregating schools—Senator Dole.

Twenty-fourth, inclusion of community colleges in community school program—Senator Hansen.

Twenty-fifth, inclusion in the White House Conference on Education of the problems of non-public schools—Senator Helms.

Twenty-sixth, provision for a new entitlement grant program for the education of handicapped children—Senators Mathias, Beall, Brock, Case, Cook, Dole, Hatfield, Tower, et al.

HEALTH

Sudden Infant Death Syndrome Act of 1974 (Public Law 93–270):

A bill supporting Sudden Infant Death Syndrome (SIDS)—the leading cause of death in infancy—research, counselling information and educational programs, cosponsored by Senators Javits, Schweiker, Percy, Weicker and Packwood provided the basis for this Act.

National Research Act (Public Law 93–348):

Bills (S. 878 and S. 974) introduced by Senator Javits, and bills (S. 2071 and S. 2072) developed jointly by Senator Javits and (Senator Kennedy) the Chairman of the Health Subcommittee and the former cosponsored by Senators Beall, Dominick and Schweiker, and a Joint Resolution cosponsored by Senators Javits, Schweiker, Brooke, and Case provided the basis for this Act.

Minority Amendments written into law include:

First. Prohibition against reverse discrimination for religious beliefs or moral convictions for participation in biomedical or behavioral research—Senator Javits.

Second. Authorize grants for medical school curricula on ethical, social, legal and moral issues involved in biomedical research—Senator Javits.

Third. Authorize continued funding support to medical and other health profession schools admitting only female students which is changing status—Senator Schweiker.

Fourth. Investigation and study of psychosurgery—Senator Beall.

Fifth. Assure that human subjects in biomedical and behavioral research not subject to Department of Health, Education, and Welfare regulations are protected—Senator Javits.

Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act Amendments of 1975 (Public Law 93–282):

Provisions of the Administration bill introduced by Senator Javits (S. 3011) and a bill cosponsored by Senator Javits, Schweiker, Dominick, Mathias and Hatfield provided the basis for this Act.

Minority amendments written into law include:

First. Grants to states to implement the Uniform Alcoholism and Intoxication Treatment Act—Senator Javits.

Second. Alcohol abusers and alcoholics suffering from medical conditions cannot be discriminated against in hospital admission—Senator Javits.

Third. · Administrator of Alcohol, Drug Abuse and Mental Health Administration appointed by President with advice and consent of Senate—Senator Javits.

National Cancer Act Amendments of 1974.

(Public Law 93–352)

Bills developed jointly by Senator Javits and Senator Kennedy, the Chairman of the Health Subcommittee (S. 2893) cosponsored by Senators Schweiker, Stafford, Taft, Dominick, Beall and Packwood and (S. 3023) cosponsored by Senators Beall and Schweiker provided the basis for this Act.

Health Services Research and Evaluation and Health Statistics Act of 1974.

(Public Law 93–353)

Provisions of Administration bills introduced by Senator Javits (S. 1450, S. 1515, and S. 1633) and a bill cosponsored by Senator Javits and Schweiker provided the basis for this Act.

Minority amendments written into law include:

First. Establish two national special emphasis centers (Health Care Technology Center and Health Care Management Center)—Senator Beall.

Second. Establish a U.S. National Committee on Vital and Health Statistics—Senator Beall.

Third. Increase authorizations for health service, evaluation and demonstration activities—Senator Beall.

National Diabetes Mellitus Research and Education Act (Public Law 93–354):

Bills Introduced by Senator Schweiker (S. 17 and S. 2830) and respectively cosponsored by Senators Javits, Curtis and Thurmond and Senators Javits, Beall and Dole provided the basis for this Act.

Department of Defense Appropriation Authorizations Act.

Provisions of a bill introduced by Senator Magnuson and cosponsored by Senators Javits and Tower ensured the continued operation of the Public Health Service hospitals including those located at Staten Island, New York and Galveston, Texas.

Emergency Health Professions Educational Assistance Act.

(Public Law 93–385)

A bill (S. 3782) introduced by Senator Javits and cosponsored by all the Republican Senators of the Committee on Labor and Public Welfare provided the basis for the law.

POVERTY

The Legal Services Corporation Act of 1974.

(Public Law 93–355)

This Act establishes a national legal services corporation for the conduct of the legal services program currently administered by the Office of Economic Opportunity.

S. 2686, the basis for this measure was developed jointly by the Chairman of the Subcommittee and Senator Javits on the basis of Amendment No. 132 to S. 1815 introduced on May 5, 1973 by Senator Javits for himself and Senators Taft, Schweiker, and Nelson.

OLDER AMERICANS

Older Americans Act Amendments, 1974 (Public Law 93–351):

This law resulted from a measure, S. 3100, introduced by Senators Beall, Taft, Domenici, Young, Dole, Scott of Pennsylvania, McClure, Tower, Mathias, Hansen, Roth, and Cook.

Minority amendments written into law include:

First, an amendment providing transportation facilities for the aged—Senator Schweicker.

Second, an amendment to maintain a minimum level of Federal assistance for the elderly of not less than 10 cents per meal, adjustable to reflect inflationary changes—Senator Beall.

Third, an amendment clarifying regulations governing the use of food stamps in this program for the elderly—Senator Beall.

HANDICAPPED

Extension and Revision of the Javits-Wagner-O'Day Act (Public Law 93–358):

H.R. 11143, to extend and amend the Javits-Wagner-O'Day Act, was signed into law on July 25, 1974 (Public Law 93–358). The basis of the measure is S. 2687, introduced by Senator Javits.

SCIENCE

National Science Foundation Authorization Act of 1973 (Public Law 93—):

The Administration bill, S. 3299, introduced by Senator Dominick, together with the bill introduced by (Sen. ————) the Chairman of the Subcommittee, S. 3344, formed the basis for this Act. Senator Dominick then introduced the compromise amendment which was enacted as a substitute for the above-cited Senate bills.

THE CUMBERLAND, MAINE, FAIR

Mr. MUSKIE. Mr. President, from time to time our large metropolitan news journals discover some event in my home State of Maine which strikes the editor as sufficiently unusual to merit a page-one story.

Last Friday's Wall Street Journal carried such a story about the ox-pull at the Cumberland, Maine, Fair last week.

Those of us from Maine are always pleased to have an opportunity to educate our fellow countrymen. But at the same time, it strikes us as rather curious that a common, everyday occurrence should arouse such interest among the national press. I suppose, however, that city folk will never cease to be impressed with life the way it should be lived.

The ox-pulling contests at our agricultural fairs are undoubtedly as old as the fairs themselves. As one who saw his first ox-pull at a very young age, I cannot help wondering what the fuss is all about.

But for those of my colleagues who may not be familiar with the tradition of ox-pulling, I would like to extend an invitation to visit Maine next year to see for themselves what struck the paper's fancy. I ask unanimous consent that the Wall Street Journal's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Oct. 4, 1974]

In Maine, Ox Pulling Still Pulls Them In at the County Fairs—Besides That, When Oxen Are Worn Out You Can Eat Beef, Which Isn't True of Horses

(By Barry Newman)

Cumberland, Maine.—A crowd of maybe 2,000 is packing the grandstand and piling three-deep against the rail on the open side of the Pulling Arena at the Cumberland County Fair, all waiting for the start of the International Ox Pulling Contest for the International Trophy. It is probably the biggest ox pulling event in the whole country all season. "It's sort of a similar deal to the Olympics," says George Hall, the fair's Superintendent of Oxen.

Sort of. Ox pulling isn't really a big sport any more; hasn't been since the tractor came in. But watching two big brutes that together weigh as much as a full-size car tug at a block of concrete three times as heavy as they are is still plenty exciting for the people who go to dusty little county fairs like this one, in places where being up-to-date might not be as important as it seems to be elsewhere.

A few people may be here from Portland for the contest (which took place a week ago last night, this being a not-so-instant replay). But this is mainly a farm crowd: round ladies in stretch pants munching French fries doused with vinegar; men with creased faces and bad teeth leaning out every so often to spit tobacco juice into the dirt. There are lots of kids, too, and some of them just climbed up on top of the chalk board in the corner. They'll have to get down from there before we can start.

EIGHT TEAMS COMPETE

There seems to be some movement at the far end of the arena. Here come the teamsters and their cattle, and the crowd is on its feet. Eight teams that qualified in last August's trials are competing. Four are from New England and the other four are from Nova Scotia. That's the way it is every year because other places never enter. Ox pulling just seems to have stuck mostly in the Northeast while about everybody else on the continent switched to horses and motors.

First into the arena are the four Nova Scotians, smiling confidently, holding whips over their heads, leading broad-shouldered critters decorated with clanging cowbells and pompons resting on impassive snouts. Nova Scotians are proud of their oxen; some farmers there still pull stumps and haul logs with them. "They're better than a tractor and as good as a pair of horses in the rough," says Gordon Lohnes, who came down for the contest. "When you get rid of an ox you can make beef; when you get rid of a horse you got to bury it. I guess that's why we hung onto 'em." (Oxen, by the way, are castrated bulls—it makes them less uppity.)

The Nova Scotian teams are bound by brass-studded head yokes that you hardly ever see in the States. The yokes are carefully carved and fitted to the horns so that the oxen can put the full strength of their massive necks into a pull. Master of ceremonies George Edwards is talking into the microphone: "Just lookit the headgear on these cattle, folks. Let's give 'em a good hand for really polishing up these cattle. We're glad you're here, boys."

The cheering swells as the New Englanders move into the arena, marching with white-birch goad sticks resting like rifles on their shoulders. Their cattle, in plain hickory bow yokes that are fastened around their necks instead of to their horns, are stripped of finery and ready for a hard pull. These men, like most others in New England who keep oxen, do it more or less because their fathers kept oxen and because they think it's a good idea for their sons to keep oxen. They train them all year and in the summer they travel around to the fairs.

SETTLING A POINT

The New Englanders are convincing that their bow yokes are better for pulling than the Nova Scotia head yokes, and that's really why this contest was started in 1965—to settle that point once and for all. Every year but one since then the New England teams have gotten slaughtered, and you might think they would be ready to concede by now. But these Yankees are tenacious. "I think we still have a chance," George Hall says. We will soon find out.

The contestants are lined up in the arena and George Hall is holding out his hat to each man who draws for starting position. It looks like John Treadwell is going to pull first. Yes, it's John Treadwell from East Brookfield, Mass., the man wearing the wide-brimmed white hat and a white beard that's sticking out about three inches in front of his chin. It'll be a minute before Mr. Treadwell gets hitched up and in the meantime we can run down the rules.

Two strips of whitewashed two-by-fours are running parallel 12 feet apart down the stay between these rails. At one end of the arena is a "stone boat," which is a sledge with 3,600 pounds of concrete blocks on it. The oxen are hitched to the boat and have to drag it three feet along the dirt floor. If they do, the teamster can call for more weight. Then they tow it three more feet, the teamster calls for still more weight, and so on until the boat is too heavy to budge. The team that pulls the most weight three feet without stepping over the rail wins the contest. If a team can't pull the load in three tries, it's out.

The team is ready. Mr. Treadwell slips them some sugar, yells "Haah!" and the boat slips ahead easily. "Now he'll call for a load," George Edwards announces. "Whaddya going to have, John?"

"A thousand pounds," Mr. Treadwell says and a big rumbling tractor piles on three more blocks. "You're on your own, John," George Edwards says, but suddenly the cattle are pulling by themselves. "Woah! Woah! Woah!" John Treadwell is shouting, but the cattle are over the rail once and heading over on the other side. "Wait! Wait! Waait!" he bellows, but the cattle are over the rail twice and they're out. Mr. Treadwell heads for the barn. "We hope we have some teams from the U.S. that'll give us a little better show," George Edwards says. "And now here's Oran Veinot from Nova Scotia."

AMAZING PERFORMANCE

Mr. Veinot, a man with a greenbilled cap pushed to one side of his grey head, hitches up his cattle and they easily pull the boat three feet. They take on 800 pounds more and do the same. Mr. Veinot isn't making a peep. The load builds: 5,600 pounds, 6,400, 7,200, 8,000 pounds. The cattle just put their heads down and pull. At 8,400 Mr. Veinot begins to encourage them. He tugs down on their horns, whirls his whip over his head and screams: "Comeah! Heah! Heah! Comeaagh!" The load slips ahead. At 8,600 pounds they finally waver. Mr. Veinot shrieks, the head yoke creaks, but the stone boat creeps only 27 inches. The team is out. "Nice job Oran; that's the way to do it," George Edwards says over the loudspeaker.

The crowd is hushed in amazement at Mr. Veinot's display. People down here don't often see cattle trained the way they are in Nova Scotia. "In Nova Scotia you dassen't use the whip," Gordon Lohnes explains. "You got to get them to do what you want just by talking to 'em. They call 'em dumb animals, but they're smarter than we are." The American way is to get the oxen to do what you want by whacking them on the haunches with the goad stick. And at most contests in the States, moreover, the rules are different. The oxen pull for distance with a set load within a time limit and the only place they aren't allowed to go is into the grandstand. This contest is being played with modified Nova Scotian rules, which are a bit more civilized. The Americans know they are at a disadvantage. (It's true, though, that at past matches American rules were used and the Canadians still won.)

Well, anyhow, here comes Dwain Anderson from Webster, N.H., to give it another go. His black and white team takes loads with ease, but at 7,800 pounds the pressure is too much. The oxen are blowing smoke from their nostrils and drooling heavily. A sweat stain is spreading across the back of Dwain Anderson's drab-green shirt as he roars "Heaagh!" and comes down with the goad. But the boat moves only seven inches and the team is finished.

PULLING 4 TONS—AND MORE

The next Nova Scotian is Darrell Watkins, with two fat, speckled oxen. He whoops and hollers a lot and takes the load up to 7,600 pounds. Then all at once he adds on 1,000 pounds and the team gives out. After Darrell Watkins comes John Mehuren, a strapping poultry farmer from Searsmont, Maine. He works the load up to 8,000 pounds, but with that much weight behind them his cattle bolt forward with all they've got and the boat doesn't move an inch.

And now, at last, we have Nelson Zinck, a Nova Scotian fish cutter and the reigning champion, with his two dark, mean-looking critters, Dynamite and Lightning. Mr. Zinck is smiling pleasantly, hitching his pants up around his rib cage, doffing his old blue sweater. He's walking over to the judge and it looks like he wants another 800 pounds on the boat even before he makes his first pull. "Ladies and gentlemen, this man knows what he's doing," George Edwards tells the crowd.

Mr. Zinck plants his feet firmly in front of his animals, opens his mouth and lets out a long "Eyaaaaaah!" as they draw the boat precisely three feet. Again and again, like clockwork, they take the loads up to 8,000 pounds. "He's calling for 800 more!" George Edwards shouts and the crowd is cheering. Mr. Zinck puts his hand on his chin and studies the situation. He motions to the judge. "Put on two more," he says. That's 9,000 pounds. The fans can't believe it.

Mr. Zinck is walking very slowly toward the front of his cattle. Suddenly he whirls, grabs their horns, pulls down hard and bellows as the team crouches and pulls as one, and the boat bolts ahead. It's done.

Even Nelson Zinck's team can't handle 9,200 pounds. They drag the loads 34½ inches. But it doesn't look like anybody is going to beat 9,000 pounds and the fans are starting to filter out, heading over to the Exhibition Hall to check out the purple hog-horn potatoes and the rhubarb jam. Ernest Littlefield from Morrill, Maine, is in the arena now, looking helplessly at his oxen's splayed legs as they jerk at 6,600 pounds and can't move it. The last man is Gerald Woodworth from Nova Scotia whose team stops cold at 8,000 pounds. "Oh shoot," says somebody in the crowd. Nelson Zinck is the winner.

Everybody is leaving now, trying to make it over to the midway in time to take in Zelda the Skeleton girl. In the arena, Nelson Zinck is being awarded a big silver cup and a first-prize ribbon as the flashbulbs pop.

"They putcha on a real show," George Edwards is saying over the speakers. "It looks like we got to do a little more practice if we're going to get ahead of them boys. But you got to give us credit; we're still working at it. We never give up here in the States. Now here's a list of license numbers that must be moved or they will be towed away. . . ."

OPPOSITION TO CARGO PREFERENCE LEGISLATION

Mr. CURTIS. Mr. President, the U.S. Chamber of Commerce has been conducting for some months an intensive educational program among its members concerning ways to combat inflation. We may not always agree with the Chamber's position on all issues, but I doubt if any of us here would oppose the view that inflation must be stopped if our economic system is to survive.

On September 27, the U.S. Chamber issued a very sound analysis of the inflationary impact of this legislation, giving its reasons for opposing the bill.

Among the points this analysis makes are these:

First. The added cost of petroleum products for the American consumer will average at least 60 to 74 cents for each barrel of imported oil—totaling at least $25 to $31 billion in the next decade.

Second. The legislation can only serve to magnify the inherent construction and operating cost difference between United States and foreign flag vessels.

Third. Shipyard expansion and tanker construction resulting from the bill would require enormous capital outlays—putting added pressure on money markets and interest rates.

Fourth. The license fee remission provision does not reduce the total cost impact on the consumer. It simply transfers a small amount of the cost from the consumer to the taxpayer.

The Chamber's analysis concludes with these words:

> Among the most important domestic issues today are combating inflation and taking steps to assure continued supplies of minimum cost energy. Cargo preference legislation violates the national interest on both counts. The nation cannot afford to enact this legislation which would increase energy costs and, in doing so, would worsen the already debilitating inflation which grips the country.

Mr. President, I would recommend to my colleagues a review of this short analysis, and I ask unanimous consent that it be printed in full in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD. as follows:

WHY THE NATIONAL CHAMBER THINKS THE CONFERENCE REPORT ON CARGO PREFERENCE SHOULD BE DEFEATED

Cargo preference legislation comes upon us when the entire nation is troubled by inflation of a magnitude never before seen in the United States during peacetime. Enactment of such legislation—requiring that 20%, increasing to 30% in mid-1977, of all petroleum imports transported by tanker be carried in U.S. flag vessels—would have a powerful impact on this country's economy.

There is little doubt that enactment of cargo preference legislation would increase the cost of petroleum products to American consumers. U.S. built and manned vessels are the most costly in the world. The only real question is, how much will costs increase? We believe there is firm evidence that the added costs will average at least $0.60 to $0.74 for each barrel of imported oil. Over the 1975 to 1985 period, these costs will total at least $25 to $31 billion. Furthermore, the cost could easily be more than twice these amounts because of foreign retaliation or imitation, but these factors are more subjective in nature and not as easily quantifiable.

Cargo preference legislation can only serve to magnify the inherent construction and operating cost difference between U.S. and foreign flag vessels. Simply stated, there are not enough U.S. flag vessels available to meet the large demand that would be artificially created by such legislation, and this demand could not be satisfied until well into the 1980's. Consumers know that any article in short supply commands premium prices, and U.S. flag tanker transportation is no exception. Creating a captive market for U.S. flag tankers would be highly inflationary.

More specifically:

(1) The cost of building U.S. flag tankers will skyrocket. U.S. shipyards are now operating at record peacetime levels with deliveries generally running behind schedule and order books essentially full for at least the next four years. The dollar value of the backlog is over 7 billion. Furthermore, acceleration of the current shipbuilding program would generate new demands for raw materials such as steel, when mill capacity is already strained. The price of steel plate has increased 30 to 35% over the last year. An enormous amount of steel would have to be diverted into ship construction, thus prolonging the steel shortage and creating new inflationary pressures on raw materials.

(2) Shipyard expansion and tanker construction would require enormous capital outlays. This would put added pressure on money markets and interest rates precisely when the government is encouraging more prudent use of scarce capital. In this environment, an accelerated shipbuilding program to meet the added demand for tonnage created by cargo preference legislation would clearly raise shipbuilding costs and have an inflationary impact on the economy.

(3) While cargo preference legislation would compel the building of U.S. flag vessels in an inflationary environment, a worldwide surplus of tanker tonnage exists and has severely depressed foreign flag freight rates. These surpluses are a result of a reduction in tonnage demand caused by energy conservation measures adopted throughout the world, the use of alternate forms of energy, and supply limitations imposed by oil producing countries, while at the same time the world's shipyards have been building tankers at unprecedented levels. This situation is expected to prevail for the foreseeable future. The wide availability of low cost foreign flag tonnage has and will continue to widen the cost differential between U.S. and foreign flag vessels. It is difficult to justify spending $110 million, or more, per vessel to build large tankers in the United States when such vessels are surplus and available at half the cost in the world tanker market.

(4) The legislation would create a captive market for U.S. flag vessels similar to the one created by the Cargo Preference Act of 1954. This Act mandated that 50% of government sponsored cargoes be transported by U.S. flag vessels, providing such vessels are available at "fair and reasonable rates." The rate paid over the 1968–1972 period has averaged 2.5 times the cost of comparable foreign flag vessels, clearly a substantial premium. A similar captive market cost premium will prevail under cargo preference on all petroleum imports.

(5) The proposed legislation also mandates that new vessels be fitted with double bottoms. This design specification alone increases the cost of the ship by approximately 10%, further widening the spread between U.S. and foreign construction costs.

Using the Commerce Department's projection of petroleum imports, the cost impact of these items alone, which are rather straightforward and well documented, total at least $25 billion over the 1975 to 1985 period. This averages out to $0.60 per barrel of imported oil. Using the Maritime Administration's projection of foreign flag transportation costs and assuming U.S. flag costs for cargo preference trade would continue at the documented historical average of 2.5 times the foreign flag rate, the cumulative cost totals $31 billion and averages $0.74 per barrel, thus confirming the magnitude of the estimate.

We also conclude that the license fee remission feature contained in the Senate bill does not, in fact, reduce the total cost impact on the consumer. It simply transfers a small amount of the cost from the consumer to the taxpayer.

In addition to these cost increases inherent in cargo preference, there are several other items which, though difficult to quantify, could easily result in more than doubling the final cost impact of this legislation. For example:

(a) The International Monetary Fund reports that "at mid-1974 the world economy was in the throes of a virulent and widespread inflation, a deceleration of economic growth in reaction to the preceding high rate of expansion and a massive disequilibrium in international payments." Under these circumstances, enactment of cargo preference by the U.S. can only be viewed with alarm by other nations. It would shrink, perhaps destroy, the highly competitive international tanker market and clearly be regarded as a hostile, protectionistic move. Economic retaliation, by no means limited to tanker operations, would be encouraged when the world can least afford it.

(b) The direct inflationary impact of cargo preference legislation would be reflected not only in higher cost petroleum imports, but also in higher costs to move petroleum by tanker in the coastal trade. With the artificially stimulated demand for U.S. flag tankers, some tankers now in coastal trade could be diverted to foreign trade. These would most likely be the larger, more efficient vessels which could be operated more economically on the longer voyages, leaving the smaller, less efficient vessels for the coastal trade.

(c) The inflationary effects of this legislation would impact the economy in diverse ways—the U.S. Navy being but one such example. Adm. Isaac C. Kidd, Jr., Chief of Navy Materiel, recently testified before Congress that U.S. shipyards were becoming so heavily booked with commercial orders that it was becoming increasingly difficult for them to undertake Navy work. This situation would be aggravated with demands generated by cargo preference and would have a direct inflationary effect on government expenditures.

In light of the distinctly anti-consumer nature of cargo preference legislation, one might wonder at the silence of consumer groups. Even the Wall Street Journal was unable to generate a flicker of interest when, in their July 30 editorial entitled "Where are you, Ralph Nader", they commented "Now that the American consumer really needs him, Ralph Nader seems to have gone fishing". The inactivity of consumer advocates is perhaps best explained by the Christian Science Monitor: "Though normally opposed to this type of legislation, consumer groups have been reluctant to take a stand on this measure, says Lee White, energy consultant to the Consumer Federation of America. Most consumer organizations, he notes, don't want to jeopardize their labor union support by criticizing the bill's inflationary impact".

The driving force of labor behind this legislation is, of course, not surprising. Expanding the economy and employment is certainly a desirable objective provided it can be done in a non-inflationary manner. One must question the wisdom of attempting to stimulate employment in a capital intensive industry such as shipping. For example, using the $25 billion minimum cost figure and estimates generated by the Maritime Administration of the employment which would be creased by the legislation, the consumer is being asked to pay at least $50,000 for each job created.

In summary, the wide availability of inexpensive energy has been the key in the development of the United States into the world's foremost industrial nation. Actions which artificially increase domestic energy costs jeopardize this development. Such actions undermine our ability to sustain prevailing living standards and assure continued industrial growth. They also weaken the nation's ability to compete in international markets. In short, energy is a basic commodity.

Among the most important domestic issues today are combatting inflation and taking steps to assure continued supplies of minimum cost energy. Cargo preference legislation violates the national interest on both counts. The nation cannot afford to enact this legislation which would increase energy costs and, in doing so, would worsen the already debilitating inflation which grips the country.

TIME RUNNING OUT FOR ARAB OIL SOLUTION

Mr. HUMPHREY. Mr. President, I would like to call attention to an article by Mr. Hobart Rowen from the October 6, 1974 Washington Post. It describes the problem of Arab oil prices and surplus funds. The author aptly warns us of the dangers in borrowing funds from Arab countries to lower the Western oil balance-of-payments deficit. Oil prices have hit developing countries especially hard. They have to pay higher prices, while attracting little Arab investment. It is unfortunate that the World Bank-IMF conference did not progress toward a solution.

In addition, while seeking lower oil prices, America must create a clear public policy regarding the use of surplus Arab money here. Controlling stock in a vital corporation should be in reliable hands. The Federal Government must establish a policy soon, if it is to be effective.

Mr. President, I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Time To Find Oil Price Solution Running Out

(By Hobart Rowen)

The annual meetings of the IMF and World Bank, as anticipated, were dominated by the oil crisis. But no one could have anticipated the degree of gloom and doom that pervades the meetings, as the oil-consuming countries assessed the havoc wreaked on the international financial system by a 400 per cent jump in the price of oil in a single year's time.

"Time is running out, and running out fast," said one of the most responsible and respected financial officials in Europe. "We have maybe a year—no longer—to find a solution."

And yet, what can be the solution? Says a German, cryptically: "Point One. There can be no solution without a reduction in the price of oil. Point Two. There will not be a reduction in the price of oil. Point Three. There is no solution."

What it comes down to is that, with oil prices where they are, the Western World needs to borrow from the oil cartel countries to pay for the increased price of oil—so much that it will have to lower its standard of living.

There are some, like French Finance Minister Jean-Pierre Fourcade, who say, in effect, that the Western World simply must bite the bullet and adjust to the higher price of oil.

That will mean, he says, that with cheap energy prices a thing of the past, the West will have to accept low growth rates for the time being. Ultimately, he feels, as oil consumption drops and new sources of energy are explored and found, oil prices will come down.

In the meantime, Fourcade, like most Europeans, supports the move for an expanded oil lending facility in the IMF which will borrow funds from the cartel and re-lend them to the oil-consuming nations to cover their oil balance of payments deficits.

American officials are not so sanguine. They fear that any chance of getting oil prices reduced will be squashed by an elaborate IMF re-lending operation which might build a mountain of debt that countries like Italy, Britain, India and others can never pay off. The burden may be transferred, in effect, to the taxpayers here and in a few other countries that stay solvent. But the taxpayers haven't yet awakened to this potential future drain on their pocketbooks.

Even if France and some others can limit their consumption of energy in the next few years, U.S. officials expect that some less-developed countries—and even some major industrial nations like Italy—could go for broke trying to pay for the oil and the interest on the money they will be borrowing.

Some had hoped that the annual World Bank-IMF meetings would provide a dialogue in which the OPEC countries would be exposed to the magnitude of the problem they had created for the Western World by an extortionate increase in price.

But very few OPEC nations took the opportunity to participate in the discussions, and those who did sounded uncompromising.

For example, the Hon. Hushang Ansary, minister of economic affairs for Iran, bluntly told the sessions that the industrial countries "must recognize that, as cheap oil and other raw materials are no longer available, the situation calls either for a change in life styles which would be a new experience or an effort to do away with social ills and increase productivity.

"As His Imperial Majesty Aryamehr Shahanshah of Iran has often warned, permissive societies can no longer hope to maintain their high living standards. They must do away with the symptoms of excessive consumption."

What is desperately needed are serious and friendly negotiations between the cartel and the consuming nations. The consuming nations—especially the U.S.—would have to be more sympathetic to the oil producer's view that the West has for years exploited cheap Arab oil. The producing nations, for their part, must understand that the West has a real grievance in the manner in which oil prices were skyrocketed in such a short period of time.

Tough talk on both sides could lead, ultimately, to devastating war. It would be better to drop it and recognize, after all, that it's One World—and we can live in it or destroy it.

WEAU–TV COMMENTS ON FAIRNESS OPINION

Mr. PROXMIRE. ●Mr. President, station WEAU–TV in Eau Claire, Wis., had some salient comments on October 1 about the U.S. appeals court opinion on the FCC's fairness doctrine in the NBC "Pensions: The Broken Promise" case.

WEAU–TV's editorial noted the station's resentment over the fact that broadcasters are singled out for discrimination despite the Constitution.

The real issue over the fairness doctrine is not that broadcasters are opposed to fairness. Not at all. The real problem is that the fairness doctrine is vague.

Fairness is what the FCC says it is. And the FCC is not very clear even then. The fairness doctrine is really a series of ad hoc decisions that only a lawyer can fathom.

Those decisions are standards. And those standards are the Government's standards.

The first amendment says clearly that the Congress shall make no law abridging freedom of speech or freedom of the press. As I read the dictionary, abridgement means diminishing.

The Government can set standards that means it can put limits on freedom. If that is not diminishing freedom, then I do not know what it is.

The only legitimate abridgement of freedom for the news media are laws governing libel and obscenity.

Mr. President, I ask unanimous consent that the WEAU–TV editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From WEAU–TV, Eau Claire, Wis.]

U.S. Court of Appeals Ruling

We are pleased to learn that the U.S. court of appeals has overturned the Federal Communications Commission decision that NBC–TV News had been unfair in its 1972 documentary about the pension industry. The ruling vitally affects the commission's fairness doctrine and its application. That doctrine says broadcasters must air divergent views when exploring controversial issues. We, of course, endorse the idea of fairness in reporting on issues, as do all news media, except for some of the irresponsible fringe areas. But we resent the fact that a fairness doctrine be enforced legally or administratively only on broadcast news. Newsmen in whatever media must be able to report and interpret the facts of an issue with as few limitations as possible, as guaranteed in the constitution. The majority of judges in the appeals decision says that the fairness doctrine will still apply in clear cut cases, but the minority says it has become unenforceable. We sincerely hope so. There is still the possibility, however, that the issue may be taken to the Supreme Court for a final ruling.

PUSHED AROUND IN MIAMI BEACH

Mr. PELL. Mr. President, I recently received a letter from one of my fellow Rhode Islanders, Mrs. Hal Shields, from Jamestown, R.I. Mrs. Shields wrote to bring my attention to an article by Mike Royko, entitled "Pushed Around in Miami Beach." The column takes a look at part of the plight of some of this Nation's senior citizens; I think that it deserves our attention, and I request unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Providence Journal, Aug. 22, 1974]

Pushed Around in Miami Beach

(By Mike Royko)

Chicago.—There's a little bar tucked in the corner of an apartment house in Miami Beach, a few blocks down the way from the big hotels.

I found it late one night during the political conventions. It looked like the kind of respectable place newsmen, delegates, and TV anchormen would not go to.

My guess was right. The place was half-filled, and the customers were all elderly people, the kind who have retired to Miami Beach.

Seeing all the tanned but wrinkled faces, I thought: "This is the perfect place to relax over a nightcap."

Before my drink was poured, a tiny old lady with pink hair a couple of stools away began loudly berating her boy friend, a bald man who looked like a newborn bird.

I gathered she was accusing him of carousing, possibly of infidelity, because he could not satisfactorily account for his whereabouts the past three hours.

He indignantly denied her suspicions and insisted he had been playing pinochle with friends, forgot about their date, and was innocent of being a rogue.

They had hardly patched that up when two men got into a political discussion.

One of them shouted: "McGovern is a lightweight and a moonbeam."

The other, who wore a hearing aid, indignantly said: "You called me a moonbeam?" He raised his cane in a menacing manner.

"No," the man shouted, "I said McGovern is a moonbeam."

The man with the hearing aid understood and nodded. Then he said: "Well, I think Nixon is a jackass and so are you."

It was the most sensible debate I had heard during the entire convention.

About that time, a short, white-haired man came in and everybody shouted for him to sing a song. After limbering up his chords on a beer, he delivered a surprisingly forceful rendition of *Begin the Beguine*.

By the time he finished, the pink-haired lady and the birdlike man were holding hands.

"I used to be in show business," he said, when I complimented him on his voice. "You ever hear of me?"

Maybe, I said, "What's your name?"

He gave me a sly look and said: "That would make it too easy." And he never did tell me.

As I left, a loud discussion about the rising quality of porno movies was beginning.

I didn't get back there again, but I mentally marked it down as one of the better bars I've been in.

And I thought about it a few day ago, when I read a news story out of Miami Beach.

The story said the many elderly residents of Miami Beach are in an uproar because a consulting firm has recommended to the city that the way to stimulate tourism is to get rid of the old people.

The consulting firm says the apartment buildings and old hotels on the south end of Miami Beach are filled with elderly people living on fixed low incomes and they should be moved elsewhere so all that property can be redeveloped.

Naturally, the old people don't like the idea of being told they are in the way. If they wanted to hear that, they would have moved in with their children.

And I can't say I blame them. The developers had their chance to build a Miami Beach for tourists. They put up some of the most garish hotels in the world, staffed them with some of the worst smart alecs in the country, jacked up the prices, and now they are wondering why tourists aren't coming around.

So they are blaming the old people for keeping tourists away.

To me, the old people are among Miami Beach's few assets. They don't ride motorcycles at night. They don't crowd onto the beaches playing loud rock on portable radios. They don't load themselves up on uppers, downers, inbetweeners. They don't break into cars, jackroll conventioners, or say: "Ya' know, Ya' know?"

What is more important, building another Fontainebleau Hotel, with its hooker-filled Pink Poodle Bar, or the contentment of 40,000 good citizens sunning their varicose veins?

It's bad enough that in this country old people are told, first, that their employers don't want them, then that their children don't want them.

But we're going too far when some real estate hustle-bucks tell them they are in the way of more putting greens and swimming pools.

I hope the old-timers dig in their canes and fight. Because I want to get back to that little bar some day. I'm sure I've heard of that singer.

FEA SHOULD ENFORCE ITS REGULATIONS

Mr. McINTYRE. Mr. President, I would like to call my colleagues' attention to an article that appeared in the October 22 issue of the New Hampshire Times.

This article, written by Andrew Schneider, reports widespread noncompliance with Federal Energy Administration regulations, specifically the regulation that calls for maintaining those established business practices that prevailed in May of 1973—including the granting of discounts on fuel purchases.

According to this article, the discontinuance of discounts may be costing New Hampshire consumers thousands of dollars each month.

Moreover, Mr. President, my information indicates that this problem is not unique to New Hampshire, that it has surfaced in the South and the West as well as in the Northeast.

In California, for instance, one independent marketer has not been able to persuade the FEA to bring its regulatory force to bear on an oil supplier who has discontinued discounts and put this marketer in an economic squeeze.

And this is a repeated story in my own State, where the loss of the discount has put the very survival of a number of companies in jeopardy. Caught in an economic bind that already has many of them tight against the wall, the loss of that discount on their oil purchases could be just enough to press them into closing shop.

Now it is difficult to say whether the supplying oil companies discontinued discounts knowing they were in violation of FEA regulations, or whether they did so believing they were with the regulations in doing so.

But, as the writer of this article reports, the head of the New England region of the FEA is on record as saying:

> It's pretty clear and I thought we had well publicized the fact that the discount policies that were in vogue during the base period (May 15, 1973), should be in vogue now. If any purchaser feels this isn't the case he should get in touch with FEA immediately and we'll start an investigation.

Now that would seem to settle the issue. But, the New Hampshire Times article reports that many small businesses are not staffed with people who can find, read and interpret Federal regulations and recognize that they are being illegally overcharged, that the FEA regulations themselves are not as clearly stated as they should be, and that many firms are skittish about filing complaints out of fear that their oil supplier will cut them off for doing so.

Furthermore, Mr. President, the New England office of the FEA has assigned only four investigators to New Hampshire and they have been so occupied with gasoline nonconformance checks that oil noncompliance has been getting minimal attention.

Nevertheless, and regardless of whether the oil noncompliance was intentional or not, it would seem that the situation in my State is growing so critical as to cry out for major action.

The New Hampshire Times article closes on that note, quoting an official who sat on the White House Energy Commission as saying:

> The charges coming from the companies in New Hampshire may indeed lead to the most massive group of violations yet investigated by the FEA. Not only may the wronged consumers get their overcharges refunded, but the very large scope of the alleged violations may force the FEA to reevaluate their priorities and perhaps start protecting the interests of the small businessman who needs oil for his very survival.

The writer then concludes:

> The gentleman from Washington may be correct, but until the FEA does improve its protection and concern for the small oil user, the watchword must still remain . . . Let the buyer beware.

Mr. President, what particularly irritates me about this situation is the fact that FEA has had fair warning. Eight months ago I informed the Administrator that the consumers of New Hampshire were paying extortionate prices for residual fuel oil and I asked the Agency to investigate the matter immediately.

But, as this article points out, the FEA did everything but the simplest thing—enforce its own regulations.

Mr. President, I ask unanimous consent that the full text of Mr. Schneider's article be printed in the RECORD at the conclusion of these remarks, and I ask that this insertion include the personal column titled "Reporter's Comments" that appeared in conjunction with the article. I ask the latter because it seems to me that Mr. Schneider in those personal comments, effectively uses oil regulation nonenforcement as an example of how remote and impersonal government has become and how the rank and file citizen, the average consumer, the "little guy," if you will, has been the biggest victim of this unfortunate development.

There being no objection, the article and comments were ordered to be printed in the RECORD, as follows:

[From the New Hampshire Times,
Oct. 2, 1974]

OIL COMPANIES MAY OWE NEW HAMPSHIRE BUSINESSES $2 MILLION

COMPLICATED FEA REGULATIONS MAY BE THE CAUSE

Possible overcharges involving up to $2 million have been uncovered by the *New Hampshire Times* during a five-week investigation of the unique love/hate triangle between the state's oil consumers, the oil suppliers and the federal agency charged with regulating them both.

Throughout New Hampshire, owners, accountants and officials of hundreds of businesses and institutions are scrambling to find the answer to a question which may mean thousands of dollars in refunds to their individual firms.

That question is basically whether the Federal Energy Administration's (FEA) regulations allow an oil supplier, who routinely gave a discount to a consumer as a normal business practice, to stop giving that discount.

Robert Mitchell, head of the New England region of the FEA said, "No. It's pretty clear and I thought we had well publicized the fact, that the discount policies that were in vogue during the base period (15 May, 1973), should be in vogue now. If any purchaser feels this isn't the case he should get in touch with FEA immediately and we'll start an investigation."

Henry Powers, president of C. H. Sprague and Son, told the *Times* during a recent interview that he agreed with that interpretation of the FEA rulings and further added, "Sprague customers who were getting the discount are still getting the discount."

With the regional head of the federal agency assigned to protect the interest of the oil consuming public and the president of the state's largest oil supplier in apparent agreement on the fact that customers who once received a discount should be, and in fact still are, getting a discount, you might think that a big roar is developing over nothing. But that is not the case.

The roar started as a soft moan last fall as numerous commercial consumers of #6 oil throughout the state noticed yet another unexpected increase in their cost of oil.

Several consumers have told the *Times* that during November and December of last year, they received notification from Sprague, either by letter or verbally from Sprague's New Hampshire manager, Robert Hill, that they would soon be losing their discounts.

Hanover's Mary Hitchcock Hospital said they were notified by mail.

Tom Gosslin, co-owner of Kleen Laundry in Lebanon, said, "Hill came up to me last fall and told me he was sorry to have to do it but money was getting tight and Sprague was going to remove our discount.

"At the time there didn't appear to be a great deal I could do about it. I needed the oil to operate."

Officials at Concord Hospital said that Hill made a similar appearance at their institution in early December.

Some firms said they weren't notified of the loss of discount at all, and only became aware of it during routine audits. One comptroller of a larger Portsmouth firm said, "Last year we were getting notification of price increases on almost a weekly basis. But sometime in December we noticed a 42 cents a barrel increase that we couldn't back up with paperwork.

"Someone in our office called Sprague and was told that we had lost our 42 cents a barrel discount, but the increase was permissible under the Phase IV oil regulations.

"Losing that discount is costing us an extra $1302 each month. So I cursed the oil regulations until I felt better and went back to work.

"What else could I do. Sprague said it was legal and I'm not a lawyer."

The average businessman is not a lawyer. In fact, most companies can get through the day to day operation of their business without a lawyer. For years accountants, comptrollers and plant managers have successfully operated under the threat of severe competition, material shortages, price increases, and the hundreds of other hazards of the business world, using just the common business-sense developed over the years.

These men have always known that oil was needed to run their businesses and institutions. And they always got it.

Like the rest of the expendable supplies needed for their operations, these men would look for the most dependable company who could sell them oil at the best price.

If two or three companies were competing for the business the best price usually included the best discount.

A year and a half ago, when the oil industry was still operating in a sane and understandable manner, the average New Hampshire company was paying about $3.68 for 42 gallons or one barrel of #6 oil.

Number six is residual oil. That's what's left after most of the other marketable products, such as gasoline, are removed from the crude oil.

It's the cheapest oil available and has to be heated to over 200 degrees before it will even burn. But because of the lower price most New Hampshire firms have designed their heating systems and processing lines to use it.

John Buckley, vice-president of North East Petroleum Company, said, "In every other region of the United States the number one petroleum product is gasoline. With natural gas, second. And heavy fuels or oil a low third.

"But in New England it's just the opposite. Here we use about half a million barrels a day of oil, with natural gas second and gasoline a surprisingly poor third. We're about 75 per cent dependent on oil for energy and that basically means number six fuel."

To the early 1973 price of $3.68 a barrel was added a charge for transporting it from the tank farms in Portsmouth. But most of the firms in the state were getting a better price than $3.68. It came in the form of a reduction or discount ranging from 25 to 65 cents a barrel.

But in mid-1973 the smooth running world of the oil consumers started grinding to a squeaking halt. Prices for a barrel of No. 6 rose to $4.27 in July, then $5.26 in October, $7.30 in November, $11.32 as a New Year's present and $15.31 during February of this year.

Comptrollers were going wild watching their budgets being blown apart with every price increase. Notices heralding the price increases flowed into their business offices with almost the same regularity as the tanker trucks bearing the, now precious, cargo.

One accountant in Manchester said, "I used to get one message from Sprague a month. It was the bill. But last year I started getting love notes about every week.

"I thought Sprague was giving me a course in South American affairs. Everytime anything would happen in Venezuela, Sprague would send me a notice of price increase. A new export tax, our oil went up. The Venezuelans revalued the Bolivar and our oil went up. I wasn't sure if I lived in Manchester or Caracas."

It was during this period of rapid and frequent price increases that most of the companies believe they lost their discounts.

It was also during this period that half of the nightly TV broadcasts were filled with new Economic Guidelines, the Cost of Living Council rulings. Phase II, III and IV opinions, statements from the IRS and words to live by from the FEA.

Businessmen across the country were confused, and many of those trying to run a business in New Hampshire were no exception.

The owner of one tannery said, "I don't think I'm a fool. I've got my degree in business administration and I've been running my plant smoothly for a year. But trying to make heads or tails out of the FEA guideline drove me over the wall.

"I didn't know where to go for help. The last line on all the notes from Sprague says, 'If you have any questions contact your Sprague representative.' Well, I tried that a few times and they told me all the problems I was having were in accordance with federal guidelines.

"So I tried the FEA. I spent over an hour on the phone just trying to get someone to explain a ruling to me.

"The guy on the other end of the phone kept talking about gasoline and I kept asking about number six.

"He sent me a copy of the ruling and I gave it to my attorney. He read it, then he called FEA. Two days later he gave it back and suggested I find a lawyer who's up on all the new energy laws. I never did find out what that ruling meant."

This lack of success in obtaining help in understanding the many federal regulations dealing with oil appears to be widespread throughout many smaller business in the state, but it should not be mistaken for a lack of concern, but rather a lack of resources.

The comptroller or accountant in most smaller New Hampshire businesses must wear several hats. Most of his time is taken up just trying to keep the payroll, taxes and inventory under control. Little is left for studying complicated federal energy regulations. There is now a growing feeling that an energy lawyer should be added to many small payrolls.

While several consumers said they tried to get information from the FEA, 11 specifically said they didn't go to FEA out of concern or fear of upsetting their oil suppliers.

Many of the firms and officials who were interviewed by the *Times* freely gave their figures and comments, but only after we promised not to identify them.

One official at a small processing plant near Nashua said, "We knew we lost our discount and believe me, the $650 dollars a month extra that it's costing us may be small change to someone else, but in this office it's a big deal.

"But it's not that big that I want to lose my oil supply over it. If I'm out of oil, I'm out of business. And I believe that my supplier would find some way for us to run out of oil."

An FEA attorney, in the General Counsel's office in Washington said, "For a consumer to have his oil cut off because he filed a complaint about his supplier, is the most blatant violation in the books.

"Within 24 hours we would be in federal district court seeking and getting an injunction against the supplier. We have the power to do this and most of us care enough to see that it doesn't happen."

Another attorney in FEA's Washington office acknowledged that the FEA isn't doing a great deal to get some very basic facts out to the consumer, especially the commercial consumer. He said, "We've worked a lot of safe-guards and protection for the consumer into the guidlines, but somehow most of them have never gotten the word.

"For example, all information, including the identity of the complaint, is kept confidential.

"Many people have accused the FEA of sleeping with the oil companies. If for this reason, or some other reason, a complainant wants to file, but not through FEA, he can bring it to any federal court and sue for treble damages, that means three times the amount of the overcharge plus the legal fees."

The growing concern over the possibility of massive overcharges is not limited only to the smaller firms. One large institution that has been investigating their oil invoices is Mary Hitchcock Hospital in Hanover.

Louis Ely is the assistant administrator of that hospital, and while he doesn't claim to be expert in energy law, he admits he has learned a great deal about it in recent weeks.

Ely said, "When Sprague notified us they were pulling our discount last December, we believed this had to do with supply and demand and the demand for oil was high and the supply was low. So we had no choice but to accept the loss of our discount on its face value."

Ely, who is considered by many of his colleagues to be tops in his field when it comes to protecting the interests of his hospital, continued, "Something about the loss of discount just didn't sit well, so when time became available I started looking into it."

Ely and his staff started searching through copies of the Federal Register and all the FEA material they could find. He finally purchased a 900 page book on Energy Controls which made an attempt at outlining many of the energy acts and rulings. Ely explained, "It cost us $160 just to buy the damn book and then I had to find someone with the time to search for the facts. The book had a lot of information but lacked clear explanations of the rules.

"For $160 it really isn't a good bible because it doesn't tell you how to pray. But it did confirm our belief that we missed the boat when Sprague pulled our discount."

Ely then promptly contacted Sprague. Ely said, "I asked them if we were in a position to have compensation for monies paid which we believed were and are in violation of the FEA regulations.

"Bob Hill answered that he didn't know and suggested that we contact FEA in Boston. He even gave me the names and numbers of the people to contact."

While Ely was doing his homework in Hanover, two men in similar positions with Dartmouth College and the State of New Hampshire were also uncovering what they believed were suspected overcharges.

The Mary Hitchcock overcharge is in the area of $5000 but the overcharges the state and Dartmouth are investigating are both in the $30,000 to $50,000 range.

Sprague is the main supplier of #6 oil to New Hampshire business. Although the company would not reveal how much oil they sold in the state, they did say they service over 400 commercial accounts.

The state government can't provide a firm answer as to the amount of oil used in the state but one official estimated it was in excess of 10,000,000 barrels and he thought most of that was supplied by Sprague.

Union Petroleum Corp. has very few accounts in the state, but one of those accounts is the State of New Hampshire. It is estimated that Union provides 200,000 barrels for use in heating the numerous state buildings.

It is this account that is currently being investigated by the attorney general's office.

The director of purchasing for the State of New Hampshire is Richard Peale. During routine audits of state contracts, Peale noted that Union had stopped giving the state a 60 cents a barrel discount they had received in the past.

Peale said, "Something just didn't look right. So when the possibility of a major overcharge was discovered I went directly to Union, but after getting a less than satisfactory answer from them I turned our figures over to the attorney general's office and they're handling the investigation for the state."

Dartmouth College's director of planning, Richard Omsted has taken his suspicions of overcharging back to Sprague. The officials for the oil company are examining the material this week and have promised Omsted a prompt answer.

Omsted said, "If I'm not satisfied with Sprague's answer, we'll send the material on to the FEA."

Dartmouth's discount was not completely removed, but it was reduced from 62 cents to the present 22 cents a barrel.

It could be months before the scope of the alleged violations are determined. An FEA spokesman in Washington said, "It normally takes about eight weeks to investigate this type of complaint. Proving the violation of law is the easy part. It becomes difficult when we have to determine whether there was criminal intent in the overcharges or if they were unintentional.

"The determination of intent is the basis of our penalty system.

"FEA can request fines up to $2500 for each violation, if we believe they were done without malice. But if we can prove criminal intent on the part of the supplier, the fine can go up to $5000 for each violation."

One New Hampshire oil expert believes we're seeing just the tip of the iceberg. He said, "The overcharges against Sprague alone could easily total two million dollars and the penalties could be sky high."

Although several consumers have said they believe that Sprague was aware that they were violating th FEA guidelines, others, including Mary Hitchcock's Lou Ely, think it may be unintentional.

Ely said. "I personally believe they have overcharged us, but I question the degree of intent and overtness in this act."

As of press time, we have found no indication that any of the several other companies who are supplying smaller amounts of oil to consumers in the state, have removed discounts to their customers.

One common opinion kept surfacing during interviews with both consumers and suppliers and that opinion was the FEA has the responsibility to both watch for, and stop all business practices which are in violation of its regulations.

Many people, including Sen. Tom McIntyre, don't believe that the FEA is properly doing its job. Sen. McIntyre told the *Times* this week that he had informed John Sawhill, the federal energy administrator as far back as eight months ago, that "New Hampshire was paying extortionate prices for residual fuel oil," and requested that FEA investigate the matter as quickly as possible.

"It appears that the FEA did everything possible but the simplest thing, that being the enforcement of its own regulations.

"Because the FEA has been unwilling or unable to regulate the price that major companies charge and enforce its own pricing regulations in New Hampshire, oil companies have been able to avoid paying the discounts that are required by law."

The senator said he would again request FEA to promptly investigate the matter and to ensure that any overcharges are rapidly refunded to the state's oil consumers.

Director of the New England region of the FEA, Robert Mitchell, told the *Times* that there are 58 investigators assigned to the New England region and four of those men cover New Hampshire. He said, "Considering that the state only has six percent of New England's petroleum business, the four men we've assigned here are an equitable proportion for New Hampshire."

"Our major concentration since July has been with the retail gasoline outlets," Mitchell said, "and that's where we've found the majority of our non-compliance violations."

Mitchell acknowledged that the commercial users of oil also have a right to be protected, but he also said with the staffing he has and numerous violations at the gas pumps, the investigations of heavy oil suppliers usually are limited to a normal audit of the supplier's books.

But Mitchell admitted that the routine audits weren't being done. He said, "With the manpower we have to work with it, it's a fact that we weren't doing the normal audits because of the numerous requests for gasoline non-conformance checks and we have been addressing those."

There are indications that federal officials in Washington are closely watching the development of the growing charges in New Hampshire.

One official who sat on the White House Energy Commission told the *Times*, "The charges coming from the companies in New Hampshire may indeed lead to the most massive group of violations yet investigated by the FEA.

"Not only may the wronged consumers get their overcharges refunded, but the very large scope of the alleged violation may force the FEA to reevaluate their priorities and perhaps, start protecting the interests of the small businessman who needs oil for his very survival."

The gentleman from Washington may be correct, but until the FEA does improve its protection and concern for the small oil user, the watchword must still remain . . . Let the buyer beware—ANDREW SCHNEIDER.

REPORTER'S COMMENTS—WHO REALLY GETS HURT?

There is always a danger inherent in writing a story which contains a great many figures and quotes of law, that the reader may fail to look beyond the numbers and legalese and see how the problem is really affecting the people involved.

The fact that a company may be paying a few thousand dollars extra in suspected overcharges may mean very little by itself. But when you see that those few thousand dollars are piled on top of a two to four hundred per cent increase in the cost of their oil, it may mean a little more.

The facts become even more unpleasant when you know that most firms had to dig into what's left of their well-shaved profits to pay the unexpected and massive price increases.

Many businesses in New Hampshire are not in a position to pay an extra few thousand dollars.

Several businessmen candidly admitted that their firms are so close to going under that the slightest unexpected expense might shut their doors.

The hard times that are being discussed in numbers and vague terms at lofty meetings in Washington are being lived by many small businessmen in New Hampshire, today.

Even if the alleged charges against the oil suppliers are proven, should Bob Powers and his counterparts in the other firms, be blamed for the choking pressures being felt by so many businessmen.

If FEA is proven negligent for their lack of concern in protecting the interests of the state's oil consumers, should Bob Mitchell be held responsible if the only business in town is forced to close its doors.

Obviously, if criminal intent or gross negligence is proven, then those men should and will be held accountable.

Accountable, yes. Responsible, perhaps not. For people like Mitchell, Bob Powers and other corporate and government officials are just part of a much larger system.

A system which in recent years, has perhaps lost its concern for the smaller man.

It's a system which talks in bar-graphs, percentages and units of population. But rarely about people.

It's a system perhaps designed to be best handled by or challenged by large institutions such as the state government, Dartmouth or Mary Hitchcock Hospital.

For they have resources and men like Peale, Ely and Omsted who have the time and knowledge to deal with a complicated system, although even they must work hard at it.

But the majority of the businesses in the country are not near the size of a state government or large college. They are processing plants, factories and businesses having less than a hundred employees.

Their management staffs are usually three or less men, and their year to year survival is not their prime concern and taken for granted.

These small firms are the backbone of most towns across the country. As a unit they employ far more people than the giants of industry. And these are the people who must be considered.

The government cannot expect a small hospital in a remote part of a state to possess the same quality legal and accounting staff as a mammoth medical complex in a large city. Yet, both institutions are expected to have the same expertise in understanding complex federal laws and regulations.

This concept is unrealistic and if the complaints voiced in the accompanying article are a true indication, the concept is not working. And those who are really getting hurt are the small businessmen.

The Federal Energy Administration employs thousands of people. Some of them must care.

Many of the FEA lawyers and investigators I interviewed during the past weeks have said they care. More important, their comments on the plight of the small oil consumers, the concern many of them expressed as to the difficulty of understanding the regulations, indicate they do care.

But somewhere between the working level where these lawyers and investigators function and the decision level, where the firm rules are made, the care is lost.

If the FEA and other government agencies insist upon continuing the practice of pumping out reams of laws, rulings and regulations written in a manner that even a lawyer can't understand, then how can the small businessman be expected to understand, not only what his responsibilities are, but equally important, what are the responsibilities of others towards him.

Laws are written to serve, but to serve they must be understood.

FEA and other lawmakers in the system must further this understanding if the small businessman is to survive.—ANDREW SCHNEIDER.

THE FLEXIBLE HOURS EMPLOYMENT ACT

Mr. BAYH. Mr. President, I would like to take this opportunity to make a statement on a bill that the Senate will shortly be considering, S. 2022, the Flexible Hours Employment Act.

This bill, S. 2022, which I was pleased to cosponsor along with 24 other Senators, is intended to provide increased opportunities for those who are seeking employment in the Federal civil service, and who are unable or undesirous of working a standard 40-hour workweek.

Under this bill, Federal agencies would be required, after the completion of a 5-year phase in, to maintain a minimum of 10 percent of their positions on a "flexible hours" basis. A flexible hours job is one which would provide a permanent, responsible position with standard civil service protections and prorated fringe benefits, but which allow people to work hours consistent with their parental responsibilities, physical limitations or educational requirements.

One of the groups that would benefit most from this legislation is women. Part-time jobs would permit many women to look after their children and fulfill family responsibilities while at the same time pursuing a career and contributing to the financial well-being of the family unit.

Women are not the only groups to benefit from this legislation. Under S. 2022, civil servants and others approaching retirement would find it possible to ease out of work by moving to comparable part-time positions. New opportunities would become available for students which would allow them to seek financially rewarding work while also allowing them to continue their education. The handicapped, disabled veteran, and any other potential worker in need of therapy would find additional jobs open to them as a result of this legislation. The diverse nature of those who would benefit from this legislation is indicated by the following groups which have endorsed S. 2022:

American Association of University Women.

American Medical Women's Association.

Appalachian Education Laboratory, Inc.

B'nai B'rith Women.

Center for Continuing Education of Women, University of Michigan.

Council for Financial Aid to Education.

Council of Federal Employees, Local 26, American Federation of State, County and Municipal Employees.

International Senior Citizens Association.

Interstate Association of Commissions on the Status of Women.

National Congress of Organizations on the Physically Handicapped.

National Rehabilitation Association.

National Organization of Women.

Retired Officer Association.

Women's Equity Action League.

Women's Political Caucus.

Women's Lobby.

Perhaps most importantly, the Federal Government itself will benefit through this legislation by being able to draw from a wider talent pool and a broader range of abilities.

For the past decade, studies concerned with the employment of women have stressed the need for more part-time jobs and flexible work schedules. In 1963 the President's Commission on the Status of Women recommended that the Federal

Government should lead the way in the imaginative use of women's skills, and part-time jobs should be established throughout all Federal agencies.

In 1967, the Federal Women's Award Study Group made the same recommendation in its report on the "Status of Women in the Federal Government." More recently the Civil Service Commission spoke of this need in its booklet, "A Point of View." The Women's Bureau publication, "Calling All Women" made the same plea.

Currently, 29.2 percent of all women are working on a part-time basis. According to the Women's Bureau, an additional 24.9 percent of the women who are now considered unemployed, are seeking part-time job opportunities. Women traditionally suffer a much higher unemployment rate than men—the figures currently are 7.2 percent unemployed for women 16 years of age or older as compared with 5.6 percent for men. Providing part-time jobs could substantially help to reduce the unemployment rate faced by women.

Hopefully, we have long since dispensed with the concept that women work only to earn "pin money." A brief look at current statistics belies any such outdated claim. Currently there are more than 35 million women in the labor force. The number of working mothers with children has increased ninefold since 1940, with approximately 13 million of these mothers now employed full time. Today, with 44.1 percent of the Nation's mothers working, surely the opportunities for part-time employment must be expanded.

In addition, it is often the wife's income that prevents a family's income from falling below the poverty line. Currently, 4.7 million women workers have husbands with incomes ranging from only $4,000 to $7,000.

Although the part-time work concept has been used by Federal agencies in the past, unfortunately the practice has been small in scale and has been administered strictly for the convenience of the agencies involved rather than as a public policy. Statistics of the Civil Service Commission indicate that in June of 1974, less than 2 percent of the positions in Federal executive agencies—less than 40,000 jobs all told—were part-time positions.

The Federal executive agencies clearly have a long way to go to reach the point where part-time employment represents 10 percent of all Federal jobs. Even then the Federal Government as an employer would not match the private sector where approximately 12 percent of all jobs are on a part-time basis. In the past, the Federal Government has been looked to to establish standards for the rest of the Nation. Surely, the time has come when our Government must meet at least minimal standards that are already being superseded by the private sector.

Therefore, Mr. President, when the Senate considers S. 2022, I urge that it do so with an eye to providing job opportunities for millions of Americans who are eager to contribute to our Nation's well-being, as well as providing a mechanism to bring the Federal Government in line with the contributions already being made toward this end by the private sector.

MR. KENNETH E. GOULD AND MR. ANDREW E. ROTHOVIUS—NATIONAL WEATHER SERVICE AWARD RECIPIENTS

Mr. McINTYRE. Mr. President, recently two New Hampshire natives, Mr. Kenneth E. Gould of Lakeport, N.H., and Mr. Andrew E. Rothovius of Milford, N.H., were selected by the National Weather Service to receive awards for their contribution to the national forecasting and observation networks.

Mr. Gould has been selected to receive the National Weather Service's Thomas Jefferson Award. The Thomas Jefferson Award is the highest award the weather service can present to their volunteer observers. Mr. Gould is one of seven volunteers chosen nationally to receive the award. His consistency in reporting his individual observations is a welcome contrast to the always changing weather he records. For 35 years Mr. Gould has been working to provide a continuous record of observations for the weather service. Considering the severity of New Hampshire's winters, his constant surveillance is no easy task.

Mr. Rothovius will receive the John Campanius Holm Award. For the past 22 years he has been the official weather observer in Milford, N.H. He is being honored for his accurate and timely metéorological observations and for his public relations work in the local New Hampshire newspapers. His special field of interest is the effect of tropical storms on New England's weather patterns. Twenty-eight other weather service personnel were chosen to receive the award.

The National Weather Service depends upon the work of 13,000 volunteer workers. Each of their separate reports is needed to accurately forecast the national weather picture the weather service is responsible for giving. We in New Hampshire are proud that two of our State's residents have won distinction for themselves in this little publicized, yet vitally important governmental service.

IT IS TOUGH, BEING A COP

Mr. STEVENSON. Mr. President, I recently received a letter from Mrs. Stella Cooley of Chicago's southside suggesting that I insert a news article in the Congressional Record. Upon reading, "It's Tough, Being a Cop," in the September 8 issue of the Chicago Tribune Magazine, I agreed with her suggestion.

"It's Tough, Being a Cop" was written by William J. Cooley, formerly a Chicago policeman, now a maritime lawyer here in Washington, also one of the sons of Mrs. Cooley. The article describes what it is like to be policeman in a city like Chicago—the temptations, the abuses, the minimal rewards. It is also a chronicle of a fine Chicago family—James Cooley, the father—a retired and honored Chicago policeman; Mrs. Cooley; and the seven Cooley children, three of whom were Chicago policemen and have left the force. And as Mrs. Cooley wrote in her letter to me, there are questions that must be asked in reading this article, such as why well-educated policemen usually leave the job at an early age, and what difficulties must be overcome in order to remain honest in the face of the temptations.

Mr. President, I commend this article to my colleagues, and I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

It Is Tough, Being a Cop

(By William J. Cooley)

(What happens to you when you're continually accused of brutality, prejudice, and being on the take? When, in making quick life-and-death decisions, you grow alley-wise and hardened to personal suffering? An ex-policeman, one of a long line of Irish cops, explains what it's like on the streets of Chicago.)

Police work can be whatever you want it to be: a graduate course in people, truth, and death, or a bareback ride thru Badland on a wildhorse—fun, if you don't fall off. To a few, it is merely a guaranteed civil-service income and a measure of acceptance (if not respect) because of the uniform.

In my family, becoming a policeman has been an act more of faith than decision. It's almost our ceremony of manhood. Grandfather Cooley was the first, back in 1909. He was an immigrant from County Clare, a South Side Irish-Catholic cop who served the Department for 18 years before he was gunned down in the line of duty. His star was memorialized in the superintendent's office, his widow received a pension of $79.50 a month, and his killer was acquitted. Seven of his descendants have also been Chicago policemen; add a couple more on Mom's side of the family, and the total is 10.

Being Irish doesn't hurt any, especially in Chicago. The words "Irish cop" have long been linked, just like "Jewish merchant" or "French chef." Being Catholic squares nicely with a profession of discipline. Cardinal, bishop, monsignor; captain, lieutenant, sergeant. Sinful acts are mortal or venial, crimes are felonies or misdemeanors. And not everything has to be understood. When logic fails, "divine mystery" is religion's answer; likewise, even if there is inequity in the law, "justice" is somehow being served.

My recruitment to uniformed law and order in January of 1967 was not as automatic as it was for others in the family. At 22, I was still trying to shake the effects of five years of discipline in a Catholic seminary. Besides, the job looked too easy. I took the qualifying exam half-heartedly, mostly as a concession to Dad, and yet managed to finish third out of a couple of thousand candidates. But, I could think, aren't most cops dumb anyway?

I also thought most cops were brutal. In late '66, while a gradaute student of social work at the U. of I. in Champaign, I had been sitting in a campus bar one night when in burst a squad of Paul Powell's raiders from the secretary of state's office. Without checking I.D.'s, they arrested nearly everyone for underage drinking; and they battered a couple of my protesting, 21-year-old friends. The year before, on Christmas Eve, a friend and I were walking down Rush Street after making the circuit of singles bars when three guys jumped us. Just as we began getting the best of them, several cops appeared and beat hell out of us with billy clubs.

Even so, I had several practical reasons to join the Department. For one, the local draft board considered police work a critical skill and therefore a substitute for military service. For another, I wanted to go to law school nights, and needed tuition money. The job paid well, at least better than if I were to be a school-teacher or social worker or insurance adjuster.

Working as a cop and going to law school wasn't as difficult as it sounds, particularly because my brothers Bob and Denny were doing the same thing. Unlike Dad, who had to quit law school because he had five children, we were bachelors. Denny and I shared a cheap apartment in Hyde Park, situated between job assignments on the South Side and our law schools in the Loop. Living in Hyde Park also gave us a smug feeling about being liberal, even if we were only vicarious participants in the counterculture.

Our six-flat building, for example, was a sociologist's dream. On the first floor, a dignified school principal and his family occupied an apartment across the hall from middle-aged dropouts living in common law. Sharing our second floor were a retired Jewish couple happy to have two policemen so near. On one side upstairs lived a black divorcee with two bright and spunky children; on the other, three white coeds who didn't appreciate being our neighbors until one was almost raped just outside our door. Everyone tolerated our hell-raising weekend parties in exchange for our implied willingness to serve and protect—if needed.

Bob and Denny worked the South Chicago station, 89th near Commercial, and my assignment was Kensington, 115th and Indiana. All the Cooleys worked the South Side—Dad made sure of that. Having grown up there, we knew the streets, and it was best to know exactly what was around the corner when chasing criminals thru gangways and alley. Dad had friends in personnel who made the assignments and, like a lot of other things in the police department, this was often a matter of favor first. So whatever clout he had, Dad had saved it to help keep his sons from getting hurt.

As kids we had used the streets a lot, beginning when we dragged a wagon to collect old newspapers we sold for a penny a pound. Later we delivered groceries and drug prescriptions on bicycles—before there was a threat of being robbed by dope addicts. We caddied, gardened, janitored, worked the beaches, and became champion salesmen peddling raffle tickets for Mt. Carmel High School in all the South Side taverns. The streets were also a place to play corner baseball, using sewer covers for bases, and to fight, when it was just the Irish against the Italians and nobody used a gun.

But Hyde Park was new to me. Some fellow cops in the late '60s believed that the whole place was overrun with "nothing but hippies and queers." Of course, in those days of student unrest, many young Hyde Parkers had no higher regard for the "pigs."

Denny and I got to know quite a few students at the University of Chicago because we used the law school library each evening. Law students have a strange fascination for criminal studies and constitutional rights, so discussions in the student lounge frequently turned to policemen. At first I didn't let on that I was a cop, mostly because I didn't really feel like one. But once it became known that I was one of them, the conversations were no longer casual. I was then the symbol, the apologist. Discussion became Issues and Answers; repeatedly I was challenged to explain, if not defend, why any policeman behaved as he did.

Question: "Why are policemen so brutal?" I remembered my own experiences as "victim." Since then I had occasionally heard screaming and sounds of shoving from behind closed interrogation doors. There are some cops, no denying it, whose whole world is persuasion by power, which they use unlawfully to solve crimes and punish criminals. I remember, for instance, watching a policeman who had had too much to drink at a party. He was arguing, and he had confused his right to have an opinion with his need to command. Whenever it was his turn to speak, his hand would come to rest on the snub-nose revolver many policemen carry when off duty. It was all so unconsciously automatic. That's the scary part.

Why police brutality? Because some men are weak. But two robins don't make a summer, and a few bad policemen don't make a force. I could enjoy a passing feeling of power wearing my shoulder holster, but plenty of cops like me would probably wait too long before using force. With a head thick with social theories and Jesuit habits of analysis, I had to guard against hesitating the crucial moment that would allow someone to take deadly advantage. Grandfather Cooley did that. He had his gun out when he walked up behind an armed robber and announced his office. But the guy never turned around; he just shot from over his shoulder. Lt. O'Connor got it in much the same way, and Sgt. Severin and Gilhooly, Rappaport and the score of other men killed during my years as a cop—they all waited, as gentlemen and thinkers do, a moment too long. To give benefit of doubt to a suspect is to risk everything. But not to give such benefit may make some men appear to be brutal.

Question: "Why are policemen so racially prejudiced?" I took personal offense and answered, Daley style, a question with a question: What do you know about blacks? *Really* know? I had answered calls to hundreds of black homes. In a black restaurant I learned to like black-eyed peas and grits because it was usually the only place to eat within the district. I had been to the Baptist service on Martin Luther King Drive, one that relaxes the jaw and melts away the bones in your legs until you forget about being the only white man in church. I had been to the dance parlors of young blacks, the dark basement places where feelings are supreme. Policemen go to a lot of places other white people wouldn't dare to go, so I felt much better qualified to understand black people and white prejudice than these law students.

Reverse prejudice is common, too. People were often unkind because I was white or a policeman. After Dr. King was assassinated, for example, black children just being released from school threw rocks thru the windows of my personal car. On the same day, my brother Bob was surrounded by an angry crowd that tried to tip over his car at a traffic light. Once I had won an essay contest on "How to Build Black Pride" sponsored by a black periodical. I learned later that when the editors discovered I was a white policeman, they reduced the amount of my prize. University types were no better. A lawyer friend and I were attending a scholarly public conference about marijuana at the University of Chicago, solely out of intellectual curiosity, until the organizers learned I was a policeman and kicked us out. Students did the same when I tried to learn what a school sit-in was all about.

But maybe I most resented the insinuation of prejudice because there was some truth to it. Sociological background notwithstanding, nobody can remain objective when nearly everyone he arrests is black. I was assigned to low-income areas that were predominantly black. I knew that most of the arrests in Chicago for murder, robbery, and rape—and almost half of those for aggravated assaults—are made in those areas. You do learn to survive on probabilities, on the suspicions a good cop carries everywhere. And try as one might to be fair, "probable cause" to make an arrest and "reasonable belief" that use of force is necessary are standards that can be applied differently to certain groups of people.

There were more questions, but they—and the answers—began before long to reflect categories of thought; I began to feel as tho I embodied a summary without its narrative, and the student discussions ended.

I noticed that several changes had occurred in my personality. My close friends became fewer: My mind had developed alley-wise, and discussions about the Meaning of Life no longer seemed relevant. I had been required to endure long periods of monotony, yet had to react instantly when the need arose. As a rookie, I had listened patiently to people, trying to understand them as individuals. But I also began to feel the mental overload. Bombarded by experiences, I found myself pulling back, dealing superficially with as many people as possible. Trained responses are essential, for instance, to subdue a fighting youngster who has just swallowed poison because she is trying to punish her parents by suicide. No time for social work: Hit her. Hard. Then wrap her in a bedsheet, handcuffed because she is by now hysterical, and run out the door with her over your shoulder and race to a stomach pump.

Detachment is also necessary if you are to take a heroin addict in the throes of withdrawal to Bridewell Hospital for a fix. Or to cope with the almost hysterical joy of a mother who has reported her child missing and then finds him sleeping under the bed. Or the opposite: the agony of a parent's catatonic silence when a lost child is found dead in the refrigerator. You have to stop seeing these as the crises of individuals. For mental self-defense, you put them all into an impersonal category labeled "One of those things," or, as Dad would say, "God's will."

Unless you respond unemotionally, the time comes when you get played for a sucker. There was the girl who claimed rape, for example. While her husband was in Viet Nam, she lived with her mother in a tidy apartment in the projects. At the hospital, I felt sympathetic and tried to mollify what I took to be her feelings of outrage and humiliation. Then I spent extra time searching the streets for her abductor. Two days later, the detective handling the follow-up told me the whole thing had been a con job. She admitted she had been having an affair and wanted an excuse in case she was pregnant. Still later, a better reminder of my gullibility came when a computer card was kicked back and I had to write a report to justify the time spent trying to solve that "crime."

A lot of policemen talk about quitting. It's constant squad-car chatter. Fortunately, I could see the light at the end of my own tunnel: I was nearing the end of law school. For those who would like to leave but cannot, however, bitterness and cynicism can develop. Dad never talked negatively about his 33 years with the force because his occupation was a badge of identity; he protects his self-esteem. But Harry Lindner, our grandfather with 40 years on the Pittsburgh Police Department, comes down hard on the "crooked politicians and judges" who kept him from policing properly; and he says "Sometimes it's best to take the easy way out and go along with the tide." He speaks like someone betrayed by his community: "I was beat up and run over. Speakeasies, sporting houses, gambling joints—I busted all them places—troubles was my business." He cannot understand, either, why his grandchildren all want to become lawyers. "By the time you pay off the chief clerk, the bailiff, and the judge, there's nothing left for the attorney," he observes.

Corruption is a major hazard for policemen. The Knapp Commission's report on corruption in the New York City Police Department applies to Chicago as well: "The rookie . . . is faced with the situation where it is easier for him to become corrupt than to remain honest."

There is virtually nowhere a policeman can go without temptation—corruption is the focus of his work and the nature of his environment. I learned that there was "clean" money to be earned by performing police escort service, changing motorists' tires, keeping order at a polling place, or being at a currency exchange when it opened or a pizza shop when it closed. Altho taking it is illegal, money from such activities is "clean" because it is offered as a tip, by a willing giver, for extra police attention.

I also learned about "dirty" money, offered less willingly to immunize the giver from police interference. It is cheaper to pay off a cop than face lawyer fees and other expenses that multiply in court; at least half the motorists I stopped for traffic violations would ask, just short of the necessary evidence to prove attempted bribery, "Is there anything we can do about it here, officer?" or "Have you had your dinner yet?" One motorist I did arrest for attempted bribery was released because my commanding officer felt the violation was too common and therefore could not be prosecuted. He also told me that other policemen would never work with me again if they learned what I was trying to do. In another arrest I made for bribery, the case was thrown out of court because I could produce no witnesses.

Altho I didn't personally encounter offers of money from tavern owners, I learned from fellow policemen, long before the Braasch case, that very often the owners initiate payoffs. They know that in the long run, because Illinois and Chicago have unusually strict regulations for liquor licensees, it may be cheaper to pay in advance for a hoped-for break than to face the possibility of being closed while license hearings are being held before various boards.

The policeman needs a steel sense of right and wrong to withstand this constant public test of his integrity. Dad recently retired without ever a hint of illegality because his honesty has no room for compromise. The only time I suspected him of wrongdoing, which I never confirmed, was many years ago when I found a bag of men's hosiery in the cellar. He became defensive when I asked about it. Perhaps it was given as a reward for recovering a cartage theft, or evidence he forgot to inventory on time. Tho not a crime, either action would violate administrative rules. (In any case, when we boys finally got permission to wear the socks, they had become moth-eaten.) But Dad had none of the sins so harmful to many policemen. I've never seen him drunk or bellying up to a tavern bar. No strange women either, because sex was only for having children who would grow up to be good Catholics. Brutality? Impossible!

Like most policemen, Dad always had a second job, usually selling mutual funds. He also made a modest extra salary as president of the Patrolman's Credit Union. Nine children were expensive to educate in Catholic schools, but we were also tax exemptions. Moreover, each of us made his own way thru college with scholarships, loans, and always two or three jobs at the same time.

Mom, as co-conspirator and finance minister, would bribe the nuns with homemade bakery goods to get reduced tuition. And there couldn't be a better shopper. My younger sister, for example, used to think that "half-price" on bread was a brand name. Every Saturday afternoon, Mother would take along two of her sons to shop for meat. As the butcher would reduce the price for the weekend, one of us would stand on either side of her to block out other women grabbing for bargains. Then, while one stood in the checkout line, the other drove Mom to the store about to reduce fresh produce.

Sure, I respect my folks for their sacrifices, but I don't share their compelling need to struggle with a policeman's income. The entry salary is good, but it quickly tapers off and remains fixed: A rookie patrolman is paid $11,148; a 20-year veteran patrolman, $16,008. There is no promotional advantage or better entry level for the college graduate, and there is virtually no mobility between cities. Politics is important for advancement, despite all official disclaimers. It isn't quite as obvious as it is in the fire department, where rank and handball ability have more than a coincidental relationship. But in this city, who you know is still more important than what you know.

Moreover, disagreement with the administration equals disloyalty. A policeman traditionally has a duty to remain silent about the system and anything he says can and will be used against him. Many facts, therefore, go thru a mental shredder and are kept confidential. But continually stifling your spirit of independence can be a major personal handicap. A man's whole career can become a life of perfunctory routine in which he will work ploddingly, often grudgingly.

There is another risk in remaining a policeman, worse than the physical or moral ones. Legal entanglements, incurred from just doing the job, have caused some friends of mine to second-mortgage their homes, others to lose their family life. I watched the full trial of the first policeman to be federally prosecuted for violation of a prisoner's civil rights. Three prosecuting witnesses, each contradicting the others, stated that the policeman beat the prisoner, who died. A doctor testified, however, that death was caused accidentally "by falling," probably in a drunken stupor. The jury returned a quick verdict of acquittal, but the policeman's face had a haunted expression for weeks.

Many police situations are difficult for a layman to understand and, consequently, difficult for a cop to justify in court. Illinois law is vague about the particulars of "reasonable force" used for self-defense or to prevent the escape of dangerous felons. There is no service manual to detail, in precise language, just how to do the job. Yet the moment of truth comes all too suddenly when, faced with fear or the compulsions of duty, your sensibilities shriek for decision.

Despite the hazards of police work, my youngest brothers, Jack and Joe, 17 and 19, also look forward to joining the Department. It will be their decision whether they make it a career or leave, as I did, feeling damn grateful to the many fine men—and curiously guilty for squeezing all the best juices of experience from the fruit before it turned sour. Some lessons of the job will serve me throughout my life. For instance, with an awareness of the unexpected, I never sit with my back to a door in a restaurant or sleep without a gun nearby. Also, having met the masters of deceit, the finders of angles, I'm prepared to defend myself against them in civilian life.

And though some of us have chosen to leave the police force, the family has hardly abandoned its interest in law enforcement. After serving for at least six years each, five of us are now lawyers. Uncle John practices corporate law in a downtown firm; Uncle Frank recently became a Circuit Court judge in Cook County. Denny, who had received many honors for his police work, now has the satisfaction of prosecuting the criminals he once arrested and often saw released—he is chief of the Cook County State's Attorney's south suburban office. Bob defends the accused, some without fee, because, as an ex-policeman, he feels some instinctive recognition of innocence as well as guilt. And I? I practice maritime law in Washington, D.C.—an interest to pursue transportation crime derived from my last assignment as a policeman, on Chicago's waterfront—and teach senior policemen and FBI agents seeking master's degrees at American University and Northern Virginia Community College.

Dad has no regrets about his career either. "I can't bad-mouth the job," he says. "It was good to my family. I have a son who is a priest, three who are lawyers, a teacher, a son-in-law doctor, another who's a dentist, and still two boys at home to shovel snow. What more can a guy want?"

I guess that's not a bad payoff for an honest cop.

MAINTAINING THE TAX DEDUCTION FOR CHARITABLE CONTRIBUTIONS

Mr. BAYH. Mr. President, as I have traveled around my State of Indiana in the last few months, a large number of my constituents have expressed concern about proposals to reduce or eliminate the present provisions of our tax laws which give positive incentive to taxpayers to make charitable contributions. Some lawmakers as well as scholars persistently lump the charitable deduction with percentage depletion, accelerated depreciation, "stepped up" basis at death and other so-called tax "loopholes" which they believe are proper candidates for major tax reform. Although I am strongly in favor of broad-based tax reform to close many of these loopholes and have worked consistently toward this end during my years in the Senate, I strongly believe that those who include the charitable deductions as such a loophole are wrong, and to change these provisions would do irreparable damage to institutions which are essential to our survival and prosperity as a society.

The outpouring of sentiment in Indiana in opposition to removal of the tax deduction for contributions to religious and other worthy institutions is consistent with my view and, I feel confident, consistent with the views of an overwhelming majority of Americans. We must not destroy the tax status of churches, schools and other such institutions; for to do so would be to work an unnecessary and severe hardship.

Critics of the tax provisions favoring charity allege that it is somehow improper to utilize the Federal tax system to encourage private philanthropy. But our experience has demonstrated that use of the tax system to stimulate private philanthropy is, as a fundamental matter of policy, thoroughly justified.

Private philanthropy has been a cornerstone of our pluralistic society which has been enriched by its diversity of ethnic, racial, religious, and social groups. During the half century of income taxation in the United States, our lawmakers have exercised care to insure not only that these institutions not be taxed but also that the tax system be utilized to encourage private giving to enhance the well-being of these institutions without undue government influence and control.

The debate on the Revenue Act of 1917 makes it clear that the introduction of the charitable deduction reflected a desire to protect the income of philanthropic organizations and in particular the income contributed to charity was income not properly taxable at the new, higher rates introduced during World War I. Senator Hollis, who introduced the amendment to permit the deduction of contributions to charity, perceptively stated:

> Look at it this way: For every dollar that a man contributes for these public charities, education, scientific, or otherwise, the public gets 100 percent; it is all devoted to that

> purpose. If it were undertaken to support such institutions through the Federal Government or local governments and the taxes were imposed for the amount they would only get the percentage, 5 percent, 10 percent, 20 percent, or 40 percent, as the case might be. Instead of getting the full amount they would get a third or a quarter or a fifth.

Senator Hollis inserted into the Congressional Record an editorial from the Washington Post of August 25, 1917, that read in part:

> This country can not abandon or impoverish the great structure of private charity and education that has been one of the most notable achievements of American civilization. Therefore with every additional dollar the Government finds it necessary to take in taxation it becomes increasingly necessary to accept the principle of the pending amendment and leave untaxed that part of every citizen's income which he may give voluntarily to the public good.

Periodically Congress has reviewed and reaffirmed the wisdom and propriety of the charitable deduction, recognizing that allowance of the charitable deduction relieves Government from the burdens of meeting public needs which in the absence of charitable activity would fall on the shoulders of the Government. Thus, in 1938 Congress stated:

> The Government is compensated for its loss of revenue by its relief from financial burdens which would otherwise have to be met by appropriations from public funds.

Again in 1969, Congress endorsed the basic principle of the charitable deduction, increasing the 30-percent limitation on charitable contributions to 50 percent in order to strengthen the incentive effect of the charitable contributions deduction for taxpayers.

Those who would eliminate the tax incentives for charitable donations would upset the long and successful tradition of utilizing the tax system to support private philanthropy. They would do so on the basic of conclusions that rest on three questionable assumptions: first, they assume that a system of direct Government grants or matching grants for the support of philanthropy would produce at least the same level of support for charity; second, that such a system would be constitutional in the case of religious organizations; and, third, that such a system is, as a policy matter, preferable to the present policy of utilizing the tax system to provide incentives for private giving.

Even those who recommend replacement of the charitable deduction with a system of matching grants concede that any nontax substitute for the deduction of existing law must assure institutions of support equal to "that which they can reasonably anticipate from the present tax expenditure system." However, as noted by Prof. Boris Bittker, of the Yale Law School:

> It would be difficult to devise a formula for matching grants that would produce, even in the aggregate, the same amount of revenue that charities now owe to the tax deduction, and it is almost inconceivable that this could be done for particular charities or even categories of charities.

The proponents of a system of direct Government grants or matching grants also assume that there is no constitutional barrier to supporting religious institutions in this fashion, including religious institutions of higher learning. However, as noted by Professor Bittker, there may be an "insuperable" constitutional obstacle to including churches and other religious organizations in any grant system.

Some may welcome more direct Government funding on the ground that centralized decisionmaking will produce a more efficient use of funds that can be expected from a variety of institutions which derive their funds from multiple and diverse sources. But it should be plain that a multiplicity of private institutions supported by a multiplicity of fund sources dilutes the actual and potential power of Government to control or suppress diversity, individuality, and academic initiative.

The history of Federal programs suggests that increased direct Government financing portends increased Federal control. The Congress would face, more and more, the same kinds of pressure that confront State legislatures and forced the North Carolina Legislature to enact a "gag rule" controlling "controversial" speakers on campuses of State colleges and universities. Thus, the Governor's committee on higher education in New York made a plea in 1969 that the State University of New York be disentangled from the snarled redtape of State bureaucracy and enabled to act "with the spirit and style of our great public universities."

Indeed, Federal controls already exist. For example, in educational institutions the Federal Government has required that Armed Forces recruiting personnel not be barred by a college if it is to remain eligible for certain funds. Several writers have noted their concern for the lack of Government restraint in matters affecting academic freedom. One wrote:

> The one occurrence that has shaken my conviction that general federal aid to higher education poses no inherent danger to the freedom of universities has been the imposition of security clearances for those engaged in federally financed unclassified research. This whole episode in our history, now happily past, is repugnant because it involved an essentially immoral abandonment of the values without which our form of government and indeed our society cannot survive. . . . If general federal aid to higher education had been in force over the period 1951–1956, the freedom of American universities would have been seriously threatened.

Any action which has the effect of further increasing the relative dependence of our charitable institutions on highly centralized Government funding as distinguished from diverse private giving could upset the balance.

Moreover, elimination of the policy of promoting charitable giving to private institutions through the tax system could ultimately result in the loss of significant benefits to our society in the form of new ideas and programs. Terry Sanford, president of Duke University, in pleading the case for retention of the charitable deduction, has chronicled some of the benefits that have resulted in the field of education from our national policy of encouraging philanthropy:

> We might remember that our first American college resulted from private philanthropy, and so did many of our best schools that have been established since then. Mostly because of private gifts, which have been encouraged by tax relief, our private schools have been able to contribute a wealth of innovative ideas to our overall educational system. Public and state schools have in many instances acquired some of the most progressive practices by following the examples of private schools—which were freer to experiment and innovate.
>
> A conscientious government is somewhat restrained in initiating new programs. Private philanthropy, however, has provided us with "laboratory"-type experiments that have proven the public value of certain programs. Then, armed with that rationale, government has been able in good conscience to initiate similar programs to be financed with public funds . . . .
>
> If we are to retain the national strength we have derived historically and traditionally from pluralism, then we cannot afford new developments that would further homogenize American society. Certainly one of the most important assets of pluralistic influence in our nation is our dual system of private and independent institutions.

To a very important degree the cherished independence of our charitable institutions and their contribution to our society is a product of the private charitable support generated through the present tax system.

Thus, Mr. President, both practical and philosophical considerations compel retention of the existing tax incentives for private support for charity. There is strong evidence that proposals to limit the income, gift, and estate tax deductions now afforded for individual gifts to charity would seriously reduce those gifts, particularly large individual gifts which have proven so important to charitable institutions. Congress has recognized that these institutions constitute a "national resource which significantly contributes to the security, general welfare, and economy of the United States." To conserve this resource, any funds depleted through changes in the tax laws must be replaced from other sources. However, none of the tax reform proposals has answered the pivotal question of how revenues lost would be replaced as would be required by the national interest.

The present charitable deduction is time-tested and has the virtue of certainty; donors, their attorneys and those who run our institutions know the system and its potential for providing financing. Other ideas for direct subsidies, matching grants and the like are unknown quantities likely to produce new inequities with absolutely no guarantee that they would raise the same revenues as the present system. They would be susceptible to proof and perfection only after long intensive trial and error. There is too much at stake to overthrow our traditional support of private charity through the charitable deduction. No less than the vitality and independence of our society are in the balance.

I ask unanimous consent, Mr. President, that a few of the many letters which I have received from my State on this important question be printed in the Record.

There being no objection, the letters

were ordered to be printed in the RECORD, as follows:

North United Methodist Church,
Indianapolis, Ind., September 24, 1974.
Senator Birch Bayh,
U.S. Senate,
Washington, D.C.

Dear Senator Bayh: Thank you for your note alerting me to a renewed proposal for legislation limiting or eliminating the tax deductible status for contributions to churches and similar non-profit institutions. I appreciate your concern, and share it.

One keystone in the genius of American society is the strong contribution of citizens to human services and community improvement through non-profit structures. Along with private business sector and governmental energy this third force is of enormous significance in our life as a people.

I would see the elimination of tax deductible status of gifts to such institutions as an exceedingly serious blow to this sector. Depending as they do upon voluntary private gifts it would seem to me to be of benefit to our society as a whole to strengthen rather than weaken such institutions.

I presently serve as the pastor of a large church at 38th and Meridian Streets in Indianapolis. On more than one occasion recently neighboring businessmen have indicated the enormous stability and strength lent to this particular midtown neighborhood by the presence of the church on this corner. Were the property to become a part of the tax duplicate of Marion County, the viability of the operation of the church at this corner would be seriously questioned. I honestly believe that the presence of the church at this particular spot is of highest importance to the wellbeing of the neighborhood as a whole and the value of properties here.

The foregoing case would relate of course to county property taxes. In a similar way any threat to the voluntary income of the church in contributions from its members would likewise jeopardize its operations.

The religious community as a whole has provided great initiative, imagination, and experimentation in providing human services throughout our society. Government itself has sometimes looked to these or used these structures to extend services, such as in day nursery programs. It would make little sense to channel public tax money to the extension of services through these institutions with one hand, while choking their sources of voluntary support with the other.

I do believe it is appropriate and proper for religious institutions and other non-profit groups to be taxed in any of their income-producing operations which are essentially commercial in nature. There have been abuses of the non-tax status in these areas. Closing such options would be entirely appropriate.

Thank you for your concern. I trust these comments may be of some use to you in organizing your own thought as a spokesman for the preservation of tax deductible gifts to churches and similar institutions.

Respectfully yours,
Richard E. Hamilton.

Milford United Methodist Church,
Milford, Ind., September 26, 1974.
Birch Bayh,
U.S. Senator, Washington, D.C.

Senator Bayh: In the town of Star City, Indiana, an unincorporated town of 450, and only business center in Van Buren township, Pulaski County, Indiana, the elementary school is going to be permanently closed next spring. When that happens the Star City United Methodist Church will be the *only* place available for community organizations to meet. Many already do, free of charge.

While I was pastor there the following organizations met in and used the facilities of the Star City United Methodist Church free of charge: Cub Scouts, Star City Lions Club, Girl Scouts, Brownies, District Girl Scouts, Girls 4H, Boys 4H, and Pulaski County Kiwanis Club.

This church is operating on an extremely tight budget now and if it were to be taxed, it would probably have to start charging for its facilities or limiting the usage of it.

Sincerely,
Rev. James L. Alt,
Ex-Pastor of Star City United Methodist Church.

Grace Evangelical Lutheran Church,
Syracuse, Ind., September 25, 1974.
Hon. Birch Bayh,
U.S. Senator, Committee on Appropriations, Washington, D.C.

Dear Senator Bayh: Thank you for alerting your constituents and especially the clergy on the proposed legislation to end tax deductible status of contributions to schools, churches, hospitals and other charitable, non-profit institutions.

This is one of the most short-sighted and deplorably vicious impositions of injustice foisted on the citizens of the United States of America at a time when these institutions need not only greater financial support because of the inflationary burdens laid on them, but because they are more needed at greater strength for the welfare of our country than ever before.

Having endured the trauma of corruption and wrong-doing in high places, are the people of our country to be subjected to the traumatic experience of being deprived of the very institutions which are the foundation of our nation's ethical, moral, and positive spiritual well-being?

There are, I am confident, more beneficial sources of tax receipts which will strengthen the nation's economy than that of destroying the very institutions whose contributions cannot be measured in economic terms or values.

You have my support, encouragement, and prayers in your endeavour to arrive at a just and equitable tax reform and program.

Very earnestly yours,
Aksel C. Larsen,
Pastor.

September 24, 1974.

Hon. Birch Bayh,
U.S. Senator,
Washington, D.C.

Dear Birch: In response to your letter concerning the legislation which would end the tax deductible status of contributions to churches, schools, hospitals and other charitable non-profit institutions, may I suggest that such legislation would certainly end the great deal of charitable activity which continues in this country and centralize more and more of the services of the nation in the hands of the government.

If for instance, the various kinds of services in the educational and health fields are not deductible, then the ultimate end will be that the government will be putting up more and more money for schools and for health facilities.

So far as churches are concerned, such an act will be a step in the direction of weakening the contribution of the churches to the nation. It will reduce the effectiveness of their service and lessen their voices in the lives of the people of the nation. It will become increasingly easy to tax religious organizations out of existence.

Now that the states are taxing all income which is not directly related to the religious institution itself and if contributions are taxed, the result must inevitably be that the income of the churches will be greatly reduced.

This whole program of federalization which is going on in the government today tends not to encourage voluntary cooperation but to put more and more funds into the political channels. The simple truth of the matter is that the direction of the federal government is to reduce voluntary action and to in various ways close out the cooperation and the participation of the average citizen in the development in the life of the nation.

Thank you for listening.

Very truly yours,
Isaac K. Beckes,
President.

Indiana Traffic Safety Council, Inc.,
Indianapolis, Ind., September 23, 1974.
Hon. Birch Bayh,
U.S. Senate,
Washington, D.C.

Dear Senator Bayh: We received your recent letter regarding tax exempt contributions to non-profit organizations and urge you to pursue your plan to work for retention of these exemptions for deserving organizations and their programs.

While your principal concern seemed to be directed in behalf of churches, I want to emphasize there are many types of organizations, formed to serve the best interests of the individual citizen, which would find it difficult to continue to operate if their major source of contributed funding were not tax deductible.

The Indiana Traffic Safety Council, Inc., is one such group which is entirely supported by private funds from Indiana business, industry and concerned individuals.

The current economic situation has already caused some firms to cut back or drop entirely the financial support they have provided the Safety Council.

While I have no way of knowing the full impact a change in tax exempt status would have on our income, I would judge, from the occasional interest expressed in our tax exempt status, that many major contributors would give serious consideration to discontinuing their support. This would lead very rapidly to a discontinuation of our activities in support of more effective state and local traffic accident prevention programs.

I feel the Indiana Traffic Safety Council, Inc., has served a very useful purpose in working cooperatively with public officials in seeking more effective legislation and in encouraging the emphasis be placed on selected weak spots of the statewide traffic safety program.

In behalf of the Council and others like it throughout the nation, I would urge you to work to plug existing loopholes in the tax laws (and it is obvious that many do exist) but to make certain that organizations performing a necessary and worthwhile service in public interest be permitted to continue to operate.

Thank you for contacting us.

Sincerely,
Albert E. Huber,
Executive Director.

Westville, Ind.,
September 25, 1974.

Hon. Birch Bayh,
U.S. Senator,
Washington, D.C.

Dear Senator Bayh: In reply to your letter of September 16th, relative to the proposal to taxing nonprofit organizations, I wish to speak as a Chaplain of a mental hospital and Boy Scout volunteer. I have a personal stake in the taxing of non-profit organizations. I am a member of a church, a Lions Club member, a scout volunteer and support other non-profit organizations.

If charitable organizations are taxed, an added burden will be placed on these organizations so that more funds will be needed to operate. This means less program time is left.

Too much of the influence of Character building has already been lost in our country. That which is happening in high places and low reflects the gradual decline of those influences in our society which seek to build its fiber rather than eat at its heart.

The loss of moral and ethical instruction in the schools and in the home is already being felt in our nation.

I know how strapped the nation's churches already are with the decline of dollars and members. I know my scout council is over three hundred thousand in debt. Part of the problem is the tax placed on our property in the State of Michigan.

I do feel that industrial or other kinds of commercial interests held across the land by "non-profit" organizations should have to operate like any other business, but the decision to tax all non-profit organizations will be a disastrous strike at massive good being done to improve, not draw from our nation's resources.

I commend you for your efforts and admonish you to keep up the fight. Thank you for your letter. God bless your work.

Sincerely,

Robert W. Rogers,
Protestant Chaplain.

The Episcopal Diocese of Indianapolis,
September 25, 1974.

Senator Birch Bayh,
U.S. Senate,
Washington, D.C.

Dear Senator: Your letter of September 16th regarding the proposed legislation which might end the tax deductible status of contributions to churches, schools, hospitals and other charitable, non-profit institutions, does prompt me to respond.

First, let me say that I wholeheartedly agree with you and hope you will use all your persuasive powers to oppose such legislation. Speaking in regard to what this would do to our churches, it is my special responsibility as Archdeacon to supervise our 19 missions which must be supported from our diocesan budget in the amount of $92,000. Without this support they could not be provided with an ordained ministry and facilities in which to worship. Should these churches be taxed, it would wipe them out of existence or leave them in such fragile condition that they would lose their effectiveness. On the other side of the shield, if contributors to our churches could no longer claim charitable deductions in this area, this would obviously increase their tax bite and further decrease their ability to pay for church support and all this with inflation rampant.

The churches of our land are one of the last bastions of moral persuasion and the conscience for our communities and our country. It would be a tragedy to have them weakened and especially at a time when there is so much cynicism about the moral code in government.

Please speak strongly against any proposed legislation in this area. Special thanks for your letter of September 16th.

Most sincerely,

Frederic P. Williams, D.D.,
Archdeacon.

First United Methodist Church,
Columbus, Ind., September 25, 1974.

Senator Birch Bayh,
Senate Office Building,
Washington, D.C.

Dear Senator Bayh: In response to your inquiry about the tax deductible status of contributions to churches, I make the following response.

While I am very sympathetic about the plight of the middle income group, of which I am part, I have long since seen the legitimacy of encouraging benevolent giving to worthy groups.

It seems to me that one of the most telling accomplishments could be that if charitable contributions are no longer tax deductible, thereby making it more difficult to achieve the working budgets of these organizations, the organizations will either fail or need to find another source of income. The European style of tax-supported churches and schools frightens me.

In recent days we have seen the value of a free press as opposed to a state controlled one; I believe that a free church and an independent system of higher education is imperative if freedom is to be maintained.

Respectfully,

Joe G. Emerson.

DEATH OF LUTHER HODGES

Mr. McGEE. Mr. President, Sunday, October 6, a man who was a friend to many of us died. Luther Hodges, former Governor of North Carolina and Secretary of Commerce under the late President Kennedy, died in Chapel Hill, N.C.

I wish to take this time to express my sense of loss at his death, and extend my family's sincere condolences to his widow, Louise.

As Governor, Luther Hodges brought an enormous amount of business to his State. His philosophy of "government is business" served him well in the difficult economic conditions of the early 1960's. His advise and views have since been valuable to all engaged in government or economics.

His life displays a tough, practical attitude, coupled with a great drive for hard work. His impact on international trade, both as a businessman and Government official, will be remembered as his finest work, I am sure.

Mr. President, I ask unanimous consent that an obituary published in the Washington Post of October 7, 1974, be printed in the Record.

There being no objection, the obituary was ordered to be printed in the Record, as follows:

Former Commerce Secretary Dies

(By Jean R. Hailey)

Luther Hartwell Hodges, 76, a dynamic salesman during his years as governor of North Carolina and U.S. Secretary of Commerce, died yesterday, apparently of a heart attack.

Stricken at his Chapel Hill home, he was taken to North Carolina Memorial Hospital in Chapel Hill, where he was pronounced dead.

Mr. Hodges, a Democrat, had served as North Carolina's governor during 1954–60 and as Commerce Secretary during 1960–64.

He was known for his energy and supersalesmanship in the world of business and his moderation in the field of race relations.

As Secretary of Commerce in President Kennedy's Cabinet, Mr. Hodges had traveled extensively around the world promoting U.S. industry. He stressed the need for this country to increase vastly the amount of its exports.

Earlier, as governor of North Carolina, he also had traveled extensively around the country and was credited with bringing millions of dollars in industry into his state.

He was described as one of the most colorful and effective men in both business and government. He, himself, summed up his philosophy tersely with "government is business."

Mr. Hodge's life was a rags to riches tale.

One of nine children, he was born on a tenant farm in Virginia, just across the state line from Leaksville, N.C. The family moved to Leaksville while he was still a child, and he went to work at 50 cents a day at a cotton mill when he was only 12 years old.

He continued to work in the mill, going to school at the same time, and eventually enrolled at the University of North Carolina. His father had told him he would have to pay his own way through college.

Mr. Hodges started on the road to higher education with only $62.50 in his pocket. He made it by waiting on tables, stoking furnaces, carrying coal and selling Bibles. He was awarded his degree in 1919.

"I had a surging ambition to get out from under conditions I saw around me as a kid. But I am not, and never was, ashamed of my beginnings," he later recalled.

After graduation, Mr. Hodges became Secretary to the general manager of several local mills of Marshall Field and Co. By 1938, he was general manager of all the company's mills, and in 1943 became vice president. The firm operated 29 mills in six states and three foreign countries.

While he was rising in the private business world, Mr. Hodges also had a taste of government service. In 1944, he headed the textile division of the Office of Price Administration and in 1945 was a consultant to the Secretary of Agriculture.

By 1950, he decided he had made all the money he needed, and he retired from Marshall Field to spend over a year in West Germany as head of the industry division of the Economic Cooperation Administration.

He turned next to politics. Although a political unknown, he ran for lieutenant governor of North Carolina in 1952. He traveled thousands of miles, shook thousands of hands, and won the election.

When Gov. William B. Umstead died in 1954, Mr. Hodges succeeded him. Two years later, he won re-election in his own right by the biggest majority ever polled at that time in the North Carolina gubernatorial race.

As governor, he served as chairman of the Southern Governors' Conference and of the Southern Regional Education Board. He was one of nine American governors to tour the Soviet Union in 1959 and was head of his state's Trade and Industry Mission to Europe that same year.

During his tenure, he also brought in huge sums of money for expansion of North Carolina's manufacturing activities and electrical utilities. He reorganized the highway, prison and water resources systems.

Mr. Hodges preached moderation at a time when other Southern states were undergoing racial strife following the Supreme Court decision desegregating schools.

"I consider the calm manner in which North Carolina handled its integration problems the No. 1 achievement of my administration. It also was the thorniest problem," he later said in an interview.

He had accomplished this by persuading the North Carolina legislature to approve a pupil assignment law that permitted token integration in some cities at a time when some Southern governors were steadfastly opposing any integration at all.

Mr. Hodges campaigned actively for John F. Kennedy in 1960 as chairman of the Business and Professional Committee for Kennedy-Johnson, and was among the first chosen for a Cabinet position. He continued to serve as Secretary of Commerce for the first Johnson administration, resigning at the end of 1964.

Mr. Hodges played a leading role in the passage of the Trade Expansion Act of 1962. He began a series of commercial trade fairs where U.S. businessmen could display their wares abroad. He promoted business education and developed a new agency, the Area Redevelopment Administration, aimed at aiding areas of unemployment.

After leaving government, Mr. Hodges was involved in a number of private organizations, most recently promoting the North Carolina Research Triangle Park, a complex of industrial and scientific agencies.

He was at one time chairman of the board of Financial Consultants International, and was a director of the Servomation Corp. and Gulf and Western Industries.

Active for many years in the Rotary Club, he had served as president of Rotary International during 1967–68. He also had been active in YMCA work.

Mr. Hodges was the author of "Businessman in the State House" and "The Business Conscience."

He was married to Martha Blakeney in 1922 and they had three children. She died in a fire in their Chapel Hill home in 1969.

A year later, Mr. Hodges married Louise Finlayson, his former secretary.

PROPOSED RESOLUTION FOR A RATIONAL ENERGY PROGRAM

Mr. JACKSON. Mr. President, today, a number of my colleagues and I are having printed in the RECORD a resolution, expressing the sense of the Senate that this Nation urgently needs action on a rational energy program. We desperately need a coordinated, reasoned program that will accelerate development of our domestic energy supplies, end wasteful consumption, and redress arbitrary and unfair fuel pricing policies. There can be no doubt that such a program is desperately needed. Rampant inflation, both caused and fed by soaring fuel prices, is threatening our Nation's and the world's economic stability. Quadrupled fuel prices have failed to induce supplies sufficient to meet our essential demands for all forms of energy.

Although these problems are not new, Mr. President, they are now acute. Congress has been working for some time to develop a national energy policy, but we can afford to wait no longer. In our previous efforts, cooperation from the executive branch has not always been forthcoming. Given the dire need for expeditious action, we cannot afford to work at odds with each other. I, therefore, on September 27, wrote to President Ford proposing a joint-legislative-executive bipartisan effort to develop an energy policy for this country. I am sorry to say that, in his response of October 3, Mr. Ford declined to accept that offer.

We are faced with a need for expeditious action which can best be served by utmost cooperation. We cannot afford to wait for a new Congress to begin tackling these problems. I hope that President Ford's address to the Congress today will reflect a greater sense of urgency and a greater appreciation of the gravity of the present crisis.

Mr. President, leadership on energy problems must not be allowed to founder, regardless of what the President may say today. The Congress and the Senate have already debated and acted on many of the essential elements of a national energy policy. These measures are described in the resolution we are proposing. Such a legislative program is essential if effective efforts are to be made to balance our energy supplies and demand, and to restore balance to energy economics in this country. I strongly urge my colleagues to support this resolution and I invite their cosponsorship.

Mr. President, the largest single factor in causing the Nation's current economic problems and placing the international financial system on the edge of a major disaster has been the 400-percent increase in world oil prices imposed by the OPEC cartel. The economic and financial problems we face at home and abroad are immediate and critical. The United States must embark upon an urgent and massive national effort to conserve energy, to increase domestic oil production, and to accelerate a broad range of energy research and development and commercial demonstration projects. This Nation has the ability to meet this challenge. What we have lacked to date is a sense of urgency, a commitment of purpose, and a specific energy program to provide direction and leadership.

The resolution we are proposing conveys a sense of urgency; it states a national purpose on which the country can unite; it sets forth a specific detailed energy program which can provide the Nation with direction.

Mr. President, I invite the President and his administration to join with the Congress in a united effort to get this Nation moving again.

Mr. President, I ask unanimous consent that the text of the proposed resolution be printed in the RECORD at this point, as well as the exchange of correspondence between the President and myself, together with a status report on energy legislation in the 93d Congress.

The resolution will be formally introduced tomorrow afternoon, to permit other Members of the Senate an opportunity to be added as cosponsers.

There being no objection, the resolution and material were ordered to be printed in the RECORD, as follows:

S. RES. —

Whereas, the arbitrary quadrupling of oil prices by the Organization of Petroleum Exporting Countries (OPEC) cartel has imposed severe strains on the international financial system, and is a primary cause of worldwide inflation, draining at a minimum over $70 billion annually from consumers, threatening many industrial nations with economic collapse, and confronting third world nations with mass starvation; and

Whereas, oil prices established by this international cartel have been the largest single factor in the Nation's current economic recession, in pushing domestic unemployment to a twelve-year high, in depressing the stock market, and in driving inflation and interest rates to unprecedented levels; and

Whereas, the United States has the ability to control energy induced inflation through policies governing the 85 percent of its energy supply which is produced within the United States, by increasing domestic energy production, and by undertaking stringent efforts to eliminate energy waste and promote conservation; and

Whereas, dependence by the United States on a substantial volume of imported petroleum has created a grave domestic economic crisis, seriously inhibited our freedom of action in developing and implementing foreign policy, and could cause a severe shortage in the event of another embargo; and

Whereas, the Nation has yet to mount a serious and sustained program to eliminate the wasteful use of energy in the United States and despite unprecedented price increases the production of domestic energy supplies continues to lag behind demand; and

Whereas, it is imperative that the United States immediately undertake a massive peace-time effort to combat economic aggression abroad and to deal with energy shortages and energy induced inflation at home; and

Whereas, the American people and the leaders of other nations should be fully apprised of the commitment of the Legislative Branch of the United States Government to initiate and implement—in a united, bipartisan and cooperative manner—a national energy program designed to (1) give credibility to United States initiatives to deal with the economic and political challenge of the OPEC cartel; (2) promptly reduce dependence on cartel priced foreign oil; (3) dampen world and domestic inflation; and (4) secure a stable world economy in which the legitimate aspirations of all nations may be acheived.

Now, therefore, be it

Resolved, that it is hereby declared to be the sense of the Senate that—

1. The United States is committed to an energy pricing, import and tax policy which will:

(a) Limit the price of all new domestic crude oil to a level that reflects its long-term supply price (no more than $7–$8 per barrel) rather than the dictates of the OPEC cartel as a major element in a concerted effort to control exhorbitant prices, reduce domestic inflation, and prevent unreasonable profits by exporter governments and United States companies alike:

(b) Reduce imports of high-cost foreign oil by 1 million barrels per day, and thereby combat inflation, and cut over $4 billion from our balance of payments deficit;

(c) Eliminate, through taxes or otherwise, the windfall oil and gas profits enjoyed by multinational oil companies; and

(d) Reform natural gas pricing to eliminate uncertainty, maintain strict controls over old gas contracts, and provide adequate incentives for development of newly discovered gas through measured price increases which keep natural gas prices well below the equivalent of OPEC's arbitrary oil price.

2. The United States should adopt legislation which will:

(a) Extend the Emergency Petroleum Allocation Act, the only Federal legislation which provides authority to control oil prices and equitably allocate scarce fuels among regions of the country and classes of consumers;

(b) Mandate a program of international and domestic contingency planning to deal with energy shortages at home and abroad;

(c) Establish standby energy emergency authority adequate to cope with a total interruption of OPEC imports, through gasoline rationing, conservation plans, allocation of essential materials, and appropriate export restrictions;

(d) Require the immediate development of a system of strategic petroleum reserves composed of salt dome and tank storage by industry and the Federal government equal to at least ninety days of imports; and

(e) Assure that the United States has an opportunity to participate in any negotiations in the purchase of foreign oil and provide the President with authority to curtail and increase the price of U.S. exports to nations which unreasonably restrict U.S. access to their commodities by adoption of pending amendments to the Export Administration Act.

3. The United States should adopt a national energy conservation policy which will include mandatory provisions designed to:

(a) result in a thirty percent improvement in automobile mileage in the 1976 model year and a 100 percent improvement by 1980;

(b) commit the nation to greater investment in a broadened mass transit program.

(c) redefine Federal and State regulatory policies which encourage or permit energy waste;

(d) impose new Federal procurement policies based upon energy efficiency and conservation;

(e) prohibit the use of new natural gas supplies for boiler fuel and phase out entirely over a reasonable period of time all use of gas as a boiler fuel;

(f) mandate the redesign of electric and gas utility rate structures to encourage conservation within twelve months;

(g) require mandatory labeling of energy-consuming appliances, homes, and automobiles to enable consumers to save energy and money through consumer charts;

(h) provide appropriate support for a program to insulate homes and small businesses with repayment of loans tied to savings in fuel and air-conditioning bills; and

(i) assist State and local government in the development of energy conservation programs designed to achieve short and long-term savings with a minimum disruption of State and local economies, including specifically the establishment of standards to reduce energy requirements for new homes and commercial establishments.

4. The United States is committed to an energy production policy which will:

(a) Expand Federal authority to increase petroleum production and productive efficiency, including mandatory unitization where state law does not provide for it, incentives and requirements for secondary and tertiary recovery of oil and gas, establishment of maximum efficient rates of production, and prohibition of market demand prorationing.

(b) Develop and produce the Naval Petroleum Reserves in California and Wyoming to fill the Federal component of the strategic reserve system, and undertake on a priority basis prompt exploration of Naval Petroleum Reserve No. 4 on the North Slope of Alaska;

(c) Improve geological and environmental assessment and inventorying of energy resources in the public domain;

(d) On the many existing Federal leases where production is lagging, require production or forfeiture of the leases;

(e) Adopt an updated Federal coal-leasing policy and a surface mine control and reclamation bill, and establish a program to convert all industrial boiler fuel uses of oil and gas to coal over the next 10 years to assure adequate domestic energy supplies while decreasing oil imports; and

(f) Implement the foregoing policies and measures without repeal or erosion of regulatory and statutory measures which preserve and protect the public health, safety, welfare and the quality of the nation's land, air and water resources.

5. The United States is committed to an energy research and development program which has as its immediate goals:

(a) Establishment of a $20 billion energy research and development program with specific timetables to demonstrate on commercial scale the technological capability of coal gasification, coal liquefaction, oil shale production, geothermal steam, and solar energy, as well as new technology to use energy more efficiently; and

(b) Creation of an Energy Research and Development Administration to administer the national energy research and development effort.

6. The United States is committed to a program of Federal, State and local cooperation to deal with the critical economic and energy problems facing the Nation, and the Federal government will:

(a) Provide financial aid and technical support to States and local government to assist in ameliorating and managing the primary and secondary environmental and socio-economic impacts caused by the siting of energy-related facilities and the use of land, air and water for energy production; and

(b) Recognize that the States share with the Federal government an equal responsibility for meeting the Nation's energy requirements; And be it further

Resolved That it is hereby declared to be the sense of the Senate—

That by taking the aforesaid actions, many of which can be implemented forthwith by the Administration under existing legislative authority and the pending amendments to the Export Administration Act, the President and the Nation can combat inflation at home, and with export control authority, and strategic reserves bargain, in cooperation with other oil consuming nations for concessions to alleviate a grave international crisis.

U.S. SENATE,
Washington, D.C., September 27, 1974.

The PRESIDENT,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: I know that you have been aware of my concern, since long before the Arab oil boycott, over this Nation's deteriorating energy posture and the actual and threatened impact of spiraling prices and insecure supplies upon our economy and our national security. In recent months I have given particular attention to the ruinous impact of OPEC oil prices on the economies of the United States and other developed and less developed countries. Together with many other members of Congress of both parties, I have been disappointed by the apparent lack of Executive Branch appreciation for the gravity of the present crisis for the economic and political stability of the entire free world.

Your speech in Detroit and Secretary Kissinger's address to the U.N. General Assembly on September 23, 1974, reflect a new awareness that the situation created by the ever-growing exactions of the oil exporting countries cannot be borne and a determination that it will not be tolerated. I remain deeply concerned, however, that if this new determination is not matched by a concrete program of legislative, diplomatic and strategic initiatives, it will lack credibility with the OPEC governments, with the other importing countries, and with the American people. In my view it is both urgent and essential that Congress and the Administration work together to implement a realistic program for energy conservation, increased domestic production, and to develop the national capability to withstand a total interruption of OPEC imports without severe injury to our economy.

The first priority, I believe, is to reduce the maximum prices of domestically priced crude oil to a level consistent with its long term supply cost, at most $7 to $8 per barrel. The United States is still two-thirds self-sufficient in oil and four-fifths self-sufficient in total energy. Our appeal to the governments of exporting countries to reduce prices will carry little conviction as long as we permit and encourage our own producers to charge the exorbitant prices set by OPEC.

Such a price reduction should be coordinated with action to limit the tribute we will pay to the producing countries: I propose a strict policy that our total dollar outlays for imported oil will not increase above current levels. The volume of imports would be allowed to increase further only in response to proportional price reductions.

There is a broad area of consensus within the Executive Branch and within the Congress on the other elements of a national energy program. Yet, the measures actually taken by the two branches to date are inadequate in the face of the current threat to our economic welfare and indeed our way of life. Legislation providing for a national energy conservation policy and acceleration of oil and gas development on the Outer Continental Shelf have passed the Senate, but have not been acted upon in the House in part, I believe, because of disinterest or ambivalence in the Administration's position. Two major energy research and development bills have been immobilized in House-Senate Conference for essentially the same reason.

Legislation to provide standby energy emergency authorities (gas rationing, conservation plans, allocation of critical materials, etc.) and to direct a program of energy contingency planning is on the Senate calendar but requires executive support for final passage. Bills providing for creation of strategic petroleum reserves and for development and further exploration of the Naval Petroleum Reserves have failed to move despite intense Congressional interest, partly because of Congressional jurisdictional rivalries and indecision within the Executive Branch.

Other vital elements of a credible national energy program, like reform of natural gas pricing and taxation of the energy industries, have yet to move only because neither Administration nor Congressional leadership has yet been exerted to compromise and overcome stalemates between diehard ideological or interest group coalitions.

Definitive action in all of the foregoing areas is possible in the present session of Congress, in my opinion, only if you and the Congressional leadership join in a public, bipartisan commitment to enactment of a comprehensive national energy program. Although I have introduced or participated in developing legislation on almost every one of these issues, my request today is *not* for unqualified Administration support of my own legislative program. Undoubtedly some elements of a bipartisan energy program will have to be drawn from bills already in the legislative process; others inevitably will more closely resemble proposals developed in Executive agencies. What I ask—and offer—is a mutually accommodating effort to formulate and expedite a series of legislative measures that can be sponsored and supported by both the Administration and the leadership of Congress.

Specifically, I urge and recommend—

First, that you and the Committee Chairmen with principal responsibility for energy matters meet in the coming week to formulate an Agenda for energy legislation to be passed and signed into law during the present Session. The attached list outlines the items that I believe must be part of such an Agenda, and on which I also believe action could be completed in this Session.

Second, that staffs of the appropriate federal agencies and Congressional Committees, together with such outside experts as may be required, be directed to draft legislation which will be jointly acceptable to their principals in each area encompassed by the Agenda.

Third, that the resulting bipartisan legislative program be presented to Congress before it recesses in October, with the sponsorship and support of both the Administration and key members of Congress, and that both Branches treat this program as their first priority.

I further suggest that, concurrent with the development and enactment of this legislative program, a continuous and structured dialogue be implemented in a format jointly arrived at, between the President and his leading advisors, and leading members of Congress, regarding the diplomatic, international economic and strategic initiatives that must be carried out in concert with our domestic energy program to lower the world price of oil and to forestall a world economic collapse.

The separation of the Branches of government, partisan rivalries and the jealousies among executive agencies and among Committees of Congress, would in ordinary times make a proposal such as I have set out here unrealistic. These are, however, extraordinary times. Our security, our economic system and our way of life are at stake.

I recognize that the Administration and the Congress will have different views on many specific issues. There is, however, broad consensus on goals and on essential major programs. It is, in my view, essential that someone take the initiative to build a positive and credible national program.

I am, of course, ready to meet with you or your representatives at any time to discuss this proposal in greater detail.

Sincerely yours,

HENRY M. JACKSON,
Chairman.

A PROPOSED AGENDA FOR IMMEDIATE ACTION ON ENERGY POLICY

PRICE AND IMPORT POLICY

1. *Limitation on the price of all domestic crude oil to a level that reflects its long-term supply price* (no more than $7–$8 per barrel) rather than the dictates of the OPEC Cartel as a major element in a concerted effort to control exorbitant prices, reduce domestic inflation, and prevent unreasonable profits by exporter governments and U.S. companies alike.

2. *A freeze on total dollar outlays for oil imports* at no more than current levels, with licenses to import oil allocated by secret bid auction.

3. *Taxation of windfall oil and gas profits,* beginning with immediate repeal of special tax preferences (percentage depletion and expensing of intangibles) on all oil and gas not subject to price control.

CONTINGENCY PLANNING

4. *Extension of the Emergency Petroleum Allocation Act and establishment of standby emergency authority* adequate to cope with a total interruption of OPEC imports, through gasoline rationing, conservation plans, allocation of essential materials, and appropriate export restrictions.

5. *A system of strategic petroleum reserves* composed of salt dome and tank storage by industry and the Federal government equal to at least ninety days of imports.

ENERGY CONSERVATION

6. *An urgent energy conservation program* with special emphasis upon a 30 percent increase in automobile fuel mileage beginning with the 1976 model year, on redesign of electric and gas utility rate structures, on development of state and local energy conservation programs, and on enforcement of highway speed limits.

PRODUCTION

7. *Federal authority to increase petroleum production and productive efficiency,* including mandatory unitization where state law does not provide for it, Maximum Efficient Rate (MER) of production, and prohibition of market demand prorationing.

8. *Development and production of the Naval Petroleum Reserves in California and Wyoming* to fill the Federal component of the strategic reserve system, and *prompt exploration of Naval Petroleum Reserve No. 4* on the North Slope of Alaska.

9. *Acceleration and improvement of geological assessment and leasing on the Outer Continental Shelf.*

10. *Reform of natural gas pricing* to provide adequate incentives for new supply, and to permit interstate pipelines to obtain new gas, without allowing natural gas prices to be determined by OPEC oil prices.

ENERGY RESEARCH AND DEVELOPMENT

11. *A $20 billion, ten year energy research and development program* with specific goals, objectives and timetables along the lines of legislation now in House-Senate Conference.

12. *Creation of an Energy Research and Development Administration* to administer the national energy research and development effort.

THE WHITE HOUSE,
Washington, October 3, 1974.

Hon. HENRY M. JACKSON,
U.S. Senate,
Washington, D.C.

DEAR SCOOP: Thank you very much for your letter of September 27, 1974 giving your views on the importance of our energy and economic problems and offering to work with others in the Congress and with the Administration to develop proposals and secure legislation needed to deal with both our short and long term energy problems.

The seriousness of our national energy problem and the impact of energy on our economy has indeed been evident for some time. In my recent address to the World Energy Conference, I described the national and world-wide implications of energy supplies and prices. I believe the Economic Summit Conference which was completed last Saturday served to underscore the important role that energy plays in inflationary and financial problems of this and other nations.

All of us in the Administration have benefited greatly from the views and recommendations that we have received from many Americans over the past few weeks. I regard your views and recommendations in the energy area as a particularly important contribution to the large number of considerations which must be weighed and balanced as we develop a response to our energy and economic problems.

As I indicated in my address to the closing session of the Conference, a coherent national policy on energy is essential for economic stability. I will soon propose a national energy program aimed at assuring adequate internal supplies while reducing dependence on external sources.

I also outlined in my statement a number of actions that are being taken and I announced that we are developing action plans and legislative proposals to deal with our economic situation from the evidence and evaluations generated during the Conference. I will present recommendations to the Nation and to the Congress within the next ten days. These recommendations will, of course, recognize the critical role that energy and world oil prices play in our current economic problems.

I was pleased to note that your list of proposals for legislative action during the current session of Congress includes many of the bills submitted by the executive branch over the past two years. In my September 12, 1974 message to the Congress, I expressed the view and the hope that the Congress could complete action this session on five of the most important energy bills. These include legislation to encourage domestic production of natural gas, to create the Energy Research and Development Administration, to modify energy taxes including a new tax to recapture windfall profits from oil companies, to encourage construction of deepwater ports, and to establish clear environmental standards for surface mining so that coal production can be increased.

All of these are bills that are needed now. Members of the Administration stand ready to work with you and others in the Congress to assist in prompt passage of these measures.

While we had not anticipated that the Congress could complete work in time remaining on other major proposals submitted by the executive branch over the past months, we are fully prepared to work on such measures. For example, these proposals include legislation dealing with the Naval Petroleum Reserves, revisions of the Clean Air Act to modify unnecessarily tight deadlines and requirements which are contributing to our energy problems, standby energy conservation authority and revision of nuclear licensing requirements.

Other proposals referred to in your letter focused on longer term aspects of our energy requirement, such as building of strategic petroleum reserves, often involves considerations more complex than those involved in issues that must be resolved now. We are developing additional alternatives for longer term strategies and policies as a part of our Project Independence planning effort.

Initial findings and alternatives developed from this extensive planning effort will be available within a few weeks and we will want to discuss these with members of the Congress. I believe both the Congress and the Administration should have the benefit of these analyses before legislation is enacted which sets us upon courses of action that are not yet understood adequately.

Actions to deal with longer term energy matters must be high on the agenda for the Administration and the Congress as we complete work on the high priority energy bills listed above and the measures that I will be proposing within the next ten days. We will plan to begin consultations on these longer term issues in the latter part of November.

I sincerely appreciate your offer to work for prompt Congressional action on high priority energy legslation and I look forward to working with you on the development of new proposals.

Sincerely,

JERRY FORD.

STATUS OF MAJOR ENERGY LEGISLATION, 93D CONGRESS

(As on October 1, 1974)

I. ENACTED AND PUBLIC LAW

1. Economic Stabilization Act amendments (authority for fuel allocation)	93– 28
2. Trans-Alaska Pipeline	93–153
3. Emergency Petroleum Allocation Act	93–159
4. Daylight Saving Time	93–182
5. Highway Speed Limits	93–239
6. Federal Energy Administration	93–275
7. Energy Supply and Environmental Coordination (Coal Conversion and Clean Air Amendments)	93–319
8. Energy Research and Development Appropriations	93–322
9. Solar Heating and Cooking Demonstration Act	93–409
10. Geothermal Energy Act	93–410
11. Funding Appropriation to Explore and Develop NPR's	93–245
12. Rural Electrification Act	93– 32
13. Federal Aid Highway Act (Allows use of Highway trust fund for mass transit)	93– 87
14. International Oil Pollution Convention	93–248
15. Water Resources Planning Act	93– 55
16. Amend EURATOM Cooperation Act	93– 88
17. Rail Passenger Corporation	93–146
18. Housing and Community Development Act (Promotes energy conservation and use of solar energy in housing)	93–383
19. Aid Energy Affected Small Business	93–386
20. Fuel Cost Pass-through for Truckers	93–249
21. Oil Pollution Act Amendments	93–119
22. Northeast Rail Service Act	93–236
23. NASA Authorization (Includes solar satellite power station study)	93–316
24. Natural Gas Pipeline Safety Act, additional appropriations	93–403
25. Defense Production Act of 1950, extend for two years. Includes materials and fuels allocation authorities and provisions of S. 3523, to establish a temporary National Commission on Shortages and Supplies	93–426

II. VETOED

1. Energy Emergency Act (S. 2589, H.R. 11450)

III. IN CONFERENCE

1. Surface Mining Control and Reclamation Act (S. 425, H.R. 11500).

2. Energy Research and Development Administration (H.R. 11500, S. 2744).

3. Energy Transportation Security Act (H.R. 8193).

4. Energy Research and Development (S. 1283).

5. Solar Energy Act (S. 3234).

6. Urban Mass Transportation Act (S. 386). Recommitted July 30, 1974.

7. International Nuclear Cooperation (S. 3698).

8. Atomic Energy Act, Price-Anderson provisions (H.R. 15323).

9. Suspend duty on methanol (H.R. 11251).

10. Export Control (amends Trans Alaska Pipeline to insure any oil exports do not reduce total supply of oil to U.S., and to consider monitoring of exports of oil production equipment) (S. 3792).

11. Foreign Investment Study Act (to investigate foreign investment in the U.S., particularly in coal and other natural resources) (S. 2840).

12. Amend Daylight Saving Time (H.R. 16102).

13. Public Works and Economic Development Act: Title IX Special Economic Adjustment Aid, Special Aid for energy affected areas and industries (H.R. 14883, S. 3641).

IV. REQUIRING SENATE ACTION

1. Standby Energy Emergency Act (S. 3267, H.R. 13834, on Senate Calendar; pending before House Rules Committee).

2. Deep Water Ports Act (H.R. 10701, reported).

3. TVA Pollution Control Cost Credit (H.R. 11929, referred to Senate Public Works, March 21, 1974).

4. Federal Mass Transportation Act (H.R. 12859, referred to Senate Banking, Housing and Urban Affairs, August 22, 1974).

V. REQUIRING HOUSE ACTION

1. National Fuels and Energy Conservation Act (S. 2176 before House Commerce Committee; no action scheduled).

2. Allocation Act Extension (S. 3717, Hearings held, House Interstate and Foreign Commerce, reporting of a bill to extend Act until August 31, 1975, probable).

3. Elk Hills and Naval Petroleum Reserves (S.J. Res. 176 pending in House Armed Services; no action scheduled).

4. Energy Policy Council. (S. 70 pending before House Commerce Committee; no action scheduled).

5. OCS Supply Act. (S. 3221, Referred to House Interior Committee September 24).

6. Federal Coal Leasing Policy. (S. 3528, Referred to House Interior July 10).

7. National Land Use Policy. (S. 268, H.R. 10294, Reported from House Interior and Insular Affairs, February 13, 1974).

8. National Resource Lands Management (S. 424, referred House Interior and Insular Affairs, July 10, 1974).

9. Protect Franchised Dealers in Petroleum Products (S. 1694, referred to House Interstate and Foreign Commerce, August 8, 1974).

10. Utility Cooperatives serving Food Producers, improve access to credit for expanding facilities (S. 2150, referred House Agriculture, December 17, 1973).

11. Oil Shale Revenues, permit state use purposes other than public roads and schools. (S. 3009, referred House Interior and Insular Affairs, May 13, 1974).

12. Federal Columbia River Transmission System (S. 3362, reported in House September 25, 1974).

13. Construction of Coal Pipelines (S. 3879, referred House Interior and Insular Affairs, September 23, 1974).

VI. REQUIRING SENATE AND HOUSE ACTION

1. Oil and Gas Tax Policy:

(Bills are pending in both bodies which could be the vehicle for changes in oil and gas tax policy. The Mills omnibus tax bill is stalled before House Rules on the question of depletion allowance).

2. Natural Gas Regulating Policy:

(Bills are pending in both bodies and hearings have been completed in the Senate).

3. Strategic Reserves:

(S. 1586 ready for markup in Interior Committee; Committee staff substitute in draft).

4. Refinery Incentives:

(Ordered reported by the Interior Committee).

5. Energy Information:

(In markup in Senate Interior Committee).

6. Foreign Oil Contracts Act:

(Pending before Senate Foreign Relations Committee).

ENERGY CONSERVATION NEEDED NOW TO CURB RUINOUS INFLATION

Mr. RANDOLPH. Mr. President, the American economy is in a precarious situation which demands firm and immediate action. So serious is the situation that citizen confidence requires that deliberate and firm action must be taken immediately. Such initiatives should demostrate the ability of the Federal Government to deliver on its promises.

On January 16, 1973, in this Chamber I outlined 26 proposals for inclusion in a national energy policy. Subsequently the 93d Congress has enacted no less than 13 new Federal statutes in the energy field. Many of these include features of the proposals I offered 21 months ago.

Further initiatives are necessary, however, if the United States is to cope with the potential energy shortages confronting our country. A number of important Federal actions are proposed in the resolution that I shall cosponsor with Senators JACKSON, MANSFIELD, MAGNUSON, and STEVENSON. The Senator from Washington (Mr. JACKSON) has outlined the provisions of this measure which will be introduced tomorrow.

My cosponsorship of this resolution is not an endorsement of each specific item contained in it. Rather, my action reflects my support for the broad principles encompassed in the resolution and my continuing concern over the need for affirmative and timely action to cope with the energy crisis and a deteriorating economy.

Perhaps the most significant actions that can be taken to aid in our fight against inflation are in the area of energy conservation. While we pursue legislative remedies to deal with the long-term energy problems facing our country, as enunciated in the resolution, we must also reinstitute the conservation measures which served us so well during the energy crisis last winter.

We should immediately launch a national energy conservation crusade within the Federal Government and call on the citizens of our country to voluntarily accelerate efforts to reduce their consumption of fuels and energy. Such actions will have a favorable impact on prices and inflation from a reduction in the consumption of expensive foreign energy supplies.

We have committed a grievous error by forgetting the fuels crunch which so disrupted our country last winter. A comprehensive energy conservation program to conserve energy will not only aid in the fight against inflation but it will also lay the groundwork to insure that we are prepared to confront energy shortages this winter should they occur.

Even more importantly energy conservation can do much to reduce inflation. While international oil prices have been skyrocketing, we have been importing more of this expensive fuel than ever before. The high cost of this foreign oil is ravaging our balance of payments and is a major factor in our current double-digit inflation. This dependence, which is expected to amount to some $25 billion this year, is dangerous especially in view of our grave economic situation.

Energy conservation policies must certainly be at the forefront of our national energy policy initiatives because of the favorable impact on prices and inflation from a reduction in the consumption of expensive foreign energy supplies.

In addition we must undertake actions in the areas of energy pricing, import and tax policies, contingency planning and strategic reserves, stimulating new energy supplies, and energy research and development. In the interest of stimulating joint administration and congressional actions on the formulation of a national energy policy, it is a privilege to join Senator JACKSON and other Members of the Senate in sponsoring this resolution.

WASHINGTON PROVIDED VALUABLE INFORMATION BY ERTS

Mr. MOSS. Mr. President, the Governor of the State of Washington, the Honorable Daniel J. Evans, has written to me about the extensive use his State is making of data from the ERTS satellite.

Washington has used ERTS imagery to evaluate tussock moth damage, in timber inventory, in shoreline coastal zone management, in dam monitoring, in water studies relating to oil spills, and in many other areas.

Governor Evans says:

> The Earth Resources Technology Satellite (ERTS) has provided valuable information to both the agriculture and forestry industries and to the State of Washington. We are continually discovering new ways to apply ERTS imagery to the management of our state's resources.

Mr. President, I ask unanimous consent that Governor Evans' letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF WASHINGTON,
Olympia, Wash., August 19, 1974.

Hon. FRANK E. MOSS,
Chairman, Committee on Aeronautical and Space Sciences, Washington, D.C.

DEAR SENATOR MOSS: The Earth Resources Technology Satellite (ERTS) has provided valuable information to both the agriculture and forestry industries and to the State of Washington. Our Department of Natural Resources, through its Resource Inventory Division, receives and distributes the ERTS imagery data. We have, for example, used ERTS imagery in evaluating Tussock Moth damage to the Douglas Fir which has been a major problem to this state. On the 2 million acres of state-owned forest land, the Department of Natural Resources has also utilized ERTS to accumulate timber inventory information and data needed to establish the annual allowable timber harvest.

The Department of Natural Resources is not the only agency taking advantage of the ERTS system. The Department of Ecology uses ERTS in several programs; Shoreline coastal zone management to delineate wetlands and ocean beach vegetation; dam monitoring; and water baseline studies relating to oil spill risk areas. The University of Washington has two major projects in their Urban Planning and Civil Engineering Departments, which use ERTS imagery.

We are continually discovering new ways to apply ERTS imagery to the management of our state's resources. We are presently developing computer capabilities which will translate ERTS data into computer generated land use charts. Such developments make us very enthusiastic about the potential long range benefits available to Washington as a result of the ERTS program.

I wholeheartedly support your efforts for an operational ERTS system. If I can be of further assistance in generating support for this project, please feel free to call or write.

Sincerely,

DANIEL J. EVANS,
Governor.

COMPETITION AND GOVERNMENT REGULATION

Mr. MOSS. Mr. President, yesterday, Lewis Engman, the Chairman of the Federal Trade Commission gave a speech to the fall conference of the Financial Analysts Federation which hit the mark for clarity. Mr. Engman has echoed a sentiment which I have long felt, that our Government regulatory structure preserves inefficiencies and is burdensome to the public.

In our free enterprise system, only limited regulation should be permitted. In the case of those industries which are monopolistic, until such time as competition is restored, I support regulation. But in the area of competitive industry, regulation is a protectionist device which saps the fires of true competition. Recently I have given a number of speeches on this subject and have found the audiences to be most receptive. The public no longer wants agencies of Government interfering in the marketplace. Competition is the long-range arbiter of price and quality, not Government regulators.

To that extent, I congratulate the Chairman of the Federal Trade Commission, and I urge other Members of the Congress to review his speech. I believe that a significant part of our fight against inflation will be successful if we direct our attention to restoring competition and eliminating wasteful Government regulation.

I ask unanimous consent that the text of this speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

ADDRESS BY LEWIS A. ENGMAN, CHAIRMAN, FEDERAL TRADE COMMISSION

I imagine many of you followed with the same interest I did the summit and pre-summit economic conferences last month.

Probably you were not surprised at the fact that inflation—or perhaps, to put it more accurately, "stagflation"—was widely agreed to be the country's number one problem.

You should not have been surprised either that there was little agreement on how to deal with it. You get that many economists, businessmen and labor leaders together and you will be lucky if you can get them to agree on where to go to lunch.

Can you imagine acting as moderator for that group? I can think of less frustrating jobs. Like being the construction foreman on the Tower of Babel, for instance.

I don't want to be unfair to the summits. Although gatherings like that do not exactly produce an ideal decisionmaking environment, I believe it was worthwhile to get everyone's views out on the table. It also demonstrated that the present inflation is not a problem susceptible to a quick or easy "fix".

As for getting a consensus from that many independent minded people on a subject as complex as how to stop inflation, I suspect that anything resembling agreement would be most likely to be a sort of eclectic anthology of economic wisdom, and I'm not at all sure that is a good idea.

If we are going to make it up the long haul ahead of us, it is more assuredly not going to be in an economic policy vehicle that has John Kenneth Galbraith's engine block, Otto Eckstein's clutch, Dick Gerstenberg's drive shaft and Leonard Woodcock's transmission.

That kind of compromise approach reminds me of the husband and wife, one of whom wanted to paint the house red, and the other blue. Since neither would settle for the other's color, they mixed the two paints together and got purple, which was ugly but okay because neither one of them liked it.

In economic planning as in painting, the only thing to be said for that approach is that it is equitable.

Certainly there is no shortage of suggestions for how to deal with inflation.

On the front shelf is the traditional medicine, prescribed since time immemorial for the symptom of uppity prices: tight money and a balanced budget. There are those who doubt the effectiveness of this old cure in a cost-push world, but its proponents still outnumber its detractors.

In addition, there are some, myself among them, who also believe that inflation can be reduced by purging the economy of anticompetitive behavior. The FTC and the Justice Department's Antitrust Division are both looking with especial care for the types of trade restraints, collusion and unfair marketing practices which reduce competition and lead to higher prices for consumers.

Some have suggested that import duties and quotas be lifted to permit entry of more lower priced foreign goods.

Others cast their vote for the reimposition of controls or, at least, for some form of guidelines.

But the suggestion enjoying perhaps the greatest vogue at the moment is that inflation can be curbed by reducing the government's involvement in the economy; more specifically, by reducing its regulatory role.

It is not just the survival-of-the-fittest, every-man-for-himself free-marketeers who make this suggestion. It has the support of many people generally viewed as liberal and interventionist in their approach to the economy.

It has received the blessing of Ralph Nader.

And it is about to be endorsed by Lew Engman.

And here's the reason. Though most government regulation was enacted under the guise of protecting the consumer from abuse, much of today's regulatory machinery does little more than shelter producers from the normal competitive consequences of lassitude and inefficiency. In some cases, the world has changed reducing the original threat of abuse. In other cases, the regulatory machinery has simply become perverted. In still other cases, the machinery was a mistake from the start. In any case, the consumer, for whatever presumed abuse he is being spared, is paying plenty in the form of government-sanctioned price fixing.

Take the airline industry for instance. Under the Federal Aviation Act, the Civil Aeronautics Board controls the entry of new carriers to the market, controls the distribution of routes and has the power to disapprove or modify an airline's rate change proposal after hearing complaints from the so-called competition.

The result is that in the areas of rates and routes for all intents and purposes there is no competition at all. Competition, where it exists, is concentrated on the one unregulated aspect of airline activity, customer service. That is why the average airline commercial looks like an ad for a combination bawdy house and dinner theatre.

This may lead to some pleasing amenities. But it puts the customer in the position of captive buyer. Nobody asks him if he would rather have the money than the movie, or if he would like to brown bag it from New York to California instead of having the steamship round of beef au jus on the little plastic plate. He is just asked to pay up.

If you have any doubt that one consequence of the CAB's control over rates and routes is higher prices, you need only look at what happened some years ago in California when Pacific Southwest Airlines, an intrastate carrier not subject to CAB rate regulation or entry restrictions, entered the San Francisco/Los Angeles market with rates less than half those being charged by the interstate CAB certified carriers TWA, Western and United.

What happened? After attempting to ignore PSA's lower fares, the CAB carriers were forced to cut their rates to meet the competition. Even today, to fly from L. A. to San Francisco it costs only about half as much on a per-mile basis as it costs to fly from Washington to New York.

Of course, it is true that a major airline will try to make a fat profit on a high volume run like Los Angeles/San Francisco because it knows it is going to lose a bundle flying between Black Rock and Where-am-I City which the CAB, with the full support of concerned and interested members of Congress, requires it to do.

Except in those instances where it encounters competition from a PSA, it will succeed in this little book balancing act, charging one customer to pay for the flight of another so the CAB can perpetuate a network of routes which no longer and perhaps never did conform to the pattern of demand.

Certainly, no interstate carrier need be excessively concerned about new competition. The CAB has not approved entry of a new trunk carrier to the market since 1938. And just last month, the CAB rejected an application by Laker Airways, a privately-owned British airline, to fly regularly scheduled New York/London flights for $125 each way. That price, by the way, is little more than one-third of the economy fare charged now by Pan Am, TWA, and the other members of the international rate-fixing cartel.

As if that were not enough, the CAB also has been moving in directions which would raise prices in the heretofore unregulated chartered market. Recently, it approved discussions between scheduled and charter carriers in hopes that a mutually satisfactory rate-floor for charter flights could be agreed to. I hardly need add that any such floor would be higher than current rates.

I would find it hard to imagine a more obvious instance of prices being pushed up by regulation than the case of the airlines.

Unfortunately, I do not have to imagine such a case, for we have the Interstate Commerce Commission. That body, as you know, was created way back in 1887 supposedly to protect shippers against the monopolistic power of the railroads.

But by 1935, the nation had sprouted a network of highways, and the trucks which rolled over them were biting deeply into the market power of the railroads.

With the trucking field still wide open to new entrants, this might logically have been the time to dismantle the ICC. The railroad monopoly was broken, competition could take its course.

Did that happen? No sir. Instead of freeing the railroads from regulation, Congress, in the Motor Carrier Act of 1935, just cast the regulatory net wider to include the interstate truckers as well.

As a result, today we have a situation in which market entry by new trucking firms is restricted by the ICC at the same time that rates are being fixed by the carriers who are given antitrust immunity to do so. Though the ICC has authority to investigate rate findings by the carriers, according to testimony given before a House Committee two years ago, the Commission was doing so in less than one percent of the cases.

And what is the result? Well, when the Supreme Court held some time ago that fresh dressed poultry was an agricultural commodity under the ICC Act and thus not subject to regulation, the average rate for shipping it fell by 33 percent. It is gratifying to note that the party who got the short end of the 5-4 decision was a certificated carrier who was trying to stamp out the competition of an uncertificated carrier who had the temerity to haul chickens without a license.

I have given you just a couple of examples. But, when you take all of the industries subject to direct federal regulation—that's air, rail and truck transport, power generation, television, radio, the securities industry and others—it works out to a substantial fraction of the economy.

In fact, it is estimated that these regulated industries account for 10 percent of everything made and sold in this country. What makes them even more important from the point of view of inflation is that they tend to be industries whose prices show up as costs buried in the prices of hundreds of other products.

Take transportation for example. When you change the price of hauling freight, that change is going to show up in a lot of other products. Moreover, it will show up not just once but again and again. By the time you get a piece of meat from the pasture to the plate, it carries with it numerous transportation charges.

And these industries subject to direct regulation are only part of the story.

There are, in addition, the dozens and dozens of federal and state regulations, prohibitions, proscriptions and requirements all of which subvert competition in the name of a greater objective—though sometimes it is hard to see exactly what that greater objective is or on whose judgment its greatness rests. I refer to things such as:

State laws against advertising the prices of eyeglasses or prescription drugs;

The Jones Act forbidding foreign competition in the shipping business between U.S. ports;

The Federal Government's own "buy American" procurement preferences which can allow domestic producers to charge as much as 50 percent more than foreign sellers for some items. I should add that many states have similar preferences;

An agricultural price support program which asks the consumer to buy with his tax dollars what he does not want, cannot use and will never eat;

An agricultural export subsidy program which asks the consumer to pay the farmer to sell his product to some foreign buyer at a price lower than that at which the consumer himself can get it.

The effect of some of this regulation may perhaps be seen in some recent events in California. This summer the California Milk Producers Association dumped 420,000 gallons of fresh skim milk into Los Angeles harbor. The dairy co-op said that it was necessary to dump the milk "because no market could be found for it."

At what price, I might ask. I suspect that more milk could be sold if it were not for the elaborate government programs designed to maintain higher than competitive prices on the producer, processor and on the retail levels.

I mention only a few. Former Council of Economic Advisers' members Hendrik Houthakker has compiled a list of 45 regulatory policies that contribute to inflation.

The list of noble goals advanced to support these regulatory subsidies is virtually without end. I'm as humane as the next guy. I am not criticizing these goals. A responsive government must take action to address the demands of the people.

But mischievous means are not justified by noble ends.

To me, the most distressing development is the pervasive and well-accepted dishonesty that pervades the government's approach to regulation.

The existing crazy quilt of anti-consumer subsidies embodied in the intricately woven fabric of federal and state statutes and regulations is pernicious because:

The subsidies are deliberately hidden from public view.

The government has irresponsibly lost track of the actual cost of these subsidies.

In most, if not all, cases, we have adopted the least efficient form of subsidy with the purpose of hiding the subsidy from the public and obfuscating its true cost.

From time to time, proposals have been made to provide direct cash subsidies in lieu of the patchwork of regulatory subsidies that now pervade our economy. Opponents rise indignantly to object that hard-working individuals and businesses don't want handouts. Well, a rose by any other name. . . .

Our airlines, our truckers, our railroads, our electronic media, and countless others are on the dole. We get irate about welfare fraud. But. our complex systems of hidden regulatory subsidies make welfare fraud look like petty larcency.

I have no way of knowing what the numerous regulatory measures cost the consumer each year. I have seen private estimates indicating that the annual costs in the transportation area alone may exceed $16 billion.

I invite students of this kind of thing to come up with their own figures. Whatever they are, I think we can all agree on this: the costs are too high.

There are free market purists who are reveling in the growing disenchantment with heavy-handed regulation. They have contended all along that the market was the fairest and most rational allocator of resources; that you could no more improve its performance by regulation than you could improve the performance of a fine watch by poking around in its works with a paperclip.

It seems to me that these arguments—taken to the extreme—are both naive and destined to be ignored. They are naive because they stress only the virtues of the long range adjustment facility of the market system. They ignore the short term dislocations that market forces produce and they discount legitimate social objectives that enlightened peoples choose to pursue. Voters do not live on bread alone. And to the extent they do live on bread, it is this year's bread, not next year's.

The market will not prevent bank failures or compensate their victims. It will not guarantee safe toys or unadulterated drugs. And it will not ensure a clean environment.

If we want to be assured of these things, we may need some regulation.

Regulation may also be needed to protect the consumer where natural monopolies exist, that is, where economies of scale argue strongly for a market being served by a single producer. Electric power and local phone service are good examples of this.

These are instances in which some would say that the benefit of regulation can be said to exceed its costs.

But the trade-off between benefits and costs is not always an easy determination to make. Moreover, neither the benefits nor the costs will remain constant over time. Some of the costs, such as direct expenditures, are obvious. Others, such as the costs the consumer pays for diminished competition, are not so obvious.

The problem of weighing costs and benefits is made more complex because often it is necessary to compare unlike qualities. (How, for instance, do you give pain and suffering a monetary value?) Or because those who bear the costs may be far more numerous than those who reap the benefits. (In order to spare one person 100 units of discomfort, is it fair to assess 100 people more than one unit each?)

I don't know the answers to these questions. The point is that each and every regulation or regulatory policy that contributes to inflation should be re-examined to make sure that the trade-off between costs and benefits which presumably brought about its institution, is still valid. We may well find that some of the more costly ones look a lot less attractive in a world of 12 percent inflation than they did in a world of 3 percent inflation.

We should also re-examine them to see whether those imagined trade-offs were accurate in the first place. For instance in the case of the ICC, rates wasted no time in going up immediately after the agency's creation.

When truckers are permitted to fix prices and are subject to a panoply of regulations all because the transportation mode with which they compete once had excessive market power, one is hard pressed for a logical explanation. When airlines are going broke despite the fact that they charge twice as much as others are willing to fly for, something is seriously wrong.

The fact of the matter is that most regulated industries have become federal protectorates, living in the cozy world of cost-plus, safely protected from the ugly specters of competition, efficiency and innovation.

There are those who hold the businessman to be so unprincipled and greedy that they regard any governmental interference with his free movement as an addition to the social welfare.

Experience would seem to contradict that point of view. In point of fact, the effect of government interference frequently has been to remove the one thing that stood in the way of the anti-social exercise of greed; I am referring to competition. Meanwhile, the scheme of regulation has proven at least as susceptible to the lure of protectionism as the private interests it replaced.

As a political matter, we will not be able to pare away our excessive regulatory fat unless the public can be assured of adequate protection against the abuses that regulation was designed to curb.

We at the Federal Trade Commission can help provide that assurance. Through a vigorous antitrust policy, we can help prevent the aggregations of private market power which permit consumer abuse and create a need for regulation.

But there will still be cases in which regulation is necessary. For those cases, the advice I would offer is that the costs of the regulation—and I mean the direct costs, the indirect costs, the present costs and the future costs—be fully understood and consistent with what we hope to gain. The task won't be simple. Cost calculations of the type I propose are likely to be imperfect. We currently lack not only accepted calculation methodologies but also much of the raw data necessary to informed estimates. But unless substantial progress is made, our regulators will continue to stumble around in an increasingly expensive game of blind man's buff. Unless and until these facts are brought to light, I see little hope for assuming that public actions will match up to public expectations or the public interest.

TAX CREDIT ON INTEREST ON SAVINGS

Mr. CHILES. Mr. President, yesterday Senators Bartlett, Domenici, Huddleston, Nunn, and myself introduced a bill to provide a tax exclusion or a tax credit on interest earned on savings accounts.

Today I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 4094

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by adding at the end thereof the following new section:

"Sec. 43. Interest on Savings Received by an Individual.

"(a) In General.—In the case of an individual, there is allowed, subject to the limitation in subsection (b), as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 33⅓ percent of all interest and dividends received during the taxable year from a financial institution.

"(b) Limitation.—The credit allowed by subsection (a) for a taxable year shall be limited to $260.00.

"(c) Definitions.—For purposes of this section—

"(1) Financial Institution.—The term 'financial institution' means—

"(A) a bank, as defined in section 581, and

"(B) a savings institution described in section 591.

"(2) Interest Received.—The term 'interest received' means interest or dividends on savings deposits or withdrawable savings accounts received by, or credited to the account of, an individual."

"(b) The table of sections for such Subpart A is amended by adding at the end thereof the following item:

"Sec. 43. Interest on savings received by an individual."

Sec. 2. Part III of subchapter B of chapter I of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended—

(1) by redesignating section 124 as 125; and

(2) by inserting after section 123 the following new section:

"Sec. 124. Partial Exclusion of Interest Received by Individuals.

"(a) General Rule.—In the case of an individual, gross income does not include any amounts of interest received by, or credited to the account of, a taxpayer from a financial institution as interest or dividends on savings deposits and withdrawable savings accounts during the taxable year. If the amount of interest on taxpayer's savings deposits and withdrawable savings accounts exceed $1,000, the exclusion provided by this section applies to the interest or dividends first received during the taxable year.

"(b) 1. Limitation.—The exclusion allowed to any taxpayer under subsection (a) for any taxable year shall not exceed $1,000,

"(2) Limitation.—The provisions of this section do not apply to interest or dividends received by, or credited to, any individual for any taxable year when the taxable income of such individual, determined in accordance with the provisions of parts I, II, and III (other than this section) of this subchapter, is such that the corresponding tax rate as determined by section 1 is equal to or greater than 50 per centum.

"(c) Definition.—For the purposes of this section, the term 'financial institution' means—

"(1) A bank, as defined in section 581, and

"(2) A savings institution described in section 591.

"(d) Election to Take Credit in Lieu of Exemption—This section does not apply in the case of a taxpayer, who, for the taxable year, elects to take the credit against tax allowed by section 43 (relating to interest on savings received by an individual). Such election shall be made in the manner and at the time prescribed by regulations by the Secretary or his delegate."

"(e) The table of sections for such part III is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 124. Partial exclusion of interest received by individuals.

"Sec. 125. Cross references to other Acts."

Sec. 3. The amendments made by this Act apply to taxable years beginning after December 31, 1974.

THE TRANSPORTATION SUMMIT

Mr. CRANSTON. Mr. President, on September 19 and 20, I had the privilege of attending the Transportation Industry Conference on Inflation held in Los Angeles. This conference was one of the "minisummits" sponsored by the administration as a forerunner to the September 27–28 White House economic summit. Much attention there was focused on the problems of mass transit systems. I am hopeful that some of these problems will be resolved by prompt approval of the comprehensive mass transit bill (S. 386) recently reported by a House-Senate conference committee.

Mr. President, I ask unanimous consent to have printed in the Record a statement I made in conjunction with the opening of the transportation conference.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Remarks by Senator Alan Cranston on the Transportation Industry Conference on Inflation

It is appropriate that President Ford has called a summit-level conference on transportation as it relates to our present economic situation. It is a truism that the American economy—indeed, our whole way of life—is utterly dependent upon a vast and fragile web of bus and truck lines, seaways, rail and air routes. In recent years we all have seen the dislocation caused by just temporary interruption of a single one of these systems. There is no question but that people and products must be moved quickly, efficiently and in a rational manner in the United States.

How we accomplish rational transportation, bears directly upon other national goals: economic, environmental and energy. It is self-evident that we cannot have the kind of environment we want as long as we sacrifice clean air and open land upon the altar of the internal combustion engine. It is equally obvious that we cannot properly conserve limited fuels while maintaining the 5,000-pound single-family gas hog as a national mascot.

It is fitting that this conference is held in Los Angeles. This is a city largely built by and for the automobile. And with a ratio of 6 mililon motor vehicles to 10 million persons, the South Coast Air Basin is paying the price: in bad air, wasteful land use, and separation of people from their jobs, their neighborhoods and from each other.

But Los Angeles in the last two years has made progress on the thorny issue of mass transit. Preferential bus and carpool lanes are being established. Bus fares have been lowered to 25-cents to induce passengers out of their cars. A subscription bus program has been initiated for downtown employes and about one-third of all city employees are carpooling. The city has adopted a comprehensive plan for bikeways and bike paths. And in a few weeks, local voters will rule on a proposal to raise the sales tax to provide increased funds for mass transit. I am firmly supporting that ballot proposition.

Probably more people and goods are moved within California, via all means of transportation, than within any other state. In the course of this conference I expect to hear from management, labor and consumers. We will hear about the economic pressures being faced by air, rail, bus and taxi companies, bargelines, freight forwarders and ocean shippers. We will explore whether present government policies are helping or hindering the industry's efforts to cope with double-digit inflation. It is possible that existing regulations are fueling inflation and reducing productivity in transportation. If so, it is our obligation to review those policies and make changes where necessary.

I hope this conference also focuses the attention of private industry, government and the public on the absolute necessity for improving urban mass transit. In Sept. 14, the trans-bay tunnel of the Bay Area Rapid Transit system was officially opened with great ceremony. The United States now has its sixth working rapid transit system—not a particularly good record for a nation with the technology to put men on the Moon. It illustrates the problem to say that many Americans can travel great distances between cities in less time than it takes them to get from their homes to the airport. This suggests that our priorities have been seriously misplaced. As a member of the newly-created Senate Budget Committee, I look forward to working for new emphasis on the urgent need for more mobility *within* our cities and suburbs.

The federal role is clear. Federal funds must be provided for planning and building new urban transit. And for improving and enlarging existing systems. Federal money is needed to "market" mass transit. The empty seat on the bus or train, once gone, can never be filled. If mass transit is going to survive as an alternative to the automobile, it must be made as least as attractive as the automobile. Modern, efficient systems—whether bus or fixed-rail—must replace the dilapidated service found in too many American cities. Otherwise mass transit will die. And with it goes the hope of our cities.

I beleve it is also part of the federal responsibility to provide operating subsidies for urban transit. The Senate has endorsed this principle four times in the past three years. The House has passed operating subsidies twice in the past two years. But in each case, federal aid offsetting the skyrocketing costs of operating transit systems died because of White House opposition. The result was millions for hardware, but not a penny to help transit systems break even. This policy forced many cities to plan for fixed-rail transit, even if it was not the best answer for that particular community, simply because that's where the money was. A community can only utilize so many buses. And they last for 20 years. But paying for the operation of a fleet of buses is another problem. Bus drivers in the East Bay, for instance, earn $6.22 an hour and are scheduled to go up under their present contract next year. There is little sense in providing money for buses and fancy rail systems if no community can afford to operate them.

If we fail to place mass transit high on our list of spending priorities, we will do violence to all our efforts to curb inflation. The effect of rising transportation costs on the average family budget is obvious. Next to food and shelter, transportation is probably the most necessary, and rapidly appreciating, commodity. California motorists buy 10 billion gallons of gasoline a year. Nowadays the average motorist is spending 24 cents a mile—or $2,400 a year—to operate a car, not counting parking fees.

Without operating subsidies for existing transit systems, fares will have to be raised, or services drastically curtailed—or both.

The urban worker, marginal-income families and the elderly will be the first victims of rising fares and diminishing service. In short, the same persons who have felt the cruelest effects of all other cost of living increases in recent years. They are the people whose incomes, when measured against higher costs of food, housing and other essentials, have registered a shattering net loss. The poor are certainly getting poorer.

Transit fare increases, necessitated by failure to provide adequate operating subsidies, will also register on the national inflation scale. According to the U.S. Conference of Mayors, a 50 percent increase in fares will increase the Consumer Price Index .5 percent, because transit fares nationwide account for 1 percent of the CPI. Such an increase would have the multiplier effect of raising the federal budget some $350 million annually, the Mayors estimate. That would be a totally unjustified and avoidable drain on the federal budget.

We can provide the necessary aid for mass transit without fueling inflation. Last year Congress broke the Federal Highway Trust Fund for the first time, making additional revenues available for financing mass transit. An amendment I offered put gas tax money to work building bike paths to encourage a most healthful and totally non-polluting form of transit. We can expand on the use of highway trust fund monies. We can reimpose the auto excise tax and use those revenues for mass transit. I favor an additional surcharge on big cars, putting still more auto revenues to work curing the problems caused by over-dependence on the auto.

Congress and the Ford Administration can agree on certain outlines of a National Transportation Policy. We can agree that Federal fiscal support is needed to make urban mass transit work, though we may disagree on how much the federal government should pay and how much should be generated by local government and transit users. We can agree on the need to market mass transit—to make it work so people will continue to use it. We agree that decisions over the use of federal money, either for capital improvements or for operating subsidies, should be made by local officials.

President Ford, by holding this conference on transportation as part of his overall strategy for a domestic summit on the economy, has indicated his appreciation for the role of transportation in all our affairs. I think that's a good sign.

CHAOS IN OUR SCHOOL DISTRICTS

Mr. DOMENICI. Mr. President, for many months, school principals in my State of New Mexico have written to point out their funding difficulties as they relate to Federal subsidy programs. I have recently received another such letter which I would like to bring to the attention of my colleagues.

The letter from Robert K. Maxwell, director of Federal programs, Roswell Independent School District, clearly illustrates the need for adequate advance information being transferred to all school districts prior to contract negotiation and program implementation.

I am particularly heartened by the passage of H.R. 69, the Elementary and Secondary Education Act Amendments of 1974, which clearly states in section 802 that advance funding be allocated. As I understand this provision, advanced funding will be distributed for all federally subsidized education programs. Should the plan fail and advanced funding be more talk than reality, Mr. Maxwell has described the resulting chaos school districts experience.

I ask unanimous consent that Mr. Maxwell's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SEPTEMBER 18, 1974.

Hon. PETE V. DOMENICI,
U.S. Senator, Committee on Public Works, Washington, D.C.

DEAR SENATOR DOMENICI: H.R. 69, recently signed into law by President Ford, provides for a study by the Commissioner of Education on the effects of late funding of federal education programs. Specifically the question has been asked, "Late funding—does it hurt?". The Commissioner of Education is to try to find out how much late funding of elementary and secondary education programs handicaps local education agencies in planning education programs, and whether program quality and achievement of objectives is "adversely affected" by such delays. Congress also wants to know what legislative or administrative action might overcome the whole problem.

It seems to me that the whole study is redundant in light of what has already become evident at the local level. I would refer you to a letter from this office to you dated 5 November 1973, and a similar letter from the Title I Coordinator in Albuquerque dated 31 October 1973. In both cases we outlined in considerable detail the adverse effects of late funding. We have never finished a year in Title I of PL 89–10 (ESEA) with the same budget as we had at the beginning of the year. Last year was no exception. We began the fiscal year on 1 July 1973 with an approved project for $230,313.00. Because of the language in the continuing resolution we amended the approved project of $312,981.00. Because of the change in language again when the appropriations bill was signed in December 1973, New Mexico lost funds in relation to the first two quarter grant awards and our project was reduced in January 1974 by $46,331.00 to the final level of $266,650.00. We have started the current year in typical fashion with no bill as of the beginning of the fiscal year; a continuing resolution from Congress at the last minute; no distribution of funds for programs for the current year until the last week of August (meaning that many districts had to borrow money from operational funds to meet payrolls); and no approved funding level likely to filter down from Congress through the President through the U.S. Office of Education through the state to the local level until at least the end of the first semester of school. Late funding does hurt! It is almost impossible to plan a program in the middle of the year that is as effective as one planned before the year begins. It is rarely possible to find personnel to staff a program beginning in the middle of the year. It is highly frustrating to be forced to terminate personnel during the year because of budget cut-backs. Yes, late funding does result in adverse effect on programs. The action to overcome the problem seems to be simple and obvious. Forward funding so that adequate planning can be done and budgets can remain stable for a program year should solve this particular problem.

It may be that the Congressmen from New Mexico are more closely in touch with their constituents, and that they have a better grasp of some of these factors than Congressmen from more populous areas. I believe that you personally are aware of the problems associated with late funding. I hope that you will communicate these problems to your colleagues so that forward funding can become a reality.

Sincerely,

ROBERT K. MAXWELL,
Director of Federal Programs.

ELIMINATING ARTIFICIAL AND OBSOLETE RESTRICTIONS

Mr. GURNEY. Mr. President, at the recent Summit Conference on Inflation held here in late September, a number of distinguished economists and other authorities spoke forcefully to the need for eliminating artificial and obsolete restrictions that cause various segments of our economy to operate inefficiently.

In my opinion, such sound advice should most emphatically be heeded when we consider such legislation as this bill.

For the benefit of my colleagues, I shall quote some of these remarks taken from the conference transcript.

First, from Dr. Otto Eckstein on September 27:

> We should repeal obsolete laws that raise costs and require industries to operate inefficiently. Many laws were adopted in the Depression and should have been taken off the books long ago. Candidates for restudy and elimination include the law requiring the use of high cost U.S. ships along our coasts, restrictive labor laws which raise costs and lower productivity and laws that we still have to limit the production of crude oil.

Second, from the distinguished Senator from Arizona (Mr. FANNIN) also on September 27:

> It is alleged that our distribution and marketing system is much in need of overhaul. Artificial freight rates and tax rates on transportation and our distorted import and export policies may be hampering both industry and consumer alike. We need immediate investigation of these charges followed by prompt bipartisan Congressional and Executive action if they prove valid.
>
> In conclusion, Mr. President, I think we can agree that the efficient production, distribution and use of our still abundant materials and resources are basic to beating inflation in an industrial society. Under your vital leadership this can be accomplished.

Third, from Dr. Arthur Okum's statement on September 28:

> Outside of the fiscal-monetary area, the group strongly supports efforts to improve the nation's price performance. Specifically, the members of the economist panel urge the adoption of a package approach, to repeal many laws that now push up prices and costs through import quotas, anti-trust exemptions, rigid regulatory rules, and anticompetitive restrictions on sellers.

And from Prof. Walter Heller's remarks of September 28:

> At long last we need to purge federal laws of the inflationary provisions like import quotas, fair trade prices, maritime subsidies, overregulation of airlines and railroads, and a myriad of other sacred cows by which government chokes off competition and milks the consumer.

President Ford's opening remarks to the 1974 annual meeting of the Board of Governors of the International Monetary Fund and the World Bank Group on September 30 contained a similar message. He said:

> We in this country want solutions which serve very broad interest rather than narrow self-serving ones. We in America want more cooperation, not more isolation. We in America want more trade, not protectionism.

Mr. President, can we in good conscience support such a highly inflationary and wholly unnecessary bill that would needlessly raise energy prices, such as H.R. 8193, the Energy Security Transportation Act of 1974, so-called cargo preference?

CONTINUING APPROPRIATIONS

Mr. BAYH. Mr. President, I hope the Senate will concur in the amendment of the House of Representatives to the conference report on the continuing appropriations resolution.

This amendment reinstates the original House language requiring a termination of military assistance to Turkey unless the President first certifies to Congress that "substantial progress" is being made to resolve the tragic situation on Cyprus.

I have spoken out several times here on the floor, and during travels throughout my own State of Indiana, against the wantonly aggressively policy which the Turks have pursued on Cyprus. By failing to abide by the terms of the initial cease-fire on Cyprus the Turkish Government has violated the conditions by which it receives U.S. military assistance.

Continuing our aid under these circumstances makes little sense, unless we can help prod the Turks into negotiating for a withdrawal from the land they have occupied on Cyprus. That would constitute substantial progress under the terms of the House-passed amendment to the continuing resolution and should be our minimum demand in return for a continuation of U.S. military aid to Turkey.

Indeed, Mr. President, the Senate originally passed an amendment stronger than the House language. I was pleased to cosponsor that amendment with my distinguished colleague from Missouri (Mr. EAGLETON). Unfortunately, the administration prevailed on the conferees to adopt neither the Senate or House language, nor even a compromise between those two, but rather a whole new section far weaker than that passed by either body of the Congress.

The threatened veto of the continuing resolution in the event we agree to the House amendment is scarcely adequate reason not to restate our firm conviction that Turkey should not and must not assume it can conduct aggressive activities with impunity. The freedom of Cyprus must not be compromised for the sake of power politics.

Were the Congress not to express its will honestly and forthrightly because of a threatened veto, we might as well go out of business and let the executive branch make all policy. I am sympathetic to the diplomatic problems involved in negotiations over Cyprus; but I am not sympathetic to the notion that the Turkish Government can, on one hand, pursue illegal and aggressive policy on Cyprus, and, on the other hand, blackmail the U.S. Congress from taking the logical step of terminating military aid.

If Turkey places a high value on U.S. military assistance then let it withdraw from captured territory on Cyprus and demonstrate the kind of negotiating posture which will enable the President to provide us with the necessary assurance that "substantial progress" is being made toward a Cyprus settlement. That strikes me as a fair price to ask Turkey to pay for continued U.S. military assistance.

For that reason, I hope my colleagues, who overwhelmingly adopted the Eagleton amendment, will do likewise and the President will recognize the validity of our position and sign the conference report as amended.

In a related matter, Mr. President, I was disappointed to learn that the conferees had dropped the amendment adopted by the Senate to provide assistance to Israel under the continuing resolution at the same level as proposed by the administration for fiscal year 1975 in the regular foreign assistance authorization. There have been ominous noises coming from the Middle East; rumors that tensions are rising and that hostilities might again erupt.

We know that the Soviet Union is continuing to supply substantial aid to its Arab allies, and we know from 25 years experience in the Middle East that the best deterrent to Arab military adventures is to maintain the delicate power balance which is dependent on adequate U.S. assistance to Israel.

The Senate went on record in favor of such assistance, approximately $550 million for fiscal year 1975 including supporting assistance, military credits, and military grant aid, in adoption of the Mondale amendment to the continuing resolution and during consideration of the foreign assistance authorization, which was subsequently recommitted to committee.

With the regular authorization postponed until after the upcoming recess, the level of U.S. aid to Israel will be lower than either the administration or the Congress wants. While there will be an opportunity to restore U.S. aid to the proper level after the recess, I hope fervently that this delay will not contribute to an imbalance in the Middle East's always delicate power ratios.

We must not let Soviet ambitions in the Middle East endanger Israel, any more than we can let Turkish adventurism destroy the freedom of Cyprus.

TOASTMASTERS INTERNATIONAL'S 50TH ANNIVERSARY

Mr. TUNNEY. Mr. President, 50 years ago, on October 22, 1924, Dr. Ralph Smedley met with two dozen men in the basement of a YMCA in Santa Ana, Calif. Their purpose was to "facilitate practice in afterdinner speaking and in presiding over meetings, to promote sociability and good fellowship." From this modest beginning evolved an organization that today has over 60,000 members in over 3,000 locally organized clubs throughout the world. This is a remarkable accomplishment for a voluntary, nonprofit educational group, and Toastmasters International is to be commended for it.

Over the past five decades, Toastmasters has developed a professionally designed program for practical training in the power to communicate. Its foundation is learning by doing and improving through criticism. Over a million people have joined local Toastmaster groups to profit from this training. I was one of these people, and I recommend the experience to anyone seeking the Toastmaster goals of better listening, thinking, and speaking.

I am pleased to call attention to this anniversary, for Toastmasters began its growth in my home State. Apart from regional pride, however, I am concerned with the need today for more effective communications training, and I recognize that this group helps to meet this need. In this age of growing community concern and civic involvement, more people find that they must speak before groups if they are to offer their ideas.

Membership in Toastmasters includes training in the skills of platform speaking. The educational vehicle used is the delivery of short prepared speeches and impromptu talks which are then evaluated by other members. But Toastmaster training goes beyond overcoming the terror that many people feel when called on to say a few words. It helps develop the abilities of being able to listen, to evaluate what others are saying, and to give and take constructive criticism.

The Toastmaster program offers assistance to those who want to develop their ability to speak effectively, listen carefully, and think critically. I support the efforts being made by Toastmasters International as they form new clubs to bring this training to more people, and I wish them continued success in the future.

LETTERS TO THE PRESIDENT

Mr. McGOVERN. Mr. President, within the last several days, President Ford has received letters from two spokesmen for livestock producers in my State. A copy of each letter was sent to me.

Because they express succinctly the continuing financial crisis which our livestock producers are facing, and because they spell out well the steps which the President can take immediately to improve their situation, I ask unanimous consent that there be printed in the RECORD letters from Sam Tidball, executive director of the Meat Promoters of South Dakota, and Dale Gullickson, marketing director of the South Dakota Department of Agriculture.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MEAT PROMOTERS,
Fort Pierre, S. Dak., September 27, 1974.
President GERALD FORD,
Washington, D.C.

DEAR MR. PRESIDENT: In current deliberations on the economic situation please consider the plight of the livestock producer. Feeders have lost over half of their capital in the last several months. Every animal going to market from our ranches means an animal sold at a loss to the producer. The situation is drastically serious—especially for young ranchers.

The Emergency Loan Bill is not the solution. Prices must be improved. A complete embargo on imports of all meats and meat animals is an imperative first step.

Your quick response to labor leader's requests with $350 million and assurance of more to follow to provide jobs when unemployment went from 5.2% to 5.4% is noted. We expect you will take early important action to assist the construction industry. Every segment of food industry is enjoying unprecedented profits except the producer. We do not want or ask for handouts but urge immediate action to protect an industry that is threatened with economic collapse.

Points urged: (1) Complete embargo on all imported meats and meat animals. (2) Foreign grain buyers must pay at least as much as domestic buyers. (3) Ask administrative officials to encourage meat consumption as fiercely as they discouraged it last year when it appeared to be scarce. (4) Use influence and if necessary, legal action to close undue spread between producer and consumer prices to hasten movement of surplus meat. (5) Brief Mrs. Ford on dire situation of meat producers so she does not make unconsidered statements discouraging meat consumption when the producer is losing money on every animal sold.

Recently you stated that high food prices were to be a primary target in the battle against inflation. This is alarming to us in the production end of the industry because the producer is always the scapegoat while other segments of the meat industry enjoy continued favorable profit patterns. So please Mr. President don't wage an economic battle against an industry that is already in the throes of a serious depression and under the pressures from not only inflation but drouth.

If early action is not taken, too many herds of cattle will be liquidated or cut seriously because of poor prices and drouth and could in turn cause skyrocketing consumer prices in the future.

Economic failure of the livestock industry could easily be the fatal link that causes national economic collapse. Your consideration and action is urged.

Thank you,

SAM TIDBALL,
Executive Director.

SOUTH DAKOTA DEPARTMENT
OF AGRICULTURE,
Pierre, S. Dak., October 2, 1974.
The PRESIDENT,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: I am writing in behalf of the several hundred people who attended the emergency livestock meeting at Lake Preston, South Dakota, last weekend. The meeting was attended by livestock feeders, cow-calf operation managers, bankers, and businessmen from across the State.

Mr. President, this was a frustrated group of people, and their patience ssems to be exhausted. One of the meeting organizers, Mr. Ronald Reed of Oldham, South Dakota, seemed to echo the consensus of the group when he remarked, "I have never been more perplexed or more bewildered by economic conditions in my 26 years of farming than I am right now."

The source of their frustration, obviously, is the erratic, roller-coaster livestock prices and the tremendous increase in cost inputs which have made for unbearable conditions in the Livestock Industry.

The low-level prices, which continue to decline, are coupled with drought and frost conditions to create what has to be termed an outright crisis.

I was impressed by the single-mindedness and cooperation displayed by the participants of this meeting, and I underscore that all farm organizations, a majority of commodity groups, and ag-related organizations were represented among them. These were not wild-eyed radicals, but mature opinion leaders whose lives are being affected and who are determined to find a way to survive. And while they do not make specific accusations, they flatly state that the time is past for the verbal reassurances of governmental, political, and farm organizational leaders. Further, they agree that if a remedy is not immediately forthcoming, they are ready to grasp the initiative themselves.

The following action was unanimously agreed on as a minimum immediate action:

1. A temporary moratorium on beef imports for 90-to-120 days;

2. A substantially increased program of Federal Government red meat purchasing for use by the Armed Forces, the National School Lunch Program, and for distribution to the needy. They further ask that due consideration be given to buying meats for sale to low-income citizens and those on fixed incomes who are hurt most by high inflation, at a rate of 50 percent of initial purchase price.

Should little or no action occur on the above action steps, the group is prepared to recommend the following:

1. Construction and/or leasing of cold-storage warehousing sufficient in volume to store their production and control its sale;

2. A massive selling effort of veal to reduce the supply of finished beef in months and years ahead.

Mr. President, similar meetings have taken place around the state during recent months. However, the problem has not been solved and the crisis has worsened.

The motivation of these producers and feeders is simple: either an immediate remedy must be found for their situation, or within six months 25 percent of them could be either bankrupt or out of business.

I am asking you to do all in your power to assist this distressed industry, and I am forwarding copies of this letter to our entire South Dakota Congressional delegation to solicit their cooperation in aiding you in this endeavor.

Sincerely yours,

DALE GULLICKSON,
Marketing Director.

CUBA'S TIES WITH THE SOVIET UNION

Mr. GURNEY. Mr. President, in recent months, there has been a groundswell of speculation in the press, and elsewhere, that the United States, in conjunction with the OAS, is on the verge of lifting the long standing trade embargo against Fidel Castro's Communist Cuba. Those advocating such a policy shift suggest that either the times have changed or that Castro has suddenly begun to sing a different tune, or both.

No one can argue that the times have not changed, but neither can any sort of case be made for an improvement in Castro's attitude toward the United States. Man may have gone to the moon, and Richard Nixon may have traveled to Red China, but the Cuban dictator remains as intransigent as ever about those points that caused the breakoff of diplomatic relations and the imposition of the trade embargo in the first place.

An excellent example of Castro's unwillingness to make any accommodation that would warrant a shift in our policy has been his attitude toward the Soviet Union. Even before he unequivocally declared himself a Marxist-Leninist on December 2, 1961, Castro had established strong ties with the Soviet Union, but after that date, he strengthened them to the point that Cuba became a base for Soviet nuclear missiles. The resulting crisis—though it may be 12 years in the past—still stands out in the minds of most Americans as our closest brush with nuclear war.

Removal of the missiles from Cuba following the missile crisis did not, however, mean the end of Cuba's military and economic ties to the Soviet Union. If anything, those ties are stronger today than they ever were.

As I pointed out in a Senate floor statement on February 8, 1973, and again on May 6, 1974, the Soviet Union has provided a considerable amount of military aid to Cuba over the years. Castro himself is reported to have put the figure at $1.5 billion in 1970 and a recent study by Dr. Leon Goure, director of the Advanced Center for International Studies at the University of Miami, estimated that the total has now reached the $2.5 to $3.0 billion level.

Included in those figures are weapons such as tanks, medium-range bombers, guided missile patrol boats, SAM II anti-aircraft missiles and upward of 70 Mig–21 jet fighters. As a result of all this Soviet military assistance, the Cuban Armed Forces are well equipped, among the best equipped in Latin America.

In addition to all that, Cuba is increasingly becoming a base for Soviet military operations. Back in 1970, the Soviets began construction of a naval facility in Cienfuegos Bay which has subsequently demonstrated the capability of servicing Russian nuclear submarines. The first ballistic missile submarine visited Cuba in 1972 and several others have visited in the last 2 years. Furthermore, just over a week ago, the 12th deployment of Soviet warships arrived in Cuba since the naval visits first began in 1969.

The importance of these visits cannot be overlooked. Not only do they enhance Castro's prestige, but they demonstrate the intention of the Soviet Navy to make the Caribbean and the Gulf of Mexico normal operating areas. Given the rapid growth rate of the Soviet Navy, plus the fact that two-thirds of all shipping between the North Atlantic and the Gulf of Mexico passes through the windward channel adjacent to Cuba, the Soviets are getting into position to pose yet another military and economic threat to the United States.

Unfortunately, the usage of Cuba as a base for Soviet weapons does not end with naval vessels. Since April 1970, the Soviets have also utilized Havana's Jose Marti Airport as a base for their TU-95 reconnaissance aircraft and, as a matter of fact, two of those planes arrived in Cuba as recently as September 22. As a result of these flights, the Soviets are more easily able to keep track of U.S. activities along the east coast and out in the Atlantic.

And, as if this were not enough, the Soviets have approximately 3,000 military advisers in Cuba and, according to the Institute of Strategic Studies in London, some of these have been placed as far down as the battalion level of the Cuban Army. All in all, the Soviets show every indication of continuing or expanding their military grip on Cuba, while Castro shows absolutely no sign of trying to get them to relax it.

But, strong as the Soviet military ties are to Cuba, the Soviet economic ties are even stronger. Not only do the Soviets take about half the sugar crop off Cuba's hands at a guaranteed price, but they also subsidize Castro's economy to the tune of $1.5 million a day. The estimates are that, since Castro came to power, he has borrowed over $6 billion from the Soviet Union and has paid very little of it back.

As a matter of fact, less than 2 years ago, the Soviets agreed to defer payment of the debt and interest until 1986 plus they extended another $390 million in economic credits and assistance. But, in exchange, the Soviets sought, and were given, a direct voice in decisionmaking in 27 key areas of the Cuban economy.

As a result of this deal, the 5,000 or so Soviet economic advisers are exercising more influence than ever in the day-to-day operation of the Cuban economy. Their aim is to improve efficiency and economy in not only the business sector, but also in the government and the military. Moreover, since Soviet financial assistance to Cuba reached an all-time high in 1972 and the number of Soviet technicians and advisors has increased in the past several years, it looks as if the Soviet grip will continue to tighten, especially in light of the fact that 55 percent of Soviet foreign aid to developing nations goes to Cuba and 70 percent of Cuba's trade goes to the Soviet Union and other Communist-bloc nations.

Certainly, both the written record and the spoken word support the conclusion that Cuba is, more and more, becoming a Soviet satellite in the Western Hemisphere. Time and time again Castro has reiterated his desire to keep, if not broaden, his ties with the Soviet Union. It does not seem to bother him that Cuba is becoming a strategic military base for the Soviets, nor does he seem concerned about his economic dependence on the Soviets. In fact, Castro has been quoted as saying that:

> The political and military ties with the Soviet Union will never be broken.

I think it is time we took the man at his word and judged his deeds on their merits. Fidel Castro, despite our opposition, seems determined to encourage and and perpetuate Soviet presence in the Western Hemisphere. If we agree to help him achieve that objective by giving him what he wants, then he might agree to renewed diplomatic relations but, in both the short and long run, the Soviet Union will be the winner.

For there to be a true normalization of relations, Castro must make some concessions to the United States, and paramount amongst those concessions must be a reduction of the Soviet presence and influence in Cuba.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there morning business? If not, morning business is closed.

CONSERVATION AND REHABILITATION PROGRAMS ON MILITARY RESERVATIONS—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11537) to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations, and to authorize the implementation of such programs in certain public lands.

The PRESIDING OFFICER. The Senate will resume consideration of the conference report, with 10 minutes allocated for the motion to recommit to be divided equally 5 minutes to each side.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, and I take it out of the time on the part of the Senator from Utah (Mr. Moss).

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, how much time does the Senator from Utah have remaining?

The PRESIDING OFFICER. The Senator from Utah has 2 minutes.

Mr. MOSS. Mr. President, I do not know how I acquired all of 2 minutes, but I am glad to confine myself to the time allotted.

I think we have had a full discussion of the issues here. I commend the Senator from Idaho for raising the point in order to enable us to establish, as I think we have, that the legislation certainly covers the fears that he has about a Federal licensure of hunting and fishing.

That is the last thing I want. I made a great fight a few years ago on this same subject matter and I certainly have not changed my viewpoint since then.

I think that we are here faced with a bill which will have the beneficial effect of having the Federal Government cooperate with the States in improving the habitat of fish and wildlife on our public lands and that this will be available as recreation for our citizens under the direction of the States as far as licensure, management of the herd, taking of game, and all those factors.

So I am willing to yield back my time, and I urge my colleagues to vote against recommitting the bill to the conference.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I want to commence this section of the debate, a continuation of what took place earlier in regard to the motion to recommit, with thanking the Senator from Utah for the colloquy which we have had on the floor which, along with the earlier colloquy with the Senator from Alaska (Mr. STEVENS), pins down the intention of the proponents of the bill that the rights of the State to manage resident fish and game is not to be interfered with under the guise of implementing this legislation.

As I expressed earlier, my fear is that this intent, as clearly stated as it has been in legislative colloquy, and therefore part of legislative history, is not really that clearly stated in the legislation.

The Senator from Utah earlier said that there would be lots of time, but as a matter of fact the Western States Association members have not yet seen the Senate conference report, it has not been available, they have not yet seen a clean bill that contains the conference changes because that bill has not been available.

Unless it was made available to them when it could not be available, no one has yet seen any clean bill except one I typed up in my office last week and sent out to them so they could see the context of the language.

So when we talk about whether there has been enough time for everyone to understand what is in the legislation, I will say that no one knows exactly what is in the legislation save the staff of the committees and the staff of a couple of Senators.

Second, there is this stamp provision, a State program under this bill.

Well, is it a State program? It calls for a Federal audit, it calls for a Federal charge in Federal courts if one hunts or fishes without it, it calls for Federal fines and forfeitures, confiscation of firearms, automobiles, fishing gear, et cetera, under Federal statute.

Now, is that a State program?

I think on the face of the legislation itself it is not as clearly Federal as perhaps some would like it to be, but certainly it is enough of a Federal program to raise the fears of those of us in the Western States.

I think we should also make note of the fact that the Deputy Assistant Secretary, Doug Wheeler, stated his objections to this legislation on the basis of the fact that even though the State sells the stamps, it segregates the Federal public lands as a separate class for a separate employer scheme, and that is the crux of the whole matter.

I yield to the Senator from Arizona.

Mr. FANNIN. I thank the Senator from Idaho. I support his position. I feel he has brought out the problems that we have with this legislation.

There is a great deal of doubt whether or not it carries through the program that the distinguished Senator from Utah feels is involved.

I know the sincerity of the Senator from Utah, and my State of Arizona has agreements with the State of Utah, they cooperate, coordinate their efforts in regard to the laws in this instance.

Proponents of this legislation claim it is not a "Federal license" authority, yet, enforcement would be carried out by Federal agents and violators tried under Federal authority, with guns, traps, nets, vessels, vehicles, and other means of transportation, subject to forfeiture to the United States. The Arizona Fish and Game Department does not approve this legislation and, in fact, feels it is entirely superfluous since cooperative agreements which I have referred to are possible now. The effects of H.R. 11537, in present condition, can only do damage to the most efficient management of our public lands.

This bill does not protect the State's traditional role of managing resident fish and wildlife but mandates Federal intervention. The Departments of Interior and Agriculture should be involved in habitat management, only.

Again, the Senator brought that out, but in this instance they go far beyond that.

The comprehensive Federal plan for conservation and rehabilitation programs for public lands which can limit hunting, fishing, and trapping need only be in "consultation" with the States. There are cooperative agreements going on in the State of Arizona today, and other States in the West and throughout the country. Allowing the Federal agencies to dictate such plans would certainly remove any incentive to cooperate with the respective States.

I certainly thank the distinguished Senator from Idaho.

Mr. McCLURE. I thank the Senator and I yield to the Senator from Wyoming.

Mr. HANSEN. I thank the distinguished Senator from Idaho for yielding to me.

Let me join with him and with my senior colleague from Wyoming (Mr. McGEE) in voicing my full support for the action he has proposed here this morning.

The PRESIDING OFFICER. The time of the Senator from Idaho has expired. The question occurs on the motion to recommit the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MOSS. (after having voted in the negative) On this vote I have a pair with the senior Senator from Idaho (Mr. CHURCH). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MONDALE), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Kentucky (Mr. HUDDLESTON) are absent on official business.

I also announce that the Senator from Iowa (Mr. HUGHES) is absent because of a death in the family.

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from New York (Mr. JAVITS), the Senator from Maryland (Mr. MATHIAS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Texas (Mr. TOWER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

I further announce that, if present and voting, the Senator from Kansas (Mr. DOLE) would vote "nay."

The result was announced—yeas 21, nays 49, as follows:

[No. 459 Leg.]

YEAS—21

Allen
Baker
Bartlett
Beall
Buckley
Byrd, Harry F., Jr.
Curtis
Domenici
Eastland
Fannin
Gurney
Hansen
Hatfield
Helms
Hollings
Hruska
McClure
McGee
Roth
Stennis
Thurmond

NAYS—49

Abourezk
Bayh
Biden
Brooke
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Eagleton
Ervin
Griffin
Hart
Haskell
Hathaway
Humphrey
Jackson
Johnston
Kennedy
Long
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Metcalf
Metzenbaum
Montoya
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Scott, Hugh
Sparkman
Stevens
Stevenson
Symington
Taft
Talmadge
Tunney
Weicker

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Moss, against.

NOT VOTING—29

Aiken
Bellmon
Bennett
Bentsen
Bible
Brock
Church
Cook
Cotton
Dole
Dominick
Fong
Fulbright
Goldwater
Gravel
Hartke
Huddleston
Hughes
Inouye
Javits
Mathias
Mondale
Packwood
Schweiker
Scott, William L.
Stafford
Tower
Williams
Young

So the motion to recommit was rejected.

The PRESIDING OFFICER. The question now occurs on the adoption of the conference report.

The conference report was agreed to.

Mr. MOSS. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BROADCAST LICENSE RENEWAL ACT

The PRESIDING OFFICER. Under the previous order, the Chair lays before the Senate H.R. 12993, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 12993) to amend the Communications Act of 1934 to provide that licenses for the operation of broadcasting stations may be issued and renewed for terms of four years, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and insert the following:

That this Act may be cited as the "Broadcast License Renewal Act".

CONSIDERATION OF PUBLIC PROBLEMS, NEEDS, AND INTERESTS

SEC. 2. (a) Section 309 of the Communications Act of 1934 is amended by adding at the end thereof the following new subsection:

"(i) The Commission shall by rule establish procedures to be followed by licensees of broadcasting stations to ascertain throughout the terms of their licenses the problems, needs, and interests of the residents of their service areas for purposes of their program service. Such rules may prescribe different procedures for different categories of broadcasting stations.".

(b) Section 309(a) of such Act is amended by adding at the end thereof the following: "In determining if the public interest, convenience, and necessity would be served by the renewal of a broadcast license, the Commission shall consider (1) whether the licensee, during the preceding term of its license, followed applicable procedures prescribed by the Commission under section 309(i) for the ascertainment of the problems, needs, and interests of the residents of its service area, (2) whether the licensee in its program service during the preceding license term has substantially met those problems, needs, and interests, and (3) whether the operation of the station has not otherwise been characterized by serious deficiencies. If the Commission determines that the licensee has satisfied the requirements of clauses (1), (2), and (3), a presumption shall be established that the public interest, convenience, and necessity would be served by such renewal. The Commission shall give expeditious treatment to proceedings involving an application for renewal of a broadcasting license and shall provide that any hearing shall be structured so as to proceed as expeditiously as possible.".

STUDY OF REGULATION OF BROADCASTERS: ACTION ON FEDERAL COMMUNICATIONS COMMISSION DOCKET

SEC. 3. (a) The Federal Communications Commission shall conduct a study to determine how it might expedite the elimination of those regulations of broadcast licensees required by the Commission Act of 1934 which do not serve the public interest and shall make annual reports of the results of such study (including any recommendations for legislation) to the Committee on Commerce of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives. The Commission shall include in its first annual report under this section its conclusions with respect to the differences among broadcast licensees on which are or may be based differentiation in their regulation under such Act.

(b) The Federal Communications Commission shall, not later than December 31, 1974, complete all proceedings and take such agency action as it deems appropriate in connection with proposed amendments to the Commission's rules (47 C.F.R. 73.35, 73.240, 73.636) relating to multiple ownership of standard, frequency modulation, and television broadcast stations (Federal Communications Docket Numbered 18110).

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Under the previous unanimous-consent agreement, the time on this bill is limited to 1 hour, to be equally divided between and controlled, respectively, by the majority and minority leaders.

The time on amendments is limited to 30 minutes, to be equally divided between and controlled by the manager of the bill and the mover of the amendment.

Who yields time?

Mr. HUGH SCOTT. Mr. President, will the Senator yield me one-half minute?

Mr. PASTORE. I yield.

Mr. HUGH SCOTT. Mr. President, as minority leader, I designate the distinguished senior Senator from Tennessee (Mr. Baker) to have control of the time on this side.

Mr. PASTORE. Mr. President, I yield myself whatever time is necessary to make my presentation.

I am going to ask for a brief quorum call so that the cloakrooms can apprise Senators as to the business that is now pending.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, in my 24 years in the Senate of the United States, I have never seen a bill that affected and was of greater interest to the Members of the Senate individually than the bill now under consideration. I am at a loss to determine the total reason why. But, if we look at it, I think one can infer the reason for this consideration.

There is not a Member of this body who at some time or other has not appeared on television or radio. Naturally, a certain rapport has built up between the industry and the Members of the Senate.

There are many people in this country, Mr. President, who feel that if we give too much autonomy to the industry, which is limited because there are only so many frequencies that can be given out to the public, therefore, if we go too far in creating this autonomy, the day will come when it will come back to haunt us. Realizing this, our subcommittee had protracted hearings. We had 9 days of hearings. Indeed, we had 9 days of hearings and we heard from 108 witnesses. The witnesses included Members of Congress, the Director of the Office of Telecommunications Policy in the White House, the Department of Justice, the Chairman of the FCC, representatives of several citizens' groups, representatives of minority groups, representatives of the broadcasting industry, a representative of the AFL–CIO, representatives of religious groups, and many, many others.

Mr. President, I ask unanimous consent that the names of individuals and groups represented be placed in the Record at this point.

There being no objection, the list was ordered to be printed in the Record, as follows:

Chronological List of Witnesses

JUNE 18, 1974

Brown, Hon. Clarence J., U.S. Representative from Ohio.

Domenici, Hon. Pete V., a U.S. Senator from New Mexico.

Loevinger, Lee, counsel, Media Structure Committee of the National Association of Broadcasters. Prepared statement, Letter of June 18, 1974.

Whitehead, Clay T., Director, Office of Telecommunications Policy.

Wiley, Hon. Richard E., Chairman, Federal Communications Commission; accompanied by Benjamin L. Hooks, Commissioner; Dr. Barry Cole, consultant; and Richard Shiben, Chief, Renewal Branch. Prepared statement. Questions of Senator Hart and the answers thereto.

Wilson, Bruce B., Deputy Assistant Attorney General, Antitrust Division, Department of Justice.

JUNE 19, 1974

Abourezk, Hon. James S., U.S. Senator from South Dakota; accompanied by William F. Duhamel, KOTA, Rapid City, S. Dak.; and Dean Sorenson, KCCR, Pierre, S. Dak. Prepared statement of Mr. Duhamel. Prepared statement of Mr. Sorenson.

Lang, Anne L., Pennsylvania National Organization for Women, Sewickley, Pa.; Kathleen Bonk, broadcast media (FCC) task force coordinator, Washington, D.C.; Miriam Kapsinow, Rhode Island State coordinator, NOW, Warwick, R.I.; and Judith Hennessee, media reform task force, NOW, New York, N.Y.

McIntire, Dr. Carl and Rev. James Nichols, 20th Century Reformation Hour, and Freedom Defense Council, Washington, D.C. Prepared statement.

Moore, Earle K., counsel, office of communication, United Church of Christ, New York City.

Schmidt, Nancy, chairperson, St. Louis Broadcast Coalition, on behalf of ACTION.

Wilcher, Marcus G., Joan M. Passalacqua, and Sharon Noguchi, of the Community Coalition for Media Change, Berkeley, Calif.

JUNE 20, 1974

Bennett, Hon. Wallace F., U.S. Senator from Utah.

Bennett, James V., president, National Association for Better Broadcasting; accompanied by John Dalessio.

Brown, Ronald H., director, National Urban League.

Davis, Hugh, station KNDO, Yakima, Wash.; accompanied by Don Bennett, station KREW, Sunnyside, Wash.

Firestone, Charles, Citizens Communications Center, Washington, D.C. Prepared statement. Letter of August 7, 1974.

Gallivan, John W., publisher, Salt Lake City Tribune; accompanied by Morris Levin. Letter of August 7, 1974.

Lang, Anne L., Pennsylvania National Organization for Women; and Kathleen Bonk, broadcast media (FCC) task force coordinator.

McCuller, James, chairman, National Black Media Coalition.

McGannon, Donald H., president, Westinghouse Broadcasting Co., Inc.; accompanied by Wallace Dunlap, vice president; John Lane, attorney, of Hedrick & Land; Ramsey Woodworth, attorney; and Joe Bodino.

Scott, Hon. William L., U.S. Senator from Virginia. Prepared statement.

Stakes, Richard S., executive vice president, Washington Star Station Group.

Townsend, James E., coordinator, Committee for Open Media. Prepared statement.

JUNE 26, 1974

Hargrove, Wade, North Carolina Association of Broadcasters. Prepared statement.

Lindsay, Gladys T., on behalf of the Citizens Committee on Media, Chicago, Ill.

Riddick, Rev. George E., Chicago, Ill.

Sauber, Robert, Providence, R.I.

Stevens, Dr. Paul, president, Southern Baptist Convention, Fort Worth, Tex.

JUNE 27, 1974

Claire, Nola, negotiator, Syracuse Coalition for the Free Flow of Information in the Broadcast Media.

Foreman, Carol Tucker, executive director, Consumer Federation of America.

Frankland, Rev. Herman C., Bangor Baptist Church, Bangor, Maine. Miscellaneous articles.

Franks, John E., president, WHIM, East Providence, R.I.

Helms, Hon. Jesse, U.S. Senator from North Carolina.

Marsh, Henry, vice-mayor, Richmond, Va., chairman, National Black Caucus of Local Elected Officials.

Rauh, Joseph, Americans for Democratic Action and the Leadership Conference on Civil Rights, Washington, D.C.; accompanied by Yvonne Price, executive assistant; and Lynn Pearl, legislative representative. Prepared statement.

Schardt, Arlie, associate director, American Civil Liberties Union.

Suitts, Steve, Civil Liberties Union of Alabama; accompanied by Sue Thompson, staff member.

ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

Bentsen, Hon. Lloyd, U.S. Senator from Texas, statement.

Church, Hon. Frank, U.S. Senator from Idaho, statement.

Curtis, Hon. Carl T., U.S. Senator from Nebraska, statement.

Dole, Hon. Bob, U.S. Senator from Kansas, statement.

Grams, Harold, KSD/KSD–TV, Inc., letter of June 21, 1974.

Hansen, Ralph, KTVI 2, letter of July 9, 1974.

Henley, Robert, vice president and station manager, WGN Continental Broadcasting Co., letter of July 3, 1974.

Krelstein, Harold R., president, Plough Broadcasting Co., Inc., letter of August 16, 1974.

Mandel, Marjorie, article in the St. Louis Today.

Marmet, Robert A., Marmet Professional Corp., letter of June 27, 1974.

Packwood, Hon. Bob, U.S. Senator from Oregon, statement.

Scott, Hon. Hugh, U.S. Senator from Pennsylvania, statement.

Vadeboncoeur, E. R., president, Newhouse Broadcasting Corp., letter of July 29, 1974.

Mr. PASTORE. Mr. President, what did we do? The House passed a bill, and I must say very frankly and very candidly here today, it was a bill that, by too many, was considered to be completely an industry bill. It went the whole way in giving the industry most everything that it wanted.

Then, of course, when the bill came over to the Senate, there was a tremendous furor. All of these citizens groups began calling up Mr. Pastore, Mr. Zapple

Mr. BAKER, and Mr. White, who is the assistant to Mr. BAKER in this matter. They were pretty much aroused, and they came before our committee and we listened to them all at length.

What we did, Mr. President, was put our heads together, and we came out with what we considered to be a balanced compromise. What did we do? We set out criteria and we spelled it all out. We said that if that licensee complied with those criteria in a comparative hearing, he was entitled to a presumption in his favor that he had served the public interest and that the license should be renewed.

That is what we did for the industry, and that was going quite a distance, because in that particular instance, we overruled, more or less, the WHDH case in Boston, channel 5 in Boston and cleared up other rulings. That was the one thing that had disturbed the industry for a long, long time.

At the same time, we left the license duration not to exceed 3 years, which is the present law. We came out with that kind of bill.

We gave the licensee a presumption in order to assure the stability of the industry, which was the important point. At the same time, we left it at 3 years.

Why? Why did we leave it at 3 years? That is the question. Because this is an amendment now pending on this desk that has a multitude of Senators who are sponsoring it, and there will be a lot more who will come here, possibly, and vote for it, I think that this position ought to be made clear.

We left it at 3 years because, in the past, one of the ways that the public ever got any relief was through a petition to deny. A petition to deny is filed at renewal time. If we make it 5 years instead of 3 years, what we are doing is stretching out the period so that the voice of the public cannot be heard within 3 years. We have to wait 5 years. That is the reason we did it.

The Senator from Tennessee (Mr. BAKER) and I agreed on this compromise. I said throughout that hearing that we would never have a good bill until we made both sides unhappy, and that is exactly what we did. If, today, on the floor of the Senate, we want one side to throw their hats in the air in a gleeful exhibition, that is one thing, and allow the other side to shed crocodile tears, we can begin to change the bill that was reported out of committee.

I have no personal interest in this matter. My job and Senator BAKER's job was to serve the public interest, and that is precisely what we tried to do. That is precisely what we tried to do, and that is what we have done.

I am asking the Senate today to adopt the recommendation of the committee and allow us to go to conference and iron out any differences that might exist between the Senate version and the House version. If we begin to change and extend the period, we shall have very precious little or nothing to talk about when we go to conference.

I tell the Senators, we may not hear from our constituents today, but the time will come when we will hear from our constituents, because I am afraid that if we go too far in creating autonomy, it is going to be rather difficult. Not too long ago, we had a program on TV, something to do with innocence, where there was shown an offensive scene in a girls' reformatory. I understand that ABC is going to put on another thing, outrageous, which has to do with the molestation of a teenager by a science teacher.

If we want to keep this industry within the realm of responsibility, and I am not anti-industry and they know it, let us work out an assurance that if they do a good job in the public interest, at least they have a plus for renewal, as against blue-sky competitive applications. At the same time, I beg my colleagues—I beg my colleagues today—do not remove the voice of the public. Do not remove the voice of the public and compel it to wait 5 years before it can make a complaint.

Mr. President, after 9 days of hearings, and 2 days of committee deliberation in open executive session, the Commerce Committee is reporting an amendment in the nature of a substitute to H.R. 12993, the House-passed broadcast license renewal bill.

The committee heard over 100 witnesses, including Members of Congress, the Director of the Office of Telecommunications Policy, the Department of Justice, the Chairman of the FCC, representatives of several citizens groups, representatives of minority groups, representatives of the broadcasting industry, a representative of the AFL–CIO, representatives of religious groups, and many others.

Testimony ranged from the view that no legislation was necessary to support of the House-passed bill. Everyone, however, supported the principle that the public's interest is paramount, and whatever Congress decides to do should rest on that consideration alone.

It was generally agreed that the broadcast licensee who conscientiously serves the public should have some reasonable assurance his license will be renewed. At the same time a licensee who had not fulfilled his commitment to the public should have his application for license renewal denied.

I believe the legislation which the committee has reported affirms the necessity that broadcast licensees have stability in the public interest. It also affirms the necessity for the competitive spur which inheres in the Communications Act. As reported it would do the following:

First. Direct the FCC to establish by rule procedures for broadcast licensees to follow throughout the terms of their licenses to ascertain the problems, needs, and interests of the residents of their service areas for purposes of program service.

These rules could prescribe differently for different classes of broadcast stations.

Second. Direct the FCC at renewal time, in determining whether the public interest had been served, to consider: Whether the licensee during the preceding license term followed the applicable ascertainment procedures; whether the licensee in its program service substantially met the ascertained problems, needs, and interests of his service area; and whether, during the preceding license term, the operation of the station was not otherwise characterized by serious deficiencies. If the Commission determines that the licensee has satisfied the requirements of clauses (1), (2), and (3), a presumption shall be established that the public interest, convenience, and necessity would be served by such renewal.

In a comparative renewal proceeding this presumption, of course, would give way to other compelling factors. In other words a licensee is in no sense of the word given a license in perpetuity.

Third. Require the Commission to conduct a study to determine how it might expedite the elimination of those regulations of broadcast licensees required by the Communications Act which do not serve the public interest, and to make annual reports thereon, including any recommendations for legislation, to the Commerce Committees of the House and Senate.

Fourth. Direct the FCC to complete docket 18110—multiple ownership—by December 31, 1974.

Mr. President, I believe this bill will further the larger and more effective use of radio and television by clarifying the broadcast license renewal standards and procedures in order to better inform broadcast licensees and their challengers of what is required under the public interest standard of the Communications Act. It will also better inform the listening and viewing public of what it may rightfully expect from those who are given the privilege of using the airwaves.

Licensees who have received broadcast licenses and operated stations in accordance with Commission rules, regulations, and policies such as in cross-ownership, integration of management and ownership, should not find these factors injected into the renewal proceeding unless there has been a change of circumstances or a failure to comply or an abuse of the policy or rule.

Under this legislation challenges are entitled to file competing applications at renewal time.

Section 309(e) of the Communications Act provides for a full hearing. Under those circumstances therefore the incumbent and a challenger are afforded an opportunity to submit all relevant data as to all applications and challenge any data that is submitted. After all the evidence is submitted and the hearings completed, the Commission will make a judgment as to whether incumbent has satisfied the criteria established by this legislation. If a finding is in the affirmative then a presumption is made on behalf of the existing licensee. This is a plus of major significance in the renewal proceeding.

However, the FCC must take into account those factors which have a bearing on the public interest even though they are unrelated to program service or operation and consider them alongside the presumption.

Thus, for example, to the extent the FCC has flexibility to deal with media concentration in a unique case, which is not covered by the Commission rules or policies, such an issue could, if compelling enough have an effect on the presumption.

In any event, in those cases where the presumption does attach, it is the intention of this legislation that it be given great weight short of decisional significance by the FCC. The presumption relates to what a licensee has in fact done, and it rests mainly on the most critical and important ingredient of the public interest concept, that is, actual program service to the public.

Past programing service is, of course, at the heart of the public interest determination; and the amendment gives a strong preference to an incumbent comparative renewal applicant who has substantially met the problems, et cetera, of the residents of its service area.

What happens, however, if the hearing record shows that the renewal applicant has not "substantially met" or served the problems, needs and interests of his area? Under the amendment he would obtain no presumption. On the contrary, if the competing new applicant establishes that he would substantially serve the public interest, he should clearly be preferred over one who was given the opportunity to do so but chose instead to deliver less than substantial service to the public. In short, the past records of the renewal applicant is still the critical factor, but here it would militate against renewal and in favor of the new applicant, provided that the latter establishes that it would solidly serve the public interest.

This amendment thus recognizes that the most important fact in evaluating competing applications is the incumbent's past programing record. Moreover, an existing licensee knowing that its renewal will be judged on its programing record will be encouraged to present programing that is substantially responsive to community problems, needs, and interests. Failure to provide such programing will subject the incumbent to the risk of losing its license to a competing applicant whom the Commission believes will render such service. Under this criteria a reasonable amount of stability is maintained within the industry while at the same time substantial programing performance is promoted and competing applicants are able to challenge those broadcasters who do not provide such service.

I believe that this bill as amended by the Committee on Commerce is a careful blend of the best of all proposals with the public interest dominating. Any amendment may upset this fine balance.

I urge my colleagues to vote for the bill as it was reported from the committee and to reject all amendments.

The PRESIDING OFFICER (Mr. ALLEN). Who yields time?

Mr. PASTORE. I yield whatever time the Senator from Tennessee would like to have.

Mr. BAKER. Mr. President, before addressing myself to this bill, I want to commend the chairman of the subcommittee, Senator PASTORE, for his determined efforts despite immense pressures pro and con to bring this bill to the floor. Many days of hearings were necessary to give all those who wanted to testify on broadcast license renewal legislation an opportunity to do so. After we concluded the hearings, additional time was required to evaluate the testimony and reach agreement on a bill. After lengthy consideration of the record, the chairman and I agreed to propose amendments to the full Commerce Committee in the form of a substitute to H.R. 12993. After 2 days of deliberations in open executive session, the Commerce Committee unanimously adopted an amendment in the nature of a substitute to the House bill which I believe improved the bill.

Mr. President, in the past 5 years many people have felt there are unsettling trends in the broadcast license renewal process which threaten the stability of broadcast stations in the public interest. Many others have disagreed.

The statutory scheme of the Communications Act, among other things, is intended to motivate a licensee to do the best job possible to serve his listening and viewing public.

The rationale being that if a licensee knows he is subject to at least a review of his performance and perhaps a challenge every three years by someone who may claim he is better able to serve the public, that licensee will do his best to establish a record of substantial service during his preceding license term.

On the other hand, there is nothing in the Communications Act or, for that matter in reason and logic, which suggests this competitive spur should be applied by the FCC or the courts in such a way as to defeat its intended purpose, which is, of course, assuring the best possible broadcast service for the public.

The extensive hearings the Commerce Committee held on this legislation made this evident. Every witness—those advocating legislation as well as those opposed—agreed that the conscientious licensee who is keenly responsive to the problems, needs, and interests of his listening or viewing public should have a reasonable expectation his license will be renewed whether challenged or not. This is stability in the public interest. Otherwise how may a licensee be expected to devote the necessary time, effort, and money to furnish quality broadcast service.

Grant of a broadcast license of course expressly confers no property right on the grantee. The law also requires that it be renewed at least every 3 years.

Many licensees have maintained that a 3-year license term is contrary to the public interest, because such a short license term requires them to spend an inordinate amount of time, money, and effort preparing renewal applications. Resources, they say, which could better be expended improving their broadcast service.

On the other hand, it has been persuasively argued that renewal time offers the FCC the only real opportunity it has to assess a broadcaster's performance. After all, the FCC has 8,633 broadcast licensees, and it would be impossible to monitor each of them to evaluate their overall performance.

These competing considerations were thoroughly explored and considered during the committee hearings. We concluded that the license term should continue to be 3 years as provided by the Communications Act.

The committee also heard extensive testimony on the question of how much credit the FCC should give an incumbent licensee in a comparative renewal proceeding for broadcast operations during the immediate proceeding license term. And, this, of course, involves the subsidiary issue of determining the standard of service which is entitled to whatever plus the FCC might give.

While everyone agrees that the public interest dictates that a licensee who is truly responsive, or substantially responsive, or responsive to some other high degree, to the problems, needs, and interests of his constituency should have a reasonable expectation of license renewal in a comparative situation, no one has been able to articulate specific standards by which a licensee's performance may be measured.

Moreover, assuming this can be achieved there is considerable disagreement whether such a high caliber of past performance should absolutely bar consideration of a competing application.

In the bill as reported by the Commerce Committee, we seek to define the public interest standard in section 2(b) but not in such a way as to prevent new parties from demonstrating that they can better serve the public interest. If a licensee: First, complies with applicable ascertainment procedure; second, substantially meets the ascertained problems, needs, and interests of the residents of his service area; and third, his license has not been characterized by any serious deficiencies, a presumption is established that the public interest, convenience, and necessity would be served by the renewal of his license. The effect of 2(b), I believe, will be to emphasize that past programing service is the major consideration in determining whether a licensee should be renewed.

Last, but by no means of least importance, there was considerable testimony on the extent to which issues of cross-ownership and multiple ownership of mass media, as well as integration of ownership and management of broadcast stations, should be significant factors in determining whether grant of a renewal application would serve the public interest. And if so, how significant and whether the Commission should adopt rules or process on a case-by-case basis?

As to the cross-ownership of broadcast stations and other communications media, most witnesses felt the public interest would be better served if the FCC proceeded by rule. Personally, I do not believe the industry should be restructured through the renewal process and that any action the Commission takes with respect to the cross-ownership of broadcast stations and other communications media should be taken through formal rulemaking.

The policy of the United States with respect to ownership and management of broadcast licensees is contained in the Communications Act and the rules, regulations, policies and decisions of the FCC.

The antitrust policies of the United States, on the other hand, are set out in the Sherman Act, Clayton Act, and the Federal Trade Commission Act, and the judicial and administrative interpretations of those acts.

The ingredients of the public interest standard of the Communications Act are one matter.

The ingredients of unfair competition and concentration under the antitrust standard may be quite a different matter.

Inquiries under the Communications Act into broadcast service should be concerned with those matters which go to the public's interest in the larger and more effective use of radio (NBC (319 U.S. 190)).

I was impressed with the statement given us by the Chairman of the FCC to the effect that:

> The licensee should be judged on the basis of that actual performance, not on weaker presumptive factors. . . . if the incumbent licensee's past programming service has been substantially responsive to ascertained community needs and interests, then integration of ownership with management is an irrelevant factor in the comparative renewal proceeding.

I generally agree with that proposal and I believe the committee shares my view in this regard and said so in the report filed with the bill, although we specifically emphasized that in unique cases the Commission will still have the opportunity to raise the issue of media concentration. I hope the legislative language agreed to in conference with the House of Representatives and the statement of managers on behalf of the House and Senate will further recognize and clarify these distinctions and establish a general policy on media concentration for the guidance of the Federal Communications Commission.

I believe our hearings established the necessity for some legislation, but short of what the proponents of H.R. 12993, as passed by the House, urge as minimally necessary to achieve stability in the public interest.

In my judgment the amendment in the nature of a substitute to H.R. 12993 will achieve the objective we all seek, that of assuring the best possible broadcast service for the American people.

I suppose, Mr. President, that as one spends more time in the Senate of the United States, and I have been here only 8 years, a relatively short time compared to many of my colleagues, one comes to realize that the harder one has to work on an issue, the more complex and controversial it becomes. That is not a comforting observation, but one that I am afraid I must make. Certainly, it is true so far as matters relating to the broadcast industry are concerned.

When I became the ranking member of the Subcommittee on Communications, I thought I knew something about the broadcasting industry. I had practiced law for a while, and although it was not communications law, I thought I had a general understanding of that industry. I had a friendly, pleasant relationship with the broadcasters in my State, which I think and I hope I still enjoy. I even beguiled myself with the thought that I had considerable concern for the impact of radio and television on the future of the country and its capacity to resolve the issues that confront us.

I still believe those things, Mr. President, but I must say that after going through, I believe, 103 witnesses——

Mr. PASTORE. 108.

Mr. BAKER. 108 witnesses in hearings before the Communications Subcommittee, which Senator PASTORE chaired and which he and I both attended, after countless efforts with majority and minority staff to set out and understand the several contentions of the adversary parties, and the relationships and the cross-relationships and the subtle shadings of point of view, it suddenly occurred to me that there is no earthly way to satisfy everyone in this respect, and we might as well quit trying.

We did not satisfy everyone. It may be that we did not satisfy anyone except ourselves. But for whatever it is worth, Mr. President, I am ready to represent to our colleagues in the Senate that I believe we have the best bill that it is possible to get under the circumstances, taking into account the diversity of interests and the conflicts which arise in this field.

The Tennessee Association of Broadcasters, no doubt the National Association of Broadcasters, no doubt public interest groups and the several organizations that have appeared and testified or taken an interest in this matter will be variously upset about one thing or another, about the license term, about the presumption established in the case of compliance with the ascertainment provisions, about what the FCC ought to do in the pending rulemaking on cross-ownership, to say nothing about the fairness doctrine and other matters which were discussed by many witnesses and were all carefully considered.

Just to make the stew a little thicker, for the first time the Commerce Committee had a public markup on a major bill and while that was a new experience, it was a good one. Of all the things we do that ought to be subject to the full scrutiny of the public, the regulation, the licensing, and the conduct of the broadcast industry in the United States certainly should be.

Mr. President, it was our objective to do what was best for the most people. We sought to protect the legitimate interests of the broadcasters, who have a great investment, and the obvious legitimate interests of the public, who are the consumers of the product of the broadcasters. We wanted to do a conscientious job of balancing the conflicting interests, taking into account the excellent advice of the majority and minority staffs—and let me digress to pay special tribute to Nick Zapple, who is communications counsel for the Commerce Committee to John Hardy of the majority staff, and to Ward White of the minority staff. They were very patient with the distinguished chairman and with me. We express our opinions energetically, and the staff has a hard time, sometimes, keeping up with us; but they did.

But after all of that, Mr. President, I represent to the Senate that we did a good job, not a perfect job but the best job we think can be done under the circumstances in view of the conflicting viewpoints.

I hope that the Senate will not amend this bill in such a way as to emasculate it. I hope we will go forward with the full thrust of this proposal. I support the bill as reported, and appreciate the role of the Senator from Rhode Island, which has become traditional in this area; and, as I say, I hope the bill will go forward without amendment.

Mr. HRUSKA. Mr. President, these remarks are on H.R. 12993, the Broadcast License Renewal Act. I am pleased to be a cosponsor of an amendment to this bill to extend the license term for AM, FM, and TV broadcasting stations from 3 to 5 years.

For some time there has been a growing interest on the part of the broadcasting industry, the general public and legislators to reform the regulatory process by which broadcast licenses are renewed.

For over 40 years the policy of the Federal Communication Commission and its predecessor, the Federal Radio Commission, was to regularly and routinely make application grants to the existing licensees where they could show that their broadcast operations had been meritorious during the preceding license term. During this considerable period marked by dynamic change, growth, and progress in broadcasting, the Commission followed a consistent policy which recognized that the past performance and programing service of a broadcaster was the most reliable indicator of future performance and service.

Then in 1969, in the WHDH case, the FCC denied that station's renewal application, and totally disregarding the licensee's outstanding record of service to its community, awarded the license to a competing applicant with no prior broadcast experience. Since that controversial decision, there has been a dramatic increase in competing applications filed on top of incumbent applicants seeking to take over or deny the licenses of broadcasting stations. In the view of many observers, the situation facing the broadcasting industry today is one of uncertainty and instability—some even label it chaos—which is neither in the interest of the public nor the broadcasters.

I cannot exaggerate the degree of concern on the part of broadcasters over the desperate situation they now find themselves in as a result of FCC rules and policies.

The Nebraska Broadcasters Association is an organization made up of small town operators of radio and television stations throughout my State of Nebraska. Their everyday regulatory, financial, and administrative problems are typical of the problems of broadcasters across America. At its recent convention the NBA adopted a series of resolutions which reflect the general concerns of broadcasters, and I submit, are representative of the kinds of resolutions being adopted at broadcasters' conventions throughout the country.

Mr. President, I request unanimous consent that a copy of the resolutions adopted by the NBA at its convention held in Columbus, Nebr., on September 17, 1974, be inserted into the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HRUSKA. Mr. President, my fellow Nebraskans are troubled by the FCC's license renewal process, among other things. In my opinion, legislation is long overdue which would better inform broadcasters what they can reasonably expect at license renewal time and what is required of them during their license terms under the public interest standard of the Communications Act of 1934.

H.R. 12993 was drafted to improve the performance of broadcasters by clarifying and modifying the license renewal policies and procedures followed by the FCC. The Broadcast License Renewal Act was passed by the House of Representatives by an overwhelming vote of 379 to 14. As amended and reported by the Senate Commerce Committee, this bill should provide a meaningful standard by which the general public and competing applicants can properly measure the performance of an incumbent licensee and judge the merits of his renewal application.

It is my belief that the Commerce Committee substitute, which we are to consider, will go a long way to restore stability and confidence in the broadcast license renewal process.

For one thing, the License Renewal Act will direct the FCC in section 2(a) to establish procedures to be followed by broadcasters to ascertain the problems, needs, and interests of the local residents they are licensed to serve. The Commission will set forth these ascertainment procedures by rule, rather than on a case-by-case basis, thereby assuring that explicit requirements will be followed by licensees.

Therefore, the broadcaster will know under the Senate bill, that the FCC expects him to make a diligent, positive, and continuous effort to discover the problems, concerns, tastes, and desires of the listeners and viewers within his service area and then to fashion his station's programing accordingly. But the control of the program service still belongs to the licensee, and the FCC will not attempt to control or second-guess the licensee's decisions on how best to serve his community.

The test of renewal under H.R. 12993, as under existing law, is whether the public interest would be served thereby. Section 2(b) makes clear that the principal consideration of the FCC when it evaluates a renewal application is whether the broadcaster has, in fact, responded to ascertained problems, needs, and interests. In other words, the Commission will place emphasis on the incumbent licensee's past programing and total service record rather than on a newcomer's frivolous and untried promises.

The commerce bill also makes clear that past program service of all renewal applicants—whether contested or contested—will be judged by one standard, namely, whether the programing has "substantially met" ascertained problems, needs, and interests. Under current policies the FCC relies on different standards in contested and uncontested cases. A single standard for all situations should remove some of the confusion and uncertainty now existing in the renewal process.

The Senate bill also establishes in section 2(b) a presumption in favor of the incumbent licensee who has properly ascertained local problems, needs and interests; whose programing is responsive to those problems, needs, and interests; and whose operations are not characterized by character, technical, legal, or other serious deficiencies. In other words, H.R. 12993 will give a preference to the conscientious broadcaster who has provided good service to his community.

In my opinion, the license renewal bill is meritorious in these respects.

It is true that H.R. 12993 does not go as far as either the broadcasters or their challengers would like and it does not cure all the regulatory ills that small broadcasters have complained of. It does not tackle some of the problems discussed in the resolutions of the Nebraska Broadcasters Association.

Still the License Renewal Act will afford some relief to everyone. In my judgment, it will best serve the public interest to amend H.R. 12993 by extending the license term for broadcasters from 3 to 5 years. In any event, this bill will put the broadcasters and the public on reasonable notice of the standards of service to be expected of broadcast licensees. And most importantly, it will provide stability and needed reforms in the license renewal process. Perhaps that is as much as we can hope for at this time.

Accordingly I urge my colleagues to vote for H.R. 12993, and support the bill amended to increase the broadcast license term.

EXHIBIT 1

RESOLUTIONS ADOPTED BY THE NEBRASKA BROADCASTERS ASSOCIATION AT ITS CONVENTION HELD IN COLUMBUS, NEBR., ON SEPTEMBER 17, 1974

Resolved: We urge the Congress to pass and the President to sign a bill which will restore stability to the broadcasting license renewal process. Such a bill should incorporate these features among others:

(1) Minimum license term of five years.

(2) Protection against frivolous actions to intervene or deny.

(3) Reduction of reporting and paperwork.

(4) Licensee responsibility for ascertainment of needs procedures.

(5) Control of programming by the licensee as distinguished from the government or outside groups.

(6) A prohibition against case-by-case consideration of other media ownership interests of the applicant. Government policy should be set by Congressional action or by FCC rule-making.

(7) Dominant weight to the applicant with a demonstrated record of performance and responsiveness to needs of the service area.

Resolved: We condemn the pattern of discrimination against broadcast media which is spreading within certain governmental and quasi-governmental units. Examples that come readily to mind are:

(1) The action of the Federal Communications Commission in banning cigarette advertising in the broadcast media but not in others;

(2) The appropriation of money for paid advertising to encourage military recruiting in all media except broadcasting;

(3) Political campaign legislation which places limits on spending in the broadcast media but not in others;

(4) Use of paid advertising by the Postal Service in competitive media but non-use or belated use in broadcasting.

Resolved: We commend the Congress for its progress in eliminating winter daylight saving time which has failed in its avowed purpose of making significant savings in energy usage, which has added gravely to traffic hazards and which has severely handicapped broadcasters in their efforts to serve the public, particularly in times of disaster and bad weather. We ask the two houses of Congress to reconcile the differences in their respective bills and speed a consensus version to the President for his signature at the earliest possible date, as the days are now getting shorter.

Resolved: Re-regulation:

We commend the Federal Communications Commission for its progress in eliminating obsolete, unnecessary and unduly burdensome regulations over radio broadcasting. At the same time, we point out that many such regulations continue in force, and we request the Commission to push the re-regulation project vigorously, both in radio and television.

Resolved: The FCC is considering a change in its fee schedule for filings and transfer of ownership grants, and in connection herewith is proposing assignment and transfer grant fees determined on the basis of the average annual gross income of broadcast stations. The imposition of transfer and assignment fees based on the average gross income of a broadcast station would be grossly unfair and improper, and would disregard entirely the operating costs which are specifically recognized as proper and necessary by the Internal Revenue Service and by other local and federal authorities.

Resolved: That the NBA recommends repeal of the fairness doctrine because it can only get more involved and unfair as time goes on. The answer is to eliminate the doctrine from the FCC rules. Time has proven the doctrine impractical. The FCC differs with the courts and the confusion reigns. With every change in Commissioners, the fairness doctrine will change in interpretation. This isn't fairness—it's confusion.

Mr. MOSS. Mr. President, will the Senator from Rhode Island yield to me for a few moments for some questions?

Mr. PASTORE. I yield.

Mr. MOSS. Mr. President, let me begin by saying that I certainly commend the chairman of the subcommittee and the ranking Republican member of the subcommittee that produced this bill, because they did indeed work long and diligently, and we had many meetings. I cannot claim that I was present for all of them, because, as a member of the subcommittee, I was in and out of the hearings, but I got in, I think, on most of the discussion and certainly all of the markup of the bill; so I think I am quite familiar with the bill.

I, too, believe that the subcommittee and the full committee have here sent to the floor a very much needed piece of legislation, and one that will both improve the situation for the broadcasting industry and still preserve for members of the public their opportunity to challenge, if need be, those who do not measure up to the standards prescribed for them. The authority is again reiterated to the FCC to control the broadcasting industry so that it is in the public interest.

I have a question that I wish the floor manager would answer, because it is one point that is a little bit troublesome still.

The committee report emphasized that in determining the public interest, newspaper ownership is only one factor to be considered in relation to other factors, with performance and programing the basic test for a license. If common ownership of a broadcast media by a newspaper were used adversely to the public interest, then the presumption resulting from other programing would not be applicable. And if in a given market there were undue concentration to the extent that the sole newspaper owned the only broadcast facility, then the presumption generally resulting from performance may be overcome. It is my understanding that by omitting section 2(b) of H.R. 12993 the committee did not intend to disregard the historic position of the Commission, Congress, and the Judiciary that, in the absence of undue concentration, an applicant for license or renewal may not be discriminated against by the Commission solely because of newspaper ownership. Section 2(b) was omitted simply because the legislative history demonstrated that it was unnecessary.

Is that a correct understanding?

Mr. PASTORE. No, in that it was unnecessary. The House passed a bill saying that until such time as a rule was promulgated by the Federal Communications Commission, they could not consider at renewal time this matter of cross-ownership until that rule was promulgated.

We went a step farther than that, and left it out, because we felt we should not be dictating in what we considered to be at the moment an administrative element.

What we did do was confer with Mr. Wiley, who is the Chairman of the Federal Communications Commission, and he assured us that before December 31, 1974, this year, they would promulgate rules.

We went a step further than that; we not only took his word, but we wrote it in our own bill, that the rule must be promulgated before December 31, 1974.

I have no doubt in my mind that in cases where we have a high concentration of the newspaper community all in the hands of one management, a license would not be granted to that newspaper management. But I am quite sure that in an area like Washington, D.C., for instance, where the Evening Star owns channel 7, where the Washington Post owns channel 9, where RCA owns channel 4, and where Metromedia owns channel 5, I doubt very much that that situation will be changed by any rule. However, I am just at this time stating my own point of view, without knowing what they are going to do.

But we thought we should wait until December 31 and then, if we are dissatisfied, we can call the Commission before us and ask for explanations.

Mr. MOSS. Do I understand, then, that the bill is silent, having required the Commission to act on rule-making by the end of the year; that nothing is said in the bill about what they should contain in the rule or how they should approach it?

Mr. PASTORE. I would assume they would go on for the next 2 months as they have been going on from time immemorial.

Mr. MOSS. There is, consequently, nothing in the bill to indicate that there is any opposition to cross-ownership? It is simply whether we have concentration or not; is that right?

Mr. PASTORE. Concentration, of course, would come under the criteria.

Mr. MOSS. Unless there is concentration and consequent abuse or likelihood of abuse there fould be no basis for refusing a license on cross-ownership.

Mr. PASTORE. That is my point of view.

Mr. MOSS. I thank the Senator.

In determining the purposes and scope of the Communications Act of 1934, resort may be had not just to the context of the act, but to its historical background and legislative history. The purpose of the Communications Act of 1934 has never been considered to empower the Federal Communications Commission to discriminate against and disqualify any class of persons or class of business. In particular, the purpose of the act has never been to discriminate against newspaper owners as licensees under the act.

The best construction of the statute is that which it has received from contemporary authority. A construction sanctioned by long-acquiescence on the part of the Congress and the Commission and judicial tribunals is the strongest evidence that it has been rightly construed. Indeed, the practical construction of the statute and the meaning publicly given it by usage is presumed to be the true construction, which should not ordinarily be disturbed. This is especially true where overturning the construction long and generally accepted, would have far-reaching consequence.

For all these reasons, section 2(b) of H.R. 12993 was omitted because it could only serve to create ambiguities in connection with the clear and unequivocal construction placed on the act by the Commission and the Congress. The Commission's position was made absolutely certain during the hearings on S. 658 held in August 1950 and April 1951 by the House Committee on Interstate and Foreign Commerce, during which the view of the Commission in the case of Hearst Radio, Inc.—WBAL—and Public Service Radio Corp. decided on June 18, 1951, was quoted as follows:

> Newspaper ownership does not automatically disqualify an applicant. It is a factor which is considered, but only in relation with the other aspects of comparative determination and as it bears upon the final decision of whether a grant to the applicant in question is in the public interest. The record does not show that the common control of WBAL and the Baltimore newspaper, has been employed adversely to the interests of the listening public, and an inference can reasonably be drawn that these conditions which have previously obtained will continue.

A so-called newspaper amendment was then omitted from S. 658 and the following statement of congressional intent was substituted, which statement was approved by both the House and the Senate:

> This provision was omitted from the conference substitute because the committee of conference felt that it was unnecessary. It is the view of the conference committee that under the present law the Commission is not authorized to make or promulgate any rule or regulation the effect of which would be to discriminate against any person because such person has an interest in, or association with, a newspaper or other medium for gathering and disseminating information. Also, the Commission could not arbitrarily deny any application solely because of any such interest or association.

Section 2(b) of H.R. 12993 was omitted for the same reasons. It is simply unnecessary and would have created an ambiguity with regard to the established construction and legislative history. Other examples of the consistent construction placed upon the Communications Act of 1934 are set forth in the annexed exhibit.

I make this statement to be certain that our decision to omit section 2(b) is never construed as having a purpose or intent different than the foregoing explanation.

I ask unanimous consent to have printed in the RECORD a summary of portions of the legislative history of newspaper ownership under the Communications Act of 1934.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXHIBIT

SUMMARY OF PORTIONS OF THE LEGISLATIVE HISTORY OF NEWSPAPER OWNERSHIP UNDER THE COMMUNICATIONS ACT OF 1934

(a) In January and May 1937, the FCC transmitted to the Senate and House Committees, respectively, the formal opinion of its first General Counsel concluding that the FCC lacked authority to discriminate against newspaper applicants for broadcasting stations.

(b) When the FCC on January 13, 1944, closed the record and dismissed its inquiry on newspaper ownership of radio stations (Doc. 6051), a summary of the evidence and a copy of the FCC Order was transmitted to the Senate and House Committees. In that proceeding, the Commission concluded not to adopt any general rule with respect to newspaper ownership of radio stations in view of "the grave legal and policy questions involved."

(c) During the period that the Newspaper Investigation was pending before the Commission, 1941–1944, the FCC had deferred acting on newspaper applications and this became a matter of concern to Members of the Congress. During this period, a Bill was introduced in the Senate, the intent of which was to prohibit the FCC from discriminating against newspaper applicants.

(d) Acting Chairman Charles Denny, in testifying before the Senate Committee on June 17, 1947, stated that the antinewspaper discrimination Bill "merely represents present practice." Mr. Denny testified further "we have no rule; a newspaper is qualified to become the licensee of a radio station." Hearings on S. 1333, pp. 44, 69.

(e) Acting Chairman Hyde, in testifying before the Senate Committee on June 16, 1949, on the same anti-discrimination Bill, S. 1973, stated that the Commission had no objection to the amendment and that any such discrimination by the FCC would constitute "class rule making."

(f) Following the 1947 and 1949 hearings and conferences with Commission members, the Senate Committee in S. Rep. No. 741 on S. 1973 explained that the anti-discrimination provision was dropped in reliance upon

> the FCC representations that it had no rule or policy against newspaper ownership and no intention of adopting any such rule or policy, and that in any event, it lacked authority so to do.
>
> (g) The House Committee, on April 8, 1952, reported favorably on the adoption of a Newspaper Amendment originating in the House Committee which was subsequently debated and passed by the House and sent to Conference.
>
> (h) On July 2, 1952, the Conference Report was adopted which deleted the text of the House-approved Newspaper Amendment but adopted unanimously a statement of policy to the effect that such anti-newspaper discrimination legislation was unnecessary by reason of the lack of FCC statutory authority.
>
> (i) Thereafter, on January 31, 1956, Chairman McConnaughey, in testifying before the House Committee on miscellaneous bills, stated: "We fully agree with this opinion of the conference committee," that the Commission did not have authority to discriminate against newspaper applicants. He testified further "that legislation was not necessary to protect newspapers from discrimination." (Pp. 83, 84.)
>
> (j) On March 26, 1968, Chairman Hyde, testifying before the Senate Committee in the context of the Newspaper Preservation Act, said "we have not found to date that outside business interests present an overall problem in terms of preserving impartial news and public affairs coverage by broadcast stations, and the Commission does not recommend any limitation upon entry based upon outside interests." Commissioner Hyde testified elsewhere "we should not disqualify any class of persons or any class of business from being eligible" . . . "I am sure that I am speaking Commission policy on this," . . . "whether it be newspaper or manufacturing."

Mr. MOSS. Mr. President, during the hearings on the pending legislation and during the deliberations by the committee, some of the significant questions raised related to cross-ownership, and integration of ownership and management.

The committee met these issues as well as others head-on and has attempted to remove the confusion and uncertainty that pertains at renewal time today.

First, it directed the FCC to complete its rulemaking proceeding involving cross-ownership and multiple ownership by December 31, 1974.

It also adopted specific criteria outlined in section 2(b) of the bill which the FCC must follow at renewal time. If the Commission is satisfied that the licensee has satisfactorily met the criteria, a presumption will attach that the public interest will be served by renewing such a license.

Because of the importance of these provisions, the committee was very careful to explain its position in the committee report. I would like to cite a few of the pertinent provisions from the report:

> In order to assure necessary industry stability in the public interest, however, your Committee does not intend that the flexibility given the FCC be used to re-structure the industry on a case-by-case basis. To the extent the dynamics of the medium and the public interest permit, the FCC should adopt rules and policies of general applicability. In this way, the broadcasters will know what is expected of them, and cannot plead surprise or inequity.
>
> If and when the FCC finds additional criteria appropriate for consideration whether it be cross-ownership of other media, integration of broadcast management with ownership of something else, your Committee expects the Commission to move expeditiously in adopting such rules or policy as may serve to put the parties on notice as to what will be considered in renewal proceedings.
>
> It is also expected that licensees will be given reasonable opportunity to come in compliance with changes in the Commission's rules or policies made during the term of license. To this end, the Committee in this legislation is directing the FCC to complete its cross-ownership proceeding in Docket No. 18110 by December 31, 1974.
>
> Licensees who have received broadcast licenses and operated stations in accord with Commission rules, regulations and policies should not find these factors injected into a renewal proceeding unless there has been a change of circumstances or a failure to comply or abuse of the policy and rule.

I know how careful the committee considered this language and that is why I have repeated it because I wish to emphasize that a licensee who has received a broadcast license and operated his station in accordance with Commission rules regulations and policies should not find these factors injected into a renewal proceeding unless there has been a change of circumstances or failure to comply or abuse of policy and rule.

The PRESIDING OFFICER (Mr. METZENBAUM). Who yields time?

Mr. PASTORE. How much time would the Senator like?

Mr. HART. Four minutes.

Mr. PASTORE. I yield 4 minutes to the Senator from Michigan.

Mr. HART. Mr. President, there is a sense of unease, not unreality but unease, at least on the part of some of us, that at a time when many sectors of the economy are suffering perhaps more grievously than any time since the depression, we are culminating many hours of effort to make life a little easier for a sector of the economy which is relatively very healthy.

It is not the situation of the failing-newspaper bill run through here again, but there is in that House bill, I think, a pretty clear demonstration of the effectiveness of a very genteel radio-television influence on the bill, an influence which, Senator Pastore has indicated, goes far beyond any legitimate claim or expression of concern a broadcaster could voice.

I support the committee bill, uneasy though I am, in the belief that by enacting this proposal we will forestall, if you will, Mr. President, an even worse one.

I would hope that we understand that not an inch should be conceded in conference by the Communications Subcommittee, and what the subcommittee and then the Commerce Committee has done is the maximum to which we should yield to the unease of that industry.

As politicians, all of us know how comfortable it would be if nobody could challenge us on a renewal. I can understand why a broadcaster would like very much to have a longer term and fewer uncertainties. But the chances are that each of us as Senators performs a little more effectively because he can be challenged periodically.

So, too, broadcast licensees, I think, will perform more effectively if they are open at the end of a 3-year term—not 5 years—and if while there is some favor given them by reason of establishing adequate performance, it is not a conclusive presumption. Monopoly still can be raised as a legitimate basis for challenge.

Remember there have only been two licenses that have ever been denied on failure of performance. Only two challenges have ever succeeded, in Jackson, Mississippi, and in Boston; and in neither case was a competing application against a regular renewal applicant the cause.

This is a relatively healthy sector of our economy, and they are all friends of ours. But enough is enough. What the committee proposes is what I would hope—and in this I support Chairman PASTORE and Senator BAKER—that we will see that we go no further.

These are license tickets which, on the market, most welfare rights organizations would love to have. Mothers on food stamps would love to have one. We are not talking about feeble, threatened pieces of the economy. Let us not concede any more than is in this bill.

Mr. PASTORE. Mr. President, if the Senator will yield, to give an example of the impossibility of the job we are supposed to do on the floor today, here I have an amendment which takes it from 3 to 5 years. It is sponsored by 17 Senators and, with the exception of Mr. BEALL, not one of those Senators is on the floor.

Mr. ALLEN. The Senator from Alabama is on the floor, and he is a sponsor.

Mr. PASTORE. I do not see his name on here—yes, I am sorry. Mr. ALLEN is on the floor—Mr. BEALL and Mr. ALLEN.

Developing this bill was an agonizing experience; we had many fine people come in from all over the country, people who had complaints to make, and they wanted to be heard. We heard them. I must say that for most of the time just Mr. BAKER and myself were there. I am telling the Senator that stopping this amendment is going to be like stopping the wind today, just wait and see.

Mr. HART. Why?

Mr. PASTORE. I do not know. The word is already around that the industry has 60 votes. How do they know? How does the industry know they have got 60 votes?

Mr. HART. Because we are exposed to that industry every time we want to go to the public.

Mr. PASTORE. I have already said that.

Mr. HART. And every time we go to the industry they say, "What are you going to do about that license renewal?"

Mr. PASTORE. Mr. President, you know what I would like to say. All of this clamor about the rights of the consumer; why does it stop here? Why are those who are interested in the rights of the consumer doing what they are doing, why do they flip-flop on this? But that is all right. As I said before, it is like stopping the wind. Just wait and see what happens.

I yield the floor, Mr. President.

Mr. HART. I think the Senator from Rhode Island has indicated why there may be that many votes.

The PRESIDING OFFICER. Who yields time?

Mr. BAKER. Mr. President, I understand I have control of the time in opposition, and I will be glad to yield to the Senator from Michigan.

Mr. President, I am prepared——

Mr. BEALL. May I engage in a colloquy with the chairman of the committee?

Mr. PASTORE. Yes, of course the Senator may.

The PRESIDING OFFICER. On whose time?

Mr. PASTORE. On my time. We have got a lot of time here.

Mr. BEALL. As the chairman knows, during the course of the hearings on this we talked with the FCC, and during the course of the hearings I raised some question with the FCC about the question of ascertainment, the methods used in the ascertainment procedures, specifically with regard to the geographical area that is used when they determine primary and secondary areas of ascertainment.

I have been concerned, for instance, if I may be very parochial and use the local area as an example of, perhaps, the process that might be used in ascertainment, that sometimes licensees are inclined to consider their political subdivision in which they are located the area of a primary service for ascertainment purposes.

It is my contention that the FCC should not allow the licensee to determine this primary coverage area on the basis of artifically drawn political boundaries. In other words, using the Washington metropolitan area as an example, it seems to me, for instance, that a television station—and radio station to some degree, but a television station primarily—that is situated in the District of Columbia should not just consider the District of Columbia a primary service area because there are 850,000 people in the District of Columbia. There are a million and a half people in the two neighboring counties adjoining in the State of Maryland and, I assume, there are another million and a half people in the counties across the river in Virginia and, it seems to me, that for purposes of ascertainment as to the quality and viability and suitability of the service that is being rendered by a licensee, the Maryland and Virginia territory are just as primary as is the territory in the District of Columbia.

I would like to ask the chairman if it is his understanding that in the ascertainment procedures we are describing here in this bill is it his understanding that ascertainment is to be considered on the basis of the total population in the area being primarily served, and not being on the basis of some historical political boundary and which has no significance?

Mr. PASTORE. The Senator from Maryland is absolutely right. If he will look at page 6, the bottom two paragraphs on page 6, and the top paragraph on page 7, we say essentially what he has already indicated.

It is true. The service area has to be considered in the ascertainment proceeding, anything else would be discriminatory.

Mr. BEALL. In other words, for the licensees of this area, the service rendered in Montgomery and Prince Georges County is just as important as service rendered in the District of Columbia.

Mr. PASTORE. That is right.

Mr. BEALL. I thank the Senator.

Mr. PASTORE. And I think it extends to either side.

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. Will the Senator yield me some time, inasmuch as he is controlling the time?

Mr. BAKER. Mr. President, I am happy to yield whatever time the Senator from Alabama wants to have.

Mr. ALLEN. Ten minutes?

Mr. BAKER. I yield 10 minutes to the Senator from Alabama.

Mr. ALLEN. Mr. President, later on in the morning, the amendment the distinguished Senator from Rhode Island referred to will be called up.

It would permit the FCC to grant licenses for 5 years or to extend them for a like period, whereas the present law is 3 years, and the House passed the bill at the 5-year figure.

I was somewhat interested in the remarks of the distinguished Senator from Rhode Island, the chairman of the committee, when he asked the question, "Where are those who are interested in the consumer? Why are they not opposing the 5-year amendment?"

Well, I am also interested in this point as well, and I recall when we had the so-called Consumer Protection bill up before the Senate, the sponsors of that bill had a nice little exemption in the bill that the Consumer Protection Agency would have no jurisdiction in the matter of proceedings before the FCC in the matter of granting licenses or renewing licenses.

The Senator from Alabama did not feel that it was quite right to leave anybody out from under the umbrella protection of the so-called Consumer Protection Agency, so the Senator from Alabama offered an amendment here on the floor seeking to give the Consumer Protection Agency jurisdiction to intervene and represent the consumer in matters before the FCC regarding the granting of licenses and the renewing of licenses.

Just as soon as I can get the rollcall on that, I am going to offer it for the record. But the Senator from Alabama might well ask the question, where were the Senators at that time protecting the interests of the consumer, because that amendment offered by the Senator from Alabama was overwhelmingly defeated.

If the Senator from Alabama recalls correctly, and I will correct the record if I am wrong, the Senator from Rhode Island voted against giving the consumer that protection.

Mr. PASTORE. Now, will the Senator yield?

Mr. ALLEN. Yes, sir.

Mr. PASTORE. In the first place, the Senator from Alabama is the one who does not want that consumer bill at all.

Mr. ALLEN. Well, the Senator from Alabama——

Mr. PASTORE. And filibustered the bill—now, let me answer, you mentioned my name.

I said on the floor at that time that, after all, the public at the grass roots intervenes at the time of renewal and to get some high pressure lawyer down here that does not know what is going on in Rhode Island is not the way to protect the consumer in Rhode Island. That is the reason why I am doing it on this bill, to make sure that little guy in Rhode Island is going to be protected and not a $40,000-a-year lawyer in Washington.

That is the reason why I voted against the amendment of the Senator from Alabama, because his was a parliamentary ploy.

Mr. ALLEN. I thank the distinguished Senator from Rhode Island for this explanation and that shows that the Senator from Alabama and the Senator from Rhode Island both do not feel that the so-called CPA was going to offer protection for the consumers.

The Senator did not think the CPA was going to offer protection for the consumers of Rhode Island and the Senator from Alabama was trying to put everybody under the same great umbrella.

So the distinguished Senator from Rhode Island did not want any consumer protection at that time and now he is calling for consumer protection in just a matter of a few days difference, so that is very interesting.

Mr. HART. Will the Senator yield?

Mr. ALLEN. I will yield at the end of my time, if the Senator can get some time.

So it is very interesting that the distinguished Senator from Rhode Island today is worried about the consumer.

Where were the Senators representing the consumer when the Senator from Alabama tried to give them the protection of the Consumer Protection Agency and they did not want it in this affair?

Where is the consumer more interested than in proceedings before the Federal Communications Commission regarding the granting of licenses or the renewal of licenses?

Certainly, there was no reason for excepting the FCC from the protection, if it be protection, of the Consumer Protection Agency, and the Senator from Alabama and all Senators realize, they were left out from under the bill so as to get the support of the media industry.

The Senator from Alabama has a case in point respecting the Educational Television Commission in his own State where the ETV in the State of Alabama, which I might say is the very first Educational Television Commission setup in the entire country, has been harassed, it has had proceedings brought against it to not renew its license, and even though the conditions that were complained about occurred many years ago, still an effort is being made to revoke the license, or not to renew the license, of this State-operated agency in the State of Alabama.

So to allow pressure groups to come in every 3 years and try to block the renewal of licenses is a burden that should not be placed on public television stations and privately owned television stations.

If we are going to have our media stations under the gun at all times, acting in such a way as not to offend pressure groups of all sorts, then it would seem to the Senator from Alabama that would not be in the best interest of the public.

If every 3 years they are going to be put on the griddle and charged with unfair practices and to have their licenses taken away from them, I think it is burden that should not be placed upon them. A 5-year term, it seems to the Senator from Alabama, is fair, and the House passed a 5-year provision.

If we adopt this amendment, it will put the sponsors of the bill in such a position that they will not have anything to argue with the House about at this point. They will agree to the 5-year term, so we will be able to give them a bill, a bill that is much needed.

So to say that every 3 years a station has got to respond to the attacks of pressure groups of all sorts that might not be satisfied with their programing is certainly something we should not require.

The investment in these stations, I would say, would run in the hundreds of thousands of dollars, if no the millions of dollars, and to have that subject to the whim or caprice of the FCC with its inability in many cases to withstand pressure, I believe is not in the public interest.

Now, Mr. President, I have here the votes on the consumer protection bill where the Senator from Alabama offered an amendment. We are all concerned about the consumer, the Senator from Rhode Island especially is interested in the consumer in this matter, and when the Senator from Alabama offered an amendment to the Consumer Protection Agency giving the Consumer Protection Agency jurisdiction to intervene in FCC matters, to protect the consumer in these matters, how did the Senator from Rhode Island vote?

He voted no.

The Senator from Tennessee did not vote.

The PRESIDING OFFICER. The 10 minutes have expired.

Mr. ALLEN. The Senator from Alabama, along with 16 other Senators, voted to bring the FCC under the umbrella of protection of the Consumer Protection Agency. So that is where the Senator from Alabama stood.

Mr. PASTORE. May I ask the Senator a question if I give him the time needed for the question?

Mr. ALLEN. Yes.

Mr. PASTORE. If the amendment had been accepted, would the Senator have voted for the bill?

Mr. ALLEN. No.

Mr. PASTORE. That is why I think this is a parliamentary ploy.

Mr. ALLEN. The Senator from Alabama was not for the bill. He took the position, however, that if the bill was to be passed, it should cover the whole economy. He also objected to excluding big labor from the protection of the bill. If the bill is to be passed, it ought to cover everybody alike.

The PRESIDING OFFICER. Who yields time?

Mr. ALLEN. The Senator from Alabama is trying to accomplish that. I favor the amendment which will be offered at a later time.

Mr. BAKER. Mr. President, I yield myself 2 minutes.

Mr. ALLEN. Mr. President, I ask unanimous consent that the record of the vote on the amendment I offered on the consumer protection bill respecting the bringing of the FCC under the protection of the CPA law be printed in the RECORD.

There being no objection, the voting record was ordered to be printed in the RECORD, as follows:

SENATE VOTING RECORD

CONSUMER PROTECTION

Legislation: S. 707, to establish a Council of Consumer Advisers in the Executive Office of the President, to establish an independent Consumer Protection Agency, and to authorize a program of grants in order to protect and serve the interests of consumers, and for other purposes.

Vote Analysis: Ribicoff motion to table the Allen motion to reconsider Vote No. 293. (See also Vote No. 299.)

S. 707: Vote Nos. 292–294; 299–300; 313; 318; 321; 329;

Result of vote: Motion rejected. Yeas, 44; nays, 46; not voting, 10.

YEAS (44)

Democrats (34 or 67%):

Bayh
Bentsen
Burdick
Byrd, Robert C.
Church
Cranston
Eagleton
Hart
Hartke
Hughes
Humphrey
Inouye
Jackson
Johnston
Kennedy
Magnuson
Mansfield
McGee
McGovern
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Randolph
Ribicoff
Stevenson
Tunney
Williams

Republicans (10 or 26%):

Brooke
Case
Javits
Mathias
Packwood
Pearson
Percy
Schweiker
Scott, Hugh
Stevens

NAYS (46)

Democrats (17 or 33%):

Allen
Bible
Biden
Byrd, Harry F., Jr.
Cannon
Chiles
Eastland
Ervin
Haskell
Hathaway
Hollings
Huddleston
McClellan
Nunn
Sparkman
Stennis
Talmadge

Republicans (29 or 74%):

Aiken
Baker
Bartlett
Beall
Bellmon
Bennett
Brock
Buckley
Cook
Curtis
Dole
Domenici
Dominick
Fannin
Fong
Goldwater
Griffin
Hansen
Hatfield
Helms
Hruska
McClure
Roth
Scott, William L.
Stafford
Taft
Tower
Weicker
Young

NOT VOTING (10)

Democrats (7):

Abourezk—2
Clark—2AY
Fulbright—2
Gravel—2
Long—2
McIntyre—2AY
Symington—2

Republicans (3):

Cotton—2
Gurney—2
Thurmond—1AN

Explanation of absence:

1—Official Business.
2—Necessarily Absent.
3—Illness.
4—Other.

Symbols:

AY—Announced Yea.
AN—Announced Nay.
PY—Paired Yea.
PN—Paired Nay.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BAKER. I did not think we were going to get into a CPA argument in the course of this debate. However, for 2 minutes I will add something else to it.

I was opposed to the CPA. I guess I still am, in the form it was before the Senate. But I also am opposed to the Allen amendment. In my judgment, the real way to protect consumers is through the agencies designed for certain purposes. They know how to best perform those tasks in the public interest.

The Federal Communications Commission is in the best position to decide how best to protect the public interest. That is all they have, the general public. Even if the Allen amendment had not been offered, I suppose I would have voted against the bill and against cloture because I think the FCC is better equipped to protect the public. But I would have voted against the Allen amendment.

Mr. President, I understand there are one, two, or possibly other amendments to be offered.

I reserve the remainder of my time on the bill.

Mr. ALLEN. Will the Senator yield for 1 minute?

Mr. BAKER. Yes.

Mr. ALLEN. Mr. President, the Senator from Alabama was mistaken when he referred to this amendment on the FCC in the consumer protection debate as having been offered by the Senator from Alabama. Actually, the amendment was prepared by the distinguished Senator from Ohio (Mr. METZENBAUM), who was the author of the amendment, and which I cosponsored.

The Senator from Alabama spoke for it. He had other amendments and he misstated that he introduced this amendment. He supported the amendment. He spoke for it and he is happy to give the distinguished Senator from Ohio credit, credit that he should have, and that the Senator from Alabama applauds him for.

Mr. PASTORE. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. What is the time situation?

The PRESIDING OFFICER. The Senator from Rhode Island has 10 minutes, and the Senator from Tennessee has 9 minutes.

Mr. PASTORE. If there are going to be amendments, we should bring up the amendments because there is time on the amendments.

Mr. HART. Could I address two questions to the manager of the bill for clarification?

Mr. PASTORE. Would the Senator wait until after we get the amendments?

Mr. HART. Very well.

The PRESIDING OFFICER. The Senator from California.

AMENDMENT NO. 1956

Mr. TUNNEY. Mr. President, I call up amendment No. 1956 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. TUNNEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TUNNEY's amendment (No. 1956) is as follows:

> On page 9, between lines 20 and 21, insert the following:
>
> On page 9, between lines 20 and 21, insert the following:
>
> "TERM OF LICENSES
>
> "SEC. 3. Section 307(d) of the Communications Act of 1934 is amended by striking the first two sentences and inserting in lieu thereof the following: 'No license granted for the operation of any class of station shall be for a longer term than five years and any license granted may be revoked as hereinafter provided. Upon the expiration of any license, upon application therefor, a renewal of such license may be granted from time to time for a term of not to exceed five years if the Commission finds that public interest, convenience, and necessity would be served thereby.'."
>
> On page 9, line 23, strike out "SEC. 3" and insert in lieu thereof "SEC. 4".

Mr. TUNNEY. Mr. President, I ask unanimous consent that John Daly and Dan Jaffe, of my staff, be given the privilege of the floor during the debate on this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TUNNEY. Mr. President, I would like to indicate that this amendment is being offered by Mr. BENTSEN, Mr. COOK, Mr. BEALL, Mr. HRUSKA, Mr. BAYH, Mr. YOUNG, Mr. ALLEN, Mr. MANSFIELD, Mr. HUGH SCOTT, Mr. HOLLINGS, Mr. NUNN, Mr. MONDALE, Mr. HUMPHREY, Mr. CURTIS, Mr. CHILES, Mr. STAFFORD, Mr. BARTLETT, Mr. MCCLELLAN, Mr. MCGEE, Mr. TOWER, Mr. TALMADGE, Mr. STEVENS, Mr. HATFIELD, Mr. GRAVEL, and myself.

Mr. President, I would like to say, before beginning my remarks on this amendment, that I think that the chairman of the subcommittee, the distinguished floor manager of this legislation, has done an absolutely outstanding job in bringing to the floor after many, many hours of hearings, and much controversy in the Commerce Committee, a bill which I think will represent a significant improvement over existing law.

I recognize that the distinguished Senator from Rhode Island knows more about this subject matter, along with the Senator from Tennessee, than any other Senator.

However, I must say that I have felt for the last 9 years, in the House of Representatives and in the Senate, that the law, as it related to license renewal, was deficient.

I suppose that I reached that point of view having represented a small rural congressional district in southern California in which we had a number of radio stations that were not well financed, that did not have large listening audiences, but, on the other hand, provided a very crucial service to the residents who lived in that sparsely populated area.

I had a chance to meet with the station managers and talked with them about their problems in getting a license renewal. They pointed out the incredibly complex paperwork that was involved, the great cost in trying to get a license renewal; the fact that they had to hire lawyers, occasionally go back to Washington, D.C., and sometimes there would be a delay of as much as 2 to 3 years after they should have had their license renewed before, in fact, they were able to get their renewal.

Mr. President, the wide dissemination of ideas is crucial to the proper functioning of a democratic society. The Federal Communications Commission with its oversight and licensing powers over the airwaves plays a critical role in this process and must be vigilant in assuring the excellence and public service of the broadcast media.

Therefore, I am offering an amendment which I think will provide a greater possibility for particularly the smaller stations to provide consistent programing and to give them a greater degree of assurance over a 5-year period that they will be able to develop a plan for programing which will be of benefit not only to the broadcasters but also to everyone who listens to their programs.

To strengthen what I consider a good bill, I am offering an amendment to allow the Federal Communications Commission to extend the license renewal term to 5 years. I point out that this amendment would not prevent the FCC from renewing licenses for a period shorter than 5 years in appropriate cases.

I believe that this longer license period would significantly improve the license renewal process for the following four reasons:

First, a longer license period would reduce the number of renewal applications processed annually by roughly 40 percent and therefore allow the Federal Communications Commission to scrutinize and review renewal applications more carefully.

Second, this close scrutiny and review will better assure the public that broadcasters are being required by the FCC to meet community needs and to offer excellence in programing.

Third, an extended renewal period would aid the small broadcaster. The license renewal process, which at one time was a fairly simple and straightforward procedure, has become extremely complex, expensive, and time consuming. Enormous amounts of information and filings are now required by the FCC. This burden weighs particularly heavily on the many small broadcast stations on which millions of Americans depend for news and public service broadcasting throughout our Nation.

Fourth, the extended term would create an improved climate for capital expenditures allowing the broadcasters to amortize, over a reasonable length of time, the heavy capital commitments necessary to improve the quality of their transmission and service.

A quick look back at the history of broadcast licensing may be helpful in illustrating the case for a 5-year renewal period.

Early broadcast licenses were issued for 90 days, 6 months, 1 year and finally 3-year terms. This 3-year license term has been in effect since the enactment of the Radio Act of 1927 and the Communications Act of 1934.

In the following 40 years, with television's arrival and radio's continued expansion, there has been phenomenal growth in the broadcast industry. From a mere three stations in 1920, the number has risen, until today there are more than 8,400 broadcasting stations in the United States. But despite the explosive growth of the industry in size and technological complexity, there has been no change in the antiquated 3-year license term.

In this regard, it must be remembered Mr. President, that the great majority of stations in this country are owned by small businessmen, with a staff often numbering only half a dozen people. The mountains of paperwork required by the FCC has put an incredible burden on these stations.

Mr. Earl Morgenroth, of the Rocky Mountain Broadcasters Association, for example, stated in testimony before a congressional subcommittee that—

> Thirty pounds of documents is not an unusual package to be sent to the F.C.C. by a station seeking to have its license renewed.

In numerous discussions with broadcasters in my own State, I have been told of the crushing burden of paperwork they face.

But, it must be remembered that the 5-year renewal period would not just benefit the broadcasters; for, as Chairman Wiley of the FCC, stated on June 18 before the Senate Commerce Subcommittee on Communications:

> A five year license extension would reduce the number of renewal applications to be processed annually from approximately 2,700 to 1,600. This would enable the Commission to review more thoroughly each application filed and to give closer and more expeditious consideration to those applications which raise questions relating to the licensee's overall qualifications.

It is no wonder to me that Chairman Wiley is concerned over the present renewal burden, for there are close to 130 contested cases presently backlogged in the FCC, some of which may take months and possibly years to decide.

Furthermore, it should be noted that Chairman Wiley pointed out that the extended license period would in no way weaken overall FCC supervision. In fact, he stated:

> Should any serious deficiency or question be raised as to the licensee's performance

during its license terms, various administrative remedies and sanctions are available to the Commission, including the levy of forfeitures, issuance of cease and desist orders, institutions of revocation proceedings, and the calling of early filing of a renewal application.

It would seem clear that the 5-year renewal period, along with the proposed legislation which was reported from the Commerce Committee, provides the framework for providing the best possible programing that the American public demands, desires, and should expect.

I hope that the Senate will consider favorably this amendment, which has been accepted by the House of Representatives in H.R. 12993, which was sent to the Senate.

Mr. President, I ask unanimous consent that the names of Senator MCCLELLAN, Senator MCGEE, Senator TOWER, Senator TALMADGE, Senator STEVENS, Senator HATFIELD, Senator GRAVEL, and Mr. THURMOND be added as cosponsors of the amendment.

The PRESIDING OFFICER (Mr. HATHAWAY). Without objection, it is so ordered.

Mr. TUNNEY. I would also like to add that the distinguished Senator from Texas, Senator BENTSEN, one of the main sponsors of this amendment was unfortunately unable to be here today. However, he feels very strongly about this issue and has been very effective in helping bring this issue to the attention of the Senate.

Mr. PASTORE. Mr. President, what we are forgetting in the discussion of this amendment is the fact that we have accommodated the industry and established stability of the industry if they meet the criteria of the legislation.

If we were resting alone on whether or not we should have the 3 years as against the 5 years and nothing else, there would be a great deal of logic in what the Senator from California has said. But as I pointed out when the Senator was not in the Chamber, we struggled with this, and we finally felt that, while we had to assure a licensee who had done a good job a reasonable chance—a presumption, if you will; a rebuttable presumption, if you will—that at least he would have his license. That was the one thing the industry was concerned with most, for the simple reason that the industry was disturbed by the WHDH case.

Also, we are adding this other feature which has been objected to by the interested public witnesses we had before our committee. As a matter of fact, they wanted us to do nothing at all. We had one extreme in which they said, "Leave it alone. The industry is stable enough. It is a multibillion dollar industry. None of them has gone bankrupt yet. They are making a lot of money. They are buying other businesses. Why do you have to bother now? These people are coming in here and shedding crocodile tears."

I think there was one moment when the Senator from California was very receptive to that argument—very, very receptive to that argument. As a matter of fact, I thought I was going to have a little trouble with him at the markup.

Mr. TUNNEY. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. TUNNEY. My position on the rebutable presumption has not changed one whit. I would support an amendment, if it were offered on the floor of the Senate. I understand that the Senator from Maine may offer such an amendment.

Mr. PASTORE. Does the Senator mean that all he wants is the 5 years and give them nothing else?

Mr. TUNNEY. No. I say that they should have a rebuttable presumption.

Mr. PASTORE. That is what they have under the bill. It is subject to rebuttal.

Mr. TUNNEY. If the Senator will recall, I offered a rebuttable presumption as an amendment in committee, and I think the distinguished Senator from Rhode Island corralled 11 votes and I was able to get 3.

Mr. PASTORE. As I said earlier, my intuition tells me that the atmosphere that we are operating in this morning is like stopping the wind. If the Senator is ready to yield back the remainder of his time, I am ready to yield back the remainder of my time and vote.

Mr. BAKER. Mr. President, before the distinguished chairman does that, will he yield to me?

Mr. PASTORE. I yield.

Mr. BAKER. Mr. President, I oppose the amendment. I opposed it in committee. I heard the rather extensive testimony of a great number of witnesses as to 3 years, 5 years, and no bill, and on virtually every other concept and variation one could imagine.

I believe that the 3-year term is in the public interest. One could make good arguments for 4 years and for a number of other things. But 3 years is a reasonable time to give a degree of stability, and at the same time to give a reasonably frequent opportunity to people to protest the performance of stations.

Before I yield back the remainder of my time, let me say a word about presumptions.

I got involved in the presumption debate, myself. Maybe it is a carryover from law school but I do not want the bill to be misunderstood.

This bill does provide a presumption. I understand that not to be a mere presumption, and not to be a conclusive presumption, but rather it is a rebuttable presumption. The definition of a presumption is that it stands in the face of evidence, as contradistinguished from a mere presumption, but it disappears if someone proves, by the preponderance of the evidence, something to the contrary. That is what we have. "Don't let's mess it up."

Mr. TUNNEY. It is a presumption, in other words, which may be rebutted if the weight of the evidence is against it?

Mr. BAKER. Yes, that is right.

Mr. TUNNEY. Does it completely disappear, or does it remain as a presumption despite the fact that there is substantial evidence offered against the presumption?

Mr. BAKER. We have "substantial evidence"; we have "completely disappeared." We have words of art involved in that.

Mr. TUNNEY. I agree. That is why I thought a rebuttable presumption was, perhaps, a little bit more detailed in its explanatory value than just "presumption," which is a bit slippery.

I have listened to the Senator and I do not understand what presumption is.

Mr. BAKER. A presumption is a presumption. I am not, as one of the managers of the bill, going to extend that definition beyond the ordinary, accepted definition of what a presumption is.

I shall tell the Senator what is is not: It is not a mere presumption and it is not a conclusive presumption. Beyond that, it is up to the courts and the Commission to decide, and I do not think we ought to spend our time on it.

Mr. TUNNEY. I certainly do not wish to delay debate on this.

Mr. PASTORE. If the Senator will yield, the Senator from Rhode Island takes the very categorical position that it is a presumption which can be rebutted by the contestant. We wrote that into the report.

Mr. TUNNEY. I thank the Senator from Rhode Island.

Does the Senator from Michigan wish time?

Mr. HART. No; I thank the Senator.

Mr. BAYH. Mr. President, last Friday I joined with 17 other Senators in introducing an amendment to H.R. 12993, the Broadcast License Renewal Act which would extend the term of broadcast licenses from 3 to 5 years. While I appreciate the fine work done by my colleague from Rhode Island, as well as the other members of the Senate Commerce Committee in arriving at a substitute to the House-passed version of this legislation, I would like to outline my reasons for feeling that such an amendment is necessary.

When most of us think of the broadcasting industry, we tend to think of the giants of that industry, ignoring the fact that the broadcasting industry is dominated by the small businessman, whether he be the small television station owner or the operator of an AM/FM radio station. These broadcast station owners are bound by the current provision of the law which states:

> No license granted for the operation of a broadcasting station shall be for a longer term than three years.

According to statistics supplied to the Subcommittee on Communications and Power of the House of Representatives during their extensive hearings last year, there were 4,385 AM stations; 2,429 FM stations; 701 television stations; 566 educational FM stations; and 223 educational television stations—or a total of 8,295 broadcast stations subject to renewal every 3 years under present law.

Over the years there has been a substantial increase in the amount of preparation and expense necessary for the filing of such license renewal applications. Some applications run into several hundred pages. The impact of such procedures take their toll, particularly on the small broadcaster.

I am particularly concerned as to the burden this imposes upon the 123 FM stations, 87 AM radio stations, and 26 television stations in my home State of Indiana.

In addition to the burden imposed upon the individual station owners, the growth in the broadcasting industry has vastly increased the workload of the FCC. For fiscal year 1963 there were 2,225 renewal applications received by the FCC; for fiscal 1966 there were 2,677; and for fiscal year 1972 there were 2,353.

The FCC has estimated that a 5-year renewal period would reduce the number of renewals that must be processed by the Commission by approximately 1,100 applications. In addition, it stands to reason that the extension of the license period to 5-years would allow the FCC to give closer scrutiny and devote more time to the evaluation of each application without additional expense or manpower.

In addition, I would like to point out that our amendment would not tie the hands of the FCC in granting a shorter license period for a broadcast station. The amendment merely provides that the FCC shall have the authority to grant and renew broadcast licenses for a period not to exceed 5-years—it in no way inhibits the authority of the Commission to grant licenses for a shorter period.

In conclusion, this amendment in no way reduces the obligation of either the individual broadcaster or the FCC to assure that full and comprehensive study is given to whether the needs and interests of the public are being met by granting a renewal. Indeed, the expansion of the period for license renewal to 5 years gives the FCC additional time to meet its obligations in this regard.

Mr. TUNNEY. I am prepared to yield back the remainder of my time.

Mr. PASTORE. I yield back the remainder of my time.

Mr. GRIFFIN. Mr. President, is an amendment to the pending amendment in order?

The PRESIDING OFFICER (Mr. HATHAWAY). That is correct.

Mr. GRIFFIN. What time remains?

The PRESIDING OFFICER. There is a time limitation of 15 minutes, to be equally divided.

Mr. GRIFFIN. Mr. President, I send an amendment to the Tunney amendment in the nature of a substitute to the desk.

The PRESIDING OFFICER. The clerk will state it.

The second assistant legislative clerk proceeded to read the amendment.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD.

The amendment is as follows:

"Beginning on page 1, line 3, strike everything through line 5 on page 2, and insert in lieu thereof the following:

"SEC. 3. Section 307 (d) of the Communications Act of 1934 is amended by striking the second sentence and inserting in lieu thereof the following: 'Upon the expiration of any license (other than a broadcasting license transferred or assigned during the immediately preceding license period) a renewal of such license may be granted from time to time, upon application therefor, for a term of not to exceed five years if the Commission finds that public interest, convenience, and necessity would be served thereby.' "

Mr. GRIFFIN. Mr. President, I wish to say briefly that I suspect, as the distinguished Senator from Rhode Island has indicated, that the amendment of the Senator from California would probably be adopted if we were to go to a vote. My amendment, which is taken from a bill that I had introduced on license renewal earlier strikes a more reasonable compromise on this matter.

It is one that will provide, in the case of an initial award of a license, or upon the transfer of a license to a new licensee, that the period before renewal required, in the first instance, would be three years, but that, after the first renewal, thereafter it would be 5 years.

It seems to me that when we have a new licensee operating for the first time, there is good reason, and public interest would be better served, if there were a review and close scrutiny over a shorter period of time, at least. Perhaps this is the kind of compromise that would have been more appropriate to reach in the conference, but I say to the manager and the ranking minority member that I rather suspect that the Tunney amendment would be adopted if I did not offer this. Maybe I am wrong. I think this would be an improvement and would serve the public interest better than a flat 5-year term for all licensees.

I ask for the support of this substitute.

Mr. TUNNEY. May I ask the Senator a question?

Mr. GRIFFIN. Yes.

Mr. TUNNEY. To how many licensees would this amendment apply? Would it apply to every licensee the first time?

Is the amendment one in which a new licensee would have a 3-year license, and then it would be 5 years thereafter, on each renewal?

Mr. GRIFFIN. Yes, it is my understanding that on the first license of a new licensee, whether it is the award of a frequency in the first instance or a transfer to a new licensee, the first period would be a 3-year period. He would have to go back and get a renewal after a 3-year period, but after that, if he succeeds, following the initial 3-year period, it would be 5-year renewals.

In other words, this licensee, in the first instance, has gotten the FCC approval on the basis of certain representations, that he is going to do this and he is going to do that. The principle here would be to take a look at his performance over a 3-year period under those circumstances rather than waiting for 5 years.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. GRIFFIN. Yes, I yield.

Mr. BAKER. Do I understand correctly the Senator's amendment to say—and if it does say this, I am inclined to support it—that everybody, after the passage of this act, would get a 3-year license, whether it is a renewal or otherwise, and that after that, they would get 5 years?

For instance, for WRC, WTOP, or WATE in Knoxville the first time out, it would be 3 years, and after that, 5 years?

Mr. GRIFFIN. No, as I am advised by my staff, it would not start everybody, after passage of this, in a new situation. But any transfers from here on, or any new assignments from here on would be for an initial 3-year period.

Mr. PASTORE. Will the Senator yield to me?

Mr. GRIFFIN. Yes, I yield.

Mr. PASTORE. As I understand the Senator's amendment—and while I may be opposed to the whole caboodle, I think it is quite an improvement on the amendment of the Senator from California. What he is saying is this: If the amendment does pass, any licensee who does have a license in any particular location will go under the 5-year rule. But if he sells that license, or transfers that license, and a new ownership or licensee comes in, then, for the first time, he is limited to 3 years. Beyond the 3 years, he can have it for 5 years.

Do I explain that correctly?

Mr. GRIFFIN. That is correct.

Mr. PASTORE. That is the way I understand the amendment.

For instance, WTOP is owned by the Washington Post. If they came in for a renewal, it would be 5 years. If they sold that license to a new licensee and that license was transferred, that transferee would have only a 3-year license?

Mr. GRIFFIN. That is right.

Mr. PASTORE. Until he proved a track record that would justify the 5 years?

Mr. GRIFFIN. That is the principle of it.

Mr. TUNNEY. Mr. President, if the Senator will yield, I cannot bind my cosponsors. I think that we ought to have the vote, because we have never had the opportunity to discuss this particular amendment together.

As I indicated in my remarks, I have over 20 cosponsors of the amendment I have offered, so I think we ought to have a separate vote on the amendment of the Senator from Michigan.

Mr. GRIFFIN. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. TUNNEY. I yield such time as he may require to the Senator from Alabama.

Mr. ALLEN. Mr. President, I oppose this amendment. I feel it gives a special privilege to those who already have a license. It grandfathers them in. It says that their renewal shall be for 5 years, whereas someone who does not now have a license has to be satisfied with a 3-year license.

So, far from being an improvement, this amendment favors the holders of existing licenses, because their next renewal will be for 5 years. It gives them a guarantee of 5 years, those who already hold licenses, and limits the new blood coming in to a 3-year license.

I do not think it is fair, and it is much worse than the amendment of the Senator from California itself, which gives the new blood coming in, the new licensers, 5 years. That is fair to all.

A two-tiered system is provided by the amendment of the Senator from Michigan (Mr. GRIFFIN). It provides a two-layer establishment. It does not represent equal rights or equal protection, and does give a special privilege to those who already have licenses. It grandfathers in their special privilege of getting a 5-year license on their next time at bat.

Mr. TUNNEY. Mr. President, I concur with the thought of my distinguished colleague from Alabama. I think he is correct. I think, from the point of view of equity, we should recognize that if we are going to create different classes of citizens, it is a two-edged sword.

I recognize full well that there are many groups now making applications for licenses which are public interest oriented groups—minority groups, for example, and those who are interested in public education, et cetera—and I think that they, too, would be adversely affected by this amendment, as well as the corporate interests which are purchasing a license from an old licensee.

I do not think there is a justification for creating two classes of citizens insofar as FCC licenses are concerned.

Mr. PASTORE. Mr. President, the argument the Senator from California has made is exactly the basis of my opposition to the 5-year license. It amounts to shutting off the minority groups. That is precisely the point I made. We are shutting off the minority groups with the 5-year term.

Now we are shedding crocodile tears that maybe they will only get it for 3 years, but under the old system they are not going to get it at all, let alone for 3 years.

Mr. ALLEN. Mr. President, if the Senator will yield, that is not correct, because under the amendment of the distinguished Senator from California that I have the honor of cosponsoring, the new licensees under the Tunney amendment would get a 5-year term, whereas under the Griffin amendment to that amendment they would get only 3 years.

Mr. PASTORE. Yes, but if my mathematics are correct, they would have to wait 5 years before they could file a petition.

Mr. ALLEN. But this applies to new licensees coming in, who will get only 3 years, whereas under the Tunney amendment they will get 5.

Mr. TUNNEY. Mr. President, the only thing I would like to add, before we vote, is that I think the Senator from Rhode Island and the Senator from Tennessee have done a very fine job in tightening up the procedures for the issuance of a license and for review of applications for license renewal. It would be my hope that if their intent is carried out administratively by the FCC, we will not have licensees able to renew their licenses if they are not providing the public with a valuable service. We will give the public interest groups and the minorities an opportunity to challenge those licenses after 5 years, but if they are successful in their challenge, they will have a license for 5 years themselves, and I think it works both ways.

Mr. President, I am prepared to vote. I have nothing further to say.

Mr. BEALL. Mr. President, will the Senator from California yield?

Mr. TUNNEY. I yield.

Mr. BEALL. With a 4- or 5-year license period, the complication is, we are not going to have an ongoing examination of a licensee in terms of whether he is performing his public service in a reasonable manner.

The reason for extending the license period from 3 to 5 years is, as I understand, to remove an intolerable burden of paperwork from marginal operators, so that they can afford to stay in business. At the same time, the FCC is constantly hearing citizens' complaints against licensees. There is no minimization or reduction in the amount of oversight carried on by the FCC in carrying on these licensing examinations over the country, or the ability of citizens to file complaints against licensees. The procedure will be as it has been in the past, and in fact might be improved a little bit because the time of the FCC will not be taken up in the cumbersome, burdensome job of the FCC in relicensing people every 3 years. I think the FCC themselves feel this is an improvement.

The PRESIDING OFFICER. All time of the Senator from California on the amendment has expired. The Senator from Michigan has 1 minute remaining.

Mr. GRIFFIN. Mr. President, I yield it back.

Mr. HRUSKA. Mr. President, in my earlier remarks on H.R. 12993, I stated that I supported legislation to clarify and modify the regulatory procedures and policies by which broadcast licenses are renewed. In my opinion, the Commerce Committee bill will provide standards by which the general public and competing applicants can properly evaluate the performance of an incumbent licensee and judge the merits of his renewal application.

If enacted, H.R. 12993 will put both the broadcasting industry and the listening and viewing public on notice of what is to be expected of licensees during their license periods. Most importantly, the Broadcast License Renewal Act will restore a measure of stability and confidence in the entire license renewal process.

I also discussed briefly some of the principal features of H.R. 12993 and indicated that I consider the proposed legislation to be meritorious in many respects. However, I am greatly disappointed that it fails to extend the broadcast license term beyond 3 years.

An amendment to H.R. 12993, increasing the license term to 5 years, was offered on the House floor and was approved by a lopsided margin of 308 to 84. The Senate Commerce Committee unfortunately decided to stick to the present 3-year period. The committee report concluded that the public interest would be better served if the length of the license term remains at 3 years. I cannot agree with this, and I do not find the committee's reasoning persuasive. This is why I am cosponsoring the amendment offered by the distinguished Senator from Texas (Mr. BENTSEN) to extend the license term to 5 years.

It should be pointed out that other classes of radio stations—citizens band, amateur, industrial, maritime, aviation, safety and special—operate under 5-year licenses. Both common carriers and cable systems have authorizations for a 5-year period. They, too, must operate to serve the public interest; yet it has been determined that the longer renewal period for them is in everyone's best interest.

AM, FM, and TV broadcasters are being unfairly discriminated against by being limited to license terms of only 3 years. A longer term would still allow for a periodic review of licensee performance while not imposing an undue burden on the industry. In light of the outstanding record of broadcast licensees in serving their local communities—which is often as good or better than other communications industries—I can see no compelling reason to treat broadcasting stations any differently.

Over the years the license renewal process has become quite involved and complicated. It has become, in fact, a major undertaking for the average licensee. The amount of information now being required by the FCC in renewal applications is tremendous. Applications running several hundred pages are no longer unusual. The time, effort, money, and personnel needed to compile the proper filings are excessive. It is little wonder that the Nebraska Broadcasters Association, in one of its resolutions, urged Congress to pass a license renewal bill which would bring about a "reduction of reporting and paperwork."

The burden of processing vast amounts of paperwork involved in the license renewal process is no lighter for the FCC, which must free its personnel from normal regulatory duties to handle and review each renewal application. According to one estimate, the longer term would mean that the Commission would reduce the processing load from 2,800 applications per year to about 1,700. Therefore, it seems to me that a longer license term could be beneficial to both the Commission and the broadcasters. In fact, the Chairman of the FCC has endorsed the 5-year term.

Of course, even if the standard term were increased to 5 years, the Commission would still have authority to grant renewals for a lesser period if it believes that such action would serve the public interest.

Finally, under the proposed legislation each licensee will be required to engage in ascertainment of local problems, needs and interests throughout the license period. This continuous process will be a major undertaking and will entail constant contacts between station management and the community served. It seems reasonable to permit the broadcaster to spend more time and resources on ascertainment and programing, which will benefit everyone in the service area, and less on preparing renewal applications every 3 years.

For these reasons, I support the amendment to extend the license term from 3 to 5 years. With this amendment, the Broadcast License Renewal Act should be a meaningful piece of reform legislation.

The PRESIDING OFFICER (Mr. HATHAWAY). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Michigan (Mr. GRIFFIN) in the nature of a substitute for the amendment of the Senator from California (Mr. TUNNEY). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HELMS (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Nevada (Mr. Bible), the Senator from Idaho (Mr. Church), the Senator from Arkansas (Mr. Fulbright), the Senator from Alaska (Mr. Gravel), the Senator from Hawaii (Mr. Inouye), the Senator from Minnesota (Mr. Mondale), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

I further announce that the Senator from Indiana (Mr. Hartke) and the Senator from Kentucky (Mr. Huddleston) are absent on official business.

I also announce that the Senator from Iowa (Mr. Hughes) is absent because of a death in the family.

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. Aiken), the Senator from Oklahoma (Mr. Bellmon), the Senator from Utah (Mr. Bennett), the Senator from Tennessee (Mr. Brock), the Senator from Kentucky (Mr. Cook), the Senator from New Hampshire (Mr. Cotton), the Senator from Kansas (Mr. Dole), the Senator from Colorado (Mr. Dominick), the Senator from Arizona (Mr. Goldwater), the Senator from Florida (Mr. Gurney), the Senator from New York (Mr. Javits), the Senator from Maryland (Mr. Mathias), the Senator from Oregon (Mr. Packwood), the Senator from Pennsylvania (Mr. Schweiker), the Senator from Ohio (Mr. Taft), and the Senator from North Dakota (Mr. Young) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. Fong), the Senator from Virginia (Mr. William L. Scott), and the Senator from Vermont (Mr. Stafford) are absent on official business.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "present."

The result was announced—yeas 23, nays 46, as follows:

[No. 460 Leg.]

YEAS—23

Baker
Biden
Buckley
Ervin
Fannin
Griffin
Hart
Hathaway
Long
McClure
McIntyre
Metcalf
Metzenbaum
Montoya
Moss
Pastore
Pearson
Pell
Percy
Scott, Hugh
Stevenson
Thurmond
Tower

NAYS—46

Abourezk
Allen
Bartlett
Bayh
Beall
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Curtis
Domenici
Eagleton
Eastland
Hansen
Haskell
Hatfield
Hollings
Hruska
Humphrey
Jackson
Johnston
Kennedy
Magnuson
Mansfield
McClellan
McGee
McGovern
Muskie
Nelson
Nunn
Proxmire
Randolph
Ribicoff
Roth
Sparkman
Stennis
Stevens
Symington
Talmadge
Tunney
Weicker

ANSWERED "PRESENT"—1

Helms

NOT VOTING—30

Aiken
Bellmon
Bennett
Bentsen
Bible
Brock
Church
Cook
Cotton
Dole
Dominick
Fong
Fulbright
Goldwater
Gravel
Gurney
Hartke
Huddleston
Hughes
Inouye
Javits
Mathias
Mondale
Packwood
Schweiker
Scott, William L.
Stafford
Taft
Williams
Young

So Mr. Griffin's substitute amendment was rejected.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from California. The yeas and nays have been ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. HELMS (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Nevada (Mr. Bible), the Senator from Idaho (Mr. Church), the Senator from Alaska (Mr. Gravel), the Senator from Hawaii (Mr. Inouye), the Senator from Minnesota (Mr. Mondale), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

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I also announce that the Senator from Iowa (Mr. Hughes) is absent because of a death in the family.

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. Aiken), the Senator from Oklahoma (Mr. Bellmon), the Senator from Utah (Mr. Bennett), the Senator from Tennessee (Mr. Brock), the Senator from Kentucky (Mr. Cook), the Senator from New Hampshire (Mr. Cotton), the Senator from Kansas (Mr. Dole), the Senator from Colorado (Mr. Dominick), the Senator from Arizona (Mr. Goldwater), the Senator from New York (Mr. Javits), the Senator from Maryland (Mr. Mathias), the Senator from Oregon (Mr. Packwood), the Senator from Ohio (Mr. Taft), and the Senator from North Dakota (Mr. Young) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. Fong), the Senator from Virginia (Mr. William L. Scott), and the Senator from Vermont (Mr. Stafford) are absent on official business.

I further announce that, if present and voting, the Senator from Kentucky (Mr. Cook) and the Senator from Kansas (Mr. Dole) would each vote "yea."

I further announce that if present and voting, the Senator from Ohio (Mr. Taft) would vote "present."

The result was announced—yeas 62, nays 10, as follows:

[No. 461 Leg.]

YEAS—62

Abourezk
Allen
Bartlett
Bayh
Beall
Brooke
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Cranston
Curtis
Domenici
Eagleton
Eastland
Ervin
Fannin
Fulbright
Griffin
Gurney
Hansen
Haskell
Hatfield
Hathaway
Hollings
Hruska
Humphrey
Jackson
Johnston
Kennedy
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Montoya
Moss
Nelson
Nunn
Pearson
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker

NAYS—10

Baker
Biden
Case
Hart
Metzenbaum
Muskie
Pastore
Pell
Percy
Stevenson

ANSWERED "PRESENT"—1

Helms

NOT VOTING—27

Aiken
Bellmon
Bennett
Bentsen
Bible
Brock
Church
Cook
Cotton
Dole
Dominick
Fong
Goldwater
Gravel
Hartke
Huddleston
Hughes
Inouye
Javits
Mathias
Mondale
Packwood
Scott, William L.
Stafford
Taft
Williams
Young

So Mr. Tunney's amendment was agreed to.

Mr. PASTORE. Mr. President, my prediction was 60 votes. We made it by 61.

AMENDMENT NO. 1961

Mr. METCALF. Mr. President, I call up my amendment No. 1961.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the Act add the following language: "In applying its multiple ownership rules (presently embodied in 47 C.F.R. 73.35, 73.240, and 73.636), the Federal Communications Commission shall consider any bank, or mutual fund, or insurance company that in any manner owns, or that in any manner partially or wholly controls or exercises the voting rights of, more than 5 per centum of the outstanding voting stock of a corporate licensee which has more than fifty voting stockholders as having a controlling interest in such corporate licensee.".

Mr. METCALF. Mr. President, a problem of increasing concern to all Americans is the concentration of economic power in the hands of a few. This problem is especially acute when it becomes applicable to the broadcast media. It is worth repeating a statement by Prof. Robert M. Soldofsky in "Disclosure of Corporate Ownership," a report prepared by my Subcommittee on Budgeting, Managing, and Expenditures and Senator Muskie's Subcommittee on Intergovernmental Relations:

> The potential implications of concentrated ownership by a group of financial institutions in the broadcasting and publishing industries are so great as to merit special attention. These problems would be potentially more intense if the same group of financial intermediaries held a significant proportion of the outstanding voting stock of two or more large competing companies. Any direct or indirect efforts to limit the diversity, range of programing, or local originations of news and entertainment are a matter of highest national concern. The independence of newspapers, magazines, radio broadcasting, television, CATV, motion pictures, and other media that now exist or that might develop would be better safeguarded by a truly wide dispersion of stock holdings in "widely held" corporations.

The FCC itself has recognized the importance of diversification of control by adopting rules restricting the maximum number of broadcast stations which any one entity can own. No entity may be licensed for more than seven television—five VHF and two UHF, seven AM radio stations, and seven FM radio stations.

In order to enforce these rules, the Commission had to define common ownership or control. In the case of widely held corporations, defined as those in which there are over 50—fifty—voting stockholders, the Commission adopted a rule in 1953 which, as relevant here, provided that any stockholder holding more than 1 percent of the stock would be considered to have a controlling interest in the corporation. This prevented a person from gaining a controlling interest in several large corporations which in the aggregate had more licenses than the maximum permitted by law.

Then in 1969, the Commission amended its rules to acquiesce in the growing dominance of our economy by so-called institutional investors. It raised the benchmark for attributing control of a publicly held corporation from 1 percent of its stock to 3 percent where the entity owning or controlling the stock was a mutual fund. This was a signal to other institutional investors to begin to deluge the Commission with requests for raising the benchmark applicable to them.

The American Bankers Association was first. In 1969, it petitioned the Commission to raise its benchmark to 10 percent. It pointed out that a survey of 19 banks showed that since 1953, their trust departments had acquired, and were still holding almost $1 billion—$976 million—of broadcasting stock in violation of the 1-percent benchmark and FCC rules. They argued that it would be a hardship on them to require divestiture of this stock acquired in violation of FCC rules.

The FCC did not quite give the banks all the relief they requested, only 90 percent of it. In 1972, it set the benchmark for bank ownership at 5 percent, so that only $84 million of the nearly $1 billion of misacquired stock would have to be divested. The FCC then gave the banks 3 years to divest the stock.

That brought the mutual funds back. They were no longer satisfied with the 3-percent benchmark given them in 1969; nor did they merely seek to be put on a par with banks at the 5-percent benchmark. Rather, they requested a 10-percent benchmark. Even before the FCC could act on that petition, along came the insurance industry. It petitioned the FCC to raise its benchmark to 5 percent. so it could be on a par with banks.

The petitions of the mutual funds and the insurance industries are still pending at the FCC. But if past experience is any guide, the FCC is likely to act favorably on them.

The "Disclosure of Corporate Ownership" report documented the widespread concentration of ownership of broadcast stock in bank trust departments, some of it in violation of existing Commission rules. The FCC apparently lacks the will to resist the pressure of financial institutions to allow them to acquire more and more control over the broadcast media.

This is a matter of paramount concern. As I stated earlier, and as the FCC has recognized, there is a great public interest in preserving diversity of ownership and diversity of programing and service. If the FCC will not act to stop financial institutions and institutional investors from gobbling up control of the broadcast media, Congress must.

We must call a halt to the ever-escalating level of stock ownership which the FCC allows before recognizing that a financial institution or institutional investor has control of a broadcasting company. Accordingly, I am proposing an amendment to H.R. 12993 which would limit the percent of stock a financial institution or institutional investor may own in a publicly held corporate broadcasting licensee before the institution is deemed to have control of the broadcasting corporation.

The limit which I propose is the one currently reflected in the FCC's rules—5 percent—5 percent. I have chosen this figure deliberately so as to avoid imposing any hardship on any institution presently in compliance with FCC rules. I would have preferred to roll back to earlier levels the level of stock ownership in broadcasters which financial institutions could acquire. But I realize this would impose a stock divestiture requirement on many institutions. In the current economic climate, this might work a hardship on those who had relied upon the rules in making stock acquisitions.

I would hope that in the future we will be able to reduce the level of permissible ownership of broadcast stocks by institutional investors. But for the moment we are at least obligated to prevent these financial giants from gaining control over all of American broadcasting.

Mr. PASTORE. Mr. President, the Senator from Montana is absolutely correct. This is now the present rule. It really codifies legislatively the existing rule, and I am perfectly willing to accept the amendment. I understand that my colleague agrees with it.

Mr. BAKER. Mr. President, on behalf of the minority, we are willing to accept the amendment. It is in fact a codification of the existing rule, and I think it is a worthwhile addition.

Mr. METCALF. I thank the Senators. I yield back the remainder of my time.

Mr. PASTORE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana.

The amendment was agreed to.

AMENDMENT NO. 1960

Mr. METCALF. Mr. President, I call up my amendment No. 1960.

The PRESIDING OFFICER (Mr. HATHAWAY). The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. METCALF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following:

(d) The Federal Communications Commission shall, not later than June 30, 1976, complete all proceedings and take such agency action as it deems appropriate in connection with its inquiry into the ownership of broadcast stations by persons or entities with other business interests (Federal Communications Commission Docket Numbered 18449).

Mr. METCALF. Mr. President, this amendment deals with the FCC's conglomerate inquiry. All that this amendment would require is that the FCC conclude that inquiry by June 30, 1976, or some 20 months from now. A brief statement of the background of this proceeding will help put this amendment in perspective.

The Commission announced an inquiry into the effects of conglomerate ownership on broadcasting in February 1969. Ten months later, in December 1969, the Commission sent out a pilot questionnaire to six conglomerates. Two months later, in response to industry pressure, the Commission narrowed the scope of the questionnaire.

It was not until 6 months later, in August 1970, that the Commission determined to go ahead with a further study. Even this step, however, was taken only after a leak to the press revealed that the responses to initial questionnaires had yielded information regarding certain abusive practices. Finally, in February 1971, after much haggling over details and considerable delay in processing the questionnaire at OMB—at the time, the questionnaire required OMB approval and consultation with an industry advisory committee pursuant to the Federal Reports Act of 1942—the Commission sent the questionnaire to a sample of 31 conglomerates. The questionnaire's scope was subsequently narrowed—I might add with no opportunity for public comment—after objections from the industry.

About 2 years later, in February 1973, the conglomerate task force submitted its report to the FCC. This report has not been made public and the FCC has taken no action with regard to it.

The issue of conglomerate control of broadcasting is a serious one. I need not reemphasize the central role played by the broadcast media in disseminating information to the American public. Yet we know virtually nothing about the effect of such ownership on the content of news. Does the fact that large defense contractors, such as General Electric, Westinghouse, RCA Corporation, General Tire & Rubber, own broadcast properties influence the news? Apart from their effect on program content, what about the economic effort of such ownership?

These are clearly complicated questions affecting the entire structure of the broadcasting industry. We are entitled to some information on this problem. Yet after 5 years, the FCC has yet to produce one single report or proposal for public comment. We have waited long enough. It is our duty to order the FCC to act and act expeditiously.

Nonetheless, in view of the complexity of the issues, and the fact that there has not yet been any opportunity for public comment, we should not act precipitously. We must allow ample time for some public reflection and considered judgment. Accordingly, I have allowed the FCC 20 months to act.

One may ask, "Why is this a legislative matter? Why should Congress intervene and why now?" These are legitimate questions; fortunately they are easily answered.

While we await information about the impact of conglomerate ownership, it is all around us. The FCC has not declared a moratorium on conglomerate ownership; it continues while we wait.

Meanwhile our economy is exploding all around us. I do not expect that we will find the answer to "stagflation" in the conglomerate study. But surely we are entitled to know whether such ownership of broadcast media is having a negative impact, a positive impact, or is neutral with regard to the economy.

But at the moment, we know nothing. All I seek by this amendment is to prod the FCC to give us the relevant information to perform our legislative tasks, even if it will not perform its regulatory tasks. We must act or there will likely be no action.

Mr. President, I have discussed this amendment with the managers of the bill. I believe that a better way legislatively would be for us to hold administrative and oversight hearings on this matter next year. I withdraw the amendment.

Mr. PASTORE. I thank the Senator from Montana. I think this is a matter that should be discussed at the oversight hearings next year.

Mr. METCALF. I thank the Senator from Rhode Island.

The PRESIDING OFFICER. The amendment is withdrawn.

(At this point, Mr. METCALF assumed the chair.)

Mr. HART. Mr. President, will the Senator yield for two questions?

Mr. PASTORE. I yield.

Mr. HART. As the Senator knows, two areas troubled me in committee as we sought to mark up this measure. I ask these two questions for a clarification or an understanding. The first has to do with the phrase "substantially met."

As I indicated in our markup, I felt that we ran the risk of leaving the impression that Congress intends to adopt the standards of the past, some of which were minimal. Reference is always made to the Moline case.

I ask the manager of the bill if it is not correct that "substantially met" is not intended to be a minimal standard nor one which would "rubber stamp" renewal applications but is, in fact, an intent to insure a high standard of the performance.

Mr. PASTORE. Naturally, no law can be justified in Congress that did not encourage the best kind of performance that is possible in serving the public interest.

We keep talking about the Moline case. We are moving away from that case and all other cases in this legislation, for the reason that we are setting up criteria which, if observed satisfactorily, gives a presumption to the licensee.

The word "presumption" is being greatly misunderstood. This is not going to be a two-step procedure or a double procedure. The licensee is not going to come in and establish his side of it, and then the challenger in a separate step do the same thing. It all happens in one proceeding. At the conclusion of the hearing, after the commission has heard both sides, it can find a presumption for the licensee. It can determine that the licensee has performed according to the criteria set forth, and, therefore, his license should be renewed. That is all it means. I cannot put it any different from that.

Mr. HART. There was an earlier exchange in connection with the subject of presumption, and there is the Senator from Rhode Island's comment now. That leads me to the second question.

The Senate bill incorporates three criteria that, if met, by the renewal applicant, would create a presumption that the renewal applicant had served the public interest and therefore should have its license renewed. This presumption can be overcome by evidence presented by a challenger.

My question is this: However, is it our intention that the FCC shall have the discretion, under this legislation, to consider such things as cross-ownership, multiple ownership, or other monopoly factors in individual cases, and, if the evidence warrants, to deny a license on that criteria and thereby overcome or rebut—or call it what you will—the presumption?

Mr. PASTORE. The point is that we are mandating that on the matter of cross-ownership, a rule will be promulgated by December 31. On the question of multiple ownership, that could be a factor in this regard: Let us assume that a newspaper owned a television station and that there was another newspaper in that town, and this newspaper bought the second newspaper, thereby creating a monopoly insofar as the written word is concerned, and at the same time they have a television station. In that case, the FCC could consider that in conjunction with whether or not the presumption should be given to the licensee, and can deny it.

Mr. HART. Do I paraphrase it correctly, then, that while three criteria are established and a presumption derives when the applicant establishes that he has met the three criteria, nonetheless we do not foreclose the commission from considering allegations?

Mr. PASTORE. That is right. We give the Commission flexibility. For instance, if there were any technical defects that he was ordered to correct in order to give a clear picture and he has not done it, that could be taken into account.

For instance, if the owner of a television station, who was, let us say, the president or an officer of the corporation, was indicted for price fixing and was convicted of it, that would be taken into consideration in weighing the presumption.

In other words, we are giving flexibility. We are not handcuffing the FCC. We are saying that, essentially, these are the criteria, and if they are satisfied, there ought to be a presumption for the licensee. That is no more than right.

I have always felt that way. I do not care who misunderstands me for my conduct on the floor today with reference to the 5-year term. That was not the most important feature that the industry was interested in. That was not the most important feature, and that is not the most important feature that the citizens were interested in.

The big thing was how far we were going to go in changing the present system in order to establish an assurance that, where the job was well done, at least a man who had invested his money would be protected and not be disenfranchised.

Mr. HART. I think that there is one thing that some in the industry would like very much to see done by legislation, and that is exclude from renewal hearings the factor of monopoly, in whatever aspect. I hope we are understood as saying "no" to anyone who would seek to do that.

Mr. PASTORE. We are understood by saying at this time that we are not intervening in that regard. I think that, possibly, later on, hearings ought to be held.

The House took the position that it might be construed that the Department of Justice would be precluded in some instances from intervening at renewal time. We have left that out completely. That, with us, is an open question. We have not touched that at all, and I do not think we should, until the FCC establishes a policy in that regard.

Mr. HART. It has always been my understanding that, even with respect to regulated industries, when Congress creates the regulator and charges him with making judgments that will serve the public interest, implicit in that obligation is a consideration of monopoly and concentration. Does the chairman agree?

Mr. PASTORE. I tell the Senator frankly that within the law, the law as written mentioned the word "monopoly." Naturally, if there is a monopoly created, the FCC has a perfect right to do something about it.

Mr. HART. And the three criteria do not bar it? Yes or no.

Mr. PASTORE. I do not know what the Senator means by that. The bill does not bar it.

Mr. HART. That is the answer I was hoping to get.

Mr. PASTORE. That is correct. The bill does not bar it.

Mr. HART. Mr. President, the bill we are considering today, H.R. 12993, comes to the Senate when the problems of our Nation's economy are perhaps greater than at any time since the depression. The Senate is being asked to simplify the life of the electronic broadcasting industry, an altogether understandable desire for that industry to express. While the goal of creating a clear standard of performance that the broadcasters must meet is worthwhile, the economic condition of the industry alone does not suggest the need for any legislation. Given the very difficult financial problems of so many sectors of our economy, congressional attention to the situation of broadcasters may seem strange.

It has been argued that because broadcast licenses have been open to challenges instability has developed in the industry.

First. The fact is that only two challenges for matters relating to station performance have ever been successful; only two.—WHDH in Boston and WLBT in Jackson, Miss.—and in no case has a competing application against a regular renewal applicant been the cause of the denial.

Second. Broadcast properties more than doubled in average price between 1968 and 1972 and are still rising.

Third. 1973 profits for the major networks were high—NBC-TV, 114 percent, ABC–TV, 62 percent, CBS–TV, 47 percent increase over last year's profits.

Fourth. During the 1971–72 period, while the rest of the stock market was on the decrease, broadcast stocks were rising.

Fifth. In the face of a license renewal challenge to one of its broadcast properties in Florida, the Washington Post-Newsweek group purchased a Hartford, Conn., station for $33 million.

Sixth. Total television industry profits rose from $343.2 million in 1963 to $653.1 million in 1973. The latter was an 18.3-percent increase from the 1972 level of $552.2 million.

Seventh. Rate of return on net tangible investment—original cost minus depreciation—is extremely high. The industry as a whole—including stations losing money—earned $653.1 million on net tangible investment of $749.1 million, or about an 87-percent rate of return in 1973. This represents a 14.5-percent increase in rate of return over 1972, when rate of return was 76 percent—$552 million profit on net tangible investment of $722.5 million.

This picture is not one of industry instability, but rather of growth in profits and market volume in the face of an otherwise sagging economy.

This record establishes no clear economic need for legislation at this time, but the substitute language of Senator PASTORE and Senator BAKER is far more responsible than the House version.

As passed by the House, H.R. 12993 would:

> Adopt the standard of "substantial" as the level of performance without properly clarifying the regulatory history of that standard that virtually guarantees renewal of the license. The Senate Committee report attempts to clarify and strengthen this standard.
>
> Prohibit F.C.C. consideration of media monopoly of ideas through cross ownership, multiple ownership or other factors until the F.C.C. makes a rule in the area. The Senate version recognizes the traditional role of regulatory agencies addressing antitrust questions and reserves the jurisdiction of the F.C.C. to apply the rule of reason in individual cases not covered by a general rule.
>
> Change the appellate jurisdiction from F.C.C. decisions from the District of Columbia Court of Appeals to the U.S. Court of Appeals in which the station is situated. This would take jurisdiction away from a court which has the traditional role and expertise in the administrative law field and place it in courts unfamiliar with the area of law and away from the broadcasting law Bar situated in Washington, D.C.
>
> Extend the license renewal period from three to five years, giving less frequent opportunity for regularized challenges and review of performance, when there is no real need for such added invulnerability for the industry.

The Senate version of the bill, proposed as a substitute by the distinguished chairman from Rhode Island and the ranking minority member of the subcommittee (Mr. BAKER) eliminates some of the problems of the unacceptable House bill.

Wisely, the committee has chosen to keep a renewal period of three years to insure that the public will have regular access to challenge the use of the public airwaves by private interests, and further provided for continuous interim review of performance. This 3-year license period should not be extended by amendment today.

Also, the Senate substitute does not violate the tradition of expertise in the administrative law field by changing the jurisdiction of appeals from FCC decisions. It remains in Washington, D.C.

It is with this understanding that I can support this legislation but perhaps even this gives too much isolation to the broadcasting industry from the fresh air of public scrutiny.

To weaken this legislation with amendments that give further protection to the license renewal applicant is to respond unwisely to an economic interest that has, and is, thriving without further Government protection. I urge my Senate colleagues to oppose any amendments that attempt to do that.

And to those Members of the Senate who believe that the bill is too weak in its protection of the public airwaves, I suggest that they offer amendments to make more explicit the limits in this legislation. Such amendments would be given careful consideration by each of us.

The efforts of Chairman PASTORE and Senator BAKER in considering this legislation were both long and arduous, and their patience merits our gratitude.

Mr. BAKER. Will the Senator yield briefly on that point?

Mr. PASTORE. Yes, I yield.

Mr. BAKER. I do not want to prolong this discussion. I think it is a useful one, and I think that the Senator from Rhode Island has answered it accurately.

I refer my colleagues to page 12 of the report. It points out that the FCC must take into account those factors which have a bearing on the public interest, even though they are unrelated to programing service or station operation. The presumption does not bar the consideration of such factors.

I think, in all candor, however, it is important to say that I am very much in doubt that the Commission is lacking in this matter. Until they have completed the rulemaking and the docket mandated under this bill, the Commission retains full flexibility. So the answer, I think, given by the Senator from Rhode Island, is entirely correct.

The ACTING PRESIDENT pro tempore (Mr. METCALF). The bill is open for amendment.

Mr. HATHAWAY. Mr. President, I have an unprinted amendment at the desk. I ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The clerk will state it.

The assistant legislative clerk read as follows:

> On page 9, delete the sentence beginning with the word "If" on line 13 and ending with the period on line 16.

Mr. HATHAWAY. Mr. President, this amendment makes a very simple—but important-change in the reported bill by deleting the sentence which establishes a "presumption" favoring renewal if the licensee "substantially" meets the interests, needs, and problems of its service area. Before going into the reasoning in support of this amendment, I should state my position with regard to the provisions of the bill, generally.

After study of the entire license renewal situation, I have determined that it would be in the public interest as well as in the interest of the broadcast industry to extend the license term from the present 3 to 5 years. This would allow the broadcasters to cut down on the amount of paper work involved in the renewal process while giving the FCC an opportunity to review more carefully renewal applications. This extension of the renewal period would be especially helpful to the thousands of smaller broadcasters—like many of those in Maine—whose 3-year application burden is becoming intolerable. But I have also consistently taken the position that an extension of the renewal term should not be coupled with a dilution of the renewal standard. Unfortunately, such a dilution is one of the prime effects of the bill now before us.

In essence, the bill establishes a "presumption" of renewal if the licensee "substantially" meets the interests, needs, and problems of the residents of its service area. The purpose of this language, as I understand the committee report, is to see that an incumbent licensee who does a good job of serving the public in its area should receive some preference over a competing applicant at renewal time. I have no quarrel with this purpose. What I do question is the actual language in the bill—and the interpretive language in the report—which is used to accomplish this goal. My concern is that through the language chosen, the FCC is being told to focus virtually exclusively on the issue of community service and to ignore all the other factors which have been developed over the years as elements of the "public interest, convenience and necessity," which is the renewal standard in the original act.

Specifically, I refer to the word "presumption" as it is used in the bill and explained in the report of the committee. Black's Law Dictionary tells us that a presumption is—

> A rule of law that courts or judges shall draw a particular inference from a particular fact, or particular evidence, unless and until the truth of such inference is disproved. A rule which, in certain cases, either forbids or dispenses with any ulterior inquiry.

Assuming for the moment that this is not one of those cases where all "ulterior inquiry" is forbidden, the crucial question then becomes what level of evidence is necessary to rebut the presumption established.

And I should note here, Mr. President, that the establishment of a presumption by definition shifts the burden of proof. Although the committee report denies this, I do not understand any meaning of "presumption" that does not involve such a shift.

The first place the broadcasters' lawyers will look for the answer to this question of what evidence is required to overcome the presumption will be the report of the Senate committee—and they will find rich pickings. On page 12 of the report, after conceding that the chances of a successful challenge are "remote," the committee speaks directly to the issue of what it will take to make a dent in the presumption:

> Thus, for example, to the extent the FCC has flexibility to deal with media concentration in an unique case, which is not covered by the Commission rules or policies, such an issue could, if *compelling* enough *have an effect on* the presumption. (Emphasis added.)

My experience is that "compelling" evidence is what courts and agencies say they are looking for in cases where they know it will never be found. And I would submit that the track record of the FCC does not offer us much hope that any such evidence—compelling or otherwise—will ever be found.

Which brings me to a question about the necessity of this legislation. We are told that the bill is necessary to "stabilize" the industry and provide some assurance to the broadcasters that their licenses are not in imminent danger at the end of each renewal period. This assurance, we are told, is necessary to protect the investment of the licensee and allow him to use his time and resources to serve the public. But Mr. President, the facts indicate that contrary to these assertions, this industry could not be much more stable with regard to the question of renewals. Using figures contained in the committee's report, we learn that in the last 5 years a grand total of one licensee has lost his license because of a competing application or a petition to deny—out of over 14,000 applications. Put another way, the percentages of stations being granted renewals of all those applying in the last 3 years have been 99.32 percent, 99.23 percent, and in 1973, a shockingly low 99.19 percent.

Now Mr. President, these figures, coupled with the tremendous outcry from the industry on the necessity of this legislation, make me a little suspicious. And analyzing the bill with these figures in mind leads me to the conclusion that we—and some of our broadcasting friends back home—are being taken for a ride by the larger interests in this industry. For what this bill actually does is effectively rule out of bounds consideration of those factors most likely to undo a large media owner:

The preference for local ownership, the preference for integration of ownership and management, and the negative inferences from multiple ownership and cross-ownership of various media forms.

By and large, our local broadcasters are not so concerned about these factors; they meet them automatically. But they do want the 5-year term, and it is by linking these two issues—the 5-year term and the dilution of the renewal standard—that the big broadcasters have built the political base for this bill. I repeat: let us give them the 5-year term, but let us refrain from the other changes contained in the bill.

To put this question in perspective, Mr. President, I would like to suggest a second amendment that might be an appropriate addition to this bill; why not apply the criteria of the bill to the present Members of the U.S. Congress?

This would take cognizance of the shocking instability in a profession that is vital to the continued well-being of the Nation. It would also recognize that we have to make substantial investments to enter this business and that a disproportionate amount of our time must be spent preparing for the next renewal challenge.

I would suggest that the terms of this bill would be an ideal solution to our situation: A lengthening of our terms and a slight modification of the renewal standard to provide for a "presumption" of reelection if the incumbent can show that he has "substantially" met the needs of the residents of his service area. Then all of us could forget about the pressure put on us by "cutthroat" competition and turn our efforts to thoughts of greater service.

We would not have the nerve to do this for ourselves, Mr. President. I hope we will have the insight not to do it for others. Competition—or the fear thereof—is one of the mainsprings of our system. I urge my colleagues not to diminish its role in this vital industry.

I reserve the remainder of my time.

Mr. PASTORE. Mr. President, one thing that I just cannot see is why we consider so intolerable the filing of a few papers, and at the same time we feel it is perfectly all right not to give a broadcaster credit for having done a good job.

If we take the language suggested by my good friend from Maine, actually what we are going to end up with is the present system that we have now. If that is what the Senate wants, that is what it wants; but our committee struggled with this for a long time, and we were told there is an uncertainty in the industry, and it is primarily because of the fact that a person who has to perform is placed at a disadvantage as against the promise that is made by an outsider who comes in, and for that reason there has been a tremendous tie-up, and many of these applications have been characterized as blue sky applications.

Our committee struggled with this issue and came out with a 3-year bill, giving a presumption in favor of the licensee who does a good job. We thought we had struck a proper balance, but the Senate has already unbalanced that by going for 5 years.

Now it is suggested that we go the whole loaf. What the Senator is doing is cutting their legs out from under them. If that is what he wants to do, that is what he wants to do, but our committee thought that, in fairness, any licensee who does his job well and lives up to his responsibility in serving the public interest ought to be given a presumption in his favor at renewal time as against an outsider who comes in and merely makes a promise.

The promise may well be a worthy and meritorious one; if so, under this bill it will count, because it can be weighed against the presumption. But I feel that what the Senator is actually doing is ducking the substance of this bill.

I am not going to argue any further.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. BAKER. Mr. President, I cannot resist the temptation to extend the analogy made by the Senator from Maine that we ought to extend our senatorial terms to create a presumption in favor of our reelection.

We are the ones who created the Federal Communications Commission, and thus indirectly designate the licensees. There are even some who say that the TV and radio licensees are the ones who select members of the Senate. I do not believe that, but some say that.

If we want to extend the analogy far enough, why not suggest, instead, that we elect the licensees? Would that not be a more exact analogy, to let the State, the city, or the congressional district decide whom they are going to elect, say, for channel 10? What a case of instability that would be.

This is not necessarily a good arrangement. Even government approved monopoly is not necessarily a good thing, but it is the best we can do. I think that this amendment, when coupled with the extension to 5 years, would so distort the purposes and intentions of the committee to bring about, if not stability, then rationality to the emerging body of the communications law, that we will be exactly back where we started from. So I shall vote against this amendment. I hope our colleagues will join with us in defeating it.

Mr. HATHAWAY. Mr. President, I yield the Senator from Michigan such time as he may require.

Mr. HART. Mr. President, the managers of the bill have correctly described the difficulty those of us in the committee found in attempting to present a balanced response to some very strong competing claims. The balance—and no one claims perfection for it—was "We will give you a preference. We will recognize the merits of your performance if you can establish them. You have a presumption, but for 3 years only. We will not give you that presumption plus five."

Like, I suppose, all of us on the committee, I was unhappy with the end product, but have supported it. But now we have lost one end of the balance. It is now the presumption plus five, and that is locked in. The House bill is five, and ours is now five. So the industry comes close to having its cake and eating it, if we do not support the Senator from Maine in this effort.

I would hope very much that we will attempt to restore a measure of the balance by offsetting the five we have now given them, by lessening somewhat the reward that is contained in the bill for satisfactory performance.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. HART. I yield.

Mr. PASTORE. That is precisely the argument I am making. I would have hoped it could have been the other way around, because I think the other way around makes more sense. I am not carried away by this paperwork argument at all. This is a $3 to $4 billion industry. I do not know many who have gone bankrupt. Most are doing pretty well. You get yourself a franchise for a TV station in Providence or in Miami, and you can go to a bank and borrow millions. They sell a license for $20 million today.

I am not carried away by the fact that they have to hire a few girls in order to write out a new report. As a matter of fact, it gives some people a job. I think we are crying about the wrong things.

Mr. HART. If the Senator will yield further, the claim that is made by the industry for relief is the instability that surrounds it, these "blue-sky" challenges, unfair and destabilizing.

Yet within the past few months—and I know this is an exception, but it may prove the proposition—a station owned by the Washington Post and Newsweek that had a license in Miami, Fla., was and is subject to challenge. That is the instability.

The same ownership then went out and paid $33 million to get another license up in——

Mr. PASTORE. Hartford.

Mr. HART. Hartford.

You know, Mr. President, run that around the track. It is an unstable situation and, having said that, the fellow then goes around, buys another and spends $33 million. Now, he has got a measure of confidence in the stability of that industry by a pile of dollars $33 million worth high. Now, who is kidding whom?

Mr. HATHAWAY. Mr. President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator from Maine has 2 minutes remaining.

Mr. HATHAWAY. Mr. President, in the brief time left to me, let me just rebut or try to rebut the points made by the Senator from Rhode Island.

The Senator mentioned that if this amendment carries we are going to go back to the present system. But, according to the statistics which I quoted, which are from the committee report, the present system is not all that bad in this regard, with about 99 percent of the licenses being renewed.

The Senator from Rhode Island has pointed out the advantage that the incumbent licensee should have against the promissor. Well, I am sure that any reasonable commission is not going to take every promise that is made by any challenger and weigh that as heavily as it does the actual job that the permanent licensee has done.

I am not arguing against a preference for the incumbent licensee. I am just arguing against the very strong word, the word "presumption," which is explained in the committee report as requiring "compelling" evidence against it before any effect can be made on the presumption whatsoever.

Mr. PASTORE. Mr. President, will the Senator yield? Does he feel the word "presumption" is stronger than "preference"? My goodness, I hope he does not mean that.

Mr. HATHAWAY. I am not necessarily arguing for the word "preference," but we should think of some way of expressing a "plus" for the incumbent licensee if he substantially complies short of giving him a presumption of renewal.

To give him a presumption, it seems to me, is going to knock out just about 100 percent of all the challengers, and I think we need that competition—or at least the threat of it—as a spur to the present license holders.

The ACTING PRESIDENT pro tempore. The time of the Senator from Maine has expired. The Senator from Rhode Island has 10 minutes remaining.

Mr. PASTORE. I am ready to yield back the remainder of my time.

Mr. MOSS. Mr. President, will the Senator yield me 2 minutes?

Mr. PASTORE. Yes.

Mr. MOSS. I would oppose the amendment, Mr. President. This matter was discussed at great length in committee. We talked about the meaning of the word "presumption" and decided that that meant really what we were trying to provide in this legislation.

It really is short of a shifting of the burden of proof. In other words, if a challenger then comes in, he must assume the burden of proving that the licensee has not lived up to his obligation and that he, the challenger, will be able to do it.

Now, I have seen a concrete example of the problem that comes to the licensee seeking renewal, when he did get the renewal, so he would go into this 99 or whatever the percentage was. He got the renewal all right, but because it was what you would call a "blue-sky" challenger, somebody with no background in the industry at all, no resources, somebody who simply put in a bid; it cost the licensee over a half million dollars in assuming the burden of assembling the data, hiring the lawyers, filing the petitions and carrying the matter forward so that he got his renewal. Well, he got his renewal and, as the chairman says, the licensee seemed to be fairly prosperous. But why should they undergo that kind of harassment? Why not have the burden essentially on those who say that the present licensee is not doing all right, "and I can do it better" and have him assume the burden? And that is the only effect I give to this word "presumption."

Now, if the commission has found that the licensee has not lived up to his obligations then there is no presumption. The commission says that. But if he has lived up to it as far as their supervision is concerned there ought to be a tilt in his direction.

The ACTING PRESIDENT pro tempore. Does the Senator from Rhode Island yield back his time?

Mr. PASTORE. I am ready to yield the time back.

Mr. TUNNEY. Will the Senator yield 2 minutes?

Mr. PASTORE. Two minutes. I am perfectly willing to give more time, whatever I have left, which I will give to the Senator from Maine.

Mr. HATHAWAY. I was going to ask for the yeas and nays but there is not a sufficient second.

Mr. BAKER. Will the Senator yield to me for 1 second? I want to say that we ought to take account of the fact that if there is going to be a vote it ought to be deferred until 2 o'clock.

Mr. PASTORE. We may run up to 2 o'clock.

I yield 2 minutes to the Senator.

Mr. TUNNEY. As I understand the Senator's amendment, it would knock out any presumption of any kind. I am sorry I was not here during the earlier discussion of the amendment. I was off the floor.

I have had the opportunity in my own mind to attempt to evaluate what a licensee ought to be able to have to prove in order to get a license renewal. It does seem to me that some benefit or some presumption ought to be shown to the licensee simply because you have a tremendous capital investment that builds up as a result of having a license, particularly with one of those large television stations in major metropolitan areas.

It is my understanding, for instance, that a major network station in New York City can be worth as much as $75 million.

It seems to me that a licensee that has over the past several years demonstrated that he is capable of performing a public service ought to have some presumption in his favor.

Now, in committee I offered an amendment which was rejected by the committee, an amendment to the language on page 9 of the bill, line 15, a presumption which may be rebutted by the weight of the evidence. What this language was designed to demonstrate was that although there was a presumption in favor of the licensee in getting a license renewal, we do not want that presumption to be considered anything like a conclusive presumption.

The Senator wanted the licensee to go into the proceedings with a presumption, but that if the challenger could demonstrate that there had not been an adequate job done that that presumption would be lost.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. TUNNEY. Would the Senator give me 1 more minute?

Mr. PASTORE. I will give the Senator 2 minutes.

The ACTING PRESIDENT pro tempore. The Senator has 5 minutes remaining. The Senator from California has 2 more minutes.

Mr. TUNNEY. I think the amendment of the Senator from Maine goes too far in knocking out any opportunity for the licensee to have a slight advantage going into the regulatory proceeding for license renewal. When I said "slight advantage," I know I am using words that are slippery.

I recognize the fact that the English language cannot very well express in these matters what is in our mind.

But we rely so much upon the regulatory agency adjudicating these matters to use their best judgment, I suppose it does not make any difference what language we use, that they would bend it to fit what they consider the right outcome.

However, I would like to offer as a substitute for the amendment of the Senator from Maine, my distinguished friend, a language which would read, starting at line 13:

> If the Commission determines that the licensee has satisfied the requirements of clause 1, 2 and 3, a presumption—

And then—

> —which may be rebutted by the weight of the evidence shall be established—

Well, I would have to work it into the language of the bill, and so I would have to spend a few minutes working out the exact language.

Would the Senator from Maine be

prepared to accept that as a substitute to his language, that general concept?

Mr. HATHAWAY. Yes; and let me say to the Senator from California that the idea that he has in mind——

Mr. TUNNEY. Will the Senator from Rhode Island yield to me for a minute?

Mr. PASTORE. How much more time do I have?

The ACTING PRESIDENT pro tempore. The Senator has 3 minutes remaining.

Did the Senator from California want to submit to the amendment of the Senator from Maine?

Mr. TUNNEY. Yes, I do want to, and unfortunately I have to work out the language; because I was off the floor, I did not have an opportunity to work it out before I came to the floor.

I would like to ask for a quorum call so that I could have a little bit of time to work out the specific language.

The ACTING PRESIDENT pro tempore. A quorum is not in order.

Mr. TUNNEY. I would like to have a quorum call, all time not charged to either side, and I ask unanimous consent.

The ACTING PRESIDENT pro tempore. All the time has expired for the Senator to ask for a quorum call. Does the Senator seek unanimous consent?

Mr. TUNNEY. I was asking for unanimous consent.

Mr. PASTORE. Well, I object at the present moment, but through unanimous consent.

I hope the two Senators will be satisfied with the explanation we have given, and we have made quite a history here with reference to what this presumption is all about. I hope we will not start toying with it on the floor.

I am afraid we will end up with something more disturbing than we think the present language is.

We have given this considerable thought and we have made a record on the floor. The Senator from Maine takes the position that he would like to see things stay exactly the way they are, am I right on that?

Mr. HATHAWAY. I would go along with something on the line of what the Senator from Utah says, a "tilt" in favor of the licensee rather than a presumption.

Mr. PASTORE. That is all we are doing.

Mr. HATHAWAY. I am aware that as a practical matter, there should be a tilt, because the person who has performed is more credible than the person who is just promising.

Mr. PASTORE. That is why we gave them that tilt. It is merely a presumption that can be rebutted—I mean, we have made that clear.

Mr. HATHAWAY. But "presumption" makes it too tough a burden.

The ACTING PRESIDENT pro tempore. All time of the Senator from Rhode Island has expired.

Mr. TUNNEY. Then I would offer a substitute; I now have the language.

The ACTING PRESIDENT pro tempore. The Senator will send it to the desk and the clerk will report.

Mr. TUNNEY. Yes, I send a substitute, starting at line 15, after the word "presumption."

The assistant legislative clerk read as follows:

> On line 15 after "presumption" insert "which may be rebutted by the weight of the evidence."

The ACTING PRESIDENT pro tempore. The time on the amendment is 15 minutes, 7½ minutes to the side, the Senator from California is recognized for his time.

Mr. TUNNEY. The only thing I am trying to say is that I think we ought to have a tilt in favor of the licensee and I think that the language I have offered as a substitute indicates that there is a presumption but that it may be rebutted by the weight of the evidence.

I appreciate very much the statements made by the distinguished Senator from Rhode Island, the chairman of the subcommittee and the floor manager, that this is a rebuttable presumption, but I think it would help if it were in the bill.

I recognize that if this amendment of mine is defeated, it will not mean that the committee's position is that this is not a rebuttable presumption.

I appreciate that fact, but I think that it may be better to have it written into the language of the bill rather than have a court or the FCC interpret the floor debate in order to construe the intention of Congress.

Mr. PASTORE. But where the misconception comes in, if the Senator will allow, I think that we are looking at this presumption as we would invoke it in a court of law. That is not intended here at all.

Now, what is going to happen here? No. 1, there is nothing in this bill that precludes the filing of a competitive application and, once that is done, there has got to be a comparative hearing, that is required at the present time.

Now, when the comparative hearing takes place, the licensee will give his side of the story. The new applicant, the opposing applicant, gives his side of the story.

Then the weight of the evidence is considered by the FCC, and if the FCC, after all the evidence is in—it is not a shifting of burden—if it finds that the present licensee has substantially complied with its responsibility of meeting the criteria as spelled out in the law, then the presumption is created that he has served the public interest for renewal purposes.

That is where it comes in and that is where we are getting confused. We are talking about the weight of the evidence. The weight of the evidence leads only to the presumption. It is not the question that the burden of proof shifts. Have I made myself clear?

Mr. TUNNEY. Yes, I understand.

Mr. PASTORE. Now, we are misunderstanding how that word "presumption" works.

Presumption means that after all the evidence is in, if the FCC finds that the present licensee has substantially met the ascertainment responsibility and other criteria, then he is entitled to a presumption in his favor.

Mr. TUNNEY. I understand.

Mr. PASTORE. And that will cut out all the blue-sky applications, it will cut out these applications that are put in for harassment, and then they ask to be paid off.

That has happened before. They asked to be paid off. Under the present system today you find many applications being filed just to harass the present licensee. And then what happens? In order to pull them off, they ask to be paid. In many instances they have been paid.

I think that is scandalous. If a licensee has not done his job, he should lose his license. If he has done his job, he should be given some kind of presumption that he has served the public interest. That is all we are trying to do. I do not know why we are complicating this.

The PRESIDING OFFICER. Who yields time?

Mr. HATHAWAY. Will the Senator from California yield?

Mr. TUNNEY. I yield.

Mr. HATHAWAY. I understand by the substitute amendment that what the Senator intends to do is simply state in the bill what has already been stated on the floor, that the presumption is rebuttable, so that we rebut any inference that this is a conclusive presumption. I do not see any reason why, if that is the meaning of the word "presumption," we cannot simply say so in the bill. At least that warns the FCC that evidence can be brought in and adduced to overcome the presumption that the committee has given to the incumbent licensee by the bill.

Mr. PASTORE. I just got through explaining that the presumption consideration comes in after the evidence is in. It is not a matter that then the adversary begins to submit his proof. The whole proof goes in at one time. When they weigh the evidence, if the Commission finds that the present licensee has substantially lived up to his responsibility in the area of the criteria, then he gets a presumption that he has served the public interest at renewal time.

Mr. BAKER. Will the Senator yield?

Mr. PASTORE. I do not know what other language we can use. After all, we can take out Webster's Dictionary. We can talk until the cows come home. The fact remains, and it is pure and simple, as to what we are trying to do. We are not trying to give a conclusive or vested right to the present licensee. All we are saying is, "If you have done your job and substantially met your responsibility, you ought to get a presumption that you have served a public interest."

Mr. HATHAWAY. If the Senator from Rhode Island will yield, would the Senator from Rhode Island be willing to submit the substantive statement he has made here on the floor for the report language which explains the meaning of the word "presumption" as used in this bill?

Mr. PASTORE. I cannot rewrite the report, but it is in the CONGRESSIONAL RECORD and so help me, I live by it. So help me, I live by it.

Mr. HATHAWAY. The report language has a higher precedent value than the debate on the floor. The report language indicates that you have to have "compelling" evidence to have any weight whatsoever against the presumption. That is what bothers me more than the word "presumption" in this bill.

Mr. PASTORE. Is the Senator speaking about——

Mr. HATHAWAY. I am speaking about the language at the bottom of page 12 of the report. It says:

> Thus, for example, to the extent the FCC has flexibility to deal with media concentration in a unique case—

The PRESIDING OFFICER. The time in opposition to the amendment has expired.

Mr. TUNNEY. How much time do I have?

The PRESIDING OFFICER. The time of the Senator from California is 7½ minutes.

Mr. TUNNEY. I yield 2 minutes.

Mr. HATHAWAY. To continue—

> which is not covered by the Commission rules or policies, such an issue could, if compelling enough, have an effect on the presumption.

Mr. PASTORE. Then look at page 13 and read that. Read it very slowly, where it starts with "what happens."

Mr. HATHAWAY. It says:

> What happens, however, if the hearing record shows that the renewal applicant has not "substantially met" or served the problems, needs and interests of his area? Under the amendment he would obtain no presumption. On the contrary, if the competing new applicant establishes that he would substantially serve the public interest, he should clearly be preferred over one who was given the opportunity to do so but chose instead to deliver less than substantial service to the public.

Mr. PASTORE. Does not that answer the question? That is right on the nose.

Mr. HATHAWAY. It answers it, but also contradicts what is stated on page 12. So we do not know which one is the one that will be the guide. I do not see why the Senator from Rhode Island would not simply accept the substitute, at least, of the Senator from California. Regardless of when the evidence is put in, whether all the evidence comes in at once or comes in first from the licensee and then from the challenger, there is still the word "rebuttable" which is applicable.

The PRESIDING OFFICER. The Senator from California.

Mr. TUNNEY. I think we just ought to have a vote. I think the Senator from Rhode Island has explained his position very clearly. I cannot express myself any more clearly. It is simply that we ought to build into the language of the legislation the rebuttable presumption rather than relying upon floor debate which would then be used by the FCC and the courts to construe what Congress intended.

A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. TUNNEY. Is the vote that will next arise to be on my substitute to the language of the amendment of the Senator from Maine, or is it to be on the language of the Senator from Maine first?

The PRESIDING OFFICER. The next vote will be on your amendment.

Mr. TUNNEY. Another parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TUNNEY. My amendment strikes the language of the amendment of the Senator from Maine and substitutes the language which was read at the desk.

The PRESIDING OFFICER. The Senator's amendment is not a substitute as it was reported by the clerk, as it was drafted. It is not a substitute. The first vote will come on the Senator's amendment.

Mr. TUNNEY. Has my amendment stricken the language of the amendment of the Senator from Maine as it was sent to the desk?

The PRESIDING OFFICER. I am informed by the Parliamentarian that the amendment of the Senator from Maine strikes language and inserts no new language. The amendment of the Senator from California does insert new language. Therefore, it is a perfecting amendment.

Mr. TUNNEY. Another parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. TUNNEY. If my amendment carries, we would still have to vote on the amendment of the Senator from Maine, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. TUNNEY. I am prepared to vote on my amendment.

Mr. PASTORE. Mr. President, I move to lay the amendment on the table.

The PRESIDING OFFICER. All time has expired.

Mr. BAKER. Will the Senator withhold that motion for 1 minute?

Mr. PASTORE. I withhold it.

Mr. BAKER. It is now 3 minutes to 2. If we could have a quorum call or further discussion on this matter for just a few moments there would be a substantial increase in——

The PRESIDING OFFICER. A quorum call is in order even if the Senator makes a motion to table.

Mr. ALLEN. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. ALLEN. Is the motion to table by the distinguished Senator from Rhode Island addressed to the amendment of the Senator from Maine or the amendment of the Senator from California?

Mr. PASTORE. It does not make any difference.

Mr. ALLEN. It makes a great deal of difference.

The PRESIDING OFFICER. It is addressed to the first amendment on which we are going to vote, as I understand it, and that is the amendment of the Senator from California.

Mr. ALLEN. In that case, I would move to table the amendment offered by the distinguished Senator from Maine, which would carry with it the amendment of the Senator from California.

Mr. PASTORE. It will not carry it.

The PRESIDING OFFICER. The Senator from Rhode Island has moved to table the amendment by the Senator from California. That is the vote. If that motion fails, then it will be in order——

Mr. PASTORE. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. Even if I withdrew my motion to table and then moved to table the amendment that has been submitted by the Senator from Maine, would that automatically include in the tabling motion the amendment of the Senator from California? As I understand the Parliamentarian, the answer is in the negative.

The PRESIDING OFFICER. The answer is no. The amendment of the Senator from California is not an amendment to the amendment of the Senator from Maine. It is a perfecting amendment. It adds additional language.

Mr. PASTORE. Mr. President, I move to lay on the table the amendment of the Senator from California.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Rhode Island to table the amendment.

Mr. HATHAWAY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll.

Mr. HELMS (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MONDALE), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Kentucky (Mr. HUDDLESTON) are absent on official business.

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from New York (Mr. JAVITS), the Senator from Maryland (Mr. MATHIAS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Ohio (Mr. TAFT), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), the Senator from Vermont (Mr. STAFFORD), and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "present."

The result was announced—yeas 57, nays 14, as follows:

[No. 462 Leg.]

YEAS—57

Allen
Baker
Bartlett
Bayh
Beall
Buckley
Burdick
Byrd,
Harry F., Jr.

Byrd, Robert C.
Cannon
Case
Clark
Cranston
Curtis
Domenici
Eagleton
Eastland
Fannin
Gurney
Hansen
Hart
Haskell
Hatfield
Hollings
Hruska
Humphrey
Jackson
Johnston
Kennedy
Long
Magnuson
Mansfield
McClure
McGee
McGovern
McIntyre
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stennis
Stevens
Stevenson
Symington
Thurmond
Tower
Weicker

NAYS—14

Abourezk
Biden
Brooke
Chiles
Ervin
Griffin
Hathaway
Hughes
McClellan
Metcalf
Metzenbaum
Sparkman
Talmadge
Tunney

ANSWERED "PRESENT"—1

Helms

NOT VOTING—28

Aiken
Bellmon
Bennett
Bentsen
Bible
Brock
Church
Cook
Cotton
Dole
Dominick
Fong
Fulbright
Goldwater
Gravel
Hartke
Huddleston
Inouye
Javits
Mathias
Mondale
Packwood
Percy
Scott, William L.
Stafford
Taft
Williams
Young

So the motion to table Mr. TUNNEY's amendment was agreed to.

The ACTING PRESIDENT pro tempore. The question now recurs on the amendment of the Senator from Maine (Mr. HATHAWAY).

Mr. HATHAWAY. Mr. President, I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The question is on agreeing to the amendment of the Senator from Maine. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a 10-minute limitation on this rollcall.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, has all the time been yielded back?

The ACTING PRESIDENT pro tempore. All time has been yielded back; all time has expired.

The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. HELMS (when his name was called). Present.

Mr. TAFT (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MONDALE), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Kentucky (Mr. HUDDLESTON) are absent on official business.

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from New York (Mr. JAVITS), the Senator from Maryland (Mr. MATHIAS), the Senator from Oregon (Mr. PACKWOOD), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), the Senator from Vermont (Mr. STAFFORD), and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that, if present and voting, the Senator from Kansas (Mr. DOLE) would vote "nay."

The result was announced—yeas 7, nays 64, as follows:

[No. 463 Leg.]

YEAS—7

Biden
Brooke
Hart
Hathaway
Kennedy
Metzenbaum
Pearson

NAYS—64

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Curtis
Domenici
Eagleton
Eastland
Ervin
Fannin
Griffin
Gurney
Hansen
Haskell
Hatfield
Hollings
Hruska
Hughes
Humphrey
Jackson
Johnston
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Stevenson
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker

ANSWERED "PRESENT"—2

Helms
Taft

NOT VOTING—27

Aiken
Bellmon
Bennett
Bentsen
Bible
Brock
Church
Cook
Cotton
Dole
Dominick
Fong
Fulbright
Goldwater
Gravel
Hartke
Huddleston
Inouye
Javits
Mathias
Mondale
Packwood
Percy
Scott, William L.
Stafford
Williams
Young

So Mr. HATHAWAY's amendment was rejected.

Mr. PASTORE. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

Mr. CASE. Mr. President, I call up an amendment which is at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CASE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE's amendment is as follows:

At the appropriate place insert the following:

The Federal Communications Commission shall, not later than December 31, 1974, render a decision and take such other agency action as it deems appropriate with regard to the Petition for Notice of Inquiry Into the Need for Adequate Television Service for the State of New Jersey (RM–2345). In no event shall the Commission render any ad hoc decisions or take any agency action in any individual proceedings which decision or agency action might prejudice the outcome of any proceeding arising out of the Commission's disposition of the Petition for Notice of Inquiry Into the Need for Adequate Television Service for the State of New Jersey (RM–2345) prior to the time it has resolved all proceedings arising out of such Petition.

Mr. CASE. Mr. President, my amendment is a very simple one. It would direct the Federal Communications Commission, by the end of this year, to render a decision on the petition for notice of inquiry into the need for adequate television service for New Jersey which has been filed with the FCC. In fact, it was filed on March 4 of this year—requesting the Commission to conduct an inquiry on the television needs of the people in the State of New Jersey.

The petitioner in that petition is an organization called the New Jersey Coalition for Fair Broadcasting.

I rise to speak on behalf of an amendment to H.R. 12993 that is designed to respond to the special problems faced by New Jersey, but which, as I shall point out, is a burden on all taxpayers. It cannot be gainsaid that New Jersey is an important, self-contained commercial, political, and cultural community with its own problems, needs, and interests and that it requires specific television broadcast service designed to meet these. Yet there is not one VHF commercial television frequency assigned to the State. It receives only a limited amount of television service from the seven UHF channels now on the air—four of which are part of the State operated noncommercial educational television system.

New Jersey's predicament is aggravated by the failure of the commercial VHF channels allocated to the neighboring States to provide adequate New Jersey-oriented service. Neither the New York nor the Philadelphia stations render adequate service to New Jersey.

All of these problems were called to the FCC's attention in a petition filed on March 4, 1974. The petition requested that the Commission conduct an inquiry into the television needs of the people in the State of New Jersey. The petition pointed to the Commission's clear duty under the Communications Act to remedy such an inequitable distribution of broadcast services and suggested several possible methods of addressing the problem.

I am happy to say that Senator PASTORE, the chairman of the Senate Communications Subcommittee, has acknowledged the extent of New Jersey's broadcasting predicament. Because of their concern for how this legislation—H.R. 12993—might affect New Jersey, Brendan Byrne, Governor of New Jersey, Kenneth A. Gibson, mayor of Newark, N.J., and Thomas H. Kean, minority leader, New Jersey General Assembly, all appeared to testify during the hearings held by the subcommittee. As Governor Byrne cited examples of hardship caused

New Jersey citizens by the shortage of broadcast coverage, Senator PASTORE interrupted, saying, in part—

> I agree with you whole-heartedly. I don't understand for some reason why that is not being unravelled.
>
> . . . There are practically no grass roots programs being shown. You have to rely entirely upon the networks and most of the programs that come out of New York.
>
> Why they can't break that up and take some of those stations and put them in New Jersey is beyond me. . . . *Transcript of Proceedings*, U.S. Senate Commerce Committee, Subcommittee on Communications, July 25, 1974, pp. 482–83.

That was almost 2½ months ago. Yet the Commission has given no sign of any intention to move expeditiously to act on the petition. On the contrary, it has proceeded to take ad hoc actions that might prejudice the outcome of the overall inquiry which the New Jersey Coalition for Fair Broadcasting—of which I am a member—is seeking. Thus, for example, the Commission recently amended its regulations to include Newark, N.J. in the New York, N.Y.-Linden-Paterson, N.J. cable television market. This action was taken over the objection of the coalition, which pointed out that all problems regarding the New York, New Jersey, Philadelphia corridor should be resolved in the overall inquiry, which the coalition is seeking, into New Jersey's television service problems.

Before further ad hoc decisions affecting the State are made by the Commission, an expeditious overall investigation of the New Jersey situation is warranted. For example, in the spring and summer of 1975 the Commission will be called upon to consider the license renewal applications of those stations which are licensed to New Jersey's neighbors in Pennsylvania and New York, respectively. Some of these stations—clearly those in New York City and Philadelphia—are required to render service to New Jersey. The quality of service of each of those stations to New Jersey will again have to be reviewed. Thus, unless the Commission acts soon to consider the problem as a whole, New Jersey's needs will continue to be addressed in an inadequate, piecemeal fashion.

Accordingly, I am offering an amendment to H.R. 12993 that would require the Commission to take appropriate action to dispose of the petition by December 31, 1974. I want to make clear that this amendment does not direct the Commission to institute any inquiry or dictate any other result. It merely requires that the Commission render a decision on the request for an inquiry. In any event, the amendment would prevent the Commission from taking any other piecemeal or ad hoc actions that would affect the outcome of the inquiry, or any proceeding growing out of it, until the Commission has resolved those proceedings. Again, I wish to make clear that no outcome in any such proceeding is dictated. All the amendment does is prohibit Commission actions which would prejudice New Jersey's opportunity to a fair hearing on its petition.

I wish to make one final point. I believe that this enactment of this amendment is, as Senator PASTORE has recognized, not only equitable; it will also conserve Commission and taxpayer resources. An expeditious overall review of the New Jersey situation will render it unnecessary for the Commission to address this problem each time a license renewal or other decision affecting New Jersey comes before the Commission. Thus expeditious administrative action will relieve not only New Jersey but all taxpayers of the burden created by the short shrift New Jersey has received in the frequency allocation scheme.

Mr. President, I have discussed this amendment with the Senator from Rhode Island, the chairman of the subcommittee and the manager of the bill, and I would be very glad to have his comment on it.

Mr. PASTORE. Mr. President, I can well understand the reason for this amendment. I think that the Senator from New Jersey and the people of New Jersey have just cause. They have to rely almost exclusively upon television that emanates from the city of New York, and perhaps some from Philadelphia.

But I did suggest to the Senator that I think the better way to handle this would be to discuss this matter with the Commission when it comes before us in the early part of next year on oversight hearings, and he has agreed to it. I think that is the better way to handle it. If at that time we do not get satisfaction, then we will put in a bill and I will stand shoulder-to-shoulder with the Senator from New Jersey to see that his objective is carried out.

Mr. CASE. Mr. President, I appreciate very much the assurance that the Senator from Rhode Island has given us. I have had the same assurance from his counterpart on our side of the aisle on the committee, Senator BAKER, who feels the same as the Senator from Rhode Island does.

We in New Jersey could not have greater confidence than we do in these Members of this body, and we are happy indeed to accept their assurances because we know that it will result in amelioration of our condition.

So I am happy on that assurance to withdraw the amendment.

The PRESIDING OFFICER (Mr. BARTLETT). The amendment is withdrawn.

Mr. HOLLINGS. Mr. President, I rise to support the passage of the Committee subcommittee amendment, as further amended, to H.R. 12993, the Broadcast License Renewal Act.

I have long believed that broadcasters ought to be given a reasonable expectation of renewal of their licenses if they are doing a good job of programing. I believe this legislation provides that reasonable expectation and restores the needed stability that any business enterprise requires in order to plan and operate efficiently. I think it is time that broadcast stations be given a clear indication of what is expected of them in order to continue operating as trustees of the air waves. This clarity and stability is essential to assure that the public receives the best broadcast service possible.

Since there appeared to be agreement that a broadcast station ought to be renewed if it does a good job, I offered an amendment in committee that would just say that; namely, that the Federal Communications Commission shall renew a license if a licensee had complied with ascertainment requirements and had not otherwise been characterized by serious deficiencies. That amendment was not voted upon by the committee. Instead, it was unanimously agreed that a compromise amendment be accepted, establishing that there would be a presumption of renewal if those criteria were met.

I was happy to see the committee establish that presumption and I believe the Senate would be serving the public interest by passing the bill.

The presumption would be earned by a broadcast station which had done a good job of programing. This is a competitive spur that should be applied to the industry, because it will encourage broadcasters to do a good job.

On the other hand, there is another kind of competitive spur that would create chaos in this industry, and that is the so-called "blue sky" promise of better service that has been employed by well-financed competing applicants seeking to exploit the current climate of instability of the industry. It is not possible to give a reasonable expectation of renewal to a broadcaster doing a good job, if that broadcaster continues to be exposed to the risk of losing his license to someone who outpromises him.

I, therefore, urge the Senate to provide the right kind of competitive spur, the spur to do a good job—which is the purpose of the compromise amendment—while eliminating the wrong kind of competition; namely, auction bidding for public favor through paper promises of better service on the part of challengers, no matter how good the renewal applicant might be.

I am happy to see the bill direct the Commission to determine what good performance is and in turn to let the broadcaster know ahead of time what is expected of him. I think it would be folly for the Congress to try to write legislation that would set specific guidelines of performance which would be applicable to every kind of broadcaster, big or small. The Commission has been given the flexibility to establish a reasonable standard of service, and with the Congressional direction that the emphasis be placed on responsive programing, I am confident the Commission can administer this act in a way that will serve the public interest. In this connection, I am sure the Commission will not permit itself to become a forum for frivolous petitions filed against renewal applications. I would expect that the Commission will fail to renew only if a broadcaster has either not done a good job of programing or has genuinely serious deficiency, which is documented by a pattern of misbehavior that clearly demonstrates a disregard for the public interest.

It should be noted that the amendment does nothing to curb the legal tools available to the FCC and public in dealing with broadcast licenses. The FCC has the power to issue a rulemaking (§ 303), fine (§ 503), issue cease-and-desist orders (§ 312), short-term license renewals (§ 307), denial of license (§ 309) and on its own initiative, at any time during the renewal term, initiate revocations proceedings (§ 312), an inquiry (§ 403) or investigation (§ 404) if actions justify it under the statutes and FCC regulations. Any person at any time can file formal or informal complaints with the FCC or file a complaint directly with the licensee. Any party can also seek court review of a Commission decision, order or renewal (§ 402).

I am also happy to see the committee endorse the rulemaking approach as the best way to deal with the ownership question. It is not fair to broadcast licensees who have satisfied the Commission that they deserve their license in the first place, to repeatedly expose them to challenge at renewal time on grounds other than their programing. Ownership is important at the time of the original application or at the time a station is sold because it is a factor in determining whether the new licensee will be a good one. But at renewal time, the best way to determine whether in fact the licensee is doing a good job is to look at his performance; namely, his program service. Therefore, I applaud the committee in condemning the use of the renewal process to bring about a case-by-case restructuring of the ownership of the broadcasting industry. •

Finally, Mr. President, let me point out that language of the amendment has intentionally been left open to interpretation in some respects so that the regulatory agency, the Federal Communications Commission, will have the needed flexibility to deal with all situations as they arise. Because of the need to keep this flexibility in the law, there are those who would have the Senate believe that the intention of the committee was to provide for something other than that which I have supported here this afternoon. I want to clearly state that the committee report interprets this bill in the way that the majority of the committee intended it to be interpreted. I have read the additional views of some of my colleagues and have found their statements open to an interpretation that is contrary to the intention of a majority of the committee. Hence, I think it is necessary for the record to clearly show that the committee report was specifically prepared and approved by a majority of the committee and reflects the intent of that majority, while the additional views only represent the opinion of the three members who prepared and signed them.

In conclusion, I applaud Senators PASTORE and BAKER for their efforts in attempting to deal with this very important piece of legislation. We are all agreed that a broadcast station that is doing a good job ought to be renewed, and this legislation provides that assurance.

ADEQUATE TELEVISION COVERAGE FOR THE STATE OF NEW JERSEY

Mr. WILLIAMS. Mr. President, I would like to take a moment at this time, while the Senate is considering H.R. 12993, the Broadcast Licensing Act, to bring to Senators' attention the unfortunate state of affairs that exists in New Jersey relative to commercial television. New Jersey is the eighth most populous State in the Nation, and the most densely populated, but it lacks even a single VHF commercial television station of its own. As a result, the people of my State must rely predominantly on the VHF television stations in neighboring New York City and Philadelphia. The result of this inequity is a very serious deficiency in the ability of New Jerseyans to keep informed about news and public affairs subjects in their own State.

It is clear that New Jersey has a distinct and proud identity. We have our own history, traditions, political organizations, governmental operations, and social activities. All of these areas generate news that is of interest to New Jerseyans and important for them to know. It is well-recognized that most Americans get a substantial amount of their news from television. Since New Jersey lacks adequate television service, it follows that New Jerseyans are inadequately informed concerning things which are important for them to know about events in their own State.

In an attempt to correct this situation a group was formed several years ago known as the New Jersey Coalition for Fair Broadcasting. It is a coalition in the truest sense, since it encompasses representatives of virtually every segment of New Jersey society. I have considered it a privilege to serve as a cochairman of the coalition.

On March 4 of this year the coalition filed a petition with the Federal Communications Commission requesting the Commission to conduct an inquiry into the television allocation situation in New Jersey. No response was forthcoming, so on August 2 the coalition filed a notice of intention to file appeal if timely decision is not rendered. Still no response was made, and on September 19 I wrote to FCC Chairman Richard E. Wiley asking for an early and favorable decision on the coalition's request for an inquiry. Unfortunately, my letter has not elicited a response either.

Mr. President, I think that during consideration of H.R. 12993, it is an appropriate time for me to once again urge the Commission to respond promptly and favorably to the coalition's request. I would point out that the Senate Subcommittee on Communications intends to conduct oversight hearings early in the next Congress to explore the whole subject of broadcasting in the United States. The distinguished chairman of the subcommittee (Mr. PASTORE) has already made it clear that he believes the New Jersey situation to be a grossly inequitable one which ought to be remedied. Unless the FCC has by then moved ahead in a meaningful way with the inquiry requested by the coalition, I would certainly seek the subcommittee's assistance in examining the New Jersey situation, and also in determining why the FCC has been reluctant to act.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 12993) was read the third time.

The PRESIDING OFFICER. All time having been yielded back, the question is, Shall the bill pass?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a 10-minute limitation on this vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HELMS (when his name was called). Present.

Mr. TAFT (when his name was called). Present.

Mr. METZENBAUM (after having voted in the negative). On this vote I have a pair with the distinguished Senator from Texas (Mr. BENTSEN). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Hawaii (Mr. INOUYE), the Senator from Minnesota (Mr. MONDALE), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE), and the Senator from Kentucky (Mr. HUDDLESTON) are absent on official business.

I further announce that, if present and voting, the Senator from Indiana (Mr. HARTKE) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from New York (Mr. JAVITS), the Senator from Maryland (Mr. MATHIAS), the Senator from Oregon (Mr. PACKWOOD), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), the Senator from Vermont (Mr. STAFFORD), and the Senator from Illinois (Mr. PERCY) are absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER), the Senator from Illinois (Mr. PERCY), and the Senator from Kansas (Mr. DOLE) would each vote "yea."

The result was announced—yeas 69, nays 2, as follows:

[No. 464 Leg.]

YEAS—69

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Biden
Brock
Brooke
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Curtis
Domenici
Eagleton
Eastland
Ervin
Fannin
Griffin
Gurney
Hansen
Haskell
Hatfield
Hollings
Hruska
Hughes
Humphrey
Jackson
Johnston
Kennedy
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Stevenson
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker

NAYS—2

Hart
Hathaway

ANSWERED "PRESENT"—2

Helms
Taft

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Metzenbaum, against

NOT VOTING—26

Aiken
Bellmon
Bennett
Bentsen
Bible
Church
Cook
Cotton
Dole
Dominick
Fong
Fulbright
Goldwater
Gravel
Hartke
Huddleston
Inouye
Javits
Mathias
Mondale
Packwood
Percy
Scott, William L.
Stafford
Williams
Young

So the bill (H.R. 12993) was passed.

Mr. PASTORE. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. MAGNUSON, Mr. PASTORE, Mr. HARTKE, Mr. BAKER, and Mr. STEVENS conferees on the part of the Senate.

Mr. PASTORE. Mr. President, I want to pay a special tribute to my colleague, Mr. BAKER, who worked with me on this legislation. It was a very difficult task, I must say, because the extremes were quite pronounced.

I want to compliment Mr. Nicholas Zapple and Mr. John Hardy on the Democratic side, the Commerce Committee, and also Mr. Ward White who is the assistant to Mr. BAKER.

Mr. BAKER. Mr. President, I thank the distinguished Senator from Rhode Island for his remarks, which I will most assuredly reciprocate.

It has been a great pleasure to work with the Senator from Rhode Island on this very difficult and complex subject and with the staff, to whom I have already paid my high respect and regards.

I think we have a good bill and I am pleased it was passed.

HARPERS FERRY NATIONAL MONUMENT

Mr. RANDOLPH. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 605.

The PRESIDING OFFICER (Mr. BARTLETT) laid before the Senate the amendment of the House of Representatives to the bill (S. 605) to amend the act of June 30, 1944, an act to provide for the establishment of the Harpers Ferry National Monument and for other purposes, as follows:

Strike out all after the enacting clause, and insert: That the Act of June 30, 1944 (58 Stat. 645; 16 U.S.C. 450 bb), an Act "To provide for the establishment of the Harpers Ferry National Monument", is amended as follows:

(1) In section 1, the first sentence is amended to read: "That, in order to carry out the purposes of this Act, the Secretary of the Interior is authorized to acquire lands or interests in lands, by donation, purchase with donated or appropriated funds, or exchange, within the boundaries as generally depicted on the drawing entitled 'Boundary Map, Harpers Ferry National Historical Park', numbered 385-40,000D and dated April 1974, which shall be on file and available for public inspection in the offices of the National Park Service, Department of the Interior: *Provided*, That after advising the Committees on Interior and Insular Affairs of the Congress of the United States, in writing, the Secretary may make minor revisions in the boundary, when necessary, by publication of a revised drawing or other boundary description in the Federal Register, but the total acreage shall not exceed two thousand acres: *Provided further*, That nothing herein shall be deemed to authorize the acquisition, without consent of the owner, of a fee simple interest in lands within the boundaries in which a less than fee interest has previously been acquired by the Secretary of the Interior."

(2) In section 3, delete the word "and" at the end of paragraph (1); change the period at the end of paragraph (2) to a semicolon and add "and"; and add the following new paragraph:

"(3) Provide, directly or by contract, subject to the provisions of the Act of June 7, 1974 (88 Stat. 192; 16 U.S.C. 460 1-6a) an interpretative shuttle transportation service within, between, and among lands acquired for the purpose of this Act for such times and upon such terms as in his judgment will best accomplish the purposes of this Act."

(3) Revise section 4 to read as follows:

"In addition to such sums as have heretofore been appropriated, there are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act, but not more than $1,300,000 for the acquisition of lands and interests in lands, and not more than $8,690,000 for development."

Mr. RANDOLPH. Mr. President, S. 605, to expand and develop the Harpers Ferry National Historical Park, as amended by the House, contains two provisions which were not in the version passed by the Senate. The House placed a limit of $8,690,000 on development funds for the Harpers Ferry National Historical Park, which would include historical restoration projects, development needed for the transportation system, expansion of the interpretive design facilities within the park, and extension of the trails system within the area.

In connection with the shuttle transportation system which is contained in both bills, the House makes reference to the act of June 7, 1974, amending the Land and Water Conservation Fund Act, suggesting a method for the disposition of any fees which might be collected in operating such a transportation system.

Mr. President, for the most part, the provisions in the House-passed measure are not substantially different from those in Senate-passed S. 605. In the two respects mentioned previously, the changes are acceptable to the Senate.

This bill, S. 605, which I introduced last year, is urgently needed in order to preserve the characteristics of the Harpers Ferry National Historical Park and to better accommodate the increasing number of tourists who visit the scenic and historic town of Harpers Ferry, located in the eastern panhandle of West Virginia. Three decades ago President Franklin Roosevelt signed the measure I sponsored in the House designating Harpers Ferry as a National Monument.

To have shared, Mr. President, in the 30-year progress of the unique Harpers Ferry Park has been rewarding.

This measure before us today is the culmination of the historic preservation and recreational and educational benefits of the park. The millions of park visitors will share a richer experience because of this measure.

Mr. President, on Monday of last week, I was privileged to join with the Harpers Ferry National Historical Park and the National Capital Parks in paying tribute to the very able chairman of the Parks and Recreation Subcommittee, my friend from Nevada, Senator ALAN BIBLE. His excellent leadership and personal commitment have brought many parks and recreation areas to the people of the United States to enjoy.

The end of this congressional session will mark 15 years during which about 100 areas have been made national parks under the leadership of Senator BIBLE. Senator BIBLE remarked on that enjoyable evening in Harpers Ferry:

> We must create, preserve, and maintain the open space, the heritage of our land, to make this land a better place to live.

The effective ranking minority member of the Subcommittee on Parks and Recreation, Senator CLIFFORD HANSEN, shares Senator BIBLE's strong commitment in bringing parks to areas of this country which are heavily-populated. I commend Senators BIBLE and HANSEN on their leadership and support of this measure.

I think, also, the members of the Subcommittee on Parks and Recreation and the full Committee on Interior and Insular Affairs and their staffs for valuable assistance and cooperation for the progress of the Harpers Ferry legislation.

The Harpers Ferry Park is a "living park," not only because of the local interpreters dressed in midnineteenth-century-period clothing, who explain the town's heritage and contributions.

For the past two summers, the National Park Service has conducted a day camp for physically and mentally handicapped children. Also the Youth Conservation Corps is a progressive summer program for young men and women. There are many other examples of the social and educational benefits of the Harpers Ferry Park.

This park vividly tells the stories of Harpers Ferry as a center for firearms manufacturing in the mid-1800's and also John Brown's famous raid on the Federal armory.

I strongly feel that the combination of Harpers Ferry's current limited area and park layout with the increasing number of visitors confirms the additional acquisition of land and construction of development facilities such as an interpretive shuttle system, hiking trails, and picnic areas.

The costs of this bill are small in comparison to the long-range benefits and valuable preservation of Harpers Ferry. Harpers Ferry will be the first town to be restored, in large part, as it was in the Civil War period.

Traffic congestion on the narrow streets with cars and buses is not only noisy and distracting, but also dangerous to the safety of visitors. Visitation on peak days exceeds 20,000 people.

I agree with Senators BIBLE and HANSEN that we must continue to bring the parks to where the people are. The Harpers Ferry National Historical Park is within less than a 3-hour drive of 8½ million Americans. Last year 1.2 million people visited Harpers Ferry.

In my judgment, the needed improvements outlined in S. 605 must be brought into being so that Harpers Ferry can preserve its proud past as a basis for its future—to teach Americans about our heritage and also to provide a place that citizens can enjoy for posterity.

The provisions of the House-passed legislation are acceptable to me and Senator ROBERT C. BYRD, my distinguished colleague, who cosponsored S. 605, and to the members of the Committee on Interior and Insular Affairs.

Mr. President, I move that the Senate concur in the House amendment to S. 605.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

ORDER OF BUSINESS

The PRESIDING OFFICER. The Senator from Nevada.

Mr. CANNON. Mr. President, I ask unanimous consent that I be permitted to yield 30 seconds to the Senator from West Virginia.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—DEEPWATER PORT ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Nevada (Mr. CANNON).

Mr. President, I ask unanimous consent that at such time as the bill (S. 4076), the deepwater ports bill, be laid before the Senate and made the pending business, there be a time limitation thereon of 2 hours to be equally divided between Mr. HOLLINGS and Mr. STEVENS, that there be a time limitation on any committee amendment of 2 hours, that there be a time limitation on any other amendments of 30 minutes, that there be a time limitation on any debatable motion or appeal of 20 minutes, and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the unanimous-consent agreement is as follows:

Ordered, That, during the consideration of S. 4076, the so-called "Deepwater Port Act of 1974," debate on any committee amendment shall be limited to 2 hours, to be equally divided and controlled by the mover of such and the manager of the bill; debate on any other amendment shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill; and debate on any debatable motion or appeal shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the Senator from South Carolina (Mr. Hollings) and the Senator from Alaska (Mr. Stevens): *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974—CONFERENCE REPORT

Mr. CANNON. Mr. President, I submit a report of the committee of conference on S. 3044, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 7, 1974, at pp. 34194–34228.)

Mr. CANNON. Mr. President, I ask unanimous consent that Mr. Philip Reberger of Senator HARRY F. BYRD, JR.'s staff and Mr. James Duffy of my staff be permitted to be on the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Mr. President, the conference report pending before the Senate on the Federal Election Campaign Act Amendments of 1974, S. 3044, represents many months of hearings, executive sessions, floor debate, and Senate and House conferences.

In my opinion this new law will constitute the most significant step ever taken in the area of election reform and one of the most important legislative actions taken by the Congress this year.

The Senate has been moving toward this action for many years and during each Congress since 1960 has been approving progressively stronger and more far reaching bills.

This bill, S. 3044, however, is more comprehensive than any of its predecessors. It provides for strict limits on contributions and expenditures. It provides for a Federal election commission to administer and oversee and even to enforce the various provisions of the act. It provides for the public financing of national conventions and for Presidential primary and general elections. Limitations on contributions are as follows:

Individuals cannot give to any candidate or political committee supporting that candidate more than $1,000 for each election in which the candidate participates, and no individual may give to all candidates and political committees more than $25,000 in any calendar year, and for purposes of that limitation, any contributions given in a year other than the election year shall be considered to have been given during the election year. No political committee except a principal campaign committee may give more than $5,000 to a candidate or political committee supporting that candidate for each election in which he participates.

A principal campaign committee may contribute to the candidate up to his full spending limit. But, a principal campaign committee is one which has been designated by the candidate, in writing, to be his principal campaign committee and no other committee may be so designated.

Limitations on expenditures are also specifically set forth: A candidate for nomination to the office of President may not spend more in his entire nominating campaign than $10 million. And, he may not spend more in any given State than twice the amount which a candidate for nomination to the Senate may spend in that State. There is an exemption for the cost of fundraising equivalent to 20 percent of the overall spending limitation. In the general election a candidate for election to the office of President may not spend more than $20 million. Again there is a 20-percent exemption for the cost of fundraising.

In Presidential nominating elections, however, as well as in Presidential general elections, public financing is available. In order to become eligible for public financing during the campaign for nomination, a candidate must raise a threshold sum of $100,000. And that sum must be raised in amounts totaling $5,000 in each of 20 States. Only the first $250 of any contribution would be eligible for matching grants from the Government. Once having reached the threshold, the candidate would qualify to receive an equal amount from the Government and, thereafter, would be able to qualify for additional grants for eligible contributions received. The maximum Federal money which a candidate would or could become eligible to receive for the nominating process would be 50 percent of the spending limit if a sufficient amount of money were designated for the dollar checkoff fund.

In the general election campaign a candidate of a major party could receive public funding up to the full $20 million limit, if there is sufficient money in the fund. If not, then the candidate would receive a reduced amount and would be allowed to solicit private contributions to make up the difference. For both nominating elections and general elections for the office of President, there would be a 20-percent exemption for the cost of fundraising only to the extent that private contributions are needed to reach threshold amounts or other qualifying amount or the difference in the general election between what is available and the spending limitation, assuming that the dollar checkoff fund might not be adequate.

A candidate for nomination or for election to the House of Representatives, except for Representative at Large, could spend $70,000 for the primary and another $70,000 for the general election. He could also spend up to 20 percent of that limit in each election for the costs of fundraising.

A candidate for nomination to the Senate or for Representative at Large could spend up to the greater of 8 cents times the voting age population of the geographic area—the State—or $100,000. And for the general election could spend the greater of 12 cents times the voting age population or $150,000. And, the 20 percent exemption for the cost of fundraising would also apply to each of those campaigns.

In order to preserve the role of the party committees the act allows the national committee of a political party to spend 2 cents times the voting age population of the United States for its candidate for election in the general election only, and 2 cents times the voting age population of a State for candidates for general election to the office of Senator or Representative at Large or $20,000, whichever is greater. Also, the national committee may spend the greater of 2 cents times the voting age population of the congressional district or $10,000 for each candidate for the House.

State committees of a political party, including all branches or subsidiaries, may spend up to 2 cents per voting age population in any given State or $20,000 for Senator or Representative at Large, whichever is greater, and 2 cents times the voting age population of the congressional district, in the case of those Representatives who run in States having more than one Representative, or $10,000, whichever is greater.

No person may make an independent expenditure advocating the election or defeat of a clearly identified candidate in excess of $1,000 other than those committees or agents authorized by the candidate.

Candidates must have principal campaign committee responsible for the control of receipts and expenditures and for the reports of those finances. Candidates must also designate campaign depositories where receipts and expenditures shall be accounted for.

A most important feature of the bill creates a Federal election commission having primary civil authority for violations of the act. The commission would be comprised of eight members. Two would be appointed by the Senate, two would be appointed by the House, and two would be appointed by the President. All six of these would be subject to confirmation by the Senate and the House. Not more than one of those appointed by the Senate, House, or the President would be of the same political party.

The remaining members would be the Secretary of the Senate and the Clerk of the House of Representatives, but they would serve without a vote.

The commission would have the power to examine all records, conduct investigations, and issue subpenas. It could go to court to obtain injunctive relief, declaratory judgments and expedient review of constitutional issues.

The commission also would have the power to attempt to resolve matters by internal administrative procedures after which further remedy could be sought in the courts.

However, the Department of Justice would not be deprived of any of its power to initiate civil or criminal actions in response to referrals by the commission or complaints from other sources. These constitute the major provisions of the act as agreed upon by the Senate and House. There are many other lesser but still important provisions all of which were discussed by both bodies of the Congress and the conferees believe that the measure as reported by the conference to each House is well designed to eliminate the practices so prevalent during the 1972 campaigns and substitute new restrictive provisions covering all facets of Federal campaigns in such a manner as to renew public confidence in the Federal Government and in the elective process.

The act would become effective on January 1, 1975, but the preemption of State law which might be in conflict with the act would take place immediately upon passage, and public finances would not become available as payments to eligible candidates before January 1, 1976.

Mr. President, there are a great number of provisions in this that will require the attention of candidates for Federal office, their committee treasurers, and agents. The intent is to preserve the integrity of the elective process by applying strict controls over the flow of money in political campaigns. I believe that this bill will serve to clear the political atmosphere and will benefit candidates by setting reasonable ceilings on contributions and expenditures.

Mr. President, I urge my colleagues in the Senate to give their approval to this very important election reform legislation.

Mr. HUGH SCOTT. Will the distinguished chairman yield?

Mr. CANNON. I am delighted to yield to my colleague.

Mr. HUGH SCOTT. I thank the chairman of the committee who has done such a magnificent job in shepherding this bill through the conference. It has been a long and hard road. I think we have achieved a reasonably good bill. We have had to make concessions that we did not want to make. I think the Members of the other body felt the same way. I am personally delighted that my own original amendment to provide for an independent Federal Election Commission has been included as part of this bill. The regret I have principally is that we did not extend Federal financing on a matching basis to congressional elections as proposed by the distinguished Senator from Massachusetts (Mr. KENNEDY) and myself. However, we will give the Presidential financing through matching funds a good try in the 1976 election.

I would like to pay tribute to all of the conferees: for the majority, besides the chairman, Senator PELL, Senator PASTORE, Senator LONG, Senator KENNEDY, Senator ALLEN, and Senator CLARK; and to the conferees for the minority: Senator BENNETT, Senator GRIFFIN, Senator STEVENS, and Senator MATHIAS.

I would like to ask a question as to the amount presently available, if the distinguished Senator has it, in the checkoff fund for Presidential elections where the voter can check $1 or if it is a joint return he and his wife can check off $2 to be used for this purpose.

Mr. CANNON. As of July 1 of this year, the amount was roughly $29.5 million. Of course, we would have two more taxpaying periods that would be up before the financing provision would become effective.

Mr. HUGH SCOTT. What projection do we have as to what can reasonably be anticipated as available in the 1976 election?

Mr. CANNON. I do not think we can really make a very accurate projection, but the best guesstimate that we have is roughly $75 million.

Mr. HUGH SCOTT. I thank the Senator.

I have been asked by one Senator to raise a question as regards publication of books as distinguished from magazine articles. There is a limitation here on honoraria of $1,000. I believe there is an exception that does permit Members of Congress to publish books and to receive compensation for that purpose. Is that correct?

Mr. CANNON. The intent is that the publishing of a book does not constitute an honorarium under the language used in the bill. The bill would cover magazine articles and speaking engagements, this sort of thing.

Mr. HUGH SCOTT. I also had a question as to speaking engagements. I think we ought to make some legislative history here, because we have imposed pretty severe restrictions on this matter in an effort to indicate that there is some sacrifice expected by those who enact the laws as well as others.

If a Member of Congress makes a speech before any sort of group or organization, he is restricted to the honorarium of $1,000, plus legitimate expenses. Is that correct?

Mr. CANNON. That is correct, $1,000 per occasion, plus the transportation expenses, accommodations, and meals.

Mr. HUGH SCOTT. I think it is public knowledge that heretofore honoraria have often been in the amounts of $2,000 or $3,000. I simply point that out.

If a Member of Congress makes two speeches on the same trip at different times, scheduled, programed, and published speeches, for example, to the same organization or to different organizations on the same trip, may those legitimately be considered as separate honoraria?

Mr. CANNON. If they were separate occasions, separate speaking engagements, there would be no reason to consider them other than separate engagements and the $1,000 limit would apply to each one.

I suppose if a person had gone on a particular trip where he had transportation expenses incurred, however, they would have to be prorated between the two.

Mr. HUGH SCOTT. As far as this particular Senator can recall, I do not believe I have ever gone on a speechmaking tour of two, three, four, or five speeches. But I do think it is fair and proper that we should make that clear. I do not think we want to leave anything unrevealed. We do not want to mislead anybody.

I think that does clarify the concerns that have been expressed to me on that point.

I think the reporting functions of this bill have been simplified, and yet they are intended to be very tight as to requiring disclosures of all candidates, whether incumbents or not. Is that not correct?

Mr. CANNON. The Senator is correct. The details under the old law have proven to be quite onerous in that they were more than were really required.

We have tried to simplify that. Yet, the reporting is such that the public will have the full information available if they desire.

One of the ways in which we guarded that was by providing that a person can have only one principal campaign committee and that all the reports from subsidiary committees must come through that principal campaign committee, so that you have a funneling there of all the reports into one place.

Mr. HUGH SCOTT. This is designed to correct any past abuses or the potentiality of abuses.

Mr. CANNON. The Senator is correct.

Mr. HUGH SCOTT. As to the Republican and Democratic National Committees, or the national committees of the major parties, there is a provision for an allocation from the checkoff, if the funds are available, of $2 million to each political party for its quadrennial national convention. Is that correct?

Mr. CANNON. The Senator is correct. That also came out of the abuses in the past, where many charges have been made with respect to the raising of funds and the holding of conventions.

Mr. HUGH SCOTT. I want to make that clear, because there was a good deal of objection to that provision on the part of members of my party, some of them connected with the activities of the national committee and convention groups. I think it is a wise provision. It eliminates the necessity of these convention programs and $25,000 contributions from corporations, and so forth.

So I have to go against what was the view of a number of members of my own party in that regard. I think it is a very good provision.

I thank the distinguished Senator from Nevada.

Mr. PELL. Mr. President, will the Senator yield?

Mr. CANNON. I yield.

Mr. PELL. Mr. President, I, too, congratulate the Senator from Nevada on the fine job he has done in chairing the Senate conferees. As contrasted with many conferences, he had a varied team of horses from several different committees, and he did a marvelous job in keeping them all driving toward the same goal.

I believe it would be valuable if both the basic purpose and the limits of section 308 of title III of the Federal Election Campaign Act, as amended, were stated for the RECORD in some detail.

Mr. CANNON. I say to my colleague that the thrust of this provision is to require organizations that communicate with the general public through advertisements, direct mailings, et cetera, in order to influence an election or to set forth a candidate's position on any public issue, his voting record, or other official acts, for the purpose of electing or defeating that candidate, to report as if that organization were a political committee.

But this section does not reach an organization that limits itself to activities along the following lines: issuing communications directed to its members, making its position known to members of the press and to public officials, or participating in conferences and meetings and other discussions devoted to public issues. In other words, section 308 will cover organizations that use their funds to propagandize the general public but does not restrict internal communications or restrict the flow of news or the discussion of public issues.

Mr. PELL. I thank the Senator.

Mr. CANNON. I thank my colleague for his kind remarks about my work.

Mr. KENNEDY. Mr. President, I ask unanimous consent that Mr. Parker be permitted the privilege of the floor during the consideration of this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, first, I commend the chairman of the Committee on Rules and Administration, the chairman of the Senate conferees, the distinguished Senator from Nevada (Mr. CANNON), for his explanation and his successful effort in bringing this matter back to the Senate. I also commend him for the way in which the conference was handled. He was, as always, extremely considerate of the different viewpoints that were held by the conferees. As someone who is extremely interested in this legislation, I appreciated very much the honor of being appointed a member of the conference. As one who is not a member of the Rules Committee but who had been interested in this issue, it was through the support of the distinguished Senator from Nevada that I was included, and for that I am extremely grateful.

Mr. President, it is with mixed feelings that I support the conference report on S. 3044, the Federal Election Campaign Act Amendments of 1974.

There are many eminently worthwhile provisions in this bill. Public financing for Presidential primaries is a genuine breakthrough for decent government in the post-Watergate era, as are the strict limitations set for private campaign contributions and expenditures, and the effective new Federal Election Commission established to oversee and enforce the law.

But there is also a glaring deficiency in the bill—its failure to adopt for Senate and House races the same important and basic reform it adopts for Presidential races—public financing of elections.

Abuses of campaign spending and private campaign financing do not stop at the other end of Pennsylvania Avenue. They dominate congressional elections as well. If the abuses are the same for the Presidency and Congress, the reform should also be the same. If public financing is good enough for Presidential elections, it should also be good enough for Senate and House elections, too.

The people understand the simple logic of that lesson, but the conference bill ignores it. Instead, it adopts a double standard for reform—public financing for Presidential elections, but only a patched-up version of private financing for congressional elections.

As a result, in plain view of the nation, Congress is now adopting a blatant "holier than Watergate" attitude to election reform, in spite of the common knowledge that the need for public financing is probably greater for congressional elections than it is for Presidential elections.

It is no secret that the Senate conferees, in a real bipartisan effort, worked hard to obtain a compromise acceptable to the House, a compromise that would establish at least a beachhead for public financing of congressional elections.

On every other provision in the bill, the conferees were able to hammer out a reasonable agreement on the various conflicting provisions of the bill. But on the overriding issue of public financing, the opposition of the House conferees was total and unyielding. Day after day, session after session, the Senate conferees sought progressively weaker compromises, until finally only token public financing for congressional elections was requested by the Senate.

But even this minimal compromise was refused.

In the end, to get a bill at all that the President would be obliged to sign or veto before election day, it was necessary for the Senate conferees to abandon public financing altogether for congressional elections. Reluctantly, we did so.

I like to think that, because we yielded on public financing, the Senate conferees fared better on two other very important issues in the bill—the spending limits for Senate and House races, and the enforcement powers of the new Federal Election Commission.

On the spending limits, the figures in the House bill were so low that, inevitably, the bill was widely stigmatized as an "Incumbents Protection Act." Left unchanged, it might well have prevented any challenger from making any effective race against any Senate or House incumbent.

But on this point, the House accepted a generous compromise that includes the best features from each bill. In essence, the compromise adopts the basic limits of the Senate bill for Senate races—12 cents a voter in general elections and 8 cents a voter in primaries—and it raises the limit for House races from $60,000 in the House bill to a compromise level of $70,000. In addition, a number of other significant provisions are added that affect the spending limit:

An extra 20 percent in spending is made available to offset fund-raising costs.

An extra 2 cents a voter in Senate races—or $10,000 in House races—may be spent by the national committee and also by the State committee of the candidate's party.

A cost of living escalator is included that will probably mean an extra 10 percent boost in spending for the 1976 elections, to offset the inflation likely to occur in 1975.

And, a so-called "meat and potatoes" exemption from the spending limit is also provided, allowing any individual to spend up to $500 per election for invitations, food and beverages for campaign functions at his residence. Any candidate worth his salt should be able to parlay that provision into the equivalent of $5,000 to $10,000 of additional spending for each election.

As a result of these various provisions, the spending levels in the conference bill are entirely adequate. I regard the bill as no longer vulnerable to the "incumbent's protection" label.

On the enforcement issue, the Senate obtained a significant compromise, in which a genuinely independent oversight agency, a new Federal Election Commission, will be established, with substantial civil enforcement powers of its own. This compromise ends one of the most serious loopholes in the existing election laws, the lax enforcement mechanism we have endured so long.

These two areas—the spending limits and the enforcement provisions—represent important victories for the Senate conferees. And they are not the only important provisions of the bill.

Therefore, in spite of our defeat on public financing, I give my support to the final action of the conferees, and I urge the Senate to approve the conference report.

Before closing though, I would like to return once more to the central issue of public financing.

Let there be no illusions about the half-a-loaf approach the conference bill applies to Senate and House elections. To those who say go slow, that limits on spending and private contributions are enough for now, that all we need is full reporting and disclosure, I reply that sunlight is too weak a disinfectant, that we should not be satisfied with timid steps today, when experience proves that bolder ones are clearly needed.

Already, before the ink is dry on the conferees' agreement, let alone before the bill is presented to the President for his signature, we read that big contributors and special interest groups have homed in on the contribution limits, searching for new loopholes and new ways to avoid the law.

I do not doubt they will succeed. To name but one provision, the $5,000 contribution limit for gifts to a candidate by broad-based political committees is an invitation to abuse. From one direction, special interest groups are likely to proliferate into smaller committees, to enable themselves to make multiple $5,000 contributions. From the other direction, individuals and narrow-based political committees—now limited to $1,000 contributions per candidate—are likely to take on new sources of contributions to their own warchests and new candidate beneficiaries in order to qualify for the $5,000 gifts allowed to be made by broad-based committees.

Undoubtedly, all the other restrictive provisions in the bill will receive similar microscopic scrutiny, and other "adjustments" will be made accordingly.

That is the history of the Federal election laws—the evaders are forever a step ahead of the enforcers, because the reformers are forever closing last year's loopholes. Nothing we do in this bill on congressional elections breaks that age-old cycle of corruption chasing reform chasing corruption.

The only effective way I see to break this insidious cycle is to adopt public financing for Congress, as we do today for the President.

Most, and probably all, of the things that are wrong with Congress have their roots in the way we finance campaigns for the Senate and the House. We get what we pay for. As a result, as Mark Twain liked to say, we have the best Congress that money can buy. And in this case, the "best" is obviously not good enough, if we believe in government responsive to all the people, not just the special interest groups.

For years, going back in some cases over many decades, on issue after issue of absolutely vital importance to the country, national policy has been made by Congress under the shadow of a mammoth dollar sign—a sign that is the symbol of the enormous private campaign contributions that are flooding Federal elections and corrupting American politics.

Who really owns America? Who owns Congress? Is it the people, or is it a little group of big campaign contributors and private interest groups? Take six examples that are obviously current today:

Does anyone doubt the connection between America's energy crisis and the campaign contributions of the oil industry?

Does anyone doubt the connection between America's reluctance to enforce effective price restraint and the campaign contributions of the Nation's richest corporations?

Does anyone doubt the connection between America's failure to enact decent tax reform and the campaign contributions by private interest groups who benefit from the endless loopholes in present law?

Does anyone doubt the connection between America's health crisis and the campaign contributions of the American Medical Association and the private health insurance industry?

Does anyone doubt the connection between the transportation crisis and the campaign contributions of the highway lobby?

Does anyone doubt the connection between the demoralization of the foreign service and the sale of ambassadorships for private campaign contributions?

These areas are only the beginning of the list. The problem is especially urgent and pervasive today, because of the soaring costs of running for Senator or Representative. But corruption or the appearance of corruption in campaign financing is not a new phenomenon. I would venture that for at least a generation, few major pieces of legislation have moved through the House or Senate that do not bear the brand of large campaign contributions with an interest in the outcome.

Watergate did not cause the problem, but it offers the last clear chance to solve it. Through public financing, we can guarantee that the political influence of any citizen is measured only by his voice and vote, not by the thickness of his pocketbook.

A caveat is in order here. Public financing is not a panacea for America's every social ill. It is not a cure for corruption in public life. It is not a guarantee that those who enter public service will be any wiser in solving America's current problems.

What it does guarantee is that legislative decisions will be taken by Congress in the future by men and women beholden only to the public as a whole, free of the appearance of special influence and corruption that have done so much in recent years to bring all government to its present low estate.

Make no mistake. Those special interests will keep on corrupting decent government until we finally act.

Even now, the special interest groups are waiting in the wings. In this year of

1974, their campaign war chests are the fattest in their history—tens of millions of dollars of special interest money waiting to be spent, to buy the votes they want in Congress.

They can live with this arrangement. As the conference results make clear, Congress is also prepared to live with this arrangement—for now.

Sadly, the only ones who cannot live with this arrangement are the ones who should not have to—the ordinary people of this country, the 200 million American citizens who have a right to a Congress that represents them too, a Congress that speaks for the public interest, not just the private interest groups.

And so, this conference report turns out to be just a midway station on the climb to real reform. With this bill, we thought we would reach the top, but it turns out we were wrong. And so, as we regroup our forces, we recognize that our effort must go on in the new Congress that convenes next January.

This issue is not settled, as some would hope, until after the 1976 elections. January 1975 will bring a new Congress, and I shall do my best to insure that public financing of elections is one of our top priorities. We did not lose by much this time. Next year, we shall return, and let us hope the answer will be different.

One final word. There are many who deserve great credit for the substantial progress we have made so far in advancing the issue of public financing to its present stage. The history is worth recounting, because the issue is hardly new to the Senate. In fact, this is the 9th year in which public financing of elections has been a live issue for the Senate.

It was in 1966 that the concept of public financing was first enacted into law. Thanks to the brilliant leadership of Senator RUSSELL LONG, the father of public financing, the dollar checkoff for Presidential general elections was signed into law that year.

The year 1967 saw the act delayed and shelved, caught in the crossfire of the emerging passions of the 1968 Presidential campaign. But, in the aftermath of that defeat, the Senate Finance Committee, again under the remarkable leadership of Senator LONG, recommended a broad new version of the dollar checkoff, applicable not only to Presidential general elections, but to Senate general elections as well. No further action was taken on the Finance Committee report in that Congress, but the seed for public financing of congressional elections was clearly planted.

The year 1971 saw the 1966 act revived and again signed into law, under the leadership of Senator LONG and Senator MIKE MANSFIELD and Senator JOHN PASTORE. But, caught again in partisan crossfire, the decision was made in the Senate-House conference to defer the act past the 1972 elections, and the starting date was set at 1976. The "ifs" of history are fickle, but few would deny that there might have been no Watergate, if the decision had been made to allow public financing for the 1972 election.

Today's bill is yet another milestone on the road to full public financing of all Federal elections. In the aftermath of Watergate, it was clear that the present Congress would be an election reform Congress; the bill today is the result of our 2-year effort.

And the effort in this Congress has been genuinely bipartisan. Senators HART, MONDALE, STEVENSON, CRANSTON, CLARK, PELL, and I were joined by Senators HUGH SCOTT, MATHIAS, SCHWEIKER and STAFFORD in introducing various forms of public financing legislation in this Congress and in working to keep the issue in the forefront of debate throughout both sessions.

Last November, as an amendment to the Debt Ceiling Act, we were initially successful in obtaining the approval of the Senate for public financing of Presidential primaries and congressional general elections, only to lose that victory to a Senate filibuster in the closing days of the session.

This year, under the able, leadership of Senator HOWARD CANNON, chairman of the Senate Rules Committee, the progress was even more significant. S. 3044, Senator CANNON'S landmark Rules Committee bill, was approved by the Senate essentially intact. It boxed the public financing compass. It provided public financing, not only for Presidential primaries and Senate and House general elections, but also for Senate and House primaries. Most significant of all, the Senate actually broke a filibuster to get the bill to conference.

Thus, in repeated votes after full debate and committee hearings over the past 9 years, the Senate has gone on record again and again in favor of the principle of public financing for elections; specifically, in the past 2 years, it has gone on record again and again in favor of public financing for congressional elections.

By contrast, the present bill marks the first time the House has had full committee hearings and full floor debate on the issue of public financing.

So there is progress after all. The issue is still advancing, as we slowly begin to overcome the widespread reflex that asking Congressmen to accept public financing for their own elections is like asking them to walk the plank. If we did not persuade the House this time, I am confident that final victory will ultimately be achieved, and I am hopeful that "ultimately" means the next time around.

To Senator HOWARD CANNON of Nevada, I give special praise. As chairman of the Rules Committee, he skillfully guided the hearings that shaped this legislation. With equal skill, he successfully steered the bill through the Senate floor debate. Above all, in conference with the House, he led the Senate conferees with great ability and wisdom, negotiating effectively with the House where compromise was possible, and defending the cause of public financing for congressional elections until the cause was finally and clearly lost.

Senator CANNON'S leadership in the conference was all the more impressive because he saw this conference through, while simultaneously shouldering the Rules Committee's enormous current responsibility in the Rockefeller confirmation hearings. Senator CANNON has done a brilliant job; he has demonstrated once again the reason for the high regard in which the Senate holds him.

In addition, I give special praise to Senator HUGH SCOTT of Pennsylvania. Without his strong cosponsorship, his distinguished leadership, and his vigorous support for public financing at every step of the debate in the present Congress, this vital election reform would probably not have succeeded in the Senate or fared as well in the House. Senator SCOTT'S active and continuing participation was in the highest tradition of the bipartisan Senate at its best. He has ably performed this sort of valuable service on many other issues in the past. The fine record he has compiled over many years in other areas, especially on election reform and on civil rights, is a tribute to his wise and effective leadership. Pennsylvania has an outstanding Senator, the Senate has an outstanding minority leader, and the country is in his debt.

I also give great praise to Common Cause, the people's lobby. For the first time—at least in my service in the Senate, and perhaps for the first time in the history of Congress—a powerful and truly effective representative of the public interest has emerged to speak for the ordinary citizen in the halls of Congress. Now, on campaign financing and many other issues, there is a real countervailing force against the narrow special interest groups that have held unchallenged sway for so long. Things are changing now in Congress, and Common Cause deserves the credit. I hope they keep the pressure on.

Finally, I praise WAYNE HAYS, the chairman of the House Administration Committee and the chairman of the House conferees. In his opposition to public financing, I think he fairly reflected the position of the House of Representatives as a whole. If he was immoveable in his opposition to public financing, he was also generous in the give-and-take on all the other issues in the conference. He was an able advocate and chairman on every aspect of the bill, and I respect his great ability. The measure we approved in conference is a good bill with many good provisions, and he deserves great credit for his effort.

Mr. CLARK. Will the Senator from Nevada yield?

Mr. CANNON. Mr. President, if I have the floor, I yield to the Senator from Iowa.

Mr. CLARK. Mr. President, I, too, wish to take this opportunity to express appreciation to a number of people who played important roles in the passage of this landmark legislation.

Chairman HOWARD CANNON of the Rules Committee, as leader of the Senate conferees, did a superb job of advocating the Senate bill. As the junior member of the conference committee, I am deeply grateful for the fairness that characterized his conduct of the proceedings. I particularly want to thank him for allowing me to serve on the conference, even though not a member of the Rules Committee.

Senator KENNEDY skillfully and relentlessly led the fight for congressional public financing. And while we lost this battle, I know he will be among those leading the fight in the next Congress.

This conference report could not have been pulled together without the tireless efforts of our staff, especially Jim Duffy of the Privileges and Elections Subcommittee, Lloyd Ator of the Legislative Counsel's office, and Carey Parker of Senator KENNEDY's staff.

In addition, a number of organizations provided valuable support and information, including the Center for Public Financing of Elections and especially Common Cause, whose representatives played a leading role in strengthening this legislation, as Senator KENNEDY has said.

Mr. President, it has been nearly 2½ years since five men were apprehended for breaking into the headquarters of the Democratic National Committee. That incident, and the events that followed, not only forced the first resignation of an American President—they also aroused an unparalleled outcry for overhauling the conduct and financing of American political campaigns.

The conference report on S. 3044, which we bring to the floor today, represents the major congressional response to that demand for reform. It is an historic piece of legislation—it insures that large private contributions will never again dominate Presidential politics, and that future Presidents will be free from dependence on, and obligation to, wealthy individuals and special interest groups.

Unfortunately, because of the intransigence of the other body, the legislation fails to encompass the one provision which could have cleaned up House and Senate campaigns as well—public financing of congressional elections. Our failure to take this opportunity to extend public financing to all Federal elections is a tragic shortcoming, one that will have to be corrected at the earliest possible occasion.

As I stated initially, however, there are still many positive aspects of this legislation. Building on the foundation laid by Senator RUSSELL LONG, this bill extends public financing of Presidential campaigns to cover nominating conventions and primary elections. The major political parties each will receive $2 million to operate their conventions in 1976. Candidates in the Presidential primaries, after demonstrating a broad base of support, will be able to receive Federal payments matching contributions of $250 or less. These candidates will be limited to spending $10 million in the primaries, and $20 million in the general election.

Funding for the public financing provisions will come from the dollar checkoff on Federal tax returns, and will be automatically appropriated to meet the needs of the program.

Another major accomplishment of S. 3044 is the establishment of an independent, bipartisan Federal Election Commission. This Commission, composed of appointees of the President and the congressional leadership, and confirmed by both Houses of Congress, will have broad administrative and supervisory powers. Of special significance is the Commission's civil enforcement authority, which will help insure that correction of election law violations will not depend entirely on action by a Department of Justice that has traditionally ignored such abuses.

The major changes in the conduct of congressional elections will come from the imposition of limitations on contributions and expenditures. In all Federal elections, individuals would be limited to contributions of $1,000 per candidate in each election. The so-called multicandidate committees would be restricted to contributions of $5,000. The bill also includes strict ceilings on the expenditures that can be made by or on behalf of each candidate's campaign.

These limits will help guard against some of the more flagrant abuses we have seen in the past few years. But, in and of themselves, the limitations will do little to correct the two most serious problems in elections for Congress: the tremendous influence and impact of special interest dollars and the almost complete domination of incumbent officeholders.

Let us face it—$5,000 is still a big chunk of money in most congressional campaigns. With the limit applied separately for primaries, runoffs, and general elections, special interest contributions can easily climb as high as $10,000 or even $15,000. Recently, we have seen story after story in the press detailing the huge campaign coffers that these special interest groups have accumulated. With the contribution limits in this bill, there will be little change in their ability to dominate the field where congressional campaign finance is concerned.

Tightening the group contribution limit will not solve the problem—that would only serve to dry up campaign funds entirely, and guarantee incumbents a free ride. The only real solution is to replace these private funds with public financing.

The last few years have seen Members of Congress returned to office 95 percent of the time or more. The reason is simple—challengers have not been able to raise enough funds to be competitive. Incumbency domination has continued in this year's primaries. As reported on NBC News last night, of the 391 House Members in primaries, only 8 were defeated in their reelection bids. As John Chancellor put it, being a Congressman "is not only a good job, it is a job with great job security."

The expenditure limitations in S. 3044 will not solve this problem at all. In fact, by restricting what candidates can spend, the bill may well eliminate some of the effective challenges we have seen recently.

Again, the only real solution lies in guaranteeing that each serious candidate will have the funds necessary to take his case to the public—again, through public financing of elections.

As you know, the Senate version of this bill contained provisions for congressional public financing, but in the conference committee, the House was adamant—we were faced with a choice of this bill, with no public financing for Congress, or no bill at all. What we have been forced to do, in effect, is settle for a double standard in the conduct of Federal elections—public financing for the President but business as usual for ourselves.

The many important provisions of this legislation qualify S. 3044 as a major step on the road to free and open Federal elections. But further steps will be necessary, and soon. I certainly shall introduce legislation at the beginning of the next Congress to extend the excellent public financing program in S. 3044 to cover congressional elections as well.

Mr. President, will the Senator from Nevada yield for one question?

Mr. CANNON. I am delighted to yield for a question.

Mr. CLARK. This bill would impose a $5,000 limit for each election on contributions that a multicandidate political committee could make on behalf of one Federal candidate. Was it the intent of the conferees that the general administrative expenses of legitimate multicandidate committees are exempt from such limitation, so long as these expenditures are not made on behalf of a clearly identifiable Federal candidate?

Mr. CANNON. Yes. Those expenses incurred on behalf of a clearly identified candidate should be attributed to that candidate, obviously. Of course, expenses merely to defray the cost of operation, rent, equipment, clerical salaries, et cetera, should not be counted against the candidates to whom the contributions are given.

In other words, if the candidate cannot be clearly identified—this relates to the multicandidate committees to which the Senator referred—the expenses of the committees to defray the costs of their operation, their rent, their equipment, and their clerical salaries would not be charged against the candidate to whom the contributions are finally given. I do not see that there is any way one could allocate them.

Mr. CLARK. I thank the Senator.

Mr. ALLEN. Mr. President, before I begin my remarks, I would like to ask if the distinguished Senator from Nevada would answer two or three questions that occur to me with respect to the conference report.

Mr. CANNON. Yes.

Mr. ALLEN. The Senator from Alabama understands that the bill would provide no subsidies to candidates except from funds going into the checkoff fund; is that correct?

Mr. CANNON. The Senator is correct.

The public financing provision would go only to the extent that funds were in the pot, so to speak, from the checkoff provision under the income tax laws at the present time.

Mr. ALLEN. Then the first priority would be the Presidential election; is that correct?

Mr. CANNON. The Senator is correct. The first priority would be the Presidential election.

Mr. ALLEN. If there is not enough to go around.

Mr. CANNON. That is correct.

Mr. ALLEN. Then what would follow?

Mr. CANNON. The allocation, then, from that point on, would go to the primary elections and to the national committees on a prorata basis, because that is the lowest priority, and that is in the process of selecting the candidates for the general election.

Mr. ALLEN. And there would be no priority as between conventions and candidates? Would the convention come ahead of the candidates, the $2 million subsidies to each convention?

Mr. CANNON. I think the intent, as we have drawn it here and developed it, was that the conventions would come ahead of the primaries. The general election would come first, to the extent of the moneys available. If more than that is available, then the conventions would come next, and then, if there is more money available, the primaries would come next.

So, in the proration, the low end of the totem pole, so to speak, would be the primaries.

Mr. ALLEN. As I understand it, in the presidential primaries, the contributions, the amounts of which can be matched, must have been made in the year next preceding the year of the convention and the election; is that correct?

Mr. CANNON. That was the intent, that the matching period would be the year preceding the convention and the election for purposes of determining it.

Mr. ALLEN. Of course, taking in the election year as well.

Mr. CANNON. That is correct.

Mr. ALLEN. Then, of course, as to expenditures they are limited as well as are the contributions.

Mr. CANNON. The Senator is correct.

Mr. ALLEN. At what point do the expenditures become limited? Would they become limited as of the year next preceding the election year? In other words, looking forward to the next election, would the expenditures limit start on January 1, 1975?

Mr. CANNON. Yes. The effective date of the act for purposes of expenditures and for the purpose of contributions with the matching provisions of the contributions is January 1, 1975.

Now, the Senator went a little beyond that to speak in general terms as to when the effective date would be with respect to contributions on expenditures. That would be governed by the definition provisions under the act as to when he becomes a candidate. A person might become a candidate within the year prior to the election.

On the other hand, it is conceivable that a person might really become a candidate for Presidential office within 2 years prior to the election. So we would have to look at the definition of the candidate.

The term "candidate" means an individual who seeks nomination for election to be President of the United States. For purposes of this paragraph an individual shall be considered to seek nomination for election if he (a) takes the action necessary under the law of a State to qualify him for nomination for election.

Under that provision in all of the States that would fall in the year prior to the election.

(b) receives contributions—

Mr. ALLEN. No, that would be the year of the election, would it not, the primary?

Mr. CANNON. Excuse me, during the same year prior to the election.

Mr. ALLEN. Yes.

Mr. CANNON (continuing):

(b) receives contributions or incurs qualified campaign expenses; or (c) gives his consent for any other person to receive contributions or to incur qualified expenses on his behalf.

These conditions could exist longer than the immediate year prior to the election in the case of a Presidential campaign.

Mr. ALLEN. Yes, but he would have to be a declared candidate, would he not?

Mr. CANNON. He would have to either solicit contributions for that purpose or have made expenditures for that purpose or have declared that he was a candidate.

Mr. ALLEN. He would have to be an avowed candidate.

Mr. CANNON. Absolutely.

Mr. ALLEN. Yes.

Until that time, or until January 1 of the year preceding the election, the expenditures would not be charged against the total authorized expenditures.

Mr. CANNON. Well, if he had made expenditures for the purpose of seeking a nomination, if he had gone out and spent money for the purpose of getting the nomination as President, then it would go back to that time, except it would not go back beyond January 1, 1975, because that is the effective date of the act.

Mr. ALLEN. So then the expenditures prior to January 1, 1975, would not count.

Mr. CANNON. Those expenditures would not count.

Mr. ALLEN. I see. Very well.

I commend the distinguished Senator from Nevada, the chairman of the Rules Committee for his patience and his hard work with respect to this bill (S. 3044) and I commend him also for his hard work with respect to S. 372 which passed the Senate July 30 of last year and which had reform provisions similar to the reform provisions in this bill but did not have the public financing feature.

This bill, of course, had the House been so inclined, could have been used as the vehicle for the reform package, leaving out or adding to that bill the public financing feature. But that bill, passed long before S. 3044, expressed the will of the Senate at that time as to reform without taxpayer financing; is that not correct?

Mr. CANNON. The Senator is absolutely correct. S. 372 did go a long way down the road toward campaign reform but had no public financing features in it.

Mr. ALLEN. And during the course of consideration of that bill I believe the public financing was offered as an amendment here on the floor and was defeated. I believe that is correct, is it not?

Mr. CANNON. That is my recollection that it was.

Mr. ALLEN. That is correct. The Senator's recollection is correct on that point.

Now, Mr. President, I address my remarks to the conference report on S. 3044—and my remarks will not be overly lengthy, I might say to anyone who might be interested—the conference report on S. 3044, the public financing of elections bill, which is before the Senate, and will unquestionably be approved, and probably be approved this afternoon, possibly not before recess for the President's address.

Due to a strong conviction on my part that taxpayer financing of elections is not in the public interest, I could not, in good conscience, sign the report even though I was a member of the conference on the part of the Senate. And yet the report, composing the differences between the Senate and House versions of the bill, contains much that is good, much that I support, and much that was shaped or influenced by positions that I have advocated—and other Senators on the floor have advocated—on and off the Senate floor and in committee.

There is no stronger advocate of campaign reform than I, for it is a fallacy to feel that anyone who opposes a raid on the Treasury to support political campaigns must be against campaign reform.

Public financing of elections re-forms the campaign laws, it does not reform them. True reform comes from strict limitations of the total amount of permissible campaign contributions and expenditures, full disclosure of all contributions and expenditures, limitation of the size of contributions, limitation on amount of cash contributions and expenditures; and an independent election commission—and which was, of course, the Senate's position—and many other similar reforms in the private sector.

Throughout the time that election reform bills have been before the Senate, the record will show that I have steadfastly supported all of these principles and have afforded leadership in advocacy for them. I have invariably supported the lowest proposed figure, whether it was for an overall limit on contributions or expenditures, or limit on size of contributions or amount of cash contribution or expenditure permitted. And when disclosure provisions were considered, I have always stood for the strictest possible disclosure rule.

But to use the terms "public financing" and "campaign reform" interchangeably or as synonyms is erroneous.

So the conference report is really divided into two parts—the public financing part and the campaign reform part.

I would prefer that there could be two separate votes on these issues. I would vote for campaign reform and against public financing. But that is not to be, and I must vote for or against the report. There can be no division of the question.

But why do I oppose requiring the taxpayers to pay the cost of elections? Debates as reported in the RECORD are full of reasons that I have assigned.

First, public financing of elections is a raid on the taxpayers' pocketbooks for the benefit of politicians. Subsidizing the candidates with funds from the Treasury only adds to the escalating costs of elections when we should be limiting and reducing election costs.

Second, much of the volunteer spirit of citizen participation in elections will be lost where the public treasury is required to pay the cost; and it deprives the citizens of first amendment rights in depriving them of freedom of expression implicit in the right to contribute to the candidate or candidates of their choice.

Third, it forces a person to contribute to a candidate whose views might be violently opposed to the views of the taxpayer. This objection cannot be met by the contention that only checkoff funds are being used, for these funds belong to all taxpayers and not just to those who participated in the checkoff.

Fourth, Presidential primaries already are spectacle enough without the Federal Treasury adding from $5 to $7½ million more to each candidate's funds.

I have been told that there are some 6, 8, or 10 candidates for the Presidency right here in this Chamber, not here on this floor at this time, but they are Members of this body. I have been told there are some 6, 8, or 10 Members of the Senate who will be candidates for the Presidency.

This bill, of course, would make them a present provided they get enough popular support to get in excess of $5 million, up to as much as $6 or $7½ million, which, if true, each of the candidates from this Senate or from the House, over $5 million for their campaign chest.

Now, the time approaches for the movement of the Senate over to the House Chamber, and I would ask unanimous consent that I might yield the floor at this time, in order that the majority leader may address the motion to the Chair, with the understanding that I retain the right to the floor when we come back.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MANSFIELD. Mr. President, with the proviso that the distinguished Senator from Alabama retains the floor, I shall make the following unanimous consent request.

JOINT SESSION OF THE TWO HOUSES—ADDRESS BY THE PRESIDENT OF THE UNITED STATES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess for the purpose of proceeding in a body to the Hall of the House of Representatives to hear an address by the President of the United States to a joint session of Congress.

Immediately after that address has been concluded the Senate will once again resume its deliberations and, the Senate concurring, the distinguished Senator from Alabama will have the floor at that time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate will now stand in recess subject to the call of the Chair, for the purpose of attending a joint session with the House of Representatives to hear the address by the President of the United States.

At 3:42 p.m., the Senate took a recess subject to the call of the Chair.

Thereupon, the Senate, preceded by the Secretary of the Senate, Francis R. Valeo; the Sergeant at Arms, William H. Wannall; and the President pro tempore of the Senate (Mr. JAMES O. EASTLAND), proceeded to the Hall of the House of Representatives to hear the address by the President of the United States, Gerald R. Ford.

(The address delivered by the President of the United States to the joint session of the two Houses of Congress appears in the proceedings of the House of Representatives in today's RECORD.)

At 4:57 p.m., on the expiration of the recess, the Senate, having returned to its Chamber, reassembled, and was called to order by the Presiding Officer (Mr. BARTLETT in the chair).

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator from Alabama yield to me without losing his right to the floor?

Mr. ALLEN. I yield.

IMPLEMENTATION OF THE PRESIDENT'S RECOMMENDATIONS

Mr. MANSFIELD. Mr. President, I would suggest that in line with the President's request this afternoon the Senate give consideration to the possibility of taking up on tomorrow, after the deepwater ports bill is disposed of, Calendar No. 1164, S. 3979, a bill to increase the availability of reasonably priced mortgage credit for home purchases.

The bill was offered by Messrs. CRANSTON and BROOKE, who were specifically singled out by the President. I believe the President indicated that he would like to have this legislation passed before the Senate recesses on Friday next, possibly.

It is my further understanding that action has been withheld on the Cranston-Brooke proposal until the President had sent up or made his recommendations. I would assume that, in part at least, he has made his recommendations this afternoon. I assure him that the joint leadership and the Senate stand ready to implement what he has said. Hopefully, if any additional information is needed from the White House, it will be forthcoming forthwith, so that we can give consideration to S. 3979, as the President specifically requested this afternoon.

I thank the distinguished Senator from Alabama for yielding to me for this purpose.

Mr. ALLEN. I am delighted to yield.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3044) to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

Mr. ALLEN. Mr. President, I was discussing the reason why I opposed the conference report. I was discussing the item of the financial subsidy not only for the Presidential general election, to the candidates for President of the respective parties, but also to finance the literally dozens of candidates who will seek the nomination of the major parties as well as the minor parties, to some extent.

Mr. President, this bill would provide a subsidy of between $5 million and $6 million—up to that amount—for each candidate for Presidential nomination. Literally dozens of them will be encouraged by the subsidies provided by this bill, as well as ány hope of obtaining the nomination.

It has been pointed out that it is reputed that there are some 6, 8, 10, or 12 Members of Congress who will seek the Presidency, or will seek the Presidential nomination, and they will be able to receive $5 million or more each, provided they get the necessary contributions from the public generally. But far from cutting down on the spectacle of these Presidential preference primaries, this would escalate the cost by $5 million or $6 million for each candidate and would run up into astronomical terms.

In addition, it would provide $2 million each—this is something the Senate did not even think of in providing subsidies—for major parties to hold a convention. I suppose some of the conventions are worth $2 million to the public, as a show or as a spectacle. But I hate to see the taxpayer called on to pay $2 million to each party so that it can meet and hold nominating conventions. That is what this conference report would do. That is a new idea by the House, agreed to by the Senate conferees.

Mr. President, let us examine the record to see whether positions which I and many other Senators of similar views have advocated on and off the Senate floor have had an influence, with an assist from the House, in shaping the final provisions of the bill as set forth in the conference report, both on the true campaign reform and even on the public financing.

To do so it is necessary to go back to August 5, 1971, when the present campaign law—Public Law 92–225—was under consideration in the Senate as S. 372. That bill—that is, the present law—sought only to limit expenditures for media advertising, pretty skimpy proposals—TV, radio, newspapers, billboards—but placed no limit—and the present law does not— on the 101 other necessary expenditures in a campaign, expenditures for which are not covered under the present law and for which the sky is the limit: Brochures, handbills, printing, WATS lines, telephones, postage, stationery, automobiles, trucks, telegrams, campaign headquarters—State and various local ones, unlimited campaign workers, airplane rentals and tickets, buses, trains—special and regular, campaign newspapers—distinguished from the media—movie theatre film advertisements, campaign staffs, public relations firms, production expenses for broadcasts, public opinion polls, paid campaigners and poll watchers, novelties, bumper stickers, sample ballots, and many others that I did not think of. Those were not covered under the present law. Those were not covered when S. 372 was before the Senate.

It was quite obvious to me that this limitation was far from adequate and that there should be a limitation on total expenditures for all purposes. So, on that date I offered amendment No. 306, the purpose of which was to place a limitation on the total amount that could be spent by a candidate for any and all purposes. The amendment failed of passage by a vote of 31 to 60, but for the first time action had been taken on the Senate floor that would have put an effective limit on all expenditures by a candidate in an election. Embraced in the report now is the concept of limiting all expenditures, as provided in my amendment, and not limiting media advertising only. Mr. President, the concept of the amendment that was offered back in 1971 is now carried forward in the conference report, limiting the total expenditures for all purposes and not just media advertising, as the limit is now.

Next came the passage in the Senate on July 30, 1973, by a vote of 82 to 8, of S. 372, which I supported in committee and on the floor. It had most of these desirable campaign reforms in it, but it did not have campaign financing. It did not have public financing. During the course of the consideration of this bill on the Senate floor, a public financing amendment was defeated. So just a little over a year ago, the Senate was voting down public financing. Mr. President, I voted for, and supported in committee and on the floor of the Senate, S. 372, which did provide true campaign reform.

Let us continue examining areas where the position of reform minded opponents of public campaign financing was upheld.

That is the category in which I put myself and those who opposed public financing. We are reform-minded opponents of public campaign financing. So let us continue examining to see where the position of reform-minded opponents of public campaign financing was upheld in the conference or where their efforts influenced the final shape of the bill.

By a vote of 39 yeas to 51 nays, the Senate rejected the Allen amendment—this is while S. 3044 was pending in the Senate—to strike the provisions for public financing of congressional elections. So the reform-minded opponents of public financing did win out.

The position of the 39 Senate opponents of congressional elections financing is now supported by the conference report in the final conference with regard to House and Senate financing and subsidizing of the campaigns of Members of the House and Senate.

I offered an amendment limiting contributions in Presidential contests to $250 and $100 in congressional contests. Of course, there is practically no limit now to the amount of contributions that can be made. There is a limit on the amount that can be contributed through one committee, but we are familiar with the practice, although the Senator from Alabama has never used it, of having multiple committees, with $5,000 payments made by each of those committees. In that way, hundreds of thousands of dollars can be contributed by one person, because the present law does not provide an effective limit on that.

Therefore, during the course of consideration of S. 3044, I offered that amendment.

The theory of that $250 in Presidential races, $100 in congressional races, would always be matched anyhow, so why authorize more? That amendment was voted down here on the Senate floor, that effort by those of us who oppose public financing but favor campaign reform to lower the amount of the permissible contributions. When that failed, I offered another amendment, thinking that surely this would satisfy the public financing supporters, which placed the figures and when this was defeated, I offered an amendment placing the figures at $2,000 for Presidential contests and $1,000 for Senate and House contests, but this also was defeated, and the Senate passed a $3,000 per election figure. However, the conference set the figure at $1,000 contribution per person per election, which is more in line with the views of the reform minded opponents of public financing.

Mr. President, those of us who have sought campaign reform and have opposed just turning the bill over to the taxpayer have had some little success in shaping the campaign reform aspects of the legislation that is now before us.

It is interesting to note that when the distinguished senior Senator from Tennessee (Mr. BAKER) offered his amendment to require candidates to disclose the size and source of all contributions and to provide that no contributions could be accepted after 10 days before the election, the reform-minded opponents of public financing supported this fine amendment that would have provided for disclosure.

By and large, whenever an opponent of public financing of taxpayer-subsidized financing, is found, one finds a person who advocates true campaign reform: cutting down the amount of authorized expenditures, cutting down on the amount of the permissible contribution, providing for more disclosure. This amendment of the distinguished Senator from Tennessee (Mr. BAKER) provided that a candidate had to disclose the size and source of all contributions and that he could not accept any contributions after 10 days before the election. During that period, he could not accept contributions.

It seems to me to be a fine disclosure provision, offered by an opponent of taxpayer-financed and subsidized elections, but a strong advocate of campaign reform.

Mr. President, while this bill S. 3044 was pending, I offered an amendment providing that no Member of the House or Senate could charge or receive any honorarium for speeches, appearances, or writings. The Senate defeated that amendment. They did not want any limitation on honoraria, the supporters of public financing, taxpayer-subsidized financing. They wanted the sky to be the limit, apparently, for contributions. So that was defeated, here, in the Senate.

However, the House grabbed hold of that idea, and provided that the honorarium limitation be $1,000 per appearance or writing or speech, with a total of $10,000 permissible. Well, the conference report comes here with $1,000 for each appearance or writing or speech, and a $15,000 limit. At any rate, there is some limit to it, rather than the sky being the limit, as at present. That is another area in which the reform-minded opponents of public financing did make their influence felt in the final conference report.

Mr. President, here, on the Senate floor, in a rare burst of economy for the taxpayer, the Senate adopted an amendment that I offered reducing by 20 percent the amount which might be spent by each candidate—that is a 20-percent reduction. It was cut from 10 cents per person of voting age to 8 cents in primaries and from 15 cents to 12 cents per person of voting age as the amount that could be spent in a primary or a general election.

Let me hasten to add that the conference provided very well to nullify that fine step toward economy, that would have saved the taxpayers millions of dollars, by allowing as an exemption from this limit 20 percent of permissible expenditures, to be used for fundraising only. The effect of that amendment is to limit the figure to a candidate for the nomination of one of the major parties for the Presidency. The limit is $10 million in the primary for each candidate, half of which can be public. The topped that off with the cream of allowing $2 million, that is not counted, to be added to that for the expense of raising money.

Mr. CANNON. Will the Senator yield?

Mr. ALLEN. Yes.

Mr. CANNON. That is not quite correct. The amount of 20 percent for fund raising purposes would be limited only to the private contribution part.

Mr. ALLEN. It would be $1 million.

Mr. CANNON. Yes, sir; $1 million would be the limit.

Mr. ALLEN. Very well. I stand corrected on that.

Instead of adding $2 million to the pot, it would add $1 million, on the theory that the $5 million coming from the government, from the taxpayers, does not have any expense. That is a reasonable provision.

The fact remains that it did add 10 percent overall, 20 percent—on the amount of the individual contributions. So it raised the amount that a candidate for the nomination for the Presidency could spend to $11 million; $5 million of which would be paid by the taxpayers.

Another amendment that the Senator from Alabama offered which remains in the conference report is this: The way the Senate bill was drafted, before a candidate for nomination for the Presidency of one of the major parties could get any matching funds, he would have to receive $250,000 in contributions of $250 or less, but he could get them all from one State. There was no prohibition against that; a popular candidate from New York, Pennsylvania, or Illinois could raise the $250,000 from one State and get all of his funds, including that $250,000 and all other contributions up to the permissible limit, matched by the taxpayers.

It did not seem right to allow that, so I offered an amendment that provided that such a candidate for the nomination would have to get at least $5,000 in matchable funds from each of 20 States, to assure that the candidate would have a nationwide following, since otherwise it would be fairly difficult, in each of 20 States, to get contributions of $5,000 in each from contributors of $250 or less.

The amendment was accepted by the manager of the bill, the Senator from Nevada (Mr. CANNON), and it is a good provision, as I believe all will concede, and would assure that the candidates would have substantial nationwide support.

Another major defect that I pointed out in the Senate debate was that there was no time set prior to which contributions to Presidential nomination candidates would be ineligible for matching. In other words, contributions now or a year ago would be eligible for matching contributions, and next year a person could set his sights on running in 1980, and be receiving contributions now for matching in 1980. There was practically no limit on how far back you could go in getting contributions, making the Government subsidy that much easier to obtain.

That was pointed out here on the Senate floor, and it was conceded by the manager of the bill—I believe at that time the distinguished Senator from Rhode Island was on the floor—that contributions to a candidate would be eligible for matching even if the candidate was running for a Presidential term several years distant. The conference report provides that contributions will be matched only if received on and after January 1 of the year preceding the year of the Presidential election involved. So, taking the next Presidential election for example, a candidate for the Presidency can start out on January 1 of next year receiving contributions. He can work all next year getting these $250 and less contributions. He could receive more, but there is no matching for the amounts over $250. He could work all year getting these matchable contributions, and then, on January 1, or 2—I imagine they would be closed down here on January 1, and he would have to wait until January 2—he could collect matching funds for all the contributions he collected in 1975, and he could match, then, everything he collected in 1976 up to the time of the convention.

Thus there would be a whole year where the candidate would be on his own. He would be eligible for matching, but it would not occur until the first of the next year. Without that provision, as I say, it would be dependent upon years in the past for matching. This would make it a little more sensible.

Strong arguments were made on the floor of the Senate against the $15,000,000 limit allowed for expenditures for Presidential nomination candidates, up to half of which could be matching funds from the Treasury. The conference report cuts this figure to $10,000,000 plus 20 percent for fundraising as to the private contributions, and provides that it must come out of the checkoff rather than out of the General Treasury. I believe that is a step in the right direction. We did not succeed in eliminating the public financing, but this is an amendment that will save many millions of dollars to the taxpayers.

So these are some of the areas in which the opponents of public financing did contribute to making this a better bill. As I say, there is much in the conference report that I favor, much that is good, much that I helped to get put into the bill. But inasmuch as the bill contains the public financing feature, I feel that I must, as a matter of principle, vote "nay" on the adoption of the conference report when it comes to a vote.

I have no intention of engaging in extended debate as to the report. I think if we are to have a taxpayer-financed procedure as to the Presidential election, the general election, it would not be so bad, but adding the cost of the dozens of candidates for the nomination for the Presidency of the two major parties, paying $2 million to each of the parties to put on a convention which is sometimes little better than a vaudeville show, I feel is a pretty high expense for the taxpayers to be called on to pay, $2 million to each party, and then to pay up to $5 million to finance these dozens of candidates who go up and down the land seeking the Presidency. So when the conference report comes up for adoption, the Senator from Alabama plans to vote "nay."

Mr. BIDEN. Mr. President, I wish to congratulate the Senate conferees, and particularly Senator CANNON, the chairman of the Committee on Rules, for the exemplary job done in a very difficult several weeks of trying to work out a compromise bill with the House. There are many features of the bill that I support.

Mr. President, on the first day of this month, conferees of the Senate and the House of Representatives agreed on details of a public financing campaign bill that we hope will eliminate the influence of "big money" and allied ills that characterize our present system of electing Presidents and Members of Congress.

I wish to add my "thank you" to the many others deservedly awarded this afternoon to Senator CANNON, chairman of the Rules Committee, who helped in a major way to work out a compromise between the Senate and the House-passed version.

I share the disappointment of many here in the Senate Chamber that the conference report does not include public financing of congressional primaries and generals. However, it does provide public financing for presidential contests. The bipartisan, 8-member supervisory board, established to enforce the provisions of the bill that I hope President Ford will sign into law, is a key feature of this legislation.

Our political terrain has been sadly sullied these last few years, Mr. President. Abuses have occurred that have shaken the confidence of the American people. But, Mr. President, I think that this compromise bill is a showing on the part of the Congress that it does intend to make amends, does intend to repair the damage to our campaign-financing system, hitherto privately financed.

I, for one, applaud these goals of a financially sane and stable and aboveboard system of campaign financing. In my judgment, this compromise, despite its flaws, should be a major step in that direction.

I do have reservations, just as the Senator from Alabama does, but for almost totally different reasons.

The Senator from Alabama distinguished between the aspects of the bill, which he titles "reform," and public financing which he characterizes as not being reform. I would like to speak to the reform act part which limits spending that candidates can expend in seeking Federal elective office, particularly with regard to the Senate and House races.

We have been noble in our discussions about the need to get new blood into the political process. We are told that one of the primary reasons for this campaign reform bill is to encourage new persons, women and men, to get involved in running for high public office.

Then we have gone ahead in this bill, it seems to me, Mr. President, and we have severely limited the possibilities of contenders, challengers, to unseat incumbents, which everyone recognizes is a very difficult thing to do at best.

Mr. President, I am very concerned that we not lose sight of the shortcomings of this bill. I may very well be singing a different tune 4 years from now about this bill, with some provisions that may favor incumbents, when I will be eligible for reelection. I, as an incumbent, would be very happy about the fact that a challenger is limited to the same amount of money that I am limited to expend, which is low especially for the most populous States. Yet, in addition, I have a significant weapon in incumbency with the amount that I have available for my staff paid for by the taxpayers; the franking privilege; and other benefits of being an incumbent, which translate directly into immense benefit in an election year in terms of waging a campaign.

I would hope the reformers outside of Congress, the common causes of the world, who spend a good deal of time beating their breasts about what, in fact, is in the best interests of the Nation, also not lose sight of the fact that we, in my opinion, may be going to be locking in many of us on this floor under the terms of this bill.

This bill may perhaps have exactly the opposite effect of what it is designed to do—opening up the process to newcomers. This is because of what I consider, as opposed to the Senator from Alabama, excessively low dollar amounts that are able to be expended or contributed.

When we talk about 12 cents per voter in a general election, and 10 cents per voter in a primary, in a State like California where we have 20 million residents, I suspect unknown candidates are going to have to spend all of that money just to become known as I was when in 1972 I sought the office of U.S. Senator. At that time, I was known by less than 3 percent of the people of my State 6 months before the general election. So an unknown candidate will have to spend every cent of that public-financing money just to get his or her name known. This does not leave money to inform what positions one takes, or to know anything about him or her, but merely to get the voters of that State to identify who the candidate is and that, in fact, he or she is a challenger.

Mr. President, I still am an ardent supporter of partial public financing. I have also been a strong supporter of many other of the provisions that are contained in this bill.

But the American public should be made aware that there is a tendency in the bill to lock-in the incumbents.

For example if, in fact, I had been limited to spending the amount of money set out in this bill in the little State of Delaware for the 1972 general election when I ran, there is a possibility that I would not be standing here today taking the time of the Senate at 5:30 in the evening, when everyone is anxious for me to stop talking and to go home. This bill would have made it more difficult for me to have won that election—not impossible, but more difficult. The bill is much harder on candidates in more populous States. I see my good friend from New York (Mr. BUCKLEY) over there smiling, I am not sure why—but my good friend, the Senator from New York, if he were in the position of having an unknown challenger the next time up, I suspect it would be very difficult for a challenger to mount a campaign whereby he or she gets to the point of being able to be known by 50 percent of the voters in that State. I hope I am wrong about that, but I just want to put the Senate on notice. I have not heard much about this, that if, in fact, I am right about this, that the so-called reformers, and especially we, who call ourselves moderates and liberals, the so-called reformers, will come forward and rectify what may develop into an onerous situation. Good things can be abused as well as bad things remedied.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. BIDEN. I yield.

Mr. ALLEN. Well, does this unknown challenger not benefit sometimes by how well known the incumbent is, which sometimes aids the challenger?

Mr. BIDEN. That is true, that often occurs. But the percentages do not back that up. If we look at the numbers over the 70 years of this century it shows that, as bad as some of the incumbents have been, it is easier to perpetuate a bad incumbent than elect a good unknown challenger.

There is an old saying in football: "You have to have somebody to beat somebody." I am not sure you can even convince the voters to beat somebody if that somebody does not get a chance to become known at all.

In sum, I think these spending limits in the bill are low. I think they militate and are weighted in favor of incumbents.

I hope, if I am correct, that, as I said, those who talk most about reform in this body will be prepared to come forward, and, at least, recognize the fact that low limits, in the larger States—not in Delaware—have the effect of diminishing the numbers of good women and men who might want to get into the political process but are unable to do so.

However, Mr. President, I do want to insist on the assets of the bill, too, amid my criticism.

I yield the floor.

The PRESIDING OFFICER (Mr. ABOUREZK). The Senator from New York.

Mr. BUCKLEY. Mr. President, I was smiling when the eloquent Senator from Delaware was talking about the advantages of incumbency and the stringent limits proposed by this bill because this is precisely one of my major complaints, but not the most major. I shall recite some of those later.

I addressed myself a week ago to the frustration of coming to this floor in order to debate legislation and then finding out that the report was not available.

When we began this debate at 3 o'clock the conference report was still not here. But I did, however, prepare some questions based on the earlier versions, and I would like to pose them to the distinguished sponsor of the bill so that I might have some clarification in my own mind and in the record. Perhaps these questions are not relevant to what has actually emerged from the conference and, if so, I am sure I will be so advised.

I would like to ask the distinguished sponsor whether he considers that the subsidy proposal and the limits on campaign contributions are independent proposals or are they integral parts of a comprehensive plan?

Mr. CANNON. I am sorry I was not in good enough attention so that I could hear what the Senator was saying.

May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will come to order.

Mr. BUCKLEY. Does the distinguished Senator consider that the subsidy proposal and the limits on campaign contributions are independent proposals or are they integral parts of a comprehensive plan?

Mr. CANNON. Well, no, they are certainly independent. They were arrived at in a completely independent manner.

Mr. BUCKLEY. Did the committee consider proposing these two independent parts as two independent bills?

Mr. CANNON. No. The committee made no such proposal. The bill was enacted here on the floor and contained in the Senate bill the proposal for the public financing for the Presidential elections and also for the congressional elections. In addition, the Senate wrote its will with respect to the limit on contributions and the limit on expenditures. Now, these were not parts of different bills. It was all in one bill, and it was so considered by the House and by the conferees.

It is quite a little different, I may say, as the distinguished Senator from Alabama just pointed out, than it was when it was passed by the Senate.

Mr. BUCKLEY. Do the sponsors of the conference committee bill agree that subsidies to candidates are more necessary in Presidential than in congressional elections to provide for opportunities for participation without regard to the financial resources of individual candidates?

Mr. CANNON. Well, that I assume is what they believed by signing the conference report. The distinguished Senator from Alabama did not sign it. Some who signed the conference report are not overly enthusiastic about the financing part. But it was quite evident that the public financing, at least for Presidential races, was more important than that for congressional races, else the conference would have so indicated.

Mr. BUCKLEY. Should we, therefore, conclude that, in the opinion of the conference, there is a greater need to reduce the pressure on Presidential candidates from large campaign contributions than there is to reduce such pressure on congressional candidates?

Mr. CANNON. I do not know that that would necessarily follow. But I would say that the recent experiences in Watergate certainly pointed up the dangers of large contributions, of the use of large amounts of cash, and I am sure that had it not been for Watergate, the facts of Watergate, that we would not have been able to have a public financing provision in this bill, just as the distinguished Senator from Alabama pointed out a little earlier, that when this came up in S. 372 this body defeated the public financing features, and that was just a short time ago, the year before last.

Mr. BUCKLEY. I conclude, therefore, that in the opinion of the conference, individuals running for the Senate or House are less subject to these monetary pressures than someone running for the Presidency?

Mr. CANNON. Well, I do not know that that particular issue was considered, as such.

I would just say, the conferees were up against a situation where the House was adamantly opposed to any public financing for congressional races, whatever their reasons may have been.

Among the Senate conferees, a group of us favored public financing for congressional races, but with the House remaining adamant it was not possible to carry that out.

There was no decision made that the Members of Congress were less suspect, or more suspect. That decision was simply not met.

But the Senate conferees were not unanimous in support of public financing for congressional races, that did come out of the Senate bill.

Mr. BUCKLEY. It is my understanding when the Senate originally considered the limitations that it was the conclusion that $90,000 was required to run a minimal, competent House race, yet the bill before us would limit House expenditures to $70,000.

Did the sponsors consider the effect that this $70,000 limit on candidate expenditures in the House would have on the chances of incumbents seeking reelection?

Mr. CANNON. Yes, the conferees did consider that, and the Senator is correct that when we passed the bill in the Senate, we wrote in the $90,000 figure for House Members.

We wrote it in thinking that was probably about the right amount, but, more importantly, we felt that the House itself should make that determination as to what was the approximately correct amount, and we made our own determinations as to what it should be in the Senate.

The House came back with a bill that had only $60,000, and I, for one, thought that was too low, and a number of our conferees did. We thought it was an incumbent bill as far as House Members were concerned with that kind of limit, it favored incumbents.

This was part of our trading package, as we do in conference. We finally got the House to come up by reason of some concessions we had to make to $70,000, plus the fact that one can use up to 20 percent for fundraising purposes.

That means that the total amount that the House Member could then spend is $84,000, which is not much below the $90,000.

There has been some talk about this fund raising limit that was put in that the House had, and I did not think of it here or I would have had it in myself. I do not think it is a proper figure to be included to say that if we are going out to put on a fundraising dinner and it costs $10 a person to put the dinner on and we charge $25 a person, that that $10 we have to pay for the dinner is going to be charged against the overall expenditure allowance in the campaign, because that is not what it is doing. It is helping to raise money, but it has to be shown.

If we were to go out in a mail campaign to solicit funds, as many candidates do, the cost of that mailing is rather substantial. In a Presidential race it is terrifically high, but even in a congressional race it is quite substantial. To say that is part of the expenditure limit for getting elected, I do not think is quite proper.

Therefore, I was very happy to go along with the House provision that one could spend up to 20 percent for fund raising purposes.

We do not get that exemption if we do not spend it for those purposes, and it is all fully reportable.

Mr. BUCKLEY. I thank the Senator.

Do the sponsors of the bill believe, as the Common Cause legal memorandum states, that:

> Campaign contributions are all too often only an attenuated form of bribery.

Mr. CANNON. I am not familiar with that Common Cause memorandum and if the Senator wants to pose a question to me specifically as to what I think, I can give an answer to that, but I do not want to try to second-guess what somebody else is talking about.

Mr. BUCKLEY. Do the sponsors believe that certain forms of political advertising have become too persuasive? If so, do they regard the bill as a means of limiting the persuasiveness of such advertising?

Mr. CANNON. I cannot answer that in that context.

I would assume that all political advertising has some persuasive value, else it would not be used by candidates or by organizations.

I do not remember considering that precisely in the context in which the Senator has advanced it.

Mr. BUCKLEY. But it does not limit the amount of persuasiveness one can put into the atmosphere?

Mr. CANNON. Well, certainly, the amount one can spend, certainly, is going to limit the amount of persuasiveness one can put forward to the public, the overall amount.

That was the intention of these limitations, to limit the overall amount, because we felt that there ought to be a limit beyond which one cannot go in saturating the airways, the radio, the TV, newspapers, and the personnel expenditures, the hiring of people, billboards, and so on, and that is the basic reason to try to limit the cost somewhat and not get into a bought campaign.

Mr. BUCKLEY. Do the sponsors believe that financial contributions are an inherently more dangerous form of political activity than other forms of political action such as demonstrations, rallies, pamphleteering, doorbell ringing and telephone canvassing?

Mr. CANNON. I could not guess between them, I think all of those have some effect. It depends probably on the area one is in, the type, manner in which they are put forth, and the individuals involved.

We made no comparative judgment between those facts.

Mr. BUCKLEY. Do the sponsors believe that the bill will reduce the chances for third party candidates to make effective races for the Presidency?

Mr. CANNON. No. The intent precisely was to insure that this would not reduce the effectiveness of third-party candidates, that they should have a proper opportunity.

Now, all candidates, major and minor, independent or other, are treated alike with respect to matching grants for the primaries. Each must raise his threshold of $100,000 in each of 20 States, with only the first $250 of any contribution eligible for matching grants.

Of course, in the general election, candidates are treated in a different manner, depending upon whether they are the nominated candidates of a major party or a minor party.

A major party is one whose candidate received 25 percent or more of the vote at the last general election.

A minor party is one whose candidate received less than 25 percent but at least 5 percent of the vote at the last general election.

Major party candidates could receive full public financing up to $20 million limit. And minor party candidates could receive an amount reflecting the ratio of the votes cast for the minor party candidate to the average of the votes cast for all major party candidates.

In the case of minor party candidates and new party candidates, if the vote at the current general election is in excess of 5 percent and betters the percentage of votes cast at the last general election then the minor or new party candidate would be entitled to be reimbursed for expenditures made up to the difference as determined by the improved vote.

Now, we did this, specifically, to try to protect other than the major candidate.

Mr. BUCKLEY. But the fact is that, if one is a new party, until the ballots are actually cast there is no right of reimbursement or financing, therefore, to that extent, there is not equality treatment, is that correct?

Mr. CANNON. Well, if the Senator interprets it that way, the facts are correct. They would have to demonstrate a 5-percent appeal to the voters before they would be entitled to reimbursement. They would not be able to get any money before that time.

Mr. BUCKLEY. But they would have to finance the whole campaign before any rights of reimbursement?

Mr. CANNON. Correct.

Mr. BUCKLEY. The bill, therefore, does not enhance third-party efforts.

Mr. CANNON. I do not think one could say it either enhanced or did not enhance. It does not impose any penalty on them, just makes them prove they are bona fide candidates and have some voter appeal.

I think that should be true in the case of any candidate.

Mr. BUCKLEY. What distinction do the sponsors see between endorsing a candidate for the Presidency, on the one hand, and "discussing important issues" during the campaign on the other? I believe that distinction was made, or at least it was in an earlier version of this bill. I have no idea whether it applies to this bill.

Mr. CANNON. I do not quite follow what the Senator is referring to.

Mr. BUCKLEY. My understanding is that at least one version of this legislation—and I have not studied thoroughly this version—made a distinction between expenditures endorsing a candidate versus expenditures for the discussion of important issues during the course of a Presidential or congressional campaign.

Mr. CANNON. If I am interpreting what the Senator is asking correctly, if the question is whether or not the expenditure is made on behalf of the candidate, if its is made on behalf of a particular candidate, then it is going to be chargeable to him. Or, if it endorses a candidate, it is going to be chargeable to him in his overall limit.

On the other hand, if some organization comes out and discusses issues that are not related to an identifiable candidate, that is not chargeable to a candidate.

Mr. BUCKLEY. Let us assume that we were back in the days of the Vietnam war controversy, and in a given election one particular candidate—

The PRESIDING OFFICER. Will the Senator suspend so that we can have order in the Chamber? It is getting difficult to hear.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. BUCKLEY. I will.

Mr. MANSFIELD. Does the Senator intend to make a motion to recommit?

Mr. BUCKLEY. Yes.

Mr. MANSFIELD. Does the Senator intend to ask for the yeas and nays?

Mr. BUCKLEY. Yes.

Mr. MANSFIELD. Mr. President, I ask that it be in order at this time to ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I ask that there be a yea and nay vote on final passage of the conference report if the Buckley amendment is defeated.

The PRESIDING OFFICER. That is understood.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BUCKLEY. You did not intend to suggest, I am sure, that my motion to recommit would be defeated.

[Laughter.]

The PRESIDING OFFICER. The Chair takes notice of that.

Mr. BUCKLEY. I am not sure we have the answer to the question I was posing, namely the distinguished sponsor states that expenditures on a particular candidate obviously are chargeable. But if a particular candidate is the only one in a campaign identified with a particular issue, and there is a massive expenditure of money to advance that point of view, never mentioning the candidate but just talking about the desirability in the case of withdrawing from Vietnam, that, I understand, the sponsors have unrelated to a campaign and, therefore, not chargeable.

Mr. CANNON. We have not tried to infringe on first amendment rights in this. We have tried to protect first amendment rights. We have permitted an individual himself to go out and spend $1,000 on his own, assuming he does not have the authority of a candidate. There is no way that I can see that we could prohibit somebody from paying money to discuss issues. However, if it is either for the benefit of an identifiable candidate, or if it is to oppose an identifiable candidate, there are requirements in here that would limit them, one, to charge the amounts of the expenditures to his overall limit, if it is for him, and the other to place a limit on what people can spend in attempting to oppose him.

Mr. BUCKLEY. May I ask whether the Senator has considered the case where there are three candidates and funds are used to oppose one candidate? How does one charge that expenditure?

Mr. CANNON. If funds are used to oppose one, I guess it would have to be allocated to the one who is more nearly in tune with the thoughts being advocated. But I cannot foresee that that situation is likely to occur.

Mr. BUCKLEY. I would like to respectfully suggest that it occurred in my campaign, and in the final weeks there were full-page ads and television spots saying, "Don't vote for Buckley." There were two other candidates whose views were indistinguishable. I am not sure how we would handle that situation.

Mr. CANNON. This would be for the commission to develop in their regulations after they are appointed, to develop this sort of thinking. I am sure a complaint to the commission would put a stop to that sort of thing, if it were not in violation of the first amendment rights.

Mr. BUCKLEY. I have just a final question. Do the sponsors regard the communication by an organization to its membership with regard to a particular candidate a different form of persuasion than a similar communication to nonmembers?

Mr. CANNON. Yes, because an organization can communicate with its members. That is quite different from communicating with the general public.

There is a provision in the bill, section 308, that permits an organization to communicate with its members.

Mr. BUCKLEY. Mr. President, This morning I attempted to obtain a copy of the conference committee report on the bill we are now debating. It was unavailable so I have not had a chance to study it. I question the wisdom of voting substantially in the dark on legislation that could alter the way we select our representatives without ever having a chance to see the bill.

When we debated the Senate version of this legislation early this spring, a number of us pointed out practical and constitutional deficiencies in the bill. I said at that time that the bill might accurately be described as the Incumbent Protection Act of 1974.

To offer this bill in the name of reform is an act of unprecedened cynicism.

It is hard to imagine a measure better designed to protect incumbents running for reelection. The artificially low spending limits are demonstrably inadequate and will keep challengers from getting off the ground in House, Senate and, yes, Presidential races. The advantages of incumbency are legendary. According to Common Cause figures, successful challengers for House seats in 1972 spent, on the average, well over $100,000. Yet this bill would limit candidates for the House to $70,000, a sum grossly inadequate to conduct a campaign on a basis of parity.

When enacting legislation that deals with the political activities of American citizens, the Congress is well advised to remember the words of Mr. Justice Holmes, dissenting in Abrams against United States:

> . . . when men have realized that time has upset many fighting faiths they may come to believe even more than they believe the very foundations of their own conduct that the ultimate good desired is better reached by free trade in ideas—that the best test of truth is the power of the thought to get itself accepted in the competition of the market. . . .

The campaign reform bill, as reported by the conference committee, does much to weaken the ideals of Holmes that have now become law. In Yale Law School Professor Ralph Winter's felicitous phrase, these "price controls in the marketplace of ideas" are necessarily violative of the freedoms guaranteed to the citizens by the first amendment. That amendment has long been used to defend the rights of unpopular groups to make their positions known, but it applies with no less force when the rights of the great majority of Americans are threatened and infringed.

Limiting the amounts that candidates can spend in election campaigns offends the first amendment in several ways. As Ralph Winter put it:

> Setting a limit on candidate expenditures sets a maximum on the political activities in which American citizens can engage and is thus unconstitutional. The reasoning that speech which costs money is too persuasive cannot be contained. For one can also argue that demonstrations of more than a certain number of people, extensive voter canvassing, or too many billboards with catchy slogans also "distort" public opinion and also ought to be regulated.

It is particularly disturbing that Senators who had heretofore been considered civil libertarians have rushed to support this measure without considering alternative means, less drastic in their scope, of accomplishing their purposes. The fear of overly persuasive campaigns, particularly when expressed by incumbent members of Congress, strikes dangerously close to prohibited suppression of speech because of its content. It must certainly give the Supreme Court pause when they see officeholders with vested interests in remaining officeholders passing legislation that restricts the abiilty of potential opponents and average citizens alike to alter the political makeup of the Congress.

The Supreme Court in numerous cases has held that the first amendment includes within its ambit a freedom of association, and that such freedom is crucial to political activity. By setting limits on individual contributions, whether or not such contributions are to candidates or to independent groups, the conference committee bill directly infringes on the freedom of association. Are we really prepared to tell the American people that they may participate financially in elections only if they work through the candidates' existing organization? After learning of the activities of the Committee to Re-elect the President in 1972, this is truly an amazing "reform" to emerge from Watergate.

At the very least, Mr. President, we should seek equity between challenger and incumbent. To this end, I am moving to recommit the bill to the conference committee with instructions that I will set out. We must insure that elected officials are responsive to their constituents; incumbency—particularly as buttressed by the bill as presently written—does much to destroy responsiveness. At a time when many Americans question their basic political institutions, weakening the consent of the governed is the height of foolishness. As Prof. Alexander M. Bickel has recently noted:

> What is above all important is consent—not a presumed theoretical consent, but a continuous active one, born of continual responsiveness. There is popular sovereignty, and there are votes in which majorities prevail, but that is not nearly all. Majorities are in large part fictions. They exist only on election day and they can be registered on a very few issues. To be responsive and to enjoy consent, government must register numerous expressions of need and interest by numerous groups, and it must register relative intensities of need and interest.

As I have stated, this motion to recommit does not eliminate all of the problems inherent in the bill as written.

One of the several points I make is that there are still some very serious constitutional questions with this legislation and, secondly, with all due deference to the conferees, I believe this bill in the name of reform is an act of unprecedented cynicism.

It is hard to imagine a measure that is better designed to protect incumbents. I say this on the authority of Common Cause which presented figures showing that the only successful challenges in House races 2 years ago were those that spent in excess of $100,000 on the average, to overcome the notorious advantages of incumbency.

At least I shall try not to be negative.

Mr. President, I send to the desk a motion to recommit with instructions that are designed to inject into this some sort of equity as between incumbents and challengers.

Mr. MANSFIELD. Will the Senator yield for 1 minute?

Mr. BUCKLEY. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that while the first vote will take 15 minutes, that the second vote, which I understand may well follow, be limited to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Vote.

Mr. BUCKLEY. I would like to say what this motion does, Mr. President. It would merely provide that challengers would be allowed to spend 30 percent more than the limitations that are applicable to incumbent candidates.

Mr. LONG. Mr. President, I wish to congratulate the Senator from Nevada (Mr. Cannon) and his associates for the very fine job that they did under the leadership of the distinguished chairman of our conferees, for their very fine work in moving forward in an attempt to assure that the person who is the President of the United States will be President because a majority of the people agree with the arguments that he has to make, and not because someone is better able to contribute to someone's campaign fund than those available to contribute to the other man.

I have been working in this area for a number of years now, Mr. President, since 1966.

I would like to discuss the background and the history of this, and the contribution made by a number of Senators.

The PRESIDING OFFICER. Does the Senator wish to call up his motion to recommit?

Mr. BUCKLEY. I call up my motion to recommit.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

Motion To Recommit With Instructions

That the conference report on the bill (S. 3044) be recommitted to conference, with instructions to the Senate conferees to insert the following subsection at the appropriate place in section 608 of title 18, United States Code, as amended by the conference report:

"( ) (1) The expenditure limitations under this section apply to incumbent candidates. Nonincumbent candidates are subject to an expenditure limitation of 130 percent of any limitation applicable to an incumbent candidate.

"(2) For purposes of this subsection, an incumbent candidate is a candidate who—

"(A) holds an office to which he seeks reelection, or holds public elective office for which the voting constituency is the same as, or includes, the voting constituency of the office to which he seeks election, or

"(B) has, within the 5 years preceding the election, held such an office.".

The PRESIDING OFFICER. The question is on agreeing to the motion to recommit with instructions. The yeas and nays have been ordered.

Mr. CANNON. Mr. President, I am sure that is subject to a point of order, but I am perfectly willing to have a vote on the matter, on the motion to recommit, because it does suggest matters that were not the subject of either of the bills and therefore could not be permitted for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Nevada (Mr. Bible), the Senator from Idaho (Mr. Church), the Senator from Alaska (Mr. Gravel), the Senator from Hawaii (Mr. Inouye), the Senator from North Carolina (Mr. Ervin), and the Senator from Alabama (Mr. Sparkman) are necessarily absent.

I further announce that the Senator from Indiana (Mr. Hartke) is absent on official business.

I further announce that, if present and voting, the Senator from North Carolina (Mr. Ervin) and the Senator from Indiana (Mr. Hartke) would each vote "nay."

Mr. HUGH SCOTT. I announce that the Senator from Vermont (Mr. Aiken), the Senator from Oklahoma (Mr. Bellmon), the Senator from Utah (Mr. Bennett), the Senator from Kentucky (Mr. Cook), the Senator from Kansas (Mr. Dole), the Senator from Colorado (Mr. Dominick), the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Oregon (Mr. Hatfield), the Senator from Oregon (Mr. Packwood), and the Senator from North Dakota (Mr. Young) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. Fong), the Senator from Virginia (Mr. William L. Scott), and the Senator from Vermont (Mr. Stafford) are absent on official business.

I further announce that, if present and voting, the Senator from Kansas (Mr. Dole) would vote "nay."

The result was announced—yeas 17, nays 61, as follows:

[No. 465 Leg.]

YEAS—17

Allen
Bartlett
Biden
Brock
Buckley
Byrd, Harry F., Jr.
Chiles
Cotton
Curtis
Gurney
Helms
Hruska
McClure
Nunn
Thurmond
Tower
Weicker

NAYS—61

Abourezk
Baker
Bayh
Beall
Brooke
Burdick
Byrd, Robert C.
Cannon
Case
Clark
Cranston
Domenici
Eagleton
Eastland
Fannin
Fulbright
Hansen
Hart
Haskell
Hathaway
Hollings
Huddleston
Hughes
Humphrey
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mansfield
Mathias
McClellan
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stennis
Stevens
Stevenson
Symington
Taft
Talmadge
Tunney
Williams

NOT VOTING—22

Aiken
Bellmon
Bennett
Bentsen
Bible
Church
Cook
Dole
Dominick
Ervin
Fong
Goldwater
Gravel
Griffin
Hartke
Hatfield
Inouye
Packwood
Scott, William L.
Sparkman
Stafford
Young

So Mr. BUCKLEY's motion to recommit the conference report with instructions was rejected.

The PRESIDING OFFICER. The question recurs on the adoption of the conference report. The yeas and nays have been ordered.

Mr. STEVENS. Mr. President, just 1 minute. I should like to clarify something, if I may, with the manager of the bill.

A provision of this bill amends section 1502 of title 5 relating to the activity of State or local employees in Federal campaigns. Specifically, it takes out subsection (a)(3), which prohibits a State or local officer or employee from taking an active part in political management or political campaigns, and substitutes for that a prohibition from being a candidate for Federal office.

It is my understanding, and I should like to ask the manager of the bill, my friend from Nevada (Mr. CANNON), if he agrees that this means that State laws which prohibit a State employee, or local laws which prohibit a local employee, from engaging in Federal campaign activities and Federal campaigns are still valid?

What we are doing is taking out of the Federal law the prohibition against State or local employees from taking an active part in political management or political campaign? Is that correct?

I think it is quite important, because many of our States have the so-called little Hatch Act, and it was not our intent to repeal those "little Hatch Acts," or to modify them, but to take it out of the Federal law so that Federal law does not prohibit those activities, leaving it up to the State to do so.

Mr. CANNON. The Senator is absolutely correct. Section 401 of the House amendment amended section 1502 of title 5, U.S. Code, relating to influencing elections, taking part in political campaigns, prohibitions, and exceptions, to provide that State and local officers and employees may take an active part in political management and in political campaigns, except that they may not be candidates for elective office.

The conference substitute is the same as the House amendment. It was the intent of the conferees that any State law regulating the political activity of State or local officers or employees is not preempted, but superseded. We did want to make it clear that if a State has not prohibited those kinds of activities, it would be permissible in Federal elections.

This would get away from the situation in which the Federal Government gives the State funds toward many different programs, and some of those employees have been fearful that they could not participate in Federal campaigns. This would eliminate that problem.

Mr. STEVENS. It is up to the State to determine the extent to which they may participate in Federal elections?

Mr. CANNON. The Senator is right. The States make that determination.

Mr. JAVITS. Mr. President, I believe S. 3044 represents a real step forward in campaign reform. However, I am disappointed that it does not provide public financing at the very least on a matching basis for Senate and House races. I remain convinced that this is the only way to truly reform political campaigns and I intend to work for that reform.

The bill provides limits on expenditures and on contributions which I support but I am going to work on measures to more nearly equalize incumbents and challengers than under the present bill. A most important feature of the bill is the independent Federal Elections Commission which will enforce the new law. The Commission will have the power to bring civil suits under the new law and will be a great improvement over the present weak system.

I also believe that the extension of the tax checkoff to the Presidential nominating system is useful and at least a step toward total public financing. Finally additional disclosure after an election has been added to the law and it was my amendment in the Senate which was incorporated in the final version in slightly different form.

Congress has now passed its second campaign reform bill in 3 years after no action in this area since 1925. I believe that is progress and shows that Congress is living up to its responsibilities and is trying to reform our campaign practices to avoid the tragedies of Watergate. I intend to dedicate myself to the further improvement of our political system through greater campaign financing changes in the future.

Mr. President, the concern of the legislative leaders of both parties in the State of New York that New York political campaigns be free from the "dirty tricks" and other regrettable incidents of Watergate led the legislature to appoint a Citizens Advisory Committee in 1973 to recommend a revision of the New York State campaign laws.

Among the recommendations of that committee was the enactment of a fair campaign code. Following the issuance of that report, New York State in 1974 adopted a strict new campaign law under the administration of a new State board of elections.

One of the first obligations of the State board of elections was to adopt a fair campaign code setting forth ethical standards of conduct for those engaged in election campaigns in the State. The code is subject to enforcement by the board of elections and includes civil penalties of up to $1,000 for violations of the code. I believe this code is of interest to the entire country.

The code was prepared by the new board of elections and under the chairmanship of former Supreme Court Justice Arthur Schwartz, Vice Chairman Remo J. Acito, and Commissioners Donald Rettaliata and William H. McKeon.

To insure that the proposed code had the broadest input from those best qualified to comment on these issues, the board established a special advisory committee representing a broad spectrum of experts. The advisory committee members were Congressman HERMAN BADILLO; Mrs. Myrna Baron of the New York City League of Women Voters; Ben Davidson, executive director of the liberal party; Seymour Graubard, national chairman of the Anti-Defamation League of B'nai B'rith; William Lawless, former State supreme court justice and former dean of Notre Dame School of Law; Cynthia Lefferts, New York State legislative director for Common Cause; Seraphin Maltese, executive director of the conservative party; Charles G. Moerdler, a New York City attorney; Whitney North Seymour, Jr., former U.S. attorney and president of the New York State Bar Association; Gary Sperling, executive director of the Citizens' Union; Cyrus R. Vance, former Deputy Secretary of Defense, Ambassador, and current president of the Association of the Bar of the City of New York; Charles E. Williams III, assistant counsel of NAACP Legal Defense and Educational Fund; and Judith T. Younger, dean of Syracuse University College of Law, all under the chairmanship of Robert M. Kaufman, my former legislative assistant, who is now chairman of the Special Committee on Campaign Expenditures of the New York City Bar Association.

Mr. President, I ask unanimous consent that the text of the State of New York fair campaign code, together with a forward and related material, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATE OF NEW YORK FAIR CAMPAIGN CODE

State board of elections: Arthur H. Schwartz, Chairman; Remo J. Acito, Vice Chairman; Donald Rettaliata, William H. McKeon.

SEPTEMBER, 1974.

FOREWORD

The State Board of Elections was changed by law with promulgating and adopting a "Fair Campaign Code" setting forth ethical standards of conduct for persons, political parties and committees engaged in election campaigns.

Publication of the Code, as set forth in this pamphlet, is the culmination of a lengthy developmental process, a process that has included: the holding of public hearings in New York City, Buffalo, and Albany, consultation with various state and national organizations interested in the area of election reform, including the Senate Select Committee on Presidential Campaign Activities, the Fair Campaign Practice Committee, both of which have had experience in the national area, the Secretary of the United States Senate, the Clerk of the United States House of Representatives and the Controller General; recent reports recommending action in the area of reforming campaign practices; examination of pertinent regulations and legislation adopted by our sister states; the aid and advice of a political science consultant of recognized experience and stature in this field; and finally, the opportunity for review and comment by a broad-based citizens' advisory panel.

This is the first Fair Campaign Code which is reinforced by regulations and compliance with which is mandated. It is one which carries with it an obligation by those involved in political campaigns to obey or else run the risk of criticism, denunciation, or a fine, in addition to other penalties, criminal and civil, which may be invoked depending upon the nature of the infraction.

A fundamental purpose of the Code is to protect the public against immoral and unethical activities, and as stated by the Legislature, "to maintain citizen confidence in and full participation in the political process of our state to the end that the government of this state be and remain ever regionable to the needs and dictates of its residents in the highest and noblest traditions of a free society."

The Board believes that this Code provides an excellent vehicle through which to achieve this purpose. We are well aware, however, that for the Code to be successful, it must receive the active support of candidates, their committees and agents, as well as that of the people of this state. To that end, the Board shall exercise its power to ensure your cooperation and full compliance with both the latter and the spirit of the Code's provisions.

FAIR CAMPAIGN CODE

In order that all political campaigns be conducted under a climate promoting discussions of the issues, presentation of the records and policies of the various candidates, stimulating just debate with respect to the views and qualifications of the candidates and without inhibiting or interfering with the right of every qualified person and political party to full and equal participation in the electoral process, the following is hereby adopted by the New York State Board of Elections pursuant to section four hundred seventy-two of the election law as the Fair Campaign Code for the State of New York.

No person, political party or committee during the course of any campaign for nomination or election to public office or party position shall, directly or indirectly, whether by means of payment of money or any other consideration, or by means of campaign literature, media advertisements or broadcasts, public speeches, press releases, writings or otherwise, engage in or commit any of the following:

1. Practices of political espionage including, but not limited to, the theft of campaign materials or assets, placing one's own employees or agent in the campaign organization of another candidate, bribery of members of another's campaign staff, electronic or other methods of eavesdropping or wire-tapping.

2. Political practices involving subversion or undermining of political parties or the electoral process including, but not limited to, the preparation or distribution of any fraudulent, forged, or falsely identified writing or the use of any employees or agents who falsely represent themselves as supporters of a candidate, political party or committee.

3. Attacks on a candidate based on race, sex, religion or ethnic background.

4. Misrepresentation of any candidate's qualifications including, but not limited to, the use of personal vilification, character defamation, whispering campaigns, libel, slander, or scurrilous attacks on any candidate or his staff or his personal or family life, use of the title of an office not presently held by a candidate, use of the phrase "re-elect" when, in fact, the candidate has never been elected to the office for which he is a candidate.

5. Misrepresentation of any candidate's position including, but not limited to, misrepresentation as to political issues or his voting record, use of false or misleading quotations, attributing a particular position to a candidate solely by virtue of such candidate's membership in any organization other than his political party which might have issued a statement advocating or opposing any particular position.

6. Misrepresentation of any candidate's party affiliation or party endorsement or endorsement by persons or organizations including, but not limited to, use of doctored photographs or writings or fraudulent or untrue endorsements. In any case where a person or organization endorsing the candidate has been paid by the candidate or someone on his behalf, a statement signed by the candidate and stating the consideration for the endorsement shall be filed within twenty-four hours of the endorsement in the office in which the candidate is required to file his statements under section four hundred seventy-seven of the election law.

7. Misrepresentation of the content or results of a poll relating to any candidate's election; also, failure to disclose such information relating to a poll published or otherwise publicly disclosed by a candidate, political party or committee as required to be disclosed by rule or regulation of the New York State Board of Elections.

8. Any acts intended to hinder or prevent any eligible person from registering to vote, enrolling to vote or voting.

Statutory authorization:

"The State Board of Elections, after public hearings, shall adopt a 'fair campaign code' setting forth ethical standards of conduct for persons, political parties and committees engaged in election campaigns including, but not limited to, specific prohibitions against practices of political espionage and other political practices involving subversion of the political parties and process, attacks based on racial, religious or ethnic background, and deliberate misrepresentation of a candidate's qualifications, position on a political issue, party affiliation or party endorsement."

Penalties:

"In addition to any other civil or criminal penalty which may be provided for by law, the State Board may impose a civil penalty, not to exceed one thousand dollars, upon any person found by the Board, after a hearing, to have violated any of the provisions of such code."

For further information, Contact: New York State Board of Elections, 194 Washington Avenue, Albany, New York 12225.

Mr. HUMPHREY. Mr. President, the election of 1972, and the Watergate revelations since then, have hammered an indelible impression into the mind of every American citizen about the election process and how campaigns are financed. Secret funds, illegal contributions, slush funds, and laundered millions, only begin the long list of affronts to the American people. Mr. Jeb Stuart Magruder, when asked by the Senate "Watergate" Committee what he considered to be the major impetus for his and other questionable election activities, simply replied, "Too much money."

Mr. President, today this Congress has addressed that problem directly with the most comprehensive campaign finance reform measure in the history of the United States, the Federal Election Campaign Act of 1974. Some critics will say that too much money has been compromised by the conferees on this legislation. Personally, I would have preferred the stronger Senate version of the bill. But it is now time to focus upon the progress in reform which will be made through this act. No single piece of legislation before this Congress in this session has more potential for cleaning up American politics and restoring confidence in the integrity of our political system and the individuals who work for it.

All elected public officials know that scrounging for funds to bring your case to the electorate is a demeaning experience. We all dread asking people for money to help us finance our campaigns. As one who has run for mayor, Senator and President, I can appreciate, perhaps more than some others, the importance of the changes which we are making in the campaign finance process here today.

It was out of a strong concern for reform in our campaign finance system that I supported legislation initiating the dollar checkoff and authored the amendment which put it on the front of the income tax form where people could see it and use it.

The amount of money a politician can raise is no measure of democratic responsibility by a candidate for public office. With the passage of the Federal Election Campaign Act amendments, we can help restore the faith of the people in their Government. The linkage between the electorate and elected public officials will be improved by this bill.

Mr. President, it is gratifying for one who has labored long in the vineyard of public campaign finance to see such a progressive and creative reform in our system of election campaigns. I have been a vocal advocate of expanded public financing of Federal elections for many years. I strongly support the provisions of the legislation which calls for the use of public funds for the financing of Presidential election campaigns. I fully agree with provisions setting strict limits on spending and contributions. I also have been a strong advocate of the establishment of an independent supervisory board to administer the law, which is part of this bill.

I think the Federal Election Campaign Act Amendments of 1974 does the job that needs to be done. There is room for improvement, but it permits Congress to take a big step in the right direction of campaign finance reform.

ANOTHER STEP TOWARD A REFORMED POLITICAL SYSTEM

Mr. MATHIAS. Mr. President, I rise to support the conference bill on campaign reform reported by the conference committee on which I served.

This bill will conclude another chapter in our efforts toward a reformed political system for America. It cannot be the last chapter, unfortunately, for the bill before us is not as broad in scope as the problems which Watergate so starkly presented for all Americans.

But this bill does represent a major step forward. For the first time, we will have a strong and independent commission to oversee all Federal elections and enforce Federal laws pertaining thereto. For the first time, we will have reasonable limits on both campaign contributions and campaign spending. For the first time, we have insured that Presidential campaigns, both in the primaries and the general election, will not be dependent on huge gifts of money from special interests.

These are historic reforms. They are possible today only because thousands of Americans cared enough to devote their time and effort to the cause of bringing this bill before us today. Organizations such as Common Cause, the National Committee for an Effective Congress, the Center for Public Financing, the League of Women Voters, and business and labor organizations throughout the country, have all played a major role in giving us the opportunity to vote on this legislation today.

Nor should the earlier voices raised in this cause be forgotten. President Theodore Roosevelt called for public financing in 1907 and a generation later Senator Henry Cabot Lodge renewed the fight that is being won today.

These organizations have been joined by thousands of individual citizens, who demonstrated that they are as dedicated as were our constitutional framers, to a system of free, vigorous, fair, and meaningful elections. Without the support of these citizens, we would not have this bill before us.

In 1971 I was pleased to join many of my colleagues in working for the Federal Elections Campaign Act of 1971. That bill, which contained some 13 amendments which I offered on the Senate floor, established for the first time the principle that all large contributions should be publicly disclosed—that campaigns were public business. It was followed by the "tax checkoff" amendment to the Revenue Act of 1971 which permitted an individual American to express support for a system of public financing for Presidential campaigns by designating $1 of his or her taxes for this purpose. The response to the checkoff has been very encouraging, and it is appropriate that this bill extends the scope of the checkoff to primary campaigns, and insures that all money designated by the taxpayer will be available for candidates, if needed.

In 1972, I cochaired, with Senator STEVENSON, the Ad Hoc Committee for Congressional Reform. During the public hearings of this informal committee, we focused on the need for legislation of the type which we will vote on shortly. As a result of these hearings, and of the widespread concern evidenced throughout Maryland, I introduced a bill with Senator STEVENSON, and another with Senator HART, which together contained the major features of the legislation before us.

The public response to these initiatives was strong and positive. I testified before the Senate Rules Committee last September in favor of this legislation, and joined with the distinguished members of that committee in supporting the bill, S. 3044, which was reported to the floor.

In one major area, however, I feel that the bill before us now is insufficient. That is the area of public financing for congressional campaigns. The Senate expressed its view overwhelmingly in support of such a system when S. 3044 was before us last spring. Gallup and other nationwide polls have demonstrated that the American people support public financing for Congressional races by a majority of almost 2 to 1. And I have found very strong support for this basic reform as I have talked to citizens throughout my State.

Unfortunately, however, the House conferees were adamant that this bill contain no such provisions. As conferees for the Senate, we explored every possible alternative with the House. We offered to reduce the extent of public financing, to limit it to general election campaigns only, to postpone the effective date to 1978 or 1980, and even to limit it to Senate campaigns only. Yet the House conferees unanimously rejected each of these attempts at compromise, and it became clear that the only way to enact the major reforms which this bill contains was to recede from the Senate's position in favor of Congressional public financing. I regret the necessity for such action, but I feel confident that our position will prevail in time.

Finally, I want to thank a number of my colleagues whose support of this legislation has been of vital importance. These include the Senator from Nevada (Mr. CANNON), the Senator from Pennsylvania (Mr. HUGH SCOTT), the Senator from Louisiana (Mr. LONG), the Senators from Rhode Island (Mr. PELL and Mr. PASTORE), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Illinois (Mr. STEVENSON), the Senator from Michigan (Mr. HART), the Senator from Vermont (Mr. STAFFORD), the Senator from Iowa (Mr. CLARK), and the Senator from California (Mr. CRANSTON). Appreciation should be extended as well to the committee staff headed by Mr. James Duffy.

Mr. PELL. Mr. President, I am pleased to add my firm support to the conference report we are considering.

As a conferee, I had the privilege of sharing in the deliberations between Senate and House which led to the agreements we have reached.

I am disappointed that the Federal Election Campaign Act Amendments of 1974 does not contain stronger provisions for public financing. I continue to believe in this goal as a most important priority for the future.

As chairman of the Senate Subcommittee on Elections, and as the one whose legislation formed the basis for committee consideration of public financing, I worked to extend this significant concept and reform to congressional elections. I believed that the time was especially propitious for this action.

The House conferees, however, were unanimous in their opposition. To me the question was between achieving a bill with some measure of truly meaningful reform and no bill at all.

I am pleased we have achieved some notable success:

First. We have extended public financing to Presidential primaries.

Second. We have agreed to a Federal Election Commission with an ability to act independently, and with some—if not all—of the enforcement authority recommended by the Senate.

Third. We have achieved new, realistic and salutory limits to campaign spending. In so doing we have reduced the possibilities of corruption by special interests, and the possibilities of abuse of power by those subject to such corruption.

The bill may not be a giant stride forward in election reform—I believe the Senate bill could have provided such a major advance. But the legislation which has emerged from our conference, nonetheless, takes very important and history-making new steps in the right direction.

A GIANT FIRST STEP

Mr. MONDALE. Mr. President, this is an historic day for the Senate. The campaign finance reform legislation we will vote on this afternoon represents months and years of work by many dedicated people, both in and out of the Congress. It is our best and most constructive response to the terrible abuses of Watergate.

I am especially pleased that the bill incorporates the provisions for public financing of Presidential primaries sponsored by Senator SCHWEIKER and myself in the Senate, and by Congressman JOHN BRADEMAS in the House.

This blended system of public and private financing of Presidential primaries will encourage small private contributions, and lessen the dependence of candidates on wealthy and powerful special interests. Candidates will be free, as they should be, to serve only their conscience and their constituents.

While I regret that public financing was not extended to House and Senate elections, I believe the legislation we will approve today has laid the needed groundwork for public financing of all Federal elections. It is only a first step, but it is a giant one.

Mr. CLARK. Mr. President, I ask unanimous consent to have printed in the RECORD the following material which has been prepared by the Center for Public Financing of Elections: A summary of the campaign reform bill; an article entitled "Public Financing of the Presidential Campaign"; and a chart showing the spending limits for Senate candidates.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE CAMPAIGN REFORM BILL—A SUMMARY (FEDERAL ELECTIONS CAMPAIGN ACT AMENDMENTS OF 1974)

CONTRIBUTION LIMITS

Limits on individual contributions

$1,000 limit on amount an individual may contribute to any candidate for U.S. House, Senate, or President in primary campaign (Presidential primaries treated as single election).

$1,000 limit on contribution to any federal candidate in general election (run-offs and special elections treated as separate elections; separate $1,000 limit applies).

No individual may contribute more than $25,000 for all federal campaigns for entire campaign period (includes contributions to party organizations supporting federal candidates).

No more than $1,000 in independent expenditures on behalf of any one candidate for federal office per entire campaign is permitted.

Certain "in-kind" contributions (up to $500 per candidate per election) are exempt from contribution limits.

Limits on Organization Contributions (to qualify as an organization, must be registered with Elections Commission for six months, receive contributions from more than 50 persons and, except for state party organizations, make contributions to at least five candidates).

$5,000 limit on amount an organization may contribute to any candidate for U.S. House, Senate, or President in primary election campaign (Presidential primaries treated as single election).

$5,000 limit on contributions to any federal candidate in general election (run-offs and special elections treated as separate elections; separate $5,000 limit applies).

No more than $1,000 in independent expenditures on behalf of any one federal candidate during entire campaign period.

No limit on aggregate amount organizations may contribute in campaign period, nor on amount organizations may contribute to party organizations supporting federal candidates.

Certain "in-kind" contributions (up to $500 per candidate per election) are exempt from contribution limits.

Limits on candidate contributions to own campaign

President: $50,000 for entire campaign.
Senate: $35,000 for entire campaign.
House: $25,000 for entire campaign.

Limits on party contributions

National and state party organizations limited to $5,000 in actual contributions to federal candidates, but may make limited expenditures on behalf of its candidate in general election [see spending limits].

Spending limits (Existing limits on media spending repealed. Total candidate spending limit includes basic limit, plus 20 percent additional permitted for fund-raising, plus limited spending by parties in general election.)

Party Conventions: $2 million for national nominating convention.

Presidential candidates

Primary: $10 million basic limit; in addition, candidate allowed to spend 20 percent above limit for fund-raising—total $12 million. In any presidential primary, candidate may spend no more than twice what a Senate candidate in that state is allowed to spend. [See chart for Senate limits.]

General: $20 million basic limit. (Presidential candidate not opting to receive public financing would be allowed to spend an additional 20 percent for fund-raising.)

Party: National Party may spend 2¢ times Voting Age Population, or approximately $2.9 million, on behalf of its Presidential nominee in general election.

Senate candidates

Primary: 8¢ x VAP of state or $100,000, whichever is higher. Additional 20 percent of basic limit allowed for fund-raising. [See attached chart for state by state amounts.]

General: 12¢ x VAP of state or $150,000, whichever is higher. Additional 20 percent of basic limit allowed for fund-raising.

Party: In general election, 2¢ x VAP or $20,000, whichever is higher, by national party, and 2¢ x VAP or $20,000 by state party. [See attached chart for state totals.]

House candidates

Primary: $70,000. Additional 20 percent of limit allowed for fund-raising. (Total—$84,000.) House candidates running at large permitted to spend same amount as Senate candidate in that state.

General: $70,000. Additional 20 percent allowed for fund-raising. (Total—$84,000.) House candidates running at large permitted to spend same as Senate candidate in that state.

Party: In general election, $10,000 by national party and $10,000 by state party on behalf of House candidates.

PRESIDENTIAL PUBLIC FINANCING (FROM DOLLAR CHECK-OFF FUND)

General election

$20 million in public funds; acceptance optional. Major party nominee automatically qualifies for full funding; minor party and independent candidate eligible to receive proportion of full funding based in past or current votes received. If candidate receives full funding, no private contributions permitted.

Conventions

$2 million; optional. Major parties automatically qualify. Minor parties eligible for lesser amount based on proportion of votes received in past or current election.

Primaries

Federal matching of private contributions up to $250, once candidate has qualified by raising $100,000 ($5,000 in each of 20 states) in matchable contributions. Only first $250 of any private contribution may be matched. The candidates of any one party together may receive no more than 45 percent of total amount available in the Fund; no single candidate may receive more than 25 percent of total available. Only private gifts raised after January 1975 qualify for matching for the 1976 election; no federal payments will be made before January 1976.

Enforcement

Creates 6-member Federal Elections Commission responsible for administering election law and public financing program, and vested with primary civil enforcement.

President, Speaker of House, and President Pro-Tem of Senate each appoint two members (of different parties), all subject to confirmation by both Houses of Congress. (Such members may not be officials or employees of any branch of government at time of appointment.)

Secretary of Senate and Clerk of House to serve as ex-officio, non-voting members of the Commission, and their officers to serve as custodian of reports for candidates for Senate and House.

Commissioners to serve full-time, six-year, staggered terms. Rotating one-year chairmanship.

Commission to receive campaign reports; make rules and regulations (subject to review by Congress within 30 days); maintain cumulative index of reports filed and not filed; make special and regular reports to Congress and President; serve as election information clearinghouse.

Commission has power to render advisory opinions; conduct audits and investigations; subpoena witnesses and information; initiate civil proceedings for relief.

Criminal violations to be referred to Justice Department for prosecution; provision for advancing cases under the Act on the court docket, and judicial review.

REPORTING AND DISCLOSURE

Candidate required to establish one central campaign committee; all contributions and expenditures on behalf of candidate must be reported through this committee. Also requires designation of specific bank depositories.

Full reports of contributions and expenditures to be filed with Commission 10 days before and 30 days after every election, and within 10 days of close of each quarter unless committee has received or expended less than $1,000 in that quarter. Year-end report due in non-election years.

Contributions of $1,000 or more received within last 15 days before election must be reported to Commission within 48 hours.

Cash contributions over $100 prohibited.

Contributions from foreign national prohibited.

Contributions in name of another prohibited.

Loans treated as contributions; must have co-signer or guarantor for each $1,000 of outstanding obligation.

Requires that any organization which spends any money or commits any act for the purpose of influencing any election (such as the publication of voting records) must report as a politcial committee. (This would require reporting by such lobbying organizations as Common Cause, Environmental Action, ACA, etc., and perhaps many other traditionally non-electoral organizations).

Every person who spends or contributes over $100, other than to or through a candidate or political committee, is required to report.

OTHER PROVISIONS

No elected or appointed official or employee of government may accept more than $1,000 in honorarium for speech or article, or $15,000 in aggregate per year.

Removes Hatch Act restrictions on voluntary activities by state and local employees in federal campaigns, if not otherwise prohibited by state law.

Corporations and labor unions which are government contractors are permitted to maintain separate, segregated voluntary political funds in accordance with 18 USC 610. (Formerly all contributions by government contractors were prohibited.)

Permits use of excess campaign funds to defray expenses of holding federal office or for other lawful purposes.

Prohibits solicitation of funds by franked mail.

Pre-empts state election laws for federal candidates. This section takes effect upon enactment.

PENALTIES

Increases existing fines to maximum of $50,000.

Candidate for federal offices who fails to file reports may be prohibited from running again for term of that office plus one year.

Effective Date: January 1, 1975 (except for immediate pre-emption of state laws).

Public Financing of the Presidential Campaign

Public financing of the 1976 Presidential election is provided under the new Campaign Reform Bill. Here is the way it works:

General election

Each candidate for President is limited to campaign expenditures of $20 million.

Nominees of the major parties are eligible to receive the full $20 million in public funds. Public financing is not mandatory; the candidate may solicit all donations privately. If the candidate "goes private," however, individual contributions are limited to $1,000; organization contributions, $5,000.

Candidates of minor parties (those receiving at least five percent of the vote in the preceding election) are eligible for partial funding based on the percentage of the vote received. A third party receiving at least five percent of the vote in 1976 will be eligible for partial reimbursement of their expenses.

Nominating conventions

Political parties are limited to expenditures of $2 million for their presidential nominating conventions. A major party is eligible to receive the full $2 million in public funds; however, a party may opt to fund its convention privately. The existing law permitting corporations to take a tax deduction for advertisements in conventions program books is repealed.

Presidential primaries

Each candidate for the Presidential nomination is limited to campaign expenditures of $10 million. In each state, he may spend no more than twice the amount permitted a Senate primary candidate. In other words, the candidate may spend no more than $200,000 in the New Hampshire primary; $928,000 in Florida.

To be eligible for public funds, a candidate must declare himself a candidate for his party's nomination and begin soliciting small contributions ($250 or less). When the Federal Elections Commission certifies that the candidate has received at least $5,000 from contributors in each of 20 states—for a total of $100,000 in matchable funds—the Secretary of the Treasury will authorize a matching payment of $100,000 from the Dollar Check-Off Fund. Subsequently, each eligible contribution of $250 or less will be matched from the Treasury.

While an individual may contribute $1,000 and an organization may give $5,000 during the pre-nomination period, only the first $250 will be eligible for matching. No cash contributions will be matched; all contributions must show the taxpayer's identification number.

In addition to the $10 million spending limit, the candidate is permitted to spend an additional 10 percent—$2 million—for fundraising costs.

Only contributions raised after January 1, 1975, will be eligible for matching. No public funds will be given out until January 1, 1976.

Source of public funds

The source of all public funding is the Presidential Election Campaign Fund. No additional appropriations legislation is required of Congress. The Fund was established in 1971 and is funded by taxpayers who check off Line 8 on IRS Form 1040, designating $1 of their taxes ($2 on a joint return) for this purpose.

This Dollar Check-Off Fund now contains $30.1 million. If taxpayers check off Line 8 at the same rate as last year, there will be a minimum of $64 million in the fund in time for the 1976 election, and very likely more.

Early in 1976, $44 million will be earmarked for the General Election and the Conventions. The remaining funds will be designated for the primaries. No more than 45 percent may go to candidates of any political party. No candidate is eligible to receive more than one-fourth of public funds available for primaries.

All spending limits are subject to cost-of-living increases, using 1974 as the base year.

The Fund will be under continuing review by the new Federal Election Commission to insure that eligible candidates receive equitable treatment and that adequate money is available to meet obligations required by the Act.

SPENDING LIMITS FOR SENATE CANDIDATES

State	1974 projected voting age population	Primary limit (8 cents times VAP or $100,000, whichever is greater)	Additional spending for fundraising (primary)	General election limit (12 cents times VAP or $150,000, whichever is greater)	Additional spending for fundraising (general)	Party spending permitted in candidate's behalf[1]	Actual spending limit by candidate (general election)
Alabama	2, 392, 000	$191, 360	$38, 272	$287, 040	$57, 408	$95, 680	$440, 128
Alaska	206, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Arizona	1, 442, 000	115, 360	23, 072	173, 040	34, 608	57, 680	265, 328
Arkansas	1, 417, 000	113, 360	22, 672	170, 040	34, 080	56, 680	260, 800
California	14, 509, 000	1, 160, 720	232, 144	1, 741, 080	348, 216	580, 360	2, 669, 656
Colorado	1, 719, 000	137, 520	27, 504	206, 280	41, 256	68, 760	316, 296
Connecticut	2, 124, 000	169, 920	33, 984	254, 880	50, 976	84, 960	390, 816
Delaware	391, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Florida	5, 799, 000	463, 920	92, 784	695, 880	139, 176	231, 960	1, 067, 016
Georgia	3, 227, 000	258, 160	51, 632	387, 240	77, 448	129, 080	593, 768
Hawaii	571, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Idaho	519, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Illinois	7, 646, 000	611, 680	122, 336	917, 520	183, 504	305, 840	1, 406, 864
Indiana	3, 603, 000	288, 240	57, 648	432, 360	86, 472	144, 120	662, 952
Iowa	2, 002, 000	160, 160	32, 032	240, 240	48, 048	80, 080	368, 368
Kansas	1, 601, 000	128, 080	25, 616	192, 120	38, 424	64, 040	294, 584
Kentucky	2, 296, 000	183, 680	36, 736	275, 520	55, 104	91, 840	422, 464
Louisiana	2, 457, 000	196, 560	39, 312	294, 840	58, 968	98, 280	452, 088
Maine	700, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Maryland	2, 781, 000	222, 480	44, 496	333, 720	66, 744	111, 240	511, 704
Massachusetts	4, 086, 000	326, 880	65, 376	490, 320	98, 064	163, 440	751, 824
Michigan	6, 037, 000	482, 960	96, 592	724, 440	144, 888	241, 480	1, 110, 808
Minnesota	2, 634, 000	210, 720	42, 144	316, 080	63, 216	105, 360	484, 656
Mississippi	1, 495, 000	119, 600	23, 920	179, 400	35, 880	59, 800	275, 080
Missouri	3, 296, 000	263, 680	52, 736	395, 520	79, 104	131, 840	606, 464
Montana	484, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Nebraska	1, 068, 000	100, 000	20, 000	150, 000	30, 000	42, 720	222, 720
Nevada	382, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
New Hampshire	550, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
New Jersey	5, 099, 000	407, 920	81, 584	611, 880	122, 376	203, 960	938, 216
New Mexico	731, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
New York	12, 700, 000	1, 016, 000	203, 200	1, 524, 000	304, 800	508, 000	2, 336, 800
North Carolina	3, 635, 000	290, 800	58, 160	436, 200	87, 240	145, 400	668, 840
North Dakota	431, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Ohio	7, 281, 000	582, 480	116, 496	873, 720	174, 744	291, 240	1, 339, 704
Oklahoma	1, 879, 000	150, 320	30, 064	225, 480	45, 096	75, 160	345, 736
Oregon	1, 587, 000	126, 960	25, 392	190, 440	38, 088	63, 480	292, 008
Pennsylvania	8, 336, 000	666, 880	133, 376	1, 000, 320	200, 064	333, 440	1, 533, 824
Rhode Island	691, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
South Carolina	1, 831, 000	146, 480	29, 296	219, 720	43, 944	73, 240	336, 904
South Dakota	464, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Tennessee	2, 881, 000	230, 480	46, 096	345, 720	69, 144	115, 240	530, 104
Texas	8, 050, 000	644, 000	128, 800	966, 000	193, 200	322, 000	1, 481, 200
Utah	746, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Vermont	316, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000
Virginia	3, 331, 000	266, 480	53, 296	399, 720	79, 944	133, 240	612, 904
Washington	2, 377, 000	190, 160	38, 032	285, 240	57, 048	95, 080	437, 368
West Virginia	1, 238, 000	100, 000	20, 000	150, 000	30, 000	49, 520	229, 520
Wisconsin	3, 121, 000	249, 680	49, 936	374, 520	74, 904	124, 840	574, 264
Wyoming	244, 000	100, 000	20, 000	150, 000	30, 000	40, 000	220, 000

[1] State and national political parties are each permitted to spend in behalf of their nominee for the Senate an additional 2 cents times the voting age population or $20,000—whichever is greater.

Note: Voting age population estimates are taken from "Population Estimates and Projections," Department of Commerce, Social and Economic Statistics Administration, Bureau of the Census, Series P–25, No. 526, September 1974.

SPENDING LIMITS FOR HOUSE CANDIDATES

	Primary limit	Additional spending for fundraising	General election limit	Additional spending for fundraising	Party spending in candidate's behalf[1]	Actual spending limit by candidate (general election)
Each congressional district	$70, 000	$14, 000	$70, 000	$14, 000	$20, 000	$104, 000

[1] $10,000 from State party and $10,000 from national party.

Note: In States with a single congressional district, candidates for the House are subject to the same limits as candidates for the Senate.

Mr. LONG. Mr. President, the significance of this Federal Elections Campaign Act will be that this act moves us one long stride forward in the area of public financing.

The act, makes the appropriations of the money checked off on individual tax returns automatic and implements the action taken already with regard to the Presidential campaign checkoff proposal of $1 optional with each taxpayer. The bill provides also that $2 million would be made available to each of the two major parties, with a formula as is spelled out elsewhere in the checkoff system for appropriate reimbursement for third parties, to provide for expenses of nominating conventions.

Now, the significant thing about this measure is that it provides that hereafter candidates seeking to be nominated for President of the United States may obtain Federal matching once they have achieved enough individual small contributions to merit the thought that they are serious candidates.

To be specific, a candidate must raise $100,000 in contributions of no more than $250, and that candidate must raise as much as $5,000 in 20 States to demonstrate, in effect, that he is a serious candidate and that he has support beyond the immediate State or region from whence he hails.

As I understand this provision, once a candidate had raised the first $100,000 as stipulated, the amount that is raised under the checkoff system and, thereafter, every small contribution of $250 or less is matched by an equal amount up to $5 million so that the candidate could raise a total of $5 million and have $5 million made available to him through Treasury financing.

Mr. President, that is an extension of what this Senator sought to initiate in 1966, almost 8 years ago now, when the then junior Senator from Louisiana brought in an amendment to a revenue bill suggesting that the general election of the President should be financed by a $1 tax checkoff-type proposal as is now the law. That proposal became law as an amendment to a major revenue measure. In time, I believe, the significance of that amendment will dwarf the bill itself and all other amendments that were on it.

I believe that was a bill which was subsequently referred to as the first Christmas tree bill because it came late in the year and it had so many amendments to it that one of the writers of the Washington Post said:

> When the bill hit the floor it lit up like a Christmas tree.

There were many amendments on the bill that were wanted on behalf of many of their constituents.

In the year 1967 there were some Democrats who felt that they made a mistake in permitting the tax checkoff to finance the Presidential election to become law, and they joined forces with those Republicans who had opposed this proposal in what developed into a rather lengthy debate to prevent this new law from ever going into effect.

It was with considerable disappointment that the Senator from Louisiana saw that there were a lot of good people who should be supporting that first public campaign financing measure because of their liberal background and their political philosophy who were, for one reason or another, opposing it.

There was the then Senator from Tennessee, Mr. Gore, for example, who was one I would have thought would have favored this very strongly and who, in fact, had voted for it in the committee and then saw fit to lead the fight against the proposal.

There was the former Senator from New York, Mr. Robert Kennedy, who saw dangers that aroused his fears that this could be used in an improper manner.

There were quite a few on this side of the aisle who, at that time, had become disillusioned with the then President Lyndon Johnson, who felt that this was something that President Johnson wanted for his own advantage.

Now that, in my judgment, was not the truth. I had discussed this matter with President Johnson on occasion. He told me he thought I was right about it. He said he was capable of raising whatever campaign funds he cared to raise, but that the time would come when the Democrats would have another Harry Truman running for President of the United States. He recalled how difficult it was for President Truman, even as a dedicated President, to raise enough money to pay transportation expenses to move the Truman train around the country in order to take his message to the people in that very difficult election when he fought an underdog race and survived that race to become one of our great Presidents after his reelection.

So, Mr. President, after that long debate of about 7 weeks, the Senate finally voted for an amendment to say that this public financing proposal would not become effective until Congress has provided further guidelines.

Thereafter, President Nixon was elected President of the United States. I have oftentimes thought, had it not been for the support of a number of our liberal Democratic friends who thought this might be something that President Johnson wanted for his own advantage, and therefore voted to negate the provisions of that bill, Richard Nixon would not have been President of the United States because Senator Humphrey ran a very close race, very poorly financed, but very close.

Had Hubert Humphrey had the funds to make an equally impressive presentation on television, as that available to his Republican opponent, it is fairly clear to all of us at this point that Hubert Humphrey then Vice President would have been elected President of the United States.

It was, in my judgment, largely because some of our good friends on the Democratic side of the aisle, and I am sure for good conscientious reasons, voted to prevent the public financing checkoff proposal from going into effect, that the Democrats lost the next Presidential election of 1968.

Now, a few years thereafter, with reference to campaign financing and reform proposals, our majority leader (Mr. Mansfield) proposed to some of us that we should initiate a proposal to make available equal time to the candidates for both sides running for President of the United States and that we should make some tax deductions and tax credits, to help encourage small contributions to political campaigns.

As chairman of the Committee on Finance at that time, I made it clear that I did not expect to support any proposal of that sort unless we made some forward progress toward justifying some form of public financing under the checkoff proposal, or some similar proposal, because, in my judgment, it is only when we finance campaigns in a way where the outcome of the campaign does not depend in any respect on who has the most money, or who has the greatest appeal to the vested interests, that one can feel that the voice of the public and the people are electing a man not because of the financial power behind him but because what he has to say makes the best sense and appeals most to the hearts and minds of the American people.

So I insisted that if I were to support something of that sort it ought to have at least a $1 checkoff proposal as part of the package.

So, in due course, in considering a debt limit bill, as I recall it, it was agreed that the Senator from Rhode Island (Mr. Pastore) would offer this package of amendments which would provide a deduction and a tax credit for small contributions and would implement the tax checkoff approach which we had previously enacted and put on the statute books in 1966.

After a really heated and lengthy debate on the checkoff proposal, this provision finally passed. We were alerted at that time that the President of the United States expected to veto the debt limit bill if need be, rather than permit the tax checkoff to pay the expense of the two candidates making their campaigns and expressing their views, as they saw it, to the public in 1972.

So while the Senate had passed the measure intending that it should be effective in 1972, by threat of Presidential veto we were compelled to settle for an effective date in 1976.

Mr. President, the checkoff proposal is on the books and people are marking it in sufficient numbers to make the assurance of adequate financing for the 1976 election a certainty. So much so that we now find we can provide that more than the general election can be financed under a system whereby taxpayers mark their own tax returns that they would like to have $1 of their tax money spent in a fashion that would help to assure us a President beyond the reach of undue influence of large financial contributions.

We will have that kind of election for the first time in 1976.

Mr. President, there are some who have expressed disappointment and will continue to express disappointment that this bill did not extend the public financing concept to the election of Senators and Members of Congress. I voted for that proposal. In the long run, Mr. President, if I am around here another 6 years, I hope to be one of those who help put it on the statute books. It is just as well that it does not happen now.

I say that because these major issues should not be decided based on who is right; it should be decided because we agree on what is right.

We will best know how to implement a public financing approach when we have had experience with the checkoff in the election of a President in the year 1976.

Mr. President, the vote on this measure demonstrates the enormous forward progress as an idea becomes understood by people.

In that long 7 weeks' fight in 1967, with the President of the United States supporting the checkoff approach, most of us who were supporting it, won about half of the votes. On seven rollcall votes one side won four times and the other side won three times.

It was a matter of who had the most troops in town that decided how each vote would go, and on every second vote one group would win and on every alternate vote the other group would win.

Now we see a measure that can muster a margin of approximately 4 to 1 in the U.S. Senate. Some of that margin now represents those who did not think it was a good idea at the time. That is a mark of tolerance and a mark of ability of people to change with changing times and to recognize with experience that there is something to be said for the other fellow's side of the argument.

Undoubtedly, the Watergate scandal contributed to this. We now see, Mr. President, that not just a matter of disclosure that is needed to give us a government of the people and by the people in this country.

The disclosure provisions really have in fact made it difficult for challengers to challenge incumbents. It was well discussed in a very thoughtful article by David Broder a few days ago.

Disclosure has created as many problems as it has solved. While incumbents have been able to raise adequate funds to finance a campaign, the disclosure provisions have made it very difficult, and far more difficult than ever before, for the challengers to raise funds to finance their part of the campaign, but the public financing features properly implemented will, I am sure, make it possible for every Member who enjoys the benefit of the public financing approach to be completely the master of his own conscience; to reject those proposals which are lacking in logic, and to support instead those things which he believes to be best for his nation.

As I say, Mr. President, I am not at all dismayed that this Congress is not at this time implementing the public financing approach to the election of Senators and Members of the House of Representatives. I am satisfied that we will learn something from experience.

The experience that we will have in electing a President of the United States by a public financing approach, where each taxpayer indicates that he wants $1 to be spent in a way where the President will be equally obligated to all citizens and especially obligated to none, will lead us to finance, in time, our congressional campaigns in a way that will have equally as much merit.

With experience, the public will understand it better. In the last analysis, Senators and Congressmen want to do what the public wants. The public will be in a better position to advise us what it thinks about this type of campaign financing when it has had experience with the outcome and with the implementation of what we start in 1976, which, in my judgment, is a very appropriate time to implement the type of suggestion that was implicit in the $1 checkoff proposal. That is that every citizen should have an equal amount of influence, and every person elected to public office should be equally obligated to all citizens; that no one should have any greater influence because of his money, and that no public servant should be in any greater measure beholden to someone because of that money.

This is a red-letter day for our democracy, Mr. President, and I am very pleased to have played a part in the implementation of something that we started 8 years ago.

Mr. CANNON. Mr. President, I would like to express my appreciation to the conferees for the tremendous assistance they gave to all of the conference during the subject under discussion.

We have very divergent views on the conference committee, and we had those who were opposed to public financing, those who favored it, those who wanted tighter disclosure provisions, and so on. However, despite the differing views we had very cooperative people and cooperative staff, and I want to express appreciation to all of the conferees and to our fine staff people who assisted us in developing what I think is a very fine campaign reform bill.

The PRESIDING OFFICER (Mr. ABOUREZK). The question is on agreeing to the conference report. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. BUCKLEY (when his name was called). Mr. President, on this vote I have a pair with the Senator from Oregon (Mr. HATFIELD). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from North Carolina (Mr. ERVIN), the Senator from Alaska (Mr. GRAVEL), the Senator from Hawaii (Mr. INOUYE), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) is absent on official business.

I further announce that, if present and voting, the Senator from North Carolina (Mr. ERVIN) and the Senator from Indiana (Mr. HARTKE) would each vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Oregon (Mr. HATFIELD), the Senator from Oregon (Mr. PACKWOOD), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

I further announce that, if present and voting, the Senator from Tennessee (Mr. BAKER) and the Senator from Kansas (Mr. DOLE) would each vote "yea."

The result was announced—yeas 60, nays 16, as follows:

[No. 466 Leg.]

YEAS—60

Abourezk
Bayh
Beall
Biden
Brock
Brooke
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Domenici
Eagleton
Fulbright
Hart
Haskell
Hathaway
Hollings
Huddleston
Hughes
Humphrey
Jackson
Javits
Johnston
Kennedy
Long
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stevens
Stevenson
Symington
Taft
Talmadge
Tunney
Weicker
Williams

NAYS—16

Allen
Bartlett
Byrd, Harry F., Jr.
Cotton
Curtis
Eastland
Fannin
Gurney
Hansen
Helms
Hruska
McClellan
McClure
Stennis
Thurmond
Tower

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Buckley, against.

NOT VOTING—23

Aiken
Baker
Bellmon
Bennett
Bentsen
Bible
Church
Cook
Dole
Dominick
Ervin
Fong
Goldwater
Gravel
Griffin
Hartke
Hatfield
Inouye
Packwood
Scott, William L.
Sparkman
Stafford
Young

So the conference report was agreed to.

Mr. HUGH SCOTT. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. CANNON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, the passage of S. 3044, the Federal Election Campaign Act amendments, represents another significant breakthrough in reforming the political processes of this Nation. So many in the Senate have been in the forefront of this great reform effort, but I wish at this time to pay tribute to those who worked so hard on this conference committee under the great leadership of the distinguished Senator from Nevada (Mr. CANNON). All members of that committee are to be commended, but Senator CANNON particularly for the broad representation he solicited even from outside his committee. The great breakthrough in public financing of Federal Presidential proceeds as well as general elections is truly the great first step toward creating a totally changed climate for future elections. The distinguished Senator from Louisiana (Mr. LONG) has been the real champion of the dollar checkoff over the past several years and played such an important role in the conference committee in retaining this provision. In future years, with his continued leadership, I am confident that this concept will be expanded to all Federal elections.

My colleague, the distinguished Republican leader (Mr. Hugh Scott) is to be commended for his great leadership on the bill and on the overall program of reforms of the political process. He and Senator Kennedy have provided the leadership to this Congress on public financing and their contributions have been immense. To Senators Clark, Mathias, Pastore, Byrd, Griffin and Stevens, the Senate owes its sincere thanks for the completion of this landmark legislation.

The country shall be better for the work the Senate has completed today on S. 3044.

TRANSPORTATION SAFETY ACT OF 1974

Mr. MANSFIELD. During the consideration of S. 4057 yesterday, Senator Hartke withdrew an amendment to S. 4057. Inadvertently, the incorrect amendment was withdrawn. Thereafter, H.R. 15223 was considered by the Senate and the text of the Senate bill, as amended, was substituted for the language in the House bill. Therefore the bill as passed contains several mistakes. Section 208(d) of the bill should be deleted as should title 4 of the bill.

Therefore, I ask unanimous consent that the Senate reconsider the passage of H.R. 15223 including the third reading and that section 208(d) and all of title 4 of S. 4057 be deleted, and that the bill as thus corrected be repassed.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRAVEL EXPENSE AMENDMENTS ACT OF 1974

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3341.

The Presiding Officer laid before the Senate the amendment of the House of Representatives to the bill (S. 3341) to revise certain provisions of title 5, United States Code, relating to per diem and mileage expenses of employees and other individuals traveling on official business, and for other purposes, as follows:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Travel Expense Amendments Act of 1974".

Sec. 2. Section 5701(2) of title 5, United States Code, is amended to read as follows:

(2) "'Employee' means an individual employed in or under an agency including an individual employed intermittently in the Government service as an expert or consultant and paid on a daily when-actually-employed basis and an individual serving without pay or at one dollar a year;"

Sec. 3. Section 5702 of title 5, United States Code, is amended to read as follows:

"§ 5702. Per diem; employees traveling on official business

"(a) An employee while traveling on official business away from his designated post of duty is entitled to a per diem allowance for travel inside the continental United States at a rate not to exceed $35. For travel outside the continental United States, the per diem allowance shall be established by the Administrator of General Services, or his designee, for each locality where travel is to be performed. For travel consuming less than a full day, such rates may be allocated proportionately pursuant to regulations prescribed under section 5707 of this title.

"(b) An employee who, while traveling on official business away from his designated post of duty, becomes incapacitated by illness or injury not due to his own misconduct, is entitled to the per diem allowance and appropriate transportation expenses until such time as he can again travel, and to the per diem allowance and transportation expenses during return travel to his designated post of duty.

"(c) Under regulations prescribed under section 5707 of this title, the Administrator of General Services, or his designee, may prescribe conditions under which an employee may be reimbursed for the actual and necessary expenses of official travel when the maximum per diem allowance would be less than these expenses, except that such reimbursement shall not exceed—

"(1) $50 per day for travel within the continental United States when the maximum per diem otherwise allowable is determined to be inadequate (A) due to the unusual circumstances of the travel assignment, or (B) for travel to high rate geographical areas designated as such in regulations prescribed under section 5707; or

"(2) $20 per day plus the locality per diem rate prescribed for travel outside the continental United States.

"(d) This section does not apply to a Justice or judge, except to the extent provided by section 456 of title 28.".

Sec. 4. Section 5703 of title 5, United States Code, is hereby repealed.

Sec. 5. Section 5704 of title 5, United States Code, is hereby amended to read as follows:

"§ 5704. Mileage and related allowances

"(a) Under regulations prescribed under section 5707 of this title, an employee who is engaged on official business for the Government is entitled to not in excess of—

"(1) 9 cents a mile for the use of a privately owned motorcycle; or

"(2) 18 cents a mile for the use of a privately owned automobile; or

"(3) 24 cents a mile for the use of a privately owned airplane;

instead of actual expenses of transportation when that mode of transportation is authorized or approved as more advantageous to the Government. A determination of advantage is not required when payment of a mileage basis is limited to the cost of travel by common carrier including per diem.

"(b) In addition to the mileage allowance authorized under subsection (a) of this section, the employee may be reimbursed for—

"(1) parking fees;

"(2) ferry fees;

"(3) bridge, road, and tunnel costs; and

"(4) airplane landing and tie-down fees.".

Sec. 6. Section 5707 of title 5, United States Code, is hereby amended to read as follows:

"§ 5707. Regulations and reports

"(a) The Administrator of General Services shall prescribe regulations necessary for the administration of this subchapter.

"(b) The Administrator of General Services, in consultation with the Comptroller General of the United States, the Secretary of Transportation, the Secretary of Defense, and representatives of organizations of employees of the Government, shall conduct periodic studies of the cost of travel and the operation of privately owned vehicles to employees while engaged on official business, and shall report the results of such studies to Congress at least once a year.".

Sec. 7. The seventh paragraph under the heading "Administrative Provisions" in the Senate appropriation in the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 68b), is amended by striking out "$25" and "$40" and inserting in lieu thereof "$35" and "$50", respectively.

Sec. 8. Item 5707 contained in the analysis of subchapter 1 of chapter 57 of title 5 is amended to read as follows:

"5707. Regulations and reports.".

Mr. MANSFIELD. Mr. President, the Senate, after some effort, passed S. 3341 relating to per diem and mileage expenses on September 19. The House was scheduled to take up a similar bill, H.R. 15903, under suspension of the rules on Monday, October 7. Discussion with House staff indicates that the bill will pass in its present form, and it has passed in its present form.

I ask unanimous consent that the Senate disagree to the amendments of the House, and hereby request a conference on the disagreeing votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. On behalf of the Senator from Montana (Mr. Metcalf) I ask unanimous consent that Mr. Metcalf, the Senator from Kentucky (Mr. Huddleston), and the Senator from Illinois (Mr. Percy) be appointed as conferees.

There being no objection, the Presiding Officer appointed Mr. Metcalf, Mr. Huddleston, and Mr. Percy conferees on the part of the Senate.

HOUSE JOINT RESOLUTION 898—NATIONAL LEGAL SECRETARIES' COURT OBSERVANCE WEEK

Mr. THURMOND. Mr. President, I send to the desk a joint resolution authorizing the President to proclaim the second full week in October 1974, as National Legal Secretaries' Court Observance Week, and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The joint resolution will be read for the information of the Senate.

The joint resolution (H.J. Res. 898) was read the first time by title and the second time at length, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized and requested to issue a proclamation designating the second full week in October, 1974, as "National Legal Secretaries' Court Observance Week", and calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. THURMOND. Mr. President, yesterday the House of Representatives passed House Joint Resolution 898. It has come over to the Senate and is now pending before the Senate.

This resolution honors the secretaries of the Nation, an honor that is justly due.

I am very pleased that the House passed it, and I hope the Senate will see fit to pass it, too.

I have cleared this resolution with the majority leader, Mr. Mansfield, the assistant majority leader, Mr. Byrd, the minority leader, Mr. Scott, the assistant minority leader, Mr. Griffin, the chairman of the Judiciary Committee Mr. Eastland, and the two members of the subcommittee of the Judiciary Committee who handle resolutions of this nature, Mr. McClellan and Mr. Hruska.

Mr. President, I hope that the Senate acts on it at this time.

The PRESIDING OFFICER. The joint resolution is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the reading and passage of the joint resolution.

The joint resolution (H.J. Res. 898) was ordered to a third reading, was read the third time, and passed.

A PROGRAM TO CONTROL INFLATION IN A HEALTHY AND GROWING ECONOMY

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent to have printed in the Record a fact sheet relating to the program to control inflation in a healthy and growing economy which was referred to today in President Ford's address before the joint session of Congress.

There being no objection, the material was ordered to be printed in the Record, as follows:

A Program To Control Inflation in a Healthy and Growing Economy

Although our economic system remains sound and strong, with its basic vitality intact, the economy is experiencing severe difficulties. Inflation is far too high. Too many people are having trouble finding employment. The financial markets are out of kilter. Interest rates are exorbitant. Housing is suffering badly. The productive capacity of the economy is expanding too slowly.

The origins of these problems are complex. Part of the problem grew out of several international shocks:

The disastrous world-wide drop in crop production in 1972, which sent food prices soaring.

Two international devaluations of the dollar, which made the United States a more attractive source for other countries to buy scarce materials.

The tripling of crude oil prices, which exerted a powerful and pervasive effect on our entire price structure.

Here at home, a long period of excessively stimulative policies created inflationary pressures that gradually and inexorably mounted in intensity. With that condition prevailing, the economy could not absorb the outside shocks; rather, those have now been built into the system, deepening and extending our problem.

Twice within the past decade, in 1967 and in 1971–72, we let an opportunity to regain price stability slip through our grasp. Thus inflation has gathered momentum and has become the chronic concern of producers and consumers alike. Indeed, today inflation is the primary cause of our recession fears.

Consumer confidence has been shaken, causing most families to hold back on spending, as clearly indicated by the lack of growth in the physical volume of retail sales for the past year and a half.

An "inflation premium" has been added to "true" interest rates, so that we now have mortgages at 9–10 percent and corporate bonds at 10–12 percent. This has warped our financial markets, including the stock market, which were structured for an economy with a relatively stable price level.

Another development that has created a serious economic imbalance is the fact that our civilian labor force has been expanding rapidly. For the size of our labor force, therefore, we are short on capital equipment. During this same period, the effectiveness of price controls in certain sectors—e.g., steel, paper and other basic materials—created specific bottlenecks that limited the production capacity of the entire economy. As a result, unemployment was higher than it otherwise would have been. Also, the dampening impact of price controls on profits held back new capital expansion programs in some of these vital industries.

Thus, because our problems are complex, it is clear that our program to deal with them must be comprehensive. It is also clear that the solution cannot be achieved quickly. There are no simple, instantaneous cures for our difficulties. Discipline and patience are the watchwords.

We must, therefore, have a strong policy of budgetary and monetary restraint to work down the rate of inflation. At the same time, we must provide the means for a healthy long-run growth in the capacity of the economy, correct the imbalances that have developed in recent years, and see to it that the burdens of this effort are shared on an equitable basis. Some further rise in unemployment appears probable, and we will take steps to deal with it. However, we can and will achieve our goals without a large increase in unemployment. There will be no economic depression in the United States.

AMENDING THE EMPLOYMENT ACT OF 1946

The Employment Act of 1946 makes it the policy of the Federal Government to "promote maximum employment, production and purchasing power." Although the words "purchasing power" have sometimes been interpreted as meaning price-level stability, it would nevertheless be helpful to clarify the term and make explicit in the Employment Act the goal of stability in the general price level. The American people have a right to receive from their government stronger assurance that policies will be followed to safeguard the purchasing power of their money in addition to policies that will provide abundant job opportunities and a rising level of living.

We, therefore, suggest that the section of the Act referred to above be amended to read as follows: ". . . for all those able, willing, and seeking to work, to promote maximum employment, maximum production, and stability of the general price level."

INTERNATIONAL COOPERATION

There is much that we and other nations can do to restore the health of the international economy. The economic problems of one nation, as well as its policies for dealing with them, affect other nations. Governments thus have the responsibility not only to maintain healthy economies but also to formulate policies in a way that complements, rather than disrupts, the constructive efforts of others.

This is particularly true for major economic powers such as the United States. Our policies to reduce inflation and restore satisfactory growth are intended to contribute to the strengthening of the international economy. We intend, further, to work with others so that:

We can ensure secure and reasonably priced goods, particularly food and fuel, for all nations.

We can minimize national policy conflicts or distortions that direct resources away from their most productive uses.

We can provide early warning of potential shifts in supply and demand so that nations can avoid potential disruptions.

We can try to harmonize national efforts in such areas as conservation, investment and balance of payments management.

A small delegation led by Ambassador Eberle departed today for Canada, Europe and Japan to discuss the policies described herein and to explore how we can better address and resolve common problems in a mutually supportive fashion.

A cornerstone of our international efforts is the multilateral trade negotiation scheduled to begin this fall. Passage of the Trade Reform Act will provide the United States with an opportunity to help improve the international trading order and to ensure that United States interests are well served therein. Without this bill, the United States will be regarded abroad as lacking the tools or the interest to build multilateral solutions to pressing economic problems. With it, the United States can play a leadership role in negotiating guidelines to reduce distortions of trade and investment that force workers or farmers in one nation to pay for the economic policies of another nation. We can also work toward a multilateral system of safeguards that provide for temporary—but only temporary—limits on imports when there is a need for certain industries to adjust smoothly to economic shifts.

FOOD AND FIBER

Food prices are of major concern in our fight against inflation. Because of weather problems and heavy demands from around the world, food prices are anticipated to increase at an annual rate of 10 percent or more over the next 18 months. Only by expanding farm production, improving productivity, and containing foreign demand can we hope to reduce the rate of increase.

Increased production offers our brightest hope for combating inflation, and we are committed to a program of all-out food production. There are presently no government restrictions on planting of wheat, feed grains, soybeans and cotton (excluding extra-long-staple cotton). To remove restrictions on rice production, we support pending legislation, but with a noninflationary target price. In addition, new legislation, which we support, has just been introduced to remove restrictions on the production of peanuts and extra-long-staple cotton.

Farmers must be assured of adequate supplies of fertilizers and fuel. The Secretary of Agriculture has been directed to work with the interagency Fertilizer Task Force to establish a reporting system. Fuel will be allocated if necessary. Authority will be sought to allocate fertilizer, if that is needed. We will work with fertilizer companies to initiate voluntary efforts to reduce nonessential uses of fertilizer.

Over the past weekend the Federal Government initiated a voluntary program to monitor grain exports. We can and shall have adequate supplies at home, and through cooperation meet the needs of our trading partners abroad. A committee of the Economic Policy Board will be responsible for determining policy under this program. In addition, in order to better allocate our supplies for export, the President has asked that a provision be added to Public Law 480, under which we ship food to needy countries, to waive certain of the restrictions on shipments under that Act on national interest or humanitarian grounds.

The U.S. Department of Agriculture and the National Commission on Productivity have been directed to help reduce the cost of food by improving efficiency in the agricultural sector. The Department and the Council on Wage and Price Stability will review marketing orders to insure that they do not reduce food supplies. Government regulations will be examined to eliminate those that interfere with productivity in the food processing and distribution industries.

Upward pressure on U.S. food prices will be reduced by helping developing nations to become more self-sufficient. We will share our advanced agricultural technology and aid in the construction of new fertilizer plants. We will support food reserve and emergency food aid programs. We are also taking steps to assure that the burden of the current tight feed grain situation is equitably distributed.

While increased food supplies are the only effective weapon against higher food prices in the long run, it takes time to grow those supplies. We cannot expect to see immediate benefits from the initiatives outlined here. We can, however, be confident that policies to maximize food and fiber production and to restrain food price increases are being pursued vigorously.

ENERGY

I. General statement

Expensive petroleum from insecure foreign sources jeopardizes national security, increases worldwide inflation and places strains on the international financial system. Therefore, in order to reduce United States dependence upon foreign supplies of energy, the President has decided upon the following program to meet the current energy challenge.

The immediate objective is to reduce oil consumption one million barrels per day by the end of 1975 below what it would have otherwise been without affecting industrial output. This energy program calls for both mandatory and voluntary action.

If immediate reductions are not achieved through the energy program presented today, the President will seek more stringent means to insure that United States dependence is reduced.

II. Develop a new conservation policy

During the embargo last winter, Americans responded to energy conservation voluntarily. Now, though the crisis is less obvious, Americans must continue to apply voluntary restraint in the use of energy. As part of our continuing effort to conserve energy, the individual American and the American Industry and Government must think and act conservation, of not only energy but also resources and commodities that are used in our day to day life.

III. Specific program

A. Submit Legislation to Require Use of Coal and Nuclear for New Electric Power Generation and Conversion for Existing Plants

The Administration's policy is to eliminate oil and natural gas fired plants from the Nation's mainland baseloaded electric capacity where it is feasible to convert to coal or nuclear without endangering public health. A meeting of representatives from the utilities, the coal and nuclear industries, state regulatory commissions and the relevant Federal agencies will be called by FEA to establish within 90 days a schedule for phasing out enough oil-fired plants to save 1.0 million barrels per day and to provide a list of actions required to ensure that the schedule is met. Any legislation necessary to accomplish this goal will be submitted afterwards.

Relevant considerations inherent in such a program are as follows:

Potential for conversion

Existing oil and gas plants that are convertible, .75 MM b/d.

Future plants (before 1980) scheduled for oil or gas (30,000 MW), 1.0 MM b/d.

Total, 1.75 MM b/d.

(Goal (allowing for cases where conversions will not be attempted), 1.0 MM b/d.

Costs

A. Because future plants are in varying stages of planning and development, total cost of one million barrels per day conversion is not known.

B. However, report from utilities included in "existing plants" category above indicates that 750 thousand b/d conversion costs total $106 million. It should be noted that these costs are considerably lower than what it would cost to continue burning oil at current world prices.

Illustrative comparison of cost of using coal vs. oil (based on 1 million barrels/day)

Cost of coal equals $6 million (at $25 ton).

Cost of residual equals $12.0 million/day (at $12.00 barrel).

Savings equals $6.3 million/day or $2.2 billion/year.

There are approximately 500 coal fired units that will not meet state regulations as of June of next year. However, most of these could meet the primary air quality standards (i.e. standards to protect human health). These plants use 185 million tons (⅓ of the nation's total coal consumption) of coal per year. This program would allow these plants to continue to burn coal, thus easing additional pressure on oil supplies.

B. Defense Production Act

The Defense Production Act will be used selectively to ensure sufficient supplies of scarce materials needed for energy development projects. This Act was recently invoked to give priority to the delivery of supplies to expedite construction of the Trans-Alaskan pipeline terminal facilities.

C. Automobile Industry Must Develop Program for Gasoline Savings

During the past two sessions of Congress, legislation to require fuel saving on new automobiles has been considered. Pursuant to the Energy Supply and Environmental Coordination Act of 1974 a specific study of one aspect of this question is now underway. Unfortunately, the sum total of legislative requirements on automobile manufacturers has often caused confusion, additional cost to the consumer and unworkable deadlines. Therefore, the President is requesting the major automobile manufacturers to submit a five-year schedule of their plans to produce more efficient automobiles. Goals on efficiency for industry to meet will then be established. If necessary, the President will present legislation to the Congress for consideration.

D. Industry Must Conduct Energy Audit and Develop Savings Programs

During the last six months, it has been demonstrated time and again that individual companies can cut energy usage dramatically. Nationwide, the potential savings for all industries under a strict conservation program can be significant. The President has requested the Secretary of Commerce to develop energy use guidelines which will suggest ways for industry to use energy more efficiently. The Secretary will also report on energy savings in specific industries, and communicate that information to businessmen across the nation. In addition, the Commerce Department will monitor to determine areas of energy misuse within industry, and suggest alternatives to stop such waste.

E. More rigid compliance with the maximum speed limit of 55 miles per hour; suggest new traffic control measures

The 55 mile speed limit set by Congress earlier this year has saved at least 250,000 b/d of petroleum. The Administration will emphasize the importance of rigid enforcement of this limit by State and local law enforcement agencies. In addition, the President is directing the Secretary of Transportation to work with State officials to suggest additional traffic control measures for conserving gasoline.

F. Further Conservation Within Government

The effects of energy conservation efforts within government has been dramatic. Most agencies have far exceeded their goals. However, governmental conservation programs will be made stricter, and enforced more vigorously. As a top priority, a review will be made of all governmentally imposed impediments to energy conservation, in so far as they adversely affect the day-to-day programs of both the government and the private industry operations.

Specific actions mandated and underway, or to be taken:

Thermostats lowered to 68 degrees in the winter and raised to 78 degrees in the summer.

Lighting reduced in public buildings.

Speed limits on government vehicles reduced.

Cut backs ordered in the number of trips taken, including miles driven and miles flown.

Car pooling locators to be set up within metropolitan government bases.

Parking spaces to be allocated on a priority basis to car poolers.

Smaller automobiles to be purchased to replace larger cars.

Decorative lighting to be reduced.

Outside lighting to be reduced.

Voluntary Conservation Actions:

G. Reduce Energy Consumption in Commercial Buildings

The commercial sector of the economy accounts for almost 15% of our total energy use. Studies have shown that commercial energy requirements can be significantly reduced by improved efficiency measures, and by taking positive steps to reduce lighting, heating and air conditioning. A 10% reduction in this sector can save the equivalent of approximately 500,000 barrels of oil per day.

H. Reduce Energy Consumption in Residences

Residential consumption of energy accounts for approximately 20% of total energy use. Prudent use of heating and air conditioning, reduced usage of hot water, lighting and appliances, and improved home insulation has the potential for saving the equivalent of well over one million barrels of oil per day. These steps would also, of course significantly reduce energy costs for the consumer.

I. Reduce Gasoline Consumption

About one-third of all automobile travel consists of commuting to and from work. If the average number of passengers per commuter auto were to increase by one, a reduction in gasoline usage of well over 500,000 barrels per day could be achieved. The resulting lower consumption would also reduce the commuters out-of-pocket costs for high priced gasoline.

Regarding specific voluntary actions relating to (a), (b) and (c), the Administration will:

Encourage everyone to lower thermostats in the home in the winter and raise them in the summer.

Ask architects to design buildings with energy conservation in mind.

Ask motorists to keep cars tuned and maintain proper tire pressure.

Ask everyone to reduce temperature settings on hot water heaters.

Ask everyone to turn off pilot lights on furnaces in the summer.

Encourage everyone to use cold water for laundry.

Encourage the use of public transportation.

Urge an increase in the use of car pools.

Urge reduction in use of nonessential home appliances.

Urge reduced use of stoves, refrigerators, televisions, electric lights, washing machines.

Encourage home owners to insulate and install storm windows.

Urge turning off outside gas lights.

Urge measures to increase the load factor on airline flights.

J. Request State and Federal Regulatory Authorities to Eliminate Rate Schedules Which Encourage Excessive Energy Consumption

The utility industry, under both state and federal regulations, have often developed rate structures that encourage increased energy consumption. Regulatory authorities should seek to design rate structures that encourage maximum energy conservation, promote use of generation capacity in off-peak periods, and only charge individual categories of users the cost of the power they actually consume.

K. Natural Gas Supply Act

Natural gas is an invaluable source of clean, environmentally sound energy. For fifteen years, the Federal Power Commission has controlled and kept low its wellhead price, and thus reduced incentives to the development of new domestic supplies. In 1957, new discoveries of natural gas totalled approximately 22 trillion cubic feet. By 1972 this had fallen to less than three trillion cubic feet. In 1955 the U. S. had a 22.5 year supply of gas reserves, and in 1972 only 10.7 years.

The nation is now importing foreign liquefied gas (LNG) at prices three times controlled domestic price. The nation faces continued and increasing rates of curtailment of gas being supplied to current users, including gas for agricultural production.

The only real solution to the supply problem lies in deregulation of new gas, so as to stimulate production.

Legislation to achieve this result has long been stalled in the Congress. This logjam must be broken, so that domestic gas reserves may be identified and brought into production as quickly as possible.

L. Naval Petroleum Reserves—Permit Maximum Production From Reserve #1 (Elk Hills) and Implement Full Scale Exploration and Development of Production Capability of Reserve #4 (Alaska)

At the present time, two Naval Petroleum Reserves, Elk Hills, California (NPR #1), and NPR #4 in Alaska, could, if fully developed, provide significant production capability. Elk Hills is about 50% developed but needs further development to place it in a state of readiness. It is estimated that production capability of 160,000 barrels per day could be achieved within two months, with the long term maximum efficient rate of production at about 267,000 barrels per day. The estimated potential of NPR #1 runs as high as 1.7 billion barrels. The vast tract in Alaska, NPR #4, is largely unexplored but offers a significant potential for development. Recoverable reserves are estimated to be as much as 30 billion barrels.

The statutory authority for the naval petroleum reserves, and oil shale is included in Chapter 641, Title 10, U.S. Code. Key provisions in the authority provide that the reserves shall be used and operated for:

(1) The protection, conservation, maintenance and testing of the reserves.

(2) The production of petroleum, gas, oil shale or products thereof, whenever and to the extent the Secretary of the Navy, with the approval of the President, finds that it is needed for national defense and production is authorized by a joint resolution of Congress.

The President is directing the Secretaries of Defense, Navy and Interior, within the next 90 days, to develop proposals (including any needed legislation) directed toward the exploration and development of NPR #4 as rapidly as possible.

M. Clean Air Act

The Clean Air Act Amendments of 1970 represent a landmark in our progress toward environmental protection, and definite progress is being made in cleaning up the Nation's air.

The Act describes very stringent guidelines for compliance by mobile and stationary sources. Many of these goals are achievable as drafted. In some cases, however, more flexibility is needed to achieve the objectives of the Act and to allow use of coal, the nation's most abundant domestic energy source. The amendments that have been transmitted to the Congress by the Administration would provide this needed flexibility to effectively respond to the nation's energy problems without jeopardizing the Act's health related requirements. Passage of all of these amendments will not diminish continuing efforts for a cleaner environment.

N. Surface Mining

Coal is the nation's most abundant and available energy resource. The Administration has proposed and long supported surface mining legislation that would allow continued and accelerated development of domestic coal reserves with appropriate protection of environment values.

Severe problems still remain with some of the provisions of the legislation which has passed both houses of the Congress. Its enactment as now drafted could involve not only serious production losses but inflationary cost impacts throughout the entire economy.

Secretary Morton and his staff have been working closely with the committee to resolve the most important of these problems, including surface owner protection provisions, funding absolute prohibitions of mining in certain areas, unnecessarily broad statements of purposes, and provisions for multiple litigation that could delay or halt ongoing production efforts.

O. Nuclear Plant Licensing Bill

The 9–10 years now required to bring nuclear power plants on line must be reduced. Towards this end, Congress should pass the Nuclear Plant Licensing Bill which will expedite licensing and construction power costs, and accelerate U.S. enerbgy self-sufficiency.

P. Windfall Profits Tax

Since 1973, the prices that may be charged for domestic crude oil production have been strictly controlled by the Cost of Living Council and the Federal Energy Administration (formerly the Federal Energy Office).

Various measures are available to stimulate production from our existing fields by adjusting these controls. Such adjustments are needed on a priority basis, but they could generate sudden profit increases for companies producing oil.

The Administration has proposed a windfall profits tax that would cushion this shock and reduce such profits, and this requires prompt action by the Congress. Expeditious enactment of this tax measure is necessary to maximize production without undue enrichment of the industry.

Q. Deepwater Port Facilities Act

Pending legislation would authorize the Federal Government to grant permits for the construction and operation of offshore oil terminal facilities. Such facilities would allow imported oil to be transported more safely and economically on very large crude carriers, and reduce tanker traffic in the nation's already overcrowded harbors. It would encourage the construction of domestic refineries and thus lessen U.S. dependence on imported products from foreign refineries. An extensive environmental impact statement already prepared indicates that the amount of oil spilled in the nation's harbors and coastal regions will be reduced by these facilities.

R. Energy Research and Development Administration, ERDA

The President is urging to complete consideration of legislation to create ERDA before the recess. ERDA's mission will be to develop technologies for efficiently using fossil, nuclear and advanced energy sources to meet growing needs and in a manner consistent with sound environmental and safety practices. The agency will have responsibility for policy formulation, strategy development, planning, management, conduct of the energy R&D and for working with industry to assure that promising new technologies can be developed and applied.

S. Accelerate Oil Leasing of Federal Lands on the Outer Continental Shelf

Prospects for large, new discoveries of onshore oil and gas deposits in the lower 48 states are small. For this reason, leasing of the Federal OCS must be greatly accelerated with a target of ten million acreas annually in 1975. This is an amount 5-times larger than the 2 million acres expected to be leased during 1973. To sustain this schedule it will be necessary to lease frontier areas off Alaska, California and the Atlantic coast. The accelerated leasing program will comply with all provisions of the National Environmental Policy Act, and every step will be taken to insure that development will be carried out under environmentally sound conditions. The President has directed the Secretary of Interior to meet with coastal state officials to establish the program needed to rapidly develop Outer Continental Shelf resources.

T. Incentives to Secondary and Tertiary Production

Under current technology, 65 billion barrels of oil would be left in the ground in known reservoirs. Some existing price controls have a tendency to discourage increased production from existing oil fields, especially declining fields. The President has directed the adjustment of these controls so as to maximize incentives to use secondary and tertiary production methods in such cases.

U. Coal Leasing of Federal Lands

The government intends to complete steps to resume leasing of federal lands in 1975 to develop the vast coal resources underlying these lands. Increased world oil prices have forced the nation to look to alternative supplies of energy. The nation's most plentiful resource is coal, with over 1.5 trillion tons beneath the surface of America; public lands alone contain 200 billion tons. The President has directed Secretary of the Interior Rogers C. B. Morton to complete the requisite environmental impact statements and move to establish a program for leasing coal on Federal lands in 1975 that will insure the availability of this resource when needed for immediate production.

V. Leasing Public Lands for Oil Shale and Geothermal Development

Early this year, the government leased 18 tracts in known geothermal areas. Ten of these tracts, located in the Geysers Field of Northern California, can supplement efforts on private lands that have already proven to be of commercial value. The remaining tracts, in the Imperial Valley of California, offer a testing opportunity—tapping hot, mineralized water for commercial use as an energy source.

Early this year, four oil shale tracts were leased in Colorado and Utah which are expected to be of commercial value. Developmental work, already underway, will assess the economic and environmental feasibility of exploiting this vast oil shale resource—estimated as containing 400 billion barrels of oil in the western United States.

The Administration will immediately re-evaluate the government's oil shale and geothermal leasing programs with a view toward encouraging more rapid development of these resources.

W. Completion of Plans to Bring Alaskan Gas to Market

Exploration and development of natural gas in Alaska is moving very rapidly. By next year, the basic information will be available to determine whether Alaskan gas should be brought to the U.S. via a pipeline across Alaska or a pipeline across Alaska and through Canada. In response to a congressional mandate, environmental and economic analysis for each alternative is under way, and should be completed early next year. With the completion of these studies and plans, the President will determine whether and what legislation is needed to expedite access to this large source of environmentally clean energy.

INCREASING THE PRODUCTIVE CAPACITY OF THE ECONOMY

In the long run, the answer to inflation is an economy with sufficient productive capacity to meet the demands of its people. This growth can be accomplished in three interrelated ways: First, through a better-trained, better-motivated and healthier work force. Second, through a larger and more productive stock of plant and equipment. Third, through an increase in the operational efficiency of workers and their equipment—in short, by working smarter.

Increasing investment

To accelerate the growth of capital investment, the President is calling for an increase in and a restructuring of the investment tax credit. The credit will be increased from 7 to 10 percent; for utilities the increase is from 4 to 10 percent. The restructuring of the credit will eliminate existing restrictions that now limit the incentive value of the credit and that discriminate unfairly between types of taxpayers and investments that qualify for the credit. (See Tax Proposals.)

Strengthening the capital markets

The financial markets are the centerpiece of our economic system. Healthy and freely functioning markets to bring together savers and investors are crucial to the expansion of the nation's plant and equipment, which in turn is essential to the creation of new jobs and also to the growth of productivity that permits a rise in our standard of living. Every American has a vital stake in the vitality of our financial markets.

The most important thing that we can do to restore the glow of health to our capital markets is to get control of inflation. A rapidly rising price level is the bitter enemy of savings and investment.

As part of this anti-inflation effort, we will take a step that will also have, of itself, a direct beneficial impact on our financial markets. That step is to move toward a balanced budget, and to end the drain that past deficits have made on our capital markets. This would mean that more of the savings generated by our private economy could be used for new productive investment.

And in this context, we must also take account of the demands of the off-budget agencies of the Federal Government, and Federal credit guarantees (for housing, student loans, etc.) as well.

We must create a better environment in the financial markets for equity capital. In recent years, corporations have been unable to raise adequate new equity capital. They have been adding heavily to their debt, however, and as a result the capital structure of business has been getting out of balance, with too much debt and too little equity. This is especially true for our electric utilities.

As a contribution toward the solution to this problem and also to improve the health of our financial markets and to encourage investment, the President has proopsed tax legislation to provide that dividends paid on qualified preferred stock be allowed as a deduction to the paying corporation.

The Administration also supports strongly the Finnancial Institutions Act of 1973 (see Thrift Institutions), and the securities reform legislation pending in Congress that would authorize the Securities and Exchange Commission to establish a national market system for securities transactions. We are also working with the Congress to revise the treatment of capital gains and losses in such a way as to increase efficiency in the flow of capital.

In addition, we support pending legislation to eliminate the withholding tax on interest and dividend income accruing to foreign holders of U.S. securities. Elimination of this would stimulate a larger flow of funds to capital markets in the United States.

CREDIT ALLOCATION

An issue that has been widely debated in recent years is whether or not the Federal Government should intervene directly into the financial markets to require banks and other credit institutions to make more loans for socially desirable purposes and less for "unproductive" purposes. In our view, allocation of credit by the Federal Government would be highly undesirable. There is no basis for believing that the Government could in fact allocate credit in a way that was acceptable to the American people.

However, the Federal Advisory Council, a statutory body that advises the Federal Reserve Board, has suggested constructive guidelines for credit extension by the banks on a voluntary basis. The Federal Reserve Board has endorsed these guidelines, and expects compliance by the banks.

ANTITRUST

The elimination of outmoded government regulation must of course be accompanied by dedicated and vigorous enforcement of the antitrust laws. Violation of these laws is a serious crime. Only through maintenance of vigorous competition can we realize the benefits of less regulation. Our efforts must be strengthened. We will focus particularly on more effective enforcement of the laws against price fixing and bid rigging. These types of activities which increase prices substantially cannot be permitted.

Illegal fee schedules in the professions and in real estate closings must also be eliminated. Such conduct will be prosecuted to the full extent of the law.

To support this intensified enforcement effort, the President has asked for legislative enactments in two areas. First, we must increase the penalties associated with antitrust violations—for corporations the maximum fine should be increased from $50,000 to $1 million while for individuals it should be increased from $50,000 to $100,000. Second, we must strengthen the investigation powers of the Antitrust Division of the Department of Justice. This can be accomplished by speedy passage of the Administration's legislation now pending before the Congress that would amend the Antitrust Civil Process Act, and to provide laws which would give enforcement agencies greater capability to detect bid rigging.

GOVERNMENT REGULATION

The Federal Government imposes many hidden and inflationary costs on our economy. Laws and regulations have been put into effect with little concern for the underlying costs. These billions of dollars of increased costs are passed on to American consumers in the form of higher prices. A broad program will be undertaken to attack this problem and to identify opportunities for change. These proposals could save billions of dollars, which could then be devoted to more productive investments. They would also reduce the visibility and impact of government on the American people.

The Council on Wage and Price Stability will act as a continuing watchdog on the inflationary actions of the Executive Departments and agencies to uncover laws and regulations that raise costs and stifle economic flexibility and initiative. We need to eliminate or alter many restrictive practices of the Federal Government in areas such as transportation, labor and agriculture—practices that unnecessarily increase the overall costs of goods and services. Both the Conference on Inflation and the Joint Economic Committee recommendations support this approach. The Council will devote a very substantial part of its effort to this function.

National Commission on Regulatory Reform

The independent regulatory commissions, through their broad policy determinations and individual case decisions, create a body of regulatory policy separate and apart from that of the rest of the Executive Branch. The President will submit legislation to create National Commission on Regulatory Reform to examine the policies, practices and procedures of these Agencies and develop appropriate legislative and administrative recommendations. Its membership should include Executive Branch, Congressional, and private sector representation.

Inflation and job impact statement

The President will require all executive agencies to develop Inflation Impact Statements to assess the inflationary consequences of major legislation or regulations prior to the agency taking action. Such an impact statement would sensitize government decision-makers to the broader consequences of government activities, and to the tradeoff of costs versus benefits in government programs.

The President recommends that the Congress set a similar requirement for itself. The proposed Commission on Regulatory Reform should examine the feasibility of legislation requiring independent regulatory agencies to do a similar preanalysis of their actions.

Speedier adjudication and proceedings

New approaches are required to eliminate the interminable delays often created before regulatory matters are resolved. The courts and the independent regulatories are urged to develop new approaches to assure prompt resolution of pending matters. The Executive Branch will undertake a similar effort.

States and local governments

Other governmental units are urged to undertake a similar broad program to bring under control the inflationary influence of government at all levels.

Enactment of pending legislation

There are several important pieces of legislation now pending before Congress, whose enactment would help to reduce the burdens now imposed on the economy by government activities. These include the Surface Transportation Act, the Financial Institutions Act, Trade Reform, and the creation of a Paper Work Commission to review the administrative "bookkeeping" requirements levied by government on the private sector, Congress is urged to move swifty to enact these measures.

COUNCIL ON WAGE AND PRICE STABILITY

The Council on Wage and Price Stability will devote primary emphasis to two functions: First, it will act as a watchdog on the actions of the Executive Departments and Agencies of the Government that raise costs and impede competition. It will recommend needed changes in administrative procedures, and changes in legislation where necessary, to correct these practices.

Second, it will monitor wage and price movements in the private sector. In general, the Council will carry out this function by seeking the full, voluntary cooperation of labor, industry, and the public to solve problems of mutual concern. The Council will cooperate fully with the President's new Labor-Management Committee. In addition, the Council has the power to conduct public hearings and intends to use it to explore the justification for price and wage increases, as appropriate.

Among other duties the Council on Wage

and Price Stability will work with the Cabinent Committee on Food and the Interagency Fertilizer Task Force. Also, in dealing with specific sectors in which price pressures are particularly virulent, efforts will have to be concentrated on food, energy, construction, medical care and primary industrial capacity.

The Council, however, will not be a wage and price control agency. Controls do *not* stop inflation; they did not do so the last time around nor even in World War II when prices increased despite severe rationing.

Indeed, controls can make inflation worse. They often create shortages, hamper increased production, stifle growth and cause unemployment. Ultimately, they can cause the fixer and black marketeer to flourish while decent citizens confront empty shelves and long waiting lines.

NATIONAL COMMISSION ON PRODUCTIVITY

Increased productivity—working smarter to increase the total economic output of our work force and equipment—is a vital component of the drive to increase production. This long-term goal will be pursued by a revitalized National Commission on Productivity. The Commission will also extend and deepen the drive to increase productivity in government—Federal, state and local. It is important that government set a good example of leadership in this effort, and we may be sure that there is no shortage of opportunity for productivity in the operations of government. The rest of its effort will be in the private sector, with primary emphasis on meaningful programs at the plant level. Special attention will be devoted to food, transportation, construction and health-services.

EMPLOYMENT ASSISTANCE

Increases in unemployment have raised the Nation's unemployment rate to 5.8 percent in September. During this period of high inflation and unemployment, there is a need for Federal standby authority with minimal inflationay impact, which will help alleviate the impact of unemployment should unemployment rates rise. Such action is necessary to help alleviate unemployment problems in areas most affected and to assure that the impact of inflation does not unduly burden those workers least able to bear the costs.

The National Employment Assistance Act of 1974 would respond to these needs by authorizing, during the next 18-month period two programs which would begin to operate should the national unemployment rate average 6 percent or more for 3 months:

(1) A temporary program of income replacement known as the Special Unemployment Assistance Program for experienced unemployed workers in areas of high unemployment who have exhausted all other unemployment compensation or who are not eligible for such compensation; and

(2) A program of employment projects for these same areas, known as the Community Improvement Program.

While the primary purpose of the two programs is to alleviate the hardships of unemployment upon individuals, it will also alleviate the adverse impact on those local economies hardest hit by unemployment.

The unemployment assistance benefits serve to cushion the effects of protracted unemployment by providing additional income replacement to workers who have either exhausted their regular unemployment compensation benefits or to individuals with a demonstrated labor force attachment not otherwise eligible for unemployment insurance benefits. Not only does this replace lost income, but it provides workers with the time and opportunity to look for work consistent with their skills and experience.

The table below shows funds and services now available under Unemployment Compensation laws and the Comprehensive Employment and Training Act (CETA). It also indicates how much would become available over a twelve month period for current unemployment programs, and for the two new proposed programs, at average national unemployment levels of 6 percent and 6.5 percent. Title II of the National Employment Assistance Act would make a further $1 billion available if national unemployment exceeded 7 percent on average for three months or more.

	5.8 percent	6 percent	6.5 percent
CETA public service jobs:			
Funds (millions)	$1,015	$1,015	$1,015
Jobs	170,000	170,000	170,000
CETA other training and employment:			
Funds (millions)	$1,700	$1,700	$1,700
Man-years	380,000	380,000	380,000
Unemployment benefits (current law) (millions):			
Payments	$7,775	$8,145	$9,065
Beneficiaries	7.9	8.2 (annual rate)	9.2
National Employment Assistance Act:			
Special unemployment benefits (millions):			
Payments		$2,120	$2,550
Beneficiaries		$2.73	$3.31
UI exhaustees		($.83)	($1.05)
Previously ineligible		($1.9)	($2.26)
Community improvement projects:			
Funds (millions)		$500	$1,250
Man-years of employment		83,000	208,000

The initiation of temporary projects by State and local governments is perhaps the least inflationary way of providing jobs for unemployed workers. Jobs provided by these projects help to cushion the loss of income due to unemployment, while enabling State and local governments to provide their citizens with a socially useful product.

Because projects under this program will be generated in and geared to areas with high unemployment in which there exists a substantial amount of available manpower, there should be little or no adverse impact on the regular labor market. There is a limit of $7,000 a year for jobs authorized by this program and therefore the average wages will be considerably less than those earned in the private sector. Most workers will obtain private jobs as the economy grows.

The added cost of Community Improvement Projects may be offset somewhat by reduced demand for food stamps and welfare payments, and by some increase in tax receipts from employees in these projects.

Basic funding provisions of the National Employment Assistance Act

Funds for both the Special Unemployment Assistance Program and the Community Improvement Program become available when the national unemployment rate reaches 6.0 percent on average for three consecutive months. For the Special Unemployment Assistance Program, such funds as are necessary are authorized if unemployment is above this level. For Community Improvement Program, successive increments of funds are authorized if the national unemployment level reaches, for three consecutive months an average of:

6.0 percent—$500 million dollars authorized;

6.5 percent—another $750 million dollars authorized; and

7.0 percent—an additional one billion dollars authorized.

When the national unemployment rate recedes below these respective levels for three consecutive months on average, Federal funds for new projects will cease.

Eighty percent of the available funds for Community Improvement Projects will be distributed by formula among eligible applicants based on (1) the relative number of unemployed residing in areas of substantial unemployment within their jurisdictions, and (2) the severity of unemployment; 20 percent would be expended at the discretion of the Secretary, principally to finance projects in areas which become eligible after the formula distribution is made.

The local labor market area—and balance of State—unemployment rates determine the communities in which both programs will be operating. Both programs are directed to those areas in which unemployment is highest. Both programs come into effect in a labor market area, with a population of 250,000 or more, when it has an unemployment rate equal to or in excess of 6.5 percent for three months on average. The balance of each State not included in such areas will constitute a single area in which the programs will become effective subject to the same unemployment rate criterion. When the local unemployment level recedes below 6.5 percent on average for three consecutive months no new individuals become eligible and no new projects may be started.

Special unemployment assistance program

This new temporary unemployment assistance program will be separate from but supplemental to the existing Federal-State Unemployment Insurance (UI) System, and is designed to extend coverage to experienced persons in the labor force who have exhausted their UI benefits or are otherwise ineligible for such benefits. The program would be operated through agreements with the States. All experienced members of the workforce will be eligible for benefits as follows:

They must have last worked in a labor market area (or balance of State area) with substantial unemployment.

Benefits will be governed by benefit provisions of each State UI law.

Individuals who had exhausted their benefits under State UI programs will be eligible for a maximum of 13 weeks benefits.

Individuals who were not previously eligible for State UI benefits will be eligible for a maximum of 26 weeks provided that they have attachment to labor force as required by the relevant State UI law.

Benefits for UI ineligibles will generally be the amount that would be payable as computed under State law if all work was performed for covered employers.

No new beneficiaries would be eligible after June 30, 1976.

Community improvement program

New program is structured so that as the national employment rate rises, more money is available for community improvement projects.

Projects are limited to areas eligible for the Special Unemployment Assistance Program.

Eligible applicants are prime sponsors under the Comprehensive Employment and Training Act, in areas that qualify.

Projects may be with State or local government agencies.

Each Community Improvement project is limited to 6 months duration.

Not more than 10 percent of a sponsor's funds may be used for administrative costs, supplies, material, and equipment.

Individuals eligible for employment on these projects are those who have exhausted their benefits under the Special Unemployment Assistance Program.

Wages paid project employees must be at least the minimum wage under the Fair Labor Standards Act, or the State or local minimum wage, whichever is higher; however, in no case may the wage exceed an annual rate of $7,000. State or local governments may not supplement wages with their own funds.

Prohibitions against political activities and discrimination apply to the program.

The Community Improvement Program will provide funding for projects such as conservation, maintenance, or restoration of natural resources, community beautification, anti-pollution and environmental quality efforts, economic development and the improvement and expansion of health, education, and recreation services and such other services which contribute to the community.

INTERIM HOUSING AID

President Ford proposed extending, on a temporary basis, the advantages offered by the Government National Mortgage Association (GNMA or Ginnie Mae) to mortgages which are not Federal Housing Administration (FHA) insured or Veterans Administration (VA) guaranteed—so called "conventional" mortgages. Three billion dollars—an amount sufficient to finance about 100,000 new homes—would be available. The proposed program will be in addition to the over $19 billion of Federal funds that have been made available over the past year for the purchase of mortgages to supplement the buying power of hard-pressed thrift institutions.

GNMA currently aids in creating a supply of credit for mortgages on new homes insured by FHA or guaranteed by VA—about 20% of the total mortgages—at reasonable interest rates by:

Assuring, through commitments in advance, purchase of mortgages at a pre-determined price.

Subsidizing market interest rates to lower levels in the event interest rates do not fall after commitments are made.

Guaranteeing, on a "full faith and credit basis," obligations secured by such mortgages.

Housing industry situation critical

Over the past 22 months;

Housing starts have dropped from 2.51 million units to 1.13 million units.

Unemployment in the construction industry is 12.4 percent and climbing, with almost a half million construction workers now unemployed.

Many homebuilders are in financial difficulty.

President Ford's proposal for interim housing aid

By making conventional mortgages on new homes eligible for purchase by GNMA, builders and homebuyers will be assisted where home mortgage credit is scarce or nonexistent.

1. Level of commitments. Aggregate amount of commitments and mortgages which GNMA could hold at any time, i.e. have purchased and not resold, could not exceed $7.75 billion. A program of $3 billion of mortgage commitments, or enough to finance about 100,000 new homes, is contemplated. The precise amount would be determined on the basis of market conditions at the time the new authority becomes law, and additional programs would be activated as circumstances require.

2. Mortgage amounts, discounts, interest rates, and downpayment requirements. Subject to Congressional approval the program would provide for a maximum mortgage amount of $45,000. The effective interest rate would be determined on the basis of market conditions at the time the program went into effect and would be somewhat above the rate offered on GNMA tandem programs for FHA/VA mortgages—presently 8¾%. Twenty percent downpayments would be required with an exception for down to 5% downpayments if the additional mortgage amount is covered by a qualified private mortgage insurance contract so as to minimize cost of mortgagor defaults.

3. GNMA disposition of conventional mortgages. Following the precedent of existing law, GNMA could, depending upon market or other factors, sell mortgages to the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC), sell mortgages or commitments with provision for pooling by FNMA or FHLMC or other approved issuers and sale by such issuers of GNMA-guaranteed "pass through" securities or bond type securities on the market or to the Federal Financing Bank or sell guaranteed "pass through" securities to the Federal Financing Bank.

4. Cost and budget implications. Any subsidy would be paid out of corporate funds and ultimately from Treasury borrowing. Dollar amount of mortgages purchased would not be excluded from budget authority, but would appear as outlays in any fiscal year only to the extent they are not offset by sales that year. Assuming (i) all mortgages purchased in a given fiscal year were sold in that year, (ii) a face interest rate of 9¼%, (iii) no discount points on GNMA purchase and (iv) an average market rate at time of GNMA sale of 10%, the budget outlays per each billion dollars of mortgages would be about $50 million.

PUBLIC UTILITIES

The problems of our public utilities are extremely serious. More than anything, they are suffering from the effects of inflation—in particular the explosion in oil prices but also from high interest rates. Their inability to raise all the capital they need is forcing them to reduce construction plans, which causes unemployment today and the real threat of brown-outs tomorrow.

The most fundamental part of the solution to these problems is for increases in the cost of electricity, reflecting high prices for fuel, to be paid by the consumers. This means higher rates, as painful as they are.

In the past, the utilities industry has developed rate structures that encourage excessive energy consumption. These promotional rates are often at lower levels than the cost of the energy provided, and thus give a perverse incentive at a time when conservation is our goal. Regulatory authorities should eliminate such rate schedules promptly.

While the Federal Government will not pre-empt the regulatory functions of the States, the States must meet their responsibilities fully.

In addition, the restructuring of the investment tax credit and its increase from 4 percent to 10 percent for the utilities (the same as for businesses generally) will assist these companies in overcoming their financial problems. The new proposal that dividends paid on qualified preferred stock also be allowed as a deduction to the paying corporation will also help the utilities improve their capital structure, and energy conservation measures, mandatory and voluntary, will hold down future financing requirements of utilities.

THRIFT INSTITUTIONS

Our savings institutions are another victim of the twin scourges of high inflation and high interest rates. To correct this situation, we must bring inflation down. However, we must also provide the means for the thrift industry to restructure itself—to give these institutions the ability to compete on an equal basis in the financial markets and to operate effectively under all interest-rate conditions. To this end, we urge prompt passage of the Financial Institutions Act of 1973.

The Act will reduce the structural differences between commercial banks and thrift institutions, primarily by permitting the thrift institutions to engage in additional deposit and credit activities. Passage of this Act would provide a broader range of financial services for consumers and a higher rate of return for savers. It would improve income and liquidity in the thrift institutions. The Act also contains provisions that will improve and support the mortgage market.

In addition, we support the proposals now under consideration in both the House and Senate to increase Federal insurance on private deposits. We recommend an increase from $20,000 to $50,000. Such an increase will reinforce public confidence in our financial system.

THE BUDGET

Control of the Federal Budget is a vital component of our anti-inflation efforts. Reducing the fiscal 1975 budget is the first step in reducing the powerful momentum of our rapidly climbing Federal budget and thereby gaining the spending control so necessary for 1976 and beyond. And this extended budget control will substantially reduce inflation over the longer term.

This should not suggest that budget control has no short-run benefits. Quite the contrary. A reduction in the deficit for fiscal 1975 would reduce pressures in the financial markets, lower interest rates and provide more credit for housing and other new capital investment. It would mean that monetary policy would not have to bear the full burden of economic policy restraint. And it would reduce inflationary expectations by demonstrating convincingly that the Federal government is putting its own financial house in order.

Our program for fiscal discipline has elements on both sides of the budget. On the revenue side we have proposed a tax surcharge on high-income taxpayers and corporations. The increased revenues from the surcharge will pay for the additional unemployment insurance, the Community Improvement Program, the increased and restructured investment tax credit and the revised tax status of preferred stock dividends.

On the expenditure side, the President has reaffirmed his intention to hold budget outlays for fiscal 1975 to below $300 billion. Cutbacks of over $5 billion will be needed to reach the goal. We are already in the fourth month of the fiscal year; thus reductions of the amount required will be difficult to obtain. There is need for rapid action, and the Congress and Executive together will need to work together quickly and effectively to put expenditures on a long-term track that is consistent with the productive capacity of the American economy and with what the American people are willing to pay for.

The President has asked the Congress to enact a bill setting a spending target for fiscal year 1975 of less than $300 billion. In establishing that target, the bill outlines a plan for developing a set of actions that would result in the necessary spending reductions of FY 1975. These actions would be transmitted to Congress for its consideration when it returns in November. The actions to hold down spending will concentrate on those programs that serve special interests, create inequities, or are less essential at this time when fiscal discipline is so important. Concurrence of the Congress in these proposals before the beginning of calendar year 1975 is essential if the $300 billion target is to be achieved.

The Administration together with the Congress have already begun to take action on this outlay control program in national defense activities. The Congress has passed, and the President has signed, a defense appropriation bill that will reduce defense outlays in FY 1975 by about $2 billion. This is the largest single cut we will be making and is a good start toward the $300 billion goal.

The remainder of the necessary outlay control plan will be carried out in the fullest spirit of cooperation with the Congress. Rapid consideration by the Congress of legislative proposals and budget rescissions and deferrals under the Congressional Budget and Impoundment Control Act of 1974 will be essential if we are to meet our goal. Only through the most careful consultation with the Congress can we succeed. We must achieve a mutual understanding of the best ways to hold down the budget.

We also have to improve the content of the budget. As now stated, the budget—because it does not adequately show the impact of the Government's credit program—does not present to the American people a complete picture of Federal activities and their effect on the economy. The Federally sponsored credit agencies and the many guarantee programs must be brought into the budget more directly.

The table below shows the estimated impact on budget expenditures and receipts of the proposals in this message.

BUDGET IMPACT

[In billions of dollars]

	Fiscal year—	
	1975	1976
NEW PROPOSALS		
Additional revenues:		
Tax surcharge:		
Corporations	+0.6	+1.5
High-income individuals	+1.0	+1.6
Revenue losses:		
Employment assistance [1]	−.1	−1.3
Housing program	−.1	−.1
Investment tax credit:		
Individuals	−.1	−.5
Corporations	−.7	−2.0
Preferred stock dividends		−.1
Net impact	+.6	−.9
PENDING TAX REFORM BILL		
Pending tax reform:		
Increased oil taxes	+1.3	+2.2
Closing loopholes [2]	+.1	+.8
Simplification		−.4
Other tax reform	−1.0	−.2
Low-income relief	−.9	−1.6
Recommended addition		−.4
Net impact	−.5	+.4
Budget impact of new and pending proposals	+.1	−.5

[1] For fiscal 1975, this assumes that a 6 percent unemployment rate triggers the program into effect on Mar. 1, 1975. Note, however, that the total expenditures for this program in fiscal 1975 will be $900,000,000; $800,000,000 is already included in earlier budget estimates. For fiscal 1976, this assumes that the unemployment rate falls below 6 percent and thus triggers an end to payments as of Dec. 31, 1975.

[2] Minimum tax on income and limitation on accounting losses.

Note: In addition to the above items, new expenditure deferrals and recissions will be proposed to hold fiscal 1975 expenditures below $300,000,000,000.

TAX PROPOSALS

Surcharge

1. Corporations

A 5 percent corporate tax surcharge will be imposed effective January 1, 1975, and continuing through December 1975. The surcharge will be computed by multiplying the corporate tax (before credits against tax, but including the additional tax for tax preferences) by 5 percent. For corporations with taxable years ending in 1975 or beginning in 1975 and ending after 1975, the surcharge will be computed on a pro rata basis according to the number of days of the taxable year in 1975.

2. Individuals

A 5 percent individual tax surcharge will also be imposed for 1975 on income tax liabilities attributable to income above an upper threshold.

In general, the proposal is designed to exclude from surcharge families with adjusted gross incomes below $15,000 and single persons with adjusted gross incomes below $7,500. However, because income tax liabilities are based on "taxable income" rather than "adjusted gross income," it is necessary to translate, on some average basis, the $15,000 and $7,500 into comparable "taxable income" figures. That was done as follows:

	Families	*Single persons*
Adjusted gross income	$15,000	$7,500
Standard deduction	−2,000	−1,300
Exemptions (assuming 4 for families, 1 for single person	−3,000	−750
	$10,000	$5,450

Thus, the surcharge will be expressed technically as a surcharge on tax liabilities attributable to that portion of the taxpayer's "taxable income" in excess of the $10,000 or $5,450, as the case may be. Not all taxpayers have the same deductions and exemptions as those assumed above. For example, there will be married taxpayers with more exemptions and deductions than those assumed, who will pay no surcharge even though their adjusted gross incomes are somewhat greater than $15,000. Conversely, some with fewer exemptions may pay surtax even though their adjusted gross incomes are somewhat less than $15,000.

The computation is straightforward. The taxpayer (1) computes his regular tax, (2) subtracts from that the amount of tax applicable to either his $10,000 or his $5,450 exemption, and (3) then multiplies the balance by 5 percent. For example, a family of four filing a joint return and having $20,000 of taxable income would calculate a regular tax of $4,380 and subtract from that $1,820 (the tax on the first $10,000) to arrive at $2,560 which is subject to the 5 percent surcharge of $128. A single person with $10,000 of taxable income would calculate a regular tax of $2,090 and subtract from that $994.50 (the tax on the first $5,450) to arrive at $1,095.50, which is subject to the 5 percent surcharge of $54.78.

Investment Tax Credit

The proposal to change the investment tax credit has three principal parts: (1) the elimination of existing limitations and restrictions on the credit which tend to discriminate unfairly between the types of taxpayers and investments which qualify for the credit, (2) an increase in the rate of the present credit from 7 percent to 10 percent, and (3) making the credit a reduction in basis for depreciation purposes.

1. Present law

An amount equal to 7 percent of the cost of qualifying property (generally, tangible personal property used in a trade or business) may be offset directly against income tax liability, with the following limitations based on the expected useful life of the property:

Useful Life	*Percent of cost of property qualifying for credit*
0–3 years	0
3–5 years	33–1/3
5–7 years	66–2/3
7 years and over	100

Public utility property qualifies for only a 4 percent credit (The Ways and Means Committee has tentatively decided to remove this limitation).

The maximum credit which may be claimed in a taxable year is limited to $25,000 plus one-half of the excess of tax liability over $25,000.

Excess credits (limited by the above provision) may generally be carried back three taxable years and forward seven taxable years, after which they expire if still unused.

2. Proposed Changes

Increase the rate from 7 percent to 10 percent. This will increase cash flow for all companies in the immediate future. It will be offset in future years by lesser depreciation deductions.

Eliminate the limitations based on useful life so that all property with a life in excess of three years will qualify for the full credit.

Eliminate the discrimination against public utility property so that it will qualify for the full rate and otherwise be treated the same as other qualifying property.

Replace the present limit on the maximum credit which may be claimed with eventual full refundability for the excess of credits over tax liability. Credits in excess of the present limitations may be carried back three years and then to the succeeding three years to offset tax liability, after which time any remaining excess credits will be refunded directly to the taxpayers. This will:

Help growing companies which have present investments which are large in comparison with their current incomes.

Help companies in financial difficulties, which get no benefit from credit because they have little or no income tax liability against which to apply it.

Help small businesses, which under present law are more severely affected by the restrictions and limitations.

The three-year rule postpones adverse budget impact until revenues from basis adjustment are sufficient to offset revenue loss from this refundable feature.

Require the taxpayer to reduce the cost of qualifying property for depreciation purposes by the amount of the investment tax credit. This makes the credit neutral with respect to long-lived and short-lived assets and removes the present discrimination against long-lived assets.

Retain the present $50,000 per year limitation on qualifying used property.

Deduction for dividends paid on certain preferred stock

To encourage expansion of corporate equity capital and increase the effectiveness of capital markets, it is proposed that dividends paid on qualified preferred stock be allowed as a deduction to the payor corporation. The provisions of the Internal Revenue Code providing for exclusions for dividends received by corporations would not be applicable to these dividends.

The deduction would only be available for cash dividends paid on preferred stock issued after December 31, 1974, for cash or preexisting bona fide debt of the issuing corporation. For these purposes, preferred stock would be required to be non-voting, limited and preferred as to dividends and entitled to a liquidating preference. The intention to qualify preferred stock under this new provision of the Internal Revenue Code would be required to be clearly indicated at the time the stock was issued.

The tax reform bill

1. Low-Income Taxpayer Relief

We support the Tax Reform bill now pending in the Ways and Means Committee. It provides about $1.4 billion of tax relief for individuals with incomes of less than $15,000.

In addition, the Tax Reform bill would produce a long-term revenue gain of about $500 to $600 million per year beginning in FY 1976 and we support using those revenues when received also to provide further income tax reductions for lower income families.

The principal individual tax reductions provided in the bill are increases in the minimum standard deduction, the standard deduction and the retirement income credit and a new simplification deduction which for most taxpayers will be larger than the miscellaneous, hard-to-compute deductions which it would replace.

The tax reductions in the bill are made possible primarily by revenues gained from tax reform measures and by increased taxes on oil producers. The tax reform proposals are based on Treasury proposals advanced a year and a half ago. The two main features are: (1) a minimum tax, designed to ensure that all taxpayers pay some reasonable amount of tax on their economic income, and

(2) a provision (known as "LAL," i.e., limitation on artificial accounting losses) designed to eliminate tax shelter devices under which tax is avoided through the deduction of artificial losses which are not real losses.

In December 1973, the Treasury proposed a windfall profits tax on oil, which is now incorporated in the Tax Reform bill in modified form. The Committee has also provided for the phase-out over three years of percentage depletion on oil and gas.

The Committee bill raises less revenue from tax reform and oil taxes for calendar years 1974 and 1975 than the Treasury proposed. The Treasury hopes that Congress will restore some of the reform which the Treasury proposed. However, it is most important that tax reform and tax reduction legislation be enacted as promptly as possible and the Administration will support the bill in its present form.

2. Savings and Investment Proposals

Greater productivity in the next several years will be critical in winding down the wage-price spiral. That will require major new investments.

The Tax Reform bill now pending makes an important contribution by (i) bringing the investment credit for utilities up to the credit generally applicable for other industries, (ii) liberalizing the treatment of capital gains and losses, and (iii) eliminating U.S. withholding tax on foreign portfolio investments, thus encouraging investment by foreigners in the United States.

Tax exemption for interest on savings accounts

Various proposals have been made to exempt interest on savings accounts. We do not support any such proposal for reasons which include the following:

(1) It would initially decrease the aggregate amount of saving. A $750 exemption for interest on time and savings deposits would cost about $2 billion, which the government would have to borrow in the private market to make up. That borrowing reduces the amount of savings available for private investment.

(2) It would not be effective. It would not substantially increase savings deposits because the tax exemption would not be a major benefit to most taxpayers. For a taxpayer in the 25 percent bracket, exemption would make a 5.25 percent account equivalent to a 7 percent taxable account, which is still considerably below the rates available elsewhere. Only high-bracket taxpayers would get major benefits.

(3) Passbook savings may increase some, but total savings will not increase. The principal effect would be some switching. It doesn't operate as an incentive for new savings because it doesn't reward the increase in savings.

(4) It would create new distortions in the credit and investment markets.

CITIZENS' ACTION COMMITTEE TO FIGHT INFLATION

The following Citizens have already agreed to help organize and support a voluntary private sector effort to mobilize all Americans in the fight against inflation:

Mayor Joseph Alioto of San Francisco, Chairman, U.S. Conference of Mayors.

Arch Booth, President, Chamber of Commerce of the United States.

Russell W. Freeburg, White House Coordinator.

David L. Hale, President, United States Jaycees.

Mrs. Lillie Herndon, President, National Congress of Parents and Teachers.

Robert P. Keim, President, The Advertising Council.

Mrs. Carroll E. Miller, President, General Federation of Women's Clubs.

William J. Meyer, President, Central Sprinkler Co., Lansdale, Pennsylvania.

George Myer, President, Consumer Federation of America.

Ralph Nader, Private Citizen.

Leo Perlis, Director of Community Service, AFL–CIO.

Sylvia Porter, National Syndicated Columnist.

Governor Calvin Rampton of Utah, Chairman, National Governors Conference.

Stanford Smith, President, American Newspaper Publishers Association.

Frank Stanton, Chairman, American National Red Cross.

Roger Fellows, 4–H, University of Minnesota.

Vincent T. Wasilewski, President, National Association of Broadcasters.

Roy Wilkins, Executive Director, National Association for the Advancement of Colored People.

Douglas Woodruff, Executive Director, American Association of Retired Persons.

ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS CURTIS, WEICKER, MANSFIELD, AND DESIGNATING A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow under the standing order, the following Senators be recognized, each for not to exceed 15 minutes, and in the order stated: Messrs. CURTIS, WEICKER, and MANSFIELD; after which there be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR McCLELLAN TO CALL UP THE CONFERENCE REPORT OF HOUSE JOINT RESOLUTION 1131

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the conclusion of routine morning business, the Chair recognize the distinguished Senator from Arkansas (Mr. McCLELLAN) for the purpose of his calling up a conference report on House Joint Resolution 1131, making continuing appropriations.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR CLARK ON THURSDAY, OCTOBER 10, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Thursday, after the two leaders or their designees have been recognized under the standing order, Senator CLARK be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at the hour of 9 a.m. After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, each for not to exceed 15 minutes and in the order stated: Mr. CURTIS, Mr. WEICKER, and Mr. MANSFIELD; after which there will ensue a brief period for the transaction of routine morning business, with statements limited therein to 5 minutes each, such period not to extend beyond 15 minutes.

At the conclusion of routine morning business, the Senate will take up House Joint Resolution 1131, making continuing appropriations.

Rollcall votes are expected to occur in relation thereto. Upon the disposition of the continuing resolution it is the intention of the leadership to then call up S. 4076, the deepwater ports bill, on which there is a time agreement. Rollcall votes will occur in relation thereto.

Upon the disposition of that bill, the leadership intends to call up the Veterans Day bill, S. 4081, and S. 3979, a bill to increase the availability of reasonably priced mortgage credit for home purchases.

A good many rollcall votes are in the offing for tomorrow. A busy day is expected.

ADJOURNMENT TO 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 9 o'clock a.m.

The motion was agreed to; and at 6:58 p.m., the Senate adjourned until Wednesday, October 9, 1974, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate October 8, 1974:

NATIONAL COUNCIL ON EDUCATIONAL RESEARCH

The following-named persons to be Members of the National Council on Educational Research for terms expiring June 11, 1977:

Larry A. Karlson, of Washington, vice James S. Coleman, term expired.

Arthur M. Lee, of Arizona, vice Vincent J. McCoola, term expired.

James Gardner March, of California, vice Vera M. Martinez, term expired.

Carl H. Pforzheimer, Jr., of New York. (Reappointment.)

Wilson C. Riles, of California. (Reappointment.)

CONFIRMATION

Executive nomination confirmed by the Senate October 8, 1974:

NATIONAL MEDIATION BOARD

Kay McMurray, of Idaho, to be a member of the National Mediation Board for the term expiring July 1, 1977.

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Tuesday, October 8, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, offered the following prayer:

My help cometh from the Lord, who made heaven and earth.—Psalms 121: 2.

With gratitude and joy, our Father, we come to Thee in these opening moments to offer Thee our prayers of praise and thanksgiving. All that we are we owe to Thee and all that we have is a gift from Thy hand. Accept our gratitude for Thy goodness and by Thy spirit make us worthy of Thy gifts.

On this International Day of Bread help us to labor in Thy love and to share the results of our labor with those in need. Through our sharing may new hope come to the hopeless, new faith to the discouraged, new light to those who sit in darkness, and new life to the depressed. Grant a renewal of courage to those who have grown weary in the struggle for justice and peace and strengthen their faith in the ultimate triumph of right and truth and good will.

In the spirit of Him who said give and live, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H.R. 7954. An act to direct the Secretary of Agriculture to release on behalf of the United States conditions in a deed conveying certain lands to the State of New York and to provide for the conveyance of certain interests in such lands so as to permit such State, subject to certain conditions, to sell such land;

H.R. 9054. An act to amend the act entitled "An act to authorize the Secretary of Agriculture to execute a subordination agreement with respect to certain lands in Lee County, S.C."; and

H. Con. Res. 658. Concurrent resolution providing for a joint session of the two Houses on Tuesday, October 8, 1974, to receive a message from the President of the United States.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 628) entitled "An act to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11537) entitled "An act to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations, and to authorize the implementation of such programs on certain public lands."

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 3957. An act to terminate certain authorities with respect to national emergencies still in effect, and to provide for orderly implementation and termination of future national emergencies;

S. 2106. An act to amend title VI of the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a 10-year term for the appointment of the Director of the Federal Bureau of Investigation; and

S. 4040. An act to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes.

The message also announced that the President pro tempore, pursuant to Senate Concurrent Resolution 85, appointed Mr. BIDEN and Mr. ROTH to attend the Day of National Observance for the 200th Anniversary of the First Continental Congress to be held in Philadelphia, Pa., October 14, 1974, in lieu of Mr. PASTORE and Mr. SCHWEIKER, resigned.

PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORTS

Mr. PEPPER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. GROSS. Mr. Speaker, reserving the right to object, will the gentleman tell us what bills the Rules Committee proposes to report?

Mr. PEPPER. Mr. Speaker, I have a list of them. I shall read them if the gentleman would like to hear them.

Mr. GROSS. I would be glad to have the list read.

Mr. PEPPER. Mr. Speaker, the committee is in session now and has heard a number of them and expects to hear them all.

They are: Conference report on H.R. 11221, dealing with Depository Institutions Amendments of 1974; conference report on S. 386, dealing with the Urban Mass Transportation Assistance Act of 1974; H.R. 16373, the Privacy Act of 1974; S. 3906, dealing with repealing the requirement that commanders of Air Force units be pilots; S. 1296, enlarging the Grand Canyon National Park in the State of Arizona; H.R. 13320, extending civil defense emergency authorities; and H.R. 13002, the Safe Drinking Water Act.

Also, the National Visitors Center.

Mr. GROSS. Mr. Speaker, if the gentleman will exclude the last bill, I will not object. Under the circumstances, Mr. Speaker, I object.

Mr. PEPPER. If the gentleman will withhold his objection——

Mr. GROSS. I will withhold.

Mr. PEPPER. I am advised that the committee will take up the National Visitors Center bill. If the gentleman will withdraw his objection, I will not at the present time ask for leave to file that report.

Mr. GROSS. Mr. Speaker, with that assurance I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

INTERNATIONAL CLAIMS SETTLEMENT ACT OF 1949

Mr. ROSENTHAL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 13261) to amend the International Claims Settlement Act of 1949, as amended, to provide for the timely determination of certain claims of American nationals settled by the United States-Hungarian Claims Agreement of March 6, 1973, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

AMENDMENT

Strike out all after the enacting clause and insert:

That the International Claims Settlement Act of 1949, as amended, is further amended as follows:

(1) Section 302, title III, is amended by adding a new subsection (c) as follows:

"(c) The Secretary of the Treasury shall cover into the Hungarian Claims Fund, such sums as may be paid to the United States by the Government of Hungary pursuant to the terms of the United States-Hungarian Claims Agreement of March 6, 1973.".

(2) Section 303, title III, is further amended by striking out the word "and" at the end of paragraph (3), and by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word "and".

(3) Section 303, title III, is further amended by adding a new paragraph (5) as follows:

"(5) pay effective compensation for the nationalization, compulsory liquidation, or other taking of property of nationals of the United States in Hungary, between August 9, 1955, and the date the United States-Hungarian Claims Agreement of March 6, 1973, enters into force.".

(4) Section 306, title III, is further amended—

(A) by inserting in subsection (a), immediately before "this title", the following: "paragraph (1), (2), or (3) of section 303 of"; and

(B) by adding at the end thereof the following:

"(c) Within thirty days after enactment of this subsection, or thirty days after enactment of legislation making appropriations to the Commission for payment of administrative expenses incurred in carrying out its functions under paragraph (5) of section 303, whichever date is later, the Commission shall publish in the Federal Register the time when, and the limit of time within which, claims may be filed with the Commission under paragraph (5) of section 303, which limit shall not be more than six months after such publication.

"(d) Notwithstanding any other provision of this section, any national of the United States who was mailed notice by any department or agency of the Government of the United States with respect to filing a claim against the Government of Hungary arising out of any of the failures referred to in paragraph (1), (2), or (3) of section 303 of this title, and who did not receive the notice as the result of administrative error in placing a nonexistent address on the notice, may file with the Commission a claim under any such paragraph. The Commission shall publish in the Federal Register, within thirty days after enactment of this paragraph, when the limit of time within which any such claim may be filed with the Commission, which limit shall not be more than six months after such publication.".

(5) Section 310, title III, is further amended by adding at the end of subsection (a) thereof a new paragraph (7), as follows:

"(7) (A) Except as otherwise provided in subparagraph (D), whenever the Commission is authorized to settle claims by enactment of paragraph (5) of section 303 of this title with respect to Hungary, no further payments shall be authorized by the Secretary of the Treasury on account of awards certified by the Commission under paragraphs (2) and (3) of section 303 out of the Hungarian Claims Fund until payments on account of awards certified under paragraph (5) of section 303 with respect to such fund have been authorized in equal proportions to payments previously authorized on existing awards certified under paragraphs (2) and (3) of section 303.

"(B) Except as otherwise provided in subparagraph (D), with respect to awards previously certified under paragraph (1) of section 303, the Secretary of the Treasury shall not authorize any further payments until payments on account of awards certified under paragraphs (2), (3), and (5) of section 303 have been authorized in equal proportions to payments previously authorized on existing awards certified under paragraph (1) of section 303.

"(C) Except as otherwise provided in subparagraph (D), the Secretary of the Treasury shall not authorize any further payments on account of awards certified under paragraph (3) of section 303 based on Kingdom of Hungary bonds expressed in United States dollars or upon awards to standstill creditors of Hungary that were the subject matter of the agreement of December 5, 1969, between the Government of Hungary and the American Committee for Standstill Creditors of Hungary.

"(D) No payments shall be authorized by the Secretary of the Treasury on account of awards certified by the Commission under paragraph (5) of section 303 of this title, and no further payments shall be so authorized under paragraph (1), (2), or (3) of section 303 (except payments certified as the result of claims filed under subsection (d) of section 306), until payments on account of awards certified under such paragraphs (1), (2), and (3) as the result of claims filed under subsection (d) of section 306 have been authorized in equal proportions to payments previously authorized on existing awards certified under such paragraphs and arising out of claims filed other than under such subsection (d).

"(E) The Secretary of the Treasury is authorized and directed to deduct the sum of $125,000 from the Hungarian Claims Fund and cover such amount into the Treasury to the credit of miscellaneous receipts in satisfaction of the claim of the United States referred to in article 2, paragraph 4 of the United States-Hungarian Claims Agreement of March 6, 1973. Such amount shall be deducted in annual installments over the period during which the Government of Hungary makes payments to the Government of the United States as provided in article 4 of the agreement.".

(6) Section 316, title III, is amended by adding a new subsection (c) as follows:

"(c) The Commission shall complete its affairs in connection with the settlement of claims pursuant to paragraph (5) of section 303 of this title not later than two years following the deadline established under subsection (c) of section 306 of this title.".

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. GROSS. Mr. Speaker, reserving the right to object, is the gentleman asking that we concur in the Senate amendment?

Mr. ROSENTHAL. If the gentleman will yield, yes, the amendment is to correct an injustice which resulted when the Foreign Claims Settlement Commission had failed to inform several claimants of a deadline for filing claims.

Mr. GROSS. Is the amendment to the bill germane to the bill?

Mr. ROSENTHAL. Yes; it is.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

APPOINTMENT OF CONFEREES ON S. 356, PROVIDING FOR CONSUMER PRODUCT WARRANTIES AND FOR WRITTEN DISCLOSURE STANDARDS

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 356) providing for consumer product warranties and for written disclosure standards, with House amendments thereto, insist on the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? The Chair hears none and appoints the following conferees: Messrs. STAGGERS, MOSS, STUCKEY, ECKHARDT, BROYHILL of North Carolina, WARE, and MCCOLLISTER.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO FILE CONFERENCE REPORT ON S. 355, MOTOR VEHICLE AND SCHOOL BUS SAFETY

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a conference report on S. 355, National Traffic and Motor Vehicle Safety Act of 1966.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO FILE A REPORT ON H.R. 16757, EXTENSION OF THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a report on H.R. 16757, extension of the Emergency Petroleum Allocation Act of 1973.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

CONFERENCE REPORT ON H.R. 11537, CONSERVATION AND REHABILITATION PROGRAMS ON PUBLIC LANDS

Mr. DINGELL. Mr. Speaker, I call up the conference report on the bill (H.R. 11537) to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations, and to authorize the implementation of such programs on certain public lands, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of September 16, 1974.)

Mr. DINGELL (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DINGELL. Mr. Speaker, I urge approval of the conference report on H.R. 11537.

Our Committee on Merchant Marine and Fisheries has held lengthy hearings on this legislation, both in this Congress and on its predecessor legislation in the 92d Congress and has considered it extensively in open executive sessions.

Mr. Speaker, the bill is strongly supported by the National Wildlife Federation, the Wildlife Management Institute, the International Association of Game, Fish, and Conservation Commissioners, the American Forestry Association, and other conservation organizations and sportsmen throughout the country. The conference report represents a successful effort to blend the best features of the House and Senate versions of the bill and deserves the support of the House.

Mr. Speaker, the purpose of H.R. 11537 is to extend for a 5-year period the highly successful game conservation and rehabilitation program carried out on military reservations and to provide for the carrying out of such a program on certain other federally owned lands, namely, Bureau of Land Management—BLM—lands within the Department of the Interior, National Forest lands within the Department of Agriculture, Atomic Energy Commission—AEC—lands, and National Aeronautics and Space Administration—NASA—lands.

Mr. Speaker, the program carried out on military reservations is carried out under what is commonly known as the Sikes Act, and title I of H.R. 11537 provides for the extension of the program until June 30, 1978. No change was made in this title by the conference report.

Mr. Speaker, title II of the bill is designed to provide for the carrying out of this program on other Federal lands throughout the United States. In this regard, the bill would cover approximately 450 million acres of BLM lands, 187 million acres of national forest lands, 2 million acres of AEC lands and many thousands of acres of NASA lands.

Mr. Speaker, a majority of the 23 Senate amendments to the bill were either technical, clarifying, or conforming in nature and all of them are explained in the conference report, to which reference is made for more information.

There were a number of important changes made to the bill by the Senate which I would like to briefly comment on and provide additional background information for the benefit of the Members.

Two of the Senate amendments, numbers 1 and 3, were adopted in conference with minor technical changes. These amendments would retain the House language of the bill and, in addition, require the game conservation and rehabilitation programs to be carried out on public lands to specifically provide for protection of species of fish and wildlife considered to be threatened or endangered. These amendments are desirable and will supplement the recently enacted Endangered Species Act of 1973.

One of the more important amendments to the bill was Senate amendment No. 2. The House version of the bill provided that no conservation or rehabilitation program could be implemented on the public lands covered by title II of the bill unless it was included in a cooperative agreement with the State or States concerned. The Senate amendment to the bill eliminated the language that would require in every case a Federal-State cooperative agreement to be entered into before such a program could be implemented.

Mr. Speaker, I would like to emphasize that the elimination of the language of the House-passed version of the bill does not in any way interfere with the overall intent of the legislation with respect to having such programs carried out pursuant to Federal-State cooperative agreements. Each of the affected agencies provided testimony at our committee hearings that all of the public land covered by this legislation was already subject to cooperative agreements with the States. I would like for this record to show that I sincerely feel the cooperative agreements with all of the States can be obtained, and I encourage the securing of these agreements with a view toward carrying forward the fine cooperation that now exists between these Federal and State agencies.

In the event a cooperative agreement cannot be reached with respect to certain Federal lands, the Federal agencies concerned would be expected to carry out such programs on the affected lands in such a way as to preserve existing Federal-State relationships with respect to management of fish, wildlife, and game.

In addition, Senate amendment No. 2, as agreed to in conference, would make it clear that any program developed pursuant to this title would be supplemental to wildlife, fish, and game-related programs conducted by the Secretary of the Interior and the Secretary of Agriculture under other provisions of Federal law, and that the authority of the Secretaries to manage the national forests or other public lands for wildlife, fish, and other purposes in accordance with the Multiple Use Sustained Yield Act of 1960 would not be affected by this legislation.

Mr. Speaker, another important provision of the bill, which was amended by the Senate, has to do with hunting, fishing, and trapping on Federal lands. The House-passed version of the bill made it clear that unless limited by a comprehensive plan or a cooperative agreement hunting, fishing, and trapping on such land would be permitted. This is in accordance with existing practice. This provision, as changed by Senate amendment No. 7, would require any hunting, fishing, and trapping carried out on such lands to be carried out in accordance with applicable laws and regulations of the State concerned. The amendment, as adopted in conference, would make it clear that State laws and regulations would be applicable only with respect to resident species of fish and wildlife, and that they would in no way affect the Federal Government's authority to regulate and manage migratory birds and species protected under the Endangered Species Act of 1973 and the Bald Eagle Protection Act.

Mr. Speaker, in general, the lands covered by this legislation are open to public hunting, fishing, and trapping. I would like for the record to show that it is the intent of the conference committee that this practice be continued. For the program authorized by this legislation to be successful, it takes the full cooperation of sportsmen throughout the country, as well as all State and Federal agencies and conservationists in general.

Mr. Speaker, another important provision that was changed by the Senate has to do with the enforcement authority provided by the legislation. Senate amendment No. 14 conforms the House-passed version of this provision to the enforcement provision of the recently passed Senate version of the National Resources Lands Management Act. In general, the Senate amendment conforms to the House provision except that it authorizes officers or employees of the Interior and Agriculture Departments to carry firearms and broadens the search authority to include any person or conveyance, as authorized by law.

The conference committee agreed to the Senate amendment with the modification that State officers or employees, if authorized pursuant to a cooperative agreement, could exercise the same enforcement powers as designated officers and employees of the Federal agencies.

Mr. Speaker, I think this is a desirable addition on the part of the conference committee since the States have a large number of excellent law enforcement personnel that could be called on to assist in enforcing this legislation. However, in doing so—and I think this should apply to Federal as well as State officers and employees—officers or employees designated to assist in carrying out the enforcement provisions of this legislation should be only those who have had specialized law enforcement training and are specifically trained to handle firearms.

Mr. Speaker, the major issue facing the conference committee involved Senate amendment No. 20. In order to understand this amendment, it is important to analyze what section 203 of title II of the bill does, as this is the section to which the amendment relates.

Section 203 simply provides that any State agency may agree with the Secretary of the Interior or the Secretary of Agriculture, or both, as the case may be, that no individual will be permitted to hunt, trap, or fish on any public land within the State that is subject to a game conservation and rehabilitation program unless such individual has on his person at the time he is engaged in such activity a valid public land management area stamp. It is to be noted that section 203 would apply to the Bureau of Land Management, national forest, AEC and NASA lands.

Senate amendment No. 20 added a new section to the bill to provide that section 203 of title II of the bill would not be applicable in those States, with respect to national forest lands and BLM lands, if the Federal Government owns 25 percent or more of the total area of a State. The amendment would have the effect of prohibiting the sale of a public land management area stamp to individuals desiring to hunt on national forest lands and BLM lands in about 12 Western States, even if the State agency of one of those States desired to enter into an agreement with the Federal Government to authorize the sale of such a stamp.

Mr. Speaker, the conference committee in its wisdom narrowed the application of the prohibition so that it would apply to only four Western States—the States of Utah, Idaho, Nevada, and Alaska. This was accomplished by changing "25 percent" to "60 percent".

In addition, the conference committee added new language to amendment No. 20 to authorize any appropriate State agency in any of the four States concerned to agree with the Secretary of Agriculture or the Secretary of the Interior, or both, as the case may be, to collect a fee, as specified in such agreement, at the point of sale of regular hunting, trapping, or fishing licenses in such State. The proceeds would be used to carry out conservation and rehabilitation programs implemented under this title in the State concerned and for no other purpose.

Mr. Speaker, I think this is a reasonable solution to the problem with which the conference committee was faced. With respect to these four Western States, should a State desire to have additional funds with which to carry out a conservation and rehabilitation program on national forest lands, and BLM lands in the State, it can do so under the language adopted by the conference committee.

I think a State should have this option and I applaud the conference committee for making this change.

Mr. Speaker, this legislation was considered at length by the House earlier this year. At that time, it was overwhelmingly approved by a vote of 355 to 25 in substantially the same form. I ask the House once again to declare its support for this important legislation, and approve the conference report.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PASSING OF FORMER CONGRESSMAN CLIFFORD G. McINTIRE

(Mr. COHEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COHEN. Mr. Speaker, last Thursday it was my sad duty to report to this House the untimely death of Clifford G. McIntire, who represented central and northern Maine in this body for five consecutive terms, between 1954 and 1964.

GENERAL LEAVE

Mr. COHEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the life, character, and public service of the late Congressman Clifford G. McIntire.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

EFFORTS BY THE EXECUTIVE AND LEGISLATIVE BRANCHES TO RESOLVE ECONOMIC PROBLEMS

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, yesterday stock prices went up 23 points on weekend news that President Ford would today offer his suggested program for resolution of our Nation's economic problems.

We also have news from Mr. Sindlinger that his economic polling indicates public confidence in the future of the economy has recently dropped to new lows. Both facts indicate such public confidence is vital to the delicate balance of our economy and therefore our Nation's future economic well being.

One thing which would restore public confidence would be assurance that the Congress intends to be diligent in studying and acting on the proposals we will receive today from our President. It is for that reason I shall vote against any resolution for recess or adjournment until such time as Congress can consider and act on these recommendations. Since no one knows for sure what those recommendations will be, my position does not imply approval or disapproval of the President's suggestions for curing our economic ills. Rather, it is my feeling that public confidence would be buoyed if the folks at home felt we were really more interested in working on the problems of inflation than we are in the politics of the upcoming election campaign. I urge my colleagues to restore some of that sagging confidence in this institution and the sincerity of its effort to address the difficult problems of our economy.

I urge my colleagues to join me in voting "No" on adjournment.

PERSONAL EXPLANATION

Mr. KING. Mr. Speaker, on rollcall No. 573, on yesterday, on the motion offered by the gentleman from Texas (Mr. MAHON) relating to Senate amendment No. 3, on the conference report on House Joint Resolution 1131, further continuing appropriations, I am recorded as voting "yea." That vote is in error. It was my purpose to vote "nay," and I ask that the Record show that I opposed this motion.

IMPROVEMENT ON ST. CROIX

(Mr. de LUGO asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. de LUGO. Mr. Speaker, I am very often asked by my colleagues how conditions are on St. Croix, and whether or not things have quieted down. I am always happy to state that the worst is behind us, and we are making steady progress on the road to recovery. Evidence of this is contained in the following newspaper account which quotes the major travel trade publication on the west coast Travel Age West as stating that, "clients returning from St. Croix report 'all's well'; no bad feeling and as beautiful as before."

The full article follows:

Mag Has Good News for St. Croix

The September 16 edition of Travel Age West, the major travel trade publication on the West Coast, carries good news for both the residents of and potential visitors to St. Croix.

In a regular feature column, "The Question Box," columnist Rae Rutledge replies to a travel agent who asked: "Is the Caribbean situation easing? Have clients returned happy or unhappy?

The reply went as follows: "It would appear each island must be checked individually. For instance, clients returning from St. Croix report "All's well"; no bad feeling and as beautiful as before."

Travel Age West is published by the Reuben H. Donnelley Corporation, and has a circulation of almost 10,000 among travel agents, tour operators and others in the travel industry in the Western United States.

NECESSITY FOR PLANNED GRAIN EXPORT PROGRAM

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, for nearly 2 years, I have been urging either the executive or legislative branch to insure that we have a planned grain export program. Finally, perhaps we are beginning to see steps to implement such a policy.

I do not support a grain export embargo; nor do I support establishing grain export quotas.

I do support disclosure of large grain sales. Only with disclosure of these sales can we avoid what happened in 1972 when too much grain, moving too fast caused our food prices to spiral and our transportation system to be glutted.

The Department of Agriculture must be notified when one of these large international grain houses moves to export large grain shipments. I welcome the plan for reporting announced by Secretary Butz.

The Department of Transportation should also be notified to show transportation coordination can be anticipated for moving the grain.

After hearings by the Investigations Subcommittee of the House Commerce Committee on the 1972 Russian grain deal nearly 2 years ago, I made these recommendations. Over a year ago, I introduced H.R. 9198 to accomplish these policies.

The first step has to be public disclosure of these sales—only then can we measure timing, domestic reserves, effect on domestic prices, and our transportation capabilities.

Fortunately, the world price will not result in the $300 million taxpayer payoff to the international grain companies like it did in 1972.

But still, grain export policy must be planned and I believe the approach President Ford is taking a sound one.

CALL OF THE HOUSE

Mr. WYDLER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 578]

Adams
Ashley
Blackburn
Blatnik
Brademas
Brasco
Buchanan
Burke, Calif.
Carey, N.Y.
Chisholm
Clark
Clawson, Del
Conyers
Davis, Ga.
de la Garza
Diggs
Dorn
Drinan
Dulski
Esch
Giaimo
Grasso
Hansen, Idaho
Hébert
Heckler, Mass.
Heinz
Holifield
Hosmer
Johnson, Colo.
Lagomarsino
Long, Md.
Lujan
Madden
Mann
Maraziti
Mathias, Calif.
Mills
Mitchell, N.Y.
Nelsen
Pepper
Pike
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Rooney, N.Y.
Runnels
Mathis, Ga.
Shuster
Sisk
Snyder
Steele
Stubblefield

Stuckey
Symington
Symms
Taylor, Mo.
Teague
Tiernan
Udall
Waldie
White
Whitehurst
Wilson, Charles H., Calif.
Wyatt
Young, S.C.

The SPEAKER. On this rollcall 367 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AUTHORIZING DISPOSITION OF CERTAIN OFFICE EQUIPMENT AND FURNISHINGS

Mr. THOMPSON of New Jersey. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 9075) to authorize the disposition of certain office equipment and furnishings, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 8, strike out "the office space" and insert "an office".

Page 2, line 8, strike out "regulations" and insert "regulations, but in no instance less than the fair market value of such items."

Page 3, line 6, strike out "the office space" and insert "an office".

Page 3, line 20, strike out "regulations." and insert "regulations, but in no instance less than the fair market value of such items."

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, may I ask the gentleman whether all of the amendments agreed to are germane to the bill?

Mr. THOMPSON of New Jersey. They are.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

COMMITTEE REFORM AMENDMENTS OF 1974

Mr. BOLLING. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the resolution (H. Res. 988), to reform the structure, jurisdiction, and procedures of the committees of the House of Representatives by amending rules X and XI of the Rules of the House of Representatives.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the resolution House Resolution 988, with Mr. NATCHER in the chair.

The Clerk read the title of the resolution.

The CHAIRMAN. Before the Committee rose on yesterday, there was pending the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN); the substitute amendment offered by the gentleman from Nebraska (Mr. MARTIN) for the Hansen amendment; the amendment offered by the gentleman from Florida (Mr. BENNETT) to the Hansen amendment; and the amendment offered by the gentlewoman from Missouri (Mrs. SULLIVAN) to the substitute amendment offered by the gentleman from Nebraska (Mr. MARTIN).

When the Committee rose, it had also been agreed that all debate on the Hansen amendment in the nature of a substitute and all amendments thereto be limited to not to exceed 5 hours.

The question is on the amendment offered by the gentleman from Florida (Mr. BENNETT) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. BENNETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment to the amendment in the nature of a substitute was rejected.

AMENDMENT OFFERED BY MR. BAUMAN TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. BAUMAN. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. BAUMAN to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: On page 12, strike the language on line 17 through page 13, line 4; and renumber the succeeding paragraph accordingly.

Mr. BAUMAN. Mr. Chairman, as I understand the basic thrust of all three of the proposals which are pending before us, in large measure they each seek to streamline and consolidate the jurisdictions of the various committes which are created by these reforms. It seems to me that the section to which my amendment is addressed is fundamentally at variance with the purpose of this streamlining of committee jurisdiction.

If the Members will address themselves to pages 12 and 13 of the proposal of the gentlelady from Washington (Mrs. HANSEN), they will see a very broad and considerably different grant of new power to any future Speaker of the House of Representatives so far as bill referral is concerned. Right now, under the rules of the House of Representatives and our precedents, the Speaker must refer a single piece of legislation to one committee for consideration and eventual action by that one committee.

The only way by which a bill can be re-referred is usually by unanimous consent requested by the committee chairman to which the bill has been referred. If my colleagues will look closely at the language in the Hansen proposal, as well as the language in the Bolling proposal and the Martin proposal, they will see that a future Speaker of the House may well have the power not only to assign a bill to one committee, but to grant concurrent jurisdiction over a bill to two different committees, or immediately refer a bill, in sequence, to two committees; or he may even refer a bill to an ad hoc committee which the Speaker would appoint, albeit with the approval of the House.

It seems to me that these new and unprecedented powers offer a great deal of possibility for mischief.

If this language is adopted, it is not difficult to foresee, and I would predict, numerous conflicts between various committees, battles between committee chairmen over such split jurisdiction, all of which is, as I said, definitely opposed to what I thought was the purpose of this legislation. I would hope that we could strike out this so-called split referral provision so that the bills could be placed in one committee, to hold hearings, to take testimony, then decide amongst the members of that one committee whether or not it should be reported and acted upon by the Rules Committee in the House. I think this is extremely important, particularly in view of the fact that we are creating, if we pass any one of these proposals, defined and specific jurisdictions for various committees such as commerce and health, transportation, and others, dealing with general broad powers but within a single area of legislative concern.

I would hope that there would be support for my amendment to strike out what I think is a very mischievous and dangerous section of the resolution; one that offers all sorts of possibilities for difficulty and conflict within the House itself which can and should be avoided.

Mr. MEEDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, other than the jurisdictional changes proposed in 988, I think this is perhaps one of the most important provisions which, incidentally, occurs in all three bills, and which all three of the groups studying this recognized as one of the major problem areas in the management of the House. The inability to assign or refer to more than one committee is probably one of the greatest bottlenecks and greatest deterrents to this Congress meeting the modern jurisdictional requirements than anything else. Even if the jurisdictional changes in 988 were not to be passed ultimately, this provision standing alone would probably do more than any other single provision to make the House function properly. All of the testimony before the Select Committee on Committees was that people recognize this as a major problem, including the testimony of Speaker ALBERT and, therefore, as all three groups have responded to it in the same fashion, I think it is clear that everyone recognizes it is a major problem, and the amendment of the gentleman would strike the provision from the Hansen report.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I will be happy to yield to the gentleman from Michigan.

Mr. O'HARA. I thank the gentleman for yielding. As a supporter of the Hansen proposal, I would like to second the remarks of the gentleman from Washington. Under the jurisdictional provisions of any of the three bills, there still will be legislation that will fall into jurisdiction of more than one committee. This provides a regular procedure by which these kinds of problems can be dealt with and it provides it in a very sensible way, with time limitations and all of the necessary hedging about that is appropriate. I would trust that dual referral would not be used very often but I think it is a power that ought to be available for use in particular kinds of circumstances for particular subjects. I would hope that we would not strike out this needed flexibility.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland (Mr. BAUMAN) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The amendment to the amendment in the nature of a substitute was rejected.

AMENDMENTS OFFERED BY MR. SMITH OF IOWA TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. SMITH of Iowa. Mr. Chairman, I offer amendments to the amendment in the nature of a substitute, and ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. SMITH of Iowa to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: Page 2, line 16, after "appropriations" insert "and the Committee on the Budget".

Page 4, line 20, insert the following new paragraph:

"(b) The Committee on the Budget shall have the function of—

"(1) making continuing studies of the effect on budget outlays of relevant existing and proposed legislation, and reporting the results of such studies to the House on a recurring basis; and

"(2) requesting and evaluating continuing studies of tax expenditures, devising methods of coordinating tax expenditures, policies, and programs with direct budget outlays, and reporting the results of such studies to the House on a recurring basis."

Page 4, line 21, strike out "(b)" and insert "(c)".

Page 5, line 3, strike out "(c)" and insert "(d)".

Page 5, line 9, strike out "(d)" and insert "(e)".

Page 5, line 15, strike out "(e)" and insert "(f)".

Page 5, line 20, insert "(A)" after "(1)".

Page 6, line 1, strike out "(A)" and insert "(i)".

Page 6, line 4, strike out "(B)" and insert (ii)".

Page 6, line 7, strike out "(2)" and insert "(B)".

Page 6, lines 7 and 8, strike out "subparagraph (1)" and insert "subdivision (A)".

Page 6, line 13, strike out "(3) Hearings pursuant to subparagraph (1)" and insert:

"(C) Hearings pursuant to subdivision (A)".

Page 6, line 21, strike out "(4) Hearings pursuant to subparagraph (1)" and insert:

"(D) Hearings pursuant to subdivision (A)".

Page 6, after line 25, insert the following:

"(2) Whenever any bill or resolution which provides new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 is reported by a committee of the House and the amount of new budget authority which will be required for the fiscal year involved if such bill or resolution is enacted as so reported exceeds the appropriate allocation of new budget authority reported as described in clause 5(j) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, such bill or resolution shall then be referred to the Committee on Appropriations with instructions to report it, with the committee's recommendations and (if the committee deems it desirable) with an amendment limiting the total amount of new spending authority provided in the bill or resolution, within 15 calendar days (not counting any day on which the House is not in session) beginning with the day following the day on which it is so referred. If the Committee on Appropriations fails to report the bill or resolution within such 15-day period, the committee shall be automatically discharged from further consideration of the bill or resolution and the bill or resolution shall be placed on the appropriate calendar.

"(3) In addition, the Committee on Appropriations shall study on a continuing basis those provisions of law which (on the first day of the first fiscal year for which the congressional budget process is effective) provide spending authority or permanent budget authority, and shall report to the House from time to time its recommendations for terminating or modifying such provisions.

"(b) The Committee on the Budget shall have the duty—

"(1) to review on a continuing basis the conduct by the Congressional Budget Office of its functions and duties.

"(2) to hold hearings, and receive testimony from Members of Congress and such appropriate representatives of Federal departments and agencies, the general public, and national organizations as it deems desirable, in developing the first concurrent resolution on the budget for each fiscal year.

"(3) to make all reports required of it by the Congressional Budget Act of 1974, including the reporting of reconciliation bills and resolutions when so required;

"(4) to study on a continuing basis those provisions of law which exempt Federal agencies or any of their activities or outlays from inclusion in the Budget of the United States Government, and to report to the House from time to time its recommendations for terminating or modifying such provisions; and

"(5) to study on a continuing basis proposals designed to improve and facilitate methods of congressional budget-making, and to report to the House from time to time the results of such study together with its recommendations."

Page 7, line 1, strike out "(b)" and insert "(c)".

Page 8, line 1, strike out "(c)" and insert "(d)".

Page 8, line 21, strike out "(d)" and insert "(e)".

Page 11, line 10, strike out "(e)" and insert "(f)".

Page 11, after line 25, insert the following new paragraphs:

"(g) Each standing committee of the House shall, on or before March 15 of each year, submit to the Committee on the Budget (1) its views and estimates with respect to all matters to be set forth in the concurrent resolution on the budget for the ensuing fiscal year which are within its jurisdiction or functions, and (2) an estimate of the total amounts of new budget authority, and budget outlays resulting therefrom, to be provided or authorized in all bills and resolutions within its jurisdiction which it intends to be effective during that fiscal year.

"(h) As soon as practicable after a concurrent resolution on the budget for any fiscal year is agreed to, each standing committee of the House (after consulting with the appropriate committee or committees of the Senate) shall subdivide any allocations made to it in the joint explanatory statement accompanying the conference report on such resolution, and promptly report such subdivisions to the House, in the manner provided by section 302 of the Congressional Budget Act of 1974.

"(i) Each standing committee of the House which is directed by a concurrent resolution on the budget to determine and recommend changes in laws, bills, or resolutions under the reconciliation process shall promptly make such determination and recommendations, and report a reconciliation bill or resolution (or both) to the House or submit such recommendations to the Committee on the Budget, in accordance with the Congressional Budget Act of 1974."

Page 21, line 15, after "Appropriations" insert ", the Committee on the Budget,".

Page 23, line 19, after "committee" insert "(except as provided in subdivision (c))".

Page 24, line 9, strike out "to a report" and insert "to the reporting of a regular appropriation bill by the Committee on Appropriations prior to compliance with subdivision (c) and does not apply to a report".

Page 24, after line 12, insert the following new subdivision:

"(C) Before reporting the first regular appropriation bill for each fiscal year, the Committee on Appropriations shall, to the extent practicable and in accordance with section 307 of the Congressional Budget Act and full committee action on all regular appropriation bills for that year and submit to the House a summary report comparing the committee's recommendations with the appropriate levels of budget outlays and new budget authority as set forth in the most recently agreed to concurrent resolution on the budget for that year."

Page 24, line 25, strike out "and (B) shall include" and insert "(B) the statement required by section 308(a) of the Congressional Budget Act of 1974, separately set out and clearly identified, if the measure provides new budget authority or new or increased tax expenditures; (C) the estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of such Act, separately set out and clearly identified, whenever the Director (if timely submitted prior to the filing of the report) has submitted such estimate and comparison to the committee; and (D)".

Page 26, strike out lines 1 through 5 and insert the following:

"(B) shall bear upon its cover a recital that any such supplemental, minority, or additional views (and any material submitted under subdivisions (C) and (D) of subparagraph (3)) are included as part of the report."

Page 26, lines 20 and 21, strike out "the third calendar day (excluding Saturdays, Sundays, and legal holidays)" and insert "the third calendar day (or the tenth calendar day in the case of a concurrent resolution on the budget), excluding Saturdays, Sundays, and legal holidays following the day on which the report upon such resolution has been available to members of the House (even though a previous motion to the same effect has been disagreed to),".

Page 35, line 2, after the semicolon insert "the Committee on the Budget—on the matters required to be reported by such committee under Titles III and IV of the Congressional Budget Act of 1974;".

Page 51, after line 16, insert the following new paragraphs:

"(d)(1) The provisions of Rules X and XI of the House of Representatives (as amended by this resolution) are modified to the extent applicable by the Congressional Budget and Impoundment Control Act of 1974.

"(2) Terms used in the Rules of the House of Representatives (as amended by this resolution) with respect to the Committee on the Budget, and with respect to other entities and procedures involved in the congressional budget process, shall to the extent applicable have the meanings given them by the Congressional Budget and Impoundment Control Act of 1974."

Page 55, strike out lines 3 through 5, and insert the following:

"(2) Rescissions of appropriations contained in appropriation Acts.

"(3) Transfers of unexpended balances.

"(4) The amount of new spending authority (as described in the Congressional Budget Act of 1974) which is to be effective for a fiscal year, including bills and resolutions (reported by other committees) which provide new spending authority and are referred to the committee under clause 4(a)."

Page 61, line 24, strike out "3(b)" and insert "3(c)".

Page 63, line 9, strike out "3(c)" and insert "3(d)".

Page 64, line 6, strike out "4(b)" and insert "4(c)".

Page 65, line 24, strike out "4(c)" and insert "4(d)".

Page 67, line 16, strike out "3(d)" and insert "3(e)".

Page 73, line 22, strike out "3(e)" and insert "3(f)".

Page 72, after line 19, insert the following new subparagraph:

"(2) Emergency waivers (under the Congressional Budget Act of 1974) of the required reporting date for bills and resolutions authorizing new budget authority."

Page 72, line 20, strike out "(2)" and insert "(3)".

Page 72, line 21, strike out "(3)" and insert "(4)".

Page 75, line 5, strike out "4(d)" and insert "4(e)".

Page 76, line 24, after "Appropriations" insert "and the Committee on the Budget".

Page 81, line 7, before the period insert "or the Committee on the Budget".

Page 82, line 21, before the period insert "or the Committee on the Budget".

Page 83, line 5, strike out "may appoint" and insert "and the Committee on the Budget may each appoint".

Page 14, line 6, before the word "that" insert ", except the Committee on the Budget,".

Mr. SMITH of Iowa (during the reading). Mr. Chairman, I ask unanimous consent that the amendments to the amendment in the nature of a substitute be considered as read, printed in the Record and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

Mr. MARTIN of Nebraska. Mr. Chairman, reserving the right to object, I would like to ask this of the gentleman: As I understand it, these are technical amendments to conform with the legislation which was passed earlier this year by both parties, setting up the Committee on the Budget; is that correct?

Mr. SMITH of Iowa. That is exactly correct.

Mr. MARTIN of Nebraska. They are all technical amendments?

Mr. SMITH of Iowa. They are all technical amendments.

These are amendments that have been cleared with both sides regarding the *budget. I understand* this is agreeable to both sides.

Mr. MARTIN of Nebraska. Mr. Chairman, I have no objection. I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. MEEDS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. Yes, I yield to the gentleman from Washington.

Mr. MEEDS. Is this the same amendment which Mr. Ullman showed to us? Is it identical?

Mr. SMITH of Iowa. It is the same amendment.

Mr. BOLLING. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. Yes.

Mr. BOLLING. If that is the case, it seems to me clear that this amendment should be supported. It is intended when we reach House Resolution 988, if we reach House Resolution 988, that almost the identical amendment will be offered.

These are technical conforming amendments that deal with the fact that the Committee on the Budget came into being subsequent to the report of the select committee.

Mr. Chairman, I urge support for the amendments.

Mr. SMITH of Iowa. I thank the gentleman.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Iowa (Mr. Smith) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. Hansen).

The amendments to the amendment in the nature of a substitute were agreed to.

AMENDMENT OFFERED BY MR. CLEVELAND TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. CLEVELAND. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. Cleveland to the amendment in the nature of a substitute offered by Mrs. Hansen of Washington: On page 29, line 25, insert ", or committee meetings," immediately after "committee hearings";

On page 30, beginning on line 23, delete "each meeting of any hearing or hearings covered," and insert in lieu thereof "each meeting (whether of a hearing or otherwise) covered,";

On page 31, line 4, delete "at the hearing" and insert in lieu thereof "at the hearing or other meeting";

Beginning on page 31, line 9, delete "the objects and purposes of the hearing or the activities of committee members in connection with that hearing" and insert in lieu thereof "the objects and purposes of the hearing or other meeting or the activities of committee members in connection with that hearing or meeting";

On page 31, line 16, insert "and meetings" immediately after "committee hearings";

On page 31, in paragraph (e) beginning on line 21, insert "or meeting" immediately after the word "hearing" wherever such word occurs therein;

Beginning on page 32, line 4, in subparagraphs (1), (3), (5), (6), (7), (8), and (9) of paragraph (f) insert "or meeting" immediately after the word "hearing" wherever such word occurs therein.

Mr. CLEVELAND. Mr. Chairman, the purpose of my amendment is to correct an apparent oversight or omission in the language of the three resolutions we have before us, House Resolution 988 and the two substitute proposals.

In all three the provisions dealing with the broadcasting of committee hearings used the language of rule XI as it existed prior to House approval last July 22 of House Resolution 1107. To refresh the memories of the committee, it was that resolution which was adopted on July 22 which permitted the broadcasting of committee meetings as well as committee hearings.

I feel that probably the people who drafted the three resolutions that we have before us may have overlooked this matter. I would almost have to assume my amendment would be noncontroversial.

Mr. Chairman, to refresh the memories of the members of the Committee, the vote on July 22 of this year, by which the House approved the change to include "committee meetings" as well as "committee hearings" for broadcasting, was 346 to 40. Therefore, the House is certainly on record as of last July in favor of the substance of my amendment.

The amendment uses precisely the same language to accomplish the same purpose, and again I will say I would almost have to think this would be a noncontroversial amendment.

What the amendment would do is to bring the resolution that we have under consideration in conformance with the vote of the House on July 22, a vote of 346 to 40, by which we definitely said that committee meetings as well as hearings could be broadcast. I do not have to go into the importance of broadcasting, either by radio or television, of the functions of committees. I think that at long last it is pretty well established now.

Mr. Chairman, I hope very much this amendment will be acted on favorably.

Mr. MEEDS. Mr. Chairman, will the gentleman yield?

Mr. CLEVELAND. I yield to the gentleman from Washington.

Mr. MEEDS. Mr. Chairman, the gentleman's amendment simply incorporates the language which the House adopted on July 22, 1974, and which was included in none of these resolutions, because the base resolution (H. Res. 988) was reported in March before the House acted in July. So the amendment does exactly what the gentleman says, and we have no objection to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire (Mr. Cleveland) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. Hansen).

The amendment to the amendment in the nature of a substitute was agreed to.

AMENDMENT OFFERED BY MR. ZABLOCKI TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. ZABLOCKI. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

PARLIAMENTARY INQUIRY

Mr. Chairman, may I propound a parliamentary inquiry before the reading of the amendment?

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. ZABLOCKI. Mr. Chairman, I have an identical amendment which I wish to offer to each of the resolutions, House

Resolution 1248 and House Resolution 1321.

It is my understanding that as a result of the action yesterday, with the limitation of 5 hours of debate, an identical amendment would be in order to be considered to both of the substitute amendments pending before the committee.

The CHAIRMAN. The Chair will inform the gentleman that the gentleman's amendment would not be in order at this time to the Martin substitute because there is an amendment already pending to the substitute.

Mr. ZABLOCKI. Then, Mr. Chairman, I wish to offer the amendment which is at the Chairman's desk to House Resolution 1248, the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: Page 5, line 6, after "administration," insert the following: "intelligence activities relating to foreign policy,".

Page 63, line 10, after "administration," insert the following: "intelligence activities relating to foreign policy,".

Mr. ZABLOCKI. Mr. Chairman, my amendment amends both section 101 dealing with special oversight functions and section 310 which establishes the jurisdiction of the Committee on Foreign Affairs.

The purpose of the amendment is to provide the Committee on Foreign Affairs with the special oversight function of reviewing and studying on a continuing basis—and I quote—"intelligence activities relating to foreign policy".

At this point, I wish to provide some background in order to put this amendment in perspective.

The select committee recommendations which are also pending before the House provide that the Committee on Foreign Affairs shall have special oversight functions with regard to—and I quote—"foreign and military intelligence."

In its report the committee states that it took this action because of the growing importance of economic and political information in supplementing military information as a factor in foreign policy and national security.

The select committee report makes clear that this oversight responsibility is not to interfere in any way with the legislative jurisdiction over foreign and military intelligence which currently is within the purview of the Armed Services Committee.

It points out, however, that the arrangement is a mirror image of the overview of arms control and disarmament extended to the Armed Services Committee, leaving exclusive legislative authority in that field to the Committee on Foreign Affairs.

Unfortunately, the Hansen substitute as it now stands eliminates that mirror image.

Under the Hansen proposal the Armed Services Committee would be given special oversight responsibilities in the field of arms control and disarmament, but the Committee on Foreign Affairs would be denied similar jurisdiction over intelligence activities.

My amendment would remedy that serious omission in the Hansen substitute.

It should be noted, however, that the language which I am proposing is somewhat more carefully defined than the phrasing in the select committee proposal.

That proposal speaks of oversight jurisdiction of "foreign and military intelligence." My amendment would add the words "intelligence activities relating to foreign policy."

There are two reasons for this change in terminology:

First, because the oversight function is limited to those intelligence activities related to foreign policy it is made clear that the committee's jurisdiction does not include some aspects of intelligence activities or information—for example, general capabilities of foreign weapon systems or force structures of potential adversaries.

Instead, the intelligence activities covered by the amendment are defined as those related to foreign policy, which is a clear area of jurisdiction for the Committee on Foreign Affairs.

Second, the words which I propose adhere closely to the understanding which has been reached by ranking members of the Committee on Foreign Affairs with the leadership of the House and of other appropriate House committees, to improve the committee's access to intelligence information.

The public announcement of this agreement was made by the distinguished chairman of the committee, Dr. MORGAN, on October 1.

In his announcement, Chairman MORGAN said, and I quote:

> There is agreement that the Committee on Foreign Affairs must have access to information about overseas activities which affect our foreign policy and United States relations with other countries—including covert activities.

My amendment would formalize this arrangement in the Hansen substitute by adding in two appropriate places the words "foreign intelligence relating to foreign policy."

Mr. Chairman, it is clear that the Committee on Foreign Affairs cannot adequately fulfill its responsibilities unless it has greater access to information than it currently has.

First, foreign intelligence is an integral part of the foreign policy process. No foreign policy can succeed unless it is based on timely and accurate information. The task of intelligence is to provide that information.

To assess foreign policy without access to the information on which it is based is similar to estimating the condition of a house without checking the foundation.

Second, the task of gathering intelligence, or of conducting intelligence activities abroad, can sometimes be an important foreign policy factor in and of itself. All of us are aware of international incidents which have resulted from past U.S. intelligence operations. Let me name just a few of them:

United States support of unsuccessful rebels soured relations with Indonesia in 1958.

The shooting down of the U–2 spy plane in 1960 caused the failure of the U.S.-U.S.S.R. summit conference of that year.

The failure of the CIA-supported invasion of Cuba in 1962 resulted in serious problems for the United States in the hemisphere.

A forged letter sent to top Thai officials by a CIA agent last year led to anti-Americanism and demands for U.S. military withdrawal.

A third reason for giving this responsibility to the House Committee on Foreign Affairs is that agreement among nations for the exchange of information or intelligence is an important category of relationships which two or more nations can carry on. Such exchanges can have great significance for the foreign relations of the countries involved.

The Committee on Foreign Affairs cannot do a fully adequate and effective job of meeting its foreign affairs responsibilities without having some jurisdiction in the area of intelligence relating to foreign policy.

I, therefore, urge my colleagues to support this amendment.

Mrs. HANSEN of Washington. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentlewoman from Washington.

Mrs. HANSEN of Washington. Mr. Chairman, may I say that I understand that we have discussed this with the subcommittee chairman of the Committee on Armed Services, and they have no objection, and certainly I have no objection.

Mr. ZABLOCKI. I thank the gentlewoman.

Mr. MARTIN of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Nebraska.

Mr. MARTIN of Nebraska. Mr. Chairman, I have no objection to the amendment. I think it is a good amendment.

Mr. ZABLOCKI. I thank the gentleman.

Mr. NEDZI. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Michigan.

Mr. NEDZI. Mr. Chairman, I would like to confirm what the gentleman said. We have discussed this matter. It is my opinion that the amendment conforms to the agreement worked out between Mr. Colby and Dr. Kissinger, and the chairman of the Committee on Armed Services, and the chairman of the Committee on Foreign Affairs. We certainly think it is absolutely essential that the Committee on Foreign Affairs have this kind of oversight function.

Mr. ZABLOCKI. I thank the gentleman.

Mr. Chairman, when the appropriate time arrives I intend to offer an identical amendment to the Martin substitute, and subsequently I intend to offer an identical amendment in order to deal with the same problem in the Bolling proposal, House Resolution 988.

Mr. HARRINGTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would in general like to endorse the amendment recently offered, and obviously agreed to by way of the concensus developed between the members of the effective committees. However, I have one broad caveat—one broad exception—which evidently is still lost in the caves of ambiguity as to how this would be implemented. I think that the preceding 20 years of inability of the Committees on Foreign Affairs of the House and the Senate to establish what I consider to be a fundamental right, if they are going to conduct those committees and listen to what the intention was provides some indication of the problem that exists, when it is suggested that we have solved the whole issue of oversight if we only add the Committee on Foreign Affairs to it without an examination of the Committee on Foreign Affairs record to date.

I am bothered that by attempting to suggest that this course will deal with all of these problems, we leave as many questions unanswered as there were prior to the effort this afternoon, which appears to be on the way to adoption.

Perhaps I can address my questions either to the chairman of the CIA Oversight Committee or to my own ranking senior member, the gentleman from Wisconsin (Mr. Zablocki). If I could ask either Mr. Zablocki or Mr. Nedzi a couple of questions with regard to the specifics as to implementation of oversight, I think it might be helpful both in improving my understanding and certainly in avoiding any vagueness attendant to the Chairman's statement last week indicating the work done on oversight.

I think it was the Committee on Foreign Affairs in conjunction with the Nedzi subcommittee and the existing House leadership that viewed the procedure to include the Committee on Foreign Affairs in the oversight function as to membership and as to access to material. Is that specifically worked out yet? I will ask the gentleman from Wisconsin.

Mr. ZABLOCKI. If the gentleman will yield, that has not yet been specifically worked out. I am sure it will be worked out to the satisfaction of every Member of this House.

Mr. HARRINGTON. Could I ask a second question? Is there any thought being given—rather than having it, as I have put it in a letter to the chairman, in the linkage of the senior membership of the Committee on Foreign Affairs with essentially the senior membership of the Committee on Armed Services—to either rotating or having a caucus of the Committee on Foreign Affairs to determine membership on the oversight question?

Mr. ZABLOCKI. If the gentleman will yield further, of course, I cannot speak for the chairman of the Committee on Foreign Affairs, but I do know this matter is under serious consideration by the senior members of the Committee on Foreign Affairs.

Mr. HARRINGTON. But as yet, there has been no specific plan worked out as to how we would either determine membership or procedures to be followed in engaging in oversight?

Mr. ZABLOCKI. If the gentleman will yield, there is no specific plan worked out, but as soon as there is one, the gentleman from Massachusetts will be one of the first to hear about it.

Mr. HARRINGTON. I should appreciate that. With that information, it is nice to hear it without reading about it in the papers. I thank the gentleman for the additional information on that.

Let me just conclude by suggesting that I think, with obvious appreciation for the differing views of the gentleman from Michigan, at least in one narrow instance as far as it affects our knowledge of what went on in Chile, that general knowledge acquired either in present sense or while in the formation stage has been virtually nonexistent for the ordained oversight committees of the Congress. And any effort made to suggest, whether it be by agreement or otherwise, that because we suddenly have to decide that after a very, very prolonged absence in the field, the Committee on Foreign Affairs added presence to the existing Oversight Committee on Armed Services presence will suffice for real oversight, I think, is contributing to the illusion that has gone on altogether too long in this Chamber. I hope whatever is done, and evidently endorsed, is done with an appreciation for something that approaches effective, meaningful, systematic, well-staffed, and I hope not homogeneous membership. If they do anything at all, they should begin to get the Congress into something more than simply reactive leadership alone.

Having this agreed to, there will be a start in that direction, I hope. But I at least wanted to voice my sentiment today.

Mr. Chairman, I yield back the remainder of my time.

Mr. YOUNG of Florida. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, I am opposed to this amendment for a very simple reason. I believe that the more Members of this House, or more members of any organization, that we bring into the question of foreign activities, in CIA activities, or intelligence gathering, or whatever it might be, we are just creating that many more possibilities of leaks of information that should not be made available to a potential enemy.

If we want to change the jurisdiction relative to the CIA or foreign information gathering to the Committee on Foreign Affairs, we can do that.

If we want to leave it in Armed Services, we should do that, but let us not spread it out and give every committee in the House a piece of the action. Let us not give to more people the opportunity to leak information that should not be leaked.

I believe the amendment is a bad amendment and I think it will seriously hamper our activities in gathering foreign intelligence information.

The **CHAIRMAN.** The question is on the amendment offered by the gentleman from Wisconsin (Mr. Zablocki) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. Hansen).

The amendment to the amendment in the nature of a substitute was agreed to.

AMENDMENT OFFERED BY MR. BADILLO TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. BADILLO. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. Badillo to the amendment in the nature of a substitute offered by Mrs. Hansen of Washington: Page 75, after line 5, insert the following new section (and redesignate the succeeding sections accordingly):

"Sec. 322. Rule X of the Rules of the House of Representatives, as amended by the previous sections, is further amended by adding at the end thereof the following:

"(t) Committee on Urban Affairs.

"(1) Public and private housing.

"(2) Urban development.

"(3) Urban mass transportation.

"(4) Relocation assistance.

"(5) Regional planning for urban affairs, including environmental protection, economic development, residential patterns, and other matters which have a related or simultaneous impact on a large metropolitan center and adjoining suburbs or nearby cities and towns.

In addition to its legislative jurisdiction under the preceding provisions of this paragraph (and its general oversight functions under clause 2(b)(1)), the committee shall have the special oversight functions provided for in clause 3(f) with respect to urban planning and the impact of government programs on major urban centers.' "

Mr. BADILLO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read. Copies have been submitted to the respective majority and minority managers and the amendment has been printed in the Record.

The **CHAIRMAN.** Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BADILLO. Mr. Chairman, this amendment proposes the establishment of a Standing Committee on Urban Affairs which would have legislative jurisdiction basically for regional planning in the area of urban development, mass transit, environmental protection, economic development, and is all of those matters which have to do with the problems between the cities and the suburban centers of the country.

The amendment as submitted now has been revised from an earlier amendment which would have taken away jurisdiction from the Banking and Currency Committee and from other committees. This amendment does not take jurisdiction away from any committee at all. It merely provides concurrent jurisdiction and the purpose of the jurisdiction is so that we may begin to discuss within the committee programs which have to be developed on a regional basis.

The difficulty with the reorganization plans which are presently pending before the House is that they follow the traditional pattern of having a committee structure by categories, so that if we want to proceed on housing we have to go to the Committee on Banking and Currency; or if we want to proceed on health matters we have to go to the Committee on Health; or if we want to proceed on education, we have to go to the Committee on Education or to the Committee on

Education and Labor; or if we want to proceed on general revenue sharing we have to go to the Committee on Government Operations; or if we want to proceed on transportation we have to go to the Committee on Public Works, and so forth.

But the problem is that there is nowhere any program under which we can plan on a regional basis. As a matter of fact, the Hansen substitute does not even mention regional planning at all, and the Bolling proposal provides for regional planning only in the Committee on Public Works in connection with the Tennessee Valley Authority.

Yet, the most dramatic change that has taken place in our society since 1946, since the 1946 reorganization, has been the increased urbanization in this country. Today 74 percent of all the American people live in urbanized areas and only 135 Members of this House come from areas which are more than 50 percent rural.

The problems of today are not any longer the problems of the cities alone but they are also the problems of the suburbs, they are the problems of the urbanized centers of this country, and those problems require regional solutions. We cannot talk of having a solution to the problem of air pollution if we do not take into account that the air travels across regional boundaries. We cannot talk about the problems of water pollution or mass transit without taking into account the reality of regional problems.

We cannot rely upon the municipalities or the States to solve those problems because the municipalities and the suburban boards have no jurisdiction to go across their boundaries and they must plan within their boundaries only.

The States themselves are limited to the particular State. In many areas, such as on the question of mass transit in the metropolitan New York area it is only possible to have a plan if we include New York, New Jersey, Connecticut, and Pennsylvania.

No one State is able to submit that kind of a regional plan, so it is clear that if we are going to move toward an analysis of the problems of our country on a regional basis we have to begin to take action from the level of the Federal Government. That is what this amendment proposes that we being to recognize, that we should deal with the problems on a functional basis, not on a categorical basis.

It is for that reason that this committee is being proposed. It is for that reason it does not seek to take jurisdiction away from anyone. The purpose of this amendment is to try to begin to get our people together, those in the cities and those in the suburban centers, to identify the areas where they have something in common, where they can begin to work together.

For that reason, I have left out the question of busing, because that is a divisive problem. We want to make a start to identify the areas of common interest, so that we can begin to move toward the society of the 1970's, 1980's, and the 1990's, and beyond.

I urge support of this amendment.

Mr. SMITH of Iowa. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not disagree necessarily with any of the objectives that the gentleman states; but, of course, we must keep in mind that in order to give a new committee legislative jurisdiction, jurisdiction must be taken away from other committees. Under the proposed amendment, jurisdiction is taken away from the Committee on Banking and Currency, in the case of public and private housing, taken away from public works, for mass transportation, relocation assistance is from labor. Perhaps these are appropriate things to do, I do not know; but it seems to me that this is too far-reaching to do here with an amendment on this bill in just a few minutes. If it should be done, it ought to be in a separate bill that comes to the House later when we can really take a good look at what is being taken from what committees and all the problems that it would cause.

I just think that on this bill this amendment should not be adopted.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield

Mr. SMITH of Iowa. I yield to the gentleman from Texas.

Mr. ECKHARDT. I am impressed by what the gentleman says. I am puzzled as to how the amendment would work. It seems to me it would put jurisdiction of a subject matter in two committees in almost every instance.

Mr. SMITH of Iowa. That is my interpretation, too.

Mr. ECKHARDT. For instance, the crime bill is certainly one that affects urban areas. Would we then submit that bill both to this new committee and to the Committee on the Judiciary?

Mr. SMITH of Iowa. I believe that is correct, and what is more, that would make it more difficult to pass the legislation that the gentleman supports.

Mr. ECKHARDT. The drug bill, for instance, was a bill before the Committee on Interstate and Foreign Commerce and divided with the Committee on Ways and Means; but under this proposal it would have to go to three committees, I would assume.

I think there is a wonderful objective here within a somewhat specialized area; but it seems to me we have to break everything up both on categorical and on regional bases, so as to make a duplication of committees in almost every instance.

Mr. SMITH of Iowa. It is so far reaching, it is worthy of being considered in a separate bill at another time.

Mr. BADILLO. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from New York.

Mr. BADILLO. Mr. Chairman, I want to point out that the committees would have concurrent jurisdiction, but that does not prevent this particular committee, which is concerned with the regional problems that might have to do with crime, to come up with a proposal that might be more meaningful.

The problem is that, considering the jurisdiction as it now exists in the House, a bill dealing with crime or health or environment or water pollution as separate categories may not meet the particular needs of the urbanized areas of the Nation. We need to begin to recognize the need for regional planning and to address ourselves to that problem.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I am puzzled. For instance, what would happen with respect to my region, which has a large ship channel running through the city of Houston, through industrial areas which are not strictly urbanized areas where people live, and continues on to Galveston?

I do not know who would control that. What about questions of water pollution? Are they going to be treated by the new special Urban Affairs Committee or be treated by the Committee on Public Works?

The ship channel also drains surrounding territory through which streams flow and drain into Buffalo Bayou, which becomes the channel. I just do not know who gets that whole package. It seems to me it absolutely defeats the major purpose asserted as the basis for the amendment in affording a means of deciding the question over a wide area.

Mr. SMITH of Iowa. These are questions that should be answered at a separate time when there is time enough to really explore the depth of what is being done.

Mr. Chairman, I oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Badillo) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. Hansen).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. BADILLO. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment to the amendment in the nature of a substitute was rejected.

AMENDMENT OFFERED BY MR. MCCORMACK TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. McCORMACK. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. McCormack to the amendment in the nature of a substitute offered by Mrs. Hansen of Washington: Page 14, after line 4, insert the following new paragraph (and redesignate the succeeding paragraphs accordingly):

"(c) No Member may serve on more than one standing committee at any time; except that service on the Committee on the Budget, the Committee on the District of Columbia, the Committee on House Administration, the Committee on Internal Security, the Committee on Merchant Marine and Fisheries, the Committee on Post Office and Civil Service, the Committee on Small Business, the Committee on Standards of Official Conduct, or the Committee on Veterans' Affairs shall not be taken into account in applying this requirement. The prohibition contained in

> this paragraph shall not apply to any Member serving on two or more committees in the Ninety-third Congress so as to prevent him or her from retaining membership on such committees in the Ninety-fourth and subsequent Congresses."

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from California.

Mr. PHILLIP BURTON. I thank the gentleman for yielding. I commend our colleague from Washington State for his thoughtful concern with reference to this vexing problem. However, the adoption of this amendment would completely slam the door in the face of the 100 freshmen coming in the House next year, because there will not be sufficient vacanies for them to fill except the House Beauty Shop Committee.

Mr. McCORMACK. I would like to remind the gentleman from California that, if my amendment is accepted, the same number of committee vacancies will be available next session as there are now, and for the same number of Congressmen.

Mr. DENNIS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Chairman, I would like to say to the distinguished gentleman in the well that I happen to be one of those who is somewhat skeptical of this one-committee limitation. I think there might be room in this House for a few generalists, and a few people of broad interests, and so I have my reservations. But if the principle is good at all, I fail to see the basis for the grandfatherly discrimination except, of course, to get votes for the Hansen amendment by making it nicer for all of those who enjoy that favored position.

Mr. McCORMACK. I think the gentleman has put his finger on one important point. I think the principle of limiting Members to one committee is a sound one. As I said before, we have a heavy committee schedule and we are encountering conflicts in committee meetings because we are serving on two or more committees. However, I think there is a great deal of wisdom in not trying to create such a sudden change as called for by the Bolling report as it is written. Ultimately, what we are talking about is mitigating that impact from the Bolling report.

Mr. MILFORD. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Texas.

Mr. MILFORD. I congratulate the gentleman on the amendment. I support it I think it is a good one.

Mr. McCORMACK. I thank the gentleman from Texas.

Mr. SMITH of Iowa. Mr. Chairman, I rise in opposition to the amendment. This amendment would do a great deal of mischief. I think the Members ought to think through the possibility of what could happen in the next Congress or the next one after that with the adoption of an amendment like this. One does not have to have a computer to figure out if there is a big shift of the membership of the Republicans versus Democrats from one Congress to another, there must in some instances in some Congresses be a majority Member or a minority Member on more than one committee. Suppose, for example, the shift is to considerably less than 40-percent Republican. If some Republicans are not permitted to serve on more than one committee, there could be some committees almost without Republicans at all. On the other hand, suppose the ratio is about 54 to 46. If we do not permit some majority Members to serve on more than one committee, there is no way to have the 60-percent ratio, which is considered to be a minimum, which is necessary to properly operate committees.

Therefore, it is mathematically impossible to operate under this kind of system without doing a great deal of mischief to the legislative process.

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from California.

Mr. MOSS. I thank the gentleman for yielding. I note here that it says that any Member serving on two or more committees in the 93d Congress is not pervented from continuing to serve.

It is silent on what happens in the case, we will say, of a Member serving now on the Committee on Education and Labor.

Does he follow and have that grandfather right in a successor committee or a committee having gained the major jurisdiction of the committee upon which he is serving or has served?

It seems to be ambiguous there, does it not?

Mr. SMITH of Iowa. That is true, and the grandfather clause makes it even more impossible mathematically to operate in a proper manner.

Mr. MOSS. Mr. Chairman, I thank the gentleman.

Mr. HOLIFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have made a great and deep study of this committee assignment matter.

Notwithstanding some of the remarks of my friend, the gentleman from Missouri (Mr. BOLLING), which he made in a "Dear Colleague" letter, I am telling the Members that if they want to see what happens mathematically, they can go back into the back of the room and get a copy of this analysis of it, and I will stand behind the analysis.

The problem that is going to arise in the assignment of committee members is unbelievable under the Bolling bill.

The language of House Resolution 988 is not clear. There are ambiguities and booby traps which should be understood before we vote on the resolution.

The problem which will arise and which will inevitably lead to the bumping of junior Members, results from a combination of the "single track" system, the number of Members available to fill the seats of the 15 "A" committees and the seniority system of the House, which is recognized by House Resolution 988.

We do not know what the ratio of Democrats to Republicans will be in the 94th Congress. It is about 247 to 187 now, in round numbers.

We can assume, as the gentleman from Missouri (Mr. BOLLING) has, that 95 Members will continue to serve on the three mandatory and exclusive "A" committees—Appropriations, Rules, and Ways and Means—58 Democrats and 37 Republicans. This leaves 340 Members for assignment to the remaining 12 "A" committees, which, if maintained at equal size, would average 28 Members per committee. Four committees out of that group could have 29 Members.

In order to balance up the numbers, all of the "A" committees are now on the average of 12 Members in excess of the average of 28 Members. The Bolling committee plan will greatly enlarge some of them as Members exercise their transfer rights.

There is a provision in the Bolling bill that, if a substantial part of the jurisdiction goes over to another committee, a Member can follow that into that committee.

Let us take the Committee on Education and Labor. If all of the Education members wanted to serve on Labor, they have the "right," under the Bolling formula, to make that committee as their choice. If they do that, of course, that committee would go up to a number far larger than it is now. I do not have the figures handy right here.

The gentleman from Missouri (Mr. BOLLING) also refers to page 88, lines 21–26, and says:

> No Member will be forced off the committee of his first choice, regardless of his seniority.

Also, he says, when jurisdiction is transferred to a new committee, a Member may "move to that committee with due recognition of his length of service on the former committee, in the House, and any subcommittee chairmanship or ranking membership, when his placement on the new committee is determined."

I want to point out that this is not the case, and further, this cannot be the case—

> House Resolution 988 * * * uses the word "should" rather than the word "shall" when dealing with the retention and transfer of Committee membership and with Committee seniority. It recognizes that the Democratic Caucus, the Republican Conference and the Committee on Committees will not be bound by any hard and fast rule, so the resolution uses permissive language rather than mandatory language which would confer a right upon a member.

What would happen, for instance, if House Resolution 988 were adopted, if all Members could in fact stay on the committee of their own choice, and if Members could transfer with their transfer of jurisdiction?

Would those who transfer, those who may be committee chairmen and who are high in length of service in the House and high in seniority, be able to bump members on that committee? If 16 of them can stay on that size committee, would they go below the 16, or if they are subcommittee chairmen, would they be able to bump subcommittee chairmen who are there already?

If they are high in seniority, would they bump somebody from the 16 on the

Democratic side and somebody from the membership on the Republican side?

Mr. Chairman, it becomes difficult when we get into this study, and I know how difficult it is to apportion subcommittees in the Committee on Government Operations. I had to go to 12 members on the subcommittee in order to satisfy the basic rule that the subcommittee members would have the same percentage rights on the Republican side as the Democratic side. I could not do it with 4–3, I could not do it with 5–4. However, I could do it with 7–5. I finally had to go to 7–5, which made it 12.

How many subcommittees can we have? There is no limit to subcommittees.

How much double-service memberships on subcommittees are involved in this thing? This is more complicated the further we go.

Mr. Chairman, I say that this amendment should be defeated. It is a patchwork amendment, and it would not do the job any more than the full resolution does.

Mr. BOLLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not wish to be heard on the subject matter of the amendment. The objections to that amendment have been made by the members of the Hansen committee. I briefly wish to speak on the points made by my friend, the gentleman from California.

The select committee and its staff spent hours and days wrestling with this particular problem. It is essentially a matter for the Caucus. We played all the mathematical games that we could think of. We decided that we could not in honesty come back to the House with anything that made any sense, since it was primarily a Caucus responsibility.

We also decided not to come up with illustrations like the one which has been given and which I think demonstrates the inutility of the position of my friend, the gentleman from California.

The gentleman's paragraph c. on the second page makes some really interesting assumptions. That paragraph reads as follows:

> The Post Office and Civil Service Committee is abolished and its primary jurisdiction transferred to the new Committee on Labor. 20 members of that Committee have a "right" to transfer to the Labor Committee (and probably will). In addition, 36 members of the present Education and Labor Committee have a similar "right" and would probably transfer.

Thus, according to paragraph c. on page 2, as offered by the gentleman from California (Mr. HOLIFIELD), all 36 members of the Committee on Education and Labor and all 20 members of the Committee on Post Office and Civil Service will go over to the Committee on Labor, and we will have there a 56-man Committee on Labor.

Now, if any other Member in the House thinks that is possible, I will be very much impressed. I think it is inconceivable, and I think it is nothing more than playing games with mathematics.

The fact of the matter is it is extraordinarily complicated, and it is a matter for the caucus and the conference and the leadership.

I do not wish to get involved in a discussion with the gentleman from Washington (Mr. MCCORMACK) on the matter. I simply do not believe the letter from the gentleman from California (Mr. HOLIFIELD) to the Members in reply to mine is to the point.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. MCCORMACK) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The amendment to the amendment in the nature of a substitute was rejected.

AMENDMENT OFFERED BY MR. PRICE OF ILLINOIS TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. PRICE of Illinois. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

> Amendment offered by Mr. PRICE of Illinois to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: Page 76, after line 16, insert the following new section:
>
> "SEC. 324. Nothing in this resolution, or in Rule X of the Rules of the House as amended by title I and this title, shall alter or affect the jurisdiction, membership, powers, functions, or procedures of the Joint Committee on Atomic Energy."

Mr. ANNUNZIO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Ninety-two Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and seven Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

AMENDMENTS OFFERED BY MR. PRICE OF ILLINOIS TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. PRICE of Illinois. Mr. Chairman, I offer a group of three other amendments which are conforming amendments to affect the major amendment to which I will address myself in my remarks, and I ask unanimous consent that they be considered en bloc.

The Clerk read as follows:

> Amendments offered by Mr. PRICE of Illinois to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: Page 5, lines 12 through 24, strike out "and nonmilitary nuclear energy and research and development including the disposal of nuclear waste".
>
> Page 5, line 18, in (e), insert the words "and nonnuclear" before "research".
>
> Page 67, lines 17 through 19, strike out "and nonmilitary nuclear energy and research and development including the disposal of nuclear waste".

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. BOLLING. Mr. Chairman, I reserve the right to object for the purpose of inquiring of the gentleman what he believes this collection of amendments does. I will tell him in fairness that we believe the amendments are drafted properly to do what he believes they will do, both to the Martin proposal and to House Resolution 988. What I should like is an explanation of what the first amendment, plus the additional amendments which he wishes to have considered en bloc will do.

Mr. PRICE of Illinois. That is what I intended to do in my remarks.

Mr. BOLLING. I should like to know before I agree to it, if the gentleman will state just very briefly.

Mr. PRICE of Illinois. The first amendment says:

> Nothing in this resolution—

Or the Rules of the House, and so forth—

> shall alter or affect the jurisdiction, membership, powers, function, or procedures of the Joint Committee on Atomic Energy.

The amendment on page 5 of the Hansen amendment avoids the unnecessary duplication of the congressional oversight functions.

The amendment on page 67 would modify the repetition of the assignment of jurisdiction in paragraph 3(d) to which the first amendment was addressed.

The final amendment would eliminate the language that refers to the nonmilitary aspects of nuclear energy, the same language that is in all of the amendments.

Mr. BOLLING. Further reserving the right to object, Mr. Chairman, this batch of amendments and conforming amendments would in effect have the same effect on the Hansen resolution as the amendments the gentleman intends to offer if we get to the Bolling resolution or will offer on the Martin resolution, which is to restore everything to the Committee on Atomic Energy?

Mr. PRICE of Illinois. That is correct. And I would say to the gentleman I did submit these amendments for each of the resolutions to his desk.

Mr. BOLLING. I understand that. I am not being critical of the gentleman in any way. I am just having a hard time keeping up with all the paper that has come to the desk, to be frank about it, and, Mr. Chairman, I do not object.

Mr. O'HARA. Reserving the right to object, Mr. Chairman, I would hope the gentleman from Illinois would withdraw his request to consider these amendments en bloc. I have no objection to the first amendment, but I would feel constrained to oppose the second, and I have not made up my mind on the third. So I hope the gentleman will withdraw his request. If not, I would have to object.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. O'HARA. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The gentleman from Illinois (Mr. PRICE) is recognized for 5 minutes in support of his first amendment.

Mr. PRICE of Illinois. Mr. Chairman, as Members of the House know and understand, the Joint Committee on Atomic Energy is a statutory committee. It is a joint committee made up of representations from both bodies of the Congress. It has legislative authority. It acts on legislation referred to it by both bodies of the Congress. It reports jointly to both bodies of the Congress and it makes recommendations on legislation. It also has the oversight function over the Atomic Energy Commission. Under the Atomic Energy Act, the Commission is compelled to keep the committee currently and fully informed on all matters pertaining to atomic energy. This it has done throughout the years.

The use of atomic energy covers many fields, not only military.

As a matter of fact, the gentleman from California (Mr. HOLIFIELD) and I are charter members of the committee and were champions of the action in the House in 1946 which placed emphasis on the civil functions of the atomic energy program.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Oklahoma, the distinguished Speaker of the House.

Mr. ALBERT. Mr. Chairman, I hate to interrupt the gentleman, but I realize some of the problems that have been raised involve matters of jurisdiction on the question of energy. This problem has been particularly complicated because energy problems have grown as the country has changed. But I have never seen a measure come out of the Joint Committee on Atomic Energy that I thought was more germane to another energy committee than to that committee.

It seems to me if there is any committee whose basic jurisdiction, although it is partly military and partly civilian, is across the board, it is this committee. It does have a common denominator which never causes the House any trouble.

I support what the gentleman from Illinois is saying and I hope the House will do likewise.

Mr. PRICE of Illinois. Mr. Chairman, I thank the distinguished Speaker.

I was pointing out the major part of the effort of the Joint Committee, of course, through the years was in the weapons field but we are gradually getting away from that and more and more emphasis is being placed upon the peaceful uses of atomic energy. There is hardly any large hospital in this country that does not benefit from the atomic energy program and the medical profession throughout the country benefits from the work of the atomic energy program.

We have sponsored these medical programs. We have promoted them. We did everything possible to extend the benefits of the peaceful uses of atomic energy throughout the country.

The amendment I offer assures that the specified assignment of the committee functions and the committee requirements in the resolution would not affect in any way the statutorily described responsibilities and authority of the Committee on Atomic Energy.

I urge that the whole atomic energy program continue to be centrally overseen, as heretofore. If the legislative and oversight functions of the Congress are fissioned as proposed by the resolution, the consequences will be a redundance of congressional inquiry, consideration, and piecemeal treatment resulting in seriously diminished congressional effectiveness with respect to the atomic energy program—a program more vitally important today than ever before.

If Congress is now unduly ponderous, slow and indecisive in relation to the energy challenge—and the majority of our citizens hold this view—the proposed disbanding of its only effectively organized mechanism for overseeing an energy program in a comprehensive and decisive manner will only serve to worsen that poor posture.

In my judgment, the conduct of the Atomic Energy program by the executive branch will rapidly deteriorate without clearcut, fully focalized comprehensive congressional attention of the type the Joint Committee has been able to provide.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(At the request of Mr. ANNUNZIO and by unanimous consent, Mr. PRICE of Illinois was allowed to proceed for an additional 2 minutes.)

Mr. PRICE of Illinois. Mr. Chairman, instead of emasculating the Joint Committee and scattering its functions and responsibilities, the committee's record should serve as a shining example of effective congressional committee performance.

Mr. HOLIFIELD. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, this is an amendment that affects the jurisdiction of the House side of the Joint Committee, a committee that the gentleman from Illinois (Mr. PRICE) and I have served on for 28 years and which has a notable and outstanding record.

Mr. Chairman, in view of the importance of this matter, I ask that I be allowed to speak for 5 additional minutes.

(By unanimous consent Mr. HOLIFIELD was allowed to proceed for an additional 5 minutes.)

Mr. HOLIFIELD. Mr. Chairman, I rise in support of the amendment offered by the chairman of the Joint Committee, our colleague, the gentleman from Illinois (Mr. PRICE). We have served together on that committee for 28 years, as I said. That committee has done an extraordinarily fine job. This is evidenced by the unusually strong support which the Congress has given, in its annual authorization bill. The dissenting votes have been very few. It is also demonstrated by the accomplishments of this committee.

The excellence of that committee's work has been demonstrated by the accomplishments of this committee in both the military and civilian fields. First, let us consider the military accomplishments. We have carried out and directed research and development of weapons size and strength, for delivery by intermediate and intercontinental missiles. We pioneered the nuclear submarines by funding the first four submarine reactors which were developed, two of which were used in the *Nautilus* and the *Seawolf*, our first two nuclear submarines.

The wedding of the Polaris and the Poseidon missiles gave us air-launching missiles from underwater submarines with a range of several thousand miles. The naval surface ships, the carrier *Enterprise*, the cruiser *Long Beach*, the frigates *Bainbridge* and *Truxton*, give us unlimited radius without dependence on logistic fuel supply, which is also true of the submarines. Our nuclear submarines are in the front row of our defense today, and the most difficult to locate by an enemy, of any missile-launching device.

Let us get to the civilian application. We have developed more than a thousand peacetime applications. The budget is 50 percent peacetime applications. All this is taken away from us by the Bolling resolution and the Martin resolution.

We have developed more than 100 different isotopes for diagnostic and therapeutic use by doctors in our hospitals. One out of every four people in hospitals are treated with radioactive elements of one kind or another.

We have developed the only new—listen to this—domestic fuel resource of any importance to help us in our energy deficit. It is estimated that 50 percent of our electrical energy will come from nuclear fuel by the year 2000.

The nine House members of the joint committee do not deserve the gutting operation of the Bolling resolution and Martin resolution. We have done a good job. This House has already reversed the Hansen recommendation and restored the jurisdiction of the Rules Committee. The Members will remember how the Rules Committee members objected to having its jurisdiction taken away. Now, we are making the same objection.

This House has already restored the jurisdiction of the Committee on Internal Security, and by an overwhelming vote. I now ask the Members to restore the original jurisdiction of the House section of the Joint Committee on Atomic Energy. I ask the Members to vote for the amendment of the chairman of the committee, our colleague from Illinois (Mr. PRICE).

Mr. Chairman, what has the Atomic Energy Committee done to justify this gutting operation? Is it to take care of some friends on Space and Technology or on the Interior Committee? Do the Interior Committee members have any grasp of this situation? Does the Committee on Space and Technology have any grasp of this situation? They are in the solar and geothermal business. They have not been in the nuclear business, and I will tell the members of the committee that it is a complicated business.

There are a lot of other factors involved in this. Here is a procedure which is being used under the constitutional right of changing the jurisdiction of the House to nullify a statute. The Joint Committee was set up by statute in 1946 in the MacMahon Act and the Cole-Hickenlooper Act of 1954, it was again affirmed that it was a statutory committee with the right to legislate and the right to authorize. It is different from the Joint Committee on Printing, for instance.

It is the only Joint Committee that has the right to authorize and legislate that I know anything about. We are moving to absolutely destroy the House side of it. The Senate side is not touched. Why is that? Because the Senate has to make its own rules, but look at the lopsided situation we have.

We have a gutted half of the Joint Committee on the House side, and we have the full committee on the Senate side. What comity is this? Was there any consideration given to bringing in a law or a bill which would nullify the statute? No. They are getting the same result indirectly which they did not go after directly. They are doing by the device of changing the rules of the House a gutting job on the Joint Committee on Atomic Energy.

I say that this committee has an outstanding record. It has a staff and persons on that committee who have had years of experience. The gentleman from Illinois (Mr. ANDERSON) will be the ranking member on his side after the gentleman from California (Mr. HOSMER) leaves. The gentleman from Illinois (Mr. PRICE) will be ranking member on the Democratic side.

Rather than gutting this committee, we ought to be strengthening it because we are to be dependent upon atomic fission and upon this committee's expertise for 50 percent of our energy by the year 2000. We are already making 4 percent, and we are ahead of anything the Joint Committee estimated in the way of schedules. The utilities are turning to this committee to avoid buying Saudi Arabian and Venezuelean oil. These nuclear reactors today are our only source of domestic fuel outside of the coal and gas we have in our country to fill this tremendous gap in energy. Do we want to break up a working organization that is doing a good job and put it into the hands of people who are well motivated and friends of mine but who are inexperienced in this field? It is going to take them years to get the experience that the members and staff of the Joint Committee now have.

What are we going to do with this committee? Are we going to summarily kill it just because we have an opportunity to reach for some kind of an elusive goal of reform? What are we going to do? I hope this House will do the fair thing as they did by the Rules Committee and by the Internal Security Committee—we should restore the Atomic Energy jurisdiction to prevent it from being destroyed and its functions assigned to two other committees in the House.

I am going to join Mr. PRICE in offering this same amendment to the Martin resolution and to the Bolling resolution when it comes up. Let us start off right now by making it known clearly that this House will stand behind the Joint Committee it has stood behind for 28 years, a committee that has had no trouble, a committee that has handled classified and unclassified material without any leaks from that committee, a committee that has special building and electronic arrangements to protect classified matreterial. Let me tell you this: They are not all military secrets. Some of the secrets have to do with the enrichment of uranium in the bombs. I just hope this House will recognize the service the committee has rendered and support the Price amendment.

Mr. O'HARA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as one of the sponsors of the Hansen proposal, and having discussed it with the gentleman from Washington, I can say that there is no objection to this amendment on the part of the sponsors of the Hansen proposal. It simply clarifies our intention. In the Hansen proposal no effort is made to remove any of the legislative jurisdiction of the Joint Committee on Atomic Energy. The Hansen proposal does not touch the Joint Committee on Atomic Energy. All the Hansen proposal does is to provide some oversight by committees of the House of some matters that are within the jurisdiction of the Joint Committee on Atomic Energy.

Certainly we are ready to accept the amendment as clarifying the provisions of the Hansen proposal. That is one of the ways in which the Hansen proposal differs from House Resolution 988. House Resolution 988 affects the legislative jurisdiction of the Joint Committee on Atomic Energy and the Hansen proposal does not. So we would accept the amendment.

Mr. ANDERSON of Illinois. Mr. Chairman, I rise in support of the amendment that has been offered by the gentleman from Illinois (Mr. PRICE).

Certainly it is true that one of the basic issues, among others, that is before us in our consideration of the reorganization proposal is how this Congress can most efficiently and responsibly deal with the many decisions that must be made on energy legislation in the very near future.

The international political implications of energy independence are manifest for all to see. We are also acutely aware, I hope, that for the domestic economic, social, and political stability of this country, wise decisions on energy must be made very soon by this Congress.

It is a pressing concern, therefore, that we put into effect the reforms in our own organizational structure that would allow for their earliest possible achievement of the goal of energy independence.

It is because I believe in those basic premises and principles that I have just enunciated that I support the amendment, I repeat, of the gentleman from Illinois (Mr. PRICE), because I can think of no more efficient way of handling the nuclear energy affairs of this country than under the persent joint committee system that we have.

I would quite agree with both the gentleman from California (Mr. HOLIFIELD) and the author of the amendment that to have a bifurcated situation where the Joint Committee would continue to work as it has since it was created by statute, many, many years ago and to have the Senate side of that committee confided with the jurisdiction of nuclear matters and then to have the same kind of legislation here on the House side go not to the Joint Committee, even though it still existed and still had the nine House members on that committee that serve today, but, rather, confided those matters to an energy and environment committee or to a science and technology committee, would, it seems to me, confuse the legislative process rather than providing that kind of functional approach and that kind of streamlining that would lead to greater efficiency.

I would make one other point in the brief time that I have remaining in support of what the gentleman from California said as he preceded me here in the well, and that is that in that great nuclear program which we have, there still remains a very significant effort that has to be made if we would implement and carry out the programs that have been started and that are at very, very crucial stages of development.

There are major decisions to be made in the near future by this Congress, decisions that what will not be made by the committee alone, of course, but in cooperation with members of the various public interest groups, in cooperation with the scientific community and with the nuclear power industry, and they concern questions like those involving uranium enrichment, the liquid metal fast breeder reactor or what we should do with respect to the more advanced nuclear energy system, such as fusion.

In my opinion and in my humble judgment, those are matters that must concern and occupy the full attention of people who are familiar with that very esoteric field.

If this amendment is adopted, that is, the amendment offered by the gentleman from Illinois (Mr. PRICE), I think it will enable the Joint Committee to continue its efficient supervision and oversight of these programs.

Therefore, much as I favor the proposition of committee reform, and if anyone has taken the trouble to follow the record of the votes that I have cast since this matter came before the committee and before the House a few days ago, he will know that I have supported in each and every instance what the so-called Bolling committee has sought to do. However, in this instance, I think it would be unwise, it would be imprudent, it would be counterproductive in the great energy effort that we must continue to make in the years ahead to destroy the jurisdiction of the Joint Committee on Atomic Energy.

I hope the gentleman's amendment will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. PRICE) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The amendment to the amendment in the nature of a substitute was agreed to.

AMENDMENT OFFERED BY MR. BINGHAM TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. BINGHAM. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. BINGHAM to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: On page 53, after line 2, insert the following:

"PAIRS IN COMMITTEE OF THE WHOLE

"SEC. 209. The first sentence of clause 2 of rule VIII of the Rules of the House of Representatives is amended by inserting 'by the House or Committee of the Whole' immediately before the first comma."

POINT OF ORDER

Mr. SMITH of Iowa. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The Chair will be glad to hear the gentleman's point of order.

Mr. SMITH of Iowa. Mr. Chairman, I make a point of order against the amendment for the reason that it is an amendment to rule VIII, whereas the principal resolution under consideration here, House Resolution 988, attempts to amend rules X and XI only. Therefore, the amendment is not germane.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. BINGHAM. I do, Mr. Chairman.

Mr. Chairman, I was hoping that the amendment was sufficiently noncontroversial so that the point of order would not be made, and I do want to be heard on it.

This would amend title II of the resolution, which is headed, "Miscellaneous and Conforming Provisions." That title of the resolution is not limited to changes in rules X and XI. It affects other rules, section 207, for example, amendment to rule XVI, and under the heading of "Miscellaneous and Conforming Provisions," it would seem to me that a simple amendment to rule VIII would clearly be in order.

The CHAIRMAN (Mr. NATCHER). The Chair is ready to rule.

On hearing the gentleman from Iowa (Mr. SMITH) and the gentleman from New York (Mr. BINGHAM), the Chair is of the opinion that there is nothing in the Hansen amendment in the nature of a substitute, as perfected, relating to voting procedures in the Committee of the Whole. The miscellaneous provisions in the Hansen amendment, as perfected by the Waggonner amendment, do not broaden the Hansen amendment to the extent suggested by the gentleman from New York.

Therefore, the point of order must be sustained, and the point of order is sustained.

Mr. BINGHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would simply like to explain the purpose of the amendment which I offered and which I had hoped would be sufficiently noncontroversial so that no point of order would be raised against it.

As Members, we do not have the convenience of being able to use pairs in Committee of the Whole. The Parliamentarian has so ruled. We can use pairs on all other record votes.

Now that we frequently have record votes in the Committee of the Whole, it would seem to me in the interest of Members that pairs should be available to Members on those occasions. At the earliest opportunity I will seek to achieve that objective, which, while not of enormous significance, would permit Members to record their position on all record votes, even when they cannot be present.

AMENDMENT OFFERED BY MR. DINGELL TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. DINGELL. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. DINGELL to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: Page 37, immediately following line 20, insert the following new section and redesignate ensuing sections accordingly:

"APPROPRIATIONS BILLS

"SEC. 201. Rule XXI of the Rules of the House of Representatives is amended by inserting the following new Clause, and renumbering ensuing Clauses accordingly:

"'3. A committee report accompanying any bill making an appropriation for any purpose—

"'(a) shall not contain any directive or limitation with respect to such appropriation unless such directive or limitation is set forth in the accompanying bill, and

"'(b) shall contain a concise statement describing fully the effect of any provision of the accompanying bill which directly or indirectly changes the application of existing law.'"

POINT OF ORDER

Mr. WHITTEN (during the reading). Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman from Mississippi makes a point of order against the amendment.

Mr. DINGELL. Mr. Chairman, I believe the point of order is premature. The reading of the amendment has not been concluded.

The CHAIRMAN. The gentleman is correct.

The Clerk will continue the reading of the amendment.

The Clerk concluded the reading of the amendment.

The CHAIRMAN. Does the gentleman from Mississippi (Mr. WHITTEN) insist upon his point of order?

Mr. WHITTEN. Mr. Chairman, I do.

Mr. Chairman, the resolution before us amends rules X and XI. I am told the Hansen provision by a special rule was permitted to include a provision that would affect rule XVI. The amendment offered by the gentleman from Michigan (Mr. DINGELL) goes, according to its wording, to rule XXI and I respectfully submit that it is not germane to the matter before us. There are many, many reasons why this should be, Mr. Chairman, because a reading of the gentleman's amendment would mean that no longer would there be any reports submitted by any committee in connection with any bill because of having to be included in the bill there would be no need for the report.

For example, in the case of the Subcommittee on Defense Appropriations I suspect the bill would be about as thick as three Sears Roebuck catalogs, and that of the public works would be probably as big a one.

The fact is that the matter before us which limits it to rules X and XI, with the special exception of rule XVI, which was stricken, but which was included by reason of a special rule, so that the amendment offered by the gentleman from Michigan (Mr. DINGELL) directed as the gentleman would in that amendment to rule No. XXI, is nongermane to the matter before us, the subject matter, and therefore should be ruled out of order.

The CHAIRMAN. Does the gentleman from Michigan desire to be heard on the point of order?

Mr. DINGELL. I do, Mr. Chairman.

Mr. Chairman, I have before me House Resolution 988, and House Resolution 1248. The question before the body is whether or not the amendment would be germane either to House Resolution 1248 or House Resolution 988. The question which must be considered in establishing the germaneness of the amendment is the whether amendment germane either to the amendment, or to the resolution?

The question of germaneness is not related simply to the particular rules to which either House Resolution 988 would address itself, or House Resolution 1248 would address itself, but rather to whether on a fair reading of the entirety of the two proposals that the proposal would be germane to the amendment to House Resolution 988 and House Resolution 1248, which is at this moment before the House.

The gentleman from Mississippi—and I have the greatest respect for the gentleman, as he is an enormously able and valuable Member of this body—is saying that because this particular amendment would purport to amend rule XXI it is not germane.

If the Chair will look at the language of the amendment it first of all deals with appropriation bills, the work product of the Committee on Appropriations, and the powers and prerogatives of the Committee on Appropriations under the rules. If the Chair will consult both House Resolution 988 and House Resolution 1248 the Chair will find that there is a miscellaneous section there too. This amendment is directed at the miscellaneous section. I would inform the Chair that word "miscellaneous" means broad, diverse, and manyfold.

I would point out that not only do the provisions of both the miscellaneous section and the rest of the bill deal not only specifically with rules X and XI, and with other portions of the rule not enumerated or named, but treated in a general fashion, but that the miscellaneous section deals with a large number of items within the rules of the House.

More specifically, both of the resolutions deal with the powers and prerogatives of the Committee on Appropriations as well as the duties and the responsibilities. And so a section to be added relating to the powers and the prerogatives of the Committee on Appropriations would at least in my view, therefore, be fully appropriate and germane, because the function of the amendment as offered is to deal with the powers and prerogatives of the Committee on Appropriations and, Mr. Chairman, in contrast to what my good friend, the gentleman from Mississippi said, not just the powers of all the committees, but only the powers of the Committee on Appropriations since the amendment relates to the question of how appropriation bills shall be reported to the House, and the main rule is the one relating to the powers of the Committee on Appropriations in legislating.

So I think it ought to be clearly ascertained that we put, through the proposed amendment—or the proposed amendment would put—further restrictions on the powers of the Committee on Appropriations to legislate. I would address myself to that in the appropriate fashion when the Chair has disposed of the point of order.

I note my good friend, the gentleman from Texas, is standing. If the Chair would permit, I will yield to him for an appropriate comment.

The CHAIRMAN. The Chair will hear the gentleman from Texas on the point of order.

Mr. ECKHARDT. I thank the gentleman for yielding.

Mr. Chairman, I will state my position opposing the point of order on slightly broader grounds. I agree with everything the gentleman says.

Rule XXI is a rule which prevents the circumventing of jurisdiction of all the committees. Rule XXI cannot be divorced from the general question of assignment of jurisdictional responsibility to the major committees of this House. If it were not for rule XXI, the Committee on Appropriations would be in a position, because it deals with so many bills from so many committees, to insert new material at the appropriations level. All of the bills before us deal with the Committee on Appropriations, but, more importantly, all of the bills before us deal with the question of protecting and establishing jurisdiction of the major committees of the House. In addition to that, all of the bills before us deal with the assignment of jurisdictional authority by the Speaker and in the case of the Bolling bill, by the Committee on Rules—and ultimately by the House—of bills to committees.

It is utterly impossible to separate this web of provisions, including the rules covered by these three bills and rule XXI. Therefore, it would seem to me, Mr. Chairman, that the amendment is germane. Most of the arguments made against it seem to me to be arguments on the merits.

The CHAIRMAN. Does the gentleman from Nebraska desire to be heard on the point of order?

Mr. MARTIN of Nebraska. I do, Mr. Chairman. I, too, raise a point of order on the gentleman's amendment.

I should like to point out that in the original resolution, House Resolution 132, which was adopted by the House on January 31, 1973, the second paragraph stated as follows:

> The Select Committee is authorized and directed to conduct a thorough and complete study with respect to the operation and implementation of Rules X and XI of the Rules of the House.

This amendment is directed to rule XXI. The select committee was not instructed to make any changes in rule XXI. Therefore, I raise a point of order also in regard to the gentleman's amendment.

The CHAIRMAN (Mr. NATCHER). The Chair is ready to rule.

The amendment offered by the gentleman from Michigan (Mr. DINGELL) is drafted to the miscellaneous portion of the amendment offered by the gentlewoman from Washington (Mrs. HANSEN). That portion of the amendment refers to several rules of the House, even though the Waggonner amendment deleted all reference to rule XVI. The amendment as offered, relates to the content of reports filed by the standing Committee on Appropriations, a matter within the scope of the Hansen amendment in the nature of a substitute. The Chair has carefully considered the point of order and the arguments of those who have spoken on the point of order, and it is the opinion of the Chair that the point of order must be overruled, and that the amendment is in order to the Hansen amendment in the nature of a substitute.

The Chair recognizes the gentleman from Michigan.

Mr. DINGELL. Mr. Chairman, most of my colleagues are familiar with the problem that the House has with regard to appropriation bills. It is unfortunate with almost every appropriation bill which comes before the House we have two problems, the first of which is that there are a large number of legislative pronouncements in the bill. Although the Appropriations Committee very graciously makes available to the House some information with regard to legislation in these appropriation bills available to the House, it nevertheless is discerned when the House has gone into this particular matter that the Appropriations Committee has not fully itemized items of legislation in the bill.

Rule XXI which would be amended by the amendment now before the House proscribes legislative enactments by the Appropriations Committee in its appropriation bills.

This amendment carries rule XXI a little further. It says that the committee report accompanying such appropriation bills "shall not contain any directive or limitation with regard to such appropriation unless such directive or limitation is set forth in the accompanying bill."

This simply means that when the bill is read we will know what the Appropriations Committee wants to have done. I do not think that is beyond the scope of prudent legislation. Indeed I think that the public interest would be well served by having that information clearly before the House subject to debate and subject to discussion and subject to revising.

What is the evil that this particular section is directed at? Let us take the case of the appropriation bill which will be before us tomorrow, the Agricultural, Environmental, and Consumer Protection Appropriation bill of 1975. Before its veto earlier this year we had a lengthy discussion upon this House floor with respect to the meaning of the language in the report on that appropriation bill limiting the powers of the Federal Trade Commission. We now find similar language in the report will be before the House from the Committee on Appropriations which sets out that the EPA shall not issue any regulation which has the effect of either increasing consumer costs or doing certain other things, and the Appropriations Committee did not put that into the bill but they did put it into their report. So how are we to judge? Are we legislating by consideration of a bill with that kind of a report or are we considering a mere pronouncement of the Appropriations Committee?

I think clearly this is the kind of situation to which the House ought to be directing its attention at this particular time.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I will yield to the gentleman from Mississippi because I have the highest regard for him and I always enjoy our discussions.

Mr. WHITTEN. Mr. Chairman, may I call the attention of the gentleman to the particular wording he has described. If the gentleman will read the report he will see that it reads quite differently. It plainly spells out that the Appropriations Committee has not provided any money to decrease the supply of food or increase its cost and that we have made no appropriation to decrease the supply of electricity or increase its cost. That is what we said. Of course, we believe EPA should follow the committee's directive. We did not place the provision in the bill for the reason that it would allow no elasticity.

Mr. DINGELL. Let me read this, since this is on the matter and this is from the Appropriations Committee report, page 5, where it says:

> The Committee considered recommending the following language in the bill relating to funds for the Environmental Protection Agency:
>
> "None of these funds are appropriated for the purpose of administering any program that reduces the supply or increases the cost of electricity or food to the consumer."
>
> However, the Committee agreed it would be best to include the language in the report at this time, and to rely on the Environmental Protection Agency to so modify its regulations and requirements as necessary to accomplish this directive.

The problem is we have got a half dozen legislative committees which are open and ready and available to give the relief the Appropriations Committee seeks to give if we decide to do it, but do we do it through the Appropriations Committee or by legislation or how?

As a matter of fact, all we are sure on this, when EPA comes before the committee next year——

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent Mr. DINGELL was allowed to proceed for an additional 3 minutes.)

Mr. DINGELL. Why they did not adhere to the language in the report, I do not know.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I wanted to call attention to the fact that the committee did put the language in the report so that these matters could be discussed, so that we might be able to work these matters out. For that reason I did not make it a flat prohibition that would be true in the bill.

I call attention, it is within the prerogative of the Committee on Appropriations to recommend to the Congress the funds and what they shall be for.

By the same token, it is within the power of the committee to say what they are not for.

In this instance it was the view and opinion of our committee that the intention of the committee was not to make appropriations for the purposes the gentleman has described.

It is sound procedure and in connection with the point of order that was overruled.

Mr. DINGELL. I have great respect for the gentleman from Mississippi. I just happened to disagree on this matter.

The second section says the language of the report shall contain a concise statement describing fully the effect of any provision of the accompanying bill which directly or indirectly changes the application of existing law.

The Committee on Appropriations regularly puts such a statement in the Committee on Appropriations bill reports, and it does not strike me this is going to constitute an undue burden.

I was checking the other day and found by reading the rules that the rules do not require that this be done; so as a matter of fact, the assistance that might be available to the Members of the House, whether the Committee on Appropriations is legislating or not, is not really theirs as a matter of right under the rules. There is no mechanism to assure that the appropriations are set out in clear and full detail in those instances where it is seeking to legislate and change existing law.

The function of this amendment is to accomplish that second purpose, as well as the first. The purposes of the amendment are as follows:

First. To see to it that the limitations on expenditures, and so forth, which appear in the report appear also in the bill.

Second. That there shall be a legislative undertaking in the Committee on Appropriations bill that it is set out clearly before the Members in the report, so that we know whether or not the Committee on Appropriations is engaged in some kind of legislative undertaking.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to my good friend, the gentleman from Texas.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. MAHON, and by unanimous consent, Mr. DINGELL was allowed to proceed for an additional 3 minutes.)

Mr. MAHON. Mr. Chairman, will the gentleman yield further?

Mr. DINGELL. I yield to the gentleman from Texas.

Mr. MAHON. This amendment gives the Committee on Appropriations a great deal of concern.

PARLIAMENTARY INQUIRY

Mr. STEIGER of Wisconsin. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STEIGER of Wisconsin. Was a unanimous consent request made here for additional time?

Mr. MAHON. Yes, and it was granted.

The CHAIRMAN. The unanimous consent request was granted. The gentleman from Michigan was recognized for an additional 3 minutes.

Mr. DINGELL. Mr. Chairman, I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, let us take the Committee on Armed Services. They come in with an authorization for aircraft of $2.5 billion. That is about all there is in the bill; but then in the report they list what the funds are for and what projects are involved.

When we have an appropriations bill for Defense, say of $82 billion, under this regulation we would have to list each and every project.

Mr. DINGELL. No, no; the gentleman is incorrect in that.

Mr. MAHON. But it does say that in the amendment, because we limit the things the Defense Department can spend the money for, certain types of aircraft, certain types of ammunition, certain types of research and development; so we would have hundreds of pages in the bill, whereas in the report these items are listed rather than in the bill itself.

It seems to me it would just impose an intolerable burden upon everybody concerned, because we say here, "shall not contain any directive," and I assume language specifying how money shall be spent is a directive—"shall not contain any directive or limitation upon such appropriations unless such directive or limitations is set forth in the accompanying bill."

Mr. DINGELL. Let me say, if the gentleman will permit, if the gentleman feels very keenly about the language in section (a), I will ask unanimous consent to strike (a) and renumber (b), if that is the wish of my good friend, the gentleman from Texas, if that relieves the minds of my good friends on the Committee on Appropriations.

Mr. MAHON. I am not sure what the gentleman is saying with respect to section (b).

Mr. DINGELL. The gentleman is complaining about subparagraph (a). I will be delighted to ask unanimous consent to eliminate subparagraph (a) and renumber (b) as (a).

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, would it not perhaps be better simply to strike the word "directed" and simply say, "shall not contain any limitation with regard to appropriations"?

Mr. DINGELL. I do not have any objection to that, but I am trying to satisfy one Texan at a time.

Mr. Chairman, in order to comfort my good friend and colleague from Texas, I ask unanimous consent that subparagraph (a) of the amendment offered by myself be striken, and that the letter (b) also be stricken so as to define clearly what I think meets the objections of my friend from Texas.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. WHITTEN. Mr. Chairman, reserving the right to object, I did not understand the gentleman's explanation or his request.

Mr. DINGELL. Mr. Chairman, I simply ask unanimous consent that all of subparagraph (a) be striken, and the letter (b) at the beginning of subparagraph (b) be stricken so as to leave the amendment containing only a requirement that the appropriation bill contain the appropriation committee report and describe clearly the provisions of the bill which change the application of existing law.

Mr. WHITTEN. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, it seems to me that the gentleman has been very helpful.

Mr. DINGELL. I am trying to be. Mr. Chairman, I believe I have made the concession my friend from Texas wants.

Mr. MARTIN of Nebraska. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I understand that the Committee will rise at 3 o'clock in order to prepare for the joint session in which the Congress will receive the President for his economic message. In view of that fact, and in view of the fact that at 3 o'clock we will have been considering, under the 5-minute rule, for approximately 2 hours amendments to the Hansen resolution, I believe that in the interests of fairness and equal play, that when we reconvene after the joint session, that I would hope that the Committee would then devote 2 hours to consideration of amendments to the Martin resolution.

Mr. Chairman, I know that this is nothing that can be controlled under the parliamentary situation, because any Member, if recognized, may offer an amendment to either resolution, but I think it is only fair that the Martin resolution have a couple of hours and that there be an opportunity to have amendments offered to that resolution.

I would hope that the Members, in the interests of fair play, those who want to amend the Hansen resolution, would refrain from doing so in order that those Members who would like to amend the Martin resolution have a 2-hour period in which to do so.

Mr. BOLLING. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from Missouri.

Mr. BOLLING. Mr. Chairman, I would like to inquire, if I might, how much time has been used in debate?

The CHAIRMAN. The Chair informs the gentleman from Missouri that 1 hour and 23 minutes has been consumed of a 5-hour limitation.

Mr. BOLLING. So that if the gentleman's request were honored by all the

Members, approximately 2 hours were used for amendments to the Martin substitute, there would still be a significant portion of time left for further action on the Hansen amendment?

Mr. MARTIN of Nebraska. That would be my understanding.

Mr. Chairman, I cannot make a unanimous-consent request because of the parliamentary situation. Any amendments to the Hansen substitute have preference to amendments to the Martin substitute.

I am simply asking that those who would have additional amendments to the Hansen substitute refrain for a 2-hour period after we reconvene from the joint session so that the Members who wish to offer amendments to the Martin substitute may have an opportunity to do so.

Mr. BOLLING. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from Missouri.

Mr. BOLLING. I thank the gentleman for yielding. There is no intention to make any unanimous-consent request, that I know of, in this case. It is merely that the hope would be that it would be fair to give some opportunity to the proponents of the Martin substitute to perfect their substitute. It seems to me the gentleman makes an eminently fair request, and I certainly hope it can be acted upon in this session. I do not know if it will be 2 hours.

Mr. MARTIN of Nebraska. The gentlewoman from Missouri (Mrs. SULLIVAN) has had her amendment pending for approximately a week. Because of the parliamentary situation we have not had an opportunity to act on that amendment. I think it is only fair that we should have some time to consider amendments to the Martin substitute.

The CHAIRMAN. The question is on the amendment, as modified, offered by the gentleman from Michigan (Mr. DINGELL) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The amendment, as modified, to the amendment in the nature of a substitute was agreed to.

AMENDMENT OFFERED BY MR. GUNTER TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. GUNTER. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute, and I ask unanimous consent that the amendment be considered as read.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. ROUSSELOT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. GUNTER to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: On page 20, strike out lines 9 through 25, and on page 21, strike out lines 1 through 7, and insert in lieu thereof the following:

"(g) (1) Each meeting of each standing, select, or special committee or subcommittee, including meetings to conduct hearings, shall be open to the public: *Provided*, That a portion or portions of such meetings may be closed to the public if the committee or subcommittee, as the case may be, determines by vote of a majority of the members of the committee or subcommittee present that the matters to be discussed or the testimony to be taken at such portion or portions—

"(A) will probably disclose matters necessary to be kept secret in the interests of national security or the confidential conduct of the foreign relations of the United States;

"(B) will relate solely to matters of committee staff personnel or internal staff management or procedure;

"(C) will tend to jeopardize the present or future legal rights of any person or will represent a clearly unwarranted invasion of the privacy of any individual;

"(D) will probably disclose the identity of any informer or law enforcement agent or any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement; or

"(E) will disclose information relating to trade secrets or financial or commercial information pertaining specifically to a given person where —

"(i) the information has been obtained by the Federal government pursuant to an agreement to maintain confidentiality of such information;

"(ii) a Federal statute requires the information to be kept confidential by Government officers and employees; or

"(iii) the information is required to be kept secret in order to prevent undue injury to the competitive position of such person. A separate vote of the committee shall be taken with respect to each committee or subcommittee meeting that is closed to the public pursuant to this paragraph, and the committee shall make available within one day of such meeting a written explanation of its action. The vote of each committee member participating in each such vote shall be recorded and published.

"(2) Each standing, select, or special committee or subcommittee shall make public announcement of the date, place, and subject matter of each matter of each meeting (whether open or closed to the public) at least one week before such meeting unless the committee or subcommittee determines by a vote of the majority of the committee that committee business requires that such meeting be called at an earlier date, in which case the committee shall make public announcement of the date, place, and subject matter of such meeting at the earliest practicable opportunity.

"(3) A complete transcript, including a list of all Members of the committee or subcommittee attending, and of all other persons participating and their function or affiliation, shall be made of each meeting of each standing, select, or special committee or subcommittee meeting (whether open or closed to the public) in addition to the record required by paragraph (e) (1). Except as provided in subparagraph (4), a copy of each such transcript shall be made available for public inspection within seven days of each such meeting, and additional copies of any transcript shall be furnished to any person at the actual cost of duplication.

"(4) In the case of meetings closed to the public pursuant to subparagraph (1), the committee or subcommittee may delete from the copies of transcripts that are required to be made available or furnished to the public pursuant to subparagraph (3) any portions which it determines by a vote of the majority of the committee or subcommittee consist of material specified in subdivision (A), (B), (C), (D), or (E) of subparagraph (1). A separate vote of the committee or subcommittee shall be taken with respect to each transcript. The vote of each committee or subcommittee member participating in each such vote shall be recorded and published. In place of each portion deleted from copies of the transcript made available to the public, the committee shall supply a written explanation of why such portion was deleted and a summary of the substance of the deleted portion that does not itself disclose information specified in subdivision (A), (B), (C), (D), or (E) of subparagraph (1). The committee or subcommittee shall maintain a complete copy of the transcript of each meeting (including those portions deleted from copies made available to the public) for a period of at least one year after such meetings.

"(5) A point of order may be raised against any committee or subcommittee vote to close a meeting to the public pursuant to subparagraph (1), or against any committee or subcommittee vote to delete from the publicly available copy a portion of a meeting transcript pursuant to subparagraph (4), by committee or subcommittee members comprising one-fourth or more of the total membership of the entire committee or subcommittee. Any such point of order must be raised before the entire House within five legislative days after the vote against which the point of order is raised, and such point of order shall be a matter of highest privilege. Each such point of order shall immediately be referred to a Select Committee on Meetings consisting of the Speaker of the House of Representatives, the majority leader, and the minority leader. The select committee shall report to the House within five calendar days (excluding days when the House is not in session) a resolution containing its findings. If the House adopts a resolution finding that the committee vote in question was not in accordance with the relevant provision of subparagraph (1), it shall direct that there be made publicly available the entire transcript of the meeting improperly closed to the public or the portion or portions of any meeting transcript improperly deleted from the publicly available copy.

"(6) The Select Committee on Meetings shall not be subject to the provisions of subparagraph (1), (2), (3), or (4)."

Mr. GUNTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. ROUSSELOT. I object, Mr. Chairman. I am anxious to hear it.

The CHAIRMAN. Objection is heard.

Mr. GUNTER. Mr. Chairman, on behalf of not only myself and my distinguished colleague on the other side of the aisle, CLARENCE BROWN of Ohio, but also on behalf of 76 colleagues who have expressed their strong support, I offer an amendment popularly referred to as the "open committee meetings" or "sunshine" amendment.

The effort to regain and strengthen public faith and confidence in the institution of the House and its procedures by further opening its processes to public scrutiny has not been an individual or a partisan effort.

The supporters of this amendment include 36 Democrats and 40 Republicans. They represent the entire geographic and philosophical spectrum. They include nine of our distinguished colleagues of both parties who sit on the Committee on the Judiciary. They include such distinguished colleagues of my own party as BROCK ADAMS, of Washington, and our colleague JOHN ANDERSON of Illinois on the other side of the aisle.

These 76 colleagues join CLARENCE BROWN and me in asking for positive and affirmative action by the House to further open committee and subcommittee processes to the public, without jeopardizing the rare and occasional legitimate need for closed sessions.

Mr. Chairman, we believe this amendment respects and recognizes those legitimate areas where the national security, overriding public interest, or legal rights of individuals, would be compromised by public sessions.

But at the same time, we believe it also clearly embraces a commitment to far greater openness on the part of the House, and will effectively end closed door meetings where in fact, there is no such legitimate and overriding interest to be served by secrecy.

In so doing, we believe public faith and confidence will be strengthened by the knowledge that the House has gone on record as firmly and fully committed to a prevailing standard of openness, except in those rare and limited circumstances where reasonable men would agree an overriding public interest is served under narrowly defined circumstances, in observing a contrary practice.

The amendment in sum, Mr. Chairman, would alter both the present and the contemplated practice under the pending resolution of allowing a majority of a committee or subcommittee to close a meeting for any purpose.

It would remove that vague, gray area of whim and caprice which has led to an extent to public skepticism about the necessity and motivation for an appearance of unwarranted secrecy in our deliberations and decisions.

At the same time, it would preserve those areas of exception where all can recognize the genuine need. In such instances, a majority vote of the committee or subcommittee would still be required to close the session.

Mr. Chairman, we recognize the progress made over the last year or two by the House in moving already in the direction of greater openness. Yet almost a third—30.4 percent—of full committee sessions during markup last year still remained closed.

We believe the step we urge today is already overdue. We believe it is an idea whose time has come. We believe the broad bipartisan support for this amendment on the part of 76 of our distinguished colleagues, demonstrates that the hour has now arrived for this House to recognize and embrace the vision of Woodrow Wilson in 1884 when he said,

> Light is the only thing that can sweeten our political atmosphere—light thrown upon every detail of administration in the departments—light blazed full upon every feature of legislation—light that can penetrate every recess or corner in which any intrigue might hide; light that will open to view the innermost chambers of government.

Mr. Chairman, I urge our colleagues, to "let the sunshine in." I urge adoption of the amendment.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. GUNTER. I yield to the gentleman from Texas.

Mr. ECKHARDT. Does the gentleman purport here to treat what is called the markup sessions in precisely the same manner as the hearing?

Mr. GUNTER. That is correct.

Mr. ECKHARDT. Then the provisions of G(1)(e)(3) would be applicable to a hearing as well as a markup, would they not?

Mr. GUNTER. That is correct.

Mr. ECKHARDT. For example, if we were investigating the affairs of the Exxon Co. with regard to its profits and its prices on gasoline and oil, and they assert that such would disclose information relating to trade secrets or financial or commercial information—and I suppose it certainly would affect financial and commercial information pertaining specifically to that company—where the information is required to be kept secret in order to prevent undue injury to the competitive position of such corporation, let us say, against the Gulf Co., we could not have that hearing; we could not have an open hearing.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GUNTER. Mr. Chairman, I ask unanimous consent that I may be permitted to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. STEIGER of Wisconsin. Mr. Chairman, reserving the right to object, may I say to the gentleman in the well that the limitation of time of 5 hours of debate on the Hansen amendment in the nature of a substitute, and all amendments thereto, makes it I think appropriate at this point to simply serve notice that I shall object, after this one request for an extension of time has been granted, to any further extensions of time.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ECKHARDT. Mr. Chairman, if the gentleman will yield further, so that I may proceed, the problem that arises in my own mind as one of the authors of the present restrictions which I think are embodied in the Hansen amendment are in the nature of a substitute is that in the present law hearings, other than those on mere housekeeping matters, must be open hearings. There are only two exceptions, one as relating to security, and the other having to do with the rule that was passed in order that a person not be defamed in a hearing.

But, as I read this provision, it does not lean toward more openness in hearings. It would permit the closing of a hearing if it were logically or reasonably asserted that the disclosure of information in the hearing would relate to financial or commercial information which if not kept secret would result in injury to the competitive position of the corporation.

It seems to me that that is tending to close hearings rather than to open them.

Mr. GUNTER. The provisions of this amendment which provide for exceptions to open committee sessions have to be acted upon by a majority of the members of the committee, or subcommittee present, so I would simply say to the gentleman from Texas that those exceptions are very narrowly defined; they are restrictive, as I perceive them, and I certainly do not think that this particular amendment would lend itself to less openness in hearings, and assuredly not in the case of markup committee sessions.

Mr. ECKHARDT. But if the gentleman would yield further, Mr. Chairman, under our present rules we treat hearings as entitling the public to know everything that comes before us, everything that we ask except those things which would adversely affect security or would cause defamation of a person.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BOLLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am committed to moving that the Committee do now rise in just a minute, and will do so as soon as I say that it is my understanding that the House will reconvene shortly after the President has left. We are rising now in order that the Chamber may be prepared for the President, and the meeting, and then we will reconvene shortly after the President has left. That is my understanding. So that very soon after that we will seek to go back into the Committee of the Whole on this matter.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the resolution (H. Res. 988) to reform the structure, jurisdiction, and procedures of the committees of the House of Representatives by amending rules X and XI of the Rules of the House of Representatives, had come to no resolution thereon.

RECESS

The SPEAKER. The Chair is now going to declare a recess until the two Houses meet in joint session to hear an address by the President of the United States. The House will stand in recess until approximately 3:45 p.m.

Accordingly (at 3 p.m.), the House stood in recess until 3 o'clock and 45 minutes p.m.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 3 o'clock and 45 minutes p.m.

JOINT SESSION OF THE HOUSE AND SENATE HELD PURSUANT TO THE PROVISIONS OF HOUSE CONCURRENT RESOLUTION 658 TO HEAR AN ADDRESS BY THE PRESIDENT OF THE UNITED STATES

The SPEAKER of the House presided.

The Doorkeeper, the Honorable William M. Miller, announced the President pro tempore and Members of the U.S. Senate, who entered the Hall of the House of Representatives, the President pro tempore taking the chair at the right of the Speaker, and Members of the Senate the seats reserved for them.

The SPEAKER. The Chair appoints as members of the committee on the part of the House to escort the President of the United States into the Chamber the gentleman from Massachusetts, Mr. O'NEILL; the gentleman from California, Mr. MCFALL; the gentleman from Texas, Mr. TEAGUE; the gentleman from Arizona, Mr. RHODES; and the gentleman from Illinois, Mr. ARENDS.

The PRESIDENT pro tempore. Pursuant to the order of the Senate, the following Senators are appointed to escort the President of the United States into the Chamber: the Senator from Montana, Mr. MANSFIELD; the Senator from West Virginia, Mr. ROBERT C. BYRD; the Senator from Utah, Mr. MOSS; the Senator from Arkansas, Mr. MCCLELLAN; the Senator from Louisiana, Mr. LONG; the Senator from Wisconsin, Mr. PROXMIRE; the Senator from Pennsylvania, Mr. HUGH SCOTT; the Senator from Michigan, Mr. GRIFFIN; the Senator from Texas, Mr. TOWER; the Senator from Nebraska, Mr. CURTIS; and the Senator from New York, Mr. JAVITS.

At 4 o'clock and 1 minute p.m., the Doorkeeper announced the President of the United States.

The President of the United States, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives, and stood at the Clerk's desk.

[Applause, the Members rising.]

The SPEAKER. My colleagues of the Congress, I have the distinct privilege and high personal honor of presenting to you the President of the United States.

[Applause, the Members rising.]

ADDRESS BY THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-366)

President FORD. Mr. Speaker, Mr. President, distinguished guests and very dear friends.

In his inaugural address President Franklin D. Roosevelt said, and I quote:

> The people of the United States have not failed. They want direct, vigorous action. And they have asked for discipline and direction under our leadership.

Today, though our economic difficulties do not approach the emergency of 1933, the message from the American people is exactly the same. I trust that you are getting the very same message that I am receiving. Our constituents want leadership, our constituents want action. All of us have heard much talk on this very floor about Congress recovering its rightful share of national leadership. I now intend to offer you that chance.

The 73d Congress responded to F.D.R.'s appeal in 5 days. I am deeply grateful for the cooperation of the 93d Congress in the conference on inflation which ended 10 days ago.

Mr. Speaker, many, but not all, of your recommendations on behalf of your party's caucus are reflected in some of my proposals here today. The distinguished majority leader of the Senate offered a nine-point program. I seriously studied all of them and adopted some of his suggestions.

I might add I have also listened very hard to many of our former colleagues in both parties and of both the majority and the minority, and have been both persuaded and dissuaded. But in the end, I had to make the decision; I had to decide, as each of you do, when the rollcall is called.

I will not take your time today with a discussion of the origins of inflation and their bad effect on the United States, but I do know where we want to be in 1976 on the 200th birthday of a United States of America that has not lost its way, nor its will, nor its sense of national purpose.

During the meetings on inflation I listened carefully to many valuable suggestions. Since the summit I have evaluated literally hundreds of ideas day and night. My conclusions are very simply stated. There is only one point on which all advisers have agreed: We must whip inflation right now.

None of the remedies proposed, great or small, compulsory or voluntary, stands a chance unless they are combined in a considered package, in a concerted effort, in a grand design. I have reviewed the past and the present efforts of our Federal Government to help the economy. They are simply not good enough, nor sufficiently broad, nor do they pack the punch that will turn America's economy on. A stable American economy cannot be sustained if the world's economy is in chaos. International cooperation is absolutely essential and vital, but while we seek agreements with other nations, let us put our own economic house in order.

Today I have identified 10 areas for our joint action, the executive and the legislative branches of our Government.

No. 1, food. America is the world champion producer of food. Food prices and petroleum prices in the United States are primary inflationary factors. America today partially depends on foreign sources for petroleum, but we can grow more than enough food for ourselves. To halt higher food prices we must produce more food, and I call upon every farmer to produce to full capacity, and I say to you and to the farmers, they have done a magnificent job in the past, and we should be eternally grateful.

This Government, however, will do all in its power to assure him, that farmer, he can sell his entire yield at reasonable prices. Accordingly, I ask the Congress to remove all remaining acreage limitations on rice, peanuts, and cotton.

I also assure America's farmers here and now that I will allocate all the fuel and ask authority to allocate all the fertilizer they need to do this essential job. Agricultural marketing orders and other Federal regulations are being reviewed to eliminate or modify those responsible for inflated prices. I have directed our new Council on Wage and Price Stability to find and to expose all restrictive practices, public or private, which raise food prices.

The administration will also monitor food production, margins, pricing, and exports. We can and we shall have an adequate supply at home and through cooperation meet the needs of our trading partners abroad.

Over this past weekend we initiated a voluntary program to monitor grain exports. The Economic Policy Board will be responsible for determining the policy under this program. In addition, in order to better allocate our supplies for export I ask that a provision be added to Public Law 480 under which we ship food to the needy and friendly countries.

The President needs authority to waive certain of the restrictions on shipments based on national interest or humanitarian grounds.

No. 2, energy. America's future depends heavily on oil, gas, coal, electricity, and other resources called energy. Make no mistake, we do have a real energy problem.

One-third of our oil, 17 percent of America's total energy, now comes from foreign sources that we cannot control at high cartel prices, costing you and me $60 billion, $16 billion more than just a year ago.

The primary solution has to be at home. If you have forgotten the shortages of last winter, most Americans have not.

I have ordered today the reorganization of our national energy effort and the creation of a National Energy Board. It will be charged with developing a single national energy policy and program. And I think most of you will be glad to know that our former colleague, Rog Morton, our Secretary of Interior, will be the overall boss of our national energy program.

Rog Morton's marching orders are to reduce imports of foreign oil by 1 million barrels per day by the end of 1975, whether by savings here at home or by increasing our own sources.

Secretary Morton, along with his other responsibilities, is also charged with increasing our domestic energy supply by promptly utilizing our coal resources and expanding recovery of domestic oil still in the ground in old wells.

New legislation will be sought after your recess to require use of cleaner coal processes and nuclear fuel in new electric plants and the quick conversion of existing oil plants. I propose that we together set a target date of 1980 for eliminating oil-fired plants from the Nation's base-loaded electrical capacity.

I will use the Defense Production Act to allocate scarce materials for energy development and I will ask you—the House and Senate—for whatever amendments prove necessary. I will meet with top management of the automobile industry to assure, either by agreement or by law, a firm program aimed at achieving a 40-percent increase in gasoline mileage within a 4-year development deadline.

Priority legislative action, I should say, to increase energy supply here at home requires the following:

First, long sought deregulation of natural gas supplies, Second, responsible use of our Naval petroleum reserves in California and Alaska,

Third, amendments to the Clean Air Act, and

Fourth, passage of surface mining legislation to ensure an adequate supply with common sense environmental protection.

Now, if all of these steps fail to meet our current energy-saving goals, I will not hesitate to ask for tougher measures.

For the long range, we must work harder on coal gasification. We must push with renewed vigor and talent research in the use of non-fossil fuels. The power of the atom, the heat of the sun, and the steam stored deep in the earth, the force of the winds and water must be main sources of energy for our grandchildren, and we can do it.

No. 3: Restrictive practices.

To increase productivity and contain prices, we must end restrictive and costly practices whether instituted by Government, industry, labor, or others.

I am determined to return to the vigorous enforcement of antitrust laws.

The Administration will zero in on more effective enforcement of laws against price-fixing and bid-rigging. For instance, noncompetitive professional fee schedules and real estate settlement fees must be eliminated. Such violations will be prosecuted by the Department of Justice to the full extent of the law.

Now, I ask Congress for prompt authority to increase maximum penalties for antitrust violations from $50,000 to $1 million for corporations and from $50,000 to $100,000 for individual violators.

At the Conference on Inflation, we found, I would say, very broad agreement that the Federal Government imposes too many hidden and too many inflationary costs on our economy. As a result, I propose a four-point program aimed at a substantial purging process.

First. I have ordered the Council on Wage and Price Stability to be the watchdog over inflationary costs of all governmental actions.

Second. I ask the Congress to establish a National Commission on Regulatory Reform to undertake a long-overdue total reexamination of the independent regulatory agencies. It will be a joint effort by the Congress, the executive branch and the private sector to identify and eliminate existing Federal rules and regulations that increase costs to the consumer, without any good reason, in today's economic climate.

Third. Hereafter, I will require that all major legislative proposals, regulations, and rules emanating from the executive branch of the Government will include an inflation impact statement that certifies we have carefully weighed the effect on the Nation.

I respectfully request that the Congress require a similar advance inflation impact statement for its own legislative initiative.

Finally, I urge State and local units of Government to undertake similar programs to reduce inflationary effects of their regulatory activities. At this point I thank the Congress for recently revitalizing the National Commission on Productivity and Work Quality. It will initially concentrate on problems of productivity in Government; Federal, State, and local. Outside of Government it will develop meaningful blueprints for labor-management cooperation at the plant level. It should look particularly at the construction and the health service industry.

The Council on Wage and Price Stability will, of course, monitor wage and price increases in the private sector. Monitoring will include public hearings to justify either price or wage increases. I emphasize, in fact, reemphasize that this is not a compulsory wage and price control agency.

Now I know many Americans see Federal controls as the answer. But I believe from past experience controls show us that they never really stop inflation, not the last time, not even during and immediately after World War II; when as I recall, prices rose despite severe and enforceable wartime rationing. Now, peacetime controls, actually, we know from recent experience, create shortages, hamper production, stifle growth, and limit jobs. I do not ask for such powers, however politically tempting, as such a program could cause the fixer and the blackmarketeer to flourish. While decent citizens face empty shelves and stand in long waiting lines.

No. 4: We need more capital. We cannot "eat up our seed corn." Our free enterprise system depends on orderly capital markets to which the savings of our people become productively used. Today, our capital markets are in total disarray. We must restore their vitality. Prudent monetary restraint is essential. You and the American people should know, however, that I have personally been assured by the Chairman of the independent Federal Reserve Board that the supply of money and credit will expand sufficiently to meet the needs of our economy, and that in no event will a credit crunch occur.

The prime lending rate is going down. To help industry to buy more machines and to create more jobs, I am recommending a liberalized 10-percent investment tax credit. This credit should be especially helpful to capital-intensive industries such as primary metals, public utilities, where capacity shortages have developed. I am asking Congress to enact tax legislation to provide that all dividends on preferred stock issued for cash be fully deductible by the issuing company. This should bring in more capital especially for energy-producing utilities. It will also help other industries shift from debt to equity, providing a sounder capital structure. Capital gains tax legislation must be liberalized as proposed by the tax reform bill currently before the Committee on Ways and Means. I endorse this approach and hope that it will pass promptly.

No. 5: Helping the casualties, and this is a very important part of the overall speech.

The Conference on Inflation made everybody even more aware of who is suffering most from inflation. Foremost are those who are jobless through no fault of their own. Three weeks ago I released funds which, with earlier actions, provide public service employment for some 170,000 who need work. I now propose to the Congress a two-step program to augment this action.

First, 13 weeks of special unemployment insurance benefits would be provided to those who have exhausted their regular and extended unemployment insurance benefits and 26 weeks of special unemployment insurance benefits to those who qualify but are not now covered by a regular unemployment insurance program. Funding in this case would come from the general treasury, not from taxes on employers as is the case with the established unemployment programs.

Second, I ask the Congress to create a brand new Community Improvement Corps to provide work for the unemployed through short-term useful work projects to improve, beautify and enhance the environment of our cities, our towns, and our countryside. This standby program would come alive whenever unemployment exceeds 6 percent nationally. It would be stopped when unemployment drops below 6 percent.

Local labor markets would each qualify for grants whenever their unemployment rate exceeded 6.5 percent.

State and local government contractors would supervise these projects and could hire only those who had exhausted their unemployment insurance benefits. The goal of this new program is to provide more constructive work for all Americans—young or old—who cannot find a job.

The purpose really follows this formula: Short-term problems require short-term remedies. I therefore request that these programs be for a 1-year period.

Now, I know that low- and middle-income Americans have been hardest hit by inflation. Their budgets are most vulnerable because a larger part of their income goes for the highly inflated costs of food, fuel, and medical care. The tax reform bill now in the House Committee on Ways and Means, which I favor, already provides approximately $1.6 billion of tax relief to these groups. Compensating new revenues are provided in this prospective legislation by a windfall profits tax on oil producers and by closing other loopholes. If enacted, this will be a major contribution by the Congress in our common effort to make our tax system fairer to all.

No. 6: Stimulating housing.

Without question, credit is the lifeblood of housing.

The United States, unfortunately, is suffering the longest and most severe housing recession since the end of World War II. Unemployment in the construction trades is twice the national average.

One of my first acts as President was to sign the Housing and Community Development Act of 1974. I have since concluded that still more help is needed—help that can be delivered very quickly and with minimum inflationary impact

I urge the Congress to enact, before recess, additional legislation to make most home mortgages eligible for purchase by an agency of the Federal Government. As the law stands now only FHA or VA home mortgages, one-fifth of the total, are covered. I am very glad that the Senate, thanks to the leadership of Senator BROOKE and Senator CRANSTON, has already made substantial progress on this legislation. As soon as it comes to me I will make at least $3 billion immediately available for mortgage purchases, enough to finance about 100,000 more American homes.

No. 7: Thrift institutions. Savings and loan and similar institutions are hard hit by inflation and high interest rates. They no longer attract, unfortunately, adequate deposits. The Executive branch in my judgment must join with the Congress in giving critically needed attention to the structure and the operation of our thrift institutions which now find themselves for the third time in 8 years in another period of serious mortgage credit scarcity. Passage of the pending financial institution bill will help. But no single measure has yet appeared, as I see it, to solve feast or famine in mortgage credit. However, I promise to work with you individually and collectively to develop additional specific programs in this area in the future.

No. 8: International interdependence. The United States has a responsibility not only to maintain a healthy economy at home but also to seek policies which complement rather than disrupt the constructive efforts of others. Essential to U.S. initiative is the early passage of an acceptable trade reform bill. My special representative for trade negotiations departed earlier this afternoon to Canada, Europe, and Japan to brief foreign friends on my proposals. We live in an interdependent world and, therefore, must work together to resolve common economic problems.

No. 9: Federal taxes and spending. To support programs to increase production and share inflation-produced hardships, we need additional tax revenue. I am aware that any proposal for new taxes just 4 weeks before a national election is—to put it mildly—considered politically unwise.

I am frank to say that I have been earnestly advised to wait and talk about taxes any time after November 5. But I do say in sincerity that I will not play politics with America's future.

Our present inflation to a considerable degree comes from many years of enacting expensive programs without raising enough revenue to pay for them. The truth is that 19 out of the 25 years I had the honor and the privilege to serve in this Chamber, the Federal Government ended up in Federal deficits. That is not a very good batting average.

By now almost everybody—almost everybody else, I should say—has stated my position on Federal gasoline taxes. This time I will do it myself. I am not—emphasizing not—asking you for any increase in gas taxes.

I am—I am asking you to approve a 1-year temporary tax surcharge of 5 percent on corporate and upper level individual incomes. This would generally exclude from the surcharge those families with gross incomes below $15,000 a year. The estimated $5 billion in extra revenue to be raised by this inflation-fighting tax should pay for the new programs I have recommended in this message.

I think, and I suspect each of you knows, this is the acid test of our joint determination to whip inflation in America.

I would not ask this if major loopholes were not now being closed by the Committee on Ways and Means tax reform bill. I urge you to join with me before you recess, in addition to what I have said before, to join me by voting to set a target spending limit—let me emphasize—a target spending limit of $300 billion for the Federal fiscal budget of 1975.

When Congress agrees to this spending target, I will submit a package of budget deferrals and rescissions to meet this goal. I will do the tough job of designating, for congressional action on your return, those areas which I believe can and must be reduced. These will be hard choices, and every one of you in this Chamber knows it as well as I. They will be hard choices, but no Federal agency, including the Defense Department, will be untouchable.

It is my judgment that fiscal discipline is a necessary weapon in any fight against inflation. While this spending target is a small step, it is a step in the right direction. And we need to get on that course without any further delay.

I do not think that any of us in this Chamber today can ask the American people to tighten their belts if Uncle Sam is unwilling to tighten his belt first.

And now, if I might, I would like to say a few words directly to your constituents, and, incidentally, mine.

My fellow Americans, 10 days ago I asked you to get things started by making a list of 10 ways to fight inflation and save energy, to exchange your list with your neighbor's, and to send me a copy. I have personally read scores of the thousands of letters received at the White House. And, incidentally, I have made my economic experts read some of them, too.

We all benefited; at least I did. And I thank each and every one of you for this cooperation.

Some of the good ideas from your home to mine have been cranked into the recommendations I have just made to the Congress and the steps I am taking as President to whip inflation right now.

There were also firm warnings on what Government must not do, and I appreciated those, too.

Your best suggestions for voluntary restraint and self-discipline showed me that a great degree of patriotic determination and unanimity already exists in this great land. I have asked Congress for urgent specific actions it alone can take. I have advised Congress of the initial steps that I am taking as President.

Here is what only you can do. Unless every able American pitches in, Congress and I cannot do the job.

Winning our fight against inflation and waste involves total mobilization of America's greatest resources—the brains, the skills, and the willpower of the American people. Here is what we must do, what each and every one of you can do.

To help increase food and lower prices—grow more and waste less.

To help save scarce fuel in the energy crisis—drive less; heat less.

Every housewife knows almost exactly how much she spent for food last week. If you can't spare a penny from your food budget—and I know there are many—surely you can cut the food that you waste by 5 percent.

Every American motorist knows exactly how many miles he or she drives to work or to school every day, and about how much mileage she or he runs up each year. If we all drive at least 5 percent fewer miles we can save, almost unbelievably, 250,000 barrels of foreign oil per day. By the end of 1975 most of us can do better than 5 percent by carpooling, taking the bus, riding bikes, or just plain walking. We can save enough gas by self-discipline to meet our 1-million-barrels-per-day goal.

I think there is one final thing that all Americans can do—rich, or poor—and that is, share with others. We can share burdens as we can share blessings. Sharing is not easy, not easy to measure like mileage and family budgets, but I am sure that 5 percent more is not nearly enough to ask, so I ask you to share everything you can and a little bit more, and it will strengthen our spirits as well as our economy.

Today I will not take more of the time of this busy Congress for I vividly remember the rush before every recess, and the clock is already running on my specific and urgent requests for legislative action.

I also remember how much Congress can get done when it puts its shoulder to the wheel.

One week from tonight I have a longstanding invitation in Kansas City to address the Future Farmers of America—a fine organization of wonderful young people whose help, with millions of others, is vital in this battle. I will elaborate then how volunteer inflation-fighters and energy-savers can further mobilize their total effort.

Since asking Miss Sylvia Porter, the well-known financial writer, to help me organize an all-out nationwide volunteer mobilization, I have named a White House coordinator and have enlisted the enthusiastic support and services of some 17 other distinguished Americans to help plan for citizen and private group participation. There will be no big Federal bureaucracy set up for this crash program.

Through the courtesy of such volunteers from the communications and media fields a very simple enlistment form will appear in many of tomorrow's newspapers along with the symbol of this new mobilization, which I am wearing on my lapel.

It bears the single word "WIN." I think that tells it all. I will call upon every American to join in this massive mobilization and stick with it until we do win as a Nation and as a people.

Mr. Speaker and Mr. President, I stand on a spot hallowed by history. Many Presidents have come here many times to solicit, to scold, to flatter, to exhort the Congress to support them in their leadership. Once in a great while, Presidents have stood here and truly inspired the most skeptical and the most sophisticated audience of their coequal partners in Government. Perhaps once or twice in a generation is there such a joint session. I don't expect this one to be.

Only two of my predecessors have come in person to call upon Congress for a declaration of war, and I shall not do that. But I say to you with all sincerity that our inflation, our public enemy No. 1, will unless whipped destroy our country, our homes, our liberties, our property, and finally our national pride—as surely as any well-armed wartime enemy.

I concede there will be no sudden Pearl Harbor to shock us into unity and to sacrifice. But I think we have had enough early warnings. The time to intercept is right now. The time to intercept is almost gone. My friends and former colleagues, will you enlist now? My friends and fellow Americans, will you enlist now?

Together, with discipline and determination, we will win.

I thank you very much.

[Applause, the Members rising.]

A 4 o'clock and 47 minutes p.m., the President of the United States, accompanied by the committee of escort, retired from the Hall of the House of Representatives.

JOINT SESSION DISSOLVED

The SPEAKER. The Chair declares the joint session of the two Houses now dissolved.

Accordingly, at 4 o'clock and 48 minutes p.m., the joint session of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

RECESS

The SPEAKER. The House will stand in recess until 5 o'clock and 15 minutes p.m. today.

Accordingly (at 4 o'clock and 49 minutes p.m.), the House stood in recess until 5:15 p.m.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 5 o'clock and 15 minutes p.m.

CONFERENCE REPORT ON H.R. 15977, AMENDING EXPORT-IMPORT BANK ACT OF 1945

Mr. PATMAN submitted the following conference report and statement on the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 93-1439)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Export-Import Bank Amendments of 1974".

CHARTER AMENDMENTS

SEC. 2. Section 2 (a) (1) of the Export-Import Bank Act of 1945 is amended—

(1) by inserting in the third sentence immediately after "other evidences of indebtedness;" the following: "to guarantee, insure, coinsure, and reinsure against political and credit risks of loss;";

(2) by inserting in the third sentence immediately after "competent jurisdiction;" the following: "to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States;"; and

(3) by inserting after the fourth sentence the following new sentence: "The Bank is authorized to publish or arrange for the publication of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable.".

POLICY

SEC. 3. Section 2(b)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(b)(1)(A) It is the policy of the United States to foster expansion of exports of goods and related services, thereby contributing to the promotion and maintenance of high levels of employment and real income and to the increased development of the productive resources of the United States. To meet this objective, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are competitive with the Government-supported rates and terms and other conditions available for the financing of exports from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in government-supported export financing. The Bank shall, on a semiannual basis, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters, compete with the United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further, the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete with United States exporters. The results of this survey shall be included as part of the semiannual report required by this subparagraph. The Bank shall also include in the semiannual report a description of each loan by the Bank involving the export of any product or service related to the production, refining or transportation of any type of energy or the development of any energy resource with a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use within the United States.

"(B) It is further the policy of the United States that loans made by the Bank shall bear interest at rates determined by the Board of Directors of the Bank, taking into consideration the average cost of money to the Bank as well as the Bank's mandate to support United States exports at rates and on terms and conditions which are competitive with exports of other countries; that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, and small commercial banks in the formulation and implementation of its programs; that the Bank shall give due recognition to the policy stated in section 2(a) of the Small Business Act that 'the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise' and that in furtherance of this policy the Board of Directors shall designate an officer of the Bank who shall be responsible to the President of the Bank for all matters concerning or affecting small business concerns and who, among other duties, shall be responsible for advising small businessmen of the opportunities for small business concerns in the functions of the Bank and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns; that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.".

NATIONAL INTEREST DETERMINATIONS

SEC. 4. Section 2(b)(2) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(2) The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

"(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961), or agency, or national thereof, or

"(B) in connection with the purchase or lease of any product by any other foreign country, or agency or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined),

unless the President determines that guarantees, insurance, or extensions of credit in connection therewith to such Communist or such other country or agency or national thereof would be in the national interest. The President shall make a separate determination with respect to each transaction in which the Bank would extend a loan to such Communist or such other country, or agency, or national thereof an amount of $50,000,000 or more. Any determination required under the first sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination, or the date on which the Bank takes final action on a transaction which is the first transaction involving such country or agency or national after the date of enactment of the Export-

Import Bank Amendments of 1974, unless a determination with respect to such country or agency or national has been made and reported prior to such date of enactment. Any determination required to be made under the second sentence of this paragraph shall be reported to the Congress not later than the earlier of thirty days following the date of such determination or the date on which the Bank takes final action on the transaction involved."

CONGRESSIONAL NOTIFICATION

SEC. 5. Section 2(b) of the Export-Import Bank Act of 1945 is amended—

(1) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6) respectively; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) No loan in an amount which equals or exceeds $50,000,000 shall be finally approved by the Board of Directors of the Bank unless the Bank has submitted to the Congress with respect to such loan a detailed statement describing and explaining the transaction at least thirty days prior to the date of final approval. Such statement shall contain—

"(A) a brief description of the purposes of the transaction, the identity of the party or parties requesting the loan, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) a full explanation of the reasons for Bank financing of the transaction, the amount of the loan to be provided by the Bank, and the approximate rate and repayment terms at which such loan will be made available.".

FRACTIONAL CHARGE OF GUARANTEES AND INSURANCE

SEC. 6. Section 2(c)(1) of the Export-Import Bank Act of 1945 is amended to read as follows:

"(c)(1) The Bank is authorized and empowered to charge against the limitations imposed by section 7 of this Act, not less than 25 per centum of the related contractual liability which the Bank incurs for guarantees, insurance, coinsurance, and reinsurance against political and credit risks of loss. The aggregate amount of guarantees, insurance, coinsurance, and reinsurance which may be charged on this fractional basis pursuant to this section shall not exceed $20,000,000,000 outstanding at any one time. Fees and premiums shall be charged in connection with such contracts commensurate, in the judgment of the Bank, with risks covered.".

INTEREST RATE ON OBLIGATIONS OF THE BANK

SEC. 7. Section 6 of the Export-Import Bank Act of 1945 is amended by striking the third sentence and inserting in lieu thereof the following new sentence: "Each such Bank obligation issued to the Treasury after the enactment of the Export-Import Bank Amendments of 1974 shall bear interest at a rate not less than the current average yield on outstanding marketable obligations of the United States of comparable maturity during the month preceding the issuance of the obligation of the Bank as determined by the Secretary of the Treasury.".

AUTHORITY

SEC. 8. Section 7 of the Export-Import Bank Act of 1945 is amended—

(1) by inserting "(a)" after "Sec. 7";

(2) by striking out "$20,000,000,000" and inserting in lieu thereof "$25,000,000,000"; and

(3) by adding at the end thereof the following:

"(b) After the date of enactment of the Export-Import Bank Amendments of 1974, the Bank shall not approve any loans or guarantees, or combination thereof, in connection with exports to the Union of Soviet Socialist Republics in an aggregate amount in excess of $300,000,000, except that the President may establish a limitation in excess of $300,000,000 if he determines that such higher limitation is in the national interest and if he reports such determination to the Congress together with the reasons therefor.".

EXPIRATION

SEC. 9. Section 8 of the Export-Import Bank Act of 1945 is amended by striking out "October 15, 1974" and inserting in lieu thereof "June 30, 1978".

REPORT

SEC. 10. Section 9 of the Export-Import Bank Act of 1945 is amended to read as follows:

"SEC. 9. (a) The Export-Import Bank of the United States shall transmit to the Congress annually a complete and detailed report of its operations. Such report shall be as of the close of business on the last day of each fiscal year.

"(b) The report shall contain a description of actions taken by the Bank in pursuance of the policy of aiding, counseling, assisting, and protecting, insofar as is possible, the interests of small business concerns."

CEILING ON BORROWING BY NATIONAL BANKS

SEC. 11. Section 5202 of the Revised Statutes, as amended (12 U.S.C. 82), is amended by adding at the end thereof the following:

"Twelfth. Liabilities incurred in borrowing from the Export-Import Bank of the United States."

RELATIONSHIP TO THE TRADE REFORM ACT

SEC. 12. Until such time as the Trade Reform Act is approved by the Congress and signed into law by the President, no loan, guarantee, insurance, or credit shall be extended by the Export-Import Bank of the United States to the Union of Soviet Socialist Republics.

And the Senate agree to the same.

WRIGHT PATMAN,
THOMAS L. ASHLEY,
THOMAS M. REES,
PARREN J. MITCHELL,
FERNAND J. ST GERMAIN,
RICHARD T. HANNA,
EDWARD I. KOCH,
ANDREW YOUNG,
JOHN J. MOAKLEY,
W. B. WIDNALL,
GARRY BROWN,
STEWART B. MCKINNEY,
BILL FRENZEL,
Managers on the Part of the House.

JOHN SPARKMAN,
HARRISON WILLIAMS,
ALAN CRANSTON,
ADLAI STEVENSON,
THOMAS J. MCINTYRE,
JOHN TOWER,
EDWARD W. BROOKE,
ROBT. PACKWOOD,
BILL BROCK,
WALLACE F. BENNETT,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15977) to amend the Export-Import Bank Act of 1945, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

The Senate amendment contained a provision amending Section 2(b)(1) of the Export-Import Bank Act specifying that the Bank "may" provide financing at rates and terms that are "competitive" with those of other government-supported export financing entities. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision requiring the Bank to include in its semi-annual report a description of how its rates, terms and other conditions "compare" with those of other government-supported export financing entities. The House bill contained no comparable provision. The House receded to the Senate following agreement by the conferees that the semi-annual report on competitiveness shall include:

1. A detailed review of the official export credit support portfolios of Germany, Japan, the United Kingdom, France, and Italy. The report should indicate the amount of support outstanding in the form of direct loans, discounts, guarantees, and insurance, as well as the qualitative characteristics of each of these export support components.

2. Progress in negotiations with the government of the other principal exporting countries in minimizing competition in government-supported export financing. The report shall indicate agreements reached, the parties involved, the scope of such agreements and the differences which remain outstanding with respect to rates, terms, and other conditions and their applicability to different borrowing countries and agencies and nationals thereof.

3. The semi-annual report for the period ending December 31, 1974, shall contain a detailed description of the "follow-on sales" program of the Bank which involves it in transactions between parties in foreign countries. The report should indicate which of the export supporting government agencies or instrumentalities of the principal countries whose exporters compete with the United States exporters have comparable programs, and such programs should be described and compared with the program of the Bank.

4. The semi-annual report for the period ending December 31, 1974, shall contain a review of the Cooperative Financing Facility. The report should indicate which of the other five principal exporting countries have similar programs and they should be compared to the program of the Bank.

The semi-annual reports on competition and the annual reports on the operations of the Bank shall be transmitted no later than 45 days following the periods covered by such reports. Other publications of the Bank shall be made available to the authorizing committees at the time of their issuance.

The Senate amendment contained a provision requiring the Bank to include in its semi-annual report a description of each transaction involving energy-related products and services, and a statement assessing the impact, if any, on the availability of such products, services, or energy supplies thus developed for use in the United States. The House bill contained no similar provision. The House receded with an amendment requiring a description of each "loan," rather than a description of each "transaction."

The Senate amendment contained a provision directing the Bank to provide financing "only to the extent that sufficient private financing is unavailable." The House bill contained no comparable provision. The Senate receded to the House. The conferees urge that procedures be established to insure that Export-Import Bank assistance is not provided unnecessarily, such as might be the case with respect to goods and services for which sufficient private capital is available at competitive rates and terms to finance a given transaction.

The Senate amendment contained a provision specifying that the Board of Directors of the Bank should not authorize loans, guarantees, or insurance which may have serious adverse effects on the competitive position of United States industries, the availability of materials which are in short supply in the United States, or employment in the United States. The House bill contained no comparable provision. The conferees accepted an amendment which specified that the Board of Directors, in authorizing loans or guarantees, shall take into account any serious adverse effects on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.

The Senate amendment contained a provision directing the Bank to give due recognition to the needs of small businesses in the operation of its programs and requiring that an officer of the Bank be designated to be responsible for doing so. The House bill contained no similar provision. The House receded to the Senate.

The House bill contained a provision requiring that the Bank, in establishing interest rates on its loans, take into consideration the average cost of money to the Bank and the necessity of maintaining its earning power and reserves as well as the Bank's mandate to support U.S. exports at rates and on terms and conditions which are competitive with exports of other countries. The Senate amendment contained no comparable provision. The Senate receded to the House with an amendment deleting reference to the maintenance of earning power and reserves.

The Senate amendment contained a provision requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement on any proposed transaction involving a loan, guarantee, or combination thereof of $60 million or more and specified what such a statement should contain. The House bill contained a provision requiring that the Bank submit to Congress prior to final approval by the Board a detailed statement of any proposed transaction involving loans of $50 million or more to a communist country, and contained similar language specifying what such a statement should contain. The conferees adopted a compromise provision requiring that the Bank submit a detailed statement to Congress at least 30 days prior to final approval of any proposed transaction involving a loan of $50 million or more to any country and specifying what such a statement should contain with reporting requirements more similar to those contained in the House provision.

The Senate amendment contained a provision requiring that the President must find that a transaction involving an Export-Import Bank loan, guarantee or combination thereof of $40 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first. The House bill contained no comparable provision. The conferees adopted a provision requiring that the President must find that a transaction involving an Export-Import Bank loan of $50 million or more to a communist country is in the national interest and report that determination to the Congress within 30 days following the date of such determination or the date of final action on the transaction, whichever comes first.

The Senate amendment contained a provision specifying that the President may not determine that a transaction is in the national interest if it would or may result in the United States becoming dependent upon a communist country for essential materials, articles or supplies which are or may be in short supply. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank may not assist exports to any country, agency or national thereof unless the President finds and certifies to Congress that such country is not practicing slavery or involuntary servitude, such finding and certification to be made in writing at least 30 days prior to the date on which the Bank requests the first such transaction (following enactment of Export-Import Bank Amendments of 1974 or convening of new session of Congress) to be effective. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that the Bank shall not guarantee, insure, or extend credit, or participate in an extension of credit in connection with any credit sale of defense articles or defense services to any country. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision specifying that loans by the Treasury to the Export-Import Bank must bear interest at a rate equivalent to the cost of money to the Treasury on borrowings of similar maturities. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision specifying that the Bank shall not approve any loans or guarantees or combination thereof in connection with exports to the Soviet Union in an aggregate amount in excess of $300 million. The House bill contained no similar provision. The House receded to the Senate with an amendment establishing a $300-million ceiling with a provision that the ceiling may be raised on a finding by the President that raising the ceiling is in the national interest and a submission of that finding by the President to both Houses of Congress, together with a justification for the new ceiling.

The Senate amendment contained a provision that after June 30, 1976, the Bank shall issue no loan, guarantee, or insurance in connection with the purchase of any goods or services by a communist country other than Romania and Yugoslavia. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a provision requiring that the Bank shall include in its annual report a statement of progress it is making toward meeting its mandate of aiding small business concerns. The House bill contained no similar provision. The House receded to the Senate.

The Senate amendment contained a provision requiring the Bank to include in its annual report a detailed listing of all transactions involving the purchase of goods or services by a foreign subsidiary or affiliate of a United States entity. The House bill contained no similar provision. The Senate receded to the House. The conferees expect that the Bank shall include in its annual report a description of all loans involving the purchase of goods or services by a foreign subsidiary of a United States entity from that entity.

The Senate amendment contained a provision declaring that Turkey has violated agreements with the United States in using armaments furnished by the United States during the Cypriot conflict and that further assistance under the Foreign Assistance Act of 1961 and the Foreign Military Sales Act should be stopped. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment contained a requirement that the President of the Bank shall transmit to the Congress a special message with respect to any proposal to finance the purchase, lease, or procurement of any product or service which in a communist country involves research, exploration, or production of fossil fuel energy resources and further provides that no such transaction may be approved without prior Congressional adoption of a concurrent resolution of approval. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision prohibiting the Bank from extending its program to any foreign country in connection with the purchase or lease of any product which is necessary for the production, refining, and transportation of oil and/or gas and which has been determined by the National Advisory Council in consultation with the FEA and the Department of Commerce to be in short supply and with such exception as the President may determine necessary. The House bill contained no comparable provision. The Senate receded to the House.

The Senate amendment contained a provision increasing the number of members of the Board of Directors of the Bank from five to six and requiring that one of the members shall be a representative or affiliate of one or more labor organizations. The House bill contained no similar provision. The Senate receded to the House.

The Senate amendment and the House bill contained comparable provisions relating to H.R. 10710, the Trade Reform Act. The Senate receded to the House with an amendment. The conferees accepted language which specifies that until such time as the Trade Reform Act is approved by the Congress and signed into law by the President; no loan, guarantee, insurance, or credit shall be extended by the Bank to the Union of Soviet Socialist Republics.

It is the intent of the conferees that there remain in effect a ban on credits from the Bank to the Soviet Union until there is enactment of a trade bill in this or succeeding Congresses.

The Senate amendment contained a provision which would remove the exclusion of receipts and expenditures of the Bank from the Unified Budget totals. The House bill contained no comparable provision. The Senate receded to the House.

The House bill contained a provision prohibiting the Bank from financing exports to Turkey until the President reports to the Congress that Turkey is cooperating with the United States in the curtailment of heroin traffic. The Senate amendment contained no comparable provision. The House receded to the Senate.

WRIGHT PATMAN,
THOMAS L. ASHLEY,
THOMAS M. REES,
PARREN J. MITCHELL,
FERNAND J. ST GERMAIN,
RICHARD T. HANNA,
EDWARD I. KOCH,
ANDREW YOUNG,
JOHN J. MOAKLEY,
W. B. WIDNALL,
GARRY BROWN,
STEWART B. MCKINNEY,
BILL FRENZEL

Managers on the Part of the House.

JOHN SPARKMAN,
HARRISON WILLIAMS,
ALAN CRANSTON,
ADLAI STEVENSON,
THOMAS J. MCINTYRE,
JOHN TOWER,
EDWARD W. BROOKE,
ROBERT PACKWOOD,
BILL BROCK,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 3838, AUTHORIZING REGULATION OF INTEREST RATES PAYABLE ON ALL OBLIGATIONS OF FEDERAL DEPOSITORY INSTITUTIONS

Mr. PATMAN submitted the following conference report and statement on the Senate bill (S. 3838) to authorize the regulation of interest rates payable on obligations of all affiliates of Federal depository institutions, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 93–1440)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3838) to authorize the regulation of interest rates payable on obligations issued by affiliates of certain depository institutions, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

TITLE I—REGULATION OF INTEREST RATES ON CERTAIN OBLIGATIONS

SEC. 101. Section 19(a) of the Federal Reserve Act (12 U.S.C. 461) is amended by inserting "and, regardless of the use of the proceeds," immediately before "shall be deemed a deposit".

(b) The amendment made by subsection (a) shall not apply to any bank holding company which has filed prior to the date of enactment of this Act an irrevocable declaration with the Board of Governors of the Federal Reserve System to divest itself of all of its banks under section 4 of the Bank Holding Company Act, or to any debt obligation which is an exempted security under section 3(a)(3) of the Securities Act of 1933.

SEC. 102. (a) The sixth sentence of section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by striking out "for the purpose of obtaining funds to be used in the banking business".

(b) The amendment made by subsection (a) shall not apply to any bank holding company which has filed prior to the date of enactment of this Act an irrevocable declaration with the Board of Governors of the Federal Reserve System to divest itself of all its banks under section 4 of the Bank Holding Company Act, or to any debt obligation which is an exempted security under section 3(a)(3) of the Securities Act of 1933.

SEC. 103. Section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) is amended as follows:

(1) by adding at the end of subsection (a) thereof the following new sentences: "The provisions of this subsection shall apply, in the discretion of the Board, to an obligation issued by an affiliate of an institution which is an insured institution as defined in section 401(a) of the National Housing Act (12 U.S.C. 1724(a). The Board is authorized to define by regulation the terms used in this section, except that the Board may not, under the additional authority conferred by this sentence and the preceding sentence, define as a deposit any debt obligation which is an exempted security under section 3(a)(3) of the Securities Act of 1933.";

(2) by striking out "institution subject to this section" in subsection (b) thereof and inserting in lieu thereof "person or organization"; and

(3) by striking out "nonmember institution" and "institution" in subsection (c) thereof and inserting in lieu thereof "person or organization" in both places.

TITLE II—INTEREST RATE AMENDMENTS REGARDING STATE USURY CEILINGS ON BUSINESS LOANS

SEC. 201. Section 5197 of the Revised Statutes, as amended (12 U.S.C. 85), is amended by inserting in the first and second sentences before the phrase "whichever may be the greater", the following: "or in the case of business or agricultural loans in the amount of $25,000 or more, at a rate of 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located,".

SEC. 202. The Federal Deposit Insurance Act (12 U.S.C. 1811–31) is amended by adding at the end thereof the following:

"SEC. 24. (a) In order to prevent discrimination against State-chartered insured banks with respect to interest rates, if the applicable rate prescribed in this subsection exceeds the rate such State bank would be permitted to charge in the absence of this subsection, a State bank may in the case of business or agricultural loans in the amount of $25,000 or more, notwithstanding any State constitution or statute, which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any loan or discount made, or upon any note, bill or exchange, or other evidence of debt, interest at a rate of not more than 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the bank is located, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run.

"(b) If the rate prescribed in subsection (a) exceeds the rate such State bank would be permitted to charge in the absence of this paragraph, and such State fixed rate is thereby preempted by the rate described in subsection (a), the taking, receiving, reserving, or charging a greater rate of interest than is allowed by subsection (a), when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carrier with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of the interest paid from the State bank taking or receiving such interest.".

SEC. 203. Title IV of the National Housing Act (12 U.S.C. 1724–1730(d)) is amended by adding at the end thereof the following:

"SEC. 412. (a) If the applicable rate prescribed in this section exceeds the rate an insured institution would be permitted to charge in the absence of this section, such institution may in the case of business or agricultural loans in the amount of $25,000 or more, notwithstanding any State constitution or statute, which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at a rate of not more than 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the institution is located, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt has to run.

"(b) If the rate prescribed in subsection (a) exceeds the rate such institution would be permitted to charge in the absence of this section, and such State fixed rate is thereby preempted by the rate described in subsection (a), the taking, receiving, reserving, or charging a greater rate of interest than that prescribed by subsection (a), when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of the interest paid from the institution taking or receiving such interest.".

SEC. 204. Section 308 of the Small Business Investment Act of 1958, as amended (15 U.S.C. 661), is amended by adding at the end thereof the following:

"(h)(1) In order to facilitate the orderly and necessary flow of long-term loans and equity funds to small business concerns, as defined in the Small Business Act, if the maximum interest rate permitted by the Small Business Administration exceeds the rate a small business investment company would be permitted to charge in the absence of this subsection, such small business investment company may in the case of business loans in the amount of $25,000 or more, notwithstanding any State constitution or statute, which is hereby preempted for the purposes of this section, take, receive, reserve, and charge on any such loan, interest at a rate of not more than 5 per centum in excess of the discount rate on ninety-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district where the small business investment company is located.

"(2) If the rate prescribed in paragraph (1) exceeds the rate such small business investment company would be permitted to charge in the absence of this subsection, and such State fixed rate is thereby preempted by the rate described in paragraph (1), the taking, receiving, reserving or charging a greater rate than is allowed by paragraph (1), when knowingly done, shall be deemed a forfeiture of the entire interest which the loan carries with it, or which has been agreed to be paid thereon. If such greater rate of interest has been paid, the person who paid it may recover, in a civil action commenced in a court of appropriate jurisdiction not later than two years after the date of such payment, an amount equal to twice the amount of interest paid from the small business investment company taking or receiving such interest."

SEC. 205. If any provision of this title or the application of such provision to any person or circumstance shall be held invalid, the remainder of the title and the application of such provision to any person or circumstance other than that as to which it is held invalid shall not be affected thereby.

SEC. 206. The amendments made by this title shall apply to any loan made in any State after the date of enactment of this title, but prior to the earlier of July 1, 1977, or the date (after the date of enactment of this title) on which the State enacts a provision of law which prohibits the charging of interest at the rates provided in the amendments made by this title.

TITLE III—APPLICABILITY OF STATE USURY CEILINGS TO CERTAIN OBLIGATIONS ISSUED BY BANKS AND AFFILIATES

SEC. 301. Section 19 of the Federal Reserve Act is amended by adding at the end thereof the following new subsection:

"(k) No member bank or affiliate thereof, or any successor or assignee of such member bank or affiliate or any endorser, guarantor, or surety of such member bank or affiliate may plead, raise, or claim, directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such member bank or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the

District of Columbia, regulating or limiting the rate of interest which may be charged, taken, received, or reserved, and any such provision is hereby preempted, and no civil or criminal penalty which would otherwise be applicable under such provision shall apply to such member bank or affiliate or to any other person."

SEC. 302. Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by adding at the end thereof the following new subsection:

"(k) No insured nonmember bank or affiliate thereof, or any successor or assignee of such bank or affiliate or any endorser, guarantor, or surety of such bank or affiliate may plead, raise, or claim, directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such bank or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the District of Columbia, regulating or limiting the rate of interest which may be charged, taken, received, or reserved, and any such provision is hereby preempted, and no civil or criminal penalty which would otherwise be applicable under such provision shall apply to such bank or affiliate or to any other person."

SEC. 303. Section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) is amended by adding at the end thereof the following new subsection:

"(e) No member or nonmember association, institution, or bank or affiliate thereof, or any successor or assignee, or any endorser, guarantor, or surety thereof may plead, raise, or claim, directly or by counterclaim, setoff, or otherwise, with respect to any deposit or obligation of such member or nonmember association, institution, bank or affiliate, any defense, right, or benefit under any provision of a statute or constitution of a State or of a territory of the United States, or of any law of the District of Columbia, regulating or limiting the rate of interest which may be charged, taken, received, or reserved, and any such provision is hereby preempted, and no civil or criminal penalty which would otherwise be applicable under such provision shall apply to such member or nonmember association, institution, bank or affiliate or to any other person."

SEC. 304. The amendments made by this title shall apply to any deposit made or obligation issued in any State after the date of enactment of this title, but prior to the earlier of (1) July 1, 1977 or (2) the date (after such date of enactment) on which the State enacts a provision of law which limits the amount of interest which may be charged in connection with deposits or obligations referred to in the amendments made by this title.

And the House agree to the same.

That the House recede from its amendment to the title of the bill.

W. A. BARRETT,
THOMAS L. ASHLEY,
WILLIAM S. MOORHEAD,
FERNAND ST GERMAIN,
FRANK ANNUNZIO,
JIM HANLEY,
WILLIAM R. COTTER,
JOHN J. MOAKLEY,
WILLIAM B. WIDNALL,
ALBERT W. JOHNSON,
CHALMERS WYLIE,
JOHN H. ROUSSELOT,
ANGELO D. RONCALLO,
MATTHEW J. RINALDO,
Managers on the Part of the House.

JOHN SPARKMAN,
WILLIAM PROXMIRE,
HARRISON A. WILLIAMS,
THOMAS J. MCINTYRE,
WALLACE BENNETT,
JOHN TOWER,
BILL BROCK,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3838) to authorize the regulation of interest rates payable on obligations issued by affiliates of certain depository institutions, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

The House bill amended Section 19(a) of the Federal Reserve Act to authorize the Federal Reserve Board to regulate debt obligations of a parent holding company or an affiliate of a member bank, regardless of the use of the proceeds within the holding company.

The House bill granted similar authority to the Board of Directors of the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board with respect to institutions under their respective jurisdictions.

The House bill exempted from its provisions any bank holding company which has filed prior to the date of enactment an irrevocable declaration with the Board of Governors of the Federal Reserve System to divest itself of all its banks under Section 4 of the Bank Holding Company Act.

The Senate bill amended Section 19(j) of the Federal Reserve Act to give the Federal Reserve Board the discretionary authority to regulate interest rates on certain debt obligations issued by parent holding companies and affiliates of member banks regardless of the intended use of the proceeds of the debt issue.

The Senate bill provided similar discretionary regulated authority to the Board of Directors of the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board with respect to institutions under their respective jurisdictions.

Under the Senate bill, the grant of discretionary regulatory authority did not extend to those debt obligations exempted under Section 3(a)(3) of the Securities Act of 1933 from SEC registration and prospectus requirements.

The Senate receded and concurred in the House bill with the following amendment:

Section 19(a) of the Federal Reserve Act is amended to authorize the Federal Reserve Board to regulate debt obligations of a parent holding company or an affiliate of a member bank, regardless of the use of the proceeds within the holding company. The conferees also adopted the House provision which exempted from this authority any bank holding company which has filed prior to the date of enactment and irrevocable declaration with the Board of Governors of the Federal Reserve System to divest itself of all its banks under section 4 of the Bank Holding Company Act.

Similar authority is granted under the compromise to the Board of Directors of the Federal Deposit Insurance Corporation with respect to parent holding companies and affiliates of insured non-member banks.

The Senate conferees also receded to the House position on the Federal Home Loan Bank Board authority with an amendment which limits this authority to parent holding companies and affiliates of federally insured institutions.

The granting of discretionary regulatory authority to each of the regulatory agencies shall not extend to those debt obligations exempted under section 3(a)(3) of the Securities Act of 1933 from SEC registration and prospectus requirements. This provision is intended to carve out an exemption for securities such as commercial paper issued by holding companies and their nonbank subsidiaries characteristically sold only to institutional investors in large denominations.

The Senate bill provided for National banks and State banks, which are members of the Federal Reserve System, to underwrite and deal in nongeneral obligation bonds of State and local governments with certain limitations. The Secretary of the Treasury would be required to submit an annual report to Congress showing the distribution of underwriting business in the revenue bond market between commercial banks and investment firms. The House bill contained no comparable provision. The Senate receded to the House.

The Senate bill allowed National banks to charge interest on business or agricultural loans in the amount of $25,000 or more at a rate not in excess of 5% more than the Federal Reserve discount rate on 90-day commercial paper, notwithstanding any State Constitution or statute. The Senate bill permitted similar exemptions from State interest rate ceilings for Federally-insured State-chartered banks, institutions insured under the National Housing Act, and small business investment companies. The Senate bill limited the applicability of its provisions to loans made after the date of enactment but prior to July 1, 1977, or to the date of any overriding State law, whichever is earlier. The House bill contained no comparable provision. The House receded to the Senate.

The Conference Committee questioned whether this provision would have any effect on existing loans in the affected States. They agreed there is no intention by this legislation to disturb existing loans or contractual relationships between the parties. The bill simply permits the financial institutions, after the date of enactment of the legislation, to charge interest on certain business and agricultural loans at a rate up to 5 percent above the Federal discount rate, regardless of State law. This is fortified by the specific language stating that "amendments made by this title shall apply to any loan made in any State after the date of enactment of this title." Thus, existing State law would continue to apply where a loan has been made prior to the date of enactment. Loans with rates of interest made prior to the date of enactment of the title, for example, would not be affected by the legislation.

The Senate bill contained a provision allowing the proceeds of abandoned money orders for travelers checks to escheat to the State in which they were purchased, or, if the State of purchase is unknown, such proceeds would accrue to the State in which the issuing organization has its principal place of business. The House bill had no comparable provision. Since this provision had been incorporated into separate legislation, the Senate receded to the House.

The Senate bill exempted borrowings and bank deposits over $100,000 of any Federal Reserve member bank or affiliate, FDIC insured non-member bank or affiliate, and member or non-member association, institution, or bank or affiliates thereof, under the jurisdiction of the Federal Home Loan Bank Board from State usury law until July 1, 1977, or the date of any overriding State law, whichever is earlier.

The House bill contained no comparable provision. The House receded to the Senate.

W. A. BARRETT,
THOMAS L. ASHLEY,
WILLIAM S. MOORHEAD,
FERNAND ST GERMAIN,
FRANK ANNUNZIO,
JIM HANLEY,
WILLIAM R. COTTER,
JOHN J. MOAKLEY,
WILLIAM B. WIDNALL,
ALBERT W. JOHNSON,
CHALMERS WYLIE,
JOHN H. ROUSSELOT,
ANGELO D. RONCALLO,
MATTHEW J. RINALDO,
Managers on the Part of the House.

JOHN SPARKMAN,
WILLIAM PROXMIRE,
HARRISON A. WILLIAMS,
THOMAS J. MCINTYRE,
WALLACE BENNETT,
JOHN TOWER,
BILL BROCK,
Managers on the Part of the Senate.

PERMISSION FOR CONFEREES TO FILE CONFERENCE REPORT ON H.R. 11510

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that the conferees on the bill (H.R. 11510) to create an Energy Research and Development Administration, be given until midnight tonight to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT (H. REPT. NO. 93-1445)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Energy Reorganization Act of 1974".

DECLARATION OF PURPOSE

SEC. 2 (a) The Congress hereby declares that the general welfare and the common defense and security require effective action to develop, and increase the efficiency and reliability of use of, all energy sources to meet the needs of present and future generations, to increase the productivity of the national economy and strengthen its position in regard to international trade, to make the Nation self-sufficient in energy, to advance the goals of restoring, protecting, and enhancing environmental quality, and to assure public health and safety.

(b) The Congress finds that, to best achieve these objectives, improve Government operations, and assure the coordinated and effective development of all energy sources, it is necessary to establish an Energy Research and Development Administration to bring together and direct Federal activities relating to research and development on the various sources of energy, to increase the efficiency and reliability in the use of energy, and to carry out the performance of other functions, including but not limited to the Atomic Energy Commission's military and production activities and its general basic research activities. In establishing an Energy Research and Development Administration to achieve these objectives, the Congress intends that all possible sources of energy be developed consistent with warranted priorities.

(c) The Congress finds that it is in the public interest that the licensing and related regulatory functions of the Atomic Energy Commission be separated from the performance of the other functions of the Commission, and that this separation be effected in an orderly manner, pursuant to this Act, assuring adequacy of technical and other resources necessary for the performance of each.

(d) The Congress declares that it is in the public interest and the policy of Congress that small business concerns be given a reasonable opportunity to participate, insofar as is possible, fairly and equitably in grants, contracts, purchases, and other Federal activities relating to research, development, and demonstration of sources of energy efficiency, and utilization and conservation of energy. In carrying out this policy, to the extent practicable, the Administrator shall consult with the Administrator of the Small Business Administration.

(e) Determination of priorities which are warranted should be based on such considerations as power-related values of an energy source, preservation of material resources, reduction of pollutants, export market potential (including reduction of imports), among others. On such a basis, energy sources warranting priority might include, but not be limited to, the various methods of utilizing solar energy.

TITLE I—ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

ESTABLISHMENT

SEC. 101. There is hereby established an independent executive agency to be known as the Energy Research and Development Administration (hereinafter in this Act referred to as the "Administration").

OFFICERS

SEC. 102. (a) There shall be at the head of the Administration an Administrator of Energy Research and Development (hereinafter in this Act referred to as the "Administrator"), who shall be appointed from civilian life by the President by and with the advice and consent of the Senate. A person may not be appointed as Administrator within two years after release from active duty as a commissioned officer of a regular component of an Armed Force. The Administration shall be administered under the supervision and direction of the Administrator, who shall be responsible for the efficient and coordinated management of the Administration.

(b) There shall be in the Administration a Deputy Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate.

(c) The President shall appoint the Administrator and Deputy Administrator from among individuals who, by reason of their general background and experience are specially qualified to manage a full range of energy research and development programs.

(d) There shall be in the Administration six Assistant Administrators, one of whom shall be responsible for fossil energy, another for nuclear energy, another for environment and safety, another for conservation, another for solar, geothermal, and advanced energy systems, and another for national security. The Assistant Administrators shall be appointed by the President, by and with the advice and consent of the Senate. The President shall appoint each Assistant Administrator from among individuals who, by reason of general background and experience, are specially qualified to manage the energy technology area assigned to such Assistant Administrator.

(e) There shall be in the Administration a General Counsel who shall be appointed by the Administrator and who shall serve at the pleasure of and be removable by the Administrator.

(f) There shall be in the Administration not more than eight additional officers appointed by the Administrator. The positions of such officers shall be considered career positions and be subject to subsection 161d. of the Atomic Energy Act.

(g) The Division of Military Application transferred to and established in the Administration by section 104(d) of this Act shall be under the direction of a Director of Military Application, who shall be appointed by the Administrator and who shall serve at the pleasure of and be removable by the Administrator and shall be an active commissioned officer of the Armed Forces serving in general or flag officer rank or grade. The functions, qualifications, and compensation of the Director of Military Application shall be the same as those provided under the Atomic Energy Act of 1954, as amended, for the Assistant General Manager for Military Application.

(h) Officers appointed pursuant to this section shall perform such functions as the Administrator shall specify from time to time. The Administrator shall delegate to one such officer the special responsibility for international cooperation in all energy and related environmental research and development.

(i) The Deputy Administrator (or in the absence or disability of the Deputy Administrator, or in the event of a vacancy in the office of the Deputy Administrator, an Assistant Administrator, the General Counsel or such other official, determined according to such order as the Administrator shall prescribe) shall act for and perform the functions of the Administrator during any absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator.

RESPONSIBILITIES OF THE ADMINISTRATOR

SEC. 103. The responsibilities of the Administrator shall include, but not be limited to—

(1) exercising central responsibility for policy planning, coordination, support, and management of research and development programs respecting all energy sources, including assessing the requirements for research and development in regard to various energy sources in relation to near-term and long-range needs, policy planning in regard to meeting those requirements, undertaking programs for the optimal development of the various forms of energy sources, managing such programs, and disseminating information resulting therefrom;

(2) encouraging and conducting research and development, including demonstration of commercial feasibility and practical applications of the extraction, conversion, storage, transmission, and utilization phases related to the development and use of energy from fossil, nuclear, solar, geothermal, and other energy sources;

(3) engaging in and supporting environmental, biomedical, physical, and safety research related to the development of energy sources and utilization technologies;

(4) taking into account the existence, progress, and results of other public and private research and development activities, including those activities of the Federal Energy Administration relating to the development of energy resources using currently available technology in promoting increased utilization of energy resources, relevant to

the Administration's mission in formulating its own research and development programs;

(5) participating in and supporting cooperative research and development projects which may involve contributions by public or private persons or agencies, of financial or other resources to the performance of the work;

(6) developing, collecting, distributing, and making available for distribution, scientific and technical information concerning the manufacture or development of energy and its efficient extraction, conversion, transmission, and utilization:

(7) creating and encouraging the development of general information to the public on all energy conservation technologies and energy sources as they become available for general use, and the Administrator, in conjunction with the Administrator of the Federal Energy Administration shall, to the extent practicable, disseminate such information through the use of mass communications;

(8) encouraging and conducting research and development in energy conservation, which shall be directed toward the goals of reducing total energy consumption to the maximum extent practicable, and toward maximum possible improvement in the efficiency of energy use. Development of new and improved conservation measures shall be conducted with the goal of the most expeditious possible application of these measures;

(9) encouraging and participating in international cooperation in energy and related environmental research and development;

(10) helping to assure an adequate supply of manpower for the accomplishment of energy research and development programs, by sponsoring and assisting in education and training activities in institutions of higher education, vocational schools, and other institutions, and by assuring the collection, analysis, and dissemination of necessary manpower supply and demand data;

(11) encouraging and conducting research and development in clean and renewable energy sources.

ABOLITION AND TRANSFERS

SEC. 104. (a) The Atomic Energy Commission is hereby abolished. Sections 21 and 22 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2031 and 2032) are repealed.

(b) All other functions of the Commission, the Chairman and members of the Commission, and the officers and components of the Commission are hereby transferred or allowed to lapse pursuant to the provisions of this Act.

(c) There are hereby transferred to and vested in the Administrator all functions of the Atomic Energy Commission, the Chairman and members of the Commission, and the officers and components of the Commission, except as otherwise provided in this Act.

(d) The General Advisory Committee established pursuant to section 26 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2036), the Patent Compensation Board established pursuant to section 157 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2187), and the Divisions of Military Application and Naval Reactors established pursuant to section 25 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2035), are transferred to the Energy Research and Development Administration and the functions of the Commission with respect thereto, and with respect to relations with the Military Liaison Committee established by section 27 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2037), are transferred to the Administrator.

(e) There are hereby transferred to and vested in the Administrator such functions of the Secretary of the Interior, the Department of the Interior, and officers and components of such department—

(1) as relate to or are utilized by the Office of Coal Research established pursuant to the Act of July 1, 1960 (74 Stat. 336; 30 U.S.C. 661–668);

(2) as relate to or are utilized in connection with fossil fuel energy research and development programs and related activities conducted by the Bureau of Mines "energy centers" and synthane plant to provide greater efficiency in the extraction, processing, and utilization of energy resources for the purpose of conserving those resources, developing alternative energy resources, such as oil and gas secondary and tertiary recovery, oil shale and synthetic fuels, improving methods of managing energy-related wastes and pollutants, and providing technical guidance needed to establish and administer national energy policies; and

(3) as relate to or are utilized for underground electric power transmission research.

The Administrator shall conduct a study of the potential energy applications of helium and, within six months from the date of the enactment of this Act, report to the President and Congress his recommendations concerning the management of the Federal helium programs, as they relate to energy.

(f) There are hereby transferred to and vested in the Administrator such functions of the National Science Foundation as relate to or are utilized in connection with—

(1) solar heating and cooling development; and

(2) geothermal power development.

(g) There are hereby transferred to and vested in the Administrator such functions of the Environmental Protection Agency and the officers and components thereof as relate to or are utilized in connection with research, development, and demonstration, but not assessment or monitoring for regulatory purposes, of alternative automotive power systems.

(h) To the extent necessary or appropriate to perform functions and carry out programs transferred by this Act, the Administrator and Commission may exercise, in relation to the functions so transferred, any authority or part thereof available by law, including appropriation Acts, to the official or agency from which such functions were transferred.

(i) In the exercise of his responsibilities under section 103, the Administrator shall utilize, with their consent, to the fullest extent he determines advisable the technical and management capabilities of other executive agencies having facilities, personnel, or other resources which can assist or advantageously be expanded to assist in carrying out such responsibilities. The Administrator shall consult with the head of each agency with respect to such facilities, personnel, or other resources, and may assign, with their consent, specific programs or projects in energy research and development as appropriate. In making such assignments under this subsection, the head of each such agency shall insure that—

(1) such assignments shall be in addition to and not detract from the basic mission responsibilities of the agency, and

(2) such assignments shall be carried out under such guidance as the Administrator deems appropriate.

ADMINISTRATIVE PROVISIONS

SEC. 105. (a) The Administrator is authorized to prescribe such policies, standards, criteria, procedures, rules, and regulations as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

(b) The Administrator shall engage in such policy planning, and perform such program evaluation analyses and other studies, as may be necessary to promote the efficient and coordinated administration of the Administration and properly assess progress toward the achievement of its missions.

(c) Except as otherwise expressly provided by law, the Administrator may delegate any of his functions to such officers and employees of the Administration as he may designate, and may authorize such successive redelegations of such functions as he may deem to be necessary or appropriate.

(d) Except as provided in section 102 and in section 104(d), the Administrator may organize the Administration as he may deem to be necessary or appropriate.

(e) The Administrator is authorized to establish, maintain, alter, or discontinue such State, regional, district, local, or other field offices as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

(f) The Administrator shall cause a seal of office to be made for the Administration of such device as he shall approve, and judicial notice shall be taken of such seal.

(g) The Administrator is authorized to establish a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as he shall find to be desirable in the interests of economy and efficiency. There shall be transferred to the fund the stocks of supplies, equipment, assets other than real property, liabilities, and unpaid obligations relating to the services which he determines will be performed through the fund. Appropriations to the fund, in such amounts as may be necessary to provide additional working capital, are authorized. The working capital fund shall recover, from the appropriations and funds for which services are performed, either in advance or by way of reimbursement, amounts which will approximate the costs incurred, including the accrual of annual leave and the depreciation of equipment. The fund shall also be credited with receipts from the sale or exchange of its property, and receipts in payment for loss or damage to property owned by the fund.

(h) Each department, agency, and instrumentality of the executive branch of the Government is authorized to furnish to the Administrator, upon his request, any information or other data which the Administrator deems necessary to carry out his duties under this title.

PERSONNEL AND SERVICES

SEC. 106. (a) The Administrator is authorized to select, appoint, employ, and fix the compensation of such officers and employees, including attorneys, pursuant to section 161 d. of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2201(d)) as are necessary to perform the functions now or hereafter vested in him and to prescribe their functions.

(b) The Administrator is authorized to obtain services as provided by section 3109 of title 5 of the United States Code.

(c) The Administrator is authorized to provide for participation of military personnel in the performance of his functions. Members of the Army, the Navy, the Air Force, or the Marine Corps may be detailed for service in the Administration by the appropriate military Secretary, pursuant to cooperative agreements with the Secretary, for service in the Administration in positions other than a position the occupant of which must be approved by and with the advice and consent of the Senate.

(d) Appointment, detail, or assignment to, acceptance of, and service in, any appointive or other position in the Administration under this section shall in no way affect the status, office, rank, or grade which such officers or enlisted men may occupy or hold, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. A member so appointed, detailed, or assigned shall not be subject to direction or control by his Armed Force, or any officer thereof, directly or indirectly, with respect to the responsibilities exercised in the position to which appointed, detailed, or assigned.

(e) The Administrator is authorized to pay transportation expenses, and per diem in lieu of subsistence expenses, in accordance with chapter 57 of title 5 of the United States Code for travel between places of recruitment and duty, and while at places of duty, of persons appointed for emergency, temporary, or seasonal services in the field service of the Administration.

(f) The Administrator is authorized to utilize, on a reimbursable basis, the services of any personnel made available by any department, agency, or instrumentality, including any independent agency of the Government.

(g) The Administrator is authorized to establish advisory boards, in accordance with the provisions of the Federal Advisory Committee Act (Public Law 92-463), to advise with and make recommendations to the Administrator on legislation, policies, administration, research, and other matters.

(h) The Administrator is authorized to employ persons who are not citizens of the United States in expert, scientific, technical, or professional capacities whenever he deems it in the public interest.

POWERS

SEC. 107. (a) The Administrator is authorized to exercise his powers in such manner as to insure the continued conduct of research and development and related activities in areas or fields deemed by the Administrator to be pertinent to the acquisition of an expanded fund of scientific, technical, and practical knowledge in energy matters. To this end, the Administrator is authorized to make arrangements (including contracts, agreements, and loans) for the conduct of research and development activities with private or public institutions or persons, including participation in joint or cooperative projects of a research, developmental, or experimental nature; to make payments (in lump sum or installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments); and generally to take such steps as he may deem necessary or appropriate to perform functions now or hereafter vested in him. Such functions of the Administrator under this Act as are applicable to the nuclear activities transferred pursuant to this title shall be subject to the provisions of the Atomic Energy Act of 1954, as amended, and to other authority applicable to such nuclear activities. The nonnuclear responsibilities and functions of the Administrator referred to in sections 103 and 104 of this Act shall be carried out pursuant to the provisions of this Act, applicable authority existing immediately before the effective date of this Act, or in accordance with the provisions of chapter 4 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2051-2053).

(b) Except for public buildings as defined in the Public Buildings Act of 1959, as amended, and with respect to leased space subject to the provisions of Reorganization Plan Numbered 18 of 1950, the Administrator is authorized to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain facilities and real property as the Administrator deems to be necessary in and outside of the District of Columbia. Such authority shall apply only to facilities required for the maintenance and operation of laboratories, research and testing sites and facilities, quarters, and related accommodations for employees and dependents of employees of the Administration, and such other special-purpose real property as the Administrator deems to be necessary in and outside the District of Columbia. Title to any property or interest therein, real, personal, or mixed acquired pursuant to this section, shall be in the United States.

(c)(1) The Administrator is authorized to provide, construct, or maintain, as necessary and when not otherwise available, the following for employees and their dependents stationed at remote locations:

(A) Emergency medical services and supplies.

(B) Food and other subsistence supplies.

(C) Messing facilities.

(D) Audiovisual equipment, accessories, and supplies for recreation and training.

(E) Reimbursement for food, clothing, medicine, and other supplies furnished by such employees in emergencies for the temporary relief of distressed persons.

(F) Living and working quarters and facilities.

(G) Transportation for school-age dependents of employees to the nearest appropriate educational facilities.

(2) The furnishing of medical treatment under subparagraph (A) of paragraph (1) and the furnishing of services and supplies under paragraphs (B) and (C) of paragraph (1) shall be at prices reflecting reasonable value as determined by the Administrator.

(3) Proceeds from reimbursements under this section shall be deposited in the Treasury and may be withdrawn by the Administrator to pay directly the cost of such work or services, to repay or make advances to appropriations or funds which do or will bear all or a part of such cost, or to refund excess sums when necessary; except that such payments may be credited to a service or working capital fund otherwise established by law, and used under the law governing funds, if the fund is available for use by the Administrator for performing the work or services for which payment is received.

(d) The Administrator is authorized to acquire any of the following described rights if the property acquired thereby is for use in, or is useful to, the performance of functions vested in him:

(1) Copyrights, patents, and applications for patents, designs, processes, specifications, and data.

(2) Licenses under copyrights, patents, and applications for patents.

(3) Releases, before suit is brought, for past infringement of patents or copyrights.

(e) Subject to the provisions of chapter 12 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2161-2166), and other applicable law, the Administrator shall disseminate scientific, technical, and practical information acquired pursuant to this title through information programs and other appropriate means, and shall encourage the dissemination of scientific, technical, and practical information relating to energy so as to enlarge the fund of such information and to provide that free interchange of ideas and criticism which is essential to scientific and industrial progress and public understanding.

(f) The Administrator is authorized to accept, hold, administer, and utilize gifts, and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Administration. Gifts and bequests of money and proceeds from sales of other property received as gifts or bequests shall be deposited in the Treasury and shall be disbursed upon the order of the Administrator. For the purposes of Federal income, estate, and gift taxes, property accepted under this section shall be considered as a gift or bequest to the United States.

INTERIM COORDINATION

SEC. 108. (a) There is established in the Executive Office of the President an Energy Resources Council. The Council shall be composed of the Secretary of the Interior, the Administrator of the Federal Energy Administration, the Administrator of the Energy Research and Development Administration, the Secretary of State, the Director, Office of Management and Budget, and such other officials of the Federal Government as the President may designate. The President shall designate one of the members of the Council to serve as Chairman.

(b) It shall be the duty and function of the Council to—

(1) insure communication and coordination among the agencies of the Federal Government which have responsibilities for the development and implementation of energy policy or for the management of energy resources;

(2) make recommendations to the President and to the Congress for measures to improve the implementation of Federal energy policies or the management of energy resources with particular emphasis upon policies and activities involving two or more Departments or independent agencies; and

(3) advise the President in the preparation of the reorganization recommendations required by section 110 of this Act.

(c) The Chairman of the Council may not refuse to testify before the Congress or any duly authorized committee thereof regarding the duties of the Council or other matters concerning interagency coordination of energy policy and activities.

(d) This section shall be effective no later than sixty days after the enactment of this Act or such earlier date as the President shall prescribe and publish in the Federal Register, and shall terminate upon enactment of a permanent department responsible for energy and natural resources or two years after such effective date, whichever shall occur first.

FUTURE REORGANIZATION

SEC. 109. (a) The President shall transmit to the Congress as promptly as possible, but not later than June 30, 1975, such additional recommendations as he deems advisable for organization of energy and related functions in the Federal Government, including, but not limited to, whether or not there shall be established (1) a Department of Energy and Natural Resources, (2) an Energy Policy Council, and (3) a consolidation in whole or in part of regulatory functions concerning energy.

(b) This report shall replace and serve the purposes of the report required by section 15(a)(4) of the Federal Energy Administration Act.

COORDINATION WITH ENVIRONMENTAL EFFORTS

SEC. 110. The Administrator is authorized to establish programs to utilize research and development performed by other Federal agencies to minimize the adverse environmental effects of energy projects. The Administrator of the Environmental Protection Agency, as well as other affected agencies and departments, shall cooperate fully with the Administrator in establishing and maintaining such programs, and in establishing appropriate interagency agreements to develop cooperative programs and to avoid unnecessary duplication.

TITLE II—NUCLEAR REGULATORY COMMISSION

ESTABLISHMENT AND TRANSFERS

SEC. 201. (a)(1) There is established an independent regulatory commission to be known as the Nuclear Regulatory Commission which shall be composed of five members, each of whom shall be a citizen of the United States. The President shall designate one member of the Commission as Chairman thereof to serve as such during the pleasure of the President. The Chairman may from time to time designate any other member of the Commission as Acting Chairman to act in the place and stead of the Chairman during his absence. The Chairman (or the Acting Chairman in the absence of the Chairman) shall preside at all meetings of the Commission and a quorum for the transaction of business shall consist of at least three members present. Each member of the Commission, including the Chairman, shall have equal responsibility and authority in all decisions and actions of the Commission, shall have full access to all information relating to the performance of his duties or responsibilities, and shall have one vote. Action of the Commission shall be determined by a majority vote of the members present. The Chairman (or Acting Chairman in the absence of the Chairman) shall be the official spokesman of the Commission in its relations with the Congress, Government agencies, persons, or the public, and, on behalf of the Commission, shall see to the faithful execution of the policies and decisions of the Commission, and shall report thereon to the Commission from time to time or as the Commission may direct. The Commission shall have an official seal which shall be judicially noticed.

(2) The Chairman of the Commission shall be the principal executive officer of the Commission, and he shall exercise all of the executive and administrative functions of the Commission, including functions of the Commission with respect to (A) the appointment and supervision of personnel employed under the Commission (other than personnel employed regularly and full time in the immediate offices of commissioners other than the Chairman and except as otherwise provided in this Act), (B) the distribution of business among personnel appointed and supervised by the Chairman and among administrative units of the Commission, and (C) the use and expenditure of funds.

(3) In carrying out any of his functions under the provisions of this subsection the Chairman shall be governed by general policies of the Commission and by such regulatory decisions, findings, and determinations as the Commission may by law be authorized to make.

(b)(1) Members of the Commission shall be appointed by the President, by and with the advice and consent of the Senate.

(2) Appointments of members pursuant to this subsection shall be made in such a manner that not more than three members of the Commission shall be members of the same political party.

(c) Each member shall serve for a term of five years, each such term to commence on July 1, except that of the five members first appointed to the Commission, one shall serve for one year, one for two years, one for three years, one for four years, and one for five years, to be designated by the President at the time of appointment.

(d) Such initial appointments shall be submitted to the Senate within sixty days of the signing of this Act. Any individual who is serving as a member of the Atomic Energy Commission at the time of the enactment of this Act, and who may be appointed by the President to the Commission, shall be appointed for a term designated by the President, but which term shall terminate not later than the end of his present term as a member of the Atomic Energy Commission, without regard to the requirements of subsection (b)(2) of this section. Any subsequent appointment of such individuals shall be subject to the provisions of this section.

(e) Any member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. No member of the Commission shall engage in any business, vocation, or employment other than that of serving as a member of the Commission.

(f) There are hereby transferred to the Commission all the licensing and related regulatory functions of the Atomic Energy Commission, the Chairman and members of the Commission, the General Counsel, and other officers and components of the Commission—which functions officers, components, and personnel are excepted from the transfer to the Administrator by section 104(c) of this Act.

(g) In addition to other functions and personnel transferred to the Commission, there are also transferred to the Commission—

(1) the functions of the Atomic Safety and Licensing Board Panel and the Atomic Safety and Licensing Appeal Board;

(2) such personnel as the Director of the Office of Management and Budget determines are necessary for exercising responsibilities under section 205, relating to research, for the purpose of confirmatory assessment relating to licensing and other regulation under the provisions of the Atomic Energy Act of 1954, as amended, and of this Act.

LICENSING AND RELATED REGULATORY FUNCTIONS RESPECTING SELECTED ADMINISTRATION FACILITIES

SEC. 202. Notwithstanding the exclusions provided for in section 110 a. or any other provisions of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2140(a)), the Nuclear Regulatory Commission shall, except as otherwise specifically provided by section 110 b. of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2140(b)), or other law, have licensing and related regulatory authority pursuant to chapters 6, 7, 8, and 10 of the Atomic Energy Act of 1954, as amended, as to the following facilities of the Administration:

(1) Demonstration Liquid Metal Fast Breeder reactors when operated as part of the power generation facilities of an electric utility system, or when operated in any other manner for the purpose of demonstrating the suitability for commercial application of such a reactor.

(2) Other demonstration nuclear reactors—except those in existence on the effective date of this Act—when operated as part of the power generation facilities of an electric utility system, or when operated in any other manner for the purpose of demonstrating the suitability for commercial application of such a reactor.

(3) Facilities used primarily for the receipt and storage of high-level radioactive wastes resulting from activities licensed under such Act.

(4) Retrievable Surface Storage Facilities and other facilities authorized for the express purpose of subsequent long-term storage of high-level radioactive waste generated by the Administration, which are not used for, or are part of, research and development activities.

OFFICE OF NUCLEAR REACTOR REGULATION

SEC. 203. (a) There is hereby established in the Commission an Office of Nuclear Reactor Regulation under the direction of a Director of Nuclear Reactor Regulation, who shall be appointed by the Commission, who may report directly to the Commission, as provided in section 209, and who shall serve at the pleasure of and be removable by the Commission.

(b) Subject to the provisions of this Act, the Director of Nuclear Reactor Regulation shall perform such functions as the Commission shall delegate including:

(1) Principal licensing and regulation involving all facilities, and materials licensed under the Atomic Energy Act of 1954, as amended, associated with the construction and operation of nuclear reactors licensed under the Atomic Energy Act of 1954, as amended;

(2) Review the safety and safeguards of all such facilities, materials, and activities, and such review functions shall include, but not be limited to—

(A) monitoring, testing and recommending upgrading of systems designed to prevent substantial health or safety hazards; and

(B) evaluating methods of transporting special nuclear and other nuclear materials and of transporting and storing high-level radioactive wastes to prevent radiation hazards to employees and the general public.

(3) Recommend research necessary for the discharge of the functions of the Commission.

(c) Nothing in this section shall be construed to limit in any way the functions of the Administration relating to the safe operation of all facilities resulting from all activities within the jurisdiction of the Administration pursuant to this Act.

OFFICE OF NUCLEAR MATERIAL SAFETY AND SAFEGUARDS

SEC. 204. (a) There is hereby established in the Commission an Office of Nuclear Material Safety and Safeguards under the direction of a Director of Nuclear Material Safety and Safeguards, who shall be appointed by the Commission, who may report directly to the Commission as provided in section 209, and who shall serve at the pleasure of and be removable by the Commission.

(b) Subject to the provisions of this Act, the Director of Nuclear Material Safety and Safeguards shall perform such functions as the Commission shall delegate including:

(1) Principal licensing and regulation involving all facilities and materials, licensed under the Atomic Energy Act of 1954, as amended, associated with the processing, transport, and handling of nuclear materials, including the provision and maintenance of safeguards against threats, thefts, and sabotage of such licensed facilities, and materials.

(2) Review safety and safeguards of all such facilities and materials licensed under the Atomic Energy Act of 1954, as amended, and such review shall include, but not be limited to—

(A) monitoring, testing, and recommending upgrading of internal accounting systems for special nuclear and other nuclear materials licensed under the Atomic Energy Act of 1954, as amended;

(B) developing, in consultation and coordination with the Administration, contingency plans for dealing with threats, thefts, and sabotage relating to special nuclear materials, high-level radioactive wastes and nuclear facilities resulting from all activities licensed under the Atomic Energy Act of 1954, as amended;

(C) assessing the need for, and the feasibility of, establishing a security agency within the office for the performance of the safeguards functions, and a report with recommendations on this matter shall be prepared within one year of the effective date of this Act and promptly transmitted to the Congress by the Commission.

(3) Recommending research to enable the Commission to more effectively perform its functions.

(c) Nothing in this section shall be construed to limit in any way the functions of the Administration relating to the safeguarding of special nuclear materials, high-level radioactive wastes and nuclear facilities resulting from all activities within the jurisdiction of the Administration pursuant to this Act.

OFFICE OF NUCLEAR REGULATORY RESEARCH

SEC. 205. (a) There is hereby established in the Commission an Office of Nuclear Regulatory Research under the direction of a Director of Nuclear Regulatory Research, who shall be appointed by the Commission, who may report directly to the Commission as provided in section 209, and who shall serve at the pleasure of and be removable by the Commission.

(b) Subject to the provisions of this Act, the Director of Nuclear Regulatory Research shall perform such functions as the Commission shall delegate including:

(1) Developing recommendations for research deemed necessary for performance by the Commission of its licensing and related regulatory functions.

(2) Engaging in or contracting for research which the Commission deems necessary for the performance of its licensing and related regulatory functions.

(c) The Administrator of the Administration and the head of every other Federal agency shall—

(1) cooperate with respect to the establishment of priorities for the furnishing of such research services as requested by the Commission for the conduct of its functions;

(2) furnish to the Commission, on a reimbursable basis, through their own facilities or by contract or other arrangement, such research services as the Commission deems necessary and requests for the performance of its functions; and

(3) consult and cooperate with the Commission on research and development matters of mutual interest and provide such information and physical access to its facilities as will assist the Commission in acquiring the expertise necessary to perform its licensing and related regulatory functions.

(d) Nothing in subsections (a) and (b) of this section or section 201 of this Act shall be construed to limit in any way the functions of the Administration relating to the safety of activities within the jurisdiction of the Administration.

(e) Each Federal agency, subject to the provisions of existing law, shall cooperate with the Commission and provide such information and research services, on a reimbursable basis, as it may have or be reasonably able to acquire.

NONCOMPLIANCE

SEC. 206. (a) Any individual director, or responsible officer of a firm constructing, owning, operating, or supplying the components of any facility or activity which is licensed or otherwise regulated pursuant to the Atomic Energy Act of 1954 as amended, or pursuant to this Act, who obtains information reasonably indicating that such facility or activity or basic components supplied to such facility or activity—

(1) fails to comply with the Atomic Energy Act of 1954, as amended, or any applicable rule, regulation, order, or license of the Commission relating to substantial safety hazards, or

(2) contains a defect which could create a substantial safety hazard, as defined by regulations which the Commission shall promulgate,

shall immediately notify the Commission of such failure to comply, or of such defect, unless such person has actual knowledge that the Commission has been adequately informed of such defect or failure to comply.

(b) Any person who knowingly and consciously fails to provide the notice required by subsection (a) of this section shall be subject to a civil penalty in an amount equal to the amount provided by section 234 of the Atomic Energy Act of 1954, as amended.

(c) The requirements of this section shall be prominently posted on the premises of any facility licensed or otherwise regulated pursuant to the Atomic Energy Act of 1954, as amended.

(d) The Commission is authorized to conduct such reasonable inspections and other enforcement activities as needed to insure compliance with the provisions of this section.

NUCLEAR ENERGY CENTER SITE SURVEY

SEC. 207. (a) (1) The Commission is authorized and directed to make or cause to be made under its direction, a national survey, which shall include consideration of each of the existing or future electric reliability regions, or other appropriate regional areas, to locate and identify possible nuclear energy center sites. This survey shall be conducted in cooperation with other interested Federal, State, and local agencies, and the views of interested persons, including electric utilities, citizens' groups, and others, shall be solicited and considered.

(2) For purposes of this section, the term "nuclear energy center site" means any site, including a site not restricted to land, large enough to support utility operations or other elements of the total nuclear fuel cycle, or both including, if appropriate, nuclear fuel reprocessing facilities, nuclear fuel fabrication plants, retrievable nuclear waste storage facilities, and uranium enrichment facilities.

(3) The survey shall include—

(a) a regional evaluation of natural resources, including land, air, and water resources, available for use in connection with nuclear energy center sites; estimates of future electric power requirements that can be served by each nuclear energy center site; an assessment of the economic impact of each nuclear energy site; and consideration of any other relevant factors, including but not limited to population distribution, proximity to electric load centers and to other elements of the fuel cycle, transmission line rights-of-way, and the availability of other fuel resources;

(b) an evaluation of the environmental impact likely to result from construction and operation of such nuclear energy centers, including an evaluation whether such nuclear energy centers will result in greater or lesser environmental impact than separate siting of the reactors and/or fuel cycle facilities; and

(c) consideration of the use of federally owned property and other property designated for public use, but excluding national parks, national forests, national wilderness areas, and national historic monuments.

(4) A report of the results of the survey shall be published and transmitted to the Congress and the Council on Environmental Quality not later than one year from the date of the enactment of this Act and shall be made available to the public, and shall be updated from time to time thereafter as the Commission, in its discretion, deems advisable. The report shall include the Commission's evaluation of the results of the survey and any conclusions and recommendations, including recommendations for legislation, which the Commission may have concerning the feasibility and practicality of locating nuclear power reactors and/or other elements of the nuclear fuel cycle on nuclear energy center sites. The Commission is authorized to adopt policies which will encourage the location of nuclear power reactors and related fuel cycle facilities on nuclear energy center sites insofar as practicable.

ABNORMAL OCCURRENCE REPORTS

SEC. 208. The Commission shall submit to the Congress each quarter a report listing for that period any abnormal occurrences at or associated with any facility which is licensed or otherwise regulated pursuant to the Atomic Energy Act of 1954 as amended, or pursuant to this Act. For the purposes of this section an abnormal occurrence is an unscheduled incident or event which the Commission determines is significant from the standpoint of public health or safety. Nothing in the preceding sentence shall limit the authority of a court to review the determination of the Commission. Each such report shall contain—

(1) the date and place of each occurrence;

(2) the nature and probate consequence of each occurrence;

(3) the cause or causes of each; and

(4) any action taken to prevent reoccurrence;

the Commission shall also provide as wide dissemination to the public of the information specified in clauses (1) and (2) of this section as reasonably possible within fifteen days of its receiving information of each abnormal occurrence and shall provide as wide dissemination to the public as reasonably possible of the information specified in clauses (3) and (4) as soon as such information becomes available to it.

OTHER OFFICERS

SEC. 209. (a) The Commission shall appoint an Executive Director for Operations, who shall serve at the pleasure of and be removable by the Commission.

(b) The Executive Director shall perform such functions as the Commission may direct, except that the Executive Director shall not limit the authority of the director of any component organization provided in this Act to communicate with or report directly to the Commission when such director of a component organization deems it necessary to carry out his responsibilities.

(c) There shall be in the Commission not more than five additional officers appointed by the Commission. The positions of such officers shall be considered career positions and be subject to subsection 161d. of the Atomic Energy Act.

TITLE III—MISCELLANEOUS AND TRANSITIONAL PROVISIONS

TRANSITIONAL PROVISIONS

SEC. 301. (a) Except as otherwise provided in this Act, whenever all of the functions or programs of an agency, or other body, or any component thereof, affected by this Act, have been transferred from that agency, or other body, or any component thereof by this Act, the agency, or other body, or component thereof shall lapse. If an agency, or other body, or any component thereof, lapses pursuant to the preceding sentence, each position and office therein which was expressly authorized by law, or the incumbent of which was authorized to receive compensation at the rate prescribed for an office or position at level II, III, IV, or V of the Executive Schedule (5 U.S.C. 5313–5316), shall lapse.

(b) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, any Federal department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions, which are transferred under this Act, and

(2) which are in effect at the time this Act takes effect,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked by the President, the Administrator, the Commission, or other authorized officials, a court of competent jurisdiction, or by operation of law.

(c) The provisions of this Act shall not affect any proceeding pending, at the time this section takes effect, before the Atomic Energy Commission or any department or agency (or component thereof) functions of which are transferred by this Act; but such proceedings, to the extent that they relate to functions so transferred, shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued if this Act had not been enacted.

(d) Except as provided in subsection (f)—

(1) the provisions of this Act shall not affect suits commenced prior to the date this Act takes effect, and

(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted.

(e) No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act. Causes of actions, suits, actions, or other proceedings may be asserted by or against the United States or such official as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(f) If, before the date on which this Act takes effect, any department or agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such department, agency, or officer is transferred to the Administrator or Commission, or any other official, then such suit shall be continued as if this Act had not been enacted, with the Administrator or Commission, or other official, as the case may be, substituted.

(g) Final orders and actions of any official or component in the performance of functions transferred by this Act shall be subject to judicial review to the same extent and in the same manner as if such orders or actions had been made or taken by the officer, department, agency, or instrumentality in the performance of such functions immediately preceding the effective date of this Act. Any statutory requirements relating to notices, hearings, action upon the record, or administrative review that apply to any function transferred by this Act shall apply to the performance of those functions by the Administrator or Commission, or any officer or component.

(h) With respect to any function transferred by this Act and performed after the effective date of this Act, reference in any other law to any department or agency, or any officer or office, the functions of which are so transferred, shall be deemed to refer to the Administration, the Administrator or Commission, or other office or official in which this Act vests such functions.

(i) Nothing contained in this Act shall be construed to limit, curtail, abolish, or terminate any function of the President which he had immediately before the effective date of this Act; or to limit, curtail, abolish, or terminate his authority to perform such function; or to limit, curtail, abolish, or terminate his authority to delegate, redelegate, or terminate any delegation of functions.

(j) Any reference in this Act to any provision of law shall be deemed to include, as appropriate, references thereto as now or hereafter amended or supplemented.

(k) Except as may be otherwise expressly provided in this Act, all functions expressly conferred by this Act shall be in addition to and not in substitution for functions existing immediately before the effective date of this Act and transferred by this Act.

TRANSFER OF PERSONNEL AND OTHER MATTERS

SEC. 302. (a) Except as provided in the next sentence, the personnel employed in connection with, and the personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to or to be made available in connection with the functions and programs transferred by this Act, are, subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c), correspondingly transferred for appropriate allocation. Personnel positions expressly created by law, personnel occupying those positions on the effective date of this Act, and personnel authorized to receive compensation at the rate prescribed for offices and positions at levels II, III, IV, or V of the Executive Schedule (5 U.S.C. 5313–5316) on the effective date of this Act shall be subject to the provisions of subsection (c) of this section and section 301 of this Act.

(b) Except as provided in subsection (c), transfer of nontemporary personnel pursuant to this Act shall not cause any such employee to to be separated or reduced in grade or compensation for one year after such transfer.

(c) Any person who, on the effective date of this Act, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5 of the United States Code, and who, without a break in service, is appointed in the Administration to a position having duties comparable to those performed immediately preceding his appointment shall continue to be compensated in his new position at not less than the rate provided for his previous position.

INCIDENTAL DISPOSITIONS

SEC. 303. The Director of the Office of Management and Budget is authorized to make such additional incidental dispositions of personnel, personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to or to be made available in connection with functions transferred by this Act, as he may deem necessary or appropriate to accomplish the intent and purpose of this Act.

DEFINITIONS

SEC. 304. As used in this Act—

(1) any reference to "function" or "functions" shall be deemed to include references to duty, obligation, power, authority, responsibility, right, privilege, and activity, or the plural thereof, as the case may be; and

(2) any reference to "perform" or "performance", when used in relation to functions, shall be deemed to include the exercise of power, authority, rights, and privileges.

AUTHORIZATION OF APPROPRIATIONS

SEC. 305. (a) Except as otherwise provided by law, appropriations made under this Act shall be subject to annual authorization.

(b) Authorization of appropriations to the Commission shall reflect the need for effective licensing and other regulation of the nuclear power industry in relation to the growth of such industry.

COMPTROLLER GENERAL AUDIT

SEC. 306. (a) Section 166, "Comptroller General Audit" of the Atomic Energy Act of 1954, as amended, shall be deemed to be applicable, respectively, to the nuclear and nonnuclear activities under title I and to the activities under title II.

(b) The Comptroller General of the United States shall audit, review, and evaluate the implementation of the provisions of title II of this Act by the Nuclear Safety and Licensing Commission (1) Not later than sixty months after the effective date of this Act, the Comptroller General shall prepare and submit to the Congress a report on his audit, which shall contain, but not be limited to—

(1) an evaluation of the effectiveness of the licensing and related regulatory activities of the Commission and the operations of the Office of Nuclear Safety Research and the Bureau of Nuclear Materials Security;

(2) an evaluation of the effect of such Commission activities on the efficiency, effectiveness, and safety with which the activities licensed under the Atomic Energy Act of 1954, as amended, are carried out;

(3) recommendations concerning any legislation he deems necessary, and the reasons therefor, for improving the implementation of title II.

REPORTS

SEC. 307. (a) The Administrator shall, as soon as practicable after the end of each fiscal year, make a report to the President for submission to the Congress on the activities of the Administration during the preceding fiscal year. Such report shall include a statement of the short-range and long-range goals, priorities, and plans of the Administration together with an assessment of the progress made toward the attainment of those objectives and toward the more effective and efficient management of the Administration and the coordination of its functions.

(b) During the first year of operation of the Administration, the Administrator, in collaboration with the Secretary of Defense, shall conduct a thorough review of the desirability and feasibility of transferring to the Department of Defense or other Federal agencies the functions of the Administrator respecting military application and restricted data, and within one year after the Administrator first takes office the Administrator shall make a report to the President, for submission to the Congress, setting forth his comprehensive analysis, the principal alternatives, and the specific recommendations of the Administrator and the Secretary of Defense.

(c) The Commission shall, as soon as practicable after the end of each fiscal year, make a report to the President for submission to the Congress on the activities of the Commission during the preceding fiscal year. Such report shall include a clear statement of the short-range and long-range goals, priorities, and plans of the Commission as they relate to the benefits, costs, and risks of commercial nuclear power. Such report shall also include a clear description of the Commission's activities and findings in the following areas—

(1) insuring the safe design of nuclear powerplants and other licensed facilities;

(2) investigating abnormal occurrences and defects in nuclear powerplants and other licensed facilities;

(3) safeguarding special nuclear materials at all stages of the nuclear fuel cycle;

(4) investigating suspected, attempted, or actual thefts of special nuclear materials in the licensed sector and developing contingency plans for dealing with such incidents;

(5) insuring the safe, permanent disposal of high-level radioactive wastes through the licensing of nuclear activities and facilities;

(6) protecting the public against the hazards of low-level radioactive emissions from licensed nuclear activities and facilities.

INFORMATION TO COMMITTEES

SEC. 308. The Administrator shall keep the appropriate congressional committees fully and currently informed with respect to all of the Administration's activities.

TRANSFER OF FUNDS

SEC. 309. The Administrator, when authorized in an appropriation Act, may, in any fiscal year, transfer funds from one appropriation to another within the Administration; except, that no appropriation shall be either increased or decreased pursuant to this section by more than 5 per centum of the appropriation for such fiscal year.

CONFORMING AMENDMENTS TO CERTAIN OTHER LAWS

SEC. 310. Subchapter II (relating to Executive Schedule pay rates) of chapter 53 of title 5, United States Code, is amended as follows:

(1) Section 5313 is amended by striking out "(8) Chairman, Atomic Energy Commission." and inserting in lieu thereof "(8) Chairman, Nuclear Regulatory Commission.", and by adding at the end thereof the following:

"(22) Administrator of Energy Research and Development Administration.".

(2) Section 5314 is amended by striking out "(42) Members, Atomic Energy Commission." and inserting in lieu thereof "(42) Members, Nuclear Regulatory Commission.", and by adding at the end thereof the following:

"(60) Deputy Administrator, Energy Research and Development Administration.".

(3) Section 5315 is amended by striking out paragraph (50), and by adding at the end thereof the following:

"(100) Assistant Administrators, Energy Research and Development Administration (6).

"(101) Director of Nuclear Reactor Regulation, Nuclear Regulatory Commission.

"(102) Director of Nuclear Material Safety and Safeguards, Nuclear Regulatory Commission.

"(103) Director of Nuclear Regulatory Research, Nuclear Regulatory Commission.

"(104) Executive Director for Operations, Nuclear Regulatory Commission."

(4) Section 5316 is amended by striking out paragraphs (29), (62), (69), and (102), by striking out "(81) General Counsel of the Atomic Energy Commission," and inserting in lieu thereof "(81) General Counsel of the Nuclear Regulatory Commission.", and by adding at the end thereof the following:

"(134) General Counsel, Energy Research and Development Administration.

"(135) Additional officers, Energy Research and Development Administration (8).

"(136) Additional officers, Nuclear Regulatory Commission (5).".

SEPARABILITY

SEC. 311. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

EFFECTIVE DATE AND INTERIM APPOINTMENTS

SEC. 312. (a) This Act shall take effect one hundred and twenty days after the date of its enactment, or on such earlier date as the President may prescribe and publish in the Federal Register; except that any of the officers provided for in title I of this Act may be nominated and appointed, as provided by this Act, at any time after the date of enactment of this Act. Funds available to any department or agency (or any official or component thereof), any functions of which are transferred to the Administrator and the Commission by this Act, may, with the approval of the President, be used to pay the compensation and expenses of any officer appointed pursuant to this subsection until such time as funds for that purpose are otherwise available.

(b) In the event that any officer required by this Act to be appointed by and with the advice and consent of the Senate shall not have entered upon office on the effective date of this Act, the President may designate any officer, whose appointment was required to be made by and with the advice and consent of the Senate and who was such an officer immediately prior to the effective date of this Act, to act in such office until the office is filled as provided in this Act. While so acting, such persons shall receive compensation at the rates provided by this Act for the respective offices in which they act.

TITLE IV—SEX DISCRIMINATION

SEX DISCRIMINATION PROHIBITED

SEC. 401. No person shall on the ground of sex be excluded from participation in, be denied a license under, be denied the benefits of, or be subjected to discrimination under any program or activity carried on or receiving Federal assistance under any title of this Act. This provision will be enforced through agency provisions and rules similar to those already established, with respect to racial and other discrimination, under title VI of the Civil Rights Act of 1964. However, this remedy is not exclusive and will not prejudice or cut off any other legal remedies available to a discriminatee.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows:

In lieu of the amended title proposed by the Senate amendment, amend the title so as to read: "An Act to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a new Nuclear Regulatory Commission in order to promote more efficient management of such functions.".

And the Senate agree to the same.

CHET HOLIFIELD,
WILLIAM S. MOORHEAD,
FERNAND ST GERMAIN,
DON FUQUA,
FRANK HORTON,
JOHN WYDLER,
CLARENCE J. BROWN,
Managers on the Part of the House.

SAM J. ERVIN, JR.,
HENRY M. JACKSON,
EDMUND S. MUSKIE,
ABE RIBICOFF,
CHARLES PERCY,
JACOB JAVITS,
EDWARD J. GURNEY,
W. V. ROTH,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

Except for certain clarifying, clerical, conforming, and other technical changes, the changes made to deal with the differences between the House bill and the Senate amendment are noted below.

TITLE—NAME OF COMMISSION

The Senate amendment amended the title to change the name of the Nuclear Energy Commission to the Nuclear Safety and Licensing Commission. The name substituted by the conferees is Nuclear Regulatory Commission, and conforming changes are made in the text.

The short title, "Energy Reorganization Act of 1974," follows the Senate amendment (section 1). The House bill was passed in 1973.

ENERGY PRIORITIES

The Senate amendment, in the declaration of purpose (subsection 2(b)), included a reference to "general basic research activities of the Atomic Energy Commission (AEC) as among the functions to be transferred to the Energy Research and Development Administration (ERDA), and contained a proviso that ERDA give no "unwarranted priority" to any energy technology. Certain guidelines for the determination of priorities were set forth (subsection 2(e)).

The conference substitute includes the Senate reference to "general basic research activities"; restates the language on "unwarranted priority" in positive terms to make clear that all possible sources of energy will be developed, consistent with warranted priorities; and modifies the language on determination of priorities to make clear that the Administrator of ERDA will have to take into account a range of factors in developing suitable programs.

SMALL BUSINESS PARTICIPATION

The Senate amendment (subsection 2(d)) included in the declaration of purpose a reference to small business participation in Federal grants and contracts relating to energy research, development, and demonstrations; and provided (subsection 103(b)) for consultation between the Administrators of ERDA and the Small Business Administration (SBA) in carrying out this policy.

The conference substitute (section 2(d)) combines the two references to small business, with modified language. The sense of the declaration is that small business should be given a reasonable opportunity to participate and should be treated fairly and equitably in Federal contract and grant awards. Such participation would hinge upon the availability of qualified small business firms to perform the needed services rather than on some mathematical formula for the awarding of contracts and grants to small business.

QUALIFICATIONS OF TOP OFFICERS OF ERDA

In several instances, the Senate amendment prescribed qualifications for the positions of Administrator, Deputy Administrator, and Assistant Administrators.

(1) The Senate amendment (section 102 (a)) specified that the Administrator be "appointed from civilian life" and that the appointee shall not have been a commissioned officer in the Armed Forces for at least five years prior to his appointment.

The conference substitute follows the Senate amendment with a change reducing the five-year limitation to two years.

(2) The Senate amendment (section 102 (c)) provided that the Administrator and Deputy Administrator be appointed "... from among individuals who, by reason of their training and experience are specially qualified to manage a full range of energy research and development programs."

The conference substitute includes the Senate language, but replaces "training" with "general background." The conferees wish to make it clear that it is an individual's background and experience, not necessarily his formal education, which should bear heavily on his qualifications to manage a full range of energy research and development programs.

(3) The Senate amendment (section 102 (d)) required each Assistant Administrator to be appointed ". . . from among individuals who, by reason of training and experience, are specially qualified to manage the energy technology area assigned to such Assistant Administrator."

This language is incorporated in the conference substitute (subsection 102(d)), with a modification to replace "training" with "general background."

DESIGNATION OF OFFICERS' SPECIFIC TITLES AND DUTIES

In several instances, the Senate amendment associated specific duties with top level officers, designated titles and functions differently from the House bill, and increased the number of top-level positions in ERDA.

(1) The Deputy Administrator (subsection 102(b)) was given special responsibility for international cooperation in energy and related environmental research and development.

The conference substitute provides that this special responsibility be assigned by the Administrator to an officer of his choosing, rather than by statute to the Deputy Administrator; and this provision is made a part of subsection 102(h), which relates to the assignment of functions to officers by the Administrator.

The conferees, by including a reference to international cooperation in energy research and development, emphasize the worldwide importance and impact of energy problems, and the need for cooperation by the United States with other nations in energy affairs. At the same time, the conferees wish to make it clear that ERDA activities looking toward international cooperation in no way limit State Department responsibility and activities.

(2) The House bill (subsection 102(c)) provided for an Assistant Administrator for national security. The Senate amendment (subsection 102(d)) designated this officer an Assistant Administrator for defense programs.

The conference substitute retains the House designation. The conferees believe that "national security," as a more encompassing term, suitably describes the responsibility of the Assistant Administrator who will be in charge of nuclear weapons programs and all matters related to the common defense and security, as that term is used in the Atomic Energy Act of 1954, as amended.

(3) The House bill (subsection 102(c)) provided for an Assistant Administrator for research and advanced energy systems. The Senate amendment (subsection 102(d)) designated this officer an Assistant Administrator for Solar, Geothermal, and Advanced Energy Systems.

The conference substitute incorporates the Senate designation.

(4) The House bill (subsection 102(c)) provided for five Assistant Administrators with designated areas of responsibility, including an Assistant Administrator for "environment, safety, and conservation." The Senate amendment (subsection 102(d)) provided for six Assistant Administrators, including one for "environment and safety" and another for "conservation."

The conference substitute incorporates the Senate provisions, thus providing a separate Assistant Administrator for conservation. The conferees recognize the importance of energy conservation, and require that ERDA support research in, and development of, energy-efficient equipments, devices, methods, and processes.

(5) The House bill (subsection 102(e)) provided for seven officers at executive level V in ERDA, who were to be considered career officers under subsection 161d. of the Atomic Energy Act. The Senate amendment (subsection 102(f)) provided for eight such officers, to serve at the pleasure of and be removable by the Administrator; also, that one of these officers be assigned responsibility for recommending appropriate educational support programs to assure an adequate supply of technical manpower.

The conference substitute incorporates the Senate provision for eight officers at executive level V, but follows the House bill in placing these officers within the context of the career service as developed under subsection 161d. of the Atomic Energy Act. The conferees believe that such status will promote desired professionalism and continuity in highly technical programs.

The conference substitute also strikes the reference to educational support programs. The conferees recognize the importance of an adequate supply of technical manpower and make provision for it elsewhere in the Act (subsection 103(10)). While the conferees believe that the Administrator should be permitted to use his discretion in assigning responsibility for training and educational support programs, they also believe that such programs are of sufficient importance to be assigned to a specific officer.

RESPONSIBILITIES OF ADMINISTRATOR

The Senate amendment differed from the House bill in specifying the responsibilities of the Administrator. The Senate amendment:

(1) Combined in subsection 103(a)(2) modified House bill language in subsections 103 (2) and (3), and added a reference to future non-nuclear research and development programs which may be authorized by Congress.

(2) Added a reference to the Federal Energy Administration's (FEA) development activities (subsection 103(a)(4)) relating to increased utilization of energy sources, using currently available technology.

(3) Added responsibility relating to international cooperation.

(4) Added responsibility relating to developing public information on conservation technologies, solar energy, and other advanced energy sources.

(5) Added responsibility for the collection, analysis, and dissemination of manpower supply and demand data relating to energy research and development.

(6) Added responsibility to help prevent a shortage of manpower in energy research and development.

(7) Added responsibility to encourage and conduct research and development in clean and renewable energy sources.

(8) Added a requirement that ERDA consult with SBA to promote small business participation.

The conference substitute incorporates the Senate language, with modifications, deleting some language as unnecessary and combining related subsections.

The Administrator's responsibility relating to international cooperation is retained, with the understanding, as stated above, that no interference is intended with the State Department's responsibilities.

In requiring the Administrator to take into account FEA development activities based upon existing technologies, the conferees point out that FEA has a limited tenure under its enabling legislation, and such development work as it conducts or supports is directed to the use of existing technologies, rather than to research and development, as those terms generally are used. In the executive branch, responsibility for energy research and development will be centered in ERDA.

In adopting modified Senate language referring to educational programs in universities, colleges, and vocational schools, in the interest of assuring adequate manpower for energy research and development purposes, the conferees point out that this provision (subsection 103 (10)) does not constitute, by itself, an authorization for such programs. These are, or will be, separately authorized.

In retaining a reference to research and development in clean and renewable energy sources, the conferees are not necessarily singling out these sources for attention in a priority sense, but rather cite them as two among a number of factors to be considered by the Administrator in exercising his research and development responsibilities. The Administrator is expected to give due and proper attention to all promising energy sources and modes according to their potentials for development and use within economic, environmental, time-phasing, and other criteria of availability and acceptance.

ABOLITION AND ESTABLISHMENT OF COMMISSION

The Senate amendment (section 104) transferred certain functions from the AEC to ERDA, abolished AEC, and constituted a new commission (section 201), named the Nuclear Safety and Licensing Commission, to which were transferred licensing and regulatory functions. The House bill (section 201) transferred certain AEC functions to ERDA and retained licensing and regulatory functions in the AEC, renamed the Nuclear Energy Commission.

The conference substitute (section 104 and section 201) follows the Senate amendment with respect to abolition of the AEC and creation of a new regulatory commission, except that the name is changed to Nuclear Regulatory Commission. The conferees believe that in this way the President will have more latitude in deciding whether to renominate the incumbent Commissioners or to replace them.

TRANSFERS TO ERDA

The Senate amendment differed from the House bill in making certain transfers of functions to ERDA from other agencies.

(1) The Senate amendment (subsection 104(e)(4)) transferred the helium program to ERDA from the Department of Interior.

In lieu of the transfer, the conference substitute (subsection 104(e)) incorporates a provision directing the Administrator to conduct a study of the potential energy applications of helium and to report his recommedations to the President and the Congress within six months after the enactment of this Act. These recommendations will concern the management of the helium program from the standpoint of energy research and development.

(2) The Senate amendment omitted the provision in the House bill (subsection 104(e)) transferring to ERDA from the Environmental Protection Agency (EPA) functions relating to the development and demonstration of alternative automotive power systems (AAPS) and development and demonstration of precombustion, combustion, and postcombustion technologies to control emissions of pollutants from stationary sources using fossil fuels.

The conference substitute (subsection 104(g)) provides for the transfer to ERDA of that part of the AAPS program relating to the development and demonstration of advanced systems. That part relating to the assessment or monitoring for regulatory purpose remains in the EPA.

With regard to the stationary source pollution control technology program, the conferees agreed that the EPA should continue to exercise its authority for regulatory purposes with the understanding that the deletion of this transfer in no way limits ERDA's authority under other provisions of the Act (specifically section 103, 104 (a), (b), (c) and (d) and 108) to undertake basic research, development, and demonstration programs in the control technology area.

Existing contractual arrangements between EPA and other Federal agencies conducting programs transferred by this Act will continue when such programs are transferred to ERDA. The conferees intend that contractual arrangements be used to avoid unnecessary duplication of effort.

(3) The Senate amendment (subsection 104(h)) authorized the Administrator to utilize the capabilities of other executive agencies in research and development.

The conference substitute (subsection 104(i)) incorporates the Senate language but makes clear that other agencies must give their consent in providing services.

ENERGY POLICY AND ADVISORY COUNCILS

The Senate amendment (section 108) provided for two new organizational units in the Executive Office of the President, a Council on Energy Policy and an Interagency Energy Resources Advisory Committee. The Council would be composed of three full-time members, appointed by the President, who would designate the chairman. The Council would serve as the President's principal advisor on energy policy. The Advisory Committee would be an interagency group, comprising the heads of named agencies, with a chairman selected by the members.

The conference substitute omits the provision for a Council on Energy Policy but retains, in slightly modified form, the provision for the Advisory Committee, which is redesignated the Energy Resources Council (section 108). The conferees believe that two such units in the Executive Office of the President would create conflict and duplication and that both are not needed.

Furthermore, the President made known to the conferees his explicit opposition to the establishment of the Council on Energy Policy, and the conferees are inclined to give weight to the President's judgment in deciding how best to utilize advisory services and to pattern the organization of the Executive Office. The statutory Energy Resources Council would replace the present nonstatutory Committee on Energy, established on June 14, 1974.

FUTURE REORGANIZATION

The Senate amendment had two provisions regarding future reorganization: The President was required to transmit his recommendations to the Congress by January 31, 1975, for organizational arrangements concerning the management of energy and natural resources (section 109); and, by March 31, 1975, for organizational arrangements concerning the regulation of energy activities (section 110).

The conference substitute (section 109) combines and reduces the two sections to a requirement that the President transmit to the Congress as promptly as possible, but no later than June 30, 1975, such additional recommendations as he deems advisable for the organization of energy and related functions in the Federal Government. These may include recommendations as to whether or not there shall be established (1) a Department of Energy and Natural Resources; (2) an Energy Policy Council; and (3) a consolidation in whole or in part of the regulatory functions concerning energy.

COORDINATION OF ENERGY AND ENVIRONMENTAL PROGRAMS

The Senate amendment (section 111) authorized the Administrator to establish programs to utilize research and development performed by other agencies to minimize the adverse environmental effects of energy projects, and directs the EPA and other agencies to cooperate with ERDA in the interest of developing cooperative programs and avoiding unnecessary duplication.

The conference substitute (section 110) retains the Senate provisions.

NUCLEAR POWER PARK SITE SURVEY

The Senate amendment (section 112) made a finding that it is in the national interest to locate regional nuclear power park sites. The Administrator was authorized to make a survey and report to the Congress within one year.

The conference substitute replaces the Senate language with a more comprehensive provision for a nuclear energy center site survey based on legislation drafted by the Joint Committee on Atomic Energy and moves this provision to title II of the Act (section 207). This provision requires that the study be undertaken by the Commission rather than by ERDA and that the survey "identify" rather than "designate" possible sites for nuclear centers. The study is to be completed within one year from date of enactment of the Act rather than not later than June 30, 1976.

In adopting this provision, the conferees recognize the potential value of nuclear parks as well as the complex problems associated with designation of sites and requiring that nuclear power plants to be located in them. But it is apparent that much more information is needed before a nuclear power park site proposal can be adopted and sites actually can be designated.

CREATION OF COMMISSION

As already stated, the House bill (section 201) provided for a Nuclear Energy Commission as a renamed AEC performing retained licensing and related regulatory functions; whereas the Senate amendment (sections 104 and 201) abolished the AEC and created a Nuclear Safety and Licensing Commission to perform transferred licensing and regulatory functions. Under the Senate amendment, the incumbent AEC Commissioners (two vacancies exist) would not automatically retain their positions, but if reappointed would have to be reconfirmed by the Senate.

The Senate amendment also introduced the following changes:

(1) Since the AEC formally was abolished and a new Commission created, the duties of the Commission and the authorities and privileges of its members, as provided in sections 21 and 22 of the Atomic Energy Act, were restated.

(2) The Chairman was designated the principal officer of the Commission and charged with exercising all of its executive and administrative functions, including personnel, expenditures, and distribution of Commission business.

(3) In selecting members of the Commission, the President was "to have due regard to a fair representation of expertise in nuclear safety technology, health science, and environmental science".

(4) Bipartisanship was required. Not more than three of the five members could belong to the same political party.

(5) The provisions with regard to technical and political qualifications were not to apply to existing commissioners, if reappointed, and their new terms were limited to the duration of their present ones.

The conference substitute (section 104 and section 201) retains the Senate language, including the provision for bipartisanship, but deletes the reference to technical qualifications for membership. The conferees do not intend, by this deletion, to de-emphasize the importance of qualifications for members in various technical areas, but believe that the President should have discretion in making appointments.

The conference substitute also deletes the provision for placement of executive and administrative functions in the Chairman. The conferees believe that the duties and responsibilities of the Chairman and the members, and the administrative arrangements, as provided in this Act, are fully adequate to effectuate its purposes.

TRANSFERS TO COMMISSION

The Senate amendment (section 201(g)) transferred all the licensing and related regulatory functions of the AEC to the new Commission. The House bill had no comparable language since, in the House bill, the Commission was not abolished and recreated, so transfers were not necessary.

Additionally, the Senate amendment (subsection 201(h)) transferred to the Commission three named units: the Advisory Committee on Reactor Safeguards, the Atomic Safety and Licensing Board Panel, and the Atomic Safety and Licensing Appeal Panel; and all personnel primarily responsible for research related to confirmatory assessment of the safety of licensed reactors, with the exception of such personnel as the OMB Director determined to be necessary to assist in reactor development research.

The conference substitute (subsection 201(f) and 201(g)) follows the Senate language with modifications. Of the three units transferred by name, only the Advisory Committee on Reactor Safeguards is specifically named in the Atomic Energy Act. The Atomic Safety and Licensing Board Panel and the Atomic Safety and Licensing Appeal Panel were created by the Commission under the authority of the Act. The conference substitute provides for the transfer of the functions of the Licensing Board Panel and Licensing Appeal Panel rather than for their transfer as entities. Otherwise, the transfer could be interpreted as giving the Commission-created offices statutory status not now provided by the Atomic Energy Act.

The conferees believe that the Commission should have flexibility under its statutory authority in deciding how such units should be composed and modified from time to time. Since the Licensing Board Panel and Licensing Appeal Panel perform necessary functions, it is expected that they will be re-established in the Commission and continue to perform as in the past. In the event that the Commission decides to abolish either or both the Licensing Board Panel and the Licensing Appeal Panel, the Commission would be required, under the conference substitute, to notify the Congress in advance.

The conference substitute modifies the Senate language with respect to transfer of research personnel from the AEC to the new Commission to state in more positive terms the responsibility of the Director of the Office of Management and Budget to determine the proper allocation of research personnel as between ERDA and the Commission. The conferees expect that he will give due regard to the needs and responsibilities of each, and to the availability of additional personnel with the requisite skills and training who may be recruited for the performance of research services in each agency. The conferees do not want ERDA to be "raided" for research personnel who otherwise are needed in developmental work. Both regulatory and developmental research functions are essential and should be weighed carefully by OMB. This matter is discussed further below under "Commission Research Activities."

LICENSING OF ERDA FACILITIES

Both the House bill (section 202) and the Senate amendment (section 202) provided for licensing of certain ERDA facilities. These were to include demonstration liquid metal fast breeder reactors (LMFBR), other demonstration reactors, and storage facilities for high-level radioactive wastes. The House bill but not the Senate amendment excepted from such licensing, demonstration reactors and waste-storage facilities now in existence, under construction, or authorized or appropriated for by the Congress on the effective date of the Act. The Senate amendment but not the House bill excepted from licensing, demonstration reactors, other than the LMFBR, which are in existence on the effective date of this Act. The Senate amendment, but not the House bill, extended the licensing requirement to "retrievable surface storage facilities" and other facilities expressly authorized for long-term storage of high-level radioactive wastes generated in ERDA facilities but not used in connection with research and development.

The conference substitute (section 202) incorporates the Senate language with modifications to make it clear that licensing does not apply to facilities preceding the demonstration phase. Only demonstration reactors would be licensed under section 202. Such demonstration reactors have been specifically authorized by legislation. They represent the last stage in development of given reactors and are intended to demonstrate practical value for industrial or commercial applications.

Under the demonstration program, Government and private resources have been jointly contributed to particular demonstration projects. Reactors licensed, constructed and operated under the AEC's program have included the San Onofre Nuclear Generating Station (involving, among others, Southern California Edison Company); the La Crosse Boiling Water Reactor (involving, among others, the Dairyland Power Cooperative); and the Yankee Nuclear Power Station (involving, among others, Yankee Electric Power Company).

Reactors under development prior to the demonstration stage would not be subject to licensing. Such research and development reactors usually are characterized as experimental, research, and test reactors. These reactors are distinguishable from demonstration reactors because their purpose is to develop or test reactor concepts, or the safety and workability of systems or components individually or as part of the overall reactor system. These facilities may be used for such purposes as irradiation testing of fuels and material (e.g., Experimental Breeder Reactor No. 2); irradiation, testing, and evaluating fuels, materials, and components associated with LMFBR development (e.g., Fast Flux Test Facility, Liquid Metal Engineering Center); and safety-related accident expirements (e.g., Loss of Fluid Test Facility, Power Burst Facility).

In connection with licensing of ERDA facilities used primarily for the receipt and storage of high-level radioactive wastes resulting from licensed activities, the conference substitute follows the Senate language (subsection 203(3)) by deleting that portion of the House language (subsection 202(3)) relating to facilities "in existence, under construction, or authorized or appropriated for by the Congress, on the date this Act becomes effective." The deletion is made because there are no such facilities.

The conference substitute also retains the Senate language with respect to licensing of "retrievable surface storage facilities" and other facilities for long-term storage of high-level radioactive waste. Such facilities are not now in existence but will be developed in the near future for long-term, possibly permanent, storage of high-level radioactive wastes, including wastes from the licensed sector.

COMMISSION RESEARCH ACTIVITIES

In assigning licensing and related regulatory functions to the Commission, the House bill (section 203) provided that the Commission could engage in, or contract for, research deemed necessary for the discharge of its functions and that ERDA and other Federal agencies were to cooperate with the Commission in furnishing such services on a reimbursable basis.

The Senate amendment (section 203) provided for an Office of Nuclear Safety Research, to be headed by a Director appointed and removable by the Commission. The provisions relating to Federal agency cooperation were similar to the House bill. The Senate amendment stipulated that ERDA activities in safety research would not in any way be limited by the provisions applying to the Commission.

The conference substitute (section 205) incorporates the Senate language with modifications to conform it to the organizational and related provisions which place the functions in the Commission for delegation to component units, and which provide for coordination and direction by an Executive Director for Operations, while insuring that directors may report directly to the Commission when necessary in fulfillment of their responsibilities.

In providing for an Office of Nuclear Regulatory Research, the conferees wish to make it clear that this Office will be responsible for such research as is necessary for the effective performance of the Commission's licensing and related regulatory functions. The research aspect of such functions may be characterized as confirmatory assessment, relating to the safe operation and the protection of commercial reactors, other facilities, and materials subject to regulations, licensing, and inspection by the Commission. This means that the Commission would have "an independent capability for developing and analyzing technical information related to reactor safety, safeguards, and environmental protection in support of the licensing and regulatory process." [1]

In keeping with the concept of confirmatory assessment, it is not intended that the Commission build its own laboratories and facilities for research and development or try to duplicate the research and development responsibilities of ERDA. The Commission will draw upon ERDA and other Federal agencies for research findings and such assistance as may be needed in developing capabilities for confirmatory assessment, and as may be needed otherwise in performing its functions.

In order to maintain a proper distinction and balance between the research and development which ERDA will perform and the confirmatory assessment which the Commission will perform, the conferees make these additional observations.

The regulatory agency should not be inhibited in any way from access to all data required to assess the safety of a license application or the operation of a licensed facility. Physical access to research and development activities and to construction and operation activities must be available to the regulatory agency. If the license application is inadequate in any respect considered significant by the regulatory agency, the license is refused.

It would be a serious mistake, however, to make a regulatory agency responsible for the performance of research that goes beyond the need for confirmatory assessment. Indeed, to exceed these bounds, creates a conflict of interest. The regulatory agency should never be placed in a position to generate, and then have to defend, basic design data of its own. The regulatory agency must insist on the submission of all of the data required to demonstrate the adequacy of the design contained in a license application or amendments thereto. This requires professional competence in the regulatory agency to make such determinations as whether any substantive data are lacking or whether experimental or analytical data provided by an applicant or licensee are professionally adequate.

As with research, the regulatory agency need not and should not perform process development, develop construction procedures or designs, or conduct quality control work (which is the responsibility of the licensee or vendor), but must have the professional competence and means to evaluate and assess all data and procedures to determine the adequacy of a license submission or a licensed operation in all of these respects. The regulatory agency should not assume any part of the burden of the applicant to prove the adequacy of a license application.

COMMISSION ORGANIZATION

The conference substitute (sections 203, 204, and 205) follows the Senate language with modifications in providing three coequal administrative or operating units titled, respectively, the Office of Nuclear Reactor Regulation, the Office of Nuclear Material Safety and Safeguards, and the Office of Nuclear Regulatory Research (discussed above). Each of these components will be headed by a Director at executive level IV. Each of these Directors will perform such functions as the Commission shall delegate in the areas specified in the Act and indicated by the titles of the respective units.

Generally, the organizational arrangements contemplate that of the three above-named components, one component will be concerned with licensing and related regulatory activities within the boundaries of the nuclear reactor, and another with materials and safeguards outside such boundaries, while the third will conduct and support research contributory to the needs and purposes of the other two and of the Commission as a whole.

This arrangement will provide ample flexibility in the Commission to devise the most effective administrative arrangements within its own organization and at the same time give due and proper emphasis to functions which are vital to the public health and safety and the safe and efficient operation of nuclear power plants and other licensed facilities.

The conference substitute (section 209) follows the House language in providing for an Executive Director of Operations. The Act does not specify his functions, leaving that determination to the Commission's discretion and judgment. However, it is expected that the Executive Director for Operations will be the coordinating and directive agent below the Commission for the effective performance of the Commission's day-to-day operational and administrative activities. He will coordinate and direct in behalf of the Commission, the operating and administrative units.

At the same time, the conference substitute provides that the head of each component provided in the conference substitute shall be able to communicate with and report directly to the Commission itself whenever he deems necessary to carry out his responsibilities. In this way, the conferees make it clear that the Executive Director for Operations will not be able to suppress or limit information needed for the Commission's discharge of its own collective responsibilities.

The conferees assume that the security agency feasibility report, required by section 204(b)(2)(C) of the Act, will be prepared initially by the Director of the Office of Nuclear Material Safety and Safeguards.

PENALTIES FOR NON-COMPLIANCE

The Senate amendment (section 205) established civil and criminal penalties for failure of company officers or employees to report (1) lack of compliance with rules and regulations of the Commission, or (2) potentially hazardous defects in nuclear facilities, activities, or components. These penalties would apply to any person having information on the subject who was a director, officer, or employee of any firm which constructed, owned, operated, or supplied the components of any facilities or activities licensed under the Atomic Energy Act.

The conference substitute (section 206) retains the Senate language with modifications to eliminate the provision for criminal penalties, making only civil penalties applicable in amounts as provided by section 234 of the Atomic Energy Act; limits the liability to "responsible" officers of the companies that might be involved; and substitutes the term "consciously" for "willfully", the latter term being more applicable to a criminal act.

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[1] Testimony of Dixy Lee Ray, Chairman of the Atomic Energy Commission, at hearings before a subcommittee of the Committee on Government Operations, House of Representatives, 93rd Cong., 1st Sess., on H.R. 11510, "Energy Reorganization Act of 1973," November 1975, p. 157.

Included is an authorization to the Commission to conduct reasonable inspection and other enforcement activities to insure compliance. Generally, this section is directed toward assuring that the Commission has prompt information concerning defects in major components of facilities subject to licensing which could create a substantial safety hazard. The Commission is required to adopt regulations promptly, with a view to defining the types of defect required to be reported relating to manufacture, assembly, installation, and operation. This provision will enable Commission agents and employees to enter business premises and make such inspections as are necessary under regulations promulgated by the Commission.

ASSISTANCE TO PARTIES IN COMMISSION PROCEEDINGS

The Senate amendment provided for three types of assistance to parties in Commission proceedings:

Section 206 required the Commission to give support to parties in Commission proceedings by providing technical assistance and making available studies and reports prepared, or to be prepared, by or for the Commission, ERDA, or any Federal agency. These were made subject to existing laws regarding public disclosure. The Commission was to determine whether the studies were reasonably necessary for the party to present his position in the proceeding and were in the public interest. The Commission was to fund the assistance and seek reimbursement, except where the party was not financially capable of providing it.

Section 209 amended the Freedom of Information Act to authorize public disclosure of Commission records comprising interagency and intra-agency memoranda or letters and trade secrets or confidential commercial or financial information relating to safety. Proprietary information would be protected if the Commission, after notice and hearing, determined that irreparable injury would be done to the competitive position of the person from whom the information was obtained.

Title V (section 501) provided that the Commission should reimburse parties in Commission proceedings for reasonable attorneys' fees. The Commission was to set a maximum amount allowed for each proceeding. The amounts paid were to be based upon the extent to which the party contributed to the development of facts, issues, and arguments relevant to the proceeding, and upon the party's ability to pay his own expenses.

The conferees agreed to delete these sections. The deletion of title V is in no way intended to express an opinion that parties are or are not now entitled to some reimbursement for any or all costs incurred in licensing proceedings. Rather, it was felt that because there are currently several cases on this subject pending before the Commission, it would be best to withhold Congressional action until these issues have been definitively determined. The resolution of these issues will help the Congress determine whether a provision similar to title V is necessary since it appears that there is nothing in the Atomic Energy Act, as amended, which would preclude the Commission from reimbursing parties where it deems it necessary.

ABNORMAL OCCURRENCES REPORTS

The Senate amendment (section 207) required the Commission to submit quarterly reports to the Congress on abnormal occurrences at any utility or facility licensed under the Atomic Energy Act. Such information was to be disseminated to the public within five days after information of such an occurrence was received.

The conference substitute (section 208) retains the Senate language with modifications to make it clear that the Commission will determine which abnormal occurrences are significant enough to be reported. Also, the Commission is given 15 days instead of five days to disseminate information to the public.

The conference substitute defines an abnormal occurrence as an unscheduled incident or event which the Commission determines to be significant from the standpoint of public health or safety. Also, the reference to "activity" is eliminated since the abnormal occurrences are associated with facilities. However, special nuclear or other materials or high-level radioactive wastes in transit to or from a licensed facility would be included in the term abnormal occurrence, being "associated" with a licensed facility.

The Commission's determinations under this section will be subject to judicial review under the administrative procedure provisions of title V, United States Code.

ADDITIONAL OFFICERS FOR COMMISSION

The Senate amendment (subsection 208(a)) provided for a Director of Nuclear Reactor Safety. This language is deleted since provision is made in subsection 203 (a) for a Director of Nuclear Reactor Regulation.

The Senate amendment (subsection 208 (b)) but not the House bill provides for nine additional officers (executive level V) for the Commission.

The conference substitute (subsection 209(c)) authorizes five additional officers at executive level V for the Commission, recognizing that the Commission has important and complex duties to perform in regulating nuclear energy industries. These officers will be considered career officers in the same sense as discussed in connection with other additional officers at executive level V for ERDA.

AUTHORIZATION OF APPROPRIATIONS

The House bill (section 304) provided that appropriations under the Act shall be subject to annual authorization. The Senate amendment (section 305) had an identical provision, but added several requirements:

(1) At least 7 percent of amounts appropriated for nondefense programs of ERDA would be available for each of the functions assigned to each of the non-defense Assistant Administrators provided in subsection 102(d) of the Act. This requirement was to obtain until the Congress enacted legislation on research and development policy.

(2) Authorization for appropriations to the Commission was to reflect the need for effective licensing and other regulation of the nuclear power industry in relation to its growth.

(3) The Administrator was to provide the Congress with a range of program options and corresponding funding levels within each of the six program areas headed by the Assistant Administrators.

The conference substitute (section 305) deletes the reference to 7% allocation since the House and Senate both have passed legislation on research and development policy (S. 1283 and H.R. 13565). Also deleted is the reference to program options and corresponding funding levels. The conferees believe that requests for such program options should be handled by the committees of legislative and funding jurisdiction.

ANNUAL REPORTS

Both the House bill (section 306) and the Senate amendment (section 307) provided for annual reports by ERDA on its activities to the President and the Congress. Reports by the Commission were not specified in the House bill, since such reports would be required under applicable provisions of the Atomic Energy Act. The Senate amendment specified that the Commission submit annual reports. The Senate amendment also differed from the House bill in specifying in some detail information to be included in both the ERDA and Commission reports.

The conference substitute (section 307) retains the Senate language, with modifications to permit more flexibility in the reporting requirements.

The conferees, in agreeing to omit a requirement in the Senate amendment that the ERDA annual report include a description of activities to promote energy efficiency, wish to make it clear that this is one of the important activities to be covered in the report.

COMPTROLLER GENERAL AUDIT OF COMMISSION

Both the House bill (section 305) and the Senate amendment (section 306) specified that the Comptroller General's audit functions under the Atomic Energy Act would apply to ERDA and the Commission. The Senate amendment added language requiring the Comptroller General to report to the Congress within 54 to 60 months after the effective date of the Act on an evaluation of the effectiveness of the Commission's activities, with copies of the report to be furnished to the chairmen, respectively, of the Commission, the Senate Committee on Government Operations, the House Committee on Government Operations, and the Joint Committee on Atomic Energy.

The Senate language, with conforming changes, is retained in the conference substitute (section 306), except that reports are to be made to the Congress rather than to the chairmen of the designated committees. Considering that many committees of the Congress have legislative and jurisdictional oversight responsibilities which involve one aspect or another of energy affairs, the conferees believe it more appropriate to have the report referred to the Congress as a whole. Of course, the Comptroller General, within his general audit responsibilities, can report to the Congress at any time.

NON-NUCLEAR RESEARCH AND DEVELOPMENT

The Senate amendment included a title (title VI) on non-nuclear research and development, incorporating in large part, with some modifications, the provisions of S. 1283, which passed the Senate on December 7, 1973.

Since, as noted above, the House has passed a companion bill (H.R. 13565), and both bills are to be considered in conference by the House and Senate Committees on Interior and Insular Affairs, the conferees see no need for inclusion of title VI in the conference substitute.

DAYLIGHT SAVING TIME AMENDMENT

The Senate amendment (title VII) amended the Emergency Daylight Saving Time Energy Conservation Act of 1973 in several particulars.

This title is deleted in the conference substitute. Legislation on this subject has been reported by other committees and passed by the House and Senate.

CHET HOLIFIELD,
WILLIAM S. MOORHEAD,
FERNAND J. ST GERMAIN,
DON FUQUA,
FRANK HORTON,
JOHN WYDLER,
CLARENCE J. BROWN,
Managers on the Part of the House.

SAM J. ERVIN, JR.,
HENRY M. JACKSON,
EDMUND S. MUSKIE,
ABE RIBICOFF,
CHARLES PERCY,
JACOB JAVITS,
EDWARD J. GURNEY,
W. V. ROTH,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 15427, AMENDING THE RAIL PASSENGER SERVICE ACT OF 1970

Mr. STAGGERS submitted the following conference report and statement on the bill (H.R. 15427) to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 93-1441)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15427) to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Amtrak Improvement Act of 1974".

SEC. 2. Section 304(b) of the Rail Passenger Service Act of 1970 (45 U.S.C. 544(b)) is amended by striking out "owned" and inserting in lieu thereof "voted", and by adding at the end thereof the following new sentence: "If any railroad or any person controlling one or more railroads, as defined in section 1(3)(b) of the Interstate Commerce Act (49 U.S.C. 1(3)(b)), owns, directly or indirectly through subsidiaries or affiliated companies, nominees, or any person subject to its direction or control, a number of shares in excess of 33⅓ per centum of the total number of common shares issued and outstanding, such excess number shall, for voting and quorum purposes, be deemed to be not issued and outstanding.".

SEC. 3. Section 305 of such Act (45 U.S.C. 545) is amended by adding at the end thereof the following new subsections:

"(f) The Corporation shall, to the maximum extent practicable, directly perform all maintenance, rehabilitation, repair, and refurbishment of rail passenger equipment. Until the Corporation obtains, by purchase, lease, construction, or any other method of acquisition, Corporation-owned or controlled facilities which are adequate for the proper maintenance, repair, rehabilitation, and refurbishment of the rolling stock and other equipment and facilities of the Corporation, the railroads performing such services shall do so as expeditiously as possible.

"(g) The Corporation shall advise, consult and cooperate with, and, upon request, is authorized to assist in any other manner the Secretary, the United States Railway Association, the Corps of Engineers, and the Consolidated Rail Corporation in order to facilitate completion and implementation of the Northeast Corridor project, as defined in section 206(a)(3) of the Regional Rail Reorganization Act of 1973, by the earliest practicable date. The Secretary shall assign the highest priority to its completion.".

SEC. 4. Section 305(e) of such Act (45 U.S.C. 545(e)) is amended by inserting immediately (after paragraph 18) the following new sentence:

"The Secretary of the Treasury shall establish and maintain, in cooperation with the Corporation, customs inspection procedures aboard trains operated in international intercity rail passenger service under paragraph 7 of this subsection, which procedures will be convenient for passengers and will result in the most rapid possible transit between embarkation and debarkation points on such service.".

SEC. 5. (a) Section 403 of such Act (45 U.S.C. 563) is amended by striking out subsection (b) and (c) and inserting in lieu thereof the following new subsection:

"(b) Any State, regional, or local agency may request of the Corporation rail passenger service beyond that included within the basic system. The Corporation shall institute such service if the State, regional, or local agency agrees to reimburse the Corporation for 66⅔ per centum of the solely related costs and associated capital costs of such service, including interest on passenger equipment, less revenues attributable to such service".

(b) Such section 403 is amended by redesignating subsection (d) as subsection (c) and by adding at the end of such subsection the following new sentence: "In carrying out the provisions of this subsection, the Secretary shall give priority to experimental routes designed to extend intercity rail passenger service to the major population area of each of the contiguous 48 States which does not have such service to any large population area designated as part of the basic system.".

SEC. 7. Section 404(b) of such Act (45 U.S.C. 564(b)), relating to discontinuance of service by the Corporation, is amended—

(1) by striking out "July 1, 1974" in paragraph (1) and paragraph (3) and inserting in lieu thereof in each such paragraph "July 1, 1975"; and

(2) by striking out "the expiration of the one-year period beginning on the date of enactment of this sentence" in the second sentence of paragraph (2) and inserting in lieu thereof "July 1, 1975".

SEC. 8. (a) Section 601(a) of such Act (45 U.S.C. 601(a)), relating to authorization for appropriations, is amended (1) by striking out "$334,300,000" and inserting in lieu thereof "$534,300,000"; and (2) by adding at the end thereof the following new sentence: "Payments by the Secretary to the Corporation of appropriated funds shall be made no more frequently than every 90 days, unless the Corporation, for good cause, requests more frequent payment before the expiration of any 90-day period".

SEC. 9. (a) Section 602(d) of such Act (45 U.S.C. 602(d)), relating to the maximum amount of guaranteed loans which may be outstanding at any time, is amended by striking out "$500,000,000" and inserting in lieu thereof "$900,000,000".

(b) Section 602 of such Act (45 U.S.C. 602) is amended by adding at the end thereof the following new subsections:

"(h) The Secretary shall, within 180 days after the date of enactment of this subsection, issue general guidelines designed to assist the Corporation in the formulation of capital and budgetary plans.

"(i) Any request made by the Corporation for the guarantee of a loan pursuant to this section, which has been approved by the Board of Directors of the Corporation, shall be approved by the Secretary if, in the discretion of the Secretary, such request falls within the approved capital and budgetary guidelines issued under subsection (h).".

SEC. 10. Section 801(b) of such Act (45 U.S.C. 641(b)) is amended to read as follows:

"(b) A civil action may be brought by the Commission to enforce any provision of subsection (a) of this section. The Department of Justice shall represent the Commission in all court proceedings pursuant to this subsection, except that in any case in which the Commission seeks to challenge action or inaction on the part of any party which the Department of Justice is representing, the Commission may be represented by its own attorneys. Unless the Attorney General notifies the Commission within 45 days of a request for representation that he will represent the Commission, such representation may be made by attorneys designated by the Commission. Any action to enforce the provisions of subsection (a) may be maintained in the district court of the United States for any district in which a defendant is found, resides, transacts business, or maintains an agent for service of process. All process in any such suit may be served in any judicial district in which the person to be served is an inhabitant or in which he may be found.".

SEC. 11. Section 805(2)(A) of such Act (45 U.S.C. 644(2)(A)) is amended—

(1) by striking out the first two sentences and inserting in lieu thereof the following: "The Comptroller General of the United States shall conduct annually a performance audit of the activities and transactions of the Corporation in accordance with generally accepted management principles, and under such rules and regulations as may be prescribed by the Comptroller General. Any such audit shall be conducted at such place or places as the Comptroller General may deem appropriate."; and

(2) by striking out "financial transactions" in the third sentence and inserting in lieu thereof "financial and other transactions".

SEC. 12. The Rail Passenger Service Act of 1970 is amended by striking out "Rail Passenger Service Act of 1970" each place it appears and inserting in lieu thereof at each such place "Rail Passenger Service Act".

SEC. 13. The High Speed Ground Transportation Act (49 U.S.C. 1631 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 13. (a) The Secretary shall make an investigation and study, for the purpose of determining the social advisability, technical feasibility, and economic practicability, of a high-speed ground transportation system between the cities of Tijuana in the State of Baja California, Mexico, and Vancouver in the Province of British Columbia, Canada, by way of the cities of Seattle in the State of Washington, Portland in the State of Oregon, and Sacramento, San Francisco, Fresno, Los Angeles, and San Diego in the State of California. In carrying out such investigation and study the Secretary shall consider—

"(1) the various means of providing such transportation, including both existing modes and those under development, such as the tracked levitation vehicle;

"(2) the cost of establishing and operating such a system, including any acquisition of necessary rights-of-way;

"(3) the environmental impact of such a system, including the future environmental impact from air and other transportation modes if such a system is not established;

"(4) the factors which would determine the future adequacy and commercial success of any such system, including the speed at which it would operate, the quality of service which could be offered, its cost to potential users, its convenience to potential users, and its ability to expand to meet projected increases in demand;

"(5) the efficiency of energy utilization and impact on energy resources of such a system, including the future impact of existing transportation systems on energy resources if such a system is not established;

"(6) the ability of such a system to be integrated with other local and intrastate transportation systems, both existing and planned, in order to create balanced and comprehensive transit systems;

"(7) coordination with other studies undertaken on the State and local level;

"(8) the impact of the design and location of transportation lines in creating desirable patterns of population distribution and growth; and

"(9) such other matters as he deems appropriate.

"(b) In carrying out any investigation and study pursuant to this section, the Secretary shall consult with, and give consideration to the views of, the Civil Aeronautics Board, the Interstate Commerce Commission, the National Railroad Passenger Corporation, the Corps of Engineers, and regional, State, and local transportation planning agencies. The Secretary may, for the purpose of carrying out such investigation and study, enter into contracts and agreements with public or private agencies, institutions, organizations, corporations or individuals, without regard to section 3648 and 3709 of the Revised Statutes of the United States (31 U.S.C. 529; 41 U.S.C. 5).

"(c) The Secretary shall report the results of the study and investigation made pursuant to this section, together with his recommendations, to the Congress and the President no later than January 30, 1977. The Secretary shall submit an interim report to the Congress on January 30, 1976.

"(d) There are authorized to be appropriated not to exceed $8,000,000 to carry out the provisions of this section.".

Sec. 14. Section 202(b) (2) of the Interstate Commerce Act (49 U.S.C. 302(b) (2)), is amended by striking the period at the end of the second sentence thereof and by inserting in lieu thereof the following: ": *Provided,* That (1) any amendments of such standards, which are determined by the national organization of the State commissions and promulgated by the Commission prior to the initial effective date of such standards shall become effective on such initial effective date; and (2) after such standards, become effective initially, and amendments of such standards, which are subsequently determined by the national organization of the State commissions, shall become effective at the time of promulgation or at such other time, subsequent to promulgation by the Commission, as may be determined by such organization.".

Sec. 15. Section 4 of the Department of Transportation Act (49 U.S.C. 1653) is amended by inserting the following two new subsections at the end thereof:

"(h) (1) The Secretary is authorized, in consultation with the Secretary of the Interior, to design, plan, and coordinate the construction of a model intermodal transportation terminal at Union Station in the District of Columbia. Such terminal may combine the new railroad passenger station described in paragraph (4) of section 102(a) of Public Law 90–264 as amended, and accommodations for such other modes of transportation as the Secretary deems appropriate. To the extent practicable, the Secretary shall incorporate into the design and plans for such intermodal transportation terminal features which will make such facility a model facility and which will attract private investors willing to undertake the development and construction of the terminal.

"(2) Notwithstanding any provision of Public Law 90–264 as amended, in order to facilitate construction of such model intermodal transportation terminal, the Secretary of the Interior shall lease or transfer such space (including air space), which is not required for purposes of the National Visitor Center, as the Secretary of the Interior holds or may acquire north of the Union Station Building to such party or parties and upon such terms and conditions as the Secretary deems appropriate, notwithstanding section 321 of the Act of June 30, 1932 (40 U.S.C. 303(b)). The Secretary and the Secretary of the Interior may, to the extent required to complete a visitor center, agree to joint use of the concourse.

"(3) The design and plans for the intermodal terminal shall be completed within 2 years following enactment of this subsection. The construction of the intermodal terminal shall be completed within 5 years following enactment of this subsection.

"(4) There is authorized to be appropriated to the Secretary, for the purposes of carrying out this subsection, such sums as are necessary, not to exceed $5,000,000.

"(5) Nothing in this subsection (h) shall be construed as relieving the Washington Terminal Company, its successors or assigns, from the obligation to finance and construct a new railroad passenger station in compliance with the terms of paragraph (4) of section 102(a) of Public Law 90–264 (82 Stat. 43).

(6) Section 305(d) (1) of such Act (45 U.S.C. 305(d) (1)) is amended to read as follows:

"(d) (1) The Corporation is authorized, to the extent financial resources are available—

"(A) to acquire any property which the Secretary, acting in furtherance of his responsibility to design and construct an intermodal transportation terminal at Union Station in the District of Columbia, requests, upon assurance of full reimbursement by the Secretary; and

"(B) to acquire any right-of-way, land, or other property (except right-of-way, land, or other property of a railroad or property of a State or political subdivision thereof or of any other governmental agency), which is required for the construction of tracks or other facilities necessary to provide intercity rail passenger service;

by the exercise of the right of eminent domain, in accordance with the provisions of this subsection, in the district court of the United States for the judicial district in which such property is located or in any such court if a single piece of property is located in more than one judicial district: *Provided,* That such right may only be exercised when the Corporation cannot acquire such property by contract or is unable to agree with the owner as to the amount of compensation to be paid.".

"(i) (1) The Secretary shall provide financial, technical, and advisory assistance in accordance with this subsection for the purpose of (A) promoting on a feasibility demonstration basis the conversion of not less than three railroad passenger terminals into intermodal transportation terminals; (B) preserving railroad passenger terminals that have a reasonable likelihood of being converted or otherwise maintained pending the formulation of plans for reuse; and (C) stimulating State and local governments, local and regional transportation authorities, common carriers, philanthropic organizations, and other responsible persons to develop plans for the conversion of railroad passenger terminals into intermodal transportation terminals and civic and cultural activity centers.

"(2) Financial assistance for the purpose set forth in paragraph (1) (A) of this subsection shall be granted in accordance with the following criteria: (A) the railroad terminal can be converted to accommodate such other modes of transportation as the Secretary deems appropriate, including motorbus transportation, mass transit (rail or rubber tire), and airline ticket offices and passenger terminal providing direct transportation to area airports; (B) the railroad passenger terminal is listed on the National Register of Historic Places maintained by the Secretary of the Interior; (C) the architectural integrity of the railroad passenger terminal will be preserved and such judgment is concurred in by consultants recommended by the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation and retained for this purpose by the Secretary; (D) to the extent practicable, the use of station facilities for transportation purposes may be combined with use for other civic and cultural activities, especially when such use is recommended by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts, or the consultants retained by the Secretary upon their recommendation; and (E) the railroad passenger terminal and the conversion project meet such other criteria as the Secretary shall develop and promulgate in consultation with the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation. The Secretary shall make grants not later than July 1, 1976. The amount of the Federal share of any grant under this paragraph shall not exceed 60 per centum of the total cost of conversion of a railroad passenger terminal into an intermodal transportation terminal.

"(3) Financial assistance for the purpose set forth in paragraph (1) (B) of this subsection may be granted in accordance with regulations, to any responsible person (including a governmental entity) who is empowered by applicable law, qualified, prepared, and committed, on an interim basis pending the formulation of plans for reuse, to maintain (and prevent the demolition, dismantling, or further deterioration of) a railroad passenger terminal: *Provided,* That (A) such terminal has, in the opinion of the Secretary, a reasonable likelihood of being converted to or conditioned for reuse as an intermodal transportation terminal, a civic or cultural activities center, or both; and (B) planning activity aimed at conversion or reuse has commenced and is proceeding in a competent manner. Funds appropriated for the purpose of this paragraph and paragraph (1) (B) of this subsection shall be expended in the manner most likely to maximize the preservation of railroad passenger terminals capable reasonably of conversion to intermodal transportation terminals or which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Chairman of the National Endowment for the Arts or the Advisory Council on Historic Preservation. The amount of the Federal share of any grant under this paragraph shall not exceed 60 per centum of the total cost of such interim maintenance for a period not to exceed five years.

"(4) Financial assistance for the purpose set forth in paragraph (1) (C) of this subsection may be granted, in accordance with regulations, to a qualified person (including a governmental entity) who is prepared to develop practicable plans meeting the zoning, land use, and other requirements of the applicable State and local jurisdictions in which the rail passenger terminal is located as well as requirements under this subsection; who shall incorporate into the designs and plans proposed for the conversion of such terminal into an intermodal transportation terminal, a civic or cultural center, or both, features which reasonably appear likely to attract private investors willing to undertake the implementation of such planned conversion and its subsequent maintenance and operation; and who shall complete the designs and plans for such conversion within two years following the approval of the application for Federal financial assistance under this subsection. In making grants under this paragraph, the Secretary shall give preferential consideration to applicants whose completed designs and plans will be implemented and effectuated within three years after the date of completion. Funds appropriated for the purpose of this paragraph and paragraph (1) (C) of this subsection shall be expended in the manner most likely to maximize the conversion and continued public use of railroad passenger terminals which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts. The amount of the Federal share of any grant under this paragraph shall not exceed 60 per centum of the total cost of the project or undertaking for which the financial assistance is provided.

"(5) Within ninety days after the date of enactment of this subsection, the Secretary shall issue, and may from time to time amend, regulations with respect to financial assistance under this subsection and procedures for the award of such assistance. Each application for assistance under this subsection shall be made in writing in such form and with such content and other submissions as the Secretary shall require.

"(6) The National Railroad Passenger Corporation shall give preference to using station facilities that would preserve buildings of historical and architectural significance.

"(7) Each recipient of financial assistance under this subsection shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit. Until the expiration of three years after completion of such project or undertaking, the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which, in the opinion of the Secretary or the Comptroller General, may be related or pertinent to such financial assistance.

"(8) There is authorized to be appropriated to the Secretary for the purpose set forth in paragraph (1)(A) of this subsection sums not to exceed $15,000,000; (B) for the purpose set forth in paragraph (1)(B) of this subsection sums not to exceed $5,000,000; and (C) for the purpose set forth in paragraph (1)(C) of this subsection sums not to exceed $5,000,000. Such sums as are appropriated shall remain available until expended.

"(9) As used in this subsection, 'civic and cultural activities include, but are not limited to, libraries, musical and dramatic presentations, art exhibitions, adult education programs, public meeting place for community groups, convention visitors and others, and facilities for carrying on activities supported in whole or in part under Federal law.

"(10) Nothing in this subsection shall be construed to invalidate the eligibility of any station for funds designed to assist in its preservation or reuse under any other Federal program or statute.".

SEC. 15. (a) Section 3(b) of the Department of Transportation Act (49 U.S.C. 1652 (b)) is amended by striking out "Under Secretary" each place it appears and inserting in lieu thereof at each such place "Deputy Secretary".

(b) Section 9(p)(1) of the Department of Transportation Act (49 U.S.C. 1657(p)(1)) is amended by striking out "Under Secretary" and inserting in lieu thereof "Deputy Secretary".

(c) Section 5313 of title 5, United States Code, is amended by striking out "(7) Under Secretary of Transportation" and inserting in lieu thereof "(7) Deputy Secretary of Transportation".

SEC. 16. The Secretary of Transportation shall conduct a study and report to the Congress within one year after the date of enactment of this section on the potential for integrating rail service provided by the National Railroad Passenger Corporation with other modes of transportation, including buses, with particular attention to the transportation needs of rural areas. Such study and report shall include an evaluation of the funding mechanisms to assist increased service by other modes of transportation, including buses, connected to rail service provided by the National Railroad Passenger Corporation where such assistance will provide the opportunity for increased utilization of such rail service, especially by persons residing in rural areas.

And the Senate agree to the same.

HARLEY O. STAGGERS,
JOHN JARMAN,
BROCK ADAMS,
SAMUEL L. DEVINE,
DAN KUYKENDALL,
RICHARD G. SHOUP,
Managers on the Part of the House.

WARREN MAGNUSON,
VANCE HARTKE,
JOHN V. TUNNEY,
JAMES B. PEARSON,
J. GLENN BEALL, Jr.,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R 15427) to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text, and the House disagreed to the Senate amendment.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment.

The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by reason of agreements reached by the conferees and minor drafting and clarifying changes.

Unless otherwise indicated, references to provisions of existing law refer to provisions of the Rail Passenger Service Act of 1970.

SHORT TITLE

House bill

No provision.

Senate amendment

The Senate amendment provided that this legislation could be cited as the "Amtrak Improvement Act of 1974".

Conference substitute

The conference substitute is the same as the Senate amendment.

SALARY LIMITATION EXEMPTION

House bill

No provision.

Senate amendment

The Senate amendment provided that the limitation upon compensation of AMTRAK officers contained in section 303(d) of existing law ($60,000 per annum) would not apply if the Board of Directors of AMTRAK determined, with respect to particular positions, that a higher level of compensation was necessary and was not higher than the general level of compensation paid to railroad officers in positions of comparable responsibilities.

Conference substitute

The conference substitute omits this provision of the Senate amendment.

STOCK OWNERSHIP LIMITATION

House bill

The House bill amended the limitation on stock ownership contained in section 304(b) by removing the existing provision that prohibits any one railroad or any person controlling one or more railroads from owning more than 33⅓ percent of the total number of AMTRAK common shares issued and outstanding. The House bill prohibited any such railroad or person from voting any shares which it owns in excess of 33⅓ percent.

Senate amendment

The Senate amendment was identical in substance but contained technical differences in language relating to the definitions of control and ownership.

Conference substitute

The conference substitute is the same as the Senate amendment.

MAINTENANCE AND REPAIR

House bill

No provision.

Senate amendment

The Senate amendment added a new provision to section 305 of existing law, relating to general powers of AMTRAK, which required, to the maximum extent practicable, that AMTRAK must directly perform all maintenance, rehabilitation, repair, and refurbishment of rail passenger equipment. Pending the acquisition by AMTRAK of adequate facilities to carry out this requirement, the railroads performing such services for AMTRAK were (1) required to do so as expeditiously as possible, and (2) required to accord a higher priority to maintenance and repair of passenger equipment than to maintenance and repair of equipment used in freight transportation.

Conference substitute

The conference substitute is the same as the Senate amendment, except that the priority requirement of (2) above is omitted.

NORTHEAST CORRIDOR

House bill

No provision.

Senate amendment

The Senate amendment added to section 305 of existing law a new provision which provided that AMTRAK must advise, consult, cooperate with, and, on request, assist in any other manner the Secretary of Transportation, the United States Railway Association, the Corps of Engineers, and the Consolidated Rail Corporation to facilitate the earliest practicable completion and implementation of the Northeast Corridor project, as defined in the Regional Rail Reorganization Act of 1973. The Secretary of Transportation was required to assign the highest priority to the completion of the Corridor project.

Conference substitute

The conference substitute is the same as the Senate amendment, but in order to avoid any implication that AMTRAK funds could be committed without approval of AMTRAK's board of directors, AMTRAK is authorized rather than required to provide assistance in any manner requested by the Secretary of Transportation, the United States Railway Association, the Corps of Engineers, and the Consolidated Rail Corporation.

PRIVATELY OWNED RAILROAD CARS

House bill

No provision.

Senate amendment

The Senate amendment also added a new provision to section 305 of existing law which authorized AMTRAK to issue rules and regulations governing the movement of privately owned railroad cars on AMTRAK's trains, consistent with the needs of AMTRAK, but AMTRAK could not issue any rule or regulation which would require alteration of the exterior color or markings of any privately owned railroad car having historical significance.

Conference substitute

This provision of the Senate amendment is omitted from the conference substitute.

The conferees decided that it was unnecessary to put into the statute a solution to this problem; however, it was agreed that AMTRAK has in most cases acted arbitrarily in regard to the requirement for painting private cars. The conferees agreed that if AMTRAK did not change their policies in regard to alteration of exterior color or markings of privately owned railroad cars having true historical significance, legislation would be necessary in the next Congress.

CUSTOMS INSPECTION PROCEDURES

House bill

No provision.

Senate amendment

The Senate amendment added a new sentence to section 305(e)(7) of existing law, relating to AMTRAK's authority to develop and operate international intercity rail passenger service. The new provision required the Secretary of the Treasury, in cooperation with AMTRAK, to establish and maintain aboard trains customs inspection procedures that would be convenient for travelers and that will result in the most rapid possible movement in such international service.

Conference substitute

The conference substitute is the same as the Senate amendment.

RAIL SERVICE BEYOND BASIC SYSTEM

House bill

No provision.

Senate amendment

The Senate amendment changed sections 403 (b) and (c) of existing law, relating to requests for additional service and apportionment of costs, by adding a requirement that AMTRAK must institute rail passenger service beyond the basic system which is requested by a State, regional, or local agency if such State or agency agreed to reimburse AMTRAK for 33⅓ percent of the solely related costs and associated capital costs of such service, including interest on passenger equipment, less revenues attributable to such service. Under existing law, any such agency is required to reimburse AMTRAK for a "reasonable portion" of any losses associated with such service, and for purposes of this provision, the reasonable portion of such losses cannot be less than 66⅔ percent of, nor more than, the solely related costs, and associated capital costs, including interest on passenger equipment, less revenues attributable to such service.

The Senate amendment also authorized an appropriation of $10 million for fiscal 1975 to meet the increased costs to AMTRAK of providing service beyond the basic system, if AMTRAK is required to pay two-thirds rather than one-third of such costs.

The Senate amendment also provided that, in considering the provision of any new service (including any request referred to in the preceding paragraph), AMTRAK could not deny such service solely on the basis of lack of necessary equipment. If AMTRAK has the financial ability to acquire such equipment, AMTRAK must order such equipment and make a commitment for the provision of such service within 90 days after determining that the necessary equipment is lacking.

Conference substitute

The conference substitute retains that portion of the Senate amendment requiring AMTRAK to institute service beyond the basic system requested by a State, regional, or local agency, but the reimbursement required from such agency is increased from 33⅓ percent to 66⅔ percent of the solely related costs and associated capital costs of such service, including interest on passenger equipment, less revenues attributable to such service.

The portion of the Senate amendment authorizing an additional $10 million appropriation for fiscal 1975, together with that portion of the Senate amendment prohibiting AMTRAK from denying any new service solely on the basis of lack of equipment, are omitted from the conference substitute.

SERVICE TO LARGE POPULATION AREAS

House bill

No provision.

Senate amendment

The Senate amendment required the Secretary to designate an extension of the basic system to provide adequate intercity rail passenger service to the major population area of each of the contiguous 48 States which did not have such service under the present system. The Secretary was required to make such designation within 180 days after enactment of this legislation. The Secretary was authorized to expend $14.7 million to provide such service to the State of Idaho and $23.2 million to provide service to other areas.

Conference substitute

The conference substitute omits the provisions of the Senate bill, but adds a new sentence to section 403(d) of existing law, relating to experimental service, to require the Secretary to give priority consideration to providing service to the major population aeras of the contiguous 48 States which do not have intercity rail passenger service to any large population area. In this regard, the conferees agreed that the first experimental route designated in calendar year 1975 will provide service to Boise, Idaho.

EXPERIMENTAL RECREATION ROUTES

House bill

No provision.

Senate amendment

The Senate amendment added a new provision to section 403 of existing law, relating to new service. The new provision required the Secretary of Transportation to study the need for, and the potential use of, rail passenger service between major centers of population and heavily used recreation areas 100 to 300 miles from such centers. The Secretary was required to designate not less than one experimental recreation route by July 1, 1976, and one annually thereafter, on the basis of demonstrated need, probable use, cost of establishing service, and other factors. Service was required to be initiated by AMTRAK on designated routes as soon as practicable after route designation by the Secretary, and was required to be conducted for not less than 2 years. After such 2-year period, AMTRAK would be required to terminate any such route it found had attracted insufficient patronage to serve the public convenience and necessity, or it could designate such route as part of the basic system.

Conference substitute

This provision of the Senate amendment is omitted from the conference substitute.

DISCONTINUANCE OF SERVICE

House bill

The House bill amended section 404(b) of existing law, relating to discontinuance of service by AMTRAK, by prohibiting AMTRAK from discontinuing, until July 1, 1975, service over any route which was operating on January 1, 1973. This provision would freeze, until July 1, 1975, existing route service, including any experimental train in operation on January 1, 1973.

Senate amendment

No provision.

Conference substitute

The conference substitute is the same as the provision of the House bill.

COMPENSATION FOR PASS PRIVILEGES

House bill

No provision.

Senate amendment

The Senate amendment added a new provision to section 405(f) of existing law, relating to free or reduced-rate transportation by railroad employees, which provided that, if AMTRAK and a railroad cannot agree on the amount owed by the railroad for pass privileges, any decision by the Interstate Commerce Commission resolving the issue must accord AMTRAK a just and reasonable compensation for such pass privileges.

Conference substitute

This provision of the Senate amendment is omitted from the conference substitute.

In lieu of amending the provisions of section 405(f) at the present time, the conferees wished to express their dissatisfaction with the level of compensation provided AMTRAK by the Interstate Commerce Commission in Finance Docket No. 27194. It is the view of the conferees that the Commission, in deciding any future cases under section 405(f), should accord AMTRAK sufficient compensation to remove the current economic disincentives to the carriage of passholders. The conferees, while realizing that carriage of passholders on a space available basis will not entitle AMTRAK to reimbursement of the regularly applicable fare, cost determinations with respect to this type of transportation should assure that AMTRAK is reimbursed for all costs, including administrative costs, which it would not have incurred in the absence of carrying passholders. It is hoped that the receipt of additional compensation by AMTRAK will permit the relaxation of some of the current excessively restrictive regulations concerning passes and passholders, such as requiring the passholder to appear in person to purchase his ticket, and that further legislation will not be necessary.

FEDERAL GRANTS AND LOAN GUARANTEES

The House bill, the Senate amendment, and the conference substitute authorize an additional $200 million in appropriations for financial assistance to AMTRAK.

The House bill, the Senate amendment, and the conference substitute also increased the maximum amount of guaranteed loans which may be outstanding at any one time by $400 million.

PERIODIC PAYMENTS TO AMTRAK

House bill

The House bill amended section 601(a) of existing law, relating to Federal grants, to prohibit the Secretary of Transportation from making payments of appropriated funds to AMTRAK more often than once every 3 months.

Senate amendment

No provision.

Conference substitute

The conference substitute is the same as the House amendment, except that the Secretary could make payments more frequently than once every 3 months if AMTRAK, for good cause, requests more frequent payment.

LOAN GUARANTEE APPROVAL BY SECRETARY OF TRANSPORTATION

House bill

No provision.

Senate amendment

The Senate amendment added a new provision to section 602 of existing law, relating to guarantee of loans, which required the Secretary of Transportation to approve any loan guarantee request made by AMTRAK which had been approved by AMTRAK's board of directors, without substantive review of AMTRAK's capital and budgetary plans. Any such review by the Secretary was required to be carried out in his capacity as a member of AMTRAK's board of directors and through general guidelines issued under section 601 of existing law.

Conference substitute

The conference substitute requires the Secretary to issue guidelines, within 180 days after the enactment of this legislation, designed to assist AMTRAK in the formulation of capital and budgetary plans. Thereafter, any request for a loan guarantee by AMTRAK which has been approved by its Board of Directors will be approved by the Secretary if such request falls within the guidelines he has issued. The words "in the discretion of the Secretary" were added by the conferees to preclude the possibility of litigation over the question of whether or not a request for guarantee of a loan falls within the guidelines.

ENFORCEMENT POWER OF INTERSTATE COMMERCE COMMISSION

House bill

No provision.

Senate amendment

The Senate amendment eliminated the $500 civil penalty provision contained in section 801(b) of existing law and substituted therefor a provision authorizing the Interstate Commerce Commission to institute a civil action, through its own attorneys or through the Attorney General, to enforce any provision of section 801(a) of existing law, relating to Commission regulations governing adequacy of service. The Senate amendment established venue for any such action in the U.S. District Court in the district in which a defendant is found, resides, transacts business, or maintains an agent for service of process, and provided that such process could be served in any district in which the person to be served is found, or wherein he is an inhabitant.

Conference substitute

The conference substitute is the same as the Senate amendment, except that the Commission is required to act through the Attorney General in all but the following 2 situations:

1. Any case in which the Commission is challenging action or inaction by any party already represented by the Attorney General.

2. Whenever the Attorney General fails to notify the Commission within 45 days of a request for representation that he will represent the Commission. In such situations the Commission may be represented by its own attorney.

AUDIT OF AMTRAK

House bill

The House bill amends the provision authorizing the Comptroller General of the United States to audit the transactions of the National Railroad Passenger Corporation by making it mandatory upon the Comptroller General to conduct such an audit annually. The Rail Passenger Service Act of 1970 is further amended to make clear that information and records of AMTRAK are to be furnished to duly authorized committees of the Congress.

Senate amendment

No provision.

Conference substitute

The conference substitute is the House provision with a modification to indicate that it is a performance or management type efficiency audit that is required. It is not the intention of the committee of conference that the General Accounting Office duplicate existing financial audits, but rather that additional examinations be conducted in coordination with the other entities having oversight responsibilities as to AMTRAK—the Interstate Commerce Commission, the Department of Transportation, and the duly authorized committees of Congress.

HIGH SPEED GROUND TRANSPORTATION

House bill

No provision.

Senate amendment

The Senate amendment provides for the Secretary of Transportation to make an investigation and study to determine the social advisability, technical feasibility, and economic practicability of the transportation system that will be needed for the future between major west coast cities.

Conference substitute

The conference substitute is the same as the provision in the Senate amendment.

TECHNICAL AMENDMENT TO INTERSTATE COMMERCE COMMISSION REGULATORY AUTHORITY

House bill

No provision.

Senate amendment

The Senate amendment amends section 202(b)(2) of the Interstate Commerce Act to accomplish two things. First, it would provide that any amendments to the standards certified by NARUC and promulgated by the Commission prior to the effective date of the standards themselves would become effective at the same time as the standards, that is, retroactively to December 14, 1971, rather than 5 years from the date of publication of each amendment. Certain amendments were certified by NARUC and promulgated by the Commission prior to December 14, 1971, and thus would be affected by this provision. Second, it would provide that amendments to the standards promulgated subsequent to the effective date of the standards themselves would become effective at the time of their promulgation or at such other time, subsequent to promulgation by the Commission, as may be determined by such organization.

Conference substitute

The conference substitute is the same as the Senate amendment.

INTERMODAL TRANSPORTATION TERMINAL IN WASHINGTON, D.C.

House bill

No provision.

Senate amendment

The Senate amendment authorized the Secretary of Transportation, in consultation with the Secretary of the Interior, to design, and plan a model intermodal transportation terminal at Union Station in Washington, D.C., to be constructed in a five-year period. The Secretary is directed, to the extent practicable, to incorporate into the design and plans features which will attract private investment for development and construction. The provision does not relieve the Washington Terminal Company of its obligation to finance and construct a new railroad passenger station pursuant to the National Visitor Center Facilities Act of 1968; the sum of $7 million is authorized to be appropriated to the Secretary of Transportation for the purpose of carrying out his responsibilities.

Conference substitute

The conference substitute is the same as the Senate amendment except that language was inserted making clear that the new intermodal terminal is not to use any properties needed to construct a visitor center, and that the Secretary is to coordinate the construction of the new terminal facilities.

The conferees also agreed to amend section 305 of existing law in order to allow Amtrak to condemn any property at the request of the Secretary (upon assurance of full reimbursement) in order to facilitate completion of the intermodal terminal within the required time. The conferees wished to emphasize that this amendment in no way alters Amtrak's existing authority under such section 305. The conferees authorized $5 million instead of the $7 million provided in the Senate amendment for design and coordination of construction of the facility.

PROGRAM FOR PRESERVATION AND REUSE OF RAIL PASSENGER SERVICE TERMINALS OF HISTORICAL OR ARCHITECTURAL SIGNIFICANCE

House bill

No provision.

Senate amendment

The Senate amendment establishes a cooperative program with the States for the preservation and conversion to modern needs of railroad passenger terminals of distinction and architectural integrity. The Secretary of Transportation is authorized to provide financial, technical, and advisory assistance in three forms: (1) demonstration projects converting not less than 3 existing terminals into intermodal transportation terminals and civic and cultural activity centers in accordance with criteria to be developed with the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation; (2) interim maintenance assistance to maintain (and prevent the demolition, dismantling, or further deterioration) of terminals that have a reasonable likelihood of being converted to intermodal or civic use; and (3) planning grants for the development of practicable conversion plans.

Conference substitute

The conference substitute is the same as the Senate amendment except that the maximum permissible percentage of the Federal financial contribution was changed from 80 and 90 percent respectively to 60 percent in all cases and a specific authorization for fiscal year 1976 was substituted which provides $15,000,000 for the purposes of paragraph (1)(A), $5,000,000 for the purposes of paragraph (1)(B), and $5,000,000 for purposes of paragraph (1)(C).

DOWNTOWN-TO-AIRPORTS TRANSPORTATION STUDIES

House bill

No provision.

Senate amendment

The Senate amendment directs the Secretary of Transportation to finance the cost of a feasibility study for a rapid transit line between Washington, D.C. and Dulles International Airport in Virginia, and between Washington, D.C. and Baltimore-Washington International Airport in Maryland. The sum of $3 million is authorized to be appropriated for the two studies. Another provision of the Senate amendment required the Secretary to study rail access to all airports.

Conference substitute

The conference substitute omits both provisions of the Senate amendment. The conferees were in agreement that the feasibility study is needed, and hope that the appropriate Committees will consider this matter during the next Congress.

RAIL TRANSPORTATION FOR RECREATIONAL VEHICLES

House bill

No provision.

Senate amendment

The Senate amendment provided that the Corporation would be required to carry recreational vehicles on railroad flatcars.

Conference substitute

The conference substitute omits the Senate provision.

LEASE OF PASSENGER EQUIPMENT

House bill

No provision.

Senate bill

The Senate amendment would empower the ICC to order lease of passenger equipment retained by operating railroads to AMTRAK.

Conference substitute

The conference committee omits the Senate provision.

TECHNICAL CHANGE IN TITULAR DESIGNATION

House bill

No provision.

Senate bill

Provided for a change in the titular designation of the "Under Secretary" of the Department of Transportation to the "Deputy Secretary" of the Department of Transportation.

Conference substitute

The conference substitute is the same as the Senate provision.

HARLEY O. STAGGERS,
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WARREN MAGNUSON,
VANCE HARTKE,
JOHN V. TUNNEY,
JAMES B. PEARSON,
J. GLENN BEALL, Jr.,
Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 3355, AMENDING THE DRUG ABUSE CONTROL ACT OF 1970

Mr. STAGGERS submitted the following conference report and statement on the Senate bill (S. 3355) to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide appropriations to the Drug Enforcement Administration on a continuing basis:

CONFERENCE REPORT (H. REPT. No. 93-1442)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3355) to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide appropriations to the Drug Enforcement Administration on a continuing basis, having met, after full and free conference, have agreed to recommend and do recommend to their respective House as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment to the text of the bill insert the following: That section 709 of the Controlled Substances Act (21 U.S.C. 904) is amended to read as follows:

"AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 709. (a) There are authorized to be appropriated $105,000,000 for the fiscal year ending June 30, 1975, $175,000,000 for the fiscal year ending June 30, 1976, and $200,000,000 for the fiscal year ending June 30, 1977, for the expenses of the Department of Justice (other than its expenses incurred in connection with carrying out section 103(a)) in carrying out its functions under this title.

"(b) No funds appropriated under any other provision of this Act may be used for the expenses of the Department of Justice for which funds are authorized to be appropriated by subsection (a) of this section."

SEC. 2. Section 702 of the Controlled Substances Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding subsection (a) of this section or section 1103, section 4202 of title 18, United States Code, shall apply to any individual convicted under any of the laws repealed by this title or title III without regard to the terms of any sentence imposed on such individual under such law."

SEC. 3. Section 509 of the Controlled Substances Act (21 U.S.C. 879) is amended by striking out "(a)" and subsection (b).

SEC. 4. (a) Subchapter VI of chapter 6 of title 23 of the District of Columbia Code is repealed and the analysis of such chapter is amended by striking out the item relating to such subchapter.

(b) Section 23-521(f) of such title 23 is amended—

(1) by inserting "and" at the end of paragraph (5), and

(2) by striking out paragraph (6) and redesignating paragraph (7) as paragraph (6).

(c) Section 23-522(c) of such title 23 is amended to read as follows:

"(c) The application may also contain a request that the search warrant be made executable at any hour of the day or night upon the ground that there is probable cause to believe that (1) it cannot be executed during the hours of daylight, (2) the property sought is likely to be removed or destroyed if not seized forthwith, or (3) the property sought is not likely to be found except at certain times or in certain circumstances. Any request made pursuant to this subsection must be accompanied and supported by allegations of fact supporting such request."

(d) Section 23-524(a) of such title 23 is amended to read as follows:

"(a) An officer executing a warrant directing a search of a dwelling house or other building or a vehicle shall execute such warrant in accordance with section 3109 of title 18, United States Code."

(e) The last sentence of section 23-561 (b)(1) of such title 23 is repealed.

SEC. 5. Section 1114 of title 18, United States Code, is amended by striking out "Bureau of Narcotics and Dangerous Drugs" and inserting in lieu thereof "Drug Enforcement Administration".

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

HARLEY O. STAGGERS,
PAUL G. ROGERS,
DAVID E. SATTERFIELD,
PETER N. KYROS,
SAMUEL L. DEVINE,
ANCHER NELSEN,
TIM LEE CARTER,
Managers on the Part of the House.
BIRCH BAYH,
JAMES O. EASTLAND,
SAM J. ERVIN, Jr.,
MARLOW W. COOK,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3355) to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide appropriations to the Drug Enforcement Administration on a continuing basis, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the title of the bill reflected an extension of the Controlled Substances Act for three years. Since the conference substitute extends that Act for three years, the Senate receded from its disagreement to the House amendment to the title of the bill.

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House to the text of the bill with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment to the text of the bill, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreement reached by the conferees, and minor drafting and clarifying changes.

AUTHORIZATION OF APPROPRIATIONS

The Senate bill amended section 709 of the Controlled Substance Act to extend the authorization of appropriations for the Department of Justice to carry out its functions under the Act. The amendment made by the Senate bill provided the following:

[Millions]

Fiscal year	
1975	$125
1976	150
1977	175
1978	200
1979	250

The House amendment extended such authorizations as follows:

[Millions]

Fiscal year	
1975	$105
1976	175
1977	200

The conference substitute is the same as the House amendment.

DENIAL OF FOREIGN AID TO COUNTRIES WHICH DO NOT EFFECTIVELY CONTROL THE DIVERSION OF OPIUM AND ITS DERIVATIVES INTO ILLICIT MARKETS

The Senate bill contained a provision not in the House amendment which amended section 481 of the Foreign Assistance Act (1) to require the denial of economic and military aid to foreign countries which after January 1, 1975, do not ban the production of opium poppies and do not have effective measures to prevent the diversion of opium and its derivatives into illicit markets, and (2) to require the Director of the Drug Enforcement Administration to report immediately to the President and the Congress any evidence that opium and its derivatives are being diverted from permitted production in foreign countries into illicit markets, and to make a detailed report on or before June 30 of each year which would describe the extent to which opium and its derivatives are being diverted into illicit markets from producing countries. The amended section 481 further provided that if the Congress, within a specified period of time after receipt of such report, adopts a concurrent resolution finding that any country has not effectively banned the growing of opium poppies and that such country is not effectively preventing opium, or its derivatives, produced in such country from being diverted into illicit markets, then the President would be required to take specified actions including suspension of economic and military assistance to such country.

The conferees agreed that Congress should take action in response to the Turkish Government's decision to again cultivate the opium poppy. They were of the view, however, that a resolution such as H. Con. Res. 507, which passed the House on August 5, 1974, calling on the President to suspend aid to Turkey if that country fails to take steps to assure that opium is not diverted or amendments to the pending foreign assistance legislation would be more appropriate vehicles for expressing the concern of Congress about a matter with such grave foreign policy ramifications.

The conference substitute conforms to the House bill.

NO-KNOCK

The Senate bill amended section 509 of the Controlled Substances Act to repeal the authority of a judge or magistrate to issue a search warrant (relating to offenses involving controlled substances) which authorizes, under certain circumstances, an officer to break and enter a building in the execution of the search warrant without giving notice of his authority and purpose.

The Senate bill also amended title 23 of the District of Columbia Code to repeal (1) the statutory authority under that title of the District of Columbia Code for an officer to break and enter in the execution of a search warrant or in making an arrest and to make, under certain specified circumstances, such break and entry without announcing his identity and purpose; (2) a provision making it a specific criminal offense to destroy evidence subject to seizure; and (3) a provision to exclude from the concept of breaking and entering entries obtained by trick and stratagem. In addition, the Senate bill made the requirements of section 3109 of title 18, United States Code (announcement of identity and purpose and actual refusal of admittance before breaking and entering) applicable to District of Columbia police.

The House amendment was the same as the Senate bill, except that it did not contain any provision relating to the District of Columbia Code.

The conference substitute conforms to the Senate bill.

The effect of the conference substitute is to return law enforcement officers in the District of Columbia to the same legal situation that existed prior to the enactment of the District of Columbia Court Reform and Criminal Procedure Act of 1970 (referred to as the "1970 Act") which added the provisions of title 23 of the D.C. Code repealed by the Senate bill. Prior to that Act judicial decisions made the requirements of 18 U.S.C. 3109 applicable to District of Columbia police (*see, e.g., Miller v. United States* 357 U.S. 301 (1958)). The conference substitute converts these judicial holdings to a statutory rule.

Various exceptions to the rule of announcement of identity and purpose before breaking and entering have been noted by the Supreme Court and by State and lower Federal courts. By way of example, in the *Miller* case the "useless gesture" exception was noted by the Court as follows:

> It may be that, without an express announcement of purpose, the facts known to officers would justify them in being virtually certain that the petitioner already knows their purpose so that announcement would be a useless gesture. 357 U.S. at 310.

Moreover, in *Ker* v. *California* 374 U.S. 23 (1964) a 5-4 majority found that the fact that officers had reason to believe the person to be arrested was in possession of evidence which was easily destroyed and that such person indicated he knew police were following him excused the officer's compliance with the announcement rule.

Although various exceptions to the rule have been identified by the courts, the courts have not been consistent in defining what standard of proof is needed to justify the various exceptions or what set of facts will satisfy a particular standard of proof. Furthermore, since the courts are continuing to define and explicate the exceptions to the announcement rule, the conferees do not intend the references in this statement to specific examples of exceptions (and the facts underlying them) as being an enumeration of the only exceptions to be permitted in the District of Columbia. Rather, it is the intent of the conferees that the common law exceptions, as they may be prescribed by judicial decisions which must be adhered to in the District of Columbia, apply in the District. It is the conferees' intent that D.C. police be required to announce their authority and purpose in the same situations in which other Federal law enforcement officers are required to make such announcement. Conversely, they should be excused from compliance with the rule in those situations where other Federal law enforcement officers are excused. This is achieved by repeal of D.C. Code 23-591, and the concomitant application of 18 U.S.C. 3109 to the D.C. police.

As noted above the conference substitute also repeals a provision added to the 1970 Act which made it a specific new crime to destroy or conceal evidence subject to seizure after an officer had given notice of his presence, or, if notice was excused by the statute, after he had entered the home or dwelling place. Prior to the 1970 Act, such criminal behavior was prosecuted under one of three provisions: The general prohibition in the District law against obstruction of justice (D.C. Code 22-703); the general prohibition in the United States Code prohibiting the destruction of evidence subject to seizure (18 U.S.C. 2232); or the provision of District law punishing the obstruction of an officer who is authorized to execute a search warrant for narcotic drugs (D.C. Code 33-414(n)). Each of these provisions is still part of the law, and provides grounds for prosecution. It is not the conferees' intent to foreclose criminal prosecution for the destruction of evidence. The conferees felt only that there were sufficient grounds for prosecution of such behavior already available, and therefore, retention of this feature of the 1970 Act was unnecessary.

The conference substitute also repealed a provision added by the 1970 Act which exempted from the requirement of giving notice of identity and purpose, police officers who obtained entry without force by means of a "trick or stratagem". This is consistent with the conferees' intent that D.C. police be guided like other Federal law enforcement officers in regard to the requirements of the announcement rule. Entry by trick or stratagem was judicially recognized as an exception to the announcement rule in the District of Columbia prior to the 1970 Act (*See, e.g., Jones v. United States* 304 F. 2d 381 (1962)). Therefore, even with repeal of the statutory language, this rule continues to obtain in the District of Columbia. In view of this, the conferees felt that retention of this provision added by the 1970 Act was unnecessary and that, if kept, may lead to confusion with regard to congressional intent. Since the other statutory exceptions to the announcement rule are repealed, the conferees were concerned that retention of the exception relating to entry by trick or stratagem could lead courts to conclude that no other exceptions are available in the District of Columbia. This was not the conferees' intent.

PROTECTION OF AGENTS OF THE DRUG ENFORCEMENT ADMINISTRATION

The Senate bill contained a provision not in the House amendment which amended section 1114 of title 18 of the United States Code (which makes it a Federal crime to kill certain designated Federal officers and employees) to conform the provisions of that section to Reorganization Plan No. 2 of 1973 (which established the Drug Enforcement Administration and abolished the Bureau of Narcotics and Dangerous Drugs) and, consequently, to extend the protection of such section 1114 to officers and employees of the Drug Enforcement Administration.

The conference substitute conforms to the Senate bill.

PAROLE

The House amendment contained a provision not in the Senate bill which made the parole provisions of section 4202 of title 18 of the United States Code applicable to persons who were convicted under laws repealed by the Comprehensive Drug Abuse Prevention and Control Act of 1970.

The conference substitute conforms to the House amendment.

Harley O. Staggers,
Paul G. Rogers,
David E. Satterfield,
Peter N. Kyros,
Samuel L. Devine,
Ancher Nelsen,
Tim Lee Carter,
Managers on the Part of the House.

Birch Bayh,
James O. Eastland,
Sam J. Ervin, Jr.,
Marlow W. Cook,
Managers on the Part of the Senate.

APPOINTMENT OF CONFEREES ON H.R. 14225, AMENDING AND EXTENDING THE REHABILITATION ACT OF 1973 FOR 1 ADDITIONAL YEAR

Mr. PERKINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for 1 additional year, with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate on the disagreeing votes of the two Houses.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The Chair hears none and appoints the following conferees: Messrs. **Perkins, Brademas,** and **Quie.**

REFERENCE OF PRESIDENT'S MESSAGE

The SPEAKER. Without objection, the message of the President to the joint session of the Congress shall be referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

There was no objection.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 579]

Adams
Anderson, Ill.
Andrews, N.C.
Arends
Armstrong
Badillo
Barrett
Biester
Blackburn
Blatnik
Boland
Brademas
Brasco
Breaux
Breckinridge
Brown, Mich.
Buchanan
Burke, Calif.
Carey, N.Y.
Clancy
Clark
Clawson, Del
Collins, Ill.
Collins, Tex.
Conyers
Corman
Crane
Danielson
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Dellums
Devine
Diggs
Dorn
Drinan
Eilberg
Erlenborn
Esch
Fisher
Fraser
Frelinghuysen
Frey
Fulton
Giaimo
Goldwater
Grasso
Gray
Gubser
Hanna
Hansen, Idaho
Harsha
Hastings
Hawkins
Hébert
Heckler, Mass.
Hogan
Holtzman
Horton
Hosmer
Johnson, Colo.
Jones, Ala.
Karth
King
Kuykendall
Kyros
Lagomarsino
Landrum
Long, Md.
Lujan
McCollister
McDade
Madigan
Mann
Mathias, Calif.
Mathis, Ga.
Mayne
Melcher
Michel
Mills
Mink
Minshall, Ohio
Mizell
Moss
Murphy, N.Y.
Nelsen
O'Neill
Parris
Pike
Podell
Powell, Ohio
Pritchard
Rangel
Rarick
Reid
Reuss
Rhodes
Riegle
Robinson, Va.
Roncalio, Wyo.
Rooney, N.Y.
Rose
Runnels
Satterfield
Schroeder
Seiberling
Shuster
Smith, N.Y.
Snyder
Steed
Steele
Steiger, Ariz.
Stokes
Stubblefield
Stuckey
Symms
Teague
Tiernan
Traxler
Udall
Ullman
Veysey
Waldie
White
Whitehurst
Whitten
Wilson, Charles H., Calif.
Wyatt
Young, Ga.
Young, S.C.

The SPEAKER. On this rollcall 303 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE REFORM AMENDMENTS OF 1974

Mr. BOLLING. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the resolution (H. Res. 988) to reform the structure, jurisdiction, and procedures of the committees of the House of Representatives by amending rules X and XI of the Rules of the House of Representatives.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri (Mr. Bolling).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of House Resolution 988, with Mr. Natcher in the chair.

The Clerk read the title of the resolution.

The CHAIRMAN. When the Committee rose, there was pending the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. Hansen); the amendment offered as a substitute by the gentleman from Nebraska (Mr. Martin) for the Hansen amendment; the amendment offered by the gentleman from Florida (Mr. Gunter) to the Hansen amendment; and the amendment offered by the gentlewoman from Missouri (Mrs. Sullivan) to the amendment offered as a substitute by the gentleman from Nebraska (Mr. Martin).

The time remaining under the limitation of time agreed to by the Committee of the Whole on yesterday is 3 hours and 27 minutes.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from Florida (Mr. Gunter).

Mr. Chairman, I rise to commend the gentleman from Florida (Mr. Gunter) on his presentation of the Gunter-Brown amendment to the House for consideration as part of this resolution.

When Mr. Gunter and I agreed last April to offer this amendment to open the committees and subcommittees of the House to the press and the public—except during very restrictive instances—we were concerned that the Bolling committee makes no substantial changes in the present rules of the House relating to open meetings. The present situation leaves unchanged the opportunity for members of committees and subcommittees to close the doors of their deliberations for what often amounts to personal—political—reasons rather than reasons of genuine need.

We believe that the time has come when public confidence in Congress and the public's right to know what its government is doing will not be satisfied by anything less than a full and open posture with respect to the conduct of the public's business. Under the amendment we have offered, a vote of the majority of a committee or subcommittee will still be required to close a meeting, but the basis by which such a vote for closing meetings may be taken will be much more limited. In designing the amendment, we were cognizant of a certain number of sensitive information areas in which the committees and subcommittees of Congress should have the authority to exercise their own discretion as to whether the meetings involving those sensitive areas should be open or closed. These protections can be found in our amendment in sections (g)(1)(A) through (g)(1)(E) and cover such areas as national security, personnel records and internal committee staff memoranda concerning committee management and procedure. Also provided for is discretion in areas involving invasion of personal privacy, confidential business information, trade secrets, and criminal investigatory information.

In addition, I want to point out that our amendment tracks with the major information areas which are excluded from disclosure under the provisions of the Freedom of Information Act (5 U.S.C. 552).

But this amendment goes further than the opening of committee and subcommittee meetings to the press and the public, except in certain narrowly defined areas.

It also provides that the transcripts of such meetings or portions of meetings that are closed by majority vote under provisions of the amendment would have to be made public within 7 days of such meetings, in which only those portions of the transcript could be deleted which were directly related to specific provisions of their amendment covering circumstances when the meetings had been closed. A majority vote of the committee or subcommittee would be required to approve each proposed deletion.

Mr. Chairman, Congress cannot expect the public view to change and reflect a greater confidence in Congress unless it brings its deliberations fully out from behind the locked doors that still exist on Capitol Hill. The Gunter-Brown amendment will insure that those doors are unlocked to an increasing degree and the public's business is conducted in the open.

As my colleague, Mr. Gunter, noted, 78 other Members of this body have joined with us in supporting the Gunter-Brown amendment. I am pleased with their support. But it pleases me even more to note the broad bipartisanship of this support, which knows no particular political philosophical narrowness. It ranges from support by some of the Members who consider themselves the most liberal to those who are proud of their conservatism. All have recognized the need for the public to observe firsthand what Congress does when it meets to spend their tax dollars; to provide new programs and rules governing the peoples' lives.

I urge the rest of the Members of this body to join with us in the adoption of the Gunter-Brown amendment.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. I shall be glad to yield to the gentleman from Texas.

Mr. ECKHARDT. The gentleman will concede to me, I am sure, that the Gunter-Brown amendment actually tends to close hearings but would tend to open certain markup sessions.

Mr. BROWN of Ohio. The thrust of the amendment is to provide the rationale which would be the same for the closing of a meeting, whether it be a hearing or a markup session, and that rationale would be applied to either kind of hearing on the committee's determination that it wanted to close it or open it. There would be a vote based only on one of the reasons outlined in our amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LEHMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by my friend and colleague, the gentleman from Florida.

Early in this Congress, we took a healthy half step toward total reform. I think this half step has proved that we can take the next half step, and require open committee meetings in all cases, except those narrowly defined circumstances permitted by the amendment, such as matters of national security.

We in Florida have what is called government in the sunshine. It is based on the concept that government belongs to the people, and is responsible to the people, and ought to be conducted before the people.

Congress is not a secret club, as we all know. We are the elected representatives of the people back home, and are here to represent them. Are we less capable of representing them in the open? And do not all the people of the United States have the right to see what we Congressmen and Congresswomen are doing? This is the people's Congress, not ours.

There have been arguments made in the past that open doors make more difficult the hard political decisions that occasionally come before us. That is no doubt true, but to my mind, is no argument against opening the doors. The difficulty is not so great to justify closed meetings.

The Education and Labor Committee on which I serve has held no closed meetings in the past 2 years. We made all of our decisions before the public, to whom we are, after all, accountable.

Mr. Chairman, I urge the support of all my colleagues for this amendment.

Mr. KETCHUM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of this amendment, and commend my colleagues, Mr. Brown and Mr. Gunter, for offering it today.

I am no stranger to the fight for openness in government. I began this fight 6 years ago in the California Legislature. I thought then, and I think now, that any legislator, State or Federal, who does not have the courage to face the public with his own convictions and reasons for acting as he does, should forfeit the right to be a legislator.

It took us 6 years to win the fight for openness in California, but the result has been healthy and reassuring to the public. The vast majority of our fellow citizens want to see mandatory open meetings, not only here in Congress but in their State legislatures, and in Federal agency meetings. Aside from legitimate instances of national security or protection of specific legal rights of individuals, there is no excuse at all for carrying on the people's business behind closed doors.

The amendment offered by Mr. GUNTER and Mr. BROWN is simply a recognition of the need to restore public trust in our institutions by opening up our deliberations. It protects individual rights and national security concerns by allowing closed meetings on these topics. But it also protects the public's right to know what we are doing on their behalf, and in their name.

There is far too much secrecy in this town, and in this Government. Today we have the opportunity to do something about it, and set our own House straight. We can do that by voting for this amendment, and showing that we have nothing to hide from the people who have sent us here.

Mr. MOSS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not think it is necessary for me to lay my credentials on the line for openness in Government and I do not intend to, but this amendment, while well intentioned by its sponsors, in my judgment is the fashioning of a straitjacket and the providing of more ways of closing meetings than opening them. I have had a fair amount of experience both in chairing committees and in dealing with matters of disclosure and nondisclosure of information to the public. I served in the same body as the distinguished gentleman who preceded me in this well, and during my service in the California Legislature we had no closed meetings. I do not know what happened after I left, some 16 years later, when he became a member of that body, that it had closed meetings. But I have been voting here in this House for the reforms that were true reforms, that made committee meetings open, and we now operate in our Committee on Interstate and Foreign Commerce most of the time just as a matter of course with the committee being open.

I do not think anyone wants to close meetings, but the invitations here to close them are certainly numerous. In chairing the Subcommittee on Commerce and Finance of the Committee on Interstate and Foreign Commerce, where I have had the jurisdiction over the Federal Trade Commission and the Federal Product Safety Commission and the Securities and Exchange Commission, under (E) (1), (2), and (3), I can well imagine that I would have a confrontation on almost every occasion by someone who would want to protect the so-called trade secrets.

It is interesting what we here in this country call trade secrets. We all know how sensitive the petroleum industry is to trade secrets. Material they may even file with the governments of the Provinces of Canada and make widely available to all persons there, that same material is carefully foreclosed from public availability in the United States, because it is a trade secret. A trade secret can have to do with any cost figure or estimate of production, or almost anything one can think of can be called a trade secret.

So as I look at this proposed change in the rules of the House, to the sponsors I say their intentions are noble, their words are confusing, they could have said in far fewer sentences much more with greater impact, and this amendment out of all charity ought to be defeated.

Mr. GUNTER. Mr. Chairman, will the gentleman yield?

Mr. MOSS. Yes, I will be happy to yield first to the gentleman from Ohio, who first requested, and then to the gentleman from Florida.

Mr. BROWN of Ohio. Mr. Chairman, I have great respect for the gentleman from California. I serve on the Committee on Interstate and Foreign Commerce with the gentleman. I know the gentleman from California conducts reasonable, rational, and thorough hearings when he prepares legislation for markup.

What we are trying to do is provide an opportunity for committees such as ours and the subcommittee such as his to exercise judgment in this regard. If the committee in the work of markup decides there is no danger in its deliberations of exposing trade secrets or no danger of getting itself involved in a regulatory case when it is not proper to do so, then it is perfectly reasonable for the committee to determine that its meeting be an open meeting. This is exactly what we are trying to accomplish.

Mr. MOSS. Mr. Chairman, let me say to the gentleman, as I said earlier, I have had a great deal of experience in chairing committees, investigating committees. We have one rule of this House that says where a person feels that his reputation might be injured, he may request an executive session.

I recall on occasion after occasion where the insistence upon that right of the individual appearing before the investigative committee was made either personally or by his counsel and then we held our hearing.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. ECKHARDT. Mr. Chairman, I rise in opposition to the amendment.

Mr. MOSS. Mr. Chairman, I wonder if the gentleman from Texas would yield for one moment?

Mr. ECKHARDT. I yield to the gentleman from California.

Mr. MOSS. I merely wanted to complete what I had to say. Under the rule then we took the testimony in executive session after the committee had reviewed it and then we were able to release it. This kind of abuse is invited by the language of this legislation. I urge its defeat.

Mr. ECKHARDT. Mr. Chairman, the problem that this amendment addresses itself to is one that the gentleman from Florida (Mr. FASCELL) the gentleman from Washington (Mr. FOLEY) and other Members of the House worked on for maybe 6 months. What we were trying to do was achieve maximum openness in meetings; but at the same time recognize certain limitations with respect to one kind of meeting, the markup session.

What we ultimately decided is that a hearing ought to be open completely with the narrowest of exceptions, because a hearing produces the evidence that comes before the Congress, that the people of the United States are entitled also to know about, in order to determine why we made our decision and on what facts.

There is not any excuse for closing a hearing for anything, except in narrow areas like that of national security. If there is a trade secret involved, the witness does not have to disclose it in the hearing. He can say he has a trade secret. Ordinarily nobody would push him on the point. If he insisted, he might even have the right to refuse to reveal it.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Yes, surely.

Mr. ICHORD. The gentleman said there is only one place——

Mr. ECKHARDT. I am getting to two others.

Mr. ICHORD. Does the gentleman not agree with the gentleman from California (Mr. Moss) that we are going to subject a person to ridicule by this process?

Mr. ECKHARDT. If the gentleman will permit me, those are the other two points. There is one point on national security, one that recognizes that wholesome provision that was put into our rules in order to meet the old problem of the Dies Committee when persons were being investigated for alleged personal matters, and aprobrium resulted from their merely being called and interrogated in public as to whether they were Communists.

Our rules say that hearings that would subject a person to aprobrium may be closed. The third exception is with respect to typical housekeeping matters within the House. What this does is enlarge the possibility of opening a hearing to another very broad exception.

It says that a hearing may be closed if it will disclose information relating to trade secrets or financial or commercial information pertaining specifically to a given person, or the information is required to be kept secret in order to prevent undue injury to the competitive position of such person.

So, what we are doing is giving the committee a right to close the hearing in a case which the present rules will not permit the committee to close the hearing. The whole argument for openness was that no matter how much the committee wants to close the hearing, the committee should not be permitted to exclude the people of the United States from knowing what Congress was acting upon. It just passes my understanding that men can get in this well and say that this amendment is for openness, that it increases openness, when in fact, as the gentleman from Florida (Mr. FASCELL), and the gentleman from Washington (Mr. FOLEY), and myself, who all worked on the original rule, felt that no hearing should be closed and we should not have the power to keep information from the public except on these three narrow exceptions. This opens another exception in the hearings.

Mr. GUNTER. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Florida.

Mr. GUNTER. The gentleman concedes, does he not, that there is another bloc of thinking which has significance and importance—perhaps even more importance—that we provide openness in our committee markup sessions where the merits and faults of the language of the legislation we write in committee is ultimately acted upon. The sunshine should be let into markup committee sessions as well as committee hearings, in the form of the public and the press.

Mr. ECKHARDT. Mr. Chairman, my time is running out and I cannot yield further because I want to explain exactly what we did on that point.

With respect to the markup session, we provided in the original rule——

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. ECKHARDT. Mr. Chairman, I ask unanimous consent that I be granted 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. STEIGER of Wisconsin. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

POINT OF ORDER

Mr. DINGELL. Mr. Chairman, a point of order. The objection is not timely made.

The CHAIRMAN. The Chair feels the gentleman from Wisconsin was on his feet, that the objection was in order, and was timely.

Mr. FRENZEL. Mr. Chairman, I rise to speak in favor of the amendment.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. Mr. Chairman, I yield to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Chairman, I would like to address myself to the comments being made by the gentleman in the well who just preceded me, that this legislation that is proposed here, this amendment, provides that the committee members may vote when it is considered appropriate to close a meeting because, among other things, that the information they may be discussing has been obtained by the Federal Government pursuant to an agreement to maintain confidentiality of such information, or when a Federal statute requires the information be kept confidential by Government officers and employees.

I think that fully squares with the language that the gentleman from Texas referred to with respect to Federal laws and rules of the House. It seems to me that this becomes a time when the meeting either can be decided as open or closed by the members of the subcommittee or committee, and that seems to be written into this legislation.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman for his contribution, and would say that this was my interpretation, that the amendment offered by the gentleman from Florida and the gentleman from Ohio does, in fact, give us a better way of opening our committees. I am proud to be among its sponsors, and hope it will be passed overwhelmingly.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, let me say the first three, A, B, and C sections, deal with those three exceptions, but D and E add additional exceptions by which a hearing may be closed merely because the hearing would disclose information relating to financial and commercial information which might do harm to some person, so that is an addition.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield further?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, if the gentleman from Texas would go on and read, it says:

No. 2, a Federal statute requires information to be kept confidential by Government officers or employees. As officers, or at least participants, in Government.

Mr. ECKHARDT. Mr. Chairman, if the gentleman will yield, I do not disagree with respect to the confidentiality in here. But there is another exception that has nothing to do with either security or confidentiality with respect to a person's reputation or housekeeping matters, and that is simply a desire for secrecy with respect to business.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Chairman, with all due respect to the gentleman from Texas the effort in our amendment is clearly to try to clarify the legislation as it exists now. I respect the gentleman's skill, his draftsmanship, in the original language. I think this improves the language and provides very defined and limited area wherein Members of the committee can close that committee during either hearings or markups with good and legitimate reasons, most of which are covered in law, with respect to the things we have been discussing, in terms of security, a person's prospective loss of his legal rights, and such things as Federal statutes that require the information to be kept confidential.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman.

Mr. GUNTER. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Florida.

Mr. GUNTER. Mr. Chairman, I just would like to make the point that there is, and I think it should be emphasized, an appeal provision within the amendment itself, such that a small number of committee members can, if a majority of the committee were to decide to close a particular meeting, bring the issue to the House of Representatives itself on a point of order. The House could then order full disclosure of the proceedings of such a committee meeting by majority vote. I think the appeal procedure ought to be stressed.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman. I thank all of the Members for their contributions. I still endorse the amendment strongly.

Mr. FOLEY. Mr. Chairman, I move to strike the necessary number of words.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Texas.

Mr. ECKHARDT. I thank the gentleman for yielding. Mr. Chairman, when I was stopped by the objection to an extension of time, I was about to say that I thought we had very, very carefully balanced the problem of open meetings in the bill that we had passed. It received a great deal of thought. On later study of that bill, in connection with writing an article for the Harvard Legislative Review, I had occasion to utilize a study by the distinguished gentlewoman from Washington (Mrs. HANSEN). She sent a questionnaire to committee chairmen asking them what had actually happened under the provisions that we put into effect in the new rule establishing the presumption of openness. What I discovered is that virtually all hearings were open, all hearings. I do not know of a single hearing in which one of the three exceptions were raised. Before the provision that is now law, and which appears in the Hansen bill and appears in the Bolling bill, the Foreign Affairs Committee had held all of its hearings and its markups in closed session. Now it holds them all in open session. Even the Committee on Appropriations holds all its hearings in open session. The amendment urged by the gentleman from Florida would, of course, invite an objection by a business at any time, where it thought information was likely to hurt it. At such point the company witness would ask the chairman, "Will you please close the session because this information is a company secret? It has something to do with our interests, we do not want the public to know about it, we do not mind if you know it, but we do not want your boss to know it." That is what you would invite. We have no problem now in hearings with respect to markup sessions.

I suppose the committee that has closed more hearings than any other is the one I sit on, and that has not been over 10 percent. Most of those, of course, could be closed under the rule proposed in the Gunter amendment.

The important thing is that the hearings be open and that there be no business exception, no secrecy because of the interests of business, as a result of which the people of the United States do not know the facts that the legislators know, the facts upon which the legislators are relying.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I am on the gentleman from Washington's time, but, if he will permit me, I yield to the gentleman from Michigan.

Mr. DINGELL. I have just completed a very lengthy set of hearings with regard to oil and gas and the effect that oil and gas in public lands will have on the taxpayers.

Under this amendment a witness appearing on behalf of Exxon or one of the giants of the oil industry could have demanded and gotten the right to close those proceedings.

This does not open the hearings. On the contrary, it serves the vested interests and gives them a superb opportunity to have the hearings that are now public hearings closed.

It is an outrageous amendment.

Mr. ECKHARDT. I certainly agree with my distinguished friend the gentleman from Michigan. Mr. Chairman, I might say in closing that when such a balance has been arranged, when such an agreement has been had by this whole House after full study, after full debate on the rule as a separate rule, it would be a pity for us in this brief time to undo that balance, and in fact, to move toward closed hearings.

That is precisely what we would do if we were to pass this amendment.

The Bolling committee bill the Hansen substitute the Martin substitute and the present rules follow the design that was so carefully worked out in this House. That design should not lightly be discarded.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to reemphasize what the gentleman from Texas has said in detail. This is really a closed hearings amendment.

This is what one gets into when one takes one paragraph in the rules which has worked well and makes a three-page rule out of it. When one itemizes exceptions and rephrases it, it ends up with more loopholes than we started with.

As the gentleman from Texas says, we have a provision in the rules that has worked well.

Four years ago this same Hansen committee got a mandate from the caucus to do something about opening the hearings. The gentleman from Texas and many others in the House came with proposed rules to accomplish that objective.

After a month or two working on that, we came up with a version which is essentially the present rule. Two years ago we redrafted it and it is working well.

Let me just give an example or two of the problems with this amendment. In the first paragraph of this rule it says that they may, by a majority of the members of the committee present, determine to close the meeting. Presently a committee must have a quorum. Under the proposed amendment, they could have two people there and close the meeting.

It is a backward step. It makes it easier to close these meetings.

Then it says that among the other problems, a number of things have to be published. It does not say how they are published. I do not know whether that is in the Washington Post or where.

Then a meeting has to be scheduled 1 week ahead of time. We do not even know the schedule on the House floor a week ahead of time.

If some emergency comes up and we need to schedule a hearing 2 days later, we could not do it. We would have to wait for at least a week before we could schedule a hearing.

This would help to bring this House to a halt. This does not help to increase the efficiency and the effectiveness of the House. It makes it even more cumbersome to operate.

Therefore, Mr. Chairman, I say that in spite of the fact that it is called a "Sunshine Amendment," it really is not. It is a backward step.

Mr. GUNTER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Florida.

Mr. GUNTER. With all due respect to the gentleman, if he read the language of the amendment regarding the calling of meetings, it points out that meetings could be called at an earlier date than 1 week's notice and that the committee can make public announcement at the earliest practical opportunity.

Mr. SMITH of Iowa. Mr. Chairman, that is the problem. In other words, the amendment does something and then provides a way to undo it, so why try to do it to start with? Why not leave the whole paragraph out of the rules? With such surplusage, we will end up with a rules book as big as a Sears, Roebuck catalog if we fill it up with that kind of stuff.

I say that we ought to defeat this amendment. We have a good, short, concise rule. It opens meetings. It is an open meetings rule now, and let us not tinker with it or we are going to come up with something worse.

Mrs. HANSEN of Washington. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentlewoman from Washington.

Mrs. HANSEN of Washington. Mr. Chairman, I would like to call the gentleman's attention to this: The gentleman's amendment, with regard to appropriations, refers to subsection (3) where the provision is calling for a complete transcript.

Every member of the Committee on Appropriations is aware of the difficulty of getting a transcript up and printed and ready to look at in 7 days. It is an impossibility at this time. I think the gentleman knows that these transcripts are available to the public at the earliest possible time. This is just a technical impossibility at the present time, due to all manner of difficulties.

Mr. SMITH of Iowa. Mr. Chairman, I strongly urge that the Members vote against this amendment.

The Chairman. The question is on the amendment offered by the gentleman from Florida (Mr. GUNTER) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The amendment to the amendment in the nature of a substitute was rejected.

Mr. HECHLER of West Virginia. Mr. Chairman, I move to strike out the last word. I would like to ask the gentlewoman from Washington (Mrs. HANSEN), if I have a correct understanding of the relationships between two jurisdictions assigned in House Resolution 1248 to the Committee on Merchant Marine and Fisheries and the Committee on Science and Technology.

On page 69, lines 5 and 6, "Oceanography and Marine Affairs, including coastal zone management" is assigned to Merchant Marine and Fisheries.

On page 73, line 18, "National Weather Service," is assigned to Science and Technology.

These jurisdiction assignments tend to suggest a division of responsibility between the oceanic and atmospheric sciences. However, within the executive department the National Oceanic and Atmospheric Agency was established—in part—due to a growing recognition that the ocean and the atmosphere are closely related. For example, the Atlantic Oceanic and Atmospheric Laboratory in Miami, Fla., carries out an integrated research program on the oceans and the atmosphere and the interactions between them. The laboratory does research on weather generating mechanisms, hurricanes, and the oceans—all in an integrated way.

The National Oceanic and Atmospheric Agency includes the following:

First. National Marine Fisheries Service—this was formerly the Bureau of Commercial Fisheries which was in the Department of the Interior.

Second. National Ocean Services—formerly the old Coast and Geodetic Survey.

Third. National Weather Services—formerly the Weather Bureau. This organization performs weather and oceanographic forecasting.

Fourth. National Environmental Satellite Service—this organization handles meteorological satellites such as TIROS.

Fifth. Environmental Data Service—this organization handles the management of data, the storage of data, and the retrieval of data on the atmosphere, the oceans, and the Earth.

The first two services are of major legislative interest to the Committee on Merchant Marine and Fisheries; the second two are of primary interest to Science and Technology; and the fifth is of interest to both committees. The combining of these services into one agency reflects the trend toward integration of oceanic and atmospheric research.

The Congress itself has previously recognized the integrated nature of oceanic and atmospheric research. During the 92d Congress it passed Public Law 92-125, which set up a National Advisory Commission on the Oceans and the Atmosphere—NACOA—originating in the Merchant Marine and Fisheries Committee.

Three major points can be made from a research and organization point of view.

First. For several decades we have been moving in the direction of integrating oceanic and atmospheric research because of their complex interactions. In short, it does not seem possible to separate atmospheric and oceanic research and have a sensible program.

Second. As noted above, the National Weather Service has forecasting responsibility for oceanography as well as weather, and includes such items as sea state, swell, ocean temperature, and storm effects.

Third. A major finding from the space program is to reinforce the first point and add to it the understanding that the Sun, the atmosphere, and the oceans are closely interrelated.

In summary, I would hope that it is the intent of House Resolution 1248 to encourage integration of oceanic and atmospheric research rather than to divide the research effort.

Mrs. HANSEN of Washington. If the gentleman from West Virginia will yield, it is indeed our intent to encourage such integration of research work in the oceanic and atmospheric research areas.

Mr. HECHLER of West Virginia. Based on this intent, would it appear to be a reasonable interpretation that the Committee on Merchant Marine and Fisheries and Committee on Science and Technology should cooperate closely in legislative and oversight matters affecting the National Oceanic and Atmospheric Agency, and that, in the case of subjects having a high content of research and development, joint referrals and oversight would be appropriate?

Mrs. HANSEN of Washington. That is a reasonable interpretation, if the gentleman from West Virginia will yield further. I am sure our atmospheric and oceanic research program could only benefit from the expertise available on both the Committee on Merchant Marine and the Committee on Science and Technology.

Mr. HECHLER of West Virginia. I thank the gentlewoman from Washington.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Missouri (Mrs. SULLIVAN) to the amendment offered as a substitute by the gentleman from Nebraska (Mr. MARTIN).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. DINGELL. Mr. Chairman, on that I demand a recorded vote.

A recorded vote was refused.

So the amendment to the substitute amendment was rejected.

AMENDMENT OFFERED BY MR. FROEHLICH TO THE AMENDMENT OFFERED AS A SUBSTITUTE BY MR. MARTIN OF NEBRASKA

Mr. FROEHLICH. Mr. Chairman, I offer an amendment to the substitute.

The Clerk read as follows:

Amendment offered by Mr. FROEHLICH to the amendment offered as a substitute by Mr. MARTIN of Nebraska: On page 51, immediately following line 25, insert the following paragraph:

"(4) Each report of a committee on each bill or joint resolution of a public character reported by such committee shall contain a detailed analytical statement as to whether the enactment of such bill or joint resolution into law may have an inflationary impact on prices and costs in the operation of the national economy."

Mr. FROEHLICH. Mr. Chairman, the resolution under consideration contains a number of historic reforms; and hence I am glad to pay tribute to the Members on both sides of the aisle who have contributed so much to bringing this matter forward.

I hope today to add one additional reform to House procedure—and contribute to the battle against inflation in our country.

My amendment, in short, would require that each committee report on each bill or joint resolution of a public character shall contain a detailed analytical statement as to whether the enactment of such bill or joint resolution into law may have an inflationary impact on prices and costs in the operation of the national economy.

The amendment is modest. It is also profound. It is grounded on two premises—first, that legislative actions including, but not limited to spending, can have an important impact on inflation in our economy—and, second, that informed lawmakers ought to be able to weigh this impact along with all the other considerations that go into the passage of a bill.

This amendment will force us to focus on inflation. It will make the House of Representative more accountable for the impact of its actions on the economy of our Nation. One theme that runs through these reforms is the desire to create an informed Congress. This amendment may bring us out of the darkness on economic matters.

This amendment offers one concrete way that we can demonstrate that we are truly interested in combating inflation. There is no rational reason why we should know much, much more about the impact of some small public works project on its immediate environment than we know about the impact of a major bill upon our entire economy.

I do not dispute for a moment that the inflationary impact of a bill may often be outweighed by other, more important considerations. But I think it is self-evident that the Members of this body ought to be in a position to know the economic costs of a bill—the inflationary costs—so that they can make an informed, intelligent, deliberate judgment.

I appeal to the Members for suppport on this amendment, which I first introduced in April and which is based upon the suggestion of Prof. Richard W. Rahn. This amendment is an important reform in our procedures—and I hope it will be adopted.

Mr. MARTIN of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. FROEHLICH. I am happy to yield to the gentleman from Nebraska.

Mr. MARTIN of Nebraska. Mr. Chairman, I would like to compliment the gentleman from Wisconsin for offering this very excellent amendment.

As the gentleman from Wisconsin knows, President Ford only 2 hours ago in this very Chamber requested of the Congress action in regard to the impact of inflation on the economy, not only in the Congress, but in other areas of the Government.

Again I say that I wish to compliment the gentleman from Wisconsin for offering this amendment, which would have, I believe, a salutary effect on the work of the Congress, and would speed up the first implementation of one of the recommendations that the President made to us this afternoon.

Mr. Chairman, I support this amendment.

Mr. STEIGER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FROEHLICH. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Chairman, I thank my colleague, the gentleman from Wisconsin (Mr. FROEHLICH) for yielding to me. I want to compliment the gentleman on the amendment he has offered. It is a good amendment. It makes sense. It would be entirely reasonable for the House of Representatives to respond as quickly as it is humanly possible to the President's request for this kind of report on the inflationary impact which would be attached to legislation. I hope the amendment is adopted.

Mr. PICKLE. Mr. Chairman, will the gentleman yield?

Mr. FROEHLICH. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Chairman, I would like to ask the gentleman from Wisconsin who is going to make this impact statement?

Mr. FROEHLICH. The committee staff in the committee report.

Mr. PICKLE. Each committee will determine whether it is inflationary or not?

Mr. FROEHLICH. That is right.

Mr. PICKLE. Are we going to be dependent on the statement, then, from OMB or the White House?

Mr. FROEHLICH. They will be able to draw their information from various and sundry agencies of the Government, but they make the determination. The committee writes the legislation, therefore, the committee also writes the impact report on the legislation.

Mr. PICKLE. Mr. Chairman, if the gentleman will yield further, I thought the gentleman made some reference to the fact that a committee would be established.

Mr. FROEHLICH. No. All it says is that the committee report that accompanies a bill when it comes to the floor of the House must additionally have the inflationary impact effect of the legislation.

Mr. PICKLE. Mr. Chairman, I am sure we are all sympathetic with the gentleman's approach, but from a practical standpoint I wonder whether each committee can determine whether this is inflationary or not. It seems to me that we may be making the Parliamentarian the person who well determines whether it is inflationary or not.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. FROEHLICH) to the amendment offered as a substitute by the gentleman from Nebraska (Mr. MARTIN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ALEXANDER TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. ALEXANDER. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

Mr. MARTIN of Nebraska. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Sixty-two Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedingss under the call shall be considered as vacated.

The Committee will resume its business.

The Clerk will read the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

The Clerk read as follows:

> Amendment offered by Mr. ALEXANDER to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: Page 54, after line 21, insert the following:
>
> "(19) Rural development"

Mr. ALEXANDER. Mr. Chairman, under the present rules of the House, the Committee on Agriculture is allotted a wide range of responsibility for rural development. In fact, the Committee on Agriculture has been working in this area for a number of years; but under section 302, title III of the Hansen proposal, rural development is not specifically mentioned as a jurisdiction of the Committee on Agriculture. Both House Resolution 988 and the amendment of the gentleman from Nebraska (Mr. MARTIN) in the nature of a substitute specifically identify rural development as a Committee on Agriculture responsibility.

Simply stated, this is a technical amendment which provides jurisdiction for rural development to the Committee on Agriculture. I am sure that it was an oversight that it was not included in the first instance.

Mrs. HANSEN of Washington. Mr. Chairman, will the gentleman yield.

Mr. ALEXANDER. I yield to the gentlewoman from Washington.

Mrs. HANSEN of Washington. I thank the gentleman for offering the amendment. It is a delight to see and accept it, because as we understand our resolution, responsibility for rural programs is a jurisdiction of the Committee on Agriculture. We join with the gentleman in support of the amendment.

Mr. ALEXANDER. I thank the gentlewoman from Washington.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The amendment to the amendment in the nature of a substitute was agreed to.

AMENDMENTS OFFERED BY MR. DENNIS TO THE AMENDMENT OFFERED AS A SUBSTITUTE BY MR. MARTIN OF NEBRASKA

Mr. DENNIS. Mr. Chairman, I offer two amendments to the substitute amendment, and I ask unanimous consent that they be considered en bloc.

The Clerk read as follows:

> Amendments offered by Mr. DENNIS to the amendment offered as a substitute by Mr. MARTIN of Nebraska: Page 11, lines 18 and 19, strike out in lines 18 and 19 the words "and the administration and Government of the Canal Zone."
>
> Page 17, after line 16, insert the following: "(7) The Administration and Government of the Canal Zone".
>
> And renumber subsequent lines accordingly.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. DENNIS. Mr. Chairman and members of the committee, these two amendments do just one thing. They take jurisdiction over the Panama Canal and the Panama Canal Zone, which in both the Martin substitute and the Bolling resolution are taken from the Committee on Merchant Marine and Fisheries and given to the Committee on Foreign Affairs, and put that jurisdiction over the Canal Zone back in the Committee on Merchant Marine and Fisheries where it now resides.

The reason for the amendments is that, in my judgment, the Panama Canal Zone is American territory, and therefore it does not belong under the jurisdiction of the Committee on Foreign Affairs. I think that is a very important point. It is important because, as I say, American territory does not belong under the jurisdiction of the Foreign Affairs Committee.

It is important, particularly today, because the Department of State, which administers the foreign affairs of this country, is engaged in the effort to cede away this American territory, the control over it, to the Republic of Panama. If we put that American territory in the jurisdiction of the Committee on Foreign Affairs, it encourages that effort on the part of the Department of State, which I think we should definitely discourage.

It is important because, in my judgment, this House, as well as the other body, has a constitutional function to perform in the question which will ultimately arise of the disposition of the Panama Canal Zone. It is true that ordinarily, as we know, treaties are made by the President by and with the advice and consent of the Senate, but the Constitution also provides in article IV, section 6, clause 2, that "the Congress" that is, both Houses—"shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States."

It is my submission that under that constitutional provision, we cannot cede or release our jurisdiction over the Panama Canal Zone, through the action of the Senate alone. I think it takes an act of the Congress. Therefore, this House is involved as well as the other body.

I understand that there is an argument as to whether this is American territory under the provisions of the treaty of 1903. I would submit that it is, under that treaty and the subsequent treaties I put it to the committee, that we could not cede the State of Florida, for instance. We could not cede Puerto Rico. We could not cede the Virgin Islands, without the action of this body as well as that of the Senate.

As Henry Clay said on one occasion, a treaty could determine the location of a boundary line, where no one knew where it was, but it could not cede whole provinces. That takes an act of the Congress.

That being my theory, and because I believe that this is American territory, and this treaty being in the offing, I think it is a bad mistake to put this American territory in the Foreign Affairs Committee. It does not belong there any more than any other American territory. It is not a Foreign Affairs proposition; and that is the thrust and the reason for these amendments, which of course will have to be offered to the Bolling resolution also if it ever becomes the viable legislative vehicle.

Mr. MARTIN of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. DENNIS. I yield to the gentleman from Nebraska.

Mr. MARTIN of Nebraska. I thank the gentleman for yielding. I think the gentleman has made a very fine statement. There is a great deal of logic to his amendment and, as the author of the substitute which he is amending, I accept the gentleman's amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Indiana (Mr. DENNIS) to the amendment offered as a substitute by the gentleman from Nebraska (Mr. MARTIN).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. O'HARA. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 228, noes 132, not voting 74, as follows:

[Roll No. 580]

AYES—228

Abdnor
Abzug
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashbrook
Bafalis
Baker
Bauman
Beard
Bell
Bennett
Biaggi
Blatnik
Boggs
Bray
Breaux
Breckinridge
Brinkley
Brooks
Brotzman
Brown, Ohio
Broyhill, N.C.
Burgener
Burke, Fla.
Burke, Mass.

Burleson, Tex.
Burton, John
Burton, Phillip
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chappell
Clark
Clausen, Don H.
Clay
Cochran
Collins, Tex.
Conlan
Cotter
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Denholm
Dennis
Dent
Devine
Dingell
Donohue
Downing
Dulski
Duncan
du Pont
Eckhardt
Esch
Evins, Tenn.
Flood
Flowers
Flynt
Ford
Fountain
Frey
Froehlich
Fuqua
Gettys
Giaimo
Ginn
Goldwater
Gonzalez
Goodling
Green, Oreg.
Griffiths
Grover
Gubser
Gunter
Guyer
Hammerschmidt
Hanley
Hanrahan
Hansen, Wash.
Harsha
Hays
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kazen
Kemp
Ketchum
Kuykendall
Kyros
Landgrebe
Latta
Leggett
Lent
Litton
Long, Md.
Lott
Luken
McCollister
McCormack
McDade
McEwen
McFall
McKay
Macdonald
Madden
Madigan
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Melcher
Metcalfe
Milford
Miller
Mink
Mitchell, N.Y.
Moorhead, Calif.
Mosher
Moss
Myers
Natcher
Nedzi
O'Hara
O'Neill
Parris
Passman
Patman
Patten
Pepper
Peyser
Pike
Price, Ill.
Price, Tex.
Quillen
Railsback
Randall
Rangel
Regula
Rodino
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rousselot
Roy
Roybal
Ruth
St Germain
Sandman
Satterfield
Scherle
Sebelius
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Smith, Iowa
Spence
Staggers
Stanton, J. William
Stark
Steiger, Ariz.
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Treen
Vigorito
Waggonner
Walsh
Wampler
Ware
Whitten
Wilson, Bob
Wilson, Charles H., Calif.
Winn
Wright
Wydler
Wylie
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zion

NOES—132

Addabbo
Alexander
Anderson, Ill.
Andrews, N.C.
Ashley
Aspin
Badillo
Bergland
Bevill
Biester
Bingham
Boland
Bolling
Brademas
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burke, Calif.
Burlison, Mo.
Butler
Chamberlain
Chisholm
Cohen
Collins, Ill.
Conte
Conyers
Corman
Coughlin
Culver
Davis, Wis.
Delaney
Dellenback
Dellums
Derwinski
Dickinson
Diggs
Drinan
Edwards, Ala.
Edwards, Calif.
Erlenborn
Eshleman
Fascell
Fish
Foley
Fraser
Frenzel
Fulton
Gaydos
Gibbons
Gilman
Green, Pa.
Gude
Haley
Hamilton
Harrington
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Holtzman
Horton
Howard
Jones, Ala.
Karth
Kastenmeier
Kluczynski
Koch
Lehman
Long, La.
McClory
McCloskey
McKinney
Mahon
Mallary
Mazzoli
Meeds
Mezvinsky
Minish
Moakley
Mollohan
Moorhead, Pa.
Morgan
Murphy, Ill.
Murtha
Nix
Obey
O'Brien
Owens
Perkins
Pettis
Pickle
Poage
Preyer
Quie
Rees
Reid
Reuss
Rinaldo
Roberts
Robison, N.Y.
Roe
Roncalio, Wyo.
Rosenthal
Rostenkowski
Roush
Ruppe
Ryan
Sarasin
Sarbanes
Schneebeli
Seiberling
Smith, N.Y.
Stanton, James V.
Steed
Steelman
Steiger, Wis.
Stephens
Thomson, Wis.
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Whalen
Wiggins
Wilson, Charles, Tex.
Wolff
Yates
Zablocki

NOT VOTING—74

Adams
Armstrong
Barrett
Blackburn
Bowen
Brasco
Broyhill, Va.
Carey, N.Y.
Clancy
Clawson, Del
Cleveland
Collier
Conable
Crane
Davis, Ga.
de la Garza
Dorn
Eilberg
Evans, Colo.
Findley
Fisher
Forsythe
Frelinghuysen
Grasso
Gray
Gross
Hanna
Hansen, Idaho
Hastings
Hawkins
Hébert
Hosmer
Johnson, Colo.
King
Lagomarsino
Landrum
Lujan
McSpadden
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mitchell, Md.
Mizell
Montgomery
Murphy, N.Y.
Nelsen
Nichols
Podell
Powell, Ohio
Pritchard
Rarick
Rhodes
Riegle
Robinson, Va.
Rooney, N.Y.
Runnels
Schroeder
Slack
Snyder
Steele
Stubblefield
Stuckey
Symms
Teague
Waldie
White
Whitehurst
Widnall
Williams
Wyatt
Young, S.C.
Zwach

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. ECKHARDT TO THE AMENDMENT OFFERED AS A SUBSTITUTE BY MR. MARTIN OF NEBRASKA

Mr. ECKHARDT. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. ECKHARDT to the amendment offered as a substitute by Mr. MARTIN of Nebraska: strike all of pages 36, 37, 38 and lines 1 through 7 on page 39 and add the following:

"(d) After the introduction in the House of each bill or resolution the Congressional Research Service of the Library of Congress shall prepare a factual description of the subject involved therein not to exceed one hundred words; such description shall be published in the Congressional Record and the Digest of Public General Bills and Resolutions as soon as possible after introduction."

Mr. ECKHARDT. Mr. Chairman, this amendment does not in any way affect the salubrious provisions of all three bills contained in section 6(c). Section 6(c) is found in the Bolling resolution at page 35 and in the Martin bill at page 34. The language of the Bolling resolution and the Martin bill are identical. Indeed, the language of 6(c) in the Hansen bill is also identical with the comparable 6(c) sections in Bolling and Martin. That is an extremely important provision because it gives the Speaker the additional authority to appoint ad hoc committees, to assign a single bill to several committees, to assign a bill in sequence to committees. All three bills contain extremely desirable language in this area, language that all of my fellow members of the Committee on Interstate and Foreign Commerce will recognize the importance of with respect to our hearing on the bill having to do with railroad retirement, in which an ad hoc committee would have been the only way, as the gentleman from North Carolina (Mr. BROYHILL) pointed out in his amendment, to reach three different choices, one of which would have fallen in the jurisdiction of the Committee on Ways and Means.

But then both the Bolling resolution and the Martin bill go farther, and they need not go farther. The desirable provision is to give the Speaker this flexible authority. If a legislative body is to have real power, the real ability to move, it is important that the bills be started on their legislative journey quickly, considered promptly. To do this somebody must make that decision authoritatively at the beginning. After that point the question of whether or not a bill should reach the floor at all, the question of the dispatching of legislation out of the committees, is properly in the Committee on Rules.

Of course, the floor itself can do anything it wants to with a bill. But if a parliamentary body is to be effective, if it is not to be hog-tied, authority must reside in the Speaker to make an initial assignment to a committee. That must be something that is acted on quickly and is final and is not reviewable.

Under the Martin substitute and under the Bolling resolution there is this rather complicated procedure; subsection (c) is in those bills just as it is in the Hansen bill, but subsection (d) also provides that the Speaker may send a bill to the Committee on Rules instead of the committee of major jurisdiction. He has some leeway in this area presently. But the real bad provisions are the later ones.

In subsection (d) it is provided that the Rules Committee shall have authority to review and modify the referral by the Speaker of a bill to the committee of substantive jurisdiction. So the Rules Committee could say for example the Speaker has sent a bill wrongfully to Public Works that ought to have gone to Merchant Marine and Fisheries. In that way a body which must always be somewhat political—any committee is somewhat political—would supplant the judgment of the Speaker, which is as we all know generally the judgment of the Parliamentarian, as to the appropriateness of the committee, by a committee which cannot avoid some touch of politics and would make the decision on other than those bare-bones parliamentary determinations that are now used to determine where the bill should go.

But this is not the worst of it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. ECKHARDT. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

Mr. STEIGER of Wisconsin. Mr. Chairman, I object.

Mr. DINGELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to my good friend, the gentleman from Texas (Mr. ECKHARDT), one of the most able lawyers in this establishment, for purposes of making such comments as he deems appropriate.

Mr. ECKHARDT. I thank the gentleman.

What I was about to say was that the worst thing in the bill is not that power of the Rules Committee, but then a provision by which any chairman of any committee may protest the Rules Committee's action and raise the question on the floor to get the floor to reverse the Rules Committee.

Now how in the world can we run a legislative body if we first engage in a lengthy political maneuver with respect to what committee a bill will go to before we even get to the substance of the bill?

I think that anyone looking at this from an earlier age, from say the 19th century, or from the vantage point of the British Parliament or any other legislative body in the world would say we were mad to provide for a preliminary skirmish at the Rules Committee level and on the floor with respect to the referral of the bill and then go through that whole battle at a later time with respect to the merits of the bill.

Therefore what my amendment does is simply remove those peculiar added provisions that call for this complicated review by the Rules Committee of the Speaker's assignment of bills and which then provide that any committee chairman may protest the determination of the Rules Committee and ask for a vote on the floor of the House.

All my amendment does is remove that extraneous matter from the Martin proposal.

Mr. DINGELL. Mr. Chairman, we are coming now to one of the peculiarities of reform. Reform is like beauty, much in the eye of the beholder. It is most peculiar to observe that reform usually is done by the reformers to add some small measure to their own comfort, importance, or other emoluments.

I do not want to say that the Bolling committee which presented us with this most obnoxious piece of legislation had any self interest, but by a most peculiar coincidence a careful analysis of different members of that committee will reveal they are either: First, retiring; or second, running for some other office—and I might say with some charity that those who are running for some other office will, if they are successful, cause I think a rise in the IQ of both bodies; or third, stand to see their committee assignments enhanced in this body. I think it should be observed that this language, which the amendment of the gentleman from Texas would strike, the gentleman from Missouri who chaired this peculiar panel which gives us this most obnoxious piece of legislation would put his hands around the throat of every legislative committee in this Congress.

It would give him the power not only to block rules for legislation to come to the floor, but it would give him the additional power of seeing to it that the legislation went to hostile and unfriendly committees.

Now, my colleagues who have served in this House for a number of years will recall that one of the most extraordinary roadblocks which progressive legislation has had to contend with has been the Committee on Rules. By a most unique coincidence, not only does the gentleman from Missouri strengthen the Committee on Rules of which he will shortly be perhaps a most important and senior Member, but in addition he gives them the power further to block, destroy, and emasculate progressive legislation in the public interest.

The amendment is highly desirable, and although very little can be done to improve the legislation before us, certainly it must be said that this is a long step toward making the legislation now before us less obnoxious.

Mr. MARTIN of Nebraska. Mr. Chairman, I rise in opposition to the amendment.

The provisions in my substitute resolution in this regard are exactly the same as in House Resolution 988, the select committee's resolution. The determination for giving the Speaker the authority and the power for joint referral was arrived at after much testimony and very careful discussion and consideration in the select committee on this matter. We worked out what I consider a fairly simple procedure for the Committee on Rules to handle the matter.

First of all, the Speaker is given the authority for joint referral where jurisdiction seems to lie in more than one committee. If another committee, a legislative committee of the House, objects to the actions of the Speaker in the joint referral, then that committee may object. Then the Speaker—and I am trying to simplify this because it is a simple operation—the Speaker then refers it to the Committee on Rules for a hearing and the Committee on Rules must meet within five days after the referral is sent to them, hold a hearing on it immediately, make a determination, and send it back to the floor of the House where it is a privileged matter. It may be called up and the Members of the House work their will as to what the final determination is. It is not a complicated procedure at all. It is one that I do not think would arise very often, but it is one that would alleviate the difficulties that we get into of jurisdictional disputes between committees at the present time, over which we have no control and no solution.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. ECKHARDT) to the amendment offered as a substitute by the gentleman from Nebraska (Mr. MARTIN).

The question was taken; and the Chair announced that the noes appeared to have it.

RECORDED VOTE

Mr. DINGELL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 186, noes 168, not voting 80, as follows:

[Roll No. 581]

AYES—186

Addabbo
Alexander
Anderson, Calif.
Annunzio
Archer
Ashbrook
Aspin
Badillo
Baker
Bauman
Beard
Bennett
Bevill
Biaggi
Bingham
Blatnik
Boggs
Brademas
Breckinridge
Brooks
Broyhill, N.C.
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burton, John
Burton, Phillip
Byron
Camp
Carney, Ohio
Casey, Tex.
Clay
Collins, Ill.
Collins, Tex.
Conyers
Corman
Cotter
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Dellums
Dent
Devine
Diggs
Dingell
Donohue
Downing
Dulski
Duncan
Eckhardt
Edwards, Calif.
Evins, Tenn.
Flood
Flowers
Flynt
Ford
Fountain
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Goldwater
Gonzalez
Goodling
Green, Oreg.
Griffiths
Gross
Grover
Guyer
Haley
Hammerschmidt
Hanley
Hansen, Wash.
Harrington
Hays
Helstoski
Henderson
Holifield
Holt
Howard
Huber
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Ketchum
Kyros
Landgrebe
Leggett
Lehman
Long, Md.
Lott
Luken
McEwen
McFall
McKay
Mahon
Mathis, Ga.
Mazzoli
Melcher
Metcalfe
Milford
Minish
Mink
Mollohan
Montgomery
Moorhead, Pa.
Moss
Murtha
Natcher
Nichols
Nix
Obey
O'Hara
O'Neill
Parris
Passman
Patten
Perkins
Pettis
Pike
Price, Ill.
Rangel
Rees
Reid
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rousselot
Roy
Roybal
St Germain
Satterfield
Scherle
Schneebeli
Seiberling
Shipley
Sikes
Smith, Iowa
Snyder
Spence
Staggers
Steed
Steelman
Steiger, Ariz.
Stokes
Stratton
Studds
Sullivan
Taylor, Mo.
Thompson, N.J.
Thornton
Tiernan
Traxler
Treen
Vander Jagt
Vanik
Vigorito
Waggonner
Wampler
Whitten
Wilson, Charles H., Calif.
Yates
Yatron
Young, Fla.
Zion

NOES—168

Abdnor
Abzug
Anderson, Ill.
Andrews, N. Dak.
Arends
Armstrong
Ashley
Bafalis
Bell
Bergland
Biester
Boland
Bolling
Bray
Breaux
Brinkley
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burlison, Mo.
Butler
Carter
Cederberg
Chamberlain
Chappell
Chisholm
Clausen, Don H.
Cochran
Cohen
Collier
Conlan
Conte
Coughlin
Cronin
Culver
Delaney
Dellenback
Denholm
Dennis
Derwinski
Drinan
du Pont
Edwards, Ala.
Erlenborn
Esch
Eshleman
Fascell
Fish
Foley
Forsythe
Frenzel
Frey
Froehlich
Gilman
Ginn
Gray
Green, Pa.
Gude
Gunter
Hamilton
Hanrahan
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Hillis
Hinshaw
Holtzman
Horton
Hudnut
Jones, N.C.
Kazen
Kemp
Kluczynski
Koch
Landrum
Latta
Lent
Litton
Long, La.
McClory
McCloskey
McCollister
McCormack
McDade
McKinney
McSpadden
Madden
Madigan
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Matsunaga

Mayne
Meeds
Mezvinsky
Miller
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moorhead, Calif.
Morgan
Mosher
Murphy, Ill.
Myers
O'Brien
Owens
Pepper
Peyser
Pickle
Preyer
Price, Tex.
Quie
Quillen
Railsback
Randall
Regula
Rinaldo
Roncallo, N.Y.
Rostenkowski
Roush
Ruppe
Ruth
Sandman
Sarasin
Sarbanes
Shoup
Shriver
Shuster
Sisk
Stanton, J. William
Stanton, James V.
Stark
Steiger, Wis.
Stephens
Symington
Talcott
Taylor, N.C.
Thomson, Wis.
Thone
Towell, Nev.
Udall
Ullman
Van Deerlin
Vander Veen
Veysey
Walsh
Ware
Whalen
Widnall
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Wyman
Young, Alaska
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki

NOT VOTING—80

Adams
Andrews, N.C.
Barrett
Blackburn
Bowen
Brasco
Broyhill, Va.
Carey, N.Y.
Clancy
Clark
Clawson, Del
Cleveland
Conable
Crane
Davis, Ga.
Davis, Wis.
de la Garza
Dickinson
Dorn
Eilberg
Evans, Colo.
Findley
Fisher
Fraser
Frelinghuysen
Grasso
Gubser
Hanna
Hansen, Idaho
Harsha
Hastings
Hawkins
Hébert
Hogan
Hosmer
Johnson, Colo.
King
Kuykendall
Lagomarsino
Lujan
Macdonald
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mizell
Murphy, N.Y.
Nedzi
Nelsen
Patman
Poage
Podell
Powell, Ohio
Pritchard
Rarick
Reuss
Rhodes
Riegle
Robison, N.Y.
Rooney, N.Y.
Runnels
Ryan
Schroeder
Sebelius
Skubitz
Slack
Smith, N.Y.
Steele
Stubblefield
Stuckey
Symms
Teague
Waldie
White
Whitehurst
Williams
Wyatt
Young, S.C.
Zwach

So the amendment to the substitute amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. HEINZ TO THE AMENDMENT OFFERED AS A SUBSTITUTE BY MR. MARTIN OF NEBRASKA

Mr. HEINZ. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. Heinz to the amendment offered as a substitute by Mr. Martin of Nebraska: Page 41, immediately after line 19, insert the following new paragraph:

"(g) There shall be in the House the permanent Select Committee on Aging, which shall not have legislative jurisdiction but which shall have jurisdiction—

"(1) to conduct a continuing comprehensive study and review of the problems of the older American, including but not limited to income maintenance, housing, health (including medical research), welfare, employment, education, recreation, and participation in family and community life as self-respecting citizens;

"(2) to study the use of all practicable means and methods of encouraging the development of public and private programs and policies which will assist the older American in taking a full part in national life and which will encourage the utilization of the knowledge, skills, special aptitudes, and abilities of older Americans to contribute to a better quality of life for all Americans;

"(3) to develop policies that would encourage the coordination of both governmental and private programs designed to deal with problems of aging; and

"(4) to review any recommendations made by the President or by the White House Conference on Aging relating to programs or policies affecting older Americans."

Mr. HEINZ (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. DINGELL. Mr. Chairman, regretfully, I object.

The CHAIRMAN. Objection is heard.

Mr. HEINZ (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with, and that it be printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HEINZ. Mr. Chairman, this amendment is identical to the amendment that this House adopted last week by a vote of 323 to 84 to create a nonlegislative Select Committee on the Aging. It is identical to the amendment that the gentleman from Florida (Mr. Young) introduced and that the House strongly supported.

I said at the time that we would introduce this amendment both to the Martin and the Bolling proposals as well. I am doing so at this time, and I hope that, having supported this as an amendment to the Hansen substitute, the House will support this amendment to the Martin amendment now and to the Bolling resolution later.

Mr. Chairman, several times in the last 6 years, efforts to create such an investigatory committee have gained the bipartisan support of more than a majority of House Members. And in this Congress to date nearly 200 Members have joined the effort to create a select committee which began when the gentleman from Missouri (Mr. Randall) and I urged cosponsorship of such a resolution to create the committee.

It was through serving on Chairman Randall's Government Operations Subcommittee that I first gained deep insight into the problems faced by some 20 million Americans who are over 65. This experience demonstrated for me the tremendous need for the House of Representatives to focus intelligently on all the complex problems of the elderly.

I believe we must develop an efficient method for comprehending these needs, and for carefully evaluating legislative proposals affecting what is unquestionably the fastest growing proportion of our population.

In the last 2 years, the House has considered legislation which has profound effects on the lives of older persons, including the SSI program, improved social security benefits, and the Older Americans Act. We can be proud of the progress made by these initiatives. The Older Americans Act goes a long way toward filling the gaps between the social security provisions and the aid and incentives Government can provide to allow older citizens to live with dignity and self-sufficiency, but I believe we would have done far better still if we had had a Select Committee on Aging.

I am disappointed that this legislation, in its present form, does little to address this continuing problem of coordination. In part, the legislation we are considering worsens today's situation in which we have minimally eight committees to consider legislation directly affecting programs for the aging.

These eight committees are the Committees on Education and Labor, Banking and Currency, Interstate and Foreign Commerce, Post Office and Civil Service, Retirement and Employee Benefits Subcommittee, Veterans' Affaris, Ways and Means, Government Operations, District of Columbia, and Appropriations, Health, Education and Welfare, and Labor Subcommittee.

More to the point, programs which affect the aging are tucked away in legislation considered by nearly all the legislative committees of the House.

Because of these divisions, it is difficult for any of us to get a clear impression of the operation of programs and, more important, the possible shortcomings or overlapping of programs produced by committees with different jurisdictions.

At a point in our history when we have become keenly aware of the need to be fiscally responsible and to spend our taxpayers' dollars wisely, I can think of no more important mission than to develop legislation for our deserving elderly which would be effective in anticipating the interrelationship of the problems of an increasing proportion of this country's population. Such a committee could not only provide information and services to standing committees, but it could also apply itself to the task of analyzing the broad sweep of legislation for the aging. It could make periodic reports on topics of general interest in this area, and it could examine and work for the implementation of recommendations coming out of the White House Conference on Aging, which has stimulated and set the tone for much of the debate.

I would summarize briefly, Mr. Chairman. What is proposed is not a standing committee, but a Select Committee on the Aging without the jurisdiction to infringe on the legislative prerogatives or responsibilities of the standing committees. Instead, we propose to aid in the solutions of the problems of aging and for the benefit of 20 million elderly people and the many millions more who will be retiring. We propose it as a means of focusing and making effective what is now the well-meaning, but uncoordinated, activity of at least eight separate committees. With double-digit inflation gripping those who live on fixed incomes, we need the work of a Select Committee on Aging now.

Mr. QUIE. Mr. Chairman, I offer an amendment as a substitute for the Heinz amendment.

The CHAIRMAN. The Chair would like to advise the gentleman from Minnesota that such an amendment would not be in order at this time.

Mr. QUIE. I thank the Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania to the amendment offered as a substitute by the gentleman from Nebraska (Mr. Martin).

The question was taken; and on a division (demanded by Mr. Heinz) there were—ayes 22, noes 34.

RECORDED VOTE

Mr. HEINZ. Mr. Chairman, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 299, noes 44, answered "present" 2, not voting 89, as follows:

[Roll No. 582]

AYES—299

Abdnor
Abzug
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Aspin
Badillo
Bafalis
Baker
Bauman
Beard
Bell
Bennett
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bray
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Broyhill, N.C.
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clausen, Don H.
Cohen
Collins, Ill.
Conlan
Conte
Conyers
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Delaney
Dellums
Denholm
Dennis
Dent
Devine
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
Duncan
du Pont
Edwards, Ala.
Esch
Eshleman
Evins, Tenn.
Fish
Flood
Flynt
Forsythe
Fountain
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Wash.
Harrington
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hicks
Hillis
Hinshaw
Hogan
Holt
Holtzman
Horton
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kyros
Landgrebe
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, Md.
Lott
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKinney
McSpadden
Madden
Madigan
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Myers
Natcher
Nelsen
Nichols
Nix
O'Brien
O'Neill
Owens
Parris
Passman
Patman
Pepper
Perkins
Pettis
Peyser
Pike
Preyer
Price, Ill.
Price, Tex.
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rostenkowski
Roush
Rousselot
Roy
Roybal
Ruppe
Ruth
St Germain
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Seiberling
Shipley
Shoup
Shriver
Shuster
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Traxler
Treen
Van Deerlin
Vander Jagt
Vanik
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
Whalen
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wydler
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, Tex.
Zablocki
Zion

NOES—44

Bergland
Bevill
Bolling
Brademas
Breaux
Burlison, Mo.
Clay
Cochran
Collins, Tex.
Corman
Davis, Wis.
Dellenback
Eckhardt
Erlenborn
Fascell
Flowers
Foley
Ford
Gross
Henderson
Johnson, Calif.
Kastenmeier
Long, La.
McKay
Mahon
Meeds
Mink
Moss
Obey
O'Hara
Patten
Pickle
Quie
Robison, N.Y.
Sarbanes
Steiger, Ariz.
Steiger, Wis.
Udall
Ullman
Vander Veen
Whitten
Wylie
Yates
Young, Ga.

ANSWERED "PRESENT"—2

Goodling
Wilson, Charles H., Calif.

NOT VOTING—89

Adams
Andrews, N.C.
Ashbrook
Ashley
Barrett
Blackburn
Bowen
Brasco
Brotzman
Brown, Ohio
Broyhill, Va.
Burgener
Carey, N.Y.
Clancy
Clark
Clawson, Del
Cleveland
Collier
Conable
Crane
Davis, Ga.
de la Garza
Derwinski
Dorn
Dulski
Edwards, Calif.
Eilberg
Evans, Colo.
Findley
Fisher
Fraser
Frelinghuysen
Grasso
Gubser
Hanna
Hansen, Idaho
Harsha
Hastings
Hawkins
Hébert
Holifield
Hosmer
Johnson, Colo.
King
Kuykendall
Lagomarsino
Lujan
Macdonald
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mizell
Murphy, N.Y.
Nedzi
Poage
Podell
Powell, Ohio
Pritchard
Rarick
Reuss
Rhodes
Roe
Rooney, N.Y.
Rosenthal
Runnels
Ryan
Schroeder
Sebelius
Sikes
Sisk
Skubitz
Snyder
Steele
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Waldie
White
Whitehurst
Widnall
Wiggins
Williams
Wyatt
Young, S.C.
Zwach

So the amendment to the substitute amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. ICHORD TO THE AMENDMENT OFFERED AS A SUBSTITUTE BY MR. MARTIN OF NEBRASKA

Mr. ICHORD. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. Ichord to the amendment offered as a substitute by Mr. Martin of Nebraska:

Page 12, strike out lines 24 and 25.

Page 13, line 1, strike out "(9)" and insert in lieu thereof "(8)".

Page 13, line 2, strike out "(10)" and insert in lieu thereof "(9)".

Page 13, line 3, strike out "(11)" and insert in lieu thereof "(10)".

Page 14, immediately after line 20, insert the following:

"(m) Committee on Internal Security, the legislative jurisdiction of which shall include—

"(1) Communist and other subversive activities affecting the internal security of the United States.

"(2) The Committee on Internal Security, acting as a whole or by subcommittee, is authorized to make investigations from time to time of (A) the extent, character, objectives, and activities within the United States of organizations or groups, whether of foreign or domestic origin, their members, agents, and affiliates, which seek to establish, or assist in the establishment of, a totalitarian dictatorship within the United States, or to overthrow or alter, or assist in the overthrow or alteration of, the form of government of the United States or of any State thereof, by force, violence, treachery, espionage, sabotage, insurrection, or any unlawful means, (B) the extent, character, objectives, and activities within the United States of organizations or groups, their members, agents, and affiliates, which incite or employ acts of force, violence, terrorism, or any unlawful means, to obstruct or oppose the lawful authority of the Government of the United States in the execution of any law or policy affecting the internal security of the United States, and (C) all other questions, including the administration and execution of any law of the United States, or any portion of law, relating to the foregoing that would aid the Congress or any committee of the House in any necessary remedial legislation. The Committee on Internal Security shall report to the House (or to the Clerk of the House if the House is not in session) the results of any such investigation, together with such recommendations as it deems advisable."

Page 14, line 21, strike out "(m)" and insert in lieu thereof "(n)".

Page 16, line 3, strike out "(n)" and insert in lieu thereof "(o)".

Page 16, line 24, strike out "(o)" and insert in lieu thereof "(p)".

Page 17, line 17, strike out "(p)" and insert in lieu thereof "(q)".

Page 18, line 17, strike out "(q)" and insert in lieu thereof "(r)".

Page 19, line 6, strike out "(r)" and insert in lieu thereof "(s)".

Page 20, line 3, strike out "(s)" and insert in lieu thereof "(t)".

Page 20, line 14, strike out "(t)" and insert in lieu thereof "(u)".

Page 21, line 7, strike out "(u)" and insert in lieu thereof "(v)".

Page 21, line 20, strike out "(v)" and insert in lieu thereof "(w)".

Page 41, line 4, immediately after "the Committee on House Administration," insert "the Committee on Internal Security,".

Mr. ICHORD (during the reading). Mr. Chairman, this amendment was printed in the Record of September 30. I ask unanimous consent that the amendment be considered as read and printed in the Record.

Mr. BOLLING. Mr. Chairman, I would like to reserve the right to object and make a brief statement.

The gentleman knows I am opposed to the amendment. I cannot see any point in discussing it. It passed by an overwhelming vote the other day. It seems to me this is a waste of time to go over this again.

Mr. ICHORD. I agree with the gentleman and I am ready for a vote now.

Mr. BOLLING. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri (Mr. Ichord)?

Mr. MARTIN of Nebraska. Mr. Chairman, I reserve the right to object until we have an explanation of the amendment.

Mr. ICHORD. Mr. Chairman, following the suggestion of the gentleman from Missouri (Mr. Bolling), I would note that the Martin resolution does exactly the same thing that the Bolling resolution does. The Hansen resolution transferred the jurisdiction of the House Committee on Internal Security to the Committee on the Judiciary. Both the Bolling and the Martin proposals transferred it to Government Operations. The leadership of Government Operations has stated that they do not want the jurisdiction.

This amendment does exactly the same thing that the amendment to the Hansen resolution did. It restores the House Committee on Internal Security with the same jurisdiction, no more and no less. With that explanation, Mr. Chairman, I ask that the amendment be adopted and yield back the balance of my time.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri (Mr. Ichord)?

Mr. MARTIN of Nebraska. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri (Mr. Ichord)?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. Ichord) to the amendment offered as a substitute by the gentleman from Nebraska (Mr. Martin).

The question was taken; and on a division (demanded by Mr. Martin of Nebraska) there were—ayes 50; noes, 30.

So the amendment to the substitute amendment was agreed to.

AMENDMENT OFFERED BY MR. FROEHLICH TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. FROEHLICH. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. Froehlich to the amendment in the nature of a substitute offered by Mrs. Hansen of Washington: On page 25, immediately following line 8, insert the following paragraph:

"(4) Each report of a committee on each bill or joint resolution of a public character reported by such committee shall contain a detailed analytical statement as to whether the enactment of such bill or joint resolution into law may have an inflationary impact on prices and costs in the operation of the national economy."

Mr. MARTIN of Nebraska. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count; 131 Members are present, a quorum.

Mr. FROEHLICH. Mr. Chairman, this is identical to the amendment to the Martin of Nebraska substitute which was adopted earlier this afternoon, requiring that each committee report shall include an analytical statement regarding the effect of any legislation on the private economy, inflationary impact.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. Froehlich) to the amendment in the nature of a substitute offered by Mrs. Hansen of Washington.

The amendment to the amendment in the nature of a substitute was agreed to.

AMENDMENT OFFERED BY MR. DUNCAN TO THE AMENDMENT OFFERED AS A SUBSTITUTE BY MR. MARTIN OF NEBRASKA

Mr. DUNCAN. Mr. Chairman, I offer an amendment to the amendment offered as a substitute.

The Clerk read as follows:

Amendment offered by Mr. Duncan to the amendment offered as a substitute by Mr. Martin of Nebraska:

Page 56, line 1, strike out "committee".

Page 56, line 2, insert "(1)" after "(n)".

Page 56, line 13, strike out "(1)" and insert "(A)".

Page 56, line 17, strike out "(2)" and insert "(B)".

Page 57, after line 2, insert the following new subparagraph:

"(2) Notwithstanding any other provision of law, no funds authorized for a committee shall be available for payment of any expenses, nor shall transportation be provided by the United States, in connection with travel outside the fifty States (including the District of Columbia) of the United States of—

"(A) any Delegate, Resident Commissioner, or Member of the House after he has been defeated as a candidate for nomination, or election, to a seat in the House in any primary or regular election until such time as he shall thereafter again become a Member; or

"(B) any Delegate, Resident Commissioner, or Member of the House after the adjournment sine die of the last session of a Congress if he is not a candidate for reelection in the next Congress.

The preceding sentence shall not apply with respect to any Delegate, Resident Commissioner, or Member where a concurrent resolution passed by Congress so exempts that individual, or with respect to utilization of Federal funds provided by law for round trip travel of such Delegate or Resident Commissioner between the District of Columbia and the District which he represents."

Mr. DUNCAN. Mr. Chairman, on March 6, 1969, I was the original author of House Resolution 299 providing that no Federal funds shall be available to pay for the expense of foreign travel of any Member of the House after he has been defeated for election to a seat in the House of Representatives until such time as he shall thereafter become a Member of the House, or for any Member of the House of Representatives after the adjournment sine die of the last session of a Congress if he is not a candidate for reelection in the next Congress.

After the resolution was introduced, editorials of approval appeared in daily newspapers throughout the United States.

The resolution was introduced again in the 92d Congress, and is now pending in this Congress under the sponsorship of Mr. Michel, Mr. Derwinski, Mr. Devine, Mr. du Pont, Mr. Erlenborn, Mr. Eshleman, Mr. Evans of Colorado, Mr. Fish, Mr. Fisher, Mr. Forsythe, Mr. Froehlich, Mr. Fulton, Mr. Fuqua, Mr. Gibbons, Mr. Gonzalez, Mr. Gunter, Mr. Guyer, Mr. Hamilton, Mr. Hanrahan, Mr. Hastings, Mr. Hechler of West Virginia, Mr. Helstoski, Mr. Hinshaw, and Mr. Hogan.

Mr. Chairman, I urge the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee (Mr. Duncan) to the amendment offered as a substitute by the gentleman from Nebraska (Mr. Martin).

The question was taken; and the Chairman announced that the noes appear to have it.

RECORDED VOTE

Mr. DUNCAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 301, noes 43, not voting 90, as follows:

[Roll No. 583]

AYES—301

Abdnor
Abzug
Addabbo
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Baker
Bauman
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Boland
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burleson, Tex.
Burton, John
Butler
Byron
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Clausen, Don H.
Cochran
Cohen
Collier
Collins, Tex.
Conlan
Conte
Conyers
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Davis, S.C.
Delaney
Dellenback
Dellums
Denholm
Dent
Devine
Dickinson
Dingell
Donohue
Downing
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fascell
Fish
Flood
Flynt
Foley
Ford
Fountain
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Green, Oreg.
Green, Pa.
Griffiths
Gross
Grover
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Wash.
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holt
Holtzman
Horton
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Koch
Kyros
Landgrebe
Landrum
Latta
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Madden
Madigan
Mahon
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.

Mayne
Mazzoli
Melcher
Mezvinsky
Milford
Miller
Minish
Mink
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Mosher
Moss
Murphy, N.Y.
Murtha
Myers
Natcher
Nelsen
Nichols
Nix
Obey
O'Brien
Owens
Parris
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Preyer
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Riegle
Rinaldo
Roberts
Robinson, Va.
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Roush
Rousselot
Roy
Roybal
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Studds
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Traxler
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Wampler
Ware
Whalen
Whitten
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Zion

NOES—43

Alexander
Annunzio
Badillo
Bolling
Brown, Calif.
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Carney, Ohio
Chappell
Chisholm
Clay
Collins, Ill.
Corman
Danielson
Davis, Wis.
Diggs
Drinan
Gettys
Harrington
Hays
Kluczynski
Leggett
Matsunaga
Meeds
Metcalfe
Mitchell, Md.
Moorhead, Pa.
Murphy, Ill.
O'Hara
O'Neill
Passman
Poage
Price, Ill.
Rodino
Rostenkowski
Sisk
Stark
Stokes
Sullivan
Udall
Young, Ga.
Young, Tex.

NOT VOTING—90

Adams
Anderson, Ill.
Barrett
Beard
Blackburn
Blatnik
Boggs
Bowen
Brasco
Broyhill, Va.
Burke, Fla.
Carey, N.Y.
Clancy
Clark
Clawson, Del
Cleveland
Conable
Crane
Davis, Ga.
de la Garza
Dennis
Derwinski
Dorn
Dulski
Eilberg
Evans, Colo.
Findley
Fisher
Flowers
Forsythe
Fraser
Frelinghuysen
Grasso
Gray
Gubser
Hanna
Hansen, Idaho
Harsha
Hastings
Hawkins
Hébert
Holifield
Hosmer
Johnson, Colo.
King
Kuykendall
Lagomarsino
Lujan
Macdonald
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mizell
Nedzi
Patman
Podell
Powell, Ohio
Pritchard
Rarick
Rhodes
Robison, N.Y.
Rooney, N.Y.
Runnels
Ryan
Schroeder
Sebelius
Skubitz
Snyder
Steele
Stubblefield
Stuckey
Symms
Teague
Tiernan
Towell, Nev.
Treen
Waldie
Walsh
White
Whitehurst
Widnall
Williams
Wilson, Charles H., Calif.
Wright
Wyatt
Young, S.C.
Zablocki
Zwach

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. GIBBONS TO THE AMENDMENT OFFERED AS A SUBSTITUTE BY MR. MARTIN OF NEBRASKA

Mr. GIBBONS. Mr. Chairman, I offer an amendment to the substitute.

PARLIAMENTARY INQUIRY

Mr. PEYSER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. PEYSER. Mr. Chairman, my parliamentary inquiry is this: How much time is there remaining to complete the 5-hour time limitation?

I would also like to inquire, Mr. Chairman, does the time stop when a recorded vote is taking place, or a quorum is taking place?

The CHAIRMAN (Mr. NATCHER). The Chair would like to advise the gentleman from New York that there are 2 hours and 25 minutes remaining.

The Chair would further advise the gentleman from New York that the gentleman's statement is correct; that when a vote is taking place the time stops. The gentleman is correct.

The Clerk read as follows:

Amendment offered by Mr. GIBBONS to the amendment offered as a substitute by Mr. MARTIN of Nebraska: On page 92 after line 5, insert the following:

SEC. — The Speaker of the House of Representatives is authorized and directed to take whatever steps necessary to insure that a portion of the James Madison Memorial Library Building that is now under construction be utilized by the House of Representatives for additional office space until the House can acquire sufficient additional space for its orderly function.

POINT OF ORDER

Mr. MEEDS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman from Washington will state his point of order.

Mr. MEEDS. The point of order is based on the fact that none of the resolutions deal with the acquisition of space in any buildings but only the study of the needs of the House of Representatives for space. Therefore, it is not germane.

The CHAIRMAN. Does the gentleman desire to be heard on the point of order?

Mr. GIBBONS. I do, Mr. Chairman.

Mr. Chairman, we are amending the rules of the House to provide for the procedures of the House and for the operation of the House. All three of the amendments that have been offered are proposals, of course, that are very broad. They go to staffing and to allowances and to travel, and they go to the entire operation of the House. This amendment is just directed toward that purpose.

Mr. ALBERT. Mr. Chairman, would the gentleman yield?

Mr. GIBBONS. I yield to our distinguished Speaker.

Mr. ALBERT. I thank the gentleman for yielding.

The House Office Building Commission has endeavored many times to obtain additional office space for Members and committees. I believe it will require an amendment to existing law to use a portion of the Madison Memorial Library Building for House office space, even on a temporary basis. The matter is still under study, even though a related suggestion was not approved by the House in 1971. I just throw that out for your information. I am in favor of temporarily using part of the Madison Library Building, but I do not think that is possible.

Mr. WAGGONNER. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Louisiana on the point of order.

Mr. WAGGONNER. Mr. Chairman, I listened attentively to what the distinguished Speaker just said about a simple resolution amending a rule of the House. We have amended the Atomic Energy Act in the same way in this legislation.

Mr. BOLLING. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Missouri (Mr. BOLLING) on the point of order.

Mr. BOLLING. On the point that the gentleman from Louisiana makes, the amendment is not germane to the act but is made to the rules of the House and is an entirely different situation from the situation that obtains now.

Mr. GIBBONS. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman from Florida.

Mr. GIBBONS. Mr. Chairman, I have listened to the gentleman from Missouri intently, but I fail to distinguish any difference in that when we amended the Atomic Energy Act, we were doing it under the rules of the House, the same rule that we are attempting to amend here now. There is no difference between the action I seek to take now and the action that has previously been taken.

The CHAIRMAN (Mr. NATCHER). The Chair is ready to rule.

The amendment offered by the gentleman from Florida (Mr. GIBBONS) directs the Speaker to take action toward the acquisition of committee and office space. The substitute before this Committee at this time does not contain any provision allocating office space although it establishes a commission to study the problem. There is no provision in any of the amendments directing the allocation of space for committees or space for offices. Therefore, the amendment is not germane, and the Chair will have to sustain the point of order.

The point of order is sustained.

AMENDMENT OFFERED BY MR. ROUSSELOT TO THE AMENDMENT OFFERED AS A SUBSTITUTE BY MR. MARTIN OF NEBRASKA

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT to the amendment offered as a substitute by Mr. MARTIN of Nebraska: Page 41, line 1, strike out "No member" and insert "From and after the beginning of the Ninety-fifth Congress, no Member".

Page 89, lines 14 and 15, strike out "at the beginning of the Ninety-fourth Congress" and insert "at the beginning of a Congress".

Page 89, line 18, strike out "in the Ninety-third Congress" and insert "in the preceding Congress".

Mr. ROUSSELOT. Mr. Chairman, this amendment is very simple. It basically grandfathers for 2 more years those Members now serving on what would be considered under this language two major committees. Under the Martin bill, it will be known as "A" committees. We have roughly 81 Members, that would have a potential problem of selecting "A" committees who have given good service to the Congress. These Members have a good understanding of the committees on which they serve and the subjects these standing committees cover. This amendment merely says that those Members of Congress who have had that kind of service will be grandfathered for 2 more years through the 94th Congress. I believe that it eliminates the complaint that we are discarding some of the Members with better service and experience—our senior Members.

Mr. Chairman, I hope that our colleagues will be inclined to support this in the name of helping keep those Members who have good and substantial experience on some of these major committees.

Mr. MARTIN of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Nebraska.

Mr. MARTIN of Nebraska. Mr. Chairman, I want to compliment the gentleman for offering this amendment because there is some dissatisfaction particularly from Members in the House who are currently serving on two of the committees that would be classified under these resolutions as A committees or major committees, and under the terms of the resolutions as currently offered they would, beginning next January, no longer be able to serve on two major committees.

The amendment offered by the gentleman is a grandfather clause that would allow these Members who are in such a situation to continue to serve on two A or major committees through the 94th Congress before this would become effective. In other words this provision knocking a Member off two major committees would not take effect until January 3, 1977.

I believe it is a good amendment. With the Members retiring and the attrition we normally have in the Congress, after 2 more years we really would have very few Members who would be affected by the provision.

I compliment the gentleman and support his amendment.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman from Nebraska for his comment.

I believe this does protect the Members with the kind of experience we need and they would not have to make a judgment in deciding on "A" committee for 2 more years.

Mr. WAGGONNER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from California, my good friend (Mr. ROUSSELOT), has offered this amendment in good faith and he has proven to the House one thing, if Members have been listening, that is that the Bolling-Martin proposal is so drastic that it will not work because it does disrupt the efficiency of the committees. There is no provision made for transferring Members from one committee to another to follow jurisdictions, and there is no more basis for grandfathering Members to a committee than there is for grandfathering in jurisdiction.

So I say to the Members that either the Bolling-Martin resolution is good or bad. The proposal is too drastic or else no one would feel constrained to grandfather anybody. We have got to decide. If we believe the proposal is worthwhile, we do not need to grandfather Members onto a committee.

I urge a vote in opposition to the amendment.

Mr. DINGELL. Mr. Chairman, will the gentleman from Louisiana yield?

Mr. WAGGONNER. I am happy to yield to the gentleman from Michigan.

Mr. DINGELL. I thank the gentleman from California for offering a most helpful amendment. Nevertheless, the amendment should be voted down. The amendment is helpful, because as the gentleman from Louisiana points out, it brings clearly before us the facts that have been consistently made clear by the gentleman from California (Mr. HOLIFIELD), that Members all over this body are going to be bumped from their committee assignments. That point the Members should bear clearly before them.

However, there are certain Members who will not be helped by the amendment. If one is a member of the Committee on Post Office and Civil Service or the Committee on Education and Labor, he is bumped. This amendment does not help him. If he is a freshman coming in after the first of the year there will be no place for him under the Bolling resolution or the Martin resolution, even with the pending amendment. Under the amendment offered by the gentleman from California, and the gentleman is an able Member and offers this in good faith, the hard facts of the matter are that freshmen Members coming in will find it even harder to obtain a decent committee spot.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. WAGGONNER. I yield to the gentleman from Michigan.

Mr. O'HARA. I express my agreement with the gentleman. If the single track system is good enough for the new Members, it ought to be good enough for the old Members. If it is not, we ought to vote for the Hansen amendment and get it over with.

I hope the amendment will be defeated, because it is indefensible to set one rule for the people already here and another rule for the people yet to come.

Mr. WAGGONNER. Mr. Chairman, I close by urging a vote against the amendment of the gentleman from California.

Mr. BOLLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have been talked to and have talked to a great number of Members on both sides of the aisle. There is a substantial amount of time left under the agreement voted yesterday. I believe the time is in the order of 2 hours and 15 minutes.

The CHAIRMAN. Two hours and 19 minutes, the Chair would like to state.

Mr. BOLLING. Two hours and 19 minutes.

Most of the Members with whom I have discussed this matter would like to cut back that amount of time.

Now, there is no attempt in any request that I make to limit the right of Members with noticed amendments to offer their noticed amendments. There is a significant number of those. I do not have the current number before me, but they will take some time, perhaps an hour or more on the Hansen and the Martin substitutes; so I propose to ask by unanimous consent that the debate on amendments, not including those noticed under the rule, be limited to 30 minutes on the amendment in the nature of a substitute offered by the gentlewoman from Washington and all amendments thereto.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. ARENDS. Mr. Chairman, reserving the right to object, I would ask if the gentleman from Missouri has had a change of heart since yesterday? Last night he was very eloquent suggesting that he did not want to close debate. Now my understanding is he does want to shut off further debate.

Mr. BOLLING. I would be glad to answer the distinguished gentleman from Illinois. Last night I was trying very hard not to have unlimited debate, so I asked for 5 hours.

Now the situation has changed. Many Members have indicated to me they desire a limitation of time. I am seeking by unanimous consent to accommodate the House in a reasonable approach to this problem.

Mr. ARENDS. I think we should stay with the time the gentleman suggested last night. I do not want to object but since it is now late in the evening, I think we should rise now and go on with the 2 hours and 19 minutes additional debate tomorrow.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. ARENDS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. BOLLING. Mr. Chairman, I would like to continue. I cannot move, because there is no way to move. What the gentleman from Illinois has done, whether on purpose or inadvertently, is to make it necessary for me to say that the reason I have persisted in our debate tonight is that I am charged as the chairman of the committee with bringing the product of that committee to a vote, and the product of that committee is House Resolution 988.

The substitutes are the Hansen and the Martin substitutes. I must, carrying out my duties as chairman, try to see to it that there is reasonable time for the House to amend House Resolution 988, if it survives the tests of the Martin and the Hansen substitutes. I am not trying to change anything. I am trying to accommodate the House.

There is no change in the approach. It seems to me essential that we approach this in a reasonable manner to accommodate the Members. I think I will renew my unanimous-consent request that debate on the amendment in the nature of a substitute offered by the gentlewoman from Washington, and all amendments thereto, conclude in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. ROUSSELOT. Mr. Chairman, reserving the right to object I understood, because this legislation was such a landmark bill and because it affected the total House, that we wanted to consider all ramifications of the transfer of jurisdiction.

Therefore, I want to hear those arguments, and therefore I object.

The CHAIRMAN. Objection is heard.

PARLIAMENTARY INQUIRY

Mr. BOLLING. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOLLING. Mr. Chairman, would it be proper to make my unanimous-consent request as a motion?

The CHAIRMAN. The Chair would like to inform the gentleman that such a motion would not be in order at this time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska (Mr. MARTIN) as amended, as a substitute for the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

RECORDED VOTE

Mr. MARTIN of Nebraska. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 41, noes 319, not voting 74, as follows:

[Roll No. 584]

AYES—41

Abdnor
Arends
Armstrong
Ashbrook
Bray
Broomfield
Brown, Ohio
Butler
Collins, Tex.
Davis, Wis.
Devine
Duncan
Forsythe
Frenzel
Goldwater
Goodling
Gross
Hutchinson
Ichord
Landgrebe
Latta
McClory
McCollister
Martin, Nebr.
Miller
Mosher
Nelsen
O'Brien
Quillen
Regula
Rousselot
Schneebeli
Shoup
Smith, N.Y.
Steiger, Ariz.
Thomson, Wis.
Thone
Treen
Veysey
Ware
Wiggins

NOES—319

Abzug
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Aspin
Badillo
Bafalis
Baker
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Boland
Bolling
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Brotzman
Brown, Calif.
Brown, Mich.
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellenback
Dellums
Denholm
Dent
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fascell
Fish
Fisher
Flood
Flowers
Flynt
Foley
Ford
Fountain
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Wash.
Harrington
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Howard
Huber
Hudnut
Hungate
Hunt
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kyros
Landrum
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Luken
McCloskey
McCormack
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Maraziti
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nichols
Nix
Obey
O'Hara
O'Neill
Owens
Parris
Passman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Quie
Railsback
Randall
Rangel
Rees
Reid
Reuss
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Seiberling
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Whalen
Whitten
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zion

NOT VOTING—74

Adams
Barrett
Blackburn
Blatnik
Boggs
Bowen
Brasco
Broyhill, Va.
Burke, Fla.
Carey, N.Y.
Clancy
Clawson, Del
Conable
Crane
de la Garza
Dennis
Derwinski
Dorn
Dulski
Eilberg
Evans, Colo.
Findley
Fraser
Frelinghuysen
Grasso
Gray
Gubser
Hanna
Hansen, Idaho
Harsha
Hawkins
Hébert
Hosmer
Johnson, Colo.
King
Kuykendall
Lagomarsino
Lujan
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mizell
Nedzi
Patman
Podell
Powell, Ohio
Pritchard
Rarick
Rhodes
Robison, N.Y.
Rooney, N.Y.
Runnels
Ryan
Schroeder
Sebelius
Snyder
Steele
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Waldie
White
Whitehurst
Widnall
Williams
Wilson, Bob
Wyatt
Young, S.C.
Zablocki
Zwach

So the substitute amendment, as amended, for the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN) was rejected.

The result of the vote was announced as above recorded.

Mr. MARTIN of Nebraska. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I understand that very shortly we will be taking a vote on the Hansen substitute, even though there are probably many amendments to be considered on that substitute. I would like to call the attention, particularly of my colleagues on this side of the aisle, before that vote is taken, that this resolution, the Hansen substitute resolution, is a product of the Democrat Caucus. It is a product of a partisan body without any on the minority side having any say as to its composition.

The Members on this side of the aisle should keep that in mind when they cast their vote on the Hansen substitute.

The Select Committee on Committees has spent about 15 months of intensive study and hearings and work on the product of that committee. It is a good product. I disagree with some of the provisions, and I shall have some amendments to offer tomorrow to House Resolution 988, but it is far superior in my judgment and in my estimation to the product of the Hansen committee.

I urge—and I am speaking to the Members on my side of the aisle—a "no" vote against the product of the Democrat Caucus when that matter comes before us.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from Ohio.

Mr. ASHBROOK. I thank the gentleman for yielding.

Mr. Chairman, I supported the gentleman on his amendment. I support the gentleman generally in his long efforts on this subject, but I would ask, since the matter has been injected, could the gentleman outline the general areas where the minority was considered in the Bolling report? Frankly, I do not see a whole lot of consideration for us in either.

Mr. MARTIN of Nebraska. Mr. Chairman, I would reply to the gentleman from Ohio that the Select Committee on Committees was a bipartisan committee of five Members from both sides of the aisle. I do not think a single one of the 10 members of that committee considered the provisions of that resolution, from a partisan standpoint. We considered it from the standpoint of what is best for the institution of the House of Representatives to be able to meet the problems of the 1970's, the 1980's, and the 1990's, because, I would say to the gentleman from Ohio (Mr. ASHBROOK) that has not been done for over a quarter of a century, so that we are a little bit out of date in the organization of the House itself. We certainly need to make our operations more efficient, as attested to by the confidence that the American people have in the Congress of the United States at this time.

Mr. ASHBROOK. I thank the gentleman from Nebraska.

Mr. HAYS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was a little surprised to hear the speech of the gentleman from Nebraska (Mr. MARTIN) because if this bill which the gentleman now says is such a perfect product, is such a perfect product, I do not understand why the gentleman offered his substitute amendment in the first place.

Mr. Chairman, I was on the Hansen committee, and we tried to balance out the needs of the Members with the addition of making some progress and getting better action in the House of Representatives. But I will tell you what we did for the minority—we spread the action around for the minority a little bit. Instead of allowing—and maybe this will lose a few votes, but it ought to pick up a few—instead of allowing the ranking minority member on the committee to appoint a third of the staff, we allowed every subcommittee ranking member to appoint a member of the staff.

So we would have subcommittee ranking members with staff equal to the staff of the subcommittee chairman on the majority side. The differences in the Hansen bill and the Bolling resolution have been explained and reexplained and explained all over again, but I will say that if we take a long and unbiased look at them, for the benefit of most Members, the Hansen bill is far superior. Furthermore, it does not gut the Bolling resolution. It does not destroy it. It takes a great many of the Bolling things and keeps them as they were.

I think the minority ought to take a long look at this. I think it might be helpful if they talked to the two ranking members on the House Committee on Administration and see how they have been treated. That is the kind of treatment that we tried to write into the Hansen bill for the minority. I do not think it means a thing in the world that the composition of the Bolling committee was equally divided. It might be a little ironic. I do not know the motives of the people involved. I have talked to a good many of the Bolling committee people, at least five or six of them, and I said:

> It seems a little ironic that if your bill should pass tomorrow, when I am going to bring up the Election Reform Bill, my committee loses jurisdiction. Even the newspapers who have been critical have said it is a great bill.

Newsweek magazine yesterday quoted Common Cause as saying that it was a great stride forward, and quoted Senator HART as saying:

> Who would have believed last year that we would get a bill like this?

So I pass the conference report tomorrow, and then if Mr. BOLLING's bill becomes law, the Committee on House Administration loses the oversight of this bill, on which we labored for a year and a half to produce, to a committee, the chairman of which says they do not want it. So those are some of the things there are to be considered in this matter.

I would suggest to the minority that they not look at it as a partisan matter, and that they not vote against it as a partisan matter, but to take a look at it and see where their individual interests lie, and if they take a good, close look at it most of them will vote for the Hansen bill.

Mr. BOLLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will say to my friend who is asking for a vote that I am ready to vote. I would not have taken this time except that I thought Mr. HAYS' remarks were worthy of comment.

I agreed with him. I think that the Hansen committee did a good job. I think it deserves to be considered on a nonpartisan basis. I do not know for what reason it was nonpartisan, but it ended up being nonpartisan. I will say that while they at one time accused us of trying to buy the minority by giving one-third of the staff, they ended up outbidding us, which is, as the Members know, part of the legislative ball game.

But I should like to point out to my colleagues some fundamental differences. I was rather impressed by the work of the Hansen committee in the Democratic Caucus when I thought it might end up undoing all the work that a bunch of us had done. I was still impressed. But the difference between the two is very important.

If the Hansen substitute is voted down, then tomorrow we will have an opportunity to amend House Resolution 988, and a variety of things that are good may be adopted as amendments. There will still be that opportunity.

But I should like to explain the difference. The Hansen committee is very strong on procedure, and in some respects I think they do a better job procedurally than some of the provisions of House Resolution 988. But they are incredibly weak on a key element, and that is on jurisdiction, because it is very hard to deal with jurisdiction. It upsets a lot of people.

What the select committee tried to do in a bipartisan way was to do very simple things—not many, not very many: a one-track system; 15 major committees and that can be adjusted somewhat; opportunity for Members to concentrate on that one area of jurisdiction; four areas of jurisdiction more concentrated in one committee—energy, environment, health, transportation and the transfer of trade from the committee on economics of the Ways and Means Committee to the Committee on Foreign Affairs.

We tried to do something that would make it possible for this House as a whole to participate more effectively in the Government. And I am not going to say for a moment that the Hansen proposition is not worthy of consideration. I just think that the proposal of the select committee is substantially more worthy and will make a greater contribution to the ability of this institution to function, and this institution functions for more than one party or even two parties What we are trying to do here is to make the House of Representatives effective so that it can take its place under the Constitution once again as a coequal branch of the Government along with the Senate—and that is the difference.

The CHAIRMAN. The Chair would like to inquire as to whether or not there are additional amendments to the Hansen amendment in the nature of a substitute, and if not the vote on the Hansen amendment in the nature of a substitute will be put at this time.

AMENDMENT OFFERED BY MR. FROEHLICH TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. FROEHLICH. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

> Amendment offered by Mr. FROEHLICH to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington:
>
> On page 50, immediately following line 5, insert the following new subsection:
>
> 205(a) There is hereby created a select committee to be composed of eleven Members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the same manner in which the original appointment was made.
>
> "(b) The committee is authorized and directed to conduct a full and complete study of the constitutional basis of the January 22, 1973, United States Supreme Court decisions on abortion, the ramifications of such decisions on the power of the several States to enact abortion legislation, and the need for remedial action by Congress on the subject of abortions.
>
> "(c) For the purpose of carrying out this resolution the committee, or any subcommittee thereof authorized by the committee to hold hearings, is authorized to sit and act during the 94th Congress at such times and places within the United States, including any Commonwealth or possession thereof, whether the House is in session, has recessed, or had adjourned, to hold such hearings, and to require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents, as it deems necessary; except that neither the committee nor any subcommittee thereof may sit while the House is meeting unless special leave to sit shall have been obtained from the House. Subpenas may be issued under the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member. The committee or any subcommittee thereof authorized by the committee to hold hearings shall publish reports of the hearings, and shall have authority to report legislation to the Congress.
>
> "(d) The committee shall report to the House within nine months after January 3, 1975, the results of its study, together with such recommendation as it deems advisable. Any such report which is made when the House is not in session shall be filed with the Clerk of the House.

Mr. FROEHLICH. Mr. Chairman, on January 22, 1973, the Supreme Court rendered two unprecedented decisions on abortion. In so doing, the Court divided the country, and created one of the great moral and political issues of our time. Every Member knows that abortion, which has come up repeatedly over the past 2 years, has been one of the important and difficult problems to confront this Congress. It will not go away.

Many proposals have been offered to bills, or constitutional amendments to modify or reverse the Supreme Court's decisions. There has been widespread discussion on what substantive response, if any, Congress should make. There have been great demonstrations of concern across our country.

Nonetheless, although 20 months have passed since the Court's decisions, the House Committee on the Judiciary has failed to come to grips with the issue of abortion. Despite millions of letters and the pleas of many Members to the committee leadership, not one single day of committee hearings has been held.

Early on, the gentleman from Maryland (Mr. HOGAN) determined that the committee was not likely to take action, and he offered a discharge petition which is still pending. I commend the gentleman for his foresight and his leadership.

But, Mr. Chairman, I honestly believe that this issue of abortion is so controversial, so difficult, and so complex that we need full-scale public hearings before we act on ultimate issues. We need a comprehensive understanding of the facts. We need a complete grasp of the implications. And we need to determine the consensus of the American people.

Therefore, last October, I offered a compromise between the discharge petition and Judiciary Committee inaction. I proposed the creation of a select committee to study the impact and ramifications of the Supreme Court's decisions on abortion. Over the last year more than 50 Members from both parties have cosponsored my resolution or introduced their own proposals.

The select committee would have full authority to study abortion and report out legislation, if that was thought desirable. It would prejudge nothing—except the undeniable need to give attention to the problem.

I realize that this House generally frowns upon the creation of select committees. I share this view. But there are clearly exceptions—and this is one of them.

I have great respect for the distinguished chairman of the Judiciary Committee and for the gentleman from California, who is chairman of the subcommittee—but they simply have not acted. By this amendment, I hope to lift the burden of abortion from their shoulders.

This is really a moment of decision for the House of Representatives. Will we make a commitment to provide a sensible forum for the abortion controversy next year, or will we shut off House consideration of one of the great issues of our time? Many Americans are waiting for some action on this issue. My amendment clearly provides a vehicle to give the attention needed to this subject. I urge its adoption.

Mr. O'HARA. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I recognize the gentlemen's amendment. It is a resolution of which I am a cosponsor. As a matter of fact, I believe that I have voted for all the amendments that the gentleman from Wisconsin has offered during this Congress on the subject of abortion, but I do not think this resolution is the place to get into that fight, even though I am opposed to abortion. For that reason I am going to vote against the amendment offered by the gentleman from Wisconsin. I would hope that the other members of the committee would join me in doing so.

Mr. QUIE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think that the amendment is a good idea. This is one of the most serious issues facing this country. To hide from it, I think, is unwise. In some way or another we need to address ourselves to it and to find some answers.

I think we need to have hearings with the best medical authorities, theologians and constitutional lawyers, plus other individuals who have studied the whole question of abortions. I do not know of any better way to bring the facts before us than to set up such a committee when we are reorganizing the House and also provide for its termination.

I urge my colleagues to support the amendment.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Maryland.

Mr. BAUMAN. I would like to say that the gentleman from Wisconsin is correct in his position calling for a Select Committee on Abortion. We have voted twice in recent days while considering this very resolution in favor of Select Committees dealing with problems of the aged. I supported those amendments.

The gentleman from Wisconsin now offers a chance for the House to vote on an issue which will protect the unborn who have no organized lobby, a chance for those of us who believe in the right to life to demonstrate that belief.

I hope those who had the political courage to vote for the Select Committee on the Aged also will have the moral courage to vote to allow the unborn children to receive the proper consideration of this House, which has so far been denied.

Mr. QUIE. Mr. Chairman, let me say in closing, I happen to be in support of and have introduced an amendment known as the Buckley amendment, but there are two sides to this question. Both sides ought to be heard and both sides can be heard if we accept the proposal of the gentleman from Wisconsin.

Ms. ABZUG. Mr. Chairman, I move to strike the last word.

Mr. Chairman, there are many issues in this Congress with which we disagree or agree, but we do not subject this legislative body to setting up select committees on controversial issues just because we have differences.

I think it is an abuse of the legislative process. I believe very strongly that those who wish to be heard on this subject have found many methods of abusing the legislative process. I think, if we are serious about this issue, that there have been votes on this subject in this House and in the other body. There has been ample opportunity to express ourselves.

There have, from time to time, been many controversial issues in this House. We have not set up select committees because issues are controversial. Quite the contrary. On the question of aging, a Select Committee on Aging has been noted not because it is a controversial issue, but rather because there was universal agreement on the need for such a committee.

So, I think it is a distortion of the purposes of a select committee to suggest that simply because abortion is a controversial issue, we should set up a select committee.

We have voted on this issue. There are other votes that will come up. But to use this particular vehicle does violence to the legislative process and does not meet the purpose for which a select committee is intended.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. FROEHLICH) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The question was taken.

RECORDED VOTE

Mr. FROEHLICH. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 163, noes 193, not voting 78, as follows:

[Roll No. 585]

AYES—163

Abdnor
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Bafalis
Baker
Bauman
Bennett
Bergland
Boggs
Boland
Bray
Brinkley
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Burgener
Burke, Mass.
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Clark
Clausen, Don H.
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conlan
Conte
Cotter
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Davis, Ga.
Delaney
Denholm
Dent
Devine
Dickinson
Donohue
Duncan
Esch
Fish
Flood
Flynt
Frenzel
Frey
Froehlich
Gaydos
Green, Pa.
Grover
Gude
Guyer
Hammerschmidt
Hanley
Hanrahan
Hays
Heckler, Mass.
Heinz
Hillis
Hinshaw
Hogan
Holt
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Johnson, Pa.
Karth
Kemp
Ketchum
Landgrebe
Latta
Lent
Lott
Luken
McCollister
McDade
McEwen
McKay
Macdonald
Madden
Madigan
Maraziti
Martin, N.C.
Miller
Minish
Mitchell, N.Y.
Moakley
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nelsen
Nix
O'Brien
Owens
Parris
Patten
Perkins
Pettis
Price, Ill.
Quie
Quillen
Randall
Regula
Rinaldo
Roe
Roncallo, N.Y.
Rooney, Pa.
Rostenkowski
Roush
Rousselot
Roy
Ruppe
Ruth
St Germain
Sandman
Sarasin
Satterfield
Scherle
Shipley
Shoup
Shriver
Skubitz
Slack
Staggers
Stanton, J. William
Stanton, James V.
Sullivan
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Traxler
Treen
Vander Jagt
Vanik
Veysey
Walsh
Winn
Wydler
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Zion

NOES—193

Abzug
Addabbo
Alexander
Anderson,
  Calif.
Anderson, Ill.
Arends
Armstrong
Ashley
Aspin
Badillo
Beard
Bell
Bevill
Biester
Bingham
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brooks
Brown, Calif.
Brown, Mich.
Buchanan
Burke, Calif.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Chamberlain
Chappell
Chisholm
Clay
Collins, Ill.
Conyers
Corman
Coughlin
Culver
Danielson
Davis, S.C.
Davis, Wis.
Dellenback
Dellums
Dingell
Downing
Drinan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Eshleman
Evins, Tenn.
Fascell
Fisher
Flowers
Foley
Ford
Fountain
Fraser
Fulton
Fuqua
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Griffiths
Gross
Gunter
Haley
Hamilton
Hansen, Wash.
Harrington
Hastings
Hechler, W. Va.
Helstoski
Henderson
Hicks
Holifield
Holtzman
Horton
Howard
Jarman
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Landrum
Leggett
Lehman
Litton
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McFall
McKinney
McSpadden
Mahon
Mallary
Martin, Nebr.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Mink
Mitchell, Md.
Mollohan
Montgomery
Moss
Nichols
Obey
O'Hara
O'Neill
Passman
Pepper
Peyser
Pickle
Pike
Poage
Preyer
Price, Tex.
Railsback
Rangel
Rees
Reid
Reuss
Riegle
Roberts
Robinson, Va.
Rodino
Rogers
Roncalio, Wyo.
Rose
Rosenthal
Roybal
Sarbanes
Schneebeli
Seiberling
Shuster
Sikes
Sisk
Smith, Iowa
Smith, N.Y.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symington
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Udall
Ullman
Van Deerlin
Vander Veen
Vigorito
Waggonner
Wampler
Ware
Whalen
Whitten
Wiggins
Wilson,
  Charles H.,
  Calif.
Wilson,
  Charles, Tex.
Wright
Wylie
Yates
Young, Ga.
Young, Tex.

NOT VOTING—78

Adams
Andrews, N.C.
Barrett
Biaggi
Blackburn
Blatnik
Brasco
Broyhill, Va.
Burke, Fla.
Carey, N.Y.
Clancy
Clawson, Del
Conable
Crane
de la Garza
Dennis
Derwinski
Diggs
Dorn
Dulski
Eilberg
Evans, Colo.
Findley
Forsythe
Frelinghuysen
Grasso
Gray
Green, Oreg.
Gubser
Hanna
Hansen, Idaho
Harsha
Hawkins
Hébert
Hosmer
Johnson, Colo.
King
Kuykendall
Lagomarsino
Lujan
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mizell
Nedzi
Patman
Podell
Powell, Ohio
Pritchard
Rarick
Rhodes
Robison, N.Y.
Rooney, N.Y.
Runnels
Ryan
Schroeder
Sebelius
Snyder
Spence
Steele
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Waldie
White
Whitehurst
Widnall
Williams
Wilson, Bob
Wolff
Wyatt
Young, S.C.
Zablocki
Zwach

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. DUNCAN TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. DUNCAN. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. Duncan to the amendment in the nature of a substitute offered by Mrs. Hansen of Washington: page 54, line 9, strike out "committee".

Page 54, line 10, insert "(1)" after "(n)".

Page 54, line 21, strike out "(1)" and insert "(A)".

Page 55, line 1, strike out "(2)" and insert "(B)".

Page 55, after line 11, insert the following new subparagraph:

"(2) Notwithstanding any other provision of law, no part of any appropriation and no local currency owned by the United States shall be available for payment of any expenses, nor shall transportation be provided by the United States, in connection with travel outside the fifty States (including the District of Columbia) of the United States of—

"(A) any Delegate, Resident Commissioner, or Member of the House after he has been defeated as a candidate for nomination, or election, to a seat in the House in any primary or regular election until such time as he shall thereafter again become a Member; or

"(B) any Delegate, Resident Commissioner, or Member of the House after the adjournment sine die of the last session of a Congress if he is not a candidate for reelection in the next Congress.

The preceding sentence shall not apply with respect to any Delegate, Resident Commissioner, or Member where a concurrent resolution passed by Congress so exempts that individual, or with respect to utilization of Federal funds provided by law for round trip travel of such Delegate or Resident Commissioner between the District of Columbia and the District which he represents."

The CHAIRMAN. The Chair would like to advise the distinguished gentleman from Tennessee (Mr. Duncan) that the gentleman's amendment is not properly drafted so as to be offered as an amendment to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. Hansen). For that reason the amendment cannot be entertained at this time.

Mr. DUNCAN. Mr. Chairman, could I ask why the amendment is not properly drafted? It is the same amendment that we voted on 301 to 43 before.

The CHAIRMAN. The Chair would like to advise the gentleman from Tennessee that certainly the gentleman has a right to know why the Chair has so ruled.

The amendment presented by the distinguished gentleman from Tennessee (Mr. Duncan) is drafted to House Resolution 988. The amendment now before the Committee is the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. Hansen). Therefore, the amendment offered by the gentleman from Tennessee is not in the proper form.

Mr. DUNCAN. Mr. Chairman, might I say that I believe the Chairman and the Parliamentarian have looked at the wrong amendment. This is the proper amendment.

The CHAIRMAN. The Clerk will report the amendment that was just handed to the Chair.

The Clerk read as follows:

Amendment offered by Mr. Duncan to the amendment in the nature of a substitute offered by Mrs. Hansen of Washington:

Page 28, line 20, strike out "committee".

Page 28, line 21, insert "(1)" after "(n)".

Page 29, line 7, strike out "(1)" and insert "(A)".

Page 29, line 11, strike out "(2)" and insert "(B)".

Page 29, after line 21, insert the following new subparagraph:

"(2) Notwithstanding any other provision of law, no part of any appropriation and no local currency owned by the United States shall be available for payment of any expenses, nor shall transportation be provided by the United States, in connection with travel outside the fifty States (including the District of Columbia) of the United States of—

"(A) any Delegate, Resident Commissioner, or Member of the House after he has been defeated as a candidate for nomination, or election, to a seat in the House in any primary or regular election until such time as he shall thereafter again become a Member; or

"(B) any Delegate, Resident Commissioner, or Member of the House after the adjournment sine die of the last session of a Congress if he is not a candidate for reelection in the next Congress.

The preceding sentence shall not apply with respect to any Delegate, Resident Commissioner, or Member where a concurrent resolution passed by Congress so exempts that individual, or with respect to utilization of Federal funds provided by law for round trip travel of such Delegate or Resident Commissioner between the District of Columbia and the District which he represents.

The CHAIRMAN (during the reading). The Chair would like to advise the gentleman from Tennessee that his amendment is now in proper form. Does the gentleman from Tennessee desire to ask unanimous consent that his amendment be considered as read and printed in the Record?

Mr. DUNCAN. I do, Mr. Chairman. I so ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. KAZEN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk concluded the reading of the amendment.

POINT OF ORDER

Mr. SMITH of Iowa. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. SMITH of Iowa. As I heard the amendment, I believe it is directed at some general laws of the United States, not just at the Rules of the House of Representatives.

The CHAIRMAN. Does the gentleman from Tennessee desire to be heard on the point of order?

Mr. DUNCAN. I do, Mr. Chairman. It is directed to the Rules of the House of Representatives. I think the gentleman misunderstood or did not hear correctly

It is properly applied to the Rules of the House of Representatives—expenditure of travel funds. It is in the committee.

Mr. HAYS. Mr. Chairman, I desire to be heard on the point of order.

Mr. Chairman, I think the point of order should be sustained, because it goes far beyond the Rules of the House and it deals with appropriations. It puts jurisdictions on agencies. It puts additional duties on the Department of State, and while I do not know that this directly affects the point of order, it interferes with the 2-year elected term of a Member of Congress.

It says, in other words, that he becomes a second-class citizen when he decides to retire, even if he decides to retire voluntarily. When he does that, he cannot fully participate in his committee or his committee assignments. I think it is definitely subject to a point of order.

The CHAIRMAN (Mr. Natcher). The Chair is ready to rule.

The Chair has carefully examined the second amendment read by the Clerk. At the bottom of the page the paragraph starts out:

> Notwithstanding any other provision of law, no funds authorized for a committee, no part of any appropriation shall be available—

and so forth.

This prefatory provision itself makes the amendment subject to a point of order. Therefore, the point of order is sustained, and the amendment is not in order.

AMENDMENT OFFERED BY MR. LATTA TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. LATTA. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

> Amendment offered by Mr. Latta to the amendment in the nature of a substitute offered by Mrs. Hansen of Washington: Page 19, strike out line 17 through line 7, page, page 20, and insert:
>
> "(f) no vote by any Member of any Committee or subcommittee with respect to any measure or matter may be cast by proxy."

Mr. LATTA. Mr. Chairman, this amendment, if adopted, would make the Hansen substitute conform with the Bolling resolution and also the Martin substitute insofar as proxy voting is concerned.

I think every Member of this House who has been here long enough to get to a committee session has seen proxy voting abused. I have many times. The Committee on Rules of the House does not have proxy voting. One is there or he does not vote. Many times Members vote proxies for other Members, and they do not know how those Members would have voted on an amendment or on a bill had they been present. I well realize that the Hansen substitute provides some new language in this area but continues proxy voting. I think if we want to do something meaningful in the name of reform, we should adopt this amendment. It does the House no credit to continue the present practice of proxy voting.

Proxy voting should come to an end. We have a chance to bring it to an end tonight by adopting my amendment.

Mr. SMITH of Iowa. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we examined this matter very carefully, and on the surface and at first blush it seems as if this amendment is good. One would say make everyone be there every day every minute. But let us just take a practical look at the way committees operate.

What could happen, for example, if no proxies are permitted? Sometime the minority of the committee—and it does not necessarily mean Republicans or Democrats, it can be those opposed to a certain bill, could adjourn the committee for a month. Or perhaps those who happen to want to report a bill out while others are resisting them could just wait until that 1 minute when a few of the others are gone and those who want the bill could report the bill out.

We have got to permit proxies for the purposes of voting for recesses and adjournments and procedures.

We have drafted in the Hansen committee proposal a very tight proxy amendment. It does not permit proxies for markups unless in writing and specific. It prohibits general proxies except for general purposes of recesses and adjournments and so forth. It is a very tight proxy amendment and I think the one in the bill is the only one we can operate under as a legislative body if we really want the subcommittees to function in this House.

I urge the Members to vote down the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. Latta) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. Hansen).

The vote was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. LATTA. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 196, noes 166, not voting 72, as follows:

[Roll No. 586]

AYES—196

Abdnor
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Archer
Arends
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bell
Bennett
Biester
Bolling
Bray
Brinkley
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burlison, Mo.
Butler
Camp
Carter
Cederberg
Chamberlain
Chappell
Chisholm
Clausen, Don H.
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Ga.
Davis, Wis.
Dellenback
Denholm
Derwinski
Devine
Dickinson
Downing
Drinan
Duncan
du Pont
Edwards, Ala.
Erlenborn
Esch
Eshleman
Fascell
Fish
Flynt
Forsythe
Fraser
Frenzel
Frey
Froehlich
Fuqua
Gilman
Ginn
Goldwater
Goodling
Gross
Grover
Gude
Gunter
Guyer
Hamilton
Hammerschmidt
Hanrahan
Harrington
Harsha
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Hillis
Hinshaw
Hogan
Holt
Horton
Huber
Hudnut
Hunt
Hutchinson
Jarman
Johnson, Pa.
Ketchum
Landgrebe
Latta
Lent
Long, Md.
Lott
McClory
McCloskey
McCollister
McDade
McEwen
McKinney
Madigan
Mahon
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mayne
Mazzoli
Milford
Miller
Mitchell, N.Y.
Moorhead, Calif.
Mosher
Myers
Nelsen
O'Brien
Owens
Parris
Pettis
Peyser
Pickle
Pike
Poage
Quie
Quillen
Railsback
Randall
Rees
Regula
Reid
Riegle
Rinaldo
Robinson, Va.
Roe
Roncallo, N.Y.
Rooney, Pa.
Roush
Rousselot
Roy
Ruppe
Ruth
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Shipley
Shoup
Shriver
Shuster
Skubitz
Slack
Smith, N.Y.
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Traxler
Treen
Vander Jagt
Vanik
Veysey
Walsh
Wampler
Ware
Whalen
Whitten
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wydler
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, Ill.
Zion

NOES—166

Abzug
Addabbo
Alexander
Andrews, N.C.
Annunzio
Ashley
Aspin
Badillo
Barrett
Bergland
Bevill
Biaggi
Bingham
Boggs
Boland
Bowen
Brademas
Breaux
Breckinridge
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burton, John
Burton, Phillip
Byron
Carney, Ohio
Casey, Tex.
Clay
Collins, Ill.
Conyers
Corman
Cotter
Daniels, Dominick V.
Danielson
Davis, S.C.
Delaney
Dellums
Dent
Diggs
Dingell
Donohue
Eckhardt
Edwards, Calif.
Evins, Tenn.
Fisher
Flood
Flowers
Foley
Ford
Fountain
Fulton
Gaydos
Gettys
Giaimo
Gibbons
Gonzalez
Green, Pa.
Griffiths
Haley
Hanley
Hansen, Wash.
Hays
Helstoski
Henderson
Hicks
Holifield
Holtzman
Howard
Hungate
Ichord
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Landrum
Leggett
Lehman
Litton
Long, La.
Luken
McCormack
McFall
McKay
McSpadden
Macdonald
Madden
Mathis, Ga.
Matsunaga
Meeds
Melcher
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nichols
Nix
Obey
O'Hara
O'Neill
Passman
Patten
Pepper
Perkins
Preyer
Price, Ill.
Price, Tex.
Rangel
Reuss
Roberts
Rodino
Rogers
Roncalio, Wyo.
Rose
Rosenthal
Rostenkowski
Roybal
St Germain
Sarbanes
Seiberling
Sikes
Sisk
Smith, Iowa
Staggers
Stanton, James V.
Stark
Steed
Stokes
Stratton
Studds
Sullivan
Symington
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan

Udall
Ullman
Van Deerlin
Vander Veen
Vigorito
Waggonner
Wilson, Charles H., Calif.
Wright
Yates
Yatron
Young, Ga.
Young, Tex.

NOT VOTING—72

Adams
Blackburn
Blatnik
Brasco
Broyhill, Va.
Burke, Fla.
Carey, N.Y.
Clancy
Clark
Clawson, Del
Crane
de la Garza
Dennis
Dorn
Dulski
Eilberg
Evans, Colo.
Findley
Frelinghuysen
Grasso
Gray
Green, Oreg.
Gubser
Hanna
Hansen, Idaho
Hawkins
Hébert
Hosmer
Johnson, Colo.
Karth
Kemp
King
Kuykendall
Lagomarsino
Lujan
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mizell
Moakley
Nedzi
Patman
Podell
Powell, Ohio
Pritchard
Rarick
Rhodes
Robison, N.Y.
Rooney, N.Y.
Runnels
Ryan
Schroeder
Sebelius
Snyder
Steele
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Waldie
White
Whitehurst
Widnall
Williams
Wolff
Wyatt
Young, S.C.
Zablocki
Zwach

So the amendment to the amendment in the nature of a substitute was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. DUNCAN TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. DUNCAN. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. DUNCAN to the amendment in the nature of a substitute offered by Mrs. HANSEN of Washington: Page 28, line 20, strike out "committee".

Page 28, line 21, insert "(1)" after "(n)".

Page 29, line 7, strike out "(1)" and insert "(A)".

Page 29, line 4, strike out "(2)" and insert "(B)".

Page 29, after line 21, insert the following new subparagraph:

"(2) No funds authorized for a committee shall be available for payment of any expenses, nor shall transportation be provided by the United States, in connection with travel outside the fifty States (including the District of Columbia) of the United States of—

"(A) any Delegate, Resident Commissioner, or Member of the House after he has been defeated as a candidate for nomination, or election, to a seat in the House in any primary or regular election until such time as he shall thereafter again become a Member; or

"(B) any Delegate, Resident Commissioner, or Member of the House after the adjournment sine die of the last session of a Congress if he is not a candidate for reelection in the next Congress.

The preceding sentence shall not apply with respect to any Delegate, Resident Commissioner, or Member where a concurrent resolution passed by Congress so exempts that individual, or with respect to utilization of Federal funds provided by law for round trip travel of such Delegate or Resident Commissioner between the District of Columbia and the District which he represents."

Mr. DUNCAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. HAYS. Mr. Chairman, I object. I want to hear it.

The CHAIRMAN. Objection is heard.

(The Clerk concluded reading of the amendment.)

POINT OF ORDER

Mr. HAYS. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. HAYS. Mr. Chairman, I make a point of order against the amendment. It changes the Constitution of the United States wherein it reduces the term of office of a Member and takes away some of his prerogatives and privileges that he has for a 2-year term equal to other Members, and it in effect makes a second-class citizen of a Member who may decide to retire.

To make a distinction about whether he can travel is another thing. If he is on the Committee on Foreign Affairs, he can travel anywhere in the United States, but he cannot travel outside of the United States.

If that is not a limitation on the constitutional term of office, then I do not know what it is.

The CHAIRMAN. Does the gentleman from Tennessee desire to be heard on the point of order?

Mr. DUNCAN. I do, Mr. Chairman.

Apparently the gentleman from Ohio has not read the amendment.

Section (B) provides that any Delegate, Resident Commissioner, or Member of the House cannot do so until after the adjournment sine die.

It does not affect him at all until after the Congress adjourns sine die.

If he has decided that he is not going to run, the constitutional provision certainly is on the most limited grounds that I have ever heard anyone in this House get up and talk about. If this is unconstitutional, then all sections in this whole resolution are unconstitutional.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. DUNCAN. Yes, I yield to the gentleman from Pennsylvania.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to be heard on the point of order?

Mr. DENT. Yes.

The CHAIRMAN. The Chair will be glad to hear the gentleman from Pennsylvania on the point of order.

Mr. DENT. The question that comes to my mind is this: If this does not take effect until after adjournment sine die, after the election, how would he be violating anything that is now the law of the land?

Mr. DUNCAN. This only involves foreign travel.

Mr. DENT. Yes, but if I am elected to Congress and my term does not expire until the swearing-in process of the next term, am I not allowed, as the Constitution says, all the emoluments and privileges of the office?

The CHAIRMAN. The Chair is ready to rule.

Mr. DENT. Mr. Chairman, let me make my statement, please.

The CHAIRMAN. The Chair will hear the gentleman from Pennsylvania on the point of order.

Mr. DENT. The point I make is that I am entitled to whatever emoluments the office calls for upon my election and whatever privileges are allowed to a Member whether or not he has been reelected or is already in office.

The CHAIRMAN. The Chair is ready to rule.

The Chair cannot pass upon constitutional questions. The Chair can only pass upon the germaneness of the amendment offered by the gentleman from Tennessee.

The Chair notes that the amendment is directed to the portion of the Hansen amendment relating to funds for committee travel and unlike the language in the prior amendment against which the point of order was sustained, does not appear to be broader in effect than the language in the Hansen amendment. The Chair holds the amendment germane and overrules the point of order.

The Chair now recognizes the gentleman from Tennessee (Mr. DUNCAN) for 5 minutes in support of his amendment.

Mr. DUNCAN. Mr. Chairman, I will abide by the 1-minute rule.

This amendment does not take effect until 1975, and I call for a vote on it.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as I have said many times, I have no great objection to a little pleasant demagoguery. If we took that all away, this could be a dull place indeed.

Let us understand what the gentleman is doing in effect. He says, of course, that his amendment does not take effect until 1975. Now, I am chairman of the U.S. delegation to the North Atlantic Assembly, and I am very delighted indeed that the gentleman from Illinois (LES ARENDS), is a member of that delegation. He was appointed before he announced his retirement. At least it was my understanding that he was on the slate.

Now, it just seems to me that we understand we can have a little pleasant demagoguery around here about travel—and this is obviously what this is, because it only mentions foreign travel, not domestic travel—but we might bar from a delegation of that kind a man who, as in the case of the gentleman from Illinois (LES ARENDS), has been a member and has a lot of valuable experience and can make a great contribution.

Mr. Chairman, I do not see why we would be so inclined as to create two classes of citizens around here: one class of those who are still in the running and still candidates or who have not been defeated, and another class consisting of Members who have decided voluntarily to retire.

Mr. Chairman, I do not think it would take very much intestinal fortitude to vote against this amendment, and I urge the House to defeat it.

Mr. BAKER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, in response to the remarks made by the gentleman from Ohio, I wish to point out the final paragraph in the amendment clarifies the situation. It reads as follows:

> The preceding sentence shall not apply with respect to any Delegate, Resident Commissioner, or Member where a concurrent resolution passed by Congress so exempts that individual, or with respect to utilization of Federal funds provided by law for round trip travel of such Delegate or Resident Commissioner between the District of Columbia and the District which he represents.

I will ask the gentleman, is that correct?

Mr. DUNCAN. The gentleman is absolutely correct.

Mr. WIGGINS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, earlier this evening I voted in support of an identical amendment. I did so without a full understanding of the amendment, and I publicly and for the record acknowledge that. It is a bad amendment.

I oppose this amendment, and I urge my colleagues to vote likewise.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am in the same situation as the gentleman from California (Mr. Wiggins). I am concerned about the wording of this amendment.

I would like to ask the gentleman from Tennessee (Mr. Duncan), for whom I have the highest regard, if his amendment would not prevent a former Member of Congress, either defeated or resigned, from receiving transportation from the United States or by the use of counterpart funds should he be appointed by the President as a delegate to an international conference.

As I read the language of the gentleman's amendment, no funds could be provided by a committee, nor could transportation be provided by the United States nor could the use of counterpart funds be provided until that Member was reelected again as a delegate or a Member of Congress.

Former Members of Congress are appointed by the President from time to time to represent the United States at various international conferences.

Mr. Chairman, I wonder if the gentleman does not agree that his amendment would prevent that.

Mr. DUNCAN. Mr. Chairman, if the gentleman will yield, if he is appointed under any other provision of law, he would absolutely be entitled to that.

Mr. FOLEY. Mr. Chairman, as I read the amendment, the gentleman's amendment says that until he is again reelected, there shall be no transportation provided by the United States outside the continental limits of the United States, and no counterpart funds provided to any former Member of Congress.

I do not believe the gentleman's amendment covers the situation I raise. I will be happy if the gentleman can point to the language in the amendment, if I have overlooked it.

Mr. DUNCAN. Mr. Chairman, if the gentleman will yield further, the last paragraph covers anything which the House of Representatives may do, as far as any other provision in the law is concerned. That was the point of order that was ruled on, and under any other provisions of the law he could do that.

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from California.

Mr. MOSS. Mr. Chairman, does the gentleman understand the amendment, as I do, in this respect: Should the House adjourn sine die at an earlier time, say the time provided for by law, and then was summoned back into an extraordinary session, what would be the rights of this Member who was defeated?

Mr. DUNCAN. Then it could be taken care of then.

Mr. MOSS. Supposing that the duties involved in the participation of an extraordinary session require him to perform duties for his committee outside the United States?

Mr. DUNCAN. Then again it could be taken care of as provided in the last paragraph of the amendment?

Mr. MOSS. By a concurrent resolution?

Mr. DUNCAN. Yes.

Mr. MOSS. I would suggest that that is rather a cumbersome procedure.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will only take but a minute to address myself to what I think is a much broader issue, and that is to consider the fact that we ought to put a positive image on the value of congressional foreign study. In considering that we should consider also the fact that there is not a greater legislative body in the world than the U.S. Congress. When any Congressman travels, regardless of his philosophy, regardless of his party, he is a legitimate representative of the Congress of the United States, and in effect is a spokesman for our country, in addition to being an asset to our foreign representatives abroad.

If there is any abuse that is something that the individual bears upon his conscience. But I do not think there is a more positive contribution that a Member of Congress could make than to properly represent our country abroad as a Member of the Congress.

I urge rejection of the amendment.

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to refer to the last portion of the amendment offered by the gentleman from Tennessee (Mr. Duncan) through which the gentleman seeks to overcome objections to his amendment by suggesting that by a concurrent resolution of the Congress, a Member who would otherwise be prohibited by this amendment from traveling could be permitted to travel.

However, let me point out that by putting in the language "concurrent resolution passed by Congress" the gentleman from Tennessee is effectively stating that this House should give up some of the rights of some of its Members, and then to get those rights back we have to ask permission of the Senate to get those rights back.

I would suggest, Mr. Chairman, that I have always felt this House was independent of the other body, and I would not like to see us pass an amendment to establish a rule that would require permission from the other body to get back a right that we have given up.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee (Mr. Duncan) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. Hansen).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. DUNCAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment to the amendment in the nature of a substitute was rejected.

AMENDMENT OFFERED BY MR. CLEVELAND TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MRS. HANSEN OF WASHINGTON

Mr. CLEVELAND. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

> Amendment offered by Mr. Cleveland to the amendment in the nature of a substitute offered by Mrs. Hansen of Washington: Page 15, add after line 2 the following:
>
> "(h)(1) Whenever in any Congress the majority party in the House and Senate is the same party as that to which the President belongs, there shall be established in the House a Select Committee on Investigations consisting of fifteen Members appointed by the Speaker and distributed between the majority and minority parties as provided in subparagraph (2).
>
> "(2)(A) The number of members of the select committee appointed from the minority party shall bear the same ratio to the number of members appointed from the majority party as the total number of the Members of the House who are from the majority party bears to the total number of the Members of the House who are from the minority party, rounded to the next higher whole number. The remaining members of the committee shall be appointed from the majority party.
>
> "(B) Any vacancy occurring in the membership of the select committee shall be filled in the manner in which the original appointment was made.
>
> "(3) It shall be the duty of the select committee to conduct studies and investigations of the administration and enforcement of Federal laws by the departments and agencies of the Federal Government, with particular reference to (A) whether such laws are being administered and enforced reasonably, effectively, and in a manner consistent with, and in furtherance of, the intent, purposes, and objectives for which such laws were enacted; (B) whether such departments and agencies are conducting their operations economically and efficiently; (C) whether each such department and agency is consulting with and seeking advice from all other significantly affected departments and agencies of the Federal Government in an effort to assure fully coordinated programs; and (D) whether the departments and agencies of the Federal Government are supplying full and accurate information to the Congress and the public in accordance with the requirements of law. The committee shall

not consider any subject matter under active investigation by any standing committee of the House or by any subcommittee thereof.

"(4) The select committee may from time to time submit to the House such reports as it deems advisable and prior to the close of the Congress for which it was appointed shall submit to the House its final report on the results of its study and investigation, together with such recommendations as it deems advisable. Any report submitted when the House is not in session may be filed with the Clerk of the House.

"(5) For the purpose of this clause the select committee, or any subcommittee thereof, is authorized to sit and act during the Congress for which it was appointed at such times and places within the United States, whether or not the House has recessed or adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, and to take such testimony, as the committee deems necessary. Subpoenas may be issued under the signature of the chairman of the committee or any properly designated chairman of a subcommittee, or any member designated by him and may be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

"(6) The majority of the members of the select committee shall constitute a quorum for the transaction of business, except that two or more shall constitute a quorum for the purpose of taking of evidence including sworn testimony.

"(7) There shall be paid to the select committee from the contingent fund of the House, upon passage of an expense resolution in the manner provided for standing committees under clause 5(a) of rule XI, such sums as may be necessary to carry out its functions. The minority party on the select committee shall be entitled, upon request of a majority of such minority, to one-third of the funds provided for the appointment of committee staff pursuant to such expense resolution."

Mr. CLEVELAND. Mr. Chairman, I certainly apologize to the Committee for bringing up this rather lengthy amendment at this late date, but we are faced with a rather peculiar parliamentary situation. I had this amendment drafted as an amendment to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN). I also had copies drafted to the basic resolution introduced by the gentleman from Missouri (Mr. BOLLING), as well as to Mr. MARTIN's substitute.

But I am apologetic for bringing this up because I did think perhaps it would be brought up at a timely hour.

Every Member has received a letter signed by the gentleman from Illinois (Mr. MICHEL) and by me. This letter was written in support of this amendment. Very basically, without referring to my prepared text, I will tell the Members exactly what this amendment does.

When one political party controls the White House, the House, and the Senate, then the minority party is given one investigatory committee.

Mr. Chairman, I hear derision and laughter from my right—and for the record, to my right are seated members of the Democratic Party. I can well understand their laughter. But I would like to remind them that this proposal was crafted and drafted by the gentleman from Illinois (Mr. MICHEL) and Gerry Ford and by a group of Republicans who became seriously interested in congressional reform during the early sixties and mid-sixties. We found precedent for this proposal. The precedent may be startling to those Members who have not bothered to read our worst seller on congressional reform, we propose but the precedent is to point and the precedent is this: When the Teapot Dome scandal broke loose in this country, at that time in history the Republican Party controlled the U.S. House of Representatives, they controlled the Senate, and at that time the President of the United States was a member of the Republican Party. But who was chosen to investigate the Teapot Dome scandal? It was Senator Walsh, a good, Democratic Senator from Montana.

Maybe I should stop right now. Probably I should. But that is the precedent for this proposal. There are others but that one is most graphic.

This proposal is that when we have the White House and the Senate and the House controlled by one party—and this did not happen during the sixties, and the gentleman on the other side of the aisle can be grateful for that—however under those circumstances when the House is controlled by one party and the Senate by the same party and the White House by the same party, the rules would then give to the minority party control of one investigatory committee. It would help keep the majority honest, it would give the minority a function, and it would give the people of the United States a break.

Here is a chance for the Members to vote for real congressional reform. I am sorry the gentleman from Illinois (Mr. MICHEL) is not here tonight to join with me in presenting this amendment.

Mr. HAYS. Where is he?

Mr. CLEVELAND. The gentleman from Ohio just asked me where the gentleman from Illinois (Mr. MICHEL) is. I can only say to the gentleman from Ohio: The gentleman from Illinois (Mr. MICHEL) has worse problems than the gentleman from Ohio has.

Mr. Chairman, my formal remarks in favor of my amendment follow:

This amendment is a limited, modest, and logical extension of the principles reflected in the congressional reform proposals before us. It embodies the elements of fairness and realism, and is rooted in historic experience in this century, ranging from the Teapot Dome scandal of one Republican administration to Watergate in another, but also including the Bobby Baker and Billie Sol Estes cases under Democratic control of the White House.

Briefly and simply, it says that any time both Houses of the Congress are under the control of Members from the small political party as the occupant of the White House, a Select House Committee on Investigations under minority party control shall be established. The major party in the House, as the minority on the committee, would be fairly represented and given adequate allowance for staff. Its role would be to exercise a potentially wide range of oversight responsibility, but not to include areas under active investigation by any other committee or subcommittee.

In principle, it reflects the obvious fact that no administration can be relied upon totally to investigate itself. Nor can a congressional majority be relied upon—totally and inevitably in every conceivable instance—to investigate an administration of the same party.

This measure has been discussed in a joint letter to colleagues from my friend from Illinois, BOB MICHEL, and myself. A statement explaining it was contained in the RECORD for September 30, and both the joint letter and the text of the amendment are in the RECORD for October 1.

It is wholly consistent with—and a logical extension of—the legislative oversight and minority staffing proposals of the Bolling-Martin reform package and the Hansen and Martin substitutes.

It is consistent in principle with the independent elections commission contained in the campaign reform bill just agreed to by conference committee, and the Senate Watergate Committee's recommendations for a permanent special prosecutor and strengthened congressional oversight over election practices.

It recognizes, moreover, that far more pervasive than criminal wrongdoing are the problems of bureaucratic remoteness, rigidity, arbitrariness and disregard for the intent of Congress. Most widespread cover-ups are likely to conceal blunders and waste, and poor performance of programs.

I referred to this in my chapter in "We Propose: A Modern Congress," published in 1966 by the House Republican Task Force on Congressional Reform and Minority Staffing, which I had the honor to chair:

> It would help insure against whitewashes of wrongdoing and gross errors on the part of government officials.

This chapter also recalled that a Democrat, Senator Thomas J. Walsh of Montana, was given charge of the Teapot Dome scandal:

> This is a dramatic example of a case in which Republicans gave to the Democrats control of an investigation into a major scandal involving high-ranking members of a Republican Administration.

In conclusion, this proposed amendment has worthy precedent in our own experience, and in British parliamentary practice as well. It is a merging of longstanding proposals by BOB MICHEL, who also dealt with in the "We Propose," and our former colleague from New Jersey, Florence Dwyer. A similar proposal was supported by President Ford during his service in the House.

If there is any reform whose time has come, this is it.

Mr. THOMPSON of New Jersey. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I simply have this to say, that for all the respect that I have for the absent Member who has problems, I am sure that his are greater than those of my chairman, the gentleman from Ohio (Mr. HAYS).

I have great respect and admiration for my colleague from New Hampshire. We do accept the apologies, both for the amendment and for the timing of it and ask that it be defeated.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman from Ohio.

Mr. HAYS. I do not know how many of the Members are students of history, but I guess Senator Walsh's name rings some kind of bell to the younger Members.

I think this is aimed at the Democratic Party. I do not think the gentleman ever figures the Republicans will control the House and the Senate and the Presidency all at the same time. If it ever happens that we do, and I think it is likely that we will, we would not want to wish on anybody in the other party the same thing that happened to poor Senator Walsh.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire (Mr. CLEVELAND) to the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. CLEVELAND. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 148, noes 218, not voting 68, as follows:

[Roll No. 587]

AYES—148

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Arends
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bell
Bennett
Biester
Bray
Breckinridge
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Butler
Camp
Carter
Cederberg
Chamberlain
Clausen, Don H.
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Cronin
Daniel, Robert W., Jr.
Davis, S.C.
Davis, Wis.
Derwinski
Devine
Dickinson
Duncan
Edwards, Ala.
Erlenborn
Esch
Eshleman
Fisher
Forsythe
Frenzel
Froehlich
Goodling
Gross
Grover
Gude
Guyer
Hammerschmidt
Hanrahan
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Hillis
Hinshaw
Hogan
Holt
Huber
Hudnut
Hunt
Hutchinson
Jarman
Johnson, Pa.
Jones, Okla.
Kemp
Ketchum
Landgrebe
Latta
Lent
Lott
McClory
McCollister
McDade
McEwen
Madigan
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mayne
Miller
Mitchell, N.Y.
Moorhead, Calif.
Mosher
Myers
Nelsen
O'Brien
Parris
Passman
Pettis
Price, Tex.
Quie
Quillen
Randall
Regula
Rinaldo
Roncalio, N.Y.
Rousselot
Roy
Ruppe
Ruth
Sandman
Sarasin
Scherle
Schneebeli
Sebelius
Shipley
Shoup
Shriver
Shuster
Skubitz
Smith, N.Y.
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Treen
Vander Jagt
Veysey
Walsh
Ware
Wiggins
Wilson, Bob
Winn
Wydler
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, Ill.
Zion

NOES—218

Abzug
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Aspin
Badillo
Bergland
Bevill
Biaggi
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Brinkley
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney, Ohio
Casey, Tex.
Chappell
Chisholm
Clark
Clay
Collins, Ill.
Conyers
Corman
Cotter
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Delaney
Dellenback
Dellums
Denholm
Dent
Diggs
Dingell
Donohue
Downing
Drinan
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Evins, Tenn.
Fascell
Fish
Flood
Flynt
Foley
Ford
Fountain
Fraser
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Green, Pa.
Griffiths
Gunter
Haley
Hamilton
Hanley
Hansen, Wash.
Harrington
Harsha
Hays
Helstoski
Henderson
Hicks
Holifield
Holtzman
Horton
Howard
Hungate
Ichord
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Landrum
Leggett
Lehman
Litton
Long, La.
Long, Md.
Luken
McCloskey
McCormack
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Mahon
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nichols
Nix
Obey
O'Hara
O'Neill
Owens
Patten
Pepper
Perkins
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Rangel
Rees
Reid
Reuss
Riegle
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ryan
St Germain
Sarbanes
Satterfield
Seiberling
Sikes
Sisk
Slack
Smith, Iowa
Staggers
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Whalen
Whitten
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.

NOT VOTING—68

Adams
Barrett
Blackburn
Blatnik
Brasco
Broyhill, Va.
Burke, Fla.
Carey, N.Y.
Clancy
Clawson, Del
Crane
de la Garza
Dennis
Dorn
Dulski
Evans, Colo.
Findley
Flowers
Frelinghuysen
Frey
Grasso
Gray
Green, Oreg.
Gubser
Hanna
Hansen, Idaho
Hawkins
Hébert
Hosmer
Johnson, Colo.
King
Kuykendall
Lagomarsino
Lujan
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mizell
Nedzi
Patman
Podell
Powell, Ohio
Pritchard
Railsback
Rarick
Rhodes
Robison, N.Y.
Rooney, N.Y.
Runnels
Schroeder
Snyder
Steele
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Waldie
White
Whitehurst
Widnall
Williams
Wyatt
Young, S.C.
Zablocki
Zwach

So the amendment to the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mrs. SCHROEDER. Mr. Chairman, contrary to some scientific analyses, the instinct for the territorial imperative does not seem to be a drive that is ingrained firmly at birth, but rather one which becomes stronger and stronger with advancing age.

I guess I have not been in Congress long enough for my own territorial instincts to become firmly entrenched. Upon entering Congress 2 years ago I did choose one area in which I wanted to develop an expertise that, joined with others of like mind, could lead to a responsible effort to reform our defense budgetary procedures and arrest the wasteful military projects which have for so long been robbing vital social programs. I have spent 2 years working hard at this often frustrating task, and would indeed hate to lose the time and effort I have devoted to it. However, I cannot let this self-interest stand in the way of committee reforms that almost everyone agrees are necessary to enable Congress to deal effectively with present day realities.

The past two decades have brought changes in priorities and issues which demand a realinement of the committee system. The illogical fracturing of substantive areas among numerous and unrelated committees and subcommittees has resulted in gross inefficiency, and is a boon to the well-heeled special interests who can afford to hire enormous staffs to cover every subcommittee which might conceivably affect their interests. Public interest lobby groups, whose resources are fractional in comparison, are forced to spread their resources so thin they often miss major legislative boondoggles slipped through by special interests.

Unfortunately, the real opposition to the reforms of the Bolling committee comes not because of disagreement with the need for reform, or even the designation of priority substantive areas which have emerged from the careful Bolling committee study. The opposition comes from entrenched powers—committee chairpersons, senior members, and lobbyists—who see their territory being threatened. An honest appraisal would force them to admit that the tremendous changes in our social institutions and problems occurring since the Legislative Reorganization Act of 1946 demand a streamlining of congressional procedures.

I am shaken and appalled that some opponents of committee reform have resorted to thinly veiled threats to more junior House Members in an attempt to scuttle the bill before us. Not so subtle hints to junior Members that a vote for reform will put them on the priority list of Members who will have to lose seats on preferred committees in the reshuffling necessitated by the Bolling reforms have not been uncommon. I plead with my colleagues, both junior and senior, to put aside their personal interest and act in a fashion that is truly in the best interest of the Nation. We must reform the committee system as a first step in regaining the confidence of the American people.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentlewoman from Washington (Mrs. HANSEN).

The question was taken.

RECORDED VOTE

Mr. BOLLING. Mr. Chairman, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 203, noes 165, not voting 66, as follows:

[Roll No. 588]

AYES—203

Addabbo
Alexander
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Archer
Baker
Beard
Bennett
Bevill
Biaggi
Boggs
Bowen
Brademas
Bray
Brinkley
Brooks
Brotzman
Broyhill, N.C.
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burton, John
Burton, Phillip
Byron
Camp
Carney, Ohio
Casey, Tex.
Chamberlain
Chappell
Clark
Clausen, Don H.
Clay
Collier
Collins, Ill.
Collins, Tex.
Conyers
Corman
Cotter
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Delaney
Dellums
Denholm
Dent
Derwinski
Devine
Diggs
Dingell
Donohue
Downing
Duncan
Eckhardt
Eilberg
Evins, Tenn.
Fisher
Flood
Flowers
Flynt
Foley
Ford
Fountain
Frey
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gray
Green, Pa.
Griffiths
Grover
Gude
Guyer
Haley
Hanley
Hansen, Wash.
Hays
Henderson
Hicks
Hogan
Holifield
Horton
Hudnut
Hungate
Hunt
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kazen
Kemp
Kluczynski
Koch
Kyros
Landrum
Latta
Leggett
Lehman
Lent
Long, Md.
Lott
Luken
McCollister
McEwen
McFall
McKay
McSpadden
Macdonald
Madden
Mathis, Ga.
Matsunaga
Melcher
Metcalfe
Milford
Mink
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nichols
Nix
O'Hara
O'Neill
Passman
Pepper
Perkins
Pettis
Peyser
Poage
Price, Ill.
Price, Tex.
Rangel
Rees
Reid
Roberts
Rodino
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Rousselot
Ruth
St Germain
Sandman
Satterfield
Scherle
Schneebeli
Seiberling
Shipley
Shoup
Sikes
Sisk
Slack
Smith, Iowa
Spence
Staggers
Steed
Steiger, Ariz.
Stokes
Stratton
Sullivan
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Traxler
Treen
Ullman
Vanik
Vigorito
Waggonner
Walsh
Wampler
Ware
Whitten
Wilson, Charles H., Calif.
Wright
Yatron
Young, Tex.

NOES—165

Abdnor
Abzug
Anderson, Ill.
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Bauman
Bell
Bergland
Biester
Bingham
Boland
Bolling
Breaux
Breckinridge
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burlison, Mo.
Butler
Carter
Cederberg
Chisholm
Cleveland
Cochran
Cohen
Conable
Conlan
Conte
Coughlin
Cronin
Culver
Davis, Ga.
Davis, Wis.
Dellenback
Dickinson
Drinan
du Pont
Edwards, Ala.
Edwards, Calif.
Erlenborn
Esch
Eshleman
Fascell
Fish
Forsythe
Fraser
Frenzel
Froehlich
Gross
Gunter
Hamilton
Hammerschmidt
Hanrahan
Harrington
Harsha
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hillis
Hinshaw
Holt
Holtzman
Howard
Huber
Hutchinson
Jones, Ala.
Kastenmeier
Ketchum
Landgrebe
Litton
Long, La.
McClory
McCloskey
McCormack
McDade
McKinney
Madigan
Mahon
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mayne
Mazzoli
Meeds
Mezvinsky
Miller
Minish
Mitchell, Md.
Mitchell, N.Y.
Moorhead, Calif.
Morgan
Mosher
Nelsen
Obey
O'Brien
Owens
Parris
Patten
Pickle
Pike
Preyer
Quie
Quillen
Railsback
Randall
Regula
Reuss
Riegle
Rinaldo
Roe
Roncallo, N.Y.
Roush
Roy
Roybal
Ruppe
Ryan
Sarasin
Sarbanes
Sebelius
Shriver
Shuster
Skubitz
Smith, N.Y.
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Wis.
Stephens
Studds
Symington
Talcott
Thomson, Wis.
Thone
Udall
Van Deerlin
Vander Jagt
Vander Veen
Veysey
Whalen
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wydler
Wylie
Wyman
Yates
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Zion

NOT VOTING—66

Adams
Andrews, N.C.
Barrett
Blackburn
Blatnik
Brasco
Broyhill, Va.
Burke, Fla.
Carey, N.Y.
Clancy
Clawson, Del
Crane
de la Garza
Dennis
Dorn
Dulski
Evans, Colo.
Findley
Frelinghuysen
Grasso
Green, Oreg.
Gubser
Hanna
Hansen, Idaho
Hawkins
Hébert
Hosmer
Johnson, Colo.
King
Kuykendall
Lagomarsino
Lujan
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mizell
Nedzi
Patman
Podell
Powell, Ohio
Pritchard
Rarick
Rhodes
Robinson, Va.
Robison, N.Y.
Rooney, N.Y.
Runnels
Schroeder
Snyder
Steele
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Waldie
White
Whitehurst
Widnall
Williams
Wyatt
Young, S.C.
Zablocki
Zwach

So the amendment in the nature of a substitute, as amended, was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the resolution (H. Res. 988) to reform the structure, jurisdiction, and procedures of the committees of the House of Representatives by amending rules X and XI of the Rules of the House of Representatives, pursuant to House Resolution 1395, he reported the resolution back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

PARLIAMENTARY INQUIRY

Mr. PHILLIP BURTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PHILLIP BURTON. Mr. Speaker, would it be appropriate at this time to recognize the great work of the gentlewoman from Washington State who has worked so long and contributed so much as a Member to this Congress? I think it would be.

The SPEAKER. Will the gentleman withhold that until we can put the question?

Is a separate vote demanded on any amendment to the amendment in the nature of a substitute adopted in the Committee of the Whole?

If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the resolution.

RECORDED VOTE

Mr. BOLLING. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 359, noes 7, not voting 68, as follows:

[Roll No. 589]

AYES—359

Abdnor
Abzug
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Dellums
Denholm
Dent
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fascell
Fish
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez

Goodling
Gray
Green, Pa.
Griffiths
Grover
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Wash.
Harsha
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kyros
Landgrebe
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Maraziti
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Passman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Preyer
Price, Ill.
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
Whalen
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zion

NOES—7

Burleson, Tex.
Fisher
Gross
Kastenmeier
Martin, Nebr.
Poage
Sisk

NOT VOTING—68

Adams
Barrett
Blackburn
Blatnik
Brasco
Broyhill, Va.
Burke, Fla.
Carey, N.Y.
Clancy
Clawson, Del
Collier
Crane
de la Garza
Dennis
Dorn
Dulski
Evans, Colo.
Findley
Frelinghuysen
Grasso
Green, Oreg.
Gubser
Hanna
Hansen, Idaho
Harrington
Hawkins
Hébert
Hosmer
Johnson, Colo.
King
Kuykendall
Lagomarsino
Lujan
Mann
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mizell
Nedzi
Patman
Podell
Powell, Ohio
Pritchard
Rarick
Rhodes
Robison, N.Y.
Rooney, N.Y.
Runnels
Ruppe
Schroeder
Snyder
Steele
Stubblefield
Stuckey
Symms
Teague
Tiernan
Towell, Nev.
Waldie
White
Whitehurst
Widnall
Williams
Wyatt
Young, S.C.
Zablocki
Zwach

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Dorn.
Mr. Zablocki with Mr. Tiernan.
Mr. Rhodes with Mr. Dulski.
Mr. Barrett with Mrs. Grasso.
Mr. Carey of New York with Mr. Hanna.
Mr. Rooney of New York with Mrs. Green of Oregon.
Mr. de la Garza with Mr. Rarick.
Mr. Runnels with Mr. Blatnik.
Mr. Nedzi with Mr. Blackburn.
Mr. Hawkins with Mr. Collier.
Mr. Adams with Mr. Burke of Florida.
Mr. Evans of Colorado with Mr. Crane.
Mr. Stuckey with Mr. Clancy.
Mr. Teague with Mr. Findley.
Mr. Mann with Mr. Del Clawson.
Mrs. Schroeder with Mr. Frelinghuysen.
Mr. Waldie with Mr. Gubser.
Mr. Mills with Mr. Hansen of Idaho.
Mr. Patman with Mr. Hosmer.
Mr. Stubblefield with Mr. Lagomarsino.
Mr. White with Mr. Mathias of California.
Mr. Broyhill of Virginia with Mr. Minshall of Ohio.
Mr. Dennis with Mr. Mizell.
Mr. King with Mr. Powell of Ohio.
Mr. Kuykendall with Mr. Robison of New York.
Mr. Michel with Mr. Steele.
Mr. Widnall with Mr. Williams.
Mr. Pritchard with Mr. Wyatt.
Mr. Towell of Nevada with Mr. Zwach.
Mr. Symms with Mr. Ruppe.
Mr. Whitehurst with Mr. Snyder.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 3007, APPROPRIATIONS FOR INDIAN CLAIMS COMMISSION FOR FISCAL YEAR 1975

Mr. MEEDS submitted the following conference report and statement on the Senate bill (S. 3007) to authorize appropriations for the Indian Claims Commission for fiscal year 1975:

CONFERENCE REPORT (H. REPT. No. 93-1446)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3007) to authorize appropriations for the Indian Claims Commission for fiscal year 1975, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the bill as passed by the Senate and agree to the same.

And the Senate agree to the same.

LLOYD MEEDS,
ROY A. TAYLOR,
ROBERT G. STEPHENS, Jr.,
RALPH REGULA,
Managers on the Part of the House.

HENRY M. JACKSON,
LEE METCALF,
JAMES ABOUREZK,
DEWEY F. BARTLETT,
JAMES A. MCCLURE,
Managers on the Part of the Senate.

JOINT STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing vote of the two Houses on the amendment of the House to the bill (S. 3007) to authorize appropriations for the Indian Claims Commission for fiscal year 1975, submit the following joint statement to the House and Senate in explanation of the action agreed upon by the managers and recommended in the accompanying conference report.

Pursuant to a 1972 amendment of the Indian Claims Commission Act of August 13, 1946, requiring annual enactment of legislation authorizing appropriations for the expenses of the Commission, legislation was introduced as S. 3007 and H.R. 12356.

In passing S. 3007, the Senate added a new section 2 which amended the Indian Claims Commission Act by providing that expenditures by the United States of funds for food, rations, or provisions could not be offset by the United States against any award of the Commission to an Indian tribe or other claimant. While couched in general terms, the amendment would have had or will have only a minimal effect on all claims decided or before the Commission except the claim of the Teton Sioux Nation in Indian Claims Commission Docket No. 74-B.

The House passed S. 3007 with an amendment substituting the language of the House bill, the effect of which was to strike section 2 amending the Indian Claims Commission Act. The Senate disagreed to the House amendment and requested a conference.

The Committee of Conference met on July 25, 1974. The only point in disagreement was the House amendment striking section 2 of the Senate bill.

While the House conferees recognized the possible merit of the proposed Senate modification of the Indian Claims Commission Act, they refused to accept the Senate language on the basis that (1) there had been no hearings or record established in the House on the proposal; (2) the House Committee on Interior and Insular Affairs had not had an opportunity to consider the vote upon such a proposal; and (3) it would be inappropriate for the House conferees to recommend to the House the acceptance of such a proposal without such a record inasmuch as the cost of such amendment to the Indian Claims Commission Act could approach $100 million.

The Conferees agreed to recess the conference pending introduction of separate House legislation containing the language of section 2 of S. 3007. It was understood that this legislation would be the subject of hearings by the House Subcommittee on Indian Affairs and would then be considered by both the Subcommittee and the Full Committee on Interior and Insular Affairs. It was further understood that the House conferees on S. 3007 would be guided by the action and vote of the House Committee on Interior and Insular Affairs on the Separate House legislation.

Pursuant to such understanding, the proposal was introduced in the House as H.R. 16170. Hearings were held on H.R. 16170 by the Subcommittee on Indian Affairs of the House Committee on Interior and Insular Affairs at which time both Administration and public testimony was taken. After markup, the bill was reported by the Subcommittee to the Full Committee favorably without amendment.

The Committee on Interior and Insular Affairs, after thorough debate and discussion on September 25 and October 3, 1974, voted to report the bill favorably without amendment by a rollcall vote of 31 ayes and 3 nays. Pursuant to the understanding of the conferees on S. 3007 and by unanimous consent, the Committee agreed to table the bill, H.R. 16170 without further action.

Thereupon, the House conferees returned to the conference with the Senate on October 7, 1974, and moved to recede from their amendment to S. 3007 and concur in the language of the Senate, the result of which is the accompanying report.

Lloyd Meed,
Roy A. Taylor,
Robert G. Stephens, Jr.,
Ralph Regula,
Managers on the Part of the House.

Henry M. Jackson,
Lee Metcalf,
James Abourezk,
Dewey Bartlett,
James A. McClure,
Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 3473, APPROPRIATIONS FOR DEPARTMENT OF STATE AND U.S. INFORMATION AGENCY

Mr. HAYS submitted the following conference report and statement on the Senate bill (S. 3473) to authorize appropriations for the Department of State and U.S. Information Agency, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 93-1447)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3473) to authorize appropriations for the Department of State and the United States Information Agency, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "State Department—USIA Authorization Act, Fiscal Year 1975".

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 2. (a) There are authorized to be appropriated for the Department of State for fiscal year 1975, to carry out the authorities, functions, duties, and responsibilities in the conduct of the foreign affairs of the United States, including trade negotiations, and other purposes authorized by law, the following amounts:

(1) for the "Administration of Foreign Affairs", $370,045,000;

(2) for "International Organizations and Conferences", $229,604,000;

(3) for "International Commissions", $17,832,000;

(4) for "Educational Exchange", $75,000,000; and

(5) for "Migration and Refugee Assistance", $9,420,000.

(b) There are authorized to be appropriated for the United States Information Agency for fiscal year 1975, to carry out international informational activities and programs under the United States Information and Educational Exchange Act of 1948, the Mutual Education and Cultural Exchange Act of 1941, and Reorganization Plan Numbered 8 of 1953, and other purposes authorized by law, the following amounts:

(1) for "Salaries and Expenses" and "Salaries and Expenses (special foreign currency program)", $228,368,000, except that so much of such amount as may be appropriated for "Salaries and Expenses (special foreign currency program)" may be appropriated without fiscal year limitation;

(2) for "Special International Exhibitions", $6,770,000; and

(3) for "Acquisition and Construction of Radio Facilities", $4,400,000.

(c) In addition to amounts otherwise authorized, there are authorized to be appropriated to the Secretary of State for the fiscal year 1975 not to exceed $40,000,000 to carry out the provisions of section 101(b) of the Foreign Relations Authorization Act of 1972, relating to Soviet refugee assistance.

(d) In addition to amounts authorized in subsections (a) and (b) of this section, there are authorized to be appropriated for fiscal year 1975 for the Department of State and for the United States Information Agency such additional amounts as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law which arise subsequent to the date of enactment of this Act.

(e) Amounts appropriated under subsection (a) and clauses (2) and (3) of subsection (b) of this section are authorized to remain available until expended.

REPEAL OF THE FORMOSA RESOLUTION

SEC. 3. The joint resolution entitled "Joint resolution authorizing the President to employ the Armed Forces of the United States for protecting the security of Formosa, the Pescadores and related possessions and territories of that area", approved January 29, 1955 (69 Stat. 7; Public Law 84-4), and known as the Formosa Resolution, is repealed.

PUBLICATION OF POLITICAL CONTRIBUTIONS OF CERTAIN NOMINEES

SEC. 4. (a) Section 6 of the Department of State Appropriations Authorization Act of 1973 is amended by inserting after the first sentence the following new sentence: "The Chairman of the Committee on Foreign Relations of the Senate shall have printed in the Congressional Record each such report."

(b) The amendment made by subsection (a) of this section shall only apply with respect to reports filed on and after the date of enactment of this Act.

PROHIBITION ON USE OF FUNDS

SEC. 5. No part of any funds appropriated under this Act shall be used to make any payment to the Foreign Service Retirement and Disability Fund to meet any unfunded liability of such fund created by the inclusion of officers and employees of the Agency for International Development in the Foreign Service Retirement and Disability System.

PRIOR AUTHORIZATION BY CONGRESS

SEC. 6. Section 701 of the United States Information and Educational Exchange Act of 1948 is amended by adding at the end thereof the following new subsection:

"(e) The provisions of this section shall not apply to, or affect in any manner, permanent appropriations, trust funds, and other similar accounts administered by the United States Information Agency as authorized by law."

ANNUAL UNITED STATES INFORMATION AGENCY REPORTS TO CONGRESS

SEC. 7. Section 1008 of the United States Information and Educational Exchange Act of 1948 is amended to read as follows:

"SEC. 1008. The Secretary shall submit to the Congress annual reports of expenditures made and activities carried on under authority of this Act, including appraisals and measurements, where feasible, as to the effectiveness of the several programs in each country where conducted."

LIMITATION ON PAYMENTS

SEC. 8. There are authorized to be appropriated funds for payment prior to January 1, 1975, of United States expenses of membership in the United Nations Educational, Scientific, and Cultural Organization, the International Civil Aviation Organization, and the World Health Organization notwithstanding that such payments are in excess of 25 percent of the total annual assessment of such organizations.

ASSIGNMENT OF FOREIGN SERVICE OFFICERS TO PUBLIC ORGANIZATIONS

SEC. 9. (a) Part H of title V of the Foreign Service Act of 1946 is amended by adding after section 575 thereof the following new section:

"ASSIGNMENTS TO PUBLIC ORGANIZATIONS

"SEC. 576. (a) Not less than fifty Foreign Service officers shall, between their eighth and fifteenth years of service as such officers, be assigned in the continental United States during each fiscal year for significant duty with State or local governments, public schools, community colleges, or other public organizations designated by the Secretary. Such assignment shall be for twelve consecutive months. Each such Foreign Service officer shall be entitled to state a preference with respect to the type of public organization to which he would like to be assigned but may not state a preference with respect to the geographical location to which he would like to be assigned.

"(b) A Foreign Service officer on assignment under this section shall be deemed to be on detail to a regular work assignment in the Service, and the officer remains an employee of the Department while so assigned. However, any period of time an officer is assigned under this section shall not be included as part of any period that the officer has remained in a class for purposes of determining whether he is to be selected out under section 633 of this Act, or regulations promulgated pursuant thereto. The salary of the officer shall be paid from appropriations made available for the payment of salaries of officers and employees of the Service.

"(c) Any period of time that a Foreign Service officer serves on an assignment under this section shall also be considered as a period of time that the officer was assigned for duty in the continental United States for purposes of section 572 of this Act.

"(d) For the purpose of this section—

"(1) 'State' means—

"(A) a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and a territory or possession of the United States; and

"(B) an instrumentality or authority of a State or States as defined in subparagraph (A) of this paragraph (1) and a Federal-State authority or instrumentality; and

"(2) 'local government' means—

"(A) any political subdivision, instrumentality, or authority of a State or States as defined in subparagraph (A) of paragraph (1); and

"(B) any general or special purpose agency of such a political subdivison, instrumentality, or authority."

(b) The amendment made by subsection (a) of this section shall apply only to a Foreign Service officer who completes his eighth year of service as such an officer on or after the date of enactment of this Act.

DEATH GRATUITIES FOR CERTAIN FOREIGN SERVICE PERSONNEL

SEC. 10. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956 is amended by inserting immediately before section 15 the following new section:

"SEC. 14. (a) Subject to the provisions of this section and under such regulations as the Secretary of State may prescribe, the Secretary is authorized to provide for payment of a gratuity to the surviving dependents of any Foreign Service employee who dies as a result of injuries sustained in the performance of duty outside the United States in an amount equal to one year's salary at the time of death. Appropriations for this purpose are authorized to be made to the account for salaries and expenses of the employing agency. Any death gratuity payment made under this section shall be held to have been a gift and shall be in addition to any other benefit payable from any source.

"(b) A death gratuity payment shall be made under this section only if the survivor entitled to payment under subsection (c) is entitled to elect monthly compensation under section 8133 of title 5, United States Code, because the death resulted from an injury (excluding a disease proximately caused by the employment) sustained in the performance of duty, without regard to whether such survivor elects to waive compensation under such section 8133.

"(c) A death gratuity payment under this section shall be made as follows:

"(1) First, to the widow or widower.

"(2) Second, to the child, or children in equal shares, if there is no widow or widower.

"(3) Third, to the dependent parent, or dependent parents in equal shares, if there is no widow, widower, or child.

If there is no survivor entitled to payment under this subsection, no payment shall be made.

"(d) As used in this section—

"(1) the term 'Foreign Service employee' means a chief of mission, Foreign Service officer, Foreign Service information officer, Foreign Service Reserve officer of limited or unlimited tenure, or a Foreign Service staff officer or employee;

"(2) each of the terms 'widow', and 'widower', 'child', and 'parent' shall have the same meaning given each such term by section 8101 of title 5, United States Code; and

"(3) the term 'United States' means the several States and the District of Columbia.

"(e) The provisions of this section shall apply with respect to deaths occurring on and after January 1, 1973."

PRIOR AUTHORIZATION REQUIRED

SEC. 11. Subsection (a) of section 15 of the Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, is amended to read as follows:

"(a)(1) Notwithstanding any provision of law enacted before the date of enactment of the State Department-USIA Authorization Act, Fiscal Year 1975, no money appropriated to the Department of State under any law shall be available for obligation or expenditure with respect to any fiscal year commencing on or after July 1, 1972—

"(A) unless the appropriation thereof has been authorized by law enacted on or after February 7, 1972; or

"(B) in excess of an amount prescribed by law enacted on or after such date.

"(2) To the extent that legislation enacted after the making of an appropriation to the Department of State authorizes the obligation or expenditure thereof, the limitation contained in paragraph (1) shall have no effect.

"(3) The provisions of this section—

"(A) shall not be superseded except by a provision of law enacted after February 7, 1972, which specifically repeals, modifies, or supersedes the provisions of this section; and

"(B) shall not apply to, or affect in any manner, permanent appropriations, trust funds, and other similar accounts administered by the Department as authorized by law."

AUTHORITY AND RESPONSIBILITY OF AMBASSADORS

SEC. 12. The Act entitled "An Act to provide certain basic authority for the Department of State", approved August 1, 1956, as amended, is further amended by adding at the end thereof the following new section:

"SEC. 16. Under the direction of the President—

"(1) the United States Ambassador to a foreign country shall have full responsibility for the direction, coordination, and supervision of all United States Government officers and employees in that country, except for personnel under the command of a United States area military commander;

"(2) the Ambassador shall keep himself fully and currently informed with respect to all activities and operations of the United States Government within that country, and shall insure that all Government officers and employees in that country, except for personnel under the command of a United States area military commander, comply fully with his directives; and

"(3) any department or agency having officers or employees in a country shall keep the United States Ambassador to that country fully and currently informed with respect to all activities and operations of its officers and employees in that country, and shall insure that all of its officers and employees, except for personnel under the command of a United States area military commander, comply fully with all applicable directives of the Ambassador."

TRAVEL EXPENSES OF STUDENT-DEPENDENTS OF STATE DEPARTMENT AND USIA EMPLOYEES

SEC. 13. The first sentence of section 5924(4)(B) of title 5, United States Code, is amended by striking out "one trip each way for each dependent" and inserting in lieu thereof, the following: "one annual trip each way for each dependent of an employee of the Department of State or the United States Information Agency, or one trip each way for each dependent of any other employee,".

INTERNATIONAL MATERIALS

SEC. 14. It is the sense of the Congress that the Secretary of State should, and he is authorized to, establish within the Department of State a bureau which shall be responsible for continuously reviewing (1) the supply, demand, and price, throughout the world, of basic raw and processed materials (including agricultural commodities), and (2) the effect of United States Government programs and policies (including tax policy) in creating or alleviating, or assisting in creating or alleviating, shortages of such materials. In conducting such review, the bureau should obtain information with respect to—

(A) the supply, demand, and price of each such material in each major importing, exporting, and producing country and region of the world in order to understand long-term and short-term trends in the supply, demand, and price of such materials;

(B) projected imports and exports of such materials on a country-by-country basis;

(C) unusual patterns or changes in connection with the purchase or sale of such materials;

(D) a list of such materials in short supply and an estimate of the amount of shortage;

(E) international geological, geophysical, and political conditions which may affect the supply of such materials; and

(F) other matters that the Secretary considers appropriate in carrying out this section.

FUTURE OF UNITED STATES ASSISTANCE TO SOUTH VIETNAM; REDUCTION OF CERTAIN PERSONNEL ABROAD

SEC. 15. (a) It is the sense of the Congress that—

(1) the Secretary of State should prepare a detailed plan for future United States economic and military assistance to the Government of South Vietnam, including a specific timetable for the phased reduction of such assistance to the point when the United States will cease to be the principal source of funds and material for South Vietnam's self-defense and economic viability;

(2) the total number of personnel of the executive branch of the United States Government (other than personnel of the Department of State, the United States Information Agency, the Central Intelligence Agency, and the Department of Defense, and volunteers carrying out the Peace Corps Act) who were present in foreign countries on January 1, 1974, and who were citizens or nationals of the United States, should be substantially reduced; and

(3) the total number of personnel of the Department of Defense assigned or detailed to military attache activities or to military assistance advisory groups or military aid missions, who were present in foreign countries on January 1, 1974, and who were citizens or nationals of the United States, should be substantially reduced.

(b) Not later less than six months after the date of enactment of this Act the Secretary shall report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the steps he has taken to carry out the provisions of this section.

And the House agree to the same.

WAYNE L. HAYS,
THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
PETER H. B. FRELINGHUYSEN,
VERNON W. THOMSON,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
MIKE MANSFIELD,
GEORGE AIKEN,
CLIFFORD P. CASE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing of the two Houses on the amendment of the House to the bill (S. 3473) to authorize appropriations for the Department of State and the United States Information Agency, and for other purposes, submit the following joint statement to the House and Senate in explanation to the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text, and the Senate disagreed to the House amendment.

The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment.

The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by reason of agreements reached by the conferees and minor drafting and clarifying changes.

AUTHORIZATION OF APPROPRIATIONS

The following table shows, in thousands of dollars, the provisions of the Senate bill, the House amendment, and the conference substitute, with respect to the authorization of appropriations:

	Senate bill	House amendment	Conference substitute
DEPARTMENT OF STATE			
1. Administration of foreign affairs	$370, 045	$360, 785	$70, 045
2. International organizations and conferences	229, 604	229, 604	229, 604
3. International commissions	17, 832	17, 832	17, 832
4. Educational exchange	65, 014	75, 000	75, 000
5. Migration and refugee assistance	9, 420	9, 470	9, 420
6. Salary benefits	(1)	11, 500	(1)
7. Soviet refugee assistance	50, 000	40, 000	40, 000
Total, Department of State	741, 915	744, 191	741, 901

	Senate bill	House amendment	Conference substitute
USIA			
1. Salaries and expenses	$226,839	$228,368	$228,368
2. Special international exhibitions	6,770	6,770	6,770
3. Radio facilities	4,400	4,400	4,400
4. Salary benefits	(1)	4,200	(1)
Total, USIA	238,009	243,738	239,538
Grand total	979,924	987,929	981,439

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[1] Open-ended authorization.

SHORT TITLE

Senate bill

The Senate bill provided that this legislation be cited as the "State Department/USIA Authorization Act, Fiscal Year 1975."

House amendment

The House amendment provided that this legislation be cited as the "Department of State and United States Information Agency Appropriations Authorization Act of 1974."

Conference substitute

The conference substitute is the same as the Senate provision.

TRANSFER OF FUNDS

Senate bill

The Senate bill provided that among the line items for the Department of State and the line items for USIA transfers of funds among the line items for USIA transfers of funds would be authorized so long as no item was increased or decreased by more than 5 percent.

Conference substitute

No provision.

Conference substitute

The conference substitute omits the Senate provision.

REPEAL OF THE FORMOSA RESOLUTION

Senate bill

The Senate bill contained a provision repealing the "Joint resolution authorizing the President to employ Armed Forces of the United States for protecting the security of Formosa, the Pescadores and related possessions and territories in that area", approved January 29, 1955. It is popularly referred to as the Formosa Resolution.

House amendment

No provision.

Conference substitute

The conference substitute is the same as the Senate bill.

PUBLICATION OF POLITICAL CONTRIBUTIONS OF CERTAIN NOMINEES

Senate bill

The Senate bill contained a provision to require the Chairman of the Senate Committee on Foreign Relations to have printed in the Congressional Record reports on political contributions of nominees for ambassadorial appointments.

House amendment

The House amendment did not contain a comparable provision.

Conference substitute

The conference substitute is the same as the Senate provision.

PROHIBITION ON USE OF FUNDS

Senate bill

No provision.

House amendment

The House amendment prohibits the use of State Department funds for payments to the Foreign Service Retirement and Disability Fund to meet the unfunded liability resulting from the inclusion of officers and employees of A.I.D. in that retirement system. The conferees intend that such payments be funded from A.I.D. appropriations.

USIA UTILIZATION OF CERTAIN FUNDS

House amendment

The House amendment contained a provision authorizing USIA to use any funds which may accrue to it under certain limited circumstances without further authorization. An example would be reparations paid by a foreign government for damage to USIA property.

Senate bill

No provision.

Conference substitute

The conference substitute is the same as the House amendment.

ASSIGNMENT OF FOREIGN SERVICE OFFICERS TO PUBLIC ORGANIZATIONS

Senate bill

The Senate bill required that every Foreign Service officer be assigned, sometime between his 8th and 15th year of service, to two years of non-State Department service in State or local government, public schools, or other public organizations—at State Department expense.

House amendment

No provision.

Conference substitute

The conference substitute requires such assignment for a minimum of 50 such Foreign Service officers per year and for a period of one year.

DEATH GRATUITIES

House amendment

The House amendment authorized the payment of one-year's salary to dependent survivors of Foreign Service employees killed in line of duty abroad. This gratuity is in addition to any other benefits.

Senate bill

No provision.

Conference substitute

The conference substitute is the same as the House amendment.

PRIOR AUTHORIZATION REQUIRED

Senate bill

The Senate bill requires that the annual authorization for State Department appropriations must be enacted before appropriations can be obligated.

House amendment

No provision.

Conference substitute

The conference substitute is the same as the Senate provision.

AUTHORITY AND RESPONSIBILITY OF AMBASSADORS

Senate bill

The Senate bill provided that the U.S. Ambassador to a foreign country is fully responsible for the activities of all U.S. Government employees assigned to duty in that country. except personnel under the command of a United States area military commander.

House amendment

No provision.

Conference substitute

The conference substitute is the same as the Senate provision, with a slight modification of wording.

TRAVEL EXPENSES OF STUDENT-DEPENDENTS

Senate bill

The Senate bill contained a provision authorizing government payment for one round-trip per year rather than one trip per four years, as presently authorized, for student-dependents of U.S. Government employees stationed abroad.

House amendment

No provision.

Conference substitute

The conference substitute limited this authorization for annual trips to student-dependents of personnel of the Department of State, A.I.D., and U.S.I.A.

INTERNATIONAL MATERIALS BUREAU

Senate bill

The Senate bill provided that there would be established in the State Department a new International Materials Bureau, to be responsible for reviewing continuously the situation surrounding international trade in various vital commodities and reporting periodically thereon to the Congress and the President.

House amendment

No provision.

Conference substitute

The conference substitute states it to be the sense of the Congress that such a bureau should be created, and authorizes its creation.

PLAN FOR FUTURE U.S. ASSISTANCE TO SOUTH VIETNAM

Senate bill

The Senate bill requires the submission to Congress of a detailed 5-year plan for future U.S. military and economic assistance to South Vietnam.

House amendment

No provision.

Conference substitute

The conference substitute declares it to be the sense of the Congress that such a plan should be prepared and requires a report to the Congress on such preparation within six months.

REDUCTION OF CERTAIN PERSONNEL ASSIGNED ABROAD

Senate bill

The Senate bill required reductions in certain U.S. personnel assigned abroad: (a) a reduction of 2 percent from the total of civilian-agency personnel assigned abroad (except for State Department, USIA, and CIA personnel and Peace Corps volunteers); and (b) a reduction of 10 percent in the total strength of military aid missions.

House amendment

No provision.

Conference substitute

The conference substitute declares it to be the sense of Congress that all such personnel should be substantially reduced and requires a report on such reductions within six months.

REORGANIZATION OF FOREIGN AFFAIRS LEGISLATION

Senate bill

The Senate bill contained a provision that, effective with fiscal year 1976, the executive branch consolidate the authorizations for the Department of State, USIA, the Peace Corps, the Arms Control and Disarmament Agency, Radio Free Europe, Radio Liberty, Foreign Service buildings, and foreign economic and military assistance into 3 annual bills, namely, foreign affairs, foreign economic assistance, and foreign military assistance.

House amendment

No provision.

Conference substitute

The conference substitute omits the Senate provision.

MILITARY BASE AGREEMENTS

Senate bill

The Senate bill provided that Congress must approve any military base agreement with a foreign country—including any extension or significant modification of an existing agreement—before funds can be expended to carry out the agreement.

House amendment

No provision.

Conference substitute

The conference substitute omits the Senate provision, which was dropped without prejudice to future consideration by the House and Senate.

DIEGO GARCIA AGREEMENT

Senate bill

The Senate bill provided that Congress must approve any new agreement with the United Kingdom concerning the U.S. base on Diego Garcia before funds can be expended to carry out the agreement.

House amendment

No provision.

Conference substitute

The conference substitute omits the Senate provision.

REVIEW OF POLICY TOWARD CUBA

Senate bill

The Senate bill stated it to be the sense of Congress that the time has come for a review of U.S. policy toward Cuba and the development of a new policy.

House amendment

No provision.

Conference substitute

The conference substitute omits the Senate provision.

WAYNE L. HAYS,
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Managers on the Part of the Senate.

GENERAL LEAVE

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

FINANCIAL GIFTS BY NELSON ROCKEFELLER

(Mr. MEZVINSKY asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. MEZVINSKY. Mr. Speaker, in the last few days, reports in the press have advised the American people that Nelson Rockefeller has made substantial financial gifts to several of his present and former aides and other public officials.

In at least three cases, the reports have been accompanied by the Vice Presidential nominee's confirmation that such gifts were made and a disclosure of the details of these gifts.

I commend Mr. Rockefeller's openness in this regard. In light of the events that led to the vacancy which he has been nominated to fill, I believe it is imperative that he be candid with the American people.

In this regard, I am concerned by the former Governor's gift to Dr. William J. Ronan, chairman of the Port Authority of New York and New Jersey. While Mr. Rockefeller's press secretary, Hugh Morrow, apparently volunteered the fact that a gift to Dr. Ronan had been made, details of the gift have been withheld. I fear that this inconsistency can only serve to generate suspicion about the gift to Dr. Ronan, especially considering the influence which some of my colleagues from New York advise me he wields as chairman of the Port Authority.

I am confident that Mr. Rockefeller will fully and candidly reply to questions about this gift as well as others during the Judiciary Committee's hearings on his nomination next month. However, I believe it would be in the best interests of the Nation, as well as Mr. Rockefeller himself, if the facts surrounding this gift are promptly disclosed.

The confirmation hearings are now more or less being held in abeyance as we await the staff report on the investigation of the nominee's taxes. The hearings will be further postponed by our recess for the upcoming election.

During this intervening time, I am concerned that suspicion and controversy could develop around the Ronan gift and fuel the distrust and cynicism which has become all too prevalent in recent months. For this reason, I have called on Mr. Rockefeller to voluntarily disclose the details of the Ronan gift as well as others made by him. Such a course of action would be far superior than allowing the facts to be disclosed in a piecemeal fashion through the press. Mr. Speaker, I would like to include for my colleagues' information a copy of a telegram I sent yesterday to Mr. Rockefeller:

TEXT OF TELEGRAM SENT BY EDWARD MEZVINSKY TO NELSON A. ROCKEFELLER

DEAR MR. ROCKEFELLER: Considering the era of justifiable public cynicism during which your nomination for Vice President is being considered, I hope that you will take the initiative and publicly disclose the details of financial gifts made by you.

As reports of the Kissinger and Morhouse gifts have appeared in the press, I have been pleased by the accompanying openness with which you have confirmed that such gifts were made and disclosed the circumstances surrounding and details of those gifts.

However, I am concerned by the inconsistency shown by the statement of your press secretary concerning the gift to Dr. William J. Ronan. Reports indicate that Mr. Morrow acknowledged a gift to Dr. Ronan had been made but declined to discuss the details of it.

Considering the influence Dr. Ronan wields as chairman of the Port Authority of New York and New Jersey, this contrasting lack of candor can only serve to generate suspicion about this gift. With the public starving for openness in government, attention is automatically focused on matters such as the Ronan gift, where generalities are provided but details withheld.

I urge you to voluntarily lay out the facts surrounding this gift as well as others made by you. If the facts are disclosed in a piecemeal fashion, through reports in the press that appear to be only begrudgingly verified by you, I fear that your best interests, as well as those of the nation, would suffer.

Sincerely,

EDWARD MEZVINSKY.

HOMEBUILDING INDUSTRY NEEDS HELP

(Mr. WINN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WINN. Mr. Speaker, as the only former homebuilder in the 93d Congress, I am particularly concerned about the critical situation facing the homebuilding industry. We must take steps to alleviate the problems being encountered by this industry.

The situation is grim. The housing industry is in its most severe downturn on record. Record high interest rates and the unavailability of mortgage money are the main reasons for the decline. Business failures in the construction industry are growing. Construction unemployment is rising; and wages and materials costs continue to increase.

The problem raises many questions. "How do we balance the budget and at the same time increase Federal expenditures?" "How much homebuilding is needed to avert disaster in the industry, to meet housing needs?" "How much homebuilding can we sustain without increasing the pressure on costs and interest rates?" "How much subsidized housing is necessary; how much can we afford in 1 year?" "Where do the funds come from, if we are not going to foster further inflation by increasing Treasury borrowings and interest rates?"

At this time, I would like to share with you the goals of the National Association of Home Builders that were brought to my attention and which I believe warrant consideration. These actions are designed to "provide for the urgent housing needs of American families and halt the mounting unemployment of workers in the industry." First, additional special assistance funds must be provided through authorization of GNMA—Government National Mortgage Association—to purchase conventional mortgages, and through congressional approval of the Brooke-Cranston housing bill, S. 3979. Second, increase the availability of construction financing by the Federal Reserve Board using its discount window to increase the flow of construction lending, and authorization for FNMA—Federal National Mortgage Association—to make construction loans for single-family units as it now does in its multifamily operations. Third, tax exemption for the first $1,000 of interest earned on savings in thrift institutions.

The housing industry is the most vulnerable to inflation and has been the hardest hit of all the Nation's industries as a result of economic policies which have relied almost totally on "tight money."

At the presummit meeting on housing and construction chaired by Secretary of Housing and Urban Development James T. Lynn, most of the recommendations made were designed to increase the amount of money available for mortgage loans.

As all of you know only too well, the biggest problem in the housing industry is the high cost of money, and that cost will not go down until inflation recedes. As Alan Greenspan, the new Chairman of the Council of Economic Advisers, noted at the housing and construction conference:

> Whatever is done to assist the home building industry, nothing will be of lasting significance until inflation is stopped.

In the meantime, we must attempt to find a delicate balance between a lack of money, on the one hand, and inflation, on the other.

ON PRESIDENT FORD'S SURTAX PROPOSAL

(Mr. KOCH asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. KOCH. Mr. Speaker, this afternoon the President is speaking before the Congress on the economy. Preliminary reports indicate that he will recommend a 5 percent income surtax.

At this time I am opposed to the surtax. Nevertheless, I am concerned that I may be in the minority and the surtax will be approved. If the surtax is invoked, it is important that it be applied equitably. Therefore, I would like at this time to take issue with the reported proposal that it be imposed on single persons with incomes over $7,500 and married persons with incomes over $15,000.

Since coming to Congress in 1969, I have worked to gain tax equity for the single taxpayer—and since 1971, the working married couple as well when this group began to suffer tax inequities, too. For years, single taxpayers have been paying taxes at rates higher than an individual filing a joint return.

With the application of the surtax, this differential will be compounded since the extra tax will be computed on the basis of an individual's tax. Thus, after a single taxpayer completes his or her tax computations based on the more expensive single taxpayer schedule, the higher tax will then be multipled by 5 percent—compounding the original differential.

I believe that every wage earner should be taxed at the same progressive rate, regardless of his or her marital status. Similarly, I believe that if a surtax is enacted, the minimum income necessary to invoke the surtax should be the same for every wage earner, regardless of his or her marital status.

Furthermore, I would urge that the minimum income used to invoke the tax be the taxpayer's taxable income and not simply a gross income that fails to take into account such factors as multiple dependents and medical expenses. Surely, a couple with an income of $15,000 with no dependents is in a far better position to pay a surtax than one with four dependents.

The use of the taxable income figure will not provide any significant advantages for high income people who do not pay taxes since a tax is needed on which the 5 percent surtax is computed. What is more accurately established by the use of the taxable income figure is the individual's ability to pay the surtax which is the point of setting a minimum income level needed to invoke the surtax. Finally, the tax should not be applied to taxes paid on the initial $15,000 income, or whatever minimum income level is established.

The surtax is supposed to raise an estimated $5 billion annually. The brunt of this tax will fall on the middle-income taxpayer. I cannot justify voting for a tax two-thirds of which will be borne by middle-income taxpayers while we allow costly loopholes to remain in our tax code. An increase in the minimum income tax alone which affects the very wealthy of this country, many of whom still pay no taxes or far less tax than they are capable of paying, would provide $2 billion under H.R. 967. This bill, introduced by our distinguished colleague (Mr. Reuss) and of which I am a cosponsor, would close eight tax preferences and provide approximately $9 billion in new revenues.

Our economy is in bad shape, and I am willing to vote for belt-tightening meaures—and I believe that my constituents are willing to make necessary sacrifices to restore the economy to good health. But, they are not willing to make these sacrifices if they are inequitably applied, or if existing inequities have not been corrected, particularly when their correction will bring in the needed revenues. So long as we have a tax code which permitted Nelson Rockefeller to pay no taxes in 1970, it is hard to justify an additional tax on the man earning $15,000 a year.

MISGUIDED CANCER RESEARCH

(Mr. WAMPLER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. WAMPLER. Mr. Speaker, our colleague from New York, Mr. Koch, has used the First Lady's illness for demand that the Federal tax on cigarettes be raised to fund a "Manhattan Project" to find the cause and cure of cancer.

In doing so, he has revealed himself to be appallingly misinformed about tobacco taxes and sadly misguided about cancer research.

The Federal Government already taxes cigarettes at the rate of 8 cents a pack—not 3 cents a pack as he said. As a result, the U.S. Treasury collected $2.2 billion and States collected $3.2 billion for the fiscal year ending June 30, 1973.

Each cigarette smoker paid an extra $43 in Federal taxes and $62 in State taxes—a tax burden of $105 more than Mr. Koch and others like him who do not smoke. Thus smokers are already contributing more money to cancer research than nonsmokers. I would like to remind my colleague from New York that his proposal to increase the tobacco tax would be a regressive measure falling most heavily on those least able to afford it.

Despite Mr. Koch's indictment of cigarette smoking, the cause of cancer is unknown. Each day, we are seeing more and more evidence that environmental and occupational health hazards may be responsible for cancers, which are so often misdiagnosed as being caused by cigarette smoking.

As the Wall Street Journal pointed out recently on October 7, 1974:

> The cancer danger of vinyl chloride was spotted only because it caused an exceedingly rare tumor, liver anglisarcoma, of which there are only slightly more than 100 cases in medical literature. If vinyl chloride were to cause a more common malignancy, such as lung cancer, it wouldn't have been so readily detected as a carcinogen.

And if so, is there any doubt that this occupational lung cancer would have been blamed on smoking?

The illogic of Mr. Koch's argument is tragically misguided. On the one hand, he calls for a massive crash program of cancer research "to solve the mystery of cancer." On the other hand, he contends that cigarette smoking is the leading cause.

We all share a deep sympathy for Mrs. Ford. We all wish her a speedy recovery.

Cancer will be cured by scientific research, not emotional rhetoric. It is time for us to base our proposals on facts and abandon efforts to ride the current wave of media attention.

INTERNATIONAL DAY OF BREAD

(Mr. SEBELIUS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SEBELIUS. Mr. Speaker, today, October 8, is the International Day of Bread. I hope each of my colleagues has now received the complimentary loaf of bread provided today by the wheat growers, the millers, and bakers in conjunction with this observance.

Several years ago, during a time when those of us privileged to represent agriculture interests were worried about our surplus stocks of wheat, I reminded my colleagues that if they did not eat the bread served them during their meals to be sure and "mess them up." I am sure that "advice" was taken in good humor. Today I would like to leave you with another admonition.

I think it is most appropriate today to reflect upon the true and very serious role that bread plays in our troubled and hungry world. As people around the world express thanksgiving for the annual harvest in their native lands, I cannot think of a more appropriate time or way to commit ourselves to world cooperation and understanding in our international fight against world hunger and malnutrition.

Wheat is man's oldest crop and cultivated food. It provides more nourishment for the people of the world than any other food. Bread, a product of wheat really symbolizes the harvest of all crops and food itself. Throughout history bread has been considered the "staff of life."

I think it is most ironic that during a time when we see an international coalition organizing to try and find answers to our growing world food problems that in this country some still think of bread as something to avoid—especially when we are trying to avoid gaining weight or in the process of dieting.

In truth, an increased amount of bread represents an opportunity to lower the fat content of the American diet and thus take an effective step in trying to lower cholesterol levels and mortality from heart disease.

But, more to the point, as we come to accept the challenge posed by the increasing problems of a troubled and hungry world, I think our concept of bread and wheat will include the realization that not only is bread symbolic of the staff of life but also our most effective weapon in mankind's war against hunger and inflation.

I would also like to comment on another matter that I feel is pertinent to this International Day of Bread observance. I know that my colleagues are very much interested in our Nation's food supplies and more especially in the suspension of the recent Russian grain sale announced this weekend.

I have the privilege of representing the Nation's largest wheat-producing district. I also will have the privilege of going to the coming World Food Conference in Rome this coming month.

I know there are many reasons why the President suspended the Russian grain sale. But, the practical effect of this decision has been to break the wheat market just at the time when wheat producers are paying record costs in putting in next year's crop. Today, the President will announce before this body, a detailed program to combat inflation. The farmer already has the message. It is coming out of his pocketbook.

No farmer in my district and no farmer in this Nation wants special treatment as we try to work our way through this inflation. Every farmer is more than willing to do his part in trying to feed a troubled and hungry world. But, if we continue to single out the farmer as the scapegoat in this fight we are in turn endangering our Nation's food supply. Next year, at this time, we could be talking about food shortages as we celebrate the International Day of Bread.

I am most gratified that our new export policy has ruled out export controls. Hopefully we will be able to ration our wheat stocks in such a way to lead to competitive bidding and grain prices that will enable the farmer to stay in business and produce. We must not take any action that could endanger the farmer's production capability. We must be fair with the farmer; he is in truth the backbone of the Nation.

That is the message I would like to convey to my colleagues on this International Day of Bread.

WORLD LIONS SERVICE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 15 minutes.

Mr. WOLFF. Today has been proclaimed World Lions Service Day. On this day more than 1 million Lions from over 27,000 clubs throughout the world are performing some special act of community or personal service demonstrating their dedication and commitment to help people in need. In thousands of communities all over the world, Lions clubs are channeling their efforts toward helping and comforting the disabled and needy, performing countless acts of kindness on behalf of the less fortunate.

As the largest civic organization in the world, Lions International has raised over $1 billion for the building of schools in underprivileged areas, for disaster relief assistance, and for medical attention for the blind and deaf. The Lions' contribution to eye care is the largest commitment of any organization in the world. As the key sponsor of eye banks across the United States, Lions are providing free eye care to the needy in the form of free examinations, eye glasses, and extensive treatment. Recently Lions have taken on yet another task, that of providing hearing aids, treatment, and assistance for the deaf.

Over the years, the Lions have reached out to the needy, providing an immeasurable contribution to society. Such contribution to humanitarian aims should not go unnoticed. I hope that my colleagues will join me in paying tribute to Lions all over the world for their accomplishments, dedication, and spirit that has meant so much to us all, as they celebrate World Lions Service Day.

POSITIONS ON LEGISLATIVE ISSUES OF PUBLIC CHARITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. CONABLE) is recognized for 5 minutes.

Mr. CONABLE. Mr. Speaker, on December 19, 1973, I introduced H.R. 12037, a bill to amend section 501(c)(3) of the Internal Revenue Code to define and clarify the extent to which public charities could make known to Congress and other branches and levels of Government their positions on legislative issues. This issue has long been before the Congress with proposed solutions having been put forth as early as 1969 by the tax section of the American Bar Association.

Briefly the issue is as follows: public charities receive the benefit of tax exemption and their contributors the benefit of deductible contributions. These twin advantages are conditioned upon a charity meeting certain standards in order to continue to qualify. Among these is the requirement that "no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation." The key word here is "substantial" for it purports to set a quantitative standard which the charities must follow. But it does not. The word "substantial" remains undefined because no court case and no Government regulation or ruling has ever told the charities what it means. So we leave the poor manager of such a charity absolutely without guidelines to determine whether or not he is breaking the law which pretends to regulate his activities.

Meanwhile our need for the information he has is quite apparent. When the Congress or a State legislative body considers issues regarding the mentally afflicted, who would supply to Government better information than the National Association for Mental Health. The Congress recognized this principle in 1962 when it amended section 162 of the Internal Revenue Code to permit tax exempt trade associations to use deductible dollars from their member businesses to lobby. The analogy is very compelling for all the charities seek similar rights.

My bill and those of many other Members of this body and of the Senate seek to address this problem. H.R. 12037 was cosponsored by seven other members of the Committee on Ways and Means and I am pleased to say received the support of the full committee at the time tentative decisions were being made on matters to be included in the tax bill for this year.

When the bill was returned to the committee for final review my proposal had received the attention of drafting experts from the committee staff and from the Department of the Treasury. However, it had been changed in several critical ways with the result that it was, in the opinion of the charities who would be affected by it, more confusing and more stringent than existing law. In the press of the final few days of consideration of matters in the tax bill there was no opportunity to sort out this last set of problems. Therefore the committee at my request dropped the issue in its entirety from the tax bill.

I want to bring this matter to the attention of the House for two reasons. First, I want to make it clear that no negative inference can be drawn from the committee's decision to delete the matter from the tax bill. The committee is on record as supporting a fair and precise definition of the rights of public charities to participate in the legislative process. Second, I want to serve notice that the matter will not end here. Those who support the charities' request will renew their efforts in the next Congress to adopt legislation giving fair, equitable, and comprehensive treatment to the question of lobbying by tax-exempt public charities.

OUR INCREASING RELIANCE ON CIVIL DEFENSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRAY) is recognized for 10 minutes.

Mr. BRAY. Mr. Speaker, I have long known that civil defense officials and volunteers take their duties and responsibilities very seriously. In the last few weeks, I have been asked about title III of the Federal Civil Defense Act of 1950. In particular, Congress did not renew this, and there has been considerable concern that this means responsibility, duty, and powers under the Federal Civil Defense Act are curtailed.

No; it does not mean this at all. Title III dealt with standby presidential authority for the President. It would permit the Federal Government to deal with any immediate emergency conditions that could arise if this country were attacked. Failure to renew this title at this time—although it will be considered when Congress returns after the election recess—bears, in part, on the question as to when such Presidential powers should go into effect and what should be their extent? But no action to date, to repeat, does not affect the rest of the Federal Civil Defense Agency, nor all its planned programs. Aid for States and local communities is still proceeding as scheduled. Basically, civil defense is moving ahead more rapidly with the times and changing demands than most people realize.

The Federal effort in civil defense, in particular, has undergone a sharp transformation. It was earlier mistakenly identified as dealing with nuclear attack primarily. But, under the guidance of John E. Davis, the Director of the Civil Preparedness Agency, DCPA, this narrow outlook has been discarded.

Americans today live in a more crowded and complex and, therefore, more dangerous environment than did their forebears, and we need a high-priority national effort to prevent disaster, or mitigate its effects. More basically, this effort is needed to save lives and property in the floods, large fires, tornadoes, earthquakes, and large-scale industrial and transportation accidents which seem to be daily occurrences.

There is not a flood, tornado, large fire, major accident, catastrophe or any action whereby the safety and well-being of people is endangered, that civil defense is not there, doing its job. We are placing more and more reliance on our civil defense organization in every community. We are highly dependent upon civil defense for our essential communication in times of disaster.

The philosophy of civil defense is as old as the American Colonies that banded together to assist each other in adversity. It was a volunteer organization and set the pattern of American strength and greatness as the country grew. In a sense, the civil defense people are the Minutemen of today.

Governor Davis requested a larger mission for his agency when he took office, and it was assigned to DCPA early in 1972. At that time, civil defense also got a new name—civil preparedness—to signify its broader approach to protecting people and property. Civil preparedness means that communities get Federal help in developing better plans for disasters of every kind—not just the nuclear variety.

The new approach to civil defense has been described as dual-use. It has an aspect that is highly significant in an era of inflation and tight budgets, in that resources formerly reserved for a nuclear emergency are used in daily peacetime occurrences. As a result, people and organizations get valuable on-the-job training and experience applicable to a nuclear crisis. More significantly, it seems to me, this policy would stretch today's civil preparedness dollar twice as far as formerly.

We are talking with the Soviets about peace and security—and this is a vast improvement over the Cold War era—but the millennium has not arrived. Long and difficult negotiations lie ahead to secure limitation agreements on offensive missiles. We will continue to need military strength second to none to deter aggression and civil preparedness is the backstop we need if deterrence fails and a nuclear crisis occurs. In a crisis, civil defense actions expand the number of options needed by our leaders to delay and cool off a confrontation of the nuclear powers.

It occurs to me, as I view the civil preparedness program, that no other agency of Government has the responsibility for an overall look at all the hazards—nuclear and otherwise—that may rise to plague us. Our police plan against crime, our firemen plan against fires, our health people plan to cope with health hazards. Some official or agency at both the national and local levels of government in this country is needed to tie this planning together and produce coordinated action when major emergencies occur. This is what Federal civil preparedness efforts should do.

Onsite assistance makes a great deal of sense to me. I have always noted the local community is in the front line of disaster, bears the brunt of the destruction, and needs the strongest disaster-fighting capability and the most help in the aftermath of the emergency.

DCPA provides direct help to our communities in other ways. In the extensive floods triggered by tropical storm Agnes in 1972, more than 50 DCPA staff members went to stricken communities to help disaster victims directly, as part of a cooperative effort with the Federal Disaster Assistance Agency, FDAA. DCPA also is able to supply urgently needed water supply and electrical generating equipment to damaged areas until normal services are restored. DCPA staff members and volunteers performed in an outstanding and praiseworthy manner in Indiana following the April 3 tornado disaster.

Local civil preparedness directors say these experiences give them a keener grasp of the problems, improved coordination of efforts, and more confidence in their capability to cope with an emergency.

I have a few personal observations to make about civil defense in my home State. I have always believed, for example, that civil defense personnel are among the most highly dedicated and motivated people I know. Many years ago a group of civil defense volunteers, through their times and highly skilled efforts, saved my law office from very extensive loss during a fire. Since that time I have been deeply aware of the contributions volunteer firemen, policemen, and civil preparedness workers make to public safety. However, volunteers must have capable leadership and centralized direction from duly constituted authorities in order to function most effectively.

Richmond, Ind., provides an example of dedication which has received national recognition. It is in the person of Charles E. Walker, who volunteered 8 years ago to serve with Wayne County civil defense and became the county's shelter officer.

Last year, he developed what we have come to call "Lou Gehrig's disease"—causing degeneration of the leg muscles. Mr. Walker now is confined to a wheelchair, but he continues to serve in the civil defense communications center in the county courthouse. His help is still essential during tornado watches and warnings. My hat is off to Charles Walker.

If the job of civil preparedness evokes volunteerism and dedication like that—it is a program all of us ought to look at, to see if our hometown is prepared, and to offer our help and guidance if it is not.

WILL CONGRESS JUST KEEP SAWING AWAY ON ITS ECONOMIC FIDDLES?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ROBISON) is recognized for 10 minutes.

Mr. ROBISON of New York. Mr. Speaker, this afternoon the musings of the somnolent and election-preoccupied 93d Congress were interrupted briefly so as to permit President Ford to address it—and the Nation—on the urgent need for forging a Presidential/congressional response to the economic malaise from which our economy suffers.

After a full month of economic summit meetings and internal policy deliberations, President Ford has now suggested a comprehensive, package proposal for meeting the twin and related problems of inflation and recession.

The "Ford plan" as thus unveiled was about what had been predicted in recent days. There were a few surprises, but not many.

Equally predictable—however sad to relate—is the flood of criticism that may now come from the majority side of the aisle in both Houses of this Congress whose putative leaders may remain bent, like so many Neros, on going right along sawing away at their economic fiddles just as they have all year long up to now.

Mr. Ford can—and will have to—take care of himself; but the Nation deserves something better than it thus might receive, at least between now and election day, from the hands of its supposed representatives.

Mr. Ford is still new—and untrained—at his job.

But he has done what he, as President, is supposed to do—and that is to present this Congress, and its constituencies, with a specific, full-scale blueprint for mounting such a concerted attack on both inflation and recession as would provide, first, a long-needed focal point for discussion and debate, since differences of opinion and emphasis are inevitable; and, second, such a blueprint as would also provide an equally long-needed prod for congressional action toward the production of which Congress ought to be motivated by that spirit of accommodation which occasionally, and quite hopefully, surfaced at times among the participants in those economic summit conferences.

Based upon what I am beginning to hear from my friends and colleagues on the Democratic side of the aisle, it is evident that the urge to fully cooperate with the President is not paramount in their minds.

That, Mr. Speaker, is unfortunate since, in any such game—with inflation being now for us a deadly foe—there can be no winners but only losers, among whom the Nation is the ultimate victim.

To be fair about it—and I wish to be, Mr. Speaker—all is not, at the moment, *entirely* joyful on this, the Republican side of this aisle, either. That is because some of my Republican friends who now fancy they carry into the elections enough of a burden in the fact of their incumbency and their, Republicanism, would just as soon not now also be identified—however indirectly—with the Ford proposals to increase Federal taxes which are bound to be unpopular with those taxpayers thus affected, or to restrain overall Federal spending to a degree that is bound to upset a variety of well-meaning special interest groups.

Well, I would remind them that no one ever said—and no one ought ever to have imagined—that beating back double-digit inflation while at the same time hauling the economy back from the brink of a depression was going to be either a simple, or a painless, process.

Along with most of what we call the Western World, we Americans suffer, as it were, from a monstrous economic "toothache." The sort of soothing nostrums one might, under less serious circumstances, apply are no longer adequate. In effect, the "tooth" must be pulled—a painful and even bloody prospect for any individual, let alone a nation composed of a lot of individuals who have forgotten that occasional hardships were the original price for the more recent privileges we have, nearly all of us, enjoyed.

If the time, then, has come for another period of national—and individual—sacrifice, I suggest we get on with it, just as the President has urged.

I suppose some will say it is easy for me to make such a suggestion since I am not standing for reelection.

Perhaps that is so, but I would devoutly hope I would be making it in any event since I believe such a spirit to be absolutely essential.

Let me, Mr. Speaker, in seeking to explain further why that is so, go abroad to these thoughts—as reprinted in one of our newspapers—of Lord Rothschild, former director of Britain's Central Policy Review Staff, as set forth in his letter of retirement sent to Prime Minister Wilson:

Lord Rothschild, after setting the stage by summarizing Britain's now familiar economic problems, declared:

> There is no chance of all of us maintaining our standard of living, of keeping up with inflation, even though politicians and other national leaders seem to think it axiomatic that this is both a possible and essential right of the people.
>
> We, the people, have no divine rights; only those that a democratic society can afford and has the will to provide. So if, in the interests of the future, democracy requires a freeze, rationing and harsh taxation of luxuries, it is no good saying that such measures are acceptable in war but not in peace: Because we are at war, with ourselves and with that neo-Hitler, that arch enemy, inflation.
>
> This is not to say that the underprivileged in our society . . . should remain in that condition. All the combined effort of which we are capable should be directed to shortening the time by when the word underprivileged will be insignificant on this island.
>
> We shall never achieve this goal by divisive policies nor by ignoring the writing on the wall. It is, I think, clear how we could achieve it, given our acceptance of the unimportant hardships that are necessary.
>
> It is customary nowadays to sneer at such concepts as the Dunkirk spirit, or the faith and courage of our nation when huge parts of London, Glasgow, Coventry and Plymouth were being destroyed.
>
> But the fact that we cannot point our finger at someone called Hitler, but only at something called inflation, does not make inflation and its evil consequences less dangerous than Hitler: More so in fact, because we have not—and no longer seem able to mobilize—the will to fight this new enemy with that formidable determination we exhibited in World War II and which won us the respect of the world.

Mr. Speaker, the British have a way of putting things, do they not—and ofttimes better than we; and even though they have yet to win their own war against inflation, and perhaps cannot again summon the will to do so, let us listen briefly again now to what Lord Rothschild finally says in that same letter in his effort to develop a new sense of national unity among the people of his land. He continues:

> Not all managers, farmers, trade-unionists, politicians, miners, stock-brokers and, I dare say, peers are worthless, contemptible, disloyal, parasitic or perfect. Is there (though) really no chance of them joining forces to fight the common enemy? Maybe coalitions or Governments of national unity are out of date and out of reality. Must that mean no national unity, no common cause, no understanding of that other person, no friendship? Because, if it does, it also means no hope!

Mr. Speaker, President Ford, this afternoon, was almost equally eloquent and moving. And in his remarks today he has accepted the great challenge of the American Presidency—which is to provide that special leadership, which in turn is a far cry from Presidential dictatorship, without which there is, even in this country, only a threat of governmental drift and eventual anarchy.

Mr. Speaker, these remarks should not be taken as an endorsement of each and every facet of that which the President has proposed—we should no more wish to move in that direction than to reject, out of hand, because it is too near elections and someone will not like it, some or all of Mr. Ford's suggestions, and most particularly those in the field of fiscal discipline.

Instead, these remarks should be taken as a heartfelt call for this Congress to put away its "fiddles" and get down to the peoples' business—which is to take early but considered and responsible action on the President's proposals in order to save this Republic, and perhaps the Western World with it, from the threat of economic disaster.

ADEN NO SOVIET BASE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. FINDLEY) is recognized for 5 minutes.

Mr. FINDLEY. Mr. Speaker, in late August, President Ford stated that the Soviets have three "major military bases in the Indian Ocean area." He did not name the three.

On September 3, Col. Robert Burke of the Defense Department, responding to reporters' questions, identified them as Berbera, Somalia; Umm Qasr, Iraq; and Aden, South Yemen. Colonel Burke referred to them several times as "facilities or bases." Then he said:

> I think the President described them as major bases.

In response to the question, "If you were asked if these are major bases—would you, based on Pentagon assessment, describe them as major bases?" Colonel Burke replied "Yes."

Most people would naturally assume from this information that the Soviet Union has a major military base at Aden, South Yemen.

Frankly, I do not know a thing about the military base situation at Berbera or Umm Qasr. I do know something about Aden. I was there for several days in May. I had free access to the harbor areas, and looked around thoroughly.

I left Aden convinced that it is not a military base for the Soviet Union or any other foreign nation. Everything I saw and heard supported this belief.

The misstatement probably reflects the excessive zeal of some officials in the Department of Defense to make a case for the improvement of U.S. naval facilities in Diego Garcia in the Indian Ocean.

Personally, I favor the Diego Garcia improvement and have so voted in the House. I feel that this U.S. facility makes for stability and peace in that area. However, it is a serious blunder to exaggerate Soviet military presence in that area as the justification.

It is particularly unfortunate to portray Aden as the locale for military base operations. It is an unjustified slur against a government which, I believe, wishes to develop better relations with the United States and a country which has effectively refused to be the base for military operations of any foreign nation, including the Soviet Union.

The harbor at Aden, which is one of the finest deepwater ports in the world, and the old British base facilities there are presently forlorn and neglected to say the least. The closing of the Suez Canal in 1967 brought the flow of shipping through Aden nearly to a halt. Aden was once a vital bunkering and supply base, and provided the British with some naval repair facilities. Today, bunkering, supply, and repair work are meager. The harbor and dock areas are nearly deserted and show clearly the protracted period of disuse.

Our intelligence reports confirm what I personally observed. On August 1, Senator SYMINGTON placed in the CONGRESSIONAL RECORD the testimony of CIA Director William Colby on the need for the U.S. base at Diego Garcia. With respect to South Yemen, Mr. Colby stated:

> Repair facilities at the former British naval base at Aden have not been used by Soviet warships, although support ships and occasionally small warships stop there for refueling and replenishment. Soviet transports periodically land at an ex-RAF airbase—now Aden's International Airport.
>
> Contrary to numerous reports about Socotra (a small island which is part of South Yemen), the barren island has no port facilities or fuel storage and its airstrip is a small World War II gravel runway.
>
> Moreover, the Soviets are not likely to acquire substantially better naval support facilities for their ships in the Indian Ocean area, at least in the near future. There seems to be little prospect for routine access to large shore facilities—such as those in Singapore, India, Sri Lanka, or Aden—for major repair and overhaul of warships.

In my judgment, the People's Democratic Republic of Yemen presents a unique opportunity for the creative diplomacy which has become the hallmark of this and the previous administration. However, this opportunity could easily slip by if strident misstatements replace studied reason.

RURAL ELECTRIC COOPERATIVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. Brinkley), is recognized for 5 minutes.

Mr. BRINKLEY. Mr. Speaker, it is indeed a privilege for me, yet a high responsibility, to take this special order in behalf of our rural electric cooperatives. I can speak with intimate knowledge of their service to mankind and of their tangible contributions to the quality of life in America. They did for us that which no one else was willing to do at places off the big road such as Bettstown, in Decatur County, Ga., where the kerosene lamp has been replaced forever and where iced tea is now available to the rich and to the poor alike. I can testify to the continued example of service with which I am personally familiar in Geogia. The leaders of Georgia's rural electrics have long displayed people interest and special consideration for those who needed that interest most, and they still possess this quality of excellence.

Our rural electrics have also proven conclusively that they are one area through which the Federal Government can provide to the individual citizen first-class service—while using not a penny of free Government grants or handouts, but loans which are repaid with interest.

Therefore, I emphatically disapprove of the summary of proposed rescissions and Deferrals submitted bv the White House which include $455,635,000 in loan funds for the Rural Electrification Administration, to be rescinded.

THE HOUSE CAN RESPOND TOMORROW ON THE PRESIDENT'S INFLATION PLAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. Alexander) is recognized for 5 minutes.

Mr. ALEXANDER. Mr. Speaker, in his inflation message today to a joint session of Congress the President called upon every American farmer to produce food at full capacity. Full food production can net our Nation billions of dollars in income from foreign trade. Mr. Ford asked Congress to unshackle the farmer from obsolete and restrictive laws by removing acreage allotments on rice, among other commodities.

H.R. 15263, the Rice Act of 1974, is ready for action. But, the rice bill is deadlocked in the Rules Committee. I call upon the House leadership to show their willingness to cooperate with the President. I call upon the Members of the House to show their good will to wage war against inflation. Let us take the first step tomorrow by scheduling the rice bill for immediate consideration by the Congress.

NATIONAL CONDOMINIUM AND TENANTS RIGHTS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. Dominick V. Daniels) is recognized for 5 minutes.

Mr. DOMINICK V. DANIELS. Mr. Speaker, I am today joining with my good friend and colleague from New York, Mr. Rosenthal, in introducing legislation which would go far in protecting condominium buyers and those forced to relocate because of condominium conversions.

In less than a decade, condominiums have already rapidly become one of the most popular types of dwellings being bought by Americans today. This year over 243,00 newly constructed condominium units have already been built in the United States and many buildings that once rented their apartments have converted them into condominiums.

With the rapid rise of this relatively new type of housing unit, the chances for consumer fraud and irresponsible evictions have also increased in large part because the transactions are not fully covered by traditional property law. Much of the problem faced by consumers extends from the fact that laws and other regulations vary from area to area and prospective buyers receive contradictory information from ill-informed sales personnel and other officials who have limited or outdated knowledge in this field.

The condominium buyer may find himself paying more than he expected for lease of land, maintenance, control of utilities and other areas if he does not investigate thoroughly before he makes a decision. Unfortunately, less than 10 States have comprehensive laws in this field and only two or three have any legislation covering those persons displaced by condominium conversion.

Others are also victims of the condominium boom. Senior citizens and the poor often times find themselves adversely affected by relocation forced upon them by such conversions. Many, who once felt secure in their apartments are now faced with a move that could cause undue financial and emotional hardships and physical illness if they cannot afford to pay condominium prices. The matter is further complicated by the widespread discrimination against senior citizens and the poor in obtaining mortgages for condominiums. Our poor and elderly citizens are being displaced and there are limited areas to which they can afford to move. With inflation and the high cost of living today many of these responsible citizens are now placed in jeopardy.

Consumer protection has advanced in many fields and it is our obligation to carry on this work. Neither can our elderly and poor be neglected. By taking this action today, we hope that it will indicate to the elderly and poor, consumers and condominium builders alike that we are serious about our commitment to fair and just legislation concerning condominium and tenant protection.

I urge all Members to join with me and my distinguished colleagues in supporting the Rosenthal bill.

RESPONSE TO CONGRESSMAN WAMPLER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Koch) is recognized for 5 minutes.

Mr. KOCH. Mr. Speaker, our colleague, William C. Wampler, was kind enough to furnish me with a copy of his remarks before he inserted them in today's Congressional Record, permitting me to respond.

He takes exception in his remarks to my calling for an additional tax on cigarettes with the money to be used for cancer research. In his statement, he says:

> Despite Mr. Koch's indictment of cigarette smoking, the cause of cancer is unknown.

Apparently Mr. Wampler, who may or may not be a smoker—I am not; I gave it up 22 years ago and do not regret it—still believes that cigarette smoking is not harmful.

Mr. Speaker, I wish he would read the warning on each pack of cigarettes put there by the Surgeon General of the United States. He like so many others will not read the warning or refuses to recognize its validity. Sometimes the Government has to help those who will not help themselves. And were we to put an additional 2-cent tax on cigarettes and raise $600 million more for cancer research we will hopefully be achieving a cancer cure sooner. Finally, Congressman Wampler objects that taxing cigarette smokers is unfair. He says:

> . . . smokers are already contributing more money to cancer research than nonsmokers.

Let me say to Mr. Wampler, many of those smokers will ultimately and unfortunately have the 2 cents returned to them some time in the future when that cancer cure comes.

WE MUST ACT NOW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Railsback) is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, for the past several months, the Vietnam veterans have been experiencing yet another frustration in their readjustment to civilian life—the failure of Congress to pass an adequate program of GI educational assistance to allow them to pursue their education and training at a time of soaring educational costs. Since the House first passed H.R. 12628 on February 19 of this year, these veterans have been waiting and waiting for Congress to complete action on this crucial legislation and send it to the President for signature. I feel very strongly that our veterans cannot and should not be forced to wait any longer. In just the past few weeks, I have received many letters from young veterans in my State who have shared with me their frustrations with the way Congress has treated a program that is essential to their readjustment back into civilian life. Understandably, they view Congress with a degree of cynicism.

When the House of Representatives first approved this bill, it authorized an increase in monthly payments from $220 to $250, as well as a 2-year extension of the delimiting period.

When the Senate considered the bill in June, they increased substantially the provisions of the House-passed bill. The Senate-passed measure increased the monthly allowance to $260; it provided a tuition supplement up to $720 per year; authorized a $2,000-per-year student loan program and granted an additional 9 months of educational entitlement above the 36 months authorized by current law.

Because of the excessive delay in the Senate's consideration of this bill, it became necessary to enact the 2-year extension of the 8-year delimiting date as a separate measure in order to protect the rights of many thousands of veterans who were facing the expiration date of their entitlement.

In the ensuing House and Senate conference to resolve the differences between the two versions of H.R. 12628, it was agreed to authorize a $270 monthly allowance; to provide a $1,000 annual student loan program; and to authorize the 9-month additional educational entitlement.

The conference report was approved by the Senate on August 20, but was rejected in the House on a point of order that the provisions of the compromise bill exceeded the monthly increases set forth in either the House or Senate bills.

In a last-ditch effort to have an educational benefits increase approved prior to the beginning of the fall term of school, the House immediately passed a new bill which the Senate subsequently revised.

What we have before us this week is the conference version. It provides an increase in educational benefits for all veterans other than those participating in vocational education by 23 percent; it extends training from 36 months to 45 months for those veterans pursuing an undergraduate degree; it also permits loans up to $600 a year if the veteran cannot obtain funds from other sources.

Mr. Speaker, there has been enough delay in enacting this measure into law. Millions of our veterans are awaiting Congress' prompt action in approving H.R. 12628, and I urge that we wait no longer. We must act now to be responsive!

CONGRESS MUST ACT TO COPE WITH COAL SHORTAGES

(Mr. BINGHAM asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BINGHAM. Mr. Speaker, there is a strong possibility that the United Mine Workers will begin a national strike on November 12; a strike that, if it takes place, will shut down as much as 80 percent of U.S. coal production, denying the Nation three times as much energy per day as last winter's oil embargo. Management and labor are at the bargaining table trying to hammer out an agreement, and I support the UMW's efforts to obtain a contract comparable to that of other industrial workers. Miners presently lag far behind auto and steel workers in both wages and benefits, and are suffering disproportionately from inflation as a result. Both sides are negotiating in good faith, aware of the seriousness of our energy problems, but the process is likely to consume quite a bit of time, and there is no guarantee that agreement will be reached before the November 12 deadline. If there is a strike, Arnold Miller, UMW president, is reported to be doubtful that miners will respond to a Taft-Hartley injunction to return to work. It seems likely that we will soon be facing yet another dimension of the energy crisis—this time in coal.

Stockpiles at utilities and factories are low, while prices are sky high, and we can anticipate a vertical takeoff in prices just before or during a strike. It is incumbent upon Government to be prepared to cope with the problems this situation will present. That is why I intend to introduce legislation later this week to authorize and direct the Federal Energy Administrator to allocate and set prices for coal in the event of a nationwide disruption in coal production caused by a labor dispute.

I have made an extensive search of present law, and I have concluded that the President would be on very shaky legal grounds if he tried to take these actions based solely on his present authority. While there are three national emergencies still technically in effect which would allow the Defense Production Act of 1950 to be employed to allocate coal, it is highly doubtful that price controls could also be established. Even allocation of coal throughout the economy would be stretching the powers of this act, which was a wartime measure designed only to meet the Nation's defense needs. Broader interpretations of that authority have been the subject of increasing controversy in recent years.

A coal strike could so seriously disrupt the private and public sectors of our economy, and its consequences demand such forceful action, that the Federal Government's response must not be based on some broad, ill-defined Executive authority delegated years and years ago. It would only fuel the fires of controversy and increase the strain on a constitutional system forced to cope with unprecedented emergency situations.

I think it is the responsibility of the Congress to grant authority to a selected Executive agency to meet these specific problems, and to provide clear guidelines as to how the Government should act. My bills will take the form of amendments to the Energy Supply and Environmental Coordination Act of 1974, and to the Emergency Petroleum Allocation Act of 1973, and will be aimed at accomplishing exactly the goals I have just outlined.

Let me say a word here about the collective bargaining process. My record will show, Mr. Speaker, that I have consistently supported labor viewpoints on the floor of the House. I do not like to interfere with collective bargaining. That is why, in this case, I would oppose a Taft-Hartley injunction, and I would favor action to help the Nation cope with a sharp drop in coal production while negotiations go forward. I think we ought to let management and the UMW settle the problems caused by low wages and benefits while the government takes measures to insure that people do not freeze or go without electricity. There is no way to avoid some economic disruption, but I believe that my proposal will minimize it and meet the problem in the fairest possible way.

Just to emphasize the seriousness of the matter, I want to point out that 50 percent of U.S. electrical generation is coal-fueled. Many industries, particularly steel and automobile manufacturers, are partially coal dependent. Prisons, hospitals, schools, public facilities, and 1.8 million homeowners burn coal directly for heat.

All users have been faced recently with steep price rises, while coal company profits are also on the increase. The average price for all coal rose 64.3 percent between May 1973 and May 1974. The price of spot coal—coal bought on the market, not delivered under previous contract—has more than doubled in the past year, and will undoubtedly skyrocket in the event of a strike. Most smaller users depend on spot coal, and even utilities buy 20 percent of their coal on the spot market. This highlights the need for pricing authority as well as allocation: it does you no good to have coal available to you if you can not afford it. My legislation will propose that if a strike occurs, the price will be frozen at a level not higher than that which prevailed one month prior to the beginning of the strike.

The FEA appears to be, and this is understandable, reluctant to get into the coal rationing business. But I have yet to be convinced that there is a better way to serve the needs of coal users. Previous experience with voluntary controls—no matter how much jawboning accompanies them—indicates that they are unsatisfactory, to put it gently.

It could also increase the demand for other fuels, such as oil, and drive those prices up as well, with consequent further profits to the oil companies. I am convinced that Government must have more effective powers at hand, and the only such powers are mandatory allocation and price controls.

Stockpiles of coal have been seriously depleted. The latest information available indicates that the average utility's supplies would last about 2 months; a 90-day stockpile is considered desirable. This average hides the fact that some utilities and factories, particularly in the Southeast, are in much worse shape, with stockpiles which would last only 2 weeks or less. Supplies at New York utilities would last about 60 days, but steel mills would be forced to close if there is a strike. Nationally, steel mill stockpiles of coking coal are expected to average between 10 and 20 days by November 12. There are many users completely without stockpiles—institutional users, small businessmen, and homeowners—and these are the people who will most need Government assistance.

Most of our coal is mined in the East, where the UMW is strongest. Seventy-five percent of U.S. coal production in 1973 was from UMW mines, and UMW strength has increased somewhat this year. Most nonunion mines are in the West, and most of them are under contract to Western and Midwestern power companies. Much Western coal cannot be burned in Eastern facilities, not only because the sulfur content is too high to comply with emissions standards, but also because coal boilers are built for coal of specific composition, and many boilers in the East just cannot handle Western coal without frequent shutdowns for cleaning and maintenance. This suggests that a simple diversion of Western coal to the East would not solve supply problems in the event of a strike. Further complications result from the poor condition of some 20 percent of our railroad track, on which coal transportation depends. Speed is limited to 10 miles per hour or less on 8,300 out of 38,000 miles of track, mostly in the East and Midwest—and great difficulties would be caused by incompatible railroad equipment on western and eastern lines. Clearly, a carefully planned redistribution of stockpiles within the eastern region will be necessary.

I think it is evident that coal must be allocated from those with surplus supplies to those facing shortages, and prices must be regulated. New York State is already beginning to allocate coal to homeowners, hospitals, and small retailers, under special authority given the Governor last year. But this is a national problem, and will have to be solved on a national basis, in cooperation with State authorities. My legislation will provide that, in the event of a strike, coal would be allocated first to homeowners, second to institutional users, third to powerplants, and fourth to industrial and commercial users. Coal would be allocated from the spot market first, and second from stockpiles. Contracts in force would be interfered with only as a last resort. I believe that this set of priorities would provide for an equitable means of sharing available coal, and no user need suffer unduly if an allocation plan under these guidelines is carefully put into effect.

Mr. Speaker, I believe that this grant of specific authority, with guidelines for its application, is absolutely necessary if this Nation is to deal effectively with shortages resulting from a national coal strike. Let me reiterate that Presidential emergency powers ought not to be invoked—Congress would be shirking its responsibility if it were to sit back and wait for Presidential action.

In President Ford's economic address to the Congress this afternoon, he hinted broadly that he would use the Defense Production Act to allocate scarce materials for energy development. For the reasons already stated, I do not believe that this same authority can or should be used to allocate and freeze prices on coal.

I urge the Committee on Interstate and Foreign Commerce to consider this matter immediately. The Congress must insist that the administration focus on how this Nation will cope with a major disruption in the supply of coal in the weeks ahead. Congressional prodding can force the administration to consider the legislation I will introduce and decide what changes or additions may be desirable. Action begun now will make possible enactment of legislation immediately after the November elections, and thereby avoid cold, dark homes and closed factories this winter.

FINANCIAL DISCLOSURE

(Mr. HUNT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HUNT. Mr. Speaker, once more, during the silly season, namely the great election process, a few people desire to know how much money a Congressman has. They are only interested in the election year so I shall be brief.

Total gross income before deductions: $52,737.47.

Congressional salary, $42,500.

Dividends from stocks, $2,284.46.

Other income—interest on savings, bonds, et cetera, $2,967.78.

Income from State police annuity, $4,985.23.

After deductions, including salary, interest on mortgage, medical expenses, real estate tax, and interest on other items I paid Federal income tax of $11,870.40.

CONFERENCE REPORT ON S. 355

Mr. STAGGERS submitted the following conference report and statement on the bill (S. 355) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to promote traffic safety by providing that defects and failures to comply with motor vehicle safety standards shall be remedied without charge to the owner, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 93-1452)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 355) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to promote traffic safety by providing that defects and failures to comply with motor vehicle safety standards shall be remedied without charge to the owner, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Motor Vehicle and Schoolbus Safety Amendments of 1974".

TITLE I—MOTOR VEHICLE SAFETY

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Section 121 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1409) is amended to read as follows:

"SEC. 121. There are authorized to be appropriated for the purpose of carrying out this Act, not to exceed $55,000,000 for the fiscal year ending June 30, 1975, and not to exceed $60,000,000 for the fiscal year ending June 30, 1976."

SEC. 102. NOTIFICATION AND REMEDY.

(a) REQUIREMENT OF NOTIFICATION AND REMEDY.—Title I of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391, et seq.) is amended by striking out section 113 and by adding at the end of such title the following new part:

"PART B—DISCOVERY, NOTIFICATION, AND REMEDY OF MOTOR VEHICLE DEFECTS

"NOTIFICATION RESPECTING MANUFACTURER'S FINDING OF DEFECT OR FAILURE TO COMPLY

"SEC. 151. If a manufacturer—

"(1) obtains knowledge that any motor vehicle or item of replacement equipment manufactured by him contains a defect and determines in good faith that such defect relates to motor vehicle safety; or

"(2) determines in good faith that such vehicle or item of replacement equipment does not comply with an applicable Federal motor vehicle safety standard prescribed pursuant to section 103 of this Act;

he shall furnish notification to the Secretary and to owners, purchasers, and dealers, in accordance with section 153, and he shall remedy the defect or failure to comply in accordance with section 154.

"NOTIFICATION RESPECTING SECRETARY'S FINDING OF DEFECT OR FAILURE TO COMPLY

"SEC. 152. (a) If through testing, inspection, investigation, or research carried out pursuant to this Act, or examination of communications under section 158(a)(1), or otherwise, the Secretary determines that any motor vehicle or item of replacement equipment—

"(1) does not comply with an applicable Federal motor vehicle safety standard prescribed pursuant to section 103 of this Act; or

"(2) contains a defect which relates to motor vehicle safety;

he shall immediately notify the manufacturer of such motor vehicle or item of replacement equipment of such determination, and shall publish notice of such determination in the Federal Register. The notification to the manufacturer shall include all information upon which the determination of the Secretary is based. Such notification (including such information) shall be available to any interested person, subject to section 158(a)(2)(B). The Secretary shall afford such manufacturer an opportunity to present data, views, and arguments to establish that there is no defect or failure to comply or that the alleged defect does not affect motor vehicle safety; and shall afford other interested persons an opportunity to present data, views, and arguments respecting the determination of the Secretary.

"(b) If, after such presentations by the manufacturer and interested persons, the Secretary determines that such vehicle or item of replacement equipment does not comply with an applicable Federal motor vehicle safety standard, or contains a defect which relates to motor vehicle safety, the

Secretary shall order the manufacturer (1) to furnish notification respecting such vehicle or item of replacement equipment to owners, purchasers, and dealers in accordance with section 153, and (2) to remedy such defect or failure to comply in accordance with section 154.

"CONTENTS, TIME, AND FORM OF NOTICE

"SEC. 153. (a) The notification required by section 151 or 152 respecting a defect in or failure to comply of a motor vehicle or item of replacement equipment shall contain, in addition to such other matters as the Secretary may prescribe by regulation—

"(1) a clear description of such defect or failure to comply;

"(2) an evaluation of the risk to motor vehicle safety reasonably related to such defect or failure to comply;

"(3) a statement of the measures to be taken to obtain remedy of such defect or failure to comply;

"(4) a statement that the manufacturer furnishing the notification will cause such defect or failure to comply to be remedied without charge pursuant to section 154;

"(5) the earliest date (specified in accordance with the second and third sentences of section 154(b)(2)) on which such defect or failure to comply will be remedied without charge and, in the case of tires, the period during which such defect or failure to comply will be remedied without charge pursuant to section 154; and

"(6) a description of the procedure to be followed by the recipient of the notification in informing the Secretary whenever a manufacturer, distributor, or dealer fails or is unable to remedy without charge such defect or failure to comply.

"(b) The notification required by section 151 or 152 shall be furnished—

"(1) within a reasonable time after the manufacturer first makes a determination with respect to a defect or failure to comply under section 151; or

"(2) within a reasonable time (prescribed by the Secretary) after the manufacturer's receipt of notice of the Secretary's determination pursuant to section 152 that there is a defect or failure to comply.

"(c) The notification required by section 151 or 152 with respect to a motor vehicle or item of replacement equipment shall be accomplished—

"(1) in the case of a motor vehicle, by first class mail to each person who is registered under State law as the owner of such vehicle and whose name and address is reasonably ascertainable by the manufacturer through State records or other sources available to him;

"(2) in the case of a motor vehicle, or tire, by first class mail to the first purchaser (or if a more recent purchaser is known to the manufacturer, to the most recent purchaser known to the manufacturer) of each such vehicle or tire containing such defect or failure to comply, unless the registered owner (if any) of such vehicle was notified under paragraph (1);

"(3) in the case of an item of replacement equipment (other than a tire), (A) by first class mail to the most recent purchaser known to the manufacturer; and (B) if the Secretary determines that it is necessary in the interest of motor vehicle safety, by public notice in such manner as the Secretary may order after consultation with the manufacturer;

"(4) by certified mail or other more expeditious means to the dealer or dealers of such manufacturer to whom such motor vehicle or replacement equipment was delivered; and

"(5) by certified mail to the Secretary, if section 151 applies.

In the case of a tire which contains a defect or failure to comply (or of a motor vehicle on which such tire was installed as original equipment), the manufacturer who is required to provide notification under paragraph (1) or (2) may elect to provide such notification by certified mail.

"REMEDY OF DEFECT OR FAILURE TO COMPLY

"SEC. 154. (a) (1) If notification is required under section 151 or by an order under section 152(b) with respect to any motor vehicle or item of replacement equipment which fails to comply with an applicable Federal motor vehicle safety standard or contains a defect which relates to motor vehicle safety, then the manufacturer of each such motor vehicle or item of replacement equipment presented for remedy pursuant to such notification shall cause such defect or failure to comply in such motor vehicle or such item of replacement equipment to be remedied without charge. In the case of notification required by an order under section 152(b), the preceding sentence shall not apply during any period during which enforcement of the order has been restrained in an action to which section 155(a) applies or if such order has been set aside in such an action.

"(2) (A) In the case of a motor vehicle presented for remedy pursuant to such notification, the manufacturer (subject to subsection (b) of this section) shall cause the vehicle to be remedied by whichever of the following means he elects:

"(i) By repairing such vehicle.

"(ii) By replacing such motor vehicle without charge, with an identical or reasonably equivalent vehicle.

"(iii) By refunding the purchase price of such motor vehicle in full, less a reasonable allowance for depreciation.

Replacement or refund may be subject to such conditions imposed by the manufacturer as the Secretary may permit by regulation.

"(B) In the case of an item of replacement equipment the manufacturer shall (at his election) cause either the repair of such item of replacement equipment, or the replacement of such item of replacement equipment without charge with an identical or reasonably equivalent item of replacement equipment.

"(3) The dealer who effects remedy pursuant to this section without charge shall receive fair and equitable reimbursement for such remedy from the manufacturer.

"(4) The requirement of this section that remedy be provided without charge shall not apply if the motor vehicle or item of replacement equipment was purchased by the first purchaser more than 8 calendar years (3 calendar years in the case of a tire, including an original equipment tire) before (A) notification respecting the defect or failure to comply is furnished pursuant to section 151, or (B) the Secretary orders such notification under section 152, whichever is earlier.

"(5) (A) The manufacturer of a tire (including an original equipment tire) presented for remedy by an owner or purchaser pursuant to notification under section 153 shall not be obligated to remedy such tire if such tire is not presented for remedy during the 60-day period beginning on the later of (i) the date on which the owner or purchaser received such notification or (ii) if the manufacturer elects replacement, the date on which the owner or purchaser received notice that a replacement tire is available.

"(B) If the manufacturer elects replacement and if a replacement tire is not in fact available during the 60-day period, then the limitation under subparagraph (A) on the manufacturer's remedy obligation shall be applicable only if the manufacturer provides a notification (subsequent to the notification provided under subparagraph (A) (ii)) that replacement tires are to be available during a later 60-day period (beginning after such subsequent notification), and in that case the manufacturer's obligation shall be limited to tires presented for remedy during the later 60-day period if the tires are in fact available during that period.

"(b) (1) Whenever a manufacturer has elected under subsection (a) to cause the repair of a defect in a motor vehicle or item of replacement equipment or of a failure of such vehicle or item of replacement to comply with a motor vehicle safety standard, and he has failed to cause such defect or failure to comply to be adequately repaired within a reasonable time, then (A) he shall cause the motor vehicle or item of replacement equipment to be replaced with an identical or reasonably equivalent vehicle or item of replacement equipment without charge, or (B) (in the case of a motor vehicle and if the manufacturer so elects) he shall cause the purchase price to be refunded in full, less a reasonable allowance for depreciation. Failure to adequately repair a motor vehicle or item of replacement equipment within 60 days after tender of the motor vehicle or item of replacement equipment for repair shall be prima facie evidence of failure to repair within a reasonable time; unless prior to the expiration of such 60 day period the Secretary, by order, extends such 60-day period for good cause shown and published in the Federal Register.

"(2) For purposes of this subsection, the term 'tender' does not include presenting a motor vehicle or item of replacement equipment for repair prior to the earliest date specified in the notification pursuant to section 153(a) on which such defect or failure to comply will be remedied without charge, or (if notification was not afforded pursuant to section 153(a)) prior to the date specified in any notice required to be given under section 155(d). In either case, such date shall be specified by the manufacturer and shall be the earliest date on which parts and facilities can reasonably be expected to be available. Such date shall be subject to disapproval by the Secretary.

"(c) The manufacturer shall file with the Secretary a copy of his program pursuant to this section for remedying any defect or failure to comply, and the Secretary shall make the program available to the public. Notice of such availability shall be published in the Federal Register.

"ENFORCEMENT OF NOTIFICATION AND REMEDY ORDERS

"SEC. 155. (a) (1) An action under section 110(a) to restrain a violation of an order issued under section 152(b), or under section 109 to collect a civil penalty with respect to a violation of such an order, or any other civil action with respect to such an order, may be brought only in the United States district court for the District of Columbia or the United States district court for a judicial district in the State of incorporation (if any) of the manufacturer to which the order applies; unless on motion of any party the court orders a change of venue to any other district court for good cause shown. All actions (including enforcement actions) brought with respect to the same order under section 152(b) shall be consolidated in an action in a single judicial district, in accordance with an order of the court in which the first such action is brought (or if such first action is transferred to another court, by order of such other court).

"(2) The court shall expedite the disposition of any civil action to which this subsection applies.

"(b) If a civil action which relates to an order under section 152(b), and to which subsection (a) of this section applies, has been commenced, the Secretary may order the manufacturer to issue a provisional notification which shall contain—

"(A) a statement that the Secretary has determined that a defect which relates to motor vehicle safety, or failure to comply with a Federal motor vehicle safety standard, exists, and that the manufacturer is contesting such determination in a proceeding in a United States district court,

"(B) a clear description of the Secretary's stated basis for his determination that there is such a defect or failure,

"(C) the Secretary's evaluation of the risk to motor vehicle safety reasonably related to such defect or failure to comply,

"(D) any measures which in the judgment of the Secretary are necessary to avoid an unreasonable hazard resulting from the defect or failure to comply,

"(E) a statement that the manufacturer will cause such defect or failure to comply to be remedied without charge pursuant to section 154, but that this obligation of the manufacturer is conditioned on the outcome of the court proceeding, and

"(F) such other matters as the Secretary may prescribe by regulation or in such order. Issuance of the notification under this subsection does not relieve the manufacturer of any liability for failing to issue notification required by an order under section 152(b).

"(c)(1) If a manufacturer fails to notify owners or purchasers in accordance with section 153(c) within the period specified under section 153(b), the court may hold him liable for a civil penalty with respect to such failure to notify, unless the manufacturer prevails in an action described in subsection (a) of this section or unless the court in such an action restrains the enforcement of such order (in which case he shall not be liable with respect to any period for which the effectiveness of the order was stayed). The court shall restrain the enforcement of such an order only if it determines (A) that the failure to furnish notification is reasonable, and (B) that the manufacturer has demonstrated that he is likely to prevail on the merits.

"(2) If a manufacturer fails to notify owners or purchasers as required by an order under subsection (b) of this section, the court may hold him liable for a civil penalty without regard to whether or not he prevails in an action (to which subsection (a) applies) with respect to the validity of the order issued under section 152(b).

"(d) If (i) a manufacturer fails within the period specified in section 153(b) to comply with an order under section 152(b) to afford notification to owners and purchasers, (ii) a civil action to which subsection (a) applies is commenced with respect to such order, and (iii) the Secretary prevails in such action, then the Secretary shall order the manufacturer—

"(1) to afford notice (which notice may be combined with any notice required by an order under section 152(b) to each owner, purchaser, and dealer described in section 153(c) of the outcome of the proceeding and containing such other information as the Secretary may require;

"(2) to specify (in accordance with the second and third sentences of section 154 (b)) the earliest date on which such defect or failure will be remedied without charge; and

"(3) if notification was required under subsection (b) of this section, to reimburse such owner or purchaser for any reasonable and necessary expenses (not in excess of any amount specified in the order of the Secretary) which are incurred (A) by such owner or purchaser; (B) for the purpose of repairing the defect or failure to comply to which the order relates; and (C) during the period beginning on the date such notification under subsection (b) was required to be issued and ending on the date such owner or purchaser receives notification pursuant to this subsection.

"REASONABLENESS OF NOTIFICATION AND REMEDY

"SEC. 156. Upon petition of any interested person or on his own motion, the Secretary may hold a hearing in which any interested person (including a manufacturer) may make oral (as well as written) presentations of data, views, and arguments on the question of whether a manufacturer has reasonably met his obligation to notify under section 151 or 152, and to remedy a defect or failure to comply under section 154. If the Secretary determines the manufacturer has not reasonably met such obligation, he shall order the manufacturer to take specified action to comply with such obligation; and, in addition, the Secretary may take any other action authorized by this title.

"EXEMPTION FOR INCONSEQUENTIAL DEFECT OR FAILURE TO COMPLY

"SEC. 157. Upon application of a manufacturer, the Secretary shall exempt such manufacturer from any requirement under this part to give notice with respect to, or to remedy, a defect or failure to comply, if he determines, after notice in the Federal Register and opportunity for interested persons to present data, views, and arguments, that such defect or failure to comply is inconsequential as it relates to motor vehicle safety.

"INFORMATION, DISCLOSURE, AND RECORDKEEPING

"SEC. 158. (a)(1) Every manufacturer shall furnish to the Secretary a true or representative copy of all notices, bulletins, and other communications to the dealers of such manufacturer or to owners or purchasers of motor vehicle or replacement equipment produced by such manufacturer regarding any defect or failure to comply in such vehicle or equipment which is sold or serviced.

"(2)(A) Except as provided in subparagraph (B), the Secretary shall disclose to the public so much of any information which is obtained under this Act and which relates to a defect which relates to motor vehicle safety or to a failure to comply with an applicable Federal motor vehicle safety standard, as he determines will assist in carrying out the purposes of this part or as may be required by section 152.

"(B) Any information described in subparagraph (A) which contains or relates to a trade secret or other matter referred to in section 1905 of title 18, United States Code, shall be considered confidential for purposes of that section and shall not be disclosed; unless the Secretary determines that disclosure of such information is necessary to carry out the purposes of this title.

"(C) Any obligation to disclose information under this paragraph shall be in addition to and not in lieu of the requirements of section 552 of title 5, United States Code.

"(b) Every manufacturer of motor vehicles or tires shall cause the establishment and maintenance of records of the name and address of the first purchaser of each motor vehicle and tire produced by such manufacturer. To the extent required by regulations of the Secretary, every manufacturer of motor vehicles or tires shall cause the establishment and maintenance of records of the name and address of the first purchaser of each item of replacement equipment other than a tire produced by such manufacturer. The Secretary may, by rule, specify the records to be established and maintained, and reasonable procedures to be followed by manufacturers in establishing and maintaining such records, including procedures to be followed by distributors and dealers to assist manufacturers to secure the information required by this subsection; except that the availability or not of such assistance shall not affect the obligation of manufacturers under this subsection. Such procedures shall be reasonable for the particular type of motor vehicle or tires for which they are prescribed, and shall provide reasonable assurance that customer lists of any dealer and distributor, and similar information, will not be made available to any person other than the dealer or distributor, except where necessary to carry out the purpose of this part.

"DEFINITIONS

"SEC. 159. For purposes of this part:

"(1) The retreader of tires shall be deemed the manufacturer of tires which have been retreaded, and the brand name owner of tires marketed under a brand name not owned by the manufacturer of the tire shall be deemed the manufacturer of tires marketed under such brand name.

"(2) Except as otherwise provided in regulations of the Secretary:

"(A) The term 'original equipment' means an item of motor vehicle equipment (including a tire) which was installed in or on a motor vehicle at the time of its delivery to the first purchaser.

"(B) The term 'replacement equipment' means motor vehicle equipment (including a tire) other than original equipment.

"(C) A defect in, or failure to comply of, an item of original equipment shall be deemed to be a defect in, or failure to comply of, the motor vehicle in or on which such equipment was installed at the time of its delivery to the first purchaser.

"(D) If the manufacturer of a motor vehicle is not the manufacturer of original equipment installed in or on such vehicle at the time of its delivery to the first purchaser, the manufacturer of the vehicle (rather than the manufacturer of such equipment) shall be considered the manufacturer of such item of equipment.

"(3) The term 'first purchaser' means first purchaser for purposes other than resale.

"(4) The term 'adequate repair' does not include any repair which results in substantially impaired operation of a motor vehicle or item of replacement equipment.

"EFFECT ON OTHER LAWS

"SEC. 160. The provisions of this part shall not create or affect any warranty obligation under State or Federal law. Consumer remedies under this part are in addition to, and not in lieu of, any other right or remedy under State or Federal law."

(b) CONFORMING AMENDMENTS.—

(1) Title I of such Act is amended by inserting after section 101 the following:

"PART A—GENERAL PROVISIONS".

(2) Section 110(c) of such Act is amended by striking out "Actions" and inserting in lieu thereof "Except as provided in section 155(a), actions".

(c) EFFECTIVE DATE.—The amendments made by this section shall not apply to any defect or failure to comply with respect to which before the effective date of this title, notification was issued under section 113(a) of such Act or was required to be issued under section 113(e).

SEC. 103. ENFORCEMENT.

(a) PROHIBITED ACTS.—

(1)(a) Section 108(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting "(1)" after "SEC. 108. (a)", by redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively, and by adding at the end of such subsection the following new paragraph:

"(2)(A) No manufacturer, distributor, dealer, or motor vehicle repair business shall knowingly render inoperative, in whole or part, any device or element of design installed on or in a motor vehicle or item of motor vehicle equipment in compliance with an applicable Federal motor vehicle safety standard, unless such manufacturer, distributor, dealer, or repair business reasonably believes that such vehicle or item of equipment will not be used (other than for testing or similar purposes in the course of maintenance or repair) during the time such device or element of design is rendered inoperative. For purposes of this paragraph, the term 'motor vehicle repair business' means any person who holds himself out to the public as in the business of repairing motor vehicles or motor vehicle equipment for compensation.

"(B) The Secretary may by regulation exempt any person from this paragraph if he determines that such exemption is consistent with motor vehicle safety and the purposes of this Act. The Secretary may prescribe regulations defining the term 'render inoperative'.

"(C) This paragraph shall not apply with respect to the rendering inoperative of (i) any safetybelt interlock (as defined in section 125(f)(1)) or (ii) any continuous buzzer (as defined in section 125(f)(4)) designed to indicate that safety belts are not in use.

"(D) Paragraph (1)(A) of this subsection shall not apply to the sale or offering for sale of any motor vehicle which has such a buzzer or interlock rendered inoperative by a dealer at the request of the first purchaser of sucn vehicle."

(B) Subsection (b) of section 108 of such Act is amended by inserting "(A)" after "Paragraph (1)" in paragraphs (1), (2), and (5) of such subsection and by inserting "(A)" after "paragraph (1)" in paragraph (3) of such subsection.

(2) Section 108(a) of such Act (as amended by paragraph (1) of this subsection) is amended—

(A) by inserting after the semicolon in paragraph (1)(B) the following: "fail to keep specified records in accordance with such section; or fail or refuse to permit impounding, as required under section 112 (a);" and

(B) by adding at the end of subsection (a) the following new subparagraph:

"(E) fail to comply with any rule, regulation, or order issued under section 112 or 114; and"

(3) Section 108(a)(1)(D) of such Act is amended to read as follows:

"(D) fail—

"(i) to furnish notification,

"(ii) to remedy any defect or failure to comply, or

"(iii) to maintain records,

as required by part B of this title; or fail to comply with any order or other requirement applicable to any manufacturer, distributor, or dealer pursuant to such part B;"

(b) PENALTIES.—Section 109 of such Act is amended by striking out "$400,000" in the second sentence of such subsection (a) and inserting in lieu thereof "$800,000".

(c) INJUNCTIONS.—

(1) The first sentence of section 110(a) of such Act is amended (1) by inserting "(or rules, regulations or orders thereunder)" after "violations of this title", and (2) by inserting immediately after "pursuant to this title," the following: "or to contain a defect (A) which relates to motor vehicle safety and (B) with respect to which notification has been given under section 151 or has been required to be given under section 152(b).".

(2) The next to the last sentence of section 110(a) of such Act is amended by inserting before the period at the end thereof the following: "or to remedy the defect".

SEC. 104. INSPECTION AND RECORD-KEEPING.

(a) Subsections (a), (b), and (c) of section 112 of the National Traffic and Motor Vehicle Safety Act of 1966 are amended to read as follows:

"(a)(1) The Secretary is authorized to conduct any inspection or investigation—

"(A) which may be necessary to enforce this title or any rules, regulations, or orders issued thereunder, or

"(B) which relates to the facts, circumstances, conditions, and causes of any motor vehicle accident and which is for the purposes of carrying out his functions under this Act.

The Secretary shall furnish the Attorney General and, when appropriate, the Secretary of the Treasury any information obtained indicating noncompliance with this title or any rules, regulations, or orders issued thereunder, for appropriate action. In making investigations under subparagraph (B), the Secretary shall cooperate with appropriate State and local officials to the greatest extent possible consistent with the purposes of this subsection.

"(2) For purposes of carrying out paragraph (1), officers or employees duly designated by the Secretary, upon presenting appropriate credentials and written notice to the owner, operator, or agent in charge, are authorized at reasonable times and in a reasonable manner—

"(A) to enter (i) any factory, warehouse, or establishment in which motor vehicles or items of motor vehicle equipment are manufactured, or held for introduction into interstate commerce or are held for sale after such introduction, or (ii) any premises where a motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident is located;

"(B) to impound for a period not to exceed 72 hours, any motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident; and

"(C) to inspect any factory, warehouse, establishment, vehicle, or equipment referred to in subparagraph (A) or (B).

Each inspection under this paragraph shall be commenced and completed with reasonable promptness.

"(3)(A) Whenever, under the authority of paragraph (2)(B), the Secretary inspects or temporarily impounds for the purpose of inspection any motor vehicle (other than a vehicle subject to part II of the Interstate Commerce Act) or an item of motor vehicle equipment, he shall pay reasonable compensation to the owner of such vehicle to the extent that such inspection or impounding results in the denial of the use of the vehicle to its owner or in the reduction in value of the vehicle.

"(B) As used in this subsection, 'motor vehicle accident' means an occurrence associated with the maintenance, use, or operation of a motor vehicle or item of motor vehicle equipment in or as a result of which any person suffers death or personal injury, or in which there is property damage.

"(b) Every manufacturer of motor vehicles and motor vehicle equipment shall establish and maintain such records and every manufacturer, dealer, or distributor shall make such reports, as the Secretary may reasonably require to enable him to determine whether such manufacturer, dealer, or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder and shall, upon request of an officer or employee duly designated by the Secretary, permit such officer or employee to inspect appropriate books, papers, records, and documents relevant to determining whether such manufacturer, dealer, or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder. Nothing in this subsection shall be construed as imposing recordkeeping requirements on distributors or dealers, except those requirements imposed under section 158 and regulations and orders promulgated thereunder.

"(c)(1) For the purpose of carrying out the provisions of this title, the Secretary, or on the authorization of the Secretary, any officer or employee of the Department of Transportation may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, or such officer or employee, deems advisable.

"(2) In order to carry out the provisions of this title, the Secretary or his duly authorized agent shall at all reasonable times have access to, and for the purposes of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title.

"(3) The Secretary is authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports or answers in writing to specific questions relating to any function of the Secretary under this title. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe.

"(4) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpena or order of the Secretary or such officer or employee issued under paragraph (1) or paragraph (3) of this subsection, issue an order requiring compliance therewith; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(5) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage which are paid witnesses in the courts of the United States.

"(6)(A) The Secretary is authorized to request from any department, agency or instrumentality of the Federal Government such statistics, data, program reports, and other materials as he deems necessary to carry out his functions under this title; and each such department, agency, or instrumentality is authorized and directed to cooperate with the Secretary and to furnish such statistics, data, program reports, and other materials to the Department of Transportation upon request made by the Secretary. Nothing in this subparagraph shall be deemed to affect any provision of law limiting the authority of an agency, department, or instrumentality of the Federal Government to provide information to another agency, department, or instrumentality of the Federal Government.

"(B) The head of any Federal department, agency, or instrumentality is authorized to detail, on a reimbursable basis, any personnel of such department, agency, or instrumentality to assist in carrying out the duties of the Secretary under this title."

(b) Section 112(e) of such Act is amended by striking out "All" and inserting in lieu thereof "Except as otherwise provided in section 158(a)(2) and section 113(b), all"; and striking out "subsection (b) or (c)" and inserting in lieu thereof "this title".

SEC. 105. COST INFORMATION.

The National Traffic and Motor Vehicle Safety Act of 1966 (as amended by section 102) is further amended by inserting after section 112 the following:

"SEC. 113. (a) Whenever any manufacturer opposes an action of the Secretary under section 103, or under any other provision of this Act, on the ground of increased cost, the manufacturer shall submit such cost information (in such detail as the Secretary may by regulation or order prescribe) as may be necessary in order to properly evaluate the manufacturer's statement. The Secretary shall thereafter promptly prepare an evaluation of such cost information.

"(b)(1) Subject to paragraph (2), such cost information together with the Secretary's evaluation thereof, shall be available to the public. Notice of the availability of such information shall be published in the Federal Register.

"(2) If the manufacturer satisfies the Secretary that any portion of such information contains a trade secret or other confidential matter, such portion may be disclosed to the public only in such manner as to preserve the confidentiality of such trade secret or other confidential matter, except that any such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this subsection shall authorize the withholding of information by the Secretary or any officer or employee under his control, from the duly authorized committees of the Congress.

"(c) For purposes of this section, the term 'cost information' means information with respect to alleged cost increases resulting from action by the Secretary, in such form as to permit the public and the Secretary to make an informed judgment on the validity of the manufacturer's statements. Such term includes both the manufacturer's cost and the cost to retail purchasers.

"(d) The Secretary is authorized to establish rules and regulations prescribing forms and procedures for the submission of cost information under this section.

"(e) Nothing in this section shall be construed to restrict the authority of the Secretary to obtain, or require submission of, information under any other provision of this Act."

Sec. 106. Agency Responsibility.

The National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting after section 123 the following new section:

"Sec. 124. (a) Any interested person may file with the Secretary a petition requesting him (1) to commence a proceeding respecting the issuance of an order pursuant to section 103 or to commence a proceeding to determine whether to issue an order pursuant to section 152(b) of this Act.

"(b) Such petition shall set forth (1) facts which it is claimed establish that an order is necessary, and (2) a brief description of the substance of the order which it is claimed should be issued by the Secretary.

"(c) The Secretary may hold a public hearing or may conduct such investigation or proceeding as he deems appropriate in order to determine whether or not such petition should be granted.

"(d) Within 120 days after filing of a petition described in subsection (b), the Secretary shall either grant or deny the petition. If the Secretary grants such petition, he shall promptly commence the proceeding requested in the petition. If the Secretary denies such petition he shall publish in the Federal Register his reasons for such denial.

"(e) The remedies under this section shall be in addition to, and not in lieu of, other remedies provided by law."

Sec. 107. National Motor Vehicle Safety Advisory Council.

(a) Public Members.—Section 104 of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting "(1)" after "Sec. 104. (a)", and by adding the following new paragraph at the end of subsection (a):

"(2) For the purposes of this section, the term, 'representative of the general public' means an individual who (A) is not in the employ of, or holding any official relation to any person who is (i) a manufacturer, dealer, or distributor, or (ii) a supplier of any manufacturer, dealer, or distributor, (B) does not own stock or bonds of substantial value in any person described in subparagraph (A)(i) or (ii), and (C) is not in any other manner directly or indirectly pecuniarily interested in such person. The Secretary shall publish the names of the members of the Council annually and shall designate which members represent the general public. The Chairman of the Council shall be chosen by the Council from among the members representing the general public."

(b) Expiration.—Effective October 1, 1977, section 104 of such Act (as amended by subsection (a) of this section) is repealed.

Sec. 108. Fuel System Integrity Standard.

(a) Ratification of Standard.—Federal Motor Vehicle Safety Standard Number 301 (49 CFR 571.301-75; Docket No. 73-20, Notice 2) as published on March 21, 1974 (39 F.R. 10588-10590) shall take effect on the dates prescribed in such standard (as so published).

(b) Amendment or Repeal of Standard.—The Secretary may amend the standard described in subsection (a) in order to correct technical errors in the standard, and may amend or repeal such standard if he determines such amendments or repeal will not diminish the level of motor vehicle safety.

Sec. 109. Occupant Restraint Systems.

The National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting after section 124 the following new section:

"Sec. 125. (a) Not later than 60 days after the date of enactment of this section, the Secretary shall amend the Federal motor vehicle safety standard numbered 208 (49 CFR 571.208), so as to bring such standard into conformity with the requirements of paragraphs (1), (2), and (3) of subsection (b) of this section. Such amendment shall take effect not later than 120 days after the date of enactment of this section.

"(b) After the effective date of the amendment prescribed under subsection (a):

"(1) No Federal motor vehicle safety standard may—

"(A) have the effect of requiring, or

"(B) provide that a manufacturer is permitted to comply with such standard by means of,

any continuous buzzer designed to indicate that safety belts are not in use, or any safety belt interlock system.

"(2) Except as otherwise provided in paragraph (3), no Federal motor vehicle safety standard respecting occupant restraint systems may—

"(A) have the effect of requiring, or

"(B) provide that a manufacturer is permitted to comply with such standard by means of,

an occupant restraint system other than a belt system.

"(3)(A) Paragraph (2) shall not apply to a Federal motor vehicle safety standard which provides that a manufacturer is permitted to comply with such standard by equipping motor vehicles manufactured by him with either—

"(i) a belt system, or

"(ii) any other occupant restraint system specified in such standard.

"(B) Paragraph (2) shall not apply to any Federal motor vehicle safety standard which the Secretary elects to promulgate in accordance with the procedure specified in subsection (c), unless it is disapproved by both Houses of Congress by concurrent resolution in accordance with subsection (d).

"(C) Paragraph (2) shall not apply to a Federal motor vehicle safety standard if at the time of promulgation of such standard (i) the 60-day period determined under subsection (d) has expired with respect to any previously promulgated standard which the Secretary has elected to promulgate in accordance with subsection (c), and (ii) both Houses of Congress have not by concurrent resolution within such period disapproved such previously promulgated standard.

"(c) The procedure referred to in subsection (b)(3)(B) and (C) in accordance with which the Secretary may elect to promulgate a standard is as follows:

"(1) The standard shall be promulgated in accordance with section 103 of this Act, subject to the other provisions of this subsection.

"(2) Section 553 of title 5, United States Code, shall apply to such standard; except that the Secretary shall afford interested persons an opportunity for oral as well as written presentation of data, views, or arguments. A transcript shall be kept of any oral presentation.

"(3) The chairmen and ranking minority members of the House Interstate and Foreign Commerce Committee and the Senate Commerce Committee shall be notified in writing of any proposed standard to which this section applies. Any Member of Congress may make an oral presentation of data, views, or arguments under paragraph (2).

"(4) Any standard promulgated pursuant to this subsection shall be transmitted to both Houses of Congress, on the same day and to each House while it is in session. In addition, such standard shall be transmitted to the chairmen and ranking minority members of the committees referred to in paragraph (3).

"(d)(1) A standard which the Secretary has elected to promulgate in accordance with subsection (c) shall not be effective if, during the first period of 60 calendar days of continuous session of Congress after the date of transmittal to Congress, both Houses of Congress pass a concurrent resolution the matter after the resolving clause of which reads as follows: 'The Congress disapproves the Federal motor vehicle safety standards transmitted to Congress on ———, 19—; (the blank space being filled with date of transmittal of the standard to Congress). If both Houses do not pass such a resolution during such period, such standard shall not be effective until the expiration of such period (unless the standard specifies a later date).

"(2) For purposes of this section—

"(A) continuity of session of Congress is broken only by an adjournment sine die; and

"(B) the days on which either House is not in session because of an adjournment of more than 3 days to the day certain are excluded in the computation of the 60-day period.

"(e) This section shall not impair any right which any person may have to obtain judicial review of a Federal motor vehicle safety standard.

"(f) For purposes of this section:

"(1) The term 'safety belt interlock' means any system designed to prevent starting or operation of a motor vehicle if one or more occupants of such vehicle are not using safety belts.

"(2) The term 'belt system' means an occupant restraint system consisting of integrated lap and shoulder belts for front outboard occupants and lap belts for other occupants. With respect to (A) motor vehicles other than passenger vehicles, (B) convertibles, and (C) open-body type vehicles, such term also includes an occupant restraint system consisting of lap belts or lap belts combined with detachable shoulder belts.

"(3) The term 'occupant restraint system' means a system the principal purpose of which is to assure that occupants of a motor vehicle remain in their seats in the event of a collision or rollover. Such term does not include a warning device designed to indicate that seat belts are not in use.

"(4) The term 'continuous buzzer' means a buzzer other than a buzzer which operates only during the 8 second period after the ignition is turned to the 'start' or 'on' position."

Sec. 110. Technical and Conforming Amendments.

(a) Definition of Secretary.—Section 102 (10) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended to read as follows:

"(10) 'Secretary' means the Secretary of Transportation."

(b) Date of Annual Report.—The first sentence of section 120(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by striking out "March 1" and inserting in lieu thereof "July 1".

(c) Regrooved Tires.—Section 204(a) of such Act is amended to read as follows:

"(a) No person shall sell, offer for sale, or introduction for sale, or deliver for introduction in interstate commerce, any tire or motor vehicle equipped with any tire which has been regrooved, except that the Secretary may by order permit the sale, offer for sale, introduction for sale, or delivery for introduction in interstate commerce, of regrooved tires and motor vehicles equipped with regrooved tires which he finds are designed and constructed in a manner consistent with the purposes of this Act."

Sec. 111. Effective Date.

The amendments made by this title (other than section 109) shall take effect on the sixtieth day after the date of enactment of this Act; except that section 108(a)(4)(D) of the National Traffic and Motor Vehicle Safety Act of 1966 (as added by section 103(a)(1)(A) of this Act) shall take effect on the date of enactment of this Act.

TITLE II—SCHOOLBUS SAFETY

Sec. 201. Definitions.

Section 102 of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(14) 'schoolbus' means a passenger motor vehicle which is designed to carry more than 10 passengers in addition to the driver, and which the Secretary determines is likely to be significantly used for the purpose of transporting primary, preprimary, or secondary school students to or from such schools or events related to such schools; and

"(15) 'schoolbus equipment' means equipment designed primarily as a system, part, or component of a schoolbus, or any similar part or component manufactured or sold for replacement or improvement of such system, part, or component or as an accessory or addition to a schoolbus."

Sec. 202. Mandatory Schoolbus Standards.

Section 103 of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(i)(1)(A) Not later than 6 months after the date of enactment of this subsection, the Secretary shall publish proposed Federal motor vehicle safety standards to be applicable to schoolbuses and schoolbus equipment. Such proposed standards shall include minimum standards for the following aspects of performance:

"(i) Emergency exits.

"(ii) Interior protection for occupants.

"(iii) Floor strength.

"(iv) Seating systems.

"(v) Crash worthiness of body and frame (including protection against rollover hazards).

"(vi) Vehicle operating systems.

"(vii) Windows and windshields.

"(viii) Fuel systems.

"(B) Not later than 15 months after the date of enactment of this subsection, the Secretary shall promulgate Federal motor vehicle safety standards which shall provide minimum standards for those aspects of performance set out in clauses (i) through (viii) of subparagraph (A) of this paragraph, and which shall apply to each schoolbus and item of schoolbus equipment which is manufactured in or imported into the United States on or after the expiration of the 9-month period which begins on the date of promulgation of such safety standards.

"(2) The Secretary may prescribe regulations requiring that any schoolbus be test-driven by the manufacturer before introduction into commerce."

Sec. 203. Enforcement.

Section 108(a)(1) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(F) to fail to comply with regulations of the Secretary under section 103(i)(2)."

TITLE III—MOTOR VEHICLE DEMONSTRATION PROJECTS

Sec. 301. Demonstration Projects.

(a) Title III of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1961 et seq.) is amended—

(1) by inserting after the heading for such title the following:

"Part A—State Programs";

(2) by striking out "this title" wherever it appears in sections 301, 302, and 303 and inserting in lieu thereof "this part";

(3) by redesignating section 304 as section 321; and

(4) by inserting after section 303 the following:

"Part B—Special Demonstration Projects

"AUTHORITY TO ESTABLISH

"Sec. 311. The Secretary shall establish a special motor vehicle diagnostic inspection demonstration project to assist in the rapid development and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in standardized high volume inspection facilities and to evaluate the repair characteristics of motor vehicles. Such project shall be designed to facilitate evaluation of repair characteristics by small automotive repair garages.

"Part C—Authorization of Appropriations"

That the Senate recede from its disagreement to the amendment of the House to the title of the Senate bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the House to the title of the Senate bill, insert the following: "An Act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations for the fiscal years 1975 and 1976; to provide for the remedy of certain defective motor vehicles without charge to the owners thereof; to require that schoolbus safety standards be prescribed; to amend the Motor Vehicle Information and Cost Savings Act to provide for a special demonstration project; and for other purposes."

And the House agree to the same.

Harley O. Staggers,
John E. Moss,
W. S. (Bill) Stuckey, Jr.,
Samuel L. Devine,
James T. Broyhill,
Managers on the Part of the House.

Warren G. Magnuson,
Vance Hartke,
Frank E. Moss,
Ted Stevens,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 355) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to promote traffic safety by providing that defects and failures to comply with motor vehicle safety standards shall be remedied without charge to the owner, and for other purposes, submits the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The difference between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I—MOTOR VEHICLE SAFETY

AUTHORIZATION OF APPROPRIATIONS

Senate bill

Section 4 of the Senate bill authorized the appropriation of sums not to exceed $46,773,000 for the fiscal year ending June 30, 1974 to carry out the purpose of the National Traffic and Motor Vehicle Safety Act of 1966 (hereinafter, "the Act").

House amendment

Section 101 of the House amendment authorized the appropriation of sums for three fiscal years to carry out the purpose of the Act. The amendment authorized the appropriation of sums not to exceed $55 million for the fiscal year ending June 30, 1975; $60 million for the fiscal year ending June 30, 1976; and $65 million for the fiscal year ending June 30, 1977.

Conference substitute

The conference substitute authorizes a two-year appropriation of sums not to exceed $55 million for the fiscal year ending June 30, 1975 and $60 million for the fiscal year ending June 30, 1976 for the purpose of implementing the Act.

DISCOVERY, NOTIFICATION, AND REMEDY OF MOTOR VEHICLE DEFECTS

In general, part B of this legislation is based on section 113 of existing law and incorporates the agency hearing and notification procedures of that section while adding the requirement to remedy defects related to motor vehicle safety and failures to comply with applicable safety standards without charge.

NOTIFICATION RESPECTING MANUFACTURER'S FINDING OF DEFECT OR FAILURE TO COMPLY

Senate bill

Section 3 of the Senate bill amended section 113(a) of the Act to require every manufacturer of motor vehicles or tires to furnish notification to the purchaser of such motor vehicle or item of motor vehicle equipment if the manufacturer discovered that the motor vehicle or item of equipment did not comply with an applicable Federal motor vehicle safety standard or contained a defect related to motor vehicle safety.

House amendment

Section 102 of the House amendment amended Title I of the Act by striking out section 113 and by adding at the end of such title a new part entitled "Part B—Discovery, Notification, and Remedy of Motor Vehicle Defects". Section 151 of Part B as added by the House amendment required manufacturers of vehicles or tires to furnish notification to the Secretary of Transportation (hereinafter, the Secretary) and to owners, purchasers, and dealers of any motor vehicle or item of motor vehicle equipment manufactured by him in accordance with section 153 as added by the House amendment, if he (1) obtained knowledge that such vehicle or item of equipment contained a defect and determined in good faith that such vehicle or item of equipment did not comply with an applicable Federal motor vehicle safety standard prescribed under the Act. Such manufacturer must also remedy such defect or failure to comply in accordance with section 154.

Conference substitute

The conference substitute incorporates section 151 as added to existing law by the House amendment with a conforming change.

NOTIFICATION RESPECTING SECRETARY'S FINDING OF DEFECT OR FAILURE TO COMPLY

Senate bill

Section 3 of the Senate bill also amended section 113(a) of the Act to provide that, if the Secretary determined, through testing, inspection, investigation, research, examination of communications, or through other means, that any motor vehicle or item of motor vehicle equipment produced by a motor vehicle or tire manufacturer contained a defect which related to motor vehicle safety or did not comply with an applicable Federal motor vehicle safety standard prescribed under the Act, that such manufacturer had to notify the purchaser of such motor vehicle or item of motor vehicle equipment.

The Senate bill amended section 113(g) of the Act to require the Secretary to immediately notify the manufacturer of his determination of defect or failure to comply and to supply a statement of his reasons and basis for the findings. Such determination, reasons, and findings would be published immediately in the Federal Register. The Secretary was also required to make available to the manufacturer and any interested person all information, subject to the provisions on confidentiality, upon which the findings are based.

Within seven days after the manufacturer received notification, the manufacturer could file a petition to initiate a proceeding to establish that such motor vehicle or item of motor vehicle equipment did not comply with such standard or did not contain a defect which related to motor vehicle safety; or that such defect or failure to comply was *de minimis*. Such proceeding would commence within twenty-one days of the date of determination and a record of the proceeding would be maintained. In addition, the proceeding would be structured to proceed as expeditiously as possible while permitting the manufacturer and all interested persons an opportunity to present their views. Participants would be given a limited right to cross-examine experts on matters directly related to the issues of defect or failure to comply. Within fourteen days of the conclusion of the proceeding, the Secretary would issue his decision on the petition with a statement of his reasons. If the decision affirmed the original determination of the Secretary, the Secretary would direct such manufacturer to furnish the notification required by section 113 as amended. The Secretary's decision and reasons would be published immediately in the Federal Register.

House amendment

Section 152 of Part B as added by the House amendment required a manufacturer of motor vehicles or motor vehicle equipment to notify and remedy when the Secretary made a final determination that any motor vehicle or item of motor vehicle equipment did not comply with an applicable Federal motor vehicle safety standard or contained a defect which related to motor vehicle safety.

Under section 152(a) as added by the House amendment, if the Secretary made an initial determination (through testing, inspection, investigation, research, examination of communications, or otherwise) of the existence of a defect or failure to comply, he must immediately notify the manufacturer. The notice would contain the findings of the Secretary and include all information upon which the findings were based, including a statement of the primary reasons supporting the Secretary's initial determination that a defect or failure to comply exists. The Secretary was required to afford the manufacturer an opportunity to present his views and evidence to establish that there was no failure of compliance or that the alleged defect did not affect motor vehicle safety. Section 152(b) as added by the House amendment provided that, following the manufacturer's presentation, if the Secretary made a final determination that a motor vehicle or item of its equipment did not comply with an applicable safety standard or contained a defect which related to motor vehicle safety, he would order the manufacturer to notify owners, purchasers, and dealers pursuant to section 153 as added by the House amendment and to remedy the defect or failure to comply pursuant to section 154 as added by the House amendment.

Conference substitute

The conference substitute adopts the provisions of section 152 as added to existing law by the House amendment and incorporates several provisions contained in the Senate bill. Specifically, when the Secretary notifies the manufacturer of a motor vehicle or item of replacement equipment of the initial determination of the existence of the defect or failure to comply, he must also publish notice of such determination in the Federal Register. The notice to the manufacturer must contain the Secretary's findings and all information upon which his findings are based. Such notice, findings, and information must also be available to any interested person subject to the provisions of section 158(a)(2)(B), as added by the House amendment, with regard to the disclosure of trade secrets and other matter referred to in section 1905 of title 18, United States Code.

Both the manufacturer and other interested persons are afforded an opportunity to present data, views, and arguments respecting the determination of the Secretary. Existing law refers to the presentation of "views and evidence" by the manufacturer in section 133(e) of the Act. The House amendment retained this language. The conference substitute expands the opportunity for participation in the informal hearing to other interested persons. In addition, a technical amendment deletes the term "evidence," when referring to the type of information which may be presented to the Secretary. Instead, both the manufacturer and other interested persons may present "data, views, and arguments" to the Secretary. This change emphasizes the intention of the conferees to retain the informal hearing procedure in existing law. The Secretary's final determination concerning a defect or failure to comply under section 152(b) as added by the House amendment is made after the presentation of data, views, and arguments by the manufacturer and other interested persons.

CONTENTS, TIME, AND FORM OF NOTICE

Senate bill

Section 3 of the Senate bill amended section 113(b) of the Act to provide that the notification to be sent by the manufacturer to the purchaser or owner of a motor vehicle or item of motor vehicle equipment with a defect or failure to comply would contain, in addition to such other matters as the Secretary could prescribe by regulation: (a) a clear description of the defect in any motor vehicle or item of motor vehicle equipment or the failure to comply with any applicable motor vehicle safety standard; (b) an evaluation of the risk to traffic safety reasonably related to such defect or failure to comply; (c) a statement of the measures to be taken to remedy such defects or failure to comply; (d) a statement that the named manufacturer would cause such defect or failure to comply to be remedied without charge; (e) the date when such defect or failure to comply would initially be remedied without charge and, in the case of tires, the final date when such defect or failure to comply would be remedied without charge; and (f) a description of the procedure to be followed in informing the Secretary whenever a manufacturer, distributor, or dealer failed or was unable to remedy without charge such defect or failure to comply. The Senate bill further provided that notification would be furnished within a reasonable time after the discovery by the manufacturer of the defect or failure to comply, or, after the Secretary's determination of the existence of the defect or failure to comply.

Finally, the Senate bill required the notification to be accomplished by certified mail to the first purchaser of the motor vehicle or motor vehicle equipment containing such defect or failure to comply; to any subsequent purchaser of such vehicle or equipment to whom was transferred any warranty thereon; and to any other person who was a registered owner of such vehicle or equipment and whose name and address was reasonably ascertainable through State records or other sources available to such manufacturer. Additionally, the notification would be provided by certified mail or other more expeditious means to the dealer or dealers of such manufacturer to whom such motor vehicle or motor vehicle equipment was delivered.

House amendment

Section 153(a) as added by the House amendment contained provisions similar to those in the Senate bill regarding the contents of the notice respecting a defect or failure to comply. Regarding the time of notice, section 153(b) as added by the House amendment was also similar to the Senate bill; however, the House amendment provided that notification within a reasonable time by the manufacturer would be made after the manufacturer first made a determination with respect to a defect or failure to comply. After the manufacturer's receipt of notice of the determination by the Secretary of a defect or failure to comply, a manufacturer would furnish the prescribed notification within a reasonable time as prescribed by the Secretary.

Section 153(c) as added by the House amendment differed from the Senate bill regarding the form of notification. Section 153(c)(1) as added by the House amendment directed that notification be accomplished, in the case of a motor vehicle, by first class mail to each person who is registered under State law as the owner of such vehicle and whose name and address is reasonably ascertainable by the manufacturer through State records or other sources available to him. Section 153(c)(2) as added by the House amendment provided that, unless the registered owner (if any) of a motor vehicle or item of motor vehicle equipment was notified under section 153(c)(1), as added by the House amendment, notification would be furnished by first class mail to the first purchaser (or, if a more recent purchaser was known to the manufacturer, to the most recent purchaser known to the manufacturer) of each motor vehicle or item of motor vehicle equipment containing a defect or failure to comply. Like the Senate bill, the House amendment provided notification to the dealer or dealers of the manufacturer by certified mail or more expeditious means. Unlike the Senate bill, the House amendment also provided notification to the Secretary by certified mail. In the case of a tire, the manufacturer could elect to provide notification under section 153(c) (1) and (2) by certified mail.

Conference substitute

The conference substitute incorporates the new section 153 as added to existing law by the House amendment.

As in section 153(c) as added by the House amendment, the conference substitute provides that a tire manufacturer, or a motor vehicle manufacturer in the case of an original tire, may elect to provide notification required by section 153(c) by either first class or certified mail. The conferees agree that regardless of which mode of communication is used, the burden is on the manufacturer to establish the date upon which notification is received for purposes of calculating the 60-day period during which the tire must be repaired or replaced free of charge pursuant to section 154(a)(5).

The provisions of the House amendment as adopted by the committee of conference contain a modification, the intent of which is to clarify the form of notification to be furnished by a manufacturer of replacement equipment concerning a defect or failure to comply in such item of replacement equipment manufactured by him. Unlike a motor vehicle or tire manufacturer, a replacement equipment manufacturer is not required by law to cause the establishment and maintenance of records of name and address of first purchasers. Therefore, the new section 153(c)(3) requires replacement equipment manufacturers to furnish notification to the most recent purchaser known to the equipment manufacturer. Also, if necessary in the interest of motor vehicle safety, the notification required by section 151 or 152 must be by public notice in such manner as the Secretary may order after consultation with the manufacturer.

The provisions for the form of notification by manufacturers of motor vehicles, original motor vehicle equipment, and tires are the same as those in the House amendment with clarifying changes.

REMEDY OF DEFECT OR FAILURE TO COMPLY

Senate bill

Section 3 of the Senate bill amended section 113(e) of the Act to require a manufacturer to repair a defective or non-complying motor vehicle and item of equipment without charge. It provided that, if any motor vehicle, motor vehicle equipment, or tire was determined by the manufacturer or by the Secretary (after a hearing, where applicable) to contain a safety-related defect or failure to comply with an applicable motor vehicle safety standard, then, after the required notification, the manufacturer of such motor vehicle or tire presented for remedy pursuant to such notification would cause the defect or failure to comply in such motor vehicle or equipment to be remedied without charge. In the case of a tire presented for remedy, the manufacturer of each such tire would replace it without charge for a period up to sixty days after the owner received notification, or sixty days after replacement tires were available, whichever was later. The Senate bill further provided that, in the case of a motor vehicle presented for remedy, if the defect or failure to comply could not be adequately remedied, the Secretary would require the manufacturer, at the manufacturer's option, either to (a) replace such motor vehicle without charge with a new or equivalent vehicle, or (b) refund the purchase price of the motor vehicle in full, plus a reasonable allowance for depreciation.

The Senate bill further provided that the dealer or retailer who performs such remedy work without charge would receive fair and equitable reimbursement for such work from the manufacturer.

The repair without charge provisions of the Senate bill did not apply if the motor vehicle or item of motor vehicle equipment was purchased by the first purchaser more than eight calendar years before the manufacturer received notification from the Secretary of defect or failure to comply.

House amendment

Section 154(a)(1) of Part B as added by the House amendment required the manufacturer of a motor vehicle or item of motor vehicle equipment to cause a defect or failure to comply in a motor vehicle or item of its equipment to be remedied without charge if notification was required under section 151 or under an order issued pursuant to section 152(b). This statutory obligation to remedy without charge would not apply, however, during any period of time when enforcement of the Secretary's order under section 152(b) was restrained in an action to which section 155(a) applied or when such order was set aside in such an action.

Concerning the method of remedy pursuant to such notification, section 154(a)(2) as added by the House amendment provided that the manufacturer of a tire would repair or replace a defective or noncomplying tire without charge during the sixty-day period beginning on the later of (i) the date on which the owner or purchaser received such notification, or (ii) the date on which he received notice that replacement tires were available. The sixty-day provision was intended to give owners or purchasers a reasonable period of time to obtain the remedy and also to encourage their prompt efforts to secure the remedy rather than continue to drive vehicles with unsafe tires.

Section 154(a)(2) also provided that in the case of a motor vehicle presented for remedy pursuant to notification, the manufacturer would elect and provide one of three forms of remedy. First, he could repair the vehicle. Second, he could replace the motor vehicle without charge with a new or equivalent vehicle. Third, he could refund the purchase price of the motor vehicle in full, less a reasonable allowance for depreciation. Replacement or refund could be subject to such conditions imposed by the manufacturer as the Secretary might permit by regulation.

With respect to an item of motor vehicle equipment which contains a safety-related defect or failure to comply with a motor vehicle safety standard, the manufacturer could elect either to repair the item of equipment or replace the item of equipment without charge with a new or equivalent item of equipment.

Like the Senate bill, the House amendment provided that the dealer or retailer who provided remedy pursuant to this section without charge would receive fair and equitable reimbursement for such remedy from the manufacturer. However, the House amendment also provided that such reimbursement was not available where the manufacturer chose to replace the motor vehicle.

Under the provisions of Section 154(b)(1) of Part B as added by the House amendment, whenever a manufacturer elected to repair a defect or failure to comply, he would do so within a reasonable time, which was defined as within 60 days after tender of the vehicle or item of equipment, unless the Secretary extended this period for good cause. If the manufacturer failed to adequately repair within such reasonable time, he would replace the vehicle or item of equipment with a new or equivalent vehicle or item of equipment without charge or, if a manufacturer so elected in the case of a motor vehicle, refund the purchase price in full, less a reasonable allowance for depreciation.

An extension of the 60-day period for remedying a defect or failure to comply was provided for upon a showing of good cause, primarily because the time required to produce and ship replacement parts to dealerships varies with the particular campaign.

The term "tender" was defined in section 154(b)(2) of Part B of the House amendment as not including any tender of a motor vehicle or item of equipment for repair prior to the earliest date specified in notification under section 153(a) on which such remedy would be provided without charge. If notification was not afforded pursuant to section 153(a), tender was not effective prior to the date specified in any notice required to be given under section 155(d). The earliest date, as specified by the manufacturer in any notification, would be the earliest date on which parts and services could reasonably be expected to be available and would be subject to disapproval of the Secretary.

Section 154(a)(4) as added by the House amendment further provided that the requirement of remedy without charge does not apply if the motor vehicle or item of motor vehicle equipment was purchased by the first purchaser more than eight calendar years (three calendar years in the case of a tire) before (1) notification pursuant to section 151 or 152 was issued respecting the defect or failure to comply, or (2) the Secretary ordered such notification, whichever was earlier.

Finally, the House amendment required the manufacturer to file with the Secretary a copy of his program for remedying any defect or failure to comply, and the program would be available to the public.

Conference substitute

The conference substitute adopts the provisions of the new section 154 of the House amendment with the following modifications: First, it clarifies a possible ambiguity in the House provisions relating to the commencement of the sixty-day period during which remedy at no charge is required for tires.

Under the provisions of section 154(a)(5) of the conference substitute, the manufacturer of a tire presented for remedy by an owner or purchaser shall not be obligated to remedy such tire if such tire is not presented during the 60 day period beginning on the later of (1) the date on which the owner or purchaser received notification of defect or failure to comply or (2) if the manufacturer elects replacement, the date on which the owner or purchaser received notice that a replacement tire is available.

The 60-day limitation on the manufacturer's obligation to remedy is effective only if the manufacturer elects to replace the tire and such replacement tires are in fact available during the 60-day period. If the owner or purchaser has presented the tire for replacement during the original 60-day period, but replacements are not in fact available, his right to the replacement tire is preserved. In such a case, the owner or purchaser is entitled to notification when the replacement tires become available. Upon receipt of this subsequent notification, the owner or purchaser is entitled to the 60-day period within which to present the tire for replacement as long as such replacement tire is in fact available during this period.

The conference substitute deletes the provision in the House amendment which denied reimbursement to the dealer or retailer who provides remedy work when the manufacturer replaces the motor vehicle. Under the conference substitute, such dealer or retailer is entitled to fair and equitable reimbursement recognizing, for example, that dealer preparation expenses may be involved when a new motor vehicle is offered as a remedy.

Third, the conference substitute requires notice of the availability of the manufacturer's remedy program to be published in the Federal Register.

Fourth, the conferees intend that the provision relieving a manufacturer of the obligation to remedy without charge if the motor vehicle or item of replacement equipment was first purchased more than eight calendar years (three years in the case of a tire) before notification was issued or required to be issued, does not relieve the manufacturer of the obligation to issue a notification concerning a defect or failure to comply or affect any other rights of the owner.

With respect to the manufacturer's assessment of the earliest date upon which parts and facilities can reasonably be expected to be available and the Secretary's authority to disapprove such date, the conferees agree that section 156 as added by the conference substitute is applicable. Where the Secretary disapproves such date, he may, pursuant to such section and on his own motion, hold a hearing to determine if the manufacturer has reasonably met his obligation to remedy a defect or failure to comply. If he determines that such obligation has not been met, than the Secretary may order the manufacturer to take specified action to comply with his obligation. Thus, under this procedure, the Secretary could determine that an earlier date than that determined by the manufacturer is practicable and the Secretary can order the manufacturer to provide parts and facilities on such date.

ENFORCEMENT OF NOTIFICATION AND REMEDY ORDERS AND JUDICIAL REVIEW

Senate Bill: The Senate bill provided specifically for pre-enforcement judicial review of the Secretary's determination that there was a defect or failure to comply with an applicable motor vehicle safety standard. Any person aggrieved by such determination was authorized to seek judicial review in the United States Court of Appeals for the District of Columbia within 20 days after the Secretary's determination. The Senate bill provided for expedited review and specifically provided that the factual findings of the Secretary were to be sustained if supported by substantial evidence on the record considered as a whole. The Senate bill did not make such judicial review exclusive. Therefore, under the Senate bill judicial review at the enforcement stage may have been available.

House Amendment: In general, the House amendment contemplated that there would be review of the Secretary's determination of defect or failure to comply at the enforcement stage of the administrative process. The House took no position on whether or not pre-enforcement judicial review was also available.

Section 155(a)(1) as added by the House amendment established the forum for an action under section 110(a) of the Act to restrain a violation of an order issued by the Secretary to furnish notification and to remedy a defect or failure to comply, or under section 109 of the Act to collect a civil penalty with respect to a violation of such an order, or for any other civil action with respect to such an order. All such enforcement or other actions may be brought only in the United States District Court for the District of Columbia or the United States district court for judicial district in the State of incorporation of the manufacturer to which the order applied. While (as noted above) the House did not take any position on the question of whether or not a manufacturer was entitled to pre-enforcement judicial review of a notification and remedy order, the amendment did not provide that if the court so permitted, the action would be consolidated with any enforcement action brought by the Secretary. All actions (including enforcement actions) brought with respect to the same order under section 152 (b) would be considered in an action in a single judicial district, in accordance with the order of the court in which the first action was brought.

Section 155(a)(2) as added by the House amendment also provided that, if an action was brought which related to an order under section 152(b), and to which section 155(a) applied, the Secretary could order the manufacturer to issue a notification in addition to, and not in lieu of, notification required by section 151 or 152 of the House amendment if such manufacturer had refused to issue with notification. Notification would contain (1) a statement that the Secretary determined that a defect which related to motor vehicle safety or a failure to comply with a motor vehicle safety standard existed, and that the manufacturer was contesting such determination in a proceeding in a United States district court; (2) a clear description of the Secretary's stated basis for his determination; (3) the Secretary's evaluation of the risk to motor vehicle safety reasonably related to such defect or failure to comply; (4) any measures which in the judgment of the Secretary were necessary to avoid an unreasonable hazard resulting from the defect or failure to comply; (5) a statement that the manufacturer would cause such defect or failure to comply to be remedied without charge, but that this obligation of the manufacturer was conditioned on the outcome of the court proceeding; and (6) such other matters as the Secretary could prescribe by regulation.

Section 155(c) as added by the House amendment provided that a manufacturer who failed to notify owners or purchasers in accordance with section 153(c) within the period specified under section 153(b) may be assessed a civil penalty with respect to such failure unless the manufacturer prevailed in an action under this section, or unless the court restrained the enforcement of such order throughout the pendency of the action. A manufacturer who failed to notify owners or purchasers as required by an order under section 155(b) could be assessed a civil penalty without regard to whether or not he prevailed in an action described in section 155(a) with respect to the validity of the Secretary's order to notify or remedy under section 152(b).

Section 155(d) of Part B as added by the House amendment contained the conditions and provisions for notification to owners and purchasers of the outcome of a section 155(a) proceeding in a United States district court. The Secretary was required to order a manufacturer to issue this notification if (i) a manufacturer failed within the specified period to comply with an order under section 152(b) to afford notification to owners and purchasers; (ii) a section 155(a) proceeding was commenced with respect to such order; and (iii) the Secretary prevailed in such proceeding. Therefore, this final notification would be required whether or not a manufacturer afforded notification to owners and purchasers pursuant to an order under section 152(b) after the commencement of a proceeding in a United States district court and whether or not a manufacturer was required to issue an additional notification under section 155(b) during the pendency of the court proceeding. The expense to the manufacturer of sending notification pursuant to section 155(d), which could or could not be the first notification actually mailed to owners and purchasers, was outweighed by the public interest in informing owners and purchasers of the outcome of the court proceeding if the Secretary prevailed and of the availability of remedy without charge for the defect or failure to comply. Subsection (d)(1) of section 155 permitted the combining of notification under this section with any notice required by an order under section 152(b), so that the manufacturer could be spared the expense of two notifications if the Secretary prevailed in a civil action under section 155(a). The notification under section 155(d) could contain such information as required by the Secretary, for example, the items specified in section 153(a), and would specify the earliest date on which such defect or failure to comply would be remedied without charge.

If the Secretary required the additional notification under section 155(b) during the pendency of a district court proceeding, then he would order the manufacturer to reimburse the owner or purchaser for any reasonable and necessary expenses (not in excess of any amount specified in the order) which were incurred: (A) by such owner or purchaser; (B) for the purpose or repairing the defect or failure to comply to which the order related; and (C) during the period beginning on the date such notification under section 155(b) was required to be issued and ending on the date such owner or purchaser received notification pursuant to this subsection. The Secretary would thus have the responsibility for deciding the amount of reimbursement to which owners and purchasers could be entitled and should consider carefully the nature of the defect or failure to comply to which his order under this section related and the type of remedy necessary for such defect or failure to comply. A reasonable estimate of the average prevailing rates for this type of remedy work would be necessary to establish the amount of reimbursement.

Conference Substitute: The conferees agreed to adopt the provisions of section 155 as added by the House amendment but made certain modifications, the substance of which is discussed below.

The conference substitute permits a person sued by the Secretary to restrain a violation of an order to notify and to remedy (or to collect a civil penalty) to seek removal from the district court in which such action is brought to any other District Court for good cause shown. It also specifically provides that a consolidation of all actions brought with respect to the same order under section 152 (b) will take place in the court in which the first such action is brought or in the court to which such first action brought is transferred. In other words, if an action is first brought in district court A and three weeks later an action is brought in district court B and four weeks later the action in court A is transferred to court C, then court C is required to consolidate the actions.

The conference substitute also specifies the test which the District court is to apply in determining whether to restrain the enforcement of an order to notify and remedy, (or to collect a civil penalty), thereby relieving the manufacturer during the pendency of the proceeding from exposure to civil penalties. The conference substitute provides that the court shall restrain the enforcement of the order only if it determines both that the failure to furnish notification is reasonable and that the manufacturer has demonstrated that he is likely to prevail on the merits.

The conferees disagreed with those who interpreted the House bill as possibly requiring a manufacturer, during the pendency of an action to restrain or enforce, to remedy without charge a defect or failure to comply. The conferees intend that a manufacturer for whom the order to notify and remedy has not been restrained during the pendency of such action would not be subject to a court order to remedy without charge and his exposure to a civil penalty would depend on the outcome of such action. In other words, a court could not compel him to remedy during the pendency of any enforcement or other civil action with respect to an order issued under section 152(b).

The conferees discussed but decided to take no position on whether or not pre-enforcement judicial review was available under the terms of the conference substitute. The conferees decided to leave that question to the courts. If the courts permit such pre-enforcement judicial review, then the venue and consolidation provisions of the conference substitute would apply so as to accomplish consolidation of any pre-enforcement judicial review actions which had not been completed prior to the Secretary's bringing in an action to restrain a violation of an order to notify and remedy or to collect a civil penalty for failure to notify or to remedy.

The conferees gave careful consideration to the question of the weight which a district court would give to the Secretary's determination of defect. While the conferees agreed that the proceding in the district court could appropriately be characterized as a "de novo" proceeding, the conferees expected the district court to give due consideration to the expertise of the agency in its consideration of the facts as to whether or not there was a defect and whether such defect was safety related. With respect to any challenge to the validity of an underlying motor vehicle safety standard when the Secretary has determined that there has been a failure to comply, the conferees determined that a collateral attack on the motor vehicle safety standard was permissible if such attack was not *res judicata* because of previous judicial review. In any such collateral attack, however, the standard of review by the district court would be the same as a standard of review in a court reviewing the validity of the motor vehicle safety standard at the pre-enforcement stage of the administrative process. In other words, there would be no de novo review of the motor vehicle safety standard, while there would be de novo review of the facts as to whether or not there had been a failure to comply with such standard.

REASONABLENESS OF REMEDY

Senate bill

The Senate bill provided that the Secretary would approve with or without modification after consultation with the manufacturer of a motor vehicle or tire, such manufacturer's remedy plan. The review included the date when and the method by which the notification and remedy would be effectuated. The Senate bill further provided that the date would be the earliest practicable one, but would not exceed sixty days from the date of discovery or determination of the defect or failure to comply. The Secretary was empowered to grant an extension of this period for good cause and to publish notice of such extension in the Federal Register.

The manufacturer was bound to implement the remedy plan as approved by the Secretary. However, the manufacturer could apply to the Secretary to approve any amendment or modification of the plan for good cause shown, provided notice of such modification was reasonably publicized by the manufacturer. The application and the decision rendered on the application would be published in the Federal Register within five days after receipt or issuance. Good cause was defined to mean "unavoidable delay due to strikes, catastrophe, or natural disaster."

House amendment

As indicated previously, section 154(c) as added by the House amendment required the manufacturer to file with the Secretary a copy of his program to remedy a defect or failure to comply, and the program would be available to the public. Section 156 of the House amendment further provided that upon petition of any interested person, or on his own motion, the Secretary could hold a hearing in which any interested person (including a manufacturer) could make oral (as well as written) presentations of data, views, and arguments on the question of whether a manufacturer has reasonably met his obligation to remedy a defect or failure to comply under section 154. If the Secretary determined that a manufacturer did not reasonably meet the obligation, he would order the manufacturer to take specified action to comply with such obligation.

Conference substitute

The conference substitute adopts the provisions of the House amendment with two clarifying amendments. First, the Secretary is authorized under section 156 as added by the conference substitute to consider whether the manufacturer has reasonably met his obligation not only to remedy a defect or failure to comply, but also to provide notification pursuant to section 151 or 152.

Second, section 156 now states that if the Secretary determines the manufacturer has not reasonably met his obligation to notify and remedy, the Secretary shall order the manufacturer to take the specified action to comply and the Secretary may also take any other action authorized by Title I of the National Traffic and Motor Vehicle Safety Act. Thus, for example, the Secretary may assess a civil penalty for failure of the manufacturer to meet his obligation to notify and remedy.

EXEMPTION FOR INCONSEQUENTIAL DEFECT OR FAILURE TO COMPLY

Senate bill

The Senate bill allowed a manufacturer to petition the Secretary to initiate a proceeding to establish that a defect or failure to comply was *de minimis* in its impact on the number of traffic accidents and deaths and injuries to persons resulting from traffic accidents. If the manufacturer was successful in such a proceeding, he was not obligated to remedy without charge.

House amendment

Section 157 as added by the House amendment provided that upon application of a manufacturer, the Secretary would exempt such manufacturer from giving notice or remedying a defect or failure to comply if the Secretary determined, after public notice and opportunity for presentation of data, views, and arguments, that such defect or failure to comply was inconsequential as it related to motor vehicle safety.

Conference substitute

The conference substitute is the same as the House amendment except that interested persons as well as the manufacturer are given the opportunity to present data, views, and arguments to the Secretary after notice is published in the Federal Register.

IMMINENT HAZARD

Senate bill

Section 3 of the Senate bill added a new section 113(h) to the Act authorizing the Secretary to file an action against an imminently hazardous motor vehicle or item of motor vehicle equipment for the seizure of such vehicle or equipment, and against the manufacturer, distributor or dealer of such motor vehicle equipment. An "imminent hazard" was defined to mean a motor vehicle or item of motor vehicle equipment which presented immediate and unreasonable risk of death, serious illness, or severe personal injury. The court in which such an action was filed shall have jurisdiction to declare that such motor vehicle or item of motor vehicle equipment was imminently hazardous, and to grant such temporary or permanent relief as might be necessary to protect the public from the risk.

In an action filed against an imminently hazardous motor vehicle or item of motor vehicle equipment, such a vehicle or equipment could be proceeded against by process of libel for the seizure and condemnation of such product in any district court of the United States within the judicial district in which such motor vehicle or item of motor vehicle equipment was found.

House amendment.—No comparable provision.

Conference substitute

The conference substitute omits the "Imminent Hazard" provision of the Senate bill. The purpose of this section—to insure the ability of the Secretary to act swiftly when a motor vehicle or item of replacement equipment presents an immediate and unreasonable risk—can be accomplished under the provisions of the conference substitute.

Under the new section 152 of the conference substitute, when the Secretary makes an initial determination of a defect or failure to comply in a motor vehicle or item of replacement equipment, he shall immediately notify the manufacturer of such determination and shall publish notice of such determination in the Federal Register. The manufacturer and interested persons are afforded the opportunity to present data, views, and arguments on the issue of whether a defect or failure to comply exists. Section 152(b) of the conference substitute provides that after such presentation, if the Secretary determines that such vehicle or item of replacement equipment does not comply with an applicable Federal motor vehicle standard or contains a defect which relates to motor vehicle safety, then the Secretary shall order notification and remedy without charge.

The committee of conference believes that if the Secretary makes an initial determination that a defect or failure to comply in a motor vehicle or item of replacement equipment poses an immediate and unreasonable risk of death, serious illness, or personal injury, he may expedite the public notice and informal comment procedures. If the Secretary's final determination (after such notice and opportunity for comment) is that such defect or failure to comply poses such an immediate and unreasonable risk, he shall immediately issue an order under section 152(b) to the manufacturer to furnish notification and to remedy.

Additionally, the Secretary may seek to utilize the provisions of section 110(a) of the Act as modified by this legislation. The United States district courts are given jurisdiction thereunder to restrain violations of Title I of the Act, or rules, regulations, or orders thereunder, to restrain the sale or importation of any motor vehicle or item of replacement equipment which does not comply with an applicable motor vehicle safety standard or contains a defect which relates to motor vehicle safety and with respect to which notification has been required under section 152(b). Thus, once the section 152(b) order has been issued in the expedited procedure above, any vehicle or item of replacement equipment to which the order applies which has not yet been sold to a first purchaser (other than a dealer) is subject to a restraining order of the court.

INFORMATION, DISCLOSURE, AND RECORDKEEPING

Senate bill

Section 3 of the Senate bill included provisions similar to section 113(d) of existing law and provided that every manufacturer of motor vehicles or tires would furnish to the Secretary a true or representative copy of all notices, bulletins, and other communications to the dealers of such manufacturer or to the purchasers of motor vehicles or motor vehicle equipment produced by such manufacturer regarding any defect in such vehicle or equipment which is sold or serviced. The section also required the Secretary to disclose so much of any information referred to under this subsection, the subsection relating to the defect or failure to comply, or section 112(a) of the Act as the Secretary determined would assist in carrying out the purposes of the Act. However, the Secretary would not disclose to the public any information which contained or related to a trade secret or other matter referred to in section 1905 of title 18, United States Code, unless he determined that it was necessary to carry out the purposes of the Act.

Section 113(d) of the Act, as amended by the Senate bill further required every manufacturer of motor vehicles or tires to maintain records of the names and addresses of the first purchaser of motor vehicles or tires produced by the manufacturer. The Secretary was empowered to establish, by order, procedures to be followed by manufacturers in establishing and maintaining such records, including procedures to be followed by distributors and dealers to assist manufacturers to secure the required information. The availability or not of such assistance would not affect the obligation of manufacturers under this section.

House amendment

Section 153(a) of the House amendment contained a similar provision relating to information and disclosure. It further specified that the Secretary would disclose to the public so much of any information which is obtained under the Act and which related to a defect, which related to motor vehicle safety, or to failure to comply with an applicable federal motor vehicle safety standard, as he determined would assist in carrying out the purposes of Part B of the Act.

Any information containing or relating to a trade secret or other matter referred to in section 1905 of title 18, United States Code, would be considered confidential for purposes of that section and not be disclosed, unless the Secretary determined that disclosure was necessary to carry out the purposes of Part B of the Act.

Section 158(b) as added by the House amendment required every manufacturer of motor vehicles or tires to cause the establishment and maintenance of records of the name and address of the first purchaser of each motor vehicle and tire (and to the extent required by regulations of the Secretary, each item of motor vehicle equipment other than a tire) produced by such manufacturer. The Secretary could also, by rule, specify the records to be established and maintained, and reasonable procedures to be followed by manufacturers in establishing and maintaining such records, including procedures to be followed by distributors and dealers to assist manufacturers to secure the required information. The availability or not of such assistance would not affect the manufacturer's obligation. The Secretary's recordkeeping procedures must be reasonable and provide reasonable assurance that dealer and distributor customer lists, and similar information, would not be made available except where necessary to carry out the purpose of Part B of the Act.

Conference substitute

The new section 158 of the conference substitute adopts the House provisions with clarifying changes.

DEFINITIONS

Senate bill

Section 3 of the Senate bill amended section 113(a) of the Act to provide that for the purposes of notification and remedy without charge, the retreader of tires would be deemed the manufacturer of tires which have been retreaded, and the brand name owner of tires marketed under brand name not owned by the manufacturer of the tire, would be deemed the manufacturer of tires marketed under the brand name.

House amendment

Section 159(1) of Part B as added by the House amendment contained identical definitions relating to the retreader of tires and the brand name owner of tires.

In addition, the House amendment by definition in section 159(2) of Part B, the manufacturer of a motor vehicle was deemed to be the manufacturer of any motor vehicle equipment with which such vehicle was equipped at the time of delivery to the first purchaser for purposes other than resale, unless the Secretary provided otherwise by regulation. Any defect or failure to comply in such equipment was deemed to be a defect in such vehicle.

Section 159(3) of Part B of the House amendment specifically provides that the "first purchaser" means first purchaser for purposes other than resale. Also, section 159(4) of the House amendment provides that "adequate repair" does not include any repair which results in substantially impaired operation of a motor vehicle or item of motor vehicle equipment.

Conference substitute

The conference substitute adopts the provisions with respect to retreaders of tires and brand name owners contained in both the House amendment and the Senate bill. In addition, the conference substitute also incorporates the definitions of "first purchaser" and "adequate repair" contained in the House amendment.

In order to clarify ambiguities in both the Senate bill and House amendment, new definitions are adopted by the conference substitute. The new definitions do not reflect any policy changes in the provisions of the House amendment. Those new definitions are as follows:

(1) The term "original equipment" is defined to mean motor vehicle equipment which was installed in or on a motor vehicle at the time of its delivery to the first purchaser.

(2) The term "replacement equipment" is defined to mean motor vehicle equipment other than original equipment.

(3) A defect or failure to comply in an item of original equipment shall be deemed to be a defect or failure to comply in the motor vehicle in or on which such equipment was installed at the time of its delivery to the first purchaser.

(4) If the manufacturer of a motor vehicle is not the manufacturer of original equipment installed in or on such vehicle at the time of its delivery to the first purchaser, the manufacturer of the vehicle (rather than the manufacturer) of such equipment shall be considered the manufacturer of such item of equipment.

In addition, with respect to these definitions and as in the House amendment, the Secretary may provide otherwise by regulation. Conforming changes are made throughout the conference substitute to reflect these definitions.

EFFECTIVE DATE

Senate bill

No provision.

House amendment

The House amendment provided that the amendments to existing law made by section 102 would not apply to any defect or failure to comply with respect to which, before the effective date of this title, notification was issued by the manufacturer under section 113(a) of the Act, or was required to be issued under section 113(e).

Conference substitute

The conference substitute adopts the provisions of the House amendment.

Enforcement

Senate bill

Section 2 of the Senate bill amended Section 108(a)(4) of the National Traffic and Motor Vehicle Safety Act to make it a prohibited act to fail to furnish notification, fail to remedy any defect or failure to comply, fail to maintain records, or fail to meet any other obligation imposed upon any manufacturer, distributor, or dealer pursuant to the new notification and remedy provisions.

House amendment

Section 103 of the House amendment amended section 108 of the Act. A new section 108(a)(2) was added which prohibited any manufacturer, distributor, dealer, or motor vehicle repair business from knowingly rendering inoperative in whole or part, any device or element of design installed on or in a motor vehicle or item of motor vehicle equipment in compliance with an applicable Federal motor vehicle safety standard, unless such manufacturer, distributor, dealer, or repair business reasonably believed that such vehicle or item of equipment would not be used (other than for testing or similar purposes in the course of maintenance or repair) during the time such device or element of design was rendered inoperative. The term, "motor vehicle repair business" was defined to include any person who holds himself out to the public as in the business of repairing motor vehicles or their equipment for compensation.

The Secretary was authorized to prescribe regulations defining the term "render inoperative" and to exempt by rule any person if he determined such exemption was consistent with motor vehicle safety and the purposes of the Act.

Section 103 of the House amendment also amended section 108(a) of the Act to specify as prohibited acts the failure to keep specified records under section 112; failure or refusal to permit impounding of motor vehicles as required under section 112(b); and the failure to comply with any rule, regulation, or order issued under section 112 or 114 of the Act, as amended.

Section 108(a)(1)(D) of the Act was amended to make it a prohibited act to fail to furnish notification, fail to remedy any defect or failure to comply, fail to maintain records, or fail to comply with any order or other requirement applicable to any manufacturer, distributor, or dealer pursuant to Part B of Title I.

Section 103(b) of the House amendment amended section 109 of the Act by increasing the maximum civil penalty from $400,000 to $800,000.

Section 103(c)(1) of the House amendment altered section 110(a) of the Act to give the United States district courts the jurisdiction to restrain violations of rules, regulations, or orders issued under Title I of the Act. The district courts would also have the jurisdiction to restrain the sale or importation of motor vehicles or items of motor vehicle equipment which were non-complying or contained a defect which related to motor vehicle safety and with respect to which notification was given under section 151 or required to be given under section 152(b).

A conforming amendment to section 110 (a) in section 103(c)(2) of the House amendment required the Secretary to give notice of a contemplated injunctive action and afford a reasonable opportunity to remedy the defect, as well as to achieve compliance.

Conference substitute

The conference substitute adopts the provisions of the House amendment.

Regarding the Secretary's authority to prescribe regulations defining the term "render inoperative," the conferees intend that these regulations should make it clear that the permanent removal, disconnection, or degradation of the safety performance of any such device or element of design is prohibited.

The words, device or element of design, are intended to include components of a motor vehicle or item of its equipment as well as an entire system to which safety standards are applicable.

However, an item of motor vehicle equipment installed in or on a motor vehicle may be replaced with an item of motor vehicle equipment which is a replacement part complying with any applicable Federal motor vehicle safety standard and any applicable Federal motor vehicle safety standard and any applicable Federal vehicle-in-use standard for equipment. It is not the purpose of this amendment to limit in any way the use of independent aftermarket repair and service parts in the repair or replacement of components incorporated in the vehicle at the time of manufacture pursuant to the requirements of Federal motor vehicle safety standards.

This amendment to the enforcement provisions of existing law is intended to insure that safety equipment on a motor vehicle continues to benefit motorists during the life of the vehicle. The protection of subsequent, as well as first, purchasers of a motor vehicle is thereby assured. The expenditure of federal funds on motor vehicle safety would be to little effect if as a general rule devices or elements of design installed in compliance with applicable Federal safety standards were rendered inoperative.

Section 110 of this legislation requires the Secretary to amend Federal motor vehicle safety standard 208 so as to no longer require or permit compliance by means of any continuous buzzer designed to indicate that safety belts are not fastened, or any safety belt interlock system.

Section 108 (a) of the Act as amended will permit a manufacturer, distributor, dealer, or motor vehicle repair business to render inoperative (1) any continuous buzzer (as defined in section 125(f)(4)) designed to indicate that safety belts are not fastened, or (ii) any safety belt interlock. In addition, effective on the date of enactment of the bill, dealers could, at the request of purchasers, render inoperative interlocks and continuous buzzers that were required by the standards in effect at the time of manufacture of the vehicle.

The amendments to section 108 of the Act will remove any doubt that the civil penalty authority under section 109 of the Act can be used to enforce all rules, regulations and orders issued under section 112 or 114. These sections will also permit the Secretary to seek civil penalties against those persons who fail or refuse to permit impounding or inspection of motor vehicles or entry of premises for such purpose as required under section 112, as amended by this bill.

These amendments to section 110(a) expand the injunctive authority of the Secretary so as to permit the restraining of (1) the importation into the United States of vehicles that contain a defect related to motor vehicle safety and (2) the sale of vehicles in this country that contain such a defect. This authority will enable the Secretary, when he learns of the existence of vehicles that comply with all applicable safety standards but are nevertheless defective, to obtain a court order stopping the manufacturer and/or dealers from continuing to sell the defective vehicles. (Those defective vehicles already sold will, of course, be the subject of a defect notification campaign provided for in sections 151 and 152 of the Act, as amended by this legislation.)

This authority will also enable the Secretary to seek an injunction to prevent the importation or sale of foreign manufactured vehicles, certified as complying with the standards, but damaged in transit to such an extent that they are considered defective. Presently, these vehicles cannot be prevented from entering the country unless the Secretary has evidence of noncompliance with an applicable safety standard. In the past, several foreign vehicle manufacturers have advised the Secretary that unauthorized dealers were attempting to bring damaged vehicles into this country.

INSPECTION AND RECORDKEEPING

Senate bill

No comparable provision.

House amendment

Section 104 of the House amendment revised section 112 (a), (b), and (c) of the Act to make clear that the Secretary was authorized to conduct any inspection or investigation which might be necessary to enforce Title I and any rules, regulations, or orders issued thereunder, or which related to the facts, circumstances, conditions, and causes of any motor vehicle accident and which was for the purpose of carrying out his functions under this Act.

The Secretary was required to furnish the Attorney General and, when appropriate, the Secretary of the Treasury, any information obtained indicating noncompliance with this Title, or any rules, regulations, or orders issued thereunder. In carrying out these inspections or investigations, officers or employees designated by the Secretary, upon presenting appropriate credentials and written notice to the owner, operator or agent in charge, were authorized at reasonable times and in a reasonable manner to (1) enter any factory, warehouse, or establishment in which motor vehicles or items of motor vehicle equipment were manufactured, held for introduction in interstate commerce, or held for sale after such introduction, or to enter any premises where motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident was located; (2) to impound for a period not to exceed 72 hours, any motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident; and (3) to inspect any factory, warehouse, establishment, vehicle, or equipment referred to in (1) or in (2) above.

Whenever the Secretary inspected or temporarily impounded for the purpose of inspection any motor vehicle, he would pay reasonable compensation to the extent that such inspection or impounding resulted in denial of the use of the vehicle to its owner or in the reduction of value of the vehicle.

Section 104 of the House amendment also altered section 112(b) of the Act to require every manufacturer of motor vehicles and motor vehicle equipment to establish and maintain such records and every manufacturer, dealer, or distributor to make such reports as the Secretary could reasonably require to enable him to determine whether such person was in compliance with Title I or any rules, regulations, or orders issued thereunder. Duly designated officers or employees of the Secretary were authorized to inspect appropriate materials relevant to determining compliance.

Section 104 of the House amendment altered section 112(c) of the Act to allow the Secretary to conduct informational hearings and to obtain evidence from any person who had any information relevant to the implementation of the Act. The Secretary or any authorized officer of the Department could hold hearings, take testimony under oath, and require, by subpoena or otherwise, the attendance and testimony of witnesses and the production of records. Access to and copying of any documentary evidence of any person having materials or information relevant to any function of the Secretary under Title I of the Act was authorized. The Secretary was also permitted to require, by general or special orders, any person to file prescribed reports or answers in writing to specific questions relating to any function of the Secretary under Title I. Such reports and answers would be made under oath or otherwise and filed within a reasonable period as prescribed. The district courts of the United States would have jurisdiction to enforce a subpoena or order of the Secretary or his officer or employee.

Under section 104 of the House amendment, section 112(c) permitted the Secretary to request from any department, agency, or instrumentality of the government, such statistics, data, program reports, and other materials as necessary to carry out his functions under Title I. Such departments, agencies, or instrumentalities were authorized and directed to cooperate and furnish such materials to the Secretary unless another provision of law limited their authority to do so.

Finally, the amendment to section 112(e) in section 104 of the House amendment would prohibit, except in expressly specified situations, the Secretary from disclosing information received under Title I, as amended, if it contained a trade secret or other material referred to in 18 U.S.C. 1905.

Conference substitute

The conference substitute adopts the House provisions.

COST INFORMATION

Senate bill

No comparable provision.

House amendment

Section 105 of the House amendment inserted a new section 113 which required a manufacturer to submit such cost information (in such detail as may be prescribed by rule or order of the Secretary), as may be necessary to properly evaluate the manufacturer's statement, whenever a manufacturer opposed an action of the Secretary under section 103 or any other provision of the Act. The Secretary was required to promptly prepare an evaluation of such cost information. Such information, together with the Secretary's evaluation would be available to the public by notice published in the Federal Register, unless the manufacturer established that it contained a trade secret. Any portion of such a trade secret may be disclosed to the public only in such manner as to preserve the confidentiality of such trade secret. However, a trade secret may be disclosed to other officers or employees carrying out this title or when relevant in any proceeding under this title. Nothing therein authorized the withholding of information from the duly authorized committees of Congress.

The term "cost information" is defined to include both the manufacturer's cost and the cost of the retail purchaser.

Conference substitute

The conference substitute incorporates the new section 113(a) of section 105 of the House amendment which requires manufacturers to submit cost information (in such detail as the Secretary may by rule or order prescribe) whenever such manufacturer opposes an action of the Secretary under section 103, or any other provision of this Act, on the ground of increased cost. The Secretary shall thereafter promptly prepare an evaluation of such cost information.

The conference substitute modifies the provisions of the House amendment with respect to the availability of such cost information to the public. Subject to the exceptions noted below, the cost information obtained under this section, as well as the Secretary's evaluation thereof, shall be available to the public. Notice of the availability of such information shall be published in the Federal Register.

The exception to the presumption of availability of the cost information to the public under this section is if the manufacturer satisfies the Secretary that any portion of such information contains a trade secret or other confidential matter. If the manufacturer succeeds, such portion of the cost information shall still be released, but only in a manner as to preserve the confidentiality of the trade secret or other confidential matter. Confidential matter is intended to mean that information which is not generally known to competitors and if known, would be competitively harmful. Any information obtained by the Secretary under this section may be disclosed to other officers or employees concerned with carrying out Title I of the Act or when relevant in any proceeding under such title. Nothing in the aforementioned subsection shall authorize the withholding of information by the Secretary or any officer or employee under his control, from the duly authorized committees of the Congress.

The conference substitute further retains the definition of "cost information" contained in the House amendment as well as the authority of the Secretary to establish rules and regulations prescribing forms and procedures for submission of cost information under this section.

Finally, the purpose of this section is to require the Secretary to solicit and evaluate cost information when there is a challenge to an action of the Secretary under section 103 or any other provision of the Act. However, nothing in this section restricts the authority of the Secretary to obtain or require the submission of information, including cost information, under any other provision of the Act.

AGENCY RESPONSIBILITY

Senate bill

No comparable provision.

House amendment

Section 106 of the House amendment added a new section 124 which allowed any interested person to file with the Secretary a petition requesting him to commence a proceeding to promulgate a Federal motor vehicle safety standard pursuant to Section 103 or to determine whether to issue an order pursuant to the new section 152(b) concerning a defect or failure to comply. The petition would set forth the facts establishing that an order is necessary and a brief description of the substance of the order to be issued by the Secretary. The Secretary could hold a public hearing or conduct an investigation or proceeding to determine whether to grant the petition. The Secretary was required to either grant or deny the petition within 120 days after filing. If granted the proceeding would commence promptly; if denied, the reasons therefor would be published in the Federal Register.

Other remedies provided by law concerning agency responsibility, judicial review of agency action, or failure to act are preserved.

Conference substitute

The conference substitute adopts the House provisions.

NATIONAL MOTOR VEHICLE SAFETY ADVISORY COUNCIL

Senate bill

No comparable provision.

House amendment

Section 107 of the House amendment revised section 104 of the Act by defining the term "representative of the general public" to include individuals with an economic interest in the automobile industry. It further required the Secretary to publish the names of the members of the Council annually and to designate which members represent the general public. The Chairman of the Council would be chosen by the Council from among the members representing the general public.

Conference substitute

The conference substitute adopts the House provision with one addition. The Federal Advisory Committee Act provides that the life of any advisory committee not specifically extended shall lapse. The conference substitute extends the life of the National Motor Vehicle Safety Advisory Council until October 1, 1977. On that date the Council will lapse and the duty of the Secretary to consult the Council will be abolished unless Council again extends the life of the Council.

FUEL SYSTEM INTEGRITY STANDARD

Senate bill

No comparable provision.

House amendment

Section 108(a) of the House amendment provided that within 90 days after the effective date, the Secretary would promulgate a motor vehicle safety standard for fuel system integrity applicable to four wheeled motor vehicles designed to carry 10 or fewer passengers in addition to the driver in order to protect occupants of such vehicles, and other persons, from fuel-fed fires. The House language specified a specific performance standard as well as specific dates upon which the standard was to become effective. Section 108(b) of the House amendment provided that the Secretary could amend or repeal such standard if he determined that doing so would not diminish the level of motor vehicle safety.

Conference substitute

While the conference substitute adopts the intent of the House amendment to establish legislatively a fuel system integrity standard, it does so by incorporating by reference Federal Motor Vehicle Safety Standard Number 301, as published on March 21, 1974 in the Federal Register. The new language provides that such standard shall take effect on the dates prescribed in such standard as so published. The conference substitute permits the Secretary to amend such standard in order to correct technical errors in the standard, and may amend or repeal such standard if he determines such amendment or repeal will not diminish the level of motor vehicle safety.

OCCUPANT RESTRAINT SYSTEMS

Senate bill

No comparable provision.

House amendment

Section 110 of the House amendment added a new provision to section 103(a) of the Act which prohibited Federal motor vehicle safety standards from requiring that any motor vehicle be equipped (1) with a safety belt interlock system; (2) with any warning device other than a warning light designed to indicate that safety belts were not fastened; or (3) with any occupant restraint system other than an integrated lap and shoulder safety belt for front outboard occupants and lap belts for other occupants. In addition, the House amendment provided that, effective with respect to passenger cars manufactured on or after August 15, 1976, Federal motor vehicle safety standards would require that the purchaser of a motor vehicle be offered the option of purchasing either (1) passenger motor vehicles which are equipped with passive restraint systems which meet standards prescribed under section 103 of the Act or (2) passenger motor vehicles equipped with integrated lap and shoulder belts for front outboard occupants and lap belts for other occupants.

The House amendment further made it a prohibited act under the Act to fail to offer purchasers the option required above.

Conference substitute

The conference substitute, in summary, provides as follows:

1. As soon as possible, but no later than 120 days after the date of enactment, the Department of Transportation must amend the motor vehicle safety standard pertaining to occupant restraints so as to eliminate the safety belt interlock system and any continuous buzzer designed to indicate that safety belts are not fastened.

2. The authority of the Secretary to establish a mandatory occupant restraint standard using a belt system (integrated lap and shoulder belt except for certain special vehicles where only a lap belt or some other combination could be required) is not affected.

3. If the Secretary of Transportation wants to establish some other occupant restraint system, he must follow these procedures: a) afford interested persons an opportunity for the presentation of oral as well as written data, views, or arguments; b) keep a transcript of the oral presentation; c) notify the Chairmen of the House Interstate and Foreign Commerce Committee and the Senate Commerce Committee.

4. No occupant restraint system other than a belt system could become effective until Congress was given an opportunity to consider such standard for sixty days of continuous session (except that DOT could permit a manufacturer (at his option) to comply with a standard with a nonbelt system instead of a belt system). Once a nonbelt system is permitted to become effective, then further changes in occupant restraint standards would not be subject to disapproval. If Congress passes a concurrent resolution rejecting the standard promulgated by the Secretary of Transportation, then the standard does not take effect.

5. No matter what procedure is followed, the conference substitute prohibits the reestablishment of the safety belt interlock system or continuous buzzer as a mandatory or optional motor vehicle safety standard.

TECHNICAL AND CONFORMING AMENDMENTS

Senate bill

No comparable provisions.

House amendment

Section 110(a) of the House amendment amends section 102(10) of the Act to state that "Secretary" means the Secretary of Transportation to whom all functions under the Act were transferred by the Department of Transportation Act. Section 110(b) amends Section 120(a) of the Act to permit the Secretary to submit the Annual Report on the implementation of the Act on July 1 of each year rather than March 1.

Section 110(c) of the House amendment amended section 204(a) of the Act to authorize the Secretary to permit by order the lease, as well as the sale, of regrooved tires and motor vehicles equipped with regrooved tires which he found were designed and constructed in a manner consistent with the purposes of the Act.

Conference substitute

The conference substitute adopts the House provisions.

REDUCTION OF MOTOR VEHICLE WEIGHT AND COST

Senate bill

No comparable provision.

House amendment

Section 111 of the House amendment required the Secretary, in carrying out his responsibilities under the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act, to take all steps, consistent with his responsibilities under those Acts to encourage reduction in weight and cost of motor vehicles.

Conference substitute

The conference substitute deletes the provision of the House amendment relating to the reduction of motor vehicle weight and cost. The provision was intended by the House to be advisory in nature and neither expanded nor contracted the Secretary's existing authority with regard to motor vehicle safety. The conferees were informed by officials of the Department of Transportation that weight and cost factors are considered as a matter of course in standard-setting proceedings under the National Traffic and Motor Vehicle Safety Act.

Additionally, the conferees agreed to delete this section in anticipation of more comprehensive legislation designed to integrate federal conservation, environmental and safety goals for the motor vehicle.

EFFECTIVE DATE

Senate bill

No comparable provision.

House amendment

Section 113 of the House amendment provided that the amendments made by this title (other than the section on occupant restraint systems) would take effect on the sixieth day after the date of enactment of this Act.

Conference substitute

Section 111 of the conference substitute adopts the House provision.

TITLE II—SCHOOLBUS SAFETY

Senate bill

No comparable provisions.

House amendment

Section 201 of Title II of the House amendment added two new definitions to section 102 of the Act. First, "schoolbus" was defined to mean a passenger motor vehicle which was designed to carry more than ten passengers in addition to the driver, and which the Secretary determined was likely to be significantly used for the purpose of transporting primary, pre-primary, or secondary school students to or from such schools or events related to such schools. Second, "schoolbus equipment" was defined to mean equipment designed primarily at a system, part, or component of a school bus, or any similar part or component manufactured or sold for replacement or improvement of such system, part, or component, or as an accessory or addition to a schoolbus.

Section 202 of the House amendment amended section 103 of the Act to require that not later than six months after the date of enactment, the Secretary would publish proposed Federal motor vehicle safety standards to be applicable to schoolbuses and schoolbus equipment. Such proposed standards shall include minimum standards for the following aspects of performance: (1) emergency exits; (2) interior protection for occupants; (3) floor strength; (4) seating systems; (5) crashworthiness of body and frames (including protection against rollover hazards); (6) vehicle operating systems; (7) windows and windshields; and (8) fuel systems.

Not later than fifteen months after the date of enactment, the Secretary would promulgate Federal motor vehicle safety standards which provided minimum standards for the aforementioned aspects of performance and which would apply to each schoolbus and item of schoolbus equipment which is manufactured in or imported into the United States on or after the expiration of the nine-month period which begins on the date of promulgation of such safety standards. The Secretary was further authorized to prescribe regulations requiring that any schoolbus is to be test-driven by the manufacturer before introduction into commerce. Failure to so test is a prohibited act under section 108.

Conference substitute

The conference substitute adopts the House provisions.

TITLE III—MOTOR VEHICLE DEMONSTRATION PROJECTS

Senate bill

No comparable provision.

House amendment

Section 301 of the House amendment amended Title III of the Motor Vehicle Information and Cost Savings Act to require the Secretary to establish a special motor vehicle diagnostic inspection demonstration project to assist in the rapid development and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in standardized high-volume inspection facilities and to evaluate the repair characteristics of motor vehicles. Such project would be designed to facilitate evaluation of repair characteristics by small automotive repair garages.

Conference substitute

The conference substitute adopts the provisions of the House amendment with clarifying changes.

HARLEY O. STAGGERS,
JOHN E. MOSS,
W. S. (BILL) STUCKEY, Jr.,
SAMUEL L. DEVINE,
JAMES T. BROYHILL,
Managers on the Part of the House.

WARREN G. MAGNUSON,
VANCE HARTKE,
FRANK E. MOSS,
TED STEVENS,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

(By unanimous consent, leave of absence was granted as follows to:)

Mr. MANN (at the request of Mr. O'NEILL) for today on account of death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. LOTT) to revise and extend their remarks and include extraneous material:)

Mr. KEMP, for 15 minutes, today.
Mr. CONABLE, for 5 minutes, today.
Mr. BRAY, for 10 minutes, today.
Mr. ROBISON of New York, for 10 minutes, today.
Mr. FINDLEY, for 5 minutes, today.
Mr. RAILSBACK, for 5 minutes, today.

(The following Members (at the request of Mr. BREAUX) to revise and extend their remarks and include extraneous matter:)

Mr. BRINKLEY, for 5 minutes, today.
Mr. GONZALEZ, for 5 minutes, today.
Mr. OWENS, for 15 minutes, today.
Mr. ROSENTHAL, for 5 minutes, today.
Mr. ALEXANDER, for 5 minutes, today.
Mr. DOMINICK V. DANIELS, for 5 minutes, today.
Mr. KOCH, for 5 minutes, today.
Mr. DELLUMS, for 15 minutes, on October 10.
Mr. DELLUMS, for 15 minutes, on October 11.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. LOTT) and to include extraneous matter:)

Mr. QUIE in two instances.
Mr. STEIGER of Wisconsin.
Mr. DERWINSKI in three instances.
Mr. GILMAN in two instances.
Mr. LANDGREBE.
Mr. THOMSON of Wisconsin in two instances.
Mr. VEYSEY.
Mr. FREY.
Mr. CRONIN.
Mr. CLANCY.
Mr. McCOLLISTER in three instances.
Mr. ASHBROOK in five instances.
Mr. O'BRIEN.
Mr. MILLER in four instances.
Mr. HUBER.
Mr. RONCALLO of New York.
Mr. MARTIN of Nebraska.
Mr. FINDLEY.
Mr. HUDNUT.
Mr. MALLARY in two instances.
Mr. WYMAN in two instances.
Mr. BOB WILSON.
Mr. ANDERSON of Illinois in two instances.
Mr. WALSH.
Mr. BRAY in two instances.

(The following Members (at the request of Mr. BREAUX) and to include extraneous matter:)

Mr. HARRINGTON in two instances.
Mr. WON PAT.
Mr. RARICK in three instances.
Mr. GONZALEZ in three instances.
Mr. ANDERSON of California in three instances.
Mr. HANNA in five instances.
Mr. HELSTOSKI.
Mr. SYMINGTON.
Mr. STARK.
Mr. GIBBONS.
Mr. EDWARDS of California.
Mr. EVINS of Tennessee in three instances.
Mr. BROWN of California.
Mr. REID in two instances.
Mr. MAHON.
Mr. ANNUNZIO.
Mr. HAMILTON.
Mr. EILBERG.
Mr. FRASER.
Mrs. SCHROEDER.
Mr. VIGORITO in three instances.
Mr. NEDZI.
Mr. GUNTER in 10 instances.
Mr. BENNETT.
Mr. ROGERS in five instances.
Mr. THOMPSON of New Jersey in four instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2106. An act to amend title VI of the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a ten-year term for the appointment of the Director of the Federal Bureau of Investigation; to the Committee on the Judiciary.

S. 3957. An act to terminate certain authorities with respect to national emergencies still in effect, and to provide for orderly implementation and termination of future national emergencies; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 7954. An act to direct the Secretary of Agriculture to release on behalf of the United States conditions in a deed conveying certain lands to the State of New York and to provide for the conveyance of certain interests in such lands so as to permit such State, subject to certain conditions, to sell such land.

H.R. 9054. An act to amend the Act entitled "An Act to authorize the Secretary of Agriculture to execute a subordination agreement with respect to certain lands in Lee County, S.C.";

H.R. 11537. An act to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations, and to authorize the implementation of such programs on certain public lands; and

H.R. 12471. An act to amend section 552 of title 5, United States Code, known as the Freedom of Information Act.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 283. An act to declare that the United States holds in trust for the Bridgeport Indian Colony certain lands in Mono County, Calif.;

S. 634. An act to declare that certain federaly owned lands shall be held by the United States in trust for the Kootenai Tribe of Idaho, and for other purposes; and

S. 2001. An act to redesignate the Alamogordo Dam and Reservoir, New Mexico, as Sumner Dam and Lake Sumner respectively.

ADJOURNMENT

Mr. BREAUX. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 27 minutes p.m.), the House adjourned until tomorrow, Wednesday, October 9, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2838. A letter from the Secretary of Defense, transmitting a report on his apportionment of the reduction in strength for Department of Defense civilian personnel among the services, activities, and agencies of the Department, pursuant to section 501 (a)(2) of Public Law 93-365; to the Committee on Armed Services.

2839. A letter from the Under Secretary of Health, Education, and Welfare, transmitting notice of a proposed rule entitled "Research Projects in Vocational Education, Part C—Additional Criteria for Selection of Applicants for Fiscal Year 1975," pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

2840. A letter from the Office of Congressional Relations, Department of State, transmitting a report of political contributions made by Ambassador-designate David K. E. Bruce, pursuant to section 6 of Public Law 93-126; to the Committee on Foreign Affairs.

2841. A letter from the Chairman, U.S. Consumer Product Safety Commission, transmitting a transcript of a meeting held between the Commission and the Office of Management and Budget on October 4, 1974, concerning the Commissions budget proposals for fiscal year 1976, pursuant to section 27(k)(1) of Public Law 92-573 (86 Stat. 1229); to the Committee on Interstate and Foreign Commerce.

2842. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204 (d) of the Immigration and Nationality Act, as amended X [8 U.S.C. 1154(d)]; to the Committee on the Judiciary.

2843. A letter from the Chairman, U.S. Civil Service Commission, transmitting the 51st Report of the Board of Actuaries of the Civil Service Retirement System, covering fiscal year 1971, pursuant to 5 U.S.C. 8347(f); to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PATMAN: Committee of conference. Conference report on H.R. 15977 (Rept. No. 93-1439). Ordered to be printed.

Mr. PATMAN: Committee of conference. Conference report on S. 3838; with amendment (Rept. No. 1440). Ordered to be printed.

Mr. STAGGERS: Committee of conference. Conference report on H.R. 15427; with amendment (Rept. No. 93-1441). Ordered to be printed.

Mr. STAGGERS: Committee of conference. Conference report on S. 3355; with amendment (Rept. No. 93-1442). Ordered to be printed.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 16757. A bill to extend the Emergency Petroleum Allocation Act of 1973 until August 31, 1975 (Rept. No. 93-1443). Referred to the Committee of the Whole House on the State of the Union.

Mr. HAYS: Committee on Foreign Affairs. House Joint Resolution 1115. Joint resolution to provide for the indemnification of the Metropolitan Museum of New York for loss or damage suffered by objects in exhibition in the Union of Soviet Socialist Republics; with amendment (Rept. No. 93-1444). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOLIFIELD: Committee of conference. Conference report on H.R. 11510 (Rept. No. 93-1445). Ordered to be printed.

Mr. MEEDS: Committee of conference. Conference report on S. 3007 (Rept. No. 93-1446). Ordered to be printed.

Mr. HAYS: Committee of conference. Conference report on S. 3473 (Rept. No. 93-1447). Ordered to be printed.

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 1419. Resolution providing for the consideration of H.R. 16373. A bill to amend title 5, United States Code, by adding a section 552a to safeguard individual privacy from the misuse of Federal records and to provide that individuals be granted access to records concerning them which are maintained by Federal agencies (Rept. No. 93-1448). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 1420. Resolution providing for the consideration of S. 1296. An Act to further protect the outstanding scenic, natural, and scientific values of the Grand Canyon by enlarging the Grand Canyon National Park in the State of Arizona, and for other purposes (Rept. No. 93-1449). Referred to the House Calendar.

Mr. MATSUNAGA: Committee on Rules. House Resolution 1421. Resolution providing for the consideration of S. 3906. An act to amend title 10, United States Code, by repealing the requirement that only certain officers with aeronautical ratings may command flying units of the Air Force (Rept. No. 93-1450). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 1422. Resolution waiving points of order against the conferences report on H.R. 11221. A bill to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to $50,000 (Rept. No. 93-1451). Referred to the House Calendar.

Mr. STAGGERS: Committee of conference. Conference report on S. 355 (Rept. No. 93-1452). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BIAGGI:

H.R. 17129. A bill to allow Federal law-enforcement officers and firefighters who are 55 years of age and have completed 5 years of service the benefits of immediate retirement under section 8336(c) of title 5, United States Code; to the Committee on Post Office and Civil Service.

By Mr. COCHRAN:

H.R. 17130. A bill to amend the Clean Air Act to define the term "useful life of vehicles and engines" and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HELSTOSKI:

H.R. 17131. A bill to guarantee the right of employees to organize and bargain collectively which safeguards the public interest and promotes the free and unobstructed flow of commerce; to the Committee on Education and Labor.

By Mr. LANDGREBE:

H.R. 17132. A bill to amended the Higher Education Act of 1965 to provide that vocational schools may qualify as eligible institutions for purposes of federally insured student loans while in a preaccreditation status; to the Committee on Education and Labor.

By Mr. MEZVINSKY:

H.R. 17133. A bill to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the Expediting Act as it pertains to appellate review; to the Committee on the Judiciary.

By Mr. MURTHA (for himself, Mr. Hechler of West Virginia, Mr. Morgan, Mr. McSpadden, Mr. Charles H. Wilson of California, Mr. Conyers, Mr. Moakley, Mr. Helstoski, Mr. Rosenthal, Mr. Riegle, Mrs. Collins of Illinois, Mr. Young of Georgia, Mr. Bevill, Mr. Price of Illinois, Mr. Roybal, Mr. Johnson of Pennsylvania, Mr. Harrington, Ms. Holtzman, and Mr. Murphy of New York):

H.R. 17134. A bill to amend the Federal Coal Mine Health and Safety Act of 1969; to the Committee on Education and Labor.

By Mr. PICKLE:

H.R. 17135. A bill to amend the railroad accident reporting law to provide that copies of reports be made available to certain persons; to the Committee on Interstate and Foreign Commerce.

By Mr. PEPPER:

H.R. 17136. A bill to amend title XVIII of the Social Security Act to provide long-term care services as a part of the supplementary medical insurance program, to encourage the creation of community long-term care centers to assist in providing such services, and for other purposes; to the Committee on Ways and Means.

By Mr. WAMPLER:

H.R. 17137. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $1,000 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mr. WOLFF (for himself and Mr. Rooney of Pennsylvania):

H.R. 17138. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income the interest on deposits in certain savings institutions; to the Committee on Ways and Means.

By Mr. ANDERSON of Illinois:

H.R. 17139. A bill to liberalize the retirement earnings limitation under the Social Security Act; to the Committee on Ways and Means.

By Mr. BRADEMAS:

H.R. 17140. A bill to establish within the Department of Commerce a Foreign Investment Review Administration to conduct a continuing review and analysis of foreign investment in the United States, to require reports and information from foreign investors in the United States, to publish reports with respect to such investment, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 17141. A bill to amend the Internal Revenue Code of 1954 to eliminate, in the case of any oil or gas well located outside the United States, the percentage depletion allowance and the option to deduct intangible drilling and development costs, and to deny a foreign tax credit with respect to the income derived from any such well; to the Committee on Ways and Means.

H.R. 17142. A bill to amend the Internal Revenue Code of 1954 to eliminate the percentage oil and gas depletion allowance; to the Committee on Ways and Means.

By Mr. COHEN (for himself and Mr. Blackburn):

H.R. 17143. A bill to amend the Internal Revenue Code of 1954 to encourage greater conservation of energy in home heating and cooling by providing an income tax deduction for expenditures made for more effective insulation and heating equipment in residential structures; to the Committee on Ways and Means.

By Mr. CONTE:

H.R. 17144. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

By Mr. CORMAN (for himself, Mr. Anderson of California, Mr. Brown of California, Mrs. Burke of California, Mr. Danielson, Mr. Hawkins, Mr. Holifield, Mr. Rees, Mr. Roybal, and Mr. Charles H. Wilson of California):

H.R. 17145. A bill to amend the Labor-Management Reporting and Disclosure Act of 1959 to protect and insure restoration of a subordinate labor organization after termination of a trusteeship; to the Committee on Education and Labor.

By Mr. DOWNING (for himself, Mr. Moakley, Mr. Jones of North Carolina, Mr. Casey of Texas, and Mr. Harrington):

H.R. 17146. A bill to protect the domestic fishing industry by granting to it the same protections granted to the coastwise trade; to the Committee on Merchant Marine and Fisheries.

By Mr. FLOOD:

H.R. 17147. A bill to limit the jurisdiction of the Supreme Court of the United States and of the district courts to enter any judgment, decree, or order, denying or restricting, as unconstitutional, voluntary prayer in any public school; to the Committee on the Judiciary.

By Mr. FISH:

H.R. 17148. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

H.R. 17149. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income the interest on deposits in certain savings institutions; to the Committee on Ways and Means.

By Mrs. HECKLER of Massachusetts:

H.R. 17150. A bill to amend the act of August 24, 1966, for the purposes of prohibiting the shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering, or entertainment; to the Committee on Agriculture.

H.R. 17151. A bill to discourage the use of painful devices in the trapping of animals and birds; to the Committee on Merchant Marine and Fisheries.

H.R. 17152. A bill to conserve energy and save lives by extending indefinitely the 55-miles-per-hour-speed limit on the Nation's highways; to the Committee on Public Works.

By Mr. HUNT:

H.R. 17153. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mr. MARAZITI:

H.R. 17154. A bill to deauthorize permanently the Tocks Island Dam on the Delaware River; to the Committee on Public Works.

By Mr. MATHIS of Georgia:

H.R. 17155. A bill to amend the Social Security Act to prevent State supplementation benefits from being reduced on account of increase in the level of benefits payable under the supplemental security income program, to prevent certain individuals from losing medicaid eligibility because of increases in social security benefits or supplemental security income benefits and for other purposes; to the Committee on Ways and Means.

By Mr. MURPHY of New York:

H.R. 17156. A bill to amend the Federal Trade Commission Act to provide that under certain circumstances exclusive territorial arrangements shall not be deemed unlawful; to the Committee on Interstate and Foreign Commerce.

By Mr. PEPPER (for himself, Mr. Hawkins, Mr. Murphy of New York, Mr. Riegle, and Mr. Roe):

H.R. 17157. A bill to establish the Reconstruction Finance Corporation to make loans and loan guarantees to business concerns which would otherwise be unable to obtain needed financing; to the Committee on Banking and Currency.

By Mr. PERKINS:

H.R. 17158. A bill to amend the Agricultural Act of 1949 to change the formula used to determine the price support level for tobacco; to the Committee on Agriculture.

By Mr. QUIE:

H.R. 17159. A bill to allow the distribution in interstate commerce of goods produced by prison inmates who are paid at less than the prevailing minimum wages as determined for purposes of the Walsh-Healy Act; to the Committee on Education and Labor.

By Mr. RANDALL:

H.R. 17160. A bill to terminate certain authorities with respect to national emergencies still in effect, and to provide for orderly implementation and termination of future emergencies; to the Committee on the Judiciary.

By Mr. ROSENTHAL (for himself, Ms. Abzug, Mr. Addabbo, Mr. Badillo, Mr. Blatnik, Mr. Bingham, Mr. Burke of Florida, Mr. Conyers, Mr. Dominick V. Daniels, Mr. Dellums, Mrs. Grasso, Mr. Harrington, Mr. Hawkins, Mr. Hechler of West Virginia, Mr. Helstoski, Ms. Holtzman, Mr. Koch, Mr. Metcalfe, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Nix, Mr. Rees, Mr. Rodino, and Mrs. Schroeder):

H.R. 17161. A bill to protect purchasers and prospective purchasers of condominium housing units and residents of multifamily rental structures being converted to condominium units, by providing for the establishment of national minimum standards for condominium sales and conversions (to be administered by an Assistant Secretary for Condominium Housing, Department of Housing and Urban Development); and to insure that financial institutions engaged in the extension of credit to prospective purchasers of condominium units make credit available without discrimination on the basis of age, sex, race, religion, marital status or national origin; to the Committee on Banking and Currency.

By Mr. ROSENTHAL (for himself, Mr. Won Pat, and Mr. Young of Georgia):

H.R. 17162. A bill to protect purchasers and prospective purchasers of condominium housing units and residents of multifamily rental structures being converted to condominium units, by providing for the establishment of national minimum standards for condominium sales and conversion (to be administered by an Assistant Secretary for Condominium Housing, Department of Housing and Urban Development); and to insure that financial institutions engaged in the extension of credit to prospective purchasers of condominium units make credit available without discrimination on the basis of age, sex, race, religion, marital status or national origin; to the Committee on Banking and Currency.

By Mr. TOWELL of Nevada:

H.R. 17163. A bill to authorize the Secretary of Labor to make grants for the conduct of older American home-repair projects, and for other purposes; to the Committee on Education and Labor.

H.R. 17164. A bill to amend title XVI of the Social Security Act to require that the value of maintenance and support furnished an individual by a nonprofit retirement home be excluded from income for the purpose of determining eligibility for supplemental security income benefits under such act; to the Committee on Ways and Means.

By Mr. WALSH:

H.R. 17165. A bill to suspend the duty on railroad rolling stock exported for repairs or alteration on or before June 30, 1975; to the Committee on Ways and Means.

By Mr. WHITTEN:

H.R. 17166. A bill to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes; to the Committee on Public Works.

By Mr. BOB WILSON:

H.R. 17167. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

H.R. 17168. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mr. WRIGHT:

H.R. 17169. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

By Mr. WYMAN:

H.R. 17170. A bill to prohibit any State from imposing a tax on the income derived by any individual from services in a Federal area within such State if such individual is not a resident or domiciliary of such State or of any other State which imposes a tax on income; to the Committee on the Judiciary.

By Mr. YOUNG of Illinois:

H.R. 17171. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mr. BERGLAND (for himself, Mr. Blatnik, Mr. Karth, Mr. Zwach, Mr. Nelsen, Mr. Frenzel, Mr. Quie, and Mr. Fraser):

H.J. Res. 1158. Joint resolution designating the National Air and Space Museum as the "Charles A. Lindbergh National Air and Space Museum; to the Committee on Public Works.

By Mr. GILMAN:

H.J. Res. 1159. Joint resolution to require the Watergate Special Prosecution Force to make available to the public a report on all information it has concerning Richard M. Nixon in offenses against the United States; to the Committee on the Judiciary.

By Mr. RANDALL:

H.J. Res. 1160. Joint resolution requiring full public access to all facts and the fruits of all investigations relating to the executive branch and full public access to all papers, documents, memorandums, tapes, and transcripts during the period January 20, 1969 through August 9, 1974; to the Committee on Government Operations.

By Mr. MAHON:

H. Con. Res. 659. Concurrent resolution to establish a target for budget outlays for fiscal year 1975 in the amount of $300 billion; to the Committee on Appropriations.

By Mr. LONG of Maryland:

H. Con. Res. 660. Concurrent resolution expressing the sense of Congress that total new budget authority for fiscal year 1976 shall not exceed the total budget outlays for fiscal year 1975 by more than 3 precent; to the Committee on Government Operations.

By Mr. HELSTOSKI:

H. Res. 1416. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

By Mr. MATHIS of Georgia (for himself, Mr. Beard, Mr. Brinkley, Mrs. Collins of Illinois, Mr. Davis of Georgia, Mr. Flowers, Mr. Flynt, Mr. Ginn, Mr. Lott, Mr. Meeds, Mr. Milford, Mr. Preyer, Mr. Runnels, Ms. Schroeder, Mr. Stuckey, Mr. Waggonner, and Mr. Whitehurst):

H. Res. 1417. Resolution expressing the sense of the House that efforts of the Department of Health, Education, and Welfare to promote the desegregation of public schools should be applied with the same intensity, standards, and sanctions in every region of the United States; to the Committee on Education and Labor.

By Mr. STAGGERS (for himself, Mr. O'Neill, Mr. Dingell, and Mr. McFall):

H. Res. 1418. Resolution expressing the sense of the House concerning energy; to the Committee on Interstate and Foreign Commerce.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

548. By the SPEAKER: Memorial of the Legislature of the Territory of Guam, relative to the status of the judicial branch of the Guam Government; to the Committee on Interior and Insular Affairs.

549. Also, memorial of the Legislature of the State of California, requesting Congress to propose an amendment to the Constitution of the United States requiring the balancing of the Federal budget; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GUBSER:

H.R. 17172. A bill for the relief of Seferino Isaac Garcia; to the Committee on the Judiciary.

By Mr. NEDZI:

H.R. 17173. A bill for the relief of Mrs. Helen Wolski; to the Committee on the Judiciary.

By Mr. PIKE:

H.R. 17174. A bill for the relief of Christine Donnelly; to the Committee on the Judiciary.

By Mr. STOKES:

H.R. 17175. A bill for the relief of Slobodanka Petrovic; to the Committe on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

532, By the SPEAKER: Petition of Louis K. Lefkowitz, attorney general of the State of New York, relative to the petroleum industry; to the Committee on Interstate and Foreign Commerce.

533. Also petition of Donald Matlock, Moorestown, N.J., relative to an amendment to the Constitution of the United States concerning the election of the President and Vice President; to the Committee on the Judiciary.

534. Also, petition of the city council, Youngstown, Ohio, relative to general revenue sharing; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

LATE ALLEN J. ELLENDER—BENEFACTOR OF CLOSE UP

HON. RICHARD S. SCHWEIKER

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Tuesday, October 8, 1974

Mr. SCHWEIKER. Mr. President, September 24 marked the anniversary of the birth of the late President pro tempore of the U.S. Senate, Allen J. Ellender of Louisiana.

Senator Ellender was a valued and dedicated supporter of Close Up, a nonpartisan, nonprofit forum which provides an opportunity for students, teachers, and government officials alike to share perspectives on "living government." As a tribute to Senator Ellender, Congress created a limited number of Allen J. Ellender fellowships for participation in the Close Up program by students of limited economic means and by their teachers from participating communities.

Mr. President, as a member of the Senate Subcommittee on Education, I have been pleased to meet with students from the Close Up program in Delaware County, Pa., the first nonmetropolitan community sponsored by Close Up. I ask unanimous consent that four letters describing the Delaware County group's visit to Washington be printed in the Record at the conclusion of my remarks.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Glen Mills, Pa.,
May 5, 1974.

Ms. Margy Kraus,
Close Up Program Director,
Washington, D.C.

Dear Ms. Kraus, I would like to thank the founders of Close Up for making my week in Washington with Close Up possible. I would also like to extend my gratitude to you, Margy, Mike Scott, and Beverly Holmes, my workshop leader. The idea of the program itself is terrific and I am happy that other youths are able to find out more about their government in this fashion.

I thoroughly enjoyed my week with my group from Delaware County, Pennsylvania and Penncrest High Schoool. I was surprised myself that I was able to raise over three hundred dollars for the Close Up trip in seven days through a special fund raising idea developed by my faculty sponsor, Mr. Robert Lillie. Based on a stock-shareholder plan, sponsors helping us were invited to attend a dinner when we returned from Washington. We had that dinner last week and it was a great success. We, the Penncrest group, supplied the dinner with our mothers' help. The extra monies I acquired were used to help others at my school attend.

I learned a great deal from March 17th to March 24th. I most enjoyed the surprise meeting of Mr. Jack Anderson, who was so gracious as to talk to a group of Close Up students for over an hour Wednesday night.

I was also surprised at how much I was able to apply from what I had learned with Close Up. I am writing a report on my experiences with Close Up for my friends and relatives who have asked to know more about Close Up and my experiences. In many discussions at school and around my community, I have been able to share my experiences and add constructively to the conversations. Also my Social Studies teacher and faculty advisor for Close Up, is forming a Political Science class in hopes that the Close Up students will take the course as a follow up class and introduce other students to the political scene and Close Up.

I have been selected as a Foreign Exchange Student by Rotary International for the 1974–1975 year. I will stay in Ponte Nova, Brazil. I have a host sister attending Boston College who informed me last week that her mother wrote her saying that I would be their American son starting in early July. My Rotary Club that is sponsoring me for my trip helped me to attend Close Up. I will give a presentation to them May 28th similar to the one we gave to our stockholders. I am hoping that I will be able to come back to Close Up when I return in 1975.

I sincerely hope that Close Up's Directors will invite Delaware County, Pennsylvania back next year to participate in this enlightening experience. Thank you all so very much.

Sincerely,

L. Paul Morris, Jr.

Philadelphia, Pa.,
April 2, 1974.

Mrs. Margery Kraus,
Program Director, Close-Up, Washington, D.C.

Dear Mrs. Kraus: Although I assume you mean the enclosed evaluation form to be anonymous, I'm identifying myself because I'd like to make a few additional comments. I'm Mildred Collier, wife of Bob Collier of Sun Valley High School, and since I was the only non-teacher in the Delaware County group, have a somewhat different perspective than the teacher participants.

I myself wanted to take part in Close-Up not merely for the sake of accompanying my husband, but because I perceived it as a unique opportunity to learn more and to become better-informed. My own expectations were certainly fulfilled by the Close-Up program.

It's an obvious fact, of course, that much of government is conducted behind the scenes in ways not discernible to the casual observer, but I believe one good fallout of Watergate to be a healthy skepticism, an unwillingness to accept official government pronouncements and/or policy, unquestioningly, on face value. Here I think one of the advantages of Close-Up was the first-hand opportunity, which the kids took full advantage of, to ask hard questions of many of the speakers.

My own reaction to the criticism voiced by teachers at the March 22 meeting was that some seemed to anticipate perhaps too much of a one-week program, almost as if the students were expected to come up with instant solutions to the staggering problems facing the country. I would venture the opinion that Close-Up will motivate many students who participated to become involved in, and more aware of, politics at every level, but as with all education, the results may not be apparent for some time.

One final comment—I believe the opportunity for these kids to spend a week in an urban environment such as Washington, and to experience the interchange with other cultural, racial and age groups, to be a highly educational experience in itself. Delaware County is an unusual area, containing some extremely provincial communities. Although I would guess that the bulk of the students in the group live no more than 20 to 25 miles from Philadelphia, there were some who have never been there, not even to see such hallowed American spots as Independence Hall or the Liberty Bell—a result, in many instances, of the pathology of fear surrounding the "city." Possibly this experience, while not minimizing urban problems, made some more aware of the cultural and educational possibilities inherent in urban life.

Please be assured that the above comments are my own. I enjoyed Close-Up immensely, I believe the students did, and I'm certainly going to make every effort to get letters off to the Congressmen who influence your appropriations. I think your program is fine and deserving of every possible support.

Sincerely,

Mildred Collier.

Newtown Square, Pa.,
May 20, 1973.

Close-Up
Washington, D.C.

Dear Close-Up: I have discovered your questionnaire is not among the possessions I arrived home with, so I am hoping this letter will cover the points.

You have taken a great concept and made it a working reality—you are to be congratulated. In this the teachers of Delaware County agree. Any criticism that you heard was not aimed at the fundamental structure—that was accepted one hundred percent. It was merely trivial complaints or details of personal disagreements.

Perhaps I can best express my feelings about the program by saying that when Gloria and Heidi and Mary Beth and Shirley and I stand up in our Assembly Tuesday morning to tell about CLOSE-UP, we will do it with pride. We are proud of what we learned of the group we were associated with. I believe that is the highest compliment I can pay to any person or group.

I assume your questionnaire asked about what was most/least valuable, etc. To me as a teacher the experience of being with other Social Studies teachers in a stimulating, human environment was a unique opportunity which I made the most of—I have a grasp of their philosophies, problems, solutions, that I could not have obtained elsewhere.

Personally I learned little from the seminars that was new—but that was surely not the case for all faculty members. To me, standing in the Watergate hearing room was the experience of a lifetime and I would never have been there without CLOSE-UP. So do not assume that all faculty which do not appear at all seminars are "free-loading"—they are perhaps finding their own ways of experiencing the politics of Washington and are very appreciative of the opportunity to do so.

Having carefully considered and discussed your format, I conclude that I could not improve upon it (which is an unusual statement for me to make.)

On a more personal level—it was great talking—Ronnie—Dixie—John. The facilities of the 360-acre Charles Ellis School and my services are available any time.

In friendship,

Martha B. Barrett.

Delaware County Board of
Assistance,
Chester, Pa., June 4, 1973.

Mr. Stephen A. Janger,
Director of Special Programs, Close Up, Washington, D.C.

Dear Steve, I want to express to you my sincere appreciation for being responsive to my proposal to bring Close Up to Delaware County and for the tremendous week that we had learning about our democracy. From our initial discussion you were aware of the risk since we are a small county with only twenty-nine public, private, and parochial schools but you still came. This decision to come reflects the purpose of Close Up which is to go wherever there is a community which wants its students and teachers to participate in a truly great learning experience.

Words cannot express the immense happiness which I saw on the faces of the students and teachers. Despite the demanding but worthwhile and exciting schedule, the majority of students and teachers wanted another week (at the minimum) to learn more about their government and to exchange ideas with the speakers, the Close Up staff, and other students. Since our return, I have learned that students have already met to plan an agenda for their involvement in local government.

During this week, I saw students and teachers with different interests, opinions, and aptitudes come in contact with one another and, to the best of my knowledge, really get along. Indicative of the cohesiveness of the students is that they are planning a picnic.

I would also like to express my sincere appreciation to your fine staff for their responsiveness and interest on behalf of the students and teachers. Watching your very capable program director, Margery Kraus, with her enthusiasm and energy despite her pregnancy of seven months really gave me a personal lift because I sometimes felt tired.

Let me conclude by again expressing my sincere appreciation. Close Up is a great and needed program designed to give young people and teachers a learning experience which they will never forget.—*Certainly I won't.*

Continued success.

Sincerely yours,

Gregory Stolis.

SYMINGTON TALK INVITATION WITHDRAWN

HON. JAMES W. SYMINGTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. SYMINGTON. Mr. Speaker, yesterday's article in the Washington Post concerning the cancellation of my appearance as the speaker at the annual dinner of the Georgetown University Alumni Association in St. Louis has prompted many colleagues to inquire into the circumstances. Accordingly I am placing in the Record here below both the article itself, and the relevant correspondence as it appeared in the St. Louis Post Dispatch following the cancellation:

[From the Washington Post, October 7, 1974]

Symington Talk Invitation Withdrawn

(By Martin Weil)

An invitation for Rep. James W. Symington ((D-Mo.) to speak at a dinner of Georgetown University alumni was withdrawn after objections from antiabortion groups.

Symington had been invited by representatives of the university's St. Louis alumni club to speak at the 23d annual John Carroll awards banquet, to be held in St. Louis on Oct. 19.

The St. Louis club withdrew the invitation in August after receiving protests that appeared to center on the abortion issue, a Washington-based official of the university's alumni association said last night.

Named for the university's founder, the banquet honors distinguished alumni, and is held annually in various cities throughout the nation under joint sponsorship of the local alumni club and the university's national alumni association.

Abortion proved a major issue during Symington's successful campaign last summer for renomination to the house seat he has held since 1969.

Both Symington and his opponent, John P. Doyle, professed a personal abhorrence of abortion, but Symington spoke frequently about the complex legal issues involved and during the campaign last summer said, "I believe abortion ought to be confined to cases of rape and incest and danger to the health and well-being of the mother." He came under strong attack from anti-abortion groups.

In cancelling the invitation to Symington, the local alumni club acted independently of both the university and the national alumni association, said Joseph K. Dowley, director of programs for the national group.

"The way they felt was if they had picketers, or any unpleasantness outside, it would detract from the whole program," he said.

"Although other people in other capacities might have decided a different way, we weren't out there and don't know the difficulties that faced them . . ." he added.

Dowley said that the invitation was withdrawn not to stop free discourse, but to prevent any incident from detracting from the dinner's purpose—to honor five distinguished alumni.

He described the university itself as having a quite liberal speaker's policy, under which students have heard from "everybody from Abby Hoffman to you name it."

About 300 to 350 persons are expected to attend the banquet. Symington has been replaced as the main speaker by the Rev. Edward O'Donnell, editor of a Catholic newspaper in St. Louis.

In response to the cancellation of the invitation Symington, who could not be reached last night, reportedly expressed concern over the ability of pickets to prevent a congressman from speaking and college alumni from listening.

He was said to have suggested that a university and its alumni should be "among the last to succumb to such tyranny."

Georgetown is a Jesuit-sponsored institution with about 50,000 alumni. Symington, an Episcopalian and a resident of the St. Louis area, is a graduate of Yale College and Columbia University Law School.

[From the St. Louis Post-Dispatch, Sept. 5, 1974]

Pro Life, Anti Ideas: Anti-Abortionists Don't Want To Let Congressman Speak

(Representative James W. Symington (Dem.), Ladue, has released the following exchange of correspondence:)

June 27, 1974.

Dear Mr. Symington: On Saturday evening, Oct. 19, 1974, the Georgetown University Alumnae Association will hold its annual John Carroll Awards Banquet at the Stouffer Riverfront Inn in St. Louis. This affair, which is the highlight of our annual three-day meeting, will be attended by approximately 175 persons from throughout the United States and by 250 persons from the St. Louis area. This is an invitation to ask that you address us as our principal speaker.

I realize that that evening is just 17 days before the election and that your time will be at a premium; however, I ask that you favorably consider our invitation because of the local and national nature of our assemblage.

J. Vernon McCarthy.

JULY 24, 1974.

DEAR VERNON: Confirming your telephone conversation with Chuck Houghton, I am delighted to accept your kind invitation to speak at the John Carroll Awards Banquet on Oct. 19.

Look forward to seeing you then.

JAMES W. SYMINGTON.

AUGUST 20, 1974.

DEAR JIM: This correspondence is awful tough to write! To be blunt, the committee in charge of our Saturday night banquet has asked that we respectfully withdraw our invitation which you so graciously accepted. It seems that they have been beseiged by the Pro-Life people even to the point of potential picketing. Such an occurrence certainly would not be beneficial to you nor would the Georgetown University Alumnae Association wish to provide a forum for such discussion at our dinner.

I regret these circumstances, I appreciate your consideration and I know that you understand our predicament.

J. VERNON MCCARTHY.

AUGUST 30, 1974.

DEAR VERNON: I have your letter of Aug. 20, and I think I do understand the reasons for the withdrawal of the invitation. In any event I accept them, and will shelve the speech of Great Importance I was preparing.

However, I also think it would be a disservice to the community and the Georgetown alumni to pretend the invitation had never been extended. And judging from the threats the committee has received it would be a little late to do so. It is a matter of public record; we cannot shrink from it. That has happened to me before, and has happened to many of my colleagues. But what is happening to us is of far less importance than what is happening to you, to our country, that is, and to orderly communication between our citizens.

I must assume it is not merely picketing you fear. Lawful picketing is a right guaranteed by the First Amendment. Nor would the dinner be the forum for it, but the street. Yet if a picket or a thousand pickets can intimidate one congressman from speaking and 400 distinguished alumni from listening, then what guarantee is there that a private citizen's views can receive an adequate hearing when he chooses to express them?

Remember, Georgetown is not a sanctuary from ideas. It is a university. My niece is a law student there. One of our great universities, it is located in the heart of the capital of the nation.

A university and those it has taught should be among the last to succumb to such tyranny. How great, Vernon, is the historic distance between the canceling of a speech and the burning of a book?

Remember, too, while the university alumni can undoubtedly recover from my absence, they would by the same reasoning have to withhold their hospitality from Mrs. Gerald Ford, Gov. Rockefeller, justices of the Supreme Court, and the majority of members of the Senate and House of Representatives whose views on this perplexing question may well be even more objectionable to certain groups than mine. Not that they any more than I would use such an occasion to express them.

So do you set a precedent. And the threatmakers, seeing it, will take heart and be emboldened to interrupt any public discourse they please, whether it is relevant to their immediate interest or not.

One last thought. You speak of picketing as not being "beneficial" to me. Well, how detrimental is it? It informs me and the observing public of the views of some of our fellow citizens. One may differ with, without condemning, a movement which reveres all life and which logic must presume to stand for strong gun laws, expanded welfare programs, equal racial opportunity and amnesty, while opposing war, capital punishment and any foreign policy which is not strongly biased against nations which permit what they deplore.

If, on the other hand you mean not beneficial to my political career, of what importance is that? An elected official either represents the views of a majority on a sufficient number of issues or he faces the likelihood of returning to private life. That is democracy. Someone will take my place one way or the other eventually. But what will take the place of Georgetown University, of free debate, of the legacy we celebrate not just every 100 years but every day? It is something to think about, Vernon.

JAMES W. SYMINGTON.

Mr. Speaker, as a footnote to the foregoing, I would call the attention of my colleagues to the fact that the person selected to replace me on the program is the editor of the Archdiocese newspaper, the St. Louis Review. The Review has served notice that no political advertising will be accepted from candidates whose positions on the delicate question of abortion are unsatisfactory to the paper.

THE DESTRUCTION OF INFLATION

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. HARRINGTON. Mr. Speaker, I recently received a letter on the effect of the economic slump on one family from a constituent of mine which I found not only informative but profound in posing a fundamental problem that we as public officials have to face.

I would like to include it in the RECORD at this time for the information of my colleagues.

The text follows:

DEAR MICHAEL HARRINGTON: The utter contempt that our government has for its own people appalls me. Our system is not worth saving from the Arabs or the Communists, be they Chinese, Albanian, or Russian. I have just heard a story about a family in Andover that outrages me, and I am ashamed of the United States.

This family of five, friends of mine and of Jane's, have been in financial straits since the recession of the '69–70 period, and, although the husband, a well trained professional, has been employed in recent months, they were never able to make up the losses they had suffered because his new job was out of his field and his income was substantially lowered. Now he is unemployed, deeply in debt, spending 12–14 hours each day every day looking for work, and they are living on $100 per week that he gets from the town of Andover and the State of Massachusetts because of his World War II service.

Obviously $400 per month won't permit him to support his family and spend money travelling (and calling) all over Eastern Massachusetts in search of work. They applied recently for food stamps, and were told yesterday that they were not eligible because they had, I believe, $210 in their checking account. Two-hundred and ten dollars! My god! Two-hundred and ten dollars that had just been given the family by the V.A. Not one dime in a savings account! Not one share of stock! Not one crummy government bond! Nothing, but an overdue mortgage, bills in the hands of collection agencies, three bewildered children, an anxiety ridden wife, and a god damned good man whose world—the American dream—is collapsing around his head. What can he do?

Ford talks about money for that all-but-convicted criminal in San Clemente, and worries about his financial well being. The Senate Rules Committee goes through its obscene charade with Rockefeller. Ford and Kissinger war game OPEC in public, etc., ad nauseum. I can think of no American institution that escapes the taint of illegitimacy (in social contract terms) or corruption. There are only a few, all too few good men, and I still count you among them. But, what can you do?

One can argue that my friends were the victims of a bureaucratic mistake. There is truth in that, but I have been around bureaucracies long enough and have read enough about them to know that the tone is set by those in leadership positions. Our leadership is disdainful of the powerless, and so are the bureaucrats, public and private, because the dominant ethos of our society is set by the wealthy and powerful. What can any one of us do?

Alfred North Whitehead wrote this about tragedy: "The essence of dramatic tragedy is not unhappiness. It resides in the remorseless working of things. This inevitableness of destiny can only be illustrated in terms of human life by incidents which involve unhappiness. For it is only by them that the futility of escape can be made evident in the drama." However, Jacques Monod reminds us that "destiny is written concurrently with the event, not prior to it."

LETTER FROM A CONSTITUENT

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. QUIE. Mr. Speaker, one of my constituents, Mr. Dwight Gustafson, has written me discussing a number of problems. He shows a great deal of Midwestern commonsense:

RED WING SERVICE CO., INC.,
Red Wing, Minn., October 1, 1974.

Mr. ALBERT H. QUIE,
U.S. House of Representatives,
Washington, D.C.

DEAR AL: I have just read John Sawhill's comments that steps must be taken to "Break the automobile's monopoly on the American transportation system". He seems to want large systems of public transportation. These will be financed with the higher gasoline taxes paid by the people who are not able to take advantage of all this fine public transportation. Has John Sawhill ever been out of Washington, DC? Does he know that there are places in this country where we have a population density of less than 10 people per square mile? What kind of public transportation will help us? I think Sawhill is another one of President Nixon's mistakes. His economics do little to help curb inflation. I am sure that if the oil companies said they were going to raise the price of gasoline $.10 per gallon, the hue and cry from Washington would be deafening. The net result to me on a 10 cent tax increase would be exactly the same.

I cannot send my service men to schools, hospitals, factories, and government by bus or train, carrying a load of tools. We are not yet able to fix their equipment by telephone. And if that were possible, Ma Bell would monopolize the business. We use 8 vehicles in our business. We have a mechanic on our payroll whose main job is to keep those cars and trucks tuned up and running most efficiently. We average 50,000 to 60,000 miles per year on each of our units. We use about 2600 gallons of gasoline a month, a 10 cent raise or tax will add about $3,100.00 per year to our operating cost. We will have to raise our prices to make this up. How can this help the inflation problem?

Next week I must take a service and sales trip thru the Dakotas, Montana, Wyoming, Utah, Colorado, Nebraska, Kansas, Iowa, and back home to Minnesota. I will have to cover about 5000 miles on this trip. I would like to take Mr. Sawhill along with me so that he can see some of the transportation problems other than those of the big cities. I would like to have him travel along a 55 miles per hour thru prairie land where at times you do not see another vehicle for 25 miles, unless you go faster, then you immediately see another vehicle. He should see some of the land where much of the food is raised for this country. I would even show him a few oil wells.

Is anyone in Washington speaking up for the problems of our part of the country? I don't mean for just the cities. Rural America still makes a rather significant contribution to the well being of this nation. If it is the intention to force urban Americans to use public transportation, lets do it in a way that does not penalize rural America. Close all parking areas. Don't permit parking on the streets. Limit the time allowed for parking to a point where it cannot be used by people driving to work. Let the people who will use this public transportation pay for it.

Someone should tell all the members of Congress that Mr. Nixon is no longer president, he has been pardoned, I believe the law permits the president to do that, now they can forget Nixon and go back to work. Or is that the thought that shakes them up and they would rather keep on beating Mr. Nixon. Why Mr. Ford has to explain his action is beyond me. I must be getting old and stupid. The Democrats have a majority in both houses of Congress. So many of them seem to know the way to cure the inflation problem, why don't they get on with it? They are all too damn busy electioneering, or beating Mr. Nixon.

Sincerely,

DWIGHT E. GUSTAFSON, Sr.

KATHRYN COUSINS ELECTED TO AIP BOARD OF GOVERNORS

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. HANNA. Mr. Speaker, it is my great pleasure today to pay tribute to the success of a young woman I have known for a number of years, both as a constituent and as a friend. Ms. Kathryn Cousins, a native of southern California, has been elected a member of the board of governors of the American Institute of Planners, a 10,000-member national professional society of urban and regional planners in the United States. The AIP has only nine governors, which are elected by a vote of the full membership. Ms. Cousins will take office for her 3-year term on October 28 during the annual conference of the institute in Denver.

Ms. Cousins received her A.B. in political science and public administration from UCLA in 1966, cum laude. She completed a masters degree in public administration from George Washington University this past summer. Ms. Cousins began her planning career in the Orange County, Calif., planning department in 1966, where she received a resolution of commendation by the Orange County board of supervisors for outstanding work in preserving historical landmarks. She was a regional planner for 1 year for the Southern California Association of Governments before moving to Washington, D.C., in 1971. Since then, she has been an urban planner for the Environmental Protection Agency and the Department of Transportation. She is presently an environmental planner at the Highway Users Federation for Safety and Mobility in Washington, D.C., where she directs a project to encourage cities and counties to make transportation facilities more compatible with surrounding land use and the environment.

In a short period of time, Ms. Cousins has gained the respect and admiration of her professional colleagues, as demonstrated by her election to the board of governors. I am sure all of Ms. Cousins' friends both here in Washington and in California join me in extending our sincere congratulations to her. We wish her well in her new position and in all her future endeavors.

MINERS' CEMETERY

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. FINDLEY. Mr. Speaker, this Saturday, October 12, marks the 76 anniversary of a unique and historic piece of hallowed ground in Mt. Olive, Ill. There, amidst the gently rolling fields and prairieland of the Midwest, lies a few acres of tradition—the only cemetery owned by a labor union in the country.

To that plot of land in 1879 the bodies of four men killed in a strike at a Virden, Ill., coal mine were brought. They have been joined over the years by other heroes of the labor movement, the tragic victims of mine accidents, and the remains of those killed in vicious infighting among the miners themselves.

The cemetery is steeped in history, not only of Illinois, but of labor's struggle everywhere. The fight for a fair break, the battle for decent working conditions and a livable wage. The elaborate granite monuments and simple headstones tell of a way of life, and a time, which, while gone, will always be a part of us.

The Union Miners Cemetery was built by the men, women, and children of Mt. Olive, Ill., because they were not allowed to honor their dead strikers in the city cemetery. To the original graves have been added those of "General"Alexander Bradley, the dynamic organizer of the first great strike of 1897, and "Mother" Mary Harris Jones. The coal mining families of Mt. Olive own the rest, and go there to join their fellow miners when the call comes.

The cemetery's history contains much that exemplifies the uniqueness of our country. The long and often bitter struggle for enough money to live decently and the sharp inter-union competition exemplify the independence and free thought which have served our country well.

The burial of "Mother" Jones, heroine of the union movement, drew forth these characteristics. She was a strong believer in individualism, doubtful of the good of large, dictatorial organizations of any kind. When she died at the age of 100, her funeral train carried her body from Washington along much the same path as the one which carried the body of Abraham Lincoln to Springfield. Miners from across the State thronged to Mt. Olive for the burial.

It is the spirit of "Mother" Jones, of the miners of Mt. Olive, and of good people everywhere that keeps America alive and on the path of freedom.

It is memories of the past, such as the Union Miners' Cemetery in Mt. Olive, Ill., at peace with nature and out of reach of the economy, which remind us of America's uniqueness, and of union labor's great history.

OTHER SOVIET WOULD-BE EMIGRANTS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. DERWINSKI. Mr. Speaker, it is generally anticipated that some formula will be developed by which the trade bill can be passed by this Congress after we return on November 12, with workable language covering the issue of the rights of Soviet Jews to leave the Soviet Union and emigrate to Israel.

An editorial in the Friday, September 20, Christian Science Monitor discusses the subject of Soviet would-be emigrants which I believe must be more accurately analyzed.

Mr. Speaker, we must recognize the historic and totally legitimate desire of the Soviet Jews to migrate to Israel. However, the situation of the other non-Russian peoples in the U.S.S.R. is almost completely reversed. For example, Lithuanians, Estonians, and Latvians want nothing more than to have the Russians leave their countries so that they can once again enjoy the right of self-determination.

I insert the editorial into the RECORD at this point:

OTHER SOVIET WOULD-BE EMIGRANTS

Not only many Jews want to leave the Soviet Union. Other nationalities, too—Lithuanians, Armenians, Ukrainians—are represented among those Soviet citizens trying hard to make their way to the West.

Unfortunately, they command little world attention. They do not enjoy the support of powerful Western organizations, like the Zionists, which can agitate on their behalf. They do not have much political clout in parliaments abroad. But they bravely persist.

The ethnic Germans are a case in point. Since Moscow's rapprochment with Bonn many hundreds are now permitted to emigrate each month. But not as many as would like. Some 3,500 heads of families, representing about 15,000 ethnic Germans in Central Asia, have appealed to Chancellor Helmut Schmidt to help them to West Germany. And protests by ethnic Germans from Estonia have grown in recent months.

There are roughly 1.8 million ethnic Germans in the Soviet Union, most of them living in Siberia or Central Asia where they were deported during World War II. How many would leave if the doors were flung wide open is hard to estimate. But it is to be hoped the West does not forget these and other Soviet minorities as it urges the Kremlin to conform to civilized international standards of free emigration.

A TRIBUTE TO CASIMIR PULASKI

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. HELSTOSKI. Mr. Speaker, the occasion today is one of great significance, not to Polish Americans alone but to Americans in general. For on this day we hail the name Casimir Pulaski—hero of the democratic revolutionary cause in Poland, his native land, and in America, the land of his adoption.

Unlike the Boston merchant or the farmer in the Piedmont—unlike the fisherman on the Carolina coast or the backwoodsman in western Pennsylvania, Casimir Pulaski was not himself a victim of British oppression in the year 1776. Indeed, he was at that moment far removed from oppression of any kind. Of noble birth, of wealth, and family distinction, he was free to live in peace wherever he chose. And yet, in those tumultuous times, peaceful complacency was not the mark of a man, and Pulaski was in truth a giant among men.

Having fought as a cavalry officer against the Russian domination of Poland, and having as a result been driven into exile, Pulaski ventured to France where he was advised of the impending American Revolution. Fired by the spirit motivating the American cause, and perceiving therein principles identical to his own, Pulaski offered his services to the Americans, who accepted them with gratitude.

By the summer of 1777 Pulaski was in America, ready for battle, and in September of that year took his place in the American line, as a volunteer at Brandywine, where his conduct earned his instant recognition as an outstanding military leader.

In the battle of Germantown he was again prominent, and with all due haste he was appointed to a cavalry command. At Trenton, in the winter of 1777, Pulaski's cavalry fought brilliantly, and when the Colonial Army began its desperate foraging campaign of that dreadful winter, once again Pulaski played a major role.

It was noted by everyone concerned that Pulaski was a fiery spirit and a master organizer. Working well with fellow officers, he urged along the Revolutionary cause, bolstering the cavalry morale and ever confident of victory. Primarily, however, he was a demon in battle; a horseman of consummate skill, a swordsman of savage intensity, and a leader with the knowledge, intuition, and daring sufficient to the needs of the moment.

At Valley Forge Pulaski organized the cavalry force that was to become known as Pulaski's Legion. Stationed at Baltimore for a time, Pulaski grew impatient for battle and asked for a transfer to the scene of war. The request was granted and the Legion moved north, engaging the enemy in frequent battles, throughout New Jersey. When once again a lull developed, Pulaski asked again for transfer, and was dispatched quickly to the South, where the British were operating effectively out of Savannah.

In several sharp encounters in northern South Carolina Pulaski reinforced his reputation as a fighter of furious nature and great courage. And when the Americans moved against Savannah Pulaski was foremost in the vanguard of the attacking columns.

Urging forward his men, in the midst of withering fire, he fell, seriously wounded. Removed at once to an American ship in Savannah Harbor, he was examined by doctors, but his wounds proved fatal.

So it was for this great man, Casimir Pulaski, whose dream of freedom was to benefit millions and millions of Americans to come, including a host of immigrants from his native land and their descendants. To men of such caliber we of this period must pay our respects, in the knowledge that without their insight, their fire, their courage, and their determination, we in America would have today far fewer sacred freedoms than we do. And as freedom-loving people we would find this intolerable.

Pulaski was indeed a hero in the classic tradition. If he had any shortcomings as a soldier, they were not apparent to any but the most severe critic—for his gallant death served to ennoble even his mistakes in the eyes of posterity.

CONGRESSMAN MILLER ANNOUNCES RESULTS OF SOUTHEASTERN OHIO PUBLIC OPINION POLL

HON. CLARENCE E. MILLER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. MILLER. Mr. Speaker, I am pleased to share with my colleagues in the Congress the results of our recent public opinion poll of the residents of southeastern Ohio. To date, we have received over 19,000 responses to our district-wide questionnaire.

The survey reveals that the people I represent believe inflation and crime are the two most important issues facing the country and that a balanced budget and reduced spending are the best ways to control inflation.

Questionnaires such as this serve as a most effective means for people to communicate their views and concerns on major national issues.

The questionnaire results follow:

PUBLIC OPINION POLL

1. Should the Congress reimpose the death penalty for the most severe crimes?

Yes, 81%; no, 16%; undecided, 3%.

2. Do you favor a constitutional amendment outlawing abortion?

Yes, 42%; no, 50%; undecided, 8%.

3. What do you think is the best way to control inflation?

	In percent
a. Impose across the board wage/price controls	19
b. Place controls on certain economic areas	12
c. Reduce federal spending	35
d. Increase federal taxes	5
e. Balance the Federal budget	29

4. Do you favor the repeal of year round daylight saving time?

Yes, 54%; no, 33%; undecided, 13%.

5. Do you support federal registration and licensing of all firearms?

Yes, 37%; no, 50%; undecided, 13%.

6. Should the United States cut back on its military and economic commitments around the world?

Yes, 59%; no, 24%; undecided, 17%.

7. What do you feel is the most important issue facing the nation:

	In percent
a. Education	3
b. Tax Reform	7
c. Crime	22
d. Health Care	9
e. Inflation	27
f. Energy Crises	8
g. Welfare	10
h. Impeachment	4
i. Environment	3
j. National Defense	7

THE BABY IN RUSSIA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. HAMILTON. Mr. Speaker, too often, Americans hear only of a few aspects of Soviet life: Emigration policies, persecution of minorities, bad harvests, and the status of East-West trade. The exotic headlines tell little of daily life in Russia, its struggles and rewards.

The Washington Post recently carried a series of articles describing the everyday life of Muscovites. The first article depicts events surrounding the birth of a baby. I recommend it to my colleagues:

THE BABY IN RUSSIA: TRADITION REIGNS

(By Robert G. Kaiser)

MOSCOW.—A Moscow street scene, a young man with a worried look standing on the sidewalk gesticulates toward a nearby building. From a second story window a young woman in a bathrobe, smiling reassuringly, waves at him. The Soviet Union's population has just grown by one.

Husbands aren't allowed to visit the maternity hospitals where Soviet babies are born. In keeping with a national phobia about germs and babies, even the mother is separated from her new child for the first 24 hours of its life, and sometimes longer.

She will spend about 10 days in the hospital and will see her husband only from a second-story window until she and the baby are sent home.

Motherhood is governed strictly by rules and regulations, both formal and inherited. At a lecture for expectant mothers, the doctor (like most, a woman) warned her audience: "Stay calm and take long walks every day. Don't eat too many sweets or your skin will itch. Wear only wool or cotton clothes, baby doesn't like it when you wear synthetics. Come to the polyclinic regularly for your ultraviolet rays (a source of Vitamin D)."

Many in this audience are girls of 18 and 19, the age of brides in more than half of Moscow weddings. It is still common for a newly married woman to use her first pregnancy as the occasion to become a mother,

That is not as absurd as it sounds. As a rule, birth control is not practiced in the Soviet Union. Abortion is the most widely used means of preventing unwanted children. In big cities, 80 per cent of all pregnancies are aborted.

The young women at the lecture are shy and ask no substantive questions. They listen to an explanation of what is going on inside them, and to advice about how to cope with labor and delivery.

Breathe deeply, the doctor advises, oxygen is the best antidote to pain.

She shows them how to rub their stomachs during labor.

There are no exercises, no elaborate breathing patterns like those taught to women in the West who want to have their babies without anesthetic. There is no choice about that here, anesthetic is used only in emergencies.

American women are told that the Lamaze method of natural childbirth is based on a Russian technique, but the Russians have never heard of it.

Toward the end of pregnancy a mother is given the telephone number of the maternity home where she is to go when labor begins.

The system doesn't always work smoothly. One mother called the number she'd been given, but there was no answer. That maternity home, she learned later, was closed for *"remont,"* a ubiquitous Russian term meaning repair and refurbishment.

Another woman had been treated at a special clinic for those whose babies, doctors feared, would be born prematurely. After eight months of pregnancy she was told not to come any more since her baby wasn't going to be premature.

She had not yet contacted another clinic when labor began. It was late at night, and she left home with her husband to find a place to have her baby.

One maternity home turned her away because there were no empty beds. But first the nurse on duty bawled her out for coming to have a baby without the proper change of clothes.

Then they went to the hospital for premature babies, and were turned away because her baby was not premature, and space could not be wasted on normal babies.

A third establishment agreed to allow this woman to come in and have her baby. (Under the Soviet medical system, a citizen is theoretically entitled to free treatment in every medical institution.)

It was a boy, healthy and noisy. Everything turned out fine. The British may have coined the phrase "muddling through," but the Russians have mastered the art.

The delivery was uneventful, though loud. Two or three women may give birth in the same delivery room at the same time, which results, according to many witnesses, in a lot of screaming.

Russian mothers expect birth to be difficult and painful. They don't seem to look forward to it. Some of the stories of those who have had babies must discourage pregnant women.

One Moscow woman recalls lying in her own blood on the delivery table for four hours after her baby was born. The nurses, cleaned up all around her, but ignored the new mother. When finally transferred to a proper bed, she was left with her dirty sheets until she screamed loudly enough to have them changed.

Once the new baby is home, little is left to chance. There are strict rules and traditions to be followed; they hardly change from generation to generation. The baby must be wrapped up like a sprained ankle, head to toe, often with a piece of wood as a brace, to make sure the baby's neck can't move. The baby must sleep on its back, wrapped in blankets.

Breast feeding is mandatory. If a mother does not have enough milk, she can buy human donor's milk at special stores. The Russians have never heard of baby formula. When told of it they tend to shudder, and to doubt its efficacy.

WHEN A BABY COMES HOME, RUSSIAN FAMILY LIFE CHANGES

The baby can be bathed only in boiled water, and only when submerged up to its neck, to avoid chills. The recommended treatment for diaper rash is corn oil. Petroleum jelly isn't available. The lecturer at the maternity clinic recommends that diapers be made from old sheets. Rubber pants are not sold here.

After several months, a typical child shifts from mother's milk to special milk products, sold at special baby kitchens. A thin, mild yogurt is the most popular. A mother must be registered on the baby kitchen's list to get this specially sterilized product, and she must pick up her supply every few days, or the kitchen will take her off the list.

Mothers are advised not to stop nursing an infant in the spring, when fruits, and vegetables are beginning to reappear after the long and barren Russian winter. Better to wait until mid-summer, the theory goes, when baby has absorbed the stronger vitamins and minerals of these fresh foods from mother's milk, and will be better prepared for them when independent feeding begins.

Well, independent isn't quite the right word. Russian parents (even, it seems, those who read contrary advice in Dr. Spock, whose book has been translated into Russian) don't believe in letting a baby try to feed itself. The mess is offensive, and the inefficiency wasteful. So it is not unusual to see a mother patiently spooning each mouthful into a child of four or five.

In sum, the arrival of a new baby in a Russian family changes the entire orientation of family life.

Energy and resources are withdrawn from most other pursuits and redirected enthusiastically at the newcomer. No amount of fussing over the baby could be considered excessive.

The family budget can be destroyed by expenditures on baby carriages, blankets and other paraphernalia. It is fashionable to buy one's equipment all in pink for a girl, or in blue for a boy.

"Russians are an irrational people," one Moscow artist observed recently. "We are afraid of the unknown. And what could be more unknown and unknowable than this little creature who suddenly appears among us? So we devote ourselves entirely to it, in hope this will somehow satisfy it, or remove the mystery."

Continuity—the guarantee that old traditions are sustained is provided by the famous Russian "babushka," or grandmother. Not every young couple has *babushka* living nearby, of course, but a large percentage still do.

Her role is often greater than mama's own, especially when mama goes back to work when the baby is between three months and a year old. (Virtually every woman of child-bearing age living in a town or city holds a full-time job. A young mother is not likely to challenge her own mother's views of how to raise the child, especially if the grandmother actually does most of the raising.)

It is difficult to quarrel with many of *Babushka's* notions. Her basic principle is love and affection, praise and appreciation to the highest possible degree. But this is coupled with a complete deprivation of independence from the earliest stages, which child psychologists in the West would find confining.

Babushkas are so sure of their basic standards that most of them unhesitatingly tell young parents on the street, even total strangers, when they are making a mistake. An American father took his 15-month-old daughter for a walk in Moscow recently. The daughter was dressed in rain gear from rubber boots and pants to sou'wester, and was running merrily through a puddle, back and forth.

An elderly lady walking by came up short. "Papa," she said in a stern voice. "How dare you? How can you allow it? Her mama would never allow it . . ."

Babushkas routinely look into other peoples' baby carriages to check on the protection against Russia's unpredictable weather, and freely express an opinion if one seems called for.

Like virtually any aspect of life in the Soviet Union, child-bearing is a subject of interest to the state. And there is official displeasure about one aspect of giving birth: it happens too seldom.

Despite all the enthusiasm and affection that Russian parents and grandparents throw into the raising of their first child, it is increasingly likely that the first will also be the last.

In Moscow, families with one child are the most common size. Families with three children are virtually unheard of.

"Of all my friends and acquaintances, I can think of just one with three children," a Moscow engineer observed recently. "He's an Orthodox priest."

Rural families are slightly larger, but Russia proper is approaching, and may have reached zero population growth. The major cities would now be shrinking, were it not for migration from the countryside.

The population of the Soviet Union will continue to grow, thanks to high birth rates in Central Asia and the Transcaucasus. This is a source of anxiety to demographers here, though the anxiety is expressed in muted terms, for fear it might sound racist. Russians are now probably just less than half the total Soviet population, and their share of the total is shrinking.

The declining growth is the subject of much commentary in the press and professional journals, but no one has proposed a practical way to persuade Russian women to have more babies. On the contrary, the officially encouraged Soviet way of life—small apartment living, working women, generally tight family budgets—seems to be establishing the one-child family as a norm, at least for city dwellers.

The state could abolish the right to abortion on demand which helps Soviet women keep their families small, but there is no guarantee that this would have the desired effect. Stalin made most abortions illegal in 1936, resulting in a short-term rise in the birth rate, but eventually a decline. When abortion was legalized again in 1955, the birth rate did not fall.

Illegal abortion thrived during those years, and women may have taken other measures to prevent pregnancy.

Unofficial abortion—"or the left," in the Russian phrase—is still common. Many women want to avoid the humiliation of an official abortion, accompanied by lectures on the need to bring more children into the world, and marred by the discomfort by Soviet hospitals. A privately arranged abortion at home costs 30 to 50 rubles, or nearly half the monthly salary of an average working woman.

Another proposal is to improve the economic benefits to working women to encourage them to have more children. Soviet benefits now are less generous than those in some East European countries. A working mother gets two months' leave with pay to have a baby, and her job is held open for her for one year. There is no family allowance on the West European model until a fourth child is born, and then it is only four rubles a month.

The state could also expand the network of state-run nurseries and kindergartens, which now have space for about one-quarter of the country's children up to age three, and more than two-thirds between four and seven.

The prevailing opinions among experts in Moscow is that, ideally, a child should be put into a nursery, where it will usually spend an 8- to 12-hour day, at the age of three months. This releases the mothers for a quick return to the work force, and brings the child into "the collective" at an age which makes its physical and psychological adjustment the easiest.

Not surprisingly, many mothers resist this idea.

There is also no guarantee that better economic benefits and child services would increase the birth rate. In fact, there is contrary evidence. From 1960 to 1966, the number of spaces in Moscow day care centers grew by 61.5 per cent, but the birth rate fell 52 per cent.

As for increasing cash benefits to mothers, social scientists report that the government simply cannot afford it, at least for now. A small increase in allowances in a nation of 250 million would cost the state an enormous sum. But, experts say, it might not convince one mother to have another baby.

Ada Baskina, a journalist who writes about family life, suggested in an interview that "the fairest solution to this problem may be for the state to take responsibility for housework—government agencies doing the work at home." That way, she reasoned, a mother could hold her job and raise two or three children without feeling that she was a victim of life instead of a beneficiary.

This, too, is far beyond the state's present capacities for the foreseeable future. The birth rate is likely to remain constant at best, and it could decline still more.

FORMER CONGRESSMAN JOHN F. SHELLEY

HON. CHARLES S. GUBSER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. GUBSER. Mr. Speaker, Jack Shelley was one of the most loved Congressmen I have served with. He had that unusual ability to command respect and enjoy the friendship of everyone including those who believed in a markedly different political philosophy. On many occasions I have been privileged to be his guest on his boat and in his home, and have enjoyed his lighthearted friendliness.

Jack was an able advocate of his sincerely held philosophy and the city of San Francisco as well as the State of California and the Nation benefited from his lifetime of public service.

A great man has passed away but his memory will always be cherished by those of us who were lucky enough to be his friends.

I extend heartfelt sympathy to his good wife Thelma and his family.

STATEMENT IN SUPPORT OF H.R. 14266

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. WON PAT. Mr Speaker, H.R. 14266, a bill relating to discriminatory and unfair competition policies in international air transportation, is of great concern to the 130,000 American citizens of Guam, as well as to the 115,000 people living in the Marianas area under the trusteeship of the United States.

Two of our largest American flag carriers are serving Guam and the Trust Territory as part of their international service routes. Pan American Airlines, the pioneer in commercial aviation, started its Pacific-Far East service with the China Clipper in 1935 and continues to serve these areas, save for the years of 1941 to 1946. Trans World Airlines joined Pan American in the trans-Pacific route service in October 1968. Continental Airlines also entered the Guam-Micronesian market in the 1960's, but its services are confined essentially to the United States-Guam-Trust Territory circuit.

Like all insular communities, Guam and Micronesia are almost entirely dependent on air and surface transportation for the movement of people and the shipment of most of their basic commodities. Over 90 percent of all consumer items and 100 percent of construction and building materials must be imported into Guam.

Unfortunately, Guam and Micronesia do not enjoy the luxury of having a railroad and trucking system as alternative transportation systems.

Thus, as one can readily see, Mr. Speaker, air and ocean-going transportation are the heart and soul of economic survival of the people who make this part of the world their home. Any minor interruption of this essential service will disrupt not only their lifelines, but, what is also intolerable, the social, educational, and political isolation that will ensue. An efficient and reliable air transportation system is inextricably linked to the economic and political survival of our territories.

Mr. Speaker, what is disturbing to me as well as to the people of our off-shore areas is the blatant discrimination and unfair practices which necessitate H.R. 14266. We, in our generosity and magnanimous gestures toward our allies and their air carriers, have put an intolerable financial burden on our own airlines and placed them at a competitive disadvantage through the following policies:

Foreign airlines are now able to obtain credit through our Import and Export Bank at a favorable interest rate.

Foreign carriers are paid higher rates for the shipment of our mail.

U.S.-flag carriers are charged higher landing fees in foreign airports; while the cost in the United States to foreign carriers is minimal.

Movements of U.S. Government and military personnel and cargoes are not restricted to American concerns.

As many Americans know, the problems I have just discussed have driven one of our Nation's foremost airlines, Pan Am, to the brink of bankruptcy. In hundreds of special advertisements placed in newspapers across the country, Pan Am employees at their own expense have done a most effective job of telling us about the problems that have led their company to the sorry economic state it now is in.

Something must be done to place Pan Am and other U.S.-flag carriers on an equal competitive footing with foreign-flag carriers. I believe that the bill now before the House, H.R. 14266, and its Senate counterpart, S. 3481, will correct the main inequities behind Pan Am's problems and help lead this company back down the road to solvency. For too long, America has permitted these inequities to exist. If we want American flag carriers to continue to circle the globe, Congress should pass these measures to provide our carriers with the protection they need.

Mr. Speaker, while I am not opposed to charity abroad, I am a firm believer that charity should begin at home. Moreover, generosity should be a two-way street in that some reciprocal arrangements should be made whereby our flag carriers are not discriminated against abroad.

I urge my colleagues to support the enactment of this important piece of legislation.

Thank you.

THE GREAT SPACE TECHNOLOGY GRAB CONTINUES

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. HUBER. Mr. Speaker, under the guise of United States-U.S.S.R. cooperation in space, the Soviets continue to learn of and take advantage of our superior technology in that field. While various Russians swarm all over our space facilities, our people are allowed very little access to Soviet installations. Business Week of September 28, 1974, recently pointed out another instance in which the Soviet Union will benefit from this so-called "cooperation in space." The item follows:

U.S. SPACE GEAR FOR RUSSIA'S SOYUZ

The Soviet Soyuz spacecraft that will be used for next July's docking with a U.S. Apollo vehicle will carry built-in insurance against failure of the rendezvous. After watching Soviet problems with their own docking attempts, U.S. officials insisted that the RCA system that worked so well in the lunar landing and Skylab programs be used in the joint mission.

Three sets of the $300,000 passive radar system that will be installed in the Soyuz already have been shipped to Russia. Officials are not worried about giving away any secrets: the active part of the system, which does most of the work, will be installed on the Apollo.

THE ROOSEVELT WHITE HOUSE

HON. GEORGE H. MAHON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. MAHON. Mr. Speaker, last June the Washington Post ran a series of articles written by men who had served as assistants to recent Presidents. Judge Marvin Jones, a distinguished former member of the House of Representatives from Texas, Administrator of the U.S. War Food Administration, and an eminent jurist who served as chief judge of the U.S. Court of Claims, recently brought to my attention the article by James Rowe on President Roosevelt. The article is an excellent one, particularly as it provides a unique insight into the way one powerful President ran the White House.

The article follows:

F.D.R.: "HE KNEW HOW TO BE PRESIDENT"

It is fashionable today to say the problems of the '30s and '40s were essentially simpler than those that face us now, and it may even be true. But perspective should also persuade us that those same problems were far more serious than those of today and, in some respects, anyway, even more difficult to solve. President Franklin D. Roosevelt had to cope first with the Great Depression and then with World War II. It is a matter of faith among his advocates that he did so magnificently. In general the historians seem to agree.

President Roosevelt presided over his small White House staff, no swollen bureaucracy in those days, with infinite charm and an encompassing friendliness. We called him "The Boss" when we spoke to each other, but to his face it was always "Mr. President" or occasionally, Sir."

The explanation of why FDR was our only four-term President (and, some think, our best) was that he knew how to be President. That connoisseur of Presidents, Professor Richard Neustadt of Harvard, has written that this quality was FDR's most outstanding characteristic. Neustadt, himself a practicing White House staff man with Truman, Kennedy and Johnson, and a close academic student of the other modern Presidencies, once said of Roosevelt:

"No President in this century has had a sharper sense of personal power, a sense of what it is and where it comes from; none has had more hunger for it, few have had more use for it, and only one of two could match his faith in his own competence to use it . . . No modern President has been more nearly master in the White House . . . Roosevelt had a love affair with power in that place. It was an early romance and it lasted all his life.

. . . Once he became the President of the United States that sense of fitness gave him an extraordinary confidence. Roosevelt, almost alone among our Presidents, had no conception of the office to live up to, he was it. His image of the office was himself-in-office. The memoirs left by his associates agree on this if nothing else; he saw the job of being President as being FDR."

This writer was an appallingly young, overly confident Administrative Assistant to the President. I was, one day, directed by FDR to find a way to shift an able but somewhat troublesome government servant from one agency to another without causing too much trouble in either place. In due course my recommendation was reported back to the President who agreed the shift should be made but thought he would do it in a different way from that which his assistant recommended. I remember arguing, perhaps too vehemently, that my way of doing it was better than his and would cause much less trouble in the bureaucracy. And finally I said "Mr. President, you should do it my way and not yours."

He replied with a beaming smile, "No, James, I do not have to do it your way and I will tell you the reason why. The reason is that, although they may have made a mistake, the people of the United States elected me President, not you." To which the only possible answer was a very quick "Yes, sir!"

FDR believed the way to run the New Deal was by competitive administration and not by the use of orderly channels. The White House was an open place, and access to the President by staff, Cabinet and Congress was relatively easy to gain, at least until Pearl Harbor when the grinding pressures of World War II forced him to become Commander-in-Chief. He felt he learned more about what he should do on various public issues from the public battles and clashes of his Cabinet officers and the bureaucrats who then as now, would find their way on to the front pages. He received all sorts of information through his own channels from all sorts of people all over the country and the world, not least of whom was Eleanor Roosevelt. He always seemed to have acquired more knowledge about any issue than his staff had.

Roosevelt was the creator of the modern Presidency. President Hoover, for instance, had one or at most two secretaries. With the expert help of the great Louis Brownlow and with legislative authority from the Congress Roosevelt fashioned the Executive Office of the President. The Executive Office he deliberately kept separate from his personal White House staff. He also received authority to add the "assistants with a passion for anonmity" as part of his personal staff and this writer was one.

FDR drew a sharp line between the President and the Presidency. The Executive Office, which consisted of the Budget Bureau and several other staff agencies, was to serve the institution of the Presidency, whoever might be the incumbent and thus it would furnish continuity. It was not to worry about politics. While it was vastly interested in the merits and costs of legislation, the Executive Office never indulged in negotiations or compromises on such legislation. The White House staff, on the other hand, was to serve and protect FDR himself.

The President had rather definite ideas about keeping his White House staff small and shunting much of the hard policy work out of the White House to the departments and agencies. He once told Miss Frances Perkins, perhaps the best Secretary of Labor the country ever had, "Fanny, keep that steel strike down in your department, at least until 10 minutes before you have a settlement and then you can bring it here and I will take credit for it!"

Occasionally when he wanted to keep his own strong hand on his "must" legislation he would field his own drafting and lobbying teams, such as Tommy Corcoran and Ben Cohen on financial legislation, backstopped by scores of bright young lawyers around the town who were somewhat derisively nicknamed the "Happy Hot Dogs" (after Felix Frankfurter who had recruited them for Washington service). While technically not on the White House staff, the Corcoran-Cohen team was called in on almost all important matters.

At one time, a Cabinet officer mistakenly thought this writer was keeping him from access to the President and so complained. FDR told me, "If you even give the appearance of blocking off Cabinet officers from me you will need to get another job!" And once he saw my name mentioned in the papers as attending one or two parties, he told me I was not working hard enough and if I kept getting my name in the society columns I would be looking for another job. Later when I was working day and night and felt exhausted I told him I needed at least one assistant. He said: "If you need an assistant you aren't doing the job the way I want you to do it!"

Actually he ruled the White House by undiluted charm. No one, particularly members of his own staff, could resist him. I remember a newly elected congressman named Mike Mansfield returning from a stag party FDR had given that night for first-term congressmen telling his wife, Maureen, that he had been prepared, from everything he had read about him, to resist the famous Roosevelt charm. "But," said Mansfield, "he is irresistible." "The Boss" could be, and often was, strictly cold business with plenty of steel. Yet if he had a few minutes of free time he was easily the best conversationalist of this century, with the possible exception of Winston Churchill.

His language was stylish and good but hardly Anglo-Saxon. I cannot remember ever hearing him swear. Grace Tully, his famous secretary, has said he might occasionally utter a "damn" or so in a fairly large meeting while she happened to be taking notes. Invariably, he would turn to Grace and apologize: "Sorry, Grace, I forgot you were here." Evidently, fashions do change.

His one touchstone, his standard, was his country. He seemed prepared to do anything required to advance the public welfare. During the years of preparation for World War II and when the United States was, in one of his immortal phrases, "the Arsenal for Democracy" John Lewis pulled his coal miners out on strike, nearly paralyzing the nation and causing considerable injury to the Allies fighting Hitler. FDR denounced him. There was bitterness everywhere. One day, several weeks after the strike began, I was called into the President's office on an unrelated matter. Just as I walked in he was hanging up the phone and, turning to me with a pleased smile, he said "James I'll bet you can't guess who I was talking to." It had been Lewis. I said "Mr. President, I hope you told the blankety-blank to go to hell." He replied, "I did nothing of the sort. I have been making peace with him. I have to have that coal, and I'll tell you a secret. I am willing to crawl over to his office on my hands and knees to get it, because the country has to have it." A day or so later the strike was over.

FDR, the first of the modern Presidents, is long gone. But those of us who served him could well borrow from a famous quotation by Mr. Justice Holmes, uttered in another connection:

"Through our great good fortune, in our youth our hearts were touched with fire. It was given to us to learn at the outset that life is a profound and passionate thing."

SUPPORT FOR RECOMPUTATION

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. YOUNG of Florida. Mr. Speaker, I have today submitted testimony to the House Armed Services Committee's Subcommittee on Military Compensation, strongly supporting legislation to provide a recomputation of retired military pay.

We are all aware of the inequities which have existed in retired pay since the 1958 change to a cost of living computation basis. I have introduced legislation in the last two Congresses to return retired pay computation to the pre-1958 system, and I have also strongly supported the "one-shot" recomputation which has twice been approved by the Senate.

Therefore, I am happy that the House Armed Services Committee is reopening its hearings into this matter, and I sincerely hope that a legislative solution to this problem will be forthcoming. Following are the recommendations which I set forth in my own testimony:

STATEMENT BY THE HONORABLE C. W. BILL YOUNG, OF FLORIDA, CONCERNING RETIRED MILITARY PAY, OCTOBER 8, 1974

Mr. Chairman, I appreciate being given this opportunity to go on record once again as being in strong support of the principle of recomputation of retired military pay.

On the opening day of the 93rd Congress, I reintroduced my bill for continuing recomputation as H.R. 221, the Uniformed Services Retirement Pay Equalization Act. H.R. 221 calls for a return to the former program of equalizing retirement pay with the pay of members of the uniformed services of equal rank and years of service.

The principle of recomputing retired military personnel pay based on active duty pay was incorporated in the American military retired pay system from the time of the Civil War until 1958—more than 90 years. All military personnel who served before June 1, 1958 did so with the expectation that this system would continue to be followed, and it is quite likely that the recomputation feature of the retirement system was largely responsible for the decision of many to make the military their career. Although there was no signed contract with the U.S. government promising that this system would be continued after service was completed, there certainly was a moral obligation on the part of the government not to reduce the entitlement after it was earned.

However, in 1958 Congress abandoned this recomputation program in favor of one tied to increases in the cost of living. I personally feel it was a breach of faith to change this system, and indeed, during the years since 1958 many attempts have been made to justify the government's abrogation of its moral responsibility. In spite of these attempts, the fact remains that those who entered careers in the uniformed services before June 1, 1958, served under a guaranteed formula providing that their retired pay would be a percentage of current active duty pay. But the post-1958 retiree faced an entirely different situation. While active duty pay has increased by 108.1 percent since 1958, the average retiree's pay has increased by 58.6 percent. A tremendous gap in retired pay has thus grown between retirees of the same grade and years of service. The inequality will continue to widen unless Congress restores the traditional system of computing retired pay on the basis of current active duty rates.

Even more pressing a problem, however, is the fact that the new method of recomputation has not been adequate to keep retired pay on a par with the soaring cost of living. Like many others trying to live on a fixed income, our retired military personnel have been hard-hit by inflation. These people have devoted many, many years of service to their country, often at great personal sacrifice.

I am aware that there have been strong objections raised against H.R. 221, and similar bills, primarily on the basis of long-term cost. In an effort to compromise with these objections, and to achieve some form of relief for our military retirees, I have introduced H.R. 14082, providing for a one-time recomputation of military retired pay, based on the rates of pay in effect on January 1, 1972. Any future increases in retired pay would be based on the Consumer Price Index. Eligibility for this "one-shot" recomputation would be as follows:

1) Immediate recomputation for disability retirees with a rating of 30 percent or more;

2) Immediate recomputation for military retirees who are 60 years of age or older;

3) Recomputation upon reaching age 60 for present retirees, based on the January 1, 1972, pay scales with any subsequent cost-of-living raises;

4) Pre-1949 disability retirees would have the option to remain under the current retirement laws or to come under the new recomputation legislation, at their actual degree of disability. The Senate has twice adopted the content of this bill, only to have it dropped from the legislation in Conference. It is a good and workable compromise for our retirees—it is reasonable in cost, it pays the retiree when he needs it most—at age 60—and it makes partial restitution for the government's breach of faith in 1958. As I am sure you are aware, this compromise legislation has the backing of the major military organizations—both active duty and retired—as a workable and final resolution of the recomputation question.

I sincerely hope that this Subcommittee will give its approval to a recomputation measure in a timely manner, so that we may act on it in the whole House later this Fall. As the cost of living spirals ever upward and as active duty military pay continues to rise, the military retiree finds himself in an ever more inequitable situation. Fourteen years is long enough for this injustice to continue. Let us act now on recomputation and honor that moral obligation which we have to millions of men and women who served their country long and honorably.

POLITICAL REPRESSION SAVAGE IN CUBA

HON. LOUIS FREY, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. FREY. Mr. Speaker I want to take this opportunity to voice my apprehensions to the recent renewal of attempts to establish relations with Cuba by the American Government. Thousands of Americans share a similar concern.

Maybe other Americans have forgotten why the Cuban-Americans left their homeland more than 10 years ago to come to this country but we in Florida live with the reminder each day. The Cubans who left their homes did so because they could not live 1 more day under the regime of Fidel Castro.

That was more than 10 years ago when these conditions in Cuba were so unlivable, but we are reminded; very graphically, by Jack Anderson's column of September 7, that these conditions have not changed at all since then. And it is evident, especially in the light of his actions last week, that Cuba's dictator—Fidel Castro—has not changed either.

Not only is Castro still unpopular with the people he rules, he is at the very least a hypocrite. We saw him last welcoming two U.S. Senators on the one hand and delivering a blistering anti-American speech on the other hand. His speech and behavior reminded me of the way he was in the early 1960's when America was forced to break diplomatic ties with his country.

I urge my colleagues to read this column:

POLITICAL REPRESSION SAVAGE IN CUBA

(By Jack Anderson)

A less bombastic Fidel Castro is now in his best behavior, as he strives to bring Cuba into the society of Western Hemisphere nations. But hidden from the prominent visitors he has enticed to Cuba is an unspeakable world of political oppression.

We have written about the terror and torture in the prisons of Brazil's right-wing dictatorship. Now we have received evidence of similar tactics in the prisons of Cuba's left-wing dictatorship.

Just as Brazilian political prisoners smuggled their stark stories to us through priests, Castro's prisoners have managed to smuggle letters, affidavits and other evidence to the United States with directions that they be delivered to us.

We have checked out their charges, as best we could, with former prisoners who have been released from Castro's custody. We are willing to make a personal inspection of these prisoners, if Castro will permit it, as we also offered to do in Brazil.

The letters and affidavits describe a horror which, for the unhappy souls who run afoul of Castro's political police, usually begins with a frightening, aftermidnight arrest.

"You and your family are all fast asleep," states one affidavit, "when the tremendous knocking at your front and back doors starts. About six or seven G–2 men, armed to the teeth with Russian machine guns, rush in your house, screaming, pushing your family, searching your home, not allowing your wife or children to go to the bedroom to put their clothes on.

"They insult you with every filthy name in the book. Finally they push you outside, with your family crying, and put you into a G–2 car."

The victim is hustled to G–2 headquarters where, according to the affidavit, "you are taken into a small room, have all your clothes taken away from you, searched even within your body, then given a pair of mechanic overalls without sleeves."

The interrogation takes place in a small office. "The officers all put their guns on the table in front of you to scare you," recounts the affidavit. "Then the questioning begins, with insults, the threats, the false accusations, where everybody is accused of being the CIA."

If the prisoner doesn't give the answers they want, he is held alternately in overheated and frigid cells. "The heat is so bad, you faint. And then you are brought in a special cell that has air conditioning so cold you freeze. All this to make you talk."

The prisoners are permitted to see their families once a week. "You are shaved by a gorilla, without shaving cream, then taken to a small room, all bugged, with your investigator sitting next to you, and are given six or seven minutes with your family, after your family has been given a lecture to tell you to confess."

The letters and affidavits describe the food in Cuban prisons as scarcely enough for survival. At LaCabana Fortress prison, 160 men were crowded into galleries without windows, nothing but an iron grille at the end. It was so hot in the summer that the prisoners couldn't bear to wear clothes. When it rained, the water washed into the living quarters.

"At one time," states an affidavit, "we were not allowed to have water to shower for 23 days." Another describes the hour in the sun which the prisoners were permitted once a month.

"But we had to run in double time. All the time we were running, we were being hit by the guards with clubs, bayonets and iron sticks. Then down again into the hole, again being hit by the guards."

Most of all, the prisoners dreaded the "riquisa," as the cell searches were called. "The guards come into your gallery after midnight," according to one account, "and line you up outside or against the wall. They start to throw everything you own outside and douse water all over your bed, which normally is thrown from one end of the gallery to the other.

"You also get beat up. When you are taken outside, nude, the milicianas [women guards] stand in the patio and laugh at your nakedness."

At the Isle of Pines prison, the prisoners were welcomed off the ferry boat by "guards on both sides of the gangplank, hitting us as we passed by them, and I mean hitting with clubs and sticking us with their bayonets, just for fun I guess," states one letter.

The prisoners at the Isle of Pines got up at 5 a.m. and worked until 6 p.m. "cutting weeds, planting trees, picking fruit." "God forbid," reported one former prisoner, "if they should catch you eating a piece of fruit. The guards would make mincemeat out of you with their bayonets."

The prisoners were subjected to daily beatings, according to the smuggled documents. "There was seldom a month in the island when they did not kill one or two prisoners in the work camp, or cut them up, crippling them, or something," charges an affidavit.

The documents give detailed descriptions of the prisons, enclose typical menus and name some of the most brutal guards. One prisoner, risking almost certain retaliation, has asked us to tell his personal story. This will be published in a future column.

REPORT ON WORLD FOOD CRISIS TO MEMBERS OF CONGRESS FOR PEACE THROUGH LAW

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. SEIBERLING. Mr. Speaker, last month our distinguished colleague, CHARLES W. WHALEN, Jr., as Chairman of the Emerging Nations Committee of Members of Congress for Peace Through Law, submitted a report on the world food crisis. The seriousness of this crisis for the people of the United States was underlined this week by the action of President Ford in imposing informal controls over the exports of large quantities of grain to the Soviet Union and other countries.

I am sure most Americans would agree that such controls are long overdue. This is not to say that the United States can ignore conditions outside of our borders but rather that we have an obligation not only to see that the food needs of our own people are met but that, so far as possible, we develop a rational program for helping to meet the truly desperate food needs of people in other parts of the world.

In determining what such a program should be, the Congress has a crucial responsibility. Mr. WHALEN's report brings out the key facts which all Members will find useful in evaluating various measures relating to the food crisis. Most important is what Mr. WHALEN refers to as "the accelerating interdependence of the globe."

Mr. WHALEN's report outlines the grim facts, the political factors, actions being taken already to meet the situation, and what Congress can do.

As Chairman of Members of Congress for Peace Through Law, I am pleased to have this opportunity to offer Mr. WHALEN's report for the RECORD following these remarks:

MEMORANDUM

MEMBERS OF CONGRESS
FOR PEACE THROUGH LAW,
Washington, D.C., September 11, 1974.

To: All Members of MCPL.

From: Congressman CHARLES W. WHALEN, JR., Chairman, Emerging Nations Committee.

Re: The World Food Crisis.

As all of you are aware, severe strains upon the world food supply are leading us in the direction of a major international crisis. Because of the pressing need to deal urgently and effectively with this complex issue, I am issuing the following Summary Report for your information and in conjunction with the present series of Hearings being conducted jointly by the Subcommittees on International Organizations and Movements and Foreign Economic Policy of the House Foreign Affairs Committee.

BACKGROUND

Nearly 200 years ago Malthus developed his well-known theory that world population growth would be held in check by the limits of the earth's natural ability to feed its people.

Science and technology have modified Malthusian theory by expanding natural yields through the use of fertilizers, pesticides, irrigation and numerous other techniques. Until quite recently, these improvements and good weather enabled food production to keep pace with the planet's 2% annual population increment and, particularly in the North American region, created large surpluses.

These surpluses have served as the backbone of U.S. agricultural policy. Their presence in the grain elevators of the Mid-West, along with the idling of thousands of acres of cropland, assured stable prices and adequate stocks to meet any production shortfalls. These domestic buffers remained large enough for commercial exports to rise substantially and to provide for concessionary and humanitarian grants of food aid (PL 480) to other countries unable to feed their people.

THE GRIM PRESENT

Like supplies of energy and other increasingly scarce natural resources, however, the days of surplus food appear to be over. With their passing, food policies based upon unlimited abundance have come unstuck and better management of the earth's dwindling common heritage is demanded.

The factors involved in this radical swing from glut to deficit hang together like magnetic fragments and their assessment is a sobering lesson on the accelerating interdependence of the globe. These factors include:

Population. Next year there will be 4 billion people on earth. Although the total annual population growth rate hovers around 2%, increases in the developing countries are frequently in excess of 3%. At this rate, population growth results in a 19-fold addition within a century. Since this rate is impossible to sustain, man must clearly adjust his reproductive behavior to the dimensions of a finite planet.

Rising Affluence. More difficult to measure than population growth, this reflects the growing numbers of people whose recently acquired wealth permit and encourage complex, meat-based diets. These diets consume enormous amounts of agricultural resources. For example, the average per capita grain consumption in India is 380 pounds per year, while the U.S. 1972 per capita intake was 1,850 pounds and the USSR's 1,450 pounds.

Too, affluence makes consumer demand more income-sensitive and effectively excludes through the price mechanism those who can't afford higher price levels. The consequence is that those who don't have, can't get. While this is made obvious in open market bidding for scarce supplies, the impact of high prices also results in a diminishing of the amounts of food previously available for humanitarian assistance purposes (including concessionary foreign sales). Thus, U.S. food aid this past year was only 40% of its volume two years ago, while commercial exports expanded from $13 billion to $20 billion. 90% of this increase resulted from higher prices.

Clearly, when pitted against the rising food demands of the increasingly affluent in Japan, Western Europe, the USSR and North America, the poor come last regardless of their desperate needs. Though comprehensible economically, in human terms this means that nearly 1 billion people are denied their basic physical development through malnutrition and even starvation while the more affluent indulge in consumption excesses far beyond—and debilitating to—health requirements. With the likely prevalence of long-term shortages, this means that millions will be unable to obtain minimum food requirements. In this situation, then, excessive consumption must be curtailed.

Levels of existing stocks and current prospects for replenishment. At their lowest levels since World War II, world food reserves are estimated now at 26 days of global consumption—a decline from 36 days one year ago and from 90 days in 1970. They continue to fall. Moreover, for the first time in 20 years, all idle cropland in the U.S. has been put under the plow, leaving no further acreage for more food output.

Because of the decision to plant "fence to fence" in the U.S., agricultural officials predicted record harvests this crop year—just as good weather augered well for the Soviet Union and the Indian Subcontinent. Such optimism was unfounded, however, as adverse weather has created shortages in all three regions. Resultant crop failures in corn, wheat and soybeans has reduced U.S. production by more than 25% and world-wide grain production is now 22 million tons lower than last year. The overall effect of these shortages is that less food will be available to meet ever-growing demands.

Compounding the supply and replenishment prospects is a fourth factor—worldwide shortages of fertilizer, energy, water and land, the four major resources essential to food production. Although the interrelationships among these elements are all crucial, fertilizer is the key link in the food production chain. For example, to increase yields 1%, an increase of 3.5% of fertilizer is required. This means that for developing countries to raise their agricultural output by 4% annually in the 1970s—a modest projection—their fertilizer use will have to climb by nearly 14%. This would be 4.6% higher than levels in recent years.

But virtually all estimates for the current crop year indicate that the developing countries will suffer a fertilizer shortfall of about 2 million tons. This represents roughly 16–20 million tons of grain, or the normal consumption of nearly 100 million people in developing countries. Americans will use more than this amount of fertilizer for their lawns, cemeteries and golf courses in the coming year.

Moreover, from a cost perspective, each dollar's worth of fertilizer that food importing countries are unable to obtain now will require five dollars' worth of high-priced food imports a year from now, according to the Overseas Development Council. Thus the present shortage will cost developing countries nearly $5 billion in scarce foreign exchange in addition to their estimated $10–15 billion oil bills.

The net effect of such factors as population growth, rising affluence, poor climate and the energy-fertilizer shortages has been to accelerate world food demand at unprecedented rates. The annual growth in global demand has leaped from 12 million tons in 1950 to more than 30 million tons in 1970, and it continues unabated.

This demand has sent the prices of agricultural products soaring. Although good news for the American farmer, the doubling of world prices for wheat, rice, corn and soybeans has imposed terrible hardships on the nutritional well-being of the planet's poorest inhabitants.

THE POLITICS OF SCARCITY

There is an element of diminishing returns, however, which even astronomical prices can not buy. This involves the increasingly tight supply situation and its ramifications in the existing international inflation. Simply stated, to guarantee domestic price stability and adequate food supplies, a number of individual food exporting nations have resorted to unilateral commodity embargoes. Actions such as last year's soybean embargo by the U.S.—the source of 85% of all soybeans entering the world market—threatened the lives of nearly a billion people in East Asia for whom this commodity is a principal protein staple. Similarly, Thailand clamped export controls on rice and wreaked havoc on food prices throughout Southeast Asia; and Brazil has imposed export restrictions on both soybeans and beef.

These events form a pattern of political and economic behavior which Lester Brown, an agricultural specialist and Senior Fellow at The Overseas Development Council, has termed "a new phenomenon: a global politics of scarcity." In effect, this amounts to the U.S. wielding its 'grain weapon' in a manner similar to the OPEC countries' use of oil. Unless dealt with rationally, the subsequent ugly reaction to high prices and shortages may deteriorate into a 1930s-like environment, with the international cooperation sorely needed to resolve these conditions undermined by a myopic panic that leads ineluctably to widespread political violence.

WHAT IS BEING DONE

Somber and gloomy as the food supply and production situation may be, a number of steps are being taken. The problems emerging from the food crisis are widely recognized as extremely serious and much attention is being devoted to practical proposals aimed at improving matters. Examples include:

(1) The UN Food and Agriculture Organization (FAO) has suggested an international system of food reserves, as well as an improved crop reporting and warning system, and long-term development of food production within developing countries;

(2) In his maiden UN speech last April, U.S. Secretary of State Kissinger stressed the importance of an international effort to deal with the developing food crisis and proposed a World Food Conference. This Conference will meet in Rome in November and will assess the world food situation, examine national and international programs of action, discuss measures for increasing food production in the developing countries, propose policies for improving consumption patterns in all countries, strengthen world food security through a better early warning and food information system and more effective national and international stockholding policies, develop measures in the area of international trade relevant to the food problem and arrange appropriate operational machinery to enact these policies;

(3) The UN Secretary-General, following up on the Sixth Special Session of the General Assembly (April-May 1974), appealed to 44 nations—including the Organization of Petroleum Exporting Countries (OPEC)—to contribute to an emergency relief fund to aid the most seriously affected developing economies. Although approximately $2 billion has been raised for this Special Fund, the U.S. has yet to contribute;

(4) With specific regard to the fertilizer shortage, the FAO authorized in July the establishment of an international fertilizer supply scheme to aid developing countries in dire need. The plan calls for a fertilizer pool, an improved information system and assistance from FAO in mobilizing financial resources;

(5) Within the United States, citizen groups have been organized into a national coalition to inform the public about the world food situation and to bring pressure upon Congress and the Government to formulate effective food policies that will meet present shortages and long-term demands; and

(6) World Food Action Resolutions have been introduced into Congress by Senator Humphrey and Congressman Culver. Senate Resolution 329 and House Resolution 1155 have more than 120 Members of Congress as cosponsors, and urge the following:

(a) A return to 1972 commodity assistance levels, which have fallen 66% in the past two years;

(b) Increased U.S. aid to the agricultural development of developing economies, where food output may be raised much more cheaply than in the more developed countries and thus is much less inflationary;

(c) An increased U.S. pledge to the UN's World Food Program and greater U.S. participation in other multilateral development programs; and

(d) Reduced American use of scarce fertilizers for non food producing purposes, such as lawns, golf courses, etc.

WHAT CONGRESS CAN DO

While all of these activities deserve the most vigorous Congressional support, some are ripe for legislative action:

(1) Passage of the Humphrey-Culver resolutions, in particular, will indicate to the rest of the world American willingness to take the lead in the cooperative action necessary for addressing the food crisis;

(2) Congress can press ahead to provide *U.S. funding for emergency relief* to the most seriously affected developing economies, as proposed by both Secretary of State Kissinger and UN Secretary-General Waldheim. In order not to compound the already heavy debt burden of the poor countries, such assistance must be highly concessional if not outright grant aid. This would be a substantial follow up which these poor countries need, as would legislation limiting the non-food producing uses of scarce fertilizer. The latter, especially, would be a signal of a wealthy nation's willingness to limit its fringe comforts in order that millions may have enough to eat; and

(3) Beyond these legislative areas, Congress can continue to inform itself of the complex dimensions of the world food crisis. Ambassador Edward Martin, Coordinator of the U.S. delegation to the World Food Conference, has made himself and his group's analyses readily available to Members of Congress. Too, innumerable local efforts are actively seeking Members' participation so that constituency concern for the food crisis can be strongly articulated. These unofficial and voluntary organizations are invaluable sources of essential views and have provided the sustained catalyst critical to popular understanding of what the food crisis means to them as citizens of their respective communities and as citizens of the earth.

The food crisis, the energy crisis, restricted international access to commodities, rampant and poorly understood global inflation—these are all signals of a need to revamp the existing international economic system. They especially illuminate the growing importance of the human and material resources, and needs, of the developing nations as a matter of mutual interest and as a necessity for genuine global security. Congress has demonstrated both its sensitivity and its understanding of these complex, interdependent issues with its passage of legislation to provide Emergency Disaster Relief and for U.S. participation in the International Development Association. Food presents one more opportunity for Congress to act decisively and humanely in an area vital to foreign policy considerations. With the earth's survival increasingly bound-up in the inter-relationship of its economies, the world food crisis demonstrates the urgent need for cooperation among all nations.

PHILADELPHIA GETS COMPREHENSIVE CANCER CENTER

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. EILBERG. Mr. Speaker, Philadelphia moved up to the front rank of the Nation's war on cancer today when the cancer programs at the Fox Chase Cancer Center and at the University of Pennsylvania together were designated a Comprehensive Cancer Center by Dr. Frank J. Rauscher, Jr., Director of the National Cancer Institute in Washington.

The National Cancer Act of 1971 mandated a number of such centers across the country, which will be key points in a national network to conduct research and to transform information about cancer into greater treatment capability and effort. With today's announcement there are now seventeen such centers under development.

G. Morris Dorrance, Jr., chairman, and Dr. Timothy R. Talbot, Jr., president of the Fox Chase Cancer Center, said following today's announcement:

> We are honored that the National Cancer Institute has designated the programs at the University of Pennsylvania and at the Fox Chase Cancer Center as a Comprehensive Cancer Center. The Cancer Center at Fox Chase was formed in 1974 to coordinate the activities of the American Oncologic Hospital and The Institute for Cancer Research. Each of these institutions has been a leader in its field for many years—the Institute for nearly fifty, the hospital for seventy. Today's announcement recognizes this, as well as the ability, dedication and effort of our people.

Dr. Thomas W. Langfitt, vice president for health affairs at the University of Pennsylvania, and Dr. Peter C. Nowell, director of the University of Pennsylvania Cancer Center, said:

> We are pleased to join forces with the Fox Chase Cancer Center in this effort. Coordination of the cancer-related activities on both campuses will enable us to play a more effective role in the National Cancer Program.

They explained that while one component of the Fox Chase Center, the Institute for Cancer Research, has had an affiliation with the university since 1962, a new agreement would be drawn up to include the American Oncologic Hospital and provide for a committee to coordinate all of the cancer activities of the Fox Chase Center and the university.

Many Fox Chase scientists and physicians hold faculty appointments at the university. The Fox Chase Cancer Center, in turn, provides educational opportunities for medical students and residents of the Hospital of the University of Pennsylvania. In addition, both the Fox Chase Center and the University of Pennsylvania have collaborative relationships with other institutions in the Philadelphia area. These arrangements should provide the basis for the development of a regional program to serve a large segment of the greater Philadelphia area.

While the new comprehensive cancer center will expand its medical education and training programs, a major emphasis will also be on research—particularly clinical research, because most of our knowledge about cancer is still at a frontier of the unknown. Increased effort will also be devoted toward development of community outreach programs, assisting physicians and the public in the role that each must play if cancer is to be controlled. This will be done through community programs involving active participation by members of the medical professions in the communities involved. Typical of such programs is the Breast Cancer Control Network for Trenton, N.J., which the Fox Chase Center announced last week.

QUESTIONNAIRE ON CAMPAIGN FINANCING

HON. VICTOR V. VEYSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. VEYSEY. Mr. Speaker, I have just completed compiling the results of a recent questionnaire to my constituents in the 35th Congressional District of California. This questionnaire dealt with a specific issue, campaign reform. I believe that my colleagues may find the results of interest to them. Particularly the questions concerning the public financing of Presidential campaigns in which 52 percent opposed it and public financing of all Federal offices in which 69 percent opposed it. The questions and responses are:

A campaign expenditure bill will be reaching the House Floor soon. Its major provisions include:

1. A limit of $1,000 per election on contributions by any person to a candidate for Federal office (there is no limit now).

2. A limit of $25,000 which one individual may make to all candidates for Federal office combined, in any one year (there is no limit now).

3. A limit of $25,000 per election which any candidate may spend from his personal funds, (this is now in effect).

4. A limit of $20 million for the overall expenditure of a Presidential candidate in the General election (no limit now, each party spent approximately $50 million in 1972).

5. A limit of $10 million for the overall expenditure of a Presidential candidate in the Primaries (there is no limit now).

6. A limit of $75,000 per election which any candidate for U.S. House of Representatives may spend for each, the Primary and General election (no limit now in effect).

7. Provides for Public Financing of Presidential campaigns.

8. Sets up an independent authority to administer the campaign laws and a separate Assistant Attorney General to enforce them.

Check which of the following agrees with your opinion:

[In percent]

Item No.	Support it	Oppose it	Raise limit	Lower limit	No opinion
1	59	11	4	23	2
2	52	12	1	34	
3	67	6	2	20	5
4	47	10	6	35	2
5	48	7	2	40	3
6	54	11	2	31	2
7	44	52			4
8	65	28			7

Do you believe presidential elections should be financed solely from the present $1 checkoff on income tax? Yes%. No 60%.

Do you believe Public Financing should be extended to all Federal offices? Yes 31%. No 69%.

Do you believe all currency contributions over $10 should be prohibited? Yes 68%. No 32%.

Do you believe candidates who obtain loans for campaign purposes should make full disclosure as to the source of the money borrowed? Yes 95%. No 5%.

Do you believe the campaign period should be shortened? Yes 87%. No 13%.

AMNESTY

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. FRASER. Mr. Speaker, an important point about how we decided who would serve in the U.S. Armed Forces during the Vietnam war era is often forgotten. But the fact that we did not choose men fairly, or, as Alfred B. Fitt writes in his "Amnesty," the New York Times magazine, September 8, 1974, "We really did not choose them at all," ought to be central to the debate surrounding the future of those who resisted the draft and deserted the Armed Forces. Mr. Fitt quotes James Reston on the draft:

> A system whereby poor boys are selected to go to Vietnam and rich boys are selected to go to college.

At any rate, Mr. Fitt's essay was written before President Ford announced his policy on reconciliation. Fitt's proposal contains no requirement for public service. In other respects, it parallels the President's proposal. I am not satisfied with the President's plan and I have questions about Fitt's proposal. But the Fitts article presents some facts that tend to be obscured in the debate and I think it should be reprinted in the RECORD for this reason.

The article follows:

[From the New York Times Magazine, Sept. 8, 1974]

AMNESTY

(By Alfred B. Fitt) *

"We of the American Legion firmly believe that giving any wholesale amnesty, whether conditional or unconditional, would make a mockery of the sacrifices of those men who did their duty"—James F. O'Neil, Past National Commander.

"My son was killed four years ago in Vietnam by our own artillery . . . If I am to receive any comfort from my son's death, then let me believe that he died so that some other mother's son, somewhere, might now come home"—Peg Mullen, Iowa farmwife.

"Resolved, That our Department of Justice refuse deserters entry and declare them guilty of treason"—Veterans of World War I, Dept of Oklahoma.

"I'm not a draft evader: I'm a runaway slave. I left because I was not going to fight white America's war"—an anonymous black in Canada.

"Vietnam may or may not have been a rich man's war, but it was a poor boy's fight. . . . My position is, every American can expect his fair day in court, and should expect nothing more or settle for anything less"—F. P. Jones, Colonel U.S.A. (ret).

"My son was killed at Cu Chi, 2 days before his 19th birthday . . . The granting of a universal, unconditional amnesty would be a living memorial to all the young dead soldiers who leave us the task of giving meaning to their deaths"—Patricia Simon, Massachusetts housewife.

"I am throwing the weight of my Presidency into the scales of justice on the side of leniency. . . . I reject amnesty and I reject revenge"—President Gerald R. Ford.

All wars have tragic aftermaths. What can one say to—what can one do for—the parents and the wives and the children of the men still listed as missing in action in Indochina? We are helpless. But what of the men who ran away, who dodged the draft or deserted the armed forces? They are underground or have fled their own country altogether; in either case, they are exiles. As to them, we are not helpless, nor are they. The exiles can return, if they wish, but to what welcome?

Decent and thoughtful Americans differ passionately on the nature of the welcome. Some old soldiers in Oklahoma want to bar any return. Some of the exiles insist that the question is not whether they are to be forgiven but whether they are willing to forgive America. In between the extremes is every degree of severity, every degree of compassion. It is heartening that the Ford Administration has taken the side of compassion. Nevertheless, our society has no consensus on this tormenting question. Perhaps the answer would be easier if we could tell ourselves that those chosen for the slaughter in Vietnam were fairly chosen, so that those who ran away will not be heard to complain now. But the fact is, we did not choose men fairly. We really did not choose them at all. Instead, we handed out deferments and then, from the big pool of men in their 20's who qualified for no deferment, we simply inducted as many as were needed, oldest man first. The deferment system was not the product of coherent and coordinated thought. Instead, it was the accidental sum of unrelated decisions, each with an independent justification. No one in the period before the Tonkin Gulf Resolution thought to ask whether the over-all consequence of the draft was equity, and the result was a system which was notably unfair.[1]

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*Alfred B. Fitt was an Assistant Secretary of Defense in the Johnson Administration. He says, "Although current considerations surrounding amnesty are rooted in those years, it was, ironically, a question that simply did not come up at that time; during a war, all you think about is the immediate task at hand. But I have thought much about it since."

Thus, in 1963 married men were exempted from the draft not because to induct them would cause particular hardship, but because the Army wanted to lower the average age of draftees—college students were exempt because the education of the populace was desirable. Graduate students were exempt because our budding scientists were needed for post-Sputnik research. Reservists and National Guardsmen were exempt because in no other way could the reserve forces be kept up to strength. Men in "critical occupations" were exempt because it made no sense to draft the only pharmacist in town when any number of street corner idlers were available to go. And finally, the stupid and the slow and the asthmatics and the weak and the fat and the gay were exempt because the armed forces did not want them. What could have been more sensible?

The Selective Service System was a rickety, folksy mechanism which had worked reasonably well and without major scandal when virtually all physically qualified young men were called into the military or when no one was being shot at, but it was an organizational and equitable disaster area when—as was the case during the Vietnam War—fewer than half the men turning 18 were needed in the armed forces.

In part, the inequity was beyond the control of the 4,000 draft boards. It was not their fault that the draft, as James Reston once observed, "is a system whereby poor boys are selected to go to Vietnam and rich boys are selected to go to college." But because the system was so decentralized, and because Director Lewis B. Hershey believed so firmly in not interfering with local-board policies, the consequence was that classification and deferment practices varied erratically from board to board and state to state. Uniform treatment under the law is imperative when young men are being picked to go out and face bullets, but all during the nineteen-sixties that imperative was ignored. Except for the older military careerists, the American war in Indochina was fought by young American males who turned 18 between July, 1963, and July, 1971. There were 14.5 million of them, and of these 58 per cent never served a day on active duty. Less than 12 per cent was drafted. Fewer than one in three volunteered. Of the six million who did serve, only about a third actually went to Vietnam—or one out of seven in the total manpower pool of the Vietnam war years. The other 8.5 million escaped service in a variety of ways.

Some simply stayed in college and graduate school long enough to turn 26 and thus end their draft liability. The rise in college attendance was extraordinary—among males: 29 per cent of 18- and 19-year-old American boys were in college in 1963; the rate increased by more than a third, to 39 per cent, by 1969. It has since fallen back to 35 per cent. No such surge occurred in the college attendance of 18- and 19-year-old girls. The conclusion is inescapable that the draft and the war propelled hundreds of thousands of young men into college during 1965 to 1970 who would not otherwise have attended. It is equally certain that the primary beneficiaries of the deferment for college students were those already most favored in our society, the children of upper-income families.

More than a million eluded the draft by enlisting in the reserves and doing their bit at home on weekends. This route was largely the preserve of educated white males. Although no enlisted man's job in the military, active or reserve, requires any college training at all, in 1969, those with at least some college accounted for 59 per cent of all reserve enlistments; only 1 per cent were nonwhite. (It is true that reservists faced a potential call to active duty, but in fact only 37,000 were called. Some were so repelled at the notion of being required to carry out their bargain that more than 1,500 of them joined in 25 different law suits protecting their callup. They lost.)

Some young men, although no one can say how many, avoided the military by playing games with Selective Service. In the first five years of the sixties, there were 41,462 Selective Service appeals. In the second five years there were 596,258. There is much anecdotal evidence that thousands and thousands shopped around among draft boards—changing their residences as necessary—until they found one which would excuse them.

More than four million men were disqualified because they could not pass the armed forces physical examination. The standards appeared to be perfectly straightforward, but they produced disquieting results: the more education one had, the less likely he was to pass the physical. Only 19 per cent of the high-school dropouts were disqualified medically, but 34 per cent of the college graduates flunked, and the figure rose to 38 per cent for the brightest of all, those who went on to graduate school.

In numbers which defy estimation, men escaped the draft through corrupt means. Some evaders found physicians, either venal or passionately opposed to the war, who would conspire with them to create false or dubious disqualifying medical histories. Some men bribed their way into reserve units. Some pretended homosexuality. Some ran away, not on moral grounds, but simply out of fear.

Looking back on the anger and resistance which marked this country as the bloody trickle in Vietnam became a hemorrhage, it is astonishing to discover that from 1967 through 1971, the five most tumultuous years of the anti-war movement, only 4,495 men were convicted of draft-law violations. Thus, a huge majority—about 85 per cent—of draft-liable men avoided service in Vietnam, and an immense majority of that huge majority did so by lawful means, by taking advantage of deferment policies which were inherently inequitable, skewed in favor of the brainy, the crafty, the wealthy and the educated, and whose unfairness was multiplied by disparate administration.

There remain the draft evaders and deserters, the sad human residue of our country's military adventure in Southeast Asia, a residue whose fate will be a divisive, anguishing issue until time or magnanimity or both have removed the issue from the national agenda. No one really knows the size of the group or where they all are or how many actually committed an offense by departing or how many face prosecution on return.

Opponents of the Vietnam War tend to inflate the numbers of resisters while supporters minimize them. As for draft evaders, whatever the "true," count, the effective count at the beginning of 1974 was 5,119 under indictment and another 3,080 under investigation. There is no basis for confidently estmating the number of draft resisters who simply slipped unnoticed between the cracks. Of the 8,199 cases pending in January, 1974, an estimated 4,400 involved fugitives, with 3,000 thought to be in Canada. The number of Vietnam era military deserters still at large is unknown. The Defense Department reports that of all deserters since July 1, 1966, only 28,661 were still at large on Dec. 31, 1973, but it does not know how many of those men deserted after our part in the fighting stopped and how many before. In any event, adding evaders and deserters, there appear to be about 35,000 exiles underground or overseas as a result of Vietnam. If there are more than that, the Government does not know about them. The surplus, if there is one, can come home just as it went away, unnoticed.

Who are these exiles? If anything about them is certain, it is that by no means all of them fled because of moral scruple. Rather, they are composed of scamps and saints, liars, prophets, sad sacks, heroes, cowards, simpletons, cynics, gentle men, bullies, authors, illiterates, every kind of mother's son. To portray them as a homogenous mass, 35,000 peas in a pod, all to be blessed or all to be cursed, is a piece of impertinence.

Nevertheless, there have been detailed studies of deserters which permit some generalizations. The Defense Department has found that the typical deserter eventually returns or is caught; that he was a high school dropout (69 per cent), not very smart (43 per cent in the lowest acceptable aptitude category), white (85 per cent) and with no prior record (70 per cent), all in all a very ordinary lot, and one is tempted to ask who needs them?

But most of the 28,661 deserters now at issue have been gone a long time. Are those who have atypically stayed away atypical in other respects? Apparently not, if one accepts the Defense Department special analysis of every deserter who has surfaced in a foreign country. Such men tend to be long-term absentees, but in their other characteristics they seem to be about the same as the less spectacular, short-term deserter.

There have been no similarly comprehensive studies of draft evaders, but it is generally assumed that, by way of prior economic status and education, they were better off than the deserters. This assumption is buttressed by University of Toronto Associate Professor Saul Levine, who found that evaders were more likely than deserters to adjust successfully to life in Canada, because they tended to be older, and had some parental support (not necessarily agreement), some college education, planned and prepared for the move in advance, contacts in Canada, an ideology or philosophic rationale for their actions, money or marketable skills, and considerable luck. [These were] middle-class individuals."

Despite the wide variety of views about what we ought to do in the future with respect to the Vietnam exiles, not many people seem to inquire as to what we have done about them in the past, to those we have already caught. If there is to be a new policy, let us look at the results of the old policy before we proceed.

During 1967 and the next six years, more than 300,000 men classified as deserters returned to military control. The armed forces define a deserter as anyone who is gone longer than 30 days, but to convict a man of desertion requires proof beyond a reasonable doubt that he intended to stay away permanently. Such proof is hard to come by, so much so that, in the 10 years 1963 to 1973, there were only 3,919 prosecutions for desertion. In short, most "deserters" turn out to be, and are dealt with as, A.W.O.L.'s. The Defense Department does not keep track of what subsequently happens to all the men who "desert" and then come or are brought back. Their fates disappear into aggregated statistics which totally resist disaggregation.

However, the military does keep a special eye on its men who are known to have run away to a foreign country, and it records what happens to them when they come back. Through the end of 1973, it had located 4,194 such men, 1,090 of whom were aliens who, for the most part, had simply gone back to their own countries and were discharged *in absentia*. Another 1,217 had returned to United States military control and the outcome of the disciplinary action against them was known.

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[1] In July, 1966, President Johnson appointed a commission, chaired by former Assistant Attorney General Burke Marshall, to look into the fairness of the Selective Service System. The commission documented the erratic and inequitable impact of the draft and in February, 1967, recommended appropriate change. That spring, Congress rejected the recommendations. Later under prodding from the Nixon Administration, the Congress adopted most of the Marshall Commission recommendation, and the law finally became fair just as it was about to expire.

It can be presumed that the soldier who flees in wartime to Sweden or Canada, denounces the United States, and later surrenders himself back to the military is not going to be particularly popular with his colleagues in the armed forces. But the punishment administered the 1,217 returnees does not seem remarkably severe; 44 per cent were not even prosecuted. Forty per cent served no time at all, 41 per cent were sentenced to six months or less, and only 4.5 per cent received sentences longer than 1 year (it is not known how many of those convicted were charged with an unrelated crime committed prior to their departure). Fifty-one per cent were given "bad" discharges, which cause the loss of veterans' benefits, while 49 per cent were either eventually restored to duty or given "good" discharges.

What happens in Selective Service prosecutions? The following table tells part of the story:

Convicted

Fiscal year:	Cases completed
1967	966
1968	1, 192
1969	1, 744
1970	2, 833
1971	2, 973
1972	4, 906
1973	3, 495
1974	2, 070

Convicted

[In percent]

Fiscal year:	
1967	75
1968	66
1969	52
1970	36
1971	35
1972	33
1973	28
1974	33

Imprisoned

[In percent]

Fiscal year:	
1967	66
1968	48
1969	31
1970	16
1971	13
1972	9
1973	7
1974	7

The table tells us that as time goes by, prosecutors, judges and juries have less and less enthusiasm for putting draft-law violators behind bars. Even so, much depends on where the defendant is tried. In 1972, the 27 cases completed in Connecticut resulted in only 1 conviction, but in Idaho the figure was 7 of 11, in Wyoming 0 of 7, Arkansas 9 of 13, Alaska 0 of 10, Alabama (Northern) 12 of 16 and Alabama (Southern) 0 of 3. Going further, the rate of prison sentences for draft violators convicted that same year was 19 of 22 in North Carolina (Eastern) and 0 of 10 for North Carolina (Western); in New York (Southern) it was 15 of 45 and in New York (Western) 0 of 20; for Oregon it was 23 of 29, Ohio 1 of 51, Wisconsin (Western) 7 of 7 and so on. The hand of justice in the nineteen-seventies is more appallingly uneven than the collective hand of the 4,000 draft boards at work in the sixties.

It seems time to get on with the binding up of the social wounds, but where should we land between those who cry: "Everybody unconditionally," and those who insist: "Nobody ever"? Many Presidents have granted amnesties or the equivalent, but none seems ever to have done so totally and unconditionally. The nearest thing to a blanket, no strings amnesty happened in 1830, when President Andrew Jackson pardoned all deserters at large, but on condition that never again would they be eligible to serve in the armed forces. It is not known how many men were affected, but presumably all were agreeable to the condition.

More usually, the Presidential act of grace has extended to those who have already been convicted and served their time, or who returned to their units by such and such a deadline, or who completed a year of honorable service in the armed forces and so forth. However, on at least two occasions, Presidential subordinates have offered blanket, unconditional amnesty to wartime evaders or deserters.

A rarely cited Civil War amnesty came just six months after Appomattox. It applied to draft evaders on the union side. The amnesty took the form of General Order No. 152, issued on October 17, 1865, by E. T. Townsend, Assistant Adjutant-General. It read:

"Hereafter no person shall be arrested as a deserter for having failed to report under any draft, or for any other noncompliance with the enrollment act or the amendments thereto. Any and all persons of this class now held will be immediately discharged."

The most recent precedent is cited in none of the by now voluminous literature on amnesty. On April 8, 1959, the Army adopted a policy to waive court-martial trial and issue administrative discharges to the remaining World War II deserters, without their return to military control. The men affected—the Army has no record of how many—were given undesirable discharges.

In deciding what to do about the 35,000 exiles, let us take care not to try to decide too much. There is no need to decide whether the war in Vietnam was moral or immoral, or whether selective conscientious objection is after all permissible, or whether the system of characterizing military discharges should be abolished, or what to do about Richard Milhous Nixon. All we need decide is whether to invite the 35,000 to rejoin America on some basis which is neither vindictive nor vindicative.

Herewith a proposal. As to military deserters, let us do what the Army did concerning World War II deserters during the Eisenhower Presidency, only let us do it sooner rather than later. Specifically, for men who left before Dec. 29, 1972—the date of the last involuntary induction into the armed forces—an option either to receive an undesirable discharge without ever returning to military control, or to rejoin their units and take their chances on prosecution—the only possibility of ultimately earning an honorable discharge.

The deserter who both regards himself as innocent of wrongdoing *and* is unwilling to be tried by the military will protest that the offer of an undesirable discharge by mail is not much of an offer, but he cannot have it both ways. Under present law, if he is to be ineligible for veterans' benefits—and surely he has not earned them—the only way to cut them off, without a trial, is with an undesirable discharge.

As to the draft-law violators, let them come back with the assurance that the Department of Justice will oppose incarceration either pending trial or, if convicted, thereafter. In a television interview on Aug. 26, Attorney General William B. Saxbe indicated he personally had already adopted such a position; three days later he added the thought that any returnee seeking leniency should show some contrition, through either words or action. It seems to me this exacts too much to no particular purpose. The goal is not to secure apologies: rather, it is to restore these people to the main stream, without making moral judgments on their past conduct. Where the law has been broken, it would be wrong to ignore it, but if the history of the last several years is a guide, most of the cases will be dismissed without ever coming to trial. If some Federal judge insists on sentencing a convicted violator to prison, the President can see to his prompt parole. The handful of Selective Service law violators in prison today should be released at once.

Such a policy would do scarcely more than ratify what is already happening in 93 per cent of the Selective Service cases, but it would have the special virtue of ending the mindless geographic variations in leniency (or severity) which now marks the disposition of draft law cases. There will surely be some fugitives who will denounce the thought that they should continue to be exposed to trial at all, but they ought to listen to the words of Colonel Jones quoted at the beginning of this article: "Every American can expect his fair day in court, and should expect nothing more or settle for anything less." Finally, while we are at it, let such wretches as the convict Calley go. Enough is enough.

CASIMIR PULASKI, AMERICAN REVOLUTIONARY WAR HERO

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. ANNUNZIO. Mr. Speaker, 195 years ago on October 11, the great patriot and brilliant military leader Gen. Casimir Pulaski, who assisted the Americans in their fight for freedom during the Revolutionary War, sacrificed his life in the cause of liberty.

Casimir Pulaski was born in the Province of Podolia in 1748, and from his earliest childhood demonstrated the qualities of organization and leadership which were manifested all his life. Before he reached the age of 20, he had organized a small group that fought valiantly to prevent the partition of Poland. However, his efforts were to no avail, and he barely managed to escape with his life.

In 1777, he met Benjamin Franklin in Paris, and Franklin was so favorably impressed, he gave Pulaski a letter of introduction to Gen. George Washington. It was Washington who suggested to the Continental Congress that young Pulaski be entrusted with the grave responsibility of reorganizing the American cavalry forces. This Pulaski accomplished with such skill that he was placed in command of all our cavalry forces, and proceeded to distinguish himself in every subsequent encounter with the enemy.

In the 11th Congressional District of Illinois, which I have the honor to represent in the Congress, there exists a large Polish population. I have lived among the Polish people, I have nieces and nephews who have Polish fathers, and I am proud of my close affiliation with the Polish people.

From this close association, I have come to know the Poles as a courageous people, as a dedicated people, as a patriotic people, as a religious people, and as a warm and loving people. Their courage in the face of tyranny has been demonstrated time and again over a span of centuries, their dedication to their principles has not faltered in the face of overwhelming odds, their patriotism has been manifested in their continuing struggle for a free Poland, and their devotion to their church and to their families is evident to us all.

All of these characteristics serve to make up an extraordinary people, and General Pulaski, as a descendant of the extraordinary Polish people, is a man to be remembered with pride and gratitue. In 1779, at the age of 31, Pulaski gave up his life on the battlefield while leading his famous cavalry legion in driving the British out of Savannah.

He neither lived to see victory achieved on the battlefield, nor did he live to see America win her fight for independence, yet his valiant efforts were instrumental in establishing this wonderful country of ours which recognizes and upholds the inherent dignity of man and the fundamental rights of the individual.

I am proud to join Americans of Polish descent in the 11th District, in Chicago, and all over this Nation in commemorating the 195th anniversary of General Pulaski's supreme and inspiring sacrifice during our American War of Independence.

JOLIET POLICE FOIL GUNMAN

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. O'BRIEN. Mr. Speaker, in recent months this country, and others, have been plagued by kidnapings. In some cases the tactic was used for political purposes, in others, criminals have taken hostages to bargain for money or freedom. Despite the valiant efforts of our law enforcement agencies, many lives have been lost in these terrifying human transactions.

Fortunately, this was not the case last month when a gunman attempted to rob the Rice & Larsen jewelry store in Joliet, Ill. Thanks to the courage and quick thinking of the Joliet police, the lives of four hostages were saved, although one woman suffered a painful, but minor leg-wound.

I would like to commend every member of the department for the bravery, inventiveness, and selfless dedication they displayed in capturing the gunman and others involved in the case. In particular, I want to commend Police Chief Fred Breen, Capt. Charles Hamilton, who was held hostage, Officer Robert Mau, who wounded the gunman and ended the ordeal, and Officer James Ryan, who first discovered the robbery and radioed for assistance.

The following are two accounts of the event published in the Joliet Herald News:

[From the Joliet (Ill.) Herald News, Sept. 15, 1974]

Police Courage Cited in Robbery-Kidnaping

(By John Whiteside)

Their comments—more than 24 hours later—were both humorous and serious.

Joliet police officers and Chief Fred Breen told their story to the city council Thursday afternoon. The story of Wednesday's armed robbery of a downtown jewelry store in which a gunman took a woman and a police captain as hostages.

It was a drama that ended with success. Officers were able to rescue the two hostages with the woman receiving only a minor injury.

And when the story ended, Mayor Maurice Berlinsky said, "The fearless courage of our police department was unbelievable. We need idols like these men."

He recommended the police and fire commission establish a special unit citation for the officers who participated in the action.

Patrolman James Ryan, a tall young officer with two years at the department, was the first to speak. He was the beat officer who spotted the initial action at the jewelry store and radioed the message for backup.

He seemed almost shy as he told his role. Later he drew laughs from the councilmen as he told of "commandeering a service station attendant's pants" to disguise himself in the eastside chase.

Capt. Charles Hamilton, an 18-year veteran, told the bulk of the story. He was the officer who removed his service revolver and drove the gunman and hostage from the scene.

For more than an hour he drove the gunman around the east side while a gun was held at the woman hostage's head.

Hamilton praised fellow officers for commandeering civilian vehicles and disguising themselves as the getaway car was kept under surveillance. He said the gunman had no idea that many of the vehicles were filled with cops.

"Talk of Toma (an undercover cop television show), they were there," Hamilton said. "There was everything but an ice cream truck borrowed right there on the streets.

"I saw (Sgt. Arthur) Schultz in a yellow cab and then in a dump truck. He was there every time I turned around. I don't think they were ever more than three-quarters of a block away."

Hamilton told how the gunman ordered him to stop and get cigarettes for the woman hostage. And how he gave him a dollar to pay for the cigarettes He said the service station manager later sent the dollar to the police station and said, 'I don't want any more of your business."

He said he feared if they ever left the city the gunman would shoot him. He said he kept talking to the gunman.

"I told him I'm a grandfather and I'm going to help you all I can," Hamilton said.

Finally at 12:40 p.m. Wednesday—at the intersection of Charlesworth and Meeker Avenues—the gunman wanted to switch to a fourth car. Only the car chosen, at Hamilton's urging, was driven by disguised officers Ryan and Robert Mau.

Mau—an experienced officer known for his marksmanship—took over the story then.

He told how he sat in the car after the getaway car pulled in front of him. How he sat with one hand on the steering wheel and the other holding his revolver.

"He aimed his gun at me and said get out," Mau said, describing how he climbed out of the car holding his gun in his right hand behind him. "As I closed the door I fired and missed him and then put five rounds through the door."

Hamilton said at the same time he was pulling the woman hostage from the backseat. He said one of Mau's shots went through the gunman's legs and hit her in the foot

"I went to see her in the hospital last night and we were both crying like old home week," Hamilton said.

Schultz told how five more persons were arrested later in the night through investigative work—including getting a search warrant signed at 2 a.m. by Judge Michael Orenic.

Schultz said he had been in a grocery store buying bread when first contacted about the robbery and hostages.

"I got home 15 hours later without the bread," he said.

"After the drama ended (at the capture) the work began," Breen said, "an endless chain of paperwork."

Breen said he will recommend the three officers that were fired upon—Hamilton, Mau and Ryan—be cited for their work.

The mayor said he would like to see a unit citation established and perhaps call it "the Capt. Hamilton Award."

"Today we all feel comfortable at what our police officers were able to do," Berlinsky said.

[From the Joliet (Ill.) Herald News, Sept. 15, 1974]

Chief Breen Praises Officers on Teamwork

It was teamwork.

Quick thinking police officers—with ingenuity and speed—performing like a well trained team helped to foil a holdup man's escape this week as he held a gun to a woman hostage's head, says Police Chief Fred Breen.

Wednesday's drama includes Capt. Charles Hamilton, unarmed, driving the gunman and hostage around the eastside for more than an hour following the robbery of a downtown jewelry store.

Meanwhile, countless police officers swung into action commandeering civilian vehicles and clothes to keep the get away car under constant surveillance. It ended with the successful apprehension of the gunman and only a minor injury to the woman hostage.

Breen had only praise for his officers. Speed, alertness, initative, ingenuity, dedication, self-discipline, training, experience and education were just a few of the words he used in describing the operation.

"And I suppose there was a bit of luck," Breen added.

The operation was off to a quick start from the beginning, Breen said.

He painted this picture. The gunman was in the basement with four hostages. Police had the area surrounded. The gunman wanted to keep the four hostages and he wanted a car.

"It was a warm day, the room was small, he was under pressure and wanted to get out of there," Breen said.

The car was promised, after police equipment and fuses from the radio were removed from the unmarked squad.

Three hostages came to the top of the steps, the gunman was still at the bottom with the woman hostage. Breen ordered the three to run.

The gunman was angry when he saw the three were gone.

"He felt double-crossed," Breen said.

But Breen and Hamilton "keep jiving" with him and "not letting him have time to think."

They wanted to keep him confused, Breen said. If not, the gunman may have taken time to present "a list of demands as long as your arm."

Demands such as a car with radio, more guns and money.

"Outside, the area had gone from an armed confrontation to relative calm," Breen said, noting marked squads and officers had moved back, but were in position for action.

Once the eastside chase had started, Breen said, only one suggestion was made about commandeering civilian vehicles.

"And the officers took it from there," he said.

They commandeered dump trucks, cabs, postal cars, station wagons and even clothes to disguise themselves. Hamilton said the gunman had no idea the many vehicles in the area were filled with cops.

"At the first suggestion, it didn't take long for everyone to fall in line," Breen said. "They took their shirts off, bared their chests and used private cars."

The quickness of disguises can be illustrated by Capt. Donald "Ziggy" Zier. Starting out in a suit, he said he left his coat in one car, his tie in another and finally his shirt in a third car.

"Paramount in all was the safety of the people involved," Breen said. "We could have shot many times but restrained because of the hostage."

Breen attributes much of the success to the quick thinking of Hamilton, an 18 year veteran, in the get away car. At one time when the car moved from the Richards Street area to Collins Street the car almost got out of sight.

Breen said Hamilton told the gunman the car needed gas. That gave police time to catch up, he said. In addition, Collins Street leads toward Lockport.

The police chief admitted he was glad it was an older experienced officer involved when the actual confrontation took place. Officer Robert Mau who shot the gunman is a 17-year police veteran and one of the better shots in the department, Breen said.

"He (Mau) knew that was it and it was split second timing," Breen said.

"The complete operation shows the high level of intelligence in the department," Breen said. "This is because we have better educated police officers now. There is no doubt we have higher training and educational levels than previous years."

He said many off-duty officers responded to the emergency. Not a one has requested overtime pay, he said.

"I didn't have to tell anyone twice what to do," he concluded. "All were outstanding in the way they reacted."

A NEW LIFE-SAVING TECHNIQUE

HON. DONALD D. CLANCY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. CLANCY. Mr. Speaker, a Cincinnati doctor has discovered and proposed a life-saving technique which has already saved many lives and which promises to save the lives of thousands who might otherwise choke to death every year.

The technique is called the "Heimlich maneuver" after Dr. Henry Heimlich, director of surgery at Jewish Hospital, Cincinnati, Ohio. The maneuver consists of standing behind a choking victim, gripping both arms around the victim's waist above the belt line, one hand grasping the other wrist. The method is to rapidly and strongly press the other hand, formed in a fist, into the victim's diaphragm just below the ribs.

In the instances where this method has been used, it has sharply compressed the lungs and expelled the matter which was choking the victim. In all known cases since Dr. Heimlich announced the method last June in Emergency Medicine magazine, all potential victims have survived. Nearly 4,000 persons die annually by choking on substances caught in their throats, the sixth largest cause of accidental deaths.

Dr. Heimlich developed the technique with research on beagles at Jewish Hospital's Esophagus Center. He published his findings in an article entitled "Pop goes the cafe coronary," because most chokings seem to occur at a dining table and resemble a heart attack. Also, when the method is applied, the obstruction often pops out like a cork from a bottle.

Numerous reports of lives saved have come from such addresses as Chicago, Seattle, Kansas City, Tennessee, Elmhurst, Ill., Belchertown, Mass., Washington, D.C., Republic of Korea, and Albuquerque.

I would like to take this opportunity to commend Dr. Heimlich for developing this life-saving method and encourage wide distribution and publicity so that it may be added to emergency first-aid systems to save lives.

"DEAR MR. FORD"

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. STARK. Mr. Speaker, I would like to share with my colleagues the thoughts of one of my constituents, Mary Patricia Peralta of Livermore, Calif., on President Ford's pardoning of Mr. Nixon. I believe her quandary over the equal applicability of American justice is shared by many Americans. It is now Congress responsibility to regain this faith in our constitutional principles.

LIVERMORE, CALIF.,
October 2, 1974.

DEAR MR. STARK: I have been very upset since that day when President Ford pardoned Mr. Nixon.

When ever I am upset, I sit down and write about what ever is bothering me. This writing usually ends up as poetry of a sort.

I wrote the enclosed verses for Mr. Ford. However I have not sent them to him. I feel that they would never reach him. I would like all of the Government workers, from the President on down to know how a little old lady in California feels about the way justice is handled in Washington.

Thank you for reading my letter. You are a man with good honest thoughts and deeds.

God bless you and help you in your work.

Sincerely yours,
MARY PATRICIA PERALTA.

DEAR MR. FORD

My Dear Mr. Ford,
Won't you please tell me,
Why you let Mr. Nixon
Get off scott free.

Is he any different,
Were the laws not meant
For all who do wrong
And to prison are sent.

I think of the men
Who worked under him.
Who obeyed all his orders
And now sit in the pen.

How about draft evaders
Who ran from the war.
Will you pardon them too,
Will you open their door.

Why not close all the prisons,
Set all prisoners free.
Or were laws only meant
For poor people like me.

If you call this justice,
If this is the way,
That you use your power,
It's indeed a sad day.

—MARY PATRICIA PERALTA.

CHROME SUPPLY AGAIN IN JEOPARDY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. CRANE. Mr. Speaker, soon the House will consider a measure which would reimpose the embargo on the importation of chrome from Rhodesia.

For a variety of reasons, it is essential that this measure be rejected.

In 1967, the United States initially adhered to the embargo declared by the United Nations on all products from Rhodesia. At the time the embargo went into effect the price of metallurgical grade chrome ore—per short ton—of our imports from the Soviet Union, the only other important producer of this product, stood at $39.87. With the imposition of the embargo, the Congress gave the Soviet Union a tacit monopoly of the market. When the Byrd amendment—permitting the importation of Rhodesian chrome—was adopted in 1971, the Russians had arbitrarily raised their chrome prices to $68.49, approximately a 60-percent increase. By last year, through the competition offered once again by the Rhodesian market, the price had declined to $51.73 per ton.

Discussing the embargo, the Phoenix Gazette has noted that:

> The initial U.N. action was to protest Rhodesia's white minority government, but the U.N. never imposed sanctions against totalitarian "minority" Communist governments. Although the sanctions were supposed to be observed by all U.N. members, Russia continued to buy chrome ore from the Rhodesians.

Repeal of the Byrd amendment would mean windfall profits to the Soviet Union. It would also mean U.S. dependence upon the Soviet Union for chromium ore which, as the Phoenix Gazette points out:

> Is not found in the United States but is vital to the production of planes, submarines, missiles and other strategic weapons.

The national interest demands that we reinstitute the embargo against Rhodesian chrome.

I wish to share with my colleagues the thoughtful editorial on this subject which appeared in the September 25, 1974 edition of the Phoenix Gazette, and insert it into the RECORD at this time:

CHROME SUPPLY AGAIN IN JEOPARDY

When the United Nations voted economic sanctions against Rhodesia in 1967 the United States foolishly knuckled under to the U.N. edict. Thus this nation lost its supply of fairly priced, high-grade chrome until three years ago when Sen. Harry F. Byrd Jr. of Virginia got Congress to approve resumed U.S. trade with Rhodesia.

Now the U.S. again faces loss of the Rhodesian chrome supply. Since passage of the Byrd amendment, the Senate has twice voted for repeal, and now the House Foreign Affairs Committee has voted for repeal.

The initial U.N. action was to protest Rhodesia's white minority government, but the U.N. never imposed sanctions against totalitarian "minority" Communist governments. Although the sanctions were supposed to be observed by all U.N. members, Russia continued to buy chrome ore from the Rhodesians.

In fact, the 1967 U.N. action was a boon to Russia, which became the world's principal chrome supplier. The U.S. had to buy 60 per cent of its requirements from the Soviet Union, and the price shot from $30 to $72 a ton. Much of the chrome was Rhodesian, and Russia acted as the middleman.

During the past three years the U.S. has bought some 500,000 tons of chrome directly from Rhodesia at fair market prices. During the Russian chrome swindle the U.S. taxpayer got socked an additional $15 million because of the action of an international body.

Chromium ore is not found in the United States but is vital to the production of planes, submarines, missiles and other strategic weapons—as well as in the manufacture of many U.S. products.

Among those fighting pro-U.N. anti-Rhodesia members of Congress is Rep. John Conlan, R-Ariz., who believes that the United States—not the United Nations—should control U.S. foreign policy. Yet there are those in Congerss who believe that U.N. actions have the same standing as a "provision of our own Constitution." If that's the case, the U.S. will be at the mercy of the Communist world.

MISS HORTENSE M. ROWE, VIRGIN ISLANDS COMMISSIONER OF CONSERVATION AND CULTURAL AFFAIRS

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. DE LUGO. Mr. Speaker, certainly many of my distinguished colleagues would be interested to know that our Virgin Islands, since 1493, has been under the political control of six European countries—Spain, France, Holland, England, Denmark and presently the United States—and one joint venture, namely the Knights of Malta. Throughout the centuries, however, it was the peoples of African descent who were the predominant inhabitants and contributors to the development of these beautiful islands of which we are so proud. An inevitable consequence of this historical interplay has been the creation and development of our unique Virgin Islands culture.

It is with great pride, therefore, that I can share with my colleagues the significant strides our Honorable Commissioner of Conservation and Cultural Affairs, Miss Hortense M. Rowe, is making within that local department to collect, conserve and preserve every available evidence of our Virgin Islands heritage despite the obvious difficulties and obstacles involved. It is beyond saying that Commissioner Rowe is committed to live up to the pledge she made to our people to do the job she has accepted. I am pleased to insert in the RECORD at this point:

[From the Virgin Islands Post, Oct. 1, 1974]

HORTENSE ROWE: CONSERVATION COMMISSIONER IN CONTROVERSY

(By Vernon Khelawan)

With all the controversy now being stirred up between the Executive Branch and the Legislature about the purchases of "Denmark Hill" and the "Hull Bay Site," I spoke to the lady in whose Department the whole thing falls—Conservation and Cultural Affairs Commissioner, Hortense Rowe.

The Commissioner did not get directly involved in the current controversies but went through great detail to emphasize the role of her Department in the overall scheme of things.

From a Cultural viewpoint, Commissioner Rowe said that her Department was committed "to preserve and protect the cultural and historic heritage of the people of the Virgin Islands. We expect to do this through continuing research to document significant activities and accomplishments of heroic Virgin Islanders and to disseminate the information to the public through schools, libraries and museums.

"We also expect to establish a Virgin Islands Archival system to preserve and protect among other things, all government documents which constitute an integral part of the present history of the Virgin Islands," she said.

Going further into revealing the plans of the Department, Commissioner Rowe said, "consistent with the above, we also have a rigorous Virgin Islands Museum plan as well as a territorial archeological excavation and preservation plan.

"We expect," she continued, "to house the various segments of the Virgin Islands Museum network in historic buildings—these buildings have already been surveyed, some are owned by the V.I. Government and others are privately owned."

Miss Rowe, then went on to explain the restoration program now going on at Fort Frederik in Frederiksted which is part of a master plan for restoration work on other government-owned property of historical value.

She added that part of that plan also included restoration of privately-owned property of historical value. She said however that those not acquired by the government, would be jointly restored by the government and the private owners.

"Many things we need," warned the Commissioner, "as it relates to Cultural Preservation, are still being developed, for instance, we are now working on the Virgin Islands Antiquities Law, which will be presented to the Legislature shortly."

She then referred to the completion of the Virgin Islands Historical Site Register as one of her cultural goals. This would mean a complete inventory of all historic places and things in the Virgin Islands.

The Commissioner then disclosed that towards the end of this year, the Virgin Islands should be receiving more than 10 tons of V.I. artifacts excavated in the early 1900s and presently stored in the basement of the Danish National Museum. "These will be housed in our various museums here," she said.

Asked about cultural exchange, Miss Rowe smilingly replied, "You cannot live in a vacuum. There are certain countries which have contributed to the cultural development of the Virgin Islands over the years which we must recognize. We have our cultural exchanges with some countries, we don't have with all, but it is our hope to expand immeasurably in this area."

CONSERVATION

Swinging the interview to the area of Conservation, the Commissioner described the tale of her Department as one to "enforce all existing laws dealing with air and water pollution, oil spills, fish and wildlife preservation, shoreline alteration and in general, protecting the natural resources of these Virgin Islands, which I consider to be irreplaceable."

Miss Rowe then pointed out that the Department was not presently satisfied with the municipal landscaping in the islands and towards improving this area, the Department was waiting on the Conservation Fund budget, which was now being analysed by the Finance Committee of the Tenth Legislature. Various sums are earmarked for Highway beautification on all three islands in significant impact areas.

She also spoke of the necessity to develop in our people, a sense of national pride as a people, something which is greatly lacking today. She then sadly referred to a recent incident in St. Thomas where several plants put down by her department for beautification of a project were instantly removed by people.

National pride, as she saw it, was necessary for the development of these islands, and if heed was not taken, pretty soon, all would be lost.

She said, "the same feeling of pride which one gets through ownership, should be amplified into considering the community as a whole." She added, "the streets should be an amplification of our homes."

In this respect, she spoke glowingly about the Youth Conservation Corps, a pilot program which was introduced last summer for the first time. "Aim of this project," he said, "was to develop an awareness for the environment." She explained that if we could inculcate in the youth the necessity for preserving environment, then half the battle for future conservation practices would have been won.

RECREATION

The definition given by Commissioner Rowe for her Department's role in recreation was: "to provide fully designed and planned recreational facilities, first to those communities where no such facilities exist. They do not exist through no fault of the Department, but rather as a result of poor planning knowingly or unknowingly by recent developers of residential communities in the Virgin Islands."

She added that her Department was also committed to upgrading the existing facilities and to gearing programs as well as facilities so that they begin to turn out professional athletes.

The Commissioner said that besides the physical development of recreational facilities, her Department was also committed to the development and implementation of activities which will improve the quality of our athletes.

Asked about the proposed Sports Council, she said, "It could only serve to strengthen the efforts of the Government and act as a liaison between the Government and the existing Sports Federations of the island. I support it."

Commissioner Rowe was born in Frederiksted, the first of seven children. She is the daughter of Hugh Milligan of the Water and Power Authority. She is a past pupil of St. Patrick's in Frederiksted and a graduate of Inter-American University in Puerto Rico with a degree in economics and Business Administration. She also did post-graduate work in Accounting at the University of Puerto Rico.

Prior to accepting the Commissionership in February 1972, Miss Rowe worked with the now defunct VICORP and then as Resident Manager of a Christiansted CPA firm.

Although accounting and business is her first love, she accepted the job because "I had every confidence I could do the job. I manage the Department systematically. Incidentally this was Miss Rowe's first government job.

She added that it was never her intention to make the job a career, but there are certain things she has started which she would like to finish, "but nevertheless since I work with systems, things are in such a position that anyone can pick up."

Finally, in answer to my question about her commitment, Miss Rowe said, "My strongest commitment at this time for Cultural and Historical Preservation is that herein lies the unique differences of the Virgin Islands and its people and we ought to be proud of them and sell them to every individual who comes here, so that we can better understand each other, thus setting the style for a harmonious living, working and playing together."

TWO VIEWS OF EAST-WEST TRADE

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. HANNA. Mr. Speaker, I wish to bring to the attention of my colleagues two articles which appeared in the August 14, 1974, Christian Science Monitor. The articles present conflicting views on the merits and problems of East-West trade, especially in relation to the businesses involved.

The Congress has been debating the issue of most-favored-nation treatment for Eastern bloc countries for a number of years. This Congress once again finds itself embroiled in this delicate issue. I believe my colleagues will find the attached two articles worthwhile:

[From the Christian Science Monitor, Aug. 14, 1974]

Two Views of Western Trade With East

PRO: A STIMULUS TO EVEN MORE TWO-WAY TRADE

(By David J. Steinberg)

The cold war has thawed somewhat, and the Iron Curtain has become porous. But the Soviet Union is still more or less what Winston Churchill called it 35 years ago: "a riddle wrapped in a mystery inside an enigma."

Most American businessmen who have explored business deals with the Russians, even successfully, might agree, wondering about the intentions and motives of the Soviet Government and the implications for U.S. security and world peace.

American businessmen, however, are no more responsive to expanding opportunities for selling and investing in the Soviet Union and other Communist countries than their government allows them to be. It is Washington's job to set the sights, the rules, and the policies to ensure that what is good for the corporation is above all good for the country.

Exports to Communist countries (as elsewhere) are good for U.S. jobs, productivity, income, and overall economic strength.

Imports from the Communists help satisfy consumer demand, meet growing needs for scarce materials, combat inflation, and finance exports to those countries. U.S. investments in these areas, by developing resources and raising standards of living, can stimulate two-way trade if the Communists will let it happen.

The whole process of East-West trade and interdependence is essential to cooperation in tackling the spectrum of world problems, not least the need to prevent war and build a durable peace.

Cautious moves

Knowing what we know about Soviet policy, and justifiably apprehensive about what we don't know, we have moved cautiously in relaxing controls over U.S. exports of goods, capital, and know-how to the East bloc.

Some critics in the administration, Congress, business, and elsewhere say we have not been cautious enough. Soviet policy in the Middle East war of 1973, and recent U.S. handling of the dramatic and traumatic Soviet purchase of American wheat, have sparked wide and open reassessments of our East-West trade.

To engage or not to engage in it is not the question. This trade and investment is beneficial, and can be more so, for economic purposes but also as an essential part of East-West foreign policy. The real issue is how far we should go, and how quickly, in releasing the goods, capital, and technology the Soviet Union so eagerly seeks.

Also, how far we should go in expanding dependence on critical materials from the Soviet Union, how much aid to give through U.S. credits to help finance Soviet purchases of U.S. capital equipment, and how much access to allow Soviet manufactured goods in the U.S. market.

There is warranted concern over the extent to which access to U.S. crops and equipment, particularly with easy financing terms, permits the Soviets to maintain or increase their heavy military outlays.

Expansion of East-West trade is important to peace, but we should have no illusions about the effect of closer economic relations on the political and military decisions of a dictatorial government aggressively ambitious in its foreign policy.

Nor should we nurture any illusions about U.S. trade controls as a restraint on Soviet acquisition of needed supplies or as leverage to get Moscow to reform its treatment of Soviet citizens. (We should exert appropriate, carefully calculated efforts to persuade Russia to modernize its morality, not just its economy.)

Factors to weigh

With cautious optimism, we should vigorously pursue opportunities for closer trade and other contacts with the Communists. But the degree of assistance we give them in financing equipment for development should be weighed against:

1. The ability of these countries to invest more of their own capital.
2. The need for these U.S. funds for development here at home.
3. The job and profit opportunities in using such funds for development projects in countries more dependably friendly to the United States.
4. The extent to which contracts may be lost to competing Western suppliers for lack of attractive U.S. financing terms.

We should be wary of ill-founded threats that U.S. failure to provide the requested terms will mean losing contracts to competitors in Western Europe and Japan. It may in some cases, but it may not. Among other factors, the cup of West European and Japanese capital is not exactly running over.

Many Americans, fearful of rising competition from free-world producers, are especially fearful of Communist country exports, made by low-wage labor and under a system that does not permit foreign examination of costs and pricing to determine whether dumping or subsidy has taken place.

Raw materials from these countries are most welcome, and usually accepted duty-free. Tariffs on other goods are high, much higher (except for Poland and Yugoslavia) than the treatment accorded non-Communist suppliers.

Normalizing trade—charging the same tariffs applied to the rest of the world—would help expand imports now blocked by high duties.

Long-term possibilities

Some of these imports would pose no problem of competition for U.S. industry. Others, however, might. But such possibilities are more long-term than immediate.

In any event, ways must be found to protect U.S. industries against unfair competition. Adjustment policies are needed to protect U.S. workers and communities unable to cope with fair competition from Communist or other suppliers with legitimate advantages over U.S. producers.

And international rules of fair competition must include enforceable commitments to basic labor standards, including assurance the standards reflect rising productivity.

Clear rules

Russia and other countries of the "East" have played by Western rules when these were clearly established. The Russians have marketed diamonds like a capitalist cartel. Their purchase of a fourth of the U.S. wheat crop at low prices is an embarrassing reminder of their adaptability.

East is East and West is West (to adapt Kipling to another context) and the twain, having already met, should get better acquainted culturally and more closely associated economically. We should seek to foment a new revolution among the Russian people—a revolution of rising expectations. A more liberal East-West trade policy is a major, perhaps the best, route—one we should travel confidently but cautiously.

CON: EUROPEAN BUSINESSES CHASED ONLY WILL-O'-THE-WISP PROFITS

(By Oscar E. Boline)

Over the past 20 years, many West European businessmen have heeded the will-o'-the-wisp call of East-West trade.

Soon they were bogged down in a mire of scanty profits, confusion, disappointment, and mounting costs. The glitter turned out to be mica, not real gold.

Now the United States is being tempted by the same promise of El Dorado. It too may well be quickly disillusioned.

Back in 1957, Nikita S. Khrushchev promised prosperity to all who would trade with the Soviet Union and its East European bloc. Every European country except Portugal responded eagerly, often pouring public funds into East-West promotion.

Generalities plentiful

Agreements full of generalities about big deals and peace and friendship were signed. Trade promotion offices were opened in both East and West Europe. Technical-exchange agreements were signed and joint study groups formed.

At that time, 1958, world exports to the Soviet bloc were almost on a par with those to Norway and Sweden. That is ridiculously low considering the 350 million Soviet-bloc inhabitants and a mere 12 million in the two Scandinavian countries.

Even by 1972 the trade drive put exports to the bloc only slightly above those to Norway and Sweden.

Increases compared

During the last five years exports to Norway and Sweden rose 74.23 percent, in step with the total world increase, while those to the Soviet bloc rose only 51.67 percent.

The West Europeans' expectation fell short because they overlooked the well-publicized economic plans and failed to study the aims of the bloc's Communist leaders. These plans rule out a two-way trade, such as West Europe sought and needed for growth.

Americans who look for two-way trade between the Soviet bloc and this country are headed for even greater disappointment than their European counterparts. The reason is, this country has few of the tariff and trade barriers West Europeans maintain to protect their industrial base. These barriers keep out any overflow of products produced by the cheap, controlled labor of the Soviet bloc.

Profits, not economy

On the other hand, for Americans content to look for figures showing trade expansion, with little or no regard for the adverse effects of East-West trade on Americans' jobs, Soviet-bloc trade will be just what their economist ordered.

The Communists made it clear, as current five-year plans and long-term plans were discussed and begun, that every effort would be made to improve domestic output and build a strong industrial base.

How? Western firms would bring multinational operations to the bloc. In these, the firms contribute their latest equipment, technology, markets, etc. The Soviet-bloc firms contribute the plants, cheap labor, and raw materials, the products to be sold almost exclusively in the West.

No raw materials

The Communist Party stressed that the bloc must not become an exporter of raw materials. The party does not support untrammeled trade. And free trade is taboo.

In essence the party expects to develop Eastern Europe into an industrial area in which Western firms can manufacture for Western markets, profiting from cheap controlled labor, fixed prices, and abundant raw materials.

To attract Western firms, six types of "cooperative agreements" have been devised. Each is based on the principle of manufacturing in the East a line, or components of a line, of products now manufactured in the West. The agreements range from simple commission work to joint ventures in third countries.

Small-scale industries

In 1972 I completed a study on these ventures, which by then had surpassed 600. For the most part they were small-scale operations such as making glassware, or relatively simple operations such as making fibers and labor-intensive apparel.

Most West European firms have been reluctant to accept the cooperative offers. A major reason is nationalistic ties and their governments' stress on preserving the industrial base.

In the mid-1960's Soviet-bloc planners told me they did not expect much from Europeans in developing large-scale industry. Instead they look to the Americans. They cited the growing nonstate character of the American firms, claiming they look only for profit with no regard for the American economy and social structure. Time, they insisted, was on their side.

Lures dangled

The disintegration of the dollar and rising Western European production costs are being used by the Soviet-bloc promoters to help attract American manufacturing.

There is an obstacle: the failure of Congress to grant to the Soviets, and some other bloc members, most-favored-nation (MFN) treatment on credit, trade, and tariffs.

The Soviets and other MFN proponents do not publicly state how really essential MFN is to the Soviets. Perhaps they feel a wave of U.S. domestic protectionism would wash away their hopes.

The Kiev tableware and hollowware plants under construction in the Soviet Union are a good example of the tactics being used to obtain MFN. The Soviet request for bank credits to buy American tools and dies to build the plants had the open support of top Washington trade officials. They enthusiastically pointed to this deal as one that would raise the standard of the Russian people, as if to say it would put knives and forks on the tables of Russia.

The market: United States

However, after the multimillion-dollar deal to equip several factories had been completed and financing arranged through U.S. banks, the Soviet official who handles consumer-goods exports to the U.S. told me 100 percent of the output was earmarked for the U.S. domestic market. The first deliveries were scheduled for 1976.

Incidentally, the dies the Russians chose were for making traditional U.S. lines. Thus at bicentennial time, gift shops in this country may be selling Paul Revere vases stamped "Made in the U.S.S.R." The sale will be greatly abetted if Congress grants MFN, as President Nixon has been urging.

The net result to the American economy: An already hard-pressed domestic industry will find it even more difficult to exist—ironically so, via tariff, credit, and financial concessions granted in the name of the American taxpayer.

UKRAINIAN POLITICAL PRISONERS

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. WALSH. Mr. Speaker, during my first term in the House of Representatives I have been made aware and become very concerned about the plight of thousands of Ukrainians being held political prisoners by the Soviet Union. These people are being tortured and abused solely for their political beliefs and this is contrary to every principle for which the United States stands. At the request of a Ukrainian organization in my congressional district I have written to Secretary of State Henry Kissinger asking him to use his bargaining position with Soviet officials to seek the release of these political prisoners.

The letter I recently received from that Ukrainian organization expresses their plea more eloquently than I can and I would like to share that letter with you:

Ukrainian Congress Committee
of America, Inc.,
Syracuse, N.Y., October 6, 1974.

Hon. William F. Walsh,
U.S. Congressman, House of Representatives,
Washington, D.C.

Dear Congressman William Walsh: We, the undersigned officers of the Ukrainian Congress Committee of America in Syracuse, N.Y., representing several hundreds of American citizens of Ukrainian origin in our community, appeal to you to intervene with President Ford and the State Department on behalf of Ukrainian political prisoners who are barbarously treated in Soviet jails and concentration camps.

In the period between 1970 and 1973 some 600 Ukrainian intellectuals, young men and women, were arrested, tried in secret trials and sentenced to harsh terms of imprisonment for "anti-Soviet agitation and propaganda." In reality, these young men and women are being punished for criticizing the police terror, the Russification of Ukraine and the violations of human rights as defined by the U.S. Universal Declaration of Human Rights and the Soviet constitution. They are sent to jails, concentration camps and "psychiatric wards" because of their protests against the suppression of national, religious and cultural rights and freedoms.

Among them are two intellectuals, Valentyn Moroz, 38-year-old Ukrainian historian, and Leonid Plyushch, 35-year-old Ukrainian mathematician, who are reported "near death" from starvation and administration of dangerous drugs!

Since July 1, 1974, Valentyn Moroz has been on a hunger strike in Vladimir Prison. He has stated that he will refuse food "until death," unless he is transferred to a concentration camp!

On September 18, 1974, The New York Times reported from Moscow that the Soviet authorities informed Mrs. Raisa Moroz, his wife, that her husband "was alive" although there were unconfirmed reports that he had died.

Countless organizations and oustanding individuals throughout the world, including a substantial number of leaders of American academic, professional and labor groups, as well as many U.S. legislators have raised their voices in defense of Valentyn Moroz, and demanded his release.

On August 22, the Hon. Robert Taft, Jr. of Ohio, introduced in the U.S. Senate a resolution (S. Res. 392), calling on the U.S. Government to express its concern for "the safety and freedom of Valentyn Moroz."

We appeal to you, Sir, to join Senator Taft as a cosponsor of his resolution, or to sponsor your own resolution calling for the immediate release of Valentyn Moroz, who has been sentenced to 14 years at hard labor, and who has been beaten and tortured because of his refusal to recant his critical views of the Soviet regime in Ukraine.

We ask you, Sir, in the name of justice and humanity, to voice your concern for Valentyn Moroz and urge our government and President Ford to intervene for his release.

Our government has agreed to provide huge economical and technological aid to the USSR. In return we should ask it to at least apply humane treatment to Ukrainian political prisoners, and to release those, like Valentyn Moroz and Leonid Plyushch, who are being driven to insanity and slow death.

We urge you again, Sir, to introduce your resolution for the release of Valentyn Moroz and Leonid Plyushch. Thank you.

For the Ukrainian Congress Committee of America:

Dr. S. J. Klufas,
President.
M. Mykytyn,
Secretary.

DOCTOR SUPPLY FACES THREAT—PART III

HON. JOSEPH P. VIGORITO

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. VIGORITO. Mr. Speaker, I want to join Dr. Robert Lasher, chief of surgical staff at St. Vincent Hospital, in his opposition to the termination of the residency program at St. Vincent Hospital. I think my colleagues may be interested in two articles printed in the October 30 and November 1, 1973, editions of the Erie Morning News:

Hospital To Challenge on Residency

(By George Cantoni)

St. Vincent Hospital officials plan to challenge the refusal of a three-group advisory committee to further its sanction of the hospital's surgical residency program.

The surgical residency program at the local hospital was discontinued on July 1, 1972, and, after two appeals, the committee has still refused sanction.

"The three-group committee has never been challenged before," said Dr. Gary Lyons, coordinator of surgical education at St. Vincent, "but we plan to challenge it."

Sr. Mary Margaret, administrator at the hospital, said she hopes to do "whatever can be done to get that residency program back.

"There is no question that we want to get the residency program back as quickly and as rapidly as possible.

"The surgical residency program is central to the hospital's needs to maintain the quality of physician education and continued quality of medical care," she said.

The residency question is one of several items to be discussed by the state medical board when it meets in Erie Thursday evening at Cannon's Zurn Hall at 7:30 p.m.

Stressing that the loss of sanction does not reflect on the professional competency of the hospital staff, the committee apparently feels the residency program does not provide a high enough level of "educational experience" for the trainee, according to Dr. Lyons.

Dr. Lyons said the three-group committee—made up of representatives of the American Medical Association, the American College of Surgery and the Graduate Committee on Education and Surgery—decided the hospital's surgical residency program was deficient.

After the three-group committee turned down the hospital's reapplication twice, Lyons said he wrote to the Pennsylvania Board of Medical Education and Licensure.

"It's the duty of the state medical board to determine if the program has merit," Dr. Lyons said. "We don't think the (three-group) committee has the legal right to make that judgment. They should serve as a national advisor."

Instead, Lyons said, the Graduate Committee on Education and Surgery "decided they were the creditors for surgery residency programs."

The St. Vincent Hospital official said the American Medical Association "has been sympathetic to the residency program at St. Vincent," especially since Dr. Russell Roth, a staff member at the hospital and president of the national professional body, took up the cause for the local hospital.

"But they can't impose their feelings on another group, and all three have the same amount of power in this thing," Dr. Lyons said.

He said refusing the continuation of the local hospital's residency program was part of a systematic plan to "gradually try to eliminate the community hospital from having any teaching programs."

"We have all the best equipment that any medical university has, but we also have clinical materials—patients. We may not have all the famous researchers, but we have the patients," the hospital official said.

"We hope to establish a medical education environment in this area which will attract young medical men. And we have a handsome core of physicians who would be good teachers—given the opportunity," Dr. Lyons said.

He said a combined residency program in Erie for both St. Vincent and Hamot would provide residents with more teachers, more programs and a broader range of medical problems.

Without the residency program Lyons observed, the quality of medical care in the Erie area will keep going down as physicians retire.

Surgeon Hits End of St. Vincent Residency Program

(By George Cantoni)

The chief of surgical staff at St. Vincent Hospital said officials are "going to go as far as we can" to get back the hospital's residency training program in general surgery.

But the controversial battle, challenging the right of a national advisory body to prohibit a medical education program at the hospital, is apparently going to be fought without support from Hamot Medical Center.

Dr. Robert Lasher, St. Vincent surgeon, said the hospital had been trying since 1971 to convert its three-year residency program into a four-year program, as stipulated under recent guidelines, before turning to the Pennsylvania State Board of Medical Education and Licensure for help in saving its program.

The national advisory review committee refused the hospital's application and reapplications three times.

"But during that two and one-half year period we made quite a few changes and improvements," Dr. Lasher said, "yet we continued to get the same type of response out of Chicago."

Dr. Lasher said the review committees have been "inconsistent" in appraising of the hospital's ability to provide adequate medical education programs.

"The review committee of general surgery said our education program was not adequate, but the review committee on colon and rectal surgery—a sub-specialty of our general surgery program—approved a new residence program in the area," Dr. Lasher said.

"Here we have two of these national advisory committees—one taking a residency program away and the other giving us a program," the St. Vincent physician said. "It doesn't make sense.

"Yet there is no appeal of this committee's decision," Dr. Lasher said. "We can't sit down with them and argue points that are so vague we can't find out what they are talking about."

William H. Ennis, administrator at Hamot Medical Center, said Hamot officials are staying out of the controversy. "We're pretty well secured," he said.

Dr. Lasher apparently disagrees with the Hamot administrator, saying, "This doesn't only involve St. Vincent Hospital in general surgery.

"St. Vincent Hospital has been trying to get a residency in internal medicine for years, and all we've been getting is a big runaround," Dr. Lasher said. He said Hamot is getting the same runaround in its requests for residency programs in internal medicine and family practice.

The St. Vincent surgeon said the two hospitals have joint residency programs in obstetrics-gynecology, urology and colon and rectal surgery.

Dr. Lasher sees the "battle" as a philosophical one between the university medical setup and the community hospital medical education program. "But the review committee is basically made up of university surgeons," he said. "This is the crux of the situation.

Sr. Mary Margaret, St. Vincent administrator, said, "We certainly hope the need for either a reinstatement of St. Vincent's residency program or a joint residency with Hamot is a matter that has brought community support.

MR. CRONIN CALLS FOR POST OFFICE REORGANIZATION

HON. PAUL W. CRONIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. CRONIN. Mr. Speaker, I speak to you today on a subject of great importance not only to the Fifth District of Massachusetts but to all the American people—the U.S. Postal Service. Unfortunately, the recent reorganization of the U.S. Postal Service into a large new private corporation did not solve its problems. Once again, the U.S. Postal Service needs to be overhauled.

During the last week of August I visited 15 towns in my district and talked to city and postal officials in each. I listened to officials in Westford, Groton, Pepperell, North Reading, Wilmington, Billerica, Lowell, Lexington, Bedford, Concord, Acton, Littleton, Tewksbury, Dracut, and Lawrence. For example, in one town I discovered that 10,000 excise tax bills were mailed out, and a few hours later 5,000 were returned "Undeliverable." In addition, one of my constituents did not receive her property tax bill until 2 days before it was due, and as a result, she almost lost her home. Just recently a letter came to my office from a constituent in Acton, who registered and insured a letter in May for $3,000. The letter was lost within the Acton Post Office and never even left the building. This constituent, despite the many letters he has written, has never received his $3,000 or any satisfaction at all from the post office.

There is room for blame in many areas of the postal system. However, after my interviews I came to the conclusion that it is much more important to solve the problems than to afix blame. I found most postal employees at the local level giving their very best many times under very trying circumstances. Unfortunately, there is a disturbing lack of professionalism in the upper levels of the postal system. What is needed are fewer political appointees at the top and more postal professionals, not businessmen, who have had much experience at the local level. Under the old system the Postmaster General was a political appointee with postal professionals under him that got the work done. Now we have businessmen as the political appointees at all the upper management levels and no postal professionals, and the work is not getting done.

I encountered more problems when the local post offices were controlled by a metropolitan post office—Boston, in this case—than when the post offices were autonomous. Perhaps, this could be an area for reform—more locally controlled post offices.

The U.S. Postal Service is constantly in the public eye, and one mistake can be disastrous despite the fact that their overall record may be much better. The public always remembers the problems and takes the good service for granted. I am submitting a report to the U.S. Postal Service explaining my findings and my hope that reform can be promptly and successfully instituted. I thank you for the opportunity to speak to you today concerning the U.S. Postal Service.

SCRUBBERS—FACT AND FICTION

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. BROWN of California. Mr. Speaker, the U.S. Constitution guarantees freedom of speech, and this right is one that I have frequently had reason to appreciate. Yet under the name of freedom of speech, a group of monopoly electric power suppliers is conducting a campaign to discredit the Federal agency responsible for protecting the public from harmful air pollution. They are conducting this campaign with the money they have received from their captive customers, and using their money against the overall best interests of their customers. I do not think that their right to conduct this type of campaign should be abridged, but their use of quasi-public funds should certainly be restricted. I consider the advertising barrage of the American Electric Power System an offensive, political, propaganda campaign that adds nothing to the real efforts to meet energy needs without impairing the health of humans.

It has been said by the industry that the Environmental Protection Agency's emission standards are not necessary to protect the public health. But new studies have shown that the standards are necessary to protect the public health. Increased electric power production will have to be a priority second to protecting the public health, and this limitation will require a greater amount of energy conservation.

Those who do not believe that the EPA's standards are necessary should read the ever-increasing literature on health effects of air pollution. The "Report to the Task Force on Conservation and Fuel Supply," which was prepared by the Technical Advisory Committee on Conservation of Energy for the U.S. Federal Power Commission is one such report. I quote from that paper:

> In summary, present rough estimates conclude that substantial excess adverse health effects can be expected each year *if standards are not met:* thousands of premature deaths, millions of days of illness among susceptible segments of the population, hundreds of thousands of needless acute lower respiratory illnesses in otherwise healthy children and hundreds of thousands of chronic respiratory disorders among adults. (Emphasis added.)

If these adverse health effects, which I consider an unacceptable level of violence to inflict upon the American people, are to be averted, the sulfur oxide and particulate emissions must be sharply curtailed. The U.S. Environmental Protection Agency has concluded that flue gas desulfurization systems must be installed in some plants in order to prevent the violation of the primary ambient air quality standards.

The American Electric Power System recently claimed that—

> Flue gas desulfurization has not been demonstrated to be a method of sulfur-dioxide control presently available for implementation by Electric Utilities.

This claim was reportedly taken from a hearing examiners' report before the Ohio State Environmental Protection Agency. The basic frame of reference for that finding, which was one of 26 by the Ohio hearing examiners, was that there were other available means to meet the Federal ambient air quality standards. The report, limited as it was, still did not contend that the standards should not be met. In fact, they found the opposite; the standards should be met.

The EPA, it should be noted, does not contend that flue gas desulfurization technology, or scrubbers, need to be installed where the standards can be met by alternative means. They have contended, with ample evidence to support their position, that flue gas desulfurization technology, when and where needed, should be installed. The conclusion of the EPA is worth note at this time:

> Based on flue gas desulfurization operating experience to date, the availability of commercial methods to treat sludge wastes, and the rapidly growing commitment to utility companies to install FGD, no other conclusion can be reached than that flue gas desulfurization systems are available and can be used to continuously, reliably, and effectively control sulfur oxide emissions from power plants.

This conclusion is taken from a U.S. Environmental Protection Agency report, "Flue Gas Desulfurization," which was published this last September. Because I believe this important issue should not be distorted by a media propaganda campaign, I insert the introduction from this EPA report in the RECORD.

The excerpts from the EPA report follow:

FLUE GAS DESULFURIZATION—INSTALLATIONS AND OPERATIONS

INTRODUCTION

From October 18 to November 2, 1973, the Environmental Protection Agency held a national public hearing in the Washington, D.C. area to review the status of power plant compliance with sulfur oxide (SO_x) air pollution emission limitations. Regulations limiting emissions of SO_x have been imposed because excess quantities of SO_x seriously affect human health through increased incidences of respiratory disease and damage many types of materials. The national hearing was called because power plants are the largest source of SO_x emissions in the U.S., because large numbers of power plants were not yet in compliance with SO_x emission limitations, and because, in most cases, only 1½ years remained under the established implementation plans for these plants to achieve compliance.

During the hearing, testimony was taken from some 50 witnesses representing electric utilities, trade associations, vendors of pollution control equipment, and other interested groups and individuals. It was generally agreed by these witnesses that flue gas desulfurization (FGD) technology must be installed on large numbers of power plants if SO_x emission requirements adopted pursuant to the Clean Air Act are to be met in the 1970's. Supplies of low-sulfur fuels are and will continue to be inadequate to provide the sole means of compliance

It was also generally agreed to the hearing that FGD systems, when operating properly, would reduce SO_x emissions by 85 to 90%, the levels required by most states. Questions were, however, raised by many utilities as to whether FGD systems could be made to operate reliably and as to whether an environmentally acceptable method existed to dispose of the sludge produced by some types of FGD systems.

After considering the testimony, the hearing panel found that the problems allegedly affecting FGD reliability could be, and had been, solved at one plant or another, and that reliability was sufficiently demonstrated to warrant widespread commitments by utilities to FGD systems at coal-and oil-fired power plants. The panel recommended that EPA create an incentive for such commitments by vigorously enforcing reasonable schedules to comply with sulfur oxide emission limits. The panel additionally found that technology was available to reclaim sludge waste as landfill and that regenerable systems that do not produce any appreciable waste were available for use where throw-away systems could not be used.

At the time of the hearing, there were 44 FGD systems either in operation, under construction, or being planned by 23 utilities at 26 plants. Only 10 of these systems were operational, 16 under construction, and 18 planned; 8 of those under construction were projected to start up by the end of 1974.

FGD INSTALLATION STATUS

Nearly 1 year has elapsed since the public hearing and it is appropriate to review the present status of FGD installation as an indication of the effectiveness of the hearing and EPA's follow-up program and as an indication of the continued validity of the hearing panel's conclusions.

The data covering the present status of FGD installations follows in Tables I through V. The total number of FGD units operational, under construction, or otherwise committed to has more than doubled over this year—to 93 systems at 51 plants by 39 utilities. The number of units now on-line has jumped to 19, and three additional systems are scheduled to start-up by December. In addition to the 19 operating units, 14 are now being constructed, and electric utilities have decided to install 60 more systems. Contracts have already been awarded for 17 of these 60 planned units; letters of intent have been signed for 4; bids are being taken for 7; engineering studies are underway for 17; and preliminary plans are continuing for 15.

The bulk of the 93 units will have started-up by the end of 1977. Aside from the 19 operating units and the 3 units scheduled to start-up this year, companies are projecting start-up dates of 1975 for 10 units, 1976 for 12 units, and 1977 for 19 more. The remaining 30 desulfurization systems will begin operation in 1978 or 1979, or have unknown start-up dates. Many of these 93 units are associated with new plants (47) and their installation is tied to the start-up dates of the plants.

FGD OPERATING EXPERIENCE

Recent operating experience with FGD systems has demonstrated increasingly high reliability factors with the elimination of the problems that plagued many of the early systems. Increasingly higher reliability (availability to the boiler) factors are seen both for those units recently started-up and for those units with longer operating experience. Several of these units showing high availability factors for several months can be characterized as very successful; other units, which are yet in experimental stages or still undergoing shakedown and/or adjustment, are also evidencing increasingly reliable performance. Only one type of FGD system has proven too troublesome to warrant further installations.

Many problems have, of course, been experienced with FGD system operation, particularly with earlier installations. Efforts to resolve these problems have naturally lead to improvements in system design and operation and to subsequent improvements in reliability. This clear trend to highly reliable, long-term FGD operation is best illustrated by reviewing the experience at each of the operating units.

Two of the earlier FGD installations, a lime scrubbing system and a magnesium oxide system, can be characterized as very successful by their recently demonstrated reliabilities. Louisville Gas and Electric Company's (LG&E) lime scrubbing system installed on its Paddy's Run No. 6 station started-up in April 1973 and operated until October 1973 at 70% availability to the boiler; [1] from October until shutdown in December 1973, availability was greater than 90%. Because Paddy's Run No. 6 is a peak-load boiler, the boiler, and consequently the scrubber, was shutdown in December because of a low demand for electricity. Increased demand caused LG&E to restart the boiler, controlled by the FGD system, in July 1974. Since the recent start-up, the unit has been operating at 100% availability, burning 3% sulfur coal with an SO_x removal efficiency of 90%. Early problems with this closed-loop system, which were minor and mechanical in nature, have been solved. This company is so convinced of the workability of its system, which has operated for 5 months at over 90% reliability, that it is commited to the installation of similar control systems on several additional boilers.

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[1] This April to October 1973 availability factor must be viewed with caution since the boiler was down much of this time and the FGD system, while available to the boiler, was run only intermittently.

A recently completed 2-year FGD test project conducted by the Boston Edison Company at its oil-burning Mystic station has also been successful. Since start-up in April 1972, this 150-megawatt magnesium-oxide scrubber, which is a regenerable system producing sulfuric acid as a by-product, has experienced most of the typical process and mechanical problems. During the first year of operation, Chemico, the vendor, constantly worked on and corrected these problems. Over this period, the scrubber was available to the boiler only 17% of the time. Efficiency, however, indicated 90% sulfur oxide removal using 20% virgin magnesium oxide and 80% regenerated magnesium oxide. Beginning in June of 1973, reliability figures reached 68%, but declined slowly to 13% in December due to deterioration of the equipment from erosion and corrosion. The problems occurring pointed out the need to carefully control the chemistry of the system, and in January and February of 1974, the company and the vendor extensively overhauled the system. By March the system was 87% available to the boiler. Availability figures recently obtained were: April—81%, May—57%, and June—80%. Despite the good availability figures shown, the system was shutdown as scheduled because the 2-year test period was completed. Boston Edison seems generally satisfied with the efficiency and reliability of its Mag-Ox scrubbing unit, has been quoted as calling it "a viable technology for our particular purpose,"[2] and is still considering whether it will install flue gas scrubbing systems on its other boilers.

Several of the more recently installed units have demonstrated very high reliability factors for several months and are not troubled with many of the problems experienced at some of the earlier installations. One of these successful units is a 32-megawatt double alkali system designed and operated by General Motors at its Parma Chevy Transmission plant in Cleveland. With an SO_x removal efficiency of 98%, the system has been available to the boiler 100% of operating time in June, July, and August 1974. Availability at start-up in April was 87%, but the scrubber was shutdown for the month of May because of unexpected pluggage by calcium carbonate deposits in the overflow line between the clarifiers and in the line from one of the clarifiers to the mix tanks; this subsequently caused overflow into the scrubber. This problem was solved during shutdown by using a polymeric flocculating agent to improve settleability and by withdrawing sludge from the clarifier more frequently. The scrubber has operated continuously since May 29 except for brief, non-scrubber related shutdowns.

Two other companies, which started-up their scrubbing units late in 1973, are also showing good performance. Arizona Public Service Co. (APS) started-up its 115-megawatt limestone scrubber designed by Research-Cottrell in December 1973. This 2-module scrubber averaged 89% availability for the 7 months from January through July 1974; module A (SO_x and particulate scrubbing) availability was 92% and module B (particulate scrubbing only) availability was 87%. Downtime was used to correct wiring, meter calibration, reheater vibration, and instrumentation problems and to repair leaks, packing glands, and reheater tube bundles. Acid condensation on the reheater tubes was solved by proper insulation, and cross baffles installed at the inlet stopped reheater vibration. System availability climbed to 93% in August after these problems were solved, and module A alone showed an availability factor of 98%. SO_x removal efficiency remained at about 92%.

Southern California Edison (SCE) started-up their 160-megawatt experimental lime scrubber in November 1973 on their Mohave unit No. 2. The system was designed by the company in conjunction with Stearns-Roger and SCE has taken over as the operating agent. This lime scrubber is half of a two-part experimental program that the company will use to decide whether it will use a lime or limestone system at its Mohave station. A 160-megawatt vertical limestone system designed by Universal Oil Products is now being constructed on Mohave No. 1 and results from this unit will be compared to experience with the Mohave No. 2 lime scrubber. The limestone system was scheduled to start-up in January 1974 in order to parallel experience at No. 2, but extensive unrelated fire damge has delayed start-up at least until October 1974.

The formal test program for Mohave No. 2 began on January 15, 1974, and the horizontal absorber has to date operated continuously at 84% availability to the boiler.

Operating experience at some of the earliest units, notably those boiler injection type units at Kansas Power and Light's Lawrence station and Kansas City Power and Light's Hawthorne station, has not been satisfactory. Both of these companies experimented with two limestone boiler injection systems using 3.5% sulfur coal. Problems with this type of system included corrosion, plugging, scaling, settling, and reheater/demister difficulties, and proved substantially more difficult than those found with tail-end type FGD systems. The companies have decided to convert their scrubbers to tail-end scrubbing with limestone and EPA knows of no plans for additional units of the boiler injection type.

Kansas City Power and Light has already converted its Hawthorne No. 4 100-megawatt scrubber to tail-end, and seems to have eliminated many of the problems it experienced with injection. A few problems remain with the recirculation system but modifications are expected to solve these problems. Combustion Engineering says that the tail-end system has operated since February 1974 with no major problems, although the demister must be cleaned by hand during boiler downtime.

Varying degrees of success are being obtained with the rest of the scrubbing units now operating. In many cases the units have not been on-line long enough to fully evaluate their performance. From the limestone systems that could be termed less successful to date than Arizona Public Service's Cholla installation, several crucial operating problems have been resolved. Kansas City Power and Light, for instance, installed an 820-megawatt system at LaCygne No. 1 that started up in June 1973. Proper design and operation of this unit is complicated by the fact that it must remove large amounts of both particulate and SO_x that result from the burning of coal having especially high sulfur and ash contents. In addition, this system was built without any means to bypass the scrubber.[3] Its initial problems are nearly all attributable to poor pH control, further emphasizing the importance of proper control of system chemistry for lime and limestone systems.

The City of Key West, operating a 37-megawatt scrubber that collects both particulates and SO_x, has found that one of its major problems is controlling dust from its unique coral grinding system.

The 2-scrubber system at Commonwealth Edison's Will County station, started-up in February 1972, showed rather poor availability factors due to many problems in the first 2 years of operation. Scrubber B was shutdown in April 1973 for internal modifications, but scrubber A has shown marked improvement recently. Availability was 72% in April of this year and 93% in May. A plugged venturi throat caused some downtime in June, but following repairs, the unit operated at 95% availability in July and 91% in August. Although Commonwealth Edison has experienced many problems at Will County, recent operation shows good signs for reliable long-term operation.

Experience at operating lime-scrubbing systems other than the successful performance at LG&E's Paddy's Run unit and Southern California Edison's Mohave unit, cannot be fully assessed at this time. Duquesne Light's Phillips 410-megawatt scrubber, on-line only for a few months, has achieved availability factors for modules 1 and 4 which were better than 70% from start-up through June. Duquesne is presently concentrating the load on these two modules and plans to place the full plant capacity on all 4 modules in the future.

Dairyland Power Coop. has been running its Alma lime-injection unit since August 1971, but only as a research system. Short test runs at 90% availability have ben conducted, but no longer runs have been conducted from which reliability might be adduced.

EPA is funding a 30-megawatt research unit being operated by TVA on its Shawnee No. 10 boiler. It is designed to use lime, limestone, sodium carbonate, or air/water as the scrubbing medium and has been operating under experimental conditions since April 1972. There are 3 different types of scrubbing systems operating in parallel that are still being evaluated under a variety of operational modes.

Aside from Boston Edison's successful Mystic unit, only one other magnesium-oxide system is now in operation. This 100-megawatt scrubber, also designed by Chemico, is being operated by Potomac Electric Power Company at Dickerson No. 3. Start-up took place in September 1973, but full operation was not begun until July 1974 when the regeneration facility became available. This system represents the first large-scale application of the magnesium-oxide process to a coal-fired boiler.

Illinois Power Company has at its Wood River station the only catalytic oxidation system operating in the U.S. The 110-megawatt scrubber designed by Monsanto started-up in Sepember 1972 and was accepted from the vendor after completion of testing in July 1973. Mechanical difficulties experienced during shakedown called for modifications which are now nearly complete. The scrubber is scheduled to start-up for continued operation this month.

The Nevada Power Company is now testing two aqueous sodium base scrubbers at its Reid Gardner station and will start-up a third unit there next year. The 125-megawatt units have only been on-line for a short time but excellent test results have already been cited and performance seems promising.

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[2] *Electrical Week*, July 29, 1974, p. 7.

[3] As recognized by the national hearing panel, bypass systems should be installed on scrubbing systems to make it easier to repair and adjust the system and to ensure that generating capacity is not lost during possible malfunction.

SLUDGE DISPOSAL

It is recognized that large quantities of semi-solid sludge are produced by lime and limestone scrubbing systems and that this sludge must be carefully disposed of to avoid any adverse impact on the environment. EPA does not view sludge disposal as an insurmountable problem, however, since disposal methods are now offered commercially that treat sludge in an environmentally acceptable manner. Wet sludge can be hardened (fixated) through chemical reactions to form a dry, solid, largely inert material or it can be ponded.

Although fixation technologies are offered commercially, many companies have been temporarily ponding sludge while concentrating on improving reliabilities of their FGD systems. Now that scrubber operating problems are being solved and system reliabilities are improving, more sludge is being generated by lime/limestone units and utilities are beginning to focus more attention on techniques for disposing of sludge. For example, full-scale sludge fixation is now underway at at least two U.S. power plants. Commonwealth Edison fixates sludge from its Will County scrubber and stores the product on-site. The company plans to ultimately dispose of the sludge in an off-site landfill area. Duquesne Light is now fixating sludge from three boilers at the Phillips plant. This fixated sludge is temporarily stored in on-site ponds, then hauled to off-site lined ponds for disposal. It is ultimately planned to dispose of this fixated sludge in unlined ravines. In addition, a prototype facility at Southern California Edison's Mohave stations fixates the sludge, discharging part of the treated sludge to a concrete-line disposal site. The remaining sludge is used to manufacture aggregate pellets which can be used as a concrete admixture.

Chemically fixated sludge has several uses, the most important of which is landfill. Numerous landfill sites are available in the U.S., especially in areas where coal has been strip-mined. Fixated sludge can be used to restore such land to its original condition. Limited use is possible in such other applications as roadbase.

Wet sludge can also be ponded, and where leaching into ground or surface water is feared, ponds can be lined with an impermeable liner or constructed with a drainage system to collect and isolate any leachate.

Sludge disposal problems occur, however, only with lime and limestone scrubbing systems. Where disposal of such sludges is impractical because of geographic location, space availability, or other considerations, alternative FGD systems can be used. Regenerable systems, such as magnesium-oxide, catalytic oxidation, and Wellman-Lorn processes, do not produce sludge. Rather, these systems regenerate the scrubbing agent and produce such valuable materials as sulfuric acid and elemental sulfur.

SUMMARY AND CONCLUSIONS

The past year has seen a major increase (over 100%) in the commitment of utilities to the installation of FGD controls. While the commitment to control 35,000 megawatts of generating capacity is still short of the need,[4] it represents a rapidly growing acceptance by utilities of the need for and workability of FGD controls.

While a few utilities continue to argue that FGD systems have not yet demonstrated reliable operation, actual experience over the past few months clearly refutes these claims. Experiences at Louisville Gas and Electric, Arizona Public Service, and Southern California Edison are illustrative. LG&E's Paddy's Run unit has been available to the boiler for a total of 5 months at well over 90% reliability. APS's Cholla unit has operated continuously for 8 months with a reliability of 90% or better, and SCE's Mohave unit has operated continuously from January to September 1974 at 84% reliability.

Based on FGD operating experience to date, the availability of commercial methods to treat sludge wastes, and the rapidly growing commitment of utility companies to install FGD, no other conclusion can be reached than that flue gas resulfurization systems are available and can be used to continuously, reliably, and effectively control sulfur oxide emissions from power plants.

DOCTOR SUPPLY FACES THREAT

HON. JOSEPH P. VIGORITO

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. VIGORITO. Mr. Speaker, the Erie community faces a medical problem that grows more serious daily. Immediately, Erie faces a severe shortage of general practice physicians. Ultimately, it faces a complete downgrading of medical care. This is a problem that cannot be solved by building new hospital wings, renovating old ones, or by mouthing sweet-sounding but insincere platitudes. Only the total cooperation of Erie's entire medical community and the intelligent awareness of area citizens can begin to cope with this increasingly critical situation.

On February 27, 1974, a series began in the Erie Morning News entitled "Medical Probe." The purpose of this series was to inform Erie area residents about the crisis in medical service within the community and to offer some reasons why the crisis exists. That the "Medical Probe" was an ambitious effort should be apparent from examining the following statistics.

"Probe" was conducted by only two staff reporters, Dave Tabolt and Marty Gallagher who is also assistant city editor of the News. They worked 7 to 8 weeks gathering information and statistics and conducting interviews. The "Probe" investigation included over a hundred separate interviews with authorities all over the country. Volumes of statistics were culled by the reporters and cooperating hospital staffs and many medical journals and texts were researched for background material. The completed series ran for 20 installments, beginning February 27, 1974, and concluding March 21. It represented the first in-depth series with that format to appear in Erie papers.

This investigation was in response to very real events which occurred months before, the consequences of which continue to threaten the quality of health care throughout the community. It was also in response to at least one constructive proposal which would benefit the health care field in Erie.

On October 30, and November 1, 1973, articles appeared in the Morning News announcing the intention of St. Vincent Hospital officials to challenge the authority of the Chicago-based Residency Review Committee for General Surgery that had refused to sanction the hospital's surgical residency program. This board, in the past, had also stood in the way of other area hospitals' residency programs. St. Vincent's contention was that this committee had assumed powers it did not rightfully possess—powers which belonged, in truth, to the Pennsylvania State Board of Medical Education and Licensure. Furthermore, the prohibition of the residency program was viewed as crippling to the hospital's ability to "maintain physician education and continued quality of medical care for patients."

On November 2, 1973, another article appeared in the News telling of a proposal by Pennsylvania Secretary of Health, J. Finton Speller, for a "medical school without walls" for the Erie area. This would be a project involving complete cooperation of local hospitals and colleges. The idea also had the immediate support of all members of the state medical education board. If the idea comes to fruition, Erie could expect to attract a good many medical students, some of whom would hopefully make Erie their home.

Therefore, in order to objectively ascertain the facts behind the controversy over area residencies and to inform the public of both the impending crisis and of possible solutions being proffered, as well as to broadly survey the health care field in Erie, the Morning News undertook its lengthy investigation and presentation. The following is a brief summary of "Medical Probe's" most significant findings.

First, and of central importance: the number of general practitioners in the Erie area is steadily declining and, at the same time, their average age is growing older. A majority of the "Probe" articles speak to either the reasons behind this or to the ramifications of it.

The decline, "Probe" concludes, is the result of the inability to attract young medical school students to Erie hospitals. Outside agencies, controlled principally by medical "academia," and possessing no legal authority over local medical decisions, are exercising coercive powers to close out local residency programs. Their reason ostensibly is because the programs are service-oriented rather than classroom oriented. Threat of academic failure for the medical students who ignore their dictates and participate in any disenfranchised residency program is the principal source of their power to command obedience. There are 23 of these autonomous, private, residency review committees.

The result is that most students are lured into remaining with the school medical centers and specializing instead of going into general practice. Erie and communities like Erie who have large populations but with no medical school are therefore suffering a severe shortage of physicians.

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[4] In the national hearing panel's report, EPA estimated that to meet primary ambient air quality standards and new source performance standards through 1980 the use of some 90,000 megawatts of FGD control would be required.

Consequently, "Probe" continues, the few GP's around are working intolerable hours and have had to refuse to accept any new patients, patients are being subjected to cold, impersonal treatment, and emergency rooms are overcrowded with nonemergency patients who have no doctor of their own. Also, academics, of necessity, must take a backseat to service because physicians simply have no time for structural classroom type teaching. Students must learn by observing. Osteopaths, foreign doctors in local residencies, emergency rooms, and "assembly-line" type clinics—the few that remain open—are giving competent aid but it is still not enough.

Compounding the problem is insurance company paperwork and the current big-business attitude in hospital management, both of which entangle the physician in a web of administrative duties that take valuable time from their medical practice.

Again compounding the problem is the apparent inability of Erie's medical community to overcome its parochialism and join in a combined effort to get joint hospital residency programs off the ground. "Probe" found this reputation for professional jealousy between local hospitals to be a major obstacle to outside academic support.

Testament to the accuracy and fairness of this "Medical Probe" series was made by officials at three large Erie hospitals. Mr. Tomkins, in charge of community relations for St. Vincent Hospital, stated that the investigation was conducted "honestly and in an evenhanded manner." A Hamot hospital administrator, who wished to remain anonymous, felt the probe "served the purpose" and "created an awareness" in the community. He also felt the series was definitely conducted honestly and that there was no question as to the integrity of the reporters. Mr. Ralph Keilch, administrative director of Doctor's Osteopathic Hospital, stated that:

> The accuracy and insight of the two reporters were all that could be expected.

He went on to say he felt the reporters performed a vital service to the community and to the medical profession in Erie.

It seems necessary to point out that the task of a responsible newspaper in an age as complex as this we live in must be not only to appraise its reading public of significant events happening within their community but also to fairly interpret those often complicated events in a way which makes them understandable to the average reader. When the subject of such interpretive reporting happens to be the adequacy and extent of a community's medical coverage, the individual journalists have an even greater responsibility for accurate, indepth investigation and interpretation. The "Probe" reporters, Marty Gallagher and Dave Tabolt, accepted that responsibility and performed with a professional excellence that is a credit to journalism.

In considering this example of journalistic responsibility and in considering the task yet confronting Erie medical men, the words of John Milton in his Areopagitica seem particularly appropriate:

> When complaints are freely heard, deeply considered, and speedily reformed, then is the utmost bound of civil liberty attained, that wise men look for.

The complaints have been heard. Now it is time a determined joint effort be made, with petty jealousies set aside, to establish that "medical school without walls," to ultimately increase the number of general practitioners, and to improve the overall quality of health care for the citizens of the Erie area.

For your consideration I am inserting an article from the October 1, 1974, Erie Morning News concerning the severe shortage of general practice physicians in Erie:

DOCTOR SUPPLY FACES THREAT

Erie's medical future may be even more bleak than we thought.

The News pointed out several weeks ago that "almost 80 per cent" of the interns and residents in training at Hamot Medical Center and St. Vincent Hospital are graduates of foreign medical schools.

We've since reviewed the latest directories of the two hospitals and found that FMGs account for 86 per cent of the intern-resident staffs.

This is compared to a 33 per cent national average.

The local directory reads like a United Nation's roster: India (12), Syria (9), Iran (8), two each from Ceylon, Egypt, Taiwan, Philippines, Colombia and Iraq and one each from Burma, Lebanon, W. Pakistan, Korea, Portugal, Mexico and Brazil. Only eight local interns and residents are graduates of medical schools in the United States.

As we've pointed out before, Erie has been fortunate in a sense because it has attracted some top graduates from foreign medical schools but how long that type of recruiting can continue is doubtful.

The magazine Medical World News recently observed, "Congressional health leaders and the Association of American Medical Colleges have agreed in principle to limit the number of internships and residencies to 'slightly' above the output of U.S. medical schools."

"That would shut out some 90 per cent of FMGs coming here under present rules."

Who's going to provide care in local hospitals when FMG's are no longer available?

Unless Hamot and St. Vincent quickly established joint training programs affiliated with medical schools, the staffs here will wither—and everyone in the community will suffer.

HAMTRAMCK STRIVES TO RETAIN ITS POLISH CHARACTER

HON. LUCIEN N. NEDZI

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. NEDZI. Mr. Speaker, the legendary Hamtramck, Mich., is my hometown and birthplace. I remain sentimentally attached to it.

Accordingly, I am pleased to place in the RECORD a long article which appeared in the October 6 New York Times which captures much of the flavor of this still vigorous city.

Under leave to extend my remarks in the RECORD the article follows:

HAMTRAMCK STRIVES TO RETAIN ITS POLISH CHARACTER

(By William K. Stevens)

HAMTRAMCK, MICH., October 5.—They once called it "the Wild West of the Middle West," this 2.09-square-mile island of Slavic zest, an autonomous city surrounded by Detroit, a tight little village where for more than half a century the Polish-Americans have loved, hated, worked hard in their yards and on the assembly line, and lived life with gusto.

Starting in 1910 they came from the farms of Poland, and sometimes from the Ukraine, to work at "Dodge Main," the Chrysler Corporation's huge assembly plant that still dominates the southern end of town. By the late nineteen-twenties, they had so filled Hamtramck that it was said to be the most densely populated city in the country.

The boom days are long gone. The second and third generations have largely moved to the suburbs, and Hamtramck has only half as many inhabitants (26,000) as at its peak about 1930. This has brought the city to a crucial stage in its history, and therein lies one chapter in the story of social change that is overtaking industrial America.

A RUN ON LEECHES

Hamtramck's Polish flavor remains. At Jaworski's market, wonderfully wrinkled grandmothers in babushkas still shop for herring, fresh okra, parsley, dill and leek; for black radishes, barley and kasha (buckwheat); for peppers and sorrel and cabbage; for kielbasa and kiszka the pungent Polish sausages; for the seeds with which to plant the backyard gardens that are the heirs to the fields of old Poland.

Until a few weeks ago, Jezewski's pharmacy sold leeches, the old-world remedy for a black eye. Every Saturday morning, after the Friday night bar fights, there would be a run on the leeches.

Hamtramck, has long been seen from outside as a volatile, rough-and-ready, sometimes troubled town—a vice den in the twenties and thirties, when two of its mayors were sent to prison on anticorruption charges and once, it is said, the City Council President pulled a gun on the mayor in a Council meeting. Once the city had two police chiefs, each backed by a rival faction sharing the chief's desk as friends. In 1971, the city government went bankrupt or nearly so, depending on whose analysis one accepts.

Detroiters have at times reacted gleefully to Hamtramck's troubles—sometimes, it is said here, so that attention would be diverted from Detroit's difficulties. It is unfair, Hamtramckans say. What happened here happened in some form everywhere in the country, they assert.

Now there is a new setback for Hamtramck, and it is resented by the fiercely proud community.

The United States Court of Appeals for the Sixth Circuit upheld last week a lower court decision finding Hamtramck guilty of "Negro removal" in its urban renewal policies.

The courts held that the city had demolished sub-standard housing in areas inhabited primarily by blacks, but were not providing new housing within Hamtramck for displaced residents. As a result, the court said the black population of the city had fallen from 14 percent to 8.5 percent. This, it was held, had been the city's intention and it was ordered that the city provide housing for most of those displaced.

WE'RE DECENT PEOPLE

The citizens and their acting Mayor, William V. Kozerski, object to charges of racism.

"It hurts," he says, "because we're not what they claim we are. We're decent people."

Hamtramck's record in race relations in fact, has in some ways been outstanding compared with many other communities.

While one could hardly contend that prejudice and discrimination are unknown here, blacks have lived here as long as the Poles, the public schools have been integrated for decades, and opinion surveys have shown blacks to be happy here. Flaxen-haired Slavic and black youths can be seen intermingling on the street.

Richardo Stovall, a 22-year-old black auto worker who has lived here all his life, said the other day that he had grown up side by side with Polish friends, that they went to parties together, and that it had always been like that. Hamtramck, he said, has been "one big happy family."

Other blacks say the same, as do many whites even those who speak in the most virulent terms about "Detroit blacks." One reason may be the smallness of the town, its old-world village quality, its sense of community.

Community identity focuses on the Roman Catholic churches, the numerous Polish-American clubs and its sports teams. Some years ago, Hamtramck won the Little League World Series. Its teams, thoroughly integrated, remain strong. Jane Bartkowicz Krot, the professional tennis player, is a local heroine.

The shops, banks and utility companies that line Joseph Campau Street, the main thoroughfare, are within walking distance of the immaculately kept one-and-two-family homes on postage-stamp plots, typically with wrought-iron railings and posts that wall the town.

"You feel better here, said 79-year-old John Wozniak, a retired auto worker who immigrated from Poland in 1913. "I know every stone in this sidewalk. I could go to Florida, but everything would be strange. You feel like home here."

Most Hamtramck residents are older people. This poses major questions as to the city's future and offers a clue as to what the urban renewal decisions means to that future.

The people wonder whether Hamtramck's Polish character can be preserved after Mr. Wozniak's generation is gone. They worry that it will die from lack of tending by the second- and third-generation Poles who now are thoroughly Americanized as their parents and grandparents wanted them to be and live in the suburbs.

The city fathers say they want fervently to lure back the young people, who often return to the old neighborhood on weekends to visit and shop. City officials had planned to use the cleared urban-renewal land for, among other things, split-level homes for returnees from the suburbs.

The courts, however, have ruled that this cannot be done at the expense of those already living there. Some observers, however, express hope that the good condition and low price of housing ($50 a month for a decent apartment is common and a $14,000 house is considered expensive) will bring back many young people who are being priced out of housing markets elsewhere by inflation. There is some evidence that this is already happening.

Some see in Hamtramck a potential as a regional center for the preservation and perpetuation of Polish culture. The Detroit Workingman's Co-Op, a Polish-Ukrainian restauarant that once was a haven for union organizers in the auto industry, might be one element of such a center.

It draws from throughout the metropolitan area customers who like its low-priced specialties—golombkis (stuffed cabbage), nalesniki (crepes suzette filled with apple, strawberry, cheese or prune) and pierogi (dumplings).

CULTURE CENTER SEEN

Another element, should it get off the ground, would be a block-long center for Polish theater, dance and other cultural activities that is being planned by a group of young Polish-Americans who are attempting to keep alive "true" Polish culture, not just the peasant aspects of it that came to America with the immigrants.

Copernicus, they say, is more important than kielbasa and beer. It is largely because of this group that Polish history, literature and language is undergoing a revival in Hamtramck's parochial schools.

Some even see the city as a setting in which effective integration of race and racial viewpoints can be nurtured.

The situation is in flux. Yugoslavians and Albanians—the latter-day immigrants—are moving here in increasing numbers. Establishing their coffee houses as community centers, where men gather to play cards and drink thick Turkish coffee that might keep one awake for days, they are starting a new ethnic nucleus.

How it will all turn out is anyone's guess. Some think that, in the end, Hamtramck will become all black, as most of the surrounding areas of Detroit have. The older Poles of Hamtramck talk about that prospect with the ultmost sense of balance.

"What's the difference?" said John Wozniak. "America, America for everybody."

NFIB MEMBERSHIP TOPS 400,000

HON. JOHN Y. McCOLLISTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. McCOLLISTER. Mr. Speaker, I am pleased to announce that the National Federation of Independent Business has just surpassed the 400,000-member mark for the first time. This figure represents a 13-percent increase in 1974 and follows a 10-percent increase last year.

In Nebraska the group has more than 6,200 members, and the district represented by my colleague Dave Martin has the second largest membership of all congressional districts in the country. These 6,200 small businesses employ 41,273 persons and contribute more than $1.2 billion to the economy.

To what can we attribute this rapid increase in membership? Certainly not a surplus of free time for the average of small businessmen. Most of them put in a 60–70 hour week and have little spare time to participate in organizations.

I believe the major factor is that small businessmen are finally beginning to realize that they must organize in order to be represented in Washington. For years, they have tried to operate without Government interference, but as more and more restrictive legislation is passed it becomes increasingly difficult even to cope with the paperwork.

Small businessmen need to make their problems known to those who pass far-reaching laws without considering the effect on the little guy—laws that often hamstring the very effort to stay in business.

A recent poll conducted by NFIB revealed that members feel by a 3-to-1 margin that control of inflation is the No. 1 priority. This surely indicates that the impact of inflation is so great it prompts businessmen to affiliate with a group which can express their views to Congress.

The voice of small business has been quiet too long. I applaud NFIB for taking on the job of articulating the concerns of this important group.

AMENDMENTS TO HOUSE RESOLUTION 988

HON. DAVE MARTIN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. MARTIN of Nebraska. Mr. Speaker, under leave to extend my remarks, I submit for inclusion in the Record the following amendments which I intend to offer to House Resolution 988:

Amendment to House Resolution 988 Submitted by Mr. Martin of Nebraska

Page 4, line 20, strike the following: 1, 2, and 3.

Page 8, line 14, strike the comma after the word "resources" and substitute in lieu thereof the word "and".

Page 8, line 15, strike the following: "and naval petroleum reserve 4,".

Amendment to House Resolution 988 Submitted by Mr. Martin of Nebraska

Page 6, beginning line 2, strike the following: "the nontax aspects of medicare, and including other health care, health insurance, and medical assistance programs;"

Page 6, after line 9, insert the following: "In addition to its legislative jurisdiction under the preceding provisions of this paragraph (and its general oversight function under clause 2(b) (1)), the committee shall have the special oversight function provided for in clause 3(c) with respect to the nontax aspects of medicare, and other health care, health insurance, and medical assistance programs."

Page 21, strike lines 2 through 4, and substitute in lieu thereof the following: "assistance, medical assistance programs, medicare, and national health insurance, but not work incentive programs; and food".

Amendment to House Resolution 988 Submitted by Mr. Martin of Nebraska

Page 24, after line 15, add the following:

"(b) The Committee on Commerce and Health shall have the function of reviewing and studying, on a continuing basis, all laws, programs, and Government activities dealing with or involving the nontax aspects of medicare, and other health care, health insurance, and medical assistance programs."

Redesignate the succeeding subclauses accordingly.

Amendment to House Resolution 988 Submitted by Mr. Martin of Nebraska

Page 5, after line 22, insert the following:

"(2) Transportation, including civil aviation, railroads, railway labor and pensions, water transportation subject to the jurisdiction of the Interstate Commerce Commission, and related transportation regulatory agencies."

Renumber the succeeding paragraphs accordingly.

Page 16, line 3, strike the words "and Transportation".

Page 16, strike lines 14 through 19, and insert in lieu thereof the following:

"(3) Roads and the safety thereof, and urban mass transportation."

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 12, after line 3, insert the following:

"(2) Measures relating to Federal elections generally, including measures relating to the election of the President, Vice President, or Members of Congress; contested elections; credentials and qualifications.

"(3) Measures relating to the raising, reporting, expenditure, and use of campaign contributions for candidates for election to Federal office, and investigation of campaign expenditures."

Renumber the succeeding subparagraphs accordingly.

Page 19, strike lines 17 through 24, and renumber the succeeding paragraph accordingly.

Page 20, line 6, strike the following: "and clause 5(f)".

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 29, after line 25, insert the following:

"(2) making final report to the House in each contested election case at such time as the committee considers practicable in the Congress to which the contestee is elected;"

Renumber the succeeding paragraphs accordingly.

Page 33, strike lines 13 through 16.

Redesignate the succeeding subclause accordingly.

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 51, line 14, before the word "or" insert the following: "the Committee on House Administration in the case of a report made under clause 5(d)(2) of Rule X,".

Page 51, line 16, strike the following: "or (f)".

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 60, line 18, strike the word "and" and insert in lieu thereof the following: "on the right of a Member to his or her seat, on".

Page 60, line 23, strike the following: "the right of a Member to his or her seat, and".

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 15, strike lines 4 through 9.

Page 21, beginning line 7, strike the following: "taxes; and the nontax aspects of unemployment compensation upon referral from the Committee on Labor as provided in clause 4(b)".

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 26, strike line 14 and all that follows through line 8 of page 27.

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 17, beginning line 18, strike out following: "the functions with respect to committee amendments which are provided for in clause 5(d) and".

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 30, strike lines 9 through 23.

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 40, after line 4, insert the following:

"(e) Each standing committee of the House of Representatives that has more than fifteen members shall establish at least three subcommittees."

Redesignate the succeeding subclause accordingly.

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 53, strike lines 14 through 23, and substitute in lieu thereof the following: "activities only when authorized by a majority of the members of the committee."

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 79, strike line 3 and all that follows through line 13 of page 83, and substitute in lieu thereof the following:

"HOUSE COMMISSION ON INFORMATION AND FACILITIES

"SEC. 203. (a) There shall be in the House of Representatives a Commission on Information and Facilities (hereinafter in this section referred to as the "Commission"), which shall be composed of nine Members of the House appointed by the Speaker, including the House members of the Joint Committee on Congressional Operations, no more than five being members of the same political party.

"(b) To assist the Commission in carrying out its functions, the Speaker shall establish an Advisory Council composed of six members as follows:

"(1) Two members who are representatives of public affairs institutions or groups,

"(2) Two members who have demonstrated ability in space utilization, and

"(3) Two members of the general public. The members of such Advisory Council shall receive compensation at the daily rate provided by law for persons in grade GS-18, for each day actually engaged in the performance of the Commission's functions; and shall be entitled to receive actual and necessary travel expenses, including per diem in lieu of subsistence.

"(b) It shall be the function of the Commission to conduct a thorough and complete study of—

"(1) the information problems of the House of Representatives against the background of the existing institutions and services available to the House, and to make such recommendations with respect thereto as may be appropriate,

"(2) the facilities and space requirements of the Members and committees of the House, including space utilization, parking, and the organization, responsibility, and supervision to provide adequate, efficient, and economical space utilization, and

"(3) the staff required to provide the House legislative counsel with the capability to fully meet the needs of the Members of the House.

"(c) The study conducted by the Commission pursuant to subsection (b)(1) shall include (but need not be limited to)—

"(1) House resources for information, including the Congressional Research Service, the General Accounting Office, and the Office of Technology Assessment, and the organizational framework that makes them effective or ineffective;

"(2) information management, collection, and dissemination for the House;

"(3) resources outside the Congress for information and their utilization;

"(4) methods for setting up and organizing the flow of information from and to the Executive;

"(5) experimental or pilot approaches to information problems, such as the creation of mechanisms for outside groups, or for pooling of resources; and

"(6) the creation of a congressional staff journal or other process for communication.

"(d) The Commission shall make an annual progress report to the Speaker, and shall make such additional reports as may appear appropriate or as may be directed by the Speaker, incorporating interim and final recommendations and drafts of legislation to carry out such recommendations. The final report of the Commission shall be submitted no later than January 2, 1977. The study conducted pursuant to paragraph (b)(3) shall be completed no later than January 1, 1976.

"(e) In carrying out its functions, the Commission may meet at such times and places as it deems necessary. A majority of the members of the Commission shall constitute a quorum for the transaction of business.

"(f) Members and staff of the Commission shall be entitled to receive actual and necessary travel expenses, including per diem in lieu of subsistence.

"(g) The Commission shall utilize the staff of the Joint Committee on Congressional Operations to the maximum extent possible and shall appoint and provide for the compensation of such other staff as may be necessary for the performance of its functions.

"(h) The contingent fund of the House is made available to carry out the purposes of this section."

Renumber succeeding sections accordingly.

AMENDMENT TO HOUSE RESOLUTION 988 SUBMITTED BY MR. MARTIN OF NEBRASKA

Page 90, after line 14, insert the following:

"COMPILATION OF PRECEDENTS

"SEC. 409. The Parliamentarian of the House of Representatives is authorized and directed to complete the Compilation of the Precedents of the House of Representatives by January 1, 1977, and prepare an updated compilation of such precedents every two years thereafter. Copies of the Compilation of Precedents shall be printed in sufficient quantity to be available to every Member and the standing committees of the House of Representatives."

Renumber the succeeding section accordingly.

ELIMINATING THE RETIREMENT EARNINGS LIMITATION UNDER THE SOCIAL SECURITY ACT

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. ANDERSON of Illinois. Mr Speaker, approximately 2.5 million Americans aged 65 to 72 are being deprived of benefits they have earned by paying into the social security system. Because of the "earnings limitation" a penalty is imposed on any social security recipient who receives more than $2,400 in salary or wages. The injustice here is striking: a person who needs to continue working past the age of 65 as a matter of economic survival must surrender a dollar of his social security benefits for every $2 earned over the present low ceiling, while an individual whose money comes from investments is not penalized at all. Today, I am introducing a bill which would totally remove this unjust provision in a series of steps. As envisioned in this legislation, the earnings limitation would no longer apply to those over 70, and the amount that a wage earner could make without penalty would be raised incrementally from 1976 to 1983. After that a person on social security would be able to work to the limit of his ability and initiative without restriction.

Since the earnings limitation was added to the Social Security Act in 1954 it has contradicted a basic tenet of the system: that benefits are paid as a matter of right to those who have worked for them. Social security recipients are not charity cases. The present wealth of this country has been purchased in a large part by the sacrifices of Americans in this age group. These citizens have worked all their lives, often at low wages, and paid into the social security system. I am convinced that we are breaking faith with them if we do not allow them the right to earn what they can without being denied the benefits they have worked for.

URGING A GREATER AMNESTY

HON. EDWARD I. KOCH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. KOCH. Mr. Speaker, there is rising support for an unconditional amnesty for draft evaders and deserters who opposed the Vietnam war, especially in view of the pardon granted former President Nixon. It would be unconscionable to require service from those who exercised conscience, when the President who violated the Constitution is granted a full pardon.

On September 25 of this year, the executive council of the Episcopal Church of the United States adopted a resolution urging an amnesty which will allow more young men to return home. I would like to bring this resolution to the attention of my colleagues:

FULL RECONCILIATION

Whereas, the Executive Council has acted to assist the men affected by the recent proclamation on clemency and earned re-entry; and

Whereas, the majority of our young men and their families' lives will remain unreconciled and away from our country; and

Whereas, it is necessary for the Church continually to apply the Word of God to the world in which we live; therefore be it,

Resolved: that this Executive Council's understanding of the Church's ministry in forgiveness and community-building moves us to state that the Clemency and Earned Reentry Program falls short of the Gospel standards; and be it further

Resolved, that this Council urge local churches and individual church members to use influence to work toward provisions for a full reconciliation of these men with their families and their country.

AMNESTY AND THE LAW

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. ASHBROOK. Mr. Speaker, President Ford's recent amnesty plan has raised much public debate. Recently an interesting article discussing amnesty appeared in the Ashland (Ohio) Times-Gazette. Lin Williams, the author of the article, writes, "No matter how fervently we wish it, amnesty cannot be a matter of compassion. The practicality of law—the preservation of an orderly society—cannot be brushed aside easily."

At this point I include in the RECORD the text of the article "Law Requirement a Key to Amnesty" from the Ashland Times-Gazette. I commend it to the attention of my colleagues:

LAW REQUIREMENT A KEY TO AMNESTY

(By Lin Williams)

No matter how fervently we wish it, amnesty can not be a matter of compassion.

The practicality of law—the preservation of an orderly society—can not be brushed aside easily.

President Gerald Ford's desire to reconcile the controversy created by 70,000 self-exiled U.S. draft dodgers in foreign countries is commendable. Yet he must make certain he does not create a precedent whereby citizens in the future may safely evade unpleasant responsibilities.

The President's trial balloon proposes "earned" amnesty in return for 18 months of "national service" in hospitals and conservation camps.

This slap on the wrist infuriates the two and a half million Americans who served in the Vietnam war and those who fled or deserted.

On the one hand it is an insult to those who were killed and wounded. In addition it implies guilt to the shirkers who assert their superior morality.

It is not likely, therefore, that Congress can find a formula for amnesty based on token work. Nothing, but nothing, can come close to the ultimate sacrifice paid by 60,000 young American who did what they were told.

President Ford is justified in seeking an amnesty solution. The question is whether he suggests forgiving too much too soon.

There have been 34 separate incidents of amnesty in U.S. history dating back to George Washington's 1795 pardon of those who participated in the Whiskey Rebellion but subsequently gave it up to obey the law.

There has never been an unconditional amnesty of draft dodgers or deserters following any war! There was no amnesty of any kind after the War for Independence nor after Korea.

After World War I, in 1924, President Coolidge provided amnesty for 100 deserters—but all had deserted their units after the Nov. 11, 1918, armistice. They were peacetime deserters.

Fifteen years after the WWI Armistice, in 1933. President Roosevelt granted amnesty to 1,500 individuals convicted of espionage act and draft law violations and who had completed their sentences.

Two years after World War II, President Truman provided pardons for 1,523 draft law violators—from a total of 15,803—whose cases had been taken up with individual recommendations.

His 1952 Christmas amnesty dealt only with peacetime deserters—men who had left their units between V.J. Day and the outbreak of Korean hostilities on June 25, 1950.

The Civil War "amnesties" most often cited by proponents of Vietnam amnesty are particularly weak.

First, they never dealt with draft dodgers.

Second, all of President Lincoln's and President Johnson's amnesties dealt with Confederates, or deserters from the Union Army—and none of them was unconditional. Gen. Robert E. Lee whose home was confiscated for Arlington National Cemetery, died without pardon even though he had requested it.

Lincoln offered pardons to the Confederates while the Civil War was at its height in an attempt to weaken the southern armies.

To Union military deserters in 1865, Lincoln offered pardons contingent upon their return to their units within 60 days to serve out a period of time equal to their original period of enlistment. Punishment set by Congress for not returning within 60 days was permanent forfeiture of the rights of citizenship!

The principal occasion on which Lincoln's government dealt with draft resisters was in the City of New York where thousands rioted in March of 1863. The federal answer to this draft demonstration was marshaling troops which put down the riots with gunfire, killing between 500 and 1,000 protesters.

Shortly after taking office, in May 1865, President Johnson granted full pardon to all Confederates (with exceptions) who took an unqualified oath of allegiance. Similar proclamations were issued in 1867 and 1868. In July 1866, more than a year after the war's end, President Johnson allowed deserters to return to military duty, without punishment, but with forfeiture of pay. Not until 1898 did the Universal Amnesty Act remove all disabilities against all former Confederates.

It is interesting that the attitude of the government was more lenient toward the organized rebels than toward individual Union citizens.

The key to this difference in attitude was based on law. The Confederate acted under the laws of his government, while the northern deserter and draft evader acted outside the law of his government.

For this same reason we usually end up treating our former enemies more leniently than our own draft law evaders.

This history of amnesty in the United States suggests two principal reason's why Ford's present proposal faces determined opposition.

First, it comes too close to the event. Hostilities continue in Indochina where we sought to halt the march of antidemocratic communism. There has been no time to dull our normal and righteous indignation toward those who let others shoulder the mortal burden of national interest.

Second, a new element of morality has been built up to justify cowardice and evasion of duty. We seem to have forgotten that our entry into Indochina was also originally based on moral responsibility.

Morality descends upon the winners of war—and the outcome of the Vietnam conflict is still in doubt.

In the end, the necessity of law will prevail.

Case-by-case review will exonerate a few draft dodgers. Reduced prison terms will free deserters.

But amnesty based on any hint of reversal of right and wrong is still a long way off.

MR. HANCHO CHRIS KIM

HON. VERNON W. THOMSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. THOMSON of Wisconsin. Mr. Speaker, last week a small group of my colleagues and I met with Mr. Hancho Chris Kim, who gave us a firsthand account of impressions he gained during a recent visit to South Korea. Mr. Kim is an American businessman who first came to America from Korea as a college student in 1954.

Mr. Kim advised us that he feels that Americans tend to interpret the present Korean status quo largely in an American context which he feels demands of South Korea, a country constantly in grave military crisis, the same calm and precise attentiveness to human rights and privileges which Americans enjoy. According to him, those who belittle the North Korean threat to South Korea expound the view that suspensions of some constitutional rights in South Korea are based upon a nonexistent danger.

While there is now no aggressive action on the battlefield, Mr. Kim reports that the strengthening of North Korean positions continues in an effort to unify all Korea under Communist domination.

Mr. Kim enumerated to us some of the engagements to which he referred in our discussion.

ENGAGEMENTS

April 26, 1965: Capture of a South Korean vessel.

June 11, 1965: Attempted assassination in Seoul of the Korean President by infiltrators, North Korean General Chang O Ta and two assistants.

July 18, 1965: Attempt by North Korean commandos to destroy American Signal Corps center near Seoul and to assassinate President Park.

January 21, 1968: Invasion of Seoul by 31 North Korean commandos and attempted capture of the Korean Blue House and assassination of President Park. The mission failed.

January 23, 1968: The Pueblo incident.

July 20, 1968: Invasion of Chun Nam Province by 180 Communist infiltrators and guerillas, followed by an attempt of take over key posts in schools, election districts and other sensitive provincial positions and to manipulate them for Communist objectives.

November 2, 1968: Invasion by about 120 armed North Korean guerillas of Kyong Buk Province and the massacre of the entire population of the town of Sam Chuk area.

August 20, 1968: Landing of saboteurs and infiltrators in South Korea from a North Korean ship.

March 16, 1969: Eight saboteurs landed on the seacoast and were captured.

August 15, 1969: American Air force observation plane EC 121 shot down at a position stated to be 90 miles southeast of the nearest North Korean military position. Twenty-nine American service men killed.

June 8, 1969: Another North Korean spy ship captured on the South Korean seacoast.

June 12, 1969: Thirty-one North Koreans killed in an aggressive action against South Korean troops after invasion of South Korean soil from the sea.

December 11, 1969: Korean Air Lines airliner YS–11, with 51 passengers hijacked to North Korea. Twelve of the passengers remain unaccounted for, as of a recent date.

April 4, 1970: North Korean spy ship captured while attempting to land infiltrators.

June 5, 1970: Another ship landing foiled.

June 22, 1970: Attempted assassination of President Park at the National Cemetery.

July 17, 1970: Another shipload of infiltrators captured.

January 23, 1973: Unsuccessful attempted hijacking of a Korean Air Lines liner with intended diversion of North Korea.

January 6, 1971: Shipload of infiltrators captured.

May 4, 1971: Another shipload of infiltrators captured.

September 17, 1971: Guerrilla invasion by land in a mountainous South Korean area.

February 4, 1972: One South Korean fishing vessel sunk and five more kidnapped by North Korean irregulars at sea.

Mr. Speaker, Mr. Kim reported that the Korean people recoiled in horrified revulsion at the cruel murder of Mrs. Park Chung Hee in an attempt at the assassination of President Park Chung Hee on August 15, 1974.

Mr. Kim held an extended conference with Madam Park Chung Hee on August 14, 1974, the eve of her tragic assassination on August 15. Mr. Kim was impressed by her frankness and candor in describing the present conditions in her country. Mrs. Park advised Mr. Kim that as an example of her husband's effort to unify all South Koreans, Father Chee, leader of the South Korean Catholic Church, was invited 3 times to the President's home to discuss means for further unification of all segments of South Korea. Mr. Kim reported that the Korean First Lady said to him:

> Of course, we are a young Republic. We try hard to practice the principles of democracy. We are not outside of democracy—we are inside.

Mr. Kim, as a businessman, has observed that President Park Chung Hee has set the climate which increased cash holdings per capita from $87 in 1962 to $373 in 1973, the growth rate in gross national product from 3.5 percent in 1962 to 16.9 percent in 1973, exports from $57 million in 1962 to $3.258 billion in 1973, church membership from 1,430,000 in 1964 to 4,460,000 in 1974, and many similar accomplishments, this in a country singularly deprived of known natural resources.

Mr. Kim reminded us that President Park has firmly resolved that a self-sustaining Korean economy is the best way to render respect and gratitude for the substantial American aid thus far bestowed upon his country. He and his people are perhaps our most devoted allies anywhere in the world. "Yankee go home!" is not part of Korean graffitti.

TRIBUTE TO JOHN F. SHELLEY

HON. ANGELO D. RONCALLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. RONCALLO of New York. Mr. Speaker, on September 1, the Members of this Body lost a former colleague and the American people lost one of its finest citizens. Congressman Shelley's legacy to this country can best be found in the United States Code which contains the numerous statutes he introduced and supported to sustain and perfect our system of government. And so, along with my colleagues, I mourn his passing and pray his family will find solace in the fact that his contribution to our way of life will long remain in our minds.

MANPOWER RESEARCH REPORT

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. STEIGER of Wisconsin. Mr. Speaker, on October 2, I inserted part I of a study on research by the Federal Government in the area of manpower training and development. This study was done by Garth L. Mangum of the Human Resources Institute at the University of Utah.

Today, I want to call my colleagues' attention to part II of Dr. Mangum's study. This is the final portion of his study. The report follows:

MANPOWER RESEARCH REPORT—PART II

(By Garth L. Mangum)

Having contributed modestly to the launching of programs and substantially to their modification, a number of research projects have begun to question easy assumptions reached during the earlier and more hectic years of manpower programs. The central issue, though not clearly stated, has been whether unemployment and other evidences of labor market disadvantage is inherent in the shortcomings of the individual or the structure of the institutions. It had been assumed that unemployment was a consequence of one of two factors: either there were not enough jobs to go around or the workers lacked the necessary skills, experience or other attributes. Training and work experience programs all assumed that the solution was to change the worker by adding to his skills and experience, or changing his attitudes. On the other hand, the bulk of the E&D effort addressed itself to changing the institutions rather than the worker, including job restructuring and improvements in Employment Service assistance to change internal manpower management practices.

Hugh Folk and Edward Kalachek challenged the accepted views about youth unemployment. Some blamed minimum wages for pricing youth out of the market. All assumed inexperience and lack of education and training to be important. Folk and Kalachek demonstrated that most of the differential between youth and adult unemployment could be explained simply by the swollen numbers of youth and the fact that longer school retention mean an extended period of labor market entry, exit and re-entry. These factors did not explain the differentials in the unemployment rates of white and black youth . . .

With programs emerging in a period of persistent unemployment, the concern was naturally the availability of jobs and the problems of the underemployed. The objective was a job—any job for the unemployed. Research by Piore and Doeringer in the Boston ghetto labor market, accompanied by the experience of the NABS–JOBS program in tightening labor markets, was a reminder that the labor market had a supply side too.

involving people who were perfectly capable of rejecting unattractive jobs which did not meet their expectations. The NAB–JOBS experience even identified the reservation rate in each major labor market. BLS and census surveyors were responsible for the intelligence that as many people were poor from low wages as from unemployment with even more in poverty for lack of an employable wage earner in the family. But the greatest surprise was the fact three million including nearly two million heads of families worked full time-full year without exiting from poverty, with low wages and large families as explanations.

Basic assumptions about the boundaries between work and welfare were also challenged. Liberals and social workers, by and large, had viewed the welfare population as made up of families without breadwinners with no realistic alternative to dependency. The poor were the aged, female-headed families, and the long-term unemployed. The conservative image of the typical welfaree was a burly, hairy-chested man in his undershirt sitting in an easy chair in front of the television with a can of beer. "Why can't he work for a living like I do?" The social worker vision was largely correct as long as most states denied public assistance to families with an employable but unemployed head. But as some states liberalized their rules under federal prodding, and families in others learned the profitability of desertion, the picture blurred. Researchers helped make conventional wisdom of the insight that welfare families faced a "100 percent income tax" on any discretionary earnings. Academics not only discovered that only a portion of those eligible for welfare had access to it but organized a campaign for "welfare rights," hoping as much as anything to bankrupt a system they considered demeaning.

The concept of the negative income tax was largely an academic contribution, with advocacy ranging across a remarkable spectrum. Conservatives were unenthusiastic about welfare but, if it had to be, preferred giving money to having social workers make consumption decisions. Liberals sought to reduce opposition to guaranteed incomes by maintaining work incentives. As noted, discovery of the working poor, those who worked full time-full year at wages too low to pull them out of poverty, was a contribution of government researchers, but it took others to package and "sell" the implications of the finding. The Family Assistance Plan, whose primary beneficiaries would be these working poor was designed by academics turned politicians. A point not yet clearly made is that welfare benefits have risen more rapidly than the lowest wages, overlapping the lower ranges of the wage structure. For increasing numbers, the choice between work and welfare is a real one, not because the latter's benefits are excessive, but because the former's are abysmal . . .

Regardless of the magnitude of the impact of research on policy and programs, there was no doubt of the impact of policy and program on research. Labor market research had been the province of men attracted to the field by the reform potential of the labor movement during the last half of the 1930s. They gained prominence under the aegis of the War Labor Board and dabbled in manpower research while they worked at arbitration during the 1950s. The manpower research funds becoming available during the 1960s were small potatoes beside that available for research in the physical sciences and health. But in the social sciences, and particularly labor market research, it was a case of rapid multiplication. Since the dollar's function is the allocation of resources, talent and commitment went with the money.

But there was more to it than that. The funds available, particularly the MDTA Title I funds in the hands of the Labor Department Office of Manpower Research, were carefully husbanded. The research administrators sought to assure funding according to predetermined priority, yet leave flexibility for the unusually attractive proposal. But the available researchers were largely retreaded students of industrial relations. More important than the funding of research was the deliberate use of research funds to build individual and institutional capacity.

A series of institutional grants built capability in 7 institutions over four years, and then were transferred to support 12 more, all of which were encouraged to emphasize student support as the primary function of the grant. By June 30, 1970, a total of 178 research contracts had been completed by a variety of universities and research firms and an additional 77 projects were still under contract. Besides the institutional grants and major projects, a program of small individual grants to support doctoral dissertations in the manpower field begun in 1968 had produced 77 completed dissertations by June 30, 1970, with an additional 106 still in process. The research manpower committed to manpower research from these funds represents a tremendous investment in human capital with both immediate and long-term payoffs. Next to the attraction and development of manpower, the most important contribution of the research effort was the development of strategy to bring research results to policy attention. . . .

Researchers, like Mr. Dooley's Supreme Court, read the newspapers and tend to take guidance from the headlines. However, the amazingly rapid switch which occurred from industrial relations research to manpower research in the early 1960s and the crowd of young researchers attracted to the field during the decade could only have been bought by an infusion of public funds and aggressive government recruitment. Interests do not normally shift that rapidly. The bulk of manpower policy research must be credited to the Office of Manpower Research and Development of the U.S. Department of Labor, with significant assists by the Office of Education, the Office of Economic Opportunity, and the Ford Foundation. Remarkable little has emerged from university funded research or from the unsubsidized curiosity of individual researchers.

Manpower research is unique in that it has exploded from an obscure field of interest in 1960 to a major area of academic and commercial effort in 1970. Interest was certain to grow with policy activity. But research takes more than interest; it requires funding. The researcher's talents, like all labor market skills, are allocated through the purchase of services and, in this case, the distribution of funds. That attraction of talent was a major contribution of MDTA. Relative to other federal sources of research funds, its appropriations have been small, but its impact has been greater than that generated by other research appropriations several times as large.

AMENDMENT TO HOUSE RESOLUTION 988 TO BE PRESENTED BY MR. GIBBONS IS SUBMITTED FOR PRINTING IN THE RECORD

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. GIBBONS. Mr. Speaker, I include in the RECORD the following amendment intended to be offered by me to House Resolution 988:

AN AMENDMENT OFFERED BY MR. GIBBONS TO HOUSE RESOLUTION 988

Beginning on page 9, line 16, after the word "policy" insert a period, and strike out the remainder of line 16 through line 22.

And on page 21, strike out line 13 through line 16 and insert in lieu thereof on page 21, beginning on line 13, the following:

"(7) International trade policy, reciprocal trade agreements; tariffs and customs administration."

DEDICATION OF THE WHITE RIVER JUNCTION VETERANS HOSPITAL IN VERMONT

HON. RICHARD W. MALLARY

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. MALLARY. Mr. Speaker, October 5, was a proud day for the State of Vermont and for the many veterans in the Vermont, New Hampshire, and northern Massachusetts area who are served by the veterans hospital in White River Junction, Vt. On October 5, under clear autumn sky at the height of Vermont's foliage season, a distinguished assemblage of Vermont and New Hampshire officials and citizens and representatives of the Veterans' Administration assembled to dedicate a new 204-bed hospital at the Veterans' Administration Center.

The dedication ceremony was honored by the presence of the new Administrator of Veterans' Affairs, the Honorable Richard L. Roudebush who was dedicating his first VA hospital since his confirmation as Administrator.

Mr. Speaker, I believe that our former colleague's remarks are an important statement of the importance of this facility and the significant mission performed by the Veterans' Administration on behalf of those veterans who served this Nation with sacrifice and dedication I include herewith the text of Administrator Roudebush's address.

DEDICATION CEREMONIES OF THE WHITE RIVER JUNCTION VA HOSPITAL

(By Richard L. Roudebush)

One of the great privileges of being an official of the Veterans Administration—is the opportunity it gives to visit interesting places in this great Nation—where the mission of VA is being pursued.

And one of the great privileges of the job—is the opportunity it gives to associate with the wonderful people who work at this mission and those outside of VA who aid and support them.

Certainly there is no spot in the entire geography of VA—that is more beautiful and inviting than this one.

And there is no place where the needs of veterans are being met with greater skill or dedication . . . or where local interest in what we do—is keener or more effectively expressed.

I am honored to be with you today—for this most significant ceremony. I deeply appreciate your welcome.

For many years the VA center here has served . . . faithfully and well . . . those residents of Vermont—who answered a call to duty—men and women who protected and defended their State and their Nation—in time of danger.

Today—it is our very pleasant task to dedicate a new facility here—that will make that service better . . . that will give VA personnel greater ability to perform their jobs and accomplish their goals.

We look at this new hospital—and we take pride in its appearance. We tour it—as many of you have done—and we marvel at the engineering—scientific and medical accomplishments that are manifest in its features . . . the sophistication and the completeness of its equipment.

The building—and its contents—would do honor to any location—any community. They would be outstanding any place that medicine is practiced—and health problems confronted.

But advanced architecture—and modern instruments and techniques do not—in themselves—make a hospital good—and are not—in themselves—sufficient to warrant an observance of this scope—and this seriousness.

We could enter the building—activate all systems—and be about the task of examining and treating patients without ceremony—and without celebration.

If we were interested only in the fact that a new structure is here—we could let the occasion pass unnoticed—except for some physical and operational adjustments—on the part of personnel and patients.

To do so—however—would be to miss the significance of what has led up to the existence—and the opening of this new facility—and to miss the significance of what it will mean—in time to come.

We are here . . . then . . . to do more than dedicate a building. We are here to reaffirm our belief in the mission of this institution—and to rededicate ourselves to that mission.

We are here to proclaim that VA wants the very best health care possible—for veterans of this area . . . and to say that we will operate this hospital the best way we know how—to meet that objective.

We pledge compassion and dedication—and all the skill we possess. We pledge hard work.

It was another October—36 years ago—in 1938 . . . when the first patient was admitted to the hospital here.

The Veterans Administration had existed as an agency for only eight years at that time. World War I . . . the "great war" . . . had been over for only twenty years—and the great majority of American veterans were of that war.

But October 1938—was also the month that Nazi Germany occupied the Sudetenland—and World War II was close at hand. Forty thousand citizens of Vermont took part in that great struggle—and the job of serving veterans in Vermont—took on a vast new dimension.

And—of course—twice since World War II men and women from this area—have gone to war.

It is not comforting to remember—that we have engaged in combat three times—since the White River Junction Hospital was activated thirty-six years ago . . . but it is comforting to know—that there has been such an institution here—to receive those who needed care following their service.

It is gratifying to know—that there have been capable and devoted people—ready to give this care. And it is gratifying to know that the hospital . . . and the center of which it is a part . . . have received such overwhelming support—from the citizens of what surely must be one of the nicest communities in the United States.

Now we look to the future . . . our capacity for service increased—our ability to serve enhanced.

We start a new era here today. Its start is occasioned by the fact that this magnificent new hospital—is now ready for use.

Although . . . as I think I have already indicated amply . . . the meaning of this day is not based solely on the fact of physical improvement—there can be none who are a part of VA—or who have an interest in this region's some 90,000 veterans—who can fail to be excited over the characteristics of this building.

And the fact that its existence will lead to further physical improvement—by the conversion of older facilities—to new uses—makes it all the more impressive.

We will be able to treat more patients than ever before . . . with some 3,600 inpatients expected this fiscal year—and with nearly 25,000 outpatient visits expected.

We will be able to provide more specialized treatment than before—with intensive care and coronary care units.

And—of course—the surroundings will be more comfortable and more convenient—for those who are hospitalized here.

This hospital's affiliation with the Dartmouth Medical School—has been of great value—in helping provide superior staffing—and assuring better diagnosis and treatment. The new plant will increase the value of this affiliation—and we look forward to not only a continued relationship with Dartmouth—but to even a closer one.

We all recognize that there have been great changes . . . great improvements . . . in medicine since 1938—when the first patients were admitted here. What is not so commonly understood—is that concepts of what help should be provided—to sick or disabled veterans have also changed . . . changed to make this help relate more closely—and more humanely—to the individual and his life.

There is emphasis on treating the whole man—rather than an isolated condition. There is a greater attempt to understand the person—and to lay out a program of care—that takes into account his job—his family—and his outside living conditions.

The fact that so many VA patients are being treated in outpatient clinics—for conditions that formerly would have required their losing days or weeks in a hospital—is evidence of the new concern for an individual and his life.

And there are other programs that recognize the right of the patient—to the greatest convenience—and that make concessions to his individuality . . . nursing home care—home care—VA-supervised care by other institutions and agencies—by other physicians and dentists.

These modes are important here— and they will grow more important—during the era which we enter today.

In our hospital system—there is a dedicated cadre of people—who do much to help make patients comfortable—and to restore their health—although they are neither professional medical people—nor even members of the hospital staff.

They have a great deal to do with the morale of hospital patients. They perform countless tasks—not assigned to staff members. They make the experience of hospitalization easier to endure.

I speak—of course—of VA volunteers—those unselfish and dedicated people—who give so much of themselves to others.

I commend—and salute—those who have been so active at this hospital. We appreciate you. We hope you will be even more active in the years ahead.

And—in thanking those who perform as volunteers—I would like to thank the organizations—to which many of the volunteers belong—organizations which are responsible for a strong volunteer program here—and that do many other things—for this hospital and this center.

We like to work with you . . . veterans groups—and other service organizations . . . and we know that much of what VA does—can only be fully successful with your help. We solicit your ideas—and your opinions—and we hope to continue our relationship with you.

These remarks would be incomplete—if I did not refer to the future of non-medical activities at this center . . . programs important to all of Vermont's veterans—dependents and survivors.

The regional-office functions will—of course—continue—and I am sure they will increase—in the period ahead—as more residents of this great state make use of benefits they have earned. VA is currently a $33-½ million a year operation here—and some 14,000 veterans receive non-medical VA assistance.

We are proud of the record of this center—in providing good and timely service. We pledge that such service will continue—and that we will always be alert to ways in which we can improve—what we are doing.

I would like to express one further thought to the residents of White River Junction—who are with us today.

I know you have a sort of proprietary interest in this center—and that you have pride in this new hospital. I want to encourage that interest and that pride.

VA is a vast organization with 200,000 employees—58 regional offices—and 171 hospitals. But VA has meaning—as an agency—only as it relates to the people it serves . . . and that service takes place in communities such as this . . . not in some office in Washington or elsewhere.

You are closer to what is going on—at this center—than those of us who do not have the privilege of frequent visits. VA is an agency of the people . . . and you are the people here.

Please consider these facilities yours . . . in VA matters—of course . . . but also for community activities—not directly involving VA.

To employees of this beautiful and impressive new hospital—I have this to say:

When the weekend is over—this ceremony will be a thing of the past. The decorations will have come down. Your guests will have gone home.

But the physical improvements—we dedicate today—will be here to help you make your service better—than it has been in the past.

I am confident that the enthusiasm of this day—will still be here, too—and I am sure it will.

I know you will never confuse the presence of buildings—or equipment—with the ability to make them work to achieve a goal.

You will never do less—than you can do personally—because of technological advancement. You will remember that physical improvement is only an aid—to the factors that count most—in operating a hospital—professional competence—dedication—skill—judgment—diligence—and kindness.

To all of you here . . I wish you well in the years ahead—and I look forward to other visits with you. I feel that the hospital . . . and the entire center . . . that means so much to you . . . the staff members—veterans and volunteers—residents of the community—and persons who may simply be classified as friends . . . is a credit to you—and a credit to this area—and will continue to be so.

I will always remember—that I was privileged to dedicate my first VA hospital here at White River Junction—and I will always have fond memories of this occasion.

Thank you for your wonderful hospitality.

H.R. 16424, COMMISSION ON FEDERAL PAPERWORK

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1974

Mr. HUDNUT. Mr. Speaker, as a cosponsor of an identical bill, I am pleased that the House passed H.R. 16424 to establish a Commission on Federal Paperwork.

This Commission will study ways to eliminate some of the bureaucratic redtape which now plagues both the small businessman and the Federal Government. The Commission will seek recommendations as to how to consolidate the reporting procedures required by the various agencies in the Federal Government. I will also review the extent to which Federal agencies can reduce duplication through cooperation with State and local government and private agencies in the collecting, processing and disseminating of information. Not only will the Commission seek methods to make the collection of data more efficient, it will, in this time of economic strain, offer a plan to cut costs of unnecessary Federal paperwork.

Since the creation of this Commission on Federal Paperwork will provide the Congress with useful suggestions that will reduce Federal redtape, I am hopeful that it will be finally enacted very soon.

NEW DIRECTION IN REHABILITATION

HON. ALBERT H. QUIE

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. QUIE. Mr. Speaker, the State of Minnesota has embarked on a new path in the corrections field. Pursuant to enabling legislation passed by the State legislature in 1973, the department of corrections is working to bring private industry to the grounds of the State prison. The objectives of allowing private companies to operate in the prison are to manufacture or process goods, to establish a stable work force, to pay adequate wages to inmate workers, and to provide these workers with training and in-and-out-of-prison opportunities.

As explained by Mr. R. D. Conner of Control Data Corp. in "A Position Paper on Establishing a Manufacturing Operation in the Minnesota State Prison":

> Individuals in prisons are primarily disadvantaged before they are sent there, a condition which is worsened by the prison experience. Research shows that inmates are less able to adjust to society upon release than they are when they are sent to prison. Forty to seventy percent commit new crimes. Making punishment more stringent has not worked. The large and rising cost of crime and punishment in the United States seems to be worsened by incarcerating offenders in prisons. Alternatives have to be found to improve the prison's environment so that it provides positive experiences. One proposed alternative is allowing industry to operate a manufacturing plant within the prison to provide stability, jobs, training, etc.

In his paper entitled, "Private Industry in the Minnesota State Prison," Mr. Stan Wood, director of the Minnesota State Prison private industry experimental program, explained that prison industry is not new. However, while such industry has some benefits for the state, it has been an in-house, State-operated venture with many drawbacks. It provides little experience or training that can be applied toward employment once an inmate leaves the institution; there is no preservice training in the particular job or in-service training to improve skills; there is little financial incentive to the inmate; and there is no placement or follow-up service with industries outside the prison.

As a further note on the disadvantages of the current correctional system vis-a-vis prison industry, Prof. Neil M. Singer stated in his excellent paper, "The Value of Adult Inmate Manpower," which was prepared for the American Bar Association's commission on correctional facilities and services—

> The total loss from wasted adult inmate labor is conservatively $1 billion, and probably nearer $1.5 billion per year.

Obviously much is at stake.

The inmate in the Minnesota project will receive the benefits of on-the-job, preservice, and in-service training, adequate wages allowing him to build a financial base, and a requirement that he become financially responsible by entering into a contract to reimburse the prison for room, board, and support services, to provide financial assistance to his family, and to buy those services necessary for him to become a productive citizen.

Society will benefit from the reduced cost of the correctional system and the collection of taxes on wages, from releasing into society trained individuals capable of supporting themselves honestly, and from the reduced recidivism that can be expected from enabling the former prisoner to function normally in society.

However, an impediment to the success of the Minnesota project exists in Federal law. For this reason, I am today introducing legislation to amend chapter 85 of title 18 and an act of Congress codified at 49 U.S.C. 60; 18 U.S.C. 1761 proscribes the shipment in interstate commerce of goods, wares or merchandise manufactured, produced or mined wholly or in part by convicts or prisoners; 18 U.S.C. 1762 provides that such goods must be plainly and clearly marked to show, among other things, the name and location of the penal or reformatory institution where they were produced; 49 U.S.C. 60 divests such goods of their interstate—hence protected—nature whenever they arrive in a State and allows for their treatment as if they were produced within the State.

Failure to amend these laws would be very detrimental to the success of a program which has great promise of rehabilitating inmates. An industry must be able to move its goods in interstate commerce, and it must not have its goods treated in a discriminatory manner. The legislation I have introduced today would correct this situation.

This legislation would exempt from the operation of chapter 85 of title 18 goods produced wholly or partially by prisoners if they were paid prevailing minimum wages as determined for purposes of the Walsh-Healey Act. Further, the legislation would exempt such goods from the operation of 40 U.S.C. 60 by allowing them to retain their interstate nature and by providing specifically that the States could not discriminate in their treatment of them.

Correctional officials of States such as Wisconsin, Louisiana, Connecticut, Massachusetts, and Oregon have contacted the director of the Minnesota project to express their interest in the private industry proposal and to obtain information on it. I hope that the Congress can act quickly on this legislation in order to allow the impetus of this progressive rehabilitation program to continue and to help insure its success.

WASHINGTON REDTAPE—PUSHING UP PRICES?

HON. VERNON W. THOMSON

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. THOMSON of Wisconsin. Mr. Speaker, the heightened public awareness of Government's responsibility for the present inflation caused by excessive and deficit spending has created a climate where constructive change is possible.

We all recognize that the mammoth Federal budget has contributed mightily to inflationary pressures in the economy. What we often fail to realize is that some kinds of legislation and most administrative rulings have very little overall cost to the Government—paid by taxpayers—but have a tremendous cost to local units of Government, school districts, and in the private sector of the economy. This goes far beyond the costly "paperwork burden" to include all the modifications of business places, industrial plants, and product design mandated in Federal occupational health and safety laws, consumer protection, and product safety laws and environmental cleanup laws.

This is not to say that the abovementioned laws are not necessary, but only that they have a dimly perceived but real cost to the economy—frequently a nonproductive cost. Congress should be assessing this cost and weighing it in its deliberations when deciding on legislation requiring such expenditures. So should the executive agencies when they undertake administrative rulings.

I have introduced House Resolution 1372 which would require a calculation of the cost of any proposed bill or administrative regulation to be made and published before action is taken by the Congress or an executive agency.

This week's edition of U.S. News & World Report contains an article, "Washington Redtape—Pushing Up Prices?" which adds further evidence to the need for adoption of this reform. I commend it to my colleagues:

> WASHINGTON REDTAPE—PUSHING UP PRICES?
>
> Businessmen under pressure by the White House to hold down price increases are sounding this complaint—
>
> Government agencies that supervise private industries often add, indirectly, through excessively strict regulations and burdensome red tape, to the prices that firms charge their customers.

Over and over, at the discussion meetings leading up to President Ford's economic summit in late September, businessmen, farm leaders and economists pounded away at this theme.

Hidden costs are growing all the time.

More than 100 billion dollars' worth of annual U.S. output is directly influenced by Government regulation, including such major lines as food, drugs, transportation, finance, communications, electric power and consumer products.

The grumbling centers on a whole batch of regulatory developments. For example, family food bills are being shoved higher by federal regulations that tend to feed inflation.

Charles J. Carey, president of the National Canners Association, says the current price of a can of corn encompasses "any number of added costs reflecting not improvement of the product but compliance with new Government regulations."

Mr. Carey was referring to frequent changes in federal labeling requirements that often force canners to scrap millions of labels to comply with latest rulings on nutritional information; to water-pollution-control regulations that, if followed to the letter, would boost food processors' water-treatment costs by 100 per cent; and to noise-abatement programs under the Occupational Safety and Health Act that, canners say, are prohibitive in cost.

The NCA has proposed enactment of a "Consumer Cost Evaluation Act," which would require that any Government program or policy that would boost prices to consumers by a significant amount "must provide benefits . . . that bear a reasonable relationship to such costs."

Other charges from industry spokesmen on the effects of federal regulatory policies:

Price-cutting competition among railroads, trucks and barge lines is inhibited, rather than stimulated, by the Interstate Commerce Commission. Critics cite a current case: At a time when prices are soaring on all kinds of paper products, the agency has refused a West Coast trucker's request to lower charges for hauling wood pulp while regulators study the impact on competition.

Airlines are not allowed to cut fares on highly profitable routes to beat competition. Instead, they add costly frills. In addition, airlines complain, the Civil Aeronautics Board cost U.S. international carrier's 8 million dollars in lost business by canceling low-cost youth fares on flights abroad.

With natural gas in critically short supply, the Federal Power Commission allowed almost 100 suppliers to triple rates for a 60-day period, adding substantially to manufacturing costs of scores of firms. At the end of the two months, the agency admittedly failed to reassess its policy or order prices cut back as originally planned.

Complaints of this sort are mounting against virtually every one of the dozens of federal bodies whose decisions affect the prices of goods and services turned out by U. S. firms.

AIDS TO INFLATION

This past summer, Hendrik Houthakker, a former member of President Nixon's Council of Economic Advisers and now a Harvard professor of economics, outline an "omnibus inflation bill" for Congress that would include more than 40 changes in the way business is regulated, mostly eliminating statutes that restrict competition.

Such warnings are not falling on deaf ears in the White House. Administration economists also have been drawing up a list of Government activities that might unnecessarily interfere with business and aid inflation. The list runs 50 pages.

Many of the prohibitions on the list may prove essential, officials concede, if the public's rights are to be protected in such areas as fair pricing, clean air and water standards, job safety and the like. But the compilation is viewed as a "shopping list" to identify agencies and rules that have an adverse impact on the economy.

The Office of Management and Budget is preparing a study of its own for the President, focusing on how regulatory agencies affect economic policies.

All these probes tend to have one thing in common: They look at the longstanding complaint that many federally regulatory bodies grow too close to the firms under their scrutiny—often protecting them from each other rather than promoting competition.

HINDERING COMPETITION

Justice Department trustbusters single out some of the regulatory policies of the Interstate Commerce Commission as examples of deterrents to competition.

For instance, the agency requires all truckers to get prior federal approval for rates they charge for every item hauled along every route in interstate commerce. By limiting entry to a market and fixing rates, some critics charge, regulators are forcing trucking-company customers, in many cases, to pay higher rates than they would if competition were unrestricted. The Commerce Commission applies similar rules to goods hauled by railroads and barges. And experts estimate that the extra costs created by federal regulation of freight transportation in the U.S. may add as much as 10 billion dollars, and perhaps more, annually to the shipping bills for companies and individuals.

Among other Government policies that are drawing fire on the ground that they have inflationary impact:

Interest-rate ceilings on some long-term Government bonds, that make them less attractive in today's competitve financial market.

The Davis-Bacon Act which sets wage rates to be paid on Government contracts.

Regulation on wellhead prices of new natural gas, a commodity in seriously short supply.

Limits on imports of meat, dairy products and other farm commodities.

Restrictions that prevent payment of interest on bank checking accounts and limit interest on savings-institution accounts.

Many attacks on these barriers to competition are being mounted by economists and businessmen, but some are coming from Administration aides and other Government officials who believe a simpler, less costly way to control business enterprise and promote competition is through tougher application of the antitrust laws.

Lewis Engman, Chairman of the Federal Trade Commission, has this to say:

"Antitrust, by itself, is no guarantee against inflation. But Government vigilance in enforcing competitive conditions can at least ensure that price increases attributable to excessive demand or short supply do not provide a cover for additional increases born of anticompetitive conduct or the abuse of market power."

COST OF SAFETY

Another regulatory body recently stirring up a legal controversy is the Consumer Product Safety Commission. It ruled that the manufacturer of an electric "trouble light," after admitting the product was faulty, should spend millions of dollars on ads to warn the public of hazards to the user created by the device.

However, a federal court overruled the Commission, stating that efforts to alert the public taken by the company immediately after the defects were detected were sufficient, and the penalties prescribed by the Commission would be unnecessarily costly.

What the outcome of recent outbreaks of harsh criticism of U.S. regulatory policies will be, experts say, is hard to assess. They point out that most regulatory bodies are responsible to Congress and not the White House. Therefore any changes in their operations must be ordered by Congress. In the past, legislators have been reluctant to take any power away from the regulators they dominate, partly because many of their constituents benefit from the agencies' programs.

However, experts in and out of Government say that the latest attacks on the regulators are founded on arguments that come closer to the heart of the nation's economic problems, and influential members of Congress are taking a closer look at what the agencies are up to than in the past. In the end, this may lead to regulatory reforms that have been hinted at for many years.

AMENDMENT TO HOUSE RESOLUTION 1248

HON. BILL GUNTER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. GUNTER. Mr. Speaker, in the event House Resolution 1248 is still open to amendments on Wednesday, October 9, I intend to offer the following amendment which I believe will satisfy any and all objections to the language of the amendment offered today.

If my colleagues are serious about extending the principle of "Government in the Sunshine" to cover business and markup sessions as well as hearings held in committee, then we will agree:

AMENDMENT

On page 20, strike out lines 9 through 25, and on page 21, strike out lines 1 through 7, and insert in lieu thereof the following:

"(g) (1) Each meeting of each standing, select, or special committee or subcommittee, including meetings to conduct hearings, shall be open to the public: *Provided,* That a portion or portions of such meetings, except meetings to conduct hearings, may be closed to the public if the committee or subcommittee, as the case may be, determines by vote of a majority of the members of the committee or subcommittee, with a quorum being present, matters to be discussed or the testimony to be taken at such portion or portions—

"(A) will probably disclose matters necessary to be kept secret in the interests of national security or the confidential conduct of the foreign relations of the United States;

"(B) will relate solely to matters of committee staff personnel or internal staff management or procedure;

"(C) will tend to jeopardize the present or future legal rights of any person or will represent a clearly unwarranted invasion of the privacy of any individual;

"(D) will probably disclose the identity of any informer or law enforcement agent or any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement; or

"(E) will disclose information relating to trade secrets or financial or commercial information pertaining specifically to a given person where—

"(i) the information has been obtained by the Federal government pursuant to an agreement to maintain confidentiality of such information;

"(ii) a Federal statute requires the information to be kept confidential by Government officers and employees; or "(iii) the information is required to be kept secret in order to prevent undue injury to the competitive position of such person.

Provided further, That each hearing conducted by each committee or subcommittee thereof shall be open to the public except when the committee or subcommittee, in open session and with a quorum present, determines by rollcall vote that all or part of the remainder of the hearing shall be closed to the public because disclosure of testimony, evidence, or other matters to be considered would endanger the national security or would violate any law or rule of the House of Representatives.

A separate vote of the committee shall be taken with respect to each committee or subcommittee meeting that is closed to the public pursuant to this paragraph, and the committee shall make available within one day of such meeting a written explanation of its action. The vote of each committee member participating in each such vote shall be recorded and published.

"(2) Each standing, select, or special committee or subcommittee shall make public announcement of the date, place, and subject matter of each meeting (whether open or closed to the public) at least one week before such meeting unless the committee or subcommittee determines by a vote of the majority of the committee that committee business requires that such meeting be called at an earlier date, in which case the committee shall make public announcement of the date, place, and subject matter of such meeting at the earliest practicable opportunity.

"(3) A complete transcript, including a list of all Members of the committee or subcommittee attending, and of all other persons participating and their function or affiliation, shall be made of each meeting of each standing, select, or special committee or subcommittee meeting (whether open or closed to the public) in addition to the record required by paragraph (e)(1). Except as provided in subparagraph (4), a copy of each such transcript shall be made available for public inspection within seven days of each such meeting, and additional copies of any transcript shall be furnished to any person at the actual cost of duplication.

"(4) In the case of meetings closed to the public pursuant to subparagraph (1), the committee or subcommittee may delete from the copies of transcripts that are required to be made available or furnished to the public pursuant to subparagraph (3) any portions which it determines by vote of the majority of the committee or subcommittee consist of material specified in subdivision (A), (B), (C), (D), or (E) of subparagraph (1). A separate vote of the committee or subcommittee shall be taken with respect to each transcript. The vote of each committee or subcommittee member participating in each such vote shall be recorded and published. In place of each portion deleted from copies of the transcript made available to the public, the committee shall supply a written explanation of why such portion was deleted and a summary of the substance of the deleted portion that does not itself disclose information specified in subdivision (A), (B), (C), (D), or (E) of subparagraph (1). The committee or subcommittee shall maintain a complete copy of the transcript of each meeting (including those portions deleted from copies made available to the public) for a period of at least one year after such meetings.

"(5) A point of order may be raised against any committee or subcommittee vote to close a meeting to the public pursuant to subpararaph (1), or against any committee or subcommittee vote to delete from the publicly available copy a portion of a meeting transcript pursuant to subparagraph (4), by committee or subcommittee members comprising one-fourth or more of the total membership of the entire committee or subcommittee. Any such point of order must be raised before the entire House within five legislative days after the vote against which the point of order is raised, and such point of order shall be a matter of highest privilege. Each such point of order shall immediately be referred to a Select Committee on Meetings consisting of the Speaker of the House of Representatives, the majority leader, and the minority leader. The select committee shall report to the House within five calendar days (excluding days when the House is not in session) a resolution containing its findings. If the House adopts a resolution finding that the committee vote in question was not in accordance with the relevant provision of subparagraph (1), it shall direct that there be made publicly available the entire transcript of the meeting improperly closed to the public or the portion or portions of any meeting transcript improperly deleted from the publicly available copy.

"(6) The Select Committee on Meetings shall not be subject to the provisions of subparagraph (1), (2), (3), or (4).

SSI

HON. OGDEN R. REID

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. REID. Mr. Speaker, while legislation to reform the supplemental security income program—SSI—is pending before House and Senate Committees, tens of thousands of aged, blind, and disabled SSI recipients in New York City have been forced to move from their squalid single-room facilities to even more wretched accommodations. The reason behind this mass exodus can be attributed to the fact that these individuals' monthly SSI checks are not high enough to meet their basic living expenses.

The congressional intent behind the supplemental security income program was to provide a basic Federal minimum monthly income for our Nation's needy. In addition, States could supplement the SSI benefit if the States' previous payment levels had been higher than the Federal standard. While it is important for both the State and Federal Governments to raise their payment levels as a result of increases in the cost of living, in New York State alone, over 200,000 SSI recipients have not seen any increases in their monthly checks.

In the New York metropolitan area alone, according to the Consumer Price Index, the cost-of-living has increased 10.8 percent from August 1973 to August 1974. Also from July until August of this year, there has been a rate of increase of 11.2 percent; expressed on an annual basis, the current rate of increase in New York City would be 21 percent. With the cost of living continuing to rise, and with SSI checks remaining the same, literally 10,000 individuals have been forced to leave their run-down, single-rooms.

It is shocking, in my view, that those persons who are old, who are sick, who are blind should struggle on fixed incomes when prices continue to skyrocket. If Government is to mean anything to such people, it must not give with one hand, and take with the other—promising hope on paper, but precluding in reality the increases so vital to their very existence.

Accordingly, I would like to urge the Congress to act expeditiously on SSI legislation which would authorize a "passthrough" provision for States to coincide with increases in Federal payments. In this way, States such as New York would be "held-harmless" if they increased their supplement to meet rises in the cost of living.

In addition, I believe that we must work to enact legislation immediately to prevent reductions in SSI benefits when social security benefit increases take effect; to provide for emergency payments for lost, stolen, or undelivered SSI checks; to permit payments of SSI benefits in limited circumstances to be paid directly to drug addicts or alcoholics; to restore food-stamp eligibility to all SSI recipients; to provide for expeditious action on applications; to amend eligibility requirements for separated spouses; to allow judicial review of eligibility determinations; to insure that an individual in a nonprofit retirement home or institution will not have SSI benefits reduced because his/her support and maintenance is partially subsidized by the home itself or by any other nonprofit institution.

We must work, and work immediately to terminate the unforeseen inequities we allowed to be passed in our original SSI legislation in order to assist those who suffer the most—our Nation's aged, blind, and disabled.

HONESTY AND FREEDOM

HON. CHARLES E. BENNETT

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. BENNETT. Mr. Speaker, it is my pleasure to include at this point in the RECORD, comments made by Ivan Hill, president of American Viewpoint, Inc., Chapel Hill, N.C., as made to the National Retail Public Relations Conference on September 23 at Williamsburg, Va. Mr. Hill and his organization deserve great praise from the American people for the effort being made, sacrificially and with industry, to improve the ethical climate of our country in every possible way.

The article follows:

HONESTY AND FREEDOM

It has been said that the beginning of good public relations is a good product, a good service or a good cause—all supported by good research. Such an approach to public relations is so elemental it's a cliche. But we should never discount cliches because they usually grow out of a lot of human experience, and are often based on fundamental truths. I have been wondering lately if business might not benefit from mixing in a few old cliches with its new computers.

Perhaps someone else has mentioned to you that business, along with some other conspicuous elements of our society, appears to be having a little difficulty with its public image. Retail business, however, is comparatively well regarded. The heritage of a family relationship still persists between the customer and his or her favorite retailer. But, as in most family relationships, sometimes someone will come in and blame you for what Walter Cronkite said on last night's news, for what goes on in Washington, or for the price of gasoline. When the citizens of a free society are plagued with widespread dishonesty, violent crime and sleazy ethics—aggravated by an incomprehensible inflation—they can become disillusioned and suspicious, with a declining faith in business, in government, in religion, and even in one another.

I don't know of another time in this country when the task of keeping good public relations has been so difficult. Perhaps, too, there has never been a time when the whole concept of public relations needed more to be reevaluated by standards applicable to current problems. We may have to go back and reexamine not only our product, our service and our cause, but the values and purposes of each. In fact, we might be justified in changing the title of our vice-president in charge of public relations to vice-president in charge of ethics. This would be in keeping with the fact that the best way to communicate is to tell the truth—on both sides.

But more than that. The new public relations director might well replace the lawyer as the liaison in management, just as the lawyer has often become the public relations officer. If we wish to maintain a sufficient measure of free enterprise in business, we must rise above what is simply not illegal to the level of what is right. The kind of free enterprise that takes all the law allows and then some has been out of style for some time. However, that style keeps coming back in the wrong places at the wrong time. In a period of severe inflation special interest enterprise can be especially dangerous to all free enterprise.

Since I know of no business in America that would so quickly and substantially benefit from a surge of public honesty as retailing, I now wish to tell you more about what American Viewpoint, Inc. is doing to help make America honest enough to stay free. Last December, when I became president of American Viewpoint, we announced a program to extend economic and political freedom in the United States by improving our ethics. We bought a full page in The Wall Street Journal to outline our three-phase program. First, we want to develop a massive mass media campaign to debunk dishonesty. We wish to make honesty socially and culturally "all right," the smart thing, maybe even fairly fashionable. The campaign should be handled on a public interest basis by the media, such as they do for the American Cancer Society, the Heart Association and other groups attacking killer diseases. We believe that dishonesty, sleazy ethics and crime are highly deadly diseases and can kill the diminishing chances we have of remaining a free society. And certainly these evils are already destroying the quality of our lives.

Although economic historians may not agree on which comes first, a severe decline in a society's honesty and morality or a severe inflationary spiral, the two do seem to go together. Some have already started asking: Can a free society survive a long and severe period of inflation? The prime basis for this question is the unequal burden of inflation. Those who cannot keep pace in the inflation race will condemn the whole track meet.

Let me hasten to say to any academicians who may be present that our ethics programs are not based on any efforts to change the nature of man. We simply wish to lessen the team-spirit pressure, the duress of team play, on the corporate vice-president who wants to tell the truth, just as we wish to lessen the peer-group pressure on the kid in the class who doesn't approve of cheating. Fear of exclusion from the group keeps too many people flexible in their integrity. We must make a liar as alien to our society as a card cheat.

We shall soon start a test campaign in three markets to determine public response to our efforts to demonstrate that it is not stupid or nuts to be honest. Especially do we wish the youth of America to learn that you can be professionally and financially successful, even rich, and be honest. Of course, one may have to work a little harder and know a lot more. Honesty is really not a lazy person's game.

For too long we have failed to recognize that the public, that is every individual citizen, is responsible for maintaining a free society—is responsible for crime, for dishonesty, for dishonest politics. So it is absolutely urgent that we take our challenge to improve our ethics directly to the public through massive mass media efforts. It is too late to wait for another generation to come along and do it. If we don't act to strengthen the ethical underpinnings of our free society, the next generation may not be free to do so.

In reference to our high rate of crime, isn't it reasonable to expect crime to be bred in a bed of pervasive dishonesty? Isn't it true that quickness and certainty of punishment are great deterrents to crime? Isn't it likely that if all elements in our enforcement procedures were fully honest we might greatly increase the speed and sureness of punishment? But for all this we need the sanction of an honest and responsible citizenry.

The second part of our ethics program is to research and develop new and more relevant teaching materials on ethics and values for use in the public schools—from kindergarten through graduate schools. Some good materials are now being used in public schools. We wish to study and assess such materials as well as to develop new approaches. Good ethics is basic to all good religions and there are no justifiable reasons for public schools to neglect the teaching of values.

The third phase of our program is to encourage all professional and trade associations, corporations and labor unions, to develop or update their own codes of ethics. We would like for such groups to take their codes of ethics out of the frames on the walls, read them, practice them, and enforce them.

In carrying out these programs we hope to establish an Ethical Resources Center at Chapel Hill, North Carolina, for all the Western world to use—a center where any school could write in for data on teaching values at whatever grade level, any municipality could write in for sample municipal codes of ethics and information about how they worked, a center where any trade or professional association could write in for material that might be used to update their codes of ethics.

It is my greatest hope that we can get our mass media program started by January 1st—certainly in our test markets. But not until I published our full-page ad in The Wall Street Journal last December 14 did I realize that honesty, yes, plain honesty, is a controversial issue in the United States. Some leaders have told me that they are hesitant about supporting us for fear they would be accused of duplicity. Many of my business acquaintances said our program was too idealistic. At least, that is one reason they gave for not supporting us. The great foundations, including one funded entirely by the Federal government, have apparently decided that funding a project such as studying the mating habits of the purple-winged butterfly in northeast New Guinea is far more valuable to America in these critical times than any efforts we might make to strengthen the ethical underpinning of our society so that the very freedom from which they benefit can be maintained.

But at American Viewpoint we have used some of the old free enterprise spirit. We all work on a non-paid volunteer basis, except for one part-time secretary. We are investing our money, our time and our faith in freedom. And we have just published a paperback book on "How To Make America More Honest." Our book sells for $1.50 a copy and all the sales revenue goes to finance our ethics program. If we sell enough of these books we may earn enough money to carry out our entire campaign. But I hope we don't have to wait that long.

In recent weeks it appears that a lot of Americans are beginning to share our belief that this job of restigmatizing dishonesty needs to be done—must be done and soon. We are waking up to the realism of idealism, to the powerfully tangible effects of the intangibles. Business leaders are recognizing how drastically attitudes alone can change equity values.

So our paperback book is starting to sell. The problem has been to get distribution. Some of the wholesalers told me they couldn't do business with us because we didn't have 25 titles to put on their computers. Oh, it's sometimes hard for the little guy, and we understand, but we are succeeding. I told them that if our book presented a new sex discovery, they would find a place, no matter who published it. The retailers were more cooperative. Several big book chains have now ordered. I guess they figure that if they sold our book, maybe they would reduce their own employee and customer theft. The real answer is that we have created some consumer demand out there by appearing on numerous TV and radio shows, including the "Today" show. Roscoe Drummond, a highly regarded syndicated newspaper columnist, told his readers they should read "Gulag Archipelago" and then our book so they would know what to do to avoid any "Gulags" in America. If tomorrow every segment and almost every person in business and labor would convert to a full schedule of honesty we might be surprised at how much all of us would benefit. Profits, productivity and wages might go up and prices go down. Who knows? But the question really isn't the extent of cost benefits of increased honesty and responsibility but whether our free enterprise system can survive a further decline in honesty.

One of the great news magazines, Time, will soon start running ads on our book—ads that ask the reader to go to their retailer. Time will run these on a public interest basis. How proud Mr. Luce would have been of their continued leadership. Some radio and TV stations are expected to follow suit. We are grateful for such leadership. We are also proud that the Chamber of Commerce of the United States, through their magazine Nation's Business, was among the first to widely publicize our efforts.

I knew when I took this job that it would be difficult to relate a campaign for honesty to the day-by-day task that all of us face in making a living and continuing to enjoy freedom. But we are making progress each day that passes.

The time has come in the United States for the people to decide whether they really wish an open and politically free society because no free society can exist without a high degree of honesty. This is not just my opinion. It is a commonly agreed upon historical fact. Honesty is a basic working social principle, not just a moral guideline. Of course, most people in this country are honest or we couldn't do business nor could we maintain sufficient order. That is not the question. The question today is at what level must public honesty be maintained in order for a democracy to function. When truth, when honesty, ceases to be the overwhelming characteristic of a free society, the condition for truth by fiat develops. We do not wish truth to be established by a leader or a government. Yet voter apathy is increasing as part of a national pattern of "diminishing participation." To my knowledge, we don't have the research which reveals the figures, but I believe that unless 75 to 80 per cent of the people are habitually, generally honest, an open society cannot function. I believe that if dishonesty and individual apathy and irresponsibility declines 10 to 15 per cent from present levels, the United States is in very serious trouble—especially if inflation persists.

We must make mass media efforts to achieve a consensual validation within the public at large that honesty is safe, selfish and very practical. It's urgent. Many people are really afraid to be forthright and honest. It leaves them defenseless and open to arrows of criticism. They become evasive and evasiveness soon develops into dishonesty. This is unintentional; it's an environmental response.

Doubtless, much good work has been done in the behavioral sciences and in the humanities. But our schools, our educators, our foundations may be spending too much time and too many billions in the esoteric areas of the arts and humanities and not nearly enough on ethics and values, on the morality that gives meaning and purpose to all educators—to life itself. I am afraid that too many of our educational leaders have not only overlooked the transcendental basis but also the scientific basis for the Golden Rule. And while the faculties of our universities demand to be academically free, they seem to forget that back of anyone's individual freedom must be a free society. It is noble to speak of humanistic goals but it is necessary to understand that humans in order to be fully human must be free.

Some observers have been using the figure of 15 to 20 years as the time lag before our nation ceases to be what we still can call an economically and politically free society. They may be right, but I think they are optimistic. I believe that during these next two or three years the critical decisions will be made. And American businesses, big and little, but especially big businesses, and big labor, must make up their minds: Do they or don't they wish an honest, competitive, free-market economy? If business and labor demand more special favors from government they must pay for them with more regulations. And since our current post-industrial, super-technological economy cannot function without the large corporate structures, we must strive to keep them free. But when business or labor interests seek from government non-competitive advantages, they thereby declare their own lack of faith in a free market economy.

I am concerned about the frequency with which we hear about the demise of the free enterprise system. Some are saying that the whole idea of the economic system of the West is in question. And we hear so much about nationalization of transportation, energy companies and utilities that I would not be surprised to find a nationalization plank in a 1976 candidate's platform—especially if there are three or four national parties on the scene. As business moves toward government for help, government moves toward business with regulations. Both government and business, in so doing, lose sight of the primacy of the people's interest. And the public has enjoyed so many benefits from government and from business under our system that it has neglected its own sense of individual responsibility.

You cannot have political freedom and personal freedom without economic freedom. Economic freedom is based on honesty and faith. Honesty and faith cannot be imposed on a public. The morality must stem from the society itself. But so long as competition and free choice are available, I believe economic welfare and political freedom will be greater than if we permitted someone, or some governmental department, to make the choices for us.

Too many citizens and philosophers believe a political system is only as good as its leaders and blame those leaders for a breakdown in morality. What the leaders believe actually reflects society or they would not be leaders. It's up to the individual participants in a society to develop their own standards—that is if they wish a free and democratic system.

In our book on "How To Make America More Honest" I have stated: "When a business operates honestly in consideration of its environment, produces a good product or service in an honestly competitive segment of a free market economy and makes a profit because of its efficiency in doing so, it's being not only socially responsible, but highly ethical, too. When a business so performs, there should never be an occasion for the president of the company to feel that he must apologize to anyone for making a good profit." To the critics who might doubt this statement, please note the qualifications of an honestly competitive free-market economy.

Now, as to the relationship of ethics and profits, we should first keep in mind that the ultimate goal of ethics is the moral and spiritual perfection of individuals, while the ultimate goal of business is to help provide the opportunity, the means, for man to achieve his ethical goals. For what other purpose should humans live, should any institution exist? The profit system just happens to be the one that has worked best to achieve these goals. (But young people, particularly, rightly decry putting materialism ahead of all other goals. As a primary goal materialism is destructive. As a secondary goal in life it is enormously beneficial and makes all the more possible man's ability to achieve his human potentials.)

In order that we may be thinking together, let's define profits as the favorable result of business operations—the excess of income over expenditures. It's the incentive of an elastic profit that gives vitality to a free enterprise system.

If there were no profit in America, it is doubtful that there would be much, if any, political freedom. Profits are still the best measure of the efficiency and beneficial service performance of business in an honestly competitive economy. Thus the making of profits is a highly ethical goal of business.

When we accept profit as a good motive, we should identify it with freedom and responsibility. The American public must understand, before it's too late, that profits and individual freedom go together. And business must understand that destroying competition is suicide for freedom. To maximize either profits or wages under less than honestly competitive conditions, we engage in an expedient, short-range program that has no service feature or ethical base in its strategy. Excessive profit, usually obtained under less than honestly competitive conditions, destroys itself just as excessive wages are self destructive under the same type of non-competitive conditions.

Unfortunately, some of those who have risen to the defense of American capitalism and the free enterprise system do more harm than good. For private property is not a God-ordained institution. It has been created by society, which grants us the right to hold this property in return for the performance of socially desirable ends. But I cannot overemphasize that when one talks about a free-market economy, one must recognize that the very essence of such an economy is honestly in method and policy. The main source of criticism of our system today is not that it is not the best, but that it is operated too dishonestly. And we may be surprised that the source of much of this criticism is neither from the far left nor from the far right. It is from independent business and professional people who are the very prototypes of free enterprise, but whose honesty and courage will not permit them to tolerate injustice, unfairness and discrimination from big business, big labor or big government.

In a highly complex, interdependent society, with an ever increasing technology that binds us all together, the tolerance that allows for irresponsibility and dishonesty in any segment of society becomes narrower and closer. More than those of us now living could have ever imagined, the ethic needed for one to an acre is very different from the ethic needed for one thousand to an acre. We didn't need a Population Conference to tell us this, but I wish they had done a better job of telling this to the world. The ethic of a world of nations that blackmails one another for food or oil, all in the presence of nuclear power roaming the seas and air and starvation resting in the hills and on the deserts, would have been beyond our understanding. It is even more beyond our understanding now. If technology, rather than ethics or morality, enforces cooperation in order that we may survive, then an imposed centralized authority becomes inevitable.

For some strange reason, a good public relations man cautioned me against mentioning the word consumerism at this meeting today. He thought that by chance there might be a few of you here whose opinions about what's been going on in the Senate on the Consumer Protection bill were different from others among you.

But I must say that those who fear the rising consumerism movements should consider that the greatest antidote to consumerism is truth and responsibility. It is reasonable to assume that the more dishonesty and irresponsibility we have, the larger, more annoying and more expensive will be the cost of government and the cost of business. And, concomitantly, the more demands the consumer will make for imposed government authority and standards.

I love lots of freedom. I ran my businesses without interference, except from the stimulating prods of competitors. I have lived an insolently free life, professionally and personally—and I like it. We have a daughter who is a 22-year-old lawyer, a son who is a 21-year-old advertising executive, and a 16-year-old college-student daughter who is already a part-time journalist. They are profound thinkers and individualists. They have a great future. You, too, no doubt, have sons and daughters in whom you have great faith. For whom you want great opportunities. But if they are to achieve a high measure of their human potential, they must enjoy economic and political freedom. For the benefit and glory of all Americans, young and old, I hope you will join with us in a crusade against two of America's greatest evils—hypocrisy and dishonesty. That is the road to more efficient business, as well as more efficient and far less government. The cathartic effect of simple honesty can have an extraordinary effect on the moral confusion and so-called alienation in our society. It can have, too, an enormous benefit on profits and productivity. It may be our single most effective move against inflation. Perhaps a great and unifying improvement in our ethics and basic honesty will so heighten our morale, build our inner strengths, that other nations will respect us all the more for our example and for our determination to uphold the principles of freedom. And if the United States cannot make it up to the next level of civilization, if we cannot survive with a high degree of economic and political freedom, what nation can or will?

DOCTOR SUPPLY FACES THREAT—PART II

HON. JOSEPH P. VIGORITO

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. VIGORITO. Mr. Speaker, I was very pleased to read in the November 2, 1973, Erie Morning News that the Pennsylvania secretary of health has proposed a medical school without walls to produce general practice physicians for the Erie area. I think my colleagues may be interested in an article from that newspaper.

[From the Erie Morning News, Nov. 2, 1973]

GP MED SCHOOL PROPOSED IN ERIE

(By George Cantoni)

Pennsylvania Secretary of Health J. Finton Speller has proposed a "medical school without walls" to produce general practice physicians for the Erie area.

Speller made the proposal in a letter sent to deans of the Commonwealth's seven medical schools and legislators earlier this year, according to the deputy secretary, Dr. Charles Leedham.

Citing the area's colleges, hospitals and patients in the city's population, Leedham said Erie could provide general practitioners with solid basic teaching in general science and clinical experience.

In addition, Dr. Leedham said, a medical school would develop general practitioners to locate in this area, providing more "family doctors" for the Erie County area.

Dr. Leedham, along with other members of the Pennsylvania State Board of Medical Education and Licensure, was a guest of the Erie Post-Graduate Medical Institute at a public hearing on a medical school Thursday evening at Gannon College.

The Erie Post-Graduate Medical Institute—an association of Erie County medical and osteopathic physicians—appears to be the main force to establish a medical school here, since a medical school would provide more opportunities for continuing medical education to the area physicians, the Institute's primary goal.

Dr. John Robertson, chairman of the state medical education board and a Philadelphia surgeon, spoke of the lack of spaces in medical schools, adding that the problem is further complicated in Pennsylvania since its seven medical schools "take a lot of out-of-state students". Of 38,000 students who applied to medical schools in this country, only 13,000 students were accepted.

Dr. Philip Ingaglio, a board member and Philadelphia general practitioner, said he was "impressed" with Erie's potential for a medical school.

"You have more than enough facilities and more than enough beds," he said, "There's enough going on in the various disciplines.

"I think a medical school without walls would be very fortunate," Dr. Ingaglio said, adding, "with the proviso that you share residency programs."

He said the "medical schools without walls" concept would "greatly reduce costs," and serve as an "excellent way in solving problems of foreign medical graduates."

Seeing the Erie proposed medical school as a system for training those pre-medical students who are not accepted at a state medical school, Dr. Ingaglio cited the area as having a "close to perfect setup here." He said the Institute is "developed to that point."

Dr. Richard Lyons, a local physician and member of the state medical education board, said the medical school proposal would take "total community cooperation" and urged that the various hospitals and colleges work together to iron out differences and make the medical school a reality.

"With community support, we can do all kinds of things," Dr. Lyons said, referring to the success of the Mayo Clinic in Rochester, Minn., where he studied as a medical student.

Dr. William Kelly, another member of the state board and Pittsburgh internist, said the three problems facing the proposed medical school are the community, the community hospitals and physicians on the boards and the involvement of legislators.

State Sen. Quentin Orlando and Rep. Robert Bellomini both expressed their interest in the medical school and called for active local support to take with them to Harrisburg.

Dr. Kelly said the revised Pennsylvania Medical Practice Act, which is presently being developed, would take the national organizations out as medical authorities in Pennsylvania and retain them rather as consultants. The revised act would also bring the community hospitals into the mainstream of medical education.

Dr. Russell Roth, president of the American Medical Association and an Erie physician, said he hoped that the state board does not think in terms of limiting funds to the state's seven medical schools on the condition that they consider Pennsylvania students above out-of-state students.

Dr. Walker said he thinks in terms of $9 to $10 million—rather than $100 million for the new Hershey Medical School—for Erie's program with 30 to 40 students to start. "It's not an impossibility," he said.

In the meantime, state medical education officials urged the hospitals—both medical and osteopathic—to join residency programs and work for affiliation with an already established medical school.

The medical education officials said organizations made up of medical school deans are seeking to wipe out all residency programs at community hospitals not affiliated with medical schools.

AMENDMENT TO HOUSE RESOLUTION 988

HON. BILL GUNTER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. GUNTER. Mr. Speaker, I intend to offer the following amendment to House Resolution 988 and hereby attach the text to give timely notice to my colleagues.

I believe the amendment will satisfy any and all objections to the language of the amendment offered Tuesday.

If my colleagues are serious about extending the principle of government in the sunshine to cover business and markup sescions as well as hearings held in committee, then we will agree:

To House Resolution 988, on page 45, strike out lines 2 through 23, and on page 46, strike out lines 1 and 2, and insert in lieu thereof the following:

"(g)(1) Each meeting of each standing, select, or special committee or subcommittee, including meetings to conduct hearings, shall be open to the public: *Provided*, That a portion or portions of such meetings, except meetings to conduct hearings, may be closed to the public if the committee or subcommittee, as the case may be, determines by vote of a majority of the members of the committee or subcommittee, with a quorum being present; matters to be discussed or the testimony to be taken at such portion or portions—

"(A) will probably disclose matters necessary to be kept secret in the interests of national security or the confidential conduct of the foreign relations of the United States;

"(B) will relate solely to matters of committee staff personnel or internal staff management or procedure;

"(C) will tend to jeopardize the present or future legal rights of any person or will represent a clearly unwarranted invasion of the privacy of any individual;

"(D) will probably disclose the identity of any informer or law enforcement agent or any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement; or

"(E) will disclose information relating to trade secrets or financial or commercial information pertaining specifically to a given person where—

"(i) the information has been obtained by the Federal government pursuant to an agreement to maintain confidentiality of such information;

"(ii) a Federal statute requires the information to be kept confidential by Government officers and employees; or

"(iii) the information is required to be kept secret in order to prevent undue injury to the competitive position of such person.

Provided further that each hearing conducted by each committee or subcommittee thereof shall be open to the public except when the committee or subcommittee, in open session and with a quorum present, determines by rollcall vote that all or part of the remainder of that hearing shall be closed to the public because disclosure of testimony, evidence, or other matters to be considered would endanger the national security or would violate any law or rule of the House of Representatives.

A separate vote of the committee shall be taken with respect to each committee or subcommittee meeting that is closed to the public pursuant to this paragraph, and the committee shall make available within one day of such meeting a written explanation of its action. The vote of each committee member participating in each such vote shall be recorded and published.

"(2) Each standing, select, or special committee or subcommittee shall make public announcement of the date, place, and subject matter of each meeting (whether open or closed to the public) at least one week before such meeting unless the committee or subcommittee determines by a vote of the majority of the committee that committee business requires that such meeting be called at an earlier date, in which case the committee shall make public announcement of the date, place, and subject matter of such meeting at the earlier practicable opportunity.

"(3) A complete transcript, including a list of all Members of the committee or subcommittee attending, and of all other persons participating and their function or affiliation, shall be made of each meeting of each standing, select, or special committee or subcommittee meeting (whether open or closed to the public) in addition to the record required by paragraph (e)(1). Except as provided in subparagraph (4), a copy of each such transcript shall be made available for public inspection within seven days of each such meeting, and additional copies of any transcript shall be furnished to any person at the actual cost of duplication.

"(4) In the case of meetings closed to the public pursuant to subparagraph (1), the committee or subcommittee may delete from the copies of transcripts that are required to be made available or furnished to the public pursuant to subparagraph (3) any portions which it determines by vote of the majority of the committee, or subcommittee consist of material specified in subdivision (A), (B), (C), (D), or (E) of subparagraph (1). A separate vote of the committee or subcommittee shall be taken with respect to each transcript. The vote of each committee or subcommittee member participating in each such vote shall be recorded and published. In place of each portion deleted from copies of the transcript made available to the public, the committee shall supply a written explanation of why such portion was deleted and a summary of the substance of the deleted portion that does not itself disclose information specified in subdivision (A), (B), (C), (D), or (E) of subparagraph (1). The committee or subcommittee shall maintain a complete copy of the transcript of each meeting (including those portions deleted from copies made available to the public) for a period of at least one year after such meetings.

"(5) A point of order may be raised against any committee or subcommittee vote to close a meeting to the public pursuant to subparagraph (1), or against any committee or subcommittee vote to delete from the publicly available copy a portion of a meeting transcript pursuant to subparagraph (4), by committee or subcommittee members comprising one-fourth or more of the total membership of the entire committee or subcommittee. Any such point of order must be raised before the entire House within five legislative days after the vote against which the point of order is raised, and such point of order shall be a matter of highest privilege. Each such point of order shall immediately be referred to a Select Committee on Meetings consisting of the Speaker of the House of Representatives, the majority leader, and the minority leader. The select committee shall report to the House within five calendar days (excluding days when the House is not in session) a resolution containing its findings. If the House adopts a resolution finding that the committee vote in question was not in accordance with the relevant provision of subparagraph (1), it shall direct that there be made publicly available the entire transcript of the meeting improperly closed to the public or the portion or portions of any meeting transcript improperly deleted from the publicly available copy.

"(6) The Select Committee on Meetings shall not be subject to the provisions of subparagraph (1), (2), (3), or (4).

THE CHARLESTON TEXTBOOK DISPUTE

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 8, 1974

Mr. LANDGREBE. Mr. Speaker, parent and miner protests in Charleston, W. Va., have been prominently featured in the news in the recent month. The parents of Kanawha County have finally read for themselves some of the textbooks which their children are required to use in compulsory classes supported by tax money exacted from their parents. What they find is that the textbooks are designed to separate the children from their parents and their culture, in too many cases. One columnist for a West Virginia newspaper recently took a look for himself at these textbooks, and saw what the parents were talking about. He concludes with words with which I find myself very much in agreement:

> Historically the goal of education has been to raise the level of society, but these books take the reverse view and aim to level society to the lowest common denominator. If that is the goal of education, then we don't need to spend a lot of money to do it. It would occur naturally.

I insert the full text of the comments from the West Virginia newspaper to show that there is a genuine problem with elementary and secondary education there:

MUST EDUCATION CORRUPT?

I have looked at examples of the new English books that are proposed for Kanawha County schools, and I am horrified. I expected them to have some objectionable things in them after I heard the WCHS–TV editorial try to justify one book about a queer person. Curtis Butler explained the "queer" really didn't mean what we thought it did, that "queer" only meant unusual, and, if you didn't believe this, you could look it up in the dictionary. This doesn't quite jibe with the rest of the content, however, which is supposed to be relevant—that is, to relate to the language of the real world that people live in and to use language the way it is used today. It would be hard to find a person today who doesn't consider that "queer" means homosexual, yet that thought is not supposed to enter our minds.

I object to this literature because I see very little in it that is inspiring or uplifting. On the contrary it appears to attack the social values that make up civilization.

Repeatedly it pits black against white accentuating their differences and thereby, stirring up racial animosity.

It dwells at length on the sexual aspects of human relationships in such an explicit way as to encourage promiscuity.

The theme of pacifism runs throughout. It repeatedly and continuously depicts the horrors of war without ever suggesting, so far as I could find, the possibility that men have fought wars because conditions were intolerable and that some things are worth fighting for.

It concentrates on the sordid aspects of life without ever suggesting that there is, or can be, a beautiful aspect. By so doing it promotes hopelessness and fails to motivate upward.

One example of the content that I object to is found in the supplementary reader entitled, "War and Peace". This "poem to be read aloud" consists of 26 lines starting with "BombA, BombB, BombC" and continuing through the alphabet to the last line, "BombZ". That is the entire poem. One thing is sure—it shouldn't be hard to memorize.

Another poem has the line, "Christ said that when one sheep was lost, the rest meant nothing anymore." It is hard to imagine how a philosophy could be so completely distorted.

Another book gives examples of answers to use when accused of shoplifting to avoid prosecution. These are not just isolated examples. It was the extent of this type of propaganda throughout the books that shocked me. Time tested literary classics are crowded out by the type of writing I have described. You have to look through the books to believe it, and every parent and taxpayer should take the time to do it.

Aside from the fact that the philosophy is revolutionary and appears to attack the accepted values of our society, the series really doesn't do a very good job of teaching grammar. The course suggests that there are many dialects within our society and that the grammatical forms commonly accepted as right are not necessarily the correct ones, that expressions like "he dont understand" can be perfectly acceptable. It appears to promote the use of "aint" as acceptable.

I use "aint", but I always know it is not correct, and, furthermore, I didn't have to go to school to learn to use it. This brings up the real objection to this curriculum: Why spend money to teach the very things that uneducated people do naturally? Historically the goal of education has been to raise the level of society, but these books take the reverse view and aim to level society to the lowest common denominator. If that is the goal of education, then we don't need to spend a lot of money to do it. It would occur naturally.

SENATE—*Wednesday, October 9, 1974*

The Senate met at 9 a.m. and was called to order by the President pro tempore (Mr. EASTLAND).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Hear the words of the prophet Isaiah: *"They that wait upon the Lord shall renew their strength; they shall mount up with wings as eagles; they shall run, and not be weary; and they shall walk, and not faint."*—Isaiah 40: 31.

Help us, O Lord, to run when we can, to walk when we ought, and to wait when we must. May the pace of our work be consistent with the urgency of our Nation's needs. Help us to create great programs and to attempt great deeds. When we are uncertain give us the wisdom and grace to seek Thy clear guidance.

We pray in His name, who is the Way, the Truth, and the Life. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, October 8, 1974, be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDENT pro tempore. The nomination will be stated.

FEDERAL RESERVE SYSTEM

The second assistant legislative clerk read the nomination of Philip Edward Coldwell, of Texas, to be a member of the Board of Governors of the Federal Reserve System.

The PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination.

The PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ANNOUNCEMENT OF POSITION ON A VOTE—FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974—CONFERENCE REPORT

Mr. GRIFFIN. Mr. President, on yesterday I was called to the White House for a conference with the President and Secretary Kissinger in connection with the continuing resolution, at the time when the Senate voted on the adoption of the conference report on the election reform measure. I was a conferee, and I signed the conference report. I should like the RECORD to show that if I had been here, I would have voted "yea" in favor of the adoption of the conference report.

QUORUM CALL

Mr. MANSFIELD. Mr. President, on the 5 minutes allocated to me, pending the arrival of the distinguished Senator from Nebraska, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. It is so ordered.

ORDER OF BUSINESS

The PRESIDENT pro tempore. Under the previous order, the Senator from Nebraska (Mr. CURTIS) is recognized for not to exceed 15 minutes.

TIME FOR A NEW LOOK

Mr. CURTIS. Mr. President, I believe that the time has arrived for us to take a new look at expanding the welfare state. I believe that the time has arrived for us to examine the proposal for national health insurance.

The President of the United States has declared that inflation is our No. 1 problem. However, it is true that every person in the country knows that it is our No. 1 problem. A great many households find it difficult to make ends meet. All costs are soaring. Life insurance becomes of less and less value. We have reached a point where, due to inflation, it is almost impossible for someone to acquire a home from earnings.

There are two courses open to us. One is to go to the causes of inflation and whip inflation. The other course is to use inflation as a means further to socialize the country. I think history has proven that it is excessive spending, deficit spending, on the part of the Federal Government and the mounting national debt that have been the primary causes of inflation.

There are those who will contend that inflation is caused by a great many other forces. Those forces, no doubt, have had a part. But the fact remains that every year that the Federal Government spends huge amounts more than it takes in and the national debt goes up, there follows disastrous inflation. We cannot escape it. That is a fact. The pattern is well established. Excessive spending, always asked for and voted for on the basis of solving some urgent problem, produces a mounting debt, then a surge of inflation. That is the historical pattern.

How does all this translate into the daily lives of our people?

It means that when the Federal Government spends excessively, way beyond all the money that it can collect in taxes, it has to borrow.

How much money would the Federal Government get if it attempted to borrow money at the interest rate we were paying 30 years ago? How much money could the Federal Government borrow if it tried to borrow at 3.5 percent, or 4, or 5? It would not get any. Therefore, in order to keep this bubble afloat of excessive spending, we have to go into the marketplace and bid high for the money.

What happens when we do that? We dry up all the money for other activities, and we have a recession along with inflation. We also bid up the interest rate so that everybody else has to pay high interest.

About 4 or 5 weeks ago, the Government put on a special drive to sell certain securities, and it seems to me that the interest rate was something like 8.75 percent—a Government bond paying that amount. I do not know what happened elsewhere, but out in Nebraska, the people lined up to buy those bonds.

They did so in the city of Lincoln, Nebr., which, compared with the great cities of the country, is very small, although we are very proud of it as our State's capital of some 150,000 people.

In a matter of just a few days, Uncle Sam took $15 million out of the city of Lincoln.

There was $15 million that could have been loaned for the needs of agriculture.

There was $15 million that could have been loaned to businessmen to extend and operate their businesses and create more jobs.

There was $15 million that could have been loaned to build homes.

There was $15 million that could have been loaned to buy homes.

And, oh, yes, there was $15 million that could have been loaned to students.

Our money was gone. Our rate of interest was bid way up beyond the reach of people to pay.

Some people say, "Well, the answer is to have the Government make the loans to students, to farmers, to businessmen, to homebuyers, and homebuilders." Of course, we have to do some of that. But when we run away from tackling the real causes of inflation, we add momentum to our vicious cycle.

The Government causes inflation, but the Government is the biggest victim of inflation. When costs soar, it costs us more for retirement, for salaries, for national defense, for building highways, for caring for the poor. Everything costs more. So it goes on; we have that vicious cycle.

I do not need to state that it is difficult to cut expenses. It is difficult. Oh, we can cut some here and there, and we ought to. And it all adds up to quite a sum. But there is one thing that we can do: We can stop expanding the U.S. Government. That is what causes it.

The people of the country elevate individuals to high office, and there is a desire in some of us to make a name for ourselves, by starting a new program as a monument to ourselves.

So they dream up something new, and they start talking about it. When they first start to talk, there is no demand at home for it. But they keep on plugging it and they keep on plugging it, and pretty soon people begin thinking it is a pretty good idea, and there is a demand for it.

The first step in reducing Government expenditures and fighting inflation is to stop expanding the Federal Government. I want to be specific. Let us talk about medical care.

We have a program for the aged: Medicare. Oh, this program ought to be improved. It is bureaucratic. It has a lot of things wrong with it. We ought to improve it.

We have a program for the poor, called medicaid. We could recite a long list of things that are wrong with medicaid, that ought to be improved, and we should do that.

But when aspiring politicians get up and talk about national health, what are they talking about? They are saying, "Let us have the Government underwrite the medical costs for people who are neither poor nor aged."

If we are going to underwrite medical

costs for people who are neither poor nor aged, why do we not underwrite their grocery bills? Why do we not underwrite all their other bills? Are we to become a nation where no one stands on his own feet?

Then what happens to all these noble and great undertakings to lower Government expenses, and thus stop inflation?

If we were to enact one bill such as national health insurance, the cost to the Federal Government the first year is estimated at $5.9 billion. So we would wipe out by one vote on this floor and one on the House floor, and one signature by the President, more than we can possibly save by retrenching. We would not only wipe out all that we save, we would be out the expense of putting in motion all the paraphernalia of publicizing and promoting a fight against inflation.

Mr. President that $5.9 billion is peanuts. That is the administration proposal. It is bad, and ought to be forgotten. We should not expand the welfare state until we have put our financial house in order. I do not think we should do it then, but we certainly should not even discuss it before that happens.

There is competitive bidding going on in this Government today. The previous administration thought that it could recommend a national health program that would cost only $5.9 billion. But we have other bidders in this Chamber; and one bid for national health insurance is $80 billion a year.

Well, of course, we would probably resist that and end up somewhere between. But I, for one, do not want my country to commit suicide inch by inch any more than I want it to commit suicide all at once. And if we are serious about this fight against inflation, the first and easiest thing to do is to stop expanding the Government

It is very simple. It is an inflexible rule of politics: You can refuse to give, but you cannot take away.

Take a businessman. He can say to his employees, "I would like to raise your pay, but I cannot do so now." They are disappointed, very disappointed, but there is no serious problem on hand. But suppose he says, "I am going to take away the raise I gave you 6 months or a year ago." Then he has problems on his hands. If you doubt it, try it in your own office. We can refuse to give, and it will be accepted and people will live with it somehow, though they will be disappointed; but we cannot launch out into a national health program and then, after 2 or 3 years, say "This is too expensive" and withdraw it.

Back to this $5.9 billion, which is the first estimate on the lowest bid in this effort to glorify politicians, the $5.9 billion is no doubt far too low. It would cost much more than that, and that particular proposal would also place a burden on employers, a compulsory burden, in what it would require them to carry.

We must keep in mind, Mr. President, that the burdens of Government are cumulative. It is not only high taxes, but then along come the unreasonable regulations of the Environmental Protection Agency. And it is not only those two things; then come the regulations of the Pure Food and Drug Administration piled on top of that. And that is not all. Then come the additional burdens which the Occupational Safety and Health Act, OSHA, imposes on people. And it does not end there. The wage-and-hour inspectors come around and look at your books, and they impose some more burdens. And so on—more agencies and more agencies and more agencies.

Mr. President, there is only one reason why the exponents of big government have not totally destroyed private enterprise in this country, and that is that private enterprise is a lot stronger than anyone believes. It is the greatest system on earth. I happen to believe that individuals who are not ill or subject to some disaster, and who are not aged, have the capacity to provide for their own wants and needs, with the exception of those wants and needs which, by their very nature, should be handled through a community-like activity.

Mr. President, the inflation has grown so much that just a show, a pretense of fighting it, would be a cruel deception on the American people, and could possibly continue the inflation until disaster would be our lot. We owe it to ourselves, to the country, and to the entire world to preserve this Nation of ours. It is time not only for fighting inflation, but for some bare knuckles fighting, some unpopular fighting. It may be time to separate the men from the boys.

Mr. President, I yield the floor.

Mr. McCLURE. Mr. President, will the Senator from Nebraska yield?

Mr. CURTIS. I am happy to yield to the distinguished Senator from Idaho.

Mr. McCLURE. I commend the Senator from Nebraska for some clear thinking and straight talk, the kind of thing this Nation very badly needs in leadership today.

I think it is wise to note that this follows on some straight talk from the President of the United States yesterday in his efforts to bring inflation under control.

Mr. CURTIS. I thank my distinguished colleague.

THE WELFARE SYSTEM

Mr. McCLURE. Mr. President, a columnist writing in the October 8 edition of the Washington Post has brought to light another example of the type of conduct which explains why American citizens hold their Government and its appointed and elected officials in so little respect. It seems that a group of 180 welfare officials went on an expensive spree in the Virgin Islands to talk about such matters as the distribution of food stamps. It will not be comforting to those who receive the stamps to realize that sumptuous meals and round trips to exotic resorts come out of the budget of an agency set up to relieve their most basic needs. It does nothing to relieve the burdened taxpayer who counts on the Congress to provide proper oversight of such programs.

Mr. Robert Carleson, the U.S. Commissioner of Welfare, has reported on Federal and State audits which have turned up some salient facts about the welfare system; 10.2 percent of those on welfare are totally ineligible; 22.8 percent are receiving overpayments, while 18 percent go underpaid. The result is a yearly loss to the Nation of over $1.17 billion. Mr. Carleson points out that—

> This situation cannot be tolerated since we know that ineligibility and overpayment hurt both the people who must pay the bill as well as the truly needy recipients who receive inadequate benefits because limited funds are spread so thinly.

Mr. President, the strongest implication of this situation is its inflationary impact. We are spending too much money. And we are not even spending it well. The people of the United States are not going to be fooled with bandaid programs or scapegoats for the inflation which lowers the purchasing power of their dollar and ravages their savings. They are going to be watching for the Members of Congress who accept their tax dollars and then represent them by voting for more and more inflation.

Representative SCHERLE put it this way:

> William Simon, Secretary of the Treasury, and Francine Neff, U.S. Treasurer, recently made the news with a wistful jest—that the new dollar bills bearing their names be printed in red ink. These redbacks, they suggested, would remind the people of our Federal debt; unfortunately, the public cannot check Federal spending. Even if they do not make their way into general circulation, these redback dollars or scarlet-colored checks could be used to pay salaries of spendthrift Government officials and prodigal Members of Congress, serving as a constant reminder that they are the people responsible for making the taxpayer "see red."

Mr. President, I ask unanimous consent that Mr. Carleson's remarks be included in the RECORD at this point.

There being no objection, the remarks of Mr. Carleson were ordered to be printed in the RECORD, as follows:

PARTIAL TEXT OF REMARKS TO BE DELIVERED BY THE HONORABLE ROBERT B. CARLESON, U.S. COMMISSIONER OF WELFARE, BEFORE THE AMERICAN LEGISLATIVE EXCHANGE COUNCIL, AUGUST 17, 1974

For several years the States have been told by the Department of Health, Education, and Welfare that the family welfare program would be Federalized and, indeed, the trend had been to adopt regulations that reduced the States' flexibility in administering their welfare programs. As a result, the States have had very little incentive to improve the management and effectiveness of their welfare grant programs.

Reviews in 1973 by State and Federal audit teams have turned up high rates of error in eligibility and overpayment in the welfare system, ranging up to 52% of the caseload. Nationally, 10.2% of the persons on the AFDC are totally ineligible, another 22.8% are receiving overpayments, and 8% are receiving underpayments. These are not "nickels and dimes"; the same study shows that annually over $1.17 billion is misspent in overpayments or payments to ineligibles. This situation cannot be tolerated since we know that ineligibility and overpayment hurt both the people who must pay the bill as well as the truly needy recipients who receive inadequate benefits because limited funds are spread so thinly.

We believe that the real answer to reforming this system lies at the State and local levels. The audits referred to earlier were *State* audits conducted under Federal guidelines. The success of welfare reform in California, West Virginia, and other States following their lead demonstrates that welfare can be reformed without Federalization. California has found that a comprehensive reform of its system has caused a dramatic reduction in the welfare rolls resulting in record tax reductions and permitting significant increases in welfare benefits to the truly needy. Because of these successes, a new message is coming from the Department of Health, Education, and Welfare: the family welfare program is best reformed at the State and local rather than the Federal level.

Federal welfare regulations have been changed to permit States greater flexibility in the administration of their systems. For too long, those at the Federal level had been trying to "dot all the i's and cross all the t's" in welfare policy. Through the new regulatory changes, these decisions will be made by the States; however, the new policies are not automatic. The revised Federal regulations will remove "straitjackets" which have kept the States from doing the most effective job of responsibly administering their welfare programs. Although the States are not required to make use of these new tools, it will most certainly be in their best interest to do so.

As California and West Virginia have found, a more effectively administered welfare system provides very significant economic benefits to both the taxpayers and the truly needy citizens of the State. That should be incentive enough for cleaning up welfare. However, because the Federal Government finances at least half the cost of family welfare grants, if it is to permit greater flexibility it must expect accountability from the States. If a State does not choose to make use of the new tools and permits excess errors to continue in its welfare system, overpayments or payments to ineligible persons will not qualify for Federal funding. Because errors in the present system were caused partly because of former Federal regulations, the States are being given a reasonable period of time to reduce their rates of error. In 1973 and the first half of 1974, the States completed a very comprehensive quality control audit of their systems and have been encouraged without penalty to uncover all errors and fraud. Starting on July 1, 1974, each State will be expected to reduce its ineligibility and overpayments error rates to at least a level of 3% and 5%, respectively, by July, 1975. To the extent that a State fails to meet its goal, Federal matching funds will be denied.

However, I have real confidence that the States will be able to reduce their rates of error as they utilize the flexibility made available to them in the new Federal regulations. The new regulations will permit them to verify facts supporting eligibility in all categorical assistance programs, streamline the fair hearing process to facilitate the removal of ineligible persons from the welfare system, and to provide for recoupment of overpayments where the recipient has the ability to pay.

The goal of a family welfare system should be to meet a temporary condition of need and to enable a family to become self-supporting and independent of welfare. While we recognize that there are a few families which because of disability and for other reasons may be dependent upon welfare for a significant period of time, the overriding assumption should be that all the resources of welfare-related agencies should be directed toward enabling the family to achieve self-support. To be effective this means more than just sending welfare checks. All resources in the community, including jobs, training, and social services, must be coordinated to achieve this goal of self-sufficiency. Because the solution to a family's problem involves resources and opportunities existing only at the State and local levels, States and counties are in the best position to insure that family welfare is in fact a temporary condition.

As U.S. Commissioner of Welfare, I have been directed by Secretary Weinberger to work with Governors, Legislators, State welfare directors, and other State and local officials to encourage them to reform their welfare systems utilizing the experience of the successful reforms in California, West Virginia, and elsewhere. Comprehensive studies have been completed or are in process in New Hampshire, Pennsylvania, Michigan, and Illinois. The Secretary has asked me to find out from these Governors and other State officials where other Federal welfare regulations are impeding effective State and local administration so that we can consider changes. And, when a State feels that it can solve an administrative problem in a better way, we will welcome applications for waivers of Federal regulations to enable the State to test and demonstrate new techniques. Through effective State action with Federal cooperation, the Nation's welfare system is being reformed and public confidence, which is so vital to the success of any governmental program, will be restored.

As a result of these efforts, the national AFDC rolls have been dropping. We announced our new approach in March, 1973. The following month the national rolls dropped and continued to drop for seven of the nine months after March. For the first time since the AFDC program started in 1938, the 1975 Federal budget calls for a reduction in spending in this Nation's largest and most explosive welfare category. 1973 was the first year in 20 years that the national AFDC rolls have dropped. In addition, in fiscal year 1974, at least $800 million estimated to be needed by the States was not spent despite the fact that at least 25 States increased benefits to truly needy families during the year. All because the States are cleaning up their welfare rolls.

If we succeed in each State, the winner will be the taxpayer, those who pay the bill, and the truly needy, those for whom the welfare system exists.

ORDER OF BUSINESS

The PRESIDENT pro tempore. Under the previous order, the Senator from Connecticut (Mr. WEICKER) is recognized for not to exceed 15 minutes.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I yield back the time allotted to me.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements limited therein to 5 minutes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MARRIAGE LICENSES IN THE PANAMA CANAL ZONE

Mr. McCLELLAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2348.

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 2348) to amend the Canal Zone Code to transfer the functions of the clerk of the U.S. District Court for the District of the Canal Zone with respect to the issuance and recording of marriage licenses, and related activities, to the civil affairs director of the Canal Zone Government, and for other purposes, as follows:

Page 2, lines 2 and 3, strike out "office of the civil affairs director of the Canal Zone Government.", and insert "Governor, or his designee."

Page 2, line 23, strike out "civil affairs director", and insert: "Governor,".

Page 3, lines 4 and 5, strike out "civil affairs director,", and insert: "Governor,".

Page 3, lines 6 and 7, strike out "civil affairs director," and insert: "Governor,".

Page 3, line 10, strike out "civil affairs director," and insert: "Governor,".

Page 3, line 24, strike out "civil affairs director." and insert: "Governor,".

Page 4, line 9, strike out "marriage;" and insert "a marriage;".

Page 4, lines 18 and 19, strike out "civil affairs director of the Canal Zone Government," and insert: "Governor,".

Page 4, line 22, strike out "civil affairs director,", and insert: "Governor,".

Page 5, line 2, strike out "civil affairs director," and insert: "Governor,".

Page 5, lines 22 and 23, strike out "civil affairs director of the Canal Zone Government.", and insert: "Governor, or his designee.".

Page 5, line 25, strike out "civil affairs director,", and insert: "Governor,".

Page 6, lines 10 and 11, strike out "civil affairs director of the Canal Zone Government.". and insert: "Governor, or his designee.".

Page 6, line 25 strike all after "the" over to and including "Government," on page 7, line 1, and insert: "Governor,".

Page 7, lines 18 and 19, strike out "civil affairs director of the Canal Zone Government,", and insert: "Governor,".

Page 8, line 3, strike out "civil affairs director,", and insert: "Governor,".

Page 8, line 9, strike out "civil affairs director," and insert: "Governor,".

Page 8, line 14, strike out "repealed.", and insert: "repealed, and items (5), (6), (7), and (8) shall be redesignated (4), (5), (6), and (7) respectively.".

Page 8, line 18, strike out "'marriage;'", and insert: "'a marriage;'".

Page 8, lines 21 and 22, strike out "civil affairs director of the Canal Zone Government", and insert: "Governor, or his designee,".

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the Senate agree to the amendments of the House.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE CONSIDERATION OF CERTAIN MATTERS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar Nos. 1167, 1169, and 1175.

The PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will state the first bill by title.

ANNUAL REPORTS TO CONGRESS ON NUCLEAR INFORMATION

The bill (S. 3802) to provide available nuclear information to committees and Members of Congress, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 202 of the Atomic Energy Act of 1954 is amended by designating the present text subsection "a." and by adding the following as subsection "b.":

"b. The members of the Joint Committee who are Members of the Senate and the members of the Joint Committee who are Members of the House of Representatives shall, on or before June 30 of each year, report to their respective Houses on the development, use, and control of nuclear energy for the common defense and security and for peaceful purposes. Each report shall provide facts and information available to the Joint Committee concerning nuclear energy which will assist the appropriate committees of the Congress and individual members in the exercise of informed judgment on matters of weaponry; foreign policy; defense; international trade; and in respect to the expenditure and appropriation of Government revenues. Each report shall be presented formally under circumstances which provide for clarification and discussion by the Senate and the House of Representatives. In recognition of the need for public understanding, presentations of the reports shall be made to the maximum extent possible in open sessions and by means of unclassified written materials.".

SMALL BUSINESS EMERGENCY RELIEF ACT

The Senate proceeded to consider the bill (S. 3619) to provide for emergency relief for small business concerns in connection with fixed price Government contracts, which had been reported from the Committee on Government Operations with an amendment to strike out all after the enacting clause and insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Small Business Emergency Relief Act".

POLICY

SEC. 2. It is the policy of Congress to provide relief to small business concerns which have fixed-price Government contracts in cases where such concerns encounter significant and unavoidable difficulties during performance because of the energy crisis or rapid and unexpected escalations of contract costs.

DEFINITIONS

SEC. 3. As used in this Act—

(1) the term "executive agency" means an executive department, a military department, and an independent establishment within the meaning of sections 101, 102, and 104(1), respectively, of title 5, United States Code, and also a wholly owned Government corporation within the meaning of section 101 of the Government Corporation Control Act; and

(2) the term "small business concern" has the same meaning as such term is given under section 3 of the Small Business Act.

AUTHORITY

SEC. 4. (a) Pursuant to an application by a small business concern, the head of any executive agency may terminate for the convenience of the Government any fixed-price contract between that agency and such small business concern, upon a finding that—

(1) during the performance of the contract, the concern has experienced or is experiencing significant unanticipated cost increases directly affecting the cost of contract compliance; and

(2) the conditions which have caused or are causing such cost increases were, or are being, experienced generally by other small business concerns in the market at the same time and are not caused by negligence, underbidding, or other special management factors peculiar to that small business concern.

(b) A small business concern requesting relief under subsection (a) shall support that request with the following documentation and certification:

(1) A brief description of the contract, indicating the date of execution and of any amendment thereto, the items being procured, the price and delivery schedule, and any revision thereof, and any other special contractual provision as may be relevant to the request;

(2) A history of performance indicating when work under the contract or commitment was begun, the progress made as of the date of the application, an exact statement of the contractor's remaining obligations, and the contractor's expectations regarding completion thereof;

(3) A statement of the factors which have caused the loss under the contract;

(4) A statement as to the course of events anticipated if the request is denied;

(5) A statement of payments received, payments due, and payments yet to be received or to become due, including advance and progress payments, and amounts withheld by the Government, and information as to other obligations of the Government, if any, which are yet to be performed under the contract;

(6) A statement and evidence of the contractor's original breakdown of estimated costs, including contingency allowances and profit;

(7) A statement and evidence of the contractor's present estimate of total costs under the contract if enabled to complete, broken down between costs accrued to date of request, and runout costs, and as between costs for which the contractor has made payment and those for which he is indebted at the time of the request;

(8) A statement and evidence of the contractor's estimate of the final price of the contract, giving effect to all escalation, changes, extras, and other comparable factors known or contemplated by the contractor;

(9) A statement of any claims known or contemplated by the contractor against the Government involving the contract in question, other than those referred to under (8) above;

(10) An estimate of the contractor's total profit or loss under the contract if required to complete at the original contract price;

(11) An estimate of the total profits from other Government business, and all other sources, during the period from the date of the first contract involved to the latest estimated date of completion of any other contracts involved;

(12) Balance sheets, certified by a certified public accountant, as of the end of the contrator's fiscal year first preceding the date of the first contract, as of the end of each subsequent fiscal year, and as of the date of the request together with income statements for annual periods subsequent to the date of the first balance sheet; and

(13) A list of all salaries, bonuses and all other forms of compensation of the principal officers or partners and of all dividends and other withdrawals, and all payments to stockholders in any form since the date of the first contract involved.

DELEGATION

SEC. 5. The head of each executive agency shall delegate authority conferred by this Act, to the extent practicable, to an appropriate level that will permit the expeditious processing of applications under this Act and to ensure the unformity of its application.

LIMITATIONS

SEC 6. (a) The authority prescribed in section 3(a) shall apply only to contracts entered into during the period from August 15, 1971, through April 30, 1974.

(b) The authority conferred by this Act shall terminate December 31, 1975.

Mr. CHILES. Mr. President, the bill we are considering today is intended to provide relief to small business concerns holding fixed-price Government contracts who may be on the verge of losing their business as a result of unanticipated inflation after price controls were lifted.

I want to add my personal compliments to Senator HATHAWAY and the other members of his Small Business Government Procurement Subcommittee who devoted so much effort to shed some light on the seriousness of the problem and to find an acceptable solution to it.

As I stated before the Government Operations Committee, we cannot emphasize too strongly that the economic squeeze being placed on small businesses throughout the country by fixed-price Federal contracts has reached disasterous proportions and will lead to the demise of many. They, and the agencies, have no recourse. We feel a deep sense of obligation for the Congress to act now to provide relief. I would like to conclude some legislative history on the essence of the relief envisioned under the bill.

There is but one form of relief a contractor may receive under this bill and that is a release from his obligation to perform. There is no intent to provide a contractor with additional money in an effort to reduce his losses under certain

Government contracts. As stated in the committee report, our concern is with preventing a contractor from incurring further losses which he may not be able to absorb.

To accomplish this intent, we have suggested that for administrative purposes the agencies follow the established regulatory procedures normally exercised under termination for convenience. However, in keeping with our intent, there is a need to make clear that the agencies recognize that, although they will be using existing procedures, a termination under authority of this bill is not a "termination for the convenience of the Government" in the literal or usually used sense of the term. Nor is such a termination necessarily in the best interest of the Government. This is a termination initiated at the contractors' request, for his convenience, and in his best interest.

Customarily, the termination for convenience clause is implemented after a determination has been made that such an action is in the best interest of the Government. Because it is in the Government's best interest, the contractor is entitled to a reimbursement of costs actually incurred before cancellation plus a reasonable profit on that work. However, recognizing the unique circumstances envisioned by this bill which make such a termination an act in the best interest of the contractor, it should be clear to both the agencies and the eligible contractors that, consistent with the history of this bill, a Government contract may be terminated under existing procedures, but without costs, if such an action will help prevent the demise of a current supplier.

Using the Department of Defense Armed Services Procurement Regulations as an example (ASPR 7–103.21), the existing termination for convenience regulations would entitle the contractor to full reimbursement, at contract prices, for work completed, and for costs incurred on work terminated. Under the eligibility requirements specified for this bill, there would be no allowable profit adjustments since the contracts would be causing losses. Under no circumstances would a contractor be permitted to recover any amount greater than the total original contract price.

It was suggested that, in some instances, it may be cheaper to simply renegotiate the existing contract. However, it would be tremendously difficult to legislate the equitable application of "cheaper." The administrative burden of making such a cost comparison in each case would be tremendous. The estimates would also be subject to much uncertainty, speculation and challenge. There would also seem to be a fundamental problem with insuring equity and uniformity if we leave to the agencies the discretion to make value judgments on whose contracts to terminate and whose to amend. It would appear that one party could walk away from his contract with nothing more than the assurance he can lose no more money while another party would be reimbursed for his losses and even given the opportunity to enhance his profits. Who, I would ask, should be empowered to make this kind of a value judgment?

Mr. President, we would hope that in this manner we can be fiscally responsible and yet preserve the many small businesses which have served us well.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FEDERAL GRANT AND COOPERATIVE AGREEMENT ACT OF 1974

The Senate proceeded to consider the bill (S. 3514) to distinguish Federal grant and cooperative agreement relationships from Federal procurement relationships, and for other purposes, which had been reported from the Committee on Government Operations with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Federal Grant and Cooperative Agreement Act of 1974".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that—

(1) there is a need to distinguish Federal assistance relationships from Federal procurement relationships and thereby to standardize usage and clarify the meaning of the legal instruments which reflect such relationships;

(2) uncertainty as to the meaning of such terms as "contract", "grant", and "cooperative agreement" causes operational inconsistencies, confusion, inefficiency, and waste for recipients of awards as well as for executive agencies; and

(3) the Commission on Government Procurement has documented these findings and concluded that a reduction of the existing confusions, inconsistencies, and inefficiencies is feasible and necessary.

(b) The purposes of this Act are—

(1) to characterize the relationship between the Federal Government and contractors and other recipients in the acquisition of property and services and in the furnishing of assistance by the Federal Government;

(2) to establish Government-wide criteria for selection of appropriate legal instruments to achieve uniformity in the use by the executive agencies of such instruments, a clear definition of the relationships they reflect, and a better understanding of the responsibilities of the parties;

(3) to promote increased discipline in the selection and use of contracts, grant agreements, and cooperative agreements and to maximize competition in the award of contracts and encourage competition, where deemed appropriate, in the award of grants and cooperative agreements; and

(4) to require a study of the relationship between the Federal Government and grantees and other recipients in Federal assistance programs and the feasibility of developing a comprehensive system of guidance for the use of grant and cooperative agreements in carrying out such programs.

DEFINITIONS

SEC. 3. As used in this Act, the term—

(1) "State government" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, any agency or instrumentality of a State, and any multi-State, regional, or interstate entity which has governmental functions;

(2) "local government" means any unit of government within a State, a county, municipality, city, town, township, local public authority, special district, intrastate district, council of governments, sponsor group representative organization, other intrastate government entity, or any other instrumentality of a local government;

(3) "other recipient" means any person or recipient other than a State or local government who is authorized to receive Federal assistance and includes any charitable or educational institution;

(4) "executive agency" means any executive department as defined in section 101 of title 5, United States Code, a military department as defined in section 102 of title 5, United States Code, an independent establishment as defined in section 104 of title 5, United States Code (except that it shall not include the General Accounting Office), a wholly-owned Government corporation; and

(5) "grant or cooperative agreement" does not include any agreement under which only direct Federal cash assistance to individuals, a subsidy, a loan, a loan guarantee, or insurance is provided.

USE OF CONTRACTS

SEC. 4. Each executive agency shall use a type of procurement contract as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient—

(1) whenever the principal purpose of the instrument is the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; or

(2) whenever an executive agency determines in a specific instance that the use of a type of procurement contract is appropriate.

USE OF GRANT AGREEMENTS

SEC. 5. Each executive agency shall use a type of grant agreement as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient—

(1) whenever the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the State or local government or other recipient in order to accomplish a public purpose authorized by Federal statute, rather than acquisition, by purchase, lease or barter, of property or services for the direct benefit or use of the Federal Government; and

(2) whenever no substantial involvement is anticipated between the executive agency, acting for the Federal Government, and the State or local government or other recipient during performance of the contemplated activity.

USE OF COOPERATIVE AGREEMENTS

SEC. 6. Each executive agency shall use a type of cooperative agreement as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient—

(1) whenever the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the State or local government or other recipient to accomplish a public purpose authorized by Federal statute, rather than acquisition, by purchase, lease or barter, of property or services for the direct benefit or use of the Federal Government; and

(2) whenever substantial involvement is anticipated between the executive agency, acting for the Federal Government, and the State or local government or other recipient during performance of the contemplated activity.

AUTHORIZATIONS

SEC. 7. (a) Notwithstanding any other provision of law, each executive agency authorized by law to enter into contracts, grant or cooperative agreements, or similar arrangements is authorized and directed to enter into and use contracts, grant agreements, or cooperative agreements as required by this Act.

(b) The authority to enter into grant or cooperative agreements shall include the discretionary authority, when it is deemed by the head of an executive agency to be in furtherance of the objectives of such agency, to vest in State or local governments or other recipients, without further obligation to the Federal Government or on such other terms and conditions as the agency deems appropriate, title to equipment or other tangible personal property purchased with such grant or cooperative agreement funds.

STUDY OF FEDERAL ASSISTANCE PROGRAMS

SEC. 8. The Director of the Office of Management and Budget, in cooperation with the executive agencies, shall undertake a study to develop a better understanding of alternative means of implementing Federal assistance programs, and to determine the feasibility of developing a comprehensive system of guidance for Federal assistance programs. Such study shall include a thorough consideration of the findings and recommendations of the Commission on Government Procurement relating to the feasibility of developing such a system. The Director shall consult with representatives of the executive agencies, the Congress, the General Accounting Office, and State and local governments, other recipients and other interested members of the public. The results of the study shall be reported to the Committee on Government Operations of the Senate and the House of Representatives at the earliest practicable date, but in no event later than two years after the date of enactment of this Act. The report on the study shall include (1) detailed descriptions of the alternative means of implementing Federal assistance programs and of the circumstances in which the use of each appears to be most desirable, (2) detailed descriptions of the basic characteristics and an outline of such comprehensive system of guidance for Federal assistance programs, the development of which may be determined feasible, and (3) recommendations concerning arrangements to proceed with the full development of such comprehensive system of guidance and for such administrative or statutory changes, including changes in the provisions of sections 3 through 7 of this Act, as may be deemed appropriate on the basis of the findings of the study.

REPEALS AND SAVINGS PROVISIONS

SEC. 9. (a) The Act entitled "An Act to authorize the expenditure of funds through grants for support of scientific research, and for other purposes", approved September 6, 1958 (72 Stat. 1793; 42 U.S.C. 1891, 1892, and 1893), is repealed, effective one year after the date of enactment of this Act.

(b) Nothing in this Act shall be construed to render void or voidable any existing contract, grant, cooperative agreement, or other contract, grant, or cooperative agreement entered into up to one year after the date of enactment of this Act.

(c) Nothing in this Act shall apply to the disposal of surplus property as that term is defined in section 3 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 472).

(d) Nothing in this Act shall require the establishment of a single relationship between the Federal Government and a State or local government or other recipient on a jointly funded project, involving funds from more than one program or appropriation, where different relationships would otherwise be appropriate for different components of the project.

(e) The Director of the Office of Management and Budget may except individual transactions or programs of any executive agency from the application of the provisions of this Act. This authority shall expire one hundred and eighty days after receipt by the Congress of the study provided for in section 8 of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Marks, one of his secretaries.

REPORT OF THE NATIONAL ADVISORY COUNCIL ON ECONOMIC OPPORTUNITY—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER laid before the Senate a message from the President of the United States submitting the annual report of the National Advisory Council on Economic Opportunity, which, with the accompanying report, were referred to the Committee on Labor and Public Welfare. The message is as follows:

To the Congress of the United States:

Enclosed herewith is the seventh annual report of the National Advisory Council on Economic Opportunity. I should note that many of the observations and conclusions of this report are at variance with policies of this Administration.

GERALD R. FORD.

THE WHITE HOUSE, *October 9, 1974.*

MESSAGES FROM THE HOUSE

At 9:37 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for 1 additional year; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. PERKINS, Mr. BRADEMAS, and Mr. QUIE were appointed managers of the conference on the part of the House.

ENROLLED BILLS SIGNED

At 12:55 p.m., a message from the House by Mr. Berry, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution:

S. 1794. An act to amend section 308 of title 44, United States Code, relating to the disbursing officer, deputy disbursing officer, and certifying officers and employees of the Government Printing Office;

S. 2220. An act to repeal the "cooly trade" laws;

S. 3362. An act to enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System, and the proceeds of revenue bonds, and for other purposes; and

S.J. Res. 123. A joint resolution authorizing the procurement of an oil portrait and marble bust of former Chief Justice Earl Warren.

The enrolled bills and joint resolution were subsequently signed by the President pro tempore.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

At 4:35 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker has affixed his signature to the following enrolled bill and joint resolution:

H.R. 11541. An act to amend the National Wildlife Refuge System Administration Act of 1966 in order to strengthen the standards under which the Secretary of the Interior may permit certian uses to be made of areas within the system and to require payment of the fair market value of rights-of-way or other interests granted in such areas in connection with such uses; and

H.J. Res. 1131. A joint resolution making further continuing appropriations for the fiscal year 1975, and for other purposes.

The enrolled bill and joint resolution were subsequently signed by the Acting President pro tempore.

At 5:45 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1769) to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes.

At 6:05 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13113) to amend the Commodity Exchange Act to strengthen the regulation of futures trading, to bring all agricultural and other commodities traded on exchanges under regulation, and for other purposes.

At 6:33 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. STENNIS, from the Committee on Armed Services, without amendment:

H.R. 15148. An act to extend the time limit for the award of certain military decorations (Rept. No. 93–1249).

By Mr. INOUYE, from the Committee on Commerce, without amendment:

S. Res. 347. A resolution to authorize the Committee on Commerce to make an investigation and study on the policy and role of the Federal Government on tourism in the United States (Rept. No. 93–1250).

By Mr. KENNEDY, from the Committee on Labor and Public Welfare, with amendments:

S. 2854. A bill to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance a national attack on arthritis (Rept. No. 93–1251).

By Mr. JOHNSTON, from the Committee on Interior and Insular Affairs, with amendments:

S. 3871. A bill to authorize the Administrator of the Federal Energy Administration to conduct a study of the energy needs of the United States and the methods by which such needs can be met, and for other purposes (Rept. No. 93–1253).

By Mr. KENNEDY, from the Committee on Labor and Public Welfare, with amendments:

S. 32. A bill to amend the National Science Foundation Act of 1950 in order to establish a framework of national science policy and to focus the Nation's scientific talent and resources on its priority problems, and for other purposes (Rept. No. 93–1254).

By Mr. McCLELLAN, from the Committee on Appropriations, with amendments:

H.R. 16900. An act making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes (Rept. No. 93–1255).

By Mr. FULBRIGHT, from the Committee on Foreign Relations, with amendments:

S.J. Res. 236. A joint resolution to provide for the indemnification of the Metropolitan Museum of New York for loss or damage suffered by objects in exhibition in the Union of Soviet Socialist Republics (Rept. No. 93–1256).

By Mr. CANNON, from the Committee on Commerce, with amendments:

S. 3481. A bill to amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes (Rept. No. 93–1257).

By Mr. RANDOLPH, from the Committee on Public Works, with amendments:

S. 3563. A bill to authorize the construction of a highway bridge across the Snake River between Clarkston, Wash., and Lewiston, Idaho (Rept. No. 93–1258).

By Mr. EAGLETON, from the Committee on the District of Columbia, with amendments:

H.R. 15643. An act to reorganize public higher education in the District of Columbia, establish a Board of Trustees, authorize and direct the Board of Trustees to consolidate the existing local institutions of public higher education into a single Land-Grant University of the District of Columbia; direct the Board of Trustees to administer the University of the District of Columbia, and for other purposes (Rept. No. 93–1259).

By Mr. LONG, from the Committee on Commerce, with amendments:

H.R. 13296. An act to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce (together with supplemental views) (Rept. No. 93–1260).

By Mr. CANNON, from the Committee on Rules and Administration, without amendment:

S. Con. Res. 116. A concurrent resolution authorizing the printing of additional copies of Senate hearings on the marihuana-hashish epidemic and its impact on U.S. security (Rept. No. 93–1261).

S. Res. 359. A resolution increasing the limitation on expenditures by the Committee on the Judiciary for the procurement of consultants Rept. (No. 93–1262).

S. Res. 361. A resolution authorizing the printing of the compilation entitled "Toward a National Growth Policy: Federal and State Developments in 1973" as a Senate document (Rept. No. 93–1263).

S. Res. 383. A resolution authorizing the printing of additional copies of the report entitled "Executive Orders in Time of War and National Emergency" (Rept. No. 93–1264).

S. Res. 406. A resolution authorizing supplemental expenditures by the Committee on the Budget for inquiries and investigations (Rept. No. 93–1265).

By Mr. CANNON, from the Committee on Rules and Administration, with an amendment:

S. Con. Res. 99. A concurrent resolution authorizing the printing of additional copies of the National Nutrition Policy Study hearings and panel reports of the Senate Select Committee on Nutrition and Human Needs (Rept. No. 93–1266).

By Mr. CANNON, from the Committee on Rules and Administration, with amendments:

S. Res. 393. A resolution authorizing the printing of the report entitled "The Cost of Clean Air" as a Senate document (Rept. No. 93–1268).

S. Res. 389. A resolution authorizing supplemental expenditures by the Committee on Government Operations for inquiries and investigations by the Permanent Subcommittee on Investigations (Rept. No. 93–1267).

S. Res. 403. A resolution authorizing supplemental expenditures by the Committee on the Judiciary for an inquiry and investigation relating to administrative practice and procedure (Rept. No. 93–1269).

ENERGY REORGANIZATION ACT OF 1974—CONFERENCE REPORT (REPT. NO. 93–1252)

Mr. RIBICOFF submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions, which was ordered to be printed.

STATE DEPARTMENT-USIA AUTHORIZATIONS, 1975—CONFERENCE REPORT

Mr. SPARKMAN submitted a report from the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3473) to authorize appropriations for the Department of State and the U.S. Information Agency, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

Mr. STENNIS. Mr. President, from the Committee on Armed Services, I report favorably the nomination of Gen. Andrew Jackson Goodpaster, U.S. Army, to be placed on the retired list in that grade. I ask that his name be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, in addition, there are 2,721 in the Army for promotion to the grade of colonel and below; in the Navy and Naval Reserve there are 381 for promotion to the grade of captain and in the Marine Corps there are 441 for appointment in the grade of colonel. Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing on the calendar, I ask unanimous consent that they be placed on the Secretary's Desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the CONGRESSIONAL RECORD of September 24, 26, and October 2, 1974, at the end of the Senate proceedings.)

By Mr. EAGLETON, from the Committee on the District of Columbia:

Carl H. McIntyre to be Director of Campaign Finance in the District of Columbia.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

ENROLLED BILLS SIGNED

The PRESIDENT pro tempore today affixed his signature to the following enrolled bills which were previously signed by the Speaker of the House of Representatives:

H.R. 7954. An act to direct the Secretary of Agriculture to release on behalf of the United States conditions in a deed conveying certain lands to the State of New York and to provide for the conveyance of certain interests in such lands so as to permit such State, subject to certain conditions, to sell such land; and

H.R. 9054. An act to amend the act entitled "An act to authorize the Secretary of Agriculture to execute a subordination agreement with respect to certain lands in Lee County, S.C."

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that today, October 9, 1974, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 1794. An act to amend section 308 of title 44, United States Code, relating to the disbursing officer, deputy disbursing officer, and certifying officers and employees of the Government Printing Office;

S. 2220. An act to repeal the "cooly trade" laws;

S. 3362. An act to enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River power system and the proceeds of revenue bonds, and for other purposes; and

S.J. Res. 123. A joint resolution authorizing the procurement of an oil portrait and marble bust of former Chief Justice Earl Warren.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. FULBRIGHT (by request):

S. 4103. A bill to authorize certain officers and employees of the Department of State and of the Foreign Service to carry firearms for the purpose of protecting designated individuals. Referred to the Committee on Foreign Relations.

By Mr. EAGLETON:

S. 4104. A bill to amend title XVI of the Social Security Act to permit individuals who are residents in certain public institutions to receive supplementary security income benefits. Referred to the Committee on Finance.

By Mr. JACKSON (for himself and Mr. Fannin) (by request):

S. 4105. A bill to provide for establishment of the Father Marquette National Memorial in St. Ignace, Mich., and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. JACKSON:

S. 4106. A bill for the relief of Cipriano Dural Luna, his wife, Ester Atega Luna, and their daughter, Carmelita Atega Luna. Referred to the Committee on the Judiciary.

By Mr. STEVENS (for Mr. Cook):

S. 4107. A bill to establish the Red River Gorge National Park, Ky., to deauthorize the Red River Lake project, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. BENTSEN:

S. 4108. A bill for the relief of Manuel Suarez and his wife, Aurora Garcia Suarez. Referred to the Committee on the Judiciary.

By Mr. HATFIELD:

S. 4109. A bill to direct the Secretary of Agriculture to convey certain lands to the State of Oregon by and through its Department of Transportation. Referred to the Committee on Agriculture and Forestry.

By Mr. BROCK:

S. 4110. A bill to amend title 10, United States Code, to establish Armed Forces engineering and technology academies, to provide qualified and specially trained personnel for the Armed Forces by authorizing the establishment of a Reserve Enlisted Training Corps and by authorizing a special scholarship program under which persons would receive education and training in critical specialties needed by the Armed Forces, and to amend chapter 34 of title 38, United States Code, to authorize tuition assistance payments to eligible veterans pursuing a course of education or training under such chapter. Referred to the Committee on Armed Services.

By Mr. MATHIAS:

S. 4111. A bill to provide for the striking of medals in commemoration of the 200th anniversary of the signing of the Declaration of Independence by Charles Carroll of Carrollton. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. THURMOND (for himself, Mr. Hollings, Mr. Talmadge, Mr. Nunn, Mr. Ervin, Mr. Helms, Mr. Mathias, Mr. Hugh Scott, Mr. Pell, Mr. Pastore, and Mr. Gurney):

S. 4112. A bill to authorize the establishment of the Eutaw Springs National Battlefield Park in the State of South Carolina, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. ROTH (for himself, Mr. Buckley, Mr. Curtis, Mr. Proxmire, Mr. McClure, and Mr. Harry F. Byrd, Jr.):

S. 4114. A bill to authorize the President to reduce Federal expenditures and net lending for fiscal year 1975 to $295,000,000,000. Ordered held at desk.

By Mr. HUGH SCOTT:

S. 4113. A bill to insure that budget outlays by the U.S. Government during the fiscal year ending June 30, 1975 do not exceed $300,000,000,000. Ordered held at the desk.

By Mr. PASTORE:

S.J. Res. 248. A joint resolution assuring compensation for damages caused by nuclear incidents involving the nuclear reactor of a U.S. warship. Referred to the Joint Committee on Atomic Energy.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. FULBRIGHT (by request):

S. 4103. A bill to authorize certain officers and employees of the Department of State and of the Foreign Service to carry firearms for the purpose of protecting designated individuals. Referred to the Committee on Foreign Relations.

Mr. FULBRIGHT. Mr. President, by request, I introduce for appropriate reference a bill to amend the act of June 28, 1955 (22 U.S.C. 2666), in order to authorize certain officers and employees of the Department of State and of the Foreign Service to carry firearms for the purpose of protecting designated individuals.

The bill has been requested by the Department of State and I am introducing it in order that there may be a specific bill to which members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when it is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the Record at this point, together with the letter from the Assistant Secretary of State for Congressional Relations to the President pro tempore of the Senate dated September 24, 1974.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 4103

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the Act of June 28, 1955 (22 U.S.C. 2666), is amended to read as follows:

"Under such regulations as the Secretary of State may prescribe, security officers of the Department of State and the Foreign Service who have been designated by the Secretary of State and who have qualified for the use of firearms, are authorized to carry firearms for the purpose of protecting heads of foreign states, official representatives of foreign governments and other distinguished visitors to the United States, the Secretary of State, the Deputy Secretary of State, official representatives of the United States Government, and members of the immediate families of any such persons, both in the United States and abroad, when such protection is determined by the Secretary of State to be necessary."

DEPARTMENT OF STATE,
Washington, D.C., September 24, 1974.

Hon. JAMES O. EASTLAND,
President Pro Tempore, U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft bill to amend the Act of June 28, 1955, (22 U.S.C. 2666). This provision of law authorizes security officers of the Department of State and the Foreign Service, who have been designated by the Secretary of State and who have qualified for the use of firearms, to carry firearms for the purpose of protecting heads of foreign states, high officials of foreign governments and other distinguished visitors to the United States, the Secretary of State and the Under Secretary of State, and official representatives of foreign governments and of the United States attending international conferences or performing special missions.

The lamentable increase in international terrorist acts has demonstrated the necessity for somewhat broader and clearer authority to provide protection to persons who by their position, activities, or family relationships are exposed to special risk of terrorist attack. For example, recent terrorist acts demonstrate that the effective protection of any public figure frequently requires not only the protection of his own person, but also of the persons of members of his immediate family. We believe this authority exists for the categories of persons mentioned in the existing legislation, but clarification would be most desirable. Experience has also shown that it may be important to provide personal protection for individual diplomats or members of their immediate families on occasions other than at international conferences or during special missions.

The proposed legislation would authorize the Secretary of State to direct that protection be provided to official representatives of the United States Government and to members of their immediate families in cases where the Secretary determines such protection to be necessary. We strongly believe that the Secretary requires the increased authority provided by the proposed legislation to permit him to offer full protection to persons who are subjected to extraordinary personal danger to themselves or their families in the performance of their diplomatic duties.

The enclosed draft bill would in no way interfere with the protective functions of other agencies of the Federal Government. Nor is it anticipated that additional manpower or funds will be required to implement the proposed legislation. Rather, we hope that the legislation will give the Department the flexibility necessary for the most effective use of existing security resources in instances of know threats against foreign officials in the United States, official Americans engaged in international affairs, and members of their immediate families. In view of the ever-increasing threat of terrorist acts against such individuals, we urge early and favorable consideration of the draft bill.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of the proposed legislation.

Respectfully,
LINWOOD HOLTON,
Assistant Secretary for Congressional Relations.

By Mr. EAGLETON:

S. 4104. A bill to amend title XVI of the Social Security Act to permit individuals who are residents in certain public institutions to receive supplementary security income benefits. Referred to the Committee on Finance.

Mr. EAGLETON. Mr. President, I send to the desk for appropriate reference a bill to amend title XVI of the Social Security Act to remove the prohibition against supplementary security income payments to persons in public nursing and domiciliary facilities whose care is not, or could not be, covered by the State's medicaid program.

Section 1611(e) of the Social Security Act now makes ineligible for SSI payments all persons in public institutions with one exception; persons in public nursing homes whose care is covered by Medicaid may receive a reduced SSI payment of $25 per month for their personal expenses. The same provision for a reduced benefit applies to persons receiving Medicaid-covered care in private nursing facilities.

There are persons in my State, however, and presumably in other States, who are residents of public nursing or domiciliary facilities who are receiving only personal care or residential care as distinguished from nursing care. Under present law, these persons are ineligible for SSI payments although persons receiving the same type of care in private facilities are eligible.

I can find no reason to continue this discrimination against residents of public nursing and domiciliary facilities. The bill I am introducing today would eliminate it.

To put this matter in some perspective, the prohibition against public assistance payments to persons in public institutions is not unique to the SSI program but dates back to the original Social Security Act of 1935. That act prohibited the payment of old age assistance to persons in public institutions for essentially two reasons.

First, it was the hope of those who authored that legislation that cash assistance to the elderly poor would enable them to live independently in their own homes and avoid the indignity of spending their last days in public almshouses or county poorfarms. Second, care provided in such public institutions was, at that time, clearly recognized to be the responsibility of State or local governments. Therefore, it was determined that Federal old age assistance funds should not be used to relieve local governments of that responsibility.

Those two very legitimate reasons for banning public assistance payments to persons in public institutions in 1935 no longer exist today. Although enactment of the Social Security Act did have the effect of temporarily reducing institutionalization of the elderly and, in the process, of closing down public poorhouses, in the long run cash assistance has not eliminated the need for institutional care for the elderly. In fact, that need has increased over the years and a private nursing home industry has grown up to fill the need. Today, when counties, cities, or other units of local government provide nursing or domiciliary facilities for their elderly citizens they assume that function voluntarily and not as an inescapable responsibility.

In 1950 the Congress recognized these changed circumstances when it amended the Social Security Act to exempt from the prohibition persons in public "medical" institutions. The House committee report explained the reasons for the amendment:

> Your committee is of the opinion that aged persons should be able to receive State-Federal assistance payments while voluntarily residing in public medical institutions, including nursing and convalescent homes. In some communities, existing public facilities would then be enabled to admit old-age assistance recipients in need of long-term care who are now denied admission because of the financial burden that would be imposed on the local unit of government. Moreover, if State-Federal old-age assistance is payable to aged persons residing in public medical institutions, it is possible that many communities will develop additional facilities for chronically ill persons, and thereby assist in meeting the increasing need for such facilities by the aged population.

The SSI law, enacted in 1972, while conforming to the general thrust of the 1950 amendment, narrowed the eligibility of those in public medical institutions by confining it to persons receiving medicaid-covered nursing care. As a result, many elderly people in public nursing facilities in Missouri are being determined to be ineligible for SSI payments.

I believe the same considerations which led the Congress to make old age assistance payments available to persons in public medical institutions in the 1950's now argue for making SSI payments available to persons in public nursing and domiciliary facilities who are receiving personal or residential care.

In Missouri, we have what I understand may be a rather unique brand of public nursing home. In 1963, in response to the need for more and better nursing facilities in outstate Missouri, the legislature enacted a law providing for the creation of public nursing home districts for the purpose of establishing and operating nursing facilities. Today there are 22 nursing homes established by these public districts. Another eight districts have not been organized but have not yet purchased or constructed nursing facilities. Tax moneys raised by the nursing home district are used primarily for debt service and not for the operation of the home or to subsidize the care of individual residents. These are nonprofit homes which endeavor to provide high quality care at the lowest possible cost to their residents. In addition to the 22 district nursing homes, there are a roughly equivalent number of county nursing homes in Missouri.

In recent months, the Social Security Administration has identified these nursing homes as "public institutions" and the process is now underway by which persons in these homes receiving SSI payments will have those payments terminated. The obvious result will be a hardship to these elderly people and their families and serious curtailment of the ability of public nursing facilities to accept elderly persons who do not have the financial resources to pay for the cost of their care.

A very legitimate question to be asked in connection with the amendment I propose is whether it could in any way encourage the provision of substandard care. The answer to that question is "no."

First, section 1616(e) of the Social Security Act now provides that the Federal Government will not share, by means of SSI payments, in the cost of skilled nursing care or intermediate care when that care is provided in a facility that does not meet medicaid standards. My amendment does not circumvent that provision; rather it incorporates it in order to make clear that it will be applicable to public as well as to private facilities. This, of course, does not preclude the provision of nursing care in non-medicaid facilities; it simply means that financial assistance for such care must come from non-Federal funds.

Second, my amendment requires that those public facilities caring for SSI recipients must meet applicable State licensing standards or such higher standards with respect to safety and sanitation as may be required by the Secretary of Health, Education, and Welfare. This requirement guarantees that SSI funds will not be channeled into public facilities which constitute a hazard to the health and safety of their residents.

Mr. President, in summary, my amendment recognizes that public nursing and domiciliary facilities may provide care for elderly persons as good as—or better than—they would receive in private facilities. Its purpose is to guarantee that persons in nursing and domiciliary facilities, whether public or private, are treated equally under the SSI law.

I ask unanimous consent that the text of the bill be printed in the RECORD. Also, I ask unanimous consent that there be printed in the RECORD a letter to me from James B. Cardwell, Commissioner of Social Security, dated August 20, 1974, concerning the ruling that nursing homes established by public nursing home districts in Missouri are "public institutions."

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 4104

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1611(e)(1) of the Social Security Act is amended—

(1) in subparagraph (A) thereof, by striking out "subparagraph (B)" and insert-

ing in lieu thereof "subparagraphs (B) and (C)", and

(2) by adding at the end thereof the following new subparagraph:

"(C) The provisions of subparagraph (A) shall not be applicable to any individual who is a resident of an institution which is principally a skilled nursing facility, nursing home, intermediate care facility, or residential facility and which is not principally a hospital, sanatorium, rehabilitation center, correctional institution, or schools or training facility; except that the provisions of this subparagraph (C) shall not be applicable to any individual—

"(i) for any month with respect to which the provisions of subparagraph (B) are applicable to such individual,

"(ii) for any month throughout which such individual receives from such institution care which constitutes any medical or other type of remedial care for which payment could be made under a State plan approved under title XIX in an institution certified under such title, or

"(iii) during any period for which such institution fails to meet applicable requirements of State law with respect to licensing of institutions or applicable standards established by State law for the licensing of institutions, or, if the Secretary finds that such requirements or standards are inadequate, fails to meet such standards relating to safety and sanitation as the Secretary shall by regulations establish."

(b) The amendments made by subsection (a) shall become effective on the first day of the month following the month in which this Act is enacted.

Department of Health,
Education, and Welfare,
Baltimore, Md., August 30, 1974.

Hon. Thomas F. Eagleton,
U.S. Senate,
Washington, D.C.

Dear Senator Eagleton: This is in response to your inquiry concerning the decision to terminate supplemental security income payments to persons residing in nursing homes established by nursing home districts in Missouri.

As you know, the Social Security Act makes ineligible for supplemental security income payments persons who are inmates of a public institution. Section 416.231(b)(2) of the Code of Federal Regulations defines a public institution as "an institution that is the responsibility of a governmental unit, or over which a governmental unit exercises administrative control."

Administrative control of a facility means that a governmental unit (or its designated agent) through appointment or election selects the board members or top administrative level of the facility. The Regional Attorney in Kansas City has ruled that nursing homes in the State of Missouri which were organized and built under a statute providing for nursing home districts are clearly under administrative control of a governmental unit. The statute designates the districts as political subdivisions and for each district establishes a board of directors which appoints the administrator of the nursing home.

Although the nursing homes are not financed by taxes, the governmental unit exercises considerable fiscal control. The nursing home district board of directors approves the budget and exercises control of obligations. The fact that a governmental unit exercises control of financial matters is an indicator that the facilities are public institutions.

I appreciate your views and share your interest in seeing that eligible individuals receive all possible assistance under the supplemental security income program.

I hope this information will be helpful to you.

Sincerely yours,
James B. Caldwell,
Commissioner of Social Security.

By Mr. JACKSON (for himself and Mr. Fannin) (by request):

S. 4105. A bill to provide for establishment of the Father Marquette National Memorial in St. Ignace, Mich., and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, by request, I send to the desk on behalf of myself and the ranking minority member of the Interior Committee from Arizona (Mr. Fannin) a bill to provide for establishment of the Father Marquette National Memorial in St. Ignace, Mich., and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the executive communication accompanying the proposal from the Secretary of the Interior be printed in the Record at this point in my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Department
of the Interior,
Washington, D.C., September 25, 1974.

President pro tempore,
U.S. Senate,
Washington, D.C.

Dear Mr. President: Enclosed is a draft bill "To provide for establishment of the Father Marquette National Memorial in St. Ignace, Michigan, and for other purposes."

We recommend that this bill be referred to the appropriate committee and that it be enacted.

Public Law 89–187, enacted September 15, 1965, established the Father Marquette Tercentenary Commission. Section 2 of the Act provided—

". . . the Commission shall investigate, in cooperation with the Secretary of the Interior, the desirability and suitability of establishing a permanent national monument or memorial to commemorate the historical events associated with the life of Father Jacques Marquette in the New World. The Secretary of the Interior shall submit a report of such investigation to the President for transmittal to the Congress, together with any recommendations which the President may deem appropriate."

Pursuant to this mandate, the commission, on December 11, 1973, proposed establishment of the Father Marquette National Memorial at St. Ignace, Michigan.

Our proposal would authorize the Secretary of the Interior to designate the Father Marquette National Memorial following conclusion of an agreement between the Governor of the State of Michigan and the Secretary providing for the location, design, construction, and operation by the State of the memorial, and upon the Secretary's determination that the State has acquired sufficient lands to constitute an efficiently administrable memorial. The bill also would authorize the Secretary to assist in the development of the memorial following conclusion of the aforementioned agreement. For this purpose the bill would authorize appropriation of $500,000.

St. Ignace is an appropriate location for this memorial inasmuch as there Father Marquette established a mission in 1671, embarked on the historic exploration of the Mississippi River, in company with Louis Jolliet, in 1673, and was buried in 1678. The site of his grave and mission has been designated a National Historic Landmark. The proposed Father Marquette National Memorial would be funded jointly by the State of Michigan and the Federal Government, and would be owned, developed, and administered by the State as a state park. The cost of the memorial is expected to total approximately $2 million.

Enactment of the legislation will represent a fitting and meaningful step in commemorating the advent and history of Father Marquette in North America.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely yours,
Curtis Bohlen,
Acting Assistant Secretary of the Interior.

By Mr. STEVENS (for Mr. Cook):

S. 4107. A bill to establish the Red River Gorge National Park, Ky., to deauthorize the Red River Lake Project, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. STEVENS. Mr. President, on behalf of the distinguished Senator from Kentucky (Mr. Cook), I introduce a bill to establish the Red River National Park in Kentucky.

I ask unanimous consent that a statement prepared by Senator Cook, together with certain correspondence to which he refers in his statement, and the text of the bill be printed in the Record at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Cook

Mr. President, I send to the desk today legislation to create the Red River Gorge National Park, to deauthorize the proposed Red River Lake on the Red River in Powell County, Kentucky, and to authorize the study and development of potential water supply and local flood protection proposals. My primary purpose in introducing this legislation today is to put the Congress, the Corps of Engineers, and others, on notice so that they are aware of the tremendous support for this proposal in the Commonwealth of Kentucky, and so that all further deliberations on the lake proposal will take this fact into consideration.

The Red River Lake was authorized by the Congress in the Flood Control Act of 1962, on the Red River, a tributary of the Kentucky River. When the Red River Lake project was initially conceived, it was designed to accomplish three objectives: The development of a new recreational facility; the creation of a water storage system that would provide water supplies for 12 central Kentucky cities; and flood protection for the residents of Clay City and Stanton, Kentucky. After considerable study of this project, however, I can confidently assure my colleagues today that these three initial objectives of the project no longer provide sufficient justification to support the lake's construction.

There is no question that an objective of providing an adequate supply of water to serve twelve cities including the city of Lexington would weigh heavily in favor of the project's construction. However, earlier this year all twelve cities which originally expressed an interest in water supplies for their communities have indicate the project is not worth the cost to their governments. As these cities are no longer interested in participating in this aspect of the project, I submit additional studies of whatever future water needs, which would be required to relieve any drought equal to that of 1930, would be a more appropriate course to pursue at this time. As long as these cities feel no immediate need for water supplies from the lake, studies, as provided in my bill, can be conducted in a timely manner to develop proposals to meet future water supply needs.

There is no question that recreational facilities such as those planned in conjunction with Red River Lake are desirable. However, I believe the Red River Gorge already provides a recreational experience so unique and appealing that it should not be replaced by another standard recreational form. The miles of beautiful paths and the variety of plants and wildlife provide a recreational experience that is not duplicated anywhere in the world. Having recently completed several tours of the area, and a canoe trip down the river, I strongly believe this magnificent area should be left intact. More than one million people visited this area last year, and they did not need a lake to attract them. Certainly a lake would be necessary to draw additional families to enjoy what nature has created over the centuries.

Finally, the project was designed to provide flood protection to the communities of Clay City and Stanton. These communities have sustained extensive flood damage in the past, and I firmly believe it is essential that action be taken to prevent a recurrence of those disasters. It seems to me, however, that Clay City and Stanton, as well as the areas in the flood plain downstream, could and should be protected by a project limited to that objective, and one which would not result in the massive dislocation of families or the destruction of an incredible natural resource. The Red River Gorge is viewed as one of the truly unique sections of naturally free flowing river remaining in this country. Without a lake, the gorge offers Kentuckians and people throughout the Nation an opportunity to view a magnificent natural area in its wild state as it has existed since before Daniel Boone. The people of the Commonwealth have concluded that should the lake be constructed, our legacy in the Red River Gorge will be needlessly lost forever. My proposal, Mr. President, will preclude the destruction of this area, and at the same time provide for the study and development of alternative means of flood protection for Clay City and Stanton and other areas along the Red River.

I have spent a great deal of time and effort in the past working for the cancellation of the Red River Lake project. Briefly, I would like to recount several of these initiatives to allow my colleagues a better perspective of the issues at hand and an understanding of the project's status.

Only this past spring, at my urging, the Senate deleted the fiscal year 1975 appropriations for this project from the Senate's version of the Public Works Appropriations bill. Unfortunately, the funds for the Red River Lake were reinserted in conference committee over my strong objections, and the legislation appropriating $500,000 for continued construction of the project is now law.

A local citizens coalition has recently filed suit in the U.S. district court for the western District of Kentucky seeking to halt the Red River Lake project. Subsequently, the court has asked the Corps of Engineers to reexamine the project's environmental effects for a 60 day period and has provided a 30 day comment period for the plaintiffs to examine these further studies. This time period is due to expire at the end of November.

I have asked the General Accounting Office, in a letter dated 11 July 1974, to conduct a formal audit of the Red River Lake project because of my concern that the Environmental Impact Statement (EIS) filed by the corps with the Council on Environmental Quality (CEQ) on 3 July 1974 presents a grossly inaccurate assessment of the project's economic, social, and environmental impacts. The General Accounting Office is presently reviewing all the information relative to this project, and I have been assured that a final report will be available in several months. Mr. President, I am confident the findings of the GAO will substantiate the conclusion that Red River Lake is no longer justified.

On August 9, 1974, in a letter to Mr. Russell W. Peterson, chairman of the President's Council on Environmental Quality, I explained in some detail my arguments against the EIS for the Red River Lake project. This letter raised the issue of an inadequate assessment by the Corps of Engineers of the project's adverse environmental effects and requested the CEQ to ask for additional studies prior to their approval of the EIS.

I ask my colleagues to particularly note Mr. Peterson's comments which stress CEQ's belief that the "corps' final EIS on the Red River Dam and Lake leaves unanswered a number of issues which should have been properly addressed in that document."

I have provided this background of what has transpired relative to the proposed Red River Lake to stress not only my extreme interest in the project, but also that of a great many Kentuckians. We believe the project should be immediately canceled, but also that certain legitimate needs in the area should be met. We also believe we must have the foresight to act to save this grand canyon of the east; anything less would be shamefully neglectful and thoughtless.

Consequently, the legislation I introduce today is designed to accomplish these purposes: first, the bill would create the Red River Gorge National Park to preserve for the benefit, recreational use, enjoyment, inspiration, and scientific study, certain lands including the gorge of the Red River, together with unique natural arches and bridges, primitive forests, wilderness rivers and streams, and a rich diversity of botanical and wildlife species. The 25,663 acres designated 29 August 1974 as the Red River Gorge Geological Area would be transferred from the jurisdiction of the Forest Service of the U.S. Department of Agriculture to the sole and exclusive jurisdiction of the Secretary of the Department of the Interior.

The Secretary, under this bill, shall administer the recreation areas and conservation areas in a manner which will best afford (1) conservation of scenic, geological, scientific, historic and other values contributing to the public enjoyment; (2) protection of the area from degradation; (3) public outdoor recreation benefits; and (4) such management and utilization of renewable natural resources and the continuation of such existing uses and developments as will promote and are compatible with, or do not significantly impair, public recreation and conservation of the scenic, scientific, historic and other values.

Secondly, the bill would deauthorize the proposed Red River Lake as described in House Document No. 423, Eighty-Seventh Congress, second session, and prohibit any department or agency of the United States from assisting by loan, grant, license, or otherwise in the construction of any water resources project which the Secretary of Interior determines would have a direct and adverse effect on the values for which the Red River Gorge National Park is established under this act.

Thirdly, funds available by prior authorization and appropriations acts for the planning, acquisition, and construction of Red River Lake shall be available to the Secretary of the Army for the following two purposes: to study and develop alternative means of providing flood protection for Clay City, Stanton, and other areas along Red River for which the Red River Lake would provide flood protection; and to study and develop alternative sources of water supply in lieu of water supplies from Red River Lake. The Secretary is required to report his findings to these studies to the Congress no later than six months following the enactment of this Act.

Mr. President, I strongly urge the Senate to act quickly upon this bill so that—after many years of controversy and national attention and publicity—the Red River Gorge can be preserved, and through the establishment of a national park, the gorge can be enjoyed by this and future generations.

U.S. SENATE,
COMMITTEE ON COMMERCE,
Washington, D.C., July 11, 1974.

Hon. ELMER B. STAATS,
Comptroller General of the United States,
General Accounting Office, Washington, D.C.

DEAR MR. STAATS: It is my judgment having studied the feasibility of the proposed Red River Lake project in Kentucky on the Red River, a tributary of Kentucky River, at mile 42.3, and about 6 miles east of Stanton, Kentucky, that the Final Environmental Impact Statement transmitted by the Secretary of the Army to the Council on Environmental Quality July 3, 1974, presents a grossly inaccurate assessment of the project's economic, social and environmental impacts. As there is reason to believe substantial irregularities have been employed in the formulation of the cost-benefit analysis for the project, I believe ample justification exists for auditing Corps of Engineers' applied methods and procedures resulting in the questionable 1.7 to 1.0 ratio for the Red River Lake project.

The Corps of Engineers alleges at page 3 of the Environmental Impact Statement that the "total average annual benefits of $2,469,000 accrue from the project purposes in the following approximate percentages: general recreation, 40.9 percent; flood control, 46.8 percent; water supply, 5.8 percent; fish and wildlife recreation, 1.5 percent; and redevelopment, 5.0 percent."

However, in the Environmental Impact Statement under review by the Secretary of the Army only two weeks ago, the following percentages represented the total average annual benefits of the project: "general recreation, 43.5 percent; flood control, 41 percent; water supply, 7.5 percent; fish and wildlife recreational, 4 percent; and redevelopment, 4 percent." As no reasonable explanation of these most recent figures has been offered in the Impact Statement, I can only conclude no totally accurate figures have been associated with the project. Additionally, it appears any figures presented by the Corps of Engineers are managed in such a way as to suit the purposes of the corps.

I submit that the testimony presented by the Corps of Engineers to the Chairman of the Public Works Subcommittee of the Senate Appropriations Committee, Senator Stennis, illustrates the wanton disregard to adherence of strict procedures in formulating a cost-benefit analysis. The

Corps testimony reads as follows: "Any development of this type (Red River Lake) will result in alterations of existing environment. The net value of a project must be determined by weighing the overall benefits that will accrue from a project with the total costs or negative impacts. A problem arises in that many of these impacts relate to intangible values such as aesthetics or sociological impact. As these factors are subjective in nature and vary with each individual it is virtually impossible to measure them in quantitative terms." In the same testimony the Corps spokesman also states that ". . . Since no generally accepted technique is yet available for calculating the intrinsic value of environmental qualities and translating the findings to an economic value, the studies for the Red River project do not include such an evaluation."

The implicit conclusions from these statements are clear. If by its own admission the Corps of Engineers is not able to calculate the value of environmental qualities, an integral part of any water resource development project, the cost-benefit analysis cannot possibly be accurate. I further submit for what other purpose is an Environmental Impact Statement prepared if not to calculate environmental qualities.

Aside from the objectionable general conclusions presented in the Final Environmental Impact Statement, I cannot help but feel there is a necessity in investigating the contradictions in the benefits presented by the Corps to fully determine where the truth lies. The discharge of an audit by the General Accounting Office at the earliest possible date is essential in meeting this responsibility to the American people and the Commonwealth of Kentucky.

Sincerely yours,

MARLOW W. COOK,
U.S. Senator.

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, D.C., August 9, 1974.

RUSSELL W. PETERSON,
Chairman, Council on Environmental Quality, Washington, D.C.

DEAR MR. PETERSON: During the course of the past year, I have conducted an exhaustive study of the proposed Red River Lake Project in Kentucky on the Red River, a tributary of the Kentucky River, at mile 42.3, and about 6 miles east of Stanton, Kentucky. After a thorough review of the factors concerned, I have arrived at the conclusion that the Final Environmental Impact Statement transmitted by the Secretary of the Army to your office July 3, 1974, and published in the Federal Register July 12, 1974, presents a grossly inaccurate assessment of the project's economic, social, and environmental impacts. As there is reason to believe substantial irregularities have been employed in the formulation of the cost-benefit analysis for the project, it is my strong belief that ample justification exists for the Council on Environmental Quality to disapprove the Final Environmental Impact Statement for the Red River Lake.

The Corps of Engineers alleges at Page 3 of the Environmental Impact Statement that the "total average annual benefits of $2,469,000 accrue from the project purposes in the following approximate percentages: general recreation, 40.9 percent; flood control, 46.8 percent; water supply, 5.8 percent; fish and wildlife recreation, 1.5 percent; and redevelopment, 5.0 percent."

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My interest in the Red River Gorge has been a substantial and long standing one. On April 25, 1974, I testified before the Public Works Subcommittee of the Senate Appropriations Committee and on that date addressed the following remarks on the Red River Lake project: ". . . It is my firm conviction, after extensive reviews, a personal tour of the area, and interviews with many of the residents of the Red River Gorge, that the project should be immediately cancelled, and that no further funds should be appropriated for the project." As Exhibit One please find a copy of my remarks to the Subcommittee.

As you know, the Senate passed H.R. 15155, The Public Works for Water and Power Development and Atomic Energy Commission Appropriations Bill, 1975, on August 1, 1974, by a 78–17 vote. In adopting this legislation, no funds were included for further construction of the Red River Lake. However, on August 8, 1974, the House-Senate Conference Committee reinstated the House-approved appropriation of $500,000 for the project. House Report No. 93–1274 is attached as Exhibit II for your consideration. The action of the Conference Committee relative to Red River Lake is regrettable. Although construction may now continue for another year, I remain convinced there can be no question but that the Corps of Engineers has failed to consider the monumental adverse effects to the spectacularly scenic Red River Gorge should the Lake be constructed, and further submit the project's adverse environmental effects were not adequately raised or discussed in the EIS. The Gorge has been viewed for many years as one of the truly unique sections of the naturally free flowing river remaining in this country. Without a Lake, the Gorge offers Kentuckians and people throughout the Nation an opportunity to view a magnificent natural area in its wild state as it has existed since Daniel Boone. Should the Lake be constructed I maintain the essence of the Red River Gorge will be lost for future generations.

At page 27 of the Final Environmental Impact Statement it is reported ". . . about 964,000 visitors utilized the area in 1972," and at page 3 the Corps states "four recreation areas will be developed as part of this project. A total of 690 acres will be acquired for specific use recreation lands. These lands will be used to develop facilities to handle the projected 590,000 visitor days annually of water oriented recreation. This visitation is expected to increase to an ultimate level of 1,090,000 by the year 2030."

Simple mathematics will prove the unquestionable destructive impact this amount of visitation would inflict on the Gorge. The total annual visitation to the Gorge projected by the Corps of Engineers if the Lake is constructed equals 1,590,000. In a 365 day year, an average of 4,356 people would visit the Gorge every day. With an average of 10 hours of daylight per day, 435 people would visit the area every hour. Averaging 3 people per car, some 145 cars would travel to the area per hour, equaling almost 3 cars per minute or 1 car every 20 seconds. I submit that with this tremendous amount of visitation, the Red River Gorge cannot survive another 25 years! It appears that omission of this consideration could well render the EIS inadequate.

On July 30, 1973, in accordance with Section 102 (2) (C) of Public Law 91–190, the U.S. Forest Service submitted to your office its Environmental Statement for Red River Gorge Unit-12. In this statement the Forest Service proposes that approximately 25,663 acres of the Red River Gorge Unit in the Daniel Boone National Forest be managed under the authority in Title 36 CFR 251.22, as the Red River Gorge Geological Area; and that approximately 16,360 acres be managed for multiple resource benefits of timber, wildlife, recreation, water and minerals; and, that the unit be managed in accordance with the unit plan, as detailed in the Appendix.

At page 12 of the Forest Service's Management Plan for the Red River Gorge Unit, the Forest Service emphasizes: "the Area will be managed for recreational use, watershed protection and wildlife management substantially in its natural condition. Emphasis will be upon controlled dispersed recreational use. Recreation utilization will be pointed toward primitive-level experience. Aggressive fire protection, application of road and trail construction standards and protection from pollution will be the main components of watershed protection. Wildlife management will be directed to maintenance of a broad range of game and nongame species, with special emphasis on viewing wildlife." At page 24 of the Plan, the Forest Service stresses the following impacts of the Plan: "preserve the Gorge; preserve the ecology of the area, even to restricting the use of many areas to the public; allow no developments below cliff line, and more specifically, upstream from the steel bridge; and, make unique scenic and scientific features available for public use and enjoyment."

The U.S. Forest Service, in its foresight, has devised a plan to protect the Red River Gorge from being overrun and totally destroyed in the future. However, should the lake be constructed and attract 590,000 visitors in addition to the 1,000,000 people presently drawn to the area, the essence of the scenic area will be lost. I submit, therefore, that Forest Service's plan should be inaugurated in a timely fashion to protect the Gorge, while at the same time, the Corps of Engineers' plan to construct a Lake in the Gorge be cancelled. What the people of the Commonwealth of Kentucky desire is protection of the Gorge. The Forest Service has such a plan. This plan alone must be the only alternative for the Red River Gorge. As the Red River Gorge attracts numerous visitors yearly without a lake, justifying a lake at nearly 50% of the benefits for recreational values is the height of folly in light of the presently existing situation.

I further submit that testimony presented by the Corps of Engineers to Chairman John Stennis of the Public Works Subcommittee of the Senate Appropriations Committee not only illustrates the wanton disregard to adherence of strict procedure in formulating a cohesive plan to protect the environment of the Gorge, but also highlights the argument of instituting only the Forest Service's Management plan. The Corps spokesman states that ". . . it must be acknowledged that there is generally no accepted technique available for evaluating the intangible values of environmental quality and aesthetics."

In this same testimony in response to a question from Chairman Stennis asking if the impacts of this project have been considered and the social cost for losses of a natural area been taken in account in the development of this project, the same spokesman stated: "Any development of this type will result in alterations of existing environment. The net value of a project must be determined by weighing the overall benefits that will accrue from a project with the total costs or negative impacts. A problem arises in that many of these impacts relate to intangible values such as aesthetics or sociological impact. As these factors are subjective in nature and vary with each individual it is virtually impossible to measure them in quantitative terms." The spokesman further states that ". . . since no generally accepted technique is yet available for calculating the intrinsic value of the environmental qualities and translating the findings to an economic value, the studies for the Red River project do not include such an evaluation." This testimony is attached as Exhibit Three.

The implicit conclusions from these statements are clear. By its own admission the Corps of Engineers is not able to calculate the value of environmental qualities, an integral part of any water resource development project, the input of cost-benefit analysis cannot possibly be accurate. I further submit a very basic question for consideration—for what other purpose is an Environmental Impact Statement prepared if not to calculate environmental qualities? Corps spokesmen have asked, "How much is the natural environment of the Gorge worth in dollars?" The best answer might be: "Build another Red River from scratch and duplicate its unique ecosystem. Whatever the cost is, that is how much I believe the natural Red River is worth."

By virtue of the above remarks, the Corps of Engineers may be violating Section 102 (2) (b) of the National Environmental Policy Act, 42 U.S.C. 4332(2)(b) which requires the Corps to "identify and develop methods and procedures . . . which will insure that presently unquantified environmental amenities and values may be given appropriate consideration in decision-making along with economic and technical considerations." By Section 101(b) of NEPA, 42 U.S.C. 4331 (b) the Corps is required to "use all practical means, consistent with other essential considerations of national policy, to improve and coordinate Federal plans, functions, programs, and resources to the end that the Nation may—(3) attain the widest range of beneficial uses of the environment without degradation, risk to health or safety, or other undesirable and unintended consequences."

I do not believe, and I trust you will agree, that all "practical" means have been considered by the Corps to protect the environment of the Red River Gorge. Consequently, I was prompted on July 11, 1974, to request that Elmer Staats conduct a formal audit of the entire project. A copy of this request is Exhibit Four.

The Corps of Engineers alleges in the EIS and other written reports and oral statements that flood control is one of the purposes for going forward with this project. The dam costing some $32,000,000 (July 1973 prices) would provide protection for Clay City (population 974) and Stanton (population 2,037). The EIS states "the proposed improvements in the Kentucky River Basin are part of a comprehensive plan to provide flood control and allied purposes both within the Kentucky River Basin and along the mainstream of the Ohio River.

While I remain sympathetic with the legitimate concerns of the residents in the Gorge area that local flood control be provided, the Flood Disaster Protection Act of 1973 (Public Law 93-234), although not a panacea to all of the ill effects of flooding, represents a major breakthrough toward flood-plain protection and disaster relief. The Department of Housing and Urban Development has identified 231 areas in Kentucky as being prone to flooding. This list of areas in Kentucky is attached as Exhibit Five. As you know, property owners in these areas must purchase flood insurance to be eligible for any new or additional federally related financial assistance for any buildings located in areas identified as having special flood hazards. All identified flood or mudslide prone communities and counties must enter the program by July 1, 1975. Powell County and the cities of Clay City and Stanton are listed by HUD as having special flood or mudslide hazards. Consequently, I believe the Flood Disaster Protection Act of 1973 is an economic tool for preventing future incompatible development in flood-prone areas as well as for compensating losses due to flooding.

In passing Public Law 93-234, Congress believed "it is in the public interest for persons already living in flood prone areas to have both an opportunity to purchase flood insurance and access to more adequate limits of coverage, so that they will be indemnified for their losses in the event of future flood disasters" This program in the Department of HUD insures protection in the event of floods. This form of protection is certainly less expensive than the construction of a $32,000,000 structure which will perform the same function.

With regard to this flood insurance program, the Corps admits it should reduce the need for large flood protection projects in the future. However, they are quick to say it does not adequately address the needs of existing development on flood-prone lands. To this argument I would ask whether this country can realistically afford to dam every river, stream and creek which occasionally floods and occasionally causes economic loss?

I maintain that if the Congress is to provide protection supplemental to the protection provided by P.L. 93-234, less costly measures should be considered. For example, two local protection projects were evaluated for Clay City, consisting of a levee and combination of channel diversion and levee. The first plan was determined to have an economic ratio of 0.37 to 1.0 and the second plan a ratio of 0.66 to 1.0. Although this indicates that a local protection project would not be a favorable economic investment, it would be far less costly, and a much more reasonable means of providing that protection. It should not be given less intensive treatment in the EIS because there may be less of a potential for its construction.

In addition, I call to your attention section 73 (a) of the recently enacted Water Resources Development Act of 1973 (Public Law 93-251) which states that ". . . In the survey, planning, or design by any Federal agency of any project involving flood protection, consideration shall be given to nonstructural alternatives to prevent or reduce flood damages including, but not limited to, flood-proofing of structures, flood plan regulation, acquisition of floodplain lands for recreational, fish and wildlife, and other public purposes; and relocation with a view toward formulating the most economically, socially, and environmentally acceptable means of reducing or preventing flood damages." I believe these alternative measures have not been adequately addressed by the Corps in their EIS, and I further believe that the Corps began their plans at Red River Gorge with a preconceived plan to construct a lake, and only perfunctorily considered the alternate measures to satisfy the requirements of NEPA. If the Federal Government is at all concerned with sound economics, alternatives to construction of the proposed dam should be more adequately studied. We should focus solely on the objective of providing flood protection to Clay City and not continue to hold Clay City's safety hostage to the major undertaking of the Red River Dam.

I also believe the provisions of the Endangered Species Act of 1973, Public Law 93-205, have not been complied with during consideration of the Corps' plans to build the Lake. P.L. 93-205 in Section 2(b) states "the purposes of this Act are to provide means whereby the ecosystems upon which endangered species and threatened species depend may be conserved, to provide a program for the conservation of such endangered species and threatened species, and to take such steps as may be appropriate to achieve the purposes of the treaties and conventions set forth in subsection (a) of this section." Section 2 (c) states that "it is further declared to be the policy of Congress that all Federal departments and agencies shall seek to conserve endangered species and threatened species and shall utilize their authorities in furtherance of the purposes of this Act."

These provisions have been blatantly ignored by the Corps of Engineers. "The EIS at pages 17 and 18 addressed endangered and rare species. It states "there are five species noted in a 'Preliminary Survey of the vacular Flora of the Red River Gorge of Kentucky' whose distribution within the state is confined to the Gorge. One of these species, a rare indigenous goldenrod is known to occur nowhere else in the United States except Powell and Menifee Counties. . . . The other two species . . . are found on the lower slopes and streambank. These two species may be affected by the project; however, as their location with respect to pool levels is not precisely known, the project's impact on them cannot be determined." If the Corps admits "these species may be affected by the project" the provisions of P.L. 93-205 must preclude their being threatened or endangered.

The last objective of the proposed project is to provide a water storage facility to serve central Kentucky, including Lexington and twelve other cities. Despite the fact that all of the cities involved have indicated the project is not worth the cost to their governments, the Corps maintain 5.8 percent of the benefits of the project are derived from water storage.

Lexington Mayor H. Foster Pettit, in a statement last fall, explained his reasoning for not having the City of Lexington participate in the water program storage. He stated: "I have received a letter last month from the Corps of Engineers which states that the Red River Lake would provide the necessary augmentation of flows in the Kentucky River for a 1930 type drought only until the year 2010. And, thereafter, because of increased population and water usage, the cities which depend on the Kentucky River for water supply would be forced to look for an additional source in times of extreme drought. Even if the construction of the Red River Dam were to proceed quickly, it is unlikely that it could be completed before 1980. Consequently, the creation of the Red River Lake would provide a guaranteed source of water for Lexington equal to the need of a 1930 drought for a period of not more than 30 years. This is particularly disturbing when the unique character of the Red River Gorge which will be substantially damaged by the creation of the Dam is considered. This trade off alone causes me to believe that the Dam should not be constructed. I therefore believe that another more permanent solution to the key problem of water supply must be sought." I include the full text of Mayor Pettit's remarks as Exhibit Six. I agree with Mayor Pettit's remarks, and believe the alternatives discussed at pages 61-62 of the EIS are potentially more advantageous than the proposed water storage plans of the Corps of Engineers.

In conclusion, I submit the EIS does not sufficiently address all the environmental facts. Responsible discussion of scientific opinion suggesting opposing alternatives or views have not been presented or discussed. At this time independent experts are preparing widely divergent conclusions which differ significantly with those submitted by the Corps. This information is essential to the assessment of a significant environmental threat and should be considered before the EIS can be found adequate. The Council on Environmental Quality should not pass judgment until all this information is completed and submitted. The damage from failure to consider this information in its entirety will result in the loss of objective choices between alternatives. To act now without complete data would initiate an irrevocable process which might be despised for generations to come.

Sincerely yours,

MARLOW W. COOK,
U.S. Senator.

EXECUTIVE OFFICE
OF THE PRESIDENT,
Washington, D.C., September 4, 1974.

Hon. MARLOW W. COOK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR COOK: I would like to thank you for your letter of August 9, 1974 in which you provided the Council with extensive and comprehensive comments on the Corps of Engineers' proposed Red River Lake Project in Kentucky. As I am sure you are aware, the Council has received a large volume of correspondence regarding the Red River Project, and much of this correspondence has contained information which we have found to be helpful in our evaluation of the environmental impact statement.

We believe that the Corps' final environmental impact statement on the Red River Dam and Lake leaves unanswered a number of issues which should have been properly addressed in that document. These include a more precise discussion of the impact of the project on the unique resources of the Gorge, including those plant and animal species that are rare and endangered; a full exploration of the secondary (development) impacts which will be stimulated by the construction of the lake; and a more careful consideration of structural and nonstructural alternatives to the multi-purpose dam and lake. In addition to these issues, we believe that the project's benefit-cost ratio deserves a more careful analysis, especially with regard to estimated recreational benefits.

The Council has raised these points with the Secretary of the Army in a letter dated August 12, 1974 (enclosed). We have also asked that the Corps of Engineers refrain from taking administrative action on the Red River project until these issues are resolved.

We understand that a local citizens coalition has filed suit in the U.S. District Court for the Western District of Kentucky, seeking to have the Red River Project halted on those NEPA issues that are raised in your comments and in our letter to the Army. This case has been delayed in order to allow the Corps an opportunity to study these issues and to formulate an appropriate response.

We hope that the Corps of Engineers' reevaluation of its proposed Red River Project will result in a solution that will meet the legitimate flood control needs of the area and preserve the natural beauty of the Red River Gorge.

The Council will continue to follow the Red River Project, and we will be happy to share with you any new developments as they occur.

Sincerely,

RUSSELL W. PETERSON,
Chairman.

S. 4107

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Red River Gorge National Park Act of 1974".

SEC. 2. (a) In order to preserve for the benefit, enjoyment, recreational use, inspiration and scientific study of present and future generations certain lands in the State of Kentucky, including the gorge of the Red River, together with unique stone arches and natural bridges, unspoiled forests, wild streams, a rich diversity of botanical and wildlife species, and other geological and scenic wonders, lands referred to in subsection (b) of this section are hereby established as the "Red River Gorge National Park" (hereinafter referred to as the "park").

(b) Lands owned by the United States, administered as a part of the Daniel Boone National Forest by the Forest Service, United States Department of Agriculture, within the area designated August 29, 1974, as the Red River Gorge Geological Area under title 36, Code of Federal Regulations 294.1, together with any other Federal lands within such Area, are hereby transferred from the jurisdiction of the Department of Agriculture, and from other Federal agencies having jurisdiction over any such lands, to the sole and exclusive jurisdiction of the Secretary of the Interior for the purposes of this Act.

(c) The Secretary of the Interior shall administer the park in accordance with the provisions of the Act of August 25, 1916 (39 Stat. 535) in a manner which will best afford (1) preservation and conservation of scenic, geological, scientific, botanical, wildlife, historic and other values contributing to the public enjoyment; (2) protection of the Area from degradation; (3) public outdoor recreation benefits; and (4) such management and utilization of renewable natural resources, and the continuation of such existing uses and development, as will promote and be compatible with the preservation and conservation of the aforementioned values.

SEC. 3. Notwithstanding the provisions of the Flood Control Act of 1962, as amended, or any other law, the authorized plan for flood control and other purposes for the Kentucky River and tributaries, Kentucky, as described in House Document Numbered 423, Eighty-seventh Congress, second session, is hereby modified by deauthorizing the Red River Lake project, Red River, Kentucky, in recognition of the environmental concerns and values expressed by the people of the State and Nation concerning the preservation of Red River Gorge, the natural stream, and adjacent areas.

SEC. 4. (a) The Secretary of the Army, in cooperation with other Federal agencies, is directed to utilize the unexpended balances of any funds authorized and appropriated for planning, acquisition, and construction of Red River Lake to study and develop (1) alternative means of flood protection for Clay City and Stanton and other areas along Red River, Kentucky, and (2) alternative sources of water supply in lieu of water supply from the proposed Red River Lake.

(b) The Secretary of the Army shall report to the Congress his findings, conclusions, and recommendations with respect to the alternatives described under subsection (a) no later than six months following the date of the enactment of this Act.

SEC. 5. Notwithstanding any other provision of law, or any authorization heretofore given pursuant to law, no department or agency of the United States shall construct, or assist by loan, grant, license, or otherwise the construction of, any water resources project which the Secretary of the Interior determines would have a direct and adverse effect on the values and purposes for which the park is established under section 2 of this Act.

SEC. 6. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

By Mr. BROCK:

S. 4110. A bill to amend title 10, United States Code, to establish armed forces engineering and technology academies, to provide qualified and specially trained personnel for the Armed Forces by authorizing the establishment of a Reserve Enlisted Training Corps and by authorizing a special scholarship program under which persons would receive education and training in critical specialties needed by the Armed Forces, and to amend chapter 34 of title 38, United States Code, to authorize tuition assistance payments to eligible veterans pursuing a course of education or training under such chapter. Referred to the Committee on Armed Services.

MAINTAINING THE MOMENTUM OF THE ALL-VOLUNTEER ARMED FORCE

Mr. BROCK. Mr. President, I believe that if this great country is to succeed in its quest for an All-Volunteer Armed Force of nearly 3 million Americans—active and reserve—then the time has come for an objective and realistic reappraisal of the manpower requirements of our Volunteer Armed Forces.

It may be argued by some that such a reappraisal is not necessary at this time, since the AVAF is only a year old. However, we must remember that no country in the world has ever attempted to create a volunteer armed force on such a magnitude as ours. Therefore, with no precedents to guide us, it is only through continuous objective and realistic reevaluations that we will be able to sustain and improve our present volunteer system.

The manpower requirements of our Volunteer Armed Forces stem from two major areas: Quantitative needs and qualitative needs. While there is some difference of opinion, most officials tend to agree that the quantitative manpower requirements of our All-Volunteer Armed Force can probably be met in the long run.

On the issue of qualitative manpower requirements, the immediate outlook, as well as for the future, is open to question. Yet, in today's world of sophisticated weaponry, it is qualitative manpower, more so than quantitative manpower, that is the primary scale to be used in weighing the success, or failure, of an All-Volunteer Armed Force.

The critical question for us here today is whether or not our present recruiting programs can meet the qualitative, as well as the quantitative, manpower needs of the future. I submit that question has not been answered.

Even in the short-lived history of the All-Volunteer Armed Force in this country, definite trends have already emerged with respect to the "quality" of volunteers. Martin Binkin and John Johnston, in their report for the Armed Services Committee, entitled "All-Volunteer

Armed Forces: Progress, Problems, and Prospects," reported the following:

> The quality of volunteers, as measured by the Armed Forces Qualification Test (AFQT) has generally improved since fiscal year 1970. There has been a steady but modest decline in enlistees with above average AFQT scores, a moderate increase in those with average scores, and—of most importance—a steady decrease in enlistees with below average scores.
>
> As measured by educational attainment, however, modest declines in proportions of Army and Navy enlistees that had completed high school were experienced in fiscal 1973, principally because of large accession needs. Among "true" volunteers—those freely choosing military service and not influenced by the draft—the proportion of Army high school graduates dropped from almost 60 percent in fiscal 1972 to under 50 percent early in fiscal 1973.

While neither of these indicators, standardized test scores or levels of education, directly relate to job performance, they are significant in one respect—that is, they both indicate a deficiency in the number of volunteers with "above average" intelligence. It is these "above average" volunteers that are needed to fill the "qualitative" manpower requirements of our volunteer system.

Certainly it is encouraging that there is a decrease in the number of below-average scores among enlistees, but the decrease in above-average scores is equally discouraging. These are the men and women most readily trained to become the highly qualified technician needed to maintain the proper maintenance and functioning of the sophisticated weaponry and support equipment of our age.

It is a waste of the taxpayers' money to spend billions of dollars on research and development of new weapons, if we are unwilling to establish programs to meet the "qualitative" manpower requirements necessary to operate this weaponry.

Furthermore, "qualitative" recruits are needed to fill key leadership positions. The new infantry tactics place even more responsibility on today's combat leader. The new theme, "follow me, do as I do," can only be properly executed by a "qualitative" leader who knows exactly what he is doing.

The emerging trends indicate that the present recruiting programs will probably be unable to fill the necessary quota of "qualitative" volunteers. What is needed are new programs, programs which would recruit better educated, technically qualified, civilian trained Americans to help fill the void in "qualitative" manpower requirements.

So there is no misunderstanding of my intentions, however, let me first say that these remarks are in no way meant to downgrade the existing volunteer system. The All Volunteer Armed Force is, and can continue to be, a viable and practical alternative to the bonds of conscription. However, we must not let ourselves be lured into a false sense of security. In any program, especially one of this nature, there is always room for improvement.

So it is today, in this vein, that I introduce a bill creating programs and incentives which will provide additional motivation for high-caliber, prospective enlistees.

Since the All Volunteer Forces Quality and Incentive Act of 1974 is both lengthy and complicated, I would like to briefly highlight the important aspects of this significant proposal.

Title I of the bill would establish technical service academies for enlisted men. Essentially, these would be 2-year junior colleges for leadership and technical training, patterned after our present service academies for officers. Nominations and appointments to these technical service academies would be made, as nearly as possible, in the same manner as appointments are made to present military academies.

While attending an academy, a student would be eligible for pay benefits, which would increase according to the number of months spent at the academy. During his second or senior year, a student would receive one-half the amount of the pay grade E–3.

Fields of study would include electronics, aviation mechanics, nuclear energy, space sciences, marine engineering, and any other field as determined by the needs of the military department concerned.

Upon graduation from the academy as E–4's, trainees would then serve a 4-year active duty obligation.

Title II of the bill calls for the establishment of a Reserve Enlisted Training Corps—RETC—at selected existing vocational institutions, enabling graduates of these schools to enter the Armed Forces at higher enlisted grades. The RETC program, which is designed as a parallel to the ROTC program, would offer enlistment incentives in the form of payments of $75 per month to each student enrolled in the program.

Furthermore, full tuition scholarships would be available for students demonstrating outstanding leadership and learning potential. Upon graduation, students under the regular RETC program would serve an active duty obligation of 2 years, while students participating in the scholarship program would serve 4 years on active duty.

The RETC program is designed to produce technically trained men of the kind and quality needed by specialized units of the Armed Forces.

Title III would establish the Armed Forces critical speciality scholarship program. This program would essentially be an expansion of the current Armed Forces health professions scholarship program to include critical skills other than in the health professions. This program would be "open" for any area deemed critical by the Secretary of Defense, with both enlisted men and officers being eligible for participation.

Title IV would increase the present GI bill to include tuition costs, as computed on a national average. Participants in this program would earn one "academic" year for each year served on active duty, with a maximum of 4 academic years per participant.

In conclusion, let me reemphasize that the present recruiting programs are not fulfilling the necessary "qualitative" manpower quotas. The future success of an all volunteer armed force depends on our willingness to take innovative actions as problems arise. The bill I introduce today is an attempt to take a significant and legitimate step in filling the "qualitative" gap in our all volunteer Armed Force.

I ask unanimous consent that the bill be printed in full in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 4110

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "All Volunteer Armed Forces Quality and Incentive Act of 1974".

TITLE I—ARMED FORCES ENGINEERING AND TECHNOLOGY ACADEMIES

SEC. 101. (a) part III of subtitle A of title 10, United States Code, is amended by adding at the end thereof a new chapter as follows:

"Chapter 106.—Armed Forces Engineering and Technology Academies

"Sec.
"2150. Establishment of engineering and technology academies.
"2151. Command and supervision.
"2152. Students: appointment.
"2153. Students: requirement for admission.
"2154. Students: agreement to serve for four years.
"2155. Students: organization; service; instruction.
"2156. Students: clothing and equipment.
"2157. Students: deficiencies in conduct of studies; effect of failure on successor.
"2158. Pay.
"2159. Enlisted grade upon graduation.

"§ 2150. Establishment of engineering and technology academies

"(a) The Secretary of each military department shall establish, at such location as the Secretary concerned deems appropriate, an engineering and technology academy at which persons shall receive highly skilled training in the technical fields necessary to the military department concerned, including, but not limited to, the fields of electronics, aviation mechanics, nuclear energy, space sciences, and marine engineering. The organization of each academy shall be prescribed by the Secretary of the military department concerned.

"(b) Persons appointed to such academies shall be graduated at the end of two years and shall be awarded an appropriate degree which shall be the equivalent of a junior college degree.

"(c) There shall be a Superintendent and a Commandant of Students at each academy detailed to these positions by the President.

"(d) The permanent professors of each academy shall be appointed by the President by and with the advice and consent of the Senate.

"(e) The Secretary concerned may prescribe the titles of the departments of instruction and the professors of the engineering and technology academy under his jurisdiction. However, the change of the title of a department or officer does not affect the status, rank, or eligibility for promotion or retirement of, or otherwise prejudice, a professor of such academy.

"§ 2151. Command and supervision

"The immediate government of an engineering and technology academy is under the Superintendent, who is also the commanding officer of such academy and of the military post on which such academy is situated.

"§ 2152. Students: appointment

"(a) There shall be enrolled each year such number of students in each academy established under this chapter as may be prescribed by the Secretary of Defense, subject to such limitations as may be hereinafter prescribed by the Congress.

"(b) Nominations and appointments to each academy shall be made as nearly as possible in the same manner as appointments are made to the military academies under chapters 403, 603, and 903, respectively. The Secretary of Defense shall prescribe the manner in which nominations and appointments shall be made.

"§ 2153. Students: requirement for admission

"(a) To be eligible for admission to an engineering and technology academy a person must be at least seventeen years of age and must not have passed his twenty-fifth birthday on July 1 of the year in which he enters an academy.

"(b) A person must meet such physical and mental requirements as the Secretary concerned may require.

"§ 2154. Students: agreement to serve for four years

"(a) Each person who is a citizen or national of the United States shall sign an agreement that, unless sooner separated, he will—

"(1) complete the course of training at the academy to which he is appointed; and

"(2) enlist in the Army, Navy, or Air Force, as appropriate, for at least four years immediately after graduation.

If the student is a minor and has parents or a guardian, he may sign the agreement only with the consent of the parents or guardian.

"(b) A student who does not fulfill his agreement under subsection (a) may be transferred by the Secretary concerned to the Reserve of the military department concerned in an appropriate enlisted grade and, notwithstanding section 651 of this title, may be ordered to active duty to serve in that grade for such period of time as the Secretary prescribes but not for more than four years.

"§ 255. Students: organization; service; instruction

"(a) A student shall perform duties at such places and of such type as the President may direct.

"(b) The course of instruction at any engineering and technology academy is two years.

"(c) The Secretary concerned shall so arrange the course of studies at an engineering and technology academy that students are not required to pursue their studies on Sunday.

"(d) Students shall be trained in the duties of members of the branch of the armed forces of which the academy they attend is a part.

"§ 256. Students: clothing and equipment

"(a) The Secretary concerned may prescribe the amount to be credited to a student, upon original admission to an academy, for the cost of his initial issue of clothing and equipment. That amount shall be deducted from his pay. If a student is discharged before graduation while owing the United States for pay advanced for the purchase of required clothing and equipment, he shall turn in so much of his clothing and equipment of a distinctive military nature as is necessary to repay the amount advanced. If the value of the clothing and equipment turned in does not cover the amount owed, the indebtedness shall be canceled.

"(b) Under such regulations as the Secretary concerned may prescribe, uniforms and equipment shall be furnished to a student at an academy upon his request.

"§ 257. Students: deficiencies in conduct or studies; effect of failure on successor

"(a) A student who is reported as deficient in conduct or studies and recommended to be discharged from an academy may not, unless recommended by the Secretary concerned, be returned or reappointed to such academy.

"(b) Any student who fails to pass a required examination because he is deficient in any one subject of instruction is entitled to a reexamination of equal scope and difficulty in that subject, if he applies in writing to the Superintendent within ten days after he is officially notified of his failure. The reexamination shall be held within sixty days after the date of his application. If the student passes the reexamination and is otherwise qualified, he shall be readmitted to the academy. If he fails, he may not have another examination.

"(c) The failure of a member of a graduating class to complete the course with his class does not delay the admission of his successor.

"§ 258. Pay

"(a) During the first three months of his training, a student is entitled to pay in an amount equal to one-half the amount that a member of the armed forces in the grade of E–1 (less than two years' service) is entitled.

"(b) From the fourth to the twelfth month, a student is entitled to pay in an amount equal to one-half the amount that a member of the armed forces in the grade of E–2 (less than two years' service) is entitled.

"(c) During the second year of his training, a student is entitled to pay in an amount equal to one-half the amount that a member of the armed forces in the grade of E–3 (less than 2 years' service) is entitled.

"259. Enlisted grade upon graduation

"After graduation from an engineering or technology academy and enlisting in the armed forces a person shall be entitled to the grade of E–4."

Sec. 102. Section 802 (article 2) of title 10, United States Code, is amended by adding at the end thereof a new paragraph as follows:

"(13) Students of an engineering and technology academy established under chapter 106 of this title."

Sec. 103. Section 101(21)(D) of title 38, United States Code, is amended by striking out the semicolon before "and" and inserting in lieu thereof a comma and the following: "or as a student at an engineering and technology academy established under chapter 106 of title 10;".

TITLE II—RESERVE ENLISTED TRAINING CORPS

Sec. 201. Part III of Subtitle A of title 10, United States Code, as amended by title I of this Act is amended by adding at the end thereof a new chapter as follows:

"Chapter 107.—Reserve Enlisted Training Corp

"Sec.
"2161. Definititons.
"2162. Establishment.
"2163. Eligibility for membership; monthly payment.
"2164. Failure to complete program or to enlist.
"2165. Financial assistance program for specially selected students.
"2166. Waiver of training; delay in starting obligated service; release from program.
"2167. Field training; practice cruises.
"2168. Logistical support.
"2169. Personnel: administrators and instructors.

"§ 2161. Definitions

"In this chapter—

"(1) 'program' means the Reserve Enlisted Training Corps of an armed force; and

"(2) 'member of the program' means a student who is enrolled in the Reserve Enlisted Training Corps of an armed force.

"§ 2162. Establishment

"(a) For the purpose of preparing selected students for enlisted service to the Army, Navy, Air Force, or Marine Corps, the Secretary of each military department, under regulations prescribed by the President, may establish and maintain a Reserve Enlisted Taining Corps program, organized into one or more units, at any junior college which offers technical training of the kind and quality needed by specialized members of the Armed Forces.

"(b) No unit may be established or maintained at an institution unless—

"(1) the senior commissioned officer of the armed force concerned who is assigned to the program at that institution is given the academic rank of professor;

"(2) the institution fulfills the terms of its agreement with the Secretary of the military department concerned; and

"(3) the institution adopts, as a part of its curriculum, a two-year course of military instruction which the Secretary of the military department concerned prescribes and conducts.

§ 2163. Eligibilty for membership; monthly payment

"(a) To be eligible for membership in the program a person must be a student at an institution where a unit of the program is established; however, a student at an institution that does not have a unit of the Corps is eligible, if otherwise qualified, to be a member of a unit at another institution if the course of training at the institution which he is attending has been approved by the Secretary concerned. A person must also—

"(1) be a citizen of the United States;

"(2) be selected under procedures prescribed by the Secretary of the military department concerned;

"(3) enlist in a Reserve component of an armed force under the jurisdiction of the Secretary of the military department concerned for the period prescribed by the Secretary;

"(4) contract, with the consent of his parent or guardian if he is a minor, with the Secretary of the military department concerned, or his designated representative, to serve for the period required by the program;

"(5) agree in writing to serve on active duty in the Armed Forces for two or more years; and

"(6) complete successfully—

"(A) the two-year Reserve Enlisted Training Corps course; and

"(B) field training or a practice cruise of not less than six weeks' duration which the Secretary concerned may require.

"(b) A member of the program shall be paid $75 per month each month he is a member of the program.

"(c) This section does not apply to a military trainee under section 2165.

"§ 2164. Failure to complete program or to enlist

"A member of the program who does not complete the course of instruction, or who completes the course but declines to enlist if requested by the Secretary of the military department concerned, may be ordered to active duty by the Secretary of such military department to serve in his enlisted grade or rating for such period of time as the

Secretary prescribes but not for more than two years.

"§ 2165. Financial assistance program for specially selected students

"(a) The Secretary of the military department concerned may appoint any person as a military trainee in the Reserve of an armed force under his jurisdiction.

"(b) To be eligible for appointment as a military trainee under this section a person must—

"(1) be a citizen of the United States;

"(2) be specially selected for the financial assistance program under procedures prescribed by the Secretary of the military department concerned;

"(3) enlist in the reserve component of the armed force in which he is appointed as a military trainee for the period prescribed by the Secretary of the military department concerned;

"(4) contract, with the consent of his parent or guardian if he is a minor, with the Secretary of the military department concerned, or his designated representative, to serve for the period required by the program; and

"(5) agree in writing that he will serve in the armed forces for four or more years.

"(c) The Secretary of the military department concerned may provide for the payment of all expenses in his department of administering the financial assistance program under this section, including tuition, fees, books, and laboratory expenses. At least 50 percent of the military trainees appointed under this section must qualify for in-State tuition rates at their respective institutions and will receive tuition benefits at that rate. A military trainee shall be paid $75 per month each month he is a member of the program.

"(d) A military trainee, upon satisfactorily completing the academic and military requirements of the two year program and enlisting in the armed force which paid his tuition and expenses, shall be entitled to the military grade specified by the Secretary concerned.

"(e) A military trainee who does not complete the two year course of instruction, or who completes the course but declines to enlist in the armed force which paid his tuition and other expenses, may be ordered to active duty by the Secretary of the military department concerned to serve in his enlisted grade or rating for such period of time as the Secretary prescribes but not for more than four years.

"(f) In computing length of service for any purpose, a member of the armed forces may not be credited with service as a military trainee.

"(g) Not more than the following numbers of military trainees appointed under section 2165 of this title may be in the financial assistance programs at any one time:

"Army program: 3,250.
"Navy program: 3,000.
"Air Force program: 3,250.

"§ 2166. Waiver of training; delay in starting obligated service; release from program

"(a) The Secretary of the military department concerned may excuse from a portion of the prescribed course of military instruction, including field training and practice cruises, any person found qualified, on the basis of his previous education, military experience, or both.

"(b) The Secretary may, upon request of a military trainee, delay the commencement of such trainee's obligated period of active duty for any reason the Secretary deems in the best interest of such trainee and the armed forces.

"(c) The Secretary of the military department concerned may, when he determines that the interest of the service so requires, release any person from the program and discharge him from his armed force.

"§ 2167. Field training; practice cruises

"(a) For the further practical instruction of members of the program, the Secretary of the military department concerned may prescribe and conduct field training and practice cruises which members must complete before they are enlisted

"(b) The Secretary of the military department concerned may—

"(1) transport members of, and designated applicants for membership in, the program to and from the places designated for field training or practice cruises and furnish them subsistence while traveling to and from those places, or, instead of furnishing them transportation and subsistence, pay them a travel allowance at the rate prescribed for cadets and midshipmen at the United States Military, Naval, and Air Force Academies for travel by the shortest usually traveled route from the places from which they are authorized to proceed to the place designated for the training or cruise and return, and pay the allowance for the return trip in advance;

"(2) furnish medical attendance and supplies to members of, and designated applicants for membership in, the program while attending field training and practice cruises, and admit them to military hospitals;

"(3) furnish subsistence, uniform clothing, and equipment to members of, and designated applicants for membership in, the program while attending field training or practice cruises or, instead of furnishing uniform clothing, pay them allowances at such rates as he may prescribe; and

"(4) use any member of, and designated applicants for membership in, an armed force, or any employee of the department, under his jurisdiction, and such property of the United States as he considers necessary, for the training and administration of members of, and designated applicants for membership in, the program at the places designated for training or practice cruises.

"§ 2168. Logistical support

"(a) The Secretary of the military department concerned may issue to institutions having units of the program, or to the officers of the armed force concerned who are designated as accountable or responsible for such property—

"(1) supplies, means of transportation including aircraft, arms and ammunition, and military textbooks and educational materials; and

"(2) uniform clothing, except that he may pay monetary allowances for uniform clothing at such rate as he may prescribe.

"(b) The Secretary of the military department concerned may provide, or contract with civilian flying or aviation schools or educational institutions to provide, the personnel, aircraft, supplies, facilities, services, and instruction necessary for appropriate instruction and orientation for properly designated members of the program.

"(c) The Secretary of the military department concerned may transport members of, and designated applicants for membership in, the program to and from installations when it is necessary for them to undergo medical or other examinations or for the purposes of making visits of observation. He may also furnish them subsistence, quarters, and necessary medical care, including hospitalization, while they are at, or traveling to or from, such an installation.

"(d) The Secretary of the military department concerned may authorize members of, and designated applicants for membership in, the program to participate in aerial flights in military aircraft and indoctrination cruises in naval vessels.

"(e) The Secretary of the military department concerned may authorize such expenditures as he considers necessary for the efficient maintenance of the program.

"(f) The Secretary of the military department concerned shall require, from each institution to which property is issued under subsection (a), a bond or other indemnity in such amount as he considers adequate, but not less than $5,000, for the care and safekeeping of all property so issued except uniforms, expendable articles, and supplies expended in operation, maintenance, and instruction. The Secretary may accept a bond without surety if the institution to which the property is issued furnishes to him satisfactory evidence of its financial responsibility.

"§ 2169. Personnel: administrators and instructors

"The Secretary of the military department concerned may detail regular or reserve members of an armed force under his jurisdiction (including retired members and members of the Fleet Reserve and Fleet Marine Corps Reserve recalled to active duty with their consent) for instructional and administrative duties at educational institutions where units of the program are maintained."

TITLE III—ARMED FORCES CRITICAL SPECIALTY SCHOLARSHIP PROGRAM

SEC. 301. Part III of Subchapter A of title 10, United States Code, as amended by titles I and II of this Act, is further amended by adding at the end thereof a new chapter as follows:

"Chapter 108.—Armed Forces Critical Specialty Scholarship Program

"Sec.
"2171. Definitions.
"2172. Establishment.
"2173. Eligibility for participation.
"2174. Members of the program: active duty obligation; failure to complete training; release from program.
"2175. Members of the program: numbers appointed.
"2176. Members of the program: exclusion from authorized strengths.
"2177. Members of the program: service credit.
"2178. Contracts for scholarships: payments.

"§ 2171. Definitions

"In this chapter—

"(1) 'Program' means the Armed Forces Critical Specialty Scholarship program provided for in this chapter.

"(2) 'Member of the program' means a person enlisted in a reserve component of the armed forces who is enrolled in the Armed Forces Critical Specialty Scholarship program.

"(3) 'Course of study' means education received at an accredited college, university, or institution approved by the Secretary of Defense leading to proficiency in a critical specialty specified by the Secretary of Defense.

"§ 2172. Establishment

"(a) For the purpose of obtaining adequate numbers of commissioned officers and enlisted men on active duty who are qualified in various specialties critically needed by the armed forces (other than the health professions), the Secretary of each military department, under regulations prescribed by the Secretary of Defense, may establish and maintain a critical specialty scholarship program for his department.

"(b) The program shall consist of courses of study in critical specialties (other than the health professions) designated by the Secretary of the military department concerned and approved by the Secretary of Defense, with obligatory periods of military training.

"(c) Persons participating in the program shall be enlisted members in reserve components of the armed forces. Members of the program shall serve on active duty in pay grade E-1 with full pay and allowances of that grade for a period of 45 days during each year of participation in the program. They shall be detailed as students at accredited civilian institutions, located in the United States or Puerto Rico, for the purpose of acquiring knowledge or training in a designated critical specialty. In addition, members of the program shall, under regulations prescribed by the Secretary of Defense, receive military training and instruction.

"(d) Except when serving on active duty pursuant to subsection (c), a member of the program on a two year scholarship shall be entitled to a stipend at the rate of $75.00, and a member of the program on a four year scholarship shall be entitled to a stipend at the rate of $100.00.

"§ 2173. Eligibility for participation

"To be eligible for participation as a member of the program, a person must be a citizen of the United States and must—

"(1) be accepted for admission to, or enrolled in, an institution in a course of study, as that term is defined in section 2171 (3) of this title;

"(2) sign an agreement that unless sooner separated he will—

"(A) complete the educational phase of the program;

"(B) agree in writing that upon completion of his course of study he will serve on active duty as provided in section 2174; and

"(C) because of his sincere motivation and dedication to a career in the uniformed services, participate in military training while he is in the program, under regulations prescribed by the Secretary of Defense; and

"(3) meet the requirements for appointment as a commissioned officer or for enlistment, as the case may be.

"§ 2174. Members of the program: active duty obligation; failure to complete training; release from program

"(a) A member of the program incurs an active duty obligation. A member of the program on a two year scholarship incurs an obligation to serve on active duty for four years as an enlisted member. A member of the program on a four year scholarship incurs an obligation to serve on active duty as a commissioned officer for four years and to serve in the Ready Reserve for a period of two years after his release from active duty.

"(b) A member of the program who, under regulations prescribed by the Secretary of Defense, is dropped from the program for deficiency in conduct or studies, or for other reasons, may be required to perform active duty in an appropriate military capacity in accordance with the active duty obligation imposed by this section.

"(c) The Secretary of a military department, under regulations prescribed by the Secretary of Defense, may relieve a member of the program who is dropped from the program from any active duty obligation imposed by this section, but such relief shall not relieve him from any military obligation imposed by any other law.

"§ 2175. Members of the program: numbers appointed

"The number of persons who may be designated as members of the program for training in each critical specialty shall be as prescribed by the Secretary of Defense, except that the total number of persons so designated in all of the programs authorized by this chapter shall not, at any time, exceed 2,500.

"§ 2176. Members of the program: exclusion from authorized strengths

"Notwithstanding any other provision of law, members of the program shall not be counted against any prescribed military strengths.

"§ 2177. Members of the program: service credit

"Service performed while a member of the program shall not be counted—

"(1) in determining eligibility for retirement other than by reason of a physical disability incurred while on active duty as a member of the program; or

"(2) in computing years of service creditable under section 205, other than subsection (a) (7) and (8), of title 37.

"§ 2178. Contracts for scholarships: payments

"(a) The Secretary of Defense may provide for the payment of all educational expenses incurred by a member of the program, including tuition fees, books, and laboratory expenses. Such payments, however, shall be limited to those educational expenses normally incurred by students at the institution and in the course of study concerned who are not members of the program.

"(b) The Secretary of Defense may contract with an accredited civilian educational institution for the payment of tuition and other educational expenses of members of the program authorized by this chapter. Payment to such institutions may be made without regard to section 3648 of the Revised Statutes (31 U.S.C. 529).

"(c) Payments made under subsection (b) shall not cover any expenses other than those covered by subsection (a).

"(d) When the Secretary of Defense determines, under regulations prescribed by the Secretary of Health, Education, and Welfare, that an accredited civilian educational institution has increased its total enrollment for the sole purpose of accepting members of the program covered by this chapter, he may provide under a contract with such an institution for additional payments to cover the portion of the increased costs of the additional enrollment which are not covered by the institution's normal tuition and fees."

TITLE IV—TUITION ASSISTANCE FOR VETERANS

SEC. 401. Chapter 34 of title 38, United States Code, is amended by adding after section 1682 a new section as follows:

"§ 1682A. Payment of tuition for eligible veterans

"(a) In addition to the educational assistance allowance payable to an eligible veteran under this chapter, the Administrator shall reimburse any eligible veteran enrolled in a full-time or part-time program of education under this chapter (including a cooperative program) for tuition costs incurred by such veteran, exclusive of expenses incurred for fees, books, supplies, or other expenses, but not in excess of an amount equal to the national average tuition rates for colleges and universities, public and private, as determined by the Administrator on the basis of the most recent statistics available. In no event shall payment made under this section for any expense incurred by such veteran exceed the customary amount paid by other students in the same institution for the same service or privilege. No payments for tuition or enrollment shall be paid to any veteran pursuing a program of apprenticeship or other on-job training. Payments for tuition incurred by any eligible veteran may be made by the Administrator to such veteran under this subsection on the basis of such reasonable evidence as the Administrator may require. No veteran shall be eligible for tuition assistance under this section for any period longer than his entitlement to educational assistance allowance and in no event for more than four academic years.

"(b) The Administrator shall prescribe such regulations as he deems necessary or appropriate to implement the provisions of this section."

(b) The table of sections at the beginning of chapter 34 of title 38, United States Code, is amended by adding after "1682. Computation of educational assistance allowances." the following:

"1682A. Payment of tuition for eligible veterans."

TITLE V—GENERAL AND TECHNICAL PROVISIONS

SEC. 501. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

SEC. 502. The table of chapters at the beginning of subtitle A of title 10, United States Code, is amended by adding

"106. Armed Forces Engineering and Technology Academies 2150
"107. Reserve Enlisted Training Corps .. 2161
"108. Armed Forces Critical Specialty Scholarship Program .... 2171"

below

"105. Armed Forces Health Professions Scholarship Program .... 2120".

By Mr. THURMOND (for himself, Mr. Hollings, Mr. Talmadge, Mr. Nunn, Mr. Ervin, Mr. Helms, Mr. Mathias, Mr. Hugh Scott, Mr Pell, Mr. Pastore, and Mr. Gurney):

S. 4112. A bill to authorize the establishment of the Eutaw Springs National Battlefield Park in the State of South Carolina, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. THURMOND. Mr. President, the battle of Eutaw Springs was one of the great battles of the American Revolution. It was one of the six battles of the American Revolution for which the Continental Congress authorized a gold medal in honor of the victory. Forty-five counties in 21 States honor the heroes of the battle. It was perhaps the hardest fought battle of the war. With only one-fifth as many troops committed to battle, its casualties exceeded those at Yorktown. General Nathanael Green of Rhode Island commanded. Troops from at least 11 of the original 13 States fought in the battle. The American forces, consisting of Continental troops and State militia, fought with conspicuous gallantry. The Continental troops included Captain Kirkwood's "Blue Hen's Chickens" from Delaware, Col. John Eager Howard and the Second Maryland Line, and Lt. Col. "Light-Horse Harry" Lee of Virginia who commanded Lee's Legion. North Carolina's heroes included Gen. Jethro Sumner and Maj. John B. Ashe. South Carolina's included Gen. Francis Marion, the famous "Swamp Fox," Gen. Andrew Pickens, Col. Wade Hampton who commanded Thomas Sumter's troops, and Col. William Washington who settled in Charleston after the war. Col. Joseph Habersham of Georgia was another hero of the battle.

Of the heroes of the battle, at least 14 would later be elected to the U.S. Congress from six different States, including the ones who would be elected Governors of North Carolina, Virginia, Maryland and Delaware. Others would serve in Congress from Georgia and South Carolina. Among the many heroes of the battle who gave their lives for the Nation was Gen. Nathanael Greene's black orderly, a free man from Maryland, who was cited for his gallantry by General Greene.

The Battle of Eutaw Springs has always been a part of the inspiring heritage of South Carolina and of the Nation. The heroes of the battle are mentioned by Henry Timrod's poem, "Carolina," South Carolina's State song. The bronze doors of the U.S. House of Representative in Washington, D.C., cast in 1902, portray eight scenes of history. One of the eight scenes is the presentation of the flag and medal to Gen. Nathanael Greene for the Battle of Eutaw Springs.

The battlefield of Eutaw Springs is located in Orangeburg County, S.C. Less than 5 percent of the original battlefield is flooded by the Santee-Cooper Lake. A resolution of the South Carolina General Assembly, cosponsored by 93 members, asked for the development of the Eutaw Springs National Battlefield. Mr. President, I ask unanimous consent that this resolution be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

It has also been endorsed by the National Advisory Council on Historic Preservation and the South Carolina American Revolution Bicentennial Commission. Its supporters include members of both parties and both races.

Mr. President, I am introducing legislation which represents a bipartisan effort to give proper recognition to one of the great battles of the American Revolution by establishing the Eutaw Springs National Battlefield. Eutaw Springs occupies a significant part of our National heritage and the establishment of a National battlefield in its honor would be for the benefit and enjoyment of all Americans.

I ask that my colleagues join me in supporting this important legislation. Mr. President, at this time, I send to the desk a copy of the bill I am introducing and ask unanimous consent that it be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks and be referred to the appropriate committee.

There being no objection, the bill and resolution were ordered to be printed in the RECORD, as follows:

S. 4112

To authorize the establishment of the Futaw Springs National Battlefield Park in the State of South Carolina, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to preserve, protect, and interpret an area of unique historical significance, the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized to establish the Eutaw Springs National Battlefield Park (hereinafter referred to as the "Battlefield") in the State of South Carolina. The Battlefield shall comprise the area depicted on the map entitled "———", numbered ———, and dated ———, which shall be on file and available for public inspection in the offices of the National Park Service, Department of the Interior, Washington, District of Columbia. The Secretary may make minor adjustments in the boundaries of the Battlefield from time to time by publication of the description of such adjustments in the Federal Register.

SEC. 2. Within the boundaries of the Battlefield, the Secretary may acquire lands and interests in lands by donation, purchase, exchange, or transfer. Any lands or interests in lands owned by the State of South Carolina or its political subdivisions may be acquired only by donation. When any tract of land is only partly within the boundaries of the Battlefield, the Secretary may acquire all or any portion of that tract outside the boundaries in order to minimize the payment of severance costs. Land so acquired outside the boundaries of the Battlefield may be exchanged by the Secretary for non-Federal lands within the boundaries of the Battlefield. Any portion of land acquired outside the boundaries of the Battlefield and not exchanged shall be transferred to the Administrator of the General Services Administration for disposal under the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.). When the Secretary determines that he has acquired sufficient lands or interests in lands to constitute an administrable unit, he shall establish the Eutaw Springs National Battlefield by publication of a description thereof in the Federal Register.

SEC. 3. The Secretary shall administer the Battlefield in accordance with the Act of August 25, 1916 (16 U.S.C. 1, 2–4), and the Act of August 21, 1935 (16 U.S.C. 461 et seq.).

SEC. 4. The Act is June 26, 1936 (16 U.S.C. 423m–4230), is repealed.

SEC. 5. There are authorized to be appropriated such sums as are necessary to carry out the purposes of this Act.

H. 1222

A concurrent resolution expressing support of the South Carolina General Assembly for the development of a EUTAW Springs National Battlefield and to memorialize the Congress of the United States to enact such legislation

Whereas, the Battle of Eutaw Springs, September 8, 1781, was one of the hardest fought battles of the American Revolution; and

Whereas, the Battle of Eutaw Springs was one of the six battles of the Revolution in which the Continental Congress awarded a medal in honor of the victory, the others being: Washington Before Boston, 1776; Saratoga, 1777; Stoney Point, 1779, Paulus Hook, 1779; and Cowpens, 1781; and

Whereas, in 1972 the Congress of the United States passed legislation creating the Cowpens National Battlefield which was signed into law by President Richard M. Nixon; and

Whereas, the Battle of Eutaw Springs was the climax of Major General Nathanael Green's brilliant campaign to free the South from British tyranny, the British retreated from the battlefield to Charleston the day after the battle; and

Whereas, the presentation of the Eutaw Springs Medal and Battle Flag to General Greene by Henry Laurens in behalf of the Continental Congress is one of the six panels of history on the bronze doors of the United States House of Representatives which were cast in 1902; and

Whereas, President John Adams stated that history would record that the importance of Eutaw Springs was equal to Yorktown; and

Whereas, both the American and British forces fought with great gallantry at Eutaw Springs, the British Forces, which numbered some two thousand, suffered forty percent casualties, a percentage unequaled by them in any other major battle except Bunker Hill which was fifty-two percent. The American Forces which consisted of approximately twenty-four hundred suffered twenty percent in casualties; and

Whereas, the total number of casualties at Eutaw Springs exceeded the number at the Battle of Yorktown; and

Whereas, a close scrutiny of the American soldiers at Eutaw Springs will reveal that they were experienced, courageous and patriotic. Greene's Army consisted of continentals and militia. They were soldiers who fought with great gallantry, men who served their country with distinction in war and in peace; and

Whereas, many legendary heroes of the nation fought at Eutaw Springs including native sons from at least eight of the thirteen states, future Governors of Virginia, Maryland, and Kentucky, and future Congressmen from Georgia, South Carolina, North Carolina, Virgina, Maryland, and Kentucky; and

Whereas, among the numerous heroes of their battle were: Rhode Island—Major General Nathanael Greene, the fighting Quaker, next to General George Washington the greatest General officer of the Revolution, counties in fourteen states honor his memory.

Delaware—Captain Kirkwood, the finest company commander of the war, a member of the "Blue Hens Chickens", Delaware's Continental Line.

Maryland—Lt. Colonel John Eager Howard, awarded a medal for Cowpens, a great soldier, later a Governor and United States Senator from Maryland, referred to in "Maryland, My Maryland", the Maryland State Song, counties in six states honor his memory, General Otho H. Williams, another great soldier of the Maryland Line; and General Greene's black orderly, a free man from Maryland who gave his life for his country in the battle. General Greene specifically cited him for his courage and gallantry.

Virginia—Lt. Colonel Henry Lee, Commander of Lee's Legion, awarded a medal for the Battle of Paulus Hook, New Jersey, later Governor of Virginia and Congressman, Father of General Robert E. Lee.

North Carolina—members of the North Carolina Militia and the members of the North Carolina Continental Line under General Jethro Sumner served with great gallantry. Their number was greater than the troops of any other state. John B. Ashe, a major with General Sumner's Command later served in Congress from North Carolina.

South Carolina—The South Carolina Militia, the forces of General Francis Marion, General Thomas Sumter and General Andrew Pickens served and fought with great distinction in the battle. Sumter, "the Gamecock", was unable to be present, but many of his men fought under the famous Colonel Wade Hampton I, later a member of Congress from South Carolina and a General in the War 1812. Francis Marion, "the Swamp Fox", is a legend of the American people. Seventeen states have a county named in his honor, a number exceeded only by General Washington of the American military heroes and the Revolution. General Andrew Pickens, a native of Pennsylvania, later served as a member of Congress from South Carolina. Three states have a county that honors his memory. Colonel William Washington, a native of Virginia and recipient of a medal for Cowpens was conspicuous with his bravery. The flag of his troop, "The Eutaw Flag", is held in trust by the Washington

Light Infantry of Charleston, South Carolina. "Carolina", the South Carolina State Song, by Henry Timrod mentions the heroes of Eutaw Springs.

Georgia—Colonel Samuel Hammond served in the Battle of Eutaw Springs and throughout the Revolution with distinction. After the Revolution he served as a General in the Georgia Militia and represented Georgia in Congress.

Missouri—Colonel Samuel Hammond while a member of Congress from Georgia was appointed by President Thomas Jefferson, the first civil and military officer for the upper Louisiana Territory, later called the Missouri Territory. Colonel Hammond in 1820 was elected the first president of the Territorial Council of Missouri.

Kentucky—Lt. John Adair, a member of Sumter's command, fought at Eutaw Springs, served in the South Carolina Legislature and moved to Kentucky as a young man. He became a member of Congress from Kentucky as United States Senator and a Major General in the War of 1812 who fought at the Battle of the Thames in Canada and commanded the Kentucky Volunteers in the Battle of New Orleans. In 1820 he was elected Governor of Kentucky.

France—Count Malmedy of France offered his services to the American cause. In the Battle of Eutaw Springs he commanded the North Carolina Militia.

Poland—Count Thadius Kosciusko, the Engineer for Green's army, was one of the great heroes of the Revolution. A Polish patriot he fought for the cause of American independence and when victory was achieved he returned to his native land to fight to free it from its conquerors. A county in Indiana commemorates his memory; and

Whereas, of the ten men who received medals from the Continental Congress for their leadership in battle, four fought at Eutaw Springs: General Nathanael Greene, Colonel John Eager Howard, Colonel William Washington and Lt. Colonel Henry Lee; and

Whereas, forty-five counties in twenty states commemorate heroes of the Battle of Eutaw Springs, the states being: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Mississippi, Missouri, New York, North Carolina, Ohio, Oregon, South Carolina, Tennessee, Texas, West Virginia and Maryland; and

Whereas, the gallant courage of the men who fought at Eutaw Springs is part of our noble heritage, part of the heart and sinew of our nation; and

Whereas, the South Carolina Bicentennial Commission of the American Revolution, has passed a resolution supporting the development of a Eutaw Springs National Battlefield; and

Whereas, most of the battlefield of Eutaw Springs is open country near the Santee River, only a small part having been flooded by Lake Marion, named in honor of the famous Swamp Fox, General Francis Marion. Now, therefore, be it

Resolved by the House of Representatives, the Senate concurring: That the General Assembly of South Carolina does hereby express its support for federal legislation providing for a Eutaw Springs National Battlefield and it does respectfully request South Carolina's Congressional Delegation to work for the implementation of such legislation; be it further

Memorialized That the Congress of the United States enact legislation providing for the Eutaw Springs National Battlefield in honor of the patriots who gave their lives in the battle and in memory of all of those who by their service and sacrifice helped win our independence as a nation and our rights as a free people. Be it further

Resolved That a copy of this resolution be sent to President Richard M. Nixon; Vice President Spiro Agnew; Speaker of the United States House of Representatives, Carl Albert; the members of the South Carolina Congressional Delegation; and the members of the National Advisory Council on Historic Preservation.

By Mr. HUGH SCOTT:

S. 4113. A bill to insure that budget outlays by the U.S. Government during the fiscal year ending June 30, 1975 do not exceed $300,000,000,000. Order held at the desk.

Mr. HUGH SCOTT. Mr. President, pursuant to President Ford's message to Congress yesterday, I am introducing a bill holding Federal expenditures to $300 billion during the current fiscal year.

On at least four occasions, the Senate has agreed to similar budget ceilings, only to have the House disagree in conference. It is about time that we in the Congress put our own fiscal house in order.

I hope that the bill will be agreed to.

By Mr. ROTH (for himself, Mr. BUCKLEY, Mr. CURTIS, Mr. PROXMIRE, Mr. MCCLURE, and Mr. HARRY F. BYRD, JR.):

S. 4114. A bill to authorize the President to reduce Federal expenditures and net lending for fiscal year 1975 to $295,000,000,000. Ordered held at desk.

Mr. ROTH. Mr. President, I am today introducing emergency legislation to authorize the President to cut Federal spending for this fiscal year to the $295 billion level. In my opinion, this legislation is essential if the Federal Government is really going to do something about inflation.

The American people have been asked to accept an increase in their tax burden because the Congress has not had the guts to cut Federal spending. Once again, the middle-income people, who receive the least amount of Government benefits, are being asked to pay for excessive Federal spending.

The President has asked the Congress to enact a spending target of $300 billion, but I believe that the Congress will violate this spending target just as quickly as it is violating the $295 billion spending ceiling 74 Senators approved a few months ago. The Congress does not need a spending target; it needs a firm, airtight spending ceiling with some teeth in it.

If the Congress could reduce Federal spending, not just to $300 billion but to $295 billion, there would be no need to impose a tax increase on the already suffering American people.

For this reason, I am today introducing the Emergency Budget Control Act of 1974. This legislation would temporarily suspend title X of the Congressional Budget and Impoundment Control Act of 1974 to authorize the President to reduce expenditures and net lending in fiscal 1975 to not less than $295 billion. This emergency legislation is similar in scope to legislation introduced by Senators PROXMIRE, BUCKLEY, BYRD of Virginia, and CURTIS.

The legislation provides safeguards from Presidential abuses by forbidding reductions of more than 20 percent in the expenditures and net lending of any major department and agency.

The legislation also allows the Congress to disapprove or modify all or part of the President's proposed spending cuts.

This legislation is admittedly tough, but tough action is necessary to reduce inflation. The massive increase in Federal spending for the past 15 years, from $92 billion in fiscal 1960 to over $300 billion in fiscal 1975, has been primarily responsible for today's inflation. If the Congress is serious about reducing inflation, it must take action now. The Congress can either continue spending at deficit levels and impose a tax increase, or it can make some hard choices, reduce spending and restrain inflation.

Mr. President, I understand that the Senate will vote on setting a target spending level of $300 billion before the recess. I intend to offer my legislation to set a firm $295 billion spending ceiling as a substitute amendment.

The Congress will then have the opportunity to vote for a cut in Federal spending or an increase in Federal taxes.

By Mr. PASTORE:

S.J. Res. 248. A joint resolution assuring compensation for damages caused by nuclear incidents involving the nuclear reactor of a U.S. warship. Referred to the Joint Committee on Atomic Energy.

NUCLEAR WARSHIP PORT ENTRY

Mr. PASTORE. Mr. President, the Joint Committee on Atomic Energy has been approached a number of times over the past few years by the Chief of Naval Operations, Admiral Rickover, and officials of the Defense Department and of the State Department about a problem concerning the operation of our nuclear navy abroad. These concerns arise out of the fact that an increasing number of foreign governments are perplexed about the apparent inability of the U.S. Government to provide the kind of legal assurances that are expected today with respect to the satisfactory disposition of any claims for nuclear accidents that might arise out of the operation of our naval reactors in the course of its visits to foreign ports.

I recognize that we are dealing with a somewhat nominal situation since our nuclear warships have an unparalleled reactor safety record. I expect this record to be maintained because I am personally aware that this Government has committed itself to building into our nuclear powered warships the kind of devices that have enabled the United States achieve its outstanding safety record.

At the same time, however, national security considerations dictate that this technology must be stringently controlled and safeguarded.

This in turn raises a dilemma for those who cannot have access to the technology. On the one hand, they have seen the safety record we have achieved and, on the other hand, they are perplexed by our apparent unwillingness to demonstrate our faith in the future of this record by providing them with the kind of legal assurances that have come to be expected in the light of the trend of the law with respect to claims arising from nuclear reactor accidents.

The executive agencies have advised that they believe that those kind of assurances are in order and that they would like to be able to provide them if they had the necessary legal authority. They point out that there is sufficient question as to their authority to deal with any claims that might result from such nuclear reactor damage situations on a strict liability basis that it would be highly desirable for the Congress to enact a provision which would clarify the situation. Indeed, one concern is that existing legislation of possible relevance, may be understood to reflect a congressional policy that the U.S. naval authorities should not be providing the friendly governments of the ports our nuclear fleet are visiting abroad with the desired assurances.

I can assure you that we on the Joint Committee never intended to interpose any legal difficulties for our nuclear fleet which carries such a national security burden on behalf of the free world. Indeed, we are prepared to help lead the way in formalizing a declaration of national policy that friendly governments, receiving our nuclear fleet in their ports should be extended the assurance in principle that, in the unlikely event of a nuclear accident arising out of the operation of one of our naval nuclear reactors, the U.S. Government will be strictly liable to honor valid claims for damage sustained from the incident. This is only fundamental and is completely in accord with the good faith already reflected in the Atomic Energy Act of 1954, as amended.

I believe, therefore, that the time has come to facilitate the free movement of our nucelar navy into foreign ports with a general declaration of policy measure, in the form of a joint resolution, which will express the will of both Houses of Congress. The Department of Defense and of State have written to the Joint Committee in support of this resolution, and the Secretary of Defense, in personal testimony before the Joint Committee on September 26, 1974, additionally addressed the necessity and urgency of this matter. Mr. President, I ask unanimous consent to insert the State Department correspondence into the RECORD following these remarks, together with the text of the joint resolution.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, D.C., September 17, 1974.

Hon. MELVIN PRICE,
Chairman, Joint Committee on Atomic Energy, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Joint Committee has asked for the Department's views on the draft resolution (H.J. Res. 1089) which has recently been introduced concerning the liability of U.S. nuclear powered warships in the event of a nuclear incident.

The Department of State has in recent years been involved in negotiations with a number of foreign governments concerning the question of visits by U.S. nuclear powered warships to foreign ports. These visits are important to us in maintaining the effectiveness of our growing nuclear fleet. Some governments have been reluctant to accept the ships in their ports because of our inability to give assurances concerning liability and indemnification which they consider adequate. I believe that in a number of cases, by confirming Congressional support for the policy of paying claims and judgments, the proposed resolution might effectively resolve this problem and permit visits to take place.

As you know, the nuclear warship liability question has been raised in connection with the renegotiation of the Spanish Base Agreement. Prompt Congressional action on the resolution would provide us with an additional negotiating flexibility and might make possibile a mutually acceptable resolution of this issue.

For these reasons the Department of State supports H.J. Res. 1089, and I am grateful to you for inviting us to comment upon it. I apologize for the tardiness of this reply.

Sincerely,

ROBERT J. MCCLOSKEY.

S.J. RES. 248

Whereas it is vital to the national security to facilitate the ready acceptability of United States nuclear powered warships into friendly foreign ports and harbors;

Whereas the advent of nuclear reactors has led to various efforts throughout the world to develop an appropriate legal regime for compensating those who sustain damages in the event there should be an incident involving the operation of nuclear reactors;

Whereas the United States has been exercising leadership in developing legislative measures designed to assure prompt and equitable compensation in the event a nuclear incident should arise out of the operation of a nuclear reactor by the United States as is evidenced in particular by section 170 of the Atomic Energy Act of 1954, as amended;

Whereas some form of assurance as to the prompt availability of compensation for damage in the unlikely event of a nuclear incident involving the nuclear reactor of a United States warship would, in conjunction with the unparalleled safety record that has been achieved by United States nuclear powered warships in their operation throughout the world, further the effectiveness of such warships: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the policy of the United States that it will pay claims or judgments for bodily injury, death, or damage to or loss of real or personal property proven to have resulted from a nuclear incident involving the nuclear reactor of a United States warship: *Provided,* That the injury, death, damage, or loss was not caused by the act of an armed force engaged in combat or as a result of civil insurrection. The President may authorize, under such terms and conditions as he may direct, the payment of such claims or judgments from any contingency funds available to the Government or may certify such claims or judgments to the Congress for appropriation of the necessary funds.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 2363

At the request of Mr. CRANSTON, the Senator from Indiana (Mr. BAYH), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Georgia (Mr. TALMADGE) were added as cosponsors of the bill (S. 2363) to amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces.

S. 2528

At the request of Mr. MONDALE, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 2528, a bill to amend the Social Security Act to provide the States with maximum flexibility in their programs of social services under the public assistance titles of the Act.

S. 3418

At his own request, the Senator from Illinois (Mr. STEVENSON) was added as a cosponsor of S. 3418, a bill to establish a Federal Privacy Board to oversee the gathering and disclosure of information concerning individuals, to provide management system in Federal agencies, State, and local governments, and other organizations regarding such information, and for other purposes.

S. 3908

At the request of Mr. TAFT, the Senator from Maryland (Mr. BEALL) was added as a cosponsor of S. 3908, a bill to revise and improve the program of supplemental security income established by title XVI of the Social Security Act, and for other purposes.

S. 3898

At the request of Mr. HUGH SCOTT, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 3898, a bill to allow a tax deduction of up to $2,000 for tuition costs for anyone earning less than $25,500, annually.

S. 3947

At the request of Mr. HUMPHREY, the Senator from Ohio (Mr. METZENBAUM) was added as a cosponsor of S. 3947, a bill to establish a national policy for guaranteeing to all Americans who are able and willing to work, the avaliability of equal opportunities for useful and rewarding employment.

S. 3982

At the request of Mr. WEICKER, the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 3982, a bill to restrict the authority for inspections of tax returns and the disclosure of informaton contained therein, and for other purposes.

S. 4059

At his own request, the Senator from Utah (Mr. MOSS) was added as a cosponsor of S. 4059, the Net Worth Disclosure Act.

S. 4060

At the request of Mr. HANSEN, the Senator from Wyoming (Mr. MCGEE) was added as a cosponsor of S. 4060, a bill to amend the Federal Water Pollution Control Act Amendments of 1972.

S. 4081

At his own request, the Senator from Mississippi (Mr. STENNIS) was added as a cosponsor of S. 4081, a bill to redesignate November 11 of each year as Veterans Day and to make such day a legal public holiday.

S. 4093

At the request of Mr. RIBICOFF, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of S. 4093, a bill to freeze medicare deductibles.

ADDITIONAL COSPONSORS OF A RESOLUTION

SENATE RESOLUTION 347

At the request of Mr. HART, the Senator from Indiana (Mr. BAYH), the Senator from Oklahoma (Mr. BELLMON), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Idaho (Mr. CHURCH), the Senator from Maine (Mr. HATHAWAY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Montana (Mr. METCALF), the Senator from Wisconsin (Mr. NELSON), the Senator from Rhode Island (Mr. PELL), the Senator from Illinois (Mr. PERCY), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Vermont (Mr. STAFFORD), the Senator from Ohio (Mr. TAFT), and the Senator from California (Mr. TUNNEY) were added as cosponsors of Senate Resolution 347, a resolution to authorize the Committee on Commerce to make an investigation and study on the policy and role of the Federal Government on tourism in the United States.

AMENDMENTS SUBMITTED FOR PRINTING

SUPPLEMENTAL APPROPRIATIONS, 1975—H.R. 16900

AMENDMENT NO. 1965

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted an amendment intended to be proposed by him to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

AMENDMENT NO. 1966

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY submitted an amendment intended to be proposed by him to the bill (H.R. 16900), supra.

OMNIBUS FEDERAL RECLAMATION PROJECTS ACT—H.R. 15736

AMENDMENT NO. 1967

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI (for himself and Mr. MONTOYA) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 15736) to authorize, enlarge, and repair various Federal reclamation projects and programs, and for other purposes.

ELEPHANT BUTTE AMENDMENT

Mr. DOMENICI. Mr. President, I would like to offer an amendment to H.R. 15736. This amendment would restore title XI, Elephant Butte Recreation Pool, N. Mex., to the bill. The committee deleted title XI pending a further review and subsequent report to the committee by the Department of the Interior.

Mr. President, the Department of the Interior in a letter dater September 19, 1974, and signed by Under Secretary of the Interior, John C. Whitaker, stated:

> A question has been raised as to whether certain Indian water rights would be adversely affected by Title XI which would authorize the release of specified quantities of water from the Heron Reservoir to the Elephant Butte Reservoir. While this question was not explicitly addressed in our previous comments on this measure (letter dated June 17, 1974, on S. 1119), our position has been that such rights are not affected.

The letter goes on to recommend an amendment to make it clear that this title would not affect any rights that the Indians may have.

Mr. President, the amendment I am offering today includes language to make it clear that this title would not affect any rights that the Indians may have.

Title XI authorizes the transfer of water from one reservoir in New Mexico to another. This water comes from the San Juan River and title XI would not authorize any diversions from the San Juan River system in excess of those authorized by Public Law 87–483.

Mr. President, the availability of San Juan-Chama project water for a recreation pool at Elephant Butte Reservoir arises out of the circumstances that the city of Albuquerque does not yet need the full amount of water for which the city has contracted and the circumstance that the four tributary irrigation units authorized in Public Law 87–483 are not yet, and will not be for several years, in operation.

Mr. MONTOYA. Senator DOMENICI and I intend to call up an amendment tomorrow to add the provisions of S. 1119—title XIV under our amendment—to H.R. 15736, the omnibus Federal reclamation projects bill.

Title XIV authorizes the transfer of water from one reservoir in New Mexico to another. The water in question comes from the San Juan River system and is allocated according to the provisions of Public Law 87–483.

The Jicarilla Apaches in my State have objected to the title on a number of grounds which were set out in their Resolution 75–18. In my conversations with their president and attorney, however, I find them actually concerned about two matters which are largely unrelated to the provisions of title XIV. They are concerned, first, with the manner in which the San Juan project has been operated. They charge that water flows below the statutorial minimum have occurred causing damage to their fisheries. They are also concerned with the larger question of the availability of water in the San Juan Basin to meet all anticipated future demands. Specifically, they look ahead to a request which will be before the Congress next year to allocate some 28,500 acre-feet of San Juan water to the El Paso Natural Gas Co., fearful that congressional approval of the request is inevitable and that the result will be a further depletion of flows through their reservation. While I sympathize with these concerns, I suggest that holding title XI in abeyance would do nothing to resolve either of them.

With regard to the operation of the San Juan project and the consequent depleted river flows, Public Law 87–483 very clearly establishes the amount of water to which the Jicarilla and other downstream users are entitled and also provides that water may not be diverted into the San Juan project until sufficient water to meet these demands is available. If the project is being operated in violation of the law and, as a result, the Jicarilla are suffering, corrective action must be taken. To settle the point, I believe it would be entirely appropriate for the Interior Committee to request a report from the Department of Interior or from GAO regarding the project's operation, and I urge the committee to do so.

As to the supply of water in the San Juan Basin over the next few years, several points may be made. First, title XIV envisions no new taking of water. The water in question is water which has been allocated since 1963 but which is presently surplus to the needs of the allocatees—the city of Albuquerque and four tributary units in northern New Mexico—and which, therefore, is temporarily the property of the Secretary of the Interior. In the next decade as the water demands of Albuquerque grow and the tributary units are built, ownership of the water will pass from the Secretary to the allocatees. No other water is involved. Second, it is by no means clear that Congress will approve El Paso's request.

Other interested parties have raised additional objections characterized, for the most part, by a claim that Winter's doctrine rights in the San Juan Basin have not been and are not now being recognized. Whether this is true or false is not for the Congress to decide, however, because a judicial determination of the meaning and the application of the Winter's doctrine is now being made as the case of Aamodt against United States works its way through the Federal courts. This case is widely viewed as a landmark case in Western water law, and it is expected eventually to go to the Supreme Court. If the law is one day determined to require changes in the method by which we now allocate water, we shall abide by it, but until that happens I see no reason to hold title XI hostage.

Viewing the matter in its entirety, we believe that what the Senate faces is a larger question than whether or not to approve the water transfer contemplated by title XIV. We are also deciding whether every water project in the country which is clouded by a Winter's doctrine claim, however valid or invalid, will be suspended until a final determination of these claims can be made. If the committee makes this decision in the title XI case, we believe it could apply with equal force to half the other projects in H.R. 15736 and to many other projects under construction or in operation. I hope the Senate will reject this policy.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the following three items: First, the proposed amendment; second, a copy of the Jicarilla resolution; and third, a response to the resolution prepared by Mr. Steve Reynolds, the New Mexico State water engineer.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1967

On page 36, after line 13, add a new section XIV to read as follows:

TITLE XIV

ELEPHANT BUTTE RECREATION POOL, NEW MEXICO

SEC. 1401. (a) Pending the negotiation of contracts and completion of construction for furnishing water supplies for tributary irrigation units as authorized by section 8 of the Act of Congress dated June 13, 1962 (Public Law 87-483; 76 Stat. 96), and subject to the availability of stored water in Heron Reservoir in excess of one hundred thousand acre-feet, which water is not required for existing authorized uses, the Secretary of the Interior is authorized to permit releases from the Heron Reservoir of the San Juan-Chama project to provide storage and establish a minimum recreation pool in Elephant Butte Reservoir. Such releases, to the extent of the available supply, shall be limited to providing fifty thousand acre-feet of water delivered to Elephant Butte Reservoir annually, for a period not exceeding ten years from establishment of the recreation pool, to replace loss by evaporation and other causes. Authorized releases, as provided above, are subject to and subordinated to any obligations under contracts for San Juan-Chama project water now or hereafter in force and for filling and maintaining a pool in Cochiti Reservoir under the Act of Congress dated March 26, 1964 (Public Law 88-293; 78 Stat. 171). The provisions of section 11(a) of the Act of June 13, 1962 (76 Stat. 96), requiring a contract satisfactory to the Secretary for the use of any water of the San Juan River are hereby expressly waived with respect to the use of water required to establish and maintain a permanent pool in Elephant Butte Reservoir: *Provided, however,* That nothing in this Act shall be construed to diminish, abridge or impair any water rights of the Jicarilla, Southern Ute, Navajo and Ute Mountain Indians Releases, as authorized by this title, shall be discontinued or reduced upon a finding by a court of competent jurisdiction that such releases are detrimental to such Indian water rights.

(b) The releases of water from Heron Reservoir authorized herein shall not be permitted unless and until the Rio Grande Compact Commission agrees by resolution that—

(1) the term "usable water" as defined in article I of the Rio Grande Compact shall not include San Juan-Chama project water stored in Elephant Butte Reservoir;

(2) in the determination of "actual spill" as that term is defined in article I of the Rio Grande Compact, neither the spill of "credit water", as that term is defined in article I of the Rio Grande Compact, shall not occur until all San Juan-Chama project water *stored* in Elephant Butte Reservoir shall have been spilled; and

(3) the amount of evaporation loss chargeable to San Juan-Chama project water stored in Elephant Butte Reservoir shall be that increment of the evaporation loss from the storage of San Juan-Chama project water; the evaporation loss from the reservoir shall be taken as the difference between the gross evaporation from the water surface of Elephant Butte Reservoir and the rainfall on the same surface.

(c) Fifty per centum of any incremental costs incurred by the Secretary in the implementation of this title shall be borne by a non-Federal entity pursuant to arrangements satisfactory to the Secretary.

SEC. 1402. Nothing contained in this title shall be construed to increase the amount of money heretofore authorized to be appropriated for construction of the Colorado River storage project, any of its units, or of the Rio Grande project.

SEC. 1403. Nothing herein shall be construed to alter, amend, repeal, modify, or be in conflict with the provisions of the Rio Grande Compact.

RESOLUTION

Whereas, Senate Bill 119, pending in Congress, will authorize the storage of 50,000 acre feet of supposedly "surplus" waters from the San Juan-Chama diversion project, for a maximum recreation pool in Elephant Butte Reservoir, supplemented by up to 6,000 acre feet of water annually for ten years to replace losses by evaporation; and

Whereas, the Jicarilla Apache Tribe has been and will be deprived of water from the Navajo River, which water rightfully belongs to the Jicarilla Apache Tribe, other Indian Tribes and prior water users on the Navajo River and other tributaries of the San Juan River; and

Whereas, there is in fact no "surplus" water available from the San Juan river system, as the waters of the San Juan and its tributaries are grossly over appropriated; and

Whereas, the initial seizure of the waters of the Navajo River by the Bureau of Reclamation for the San Juan-Chama diversion, without regard to the rights of the Jicarilla Apache Tribe and other Indian Tribes with reservations on the San Juan and its tributaries has resulted in disastrous consequences to this Tribe in that the flow in the Navajo River through the Jicarilla Apache Reservation has been reduced over ⅔, and destroyed the fishing and other recreational uses of the river, to which this Tribe is legally entitled; and

Whereas, the Bureau of Reclamation has neglected and failed to maintain the minimum monthly flow in the Navajo of water from the San Juan-Chama Bypass required by Public Law 87-483 and has permitted silt deposits to be flushed through the diversion gates and the combination of low flows, high temperatures, and dumping of silt into the Navajo and Blanco Rivers, has substantially destroyed the former excellent trout fishing on these streams to the great economic loss of the Jicarilla Apache Tribe; and

Whereas, it appears that Navajo River water, although belonging legally to this Tribe and other San Juan River users by prior right under the Winter's doctrine, is being declared "surplus" and will be wasted by delivery over 400 miles over the Continental Divide, into Elephant Butte Reservoir; and

Whereas, the beneficial effect on Elephant Butte will be negligible (50,000 acre feet into a 2,100,000 acre foot storage reservoir), if there be any effect at all; and

Whereas, the Indian tribes on the San Juan River system have had no opportunity to object to the San Juan diversion, or the proposed bill, Senate 1119, and said Tribes have been and will be damaged irreparably by the illegal actions of the Interior Department's Bureau of Reclamation; and

Whereas, the Jicarilla Apache Tribe depends on the Navajo River for its survival as an independent community and is entitled to a share of its waters which have already been over-appropriated to others, without regard for the Tribe's legal right to such waters for the domestic and industrial uses, irrigation, fishing, and future needs,

Now, therefore, be it resolved: That the Tribal Council of the Jicarilla Apache Tribe expresses its objection to Senate Bill 1119 and any other legislation or action by any government agency to utilize so-called "surplus" water from the San Juan diversion, without consideration of present and future needs of the Jicarilla Apache Tribe and other Indian tribes on the San Juan and its tributaries,

Be it further resolved: That the Tribal Council state its opposition to any other projects for use of appropriated or unappropriated water from the San Juan or its tributaries, such as for coal gasification plants, until the water rights of the Tribe and other tribes on the San Juan system are recognized and adjudicated and sufficient flow is restored to the Navajo River to maintain its fish and aquatic life and ensure preservation of the Tribe's future needs for water,

Be it further resolved: That the President of the Tribal Council be and he hereby is directed to send copies of this resolution to the Chairman of the Subcommittee on Water and Power Resources, Senate Committee on Interior and Insular Affairs, U.S. Senate, to the Commissioner of Indian Affairs, to other interested tribes and members of Congress, and Senators from New Mexico.

SANTA FE, N. MEX.,
July 19, 1974.

Hon. JOSEPH M. MONTOYA,
U.S. Senate, New Senate Office Building,
Washington, D.C.

DEAR SENATOR: In response to your request, I am pleased to offer the following comments on Senator Abourezk's June 24, 1974 letter to Senator Frank Church, Chairman of the Subcommittee on Water and Power Resources of the Senate Committee on Interior and Insular Affairs. I am deeply concerned that Senator Abourezk apparently has been furnished information concerning water resources of great importance to the State of New Mexico that is not completely accurate and reliable. I hope that the following comments will be useful to you in discussions with Senator Abourezk and Senator Church.

At the outset, it is important to note that S. 1119 would authorize the use of San Juan-Chama Transmountain Diversion Project water for the purpose of a minimum recreation pool at Elephant Butte Reservoir for a period of not to exceed ten years from the establishment of the recreation pool. Furthermore, this use of San Juan-Chama Project water would be, by the terms of the bill, subject to the availability of stored water in Heron Reservoir (the storage unit of the San Juan-Chama Project) in excess of 100,000 acre-feet, which water is not required for existing authorized uses. The bill would not authorize any diversions from the San Juan River system in excess of those authorized by Public Law 87-483 (Section 8) in 1962. It is also important to note that Section 8(f) of that act required specific minimum flows for the preservation of fish and aquatic life in Navajo River and Blanco River below the points of diversion for the San Juan-Chama Project. Thus there is no foundation for concern that enactment of S. 1119 might result in damage to the Jicarilla, Southern Ute or Navajo Reservations.

The availability of San Juan-Chama Project water for a recreation pool at Elephant Butte Reservoir, a purpose not authorized by Public Law 87-483 in 1962, arises out of the circumstance that the City of Albuquerque does not yet need the full amount of water for which the City has contracted and the circumstance that the four tributary irrigation units authorized in 1962 are not yet, and will not be for several years, in operation. Our studies indicate that the authorization to create and maintain a recreation pool at Elephant Butte for a period of ten years would result in diversion from the San Juan system of about 100,000 acre-feet more in the ten-year period than would otherwise be made, but this diversion will be made within the limits set in the 1962 authorization and without damage to the reservations mentioned above.

The first paragraph of Senator Abourezk's letter expresses concern over "severe competition at the present moment to supply San Juan River water for the Navajo Irrigation Project." The 110,630 acre Navajo Indian Irrigation Project was authorized by the same legislation that authorized the San Juan-Chama Project in 1962. Under current Bureau of Reclamation schedules, water will be applied to the first 10,000 acres of the Navajo Project in 1976 and the acreage under irrigation will be increased about 10,000 acres each subsequent year through the year 1986 when the full project will be irrigated. Thus there is no competition for water for the Navajo Project at this time and the authorization of S. 1119 will have expired before the project is completed. Furthermore, our water supply studies show that, due to the storage capability of Navajo Reservoir, there will not be shortages for the Navajo Project when it is in full operation, even with a recurrence of the most severe drouth conditions of record.

The second paragraph of Senator Abourezk's letter expresses concern that the importation of San Juan River water into the Rio Grande will have a damaging effect on the rights of the Pueblo Indians for the reason that ". . . the use of the Rio Grande as a 'big ditch' to deliver water seized from the San Juan River Indians will forever limit them to use their present very meager uses to the Rio Grande River." I am not able to understand how the importation of San Juan River water to the Rio Grande system can in any way affect the Pueblo Indians' rights to the use of Rio Grande system water; procedures for measuring and accounting the two kinds of water in the Rio Grande system have been very carefully designed. In fact, the San Juan, Santa Clara, Nambe, Pojoaque and San Ildefonso Pueblos all will be beneficiaries of the authorized tributary units. The Taos Pueblo might also benefit from the imported water but it appears at this time that that Pueblo does not wish to participate.

The third paragraph of Senator Abourezk's letter expresses concern about shortage of water in the San Juan River for industrial purposes including high BTU gasification and electrical generation. Our water supply studies show that there is available for use in New Mexico, within our compact entitlements, sufficient water in addition to the requirements for all existing and authorized projects, including the Navajo Indian Irrigation Project, 100,000 acre-feet for depletion under municipal and industrial contracts. There are no plans for uses in excess of our compact entitlement under conservative estimates of river flow. These municipal and industrial contracts will be served from Navajo Reservoir, as will the Navajo Indian Irrigation Project, and would suffer no shortages even under recurrence of the most severe drouth conditions of record.

The fourth paragraph of Senator Abourezk's letter suggests that by conserving and retaining the waters of the San Juan River (i.e. by not enacting S. 1119) it would be possible to forestall "plans to raid" water supplies of the state of Idaho and other Columbia River basin states. It is important to note that the authorization of S. 1119 would expire before all of the other authorized projects for the use of New Mexico's waters have been put in operation and, further, that full implementation of all authorized and planned uses of New Mexico's water would require no augmentation from the Columbia River, any of its tributaries or any other source.

The fifth paragraph of Senator Abourezk's letter expresses concern that ". . . the terrible shortage of the Colorado River that exists today." There has been, of course, much discussion about the shortage of water supply in the Colorado River but that shortage does not exist today. Hydrologic studies and projections of population and economic activity make it apparent that the flow of the Colorado River is not sufficient to supply the full amounts to which the Colorado River Basin states are entitled under the Colorado River compacts and the decree in *Arizona* v. *California* or the amount that will ultimately be required in the Basin, However, in the middle of June Lake Powell was over 80% full and Lake Mead was over 70% full and it is reasonable to expect that both reservoirs will continue to gain until the Central Arizona Project and the Upper Basin projects authorized by Public Law 90-537 in 1968 are put in operation. This time is still many years away; current Bureau of Reclamation schedules indicate that the Central Arizona Project will not go into operation until 1985. The authorization of S. 1119 will have expired before that time.

Please let me know if some further discussion of this matter would be helpful.

Sincerely,

S. E. REYNOLDS,
State Engineer.

EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974—S. 3979

AMENDMENT NO. 1968

(Ordered to be printed and to lie on the table.)

Mr. CRANSTON (for himself and Mr. BROOKE) submitted an amendment intended to be proposed by them jointly to the bill (S. 3979) to increase the availability of reasonably priced mortgage credit for home purchases.

AMENDMENTS NOS. 1969 AND 1970

(Ordered to be printed and to lie on the table.)

Mr. PROXMIRE submitted two amendments intended to be proposed by him to amendment No. 1968, intended to be proposed to the bill (S. 3979), supra.

AMENDMENT NO. 1971

(Ordered to be printed and to lie on the table.)

Mr. JAVITS submitted an amendment intended to be proposed by him to amendment No. 1968, intended to be proposed to the bill (S. 3979), supra.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 1925

At the request of Mr. TAFT, the Senator from North Carolina (Mr. ERVIN) was added as a cosponsor of amendment No. 1925, intended to be proposed to S. 2022, a bill to provide increased employment opportunity by executive agencies of the U.S. Government for persons unable to work standard working hours, and for other purposes.

AMENDMENT NO. 1926

At the request of Mr. PERCY, the Senator from Florida (Mr. CHILES) was added as a cosponsor of amendment No. 1926, proposed to the bill (S. 4016) to protect and preserve tape recordings of conversations involving former President Richard M. Nixon and made during his tenure as President, and for other purposes.

ADDITIONAL STATEMENTS

THE NATIONAL EMERGENCIES ACT

Mr. TAFT. Mr. President, the legislation passed yesterday, the National Emergencies Act, is, in my judgment, a landmark bill. I commend the members of the Senate Special Committee on National Emergencies for bringing this legislation before the Senate.

In times of great national stress, when particularly rapid and effective major action is likely to be demanded of governments, it is extremely tempting to allow the delicate balance between liberty and authority to be tipped in the direction of authority. The continuation to the present time of four national emergencies from as early as 1933 and the existence of over 470 provisions of Federal law which delegate extraordinary authority in time of national emergency to the executive should indicate that this is a problem not to be taken lightly.

While America's experience with emergency powers has been relatively painless thus far, the experience of Germany after the First World War should give us all pause. The Weimar Constitution gave the President of the German Republic, without concurrence of the Reichstag, the power temporarily to suspend any or all individual rights if public safety and order were seriously disturbed or endangered. This convenience was so tempting to every government, whatever its shade of opinion, that in 13 years suspension of rights was invoked on more than 250 occasions. Finally, Adolf Hitler persuaded President Von Hindenburg to suspend all such rights, and they were never restored.

While I am attempting to draw no comparisons between that situation and the present state of American emergency powers laws, this legislation does remedy important defects which provide too much leeway for the executive branch upon its declaration that a national emergency exists. At the same time, by allowing the President to declare a national emergency when truly necessary and by allowing certain emergency powers to continue with the requirement that they be reviewed at least every 6 months by Congress, this legislation retains enough flexibility so that the Government can deal adequately with emergency situations.

It is important to recognize that the complement to the limitation on Executive powers in this bill is a clear responsibility upon the Congress to act with wisdom and expedition in times of national emergency. Future Congresses can guard our liberties during such periods more effectively with that type of action than with any legislation which simply limits the powers of the executive branch.

THE ADMINISTRATION'S ECONOMIC PROGRAM

Mr. MOSS. Mr. President, yesterday the administration presented its much heralded economic program. I support many of the proposals made by the administration; however, I seriously question the way in which additional revenues will be raised to pay for this new economic program. The proposed tax program will mean that business profits will increase, middle-income groups will pay more taxes, consumers will pay higher prices and the poor will continue to bear a disproportionate share of the cruel tax of inflation.

It is difficult to justify a surcharge on middle-income Americans when oil companies remain above the tax system. The immediate elimination of the oil-depletion allowance would raise the same number of dollars—2 billion—as the tax surcharge. I believe that the immediate termination of this preferential tax treatment of the oil companies is a much more equitable solution to the revenue problem. The House Ways and Means tax reform bill as now written includes a phaseout of the oil-depletion allowance. Under this program only $400 million of revenue will be raised in 1975, and oil companies will retain $1.6 billion of tax preferences. If the depletion allowance were terminated immediately, this $1.6 billion would be added to revenues and nearly eliminate the need for a $2 billion tax surcharge on individuals.

Another feature of President Ford's tax program is a surcharge on corporations. However, without some control on prices, raising revenue by imposing a tax surcharge on corporations is nothing more than a tax on the consumer. Corporations will simply pass the surtax on to the consumer by way of higher prices, but will be very reluctant to pass the benefits of the investment tax credit on to the consumer in the form of lower prices. These benefits will most likely go to the stockholder rather than consumers.

One of the most disturbing omissions of their program was the lack of any tax relief for the poor. Last week newspaper headlines announced that tax relief for the poor was "being given serious consideration by the administration" and such tax relief was a common theme at the Economic Summit Conference. Nevertheless, the administration has not proposed any direct tax relief for lower income groups other than support of the tax reform bill now pending in the Ways and Means Committee. President Ford noted that this bill provides about $1.6 billion of tax relief for individuals with incomes of less than $15,000. The low and middle income taxpayers will lose their enthusiasm for this relief when they take a closer look at this latest exercise in "tax reform."

The average tax savings would be worth less than the cost of a new dress, a new suit, or 2 weeks groceries for a family of four.

What the committee proposes is to raise the standard deduction to $2,500 or 17 percent of adjusted gross income—from the present $2,000 or 15 percent—and the low income allowance to $1,400 for single, and $1,500 for married taxpayers, instead of the present $1,300 regardless of marital status.

These tax breaks are not meaningful. Under the tax reform bill, a family of four which does not itemize deductions would save $34 on an income of $8,000, $38 on an income of $10,000. This will not please those who thought that $1.6 billion sounded like significant tax relief.

I have suggested in the past that tax relief for the poor can most easily be accomplished by revisions of the regressive social security tax system, providing the option of substituting a $250 tax credit for each $750 personal exemption, and raising low income allowance from $1,300 to $1,800 while increasing the standard deduction ceiling from $2,000 to $2,500 and the rate from 15 to 20 percent. These are meaningful ways of providing tax relief for the lower income groups.

Mr. President, the administration's economic program offers no tax relief for the working poor or the elderly on fixed incomes. It is the duty of Congress to insure that the lower income groups will not be required to bear a disproportionate share of double-digit inflation. Significant tax relief for the lower income groups must be part of any equitable economic program to fight inflation.

EXPLOITATION OF THE ELDERLY

Mr. PERCY. Mr. President, it is a sad fact of American life that millions of our elderly citizens find the so-called "golden years" of retirement a cruel hoax.

After years of contributing to society and looking forward to a rewarding and peaceful period of their lives, they often experience cruelty, exploitation and indifference.

Because of insufficient income and inadequate Government programs, they often are unable to afford decent housing, quality health care and nutritious food. This condition does not afflict the poor alone. Many middle-class citizens are unable to cope with the financial demands of living on reduced income in retirement years.

The worst condition for many of our elderly citizens is blatant cruelty and exploitation that often occurs. A column by Jack Anderson in the August 18 edition of the Washington Post is a dramatic statement on how millions of the elderly are victimized in their attempt to obtain health care and housing. Much of the credit for uncovering these abuses goes to Senator Frank Moss, with whom I am privileged to serve on the Special Committee on Aging.

Mr. President, I ask unanimous consent that the column be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

AMERICA'S "GERIATRIC GHETTOS"

(By Jack Anderson)

In a land enamored with youth, to be old and sick is to be a nuisance. Society shunts its undesirable elderly into corners, to await death alone and uncared for.

America simply does not seem to care. And now there is a grim new phenomenon: The old are beginning to drift out of the corners and crowd into sordid "geriatric ghettos."

Flophouse hotels and old apartment buildings have been jerry-built into unlicensed bedlams for the old. Their operators are the founders of a seedy and highly profitable new American industry called "proprietary boarding homes."

Much of their pathetic tenancy comes direct from state and county mental hospitals which dump the elderly for fiscal and "humanitarian" reasons.

The institutional arguments, reasonable at first look, are that "competent" oldsters can be "returned to the community" for rehabilitation. Unfortunately, many are not competent and, instead of finding new lives, they are often exploited.

In New Mexico, for example, investigators for the Senate Special Committee on Aging discovered that a chicken coop was being used as a home for the elderly. They found "poor food; negligence leading to death or injury; deliberate physical punishment inflicted by operators on their residents."

One confidential committee document tells of a geriatric entrepreneur "allowing patients to sit in their urine, binding them to toilet seats and not cutting toenails to the point they curl up under the feet making walking impossible."

Often, the elderly are fleeced of what little money they may have.

"Residents receive $200 in Social Security and never see it again after endorsing these checks," says a memo from the committee's files. "Sometimes, they never see the checks at all—the endorsement is an 'X' on the back of the check, signed by the operator himself."

Working under Sen. Frank Moss (D-Utah), committee investigators also found owners "cutting back on food, light, water and heat to save money. One state official told of a home's policy to make all patients use the toilet before it could be flushed in the morning, ostensibly to save water."

Crime is the constant companion of the elderly in the "geriatric ghettos." Like buzzards, the fast buck artists, thieves and muggers hover over the oldsters.

Sometimes, the crimes are committed by the elderly or insane themselves who inhabit the new slums. In California at least 72 murders, suicides and "unfortunate accidents" have been attributed to persons—many of them elderly—discharged from state mental institutions.

The senior slums also cause problems for city managers and neighborhood residents. In Chicago, one area was inundated with nearly 13,000 discharged mental patients.

While Moss, backed up by Sens. Frank Church (D-Idaho) and Charles Percy (R-Ill.), plus some Health, Education and Welfare officials, are attacking this new horror, the old scourges of corrupt nursing homes remain.

When we have written of nursing home abuses in the past, we have been flooded with complaints from licensed homes for the aging. We sent undercover investigators to several of them and often found love and concern for the old.

Sadly, the tender loving care seems to be roughly proportionate to the cost of residency. Our updated findings on the continuing abuses in many licensed nursing homes agree with those of congressional investigators.

One Chicago home administrator admitted that he made a profit of $185,000 a year while only spending 54 cents a day per person for food. Even the Chicago jails spent 64 cents a day to feed inmates.

One investigator posed as a skid row bum in a flop house to check the rumor that the hotel was a contact point where drunks would be hired as nursing home orderlies. He was offered room and board and $40 if he would work a month. A second sleuth took a janitor's job and, within minutes, was promoted to nurse and handed the keys to the narcotics cabinet.

Another concern that tarnishes the golden years is the sorrowful lack of health care. Here, inflation has forced many would-be well-to-do senior citizens to accept substandard services. A confidential report of Church's committee states flatly that "millions (of the elderly) are suffering and often dying because they cannot afford adequate medical care."

Either the elderly are not covered by federal, state or private medical programs, or the programs simply do not cover the costs. Minnesota, with one of the better health records in the land, illustrates how bad even the best can be.

One clinic there opened its doors to the low-income oldsters and offered to accept Medicare as payment in full for medical services; usually, Medicare only pays about 40 per cent of an elderly person's total medical bills. According to a committee staff memo, "the response was overwhelming. In three months over 7,000 people registered for the services of the clinic. Patients included former school teachers, lawyers, physicians, insurance company presidents, all of whom had exhausted their resources and who had neglected seeking the care they needed because of the expense."

We have come across some amazing cases of health care disasters. A man at one clinic had not seen a doctor since his World War I physical. A woman had gangrene in both feet. A man was blacking out because he could not afford to buy new batteries for his pacemaker.

These stories of the new "geriatric ghettos," the old nursing homes and the continuing health care scandal reflect only a few of the bitter realities of being old.

The best estimate is that six million old people live in poverty; without adequate food, gouged by high-cost prescription drugs, ill-sheltered and unloved.

As one Senate investigator poignantly told my associate Jack Cloherty, "When you watch men and women—once lawyers and middle-class housewives—standing there in line for a doctor, and know it may one day be you or your wife, that's when being old gets to you."

OPPORTUNITY FOR DISABLED INDIVIDUALS

Mr. WILLIAMS. Mr. President, two articles of importance to persons with disabilities throughout the country appeared on Monday, September 30 in the New York Times.

The first article reports on new procedures of the New Jersey Department of Civil Service whereby persons with disabilities who either need assistance or additional time because of the nature of their disability will receive such assistance when taking civil service tests. I believe the State is to be highly commended for initiating this program, as it is quite clear that the inability to write or read because of a disability should not preclude an individual from applying for a job for which he may be qualified. Figures from the 1970 Census indicate that at least 42 percent of the disabled community are unemployed and 52 percent of those individuals who are employed are earning less than $2,000 a year. Procedures of this kind, which afford persons with disabilities an equal opportunity to seek employment and qualify for public service, are one step toward changing these shocking statistics.

In this same vein, the Appellate Division of the New York State Supreme Court should be commended for waiving the bar requirements for Mr. Curtis Brewer, a young man who became a severely disabled quadriplegic as the result of a viral infection in his spine some 19 years ago. Mr. Brewer's academic credentials indicate that he is well qualified to serve as a lawyer. Mr. Brewer says that he is going to practice law from his van. He wishes to serve the needs of persons with disabilities through the law.

These two articles demonstrate increasing sensitivity to the particular needs of disabled individuals and the necessity of providing a truly equal opportunity through variations in requirements.

I commend these articles to my colleagues and urge other States to take similar steps. I ask unanimous consent that these two articles be printed in the RECORD following my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

JERSEY TESTS DESIGNED TO ASSIST HANDICAPPED

TRENTON, Sept. 29.—Handicapped or disabled persons hoping to take Civil Service tests will receive special help under new plans set in motion by the New Jersey Department of Civil Service.

William Druz, the department's chief examiner and secretary, said yesterday a candidate who had a visual impairment or any serious physical defect would be listed on a card in the department's records. When notifications for examinations are mailed, personnel in the examining unit will be warned in advance that they will be handling a special case, and arrangements will be made.

On the day of test, if the candidate cannot read the test booklet or mark his answer sheet, he will be given 50 per cent more time and a reader or marker will be assigned. A ground-floor test room will be assigned if the candidate cannot walk long distances or climb stairs.

QUADRIPLEGIC TO BE ADMITTED TO BAR WITHOUT TAKING EXAMINATION

A 48-year-old quadriplegic who has never taken the state bar examination will become eligible this week to practice law in New York.

Curtis Brewer, who says he plans to use his "wheel chair as a weapon" in the courtroom, had argued that it would be difficult for him to take the examination, and last July the State Court of Appeals granted him an exemption.

Mr. Brewer will appear before the character and fitness committee of the Appellate Division of the State Supreme Court tomorrow. He is expected to be sworn in as a lawyer in a special ceremony before the court on Wednesday.

Lawyers who have practiced in other states or who have served in the armed forces are, under certain circumstances, admitted to the state bar without taking the examination. But it is highly unusual for the examination to be waived for someone directly out of law school.

Mr. Brewer, who was paralyzed 19 years ago by a viral infection in his spine, was graduated from Brooklyn Law School last June with a 3.5 average out of 4.

"Physically, going to school was therapeutic but exhausting," he said the other day at his apartment on First Avenue and Fourth Street.

WIFE TYPED NOTES

Mr. Brewer's daily routine during his four years of law school began at 6 A.M. when he would awake to prepare for school. He had to be carried from his bed, washed, groomed, shaved, dressed and fed before being hoisted into his Chevrolet sports van for the trip to Brooklyn.

An attendant would then drive him to school and set him up in the lecture hall with the books, papers and notes he would need. A rubber-tipped stick would be placed in his mouth, which he would use to turn the pages of his books.

After he was driven home, his wife, Bettie, would type up his mental notes on the day's lecture and prepare the study material he would need for the next day.

In documents submitted to the court supporting Mr. Brewer's request for a waiver of the examination, his former professors, friends and associates referred to his accomplishments in such terms as "extraordinary," "courageous," and even "supernatural." But Mr. Brewer doesn't see it that way.

"What I've done is really no big deal," said Mr. Brewer. "All that I've done is coped with my situation, just like everybody else has to cope with theirs."

But for Mr. Brewer, who is black, part of coping with his situation is using his disability to its fullest advantage

"You should see the effect I have when I'm wheeled into a courtroom," he said with the kind of pride that an artist has in speaking of his art. "I'm not afraid to use my wheel chair or my color to cut through red tape."

Mr. Brewer plans to specialize in legal services for the handicapped. With the help of the Herman Miller Research Corporation, a Michigan-based office designer, Mr. Brewer is currently redesigning the van that he has used to get to school and is converting it into a mobile law office.

He hopes to use the van, which already has an elevator to facilitate the entry of those confined to wheel chairs, to bring his services to those who are unable to get about on their own.

Despite Mr. Brewer's handicap, he is able to perform many tasks with the aid of a small device that hangs a few inches from his mouth. By touching the different parts of the device with his tongue, he can move his wheel chair, turn on the lights in his room, change the temperature on the air conditioner, lock or unlock the front door or shift on his tape recorder.

Mr. Brewer lives with his wife, whom he met before he was disabled but whom he married afterward, and their 16-year-old son, Scott.

Before he was paralyzed in 1955, Mr. Brewer said that he held "about 60 different jobs," ranging from a newspaper deliverer to a private investigator, and was "trying to settle down" when he was stricken by transverse myelitis, a disease of the spinal cord. The disease left him with sensory perception below his neck but without motor responses.

At the time, he was a student at the New School for Social Research. He was graduated from the New School in 1956 and did graduate study in public administration in New York University.

MARC CHAGALL'S ARTWORK ENHANCES CHICAGO

Mr. PERCY. Mr. President, I am very pleased to report that my home city of Chicago has received a notable addition to its impressive collection of public art. On September 27, Marc Chagall's mosaic, "Four Seasons," was officially unveiled there, and I invite all my colleagues to be sure to see it on their future visits to Chicago.

Located in the First National Plaza, the 70-foot work, with its vibrant colors and lyrical figures, adds beauty and a touch of whimsy to the Chicago Loop.

The mosaic is dedicated to Chicagoans in memory of Frederick Henry Prince and was made possible by the generosity and initiative of Mr. and Mrs. William Wood-Prince. It is owned by Art in the Center, Inc., a nonprofit organization formed to care and maintain the mural.

The mosaic is intended to celebrate life in all its stages. Chagall, however, gave Chicagoans a great deal more than this art during the weeks he spent supervising the work's final construction. His generosity and unaffected humility won the city's heart. The unveiling ceremonies, understandably, became a public celebration of gratitude.

I join many other Chicagoans in paying tribute to Marc Chagall. He and the public-minded citizens who made the mosaic possible deserve our thanks.

During his recent 2-week visit to Chicago with Mrs. Chagall, they captivated the hearts of all Chicagoans with whom they came in contact. We were proud to have Marc Chagall designated as an honorary citizen of Chicago by Mayor Richard J. Daley.

CORRECTION OF REPORTS

Mr. JACKSON. Mr. President, I ask unanimous consent that several printing errors be corrected in two reports filed recently in the Senate by the Committee on Interior and Insular Affairs.

The first correction to be made is in Senate Report 93–1177, to accompany H.R. 10337, relating to the Navajo-Hopi land disputes. On page 30 of that report, the first sentence in the second paragraph should read as follows:

> Thus, the Committee recognizes both the responsibility to provide partitioning authority, and, if judicial adjudication should become necessary, the likelihood that such authority would be exercised.

The second correction is in Senate Report 93–1234, to accompany H.R. 7730, to authorize the Secretary of the Interior to purchase property located within the San Carlos Mineral Strip. The correction should be made on page 4, in the third sentence in the paragraph entitled "Present Status: Private or State Ownership," which should read as follows:

> Approximately 4,500 of those acres have been formally conveyed to the State. Approximately 11,000 acres have been included in the Colorado (formerly Crook) National Forest, and about 6,340 acres have been patented under the homestead laws.

THE DANGERS OF NUCLEAR PROLIFERATION

Mr. STEVENSON. Mr. President, the dangers of nuclear proliferation throughout the world can scarcely be exaggerated—and yet they are scarcely perceived. If the world community does not awaken to the nuclear menace soon, it will be too late to control. These dangers are concisely described in an article by Gwynne Dyer in the Cleveland Plain Dealer of Tuesday, September 17. I ask unanimous consent that a copy of the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NUKING YOUR NEIGHBOR

(By Gwynne Dyer)

The first phase of the proliferation of nuclear weapons ended a decade ago; India's test in Rapasthan four months ago inaugurates in whole new era, with very different rules and implications. Though it was surely not her intention, in authorizing the explosion Mrs. Gandhi may have signed a post-dated death warrant for many people now living.

With China's first atomic test in 1964 all the traditional great powers who had been more-or-less victorious in World War II had joined the nuclear club. Their only potentially serious competitors in the global arena, the three defeated powers, took shelter under the spreading American nuclear umbrella, and found consolation for their greatly diminished international power in their respective economic miracles.

In the harsher and lonelier world of the 1970s, the possibility of nuclear armaments for these three states has begun at least a shadowy revival. Japan feels increasingly exposed in an Asia rapidly going nuclear, and a recent poll indicated that 45% of Japanese expected their country to acquire nuclear weapons eventually (though a much smaller proportion liked the notion). The real crunch will come when Chinese missiles able to reach the United States come into service later in the decade and American retaliation for a nuclear attack on Japan becomes a less reliably automatic proposition.

Russian attitudes toward German 'militarism' would turn any similar West German decision into the most acute crisis since the war, but beneath the glitter of the German consumer society there survives a current of nationalism and of resentment at the second-class military status that the lingering mistrust even of her allies imposes upon Germany. Any major setback to the Wirtschaftswunder could nourish these attitudes mightily. Even Italy, should the frequently predicted collapse of her present political system ever actually occur, might not be immune to a hankering after nuclear status.

Like the three lesser nuclear powers already on the scene, later 'great power' entries into the field would also be operating within the constraints of a world political stage, dominated by the unchallengeable nuclear forces of the two conservative superpowers. Apart from the political crisis their decision to go nuclear might cause, therefore, they would create little heightened risk of a nuclear war in the Northern Hemisphere.

The real danger of proliferation lies in the acquisition of nuclear weapons by regional powers not so much confined by these constraints in their frequently bitter rivalries with their local neighbors. The danger is particularly acute because the kind of nuclear forces these poorer states could afford would be cheap, relatively primitive, and highly vulnerable to a first strike by a rival, so that in a crisis they end up in the dilemma of "use it or lose it."

India's test has opened this door. Anyone who believes it was merely a 'nuclear explosive device for civil engineering purposes' also believes in fairies—it is part of a weapons program whose only civil engineering aspect is a capability to make sudden dramatic alterations in city landscapes. Had New Delhi's purpose been only what it claimed, it could have availed itself of the 'nuclear explosion services' placed at the disposal of other nations by the nuclear powers under the terms of the Non-Proliferation Treaty (NPT) of 1970, which it did not sign.

The fact that India is not relying just on bombers for delivery but is carrying out a scarcely disguised development project for intermediate range ballistic missiles (IRBMs) confirms the impression that she wishes to deter not Pakistan but China, whose vulnerable big cities and industrial complexes are mostly several thousand miles distant (whereas India's main centers are in easy range of Chinese bombers based in Tibet). However, it is Pakistan that feels most directly threatened, understandably enough, and the Pakistani foreign minister has been touring the capitals of the present nuclear powers in a forlorn quest for a reliable guarantee against India. He will almost certainly not get it, in which case Pakistan's alternative will be to develop her own nuclear weapons.

A slow-motion chain reaction of similar decisions by states suddenly imperiled by their neighbor's acquisition of nuclear weapons is now a distinct possibility. Especially in the regions of South Asia, the Middle East and Latin America, it requires but a single state to start the ball rolling. Since there are several dozen states which have or soon will have the expertise and resources to create cheap and nasty nuclear forces that would be significant in a purely regional context, the danger is obvious. The immediate candidates are Pakistan and Iran, but some other possibilities within a decade include Israel (if she is not a secret nuclear power already), Egypt, possibly Turkey and Greece, South Africa, Brazil, Argentina, and perhaps even Australia, Indonesia, Thailand and the two Koreas.

Once this sort of proliferation starts, the NPT cannot stop it. None of the major nuclear powers would be willing to make the total commitment to the defense of Third-World states with newly nuclear neighbors that alone could dissuade them from going nuclear themselves—a public undertaking, for example, to use nuclear weapons on India if New Delhi should ever use them on Pakistan—as it would vastly magnify the danger that a local crisis irrelevant to their real interests could drag them into a nuclear conflict.

Without that kind of guarantee, threatened Third-World states will look to their own defenses. If they have signed the NPT they may be expected to use the escape hatch of "extraordinary events jeopardizing their supreme interests," which all nuclear treaties contain, and withdraw from it at three months' notice.

Second-strike forces such as those owned by the existing lesser nuclear powers cost in the vicinity of $10 billion over 10 years to create and are clearly beyond the means of Third-World states. But according to a United Nations estimate 100 small and very dirty plutonium warheads deliverable over a thousand miles or so by a few dozen jet bombers and about 50 nonhardened IRBMs can be had over the same period of time by a state with a pre-existing civilian nuclear program for $1.7 billion. (These figures are almost exactly in line with potential Indian forces and probable costs five or six years hence.)

If your likely opponent is closer you can dispense with the missiles, rely on your existing fighter-bombers for delivery and get an economy-model deterrent for as little as $300–400 million, since nowadays bombs are much cheaper than delivery systems. The great drawback, of course, is that either configuration of forces remains highly vulnerable to a surprise attack, which makes for trigger-happy 'launch-on-warning' postures.

To put the situation very bluntly, if the second phase of proliferation gets under way we are likely to lose a few cities before the end of the century. But not north of the Tropic of Cancer, or at least not for that reason. A few Third-World nuclear powers in a future of proliferation might some day achieve the range to reach the industrialized states with their weapons, but they would have no genuine ability to threaten or damage them. Ballistic Missile Defenses (BMD) beyond their ability to emulate or penetrate are already feasible for those richer and technologically advanced nations.

Indeed, had the superpowers not restricted the expansion of their existing BMD systems by the SALT treaty, they could now be practically invulnerable even to possible attacks by the present nuclear powers of the second rank. The rich stay safe from the poor, while the poor remain vulnerable to the rich, and especially to each other.

MORE ON SEX DISCRIMINATION IN EDUCATION

Mr. PERCY. Mr. President, since my July 9, 1974, statement on sex discrimination in education, a number of individuals and organizations have sent me articles, newsletters, and reports indicating that there is an explosion of interest in sex-role stereotyping in textbooks. I would like to share with my colleagues some materials that I consider particularly pertinent to this body, sent by Jennifer Macleod and Sandy Silver(wo)man, members and organizers of the Association of Feminist Consultants. Dr. Macleod and Ms. Silver-(wo)man are authors of "You Won't Do: What Textbooks on U.S. Government Teach High School Girls." This well-documented study concludes that civics textbooks are leaving women out, putting women down, ignoring subjects important to women, and telling girls that the "smoke-filled rooms" of the U.S. Government are "for men only." In looking around this Chamber, the U.S. Senate may well be testament to the conclusions reached by Dr. Macleod and Ms. Silver-(wo)man. In the interest that the Senate will have the benefit of representation by women in future Congresses, I ask unanimous consent that a Ms. Magazine article reviewing "You Won't Do" be printed in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

Civilized Civics

The government's "smoke-filled rooms" are for men only. That is one of the clear-cut messages we found prevalent in the eight high school civics (judged "currently popular" by major publishers) we examined. All the following examples are typical of the sexist bias that parents', teachers', and women's groups are seeking to eliminate from the curriculum under the potential authority of Title IX of the 1972 Higher Education Amendments. (Last May, the first textbook complaint under this act was filed against the Kalamazoo, Michigan, public schools.)

In all eight texts, there were only 33 index listings for women, compared to 1,104 for men. Ethel Rosenberg, the convicted, executed spy, and former Senator Margaret Chase Smith tie for prominence with three listings each.

Illustrations are similarly one-sided. In the eight books, the number of pictures showing only men ranged from 53 to 71 percent, whereas just 3 to 9 percent of the pictures portrayed all-women scenes. Women are pictured in traditional sex-stereotyped roles. Two exceptions, however, present female officeholders: Senator Smith is pictured holding a bouquet of roses, and Patsy Mink (D.-Hawaii) is shown throwing snowballs. Checking out the index listing for Mrs. Ulysses S. Grant, we found only a photo of a mannequin wearing her inaugural gown.

In an introductory unit on "Understanding Democracy," a six-sketch montage shows a man running for office, a man reading about a male candidate, three men discussing politics, a man watching a three-man TV debate, a man cheering a male candidate, and a man casting his vote.

Boys grow up to be "Mr. Average Citizens," and fill out ballots and tax forms. Political leaders are shown as male stick figures in charts. In one book, women get a passing reference when men are displeased with a political issue and "tell their wives, who . . . discuss [it] over the bridge table." But when women themselves are participating in politics, the context is hardly serious. In one vignette two members of the League of Women Voters observe a council meeting; one sits and knits, the other takes notes "on the back of an envelope."

One book goes so far as to muse, "Some day perhaps, a Negro, a Jew, a Mormon, even a woman, may have some prospect of being the party [Presidential] nominee." What about Negro, Jewish, and Mormon women? Another text is even more flagrant; its "ideal Presidential candidate" is "an energetic member of the male sex."

The feminist movement receives little or no coverage. One chart, entitled "The Second Bill of Rights," includes the 15th Amendment granting (male) "Negroes" the right to vote. It makes no mention of the 19th Amendment, which, in case your high school textbook didn't tell you, gave all women the right to vote.

Mr. PERCY. Mr. President, further in the interest of eliminating sexism in textbooks, Dr. Macleod and Ms. Silver-(wo)man have complemented their publication of "You Won't Do" with the development of an illustrated lecture based on the study and the issuance of a newsletter asking for action on the enforcement of title IX of the Education Amendments of 1972, the funding of the Mink-Mondale Women's Educational Equity Act, and the enactment of the Percy Women's Equal Educational Opportunity Act. I ask unanimous consent that extracts from the newsletter be printed in the Record at this point.

There being no objection, the extracts from the newsletter were ordered to be printed in the Record, as follows:

Sexist Texts and Title IX

Title IX, which was passed July '72, states, "No person . . . shall on the basis of sex . . . be subjected to discrimination under any education program . . . receiving Federal financial assistance." The New York Times said June 18, "There was . . . one extremely controversial item that was entirely omitted from the [proposed Title IX] regulations. They fail to cover discriminatory curriculum materials, such as textbooks that contain sex bias. The [HEW] department said that any attempt to prohibit the use of such materials 'would raise grave constitutional questions under the First Amendment.'" Countering the HEW claim, Wilma Scott Heide, National Organization for Women (NOW) President '71–'74, wrote, "This valuable book by feminists Macleod and Silver-(wo)man can be part of the factual basis to make the case that the selection of sexist texts by state action (via public school boards) is a denial of individual First Amendment rights of freedom of speech by excluding, derogating, and/or stereotyping women. Affirmative guidelines of Title IX vis a vis textbooks could help end that unconstitutional tragedy as documented by 'You Won't Do'!"

MINK ACT AND FUTURE FUNDING

The Women's Educational Equity Act was passed by Congress as an Amendment to the extension of the Elementary and Secondary Education Act (ESEA), which President Ford just signed. The President recently stated that he had "reservations" regarding some provisions of the ESEA, and said he would oppose any "excessive funding." On August 22, President Ford met with 13 of the 16 women now in Congress to proclaim August 26 as Women's Equality Day. According to the New York Times, "In his informal remarks at the ceremony, Mr. Ford also noted that 'it's been my observation that women, over the years, especially in politics, have to do things twice as well in order to get credit. We've got to change that.'" Ford should recognize that the Women's Educational Equity Act would be a start toward the "change" he just deemed necessary. Patsy Mink, the original sponsor, urges that any individual supporting her bill please write to President Ford, as well as Congressmen Mahon and Flood and Senators McClellan and Magnuson, telling them to maintain the $30 million per year appropriation in ESEA Title IV to fund the measure.

PERCY PROVISION TO AMEND CURRENT BILLS

Regarding the absence of Title IX enforcement regulations, Senator Charles Percy said in February, "What could have been almost 2 years of progress in the fight against sex discrimination in education has been irretrievably lost." In the same month, he introduced the Women's Equal Educational Opportunity Act of 1974 and said, "it is a sad commentary on the status of women in this country that such legislation is necessary." Perhaps the saddest commentary is the fact that there is not even one woman now in the U.S. Senate to introduce this legislation herself. Eleven women have served in the Senate since 1917 and 78 women have been Representatives in Congress, but their roles are scarcely mentioned in the nearly 5,000 pages that were studied for "You Won't Do." Clare Boothe Luce pointed out in the August 24 Saturday Review World, "There have been only 3 women governors, 2 women Cabinet members [none currently], and 14 women ministers and ambassadors. And only one of these was appointed to a major country." Macleod and Silver(wo)man have noted that the textbooks on U.S. government do not give any reasons as to why so few women have made it, particularly on their own initiative, into the political sphere. Percy went on, "To subject women to 12 and more school years of persistent conditioning that only prepares them for subordinate roles in society is a classic example of the self-fulfilling prophecy at work. . . . No nation can afford to waste more than half its human resources."

Percy explained, "laws prohibiting discrimination are never enough." While the Mink bill provides some funding for new projects, Percy's provision would amend three major existing education laws in order "to insure that Federal support for education is used to remedy the effects of past discrimination, maximize the commitment from existing programs and resources to insure equal opportunities for women, and develop new strategies and mechanisms to help women gain their place as equal participants and beneficiaries of our society." His legislation would, in part, amend the ESEA to assure "that Federal funds . . . be used, on a priority basis and where possible, in the acquisition of non-sex-biased library resources, textbooks, and other instructional materials." The Women's Equal Educational Opportunity Act is currently in the Education Subcommittee of the Senate Labor and Public Welfare Committee. Senators Javits and Mondale, both members of this subcommittee, have pledged to support this measure in "whatever ways they can." In order to support the bill, Macleod and Silver(wo)man recommend that citizens send letters to their Congresspeople, with copies to Senator Percy, and specify that the act be amended to the next education bill, either the Vocational Education Act or the Higher Education Act, that is reported out of committee.

GENOCIDE CONVENTION DRAFTED IN THE SPIRIT OF THE U.S. CONSTITUTION

Mr. PROXMIRE. Mr. President, over the past 25 years, many arguments have been expressed both pro and con concerning the ratification of the Genocide Treaty. One of the basic arguments held by those opposing the treaty is that it contradicts the Constitution of the United States. However, quite to the contrary, this document was written in the spirit of the U.S. Constitution.

From a legal point of view, international conventions for the control of criminal acts are not unusual. The United States is a party to collective action involving the crimes of circulation of obscene literature, traffic in women and children, slave trade, traffic in opium, and piracy.

Because of the prominent role played by members of the U.S. delegation in drafting the Genocide Convention, it is written in terms of familiar Anglo-American legal theory and embraces traditional American common law concepts.

For example, the convention preserves the principle of territorial jurisdiction over criminal acts. Furthermore, the convention's definition of genocide presents the American approach to the concept of a criminal act. To constitute genocide, the act in question must be coupled with a specific intent to destroy a national, ethnic, racial, or religious group. In fact, it was the United States that insisted that intent must be proved for any act to be considered genocide.

John Foster Dulles, as a member of the U.S. delegation to the United Nations General Assembly in 1948 drew the analogy between the Declaration of Independence and the Constitution of the United States on one hand and between the Universal Declaration of Human Rights and the international covenants—such as the Genocide Convention—on the other hand. This analogy showed how legally binding instruments followed and gave force to inspirational and moral declarations.

In 1963, President John F. Kennedy remarked to the Senate that—

> The United States cannot afford to renounce responsibility for support of the very fundamentals which distinguish our concept of government from all forms of tyranny.

It is quite obvious that the Genocide Convention accords of 1949 does not conflict with the basic rights set forth in the U.S. Constitution. Indeed, the convention was written and exists in the spirit of the American ideals of life, liberty, and the pursuit of happiness. Therefore, without further delay, I urge ratification of this important document.

BALLOON FROM WYOMING BEATS U.S. POSTAL SERVICE

Mr. McGEE. Mr. President, the small Wyoming community of Centennial recently held a celebration to honor the American Bicentennial. One of the features of that occasion was the release of 1,000 balloons, each containing a postcard.

In a story in the October 4 Wyoming Eagle, Rosalind Routt explains what happened to one of those balloons. She also casts an oblique eye on the U.S. Postal Service's handling of the postcard. But she was kind in her treatment of the irony involved and the story is interesting, not only for the saga of the postcard, but also some history of balloons and the community of Centennial, and a little lesson in meteorology.

I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BALLOON RACES TO NEW JERSEY

(By Rosalind Routt)

The U.S. Postal Service might take note of a "small bit of aviation history" made this week by a little balloon launched Sunday at Centennial.

Although the feat cannot exactly be termed a giant leap for mankind, the fact that one of the 1,000 helium-filled balloons released during the bicentennial ceremonies Sunday at Centennial was found exactly 23 hours later in New Jersey might be one small step for balloon post message enthusiasts.

However, the irony of the story is that the postcard attached to the balloon took two days to make its way back to Wyoming through the mail.

The red, white and blue balloons, which measured 14 inches in diameter, were let go at 11:30 a.m. Sunday. Attached to each balloon was a postcard asking the finder to return the card to the Wyoming Bicentennial Commission (WBC) with his name and address, and the time and place of the discovery of the balloon.

Yesterday an astonished Pat Hall, director of the WBC, received one of these postcards, number 242, from Fred Fishetti of Martinsville, N.J.

"I thought someone was pulling my leg at first," Hall said when informed of the postcard.

According to the information on the postcard, the balloon and card were found at 10.30 a.m. Monday on Runyon Ave. in Piscataway, N.J., located 30 miles southwest of New York City.

Not a doubter by nature, Hall still double checked the veracity of the postcard and, according to a New Jersey telephone operator, Fred Fishetti does indeed live in Martinsville, N.J., but has an unlisted telephone number. Hall said he has written the man for a signed statement about his discovery.

Hall has received 20 postcards, including three from Abilene, Kans., three found on I–80 near Sidney, Neb., one from Glendo and one from Sybile Canyon near Wheatland.

How does Hall account for the incredible time made by the balloon traveling across the United States?

"The National Weather Service told me if it got into the jet stream," Hall explained, "there's no reason it wouldn't go that far."

An NWS spokesman described the jet stream as a "broad ribbon of westerly air aloft that meanders like a river varying in altitude and location during the year."

As the strongest band of westerly wind aloft, the jet stream, the NWS said, averages 80 to 150 m.p.h. in its core over the Midwest.

Admitting that the attrition rate for these balloons if "pretty high," Hall said, "these postcards will be picked up until who knows when."

The idea of the balloon post is not that far-fetched for a bicentennial celebration. In 1793, 10 years after Revolutionary War ended, the first air voyage in America occurred when a French aeronaut, Jean Pierre Blanchard, made a balloon ascension in Philadelphia.

Blanchard carried with him a letter of introduction from President George Washington, the first American balloon post message and the precursor of the present-day air mail system.

Hall said probably the most outstanding example of the balloon post occurred during the Franco-Prussian war in 1870–71 when the city of Paris was completely surrounded by enemy troops.

Some 55 hot air balloons carried 12 tons of mail or 2,500,000 letters out of the city over enemy lines.

In the 1930's, the balloon post was popular in Europe where balloons, similar to those released at Centennial, were let go at fairs and celebrations.

NUCLEAR PROLIFERATION

Mr. MUSKIE. Mr. President, with the recent detonation of an atomic device by India, there are currently six members of the nuclear club. Knowledgeable observers estimate that as many as 24 nations—including Israel, Egypt, Brazil, Argentina, and Pakistan—could possess nuclear weapons before the end of this decade.

As chairman of the Foreign Relations Subcommittee on Arms Control, I am particularly concerned about this problem of nuclear proliferation and its possible consequences. Immediate steps must be taken by the world community to check an impending international race in nuclear weapons.

Our colleague from Illinois (Mr. STEVENSON) has recently written a thoughtful and timely article, urging the United States to take the lead in controlling the spread of weapons technology. As Senator STEVENSON has noted:

> The dangers of nuclear proliferation require an intense reexamination and a major new international effort to contain them. All nations must be made to see the seeds of destruction in the rush to extend nuclear capability through the world without adequate safeguards. That effort will be led by the United States or not at all.

Mr. President, I recommend to all my colleagues Senator STEVENSON's "Nuclear Reactors: America Must Act," that appears in the October 1974 issue of Foreign Affairs, and ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NUCLEAR REACTORS: AMERICA MUST ACT

(By Adlai E. Stevenson III)

In 1954 the United States began, innocently enough, to share its nuclear resources with the world. Since the start of the Atoms for Peace program we have supplied nuclear technology and materials to 29 countries in an effort to extend the benefits of peaceful atomic power to all mankind. In the intervening years, other natons have developed their own nuclear capabilities, or have received assistance from U.S. licensees in other countries, such as France, or through sharing arrangements such as Euratom and the International Atomic Energy Agency (IAEA). All told today, over 500 nuclear reactors are in operation in 45 countries. By 1985, the number of operating power reactors throughout the world is expected to quadruple.

The implications for world peace and stability are momentous. Atoms intended for peace can also be used for war. A nation with a functioning nuclear reactor and a reprocessing facility can produce plutonium for the manufacture of explosive devices. Small reprocessing plants for weapons-grade plutonium can be built fairly quickly, at moderate expense, and are difficult to detect. The weapons technology is readily available, and once plutonium is acquired nuclear arms can be fabricated with relative ease. According to some estimates, by 1980 the world's nuclear reactors will have produced 300,000 to 450,000 kilograms of plutonium. As little as five or six kilograms is required to make a bomb with a destructive force of 10 to 20 kilotons of TNT, which was the size of the two bombs that devastated Nagasaki and Hiroshima.

The nuclear club, which recently counted only the United States, the Soviet Union, Great Britain, France and China among its members, is already losing its exclusivity. The recent Indian explosion, despite its "peaceful" label, has set its doors ajar. Argentina, Belgium, Canada, Italy, South Africa, Spain and West Germany are either near, or perhaps, like Israel, already inside. Australia, Austria, Brazil, Czechoslovakia, East Germany, Iran, Japan, Norway, Pakistan, Sweden, Switzerland and Taiwan have it within their technological means to enter the club in the near future.

The further spread of nuclear reactors seems inevitable and could be desirable. The world's energy demands will intensify; fossil fuel resources are depleting. Particularly in the last year, oil costs are adding billions to balance-of-payments deficits and causing widespread shortages. Nuclear power offers a source of energy, independent of foreign oil supplies. For countries like India, oil imports consume foreign-exchange earnings needed for such essential imports as food. Understandably, nations seeking reliable alternatives to expensive oil see nuclear power as the answer.

They are aided and abetted by the nuclear-exporting states, which are scrambling to pay their own oil bills. Salesmen from Canada, West Germany, the United Kingdom, France and the United States are busy making their rounds. The competition is intense. Businessmen see the opportunities and seek new markets. Westinghouse and General Electric reactors know no national boundaries. Through a French venture, Westinghouse reactors find their way to Iran and wherever else the French can make a sale.

The momentum becomes self-generating. Chastened by the oil embargo, nations realize that possession of nuclear reactors without control over nuclear fuel gives only illusory energy independence. Independent and diversified sources of nuclear fuel are, therefore, sought.

At present the dominant reactor type in the world market remains the American light-water design, fueled by enriched uranium—of which the United States is almost the sole present source. As a result of rapid growth in demand, the U.S. Atomic Energy Commission may no longer have the capacity for long-term supply commitments to all customers; when contracts were entered into to supply the newly promised 600-megawatt reactors to Egypt and Israel last June (not to be completed till the mid-1980s) new contracts for traditional European customers had to be delayed. Partly because of foreseeable limitations of American supply and partly to get away from the cost and political strain of dependence on the United States, efforts to produce enriched uranium elsewhere are going forward rapidly. Already, two European consortia, Eurodif and Urenco, are starting construction of factories to supply Europe's enriched uranium requirements and to compete with U.S. (and Soviet) output. Thus, competition to sell reactors expands to include competition to sell fuel.

The same striving for independence has contributed to the growing popularity of heavy-water reactor designs, notably the Canadian Candu, which rely on relatively abundant and widely dispersed natural uranium for fuel. One reason India took the heavy-water reactor route may have been to free itself from dependence on foreign fuel suppliers.

The spread of nuclear reactors has thus taken on a wholly new dimension. We face a new era in nuclear power, totally different from the situation as recently as ten years ago. As nuclear power spreads, the danger that nuclear weapons too will spread and come into new hands has grown and intensified as well.

The risks of accident and theft—already significant even within the United States—will inevitably be heightened. While accidents do not usually have international consequences (the local damage may be enough to worry about), theft or diversion into private hands is both a national and an international problem. The wide publicity this danger has received is not, I am convinced, overdrawn. Determined terrorist groups or criminal elements with access to nuclear materials would have unlimited capacity for blackmail. Primitive delivery systems would suffice. Under certain circumstances, plutonium could be used as a poison, as well as for nuclear explosives.

Against the risk of private diversion, existing control systems in the major nuclear nations, including the United States, are not adequate. What, then, could the risk become in nations that lack our technological and security resources and experience?

Location of nuclear reactors in politically unstable nations adds another dimension. Their control can shift radically as governments change hands. The ability to pinpoint responsibility and impose accountability becomes almost impossible.

As nations acquire nuclear materials and technology, the temptation to develop explosives will intensify. Nuclear capability tends to be viewed as a measure of power and prestige. By a recent poll, a majority of Indians now favor that nation's acquisition of the nuclear weapon. The timid international reaction which India's action generated cannot have gone unnoticed by other nations which may be moving toward nuclear capability.

As the nuclear-weapons potential spreads, destabilizing influences will become more pronounced. Nations will find it difficult to exercise self-denial for long when traditional enemies start down the nuclear path. Confronted by nuclear India, Pakistan cannot help but feel anxiety. Indeed, it is now seeking a reprocessing plant, and if successful, will acquire its own source of plutonium. Iran, although it is a party to the Nonproliferation Treaty (NPT), may also be moving in that direction. Its plans for accumulating reactors appear to exceed any realistic energy requirements. Iraq in time could follow suit. Israel and Egypt, as well as others on the nuclear threshold, may be tempted to follow.

And momentum has been added by the feeble Test Ban Agreement reached at the recent Moscow summit. The 150-kiloton threshold, the 1976 effective date, and the total exemption of explosions for "peaceful" purposes all imply—even proclaim—that the United States and the Soviet Union are not very serious about stopping proliferation. "Peaceful" nuclear explosions are indistinguishable from explosions for non-peaceful purposes, a point brought home forcefully by the Indian detonation last May. If the superpowers are unwilling to exercise restraint themselves, they cannot expect restraint from others.

III

Against this background of ever-widening nuclear capacity and temptation stands the Nonproliferation Treaty. Signed in 1968, it is a testament to the anxieties aroused by the French tests that began in 1960 and the Chinese tests that began in 1964. A startled world then awakened to the reality that nuclear weapons were no longer the province of the few.

The treaty has 83 parties. It has 23 additional signatories which have so far withheld ratification. Both China and France have steadfastly refused to join. Also missing are Argentina, Brazil, India, Pakistan, Israel and South Africa. South Korea, Japan, West Germany and Egypt have signed but not yet ratified.

The treaty remains just that: an agreement to be observed by those willing to join and for so long as it suits their purposes, with two powerful nuclear states, as well as many potential nuclear states, on the outside. It is a mighty gesture, but it falls seriously short of coping with today's realities.

The treaty is shot through with potential contradictions. It prohibits the transfer of weapons on the one hand, but it encourages the exchange of nuclear materials and technology on the other. It puts nuclear assistance under safeguards, but requires that such safeguards not interfere with international nuclear exchange. It requires safeguards on a recipient's nuclear facilities, but it does not forbid assistance to a nation which has refused to join the treaty. It imposes limitations on transfers by nuclear-weapons states, but makes no provision whatever for subsequent transfers by recipients to third countries. And, at bottom, it contains no sanctions.

Woven throughout the NPT is an assumption that safeguards can prevent the proliferation of nuclear weapons. But that assumption is open to question. When the NPT was concluded, there was no agreement on the safeguards to be imposed. Instead, the matter was left open for inclusion in subsequent agreements which each party would negotiate with IAEA. Failure to reach agreement at the time on the fundamental standards which would underlie the NPT is a significant commentary on the lack of international consensus.

As IAEA safeguards have developed, it is clear that they are unsuited to the present task. They consist of little more than an inventory accounting system. They can detect diversions after, or as, they occur; but they are powerless to prevent them from happening. They neither impose nor require security to prevent diversions, so that either real or feigned theft of plutonium is a possibility. Once the diversion has occurred, a recipient nation can confess, but the international community is unprepared at present to invoke meaningful sanctions. And IAEA safeguards, of course, do not even apply to nations, including the United States, which are classed as nuclear-weapons states under the treaty, although the United States and the United Kingdom have voluntarily offered to apply IAEA safeguards to a broad range of their facilities.

IAEA safeguards are, moreover, insufficiently adaptable to changing technologies. The Canadian heavy-water reactor and the West German reactor in Argentina are particularly disturbing in this respect. They operate on raw or lightly enriched uranium and produce large quantities of plutonium. Diversions from these reactors are more difficult to detect than diversions from light-water reactors.

Other technological developments will intensify the problem. The variety of reactors is increasing. While the American lightwater reactor normally requires enriched uranium, a material not now freely available, new technologies such as the centrifuge, laser technology, and a secret technology reportedly being developed in South Africa could in time make enriched uranium readily available. Additional problems will be created by the high temperature gas reactor (HTGR) which, while it has certain advantages, requires uranium so highly enriched that it can be used directly for weapons manufacture. Also, the new fast-breeder reactors, just becoming practicable, use plutonium as fuel and produce still more plutonium.

Keeping up with changing technology will on the face of it require vastly more resources than have been committed to the task so far. Presently, IAEA has budgeted only $200,000 for research on safeguards for the entire international community. The U.S. Arms Control and Disarmament Agency (ACDA) will spend at most $474,000 on safeguards research in fiscal 1975—down from the $785,000 budgeted back in 1969. Along with some research within the U.S. Atomic Energy Commission, this appears to represent the entire worldwide effort on international safeguard research. Moreover, there is no established procedure for translating American national safeguards into international safeguards.

Apart from its limited charter, IAEA itself has deficiencies that reflect the interests which it serves. And the interests served are those which favor proliferation of nuclear capacity. Such proliferation is implicit in the NPT, with its emphasis on widespread sharing of nuclear materials and technology, and implicit too in the purpose and structure of IAEA.

Founded in 1957 to foster international nuclear cooperation, IAEA exists to promote the international development and use of atomic power. As with the U.S. Atomic Energy Commission, service to its constituency is an overriding goal. Its 104 members overwhelmingly reflect the interests of recipients. They, not the supplier nations, retain ultimate control, although admittedly the United States has leverage both politically and because of its budgetary contributions. When questions of safeguards, security, sanctions and research arise, answers which interfere with access to nuclear power may not enjoy much support.

Many critical questions are now pending before IAEA. Among them is the question of whether "peaceful" nuclear explosions should be permitted, and, if so, under what conditions. Here the United States whetted the appetite of some with Project Plowshare. The NPT imposes obligations on each party to the treaty to make the benefits of "peaceful" explosions available to all. Should the questions which such peaceful explosions raise be resolved by the recipients through IAEA or by the suppliers?

Under the present circumstances, it appears that neither has the necessary perspective to provide final answers to this and to the many other questions raised by the spread of nuclear power. Nationalistic expectations will go on rising. Potential recipients will continue to see immediate gains in the acquisition of a nuclear capability. Limitations on freedom of action will be resisted. Nuclear-exporting nations will be reluctant to forgo the opportunity they now see to serve their immediate self-interest in new and bigger markets. And down the road other nations, seeing the profit to be gained from sales of nuclear materials and technology, will hope that they too, in time, can share in those profits. The nuclear-sharing agreement entered into by India and Argentina just six days after the Indian explosion highlights the possibility. For a long time to come, the need for power and the desire for profit will dominate national nuclear policy—unless perceptions of self-interest change.

IV

This is where the United States must take the lead. The self-interest of all nations is served by controlling the nuclear menace. If that self-interest were now clearly perceived, this alone might produce restraint and caution throughout the world. We can hope so—but we dare not depend on it. The policies of governments are not always the creatures of enlightened self-interest, particularly when the benefits of one course of action are immediate and the benefits of another are remote.

The dangers of nuclear proliferation require an intense reexamination and a major new international effort to contain them. All nations must be made to see the seeds of destruction in the rush to extend nuclear capability throughout the world without adequate safeguards. That effort will be led by the United States or not at all.

The conventional wisdom argues that the United States should accelerate its nuclear sales efforts. If the United States doesn't, it is argued, others will; and the result will be expanded sales by countries which do not insist on adequate safeguards, as well as the spread of reactors, like the heavy-water reactor, which are more difficult to police and more susceptible to plutonium diversion.

The conventional wisdom is a prescription for the escalation of proliferation. Aggressive promotion by the United States can only induct others to follow suit. And like lemmings, nations will then surge toward the sea, drawn by little more than the short-term prospect of energy and profit.

I suggest that instead of surging ahead, the United States declare a conditional one-year moratorium, make no sales of nuclear reactors except to countries which submit *all* their facilities to IAEA safeguards, and immediately begin an intensive effort through concerted international action to develop and implement improved safeguard and security systems. The moratorium should be imposed on the supply of fuel, technology and nuclear-related materials—with an exception only for commitments under existing contracts. In addition, the moratorium should apply to all countries which refuse to subject their re-exports to acceptable safeguards.

Such an act would offer the world an example—and time. It would demonstrate that the United States is in deadly earnest. It would reduce the competitive pressures to export. It would offer a breathing spell during which supplier nations, and recipients as well, could re-examine the dangers which they all confront from unpoliced and vulnerable nuclear facilities. If other supplier nations did not join the effort, we could resume. But there is a basis for believing that perceptions of the danger are beginning to stir and that American leadership would evoke a favorable response from the supplier nations, including the new government of France.

In the late 1950s the United States came to realize that the world was headed for disaster if it continued poisoning the environment with nuclear tests. Taking the lead, the United States ceased atmospheric testing. By its gesture, it sparked a better understanding of the danger. The Limited Test Ban Treaty followed in 1963.

A similar gesture is now in order. Our action could convince others that the problem is urgent and offer supplier nations relief from competitive pressures. It could spur efforts to attack the problem with effective and enforceable safeguard and security systems.

A moratorum will be useful only if it leads to significantly enhanced international safeguards and physical security systems. The task will not be easy. Extraordinarily complex and delicate international political issues will be raised. But the NPT review conference, scheduled to convene in May 1975, offers a forum. Careful preparation now could lead to a resolution of at least some of these issues at the conference.

V

A key element in developing adequate international safeguards is strict control over all materials and technology that can be used to make weapons or can otherwise be used for destructive purposes. At present, highly enriched uranium and plutonium fall into this category. Every step necessary must be taken to ensure that these materials do not fall into unauthorized hands once a nuclear facility is in place, and that no state which does not now have a weapons capability can divert sufficient quantities of these materials to make explosives.

This means that nuclear facilities should not be installed in any country unless there is assurance that plutonium and enriched uranium cannot be diverted for weapons purposes. At a minimum, therefore, no reprocessing plants should be allowed in such countries, for it is the reprocessing plant which makes possible the development of weapons-grade plutonium. All reprocessing should be done elsewhere, at first (as at present) by the supplier nations under newly agreed-upon terms and conditions, but ultimately under international auspices. Plutonium should be banned as an export to be used with natural uranium as a reactor fuel, notwithstanding the temptations to create fuel in this way.

There must be similar assurance that the enriched uranium fuel for light-water reactor goes directly into the reactor and that the spent fuel core is returned directly to the supplier. In addition, exports of materials such as computers, intended to be used for nuclear-weapons development, must be controlled. Provision must be made for the physical security of the reactor in order to prevent unauthorized access and theft by terrorist groups, criminal elements, or others, and for security in storage and in transit. The multinational corporations must be prevented from evading safeguards by licensing or otherwise establishing manufacturing or processing facilities in non-safeguarded nations. And finally, effective sanctions must be developed, together with the means and willingness to enforce them.

Adequate sanctions require more than the withholding by individual supplies of fuel, which is, or could become, available from other sources. Sanctions will require agreement among all fuel suppliers to withhold fuel from any non-safeguarded or non-complying nation. Such an agreement should also cover the supply of replacement parts and related equipment, including computers. Broad economic sanctions should be agreed to as a last resort.

An agreement on sanctions by the suppliers would enhance the authority of the IAEA. It has little bargaining power now, and if it negotiates a weak safeguard agreement with one nation, it sets a precedent for others. Under my formula IAEA safeguards would comply with supplier standards, and violations of the IAEA safeguards would invite sanctions from the suppliers.

Initially, all this will require that the supplier nations—the United States, Canada, France, the United Kingdom, the Soviet Union and West Germany—acting through arrangements such as the informal Zangger Committee of the IAEA, agree on uniform standards and be prepared to enforce them. The present institutional arrangements, which include both supplies and recipients, are too heavily biased in favor of recipient nations to expect anything but minimal standards. Membership in the supplier club should not be left open lest it encourage applications.

Consensus among all nations—suppliers and recipients alike—is desirable and should be the goal. But the short-term objective must be immediate action. The longer we wait, the longer the list of supplier nations will grow and the greater will be the difficulty in securing agreement.

In taking these first steps, the supplier nations must be prepared for resistance from recipients, at least initially. Safeguards which preclude recipient-nation control over the reactor byproduct or over sources of fuel cannot help but be unpalatable. There will be resistance to an ongoing presence at nuclear facilities which cannot be policed by periodic inspection or by remote control devices. There will be concern over continued dependence on supplier nations for fuel and fuel reprocessing. But because the dangers of proliferation are so great and because the failure to halt it now may make it impossible to halt it at all, supplier nations must take all steps necessary, however unpalatable they may be to recipients.

Over the long run, international control can be made more attractive and should come to be seen as a great benefit. Arrangements which provide recipient nations with assurances against arbitrary termination of nuclear-sharing agreements would help. An international nuclear bank from which fuel could be drawn on prescribed terms and conditions would remove understandable anxieties about dependence on other nations. A common financing arrangement to help recipients bear the start-up costs of nuclear power installations would provide strong incentives to cooperate. And insurance against unauthorized access can give the governments of recipient nations greater assurance against terrorist revolutionary activities.

VI

None of these measures will be easy to achieve. But the breathing spell provided by a moratorium would provide an opportunity for all to embark on the serious efforts required.

There are other steps which the United States should initiate. One is a concerted effort to bring all nations into the NPT. Another is expansion of the transfer restrictions in the NPT to include re-exports of nuclear materials and technology by recipients. A third is a prohibition on transfers of nuclear materials or technology to non-NPT nations. A fourth is acceptance of internationally agreed-upon safeguards on the non-safeguarded nuclear facilities of supplier nations. Fifth, we should encourage an adequately funded international safeguard research effort, starting at once with adequate funding for current IAEA safeguard activities.

These many steps require international agreement. There are other steps which the United States can take on its own.

Internal institutional arrangements must be clarified. At present, the lines of authority between the AEC, which controls certain nuclear exports under the Atomic Energy Act, and the Department of Commerce, which controls all other exports under the Export Administration Act, are not clearly delineated. Once a cooperation agreement for the export of nuclear reactors and fuel is entered into, little careful scrutiny is given to exports of replacement equipment and nuclear-related materials such as computers. U.S. export-control procedures need to be harmonized to ensure that there is an opportunity for consulation with the agencies best equipped to gauge the political, military and nuclear proliferation consequences of a given export. As it now stands, the AEC may have the technical competence to assess the adequacy and workability of safeguards. But institutionally we have little assurance that the political consequences and the enforceability of such safeguards have been adequately assessed. A better institutional framework would include a joint State and Defense Department committee with the clear responsibility for the review and approval of all exports of nuclear equipment, fuel, related equipment and licenses.

Congress, too, should have a greater voice. All bilateral cooperation agreements should require affirmative congressional approval. The judgment of the Congress is not necessarily wiser than the collective judgment of the executive branch. But it can at least act as a check, and each cooperation agreement could become the occasion for discussion.

The United States itself can do much to reduce proliferation incentives. The AEC Plowshare program to develop nuclear explosives for peaceful applications should not be reactivated. The United States should stress the limited military utility of nuclear weapons, or to put it differently, make the nuclear option less tempting, by emphasizing conventional defenses. In areas where the weapons do not now exist, reliance on the concept of nuclear deterrence should be deemphasized and nuclear free zones sought. In dealings with China and the Third World, economic developments should be promoted as an alternative to military measures to achieve national power. We should pull back nuclear weapons stationed abroad and publicly disavow new deployments, except in areas dependent on the U.S. nuclear shield. In that regard, it would be difficult to conceive a more counterproductive move at the moment than to position nuclear weapons in the Indian Ocean on the island of Diego Garcia, a development at which Defense witnesses appeared to be hinting last spring when they spoke of stationing B–52s there.

To decelerate the race to manufacture and sell fuel, the United States should re-establish its reliability as a supplier. To do so, it must resolve the controversy over private versus public ownership of reprocessing plants. Only the government can do the job. If private-sector participation is desired it could be obtained through investment in a government corporation, along Comsat lines. The corporation could later become the U.S. participant in an international organization for the supply and control of fuel.

The United States might also support the seating of non-nuclear powers on the U.N. Security Council as a means of loosening the connection between nuclear power and international influence. Probably as much as anything, a realistic SALT agreement with the Soviet Union would help to diminish the significance of nuclear arms. In its every action, the United States should carefully weigh the consequences of nuclear proliferation.

After 20 years of somnolence, Indira Gandhi and Richard Nixon have awakened the United States, if not the world, to the perils of nuclear proliferation. However inadvertently, the explosion in the Indian desert and the offers of nuclear assistance in the Middle East have sparked a long overdue reexamination of "peaceful" nuclear proliferation. Among scientists and civil servants, there is a growing realization that the cows have started out of the barn—and may soon be gone. The peace and stability of the world may well depend on how earnestly we face up to the implications.

NELSON ROCKEFELLER'S TAXES

Mr. PERCY. Mr. President, once again today Vice President-designate Nelson Rockefeller has been criticized on both radio and network TV programs that I have heard for failure to pay Federal personal income taxes in 1970. I feel this criticism is distorted and grossly unfair as Nelson Rockefeller has consistently paid substantial taxes, his full fair share, over the years. Even in 1970 when he did not pay personal income taxes, he did pay $814,000 in other Federal, State, and local taxes. In addition, the trust, which he is the beneficiary paid $6,250,000 in Federal, State, and local taxes in 1970.

I do not feel that Nelson Rockefeller should be criticized for a decline in his income in 1 year due to major shifts in his investment portfolio in his trusts which eliminated any tax liability. I am sure he would have preferred an income increase and would have prefered to pay income taxes. The provisions of the tax code that eliminated his tax liability that year are provisions that apply to all in similar circumstances. Businesses or farmers that have a no-profit or loss year are not required to pay taxes either in that taxable year. Indeed, there are provisions of the tax code for loss carry-forward which would reduce taxable income in subsequent years as well a provision, freely used by farmers and businesses when applicable.

I do not feel that Nelson Rockefeller's tax returns for 1970 have any meaningful bearing on his fitness to be Vice President of the United States.

Mr. President, I ask unanimous consent that a summary of Nelson Rockefeller's income and taxes paid for the years 1964 through 1973 be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

[In millions]

Year	Income	Taxes
1964	$5.09	$3.11
1965	5.23	2.41
1966	5.41	2.21
1967	5.56	3.76
1968	5.32	2.14
1969	3.91	1.67
1970	2.44	.81
1971	3.99	1.44
1972	5.11	2.04
1973	4.81	2.09
Decade total	46.88	21.70

THE PRESIDENT SHOULD WITHDRAW THE SURCHARGE

Mr. KENNEDY. Mr. President, I urge President Ford to withdraw his proposal for a 5-percent tax surcharge on middle Americans, before the surcharge becomes a divisive and needlessly polarizing issue in the current economic policy debate and in the fall election campaigns.

The surcharge has nowhere to go but down. It should have been relegated like the gasoline tax, to the administration's pile of deflated trial balloons before it was officially proposed this week; but at least it should be promptly discarded now, before it does further damage to the President's many constructive proposals to bring the economy back to health.

The surcharge issue is clear cut. It will be understood by every citizen. It simply is not fair to single out the ordinary working man and woman to bear the heaviest burden in the war against inflation.

The sacrifice demanded of the average citizen is badly posed by its obvious juxtaposition to the many juicy sweeteners and other plums the President's one-sided present program offers to business and the investment community.

In this central aspect—the excessive probusiness orientation of the President's program—the tax proposals sound all too much like a throwback to the trickle-down economics the Nation has traditionally had to suffer under Republican Presidents in the past. If the President wants to avoid that stigma and be a President of all the people, he must have a much more balanced program.

As I have indicated in the past some of the sweeteners in the new proposals have *merit* as useful long-run tools in the war against inflation, and they deserve the support of Congress. Specifically, I have given my support in the past for a 10-percent investment credit and also for new incentives for capital gains to resuscitate the Nation's financial community.

Such measures should now move forward in Congress. But they have to be part of a more balanced program, and they have to be paid for fairly.

The surcharge fails to meet the elementary test of fairness. In essence, the surcharge is unfair because it is calculated only on the basis of taxes already owed. Thus, it places too heavy a burden on those who now pay more than their fair share of regular taxes, and it places too light a burden on those who use the innumerable gaping tax loopholes in existing law to escape their fair share of taxes.

In effect, while demanding too much from the hard-pressed ordinary taxpayer, the surcharge offers a free ride to wealthy individuals and corporations who use the loopholes to pay no tax at all, or to pay far less than they should.

All of the $4.7 billion in new funds needed by the President to pay for his other important economic proposals could be raised through tax reform—by closing the most flagrant loopholes in the tax laws, beginning with provisions like the oil depletion allowance, the minimum tax, and the massive syndication of tax shelters. Why should the ordinary taxpayer pay an extra 5 percent, when wealthy individuals and corporations are now getting undeserved tax benefits from tax shelters on everything from chinchilla farms to azalea bushes to pistachio nuts?

The President's endorsement of the pending Ways and Means Committee bill is a cop-out on meaningful tax reform, a diversion that obscures the basic issue, because that bill is inadequate in far too many respects to qualify as real reform.

To be blunt, the reason for the President's reliance on the surcharge instead of tax reform is not hard to guess. Tax reform requires tough decisions, because powerful pressure groups who enjoy the present loopholes will be hurt. But the tax surcharge has a different target—the average citizen, who all too often has no voice, no pressure group, and no political muscle.

In this case, however, the President has been led astray by his advisers. Congress will speak for the ordinary citizen; Congress will protect their interests. I see no circumstances in which Congress will accept the surcharge. At best, Congress will give it the same short shrift the Senate gave the President's unfair proposal last month to defer the Federal employees' pay raise. At worst, the surcharge will generate endless friction in the forthcoming debate in Congress, and the country does not need that sort of self-inflicted wound.

As the important editorial in the Wall Street Journal urged last Friday, it is time for the President to stand up, to stop acting like a Congressman responding to pressure groups, and start acting like a President who has a strategy of national leadership.

In my view, it would be undesirable to raise the cutoff point of the surcharge to $25,000 or $30,000. While such a step would exempt most middle-income citizens from the unfair burden of the surcharge, it would have two defects: the surcharge would still be unfair to those still covered who are already paying their fair share of taxes, and the change would substantially reduce the revenues raised from the proposal and needed by the President to pay for his economic programs.

Mr. President. I ask unanimous consent that a table may be printed at this point in the RECORD, showing the revenue gain for vigorous cutoff levels for the tax surcharge.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

LEVEL OF CUTOFF FOR 5-PERCENT TAX SURCHARGE—ADJUSTED GROSS INCOME

[President's proposal]

Individual	$7,500	$10,000	$12,500	$15,000
Family	15,000	20,000	25,000	30,000
Revenue gain (billions):				
Fiscal year:				
1975	$1.0	$0.7	$0.6	$0.5
1976	1.6	1.1	.8	.7
Total (calendar year 1975)	2.6	1.8	1.4	1.2

Mr. KENNEDY. Mr. President, possibly the surcharge could be dropped for individuals and retained only for corporations, but this step would not be equitable either, unless a substantial exemption is allowed for small businesses and unless corporate loophole-closing reforms are enacted simultaneously.

To me, the best solution is simply to scrap the surcharge now, and move on to other things. Hopefully, the President will not allow this initial fumble to jeopardize the rest of the important effort to win the war against inflation.

WYOMING NATIONAL GUARDSMEN TO ASSIST EPA IN WATER POLLUTION STUDY

Mr. McGEE. Mr. President, I am pleased to call to the attention of my colleagues a recent article concerning the Wyoming National Guard's new involvement in the fight against water pollution.

The article from the October 2 Wyoming Eagle explains that Wyoming Army Guard helicopters and crews will be assisting the Environmental Protection Agency through this next year in collecting water quality samples.

Part of this collection effort will involve landing on bodies of water to collect the samples. Other efforts include assisting ground crews in reaching the 86 sample collection sites and other work in this battle. These samples will be taken at least once a month, in order to determine the present condition of Wyoming lakes and tributaries.

Mr. President, I salute the Wyoming National Guard for its involvement in this important area and ask unanimous consent that the article detailing the program be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GUARDSMEN TO TAKE SAMPLES FOR WATER POLLUTION STUDY

Gov. Stan Hathaway and State Adjutant General John R. Carson Tuesday announced a joint state-federal effort using guardsmen to sample 14 Wyoming lakes and tributaries for potential water pollution.

Forty volunteers from the Wyoming National Guard, assisted by personnel of two other state agencies, will take 1,204 samples in the year-long project being conducted nationwide by the U.S. Environmental Protection Agency (EPA) in cooperation with states.

Three pontoon-equipped jet helicopters, supplied to the EPA by the Department of Defense, will land on the lakes to take the samples in the search for potentially harmful eutrophication.

Robert Payne, EPA survey coordinator from Washington, said the pollution is caused when excessive chemical nutrient, notably phosphates, over-stimulate aquatic plant growth which can deteriorate water quality and kill fish.

Payne said the EPA would spend about $150,000 in Wyoming for the survey which is currently underway now in 35 states.

Guardsmen with personnel from the State Game and Fish Department and Wyoming Recreation Commission will make the monthly samplings at a total of 86 sites, including the tributaries of the lakes.

The Wyoming Department of Environmental Quality (EQA) as been coordinating the survey with the EPA and selected lakes to be investigated in the survey.

Carson said that guardsmen will operate from their local units in Evanston Rock Springs, Riverton, Lovell and Sheridan taking samples on weekends. A team from the EQA will train the guardsmen.

EAST-WEST TRADE: U.S. BUSINESS OPPORTUNITIES IN ROMANIA

Mr. PERCY. Mr. President, while at the recent Population Conference in Bucharest I conferred with our Ambassador, Harry Barnes, and the Romanian Deputy Foreign Minister about subjects that I believe would be of interest to the American business community. In the course of our talks we discussed the desirability of expanding East-West trade and the prospects of establishing more joint ventures in Romania. I would like to share with my colleagues and labor and management leadership in America some of the information I have accumulated.

It has been said that the key to expansion of East-West economic cooperation was the Romanians' willingness to legislate changes in their trading laws. With the exception of Yugoslavia, Romania has taken the most significant actions of any East European country in this direction. As early as March 1971 Romania passed legislation that allowed direct foreign investments and ownership in manufacturing companies, becoming the first Comecon country to do such. To help expand United States-Romanian cooperation, President Ceausescu of Romania in December 1973 visited the United States. President Ceausescu stressed the need to expand United States-Romanian commercial cooperation to higher levels of development. The summit meeting between President Nixon and President Ceausescu culminated in the signing of an income tax treaty banning double taxation, thus removing barriers to the flow of investments. A joint statement on economic relations was also signed.

One of Romania's biggest problems, like most East European countries, is that of maintaining a hard currency reserve. The Romanian leu is not convertible and is not traded in world markets. This and other problems have led to the realization that if Romania does not want to fall back to a position of real dependence on the U.S.S.R. as their chief trading partner, direct Western capital investments are crucial. The joint venture approach not only brings in the much needed hard currency but also additional technology and know-how in marketing, thus accelerating Romania's industrial and manufacturing plans.

From a Western point of view on the basis of facts available to me at this time, equity participation in joint ventures with Romania would seem to make a good deal of sense. First, as well as the other Socialist nations of Eastern Europe, Romania offers an attractive new market with considerable potential. Not only are joint ventures a surer way to penetrate more quickly the Romanian market, but also the other Socialist markets due to Romania's strong trading ties with her neighbors. Second, the skilled relatively low-cost labor force of Romania is especially appealing to Western firms interested in the more labor-intensive industries. Third, a U.S. corporation can better service its markets in Europe and the Middle East because of Romania's strategic geographic location and also reach new markets not otherwise available to them.

The chief law which governs any joint venture was passed on March 17, 1971. This legislation allows up to 49 percent foreign ownership on equity in joint enterprises. These joint ventures may be formed in the fields of industrial and agricultural production, transportation, and tourism as well as in technical-scientific research and services. The 1971 law was vague as to the terms and conditions of a joint venture, and so on November 3, 1972, Romania issued two decrees.

Decree No. 424 set forth the procedures to be followed in the establishment, organization and functioning of a joint company. Among the key provisions are Romanian guarantees of the transfer abroad in hard currency of the participating investment quota and profits after payments of legal taxes. Another key provision of this decree is that before setting up a joint venture the Romanian partner must get approval from the State Planning Committee, Ministry of Finance, Ministry of Foreign Trade, Ministry of Labor, Romanian Bank for Foreign Trade and the State Council. All this culminates in each joint venture being enacted into law establishing it as a legal entity by a decree of the Council of Ministers.

Decree No. 425 specifies that profits of a joint venture will be taxed 30 percent, based on annual profits. Tax exceptions may be granted on profits made in the first year of profitable operations. The following 2 years, the tax can be reduced by half.

Joint ventures may take either of two forms. They may be joint stock companies which issue stock certificates or they can be limited liability companies, without stock certificates but with capital subscriptions described in the original agreement. Another aspect of the joint venture legislation which is often overlooked is the provision which allows the formation of joint companies outside of Romania in which the U.S. firms can own 50 percent or more of the company without contravening Romanian law.

As of today the agreement signed by Control Data Corp. and the Industrial Central of Electronic and Automatization Romania State Trading Co., on April 4, 1973, is the only example of a joint venture with a U.S.-based company. From this example we find that the Romanians are skilled negotiators. Each detail of the agreement is negotiated paragraph by paragraph. The timespan of negotiations is a long one. Control Data spent 21 months before the final agreement was approved. Yet once underway Control Data saw this as a very profitable form of business cooperation. A provision of the Control Data agreement allows for any disputes arising that cannot be settled by common accord to be submitted to arbitration in conformity with the rules of conciliation and arbitration of the International Chamber of Commerce in Paris.

In the future a company that wishes to invest in Romania must realize that only a limited number of carefully selected prospective joint ventures are likely to reach fruition. One needs to be objective when looking at Romanian economic priorities. It can safely be said that the priorities in the joint venture field will probably parallel those of its national economy as indicated in the current 5-year plan. This plan places a strong emphasis on such areas as heavy industry; machine building, chemicals, metalworking, and electric power; extractive industries; technical industries; construction and tourism. This means that other areas such as the consumer good industries, which are not emphasized in the current 5-year plan, are unlikely prospects for joint ventures and might be unrewarding pursuits despite outward expressions of interest on the Romanian side.

Another aspect we discussed was how to increase United States-Romania trade relations. It is helpful to remember that the principle of organization is still highly centralized. Control is exercised through the Ministry of Foreign Trade which carried the overall responsibility for planning and management. However, the actual purchases and sale of goods is done by the State Foreign Trade Organization which has the negotiating responsibility and the authority to sign commercial contracts.

The 5-year plan sets total volume goals for the overall increases of foreign trade. However, the plan establishes industrial production goals which also give us general indications for the pattern and makeup of imports required to meet these goals. In the short term these goals are translated into an annual foreign trade plan whereby requirements are integrated into a specific program of imports and exports for certain projects. This foreign trade plan is not published but an annual production plan is, in which goals are set for product groups.

It appears that Romanian officials have been eager to acquire western technology and avoid tailoring their economy to a specialized role in the Soviet trading bloc. The Western share of Romania's total foreign trade is about 45 to 50 percent. The United States exports to Romania have consisted largely of wheat, cotton, cattlehides, rolling mills and parts for metalworking, chemical woodpulp, air and gas compressors and electron and proton accelerators. The United States share of the Romanian import market is estimated to be between 3 and 8 percent. On the other hand, goods that Romania hopes to export to the United States—especially if MFN status is granted—are textile products; construction materials; food products; machine tools; surgical products—steel and aluminum; chemical products; furniture; Oriental and Romanian rugs; handicrafts and ceramics.

Securing a share of this business presents a different set of problems for the U.S. businessman than he is accustomed to. Although correspondence can go far toward introducing products, it is not a very effective method of market penetration. Correspondence should be followed up by direct visits which must be well programed in advance for maximum effectiveness. Trade fairs and seminars can be helpful in reaching end users.

Once a contract is signed the supplier can count on good payment performance. The Romanian system allows contract authorization only after the Bank of Foreign Trade determines that the required hard currency is available.

In looking to the future it would be well to remember that despite the difficulties inherent in this market which is new and unfamiliar to most U.S. firms, the potential return is good for both countries. Projects which are based on an overall industrial development concept are likely to be larger in size and value than in developing non-Communist countries. In addition, Romania foreign trade organizations tend to return to the same supplier with which they have had satisfactory dealings for new requirements.

I would suggest, that any business firm interest in either establishing a joint venture project or trading with Romania contact any U.S. Department of Commerce field office and ask for the U.S. Department of Commerce Overseas Business Report No. OBR 73-36, August 1973. An alternative would be to write or call the Bureau of East-West Trade, Department of Commerce, Washington, D.C. The Romanian Government also operates trade offices in New York, Chicago, and San Francisco as well as an Embassy in Washington, D.C.

With new innovations and a high caliber of personnel representing the United States, such as Ambassador Barnes, I am confident that the cooperation that has taken place between Romania and the United States in recent years is only a beginning. As a further help, Mr. President, I ask unanimous consent that a Control Data pamphlet outlining their experience in drafting a joint venture in Romania be printed in the RECORD.

There being no objection, the pamphlet was ordered to be printed in the RECORD, as follows:

JOINT VENTURE AGREEMENT IN EASTERN EUROPE

[Guidelines for Drafting J. V. Agreements]

(NOTE.—On 4 April 1973, W. C. Norris, Chairman of the Board, and Chief Executive Officer, Control Data Corporation, signed a joint-venture manufacturing agreement with the Romanian Government. Although many of the provisions of this agreement are of a proprietary nature, the following synopsis represents the general content that should be incorporated into such agreements, and is presented here in response to the many requests that have been made to Control Data for guidelines under which similar agreements might be drawn.)

GENERAL PROVISIONS

Because of differences in language, business methodology, and economic structures of Eastern European nations and American industrial firms; and in order to preclude misunderstandings on the part of either contractor, it was necessary not only to state the terms of the agreement in general language, but then in many instances, to iterate these terms in more specific detail. For example, in our agreement, CDC's responsibility for training is stated in other subjects relating to capital contribution, transfer of know-how and technology, licensing, administration, and personnel.

Following a list of definitions, these provisions specified the broad scope of the joint venture and the laws under which it was established. In this case, the joint venture company (defined as a "Society") was named ROM CONTROL DATA SRL, to be located in Bucharest, and designated to operate in Romania, under and subject to Romanian law. Following this, the purpose and goals of the joint enterprise were outlined to include such items as broad general product definitions, new product development, and research and development. The provisions were taken to spell out the duration of the agreement, and the provisions for extension thereof. It was also specified that the agreement would come into force upon signature by both parties and after each party had fulfilled its initial obligations. These provisions also included, but were not limited to such items as: both parties obtaining and notifying the other of receipt of all necessary governmental authorizations; certain Romanian tax exemptions for the joint venture company; and the time limits under which each party is expected to conform to the above. "Final provisions," and "miscellaneous provisions," included items which clarify specifics included elsewhere in the agreement, and cross-references to appendices to the main document.

CAPITAL

There are two principal provisions in the agreement relating to capital; "Social Capital" and "Working Capital." Social Capital is the basic initial capital investment commitment in the "Society," or Company, by each party. In the CDC/Romanian agreement, the fully subscribed capital was $4 million, the Romanian share being 55 percent, or $2.2 million, and the Control Data share being $1.8 million, or 45 percent. Extending from this basic capital investment, the specific capital contributions were delineated. These included, among other things, such items as the furnishing of cash, machines, tools, buildings, roads, real estate, lease terms, furnishings and equipment. Less tangible items such as performance of services, training, licensing, etc., were also included under this heading.

The methods for establishing a working capital were spelled out in this section, as well as the limitations imposed on it.

OBLIGATIONS

In these provisions, the individual responsibilities of each of the joint venture parties for basic commitments for start-up and the scheduling of such commitments were spelled out. This included such items as the responsibility for concept, design, construction of factory, and designation of items to be delivered to the site by each party. Also covered were provisions for the furnishing of parts and subassemblies by both parties and the specification of conditions under which such items can be purchased by the company outside of the joint-venture arrangement.

TECHNOLOGY

These elements of the agreement contain considerable information of a proprietary nature. Accordingly, it can only be stated that the provisions dealt with such areas as transfer of production know-how, technology transfer, licensing, short and long-term research and development programs, documentation, and the preservation of proprietary rights on the part of either participant and the joint venture company.

PLANNING

The essence of economics in Socialist countries is the five-year plan. Accordingly, the agreement provides for the development of a five-year plan at the end of each calendar year. The plan would take into account such matters as the substitution of later state-of-the-art equipment at the appropriate time, etc.

SALES

This portion of the agreement specified how the products and spare parts produced by the joint venture company can be sold. It covers, for example, the sales rights of either party with respect to in-country sales, export sales, and how such product sales may be made with respect to total systems manufactured in Romania, or as OEM sales. In the computer business, maintenance service (customer engineering) is an inherent part of a sales force, which is also provided for under this portion of the agreement. Product pricing and conditions under which stipulated prices may be altered were also incorporated here.

ADMINISTRATION

These provisions are provided throughout the agreement, but are combined here for purposes of clarity and brevity. Under this category are:

Insurance.—The types of insurance against damage or destruction of physical assets is spelled out, and how premiums for this coverage shall be paid. It was specified that insurance should be taken from a Romanian insurance company unless it cannot be obtained in Romania.

Bank Accounts.—The opening of bank accounts, their location and the designation of persons entitled to sign documents related to these accounts is prescribed.

Bookkeeping and Accounting.—As is the case in most of the agreement's provisions, the details of bookkeeping and accounting are contained in a separate appendix devoted to that subject. The basic agreement merely refers to that appendix and specifies that the financial and accounting records of the joint venture company shall be kept in U.S. dollars, and that U.S. general accounting methods will be followed.

PERSONNEL

Because of the difficulties involved in interesting American personnel in employment by a joint venture company in Eastern Europe, many of the personnel arrangements included in the agreement have particular interest. Such items as projecting the number of employees consistent with the first five year plan, the designation of employee functional areas, and the establishment of initial salaries were set forth in considerable detail in accompanying appendices. Other details were spelled out in the basic agreement, however, and included the following: (These are direct quotes from the agreement).

The Romanian personnel of the Company shall enjoy all of the rights and obligations including social security provided in the legislation applicable to State enterprises. The rights and obligations of the foreign personnel shall be established by the Managing Committee of the Society.

The employment of the Company's personnel shall be done through individual labor contracts. The individual labor contracts are subject to the Romanian legislation.

CDC will propose various personnel who are not Romanian citizens to work in the Company. The job functions to be performed by the foreign personnel and their length of employment are described on the personnel chart attached hereto as Appendix No. 27.

The foreign personnel may leave the employ of the Company at any time without being required to give anything other than normal notice. CDC will replace such personnel within one month from the date that the employee leaves the Company.

All questions related to vacation of the foreign personnel will be decided by the Managing Committee of the Company.

Salaries of the foreign personnel are established in Appendix No. 27 and shall be paid monthly in U.S. dollars.

The amount of the net income paid to the foreign personnel which can be transferred abroad in freely convertible currency shall be established by the Managing Committee of the Company.

The foreign personnel shall be allowed to use the facilities of the Foreign Trade Company TERRA for any purchase (food and any industrial goods) from West Europe.

The income of foreign personnel received from outside Romania will not be subject to Romanian taxation. The foreign personnel shall pay Romanian income taxes on the amount of their salaries after deduction of the amounts corresponding to Romanian social security taxes which are to be put at the disposal of CDC.

The Personnel Manager of the Company will be the liaison officer for the foreign person in all personnel matters relating to this Article.

The foreign personnel shall pay themselves the pension and social security taxes in their own countries.

The Romanian Government will take the necessary steps that such foreign personnel relocated in Romania will be provided with housing facilities in accordance with Appendix No. 25.

Exchange of foreign currency will be done at the official noncommercial exchange rates valid at the date of exchange.

The Romanian Government will guarantee the duty-free import and re-export of cars, furniture, refrigerators and other goods of same objects for personal use of foreign personnel, according to the customs regulations in force at the time.

For cars the Romanian Government will grant "TC" license plates; the inspection taxes will be paid by the car owner.

Sale of such goods in Romania is permissible only in accordance with Romanian laws.

If required the Company will provide one University trained Romanian woman, fluent in English language, to provide assistance to the foreign personnel and their families on all types of personal problems related to living in Romania. (Language training, relationship to Romanian authorities, etc.). The expenses of this service will be paid by the foreign personnel.

The Company will provide CDC an accounting of all salaries and expense payments made in Romania to each foreign employee including all taxes withheld.

The legal social security deduction for retirement and medical benefits from the foreign employees' salary will be deposited in a bank account at the disposal of CDC. Foreign employees will be expected to pay their own medical costs.

MANAGEMENT

Because of the inherent governmental involvement in socialist country joint venture arrangements and the resultant participation of all workers in the management role, the management structure is normally more complicated than comparable U.S. arrangements. Basically, the arrangement provided for the following:

(a) A General Assembly of Shareholders. Initially, this consists only of the Romanian Government and Control Data, each participating in shareholding to the extent of their original contribution to the company (55%–45%). The agreement then provided that a meeting of the General Assembly of shareholders be called by the Managing Director each year, and within three months after the close of the Company's financial year. A provision was also included for the calling of Special General Assemblies.

The principal duties of the General Assembly are:

Appoint, dismiss and discharge from liability the Directors, the Managing Director and members of the Treasurer's Commission of the Company. Remove from office the Managing Director, a Director or a member of the Treasurer's Commission should they commit any act in relation to the Company which is contrary to Romanian law, and to decide whether such matters should be referred to the competent Romanian authorities. The members of the Treasurer's Commission appointed upon the recommendation of the Romanian Ministry of Finance may be dismissed only with the approval of such Ministry.

Establish and modify the general policies, programs and plans of the Company and give instructions to the Directors regarding the means of carrying out such policies, programs and plans.

Approve or modify the Balance Sheet and Profit and Loss Statement of the Company.

To approve the contracting of any credit which is secured by a lien or charge on the property of the Company; or the granting of any guarantee of its obligations to a third party.

Decide how much, if any, of the profits of the Company will be retained in the Company.

Approve the organizational structure of the Company and its number of employees of various categories.

Establish the remuneration of the Managing Director, of the Directors, and of the members of the Treasurer's Commission.

Approve any modification of the Statutes of the Company.

Approve the collective labor contract of the Company.

Approve any increase or decrease in the Share Capital of the Company or any modification in the number or value of Shares as well as their transfer to third parties.

Approve the formation and dissolution of subsidiaries, branches and agencies.

Decide upon the merger, division, dissolution and liquidation of the Company.

(b) Managing Directors. The Agreement provided that the Romanian Government would provide the principal Managing Director for a term of three years, subject to renewal upon the agreement of both parties. Control Data is then responsible for the appointment of the Assistant Managing Director. Again, his reappointment after a period of two years is subject to the agreement of both parties.

(c) Directors. The agreement provided for the election of Company Directors and from among them, a Chairman of the Board of Directors. It was agreed that the Board Chairman would normally alternate annually between a Control Data representative and a Romanian. The Chairman's role is confined to presiding over meetings of the Board and the General Assembly of Shareholders. It was specified that he would exercise no other authority with respect to Company management.

(d) The agreement specified that the provisions of Romanian law regarding the constitution and functioning of the employees general meeting shall be applicable to the Joint-Venture Company. At this general meeting, the employees of the Company will designate their representatives to a Managing Committee in accordance with special provisions of the Company's Statutes. The Managing Committee, which includes representatives of the principals to the Agreement, is then charged with overseeing the general management of the Company in conformance with the decisions of the General Assembly.

AUDITS

The agreement provided that the activities of the Company shall be audited by a Treasurer's Commission composed of three persons. One member of the Treasurer's Commission shall be elected by each principal shareholder for a term of two years. The third member shall be appointed for a term of two years by the Ministry of Finance of the Socialist Republic of Romania. At least one of the members of the Treasurer's Commission shall be an expert in accounting matters.

The duty of the Treasurer's Commission is to audit the financial and other activities of the Company to ensure that they comply with the Statutes, applicable Romanian laws, and the policies established from time to time by the General Assembly of the Shareholders.

The duties of the Treasurer's Commission shall be:

To call a General Assembly of the Shareholders when the losses of the Company prevent it from functioning efficiently.

During the financial year of the Company they shall from time to time, but at least once every quarter, audit with or without warning the administration and condition of cash, commercial documents and other property of the Company as well as the accounting records of the Company and make reports thereon to the General Assembly of the Shareholders and notify the Board of Directors.

At the end of each financial year the Treasurer's Commission shall verify the inventory of the Company. Prior to each Annual General Assembly of the Shareholders the Treasurer's Commission shall draw up a written report verifying the accuracy of the Balance Sheet and Statement of Profit and Loss after having examined the relevant documents and accounts presented by the Board of Directors. It shall point out to the Shareholders any violations of the Statutes or Romanian laws or any deviation from the policies established by the General Assembly of the Shareholders. The Treasurer's Commission shall inform the Shareholders of any necessary changes in the State Capital or of the Statutes.

Upon liquidation of the Society they shall audit the actions of the Liquidators in accordance with the provisions of Article 32 hereof.

PROFITS

This portion of the agreement outlined the distribution of profits and permitted the transfer by Control Data of its share of the profits outside Romania in U.S. dollars, at any time, after payment of applicable taxes. Provision for reinvestment of profits in the Company by either party was also covered here. This section also made provision for procedures to eliminate losses should they occur.

DEFAULTS AND DAMAGES

The agreement provided for the settlement of claims for damages by the Company against third parties, the failure by one party to the agreement to fulfill its obligations, the steps to be taken to rectify such failures, and the right of either party to terminate the agreement in the case of serious default. Provision was also made that the parties shall attempt through mutual consultation to eliminate problems arising out of default. Further, it was specified that neither party would be responsible for consequential or indirect damages. Finally, a limit on the amount of damages payable by either party was prescribed.

DISSOLUTION AND LIQUIDATION

The agreement specified the conditions under which the Company shall be dissolved and liquidated and provided for the liquidation of assets to include machines, tools, equipment, buildings, facilities, cash licenses, and other assets. Provision was also made for residual obligations of one party to the other in the event of dissolution as well as the residual rights with respect to further manufacturing, marketing, licensing, patents, etc.

FORCE MAJEURE

The agreement specified that Force Majeure shall include all events out of the control of the parties such as: floods, earthquakes, fire, war, catastrophes, etc., existing after the coming into force of the agreement and which prevent totally or partially the fulfillment of the parties' obligations under the Joint-Venture Agreement.

It was specified that upon giving notice of Force Majeure to the other party, the party so affected shall be released without any liabilities on its part from the performance of its obligations under the agreement, but only to the extent and only for the period that its performance of said obligations is prevented by circumstances of Force Majeure. The notice shall include a description of the nature of the event, its cause and possible consequences.

It was further stated that, should the period of Force Majeure continue for more than six (6) months either party may terminate this agreement without liability to the other party upon giving written notice.

ARBITRATION

It was agreed that all disputes of any kind arising out of this agreement or in connection with it and which cannot be settled by common accord, shall be submitted to arbitration in conformity with the Rules of Conciliation and Arbitration of the International Chamber of Commerce in Paris, and with the following provisions:

The Arbitration Court shall consist of three arbitrators appointed as follows: each party shall appoint one arbitrator, and these two arbitrators shall appoint the third arbitrator who shall be the chairman of the Arbitration Court. Should the two arbitrators appointed by the parties not agree upon the person of the third arbitrator within 30 days from their nomination the third arbitrator shall be appointed by the President of the Arbitration Court of the International Chamber of Commerce in Paris upon request of one of the parties.

The party desiring to submit a dispute to arbitration, shall notify this fact to the other party, mentioning the name and address of the arbitrator appointed by it.

The party who receives such a notification shall appoint an arbitrator within one month from receipt of the notification, failing which the second arbitrator will be appointed on request of the claimant party by the President of the Arbitration Court of the International Chamber of Commerce in Paris.

The arbitrators shall decide "ex aequo et bono" by majority vote, and their award shall state the reasons for their decision. The arbitrators shall also decide and fix in their award which party, or the extent to which each of the parties shall bear the arbitration costs.

The award of the Arbitration Court is final and executory.

The seat of the Arbitration Court will be in Paris.

ANNOUNCEMENT OF POSITION ON A VOTE

Mr. STEVENSON. Mr. President, I was necessarily absent from the Senate on Thursday, October 3, during rollcall vote No. 450 Leg., on a motion to table Senator Griffin's amendment No. 1926 to S. 4016, a bill to protect and preserve tape recordings of conversations involving former President Nixon and made during his tenure, and for other purposes. Had I been present, I would have voted "nay" on the motion to table.

THE COST OF IMPORTED OIL

Mr. McCLURE. Mr. President, proponents of H.R. 8193 have avoided facing the tremendous increase in the cost of imported oil which the bill would produce by stating these higher costs would be offset by the oil import fee rebate provision of the Senate version. The Senate bill provides that, for a period of 5 years after enactment, the import fee on oil other than residual fuel oil be reduced by 15 cents per barrel, and the fee on residual fuel oil reduced by 42 cents per barrel—these reductions to apply only to oil carried in U.S.-flag vessels.

On the surface, this may sound good. But a closer analysis of the actual results tells a different story. The fee reduction would really have very little effect on the net cost to the consumer of imported oil.

Dr. John Sawhill, Administrator of the Federal Energy Administration, has written a clarifying letter on this subject to the Honorable Leonor K. Sullivan, chairman of the House Committee on Merchant Marine and Fisheries. I have a copy of this letter and would like to quote from it:

> With respect to crude oil, rebate of the oil import fee would not offset the increased cost of oil imports which would be caused by the bill. Currently, oil import fees are not charged on the great majority of crude oil imported in the United States. Presidential Proclamation 3279, as amended, provide for phasing in the import fee on crude oil over a seven year period through 1980. From the beginning of the fee system in May of 1973 until April of 1974, fee-free allocations covering 100 percent of the January 1, 1973 import levels were granted. After April 30, 1974, fee exempt allocations will be reduced by a fraction of the original level each year for the next seven years, phasing out completely by 1980.
>
> Since the percentage of imports which are exempt from fees will vary depending on the increase of imports above 1973 levels, as well as other variables such as exemptions for new refineries and hardship cases, it is difficult to predict the precise percentage of imports which will be fee exempt. Nevertheless, based on past data, we estimate that oil import fees will be payable only . . . on something less than 50 percent of all crude oil imports.
>
> It is evident from the above figure that the provision of the bill which provides for a rebate of 15¢ of the oil import fee would not produce any meaningful relief from the increased costs for crude oil which consumers will be required to pay. Since the bill's provision for rebate is only for a five year period, rebates will cease at about the time that import fees begin to be applicable to the majority of crude oil imports.
>
> The 42¢ per barrel rebate of the import fee on residual fuel oil is apparently aimed at reducing consumer costs in New England, since that region consumes most of the imported residual fuel oil. The observations made above with respect to the small amount of crude oil actually subject to import fees in the short term apply to residual fuel oil also. Imports of residual fuel oil into the East Coast have been virtually decontrolled for a number of years. As a result, licenses were issued for the importation of 2.9 million barrels per day of residual fuel in 1973 base year although actual imports were less than 2.0 million barrels per day. Under the phase out schedule, it will be 1976 or later before any fees need be paid for imports of residual fuel oil into the East Coast provided that normal trade patterns continue.

This analysis clearly shows the very minimal effect a reduction in import fees would have on the increased cost of crude imported in U.S.-flag vessels, and certainly does not support the claim that these costs would be substantially offset.

I ask unanimous consent that Dr. Sawhill's letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Hon. Leonor K. Sullivan,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

Dear Madam Chairman: There are a number of factual considerations with respect to the oil import fee rebate provision of the Senate version of H.R. 8193 which I would like to bring to your attention. The Senate bill provides that, for a period of five years after enactment, the import fee on oil other than residual fuel oil be reduced by 15¢ per barrel, and the fee on residual fuel oil be reduced by 42¢ per barrel. Fee reductions would be available only for oil imported in U.S.-flag commercial vessels and the reduction would be required to be passed on to the consumers. We have the following observations concerning this import fee provision:

1. With respect to crude oil, rebate of the oil import fee would not offset the increased cost of oil imports which would be caused by the bill. Currently, oil import fees are not charged on the great majority of crude oil imported into the United States. Presidential Proclamation 3279, as amended, provides for phasing in the import fee on crude oil over a seven year period through 1980. From the beginning of the fee system in May of 1973 until April of 1974, fee-free allocations covering 100 percent of the January 1, 1973 import levels were granted. After April 30, 1974, fee exempt allocations will be reduced by a fraction of the original level each year for the next seven years, phasing out completely by 1980.

In addition to these fee-free allocations, the proclamation provides additional exemptions from fees for certain classes of imports, e.g., for new or expanded refinery capacity, crude oil imported to produce asphalt, hardship grants to independent refiners, etc.

Since the percentage of imports which are exempt from fees will vary depending on the increase of imports above 1973 levels, as well as other variables such as exemptions for new refineries and hardship cases, it is difficult to predict the precise percentage of imports which will be fee exempt. Nevertheless, based on past data, we estimate that oil import fees will be payable only on from 5 to 10 percent of all crude oil imports in 1974 and 1975. By 1978, import fees will probably be payable on something less than 50 percent of all crude oil imports.

It is evident from the above figures that the provision of the bill which provides for a rebate of 15¢ of the oil import fee would not produce any meaningful relief from the increased costs for crude oil which consumers will be required to pay. Since the bill's provision for rebate is only for a five year period, rebates will cease at about the time that import fees begin to be applicable to the majority of crude oil imports.

2. For residual fuel oil the Senate bill would rebate $.42 of the higher license fee, currently $.30 per barrel moving to $.42 per barrel on November 1, 1974, and $.63 per barrel by November 1, 1975. This 42¢ per barrel rebate of the import fee on residual fuel oil is apparently aimed at reducing consumer costs in New England, since that region consumes most of the imported residual fuel oil. The observations made above with respect to the small amount of crude oil actually subject to import fees in the short term apply to residual fuel oil also. Imports of residual fuel oil into the East Coast have been virtually decontrolled for a number of years. As a result licenses were issued for the importation of 2.9 million barrels per day of residual fuel in the 1973 base year although actual imports were less than 2.0 million barrels per day. Under the phase out schedule it will be 1976 or later before any fees need be paid for imports of residual fuel oil into the East Coast provided that normal trade patterns continue.

Thus in the short term, the proposed rebate of import fees on residual fuel oil will provide little or no relief for the increased costs to consumers of cargo preference.

In addition, the rebate of 42¢ per barrel is not consistent with the rationale for the imposition of an import fee on refined petroleum products which is designed to encourage domestic refined capacity. To the extent that a rebate of 42¢ per barrel exceeds the estimated increased cost of shipping in U.S. bottoms, integrated refiners will find it cheaper to refine in the Caribbean and Canada and ship to the United States rather than to refine in the United States. Thus, in the future when fees are charged on residual fuel imports, the bill would tend to export refining capacity and jobs. We fail to perceive any reason why a rebate on residual fuel should be greater than the increased cost for shipping in U.S. vessels.

3. The House Committee on Ways and Means has the issue of the oil import fee under active consideration. The Committee's earlier version of tax reform legislation included an amendment to Section 232 of the Trade Expansion Act (the basic authority for the import fee system) which would have

prohibited the imposition of an import fee on crude oil when the price of imported oil is higher than the domestic price. We understand that this approach is currently included in the Committee's new tax reform proposals which will be in final form in the near future. If such legislation were to become law, the provision in the Senate version of H.R. 8193 providing for rebate of the fee on oil imports would be meaningless with respect to crude oil imports (assuming that the foreign price continues to be higher than the domestic price).

4. Dedication of import fees for this and numerous other purposes which have currently been suggested tends to lock the government into a particular form of protection and it would remove the flexibility which Section 232 of the Trade Expansion Act intended to give the President. For instance, it would be very difficult to shift to a quota system or to adopt a variable fee. It is also worth noting that the misuse of the import program to subsidize all sorts of special interests was responsible for much of the abuse of the former quota system. To now use fees for purposes other than those relating directly to national security, may cause the fee system to fall into the same disrepute.

In light of these considerations, I strongly urge that the Conference Committee not adopt the provision of the Senate bill providing for the rebate of oil import fees.

Sincerely,

John C. Sawhill,
Administrator.

THE UNSOLVED BREAK-INS, 1970–74

Mr. ABOUREZK. Mr. President, the hydra-headed monster that goes by the name of Watergate is only now beginning to be fully exposed. How far we must go before we understand the depth of the danger in which our Government system was placed is dramatized by Mr. Robert Fink's article, "The Unresolved Break-Ins, 1970–74," which appeared in the October 10 issue of Rolling Stone.

Bob Fink was the researcher for Woodward and Bernstein's book, "All the President's Men." His work is meticulous. What he finds is frightening in the extreme. I ask unanimous consent that Bob Fink's article be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ABOUREZK. Mr. President, the burden of this article is as simple as its detail is impressive. By exhaustively comparing over 100 illegal break-ins during the period 1970–74, Mr. Fink finds obvious patterns which strongly suggest a coordinated Government plan to spy on, harass, and disrupt persons and organizations whose views were considered dangerous by the Government. Targets of the break-ins included scores of persons from the infamous "enemies list," as well as many others whose one distinguishing characteristic was opposition to various Government policies or to the reelection of Richard Nixon.

Mr. President, this article constitutes an overwhelming case for further congressional investigation. It offers a thousand leads that need pursuit by a congressional panel armed with the power to compel testimony.

The case for further investigation is even more compelling in light of information which has come to light since Mr. Fink completed his article.

We now know that Mr. Fred Buzhardt admitted to the Watergate Committee that surreptitious entries and burglaries were performed by the FBI. We now know that a draft of the on-again-off-again Huston plan specifically mentioned "surreptitious entry of facilities occupied by subversive elements," and said "this technique could be particularly helpful if used against the Weathermen and Black Panthers." We also find that a memorandum on "Operation Sandwedge," the proposed Nixon campaign intelligence arm, specifically suggests a "manipulated threat of indictment" by the Justice Department against personnel of a security group the Republicans believed might be used by Democrats.

Bob Fink's article should be the basis for a full-scale investigation. We ought to know who committed these 100 break-ins, who authorized them, to what extent they were part of a coordinated Government policy, and we must take steps to insure this sort of wholly illegal, dangerous activity is eliminated in the future.

Exhibit 1 follows:

Exhibit 1

The Unsolved Break-Ins, 1970–1974

(By Robert Fink)

Aware of its inherent illegality, President Nixon approved the Huston Plan on July 23rd, 1970, creating a secret superintelligence agency under White House auspices; his order amalgamated the FBI, the CIA, the DIA (Defense Intelligence Agency), the NSA (National Security Agency) and the counterintelligence agencies of the Army, Navy and Air Force. Laws forbidding some of these organizations' participation in domestic operations were bypassed. The plan's avowed purpose was to remove "operational restraints" on domestic intelligence collection, enabling the government to increase its use of wiretaps, carry out mail searches and put more undercover agents on college campuses.

It also removed restraints on the government's right to make surreptitious entries against "urgent security targets," even though Huston's memorandum acknowledged: "Use of this technique is clearly illegal; it amounts to burglary. It is also highly risky and could result in great embarrassment if exposed. However, it is also the most fruitful tool and can produce the type of intelligence which cannot be obtained in any other fashion."

Under the sword of John Dean's imminent disclosure, the president confirmed the plan's existence on May 22nd, 1973, describing it as "a directive to strengthen our intelligence operations," and insisting it was rescinded on July 28th, 1970, as a result of J. Edgar Hoover's opposition. Hoover was unwilling to increase the role of other agencies to participate in domestic intelligence.

Events indicate that many of Huston's recommendations were carried out: The essence survived without its label.

On June 27th, 1973, John Dean told the Ervin Committee he had never seen any document to indicate the president had disapproved or rescinded the Huston Plan.

On July 9th, 1973, Huston told a closed House Armed Services intelligence subcommittee hearing, the plan was never formally cancelled.

At least 100 break-ins, apparently political in nature, occurred during the Nixon administration. Clandestine invasions of homes and offices were made against numerous individuals and groups considered "enemies" of the administration. "Enemies," both on and off the White House's prepared list, included media critics, radicals and liberals opposed to administration policy, political foes considered threats, and foreign diplomats thought dangerous to American interests. Other break-in victims, not themselves "enemies," possessed documents or other material possibly damaging to "enemies" or to the administration itself.

Although the evidence linking the government to these break-ins is largely circumstantial, it is both striking and persuasive. Not only were virtually all the victims objects of administration concern or suspicion, but the attacks against them followed a consistent pattern. The most striking characteristic of this modus operandi is that, aside from taking relatively insignificant trinkets, the intruders did not touch cash or valuables. They appeared to be under orders or to have a code of honor which precluded the stealing of material possessions. Instead, the burglars looked for information: correspondence, financial records, tapes, the contents of files. The break-ins uniformly occurred when the premises were expected to be empty. The targets were carefully studied in advance; the intruders appeared to know their victims' schedules and the general or precise location of their documents. Entry was usually forced; there was little effort to conceal the attempts—at least where a break-in has been identified. When police were called a perfunctory investigation was made; fingerprints were taken; the victim was told little or nothing; the case died.

The break-ins often came in clusters which took place over a period of a few days. It cannot be inferred that this clustering occurred because one central authority directed the break-ins. It does suggest, however, that individual break-in teams may have been operationally active in spasms, either because an "in-the-field" momentum was created, or because each mission required approval which tended to be granted in groups at intermittent intervals.

Since the break-ins continued after the Watergate arrests—indeed, into this summer—it is a reasonable speculation that other teams of burglars were involved: either additional "plumbers" or special FBI or CIA investigative units.

It remains to be seen how many break-ins were directly or indirectly White House sponsored, and if any will be unraveled. It seems unlikely that local police authorities or the FBI or the Justice Department will make any dent in their resolution. Extensive interrogation of many key Nixon operatives seems to have been fruitless in linking their former colleagues to additional break-ins, despite a promise of immunity in exchange for "telling all"—and the threat of punishment for withholding information. Questioning of the Watergate burglars, under similar conditions, is believed to have been equally unproductive. Disclosure of the connections between "other break-ins" and the clandestine operations of the Nixon administration, largely depends on the efforts of the Special Prosecutor and the possible revelations coming out of the Watergate cover-up trial.

The following summary of break-ins is not a comprehensive list, but illustrative of the general pattern.

Many of the earliest victims were radicals and their attorneys. The experience of Gerald Lefcourt, a 32-year-old New York lawyer, is typical of several activists who adamantly challenged the administration on domestic issues and the war in Vietnam. Lefcourt's clients included Mark Rudd, the Black Panthers and SDS; he was part of the defense in the Chicago 7 and Detroit 15 trials. During 1970 and 1971, he sustained three break-ins and a fire at his home. Two of the office break-ins are considered everyday typewriter robberies. The other incidents are not:

The fire did little damage because Lefcourt's file cabinets were fireproofed, but the file on Mark Rudd was removed from the cabinet before the fire started and its contents strewn about; in the remaining break-ins, papers were ransacked but neither valuables nor visible cash were stolen. Some of these events, including the first, occurred prior to the Huston Plan's existence.

San Francisco attorney Charles Garry is a Lefcourt counterpart on the West Coast. As general counsel to the Black Panther Party, the 65-year-old lawyer represented Huey Newton and Bobby Seale; another client was Angela Davis. During 1970–71 his eight-man law firm was forcibly entered on two occasions, but only Garry's private office was burglarized. In one break-in Angela Davis's file was removed. In the other, a tape crucial to the defense of Huey Newton, in which a government prosecution witness admitted lying to the grand jury, was stolen. On a third occasion, several additional files were removed, but there was no sign of forced entry. In both overt break-ins many valuables were left untouched, though in one, an old pistol and a petty-cash box containing about $300 were taken.

Recently, for reasons unknown, Garry has received part of the Angela Davis file back through the intermediary of his private investigator, Harold Rogers. Rogers states the exchange was initiated in a small Indonesian restaurant in Berkeley by a tall bearded man about 30 and dressed as a hippy. The unidentified man said he had Garry's files and wanted to sell them. Rogers refused. The man later approached Rogers in the same restaurant and gave him the files, refusing to say how he acquired them. (Neither Rogers nor Garry have attempted to learn the stranger's identity.)

Egbal Ahmad, a Pakistani scholar living in the U.S., is a sophisticated analyst of guerrilla movements and Third World aspirations, and among the earliest and most literate opponents of American policies in Vietnam. In 1969, less than two months after Nixon was inaugurated, he depicted the new president as representative of a widespread mentality that mixed globalism with paranoia, producing a rhetoric so senseless and extreme one would tend to dismiss it as irresponsible if it were not uttered by serious and successful politicians. Starting in April 1970—the FBI subsequently admitted—Ahmad was put under surveillance.

Two months later a student demonstration on the University of Chicago campus against the Adlai Stevenson Institute of International Affairs, where Ahmad was a Fellow, led to a trashing and short-lived occupation of the building. Aside from property damage and a few Rand Corporation reports admittedly "liberated," members of the Institute found their papers and books in order—except for Ahmad; two of his filing boxes, containing valuable documents and several years of work, were missing. Ahmad believes the student demonstrators were infiltrated by agents provocateurs and his papers stolen by government agents. Creating an elaborate ruse to gain access to confidential records is suggestive of Charles Colson's alleged plan to firebomb the Brookings Institution as a distracting cover to retrieve classified documents thought to be in the possession of former Kissinger aide Morton Halperin. In January 1971 the Justice Department charged Ahmad and others with conspiring to kidnap Henry Kissinger, to bomb heating systems under government buildings in Washington and to raid federal offices. During the trial in Harrisburg the charges were dropped.

In Cambridge, Massachusetts, on Wednesday night, March 10th, 1971, the headquarters of the United States Servicemen's Fund, an organization which actively supported the GI resistance movement in setting up coffeehouse projects adjacent to military bases around the country, was forcibly entered, devastated and burglarized. Files, contributors' lists, financial records and a rotary address holder were taken. Office equipment was not. Although police were not notified, local police lieutenant Dominic Scales appeared at the office, made a superficial examination and lectured staff members on the rewards of good behavior. When asked how he learned of the break-in, he replied he had sources. In October 1971, in hearings before the House Committee on Internal Security, a committee employee, Charles L. Bonneville, submitted letters that had disappeared from USSF files during the March break-in, stating "these letters were in materials that came into my possession from confidential law enforcement sources."

Chilean diplomats endured a series of incidents between April 1971 and May 1972.

On Monday, April 5th, 1971, Mrs. Humberto Diaz-Casanueva left her suite in New York's Shelbourne Hotel about 12:30 PM, as she had done every weekday for the preceding two weeks, to join her husband, the new Chilean ambassador to the United Nations, for lunch. At 1:10 PM, the cleaning maid found the door chained from the inside and assumed Mrs. Diaz-Casanueva was still there. The maid tried again at 2:30 PM and the door was no longer chained. When the ambassador and his wife returned about 5:30 PM, they discovered they had been burglarized: A closet containing Mrs. Diaz-Casanueva's wardrobe and jewelry had been emptied, but the ambassador's possessions were strangely intact; only his papers, consisting of poems—the ambassador was a poet—had been examined. Many valuables, including a $500 radio, were not touched.

The couple was puzzled but did not suspect they had suffered anything more than a normal robbery, until the following week. On Sunday evening, April 11th, Javier Urrutia, chief of the Chilean Development Corporation, returned to his New York apartment, after a weekend away from the city. He found it broken into: His official papers had been rifled and a pistol stolen, but other valuables, including a fur coat, were not taken. Urrutia was involved in negotiations with U.S. government officials and businessmen about the Allende government's takeover of U.S.-owned businesses in Chile. Tangentially, Ambassador Diaz-Casanueva was his negotiating colleague.

At approximately the same time—the precise date is not known, no report was made to police—the Chancellor of the Chilean Embassy in Washington, Patricio Rodriguez, was awakened in the middle of the night by noises outside his home in suburban Bethesda; Rodriguez fired two shots into the air and saw men scatter.

Several months later, on Thursday, February 10th, 1972, the New York residence of Victor Rioseco, the economic consul for the Chilean mission to the United Nations, was broken into. His papers were rifled and a radio and TV set stolen.

On Sunday evening, May 7th, 1972, the press attache of the Chilean embassy in Washington, Andres Rojas, took a taxi from National Airport to his home in the northwest section of Washington. His wife was out of the city and except for the few minutes it took him to get to bed, the house appeared empty. About 2 AM, he was awakened by noises. Looking out the window he saw the silhouettes of three white males trying to get inside. When he cried out, they ran to a late-model, dark blue sedan, he thought to be a four-door Plymouth or Chrysler; the men appeared to be middle-aged and well-dressed. Like Rodriguez, he wanted to keep a low diplomatic profile and did not notify police. He notified the embassy and bought a Colt .45.

At the embassy, Rojas was one of three men who habitually worked odd hours of the night and weekends. The other two were Ambassador Orlando Letelier, an Allende appointee just released from jail in Chile, and political advisor Fernando Bachelet, a leftist career diplomat. By coincidence all three were out of town the weekend following the break-in attempt at Rojas's home: Ambassador Letelier was at his country house 100 miles from Washington; Rojas and Bachelet were at Assateague, an island off the east coast of Maryland.

The weekend, May 13th-14th, 1972, the Chilean embassy was broken into; the only offices entered were those of Ambassador Letelier on the third floor, Bachelet on the fourth floor and Rojas on the second floor. Drawers were forced open, papers were examined; many dealt with Chile's military purchases. The only documents taken were Rojas's passport and a mailing list; the only material goods taken were an electric razor and a transistor radio. Many valuables were not touched. Rojas's new Colt .45 and a supply of bullets were left in his opened drawer. If police found fingerprints, the embassy was never informed.

In his "Memorandum for Record" dated June 28th, 1972, General Vernon Walters, deputy director of the CIA, wrote: "He [Dean] believed that Barker had been involved in a clandestine entry into the Chilean embassy." A confidant of Frank Sturgis, writer Andrew St. George, says Sturgis frequently told him in late 1972 that he took part in the Chilean embassy break-in, though Sturgis now denies it. Whoever the intruders were, there is reason to believe they stayed at a nearby hotel; a hotel employee has confidentially stated that the FBI has taken the hotel's registration records covering this time period. McCord has expressed a belief that the Chilean embassy was bugged by the administration, a belief then shared by officials of the embassy, and strengthened by the intruders' apparent knowledge of the diplomats' movements.

On many occasions the break-ins occurred in chronological groupings that defy random probability.

In New York, the NAACP Legal Defense Fund office that successfully litigated against the administration's segregation policies in education, and peripherally represented Black Panther leader Bobby Seale in the Chicago 7 case, as well as New York Times reporter Earl Caldwell when he refused to reveal his sources in another Black Panther case, was broken into over the 1971 Labor Day weekend—18 to 60 hours after Dr. Lewis Fielding's office in Beverly Hills was subjected to similar treatment. Daniel Ellsberg's psychiatrist office was entered the night of September 3rd and the early morning of September 4th. Also on Saturday, September 4th, E. Howard Hunt and G. Gordon Liddy traveled on American Airlines (as E. Hamilton and G. Larimer) from Los Angeles to New York. Sometime over the three-day weekend, the empty 20th-floor NAACP office was forcibly entered. Once inside, the intruders went down a corridor of unmarked doors until they came to the finance office, which they jimmied open; they examined files but ignored cash lying on the top of a desk. In another office they used a crowbar to open a locked file cabinet that contained nothing of value; they pried open drawers and examined their contents but did not take an unsealed envelope containing approximately $275 in cash. Nothing was stolen. It is not known if the two break-ins this weekend were a Hunt-Liddy double operation or if their presence in New York was coincidental. The Black Panthers were on the White House Enemies List.

On the weekend of May 13th and May 14th the Chilean embassy was surreptitiously entered. Less than 48 hours later, on the night of Monday, May 15th, 1972, or in the pre-dawn hours of Tuesday, May 16th, the tenth-floor law office of Fried, Frank, Harris, Shriver and Kampelman was forcibly entered. Located in the Watergate complex, but in a different building from the Democratic National Committee, the first employee arriving that Tuesday morning—a secretary—noticed the entry door was chiseled around the lock and taped so the door would not lock. Fearing that the burglars were still inside the office, she went downstairs and asked the building security guards to inspect the office. Nothing appeared out of place and no report was made to the police. Not until McCord and the four Miami men were caught in the DNC on June 17th, did members of the firm suspect their damaged door had been anything more than the effort of petty crooks. After the Watergate break-in, however, the police and FBI were called in. The lawyers had good reason to see a connection. Patricia Harris was temporary chairperson on the Democratic Credentials Committee, a director of the NAACP Legal Defense Fund and a host of other liberal organizations. Sargent Shriver was Senator Edward Kennedy's brother-in-law and occasionally mentioned as a possible vice-presidential candidate. Max Kampelman was Hubert Humphrey's close friend and associate. Richard Berryman, another partner in the firm, was co-counsel for Humphrey's presidential campaign. Unknown at the time, Harris and Shriver had been on the Enemies List since November 1971.

Because four of the five men arrested inside the Democratic National Committee on June 17th, 1972, were from Miami, Richard Gerstein, State Attorney for Dade County, Florida, got into the case. Chief investigator Martin Dardis was put in charge. According to press reports, Dardis said he began checking Bernard Barker's bank account just before the July 4th holiday, and that the Watergate case—the $25,000 Dahlberg check deposited by Barker—was the only sensitive matter he was working on at the time. On July 4th the state attorney's large suite of offices on the sixth floor of the Metropolitan Dade County Justice Building was forcibly entered. Access was obtained by kicking out a panel in a side-entrance door that faced onto a public corridor; through the hole in the door the intruders reached the inside door knob. Inside, they evidently ignored a dozen offices going directly to Dardis's out-of-the-way cubicle, which was entered by the removal of a ceiling tile over a door jamb. Nothing was missing, but papers were disturbed; an unsuccessful attempt was made to penetrate a safe.

Approximately three days later, most likely after the maid left on Friday, July 7th, or in the early morning hours on Saturday, July 8th, the Dallas home of Democratic National Committee Treasurer Robert Strauss was severely ransacked while he and Mrs. Strauss were in Miami preparing for the Democratic convention: Clothing was strewn about; several drawers were pried open. Jewels valued at over $100,000, furs and other valuables were not taken. Police found no fingerprints; nothing was missing.

Twelve to 36 hours later, on the evening of July 8th or the morning of July 9th, attorney Carol Scott of Gainesville, Florida, suffered a break-in at her office; intruders got in by breaking a front door transom. The only thing stolen was the file on her client Scott Camil, one of seven Vietnam Veterans Against the War members later accused by the government of conspiracy to commit violence at the 1972 Republican convention. It was one of a series of noncommercial break-ins that has plagued the VVAW. (Among the most recent, the VVAW's Washington office was forcibly entered over the 1974 Memorial Day weekend; mailing lists were stolen and papers were scattered.)

Washington, D.C., is a major center for break-ins having political overtones. Either by design or happenstance, they did not start in earnest until 1972. Their modus operandi is directly opposite the pattern revealed by District of Columbia police department statistics which indicate Washington burglars have an apparent willingness to steal anything, regardless of value, and two out of three local burglaries occur during daylight hours.

About 2 AM on Sunday, April 9th, 1972 the Georgetown home of CBS White House correspondent Dan Rather was broken into. Rather, who had been the object of a White House rebuke for his lack of "objectivity," had planned to be in Key Biscayne over the weekend covering President Nixon and had made arrangements with the White House to have his family accompany him. Just before leaving, one of his children became ill and only Rather went to Miami, cutting his trip short and returning home Saturday night. Later that night while the family was asleep, noises were heard downstairs. Lights that had been left on all night went off; the telephone didn't work. Rather frightened the prowlers off. They had gone straight to his basement office, ignoring the rest of his house and passing up valuables that included Mrs. Rather's visible purse containing $200. Police looked for fingerprints; none were discovered.

Intertel is a company that provides confidential management and security services to business entities. One of its clients is the Howard Hughes empire. In its Washington office all working papers are collected at the end of the business day and put in a safe. Sometime between the close of business on Wednesday, August 23rd, 1972, and the arrival of the first employee on Thursday, August 24th, a door leading from a public corridor was crudely jimmied, giving access to the unlocked room in which all locked files were kept. The safe was drilled but not opened. Two other locked doors off the public corridor, leading to separate offices, were not touched. Nothing was taken.

Tad Szulc is former New York Times correspondent who often wrote stories based on classified information embarrassing to the Nixon administration. One such story published on June 22nd, 1971, during the conflict between Pakistan and India over what is now Bangla Desh, compromised the professed American position of neutrality by disclosing that the U.S. was sending military supplies to Pakistan, even though the State Department said shipments had been suspended. (Another story, in the New Republic of December 29th, 1973, alleged that secret White House intelligence operations, which drew heavily on CIA resources, included burglaries, or burglary attempts, against ITT's Washington and New York offices in 1971 and 1972. Szulc reported they were apparently conducted in search of data on ITT's top officials, "as a form of 'double insurance'" in case complications arose over ITT's $1 million offer in contributions to the CIA to prevent the inauguration of President Allende in Chile, and $400,000 to the Republican party in connection with an antitrust suit. An ITT spokesman says company officials have no knowledge of any such break-ins, or attempted break-ins.)

In the White House transcripts John Ehrlichman described "the whole Szulc group" as one of the "very serious breaches of national security" that prompted the formation of the Plumbers. About 10 PM on Saturday, February 10th, 1973, while Szulc and his wife were out to dinner, their home was forcibly entered. The intruders, apparently interrupted by their son's arrival, fled; he did not see them. A locked case containing expensive jewelry was forced open and its contents strewn about. Credit cards were not touched; nothing of value was taken. Police took fingerprints; if any were found, the family was never informed. On June 14th, 1973, The Washington Post disclosed that Szulc, along with Neil Sheehan—the former New York Times correspondent who had obtained the Pentagon Papers—had been wiretapped at least for several months in 1971, and that information from these taps had been received by the "plumbers." On July 15th, 1974, Szulc filed suit in the U.S. District Court, charging that members of the "plumbers" and the FBI illegally tapped his office and home phones from July or August 1971, and that government agents broke into his home "for the purpose of inspecting and/or removing documents and writings." The named defendants include John Ehrlichman, H. R. Haldeman, John Mitchell, Robert Mardian, John Caulfield, David Young, E. Howard Hunt, G. Gordon Liddy, and Clyde Tolson as executor for the estate of the late J. Edgar Hoover.

On Wednesday night, April 18th, 1973, the only safe in the Capitol Hill office of Sen. Lowell P. Weicker Jr., the junior Republican member of the Senate Watergate Committee was burglarized. There was no sign of forced entry to either the office or the safe, for which only three staff people knew the combination. Files were rearranged but nothing was taken from the office, though tape recorders and television sets were in plain view. Political espionage was immediately suspected; on April 1st, Weicker had charged that a paid CRP agent had spied on nine congressional offices in 1972, and on April 3rd he had called for Haldeman's resignation.

The National Welfare Rights Organization is a poor people's lobby, representing welfare recipients nationwide; it has close ties with the Black Panthers and the Southern Christian Leadership Conference. Both the organization and the late George Wiley, its former director, were on the Enemies List when the finance office of its Washington headquarters was forcibly entered over the 1973 Memorial Day weekend. Access to the building was gained through a third-floor fire escape; the finance office was entered by breaking a closed transom over the door. A safe was pried open, files were rifled, the room was left in a mess but nothing appeared to be missing. Not counting a break-in the following January, which appears to have been a normal burglary, it was the first of four incidents during the following ten months: In each, confidential documents were either examined or stolen and valuables not taken.

At 10:05 PM on Wednesday, June 27th, 1973, the electronic alarm system of Potomac Associates was activated, instantly alerting security police and setting off a loud wail in the Potomac office. Potomac is a Washington-based policy research group, directed by William Watts, a former Kissinger aide and staff secretary of the National Security Council who resigned when the U.S. invaded Cambodia in March 1970. In late June 1971 Potomac published a report which received nationwide publicity, that concluded Americans generally believed the country was in deep trouble and slipping under the Nixon administration.

A few days later, on July 6th, 1971, John Caulfield, a former New York City detective and White House intelligence operative whom Ehrlichman has characterized as Liddy's predecessor, sent a memorandum to John Dean. Caulfield described the physical layout of the Potomac office, and the security setup of their office building, advising that "penetration is deemed possible if required." (A few hours before the June 27th break-in attempt, excerpts of this memo were published in The Washington Post.) In a second memo to Dean, dated August 9th, 1971, Caulfield said Strachan (a Haldeman aide) wanted to be kept up to date on Potomac Associates.

On June 1st, 1973, the building in which Potomac rented space adopted a sophisticated alarm system, making the security procedures outlined in Caulfield's first memo outdated. Persons arriving after hours had to go through a back door and use a code number to gain entrance. To get into the Potomac office on the fifth floor, a special key had to be put into a plate inserted into the wall adjacent to their front door. If the door was opened without the special key switched to the "access" position it would set off the alarm, which is what happened on June 27th. The intruders were gone when police arrived; the wall device had been tampered with and a small hole drilled into the shaft of the doorknob in an apparent attempt to neutralize the system. On Friday evening, July 20th, 1973, a second attempt was made; again the system worked and police were quickly on the scene. In both instances the office door had been opened and nothing appeared to be missing. A third attempt was made in the early morning hours of Saturday, March 2nd, 1974; this time the intruders attempted to pry open the door from the bottom, without success. In the ten-story office building, no other tenant subscribing to the electronic system has reported any break-ins or break-in attempts since its installation. Both Potomac Associates and William Watts were on the White House Enemies List—which was released by the Ervin Committee the same day the first break-in attempt was made against Potomac Associates.

CBS correspondent Marvin Kalb was also on the Enemies List. In May 1969 he had been one of four newsmen wiretapped by the FBI at the direction of Attorney General John Mitchell, pursuant to a presidential request. During its impeachment inquiry, the House Judiciary Committee, quoting an FBI summary, reported: "Mitchell also requested physical surveillance of the commentator but withdrew this request after being advised by the FBI of the difficulties involved." Sometime over the weekend of July 7th–8th, 1973, Kalb's State Department office was ransacked; when he opened his door on Monday, "it looked like a cyclone had hit the room." Two weekends later, on July 21st–22nd—the same weekend a break-in attempt was made against Potomac Associates—his office was again ravaged, but this time the mess was confined to one corner, as if the intruders were looking for one thing. After each break-in, State Department security forces made an investigation, which included the taking of fingerprints. Nothing appeared to be missing on either occasion. Though Secretary of State William Rogers personally apologized, Kalb only received vague "we're investigating" replies to his subsequent inquiries to State Department security authorities. State Department officials told reporters that janitors may have left the office in disarray. After the second break-in, CBS put a strong lock on Kalb's door.

Kalb discovered his second break-in on Monday, June 23rd. That night, or in the pre-dawn hours of July 24th, the Washington Society of Friends Meeting House, and their adjoining Quaker House building, were selectively ransacked. Nothing was taken. Typewriters, tape recorders and a $450 dictaphone were not touched, but files relating to the religious group's membership and finances were devastated. An internal Quaker memorandum states: "The main focus of attention seems to have been the Peace Center. Contents of files were strewn about; some were arranged on a desk as though to facilitate photography." The break-in had occurred while the Peace Center was planning a prayer vigil inside the White House; it was one in a series of pray-ins held by various peace groups in the summer of 1973 to protest the U.S. bombing of Cambodia. Dick Gregory, Father Daniel Berrigan and Roger Whitehead, a Peace Center worker partially responsible for coordinating the Quaker portion of the civil-disobedience action, were among 13 persons arrested over a six-week period. (In October and November, shortly after the Saturday Night Massacre, while Whitehead was investigating the legitimacy of a pro-impeachment group suspected of being a front run by government agents, he suffered two break-ins at his home; in each, confidential tapes were stolen but marketable valuables—including the tape recorder holding the tapes—were not.)

The Institute for Policy Studies in Washington does basic research in public policy. Each of its co-directors, Richard Barnet and Marcus Raskin, were officials in the Kennedy Administration: Barnet in the State Department as an adviser to the U.S. Disarmament Agency, Raskin in the White House on the National Security Council. In the White House memorandum of August 11th, 1971, in which John Ehrlichman approved "a covert operation be undertaken to examine all the medical files still held by Ellsberg's psychiatrist," Egil Krogh and David Young noted it was unlikely Barnet and Raskin would be called before a Pentagon Papers grand jury "because they have been overheard." In addition to being wiretapped, other invasions of privacy were experienced. A former FBI agent, Robert N. Wall, has filed an affidavit, stating he and other agents illegally obtained Institute bank records on behalf of his employer. A former FBI informant and undercover agent for the District of Columbia police department, Earl Robert Merritt, has filed an affidavit stating he started infiltrating the Institute in early 1971, with orders to obtain anything of value, and that in the course of his duties he observed a woman also stealing documents, who he later learned was Ann Kolego, another agent of the Metropolitan Police Department. The Institute has not knowingly experienced break-ins of a political nature; Merritt, however, has spoken of intruders being in the building well after midnight on two occasions in August 1973. Inexplicably, FBI agents later made inquiries in the neighborhood, alleging that the Institute had had break-ins, and seeking further information. The Institute and Barnet and Raskin, are on the White House Enemies List.

When John Gardner's secretary arrived at her desk at Common Cause on Friday, February 8th, 1974, an alphabetized card file was in disarray: It contained a list of the organization's large contributors, as well as press contacts and Gardner's personal friends. Shortly thereafter, Gardner called her from a nearby hotel where Common Cause was having a Board of Directors meeting, asking for a notebook he had left on his desk the night before. Entering his locked office, she found papers on his desk reshuffled, files rifled and the notebooks moved to a credenza holding other notebooks. Except for 15 copies of already delivered speeches, nothing was missing. John Gardner and Common Cause, which had successfully litigated against the Finance Committee to Re-elect the President, forcing it to publicly release its list of contributors, were both on the Enemies List.

The Senate Permanent Investigations Subcommittee, chaired by Senator Henry Jackson prys into a multitude of areas: the energy crisis, Mafia activities, Government Service Administration scandals, the wheat sale to the Soviet Union. On Wednesday, July 17, 1974, Phyllis Anderson, an assistant clerk, was working late. At 8 PM as she was leaving the subcommittee's office in the Old Senate Office Building, she heard someone manipulating the front-door lock. Thinking a colleague was returning to work, she opened the door. A stranger, a well-dressed white male adult about 30, was trying to get inside. Apparently at least as surprised as she, he fled in panic. Flustered, she did not call police until she reached home a half hour later.

The next day, Thursday, an anonymous caller telephoned the subcommittee and told an investigator the alleged identity of the would-be intruder. On Friday, an unsigned handwritten letter arrived, repeating his name. In the Washington metropolitan area, only one person is listed in the phone book having the last name supplied, and his first name matches that given in the anonymous messages. The man, however, is in his mid-fifties, and police have not contacted him. The case is reportedlly closed. On July 17th, the subcommittee had three hearings underway, one on Russian technology, one on Civilian Health and Medical Programs for the Uniformed Services and one on Robert Vesco.

There are many other break-ins with suspicious political implications. In June 1973, for example, Newsweek reported that high administration officials told Senate investigators that burglaries were committed against the domestic left by unknown government operatives, in connection with the Seattle 7, the Chicago Weatherpeople, the Detroit 13, and the Berrigan cases. In November 1973 the Washington Post gave details of break-ins which were related to the Detroit case. In one, attorneys Gerald Lefcourt, William Bender and William Goodman alleged in sworn affidavits the government had broken into the files of Goddard College in Vermont; the allegation was supported by an affidavit of the college president, Gerald Witherspoon, who stated a picture of Ronald Fliegelman, one of the defendants and a student at Goddard in the 1969–70 school year, was stolen from college files and turned up on an FBI wanted poster in the fall of 1971.

In July 1974 Jack Anderson reported that, shortly after a Harris Poll showed President Nixon's 1970 invasion of Cambodia was highly unpopular among college students, the office of pollster Louis Harris was broken into three times—reminiscent of the attempts made against Potomac Associates subsequent to their having reported that citizens had attitudes critical of the administration.

A complete break-in list can probably never be made. It is not definitely known if some contemplated break-ins actually happened. Was there, for example, an illegal entry into the Brookings Institution in Washington? Or did the much talked of break-in against Las Vegas publisher Hank Greenspun, generally believed to have been aborted, actually occur? In the White House transcripts, John Ehrlichman told the president on April 14th, 1973, "I guess they actually got in." Or were break-ins that have occurred, like the one against the Washington residence of Mortimer Caplin, who had been Commissioner of the Internal Revenue Service under John Kennedy and Lyndon Johnson, politically motivated—or for material gain? When Caplin and his wife returned from a party, late Saturday April 24th, 1971—the same month two Chilean diplomats suffered burglaries in New York, and about the time another Chilean diplomat in Washington thwarted an attempt—their front door was blocked from the inside and they heard scurrying noises upstairs. A bench had been placed against the door to serve as a warning signal; whoever was inside quickly exited. Upstairs, the Caplins' bedroom and study were a mess; drawers opened, a locked chest and a locked case containing papers broken into; their contents scattered. Nothing of value was taken; watches, jewelry, government bonds were passed up. Detectives were baffled. They took fingerprints, but the Caplins "received no feedback from police." Any judgment on the intruders' motivation is presumptuous.

In other break-in cases that seem to be politically inspired, victims have refused to give details.

Moreover, it is impossible to guess at the number of break-ins that have occurred without the victims' knowledge. This is reflected in the experience of Sol Linowitz, former chairman of the board of Xerox, and former U.S. Ambassador to the Organization of American States. A friend of one of the Watergate burglars told the ambassador that his friend claimed to have surreptitiously entered his office on two occasions in early 1972, to put a tap on and pull a tap off his telephone during the time he was a senior advisor to Senator Muskie on Latin American affairs. Ambassador Linowitz, whose firm also represented the Chilean government between February and June of that year, simply does not know if the alleged incidents happened.

Lastly, innumerable illegal entries have either not been reported, or lost to any central counting procedure because they are local in nature; most of these have been against radicals. Carole Cullums of Washington, D.C., is an atypical case only because she can link the August 1972 break-ins at her apartment and antiwar organization office to her former roommate, Ann Kolego—the same woman involved with the Institute for Policy Studies—who for three years masqueraded as a left-wing activist, while an undercover agent in the intelligence division of the Metropolitan Police Department.

The exact circumstances of the "other break-ins" will be unclear until the participants are caught or until documentary proof is uncovered. But the evidence that is available persuasively suggests that Daniel Ellsberg's psychiatrist was not the first victim and the Democratic National Committee was not the last; that those political break-ins are unique only because their perpetrators are known.

The Bank Operations office of the Federal Reserve Board is located on the eighth floor of the Watergate Office Building, two floors above the Democratic National Committee. When McCord and the Watergate burglars made night entries into the building through the front door, as they did on a few occasions, they signed the entry log as if they were going to the Federal Reserve. Eugenio Martinez, one of the men caught in the Watergate, has told federal investigators that during one operation McCord conversed with a guard on the eighth floor. Between Friday evening, May 5th, and Monday morning, May 8th, 1972—the same weekend that Chilean diplomat Andres Rojas chased prowlers from his Washington home—the Federal Reserve's Bank Operations office was entered and a Mosler safe was penetrated. Informed sources state that the safe contained plans of bank security and alarm systems, and that these plans were left lying on the office floor in positions suggesting they might have been photographed. Nothing was stolen.

As this article was going to press, President Ford pardoned Richard Nixon for all criminal acts which he may have committed during his term of office. This pardon may well serve to prevent or deter investigation of possible connections between the White House and other offenses of a criminal nature. If this is so, and if there are such connections, then the pardon will be a continuation of the cover-up.

ATLANTIC FISHERIES

Mr. BUCKLEY. Mr. President, the Foreign Relations Committee has unanimously reported out a noncontroversial and important bill that I hope will be scheduled for action soon after our return. I speak of S. 3783, which is designed to implement certain provisions of the International Convention on Fishing and Conservation of the Living Resources of the High Seas to put needed teeth into our increasingly successful efforts to safeguard the integrity of our coastal fisheries.

I suspect that too few Members of this body are aware of the very positive results that have followed on the fact that a number of Senators from coastal States, this one included, have stated that unless the international community moves to reach agreements on measures that would enable us to protect the biological integrity of our coastal waters, we would have no alternative but to act unilaterally pending such international action. This has taken the form of the introduction of legislation by the distinguished chairman of the Commerce Committee, Mr. MAGNUSON, and others that would assert U.S. responsibility for conservation and fishing within 200 miles of our coast.

Because of these increasing expressions of concern, one once-moribund international body that was designed to protect fishing off the Atlantic coast has taken on life, has taken the need for conservation seriously, and has initiated constructive steps to reduce the fishing pressures on seriously depleted species, and to resolve to American fishermen their rightful share of the catch off our own shores.

I speak of the International Conference for North Atlantic Fisheries. During the first 20 years or so of its existence, this organization did virtually nothing to regulate fishing off the coast of North America while we witnessed the extraordinary growth in Eastern European factory ships that depleted our ocean resources at an alarming rate. In the last 3 years, in response to American pressures, ICNAF has finally taken on life; and in October of last year, the ICNAF countries finally reaching a 3-year agreement establishing national quotas and increasingly cutting back on gross annual takes while increasing the allotment of American fishermen.

An overall total tonnage for the 1974 season was set at 923,900 metric tons as compared with 1,200,000 tons taken in each of 1972 and 1973. At the same time, the quotas assigned to the Soviet Union and East Germany—the two principal fishing countries—were reduced about 30 percent each, while that of the Poles was reduced by 20 percent from 1973. Other ICNAF nations were assigned cuts of less than 20 percent over their 1973 quotas. The overall total for the 1975 season has been set at 850,000 tons while the U.S. share has been increased to 211,600 tons. In addition, special measures to protect the badly depleted species, such as haddock and yellow tail flounder, are now being negotiated. The goal for 1976 is to reduce the total catch to a level that "would allow the biomass to recover to levels which will produce the maximum sustainable yield."

The effectiveness of the new ICNAF directives, of course, depends on the willing compliance of the member nations as the United States does not have enforcement jurisdiction under this particular treaty. The ICNAF arrangement, however, does permit the boarding of vessels by our Coast Guard for inspection to see whether violations in fact occur. During the past year, this right has been extensively exercised, and I am advised that the Coast Guard is satisfied that most of the member states have substantially complied with the regulations, with the result that we have in fact turned the corner in the depletion of the major ocean resources off our Atlantic coast, can look forward to the restoration of depleted species, and are expanding the quotas reserved for American fishermen to levels matching our capacity to fish. There is, however, one significant exception to this voluntary compliance, and that is Spain. Spain, however, is a participant of the 1958 Convention on Fishing and Conservation of the Living Resources of the High Seas; and it is under this treaty that we can assert an absolute policing right to board and seize violators. It is precisely this—the invoking of this right—that would be accomplished by enactment of S. 3783.

In the longer run, Mr. President, we need the absolute right to protect our coastal fisheries and assure our own fishermen of a priority of access to them. In the longer run, we ought not to have to rely on the unenforceable compliance of countries that are not subject to the 1958 convention. In the near term, however, it appears that we have achieved the principal goal of those of us on the east coast who have sponsored the Magnuson bill. We have forced international cooperation for the preservation of our coastal fisheries, and I am sure that this pressure did much to achieve the apparent consensus at the Law of the Sea Conference in Venezuela this past summer in favor of the declaration of a 200-mile economic zone under the control of coastal states.

I urge the early enactment of S. 3783. This will enable us on the east coast to achieve our principal objectives as a practical matter while we pursue measures to protect pelagic species as well as the kind of measures required adequately to protect anadromous stocks.

SECRETARY KISSINGER AND THE MIDDLE EAST

Mr. BENTSEN. Mr. President, Secretary of State Kissinger left last evening for the Middle East in yet another of his efforts to promote progress toward a military and political settlement in that war-wracked area of the world. I commend his efforts and I am sure the best hopes of the Congress and the American people go with him. Secretary Kissinger is facing a formidable challenge—the peace talks have bogged down while a massive Soviet arms supply effort is underway in Syria, Iraq and South Yemen. Incidents continue along the Syrian border and the momentum toward peace which we witnessed after the Israeli-Egyptian and Israeli-Syrian agreements appears to have substantially abated. New peace initiatives are urgent and indications by the Arab nations of a willingness to cooperate to insure further progress would be most welcome.

Mr. President, at a time when this Nation's energies are focused on peace initiatives in the Middle East, I believe it is important to have as a goal of those negotiations greater respect by all nations for humanitarian concerns. I have written Secretary Kissinger about this matter and have brought to his attention a situation that is nothing less than deplorable in the eyes of free people everywhere: the harassment of and discrimination against Syrian Jews by their government as well as the severe government restrictions on the right of Jews to emigrate.

This minority is confined to the despair of teeming ghettos; they are not allowed to venture beyond a 3-mile radius of that environment without express permission; and their economic activities are severely limited. In some cities Jews must check in with police three times a day and night raids on private Jewish homes are common. In short, the basic human freedoms are unknown to Syria's Jewish population.

In the eyes of free people throughout the world, this is unconscionable treatment. Mr. President, it is well to focus on the plight of Soviet Jews—but let us not forget Jewish minorities living in a state of oppression in other countries as well. I call now, as I have called many times on behalf of Soviet Jews, for a greater awareness of the plight of Jewish minorities. Syrian Jews ask only to live in their Judaic tradition, to speak and read Hebrew and to join others of their faith in the United States and other countries. A relaxation by Syria of its strict emigration policy would be an important, yet minimal, gesture by that country of its desire to cooperate with other nations in resolving the serious problems of that region.

I have requested Secretary Kissinger to urge the Syrian Government, during his coming talks in Damascus, to express the concern of the American people over the treatment of Syrian Jews and to urge the government of that nation to grant its Jewish citizens the simple but basic right of emigration.

MINNESOTA CANCER SOCIETY CONFERENCE

Mr. HUMPHREY. Mr. President, the Minnesota Chapter of the American Cancer Society has been waging a war on cancer for many years now. This terrible disease affects hundreds of thousands of Americans each year. One in four Americans alive today will develop cancer. There are more than 100 types of cancer, which makes the discovery of the origin more difficult. Adequate financial help is essential to sustain the intensive research required to unravel the mysteries of this dread disease, leading to prevention, control, and cure programs.

I was honored when the Minnesota chapter invited me to speak at their annual conference last month. Although I was not able to attend, I am proud that my son, Hubert H. Humphrey III, was able to deliver the speech for me.

The Minnesota Cancer Campaign has done a wonderful job of raising funds for cancer research in years past. This year they raised over $1.8 million, a record for Minnesota. I commend this achievement and wish them success in their future campaigns.

Mr. President, I ask unanimous consent that the text of my remarks as prepared for delivery be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks to the Minnesota Chapter of the American Cancer Society

(By Hubert H. Humphrey)

I am delighted to have the opportunity to speak with you tonight and to express my support, my respect, and my gratitude for the dedication you have shown in the fight against cancer.

Workers like you across the nation are essential if we are to have any hope of curing cancer in our lifetime. All of you here tonight representing our Minnesota Division of the American Cancer Society have done an outstanding job.

You deserve our continuing thanks and our encouraging support. I am pleased to have this opportunity to talk with you and to tell you how much we in the congress are aware of the fine work being done by the American Cancer Society.

I am particularly happy to be here because I am speaking at a time of mutual pride and accomplishment—a time when both the American Cancer Society and Congress, as working partners striving to reach the same goal, have demonstrated their resolute commitment and determination to conquer cancer at the earliest possible date.

The American Cancer Society has just reported that its 1974 campaign surpassed all previous campaigns, raising a total of $96.3 million. That's $3.5 million more than was raised last year.

The Minnesota cancer campaign also has surpassed all previous fund-raising efforts, raising a total of over $1.8 million this year. That is over thirty cents for every man, woman and child in Minnesota. I commend you for a job well done.

At the same time, Congress has pledged its support through the recent enactment of the National Cancer Act Amendments—legislation which authorizes $2.8 billion to the National Cancer Institute to continue the fight against cancer over the next three years.

I am gratified that the Senate recently adopted my amendment to raise fiscal 1975 appropriations for the National Cancer Institute to $755 million—about the level of funding originally requested by the NCI. It is my strong hope that this action will result in a House-and-Senate compromise level of funding that is an improvement over the Administration's Budget request of only $600 million. I am determined that everything possible be done to sustain our nation's research efforts to control and conquer this dread disease.

The combined funds from American Cancer Society contributions and Congressional appropriations can promise this nation a 1975 cancer budget of well over $800 million. With these resources, the nation will have the potential for launching a fresh, more intensive attack against cancer.

These funds not only will arm us with new weapons, new strategies in our battle, but more importantly they will enable us to maintain the momentum which already has been set in motion by the national cancer program.

Since the passage of the 1971 National Cancer Act, the authorizations for the National Cancer Institute have risen from $233 million in 1971 to over $803 million for 1975.

In 1970, cancer research was on the back burner as far as our national priorities were concerned. That certainly is not the case today.

Cancer has been recognized as the nation's number one health concern and its early conquest has been designated one of our primary health priorities. The picture is brighter than ever before. We have much room for optimism.

But while we have many reasons to be optimistic, we must be careful not to let down our guard before an enemy as ruthless as cancer.

We cannot allow ourselves to be lulled into a false sense of security.

We must not feel that because the 1974 fund-raising campaign is over or because the federal cancer legislation is now passed, that our job is done.

Our accomplishments are impressive and encouraging. But we are up against an enemy which will not rest and will not retreat.

Cancer is killing Americans today, and it will kill more Americans tomorrow. We all are familiar with the much-publicized cancer statistics. But this does not lessen their impact.

Nearly one in four alive today will suffer from cancer. In 1974, 655,000 Americans will develop some form of cancer, and it will take the lives of 355,000 of these people.

Even worse, over 53 million people now living, eventually, will have cancer, and the attendant economic costs resulting from the care for and loss of these patients are staggering.

We are talking now about a disease which costs the American people an estimated $15 billion annually. And this sum takes no account of the untold price paid in pain and grief. The energy crisis, pollution, and crime together will never cripple, bankrupt, destroy and kill as many of us as will cancer.

We cannot afford to delay. Nor can we afford to provide anything less than a total commitment to the effort.

We must be optimistic, yet realistic.

We must be aware that it is not possible to discover a single magic answer for all the cancer problems.

Cancer is a complex group of diseases. Over 100 different types of cancer have been identified. Each of these types of cancer is distinct and unique, and each requires an individual form of detection and treatment.

Cancer is long-range by its very nature, and so its many causes and treatments require long periods of time to be observed and studied. The effects of DES as a carcinogenic agent were not manifested until a generation later when there appeared cases of cervical cancer in daughters of women who took the drug during pregnancy.

We must be patient. And we must be persevering. Most of all, we must view this as a long-term commitment by Congress, the Administration, and the American people.

As you are aware, cancer research always has been a major focus of Congressional concern. Since founding the National Cancer Institute back in 1937, the federal government has continued to expand and enlarge its support of cancer research. Its budgetary authorization, for example, has grown from $700,000 in 1937 to $803 million this fiscal year.

The largest step in the expansion of the national cancer program came in 1971 with the passage of the National Cancer Act. And through this Act came the development of the national Cancer Program Plan to coordinate and direct research efforts and ideas concerning cancer. The major goal of the National Cancer Program strategy is to "develop the means to reduce the incidence of morbidity and mortality of cancer in humans."

The National Cancer Act of 1971 launched a significant and sustained commitment to fight and conquer cancer. It strengthened the National Cancer Institute. It established a National Cancer Advisory Board. And it authorized fifteen comprehensive cancer centers such as the one at our Mayo Clinic to bring results of cancer research to the maximum number of people as rapidly as possible.

The 1971 Act made possible new and intensified cancer research efforts and brought major achievements in the nation's efforts against cancer. To continue and strengthen these accomplishments, Congress this year passed the National Cancer Act Amendments of 1974.

This new legislation, which I cosponsored, extends the National Act for three years, and adds several important provisions. One of these is the removal of the limitation on cancer centers imposed by the original Act, thereby allowing for the construction of additional centers should the need arise. The new Act also contains provisions for programs involving educational and information services for physicians, scientists, and the public.

The legislation provides $3½ million dollars a year for cancer detection and prevention programs. These funds are designed to provide routine tests for the detection of uterine cancer, the second most common form of cancer among American women.

It is estimated that 11,000 American women will die of uterine cancer in 1974. The so-called Pap test, a routine detection for this disease, has been largely responsible for the decline of uterine cancer deaths in the United States. The rate today is only one-third what it was in 1940.

But 75 per cent of the women in this country who are at risk of developing uterine cancer do not get Pap tests. They simply are uninformed about the test's safety, simplicty, and success.

This is a perfect example of the important need to integrate and to coordinate research advances with educational services.

Realizing this challenge, the expanded cancer research program which has resulted from the 1971 Act and the recent 1974 legislation has concentrated on two objectives:

—First, to speed research relating to cancer, its diagnosis, its causes, its prevention, and it treatment;

—And second, to educate and inform the general public on the most effective methods of detecting and combatting cancer.

The dual-purpose nature of the national cancer program plan is productive and effective.

But more importantly, it gives the program its own power source. Like a perpetual motion system, the program can continue to turn—increased research leads to more knowledge and more information; increased information services in turn stimulate new research ideas and interest. Each encourages the other.

This concerted effort already has led to significant results.

New and successful methods of treatment have been found, largely as a result of research in the areas of radiation, immunology, drug therapy and surgical techniques. These research achievements, as well as other results from basic research, now are being used in the diagnosis, prevention, and treatment of cancer. The accomplishments are exciting.

Twenty years ago, most children with acute lymphocytic leukemia died within a few months. All of them died within a few years. Today, 50 per cent of these children, treated with radiation and a combination of anti-cancer drugs, are alive five years after the disease was detected.

In cases such as Hodgkin's disease, it now appears possible to promise a patient a normal life expectancy in a large number of cases where an early diagnosis has been combined with aggressive treatment.

During the past year, research has uncovered new evidence as to carcinogenic factors attributable to heredity, chemicals, viruses, and radiation.

For example, research has suggested a possible link between heredity and susceptibility to cancer-causing chemicals in the environment. The influence of heredity on the development of breast cancer also currently is being explored.

To determine the carcinogenic effects of chemicals, the National Cancer Institute now is testing 445 suspect chemicals. Research in this area is focused on developing more rapid and less costly testing methods and on the establishment of a computer system to help in determining which chemicals should have testing priority.

Recently, a highly sensitive test for the detection of nicotine and cotinine in blood and urine has been developed that may have far-reaching implications in the area of cancer prevention.

In the field of virology, current studies are exploring cancer-causing factors in DNA and RNA viruses and their possible relationship to genetic influences in the development of cancer. One of the major accomplishments in this program has been the elimination of certain viruses as carcinogenic agents. Such negative findings enable scientists to determine research priorities.

Many advances have been made in cancer treatment in the last few years.

They include the development of combination drug therapy for the control of cancers of the breast, lung, ovaries, and colon, and of Hodgkin's disease and non-Hodgkin's lymphomas. New findings also suggest that the anti-TB vaccine BCG destroys tumors when it is injected directly into tumor masses.

We are proving that by making a concerted effort, by pooling and mobilizing our resources, we can more quickly apply what we learn in the medical laboratory to the research clinic and to general practice.

The best means for successful application of this knowledge will come through the continuation and broadening of the unique partnership which exists between the public and private sectors. We must have participation at all levels—public and private—if we are to accomplish this goal.

Another example which emphasizes the potential success of a cooperative effort between the public and private sectors is the breast cancer detection project currently being developed under the National Cancer Control Program.

As you know, the National Cancer Institute and the American Cancer Society jointly are cosponsoring a network of breast cancer detection demonstration projects. Some 27 such projects already have been established in communities across the country, each capable of screening 10,000 women a year. The purpose of these programs is to demonstrate to medical practitioners and to the general public the effectiveness of early detection of breast cancer.

Breast cancer takes the life of one American woman every 15 minutes. It is the major killer of American women in their reproductive years. This year 90,000 women will get breast cancer. But if detected early, there are excellent chances for cure of these cases.

The breast cancer detection programs are designed to train local health personnel in techniques for breast cancer diagnosis and identification so that screening projects can be conducted nationwide. The program depends upon the health of American Cancer Society volunteers like many of you here tonight who can educate the public about the problem, as well as encourage women to participate in the life-saving program.

It is only by this cooperative effort that we can assure that as many people as possible are aware of and take advantage of the lastest techniques in prevention, detection, diagnosis, and treatment of cancer.

If we are to have any hope of accomplishing this task, it is necessary that we continue and improve upon the programs which thus far have been developed.

One such program is the establishment of comprehensive cancer control centers. Since 1971, nine new centers have been established in addition to the original three centers.

The National Cancer Institute expects to have funded and operating a total of fifteen centers by the end of the year.

These comprehensive cancer centers, such as the one located at the Mayo Foundation, conduct long-term clinical and community programs on cancer detection, epidemiology, and prevention. They also offer specialized treatment to the cancer patient. They are necessary instruments of a total cancer control program for this country.

Unfortunately, there are vast areas of the country without any comprehensive cancer centers. These Americans cannot receive the first-call care that should be available to them.

In answer to this pressing need, the recently passed National Cancer Act Amendments authorize the construction and establishment of additional cancer centers. By doing so, the Act creates the potential for a national network of cancer centers—a national network which would maximize the public access to cancer care and at the same time would maximize the professional access to cancer research.

The national cancer program is a people-oriented program. Congress and the medical community need your volunteer work.

People like you, volunteering your time and skill to save lives, make the national cancer program work.

The real value of your public service and that of our cancer research centers can be measured only in terms of the amount of suffering it eliminates.

I am proud of you and your efforts to support research and to educate the American public about cancer.

Keep up the good work.

Every American wants to do something about the pain and suffering of cancer victims, and you are doing something about that, too.

Every American knows someone who has been stricken by cancer and would like to see the disease eliminated. You are doing something about it.

So much has been accomplished to offer hope where only a short time ago there was despair and anguish. The promise of a decisive advance toward the prevention, treatment, and cure of cancer can and must be fulfilled. Together, we can and will make this promise a reality.

MR. LUND'S FOLLY

Mr. HATHAWAY. Mr. President, Congressman SILVIO O. CONTE submitted for publication in the October 7, 1974, RECORD a statement by the Maine Attorney General, Jon Lund.

The statement was derogatory to the Dickey-Lincoln school hydroelectric power project. It implied, falsely, that the vast majority of Maine people are skeptical of Dickey's merits.

The statement was written and submitted for publication in a manner to imply that Mr. Lund was speaking in his official capacity as attorney general and for the government and people of Maine.

This is simply not the case. On September 18, upon learning of Mr. Lund's statement and letter to President Ford, I issued a statement to the Maine press challenging his action and strongly criticizing his attempt to give an official stamp to personal views.

I saw this as a blatant attempt to deceive the public and a gross misuse of office.

The following day, Maine Gov. Kenneth M. Curtis sent a telegram to the President pointing out that Mr. Lund did not speak for the government and that his communication should be viewed in that light.

I regret that Congressman CONTE was deceived. In an effort to keep the record straight I respectfully request unanimous consent that my press release and Governor Curtis' telegram be printed in the RECORD.

There being no objection, the press release and telegram were ordered to be printed in the RECORD, as follows:

PRESS RELEASE

Senator William D. Hathaway Wednesday strongly criticized Maine's Attorney General, Jon Lund, for an "unwarranted intrusion into matters of no concern to his department".

Hathaway labeled as "a gross misuse of office" the Attorney General's letter to President Ford urging that funds for the Dickey-Lincoln School Hydro-electric Project be withheld.

In his letter to the President, the Attorney General questioned the merits of the hydro-electric power project, and suggested that funds be withheld to trim the federal budget.

Senator HATHAWAY, who has been the chief proponent of the project in Congress reacted sharply to this action saying "the Attorney General has misused his office and abused the interest of Maine citizens with this unwarranted intrusion into a matter of no concern to this department.

"His job is to enforce Maine laws. He has no business making judgments about public works projects in his official capacity.

"He has, of course, the right to a personal opinion, but it was very improper for him to submit his views as Attorney General to the President".

Hathaway in a letter to the President only last week urged the President to release the funds for the Dickey Project pointing out that the project is aimed at solving a problem in Maine equally as important as that of inflation, the energy crisis.

[Telegram]

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: This is to inform you that the criticism of the Dickey-Lincoln Power Project by Maine's Attorney General reflects only his personal view issued without consultation with me. As Governor of Maine I have supported the concept of the Dickey-Lincoln Dam for the last eight years. The shortage of fossil fuels, the controversy over safety of nuclear generation, and the increased demand for peaking power, make hydro-electric development on the St. John River more environmentally and economically sound than ever. I urge you to authorize expenditure of the $800,000 Congress has appropriated to plan and evaluate the Dickey-Lincoln Project.

KENNETH M. CURTIS,
Governor of Maine.

HELP FOR THE HOUSING INDUSTRY URGENTLY REQUIRED

Mr. HUMPHREY. Mr. President, the housing industry is in a state of collapse. The administration's efforts to deal with inflation in the energy and food industry have backfired—and caught the residential construction industry between the scissor blades of high interest rates and no mortgage money.

THE COLLAPSE OF A MAJOR ECONOMIC SECTOR

In the first quarter of 1969, a seasonally adjusted rate of 1.7 million new private housing units were put under construction. The rate this August is only 1.1 million units—a 35-percent decline from the 1969 level. Even worse, housing starts have fallen an incredible 55 percent since only January of 1973. There are now fewer housing units under construction in America than at any time in the past 4½ years.

Unemployment in the construction industry in January 1969 was 5.5 percent. By 1971, unemployment in construction had jumped to an average 10.4 percent. It now lies at 11.1 percent—double the January 1969 rate—and it continues to climb.

In January 1969 the average new home mortgage rate was 7.16 percent. Mortgages now are essentially unobtainable; and when they can be found, working families must pay interest of 10 percent or more—if they have saved the required 30 or 40 percent downpayment.

It is quite a record: Housing starts down 35 percent, the unemployment rate doubled, and mortgage interest rates up 40 percent. And things are getting even worse. Based on building permit data, the number of future housing units planned for construction has now fallen to the lowest level since 1967. Permits issued in August were at an annual rate of only 912,000 units—a spectacular drop of 50 percent since July 1973, and off an even higher 59 percent since 1972.

Reinforcing these dismal projections is the continuing enormous drawdown of funds in thrift institutions that will be available for home purchases. The outflow of deposits from our major source of mortgages, the Nation's savings banks and savings and loan institutions, totaled an unbelievable $1.8 billion this past July and August; the outflow in August was the third largest on record, and the largest in 4½ years.

The drying-up of deposits in housing thrift institutions is one-half the reason why our housing industry is in such bad shape.

High interest rates are the other half of the problem. They are at record high levels and show no signs of falling. The withdrawal of deposits from thrift institutions will grow as other interest rates stay high, and savers abandon these low-interest paying institutions for higher yields elsewhere.

High interest rates and scarce mortgage money are not a new situation to the housing industry. Over a period of almost 6 years, the only tool the Republican administration has used to fight inflation has been the tightening of the screws on money—a policy which punishes small businessmen, farmers, and the residential housing industry without, as we see so well today, hurting the large corporations or reducing prices.

And, money today is very tight. From 1971 to 1973, the money supply rose 7 percent a year. But in the first half of this year, it rose at a rate of only 5.5 percent—and in July the annual rate of increase fell to only 1.7 percent. That is tight money and that is what has put housing in a tailspin which daily grows worse.

ADMINISTRATION'S RECORD IS POOR

Tight money and high interest rates are not the only causes of housing funds flowing out of thrift institutions. The administration has taken and allowed to be taken, two actions which accelerated the outflow of mortgage money from our thrift institutions. In July, the U.S. Treasury borrowed $4.4 billion to refinance the national debt. Almost one-half of this amount was in $1,000 denominated Treasury notes and bills which were bought by small investors using money drawn out of their savings institution accounts. In addition, a number of big New York City banks were allowed to issue variable interest notes for the first time ever, which caused another drain on deposits from institutions making housing loans.

To offset the impact on housing of their tight mortgage money and high interest rate policy, the administration has taken only indecisive, half-hearted tentative steps and only after Congress has shown the way. It resurrected the so-called Tandem plan, whereby some low-interest rate mortgages are made available to home purchasers—with the Government usually ending up holding the mortgages. The Federal home loan banks increased their lending of money to thrift institutions for relending as mortgages to home buyers. A number of Federal and autonomous Government agencies—the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation—are supporting the secondary mortgage market with funds borrowed from the money markets. The Federal Home Loan Bank Board slightly increased recently the ability of federally insured savings and loan institutions to make mortgage loans by reducing their reserve requirements. The Federal Reserve Board endorsed a proposal by its advisory board that banks should make more housing loans and fewer loans to build gambling casinos and the like. Finally, a new housing law was passed which increased the size of mortgages that thrift institutions can make, and the size of mortgages the Federal Housing Administration will insure against default.

Despite these efforts by a bewildering variety of Federal agencies, the administration has not got the job done; housing is still in its worst slump since the great Republican depression of the 1930's. And, the Chairman of the President's Council of Economic Advisers stated in Atlanta on September 12, 1974, that there is little more the administration could do to aid the housing industry. Well, he is wrong. There is a lot more the administration can do—and that it should be doing. There is a lot more than the President seemed willing to do in his economic message yesterday.

The major structural problem is that tight money policies fall unevenly—and quite heavily—on the housing industry. Mortgage loans are made for the long term, but with deposits that thrift institutions usually retain only for a short while. Most mortgage loans are usually made by savings banks and saving and loan institutions which, in periods of tight money, cannot effectively compete for short-term deposits because of their 7½ percent deposit interest ceiling. Therefore, in periods of tight money, an outflow of deposits seeking higher interest causes a cessation of mortgage activity—which is only reinforced by high interest rates due to tight money.

AN ACTION PROGRAM TO RESTORE HOUSING

What can be done to boost the housing industry without increasing prices?

First, to put housing on its feet, the Federal Reserve System must relax its tight money policy. This would immediately lower interest rates and free up funds for mortgage loans. In addition, the administration must abandon its heavy-handed use of a broad deflationary monetary policy and use, instead, a microlevel, discrete package of specific policy tools to stop inflation. Contrary to administration thinking, soaring oil prices and oil company profits are not lowered by killing off the housing industry. We need to use specific, discrete tools that deal only with our inflationary sectors.

Second, to provide our thrift institutions with additional low-interest mortgage money, Congress should enact the Cranston-Brooke housing bill—S. 3979—designed to significantly increase activities under the tandem plan. I was pleased that the President supported this modest step. Also, the Federal Home Loan Banks should increase their borrowing of funds to be advanced to savings and loan institutions. These actions together will serve to offset the loss of deposits by explicitly allocating at least $10 billion in capital to the housing industry without pushing up prices.

Third, specific noninflationary actions to allocate scarce capital to the housing industry should be taken by the Federal Reserve System. These initiatives could include favorable low reserve requirements for commercial banks making large numbers of mortgage loans.

Fourth, to further protect thrift institutions from deposit drawdowns, Federal supervisory agencies should return the maximum interest rate differential between them and commercial banks to one-half of 1 percent. The reduction of this differential in July 1973 severely restricted deposits flowing to thrift institutions. This hurt housing because thrift institutions invest a high 80 percent of their deposits in home mortgages while commercial banks invest only 17 percent of their deposits in housing. This deposit reversal was sizable. For example, in the 30 months prior to July 1973, thrift institutions received 20 percent more deposits than commercial banks. Yet, in the year since July 1973, deposits at commercial banks have risen 50 percent faster than at thrift institutions.

Two additional steps of a more fundamental nature should be taken to reduce the interest cost of the federally sponsored housing credit agencies—Federal Home Loan Banks, Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. On these agencies rests the responsibility of making funds for mortgages available to thrift institutions in periods of tight money. The cheaper they can acquire this housing assistance capital, the lower will be mortgage interest rates in periods of tight money.

As a first step, the social security trust fund and the civil service retirement fund should alter their investment pattern away from low yield Treasury securities and toward securities issued by the federally sponsored housing credit agencies. There is no reason why the social security and the civil service retirement funds should forgo the higher income available in the housing credit agencies' securities—which essentially carry no risk of default. Purchasing the securities of these agencies would increase the earnings of the retirement and social security funds; and it would also reduce the borrowing costs of these housing agencies, and the level of interest charged on many mortgages in periods of tight money.

As a second step, these federally sponsored housing credit agencies should issue long-term securities in periods of low interest rates and invest the proceeds in special U.S. Treasury bonds. When interest rates rise in periods of tight money, the agencies could cash in these bonds and lend the proceeds to thrift institutions for relending as low-interest mortgages. When interest charges once again fall, the thrift institutions can repay the agency loans out of new deposits. The net effect will be lower cost mortgage money available from our thrift institutions in periods of tight money.

There are many other options open to the administration, if it sincerely wants to get housing back on its feet. But the administration must decide, first, that further action is necessary to end the depression in the housing industry. Until it does that, the future for housing is dismal.

Decisive steps to restore our housing industry must be taken by the administration as an action of the highest priority in the President's economic program. Unless this is done, there will be sharply increased frustration and despair among thousands upon thousands of American families employed in this industry or seeking homes. For millions of Americans, homes represent security and hope—these are the values that must now be the cornerstone of Government economic policies and programs.

CONGRESSIONAL ENACTMENT OF THE FREEDOM OF INFORMATION ACT AMENDMENTS

Mr. KENNEDY. Mr. President, on Monday night the House of Representatives approved for transmittal to the White House a conference bill to amend the Freedom of Information Act, H.R. 12471. A week ago the Senate approved the conference report by voice vote, without dissent, and Monday's near-unanimous House action clears the way for this timely and important legislation to be signed into law.

This legislation, which secures the public's right to know what their Government is doing, is based in large part on a bill I introduced 1 year ago Tuesday. In introducing that bill, I observed that "Secret government too easily advances narrow interests at the expense of the public interest," and I warned that "the cost of continuing secrecy is not only possible loss of health or life, but can ultimately amount to loss of control of their Government by the American people." The Congress has responded. The final bill strikes the proper balance between the Government's legitimate need to keep some narrow categories of information secret and the right of the American people to have Government conduct the public's business in public.

The bill, which has now been approved overwhelmingly by both Houses of Congress, contains the following significant provisions:

Federal courts are authorized to review the propriety of agency classification of documents and may examine those documents in conducting this review.

Individual Government officials are held personally accountable and may be subjected to disciplinary procedures, initiated by the Civil Service Commission, if they withhold information arbitrarily or capriciously.

Investigatory files, which enjoy an almost blanket exemption from disclosure under present law, are required to be disclosed unless their release will result in a specific harm enumerated in the bill.

Agencies must respond to requests for information within definite time limits.

Persons who are forced to sue to obtain information may recover attorneys' fees in successful court actions.

President Ford indicated that he had learned one important lesson from the scandals of the previous administration when he voiced an early commitment to "open government." Congress also learned that lesson, and part of its lesson is reflected in these Freedom of Information Act Amendments.

Apparently life in the bureaucracy goes on, however, for yesterday I learned that almost all of the Federal agencies have urged that the President veto this significant legislation. This is but an unfortunate replay of the general agency opposition to enactment of the Freedom of Information Act in 1966. But President Johnson wisely embraced the legislation and signed it, in his words, "with a deep sense of pride that the United States is an open society in which the people's right to know is cherished and guarded." Nonetheless, over the past 8 years agency officials have engaged in delay, resistance, and obstruction in implementing the Freedom of Information Act, making necessary strengthening amendments embodied in this bill.

I hope that President Ford will welcome this legislation as providing an opportunity to reaffirm his policy of "open government." For it surely embodies the recognition by Congress that democracy works best when the people are most informed about the workings and decisions of their Government.

THE PRESIDENT'S ECONOMIC PROGRAM—TOO WEAK TO CURE OUR AILING ECONOMY

Mr. HUMPHREY. Mr. President, yesterday the President unveiled his proposals for dealing with the Nation's serious economic problems. Obviously, they require and will receive the careful scrutiny of the Congress.

On the plus side, I think it is significant that the President chose to present his program directly to Congress. This is a welcome change from the previous administration. I also believe that we are making progress in that Congress can now debate the specifics of an economic program, rather than debate, as we have for many months, the need for any economic policy and program.

More specifically, the President's proposals for a National Commission on Regulatory Reform, extended unemployment compensation benefits, increased penalties for antitrust law violators, and for an Energy Policy Board made sense to me. These are some things that I believe we must do and I imagine he will get considerable support for them.

In fact, I think the President did a very good job of defining the economic disease. Unfortunately, I am afraid that the prescription, on the economic and social side, was not strong enough for the disease. Despite the very serious nature of the economic recession that we are certainly in, the President spoke very little about this problem and what he would do to reverse the trend of economic stagnation.

Mr. President, let me provide a few examples of the weakness that I find in the prescription.

I believe the President's proposal to stimulate housing and to provide mortgage money was tokenism at best. It does not respond adequately to the disaster in our housing industry.

The surtax proposal falls most harshly on the low and middle income people who are already suffering most from inflation and threatened most by unemployment. It just is not fair to tack on the same 5 percent extra on the tax bill of somebody making $7,500 and somebody making $100,000. Individuals making $7,500 and families making $15,000 are already heavily taxed via sales taxes, property taxes, and State and local income taxes. All this surtax will do is take an additional bite out of their already hard pressed family budgets.

I am disappointed that the President did not call for specific tax reform measures. Instead of closing loopholes, I am afraid we have had some new ones added and old ones endorsed. In fact, there is a great deal of tax relief for corporations, the proposed 10 percent investment tax credit.

I was also upset that the President decided not to propose a serious public service jobs program. The proposal for $500 million to fund 70,000 jobs when unemployment exceeds 6 percent is no response to seriously rising unemployment.

I found most of the President's remarks on energy very weak. I was surprised and discouraged that President Ford did not offer a bold new program of energy research and conservation. Project Independence is fast becoming Project Dependence.

Mr. President, we have our work cut out for us in reading all the "fine print" in the President's economic program and deciding on the path our economic policy will follow. While I disagree with many of the specifics of President Ford's proposals, I am pleased that we now have a broad range of proposals for our urgent consideration.

Mr. President, I ask unanimous consent that a series of articles commenting on the President's proposals in this morning's Washington Post and New York Times be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 9, 1974]

THE ECONOMICS OF CONSENSUS

President Ford's economic message yesterday constituted an extremely cautious first draft of a policy. If it is read as a new President's gingerly approach to an exceedingly intractable subject, it is a reasonable beginning. But there is going to have to be more of it. This message illustrates the limitations of Mr. Ford's principle of cooperation with Congress. Too great a solicitude for the spirit of cooperation can quickly degenerate into a simple acceptance of the lowest common denominator.

It is an ironic commentary on our current national values that a President can propose an income surtax five weeks before an election, but is unwilling to take up the tax on gasoline to enforce conservation. Some things are more sacred than money and, apparently, gasoline is one of them. The drive to reduce gasoline consumption is evidently being left mainly to exhortation and voluntary compliance. Over the past year the American people have responded readily to pleas from Washington to hold down their use of oil products, but they have been encouraged in that response by sharply higher prices. If prices now stop rising, it seems quite possible that the old upward trend may quickly re-establish itself. The President's economic summit meeting showed a very broad base of support throughout the country for truly serious conservation measures. In declining to take advantage of it, the President has missed a valuable opportunity. In both its political and financial aspects, the failure to move forcefully toward oil conservation is clearly the most serious omission in the President's message.

If there is to be no new tax on energy, the income surtax is probably the second best way to finance some degree of relief for the least prosperous. If both the surtax and tax relief provisions take effect as the President has proposed, it would mean a redistribution amounting to about 1.5 percent of personal income tax receipts from the top 28 percent of American taxpayers to those farther down the ladder. But since it all works through the tax system, it does not touch those citizens too poor to pay income taxes. Here is another defect in the President's message.

The surcharge proposal is made more acceptable in principle by the President's forthright support of the comprehensive income tax reform bill now in the House Ways and Means Committee. In practice, the question is whether that bill or anything like it can actually get through Congress. It contains, to the committee's great credit, the abolition at last of the oil depletion allowance. The President has taken a courageous and useful position here. But even if the bill gets through the House in good order, it must then make its way through the Senate Finance Committee which, under the chairmanship of Sen. Russell Long, has become the roost of every sort of special interest but especially of defenders of the depletion allowance. If Congress does not enact the tax reform bill promptly, the President will find himself short several billion dollars a year on which he is counting to balance the cost of rising unemployment benefits and a series of corporation tax concessions intended to stimulate investment. The President has repeatedly assured Congress of his commitment to cooperate with it. Here we shall find out whether cooperation is going to be a two-way street.

The President's estimates of unemployment, over the coming winter, sound very optimistic in light of the current figures. The number of jobs is not shrinking, happily, but it is not growing as fast as the number of people who want to work. The children of the 1950s are now coming into the work force. The special unemployment compensation in the President's program seems to be hedged with careful wording restricting it to workers who are "experienced" and can show "demonstrated labor force attachment." That seems to be aimed at excluding the young people just coming into the labor market. If they are to bear the brunt of the administration's sharply deflationary fiscal and monetary policies, then it is necessary to find ways to help them. That is surely another major defect in the President's policy—or, as we hope, the first draft of it that he read to Congress yesterday.

The most important part of the President's policy was passed rather quickly in the speech. No administration likes to dwell in public on its delicate relationship with the quasi-independent Federal Reserve Board. The public is only left to trust that a process of negotiation is already well under way. The present phase of this long inflation was not caused by excessive domestic demand, and it follows that in these circumstances a reduction in interest rates would not be inflationary. Especially if the President is going to reduce spending and run with a fat full-employment surplus, as he promises, it is high time for the Federal Reserve to re-examine its own position. Rates have moved down a bit in recent weeks, but they are still high enough to do incalculable damage to the country if they continue much longer. If the economic summit meeting approached unanimity on any point, it was this one.

President Ford referred to Franklin D. Roosevelt's inaugural of 1933, and the electric response of Congress. Fortunately, our situation today has nothing in common with the desperation and collapse of that dreadful year. We are still very prosperous, if not quite as much so as we are accustomed to being. The question is how to protect that prosperity and raise our productivity. It will take more determination and more willingness to make hard decisions than is reflected in the broad and amiable consensus that found expression yesterday in the President's message.

[From the New York Times, Oct. 9, 1974]

WHAT LEADERSHIP?

President Ford chose an unfortunate rhetorical device in opening his inflation message to Congress yesterday with a quotation from Franklin D. Roosevelt's first inaugural address. Now as in 1933, the nation does seek "leadership" and "action" in a deepening crisis. But Mr. Ford's program and approach are in striking—and unflattering—contrast to F.D.R.'s. Many of the specific recommendations in his 10-point program are indeed laudable, but the over-all impact of Mr. Ford's speech was weak, flaccid and generally disappointing.

The President signally failed to convey any sense of urgency. The public would have responded to a program involving sacrifices and a true change in the nation's wasteful style of life. But what Mr. Ford proposed in the way of sacrifice, such as the voluntary reduction in food consumption, were rather nuisances—cheese paring at the edges rather than a shifting of the center of gravity.

The approach to the core question of energy is seriously deficit. "Make no mistake. We do have a real energy problem," the President said. True enough; but from that point forward, it was all downhill.

A national energy board is more likely to be a cockpit for contending interests than a creator of unified national policy. Secretary of the Interior Rogers Morton, amiable and easygoing, is not the man to lead such an effort. He simply lacks the conviction and the drive for such a job.

The goals set forth by the President, including a reduction of oil imports by 1 million barrels a day by the end of next year, are desirable. But are they obtainable without firm measures? There was no mention in the President's talk of the overriding importance of improved mass transit, nothing about taxes on the horsepower of automobile engines, and gasoline rationing was shunned. He did not even speak in really effective terms about the huge savings that could be obtained by the elimination of wasteful use of energy.

President Ford seemed to hint that the energy problem in large part could be met painlessly by sacrificing the environment through amendments to the Clean Air Act and through reliance on strip-mining. He and the nation will discover that is a delusive and dangerous approach.

The President's attitude on taxes was remarkably cautious despite the proposed surtax on personal and corporate incomes. After all the talk in recent weeks about providing relief to low-income people who are hardest hit by inflation, the President endorsed no more tax relief than the meager help envisaged in the tax bill being drafted by the Ways and Means Committee. A good argument can be made for treating capital gains more gently, making preferred stock dividends fully deductible, and increasing the investment tax credit in order to increase the flow of capital investment into new plants and equipment; but this program would be better justified in terms of social equity if accompanied by substantial tax relief for the poor and by the closing of shockingly offensive tax loopholes. Here the President's tax program is seriously unbalanced. It is a travesty for President Ford to refer to the Ways and Means Bill as a "tax reform." It is nothing of the sort.

The President's program for assisting the victims of recession is commendable so far as it goes. Extended unemployment insurance benefits are a useful palliative. Short term work projects can also be useful but only if undertaken on a sufficient scale.

Several other recommendations in the President's program merit broad support. It is highly desirable to enact a comprehensive foreign trade bill; economic nationalism, as the President rightly warned, is no prescription for the world's economic malaise. Vigorous anti-trust enforcement, a genuine attack on restrictive practices by business, labor unions and Federal regulatory agencies and a firm resolve to keep this year's budget below $300 billion are all worthwhile objectives—but most of them are long-range in nature.

The individual merits of the President's recommendations do not offset the central weakness of his program. While some of his measures are good and some are questionable, they in no sense add up to a program for an emergency. And it is an emergency that confronts the nation and the world.

[From the Washington Post, Oct. 9, 1974]

Ford Asks 5 Percent Surtax: Would Aid Poor, Calls for Cuts in Business Levies

(By Peter Milius)

President Ford asked Congress yesterday to fight inflation by approving a one-year-only tax increase of $4.7 billion on corporations and what he called "upper-level individual incomes." Both would be effective Jan. 1.

The tax increase for corporations would be 5 per cent. It would work out to less than that for individuals, and, in general, Mr. Ford said, there would be no tax increase at all for families with incomes under $15,000 a year or for single individuals with incomes under $7,500.

Most of the money raised would be given back to business in the form of permanent tax reductions. These are aimed at stimulating corporations to expand and making it easier for them to raise money by selling stock.

The rest of the money would be used to aid the unemployed, in part by providing public jobs through a new Community Improvement Corps, if the unemployment rate goes and stays above 6 per cent next year, as is expected.

The President, in setting forth his long-awaited economic program before a joint session of Congress, also endorsed a tax bill pending in the House Ways and Means Committee.

That bill would raise the taxes of the oil industry by phasing out the oil depletion allowance. Part of the money it would raise would be used for tax reductions for poor, as the committee has now written it. Part would also go to the well-to-do, through liberalization of the present tax law on capital gains.

The President said all of these proposals taken together would come out about even, neither raising nor lowering the projected federal deficit appreciably this fiscal year or next.

In addition, the President:

Called on Congress to enact a binding $300 billion federal spending ceiling for this fiscal year, which he said will require budget cutbacks in excess of $5 billion. He said he will recommend specific cutbacks when Congress comes back into session next month, after the elections.

Asked the lawmakers to expand the present program under which the government buys up mortgages. The idea is to aid the housing industry, which has been particularly hard-hit by the last six months of tight money and steadily increasing interest rates. Mr. Ford asked for authority to buy up an additional $3 billion in conventional and government-insured mortgages, enough for 100,000 homes.

Announced that Interior Secretary Rogers C. B. Morton would head a new national energy board, whose first mission will be to reduce foreign oil consumption 1 million barrels per day by the end of next year.

Proposed a variety of mainly voluntary steps to slow down fuel consumption, including the goal of increasing automobile mileage 40 per cent within four years, and said he is prepared to ask for mandatory programs if the voluntary ones fail.

He also said he is prepared to allocate to farmers, under present law, all the fuel they need to assure maximum production, and will ask for similar power over fertilizers if he has to.

All the House and one-third of the Senate are up for re-election this year, and the President told them, "I am aware that any proposal for new taxes just four weeks before a national election is—to put it mildly—considered politically unwise. I have been earnestly advised to wait and talk about taxes any time after Nov. 5."

But "we need additional tax revenues," the President said, "to support programs to increase production and share inflation-produced hardships."

"I will not play politics with America's future," Mr. Ford said.

He called the tax increase "the acid test of our joint determination to whip inflation," and said he would have to raise the needed money by tax reform instead, "if major loopholes were not being closed" already by the Ways and Means bill.

The President's proposed surtax would affect about a fourth of the taxpayers in the country.

The reaction to his plan, however, was hesitant at best. Ways and Means called Treasury Secretary William E. Simon to a hearing at 10 a.m. today to explain the plan. Sen. Russell B. Long, (D-La.), chairman of the tax-writing Finance Committee in the Senate, said that Mr. Ford "breathed a lot of life" into a near-dead tax bill.

But other members of both parties said the $15,000-$7,500 income cutoffs were too low. Various Republicans, including Rep. John B. Anderson (R-Ill.), a member of the House GOP leadership, said they were fearful it would hurt their party at the polls.

House Speaker Carl Albert (D-Okla.), one of those who said the $15,000 surtax cutoff was too low, also said the starting point for the unemployment program, 6 per cent, was too high. He said he would consider asking Congress to put off adjournment, now scheduled for Friday, and act now on the President's tax plan only upon "a proper showing that it must be done before the recess can be made."

House Majority Leader Thomas P. O'Neill Jr. (D-Mass.) called the proposed surtax "extremely unfair," saying it follows the Republican pattern of forcing taxpayers "to bear the burden instead of corporations making huge profits."

Rep. Barber B. Conable Jr. (R-N.Y.), House Republican Policy Committee chairman and a senior Republican on Ways and Means, said "a comprehensive package of this sort is what is needed," but expressed fear that Congress would "take the goodies and leave all the unpleasantness," thus adding to inflation.

Organized labor was quickly critical of the proposals.

"I see the President wants middle-income wage-earners to pay a 5 per cent surtax to finance investment tax credits for business," said Jerry Wurf, president of the American Federation of State, County and Municipal Employees.

"To put his jobs program in perspective, last month almost 400,000 men and women joined the unemployment rolls, and he's telling us if unemployment goes up another 200,000, he'll provide a maximum of 70,000 jobs at poverty wages," he said.

In Miami, AFL–CIO President George Meany said before President Ford spoke that a surtax was "a patchwork on the tax structure," adding that the proposed cutoffs of $15,000 and $7,500 "are not high at today's prices."

But business had praise for the proposals. "We congratulate the President on his broad program," said Richard Gerstenberg, chairman of General Motors. "It merits favorable consideration."

John D. Wilson, senior vice president and economist for the Chase Manhattan Bank, said the "program should make a significant contribution to breaking the inflationary cycle." He added that the President "also showed compassion for those people most victimized by rising prices and the slowing economy."

The President expressly rejected in his speech the use of wage and price controls, which he said "never really stop inflation." He also rejected credit rationing, a step urged on him by some critics of tight money and high interest rates.

The White House, in a fact sheet on the program given to reporters, also expressed opposition to exempting from taxes the first $1,000 or some lesser amount in interest on savings accounts. Ways and Means approved such a bill yesterday morning.

While rejecting these alternatives, the President said in his address that he will now require an "inflationary impact statement" on all major legislative and regulatory proposals, and asked Congress to set up a national commission on regulatory reform to examine how the federal regulatory agencies may be adding to inflation.

The President in his speech called earnestly on the public to join in combatting inflation and saving "scarce fuel."

To help lower food prices, he said, "grow more, waste less." To help conserve fuel, "drive less, heat less."

"Unless every able American pitches in," he said, "Congress and I cannot do the job."

He plans to expand on that theme in a speech next week to the Future Farmers of America.

He has set up a citizens advisory committee including such diverse members as U.S. Chamber of Commerce President Arch Booth and consumer advocate Ralph Nader to help organize what he called "this crash program" of "citizen and private group participation."

Critics at the White House Conference on Inflation last month, Democrats especially, had complained of the administration's economic policies. They said they were weighted too much toward a slowdown in government spending and the growth rate of the money supply to reduce inflation, and not enough toward the equal danger of recession.

The President said yesterday, he had incorporated many of the Democrats' suggestions, and spoke of budget-cutting as only one needed step among many.

The fact sheet given to reporters said that, while "some further rise in unemployment appears probable . . . we will take steps to deal with it," and "we can and will achieve our goals without a large increase in unemployment.

"There will be no economic depression in the United States," it said.

[From the Washington Post, Oct. 9, 1974]

GAS TAX, PAY-PRICE CURB SIDESTEPPED

(By Hobart Rowen)

President Ford's new economic program is not, as Treasury Secretary William E. Simon said somewhat defensively, a "blockbuster." It carefully sidesteps gasoline taxes and rationing, wage-price controls, and even wage-price guideposts.

With some few exceptions, the program relies on voluntary methods or exhortation to achieve its stated goals—with an occasional warning that stronger means can later be adopted.

The President failed to ask business and labor to hold down prices and wages—and failed to upgrade (as some had urged) the responsibilities of the new Council on Wage and Price Stability.

Nevertheless, Mr. Ford recognized that a program to counter inflation and stave off the threat of recession must utilize many approaches. Philosophically, at least, he adopted the consensus of his pre-summit meetings that the attack had to be multifaceted.

Where the program undoubtedly will be considered disappointing by many of the summit participants is that the specifics approved by the President—in the 10 major areas he identified as needing joint action by the Congress and the executive—are mild in character or scope.

"You can say that the program is more broad than deep," says an economist who attended several pre-summit sessions.

"I feel let down," said former Economic Council Chairman Walter W. Heller. "I suppose we should be thankful for small favors, but they sure are small favors."

If there is one outstanding feature to the Ford program, it is the pro-business, pro-capital-investment nature that dominates the tax recommendations. This, informed sources report, was a conscious decision, because the President believes that for "the long haul," a more favorable climate for capital investment must be created so as to stimulate creation of new jobs.

The tax benefits for business include a generous revision of the investment tax credit that will produce a tax saving of $2.7 billion for corporations in calendar 1975, more than offsetting $2.1 billion in higher taxes that would be created by the new 5 per cent surcharge. There are other changes that will make the investment tax credit sweeter for business.

Additionally, Mr. Ford proposed, as a help for corporations to bring new capital into their businesses, that dividends on preferred stock be fully deductible by the issuing company. Tax experts think that this could be a "sleeper" of great importance to business, especially to utilities who have had trouble raising equity capital.

A government fact sheet estimates the revenue loss from this provision at only $100 million in fiscal 1976. But no one really knows how much it might cost.

In contrast to the favorable tax treatment for business, the 5 per cent surcharge on individual incomes (above the $15,000 family level) will diminish consumer purchasing power by $2.6 billion in calendar 1975.

Against that loss, tax relief for the poor adds up to only $2 billion, of which $1.6 billion had already been provided by the tax reform bill being processed by the House Ways and Means Committee.

Rep. Henry S. Reuss (D-Wis.) called the 5 per cent individual tax surcharge "a rip-off of the middle class."

Many of the economists who participated in the summit sessions, in less colorful language, agree. "At this time of recession," says one, "the last thing we need is a new tax on consumers."

The Ford administration approach, however, was to balance out the costs of new initiatives with additional tax revenue so as to eliminate what, in its views, is the main cause of inflation: budget deficits.

Although Mr. Ford recognized that the "casualties" of inflation must be helped, the "unemployment assistance" program he recommended was far smaller in scope than had been discussed both during the summit sessions and on Capitol Hill.

The administration rejected a multibillion-dollar jobs service program as not required by the present or prospective level of unemployment.

On the other hand, the program went well beyond the "old-time religion" concept of tight money and tight budget in several ways: promising to monitor food exports; asking for tough new penalties for antitrust violation; promising surveillance of anti-competitive practices by the federal government that raise costs; and a proposal for a new National Commission on Regulatory Reform.

Much, of course, will depend on what happens from here forward. For example, administration officials were saying privately yesterday that the rather weak proposals on energy—most of them warmed-over from earlier Nixon speeches—would be followed by more dramatic steps, once Interior Secretary Rogers C. B. Morton takes over as the new energy czar.

[From the Washington Post, Oct. 9, 1974]

LOBBYING CAMPAIGN FAILS: RELIEF FOR BUILDING SLIM

(By Thomas W. Lippman)

President Gerald Ford yesterday endorsed legislation that could make some new money available to aid the nation's staggering housing industry.

His proposals gave the builders, lenders and sellers of housing far less than they have been asking, and hold little prospect of immediate relief for the hard-hit home-building industry in the Washington area.

In his economic address to a joint session of Congress, the President said that the country "is suffering the longest and most severe housing recession since the end of World War II. Unemployment in the construction trades is twice the national average."

He also noted that "credit is the lifeblood of housing" and his desire to help the industry had to be tempered by his desire that any moves the administration makes have "minimum inflationary impact."

So he did not endorse the appeal of the housing industry—which has been made through a highly-organized lobbying campaign with Congress and the public—for an overall relaxation of the Federal Reserve Board's restrictive credit policies, or tax exemptions on savings-account interest that might attract new funds into the nation's hard-pressed thrift institutions.

Hundreds of telegrams poured into Congressional offices as builders, lenders, subcontractors, construction union workers and others affected by the nationwide housing slump responded to an appeal from the National Association of Home Builders to take their case to Congress. "We've got telegrams that stretch all over the floor," one staff assistant said.

A small delegation of District of Columbia builders met with Del. Walter Fauntroy (D-D.C.) to deliver to him the same message that other groups were giving to other congressmen and to the public through newspaper advertisements: "The housing shortage is becoming acute, and, except for the wealthy will soon make our energy crisis look like no problem at all."

The President proposed no direct solutions to the building industry's growing inventory of houses that are built but unsold, the shortage of short-term construction loan money, the high cost of borrowing, or the so-called "ripple effect" of unemployment and declining prosperity in housing-related businesses.

The President did call for congressional enactment of a bill now before the Senate that would allow the Government National Mortgage Association (Ginnie Mae) to buy so-called conventional mortgages—that is, those not guaranteed by the government. If the bill is enacted, he said, he would make at least $3 billion immediately available for mortgage purchases.

That could induce lending institutions to make mortgages available to the buyers of about 100,000 new homes, since the mortgages could immediately be resold to Ginnie Mae at no risk to lenders. It would not, however, provide the readily-available, low-interest, short-term construction loans that the industry says it needs to pull itself out of its doldrums.

Similar infusions of more than $9 billion in mortgage purchase funds earlier this year under existing legislation, failed to stem the decline in the annual rate of housing starts from 2.51 million last year to 1.13 million currently.

The $3 billion would not be an outright federal expenditure. Ginnie Mae borrows from the Treasury to buy mortgages, and pays back the loans when it in turn resells the notes to long-term investors.

In a related move, the President also endorsed legislation that would eliminate many of the current distinctions between commercial banks and savings and loan institutions. In essence, this measure would allow the commercial banks to pay higher interest rates on savings than they now do, and would allow savings institutions to engage in more kinds of banking activities.

The purpose, according to the White House aides, would be to give these lenders—the prime source of housing money—"the ability to compete on an equal basis in the financial markets and to operate effectively under all interest-rate conditions."

Although builders' analyses of the industry's woes tend to be self-serving, there is little doubt that the nation's housing picture is bleak. According to industry and government figures, builders' bankruptcies are up 68 per cent from last year, almost 500,000 construction workers are unemployed, and the amount of mortgage money lent out by savings institutions is down almost 20 per cent from a year ago—despite higher prices for housing and a growth in the home-seeking population.

In the Washington area, where the situation has been compounded by sewer-hookup moratoriums and local government efforts to control growth, housing starts are off by more than 50 per cent from a year ago and layoffs are occurring at a rising rate.

At least a dozen area builders have gone out of business. Industry officials say as many as 13,000 construction workers have been laid off—a figure sure to grow as the normally-slow winter months set in.

Paradoxically, the decline in housing production has not alleviated the builders' unsold inventory, reportedly at its highest in years—apparently because the demand is for moderately-priced housing that working families can afford, and the supply is too expensive for many people to afford, especially in a time of high down-payment requirements.

[From the Washington Post, Oct. 9, 1974]

Work Plan Would Await 6 Percent Jobless

(By Austin Scott)

The Community Improvement Corps proposed yesterday by President Ford couldn't go into effect until the national unemployment rate hit 6 percent and stayed there for three consecutive months, according to a fact sheet issued by the White House.

Then, only persons who have had jobs in the past would be eligible.

A Labor Department spokesman confirmed that young persons seeking their first jobs would not be eligible for the CIC.

"That's a tough one," said the spokesman. "Obviously this thing isn't designed to take care of that. It's a temporary shelter for someone who is an experienced worker and has exhausted every other means for getting a job."

As the White House proposed it, CIC would create 83,000 jobs and cost $500 million if the national unemployment rate stayed at 6 per cent for a year. At an unemployment rate of 6.5 per cent, it would create 208,000 jobs and cost $1.25 billion over the course of a year.

While the program would start to operate after three months of 6 per cent or higher national unemployment, local areas would not become eligible until their local unemployment rates hit 6.5 per cent in one month.

The kind of jobs would be "short-term, useful work projects to improve, beautify and enhance the environment of our cities, towns and countryside," President Ford told a joint session of Congress.

According to the White House fact sheet, the maximum yearly salary on such jobs would be $7,000, and "there should be little or no adverse impact on the regular labor market . . . The average wages will be considerably less than those earned in the private sector."

Minimum pay would be the federal or state minimum wage, whichever is higher, according to the fact sheet. Before any jobs would be provided, those eligible would be given 13 extra weeks of special unemployment insurance benefits.

Persons who had jobs not covered by unemployment insurance would get 26 weeks of benefits. Unemployment benefits vary from state to state, but most states currently give 39 weeks.

Jobs would be with state or local government agencies, the fact sheet said. They would not last more than six months, and there would be prohibitions of both discrimination against and political activities by those in the program.

Jack Hashian, a Labor Department spokesman, said Civil Service regulations would apply to all the jobs, and would keep a city from firing some of its employees and replacing them with CIC workers to save money.

The federal government would pay all of the salaries for CIC workers under President Ford's proposal.

The CIC is aimed differently from the CCC—the depression-era Civilian Conservation Corps set up in 1933 by President Roosevelt.

The CCC was aimed primarily at young men from 17 to 23. More than 2.2 million served in it during its first six years, living in camps, getting a basic allowance of $30 a month while they planted trees, built dams, fought forest fires and constructed roads.

[From the Washington Post, Oct. 9, 1974]

Questions and Answers on Tax Plan

(By James L. Rowe, Jr.)

The President's proposed income tax surcharge is more complicated than a straight 5 percent surtax on individuals making more than $7,500 a year and families earning $15,000 or more.

Following are some questions and answers about the surcharge, as well as the President's proposed changes in corporate taxes. All of the proposals must be approved by Congress.

Q. Who would have to pay the personal income surtax?

A. Individual taxpayers with taxable income in excess of $5,450 and families with taxable incomes of more than $10,000.

According to the Treasury Department, the average family making $15,000 a year has a taxable income of $10,000—and would be exempt from the surtax—while the average individual with no dependents earning $7,500 has a taxable income of $5,450 and would be exempt from the surtax. Both would pay normal income taxes.

Q. How does the taxpayer compute taxable income?

A. He adds up all his income and then takes all of his deductions and personal exemptions to arrive at taxable income.

Q. Would taxpayers with taxable incomes of more than $5,450 for individuals or $10,000 for families pay the surcharge on their whole tax bill?

A. No. Only on that portion of their tax bill attributable to income above $5,450 for individuals or $10,000 for families.

Q. Suppose a taxpayer has a spouse and two children and figures out that his taxable income—after claiming four exemptions and deductions—is $20,000. How would that person compute the surtax?

A. If there were no surtax, that taxpayer's bill would be $4,380, according to the Treasury Department. The tax bill on the first $10,000 is $1,820, so only the remaining taxes of $2,560 would be subject to the surtax, which means the taxpayer would owe an additional $128—5 percent of $2,560.

Roughly, then taxpayers filing joint returns could expect to pay 5 percent more on all taxes they pay over the first $1,820. Individuals could expect to pay an additional 5 percent on all taxes they pay in excess of $994.50—the tax on their first $5,450 in taxable income.

Q. How long would the surtax be in effect?

A. President Ford asked that the surtax be in effect for one year, from Jan. 1, 1975, until Dec. 31, 1975. It would not affect the income taxes owed for this year.

Q. Would there be an increase in the amount of money the federal government taxes from paychecks next year?

A. Probably. A Treasury spokesman said the Internal Revenue Service would look at the withholding tables and "likely" revise them, although the government is not sure.

The government already refunds many more billions of dollars of excess withholding each year than the $2.6 billion the surtax is supposed to raise from individuals.

Q. What about corporations? Would they pay a surtax?

A. Yes. The government would impose a 5 per cent surtax on all corporate taxes. The corporate surtax would also be a one-year tax. It is expected to raise $2.1 billion. But the President also proposed to lower taxes for many corporations and some individuals.

Q. How?

A. The President proposed an increase in the investment tax credit from 7 per cent to 10 per cent for all spending on plant and equipment that will last more than three years.

So, if a company built a new plant costing $10 million and had a tax bill of $1.5 million, he could take off $1 million (10 per cent of $10 million) from his taxes and owe $500,000 to the government. The President said the credit would be a spur to expanding the country's capacity to produce goods and services.

Q. Is there an investment tax credit already?

A. Yes. At present it is at 7 per cent for most individuals and companies and 4 per cent for utilities. * * * The House Ways and Means Committee has already voted to raise the credit to 7 per cent for utilities.

Q. What happens if a company has a tax credit bigger than its tax bill?

A. It can be used to offset any taxes that company—or in some circumstances an individual—has owed for the past three years, and if there is still some left over it can be used to offset tax liabilities for the next three years. After that, excess credits are refunded.

Q. Would the higher investment tax credit have a time frame?

A. No. While the surtaxes would, the proposed credit would continue on beyond 1975.

Q. What did the President propose on stock dividends?

A. He suggested that cash dividends paid on certain preferred stocks be counted as an expense to the corporation—and thereby tax deductible. All dividend payouts now are considered to be part of corporate profits which are taxed.

The limited type of stock which would receive the benefit would have to be issued after Dec. 31, 1974, could not be voted at corporate meetings and would get preference in getting dividends over other types of stocks issued by the company.

The person or company receiving the dividends from this type of stock would still pay income tax on them.

[From the Washington Post, Oct. 9, 1974]

Fairfax Family Tightens Belt More: Inflation Leaves Nothing Over From $26,000 Income

(By Donnel Nunes)

Jane and Dennis Snyder both work full-time, are expecting their second child, have a mortgage on a Fairfax County town house, and wish they earned their $26,000 combined income in their tiny hometown of Duncannon, Pa.

If they did, they could own a $60,000-plus home, Mrs. Snyder mused yesterday. But instead, she listened unhappily as President Ford told her that her family members would have to tighten their belts even more and expect a tax surcharge of 5 per cent on their income.

"We haven't been able to save anything in the last year and-a-half," she said, as Ford pleaded with Congress on national television for measures to increase savings. "And now he's asking for higher taxes."

The Snyder family comes close to mirroring the typical Fairfax County household, where the average combined income is about $22,300 and the typical family has two children. They bought their tidy four-year-old town house last year for about $42,000 and looked forward to buying a color television set and building a fireplace, Mrs. Snyder said.

But all that has gone now in the press of inflation. There was a brief hope that the Oct. 1 salary increase given her husband, who works for the Treasury Department, would relieve some of the pressure. But President Ford's request for the added tax appears to have doomed that, she said.

"We just got it, and now it seems like they're taking it away," she said. "It wasn't very much, you could say that. But it helped."

The fact of the matter, Mrs. Snyder said, is that the Snyder family has been tightening its belt for a year now. "We've got our thermostat set at 68 degrees and used our air conditioner only on the hottest days of the summer," she said.

They have had to satisfy themselves with one telephone—in the kitchen—in their three-floor town house "because an extension costs too much," she said. And they use the telephone service billing system in which the caller is charged for each call and billed again for calls lasting more than five minutes.

"We use the kitchen timer," she said.

There are other ways the Snyders have cut expenses, said Mrs. Snyder, who works as a secretary for the American University school of government. Her husband rides the bus for an hour each day to and from work rather than pay high parking rates ("It still costs $1.40 a day," she said); the family eats meals that can be heated up and served again; her husband follows her about the house turning off lights; and their visits to the Kennedy Center for concerts have ended.

"We both drive economy cars," Mrs. Snyder said. "I used to be able to fill my tank for $3. Now it costs $5."

"The way it works out we have nothing left over," she said. Groceries and meals at work run to about $45 a week, "about $10 more than last year," and medical expenses for the expected baby and their 8-year-old son have mounted, too.

Couple that with the mortgage and living expenses, insurance and electric bills for their all-electric town house and there is nothing to put into savings, she said.

"The middle classes now really support the country with their taxes, anyway," she said. "People are getting fed up with paying taxes. We're getting sick of seeing the government take half our salaries."

Should the President's request for the tax surcharge win congressional approval, the Snyder family will be caught in a double bind, she said. "I have to quit my job (which pays about $6,800 a year) in three weeks for the baby," she said. "And that paid for just about all the medical costs. Now we'll have the added cost of baby food."

She stood to turn off lights in the room and then passed judgment on the President's plea for more sacrifice. "I had hoped," she said softly, "he would be more concerned for the middle-income people like us."

THE ADMINISTRATION'S ECONOMIC PROGRAM

Mr. TALMADGE. Mr. President, I was favorably impressed with the President's forthrightness and candor in outlining specific plans for a national war against inflation. I hope that the executive branch, the legislative branch, State and local governments, and the people will respond to his call for discipline and action.

Many of his specific proposals can and should be enacted into law. Others will require more specific study. I doubt the wisdom of a tax increase at a time when we are faced with a severe recession. Whatever revenue can be raised by closing loopholes and apprehending tax avoidance should be speedily enacted.

The housing bill along the lines recommended by the President is now awaiting action on the Senate Calendar.

I wholeheartedly support the President's request for a $300 billion Federal spending ceiling. The American people should not be asked to bear an additional tax burden unless Congress and the administration reduce excessive spending at home and abroad in every conceivable way.

MINNEAPOLIS FINE ARTS PARK

Mr. HUMPHREY. Mr. President, I have been known to speak rather highly of the great State of Minnesota and of the city of Minneapolis. The lakes and parks, schools, industry, sports and entertainment facilities, and businesses are well known. In fact, the quality of life in Minneapolis has been recognized twice by the All-American City Award.

I believe that the good life, the civilized life, is more than nutritional necessities, more than automobiles and housing, more than appliances. It includes poetry, drama, music, and all the arts. And I believe that a regard for the arts and an understanding that the arts must relate to and belong to the community—to all the people of the area—also characterizes the city of Minneapolis. A prime example is the Minneapolis Society of Fine Arts Park which was dedicated in Minneapolis on October 6.

Mr. President, I had the privilege and pleasure of attending the dedication of this outstanding complex—including the Minneapolis Institute of Arts, the Minneapolis College of Art and Design, and the Children's Theater. I bring the Fine Arts Park to the attention of my colleagues and friends both to commend those who were involved in making it a reality, and to recommend it as a fine example to other towns and cities throughout our country. I ask unanimous consent that an article from the Minneapolis Tribune picture magazine "Fine Arts Park: More Than a Museum," be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

FINE ARTS PARKS MORE THAN A MUSEUM

(By Mike Steele)

The cornerstone of the new, $32-million Minneapolis Society of Fine Arts Park is the 60-year-old original Minneapolis Institute of Arts, and it's this collision of styles, this transition from old to new, this melding of traditional and contemporary which makes this one of the first post-museums in the world.

While it incorporates the traditional museum, it is much more than that.

Architect Kenzo Tange, in his American debut, has created a flexible artistic experience which is a summing up and extension of museum thinking over the past two centuries.

The new museum, which opens next Sunday, is not a monument to art dressed in neo-classical elegance. It isn't a private club for the wealthy. It is not a fortress to protect art from the outside world—like museums built in the last decade.

Instead, it's a museum built to accommodate a burgeoning new public, and therefore it challenges all the old ways of doing things—without denigrating or destroying the grand old traditions.

The Institute of Arts has made a lot of promises over the past several years, and this building gives the Institute every possibility of fulfilling them.

While it can store and conserve art as never before with its sophisticated humidity and climate controls, it was clearly built to show art in a new context. It also acknowledges that the day of the independently wealthy curator-esthete is over because it challenges the museum's young, professional staff as never before.

And for the increasing number of people who have discovered the museum in recent years—people who gain solace from quality, imagination and high standards—the new museum will offer the chance to delve as deeply into art as they wish.

Both philosophically and practically, the Minneapolis Institute of Arts is now a much more public institution than it has been. Part of the reason, of course, is that it will cost more than twice as much to operate, and institute staff hope some of the funding will be public. But the other reason is that the museum's staff genuinely want a public museum. They want to spread the gospel of art, and Tange has given them the perfect pulpit.

Exhibition space has doubled. Formerly there was no education and program space. Now there is a great deal, including classrooms, audio-visual rooms, slide libraries and information systems. The curators will work with the education department to aid the public.

Curators' offices will be in the galleries themselves, as well open storage rooms where interested visitors may see works not on exhibit. This accessibility of art and curators is a real departure from the traditional.

Since it closed its doors in August 1972, the Institute staff has undergone change and reevaluation. Samuel Sachs II was elevated to the position of director. Orrel Thompson, head of arts programs for the Dayton-Hudson Foundation, was named associate director and chairman of the education division.

A realistic viewpoint came out of this period of introspection. The Institute could not become something for everyone. It could not solve urban problems, elevate minorities or carry on all the programs it had started and promised.

Instead, it decided to zero in on its two major resources—its staff and its collections—and find a way to combine preservation, scholarship and connoisseurship with education, information and social relevancy.

The collection itself is very good. It is excellent in Oriental art, with the Pillsbury Bronze Collection and the recently acquired Gale Collection of Japanese prints. The print and drawing collection is superb. The Roman paintings. 18th-century paintings and German expressionist collections are very good. The only very weak areas are American and contemporary art.

Sachs already has said that his highest priorities will be to find an Oriental curator to oversee what suddenly has become the institute's strongest area and a curator of contemporary art to buck up its weakest.

Then it will be up to Sachs and his staff to make sense of this collection for the public. The options are all there, built into the new structure, options that include a more complete labeling system, better gallery guides and a complex introductory and information system. The collection now can be viewed on any level one chooses. And one can do it in a museum built as much for human beings as for art.

ARCHITECTURE

The original Minneapolis Institute of Arts was built in 1915 by McKim, Mead and White and was last added to in 1926. Kenzo Tange's major challenge was to build a large addition, a theater and a college which would blend with the familiar neo-classical building.

He did this by creating two large rectangular wings of almost spartan simplicity jutting off at right angles from the original building but joined to it by huge glass panels. The new construction features white, glazed brick which contrasts well with the old structure.

The new wings of the museum embrace the old buildings of the Minneapolis College of Art and Design. These will continue to be used. South of the museum complex, across a now-closed street, rises the new college building—four stories, much glass and open space, in matching white brick. It is connected to the complex by a walkway.

At the far side of the new east wing, Tange built a link connecting the Institute with the new Children's Theater. The link will now become the front entrance to both, a much more human-scaled, less oppressive entry than the former. On the top levels will be the new restaurant, including an outdoor terrace looking over the newly-created inner courtyard.

The new galleries are flexible and varying, some intimate, some very large but capable of being broken up with partitions and baffles. The two large courtyards, created by the glass panel links to the old building, will be 56 feet high and good places for large sculpture and perhaps tapestries.

From every point of the new addition and from many positions in the original building, one is drawn outdoors through windows. All windows, from the huge central ones to slits along the sides, reach to the floor. Several form niches, natural balconies which make for delightful little surprises and give relief after walking through the galleries. They are also excellent places for showing sculpture.

Everywhere are little balconies, bridges across courtyards and surprising small spaces, many with views across Fair Oaks Park and all the way downtown. This feeling of fanciful fun permeates the building, adding a dash of wit appropriate to the museum. Everything is respectful, but nothing is precious.

The windows are almost revolutionary compared with most modern museums. They bring the outside in, tying the museum unequivocally to its surrounding community. Museum staffs, after being assaulted in the '60's, talked a lot about responding to the community. Tange's design challenges this one to do so.

"We are taking a chance," said one official. "Those windows cost $1,300 apiece. That alone may challenge us to keep the neighborhood in mind, get their input and serve them."

EXHIBITIONS

In the past, the hanging of paintings and the placing of sculpture was almost an afterthought in museums. No longer.

Massimo and Elena Vignelli, Italian designers with offices in New York, were retained to design the interiors of the entire complex. For the museum, installations expert Craig Craven was hired from the Nelson Gallery in Kansas City to present the art sensibly.

The Vignellis designed the furniture, the seamless plexiglass display cases, the graphics and decorations. Their approach kept display materials minimal so that the art works and the architecture would be emphasized.

Craven's job was more subtle and involved. In some ways he was the referee between the designers, architects, board members and museum staff, "all of whom had ideas," he said.

The first change he made was in the hanging height of paintings. Thinking of how children look and how adults look, he compromised. Paintings are now five inches lower on the walls than in the past, except for works like door panels, originally made to be hung high.

With a lot of interior glass and several galleries visible from single spots, it was important to place strong works in spaces that could be seen from other galleries to lead the eye into the next gallery. Craven also had to be careful that a sculpture in the foreground didn't clash with a painting behind it. Theoretically, he has placed the works so that viewers will simply follow their eyes and be led from one gallery, via a strong work, into the next in a predetermined path.

There will be several key sections of the museum: those devoted to European painting and sculpture, contemporary art, decorative arts, photography, prints and drawings, Oriental art and the period rooms.

Throughout the galleries, however, attempts have been made to integrate and interrelate the various media. All the works will be displayed chronologically by country or school. Decorative arts will give some context to the paintings and sculpture, and occasionally drawings will be in the galleries when they pertain to specific painters.

Craven hopes this will show some historical flow from period to period and country to country, and, more than showing works of art, show as well the logical development of art through Western and Eastern cultures.

Each curator was asked to name the 10 most important works in his or her collection. These works will be the highlights of individual galleries.

Craven isn't afraid of dramatic lighting, but his basic rule has been, "the less you notice the lighting the better it is." Along those lines he ruled out colored walls, but he ruled out stark, Bauhaus white also. The result is a softer, warmer white wall. All labels will be silk-screened on the walls.

"The thrust of this installation will be educational," said Craven, "not dramatic. The drama comes from these incredible spaces."

EDUCATION

Orrel Thompson looks more harried every day as the Oct. 6 opening comes closer and ideas for more and more programs are thrown his way. He has inherited a position surrounded by promises. Several staff members left when they discovered the Institute couldn't possibly carry them all out.

Thompson, however, is taking a realistic look at everything. "Our weakness in the past was credibility. We ran scared through the '60s, but who didn't? There was social upheaval challenging institutions. Museums weren't challenged as much as they could have been, though, and when things quieted down we withdrew.

"Then our funding sources demanded innovations—the foundations, the arts councils. We all capitulated. Programs were started that no one could carry through. We just have to get more realistic."

Thompson made it clear that the institute is in no way pulling back from community programs. "They will become stronger," he said, "but slower. Programs and projects will evolve, with consistency. We won't deal in helter-skelter promises."

Programs with the Minneapolis public schools and the University of Minnesota will be strengthened, Thompson said, with attempts made to form better relations with the University of Minnesota and new relations with the St. Paul schools.

Beyond all that, however, is education in its broader sense, for the public as a whole. "We want to make the museum as accessible to the public in as many ways as possible," Thompson said.

"When that was said in the past people assumed we were talking about the culturally unwashed. Well, we see that as only part of the role. There are a vast number who aren't in that position, from people in the suburbs and outstate to scholars.

"We're going to make a concerted effort to get involved with scholars, historians and teachers. Then there are the advanced audience and the connoisseur. There are those with developing interests. There are children and senior citizens.

"To begin with, we need to define our resources. Clearly they are works of art and staff. The thing is to put them together and make it possible for people to get into art easily. We hope every area of the museum will allow the public some human contact."

The program involves the curators in the galleries and the education staff that will work with them. And Thompson has set up an ambitious program to train museum aides and volunteers. He's even using members of the Children's Theater in his training.

"The philosophy of education is not limited to the education department," said Thompson. "It runs throughout the galleries, through the curators in the galleries, into open storage areas. Overall, there will be much more involvement with art works and museum staff."

At the main entrance will be a general information area showing where everything in the complex is. In the main courtyard will be another information area dealing specifically with the museum. In the center will be Telesonic Control, a place for interested visitors to pick up their own personal information systems, shortwave radios which will be activated by tape loops in each gallery. These will give views as much or as little information as they want, and the radios can be programmed for specific groups or for special shows.

There also will be an introductory gallery with general information about the collections, an audio-visual center and a small auditorium for visiting groups.

"We aren't going to deal with numbers," said Thompson. "When groups come through we may only show them one gallery but go into it in depth. It's the depth of the experience we're interested in now.

"I think in the past we made no effort to understand the community, and therefore we didn't. The feeling was that schools weren't doing a good job, so we should do it. Well, okay, their art programs are not on the front burner, but the talent is there, in the schools, and we're now very receptive to their input.

"I think you'll see us being very receptive to a lot of input, in fact. We're just going to be very much more realistic about our resources."

THE FUTURE

The new building doubles the Institute's exhibition space. It gives the Institute educational and program space it never had. It creates an open climate, one which will be both seductive and friendly to the viewer.

Expectations are duly high, but the institute staff want people to take a realistic look at what can be done now.

"This building gives us an incredible potential," said Samuel Sachs, the man charged with making it all happen. "We've built a lot of promises."

Along with promises come realities, however. The cost of the complex has mushroomed to $32 million—including operating and program expenses. When planning began there was a bull market. Everyone knows what's happened to the economy since.

Interest rates have mushroomed, to from 12 to 14 percent. Figure that on $20 million. Pledges of money already have been borrowed against. And it will cost about twice as much to run the new building as it did the old.

At the same time, quite appropriately, staff salaries have gone up, and insurance is up. But contributions are not up.

Austerity, then, will go hand in hand with the new building. It's moot how much more the community can support. Of the $26 million raised so far, 90 percent has come from Minnesota, a very impressive figure.

But, by any standards, the institute is now understaffed and will have to do an excellent job of training volunteers if its programs are to be carried out.

According to Ed Stein, president of the Society, his main thrust for the future will be to contain spending. "We are planning for two deficit expenditures," he said. "We will live within our endowment, our grants and our earned income. It will be quite a trick."

When the Institute opens next week, it will ask for donations at the door but keep the museum free. Stein said, making it one of the few museums left in the country without an admission charge.

Both Stein and Sachs said that moving into the building and making it run have the highest priority. "Then if we can extend our services without digging any financial holes we will. This is all going to force our staff to do imaginative things with less money resources."

Among other things, special exhibitions will be rare for a while. Exhibits have become prohibitively expensive. Sachs thinks that the blockbuster 19th century French show he did for about $80,000 in 1969 would now cost a minimum of $125,000.

Fortunately there's much to show for the time being. The new building is the major work of art now, and its first show will be the permanent collection, installed appropriately for the first time.

There also will be a special showing of the recently acquired Gale Collection, and a small show of the works of architect Tange himself.

Both Stein and Sachs think the new building will help to open a larger base of support because thousands more people can be involved in institute programs.

"But, however we grow, we've got the facility for it," Sachs said and smiled.

"People entering this museum will come into a place vastly different from the world out there. It's unlike anywhere else. Maybe, outside over the front door, we should hang a big 'exit' sign."

THE COLLEGE

The new home of the Minneapolis College of Art and Design is, in the words of a spokesman, basically "an art factory, a great big factory with an enormous amount of technical equipment."

The structure, like the other Tange-designed buildings in the complex just to the north of it, has a great deal of flexible space.

It was planned to "articulate a very unique concept in education in the visual arts," said Nancy McDermott, the college's director of external relations.

Like the open curriculum itself, the building encourages students "to explore the various possibilities of expression in every medium," she said.

There are three main zones of activity: the technical core, where technological equipment for metal and woodworking, sculpture, photography, film and television projects is housed; the student work zone, adjacent to the technical core; and the lecture-critique zone, a quieter area for classes and faculty offices.

The college has an enrollment of 600 students. The accredited, four-year institution grants the Bachelor of Fine Arts degree in painting, printmaking, sculpture, drawing, illustration, graphic design, fashion design, photography, video, film (these last two are new, added when facilities expanded with the new building) and intermedia, a combination of major areas.

Students are drawn from across the country and a number of foreign countries. The 53 full- and part-time faculty members are themselves "active professional artists and designers to provide students with an example of achieving people," Ms. McDermott said.

The college also has a visiting artist program, and the new building includes a studio for the international visiting artist.

The college, opened in 1886, was the first institution formed by the Society of Fine Arts. Shortly after the museum was built in 1915, the college moved to its own building. That and additions to it will remain for use by the library, media center and student services. The degree programs have been centralized in the new building.

CHILDREN'S THEATRE

John Donahue held up an old, yellowed photograph and pointed to a picture of a scrawny, clumsy, little kid, maybe 7 years old, looking bewildered.

"Today," said Donahue, "I was teaching a class in beginning movement for boys, little ones who are clumsy and can't move at all. For demonstration purposes I used Garry Lewis, a fine, young, mature artist—accomplished, intelligent."

Donahue winked. "This is him when he started," Donahue beamed, holding up the picture. "Oh, when a bud blooms, those are the rewards. Change, growth, metamorphosis—It's extraordinary."

He pointed from his front porch over across the street to where Sunday his new, $4.5-million Children's Theatre officially opens, the most extraordinary building anywhere in the world dedicated to theater for young people.

"The most important question to ask," said Donahue, "is why would anyone create a building like that for us? The answer is in this picture. It's the most important consideration. It's about an idea, a group of people, a vision that seems right and that seems to be working."

This is the 10th season the Children's Theatre Company (CTC) has been in residence under the aegis of the Minneapolis Society of Fine Arts, nine of those seasons as part of the Institute of Arts, this year as a separate entity. It was also only 13 years ago that the company was first formed in a back room of an Italian restaurant on the West Bank.

This year there are 55 people on the CTC staff, and an estimated 52,000 volunteer hours are given yearly by people who want to work for the theater even in unpaid positions. Of those 55, Donahue estimates that 75 percent have been with his company five years or more, many of them starting in grade school.

He has often compared his company to an Italian family circle: "The young ones grow up into it. The old ones are encouraged to take a cosmic view of it. If the roof leaks, fix it, then make sandwiches, then paint a set and get into a costume, then sweep the theater, then go home to bed and get up and come back and teach, all of that.

"It has always been an impossible vision. There is nothing at all logical about it, unless you believe in work of quality and in the future of young people. This is not a quick buck at holiday time which is what most children's theater has been."

For the last nine years, Donahue has been creating some of the most imaginative theater for children, young people and adults anywhere in the country, and he's been doing it on a stage that measured 36 feet wide and 12 feet deep by 14 feet high. Dressing rooms were squeezed into a back hallway. The new stage is 90 feet wide by 65 feet deep by 90 feet tall, with a complete orchestra pit and dressing rooms that must look sumptuous to actors used to dressing in shifts.

"I think the investment in money, in hours, in resources, will pay off down the line," said Donahue. "We could do 'Pinocchio' (the season opener) in front of a bedsheet, but we're doing it now with orchestra, in 16 scenes, and I have to think it will all make a difference."

In a day when children's theater has come to mean no sets, minimal costumes, primary colors and condescension, Donahue is aware he's going against the grain.

"The word 'children' has been synonymous with low quality—incomplete, patronizing. It's a real indictment of our society's attitudes. Do you know, people still say to me, "You mean you've created all this just for children?" or 'It really is too good just for children.' That's an indictment," he said.

The theater has grown organically over the last decade, and the company knows the essentials of theater from its days of humble austerity. Donahue pooh-poohs an idea that the size of the new operation will weigh him down. His staff hasn't increased. The equipment is simply better. The number of productions hasn't grown—though it remains at a remarkable 260 performances for the season.

The big job now will be to seduce a larger audience, especially young people and adults, into the theater. The audience for children has always been large.

"We feel it's important to do a variety of works, from those for tiny children to those for adults. You can't have a company for skilled artists and ask them to do work only for children. You can't ask a symphony orchestra to play only "Peter and the Wolf, can you?" he said.

The budget for the entire operation is in the neighborhood of $875,000, including building maintenance. Part of that includes the fledgling Children's Theatre School, only three years past the dream stage. It is part of the Public Schools Urban Arts program, with additional students also involved, 125 in all, taking everything from movement to mime to acting to design and tech work, with an occasional course in cooking or gardening thrown in, if only to stimulate students toward quality in every walk of life. Students come to the theater for four hours a day, five days a week during the school term.

Donahue also entertains interns from throughout the country and conducts teacher-training programs. "It's a resource no school could match," he said, "a community learning lab."

Donahue looked suddenly immensely satisfied as he peered over toward the new theater. It did seem incredible that grown men, most of them highly successful businessmen, hard-nosed and proud of it, would raise millions to build a theater dedicated to youth.

It's a milestone in American theatrical history, a tremendous affirmation of faith not only in Donahue but in his philosophy of quality and tradition.

The Architect

(By James Parsons)

Tokyo, Japan.—There was nothing in the office that suggested it belonged to a man who has achieved success and fame in his profession.

And there wasn't anything—not even one of those exquisitely simple flower arrangements that Japan has turned into an art form—to suggest that it was the office of a Japanese.

The walls were painted a soft white. The cluttered desk was plain, polished steel with a white top. So were the small round table and chairs in one corner. Only the wall-to-wall carpeting and a small blue couch provided color.

Kenzo Tange was as unpretentious as his office. Nothing suggested that he was designing projects all over the world. Projects that will cost hundreds of millions of dollars. A palace for King Feisal in oil-rich Saudi Arabia, a new university in Algeria, a huge hotel and apartment complex in Teheran, the capital of Iran. A redevelopment project in San Francisco, a harbor-area renovation in Baltimore, several projects in Italy, including a civic center in Bologna, and a reconstruction project in Skopje, the Yugoslavian city nearly leveled by an earthquake in 1963.

The 61-year-old architect prepared the master plan for Expo '70 in Japan and designed the 1964 Olympic stadium in Tokyo that blends so comfortably with its hillside setting that it is still a tourist attraction for Americans who have been looking at stadiums on Saturday and Sunday afternoons for decades.

Tange's modesty—he will discuss his projects without prodding but shies away from questions about himself—is quite Japanese. So is the cup of tea that arrives seconds after a visitor sits down.

But nothing else in his office or in the models of his work suggests Tange's Oriental heritage. Nothing, that is, until he begins talking about his design for the Minneapolis Institute of Arts and College of Art and Design.

Tange speaks repeatedly of "harmony."

Harmony with one's surroundings—both man and nature—and with one's past is a Confucian virtue that has been embraced by the Japanese for centuries. Tange said he thought a great deal about making the new buildings and additions at the Institute complex "harmonious."

First, there was the problem of the ancestors: how to graft new wings of contemporary design onto a museum with Greek columns and giant slabs of granite without offending the old design.

Then there was the problem of making the buildings fit easily with the surrounding area—an area of homes and apartments that is trying to halt decades of decay and neglect.

For those on the inside, he attempted to harmonize or integrate the various activities. For instance, he didn't stack the four floors of the art school on top of each other. Offices, lecture rooms, studios and workshops are set at varying levels with a liberal use of interior glass walls and high ceilings to avoid the normal layered look of a four-story building.

The arts complex, Tange's first U.S. project, was supervised by Parker Klein Associates of Minneapolis, associates architects.

How successful Tange has been in creating a sense of harmony depends, of course, on each viewer's impressions and reactions to the buildings.

But the soft-spoken man with the white office has added an Oriental legacy to the complex And it has been done without a rock garden or carefully manicured miniature trees or a gracefully arched tile roof or single stone lantern.

THE THREAT OF ARAB OIL BILLIONS

Mr. MONDALE. Mr. President, I would like to submit for the Record a research report prepared by the Anti-Defamation League of B'nai B'rith concerning an often overlooked element in the crisis precipitated by the rise in oil prices. This issue is the threat not of oil blackmail, but of the political influence that will go with the acquisition by oil-producing States of billions upon billions of U.S. dollars. In a report entitled "The Threat of Arab Oil Billions: A Scenario of Disturbing Possibilities," Mr. Jerome Bakst analyzes how the "oil weapon" wielded almost exactly 1 year ago, could now turn into "money weapon." I believe that this analysis is well worth the Senate's attention and that it underscores the importance of an American energy policy and an American diplomatic effort that will preserve the independence of our foreign policy.

I ask unanimous consent that this article be printed in the Record, following these remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Threat of Arab Oil Billions: A Scenario of Disturbing Possibilities

THE NEW ARAB "MONEY WEAPON"

The rapid and massive accumulation of billions of dollars in oil earnings by the Arab oil regimes poses a potential danger to the economic and political integrity of the United States and threatens likewise to alter the balance of forces on the American scene in a direction hostile to the welfare and security of the State of Israel.

To the "oil weapon" recently wielded by the Arabs for international diplomatic blackmail there is now added a new Arab weapon—the "money weapon."

In the wake of quadrupled prices for crude petroleum, the flow of dollars to the kings and sheikhs has been estimated at about $80 billion during 1974 alone, with accumulated earnings in their hands expected to reach about $400–$500 billion by the end of the 1970s.

New and major amounts of these oil dollars are scheduled to be or are already being invested by the Arab regimes in various sectors of the American economy—in undeveloped land, in developed real estate, in banks, in resort projects, and in other businesses and enterprises, as well as in short-term investments.

Arab investment in the American economy is expected to continue and to accelerate in the months and years ahead, aided by American banks and financial institutions hungry for funds and already in hot pursuit of Arab oil earnings. In a report on the subject published April 25, 1974, The New York *Times* said "the truly massive flows are yet to come."

The threat to the stability of the world monetary system, to the economies of both industrialized and under-developed oil consuming countries, and the danger of a world depression posed by the massive and continuing one-way flow of funds to the oil regimes have all been widely discussed in the public prints.

So has the arrival of Arab investment dollars on the American economic scene. Some government officials and commentators have viewed increased Arab investments in the U.S. as a welcome trend that tends to correct the imbalances and the one-way flow of funds that now exist and that are expected to continue as Europe, Japan, the poorer nations—and the United States—spend more and more money for imported Arab oil. These observers contend that it is economically desirable to "sop up" and "recycle" the incredibly large oil surpluses of the Arab regimes and other oil producing countries. Some even argue that Arab funds invested in the United States would be "hostage" funds and a protection, among other things, against more nationalization of American holdings abroad.

But other observers have pointed out that the Arab investments now being made in the U.S., and the massive investments they can make in the future, are not necessarily a blessing. *Dun's Review* recently said that "the prospect of the Arabs buying up $400 billion worth of the U.S. with their petrodollars is a sobering one."

Another publication catering to the business community, the *United Business Service* newsletter, said that "a major disadvantage" of Arab investments in the United States is that "we would be selling off pieces of America. . . ."

Far more ominous for the long-range concerns of the American Jewish community, however, is part of a report in the March 11, 1974 issue of Time magazine. Noting the Arab reputation for conservative investments, caution and secrecy, Time reported:

"Most experts are convinced that the Arabs will eventually move beyond such cautious investments to one that have more political clout. One reason: they genuinely, though wrongly, believe that U.S. support for Israel stems partly from a Zionist hammerlock on U.S. business and are eager to break it."

The recent Arab oil embargo, not to mention the quadrupling of posted prices for crude, demonstrated clearly the ability of the kings and sheikhs of the oil regimes to blend their economic self-interest with their political purposes. Now, the billions of dollars of oil profits reaped from the use of Arab oil as a so-called "political weapon" has given the oil regimes a monstrous new weapon—money.

MORE "LETHAL" THAN OIL

Last winter, the Los Angeles Times reported that "the Arabs . . . are fully aware that their rapidly mounting cash position is a more lethal international weapon than Arab oil—or maybe even than planes, tanks and guns." Arab governments and private investors are reported already to have placed more than $1 billion in the American economy and estimates for 1974 indicate that an additional $2 billion will be injected by them into the financial bloodstream of the United States.

While the Yom Kippur War was in progress, *Business Week* of October 20, 1973, reported that a year earlier—in 1972—Kuwait Investment Co., a public-private quasi-governmental institution, had an opportunity to buy 9,000,000 shares of the Gulf Oil Corp. that would have made Kuwait the second largest shareholder in the company—second only to the Mellon family itself. The Kuwaitis backed off and did not buy the stock at that time. But again, in its March 11 report, Time magazine noted that Kuwait was "considering buying a large chunk of Gulf Oil stock (from whom is not clear)."

More recently, just prior to Saudi Arabia taking 60% control of the Arabian-American

Oil Co., with Exxon, SoCal and Texaco reduced to 12% shares each, and Mobil to 4%, there were reports that the Saudis were considering purchase of large equity shares in the four companies themselves. While the reports were labeled "trial balloons" when they circulated during May, the same news reports pointed out that there were no existing legal barriers to such stock purchases by the Saudis and other oil sheikhdoms in the Persian Gulf. It was likewise made clear that Saudi Arabia will soon have more than $1 billion to invest abroad—*each month*—and that Kuwait, Abu Dhabi, Qatar and other oil-rich Arab regimes may well have an equal amount seeking world outlets.

One such report indicated that to buy 5% of Exxon's 250 million shares outstanding, at about $80 a share, would cost the Saudis about $1 billion—about the same amount they would have available from only one month's oil earnings. Chase Manhattan Bank, largest Exxon stockholder at the present time, has 3% of the company's outstanding shares.

The implications—both economic and political—of that kind of investing by the Arabs in the years ahead are obvious. What looms ahead on the horizon, only four or five years from now, perhaps even sooner, is the possibility of a pervasive, if not controlling, Arab influence in the American economy, whether in the oil industry itself, in real estate, in other sectors of the economy, or in banking and finance.

"POLITICAL CLOUT"

With pervasive Arab influence in the U.S. economy can come new "leverage" for the Arab kings and sheikhs—an ability to sway corporate policies and to influence the entire American business communty, plus whole sectors of the American community that are oriented to the business community and dependent on it.

Given such "leverage," the Arabs would increasingly be in a position to exert the "political clout" referred to by Time in its March 11 report.

The Jewish community has already seen evidence of institutional "political" advertising and other efforts to sway U.S. Middle Eastern policy by corporations that have close ties to the Arabs—ads by some oil companies, for example, and public statements by top officials of others. That kind of corporate activity, aimed at influencing public opinion, has been an accepted fact of life in the United States and continues to this very moment. Example 1: the advertising campaign of privately owned public utilities against public ownership of utilities that was widespread in newspapers and magazines for many years—a campaign extolling the advantages and benefits to the public of "tax-paying, investor-owned gas and electric companies." Example 2: the current campaign of a domestic electric power company in favor of mining low-sulphur Western coal reserves on government-owned land and against environmental regulations viewed by the company as too restrictive on the burning of coal, to which the power company has a major commitment as a source of fuel.

DISTURBING POSSIBILITIES

As it grows, therefore, any pervasive Arab influence in American business and financial life can be reflected in corporate advertising by companies subject to Arab influence—advertising aimed at molding American public opinion. In turn, a growing echo of Arab and pro-Arab sentiment could well emerge in the editorial columns of newspapers both large and small across the country—newspapers in large cities receiving millions of dollars of such corporate advertising, newspapers in smaller cities where economic lifeblood and major employment might be provided by a corporate plant owned by an Arab-influenced company.

Moreover, with billions of dollars to spend or invest—directly or through intermediaries—Arab interests could find it easy to buy into, or buy up, book publishing houses, magazines, individual newspapers, and even groups of newspapers. They would likewise be in a position to buy into, buy up, or even launch opinion-molding organs at the very grassroots of America—suburban and rural weeklies, for example.

Equally serious is the danger that Arab oil billions could be used to hire the most able and sophisticated American public relations and advertising firms with the know-how to carry out massive campaigns aimed at directly influencing American opinion on a variety of subjects deemed important by the Arab regimes.

"POLITICAL FISH TO FRY"

Unlike other foreign investors in the United States, who are individuals and companies, the Arab oil billions now flowing here are controlled mainly by Arab governments or agencies those governments control—"a handful of governments with political fish to fry" as Gerald A. Pollock, a Senior Economic Advisor at Exxon Corp., put it in an article published by Foreign Affairs in its issue of April, 1974.

The Arab kings and sheikhs now amassing billions of dollars month by month have already demonstrated an interest in opinion-molding activity. In Lebanon, for example, New York *Times* columnist Cyrus Sulzberger has reported that "more and more Persian Gulf sheikhs has purchased newspapers" while in the United States, Arab determination to influence American public opinion was made altogether obvious during the recent oil embargo.

In that period, the League of Arab States published full-page advertisements in leading newspapers from coast to coast in an effort to sway American public opinion—and U.S. foreign policy—against further support for Israel. The ads—"A Message to the American People—More in Sorrow Than In Anger—The Arab Case for Oil and Justice"—appeared in such mass-circulation papers as The New York *Times*, The Washington *Post*, The Chicago *Tribune*, The Denver *Post*, The Seattle *Post-Intelligencer*, and The Los Angeles *Times*.

Other such advertisements were published in major American newspapers by Kuwait's Ministry of Finance and Petroleum, and in still other papers via insertions ostensibly paid for by the "Faculty and Staff of the University of Kuwait."

While the Federal Communications Act contains certain restrictions on ownership by aliens of radio and television stations, the legal problem is more complicated with respect to ownership of newspapers and magazines by foreigners. One legal study of the problem indicated that Federal legislation aimed at barring ownership of American newspapers and magazines by non-resident aliens could probably withstand challenge on the issue of constitutionality. The same study, however, indicated that legislation aimed at barring resident aliens from owning or investing in such publications could raise substantial constitutional questions.

CONCLUSION

Quite aside from the purely economic dangers posed by the billions in oil earnings now being amassed by the Arabs, the danger that some of those billions could be used by the oil regimes for a future and massive effort to influence U.S. public opinion is real enough. From the foregoing, it seems clear that the Arabs would have at least three options, or any combination thereof, open to them:

1. Indirect influence on U.S. opinion through investments in American corporations having large advertising budgets and often providing thousands of jobs for American workers in towns and cities around the country.

2. Direct efforts to influence U.S. opinion by hiring top American advertising and public relations firms for opinion-molding campaigns.

3. Less obvious opinion-molding activities carried out through newspapers and magazines operated by Arab resident aliens or by Americans financed by Arab funds made available to them directly or in circuitous fashion.

In the next five or six years, almost half-a-trillion dollars will be availabe to the Arab oil regimes. Even a miniscule portion of those billions utilized for opinion-molding in the U.S. could have a serious impact on American thinking down to the grassroots. The implications can be ignored only at peril to the special concerns of the American Jewish community and to the broad concerns of all Americans, Jewish and non-Jewish, who care for the economic and political integrity of the United States and the independence of U.S. foreign policy.

One economist has put the question this way: "Can the Mideast Purchase the Midwest?"

OBJECTION TO WAIVER OF RULE XXXVIII WITH REGARD TO NOMINATION OF JAMES DAY TO BE DIRECTOR OF MINING ENFORCEMENT AND SAFETY ADMINISTRATION

Mr. SCHWEIKER. Mr. President, my colleague, Senator Robert C. Byrd, announced last Friday that he will object to any unanimous consent request to waive paragraph 6 of rule XXXVIII of the Standing Rules of the Senate with respect to the nomination of Mr. Peter Flanigan to be Ambassador to Spain.

I wish to announce for the Record that I will object to any effort to waive paragraph 6 of rule XXXVIII with respect to the nomination of James Day to be Director of the Mining Enforcement and Safety Administration. I have clearly stated my opposition to the Day nomination on a number of occasions; his lack of professional safety training, and his insensitivity to vital mine safety issues clearly renders him unfit for this critical post. Moreover, at a time when mine labor and management are in the midst of contract negotiations, and mine safety is one of the central issues in these negotiations, it simply does not make sense to even consider a nominee to be MESA Director who is thought by most miners to be insensitive to safety issues.

Therefore, I will not agree to any unanimous-consent request to hold this nomination over during the Senate recess, and I will urge the President not to resubmit the Day nomination when the Senate returns.

GUARANTEE JOBS TO GUARANTEE A HEALTHY AMERICAN FUTURE

Mr. HUMPHREY. Mr. President, yesterday, I had the privilege of testifying before the Equal Opportunities Subcommittee of the House Committee on Education and Labor on the Equal Opportunity and Full Employment Act of 1976, S. 3947. This vital legislation, which I have introduced in the Senate along with Senators Kennedy, Hart, Hathaway, and Metzenbaum, and which Congressman Augustus Hawkins has introduced in the House with 62 colleagues, deserves the careful and prompt consideration of Congress.

In my testimony, I spoke of the urgent need to guarantee a job to every American who is able and willing to work. We have talked about the right to work for decades. This legislation would make that ideal a fact in the lives of all our citizens.

Mr. President, I also testified regarding the statistical shell game, the convenient statistical sleight of hand, that has convinced the vast majority of our people, and most of our leaders, that only a small fraction of our labor force is unemployed. The current statistics, Mr. President, provide a severe distortion of what is really happening to America's potential work force. I released figures yesterday estimating that more than 18 million Americans will have been officially unemployed at sometime this year. I also provided data showing that many millions more are truly unemployed than show up in the official statistics.

Mr. President, all of my testimony was aimed at establishing one fact—namely, that the future economic, social and political health of our Nation requires that the full potential of all our citizens be tapped. I am firmly convinced this will only be possible with enactment of job guarantee legislation such as I have proposed. Mr. President, I ask unanimous consent that the testimony I presented to Chairman HAWKINS and the Equal Opportunities Subcommittee be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY OF SENATOR HUBERT H. HUMPHREY BEFORE THE SUBCOMMITTEE ON EQUAL OPPORTUNITIES OF THE HOUSE COMMITTEE ON EDUCATION AND LABOR

As Senate sponsor of the proposed "Equal Opportunity and Full Employment Act of 1976," let me commend this Subcommittee, and you Chairman Hawkins, for taking the initiative in considering this timely and far-reaching measure.

Since these are preliminary hearings, my testimony will be brief. I shall merely make a few introductory remarks on the essentially human nature of this economic measure, its relation to other legislation, how much unemployment and employment actually exists, and the kind of questions that might be explored during more intensive hearings.

The heart of this measure is the clear statement that "All adult Americans able and willing to work have the right to equal opportunities for useful paid employment at fair rates of compensation."

The present proposal, in fact may be regarded as a restatement of the right to job opportunities as set forth by Franklin Roosevelt in his 1944 Economic Bill of Rights, by the original version of the Full Employment Act and by the United Nation's 1948 Declaration of Human Rights.

But, the new bill is based on much more than the high idealism of a previous era. It is based on almost 30 years of experience under the Employment Act of 1946. It is based on thirty or more years of struggle—sometimes bitter and fruitless struggle—for equal job opportunities for women, older people, younger people and racial, ethnic, national and religious minorities.

Above all, this is the first time that the Congress has ever had the opportunity to consider a legislative measure that not only sets forth in unmistakable terms every adult American's right to useful job opportunities at fair rates of compensation, but also backs up those rights by explicit executive, legislative and judicial machinery. I believe the bill expresses some of the deepest yearnings of the overwhelming majority of the American people.

This bill is not just another measure dealing with employment, unemployment, nonemployment and sub-employment. It is not just another bill dealing with "manpower" policies or public service employment—important though these subjects are. Like the Employment Act of 1946, it provides machinery for integrating *all* the many measures, policies and programs that bear directly or indirectly on the level and quality of employment. And like the Employment Act, it is oriented not merely toward employment but also to the quantity and quality of the many kinds of goods and services that are produced through employment.

The proposed bill provides much more than abstract, formal machinery for democratic, nation-wide and decentralized planning. *It is a job guarantee measure.* It is this element of guarantee—which parallels the many Federal guarantees on the operations of banks and corporations—that can make the right to job opportunities a reality instead of a vague ideal.

The human meaning of a true job guarantee is illustrated in a recent article by Andrew Levinson in the *New Yorker* of September 2, 1974:

"Until progressives deal seriously with the idea that full employment and government-guaranteed jobs, black representation in skilled jobs will remain a question of throwing a white carpenter out of work in order to employ a black, or making a Pole with seniority continue to tend the coke ovens while a black moves up to a better job."

Let me add, however, that this is not a problem of progressives alone. Conservatives also should deal seriously with the idea of guaranteed full employment. Otherwise, one may wonder how concerned they are with an American future in which the work ethic is to be conserved rather than undermined by the lack of useful work opportunities at fair wages or salaries.

Let me also point out that unless we all take guaranteed job opportunities seriously, proper jobs for women could mean throwing men out of work, suitable jobs for older people could deny jobs to younger people, and enough jobs for younger people could put older people on the shelf. Without a new departure along the lines suggested by the many sponsors of this bill, I fear that many of the government's so-called affirmative action programs will turn out to be negative.

In time, both progressives and conservatives, will realize that action along these lines transcends mere economics. By dealing with one of the most fundamental human rights, a guaranteed job program goes to the very heart of America's most complex social problem: the hopelessness and alienation, even drug addiction and crime, that often arise when human beings—no matter what their sex, age or ethnic background—are told that they are not needed.

THE RELATION TO OTHER LEGISLATION

There are two major dangers involved in the consideration of this proposal—and of the many variants of it that are bound to be suggested.

The first is that advocacy of job guarantee legislation may be regarded as downgrading the significance of legislation that is already on the books—namely, the Employment Act of 1946.

Second, some people may get the false impression that if the new bill is enacted in proper form no other legislation will be needed to prevent recession and assure genuine full employment without inflation.

A few comments to clarify each of these points is needed.

First of all, my sponsorship of the "Equal Opportunity and Full Employment Act of 1976" does not diminish one iota my conviction that the mandate of the 1946 law should be complied with by the President. Under section 2574 of title 42 of the United States Code, the President is instructed to develop every year and present to the Congress a program of "maximum employment, production and purchasing power."

In recent years this has not been done. Instead of maximum employment, we have had creeping unemployment and underemployment. Instead of maximum production, we have had recession in many sectors—and an actual depression in the crucial area of home building. Instead of maximum purchasing power, we have had an unprecedented inflation that has eaten into the pocketbooks and curtailed the savings of all low and middle income groups in the country.

This inflation has been fueled by 11 to 12 percent interest rates that push up the costs of almost everything that consumers and investors must buy. And now throughout the Administration we hear a chorus chanting the familiar dirge of the "old time economic religion" that the only way to bring prices down is to continue to permit increased unemployment. I believe that I can speak for all the sponsors of the pending measure when I say, as I did in my summation at the Economic Summit Conference, that all this adds up to the open violation of the Employment Act of 1946 by the Administration and the continuation of "old time sin."

Second, the new "Equal Opportunity and Full Employment Act" is designed as a framework, not a substitute, for other legislation. The President's Full Employment and Production Program, required in Section 3, would most certainly have to include proposals for additional legislation.

I see a number of fields in which new legislation is needed, legislation which can be regarded a necessary accompaniment—or as indispensable companion measures—to the Equal Opportunity and Full Employment Act of 1976.

First and foremost is tough anti-inflation and price stability legislation which will serve as permanent protection against any and all inflationary outbursts such as we are now experiencing—whether they come from uncontrollable international or natural events, profiteering and speculation, price fixing by oligopolistic corporations, or credit policies that finance speculation, oligopoly and anti-competitive mergers.

Second, I see the need for a whole series of major measures in critical sectors of the economy—food, energy, transportation, housing, and regional development, to name a few. Today, we have no national food policy, no serious energy policy, no genuine transportation program, no meaningful housing program, no program of regional development, only token programs for the expansion of needed public services, and no concerted policy and program for the promotion of our fabulous potential for progress in civilian science and technology. New legislation is needed in all these fields.

Third, major legislative action is also required throughout the field of human services. Health legislation, of course, is one of the most obvious areas. Just as overdue, however, is genuine action to provide proper day-care facilities for younger children at both the nursery and kindergarten levels.

This is one of the keys not only to allowing welfare mothers to get off the welfare rolls but, more broadly speaking, to release the great potentialities of the many milllion of women who would thereby be available for full-time or part-time paid employment.

Fourth, there is the broad area of social insurance, retirement, pensions, unemployment compensation and welfare. In the past many of these programs have been conceived of as crutches to help compensate for the lack of full employment. As we develop a genuine full employment program, many of these measures can at long last be humanized. Thus recipients of old age and survivors insurance could be allowed to work as much as they wanted and earn as much as they are able—with no pressure on them to retire from the labor market. And, at long last, the welfare rolls could be substantially reduced by the only measure that makes any economic sense—namely, the provision of suitable work opportunities at fair compensation. With this drastic reduction in the number of recipients of welfare and unemployment compensation, it would be possible to legislate much more generous benefits and less onerous eligibility requirements.

Fifth, there is the entire area of taxation and monetary and fiscal policy. Since this is a huge area, I shall merely make two points. One is that tax reform should be conceived of as an essential part of a genuine program of full employment without inflation. It is not something that we can afford to postpone year after year. The second is that the Federal Reserve Board should be clearly subject to the full employment policies legislated by the Congress.

Finally, the policy set forth in the "Equal Opportunity and Full Employment Act" imposes major burdens on the existing structure of government. To carry these burdens, new or improved planning instrumentalities may be needed. Many proposals are now pending before various Congressional committees for new planning machinery in the Executive Office of the President and for improved planning machinery by the States and local governments, including my Balanced National Growth and Development Act—S. 3050. Perhaps some of these measures could be considered as additions to this bill.

Many of them, however, will have to be regarded as companion measures to build the kind to administrative structure that will facilitate speed and efficiency in attaining the objectives of this Act.

HOW MUCH UNEMPLOYMENT AND UNDEREMPLOYMENT?

On August 22nd of this year, when I introduced the "Equal Opportunity and Full Employment Act" in the Senate, I pointed out that the 5.4 million people officially reported as unemployed in June of this year were "just the tip of the iceberg."

Let me now expand on that comment.

First of all, most discussions of officially reported unemployment deal with the simple total and tell little, if anything, about the various groups that make up the total. Thus the August total, which appears in *Economic Indicators* of September 1974 shows unemployment for August of this year at a seasonally adjusted level of 4.9 million people—or 5.4 percent of the officially defined "labor force."

As you know, Mr. Chairman, that figure rose sharply and dangerously to 5.8 percent in September and many expect it to rise to 6.5 percent or even higher in the very near future. In response to this imminent threat to the economic future of millions of American families, I offered a $1 billion public service jobs amendment last Friday to the Supplemental Appropriations Bill soon to come to the Senate floor. No new authority is needed, it's all on the books right now. Passage of my amendment this week can mean paychecks for 167,000 families from now until next July. I see no reason why it should not be enacted now.

But these total figures obscure the blunt fact that for many groups in the population unemployment has long been far higher than 6 percent. This is illustrated by the table entitled "Official Unemployment by Selected Categories, 1973," as prepared for me by the Urban Affairs Department of Hunters College, which is attached to my testimony. To avoid getting into seasonal variations, this table deals with 1973, the last full year for which such data is available.

Thus when official unemployment as a whole was 4.9 percent, female unemployment had already reached 6 percent. For single women the figure was 9.4 and for female teenagers 16–17, 17.7 percent.

Racial breakdowns show a still more disconcerting picture. When total unemployment was officially 4.9, the figure for nonwhites was 8.9—four percentage points higher. And for non-white teen-agers the unemployment figures rose to the socially disastrous twenties and thirties.

All of these figures, moreover, are merely the official reports for a so-called "average day," based on the number of reported job seekers on twelve such days throughout the year. They do not provide information on the total number of people who may have been unemployed at some time during the entire year. That figure is given in line 11 of the companion table entitled "Varying Estimates of Aggregate Unemployment, 1973," which is also attached to my testimony. The total number of people officially unemployed at some time during 1973 was three and a half times higher—namely, 15.3 million people for the year as compared with 4.3 million people for the "average month," and 15.4 percent of the labor force as compared with only 4.9 percent.

The way we are now going, with the official monthly figure already averaging about 5.3 percent and rising (or four points higher than the 1973 total), it seems likely that the total number of people unemployed at some time during the present year may well reach a staggering 18.6 million. While many of these would be single people, it is nonetheless obvious that many family members will be affected. If the ratio of unemployed to other family members is only one-to-one (which is a very conservative estimate), then it would seem that more than 37 million people are likely to be directly touched by unemployment during the current year. It is time that the American people and their leaders became aware of this convenient "shell game." It is time to stop pretending. It's time to stop sweeping millions of people "under the rug" through statistical slight of hand.

Thus far, however, I have been discussing only those who are officially reported as unemployed. This leaves out of consideration the large number of adults who are not officially in the narrowly defined "labor force," which is composed of those reported as working for pay on either a part-time or a full-time basis and those reported as actively seeking work.

Unfortunately, there has never been a serious and continuing survey of the American labor supply—this is, of all adult Americans able and willing to work. If we are not to close our eyes to this huge labor reserve, we must make do for the time being with rough estimates, spot surveys and studies that merely scratch the surface. The results of some of these rough estimates are shown in the table "Varying Estimates of Aggregate Unemployment, 1973." The largest and most shocking figures are obtained when one concentrates upon the poverty areas of our big cities, estimates unofficial unemployment and then includes the number of people working at poverty level wages. This has been done in the "subemployment" estimates of the Senate Subcommittee on Employment, Manpower and Poverty under the chairmanship of Senator Gaylord Nelson. And under pressure from his committee the U.S. Census rather reluctantly included a calculation of this type in the 1970 Census. The results, which the Census Bureau has not been eager to advertise, show that in 60 poverty areas of 51 cities 30.5 percent of the measured labor supply were "subemployed" in 1970—that is, either unemployed or working at jobs that paid less than $4000 a year.

Under this legislation, for the first time in our history, the statisticians would be directed to measure the changing volume and composition of the entire American labor supply.

SOME BASIC QUESTIONS

In conclusion, let me urge that the intensive hearings on this measure escape the narrow confines of technical economics.

If there are social, political and ethical issues in this measure—and I believe there are—they should be brought into the open and dealt with directly.

Naturally, this legislation raises extremely complex questions of an essentially economic nature. How genuine full employment could best be sustained without inflation? What the implications of genuine full employment might be for wage levels, business profitability and the distribution of income and wealth? How a full employment economy can best be managed so as to protect and conserve the physical environment? What the contribution of a fully employed America would be to the world economy?

But, the social aspects of full employment should receive at least as much attention. In recent years, as we have become accustomed to large amounts of hidden unemployment, we have tended to overlook the social costs of unemployment. People who have suggested there may be a connection between crime and youth unemployment have been accused of being "soft on crime." But during the past five years, as the New York Times pointed out in an editorial of September 26, 1974, which I ask to be made part of your hearing Record, there has been a 47 percent increase in officially reported violent crimes. "The long-term statistics," states the editorial, "leave little doubt that the most serious single factor in crimes of violence and against property is the dismally high rate of unemployment among youths, particularly minorities. Between one third and one half of the cities' post-adolescent black youths are out of school and out of work."

Political questions must also be raised. Many of our sharpest economic and social debates revolve around questions of political power. Just what would be the implications of this measure, when enacted, on the structure of political power in this country? Would it lead to undue concentration of power in Washington? I think not. But the question should be openly faced.

Finally, there are the most important questions of all—the questions of ethics, morality and religion. This is not a matter of rhetoric or glowing generalities. It is a matter of right and wrong.

Exactly thirty years ago, in his Full Employment in Free Society, Sir William Beveridge made an important distinction concerning employers and employees:

"A person who has difficulties in buying the labor he wants suffers inconveniences or reduction of profit. A person who cannot sell his labor is in effect told that he is of no use."

Today, in our great Nation millions of men and women, young and old, black and white, are being told that they are now or may soon become of no use. Can we not build an America in which people, all our people, can find challenging and fulfilling opportunities to be useful? Is not this the kind of America in which our citizens—employers and employees alike—can best prosper?

In 1976 America will celebrate the 200th anniversary of its independence. And in February 1976, the Joint Economic Committee will commemorate the 30th anniversary of the Employment Act of 1946. By that time, let us hope that the Equal Opportunity and Full Employment Act—in improved and strengthened form—will be the law of the land and we shall be preparing ourselves for the various stages of its implementation. The enactment of this legislation by that time would be the best way of celebrating the commitment of the Founding Fathers to the "unalienable rights" of human beings. It would be the best way to prepare America for the challenges of the last quarter of this century.

Mr. Chairman, again I commend you for the farsighted leadership you are demonstrating by your initiative on this absolutely vital proposal. I thank you for the opportunity to testify on this legislation today and to work with you in the days ahead to make "full employment" not an unfulfilled promise of law, but a fact of life for every American.

Official unemployment, by selected categories, 1973

[Percent of Officially Defined Labor Force]

Male 35–44	2.0
Male married, wife present	2.3
Government workers	2.7
White collar workers	2.9
Female 35–44	3.9
Male	4.1
White	4.3
Female married, husband present	4.6
Aggregate	4.9
Blue collar workers	5.3
Service workers	5.7
Female	6.0
Male negro and other	7.6
Nonfarm laborers	8.4
Construction workers	8.8
Negro and other	8.9
Female single	9.4
Male single	10.4
Female negro and other	10.5
Male white 16–17	15.1
Male 16–17	17.0
Female 16–17	17.7
Male negro and other 18–19	22.1
Female negro and other, 18–19	33.3
Male negro and other 16–17	34.4
Female negro and other 16–17	36.5

(NOTE.—All these figures relate to officially reported unemployment calculated on the basis of an annual average of twelve monthly reports. While the aggregate average was 4.3 million unemployed in 1973, an estimated 15.2 million—more than three times as many—were reported as unemployed at some time during the same year. Therefore, all the above figures would have to be substantially increased to reflect the total number of people in each group unemployed at some time during the year.)

Source: *Manpower Report of the President, April 1974.*

VARYING ESTIMATES OF AGGREGATE UNEMPLOYMENT, 1973

	Thousands	Percent of labor force
1. Unemployment severity index		2.5
2. Recipients of unemployment compensation, weekly	1,783	2.7
3. Variably unemployment, monthly	4,304	4.3
4. Official unemployment, monthly	4,304	4.9
5. 4 above, plus discouraged workers	4,983	5.6
6. Recipients of unemployment compensation, annual total	6,200	8.5
7. Alternative unemployment measure, 1st quarter, 1972	6,541	7.6
8. 5 above, plus part-time workers wanting full-time work	7,502	8.5
9. 8 above, plus labor force dropouts, December 1970	8,100	19.4
10. Unemployment and earnings inadequacy, 1972	9,942	11.5
11. Official unemployment, annual	15,287	15.4
12. Real unemployment	25,600	24.6
13. Labor reserve of experienced unemployed, 1970 census	26,500	
14. Subemployment, lower level income, 1970 census		30.5
15. Subemployment, higher level income, 1970 census		61.2

NOTES

(a) The percentages relate to different concepts of total labor force.

(b) Estimates by sex, race and age not included.

(c) Dates vary because estimates 7, 9, 10 and 13–15 have not been updated.

(d) A few estimates, such as 6, may include a little double counting.

(e) A small, but unknown, portion of the "unemployed" is engaged in illegal work.

SOURCES

1. Geoffrey Moore, *How Full Is Full Employment?* Washington, D.C.: American Enterprise Institute, 1973. Measures the number of days of unemployment per person in officially-defined labor force.

2. *Economic Indicators*, Sept. 1974, p. 12.

3. *Economic Report of the President*, 1974, p. 58–62. Also Geoffrey Moore, 1 above, p. 28–29. Adjusts official unemployment to changes in sex and age composition of labor force since 1955.

4. *Economic Indicators*, Sept. 1974, p. 10. Reported number of active jobseekers.

5. *Manpower Report of the President*, April 1974, p. 263. "Discouraged workers" is defined as jobwanters not in labor force because "they think they cannot get a job."

6. Gross-Moses estimates, to be revised.

7. William J. Abraham and A. J. Jaffee, "A Note on Alternative Measures of Unemployment and the Shortfall in Employment, 1970–72," *New York Statistician*, May–June 1972, p. 2–5. Adds to official unemployment an estimate of those who would seek jobs if full employment existed.

8. *Manpower Report of the President*, April 1974, p. 285.

9. Paul M. Sweeney and Harry Magdoff, *The Dynamics of U.S. Capitalism*, New York: Monthly Review Press, 1972, p. 45–49.

10. Sar A. Levitan and Robert Taggert, "Unemployment and Earnings Inadequacy: A New Social Indicator," *Challenge*, Jan.–Feb. 1974 5 above, less over-65, 16–21 and currently unemployed with above-average income for year, plus the currently unemployed below a "poverty threshold."

11. *Manpower Report of the President*, April 1974, p. 310. Total persons experiencing some unemployment (as defined in 4 above) during year.

12. Bertram M. Gross and Stanley Moses, "How Many Jobs For Whom?", in Alan Gartner, et al, eds. *Public Service Employment*, New York: Praeger, 1973, p. 28–36, Includes rough estimates of jobwanters among so-called "Unemployables," housepersons, men 25–54, older people, students and manpower trainees.

13. U.S. Bureau of the Census, Census of Population, 1970: *Detailed Characteristics: U.S. Summary*, 1973, p. 706. Persons not in labor force who worked for pay in last 10 years.

14. Senate Labor Subcommittee on Employment, Manpower and Poverty, *Sub-employment Index*, November, 1972. 9 above, plus currently employed at less than 4,000 a year, 60 poverty areas in 51 cities.

15. Same as 14 for workers earning less than $7,000 a year.

NET WORTH DISCLOSURE ACT

Mr. MOSS. Mr. President, I am today asking that my name be added as a cosponsor of the Net Worth Disclosure Act (S. 4059) which was introduced by the Senator from Connecticut (Mr. WEICKER) on September 30.

This bill requires that the President, the Vice President, Members of Congress, and all employees of the executive and legislative branches earning in excess of $30,000 a year file with the Comptroller General each February a net worth statement of assets and liabilities over $1,500 held jointly or alone within the family during the previous calendar year. The statements would be made available to the public and the press.

Mr. President, many of those of us who serve in the Senate—and some House Members as well—have been filing such statements on a voluntary basis for a number of years. I was one of the first to do so—my initial disclosure statement of assets and liabilities was made on the Senate floor on April 17, 1964, in the 88th Congress. I have brought the list of my assets and liabilities up to date in each Congress since that time, and have revealed them in a floor statement. My most recent disclosure statement was made on November 16, 1973, in the current Congress.

At the time I made my original disclosure statement in 1964, I observed:

> Like Caesar's wife, a U.S. Senator should be above suspicion.

In this post-Watergate environment, this observation is even more relevant today than it was when originally made. Never in our history has it been more important that every Member of the U.S. Senate and the U.S. Congress be above suspicion.

Never in our history has it been more important that those who manage the Nation's affairs in the executive department have a clean slate.

A complete financial disclosure by the Nation's top Government officials is the first step in giving the Nation the information it needs to judge whether a public official is acting in his own interest—or in the interest of the public at large.

In the Congress, we are now engaged in minute scrutiny of the background and financial record of former Gov. Nelson Rockefeller, of New York, to see if he should be confirmed as Vice President of the United States. It strikes me as the height of arrogance for us to sit in judgment on Governor Rockefeller—who has made a most complete financial disclosure—when all of us have not followed the same procedure. We must make public our own record of financial interests and holdings—of assets and liabilities—if we are to reestablish and hold the faith of the people in their elected and appointed officials.

Mr. President, passage of legislation along the lines proposed in S. 4059 is long past due, and I hope the bill can be considered before this Congress adjourns.

PAUL G. HOFFMAN—GLOBAL STATESMAN

Mr. McGEE. Mr. President, yesterday, a great and distinguished American, Mr. Paul G. Hoffman, passed away. All of my colleagues in the Senate recognize the attributes of this truly global statesman as we reflect on his work to establish a peaceful world community.

Mr. Hoffman often talked in terms of

peace building, and by that he meant development of the Earth's resources for all nations. He was particularly interested in the potential of human beings in all countries, as he felt that this world of ours had the resources to benefit all mankind.

Furthermore, Mr. Hoffman despised the word "foreign aid," and he saw serious damage done to America's national interest by the use of this particular phrase. It obstructed straight thinking about the real issues that divided opinion and human truth, and lost much of the credit our actions should have earned us abroad. Worst of all, the words "foreign aid" led us to base vital policy decisions on what was considerably less than half the truth.

Certainly, today, the issue of foreign assistance is still before the Congress. And, yes, serious disputes still exist as to its feasibility. However, none of us should ever forget the world as it looked 27 years ago, and the United States, with its compassion and generosity, created a program of recovery that remains unparalleled in the history of mankind. Mr. Paul Hoffman was the chief architect of this policy as well as the head of the Marshall plan.

In closing my brief remarks on this great American, all of us must remember that the corporate world has produced many leaders and particularly world statesmen in America, during the period following the Second World War. Among this distinguished group, Mr. Paul Hoffman will stand as the foremost of these exceptional and highly talented leaders. The United States is indeed much poorer with the loss of Mr. Hoffman. And so is the United Nations. It is the deep and abiding faith that such men as Paul Hoffman and Dr. Ralph Bunche, who preceded Mr. Hoffman in death, had in this international institution that has given the U.N. the strength to persevere against enormous odds.

Upon his retirement, Mr. Hoffman authored an article for Fortune magazine in March 1972 entitled: "The Two-Way Benefits of Foreign Aid." I think it is a particularly appropriate time to reflect upon the wisdom of Paul Hoffman as contained in this article. It is a forceful expression of support for continued foreign assistance written by a man whom Fortune magazine characterized as deserving more than any other single individual, the recognition as the father of mutual assistance.

I ask unanimous consent that both the article and Mr. Hoffman's obituary appearing in this morning's Washington Post be printed in the Record.

There being no objection, the article and obituary were ordered to be printed in the Record, as follows:

[From Fortune magazine, March 1972]

The Two-Way Benefits of Foreign Aid

(By Paul G. Hoffman)

When I was a child I was often told that "sticks and stones can break your bones, but words will never harm you." And when I was a child I believed it. Well, I don't believe it anymore. After being bedeviled for over twenty-five years by the most misleading phrase in common American speech, I know that words *can* do enormous harm.

During the last twenty-five years I have been working in the field called "foreign aid." And almost every day of that time I saw serious damage done to America's national interests by the use of this particular phrase. It obstructed straight thinking about the real issues that divided opinion at home and lost us much of the credit our actions should have earned us abroad. Worst of all, the words "foreign aid" led us to base vital policy decisions on what was considerably less than half a truth.

Doesn't it badly distort reality to call something that creates large numbers of jobs for American workers "foreign aid"? Are actions that greatly increase our export earnings "foreign aid"? Is it "foreign aid" when we help to secure for ourselves new sources of essential raw materials? Is it "foreign aid" when we follow a course that could eventually lower the cost of goods and services Americans need every day? Above all, when we act to put our national security on the one solid footing it can ever really enjoy—while cutting the bill to the American taxpayer in the bargain—is it logical to term this "foreign aid"?

Yet these are the kinds of benefits we have long been reaping from our relatively modest investment in helping other nations help themselves. We earned our first sizable dividends from that pioneering cooperative venture known as the Marshall plan. The rapid economic recovery of Western Europe, which the Marshall plan made possible, enabled us to raise our export earnings so significantly as to add a whole new dimension to our economy and open up millions of new jobs in American factories and farms. Meanwhile the economic integration of Western Europe—a direct outgrowth of the principles underpinning the Marshall plan—so strengthened the structure of peace on the Continent that, as the late President Eisenhower once told me, it saved the United States many billions of dollars in defense expenditures. These initial returns alone more than repaid what we spent on the Marshall plan—and they continue to come in. Still, as the plan's first administrator, I vividly remember that the term "foreign aid"—misnomer though it was—was among the kinder things said about the program at a time when there was considerable talk of "pouring money down ratholes" and the like.

CREATING NEW CUSTOMERS

More recently, the U.S. has devoted subsantial sums to helping the developing countries of Asia, Africa, Latin America, and the Middle East modernize their economies and improve the living standards of their people.

What's good for the world as a whole is bound to be good for the U.S. Modern communications and transport have cut such large chunks out of time and distance as to make all humanity the residents of a single neighborhood. As a consequence, the problems of the rest of the world are so closely and tightly linked to our own that conditions abroad have a deep and inescapable impact on conditions here at home.

We all know that our economy is riddled with soft spots, we have an unacceptable rate of unemployment, and there are widespread pockets of domestic poverty. Now, in order to revitalize our economy and open new job opportunities on the very large scale required, we have simply got to expand our foreign trade. The only way we can win new markets is by creating new customers. And we have the chance to do just that on the scale of hundreds of millions.

As of now, roughly 70 percent of U.S. exports go to markets in the wealthy, industrialized countries. Meanwhile, the less-developed nations occupy two-thirds of the earth's land mass and contain two-thirds of its people. Yet they earn at present only a fraction of total world revenues—and hence can account for only a fraction of total world sales—because they produce at present only one-sixth of all the world's goods and services. Even a moderate redressing of this imbalance would do much to create the new customers our economy so badly needs.

By way of proof, the 5.6 percent average annual increase in gross national product realized by the developing countries during the 1960's was accompanied by an 82 percent increase in U.S. exports to these countries—from a $7-billion to a $13-billion yearly level. There is even more striking evidence of this relationship between productivity and purchasing power. Between 1968 and 1969 alone, those low-income countries where production per person was the equivalent of $400 or more increased their imports by nearly 14 percent. At the opposite end of the scale, those countries where production per person came to only $150 showed an actual import drop-off of nearly 3 percent. To round out the picture, the developing countries that imported the most from the wealthier nations showed the fastest economic growth rates—proof that there are vitalizing as well as vicious circles.

How far up can this healthy spiral go? In view of the truly dreadful poverty that afflicts the developing countries, can these countries ever raise their output and earnings to the point where they will become a truly major market for the U.S.? The answer is yes, they can. While there are hundreds of millions of poor people throughout the world, they don't have to remain that way—because most of the countries they live in have enormous latent wealth. According to every reliable estimate, the developing nations today are productively using only about 25 percent of their natural-resource potentials and perhaps 15 percent of their man- and woman-power capabilities.

The U.S. economy has other basic needs that would be well served by narrowing the productivity gap between the industrialized and the developing countries. Our domestic supply of natural resources is far from being bottomless. We must already import more than one-fifth of our oil and more than that proportion of our iron ore. For nickel, tin, chromite, cadmium, bauxite, manganese, and many other vital minerals, the proportion is substantially higher—as much as a full 100 percent. This makes it clearly in our national interest to help locate and extract both fuels and industrial minerals wherever they can be found—so that available supplies can be increased to meet rising global requirements. By far the most promising prospects for this lie in the developing countries. The United Nations Development Program, for instance, has uncovered over $12 billion worth of mineral reserves in these countries during the last ten years alone.

There's another point to consider. The gross disparity in output between the more-developed one-third and the less-developed division of labor. Most of the wealthier nations—the United States among them—are producing a number of industrial goods and agricultural commodities at a considerably higher cost than they could be produced by the developing countries. Undoubtedly, change would be far from simple. Nor, frankly, would it be altogether painless for certain sectors of the American economy. But there are ways of compensating for the short-term damage involved. And, in the long run, there is as much profit for us as for any other nation in a more diversified, better-balanced global production pattern.

WHERE WAR BEGINS

But there is a higher priority for America than increasing its material prosperity. That priority is the strengthening of peace. During the last decade alone, we have spent nearly $700 billion on national defense. That enormous expenditure may have brought a precarious balance of terror. But it certainly hasn't brought peace anywhere on earth. Nor has the simultaneous sacrifice of thousands of American lives and the lives of hundreds of thousands of our fellow human beings on many fields of battle. In fact, none of these could avail. For basically they represent efforts to suppress or contain symptoms of world disorder, rather than to work a cure.

Consider one compelling fact. Every single international conflict since 1946 has started and been fought out in the poverty-stricken parts of the world. And almost every major international crisis came to a boil in these same areas.

Poverty abroad has bred tensions that erupted in violence abroad. Feeling threatened by violence abroad, we devoted vast sums to building up—and sometimes directly applying our military might. As a result, our resources and energies were diverted from the fight against domestic poverty. This aggravated domestic tensions, and often set off violence at home. Now, concerned with our own problems and disillusioned with overseas ventures, we are turning from the struggle against poverty abroad—thus giving another powerful push to the whole destructive cycle.

To my mind, this puts us on a collision course with reality. We should be increasing instead of reducing the relatively small sums we are spending on overseas development—a yearly amount that nets down to about six-tenths of 1 percent of our gross national product, as against the 1 percent that is generally accepted as an appropriate goal. We can well afford to do so without weakening either our defense efforts or our efforts to meet domestic development needs. In fact, by helping to speed the day when people throughout the world no longer feel that violence is the only way to improve their lot, we will substantially strengthen our national security. And, as we have already seen, we will also strengthen our economic capability to alleviate poverty at home.

One thing, however, must be clearly understood. The first successful step to a better life for the people of the low-income countries will not necessarily bring the world visibly closer to peace. There may actually be more turmoil as early development progress gives rise to expectations that cannot be quickly fulfilled. But there's a positive side to the picture. Real development progress can be achieved only through intensive international cooperation—cooperation among the poorer countries themselves and between the poorer countries and their wealthier neighbors. Now when people of diverse backgrounds work together day after day to achieve common ends, rough edges of suspicion and ill feeling are inevitably rubbed smoother. And when nations collaborate over long periods for agreed-on economic goals, even sharp political disagreements are often sensibly dulled. Meanwhile, new ties of mutual interest are imperceptibly woven. Eventually whole national economies become so tightly intermeshed that war itself is impractical and, finally, almost impossible.

A ROLE WE CAN'T SHUN

There is one final reason for relegating the term "foreign aid" to the scrap heap of our national vocabulary. It is the best reason of all—simple morality.

Strangely enough, in an era of utterly unprecedented material power, it has become more dangerous than ever before to disregard the moral law which dictates that we should help our neighbors. As Benjamin Franklin warned his countrymen, "We must all hang together or, be assured, we shall all hang separately." All must join in a partnership for the common well-being.

America's wealth, America's power, and America's most honorable traditions all combine to give our nation a major role in this historic endeavor. If we shun this role, or fail to shoulder its full responsibilities, we will not be the least of the losers. Yet we cannot play the part we should unless we really understand the depth, nature, and necessity of our involvement. And these things we will not understand until we once and for all stop talking—and stop thinking—in terms of "foreign aid."

[From the Washington Post, Oct. 9, 1974]

PAUL HOFFMAN DIES

(By Ferdinand Kuhn)

Few newcomers to official Washington ever won so much acclaim in so short a time as Paul G. Hoffman, the first administrator of U.S. foreign aid who died yesterday in New York at 83.

When he arrived here for his first government job early in 1948, he was a Republican businessman, president of the Studebaker Corporation, with the reputation of a supersalesman. When he left two and a half years later he had won the applause of Democrats and Republicans alike and of those often hardest to please: the career civil servants.

He "achieved great things," said the Democratic President, Harry Truman. He served his country "magnificently," said the Republican chairman of the Senate Foreign Relations Committee, Arthur H. Vandenberg. "Few men in history have left the mark that he did," was the comment, many years later, of W. Averell Harriman, his deputy in Europe and his successor. It was a chorus that sang in unison except a few discordant notes from the far right and far left.

Originally the President wanted Dean Acheson to direct the agency that would spend $17 billion in four years for Europe's recovery. Acheson had served as under secretary of State, and by 1948 was back in the private practice of law. But the Republicans then controlled Congress, and Republican leaders had another kind of administrator in mind. Senator Vandenberg, their spokesman, told Mr. Truman that Congress wanted a businessman from outside the government. Hoffman had been the first choice of at least half of more than a hundred businessmen whom Vandenberg had canvassed. That settled it; the President gave in.

The new administrator took comparatively little part in setting the broad policies of the foreign aid effort. Those had been drawn in broad outline in the Marshall Plan and in the historic congressional debates that followed. Where Hoffman excelled was in organizing a new agency on a nonpartisan basis and in choosing able helpers.

His assistants saw little of him in the office, atlhough he kept them briefed and consulted. Then, as always, foreign aid was unpopular. The life of the aid director was one of unending effort to sell an expensive and politically unattractive product. During 1949, his first full year in the job, Hoffman was out of his office all but about two hours of every working day, usually in committee rooms or antechambers on Capitol Hill.

Men and women who worked with Hoffman in the ECA—the Economic Cooperation Administration, as it was then called—still find lessons in his performance. If one asks them why Hoffman was such a success, they answer in this vein: "He never threw his weight around." "He tossed out ideas and didn't mind letting others pick them up and take the credit." "He never let power swell his head."

Where other businessmen felt out of their element in government jobs, Hoffman seemed to know his way. His brisk talk was usually low-keyed. His blue eyes kept a twinkle of humor in reserve; he faced many serious situations but never despaired. In a time of alarms and crises, some of them dangerous, he was a steadfast optimist.

His personal traits stayed the same to the end, but his mind grew and changed with the years. From the start of the Marshall Plan he took a deepening interest in the economic and social well-being of the rest of the world. He went on to head the Ford Foundation and the United Nations development program, broadening his ideas and the market for them.

Again and again in his Marsnall Plan years he argued that spending billions to rebuild and revive Europe would be good for business as well as essential for America's survival. When some in Congress wanted special privileges for American business in return, Hoffman replied that the American aid program must never be used for this purpose. Repeatedly he contended that trade is a two-way street, thus standing against American protectionists who were afraid of foreign competition.

In September, 1950, Hoffman resigned, soon stepping into the presidency of the Ford Foundation. Here he could direct the spending of hundreds of millions free of congressional constraints. The Foundation attracted him for other reasons as well. It gave him a chance to sell his ideas with more freedom than before. But he was wrong.

The marriage between Studebaker and Ford did not work. For the first and only time, Hoffman was not to succeed in a major undertaking. Exactly what happened, and why he left Ford after less than two years, was never publicly explained.

Dwight MacDonald, in a famous profile of the Ford Foundation in The New Yorker, suggested in 1955 that Hoffman had been too dangerous for the Ford trustees. For example, he recruited the always-controversial Robert M. Hutchins, formerly chancellor of the University of Chicago, as his deputy.

It was reported, although Ford spokesmen denied it, that the trustees wanted someone safer and more conventional as president. All Hoffman would say, with a wry smile, was that he and Ford were "incompatible." He seemed glad to be rid of the foundation job, and with his usual energy plunged into a variety of public causes.

One of his favorite causes of those days was named Dwight D. Eisenhower. Soon after Gen. Eisenhower had become president of Columbia University in 1948, the general asked a visitor, "How do we elect Paul Hoffman President of the United States?" Hoffman turned the compliment around. By 1951 he was in the front line of rich and prominent admirers who were urging the general to come home from NATO headquarters in Europe and run for President. The next year he helped round up convention delegates and raised money for the Eisenhower campaign. Only Ike, he said, could cut through "the smog of hate, fear and political amorality" in the United States.

When anyone talked of hate in those years he usually meant Senator Joseph McCarthy. Hoffman was one of the few Republicans to speak out against what he called McCarthy's "fantastically false" charges against Gen. George C. Marshall in the 1952 campaign. Late in 1953 Hoffman prodded President Eisenhower to counterattack. As Robert J. Donovan tells it in "Eisenhower: the Inside Story," based on access to the White House files, Hoffman "was urging him to let McCarthy have it with both barrels." Vice President Nixon and others advised him to hold back. Eisenhower, beset by conflicting advice, decided not to tangle with McCarthy: "I will not," he said, "get in the gutter with that guy."

Hoffman's stand against McCarthy brought frowns to many Republican faces. The displeasures of others seldom stopped him; he was independentminded from his youth.

Paul Gray Hoffman was born in Chicago on April 26, 1891. His father, George Delos Hoffman, was an inventor who wanted his son to get a University of Chicago degree. Paul did enter that university, but stayed only a year. By 1911, when he would have been a junior in college, he was a salesman in the Studebaker branch in Los Angeles.

He climbed the corporate ladder fast. In 1915, at 24, he became sales manager of the Los Angeles branch; in the same year he married Dorothy Brown. She bore him six children, and they added a seventh as a ward. His children survive him. In 1925 he was already a vice president of Studebaker, and by the time he was 35, a year later, he had made a million dollars.

The Depression pushed Studebaker into bankruptcy in 1933. Within two years the company was on its feet again with capital that Hoffman had coaxed out of Wall Street, and with himself as president.

The start of World War II in Europe, and the war orders pouring into American factories, led Hoffman to think about the postwar future. How, he wondered, could the country keep full production and full employment when the war ended? "This is a problem for university scholars," he told Robert M. Hutchins, the university chancellor, in 1940.

According to Sidney Hyman, Benton's biographer, Hoffman argued that businessmen and scholars ought to pool their knowledge to solve the problem. This was the origin of a short-lived but influential group called the American Policy Committee, made up of fifteen or twenty thoughtful businessmen who were willing to give time to long-range public policy.

The commission disbanded after Pearl Harbor, but much of its planning work was picked up by the larger Committee for Economic Development. Hoffman was a spark plug in this non-governmental engine of study, planning and publicity. He was sure there would be a vast postwar market at home and abroad—if businessmen could be persuaded to plan the conversion of their plants to peacetime uses. It was the CED more than anything else that brought Paul Hoffman to the attention of business leaders and, before long, political leaders around the country.

Hoffman's mind had turned more and more to international affairs during his five years in government and at the Ford Foundation. In 1956 President Eisenhower called him back to public service by naming him a delegate to the UN General Assembly. This opened a new chapter in Hoffman's life.

It was a strange experience for him to have to listen not only to attacks on the United States by Soviet and Soviet-bloc delegates but also to the diatribes of Krishna Menon of India. He learned new lessons in when to be patient and when to talk back.

The Assembly taught him much, too, about the so-called Third World. He became convinced that government grants by themselves could not pull any country out of poverty. The UN experience led directly to Hoffman's appointment in 1959 as managing director of the UN Special Fund for economic development.

This was an agency in which he could sell his ideas and enthusiasms on a worldwide market. Applying lessons he had learned in the Ford Foundation, he regarded the Special Fund as "seed money." Hoffman liked to say that if the Special Fund spent, for example, $50 million a year on training and pilot projects, and if recipient governments put up $75 million, they would prepare the ground for at least a billion in private investment for profit.

Looking back over his career, Hoffman said the best part of it was at the United Nations. He ran a highly personalized operation at the Special Fund. His closest associates were men of his own choosing. The staff broke with UN secretariat habit and did not splinter into national or racial groups.

Again, as in his Marshall Plan days, Hoffman spent much of his time out of the office. Often he flew to Washington to induce lukewarm congressmen to vote the American share of the Fund. Most of his travels, however, took him overseas. In his first two years as managing director he appointed himself a traveling salesman for development, visiting sixty-eight countries, all outside Western Europe.

The Special Fund was merged in 1966 with the larger and longer-established UN Development Program. Now the bureaucracy of the UN secretariat hemmed Hoffman in. He was less effective than before, but he kept his unbureaucratic ways. Long after he was 70 he liked to walk, when he could, from his apartment to his twenty-ninth-floor office half a mile away.

If he ever lost his optimism during his 70s he never let the public know. He was "completely convinced," he said in 1969, "that we now have the technology to double world food supplies in the next ten to fifteen years." In 1961 his wife died after 46 years of marriage; the next year he married a dynamo named Anna M. Rosenberg, a former assistant secretary of defense. He had worked with her on labor-management problems during his CED days; he described her as "an old, old friend." She was with him at his death.

He kept his good health until about five years before his retirement at 80. He drank only occasionally, hated cocktail parties, had not smoked since his youth. He relaxed playing golf, bridge and gin rummy. But a broken leg and other ailments took their toll. When he returned here for a farewell reception after he retired in 1971, old associates who had not seen him for five years felt he had aged at last.

EARTHQUAKE PREDICTION

Mr. MOSS. Mr. President, on September 16 I wrote to Dr. Fletcher, the NASA Administrator, and requested his view of the credibility of a theory known as the "Jupiter Effect" which predicted a significant increase in earthquakes in 1982. Dr. Fletcher's most recent response is contained in a letter, which, in view of widespread interest in this subject, I ask unanimous consent be printed in the Record at the conclusion of my remarks.

Dr. Fletcher's response is significant not only for the NASA view on the "Jupiter Effect," but also because it calls attention to important earthquake research. NASA earthquake research could be a key factor in saving countless lives and avoiding property damage.

There being no objection, the letter was ordered to be printed in the Record, as follows:

National Aeronautics
and Space Administration,
Washington, D.C., October 4, 1974.

Hon. Frank E. Moss,
Chairman, Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in further response to your letter of September 16, 1974, in which you ask for NASA's views on the recently published book "The Jupiter Effect" coauthored by two young scientists, John Gribbin and Stephen Plagemann. Dr. Plagemann is an employee of a NASA contractor at Goddard.

I have had this book reviewed by a number of scientists both in the Government and in the university community and as one would expect in evaluating any new theory, the scientific community will be debating these theories for years to come. It is, therefore, much too premature to make any pronouncement on the relative degree of credibility associated with the theory propounded by these scientists. The limited consensus of the scientific community polled to date, however, does indicate that this book is highly speculative and has no solid scientific basis for its conclusions.

A number of very uncertain statistical correlations have all been assumed to be completely correct to propose a complex sequence of events which is highly improbable. Also, scientists like Dr. Don Anderson of The California Institute of Technology, prominent in the highly specialized area of seismology, deny any observed relationships between the position of Jupiter and the frequency of earthquakes, even though the gravitational effect of Jupiter among the planets is dominant because of its relative mass.

In further informed comments regarding the "Jupiter Effect" theory, scientists indicate that there is not sufficient correlation between solar activity, specifically sun spots, and earthquakes to justify the theory that the alignment of the planets will result in major earthquakes due to solar activity effects on the earth's atmosphere.

A number of prominent solar physicists have been contacted to see if the planetary tidal forces associated with the so-called "Jupiter Effect" could significantly influence the timing of the next solar maximum, currently predicted to occur in 1979 or 1980 at the latest. The timing of the solar maximum is obviously crucial to our planning for an optimum Solar Maximum Mission (SMM). These experts, all solar flare theoreticians or observers with detailed acquaintance with the solar activity cycle, agreed unanimously that the probability that the "Jupiter Effect" could influence solar activity in any significant way was extremely small and that the statistical evidence advanced supporting this hypothesis was very controversial. The theoreticians pointed out that the forces brought into play by planetary influences are much smaller than the forces produced by convective processes at the Sun's surface.

NASA already has underway an active program using space techniques to observe the earth's crustal and dynamical motions, in order to contribute to the knowledge of earthquake mechanisms and the development of earthquake prediction approaches. This is, in fact, the first objective of the NASA Earth and Ocean Physics Applications Program (EOPAP). The first major element of this program is the San Andreas Fault Experiment (SAFE), undertaken jointly by NASA and the U.S. Geological Survey, which aims at measuring for the first time the actual motion of the crust across the region of the Western United States, extending roughly from the Pacific Coast to the Rocky Mountains, that is marked by extensive earthquake activity or crustal motions as large as a few centimeters per year. Satellite tracking lasers which are used to determine these motions are to be located initially near San Diego and Quincy in California, and near Bear Lake in Utah. System improvements should permit observation of these tiny motions toward the end of the decade. These same stations will also permit very accurate monitoring of irregularities in the earth's rotation rate and the wandering of its polar axis of rotation. These irregularities are thought by some scientists to be associated with large earthquakes, and perhaps even to precede them. These phenomena are being studied in the NASA EOPAP program for their possible implications for earthquake prediction. The subject is discussed in more detail in the attached reference from the *Scientific American* Vol. 225, No. 6, December 1971.

The laser tracking of Apollo corner reflectors on the moon from stations in Texas and Hawaii, and the very long baseline interferometer (VLBI) tracking of radio stars will complement the satellite laser tracking technique and provide the needed verification of the very accurate systems needed to observe these motions.

Additionally, NASA is also studying tectonic activities on Mars. We plan to land two Viking spacecraft on Mars in 1976. These spacecraft will have seismometers on board to measure Martian tremors. Comparison of the rapidity and magnitude of Martian tremors to those of the Earth should enhance our understanding of earthquake phenomena.

Current empirical data have resulted in the development by university scientists of a new theory for earthquake predictions. This theory is called the "dilatancy theory," which indicates that earthquakes may be predicted sufficiently in advance of their occurrence by measuring the electrical conductivity of the earth's surface, the ground elasticity, and the ground uplifting to allow possible protective action to be taken. If this theory is correct, it would enable the prediction of not only major but minor earthquakes and within localized regions.

NASA will continue to watch developments not only relating to the "Jupiter Effect" but also in other space-related areas which show promise in connection with earthquake problems. Our contribution is aimed at using space techniques to make much more accurate measurements of crustal and polar motions than have been possible heretofore.

Should you desire any additional information on the matter, please let me know.

Sincerely,

George M. Low.

(For James C. Fletcher, Administrator).

OIL PRICES, INFLATION, AND THE STATUS OF THE WORLD ECONOMY

Mr. PERCY. Mr. President, the meetings of the Board of Governors of the International Monetary Fund—IMF—and the International Bank for Reconstruction and Development—IBRD—here in Washington last week provided an excellent forum to discuss the world economic problems. The overriding issues were the price of international crude oil and the worldwide inflation.

Two prominent Americans delivered substantive addresses before the meeting, Secretary of the Treasury, William E. Simon and President of the IBRD, Robert S. McNamara. Most interestingly, they spoke with different perspectives, from different positions of responsibility. Secretary Simon reflected the worries and concerns of a finance minister from a leading industrial country. President McNamara outlined the plight of the less developed world. Together they painted an economic scene of very troubled waters.

Neither man directly addressed the major cause of the problem, the extortionary price of international crude now set by the OPEC cartel. Perhaps this is because diplomacy demands that issues be skirted in public to allow for maneuver in private. It is a tactic not unknown to this body. However, the inevitable conclusion that can be drawn from these speeches is that oil prices must be lowered in the near future.

Mr. President, I ask unanimous consent that the speeches of both Secretary Simon and President McNamara be printed in the Record.

There being no objection, the speeches were ordered to be printed in the Record, as follows:

Address of the Honorable William E. Simon

Mr. Chairman, Mr. Witteveen, Mr. McNamara, Fellow Governors, Distinguished Guests:

Our recent annual meetings have reflected encouraging changes in the international economic scene. Three years ago, our attention was focused on the New Economic Policy introduced by the United States to eliminate a long-standing imbalance in the world economy. Two years ago we launched a major reform of the international trade and payments system. Last year we developed the broad outlines of monetary reform.

This year circumstances are different. We face a world economic situation that is the most difficult since the years immediately after World War II.

Our predecessors in those early postwar years responded well to the great challenges of that period. I am confident we can also respond appropriately to the challenges of our day. But first we must identify the issues correctly.

Let me declare myself now on three of these key issues.

First, I do not believe the world is in imminent danger of a drift into cumulative recession—though we must be alert and ready to act quickly should the situation change unexpectedly. I do believe the world must concentrate its attention and its efforts on the devastating inflation that confronts us.

Second, I *do not* believe the international financial market is about to collapse. I *do* believe that situations can arise in which individual countries may face serious problems in borrowing to cover oil and other needs. For that reason we must all stand prepared to take cooperative action should the need arise.

Third, I firmly believe that undue restrictions on the production of raw materials and commodities in order to bring about temporary increases in their prices threaten the prosperity of all nations and call into question our ability to maintain and strengthen an equitable and effective world trading order.

THE INFLATION PROBLEM

With respect to the first of these issues, it is clear that most countries are no longer dealing with the familiar trade-off of the past, balancing a little more or less inflation against little more or less growth and employment. We are confronted with the threat of inflationary forces so strong and so persistent that they could jeopardize not only the prosperity but even the stability of our societies. A protracted continuation of inflation at present rates would place destructive strains on the framework of our present institutions—financial, social and political.

Our current inflation developed from a combination of factors: in addition to pressures emanating from cartel pricing practices in oil, we have suffered from misfortune—including bad weather affecting crops around the world; bad timing—in the cyclical convergence of a worldwide boom; and bad policies—reflected in years of excessive government spending and monetary expansion. As financial officials, we cannot be held responsible for the weather, but we must accept responsibility for government policies, and we must recommend policies that take fully into account the circumstances of the world in which we find ourselves.

In today's circumstances, in most countries, there is in my view no alternative to policies of balanced fiscal and monetary restraint. We must steer a course of firm, patient, persistent restraint of both public and private demand, and we must maintain this course for an extended period of time, until inflation rates decrease. We must restore the confidence of our citizens in our economic future and our ability to maintain strong and stable currencies.

Some are concerned that a determined international attack on inflation by fiscal and monetary restraint might push the world into a deep recession, even depression.

I recognize this concern, but I do not believe we should let it distort our judgment.

Of course, we must watch for evidence of excessive slack. The day is long past when the fight against inflation can be waged in any country by tolerating recession. We must remain vigilant to the danger of cumulative recession. But if there is some risk in moving too slowly to relax restraints, there is also a risk—and I believe a much greater risk—in moving too rapidly toward expansive policies. If we fail to persevere in our anti-inflation policies now, with the result that inflation becomes more severe; then in time counter-measures will be required that would be so drastic as to risk sharp downturns and disruptions in economic activity.

There is a tendency to lay much of the blame on the international transmission of inflation. Certainly with present high levels of world trade and investment, developments in any economy, be they adverse or favorable, are quickly carried to other economies. But that does not absolve any nation from responsibility to adapt its financial policies so as to limit inflation and to shield its people from the ultimate damage which inflation inflicts on employment, productivity and social justice in our societies.

RECYCLING AND THE STRENGTH OF CAPITAL MARKETS

In addition to inflation, public concern has centered on methods of recycling oil funds and on whether we need new institutions to manage those flows.

So far, our existing complex of financial mechanisms, private and intergovernmental, has proved adequate to the task of recycling the large volumes of oil moneys already moving in the system. Initially, the private financial markets played the major role, adapting in imaginative and constructive ways. More recently, government-to-government channels have increasingly been opened, and they will play a more important role as time goes by. New financing organizations have also been established by OPEC countries. Our international institutions—and specifically the IMF and World Bank—have redirected their efforts to provide additional ways of shifting funds from lenders to borrowers. The IMF responded rapidly in setting up its special oil facility.

In our experience over the period since the sharp increase in oil prices, three points stand out:

First, the amount of new investments abroad being accumulated by the oil-exporting countries is very large—we estimate approximately $30 billion thus far in 1974.

Second, the net capital flow into the United States from all foreign sources, as measured by the U.S. current account deficit, has been small, about $2 billion so far this year. During the same period our oil import bill has been about $12 billion larger than it was in the comparable period last year.

Third, markets in the United States are channeling very large sums of money from foreign lenders to foreign borrowers. Our banks have increased their loans to foreigners by approximately $15 billion since the beginning of the year, while incurring liabilities to foreigners of a slightly larger amount. This is one kind of effective recycling. And while some have expressed concern that excessive oil funds would seek to flow to the United States, and would require special recycling efforts to move them out, the picture thus far has been quite different.

No one can predict for sure what inflows of funds to the U.S. will be in the future. But it is our firm intention to maintain open capital markets, and foreign borrowers will have free access to any funds which come here. The United States Government offers no special subsidies or inducements to attract capital here; neither do we place obstacles to outflows.

Nonetheless, some have expressed concern that the banking structure may not be able to cope with strains from the large financial flows expected in the period ahead. A major factor in these doubts has been the highly publicized difficulties of a small number of European banks and one American bank which have raised fears of widespread financial collapse.

The difficulties of these banks developed in an atmosphere of worldwide inflation and of rapid increases in interest rates. In these circumstances, and in these relatively few instances, serious management defects emerged. These difficulties were in no way the result of irresponsible or disruptive investment shifts by oil-exporting countries. Nor were they the result of any failure in recycling or of any general financial crisis in any country.

The lesson to be learned is this: in a time of rapid change in interest rates and in the amounts and directions of money flows, financial institutions must monitor their practices carefully. Regulatory and supervisory authorities too must be particularly vigilant. We must watch carefully to guard against mismanagement and speculative excesses, for example, in the forward exchange markets. And we must make certain that procedures for assuring the liquidity of our financial systems are maintained in good working order. Central banks have taken major steps to assure this result.

Although existing financial arrangements have responded reasonably well to the strains of the present situation, and we believe they will continue to do so, we recognize that this situation could change. We should remain alert to the potential need for new departures. We do not believe in an attitude of laissez-faire, come what may. If there is a clear need for additional international lending mechanisms, the United States will support their establishment.

We believe that various alternatives for providing such supplementary mechanisms should be given careful study. Whatever decision is made will have profound consequences for the future course of the world economy. We must carefully assess what our options are and carefully consider the full consequences of alternative courses of action. The range of possible future problems is a wide one, and many problems can be envisaged that will never come to pass. What is urgently needed now is careful preparation and probing analysis.

We must recognize that no recycling mechanism will insure that every country can borrow unlimited amounts. Of course, countries continue to have the responsibility to follow monetary, fiscal and other policies such that their requirements for foreign borrowing are limited.

But we know that facilities for loans on commercial or near-commercial terms are not likely to be sufficient for some developing countries whose economic situation requires that they continue to find funds on concessional terms. Traditional donors have continued to make their contributions of such funds, and oil-exporting countries have made some commitments to provide such assistance. Although the remaining financing problem for these countries is small in comparison with many other international flows, it is of immense importance for those countries affected. The new Development Committee which we are now establishing must give priority attention to the problems confronting these most seriously affected developing countries.

TRADE IN PRIMARY PRODUCTS

For the past two years, world trade in primary commodities has been subject to abnormal uncertainties and strains. Poor crops, unusually high industrial demand for raw materials, transport problems, and limited new investment in extractive industries have all contributed to tremendous changes in commodity prices. Unfortunately, new forms of trade restraint have also begun to appear.

In the past, efforts to build a world trading system were concentrated in opening national markets to imports. Clearly, we need now also to address the other side of the equation, that of supply.

The oil embargo, and the sudden and sharp increase in the price of oil, with their disruptive effects throughout the world economy, have, of course, brought these problems to the forefront of our attention.

The world faces a critical decision on access to many primary products. In the United States we have sought in those areas where we are exporters to show the way by maximum efforts to increase production. Market forces today result in the export of many items from wheat to coal which some believe we should keep at home. But we believe an open market in commodities will provide the best route to the investment and increased production needed by all nations.

We believe that cooperative, market-oriented solutions to materials problems will be most equitable and beneficial to all nations. We intend to work for such cooperative solutions.

PROSPECTS FOR THE FUTURE

In the face of our current difficulties—inflation, recylcing, commodity problems—I remain firmly confident that, with commitment, cooperation and coordination, reasonable price stability and financial stability can be restored.

The experience of the past year has demonstrated that although our economies have been disturbed by serious troubles, the international trade and payments system has stood the test.

Flexible exchange rates during this period have served us well. Despite enormous overall uncertainties, and sudden change in the prospects for particular economies, exchange markets have escaped crises that beset them in past years. The exchange rate structure has no longer been an easy mark for the speculator, and governments have not been limited to the dismal choice of either financing speculative flows or trying to hold them down by controls.

Another encouraging fact is that the framework of international cooperation has remained strong. Faced with the prospect of severe balance-of-payments deterioration, deficit countries have on the whole avoided short-sighted efforts to strengthen their current account positions by introducing restrictions and curtailing trade.

In the longer run, we look forward to reinforcing this framework of cooperation through a broad-gauged multilateral negotiation to strengthen the international trading system. In the "Tokyo Round," we hope to reach widespread agreement, both on trade *liberalization measures*—helping all countries to use resources more efficiently through greater opportunities for exchange of goods and services—and on trade management measures—helping to solidify practices and procedures to deal with serious trade problems in a spirit of equity and joint endeavor. It is gratifying that more and more governments have recognized the opportunities—and the necessity—for successful, creative negotiations on trade.

We in the U.S. Government recognize our own responsibility to move these negotiations along. Early last year we proposed to our Congress the Trade Reform Act to permit full U.S. participation in the trade negotiations. It is clear that in the intervening months the need for such negotiations has become all the more urgent. We have therefore been working closely with the Congress on this crucial legislation, and we shall continue to work to insure its enactment before the end of this year.

In the whole field of international economic relations, I believe we are beginning to achieve a common understanding of the nature of the problems we face. There is greater public recognition that there lies ahead a long, hard world-wide struggle to bring inflation under control. Inflation is an international problem in our interdependent world, but the cure begins with the policies of national governments. Success will require, on the part of governments, uncommon determination and persistence. There is today increasing awareness that unreasonable short-term exploitation of a strong bargaining position to raise prices and costs, whether domestically or internationally, inevitably intensifies our problems.

Finally I am encouraged that our several years of intensive work to agree on improvements in the international monetary system have now begun to bear fruit. The discussions of the Committee of Twenty led to agreement on many important changes, some of which are to be introduced in an evolutionary manner and others of which we are beginning to implement at this meeting.

For the immediate future, the IMF's new Interim Committee will bring to the Fund structure a needed involvement of world financial leaders on a regular basis, providing for them an important new forum for consideration of the financing of massive oil bills and the better coordination of national policies. The Interim Committee should also increasingly exercise surveillance over nations' policies affecting international payments, thereby gaining the experience from which additional agreed guidelines for responsible behavior may be derived.

Moreover, discussions in the Interim Committee can speed the consideration of needed amendments to the Fund's Articles of Agreement. These amendments, stemming from the work of the Committee of Twenty, will help to modernize the IMF and better equip it to deal with today's problems. For example, the Articles should be amended so as to remove inhibitions on IMF sales of gold in the private markets, so that the Fund, like other official financial institutions, can mobilize its resources when they are needed. In order to facilitate future quota increases, the package of amendments should also include a provision to modify the present requirement that 25 percent of a quota subscription be in gold. Such an amendment will be a prerequisite for the quota increase now under consideration. And the amendment will be necessary in any event for us to achieve the objectives shared by all the participants in the Committee of Twenty of removing gold from a central role in the system and of assuring that the SDR becomes the basis of valuation for all obligations to and from the IMF.

Preparation of an amendment to embody the results of the current quinquennial review of quotas offers us still another opportunity to reassess the Fund's role in helping to meet the payments problems of member nations in light of today's needs and under present conditions of relative flexibility in exchange rates.

The trade pledge agreed by the Committee of Twenty provides an additional framework for cooperative action in today's troubled economic environment. It will mitigate the potential danger in the present situation of self-defeating, competitive trade actions and bilateralism. The United States has notified its adherence to the pledge, and I urge other nations to join promptly in subscribing.

The new Development Committee, still another outgrowth of the work of the Committee of Twenty, will give us an independent forum that will improve our ability to examine comprehensively the broad spectrum of development issues. We look forward to positive results from this new Committee's critical work on the problems of the countries most seriously affected by the increase in commodity prices and on ways to ensure that the private capital markets make a maximum contribution to development.

THE WORLD BANK AND ITS AFFILIATES

International cooperation for development is also being strengthened in other ways, notably through the replenishment of IDA. A U.S. contribution of $1.5 billion to the fourth IDA replenishment has been authorized by Congress, and we are working with our congressional leaders to find a way to complete our ratification at the earliest possible date. A significant new group of countries has become financially able to join those extending development assistance on a major scale. We would welcome an increase in their World Bank capital accompanied by a commensurate participation in IDA.

The United States is proud of its role in the development of the World Bank over the past quarter century. We are confident that the Bank will respond to the challenges of the future as it has so successfully responded in the past.

One of these challenges is to concentrate the Bank's resources to accelerate growth in those developing countries with the greatest need.

A second challenge is to continue the Bank's annual transfer of a portion of its income to IDA. The recent increase in interest rates charged by the Bank is not sufficient to enable the Bank to continue transfers to IDA in needed amounts. We urge that the Bank's Board promptly find a way to increase significantly the average return from new lending.

A third challenge is that the Bank find ways to strengthen its commitment to the principle that project financing makes sense only in a setting of appropriate national economic policies, of effective mobilization and use of domestic resources, and of effective utilization of the private capital and the modern technology that is available internationally on a commercial basis.

I should mention also that we are concerned about the Bank's capital position. We should encourage the Bank to seek ways to assist in the mobilization of funds by techniques which do not require the backing of the Bank's callable capital.

Within the Bank Group, we are accustomed to thinking mainly of the IFC in considering private capital financing. While now small, the IFC is, in my view, a key element in the total equation, and should be even more important in the future. But the Bank itself needs to renew its own commitment to stimulation of the private sectors of developing countries.

Finally, let me emphasize that the capable and dedicated leadership and staff of the World Bank have the full confidence and support of the United States as they face the difficult challenges of the current situation.

CONCLUSION

Ladies and Gentlemen, the most prosperous period in the history of mankind was made possible by an international framework which was a response to the vivid memories of the period of a beggar-thy-neighbor world. Faced with staggering problems, the founders of Bretton Woods were inspired to seek cooperative solutions in the framework of a liberal international economic order. Out of that experience evolved an awareness that our economic and political destinies are inextricably linked.

Today, in the face of another set of problems, we must again shape policies which reflect the great stake each nation has in the growth and prosperity of others. Because I believe that interdependence is a reality—one that all must sooner or later come to recognize—I remain confident that we will work out our problems in a cooperative manner.

The course which the United States will follow is clear. Domestically we will manage our economy firmly and responsibly, resigning ourselves neither to the inequities of continued inflation nor to the wastefulness of recession. We will strengthen our productive base, we will develop our own energy resources, we will expand our agricultural output. We will give the American people grounds for confidence in their future.

Internationally, let there be no doubt as to our course. We will work with those who would work with us. We make no pretense that we can, or should, try to solve these problems alone, but neither will we abdicate our responsibility to contribute to their solution. Together, we can solve our problems. Let me reaffirm our desire, and total commitment, to work with all nations to coordinate our policies to assure the lasting prosperity of all of our peoples.

ADDRESS TO THE BOARD OF GOVERNORS

(By Robert S. McNamara, President, World Bank Group, Washington, D.C., September 30, 1974)

I. INTRODUCTION

In the twelve months since our meeting in Nairobi the world economic scene has grown increasingly turbulent. The series of changes which have occurred have been of a magnitude previously associated only with major wars and depressions. New problems have arisen, older problems have become more acute, and the cumulative impact of events has touched every nation represented in this room.

What I propose, then, to do this morning is to review with you:

The scope and interrelated nature of these events;

Their implications for development on various groups of our member countries;

The general measures which might be taken to assist those developing countries most seriously affected by the current problems;

And what I believe the World Bank can and should do in its Fiscal Year 1975–1979 Program to help meet this new situation.

I want to emphasize at the outset one fundamental point which will underlie the whole of my subsequent argument. It is this. Though all of us have been affected in varying degrees by these complex events, by far the most adverse effects have fallen on those countries least able to cope with them: our poorest developing member nations.

These low income countries—relatively disadvantaged in natural resources, without significant foreign exchange reserves, and already suffering from serious internal deprivations—now find themselves caught in a web of external economic forces largely beyond their control. They can do little to influence the current disequilibrium, nor did they precipitate its underlying causes. And yet they have become the principal victims, and are faced with the several penalties.

These countries contain a billion individuals.

Whatever the problems and preoccupations of the rest of us may be, we simply cannot turn our backs on half the total population this institution serves.

The real issue, then, is whether we, in this forum, fully understand what is happening to the poorest countries—and having understood it, are ready to do what is necessary to assist them.

That is the essence of what I want to talk to you about this morning.

But before I turn to that in detail, I want to refer back to our last two meetings.

II. SOCIAL EQUITY AND ECONOMIC GROWTH

Two years ago I began a discussion with you of the critical relationship of social equity to economic growth. I emphasized then the wide disparity in income that exists among the peoples of the developing countries, and the need to design development strategies that would bring greater benefits to the poorest among those peoples: the roughly 40% of the population in every developing country who are neither contributing significantly to their nation's economic growth nor sharing equitably in its economic progress.

Last year in Nairobi I explored this problem further, pointing out that among the 2 billion people living in the more than 100 developing countries the Bank serves, there are hundreds of millions of individuals barely surviving on the margin of life, living under conditions so degraded by disease, illiteracy, malnutrition, and squalor as to deny them the basic human necessities. These are the "marginal men," men and women living in "absolute poverty"; trapped in a condition of life so limited as to prevent realization of the potential of the genes with which they are born; a condition of life so degrading as to insult human dignity—and yet a condition of life so common as to be the lot of 40%, some 800 million, of the peoples of the developing countries.

At Nairobi I outlined a program for the Bank which would begin to deal with these issues. That program will put primary emphasis not on the redistribution of income and wealth—as justified as that may be in many of our member countries—but rather on increasing the productivity of the poor, thereby providing for a more equitable sharing of the benefits of growth. I want to report on the steps we have taken to initiate that program and something of what we see ahead.

The first step in reaching the poorest 40% is to identify them—where they are, what they earn, and what public services reach them. With 70% of the population in the developing countries living in the rural areas, the center of the problem is there. And within the rural areas, we can usefully distinguish the following poverty groups:

1. Small farmers whose land holdings are of a size and quality which should enable them to sustain themselves and their fami-

lies, as well as to produce a marketable surplus, but who now do not do so;

2. Small farmers who cannot sustain the farm family without additional land or without supplementary income from nonagricultural activities;

3. The landless, some of whom migrate to larger towns and cities for off-season temporary employment.

Altogether, these categories contain some 700 million individuals. We do not now have all the information we need to identify the different groups in individual countries. We are, therefore, collaborating with the Food and Agriculture Organization on the development of a better data base and on obtaining a better understanding of the present and potential levels of productivity of individuals in each category.

You will recall that we stated that a reasonable overall productivity improvement objective was to increase production on the 100 million farms, with areas of less than 5 hectares, so that by 1985 their output would be growing by 5% per year, a rate more than double that of the 1960s. It is clearly an ambitious goal, but one whose achievement is made more urgent by the continuing food shortage in the developing world.

The Bank is determined to pursue this goal. But I should stress that what the Bank does is much less important that what governments do to deal with these issues. Progress will only be possible if the countries themselves are willing to make strong commitments to pursue agricultural strategies directed toward the promotion of new income and employment opportunities for the poorest groups. This will involve commitment to effective land reform, assurance of adequate credit at reasonable cost, and reassessment of pricing, taxation, and subsidy policies which discriminate against the rural areas. We are prepared to work closely with governments that wish to take such actions.

Already we see evidence that the objective of a 5% per annum increase in production can be realized. In the past year, we assisted in financing 51 rural development projects in 42 countries involving a total investment of almost $2 billion. These projects are expected to benefit directly at least 12 million individuals. They should generate increases in production of more than 5% per annum for the beneficiaries whose present incomes average less than $75 per capita.

During the next five years our lending to agriculture should double, supporting projects whose total costs will approximate $15 billion and whose direct benefits should extend to 100 million rural poor.

We expect the economic returns on these investments to exceed 15%. They would be similar to the following five projects which were approved by the Bank's Board of Directors in a single two-week period this summer.

A $10.7 million credit for agricultural development in the southern region of the Sudan which will provide a higher standard of nutrition for some 50,000 farm families through expanded food crops; will assist an additional 13,000 farm families through new cash crops; and will benefit roughly half the region's total population of three million people through improved, disease-free livestock.

An $8 million credit for a comprehensive rural development project in Upper Volta, covering extension services, small-farmer credit, improved water resources, and greater access to health facilities; a project calculated, in all, to benefit some 360,000 individuals, 7% of the country's total population in over 10% of the country's cultivated land area.

A $21.5 million credit for a broadly based livestock development program in Kenya, including provisions designed to assist traditional nomadic herders; to improve 10 million acres of communal rangeland; and to expand wildlife areas in order to lessen the conflict for food and water between wildlife and cattle. The program will enhance the incomes of 140,000 rural inhabitants.

An $8 million credit for an integrated rural development project in Mali providing farm inputs and equipment; an expanded functional literacy program; improved medical and veterinary facilities; and an agricultural research program. The program will reach over 100,000 farm families—some one million individuals—with agricultural services that are projected to triple their per capita incomes.

A $30 million credit for a comprehensive dairy development project in India, providing for an increase in production of a million tons of milk a year, as well as for 100,000 heifers; and organizing small cattle owners into 1800 dairy cooperatives which will directly benefit some 450,000 farm families—2½ million individuals—the majority of whom own holdings less than two hectares in size, or are landless. The economic return of the project is estimated at more than 30% on the capital invested.

Last month the Board approved:

A $10 million credit for a rural development project in one of the poorest regions in Tanzania to enhance the productivity, incomes and living standards of some 250,000 people—roughly half the entire rural population of the area—through improvements in agricultural practices and infrastructure investments for 135 newly-established villages. The project aims at doubling the per capita incomes of the villagers over a twelve-year period.

Many more similar projects are under preparation. For example:

A project in the three northern states of Nigeria providing for the construction of 3500 kilometers of low-cost farm-to-market roads, 250 earth dams, 480 rural water supply ponds, and new marketing and credit services. It is designed to benefit 226,000 rural families—over one and one-half million people—by raising incomes substantially above their present level of $40 per capita per year.

A project in one of the poorest regions of Northeastern Brazil to raise the productivity of 33,000 farms (which support 200,000 people) by increasing the number of extension agents; establishing demonstration farm plots; and introducing improved credit, marketing, health, and education facilities.

A project in India's drought-prone areas which cover 250,000 square miles, and in which 66 million people live. It aims to diversify their production into activities less dependent on rainfall. The project includes minor irrigation works, watershed management, improved crop production methods, sheep and dairy development, credit facilities (especially to smallholders), applied research, and farmer training programs. A population of over one million will have their incomes increased as a direct result of the project. One hundred thousand man-years of additional employment will be generated.

Perhaps the most comprehensive project we are working on is an effort to assist the Government of Mexico in its nationwide program of rural development. It is designed to reach the lowest income groups, and would involve a total investment of $1.2 billion over a four-year period. The program grew out of the Government's realization that although the nation had achieved, over the last three decades, the highest sustained growth in agricultural production in Latin America, rural poverty appeared to have worsened in many regions throughout the country, especially in semi-arid zones. The economy had been unable to provide the growing rural population with productive employment.

The thrust of the new program is to provide productive investments in low-income rural areas through small-scale irrigation, rainfed crop production, fruit and vegetable growing, and rural industries. These will be supported by associated investments in labor-intensive feeder road construction, water and soil conservation projects, and support services for the implementation of the Mexican land reform program. There will be provision, too, for social infrastructure, such as rural schools, water supply, health facilities, and electrification. This is, in fact, the most complex program with which the Bank has ever been associated.

It is true that the risks of failure are greater in rural development projects than in some of our more traditional investments. Complicated problems of technology, organization, land tenure, and human motivation remain to be resolved. And yet for the first time we are beginning to see substantial income and employment benefits within the reach of very large numbers of the rural poor, along with high economic returns to the national economy.

What is common to all these efforts within the Bank is an increased emphasis on innovative project design directed toward raising the productivity of the absolute poor, and toward helping them become greater participants in their country's progress. It is clear that development efforts of the past, both by governments and by the Bank, have simply not made an adequate contribution to the welfare of this huge and growing group. We must make sure that the unprecedented combination of events which is presently disturbing the world's economy—to which I now want to turn—does not distract our attention from this fundamental task.

III. RECENT ECONOMIC EVENTS

While the economic changes of the past year have been massive, the fact is that no one can see clearly yet either their extent or their duration. In such circumstances, projections of the future are bound to be uncertain. But they must be made if we are to initiate the long lead-time actions required to minimize the adverse effects of the changes, particularly those which are so seriously affecting many of the developing nations.

In this section I want to review the scope and interrelated nature of these events, with particular emphasis on worldwide inflation; changes in the prices of petroleum and other commodities; and the impact of these changes on the outlook for economic growth in the developed nations (which constitute the principal export markets of the developing countries). This discussion will be followed by a review of the effects of these events on the growth prospects and capital requirements of the developing countries through the remaining years of this decade.

Inflation in the developed nations

There has, of course, been a significant acceleration in the rate of inflation in the developed nations. It began before the rise in the prices of petroleum and other primary commodities, and it is only partially explained by them.

INDEX OF INTERNATIONAL PRICES[1]

	1956	1968	1972	1973	1974	1975	1980
Index (1967-69=100)	94	98	128	154	175	194	278
Percent change over previous year	2.3	−1.4	10.1	20.5	14.0	10.9	7.5

[1] An index of capital goods and manufactured exports prices of major developed countries. The index also reflects changes in exchange rates.

International prices, which had risen only 6% in the decade prior to 1968—less than 1% per year—have risen at an annual rate of nearly 10% in the five years since. The annual rate of inflation will surely decline from the 1974 level of 14% but could well average more than 7% for the period 1976–80.

Inflation benefits virtually all of the developing countries by reducing the burden of their debts service in relation to the value of their exports. However, for many of them—and especially the poorest—this benefit will be more than offset by the deterioration in their terms of trade.

Furthermore, inflation has already eroded the value of the concessionary aid which they receive. Most governments have not increased the amounts appropriated for Offical Development Assistance (ODA) to offset inflation. ODA has declined, therefore, from 0.34% of the GNP of OECD countries[1] in 1972 to 0.30% in 1973 and is likely to fall further in the years ahead.

Petroleum price increase

Contributing to world inflation during the past twelve months has been the increase in the price of petroleum. Relative to export prices of manufactured goods, it has risen by four hundred percent. Although there had previously been a slow, long-term decline in petroleum prices which called for correction, the recent action has resulted in a price that is more than twice as high as it has been in the postwar period in relation to other commodities.

Since imported oil has provided the principal increase in world energy supplies in recent years and cannot rapidly be replaced by other sources, the effect of the price rise is a global imbalance of payments of unprecedented magnitude. Although the export surplus of the members of the Organization of Petroleum Exporting Countries (OPEC) will be offset in part by rapidly rising imports and perhaps by a reduction in oil prices, a substantial trade imbalance is likely to persist at least through the end of the decade.

I am concerned here not with the decision to increase the price of oil, but rather with its consequences for the less developed countries. There are two:

The cost of their current volume of oil imports has been increased by some $10 billion, which is 15% of their total import bill, and equal to 40% of the entire net inflow of external capital last year. As a result the countries least able to finance this cost increase have already had to curtail their development programs.

By the end of the decade some of the OPEC countries are likely to have a continuing balance of payments surplus totaling some $30–60 billion per year (in 1974 prices), the amount depending on their absorptive capacity and price policies as well as the success achieved by oil-importing countries in developing other sources of energy. Of this surplus, roughly a quarter—$8–15 billion in 1974 prices—would be directly with the other developing countries. The remaining $22–45 billion of the surplus would be with the developed countries. Such an imbalance would be so large as to exert a cumulative strain on the economies of the developed nations and on international financial markets, making it more difficult for developing countries to expand export earnings and to finance their balance of payments deficits.

Other commodity price changes

Prices of other primary products—prices which had remained fairly stable from the 1960s to mid-1972—have been increasing very rapidly since then. The high prices of commodities exported by developing countries in 1973 reflected the high level of demand prevailing in a period of exceptionally rapid growth in almost all industrial nations. The failure of wheat and rice crops in widespread areas of the world in 1972 and 1973 also had far-reaching effects on prices of cereal grains. Although some developing countries have benefits from the recent commodity boom, only a small number of them—principally mineral producers—is likely to continue to do so for the remainder of the decade.

Beyond 1974, price projections for primary commodities depend on the assumptions made about growth in the industrial countries, the major markets for such products. Since, as will be discussed below, the growth prospects in these markets for the remainder of the decade are less than they were in the 1960s and the early 1970s, the prices of most primary commodities are not likely to be very buoyant in the years ahead.

Effect of price changes on the terms of trade

The net effect of the increase in the prices of petroleum and other primary commodities, together with widespread inflation in the industrialized nations, will be a substantial change in the terms of trade of the developing countries—that is, in the relationship between the prices of their exports and imports.

TERMS OF TRADE—1973 VERSUS 1980 (1967–69=100)

	Population (in millions)	Terms of trade	
		1973	1980
Developing countries:			
1. Major oil producers	300	140	350
2. Mineral producers	100	102	102
3. Other developing countries:			
A. With per capita incomes over $200	600	104	95
B. With per capita incomes under $200	1,000	95	77
Total	2,000		
OECD countries	600	99	89

For the average of all primary commodity exports, 1973 represented a return to the peak price levels of the Korean War. However, this commodity boom has benefited mainly the richer primary producers, while the poorest suffered both in their terms of trade and in their export volumes. By the end of the decade, as indicated in the table above, there is likely to be a decline in the terms of trade of virtually all of the developing countries, with the exception of the petroleum and mineral producers. The poorest countries will in general be the most severely affected. They are likely to suffer a decline of over 20%. As a result, even with expanding export volumes, there will be little increase in the purchasing power of their exports in the face of rapidly increasing import requirements.

The outlook for economic growth in the developed countries

The industrialized nations have reacted to the rise of petroleum prices and other commodity prices, and to the worldwide inflation, in ways which have reduced their growth rates. Although they have been pursuing policies designed to adjust to the higher costs of energy and to the other inflationary forces, with minimum impact on production and employment, some slowdown of their economies following a period of very high growth was inevitable.

The sharp increase in the cost of petroleum was bound to lead to basic shifts in the structure of their economies, while the sharp rise in balance of payments deficits and the higher levels of inflation have exacerbated the already complex problems of managing the international financial system. All of these factors will continue to have an impact on the growth rates of the OECD countries. The effect to date is shown by the table below.

Rates of real growth of OECD countries (gross national product)

[In percent]

1960–70 (average annual)	4.9
1972	5.8
1973	6.7
1974	1.3

In comparison to growth rates of 5 and 6% in past years, present indications are that the GNP of the OECD countries in 1974 is growing at only 1.3%.

As for the future, a return to the 5% rate of growth realized in the 1960s would require without reducing production, and, equally important, the orderly recycling of the surpluses of the OPEC countries to finance the structural deficits of the industrial countries. Given the difficulties of achieving these objectives, it is only prudent to consider the effects on the developing countries of a drop in GNP growth in the OECD countries, to say, 3.5% or 4.0% for the remainder of the decade.

The adverse effect on the developing countries of such a reduction in economic growth in their major markets would be great. There is a strong relationship—almost 1 to 1—between changes in the growth rate of the OECD countries and that of the oil-importing developing nations. This is not surprising. Exports to OECD countries constitute 75% of the total exports of those nations. A diminished growth rate in the OECD countries translates very quickly into reduced demand for these developing nations' exports, leading in turn to a reduced capacity to import, and hence to lower rates of growth.

IV. CONSEQUENCIES OF RECENT EVENTS FOR THE DEVELOPING COUNTRIES

Any one of the events described above—the deterioration in the terms of trade, worldwide inflation, the increase in the price of oil, the slowdown in the rate of growth of the OECD countries—would have had a serious impact on the developing nations. In combination, the effect on some nations has been near disaster. The trade deficit of all the oil-importing developing nations will more than double this year to approximately $20 billion, and, if they are to maintain even minimum economic growth, it will continue to rise for the remainder of the decade.

Moreover, if present trends continue, Official Development Assistance, as a percentage of GNP, will continue to decline, and may not even increase sufficiently to offset the effects of inflation. Furthermore, unless steps are taken to expand the supply of capital on intermediate and market terms to the more creditworthy developing countries, they will have difficulty competing with the OECD countries in international markets for the funds necessary to finance their increased trade deficits.

If we were to assume that capital flows to the developing nations, with some adjustments for inflation, would rise from $20 billion to as much as $33 billion between 1973 and 1980, including an increase in Official Development Assistance from $10 billion to as much as $17 billion—assumptions which are probably optimistic and which I will examine in greater detail in a moment—it is estimated that the growth rates for the developing nations would be as shown in the table below:

DEVELOPING COUNTRY RATES OF GROWTH PER CAPITA

Developing countries by group	Population (in millions)	GNP growth per capita (average, percent)	
		1965–73	1974–80
1. Major oil producers	300	5.4	8.4
2. Mineral exporters	100	1.2	3.8
3. Other developing countries:			
A. With per capita incomes over $200	600	4.3	3.4
B. With per capita incomes under $200	1,000	1.1	—.4
Total	2,000		

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[1] Twenty-four developed countries which are members of the Organization for Economic Co-operation and Development.

As is apparent, the growth rates projected for all of the developing nations, other than the petroleum and mineral exporters, are substantially below the levels which were thought likely only a few months ago.

Some countries—for example, Thailand and the Philippines whose reserves have benefited from buoyant export prices, or Turkey and Yugoslavia which have received substantial remittances from their workers abroad—can partially finance the heavy 1974 trade account deficits and can avoid severe deterioration of their growth rates. The prospects of other countries such as Korea and Brazil, which have been steadily expanding their export of industrial goods, are much better than those of countries dependent on agricultural exports.

The major impact is on the poorest nations. The rising prices of imported petroleum, fertilizer, and cereals; the slack demanded for their exports to developed countries; and the erosion by inflation of the real value of development assistance, all have dealt severe blows to the growth aspirations of the poorest members of the Bank. These nations, with a population of one billion, and incomes averaging less than $200 per capita, on the most likely set of assumptions regarding commodity prices, capital flows, growth rates in the OECD countries, would suffer an actual decline in their per capita incomes. The effect of this on the already marginal condition of life of the poorest 40% within these countries is an appalling prospect.

The countries thus affected are mostly in South Asia and Africa. Consider the following cases:

India: Higher oil prices will add $800 million to India's import bill this year—an amount equivalent to roughly two-thirds of her entire foreign exchange reserves, over 25% of her total exports, and far in excess of the previously projected net resource transfer. Price increases for nitrogenous fertilizer—and India is the world's largest importer of this essential ingredient of increased agricultural production—will add another $500 million; and higher prices for essential foodgrain imports still another $100 million.

Sri Lanka: Despite large cuts in food rations, in 1974 cereal grain import costs will rise by $100 million, fertilizer by $40 million, and petroleum by $100 million. And stagnating world prices of tea—Sri Lanka's major exports—have in effect locked the country into a long-term deterioration in its terms of trade.

Bangladesh: Devastated by both flood and war, the country has had to devote most of its imports to essential reconstruction and minimum food requirements. It has been unable as yet to mount a sustained development program which its more than 75 million people desperately require. To do so it would have to increase its imports substantially and yet this year alone the new oil prices will add $70 million to its costs, and food and fertilizer price increases an additional $100 million.

The Sahelian Countries of Africa: Due to the most devastating drought in their history, Mali, Niger, Upper Volta, Mauritania, Senegal, and Chad have been unable to take advantage of the favorable world prices of their chief exports: groundnuts, cotton, and livestock. The surge in petroleum prices has driven the cost of their essential fuel imports from 10% of their export earnings to 30 or 40%, at the same time that their food import requirements—literally to stave off mass starvation—have risen drastically.

The East African countries of Tanzania, Somalia, and Kenya are also facing severe balance of payments pressure.

V. MEASURES TO SPEED THE ADJUSTMENT PROCESS

To assist the developing countries in meeting the cumulative impact of these problems, the Bank has examined the internal and external adjustments which might be undertaken to minimize the setback to development summarized in the tables above.

Much must be done by the developing countries themselves, particularly in restructuring their patterns of use and procurement of energy and even more in expanding their production of cereal grains.

Restructuring patterns of use and production of energy

The impact of the petroleum price increases on the balance of payments of the developing nations could be diminished, of course, if they could reduce their consumption of imported petroleum. This could result either from a reduction in their consumption of energy in general, or through a shift from imported petroleum to domestic sources of energy supply.

While greater efficiency and conservation in energy use may be feasible in some cases, the amounts involved will be small. On average, the one billion people in the countries with per capita incomes below $200 consume only about 1% as much energy per capita as the citizens of the United States. Reduction of energy consumption in those countries in any significant degree can only lead to reductions in industrial and agricultural production, and a lowering of the standards of living for the masses of the population.

The outlook for substituting other forms of energy for petroleum is brighter. It will be possible in many countries, for example, India, Pakistan, Brazil, and Turkey, to generate power using alternative energy sources. Petroleum-based plants can be replaced with hydropower, geothermal power, or with coal, lignite or nuclear fuel plants. But even in countries where these alternative energy sources are available (and in some, such as Kenya and Upper Volta, this is a very uncertain prospect), exploiting these sources will require time-consuming geological or hydrological surveys and very large additional capital investments.

Moreover, the resources to be used for these investments must be drawn away from other projects, thereby reducing the countries' development programs. And in any event, it will be from 5 to 7 years before such facilities for energy production can become operational and begin to offset the increased foreign exchange costs of petroleum imports.

Expanding the production of food grains

Although there has been a reasonable long-run balance between supply and demand of food grains for the world as a whole, there has been a serious and growing shortage of food production in the developing countries. Unless remedial action is taken, the situation will become much worse. The principal reasons for the shortage have been the rapidly expanding population in these countries and their failure to achieve satisfactory levels of agricultural productivity.

Were present trends to continue, it is estimated that the cereal grain import requirements of the developing nations could double between 1970 and the middle of the next decade. By that time those countries would be seeking to import 70 to 80 million tons per year, and the foreign exchange required each year could reach $20 billion. This additional requirement could not be met from any reasonable projection of export earnings or capital inflows. There is only one answer to this problem: the 2.9% rate at which the developing countries have increased their output of food grains over the past two decades must be increased substantially.

This can be done. Grain yields in the developing countries are no more than 40% of the yields in the developed countries. The developing countries do have the potential to increase their agricultural productivity. But that potential cannot be realized unless the developing countries themselves initiate action on a wide front, including measures to expand the cultivated areas under irrigation, promote the availability and use of fertilizer, and maintain a price structure which provides farmers with adequate incentive to grow more food. These are the prerequisites to increasing productivity, and they will require substantial sums of capital.

Investments in world fertilizer capacity have been inadequate to cope with the sharp increase in the demand for fertilizers in the major grain-exporting countries of the OECD, and in the developing countries which have been modernizing their agriculture. The developing countries' share in total world consumption of fertilizers has increased from 10% in 1961 to about 17% today, and it is projected to increase further to 25% by the end of the decade.

We estimate that by 1980 the demand for nitrogenous and phosphatic fertilizers in the developing countries will exceed 22 million metric tons annually, only half of which can be produced with their existing capacity and its currently planned expansion. To add 11 million tons of additional production capacity would require an investment of some $6 to $10 billion.

Many developing nations have already initiated action to conserve energy and to explore alternatives to continuing increases in petroleum imports. Some have started to reduce their dependence on imported foodgrains. But years will pass before these efforts bear fruit. In the meantime, the higher import costs of petroleum, food grains, fertilizer, and manufactured goods will place a heavy burden on their balance of payments and reduce their savings available to finance investment. Unless these requirements are met by additional capital flows, the result will be further declines in their rates of growth.

This brings us to a discussion of the volume of capital required, in particular by the poorest developing countries, to prevent this outcome.

VI. CAPITAL REQUIREMENTS

Earlier I stated that we were to assume that capital flows to the developing nations would increase from $20 billion to $33 billion between 1973 and 1980, with Official Development Assistance rising from $10 billion to $17 billion, growth rates during these years for the developing nations (excluding the petroleum and mineral exporters) would average 3.4% per capita for the countries with individual incomes over $200 and would actually decline for those with incomes below $200. It is time to examine that assumption (shown as Case I in the following tables) and to consider alternatives.

The 3.4% per capita rate of growth projected for the middle and high income countries is far from satisfactory, and the decrease of .4% projected for the poorer countries is totally unacceptable. Were we to raise these rates by planning on a 4% per capita growth for the countries with incomes over $200 and a rate one-half of that for those with incomes of $200 or less, we estimate that the capita requirements by 1980 would rise by 60%. Total capital required would increase from $33 billion to $53 billion. ODA would have to rise to $24 billion, a huge sum, but a sum which would still be no larger than its present share of the donors' protected GNP. These data are shown in Case II.

TABLE I.—DEVELOPING COUNTRY RATES OF GROWTH PER CAPITA

Developing countries by group	Population (in millions)	GNP growth per capita (average, percent) 1965–73	1974–80 Case I	1974–80 Case II
1 Major oil producers	300	5.4	8.4	8.4
2 Mineral exporters	100	1.2	3.8	3.8
3 Other developing countries:				
A With per capita incomes over $200	600	4.3	3.4	4.0
B With per capita incomes under $200	1,000	1.1	–.4	2.1
Total	2,000			

TABLE II.—NET EXTERNAL CAPITAL FLOW REQUIRED TO ACHIEVE GROWTH RATES IN TABLE I

[Amounts in billions of dollars]

	1973	1980 Case I	1980 Case II
ODA—Amount	$9.4	$16.7	$24.4
Percent of donor GNP	(.30)	(.20)	(.30)
Other concessionary aid	1.9	5.5	5.5
Market terms borrowing	8.8	10.8	23.6
Total net external capital flow	20.1	33.0	53.5

Two-thirds of the increase in the capital required from 1973 to 1980 is needed simply to compensate for the higher prices of commodities and services imported by the developing countries.

Are such capital flows attainable?

In considering the question, I want to emphasize two points:

First, the substantial increase in market terms borrowing that the middle and higher income developing countries must undertake—efforts which can succeed only if the recycling mechanisms make special provision for the very large capital requirements of these countries as well as for those of the developed nations.

And second, the alarming rate at which inflation is eroding ODA flows and the failure to compensate for this balance of what might be termed the "money illusion"—that is, failing to recognize that in periods of rapid inflation the same number of dollars, at different moments of time, do not represent the same real values.

While the rapid growth of the Eurocredits extended to the developing countries in the recent past is striking, the total market borrowing by these countries was heavily influenced by the amounts lent to a few of the nations with a high credit standing. More than $3.3 billion out of the total of $8.8 billion raised in 1973 by the developing countries went to just three nations—Mexico, Brazil, and Peru—and an additional $2.1 billion went to the oil- and mineral-exporting countries. Very little was loaned to Turkey, Korea, the Philippines, Thailand, and other middle income countries which will need large amounts of such capital in the future.

To support Case II, the amount of $8.8 billion raised in 1973 would have to increase to $15 billion within the next two years and to some $24 billion in 1980; and the number of borrowers would have to increase significantly.

It is to be hoped that the international banking community will recognize that many of the developing nations, if assisted to make the structural adjustment necessary to realize their long-term growth potential, represent excellent opportunities for profitable placement of surpluses, particularly those generated initially in the OPEC countries. But, as I suggested before, one cannot be sanguine about the prospects of increased borrowing by the developing countries from the Eurocredit markets unless the developed countries provide some support to those markets. The developing countries will face heavy competition from the developed countries seeking to draw on OPEC surpluses to finance their own balance of payments deficits.

Market borrowing has not been a source of funds open to the lower income countries. These nations must depend mainly on concessionary flows, principally ODA. And it is in relation to ODA that the effects of the "money illusion" become most apparent.

ACTUAL AND PROJECTED FLOWS OF OFFICIAL DEVELOPMENT ASSISTANCE

[Amounts in billions of dollars]

Total	1960	1965	1970	1971	1972	1973	1974	1975	1980 Case I	1980 Case II
In current prices	4.7	5.9	6.8	7.8	8.7	9.4	10.7	11.9	16.8	24.4
In 1973 prices	7.7	9.0	9.3	10.0	10.0	9.4	9.4	9.5	9.3	13.5
As percent of GNP	.52	.44	.34	.35	.34	.30	.30	.29	.20	.30
ODA deflator	61	65	73	78	86	100	114	126	181	181

In the past ten years, ODA in relation to GNP has decreased by one-third. Today it is running at scarcely 40% of the .7% target. Since that objective was established by the United Nations General Assembly in 1970, there has been no increase, in real terms, in the concessionary flow despite a 12% increase of GNP in the donor nations. The reason, I believe, is clear: legislatures fail to recognize that the 62% increase between 1970 and 1974 in the money value of the ODA which they have appropriated not only contributes nothing toward attaining the .7% objective, but just barely maintains the real value of the 1970 level of assistance.

The most important single step the developed nations could take to assist the one billion people of the poorest countries would be to recognize that the effects of inflation alone require—and will continue to require—major increases in the appropriated money values of Official Development Assistance.

The OPEC countries are beginning to help meet the capital requirements of the developing nations, including making contributions to ODA which are larger in proportion to gross national product than those of the OECD nations.

Excluding Indonesia and Nigeria which are not in a position to export long-term capital, the projected change in the financial position of the OPEC countries, between the years 1973 and 1980 is shown in the following table:

PROJECTED CHANGE IN THE FINANCIAL POSITION OF THE OPEC COUNTRIES

[Excluding Indonesia and Nigeria]

	1973	1980
OPEC GNP—Amount (billions)	$76	$411
Percent of OECD GNP[1]	2.5	5.0
GNP per capita:		
OPEC	$951	$4,240
OECD[1]	$4,735	$11,980
OPEC foreign exchange reserves and external investments (billions)	$24	$624
OPEC income on external investments (billions)	$2	$40

[1] The OPEC GNP figures are not strictly comparable with those of the OECD countries. The former include a high proportion of income from the production of nonreplaceable assets for which no depreciation allowance has been provided. Were this factor to be taken into account, OPEC per capita GNP in 1980 would probably be 30 percent less than shown.

The data show that the OPEC countries will be highly liquid in 1980, although their GNP will be but a small fraction of that of OCED countries, and their per capita incomes, on average, substantially less. In these circumstances, it can be expected that they will direct a portion of their liquid funds to the financing of the ODA increases required by the poorest countries. But a far larger portion of the OPEC surpluses will no doubt be used to finance the very large capital requirements of the middle and higher income nations.

The OPEC countries have already taken a number of initiatives which may lead to an increase in the flow of their development aid. These range from Iran's and Iraq's agreements to supply India with specified quantities of oil on deferred payment terms, to the creation of the Saudi Arabian Development Fund, and the very substantial expansion of the Kuwait and Abu Dhabi Development Funds. But many of these initiatives will take time to organize and to staff. Disbursements are, therefore, likely to be slow. The World Bank has offered its assistance of these institutions to accelerate the flow of funds.

VII. THE CONTRIBUTION OF THE WORLD BANK GROUP FOR FISCAL YEARS 1975–79

The net effect of the events we have discussed is a dramatic increase in the capital required by the developing nations for the achievement of even modest rates of growth during the remaining years of the decade. The present plans of the OECD and OPEC countries do not indicate that sufficient capital will be available. Under these circumstances I believe the World Bank Group must expand its lending to the maximum permitted by prudent financial management and the availability of funds. The program which I have presented to our Board of Directors for their consideration is a first step in that direction.

It provides for total lending in the five fiscal years 1975–79 of $36 billion. The program which the Board has approved for FY 75 contemplates commitments totaling $5.5 billion, compared to $4.5 billion in the fiscal year just ended, and $3.5 billion in the year before that.

The total of $16 billion for the five years compares with $16 billion for the previous period (FY 1970–74). However, the increase of $20 billion—125% in money terms—provides for an increase of only 40% in real terms (7% per annum).

At Nairobi, the negotiators of the countries contributing to the International Development Association (IDA) believed that their pledges of $4.5 billion for the 4th Replenishment period would provide an increase of 55% over the level of the 3rd Replenishment. Already that expected increase has been more than offset by actual or projected inflation. It now appears that the 4th Replenishment, in real terms, will be slightly smaller than the 3rd. To minimize the impact of this loss of value, we propose to shift the allocation of scarce IDA resources in such a way as to concentrate them on the countries most seriously affected by the recent economic developments. We intend to give priority in these countries to raising agricultural production in general and the productivity of the rural poor in particular.

The proposed Bank Group program is large. It will require net borrowing during the five years of over $13 billion. Much of that amount can, I believe, be borrowed from OPEC countries. They have been most cooperative with the Bank and in recent months we have received loan commitments from them totaling $2 billion. But as large as the Bank program is, in combination with the other funds which the OECD and OPEC countries indicate they plan to make available to the developing countries, it is totally inadequate to meet minimum development objectives.

I strongly recommend that the proposed Joint Ministerial Committee, as its first item of business, appraise the needs of the developing nations for additional capital and examine possible sources of funds to meet those needs. The formation of the Committee offers a new and welcome opportunity to focus the attention of the world's governments on the progress, or lack of progress of the developing nations, as well as the progress, or lack of progress of the richer countries in meeting their responsibility to support development in those nations.

VIII. SUMMARY AND CONCLUSIONS

Let me now conclude by summarizing the central points I have made this morning.

Although there are many ingredients that have contributed to the current economic turbulence, there are at least three principal and interrelated factors which are of major significance for the development scene.

One, of course, is inflation. Itself the troublesome child of many forces, inflation not only penalizes the poor proportionately more than the rich, and severely erodes the value of Official Development Assistance, but in leading to lower growth rate in the developed nations it threatens to reduce demand for the developing countries' exports, as well as to trigger protectionist tendencies.

The second factor is the sudden surge in the price of petroleum. Though it has contributed to balance of payments problems in many nations, it has fallen with the greatest severity on the poorest countries. They possess neither the flexibility of the developed nations to readjust trade and investment, nor the margin to reduce consumption.

And the third factor is the general boom in most other primary commodities. This has clearly benefited some developing countries. But it has also created further difficulties for the poorest nations whose exports simply cannot offset the price increases for fertilizer and food, which, in combination with the increases in oil and manufactured goods, have substantially reduced their terms of trade.

If, then, we survey the development scene as a whole, it is evident that countries with some 20% of the population of the nations we serve have registered a net gain: the oil-exporting countries and some of the mineral producers.

For certain other developing countries, representing about 30% of the total population, the long-run outlook is good although they face serious problems of adjustment to the new conditions. Most of them are in the middle and upper income categories of developing nations. They should be able to borrow much of what they need on the world capital markets if the recycling mechanism is designed and managed with their needs in mind. In addition, they will need large sums on intermediate terms and the Bank must expand its program to help meet this requirement.

But for the poorest of our member countries—countries that represent fully half of the total population of all the nations we serve, countries containing one billion human beings—the situation is desperate.

Almost every element in the current economic situation has worked to their disadvantage, and has been compounded even further for many of them by the natural disasters of flood, drought, and crop failures.

These countries, then, need additional assistance on concessionary terms, and they need it promptly: $3 to $4 billion more per year in the remaining years of the decade.

Can such assistance be mobilized in the current economic environment—an environment in which the real per capita incomes of many of the largest donors have decreased in the past twelve months and in which all traditional donors face severe inflation, unacceptable unemployment, and uncertain growth prospects.

I believe it can—and I believe it must.

The world has not suddenly lost its wealth. The OPEC countries have gained huge amounts, and the traditionally wealthy nations continue to be wealthy. They are less wealthy than they hoped to be at this time, but they are more wealthy than they were as recently as twenty-four months ago, and immeasurably more wealthy than the nations of the developing world.

What, after all, really constitutes wealth? And what more fundamental measures of wealth are there than the levels of nutrition, literacy, and health? It is in these terms that the average citizen of a developed nation enjoys wealth beyond the wildest dreams of the one billion people in the countries with per capita incomes under $200: his caloric intake is 40% greater; his literacy rate is four times higher; the mortality rate of his children is 90% lower; and his own life expectancy 50% more. Are there any more basic terms in which to compare the wealth of the developed and developing nations?

The developed nations, understandably preoccupied with controlling inflation, and searching for structural solutions to their liquidity imbalances, will be tempted to conclude that until these problems are resolved, aid considerations must simply be put aside.

But aid is not a luxury—something affordable when times are easy, and superfluous when times become temporarily troublesome.

It is precisely the opposite. Aid is a continuing social and moral responsibility, and its need now is greater than ever.

It is true that the affluent nations in the face of shortages and inflation, and in order to continue to expand aid, may have to accept for the time being some selective reduction in their already immensely high standard of living. If they have to, they can absorb such inconveniences.

But for the poorest countries such a downward adjustment is a very different matter. For them downward does not mean inconvenience, but appalling deprivation. And for millions of individuals in these countries downward means simply the risk of death.

The problem, then, is not that the developed nations have suddenly lost their capacity to assist those countries most in need. They have not. The amounts of additional financial assistance that would mean the difference between decency and utter degradation for hundreds of millions of the absolute poor are, in relative terms, minute—perhaps 2% of the increase in real income the developed world can look forward to in the remaining years of the decade.

The basic problem, then, is a philosophical one—a problem of values.

Will 1974 be best remembered as the year prices exploded? Or will it, perhaps, be better remembered in the longer perspective of history as the year when the word interdependence stopped being rhetoric, and started being reality?

One thing is certain: the development task has not diminished. It has only become more urgent. The responsibility of us all is to get on with it.

FLOW OF OFFICIAL DEVELOPMENT ASSISTANCE MEASURED AS A PERCENT OF GROSS NATIONAL PRODUCT[1]

	1960	1965	1970	1971	1972	1973	1974	1975	1980[2] required for— Case I	1980[2] required for— Case II
Australia	0.38	0.53	0.59	0.53	0.59	0.44	0.53	0.45		
Austria		.11	.07	.07	.08	.13	.13	.13		
Belgum	.88	.60	.46	.50	.55	.51	.56	.62		
Canada	.19	.19	.42	.42	.47	.43	.51	.51		
Denmark	.09	.13	.38	.43	.45	.47	.49	.50		
France	1.38	.76	.66	.66	.67	.58	.55	.51		
Germany	.31	.40	.32	.34	.31	.32	.30	.28		
Italy	.22	.10	.16	.18	.09	.14	.10	.08		
Japan	.24	.27	.23	.23	.21	.25	.24	.24		
Netherlands	.31	.36	.61	.58	.67	.54	.61	.65		
New Zealand[3]					.23	.27	.36	.47		
Norway	.11	.16	.32	.33	.41	.45	.63	.65		
Portugal	1.45	.59	.67	1.42	1.79	.71	.47	.42		
Sweden	.05	.19	.38	.44	.48	.56	.69	.70		
Switzerland	.40	.09	.15	.11	.21	.15	.15	.15		
United Kingdom	.56	.47	.37	.41	.39	.35	.34	.32		
United States[4]	.53	.49	.31	.32	.29	.23	.21	.20		

Footnotes at end of table.

FLOW OF OFFICIAL DEVELOPMENT ASSISTANCE MEASURED AS A PERCENT OF GROSS NATIONAL PRODUCT[1]—Continued

	1960	1965	1970	1971	1972	1973	1974	1975	1980[2] required for— Case I	1980[2] required for— Case II
Grand total:										
ODA dollar millions (current prices)	4,665	5,895	6,832	7,762	8,671	9,415	10,706	11,948	16,760	24,400
ODA 1973 prices	7,660	9,069	9,346	9,976	10,059	9,415	9,391	9,452	9,259	13,480
GNP dollar billions (current prices)	898	1,340	2,010	2,218	2,550	3,100	3,530	4,100	8,200	8,200
ODA as percent GNP	.52	.44	.34	.35	.34	.30	.30	.29	.20	3.0
ODA deflator	60.9	65.0	73.1	77.8	86.2	100.0	114.0	126.4	181.0	181.0

[1] Countries included are members of OECD Development Assistance Committee, accounting for more than 95 percent of total official development assistance. Figures for 1973 and earlier years are actual data. The projections for 1974 and 1975 are based on World Bank estimates of growth of GNP, on information on budget appropriations for aid, and on aid policy statements made by governments. Because of the relatively long period of time required to translate legislative authorizations first into commitments and later into disbursements, it is possible to project today with reasonable accuracy, ODA flows (which by definition represent disbursements) through 1975.

[2] Case I leading to a —0.4 percent change in GNP per capita per annum in countries with incomes of under $200 per capita would require ODA of $16,700,000,000 (.20 percent of DAC GNP) in 1980; Case II with 2.1 percent growth in GNP per capita would require $24,400,000,000 (.30 percent of DAC GNP) in that year.

[3] New Zealand became a member of the DAC only in 1973. ODA figures for New Zealand are not available for 1960–71.

[4] In 1949, at the beginning of the Marshall Plan, U.S. Official Development Assistance amounted to 2.79 percent of GNP.

CHINESE PATRIOTS CELEBRATE THEIR "DOUBLE TEN" ANNIVERSARY

Mr. HELMS. Mr. President, I wish to remind my colleagues of a significant anniversary for all people who cherish the cause of freedom. Sixty-three years ago, Dr. Sun Yat-sen led a successful revolution against the Ching Dynasty, establishing the first republic in Asia. Tomorrow, October 10, is the anniversary of that date. Chinese patriots everywhere celebrate this date as the "Double Ten" holiday, so named because it is the 10th month of the year. For free Chinese, it is their day of independence, commemorating the overthrow of the decadent Manchu Empire.

As we know, however, the young republic was destined to lead a stormy existence. The Japanese invasion, the rise of Mao Tse-tung, the vicissitudes of World War II, the fallout from the Yalta Conference, and disastrous policies pursued by a pro-Communist crowd in our own U.S. State Department led to the gradual extinction of freedom on Mainland China. On October 1, 1949, Mao Tse-tung proclaimed victory. The free Chinese, however, withdrew to the island province of Taiwan, and made that island an Asian demonstration project in freedom. True agrarian reform, the nurturing of private enterprise, the protection of Chinese family values, and the carrying on of the historic and ancient Chinese culture have been the hallmarks of the Republic of China.

As the free Chinese put together their war-tattered nation, it is important to remember that they did not ask for much from the rest of the world—all economic aid from the United States essentially ended in 1965, and all military grants from the United States were terminated in July of 1973. They are not asking for handouts from us; in fact, their overall economic picture has been very promising with their gross national product soaring over the past several years. For example, in 1960, the Republic of China's gross national product was $2.5 billion; by 1970, their output had more than doubled to $6.2 billion. There has been a steady rise since then, with the latest available figures putting the 1973 GNP for Taiwan at $8.6 billion.

The free Chinese are willing to work, and they cherish their independence in every respect. What they want is what I believe we do, in fact, owe them: our allegiance and moral support in their struggle against the Communists who have stripped them of their country.

There are those who hailed the policy of former President Nixon and Dr. Kissinger with respect to Communist China as a dramatic step forward for world peace and understanding. My response is that anyone who respects the Chinese people for their accomplishments and civilization cannot accept the Mainland regime as the legitimate representatives of the Chinese people. We are told that we cannot ignore 800 million Chinese; yet the truth is that when we deal with the Communist government in Peking, we are ignoring the wishes of 800 million Chinese, who have never had any say in the organization of the Communist government.

By dealing with Peking, we have gone beyond the realms of pragmatism. We inferentially have recognized the legitimacy of the claims of the Communists and have prejudiced the claims of Free China. Yet Free China survives, and will survive. Our current pro-Peking policy is an aberration. And the people of Free China should understand that they have not been forgotten, and that their friends in the United States will never allow Free China to be submerged in Communist tyranny.

GRISLY FOR THE GRIZZLIES

Mr. CRANSTON. Mr. President, I would like to bring to my colleagues' attention an article in the Manchester Guardian of September 21, 1974, by Mr. Simon Winchester.

The scenario set forth by Mr. Winchester of the dwindling grizzly bear population, while grim, is unfortunately only part of a larger, more discouraging picture. While the National Park Service management policies have contributed to the decline of the grizzly bear population in the Yellowstone ecosystem, the hunting seasons held annually in the States of Wyoming and Montana have dealt an equally severe blow to stability of the bear population.

The annual bear hunts have continued despite the fact that the bear population for the lower 48 States is conservatively estimated to be 800. In fact, a recent report by the Fish and Wildlife Service—not to be confused with the National Academy of Science study—recommends that because of the low number of grizzlies, the slow reproductive rate of the bear and the increasing man-caused pressures upon the bear and its habitat, the bear should be classified as a "threatened species" in the United States south of the Canadian border.

Despite the pessimistic outlook for the grizzly bear, the Fish and Wildlife Service has not implemented the recommendations of its task force. The unlimited hunting continues in the Bob Marshall ecosystem in Montana. So it still remains to be seen what the fate of the grizzly bear will be in the lower 48 States.

I ask unanimous consent that Mr. Winchester's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GRISLY FOR THE GRIZZLIES

[From the Manchester Guardian,
Sept. 21, 1974]

The Yellowstone National Park is currently facing an unusually pressing problem: it is running out of grizzly bears. Four years ago rangers reckoned there were about 230 specimens of Ursus arctos horribilis roaming the giant park in the extreme northwest of Wyoming. In 1973 ecologists estimated a total population of 158, and this year they think only 144 may be left.

Precisely what is going wrong is currently the subject of a bitter controversy that has pitted officials of the National Park Service against a small but vociferous band of environmentalists. The leader of this group is Dr. Frank Craighead, one of a pair of rugged and extraordinarily talented twins (the other is Dr. John who lives in Montana) who has become, over the past 20 years, perhaps the most devoted and renowned student of the grizzly bear in this country.

Dr. Frank Craighead, who now conducts his wild life research from a laboratory in the Grand Teton Park, 50 miles south of Yellowstone, blames the decline in the grizzly population in the park (only two other wilderness areas, both in Montana, house significant numbers of America's remaining specimens) on the so-called "bear management" policies of the park staff. A major mistake, he contends, was made four years ago, when the park superintendent, Mr. Jack Anderson, ordered the sudden closing of all of Yellowstone's big rubbish dumps—dumps which, he claimed at the time, were unsightly and unsanitary.

The relation between rubbish dumps and grizzly bears may not be immediately apparent; but ever since the end of the last century, in the early days of Yellowstone's life, the grizzlies have found that the collected piles of travellers' refuse provided them with an excellent and foolproof source of food. For 80 years, grizzly bears have been feeding, often in great roaming bands who came down from the remote pine forests. at the rubbish dumps. Then, early in 1970, Mr. Anderson ordered all the dumps to be closed down, and any bears trying to use them to be removed or shot.

Dr. Craighead had warned that the peremptory removal of the bears' traditional food supply would cause trouble. He asked Anderson to phase out the dumps gradually, to provide temporary supplies of freshly killed elk and deer carcases for the hungry bears to feed upon, and for rangers to "go easy" on any angry grizzlies. But Anderson decided to go ahead anyway.

Hungry bears raged through the park, rangers shot and poisoned them at a rate that more than doubled the "wastage" rate (that included permitted hunting) of previous years, and within a few months the bear population began to fall.

In addition, some bears turned on visitors. In 1970 one youngster disappeared from a camp site, after it had apparently been ravaged by a bear, and he has never been found; in 1972 a youth was killed by a bear and a court case blaming the park service for negligence opens in California in November. Lesser injuries to tourists increased in the first few months after the dumps' closure—though Anderson points out that they now have fallen back to virtually nothing in 1974.

One reason why Yellowstone is safer than it was three years ago, though, may be that tourists who visit the park see, and come in contact with far fewer bears. The Park Service brochures are still considerate enough to tell motorists what to do in case of a "bear jam" on a park road—but the likelihood now of one getting held up for half an hour by an ursine mob wandering about on the road is extremely remote. We took a short trip through the park; an enchanting place, as ever, but nary a bear in sight. And yet Mr. Anderson, in one of his more polite retorts to the diatribes of the Craighead twins, recently said that "if anyone wants to see a grizzly bear, I can show them bears coming out of my ears."

Last month a group of quasi-independent arbitrators, headed by an ecologist from the University of British Columbia, reported on the controversy to the National Academy of Scientists in Washington. Their conclusion, and one which the park service now puts into all its press releases, was that the grizzly "is in no immediate danger of extinction." ("I never said that it was," said Dr. Craighead. "All I said was that if the park service continued with its management policy it could lead to the eventual wiping out of the Yellowstone grizzly population.")

But the same scientists also told the NAS that the Park Service research programme was "inadequate" and that a "conservative policy of removal" of grizzlies is from now on "essential." Hunting should be banned: the shooting of so-called "incorrigible" bears should be stopped; the grizzlies should be permitted to creep back to their old population levels once again. So the report represents a small triumph for environmental whistleblowing—though only, Craighead insists, a very small one. "The same policies are going on in Glacier National Park and in the Bob Marshall Wilderness. There is no knowing whether the men who are in charge of these policies will accept any of these recommendations. We are not out of the woods yet."

There are 600 grizzly bears left in the U.S.—perhaps if one is generous there might be as many as 800. It is not yet an endangered species, technically speaking, and there are many left up in the Canadian Rockies to maintain the world population at a reasonably high level. But in Yellowstone, the home of Yogi Bear and the traditional base of the grizzly in America, things are not so good. Whether Ursus arctos can escape a fate here that is truly horribilis remains to be seen.

CASTRO'S EXPORTATION OF REVOLUTION TO THE WESTERN HEMISPHERE

Mr. GURNEY. Mr. President, just as the development of Cuba as a Soviet satellite in the Caribbean should be of immense concern to those considering the "normalization" of U.S. relations with Cuba, so too should Castro's 15-year-old policy of exporting revolution to the rest of the hemisphere. It seems only logical that if the rest of the Americas are going to start acting "normally" toward Cuba—by restoring economic trade and renewing diplomatic relations—Castro should first start acting "normally" and discontinue sending money, arms, and trained guerrilla fighters to subvert other Latin American governments.

For one who complains about American interventionism, Castro has a record of stirring up trouble for others dating back to the earliest days of his regime. Less than a month after coming to power, one of Castro's top henchmen, Che Guevara, was quoted as saying, "the revolution is not limited to the Cuban nation," and 3 months after coming to power Castro himself was reported to have said, "the Caribbean is ours."

He was not kidding—at least not insofar as intent was concerned. Not long thereafter, 84 Cuban revolutionaries made a comic opera attempt to invade Panama. They failed—ludicrously—but their failure did not deter Castro from sending armed expeditions into the Dominican Republic, Haiti, and Nicaragua in an attempt to make his words come true.

The next year, 1960, Castro shifted his attention to the South American continent. True to his words, "we promise to continue making—Cuba—the example that can convert the Cordeillera of the Andes into the Sierra Maestra of the American continent," pro-Castro guerrillas turned to urban terrorism and sabotage in an effort to topple the freely elected government of President Romulo Betancourt.

About the same time, Fidelistas participated in an effort to overthrow the government of Paz Estenssoro in Bolivia, and were organizing workers, students, and peasants against the duly elected government of Alberto Lleras-Camargo in Colombia. In addition, the revolutionary movements of Turcios Lima and Yon Sosa in Guatemala began to gather steam.

All these movements continued well into the 1960's with Castro's blessing and, in many cases, active support. In 1962 alone, it has been reported that 1,500 Latin Americans were given instruction in guerrilla tactics in Cuba.

In 1963, a 3-ton arms cache together with a plan for using the arms to help Communist guerrillas capture Caracas was captured and subsequent evidence disclosed that Castro had supplied the weapons. In response, the OAS condemned Cuba for aggression and called on Latin American nations to apply economic sanctions against Castro. Hence, the trade embargo was born.

Despite such criticism, Castro continued his efforts. Fidelista activity continued in Venezuela and Colombia—although the revolutionary "republics" of Marquetalica, Sumapaz, and El Pato were cleaned out by the Colombian Army in 1964—and was reintroduced into the Dominican Republic where Castro supplied arms and training for a guerrilla movement that was undertaken in 1963. This Dominican effort was defeated, but there is evidence to suggest a number of Communists who had received guerrilla training in Cuba later participated in the 1965 takeover attempt that was thwarted only by the intervention of the United States and the Organization of American States.

It is also reasonable to assume that Castro and his supporters were not disinterested in the 1964 effort by Joao Goulart to turn Brazil over to the Communists. Fortunately, that move was thwarted by the Brazilians themselves. But, later, urban trained revolutionaries turned to urban terrorism in an effort to overthrow succeeding Brazilian Governments.

In 1966, undiscouraged by his failures, Castro hosted the famous Tricontinental Conference which adopted 73 resolutions directed at "the system of imperialist, colonialist, and neocolonialist exploitation against which it has declared a struggle to the death." Out of that conference came plans for further subversion of Latin America.

Perhaps the best known of all the episodes of Castro's exportation of revolution came shortly thereafter, in 1967, when Che Guevara took to the mountains of Bolivia in hopes of repeating his success in Cuba. But, rather than culminating in a tumultuous parade down the streets of La Paz, Guevara's movement attracted practically no support, was confined to a small part of the back country, and eventually wound up with the death of Guevara on October 9, 1967.

But Guevara's death brought not a decline in revolutionary fervor—as some have claimed—but rather a change in revolutionary tactics. Che's book "Guerrilla Warfare," with its rural orientation, was replaced by Carlos Marighella's "Mini Manual of the Urban Guerrilla" as the gospel for the exportation of revolution.

The bombings, the kidnapping, the urban terror that has been so prevalent in recent years, are directly attributable to this shift in revolutionary approach.

Since Guevara's death, urban terrorism, sponsored or supported by Castro, has reared its ugly head in a number of Latin American nations.

In Guatemala, for example, a revolutionary group, some of whose members were trained in Castro's Cuba, were responsible for the killing of two U.S. Army officers and U.S. Ambassador John Gordon Mein.

In Brazil, as I mentioned previously, Cuba trained revolutionaries turned to urban terrorism and evidence indicates they were involved in the kidnapping of the United States and Swiss Ambassadors several years back.

In Uruguay, the Tupamaros, a group that wished to impose a Castro-style dictatorship on that country, conducted a campaign of urban terror that resulted in the death of a U.S. aid official, the kidnapping of a U.S. agricultural adviser, the abduction of the British Ambassador and the killing of a number of policemen and prominent Uruguayans.

In Argentina, Castro supported subversive elements prior to Peron's coming to power and has a lot in common with the so-called People's Revolutionary Army which is still stirring up trouble down there.

Along with this shift in emphasis to urban terrorism has come a change in the procedures being used to train guerrillas in Castro's Cuba. Rather than emphasizing numbers, Castro's guerrilla training centers—at least a dozen of which reportedly remain—concentrate on producing terrorists skilled in sabotage, kidnapping, molotov cocktail manufacture, and the techniques of bombing. As of 1971, at least 100 Cubans were still involved in operating these training camps, and, as a result of their efforts, and those of their predecessors, approximately 2,000 Castro-trained revolutionaries were estimated to be operating in Latin America.

Despite claims to the contrary, Castro, in both word and deed, is continuing his efforts to export revolution.

For instance, in April 1970, Castro said:

> Cuba has not refused nor will she ever refuse support to the revolutionary movements.

A year later, he boasted:

> Cuban fighters have shed their blood helping Latin American peoples. This is part of the best tradition of our fatherland and of our revolution.

And in the same speech, he added:

> Before a truly inter-American system can function, . . . there first must be a revolution in each of the Latin American countries.

Three months later, Castro clarified his position on revolution even further:

> Revolutionaries shall not make a single concession to imperialism and . . . they shall stand here firmly erect and raising our banner until the last Latin American nation is liberated.

And, just to make sure no one missed the message, Castro stated, in August of 1971, that he did not want anyone to think that Cuba was "peaceful" or no longer inclined to support revolutionary movements in Latin America. As he put it:

> We have not repented one whit and . . . the path we have followed up to today is the path we will follow in the future.

In late 1972 and early 1973, much was made out of Castro's imprisonment of three men who hijacked a Southern Airways jet to Cuba and his subsequent adherence to an antihijacking agreement. But, Castro put those actions into perspective by stating that unless the United States changes its policies:

> No one should think for a moment that we want reconciliation with Yankee imperialism.

Simply stated, Castro is interested in a deal strictly on his own terms, a deal where he has everything to gain and nothing to lose, a deal he can renege upon as easily as he has on so many of his other promises. Certainly, his speech of September 28 and that of his foreign minister, Raul Roa, to the U.N. on October 7, indicate that he is no more interested in reconciliation—except on his own terms—than he ever was.

As far as deeds go, Castro's actions speak as loud as his words about his desire to continue exporting revolution. In testimony before the House Subcommittee on Inter-American Affairs on September 26, 1972, a U.S. Defense Intelligence Agency analyst indicated that Cuba has continued to provide limited support to subversive groups in Venezuela, Colombia, Bolivia, Uruguay, Guatemala, and several other Latin American nations. Then, on October 31 of last year, this same analyst, testifying before the same subcommittee, indicated that, while the level of revolutionary support continued to decline, Castro had, in the year intervening, assisted subversive activities in the Dominican Republic, Argentina, and Chile.

The Chilean example is perhaps the most striking since Castro has made such a point of attacking CIA involvement in that nation. According to the testimony of the aforementioned DIA analyst, Castro supplied Chilean extremists, and terrorists supporting Allende, with training, arms, and advisers, subsequently, the Chilean junta cut off diplomatic relations with Castro and published a white book showing photographs of what it claimed were 13 crates of Cuban arms shipped in by the Cuban dictator. Yet Castro, the bearded grandaddy interventionist of them all, had the gall to criticize the dollars spent in Chile to help keep freedom alive. No doubt the fact that Castro does not give a hang for the meaning of the word freedom—except when some poor Cuban tries to exercise it—has a lot to do with the amazingly paradoxical attitude he has taken.

However, Chile and the Dominican Republic are not the only examples of recent Castro supported subversive activity. Just 3 weeks ago, a leading Uruguayan official claimed that Cuba was continuing to export revolution to his country and expressed doubts about the wisdom of lifting the economic sanctions against Castro. Earlier, the Governments of Bolivia and Paraguay had strongly voiced similar doubts. In short, Castro continues to calculatedly export revolution and there is no indication that he would change his policy if the sanctions were to be lifted.

In view of this continuous, 15-year record of intervention in the affairs of other sovereign nations—a record that Castro has indicated, by word and deed, will not change—it would be the height of folly for the United States to make things easier for him. If the sanctions were to be lifted, the nations participating in such lifting, would, by boosting Castro's trade, help finance their own undoing.

Likewise, by lifting the sanctions against Castro, we would appear to be condoning the efforts of Castro's subversives in the past and would lend encouragement and moral support to such activities in the future.

If the concept of self-determination of nations is to mean anything, Castro must give up his efforts to impose his style of government on others before others should be expected to do business with him. So far, Castro has been unwilling to accept such a concept, preferring instead to move ever closer to a government as intolerant of freedom as his own—the Soviet Union. As long as that is the case, I see no reason for the United States—or the OAS—to be in any great hurry to do him any favors or to grant him the vindication he so desperately seeks.

IMPLEMENTATION OF THE NOISE CONTROL ACT OF 1972

Mr. STEVENSON. Mr. President, 10 days ago, Senator Tunney addressed the Institute for Noise Control Engineering. His subject was the implementation of the Noise Control Act of 1972, of which he is the justifiably proud author.

The tone of the speech was one of aggressive despair—despair at the EPA's "snail-like pace"—mingled with an unwillingness to allow the agency to continue to procrastinate.

Just last Sunday, I met with leaders of the communities that surround O'Hare Airport. They represent more than 500,000 people who suffer the noise of 120 jets roaring overhead each hour. They share Senator Tunney's feeling and mine. More can be done. More must be done.

Mr. President, I commend Senator Tunney's speech to my colleagues and ask unanimous consent that it be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Remarks of Senator John V. Tunney

It's nice to see old friends again.

Many of you will recall that two years ago, when I arrived breathless from a late night session of Congress in order to address this group about the then-pending noise legislation, I said, sadly, that I feared the legislation was dead—killed by a strange coalition of industry and true believers.

Fortunately, I was wrong. By virtue of what Senate Majority Leader Mansfield called a "legislative miracle," a tough Noise Pollution Control Act passed the Senate by an astounding vote of 75 to 5. Press accounts later characterized your meeting as the turning point in the uphill battle to pass the bill.

Two years later, I'm here again to tell you that the noise legislation we all fought for is in peril, that its implementation is being thwarted by a more traditional coalition of industry groups and double-talking bureaucrats. I hope, again, that I'm wrong and that our meeting today will be a turning point in implementation of the law.

Despite necessary compromises with the House of Representatives, the Noise Pollution Control Act of 1972, P.L. 92–574, retains remarkable strength, and provides ample authority for comprehensive and meaningful noise control. It places noise oversight responsibility squarely upon the shoulders of the Environmental Protection Agency, and requires EPA to develop noise criteia indicating the effects on public health and welfare from differing quantities and qualities of noise, promulgate regulations to curb noise from major sources, and label other products to warn purchasers how noisy they are.

Furthermore, citizens themselves are permitted to sue to compel performance of nondiscretionary duties by EPA and other affected agencies, and to force others to obey the law. Stiff penalties are provided for noncompliance.

I thought, perhaps naively, that once the bill was signed by the President, my roles as chief sponsor and Senate floor manager were virtually completed. I flew off to California immediately after the final Senate vote, confident that the noisy airpline in which I was riding would be required by law to be substantially quieter within the next few years.

How wrong I was.

The problems began soon after the bill became law. EPA's first budget request was dramatically cut back by the Office of Management and Budget, and the noise office staff was too small to undertake many of its responsibilities.

After numerous queries, EPA Administrator Train finally admitted in a July, 1974, letter to me that the relatively small resource commitment . . . which was held almost constant through Fiscal Year 1972 and part of Fiscal Year 1973 was not capable of coping with the tasks required by the . . . legislation.

Quite an understatement.

In the two full years that the Act has been in effect, EPA has scarcely begun the tasks laid out for it. The Agency's best effort went into a thorough study of ways to curb aircraft and airport noise. This Report to Congress, due on July 27, 1973, was one of the very few statutory deadlines which the noise office has met since the bill was enacted into law. Since then, the Agency has broken its own promises to Congress to act swiftly in proposing airport-aircraft noise regulations to the Federal Aviation Administration, as mandated by Section 7 of the Act.

The law requires that "not earlier than" completion of its airport-aircraft study, EPA shall make recommendations to the FAA. EPA first promised that by January, 1974—eight months ago—its series of recommendations would be completed. We're still waiting for action, now pushed off until next year.

Ironically, since the noise bill was passed, modest steps to curb aircraft noise have been taken by the FAA itself, on the basis of prior legislative authority. Despite all the research it had done, EPA was scarcely consulted by the FAA during its own drafting process.

We now have a variety of regulations, proposed and final, written by the FAA to control supersonic transport fly-overs at supersonic speeds, limit noise emitted by small propeller-driven aircraft, quiet our older fleet of JT3D and JT8D jets through retrofitting the engine nacelles with sound absorbing material, and to establish a two-segment approach, bringing the noise footprint down in size. None of these was drafted by the EPA noise office.

On the eve of promotional demonstration flights by the British Aircraft Corporation's supersonic transport at Los Angeles International Airport and at numerous other airports around the country, there is no rule to curb noise from landings, take-offs or subsonic flight by SSTs, despite FAA promises since 1970 that such a rule would be forthcoming promptly.

A second good effort by EPA was the completion of a "levels" document indicating at what level noise adversely affects health. Release came six months late, only after an environmental group sued EPA for failing to meet a legal deadline. The controversial document provides information vital to states and cities in setting their own environmental noise regulations.

When one examines the remainder of EPA's tally sheet for meeting statutory deadlines, the results regrettably are far less than satisfactory. Regulations which were to have taken effect a year ago, notably those to quiet interstate motor carriers and trains, have yet to be promulgated.

The proposed motor carrier regulations are just short of an outrage. Despite substantially negative testimony presented at a last-minute two-day hearing as well as continued pressure from Capitol Hill, EPA has recommended a weaker standard than those in effect in at least two states: California and Illinois. Because the Federal regulations are preemptive, these two states, and perhaps others, will suffer greater noise exposure than their own laws allow. Beyond that, there is some question whether the final regulation will provide a non-degradation clause, prohibiting lower motor carrier noise levels from rising to the higher Federal level.

The railroad regulations suffer from many of the same pitfalls.

An equally poor track record has been recorded in the preparation of a document identifying major sources of noise. Just two weeks ago, over five months after the statutory deadline, EPA announced that a document identifying only two major sources of noise—medium and heavy duty trucks and portable air compressors—was available. Certainly these are not the *only* major sources of noise. Additional sources will be sporadically identified between now and late 1975, hardly the pace that Congress intended.

To date we have not heard a word about the labeling program which, if ever developed, would warn consumers of the noise they could expect from new products such as electric blenders, lawn mowers and hundreds of other household and industrial items.

It begins to appear to me, and perhaps to some of you as you listen, that EPA has, for all its work, fallen far short of its legal obligations.

Who's to blame, and what must be done?

First priority is the need for more money and staff to buttress the meager resources of the noise office. Unfortunately, my efforts to help have been stymied by bureaucratic double-talk. EPA staff has told me informally that a doubling of the noise budget and staff—now held at just over $5 million and 70 positions, few of which are professional—is essential, and yet the Agency refuses to give official confirmation to these statements. Moreover, during the same week I was told in oversight hearings that "we believe we have undertaken the needed staff expansion and are substantially meeting the requirements under this Act in an expeditious and efficient manner," Administrator Train told OHB that "we are holding the Noise Program to a low level of growth and consciously stretching out the full implementation of the 1972 Act. He has yet to explain this apparent deception to Congress.

A growing number of Senators and Representatives alike are not pleased by what has been the plight of the Noise Control Act. At least three pieces of legislation have been introduced in the House in the past two months aimed at ameliorating the difficulties now faced in the implementation process.

Several of my colleagues and I have been involved in no fewer than four oversight hearings subsequent to the Act's passage, in our attempt to jog EPA into compliance, and the House Interstate and Foreign Commerce Committee is now scheduling a fifth hearing.

We have sent letters to both EPA and the FAA. In most cases, responses were long in coming, and when they did arrive, appeared to be off-target.

A number of lawsuits are now pending against EPA and the FAA to compel compliance with statutory deadlines.

Unless swifter action is forthcoming, I have indicated I will ask the General Accounting Office to investigate the activities and expenditures of the noise program. In this way, we should learn whether resources are being well utilized by that office, and whether or not additional staff and budget would improve performance.

Sadly, I understand that the Office of Management and Budget has already turned down EPA's proposed noise enforcement budget for Fiscal Year 1976, despite the Agency's pleas that the present Noise Enforcement staff of *one* position is totally inadequate to handle the regulation and development activity." Even at EPA's snail-like pace, more than one person will be needed to enforce those regulations likely to be in effect by Fiscal Year 1976.

Had I known the hurdles, what would I have done differently? Having the program is certainly better than not having it; some important research is now completed and expertise has been amassed at the Federal level.

I recall that older environmental laws to clean our air and water progressed even more slowly when they were first passed in the early 1960's.

Of course, this is little comfort to residents around Los Angeles International and other major airports who have been waiting for quiet since the late fifties and the advent of the jet fleet.

During my efforts to pass the noise bill, I often told the story of the child I saw who lived under the flight path at Los Angeles International and had had cotton in her ears since returning from the hospital. That child is now four years old! How much longer must she wait for quiet?

Every week, I receive scores of letters from irate residents around California's airports, who say:

"I want to tell you those noisy old planes are still flying over our district. One of them nearly took the top of our home off. Next time you are in town, drop out and see us. You'll get an ear full."

What must we do?

I suggest that this group begin immediately to lobby the Administration. In addition to continued vigilance by the Congress and lawsuits to force compliance with statutory deadlines, a barrage of complaints to EPA, OMB, and the White House may well convince them to end their foot-dragging and to act decisively.

I am prepared to seek to strengthen the legislation if necessary, although in my view, the grant of authority is broad enough.

The problem lies with those administering the law. Only when they feel adequate pressure, coming from all sectors of American society, will their bureaucratic double-talk abate, and the quest for quiet begin in earnest.

ROCKEFELLER GIFTS

Mr. HELMS. Mr. President, the news media continue to carry more stories about the generosity of Governor Rockefeller to his close associates and political figures. I raised the question yesterday whether this generosity is not a matter of importance in evaluating his nomination to be Vice President of the United States.

We learn, for example, that the entire tax impact upon the Governor for his gifts to Dr. William Ronan, was the sum of $880,000. The New York Daily News tells us that the Governor made a gift of a painting worth $6,000 to former U.S. Attorney General John Mitchell in 1971, while Mr. Mitchell was still serving in a position of public trust. Indeed, if we examine the tax returns of Governor Rockefeller already made public, we find the following items under the heading "gift tax":

1964	$794,334
1965	191,950
1966	4,098
1967	1,543,460
1968	298,684
1969	216,436
1970	342,008
1971	35,280
1972	69,591
1973	410,896
	3,906,737

It is obvious from this list, which enumerates the amount of gift tax the Governor paid, not the size of the gift made, that the Governor has made sizeable gifts. Undoubtedly, the list includes gifts of a purely personal or family nature, without political overtones. On the other hand, it has already been confirmed by the Governor's spokesmen that a number of gifts were made to political figures. I think that it is a legitimate question for the public to ask what other political figures are on the Governor's gift list. This is information that the public has a right to know. The Governor may not wish to reveal his private philanthropy; that is certainly his privilege as a private citizen. However, if he does not wish to reveal the beneficiaries of his philanthropy, some members of the Senate may conclude that they cannot vote to confirm his nomination.

I want to make it clear that my only intention here is to see that the proper facts are brought out so that we can assess the nominee. I have not taken a position either against or in favor of the nominee. I have raised no accusations whatsoever. I have in no way impugned the integrity of the Governor. I only ask that the facts be brought out. And the best way to bring them out is to bring the Governor and Dr. Ronan, and anyone else who might have firsthand information before the Rules Committee.

I think that any time an elected official spends close to $1 million to make a gift to a political figure, then the public has the right to know "why" before that person is confirmed for a high office. And we are acting as surrogates for the 78 million people who voted in 1972, indeed for all of the American people.

I want to make my position clear, because I am disturbed by some comments I have received from various quarters. Just this morning I was called by a fellow North Carolinian, Mr. Clifton Daniel. Mr. Daniel's father was a prominent druggist in my home county, and a distinguished citizen whom we all remember fondly. I was delighted to hear from his son. Now, of course, Clifton Daniel is the Washington bureau chief of the New York Times. As I was saying, Mr. Daniel called me this morning to discuss my motivation in raising questions about the Governor's use of his power and finances. Mr. Daniel was evidently under the impression that I had doubts about the Governor's integrity, and he implied concern that I have raised these questions.

Let me say that I hope Governor Rockefeller does not need the New York Times to defend his integrity. As the Washington Post said in a lengthy article on Sunday, September 22, 1974, and I quote:

> If the television networks give "Vice President" Rockefeller a bad time, he might turn to a friend at Chase Manhattan. According to a Senate subcommittee's study of corporate ownership, the bank controls respectable minority blocks of stock in CBS, ABC, and NBC, not to mention modest bites of The New York Times and Time-Life, Inc.

My own position is clear. Let all the relevant facts be spread upon the record, and let every Senator make his own choice. At the present time, there are still many ends lying about. They may indicate nothing of consequence. I think that we can all act under the presumption that no harm will be done by pulling at those loose ends. We must presume that the fabric is strong. Of course, when the press began to pull the loose ends of Watergate, the fabric fell asunder. But we must not fear to do the same in the present instance.

GRAIN EXPORT CONTROLS

Mr. THURMOND. Mr. President, President Ford recently moved to block the sale to the Soviet Union of some 3.4 million tons of wheat and corn, valued at approximately $500 million. As a follow-up to this decision to prohibit Continental Grain Co. and Cook Industries, Inc., from fulfilling their export contracts, Secretary of Agriculture Earl Butz has announced a new system of administrative review of export grain sales above a certain level prior to consummation of the contracts.

I very definitely have mixed emotions about the wisdom of these latest developments, although I feel President Ford and Secretary Butz had the best interests of the United States in mind when they made these decisions. On the one hand, I share a sincere concern with all consumers about rising food prices. Unfavorable weather conditions earlier this year have already seriously curtailed the size of 1974 feed grain harvests. Had these large grain sales been carried out as planned, supplies available for domestic use would have been further depleted, and inevitably, the higher prices of foods on grocery store shelves would reflect these tighter supplies. All of us must eat, and naturally, consumers hate to see the cost of food continue to rise. Yet, too often we forget that, even with the higher food prices, we Americans enjoy a more varied and higher quality diet at lower real cost than do the citizens of any other country in the world.

Our grain production and marketing is certainly a matter of critical national importance, and I continue to have reservations about giving the Soviet Union and other Communist nations free rein to disrupt our grain marketing system. These nations, in which the government owns and controls all grain-buying agencies, are not always guided by the normal price system of allocating goods and services. Political considerations and economic warfare are as likely to prompt Soviet decisions to purchase our grain as are legitimate needs for agricultural commodities.

Unfortunately, the recent administration decisions appear to be most unfavorable to a large segment of our agricultural economy. Those who are hurt the most by the imposition of any kind of modified export controls on grains are our American grain farmers. They deserve the best price obtainable for the goods which they produce, but they will probably bear the brunt of the losses caused by the recent administration decisions. Cancellation of the $500-million grain sale with the Soviet Union caused limit declines on grain commodity future trading markets Monday and Tuesday of this week, and it is likely that further drops in prices will occur, due to the uncertainty over whether sizable exports will be permitted in the future.

Grain prices have plummeted in the local spot markets as well as in the speculative futures markets. Numerous South Carolina farmers have called my office reporting that soybeans are down as much as $1 a bushel from last week, corn at least 50 cents a bushel, and the price of other grains also lower.

With our farmers presently in the midst of harvesting corn, and preparing to combine soybeans, these falling prices are a staggering blow. Many agricultural producers do not have grain drying and storage facilities to enable them to hold their harvested grains until prices recover. They must sell their crops as they take them from the field, and they can ill afford the losses they may have to sustain.

It is certainly no secret that the cost of basic materials which farmers must buy has skyrocketed this year. The prices of mixed fertilizer, nitrogen, pesticides, farm machinery and equipment, labor and virtually every other good and service which farmers must purchase, have all greatly increased in the last 18 months. On the other hand, the prices which farmers receive for their commodities are, in the majority of cases, lower than at this time last year.

Before the imposition of Government review of exports, our grain farmers had hopes of possibly making ends meet. Now, with these price declines and cost increases, they rightfully want to know why it is that the farmers are again having to sacrifice the most. With good reason, they ask why their Government imposes limits on the export of grains which they produce, while it encourages the foreign sale of fertilizers which they must buy.

Mr. President, this is exactly what I have contended for some time. It is terribly unfair and economically disastrous to limit the sale of farm crops, thus holding down prices received, while nothing is done to stop the rising cost of goods which farmers must buy. Our agricultural producers are the backbone of this Nation, and unless they are allowed a fair return on their labor, management, and investment, I fear that too many of them will be forced out of business. If that occurs, future food and fiber prices will make the present prices seem like special discounts.

I am hopeful that USDA predictions, that the present dramatic drop in grain prices is a temporary phenomenon, will prove correct. I would urge that forthcoming USDA guidelines for allocation of U.S. grain exports to foreign customers be drafted with the farmers' interest at heart, insofar as possible. Recognizing the reasons for the administration's decision to restrain grain exports, I nevertheless strongly recommend that the

United States pursue a policy of maximum free trade. To do otherwise is contrary to the best interest of our whole free enterprise system.

ELIMINATION OF THE OIL DEPLETION ALLOWANCE

Mr. BARTLETT. Mr. President, I sent the following telegram to President Ford. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

[Telegram]

The Honorable GERALD FORD,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am deeply shocked at your announcement supporting the elimination of the oil depletion allowance.

Your announcement is as inconsistent as it is counterproductive. On the one hand, you propose increasing the investment tax credit for general industry, and on the other, you eliminate the key tax incentives for attracting capital to the oil industry.

Starting in 1913, when the first income tax was levied, a form of depletion allowance was provided because it was recognized that income from a depletable asset should be treated differently from normal income. The percentage depletion allowance as we know it today began in 1927, and has been accepted as a sound tax principle ever since.

Your proposal, if enacted, and with your support I am confident it will be, will have a disastrous effect on an industry already plagued with price controls. It makes no sense to shackle the very industry which is the key to solving our energy crisis and strengthening our economy.

Your proposal will be particularly harmful to the small independent oil producer by making it more difficult for him to attract capital. In 1969, the reduction of the depletion allowance from 27½% to 22% decreased profits by an estimated 500 million dollars.

Certainly, it will mean many small producers will be driven out of business, thus eliminating competition, making us more dependent on the large producer, and ultimately on the OPEC cartel.

Additionally, and again inconsistent with the entire thrust of your message on the economy, the elimination of the oil depletion allowance will reduce the supplies of crude oil and natural gas, eventually drive up the prices of refined products, reduce competition, make us more dependent on the OPEC countries for energy, and fuel inflation.

Seven Presidents and twenty Congresses have supported the oil depletion allowance as important to our Nation's security. At a time when our economy and national security are threatened by energy shortages, an increase in the depletion allowance would be far wiser—it would increase energy supplies rather than reduce them.

From our conversation on the telephone this afternoon, there is some doubt in my mind whether you favor eliminating just the foreign depletion allowance rather than the entire depletion allowance. If this is the case, I strongly urge you to make your position clear, and I further urge you to support the domestic depletion allowance of at least 22%. I will vigorously support you in that position.

DEWEY F. BARTLETT.

MORTGAGE CREDIT FOR HOME PURCHASES

Mr. CRANSTON. Mr. President, the bill, S. 3979, to increase the availability of reasonably priced mortgage credit for home purchases was reported on October 3, 1974.

Through a clerical error, Senator MATHIAS, one of the original cosponsors of S. 3979, was omitted as a cosponsor on the printed copy of S. 3979 as reported.

Senator MATHIAS, as the ranking member of the HUD, Space, Science, and Veterans Subcommittee of the Appropriations Committee, testified on the urgent need for this legislation on August 6, and has given invaluable assistance and support to the passage of this measure.

WASHINGTON STRAIGHT TALK

Mr. ROBERT C. BYRD. Mr. President, on Monday, October 7, I was interviewed on "Washington Straight Talk," a National Public Affairs Center for Television program hosted by NPACT Correspondent Paul Duke.

I ask unanimous consent that the transcript of the program be printed in the RECORD.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

ANNOUNCER. Senator Robert C. Byrd, Democrat of West Virginia, and Assistant Majority Leader in the Senate. Tonight on "Washington Straight Talk," Senator Robert Byrd is interviewed by NPACT correspondent Paul Duke.

PAUL DUKE. Senator, we are delighted to have you with us tonight.

We should tell our viewers that our scheduled guest, Robert Hartmann, the President's number one adviser, unfortunately could not be with us because Mr. Ford gave him orders to stick to writing his economic address, which Mr. Ford is giving to Congress tomorrow.

But since we had planned to have you as a guest in a couple of weeks, we just moved up the time, and we are delighted you could oblige.

And speaking of Mr. Ford's economic address, what are you hoping for when he delivers it tomorrow?

Senator ROBERT C. BYRD. I hope he will be utterly frank with the American people and tough in his recommendations.

PAUL DUKE. Now, when you say you hope he's tough in his recommendations, would you be specific? What—what would you like the President to lay out for the American people? What kind of sacrifices do you think we must make to meet the current economic crisis?

Senator BYRD. I think he ought to lay out a tough conservation program.

DUKE. You're talking about energy now?

Senator BYRD. Yes, because energy is one of the basics that go into the inflationary spiral. I think he ought not rule out standby wage and price controls. I think he ought to—I think he ought to indicate that he's going to have standby wage and price controls and that he will do some strong jawboning and that he will initially rely on voluntary compliance. But he ought to have some back-up, standby wage and price controls, with authority to cut back, to roll back if necessary. Then, too, I think he ought to indicate that heavy pressure is going to be placed on the Federal Reserve to lower the interest rates. And I think he ought to also indicate that he feels that he should have standby gasoline rationing authority. I'm against gasoline rationing. I'm against wage and price controls in ordinary circumstances. And even recently, back in the spring, I was opposed to gasoline rationing. But I think that the voluntary approach is not working, and the President needs a stick in the closet.

DUKE. Well do you think that the time has come for gasoline rationing?

Senator BYRD. I think the President ought to have standby gasoline rationing authority so that the American people would really see that we are in a crunch and that—and that, inasmuch as the voluntary approach is not working, that the government is prepared to go somewhere else.

DUKE. Well, there's no reason that Congress can't give the President standby authority for gas rationing, is there?

Senator BYRD. No reason that it can't, and it sought to do so early this year. The effort was not successfully in that instance. I voted to give him the standby authority. But that was met with opposition from the administration. . . .

DUKE. What you're suggesting is that the White House take the lead in a tough program?

Senator BYRD. The White House has to take the lead, because the action arm of the government in dealing with inflation has to be the executive branch. There has to be a leader. Five hundred and thirty-five men and women in the Congress of the United States can't administer the programs that are going to be administered.

DUKE. Senator, what about a surtax increase, or a surtax imposed on our income taxes? We're told that this will be in Mr. Ford's package. Do you favor that?

Senator BYRD. It depends upon where the level is, where it strikes, where it applies.

DUKE. Well, for example, we've been told that Mr. Ford may recommend a surtax on income levels above seven thousands dollars. There's another report that it might be above fifteen thousand dollars. Where do you think it should be placed?

Senator BYRD. Well, I think it should be above either of these levels. . . .

DUKE. Do you. . . .

Senator BYRD. To talk about a surcharge on income taxes above seven thousand five hundren dollars is utter nonsense. And to talk about it even at a fifteen thousand dollars—even at a fifteen thousand dollar level, I think is unrealistic, because the people who are in the fifteen thousand dollar-a-year category are the people who are suffering.

Now, the federal government pays for health care for the poor. It provides educational assistance for the disadvantaged. It provides for food stamps. And I voted for all these things, and I want to help the poor. But we've got to think about the fellow who's in the middle who's been paying the bills. Now the rich—they can take care of themselves. They can provide their own health care; they can provide for their own education; they don't need food stamps. But it's the fellow who is struggling on a fifteen thousand dollar a year income, twelve thousand dollar a year income, who has to pay for a house. The interest rates are up. If he hasn't already purchased a house, he's not going to get one, because the interest rates are out of sight. He can't get a loan. He's got to send his children to school. The federal government isn't going to send them to school. And that poor fellow who's struggling along on fifteen thousand dollars a year—while it sounds like a high salary to those who make less, naturally, but he is the fellow who's been paying the freight all along.

Now, I'm for continuing to help the poor, but we've got to think about this fellow in the middle, who's been paying the bills while the wealthy are able to hire the lawyers to find the loopholes so that they don't have to carry their share of the freight.

So I would be in favor perhaps of a surcharge on income taxes, but somewhere above the fifteen thousand dollar level. I don't mind paying it myself. And certainly—I don't know where the level would be. But twenty-five thousand dollars, thirty, that's fine. But fifteen thousand dollars, no. Those people—it's about time they got some relief.

DUKE. There's also been talk, as you know, Senator, about cutting the federal budget. Can we cut the federal budget at a time when unemployment is going up and a recession is now here?

Senator BYRD. Congress has reduced the appropriations budget requests over the past five years by twenty-three and a half billion dollars. Now, the Senate recently reduced the defense budget request by five billion dollars. Other cuts are being made. We'll probably end up this year with six or seven or eight billion dollar total reductions in the federal appropriations budget. But this isn't going to be sufficient. The economists say that a five billion dollar reduction in the federal budget will only amount to a one-tenth of one percent or, at most, two-tenths of one percent reduction in the rate of inflation. This is not going to be enough. What it would do, of course, would be—it would have a psychological impact. It would let the American people know that the federal government does mean business. But there has to be a lot more done other than just cutting the federal budget.

DUKE. Senator, Mr. Ford in his first speech to Congress talked about conciliation, communication, compromise and cooperation with the legislative branch. Is he living up to that pledge?

Senator BYRD. Yes, I think he is, in the main. He's trying to be conciliatory. He's trying to be cooperative. He, I think, is—I think he's a warm, decent man. And I think he is conscientiously and sincerely trying to do the right thing. And that in itself is good. But it's going to take more than just that to run this country.

DUKE. How would you assess his performance thus far?

Senator BYRD. The first thirty days, fine. Fine. There was a new era of good feeling ushered in. And everybody felt that this was a clean breath of fresh air, that the people needed it. It was openness in government that we needed for so long. But then when Mr. Ford pardoned former President Nixon, ten days after he had said in a news conference that he wouldn't do that until the judicial process had had an opportunity to work its will, this then immediately set Mr. Ford back. I think he blew it. His standing in the polls dropped twenty-three points within forty-eight hours. His amnesty program for draft evaders and deserters also hurt him. It didn't please anybody. It didn't please either side in that controversy. The agreement that was worked out by the General Services Administration with Mr. Nixon concerning the tapes and documents of Mr. Nixon was 99.99 percent favorable toward Mr. Nixon and one-tenth of one percent [sic] favorable toward the American people. And that was a—that was a blunder. And these things have helped to destroy the initial feeling of openness and candor and forthrightness.

And then on top of that, the President's request for eight hundred and fifty thousand dollars for the former President at times when people are struggling to pay their bills, at times when we're told that we've got to cut back, in my judgment was a serious mistake on this part.

DUKE. Well, the President is appearing this week before the House Judiciary Committee to give a further explanation of the pardon. Aren't you pleased by that? Isn't this an example of openness?

Senator BYRD. It is. I'm pleased that he's going to do this. But what more can he say? He made his statement at the time of the pardon as to his reasons. He came on later in a press conference and really indicated that there was nothing new to say, that the pardon had not been granted by virtue of any medical reasons. And as far as I know, no medical report up to that time had ever been requested by the President concerning Mr. Nixon's conditions—condition. He indicated that it was merely to bring about a healing of the wounds.

But what more can he say in an appearance? I think it's fine that he's going up, but I understand that he won't be put under oath. And I think . . .

DUKE. Do you think he should be put under oath?

Senator BYRD. I think—I think he should be put under oath, because if this is to set the example that the President is just like any other citizen appearing before a congressional committee and that there's going to be candor and openness, why shouldn't he? Why shouldn't he be put under oath? Otherwise it's not as the average citizen. It's not as the Attorney General when he appears before a committee. It's not as a cabinet officer when he appears before a committee. Surely I think he should be put under oath. You know, that's—that's the best way of really getting down to the nuts and bolts.

DUKE. Well, going further into the nuts and bolts of it, Senator, you have been one of those who's talked a great deal about executive privilege and the dangers of a President refusing to provide information to Congress, refusing to permit his closest aides testifying before Congress.

Now do you feel by Mr. Ford's willingness to appear this time before the Judiciary Committee that this will open the door for future appearances by this President or another President before other committees of Congress?

Senator BYRD. Well, regardless of what one may say, it sets a precedent. One can say, well, it's not supposed to be a precedent. But it is a precedent.

I would not want to see the Congress abuse what I think are its legitimate powers and, in the future, unduly press for the appearance of the President or people in his administration. But there is a line somewhere and there is an area in which the President should allow his aides to come before Congress. And I think that we have witnessed, we've come through a period in which the doctrine of executive privilege was run into the ground. And I was happy to see the Supreme Court, in its eight to nothing decision, take the position that there is no such thing as absolute executive privilege.

Yes, this is a precedent. I don't—I would only hope that the President would be put under oath and that he would be asked some straight, hard questions. I don't mean that he should be harassed or pilloried or badgered. He should be dealt with courteously as should every witness. But the American people are not satisfied with the reasons that Mr. Ford gave. And I'm not saying that they were not sincere reasons. I think he made a mistake in judgment.

DUKE. Well—well, some people feel that Mr. Ford still has not broken his ties sufficiently wtih Mr. Nixon. One of the things being done is a plane is being dispatched each week to California, a government plane, to brief Mr. Nixon on security matters and to provide him with some security papers.

Do you feel this is wrong?

Senator BYRD. I don't think it's justified. I realize that this has been a practice that has been carried on in the past. But I don't think it's justified in this instance.

Now, I think that there could come a time and circumstance in which Mr. Ford might want to talk with Mr. Nixon about some situation if a national emergency arose involving international affairs. But he has Mr. Kissinger, who was really the spark plug in the operations that involved the Nixon international policy, which was a successful policy.

So I don't see any justification for this. It's an expenditure of the taxpayer's money that I think could be stopped. And it's—I think it continues to leave a bad taste in the mouth of the American people.

DUKE. Senator, despite everything you say, if Mr. Ford succeeds in getting the economy back on keel, isn't he going to be unbeatable in 1976?

Senator BYRD. Oh, no, I wouldn't say he'd be unbeatable. And you say "if he succeeds"—and I hope he will succeed—but into that "if," one has to infuse believability in government. Because if there isn't the believability in government, if government doesn't have credibility, then it cannot expect the support from the American people in its programs. Mr. Ford, as I say, is a decent man. I like him. He's very personable and charming. But he hurt his credibility when he pardoned Mr. Nixon, when he proposed the amnesty program, because he proposed that first. Many people thought when they heard that, that there was something else coming, like perhaps a pardon of Mr. Nixon. And then the eight hundred and fifty thousand dollar request for Mr. Nixon. The incredible agreement that was worked out between Mr. Ford's people and Mr. Nixon concerning the tapes and documents indicated that Mr. Ford had not learned the lesson of Watergate. And all of these things, as I say, his pardon of Mr. Nixon ten days after he had said in a press conference he'd do just the opposite, have hurt his credibility. Now without credibility, the American people really don't know whether or not there is the kind of energy problem that necessitates their cutting off the lights, their cutting off the heat, their not wasting gasoline.

DUKE. Well, in the light of all this, Senator, what kind of candidate should the Democrats nominate in 1976?

Senator BYRD. This goes across the board. Democrats are going to have to nominate men who have credibility, integrity, courage, common sense and guts. A Harry Truman-type Democrat, I would say, is the kind. And men who are in the middle of the road. He's going to have to have a program that's in the middle of the road.

Now, both sides can infuse opinions and input, the left and the right. But the party must not go off to the left or off to the right. It's going to have to field a moderate program and moderate candidates who can appeal to the great mainstream. . . .

DUKE. Such as?

Senator BYRD. . . . of America today. Such as the independents, the small business people, the blue collar workers, the ethnic groups, the South, the border states, and all of these who didn't leave the party, but who felt that the party had left them in the last election.

DUKE. Well, who do you see in the Democratic Party who fits into this mold that you've just given us?

Senator BYRD. It's far too early.

DUKE. Give me some names though.

Senator BYRD. I don't want to give any names. But it's far too early. The presidential elections are two years away, and we still have the 1974 election. The people are going to be considering the 1974 election—elections. The political leaders, the political figures, candidates, and so forth, are wrapped up in the 1974 elections, and I don't want to get into naming names at this point. There's ample time to do that.

DUKE. Does Robert Byrd fit this mold?

Senator BYRD. Robert Byrd is not disinterested.

DUKE. Put another way, you are interested then?

Senator BYRD. Let's put it my way. He's not disinterested. And I think there's plenty of time to observe and watch developments. It is a possibility. It's probably only a mere, thin possibility, but I wouldn't rule it out.

DUKE. Well, not ruling it out, is it possible then that you will enter the West Virginia Democratic Primary in 1976?

Senator Byrd. That's a long way down the road. I'm—I'm not projecting myself that far.

Duke. But not ruling out the presidency, would you also not rule out the vice presidential nomination?

Senator Byrd. I—as I say, I'm not disinterested. I'm not lying awake at nights and I'm not staying up at nights thinking and planning about what may happen in 1976. But I wouldn't rule out the possibility of a spot on the national ticket. I'm certainly not disinterested.

Duke. Well, Senator, this brings us to the question of the Republican vice presidential situation. Now you indicated clearly at the Senate hearings on Governor Rockefeller that you were not satisfied with some of his answers to the questions. Is it possible that you will vote against his confirmation?

Senator Byrd. As of today, I expect to vote for Mr. Rockefeller's nomination. Now, I don't know what may develop yet. I was impressed by his knowledge of multitudinous subjects. I was disappointed in some of his answers.

I felt that he was evasive, and it left me very uncertain as to where Mr. Rockefeller really stood on some of the issues. That bothers me. But I don't think that that in itself is enough to cause me to vote against him, because I don't think I should vote against him purely on that narrow philosophical basis. There are many things that he probably stands for that I do.

Duke. Are you at all disturbed by the disclosure that Mr. Rockefeller gave a fifty thousand dollar gift to Henry Kissinger and gave other monetary gifts to aides who served him while he was governor in New York?

Senator Byrd. Not necessarily on its surface. I'm told that he reported the gift and that he paid a gift tax on each gift. That being the case, I see nothing on the surface that disturbs me.

Now the Rules Committee will meet on Wednesday and will discuss this. It will depend upon what else surfaces, if anything else does. It will depend upon the audit that is being made by the Joint Committee on Internal Revenue Taxation in conjunction with the Internal Revenue Service. But this in itself, with nothing more, would not disturb me greatly.

Duke. There's another controversial nomination now pending in the Senate, that of Peter Flanigan. . . .

Senator Byrd. Except, if I may add this, and I ask you to pardon my interruption. It does show what one can do when he has tremendous wealth, really, that goes beyond the comprehension of the average individual. . . .

Duke. Well, that leads to. . . .

Senator Byrd. . . . And this is the thing that troubled us during the hearings.

Duke. Well, that leads to another question, Senator. If you have that much wealth—and Mr. Rockefeller has enormous holdings in oil stocks, chemical stocks, various other companies which do a great deal of business with this government—how can you possibly avoid conflicts of interest, given the fact that he has such tremendous wealth?

Senator Byrd. I think it comes down to the question as to whether the individual, Mr. Rockefeller, can conscientiously divorce his considerations of the financial aspects regarding himself and his family in the making of decisions that he would have to make as Vice President of the United States. Can he differentiate between what benefits big business and what benefits the American people? This is the key.

I don't doubt that he has so much wealth—Mr. Rockefeller I think would be above political corruption. Why have—why have another million dollars when you already have a hundred and eighty-five million, or two hundred million? What difference does it make?

So I think—I think he can stand above that. But yet, one can live so long in the forest that he can't see the forest for the tree. And this is what concerns me. He's been tied up with big insurance, big banks, big oil, big business for so long that I'm wondering if he really can differentiate between the interests of the American people and the interests of big business. And sometimes those interests run parallel. They're not necessarily counter to each other. But is he able to do this? This was the—this was the question that troubled me.

Duke. What about the nomination of Peter Flanigan to be Ambassador to Spain? Some senators are suggesting that may never get through.

Senator Byrd. Well, it may. I have already indicated that I would object to any waiver of Senate Rule 38, which requires that in a recess of more than thirty days, any nominations that are before the Senate have to be sent back to the President. Of course he can return those nominations after the recess. But this—this would, in effect, kill the nomination of Mr. Flanigan, except that Mr. Ford could revive it following a recess and could send it back.

Now my problem with Mr. Flanigan goes again to this whole drab episode of Watergate and the bad taste that it has left in the mouth of the body politic. Here we are, Mr. Ford naming Mr. Haig to take over the head of NATO and to be commander of U. S. forces in Europe, after Mr. Haig's close association with Mr. Nixon during the years, the last two years when Mr. Nixon was trying to cut the losses and save himself and after Mr. Haig had resigned from a military commission, had become a—had taken on a civilian political role, and then is again appointed to a high command position. I think this is bad for the military. I think it's bad for morale. I think it's the wrong thing to do. But the same thing on a much lesser scale can be said about Mr. Flanigan. Here was a man who was—who—we had a difficult time getting him up before the Senate Judiciary Committee during the nomination—hearings on the nomination of Mr. Kleindienst. And the Senate Judiciary Committee had to stand with its hat in its hand and draw a narrowly restricted line within which we said we would ask Mr. Flanigan questions; we wouldn't go beyond that boundary. And I voted against Mr. Kleindienst partly for that reason.

But here now is a man who's being appointed to the ambassadorship of Spain. This is the thing that bothers me.

Duke. Senator, you have the reputation of being the hardest working senator because you tend to a lot of minute details in the Senate. And you once said "I place my office ahead of my family, my church and everything else."

Did you really say that? Do you really feel that way about your job?

Senator Byrd. Yes. Robert E. Lee said that duty is the sublimest word, or the most sublime word in the English language. I feel that way about it. I think that when the American people, which include my wife, my daughters, elect me to an office, I have a duty to give my best and to give my all, and that's the way I've approached it.

Duke. Thanks again, Senator Byrd, for coming here and joining us for this initial program in the new "Washington Straight Talk" series.

THE $300 BILLION 1975 FISCAL YEAR EXPENDITURE LEVEL

Mr. PERCY. Mr. President, the President, in his address this week to Congress, urged Congress to join him, before our recess, by voting to set a target spending limit of $300 billion for the Federal fiscal budget for 1975.

I am introducing now, together with Senator Muskie, a concurrent resolution to implement this urgent request of the President, and to do so in accordance with procedures outlined in the Budget and Impoundment Control Act of 1974—Public Law 93-344.

This joint leadership, Majority Leader Mike Mansfield and Minority Leader Hugh Scott, vitally interested in this matter, are both cosponsors.

Because this resolution is of particular interest to the chairman, ranking minority member, and members of the Appropriations, Budget, and Government Operations Committees, I ask unanimous consent that the resolution be printed in the Record following my remarks so that it might be studied by the aforementioned as well as all Senators and hopefully brought up for consideration on Thursday, October 10, 1974, in order to meet the request of the President and not lose valuable time during the congressional recess for work on the revised budget for fiscal year 1975.

There being no objection, the proposed concurrent resolution was ordered to be printed in the Record, as follows:

Concurrent Resolution

(By Mr. Percy, Mr. Muskie, Mr. Mansfield, and Mr. Hugh Scott)

Whereas the President in his address to the Joint Session of Congress on October 8, 1974 requested Congress to establish a target for budgeted outlays during the fiscal year beginning July 1, 1974 of $300,000,000,000; and

Whereas the Budget and Impoundment Control Act of 1974 (P.L. 93-344) provides for the submission of proposed budget authority rescissions and deferrals by the President for consideration by the Congress; and

Whereas the Congress finds continuing inflation to be a most urgent national problem requiring concerted action by the legislative and executive branches of government: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring)

That the appropriate level for budgeted outlays during the fiscal year beginning July 1, 1974 is $300,000,000,000; and

That the President is requested to submit to Congress, within 30 days of adoption of this Resolution by the Senate and the House of Representatives, the proposed rescissions and deferrals in budget authority necessary to achieve this level of outlays.

Mr. MUSKIE. Mr. President, I welcome the opportunity to join with my distinguished colleague from Illinois (Mr. Percy), along with the distinguished majority and minority leaders, in introducing this resolution to limit fiscal year 1975 outlays to $300 billion. We are requesting that action be taken immediately on this resolution in keeping with President Ford's request to the Congress yesterday. Congress and the executive branch must cooperate closely in the fight against inflation, and we hope this action will signal that Congress intends to do its part.

The President has indicated that he will submit specific recommendations for budgetary cutbacks when Congress returns from its election recess in November. I look forward to having his proposals. I have in recent weeks stressed the need for budgetary restraint—while avoiding the kind of heavyhanded budget cutting which would deepen a recession or eliminate programs which are focused on the problems of people who are hurt most by inflation and unemployment.

The budget ceiling we are calling for in this resolution is a realistic one. But it will take careful planning and circumspect vision to prune from the budget those items which are wasteful or not urgently needed. I hope the President will exercise such judgment in making his recommendations to the Congress. And I am sure the Congress will act wisely in considering those recommendations.

FUEL STAMP PROPOSAL

Mr. HUGH SCOTT. Mr. President, during the past year I have been working with our Members in Congress, officials of our Federal, State and local governments, representatives of industry, and concerned citizens to deal with problems resulting from the energy crisis. We all share a common concern and are contributing to the formulation of a blueprint for Project Independence that is to be presented to President Ford by November 1.

Because this matter is of great importance, I presented testimony at the Project Independence hearing held in Philadelphia at Drexel University on September 30 of this year. Although the announced purpose of the hearing was to focus on the utilization of coal and environmental considerations, I presented a detailed statement of my views on the energy crisis. At that time, I reiterated my concern for the problems confronting our aged as a result of the rising cost of energy.

On September 25, 1974, I submitted testimony to the Special Committee on Aging. I am indebted to my distinguished colleague from Vermont, Senator ROBERT STAFFORD, for presenting my testimony to the committee. As you know, I was required to be present at the hearings for Vice President-designate Rockefeller.

My testimony endorsed a fuel stamp program as one way of providing direct assistance to our elderly and others on low-fixed incomes. This concept was first presented to the U.S. Senate on September 18 by Senator MATHIAS as amendment No. 1877. I voted for the amendment. However, for reasons known only to our press, Governor Shapp of my State has been credited with the idea as a result of his September 25 testimony to the Special Committee on Aging. I think this is a great injustice to Senator MATHIAS, myself and the other Senators who are on record as endorsing the concept a week before the Governor visited the Capitol.

It appears that Governor Shapp and his staff are better attuned to the public record than our so-called investigative reporters.

Mr. President, I ask unanimous consent that my testimony to the Special Committee on Aging and my statement to the Project Independence hearing be printed in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUGH SCOTT BEFORE THE SPECIAL COMMITTEE ON AGING, SEPTEMBER 24, 1974

Mr. Chairman, I sincerely appreciate this opportunity to present testimony during your consideration of the problems confronting our aged as a result of the rising cost of energy.

In the past year, we have witnessed a tremendous increase in the cost of energy. All of us have been affected, but unfortunately many of our citizens, particularly the aged and those on fixed incomes, are suffering because their budgets are already stretched to the limit. If this trend in rising energy prices should continue, adequately heated homes with minimal use of utilities and the basic transportation required for essential activities will be beyond the reach of many of our senior citizens. Now is the time for our responsible officials at the federal, state and local levels to formulate a plan of action to meet the needs of our aged and others on fixed incomes.

This problem is particularly acute in the Commonwealth of Pennsylvania and other states in Northeastern United States because of our dependence on the higher cost imported petroleum. Also, a great number of our families rely on bituminous and anthracite coal to heat their homes. Coal, particularly anthracite, is already in short supply and a threatened strike this winter could create a serious shortage of bituminous coal.

I have been working with members of the Congressional Delegation and top energy officials at the federal and state level to avert a potential shortage of anthracite coal in Northeastern Pennsylvania. Although the Federal Energy Administration had estimated a potential shortage of 250,000 tons of coal available to homeowners, it appears that production and processing problems have been corrected and there should be no significant shortage. However, as a result, the price of coal has increased dramatically from $25 per ton last year to $50–$55 per ton this year. Hopefully, by increasing supplies, the price will drop to a more reasonable level. In the short term, however, it may be necessary for our local, state and federal governments to be of direct assistance.

I have communicated several times with the Federal Energy Administration to express my concern for the higher cost of energy, its impact on our aged and those on fixed incomes, and the inequity in the price of petroleum based products available to the Commonwealth and other states in Northeastern United States. I know that the Administrator of the Federal Energy Administration, John Sawhill, is cognizant of these problems and doing everything within his power to correct the situation. I understand that some of the proposals being considered by Mr. Sawhill and others include a crude oil equalization program to blend the higher cost imported petroleum with the lower cost domestic petroleum; a lower rate structure for energy consumed by the elderly and conservation minded families who tend to use less energy than the average; and direct subsidies. One form of direct subsidy that is worthy of consideration is an energy stamp program similar in design to our food stamp program.

I look forward to reviewing the findings of this Committee and the studies being conducted by the Federal Energy Administration. I want you to know that you can count on my full support of an appropriate plan of action that will bring relief to our elderly and others on fixed incomes; and correct the inequities in the price and supply of energy.

INTRODUCTORY STATEMENT OF U.S. SENATOR HUGH SCOTT TO THE PROJECT INDEPENDENCE HEARINGS IN PHILADELPHIA, SEPTEMBER 30, 1974

Mr. Sawhill, distinguished guests, and members of the panel, I appreciate this opportunity to be with you today to open the Project Independence Hearings. President Ford has stated that inflation and the energy crisis are the major problems confronting our country today. As we must all work together to conquer inflation and restore faith in our economy, we must develop and implement an effective national energy policy. Our nation's energy policy, Project Independence, must be designed to minimize our dependence on foreign sources, to meet our future energy needs at reasonable prices, and to protect our environment.

I have prepared for submission to this hearing a detailed statement of my views on the energy crisis and what I believe to be important considerations for Project Independence. In accordance with the announced purpose of this hearing, I have focused on the utilization of our vast coal reserves and environmental considerations. Because of time limitations, I will submit this testimony for inclusion in the record of the hearings and make it available to anyone on request.

Briefly, I believe our energy and environmental goals are compatible. In the long run, expanding domestic energy production and promoting energy conservation will be compatible with an improving level of environmental quality. In the short run, there are bound to be a number of temporary conflicts between energy supply objectives and environmental regulations. What is needed during this period is a spirit of compromise and the willingness to provide realistic answers to real problems.

The greater utilization of our nation's coal resources is one of the areas where a number of short-term conflicts have occurred. Strong national strip mining legislation along the lines of the strict Pennsylvania standards are essential to meet environmental quality objectives. Pennsylvania experience has shown that the increased production of coal and environmental considerations are compatible. We can preserve our streams from the threat of acid mine drainage and our hills from the scars of poorly planned and inadequately regulated strip mining and still produce the coal needed to generate the energy required by every American.

Coal represents over 80% of all the United States energy reserves. Because it is such a pervasive resource, it must play a central role in any future national energy policy.

The possibilities for expanding coal production nationwide appear to be good. However, achieving these increases in production will not be possible without overcoming some large problems. Labor supply will present a real problem over the next decade. At present, there are insufficient numbers of trained miners, foremen, engineers and technicians. Improved labor relations will be a necessity in order to expand production. Federal and state regulations for underground coal mining must be improved through better staffing and streamlined regulatory policies. Research and development on coal mining technology, conversion processes and new uses for coal will also be an important priority. Finally, every effort must be made to insure the supply of financing to increase productive capacity, educational programs and regulatory programs.

Another area of major concern to me is the ever increasing price of energy available to consumers, particularly the impact on the elderly and others on fixed incomes. This problem is particularly acute in Northeastern United States because of our dependence on the higher cost imported petroleum. I believe that action is needed to correct this inequity in the price of petroleum products as well as direct assistance to those in need. I know that the Federal Energy Administration is studying a variety of proposals to correct these problems and I have communicated my concern to John Sawhill.

The Special Committee on Aging is reviewing the problems confronting our aged as a result of the rising costs of energy. Both John Sawhill and I have submitted testimony to the Committee hearing on September 25, and I have expressed my support of appropriate action to provide relief. Examples of the ideas proposed by Mr. Sawhill and myself include a crude oil equalization program to average the high prices of imported oil with the lower price of domestic oil, the implementation of an energy stamp program similar in design to our existing food stamp program, and lower energy rates for low income and conservative minded families who tend to use less energy. I intend to study this problem and work with representatives of both Federal and State Governments to find an acceptable solution.

In conclusion, I am confident that we will be successful in meeting the problems confronting our Nation, because I know we can count on your efforts as well as the full cooperation of the American people.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The President pro tempore. Is there further morning business? If not, morning business is concluded.

FURTHER CONTINUING APPROPRIATIONS—CONFERENCE REPORT

The PRESIDENT pro tempore. Under the previous order, the Senator from Arkansas (Mr. McClellan) is recognized to call up the conference report on House Joint Resolution 1131.

Mr. McCLELLAN. Mr. President, I submit a report of the committee of conference on House Joint Resolution 1131, and ask for its immediate consideration.

The PRESIDENT pro tempore. The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 1131), making further continuing appropriations for the fiscal year 1975, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record at page 33698.)

The PRESIDENT pro tempore. The Senator from Arkansas.

Mr. McCLELLAN. Mr. President, the Congress passed in late June of this year a continuing resolution to enable the Government to operate agencies and departments for which appropriations had not been made for the current fiscal year. As Members of the Senate know, that continuing resolution expired over a week ago on Monday, September 30. Much of the Government has been running without any availability of funds for expenditure on a legal basis since that time.

Among these departments and agencies are the Department of Agriculture and related agencies; the Departments of Labor-Health, Education, and Welfare and related agencies thereto; and Foreign Assistance programs. These agencies of the Government, such as those I have named, are without legal authority to incur obligations; for example, even to pay the salaries of their employees.

This has been and is the situation today, with respect to those that I have enumerated.

Mr. President, I believe that everyone is familar with the issues that confronted us on this continuing resolution, and I see no need to elaborate or discuss this conference report at great length.

I stated on the floor of the Senate when this continuing resolution was originally before us for consideration, and when the Senate proceeded to adopt a number of legislative provisions and write new legislation on this continuing resolution which I protested, that I would do my best in conference to have the Senate amendments agreed to. That I did. As chairman of the committee, I continued to insist on the Senate amendments until other conferees who were proponents of those amendments agreed to compromise in order to get a conference agreement on the continuing resolution. I stated this position at the beginning of the conference, and I held to it throughout the conference. I make reference to this because of statements I made on the floor when some of these controversial amendments were being debated in the Senate.

Mr. President, I will briefly mention one of the issues which was in conference, but is not in the conference report. That issue is the matter of assistance to Turkey. Although there was agreement in conference, it is outside of the conference report and will be dealt with separately—apart from the conference report.

Let us review this issue: The House-passed joint resolution contained the following provision, known as the Rosenthal amendment:

> Sec. 3. None of the funds herein made available shall be obligated or expended for military assistance, or for sales of defense articles and services (whether for cash or by credit, guaranty, or any other means) to the Government of Turkey until the President certifies to the Congress that substantial progress toward agreement has been made regarding military forces in Cyprus.

The Senate amended the House language—the Eagleton amendment—by striking out part of the House language, and inserting new language to make the provision read:

> Sec. 3. None of the funds herein made available shall be obligated or expended for military assistance, or for sales of defense articles and services (whether for cash or by credit, guaranty, or any other means) or for the transportation of any military equipment or supplies to any country which uses such defense articles or services in violation of the Foreign Assistance Act of 1961 or the Foreign Military Sales Act, or any agreement entered into under such Acts.

In conference, the conferees came up with a compromise between the House and Senate language supported by the White House and the Secretary of State. That compromise language combined features of both the House and Senate language and read as follows:

> Sec. 3. None of the funds herein made available shall be obligated or expended for military assistance, or for sales of defense articles and services (whether for cash or by credit, guaranty, or any other means) or for the transportation of any military equipment or supplies to the Government of Turkey unless and until the President determines and certifies to the Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, or any agreement entered into under such Acts by making good faith efforts to reach a negotiated settlement with respect to Cyprus.

The conferees reported this compromise language in disagreement, and Monday evening, in the House of Representatives, this compromise language was rejected by a vote of 69 yeas to 291 nays.

A subsequent motion for the House to recede from its disagreement to the Senate amendment and concur therein with an amendment was passed by voice vote.

The new House amendment would amend the provision to read as follows:

> Sec. 3. None of the funds herein made available shall be obligated or expended for military assistance, or for sales of defense articles and services (whether for cash or by credit, guaranty, or any other means) or for the transportation of any military equipment or supplies to Turkey until and unless the President certifies to the Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, or any agreement entered into under such Acts, and that substantial progress toward agreement has been made regarding military force in Cyprus.

That is what the House overwhelmingly passed on Monday night and will be a matter for consideration before the Senate after the disposition of the conference report.

Mr. President, the conference report has been printed in the Record and the printed report itself has been available to Senators.

Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER (Mr. Hathaway). The question is on agreeing to the conference report.

Mr. CHILES. Mr. President, I wish some clarification regarding the intent of the Committee on Appropriations in requiring additional budget information on next year's Department of Health, Education, and Welfare budget.

As passed by the Senate, the committee report No. 93–1146, states on page 9:

> Because of the continuing difficulty in identifying and eliminating uncoordinated HEW programs, the Committee directs the Department to supplement its fiscal year 1976 budget request. The Committee believes a more simplified framework of budget information is both essential and long-overdue. The Committee will work with HEW to set forth specific steps toward meeting this objective.

I regret that I was unable to attend the committee meeting when that language was approved, because of a domestic summit conference, but specific requirements were approved by the committee at that time, on September 11. It was my understanding that the distinguished chairman, Mr. McClellan, offered specific language.

I ask the distinguished Senator from Arkansas whether my understanding is correct.

Mr. McCLELLAN. Yes, the Senator from Florida is correct in his understanding.

It was only through an unfortunate oversight that the report language agreed to by the committee was not actually printed in the committee report. I recall the incident very well. We did not learn that it was not in the report during the further processing of the bill. I do not know why it was overlooked.

The Senator and I have discussed opportunities for improving budget information over many months now, and I was pleased to concur with his suggestion that a simplified format for the HEW budget and breakdown of HEW program steps would be most helpful, as did the distinguished subcommittee chairman, Mr. MAGNUSON, and other members present at the September 11 committee meeting.

So that there will be no further misunderstanding of the committee's intent, I ask unanimous consent that the letter of the Senator from Florida to me and the intended committee report language be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON
GOVERNMENT OPERATIONS,
Washington, D.C., September 10, 1974.

Hon. JOHN L. McCLELLAN,
Chairman, Senate Committee on Appropriations, Washington, D.C.

DEAR MR. CHAIRMAN: I regret I will be unable to attend the meeting of the Appropriations Committee to consider the fiscal year 1975 Labor-HEW appropriation bill scheduled for September 11 due to a commitment to attend a White House session on the economy.

I did want to inform you, however, that I intended to offer additional committee report language to accompany H.R. 15580 and may do so on the floor if it is not proposed in committee.

The purpose of the additional report language is to require that the Department of Health, Education and Welfare submit, along with next year's budget, some simplified information to help us in our deliberations to identify and eliminate program duplication. Simply, the added information would:

Collect into common groups all the agency's programs and activities designed to achieve similar end-purposes, or functions; and

Identify to what stage each activity had progressed, from definition of goals through operation and monitoring.

I feel this can be a positive step toward having the committee more easily come to grips with the complicated maze of agencies and programs in HEW, an approach we discussed when I testified before you at hearings on the FY 1975 budget earlier in the year. There is no reason, for example, why we should not be able to see—collected for us in one place—the 18 separate programs Mr. Ash told us last year were all being run for the common end-purpose of preventing school drop-outs. There is no reason why HEW should not identify for us overlapping programs all designed for the same function, an overlap that numbered 54 according to Secretary Richardson in 1971.

And, I believe, there is no reason why the Department of Health, Education and Welfare cannot comply with a request for a straightforward budget tabulation to identify what they're trying to accomplish, what programs are underway department-wide, and at what stage they are.

The report language, attached with some descriptive material, derives from the requirements of S. 1414, which passed the Government Operations Committee on a unanimous vote and whose provisions were partially incorporated in the Budget Control Act of 1974. Cosponsors included Senators Muskie, Javits, Nunn, Johnston, Hatfield, Moss, Brock, Mondale, Tunney, Church, Packwood, and Humphrey.

I would be glad to discuss this proposal with you, if you so desire, and will be sure my own staff provides any necessary follow-up if it is accepted.

With best personal regards,

Sincerely,

LAWTON CHILES.

ADDITIONAL COMMITTEE REPORT LANGUAGE: FISCAL YEAR 1975 HEW APPROPRIATION

Committee Print, page 10, under the heading "Program Duplication and Overlap" Add the following paragraphs after the second paragraph which reads: "The Committee notes that little progress has been made to eliminate duplicative activities."

Continue:

Because of this continuing difficulty in identifying and eliminating uncoordinated programs, the Committee directs that the Department of Health, Education, and Welfare provide, as a supplement to its fiscal year 1976 budget request, information to define for the entire departmental budget

(1) The end-purposes, or functions, for which funds are being expended;

(2) For each such function, a complete list of all program activities being directed at that end-purpose, and which organization is sponsoring such activity;

(3) For each program activity, a description of its status in terms of its stage of evolution whether it be at the stage of

(a) defining needs and goals;

(b) exploring alternative program approaches;

(c) selecting a preferred program approach; or

(d) implementation and monitoring.

The Committee believes this simplified framework of information has now become indispensable in order for it to perform its role in assessing and adjusting the Department's budget. This information, in conformance with the provisions of Section 601 (1) of Public Law 93-344, the Congressional Budget and Impoundment Control Act of 1974 (88 Stat. 324), shall be in accordance with the legislative intent set down in Senate report 93-675.

Mr. CHILES. Mr. President, I thank the distinguished Senator for his clarification.

I take this opportunity to commend the Senator from Arkansas again for his leadership as chairman of the Committee on Appropriations during a difficult year for the Nation in its budget deliberations. His decisions as chairman have been most difficult to make, much more than any of us can truly appreciate.

I also commend the chairman for his desire to see that we have budget information come to us from the executive branch that we can fully understand, so that we can make intelligent decisions on them.

Mr. McCLELLAN. I thank the distinguished Senator from Florida.

We do have a difficult job, but it could be much more difficult, except that I received splendid cooperation from members of my committee who are sympathetic and understanding and often try to lighten my burden. I am grateful for that.

Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. GRIFFIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GRIFFIN. As I understand it, after the conference report is agreed to—if that is the will of the Senate—we will then turn to the amendment adopted by the House. Is that correct? There will be debate on that, if a motion is made.

Mr. McCLELLAN. I may say to the distinguished Senator that upon the adoption of the conference report, I intend to move the adoption of the House amendment. I do this not because I am overenthusiastic for the amendment on its merits, but we do have a difficult situation.

As the Senator will recall, when this measure was before the Senate, I undertook to keep it a clean continuing resolution. This is an outgrowth of the Eagleton amendment.

The controversy has grown out of the Eagleton amendment which was adopted. I thought the Eagleton amendment was quite appropriate, in view of the fact that it was an amendment to a provision in the bill that passed the House. I think it was quite an appropriate amendment.

We did have some extraneous amendments adopted on the floor of the Senate, as the Senator will recall, and we were able to eliminate those in conference. Now the conference report has been adopted without those, and we have the bill with the resolution, with every provision agreed to except this one, which is in disagreement between the two Houses. I understand that there is a possibility of a Presidential veto if it is enacted in this form, but we have here a continuing resolution.

As I have pointed out, Mr. President, there are a number of agencies—HEW, Agriculture, foreign aid—that have no appropriation. They have no money now. They cannot legally pay the salaries of the people who are working for them, and it is imperative that we move to a disposition and to enactment of the continuing resolution.

As to which is better, this provision or the provision that would be acceptable to the President, or which is a better and wiser course for us to pursue, I am not trying to settle at the moment. In order to expedite it without taking a firm and final position upon the issue that is here before us in this amendment we have to move to get the continuing resolution enacted.

For that reason, Mr. President, I move adoption.

Mr. GRIFFIN. The chairman has clarified the situation. I wanted it to be understood that a vote for the conference report at this point does not signify or indicate approval of the House amendment, that we shall actually be adopting the conference report in the form that the conferees agreed upon it at this point, but it will be subject later to a motion to agree to a House amendment, which can then be debated on its merits.

Mr. McCLELLAN. What we shall be

doing in adopting the conference report will be adopting everything that has been agreed upon and not adopting this one amendment, which has not been agreed upon, but which will be immediately presented for consideration following adoption of this amendment.

Mr. GRIFFIN. I might say that if we could hold the conference agreement to the provisions that were agreed upon by the conferees, there is not any question that the continuing resolution would be signed by the President, and we could have it, if we did not go any farther than that.

I shall vote for the conference report in the hope that we can hold it to that.

The PRESIDING OFFICER. The question is on the adoption of the conference report.

The conference report was agreed to.

The PRESIDING OFFICER. The clerk will state the amendment in disagreement.

The legislative clerk read as follows:

> *Resolved*, That the House recede from its disagreement to the amendment of the Senate numbered 3 to the aforesaid bill, and concur therein with an amendment as follows:
>
> In lieu of the language inserted by the said amendment, insert:
>
> "or for the transportation of any military equipment or supplies to Turkey until and unless the President certifies to the Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, and any agreement entered into under such Acts, and that substantial progress toward agreement has been made regarding military forces in Cyprus."

Mr. McCLELLAN. Mr. President, for reasons I have already stated, in order to expedite this matter and get it to an issue before use so that we can vote and bring it to a conclusion, I now move that the Senate concur in the amendment of the House to the amendment of the Senate No. 3.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas.

Mr. MANSFIELD. I would like to make a unanimous-consent request, in view of what I understand will be the time used, that it be in order, at an appropriate time, to ask for the yeas and nays on the motion to concur at the hour of 11:30.

The PRESIDING OFFICER. Is there objection?

Mr. McCLELLAN. Mr. President, reserving the right to object, will the Senator include in that request that in the meantime the time on the discussion of the motion be equally divided between the distinguished Senator from Missouri and myself? I do not know how that time will be used, or who might want to talk, but I thought that request should be made.

Mr. MANSFIELD. I make the request.

The PRESIDING OFFICER. That the vote on the motion to concur in the House amendment to the Senate amendment occur at 11:30?

Mr. MANSFIELD. Yes.

Mr. GRIFFIN. That the vote on the Eagleton amendment occur at 11:30.

Mr. MANSFIELD. And that the time between now and then be equally divided.

Mr. McCLELLAN. And I suggest that we have a quorum call immediately before the vote.

Mr. MANSFIELD. I ask unanimous consent that that be part of the order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, I should like to speak to the motion of the distinguished chairman of the Committee on Appropriations.

Mr. President, the primary concern of Congress in the Cyprus matter should be that our policy is consonant with American law. The House of Representatives voted yesterday to assure that the laws governing our military assistance will be applied to the Government of Turkey. That resounding vote 291–69, was not a vote against the nation of Turkey, it was a vote for the rule of law.

I am supporting the prohibition voted yesterday by the House because it strongly reaffirms the validity of the Foreign Assistance Act of 1961 and the Foreign Military Sales Act. I have expressed concern both on the floor of the Senate and in conference that provisions originally proposed by the House and by the Senate Appropriations Committee would override current law by tying continued military aid to a Presidential determination of "substantial progress" or "good faith efforts."

These clauses may or may not be legitimate policy objectives but they must be proposed by Congress as additional qualifications for continuing our aid to the Government of Turkey. They should not be considered the means by which the Government of Turkey can comply with our bilateral arms agreement with that country.

According to the House-passed language—which is the result of an agreement between Congressmen ROSENTHAL, BRADEMAS, SARBANES and myself—Turkey can now meet the conditions of American aid by withdrawing its forces from the island of Cyprus. The House has reaffirmed the statutory requirement by stating that the President must certify to Congress that the Government of Turkey is in compliance with the Foreign Assistance Act of 1961, the Foreign Military Sales Act, and any agreement entered into under such acts * * * In addition to this requirement, he must certify that "substantial progress toward agreement has been made regarding military forces in Cyprus."

Mr. President, it is obvious that the Government of Turkey cannot be in compliance with our bilateral agreement and American law until it agrees to remove its forces from the island of Cyprus. Therefore, the language passed by the House simply adds a condition to the law which would be met in the course of bringing the Government of Turkey in compliance with our military assistance laws.

Mr. President, I have with me today a letter from the Comptroller General of the United States, Mr. Elmer B. Staats, which is highly critical of the administration for its failure to implement the appropriate provisions of the statutes governing military assistance. While the GAO states that it is not in a position to assess "the nature and purposes of Turkey's intervention on Cyprus," Mr. Staats makes the following statement:

> Turkey's unilateral military intervention on Cyprus certainly appears to run counter to the general tenor of the provisions of the Foreign Assistance Act and the terms of the 1947 agreement . . . and on the basis of our entirely unofficial understanding of developments on Cyprus it would seem that such intervention has gone beyond the bounds of possible defensive or peace-restoration efforts. Moreover, as has been noted previously, President Johnson failed to perceive any justification for a unilateral intervention in Cyprus contemplated by Turkey in 1964. While the present situation may differ in some respects from that presented in 1964 it is notable that the United States has joined in unanimous adoption of two resolutions by the United Nations Security Council . . . concerning the present Cyprus crisis which appear to oppose Turkey's actions.

The GAO observes that if the determinations and decisions mandated by Section 505(d) of the Foreign Assistance Act and Section 3(c) of the Foreign Military Sales Act "are not made promptly and timely—the punative aspects of the respective provisions are rendered virtually meaningless contrary to the intent of Congress." In expressing this concern, the GAO then goes directly to the failure of the State Department to properly administer our military assistance programs:

> There is, of course, a general mandate upon cognizant officials to administer the military assistance and foreign military sales programs in a manner consistent with and in furtherance of all relevent statutory provisions, including those provisions dealing with prohibitions and sanctions. Beyond this we believe that Section 505(d) of the Foreign Assistance Act and Section 3(c) of the Foreign Military Sales Act—in view of their expressed terms (particularly the references to "immediate' ineligibility) purposes, and legislative history—place a specific duty upon cognizant officials to expeditiously consider and make appropriate determinations concerning the applicability of such provisions in circumstances which clearly suggest potential violations.

I now make another quotation from this very intriguing document from the Comptroller General dated October 7, 1974. At an appropriate time, at the end of my remarks, I shall ask unanimous consent to put the full document from the Comptroller General in the RECORD, but not at this time.

The GAO goes on to point out an additional point of law:

> We note that an agreement between the United States and Turkey which became effective June 16, 1960 provides that military assistance furnished by the United States to Turkey could not be deployed to Cyprus without the formal consent of the United States Government, and even then only as to such items and quantities thereof specifically agreed upon prior to deployment.

Mr. President, this is a very important point that the Comptroller General makes, because, as Senators will recall, initially it was the 1947 bilateral agreement between the United States and Turkey which prohibited Turkey from using American weaponry to perpetrate acts of aggression on neutral countries, in this instance Cyprus. That was the agreement we had between the United States of America and the Government of Turkey in 1947, and that agreement was buttressed, 13 years later, as recently as 1960, by yet another agreement, and this one was even more specific than the 1947 agreement, because this 1960 agreement, signed by our Government, our President, and our Secretary of State at that time—it happened to be President Eisenhower, in the last year of his term of office—with their government. That agreement specifically referred to Cyprus, and specifically said that Turkey would not deploy to Cyprus any of our American military equipment unless they got—and hear this again, Mr. President—"the formal consent of the United States Government."

No such consent has been sought by Turkey, and I hope to God no such consent has ever been given, either covertly or overtly, to Turkey. At least it has not been brought to my attention if it has.

So we have this situation, Mr. President. We have a 1947 general agreement with Turkey that says they cannot use arms to invade neutral or sovereign nations. We have a 1960 agreement with Turkey specifically dealing with Cyprus saying that it is a no-no to use American arms to go to Cyprus without our approval.

We have two statutes that have been on the books for almost two decades, the Foreign Assistance Act and the Foreign Military Sales Act, that say, "You cannot use American equipment to invade neutral countries."

So the law and the agreement pursuant to the law are clear.

Then, coupled with that, which I will get to later in my speech, was the 1964 situation when Under Secretary of State George Ball told Turkey when it threatened to invade Cyprus back then 10 years ago, "Turkey, if you invade Cyprus with your equipment, aid will be terminated under our agreement and under the law."

I know in the law, Mr. President, that good and reasonable lawyers can oftentimes disagree on what a statute says or what a contract means. But when you have this much law, both statutory and in terms of bilateral agreement, there is no one who can say there is any shadow of a doubt as to whether Turkey can or cannot use American military equipment to invade Cyprus. They cannot. They should not have used it.

They have been warned previously in 1964 not to do so. They had signed an agreement both of a general nature in 1947 and of a specific nature in 1960 that they would not, and yet they did. And we are supposed to stand back after they do that, with all of this history of both law and bilateral agreements, and smile benignly at Turkey and say, "Turkey, well, we wish you had not done that. You should not have used our equipment, but we are going to ignore our laws and ignore our agreement and, indeed, we are going to continue to send you more aid because we think you are a pretty nice fellow."

If that is our foreign policy, Mr. President, if our foreign policy is predicated on the theory that the law is to be ignored, that the law is useless, that the law is a wasted effort in legislative futility, then we had better make a very piercing and thorough reexamination of our foreign policy posture because, in my opinion, any sound and rational foreign policy has to be predicated on one thing above all, that the law is above all of us; that we are all subservient to it, and we are all obliged to obey it, and if we go into some kind of twilight foreign policy era when the law becomes just something of convenience to use when you see fit to use it, and becomes something to ignore when you see fit to ignore it, then I think we will be pinning our foreign policy on a very weak reed.

Now, Mr. President, as I have said on numerous occasions, the Secretary of State has been made aware of his obligations in this matter. State Department lawyers unlike the General Accounting Office, have immediate access to the information they require to determine whether Turkey has substantially violated the terms of our military assistance programs. The Secretary has had access to the documentation of the 1964 Johnson letter—that is the Johnson letter to Turkey as delivered and explained by Undersecretary of State Ball—documentation which shows that our Government was aware of the requirement to stop further military aid to Turkey if that nation used our arms to intervene in Cyprus. The Secretary of State has also been made aware of the sense of Congress concerning the implementation of its laws. It would, therefore, be impossible for him to confuse the intent of Congress in this particular situation.

In light of this recent performance I would like to remind my colleagues of a comment Dr. Kissinger made during his confirmation hearings as Secretary of State. Responding to an inquiry by Senator CHURCH over whether Americans are illegally advising Cambodian forces, Secretary Kissinger said the following:

> If what I have said to this committee is to have any meaning then it would be totally inappropriate for me as Secretary or as adviser to the President to behave like a sharp lawyer and to try to split hairs and find some legal justification for something clearly against the intent of the law. So I think the better answer to you, Senator, is to say that when the law is clearly understood—and it will be my job to make sure that I clearly understand the intent of Congress—we may disagree with it, but once the intent is clear we will implement not only the letter, but the spirit. If such an event occurred as you describe, I will do my best to have it stopped.

Now, this is the testimony of Dr. Kissinger when he was being confirmed as Secretary of State. I think it was a very honorable statement he made then, a very wise one, a very prescient one and, in that statement, he says when the law is clear he will obey it, he will enforce it. When the law is clear he will implement it whether he agrees or not with the policy implications inherent in that statute, and that is what he testified to back at the time of his confirmation hearings as Secretary of State.

I just wish the Secretary would reread his own testimony. He need not read my speech, he need not answer my letters—some of which are there and unanswered on this Cyprus situation. All he has to do is reread what he said himself as to what the law means.

Let me repeat:

> So I think the better answer to you, Senator, is to say that when the law is clearly understood—and it will be my job to make sure that I clearly understand the intent of Congress—we may disagree with it, but once the intent is clear, we will implement not only the letter, but the spirit. If such event occurred as you describe, I will do my best to have it stopped.

These are not the words of EAGLETON; these are not the words of any U.S. Senator; these are the words of the Secretary of State of the United States, Dr. Henry Kissinger.

Mr. President, in the case of Cyprus, Secretary Kissinger has clearly violated his promise, in my opinion, to the Foreign Relations Committee. He is acting contrary to the law because he believes that it is not in the national interest to follow the law. I disagree with that most strenuously.

Mr. President, the policy considerations given by the Secretary of State in attempting to justify an override of American law is subject to considerable debate among members of the foreign affairs community. Former Under Secretary of State George Ball, for example, is highly critical of U.S. Cyprus policy and has urged that Congress reaffirm its statutes governing military assistance.

In testimony before the House Foreign Affairs Committee, Mr. Ball addressed the Cyprus matter in considerable detail and discussed the role he played in 1964 in stopping Turkey from intervening militarily on Cyprus.

I would like to read what Mr. Ball said about the situation which exists today—this is testimony just a few weeks ago before the House Foreign Affairs Committee:

> Mr. BALL. Today the Turks occupy 40 per cent of the Island and not only that but the best 40 per cent because it is the northern coast which is the great source of revenue because it is the tourist coast. It is the coast that is the part of the Island that is obviously the richest in that sense.
>
> Now, how we persuade the Turks to leave or even to reduce that 40 per cent to any kind of dimension that is commensurate with the proportion of the population . . . I think remains to be seen. I am not sure we can.
>
> Actually the problem that we face right now is a very acute one. We have put almost insupportable pressures on the government in Athens and the government in Athens is an excellent government. Mr. Karamanlis in my opinion is the finest Prime Minister in Greece since he was Prime Minister before. I think what has occurred in the intervening period is not from the point of view of the Greek people or of the Western world very useful . . .
>
> We ought to give this Democratic Government in Greece a real chance. We are destroying it. We are destroying it as long as we put them in the situation where 40 per cent of Cyprus has been taken over by the Turks and all that we can say is that we would be glad to mediate . . .

Again continuing to quote from Mr. Ball:

> Let me say that if this situation persists, particularly with Mr. Andreas Papandreou running in Greece, and his relations are very much on the left side to the point where I suspect that he would not be deeply disturbed if a substantial Soviet influence were to develop in Greece, I think we are in a position where we may very well have so weakened the democratic political fabric in Greece that we could permit a substantial

Soviet influence in Greece which could be quite disastrous.

Going ahead with George Ball:

Think what would happen if Greece were to be led toward some kind of new arrangement in which we would have a very substantial Soviet influence. In the first place, think of the consequences insofar as Yugoslavia is concerned. Yugoslavia is a country with an aging dictator whose life span is not going to go on forever, a country that could very easily be subject to strong centrifugal forces if he were to pass from the scene.

We would have isolated the Turks because we would have interposed between Turkey and the West a country that had begun to develop strong leftist ties. We would have put the position of Israel in much greater jeopardy than it is today because we would have injected a new element in that part of the Eastern Mediterranean which could be a very disturbing element indeed.

Mr. Findley. What leverage do we have at this juncture we can use? Military assistance?

Mr. Ball. That is primarily the leverage we have, the leverage of military assistance, if we can get an understanding amongst all of the NATO partners that we are following and the course we would expect them to follow.

This can be reasonably effective, in my judgment. Military assistance is a continuing thing or it is nothing. We can give a country a substantial amount of equipment but if you don't continue to give them the spare parts and supplies it becomes quite useless. This is the effective hold that is implied in this.

Mr. President, Mr. Ball is a student of this situation and his advice should not be lightly dismissed. It will be argued, of course, that Dr. Kissinger is also an expert on foreign policy and that he holds an opposite view with regard to Cyprus. I do not challenge Dr. Kissinger's expertise, but I believe it is important when we have such strong differences of opinion that we follow the law and implement its provisions in an even-handed manner.

Finally, Mr. President, there are reports that Turkish troops on Cyprus are running out of ammunition. At the present time we have $6 million worth of ammunition in the pipeline ready to go to Turkey. The amendment we discuss today, therefore, is not simply an ethereal proposal to slap Turkey on the hand for its past actions. If we agree to send ammunition to rearm the Turkish Army, then we will participate directly in the continued occupation of the island of Cyprus.

I do not believe that the American people desire to see its Government tilt in the direction of aggression by our failure to adopt this measure. I urge my colleagues to reaffirm the law and to reaffirm the notion that American weaponry will not be used against the friends of the United States.

At this point, Mr. President, I ask unanimous consent that the 21-page letter dated October 7, 1974, from the Comptroller General of the United States, Mr. Elmer Staats, be printed in full in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Comptroller General of the
United States,
Washington, D.C. October 7, 1974.
Hon. Thomas F. Eagleton,
U.S. Senate

Dear Senator Eagleton: Reference is made to your letters of September 11 and 18, 1974, requesting our opinion on whether the use by Turkey of American-supplied defense articles and defense services for the purpose of intervening militarily in Cyprus would be in "substantial violation" of applicable statutory provisions and agreements so as to render Turkey "immediately ineligible" for further assistance under section 505(d) of the Foreign Assistance Act of 1961, as amended, and section 3(c) of the Foreign Military Sales Act.

Both of the above-cited statutory provisions contain similar prohibitions and involve similar considerations. We will first address your question in the context of the military assistance program.

Part II of The Foreign Assistance Act of 1961, approved September 4, 1961, Public Law 87–195, 75 Stat. 434, as amended, 22 U.S.C. §§ 2301, *et seq.*, currently governs the furnishing of defense articles and defense services on a grant basis. Subsection 505(d) thereof, as amended, 22 U.S.C. § 2314(d) (1970), provides:

"Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in *substantial* violation of the provisions of this chapter [22 U.S.C. 2311 *et seq.*] or any agreements entered into pursuant to any of such Acts shall be *immediately ineligible* for further assistance." (Emphasis added.)

Military assistance has been furnished to Turkey pursuant to an "Agreement on Aid to Turkey" which was signed and entered into force at Ankara on July 12, 1947, T.I.A.S. 1629, 61 Stat. 2953. The initial recitations of agreement are as follows:

"The Government of Turkey having requested the Government of the United States for assistance which will enable Turkey to strengthen the security forces which Turkey requires for the protection of her freedom and independence and at the same time to continue to maintain the stability of her economy; and

"The Congress of the United States, in the Act approved May 22, 1947, having authorized the President of the United States to furnish such assistance to Turkey, on terms consonant with the sovereign independence and security of the two countries; and

"The Government of the United States and the Government of Turkey believing that the furnishing of such assistance will help to achieve the basic objectives of the Charter of the United Nations and by inaugurating an auspicious chapter in their relations will further strengthen the ties of friendship between the American and Turkish peoples;

"The undersigned, being duly authorized by their respective governments for that purpose, have agreed as follows: * * *."

Article I of the Agreement provides:

"The Government of the United States will furnish the Government of Turkey such assistance as the President of the United States may authorize to be provided in accordance with the Act of Congress approved May 22, 1947, and any acts amendatory or supplementary thereto. The Government of Turkey will make effective use of any such assistance in accordance with the provisions of this agreement."

The second paragraph of Article II of the Agreement provides:

"*The Government of Turkey will make use of the assistance furnished for the purposes for which it has been accorded.* In order to permit the [United States] Chief of Mission to fulfill freely his functions in the exercise of his responsibilities, it will furnish him as well as his representatives every facility and every assistance which he may request in the way of reports, information and observation concerning the utilization and progress of assistance furnished." (Emphasis added.)

Article IV of the Agreement provides:

"Determined and equally interested to assure the security of any article, service, or information received by the Government of Turkey pursuant to this agreement, the Governments of the United States and Turkey will respectively take after consultation, such measures as the other government may judge necessary for this purpose. *The Government of Turkey will not* transfer, *without the consent of the Government of the United States,* title to or possession of any such article or information nor *permit,* without such consent, *the use of any such article* or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the Government of Turkey or *for any purpose other than that for which the article or information is furnished.*" (Emphasis added.)

The act of May 22, 1947, ch. 81, 61 Stat. 103, pursuant to which the foregoing "Agreement on Aid to Turkey" was consummated, is a "predecessor foreign assistance act" for purposes of section 505(d) of The Foreign Assistance Act of 1961, quoted hereinabove. Accordingly, subsection 505(d) applies fully to military assistance furnished to Turkey.

Subsection 505(a) of The Foreign Assistance Act of 1961, as amended, 22 U.S.C. § 2314(a) (1970), provides in part:

"In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

"(1) it will not, without the consent of the President—

* * * * *

"(C) use or permit the use of such articles for purposes other than those for which furnished * * *."

Article IV of the "Agreement on Aid to Turkey," *supra,* in conformity with the foregoing provision, explicitly includes the required restriction on the use of defense articles furnished.

The exclusive purposes for which The Foreign Assistance Act of 1961, *supra,* authorizes the furnishing of military asisstance are set forth in section 502 thereof, as amended, 22 U.S.C. 2302, which provides in part:

"Defense articles and defense services to any country shall be furnished *solely* for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participte in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of assisting foreign military forces in less developed friendly countries * * * to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries. * * *" (Emphasis added.)

We note that an agreement between the United States and Turkey, which became effective June 16, 1960, provided that military assistance furnished by the United States to Turkey could not be deployed to Cyprus without the formal consent of the United States Government, and even then only as to such items and quantities thereof specifically agreed upon prior to deployment. That agreement, effected by an exchange of notes reprinted in Hearings on

United States Security Agreements and Commitments Abroad, Greece and Turkey, Before the Subcommittee on United States Security Agreements and Commitments Abroad of the Senate Committee on Foreign Relations, 91st Cong., 2d Sess., pt. 7, at 1780 (1970), states:

"ANKARA, *June 16, 1960.*

"His Excellence FLETCHER WARREN,
Ambassador of the United States of America, Ankara.

"EXCELLENCY: I have the honor to acknowledge receipt of your Note of May 16, 1960 which reads as follows:

"'EXCELLENCY: I have the honor to draw the attention of the Government of Turkey to the provisions of Article 4 of the Agreement on Aid to Turkey of July 1947, and with regard to the desire of the Turkish Government to use certain Military Assistance Program materiel for its planned military force in Cyprus to request that Turkey ask formal consent of the United States Government for such use for a purpose other than those for which the materiel was furnished.

"'It must be clearly understood that United States consent for the use of this equipment in Cyprus, which will be granted immediately upon receipt of Turkey's request, should not provide a basis for requests for additional Military Assistance Program materiel. The equipment sent to Cyprus, which was provided by the U.S. as grant aid under the Military Assistance Program cannot be dropped from accountability and will be considered as assets available to requirements for the Military Assistance Program for Turkey. The materiel to be deployed initially to Cyprus has been agreed upon by the Turkish General Staff and JUSMAT and is listed in the attached schedule and any Military Assistance Program materiel Turkey may subsequently wish to deploy to Cyprus will have to be the subject of a separate request.

"'I have the honor to propose that, if this Note is acceptable to Your Excellency's Government, this Note and Your Excellency's Note in reply, asking for formal United States consent and agreeing to the list submitted, shall constitute an agreement between our two Governments which shall enter into force on the date of Your Excellency's reply.

"'Accept, Excellency, the renewed assurances of my highest consideration.'

"In reply, I have the honor to inform you that my Government is in agreement with the foregoing.

"I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

"SELIM SARPER."

The schedule of materiel initially authorized to be deployed to Cyprus appears at pages 1776–1780 of the foregoing hearings.

In a 1964 crisis in Cyprus, Turkey contemplated intervening militarily. In a letter, dated June 5, 1964, President Lyndon Johnson wrote to the Turkish Prime Minister expressing grave concern over such action, and refusing to permit use of any United States supplied military equipment for such purpose. President Johnson's letter, reprinted in Hearings on United States Security Agreements and Commitments Abroad, Greece and Turkey, *supra*, at 1848–1850, states in part:

"* * * I am gravely concerned by the information which I have had through Ambassador Hare from you and your Foreign Minister that the Turkish Government is contemplating a decision to intervene by military force to occupy a portion of Cyprus, I wish to emphasize, in the fullest friendship and frankness, that I do not consider that such a course of action by Turkey, fraught with such far-reaching consequences, is consistent with the commitment of your Government to consult fully in advance with us. Ambassador Hare has indicated that you have postponed your decision for a few hours in order to obtain my views. I put to you personally whether you really believe that it is appropriate for your Government, in effect, to present a unilateral decision of such consequence to an ally who has demonstrated such staunch support over the years as has the United States for Turkey. I must, therefore, first urge you to accept the responsibility for complete consultation with the United States before any such action is taken.

"It is my impression that you believe that such intervention by Turkey is permissible under the provisions of the Treaty of Guarantee of 1960. I must call your attention, however, to our understanding that the proposed intervention by Turkey would be for the purpose of effecting a form of partition of the Island, a solution which is specifically excluded by the Treaty of Guarantee. Further, that Treaty requires consultation among the Guarantor Powers. It is the view of the United States that the possibilities of such consultation have by no means been exhausted in this situation and that, therefore, the reservation of the right to take unilateral action is not yet applicable.

* * * * *

"I wish also, Mr. Prime Minister, to call your attention to the bilateral agreement between the United States and Turkey in the field of military assistance. Under Article IV of the Agreement with Turkey of July 1947, your Government is required to obtain United States consent in the use of military assistance for purposes other than those for which such assistance was furnished. Your Government has on several occasions acknowledged to the United States that you fully understand this condition. I must tell you in all candor that the United States cannot agree to the use of any United States supplied military equipment for a Turkish intervention in Cyprus, under present circumstances.

* * * * *

"Finally, Mr. Prime Minister I must tell you that you have posed the gravest issues of war and peace. These are issues which go far beyond the bilateral relations between Turkey and the United States. They not only will certainly involve war between Turkey and Greece but could involve wider hostilities because of the unpredictable consequences which a unilateral invention in Cyprus could produce. You have your responsibilities as Chief of the Government of Turkey; I also have mine as President of the United States, I must, therefore, inform you in the deepest friendship that unless I can have your assurance that you will not take such action without further and fullest consultation I cannot accept your injunction to Ambassador Hare of secrecy and must immediately ask for emergency meetings of the NATO Council and of the United Nations Security Council."

Turkey did not militarily intervene in Cyprus in 1964.

Your question concerning the use of military assistance by Turkey in connection with military intervention on Cyprus relates, of course, to the current situation, wherein it is our understanding that Turkey has used substantial quantities of United States supplied military assistance in the course of its military intervention dating from July 20, 1974. We believe that this situation gives rise to two principal issues with reference to possible violations subject to section 505(d) of the Foreign Assistance Act as follows: (1) whether the nature and purposes of Turkey's intervention on Cyprus are fundamentally inconsistent with the permissible uses of military assistance; and (2) whether the diversion of military assistance to support Turkey's intervention, absent the prior specific approval of the United States is, in and of itself, unauthorized.

With reference to the first issue, section 502 of the Foreign Assistance Act, quoted previously herein, authorizes the furnishing of military assistance solely for the following purposes: for internal security; for legitimate self-defense; to permit participation in regional or collective arrangements consistent with the United Nations Chapter; to permit participation in collective peacekeeping or peace-restoration measures requested by the United Nations; or to assist military forces of less developed friendly countries in promoting the social and economic development of such countries. Other provisions of the Foreign Assistance Act are consistent with, and tend to reenforce, the basic emphasis of section 502 upon defensive, peacekeeping and restoration, and peaceful purposes. Thus section 501 of the Act, as amended, 22 U.S.C. § 2301 (1970), which sets forth congressional declarations of policy concerning military assistance, states in part:

"The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this subchapter to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. * * *

* * * * *

"In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, *improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-support aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security,* and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

* * * * *

"Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. * * *" (Emphasis added.)

Consistent with this declaration of policy, section 511 of the Act, as amended, 22 U.S.C. § 2321d (Supp. II, 1972), provides:

"Decisions to furnish military assistance made under this part shall take into account whether such assistance will—

"(1) *contribute to an arms race;*

"(2) *increase the possibility of outbreak or escalation of conflict;* or

"(3) prejudice the development of bilateral or multilateral arms control arrangements." (Emphasis added.)

While not specifically subject to the operation of section 505(d), section 620(i) of the Foreign Assistance Act, as amended, 22 U.S.C. § 2370(i) (1970), seems to reenforce the foregoing observations concerning the nature and limits of military assistance purposes, and also seems particularly relevant in the instant context. This section provides:

"No assistance shall be provided under this Act or any other Act, and no sales shall be made under the Agricultural Trade De-

velopment and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts, or which hereafter is officially represented at any international conference when that representation includes the planning of activities involving insurrection or subversion, *which military efforts,* insurrection, or subversion, are directed against—

"(1) the United States,

"(2) *any country receiving assistance under this Act or any other Act, or*

"(3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954, *until the President determines that such Military efforts or preparations have ceased,* or such representation has ceased, *and he reports to the Congress* that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed, or that such representation will not be renewed or repeated. *This restriction may not be waived pursuant to any authority contained in this Act.*" (Emphaisis added.)

Finally, section 505(b) of the Act, as amended, 22 U.S.C. § 2314 (b) (Supp. II, 1972), provides:

"No defense articles shall be furnished on a grant basis to any country at a cost in excess of $3,000,000 in any fiscal year unless the President determines—

"(1) *that such country conforms to the purposes and principles of the Charter of the United Nations;*

"(2) that such defense articles will be utilized by such country for the maintenance of its own *defensive strength,* or the *defensive strength* of the free world;

"(3) that such country is taking all reasonable measures; consistent with its political and economic stability, which may be needed to develop its defense capacities; *and*

"(4) that the increased ability of such country to defend itself is important to the security of the United States." (Emphasis added.)

The 1947 agreement between the United States and Turkey, discussed previously, appears equally clear concerning the purposes for which military assistance is furnished to Turkey. The agreement recites, *inter alia,* that such assistance "will enable Turkey to strengthen the security forces which Turkey requires for the protection of her freedom and independence and at the same time to continue to maintain the stability of her economy * * *"; and that "the furnishing of such assistance will help to achieve the basic objectives of the Charter of the United Nations * * *." Article I of the agreement in effect incorporates applicable statutory provisions concerning the purposes of military assistance. In Article II, Turkey agrees to make use of assistance for the purposes for which it has been accorded.

Turkey's unilateral military intervention on Cyprus certainly appears to run counter to the general tenor of the provisions of the Foreign Assistance Act and the terms of the 1947 agreement discussed above; and, on the basis of our entirely unofficial understanding of developments on Cyprus, it would seem that such intervention has gone beyond the bounds of possible defensive or peace-restoration efforts. Moreover, as has been noted previously, President Johnson failed to perceive any justification for a unilateral intervention in Cyprus contemplated by Turkey in 1964. While the present situation may differ in some respects from that presented in 1964, it is notable that the United States has joined in unanimous adoption of two resolutions by the United Nations Security Council—Resolutions Nos. 353 (July 20, 1974) and 360 (August 16, 1974)—concerning the present Cyprus crisis which appear to oppose Turkey's actions, among other matters. Resolution No. 353 provides in part:

"*The Security Council,*

"Having considered the report of the Secretary-General at its 1779th meeting about the recent developments in Cyprus,

* * * * *

"*Gravely concerned* about the situation which led to a serious threat to international peace and security, and which created a most explosive situation in the whole Eastern Mediterranean area,

* * * * *

"*Conscious* of its primary responsibility for the maintenance of international peace and security in accordance with Article 24 of the Charter of the United Nations,

"1. *Calls upon* all States to respect the sovereignty, independence and territorial integrity of Cyprus;

* * * * *

"3. *Demands* an immediate end to foreign military intervention in the Republic of Cyprus that is in contravention of operative paragraph 1;

"4. *Requests* the withdrawal without delay from the Republic of Cyprus of foreign military personnel present otherwise than under the authority of international agreements including those whose withdrawal was requested by the President of the Republic of Cyprus, Archbishop Makarios, in his letter of 2 July 1974;* * *."

Resolution No. 360 provides in part:

"*The Security Council,*

* * * * *

"*Gravely concerned* at the deterioration of the situation in Cyprus, resulting from the further military operations, which constituted a most serious threat to peace and security in the Eastern Mediterranean area,

"1. *Records* its formal disapproval of the unilateral military actions undertaken against the Republic of Cyprus; * * *."

Nevertheless, the precise delimitation of the nature and purposes of Turkey's present intervention involves, in our view, complex questions dependent for their resolution upon analysis of factual information not available to us and the exercise of an expertise beyond our purview. We recognize, for example, that under the 1960 Treaty of Guarantee concerning Cyprus, Turkey, Greece, and the United Kingdom guaranteed the independence, territorial integrity and security of the Republic of Cyprus, and each of these parties expressly reserved the right, "in so far as common or concerted action may not prove possible," to take unilateral action "with the sole aim of re-establishing the state of affairs created by the present Treaty." (Articles II and IV). The relevance of this treaty to Turkey's present actions is one such question. Another is whether Turkey's actions, even if initially justified, have since changed character and, if so, at what point.

In view of the foregoing considerations, our Office is not in a position to formally determine the nature of Turkey's intervention on Cyprus with reference to the criteria applicable under the Foreign Assistance Act and the 1947 agreement concerning the furnishing of military assistance. Therefore, while the Turkish intervention obviously raises serious questions under the Act and the agreement, we cannot conclude definitively that such use of assistance *in consideration of the nature of Turkey's military actions* constitutes a substantial violation under section 505(d) of the Act.

As indicated previously, however, we believe that the present situation raises a second issue in terms of violations subject to section 505(d), *i.e.,* whether the use of United States furnished military assistance by Turkey in connection with its intervention on Cyprus would be impermissible, apart from the precise nature of the intervention, on the basis of failure to obtain the prior formal consent of the United States for such use.

II

Section 505(a)(1)(C) of the Foreign Assistance Act and article IV of the 1947 Agreement on Aid to Turkey, quoted previously herein, both expressly provide that military assistance may not be used for a purpose other than those for which it is furnished without the consent of the United States. For the reasons stated hereinabove, we cannot conclude that the use of military assistance by Turkey in support of its intervention on Cyprus would be flatly prohibited by the Foreign Assistance Act or the 1947 agreement. Nevertheless, we believe it is clear that such a use of assistance is not specifically provided for or contemplated by either the Act or the agreement, and, accordingly, that it constitutes a diversion of assistance from the purposes for which provided. This being the case, such a diversion could, under the terms of section 505(a)(1)(C) and article IV of the agreement, be accomplished only upon the consent of the United States.

Any doubt as to this conclusion in the present context is, in our judgment, dispelled by consideration of the 1960 agreement in an exchange of notes between the United States and Turkey concerning the use of defense articles on Cyprus. In this exchange of notes, discussed previously, Turkey requested formal consent to the use of United States furnished defense articles on Cyprus, presumably in connection with the routine deployment of forces on the island consistent with the 1960 Treaty of Guarantee. The Turkish request was submitted at the insistence of the United States. Thus the United States Ambassador to Turkey stated in his note:

"I have the honor to draw the attention of the Government of Turkey to the provisions of Article 4 of the Agreement on Aid to Turkey of July 1947, and with regard to the desire of the Turkish Government to use certain Military Assistance Program material for its planned military force in Cyprus to request that *Turkey ask formal consent of the United States Government for such use for a purpose other than those for which the material was furnished.*" (Emphasis added.)

Consent was granted, limited to specified types and quantities of defense articles. However, the Ambassador's note added:

"* * * The materiel to be deployed initially to Cyprus has been agreed upon * * * and is listed in the attached schedule and *any Military Assistance Program materiel Turkey may subsequently wish to deploy to Cyprus will have to be the subject of a separate request.*" (Emphasis added.)

For the reasons stated above, we conclude that the diversion of military assistance for use in Cyprus beyond that specifically provided for in the 1960 agreement would, absent formal consent thereto by the United States, violate the 1960 agreement, article IV of the 1947 agreement, and section 505(a)(1)(C) of the Foreign Assistance Act as a matter of law. We assume that no such consent has been given with respect to Turkey's present intervention.

The foregoing violations would clearly fall within the scope of subsection 505(d) of the Act. Since this subsection renders a country immediately ineligible for further military assistance on the basis of "substantial" violations, it remains to consider whether these violations would be "substantial." The legislative history does shed some light on which violations were intended to be characterized as "substantial." Section 505(d) derives originally from the House version of legislation enacted as the Foreign Assistance Act of 1962. See H.R. 11921, 87th Cong., 2d Sess. 2201 (1962). The House bill contained in substance the language ultimately enacted, but did not include the word "substantial." The House Committee on Foreign Affairs in its report on the bill, H. Rept. No. 1788, 87th Cong., 2d Sess. 27 (1962), observed in part with reference to this provision:

"The present act requires that military assistance furnished either through grants or sales shall be solely for the purposes of internal security, legitimate self-defense or the participation in collective arrangements or measures consistent with the United Nations Charter or as requested by the United Nations for maintaining or restoring international peace and security. It also provides for certain conditions of eligibility which include the reaching of agreements as to the use, observation, protection, and disposition of the assistance furnished.

"This amendment will provide the positive penalty not now contained in the law for the future violation of the requirements of this chapter or agreements under which the equipment or services are furnished.

"The committee believes that such a penalty is necessary and will serve notice on recipient countries who may view these conditions or agreements as having litle or no effect. *It is not intended that every small disagreement between the United States and recipient countries on the possible deployment of units or uses of equipment would serve to make such country ineligible for further assistance. However, where a country actually undertakes an act of aggression or refuses to allow continuous observation of the equipment, diverts substantial quantities of the items furnished, or otherwise violates the terms of its agreements, further assistance under this chapter would be prohibited by this amendment.*

"The President's special waiver authority contained in section 614(a) of this act may be used to waive the requirements of this subsection." (Emphasis added.)

The word "substantial" was added in conference. With respect to this provision the conference report stated, H. Rept. No. 2008, 87th Cong., 2d Sess. 18 (1962):

"Section 201(a) of the House amendment provided that any country which hereinafter used defense articles or defense services furnished such country under this act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance act, where such use was in violation of the provisions of the military assistance chapter or any agreements entered into pursuant to any of such acts, should be immediately ineligible for further assistance.

"The Senate bill contained no comparable provision.

"The committee of conference accepted the House provision with an amendment which provided that in order for the section to become operative there must be a 'substantial' violation of the provisions of the military assistance chapter or applicable agreements. *The purpose of this amendment is to make clear that minor instances of diversion or improper uses would not work to make countries ineligible for further military assistance.*" (Emphasis added.)

In light of the foregoing, we interpret the conference addition of the word "substantial" as a clarification of the language of the bill designed to formalize intent of the provision as expressed in the House report. Consequently, while "minor" violations do not require ineligibility the examples of violations set forth in the House report—such as an actual act of aggression or diversion of "substantial" quantities of defense items from authorized purposes—apparently represent violations intended by the Congress to render the provision operative and cause immediate ineligibility for further military assistance.

Any diversion of substantial quantities of military assistance items furnished by the United States from authorized purposes would thus constitute a "substantial" violation of section 505(d) under the intent expressed in the House report. Moreover, even though any substantial diversion thus seems sufficient in and of itself to trigger section 505(d), the purposes and use to which the diverted military assistance is applied would certainly also be relevant to the gravity of the violation. If such purposes and use were in contravention of the explicity stated policies and purposes of the Foreign Assistance Act of 1961, the violation would undoubtedly be "substantial." It is our impression that Turkey has diverted substantial quantities of military assistance items furnished by the United States, although we have no official information as to the types and quantities of defense articles which are involved. In addition, as noted hereinabove, the particular purposes for which the items were diverted and the uses to which they were applied may well be in contravention of the policies and purposes of the Foreign Assistance Act of 1961.

III

The Foreign Military Sales Act, approved October 22, 1968, Pub. L. 90–629, 82 Stat. 1321, as amended, 22 U.S.C. §§ 2751 *et seq.*, governs the furnishing of defense articles and defense services on a sales basis. It repealed and superseded those provisions of the Foreign Assistance Act of 1961 dealing with military sales. Section 3(c) of the Act, as amended, 22 U.S.C.A. § 2753(c) (Pocket pt. 1974), referred to in your letter, provides:

"(c) Except as otherwise provided in subsection (d), any foreign country which hereafter uses defense articles or defense services furnished such country under this Act, in *substantial* violation of any provision of this Act or any agreement entered into under this Act, shall be *immediately ineligible* for further cash sales, credits, or guarantees." (Emphasis added.)

Subsection 3(d) relates to the treatment of "sophisticated weapons."

The conclusions expressed in parts I and II hereof concerning section 505(d) of the Foreign Assistance Act apply generally to section 3(c) of the Foreign Military Sales Act and its related provisions. Subsection 3(a) of the latter act, as amended, 22 U.S.C.A. § 2753(a) (Pocket pt. 1974), provides in part:

"No defense article or defense service shall be sold by the United States Government under this Act to any country or international organization unless—

* * * * *

"(2) *the country* or international organization *shall have agreed* not to transfer title to, or possession of, any defense article so furnished to it to anyone not an officer, employee, or agent of that country or international organization and *not to use or permit the use of such article for purposes other than those for which furnished unless the consent of the President has first been obtained*; * * *." (Emphasis added.)

Article IV of the 1947 Agreement on Aid to Turkey, discussed previously and also applicable to military sales to Turkey, includes this restriction on the use of defense articles furnished. For the reasons given in Part II hereof, it appears that the use of substantial quantities of defense articles furnished under the Foreign Military Sales Act and Article IV to support military intervention on Cyprus would constitute substantial violations for purposes of section 3(c). Other provisions of the Foreign Military Sales Act—comparable to provisions of the Foreign Assistance Act discussed in part I—are also relevant in this regard. See 22 U.S.C.A. § 2751 (Pocket pt. 1974) and 22 U.S.C. § 2754 (1970).

IV

We recognize that the determination of whether a "substantial violation" of the statutory provisions and agreements discussed previously has occurred, so as to actually render Turkey "immediately ineligible" for further assistance under section 505(d) of the Foreign Assistance Act and section 3(c) of the Foreign Military Sales Act, is, at least in the first instance, entrusted to the officials charged with the administration of these provisions. The pertinent delegations of authority are set forth in Exec. Order No. 10973, as amended, 3 C.F.R. 90 (1974), 22 U.S.C. § 2381, note (Supp. II, 1972), and Exec. Order No. 11501, as amended, 3 C.F.R. 267 (1974), 22 U.S.C. § 2751, note (1970 and Supp. II, 1972).*

If these determinations or decisions are not made promptly and timely, however, the punitive aspects of the respective provisions are rendered virtually meaningless, contrary to the intent of Congress. With respect to subsection 505(d) of the Foreign Assistance Act, House Report No. 1788, 87th Cong., 2d Sess. 27 (1962), stated:

"The amendment will provide the positive penalty not now contained in the law for the future violation of the requirements of this chapter or agreements under which the equipment or services are furnished.

"The committee believes that such a penalty is necessary and will serve notice on recipient countries who may view these conditions or agreements as having little or no effect. * * *"

Adequate provision has been made in the law to facilitate the availability of necessary pertinent information to the responsible official(s). Subsection 505(a) of the Act, as amended, 22 U.S.C. § 2314(a) (1970), provides in part:

"In addition to such other provisions as the President may require no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

* * * * *

"(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; * * *."

Articles II and III of the "Agreement on Aid to Turkey," *supra*, make specific provision to fulfill this requirement. Also, subsection 623(a) of the Foreign Assistance Act of 1961, *supra*, 22 U.S.C. § 2383(a) (1970), provides in part:

"In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for—

* * * * *

"(3) the supervision of end-item use by the recipient countries * * *."

In addition, subsection 624(d) of the Act, as amended, 22 U.S.C. § 2384(d) (1970), provides in part:

"(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

* * * * *

"(B) For the purpose of ascertaining the extent to which programs being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

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* It should be noted that subsection 620(i) of the Foreign Assistance Act, as amended, 22 U.S.C. § 2370(i) (1970), quoted previously herein, sets forth separate prohibitions and sanctions which operate on the basis of Presidential determinations. This subsection applies to all forms of foreign assistance.

"(3) *The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph* (2) *of this subsection* for the purpose of—

"(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

"(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

"(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

"(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

"(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering parts I or II of this Act, and of the Latin American Development Act, as amended, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended, and section 290f of this title. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

* * * * *

"(8) Whenever the Inspector General, Foreign Assistance, deems it appropriate in carrying out his duties under this Act, he may from time to time notify the head of any agency primarily responsible for administering any program with respect to which the Inspector General, Foreign Assistance, has responsibilities under paragraph (2) of this subsection that all internal audit, end-use inspection, and management inspection reports submitted to the head of such agency or mission in the field in connection with such program from any geographic areas designated by the Inspector General, Foreign Assistance, shall be submitted simultaneously to the Inspector General, Foreign Assistance. The head of each such agency shall cooperate with the Inspector General, Foreign Assistance, in carrying out the provisions of this paragraph." (Emphasis added.)

There is, of course, a general mandate upon cognizant officials to administer the military assistance and foreign military sales programs in a manner consistent with and in furtherance of all relevant statutory provisions, including those provisions dealing with prohibitions and sanctions. Beyond this, we believe that section 505(d) of the Foreign Assistance Act and section 3(c) of the Foreign Military Sales Act—in view of their express terms (particularly the references to "immediate" ineligibility), purposes, and legislative history—place a specific duty upon cognizant officials to expeditiously consider, and make appropriate determinations concerning, the applicability of such provisions in circumstances which clearly suggest potential substantial violations.

As indicated previously, we do not have a sufficient basis, at the present time, to formally characterize Turkey's military intervention on Cyprus; nor do we know precisely what United States defense articles have been used in connection with it. We believe there can be no doubt, however, that the present situation with respect to Cyprus is sufficiently serious to require that the determinations described above be expeditiously made.

We note that section 614(a) of the Foreign Assistance Act, as amended, 22 U.S.C. § 2364 (a) (1970), provides:

"The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 520 in a total amount not to exceed $250,000,000 and the use of not to exceed $100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951, in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than $50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year. The limitation contained in the preceding sentence shall not apply to any country which is a victim of active Communist or Communist-supported aggression."

We have not specifically considered whether the waiver authority of section 614 (a) would be appropriate in this case. We would point out, however, that any such waiver would be subject to the publication and congressional notification requirements set forth in section 654 of the Act, as amended, 22 U.S.C. § 2414 (Supp. II, 1972).

Finally, the views expressed herein are, of course, subject to any subsequent actions which the Congress may take relative to this situation.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

Mr. EAGLETON. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. McCLELLAN. Mr. President, I yield myself such time as I may use.

Mr. President, I will expect to be rather brief, but I want to make a statement for the record since I moved for the adoption of this amendment and I have already made some brief statements with respect to my reason therefor.

I would like to further state for the record that in considering this amendment we are dealing with a very sensitive issue, one that can have some far-reaching and maybe some most adverse consequences, Mr. President.

I do not know what the import of this amendment will be if it is adopted on the Greek-Turkey situation, what the reaction of these countries, Greece and Turkey, will be, what will be the reaction of other countries, and whether its adoption will hinder or prevent good faith and meaningful negotiations for settlement of the Cyprus problem.

Although there are sharply conflicting opinions and differing viewpoints with respect to this, I do not think anyone really knows at this time, what the reaction of these countries and others will be.

The President of the United States and the Secretary of State, Mr. Kissinger, our chief negotiator, strongly oppose this provision and insist that its enactment will at least hinder progress toward peace in the Cyprus conflict, that it will weaken our position and influence as a meditator trying to restore peace and to bring about a settlement of the differences.

Mr. President, if we could know that is true, then we would certainly be voting in the best interest of our country to reject the amendment. In other words, if the President's position is valid, then we may be doing serious harm by taking this action.

The distinguished Senator from Missouri (Mr. EAGLETON), and others, are just as sure, they are just as convinced and are just as adamant in their position, that the enactment of this provision is necessary to preserve integrity in the enforcement of statutes that have been enacted relating to foreign policy and particularly with reference to military assistance and restrictive uses that have been placed thereon.

So, Mr. President, this is not an easy problem to resolve.

I respect the sincerity and good faith of all, of each of the sponsors of and the opponents of this amendment.

I note we have on our desks here this morning a statement by the President dated yesterday, October 8, that he will veto this bill if this amendment is in it.

Now, Mr. President, that is a responsibility that the President has to take. He has that power, he has that authority. If his conclusions are that this measure will do more harm than it will good, if it would seriously handicap or interfere with successful negotiations to resolve the Cyprus problem, I think it would be his duty to veto it.

If it is enacted, and I am sure the amendment will pass here this morning, and if the President does veto it, although I have moved the adoption of this amendment and although I shall vote for it this morning, in doing so I am not making any committal to vote to override a veto if the President should veto this continuing resolution.

I make that reservation, Mr. President, because, as I have tried to indicate, this is a very, very serious matter. I shall reserve the right to consider further all information and viewpoints that are pertinent to the consideration of a veto, if a veto occurs. I thought I ought to make that statement, Mr. President.

I do not think anyone here would really want to do anything that would hinder progress toward peace in any area of the world. In the President's message it is contended that it could even have an overflow impact on problems in the Mideast. In other words, Mr. President, here is one of the dangers. If the President and the Secretary of State cannot go to foreign conferences, to international meetings, or to peace conference negotiations, with the confidence, the good will and the support of Congress, then they are handicapped; they are disarmed; they are practically immobilized before they start on their mission.

Wherever the right or wrong is in this particular issue before us today, this country needs, Mr. President, for the President, the Congress, and the American people to unite so we can present a position, so we can present a united consensus, a united support of any efforts that we are making, or may make hereafter, to try to bring about peace; to try to settle these international differences that are the cause of war and that continue to pose a threat of war.

Whether we will be able to get together on this particular issue, I do not know. I would hope we could. But, Mr. President, the divisiveness in America, the condition that prevails today where there cannot be, or is not in being, a strength that comes from unity in dealing with foreign countries, is a situation that is doing much harm to this country. This is not placing blame. We are doing harm to ourselves, more so than we are to some particular political party or some particular individual. America does not profit at all by this situation. We need to take politics out of these international matters and unite on what is good for our country. We need to unite on a proper position for our country, and then use all of our strength and our influence so that we might move toward peace rather than continue to fan the flames of dissent and discord within our own country.

Mr. President, I do not know whether anyone else wishes to speak. If so, I would be glad to yield.

I yield to the distinguished Senator from Michigan such time as he would wish.

Mr. GRIFFIN. Mr. President, the issue before the Senate now is one that already has been debated fully and at length. The reasoning—the arguments—which were applicable to the so-called Eagleton amendment, when this continuing resolution was earlier before the Senate, apply now with equal force and logic. Indeed, the language before us now is even more troublesome.

Mr. President, the distinguished chairman of the Appropriations Committee, Mr. McClellan, was right in his assessment when he said that no one can be absolutely sure what the effect will be if Congress adopts this amendment. He is probably correct in predicting that the amendment will be passed by a large majority.

However, it seems to me that when we face a situation in which we are sure that certain proposed action will be helpful—and when we have been warned by our President and Secretary of State that indeed that action will seriously damage the chances for peace—it is a time, I suggest, to exercise some caution and restraint. We have been advised that adoption of the pending amendment will not help to bring peace to Cyprus; instead that it will severely damage and possibly destroy the opportunity that now exists to achieve a just settlement of that very difficult, complex problem.

I am keenly aware of the strong political pressures that have been brought to bear upon Members of this body by many well-intentioned, well-meaning Greek-American friends and supporters in this country who believe sincerely that this amendment will serve the cause of Greece and Greek Cypriots. However, I am impressed and very concerned by the argument of our Secretary of State that this amendment will work against—not for—the very cause which our Greek-American friends espouse.

Surely, neither the Greek Government nor our Greek-American friends would want to put the U.S. Government in a position where we no longer have any meaningful influence with Turkey in negotiations to settle the Cyprus problem.

Just as it is essential for the United States to have influence in the Middle East with both the Arabs and the Israelis, it is important with respect to Cyprus that the United States have influence with both the Turks and the Greeks.

A statement made yesterday by the President of the United States has already been referred to by the distinguished chairman of the Committee on Appropriations. I believe it should be read in the Record at this point.

STATEMENT BY THE PRESIDENT

Yesterday the House of Representatives, once again acting against the almost unanimous advice of its leadership, amended the continuing resolution granting funds for our foreign aid programs. The amendment requires an immediate cessation of all U.S. military assistance to Turkey, and is, in my view a misguided and extremely harmful measure.

Instead of encouraging the parties involved in the Cyprus dispute to return to the negotiating table, this amendment, if passed by the Senate, will mean the indefinite postponement of meaningful negotiations. Instead of strengthening America's ability to persuade the parties to resolve the dispute, it will lessen our influence on all the parties concerned. And it will imperil our relationships with our Turkish friends and weaken us in the crucial Eastern Mediterranean.

But most tragic of all, a cut-off of arms to Turkey will not help Greece or the Greek Cypriot people who have suffered so much over the course of the last several months. We recognize that we are far from a settlement consistent with Greece's honor and dignity. We are prepared to exert our efforts in that direction. But reckless acts that prevent progress toward a Cyprus settlement harm Greeks, for it is the Greek government and the Greek Cypriots who have the most to gain from a compromise settlement. And it is they who have the most to lose from continued deadlock.

Thus I call upon the Senate to accept the original conference report language on Turkish arms aid and to return the bill to the House of Representatives once again. And I ask the House of Representatives to reconsider its hasty act and, working with the Senate, pass a bill that will best serve the interests of peace.

Those in this body who are determined to take on their shoulders the responsibility for defying that solemn advice by the President of the United States are free, of course, to do so. However, I believe the better course—the better part of wisdom—would be to exercise a degree of caution and restraint in a situation such as this. I believe it makes sense to give the President and his Secretary of State at least a benefit of the doubt.

After all, Secretary Kissinger has a pretty good track record. He has done an outstanding job of getting contending parties together and helping to reach settlements under difficult circumstances. It does not make sense now for the Senate to slap him in the face and to wreck the chance for success as he strives to achieve a just settlement of the Cyprus problem.

Mr. President, I urge my colleagues to register their votes against the pending motion.

Mr. President, I ask that an Associated Press story by Fred Hoffman be printed at this point in the Record.

There being no objection, the AP story was ordered to be printed in the Record, as follows:

TURKISH AID

(By Fred S. Hoffman)

Washington.—U.S. officials warn of possible grave consequences for the United States and the North Atlantic Alliance if the Senate votes to cut off military aid to Turkey.

President Ford stopped short of threatening a veto as he attacked the cutoff move, already approved by the House, as "a misguided and extremely harmful measure." The Senate takes up the issue today.

But some administration officials indicated they believed Ford might use the veto, even though such action would mean rejection of a resolution continuing other foreign aid programs.

The Turkey aid halt was attached to that resolution as an amendment that would require Ford to certify "substantial progress" toward negotiating a Cyprus settlement before aid could be resumed.

Assessing the implications for the United States and NATO if Congress should force a break in military aid to Turkey, officials listed these possible results:

Turkey might pull its armed forces out of NATO, as Greece did in anger over what it considered a U.S. tilt toward Turkey during the summer crisis over Cyprus.

The entire eastern flank of NATO would then be in danger of crumbling.

Turkey might deny the United States and NATO use of important bases on its soil. One of these is the Incirlik Airbase where the United States normally stations some F-4 Phantom jets and which could be vital for air support of the U.S. Sixth Fleet in a crisis.

(Unmentioned by these officials were secret installations in Turkey from which the United States operates sensitive electronic intelligence-gathering devices beamed into the Soviet Union.)

U.S. military transports that fly through Turkish airspace en route to destinations in the Middle East and elsewhere might have to be rerouted.

The Turks might decide to shuck all restraints on the growing of opium-producing poppies, which the United States has been trying to persuade the Ankara Government to curb in order to inhibit the drug traffic.

Efforts to work out a peaceful diplomatic settlement of the Greek-Turkish dispute over Cyprus would be disrupted, raising the danger of a new flare-up of fighting.

Officials said a cutoff would force the Turks to turn elsewhere for the military equipment they have received from the United States for decades.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. GRIFFIN. The time to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLELLAN. Mr. President, I do not know whether anyone else wishes to speak.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUCKLEY. Mr. President, I am pleased to join the Senator from Missouri, Mr. Eagleton, and others in support of the restrictions on aid to Turkey contained in the new language in H.J. Res. 1131.

It seems to me it strikes the necessary balance between an unmistakable declaration of our determination that new American arms shall not be used to prolong the occupation of Cyprus by Turkey, and the kind of flexibility that will enhance the ability of our negotiators to secure what we all desire; namely, the withdrawal of Turkish troops and the restoration of full Cypriot sovereignty over all the island.

I thought the restrictions most recently adopted by this body would have been counterproductive, because in terms of human relations it would on the one hand have us give up in advance an important element of our leverage over Turkey, while on the other it would have made it politically more difficult for the Turkish Government to do what we and the Greek Government most want; and that is for serious, good faith negotiations to be initiated at the earliest possible time.

I believe the new House language makes it possible to provide the strongest possible leverage for all our negotiators; leverage that is desired by all parties concerned, without so inflaming the emotions of proud Turkish citizens so as to make a settlement of this dispute impossible. I strongly urge the adoption of the House language.

Mr. MONDALE. Mr. President, we have seen in recent weeks an unprecedented administration effort to block the normal legislative process regarding foreign aid. We all know that this continuing resolution which is before us now is not due to any lack of expeditious attention by the Senate Foreign Relations Committee or, indeed, by the Senate Chamber of the normal foreign aid authorization bill. Rather, it is the product of a sometimes confused administration strategy to avoid the very sensible, practical, and much-needed restrictions that have been written into the Senate version of the foreign aid bill.

Last week, I proposed taking the Israeli portion of the foreign aid bill authorization and putting it on this continuing resolution. I explained at the time that this was not a question of vitiating the foreign aid bill itself, nor was it an effort to be one sided. I wanted to accomplish three things:

First and foremost. To get much needed aid to Israel, which suffered a loss of a year's gross national product during the October war a year ago.

Second. I wanted to leave some incentive for the administration to continue to support the foreign aid bill itself. It was clear to me that if I would take the Egyptian and other Arab parts of the foreign aid bill, and put them on the continuing resolution, I would end any incentive on the part of the administration to go forward with that bill.

Third. I wanted to insulate Israeli aid from the politics being played by this administration on the foreign aid bill. There is no question in my mind but that the administration hoped that by leaving Israeli aid in the foreign aid bill, it would be able to to pry out of the bill those restrictions that it does not like in the name of getting on with the job of providing aid to Israel. I do not believe Israeli aid should be held hostage to unfettered aid to Saigon and Seoul.

Since that time, the administration, at the highest levels, has been trying to distort what is really happening in regard to the aid bill. If, indeed, the administration was concerned about making sure that both Israel and the Arab States were treated evenly, before Secretary Kissinger's trip to the Middle East, I, and the others who supported my amendment last week, were perfectly willing to accept the addition of the Arab part of the package. Now, we are confronted with a cruel choice—do we, once again, put in the Israeli part of the appropriation which is so desperately needed by the Government of Israel, leaving to later the longer termed programs aimed at helping the Arab States? The administration claims that this would be one-sided. Do we put in the whole Middle East package, and end forever any chance of pursuing the normal and correct course of legislation in passing the aid bill? Or do we refrain in the hopes that, despite administration opposition, we can report and vote on an aid bill before the end of the year?

After consulting with others, and with great reluctance, I have decided on the latter course: to work as best I can, with other Senators in this Chamber, to get the foreign aid bill passed this year. May I only say, in this connection, that our objective will be a vote on the aid bill. And if it is defeated, then the administration will have no grounds for seeking a further continuing resolution. And, if it is adopted, and vetoed by the President, then, at least, the true position of the administration will have been made abundantly clear—that they would rather sacrifice aid to the Middle East, to both Israeli and Arab, rather than yield to the controls written into the aid bill because the American people have had enough of underwriting to dictators in Asia and Latin America.

Thank you, Mr. President.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to the Senator.

SENATOR HATHAWAY COMPLETES 100 HOURS AS PRESIDING OFFICER OF THE SENATE

Mr. MANSFIELD. Mr. President, inasmuch as we have such a splendid attendance in the Senate Chamber, I think it is most appropriate at this time to announce that the distinguished junior Senator from Maine (Mr. Hathaway), now occupying the chair as the Presiding Officer, has just completed 100 hours of service as the Presiding Officer of this body.

I want to express the appreciation of the Senate to Senator Hathaway for his devotion to duty and his dedication to the job of being the Presiding Officer, and to assure him that we are all appreciative and thankful for the outstanding service he has performed both in and out of that chair.

Mr. HATHAWAY subsequently said: Mr. President, I thank the distinguished majority leader for his commendation.

It has been a pleasure to serve 100 hours and 4 minutes presiding over this distinguished body.

Mr. MANSFIELD. It has been a pleasure for us to have the Senator up there.

FURTHER CONTINUING APPROPRIATIONS—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 1131) making further continuing appropriations for the fiscal year 1975, and for other purposes.

Mr. MANSFIELD. Mr. President, are we still under controlled time?

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. Mr. President, will the Senator yield back the remainder of his time, so that we will vote at 11:30?

Mr. McCLELLAN. I am willing to do so, if the distinguished Senator from Missouri——

Mr. MANSFIELD. I think he has finished. I will take the responsibility and yield back his time, because I was told that he just wanted to make a brief speech.

Mr. McCLELLAN. Mr. President, I yield back the remainder of my time.

DEEPWATER PORT ACT OF 1974

Mr. MANSFIELD. Mr. President, in accordance with the statement made by the joint leadership on yesterday, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 1153, S. 4076, that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER (Mr. Metzenbaum). The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 4076) to regulate commerce, promote efficiency in transportation, and protect the environment, by establishing procedures for the location, construction, and operation of deepwater ports off the coasts of the United States, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. LONG. Mr. President, I ask unanimous consent that the following members of my staff be permitted to be present on the floor during the consideration of the deepwater port measure: Wayne Thevenot, Doug Svendson, John Steen.

The PRESIDING OFFICER (Mr. Metzenbaum). Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the following staff members be allowed the privilege of the floor during the consideration of S. 4076, and the Deepwater Ports Act of 1974, and any votes thereon: James P. Walsh, John Hussey, Robert Lane, Art Pankopf, Jr., Earl Costello, and Hank Lippek, of the Committee on Commerce.

M. Barry Meyer, Philip T. Cummings, Bailey Guard, John Yago, Larry Meyers, Ann Garrabrant, Sally Walker, Harold Brayman, Richard Hellman, Jackee Schafer, and Wes Hayden, of the Committee on Public Works.

Suzanne Reed, Michael Harvey, Lucille Langlois, William Van Ness, Roma Skeen, David Stang, and Harrison Loesch, of the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that John I. Brooks of my staff have the privilege of the floor during the consideration of S. 4076, the Deepwater Ports Act of 1974.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BEALL. Mr. President, I ask unanimous consent that Neil Messick of my staff have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT AND EXTENSION OF THE REHABILITATION ACT OF 1973

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 14225.

The PRESIDING OFFICER (Mr. METZENBAUM) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for 1 additional year; and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MANSFIELD. I move that the Senate insist upon its amendment and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RANDOLPH, Mr. CRANSTON, Mr. WILLIAMS, Mr. PELL, Mr. KENNEDY, Mr. MONDALE, Mr. HATHAWAY, Mr. TAFT, Mr. SCHWEIKER, and Mr. BEALL conferees on the part of the Senate.

QUORUM CALL

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum, the time to be equally divided.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR WAIVER OF REPORT BY COMMITTEE ON FOREIGN RELATIONS—SENATE RESOLUTION 174

Mr. MANSFIELD. Mr. President, in behalf of the distinguished Senator from Arkansas, the Chairman of the Foreign Relations Committee (Mr. FULBRIGHT), I ask unanimous consent that the requirement of Senate Resolution 174 that the Committee on Foreign Relations file a written report with the Senate with respect to its study and investigation of the United States participation in the Southeast Asia Collective Defense Treaty and Treaty Organization, be waived.

The PRESIDING OFFICER. Is there objection?

Mr. TOWER. Mr. President, reserving the right to object.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I renew my unanimous consent request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, on behalf of the distinguished Senator from Arkansas (Mr. FULBRIGHT) I ask unanimous consent that a statement in connection with this request be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR FULBRIGHT

On November 2, 1973, the Senate agreed to S. Res. 174 directing the Foreign Relations Committee to review United States participation in the Southeast Asia Collective Defense Treaty and Treaty Organization and to report to the Senate the Committee's findings and recommendations no later than March 31, 1974.

The Committee held a hearing on this subject March 6, 1974, receiving testimony from Mr. Robert S. Ingersoll, then Assistant Secretary of State for East Asian and Pacific Affairs and now Deputy Secretary; Professor George Kahin of Cornell University; and Professor Bernard Gordon of the University of New Hampshire. In addition, the Congressional Research Service prepared two studies for the Committee's use, "The Role of SEATO in U.S. Foreign Policy" and "Precedents for U.S. Abrogation of Treaties."

The Committee was not, however, able to complete its review and formulate recommendations by the deadline of March 31, 1974, and the deadline was extended a number of times. Because of its preoccupation with other matters, the Committee is not yet prepared to submit a report by October 31, 1974, as presently directed.

Consequently, I ask unanimous consent that the requirement of S. Res. 174, that the Committee on Foreign Relations file a written report with the Senate with respect to its study and investigation of United States participation in the Southeast Asia Collective Defense Treaty and Treaty Organization, be waived.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On the same conditions, to be equally divided?

Mr. MANSFIELD. Yes, equally divided.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT—SENATE JOINT RESOLUTION 247

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when Calendar No. 1182, Senate Joint Resolution 247, is called up later this afternoon, very likely at the conclusion of the consideration of the pending business, the so-called deepwater ports bill, that Senate Joint Resolution 247 be laid down, and that there be a time limitation of 1 hour, the time to be equally divided between the Senator from Montana, now speaking, and the distinguished Senator from Missouri (Mr. EAGLETON), under the usual conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. And that at the end of that hour a final vote occur on the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that any time taken from the allocation to the deepwater bill be negated, and that the time begin to run at the conclusion of the vote on the conference report on the continuing resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggets the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FURTHER CONTINUING APPROPRIATIONS—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution—House Joint Resolution 1131—making further continuing appropriations for the fiscal year 1975, and for other purposes.

The PRESIDING OFFICER (Mr. METZENBAUM). Under the previous order, the question is on agreeing to the motion to concur in the House amendment to the Senate amendment No. 3.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. TOWER (when his name was called). On this vote I have a pair with the distinguished Senator from Oregon (Mr. PACKWOOD). If he were present and voting, he would vote "yea"; and if I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. McCLURE (when his name was called). On this vote I have a pair with the distinguished Senator from Arizona (Mr. GOLDWATER). If he were present and voting, he would vote "yea"; if I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), and the Senator from Alaska (Mr. GRAVEL), are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) is absent on official business.

I further announce that, if present and voting, the Senator from Indiana (Mr. BAYH), and the Senator from Indiana (Mr. HARTKE), would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. HATFIELD), the Senator from Oregon (Mr. PACKWOOD), and the Senator from North Dakota (Mr. YOUNG), are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Nebraska (Mr. HRUSKA), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD), are absent on official business.

I further announce that the Senator from Florida (Mr. GURNEY) is absent due to illness.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

The result was announced—yeas 62, nays 16, as follows:

[No. 467 Leg.]

YEAS—62

Abourezk
Allen
Beall
Bentsen
Biden
Buckley
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Clark
Cotton
Cranston
Domenici
Eagleton
Ervin
Fannin
Fulbright
Hart
Haskell
Hathaway
Helms
Hollings
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Magnuson
Mathias
McClellan
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Sparkman
Stevens
Stevenson
Symington
Taft
Talmadge
Tunney
Weicker
Williams

NAYS—16

Bartlett
Bennett
Brock
Brooke
Case
Curtis
Eastland
Griffin
Hansen
Long
Mansfield
McGee
Pearson
Scott, Hugh
Stennis
Thurmond

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—2

Tower, against
McClure, against

NOT VOTING—20

Aiken
Baker
Bayh
Bellmon
Bible
Church
Cook
Dole
Dominick
Fong
Goldwater
Gravel
Gurney
Hartke
Hatfield
Hruska
Packwood
Scott,
  William L.
Stafford
Young

So the motion to concur in the House amendment to the Senate amendment No. 3 was agreed to.

REFERRAL OF H.R. 10627 TO THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. TALMADGE, on October 2 H.R. 10627, for the relief of Benjamin Baxter, was referred to the Committee on Agriculture and Forestry. This private relief bill to return a patent to Mr. Baxter is more properly under the jurisdiction of the Committee on the Judiciary. Therefore, I ask unanimous consent that the Committee on Agriculture and Forestry be discharged and the bill be referred to the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, it is so ordered.

CORRECTION OF PRINTING ERRORS IN SENATE REPORT 93-1177 AND SENATE REPORT 93-1234

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. JACKSON, I ask unanimous consent that several printing errors be corrected in two reports filed recently in the Senate by the Committee on Interior and Insular Affairs.

The first correction to be made is in Senate Report 93-1177, to accompany H.R. 10337, relating to the Navajo-Hopi land disputes. On page 30 of that report, the first sentence in the second paragraph should read as follows:

> Thus, the Committee recognizes both the responsibility to provide partitioning authority, and, if judicial adjudication should become necessary, the likelihood that such authority would be exercised.

The second correction is in Senate Report 93-1234, to accompany H.R. 7730, to authorize the Secretary of the Interior to purchase property located within the San Carlos Mineral Strip. The correction should be made on page 4, in the third sentence in the paragraph entitled "Present Status: Private or State Ownership," which should read as follows:

> Approximately 4,500 of those acres have been formally conveyed to the State. Approximately 11,000 acres have been included in the Colorado (formerly Crook) National Forest, and about 6,340 acres have been patented under the homestead laws.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Will the distinguished Senator yield for 1 minute?

Mr. HOLLINGS. I yield.

Mr. CURTIS. I thank my distinguished friend.

ANNOUNCEMENT OF INTENTION TO MOVE TO POSTPONE CONSIDERATION OF THE CONFERENCE REPORT ON CARGO PREFERENCE BILL

Mr. CURTIS. Mr. President, when the conference report on the cargo preference bill comes up for consideration in the Senate, I shall move to postpone further consideration until November 20 for the purpose of securing an inflation-impact estimate on this proposal, should it become law.

I thank my distinguished colleague.

DEEPWATER PORT ACT OF 1974

The Senate continued with the consideration of the bill (S. 4076) to regulate commerce, promote efficiency in transportation, and protect the environment, by establishing procedures for the location construction, and operation of deepwater ports off the coasts of the United States, and for other purposes.

Mr. HOLLINGS. Mr. President, I rise today on behalf of three Senate committees, each of which has completed work on and ordered favorably reported an original bill, S. 4076, the Deepwater Port Act of 1974.

This bill is the culmination of a half-year joint effort by the Committees on Commerce, Interior and Insular Affairs, and Public Works to draft a bill authorizing the construction and operation of port facilities, specially designed to handle deep draft oil tankers. Joint consideration of the issue and of the several deepwater port bills introduced was facilitated by the creation of a special joint subcommittee comprised of five members, three majority and two minority, from each of the three committees. The subcommittee held 6 days of hearings, and met seven times in executive session to mark up the bill.

In my view, this procedure has been extremely successful and I wish to congratulate my colleagues on the joint subcommittee for their efforts: Senators MAGNUSON, LONG, STEVENS, and BEALL from the Committee on Commerce; Senators JACKSON, METCALF, JOHNSTON, HANSEN, and HATFIELD from the Committee on Interior and Insular Affairs; and Senators GRAVEL, BENTSEN, BIDEN, BUCKLEY, and SCOTT from the Committee on Public Works.

S. 4076 is a well considered and needed piece of legislation. I urge my fellow Senators to give it a favorable vote. The House has already approved a comparable measure, H.R. 10701, and a conference will no doubt be required.

A deepwater port, in the context of today's discussion of oil, refers to facilities located in water at least 70 feet or more in depth capable of handling vessels of 200,000 deadweight tons or larger loaded with oil.

Mr. STENNIS. Mr. President, may we have order in the Chamber, at least to the extent of being able to hear the speaker? We cannot hear him, and he has a good voice.

The PRESIDING OFFICER. There will be order in the Senate.

The Senator from South Carolina.

Mr. HOLLINGS. I thank my distinguished colleague.

Mr. President, tankers are projected to be at least this large on the average, with drafts of 70 feet or more, because of the economies of scale occasioned by moving immense quantities of oil over long ocean distances. It is said that this trend in tanker size is to some degree inevitable, especially since such tankers are now being built, some in the United States. In fact, the Federal Government has committed $259.5 million in subsidies for construction of nine oil tankers ranging from 225,000 to 265,000 tons. Use of very large crude carriers—VLCC's—is said to cut the cost of transportation of oil over long distances by as much as 50 percent.

Supertankers have become popular because they reduce the aggregate cost of crude oil: the larger the ships, the lower the transportation costs. In 1970, it cost $10.50 per ton of crude oil from the Persian Gulf to the U.S. North Atlantic in an 80,000-deadweight-ton tanker versus $5.70 in a 250,000-deadweight-ton ship.

Four hundred tankers in excess of 200,000 deadweight tons each are in existence or are being built. Only two ports in the continental United States can accommodate such deep-draft vessels—Long Beach, Calif., and Seattle, Wash. Most of our principal ports have operating depths of only 36 to 45 feet.

Furthermore, existing ports are becoming dangerously crowded as vessel traffic of all types is on the increase. The sheer size of these new oil superships would force other vessels out of today's harbors, even if the depths were adequate, thereby creating even more congestion.

While it may be possible to dredge existing channels, harbors, and ports, an alternative is to locate supertanker terminal facilities in natural deep water offshore. There are a wide range of offshore terminal designs. However, the one which appears to be most widely used, and which has been proposed for installation off U.S. shores, is a monobuoy structure known as the single-point mooring buoy, which you will find on page 7 of the committee report. Such facilities consist of mooring buoys anchored to the sea floor. The vessel moors to this buoy which also serves as the connecting point for a floating hose from the ship and a submarine pipeline to shore. Single-point mooring systems have been in operation worldwide for several years.

I might elaborate further that, in essence, really, this is a pipeline or a delivery system, more pipeline in nature than port. In fact, they say that the actual lines will be in excess of some 46-inch pipelines that are now being designed to bring in the Alaskan oil. In contrast, these will be about 56 inches in diameter and there could be three or four coming from 20 to 30 miles offshore England. So the vast cost, operation, and everything else really is a pipeline coming in, the delivery system.

Several industry groups and a number of State governments have developed plans to construct deepwater oil ports off the coast of the United States. However, these plans involve the installation of structures several miles beyond the territorial limits of the United States. Without Federal enabling legislation, none of these proposals can become realities.

Coastal waters beyond 3 miles from the shoreline are international waters—high seas. Although the United States possesses special purpose no statutory power to regulate deepwater port construction beyond 3 miles exists. Sufficient international legal authority does exist in article 2 of the Convention on the High Seas on which to base legislative action by this country. But it must be Federal action. However, deepwater port development within 3 miles under existing Federal and State law could proceed. S. 4076 fills the gap and would enable deep draft oil projects beyond 3 miles to proceed.

I was questioned a moment ago, and I say to the distinguished Senator from Mississippi that I think their proposal could be one in the imminent future which would be within that State's control.

Since the Arab oil embargo, the question has frequently been asked as to whether the United States actually needs deepwater ports. Clearly we must have legislation to exercise the option of building of large-scale oil importing terminals. There is no question about that. But many wonder whether Project Independence calls for the importation of the immense quantities of oil which make deepwater ports economical. The special joint subcommittee answered this question in the affirmative: deepwater ports are needed.

All available evidence suggests that the United States will need to import substantial quantities of oil for the next decade at least. By 1980, according to some experts, oil imports will be needed to satisfy nearly 50 percent of total U.S. demand. Also, there appears to be a need to build deepwater ports on the west coast, in order to facilitate the transportation of oil from Alaska's North Slope. If but a single deepwater port beyond 3 miles is feasible, this legislation is needed.

Will deepwater ports and supertankers be economical? Based on oil import projections before the oil embargo, the U.S. Army Corps of Engineers predicted that using supertankers instead of conventional tankers could achieve average annual transportation cost saving as high as $1.7 billion by the year 2000. This figure is far from certain, but all agree that substantial cost savings will come from deepwater port use.

According to a Treasury Department study, locating a deepwater port on the east coast can achieve considerable cost savings relative to location of such ports in Nova Scotia, Canada, and the Bahamas if the throughput capacity of an east coast deepwater port is at least 600,000 barrels of oil per day. At throughput levels of under 1 million barrels of oil per day, there would be no advantage to a gulf coast deepwater port compared to transshipment of imported oil in smaller tankers to existing ports from the Bahamas. At higher throughput levels, the cost savings from a U.S. port could range between 2.7 cents per barrel—for 1.4 million barrels per day—and 18.2 cents—for 14.7 million barrels per day.

It should also be pointed out that the economics of large tanker operation is tied to the length of the haul. This would rule out use of supertankers to carry Venezuelan oil. Imports from that country, and possibly Libya and Algeria, will still be carried by smaller tankers through conventional port facilities. Deepwater ports make the most sense if they handle large amounts of oil from the Persian Gulf.

In sum, since the importation of crude oil to the United States appears to be both necessary and economical in large quantities, deepwater ports are the most efficient mechanism for transporting the oil.

Deepwater ports are also considered preferable from an environmental point of view. Keeping oil-carrying vessels, offshore lessens the possibility of collisions and grounding in crowded harbor areas where most oilspill mishaps occur. In addition, estuaries and coastal wetlands are the most sensitive to oilspill damage. Deepwater ports would remove oil vessel movements out to deeper water. The possibility of damage to coastal ecosystems from an oilspill from such a port is much reduced. Furthermore, supertankers are being unloaded by smaller vessels offshore without any regulation. This process, known as lightering, creates great danger of spill.

In fact, a great deal of that is going on in the gulf right now. If deepwater ports were constructed, the transfer of oil cargo from terminal to shore would be accomplished by means of underwater pipeline rather than by lightering.

Overall, it has been concluded that offshore supertanker terminals offer the greatest environmental advantages of any deep draft harbor design.

The benefits of deepwater ports are the following:

First. Building deepwater ports will prevent reliance on foreign-based refinery capacity;

Second. Transportation savings will be realized; and

Third. Using fewer, larger ships will

reduce shipping hazards at already crowded ports, thereby reducing the risk of pollution from collisions.

The main arguments against deepwater ports are the following:

First. They are not needed because oil imports will not grow at the rate predicted because of the lack of stable sources of oil and because of offsetting domestic energy development and conservation measures; and

Second. The Nation should not rely upon foreign sources of energy and deepwater ports would facilitate reliance.

It is the special joint subcommittee's view that deepwater ports would be built beyond 3 miles from shore if legislation were enacted. Oil imports will grow and, like it or not, the Nation will be dependent on Mideast oil for some years to come. If supertanker ports are not built in the United States, they will be located elsewhere. If this happens, cost savings will be lost and smaller tankers carrying toxic oil products will be entering conventional ports in growing numbers.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield to the distinguished Senator from Texas.

Mr. President, I thank the Senator from Texas, the Senator from Louisiana, and the Senator from New York for their wonderful cooperation and leadership in connection with this bill.

Mr. BENTSEN. Mr. President, I thank the distinguished Senator from South Carolina. He has devoted long hours and many days and nights to the study of the need for deepwater ports and has helped bring forth what I consider a very constructive piece of legislation.

For more than a year now, the Senate has been active in committee consideration of the Deepwater Port Act of 1974. I am most hopeful that this body will be expeditious in its consideration of the bill and will move swiftly to conference with the House. If we face further delay, all our work to date could have been in vain.

The Deepwater Port Act of 1974 authorizes construction of the deepwater crude oil terminals we must have to import crude oil.

With such terminals, the United States will catch up with the rest of the world in the ability to receive the very large crude carriers—VLCC's—which make economy of scale possible. These vessels dramatically lower the transportation cost for moving large volumes of crude oil over long distances. Hopefully, that saving in turn will be passed on to the consumer. It is estimated that VLCC's can reduce transportation costs by a dollar a barrel as compared to the tankers now coming to our ports. That would be a very substantial savings. We will also reap the environmental benefits of keeping these large ships offshore where chances of accidents and oilspills are held to a minimum. The President's Council on Environmental Quality has estimated that use of VLCC's and offshore deepwater terminals can reduce this risk of accidents and oilspills by 90 percent from what it would be if the smaller tankers in use today had to move these volumes of crude oil into narrow channels and already crowded ports and harbors.

We like to talk in terms of self-sufficiency for our energy supply, but self-sufficiency does not mean that we will not import any oil. What we have to do is to see that we work toward self-sufficiency to the degree we can—what is economically feasible. There will continue to be an exchange of fuels. Self-sufficiency will only mean that no foreign cartel can bring this Nation to its economic knees. We should build a superport on the gulf coast so that we can move the imports that continue in the most efficient way possible. That does not mean 100 percent self-sufficiency or that we will not have this interchange of fuels along our coast.

Long leadtimes are involved in building these deepwater port facilities. Nearly 3 years of construction time will be needed. With additional time for licensing procedures spelled out in this bill, such a facility could not be in operation before early 1978. And that makes no allowance for preliminary design work and environmental studies.

If Congress fails to act this year or fails to provide a bill that encourages and facilitates construction of these terminals, we could well find ourselves importing large volumes of oil in small tankers at higher cost and higher environmental risk for years to come.

I suggest another thing that is going to happen: there is going to be some economic determination made by these companies. If they see that it is going to be delayed for some time, they are going to build these ports in the Caribbean. The cost savings is only about 10 cents to 15 cents a barrel less for them to build the facilities in the Caribbean and convert the oil then, to smaller tankers, for the purpose of transshipment to the United States.

Mr. STEVENS. Will the Senator yield to me for a unanimous-consent request?

Mr. BENTSEN. I am delighted to yield.

Mr. STEVENS. Mr. President, I ask unanimous consent that David Clanton, of the Committee on Commerce, be granted the privilege of the floor throughout the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIDEN. Mr. President, will the Senator yield to me?

Mr. BENTSEN. Yes; I am happy to yield.

Mr. BIDEN. Mr. President, I ask unanimous consent that Vincent D'Anna and Richard Andrews of my staff be granted the privilege of the floor during consideration of S. 4076.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. One of the conflicting factors, Mr. President, in saying we ought to move expeditiously, is the escalating cost of building these ports. Some of these companies are trying to make a decision now. If they see that it is going to take us a long time here, they will try to save what they see as increasing costs in the future, and they are going to build these ports in the Caribbean. Then the refineries will be built, usually, next to the port itself, and we are going to see jobs going into the Caribbean rather than into the economy here.

Failure of Congress to pass legislation this year, therefore, could mean, first, higher cost for deepwater ports if they are built or, conversely, pricing them out of the market so they cannot be built; second, possible loss of U.S. jobs and U.S. investment in refinery expansion to foreign transshipping terminal points; third, a significant increase in environmental risk; and fourth, a severe weakening of U.S. ability to meet its energy needs during the next decade while it develops the alternate domestic energy sources envisioned by Project Independence.

The bill we offer today comes only after careful consideration and, I must say, artful compromise on the part of the Senators from South Carolina, New York, and Louisiana. I urge my colleagues to give it swift approval.

It is not the total consensus of opinion, and there will be some amendments that will be offered, I am sure, during the consideration of this bill.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield to the Senator from Louisiana.

Mr. JOHNSTON. The bill now pending on the floor of the Senate represents somewhat more of an accomplishment, being the product of these various committees, than is readily discernible to the untrained eye. What we have here, Mr. President, is a bill that cuts across the cutting edge of so many of the dramatic and important issues of the day as well as the various conflicts between committee jurisdictions in Congress and the conflicts among the administrative departments of Government.

There were issues that had to be settled—issues on environmental control, issues on the rights of adjacent States to veto and under what kind of circumstances they can veto, issues on liability, on antitrust, on common carrier provisions.

All of these things, Mr. President, were adjusted, reconciled, worked out, and put together in this one bill representing the joint product of three committees. I think it does represent quite an accomplishment, and I think it is a great thing for the Senators here who are handling the bill—Senators HOLLINGS and BENTSEN, representing the Committees on Commerce and Public Works respectively—and a great thing for the members of the Committee on the Interior, to work with these groups and resolve all of these problems.

The stakes in this bill, Mr. President, are rather high. It is difficult to quantify precisely the exact savings that will result from this bill. But to give you an idea of the scope of the savings, the superport planned off Louisiana's shore, according to the figures used by that proposed superport, may result in a savings by 1980 of as much as $255 million a year.

The testimony before our committee is such that at least three superports will be needed in the Gulf of Mexico, and two on the Atlantic coast, for a total of five. If this can be translated to the same kind of savings which the superport off Louisiana would anticipate, then we are talking about savings of over a billion dollars a year. Those five superports, with over a billion dollars a year in savings to the consumer, are the differential between shipping through a superport as opposed to transshipping through the Caribbean. And if we do not assume transshipment from the Caribbean, the savings could be as much as $5 billion a year.

I am not saying these are precisely the savings, but, Mr. President, the point is that this bill has the potential of producing as much savings for the American consumer as the entire tax package talked about yesterday by the President of the United States—which, I might say, is causing some consternation by taxpayers across the country.

The point is that it is a most, most important bill. This bill makes it possible to build a superport, first, by providing the necessary one-window licensing, which is an absolute prerequisite—a sine qua non, to the building of any superport.

It provides for the best available technology, the best in environmental controls, the best kind of coordination, the best input from the State to insure safety for the environment.

It provides for the necessary veto from the adjacent coastal State so that we can be assured that any adjacent coastal State wishes to have a superport off its shores.

It provides for a preference for a State to build a superport if that State wishes to build it—a preference for a State over a private company and a preference for a private company not engaged in the oil business over an oil company. But it does not prohibit an oil company from building a superport, provided that it is either in the national interest to do so or that a State or an independent company does not want to do so.

Mr. STENNIS. Will the Senator yield for a question, one short question?

Mr. JOHNSTON. Yes, I yield.

Mr. STENNIS. The Senator has enumerated what the provisions are. These are provisions written into the face of the bill itself, as I understand it.

Mr. JOHNSTON. Yes.

Mr. STENNIS. Not in the record, but this is part of the basic law itself?

Mr. JOHNSTON. That is part of the basic law itself.

Mr. ERVIN. Will the Senator yield?

Mr. JOHNSTON. Yes.

Mr. ERVIN. What effect will the provision of this bill have on such ports as the Morehead City port in North Carolina and the Port of Wilmington port in North Carolina?

Mr. JOHNSTON. It would have no effect or control over these ports, because this involves a superport only outside the territorial waters of the United States.

Mr. ERVIN. I thank the Senator.

Mr. JOHNSTON. Mr. President, it also provides for a liability fund to be financed by a throughput tax on the oil that comes through the superport. Without this liability fund, there would be no adequate fund, no adequate protection for the environment in the event of a spill.

It provides for an antitrust review. It provides for common carrier status to insure that any company that uses that superport may do so according to common carrier status.

Finally, it provides for a beginning, an assurance of a beginning, toward coastal zone management by insuring that anyone who gets a superport, any State that has a superport built may do so only if that State is receiving grants under the Coastal Zone Management Act at the time its application is filed.

Mr. President, it has been a pleasure to be associated with the other committees in drafting this act. I think we have a good bill—a bill that will begin the process of insuring that saving to the consumers which superports should provide.

Mr. BEALL. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. JOHNSTON. I yield.

Mr. BEALL. I ask unanimous consent that Thomas E. Beery of the staff of the Senator from Oklahoma (Mr. BARTLETT) be accorded the privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from South Carolina has 30 minutes remaining.

Mr. HOLLINGS. I yield to the distinguished Senator from Alaska, who is controlling the time on the other side.

The ACTING PRESIDENT pro tempore. The Senator has 1 hour.

Mr. STEVENS. Mr. President, having served on the Senate Joint Subcommittee on Deepwater Ports through its many months of deliberations, I support this bill, the Deepwater Port Act of 1974, S. 4076.

After 6 days of public hearings held jointly by the Senate Commerce, Interior, and Public Works Committees, and after numerous work sessions of the joint subcommittee composed of representatives of the three major committees, S. 4076 was reported back to the parent committees. Each full committee rapidly reported the bill favorably to the floor of the Senate for vote. Whatever divergences from the subcommittee bill as were registered by an individual committee are to be pursued here as floor amendments. I am hopeful that the Senate as a whole will resolve the issues expeditiously and that agreement with the House can be attained before this session of the Congress comes to an end.

The subject of deepwater ports interfaces two issues of very personal concern to all Americans: Energy and the environment. S. 4076 is intended to assist the Nation in meeting its energy needs while minimizing the threat to its ocean and coastal environment. By unloading imported oil from huge supertankers far from our shorelines and transferring it from there through pipelines on the ocean bed to onshore refineries, we will eliminate the need for the hazardous helter-skelter traffic of small tankers now congesting and polluting our harbors. We will also decrease the costs of imported petroleum, and stimulate economic growth. Deepwater ports represent one effective way of sustaining our Nation's energy supply until we can fill our needs independently.

The bill does not seek to subsidize the creation of deepwater ports. It simply removes the existing legal obstacles to their development, and creates a regulative structure for controlling such development.

S. 4076 would authorize the Coast Guard to license the ownership, construction, and operation of ports outside the 3-mile territorial limit, and to transfer or amend a license. A license could be issued initially for up to 20 years and for renewed periods not to exceed 10 years.

Deepwater ports are defined in the bill as:

> Any structure or group of structures located beyond the territorial waters of the United States used or intended for use as a port or terminal for the loading or unloading and further handling of oil or natural gas for transportation to or from any State. The term excludes vessels but includes all components and equipment associated with the deepwater port such as pipelines, pumping stations, service platforms, and mooring buoys to the extent they are located seaward of the high water mark.

Importantly, the licensing process would include strict provisions to protect the environment, while enabling the preparation, by the Coast Guard, in cooperation with other Federal agencies, of a single environmental impact statement to fulfill all Federal requirements. At least one public hearing in each adjacent coastal State and in the District of Columbia would be required before a license may be issued or transferred.

When more than one application is received for a particular license area, first preference would be given to an adjacent coastal State, a subdivision of the State, or to a combination of adjacent coastal States. If no such entity applies, then, second priority would be given someone not in the oil or gas business or related activity. If there are no such applicants, the license could be issued to anyone else who otherwise qualifies under the act.

The Coast Guard could not issue, transfer or renew a deepwater port license unless it has received the opinions of the Attorney General and Federal Trade Commission as to whether such action would adversely affect competition, restrain trade, foster monopolization, or otherwise contravene antitrust laws. Transportation of oil through a pipeline and storage facility would be subject to ICC regulation, and transportation of natural gas through a pipeline would be regulated by the Federal Power Commission. A licensee would be required to accept, transport, or convey all oil and natural gas delivered to a deepwater port without discrimination.

The legislation provides that a license may not be issued without the approval of the Governor of the adjacent coastal State or States. Approval would be conclusively presumed if the Governor failed to notify the Secretary within 45 days after the last public hearing on the proposed license. The Secretary would have to condition the granting of a license so as to make it consistent with State programs relating to environmental protection, land and water use, and coastal zone management.

A license would be liable regardless of fault for damage to natural resources relied upon by a damaged party for subsistence or economic purposes resulting from the discharge of oil or natural gas from a deepwater port. Compensation is limited to $100,000,000 for deepwater port licensees, and $150 per gross ton or $20,000,000, whichever is the lesser, for vessel owners and operators for any one incident. Compensation for any loss in excess of that would be determined by State or Federal law. Liability would extend to all components of a deepwater port, but not to damages caused by vessels.

Having been involved in the formulation of the Trans-Alaskan Pipeline Authorization Act, I am pleased that the Deepwater Port Liability Fund, financed by a 2-cents-per-barrel fee on each barrel of oil transported through the port, is patterned after the Trans-Alaskan Pipeline Liability Fund established by that act. The bill also provides stiff civil and criminal penalties, including revocation or suspension of a license for violations and noncompliance. The bill, furthermore, would authorize the Secretary of Transportation to sue to recover funds necesssary for the State and Federal Governments, to restore public resources such as fisheries and habitat.

Finally, the bill would authorize an appropriation not to exceed $1,000,000 for each of the next 3 fiscal years for administration of the act.

Mr. President, allow me to again emphasize my convictions that this legislation is of vital importance to our Nation. I believe it will enable deepwater ports to proceed in a manner to preserve our national interest, and I urge my colleagues to lend support to passage of S. 4076.

Mr. President, I wish to reemphasize a point raised by the Senator from North Carolina (Mr. ERVIN) in his comment to my good friend from Louisiana. That is that this bill has no impact whatsoever on any structure or group of structures within the 3-mile limit, unless they are related to a deepwater port located outside of the territorial waters of the United States. As such, it would not have an impact on the growth and development of the great port of Valdez in my State, which will handle oil coming from the North Slope for shipment elsewhere, whether it be to a deepwater port or a natural port.

I also emphasize the compromise provided in this bill, which is that the Governor of an adjacent State will have veto power. No deepwater port will be constructed without the concurrence of the Governors of adjacent States, although there is a procedure for presuming that there is approval.

I believe that the bill is a good one. I state to my good friend from South Carolina that I do not support the Commerce Committee's amendment which will be offered here, and for that reason I shall be happy to allow my good friend from New York (Mr. BUCKLEY) to manage the time in opposition to that amendment, which I understand he wishes to do.

It does seem to me that we ought to keep in mind what we are doing, however. We are trying a new concept of jurisdiction outside the 3-mile limit. It is a jurisdiction that is necessary in order to protect the national interest and the national security, and is one of which I approve. It is one quite similar to another concept we will bring before this body soon, the extension of the fisheries jurisdiction as provided in S. 1988, which is before the Armed Services Committee this morning.

I do support this measure as it has been reported, with the approval of all three parent committees, to those of us who have served on the Senate Joint Subcommittee on Deepwater Ports. It has been an interesting experience, and I think we should congratulate not only those Senators who come from States which are oil and gas producing, but also the States of some of those Senators, like my good friend from Delaware (Mr. BIDEN), who have forcefully expressed the opinions of those from other than oil-producing States.

The impact of this bill as approved, as it came out of the joint subcommittee, will be that we can move ahead to plan for the development of these superports where they will be recommended, under terms and conditions which will provide us the energy we need to continue our national development, and at the same time prevent any undue risk to the coastal environment or to our oceans.

I think it is a very significant accomplishment, and I congratulate those who have been a part of the Joint Subcommittee on Deepwater Ports.

Mr. BUCKLEY. Mr. President, will the Senator yield?

Mr. STEVENS. I am happy to yield to the Senator from New York.

Mr. SPARKMAN. Mr. President, will the Senator yield to me long enough to submit a conference report?

Mr. BUCKLEY. Gladly.

DEPARTMENT OF STATE AUTHORIZATIONS, 1975—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on S. 3473, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore (Mr. METCALF). The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3473) to authorize appropriations for the Department of State and the United States Information Agency, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 8, 1974, at pages 34471–34473.)

Mr. SPARKMAN. Mr. President, I move the adoption of the conference report.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the requirement for the printing of the conference report on S. 3473 as a Senate document be waived.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

DEEPWATER PORT ACT OF 1974

The Senate continued with the consideration of the bill (S. 4076) to regulate commerce, promote efficiency in transportation, and protect the environment, by establishing procedures for the location, construction, and operation of deepwater ports off the coasts of the United States, and for other purposes.

Mr. JACKSON. Mr. President, today the Senate begins consideration of S. 4076, the Deepwater Port Act of 1974. This bill provides for the orderly development, construction, and regulation of deepwater ports on our outer continental shelf. It requires careful coordinated planning for the construction of such ports and provides for full State participation in any decision to construct a deepwater port. In addition, it sets rigid standards for the operation of these ports and requires strict liability for all damages in the event of an oilspill.

Mr. President, if the United States can persuade our friends in the producing and consuming nations alike of the mutual benefits of free trade and a free market we shall continue to import significant quantities of oil for a number of years. If historic trends continue, by 1980 we could well be importing 50 percent of our petroleum requirements, or about 10 million barrels per day. In order to manage such great quantities of oil with the greatest efficiency and the least amount of environmental risk, we must minimize the number of shipments we receive, and remove their delivery far from the environmtntally fragile coastal zone. Statistics show that most oil spills occur during transshipment and in near-shore areas. Use of supertankers and superports would reduce these occurrences by an estimated factor of 10 according to the Council on Environmental Quality.

Furthermore, if we are to be practical, we must realize that the trend in maritime construction is accelerating toward larger and larger tankers. In 1970, the average tanker size was 116,300 deadweight tons; by 1973 the average was already 147,200 deadweight tons. Of the 792 vessels under construction as of October 1973, 335 were in the 200,000–500,000 deadweight-ton class range. Nine vessels ranging from 225,000–265,000 deadweight tons are being constructed in U.S. yards under the merchant marine subsidy program administered by the Maritime Administration. Additional applications to construct more than 50 tankers ranging up to 425,000 deadweight tons under the program have been received for 1974.

Yet the United States does not have any ports now capable of handling tankers over 150,000 deadweight tons. Furthermore, the cost of shipping oil in very large tankers is far lower than in smaller vessels. Shipping charges for a barrel of oil in a 400,000-deadweight ton tanker are about $0.25 a barrel, versus $0.75 a barrel for the same amount of oil shipped in a 50,000-deadweight ton tanker on a 10,000 haul. Clearly, if we are to share in the increased efficiency and economic advantages of using very large crude carriers, we must provide for facilities to accommodate them properly.

Once we assume, then, that it is in the national interest to develop deepwater ports, it becomes imperative that we also control that development in accordance with sound principles of engineering and design, to maximize the safety of their operation and minimize environmental damage. The present bill, I believe, does this. Further, while it provides for Federal oversight and coordination of deepwater port development, it also protects the vital interests of States affected by the construction and operation of supertanker facilities.

It would require a rigorous environmental review process by all Federal agencies with relevant jurisdiction and expertise and the preparation of a complete and detailed environmental impact statement before any license is issued. The bill also requires that the competitive impacts of any deepwater port proposal be assessed by the Attorney General and the Federal Trade Commission before that proposal is approved.

In addition, coastal States are given a strong role in the application review and licensing process and coastal States adjacent to a proposal deepwater port site are given the right to veto any such proposal. Furthermore, in the event of competing applications, the application of a State government entity would be given preference for a license over the application of any private entity thereby enabling public ownership of deepwater ports wherever possible.

While all Americans gain from the use of deepwater ports, these affected States must also bear the burdens attendant upon the landside facilities associated with deepwater ports. They will experience both increased pollution and growth as refineries and other petroleum-based industries are developed onshore. It is only right that these States have a voice in approving the construction of a deepwater port off their shores.

Principles of liability and the Deepwater Port Liability Fund established by the bill will enable any person suffering damages caused by discharge during deepwater port operations to receive full and expedient compensation. Provision is also made for Federal and State government to recover such funds as may be necessary to restore public resources damaged as a result of a deepwater port-related oil spill.

Mr. President, the Deepwater Port Act of 1974 is the product of 2 years of careful and thorough deliberation by the members of three full committees of the Senate. Each of its provisions have been thoughtfully addressed and painstakingly drafted. I believe the bill before us today represents an equitable balance of interest and provides the maximum possible environmental safeguards and controls.

Everyone familiar with the problems of tanker transportation and port and harbor development knows full well that we must continue our efforts to maximize navigational safety, improve standards of vessel construction and operation, and develop effective means of preventing, containing, and cleaning up oil spills in the marine and coastal environment. I believe that enactment of S. 4076, the Deepwater Port Act of 1974, is one step in the right direction and urge its passage by the Senate today.

DEEPWATER PORTS AID ENERGY CONSERVATION AND PROTECT THE ENVIRONMENT

Mr. RANDOLPH. Mr. President, the legislation we consider today deals with matters new to the Federal Government. It is before the Senate because of technological developments to alleviate one of our country's most persistent problems—adequate, reliable supplies of energy sources.

The bill before us would establish procedures and conditions for the construction and operation of tanker docking facilities at offshore locations. It is complex legislation, for we have attempted to anticipate a large number of questions that could arise in the development of an activity new to this country.

Issues of jurisdiction, ownership of the "superports," their numbers environmental protection, and liability are just a few of the major items with which we had to wrestle. The three concerned committees—Public Works, Interior, and Commerce—have experience in the relevant areas and were able to bring it to bear on these questions. The result is, I believe, a bill that provides for the orderly and workable development of whatever deepwater ports are deemed necessary for the United States.

A primary concern of the Committee on Public Works is the safeguards to environmental damage. For more than a dozen years we have been developing a body of law to halt the conscious degradation of our world by man's activities. It is now accepted that provision for environmental protection must be built into new activities.

Oil spills of whatever size pose potential dangers. This potential obviously is greater when large quantities of oil are transferred. This situation is further complicated when the transfers take place in the open sea as would be the case with the deepwater ports.

The bill, therefore, contains provisions intended to reduce the likelihood of spills to a minimum and to assure that those responsible for spills are held liable for the damage they cause.

Mr. President, I support this bill, but I have some reservations about the premises on which it is based.

The energy crisis remains a fact of American life. Unfortunately, full gasoline tanks have removed some of the urgency for dealing with this problem that we felt 6 months ago.

At that time we declared ourselves willing to undertake any measures necessary to conserve energy. We talked grandly of launching crash programs to give America energy independence and free ourselves from the uncertainties of foreign oil supplies. Gasoline and oil supplies have now become more plentiful, and there are indications that our resolve of the winter is withering.

Mr. President, the oil supply situation we are enjoying must realistically be considered as temporary. If we learned anything last winter it should be that the flow can be squeezed off at any time. Oil imports, however, are growing again, leading us into a false sense of security and doing severe damage to America's balance of payments.

It seems to me that the development of deepwater ports on any significant scale has the potential to undermine our efforts to give this country energy self-sufficiency. The trend toward growing reliance on foreign imports of oil could only be accelerated by the availability of large tankers and the docking facilities to accommodate them.

This country has the technical ability and the natural resources to produce vast quantities of energy on its own. We have huge reserves of coal; a substantial portion of the world's supply and enough to last us for up to 1,000 years. The oil shale that exists in our country plus the promising potential of some more exotic energy sources offer further possibilities. Under these conditions we need not be bound to foreign sources of energy supply.

The achievement of energy self-sufficiency through Project Independence or through other efforts that may be launched certainly will not take place overnight. The previous abundance of cheap, readily available energy imposed a sense of false security that kept us from fully developing our own resources.

While this time lag is overcome it may well be necessary to utilize deepwater ports to meet our growing appetite for oil. Clearly, shipment by supertankers is cheaper and more efficient than by older, smaller ships. It is essential, however, that we do not view deepwater ports as the ultimate answer to our energy needs. They should be only a temporary expedient to help satisfy the United States oil needs until long-term energy questions can be resolved.

Mr. President, this was difficult legislation to write. But I believe we have successfully met the challenge posed by the many issues involved. The chairman of the Committee on Interior and Insular Affairs, Senator JACKSON, and the chairman of the Committee on Commerce, Senator MAGNUSON, have both exhibited the cooperative attitude necessary to successfully complete this mission.

The initial drafting was accomplished by an ad hoc subcommittee with membership from all three committees. The Committee on Public Works was ably represented on this body by Senators BENTSEN, GRAVEL, BIDEN, BUCKLEY, and WILLIAM L. SCOTT.

Each of these Senators represents a coastal State in which this legislation is of great importance. Senator BENTSEN brought to the discussions his Texas experience relating to the production and movement of petroleum. As a Senator from a State with a newly-developing oil industry, Senator Gravel expressed Alaska's concern with environmental protection while providing an essential transportation service. Senator Biden's own State has been a leader in regulation of coastal activities, enabling him to make valuable contributions to the bill. The heavily populated Northeast States have a great stake in this legislation, and their interests were thoughtfully represented by Senator Buckley. One of our country's largest existing port complexes is located in the State of Virginia, giving Senator William L. Scott a background of expertise for development of this bill to regulate a new type of port.

Mr. President, this is legislation of great significance to our country. This Nation runs in substantial degree on oil, and so long as our economy is mainly dependent on this source of energy we must do what is necessary to assure its availability.

By authorizing the construction and control of deepwater ports, this bill facilitates the development of yet another alternative to increase the flexibility of our energy sources. It is a sound measure, one that will permit the proper development of these facilities, and I urge its passage by the Senate.

Mr. MUSKIE. Mr. President, I would like to express my support for S. 4076, legislation designed to license and regulate deepwater ports. This bill has received the approval of a special joint subcommittee of 15 members drawn from three full committees—Public Works, Commerce, and Interior. This bill has also received the approval of these three parent committees.

This legislation follows my recommendations to the special joint subcommittee in three significant areas: Protection of States' rights, veto authority for the Environmental Protection Agency, and effective oil spill liability provisions. Although I was not a member of the Special Joint Subcommittee on Deepwater Ports, I followed the development of this bill closely. The licensing and regulation of deepwater ports is of utmost importance to coastal States, so this particular piece of legislation has great significance for my State of Maine.

Because of the vulnerability of my State's coastal areas to the effects of potential oil spills in the marine environment resulting from operations at any deepwater port located anywhere off the New England coast, one of my major concerns in the development of this bill was the assurance that a State likely to be impacted by an oil spill from a port could exercise effective control over that port's development.

I am, therefore, pleased to note that a "host" State, a State located within 15 miles of such port, or a State likely to be affected by an oil spill—because of winds or currents—is given an opportunity to review and condition a license for the development of a port. No port may be de**veloped if a State vetoes it.**

I am also happy to see that this bill has addressed the question of oil spill cleanup and damage liability consistent with my recommendation to the subcommittee. Regardless of circumstances, cleanup of spilled oil must be accomplished promptly in order to avoid potential damage to our marine and coastal environments. Should any damages occur, all legitimate claims should be satisfied regardless of amounts. The liability provision of this legislation meets these two needs.

I would also like to mention that an interesting new concept in damage liability was included in this bill at my request. This is the provision in which the United States may act on behalf of the public as a trustee of natural resources that are damaged. Any sums recovered under this provision will be applied to the restoration of those damaged resources. The intent of this provision is to provide for the protection of public resources such as beaches and fisheries and to provide for their restoration if they are damaged by an oil spill originating from activities connected with the operation of a deepwater port.

In connection with this liability provision and in the effort to protect the rights of those States which have or seek to establish more stringent liability laws than provided for in this bill, I support the amendment proposed by the Public Works and Interior Committees to revise the preemption provision as currently written. This amendment, like the oil pollution liability provision I have already described, is consistent with oil pollution legislation which I have sponsored and which has become law. This amendment would specify that any State laws defining liability for oil spills or setting higher liability limits than those provided in this bill would not be preempted. Damaged parties could, therefore, sue for recovery under more stringent State law if they so preferred, while double recovery for the same damage claim would be prevented. I concur with the committees' view that the States' rights precedent established in the Water Quality Improvement Act of 1970 and further established in the 1972 amendments to the Federal Water Pollution Control Act should be upheld.

This legislation has also established a licensing procedure for deepwater ports which assures careful environmental review. The single coordinating agency for this licensing procedure will be the Department of Transportation. This agency was chosen because of the Coast Guard's expertise in matters of navigational safety and marine environmental protection. In the process of licensing a proposed deepwater port, all other involved Federal agencies will be consulted in order to assure that a proposed port will meet the requirements of the laws within their jurisdictions.

As a result of my recommendation, however, the Environmental Protection Agency plays more than a consultative role in this process. The Administrator of the EPA has a specific veto authority over any proposed deepwater port if he finds that such port would violate any requirements of the Clean Air Act, the Federal Water Pollution Control Act, or the Marine Protection, Research and Sanctuaries Act. The Secretary of Transportation may not issue a license for the construction and operation of a deepwater port until the Administrator of EPA is satisfied that the port will comply with environmental laws.

In summary, Mr. President, I would like to commend the action of the Special Joint Subcommittee on Deepwater Ports. I feel this bill establishes an effective mechanism for the regulation of deepwater port development and at the same time, protects our environment and the rights of coastal States such as my own State of Maine.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. STEVENS. Mr. President, I yield the Senator from New York whatever time he wishes.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that Roma Skeen of the staff of the Committee on Interior and Insular Affairs, Nolan McKean of Senator Hansen's staff, and Harold Brayman and Jackee Schafer of the Committee on Public Works staff be accorded the privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BUCKLEY. Mr. President, the ranking Republican member of the Committee on Public Works, the Senator from Tennessee (Mr. Baker), is unavoidably absent on business, but he did ask that I submit his statement for inclusion in the Record. I ask unanimous consent that it be printed in the Record at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Baker

The use of supertankers and the delivery of oil through deepwater ports provides us with the opportunity to restrain the inflationary pressure on oil prices, by lowering the cost of transporting that oil. This bill makes such savings possible. Similarly, this legislation creates an opportunity to lessen the danger of oil spills that occur with dangerous regularity from tankers prowling our coasts and crowded harbors and the lightered of supertankers offshore.

I support this legislation. It is necessary and important to the progress and environmental safety of our nation.

But the advent of superport era brings with it the potential for superspills. This bill recognizes that possibility, however remote, and the fact that existing Federal law fails to provide either the geographical or the financial coverage to protect the public from the catastrophic economic and environmental damages of a superspill.

In Section 18, the bill creates a standard of liability for deepwater ports and their users that should encourage the highest degree of responsible operation. Such responsibility, I am confident, will protect the public and the environment.

As my colleagues have noted, the standard requires that any oil tanker, when it enters the safety zone surrounding a port, is liable for the costs of damages and pollution clean-up to $150 per gross ton of the vessel, or $20,000,000, whichever is the lesser. While that level is modestly above the $100 a ton requirements of section 311 of the Federal Water Pollution Control Act, the Section 311 liability extends only to spill clean-up; it leaves an open-ended liability for other damages. This revised standard of liability is in line with that imposed under the pending civil liability convention. In addition, the defenses against liability provided to the vessel's owner or operator are similar to those incorporated within the civil liability convention.

Before a vessel may use any licensed deepwater port, the owner or operator must show evidence of insurance or some other recognized form or financial capability that covers the vessel's full liability. This is a most important provision, I believe. Should a licensee allow a vessel lacking liability coverage to use the port, the licensee would become liable to suspension of the license. It is therefore in the best interest of the licensee that he determine adequacy of liability coverage for all vessels that use the port.

The bill imposes a similar standard, with identical exceptions and requirements for insurance coverage, upon the licensee of the port. This includes publicly owned ports. And such liability will cover spills from the port itself, leaks from the pipeline to shore, or spills from any tanker moored at the port, and thus under the port's control. Because of the nature of port operations, together with the vast potential for spill damage from the port, this bill sets the port's liability at $100,000,000.

I am convinced that such liability standards will encourage the owners of ports and supertankers to do everything they can to prevent or contain incidents of oil spills, and expeditiously to clean up any spills that inadvertently do occur.

The basic concepts of this liability provision were those that we developed in the 1970 amendments to the Water Pollution Control Act.

As in that law, this bill lifts the liability limits if the vessel's owner or operator or if the licensee acts with gross negligence or willful misconduct in causing a spill.

We, of course, must recognize that an oil or gas spill might occur, causing damages in excess of the limits on liability. Such excess damages should be borne by those benefiting from the deepwater port, not those who suffer the damages. Therefore, I support the proposed creation of a Deepwater Port Liability Fund that will cover all damages and clean-up costs exceeding the liability limits. This bill sets no limit at all on what ultimately can be recovered in damages and clean-up from the fund. I believe any such restriction, however "reasonable", would have effect of transferring costs of a spill onto the damaged parties. I believe that would be unfair.

While I find much to praise in this bill, I support the amendment that will be offered to correct what I believe is an unwarranted intrusion on the rights of an American citizen. This is the language that creates, without proper safeguards, a civil penalty of as much as $25,000 a day. The language in the bill places far too much power in the hands of the Secretary to levy administration penalties.

I would like to conclude with a word of gratitude to each of the 15 members who served on the Special Joint Subcommittee, which worked long and hard to bring this important legislation to the floor. The members representing the Committee on Public Works—Senators Buckley, Scott, Gravel, Bentsen, and Biden—were particularly attentive to their duties. I believe we owe each of them our thanks, as well as those representing other Standing Committees.

Mr. BUCKLEY. Mr. President, I, too, wish to express my appreciation for the efficiency, effectiveness, and fairness of the Senator from South Carolina in chairing this cumbersome, three-committee effort. Under his leadership, we have come up with legislation that I believe will be effective and that will advance our urgent energy needs. Most particularly, it's legislation that will improve the environmental situation because of the hazards of the increased traffic of smaller and older tankers in our coastal waters.

Mr. President, I support passage of S. 4076, the Deepwater Port Act of 1974. While I disagree with some of the provisions in the bill—disagreements I have outlined in my additional views that appear on page 95 of the report—I support the thrust of the legislation. It is sound from an environmental point of view. It is generally sound from a regulatory view. And it is necessary.

President Ford has noted this legislation is necessary if we are to take full advantage of the economics of scale available in supertankers, and thus place a restraint on the inflation in petroleum prices.

Let me touch first on some of the many positive aspects of the bill. Tankers in great number ply our coastlines, bringing petroleum from the Middle East, from Venezuela, from Africa, and soon from Alaska.

The age of many of these vessels, together with the congestion they add to our existing ports, produces many minor collisions and oil spills, and the threat of major ones. We must do what we can to lessen the frequency and danger of these spills. But how can we, if we must import increasing quantities of oil?

One answer is to augment the size of each vessel, moving from older, smaller tankers to newer, larger ones. But where do we unload the oil? We cannot pilot these supertankers into our existing ports, which lack the necessary depth. Dredging existing harbors to supertanker depths—often double or triple existing depths—could prove to be a greater environmental danger than a spill. But with little danger to the environment, and a certain decrease in the danger of groundings, we can go offshore with monobuoys, into which supertankers would pump their oil, which would be carried by pipelines to distant refineries.

This keeps the tankers away from the shore in the necessary deep water.

This bill would create the administrative mechanism to consider such superport proposals. It mandates no superports. It commits no Federal funds to their construction. It makes no attempt to prejudge their merits. It simply establishes the mechanism for application and the criteria that must be met if someone wants to build such a port.

Section 4(c)(5) requires that the port must be built to the best available technological standards. This should go far toward minimizing spills. Under section 4(c)(3), the port must also be in the national interest, including our national goal of environmental quality. Section 6 requires that environmental review criteria be established to help the Secretary determine the merits of various competing proposals, and for the import environmental impact statement review.

The important liability provision in section 18 should prove a strong incentive to environmental responsibility. I would point out that page 16 of the report notes the committee's desire "to impose standards of liability that will induce maximum efforts to prevent the discharge of hazardous substances into the marine environment without imposing standards of financial responsibility that impare competition for deepwater port licenses."

These are pluses. But problems remain, and I shall not shun them.

Section 4(d) requires the Secretary to evaluate an application in comparison with the possible expansion of an existing, onshore port. This subsection, in effect, allows the existing public port in the State nearest to the proposed deepwater port to request a secretarial review of the superport application. To trigger such a study, the onshore port must have active plans for deepening its channel and harbor to supertanker depths or the Army Corps of Engineers must have an active study under way to evaluate such a deep-draft channel, or the port must have a pending application for a corps permit to dredge such a channel and harbor. While this is a fairly stringent requirement, I do not believe it is necessary or useful. I intend to detail my concern when I subsequently call up my amendment, No. 1954, to delete this subsection.

Section 5(i) establishes a priority system for granting licenses. I believe this is unnecessary. All applications should stand on their own merits without any arbitrary and artificial constraints.

This bill contains language relating to the supposed antitrust implications of deepwater port development. I shall support efforts by the Committee on Public Works to prevent that procedure from becoming a veto by inaction.

In closing, Mr. President I want to reiterate my general support for this bill. While I have problems with a few provisions, the scope of the bill as a whole is sound and it is needed. I urge my colleagues to support it.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. HOLLINGS. Mr. President, I yield the Senator from Delaware (Mr. BIDEN) such time as he may require.

Mr. BIDEN. Mr. President, I thank my distinguished colleague from South Carolina, and I also thank the members of the special ad hoc committee on deepwater ports for putting up with my persistent point of view for several months, and giving me the opportunity to express a divergent point of view which oftentimes was not shared by the other members of that committee.

It has been a long journey to get where we are today.

My interest in deepwater ports goes back before my election to the Senate. At that time, the ocean off Delaware was a prime candidate for a port. This was a matter of great concern in our small State with its limited coastline and beaches.

After I came to the Senate, my interest spread from my immediate concern about Delaware to the national implications of the development of deepwater ports.

In the 92d Congress, the Interior Committee conducted hearings on deepwater port policy issues that produced much useful information. When the present Congress began, there were a number of studies completed or underway, these included: A study by the Maritime Administration suggesting a deepwater port off Delaware; a series of studies by the

Corps of Engineers of possible locations on the Atlantic, gulf and Pacific coasts; and a study of the impact of deepwater ports by the Council on Environmental Quality. These are only a few. Each study has contributed to a better understanding of such ports. They have important implications for our marine ecology and coastal wetlands. If they are well built and operated, they might actually lessen the amount of oil spilled.

On the other hand they pose a potential for major spills such as we have never before witnessed.

Perhaps more important is the impact of a deepwater port on the development of the coastline adjacent to the port. During the many days of hearings held on this bill. I was told many times that the States can control this development and even prohibit it if they so desire. This is good theory, but most witnesses agreed that refining, petrochemical, and industrial development have in fact followed deepwater port development around the world. The most honest evaluation was in a report by the Corps of Engineers on the east coast, which said:

> However, major land-side impacts could result from such facilities, if they are not carefully controlled. Creating a point source for the importation of large quantities of crude oil could induce heavy concentrations of industrial facilities in areas having high environmental value, such as wetlands and recreational areas. Local interests have the ability to regulate the extent and nature of such growth through conditions attached to state permits and through local land use control. Neverheless, historically, local governments have not demonstrated an ability to withstand pressures to use their lands for purposes of economic growth and development.

It was my privilege to chair the first hearings held in the Senate this session on this subject. These were before the Air and Water Pollution Subcommittee of the Public Works Committee in February 1972.

In opening the hearing I stressed that there were still many things we needed to know before we should proceed with legislation to permit construction and operation of deepwater ports. I enumerated a whole list of these things, without going into them all, let me say that many, perhaps most, of the issues I raised have been addressed in those and subsequent hearings and studies—some more satisfactorily than others.

As a result of that hearing—feeling that more comprehensive legislation was needed—I introduced with Senator MUSKIE, S. 1316. This bill not only provided a State veto over deepwater ports, but also required certain environmental protection against the effect of such ports on the adjacent shoreline. I am pleased that the spirit of our S. 1316 has been retained in the legislation before us today.

These ports also have a national importance that extends beyond the adjacent States. These ports and their location will have a bearing on how much crude oil we import; how much it will cost; and where it will be available. By making imported oil more easily available these ports may effect the intensity with which we seek new domestic energy resources. They may effect the availability of capital to develop our own coal resources. They are indeed a matter of national interest.

I am still deeply troubled by one as yet unanswered point that I raised at the Public Works hearing on deepwater ports. To quote from the record of the hearing:

> Among the various unanswered questions and unmet needs relating to any port decision are the following. . . . We need a national energy policy indicating demands, means of restricting demand, and the fuel sources required to meet essential needs.

And after all this time, we still do not have an energy policy in any true sense of the word, in my opinion. We have a phantom "project independence" which apparently never meant anything. We have a lot of talk about conservation, but not much real action. And we have an appropriation of energy research and development funds that hardly begins to meet the needs. Yet deepwater ports have a direct relationship to where and how we get our energy. Right now, imports account for more than 25 percent of our crude oil used. The national decision to build them, particularly if they are allowed to be built by petroleum companies, will have a strong bearing on efforts to develop a rational energy policy. This is not, therefore, a simple little licensing bill. It is an important building block in an energy policy which is not yet designed by these United States.

Leaving this point for the moment, I must say that the bill here today is a much better product than anything offered previously.

The administration bill, S. 1751, around which most of the hearings centered in my opinion was a very weak bill.

This bill was so vague and loosely worded as to represent a virtual blank check to the Interior Department to authorize these ports. The bill started from an assumption that deepwater ports were in the national interest. The Secretary of the Interior, after making some broad environmental findings, consulting with governors of affected States; and determining the financial responsibility of an applicant, could issue a license for a deepwater port. The secretary could hold a public hearing if he felt it necessary, but was not obliged to. He was to consult with other Federal agencies, but there was no list and no requirement to listen. There was no significant oil spill liability provision in the Bill either.

The bill before us today is certainly a vast improvement. It requires a determination that each port is in the national interest, including national environmental and energy policies. The bill provides a base for environmental criteria which must be developed to measure the impact of a port. It requires approval of the Environmental Protection Agency as to matters under its jurisdiction.

It requires that a public hearing be held in each affected State. It gives to each adjacent State an absolute right to determine whether such a port shall be built off the coast of that State. It contains the broadest oil spill liability requirements ever enacted—unlimited liability for clean-up costs and damages, including general damage to the marine environment. It requires antitrust review by the Federal Trade Commission and the Attorney General. It provides for Coast Guard to be the primary licensing agency—acting through the Secretary of Transportation. The Coast Guard has a good record of concern with oil and the environment.

As far as a licensing bill can, this legislation attempts to establish standards and criteria that will assure sound decisionmaking. However, I am still concerned about the energy policy implications of this bill. My concerns are magnified by a provision in the bill that would permit oil companies or their affiliates to build and operate these ports. Thus the constructors of these ports may well be the same corporations who brought us our first energy crisis and who are now helping to make us even more permanently dependent on imported crude oil. I do not want to deny people fuel to heat their homes, but I do not want these ports to be a stumbling block to that still hoped-for national energy policy. This is a matter which will probably be brought before the Senate before our deliberations are finished.

Regardless of the outcome on this bill and amendments to it, I would like to express my admiration for the fine efforts of my colleagues, in drafting and redrafting this legislation through countless hours.

I would also like to express my appreciation for their willingness to listen to the junior Senator from Delaware and, quite frankly, to incorporate almost every request that I made into the bill. I think this bill shows the value of a deliberative body such as this in producing soundly conceived legislation.

Lastly, I do not think that we should continue to try to fool the American people, as some Members who are not on this subcommittee have attempted to do, and the administration, on occasion, either knowingly or unknowingly, has attempted to do, by talking about Project Independence.

I hope they all listened to Senator HOLLING's statement this morning. I hope they listened to everyone else who spoke here. Everyone has emphasized that this bill recognizes that we are going to be dependent to a significant degree upon the importation of Persian Gulf oil.

Further, the hearings are replete with testimony that the only justification for building these ports is if we are going to continue to import vast quantities of oil from the Persian Gulf States.

So I do not think anybody here should kid himself. I think we had better face straight up to it and recognize what we are saying when we, in fact, pass this legislation.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. BIDEN. I certainly will.

Mr. STEVENS. I do not want the Senator to feel that I base my support of this legislation on Project Independence or expect it to be a reality. These ports can handle very large tankers coming from Alaska. They can also handle tankers that can be brought down from Alaska to the Panama Canal area and then carried by pipeline across the isthmus, and then brought up the east coast and distributed anywhere along the east coast. There is not anything inconsistent with Project Independence.

Mr. BIDEN. That is where the Senator and I have disagreed consistently.

The testimony for several weeks of the hearings from the oil companies and the rest all indicated that the economies of this legislation were only justified if we were going to continue, for the east coast and gulf coast, to import increasing amounts of Persion Gulf oil. The testimony is replete with that.

I do not know how the Senator is going to get one of his supertankers around South America or through the isthmus in order to get over to little old Delaware to use the Delaware Deepwater Port.

Mr. STEVENS. By a simple little old pipeline. We are getting one up there just a few miles across the isthmus.

Mr. BIDEN. Mr. President, I feel badly because the Senator yielded to me so that I could make a statement. I am inclined to continue talking, but I will overcome that inclination and sit down.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that Mr. John M. Cross, legislative assistant of our distinguished colleague from New Hampshire be permitted the privileges of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

DESCRIPTION OF THE DEEPWATER PORT ACT OF 1974

Mr. HOLLINGS. I would now briefly like to explain the key features of S. 4076.

LICENSING AGENCY

After considerable debate, the Special Joint Subcommittee agreed upon naming the Department of Transportation—Coast Guard—as the single lead Federal agency for licensing the construction and operation of deepwater ports. The Secretary of Transportation would exercise this authority in consultation with other Federal agencies which have or share jurisdiction over the various aspects of deepwater port development. All interested Federal agencies would be provided an opportunity for input in the licensing process. And each agency would insure that issuance of the license meets all the requirements of the laws they administer. Because the essential nature of the deepwater port relates to navigation, vessels, transportation and pipelines, it is the subcommittee's opinion that the Department of Transportation is the most qualified to act as lead agency.

ADJACENT STATE VETO

Section 4 of the bill would prevent the Secretary from issuing a license unless the Governor of the adjacent coastal State or States approves, or is presumed to approve, the issuance of the license. In effect, this constitutes an absolute veto for coastal States. An adjacent coastal State is broadly defined and includes:

First, a State which is directly connected to the port by pipeline;

Second, a State located within 15 miles of the proposed port; and

Third, a State threatened with a possible oil spill from the proposed port.

It would be in the discretion of the Administrator of the National Oceanic and Atmospheric Administration to determine which States would face substantial risk of oil spill damage from a deepwater port or from a vessel operating in a safety zone around the port. In addition, the Secretary must incorporate as conditions of the license any reasonable terms which an adjacent coastal State requests in order to make a deepwater port compatible with the environmental programs of that State. Existence of this veto authority will not, in the opinion of the committees, preclude the construction of deepwater ports, since several States are actually encouraging the construction of these facilities, notably States bordering the Pacific Ocean and the Gulf of Mexico.

PROCEDURE

A timetable for action on a license of 11 months is established. Procedures involved include: application, environmental impact statement, hearings, and final action by all Federal agencies. Applications to build ports in the same location are handled by a procedure designed to consider at one time all applications for any one location. If all applicants possess equal qualifications, the Secretary is directed to issue a license according to a set priority: First, a State application; second, an application by an independent terminal company; third, and any other application.

ENVIRONMENTAL REVIEW

Secretary of Transportation, together with the Administrator of the EPA and the Administrator of NOAA, is to establish environmental review criteria which shall be used to evaluate an application to build a deepwater port. Criteria are to include the full range environmental concerns associated with deepwater ports.

ANTITRUST REVIEW

Among the prerequisites to the issuance of a license is the requirement in section 7 for an antitrust review of the application by the Attorney General and the Federal Trade Commission. Both agencies are to give the Secretary an opinion as to whether issuance of the license would adversely affect competition, restrain trade, further monopolization, or otherwise create or maintain a situation in contravention of the antitrust laws.

COMMON CARRIER STATUS

The bill makes specifically applicable all existing statutes regulating the transportation of oil and natural gas in interstate commerce. In addition, regulation as a common carrier would apply not only to the pipelines involved, but also to the onshore storage facilities. Failure of the licensee to comply with these statutes would be grounds for suspension or termination of a license.

NAVIGATIONAL SAFETY

The Coast Guard is authorized to prescribe by regulation procedures to insure navigational safety around and near the port. Coast Guard is further authorized to designate a safety zone around the port within which no use incompatible with port operations is to be permitted. Additionally, a safety zone would be established during the construction phase to further insure that a navigational hazard is not created.

LIABILITY

Strict liability for pollution damage caused by discharge from the port or from the vessel within the safety zone around the port is prescribed. The bill allocates liability among: First, the licensee, up to $100,000,000; second, the owner or operator of a vessel, up to $2,000,000 or $150 per gross ton of the vessel, whichever is lesser; and third, a Deepwater Port Liability Fund for all other proven damages—including cleanup costs not actually compensated by the licensee or the owner or operator of a vessel. The fund is created by a 2 cents per barrel charge on oil, and on the metric volume equivalent of natural gas, and is to be administered by the Secretary. Because liability under this provision is unlimited, other State and Federal laws which might cover the same damages are preempted.

RELATIONSHIP TO OTHER LAWS

Section 19 makes the constitution laws and treaties of the United States specifically applicable to deepwater port activities. This legal regime is made applicable to activities connected, associated or potentially interfering with the use or operation of a deepwater port in the same manner as if the deepwater port were located in the navigable waters of the United States. For the purposes of this act, State law is deemed to be Federal law and would be enforced by the appropriate Federal officials.

Mr. President, I have two technical amendments to add to S. 4076. I have checked them through with the Committee on Public Works and the Committee on Interior, the majority and minority sides, and now I ask unanimous consent that they be printed at this point in the RECORD.

The ACTING PRESIDENT pro tempore. Does the Senator offer these amendments at this time?

Mr. HOLLINGS. Yes.

The ACTING PRESIDENT pro tempore. The clerk will report the first amendment.

The legislative clerk read as follows:

> Page 20, lines 12 through 14, strike the words "at least one public, formal hearing shall be held, in accordance with the provisions of section 554 of title 5, United States Code, in the District of Columbia", and insert in lieu thereof the following words: "if the Secretary determines that there exists one or more specific and material factual issues which may be resolved by a formal evidentiary hearing, at least one adjudicatory hearing shall be held in accordance with the provisions of section 554 of title 5, United States Code, in the District of Columbia. The record developed in any such adjudicatory hearing shall be basis of the Secretary's decision to approve or deny a license."

Mr. HOLLINGS. The Special Joint Subcommittee approved a two phase hearing requirement. The first phase would be one or more local, informal hearings near the proposed deepwater port site. The desire was to allow local residents the opportunity to voice their feelings about a project with such a large impact as a deepwater port.

The second phase involves a formal, adjudicatory hearing on the record. To blend the two in a more efficient fashion, this technical amendment will allow the Secretary to call a formal hearing if material and specific factual issues need to be decided. If a formal hearing is held, it must constitute the record upon which a decision is based. Therefore, presentations of fact put forward at the informal hearings must be reintroduced at the formal hearing to satisfy the basic procedural requirements of cross-examination and rules of evidence.

This amendment merely perfects the language now contained in section 5(g) of S. 4076.

The ACTING PRESIDENT pro tempore. The clerk will report the second technical amendment.

The legislative clerk read as follows:

> 1. Page 40, line 9, after the word "zone" but before the word "or" insert the words ", from a vessel which has received oil or natural gas from another vessel at a deepwater port,".
>
> 2. Page 41, line 12, after the word "zone" but before the word "or" insert the words ", from a vessel which has received oil or natural gas from another vessel at a deepwater port,".
>
> 3. Page 42, line 14, after the word "zone" but before the word "except" add the words ", or from a vessel which has received oil or natural gas from another vessel at a deepwater port,".

Mr. HOLLINGS. It is possible that deepwater port facilities may be utilized for either lightering or transshipment. That is, large ships may tie up at a deepwater port and offload part or all of its cargo into smaller draft vessels for transporting the oil to shore. Once lightened the larger draft vessel could then enter shallower harbors.

This amendment extends to the liability provisions of section 18 of the bill to this type of deepwater port operation. Therefore, liability would attach to vessels which receive oil or natural gas from other vessels at a deepwater port. This would mean transfer of cargo either while moored or while both vessels are within the safety zone of a deepwater port. The liability provisions would apply wherever or whenever a spill of oil or natural gas occurs from such a vessel, until it offloads its cargo ashore.

This amendment fills the gap left in the liability section.

Now, Mr. President, I ask that these amendments be considered and agreed to en bloc, and the bill, as thus amended, be treated as original text.

The ACTING PRESIDENT pro tempore. Without objection, the amendments will be considered en bloc as part of the original text and, as submitted, they are agreed to.

Mr. HOLLINGS. Mr. President, I yield to the distinguished Senator from New York.

The ACTING PRESIDENT pro tempore. The Senator from New York. The Senator from South Carolina yielded to the Senator from New York?

Mr. HOLLINGS. No. The Senator from New York has the floor.

Mr. STEVENS. The Senator from New York has as much time as he wishes.

The ACTING PRESIDENT pro tempore. The Senator from Alaska yields time.

AMENDMENT NO. 1954

Mr. BUCKLEY. Mr. President, I call up my amendment No. 1954.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk read as follows:

> Delete subsection 4(d) and reletter the following subsections accordingly.

Mr. BUCKLEY. Mr. President, I understand I am speaking on my own time, not on the minority's time.

The ACTING PRESIDENT pro tempore. The Senator has 15 minutes on each amendment.

Mr. BUCKLEY. Mr. President, I ask unanimous consent to add the name of the Senator from Colorado (Mr. HASKELL) as a cosponsor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BUCKLEY. This amendment is simple in its effect, Mr. President. It deletes subsection 4(d) of the bill. That is the subsection entitled "Port Evaluation," which begins on page 10, line 8, and continues through line 5 on page 11.

This subsection requires that the Secretary compare "the economic, social and environmental effects" of any proposed deepwater port with plans to dredge a nearby inshore port to superport depths, if requested by the adjacent public port. As part of this study, the Secretary must "determine which project best serves the national interest or that both developments are warranted."

I recognize that section 4(d) is drawn tightly. And many people may argue that such an evaluation sounds innocent, and might even have some value. I disagree. I believe that this language could prove harmful to the purposes of this bill, and may hamstring efforts toward sound deepwater port development. It is an exercise in comparing apples with oranges, and may prove a source of protracted delays and litigation.

Secretary Rogers C. B. Morton, in expressing the administration's position, describes the dredging language this way:

> DREDGING OF HARBORS INSTEAD OF CONSTRUCTING DEEPWATER PORTS
>
> Subsection 4(d) would direct the Secretary, after an application for a deepwater port is filed, to compare the economic, social and environmental effects of the construction, expansion, deepening and operation of a harbor if a State has existing plans for a deep draft channel and harbor or meets other requirements.
>
> We strongly recommend that this subsection be deleted. All available information supports the conclusion that the construction of deepwater ports is environmentally and economically more satisfactory than the construction and maintenance of a deep draft channel and harbor. Deepwater ports avoid the risks of oil spills due to heavy tanker traffic within conventional ports, they avoid the environmental problems associated with dredging and the disposal of sludge, and they are less expensive to construct and maintain.
>
> The National Environmental Policy Act of 1969 will require that alternatives to a deepwater port be evaluated before a license is issued, in any event. Subsection 4(d) of the bill, on the other hand, would require that special consideration be given to developing deep draft channels and harbors, a less preferable alternative, and it would encourage port authorities and dredging companies to prepare plans and exert pressure for constructing them. Moreover, the mandatory review of these plans would add delays and expenses to the review of applications to construct and operate deepwater ports.

This amendment is being pushed by those who fear the loss of dredging contracts. The purpose of section 4(d) is to balk deepwater ports under this bill in favor of doubling the depth of existing harbors.

Frankly, the dredging of any existing port to depths of 90 or 100 feet—the depth that the report on this bill refers to as that "required for supertankers to operate safely—could wreak environmental havoc.

Deepwater ports will assure a greater chance of controlling oil spills than provided by inshore ports. According to the bill's report, offshore superports "would reduce the risk of groundings, collisions, and oil spills" by keeping tankers away from the coast.

The dredging alternative poses other disadvantages. Harbor bottoms are deep with accumulated pollutants. According to the Commerce Department study:

> The very act of dredging might stir up and recirculate pollutants that have settled to the bottom and reduce, thereby, the quality of water and the area where the dredged spoil is deposited.

According to a June 1974 discussion by the Corps' Office of Dredged Material Research:

> It has been generally found that natural water sediment tend to be sinks of chemical toxicants where toxicants present in the water column become associated with particular matter and become incorporated in the sediment.

The Commerce study found other dangers related to deepdraft channels:

> They would allow more extensive intrusion of salt water into Delaware and Chesapeake Bays, and would have an effect on the critical saline balance of this area. . . . The deeper channels would also threaten the water supplies of the region. The greater salinity penetration, particularly in the Delaware River, would increase the salt content of municipal and industrial water supplies.

But the alternative of dredging becomes almost ludricous in some locales. The Commerce Department estimated:

> Primarily because of underlying rock, subsurface vehicular tunnels and myriad environmental and ecological problems, the existing 35 to 45-foot channel depths in North Atlantic ports are capable of only minor increases of about 10 feet at a projected 1980 Federal first cost greater than $2 billion.

That expense, of course, would do little to meet the requirements for vessels with drafts of 70 or 80 or more feet. Gouging channels to the depths required for supertankers appears physically, economically, and environmentally infeasible.

Look at the Philadelphia problem. The existing channel is authorized at 40 feet. One foot below that, I understand, lies bedrock. Corps surveys have indicated that deepening that channel to a supertanker depth of 90 feet would require the removal of some 330 million cubic yards of silt and rock.

If just half of that is rock, the removal cost will top $3 billion, since the cost of cutting through rock normally ranges from $15 to $25 per cubic yard. That assumption makes no provision for suitable disposal of a quantity of dredged spoil that would cover a square mile to a height of more than 100 feet.

The Commerce Department also figures that it would be impossible to bring supertankers into Hampton Roads, Va., because of the 55-foot depth of the bridge-tunnel that crosses the entrance to Chesapeake Bay. The Commerce Department study notes:

> The Port of Baltimore is, in fact, further limited in its inner harbor areas to a maximum water depth of 50-feet by the existing Harbor Tunnel.

Similar problems exist in harbors from New York to Texas. The Corps of Engineers is presently studying the feasibility of a deepwater channel into Corpus Christi, Tex. The Corps, I would note, estimates that the dredging a 100-foot channel into Corpus Christi would have to start 21.3 miles offshore, and involve the removal and disposal of 220,000,000 cubic yards of spoil. Frankly, I doubt if that is a reasonable alternative to a superport offshore.

Nor do I believe that the Secretary of Transportation can make the economic judgment this subsection requires. For one thing, the Secretary of Transportation has no control over the onshore port, so he can do nothing to implement that choice.

Local officials in harbor projects must generally agree to furnish lands, easements, rights of way, spoil disposal areas, and make any necessary relocations of utilities and pipelines. Further, the local interests must agree to hold and save harmless the Federal Government.

How can the Secretary of Transportation make a balancing study when any expansion of the inshore port depends on such local assurances, plus subsequent approval by the Congress?

The purpose of this bill is to establish a regime for the consideration of deepwater port licenses. If a State or private group decides that construction of such a port is to its economic advantage, and the sponsors can raise the necessary capital and comply with the other requirements of the statute, I do not believe that the Secretary should have the authority to withhold approval because he decides that the onshore port might be expanded.

Directed by the 1970 Rivers and Harbors Act, the corps is presently making a thorough study of dredging problems and alternatives. An early assessment by the corps comes to this conclusion:

> A basic premise in the problem assessment phase of the study was that dredging of large volumes of material will continue because of a lack of alternatives in creating and maintaining navigable waterways for the nation's economic development.

I agree. That is why I suggest that section 4(d) is unnecessary.

This bill creates an alternative that this one provision seeks to dismantle. To assure ourselves that this bill works, and that it does not become locked in 4(d) studies and litigation, I urge my colleagues to adopt my amendment and strike subsection 4(d).

Mr. HOLLINGS. Mr. President, I yield to our distinguished colleague from Arizona who wants to talk on his time on the bill.

Mr. FANNIN. I thank the distinguished Senator.

The ACTING PRESIDENT pro tempore. The Senator from Arizona.

Mr. FANNIN. Mr. President, I am greatly encouraged by the proposed Deepwater Port Act of 1974. It is well considered, reasonable legislation designed to facilitate the delivery of petroleum to American markets, with adequate protection for both the environment and the consumer.

S. 4076 provides an administrative structure for the licensing and operation of deepwater ports, which are acknowledged as the economically and environmentally preferable facilities for handling imported petroleum and petroleum products. Why are these ports so important?

First, because the economic benefits offered by deepwater ports are considerable. I think this speaks to the Buckley amendment.

As our population and industrial production continue to grow, our consumption of energy will increase. At the present time, our domestic production of coal, gas, and oil are not keeping up with demand. The Federal Energy Administration estimated last year that in order to meet our energy needs, we will have to import 15 million barrels of oil per day by 1985. There is no short term alternative which can overcome our need to import oil. Moreover, to the extent that we fail to bring nuclear power plants on stream as scheduled, we will have to augment oil imports. To the extent that we restrict the use of coal, we have to use imported oil. To the extent that we continue to rigidly control natural gas prices and discourage the development of new reserves, we must import more oil. The President's recommendations yesterday reflected that view. In short, oil is the swing fuel.

Absent a turnaround in domestic production, by 1985 approximately 8.5 million barrels of oil per day will arrive in the United States from Eastern Hemisphere sources alone, and the supertankers of 200,000 deadweight tons—dwt—will be used to import it. A fleet of about 350 tankers of the 250,000 dwt class would be required to transport that amount of oil to the United States. On the other hand, importing it in standard size small tankers would require about 3,000. There are two factors to consider here.

First, worldwide experience has proven that major savings in transportation costs result from the use of newer tankers of the 200,000 dwt and up variety These supertankers are too large to dock at existing U.S. ports. Consequently, they dock at deepwater terminals in Canada and the Bahamas and unload their cargo into tankers small enough to enter our ports. The United States hardly needs this drain on our balance of payments in these inflationary times.

Second, 3,000 small tankers bringing increasing volumes of oil from Eastern Hemisphere sources in adition to those carrying oil from the Western Hemisphere and those already in U.S. coastwise trade would pose a severe strain on our already overcrowded harbors.

So much for the economics. Now to the second reason deepwater ports are so important—the environmental considerations. They have been adequately mentioned by the distinguished Senator from New York in support of his amendment. Certainly, they are very impressive.

Historical data compiled by the Coast Guard on collisions and groundings dramatically demonstrate that most oil spill accidents—nearly 70 percent of all collisions and rammings and virtually all groundings—occur where harbor congestion is great and where maneuvering of ships is restricted by narrow, winding channels. These accidents are quite rare on the open sea. While no one is claiming that deepwater ports will end pollution of the seas, their location far offshore will certainly reduce this type of accident. In fact, data provided by the Council on Environmental Quality indicates that they will lead to an impressive 90 percent reduction in such incidents.

Poricelli and Keith, the acknowledged authorities on the world tanker fleet, report that in 1969–70 tankers over 80,000 deadweight tons made up 32 percent of the total tonnage of the world tankship fleet, accounted for 8 percent of the tanker accidents, and caused only 6 percent of the oil pollution attributed to tankers. As a matter of fact, they have concluded that—

> Tankers 80,000 dwt and larger can transport oil seven times safer than tankers below 80,000 dwt from a viewpoint of tanker casualties and subsequent pollution.

So in this regard, the larger tankers are the safest.

We are all aware that estuaries and coastal wetlands are extremely sensitive to damage from oil spills. Damage to those fragile areas from vessels close to shore is almost unavoidable. Spills from deepwater ports far offshore, however, might not even move toward shore—and if they did, natural weathering forces would have a longer period to remove its most toxic properties. Furthermore, recent improvements in cleanup technology, tanker construction, and port operation procedures have somewhat diminished the spectre of a giant tanker breaking up at sea. A number of facilities around the world are using equipment which can contain 1,000 tons of oil in each boom and pick up 100 tons of oil from the surface of the water each hour.

With respect to the environment I believe the weight of authority lies with the testimony of Russell Train on behalf of the Council on Environmental Quality:

> Based on studies conducted for the Council by the U.S. Coast Guard, it appears that creating superports in the United States carries a lesser risk of oil spill damage than does trans-shipping oil from foreign ports.
>
> The environmental impacts associated with port construction and oil spills can be significantly reduced by the development of far offshore deepwater ports which will be served by supertankers at locations dis-

> tant from congested harbors and coastal areas. The environmental impacts associated with the development of petroleum refining and processing industries would occur to some extent if the same amounts of oil were imported in conventional tankers. To the extent that these impacts might be focused on areas served by deepwater ports, State and local governments can plan for and control them using their traditional powers within a framework of current and pending Federal pollution abatement and land use management laws.

Turning to the legislation before us, I believe S. 4076 protects the environment. It specifies environmental review criteria for consideration of applications for these ports. EPA is given absolute authority to insure compliance with the Clean Air Act, the Federal Water Pollution Control Act, and the Marine Protection Research and Sanctuaries Act. All Federal departments and agencies with relevant expertise will have opportunity to comment on applications. A NEPA impact statement is required. Navigational safety and marine protection requirements are included. Stringent liability provisions insure cleanup and payment of damages for any spills that may occur.

Mr. President, I support the bill, and I support the amendment of the distinguished Senator from New York. It would be most helpful in rounding out a very desirable bill.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, on our 15 minutes, before I yield to my distinguished colleague from Maryland to present the joint committee's position, we tried our best in marking up this bill between Public Works, Interior, and Commerce, and all interested parties, to have complete coordination. That is why I think we have a pretty broad support for this particular measure.

We wanted to allay the fears of anyone on the State side that they were not being considered. We put an absolute veto in the governor of an adjacent State. Then with respect to many, many port facilities around the land we wanted an evaluation of the impact of a deepwater port upon that particular port. So we put it in there.

It is not a delay. It is within the time period agreed to.

I could actually agree with almost everything our distinguished friend from New York has said, but that is the best argument, that the superport or deepwater port would prevail after the consideration.

I do not think this consideration of the several ports and their ongoing programs, dredging, expansion, or otherwise, should be just set-aside and not considered.

I yield to the distinguished Senator from Maryland.

Mr. BEALL. I thank the Senator for yielding.

Mr. President, I rise in strong opposition to this amendment. Section 4(d) was carefully considered by the Special Joint Subcommittee on at least two separate occasions, and was overwhelmingly agreed to by the Members as an important way to insure that the future of existing inshore ports is at least considered during the licensing process of a deepwater port. The section is in harmony with the rest of this landmark legislation in its concern for the environment and in its hope for prompt construction of offshore ports, and in my judgment to delete it would seriously weaken an excellent and well-balanced bill.

The "Port Evaluation" subsection would only be used in situations where an application is made for a deepwater port off of a State where an existing inshore port has either an active study by the Corps of Engineers relating to the construction of a deep-draft channel and harbor, or a pending application for a permit for such construction. In such an instance, the Secretary, upon the request of such a port, is required to review that port's existing plans for constructing a deep-draft channel in comparison with the proposed deepwater facility. Such a request must be made no later than 30 days after the Secretary receives an application for a deepwater port license. The Secretary will then determine which project, or both, best serves the national interest.

This section assures that a balanced evaluation will be made prior to a decision on a deepwater port license. This evaluation will be particularly important to ports where the diversion of oil traffic to the deepwater port might depress a positive cost-benefit ratio, thus jeopardizing deepening projects which are necessary for the handling of products other than petroleum.

I strongly believe that deepwater ports are needed. Their construction will facilitate the handling of critical supplies of foreign oil, and do it in a manner whereby our environment can be protected.

However, just as deepwater ports offer substantial benefits for petroleum in many locations, so existing inshore ports offer other important advantages in other situations. An inshore port's capability to handle bulk dry commodities can benefit from the same economies of scale as can oil transport. For example, in my State, the Port of Baltimore could enjoy much of the same economies in iron ore and related commodities destined for the Bethelehem Steel plant at Sparrows Point, if the Baltimore Harbor was deepened.

Additionally, studies previously conducted have indicated that the economic and environmental costs of dredging are not necessarily higher than other possible solutions, and may be less costly. For instance, a recent study by the Bechtel organization at Harbor Island, Tex., concluded that an inshore port would result in a $7 million cost saving over the single point mooring system.

As I mentioned before, I believe in the concept of deepwater ports, and I hope that the passage of this bill will lead to the prompt construction of such facilities. Thus, I am puzzled when some people charge that section 4(d) is an attempt to delay construction of deepwater ports. In fact, nothing could be further from the truth.

I quote from the committee report in this regard:

> This subsection is not intended to encourage protracted study which would have the effect of delaying by months or years a final decision on a deepwater port application. The comparative evaluation is to be completed within the time table established for the Secretary to reach a decision granting or denying a license for the ownership, construction and operation of a deepwater port.

Thus, the committee's intention is clear—this section in no way can be construed to delay action by the Secretary.

Another objection raised by some concerns the supposed environmental problems raised by this section. Again, a reading of the bill clearly states that the Secretary in his evaluation is required to weigh the environmental, as well as the social and economic, factors in his comparison. If the inshore port offers environmental dangers greater than the deepwater facility, then I am confident the Secretary will decide accordingly.

I must also emphasize that this section in no way offers any preference to inshore ports. If any preference exists in this bill, surely it is on the side of the deepwater port. All this section attempts to do is to insure that somewhere along the licensing process, the effect of deepwater ports on inshore ports is considered. It is equity, and nothing more.

The Secretary is under no compunction to choose one port over the other. It is not, as some have charged, an "either-or" situation. The Secretary specifically has the authority to indicate that both ports are in fact in the national interest.

Mr. President, this section is designed to prevent licensing in a vacuum. The decision of the Secretary in this matter will have major implications for our country for many years, and to fail to require a comprehensive study by him on the short- and long-range effects of a deepwater port would be simply irresponsible.

Therefore, I urge the rejection of this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. How much time do we have remaining?

The PRESIDING OFFICER. The Senator from South Carolina has 9 minutes remaining; the Senator from New York has 8 minutes remaining.

Mr. BUCKLEY. Mr. President, I appreciate the concerns of the Senator from Maryland. I know he has concern about the problems with Baltimore Harbor. But one of the problems that we face there is that if we were to go to the depths required for supertankers, we would have to remove certain tunnels that now cross under the harbor. I know he is not concerned with those depths at the present time. He is concerned about depths down to 55 feet.

On the other hand, we do see here the potential for conflicts that could create substantial delays, despite the statutory language.

I believe further there is a problem to which insufficient attention has been given. The Secretary of Transportation would be required to make the judgments on comparative economics.

I suggest that it is impossible for the Secretary of Transportation, with jurisdiction over a deepwater port dealing only in oil and not in bulk cargoes, to make a meaningful comparison when you have quite different types of onshore responsibilities associated with harbors. Local interests would be required to provide onshore facilities, rights-of-way, easements, spoil disposal areas, and so forth. How can the Secretary of Transportation control that?

The way this bill would operate, without the section in question, would not be to impede ongoing plans for harbor improvements. They will or will not be justified on their own merits.

By the same token, we ought not throw roadblocks in the way of the Secretary's decision of deepwater ports. This is one of our most pressing national needs: to make it possible to bring in the quantities of oil we will be needing during the next decade or more, irrespective of the success of Project Independence, and to bring in that oil in the manner that is the most environmentally safe.

Speaking of the environment, I point out that the National Environmental Policy Act requires the Secretary of Transportation to make the necessary environmental comparison between the construction of the proposed deepwater port and the alternative port facilities that already exist.

For all these reasons, I respectfully recommend that my amendment be adopted.

Mr. BEALL. Mr. President, the Senator referred to Baltimore. I want to correct some misinformation he must have.

I refer the Senator to the amendment. No one, in considering the Baltimore Harbor or the Chesapeake Bay, has ever suggested anything other than 50 feet. All the tunnels are below 50 feet. There is no suggestion anywhere that anyone is going to deepen that tunnel to the point where it interferes with the Baltimore Harbor Tunnel or the Chesapeake Bay Bridge Tunnel at the mouth of the bay.

I do not know where the Senator gets his 90-foot figure. All engineering studies indicate that the current study, the current recommendations, the current proposals, in no way interfere with any tunnel crossings of the bay or the harbor.

Mr. BUCKLEY. Mr. President, I thank the Senator. I think that the situation to which I addressed myself nevertheless is valid. I do not believe that the elimination of section 4(d) will in fact interrupt the normal operation and improvement of such harbors as Baltimore, Philadelphia, New York, and others.

We also must remind ourselves that if we are talking about alternatives to ports for supertankers, one has to think in terms of 90- to 100-foot depths.

Mr. BEALL. I recognize that the supertanker requires a 90- or 100-foot depth. We are not talking about supertankers going into these ports. We are talking about the fact that when one uses the figures related to the deepwater ports and compares them, as has been done by OMB, with inshore ports, we have a depressed cost-benefit ratio that is used as an argument to discontinue work on the inshore port.

The purpose of this measure is to make sure that this fallacious argument will not be used by Government agencies as these ports try to make themselves more effective in serving the national interest in the areas of the country involved.

Mr. HOLLINGS. Mr. President, the distinguished Senator from Alaska (Mr. Gravel) is necessarily absent. He worked long and hard on this bill, particularly on this provision. The distinguished chairman of the Committee on Public Works, the Senator from West Virginia (Mr. Randolph), I believe has a statement on behalf of Senator Gravel.

Mr. RANDOLPH. Mr. President, I appreciate the comment of the able Senator from South Carolina (Mr. Hollings).

It is my desire that the Record show at this point that I do oppose the amendment offered by the knowledgeable Senator from New York (Mr. Buckley), and I hope that the amendment will be defeated.

I rise for the special purpose of adding to the announcement made by the manager of the bill that Senator Gravel is necessarily absent from the Chamber during this debate today. Senator Gravel chairs our Subcommittee on Water Resources. He has not only an intense interest in the general body of the proposed legislation, but also a particular point of view in opposition to the amendment now pending.

I ask unanimous consent, Mr. President, that the statement by Senator Gravel be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Gravel

A short 14 months ago this body took action that can be properly described as the first giant step down the road toward a solution to our country's critical petroleum supply problem.

I refer in that context, of course, to approval of the Alaskan pipeline bill which will make it possible to open the faucet on a vast untapped oil reservoir deep under my State's North Slope.

I had the honor of leading the fight for that legislation and I am happy to report today that the construction for which it gave the green light is already well under way.

Because we acted when we did, we can within the next two years look forward to an addition of close to two million barrels a day to the country's oil supply. No one in this chamber needs to be reminded of the importance and significance of that in today's world.

The wisdom of our decision to develop this major domestic source was quickly underscored, as each of you will recall, by the imposition of the oil embargo last October.

If doubters remained up to that point, I thing it is safe to conjecture that they became converts very soon thereafter.

It could scarcely have been otherwise, considering the force with which the oil cut-off impacted on every aspect of our economic and personal lives before it was lifted.

Hopefully, we will not be called upon again to undergo such a harrowing experience. I am disposed to believe that the risk of such a recurrence may have been diminished already at least to some degree by the steps we have taken to provide for a major new domestic source of petroleum stocks.

The problem of finding an adequate supply is not, however, the only one with which we are confronted in these troubled and uncertain times.

It is not enough just to have sufficient oil.

It must also be available at a price at which it can be used without totally disrupting the nation's business and industrial and governmental economy.

In addition, it must be distributed in the manner least likely to produce environmental damage or to adversely affect the areas through which it is moved for subsequent storage or processing.

The cost of transportation is a key factor in determining the ultimate price of crude oil.

So, if that price is to be cut, or even perhaps kept from rising even further, a way has to be found to move the oil at a lower per unit cost as well as with a lower spill risk.

In simple terms, those are the primary objectives of S. 4076, The Deepwater Port Act of 1974, which is before us for debate today.

The basic premise of the bill is that the most effective and economical means of transporting crude oil is in supertankers of from 200,000 to 500,000 deadweight tons and that development of deepwater ports linked to shore by underwater pipes affords the only practical way of discharging the cargo of those giant ships.

Those conclusions and the provisions of the measure proposing their implementation represent the composite views of the 15-member Ad Hoc Subcommittee from the Public Works, Commerce and Interior Committees formed for the specific purpose of developing such legislation. They are, I would emphasize, the product of extensive hearings, staff consultations and research and executive sessions covering a span of nearly 18 months.

Actually, the preparatory period was even longer than that. The first consideration of the deepwater port concept dates back to April of 1972, approximately a year before the Subcommittee was appointed and assigned the task of preparing a joint committee bill. Thus each of the proposals introduced during the ensuing period was available for review and consideration during the drafting of S. 4076.

I consider it a privilege to have served on that Subcommittee because of my strong conviction of the vital importance of the issue not only to my own State of Alaska but to the country as a whole and, indeed, to every oil-consuming nation in the world.

In my view, the legislation address itself in a balanced and effective way to an extremely complex subject and I am proud to have had a part in its preparation and in its presentation now.

I place my State first on the list of potential beneficiaries because, things being as they are, I think there is a strong chance that it is in the transfer of Alaskan oil to the "Lower 48" that the deepwater port plan can produce its first specific dividends.

That is so because the Port of Valdez, the southern terminal of the pipeline, is already a natural deep draft facility suitable for handling of tankers approaching super size.

Since the Alaskan oil would be principally destined for West Coast ports on the mainland, very substantial saving could be expected on a regular basis as soon as suitable receiving facilities were developed. Depending on the source of supply, the same thing would of course also apply on shipments from Alaskan producers to deepwater ports elsewhere on the United States ocean or Gulf coasts.

In a time of raging inflation and curtailed oil production designed to keep prices high, the importance of transportation savings cannot be over-estimated.

Let me stress at this point that the legislation addresses itself to the role of deepwater ports only for transportation of oil and natural gas products. It does not propose that such facilities preempt the entire bulk transportation field or preclude the further development of on-shore facilities where that is demonstrably feasible and appropriate.

I will touch further on that point later in my remarks and I mention it now only so that other provisions of the bill can be viewed in proper perspective and in the context of that approach.

I will not attempt to discuss in detail each section of the bill, since that is being capably and effectively done by other proponents.

Instead, I propose to direct my remarks to what I consider to be its most important and significant provisions.

Certainly one of the key features of the legislation is its conceptual approach to the subject—one which limits the Federal role to that of regulator and leaves development and operation of deepwater port facilities to eligible non-Federal interests.

The bill would empower the government to set the rules for siting, construction and operation of deepwater port facilities and to insure compliance with those regulations through licensing and enforcement procedures.

It would, at that same time, preclude the need for any Federal investment by leaving it to State or private interests to provide the financing for port construction and operation.

By restricting its application to areas outside the territorial seas where adjacent states have jurisdiction, the legislation further pinpoints the scope of Federal authority in the matter of deepwater port development.

In my considered opinion, the division of authority and responsibility which S. 4076 delineates is entirely appropriate and the arrangement most likely to produce the desired results.

It has the double advantage of combining a potential for flexibility in operation with a capability for firmness in the area of enforcement.

Nowhere is there a better illustration of the measure's balanced and even-handed approach than in the options it provides for affected states with respect to siting and construction of port facilities.

On the other hand, a proposed port may be licensed by designated Federal authorities only with the consent of the directly affected coastal state or states. Conversely, such a state or a combination of such states may become a license applicant but only by meeting the same Federal standards set for all other applicants.

Strong environmental and economic safeguards are written into the legislation in other ways, too.

All Federal agencies with any interest in deepwater port development will, under terms of the bill, figure in a review of any port license proposal. While each of them may make recommendations for or against the plan, the Administrator of the Environmental Protection Agency will have specific veto authority if he finds the proposal would conflict with existing ecological protection laws or regulations.

On the economic front, a license applicant would be required to furnish proof of full financial responsibility as well as capabilty and intent to comply with all laws, regulations and license conditions.

The measure makes specific provision for license suspension or withdrawal in cases of proven violation of terms of the permit or other regulations.

As I indicated earlier in this statement, the legislation with which we are now dealing does not preclude the continued development of existing water freight handling facilities.

On the contrary, it specifically provides that the potential impact of a deepwater port on area harbor installations for which expansion or deepening is planned shall be one of the factors to be considered in the review of any pending license application.

I feel strongly that this is as it should be.

My experience as Chairman of the Public Works Subcommittee on Water Resources persuades me that there is an appropriate and essential role for deep-draft harbor facilities in this country's water commerce scheme.

There are instances, I believe, in which onshore and deepwater facilities can complement each other rather than competing to the disadvantage of both. I think, too, that demonstrable national interest and security should be the determining factor in making a choice where long-range coexistence does not appear practical.

I am convinced that many of our major seaports can be beneficially expanded to accommodate larger bulk-commodity vessels even with the development of the deepwater port concept for oil and gas transportation.

It was in that context that I sponsored the on-shore installation impact amendment which was subsequently embodied in S. 4076.

I regard this provision as both valid and necessary if the bill is to provide an objective and balanced approach to the problem with which we are dealing.

I very much hope the Senate in its wisdom will retain it.

Another feature of the bill is the provision that no license can be issued without a finding that the application does not constitute a monopoly, restraint of trade or anti-trust violation.

The toughest section of the legislation, and justifiably so, is that covering liability for damages and clean-up costs in the case of oil spills.

That section requires a maximum of $20 million coverage for a vessel using a deepwater port, a $100 million maximum for the port operator and further insurance of up to $100 million through a fund created by assessments on oil and gas moving through any deepwater port.

That fund would be tapped after liability of the other agents had been exhausted in any particular spill incident.

Stiff civil and criminal penalties are also provided for willful negligence associated with oil spills and for failure to promptly report any which may occur.

In summary, I would make these observations about the legislation before us:

Deepwater ports of the type it proposes have ben operating in a number of European areas for a number of years so we are in no sense setting out on uncharted seas.

What we are seeking, therefore, is simply the right way of effectively controlling and regulating a development which current conditions dictate as necessary and perhaps even inevitable.

I believe we have succeeded in that aim in conceiving S. 4076.

In my view, it is a strong, comprehensive and balanced measure—an essential follow-up to the Alaskan pipeline bill.

The time has come for that vital second step.

I urge that you take it today with overwhelming approval of this bill.

Mr. BUCKLEY. Mr. President, I believe we have had sufficient discussion on the proposed amendment to lay the arguments before the Senate. I am now prepared to yield back the remainder of my time, but first I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. HOLLINGS. Mr. President, I want to go along with the Senator from New York in trying to get the necessary second for a rollcall vote. While we are trying to obtain the presence of a few more Senators, I will just say a word.

The joint committee considered all the ramifications that have been pointed out by the Senator from New York in his amendment, and we have yet to see the real danger with the mechanisms set up for actual siting of a deepwater port. On the contrary, we find that if we did not have that port evaluation, we would not have had the cooperation and the understanding so necessary for a complex measure of this kind to be passed.

This is one of the great things with respect to health. Everybody will agree on health care, but no one can agree on a particular measure. Everyone can agree on tax reform, but no one can agree on a particular measure. So they talk, and nothing happens.

We want something to happen in this area and to remove this one obstacle. To make certain that the adjacent ports were considered, we put in a very innocent provision that that port would be evaluated with respect to the impact of traffic and everything else if it had an ongoing program of expansion, by way of dredging or otherwise. The governor, without that evaluation, still could put in a veto, and the Secretary's decision would be final. It is not just a matter of abuse of discretion on appeal from it.

We think it is a very valid provision. The majority of the committee supports it. With that in mind, we have to oppose the Senator's amendment.

Mr. President, I suggest the absence of a quorum, the time to be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. HOLLINGS. Mr. President, I yield back the remainder of my time.

BUCKLEY AMENDMENT NO. 1954

Mr. FANNIN. Mr. President, section 4 (d) of S. 4076 provides for the Secretary to compare the economic, social, and environmental effects of the construction, expansion, deepening, and operation of an onshore harbor, with those of a deepwater port. This provision tacitly condones dredging, which can be extremely harmful to the environment in that it disturbs the habitat of marine organisms, aquifers, water currents, and so forth. Additionally, it could be used as a delaying tactic to postpone the Secretary's decisions on issuing licenses for offshore ports.

The administration in a letter of August 22 recommended that this section be deleted. The letter points out that all available information indicates that deepwater ports are vastly preferable for the type of operations they will conduct, and more easily constructed and maintained in accordance with environmental standards. Furthermore, NEPA will require that alternatives to proposed deepwater ports be evaluated before any license is issued.

I also have a table which points out the tremendous amount of dredged material which would be produced by enlarging 12 major ports, and the cost of that dredging.

I ask unanimous consent that the table be included in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 9.—ESTIMATED COST OF DREDGING 90-FT CHANNEL TO EXISTING PORTS

Port	Approximate distance to be dredged (statute miles)	Volume to be dredged (million (cubic yards)	Cost[1] (millions)
Boston	12	150	(2)
New York	22	220	[3] $520
Philadelphia	100	1, 660	(4)
Baltimore	+230	2, 900	[5] 3, 200
Norfolk	55	650	[5] 900
Charleston	43	560	750
Tampa	65	1, 280	(6)
Mobile	51	470	970
Galveston	55	500	500
Corpus Christi	39	710	710
Los Angeles	5	40	60
San Francisco	13	130	150

[1] Costs are to dredge 1,300-ft-wide channel 90-ft deep and does not include docks, slips, turing basins, etc.

[2] Bedrock below 60 ft. Estimate $80,000,000 to dredge to 60 ft (60,000,000 yards[3]).

[3] Bedrock below 38 ft in part costing $15 per cubic yard to remove.

[4] Rock bottom in river and relocation of New Jersey Turnpike bridge would cost billions of dollars.

[5] Relocation of tunnel and bridge not considered but probable.

[6] Hard limestone below 30 feet also bridge interference.

Source: Reference for all data except that for Galveston: Offshore Terminal Systems Concepts, U.S. Department of Commerce, prepared by Soros Associates.

Mr. BUCKLEY. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment of the Senator from New York. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BIDEN (when his name was called). Mr. President, on this vote I have a pair with the Senator from Alaska (Mr. GRAVEL). If he were present and voting, he would vote "Nay." If I were permitted to vote, I would vote "Yea." Therefore, I withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), and the Senator from Alaska (Mr. GRAVEL) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Vermont (Mr. AIKEN), the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. PACKWOOD), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Nebraska (Mr. HRUSKA), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

I further announce that the Senator from Florida (Mr. GURNEY), is absent due to illness.

The yeas and nays resulted—yeas 38, nays 40, as follows:

[No. 468 Leg.]

YEAS—38

Bentsen
Brooke
Buckley
Burdick
Cannon
Case
Clark
Cotton
Cranston
Fannin
Griffin
Hansen
Hart
Haskell
Hatfield
Hughes
Jackson
Javits
Johnston
Kennedy
Long
McClellan
McClure
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Muskie
Nelson
Pastore
Pearson
Pell
Proxmire
Ribicoff
Roth
Weicker
Williams

NAYS—40

Abourezk
Allen
Bartlett
Beall
Bennett
Byrd,
Harry F., Jr.
Byrd, Robert C.
Chiles
Curtis
Domenici
Eagleton
Eastland
Ervin
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Magnuson
Mansfield
Mathias
McGee
McGovern
Moss
Nunn
Percy
Randolph
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Stevenson
Symington
Taft
Talmadge
Thurmond
Tower
Tunney

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Biden, for

NOT VOTING—21

Aiken
Baker
Bayh
Bellmon
Bible
Brock
Church
Cook
Dole
Dominick
Fong
Fulbright
Goldwater
Gravel
Gurney
Hartke
Hruska
Packwood
Scott,
William L.
Stafford
Young

So Mr. BUCKLEY's amendment was rejected.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BEALL. Mr. President, I move to lay that motion on the table.

Mr. HANSEN. Division, rollcall.

The motion to lay on the table was agreed to.

Mr. BUCKLEY. Mr. President, I send an amendment to the desk and ask the clerk to report it.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendment.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning with page 35, line 23, strike everything through line 10 on page 37, and insert in lieu thereof the following:

"(b) (1) Whenever on the basis of any information available to him the Secretary finds that any person is in violation of any provision of this Act or any rule, regulation, order, license, or condition thereof, or other requirements under this Act, he shall issue an order requiring such person to comply with such provision or requirement, or he shall bring a civil action in accordance with paragraph (3) of this subsection.

"(2) Any order issued under this subsection shall state with reasonable specificity the nature of the violation and a time for compliance, not to exceed thirty days, which the Secretary determines is reasonable, taking into account the seriousness of the violation and any good faith efforts to comply with applicable requirements.

"(3) The Secretary is authorized to commence a civil action for appropriate relief, including a permanent or temporary injunction or a civil penalty not to exceed $25,000 per day of such violation, for any violation for which he is authorized to issue a compliance order under paragraph (1) of this subsection. Any action under this subsection may be brought in the district court of the United States for the district in which the defendant is located or resides or is doing business, and such court shall have jurisdiction to restrain such violation, require compliance, or impose such penalty."

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, may we have order, please.

The PRESIDING OFFICER. The Senate will please come to order.

The Senator from New York.

Mr. BUCKLEY. This amendment is offered on my behalf and on behalf of the Senator from Tennessee (Mr. BAKER). It involves a feature of the legislation, as reported from committee, that was not considered during the course of our deliberations.

This amendment would amend the language that begins on page 35, line 23, and continues through page 37, line 10. That provision grants to the Secretary of Transportation the authority, without reference to a court, to impose a $25,000-a-day civil penalty.

During the development of the landmark environmental legislation to control air, water and noise pollution, the Committee on Public Works and the Senate wrestled with the problem of developing fair enforcement provisions. The Clean Air Act, as amended in 1970, the Federal Water Pollution Control Act as amended in 1972 and the Noise Control Act of 1972 contain language authorizing stiff criminal penalties for any violation. The 1972 amendments to the water pollution law, in section 309(d), also subject a violator to a court-imposed civil penalty of up to $10,000 per day.

S. 4076 goes far beyond these standards by giving the Secretary preemptory authority to impose civil penalties subject to court review after the fact. My amendment would conform this legislation with the precedents of the air, noise and water pollution laws.

I recognize that section 15(b)(1) of this bill requires that the Secretary hold "an adjudicative hearing in accordance with section 554 of title 5, United States Code" before imposing any civil penalty. But while a section 554 hearing is an adjudicatory proceeding with a hearing record, it does not provide the level of protection necessary to assure the rights of an alleged violator in a case where he is subject to civil penalties of up to $25,000 per day. Therefore, I believe the legislation should provide the proper legal safeguards of a court trial rather than the lesser safeguards of an administrative proceeding subject to possible court review.

Make no mistake, this penalty provision is broad. The report on page 52 states that the penalty can be imposed on anyone "found in violation of a provision, rule, regulation, order, or license condition established by or in accordance with the act." That latitude seems overly broad in view of the administrative nature of the penalty.

I would also point out the anomaly that exists within the terms of this bill. Section 16, which authorizes citizen suits, provides in subsection (b)(1)(B) on pages 38 and 39, that no such action by a person can be commenced "if the Secretary or the Attorney General has commenced and is diligently prosecuting a civil or criminal action with respect to such matters in a court of the United States." Clearly, this language implies that civil actions should be brought in court, not administratively.

For these reasons, my amendment would require that the Secretary go to court to obtain a civil penalty or to enjoin a violation. I am convinced that the courts are the only bodies competent to make such a ruling.

My amendment also creates a new enforcement mechanism which authorizes the Secretary to issue a compliance order and to go to court for action if the order is not complied with.

My main concern is that violations be halted promptly without violating anyone's basic rights. I am convinced that this language will accomplish that objective.

I hope that the distinguished manager of the bill would be willing to accept it.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. The amendment of the Senator from New York is a definite improvement. He is correct, we did not go that deeply into the actual civil penalty section which is what was agreed to in the markup of that other bill, namely, to provide for court action rather than administrative procedure with respect to civil penalties. I think it is a definite improvement.

My distinguished colleague from Louisiana, I am sure, would have a say on this and, if there is no objection, I would like to yield to Senator JOHNSTON.

Mr. JOHNSTON. Mr. President, I certainly think the amendment is an improvement in respect to the due process considerations involved in that there is an opportunity for a hearing.

The thing that concerns me about this amendment is that a violator who violated the law would not be able to be fined until after there was a hearing and until after he was given the opportunity to comply.

I think he ought to have a hearing and he ought to be able to have the charges against him laid out and he ought to be able to be presented with the evidence as to those charges, and he ought to be able to present his side of the case. But he should not be able to continue to violate the law during that period of time and to be immunized from his violations of the law until after the ruling of the court comes down, because such a hearing may take some time.

Certainly a court proceeding would take some time and, I think, all of the deterrent effect of the $25,000 a day fine would be done away with.

If there is some way the Senator could modify his amendment so as to provide for a hearing on the question of violation, but after the notice and the specificity and the hearing, that the Secretary would have the right to grant a fine for his past violations, I could certainly go along with him. But I believe, as presently worded, it would excuse too much misconduct.

Mr. BUCKLEY. I believe we do provide here for peremptory violations through the mechanism of the preliminary injunction.

Mr. BENTSEN. Mr. President, will the Senator yield?

Speaking for the majority side of the Public Works Committee, the provision in the bill follows the procedures in the Environmental Protection Act. We are ready to accept it.

Mr. HOLLINGS. Mr. President, this does not eliminate it. We always have a preliminary injunction proceeding under the regular law. So what we have really done is rather than provide for an administrative proceeding in the bill, the Senator has protected by court procedure the rights of the individual. In our markup, as the Senator from Texas has pointed out, it conforms to the environmental protection law provision with respect to civil penalties.

Mr. STEVENS. Mr. President, will the Senator yield?

I concur. I think it is consistent with the protection we have given the individual in the past; at the same time, authorizing the Secretary to bring about an immediate cessation of anything he deems to be a violation. So I would hope the Senator from Louisiana would accept it as being a twofold approach: one, the injunctive relief and, two, if there is to be a fine he would have to go to court. It seems to me it is very fair.

Mr. JOHNSTON. Mr. President, there are some good provisions to this amendment which I would like to see incorporated under the law.

My concerns are not totally answered, however, I recognize there are some good points in this amendment, and I am willing not to interpose any objection to it provided that all members here will agree to consider this matter in conference committee with an open mind, as I will do, to determine how best to both preserve due process and to provide some incentive not to violate the law.

That is my whole concern—that someone could violate the law with impunity and it would only be after an injunction was issued that he would face any penalty at all.

If the Senator is willing to work on that problem in conference, I would be willing to accept it.

Mr. BUCKLEY. I would be delighted to.

I am confident that this amendment strengthens the safeguards we want all Americans to enjoy.

I also suggest that in conference we will determine it does not add to delay because, after all, the Secretary, under the existing act, must operate within the procedures outlined in existing law.

So, Mr. President, I certainly believe the record will support my desire to have an open mind, as we discuss this in conference.

Mr. HOLLINGS. With that understanding, we are happy to yield back the remainder of time and accept the amendment.

Mr. BUCKLEY. I yield back my time.

The PRESIDING OFFICER (Mr. CLARK). All time having been yielded back, the question is on the amendment of the Senator from New York.

The amendment was agreed to.

Mr. BUCKLEY. I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1963

Mr. METZENBAUM. Mr. President, at this time I call up amendment No. 1963, as modified. I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 46, lines 10 and 11, strike the words "The Secretary," and insert in lieu thereof the following: "The Attorney General".

On page 46, line 14, after the word "group." insert the following: "If, within 90 days after a discharge of oil or natural gas in violation of this section has occurred, the Attorney General fails to act in accordance with this paragraph, to sue on behalf of a group of persons who may be entitled to compensation pursuant to this section for damages caused by such discharge, any member of such group may maintain a class action to recover such damages on behalf of such group. Failure of the Attorney General to act in accordance with this subsection shall have no bearing on any class action maintained in accordance with this paragraph.

"(2) In any case where the number of members in the class exceeds 1,000, publishing notice of the action in the Federal Register and in local newspapers serving the areas in which the damaged parties reside shall be deemed to fulfill the requirement for public notice established by rule 23(c)(2) of the Federal Rules of Civil Procedure.".

On page 46, line 15, strike the number "(2)" and substitute in lieu thereof the number "(3)".

Mr. METZENBAUM. Mr. President, the purpose of this amendment, which is a committee amendment of the Interior Committee, is to remove the possibility that any person damaged by reason of problems created under this act would be deprived of their legal right in court as a consequence of recent Supreme Court decisions.

Under the act, the Secretary is permitted to file a class action on behalf of all of those similarly situated, but if the Secretary fails to act, no recourse is provided those damaged by reason of an oil spill.

Under this proposed amendment, the

rights would accrue to any individual on behalf of all others similarly situated and it would make it possible for publication to be obtained where more than 1,000 persons are involved, and publication in the Federal Register as well as in newspapers of local circulation.

I urge adoption of the amendment, Mr. President.

Mr. HOLLINGS. Mr. President, we are prepared to accept the amendment. I conferred earlier in the day with the distinguished Senator from Ohio, and the distinguished Senator from North Dakota, the chairman of the subcommittee of the Judiciary Committee (Mr. BURDICK), they were very apprehensive about this particular decision in not having to prove $10,000 worth of damage in order to be included in the damage actions of our particular measure here at hand.

In order to clarify that, I think we should move in at this point with an amendment submitted by Senator METZENBAUM, and the Senator from North Dakota (Mr. BURDICK) as subcommittee chairman will be having hearings and provided general law along this line when we reconvene after the recess.

Mr. JOHNSTON. Mr. President, on behalf of the Interior Committee, I believe the Interior Committee has already approved this amendment.

I would like to make one point clear—while this amendment permits class actions and specifies the notice required by the Rules of Federal Procedure, there is no intent here or in the other parts of the bill to have any requirement for jurisdictional amount.

In other words, the Federal courts will have jurisdiction of any case or suit arising under this legislation without reference to the amount in controversy.

I wanted to make that very clear.

But I think the amendment is an excellent one and certainly the Interior Committee sponsors it and agrees with it.

Mr. BENTSEN. Mr. President, I would say, as far as the Public Works Committee, we are in accord with the suggestion that the amendment is an improvement and we, in turn, are willing to accept it.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. FANNIN. I yield back my time.

Mr. HOLLINGS. Yes.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment, as modified, of the Senator from Ohio.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. McINTYRE. Mr. President, will the distinguished floor manager of the bill yield to me for a question?

Mr. HOLLINGS. I yield to the Senator.

Mr. McINTYRE. I would like to say, Mr. President, that on page 5, the definition of a deepwater port indicates it would exclude those deepwater ports as defined here as a group of structures, man-made structures, that would be built within the territorial limit of the States.

Mr. HOLLINGS. That is correct, that was the intent.

Mr. McINTYRE. It so happens that in New Hampshire, there is a great deal of consideration pointed directly to a situation such as that.

Off the New Hampshire coast, there are four or five small islands, the Isles of Shoals, and the 3-mile territorial line extends around them since the islands belong to New Hampshire.

We find proposed locations for a deepwater port would be 5 or 6 miles from our coast but in our State waters. Of course, the thing that occurs to me under this definition here is that they would be excluded, in the event such a rig is put in, from the benefits of the Federal Liability Insurance.

Mr. HOLLINGS. The Federal Liability Insurance provisions would not extend within the territorial limits, 3-mile limit of the State.

Mr. President, in trying to define a deepwater port, that was the real drawing, where we drew the line and made a decision with respect to all the particular ports now in operation. We have these island situations, we have these offshore lighters, and everything else, and we did not want to invoke the Federal preemption over the States or come within that 3-mile zone, and specifically, even beyond the 3-mile zone, to try to emphasize that.

Now, we do realize on our ocean policy study that there are very salutary and desirable provisions with respect to liability and coverage within this section that we are gradually coming down after the ocean pollution dumping bill with provisions on liability coverage, to try to extend those within, on a cooperative basis, that territorial limit.

But I do not think it would be wise to satisfy the Senator's desire at this particular moment to disrupt the whole licensing procedure and everything else, the Army Corps of Engineers which license all the ports within a 3-mile limit. We would have to change the entire thrust of the Deepwater Act.

But the Senator has made a very valid point. It sort of complements the joint committee work that has been done, the States already asking for the Federal provision to extend to them. We appreciate it. We are going to have it in the ocean policy study hearings after the recess and we will be glad to consider it at that time and try to make provision for it the same as we did on the Alaska pipeline.

Mr. STEVENS. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. STEVENS. I think the Senator from New Hampshire has a real problem. I believe the avenue is to have a bill and consider it in terms of extending this fund to those ports within the jurisdiction of the State, that the State approves.

In other words, we have complete control over the Corps of Engineers' authorization, but I see no reason why the liability provision could not extend to a port within a State, territorial sea, under conditions that would be compatible with this form.

As the Senator from South Carolina says, we have such a fund for Alaskan oil. I see no reason why we could not ask for contributions from oil coming across the dock on a boat within the jurisdiction of New Hampshire and have that money go into the fund.

But this is not that bill. This deals only with deepwater ports and not with natural ports available to individual States within their jurisdiction.

I would hope the Senator would approach it on that basis.

I see the Senator from Louisiana here. I know they have some deepwater ports, and Texas does, too. I see no reason for the liability fund not to extend coverage to them, but not under this bill.

Mr. McINTYRE. It is my understanding that our proposed port would be a monobuoy construction that will exist off the Isles of Shoals, and that it would be a technologically modern deepwater port as I conceive of it here. It would be within the territorial limits.

To be sure, New Hampshire has a considerable amount of control over the situation, but I know that we will not have the benefit of this Federal insurance. I am not sure that our activity would compare with the State of Alaska.

I am heartened, if I understand my good friend from South Carolina with his chairmanship of this Ocean Policy Study Committee, that a major study is in process, and I would look forward, hopefully—if we could solve some of these problems—to the day when we would be able to enjoy just as much insurance as a deepwater port under this bill.

Mr. HOLLINGS. It would only be realistic that once we reach the 3-mile limit we extend that liability provision right into the territorial sea, but not in this particular bill.

Mr. McINTYRE. I would urge the good Senator from South Carolina to press forward as quickly, as intelligently, and rapidly as possible so that in the 94th Congress we may be able to have such a law passed to protect States such as New Hampshire and Delaware.

I thank the Senator for yielding.

Mr. HOLLINGS. I thank the Senator for bringing this to our attention. We look forward to hearing from him after the recess when we get into that ocean policy study.

Mr. BENTSEN. Mr. President, I call up my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BENTSEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN's amendment is as follows:

On page 25, line 3 strike all after the period through line 10 and insert in lieu thereof the following:

"Within 45 days following the last public hearing, the Attorney General and the Federal Trade Commission shall each prepare and submit to the Secretary a report assessing the competitive effects which may result from issuance of the proposed license and the opinions described in subsection (a) of this section. If either the Attorney General or the Federal Trade Commission, or both, fails to file such views within such period, the Secretary shall proceed as if he had received such views."

Mr. BENTSEN. Mr. President, the Committee on Public Works offers an amendment which will provide more time for consideration of a license application by the Attorney General and the Federal Trade Commission. The amendment will also preclude either agency from delaying or preventing the issuance of a license by failure to act.

The bill, as developed by the ad hoc committee and reported by the three standing committees, creates several different procedures for the review of deepwater port license applications by appropriate Federal agencies and adjacent coastal States.

The Governor of each adjacent coastal State, for example, is given up to 285 days after the filing of the application to approve or disapprove a license application. If he fails to respond during that time period, however, his approval is presumed. The licensing procedure is not delayed.

In the same manner, the Environmental Protection Agency is given up to 285 days after the filing of an application to exercise its veto should the application not comply with provisions of the Clean Air Act, the Federal Water Pollution Control Act, or the Marine Protection, Research, and Sanctuaries Act. But if EPA does not comment adversely within that 285-day period, its consent to the application is assumed. EPA's failure to comment, therefore, will not hold up the application process.

Provision is made in the legislation for consultation with the Secretaries of the Army, State, and Defense, and with other agencies having expertise in the area. But in no case do those agencies have the power to veto an application, and submittal of their views is not a prerequisite to the granting of a license.

The ad hoc committee felt, and rightly so, that the opinions of the Attorney General and the Federal Trade Commission should be solicited as to possible antitrust violations in connection with the construction and operation of a proposed deepwater port. It was not the subcommittee's intent to give these two entities veto authority.

Yet, under section 4(c) (7) and section 7, either the Attorney General or the Federal Trade Commission, or both, can delay or prevent a license being granted by simply failing to provide its views within 90 days of receipt of an application.

Specifically, the language of these sections prohibits the Secretary from issuing a license for a deepwater port unless he has received reports from these two agencies. If reports are not received, the Secretary may not make a decision on a pending application.

Thus the bill contains, in a sense, a contradiction in terms. An adverse report by the Attorney General or the Federal Trade Commission on a proposed license cannot prevent the Secretary from issuing a permit. But a simple failure on the part of these agencies to reply to their mail would hold up the Secretary's decision indefinitely.

The full Committee on Public Works, in executive session, unanimously voted to recommend that an amendment be offered on the floor to grant the Attorney General and the Federal Trade Commission the same 285-day comment period as other agencies, while at the same time assuring that failure to provide such comments shall not prohibit the Secretary's decision.

Mr. President, I urge adoption of this amendment by the Senate.

Mr. HOLLINGS. Mr. President, the distinguished Senator from Texas has a very good point. There was no intent in the joint committee work to give a pocket veto to the Attorney General or the Federal Trade Commission. In fact, even in the one we just voted on with respect to the assessment made of existing ports and everything else, it moves right along in our time schedule.

I think this amendment would certainly clarify that. Within 45 days if they had not ruled, the Secretary proceeds. In other words, he would not be blocked with just no opinion.

In fact, I rather like this. I wish we could put this with the Federal Power Commission. If the Senator gets this passed, maybe we should have a rollcall to see how many people in Congress approve it.

That is really the trouble of government today, its indecision.

On behalf of the committee, unless my colleague on the other side has objection, I would accept it.

Mr. FANNIN. Mr. President, I have no objection.

Mr. JOHNSTON. Mr. President, on behalf of the Interior Committee, we would like to endorse the amendment. We think it clears up a hiatus.

I would like to ask two questions.

If they fail to receive the opinion within the requisite period of time, within the 285 days, is the Secretary free to reach his own conclusion, or does he conclude that it is not anticompetitive? That is the first question.

Second, can the Attorney General or the Federal Trade Commission render an opinion after the 285 days?

Mr. BENTSEN. The time was extended to 285 days, the same as the Governor and the same as EPA. I am sure there would be no precluding the Federal Trade Commissioner or the Attorney General rendering an opinion afterward if he wanted to. But the Secretary of Transportation would not have to wait for it at all.

Mr. JOHNSTON. If he does not receive one, the Secretary of Transportation is to conclude that it is not anticompetitive? In other words, if there was a failure to make a statement on behalf of the Federal Trade Commission or the Attorney General, he would assume it would be all right.

Mr. BENTSEN. One would assume that the assumption would be that there was not an objection to it, or they would say so.

Mr. JOHNSTON. We accept the amendment.

Mr. BENTSEN. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. HOLLINGS. I yield back the remainder of our time.

Mr. FANNIN. Our remaining time is yielded back.

Mr. JOHNSTON. I yield back the remainder of our time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Texas.

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. The Public Works Committee indicated at one time they would offer a preemption amendment. I am sure that that has now been taken care of.

Mr. President, I will step aside at this time and ask the distinguished Senator from Louisiana to act as manager of the bill.

I call up the amendment offered on behalf of the Commerce Committee and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 12, line 11, amend subsection (g) to read as follows:

"(g) ELIGIBILITY FOR A LICENSE.—Any person who is engaged in, or directly or indirectly owned by, or an affiliate of any business entity which is engaged in, or which is an affiliate of any other business entity which is engaged in, the development, production, refining, or marketing of oil or natural gas, shall not be eligibile for a license issued or transferred pursuant to this Act."

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the Senator from Delaware (Mr. BIDEN), and myself, among others, have developed a strong feeling which became substantiated as we worked on this particular bill.

One of the things of great interest to us was a series of developments and statements made with relation to the transport of oil through pipelines.

Looking at the findings of the House Small Business Committee and listening to the testimony of a representative of the Justice Department, we became aware of the fact that perhaps it would be wise to prevent big oil companies in America from controlling this means of delivery.

This means of delivery, that is, the big pipelines, are common carriers. But it was said, in essence, by the House Committee, and more particularly the Antitrust Division, that antitrust enforcement has been generally ineffective to prevent anticompetitive abuse of pipelines owned by major oil companies.

In reality, they have not operated as common carriers. The actual result of oil company ownership of pipelines is that the actual delivery of oil is being accomplished in large measure—the control of it, the pricing of it, the marketing of it—in violation of antitrust.

So we have come to the matter of a superport which, in essence, is really a pipeline delivery system. Superport is a misnomer in the sense that it is not just a large port. If you will look at the particular design on page 7 of the joint committee report, you will see that the major portion of a superport consists of large pipelines, sometimes 56 inches in diameter, with some 4 or 5 coming in 20 to 30 miles, costing millions and millions of dollars.

What really with my amendment is in issue is control of this delivery system.

The tankers would hook up to buoys and the oil would be piped to tank farms on the shoreside.

We felt that, rather than giving an advantage to the major integrated oil companies by giving them ownership, we could eliminate that advantage and infuse competition with respect to delivery of imported oil, and, on the other hand, we could give the oil companies what they wanted, that is an economical deepwater port.

I think that the President's message given yesterday was very much like the little girl with the curl on her forehead. When she was good, she was very, very good; but when she was bad, she was horrid.

The message had some good sections: it had words on balancing of the budget; it talked of energy conservation; there was antitrust; and some fine things were recommended. I join President Ford in his campaign for all those good things.

But from the standpoint of the big oil companies, they could not have written a better program. Here was the President of the United States saying that the chief culprit, the villain, the most inflationary factor, was energy. And what did he do? He said, "Eliminate the one control that you have over oil companies. Deregulate gas and add $11 billion to the cost of energy in America." And everyone clapped. I looked on in amazement. They all clapped.

A single energy board was created—we have been pushing for that. The Senate has passed a measure providing for an Energy Policy Council four times, to try to get coordinated energy policy for America. But now they turned it over to Rogers Morton, who is a delightful fellow, a former colleague, a nice man, thoroughly honest, and everything else. But he is in the Department of the Interior. Look how that Department has conducted the energy programs of the past. It is the house of oil. When we talk about belt tightening, there is no belt large enough to get around the girth of oil in this Government.

Here I have a small provision which says, "Big oil just put your money in the ground. Don't buy these circuses, department stores, or deepwater ports. Get out of those businesses. Don't try to run ports. Just do drilling, as you say you want to do, and get out a little more oil, and then have port facilities operate as public utilities, public entities, common carriers, where they could all have independence and every shipper would have an equal bite at the apple, and they would not use any advantage."

Here is the advantage they have been using. I am going to use the State of Texas as an example, because they have made a thorough study. I have in my hand a plan for the development of a Texas deepwater terminal. The State of Texas said it could build a good superport in short order at a cost of $400 million. Ninety percent of that, of course, is bank money.

In other words, if you get up 10 percent, and you get eight big oil companies, these consortia, these joint ventures they talk about, and they put in their part, and the bank finances the rest. They are bound to deliver with something that is economically sound and feasible and works fine.

After long study, the State of Texas said, "We want to maintain the public utility, the public entity, the common carrier characteristic of superports. So we are going to recommend that oil companies have no ownership whatsoever."

Under the Elkins case, under that consent decree, a 7 percent return on investment is allowed—not on their direct investment but on the total value of the pipeline, including debt capital—and in 1 year they have a bonanza. So a joint venture of oil companies would get back $28 million, 7 percent of the $400 million. They get it back, and then they whiplash other shippers for the rest of the time and have an economic advantage.

We all have Mr. Rockefeller's remarks. Here is where they started—John D.; John D.'s secret weapon. Even the Rockefellers wondered how they made that money. They got a historical narrator, quite a writer, Albert Carr, and give him access to all records. He told the story in this book. I do not want to take too much time, because the Senator from Delaware is ready to be heard on this matter.

You ought to see how zealous he was at every turn to control transportation, to get at that bottleneck. By 1900, he had it. There were 5,200 tank cars in America to deliver oil. The country had 200, and John D. had 5,000. He had it in what was known as a trust. He had it in a quiet, secret trust that the U.S. Government could not even get at, and they tried for 13 years. It was one of these closed trusts. They could not find out when they met, what their liabilities were, or anything else. It was a legal entity, undiscovered at the time. When they found it, the best they could come up with was a consent decree which itself guaranteed an advantage, guaranteed discriminatory practice in which they engaged.

We met in the Commerce Committee. We discussed this matter and we voted. The vote was in favor of assuring that the oil companies should not be given particular advantage or have anything to do with deepwater ports. We wanted to keep them out of it—drilling oil, that is where they do the best job. But to do it they have to have development allowances, foreign investment and tax credit, accelerated depreciation—all those things. The President of the United States should have hit big oil, rather than hitting middle America with his inflation policies, and the Nation could have gotten more than $2.6 billion.

In any event, the Commerce Committee approved that provision. Within a few days, oil company lawyers started calling at my office. That vote changed around until now only two were left—the Senator from Delaware and myself. We kept saying that perhaps we made a mistake; that we just did not understand private, free enterprise; that we did not understand competitive, free enterprise; that we did not understand consortia and joint ventures. The more we studied, the more we were convinced of the conclusion reached by the State of Texas: keep oil out of the terminal.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. HOLLINGS. Not yet. I will yield in a minute.

Whoever heard of turning over a port in America to a trucking company? All our ports are public entities, either quasi-public, or corporate bodies, or, as in the State of South Carolina, a port authority, such as the State of New York Port Authority. You would not turn over the bottleneck, the delivery point, to one trucking company. They could tell you where to deliver, how to deliver, and—in this case—how many thousand barrels of oil would have to come in in order to use the facility. They could use it to whiplash their competitors.

We put it on a no-oil company basis. They then came crying, "you can't get through-put contracts." But everyone is ready. They are ready in the State of Texas. They are ready in several other States. The State of Alabama is moving. I just talked to the Senator from Mississippi, and they are getting ready to move. Do not worry about through-put contracts and operating a port. For heaven's sake, do not say that oil has money and Government does not.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. HOLLINGS. The Senator from Alaska has plenty of time.

We have here a provision that one would think would have satisfied the situation, but one has to work in industrial development to understand the gimmick. We compromised the gimmick by putting in priorities. We had already agreed that oil could not do it until everybody changed, and then the pressure started around Capitol Hill.

They said that the State should have the first bite at the apple, and the second priority would be private companies, port authorities, and third, if you could not get those two, the oil companies. Under that gimmick, the oil company comes in and uses the full faith and credit, because everybody is agreeing.

I had a debate with the distinguished Senator from Arkansas (Mr. FULBRIGHT) about revenue bonds, industrial development bonds, and everything else, to show that States have plenty of full faith and credit. I said that I realized that is why we could not build any schools. All the money went to industry they said, and we were not coming up with public funds for other things. But why do financiers come in? At a lower rate? Every industry in America—DuPont, General Electric, Timken Roller Bearing, I can give a long list of the 500 in Fortune, backing industrial bonds, they come in on the bond market because they can get a better rate and pay less for it. When big oil talks, they say they are the only ones to get the money, the contract, and the financial assistance.

We did not want to go along with that section, which, frankly, in Louisiana will go right on down to big oil. I think that offshore development belongs to the State of South Carolina as well as to the State of Louisiana. I wish that the State of Louisiana would operate the superport. I wish it were not subjected to all of this oil company pressure. We will help them get the money.

We know that States can get the financing. Louisiana has an AA credit rating. Other States have, too.

I should like to say, in the light of the pressures of the time, since I wish to yield to my distinguished colleague from Delaware, that we have not put this in just lately. We put it in after the Department of Justice, after hearings, and after everybody else who considered this particular measure said, "Look, one of the real reasons for the high cost of fuel in America is the monopolistic feature of the oil transportation system and the ownership of the delivery system."

It was John D. Rockefeller's secret weapon, and, Mr. President, "There ain't no education in the second kick of a mule."

It is time to do what President Ford said yesterday—enforce vigorous antitrust procedure. Big oil owns 72 percent of the natural gas; they own 50 percent of the uranium. They are now buying up the coalfields. This afternoon, they hope to cart off the delivery system by gaining control of deepwater ports.

Mr. STEVENS. Will the Senator yield?

Mr. HOLLINGS. I yield, on your time.

Mr. STEVENS. I think the manager of the bill controls the time in opposition.

Mr. President, will the manager of the bill yield to me just 3 minutes to make an inquiry?

Mr. JOHNSTON. Yes, I yield 3 minutes to the Senator from Alaska

Mr. STEVENS. We sat through the special subcommittee sessions and we put a provision in the bill to meet the objection of the Senator from South Carolina. I wonder how he can indicate that the oil companies own all these projects, when we have said on page 22 of the bill that the Secretary must operate according to the following order of priorities:

First, he must issue a license to an adjacent coastal State or combination of States, any political subdivision thereof, or agency or instrumentality, including a wholly owned corporation of any such government.

The second priority is that they shall issue a license to a person who is neither in producing, refining, or marketing oil or natural gas, nor an affiliate of any person who is engaged in producing, refining, or marketing oil or natural gas or an affiliate of any such affiliate.

The third is "to any other person."

In other words, there cannot be anyone involved who is in any way engaged in the oil and gas business unless there is nobody willing to come up from a governmental level, nobody willing to come up who has no interest in oil or gas. Then is the only time that they get the license.

How is it that the Senator tells us that oil and gas companies are going to own it all when, as I pointed out to the Senator, in Valdez, in the largest port in the United States today, at the request of the pipeline people, the city is going to own the dock. The city is going to provide these functions?

Why is it that the Senator presumes that those of us who agreed to this compromise have "sold out" as he put it, to big oil and gas?

Mr. HOLLINGS. Mr. President, I am delighted to answer the Senator on his time: because I have learned one thing in the 8 years I have been up here. Oil owns government. Oil owns government In this case, oil owns State government.

They will go right to the States and say, "Look, brothers,"—and I have been a Governor. My distinguished colleague, the Senator from Arizona, and I were Governors together. They will come in and they will have their lawyers around and, why, they will have a party.

And by the way, they will write that off. The party that they have will be an income tax deduction. The party that they have will be an income tax loophole. And we are going to hit middle America today.

They sit down and have a big dinner, and it will be in the newspaper how we have progress and how we are going to go ahead when the State agrees to X, Y, Z consortium. They will have the State in there, No. 1, and they will be the operating agency and they will take over the bonds after the State has fulfilled and its credit has been pledged. That is the way it is.

Mr. STEVENS. What, in the Senator's amendment, will prevent that?

Mr. HOLLINGS. My amendment says that the oil companies cannot own it one way or the other.

Mr. STEVENS. Under the Senator's amendment, the State, or the city of Valdez, could go ahead to provide that dock, with the guarantee from the oil industry. The Senator has done nothing to prevent what we have tried to prevent with the order of priorities.

Mr. HOLLINGS. Anybody who is directly or indirectly owned by or an affiliate of an oil company shall not be eligible, for a license.

Mr. STEVENS. Mr. President, I should like to express my opposition to the amendment, as proposed by the Commerce Committee, to the deepwater port bill. That amendment would prohibit companies engaged in the oil or natural gas business from owning deepwater ports.

In its report supporting this amendment the Commerce Committee relied heavily on testimony given before the Special Joint Subcommittee on Deepwater Port Legislation by James T. Halverson, Director of the Bureau of Competition of the Federal Trade Commission. In his testimony Mr. Halverson spoke of the potential anticompetitive abuses involved in the ownership of deepwater ports. As I stated in my separate views on this amendment, I share Mr. Halverson's concern that special care be taken to prevent anticompetitive abuses in a deepwater port system. I believe that the bill as amended prevents such abuses since the major suggestions made by Mr. Halverson with regard to improvements to be made on the earlier bill, S. 1751, have been adopted.

In his testimony, Mr. Halverson stated that the FTC's first concern was that S. 1751 made no requirement that the Secretary of the Interior consult an antitrust enforcement agency for its assessment of the possible anticompetitive consequences of the issuance of a particular license. The ad hoc subcommittee amended the bill to specifically provide for such a requirement.

Section 4(c)(7) provides that as a prerequisite to the issuance of a license the Secretary must receive the opinions of both the Federal Trade Commission and the Attorney General "as to whether issuance of the license would adversely affect competition, restrain trade, promote monopolization, or otherwise create a situation in contravention of the antitrust laws." Under section 7 of the bill, the Secretary must receive the same opinions from the FTC and the Attorney General before he can renew or transfer a license.

Mr. Halverson also considered it a serious shortcoming of S. 1751 that it contained no requirement that the Secretary include in licenses conditions designed to assure that operation of a deepwater port would not substantially lessen competition and to assure that nondiscriminatory access to deepwater ports would be available to all users at reasonable rates. Mr. President, the ad hoc subcommittee has rectified this shortcoming. Section 4(e) of the bill now before the Senate provides that "the Secretary shall prescribe any conditions which he deems necessary to carry out the provisions of this Act." This provision should be read in conjunction with section 8(b) of the bill as reported out which requires a license to "accept, transport, or convey without discrimination all oil and natural gas" delivered to the deepwater port in question. Read together, these provisions would require the Secretary to attach all necessary antidiscriminatory conditions to the issuance of a license.

Mr. Halverson further suggested that the FTC should be authorized to initiate any proper complaint pursuant to its statutory responsibilities in the event that a license were issued contrary to its recommendations. In this regard, Mr. Halverson noted that S. 1751 provided that the grant of a license would not operate as a defense to any action brought for violation of the "antitrust laws of the United States."

Mr. Halverson expressed approval of the thrust of that provision, but he recommended that the definition of "antitrust laws" be amended to specifically include the Federal Trade Commission Act. Mr. President, the ad hoc subcommittee adopted this recommendation and section 3 of the bill now before the Senate defines "antitrust laws" as, among other things, the Federal Trade Commission Act.

Mr. Halverson made the further recommendation that the bill expressly provide for a private right of action for persons injured by anticompetitive practices. Mr. President, the ad hoc subcommittee also adopted this recommendation, and a private right of action is established by section 16 of the bill now before the Senate.

Finally, I wish to emphasize that Mr. Halverson did not state in his testimony that oil companies and natural gas companies should not be allowed to own deepwater ports. In fact, he stated specifically that ownership of deepwater ports could pose problems of an anticompetitive nature regardless of who the owner might be:

> The threat of competition is real regardless of whether or not the owners of the deepwater port facilities are to be petroleum companies.

The objective of his testimony was to suggest means by which S. 1751 could be strengthened to combat anticompetitive abuses regardless of the identity of the owners of a deepwater port system. Mr. President, the ad hoc subcommittee adopted the most significant of the recommendations made by Mr. Halverson. The bill now before the Senate prohibits anticompetitive practices, allows participation at the outset by the FTC and the Attorney General and provides means for both the Government and aggrieved citizens to redress abuses. Mr. President, for these reasons the amendment proposed by the Commerce Committee should be rejected.

Mr. HOLLINGS. Mr. President, I yield to the Senator from Delaware.

Mr. BIDEN. I thank the Senator.

Mr. President, for a half century after the sinking of Drake's Well in Titusville, Pa., in 1858, the first production drilling in the United States, American oil concerns dominated sales and production of petroleum in the world marketplace. The rapid-growth era of industrial boom in the last half of the 19th century enabled John D. Rockefeller to singlehandedly monopolize the domestic oil industry through a series of vertical and horizontal combinations. A principal means of achieving this marketplace dominance was his acquisition of most of the transport facilities necessary to transfer crude oil from remote gusher sites to the refinery where it was converted to a usable grade product.

It was specifically to legislate an end to such overweaning control over supply and prices by a noncompetitive corporate entity such as the Standard Oil trust that Congress enacted all of the antimonopoly legislation which has been stipulated in the deepwater ports authorization which we are considering today. In drafting this bill, the special subcommittee extended to superport facilities constructed on the high seas beyond our territorial waters, all Federal and consistent State laws and jurisdiction, specifically Federal antitrust statutes. These include Sherman Antitrust Act of 1890 (26 U.S.C. 209), the Restraint of Import Trade Act of 1894 (15 U.S.C. 570), the Federal Trade Commission Act of 1914 (38 U.S.C. 730).

Yet, with all of these laws forming a well-articulated corps of market-protective legislation, the only significant application of them was in the 1911 Standard Oil-American Tobacco case, in which the Standard Oil Co. was forced to divest itself of many of its holdings.

Extra legal pressure and bureaucratic trepidation have combined over the last 6 decades to contribute to a worldwide oil cartel, which sees domestic and foreign competitors working together and even entering partnerships and joint ventures, and a sluggish oligopoly in the extractive industries.

The oil industry has been a part of, if not the leader in the concentration wave which has now collapsed a market that in 1941 was shared by 1,000 firms, into one that today numbers barely 200 competing businesses.

The distinguished chairman indicated that oil owned big government, that in this case, they own State government, and that is how they will make the inroads.

I can tell the Senator, although I have never been a Governor—I have not been much of anything prior to coming here, except on the county council. I can tell the Senator, having dealt with the oil companies at a county council level, that they will promise anything and convince the people down home that they will do it.

In my case, they promised to build a major refinery and make it look like a schoolhouse. That was their quote, they would "make it look like a schoolhouse, and it would not be any different from the little old schoolhouse down the block." They have ways of bringing in their statisticians, their attorneys, their accountants, the people in public office—not that people at the State or local level are corrupt or are going to be bought by them. It is just that they do not have the hardware to compete with the oil companies.

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator will suspend.

The Senate will be in order.

Mr. BIDEN. I think it is indicative of something to note that during the debate in the subcommittee on this issue, when the Senator from South Carolina and I were insisting upon this amendment, at one point, the question was raised by one of our other distinguished colleagues. He said, "Well, if we do not allow the oil companies to own these ports, you know what they will do? They have told me"—this is the other Senator speaking—"that they will not use the port; they will go outside and go to the Caribbean or to some other place and they will not use the deepwater ports."

Yet the justification for constructing these ports in the first place is testimony, which is replete with oil companies coming before us, saying that in order to save America, we have to build these ports, because the only way we are going to get oil into America is if we have these ports. If we are going to do it in any sort of economical fashion, this is the only way; we have to do that.

These are the very same companies, although they have not said it to me, who have apparently said to some members of the committee that if we do not let them have a chance at owning these ports, they are going to take their ball and go home; they are not going to play in our deepwater ports. These are the same companies who, if the Senator will recall, during everything from the Vietnam war through the student riots and the protest marches, were talking about patriotism in America and putting the flag patch on their employees' lapels. They wear the American flag in their buttonholes. They talk about how they are so concerned about the welfare of America. Yet the veiled threat is that if we do not let them own these ports they are not going to play, they are going to take their oil and go to the Caribbean, or they are going to take their oil and not let us have any.

I do not want to go over too much ground that the Senator from South Carolina has already covered, because that will only detract from his arguments.

Let me mention one point, the question of transportation. No one here will deny that transportation and that group which controls the means of transporting the oil, have a significant input into what happens to that oil. The counter argument is, "Well, we have antitrust laws on the books which can be enforced and which really do take care of this problem. This is going to be a common carrier, so they will be covered; we have no problem."

I should like to ask anybody in this Chamber, any of my colleagues or any of my constituents, how many of them feel that the antitrust laws as written on the books now have been vigorously enforced, and whether or not they have sensed at least a timidity on the part of the enforcing agencies to go the route with regard to enforcing the existing legislation.

Of the oil industry alone, eight of 1960's top 25 concerns, including Standard of Kentucky, Pure, Tidewater, Richfield, Sunray DX, Sinclair, Standard of Ohio, and Amerada, have merged into larger entities.

The overwhelming advantages visited upon corporations who control the transportation sector of their industry, such as oil company ownership and operation of pipelines by which 20 percent of all intercity freight is conveyed in the United States, have been documented conclusively by House Report No. 1617 of the 92d Congress, published by the House Select Committee on Small Business. I recommend their work and the public record of their hearings to any of my colleagues endeavoring to better understand the need for strict antitrust enforcement in this area.

Labeling the Interstate Commerce Commission oversight over pipeline access "complacent," the Justice Department Antitrust Division's monopoly deterrence "largely ineffective," and the exclusionary tendencies of owner-operated pipelines a "severe anticompetitive force," the report detailed charges of discrimination that were repeated as recently as last week.

In hearings on August 8, 1974, held before the Antitrust and Monopoly Subcommittee of the Senate, the President of APCO Oil Corp., a small independent oil producer, testified that it was able to get its crude oil into the only pipeline leading from the wellhead only after threatening to sue the owner, Sun Oil.

A further indication of the anticompetitive nature of the oil industry, can be noted by the fact that the president of Ashland Oil, the Nation's largest independent petroleum refiner testified before the Senate Antitrust Committee that companies that produce crude oil should not be permitted to refine it.

He said that major oil companies that control production and refining acquire a "market power" "greatly enhanced" by the tax allowance for oil depletion—which positions them to apply "undue competitive pressure upon independent refiners and marketers. He testified further that "the balance of market power has shifted drastically in favor of the major integrated oil companies." Sound remedies must be found if the competitive vigor of the oil industry is to be maintained.

At this point, Mr. President, I ask unanimous consent to have two Washington Post articles from the August 8 and August 9 issues printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, Aug. 8, 1974]

Oil Production, Refining Split Recommended

(By Morton Mintz)

The nation's largest independent petroleum refiner and a leading critic of the oil industry have agreed in Senate testimony that companies that produce crude oil should not also be allowed to refine it.

Breaking with other leading oil companies, Ashland Oil testified that production should be divorced from refining—"on a case-by-case basis"—to assure that profits from production are not used to subsidize "impairment of competition at the refining and marketing levels."

Ashland expects sales in fiscal 1974 of $3 billion, has approximately 2,500 branded stations, and ranks in refining with Phillips, Continental, Standard of Ohio and Marathon.

Major oil companies that control production and refining acquire a "market power"—"greatly enhanced" by the tax allowance for oil depletion—which positions them to apply "undue competitive pressure upon independent refiners and marketers," Ashland President Robert E. Yancey testified.

Recent increases in crude oil prices have raised production profits to "unheard of heights," with the benefits of the tax shelter rising commensurately, he told the Senate Antitrust Subcommittee.

The result has been that the ability of independent refiners and marketers "to remain competitive through superior efficiency has been overwhelmed," Yancey said.

"The balance of market power has shifted drastically in favor of the integrated major oil companies," he continued. "Sound remedies must be found if the competitive vigor of the oil industry is to be maintained."

Yancey, who testified Tuesday, was followed yesterday by an economist who said that the "documented anti-competitive behavior" of the oil industry and its "wasteful and unresponsive performance" are a "direct consequence" of the "malignant" combination of production and refining in major companies.

Prof. James Patterson of Indiana University said most crude oil is transferred within integrated firms to "captive" refineries, rather than being sold on the open market.

"Destroy or isolate the power of crude, and the whole house of cards will fall," he said. "Independent refiners would enter in droves if they could procure dependable crude supplies on equal terms with their other competitors.

"And if refined products from independent refiners were available, independent marketers would enter and challenge the market position of the majors," Patterson testified. "Even integration between refining and marketing by the present majors would pose no serious problem for competition."

On that point, Yancey warned against "extremism in divorcement policy." As an example, he cited "the state of Maryland's attempt to separate marketing from refining," saying that this "would injure independents far more than major companies."

Patterson, co-author of the soon-to-be-published "Highway Robbery: An Analysis of the Gasoline Crisis," said that Congress must legislate the separation between production and refining. "It is a political rather than a judicial matter," he said. "It would require a generation to re-structure the industry through litigation."

The Federal Trade Commission's staff, having the same aim as Patterson, filed a complaint against the eight largest refiners a year ago. The case is expected to be litigated for many years.

[From the Washington Post, Aug. 9, 1974]

Oil Producer Testifies on Pipeline

(By Morton Mintz)

For years, independent oil producers have complained on Capitol Hill—bitterly but privately—that pipelines owned by major oil companies illegally discriminate against them.

But rarely, if ever, has an independent company publicly documented such a complaint, contending that to do so could invite retaliation.

Yesterday, however, at a Senate Antitrust Subcommittee hearing, Apco Oil Corp. testified that it was able to get its crude oil into a pipeline only by threatening to sue the owner, Sun Oil, a company approximately 16 times as large.

In doing go, Apco contradicted an assurance that had been given minutes earlier by Sen. Dewey F. Bartlett (R-Okla.) whose home state is headquarters of Apco.

Bartlett said independents making "a reasonable request" to any common carrier pipeline are "guaranteed access" because the Interstate Commerce Commission requires it.

Apco President Charles P. Siess Jr. of Houston, under questioning by Sen. John V. Tunney (D-Calif.), told this story:

Outbidding Sun Oil, Apco arranged last year to buy 22,000 barrels of crude oil a day for three months from General Crude Oil. This is a producing enterprise controlled by the Pew Family Foundation. The Pew family is also a dominant influence in Sun Oil.

Apco needed part of the crude to keep its own refineries operating at capacity. It wanted to combine the leftover crude with its own production in West Texas, which was insufficient to qualify for access to the Basin Pipeline, owned by ARCO, Cities Service, Gulf and Texaco.

A Sun Oil subsidiary in Tulsa, Sun Pipeline, which operates the only line from General Crude's wellheads, and which had been "throwing obstacles in our path," refused to take Apco's oil.

The justification was that the crude did not meet Sun's "vapor specifications." Yet, Sun Pipelines had regularly moved identical oil out of the same field for General Crude, the Apco supplier.

Several days of negotiations ensued. Finally, very early one morning, Apco gave Sun Pipeline an ultimatum: agree to move the oil by noon or face a lawsuit. At 10:30 a.m., Sun agreed.

Gulf Oil, a customer for the crude that Apco wanted to ship through the Basin Line, predicted to Apco during the negotiations that Sun Pipeline would "cave in" rather than litigate.

Siess said he had discussed the Sun Pipeline problem with Gulf, but had not asked it for help. He also disclaimed knowledge of a rumored threat by minority stockholders of General Crude to sue it unless it sold oil to the highest bidder—in this case, Apco.

Siess also intimated discrimination by the owners of the Basin Line, saying they had cut back Apco's input as much as 90 per cent while, he believed, reducing their own by a much smaller proportion.

On Wednesday, Sun Oil Vice President John L. Olsen at first insisted to Tunney that Apco "had no problems." General Crude and Sun Oil operate "completely independent" of each other, he testified.

Later, Tunney asked Olsen if he was aware of Sun Pipeline's initial refusal to ship oil to Apco.

"I must admit that . . . we deliberated," Olsen said. "But, in the end, we chose that we would cooperate with Apco.

"And you never indicated to Apco that you would not cooperate?" Tunney asked.

"Again, hearsay—I cannot say that some individual did not have a conversation with Apco," Olsen replied.

In his prepared testimony Siess said that major oil companies which own pipelines contribute to the decline of independents by making it difficult for them to move crude to their refineries.

He testified that the pipelines are always able to come up with reasons to reject independent shipments when it "does not suit the interest or convenience" of the pipeline's owners to accept crude from independents.

Mr. BIDEN. After a year of media blitz and tax-deductible lobbying efforts, Congress finds itself confronted with a bill to allow the oil consortia, who through the collusion of joint-venture investment in supertankers are on the brink of making all oil not shipped in their tankers noncompetitive, to acquire the last link in the integration of their industry from well-head to gas tank. By allowing oil concerns to build shipping resources which are capable of amortizing their construction costs in half of the operational lifetime, and to own crude oil terminals capable of accepting these ships, the major firms of the industry will have secured as firm a lock on the fossil fuel market as John D. Rockefeller could ever have imagined.

The potential for monopolistic abuse of oil company ownership of deepwater ports has been clearly documented in the Committee on Commerce recommendation on this amendment and the testimony of James T. Halverson, Director of the Bureau of Competition of the Federal Trade Commission in hearing before the Special Joint Subcommittee on Deepwater Ports Legislation.

The response that members of the special subcommittee who were concerned about the dangers of oil company ownership, was that only oil companies were technically and financially capable of building superports and that the extension of the antitrust and other regulatory legislation to deepwater ports would be adequate protection.

In fact, the joint subcommittee report states that the proposal to bar oil companies from obtaining licenses to own, construct, and operate deepwater ports was because it believed that:

> In many cases, oil companies will be the only entities with the financial and technical

> capabilities necessary to undertake deepwater port development.

Then two sentences later in a schizophrenic lapse the report concludes that others were qualified for receiving a license when it stated that:

> Recognizing that both State governments and firms independent of the oil industry are actively planning to seek licenses for deepwater ports, the subcommittee felt that in the interest of promoting competition it would be desirable to give preference to such entities in granting licenses for deepwater port development.

I suggest that the competence of other than oil interests has been recognized by the subcommittee and that this amendment must be decided on the basis of the desirability of oil ownership and the ability of the Government to prevent oil ownership of deepwater ports from further monopolization of the industry through the enforcement of present antitrust and other regulatory statute.

The bill before you requires that the Attorney General and the Federal Trade Commission submit opinions as to whether the issuance of a license would adversely affect competition, restrain trade, promote monopolization or otherwise create or maintain a situation in contravention of antitrust laws.

There is no question that the consultative determination required of the Secretary of Transportation in conjunction with the Attorney General and the FTC Chairman, that all laws dealing with anticompetitive practices are met, as presently required by the bill, is indispensible. However, we need only refresh our memories concerning the failure of antitrust legislation to effectively control monopolistic acquisitions, price fixing, predatory price wars, exclusive dealing contracts, "full-line forcing", tying arrangements and other anticompetitive schemes by the oil industry, to perceive the need for further safeguards of marketplace freedom and consumer responsiveness. I am worried that instead of being passed through to the ultimate consumers of the product eventually refined from the VLCC—cargoes, the blessings of deepwater port facilities will end in the profit margins of the major suppliers.

It is my concern that superports become models of safe and efficient throughput of low-cost fuels vital to the Nation's needs, not simply another choke point in an already-concentrated industry's monopolistic structure, which may be used to manipulate supply and price, as happened in the past. Myself and many others have spent the entire 93d Congress studying this legislation, trying to establish guidelines in the public interest for a venture never previously attempted. This bill has reached its final stages because, for the most part the interest of the oil companies in thrifty transport of crude oil has been paralleled by overlapping benefits to the national energy situation. However, the public interest and the good of the industry diverge when it is contemplated that oil companies actually own and dictate the use of the facilities which will reduce the costs and hazards of lightering and tanker traffic in crowded estuary harbors. As I see the future of superport construction, there is an unavoidable obligation to provide for the independent control and protection of these crucial arteries of international commerce. I salute all of my colleagues who have labored to bring this far-sighted legislation to the Senate, and I concur with the judgment of the Committee on Commerce, with whom jurisdiction over common carrier transport is lodged, that port facilities for supertankers ought to be one link that is excluded from the chain of oil company capital investments. I urge adoption of the amendment. We simply, unequivocally cannot pass legislation enabling an industry to establish a complete vertical monopoly.

Mr. President, I do not want to take much more time, but it comes down to a very simple proposition, it seems to me. We are told, "Mr. BIDEN, Mr. HOLLINGS, or Mr. Whomever Else, it is unfair to the interests of the American consumers to prevent the oil companies from owning these ports, because the oil companies are the only ones financially capable of constructing them."

Then I contacted the Philadelphia bankers, for example, in my area, who stated that they were ready, willing, and able to construct any kind of deepwater port that the State of New Jersey, the State of Delaware, or the State of Maryland would allow them to construct off of their shores.

In fact, I stated, half facetiously, to the Senator from South Carolina that it might be in our interest to resign from the Senate and represent those States which want to put together these deepwater ports, because the banks, as of 2 months ago, had absolutely no reluctance to go in and build, as the Senator from South Carolina would say, "Anything you all want to construct."

Absolutely no evidence has come before our committee other than the verbal protestations of those who indicate they do not like what we are about to do to indicate that independent people, independent cartels, independent of the oil companies, are not able to go out and finance the construction of these ports. Quite to the contrary, in my State they are chomping at the bit to be able to go out. In the Philadelphia, Pa., area, they are as anxious as the devil to go out.

They have come down and talked to our legislature, various groups, expressing a desire to retain the port that I am committed to move to Louisiana, because I would like nothing better than for Louisiana to have our deepwater port, stating that it was no problem. They even talked about retaining the port for the State. In addition to constructing the port, because they are independent outfits, they talked about building everything from schools to highways and everything else to make life more livable in Delaware.

So I do not know where the evidence is that we cannot come across with the money independently of the oil companies to construct these ports, assuming that we need and want them.

Lately, Mr. President, it seems to me that the Senator from South Carolina has touched upon something which is exceedingly important here, which I and other members of this body have often lost sight of in the last year-and-a-half, and that is the willingness of the American people to believe, and the ability of this institution to prove to them that we understand their problems, and that we are willing to take on big interests that the American people view as having interests contrary to their own.

We all talk, and Senator Moss has been talking for a long time, about vertical integration of the oil companies, and what effect that has upon prices and competition. We have not listened very much here.

I said to my colleagues on the subcommittee, "assume for a moment that we should let the oil companies own them; assume they can build them better; assume for the moment it would not have an anticompetitive impact. What is wrong with at least showing the American people that if we are not going to break up vertical integration, we are not going to further enhance it?"

But we are not only going in the opposite direction from that which Senator Moss has been trying to get us to go for years, we are saying to the American people that we are going to give the oil companies control of the spigot.

Do not forget that the justification for the construction of these ports is solely—solely—based upon the assumed fact, in my opinion, that we are going to continue to import vast quantities of oil from abroad, particularly from the Persian Gulf, and this is the only economical way to do it.

We are going to say that to the same folks who, during the all-out worldwide alert, said to our navy bases, "Golly, fellows, I am not sure we can really get you all that oil, you know. The little old fellow over here said to me that if we did that, it might not be to our best interests of this country."

The little old fellows they were talking about were those sheiks over there. These were the multinational oil companies that go out and beat their breasts about how they are interested in free enterprise and patriotism and the American way.

I am tickled every time I turn on the television and see such things as the very personable oil company president sitting there in front of the television camera with a model of a mass transit system, and saying, "My fellow Americans, this is just one suggestion toward mass transit that has been offered to you good Americans."

"We are interested in mass transportation. Won't you all send us your letters and recommendations. Thank you very much."

Then I turn to the next channel, and I learn that the only reason we have beef cattle in this country is because they drink Texaco's water. You know that ad we turn on where they show the water around, I think it is, a Texaco plant, and they show those hefty Texas steers out there lapping up that water. [Laughter].

And I say, "you would think that the reason why the beef is so good is because they drink the oil company's water."

Then you also have the ads that you

turn on, where they talk about, "How we want you to conserve energy." They give you tips on how to drive your car slowly.

At the same time we are assuming in this country, as we in the Senate assume the oil companies assume, that that average American out there is a darn dummy, that he does not sit back there and say, "Hey, I am getting ripped off by you people, while you are doing this."

We pick up the paper today and the President says the way he is going to lick the energy crisis in America is maybe to do things like let—right now old crude which is selling at $5.25, or please correct me if I am incorrect on that exact figure—we may let that just go and meet the market price of $11 a barrel.

Then I asked the president of an oil company, who will remain nameless, who was sitting in my office, I said to him, "Sir"—he went on with this great tirade to me about how, in fact, it was totally—I will stop, Senator HOLLINGS, in just a moment—he went on and said to me—and I will end on this, and I think this is indicative of the way they think or at least may be indicative of how I do not understand how they think—he sat in front of my desk and he said, "Well, Senator, it was absolutely outrageous what those Arabs did to us when they raised that oil price to $11 a barrel. What they did was totally unrelated to the market. It had nothing to do with production costs. They just arbitrarily said, 'Now it is $11 a barrel,' and that was blackmail, Senator."

I said, "I am glad to hear you say that, Mr. President"—and I do not often get to say "Mr. President"—I said, "I was glad to hear you say that."

I said, "Let me ask you a question. You have come to us and you say to us now the new oil we are drilling for in this country we should be able to sell at $11 a barrel."

I said, "If it is outrageous for them to sell it at $11 a barrel, how come it is not outrageous for you to sell it at $11 a barrel?"

He said, "Senator, market forces." [Laughter.]

I said, "I am not sure I understand that."

He said, "Competition." He said, "If they are selling at $11 a barrel, we have got to sell at $11 a barrel."

I said, "Wait a minute. We have been telling the American people here we are not exporting oil. With whom are we competing? All the oil in the world you can produce America will buy. You cannot produce too much for us to buy, so where is the competition?"

Now they come along and they say if HOLLINGS—by the way, Senator HOLLINGS, no one called me. I guess they thought I was beyond the pale. They do not even talk to me anymore. They call you and they say, "HOLLINGS, if you are not going to let us own that deepwater port then we are going to take our ball and we are going to go home." In the name of America, God bless America. Well, I think it is about time we showed the American people that we have got just a little bit of gumption.

I see no down side in not letting the oil companies be able to own these ports. And, if a year from now no ports are built, assuming this passes, I will commit to this body, not that it means a thing, that I will introduce an amendment that says, "OK, oil companies can build them," because the rationale being used here, is that they will not get built if we do not let the oil companies do it. I am saying let us test it.

I appreciate being able to take so much time. I hope, for a change, we stand up and say, "Not this time."

The PRESIDING OFFICER (Mr. HELMS). Who yields time?

Mr. HOLLINGS. How much time do we have left, Mr. President?

The PRESIDING OFFICER. The Senator has 24 minutes remaining.

Mr. MOSS. Just 5 minutes.

Mr. HOLLINGS. I yield to the Senator from Utah.

Mr. MOSS. I thank the Senator from South Carolina for yielding to me.

Mr. President, I rise in support of the proposed amendment. This is a commonsense piece of legislation whose need is clear.

The Commerce Committee's hearing record documents in ample detail the anticompetitive dangers of allowing oil companies to own deepwater ports. The joint report succinctly describes these risks to competition and consequent potential losses to consumers.

Therefore, I shall not take up the Senate's time with a recitation of facts which have been set down with great eloquence and detail on the public record by the Senator from South Carolina. Every Senator knows that putting the oil companies' hand on the deepwater port spigot means tightening the majors' stranglehold on the industry.

The bill itself acknowledges that deepwater ports in oil company hands are a threat to competition, by giving a preference to non-oil licensees. I ask the Senate not to stick its head in the sand and hide from the oil companies on this issue. The time has long since come when the U.S. Senate should say to "big oil," "enough."

Some might argue that, despite anticompetitive dangers, oil company ownership must be allowed because only the oil companies will have the capital to bear the risk, construct, and maintain such facilities. To so argue would be to capitulate to blackmail. To so argue is to permit a further accretion of power in hands already too strong. The necessity of oil company ownership is a contention not borne out by the record.

Others might argue that adequate protection of the public interest is secured by the preference the bill grants to non-oil company licensees. To so argue is to acknowledge the problem but evade our responsibility to solve it.

Similarly, to rely on prelicensing antitrust review by executive agencies to protect the public interest is to avoid a forthright solution. None of us is blind to the influence the major oil companies hold in the councils and decisions of the Government. Why should we pretend, when facing this crucial problem, that the Federal agencies will be immune from pressures in making their antitrust decisions?

No one who has so much as read a newspaper the last few years would believe such a thing.

To so pretend is to slough off to another part of the Government, with a hope and a whistle, our responsibility to promote the public welfare.

I am tired of seeing the Congress give away its powers in such a fashion. I hope that, by now, my colleagues are as well. They can show it by voting to adopt this amendment.

The Senator from South Carolina and the Senator from Delaware, our colleagues, have so eloquently stated the case that there is not much I can add. But the thing I wanted to emphasize and underline, which has been stated well by both of my colleagues, is this matter of integration that we already suffer from the oil industry.

The Senator from Delaware was kind enough to mention the fact that this has been bothering me for a long time in my efforts as a consumer advocate, as chairman of the Consumers Subcommittee. As we looked into this oil picture, we found out that the same companies are exploring for, drilling for, producing oil and transporting it to refineries, refining it and transporting it again to the retail outlets, and selling it at the retail outlets, and then we find it is controlled from the very ground right to the end, and the element of competition is gone.

Now, the one thing that our whole economic structure in this country is built on, and the reason we say we have the best kind of economic structure, is competition, and competition is what enables us to get the lowest price for the consumer, on the one hand, and to require efficiencies and all kinds of improvements along the way by the producers and the sellers in order to deliver at the lower price.

That is what we would be giving up here. I think the Senator from Delaware said it very eloquently. We already have concentration, why should we add one more facet to it, permitting the oil companies to own or control the deepwater ports?

If we are going to have any opportunity in this country to bring petroleum prices down or back in range of consumer interests, we must do it through this competition factor.

Therefore, I agree with my colleagues, both of whom have stated this so eloquently, that it is time we restored a measure of competition in this industry, at least in this facet, and also to show the people of our country, the people of the United States, that we do not simply sit back and let the oil companies go their way, the big integrated oil companies.

Now, of course, they will continue to utilize this means of delivering oil to us. The bill itself recognizes that there is this element possibly of preference because it sets out the A, B, C listing and puts them finally down into the C category. I think that is an admission that there is this element of monopoly that would intrude into the delivery of oil that is imported into this country.

Therefore, I strongly support the amendment that has been offered. I think that it is incumbent upon us to put this kind of prohibition on the ownership and control of deepwater ports for delivery of petroleum coming into this country. If we do not do so we have handed one more stick in the bundle over to the oil companies, and one more thing that we are unable to control adequately to protect the consumers of America.

Mr. President, I yield.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. I yield to myself such time as I may need.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, we have had an awfully good time here today. We have talked about Rockefeller, robber barons, natural gas, TV ads, circuses, the depletion allowance, and mass transit, and I do not know what else. But none of this has a thing in the world to do with building superports, and certainly does not have anything to do with the central question at issue today—that is, where lies the national interest on this amendment.

I would like for the Senate to face this question based on what the national interest is and not based on the prejudice against oil companies because, Mr. President, I can read the polls even in my State of Louisiana. The people in my State are against oil companies. I have got to confess to you that when I go to the filling station and I have to pay over 60 cents a gallon, I am opposed to the oil companies, too.

All I am asking on this amendment, however, is that we consider the national interest.

Now, what is the national interest?

First of all, the national interest is to build superports.

I pointed out in my opening remarks that the savings to consumers as a result of superports by the 1980's, perhaps as early as 1980, may be as high as $5 billion a year.

That figure is as high as the savings in President Ford's proposed 5-percent surtax program. In other words, we may save as much from superports as the President proposed in his tax package.

So, is the national interest here to build that superport? You bet it is.

I believe that most of us in this Chamber recognize that there is not only a prejudice against oil companies, but also there is a real issue as to the proper role of oil companies in the licensing of deepwater ports. We do not deny that. But on our committee, Mr. President, we had two groups, one said, "Do not let oil companies have any ability to build the superports."

That is the position taken by the Senator from South Carolina and the Senator from Delaware.

The other group said, "Do not give the State or do not give an independent any preference at all."

What we did, Mr. President, was come up with a compromise—a preference in favor of States and nonoil companies.

If the State of Louisiana or if the State of Delaware wants to submit an application and build a superport, they get the preference.

Or if a State does not submit an application and an independent company—say, Woolworth or Montgomery Ward—submits the application for a superport, they get a preference over an oil company.

Senator BIDEN says, if I wrote his words down correctly, that the independents are anxious to build these superports.

He says there is a group of bankers up in Philadelphia that is just anxious to finance a superport. I say to those friendly bankers, "Please come down to Louisiana, we want you to come build a superport."

If they are anxious to build, Mr. President, they have the advantage. It is as clear as the noonday Sun on a cloudless day—the license shall be issued to the State or independent applicant subject to only one proviso, and that proviso is that it goes to such State or independent applicant unless the national interest is clearly best served by an oil company receiving the license.

Now, you may ask, "Well, what does that mean?"

We have defined that concept very clearly in the bill. First of all, the environment is taken into consideration. We do not want Woolworth or Montgomery Ward building a superport off the coast of Louisiana if they are going to pollute the environment. We have too many valuable shrimp, oysters, and other kinds of seafood down there. We want to protect our environment.

So if an applicant can show its proposed superport clearly serves the national interest by having a cleaner environment, they have shown a factor that indicates that their application is in the national interest.

I am sure my friend from Delaware does not disagree on that environmental question.

Second, we want to take into consideration the reliability of the deepwater port as a source of oil and natural gas.

Now, what does that mean?

Well, we do not want to get caught in the position, Mr. President, of being reliant upon a foreign source of oil unless it is reliable. Let us say we have one deepwater port applicant that comes in with an application that will bring us Venezuelan oil, and the other will supply oil from Libya, and the Libyan contract is for 1 year and the Venezuelan contract is for 30 years.

We look at the politics, the length of the contract, and the history of the source of supply, the kind of geology that they have in the oil fields—we look at all these questions and if one is clearly more reliable than the other, then that is another factor that indicates that such an application is in the national interest.

Another item in determining which proposed superport clearly best serves the national interest is the completion date. We do not want a group to come in and say, "We have a preference, but we are not going to be able to build the superport for 10 years."

We have a potential saving to consumers of up to $5 billion a year involved in this matter, we do not want that kind of delay. Nobody can disagree with that being an element of national interest.

Finally, Mr. President, there is a question of the ultimate cost to the consumer as affected by the cost of construction and operation.

We do not want, again, Sears Roebuck to build a superport if it is going to cost 5 cents a gallon at the gas pump more than for Standard Oil to build it.

As much as anyone may hate Exxon, if they can save us 5 cents a gallon, or 1 cent a gallon, then, for goodness' sake, that is in the national interest.

That is what I am pleading for, Mr. President—the national interest, not a decision made on prejudice or on feeling or on polls against the oil companies. If the issue is the oil companies—whether they are popular or not, should we hit him in the nose or not—then all of us would join in and say, "Give them one strong one in the nose," because the polls say everybody dislikes the oil companies.

All I am arguing for is the national interest.

Now, let us talk about this antitrust provision. Let us talk about the comments of Mr. Halverson of the FTC.

Mr. President, we asked the FTC and the Justice Department to comment on the bill. Did they ask for the Hollings amendment?

The answer to that question is, "No."

What they asked for, and what they got, is the ability to look at the application in advance and to comment on it and the ability to stop the Secretary from issuing a permit if it is going to be anticompetitive.

What they asked for, they got and they deserved.

We do not want a superport to be built if it is going to be anticompetitive, and that is what the Federal Trade Commission says.

What the Antitrust Division says, what the committee says, and what this bill will say, but at no time, at no point, did either the FTC or the Justice Department ask for a total, complete prohibition against any oil company for a——

Mr. BIDEN. Will the Senator yield for one question?

Mr. JOHNSTON. Yes.

Mr. BIDEN. Does the Senator think the Justice Department or the FTC reflects the view of the administration?

Mr. JOHNSTON. Well, I know that Mr. Halverson does not, and let me quickly add, I do not reflect the view of the administration, either.

The reason I mentioned the FTC is because of frequent references to Mr. Halverson in the FTC with reference to the oil companies.

Mr. BIDEN. I raise it because I am of the opinion the Justice Department and the FTC have been little more than the product of whomever the President has been at that time.

We asked the Justice Department to look into a few things since I have been here, and we got some answers. We asked them to look into Watergate. They gave us really clear, crystal answers. Bang, right back.

I think we are getting the same kind of answers we got before. We get back the answer that reflects the view of whoever happens to be in the administration at that time.

At this point in time, to steal a phrase from this committee, at this point in time we have definite views, I and others, on what is an oil company point of view.

My point, it is not quite as independent as the distinguished Senator makes it seem.

Mr. JOHNSTON. Let me make it perfectly clear, I was not here to defend the FTC, although it is an independent agency under the law; it is purported to be. I was simply replying to the evidence or to the arguments made by the distinguished Senator from South Carolina with reference to the FTC employees who say we should break up big oil. All I was doing was replying.

The point is valid, though, that they are an independent agency under the law and that they have not asked for the kind of relief stated here.

Mr. BIDEN. But the employees were the ones, the way the Senator phrased it, the employees.

Mr. JOHNSTON. As far as I know, the employees of the FTC did not recommend this amendment. The employees recommended divestiture of integrated oil companies, but that is another question.

I am, by the way, on the Interior Subcommittee on Integrated Oil Companies, and we have not come up with a divestiture recommendation at this point.

Mr. President, there is one other point about this bill, and that is the extensive regulation to which a superport will be subject. Under this bill, any superport must be a common carrier and must be subject to regulation by the Interstate Commerce Commission. That means that their rates, their tariffs, and their duties will be regulated by the Interstate Commerce Commission.

We have heard arguments here that the Interstate Commerce Commission is something less than perfect. I am not here to defend the Interstate Commerce Commission. But I believe it defies logic to argue that the oil companies will be able to go into a consortium, fix the rates, and have anticompetitive practices after going through examination by the FTC, an examination by the Justice Department, regulation by the ICC, and still being subject to the antitrust law. We have put every regulation that we thought proper, and even conceivable, to make positive that superports, when built, will not be the anticompetitive monster that they are described as being.

Mr. President, I hope that the independents are anxious to build superports. I hope that the States are. However, I must state for the record, Mr. President, that my State has had the opportunity now to look this situation over for a couple of years. As a result of that study Louisiana has decided that it would rather not risk the State's credit for such a project. Instead, it has decided it needs every bit of its credit to build highways, hospitals, and numerous and sundry other State needs that, according to the wishes of the Governor and the State legislature, bear a high priority.

Indeed, Mr. President, if it was left up to my State, we might not have a superport. If it were left up to all these independent companies, we may not have a superport. They may figure the risk is too great.

I do not want that to happen, Mr. President—not because my State is going to get any direct tax revenue or anything else out of this superport, but, rather, because the national interest, the interest of all 50 States, the interest of all those consumers, is served by having superports. If we in the Senate ignore that national interest because we are reading the polls about the popularity of Exxon, I think we are making a grave mistake.

I would urge my colleagues to vote against this amendment.

Mr. ALLEN. Will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. ALLEN. I have been very much interested in the fine explanation by the distinguished Senator from Louisiana of the bill as it now stands, and in his opposition to the Hollings amendment.

The Senator from Alabama understands the bill as it is before the Senate. The matter of who shall build the superports has a priority. The first priority is States or State agencies. The second priority is nonindependent companies. It takes getting down to the third priority, coupled with the fact that before the third priority is reached—that is, the oil companies—there must be a finding that to grant the license to the oil company must be in the national interest, and it must not be noncompetitive. It would have to comply with those two standards before the license could be issued to an oil company, is that correct, if it got down to the third priority?

Mr. JOHNSTON. The provision reads as follows: That it "clearly best serves the national interest."

If you have more than one application, if there is somebody in competition with the oil company, the only way that oil company can get a license is if its proposed superport clearly best serves the national interest. It is not that it is in the national interest, but clearly best serves the national interest. In other words, there is not only a preference in favor of non-oil companies, but a strong preference.

As a friend of mine down in Louisiana once said, "We want a fair advantage."

This gives the independent a fair advantage.

Mr. ALLEN. We in Alabama are very much interested in the superport concept, and we hope, in concert with the people of Mississippi, to build a superport somewhere in the Gulf, roughly on an extension southward of the boundary between Alabama and Mississippi. We are hopeful that this can be done by our States working in concert, or by public agencies of the States. It would be a comfortable feeling for us, if we could not swing this port and a non-oil company could not swing the port, to be able to fall back on an oil company if they were in the market to build a port.

As I understand the Hollings amendment, it would knock out this third layer of priority, the oil companies, and under no circumstances, whether in the national interest or whether on a noncompetitive basis, if the Hollings amendment passes, could the license be given to an oil company. Is that correct?

Mr. JOHNSTON. The Senator from Alabama states it very well and accurately.

Mr. ALLEN. Under those circumstances, then, I will certainly follow the leadership of the distinguished Senator from Louisiana and vote against the Hollings amendment, much as I respect the motives and the logic of the distinguished Senator from South Carolina.

Mr. BIDEN. Will the Senator yield for a clarification?

Mr. JOHNSTON. I will yield first to the Senator from Texas.

Mr. BENTSEN. Speaking for the majority view of the Public Works Committee, and speaking as a Texan who has been advised of the Texas position, let me read the rest of that report. It is quite true that the Texas Off-Shore Terminal Commission preferred that the State build it. I understand that. That is what I prefer. We put that as the first priority. What was not read in the commission's report was the rest of the language. It states:

> However, the commission recognizes that each of these alternatives may become more attractive because of change in circumstances. Therefore, the commission recommends that legislation be enacted that would permit any alternative, including private ownership, if such an alternative can be shown to be more attractive.

That is what we are talking about. That is the way we set up the priorities.

I have a letter here in which the Governor of Texas stated that he was approving the Public Works Committee's bill in the House of Representatives. That bill did not even set up the order of priorities. So that is the Texas position. I can read the polls. I understand what is politically popular in this position. I think it would be a great stump speech to make, and I think both Senators have done it very eloquently.

But I really think that what we ought to be thinking about is the consumer in this kind of a situation, and see that these ports are built.

We are talking about saving about $1 per barrel in the way of transportation costs. That is a very major item to the consumers in this country today.

We are talking about whether they are going to be built on our shores, or whether they are going to be built in the Caribbean. Let us talk basic economics for just a minute, apart from the emotions and the oratory.

The cost for transshipment today is about 15 cents per barrel more. That means that the giant tanker can come into the Bahamas, come into the deep port there. These major oil companies can build their facilities there. They can build their refineries there. Then they can transship the oil to the ports along the east coast, by way of small tankers. They can do it for just 15 cents a barrel more.

What do you think they are going to do if you tell them that they cannot build on our coast, or if the public facility is not built, for example, by the State of Texas?

The State of Texas is not going to fund these things unless they feel they are going to have some through-put, unless they feel they are going to have some business. They do not want a deepwater port in Delaware, and that is their choice. I hope the Senator represents the will of his people, and I am sure he does.

We do want one. We want the jobs. We want the refineries. We want the lower cost of oil and gas to our people. We support this bill.

We set up the order of priorities to try to make it a State agency, to try to make it the State government, if they will do it, and, if they will not, then allow it be an oil company.

The economics of this situation dictates this kind of a decision.

The problem is on us now. When they turned off the valves in the Middle East, we acted almost as though we had a crisis in this country, and we were close to it. Then, when they opened the valves again, we saw the situation go back to normal.

Again, we are going to continue to import oil, and we are going to continue to import it for a while. During that period of time, if the State does not want to take the risk, for whatever that period of time is, if they do not want to take the risk on whether or not these valves are going to be turned off in the Middle East, then perhaps the major companies ought to do it. But, again, they have a way of accomplishing it at a very small economic cost—15 cents a barrel more—by doing it in the Bahamas and transshipping it, in the small tankers that will be up and down this country's coasts.

Who understands that? The Environmental Policy Center, which opposes the amendment that is being offered, understands it. The Sierra Club, which opposes this amendment, understands it. The Friends of the Earth, who oppose this amendment, understand it. They think it is in the environmental best interests of the people of this country that we have the deepwater port located on our shores and that we do not have this great proliferation of small ships and lighters going up and down our coast.

Sure, this is not a politically popular position. I understand that very well. But I think it is in the best interests of the people of this country.

I ask that the amendment be defeated.

Mr. HANSEN. Mr. President, as a member of the Ad Hoc Special Subcommittee on Deepwater Ports, I am well aware of the careful deliberation accorded this bill. The administration and others recommended legislation on this important matter 2 years ago, and I am pleased to note that we finally have a bill before us. S. 4076 meets the need for deepwater port legislation, and I believe it meets it well. It provides for careful scrutiny of applications and careful monitoring of port operations. It covers the bases on environment, antitrust, and the consumer. At the same time it does not place undue burdens on those who will hold the licenses for these facilities.

I am encouraged that the membership of three committees was sufficiently persuaded of the importance of having a Deepwater Port Act to issue a joint report and hold proposed amendments for floor action. We will discuss a number of them here today. Some I will support. One, in particular, I will not.

Senator Hollings and Senator Biden, on behalf of the Commerce Committee, are sponsoring an amendment which would prohibit oil companies from owning deepwater ports. As indicated in the additional views on S. 4076, which I signed, I do not concur that such a restriction serves any legitimate governmental interest. On the contrary, it would exclude those probably best qualified to operate these facilities in an environmentally sound manner. Furthermore, it is of questionable constitutionality. I have seen no factual information which would justify such a prohibitive measure.

I have carefully considered the arguments for the Commerce Committee's amendment as presented at length in the report on S. 4076. There are several statements in the committee's recommendation with which I feel compelled to take issue.

First. At several points the Commerce Committee views state that "allegations have been voiced," that "concern" has been expressed, and that "some argue" that ownership of transportation facilities by oil companies is anticompetitive. It is significant, however, that in spite of the fact that the Commerce Committee has held extensive hearings on a bill to require divestment of pipelines, the committee has not endorsed any such legislation. Furthermore, the joint ownership and operation of pipelines by oil companies has never been challenged under the Federal antitrust laws. Nor has it been held by any court or agency to be in violation of the antitrust statutes.

Second. The recommendation alleges that through pipeline ownership each oil company knows what all others are shipping and in what quantities, and where the others' terminals and shipping points are located. Any common carrier by pipeline of crude oil or petroleum products must file its tariffs with the Interstate Commerce Commission. These tariffs must be just and reasonable and must contain all rates, charges, classifications, regulations, and practices for transportation between all points on the pipeline system. Such information is available to the public, accordingly there is little more competitors within the petroleum industry could learn about each other through operation of a deepwater port than they can already learn from reviewing ICC records. At the same time there are adequate legal remedies including those provided by the Interstate Commerce Act, to prevent the type of collusion or discrimination suggested here.

Third. The committee asserts that "nonowners can be denied the opportunity to ship on such a facility."

I am afraid that on this item the Commerce Committee has ignored some of the evidence. In response to questions posed by that committee, the Association of Oil Pipelines surveyed its members and made the following submission to the committee on February of this year: of 909 shippers who utilized interstate products pipelines in 1973, 806 were nonowner shippers, and of those 573 were independents. With respect to crude oil shipments made by pipeline in 1973, of 555 shippers using crude trunk lines, 489 were nonowners, and of those 291 were independents. It would seem to me this data indicates that petroleum industry ownership of pipelines has not subjected independents or nonowner shippers to discrimination.

Apparently the authors of this amendment also ignored a November 6, 1973, letter sent to Senator Stevenson by the Independent Petroleum Association of America. IPAA is a national trade association representing approximately 4,000 independent producers of oil and natural gas from all over the country. Quoting from their letter:

> We are not aware of any producer who is having difficulty selling or moving his crude oil and we do not believe discrimination exists in this respect. The conclusion that independent crude oil producers may have difficulty securing shipment of their oil, and are subject to discrimination by pipeline companies, *is not supported by the experience of independent producers.*

Fourth. The committee quotes James T. Halverson, FTC Bureau chief, as follows:

> Not only will each port be a government-licensed, local monopoly over imported oil destined for refineries in certain sections of the country, but each port will also be a bottleneck. All of the affected commerce . . . must flow, through these deepwater ports since the transportation economies involved will render imported oil not carried in a supertanker non-competitive.

This statement is patently incorrect. One of the facts of life with respect to these supertankers is that they are cost-effective when used over very long distances. The trip from Venezuela, for example, is not long enough to warrant using supertankers. It is possible that imports from Libya and Nigeria will still be carried by smaller tankers through conventional port facilities as well. And, as anyone who has studied the situation knows, for the foreseeable future Alaskan oil will be brought to west coast ports in conventional tankers. Although the above quotation is not specifically cited in the report, it is likely from one of the several times Mr. Halverson has testified on his own behalf without expressing the sentiments of the Federal Trade Commission.

Fifth. The recommendation supporting this amendment expresses concern that—

> The local monopoly position of each port will afford any joint ventures participating in it a stranglehold position over port users [to] set arbitrary quantities which would have to be met in order to receive the most advantageous price.

I feel obliged to point out that price differential for these facilities will be subject to ICC approval. Minimum quality deliveries will be subject to review and challenge before the ICC as well, and must reflect the volumes of deliveries for which the facilities are designed. Need I remind everyone that half the Federal Government has to pass on the design of proposed facilities—and rightly so—before the port can be built?

Sixth. It is alleged that regulation of pipelines as common carriers under the ICC is "one of the most illusory things in the world."

The fact is that there is substantial competition between pipelines. If Congress finds it in the public interest to modify the policies and standards which guide the ICC, it should do so directly and comprehensively, and not by enacting legislation prohibiting petroleum industry ownership of deepwater port facilities. S. 4076 provides that every application for such a port be thoroughly scrutinized for possible anticompetitive effects long before the license is even issued, and acknowledges the role of the FTC and the Justice Department in monitoring the effects of port operations. Thus, the allegation respecting sizing and routing of facilities so as to cause discrimination is unrealistic.

Seventh. The Commerce Committee in support of its amendment quotes from the report issued by the Texas Offshore Terminal Commission this January, to the effect that the optimum first deep water Texas port would be one financed by public revenue bonds and regulated by a State agency. Unfortunately, the committee failed to quote the conclusion of that commission. I would like to clear the record by doing so. The Texas commission reported:

> However, the Commission recognized that each of these alternatives may become more attractive because of changed circumstances. Therefore, the Commission recommends that legislation be enacted that would permit any alternative, including private ownership, if such an alternative can be shown to be more attractive.

Thus the recommendation of the Texas commission is squarely in opposition to the recommendation of the Commerce Committee.

Eighth. The committee further relies on the Texas Offshore Terminal Commission conclusion that if a public entity owns and operates a deepwater port, its ability to obtain tax exempt bond financing, and its willingness to forego the 7-percent profit margin allowed by the ICC under the Elkins Act will reduce costs.

This alternative assumes financing with 100 percent tax exempt revenue bonds bearing a 7-percent interest rate. It also assumes the commitment of approximately $400 million to an investment which will not generate any tax liability. The reduced cost which will flow from public ownership is the avoidance of direct taxes on the facility, on the income generated by the facility, and on bond interest. The direct consumer of services provided by the port would benefit from such an arrangement. The taxpayers at large, however, would lose the benefit of the taxes that would be generated by private ownership of such a facility.

Mr. President, it is basically for these reasons that I strongly oppose adoption of the Commerce Committee amendment. I cannot condone this type of pointless punitive legislation, of which the 93d Congress has seen all too much.

My chief concern is that we respond promptly to the President's September 18 call for deepwater port legislation as one of the administration's energy priorities. S. 4076 as reported is an effective response to that request, and I urge my colleagues to give it their favorable consideration.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, I yield to the senior Senator from Louisiana.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 35 minutes.

Mr. JOHNSTON. I yield to the Senator such time as he may require.

Mr. LONG. Mr. President, it may very well be desirable that we should require the oil producing companies to divest themselves of their filling stations. In terms of more fierce competition and antitrust policy, it might be worth considering that at some point. At some point it also might be desirable to require them to divest themselves of their refineries, in order to promote more intensive competition in the industry.

However, this amendment, in the name of antitrust, is not going to achieve anything in terms of stimulating or not stimulating competition. Some of this oil will be moving over 8,000 miles in company-owned ships around Africa, through the Indian Ocean, to the Atlantic Ocean, to the Caribbean, the gulf, to one of our ports. It can go in company-owned barges or company-owned pipelines anywhere in the United States.

The Senator wants to say: "Hold on a minute. Here is that sacred 40 miles from the mooring buoy to the shore. Don't let them move it that 40 miles. That sacred 40 miles from the mooring buoy to the shore must never be touched by $1 of oil company investment, even though the other $10,000 would be all right."

The bill provides that if the oil companies get in on this, they will be regulated by the Interstate Commerce Commission and the Federal Power Commission on the rates they can charge. We know those agencies are pretty effective.

As a matter of fact, the consumer probably will get the oil cheaper if the oil companies build it than if the State builds it, for reasons that have not been discussed as yet. If a State builds it, the State will want to make as much profit as possible, especially if it can be passed on to the other consumer outside that State. So if a State collects as much as it can for the benefit of that State government, it is good business from the standpoint of State tax policy.

The Senator says that oil owns government. That is not true in Louisiana. The State legislature in Louisiana called a special session this year on the energy crisis, and it trebled the taxes on the oil companies.

As a matter of fact, the oil companies wish they owned the Senate. We recently passed a bill against the best dedicated efforts they could muster. They fought the bill which would make the oil companies use American seamen on these tankers. They wish they owned the Senate. But they do not. They were beaten here and in the House of Representatives on a bill to make them move oil with American union labor, with which they will have to contend.

So that is not a problem. The problem is that, with regard to a State's options, if a State does not want to go $400 million more deeply into debt, the State would rather pledge its credit for something else, such as building a road. We would like to build a toll road in Louisiana, between north Louisiana and south Louisiana. It would cost more than $400 million. Louisiana would like to use its credit for that, rather than for the superport. If we cannot find an independent terminal operator willing to build the superport, why not let the oil people build it and put up their $400 million? Let them take the risk that is involved.

One of these days, if somebody makes a breakthrough in atomic power so that the atom can be fused and that heat can be used to produce energy effectively, then all the investments in oil around the world are going to be worthless; and so will the superport be worthless at that point. There is a risk involved.

If a State does not want to build a port, for its own reasons, if it does not want to go more deeply into debt or take the risk, and it cannot find an independent operator to build it, then, for the benefit of the consumer, to give him low-cost energy by reducing the transportation expense to bring it to him, it makes sense, in the third order of preference, that the oil company should build it. That is the only way to assure that you are going to get the superport and the benefit of the savings and the benefit to the environment, by the additional protection of the environment that results from the more efficient handling of the energy.

Mr. JOHNSTON. Mr. President, I yield 3 minutes to the distinguished Senator from Mississippi.

Mr. STENNIS. I thank the Senator.

Mr. President, I will just take a few minutes to say that I heard the splendid argument made by the Senator from South Carolina, and there is no one I would rather have on my side. No one can beat him in an argument. I heard the fine presentation made by the Senator from Delaware. I did not hear all the other statements, but I did hear those of the Senator from Texas and the Senator from Louisiana.

Mr. President, for several years, I have been worried. We have some oil in Mississippi, not a great deal. It is scattered around, and a great many people benefit from it. But we have not been able to do much about refineries.

I have been interested in the deep port question and have been worried about the money to build such ports. I have thought about Federal funds, State funds, and other funds.

It seems to me that our committee has been working together and has come through. They have come through with ideas, when we have to put the emphasis at every turn on less Federal dollars and leaving out new programs and trying somehow to prevent an unbalanced budget. At the same time, they have protected the public.

This is a way to let the industry bear the cost; $400 million is still a lot of money to me and in our State, where we have many demands on the public treasury.

I strongly support the bill as it is now. I think that the argument made by the Senator from Texas and others is unanswerable. We need the refineries. We want the refineries. We want the business that goes with it, the jobs that go with it, the activity that goes with it. Unless we have something along this line, I fear that we might be left out.

We are certainly going to have to turn to different ways than just let the Federal Treasury or State treasuries finance everything. I hope that the bill will be protected and that this amendment, with all deference to its authors, will be decisively defeated.

I thank the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I yield 1 minute to the Senator from North Dakota (Mr. Burdick).

Mr. BURDICK. Mr. President, the able Senator from Texas (Mr. Bentsen) referred to the fact that this amendment was opposed by various environmental groups, including the Environmental Policy Center, the Sierra Club, and Friends of the Earth. At this time, I ask unanimous consent that a letter written by these people, signed by Barbara Heller of the Environmental Policy Center, Brock Evans of the Sierra Club, and Ann Roosevelt of the Friends of the Earth, be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

September 30, 1974.

Dear Senator: A bill to establish licensing procedures for deep water ports should be coming up for floor action in the very near future. We feel that overall, it is excellent legislation, and clearly needed. Currently the oil companies are offloading oil from large tankers to smaller tankers off the East and Gulf coasts. The companies will be bringing oil in on these huge vessels, and it makes much more sense for them to unload their cargo at an offshore superport and pipe it ashore, than to have the oil lightered onto multitudes of small tankers and barges which will create vessel traffic congestion and a high risk of accidents.

There are 2 provisions about which we are particularly concerned:

(1) As now written the bill requires licensing of superports by the "Secretary of the department in which the Coast Guard is operating." This makes eminent good sense since the Coast Guard is the federal agency with the most experience and expertise in the realm of vessel and port safety, and given its legal authority under the Ports and Waterways Safety Act. Other agencies, including the Interior Department, must be consulted at several stages in the licensing process, including the establishment of regulations and environmental criteria, and are to "review the application and . . . recommend to the Secretary approval or disapproval of the application. . . ." In our opinion this is an adequate and responsible role for the Interior Department. Interior's experience with Outer Continental Shelf matters is irrelevant to the subject of superport licensing and construction. We therefore urge that you support the licensing authority as now delegated in the bill.

(2) A provision is contained in the bill which gives an unstated preference to dredged harbors over offshore deep water ports. Under this legislation the license is only to cover superports outside the 3 mile limit. The dredging provision would mandate consideration of facilities which could not even be licensed under the bill, and which must be considered anyway as alternatives in any environmental impact statements. This provision could cause delays in the licensing program. Many studies have been completed comparing the effects of dredging and of offshore ports. Offshore superports have been found to be superior for many reasons: dredging and maintenance are uneconomic; dredging and disposal of dredge spoil are extremely harmful to marine ecosystems; keeping tankers out of crowded ports avoids much of the risk involved in transporting oil, which is one of the main reasons for having offshore superports.

We urge that you support the deep water port licensing bill, that you vote against any amendments to alter the licensing authority, and that you support an amendment to delete the dredging provision. We hope that the Senate will act expeditiously on this important legislation.

Sincerely,

Barbara Heller,
Environmental Policy Center.
Brock Evans,
Sierra Club.
Ann Roosevelt,
Friends of the Earth.

Mr. BURDICK. To summarize the important part, I quote the last paragraph in the letter:

> We urge that you support the deep water port licensing bill, that you vote against any amendments to alter the licensing authority, and that you support an amendment to delete the dredging provision. We hope that the Senate will act expeditiously on this important legislation.

I think the fact that environmental groups quoted herein oppose this amendment should have some weight.

Mr. JOHNSTON. Mr. President, I yield to the Senator from Arizona.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 24 minutes.

Mr. JOHNSTON. I yield 5 minutes, or such time as the Senator from Arizona wishes.

Mr. FANNIN. I thank the Senator.

Mr. President, we have heard a good deal about the oil companies this afternoon. I know that it is popular to criticize the oil companies, and certainly, it has been eloquently done by the distinguished Senators. I recognize their sincerity of purpose.

I feel it is also very unpopular to take the position of the oil companies, or even to quote factual information that would be considered in favor of the oil companies. It is regrettable that it is that way.

This afternoon, we are talking about something entirely different. We are talking about how we can best serve the people of this country in satisfying the need that they have for petroleum products. We have an energy crisis, Mr. President, and a serious one. We have a balance-of-payments problem that is a very serious one, and we do not want that imported oil to cost any more than is absolutely necessary. That is why this is so important.

To arbitrarily adopt an amendment that would be punitive, I think, would be most disadvantageous to the American consumers.

We would prohibit the members of the oil industry from holding licenses for these facilities. After all, this is a backup position. Every protection that can be has been given to other entities to get into the business of having the deepwater ports, and the backup position is the one that will probably be the most important.

Adoption of the provision that is recommended by the distinguished Senator from South Carolina would be a grave mistake. The two most advanced proposals for U.S. deepwater ports, Loop, Inc., and Seadock, have been put forth by industry consortia. American oil companies have been building and operating deepwater terminals around the world for many years, and no one else in this country can touch their experience and expertise. The sponsors of this amendment would deprive the American consumer of the benefits of that expertise.

I see no logic in excluding from this process the single group best equipped to bring vitally needed petroleum to this country consistent with standards of economic efficiency and environmental protection. As a practical matter, if American oil companies are prohibited from being licensees, and thus owners, of these facilities, it is doubtful that they will be built. Both financial and engineering realities all point to this conclusion.

Let me say that I am certainly not advocating excluding States or Du Pont or GM or any other private entity, from getting into the deepwater port business. I think that is what is being done in this bill. What I am saying is, let anyone who wants to apply and can meet the requirements of the legislation do so, and let the Secretary decide who is best qualified. That would seem simple enough.

The major risk involved in owning deepwater terminals is the risk of becoming suddenly unprofitable.

I understand there has been argument against that this afternoon.

At the same time, this is a consideration. Profit loss could occur due to international political developments, changes in energy supply and demand, and, as mentioned by the distinguished Senator from Louisiana, competition from foreign operations. If, for instance, the Government of Canada, Mexico, or the Bahamas were to subsidize a terminal to lure shipping away from established facilities, similar U.S. deepwater ports could face an uphill battle.

Such a competitive threat could dangerously undermine the financial integrity of a publicly owned terminal financed by revenue bonds. However, any private port owner financing his operation with bonds and equity capital would of necessity accept reduced returns as a result of competition.

Mr. President, instances may arise where the development of a major refinery is linked to the development of a deepwater port. The only party with an interest in the development of the port facility would be the developer of the proposed refinery. If, under the statute, the port could be developed only by a governmental agency, or some third party, and no one else was willing to undertake the burden of financing such a facility, it could not be built.

Certainly no national interests would be served by such an obstacle to private economic developments.

I do not understand the way of thinking which would have the United States summarily scrap what might prove to be far and away the best deepwater port proposal. It does not sit well with me to ask American taxpayers to assume risks which private industry is willing to shoulder. Yes, if they have the desire and they feel they can make money, as stated this afternoon. But there are many instances in which this will not be true.

Further, I do not agree with hacking away at antitrust issues by arbitrarily legislating a single group out of the deepwater port field. I have carefully considered this amendment and ask my colleagues to reject it.

The thrust of this legislation should be to build these ports, and to bring them into operation quickly. Without the oil companies in the picture, then who else has the expertise and the ability to do it?

The applicant who can build them safest, cleanest, cheapest should be allowed to do so, consistent with the safeguards already in the bill. Mr. President, I oppose this amendment.

The PRESIDING OFFICER (Mr. HELMS). Who yields time?

Mr. HOLLINGS. Mr. President, I yield 5 minutes to the Senator from Delaware.

Mr. BIDEN. Mr. President, I should like to point out two things. No. 1, with regard to preferences, we have heard a lot about how this is wide open and everyone has an equal shot. As a matter of fact, there is a supposedly unequal advantage given to States and independents who have first preference.

In the report, in the section entitled "Preferences," we find the following:

> Section 5(h) requires the Secretary first to consider competing applications within any application area on the basis of which will "best" serve the nation. Such a consideration shall include a comparison of such factors as the environmental, technological, economic and timing aspects of the various applications.

I do not know how to say politely, without saying "oil companies." I do not know how to say "oil companies" any better than we have said it in that section where the Secretary has to consider them first because, as a practical matter, they have all the technological advantage. They have the economic wherewithal. They have more economic wherewithal than anybody in the whole world.

They have the timing. As that old song says, "timing is the thing." They have the timing, too.

It seems to me, as a practical matter, that what we are saying through all this facade about priorities is that there really is only one priority, and the priority goes, "Them that has, gets," and the oil companies have those things.

The same argument was made, again to go back to John D. Rockefeller, that he had all of those things. He had the economic advantage, he had the timing, he had the technology, and he had the rest. He ended up owning it all.

Another point, and I shall be brief: I was interested to hear the distinguished senior Senator from Louisiana say that one of the reasons that all States should not own these things, if we wish to consider that possibility, is that they will want to make a profit.

The implication is that the good old oil companies, if they own these, would not want to make a profit on the operation of these ports. That gives me a real warm feeling inside, to know that they would not want to do that.

The other thing is that, though it is not going to have any bearing, probably, on the argument, the distinguished senior Senator from Louisiana raised another very important point. He said:

> What happens if we come along and develop an alternative source of energy which makes oil obsolete?

Then he ran through a scenario from there.

I ask the same question and suggest another scenario. What happens after we have invested tens of billions of dollars around this Nation constructing three deepwater ports off the Atlantic coast, three in the gulf, and several off the west coast, and we make a total investment of many billions of dollars, including the construction of ships to carry all this oil, and 2 or 3 years down the road some smart scientist comes along and develops an alternative source of energy?

Do we honestly think, after all that investment, under the free enterprise system, we are going to have those people say, "we now have a better and cheaper way to serve the American people, so we are going to forego that investment"? Or do we think they are going to do all they can, directly and indirectly, to stymie development of that source of energy?

I say that if they cannot buy it, they are going to stymie it. It seems to me if we are locking ourselves into the development of all of these ports, and just one little part of the picture is the ownership of them, to let the energy policy of this Nation be determined by those who already control it—and I do not see how we could avoid that—would be the height of folly.

Mr. HANSEN. Mr. President, through the generosity of the Senator from South Carolina, I ask my colleague from Louisiana to yield me time, because I do not support the amendment.

Mr. JOHNSTON. How much time?

Mr. HANSEN. Two minutes.

Mr. JOHNSTON. I yield the Senator 2 minutes.

Mr. HANSEN. Mr. President, it seems strange, indeed, that the distinguished junior Senator from Delaware would have so much advice to give us on this issue. You know, it is his State that said, "Do not build any refineries along our coastline." I suppose it might follow, if they did not build any refineries, that they would not need any deepwater ports. I would certainly think so. And for one who says, "We do not want any of this business in our State," I am surprised, indeed, that he would express such great interest in this bill and this sort of facility.

I think I need add nothing to the persuasive arguments that have already been made on this floor by the distinguished Senator from Louisiana and others who have spoken, who call attention to the good sense that it makes to let people who are in the business at least to be able to participate and to compete. If there is a better way of doing it, that is all well and good, too, but I say the time may come when we might be very glad, indeed, to have private industry welcomed and willing to commit the amount of money necessary to build the kind of facilities that we are talking about.

You know, a deepwater port is like a refinery. It is not so much a question of is there enough money to build it as it is a question of is there going to be oil to run through it and use in it.

When we had hearings on refineries in this country, contrary to what a lot of people thought, Mr. President, it was not a question of sufficient funds to build the refineries. There is all kinds of money that can be found to build refineries. The question is, Is there going to be oil? Will there be crude to use it?

I think that underscores one of the most important points the Senate should keep in mind when it votes on this issue. And I do not know of anyone better able to make the best kind of judgment that is required than our people in the oil business. The Senator from Arizona has pointed out that we have adequate laws on the books to assure that there will be no collusion, that there need be no concern expressed by Americans over the inadequacy of the antitrust laws and antimonopoly laws. They are on the books.

So I say in conclusion, Mr. President, it makes good sense to me not to support the Hollings amendment to this deepwater ports bill.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. BIDEN. Mr. President, will the Senator from Wyoming yield for a question?

Mr. HANSEN. I yield.

Mr. BIDEN. I just wish to point out a fact to the distinguished Senator from Wyoming.

Delaware was one of the first States that exported energy. We have a very large refinery. In addition, in a 20-square-mile area, we probably have more refineries than anywhere else. We have the biggest slum in the world at Marcus Hook, between southern Philadelphia and Wilmington. We have more refineries than you can imagine.

So my interest comes from some little experience, with our small State having as much to do with net exporting of refined oil as, I suspect, any State in the Nation in terms of percentages.

Mr. HOLLINGS. Mr. President, I yield myself the remaining minutes.

The opposition to this bill still fascinates and frustrates me, to have this body taking the "politically unpopular position."

They know they are on the majority side. They know this amendment is not going to pass. But we are going to salve the consciences of America. We will lose this round, I say to the Senator from Wyoming, but some day America will win on this one. We will win; we will cut this Gordian knot that holds this Nation energywise.

Talk about expertise. Expertise in antitrust violation, yes. Expertise in making money—that is what they have—a lot of expertise in. But in running a port?

What about the atom? How did that get into this conversation? What about the taxpayer assuming the risk? Is this a taxpayer protection bill? Are we going to protect them by letting the oil companies make, again, those exorbitant profits that the President is talking about?

The ICC regulation? Hah; 46 Senators sponsored a bill to do away with that agency. Surely you know ICC is not going to regulate them.

The Interstate Commerce Commission is particularly disappointing in its antitrust enforcement as the committee report from the House side concluded.

No one ever came around here and tried to sell us that junk on the ICC, that in doing that we are going to save the taxpayers money.

Let me say as clearly as I possibly can that this is a moneymaking bill. Whether it is owned by the State, the private industry, or the oil companies, it will make money. That is the whole reason for this bill. That is one thing that Senator JOHNSTON, Senator HOLLINGS, and Senator BENTSEN can talk about and agree on; it makes money. It cuts in half the cost of transportation by bringing these tankers into deepwater ports. We are not saying just the State would make it, or just the private interests, or just the oil companies. They are all going to make it.

What we are saying is that the tremendous advantage of profit should not be used as a bottleneck to engage in discriminatory practices. That is what my amendment is all about.

When they talk about national interest, who else do they mean other than the man they are talking about, the consumer? The gentleman's name is James T. Halverson, Director of the Bureau of Competition, Federal Trade Commission, put in by this administration. He has been there 6 or 7 years. I did not put him there. He is the one who attests that the oil companies should not have an ownership in this particular area. And that is not a stump speech; that is testimony from the Competition Division of the Government's Federal Trade Commission. Uncontradicted, if you please.

Who is the next gentleman who came up and testified for the public interest? I almost fell over backward when that gentleman said affirmatively, came forward and said, "We are going to save you 5 cents, and that is in the national interest."

Where in the world have they ever said that? We have been trying to get them to roll back prices. I find it one of the most discouraging, disappointing, demeaning thing to sit as a member of the energy policy study marking up a bill on energy with the Senator from Washington (Mr. JACKSON) as chairman, and have Mr. Simon, the then "Energy Czar," say, "We do not know; the oil companies will not tell us." We sat there through Christmas; we sat there through January and February, and still he sat there and said, "The oil companies will not tell us."

Mr. President, the oil companies own the Government.

You cannot get a depletion allowance bill through the committee in the Senate. You cannot get a repeal of that. Direct Investment Sales Corporation, investment tax credits, the foreign investment tax credits—who owns the Government and who is going to really protect the taxpayer?

Well, along came a gentleman from the Justice Department, Mr. Keith Clearwaters, Deputy Assistant Attorney General in the Antitrust Division. He was not making a stump speech. He concluded by saying:

> We believe there are sound reasons for enacting legislation which would require——

And this is the Hollings amendment—

> require that oil pipelines be independently owned.

Here is the administration's Antitrust Division spokesman, after all their experience, talking about competition, talking about the consumer, talking about the law, talking about this real life in which we live, and he said the oil pipelines should be independently owned, free from control by persons engaged in any other phase of the petroleum business.

The national interest, the national interest. What did the State of Texas say when it talked about the ownership? Who was around here saving the taxpayers' money? Here is a distinguished group that planned for the development of a Texas deepwater terminal, and here is the Texas position on it. It was not an easy one down in Texas. I have got to congratulate these fellows, but they said:

> Public ownership provides the least costly financing alternative and this provides the least cost to the ultimate user, the consumer.

Now, I think if there is one thing the people from Texas know about, that is how to make money. I wish the people of South Carolina would adopt some of their practices. I think they are experts on knowing how to make money.

I guess they have got a poor Texan, although I have never seen one. Maybe some——

Mr. TOWER. Mr. President, will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. TOWER. If he will look in this direction, he will spy one. [Laughter.]

Mr. HOLLINGS. I must give that fellow food stamps. [Laughter.]

I can say, Mr. President, in all candor, this is something which has been a guide for those dealing with the consumer in the Federal Trade Commission, dealing with the Justice Department in the Antitrust Division, dealing with the oil pipeline delivery system, and it has been found in all the records that we could possibly find, and that we do not come forward with now when we talk about the national interest, but let us get going and let us hurry up. Let us protect the consumer from these fanciful arguments and talking about the politically unpopular thing.

We know what the politics of oil are in this Government. We have yet to get an energy policy. We could roll back prices, we could tighten the belt of the consumer, we could put a little pin on him, we could do everything but one, and that is to give big oil, natural gas, $11 billion more through deregulation.

That's the only regulation we have got—but the President recommended against it in dealing with the oil companies. The oil companies could not have written a better message on energy yesterday. Why? Because they say they need the money for drilling. Why don't they just drill and quit trying to really get the control old John D. Rockefeller tried to get. The Rockefeller people cooperated in the edition of this particular study, a historical account of how John D. made his billions, so that the Congress of the United States could have hearings 40 and 50 years later about those same villains.

Now, let us give the consumers, the taxpayers, a break in America. Let us go ahead with the construction of deepwater ports. The States are ready. They can get the financing.

About financing and the making of the profits, again this is from the Texas report, I quote, "The public ownership alternative would provide the lowest tariff, an estimated average of present value of 2.91 cents per barrel over the 20 years due to the lower interest rates"—that is the tax exempt and the secured bonds—"and exclusion of the 7 percent return on base."

Now, that is what Texas found after considerable study, that the public entity could build it more cheaply and that the consumer and the taxpayer would benefit. There would be no enticement to big oil. But instead they come in here and grab you by the neck and they say, "Oh, you take the unpopular position."

I do not know what is unpopular about it. The popular position the least number of heads—and you count heads, or watch it when you count, Mr President, and let us see whether we protect the consumer, whether we protect the real interest of this country with respect to the delivery of energy.

Are we really going to put it in the hands of a few oil people? I wonder if my distinguished colleague from Louisiana would agree to a 10-percent limitation on return, not just 7 percent, now that we have got inflation, but a 10-percent return on actual investment.

I would yield to the Senator from Louisiana if he will agree to that; if he will agree to just a 10-percent return on their direct capital investment, no total investment. I will yield now to the Senator from Louisiana, and I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, will the Senator yield me 3 minutes?

Mr. JOHNSTON. I yield to the distinguished Senator from Texas 3 minutes.

Mr. TOWER. Mr. President, I will not address myself to every point made by the distinguished Senator from South Carolina. He has obviously done his homework very well, and he has familiarized himself with a great deal of documentation on this matter.

But I think there were some general implications made by the Senator from South Carolina that should be addressed.

I should like to say, first, that perhaps some of his better points were obscured by absolutely the most professional histrionic performance I have ever seen in the U.S. Senate. And, having been an amateur actor at one time myself, I can recognize theatrical talent when I see it.

I had visions of Pitchfork Ben Tillman standing here in the U.S. Senate Chamber when I listened to the great Populist doctrine being laid down by the distinguished Senator from South Carolina maligning an industry that has produced in the United States of America a surfeit of cheap fuel up until recently.

It is certain that the major oil companies do not come to this place with clean hands, and there is much that we could criticize about the major oil companies. But we had better understand the economics of the oil business, and we had better understand that there is a dichotomy between the major oil companies and the independents, the wildcatters, the gamblers, if you please, who risk their fortunes to try to find and produce oil and gas in this country.

It is wrong to think that by maintaining a lid on the price of crude oil or a lid on the price of natural gas that we are somehow limiting the profits of the major oil companies. What we are doing is forcing us to rely on external sources for energy in this country.

The fact of the matter is that 80 percent of the exploration, production of existing sources of oil and gas in this country——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. JOHNSTON. I will yield 2 more minutes.

Mr. TOWER. Eighty percent of the exploration and production of existing sources of existing oil and gas in this country have come under the auspices of the independents, and I can tell my friend, the Senator from South Carolina, that far more have gone broke than have gotten rich. We have geologists and petroleum engineers in my hometown serving as bank tellers and shoe clerks. So the Senator cannot tell me that the oil business has been living off the fat of the land.

I am not talking about the majors. I am talking about other matters the Senator addressed himself to, such as the deregulation of gas, rolling back the price of crude. Perhaps the people of South Carolina would rather buy Algerian liquefied natural gas for $1.50, $1.60, $2 per mcf than buy it from the good people of the great State of Louisiana and the good people of the State of Texas—who once joined the people of South Carolina in the thin Gray Line—for 85 or 90 cents per mcf.

That is what should be faced up to, that is the choice.

Today, right here in Washington, they are distilling natural gas from naphtha for about $1.50 per mcf.

We can sell it cheaper than that if everyone will just let us produce it at an economic rate.

I regret that the Senator from South Carolina had to bring those matters into a discussion of deepwater ports. I would submit, my colleague from Texas who addressed the body earlier made a very good point when he said it is popular to whip the oil industry. Everybody does it. The mass media does it. It is a sure way to be a hero.

I can suggest this, too. If we phase out the depletion allowance, we had better deregulate the price of gas and let the price of crude seek a market level or Project Independence is going right down the drain.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, I was given somewhat of a challenge just a few moments ago, not in the form of an amendment, but a question was asked—would I be willing to limit the profits of these big, huge conglomerates and consortiums to 10 percent?

The fact of the matter is that my friend from South Carolina is perhaps not familiar with the provisions of the Elkins Act relevant to the consent decree or with the provisions of the decisions that have been decided by the U.S. Supreme Court, particularly, United States against Atlantic Refining Co.

All those decisions provide is that the 7-percent profit, not 10 percent, allowed to oil companies can be based upon their whole capital structure and not simply on paid-in capital.

Now, that is consistent with all the accounting procedures I know anything about. Accounting procedures always take into consideration debt capital, as well as paid-in capital. But the point is that they do not provide for 10 percent.

Not only is the 10-percent limitation not required under present ICC regulations, but the figure used by the ICC, as I understand it, is 7 percent based upon the total amount of capital, and I ask the distinguished Senator if that is not correct.

Mr. HOLLINGS. My question is, Would the Senator limit it to 10 percent or, if he insists, 7 percent of the direct investment, not the total cost to the project, what their capital is, but $400 million, and they put in $40 million as a group, will they be allowed 10 percent on the 40? I would propose they be allowed only 10 percent on the $40 million because this is a big gimmick they use in what they call discriminatory rebates.

Mr. JOHNSTON. I assume then my interpreation of the Elkins Act on consent decrees in United States against Atlantic Refining is a correct interpretation.

Mr. HOLLINGS. That is correct.

Mr. JOHNSTON. Very well, then we have established that the rate is not 10 percent or something in excess of 10 percent, but rather 7 percent.

Now, the only issue is, are we going to use it on only the amount of paid-in capital, or debt capital as well, and that is a brandnew issue which I would be delighted to debate here if an amendment were up to address that question.

Mr. HOLLINGS. Will the Senator yield?

Mr. JOHNSTON. Yes.

Mr. HOLLINGS. That issue was the issue in 1942 when they made the Elkins case consent decree, and it has been an issue from 1942 to 1972, for 32 years.

Mr. JOHNSTON. Well, United States against Atlantic Refining Co., decided by the Supreme Court, pointed out that decision and that act is entirely consistent with all of the accounting procedures used by companies across the country and debt capital is, nevertheless, capital.

Indeed, if the State of Louisiana is going to build this superport, they are not going to use money from the treasury, it will be debt capital borrowed from the people on the sale of bonds.

The fact of the matter is that the returns from a superport under ICC laws and regulations are not exorbitant.

Indeed, if they are exorbitant, then Senator BIDEN's bankers from Philadelphia will be there in Louisiana and Texas and Mississippi and Alabama. They will be building that superport because they will have a fair advantage. They will have a preference to build it.

The argument, Mr. President, is unanswerable and certainly has not been answered today. If a State can build a deepwater port and make a profit, it will be there to do it; and if the independents can build it and make a profit, they will do it, because they have a preference under the bill.

I repeat, and I am ready to yield back the remainder of my time, the national interest is served by the defeat of this amendment. If a State will not or cannot build a deepwater port, and if Sears, Roebuck or any other independent company cannot or will not build a deepwater port, then the American public nevertheless deserves and is entitled to the savings which a superport can give them—a savings which in yearly effect may be as big as President Ford's 5-percent surtax. We are entitled to that.

For that reason, I hope we will defeat this amendment.

I am ready to yield back my time.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, let me get right to that point, we are asking in this amendment—excuse me, the senior Senator from Texas tried to make a comparison of Algerian oil and Saudi Arabian. While on contrast, this superport is only going to be used for Algerian, Saudi Arabian, and the rest; they will not bring Texas oil through a superport.

Now, Alaska is——

Mr. TOWER. Will the Senator yield?

Mr. HOLLINGS. On his time, I only have 2 minutes.

Mr. JOHNSTON. I yield to the Senator.

Mr. TOWER. The Senator was knocking deregulation price of gas, I was addressing myself to that particular additional——

Mr. HOLLINGS. I am addressing myself to the deepwater port, and in this amendment, we are only asking what is provided for the rail carriers in America.

Section 49, United States Code 18, and Senator Lodge of Massachusetts got this passed back in 1906, states that railroads are barred from shipping any articles or commodities except timber or timber products which a railroad "may, own in whole or in part, or in which it may have any interest, direct or indirect."

That was referred to as the commodities clause provision.

We ask simply enactment of the same clause for oil companies.

Mr. STEVENS. Will the Senator yield me 2 minutes?

Mr. HOLLINGS. Yes.

Mr. STEVENS. I wonder if the Senator from South Carolina can possibly postulate how we could have the Alaska pipeline under construction now if we were waiting for an independent entity to come forward with the money, in view of all the problems we had.

The only reason we got that transportation mechanism is because those people invested their money in the exploration and development of that field. They had to have a transportation mechanism to get it to market to recover their investment. And today you would have us say that the oil indsutry, which invests its money in this oil so it can be brought forth from Alaska or Algeria, is going to be barred from participating in one segment of the transportation mechanism to get this oil to market. To me, this is like saying, in regard to the pass we put the railroad through to the West, that we should have given priority to that man at the pass. Remember the old Western movies always used to have a guy at the pass who collected more money than the railroad. That is what the Senator is recommending. He is saying, let somebody else, the people who make money off cotton in South Carolina, or peanuts in South Carolina, whatever it is, let them come in and invest so they can hold us up at the deepwater port on the price. Under such circumstances what it is going to cost to get Alaskan oil across to the consumers of America.

The Senator is saying he is for the consumer. I say the Senator is putting one of the greatest roadblocks in the way of cheap oil for the American public I have ever seen conceived, and that is, they already have an investment in the growth, an investment in the transportation of the oil. They have paid for the ships—the Senator has not said anything about who is building the supertankers to ship the oil. Why? Because they have to get the oil to the market to get back their money.

If the Senator wants to ask me what I think about his idea of allowing someone to hold us up at the pass, to charge more money——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STEVENS. I yield myself 2 minutes on the bill.

As a practical matter, the Senator is in the position of creating the worst kind of roadblock for the American consumer. We defeated this amendment in the joint subcommittee on its merits. We established the priority so that no one in the oil industry can have anything to do with this if anyone else in the United States is willing to do it. That means that, as a last resort, the people who have put the money in, the front-end money to explore for, develop, produce, and transport that oil all the way down to the consumer, have the right to do it if no one else will do it.

To me, that is protecting the public interest.

I wish I was as histrionic as my friend is about some of these things. Believe me, I would ask him how the Alaskan pipeline could be other than a pipedream if we were waiting for the people who made their money in other industries to come in and put money into that pipeline today? It would not be there. It would not be there until hell freezes over.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. How much time have I remaining?

The PRESIDING OFFICER. The Senator has a minute and a half.

Mr. HOLLINGS. Mr. President, the Senator and I would go into the oil business and we would build it, if we were allowed to. Once they found oil anyone would build the pipeline, that is the reason they went to Alaska. But the Senator has finally joined me. He said let us eliminate the man at the pass. That is all we want to do in this amendment, eliminate the man at the pass who would control it, who would create a bottleneck, who would discriminate against the consumer, who would take the poor independent, and gobble up everything else. What is the national interest? Is it what the Justice Department, the Antitrust Division, through Keith Clearwaters ask for; the Federal Trade Commission, the head of the Consumer Division? Do they speak for the national interest? Yes they do and they have asked for it.

At least we should try to break this Gordian knot and eliminate that man at the pass. That is what this amendment is all about.

I thank the Senator very much.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. JOHNSTON. Mr. President, in spite of the fact that I have the last word and can hold forth at some length, I do not want to take the Senate's time, except to make one very brief observation.

We have talked about what is the popular position in this bill, and the Senator from South Carolina says:

> Well, the Senator from Louisiana must have the popular position because he has the votes.

Mr. President, I hope so, and I think we have the votes. It is because of one reason: It is because the national interest is so absolutely clear in defeating this amendment. I am confident the Senate is not going to read the Gallup poll; it is not going to read the rest of the polls, but it is going to vote the national interest—the interest of the consumer. This bill will make it possible, Mr. President, for an independent, Sears, Roebuck, or anybody else, to come to Louisiana, Texas, Mississippi, or any other place, and build a deepwater port and have a preference over an oil company. They will be able to build it in preference to that oil company, if they just want to come down there to do it.

Mr. LONG. Will the Senator yield at that point?

Mr. JOHNSTON. Yes.

Mr. LONG. Might I refer the Senator to a letter from the IPAA? They do speak for independents in this country, speaking for 4,000 independent producers of oil and gas. They say:

> We are not aware of any producer who is having difficulty selling or moving his crude oil, and we do not believe discrimination exists in this respect. The conclusion that independent crude oil producers may have difficulty in securing shipment of their oil and are subject to discrimination by pipeline companies is not supported by the experience of independent producers.

There is their organization, 40,000 independents saying that.

On what the Senator said about Rockefeller, that was right 50 years ago. Maybe it was a little further back. Let us make it 70 years ago. He had a good point. In the year 1974 we all know better than that. The Senator from Louisiana knows better than that. I know I do. My own father was squeezed out of the oil business as a youngster because of the kind of methods that the Rockefellers used back at that time.

That has been a long time ago. The Senator is for many, many years out of date in making his speech about how Rockefeller made his money. That has not anything to do with it.

Whoever builds a superport, anybody who wants to will be able to use it. Is that not correct?

Mr. JOHNSTON. That is absolutely correct. It is in the law as clear as we could write it. In addition, every application is subject to examination by the FTC and the Justice Department, and the operation of deepwater ports is subject to citizen suits under this bill. I do not know how we could build any more protection in the bill without absolutely preventing the building of superports.

Mr. President, when I yield back the remainder of my time, I am going to move to table.

At this time I ask unanimous consent for the yeas and nays on a motion to table.

The PRESIDING OFFICER. Is there objection? The Chair hears none. It is so ordered.

Mr. JOHNSTON. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. JOHNSTON. Mr. President, I yield back the remainder of my time, and I move to table.

The PRESIDING OFFICER. The question is on the motion to lay on the table the amendment of the Senator from South Carolina.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HASKELL (when his name was called). I have a pair with the distinguished Senator from Alaska (Mr.

Gravel). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Nevada (Mr. Bible), the Senator from Idaho (Mr. Church), the Senator from Alaska (Mr. Gravel) are necessarily absent.

I further announce that the Senator from Indiana (Mr. Hartke) is absent on official business.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Oklahoma (Mr. Bellmon), the Senator from Kentucky (Mr. Cook), the Senator from Kansas (Mr. Dole), the Senator from Colorado (Mr. Dominick), the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Packwood), and the Senator from North Dakota (Mr. Young) are necessarily absent.

I also announce that the Senator from Nebraska (Mr. Hruska), the Senator from Hawaii (Mr. Fong), the Senator from Virginia (Mr. William L. Scott), and the Senator from Vermont (Mr. Stafford) are absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. Goldwater) would vote "yea."

The result was announced—yeas 48, nays 34, as follows:

[No. 469 Leg.]

YEAS—48

Aiken
Allen
Bartlett
Beall
Bennett
Bentsen
Brock
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Cotton
Curtis
Eastland
Fannin
Fulbright
Griffin
Gurney
Hansen
Helms
Huddleston
Johnston
Kennedy
Long
Mansfield
McClellan
McClure
McGee
Nelson
Nunn
Pearson
Percy
Proxmire
Randolph
Roth
Scott, Hugh
Sparkman
Stennis
Stevens
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Williams

NAYS—34

Abourezk
Biden
Brooke
Chiles
Clark
Cranston
Domenici
Eagleton
Ervin
Hart
Hatfield
Hathaway
Hollings
Hughes
Humphrey
Inouye
Jackson
Javits
Magnuson
Mathias
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Pastore
Pell
Ribicoff
Schweiker
Stevenson
Weicker

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Haskell, against.

NOT VOTING—17

Baker
Bayh
Bellmon
Bible
Church
Cook
Dole
Dominick
Fong
Goldwater
Gravel
Hartke
Hruska
Packwood
Scott, William L.
Stafford
Young

So the motion to table Mr. Hollings' amendment was agreed to.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUGH SCOTT. Mr. President, will the Senator from Arizona yield me 2 minutes?

Mr. FANNIN. I am very pleased to yield 2 minutes to the distinguished Senator from Pennsylvania.

Mr. HUGH SCOTT. I thank the distinguished Senator from Arizona.

WAIVER OF RULE XXXVIII AS TO ROUTINE NOMINATIONS ONLY

Mr. HUGH SCOTT. Mr. President, I rise for the purpose of making a motion with regard——

The PRESIDING OFFICER. The Senate will be in order. The Senator cannot be heard.

The Senator will proceed.

Mr. HUGH SCOTT. Mr. President, I wish to point out that while——

The PRESIDING OFFICER. The Senate will be in order. The Senator has a right to be heard.

The Senators will please return to their seats or take their conversations to the cloakroom.

The Senator will proceed.

Mr. HUGH SCOTT. Mr. President, I wish to point out that while a motion to waive rule XXXVIII will be in order, I shall not make such a motion, other than as to routine nominations at the clerk's desk.

In a moment, I shall move that rule XXXVIII be waived as to routine nominations at the clerk's desk. Other nominations will be, as a matter of routine, referred back to the White House for resubmission, in the President's discretion, upon the reconvening of Congress.

It is understood from discussions I have had with the distinguished assistant majority leader that this motion has no reference to the nomination of the Vice-President-designate, which is here under the 25th amendment, and is covered by the necessity for confirmation by both Houses.

Mr. STENNIS. Will the Senator yield?

Mr. HUGH SCOTT. I am glad to yield.

Mr. STENNIS. We happen to have some routine nominations here from the Armed Services Committee that have been filed today. They will be subject to routine confirmation. Will the Senator except those?

Mr. HUGH SCOTT. I except them.

Mr. STENNIS. I thank the Senator.

Mr. HUGH SCOTT. As in executive session, then, I move to waive rule XXXVIII as to routine nominations at the desk today, as requested by the Senator from Mississippi, and as to other routine nominations at the desk. I do not move to waive rule 38 in other aspects.

The PRESIDING OFFICER. The Chair advises that a unanimous-consent request is necessary.

Does the Senator make a unanimous-consent request?

Mr. HUGH SCOTT. I ask unanimous consent.

The PRESIDING OFFICER. Is there objection?

Mr. NELSON. Reserving the right to object.

Mr. ROBERT C. BYRD. Reserving the right to object.

Mr. NELSON. I notice that Senator Eagleton is not here.

Mr. HUGH SCOTT. This would apply to postmasters, if we confirmed postmasters.

Mr. ROBERT C. BYRD. I have no objection.

Mr. EAGLETON. Reserving the right to object, I just walked on the floor, Mr. President.

What was the unanimous-consent request?

Mr. HUGH SCOTT. The unanimous-consent request is to waive rule XXXVIII only as to routine nominations at the clerk's desk, including such routine nominations from the Armed Services Committee as are there today. It does not apply to the Vice-President-designate, whose nomination comes here under the 25th amendment. It applies to everyone else.

Mr. EAGLETON. The routine nominations would not include ambassadorial nominations?

Mr. HUGH SCOTT. I hope that the Senator will accept the statement between the distinguished assistant majority leader and myself that it does not apply to anything except routine nominations at the desk, including those nominations from the Armed Services Committee which are there today.

Mr. ERVIN. Reserving the right to object, I should like to address an inquiry to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. ERVIN. As I understand, this only applies to nominations that have been reported by committees.

Mr. HUGH SCOTT. I am going to defer again to the assistant majority leader, because his ideas will be of interest to the Senate.

Mr. ROBERT C. BYRD. This will only apply to routine nominations.

Mr. ERVIN. I do not know exactly what a routine nomination is.

Mr. ROBERT C. BYRD. What did the Senator have in mind?

Mr. ERVIN. I have in mind Earl Silbert's nomination to be U.S. attorney for the District of Columbia.

Mr. ROBERT C. BYRD. He would not be excepted under this.

Mr. ERVIN. I thank the Senator.

Mr. MANSFIELD. Will the Senator yield?

I believe that on the Consent Calendar there are mentioned routine nominations. Those are the ones grouped together and are not to be considered on the basis of individual nominations.

Mr. ERVIN. I object if it includes the nomination of Earl Silbert to be U.S. attorney for the District of Columbia.

Mr. MANSFIELD. No, it is the group under the armed services—the Army, Navy, and Marine Corps.

Mr. ERVIN. I have no objection, then.

Mr. ABOUREZK. Reserving the right to object, Mr. President.

Mr. HUGH SCOTT. Mr. President, I think the Presiding Officer has ruled, has he not?

The PRESIDING OFFICER. The Chair has not ruled.

The Senate will be in order.

Is there objection?

Mr. ABOUREZK. Reserving the right to object, Mr. President, I should like to ask the Senator from Pennsylvania if his definition of routine nominations includes Melvin Conant to be Assistant Administrator for the Federal Energy Administration?

Mr. HUGH SCOTT. It does not include any nomination except those which are on the desk in group form; those which refer, for example, to the Army, Navy, Air Force, Coast Guard, Marine Corps, et cetera. It does not refer to others, and it does refer only to nominations at the desk, not those which are pending.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished minority leader yield?

Mr. HUGH SCOTT. I yield.

Mr. ROBERT C. BYRD. Mr. Conant's name would be sent by the Secretary back to the President, because under rule XXXVIII that nomination would not live through the recess. If the President wishes, he may send his name back up after the recess.

Mr. ABOUREZK. I withdraw my objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

DEEPWATER PORT ACT OF 1974

The Senate continued with the consideration of the bill (S. 4076) to regulate commerce, promote efficiency in transportation, and protect the environment, by establishing procedures for the location, construction, and operation of deepwater ports off the coasts of the United States, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HOLLINGS. Mr. President, for the information of my colleagues, we have a colloquy with the Senator from Michigan (Mr. HART) which will take about 10 or 15 minutes. We have two amendments which we hope to accept, and vote on final passage in about 20 minutes. There will be a rollcall vote.

Mr. SPARKMAN. Mr. President, will the Senator yield me 1 minute to take up a conference report?

Mr. HOLLINGS. I yield to the Senator from Alabama.

REGULATION OF INTEREST RATES—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on S. 3838, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HELMS). The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3838) to authorize the regulation of interest rates payable on obligations of all affiliates of Federal depository institutions, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 8, 1974, at page 34427.)

Mr. SPARKMAN. I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

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Mr. JOHNSTON. Mr. President, I call up an amendment which I have at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The Senate will be in order. The Senator will suspend until order is restored.

The amendment will be stated.

Mr. JOHNSTON. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON's amendment is as follows:

> On page 38, line 13, after the word "this" delete the word "section" and insert in lieu thereof the word "Act".

Mr. JOHNSTON. Mr. President, this is a technical amendment, the sole effect of which is to make it clear that the Federal district courts in the adjacent States have jurisdiction without regard to the amount in controversy with respect to all provisions of the act, and not simply the provision on liability without fault.

Mr. HOLLINGS. This is a clarifying amendment. We have checked it through with the three committees, and we are willing to accept the amendment. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. GRIFFIN. Mr. President, is there any time on this amendment?

Mr. HOLLINGS. Oh, yes. I yield the Senator such time as he may require.

Mr. GRIFFIN. As I understand it, this amendment would provide for power to bring suits under this act——

The PRESIDING OFFICER. Will the Senator suspend? The Chair cannot hear, and other Senators cannot hear. The Senate will be in order.

Mr. GRIFFIN. In jurisdictions other than the District of Columbia; is that correct?

Mr. JOHNSTON. Under other provisions of the bill, the Federal district courts in the adjacent States have jurisdiction of all matters arising under this act. That is stated a time or two in the bill. However, on page 38, line 13, it is stated:

> In suits brought under this section, the district courts shall have jurisdiction, without regard to the amount in controversy.

We simply wanted to make it clear that, as is stated elsewhere in the act, in all suits, whether under this particular section with reference to citizens' suits or with respect to other claims under the act, the Federal courts have jurisdiction without regard to the amount in controversy.

Mr. GRIFFIN. And those suits would not have to be brought in the District of Columbia?

Mr. JOHNSTON. That is correct.

Mr. GRIFFIN. I think that is fine. I endorse the principle. I only wish it were applied more evenhandedly in the legislation we pass in this body.

Another piece of legislation which came out of the Committee on Commerce, which had to do with automobile safety regulations and suits related to matters of that kind, was carefully drafted so that about the only place actions can be brought is in the District of Columbia. Efforts to try to get some reason into that legislation, unfortunately, failed.

I think that we need to focus attention on this problem where, in some instances, there is unfair and unrealistic restriction and direction in terms of the venue for some of this litigation.

Frankly, I commend the viewpoint here, and the only point I am making is that we ought to take a look at some of the other legislation which goes through here from the same point of view.

Mr. JOHNSTON. I thank the Senator from Michigan, and I agree very much with his comment that the courts which ought to have jurisdiction, not only in this act but in other acts, are the courts closest to home, which involve less expense and often greater capability.

Mr. BURDICK. Mr. President, will the Senator from Louisiana yield?

Mr. JOHNSTON. I yield.

Mr. BURDICK. The bill, particularly on page 38, line 13, confers jurisdiction on the district courts of the United States. Does this include class actions also?

Mr. JOHNSTON. That is right, it would include class actions also. If the Senator will look on page 51 of the bill, jurisdiction is conferred on the U.S. district courts of—

> cases and controversies arising out of or in connection with the construction and operation of deepwater ports,

So that would include class action suits, without regard to the amount in controversy. There is no $10,000 requirement under this amendment.

The PRESIDING OFFICER. Is all remaining time yielded back?

Mr. JOHNSTON. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. HELMS). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Louisiana (Mr. JOHNSTON).

The amendment was agreed to.

Mr. MUSKIE. Mr. President, I call up an amendment which I have at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

Mr. MUSKIE. I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE's amendment is as follows:

> On page 47, strike lines 8 through 12 and insert in lieu thereof the following:
>
> "(k) Preemption—(1) This section shall not be interpreted to preempt the field of liability without regard to fault or to preclude any State from imposing additional requirements or liability for any discharge of oil or natural gas from a deepwater port or a vessel within any safety zone.
>
> "(2) Any person who receives compensation for damages pursuant to this section shall be precluded from recovering compensation for the same damages pursuant to any other State or Federal law. Any person who receives compensation for damages pursuant to any other Federal or State law shall be precluded from receiving compensation for the same damages as provided in this section."

Mr. MUSKIE. I can explain this amendment very simply. It has to do with section 18(k), which, as presently written, provides that all State and Federal liability laws are preempted for cleanup costs and damages resulting from a discharge of oil or natural gas from a deepwater port or from a vessel within a safety zone surrounding a deepwater port.

Both the Committee on Public Works and the Committee on Interior and Insular Affairs oppose this preemption section of the deepwater port legislation. The Interior Committee and the Public Works Committee developed proposals for dealing with it. This amendment is the amendment of the Public Works Committee.

This principle of not preempting States' rights in defining liability for oil spills or setting higher liability limits is contained in the Federal Water Pollution Control Act. Section 311 of that law established liability for cleanup costs for oil spills in navigable waters and in the contiguous zone, but also provided that States and political subdivisions not be precluded from imposing any requirements or liability with respect to the discharge of oil or hazardous substances into any State waters.

The State's right to set more stringent liability laws is a well-established principle.

The Committee on Public Works supports this principle. The committee thinks it is preferable that the principle be clearly stated.

There is this provision of the Federal Water Pollution Control Act Amendments of 1972:

> Nothing in this section shall be construed as preempting any State or political subdivision thereof from imposing any requirement or liability with respect to the discharge of oil or hazardous substances in any waters within the State.

The same principle is found in the House version of the pending legislation, and it makes a great deal of sense.

One example of the necessity for this, for example, was the California law with respect to auto emission requirements. Because California had an especially acute problem, after long debate on the Clean Air Act, we allowed California an exemption to set more stringent limits than the Federal law.

There are going to be situations in the various States which call for more drastic action than the general Federal law requires, and it is for that purpose that the Public Works Committee, in all of its legislation dealing with the environment, has avoided preempting this right of the States. It is for that reason, Mr. President, that I offer this amendment and commend it to the distinguished floor manager of the bill.

Mr. HOLLINGS. Mr. President, we lean toward agreeing to accepting the amendment. I am checking with my colleagues.

The reason for the difference in this particular bill from the Clean Air Act and other provisions was that we provided for unlimited liability for all damages and, thereby, we did not think the State or anybody else could really increase that liability or require a higher degree of culpability or whatever.

In that light we did not want the State to be misled by it, and we included that preemption section that is found on page 47, section (k).

However, the Senator's argument then would be since it is unlimited liability for all damage, what damage or injury can be done by the inclusion or adoption of his amendment and if there is no misunderstanding. We are just as zealous as he is that it be unlimited and it be for all damage. The reading of the section is:

> The Fund shall be liable, without regard to fault, for all cleanup costs and all damages in excess of those actually compensated—

in the other different sections there.

I ask my colleague on the other side of the aisle, the Senator from Arizona (Mr. FANNIN), how he feels about it.

Mr. FANNIN. Mr. President, the financial responsibility provision in the bill, I think, is adequate. It is all-encompassing.

In the discussions in the committee it was felt that this was going to the full extent of the need that is involved. So I do not feel that there would be any benefit to adding this amendment. I would think that this is fully covered, and the distinguished Senator from Maine would recognize that.

I think that the item of dual coverage is brought up, and we certainly do not want to confuse the issue. I think that might be the case if this amendment is adopted.

Mr. MUSKIE. If the Senator will yield, what is involved are two questions: What are the standards of liability and, second, what is the amount of recovery?

What I am talking about are the standards of liability. We have an unlimited recovery with respect to the particular damages that are covered. The specific limits of liability for the port and vessel owner, however, are limited. But I do not think, for example, that this legislation encompasses the kind of extensive liability which is found in the oil pollution control legislation that we enacted several years ago which, in effect, is faultless liability and hazardous situations.

The second point I would like to address——

Mr. HOLLINGS. Mr. President, will the Senator yield at that point?

Mr. MUSKIE. If I may make the second point, then I shall yield. If the Senator feels he is in accord with what the amendment does, there is no problem in accepting the amendment and working out whatever problems may exist subsequently in conference.

If the Senator agrees or if he believes that the bill does what this amendment does, then let us accept the language and work out whatever misunderstanding we may have on that score.

Mr. JOHNSTON. Will the Senator yield?

Mr. MUSKIE. Yes.

Mr. HOLLINGS. Let me just clarify that one section because when the Senator talks about faultless liability, that is exactly what is provided for in this bill.

On page 42, line 11, the bill says:

> Notwithstanding any other provision of law, except as provided in subsection (g) of this section, the owner and operator of a vessel shall be jointly and severally liable, without regard to fault . . .

In other words, it provides for no fault or faultless liability. We did not know how to make it more encompassing than that.

Then it says: "for all damages," so there should not be any misunderstanding.

If we do accept this amendment, we do not want any confusion. I do not mind taking the amendment, if any colleagues are directed to, in the light of trying to clarify any misunderstanding, and we can certainly work it out in conference.

I yield to the Senator from Alaska.

Mr. STEVENS. I respectfully say to my friend, the Senator from Maine, that this is the most comprehensive liability that has ever been imposed by any statute on pollution or any other type of damage as far as recovery is concerned. It includes all costs, it includes all damages without regard to liability. It is a funded liability and, as such, I do not see any reason why it should not be the sole source of recovery for actions resulting from the operations of this type of a port.

I think if we put in the Senator's amendment he is being redundant, and it raises the specter of a double liability for the cost or damages incurred.

Mr. MUSKIE. May I say to the Senator I do not accept that conclusion.

May I also point out that this provision is included in the House bill, so there must have been some reason for it. Let me read it:

> This section shall not be interpreted to preempt the field of liability without regard to fault or to preclude any State from imposing any additional requirements.

That is in the House version of the bill. This is the very language of the pending amendment and, for the life of me, I cannot see why, if the Senators are in agreement as to the principle of this standard of liability, this language cannot be accepted.

My staff is of the opinion that it does not have the consequences, as does this one, of the Senator's language.

Mr. HOLLINGS. If the Senator will yield, the difference is that both the Senate and the House bills have faultless liability, but the House bill has an upward limitation, and we have no such limit. They have a cutoff of $100 million. We eliminated that cutoff when we said all damages. That was the reason why we put in the pre-emption provision so this would be absolutely clear and there would be no confusion.

Mr. JOHNSTON. Mr. President, I hesitate even to question this amendment because I certainly agree with the sentiment behind it. We want to give as much protection to these coastal States as we can.

But I have a few questions that I think will illustrate the difficulty I am having with this, so I would ask the distinguished Senator from Maine this question. Suppose a State such as Louisiana has no laws that impose strict liability on a ship.

Under this language which states that this section shall not be interpreted to preempt the field of liability without regard to fault, is it not possible that that would mean we would have a dual jurisdiction in both State and Federal courts with two different sets of standards of liability?

Mr. MUSKIE. I do not believe so because we have not run into this problem with the Clean Air Act or the Federal Water Pollution Control Act. This language is in those pieces of legislation and the courts have ruled on them and have supported or sustained that language.

Mr. JOHNSTON. Is it precisely this language?

Mr. MUSKIE. Well, here is the language in the Water Pollution Act. Let me read it. I have not read it recently:

> Nothing in this section shall be construed as preempting any State or political subdivision thereof from imposing any requirement or liability with respect to the discharge of oil or hazardous substances within any water within such State.

It is the same thought, the same thrust. We just feel that States which have special situations requiring special treatment ought to be able to set higher limits of liability for the port and vessel owner in order to protect themselves. We have not found that in 10 years of writing environmental legislation that this is an unreasonable requirement. We have not found the States ready to abuse this privilege. All we are asking is to give them the right.

I have been writing legislation designed to establish national-environmental standards. I am not for undermining national standards. But I think we need some flexibility for those States which want to move in with a tougher policy, and we should permit them to do so.

I have not had a chance personally to study the Committee language, and it may be that I can be reassured on it. But, at the moment, on the basis of careful staff analysis, I think that the language I have offered fills this need.

If it does not, I am sure we can modify it.

I apologize for bringing it in at the last moment of consideration of this bill, but I have been tied up elsewhere, and I just got to the floor.

Mr. JOHNSTON. Well, I am strongly endorsing the sentiment that the Senator states. I can see differences not only in the language in the Federal Water Pollution Control Act and in the situation that controls mainly one State with a stationary thing as opposed to ships coming and going into the superport. We have limited liability of $14 million under the Federal Water Pollution Control Act.

Nevertheless, for my own part, and this reflects the Interior Committee, we are willing to accept the amendment provided the Senator will, as I am sure he will, work on the language to it, and we do not derogate it, so that we do not reach this situation that I first described where there may be no liability under State law and a higher under Federal law and a rush to the courthouse, so that we can adequately and fully protect the States; to that end, we will accept the amendment.

Mr. HOLLINGS. Mr. President, I do not think we are afforded that liberty. If we accept the amendment, and it is in the House provision, and now we accept it in the Senate provision, it is locked in.

If the Senator, in the very spirit I was discussing just a few minutes ago in which he has presented it, would receive and accept our assurance we will work it out with him, and if he and his staff and the staff of our several committees can find how to improve both, without confusion, without limitation, but actually add to it, then I think we ought to forego presenting this amendment at this time because if we accept it, the House has got it in, and we accept it here, then it is not subject to conference and we are locked in and cannot negotiate around what we are all trying to do.

Mr. MUSKIE. Let me suggest this. As I understand it, this $100 million is a recovery limit in the House bill, and there is no ceiling on the Senate bill. It seems to me that this difference gives the flexibility to also debate the standards of liability.

Mr. HOLLINGS. Not on the question of the language, we can use the House language.

Mr. MUSKIE. I understand the language is not on all fours. I do not agree with the House, there are differences in the language.

Mr. STEVENS. Would the Senator from Maine accept our complete assurances that if there is any problem at all with regard to what he seeks, we would include it? If we put it in now, we will not have any flexibility.

Mr. MUSKIE. Let me make a suggestion. This is wholly editorial, for the purpose of leaving the issue in conference. This is not to be interpreted as any commitment to this modification.

If we leave out the phrase "without regard to fault" which is in the House language, then the thrust of my purpose is still clear, and, that is we do not want preemption but we have given some bargaining room with respect to the standards of liability.

I am still for the House language, but I think that this may give enough flexibility. With that modification, I would certainly be willing to rely on the good faith of the Senate conferees to work this out, because I think it is a good bill. I do not want to hurt this bill.

Mr. HOLLINGS. Now, by eliminating "without regard to fault," I am reading from page 59 of the House bill, and that is exactly what that did, this section shall not be interpreted to preempt the field of liability, that is exactly the way we would read it; they do not have "without regard to fault."

Mr. MUSKIE. Yes, they do.

Mr. HOLLINGS. To preempt the field of liability without regard to fault, they have on the House side, so this would make the difference. I see. Without regard to fault or to preclude any State from imposing additional requirements.

I think we can accept something to create a difference, to bring about debate, to give us flexibility, and to allow us to go to conference.

Mr. MUSKIE. Mr. President, may I modify my amendment by deleting the phrase "without regard to fault" with the understanding on the part of all that this is for the purpose of directing the issues into conference?

The PRESIDING OFFICER. The Senator from Maine may modify his amendment. It is so modified.

The amendment, as modified, is as follows:

> On page 47, strike lines 8 through 12 and insert in lieu thereof the following:
>
> "(k) Preemption—(1) This section shall not be interpreted to preempt the field of liability or to preclude any State from imposing additional requirements or liability for any discharge of oil or natural gas from a deepwater port or a vessel within any safety zone.
>
> "(2) Any person who receives compensation for damages pursuant to this section shall be precluded from recovering compensation for the same damages pursuant to any other State or Federal law. Any person who receives compensation for damages pursuant to any other Federal or State law shall be precluded from receiving compensation for the same damages as provided in this section."

Mr. HOLLINGS. Let us make it crystal clear, we are not varying from the very substantial liability, and liability for all damages, contained in the Senate provision. We do not see how the States can improve on that, if they can we will look at it in conference.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. MUSKIE. I yield back my time.

Mr. HOLLINGS. I yield back the remainder of my time.

Mr. FANNIN. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HOLLINGS. The Senator from Michigan.

Mr. HART. If the Senator could yield me a few minutes, rather than my offering an amendment for discussion, I hope the discussion will avoid the need for an amendment.

There are two places in here, first on page 9 in subsection 7; the second on page 24 in section 7a, where there is a direction prior to issuance of a license, there shall be received an opinion from the Attorney General with respect to the effect under antitrust laws that might be involved in the proposed grant.

In both instances, the safeguard desired, I hope our intention is understood as not to be so narrow as to require an opinion, a finding, by the Attorney General or the Federal Trade Commission that there is an actual violation of the antitrust laws, but, rather, when we speak of its otherwise creating a situation in contravention of the antitrust laws we mean not inconsistent with the antitrust laws, is that a thorough understanding of our purpose?

Mr. HOLLINGS. It is.

As I understand it, obviously, the opinion would not have to say that this or that is in violation, because if it was a violation they would move to enforce the law. It would not be an opinion, it would be an indictment.

But what we are looking for is to evaluate anything in contravention or inconsistent with the antitrust provision.

Mr. HART. With that understanding, Mr. President.

Mr. HATHAWAY. I have a few questions regarding the liability provisions of this bill. The licensee of any deepwater port will be held strictly liable for any discharges of oil or natural gas into the ocean. The definition of deepwater port includes pipelines, equipment, and components to the extent they are seaward of the high water mark. I take it, then, that liability for any discharge into the ocean or along the beaches will be governed by this act so long as the discharge originated from a pipeline component or equipment of the deepwater port.

Mr. HOLLINGS. Yes.

Mr. HATHAWAY. And this includes discharges originating both within and outside the territorial seas.

Mr. HOLLINGS. Yes.

Mr. HATHAWAY. As to the liability for discharges from vessels, the vessel owner or operator is strictly liable while within the safety zone. I understand that this is a navigational safety zone around the deepwater port which will be defined by the Coast Guard. Now once the vessel, say a large supertanker, is outside the perimeter of this safety zone, will it still be subject to some form of liability under other laws and conventions?

Mr. HOLLINGS. Yes. Other laws would be operative, for example, the Oil Pollution Amendments of 1973.

Mr. HATHAWAY. But these other relevant laws do not impose strict liability or establish an unlimited liability fund as this bill does.

Mr. HOLLINGS. That is correct.

Mr. HATHAWAY. Section 18(n) of this bill provides for an oil spill liability study, as did a similar section in the Outer Continental Shelf bill which recently passed the Senate. Is it your intent that this liability study incorporate strict liability and the idea of an unlimited fund to cover damages from all oil spills?

Mr. HOLLINGS. Yes. We intend the study to develop a comprehensive oil spill liability plan which incorporates the principles provided in this bill.

Mr. ROTH. Mr. President, the Deepwater Ports Act of 1974 represents the culmination of many years of work, the ideas of many interested citizens, and the efforts of many distinguished members.

One provision of the legislation that is particularly important to me, and to my constituents, is section 4(c)(9), providing adjacent or potentially affected States a virtual veto power over any deepwater port development. This is a concept that my friend and former Senator Cale Boggs had introduced, and that I cosponsored as early as 1972. It is also a concept that I reintroduced during this session of Congress in my bill, S. 1558. Although my legislation would have expanded the veto authority to State legislatures, I am, nevertheless, pleased that veto authority has been vested in the States.

The veto provision is especially important to the several States that do not view the construction or subsequent landside development of a deepwater port as a means of enhancing that State's economy. It is reassuring that Congress is acting in such an affirmative manner to protect the integrity of the States and to guarantee an active voice in any such proposed development.

Mr. McCLURE. Mr. President, I wish to express my concern with section 5(i)(2) of this bill. This is the provision that creates for units of government a priority in the consideration of any deepwater port licenses.

I see no advantage to be gained when we give a governmental agency an automatic priority over tax-paying industry. Our economic system is based on private industry using risk capital to go forward, supporting the Government with taxes on its profits. Government should move into an area only when industry cannot do the job. If we allow Government, with all its advantages, to compete, I believe they should do so as an equal, not a priority, competitor.

This bill as reported gives local government an advantage beyond the many it already has. A governmental agency with a deepwater port plan has access to tax-free bonding. It can divert tax moneys into port development. It can even veto a proposal in competition, without justifying it. In its views on this issue, the Commerce Committee states on page 26:

> It has been shown by studies done by the Texas Offshore Terminal Commission that, if a public entity owns and operates a deepwater port, its ability to obtain tax-exempt bond financing and its willingness to forego the 7 percent profit margin allowed common carrier pipelines will reduce the cost savings expected if oil companies controlled the port.

Obviously, the Secretary will give weight to such factors as these in the economic comparison he will make of two or more applications for a single license. But do we need to place still another hurdle before private development in the form of this priority scheme? That final hurdle may discourage any participation at all by industry in the development of deepwater ports.

But if there exists, as some may argue, a danger that industry will conspire to monopolize oil imports through a deepwater port, I believe the antitrust danger is guarded against effectively in the section 7 antitrust reports, the section 8 common carrier provisions, and existing antitrust laws.

Any limitation on license competition, either by excluding one segment or by a priority system, may well hamper or even prevent development of the best possible deepwater ports at the lowest possible cost to the consumer.

Mr. WILLIAMS. Mr. President, the Deepwater Port Act of 1974 is the product of a unique cooperative arrangement among the committees on Commerce, Public Works, and Interior. The creation of the Special Joint Subcommittee on Deepwater Ports is most fitting in light of the significance of this piece of legislation.

The potential impact of a deepwater port is enormous not only upon the efficiency of oil transportations, but also upon the landside and marine environments. Indeed, it was largely a result of these environmental considerations that I introduced S. 180, the Coastal Environmental Protection Act, on the first day of the 93d Congress.

My principal concern was that the Governor of each coastal State adjacent to or affected by a deepwater terminal be provided an opportunity to approve or disapprove the project. I am most pleased that the special joint committee has included a provision in S. 4076 which is very similar to the one I originally proposed.

Section 9 of S. 4076 would require the Secretary of Transportation to forward a copy of a deepwater port application to the Governor of any State which: First, is connected by pipeline to the port; second, located within 15 miles of any component of the port; or third, would in the opinion of the Administrator of the National Oceanic and Atmospheric Administration experience substantial environmental risk as the result of an oil spill. The Governor would then have 45 days in which to approve or disapprove the project. If the Governor fails to notify the Secretary of his decision within that period, his approval is presumed. The Secretary must also incorporate as conditions of the license any reasonable terms that an adjacent coastal State requests in order to make deepwater port development compatible with the environmental programs of the State.

The people of New Jersey and many other States have shown they are determined to participate in the preservation of their natural resources. It is these same people who would be forced to live with the industrialization and environmental degradation attendant to construction of a deepwater terminal. In my judgment, those most directly affected ought to have a direct role in determining the location of a facility which would so significantly affect their lives. I feel that S. 4076 would afford them such a role.

Mr. President, I would like to commend the members of the joint subcommittee and of the three full committees for their work on this bill. I think that the Deepwater Port Act of 1974 represents a viable approach to the complex problems involved in the location, construction and operation of deepwater ports.

Mr. HUGH SCOTT. Third reading.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays on final passage.

Mr. HUGH SCOTT. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time the question is, Shall the bill pass? The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Alaska (Mr. GRAVEL), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) is absent on official business.

I further announce that, if present and voting, the Senator from Alaska (Mr. GRAVEL) and the Senator from Indiana (Mr. BAYH) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. PACKWOOD), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Nebraska (Mr. HRUSKA), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "yea."

The result was announced—yeas 78, nays 2, as follows:

[No. 470 Leg.]

YEAS—78

Aiken
Allen
Bartlett
Beall
Bennett
Bentsen
Brock
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cotton
Cranston
Curtis
Domenici
Eagleton
Eastland
Ervin
Fannin
Fulbright
Griffin
Gurney
Hansen
Hart
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Johnston
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stennis
Stevens
Stevenson
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams

NAYS—2

Abourezk
Biden

NOT VOTING—20

Baker
Bayh
Bellmon
Bible
Buckley
Church
Cook
Dole
Dominick
Fong
Goldwater
Gravel
Hartke
Hruska
Kennedy
Packwood
Scott, William L.
Sparkman
Stafford
Young

So the bill (S. 4076) was passed.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Committee on Commerce, the Committee on Interior and Insular Affairs, and the Committee on Public Works be discharged from further consideration of H.R. 10701 and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER (Mr. TUNNEY). Without objection, it is so ordered.

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 10701) to amend the Act of October 27, 1965, relating to public works on rivers and harbors, to provide for construction and operation of certain port facilities.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the bill.

Mr. HOLLINGS. Mr. President, I move to strike all after the enacting clause of H.R. 10701 and to substitute the text of S. 4076, as reported and as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 10701) was passed.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the title be changed to read:

"An act to regulate commerce, promote efficiency in transportation, and protect the environment, by establishing procedures for the location, construction, and operation of deepwater ports off the coasts of the United States, and for other purposes."

The PRESIDING OFFICER. Without objection, the title will be so amended.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the passage of S. 4076 be vitiated and that the bill be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized, in the engrossment of H.R. 10701, to make any technical and clerical amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that H.R. 10701 be printed in the RECORD as passed by the Senate, and that it be printed for the use of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

H.R. 10701

That this Act may be cited as the "Deepwater Port Act of 1974".

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DECLARATION OF POLICY

SEC. 2. (a) PURPOSES.—It is declared to be the purposes of the Congress in this Act to—

(1) authorize and regulate the location, ownership, construction, and operation of deepwater ports in waters beyond the territorial limits of the United States;

(2) provide for the protection of the marine and coastal environment to prevent or minimize any adverse impact which occur as a consequence of the development of such ports;

(3) protect the interests of the United States and those of adjacent coastal States in the location, construction, and operation of deepwater ports; and

(4) protect the rights and responsibilities of States and communities to regulate growth, determine land use, and otherwise protect the environment in accordance with law.

(b) DISCLAIMER.—The Congress declares that nothing in this Act shall be construed to affect the legal status of the high seas, the superjacent airspace, or the seabed and subsoil, including the Continental Shelf.

DEFINITIONS

SEC. 3. As used in this Act, unless the context otherwise requires, the term—

(1) "adjacent coastal State" means any coastal State which (A) would be directly connected by pipeline to a deepwater port as proposed in an application; (B) would be located within 15 miles of any such proposed deepwater port; or (C) is designated by the Administrator of the National Oceanic and Atmospheric Administration pursuant

to section 9(a)(2) of this Act as a State to which there is a substantial risk of serious damage to its coastal environment because of such factors as prevailing winds and currents as a result of oil spill incidents which originate from any proposed deepwater port or from any vessel located within a safety zone around such deepwater port;

(2) "affiliate" means any entity owned or controlled by, any person who owns or controls, or any entity which is under common ownership or control with an applicant, licensee, or any person required to be disclosed pursuant to section 5(c)(2) (A) or (B);

(3) "antitrust laws" includes, the Act of July 2, 1890, as amended; the Act of October 15, 1914, as amended; the Federal Trade Commission Act (15 U.S.C. 41 et seq.); and sections 73 and 74 of the Act of August 27, 1894, as amended;

(4) "application" means any application submitted under this Act (A) for a license for the ownership, construction, and operation of a deepwater port; (B) for transfer of any such license; or (C) for any substantial change in any of the conditions and provisions of any such license;

(5) "citizen of the United States" means any person who is a United States citizen by law, birth, or naturalization, any State, any agency of a State or a group of States, or any corporation, partnership, or association organized under the laws of any State;

(6) "coastal environment" means the navigable waters (including the lands therein and thereunder) and the adjacent shorelines (including waters therein and thereunder). The term includes transitional and intertidal areas, bays, lagoons, salt marshes, estuaries, and beaches; the fish, wildlife and other living resources thereof; and the recreational and scenic values of such lands, waters and resources;

(7) "coastal State" means any State of the United States in or bordering on the Atlantic, Pacific, or Arctic Oceans, or the Gulf of Mexico;

(8) "construction" means the supervising, inspection, actual building, and all other activities incidental to the building, repairing, or expanding of a deepwater port or any of its components, including, but not limited to, pile driving and bulkheading, and alterations, modifications, or additions to the deepwater port;

(9) "control" means the power, directly or indirectly, to determine the policy, business practices, or decisionmaking process of another person, whether by stock or other ownership interest, by representation on a board of directors or similar body, by contract or other agreement with stockholders or others, or otherwise;

(10) "deepwater port" means any fixed or floating manmade structures other than a vessel, or any group of such structures, located beyond the territorial sea and off the coast of the United States and which are used or intended for use as a port or terminal for the loading or unloading and further handling of oil or natural gas for transportation to any State. The term includes all associated components and equipment, including pipelines, pumping stations, service platforms, mooring buoys, and similar appurtenances to the extent they are located seaward of the high water mark. A deepwater port shall be considered a "new source" for purposes of the Clean Air Act, as amended, and the Federal Water Pollution Control Act, as amended;

(11) "Governor" means the Governor of a State or the person designated by State law to exercise the powers granted to the Governor pursuant to this Act;

(12) "licensee" means a citizen of the United States holding a valid license for the ownership, construction, and operation of a deepwater port that was issued, transferred, or renewed pursuant to this Act;

(13) "marine environment" includes the coastal environment, waters of the contiguous zone, and waters of the high seas; the fish, wildlife, and other living resources of such waters; and the recreational and scenic values of such waters and resources;

(14) "natural gas" means natural gas, liquefied natural gas, artificial or synthetic gas, or any mixture thereof or derivative therefrom;

(15) "oil" means petroleum, crude oil, and any substance refined from petroleum or crude oil;

(16) "person" includes an individual, a public or private corporation, a partnership or other association, or a government entity;

(17) "safety zone" means the safety zone established around a deepwater port as determined by the Secretary in accordance with section 10(d) of this Act;

(18) "Secretary" means, except as otherwise specifically provided, the Secretary of the department in which the Coast Guard is operating;

(19) "State" includes each of the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States; and

(20) "vessel" means every description of watercraft or other artificial contrivance used as a means of transportation on or through the water.

LICENSE FOR THE OWNERSHIP, CONSTRUCTION, AND OPERATION OF A DEEPWATER PORT

SEC. 4. (a) GENERAL.—No person may engage in the ownership, construction, or operation of a deepwater port except in accordance with a license issued pursuant to this Act. No person may transport or otherwise transfer any oil or natural gas between a deepwater port and the United States unless such port has been so licensed and the license is in force.

(b) AUTHORITY.—The Secretary is authorized, upon application and in accordance with the provisions of this Act, to issue, transfer, amend, or renew a license for the ownership, construction, and operation of a deepwater port.

(c) PREREQUISITES TO ISSUANCE OF LICENSES.—The Secretary may issue a license in accordance with the provisions of this Act if—

(1) he determines that the applicant is financially responsible and will meet the requirements of section 18(1) of this Act;

(2) he determines that the applicant can and will comply with applicable laws, regulations, and license conditions;

(3) he determines that the construction and operation of the deepwater port will be in the national interest and consistent with national security and other national policy goals and objectives, including energy sufficiency and environmental quality;

(4) he determines that the deepwater port will not unreasonably interfere with international navigation or other reasonable uses of the high seas, as defined by treaty, convention, or customary international law;

(5) he determines, in accordance with the environmental review criteria established pursuant to section 6 of this Act, that the applicant has demonstrated that the deepwater port will be constructed and operated using best available technology, so as to prevent or minimize adverse impact on the marine environment;

(6) he has not been informed, within 45 days of the last public hearing on a proposed license for a designated application area, by the Administrator of the Environmental Protection Agency that the deepwater port will not conform with all applicable provisions of the Clean Air Act, as amended, the Federal Water Pollution Control Act, as amended, or the Marine Protection, Research and Sanctuaries Act, as amended;

(7) he has received the opinions of the Federal Trade Commission and the Attorney General, pursuant to section 7 of this Act, as to whether issuance of the license would adversely affect competition, restrain trade, promote monopolization, or otherwise create a situation in contravention of the antitrust laws;

(8) he has consulted with the Secretary of the Army, the Secretary of State, and the Secretary of Defense, to determine their views on the adequacy of the application, and its effect on programs within their respective jurisdictions;

(9) the Governor of the adjacent coastal State or States, pursuant to section 9 of this Act, approves, or is presumed to approve, issuance of the license; and

(10) the adjacent coastal State to which the deepwater port is to be directly connected by pipeline has developed, or is making, at the time the application is submitted, reasonable progress, as determined in accordance with section 9(c) of this Act, toward developing, an approved coastal zone management program pursuant to the Coastal Zone Management Act of 1972.

(d) PORT EVALUATION.—If an application is made under this Act for a license to construct a deepwater port facility off the coast of a State, and a port of such State which on the date of such application—

(1) has existing plans for construction of a deep draft channel and harbor;

(2) has either (A) an active study by the Secretary of the Army relating to the construction of a deep draft channel and harbor, or (B) a pending application for a permit under section 10 of the Act of March 3, 1899 (30 Stat. 1121), for such construction; and

(3) applies to the Secretary for a determination under this section within 30 days of the date of the license application;

the Secretary shall not issue a license under this Act until he has examined and compared the economic, social, and environmental effects of the construction and operation of the deepwater port with the economic, social, and environmental effects of the construction, expansion, deepening, and operation of such State port, and has determined which project best serves the national interest or that both developments are warranted. The Secretary's determination shall be discretionary and nonreviewable.

(e) CONDITIONS OF LICENSES.—(1) In issuing a license for the ownership, construction, and operation of a deepwater port, the Secretary shall prescribe any conditions which he deems necessary to carry out the provisions of this Act, or which are otherwise required by any Federal department or agency pursuant to the terms of this Act.

(2) No license shall be issued, transferred, or renewed under this Act unless the licensee or transferee first agrees in writing that (A) there will be no substantial change from the plans, operational systems, and methods, procedures, and safeguards set forth in his application, as approved, without prior approval in writing from the Secretary; and (B) he will comply with any condition the Secretary may prescribe in accordance with the provisions of this Act.

(3) The Secretary shall establish such bonding requirements or other assurances as he deems necessary to assure that, upon the revocation or termination of a license, the licensee will remove all components of the deepwater port: *Provided*, That in the case of components lying in the subsoil below the seabed, the Secretary is authorized to waive the removal requirements if he finds that such removal is not otherwise necessary and that the remaining components do not constitute any threat to navigation or to the environment.

(f) TRANSFER OF LICENSES.—Upon application, licenses issued under this Act may be transferred if the Secretary determines that such transfer is in the public interest and that the transferee meets the requirements of this Act and the prerequisites to issuance under subsection (c) of this section.

(g) ELIGIBILITY FOR A LICENSE.—Any person who is a citizen of the United States and who otherwise qualifies under the terms of this Act shall be eligible to be issued a license for the ownership, construction, and operation of a deepwater port.

(h) TERM AND RENEWAL OF LICENSES.—Licenses issued under this Act shall be for a term of not to exceed 20 years. Each licensee shall have a preferential right to renew his license subject to the requirements of subsection (c) of this section, upon such conditions and for such term, not to exceed an additional 10 years upon each renewal, as the Secretary determines to be reasonable and appropriate.

PROCEDURE

SEC. 5. (a) REGULATIONS.—The Secretary shall, as soon as practicable after the date of enactment of this Act, and after consultation with other Federal agencies, issue regulations to carry out the purposes and provisions of this Act, in accordance with the provisions of section 553 of title 5, United States Code, without regard to subsection (a) thereof. Such regulations shall pertain to, but need not be limited to, application, issuance, transfer, renewal, suspension, and termination of licenses. Such regulations shall provide for full consultation and cooperation with all other interested Federal agencies and departments and with any potentially affected coastal State, and for consideration of the views of any interested members of the general public. The Secretary is further authorized, consistent with the purposes and provisions of this Act to amend or rescind any such regulation.

(b) SITE EVALUATION.—The Secretary, in consultation with the Secretary of the Interior and the Administrator of the National Oceanic and Atmospheric Administration, shall, as soon as practicable after the date of enactment of this Act, prescribe regulations relating to those activities involved in site evaluation and preconstruction testing at potential deepwater port locations that may (1) adversely affect the environment; (2) interfere with authorized uses of the Outer Continental Shelf; or (3) pose a threat to human health and welfare. Such activity may thenceforth not be undertaken except with the approval of the Secretary and in accordance with regulations prescribed pursuant to this subsection. Such regulations shall be consistent with the purpose of this Act and shall include conditions, terms, and the manner in which such approval may be obtained.

(c) SUBMISSION OF PLANS.—(1) Any person making an application under this Act shall submit detailed plans to the Secretary. Within 21 days after the receipt of an application, the Secretary shall determine whether the application appears to contain all of the information required by paragraph (2) hereof. If the Secretary determines that such information appears to be contained in the application, the Secretary shall no later than 5 days after making such a determination, publish notice of the application and a summary of the plans in the Federal Register. If the Secretary determines that all of the required information does not appear to be contained in the application, the Secretary shall notify the applicant and take no further action with respect to the application until such deficiencies have been remedied.

(2) Each application shall include such financial, technical, and other information as the Secretary deems necessary or appropriate. Such information shall include, but need not be limited to—

(A) the name, address, citizenship, telephone number, and the ownership interest in the applicant, of each person having any ownership interest in the applicant of greater than 3 per centum;

(B) to the extent feasible, the name, address, citizenship, and telephone number of any person with whom the applicant has made, or proposes to make, a significant contract for the construction or operation of the deepwater port, and a copy of any such contract;

(C) the name, address, citizenship, and telephone number of each affiliate of the applicant and of any person required to be disclosed pursuant to subparagraphs (A) or (B) of this paragraph, together with a description of the manner in which such affiliate is associated with the applicant or any person required to be disclosed under subparagraph (A) or (B) of this paragraph;

(D) the proposed location and capacity of the deepwater port, including all components thereof;

(E) the type and design of all components of the deepwater port and any storage facilities associated with the deepwater port;

(F) with respect to construction in phases, a detailed description of each phase, including anticipated dates of completion for each of the specific components thereof;

(G) the location and capacity of existing and proposed storage facilities and pipelines which will store or transport oil or natural gas transported through the deepwater port, to the extent known by the applicant or any person required to be disclosed pursuant to subparagraphs (A), (B), or (C) of this paragraph;

(H) with respect to any existing and proposed refineries which will receive oil transported through the deepwater port, the location and capacity of each such refinery and the anticipated volume of such oil to be refined by each such refinery, to the extent known by the applicant or any person required to be disclosed pursuant to subparagraphs (A), (B), or (C) of this paragraph;

(I) the financial and technical capabilities of the applicant to construct or operate the deepwater port;

(J) other qualifications of the applicant to hold a license under this Act;

(K) a description of procedures to be used in constructing, operating, and maintaining the deepwater port, including systems of oil spill prevention, containment, and cleanup; and

(L) such other information as may be required by the Secretary to determine the environmental impact of the proposed deepwater port.

(d) APPLICATION AREA.—(1) At the time notice of an application is published pursuant to subsection (c) of this section, the Secretary shall publish a description in the Federal Register of an application area encompassing the deepwater port site proposed by such application and within which construction of the proposed deepwater port would eliminate, at the time such application was submitted, the need for any other deepwater port within that application area.

(2) As used in this section, "application area" means any reasonable geographical area within which a deepwater port may be constructed and operated: *Provided*, That such application area shall not exceed a circular zone, the center of which is the port, and the radius of which is the distance from such port to the high water mark of the nearest adjacent coastal State.

(3) The Secretary shall accompany such publication with a call for submission of any other applications for licenses for the ownership, construction, and operation of a deepwater port within the designated application area. Persons intending to file applications for such license shall submit a notice of intent to file an application with the Secretary not later than 60 days after the publication of notice pursuant to subsection (c) of this section and shall submit the completed application no later than 90 days after publication of such notice. The Secretary shall publish notice of any such application received in accordance with subsection (c) of this section. No application for a license for the ownership, construction, and operation of a deepwater port within the designated application area for which a notice of intent to file was received after such 60-day period, or which is received after such 90-day period has elapsed, shall be considered until the applications pending with respect to such application area have been either denied or approved pursuant to this Act.

(e) AGENCY COORDINATION.—(1) Not later than 30 days after the date of enactment of this Act, the Secretary of the Interior, the Administrator of the Environmental Protection Agency, the Chief of the Corps of Engineers, the Administrator of the National Oceanic and Atmospheric Administration, and the heads of any other Federal departments or agencies having expertise concerning, or jurisdiction over, any aspect of the construction or operation of deepwater ports shall transmit to the Secretary written comments as to their expertise or statutory responsibilities pursuant to this Act or any other Federal law.

(2) An application filed with the Secretary shall constitute an application for all Federal authorizations required for ownership, construction, and operation of a deepwater port. At the time notice of my application is published pursuant to subsection (c) of this section, the Secretary shall forward a copy of such application to those Federal agencies and departments with jurisdiction over any aspect of such ownership, construction, or operation for comment, review, or recommendation as to conditions and for such other action as may be required by law. Each agency or department involved shall review the application and, based upon legal considerations within its area of responsibility, recommend to the Secretary the approval or disapproval of the application not later than 45 days after the last public hearing on a proposed license for a designated application area. In any case in which the agency or department recommends disapproval, it shall set forth in detail the manner in which the application does not comply with any law or regulation within its area of responsibility and shall notify the Secretary how the application may be amended so as to bring it into compliance with the law or regulation involved.

(f) ENVIRONMENTAL IMPACT STATEMENT.—For all applications covering a single application area, the Secretary, in cooperation with other involved Federal agencies and departments, shall, pursuant to section 102(2) (C) of the National Environmental Policy Act, prepare a single, detailed environmental impact statement, which shall fulfill the requirement of all Federal agencies in carrying out their responsibilities pursuant to this Act to prepare an environmental impact statement. In preparing such statement the Secretary shall consider the criteria established under section 6 of this Act.

(g) HEARING REQUIREMENT.—A license may be issued, transferred, or renewed only after public notice and public hearings in accordance with this subsection. At least one such public hearing shall be held in each adjacent coastal State. Any interested person may present relevant material at any hearing. After hearings in each adjacent coastal State are concluded, if the Secretary determines that there exists one or more specific and material factual issues which may be resolved by a formal evidentiary hearing, at least one adjudicatory hearing shall be held in accordance with the provisions of section 554 of title 5, United States Code, in the District of Columbia. The record developed in any such adjudicatory hearing shall be basis of the Secretary's decision to approve or deny a license. Hearings held pursuant to this subsection shall be consolidated insofar as practicable with hearings held by other agencies. All public hearings on all applications for any designated application area shall be consolidated and shall be concluded not later than 240 days after notice of the initial application has been published pursuant to section 5(c) of this Act.

(h) Reimbursement of Costs.—(1) Each person applying for a license pursuant to this Act shall remit to the Secretary at the time the application is filed a nonrefundable application fee established by regulation by the Secretary. In addition, an applicant shall also reimburse the United States and the appropriate adjacent coastal State for any additional costs incurred in processing an application.

(2) A licensee shall annually reimburse the United States and each appropriate adjacent coastal State for all reasonable administrative and other costs in excess of the application fee, including environmental evaluations, incurred in monitoring the construction, operation, maintenance, and termination of any deepwater port or way component thereof.

(3) A licensee shall pay annually in advance the fair market rental value (as determined by the Secretary of the Interior) of the subsoil and seabed of the Outer Continental Shelf of the United States to be utilized by the deepwater port, including the fair market rental value of the right-of-way necessary for the pipeline segment of the port located on such subsoil and seabed.

(i) Secretary's Decision.—(1) The Secretary shall approve or deny any application for a designated application area submitted pursuant to this Act not later than 90 days after the last public hearing on a proposed license for that area.

(2) In the event more than one application is submitted for an application area, the Secretary, unless one of the proposed deepwater ports clearly best serves the national interest, shall issue a license according to the following order of priorities:

(A) to an adjacent coastal State (or combination of States), any political subdivision thereof, or agency or instrumentality, including a wholly owned corporation of any such government;

(B) to a person who is neither (i) engaged in producing, refining, or marketing oil or natural gas, nor (ii) an affiliate of any person who is engaged in producing, refining, or marketing oil or natural gas or an affiliate of any such affiliate;

(C) to any other person.

(3) In determining whether any one proposed deepwater port clearly best serves the national interest, the Secretary shall consider the following factors:

(A) the degree to which the proposed deepwater ports affect the environment, as determined under criteria established pursuant to section 6 of this Act;

(B) the reliability of the proposed deepwater ports as a source of oil or natural gas;

(C) any significant differences between anticipated completion dates for the proposed deepwater ports; and

(D) any differences in costs of construction and operation of the proposed deepwater ports, to the extent that such differential may significantly affect the ultimate cost of oil or natural gas to the consumer.

ENVIRONMENTAL REVIEW CRITERIA

Sec. 6. (a) General.—The Secretary, in accordance with the recommendations of the Administrator of the Environmental Protection Agency and the Administrator of the National Oceanic and Atmospheric Administration and after consultation with any other Federal departments and agencies having jurisdiction over any aspect of the construction or operation of a deepwater port, shall establish, as soon as practicable after the date of enactment of this Act, environmental review criteria consistent with the National Environmental Policy Act. Such criteria shall be used to evaluate a deepwater port as proposed in an application, including—

(1) the effect on the marine environment;

(2) the effect on oceanographic currents and wave patterns;

(3) the effect on alternate uses of the oceans and navigable waters, such as scientific study, fishing, and exploitation of other living and nonliving resources;

(4) the potential dangers to a deepwater port from waves, winds, weather, and geological conditions, and the steps which can be taken to protect against or minimize such dangers;

(5) effects of land-based developments related to deepwater port development;

(6) the effect on human health and welfare; and

(7) such other considerations as the Secretary deems necessary or appropriate.

(b) Review.—The Secretary shall periodically review and, whenever necessary, revise in the same manner as originally developed, criteria established pursuant to subsection (a) of this section.

(c) Procedure.—Criteria established pursuant to this section shall be developed concurrently with the regulations in section 5 (a) of this Act and in accordance with the provisions of that subsection.

ANTITRUST REVIEW

Sec. 7. (a) General.—The Secretary shall not issue, transfer, or renew any license pursuant to section 4 of this Act unless he has received the opinions of the Attorney General of the United States and the Federal Trade Commission as to whether such action would adversely affect competition, restrain trade, promote monopolization, or otherwise create a situation in contravention of the antitrust laws. The issuance of a license under this Act shall not be admissible in any way as a defense to any civil or criminal action for violation of the antitrust laws of the United States, nor shall it in any way modify or abridge any private right of action under such laws.

(b) Procedure.—(1) Whenever any application for issuance, transfer, substantial change in, or renewal of any license is received, the Secretary shall transmit promptly to the Attorney General and the Federal Trade Commission a complete copy of such application. Within 45 days following the last public hearing, the Attorney General and the Federal Trade Commission shall each prepare and submit to the Secretary a report assessing the competitive effects which may result from issuance of the proposed license and the opinions described in subsection (a) of this section. If either the Attorney General or the Federal Trade Commission, or both, fails to file such views within such period, the Secretary shall proceed as if he had received such views.

(2) Nothing in this section shall be construed to bar the Attorney General or the Federal Trade Commission from challenging any anticompetitive situation involved in the ownership, construction or operation of a deepwater port.

(3) Nothing contained in this section shall impair, amend, broaden, or modify any of the antitrust laws.

COMMON CARRIER STATUS

Sec. 8. (a) General.—(1) For the purpose of chapter 39 of title 18, United States Code (18 U.S.C. 831–837), and part I of the Interstate Commerce Act (49 U.S.C. 1–27), a deepwater port and storage facilities serviced directly by such deepwater port shall be subject to regulation as a common carrier in accordance with the Interstate Commerce Act, as amended.

(2) For the purpose of the Natural Gas Act (15 U.S.C. 717 et seq.), a deepwater port and storage facilities serviced directly by such deepwater port shall be subject to regulation in accordance with the Natural Gas Act, as amended.

(b) Discrimination Barred.—A licensee under this Act shall accept, transport, or convey without discrimination all oil and natural gas delivered to the deepwater port with respect to which its license is issued. Whenever the Secretary has reason to believe that a licensee is not operating a deepwater port, any storage facility or component thereof, in compliance with its obligations as a common carrier, the Secretary shall commence an appropriate proceeding before the Interstate Commerce Commission or the Federal Power Commission, or he shall request the Attorney General to take appropriate steps to enforce such obligation and, where appropriate, to secure the imposition of appropriate sanctions. The Secretary may, in addition, proceed as provided in section 12 of this Act to suspend or terminate the license of any person so involved.

ADJACENT COASTAL STATES

Sec. 9. (a) Designation.—(1) The Secretary, in issuing notice of application pursuant to section 5(c) of this Act, shall designate as an "adjacent coastal State" any coastal State which, (A) would be directly connected by pipeline to a deepwater port as proposed in an application, or (B) would be located within 15 miles of any such proposed deepwater port.

(2) The Administrator of the National Oceanic and Atmospheric Administration shall, no later than 60 days after publication of notice pursuant to section 5(c) of this Act, (A) designate as an "adjacent coastal State" any coastal State as to which there is substantial risk of serious damage, because of such factors as prevailing winds and currents, to its coastal environment as a result of oil spill incidents that originate from the proposed deepwater port or from any vessel located within a safety zone around such deepwater port, and (B) notify the Secretary and publish notice of such designation.

(b) Coordination.—(1) Not later than 10 days after the designation of adjacent coastal States pursuant to this Act, the Secretary shall transmit a complete copy of the application to the Governor of each adjacent coastal State. The Secretary shall not issue a license without the approval of the Governor of each adjacent coastal State. If the Governor fails to transmit his approval or disapproval to the Secretary not later than 45 days after the last public hearing on applications for a particular application area, such approval shall be conclusively presumed. If the Governor notifies the Secretary that an application, which would otherwise be approved pursuant to this paragraph, is inconsistent with State programs relating to environmental protection, land and water use, and coastal zone management, the Secretary shall condition the license granted so as to make it consistent with such State programs.

(2) Any other interested State shall have the opportunity to make its views known to, and shall be given full consideration by, the Secretary regarding the location, construction, and operation of a deepwater port.

(c) Coastal Zone Management.—The Secretary shall not issue a license unless the adjacent coastal State to which the deepwater port is to be directly connected by pipeline has developed, or is making, at the time the application is submitted, reasonable progress toward developing an approved coastal zone management program pursuant to the Coastal Zone Management Act of 1972 in the area to be directly and primarily impacted by land and water development in the coastal zone resulting from such deepwater port. For the purposes of this Act, a State shall be considered to be making reasonable progress if it is receiving a planning grant pursuant to section 305 of the Coastal Zone Management Act.

(d) Interstate Compacts.—The consent of Congress is given to two or more coastal States to negotiate and enter into agreements or compacts, not in conflict with any law or treaty of the United States, (1) to apply for a license for the ownership, construction, and operation of a deepwater port or for the transfer of such license; and (2) to establish such agencies, joint or otherwise, as are deemed necessary or appropriate for implementing and carrying out the provisions of any such agreement or compact. Such agreement or compact shall be binding and obligatory upon any State or party thereto without further approval by Congress.

MARINE ENVIRONMENTAL PROTECTION AND NAVIGATIONAL SAFETY

SEC. 10. (a) GENERAL.—(1) Subject to recognized principles of international law, the Secretary shall prescribe by regulation and enforce procedures with respect to any deepwater port, including, but not limited to, rules governing vessel movement, loading and unloading procedures, designation and marking of anchorage areas, maintenance, law enforcement, and the equipment, training, and maintenance required (A) to prevent pollution of the marine environment, (B) to clean up any pollutants which may be discharged, and (C) to otherwise prevent or minimize any adverse impact from the construction and operation of such deepwater port.

(2) Regulations promulgated pursuant to this subsection shall require all oil carrying vessels using a deepwater port licensed under this Act to comply with any regulations established under section 4417a of the Revised Statutes, as amended.

(b) LIGHTS AND OTHER WARNING DEVICES AND SAFETY EQUIPMENT.—The Secretary shall issue and enforce regulations with respect to lights and other warning devices, safety equipment, and other matters relating to the promotion of safety of life and property in any deepwater port and the waters adjacent thereto.

(c) PROTECTION OF NAVIGATION.—The Secretary shall mark, for the protection of navigation, any component of a deepwater port whenever the licensee fails to mark such component in accordance with applicable regulations. The licensee shall pay the cost of such marking.

(d) SAFETY ZONES.—(1) Subject to recognized principles of international law and after consultation with the Secretary of the Interior, the Secretary of Commerce, the Secretary of State, and the Secretary of Defense, the Secretary shall designate a zone of appropriate size around any deepwater port for the purpose of navigational safety. In such zone, no installations, structures, or uses will be permitted that are incompatible with the operation of the deepwater port. The Secretary shall by regulation define permitted activities within such zone. The Secretary shall, not later than 30 days after publication of notice pursuant to section 5(c) of this Act, designate such safety zone with respect to any proposed deepwater port.

(2) In addition to any other regulations, the Secretary is authorized, in accordance with this subsection, to establish a safety zone to be effective during the period of construction of a deepwater port and to issue rules and regulations relating thereto.

INTERNATIONAL AGREEMENTS

SEC. 11. The Secretary of State, in consultation with the Secretary, shall seek effective international action and cooperation in support of the policy and purposes of this Act and may formulate, present, or support specific proposals in the United Nations and other competent international organizations for the development of appropriate international rules and regulations relative to the construction, ownership, and operation of deepwater ports, with particular regard for measures that assure protection of such facilities as well as the promotion of navigational safety in the vicinity thereof.

SUSPENSION OR TERMINATION OF LICENSES

SEC. 12. (a) GENERAL.—Failure of a licensee to comply with any applicable provision of this Act, or any applicable rule, regulation, or condition issued or imposed by the Secretary under authority of this Act, shall be grounds for suspension or termination of the license. If, after (1) due notice to the licensee; (2) a reasonable opportunity for the licensee to correct any such failure to comply; and (3) an appropriate administrative proceeding in accordance with the provisions of section 554 of title 5, United States Code, the Secretary determines that any such grounds exist and that such sanction is, in his discretion, justified, he may suspend or terminate the license. No administrative proceeding is necessary if the license, by its terms, provides for automatic suspension or termination upon the occurrence of a fixed or agreed upon condition, event, or time.

(b) IMMEDIATE SUSPENSION.—If the Secretary determines that immediate suspension of the construction or operation of a deepwater port or any component thereof is necessary to protect public health or safety or to eliminate imminent and substantial danger to the environment, he shall order the licensee to cease or alter such construction or operation pending the completion of an administrative proceeding.

(c) ABANDONMENT.—Deliberate failure of the licensee for any continuous 2-year period to use the license for the purpose for which it was granted or renewed shall create a rebuttable presumption of abandonment which, if not rebutted, shall result in the revocation or termination of such license.

(d) PROCEDURE.—The Secretary or his delegate shall have the authority to issue and enforce orders during proceedings brought under this Act. Such authority shall include the authority to issue subpoenas, administer oaths, compel the attendance and testimony of witnesses or the production of books, papers, documents, and other evidence, to take depositions before any designated individual competent to administer oaths, and to examine witnesses.

RECORDKEEPING AND INSPECTION

SEC. 13. (a) RECORDS.—Each licensee shall establish and maintain such records, make such reports, and provide such information as the Secretary, after consultation with other interested Federal departments and agencies, shall by regulation prescribe to carry out the provision of this Act: *Provided* That such regulations shall not amend, contradict or duplicate regulations established pursuant to part I of the Interstate Commerce Act or any other law. Each licensee shall submit such reports and shall make such records and information available as the Secretary may request.

(b) INSPECTION.—Any officer or employee duly designated by the Secretary, upon presenting appropriate credentials to any licensee, shall be allowed access to a deepwater port, or any property associated with such facility, to determine whether such licensee has acted, or is acting, in compliance with the provisions of the license and of this Act. Such officer or employee may inspect, at reasonable times, records, files, papers, processes, controls, and facilities and may test any feature of a deepwater port. Each inspection shall be conducted with reasonable promptness, and such licensee shall be notified of the results of such inspection.

PUBLIC ACCESS TO INFORMATION

SEC. 14. (a) GENERAL.—Copies of any communication, document, report, or information transmitted between any official of the Federal Government and any person concerning a deepwater port shall be made available to the public for inspection, and shall be available for the purpose of reproduction at a reasonable cost, to the public upon identifiable request, unless such information may not be publicly released under the terms of subsection (b) of this section. Except as provided in subsection (b) of this section, nothing contained in this section shall be construed to require the release of any information of the kind described in subsection (b) of section 552 of title 5, United States Code, or which is otherwise protected by law from disclosure to the public.

(b) EXCEPTION.—The Secretary shall not disclose information obtained by him under this Act that concerns or relates to a trade secret, referred to in section 1905 of title 18, United States Code, except that such information may be disclosed, in a manner which is designed to maintain confidentiality—

(1) to other Federal and adjacent coastal State government departments and agencies for official use, upon request;

(2) to any committee of Congress having jurisdiction over the subject matter to which the information relates, upon request;

(3) to any person in any judicial proceeding, under a court order formulated to preserve such confidentiality without impairing the proceedings; and

(4) to the public in order to protect health and safety, after notice and opportunity for comment in writing or for discussion in closed session within fifteen days by the party to which the information pertains (if the delay resulting from such notice and opportunity for comment would not be detrimental to the public health and safety).

REMEDIES

SEC. 15. (a) CRIMINAL VIOLATIONS.—Any person who willfully violates any provision of this Act or any rule, order, or regulation issued pursuant thereto shall on conviction be fined not more than $25,000 for each day of violation or imprisoned for not more than 1 year, or both.

(b) CIVIL PENALTIES.—(1) Whenever on the basis of any information available to him the Secretary finds that any person is in violation of any provision of this Act or any rule, regulation, order, license, or condition thereof, or other requirements under this Act, he shall issue an order requiring such person to comply with such provision or requirement, or he shall bring a civil action in accordance with paragraph (3) of this subsection.

(2) Any order issued under this subsection shall state with reasonable specificity the nature of the violation and a time for compliance, not to exceed thirty days, which the Secretary determines is reasonable, taking into account the seriousness of the violation and any good faith efforts to comply with applicable requirements.

(3) The Secretary is authorized to commence a civil action for appropriate relief, including a permanent or temporary injunction or a civil penalty not to exceed $25,000 per day of such violation, for any violation for which he is authorized to issue a compliance order under paragraph (1) of this subsection. Any action under this subsection may be brought in the district court of the United States for the district in which the defendant is located or resides or is doing business, and such court shall have jurisdiction to restrain such violation, require compliance, or impose such penalty.

(c) SPECIFIC RELIEF.—The Attorney General or the Secretary may bring an action in an appropriate district court of the United States for equitable relief to redress a violation by any person of any provision of this Act, any regulation under this Act, or any license condition. The district courts of the United States shall have jurisdiction to grant such relief as is necessary or appropriate, including mandatory or prohibitive injunctive relief, interim equitable relief, compensatory damages, and punitive damages.

CITIZEN CIVIL ACTION

SEC. 16. (a) ACTION AUTHORIZED.—Except as provided in subsection (b) of this section, any person may commence a civil action for equitable relief on his own behalf, whenever such action constitutes a case or controversy—

(1) against any person (including (A) the United States, and (B) any other governmental instrumentality or agency to the extent permitted by the eleventh amendment to the Constitution) who is alleged to be in violation of any provision of this Act or any condition of a license issued pursuant to this Act; or

(2) against the Secretary where there is alleged a failure of the Secretary to perform any act or duty under this Act which is not discretionary with the Secretary. Any action brought against the Secretary under this paragraph shall be brought in the district court for the District of Columbia or the district of the appropriate adjacent coastal State.

In suits brought under this Act, the district courts shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to enforce any provision of this Act or any condition of a license issued pursuant to this Act, or to order the Secretary to perform such act or duty, as the case may be.

(b) ACTION BARRED.—No civil action may be commenced—

(1) under subsection (a)(1) of this section—

(A) prior to 60 days after the plaintiff has given notice of the violation (i) to the Secretary and (ii) to any alleged violator, or

(B) if the Secretary or the Attorney General has commenced and is diligently prosecuting a civil or criminal action with respect to such matters in a court of the United States, but in any such action any person may intervene as a matter of right,

(2) under subsection (a)(2) of this section prior to 60 days after the plaintiff has given notice of such action to the Secretary. Notice under this subsection shall be given in such a manner as the Secretary shall prescribe by regulation.

(c) GOVERNMENT INTERVENTION.—In any action under this section, the Secretary or the Attorney General, if not a party, may intervene as a matter of right.

(d) COSTS.—The Court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party whenever the court determines that such an award is appropriate.

(e) OTHER ACTIONS.—Nothing in this section shall restrict any right which any person (or class of persons) may have under any statute or common law to seek enforcement or to seek any other relief.

JUDICIAL REVIEW

SEC. 17. Any person suffering legal wrong, or who is adversely affected or aggrieved by the Secretary's decision to issue, transfer, modify, renew, suspend, or revoke a license may, not later than 60 days after any such decision is made, seek judicial review of such decision in the United States Court of Appeals for the circuit within which the nearest adjacent coastal State is located.

LIABILITY

SEC. 18. (a) PROHIBITION.—(1) The discharge of oil or natural gas into the marine environment from a vessel within any safety zone, from a vessel which has received oil or natural gas from another vessel at a deepwater port, or from a deepwater port is prohibited.

(2) The owner or operator of a vessel or the licensee of a deepwater port from which oil or natural gas is discharged in violation of this subsection shall be assessed a civil penalty by the Secretary of not more than $10,000 for each violation. No penalty shall be assessed unless the owner or operator or the licensee has been given notice and opportunity for a hearing on such charge. Each violation is a separate offense. The Secretary of thhe Treasury shall withhold, at the request of the Secretary, the clearance required by section 4197 of the Revised Statutes of the United States, as amended (46 U.S.C. 91), of any vessel the owner or operator of which is subject to the foregoing penalty. Clearance may be granted in such cases upon the filing of a bond or other surety satisfactory to the Secretary.

(b) REPORTING.—Any individual in charge of a vessel or a deepwater port shall notify the Secretary as soon as he has knowledge of a discharge of oil or natural gas. Any such individual who fails to notify the Secretary immediately of such discharge shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both. Notification received pursuant to this subsection, or information obtained by the use of such notification, shall not be used against any such individual in any criminal case, except a prosecution for perjury or for giving a false statement.

(c) CLEAN-UP.—(1) Whenever any oil or natural gas is discharged from a vessel within any safety zone, from a vessel which has received oil or natural gas from another vessel at a deepwater port, or from a deepwater port, the Secretary shall remove or arrange for the removal of such oil or natural gas as soon as possible, unless he determines such removal will be done properly and expeditiously by the licensee of the deepwater port or the owner or operator of the vessel from which the discharge occurs.

(2) removal of oil and natural gas and actions to minimize damage from oil and natural gas discharges shall, to the greatest extent possible, be in accordance with the National Contingency Plan for removal of oil and hazardous substances established pursuant to section 311(c)(2) of the Federal Water Pollution Control Act, as amended.

(3) Whenever the Secretary acts to remove a discharge of oil or natural gas pursuant to this subsection, he is authorized to draw upon money available in the Deepwater Port Liability Fund established pursuant to subsection (f) of this section. Such money shall be used to pay promptly for all cleanup costs incurred by the Secretary in removing or in minimizing damage caused by such oil or natural gas discharge.

(d) VESSEL OWNER OR OPERATOR.—Notwithstanding any other provision of law, except as provided in subsection (g) of this section, the owner and operator of a vessel shall be jointly and severally liable, without regard to fault, for cleanup costs and for damages that result from a discharge of oil or natural gas from such vessel within any safety zone, or from a vessel which has received oil or natural gas from another vessel at a deepwater port, except when such vessel is moored at a deepwater port. Such liability shall not exceed $150 per gross ton or $20,000,000, whichever is lesser: *Provided*, That if it can be shown that such discharge was the result of gross negligence or willful misconduct within the privity and knowledge of the owner or operator, such owner and operator shall be jointly and severally liable for the full amount of all cleanup costs and damages.

(e) LICENSEE.—Notwithstanding any other provision of law, except as provided in subsection (g) of this section, the licensee of a deepwater port shall be liable, without regard to fault, for cleanup costs and damages that result from a discharge of oil or natural gas from such deepwater port or from a vessel moored at such deepwater port. Such liability shall not exceed $100,000,000: *Provided*, That if it can be shown that such damage was the result of gross negligence or willful misconduct within the privity and knowledge of the licensee, such licensee shall be liable for the full amount of all cleanup costs and damages.

(f) DEEPWATER PORT LIABILITY FUND.—(1) There is established a Deepwater Port Liability Fund (hereinafter referred to as the "Fund") as a nonprofit corporate entity which may sue or be sued in its own name. The Fund shall be administered by the Secretary.

(2) The Fund shall be liable, without regard to fault, for all cleanup costs and all damages in excess of those actually compensated pursuant to subsections (d) and (e) of this section.

(3) Each licensee shall collect from the owner of any oil or natural gas loaded or unloaded at the deepwater port operated by such licensee, at the time of loading or unloading, a fee of 2 cents per barrel, or in the case of liquefied natural gas, its metric volume equivalent: *Provided*, That (A) bunker or fuel oil for the use of any vessel, and (B) oil which was transported through the trans-Alaska pipeline shall not be subject to such collection. Such collections shall be delivered to the Fund at such times and in such manner as shall be prescribed by the Secretary: *Provided further*, That such collections shall cease after the amount of money in the Fund has reached $100,000,000, unless there are adjudicated claims against the Fund yet to be satisfied. Collection shall be resumed when the Fund is reduced below $100,000,000. Whenever the money in the Fund is less than the claims for cleanup costs and damages for which it is liable under this section, the Fund shall borrow the balance required to pay such claims from the United States Treasury at an interest rate determined by the Secretary of the Treasury. Costs of administration shall be paid from the Fund only after appropriation in an appropriation bill. All sums not needed for administration and the satisfaction of claims shall be prudently invested in income-producing securities issued by the United States and approved by the Secretary of the Treasury. Income from such securities shall be applied to the principal of the Fund.

(g) DEFENSES.—Liability shall not be imposed under subsection (d) or (e) of this section if the owner or operator of a vessel or the licensee can show that the discharge was caused solely by (1) an act of war, or (2) negligence on the part of the Federal Government in establishing and maintaining aids to navigation. In addition, liability with respect to damages claimed by a damaged party shall not be imposed under subsection (d), (e), or (f) of this section if the owner or operator of a vessel, the licensee, or the Fund can show that such damage was caused solely by the negligence of such party.

(h) SUBROGATION AND OTHER RIGHTS.—(1) In any case where liability is imposed pursuant to subsection (d) of this section, if the discharge was the result of the negligence of the licensee, the owner or operator of a vessel held liable shall be subrogated to the rights of any person entitled to recovery against such licensee.

(2) In any case where liability is imposed pursuant to subsection (e) of this section, if the discharge was the result of the unseaworthiness of a vessal or the negligence of the owner or operator of such vessel, the licensee shall be subrogated to the rights of any person entitled to recovery against such owner or operator.

(3) Payment of compensation for any damages pursuant to subsection (f)(2) of this section shall be subject to the Fund acquiring by subrogation all rights of the claimant to recover from such damages from any other person.

(4) The liabilities established in this section shall in no way affect or limit any

rights which the licensee, the owner, or operator of a vessel, or the Fund may have against any third party whose act may in any way have caused or contributed to a discharge of oil or natural gas.

(5) In any case where the owner or operator of a vessel or the licensee of a deepwater port from which oil or natural gas is discharged acts to remove such oil or natural gas accordance with subsection (c) (1) of this section, such owner or operator or such licensee shall be entitled to recover from the Fund the raesonable cleanup cost incurred in such removal if he can show that such discharge was caused solely by (A) an act of war or (B) negligence on part of the Federal Government in establishing and maintaining aids to navigation.

(i) CLASS AND TRUSTEE ACTION.—(1) The Attorney General may act on behalf of any group of damaged citizens he determines would be more adequtely represented as a class in recovery of claims under this section. Sums recovered shall be distributed to the members of such group. If, within 90 days after a discharge of oil or natural gas in violation of this section has occurred, the Attorney General fails to act in accordance with this paragraph, to sue on behalf of a group of persons who may be entitled to compensation pursuant to this section for damages caused by such discharge, any member of such group may maintain a class action to recover such damages on behalf of such group. Failure of the Attorney General to act in accordance with this subsection shall have no bearing on any class action maintained in accordance with this paragraph.

(2) In any case where the number of members in the class exceeds 1,000, publishing notice of the action in the Federal Register and in local newspapesr serving the areas in which the damaged parties reside shall be deemed to fulfill the requirement for public notice established by rule 23(c) (2) of the Federal Rules of Civil Procedure.

(3) The Secretary may act on behalf of the public as trustee of the natural resources of the marine environment to recover for damages to such resources in accordance with this section. Sums recovered shall be applied to the restoration and rehabilitation of such natural resources by the appropriate agencies of Federal or State government.

(j) AWARD PROCESS.—(1) The Secretary shall establish by regulation procedures for the filing and payment of claims for clean-up costs and damages pursuant to this Act.

(2) No claims for payment of clean-up costs or damages which are filed with the Secretary more than 3 years after the date of the discharge giving rise to such claims shall be considered.

(3) Appeals from any final determination of the Secretary pursuant to this section shall be filed not later than 30 days after such determination in the United States Court of Appeals of the circuit within which the nearest adjacent coastal State is located.

(k) PREEMPTION.—(1) This section shall not be interpreted to preempt the field of liability or to preclude any State from imposing additional requirements or liability for any discharge of oil or natural gas from a deepwater port or a vessel with any safety zone.

(2) Any person who receives compensation for damages pursuant to this section shall be precluded from recovering compensation for the same damages pursuant to any other State or Federal law. Any person who receives compensation for damages pursuant to any other Federal or State law shall be precluded from receiving compensation for the same damages as provided in this section.

(l) FINANCIAL RESPONSIBILITY.—The Secretary shall require that any owner or operator of a vessel using any deepwater port, or any licensee of a deepwater port, shall carry insurance or give evidence of other financial responsibility in an amount sufficient to meet the liabilities imposed by this section.

(m) DEFINITIONS.—As used in this section the term—

(1) "clean-up costs" means all actual costs, including but not limited to costs of the Federal Government, of any State or local government, of other nations or of their contractors or subcontractors incurred in the (A) removing or attempting to remove, or (B) taking other measures to reduce or mitigate damages from, any oil or natural gas discharged into the marine environment in violation of subsection (a) (1) of this section;

(2) "damages" means all damages (except clean-up costs) suffered by any person, or involving real or personal property, the natural resources of the marine environment, or the coastal environment of any nation, including damages claimed without regard to ownership of any affected lands, structures, fish, wildlife, or biotic or natural resources;

(3) "discharge" includes, but is not limited to, any spilling, leaking, pumping, pouring, emitting, emptying, or dumping into the marine environment of quantities of oil or natural gas determined to be harmful pursuant to regulations issued by the Administrator of the Environmental Protection Agency; and

(4) "owner or operator" means any person owning, operating, or chartering by demise, a vessel.

(n) OIL SPILL LIABILITY STUDY.—(1) The Attorney General, in cooperation with the Secretary, the Secretary of State, the Secretary of the Interior, the Administrator of the Environmental Protection Agency, the Council on Environmental Quality, and the Administrative Conference of the United States, is authorized and directed to study methods and procedures for implementing a uniform law providing liability for clean-up costs and damages from oil spills from Outer Continental Shelf operations, deepwater ports, vessels, and other ocean-related sources. The study shall give particular attention to methods of adjudicating and settling claims as rapidly, economically, and equitably as possible.

(2) The Attorney General shall report the results of his study together with any legislative recommendations to the Congress within 6 months after the date of enactment of this Act.

RELATIONSHIP TO OTHER LAWS

SEC. 19. (a) GENERAL.—(1) The Constitution, laws, and treaties of the United States shall apply to a deepwater port licensed under this Act and to activities connected, associated, or potentially interfering with the use or operation of any such port, in the same manner as if such port were located in the navigable waters of the United States. Nothing in this Act shall be construed to relieve, exempt, or immunize any person from any other requirement imposed by Federal law, regulation, or treaty.

(2) Except as otherwise provided by this Act, nothing in this Act shall in any way alter the responsibilities and authorities of a State or the United States within the territorial seas of the United States.

(b) STATE LAWS.—The laws of the nearest adjacent coastal State, now in effect or hereafter adopted, amended, or repealed, shall apply to any deepwater port licensed pursuant to this Act, to the extent applicable and not inconsistent with any provision or regulation under this Act or other Federal laws and regulations now in effect or hereafter adopted, amended, or repealed. All such applicable laws shall be administered and enforced by the appropriate officers and courts of the United States. For purposes of this subsection, the nearest adjacent coastal State shall be that State whose seaward boundaries, if extended beyond 3 miles, would encompass the site of the deepwater port. Nothing in this Act shall be construed to relieve, exempt, or immunize any person from any other requirements imposed by State or local law or regulation, or to preclude a State from imposing more stringent environmental or safety regulations (except as provided in section 18(k) of this Act).

(c) FOREIGN CITIZENS AND VESSELS.—Except in a situation involving force majeure, a licensee of a deepwater port shall not permit a vessel, registered in or flying the flag of a foreign state, to call at, or otherwise utilize a deepwater port licensed under this Act unless (1) the foreign state involved, by specific agreement with the United States, has agreed to recognize the jurisdiction of the United States over the vessel and its personnel, in accordance with the provisions of this Act, while the vessel is located within the safety zone, and (2) the vessel owner or operator has designated an agent in the United States for receipt of service of process in the event of any claim or legal proceeding resulting from activities of the vessel or its personnel while located within such a safety zone.

(d) CUSTOMS LAWS.—The customs laws administered by the Secretary of the Treasury shall not apply to any deepwater port licensed under this Act, but all foreign articles to be used in the construction of any such deepwater port, including any component thereof, shall first be made subject to all applicable duties and taxes which would be imposed upon or by reason of their importation if they were imported for consumption in the United States. Duties and taxes shall be paid thereon in accordance with laws applicable to merchandise imported into the customs territory of the United States.

(e) JURISDICTION.—The United States district courts shall have original jurisdiction of cases and controversies arising out of or in connection with the construction and operation of deepwater ports, and proceedings with respect to any such case or controversy may be instituted in the judicial district in which any defendant resides or may be found, or in the judicial district of the adjacent coastal State nearest the place where the cause of action arose.

(f) CONFORMING AMENDMENT.—Section 4(a) (2) of the Act of August 7, 1953 (67 Stat. 462) is amended by deleting the words "as of the effective date of this Act" in the first sentence thereof and inserting in lieu thereof the words ", now in effect or hereafter adopted, amended, or repealed".

ANNUAL REPORT BY SECRETARY TO CONGRESS

SEC. 20. Within 6 months after the end of each fiscal year, the Secretary shall submit to the President of the Senate and the Speaker of the House of Representatives a report on the administration of the Deepwater Port Act during such fiscal year, including a detailing of all moneys received and expended, and of all deepwater port development activities; a summary of management, supervision, and enforcement activities; and recommendations to the Congress for such additional legislative authority as may be necessary to improve the management and safety of deepwater port development and for resolution of jurisdictional conflicts or ambiguities.

PIPELINE SAFETY AND OPERATION

SEC. 21. (a) The Secretary of Transportation, in cooperation with the Secretary of the Interior, shall establish and enforce such standards and regulations as may be necessary to assure the safe construction and operation of oil pipelines on the Outer Continental Shelf.

(b) The Secretary of Transportation, in cooperation with the Secretary of the Interior, is authorized and directed to report to the Congress within 60 days after the date of enactment of this Act on appropriations and staffing needed to monitor pipelines on Federal lands and the Outer Continental Shelf so as to assure that they meet all applicable standards for construction, operation, and maintenance.

(c) The Secretary of Transportation, in cooperation with the Secretary of the Interior, is authorized and directed to review all laws and regulations relating to the construction, operation, and maintenance of pipelines on Federal lands and the Outer Continental Shelf and to report to Congress thereon within 6 months after the date of enactment of this Act on administrative changes needed and recommendations for new legislation.

NEGOTIATIONS WITH CANADA AND MEXICO

SEC. 22. The President of the United States is authorized and requested to enter into negotiations with the Governments of Canada and Mexico to determine:

(a) the need for intergovernmental understandings, agreements, or treaties to protect the interests of the people of Canada, Mexico, and the United States and of any party or parties involved with the construction or operation of deepwater ports; and

(b) the desirability of undertaking joint studies and investigations designed to insure protection of the environment and to eliminate any legal and regulatory uncertainty, to assure that the interests of the people of Canada, Mexico, and the United States are adequately met.

The President shall report to the Congress the actions taken, the progress achieved, the areas of disagreement, and the matters about which more information is needed, together with his recommendations for further action.

SEVERABILITY

SEC. 23. If any provision of this Act or the applicability thereof to any person or circumstances is held invalid, the remainder of this Act and application of such provision to other persons or circumstances shall not be affected thereby.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 24. There is authorized to be appropriated for administration of this Act not to exceed $1,000,000 for the fiscal year ending June 30, 1975, not to exceed $1,000,000 for the fiscal year ending June 30, 1976, and not to exceed $1,000,000 for the fiscal year ending June 30, 1977.

Amend the title so as to read: "Any Act to regulate commerce, promote efficiency in transportation, and protect the environment, by establishing procedures for the location, construction, and operation of deepwater ports off the coasts of the United States, and for other purposes."

CHANGE OF REFERENCE OF S. 1547

Mr. HUMPHREY. Mr. President, I ask unanimous consent that S. 1547, presently in the Armed Services Committee, be referred to the Committee on Government Operations. It is a bill dealing with the operations of the Central Intelligency Agency.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? Without objection, it is so ordered.

SUSPENSION OF AID TO TURKEY

Mr. MANSFIELD. Mr. President, I send to the desk a Senate joint resolution and ask that it be made the pending business, under the time arrangement previously agreed to.

The PRESIDING OFFICER. The joint resolution will be stated by title.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

The assistant legislative clerk read as follows:

S.J. RES. 247

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized to suspend the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act and the prohibition of House Joint Resolution 1131 in the case of Turkey during the period beginning on the date of the enactment of this joint resolution and ending on December 15, 1974, if he determines that such suspension will further negotiations for a peaceful resolution of the Cyprus conflict.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

The PRESIDING OFFICER. On this matter there is a limitation of 1 hour, the time to be equally divided between the Senator from Montana (Mr. MANSFIELD) and the Senator from Missouri (Mr. EAGLETON).

Mr. MANSFIELD. Mr. President, I yield one-half minute to the Senator from New Mexico, 1 minute to the Senator from Nevada, 5 minutes to the Senator from Arkansas, and 5 minutes to the Senator from Ohio. I understand that the Senator from Arkansas is going to discuss the Metzenbaum resolution.

Mr. FULBRIGHT. That is correct.

Mr. EAGLETON. Mr. President, does the majority leader want to request the yeas and nays at this time?

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

CUMBRES AND TOLTEC SCENIC RAILROAD COMPACT

Mr. MONTOYA. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Chair lay before the Senate a message from the House of Representatives on S. 2362.

The PRESIDING OFFICER (Mr. TUNNEY) laid before the Senate the amendment of the House of Representatives to S. 2362 granting the consent and approval of Congress to the Cumbres and Toltec Scenic Railroad Co., which was as follows:

Page 1, line 3, strike out [and approval].

Amend the title so as to read: "An Act granting the consent of Congress to the Cumbres and Toltec Scenic Railroad Compact."

Mr. MONTOYA. Mr. President, I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico.

The motion was agreed to.

SENATE RESOLUTION 423—TO AUTHORIZE BENJAMIN R. FERN TO APPEAR AS A WITNESS

Mr. CANNON. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of a resolution which I send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution will be stated.

Mr. CANNON. Mr. President, I ask unanimous consent that the reading of the resolution be waived and that I be permitted to explain it.

Mr. GRIFFIN. Mr. President, reserving the right to object, I am sorry, but I do not know what this is.

Mr. CANNON. I am going to explain it.

Mr. GRIFFIN. I withdraw my objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution is as follows:

Resolution to authorize Benjamin R. Fern, Chief Counsel of the Select Committee on Standards and Conduct to appear as a witness in the case of Common Cause, et al. against E. T. Klassen, et al.

Whereas in the case Common Cause, et al. v. E. T. Klassen, et al. Civil Action No. 1887–73, United States District Court for the District of Columbia, a subpoena duces tecum was issued on September 6, 1974, upon the application of Kenneth J. Guido, Jr., attorney for the plaintiffs, and addressed to Benjamin R. Fern, Chief Counsel, Select Committee on Standards and Conduct, directing him to appear as a witness before the said court on the 23rd of October 1974 and to bring with him certain papers in the possession and under the control of the Senate of the United States: Therefore, be it

Resolved, That by the Privileges of the Senate no evidence of a documentary character under the control and in the possession of the Senate can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That Benjamin R. Fern, Chief Counsel, Select Committee on Standards and Conduct, be authorized to appear at the place and before the court named in the subpoena duces tecum before mentioned, but shall not take with him any papers or documents on file in his office or under his control or in his possession as Chief Counsel of the Select Committee on Standards and Conduct; be it further

Resolved, That when said court determines that any of the documents, papers, communications, and memoranda called for in the subpoena duces tecum have become part of the official transcripts of public proceedings of the Senate by virtue of their inclusion in the official minutes and official transcripts of such proceedings for dissemination to the public upon order of the Senate or pursuant to the Rules of the Senate, and, further, that such documents, papers, communications, and memoranda are material and relevant to the issues pending before said court, then the said court, through any of its officers or agents, have full permission to attend with all proper parties to the proceeding, and then always at any place under the orders and control of the Senate, and take copies of such documents, papers, communications, and memoranda in possession or control of said Benjamin R. Fern which the court has found to be part of the official transcripts of public proceedings of the Senate by virtue of their inclusion in the official minutes and official transcripts of such proceedings for dissemination to the public upon order of the Senate or pursuant to the Rules of the Senate, and, further, that such documents, papers, communications, and memoranda are material and relevant to the issues pending before said court, excepting any other documents, papers, communications, and memoranda including, but not limited to, minutes and transcripts of executive sessions and any evidence of witnesses in respect thereto which the court or other proper office thereof shall desire as such matters are within the privileges of the Senate; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpoena aforementioned.

Mr. CANNON. Mr. President, this involves the case of Common Cause against E. T. Klassen.

A subpena has been issued for Mr. Benjamin R. Fern, Chief Counsel of the Select Committee on Standards and Conduct of the Senate, for him to appear and produce certain records. This resolution is in the usual form, claiming senatorial privileges to the appearance of witnesses, authorizing Mr. Fern to appear but not to produce records until such time as they may become part of the public record.

The PRESIDING OFFICER. Without objection, the Senate will proceed to consideration of the resolution.

Without objection, the resolution is agreed to.

Mr. CANNON. I thank the distinguished majority leader.

TIME LIMITATION AGREEMENT—S. 3481

Mr. CANNON. Mr. President, I ask the majority leader, I have filed a committee report on S. 3481, an amendment to the Federal Aviation Act to deal with discrimination and unfair competitive practices in international air transportation. I understand that the majority leader requests that we have a time limit tomorrow of 1 hour, to be divided equally, with not to exceed 15 minutes on each amendment, and that no nongermane amendments will be in order.

Mr. MANSFIELD. Mr. President, I ask unanimous consent, in response to the question raised by the distinguished Senator from Nevada, that there be a 1-hour allocation of time on the bill, S. 3481, 15 minutes on each amendment, the time to be equally divided between the manager of the bill and the sponsor of the amendment; that all amendments be germane; and that rule XII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. We shall try to take up that bill tomorrow.

Mr. CANNON. I thank the Senator.

Mr. MANSFIELD. It is my understanding that there is nothing in this bill about a guaranteed loan.

Mr. CANNON. The Senator is correct. There is no provision.

Mr. PROXMIRE. Is it possible, in the unanimous-consent agreement—I understand that it is—to provide an amendment that provides for hearings?

Mr. MANSFIELD. I make that request.

THE PRESIDING OFFICER. An amendment by the Senator from Wisconsin will be in order.

Mr. MANSFIELD. No, I ask that there be no guaranteed loan amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

OIL AND THE ARAB-ISRAEL CONFLICT

Mr. FULBRIGHT. Mr. President, on yesterday the President presented a program to combat and defeat inflation. Today the Secretary of State is on his way to the Middle East, the area in which the war of last year occurred and from which much relief from inflation might be derived if the Secretary can succeed in his efforts to bring about a firm settlement of that unfortunate conflict.

I should like to address a few remarks intended to be of assistance to the Secretary of State.

The Senator from Ohio (Mr. METZENBAUM) has proposed a resolution expressing the sense of the Senate "that the well-being of the world and all of its people is gravely threatened by exorbitant or rigged foreign oil prices," and also calling on the OPEC nations to lower the price of petroleum.

Although I endorse the Senator's resolution as far as it goes, I do not believe it goes far enough. The resolution would be more complete, more equitable, and more promising of effect if it were expanded to take cognizance of the unresolved Arab-Israel conflict. I therefore propose an additional clause reading as follows:

> And be it further resolved that the Senate reaffirms the justice and validity of United Nations Security Council Resolution 242, especially its emphasis on "the inadmissibility of the acquisition of territory by war," and further reaffirms the justice and validity of that part of United Nations General Assembly Resolution 181 of November 29, 1947, which states that the city of Jerusalem is to be "a corpus separatum under a special international regime."

Mr. President, although the unresolved Arab-Israeli problem is not the single or direct cause of high and rising oil prices, the two problems are and always have been related.

The oil producers, united in OPEC, appear to be on a kind of power "trip." Accustomed in the past to poverty and foreign exploitation, the oil producers seem not yet to have fully appreciated the radical change in their circumstances. Their sense of international responsibility has not kept pace with the rapid growth of their economic power. Whatever justification there may be for higher petroleum prices in the long run—oil being a finite resource—there can be no justification for the profoundly destabilizing haste with which prices have been quadrupled in the last year.

The largest producer—Saudi Arabia—has shown awareness of the dangerous disruptions threatened by the fourfold increase in the price of oil in the last year, and Saudi officials have made known their strong desire to lower prices. But it is exceedingly difficult, if not impossible, for Saudi Arabia to act alone, especially when other, non-Arab producers, notably Iran, have adopted a position of strident intransigence. It is well to remember too, in this connection, that not all of the oil producers are "Arab"— the terms indeed are being used almost interchangeably. Two of the largest producers, who are also most insistent on the price increases, are non-Arab states—Venezuela and Iran. And smaller producers such as Canada, Nigeria and Indonesia accept the higher prices with alacrity.

The lack of restraint on the part of many of the oil producers is widely—and properly—condemned. President Ford and Secretary Kissinger took note of it in firm but measured terms in their respective speeches of September 23.

The press is full of castigating editorials. Attention has been drawn to the threat of recession—or depression—in the industrialized world, and to the imminent threat of famine in poor countries as a result of nitrogen fertilizer shortages caused by soaring petroleum costs. Unintended though they may be, these prospective calamities, if they come, will be the result largely of the policies of the oil-producing nations.

Recognizing all this as we must, we are bound too to recognize the aggravating effects of the Arab-Israel problem on the Arab oil-producers' policies, and particularly on that of the largest and most moderate of the producers, Saudi Arabia. Long before the war of October 1973 King Faisal was warning the United States that its one-sided support of Israeli policy might lead to disaster in an increasingly radicalized Arab world. It is well-known, too, that the Saudis are especially sensitive regarding the status of Jerusalem because of its sacredness to Muslims as well as Christians and Jews.

In a world without effective international law, sovereign nations are often required to choose between justice and self-interest. A fair solution for Jerusalem, however, as indeed of the Arab-Israel conflict as a whole, requires no such choice, although uncritical supporters of Israeli policy have insisted that it does. The choice for the United States, they say, is one between Israeli democracy and Arab oil, between high morality, as they would have it, and the crassest greed. In fact, the withdrawal of Israel to her approximate borders of 1967 and the internationalization of Jerusalem—coupled with solid international guarantees of Israel—would be wholly consistent with an international principle to which we have always professed to subscribe, one which is also central to the United Nations Charter: the principle of the self-determination of peoples.

Security Council Resolution 242 of November 1967 emphasizes the "inadmissibility of the acquisition of territory by war" and calls specifically for Israeli withdrawal from occupied Arab territories. And it should be recalled that under the U.N.'s original partition plan of 1947—to which the United States subscribed, and which, to my knowledge, it has never repudiated—Jerusalem was to be a "corpus separatum under a special international regime." After Israel annexed Jerusalem in 1967, the United Nations General Assembly condemned the action, on July 4, 1967, by a vote of 99 to 0, and then condemned it again on two subsequent occasions.

An Arab-Israeli settlement will not put an end to the energy crisis. Nor could it be counted upon to bring about an immediate substantial reduction of oil prices. It would, however, reduce the major irritant in relations between the United States and the Arab States—especially Saudi Arabia—and in so doing create a much improved environment for negotiations on oil supply and prices. The oil consuming nations need time in which to adjust to the new world energy situation—time to adapt to new terms of trade in raw materials and commodities, time to develop alternate sources of fuel such as coal and shale oil. A settlement making fair provision for the old city of Jerusalem and for the other occupied territories would greatly increase the political influence of Saudi Arabia, and therefore its weight as a force for moderation within OPEC.

Such an approach would not constitute a "sellout" of Israel. Quite the contrary, it calls upon Israel to do nothing more than she ought to do anyway, even if there were not a drop of oil in the Middle East.

Indeed it would be to Israel's advantage, because there can be no lasting security for that small, beleaguered community without a settlement, and there can be no settlement without withdrawal. For the United States the occasion—if we rise to it—is one of those rare and happy ones in which justice and self-interest coincide.

The oil producers for their part also have obligations to the international community—obligations of which many of them currently seem insufficiently aware. Their grievances against Israel and the West, however legitimate, do not justify an oil policy which threatens the world with economic turmoil, and much of it with actual starvation. The matter, it cannot be emphasized too strongly, is not one of mere preference or convenience for the oil-consuming nations. Unlike Vietnam and other instances in which pride of power was mistaken for legitimate interest, the energy problem is one for us of central, vital interest. In such an instance, as President Ford pointed out in Detroit:

> Sovereign nations cannot allow their policies to be dictated, or their fate decided, by artificial rigging and distortion of world commodity markets.

In a Senate speech on May 21, 1973, I took liberty as a friend of the Arab governments and peoples to counsel a policy of restraint. It seems appropriate to repeat those words today, addressing them not only to the Arab States but to all the oil-exporting nations.

> The oil exporters, I said, would be well-advised not to press too hard and to treat their oil wealth as a kind of global trust, if for no other reason than for their own protection. The meat of the gazelle may be succulent indeed, but the wise gazelle does not boast of it to lions.

These words most assuredly are not meant as a threat, but simply as a warning that if the problem becomes a major crisis, feelings—and events—may go beyond the control of prudent leaders.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. METZENBAUM. Mr. President.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 5 minutes.

Mr. METZENBAUM. I have listened intently to the distinguished Senator from Arkansas, the chairman of the Committee on Foreign Relations, who proposes an amendment to Senate Resolution 410, the resolution which I introduced, with 60 cosponsors, in this body.

The thrust of that resolution was very simple. It indicated that the Members of the Senate stood side by side with the President of the United States in calling for a rollback in the price of crude oil exported by the OPEC nations.

The distinguished Senator from Arkansas would add an amendment to Senate Resolution 410—an amendment which would take us far afield from the object of the resolution. It would in fact carry us into much broader questions regarding the Middle East conflict.

That conflict is not the reason the OPEC nations have raised the prices of petroleum products. Those nations made this clear when they initiated their new oil policy. As the Senator from Arkansas himself so pertinently observed, Iran and Venezuela, two of the major nations in OPEC, are not Arab nations at all, and have no real involvement in the Middle East conflict.

To introduce the United Nations resolution in this debate, to raise that specter as the reason oil prices have increased and thus threatened the economy of the United States, is to suggest a cause which is not supported by the facts. That matter is not the reason the OPEC nations have raised their oil prices and are sustaining them.

Mr. FULBRIGHT. Will the Senator yield?

Mr. METZENBAUM. I yield.

Mr. FULBRIGHT. I did not say that is the only reason. I said the only practical way in which progress can be made toward reducing the larger prices is to settle that war. That is quite different from saying that is the only reason for their being high.

Mr. METZENBAUM. On that score I would also disagree with the Senator from Arkansas.

Mr. FULBRIGHT. I regret that the Senator disagrees. But I simply wanted to correct the RECORD to show that what I said was that the only practical way that I could see to bring about a movement in this area, in support of the President and the Secretary, is to support a settlement.

Mr. METZENBAUM. I had a conversation the other day with Mr. Yamani, the Saudi Oil Minister—who I think is in a position to speak with more authority than either the distinguished Senator from Arkansas or myself. Mr. Yamani indicated that the Saudis did indeed want to bring down the price of oil—and I am aware that the Saudis disagree with some of the other OPEC nations on this matter—and that it is in the interest of Saudi Arabia to do so.

I think my resolution addresses only one real question, and that is: Can the economy of this Nation continue to pay the exorbitant price the OPEC nations demand for their oil? The outflow of billions of U.S. dollars is staggering, and it would lead to catastrophe if continued indefinitely. To use the words of the President, the Secretary of State, and Mr. David Rockefeller of the Chase Manhattan Bank, "Our economy just cannot stand it."

If the resolution of the problem of oil prices and the outflow of billions of U.S. dollars to the OPEC nations must await a solution of the Middle East conflict, I fear the American economy will no longer be viable, and our ability to solve any sort of foreign policy problem deeply impaired.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. METZENBAUM. I am sorry that the Senator saw fit to suggest the addition of his amendment to Senate Resolution 410.

The PRESIDING OFFICER. The Senator's time has expired.

SUSPENSION OF AID TO TURKEY

The Senate continued with the consideration of the joint resolution—Senate Joint Resolution 247—authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act.

Mr. MANSFIELD. Mr. President, I yield myself 5 minutes; and as of now, I do not intend to use all the time allocated to me.

The continuing resolution on appropriations adopted earlier today will in effect eliminate all assistance to Turkey under the Foreign Military Sales Act and the Foreign Assistance Act of 1961, as amended. The position of the distinguished Senator from Missouri (Mr. EAGLETON) which has won the overwhelming approval of Congress, is clear: These laws as applied to the hostilities on Cyprus require a cutoff of aid to Turkey. The foundation of this judgment is incontrovertible: This is a Nation of laws and not of men and when the law is clear, it must be followed whether it seems expedient or not at the time.

During the past several weeks while these matters have been under careful congressional scrutiny, it has been emphasized by members of the administration, including Secretary Kissinger, that the next several weeks could be critical in getting both sides off dead center on the Cyprus question; that the United States might be helpful in this regard, and that the cutoff of funds for Turkey under the law at this time would undermine these desired efforts. The Congress has adjudged, however, that the clarity of the law demands a cutoff regardless of its consequences to this Government's role in any negotiations. The only remedy is for the law to be changed and only Congress can constitutionally accomplish such a change. The executive branch cannot, for reasons of expediency, replace its wisdom for the collective wisdom of the Congress in making the laws of the Nation.

This, may I say, was a point brought out several times, again, by the distinguished Senator from Missouri (Mr.

EAGLETON). It may be that the Congress has for far too long shifted its responsibilities to the executive, but the vote today has demonstrated again that Congress wishes to reassert its authority and its power granted by the Constitution.

The joint resolution now before the Senate is in full accord with that philosophy of reassertion of congressional authority. The joint resolution suspends until December 15 the application of the cutoff of funds prescribed in the Foreign Military Sales Act and the Foreign Assistance Act of 1961 as amended as well as the Continuing Resolution on Appropriations adopted this morning. But in doing so, it acknowledges that these laws clearly prescribe a cutoff. It acknowledges as well the representations of the President and the Secretary of State that this Government may play a critical role during the next several weeks in getting the parties together on the Cyprus question.

Again, the resolution explicitly accepts the premise that the present law requires a cutoff of aid to Turkey. But in deference to the request for a suspension of this cutoff, the Congress in its wisdom will suspend the law's application.

I wish to state to the Senate that I prepared this resolution without consultation with the White House or the executive branch or the other side of the aisle, and only this morning at the specific request of Senator EAGLETON did I contact members of the executive branch with respect to this resolution, and I did so reluctantly, because I felt, in view of what the distinguished Senator from Missouri had said, that this was purely a congressional initiative, and therefore I was loath to approach the executive branch in this respect.

They, the executive branch, realize the full impact of this resolution, that it acknowledges the primacy and exclusivity of the Congress in changing the law, that it prescribes a short period for them to play a role in getting the parties together after which there must be a precipitous cutoff of aid to Turkey. Although they are unhappy—and they are unhappy—about any policy of cutting off aid to Turkey, they acquiesced in this time frame, knowing full well that this may well be their last clear chance.

The Congress clearly has demonstrated it has the authority to cut off money for Turkey. It has demonstrated that it has the last word in defining the parameters of a law.

The joint resolution before us affords us the opportunity to orchestrate that constitutional authority with the wisdom envisioned by the Constitution.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. Yes, indeed.

Mr. PASTORE. I voted for the Eagleton amendment, I believe, on two occasions and, I think, it is quite clear to all of us that the Senate of the United States has manifested its displeasure with the fact that aid was being given to Turkey while in violation of the law. I do not think there is any question about it.

But I think that we have reached a moment of pragmatism, and I would like to propound a question to my distinguished majority leader.

We have been told—as a predicate I might say we have been told—that the President will veto the continuing resolution tomorrow which, of course, means that the resolution will come back and we will have to start all over again in the event that the veto is sustained.

I am saying to my distinguished majority leader, does he have any assurance at all, either from the White House or the President himself, that in the event this resolution he is suggesting and proposing today should pass that the President of the United States will, in fact, sign the continuing resolution which has the amendment in there which is acceptable to the Senator from Missouri?

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished senior Senator from Rhode Island, I did, at the request of Senators, reluctantly approach the President on this matter because, again, I was trying to keep the line of demarcation clear between the executive and the legislative branches.

I talked with the President personally. He said that he would sign the continuing resolution if the resolution which I am proposing, in cooperation with the distinguished Republican leader, and which is now the pending business, is passed by both the House and the Senate.

Mr. PASTORE. I would hope that we have some way of bringing the information to the entire membership of the Senate when we vote.

Mr. MANSFIELD. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. EAGLETON. Mr. President, I yield myself such time as I may consume.

Mr. President, at the outset let me pay tribute to the distinguished majority leader, not in an idle or perfunctory way. He is a man of his word. He is a man of great credibility. He is a man of enormous honor and integrity.

The views which he espouses with respect to the situation on Cyprus are sincerely held by him. He does not mince words. It is to his credit that he speaks his mind, and we understand his position.

It is true also, Mr. President, that there are those in this body who feel differently with respect to American policy on Cyprus.

To underscore what the majority leader has said, this resolution, S.J. Res. 247, was conceived by him without consultation with any outside party. He was kind enough late yesterday afternoon to show me a rough draft of it as a courtesy, which I much appreciate.

He did somewhat later consult with the Republican leadership, which was certainly proper. And, at my request, he did approach the White House as to what their position would be on S.J. Res. 247, as it would relate to the continuing resolution and as it would relate to Cyprus.

I underscore he did that at my request. I felt that whatever the White House had to say about the resolution should be known to this body.

The distinguished majority leader said he wanted this to be a purely Congressional matter, and he would only approach the White House with reluctance. So what he says is completely accurate.

What he said earlier in his remarks is accurate, too. The earlier debate with respect to Cyprus, at least that part of the debate in which I participated, focused, in the main—not exclusively, but in the main—on the questions of law, on questions relating to the applicability of section 505(d) of the Foreign Assistance Act of 1961, Section 3(c) of the Foreign Military Sales Act, and also two bilateral agreements executed between the United States and the Government of Turkey, one in 1947 and one in 1960.

The majority leader is correct in saying that the principal thrust of my argument was that the law was the law. The law had to be obeyed, had to be enforced, had to be implemented; that no discretion was reposed in either the President or his Secretary of State to ignore the law. The law applies in all situations.

Finally, the majority leader is correct in stating that the Congress of the United States, through overwhelming votes of both the House of Representatives and the Senate of the United States, has gone on record in support of the rule of law.

Having said that in agreement with my majority leader, we now get to the remaining area of disagreement. We get to a new plateau, as it were, in the Cyprus debate. We move from the area of legality because, perforce, that is now abundantly clear to all, that the continuation of aid to Turkey is illegal, it has been illegal, and every minute that it continues it is illegal.

We move from that plateau because that matter has been resolved, at least in mind, by the votes of both Houses of Congress. We move to the new plateau of policy. What should be the policy with respect to Cyprus?

First, why are we involved in this at all, we in Congress? We are involved in it, Mr. President, because in 1963 we passed a law calling for the strict control of American military assistance. Now the majority leader, quite properly, seeks to pursue a remedy, if one is to be pursued, by changing that law.

I do not think the law should be changed, Mr. President. I think the law was sound when it was enacted a decade ago. It was as sound when enacted as it is today. I think the strictures of the Foreign Assistance Act of 1961 and the Foreign Military Sales Act to prohibit the utilization of American military equipment in the invasion or subjugation of neutral nations were sound legislative pronouncements then and they are sound legislative pronouncements today. It was a sound law in 1964 when then President Lyndon Johnson, through the good offices of his Under Secretary of State George Ball, informed Turkey that if Turkey, then contemplating an invasion of Cyprus, were to execute such an invasion and use American military equipment, that aid would be forthwith terminated. It was, in the words of Under Secretary Ball—

> One of the bluntest letters, one of the bluntest official exchanges between two countries, the United States and Turkey. We very bluntly and tersely told them, "If you move one inch into Cyprus, no aid."

That letter forestalled an invasion of Cyprus in 1964.

I think the Foreign Assistance Act of 1961 and the Foreign Military Sales Act were sound laws, again, in 1967, when once again there was a contemplated invasion by Turkey of Cyprus.

Then Cyrus Vance from the administration informed the Turkish Government that:

> If you invade Cyprus and use military equipment, I will do as George Ball said he would do 3 years before, I will recommend to the President that he terminate all military aid to Turkey.

In 1967, again with a firm policy implementing these statutes, Turkey resisted the temptation to invade Cyprus.

That brings us now to 1974.

Had we in July of this year taken the same position with respect to the sanctity of the law and had we this summer done what George Ball did in 1964 and Cy Vance did in 1967, it is my guess—and no one will be able to prove me right or wrong, but it is my guess—that Turkey would not have invaded Cyprus.

But on July 20, they did invade Cyprus because we did not stand behind our laws and because our policy with respect to Cyprus was either nonexistent or so ambivalent that the Turkish Government saw an opportunity to do that which they had been anxious to do for years, but had been forestalled in doing by a firm American policy.

They invaded, using our equipment, and there they have been, Mr. President, from July 20 to date, almost 3 calendar months.

Early on, Dr. Kissinger stated he strongly opposed Turkey's move, he urged them on an occasion or two to leave Cyprus. But he refused to use the only leverage we had, military assistance. He refused to implement the law.

On August 19 of this year at a press conference, Dr. Kissinger was asked whether under the provisions of the Foreign Assistance Act we were not required to cut off aid to Turkey, and he said at that time that he would ask for a legal opinion on the subject. Parenthetically, that legal opinion is floating around somewhere in the State Department, perhaps it will never see the light of day.

Then on September 18, almost a month ago, the Senate of the United States went on record by a 64-to-27 vote in a sense-of-the-Congress resolution urging President Ford to follow the law and cut off aid to Turkey.

The reason I recite this chronology is that we have been with this matter now for almost 3 months, since July 20, when Turkey invaded Cyprus. It is not as if something had happened just yesterday, or the day before yesterday, or a week ago, and we were fresh on the event and the situation was in a tremendously fluid state, an unknown, uncertain state. During that period we have heard the usual from the State Department, which we have heard for a decade now: "things are delicate, things are sensitive, negotiations are just at the right point, do not intrude into this, leave things alone."

If it just occurred a week ago or a few days ago, an argument of that type perhaps would have some cogency, but this matter has been with us now for almost 3 long months, Mr. President.

Just as Vietnam was with us for almost 10 long years. During that decade we heard time and again, whenever Congress was to take some action with respect to Vietnam, now is not the time, there are lights at the end of the tunnels, there are delicate things going on in foreign capitals, there are secret negotiations, do not rock the boat, keep your nose out of this, for 10 years we heard that standoffishness.

So I say, Mr. President, now that we are debating policy, what is the situation in Cyprus today? Cyprus is occupied, 40 percent or better, by Turkey. The most productive and financially remunerative sections are occupied by Turkey. In the opinion of some, Turkey is there to stay unless they can be induced either subtly or not so subtly to leave.

The situation at the present time is that the Turkish forces on Cyprus are predominantly supplied with American weaponry—uniforms, munitions, armament and the like.

The record also shows that the Turkish troops are running out of ammunition, they are at the point that if aid were terminated, they may have to withdraw from Cyprus because they do not have the requisite ammunition.

So I say, Mr. President, this is the wrong time to give an extension of military aid to December 15, 2 months, at just the time the Turkish forces need resupplying militarily. It is wrong to give a 60-day period of grace. If we resupply the Turks at this crucial time we will perforce insure that they stay in Cyprus even longer.

Right now, according to the Defense Department's own figures, there are $6 million in ammunition in the pipeline ready to go to Turkey.

If this ammunition arrives, as it most certainly would during the next 60 days, if other armaments arrive, as they most certainly would during the next 60 days, how does this heighten the opportunity for a negotiated settlement? Obviously such an agreement would have to include the withdrawal of Turkish forces from Cyprus if there is to be any settlement at all. What incentive would they have to leave if we send them more arms?

The point I make, Mr. President, is that we are intensifying the possibility, indeed the probability, that there can be no negotiated settlement by continuing our obvious tilt toward Turkey and by enhancing their presence on the Island of Cyprus rather than compromising that presence.

There is no way rationality can support the opinion that we are doing a favor for the Karamanlis government by strengthening his adversary. Greece, Mr. President, is very much in this picture. Greece, Mr. President, hangs by a thin thread.

Mr. TOWER. Will the Senator yield for a question?

Mr. EAGLETON. Not at this point, I will be happy to yield in a few minutes.

Greece, Mr. President, hangs by a thin thread insofar as its viability as a democratic system. In the words of George Ball who testified on this subject before Congressman ROSENTHAL's committee, the Karamanlis government is the best government to rule in Greece since the last Karamanlis government. And it may be the last good government, because Greece may go violently left or violently right and if we cut the legs out from under the Karamanlis government by continuing this Turkish tilt and by buttressing that tilt with additional armaments for another 60 days, we are putting the Karamanlis government in grave jeopardy at the time of its national elections.

Mr. President, we are doing no favor to Mr. Karamanlis by saying to him, "Mr. Prime Minister, we are trying to help you by fortifying the armaments of your adversary."

There is no logic to that argument, Mr. President. It just does not withstand the scrutiny of commonsense.

Make no mistake about it, what we are doing is tilting towards Turkey, not simply in a passive way, but in an active way.

The Turkey tilt will come home to haunt us, Mr. President, because the price we will pay is the continued fortification of the Turkish legions on Cyprus, it is the price of the possible downfall of the Karamanlis regime. And if that regime falls, no one can be certain what the consequences will be. Thus, our policy should be one not of a tilt toward Turkey, not of a tilt toward Greece. Our policy should be the very policy that is inherent in the two laws that we have been debating for these weeks.

Those laws say that we will keep out of this kind of situation; that we will not permit our equipment to be used against a neutral country. To try to amend that law now, even for a 60-day period, would put this Congress and the United States on record as being pro-Turk, pro-occupation of Cyprus, and we may well spell the ultimate doom of the Karamanlis government. We will not be encouraging negotiations by sending more arms, we will instead encourage more war.

I am pleased to yield to the Senator from Texas.

Mr. TOWER. I would like to ask a question of the Senator from Missouri. He apparently has in his possession, I suppose, some sort of documentation or evidence that the Karamanlis government favors the Eagleton amendment. I have heard quite to the contrary. I have heard that the Karamanlis government does not want the amendment of the Senator from Missouri to prevail because they feel that our maintaining our ties with Turkey provides the last hope for negotiating them out of Cyprus and preventing the partitioning of Cyprus. So I have heard it another way.

We could rationalize that the resolution offered by the Senator from Montana is a Greek tilt and is pro-Greek because it enables us to continue the kind of relationship with Turkey that enables us to negotiate with them.

Does the Senator have a definite position paper from the Karamanlis government on the Eagleton amendment? Does he have it?

Mr. EAGLETON. I have no position paper. As the Senator from Texas well knows, it is a violation of American law for a foreign government to try to intrude into the policy decisions of the United States Congress. Neither the prime minister, the foreign minister, nor the Ambassador from Greece—and the same would apply to those respective officials from Turkey—would write to the Senator from Texas, the Senator from Montana, or the Senator from Missouri and intrude upon our decisionmaking process. That does not occur.

Mr. TOWER. The Senator has admitted, then, that he has made an assumption that cannot be supported by the evidence?

Mr. EAGLETON. What I do have in the way of evidence, and I wish I could speak freely, is this evidence: The editorials and newspapers from the leading periodicals in Athens. Those leading periodicals are the equivalent of the Dallas Daily News, the Houston Express, and other such periodicals.

Mr. TOWER. There are no such periodicals.

Mr. EAGLETON. These leading journalists and theoreticians do support the Eagleton amendment. I do not know how my name is pronounced in Athens, but they have probably given it a Greek derivative.

Mr. PASTORE. Will the Senator yield?

Mr. EAGLETON. I yield.

Mr. PASTORE. I do not think we accomplish anything by jabbing at each other's throats. I think the Senator from Missouri is correct, there is a violation of the law. There is no question about that. We have spelled out the law. But I think we have gone beyond the point of discussing legalities here. I do not think the Senator from Missouri can be disputed in any way.

The point that I am making is that we have reached a very pragmatic point. There is no question that the President has said, and he means it, that if this continuing resolution reaches his desk in its present form, he will veto it tomorrow. Therefore, it will come back to us on Thursday or Friday. We will need a two-thirds vote to override the veto, which I doubt very much we will get.

But then there is another element, another dimension in this debate that I think ought to be talked about.

There is no question at all that our majority leader is just as much interested and just as much concerned and disturbed over the situation as any one of us. There is no question about that. We all know MIKE MANSFIELD's integrity.

But as a man who is wise, as a man who is the leader of the majority in the Senate and who has agonized over this situation like the rest of us, he has come forth with this resolution which does not disclaim in any way the position of the Senator from Missouri.

I doubt very much that our Defense Department in the next 60 days is going to begin to send tanks, guns, and bullets there. The argument of the majority leader is that if for some reason we can soften up the strong position that was taken by both the Senate and the House for a period of 60 days so as to allow the President and Mr. Kissinger to work out a negotiated settlement which will be to the advantage of Greece as well as to the advantage of Turkey, we ought to give it a try.

That is the question that is before us this afternoon. That is the thing that I think ought to be emphasized.

I am the one who came on the floor and said to Mr. MANSFIELD, "There is no need of passing your resolution if tomorrow the President of the United States is going to veto this continuing resolution anyway. Do you not think we ought to find out what the position of the White House is?"

The majority leader did find out that position. He talked directly to the President, as he has already stated. The President has said that, "If your resolution is passed by the House and by the Senate, I will not veto the bill tomorrow."

The fact remains that the Eagleton amendment, or the amendment the Senator approves, is still in the bill.

All we are asking for is a respite of 60 days in order to accommodate the men who have to negotiate a settlement in Cyprus.

They are the President and Mr. Kissinger. That is all we are asking at this point.

I do not think anybody can criticize Mr. EAGLETON. No one criticizes the Senator. He is absolutely right. The law has been violated. But the point is he could be wrong. He could be wrong in his summation. His being wrong could be disastrous.

On the other hand, we could be wrong. All we are saying here is let us give the President the benefit of the doubt at this particular moment. I do not think it takes anything away from the Senator's argument. I do not think it takes anything away from his cogency. I do not think it takes anything away from his prestige. It only makes him a bigger American.

Mr. EAGLETON. Mr. President, I thank the distinguished Senator from Rhode Island for his accolades and his tribute. I hope when I meet the Grim Reaper he will be available at the graveside to repeat some of those on my behalf.

Mr. PASTORE. That is if you go before I do.

Mr. EAGLETON. I enjoyed what he said. He is correct on this point. We are now debating policy, but we are also debating the fundamental wisdom of the laws we seek to change.

Mr. President, all in this body are humans, susceptible to human errors; susceptible to all the frailties of being mortal. The people who work in the State Department are mortal, too, Mr. President, susceptible to all the frailties and all the risks of making mistakes.

As the Senator from Rhode Island said to me, "Tom, you might be wrong." Indeed, I might be, Mr. President. And Dr. Kissinger might be wrong. Indeed, he was wrong in Pakistan versus Bangladesh. That was wrong.

He was wrong as Chairman of the Committee of 40 in giving a go-ahead signal to the destabilization of the Allende regime. He was wrong there, Mr. President.

Mr. PASTORE. But he was right in the Middle East.

Mr. EAGLETON. He was right in the Middle East. And he was wrong for 4 long years in Vietnam.

It is a mixed-bag record, right one time and wrong one time. This might be his right time, and it might be his wrong time. But we need not take that chance if we refuse to change the law.

I say to the Senator from Rhode Island if he is wrong, the price is not paid on the floor of the Senate. Rhode Island will be safe; Missouri will be safe. But if Dr. Kissinger is wrong in sending $6 million worth of pipeline ammunition—and that is in the pipeline and $53 million of surplus military arms in Western Europe that is available for deployment—if he is wrong in doing that and it brings down the Karamanlis government and Greece goes far left or far right, the price of that will be paid in Athens. And the price will be paid in Cyprus by the victims of American bullets.

Mr. PASTORE. Absolutely. If he is wrong, everything the Senator says will happen. But let us pray to God that he might be right, and he might bring peace to that part of the world. All we are asking for here is a 60-day test.

In view of the fact that the violation has been over a period of months, I think if we do make a further sacrifice of 60 days, God willing we might get the answer to Cyprus. If we do not have the answer to Cyprus, then, of course, we will have to take another course.

Mr. EAGLETON. Mr. President, with all due respect to my beloved colleague, he refers to prayer. I prefer foreign policy based on pragmatics and on practicalities. I am not here to pray that Dr. Kissinger is right. I am here to debate as to the wisdom of the foreign policy decision he has made in tilting toward Turkey. I think that tilt was inopportune when he began it in July, I think it is inopportune as he continues it in October, and I think it will be inopportune if the Mansfield resolution is passed. He would continue that tilt and exacerbate and intensify that tilt with further armaments up to and including December 15.

A final word, and then I will be prepared to yield back the remainder of my time, unless someone else wishes to speak.

The Senator from Rhode Island points out, as if it were almost an inevitability, that the forthcoming veto of President Ford would not be overridden. I am not willing to accept that. I am not a crystal-ball gazer as to veto overrides. I know that they do not happen often, but I do know that the vote on this subject matter in the House was 291 to 69, a 4 to 1 ratio, a comfortable margin. The vote today in the Senate was 62 to 16, a ratio of roughly 4 to 1.

There will be some slippage on votes. Some colleagues will be brought back from the campaign hustings; and for those of us who support the override, we have to try to bring back two for every one Dr. Kissinger brings back.

But I do not think it is preordained or predestined that the prospective veto will be sustained willy-nilly by either the House or the Senate.

Let us see what happens. This is identical to the situation Congress faced in 1973 on the bombing halt in Cambodia. I introduced an amendment to stop bombing forthwith in Cambodia. It went to then President Nixon, and he vetoed it. It came back to Congress, and we precipitately caved in and authorized a 45-day bombing run over Cambodia, when we should have terminated on June 30.

I am pleased that at that time the Senator from Montana and I agreed that to give a 45-day license to continue to bomb was unwise. We were in the minority. The majority prevailed, and the 45-day bombing continued—not much, I might add, to the credit of the United States.

Now we are asked to give 60 more days of military aid to Turkey, so that they can fortify, rearm, and remain on Cyprus.

I say that the policy was unwise in letting them go to Cyprus in the first place. It could have been forestalled. I say that if we terminate aid today, forthwith, and if they run out of ammunition, as the public reports suggest, they will move out of Cyprus, and that is the desired result that humanity seeks.

Mr. President, I am prepared to yield back the remainder of my time. Before doing so, I ask unanimous consent to have printed in the RECORD, in opposition to the Mansfield resolution, a statement by the distinguished Senator from Washington (Mr. JACKSON) and a statement by the distinguished Senator from Minnesota (Mr. MONDALE).

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. JACKSON

Both Houses of Congress have now expressed the view that the Administration has acted improperly, unwisely, and even illegally in continuing to supply military assistance to a Turkish government whose troops occupy the territory of an independent country—Cyprus. In the Senate, we have had extended edbates and overwhelming votes—and we have acted despite the threat of veto by the President and despite the dire predictions of the Department of State.

Now, at the eleventh hour, a joint resolution has been introduced and placed before the Senate, a joint resolution which would have the effect of undoing all previous Congressional action on this subject. I hope that the Senate will reject this attempt to overturn Senator Eagleton's initiative and sustain the decision that our military assistance to Turkey must conform to the law, and must serve the interests of peace and defense.

Congress has reaffirmed its support of the provisions of the Foreign Military Sales Act and other relevant statutes. With regard to Turkey, the Congress has specifically and unambiguously stated that these laws should not be waived. The Senate, in particular, has been of the view that a specific exception for Turkey ought not to be made. It seems hard to imagine that the Senate would now decide to specifically authorize a waiver of the law as far as Turkey is concerned.

It is time for the Administration, Mr. President, to cease its attempts to evade the letter of the law, the intent of the Congress, and the deep beliefs of the American people. The Administration should now begin to implement the diplomatic initiatives which can secure Cypriot independence, rather than looking for ways to perpetuate a policy which amounts to acquiescence in the Turkish occupation of Cypriot territory.

I urge my colleagues to reject this proposed joint resolution and to stand firm in support of the independence and integrity of Cyprus.

STATEMENT BY MR. MONDALE

I recognize the fact that the amendment offered by Senator Mansfield is put forward in a spirit of compromise but I cannot support the amendment.

Compromise is needed on Cyprus not here in Washington. Compromise is required from the Turkish negotiators not compromise by the Senate in respect for laws of the United States.

In supporting the amendment to the Continuing Resolution for Foreign Aid, both the House and Senate have voted overwhelmingly to restore the balance in America's policy towards Cyprus. I believe it is important to recognize that we are also restoring the balance in our policy towards Greek democracy. Just as the Administration seems to be tilting in favor of Turkish military force in the Cyprus issue, it also bowed down before the military junta which, for too long, deprived the Greek people of their human rights and political liberties. That is why it is even more important that our policies today help sustain and foster the new growth of democracy on Greek soil.

We cannot hope to support the democratic government in Athens, and at the same time expect it to accept the humiliation of a dictated peace on Cyprus. There must be a negotiated solution, one that respects the rights and responsibilities of all sides, and one that is free from military coercion. There is no way that there can be such a negotiated solution on Cyprus if the U.S. continues with aid which supports the Turkish military occupation of that island.

Senator Mansfield's amendment would delay for 60 days the implementation of the wishes of both House and Senate. Many might find that quite reasonable. But the Turkish Government has had more than 60 days to negotiate seriously and to begin withdrawing troops from Cyprus. Unfortunately, they have used that time to consolidate their grip.

And we must recognize if we cut off aid today, this will not have an immediate impact on Turkish military capabilities. It will take 60 days and more before the Turkish military feels the pinch.

What the Senate is asking and what the House is asking is that the Turkish Government show good faith. It did not take the Turks 60 days to invade Cyprus. It only took them a few days. It could take even less time than that to comply with conditions—in fact, the legal requirements—of American aid.

I hope the Turkish Government recognizes that I and others who have supported Senator Eagleton's amendment and who will oppose the amendment of Senator Mansfield, have no malice towards Turkey. What we want is for the U.S. Government to obey the law, for our foreign policy to be even handed and for peace on Cyprus to be established through negotiation, not military force.

Mr. STEVENSON. Mr. President, the Foreign Assistance Act and the Foreign Military Sales Act state categorically that a nation which violates the conditions upon which the United States provides military assistance "shall be immediately ineligible for further assistance." Those conditions have been violated by Turkey's armed intervention in Cyprus.

The Senate today expressed emphatically its will, and for the fourth time, that it intends these laws to be obeyed. The amendment adopted today by the Senate and on Monday by the House requires the President to comply with the law and suspend military aid to Turkey. The President can lift this suspension when he certifies to the Congress "that the Government of Turkey is in compliance with the Foreign Assistance Act and the Foreign Military Sales Act."

Even though the Congress has expressed its will, another attempt is being made to permit the executive to evade the law. Senate Joint Resolution 247 says that "the President is authorized to suspend the provisions of the Foreign Assistance Act and the Foreign Military Sales Act in the case of Turkey" through December 15, 1974, "if he determines that such suspension will further negotiations for a peaceful resolution of the Cyprus conflict." In other words, the Congress is being asked to sanction its own defiance by the President and Turkey.

It has now been almost 3 months since Turkey invaded Cyprus with impunity. The Turks are in Cyprus. Greece is out of NATO. Relations between the United States and Greece are strained. The legitimate Government of Cyprus is deposed. And the Congress is asked to have confidence in the architects of this tragedy and sanction their disobedience to the law. I will not do so.

The executive has been warned time and again that the Congress would reaffirm the law if the President did not comply with the law by cutting off aid to Turkey. This is not a unilateral, vindictive act. It is triggered not by the Congress—but by Turkey. Turkey violated the terms upon which it accepted U.S. assistance. The result should be automatic. Yet, instead of automatically terminating assistance to Turkey, the executive branch has concentrated its efforts on evading the law. To sanction such defiance of the law the United States would simply encourage other aid recipients to defy the United States and breach the terms upon which its aid is accepted.

It appears that Turkish military forces are running out of ammunition and the Defense Department has in the pipeline $6 million in ammunition for them. Turkey could be in a precarious position shortly if it does not negotiate in good faith and withdraw its troops from Cyprus. If, on the other hand, the Senate passes Senate Joint Resolution 247, the President will probably permit this new shipment of ammunition to Turkey, and once again the Turkish Government will be in a position to reject a negotiated settlement and strengthen further its hold on some 40 percent of Cyprus' territory.

I call upon my colleagues in the Senate to express again their support for the law and their abhorrence for armed aggression by voting against Senate Joint Resolution 247.

Mr. MANSFIELD. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Montana has 5 minutes.

Mr. MANSFIELD. How much time does the Senator from Missouri have?

The PRESIDING OFFICER. The Senator from Missouri has yielded back the remainder of his time.

Mr. MANSFIELD. Mr. President, I cannot agree with my friend, the Senator from Missouri, that a Presidential veto of the continuing resolution with his amendment, on which this body has voted twice, could be overridden. Quite the contrary. It could not be overridden and I think the Senator is aware of that fact, at this particular season of the year.

We are talking about Greece and we are talking about Turkey. I do not hear anyone mention Cyprus except incidentally. The Turks do occupy 40 percent of Cyprus, an independent republic in 1960 and guaranteed by Great Britain, which still has armed cantonments on the island, and Turkey and Greece.

Does anyone in this body think that what we have done, regardless of our personal feelings about the situation—and I know of no one in this Chamber who does not have a good feeling toward the Greeks—is going to force the Turks to retreat from the 40 percent of the island of Cyprus which they now hold? Of course not. What we have done has been to solidify the position which Turkey—unfairly, in my opinion—has assumed on the island of Cyprus. What we have done so far is to make certain that the Turks will stay there and Cypriot majority will suffer.

What I am attempting to do, with no help from the White House, with no contact with the State Department, is to try to give some substance to the government of Karamanlis. The Senator is correct when he states that the present Karamanlis government is the best government Greece has had since the last Karamanlis government.

But the Senator goes back too far—10 years, another age, another era—to indicate how we could shake our fist at Turkey and force them to do what we want them to do, through cutting off our aid.

Who do we think we are? What kind of nation do we think we are, that we can tell other people what to do? We have told too many. We have lost too much treasure in the telling, and we have lost far too many lives as well. We have not interfered or intervened in Cyprus, as we did in Vietnam and Cambodia, Laos, and Southeast Asia, as some would want us to interfere and intervene in the Middle East.

So far as I am concerned, when I say that one Vietnam is too many, I mean it; and I do not care what other part of the world one conjures up and asks my opinion on. I am acting as a Senator, within the responsibilities laid down by the distinguished Senator from Missouri. He said that if you want to change the law, it is not the executive branch which does it, in the White House or the State Department; it is Congress. This is a congressional initiative.

I repeat that I have had no contact with the State Department, with the White House, with the Defense Department, with the USAID, or any other outfit.

I approve of Dr. Kissinger's policy of noninterference and nonintervention in the Aegean. I hope that we will recognize what I think is the fact, that if we pass this resolution—and I am not at all sure we can—we will perhaps be giving the Greeks a chance to recoup, a chance to restore their prestige, a chance to take the pressures off Karamanlis, and a chance to get the Turks off the island of Cyprus. It is a simple matter. We can either make sure that the Turks will stay there and the Greeks and the Cypriots will suffer, or we can give our own Government, our own emissaries, a chance to see if they can work out some sort of solution.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. May I say that the President said that if this resolution is agreed to, he will not veto the continuing resolution.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. If we have the matter back with us once again, and what in hell will we have accomplished?

The PRESIDING OFFICER. All time of the Senator from Montana has expired.

The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading and was read the third time.

Mr. MANSFIELD. Mr. President, will the distinguished Senator from Missouri allow me to ask unanimous consent that I may proceed for 1 minute?

Mr. EAGLETON. Absolutely.

Mr. MANSFIELD. Mr. President, I have made some inquiries based on the statement by the distinguished Senator from Missouri (Mr. Eagleton). In response to my request, I state the following:

> Frankly, we have not made any new commitments in this fiscal year.

that is, to Turkey——

> In fact, since the July crisis, we have made no new commitments to Turkey.

I thank the Senator.

The PRESIDING OFFICER. The question is, Shall the joint resolution offered by the Senator from Montana, as modified by unanimous consent, pass? The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Nevada (Mr. Bible), the Senator from Idaho (Mr. Church), the Senator from Alaska (Mr. Gravel), the Senator from Alabama (Mr. Sparkman), the Senator from New Jersey (Mr. Williams), the Senator from Arkansas (Mr. Fulbright), the Senator from Massachusetts (Mr. Kennedy), and the Senator from Montana (Mr. Metcalf) are necessarily absent.

I further announce that the Senator from Indiana (Mr. Hartke) is absent on official business.

I further announce that, if present and voting, the Senator from Indiana (Mr. Bayh) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Oklahoma (Mr. Bellmon), the Senator from New York (Mr. Buckley), the Senator from Kentucky (Mr. Cook), the Senator from Kansas (Mr. Dole), the Senator from Colorado (Mr. Dominick), the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Packwood), the Senator from Pennsylvania (Mr. Schweiker), the Senator from Pennsylania (Mr. Hugh Scott), and the Senator from North Dakota (Mr. Young) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. Fong), the Senator from Nebraska (Mr. Hruska), the Senator from Virginia (Mr. William L. Scott), and the Senator from Vermont (Mr. Stafford) are absent on official business.

I further announce that, if present and voting, the Senator from Oregon (Mr. Packwood) would vote "nay."

On this vote, the Senator from Pennsylvania (Mr. Hugh Scott) is paired with the Senator from Arizona (Mr. Goldwater).

If present and voting, the Senator from Pennsylvania would vote "yea" and the Senator from Arizona would vote "nay."

The result was announced—yeas 40, nays 35, as follows:

[No. 471 Leg.]

YEAS—40

Aiken
Bartlett
Beall
Bennett
Brock
Brooke
Byrd, Robert C.
Cannon
Case
Cotton
Curtis
Domenici
Eastland
Ervin
Fannin
Griffin
Gurney
Hansen
Haskell
Helms
Huddleston
Hughes
Inouye
Johnston
Long
Mansfield
McClellan
McClure
McGee
Metzenbaum
Nunn
Pastore
Pearson
Randolph
Stennis
Stevens
Taft
Talmadge
Thurmond
Tower

NAYS—35

Abourezk
Allen
Bentsen
Biden
Burdick
Byrd, Harry F., Jr.
Chiles
Clark
Cranston
Eagleton
Hart
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Javits
Magnuson
Mathias
McGovern
McIntyre
Mondale
Montoya
Moss
Muskie
Nelson
Pell
Percy
Proxmire
Ribicoff
Roth
Stevenson
Symington
Tunney
Weicker

NOT VOTING—25

Baker
Bayh
Bellmon
Bible
Buckley
Church
Cook
Dole
Dominick
Fong
Fulbright
Goldwater
Gravel
Hartke
Hruska
Kennedy
Metcalf
Packwood
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Williams
Young

So the joint resolution (S.J. Res. 247) was passed, as follows:

S.J. Res. 247

Joint resolution authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505 (d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized to suspend the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act and the prohibition of House Joint Resolution 1131 in the case of Turkey during the period beginning on the date of the enactment of this joint resolution and ending on December 15, 1974, if he determintes that such suspension will further negotiations for a peaceful resolution of the Cyprus conflict.

Mr. TOWER. I move to reconsider the vote by which the joint resolution was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JACKSON. Mr. President——

The PRESIDING OFFICER (Mr. Harry F. Byrd, Jr.). The Senate is not in order. The Senator will not proceed until order is restored. The Senate will be in order. Senators will please take their seats.

The work of the Senate is being delayed until we can get better order in the Chamber.

The Senator from Washington may proceed.

SENATE RESOLUTION 425—SUBMISSION OF A RESOLUTION PROPOSING THE ESTABLISHMENT OF A NATIONAL ENERGY PROGRAM

Mr. JACKSON. Mr. President, yesterday, with the cosponsorship of the distinguished Majority Leader (Mr. Mansfield), the chairman of the Commerce Committee (Mr. Magnuson), the chairman of the Public Works Committee (Mr. Randolph) and the chairman of the Subcommittee on International Finance, of the Banking Committee (Mr. Stevenson). I had printed in the Record a sense of the Senate resolution which proposes a national energy program.

The program I propose: consists of six major elements:

First. A fair pricing policy for domestic oil which sets a price standard for U.S. oil which is substantially below the OPEC cartel price;

Second. Immediate adoption of standby energy emergency authority to deal with energy shortages induced by OPEC price increases or politically inspired supply interruptions;

Third. A national energy conservation policy which, includes an immediate reduction of 1 million barrels per day in the importation of high-priced OPEC oil;

Fourth. A domestic energy production policy which will increase existing conventional sources of supply and accelerate exploration and development of new sources without eroding public health or environmental standards; and

Fifth. A massive commitment of financial, intellectual, and technological resources to an energy research and development program; and

Sixth. A commitment to work with State and local governments in meeting energy needs.

Mr. President, I send to the desk a resolution and I ask unanimous consent that it be placed on the calendar.

Mr. FANNIN. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. JACKSON. Mr. President, I ask for its immediate consideration.

Mr. FANNIN. Mr. President, I object.

The PRESIDING OFFICER. The objection having been noted, the resolution will go over.

Mr. JACKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JACKSON. As I understand, it will go over until tomorrow, and it will be——

The PRESIDING OFFICER. At the end of morning business.

Mr. JACKSON. At the end of morning business.

The PRESIDING OFFICER. The resolution will be laid before the Senate.

Mr. JACKSON. It will then be laid before the Senate and it can be placed on the calendar at that time.

The PRESIDING OFFICER. If not disposed of before the 2 hours elapse, it will be placed on the calendar.

Mr. FANNIN. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FANNIN. If I could have permission to state my objection, is that in order?

Mr. JACKSON. Well, I yield for that purpose, I still have the floor.

Mr. FANNIN. I do not feel that the Members of the Senate have had an opportunity to investigate or to determine what is in this particular resolution. I realize what it is from the standpoint of its meaning, but I do not think we should just arbitrarily pass a resolution like this or consider it at this time and, as I understand it, tomorrow if it is brought up, that objection can be heard and it would have to be carried over; is that correct?

Mr. JACKSON. No.

The PRESIDING OFFICER. It could be discussed during the 2-hour period and, at the end of the 2-hour period it would then go to the calendar, assuming it had not otherwise been disposed of.

Mr. FANNIN. It could not be voted on tomorrow if there is objection; is that correct?

The PRESIDING OFFICER. Well, if no one is available to object to it, the Chair will state it is subject to debate under the 2-hour period.

Mr. FANNIN. The question I addressed to the Chair is if there is objection could it be voted on tomorrow? If objection is stated on tomorrow?

The PRESIDING OFFICER. A single objection, the Chair would say, would not block consideration. But the resolution would be debatable and, if a Senator obtained the floor and discussed the proposal during the 2-hour period, after the expiration of the 2-hour period it had not been disposed of, it would go to the calendar.

Mr. HANSEN. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HANSEN. What if it were a double objection instead of a single objection?

The PRESIDING OFFICER. The same reply.

Mr. JACKSON. Mr. President, may I just make this comment. May I suggest, because we have so many matters up tomorrow, that I want to be fair about this matter, as I have tried to be on all important issues. What I would suggest, in view of the fact that the leaders are here on the floor, the assistant leader and the minority member of the Interior Committee has raised this question, that I would be certainly willing to work out a time when this matter could be debated, discussed, so that we could get a vote. It would not have to be tomorrow, I would say to the Senator, because there is other business that will be pending in the Senate I know that is urgent, and I am not suggesting, if there is going to be a lot of debate, that we try to bring it to an early vote.

Mr. FANNIN. Mr. President, if I could answer the distinguished Senator from Washington, the reason that the Senator from Arizona has objected is because he is not familiar with what is in the resolution other than just in a cursory way because the resolution, although the Senator says it was in the Congressional Record, that was not, to my knowledge, available. So I——

Mr. JACKSON. It was placed in the Record of yesterday, and it was in the Record which is available today.

Mr. FANNIN. I do not think very many Senators have had an opportunity to look at the wording of the amendment. My position is that until it can be carefully analyzed I do not think it should be considered.

Mr. JACKSON. Well, I understand the Senator's position.

Mr. President, may I just state that I would be very pleased, in conjunction with the leadership, as well as the distinguished Senator from Arizona, to discuss this matter tomorrow to try to work out a more specific time when the matter could be debated and voted upon because, as I understand the agenda, there are a number of bills that will be up tomorrow that are very urgent, and I will not detain the Senate in the closing hours before we recess insofar as this particular resolution is concerned.

I would suggest that the Senator from Arizona have an opportunity—and my colleagues, too—to review the resolution which is in today's Record, and which I have introduced today. After that we can then discuss an appropriate time when the matter will be debated and when it will be voted upon.

Mr. FANNIN. Well, Mr. President, I

would just say to the distinguished Senator from Washington I would welcome that opportunity to discuss it tomorrow and to make a determination at that time.

Mr. JACKSON. That is right. I am suggesting that we get together and discuss it, not on the floor necessarily, but that we get together and discuss a time later when this matter would be in order.

Mr. FANNIN. I would be very pleased to do so.

The resolution is as follows:

S. RES. 425

Whereas, the arbitrary quadrupling of oil prices by the Organization of Petroleum Exporting Countries (OPEC) cartel has imposed severe strains on the international financial system, and is a primary cause of worldwide inflation, draining over $50 billion annually from consumers, threatening many industrial nations with economic collapse, and confronting third world nations with mass starvation; and

Whereas, oil prices established by this international cartel have been the largest single factor in the Nation's current economic recession, in pushing domestic unemployment to a twelve-year high, in depressing the stock market, and in driving inflation and interest rates to unprecedented levels; and

Whereas, the United States has the ability to control energy induced inflation through policies governing the 85 percent of its energy supply which is produced within the United States, by increasing domestic energy production, and by undertaking stringent efforts to eliminate energy waste and promote conservation; and

Whereas, dependence by the United States on a substantial volume of imported petroleum has created a grave domestic economic crisis, seriously inhibited our freedom of action in developing and implementing foreign policy, and could cause a severe shortage in the event of another embargo; and

Whereas, the Nation has yet to mount a serious and sustained program to eliminate the wasteful use of energy in the United States and despite unprecedented price increases the production of domestic energy supplies continues to lag behind demand; and

Whereas, it is imperative that the United States immediately undertake a massive peace-time effort to combat economic aggression abroad and to deal with energy shortages and energy induced inflation at home; and

Whereas, the American people and the leaders of other nations should be fully apprised of the commitment of the Legislative Branch of the United States Government to initiate and implement—in a united, bipartisan and cooperative manner—a national energy program designed to (1) give credibility to United States initiatives to deal with the economic and political challenge of the OPEC cartel; (2) promptly reduce dependence on cartel priced foreign oil; (3) dampen world and domestic inflation; and (4) secure a stable world economy in which the legitimate aspirations of all nations may be achieved.

Now, therefore, be it

Resolved, that it is hereby declared to be the sense of the Senate that—

1. The United States is committed to an energy pricing, import and tax policy which will:

(a) Limit the price of all new domestic crude oil to a level that reflects its long-term supply price (no more than $7–$8 per barrel) rather than the dictates of the OPEC cartel as a major element in a concerted effort to control exorbitant prices, reduce domestic inflation, and prevent unreasonable profits by exporter governments and United States companies alike;

(b) Reduce imports of high-cost foreign oil by 1 million barrels per day, and thereby combat inflation, and cut over $4 billion from our balance of payments deficit;

(c) Eliminate, through taxes or otherwise, the windfall oil and gas profits enjoyed by multinational oil companies; and

(d) Reform natural gas pricing to eliminate uncertainty, maintain strict controls over old gas contracts, and provide adequate incentives for development of newly discovered gas through measured price increases which keep natural gas prices well below the equivalent of OPEC's arbitrary oil price.

2. The United States should adopt legislation which will:

(a) Extend the Emergency Petroleum Allocation Act, the only Federal legislation which provides authority to control oil prices and equitably allocate scarce fuels among regions of the country and classes of consumers;

(b) Mandate a program of international and domestic contingency planning to deal with energy shortages at home and abroad;

(c) Establish standby energy emergency authority adequate to cope with a total interruption of OPEC imports, through gasoline rationing, conservation plans, allocation of essential materials, and appropriate export restrictions;

(d) Require the immediate development of a system of strategic petroleum reserves composed of salt dome and tank storage by industry and the Federal government equal to at least ninety days of imports; and

(e) Assure that the United States has an opportunity to participate in any negotiations in the purchase of foreign oil and provide the President with authority to curtail and increase the price of U.S. exports to nations which unreasonably restrict U.S. access to their commodities by adoption of pending amendments to the Export Administration Act.

3. The United States should adopt a national energy conservation policy which will include mandatory provisions designed to:

(a) result in a thirty percent improvement in automobile mileage in the 1976 model year and a 100 percent improvement by 1980;

(b) commit the nation to greater investment in a broadened mass transit program;

(c) redefine Federal and State regulatory policies which encourage or permit energy waste;

(d) impose new Federal procurement policies based upon energy efficiency and conservation;

(e) prohibit the use of new natural gas supplies for boiler fuel and phase out entirely over a reasonable period of time all use of gas as a boiler fuel;

(f) mandate the redesign of electric and gas utility rate structures to encourage conservation within twelve months;

(g) require labeling of energy-consuming appliances, homes, and automobiles to enable consumers to save energy and money through consumer charts;

(h) provide appropriate support for a program to insulate homes and small businesses with repayment of loans tied to savings in fuel and air-conditioning bills; and

(i) assist State and local government in the development of energy conservation programs designed to achieve short and long-term savings with a minimum disruption of State and local economies, including specifically the establishment of standards to reduce energy requirements for new homes and commercial establishments.

4. The United States is committed to an energy production policy which will:

(a) Expand Federal authority to increase petroleum production and productive efficiency, including mandatory unitization where state law does not provide for it, incentives and requirements for secondary and tertiary recovery of oil and gas, establishment of maximum efficient rates of production, and prohibition of market demand prorationing;

(b) Develop and produce the Naval Petroleum Reserves in California and Wyoming to fill the Federal component of the strategic reserve system, and undertake on a priority basis prompt exploration of Naval Petroleum Reserve No. 4 on the North Slope of Alaska;

(c) Improve geological and environmental assessment and inventorying of energy resources in the public domain;

(d) On the many existing Federal leases where production is lagging, require production or forfeiture of the leases;

(e) Adopt an updated Federal coal-leasing policy and a surface mine control and reclamation bill, and establish a program to convert all industrial boiler fuel uses of oil and gas to coal over the next 10 years to assure adequate domestic energy supplies while decreasing oil imports; and

(f) Implement the foregoing policies and measures without repeal or erosion of regulatory or statutory measures which preserve and protect the public health, safety, welfare and the quality of the nation's land, air and water resources.

5. The United States is committed to an energy research and development program which has as its immediate goals:

(a) Establishment of a $20 billion energy research and development program with specific timetables to demonstrate on commercial scale the technological capability of coal gasification, coal liquefaction, oil shale production, geothermal steam, and solar energy, as well as new technology to use energy more efficiently; and

(b) Creation of an Energy Research and Development Administration to administer the national energy research and development effort.

6. The United States is committed to a program of Federal, State and local cooperation to deal with the critical economic and energy problems facing the Nation, and the Federal government will:

(a) Provide financial aid and technical support to States and local government to assist in ameliorating and managing the primary and secondary environmental and socio-economic impacts caused by the siting of energy-related facilities and the use of land, air and water for energy production; and

(b) Recognize that the States share with the Federal government an equal responsibility for meeting the nation's energy requirements.

And be it further resolved that it is hereby declared to be the sense of the Senate—

That by taking the aforesaid actions, many of which can be implemented forthwith by the Administration under existing legislative authority and the pending amendments to the Export Administration Act, the President and the Nation can combat inflation at home, and with export control authority, and strategic reserves bargain, in cooperation with other oil consuming nations for concessions to alleviate a grave international crisis.

ORDER OF BUSINESS

Several Senators addressed the Chair.

Mr. CRANSTON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. TUNNEY. Yes.

PRIVILEGE OF THE FLOOR—S. 3979

Mr. CRANSTON. Mr. President, I ask unanimous consent that the following staff members have the privileges of the floor during consideration of S. 3979, the Housing bill: Thomas Brooks, Carl Coan, Pat Abshire, Caroline Jordan, Randy Higgins, Tony Cluff, Ken McLean, Jerry Buckley, and Murray Flanders.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Howard Segermark of my staff be granted privilege of the floor during consideration of the housing bill, S. 3979.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE RESOLUTION 426—SUBMISSION OF A RESOLUTION WITH RESPECT TO THE GRANTING OF CERTAIN OIL AND GAS LEASES PURSUANT TO THE OUTER CONTINENTAL SHELF LANDS ACT

Mr. TUNNEY. Mr. President, I present at the desk a resolution which is cosponsored by 23 of my colleagues. This resolution expresses the sense of the Senate that greater care must be taken in the program to lease our offshore areas for oil and gas development.

Our offshore areas possess considerable mineral resources. These resources must be tapped to assist in meeting our energy needs. But these marine and coastal areas which will be affected by offshore drilling also have other uses, and need to be protected from uncontrolled and rapacious development.

The Congress passed the Coastal Zone Management Act just 2 years ago, providing Federal assistance to States to develop mandatory coastal management plans. These plans are a vital step to allow coastal. States to protect ecologically fragile areas, like tidelands and marshes, and to rationalize the industrial and other impacts of offshore drilling, if it occurs, upon the coastal zone.

Therefore, my colleagues and I are very concerned with present plans to make a vast increase in offshore leasing in the next year. The coastal States are not prepared for the impacts of this leasing—particularly the States where no drilling has yet occurred.

There are serious questions about the feasibility and wisdom of the 10-million-acre leasing program, which have been raised in hearings just this week.

Mr. President, when the Interior Department's plans for setting up a "firm" leasing schedule of 10 million acres in 1975 were revealed, 20 Senators wrote a letter to President Ford asking that the administration exercise restraint in offshore leasing until more progress is made in completing environmental baseline studies, and developing State coastal management plans.

This resolution would express the sense of the Senate on these same points that were contained in the letter to the President.

The resolution will say that the Interior Department should follow certain criteria before leasing new areas in the Outer Continental Shelf:

First, all environmental studies required by the Council on Environmental Quality should be completed and reviewed;

Second, States should complete or make reasonable progress toward completing their coastal management plans, with the Secretary of Commerce to certify that progress is being made; and

Third, the Secretary of the Interior should justify the 10-million-acre leasing plan before the appropriate committees of Congress, and answer the questions which have been raised. This should include, in my opinion, the Interior, Commerce, and Appropriations Committees in the Senate, and the equivalent committees in the House.

Mr. President, I repeat that this is not a question of cutting off all drilling activities. We know that this is not good policy, despite the calls of some people to do so. But we are concerned that no single policy objective, as important as it is, should overwhelm all other competing policies which our Nation is committed to. Offshore development must be deliberate, and consistent with coastal management objectives of the States.

It must be safe, and every effort must be taken to assure that environmental dangers are foreseen and protected against. Only the most extraordinary efforts in this context will give reassurance to the millions of people in the coastal States that offshore drilling is in their interest.

Finally, we must get far better assurance than we now have that the Government will get fair value for its leases. The vast lack of information about the specifics of the resource potential in the Outer Continental Shelf means that oil companies stand a good chance to rip off the Treasury.

Mr. President, and my colleagues, the purpose of this resolution is to urge caution. I think this expression on the part of the Senate will help insure that as our energy policies are made, they take adequate account of the other concerns of our Nation. I am confident that such a deliberate approach will both achieve our energy goals, and prevent disruption of our coastal zones and the attendant acrimonious reaction of millions of people who live in them.

Mr. President, we held hearings in the Commerce Committee in California recently with respect to the leasing of offshore acreage, and we learned from the Department of the Interior that they were not planning to undertake a leasing program until the environmental baseline studies were completed, until the environmental impact statements were completed. But they did not give, of course, any indication that they were going to wait until such time as coastal management plans had been completed by the State.

However, subsequent to those hearings we learned from a newspaper story which, in fact, was accurate, that an internal memorandum had been initialed by Mr. Whitaker, the Under Secretary of the Interior, indicating that the Under Secretary wanted 10 million acres to be leased in 1975.

Now, this was quite different from the testimony that had been given by the Department of the Interior to the Commerce Committee at our hearings in California. The interesting thing is that the man who gave the testimony in California indicated that he was speaking in a policy position for the Department, and this internal memorandum from Secretary Whitaker had been published approximately a week before the hearings. So that led some of us to believe that either the high department witness before our hearings did not know what he was talking about, had not been informed about these high policy issues or, being so informed, purposefully misled our committee.

I do not think it is important at this point to get into the factual question of whether he was misinformed or purposely misled the committee, but the fact simply is that there are many Senators—as a matter of fact, a quarter of the entire body—who were very deeply concerned that the Department of the Interior is moving ahead rapidly on a leasing program having already made the decision to lease 10 million acres without taking into consideration the environmental impact on the coastal areas, and what is going to happen insofar as the infrastructure development on shore adjacent to these development zones.

We feel very strongly that there has got to be full consideration not only of the quality of life of citizens living onshore, but also the environmental impact on the coastal regions.

So it is for this reason that the 24 of us have introduced at the desk this resolution and I would ask unanimous consent, Mr. President, to insert in the RECORD the text of the resolution and the text of the letter sent Monday by a group of several Senators to President Ford relating to the same matter.

There being no objection, the resolution and letter were ordered to be printed in the RECORD, as follows:

S. RES. 426

Resolution expressing the sense of the Senate with respect to the granting of certain oil and gas leases pursuant to the Outer Continental Shelf Lands Act

Whereas, the energy potential of the United States Outer Continental Shelf resources is potentially of great value and their proper development is a matter of high priority to the nation, and

Whereas, the development of Outer Continental Shelf resources may pose conflicting pressures on coastal and marine regions currently being used for other important purposes, including recreation and fishing; and

Whereas, improperly located pipelines, refineries, and other growth attendant to development of the Outer Continental Shelf could have a severe and adverse impact on the fragile and valuable Coastal Zones and marine habitats of the coastal states, and

Whereas, the Congress, through the Coastal Zone Management Act of 1972, declared it is the responsibility of all Federal agencies engaged in programs affecting the Coastal Zone to cooperate and participate with State and local governments and regional agencies in assisting in the establishment of coastal zone management programs, and

Whereas, the key to effective development and use of the resources of the coastal zone, including the Outer Continental Shelf, is a balanced approach to national needs, taking into consideration the views and concerns of the coastal States,

Whereas, the Congress has not completed action on the Energy Supply Act of 1974 (S. 3221) which modernizes procedures for the Department of the Interior to follow in leasing offshore areas, and which provides for greater consultation with State and local governments in preparing the leasing program; and

Whereas, serious questions have been raised about the necessity and feasibility of leasing programs of 10 million acres in 1975, including leasing in frontier areas, and

Now, therefore, be it

Resolved, That it is the sense of the Senate that the Secretary of the Interior shall offer oil and gas leases pursuant to the Outer Continental Shelf Lands Act only in accordance with the following criteria:

(1) The Council on Environmental Quality, with the concurrence of the Review Panel of the National Academy of Sciences, has specified and evaluated all necessary environmental research for any areas to be leased;

(2) The adjacent coastal State or States have established Coastal Zone Management Programs or have been deemed by the Secretary of Commerce to be making reasonable progress toward completion of such programs to prevent or ameliorate environmental and socio-economic impacts from activities resulting from leasing; and

(3) the Secretary has provided justification to the appropriate Committees of Congress that any lease sales aimed at a target of 10 million acres per year will not interfere with necessary protection of the environment or with state coastal management planning, will be feasible from the standpoint of capital, materials and manpower, and will result in fair return to the United States Government.

U.S. SENATE,
Washington, D.C., October 7, 1974.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We wish to express our surprise and dismay on learning that the Department of Interior is proceeding toward the 1975 leasing of 10 million acres for offshore oil and gas development—including acreage in the Atlantic, the Pacific and the Gulf of Alaska—at a time when environmental baseline studies and state coastal zone management efforts are at a very early stage.

We recognize and support the need to expedite development of the nation's domestic energy resources, including outer continental shelf oil and gas, but we have not been informed of any factual basis for Interior's judgment that 10 million acres in 1975 is the magic number needed by the nation. Moreover, we do not believe it wise to lease in hitherto undeveloped areas before environmental and coastal planning needs are met.

We are particularly concerned that the Interior leasing program is moving ahead with apparent disregard for the inter-agency effort to gather environmental baseline data on the proposed new areas, and similar disregard for state efforts to develop coastal zone management programs in accordance with the Coastal Zone Management Act of 1972.

We have serious doubts about the oil and gas industries' financial and technical capability to develop such a large number of acres in a single year, and about the rational basis for selecting this level of leasing as appropriate or necessary for the nation's energy needs. We understand that the Department of Interior is in the early preparatory stages of an environmental impact statement on the 10-million acre program, as required by the National Environmental Policy Act of 1969. Hopefully, the Interior Department EIS will set forth the rationale behind the program. It seems most untimely, therefore, for lease sales to be planned before the completion of environmental impact studies or the determination of whether 10 million acres is a realistic or reasonable level for 1975 leasing.

The Senate recently passed S. 3221, the Energy Supply Act of 1974, which provides for several notable improvements in OCS leasing policies and practices. However, the House of Representatives has not yet acted on OCS legislation, and the deliberations of both Houses are expected to continue into the next Congress. We believe that OCS leasing in new areas should await the outcome of that legislative process.

The National Ocean Policy Study of the Senate is currently analyzing OCS issues. Preliminary analysis by the Study supports our belief that offshore leasing programs should proceed only as rapidly as the state and federal programs for coastal planning and environmental data gathering can proceed.

You will recall that the Council on Environmental Quality, in reporting to former President Nixon on its environmental assessment of OCS oil and gas in the Atlantic and the Gulf of Alaska, stated several principles which should guide federal leasing programs. These principles included:

A policy of "very high priority on environmental protection" in regard to OCS exploration and development;

A leasing program in which the location and phases of lease sales are "designed to achieve the energy supply objectives . . . at a minimum environmental risk";

Use of the "best commercially available technology . . . to minimize environmental risk";

Federal regulations for environmental protection that are "fully implemented and requirements strictly enforced";

Federal consultation with state and local authorities to provide affected areas with "complete information as early as possible so that planning can precede and channel the inevitable development pressures";

A "major advisory role" for the interested public in OCS management and regulation.

We suggest, Mr. President, that unless given higher federal priority, environmental and coastal planning measures cannot possibly be fully implemented in time for 1975 leasing in all new areas of the Atlantic and the Gulf of Alaska, and premature leasing in these new areas cannot possibly adhere to the principle of expanding energy supplies with minimum environmental risk.

We urge you to revise the federal leasing program to ensure the concurrent progress of environmental baseline studies, impact assessment, and federal assistance to state coastal zone management programs. The 1975 program should, in our view, also await a factual justification for leasing 10 million acres, some in new areas, including a determination that the oil and gas industries can cope with this high level of development.

When leasing does take place in new areas, we believe the areas chosen should reflect the results of environmental studies, and should begin with those areas found to hold the lowest level of risk to the marine and coastal environments. If we are to avoid undue delay in developing the outer continental shelf, we must step up federal funding of environmental baseline studies and federal assistance to coastal states as they develop their coastal zone management programs. This way, the OCS leasing program will clearly conform to the findings of the CEQ study, the views of the coastal states many of us represent, and the spirit of the Coastal Zone Management Act of 1972, which requires federal programs affecting the coastal zones to be consistent with state coastal zone management programs.

We were most heartened by your inaugural address to the Congress, in which you expressed your desire to build a good marriage with Congress and work together to solve the critical problems before us. We applaud your sincerity and we certainly share your goal. For this reason, we urge you to make it possible for us to work together toward a rational policy for development of the outer continental shelf. The Interior Department's unilateral decision to go ahead with a hasty and ill-conceived 1975 leasing schedule at this time represents a serious impediment to our cooperative efforts. We hope you will heed and share our views on this vital matter.

Sincerely yours,

Ernest F. Hollings, Edward M. Kennedy, Edward W. Brooke, Alan Cranston, Mark O. Hatfield, Charles McC. Mathias, Jr., Claiborne Pell.
Clifford P. Case, Harrison A. Williams, Jr., Lawton Chiles, William D. Hathaway, Edmund S. Muskie, Jacob K. Javits.
John V. Tunney, Joseph R. Biden, Jr., Thomas J. McIntyre, John O. Pastore, Bob Packwood, Hubert H. Humphrey.

Mr. TUNNEY. Mr. President, I ask immediate consideration of the resolution.

Mr. HANSEN. Mr. President, I object.

The PRESIDING OFFICER. The objection having been heard, the resolution will go over under the rule.

SENATE RESOLUTION 424—SUBMISSION OF A RESOLUTION RELATING TO PROPOSED INCREASES IN THE PRICE OF PROPANE GAS

Mr. EAGLETON. Mr. President, I send a resolution to the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution relating to proposed increases in the price of propane gas.

Mr. FANNIN. Mr. President, I object to the immediate consideration of the resolution.

The PRESIDING OFFICER. Objection having been heard, the resolution will go over under the rule.

The resolution is as follows:

S. RES. 424

Whereas the Federal Energy Administration has proposed a change in its price regulations (Federal Register, Sept. 10, 1974) to permit an immediate 3 to 5 cent-per-gallon increase in the price of propane gas and other natural gas liquids; and

Whereas the proposed increase is not related to any specific production cost increase but is intended rather as an incentive for greater production and to discourage new industrial and commercial users from entering the market; and

Whereas the proposed increase is unlikely to achieve the intended production effect because 70% of all propane produced is a side product of natural gas drillings and the production of propane cannot be significantly influenced independent of natural gas; and

Whereas the price of propane gas received by producers increased by 35% in 1973 over the previous year while production increased by less than one percent; and

Whereas there is no justification at all for allowing the increase to apply to propane already produced and in inventory; and

Whereas an increase at this time would seriously burden millions of American families who depend upon propane gas for home heating and cooking; and

Whereas an increase in the price of propane gas is more likely to penalize traditional home and farm users than to discourage new industrial and commercial users; and

Whereas the Federal Energy Administration could more effectively restrict new uses of propane through its allocation authority than through an inflationary price increase; and

Whereas propane gas is widely used in drying of grains and an increase in the price of propane gas would reflect itself in even higher grain and food prices: Now therefore be it

Resolved, That it is the sense of the Senate that the Federal Energy Administration should withdraw its proposed price regulation change and maintain propane gas prices at or below the level established by existing regulation.

FOREIGN INVESTMENT STUDY ACT OF 1974

Mr. INOUYE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2840.

The PRESIDING OFFICER (Mr. LONG) laid before the Senate the amendment of the House of Representatives to the bill (S. 2840) to authorize the Secretary of Commerce and the Secretary of the Treasury to conduct a study of foreign direct and portfolio investment in the United States, and for other purposes, as follows:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Foreign Investment Study Act of 1974".

SEC. 2. The Secretary of the Treasury and the Secretary of Commerce are hereby authorized and directed to conduct a comprehensive, overall study of foreign direct and portfolio investments in the United States.

SEC. 3. The Departments of Commence and Treasury, in consultation with appropriate agencies, shall determine the definitions and limitations of direct and portfolio investments for the purposes of the study authorized in section 2 of this Act.

SEC. 4. In carrying out the study described in section 2 of this Act, the Secretary of Commerce and the Secretary of the Treasury shall, respectively and jointly as may be appropriate—

(1) identify and collect such information as may be required to carry out the study authorized in section 2 of this Act;

(2) consult with and secure information from (and where appropriate the views of) representatives of industry, the financial community, labor, agriculture, science and technology, academic institutions, public interest organizations, and such other groups as the Secretaries deem suitable; and

(3) consult and cooperate with other government agencies, Federal, State, and local, and, to the extent appropriate, with foreign governments and international organizations.

SEC. 5. The Secretary of Commerce shall carry out that part of the study authorized in section 2 of this Act relating to foreign direct investment, and shall, among other things, to the extent he determines feasible, specifically—

(1) investigate and review the nature, scope, magnitude, and rate of foreign direct investment activities in the United States;

(2) survey the reasons foreign firms are undertaking direct investment in the United States;

(3) identify the processes and mechanisms through which foreign direct investment flows into the United States, the financing methods used by foreign direct investors, and the effects of such financing on American financial markets;

(4) analyze the scope and significance of foreign direct investment in acquisitions and takeovers of existing American enterprises, the significance of such investments in the form of new facilities or joint ventures with American firms, and the effects thereof on domestic business competition;

(5) analyze the concentration and distribution of foreign direct investment in specific geographic areas and economic sectors;

(6) analyze the effects of foreign direct investment on United States national security, energy, natural resources, agriculture, environment, real property holdings, balance of payments, balance of trade, the United States international economic position, and various significant American product markets;

(7) analyze the effect of foreign direct investment in terms of employment opportunities and practices and the activities and influence of foreign and American management executives employed by foreign firms;

(8) analyze the effect of Federal, regional, State, and local laws, rules, regulations, controls, and policies on foreign direct investment activities in the United States;

(9) compare the purpose and effect of United States, State, and local laws, rules, regulations, programs, and policies on foreign direct investment in the United States with laws, rules, regulations, programs, and policies of selected nations and areas where such comparison may be informative;

(10) compare and contrast the foreign direct investment activities in the United States with the investment activities of American investors abroad and appraise the impact of such American activities abroad on the investment activities and policies of foreign firms in the United States;

(11) study the adequacy of information, disclosure, and reporting requirements and procedures;

(12) determine the effects of variations between accounting, financial reporting, and other business practices of American and foreign investors on foreign investment activities in the United States; and

(13) study and recommend means whereby information and statistics on foreign direct investment activities can be kept current.

SEC. 6. The Secretary of the Treasury shall carry out that part of the study authorized in section 2 of this Act relating to foreign portfolio investment, and shall, to the extent he determines feasible, specifically—

(1) investigate and review the nature, scope, and magnitude of foreign portfolio investment activities in the United States;

(2) survey the reasons for foreign portfolio investment in the United States;

(3) identify the processes and mechanisms through which foreign portfolio investment is made in the United States, the financing methods used, and the effects of foreign portfolio investment on American financial markets;

(4) analyze the effects of foreign portfolio investment on the United States balance of payments and the United States international investment position;

(5) study and analyze the concentration and distribution of foreign portfolio investment in specific United States economic sectors;

(6) study the effect of Federal securities laws, rules, regulations, and policies on foreign portfolio investment activities in the United States;

(7) compare the purpose and effect of United States, State, and local laws, rules, regulations, programs, and policies on foreign portfolio investment in the United States with laws, rules, regulations, programs, and policies of selected nations and areas where such comparison may be informative;

(8) compare the foreign portfolio investment activities in the United States with information available on the portfolio investment activities of American investors abroad;

(9) study adequacy of information, disclosures, and reporting requirements and procedures; and

(10) study and recommend means whereby information and statistics on foreign portfolio investment activities can be kept current.

POWERS

SEC. 7. (a) The Secretary of Commerce and the Secretary of the Treasury may each by regulation establish whatever rules each deems necessary to carry out each of his functions under this Act.

(b) Each such Secretary may require any person subject to the jurisdiction of the United States—

(1) to maintain a complete record of any information (including journals or other books of original entry, minute books, stock transfer records, lists of shareholders, or financial statements) which such Secretary determines is germane to his functions in the foreign direct investment and foreign portfolio investment studies to be conducted pursuant to this Act; and

(2) to furnish under oath any report containing whatever information such Secretary determines is necessary to carry out his functions in such studies.

The authority of each Secretary under this subsection shall expire on the date provided under section 10 of this Act for the Secretary of Commerce and the Secretary of the Treasury to submit a full and complete report to the Congress.

(c) In addition to the Secretary of Commerce and the Secretary of the Treasury, the only individuals who may have access to information furnished under subsection (b) (2) are those sworn employees, including consultants, of the Department of Commerce or Department of the Treasury designated by the Secretary of either such Department. Neither such Secretary nor any such employee may—

(1) use any information furnished under subsection (b) (2) except for analytical or statistical purposes within the United States Government; or

(2) publish, or make available to any other person in any manner, any such information in a manner that the information furnished under subsection (b) (2) by any person can be specifically identified.

Such Secretaries may exchange any such information furnished under subsection (b) (2) in order to prevent any duplication or omission in the studies conducted by each such Secretary pursuant to this Act.

(d) Except for the requirement under subsection (b) (2), no agency of the United States or employee thereof may compel (1) the Secretary of Commerce or the Secretary of the Treasury, (2) any individual designated by either such Secretary under the first sentence of subsection (c), or (3) any person which maintained or furnished any report under subsection (b), to submit any such report or constituent part thereof to that agency or any other agency of the United States. Without the prior written consent of the person which maintained or furnished any report under subsection (b), such report or any such constituent part may not be produced for any Federal judicial or administrative proceeding, except for a proceeding under section 8(b) of this Act.

ENFORCEMENT

SEC. 8. (a) Whoever fails to furnish any information required pursuant to the authority of this Act, whether required to be furnished in the form of a report or otherwise, or to comply with any rule, regulation, order, or instruction promulgated pursuant to the authority of this Act may be assessed a civil penalty not exceeding $10,000 in a proceeding brought under subsection (b) of this section.

(b) Whenever it appears to either the Secretary of the Treasury or the Secretary of Commerce that any person has failed to furnish any information required pursuant to the provisions of this Act, whether required to be furnished in the form of a report or otherwise, or has failed to comply with any rule, regulation, order, or instruction promulgated pursuant to the authority of this Act, such Secretary may in his discretion bring an action, in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States, seeking a mandatory injunction commanding such person to comply with such rule, regulation, order, or instruction, and upon a proper showing a permanent or temporary injunction or restraining order shall be granted without bond, and such person shall also be subject to the civil penalty provided in subsection (a) of this section.

(c) Whoever willfully fails to submit any information required pursuant to this Act, whether required to be furnished in the form of a report or otherwise, or willfully violates any rule, regulation, order, or instruction promulgated pursuant to the authority of this Act shall, upon conviction, be fined not more than $10,000 or, if a natural person, may be imprisoned for not more than one year or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

SEC. 9. (a) The Secretary of Commerce and the Secretary of the Treasury may procure the temporary or intermittent services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code. Persons so employed shall receive compensation at a rate to be fixed by the Secretaries concerned but not in excess of the maximum amount payable under such section. While away from his home or regular place of business and engaged in the performance of services for the Department of Commerce or the Department of the Treasury in conjunction with the provisions of this Act, any such person may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5, United States Code, for persons in the Government service employed intermittently.

(b) The Secretary of Commerce and the Secretary of the Treasury are authorized, on a reimbursable basis when appropriate, to use the available services, equipment, personnel, and facilities of any agency or instrumentality of the Federal Government in conjunction with the study authorized in this Act.

SEC. 10. The Secretary of Commerce and the Secretary of the Treasury shall submit to the Congress an interim report twelve months after the date of enactment of this Act, and not later than one and one-half years after enactment of this Act, a full and complete report of the findings made under the study authorized by this Act, together with such recommendations as they consider appropriate.

SEC. 11. There is authorized to be appropriated a sum not to exceed $3,000,000 to carry out the purposes of this Act. Any funds so appropriated shall remain available until expended.

Mr. INOUYE. Mr. President, this bill authorizes the Secretary of Commerce and the Secretary of the Treasury to conduct a study of foreign direct and portfolio investment in the United States. Under the Senate bill the $3 million study was to have been completed within 30 months, with an interim report due after 18 months. This reporting date was reduced in the House to 18 months with the interim report due after 12 months. The Senate passed S. 2840 on June 13, 1974. On August 21, 1974, the House passed a similar bill, H.R. 15487, with amendments, and then substituted that text with the Senate designation S. 2840.

As passed by the House, S. 2840 contains several amendments in addition to the change in the reporting dates. First, it grants specific authority to the two Secretaries to collect information to be used in the study. Second, it provides enforcement powers to be used against those who refuse to supply the required information.

The amendments which I am proposing in behalf of the Senate are of a clarifying nature and do not in any way substantively change the thrust of the amendments made by the House. I would like to discuss them individually and to explain the reasons for them.

The first amendment is designed to allow notice to be given to customers of banks, brokerage houses, real estate companies, or other institutions that information identifiable with such customers is going to be provided to the Government under this act. Since the customer would be the party liable to any improper application of the reporting requirements of the act, this amendment will provide that such customers would receive notice of the impending reporting action by the person holding his records, so as to provide an opportunity for the customer to seek a restraining order if he feels entitled to one.

It is our expectation that the regulations to be issued under this act will specify a reasonable time period for the holders of records to provide a list of the names and addresses of affected customers to the Secretaries and a reasonable period during which time the customer may lodge an objection. The reasonableness of these time periods will, of course, be in large part determined by the limitation established by this act. Rather than set a specific length of time, it was our decision to leave this up to the two Secretaries.

The notice requirement is strictly limited to situations where the customer and the holder of records act in an arm's length, normal business relationship, and where the holder of record has no interest or role in the activity of the foreign customer. In situations where the holder of the records maintains an active relationship in behalf of a foreign customer so as to further this ownership or management of American assets, the holder of records itself is properly a subject of interest to the survey. This latter class would include cases where the record holder acts as a nominee, partner, agent, fiduciary, trustee or in a similar relationship for the foreign investor. In such an active role, the holder of the records can assume the responsibility for notifying his customers of the survey which is being undertaken.

The second amendment, which amends subsection 7(c)(2), clarifies the intention of the Congress that the information gathered under subsection 7(b) may be furnished in an enforcement proceeding under section 8 even though a person can be specifically identified through the data. Ordinarily, data under this act can be released only in aggregate form.

Amendments 3 and 4 to subsection 7(d) protect a customer of any person which maintains and furnishes reports based on his records from having information based on those records from being used in legal proceedings unless both the customer and the holder of the records consent. This protection applies to any customer regardless of whether such customer is entitled to notice under subsection 7(b). Deletion of the word "Federal" protects such records from being used in any local, State, or Federal judicial or administrative proceedings without proper consent. This would preclude State or local officials from obtaining use of copies of the reports kept by the reporting person. It is our expectation that these amendments will increase compliance with the survey by increasing the assurance of confidentiality of the information provided.

The fifth amendment, which amends subsection 8(b), also is of a clarifying nature and specifically explains that to obtain a mandatory injunction requiring compliance with an order, rule, regulation, or instruction issued pursuant to this act the Secretary must show in the court proceeding that the rule, regulation, order or instruction in question is relevant to the purposes of this act. Although I believe that this requirement is implicit in the subsection, the amendment clarifies the congressional intention.

The sixth amendment amends subsection 8(b) by giving a judge discretion in levying a civil penalty for failure to furnish information required by this act or to comply with any rule, regulation, order, or instruction issued pursuant to the authority of this act. Most persons with objections to the reporting requirement will probably comply with the order following a hearing on the merits in Federal court, and it is expected that the civil fine will have to be invoked only in those cases where the Government shows bad faith by the person who contested the order. Under the House-passed bill, a civil fine not exceeding $10,000 is mandatory.

Certain Senators have expressed their concern about the need to protect the confidentiality of information about individual investors. Revelations about the abuses by regulatory and law enforcement agencies in suing supposedly confidential information has reinforced this fear. This act makes it clear that specific individual information obtained by the Secretaries of Commerce and Treasury will be used only by designated employees for the purpose of preparing this study and follow-up studies on foreign investments. All information released for public dissemination and to other governmental agencies will be aggregate statistical data.

The information gathered under this act may be used only for preparing analyses and statistical data within the sections responsible for studying foreign investment. Subsection 7(c)(2) prohibits the release of identifiable information to anyone outside the Government except in a court proceeding under section 8 of this act. Subsection 7 (d) protects the information from involuntary disclosure under court order or administrative subpena other than a section 8 proceeding.

As noted earlier, the original Senate bill authorized a 30-month period for this study with an interim report due within 18 months. However, this was reduced in the House to a reporting date of 18 months, with an interim report due in 12 months.

There have been some expressions of concern from the Departments which are charged with the responsibility of conducting the study that the time provided in the House-passed bill is inadequate. I can understand and sympathize with the apprehension of Members of the House about the need to expedite the study, and therefore it is my belief that we should accept the decrease in the reporting period.

However, I am fully cognizant of the legitimate fear by the executive agencies that this period will not give them adequate time in which to complete the study in as comprehensive a manner as they would wish. I have received a letter from Secretary Dent of the Commerce Department which explains the difficulties which his Department may encounter to meet this deadline. This apprehension may be totally justified because of the breadth of the study requested. Therefore, I wish to make it clear that if the Commerce or Treasury Departments find this new restriction unreasonable I am prepared to introduce legislation to give them additional time.

Mr. President, the Commerce and Treasury Departments are beginning to gear up for this study. Passage of S. 2840 at this time is imperative in order to develop the information in which the Congress is interested. I believe that the amendments being proposed today are reasonable and will improve the bill. I trust that my colleagues will join me in securing expeditious passage of S. 2840.

Mr. President, I move that the Senate concur with the amendment of the House with amendments which I send to the desk.

The PRESIDING OFFICER. The amendments will be stated.

The legislative clerk read as follows:

1. At the end of Subsection 7(b)(2), add the following new sentence:

"Whenever an order under clause (2) of this subsection requires a person to produce information which can be specifically identified as being part of the records of its customers, the Secretary shall, upon being provided the names and addresses of such customers, send a notice to such customers that information from their records will be disclosed pursuant to this Act; *Provided*, That this requirement shall not apply when such person is directly involved in the ownership or management of assets for the customer as nominee, agent, partner, fiduciary, trustee, or in a similar relationship."

2. At the end of Subsection 7(c)(2), strike the period and add the following: ", except for the purposes of a proceeding under Section 8."

3. In Subsection 7(d), in the last sentence, after "subsection (b)", strike the comma and insert the following: "and without the prior written consent of the customer, where the person maintained or furnished any such report which included information identifiable as being derived from the records of such customer,"

4. In Subsection 7(d), delete the word "Federal".

5. In Subsection 8(b) after "proper showing", insert the following: "by such Secretary of the relevance to the purposes of the Act of such rule, regulation, order, or instruction,".

6. In Subsection 8(b) after "bond, and", strike the rest of the sentence and insert in lieu thereof the following: "such person may also be subject to the civil penalty provided in subsection (a) of this section if the judge finds that such penalty is necessary to obtain compliance with such injunction or restraining order."

Mr. TUNNEY. It is my understanding, if my distinguished colleague will yield, that the provisions of this act require strict protection of the confidentiality of information about individual investors.

Will such individual information gathered by the Secretaries of the Treasury and Commerce be used only by designated employees for the purpose of preparing the study?

Mr. INOUYE. The Senator is correct. The amendments submitted by the Senator's office have been incorporated with the amendments now being submitted.

Mr. TUNNEY. I thank my distinguished colleague for the assurance.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

FOREIGN AID SPENDING

Mr. HARRY F. BYRD, JR. Mr. President, since a week ago today I have been delivering a daily report to the Senate on wasteful or inappropriate Federal spending. I shall continue this series of speeches until the adjournment on Friday.

Today I want to turn to one of the most extravagant parts of the Federal budget: The foreign aid program.

The Senate recently voted to recommit the Foreign Assistance Act of 1974. I voted to recommit the bill, and I hope it will be substantially cut before it reaches the Senate floor again.

As approved by the Senate Foreign Relations Committee, the proposed new authorizations for foreign aid for this year represented an increase of more than $1 billion over last year's appropriations.

Yes, an increase of over a billion dollars in just 1 year—and this at a time when the country is experiencing double-digit inflation, and the prospect of yet even higher taxes.

What is the major cause of inflation? It is the deficit spending of the Federal Government, and the huge debt the Government has built up in recent years.

For the 6 years ending next June, the Federal Government will have accumulated deficits of $133 billion, bringing our total debt to $500 billion.

The Federal debt and the continuing deficits of our Government force the Government to borrow money from the private sector of our economy, driving interest rates upward and making it more difficult for the average American to get a loan.

Sixty-two percent of all lendable funds in this country are now being borrowed by the Federal Government.

Given the predicament we are in, I believe it is absolutely essential to restore some fiscal sanity to the Nation.

Federal spending must be brought under control.

It was with this in mind that I voted to recommit the Foreign Assistance Act.

There are many areas of our foreign aid program that have been increasingly criticized.

This legislation includes a contribution of $194 million to United Nation's programs, as compared to $157 million last year—an increase of $37 million, or 24 percent.

How can Congress justify a 24-percent increase in such funds?

Some $60 million goes to the regular budget of the United Nations. A recent editorial in U.S. News & World Report asked if our contribution is worth its price. Quoting from the editorial:

> There must be millions of people who have forgotten—if they ever knew—that the first duty assigned the United Nations by its founding Charter is to "maintain international peace and security."
>
> The record shows it can do neither. It also shows nobody really expects it to do so.

Of the $11.8 billion spent since the inception of the U.N., the United States contributed some $4.7 billion—nearly 40 percent of the regular budget.

And although our share has dropped to 25 percent, we still pay twice as much as any other nation.

There are presently 135 members in the United Nations, and 92 of these members have an outstanding debt of $204 million in back dues. The Soviet Union and its two member Republics of Byelorussia and the Ukraine owe $110 million.

France, which owes the United States $500 million for the military installations we left behind in that country in 1968, when France evicted us upon her withdrawal from NATO, has the largest default of the non-Communist nations; it owes $22.4 million.

But the story does not end here. At a time when many nations are defaulting on their payments, and some nations, including the Soviet Union, are selective in their choice of contributions, the United States has become the gravy train for this international organization.

Although no nation is supposed to contribute more than 60 percent to any one U.N. function, the United States pays 70 percent of the U.N. emergency forces' costs, and we pay the entire costs for most of the U.N.'s special research projects.

There are also outstanding debts which the U.N. owes the United States, hidden away in a glass menagerie, out of sight of the public and the Congress.

One such debt was recently brought to light by William Fulton of the Chicago Tribune.

After the Arab-Israeli conflict of 1965, the United States—which was not involved in the war—dredged the Suez Canal on behalf of the U.N. to clear it for shipping.

The cost to the United States was $5

million, and the debt to date has not been repaid by the United Nations.

This debt is not listed in any official U.N. report; instead it is just lumped into an amorphous $17 million owed various governments—I suspect much of which is owed the United States.

Egypt now wants the canal reopened and I think Mr. Fulton, of the Chicago Tribune, puts this event in its proper perspective:

> Who stands to reap the greatest benefit from a reopened Suez? The Soviet Union, of course—and at no cost to Moscow. The Russians, who have not paid a dime toward any peacekeeping efforts anywhere, can be expected to let Uncle Sugar pick up the U.N. tab. . . .

Seventy-one of the members in the United Nations today have populations smaller than that of New York City, and a two-thirds voting majority now exists in the U.N. by nations with combined populations of less than 10 percent of the world's population. These nations collectively pay less than 5 percent of the U.N. budget. Yet each of these countries has one vote—just like the United States.

The U.S. contributions to the United Nations, while substantial, are only a part of our total foreign aid program. The total will exceed $8 billion this year.

Total economic assistance to foreign countries amounts to $4,872,226,000.

Our contributions to the Agency for International Development will be $2,842,415.

The Peace Corps will receive $82,256,000.

Under Public Law 480, we will give away $995,928,000 and our contribution to the international narcotics control program will be $42,500,000.

This year the United States will also contribute its first $375 million installment to the International Development Association's fourth replenishment fund, which begins in fiscal year 1975. I emphasize fourth.

This is only the first installment on a program that will ultimately cost American taxpayers $1.5 billion over a 4-year period.

This fourth replenishment follows an initial subscription contribution of $320 million followed by a replenishment of $312 million in 1963, followed by a second replenishment of $480 million in 1968, which again was followed by a third replenishment of $960 million in 1970.

Thus, this fourth replenishment of $1.5 billion beginning with the $375 million in fiscal year 1975 is but a continuation of yet another never ending foreign aid program.

Yes, the United States borrows money at 8 or 9 percent interest and gives that to the World Bank to loan to other countries at 1 percent—which countries then lend to its own citizens at 12 to 20 percent interest.

In total, the United States is paying nearly $4 billion into the International Development Association, for which it gets not one dollar in return.

Under the various military assistance and sales programs, now under consideration, the United States is giving away some $3,496,500,000 distributed as follows:

Military assistance grants	$1,024,000,000
Foreign military credit sales	827,500,000
Excess defense articles	150,000,000
Military assistance service funded	1,450,000,000

Again, our total economic, military assistance, and credit sales to foreign nations will exceed $8 billion.

Under the pending legislation, the United States will supply aid to 100 different countries scattered throughout the world—37 countries in Africa, 32 countries in Asia, 23 countries in Latin America, 3 countries in the Middle East, and 5 countries in Europe.

Since the end of World War II, the United States has given away $153 billion in foreign aid. Furthermore, we have made very little effort to collect a total of $58 million owed to us by foreign countries on outstanding debts.

The United States has indeed been a generous friend and a gracious ally. But that is not now the issue before us.

The issue is whether we can restore some financial sanity to these United States.

Given the present financial condition of the United States—and the devastating inflation—it just is not fiscally responsible to continue to scatter such vast amounts of tax funds to 100 different countries throughout the world.

EXPORT-IMPORT BANK CONFERENCE REPORT

Mr. HARRY F. BYRD, JR. Mr. President, the conferees on the Export-Import Bank legislation have concluded their deliberations. The conference report, I understand, will be brought before the Senate tomorrow. The conference agreement eliminated a very important part of the Senate proposal.

Under the legislation as it passed the Senate, authority for new commitments to the Soviet Union is limited to $300 million. Now, the conferees have added a proviso to that, the proviso being that such a limit may be exceeded if the President determines that it is in the national interest to do so.

Well, Mr. President, that is no ceiling at all.

The Export-Import Bank already has granted credits of $469 million to Communist Russia.

The legislation which passed the Senate would permit an additional $300 million in credits and guarantees. It would put a ceiling of another $300 million in credits and guarantees. The conferees eliminate that ceiling by granting the President the right to exceed it whenever he feels it is desirable to do so.

I understand that the State Department has been lobbying night and day to have the Senate ceiling of $300 million in additional credits to Russia eliminated.

Why is it that we are not satisfied with already giving Soviet Russia $469 million in credits and not satisfied with making it possible to extend another $300 million in credits, but the State Department and the conferees want a blank check?

Well, Mr. President, I plan to oppose that conference report tomorrow and I may even oppose a continuing resolution. I think the time has come to call a halt to the giving away of tax funds.

I do not quite understand this love affair with the Soviet Union. The American taxpayers have granted the Soviet Union $469 million in subsidized credit and the Senate has approved an additional $300 million in credits and guarantees.

I was willing to go along with that additional $300 million in order to get a firm ceiling on the amount of money that can be channeled into loans to Communist Russia. I am not willing to go along with legislation that would give a blank check. I wish I could understand just why it is that there is such a keen interest in making available to Russia unlimited credit.

Now, that gets back to the Jackson amendment to the trade bill which put restrictions on additional loans to Russia.

I support that proposal. But tremendous pressure is being used to eliminate that. Then it ties in with this legislation where the conferees have agreed to eliminate the ceiling on the amount of additional loans. I do not know what our Government is up to. There is something fishy. There is something fishy about this, when the State Department spends most of its time, day and night, lobbying Congress to take the ceiling off the amount of money that the Export-Import Bank may make available to the Soviet Union.

Bear in mind, this is a loan directly to the Central Bank of Russia, namely, the Government of Russia. I am persuaded to the view that I am talking also because of the shellacking that the American negotiators—they are drawn from the State Department—got when they settled the amount of money which the Soviet Union owes the United States.

That debt was settled at 3 cents on the dollar, plus another 24 cents, provided the United States grants Russia most-favored-nation treatment and provided we extend Export-Import Bank credits to her.

I think that is no deal at all. It is a disgraceful deal.

We all know what that great grain deal was, the $300 million grain deal, where the United States came out second best—$300 million is a low figure because the consumers were badly hurt by it also.

I am not persuaded that we did not come out second best on the SALT agreements.

Those other measures that I mentioned are water under the bridge, but this conference report is not water under the bridge. I contend there must be a ceiling on the amount of credit that the Export-Import Bank will be permitted to extend to Russia. I shall oppose the conference report.

I would ask that the leadership advise the Senator from Virginia when any legislation affecting the Export-Import Bank is brought before the Senate.

SENATE RESOLUTION 427—SUBMISSION OF A RESOLUTION WITH RESPECT TO PARTICIPATION BY STATE AND LOCAL GOVERNMENTS IN THE FORMULATION OF FEDERAL POLICIES AND PROGRAMS

Mr. DOMENICI. Mr. President, I had the honor and the pleasure to participate in several phases of the recent economic summit conference. I was well pleased that President Ford took such a personal and direct interest in the conduct of the conference and I was tremendously impressed with the cooperative, business like attitude that prevailed during all the proceedings in which I participated.

My purpose in rising today, Mr. President, is to follow up on my involvement in the mini-summit devoted to State and local government problems.

From that experience I am happy to say that the representatives of States and local governments came prepared to not only present their particular and peculiar problems, but to contribute toward resolution of our Nation's economic dilemma.

One of the points which most impressed me is that we who are responsible for development of national programs, policies, and legislation must have the benefit of State and local government input if we are to truly represent the citizens of this country. We must insure that State and local governments are given an opportunity for meaningful involvement, particularly regarding matters which impact on State and local governments.

Therefore, Mr. President, to facilitate that involvement, I have developed a resolution which I now send to the desk. This resolution expresses the sense of the Senate that States, counties, and cities be kept involved in Federal policy decisions in both the executive and legislative branch.

I wish to commend my distinguished colleague from Minnesota (Mr. HUMPHREY) for his assistance and encouragement in this initiative. I also want to point out that the resolution has the bipartisan support of several of my colleagues: the Senators from Maine (Mr. MUSKIE), Wisconsin (Mr. PROXMIRE), Georgia (Mr. NUNN), Florida (Mr. CHILES), and Oklahoma (Mr. BARTLETT).

I ask unanimous consent that the text of the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

S. RES. 427

Resolution expressing the sense of the Senate with respect to participation by State and local governments in the formulation of Federal policies and programs

Resolved, That it is the sense of the Senate that—

(1) the President should utilize every available means and opportunity to insure the meaningful participation of State and local governments in the development of all major programs and policies of the Federal Government, and in particular those programs and policies designed to combat inflation; and

(2) the President should insure that in every major Federal department and agency there is a focal point for State and local government involvement at a high level.

SEC. 2. It is further the sense of the Senate that Congress, particularly in the consideration of proposed legislation having direct or indirect impact on units of State and local government, establish and promote mechanisms to afford said State and local government the opportunity to participate in the Federal legislative process.

SEC. 3. The Secretary of the Senate shall transmit a copy of this resolution to the President and to the chairman of each committee of the Senate and the House of Representatives and of each joint committee of the Congress.

Mr. DOMENICI. Mr. President, at that particular conference, Governors, mayors, and county leaders were unanimous in their request that the U.S. Government involve them on a continuing basis as we develop plans to fight inflation and stabilize the economy. It seemed that they were rather pleased for once to be involved early in the game before we decided what we were going to do.

They asked of us on that occasion that we do what we could to see that they were involved on a regular basis.

I ask unanimous consent that the resolution be immediately considered.

The PRESIDING OFFICER. Is there objection to its immediate consideration?

Mr. McCLURE. Reserving the right to object, Mr. President, this matter is, I think, too important to be considered in this manner, and should be debated at some length.

I ask unanimous consent that my name be added as a cosponsor.

I object to its immediate consideration.

The PRESIDING OFFICER. Objection is heard.

Mr. DOMENICI. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. It is my understanding that because of the objection it will be put on the calendar tomorrow as part of the regular daily business.

The PRESIDING OFFICER. It will go over, under the rule. If it is not disposed of tomorrow morning in the morning hour, it will then go to the calendar.

Mr. DOMENICI. I thank the Chair.

ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 9 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS HANSEN, ALLEN, HARRY F. BYRD, JR., CLARK, McGOVERN, EAGLETON, SYMINGTON, AND DESIGNATING A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order on tomorrow, the following Senators be recognized in the order stated, and each for 15 minutes: Mr. HANSEN, Mr. ALLEN, Mr. HARRY F. BYRD, JR., Mr. CLARK, Mr. McGOVERN, Mr. EAGLETON, and Mr. SYMINGTON; and that at the conclusion of the order for the recognition of the Senators on tomorrow, there be a brief period for the transaction of routine morning business of not to exceed 15 minutes, with statements limited therein to 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF THE HOUSING BILL, S. 3979

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of routine morning business on tomorrow, the Senate proceed to the consideration of the housing bill, S. 3979, and that there be a time agreement on that bill as follows, which has been cleared with the other side: That there be one-half hour on the bill, to be equally divided between Mr. CRANSTON and Mr. TOWER; that there be 1 hour on the Cranston-Brooke amendment in the nature of a substitute; that there be one-half hour on any other amendment, 20 minutes on any debatable motion or appeal, and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO HOLD BILLS AT DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that two bills introduced today on the reduction of Federal expenses, one by Mr. HUGH SCOTT, S. 4113, and one by Mr. ROTH, S. 4114, be held at the desk until further action thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as Calendar Order No. 1148, H.R. 15736, an act to authorize, enlarge, and repair various Federal reclamation projects, is called up and made the pending business, there be 2 hours on the bill, to be equally divided between Mr. JACKSON and Mr. FANNIN; that there be 1 hour on each amendment thereto; that there be a time limitation on debatable motions and appeals of 20 minutes; and that the agreement be in the usual form. I am advised that this request has been cleared.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR EXTENSION OF TIME TO FILE CONFERENCE REPORT ON H.R. 14225 UNTIL MIDNIGHT TONIGHT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the conferees may have until midnight tonight to file a conference report on H.R. 14225.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 9 a.m. tomorrow.

After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, each for not to exceed 15 minutes, and in the order stated: Mr. HANSEN, Mr. ALLEN, Mr. HARRY F. BYRD, JR., Mr. CLARK, Mr. MCGOVERN, Mr. EAGLETON, and Mr. SYMINGTON.

After these Senators have been recognized under the orders previously entered, there will be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each.

At the conclusion of routine morning business, the Senate will proceed to the consideration of S. 3979, a bill to increase the availability of reasonably priced mortgage credit for home purchases. There is a time agreement on that bill. Rollcall votes are expected in relation thereto.

At some point during the day tomorrow, the Senate is expected to proceed to the consideration of the supplemental appropriation bill.

Also, the so-called Pan Am bill is expected to be called up tomorrow. Various conference reports, of course, being privileged matters, can be called up. It appears that the Senate will have a full day tomorrow, with a number of rollcall votes occurring.

ADJOURNMENT TO 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move that the Senate stand in adjournment until 9 a.m. tomorrow.

The motion was agreed to; and at 7:01 p.m., the Senate adjourned until tomorrow, Thursday, October 10, 1974, at 9 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate October 9, 1974:

FEDERAL RESERVE SYSTEM

Philip Edward Coldwell, of Texas, to be a member of the Board of Governors of the Federal Reserve System for the unexpired term of 14 years from February 1, 1966.

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Wednesday, October 9, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

He leadeth me in the paths of righteousness for His name's sake.—Psalms 23: 3.

Almighty God, our Father, whose love never lets us go, whose strength never lets us down, and whose judgment never lets us off, in spirit and in truth we lift our hearts unto Thee. Always art Thou with us and now we pray that Thou wilt make us conscious of Thy presence through the hours of this day that we may have light upon our way, love for our way, and life in our way.

By Thy Spirit may we live by faith and not by fear, with justice and not injustice, for high principles and not low prejudices, that we may lead our Nation into a better and a brighter life for all.

Remind us again of the strength of character which makes our Nation great and of the faith in Thee which alone can keep her great. Lead us in the paths of righteousness for Thy name's sake. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill and joint resolution of the House of the following titles:

H.R. 3903. An act to direct the Secretary of the Interior to convey certain public land in the State of Michigan to the Wisconsin Michigan Power Co.; and

H.J. Res. 898. A joint resolution authorizing the President to proclaim the second full week in October 1974 as "National Legal Secretaries' Court Observance Week."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3044) entitled "An act to provide for public financing of Federal primary and general election campaigns."

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 605. An act to amend the act of June 30, 1944, "To provide for the establishment of the Harpers Ferry National Monument," and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 14225) entitled "An act to amend and extend the Rehabilitation Act of 1973 for 1 additional year," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RANDOLPH, Mr. CRANSTON, Mr. WILLIAMS, Mr. PELL, Mr. KENNEDY, Mr. MONDALE, Mr. HATHAWAY, Mr. TAFT, Mr. SCHWEIKER, and Mr. BEALL to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 1131) entitled "A joint resolution making further continuing appropriations for the fiscal year 1975, and for other purposes."

The message also announced that the Senate agrees to the House amendment to the Senate amendment No. 3.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3473) entitled "An act to authorize appropriations for the Department of State and the U.S. Information Agency, and for other purposes."

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 7730. An act to authorize the Secretary of the Interior to purchase property located within the San Carlos Mineral Strip;

H.R. 12993. An act to amend the Communications Act of 1934 to provide that licenses for the operation of broadcasting stations may be issued and renewed for terms of 4 years, and for other purposes;

H.R. 13157. An act to provide for the establishment of the Clara Barton National Historic Site, Md.; John Day Fossil Beds National Monument, Oreg.; Knife River Indian Villages National Historic Site, N. Dak.; Springfield Armory National Historic Site, Mass.; Tuskegee Institute National Historic Site, Ala.; and Martin Van Buren National Historic Site, N.Y.; and for other purposes;

H.R. 14217. An act to provide for increases in appropriation ceilings and boundary changes in certain units of the National Park System, to authorize appropriations for additional costs of land acquisition for the National Park System, and for other purposes; and

H.R. 15223. An act to amend the Federal Railroad Safety Act of 1970 and the Hazardous Materials Transportation Control Act of

1970 to authorize additional appropriations, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 12993) entitled "An act to amend the Communications Act of 1934 to provide that licenses for the operation of broadcasting stations may be issued and renewed for terms of 4 years, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. PASTORE, Mr. HARTKE, Mr. BAKER, and Mr. STEVENS to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 3191. An act to amend title 10, United States Code, to provide that commissioned officers of the Army in regular grades below major may be involuntarily discharged whenever there is a reduction of force;

S. 3943. An act to extend the time for using funds appropriated to carry out the 1973 rural environmental assistance program and the 1974 rural environmental conservation program; and

S. 4040. An act to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes.

THESE COLORS ARE GUARANTEED NOT TO RUN

(Mr. HANLEY asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. HANLEY. Mr. Speaker, recently a mercantile institution in my home community of Syracuse, N.Y., Sibley's Department Store, which also operates in other New York State locations, took the initiative in preparing a plaque for presentation to President Ford. The message on this plaque, I believe, reflects the attitude of most Americans, and certainly I am confident that this initiative provides our President with much in the way of encouragement.

I take this opportunity to commend Sibley's for what it has done and, further, for the benefit of my colleagues I do want to relate the message:

THESE COLORS ARE GUARANTEED NOT TO RUN

They didn't run in 1776, they've never run since, and they never will—not as long as we back this beautiful flag with the dedication, integrity, and devotion it deserves. Let's show the world we love our flag by our every act; that by reaching, touching, sharing, caring, our flag will fly more proudly than ever. Mr. Ford, "With firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the nation's wounds" and go forward together.

PROPOSED TAX INCREASES SEEN AS UNFAIR

(Mr. WRIGHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WRIGHT. Mr. Speaker, in his speech to Congress yesterday the President indicated he would ask for enactment of a special 5-percent surtax on corporations and higher income individuals. Today's news accounts are reporting that the President has in mind making such a tax applicable to all individual incomes of $7,500 and above, although this figure was not specifically recited in the President's speech.

To place an added tax on individual incomes as low as $7,500 on the theory that they represent "higher income" people would be stretching that description beyond reasonable and commonly accepted understandings of that term. People earning no more than $7,500 today are having a difficult time making ends meet at today's prices. They certainly are not what most of us mean when we refer to "higher income brackets." To add an extra burden at this level would seem unfair.

There are many ways in which tax revenues can be increased without adding new taxes to be paid by low- and moderate-income families. Doing away with depletion allowances on foreign oil production while preserving the incentives for domestic exploration would make sense from the standpoint of our energy supplies. And a simple provision to prevent a few extremely wealthy Americans from getting by as some now do without paying any taxes at all is long overdue. Surely these things should be done before adding any new taxes for people making no more than $7,500 a year.

REDUCING THE GOVERNMENT'S OBLIGATION UNDER THE EMERGENCY LIVESTOCK CREDIT BILL

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, 11 weeks ago this House passed the emergency livestock credit bill. At that time we were told that there was a critical situation confronting our cattlemen in the country and that they desperately needed this money; namely, $2 billion as an obligation by the U.S. Government. Today a total of $15 million has been borrowed by 105 cattlemen. It is obvious that no emergency ever existed, and that this obligation should not be continued.

I am therefore introducing a bill today to rescind $1 billion of that obligation, leaving still a billion dollars—which I would like to see reduced at a future time. I think, in keeping with our Government's program today, we should reduce all of the outstanding obligations that we can as a way of eliminating any potential need for an increase of taxes on middle-income families.

1975 EXPENDITURE TARGET OF $300 BILLION

(Mr. CEDERBERG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CEDERBERG. Mr. Speaker, I am today introducing legislation which would implement the President's request for cooperation between the executive and legislative branches in establishing a fiscal 1975 expenditure target of $300 billion.

The bill would require that within 40 days of enactment, the President submit proposed rescissions and deferrals, as provided by the Impoundment Control Act of 1974, and/or other changes in existing law, sufficient in his judgment to limit fiscal 1975 expenditures to $300 billion.

The bill does not establish a statutory limit on expenditures, which would be difficult, if not impossible, to legislate and administer.

The proposals submitted under this legislation would not include administrative program terminations or reductions, although the President would retain any authority he now has to take such actions.

The President has called for this action as a major element in his program to fight inflation. I submit this legislative vehicle for the consideration of the House, and ask for prompt action.

SEVENTH ANNUAL REPORT OF NATIONAL ADVISORY COUNCIL ON ECONOMIC OPPORTUNITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-367)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Education and Labor and ordered to be printed:

To the Congress of the United States:

Enclosed herewith is the seventh annual report of the National Advisory Council on Economic Opportunity. I should note that many of the observations and conclusions of this report are at variance with policies of this Administration.

GERALD R. FORD.

THE WHITE HOUSE, *October 9, 1974.*

ELECTION REFORM CONFERENCE REPORT SCHEDULED FOR THURSDAY

(Mr. HAYS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. HAYS. Mr. Speaker, I would like to announce to the House that while the conference report on the election reform bill was scheduled to be the first item of business today, I found out that the reports for that did not get up from the Government Printing Office until about 1 hour ago. I think it would be unfair to the membership to bring that matter up until those who want to have had a chance to look at the report.

I had permission under a unanimous-consent request to bring this up. I talked to the Speaker about it. We have agreed that it will be the first order of business tomorrow. This will give those Members who are interested at least 24 hours in which to look at the report which I think is only fair, considering the impact and the magnitude of this legislation.

CALL OF THE HOUSE

Mr. WYDLER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 590]

Abzug
Alexander
Badillo
Blackburn
Blatnik
Brasco
Burke, Calif.
Carey, N.Y.
Chisholm
Clancy
Clark
Clawson, Del
Clay
Conable
Conyers
Coughlin
Crane
Daniel, Robert W., Jr.
Daniels, Dominick V.
de la Garza
Dellums
Dennis
Diggs
Dorn
Drinan
Duncan
Esch
Ford
Hanna
Hansen, Idaho
Hébert
Heckler, Mass.
Holifield
Johnson, Colo.
Kuykendall
Leggett
McKinney
Macdonald
Mann
Mathias, Calif.
Mills
Minshall, Ohio
Moakley
O'Hara
Owens
Patman
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Rooney, N.Y.
Runnels
Schroeder
Shuster
Snyder
Steele
Steelman
Steiger, Wis.
Stubblefield
Stuckey
Symms
Teague
Thompson, N.J.
Tiernan
Udall
Ullman
Walsh
White
Whitehurst
Young, S.C.

The SPEAKER. On this rollcall 363 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HOUSE COMMITTEE REORGANIZATION

(Mr. BINGHAM asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. BINGHAM. Mr. Speaker, while the adoption of the Hansen substitute last evening was, of course, a disappointment to Chairman BOLLING and his select committee, and to those of us who favored the Bolling resolution overall, I do want to say that the adoption of House Resolution 988 in its amended form represents a substantial step in the direction of needed reforms.

The gentleman from Missouri (Mr. BOLLING) and his committee deserve the thanks of all of us for the monumental task they performed. While much of it was controversial and was rejected by the House, much of it survived. Chairman BOLLING himself did an admirable job of managing the resolution on the floor under the most trying circumstances, showing great fairness and patience and remarkable good humor.

Also, the gentlelady from Washington (Mrs. HANSEN) and her committee deserve warm commendation for the job they did. On many procedural points, the Hansen substitute was superior to the Bolling original, and some improvements were made in the committee structure, although these were marginal compared to the radical surgery contemplated by the Bolling committee.

I am especially pleased that the proposal I made in testimony before the Bolling committee—for a method of having bills that fall under the jurisdiction of more than one committee adequately considered—was picked up by the Hansen committee on a provision authorizing the Speaker to make such multiple referrals and to refer bills where necessary to an ad hoc committee.

PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORTS

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. GROSS. Mr. Speaker, reserving the right to object, I would like to inquire of the gentleman from Hawaii whether that expensive boondoggle, known as the Visitors Center, is included in the bills he is asking permission to file.

Mr. MATSUNAGA. Mr. Speaker, it is not a boondoggle, I might say, but the Visitors Center bill is included in the report.

Mr. GROSS. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a report on the Safe Drinking Water Act.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

THE AGRICULTURE-ENVIRONMENTAL AND CONSUMER PROTECTION APPROPRIATION BILL, 1975

Mr. WHITTEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16901) making appropriations for Agriculture-Environmental and Consumer Protection programs for the fiscal year ending June 30, 1975, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 2 hours, the time to be equally divided and controlled by the gentleman from North Dakota (Mr. ANDREWS) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 16901, with Mr. GIBBONS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous consent agreement, the gentleman from Mississippi (Mr. WHITTEN) will be recognized for 1 hour, and the gentleman from North Dakota (Mr. ANDREWS) will be recognized for 1 hour.

The Chair recognizes the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we bring this bill up today in an effort to expedite conclusion of the appropriations business of the House and of the Congress, in view of the upcoming recess.

I feel, Mr. Chairman, that it should not take but a very short time for us to consider this bill and pass it on to the other body.

The Members will recall, Mr. Chairman, that on June 21, 1974, the Committee on Appropriations presented to the House a bill making appropriations for the agencies that are funded in this bill. At that time we pointed out the various issues where there were differences of opinion. The bill was passed by the House. When it went to the other body it was $27.1 million below the budget estimate. The Secretary of Agriculture asked that the Senate restore $100 million to the section 32 funds which were endangered. That is, they were threatened with being depleted by the transfer of section 32 funds to the various food programs.

At that time the Members of the Senate were of the opinion that the request by the Secretary of Agriculture had been approved by the Director of the Office of Management and Budget. The Senate added that $100 million to the bill and we later agreed to it in conference. Subsequently I was advised by the Secretary of Agriculture that at that time the indications were that each bill that exceeded the budget was going to be vetoed. The vetoed bill, except for the request by the Department, exceeded the budget estimate by less than one-third of 1 percent. Nevertheless, the bill was vetoed.

When the bill came back to the House, rather than try to override that veto, recognizing the times in which we live, recognizing the need to cooperate, as chairman of the subcommittee I moved that the bill be sent back to the subcommittee for further consideration.

The subcommittee met, and we agreed to scale back the increased amounts in the bill that had been recommended by the Office of Management and Budget, by 25 percent. Almost all of the 1975 increases were scaled back on that basis. The rationale for that is that one-fourth of the fiscal year has expired and the agencies, could not spend the funds under the continuing resolution. We think this bill is within budgetary limitations, it satisfies the complaints made by the executive branch, and at the same time it provides adequate funds for fiscal year 1975.

The Members will see that we have not in any way done any real damage to any of the programs, even though we have been able to make these reductions. The bill we present today provides a total of $13.4 billion. This includes the Federal Trade Commission, the Food and

Drug Administration, the Environmental Protection Agency, the Department of Agriculture, and the other activities which are within the jurisdiction of our committee.

The bill before us is $192.2 million below the original bill which was vetoed, Mr. Chairman, so in that respect we can see no reason for this bill not to be signed into law.

In an effort to expedite the business of Congress, we conferred with our counterparts on the Senate side and we have tried to take into consideration the items of vital interest to the other body which were incorporated in the bill that was vetoed. The bill before us has already had the consideration of the subcommittee on the other side.

I say to the Members we are presenting a bill here that makes adequate provisions for the rural development programs, the environmental programs, the consumer programs, the various food programs, the agricultural conservation program, the Soil Conservation Service and others.

In connection with the Soil Conservation Service I want to emphasize the attitude of the committee in connection with a very important aspect of their work.

During 1973 and 1974 acute flooding has occurred throughout the Yazoo-Mississippi Delta. It is important that the Soil Conservation Service proceed as rapidly as possible with its flood prevention work in the Mississippi Delta, all of which is considered to be a part of the Yazoo-Little Tallahatchie River flood prevention project area. This work should be coordinated with the ongoing work of the Corps of Engineers to the fullest extent possible.

This bill provides $150 million for rural water and sewer grants. Of that amount $120 million is carryover funds from 1974 and $130 million is new appropriations.

I could go on and on.

May I say that the line of business items were reconciled in the bill which was vetoed. Since that time the chairman of the Federal Trade Commission has proceeded with that line of business inquiry. He has advised me by letter that the language included in the vetoed bill would be carried out. This bill is identical to the vetoed bill in this respect. Therefore, I know of no reason why the House of Representatives, having passed the bill before, having had all of these issues before it and having resolved them should not give this new bill its approval.

This bill is $192.2 million below the vetoed bill and this should eliminate the contention regarding inflationary aspects of the vetoed bill.

Under leave to revise and extend, I will include again in the RECORD some of the information which we presented on the bill when it was previously before the House.

I see no reason at this time to discuss further this bill which was thoroughly discussed in June.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding. Are there any funds in this bill for an animal research or quarantine station in Queens, N.Y.?

Mr. WHITTEN. There is not, and that matter was discussed with the gentleman from New York. No funds are provided in the bill for that purpose.

I feel particularly strongly about the necessity for the Department of Agriculture to comply with the committee's recommendations concerning maintaining a separate identity for the Office of the Inspector General and the Sales Manager. The committee report on the original bill containd excellent reasons for maintaining these organizations as separate entities and I would like to repeat for emphasis what was said in those reports:

> ### OFFICE OF INSPECTOR GENERAL
>
> On January 9, 1974 the Secretary restructured the Office of Inspector General. The Office of Inspector General was established in 1962 to fulfill an obvious need in the investigative and audit functions of the Department. Year after year since that time witnesses have appeared before the Committee indicating how much money in operating cost was being saved as a result of the central audits and what a fine job was being done by the investigative staff in disclosing various types of irregularities. Audit and investigative work complement each other in many ways. Irregularities that need to be investigated are discovered through audits. Frequently the investigators need supporting evidence which is obtained by auditors.
>
> Therefore, the Committee has provided funds in this bill for continuance of the Office of Inspector General on the basis which it operated prior to the recent reorganization.
>
> ### SALES MANAGER—COMMODITY CREDIT CORPORATION
>
> The Committee is firmly convinced that an aggressive effort must be continued to sell our commodities on international markets at world prices. It was for this reason the Committee established the position of Sales Manager in the Commodity Credit Corporation in fiscal year 1956. Prior to that time the Commodity Credit Corporation was holding inventories of about $8 billion in commodities and even though it was authorized to do so by law, refused to dispose of this surplus on the international market. Finally, at the urging of this Committee the commodities were offered and the resultant sales were surprising to those who said it could not or should not be done. Previously, the Department had followed a policy of restricting acreage through the allotment process, thereby driving thousands of small farmers from the farm and at the same time accumulating large surpluses which cost the taxpayers thousands of dollars a day to store.
>
> On February 1, 1974, the Secretary approved a reorganization consolidating the Export Marketing Service with the Foreign Agricultural Service. This reorganization places the Sales Manager under the direct supervision of the Director of the Foreign Agricultural Service. The Committee held extensive discussions on this reorganization during the hearings and is still convinced that the consolidation can have but one effect—to dilute the authorities and responsibilities of the Sales Manager and place his operation under the influence of repressive policy that eventually could bring us again to the intolerable situation which existed prior to 1956 when we failed to offer commodities on the world market at competitive prices.
>
> The Committee has therefore provided that the position of Sales Manager along with whatever immediate staff is required shall be an independent agency and shall report directly to the Secretary or Under Secretary of Agriculture. The Committee directs that the Sales Manager shall submit directly to the Congress quarterly reports of progress on international trade of agricultural commodities.
>
> As mentioned earlier in this report, for the country to have a viable agricultural economy we have to export about 25 percent of our annual production. This is too vital an issue, both to our agricultural economy and to the consumers of this nation, to be downgraded to the third or fourth level of the policymaking process in the Department of Agriculture.
>
> To those who might question the Committee's concern with regard to agricultural exports in view of the commodity inventory situation which currently exists, it should be pointed out that this very well could be a transitory situation. Farmers are being encouraged to plant from fence post to fence post. Barring adverse weather conditions, agricultural production should materially increase notwithstanding various shortages we are currently experiencing in fertilizer, fuel and other supplies directly related to agricultural production. Already there are indications that the export demand may not be as great this year as it was last year. Only time will tell. But in the meantime we must have the machinery in operation to move agricultural production and establish this nation as a reliable source of supply for those countries who must depend on imports of food and fiber crops.

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield myself such time as I may consume.

I think it is important that the House realize that this is essentially the same bill that, as the chairman of our subcommittee just pointed out, the House passed and sent to the Senate, where increases were put in it which brought it over the budget and which led to the veto.

We have not only cut back from the House increases the 25 percent to reflect the one-fourth of the fiscal year which we have already gone through, but we have made other minor changes. We are well under the budget, as the chairman pointed out.

It is a good bill. It is a needed bill. There has been a lot of talk, though, about this bill and its effect on food prices. Somehow or another, the general public and a number of Members of this House think that this bill is a cause of high food prices. Certainly not because there are subsidies for farmers in this bill because those subsidies are not there any more.

The Members of this House, the general public, and the press have all failed to realize what we in the House of Representatives and in the Senate, in the Congress, have done in the last several years.

This bill when I first went on the subcommittee came before us with about $4 to $5 billion worth of agricultural subsidies to the producer, and now there are none in it because the House voted those subsidies out. Instead, we put subsidies on the other side, and I think that it is worthwhile that we realize that there are some $5 billion worth of subsidies for food stamps, school lunches, special milk programs, child nutrition, and all of the rest that have been deemed to be necessary by the Congress. Therefore, we have transferred away from production incentive spending that same $5 billion into demand.

This bill, then, because of the decisions of the Congress, has a net impact on the demand side of the food budget of this country of some $10 billion. As a result, this bill does in fact have an upward effect on food prices because it adds to demand. However, I think the House deserves an explanation of why, because the House itself, along with the other body, had voted for these actions.

Actually what we need in this country today, if I may digress for a moment, is greater production of food products, as the President pointed out to serve our own consumers and growing customers abroad. Farmers are under the strain of high costs, as is every other producer in this Nation. The farmer should not have to make a decision to produce himself into bankruptcy. If the farmer goes into full production and somebody comes along and pulls the rug out from under him with export controls or something else, the farmer goes bankrupt, and he obviously does not want to do this.

I think it is about time for the Congress to take a look at protecting the consumer by setting parity target prices for farmers. In the case of wheat, parity is now and about $4.10 a bushel, as against the present market price of $5 a bushel. The corn parity price is similarly lower than the corn cash price, and so on.

If the American farmer knew that he had a target price minimum at parity, which covers the production costs, plus a reasonable rate of return to him, we would get the full production the President called for yesterday, the full production that this Nation's consumers need if they are going to have an adequate food supply.

We cannot expect the farmers of America to produce in an all-out effort if, by this all-out production, they are merely going to drive the prices which they receive down. The farmers have to borrow money for production purposes at the bank, just like everybody else, and if they did not have the wisdom to make the decision to cutback production in the face of unstable prices, their bankers would make that decision for them.

Mr. Chairman, this matter, of course, is under the direction of the great Committee on Agriculture and under the leadership of the chairman of the committee, the gentleman from Texas (Mr. POAGE), and that committee will have to take this up. However, I felt it was necessary to mention the matter at this particular time when we are dealing with funding in the field of agriculture.

Mr. Chairman, I think this is a good bill. It deserves the support of the Members of the House, and I would urge its speedy acceptance.

Mr. THOMSON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to my colleague and my good friend, the champion of the dairy farmers, the gentleman from Wisconsin (Mr. THOMSON).

Mr. THOMSON of Wisconsin. Mr. Chairman, I thank the gentleman for yielding.

I would like to ask a question of the gentleman from North Dakota (Mr. ANDREWS) or of the chairman of the subcommittee.

Does the ACP program in this appropriation bill limit the assistance to a farmer to $2,500?

Mr. ANDREWS of North Dakota. Yes, it does.

Mr. THOMSON of Wisconsin. As I understand that program, that used to be a figure which was set by the administration and not in the law. However, by this we will for the first time be writing that limitation into the law.

Mr. ANDREWS of North Dakota. Mr. Chairman, if I might reply to my friend, the gentleman from Wisconsin, that has been in the law for several years.

Mr. THOMSON of Wisconsin. The limitation?

Mr. ANDREWS of North Dakota. That is right.

Mr. THOMSON of Wisconsin. But has there not been an alarming increase in the costs to the farmers who are using these environmental practices?

I understand the costs have increased, and I am wondering if the committee is not giving some consideration to setting a more realistic amount for assistance to these farmers who engage in these environmental practices.

Mr. ANDREWS of North Dakota. Mr. Chairman, the committee has given that consideration, but as I am sure the gentleman knows, the amount that we have been able to appropriate has been even more limited by the OMB, and it has been far below the total demand of the farmers of America for these very important conservation practices.

In order to spread it around, we have had to put this limit on, because even with the limit, there still is not enough to go around. This subcommittee—and I think I can speak for all the members of this subcommittee—believes that this conservation program is important for the future of America in order to preserve our land. We ought to have more money in it rather than less, because this protects everyone in America since it protects the basic soil resource from which food production is derived.

Mr. Chairman, I would like to see an increase in this program. Unfortunately, we cannot seem to get it through the Congress or by the OMB.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, may I recall for the benefit of our colleagues that for a number of years the limitation was $500, and this subcommittee made an effort through the years to get it increased above this $500 limitation. Not only that, but for the last 2 or 3 years this program was killed and there had been no program at all. Finally, funds for the program were released.

So it is hardly appropriate to insist on a change when it has been in the law for quite some time.

May I say further that the bill provides that farmers may go together and pool the funds and thereby increase the total amount. So I think the gentleman will find that through the years we have had an agreement, and the bill provides:

> Except that no participant shall receive more than $2500, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community.

So the legislation does permit those people who live on adjacent farms or ranches to join together, so as to improve certain areas of the Nation.

I believe that we have done a good job in this area.

Mr. THOMSON of Wisconsin. Mr. Chairman, I just want to urge that the committee continue to do a good job, but I would point out that pooling together, as the gentleman from Mississippi suggests, is not as easy as one might think in the hilly sections of my State along the Mississippi River.

So, Mr. Chairman, I want to urge that the committee continue its efforts to improve the amount of assistance that may be given to farmers for environmental purposes.

Mr. WHITTEN. If I may say so, Mr. Chairman, if the people of North Dakota and the people of Mississippi will continue to cooperate and to allow us to work together here in Congress as they have, then we will be able to continue our efforts in this respect.

Mr. ANDREWS of North Dakota. Mr. Chairman, I appreciate very much the cooperation and the support of our good friend, the gentleman from Wisconsin (Mr. THOMSON).

Mr. THOMSON of Wisconsin. I thank the gentleman.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, I notice in the committee report there is an item for a cropland adjustment program in the amount of $43 million. I recall that the President made a fervent plea in his message to the Congress yesterday that we put all possible cropland into production so as to produce more food.

Could someone explain to me why there is $43 million for cropland adjustment.

Mr. WHITTEN. Mr. Chairman, if the gentleman will yield, I would state to the gentleman that these were contracts that were entered into several years ago when we had what I thought was a very unfortunate program.

Mr. FINDLEY. In other words, these are unexpired contracts on a multiyear basis?

Mr. WHITTEN. That is correct; they are existing obligations.

Mr. FINDLEY. Mr. Chairman, I would like to recommend that the subcommittee, or someone connected with it, look into the possibility of renegotiating those contracts out of existence. It may be impossible to do so, but in this period in which we so desperately need more food production I think that it would be worthy of an examination.

Mr. WHITTEN. Mr. Chairman, if the gentleman will yield further, I thoroughly agree with the gentleman from Illinois. I will state that I will be glad to cooperate along with my colleague, the gentleman from North Dakota, (Mr. ANDREWS) and with the Secretary of Agriculture, in exploring this matter.

Mr. ANDREWS of North Dakota. Mr. Chairman, if my friend, the gentleman from Illinois, will yield briefly.

Of course, we would be most happy to look into this question, because possibly this would then give the farmer better knowledge he has an opportunity to change, if he found that his own conditions warranted it. It is essential that we increase food production for our Nation, so I would assume my friend, the gentleman from Illinois, we will be glad to work with him on this.

Mr. FINDLEY. Mr. Chairman, I might say that I am not experienced in contract law, but it occurs to me that if both parties wish to void a contract, it can be done.

Mr. WHITTEN. Mr. Chairman, if the gentleman will yield further, I will be glad to join with the gentleman in asking the Secretary of Agriculture to explore the possibilities that exist under present law, and to make such recommendations to us so that we can act.

Mr. FINDLEY. Could the gentleman also give me a little explanation as to why there is $85 million for the Sugar Act program which expires December 31?

Mr. ANDREWS of North Dakota. Because this bill handles the fiscal year beginning June 30, and part of the Sugar Act continues for 6 months, and therefore this appropriation is to cover that.

Mr. FINDLEY. Yet that amount of money is almost equal to the amount appropriated for the full previous year. And that was why I wondered.

Mr. WHITTEN. Mr. Chairman, if the gentleman will yield, may I say that we have the figures from the Department and, as the gentleman says, the Sugar Act expires on December 31. However, before the act expired we had entered into contracts, and this is to cover those outstanding obligations.

Mr. FINDLEY. I have one other question for the gentleman and that relates to the food stamp program. I raised questions about it when the other appropriation bill was before this body. The amount, of course, is about $4 billion, and there may be a supplemental request.

The members on the subcommittee are more experienced than the rest of us in the operation of this program and the reasons why it continues to grow in expenditure. I would hope that at some point the gentleman would make some recommendations to this body as to changes that can and should be made to bring this under control.

Mr. WHITTEN. If the gentleman will yield, I certainly will be glad to cooperate with the gentleman.

One of the problems comes from the fact that the welfare departments determine eligibility, and the Department of Agriculture then is charged only with carrying out the law. One of the other problems we have is the enormity of the program and the fact that there are so many participants. The Federal district attorneys are so burdened with cases, which to them are of a more serious nature, that these complaints or these violations just stack up, so we are told. The average U.S. attorney does not have sufficient free time to give the attention to this problem that he ought to.

Two or 3 years ago the subcommittee attempted to meet this problem by providing that, for each violation, a copy of the order had to go to the local welfare agency which certified them in the first instance. We hope that will eventually do some good. Since the Department of Welfare certifies, if they in turn are notified of violation by the ones they have certified for eligibility, certainly it should justify cutting them off. But that is the most we can do, without changes in the law.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. I thank the gentleman for yielding.

If the gentleman from Illinois would give me his attention, I should like to return to the Crop Adjustment program point that he raised. I would say to the gentleman that in testimony before our subcommittee it was pointed out that a number of these CAP contracts are being terminated at the option of the farmer. The Department of Agriculture did testify that the Department was encouraging this with the American farmer, and a number of them were doing this, converting into crop production.

I refer the gentleman to the hearings for Agriculture-Environmental and Consumer Protection Appropriations for 1975, part 2, page 934:

> Mr. PERSON. They have the privilege of cancelling out any time they want to.
>
> Mr. MICHEL. Have any exercised that option in the last year or so?
>
> Mr. PERSON. They have.
>
> Mr. MICHEL. To what extent?
>
> Mr. PERSON. I can get you the numbers for the record.
>
> Mr. MICHEL. The number and how many acres that represents:
>
> [The information follows:]
>
> In 1973, 1,936 agreements under the cropland conversion program and cropland adjustment program were terminated at the request of the participant. These agreements were spread through 42 States and covered 153,041 acres.

Mr. MAYNE. Mr. Chairman, I rise in strong support of H.R. 16901, the agriculture, environmental, and consumer protection appropriation's bill for fiscal year 1975. In the past year there have been many problems for the farmer. Phenomenal increases in production costs, fluctuating markets, competition from foreign countries, and weather-related crop disasters caused by floods, drought, and early frost have combined to make this a very precarious economic year for farmers. But American farmers did not let us down. They continued their outstanding record of efficiency, know-how, and productivity that has made our country the world's largest exporter of food.

Now more than ever the American people should realize that our farmers are entitled to a fair share of our national income. This is certainly no time for us to turn our back on agriculture.

One way to assist agriculture is to keep sufficient farmland in production. This is why I am so pleased to see that $190 million has been provided in this bill for the agricultural conservation program. With the present need for all-out production, our conservation programs have proven their value by providing a strong base from which to expand. We must continue to reforest our lands, protect our watersheds, and conserve our soil and water. A strong soil and water conservation program is our insurance that we can pass on to future generations a fertile land capable of producing sufficient food for our people.

This bill also provides needed increases in our programs for rural development which are so necessary to improve the quality of life in rural America. We have experienced a crippling flow of talented young people from rural communities to cities. This bill will help reverse this trend by assuring people in rural communities comparable opportunities for decent housing and jobs. The bill includes $799 million in direct appropriations for FHA programs and $4.3 billion in direct and insured loans. This will provide adequate funding for sewer and water, rural housing, industrial development, and community facility programs. All are essential to the development of rural America.

Substantial increases in rural electrification programs are also included which will help meet the rapidly expanding energy needs of rural America; $700 million is provided for the insured loan program for rural electric systems and no limit is placed on the guaranteed loan program. Although our rural electric cooperatives have been in operation since 1937 during which period they have received billions of dollars in loans, there have been practically no defaults nor resulting loss to the Government. In view of the increased needs facing this program and the solid record of loan repayments, the higher funding level set forth in the bill before us is clearly justified.

Some misinformed citizens continue to look on agriculture appropriation bills as exclusively for the benefit of farmers or at least predominantly in the nature of a farmer subsidy. This is clearly not the case today. Out of $13.5 billion in H.R. 16901, only about $1.5 billion will fund regular farm programs. Farmers today are for the most part operating on the free market and are receiving no Government payments to withdraw acres from production. They are producing for the market rather than to build a Government-owned surplus. Many of the programs funded in this bill are on a cost-sharing basis or are loan programs which support themselves.

This bill is of great importance to the American farmer and consumer alike and to all of us who are interested in preserving a strong America. It deserves the support of every Member who is interested in seeing to it that our natural resources are conserved for years to come.

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield 7 minutes to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, I take the floor today to discuss what I think is a real problem concerning the Public Law 480 program. I am a supporter of this program. I think the purposes of it are admirable, and I think the American public basically supports this program. However, I find that incorporated in this Public Law 480 program as it has been for the past 20 years is an item for the purchase of tobacco.

As the Members may know, one of the primary purposes, of course, of Public Law 480 is to help provide food for the impoverished nations of the world, also to help in instances to develop future trade for the United States, and it is under this proviso that the claim of money spent for tobacco has been made each year.

I think we can start off with some facts. The first fact is that since 1954 in the Public Law 480 program we have spent 500 million taxpayers' dollars to send tobacco to countries around the world. When we look at where we have sent the tobacco, the largest amounts of it, we find, for instance, Vietnam, Cambodia, Korea, some of the developing African countries who are never and have never repaid, or have opened any active so-called trade in the tobacco market with us.

So what in effect are we doing? In reality what we are doing is simply providing a certain outlet for surplus tobacco in the United States to enable it to be sent overseas to poor countries.

In talking with some of the AID organizations and some of the Catholic charity organizations, I asked them: "What does $30 million a year represent?" And I used that figure because $30 million is the amount that is committed in this budget by the Public Law 480 program. And they said that with $30 million they could add 1 million poverty-stricken people to the food program.

So what we are faced with is a sort of choice of spending $30 million for tobacco this year, or if we want to we can just go ahead and simply save the money, or we could say that we will feed 1 million additional people, poor poverty-stricken people.

These are the options the committee has. All I am going to offer in an amendment today at the appropriate time an amendment to prohibit the Public Law 480 program from expending any money to purchase tobacco because I can tell the Members, and as the Members well know, the tobacco industry is a thriving and strong industry.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, this area is one in which we have had frequent differences of viewpoint and frequent differences of interest. Personally I have voted against foreign aid for many years. I have some serious doubts about the Public Law 480 program. We say so in our report.

But let me point out this fact, which few people seem to realize. In the foreign aid program we do not aid the people directly. We support incumbent governments and in most of the governments that we support tobacco is a state monopoly. It is a chief source of income for the governments in many, many of these areas. That being true, this tobacco is made available to the governments of the countries which in turn have used it as a monopoly for the government to support the government.

May I point this out and I will tell the gentleman some of the reasons I voted against foreign aid. I know we have given cotton to Spain under the Public Law 480 and in fact they sold it to their people for 94 cents.

So I am saying to the gentleman, this is not giving the aid directly to the people but it is underwriting the governments which largely support themselves through the use of this. I just wanted to say that much to keep the record straight.

Mr. PEYSER. I thank the gentleman from Mississippi for his comments.

Very honestly it seems to me for the American taxpayer to pay this kind of money to give tobacco to governments who in turn take it and sell it to their own people is unfair, and those governments never repay the Government of the United States for the money we have spent on tobacco.

What kind of sense is this? How, in the light of present economic circumstances, do we justify to our taxpayers that we are going to talk about an increased tax to families with $15,000 of income and at the same time talk about giving $30 million worth of tobacco to some foreign governments in order that they can sell it to their own people and they never repay us? This is just one example of why I oppose any personal income tax increase.

Just so the Members do not feel the tobacco industry is going to be hurt by this, and it is not going to be hurt, the figures I have for 1974 are incomplete at this time because we still have some time to go, but the tobacco industry has exported on a cash basis on its own well over $1 billion. Their domestic market, I am sure the Members know, is one of our strong revenue-producing markets as far as the Treasury is concerned, so the $30 million we are talking about represents less than 1 percent of the tobacco industry's total sales.

But why should the taxpayer pay this price? It makes absolutely no sense. It does no good for the people and if we want to use $30 million more, let us feed a million starving people with it.

Mr. PICKLE. Mr. Chairman, I rise in strong support of this bill to provide agriculture-environmental, and consumer protection programs in fiscal year 1975. I am particularly interested in title II—rural development programs and title III—environmental programs. The rural water and sewer grants funded at $30 million, which is to be supplemented by $120 million in impounded fiscal year 1974 funds is particularly needed in our rural communities.

I have been concerned that under the EPA grant system, the little community often gets lost somewhere below the cutoff line where funds run out. I am in favor of allocating a certain percentage of the funds for small rural areas. The reason the rural areas are often shortchanged is that the EPA grant system priority is mandated for awarding grants on a pollution control basis. As a practical matter this seems to mean that areas of high density population receive top priority, and the rural areas are forgotten.

Limited grant assistance is available to small communities competing with large cities within the strict criteria of water pollution control. Therefore I am happy to see that they are being provided with some assistance. Most of these communities have very limited resources and need this financial assistance in order to provide decent water and sewer facilities.

Another problem that has continually plagued our rural communities is the repeated impoundment of funds by the President. This has made it virtually impossible to keep funding at a level that would satisfy the needs of communities for water and waste treatment facilities.

Although this Congress has passed the new Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344) this pattern by the President continues. President Ford on September 20, 1974, sent a message to the Congress recommending deferrals and rescissions on budget authority totaling $20.3 billion over a period of years. Included in the figure are $9 billion in grants to States and localities for the construction of water waste treatment works. While President Ford makes a distinction between proposed rescissions and deferrals, the effect on the communities involved is the same, no money, no construction of water waste treatment works.

I am strongly in favor of these programs. I want to encourage the implementing agencies, both on a State and Federal level, to keep in mind the needs of the rural communities. I urge your vote in support of this needed legislation. There will be a time—next month—when we must vote for budgetary cuts but I think it best to wait for the consideration of these cuts as a whole.

Mr. JOHNSON of California. Mr. Chairman, I rise today to commend the Agricultural Appropriations Subcommittee, and the Appropriations Committee as a whole, for their fine work in preparing the bill before us. In particular, I would like to commend my honored colleagues, Congressman GEORGE MAHON from Texas, chairman of the committee, and Congressman JAMIE WHITTEN of Mississippi, chairman of the subcommittee, for their excellent leadership in support of our vital environmental and agricultural resources. Their task has been difficult, especially since their original bill was vetoed, but they have persevered. I know that the entire country, as well as the northern California district which I represent, will benefit greatly from their efforts, which are culminated in the bill presented here today.

While I was traveling in my district this past Labor Day recess, I saw and also heard from many of my constituents the evidence of the accomplishments of Federal funding in conserving and restoring our valuable soil, agricultural, and water resources. I also saw many areas where much work still needs to be done.

Mr. Chairman, I know you are all aware of the long struggle that has gone on to maintain adequate funding, indeed, even to keep alive, the programs that support our basic agricultural resources. I am speaking in particular of the programs considered under title III of the appropriations bill, such as the Soil Conservation Service conservation operations, Great Plains conservation program, and the water programs, and the Agricultural Stabilization and Conservation Service agriculture conservation program and the emergency conservation measures.

Let me say here that I heartily support the committee in its efforts to restore the rural environmental agricultural program, now known as the agricultural conservation program. This program has provided invaluable assistance to farmers in my district, as well as farmers throughout the country. As the committee points out, at a time when we must increase the yields of all our agricultural lands, and when we realize the devastation that can occur when arable lands are not preserved, it does not make any sense to cut out a program which comes so directly to the assistance of the farmer.

I also support the committee in its strong recommendation that the Department reinstate previously allowable agricultural conservation practices, in order to insure that Federal funds are used to meet the specific needs of different areas.

In my own district, I have seen first hand what can happen when a practice is arbitrarily eliminated by administrative decision. Floods in January of this year damaged streambanks on a number of farms. Farmers were unable to receive emergency conservation measure funds to repair the damage and protect the banks against further damage as the decision had been made in Washington to disallow this practice. The farmers could receive REAP funds, but only up to $2,500, a drop in the bucket when it comes to the great expense of streambank protection. The ECM funds would have covered 80 percent of the cost. Consequently, much of the streambank work has been left undone. Later storms have and will compound the damage. Of course, it is very important that if such an expensive practice such as streambank protection is to be funded with ECM money, that the ECM appropriation not be decreased.

Before I conclude my remarks, I would like to make especial note of one more item in the bill. That is the $3.5 million appropriation for rural community fire protection grants. In my district, and other districts with many rural communities, adequate fire protection is difficult to finance. Many areas are dangerously unprotected. These Federal funds are desperately needed to protect the homes and property of our people.

Mr. Chairman, I hope that the Members of the House will concur with the committee's recommendations and vote favorably on the bill. The committee has prepared an excellent bill with sound, realistic funding levels to accomplish our agricultural and environmental goals, and I urge the House's full support of the bill.

Mr. DINGELL. Mr. Chairman, I once again have the opportunity to compliment the Appropriations Committee for continuing the 11-year-old Reuss amendment aimed at protecting valuable wetlands and for funding fully the water bank program as a separate Agriculture Department program. As I stated in my remarks on the predecessor to this bill (Congressional Record, daily issue, of June 21, 1974, pp. 20550–20554), the previous administration's efforts to emasculate these two environmental measures were shortsighted and contrary to the public interest. On behalf of Congressman Reuss and myself, I again applaud the Appropriations Committee and the distinguished gentleman from Mississippi (Mr. Whitten) for rejecting such anticonservation proposals.

Mr. Chairman, I am however disturbed about some other matters in H.R. 16901 and the committee's September 25, 1974, report (H. Rept. 93–1379) on that bill.

The committee states on page 5 of the report, supra, that it "considered recommending" the addition of a provision to the portion of the bill relating to the appropriation for fiscal year 1975 of funds for the Environmental Protection Agency, EPA. The provision which the committee considered is as follows:

> None of these funds are appropriated for the purpose of administering any program that reduces the supply or increases the cost of electricity or food to the consumer.

But the committee did not add that provision to the bill. Thus, it is not a part of this appropriation legislation.

However, the committee further commented in the report on this provision as follows:

> However, the committee agreed it would be best to include the language in the report at this time, and to rely on the Environmental Protection Agency to so modify its regulation and requirements as necessary to accomplish this directive.
>
> While protecting the air we breathe and the purity of our waters is absolutely essential, and has long been a major concern of this committee, it does not seem that this must be accomplished by raising the cost of food and electricity beyond the financial ability of many Americans.

Three of my distinguished colleagues, Representative Evans, Yates, and Obey have indicated their dissent from the above report language (see their "Separate Views" on p. 13 of H. Rept. 93–1379).

First. I want to note that if the above provision had been included in H.R. 16901, it probably would have been subject to a point of order under rule XXII, clause 2 of the rules of the House.

Second. Such report language from a nonlegislative committee of the House should not, and cannot, be construed by EPA, the public, or the courts as a binding authorization or "directive" to EPA to "modify regulations" or statutory "requirements." I, therefore, request that EPA notify the appropriate legislative committees of the House and Senate, and myself, before making any modification pursuant to this provision of the committee report.

Third. The language of the above provision in the committee's report is vague and ambiguous. It appears to apply to "any" EPA "program," whether relating to waste treatment plant construction grants, solid wastes, pesticide registration, water quality, air pollution, oil pollution, Great Lakes, acid mine drainage, or any other of EPA's many programs. It is not, as the committee implies, limited to EPA's air and water programs. It is much broader.

The report states that EPA cannot spend fiscal year 1975 appropriated funds "for the purpose of administering any program that reduces the supply or increases the cost of electricity or food to the consumer." But it provides no guidelines or standards for EPA to apply in trying to comply with this provision. Indeed, it could be interpreted, despite statutory language to the contrary, as prohibiting EPA from issuing NPDES permits to new industries, or the approving of certain pesticides, because such actions might reduce the supply or increase the cost of "electricity or food to the consumer." I doubt the committee intended this. But then maybe it did. Who knows?

I reiterate that this provision in the committee report is nonbinding on EPA. It is not an expression of the intent of the House or the Congress. It deserves a quiet burial in the archives of the Library of Congress—simply that and nothing more.

I also direct the attention of the House to section 511 on page 51 of H.R. 16901, which reads as follows:

> "Sec. 511. No part of any funds appropriated under this Act may be used by the Environmental Protection Agency to administer any program to tax, limit, or otherwise regulate parking facilities."

Here is another example of the Appropriations Committee devising language that is vague, ambiguous, and essentially meaningless.

First, EPA has no "program to tax" parking facilities for the simple reason that it has no statutory authority to do so. Indeed, when EPA tried to construe the Clean Air Act as authorizing parking surcharges, Congress provided in section 4(b)(2)(B) of Public Law 93–319 of June 22, 1974, that EPA cannot "require" by regulation a "parking surcharge," or "condition approval" of any State plan on its including a parking surcharge.

But that law provides that if a State adopts and submits to EPA a plan that includes a parking surcharge EPA may then approve such a plan. The phrase forbidding EPA "to administer a program to tax, limit" could be interpreted to apply to EPA's approval of a State plan which includes parking surcharges. If so, it would change Public Law 93–319 by preventing EPA from using any funds, including administrative funds, to approve a State plan with a parking surcharge. Does the committee really want to abrogate the right of a State to impose a parking surcharge if its political leaders, for example, its Governor or General Assembly, want it?

Second. Section 110(a) of the Clean Air Act (42 U.S.C. 1857c–5(a)(2)(B)) provides for the adoption of State plans which implement, maintain, and enforce the primary standards in each air quality control region. Such plans are subject to EPA approval. In approving such a plan, EPA, after reasonable notice and public hearings, must, among other things, determine that the plan—

> * * * includes . . . emission limitations, schedules . . . and such other measures as may be necessary to insure attainment and maintenance of such . . . standard, *including, but not limited to, land-use and transportation controls.* (Italics supplied.)

If a State does not adopt an approvable plan, EPA must do so, using the same criteria.

On September 27, 1974 the U.S. Court of Appeals for the First Circuit in *South Terminal Corporation et al.* v. *EPA* (C.A. 73-1366, 1382, 1383, 1384, 1385, 1386, 1387, and 1388) upheld EPA's authority to approve a clean air plan in the Boston area which included restrictions on parking. The court said:

> * * * Congress provided that State implementation plans shall include such measures as may be necessary to insure attainment and maintenance of the national primary ambient and quality standards, "including, but not limited to, land-use and transportation controls." And the Administrator must promulgate promptly regulations setting forth "an implementation plan for a State" should the state itself fail to propose a satisfactory one. Section 1857c-5(c). The statutory scheme would be unworkable were it read as giving to EPA, when promulgating an implementation plan for a state, less than those necessary measures allowed by Congress to a state to accomplish federal clean air goals. We do not adopt any such crippling interpretation.
>
> The term "land-use" and "transportation controls" are not defined in the Act, but they seem reasonably intelligible in the context. "Land-use" includes the types of regulations normally subsumed under zoning and planning devices. Regulation of the dimensions and quantity of certain types of facilities in a specific urban area is a common use of the zoning tool; and the challenged parking controls are similar, in that they are directives to land owners not to use their land for parking except under specified circumstances. The regulation of parking is also supportable as a transportation control. The plentiful existence of parking facilities creates an incentive to choose motor vehicles; by destroying this incentive, EPA weights the choice more heavily in favor of less polluting transit.
>
> Assuming the Administrator is right that photochemical oxidant and carbon monoxide levels must be reduced, and given his express authority to invoke land-use and transportation controls, the measures are well within his authority.

Section 511 of H.R. 16901 could be interpreted as, in effect, abrogating the above provisions of the statute for the fiscal year 1975 and not allowing EPA to spend money to enforce those provisions relating to the regulation of "parking facilities." If that is true, presumably EPA could not carry out the court's directive that EPA hold additional hearings on the matter in the Massachusetts case. Does the committee want to preclude such public hearings and the opportunity for the public to present its views?

Mr. Chairman, I believe that section 511 is a poorly drafted, ambiguous, and vague section. It should not be adopted by the House.

I note on page 4 of the September 25, 1974, report (H. Rept. 93-1379) by the Committee on Appropriations the following statement:

> To the extent not made inapplicable due to the reduction in funds from the amounts contained in the vetoed bill, the departments and agencies provided for in this bill are expected to be guided by the instructions, directions, and suggestions contained in the first House (H. Rept. 93-1120) and Senate (S. Rept. 93-1014) reports and the joint explanatory statement of the committee on conference (H. Rept. 93-1127).

Thus, the committee has adopted a practice of trying to incorporate by reference its report on the vetoed bill, even though those comments may have no bearing on H.R. 16901. Such a procedure places an impossible burden on Members of the House and I hope it will not be repeated again by the Committee.

I request that anyone who reads the prior report also look at my remarks on that report which appear on pages 20550 through 20554 of the Congressional Record of June 21, 1974.

Mr. KEMP. Mr. Chairman, I rise in support of this bill because of the urgency of securing final agreement on the appropriations for agencies for fiscal year 1975 contained in it, but I do so with regret and more than a small amount of disappointment.

I speak, specifically, of the failure of this bill to contain funding for the Great Lakes cleanup program. I am fully aware that the former President cited that as one of his reasons for opposing the enactment of this bill, and I am fully conscious of the critical importance of holding the line on Federal spending—in order to hold the line on inflation, but I do not agree with the administration's assertions—now endorsed by the committee-reported bill—that the United States can fulfill its international commitment to clean up the Great Lakes without these funds.

Let me recite, for the memories of my colleagues, the legislative history associated with this Great Lakes cleanup debate.

A BRIEF HISTORY OF GREAT LAKES CLEANUP APPROPRIATIONS

On April 15, 1972, after several years of negotiation, President Nixon signed an historic agreement in Ottawa with the Canadian Prime Minister. That agreement provided for greatly increased American-Canadian cooperation in improving the water quality of the Great Lakes.

How has this obligation been honored by the two countries?

As of now, Canada is projected to serve 98 percent of its population along the Great Lakes with adequate water treatment by 1975. The United States, on the other hand, will only be able to serve 58 percent of its population along the lakes with adequate treatment by that date, according to independent surveys and the opinions of the Canadian analysts. The United States is far behind its commitment, while Canada has almost totally attained its.

In 1972, I testified before the Committee on Appropriations, strongly urging the appropriation of $100 million to adequately fund the new, cooperative program. A number of colleagues joined with me in this appeal. These funds were provided by the Congress—specifically authorizing the U.S. Environmental Protection Agency—EPA—to fund 9 or 10 selected storm and combined sewer projects along the lakes in order to study the cost-benefits of the various systems.

Inasmuch as EPA did not at that time yet have the specific statutory authority to fund the construction of storm and combined sewers of this nature, the Congress directed that $100 million in water and sewer funds which had been previously appropriated to the U.S. Department of Housing and Urban Development and arbitrarily frozen by the Office of Management and Budget—OMB—be used to fund the program.

The Congress then followed up that action by passing the Federal Water Pollution Control Act Amendment of 1972, providing authority in section 211 for EPA to fund the 9 to 10 special projects.

Yet, despite this overwhelming intent on the part of Congress—not to mention the letter of the law itself—funds were still not released by OMB.

On April 10, 1973, therefore, I again took the case for the construction of these projects to the Agriculture-Environmental-Consumer Protection Subcommittee of the Committee on Appropriations. In that testimony I stated:

> I would like to reiterate my support of this vital Great Lakes cleanup program and strongly urge the Committee recommend appropriations for these programs at least the level requested by EPA. To many, the Great Lakes stand as a symbol of man's degradation of the environment. We in the Congress have the opportunity to make them an outstanding example of our Nation's determination to restore and preserve our priceless natural resources.

Again, many colleagues made similar appeals.

The committee made that recommendation, and the Congress passed it. Still nothing happened—the funds remained frozen.

At the urging of myself and a number of my colleagues in the House, the committee again directed this $100 million be spent. But, the committee has been advised that no use will be made of these funds during fiscal year 1974, despite a recent release of $120 million by OMB and the Department of Agriculture for use by rural communities on waste and water facility construction. The charge which I made in addressing the Association of Towns of the State of New York on February 4 of this year—that the prior administration was waffling on this matter—was proved by these actions—perhaps, better put as inactions—of the administration.

In late June of this year the House again insisted that these funds be expended. They were included—at the level of $175 million, in the bill now before us—the vetoed bill.

In his veto message of August 8 on this bill, President Nixon stated:

> I also oppose a provision in this bill transferring from the Department of Housing and Urban Development of EPA a $175 million program to clean up the Great Lakes. The feasibility of this cleanup program has not yet been proven. Further study is essential if we are to avoid ineffective Federal spending for these purposes.

Mr. Chairman, that statement—"the feasibility of this cleanup program has not yet been proven"—not only runs counter to the treaty commitment entered into by the President but also counter to the position taken by his administration at the Great Lakes Agreement Assessment Meeting of Representatives of the United States and Canada held in Washington on May 22.

At that meeting the U.S. delegation informed the Canadians—who had expressed deep reservations about the apparently waning U.S. commitment—that "approximately 60 percent of the population on the U.S. side of the Great Lakes Basin would be provided with adequate waste treatment by December 31, 1975," and that this figure "would rise with the completion of additional projects to 95 percent by 1977–78."

That assurance lacked a certain amount of credibility in light of the fact that the International Joint Commission's Water Quality Board—responsible for monitoring compliance by both governments with the commitment—had just issued an extensive, factual study showing the United States could not meet its commitment for years and years if present impoundment policies continued.

The evidence mounts that the United States is not going to meet the deadline to which it agreed. I quote from the Christian Science Monitor of October 2—only last week:

> The Great Lakes cleanup agreement between the United States and Canada is not worth the paper it is printed on because the Americans are dragging their feet, Canadian officials are saying privately.

According to that article, the United States is claiming that it will meet its deadline date but that the deadline date—December 31, 1975—does not mean, as we were first told, an actual cleanup of the Great Lakes and the construction of sewage treatment facilities to accomplish that cleanup, but rather only means that all he plans will be on the drawing board by the date. In other words, all the much-publicized words we heard—at the time of the signing and afterwards—really did not mean what the Canadians, the American public, and the Congress had been told they meant. This is, in my opinion, a classic example of Government devising a means to avoid an agreement, despite contrary assurances to the people and to the Congress.

ADMINISTRATION OPPOSES SEPARATE FUNDING AUTHORITY

On June 25, I introduced a bill, H.R. 15594, to amend the Federal Water Pollution Control Act to authorize additional funds for grants for the construction of treatment works which are required for compliance with international pollution control agreements. In other words, the bill would create a separate, new funding source—aside from that which is presently administered by the States along the Great Lakes in a give and take with other priority projects in those States—to meet our agreement with Canada.

The administration has opposed the enactment of this bill. From reading the agencies' comments, one would suppose, as I first did, that the administration was opposing it because they were otherwise going to meet the deadline. They phrased it that way, and in a moment I will recite some of their opposition. But, in light of this informative article in the Christian Science Monitor—which is, I believe, the first time wide coverage has been given to the new interpretation being attached to the agreement by the U.S. officials—it now becomes clear that what they were saying was not that the pollution would be cleaned up, or even the construction of plants started, but rather that they would all be on the drawing board. This could mean a delay of years and years before the Great Lakes are cleaned up. This is never—I repeat, never—what was intended.

The Council on Environmental Quality, Executive Office of the President, has stated:

> The "Agreement, Annexes and Texts and Terms of References, Between the United States of America and Canada," signed at Ottawa April 15, 1972, Article VI.(a) provides that pollution abatement programs and other measures for municipal sources from both countries shall be either completed or in process by December 31, 1975. The end results to be met state that effluents shall be free from substances forming putrescent sludge deposits, floating debris, oil, scum, color or odor producing substances and substances which are toxic. Appendix I to the Great Lakes Water Quality Agreement effected by exchange of notes dated at Washington, November 21, 1973 further specifies an approximate 31 percent phosphorus reduction by the United States by 1977.
>
> The key issue here is whether the treaty agreements between the United States and Canada will require the municipalities in question to go beyond the provisions of existing law. Under the Federal Water Quality Act Amendments of 1972 these municipalities must achieve secondary treatment by July 1, 1977 (Sec. 301(a)(B)), and are eligible to receive 75% Federal assistance.
>
> Secondary treatment as defined by the Administrator of EPA should meet, if not surpass, the requirements of the treaty agreement. Furthermore, we have been informed by EPA that in order for United States municipalities to achieve secondary sewage treatment by July 1, 1977 their plans will have to be in process by the end of 1975.
>
> It therefore appears that compliance with existing laws by United States communities will satisfy the requirements of the treaty agreement between the United States and Canada, and that the treaty agreement does not place an unreasonable burden upon these municipalities.
>
> The Council recommends against passage of the bill.

Now, if one reads that carefully, one sees the "new" U.S. position set forth—"their plans will have to be in process by the end of 1975." Again, this is contrary to everything we were told prior to the last veto of these funds. The administration—which aims for reestablishing credibility with the Congress and the people—has staked out a new position and chosen to simply say that they meant that all along.

Communications from the Department of State and the Environmental Protection Agency repeat this newly found assertion.

I believe strongly that the Congress, acting in behalf of the people, should insist that the original intent be carried out, that these funds be restored, and that they be spent—at least that share needed to honor the commitment to actually cleaning up the lakes by December 31, 1975.

HOW TO CUT FEDERAL SPENDING

There are two fundamental ways in which we can cut overall Federal spending.

We can eliminate some programs altogether, leaving those which remain to continue at the present—or even at expanded—funding levels.

Or, we can cut some off the top of all programs, a practice of greater equity and less disruption to the continuity of Government services.

Since I have served in this Chamber, I have voted for both. But, it is apparent to me that we can be more effective in attaining our desired goal of reduced spending by cutting percentages off the top of all programs, more or less uniformly.

NEED TO HONOR GREAT LAKES CLEANUP COMMITMENT

I regard the honoring of our international treaty commitments with Canada to clean up the Great Lakes to be crucial.

I think this bill ought to have reflected it and will work in the days and months ahead to match in deed the rhetoric of our international agreement with Canada.

Mr. **VANIK**. Mr. Chairman, as we consider this previously vetoed Agriculture-Environmental appropriation bill, I would like to make a few comments on the Great Lakes pollution situation.

First, I appreciate the committee's comments about the former President's veto message—the inaccuracies in the figures contained in that veto message, and the unfair criticism of the Great Lakes cleanup programs funded by the previous bill. As the committee report states—

> So that the record will be accurate, the bill as passed by the Congress included language transferring impounded HUD funds to EPA. $100 million was for the Great Lakes program and $75 million was for the clean lakes program. The language providing for the transfer of $100 million for the Great Lakes program has been in the bill for the last three years, but the Office of Management and Budget has consistently refused to release the funds. The transfer provision had been included in the bill again this year because testimony during the hearing revealed that EPA was developing a program to utilize these funds.
>
> The veto message further stated that the feasibility of the cleanup program has not yet been proven. The Committee recognized this and provided in its report that the funds for the clean lakes program should be utilized for sewer systems. The need for sewer systems has been conclusively proven.

It should be pointed out that the $75 million for the clean lakes program is not money designated for the Great Lakes—it is for use in preserving and protecting lakes throughout the Nation.

Naturally, Mr. Chairman, I am disappointed at the decision of the committee to delete from the bill that we are considering today the transfer of $100 million in impounded HUD funds to EPA for use in improving sewers in the Great Lakes area.

This money was needed by many of the communities along the Great Lakes.

EPA believed that they could use this transfer. Earlier this year, the mayor of Cleveland visited Washington to argue for these desperately needed funds. In my congressional district, officials from Euclid and Lake County have indicated their need for these funds. The committee's report states that—

> In view of court action directing release of impounded Department of Housing and Urban Development funds, the Committee has deleted the provisions in the vetoed bill that would have transferred impounded HUD funds to other agencies.

Mr. Chairman, I have talked to HUD officials about this matter. Despite the Court's order for an immediate release of the impounded water and sewer funds, the Department of Justice has advised the Department not to comply but to appeal the whole matter to the Supreme Court. The appeal will probably take months. The simple fact is that this money has not been made available—and that the administration is dragging its heels, disobeying court orders, and has been defying the Congress on this issue for 3 years.

In addition, once HUD decides to release these sewer funds, they will be released nationwide. It is not likely that any will be earmarked for the Great Lakes.

POLLUTION FUNDS NEEDED ON GREAT LAKES

In the meantime, the situation on the Great Lakes remains most serious. The only progress we are making is that the pollution is not getting worse! The situation on Lake Erie appears to have stabilized—but stabilized at a low level. As the recent Second Annual Report of the International Joint Commission on "Great Lakes Water Quality," stated:

> This situation leads the Commission to conclude that despite the acquisition of large amounts of raw water quality data from the Great Lakes, it is not possible to say with scientific assurance that Lake Erie in 1973 was worse, the same or better than it was in 1970. Some measurements showed improvement while others showed worse conditions. The best that can be said is that degradation of Lake Erie appears to have been halted.

One of the major pollution problems on the Great Lakes is caused by inadequate and improper sewer construction. Some 382 communities have a combined storm and sanitary sewer system. During dry weather, the sanitary system is routed through a waste water treatment plant. But when it rains or there is a sudden thunderstorm, the amount of water entering through the storm sewers becomes too much for the treatment plants to process. At such times, all water, both storm and sanitary sewer lines, is routed untreated directly into a river or lake. As the April 1974 Water Quality Report of the International Joint Commission reported:

> Pollution via overflows from combined storm and sanitary sewers continues to be a major problem in the Great Lakes. All jurisdictions have recognized the problem and most have banned combined sewers for new construction. However, no new programs have been implemented in the past year to reduce this source of pollution.

The recently released "Water Quality Baseline Assessment for Cleveland Area-Lake Erie, Volume I," prepared by a consortium of Cleveland area universities under an EPA research grant reports that—

> As a separate entity, one of the biggest sources of pollution to the Cleveland area is combined sewer overflows. Estimation of the loadings are about five percent of the annual flow to the treatment plants, or about 5.5 billion gallons annually.

For lack of funds, local communities have been unable to act on the problems of combined sewers. As the General Accounting Office report of January 16, 1974, to the Congress on "Research and Demonstration Programs to Achieve Water Quality Goals" states:

> EPA's R&D programs have developed technology that could alleviate two major Great Lakes problems—combined sewer overflows and phosphorus discharges—caused by municipal sources.
>
> However, few Great Lakes cities have applied this technology because of its high cost and/or the lack of sufficient Federal construction grant funds for treatment plants.

The GAO notes that while six of the eight Great Lakes States require that combined sewer discharge be controlled by 1977, "relatively little has been done in the Great Lakes Basin to achieve such control." EPA estimates that controlling the combined sewer problem in the Great Lakes States would cost between $8 to $13 billion.

Obviously, local communities will need assistance.

FAILURE TO KEEP PACE WITH CANADA ON GREAT LAKES CLEANUP

The failure to provide adequate cleanup is particularly embarrassing in view of the April 15, 1972, Ottawa agreement between the United States and Canada on Great Lakes Water Quality. The Canadians are living up to their side of the agreement and have made excellent progress. As the IJC "Great Lakes Water Quality" report states:

> In Canada, 349 municipal systems serving a population of 4,836,000 provided adequate treatment for 80 percent of the population in 1971, 84 percent in 1973, and will serve 98 percent in 1975.
>
> In the United States the 946 municipal systems serving a population of 15,320,000 provided adequate treatment for five percent of the population in 1971, 35 percent in 1973 and will serve 58 percent by 1975.

Administration impoundments—such as the impoundment of the $100 million in sewer funds for the Great Lakes—have retarded cleanup progress on the American side of the Lakes and threatened our ability to comply with the Ottawa agreement. The IJC report therefore recommended:

> That the U.S. Federal government provide full utilization of appropriated funds for construction of treatment plants in the Great Lakes System.
>
> That funds currently available at all levels of government be obligated to Great Lakes projects as soon as possible.

Since HUD is continuing to delay the release of water and sewer moneys, and since $100 million of these funds will no longer be earmarked for the Great Lakes, I hope that the other body can review HUD's action, and if necessary, continue to mandate a transfer of HUD sewer funds directly to the Great Lakes region.

Mr. HUDNUT. Mr. Chairman, although it was not offered, the amendment by the distinguished gentleman from Texas (Mr. CASEY) to prohibit EPA from using any of the funds appropriated by this bill (H.R. 16901) to administer any program to regulate "indirect sources" I am a cosponsor of H.R. 16436 to prohibit EPA from approving or disapproving construction permits based on indirect source regulations, and hope that when H.R. 16901 goes to conference with the other body, the provisions of section 511 will be held intact, and if anything, strengthened.

Earlier this year we voted not to consider Federal land-use control on this very House floor. Yet EPA is attempting to put it into effect through proposed rules on "indirect source emissions" that will apply to consideration projects commencing on or after January 1, 1975. By "indirect source" is meant any facility that stimulates traffic. If the States and local governments want to have such provisions, that is all well and good, but it should not be required at the Federal level—particularly after the Congress specifically made a decision against Federal land-use control.

All of us want clean air and the EPA has a most important role in achieving that goal, but reason must prevail. We must not allow the EPA, or any other Federal Agency, to circumvent congressional interest by bureaucratic lawmaking. We must make it clear to both the people of the Nation and to all of our Federal agencies that we accept our responsibilities as an elected Congress and that we will not tolerate rule by bureaucracy.

The following exchange of correspondence between myself and Mr. Russell Train, Administrator of EPA, is illustrative of the problem to which section 511 addresses itself, but it seems to me that in the long run, the Congress must express itself unambiguously, and in forceful legislative language, and make it clear that Federal land-use control that easily can become bureaucratic dictatorship, is inimical to the best interests of the American people and contrary to the intent of Congress.

HOUSE OF REPRESENTATIVES,
Washington, D.C., August 15, 1974.

Mr. RUSSELL TRAIN,
Administrator, Environmental Protection Agency, Washington, D.C.

DEAR RUSS: It has come to my attention that on Tuesday of this week, your Region 5 Director, Mr. Francis Mayo, had an informal visit with some of the business leaders of Indianapolis at a luncheon sponsored by the Indianapolis Chamber of Commerce—at which gathering he informally advised the persons present of the July 9 regulations that were promulgated by EPA relative to "review of indirect sources." In connection with these regulations, I have also noted your announcement that EPA is planning to form a new unit designed to deal with all aspects of land use planning problems, which you call "the nation's number one environmental problem."

At the luncheon, Mr. Mayo indicated that the regulations were merely implementing the expressed will of Congress already on the books, and in your announcement you said that the new office does not represent the exercise of new authority but rather "a new approach to the responsibilities we already have."

Frankly, the purpose of this letter is to ask you how such a rationale for the creation of a land use office within EPA and the promulgation of indirect source regulations can be rationalized in view of Congress's vote on June 11 to defeat the land use bill. It would seem to me that if EPA assumes for itself under the "indirect source" regulations the authority to review building plans for roads, schools, shopping centers, airports, office buildings, and parking, educational, retail, commercial and industrial facilities, with the further power to reject plans or compel modifications in building projects constructed by either private enterprise or state and local governments, with the further corollary that if the product cannot be changed to meet EPA objectives, it will simply not be allowed to be built—EPA is proceeding in clear defiance of Congressional intent concerning land use planning imposed at the federal level in light of the June 11 vote. I am aware of the requirements set forth in the Clean Air Act of 1970, but I am also wondering if the promulgation of these new regulations does not exceed the authority given EPA in that Act.

I am sure that you can appreciate economic dislocation that could be caused by writing and enforcing these new regulations. If builders do not meet the standards, they will have to modify their design or forego building altogether and they will be subject to fines of up to $1,000 a day from the start of construction. It seems to me that the end result could be a slowing down of construction in a period of severe unemployment in the building trades, a gradual constriction of urban, rural and suburban development, and the making of construction planning far more difficult, protracted and expensive. To cite you but one example, a downtown parking garage complex in Indianapolis that has the joint support of private developers and the City's Capitol Improvement Board, with a projected capacity of 2,000 cars, has been placed in serious jeopardy by the implications of Mr. Mayo's visit the other day, and his remarks have caused great consternation, which, beginning as a ripple, will undoubtedly become a tidal wave if the Indianapolis community once again gets the idea that EPA authorities out of Chicago are coming in to Indianapolis and coercing local private developers and civic authorities into their preconceived notions about what is good for the City and what is not.

I realize how difficult these problems are and how caught you sometimes become between conflicting forces, but if there is any response you could make to me on the general subject, and any specific answer you could make to my inquiry about what EPA's authority for promulgating these regulations is, I would be most grateful.

With warmest personal regards and best wishes to you in the fine job you are doing under great pressure, I am

Sincerely yours,
William H. Hudnut III,
Member of Congress.

U.S. Environmental
Protection Agency,
Washington, D.C., September 11, 1974.

Hon. William H. Hudnut III,
House of Representatives,
Washington, D.C.

Dear Bill: In your letter of August 15, 1974, you expressed concern that EPA's influence over land use is expanding to an extent which is both undesirable and unauthorized by Congress. Your concern is based upon two recent actions taken by the Agency, the promulgation of new indirect source review regulations and the creation of a new land use office.

I can appreciate your concern over the role of a Federal agency in issues of land use which I fully agree are best addressed by local communities with full public participation. However, I would point out first that the new indirect source review regulations are necessary to meet the congressional concerns expressed in passage of the Clean Air Act; and second, that this Agency fully respects the primacy of State and local government in planning for future land use. The Agency's activities in these areas are designed to further the achievement of existing mandates in what I trust is a more responsive manner.

The Clean Air Act contemplates that much of the reduction in auto-related pollution necessary to attain and maintain national standards can be accomplished through direct controls on auto emissions (Title II). While the implementation of Title II will certainly help reduce ambient levels of auto-related pollutants, EPA has found that this program will be insufficient to insure either attainment or indefinite maintenance of standards.

Indeed, Congress foresaw the need for controls to supplement source emission limitations in Section 110 of the Clean Air Act by specifically including "transportation and land use controls" as mechanism which may be necessary to insure attainment and maintenance of health standards.

New indirect sources as defined in the review regulations have sufficient automotive trip-inducing capacity to create enough congestion to cause localized violations of the Federal health standards. By law there must be a mechanism to prevent or otherwise condition construction of such sources to insure that health standards are not violated.

As the preamble to the indirect source review regulations indicates, EPA expects that by using improved traffic flow design, augmenting mass transit availability or otherwise eliminating or modifying those design features which cause short-term violations of health standards, most facilities subject to the regulations will meet the requirements. Although the regulations are concerned solely with the potential violation of ambient air quality standards, the types of changes in facility design intended to satisfy air quality requirements are almost always consistent with the achievement of other desirable effects such as customer convenience and more rapid traffic flow both in and around the proposed facility.

We understand, however, that the regulations could pose significant problems and costs to developers if the regulations are not fully understood and extensive project time delays are incurred. If decisionmakers, both public and private, are fully apprised of design and location considerations necessary to meet air quality standards well in advance of the permit procedure, project financing, and plans for construction, then these regulations would be most cost-effective. We are making every effort to minimize these unnecessary costs in implementing the regulations. Our Office of Air and Waste Management is working with developer groups throughout the country, holding workshops, and testing the review procedures prior to the January 1 effective date.

Preliminary research indicates that while the cost of design changes necessitated by the review requirements in most instances will be minimal, financial institutions unfamiliar with the new requirements may unnecessarily delay financing of questionable projects. Therefore, we are also planning to hold workshops for mortgage bankers' associations and other investment groups.

Considerations of the impacts of these indirect source regulations as well as other regulations promulgated by the Agency prompted me to establish a new land use office within the Office of the Administrator. The office, which will only be three or four people, will seek a fuller understanding of the impacts of the Agency's programs on State and local decision-making and will work toward making these governments the chief actors in achieving the requirements of the Clean Air Act. It will not be assuming any new authority in land use but rather will be working with State and local governments and our program offices to develop workable approaches.

I hope this adequately addresses your concerns. If you have any further questions, please don't hesitate to get in touch with me.

Sincerely yours,
Russell E. Train,
Administrator.

Mr. FRASER. Mr. Chairman, I believe it is worth noting that the legislation now before us reduces by $5 million the amount originally appropriated for the special food service programs for children. This program, which falls under the child nutrition section of title IV, coordinates nationwide meal distribution at day-care and summer feeding projects, along with various Head Start programs which were incorporated into it in January 1974.

Originally, the conferees on H.R. 15472, which Mr. Nixon vetoed on August 8, had allocated $30 million for the special food service programs. That amount has been cut to $25 million, thereby prohibiting expansion into new projects and even placing many existing ones in jeopardy.

Furthermore, the present bill's increase of $9 million over last year's appropriation is deceptive, since most of the additional funds will be spent toward meeting the raise in the maximum reimbursement rate for program outlets which went into effect on July 1. Inflation, then, not additional meal services, will be the recipient of the present increase.

The Minnesota example serves to illustrate these points. The Department of Agriculture has informed the Minnesota program that their initial funding estimate for the State for fiscal year 1975 is $660,842. This is little more than half of the State agency's actual estimate of operating costs for the year, which amounted to $1,225,031. Furthermore, the Minnesota program director notes that the agency "allows no expansion of the program and does not include the $111,581 to cover approvable applications from sponsors who did not participate in the program last fiscal year, nor does it provide for potential sponsors who have not yet made application." Current participants in Minnesota are concerned at the budget deficiencies that will arise if the State is forced to spread its meager allotment among all of the existing programs by reimbursing sponsors at a rate far below the maximum permitted rate in this time of astronomical food prices.

For a detailed analysis of the inadequacy of the funds now available and the administrative flaws in the present system, I refer my colleagues to Senator Humphrey's statement in the April 24 Congressional Record urging a generous appropriation for this program when the original bill was debated.

Mr. Chairman, I urgently hope that

next June, when the authorization for this program must be renewed, Congress will consider revisions which will render the financial and administrative policies employed in this program more equitable than they are now. In my opinion, there is no way to justify the denial of food to needy American children because of congressional tight-fistedness and bureaucratic waste.

Mr. CONYERS. Mr. Chairman, the Agriculture - Environmental - Consumer Protection appropriations included many valuable and necessary provisions for the operation of these Federal agencies. However, the wasteful boons for big business contained in the bill forced me to withhold my support and vote "present."

Particularly disturbing was the hasty rejection of the amendments cutting funds for Cotton, Incorporated, and prohibiting the exporting of tobacco under the food-for-peace plan.

At a time when we are asked to sacrifice and underfund vitally needed domestic programs, we in the Congress must diligently strive to avoid expenditures which bring little or no benefit to American consumers. The passage of this legislation in its present form is contrary to that important aim.

Mr. CASEY of Texas. Mr. Chairman, I would especially like to call the attention of my colleagues to section 511 of this bill, which states:

> No part of any funds appropriated under this Act may be used by the Environmental Protection Agency to administer any program to tax, limit, or otherwise regulate parking facilities.

This language was placed in the bill at my request and I would like to make my reasons clear for doing so.

I have spoken before on this floor about the attempts by the Environmental Protection Agency to assume the powers of dictating to our States and communities the use of their land. I have introduced a bill (H.R. 15858) to prohibit the EPA from putting any regulations into effect that would constitute land use.

More than 60 of my colleagues have joined me in sponsoring that bill.

Today we have the opportunity to show the EPA that we do mean business and that any national land use laws will be put into effect only after a vote in this Congress; and that we will not tolerate such lawmaking by bureaucracy.

Of course, we rejected Federal land use laws earlier in this House. I am certain that the issue will be considered again in the next Congress. While I personally oppose such laws at the Federal level, if they are to be passed, the Congress is the proper body to pass them, not the EPA.

But already the EPA has made such laws, despite rejection by this House.

They have issued regulations controlling parking facilities that pose a serious danger to both our national economy and the rights of our citizens. These regulations require anyone—any public authority, any private citizen—in 19 metropolitan areas of the Nation to go to the EPA and get permission before they can build any facility that includes space for parking motor vehicles.

The number of vehicle spaces that come within the scope of the EPA regulations varies among metropolitan areas. In the Houston area where I am privileged to live, the EPA would regulate the construction of all facilities that include 500 or more parking spaces.

In the case of Fairbanks, Alaska, the regulations would apply to facilities with 10 or more parking spaces. That would allow them to control even the building of a 7-11 store. And certainly any church could not be built without the EPA stamp of approval.

Mr. Chairman, at a time when our economy is in serious jeopardy, when our construction industry is on the brink of disaster and thousands of skilled workers are without jobs, we can ill afford to have such awesome powers in the hands of the EPA or any other Federal agency.

Their logic is wrong. Their approach is wrong. And the parking regulations they propose are ill conceived even in the light of scientific study and findings.

I believe I can sum up the scientific facts of the matter in just a few sentences quoted from a report prepared by the National Academy of Sciences for the Senate Public Works Committee. In volume I, page 120, of that report, we find the following summary:

> *The mixed and restricted potential of land use policies.* Modifying land use patterns so as to reduce mobile emissions would appear to be a mixed possibility at best. And, as in the case of "other transportation" policies, some land use policies might have surprising or perverse results. Centralization of residences or work places within urban areas seems to increase rather than reduce exposures to "unsafe" air quality levels despite the reluctant decrease in automobile travel. . . . As a policy action, decentralization has the advantage of requiring little in the way of explicit new incentives or programs. Decentralization is occurring anyway in the United States.

I just wish that someone—anyone—at the policymaking level in EPA would study this report and the other scientific evidence as it relates to the regulations on parking, transportation, and indirect source emissions which they propose.

Mr. Chairman, the great danger is that unless we act to halt this folly, the EPA will actually put its regulations into effect on January 1, 1975.

My amendment in this bill would at least postpone their attempts to control construction of parking facilities for 9 months—through the 1975 fiscal year, which will end on September 30 next year.

I believe our action will also give even the EPA second thoughts about trying to put any other regulations into effect that constitute land use until the Congress gives them the authority to do so.

Mr. Chairman, it was less than 24 hours ago in this very Chamber that we applauded President Ford's efforts to control inflation.

Unless we approve this bill with the language I propose for section 511, we will not only be retracting yesterday's applause for the effort to combat inflation, we will be sanctioning completely illogical regulations that can do just the opposite.

I urge all of my colleagues to be aware of these proposed EPA regulations that we have the opportunity to at least delay. We can save our States and cities substantial amounts of money and preserve their right to control their own destiny.

I urge the approval of this bill with the language proposed in section 511 intact.

Mr. WHITTEN. Mr. Chairman, I have no further requests for time.

Mr. ANDREWS of North Dakota. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

> None of the funds provided by this Act shall be used to pay the salaries of any personnel which carries out the provisions of section 610 of the Agricultural Act of 1970, except for research in an amount not to exceed $3,000,000; projects to be approved by the Secretary as provided by law.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. CONTE: Page 3, line 17; strike out the comma at the end thereof and in lieu substitute a period.
>
> Page 3, strike out lines 18 and 19.

Mr. CONTE. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and four Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. CONTE. Mr. Chairman, I rise to offer an amendment to delete all taxpayer funds for Cotton, Incorporated.

I do not have any funny speech today to ridicule this subsidy. Our economy is in serious trouble, and the American people are in no mood to joke about the waste of their tax money.

And the subsidy to Cotton, Incorporated, is just that—a waste of the taxpayer's money. It is a frill, a boondoggle, a giveaway.

Call it what you will, whatever it is—it is a burden that should not be forced upon the American public. It is a plunder on the U.S. Treasury that has got to stop.

Last week's Economic Summit Conference sounded a stern message that must be heeded. It is time to cut out all unnecessary Government spending. Our economy is in danger. Our budget must be controlled. Our budget must be woven tightly, without any stray threads like Cotton, Incorporated.

Passage of this amendment will save $3 million. That is money worth fighting to save. It would buy a jet fighter, a new school building or a sewage treatment plant.

Before another penny of taxpayer money is given away to Cotton, Incorporated, I want my colleagues to examine the record of this private interest lobby.

Has Cotton, Incorporated, helped the cotton farmer?

The answer is not much. The price of cotton is falling from its peak of earlier this year, indicating demand for cotton is dropping off. Cotton, Incorporated, is supposed to be boosting demand for cotton by U.S. consumers. But since Cotton, Incorporated, was recognized by law in 1970, domestic consumption of cotton has fallen every year, from 8 million to 7.6 million bales a year. But in Europe and overseas, the demand for cotton has grown steadily every year.

Has Cotton, Incorporated, helped the taxpayer?

Again, the answer is "No." Cotton, Incorporated, has spent all $23 million of the Federal subsidy funds it has received over the past 3 years, while banking $8 to $10 million received from cotton producers. It has invested these Federal funds in lavish office surroundings in New York City and overblown salaries for the executive staff.

This is the fourth time in 15 months that the House is voting on a Federal subsidy for Cotton, Incorporated. On the agriculture appropriations and authorization bills last year, the House soundly rejected the Cotton, Incorporated, subsidy proposals. This summer, and identical amendment to defeat funding for Cotton, Incorporated, lost by just a few votes.

But at that time, we did not have the sense of urgency about economy that the Economic Summit Conference has instilled in the Congress.

Now we do.

The Congress has heard enough about Cotton, Incorporated, in the past. I know my colleagues are tired of the topic. So am I.

I ask my colleagues to put it to rest. Pass this amendment, Cut off this waste of taxpayer funds. Put Cotton, Incorporated, where it belongs—back in the private business sector, and off the Federal welfare list.

I urge my colleagues to vote for this amendment.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, my good friend from Massachusetts, with whom I have served on the Committee on Appropriations for many years, says he is tired of this matter being discussed. I think, except for his feelings about the matter, that he might have been tired quite a while ago.

May I say to the Members that in the President's message of yesterday he called on the American cotton farmer, along with other farmers, to go all out in the way of production, not only because of domestic needs but also in order to improve our trade balances with foreign nations.

May I say for the record here that in recent years the chief earner of foreign exchange, so as to bring more nearly a balance of trade situation, has been agriculture. Agriculture has all of the major segments, and in the field of agriculture cotton has probably earned more foreign dollars for this country than any other commodity.

The information which the gentleman uses is to some degree accurate. When adverse reports came to the subcommittee we asked for an investigation. We had strong differences of opinion as to whether all of the activities of Cotton Incorporated were in line with the best interests of the American economy, of the American farmer, and of the American trade. We concluded that in the area of research there could be no question but what additional research was necessary if we were to produce cotton at a cheap enough price so that it would be readily available to the American consumer, to the American cotton mill.

In fact, even with this research effort, which has been reduced from $10 million to $3 million, and with this effort to get the American consumer to realize the value of this product, with all of our efforts, as was pointed out by the gentleman from Massachusetts, we still had a decreasing yield of total production of cotton in this country at a time when we needed the cotton.

This bill was passed by this House of Representatives on June 21. In the handling of this bill, we have conferred with our colleagues on the Senate side. We have conveyed to them what we planned to do. We know what their main interests are, and in the interest of letting this matter be settled once and for all, let us proceed and send the bill to the other side of the Capitol where they can adopt the bill and we can complete action on this bill for this year,

This authority is for 1 year only. Research projects must have the approval of the Secretary of Agriculture.

The program has been cut to $3 million from $10 million at a time when the President is begging us to produce more cotton because it is needed by our economy not only at home but for our foreign trade abroad.

For that reason, let us vote down this amendment and pass this bill and send it to the Senate side for its action.

Mr. Chairman, I urge that the amendment be defeated.

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from California.

Mr. SISK. I want to express my appreciation for the comments made by my colleague, the gentleman from Mississippi, in connection with this, and I want to simply say that not one dime of this $3 million goes into any promotion, not one dime goes into paying the salaries of people which my friend, the gentleman from Massachusetts, has been complaining about.

This money will go into research under accounting procedures which many of us have insisted be established, and which the Board of Directors has committed itself to.

It will be used to further our ability to produce cotton fiber products. One million dollars of it will go into the matter of brown lung, which is a very serious disease in connection with the textile industry and is somewhat similar to black lung which the Members are familiar with.

Therefore, Mr. Chairman, I would plead with my colleagues to oppose this amendment and to support this very minimal amount for pure and simple research, which is desperately needed in this particular area.

Mr. Chairman, I thank the gentleman from Mississippi for yielding.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The question was taken; and on a division (demanded by Mr. CONTE) there were—ayes 19, noes 36.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

OFFICE OF THE GENERAL COUNSEL

For necessary expenses, including payment of fees or dues for the use of law libraries by attorneys in the field service, $7,789,000.

Mr. MOSHER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the Great Lakes Water Quality Agreement, signed between Canada and the United States in April 1972, stated that the two parties pledge themselves to either complete or begin implementation, by December 31, 1975, of "measures to find practical solutions for reducing pollution from overflows of combined storm and sanitary sewers."

Additionally, the Federal Water Pollution Control Act Amendments of 1972 provide EPA, in section 105: First, authority for storm and combined sewer demonstration programs, and in section 108; second, authority for pollution control demonstration programs in the Great Lakes.

Under these authorities, the Environmental Protection Agency proposed a $100 million storm and combined sewer demonstration program for the Great Lakes. Your committee included these funds, as a transfer from the Department of Housing and Urban Development, in the EPA appropriations for fiscal years 1973, 1974 and 1975.

Then President Nixon vetoed the 1975 legislation.

Speaking for members of the Conference of Great Lakes Congressmen, Congressman BLATNIK asked your committee to retain that $100 million in the legislation we are considering today. All of us have the Lakes area, on a completely bipartisan basis strongly supported that position.

You responded that that provision remains on the books from last year and remains in force until expended; and that the committee therefore felt it unnecessary to repeat the language in the new bill.

The need for these funds, this year, is urgent, if we are to live up to our agreement with Canada, and, more important, improve the quality of the Great Lakes.

Mr. Chairman, untreated wastes from storm and combined sewer systems represent a significant source of pollution of the Great Lakes.

Wastewater treatment plants are designed to treat approximately 2½ times the normal dry-weather quantity of sewered wastes. During even moderate rains, however, systems become overloaded, and quantities of raw, untreated wastes simply bypass the plant and flow directly into the Great Lakes and their tributaries.

These raw discharges pollute shorelines, and force the closing of beaches. They are a significant health hazard as well as an offense to the senses.

Additionally, street runoff itself contains a high degree of nutrients, which cause algae and other forms of eutrophication, organic compounds, petrochemicals and other dangerous wastes.

EPA has done considerable research into the treatment of storm and combined wastes, and has the capability to move into the demonstration stage.

The $100 million would provide seed money for local communities, and up to 10 good-sized demonstration projects, treating all wastes in selected small towns, and sections of larger cities. They have not pinpointed the exact locations yet, but have a good idea where they should go.

We have barely a year before the deadline set by the Great Lakes Water Quality Agreement—and we have not even made a start on this part of an international pledge.

Mr. Chairman, we of the Great Lakes are deeply grateful to your committee for including the funds in the last three appropriations bills; and we readily understand your reasons for not including the same language in the bill now before the House.

But we would like reassurances that your committee is interested in seeing the funds spent.

We therefore ask you: is it the intent of the Appropriations Committee that the $100 million be transfered from HUD, this fiscal year, and made available for the storm and combined sewer demonstration program on the Great Lakes?

Mr. WHITTEN. Mr. Chairman, if the gentleman will yield, may I say that the fact that the committee is interested in the Great Lakes was the cause of the money being included in the first instance. It was not recommended by the Bureau of the Budget or the administration. However, we have kept the money in there for 3 years, and it still continues to be available. Having expressed ourselves in that regard, having expressed our thoughts in our reports and in our actions, we felt the Government should go ahead with this work, and we have not changed our minds.

However, since points were made in the President's veto message to the effect of calling attention to these carryover funds, which did not in my judgment give any justification for the veto, we did not repeat the language except to say that the money remained available. We did not retract any of the statements we heretofore made concerning the necessity to move ahead with this program.

Mr. MOSHER. Mr. Chairman, the committee did recommend those funds in 2 successive years, and that is still the committee's intent?

Mr. WHITTEN. We did not repeat it, but our language as heretofore expressed continues.

Mr. MOSHER. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I include at this point the following letters and materials:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 1, 1974.

Hon. JOHN A. BLATNIK,
House of Representatives,
Washington, D.C.

DEAR JOHN: Thank you for your letter expressing support for the Great Lakes Program and the Clean Lakes Program.

In developing our new bill, H.R. 16901, we gave a great deal of consideration to both of these programs. The provision providing for the transfer of $100 million in impounded HUD funds for the Great Lakes Program remains on the books from last year and remains in force. Therefore, we felt it unnecessary to repeat the Great Lakes transfer language in the new bill.

In order to provide for the Clean Lakes Program, we added a direct appropriation of $4 million. This should provide adequate planning funds to get the program started.

With all best wishes,

Sincerely,

JAMIE L. WHITTEN,
Chairman Appropriations Subcommittee on Agriculture, Environmental and Consumer Protection.

SEPTEMBER 19, 1974.

Hon. JAMIE L. WHITTEN,
Chairman, Subcommittee on Agriculture—Environmental and Consumer Protection, Committee on Appropriations, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: On August 8 then President Nixon vetoed H.R. 15472, the Agriculture-Environmental and Consumer Protection programs appropriations.

That Act contained funding for two distinctly different water pollution control programs—$100 million for storm and combined sewer projects for the Great Lakes area; and $75 million for the Clean Lakes section of the Federal Water Pollution Control Act Amendments of 1972 (Sec. 314 of PL 92–500). The President not only singled out these programs for mention in the veto message, but mistakenly combined them into one program, when he opposed "a $175 million program to clean up the Great Lakes."

Mr. Chairman, despite the President's singling out of these programs, and his objections to them, they clearly deserve to be retained in the new legislation now before your Committee.

The Great Lakes are not only the world's largest body of fresh water; they are the location of a substantial portion of this nation's population and industrial concentration. This concentration obviously poses tremendous pollution problems as well as great opportunity. With achievement of the objectives of the U.S.-Canada Great Lakes Agreement only a year away, the Great Lakes need every cent they can get if the U.S. is to preserve its credibility abroad.

The $75 million for Section 314 of the 1972 Act, to help States control pollution of the nation's freshwater lakes, is but half the $150 million Congress authorized for this purpose for FY 1975. Mr. Nixon stated in his veto message that "the feasibility of this cleanup program has not yet been proven;" yet the Interstate Conference on Water Problems at its convention in Cincinnati a mere two weeks ago affirmed that the states are ready—and anxious to receive the funds.

On behalf of the Conference of Great Lakes Congressmen, I therefore urge your distinguished Committee to give full consideration to this request, to retain both these programs in the new appropriations bill, and provide the $100 million and $75 million appropriated for them in the original legislation.

With warm regards.

Sincerely,

JOHN A. BLATNIK,
Member of Congress, Chairman, Conference of Great Lakes Congressmen.

To the House of Representatives:

The pressing need to control inflation compels me today to return to the Congress without my approval H.R. 15472, an appropriations bill for the Department of Agriculture, the Environmental Protection Agency and certain related agencies and programs.

Two weeks ago, I vowed to the American people that any appropriations bill substantially above my budget for fiscal year 1975 would be vetoed because it would otherwise contribute to inflationary forces in the economy. This legislation exceeds my budgetary recommendations by such a large amount—some $540 million—that it presents a clear and distinct threat to our fight against inflation and cannot be accepted.

Under this legislation, outlays for fiscal year 1975 would exceed our recommendations by $150 million in fiscal year 1975, $300 million in fiscal year 1976, and by additional amounts in fiscal year 1977. Water and sewer grants for the Department of Agriculture would be authorized at a level of about $345 million, a level more than eight times higher than any level in the past. Funding for agricultural conservation programs would be more than doubled, completely reversing recent efforts of this Administration to reform these programs. Furthermore, this bill would increase certain loan programs operated by the Department of Agriculture by $400 million more than we recommended, an increase which would further strain already overstressed credit markets and would add to inflationary pressures.

I also oppose a provision in this bill transferring from the Department of Housing and Urban Development to EPA a $175 million program to clean up the Great Lakes. The feasibility of this cleanup program has not yet been proven. Further study is essential if we are to avoid ineffective Federal spending for these purposes.

My original budget recommendations to the Congress laid out program priorities as we see them in the executive branch. While differences have frequently existed between the Congress and the executive branch on priorities for particular programs, I firmly believe that our current fiscal situation demands national unanimity on the issues of a larger concern: namely, that we agree to enact appropriation bills which do not fuel the fires of inflation through excessive spending.

I would welcome Congressional reconsideration of this bill and the program priorities contained therein so that a more acceptable bill can be enacted. In keeping Federal spending under control, we do not intend, of course, to single out only farm or environmental programs. Indeed, I would hope that in considering all future appropriation measures, the Congress will assiduously avoid enacting measures which pose inflationary problems similar to the bill I am returning today.

RICHARD NIXON.

THE WHITE HOUSE, *August 8, 1974.*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

GRANTS FOR BASIC WATER AND SEWER FACILITIES

For grants authorized by section 702 of the Housing and Urban Development Act of 1965 (42 U.S.C. 3102), $400,000,000, to remain available until expended, which shall be derived from the unexpended balance of amounts appropriated under this head in Public Law 92-73 and continued to be available by Public Law 92-399 and Public Law 93-135: *Provided*, That $100,000,000 of these funds shall be available for transfer to the Environmental Protection Agency to fund storm and combined sewer projects for the Great Lakes area; $225,000,000 of these funds shall be available for transfer to and to be merged with the grant programs of the Farmers Home Administration pursuant to sections 306(a)(2) and 306(a)(6) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926); and $75,000,000 of these funds shall be available for transfer to the Enivornmental Protection Agency for grants for the Clean Lakes Program pursuant to section 314 of Public Law 92-500.

Mr. BLATNIK. Mr. Chairman, the gentleman from Ohio (Mr. MOSHER) raises a matter most important to all of us from the Great Lakes States.

Mr. Chairman, the Great Lakes Water Quality Agreement, signed between Canada and the United States in April 1972 stated that the two parties pledge themselves to either complete or begin implementation, by December 31, 1975, of among others, "measures to find practical solutions for reducing pollution from overflows of combined storm and sanitary sewers."

Additionally, the Federal Water Pollution Control Act amendments of 1972 provide EPA, in section 105(a) authority for storm and combined sewer demonstration programs, and in section 108(a) authority for pollution control demonstration programs in the Great Lakes.

Under these authorities, the Environmental Protection Agency proposed a $100 million storm and combined sewer demonstration program for the Great Lakes. Your committee included these funds, as a transfer from the Department of Housing and Urban Development, in the EPA appropriations for fiscal years 1973, 1974, and 1975.

Then President Nixon vetoed the 1975 legislation.

I, as chairman, and other members of the Conference of Great Lakes Congressmen, asked your committee to retain that $100 million in the legislation we are considering today.

You responded that that provision remains on the books from last year and remains in force until expended; and that the committee therefore felt it unnecessary to repeat the language in the new bill.

The need for these funds, this year, is urgent, if we are to live up to our agreement with Canada, and, more important, improve the quality of the Great Lakes.

Mr. Chairman, untreated wastes from storm and combined sewer systems represent a significant source of pollution of the Great Lakes.

Wastewater treatment plants are designed to treat approximately 2½ times the normal dry weather quantity of sewered wastes. During even moderate rains, however, systems become overloaded, and quantities of raw, untreated wastes simply bypass the plant and flow directly into the Great Lakes and their tributaries.

These raw discharges pollute shorelines, and force the closing of beaches. They are a significant health hazard as well as an offense to the senses.

Additionally, street runoff itself contains a high degree of nutrients, which cause algae and other forms of eutrophication, organic compounds, petrochemicals and other dangerous wastes.

EPA has done considerable research into the treatment of storm and combined wastes, and has the capability to move into the demonstration stage.

The $100 million would provide seed money for local communities, and up to 10 good-sized demonstration projects, treating all wastes in selected small towns, and sections of larger cities. They have not pinpointed the exact locations yet, but have a good idea where they should go.

We have barely a year before the deadline set by the Great Lakes Water Quality Agreement—and we have not ever made a start on this part of an international pledge.

Mr. Chairman, we of the Great Lakes are deeply grateful to your committee for including the funds in the last three appropriations bills; and we readily understand your reasons for not including the same language in the bill now before the House.

But we would like reassurances that your committee is interested in seeing the funds spent.

We, therefore, ask you: Is it the intent of the Appropriations Committee that the $100 million be transferred from HUD, this fiscal year, and made available for the storm and combined sewer demonstration program on the Great Lakes?

Mr. EVANS of Colorado. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I feel constrained to call attention to some of the language in the report. This language is not in the bill; the language appears in the report, on page 5, and in that language the committee has instructed the Environmental Protection Agency not to do certain things. The language I refer to and with which I disagree reads as follows:

> None of these funds are appropriated for the purpose of administering any program that reduces the supply or increases the cost of electricity or food to the consumer.

The following sentence in the report describes the language as "directive."

Mr. Chairman, I believe my colleagues on the committee who have approved this language have made a serious mistake. I am delighted that the language was not placed in the bill itself. But it seems to me obvious that if those words were to be law, or were to be effective instructions to the Environmental Protection Agency, the EPA could never control the acidic water flowing into streams from coal mines, or control the seepage from large feedlots, or do anything about increasing concentrations of persistent insecticides in the food chain, or do anything about our air quality standards if such actions were to have an adverse impact on our energy or food supplies.

Mr. Chairman, the distinguished head of the Environmental Protection Agency has also been concerned and has written a letter to our distinguished chairman, the gentleman from Mississippi (Mr. WHITTEN) responding to the language in the report, in which he says on page 3 of his letter to the chairman, as follows:

> A literal interpretation of this language could call into question most of EPA's statutory authorities since a great number of our authorities are in some way related to the energy and food industries and have some impact direct or indirect upon supply and price.

I take this time, Mr. Chairman, simply to bring it to the attention of the Members in case they had not seen this language in the report and to provide those Members who are so inclined to make appropriate comments in relation to the continued action of EPA under the statutes that have been passed for its creation and continued existence. I disagree with this language in the report. I am sorry the language was inserted. I agree with Mr. Train, that if the language were to be literally followed, EPA would go out of business.

I would remind my colleagues that EPA is a law we passed which Mr. Train is required to follow. It also seems very peculiar to me that we should have this language in the report on a bill which provides $640 million for EPA to carry out its duties under the law.

So I dissent from these comments in the report, and hope that these comments will not be included in reports in the future.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, I thank the gentleman from Colorado for yielding to me.

Mr. Chairman, I think the gentleman in the well should also call the attention of the Members of the House to the separate views of the gentleman in the well, the gentleman from Wisconsin (Mr. OBEY), and mine, in which we criticize the committee for having included language of this kind.

Having included the language in the report, there is no way we could strike it out on the floor by offering an appropriate amendment. Yet I would assume that the Agency would consider itself bound by that language, and have to be guided by it, particularly in view of the fact that in another section of the report of the committee on page 4 the following appears:

> To the extent not made inapplicable due to the reduction in funds from the amounts contained in the vetoed bill, the departments and agencies provided for in this bill are expected to be guided by the instructions, directions, and suggestions contained in the first House and Senate reports and the joint explanatory statement of the committee on conference.

There is nothing we can do on the floor of the House to strike out those comments in those reports. I would hope the Agency would continue to do its job as required by law. Language of this kind does not change the law. I join the gentleman in the well in stating our objection to that language.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I do not think that there is any way the language in the report can repeal a legislative act, and that is in effect what this language would do if it were literally interpreted.

The facts of the matter are that some of the large electrical utility companies that cover a large part of Ohio are making a good deal out of the fact that they are spending money, and they are running ads in the Wall Street Journal and the Washington Post and others stating that—

> If we didn't have to do this, and if we would be allowed to pollute the air, electricity would be cheaper, but because we cannot we are building higher stacks, stacks that are over a thousand feet high.

So, I called some of them in, and I said, "What does that do when you increase the height of the stacks?" And they said, "It disperses it over a wider area." I said, "You mean that by doing that you are going to let more people share in the pollution you are putting out?"

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. HAYS, and by unanimous consent, Mr. EVANS of Colorado was allowed to proceed for 1 additional minute.)

Mr. HAYS. Mr. Chairman, if the gentleman will yield further, I might say—and this is not a secret—that people are asking whether or not there should not be suits filed against some of these companies who get an automatic raise in their rates each time the costs go up, to prevent them from spending $20,000 for an ad deploring the fact that the United States is trying to do something to clean up the air in the United States.

I think it is high time that some of these utilities found out that they cannot cry wolf and run the country, and that they do have to obey the law the same as anybody else. I would just say to my good friend, the gentleman from Mississippi (Mr. WHITTEN), that there is no way I will stand by and let the gentleman repeal legislation by language in a report.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, may I say to my friend, the gentleman from Ohio, that the reason this language is in the report instead of the bill is because there was no desire to repeal the law. The committee discussed whether to put in the bill that no part of the funds should be made available for thus and so. If we had done that the language, in my opinion, would not have been subject to a point of order. I know that we considered this, but, for now, decided to put it only in the report.

Even EPA has recognized some changes are needed. Mr. Train, who is Administrator of EPA, announced in the press that they were relaxing some of the more stringent rules and regulations that they had had in view of the energy shortage.

I would also call attention to the fact that Public Law 92-500, the Federal Water Pollution Control Act, provides that energy requirements shall be considered in any action taken by the Environmental Protection Agency.

I talked to a man the day before yesterday whose company has seven plants. In one of the plants the increase in the cost of electricity in 10 months has gone from $22,000 per month to $43,000 per month. One of the plants has been directed by the EPA to spend $1 million to clean up the air. So help me I am for cleaning up the air, but if one cannot find any evidence that it is dangerous, I think we must set priorities and concentrate on what is dangerous.

I have here statements from the Federal Power Commission, one of these statements says:

> A Federal Power Commission staff report today declared that by 1975 the nation's electric power supply reserves will be critically deficient in seven of the nine electric reliability areas if there is continued insistence on strict adherence to existing air quality standards.

The TVA testified before our public works appropriations committee that it was costing $50 million extra to build one plant because EPA was requiring them to return the water to the river at a cooler level than existed prior to having entered the plant.

I have here a report stating that it is going to cost the American consumer an average of $250 a year more per year by 1983 for electricity if all of these requirements are met with very little environmental benefit. In my own area we have had the electric rates increased by 100 percent in a matter of a few months. The Members have read where here in Northeast Washington they had an uprising about 2 months ago because they had doubled the rates in the month of July.

The Members may have read in the paper where the Virginia Electric & Power Co. had to increase their rates 40 percent, and are asking for a 20-percent additional raise.

In view of the fact that the Director of the Environmental Protection Agency, and also the President in his message, said we are going to have to get practical about these matters, we put this in the report deliberately so that these factors will be considered when they say they are getting down to a practical level.

I have said from the beginning we had to do something, and I attempted to do something about the environment in 1965 before many folks had any concern about it. I wrote a book calling attention to the need for a clear environment. But I also said we have to keep industry running, because if people are hungry, and if they are cold, they are going to say, "Damn the environment," and they will. So we put this language in the report calling attention to this fact, and indicating EPA should compare the benefits with the ill effects, such as higher food and energy prices, before they act.

In that book I called attention to the fact that man in the beginning, when he built his fire in his first cave, had to compare the discomforts of the smoke with the benefits of the warmth. So what we have done here is call attention to this matter.

As I said yesterday in answer to a question by the gentleman from Michigan, we intend that the agency give attention to these matters. Had we wished to make it absolutely binding, we would have put it in the bill as a limitation on an appropriation. We did not want to be that firm, but we do think that these things of necessity must be given consideration, and we are told that they are going to give attention to this anyway.

Mr. HAYS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am somewhat reassured by the gentleman's mentioning that this is not binding but that it is to call attention to the language. But I just want to tell the gentleman that I know a little bit about the electric power industry, too. There are more power generating plants along the Ohio River in my district than in any other stretch of the same length anywhere in the United States.

The gentleman mentioned the Virginia Electric & Power Co. Sure, they have had increases because they got a captive Commission over there. All they do in Virginia when they want an increase is they get an increase. Let me tell you about the Virginia Electric & Power. A month ago their stock was selling at $6.50. Do the Members know what dividend they paid already in the first three-quarters of this year—$1.18. That is not bad for an outfit that claims they cannot spend any money to comply with the Clean Air Act—not bad at all.

And if they keep up at the rate, their payments on dividends are going to be about 22 or 23 percent on the selling price of the share. As a matter of fact it was not a bad investment and I bought a little bit, and then it went up a couple of dollars and so I sold it. I did not want to hang around that crowd too long. As Joe Kennedy said:

> When you have got a chance to make a profit, you ought to take it.

I hope the gentleman will not shed too many tears about the electric power industry because they are using this as an excuse to keep from doing anything. I have an area in my district where the minimum air quality standards are exceeded all the time and they are building another plant right beside the three they already have there and for 5 miles one cannot see across the highway on some days. So do not talk to me and try to tell me about the TVA, because some of the worst violators are the REA's. In Ohio they talk about providing electricity for the farmers. Baloney. They are building another big powerplant to provide power to the strip mining industry so they can tear up Ohio some more.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, I never had any stock in any of these companies. I do know of one company that tried to get a permit out of the EPA to get a go ahead sign. I know some people are paying half their monthly income for electricity.

Mr. HAYS. Yes, but that is not because of the EPA.

Mr. Chairman, I do not yield any further.

That is because of the greed of the electric utility industry and the fact is that in Ohio—and we have them in Ohio—there is a Public Utilities Commission. I have told the Governor many times that he ought to change the name of that to the Utilities Commission. The public has not had any protection from it. It has been owned body and soul by the utilities. It has been in the past, and when they want a rate increase they come in and they automatically get it. I may say with some new members appointed by Governor Gilligan.

The American people are not so stupid that we can conceal the facts from them and tell them these rates have gone up simply because of EPA. The rates have gone up because the coal operators are selling coal for all the traffic will bear, and because the power people have a chance to raise the rates they do not care.

There is coal on my farm and the Members would not believe what I have been offered for it. It is not very good coal. It can be stripped by a bulldozer. But if one has a coal scuttle full of it and one has a roaring fire in the fireplace and if one throws a scuttle full of coal on the fire it will put the fire out. Yet they are selling that to the power companies at $30 a ton.

I know. I live there. It is the truth. I have lived there all my life.

Mr. WHITTEN. Mr. Chairman, I have not a word to say about the situation the gentleman has in his State nor do I claim to know what the situation is in other States, but if it is a situation, whatever the cause, which results in doubling the cost to the people at the poverty level, I say to the EPA which comes before our committee that we should not appropriate any further money until we know what the truth is.

Mr. HAYS. I am not going to yield to the gentleman for the gentleman to say the cost is all the fault of the EPA because I have pointed out the facts saying it is not the fault of the EPA.

Mr. WHITTEN. We do not say that it is. We say we should not make a bad matter worse by contributing to make it worse.

Mr. PHILLIP BURTON. Mr. Chairman, I would like to know who the "we" are who are telling them what to do? We have said nothing. There is some staff member on the payroll of one Member, and that does not represent the policy of this House.

Mr. HAYS. Of course it does not.

Mr. PHILLIP BURTON. The policy of this House will be written by those who are in the House and not by one Member purporting to write our legislative intent. I would submit if I were the chairman of the Subcommittee on Appropriations, if I knew my position would prevail in the House I would put that proposition in language where we could express our will by voting it up or down. I submit that tucking this language away without the vote of the House is an admission of, in my judgment, the fact they cannot get the votes to approve such language. Therefore the placing of this EPA language in the committee report is not worth the paper it is written on—because it reflects one man's opinion and cannot be construed as reflecting the intention of the House.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent, Mr. HAYS was allowed to proceed for 1 additional minute.)

Mr. HAYS. Mr. Chairman, I want to say that no one around here wants to create a power shortage or put any power company in the position of not being able to produce power. All I am saying is that they should have every consideration commensurate with the consideration given to the rest of the people but I do not think they ought to be allowed to use the fuel shortage, if there is one, as an excuse to do nothing in compliance with the law. That is all I am saying.

I have advocated that we extend the compliance deadline a little bit, that we give them an extra year or two or three to conform; but let me tell this House something. The British stopped the air pollution in London. It used to be in the winter time that a lot of people died because of the air quality and they passed a stricter law and they said that in so many years it will take effect. I will tell this House, it is more clear in London, the home of the famous fog in winter time now, than it is in Washington, D.C. It was not fog. It was a combination of water particles and pollutants.

Mr. WHITTEN. Well, let me say to my colleague that I do not see that we have any differences.

Mr. HAYS. Well, I am glad.

Mr. YATES. Mr. Chairman, I move to strike the last word. I think there is a world of difference between what the gentleman from Mississippi has in mind and what the gentleman from Ohio has in mind.

This is language that the committee decided not to put in the bill where it could be attacked by an amendment to strike it out, but it was put in the report to protect it. Nevertheless, it is expected the agency will pay attention to it.

This is what it says:

> None of these funds are appropriated for the purpose of administering any program that reduces the supply or increases the cost of electricity or food to the consumer.

Suppose a utility is using coal that has sulfur in it and it is polluting the atmosphere. If EPA requires it to burn nonsulfur coal it will increase that cost. This language would persuade, if not compel, the EPA not to require that kind of change because it could raise the cost of electricity.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I would call attention to the next two paragraphs in the report which say:

> However, the Committee agreed it would be best to include the language in the report at this time, and to rely on the Environmental Protection Agency to so modify its regulations and requirements as necessary to accomplish this directive.
>
> While protecting the air we breathe and the purity of our waters is absolutely essential, and has long been a major concern of this Committee, it does not seem that this must be accomplished by raising the cost of food and electricity beyond the financial ability of many Americans.

We are already in agreement to do it by report language. Hed we wished to make it the other way, we would have had a vote on the bill and my colleagues could have voted to strike it out 3 weeks before the election.

Personally, I do not want to write anything that I do not know the full results of. By putting it in the report, we can discuss this with Mr. Train or anybody else. As the President said yesterday, in this time of energy shortage, we must do all we can to see that the energy supply is not diminished further.

I think I put in the language with the support of the committee, with the support of my friends——

Mr. YATES. Three members of the committee.

Mr. WHITTEN. When we put it in there, I had not met with my friend, the gentleman from Illinois.

Mr. YATES. Yes, that is correct. The gentleman could have anticipated what I would do.

Mr. WHITTEN. Yes; but 3 out of 55 is not a big percentage.

Mr. YATES. No; but we expect that in the Committee on Appropriations. If the gentleman does not expect Mr. Train to be guided by the language in the previous reports, as it states on page 4:

> To the extent not made inapplicable due to the reduction in funds from the amounts contained in the vetoed bill, the departments and agencies provided for in this bill are expected to be guided by the instructions, directions, and suggestions contained in the first House and Senate reports and the joint explanatory statement of the committee on conference.

The language of the report has certain guiding principles that it hopes and expects that the agency will observe.

Mr. WHITTEN. And it reflects my feeling, having spent months and months working on this subject and weeks and weeks on hearings, I think it is perfectly sound report language. If the gentleman wants to make an issue of this, he can offer an amendment to limit appropriations. We did not do that because we did not think it wise.

Mr. YATES. I do not want to limit the appropriations. What I want to do is strike it out of the report, because I do not think language of this kind that has an inhibitory effect on agencies should be in a report.

I believe the gentleman from California (Mr. BURTON) was correct. We should not place in appropriation committee reports language that has the committee's imprimatur on the actions of an agency.

Mr. WHITTEN. I look forward to next year when my good friend, the gentleman from Illinois, will be chairman of another subcommittee which will have much to do with power and energy programs. I look forward to his report and I look forward to seeing him defend his position that report language should not be binding on the agencies under his subcommittee.

Mr. YATES. I look forward to that day, but I do not think we will put language in any report of any committee of which I am chairman like the language that was put in this report.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PUBLIC LAW 480

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1701–1710, 1721–1725, 1731–1736d), to remain available until expended, as follows: (1) sale of agricultural commodities for foreign currencies and for dollars on credit terms pursuant to title I of said Act, $425,175,000: *Provided*, That no more than 10 percent of such amount shall be made available to any one country; and (2) commodities supplied in connection with dispositions abroad, pursuant to title II of said Act, $353,298,000.

AMENDMENT OFFERED BY MR. ICHORD

Mr. ICHORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ICHORD: Page 18, line 23, strike out "425,175,000" and insert in lieu thereof "304,336,000."

Page 19, line 2, strike out "353,298,000" and insert in lieu thereof "242,440,000."

Mr. ICHORD. Mr. Chairman and members of the committee, I realize that the opponents of this amendment will argue that I really am not cutting down the export of shipments of food in this country to $750 million because of the way the matter is accounted for by the administrators of the Public Law 480 program.

Mr. Chairman, what I am doing is to reduce the title II figure from $353,298,000 to $242,440,000, which is the amount estimated to be shipped under title II. I am reducing the title I 480 sales from $425,175,000 to $304,336,000, reducing the amount estimated to be shipped under both title I and title II from $981,690,000 to $750 million.

I say again I know it can be argued that this will not do the job because of the way it is accounted for. But that is the intent of my amendment. It is estimated that there will be shipped $981,690,000 for the next fiscal year under both titles. My intent is to cut that down to $750,000,000. Perhaps the conference committee can work it out because it is one of those cases where it is impossible to limit the expenditure with accuracy, because of the way the authorizing legislation is written. It is one of the areas that I think that our authorizing committee should take a closer look at, because it is the type of program that makes this body relatively an irrelevant body, as far as our tripartite system of government is concerned.

Mr. Chairman, my point is this: Grade school economics taught me that two primary causes of inflation are government spending and productivity, acting, of course, within the laws of supply and demand. When we ship out $981,690,000 worth of food, we are reducing the supply in this country. I know that I can be accused of being unhumanitarian, but I think we will be sufficiently humane, in view of inflation, deficits, and our overall economic condition, if we limit the food shipments to $750,000,000. If we really want to start doing something about inflation, about our dire economic problems, I submit we should start acting today. Now is the time to start biting the bullet. Mr. Chairman, I truly believe that we are at the crossroads at this point in our history. If we do not start acting responsibly, we could very well lose the free enterprise system in the next year or the following 2 years. Now is the time to start managing our fiscal affairs responsibly.

I ask, Mr. Chairman, that the amendment be adopted.

Mr. ANDREWS of North Dakota. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, this is one of those amendments that has a great deal of appeal to the House, it has a great deal of appeal to anyone who is in politics, because one is cutting money that is not going into one's own district. But let us be perfectly frank about this food for peace program—and that is what we are talking about cutting. It is impossible to estimate how much is needed because it depends on the vagaries of weather and a host of other factors around the world.

Mr. ICHORD. Mr. Chairman, will the gentleman yield at this point?

Mr. ANDREWS of North Dakota. I will be happy to yield to the gentleman.

Mr. ICHORD. I thank the gentleman for yielding.

Mr. Chairman, the gentleman, by his statement, seems to be inferring that I am not a true fiscal conservative. I know that it is popular to say that a fiscal conservative is one that is in favor of cutting spending in someone else's district or cutting spending abroad, but I would point out to the gentleman that I was one of those Democratic Members of Congress who voted to sustain the veto on the rural and water sewer program because of my concern about our irresponsibility in managing our fiscal affairs, and the record will show that I represent predominantly a rural district.

Mr. ANDREWS of North Dakota. If my colleague will yield, let me make it crystal clear that I am not speaking of him as an individual. I am saying this is the type of an amendment in the House that may well get broad support because of what I just pointed out, and this is what concerns me, because today no one has to tell the Members of this House or the people back at home or the people in the free world the problems we face in the Middle East.

One can look back in history, and I am not going to impugn a Democratic President; let us look at a Republican President. Away back at the time when John Foster Dulles was Secretary of State, the Egyptians burned one of our libraries. We said, "By golly, we are going to punish you. We are not going to send you some wheat."

We did not send them the wheat, and they got it from the Russians. As a result, the Russians gained influence in that area for some time.

I think we have gone too far in this country when we think we can influence other countries by force of arms, and I think it is time to stop rattling our sabers and to start thinking about some other things.

We have enough atom bombs to blow up this world five times over. However, we had better start realizing that people around the world are impressed with the fact that we have food enough for ourselves and some left over to win friends around this troubled world. food can win a lot more friends in the world today than could all the bullets and bayonets put out by our armament factories.

Certainly reducing the supply of food in this country may well drive up the price to a certain extent, but we have an adequate supply of food over and above what we need at home, enough to take care of the needs of our friends or people willing to be our friends around the world.

When one takes a look at the economic problems coming out of the Middle East, turning them off by arbitrarily saying, "We are not going to give you the food you need" in Egypt or in the Middle East because we want to drive down the price here at home," that certainly is not the answer.

We will have a whale of a lot more trouble in the Middle East and a whale of a lot more trouble in Africa and other places because of a decision like that, if we, as a Nation, are going to stand up and say, "We are not going to meet our Christian need to help people with the food that God has given us in this country."

Again I say, let us not overlook the fantastic impact for good will in a troubled world that our God-given supply of food can provide us as a Nation. Let us not turn our backs on the unfortunate countries in this world by saying that we are arbitrarily at this point going to cut back on Food for Peace shipments.

It is lousy diplomacy, and it is fraught with danger, not only to our Nation but to the free world, if we back away from using this food to help win friends and gain better understanding.

Mr. Chairman, I urge the defeat of the amendment.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the amendment.

I hope that I may have the attention of the gentleman from Missouri.

I know that my friend, the gentleman from North Dakota, is one of the finest and ablest men in the Congress and also one who is a successful farmer in his own right.

I am one of those in Congress who think we need to review our entire foreign policy. I think it is bankrupt, from the United Nations on down or up, anyway anyone wants to put it.

I think a whole lot of our defense expenditures are to maintain our military establishment and are not for defense. However, our foreign policy is the only one we have right now.

Let me describe what is involved here. May I say that the law says that the handling of this program shall not interfere with meeting domestic needs. That is one point.

It says further that it shall not displace sales for dollars. That is No. 2.

Let me describe to my friend, the gentleman from Missouri, who I say again is one of the outstanding men in this Congress in the opinion of everybody, what I know to be the President's request. The President has asked all farmers to go for all-out production.

We did that in World War II. We know what happened. They went all out, and then our Government held that production off the world market and ordered a cut in acreage, putting farmers in bankruptcy and putting 53,000 families on the road without a job, according to the testimony of Mr. Benson, who was then Secretary of Agriculture.

That is what they did before.

What did they do for industry? They appropriated $18 billion so that industry could reconvert to peacetime activities.

While I am not a strong supporter of this approach, it is the only policy we have. If the gentleman's farmers and my farmers do produce without the supports that they have had and they get these huge quantities, the surpluses will drive down the prices. In view of the plea of the President and the action of Congress, in terms of taking the bridle off and asking the farmers to produce all-out, I think they at least should have that Public Law 480 escape where we do get this protection.

The production under this program cannot be at the expense of what we need in America; it cannot be in place of that which can be sold for dollars. I think we need this as one protection at least, when we get the all-out production we call upon the farmers to give us out of their pockets and without any subsidy.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I would not embarrass the distinguished gentleman from Mississippi by asking him to define what is the foreign policy of the United States.

Mr. WHITTEN. I wonder about that myself.

Mr. ICHORD. I agree with the gentleman from Mississippi.

But what I am trying to do is to protect the food supplies for this country. I think that $750 million of foreign aid under this program is sufficient, and I know that the gentleman from Mississippi will generally agree that if we increase the supply, we generally decrease the price.

I would state that if the gentleman from Mississippi fears what will happen to our farmers under the new program, as announced by the President yesterday, we can come back and get a special program for this additional $231 million, and I am quite sure that we will find plenty of foreign nations in the world who will be willing to accept that $231 million increase. But I seriously doubt if that is a proper way to help the farmers of the country.

Mr. WHITTEN. Mr. Chairman, may I say that it is to a degree a matter of protection. I am proud of this subcommittee, because for 5 years we had to fight the executive branch to get them to sell this overproduction that we had after World War II. It took 5 years for this subcommittee to force the executive branch to put that in on world trade. There was $8 billion of it.

So I know it is not as easy to undo these things as we might think, from experience.

I say again the chief argument I have here today is that this is the move we made to have all-out production, without any assurance of buying up the surplus and without the degree of price supports we formerly had in this program. This is an area where we must give attention to normal marketing, where we cannot give away these commodities or sell them in foreign currencies, if we can sell them for dollars.

Mr. Chairman, I just point out that the Public Law 480 program is badly needed, if we are going to embark on an all-out farm production program. This is a program we really embarked on last year and not this year.

Mr. DENT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I do not want to get into the full details of the program. All of us have been around long enough to know something about how Public Law 480 works.

There is no question in a time of need that those who have must go to the assistance of those who have not. We find ourselves in a situation today where we are being strangled, trampled upon, belittled, and maligned all over the world.

The Arabs only have one source product for their foreign exchange and income needs. They do not hesitate to use that one source product to put a stranglehold upon the American economy and upon the American people.

Mr. Chairman, just because that particular product that we have, that we have sent around the world to try to get the good will which our friend just spoke about, and to try to ease the burdens of the foreign countries that need foodstuffs, happens to be labeled "foodstuffs" or agricultural products, we hesitate to use it in the ploy of international power politics. But that is all we have. It is something that is required universally. But there are some nations who do not hesitate to step upon not only our toes but upon our necks and to squeeze out of this Nation that resource of ours which has helped them, which has aided them in times of need and also in times of greed.

I do not know how or what else we can do to send a signal to all countries that we are a nation that recognizes the fact we are in trouble, and that we will at least have the fortitude and the courage to stand up, as did our early American colonists in the Second Papers of First Continental Congress, wherein they issued a mandate and did something that this Congress would not even have the courage to mention in this troubled world today. And they had nothing to back them up except their own courage and their own convictions and their own desire for independence, and independence for all nations and freedom for all their people.

What did they do? They issued a proclamation in the Second Papers that said we would embargo exportation—which hurt only us—importation—which hurt those who were squeezing us—and consumption within our own country of any kind from Great Britain and Ireland and from any other country to which those products were shipped to be reshipped to the United States, and other holdings and territorial colonies of Great Britain.

We did this when we had nothing facing us, a nation without manufacturers, a nation dependent on raw materials only. Yet we had the courage to say to the whole world: We will starve, we will die, but we will remain free.

And here, within less than two years of the 200th birthday of this Nation, will someone tell me where we are free? Will someone tell me how much longer do we have to live in this lie, in this fraudulent theory that we must give and give and give in order to build a respect for ourselves?

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. DENT. I would be happy to yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, the gentleman from Pennsylvania has said many times on the floor of this House that we are living upon borrowed money. Will the gentleman from Pennsylvania again tell this House how much in the last 5 years, or perhaps the chairman of the full Committee on Appropriations can do this, how much money, how much more money has the Federal Government spent than it has collected in the last 5 years?

Mr. DENT. In the last 5 years I would guess roughly that it has been on an average of $7 to $15 billion per year.

Mr. ICHORD. And this is only a $250 million reduction of the shipment of food?

Mr. DENT. That is right.

But I want to pay my respects and my admiration for the chairman of this committee. I know how deeply the gentleman feels about this. But in our committee system the gentleman has foisted upon him a certain obligation, with all the details wrapped up in historical record, and you do not step aside from that for fear you would rock the boat.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. DENT was allowed to proceed for 3 additional minutes.)

Mr. DENT. And the gentleman has tried. But the mere fact that you have placed in here prohibitions against the selling and giving of Public Law 480 grains, or interfering with the sale—and this has nothing at all to do with what the administrative agencies will do. We now are witnessing the greatest little case of doubletalk—which happens to be a malady that this Nation seems to have as a chronic disease—we are told that all of a sudden and we read in the papers that for the first time the President stopped a 3.2-million-bushel grain sale. And yet the President ought to have known, because his Secretary of Agriculture knew 8 days before the deal was consummated, because the brokers called and told him this deal was going to be made.

And the Secretary of Agriculture said, "Oh, we can stand that sale." Then all of a sudden the people, the horrified people in the United States, who are paying close to $7 for a gallon of corn oil that just a year and a half ago was selling for $1.68 a gallon—we have nothing but corn; there is no shortage of corn—cannot understand why this is happening.

So a little murmur started to break forth that there might have been an avalanche of conscience. People cannot stand the kind of logistics that we hand out, as if all the corn we need we are going to sell—3 million bushels—but we cannot buy oil crushed from corn because we have no corn.

What happened? Immediately we get a headline that the President stops this deal. Why did he have to stop it? It should never have been started.

When the gentleman thinks they are going to obey the restraints, Mr. Chairman, that he puts into this bill, they will no more obey that, because they will ship every ton, they will ship every bushel, because it is part of our antiquated method of appeasing ourselves so that we do not have to face issues.

I am in favor of any kind of a subsidy that is required to have our farmers in every possible line of production fit into the economy with an amount of income equal to their labors and equal to their product. I have no hesitation, and neither do the American people, to say whatever taxes are necessary that the men and women who produce the foodstuffs of this Nation give on a grade and level, they are entitled to; but I will not sit still and have my people back home think I am not aware of what is going on, nor will I sit still and let this House think I am being fooled. I have been fooled, but now I will not be fooled.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Ohio.

Will the gentleman possibly explain, at a time when we are running, say, in 5 years $125 billion in the red, why we are taking maybe our last remaining and greatest natural resource that we have and in turn giving it away?

My friend, the gentleman from North Dakota said a little while ago we cannot win friends with the military. I do not believe we can win friends through giving away food or a foreign aid program either. But at the particular time when we are in trouble at home, we ought to reexamine the situation, and possibly when the Arabs start giving oil away, we can start giving food away.

Mr. DENT. I agree with the gentleman.

This is not the time to open up; this is not the place and the proper vehicle. But I think this Congress had better have some sessions, open-door sessions on any subject that comes to our minds in a debate reminiscent of the early debates when this country started, and then we can take the matter up of the relationship between grain and oil.

The **CHAIRMAN.** The time of the gentleman has expired.

Mr. SCHERLE. Mr. Chairman, I move to strike the last word, and I yield to my colleague, the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Chairman, let me point out some of the arithmetic on this situation. This is not a matter of subsidies for the farmer. We have a Secretary of State, as I recall watching the news this morning, who left our country at 12 o'clock midnight to go over on a delicate diplomatic mission. Part of his diplomatic mission, as he pointed out several weeks ago, was to increase the Food for Peace program with uncommitted nations in the Middle East.

The President of the United States, who served in this very chamber with us for more than 20 years, in a speech before the United Nations said less than a month ago that it was the intent of this country to increase its Food for Peace commitment. We are not talking about something that is going to shortchange the consumers of America.

The gentleman from Missouri is suggesting a cut of $232 million. If all of this Food for Peace were in wheat, it would amount to not more than 40 million bushels of wheat.

This year the farmers of America produced 1,800,000,000 bushels of wheat, of which 700 million will be consumed domestically. It is not that we are short. We have 1,100,000,000 bushels that if we do not ship overseas, we are going to pile up in a stockpile at tremendous cost to the Government and farmers alike. The amount of wheat involved in this amendment is only 3.6 percent of the wheat that we produced in excess of the domestic needs of this country.

So certainly it is not a matter of shortchanging the consumers of America.

Let me make my final point. The Secretary of State is engaged in a delicate policy game and the stakes are high in international diplomacy. If we in the Congress today, as he is flying over there to begin his negotiations, cut back what he and the President both have said is one of the biggest blue chips they have to play in this delicate game, what service are we doing our Nation or the free world? This is no time to be considering cutting back authority to perform what the President has announced before the United Nations and the Secretary of State has announced in similar meetings as a major and expanded effort in our foreign policy?

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. SCHERLE. I yield to the gentleman.

Mr. ASHBROOK. Mr. Chairman, I would say to my good friend, the gentleman from North Dakota, I do not think many of us object to the export of American wheat but many of us are starting to ask this simple question: At a time when food supplies are like gold and when the dollar is in trouble and our trade balance is in trouble, what is wrong with selling most of this wheat rather than giving it away? I think the time has come when we ought to ask ourselves the question. We are giving too much away. We are sitting on top of this supply. We are losing our industrial market. So why not consider selling more of it than giving it away—sell it for cash.

Mr. ANDREWS of North Dakota. Mr. Chairman, a large part of the Public Law 480 funds are in local currencies as a result of the counterpart sales. I would suspect with the oil deal being as it is, that Arab currency is going to be worth a great deal more and the net draw down on the Treasury is not going to be as great as indicated. But why tie the hands of the Secretary of State and the President on this at this particular time?

Mr. ASHBROOK. If the gentleman will yield further, what about India? As far as I can see that is a sale that is not a sale. We take their local currency and then turn around and wipe off $2 billion, and then they have the nerve to come up and ask us for more. That is not a sale. A sale for counterpart funds is on the minus side and not on the plus side. If we can have counterpart sales with the Arab countries and somehow turn that into purchase for oil I would say counterpart purchase on that account would be all right. But on most of the counterpart sales most of the currencies are piling up. Many of them are wiped off the books. In most of the cases they are a net drain on the American Treasury.

Mr. ANDREWS of North Dakota. Let me say this. I recognize the arguments my colleagues are using are intriguing ones to many in the House and to many in the country, but at this time in our delicate international relations I do not think it wise for us to tie the hands of those we send to do this negotiating. That is the whole thrust of my concern and I would hope the House will sustain it.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I cannot resist the temptation to respond to my good friend, the gentleman from North Dakota (Mr. ANDREWS), with respect to delicate diplomacy. Do we have to give away this country in order to carry on diplomacy, delicate or otherwise? And how much longer must we do it? Whether it be agricultural products or whatever it may be—and in this case we are talking about agricultural products—how much longer?

Mr. ANDREWS of North Dakota. Mr. Chairman, if my colleague will yield, I am as opposed to the giveaway program which comes under the usual foreign aid as he is, but when we are the No. 1 nation in the world we must consider certain obligations.

Mr. GROSS. I do not know that we are the No. 1 nation.

Mr. ANDREWS of North Dakota. Let us hope we are. We like to think of ourselves as the No. 1 nation in moral leadership in this world and when there are tens of millions who are starving and young children who will not live to the age of 10 because they have an insufficient supply of food, should we turn our backs on them? This is what the Food for Peace program really speaks to, and I do not think we want to back away from it at this time.

Mr. GROSS. Speaking of peacekeeping, perhaps I do not know all that I ought to know about what is going on in Massachusetts, but I wonder if we ought not to interest ourselves in peacekeeping there and if it takes some food, ship it to them. But on the more serious side, in the foreign aid bill there is some $75 million for India for fertilizer. Well, now, how long are the people of this country, the taxpayers, going to be able to foot these bills? That is in addition to what we may dish out to them by way of wheat or other food and feed grains.

As the gentleman admitted awhile ago, we get rupees, in exchange for commodities. The rupees stay in India. We cannot convert them. We cannot do anything with them except that we are supposed to have something to say about how they are spent in India, and I doubt we have had very much to say about that.

Then Ambasador Moynihan capitulated to Mrs. Gandhi and wiped out India's indebtedness to this country, as the gentleman from Ohio said a moment ago. Between $2 billion and $3 billion—wiped it out completely, in other words a gift. Then Mrs. Gandhi, the Prime Minister told us to "Get out of India. We do not need your foreign aid," she said. But we came right back and said: "We don't believe you, Mrs. Gandhi." So we are going to give India $75 million more in fertilizer that is high priced and in scarce supply in this country. This on top of the $10 billion in foreign aid already sunk in India.

Can the gentleman tell me how we can continue to operate this way?

Mr. ANDREWS of North Dakota. I could not agree more with the gentleman. Let me point out that this House goes along with giving them these things, with concessionary sales of military aircraft and all the rest. As far as I am concerned, food for peace is a whale of a lot more important than guns and planes. I was proud of our President when he said he was going to emphasize that form of aid over these other things.

Mr. GROSS. Yes, because that is the kind of dollar diplomacy that has been practiced since I came to this Congress more than a quarter of a century ago. The executive branch would not know how to operate if it did not have something of this kind to dish out, including good old hard cash, or what used to be hard cash. Presidents and Secretaries of State, past and present, would not know how to operate diplomacy without a giveaway program.

Mr. ANDREWS of North Dakota. Maybe I am old fashioned, but I believe we can win more friends by offering them a meal than by throwing a $5 bill in their face.

Mr. GROSS. We have done that. We have put $260 billion and more into foreign aid since the foreign aid program started in 1947 or 1948. That is a lot of money and I do not care what language is used to describe it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. ICHORD).

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears. Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. 100 Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The question is on the amendment offered by the gentleman from Missouri (Mr. ICHORD).

The question was taken; and the Chairman anounced that the "noes" appeared to have it.

Mr. ICHORD. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

The question was taken; and on a division (demanded by Mr. ICHORD) there were—ayes 12; noes 49.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PEYSER: On page 19 line two after the period add the following: "None of the funds contained in this appropriation shall be made available to purchase or export tobacco under the Agricultural Trade Development and Assistance Act of 1954."

Mr. PEYSER. Mr. Chairman, as I mentioned during general debate, I would offer this amendment at this time that would prohibit the use of Public Law 480 money to purchase tobacco.

Mr. Chairman, for those Members who were not on the floor, I will run through a few facts, and the facts are that in the last 20 years we have spent $500 million of Public Law 480 money to send tobacco, for the most part, to impoverished countries of the world.

This year in this program there is $30 million committed, 30 million taxpayer dollars, to purchase tobacco for Vietnam, Cambodia, Korea, Egypt, and to me this does not make sense.

I have spoken to the agency involved. They tell me that if this $30 million were to be used in a program to aid the impoverished people, it would put another million people under the food program. So what are our options? Thirty million dollars to send tobacco to these countries will feed a million starving people. The other option, of course, is $30 million could be saved in the program. It seems totally impossible to me that we could be talking today about the possibility of levying a new tax on the middle-income families of our country and at the same time be talking about throwing $30 million out the window for a tobacco program.

I also pointed out before that in terms of hurting the tobacco industry, this has practically no impact whatsoever. This affects less than 1 percent of tobacco sales. However, in terms of starving children around the world, it is one helluva big bite. I think it is time that we eliminate this type of wasteful spending.

I would also like to point out that in this program, at one point it was said to produce money coming back to us, but the money we have sent out in this area of tobacco has never come back to us under this program.

We heard the chairman of the Subcommittee on Appropriations tell us before that this tobacco actually went to the governments of these countries and then the governments turned around and sold it to their people and we never got any of the money back. Therefore, not only are we not getting money; we are fostering, it seems to me, a program that has to be unhealthful, corrupt, and everything that is bad. We just should not be doing it.

Mr. GUDE. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Maryland.

Mr. GUDE. Mr. Chairman, I thank the gentleman for yielding.

I want to commend him for his stand and his amendment.

It seems to me that we have been giving considerable lipservice with fine statements of resolutions over the past few months with respect to the cause of world food relief.

I do so noting the title of the Public Law 480 program we are discussing—the Food for Peace program. When worldwide hunger and even famine is a grim reality, it is sheer folly to send starving nations tobacco, in the hope it will help them survive. People have claimed marvelous things for tobacco in the past 300 years, but I do not believe anyone ever said it was a nutritious food.

This week we read of thousands of deaths from famine in India at the same time that the depth of the hurricane disaster in Honduras is becoming known. Yet this bill proposes that we meet these crises with tobacco.

It seems to me that we have all given considerable lipservice with fine statements and resolutions in the past few months to the cause of world food relief. Some of us have even fasted with the World Hunger Action Coalition during the recent World Hunger Week. Now we have a real chance to do something that will give meaning to all those words and life to many people in underdeveloped countries whose existence is threatened. To reject this amendment would be to make a mockery of our eloquent commitments of recent weeks, abdicate our responsibility for participating in world food relief, and virtually condemn to death many who are depending on us.

Mr. THOMSON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Wisconsin.

Mr. THOMSON of Wisconsin. I appreciate the gentleman's yielding.

I just ask this question: If we spend $30 million for tobacco, we are buying the tobacco from the producers that raise it in this country, are we not?

Mr. PEYSER. That is correct.

Mr. THOMSON of Wisconsin. And we give it to another government to help stabilize that government; is that not right?

Mr. PEYSER. No, I do not believe that is right.

Mr. THOMSON of Wisconsin. Does the gentleman think that this is any more evil than giving outright $50 million to some Middle East countries to stabilize their governments?

Mr. PEYSER. I thank the gentleman for his comment. We are talking about this in the sense of doing the right thing, of paying out $30 million under a program designed for food and giving it to a government to sell to its own people without any return to us.

There are moral questions that are raised when our own country is saying that every bit of tobacco that is sold is injurious to our health, and we are exporting it and giving it away.

I think this is wrong, and I urge overwhelming support for my amendment.

Mr. NATCHER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York.

Mr. Chairman, tobacco is produced in 25 States and is the fifth largest income-producing crop to the farmers of the United States.

Tobacco is grown on 420,000 farms in these 25 States. It provides $5,597,296,000 in taxes to our Federal Government, our State governments, and to our local communities.

Tobacco is a $10 billion industry. There are several hundred thousand men and women employed in this country in the tobacco industry.

Mr. Chairman, only corn, soybeans, wheat, and cotton produce more money for the American farmer than tobacco. Tobacco is a controlled program. We have an acreage-poundage system, which makes it a controlled program in the States producing tobacco. One-third of the tobacco crop is exported abroad, Mr. Chairman.

The American farmer received $1,565 million for tobacco produced in this country in the year 1973.

Mr. Chairman, I have served as a Member of this House for nearly 21 years, and I say to every Member on this floor that what is good for Long Island and New York City should be good for the Second Congressional District of Kentucky.

I know, Mr. Chairman, that not one stalk of tobacco is produced in the district represented by my friend, the gentleman from New York (Mr. PEYSER), who lives in New York City. I know that not one stalk of tobacco is produced up there.

I have served as a Member of this House for 21 years, and I say to the Members frankly that my people did not send me to Congress and direct that I cast our vote against everything that is good for New York City. My people know that we have 50 States in this country, and that what is good for Long Island and New York City should be good for the district that I live in.

Mr. Chairman, I know that the gentleman from New York City (Mr. PEYSER) is very much interested in all the programs in HUD. I know that. I know he is very much concerned about housing; I know he is very much concerned about all the open space programs; I know he is concerned about mass transit. I know further, Mr. Chairman, he is concerned about waste disposal and all the pollution programs, and he is concerned about all the consumer programs. I know that.

And, Mr. Chairman, so are the people in the Commonwealth of Kentucky. The same applies to the State of Florida, State of West Virginia, and in the State of Mississippi.

Mr. Chairman, that is the reason why we live in the greatest country in this world. The strongest country economically, spiritually, and militarily, and I say to the Members, Mr. Chairman, that what is good for New York City should be good for Kentucky.

Mr. Chairman, during the hearings of the Subcommittee on Agriculture Appropriations certain facts were presented to our committee, and I just want to call the attention of the members of this committee to one or two of these matters that were brought out during the hearings in our subcommittee.

No tobacco or tobacco products are shipped abroad under the Public Law 480 Food for Peace donation programs, as is the case with other commodities. There is no tobacco shipped under that program, Mr. Chairman.

Further, Mr. Chairman, Public Law 480 sales of tobacco are made only at the request of foreign governments and not at the insistence of the United States.

As far as expenditures for tobacco under Public Law 480 are concerned, during the 1973 and 1974 fiscal years, as the gentleman pointed out, about $30 million annually was expended, which represented sales for U.S. dollars on credit terms under title I of Public Law 480.

Mr. Chairman, I know that it is right easy for my friend—and I say frankly that the gentleman from New York is my friend—I know it is right easy for him to go into the well of this House and present an amendment against tobacco when not a stalk of tobacco is produced in New York City or produced in his district. I know it is a right easy matter for him to do that.

Mr. Chairman, I have been right fortunate since I have been a Member of Congress. In fact, I have been right lucky. I have never missed a day since I have been a Member of Congress, and I have never missed a vote in the 21 years since I have been a Member.

Mr. Chairman, you could go back and check the voting record that I have, and you will never find that I have cast a vote or taken an adverse position in a matter where I have said to the Members of this House, "It does not affect my district" or "It is not good for my hometown, and that is the reason I am here in the well offering an amendment, against this particular program.

Mr. Chairman, again I want the Members to note, as they well know, that what is good for my district ought to be good for the district that the gentleman lives in, and what is good for his district should be good for the district that I live in.

Mr. Chairman, I ask and respectfully request the Members of this Committee to vote down this amendment.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. WAMPLER, and by unanimous consent, Mr. NATCHER was allowed to proceed for 1 additional minute.)

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to my distinguished friend, the gentleman from Virginia (Mr. WAMPLER).

Mr. WAMPLER. Mr. Chairman, I want to compliment my distinguished colleague from a sister Commonwealth, the Commonwealth of Kentucky, and to congratulate the gentleman on his statement.

I know that the gentleman believes what he said, and the record will bear him out in that regard. I know that the gentleman speaks overwhelmingly for the people of Virginia in the statement he has made.

I think the amendment offered by our colleague, the gentleman from New York (Mr. PEYSER) is ill-timed, and ill-advised, and I hope the Committee will reject it overwhelmingly.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I am happy to yield to my colleague, the gentleman from Kentucky (Mr. PERKINS).

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. PERKINS, and by unanimous consent, Mr. NATCHER was allowed to proceed for 1 additional minute.)

Mr. PERKINS. Mr. Chairman, this amendment to eliminate tobacco from the Public Law 480 program should not be adopted, because the only thing it would do is make it harder for thousands and thousands of little farmers to earn a living and support their families.

We know the problems farmers are having right now trying to provide the commodities we need, and the world needs. We should know that they do not need any additional problems, and cutting the small tobacco farmer out of the Public Law 480 program would only mean cutting the small farmer's income some more.

We also ought to remember that tobacco is grown on 420,000 farms in 24 States, and that these farmers produce other crops—tobacco is part of their overall operation.

But for the little ones—the farmers with just a small tobacco patch—taking some of their profit away may mean that they have to give up the whole operation. That would inflame our shortage problem—not help cure it.

The Congress would only be giving this trade to some other country—some other tobacco growing country—if it is taken away from American farmers.

The tobacco industry provides billions in tax revenues to the Treasury, and that fact ought to also be kept in mind, as we consider this amendment.

And, with our trade deficit running at the worst rate we have ever experienced, any sensible person would have to reason that this is no time to end promotion of the sale of American tobacco overseas.

If we want to give this trade to Rhodesia, or to Communist China, who also produce and sell tobacco in competition with us, we can, but I think it would be a mistake and I urge the House to vote against this amendment.

Mr. DAN DANIEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York (Mr. PEYSER), and also to express appreciation to the gentleman from Kentucky (Mr. NATCHER), for the eloquent statement he has made.

I hope that those who do not reside in tobacco growing areas will recognize that tobacco is the chief money crop in large sections of the country, particularly in the area in which I live, and elsewhere in Virginia. Many of those farmers also grow food for their own use, and to sell, but their principal income is from tobacco. I also wish they would take a look at the amount of tax revenue that is generated through the growing and sale of tobacco.

Last year, excise taxes from the sale of cigarettes amounted to $5,597,000.000 and other tobacco products brought in $88,900,000. Of this amount, $2,300,000,000 went to the Federal Government. That money is distributed across the United States, because it goes into the general Treasury. Perhaps it funds many of the programs which are carried on in the district represented by the gentleman from New York (Mr. PEYSER), the gentleman who introduced this amendment.

It is also important to point out that the taxes on tobacco amount to 3 times the income which farmers derive from it, since this year the total return to farmers will be approximately $2.1 billion. The tobacco industry last year produced sales of $14 billion. In addition, it provided direct employment for 66,100 men and women in production, 125,000 in related industries and a source of part of the income of farmers on farms having 532,000 allotments.

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. I yield to the gentleman from Florida.

Mr. FUQUA. Mr. Chairman, I want to thank my friend, the distinguished gentleman from Virginia (Mr. DAN DANIEL) for yielding to me.

I wish to say that I appreciate the very eloquent remarks that the gentleman has made as well as those made by the distinguished gentleman from Kentucky (Mr. NATCHER). I believe they have very capably explained the situation.

Mr. Chairman, I recall that a few weeks ago we had a similar amendment in connection with the peanut program. And I remember that the distinguished gentleman from Georgia (Mr. YOUNG) brought to the floor of the House the information that about one-fourth of these allotments are grown by black farmers. I think that ratio would also apply to the growing of tobacco.

I know that in my district that for the people are small farmers and that is their main source of income in order to survive.

So, Mr. Chairman, I would hope that the committee would not support the amendment offered by the gentleman from New York, but would vote it down overwhelmingly.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. DAN DANIEL. I yield to the gentleman from Mississsippi.

Mr. WHITTEN. Mr. Chairman, may I say that I listened to our friend, the gentleman from New York (Mr. PEYSER) very carefully. The Members, I am sure, know that a healthy farm economy is basic to the health of our overall economy.

The original farm bill was not passed to help the farmers, it was passed to restore their purchasing power and thereby help dig us out of the Great Depression.

I might also add that the gentleman from New York contributed greatly to getting rid of the sugar program. Sugar has gone up 400 percent since the gentleman did that.

This is a complex matter, this matter of agriculture, and I think until we study it a little more that it might be well to leave matters as they are.

Mr. DAN DANIEL. Mr. Chairman, I yield such time as he may require to the gentleman from North Carolina (Mr. TAYLOR).

Mr. TAYLOR of North Carolina. Mr. Chairman, I, too, represent a great many tobacco growers, and they are all small operators. The average grower has less than one-half acre.

If we pass this amendment, we are going to weaken the economy of many rural sections of America. As we weaken the economy of sections of this Nation, we weaken the economy of the Nation. The amendment should be defeated.

Mr. DAN DANIEL. Mr. Chairman, I yield such time as he may require to the gentleman from North Carolina (Mr. ROSE).

Mr. ROSE. I thank the gentleman from Virginia for yielding.

Mr. Chairman, I rise in opposition to this amendment. I had a good talk with my friend, the gentleman from New York, the other day, and told him I was going to liken him to an old friend and colleague of ours from North Carolina, now passed on, Mr. Harold Cooley. We used to call him "Sugar Daddy." We ought to call our friend, the gentleman from New York (Mr. PEYSER) the "Saccharine Daddy" for what he did to the sugar bill.

Let us not tear up the tobacco industry in this country where so many small people depend on this tobacco export program to make a living.

Mr. DAN DANIEL. Mr. Chairman, I am now glad to yield such time as he may require to the gentleman from North Carolina (Mr. RUTH).

Mr. RUTH. I thank the gentleman for yielding.

Mr. Chairman, tobacco is very important to the economy of the South. The economy of the South is very important to the economy of the United States. If we are going to feed all those on welfare and pay for mass transit in New York, Mr. PEYSER'S State, we had better have some economy in other parts of the United States.

Mr. DAN DANIEL. Mr. Chairman, I yield such time as he may require to the gentleman from North Carolina (Mr. FOUNTAIN).

Mr. FOUNTAIN. I thank the gentleman for yielding.

Mr. Chairman, I think it might be of interest to the Members to know that more than $100 billion in tobacco taxes have been collected at all levels of government in our country since tobacco taxes were first levied in 1863. At this time all levels of government collect a substantial sum of money annually.

I think it might be of interest also to point out that many of the ports of this country profit from the shipment of tobacco. Our Nation's ports participate extensively.

In 1973 the amounts of leaf tobacco shipped from the five major East-West ports were sizable: Norfolk, over 314½ million pounds with $328½ million value; Wilmington, N.C., over 232 million pounds at over $257½ million value; New Orleans, over 14 million pounds at over $10½ million value; New York City, over 10 million pounds with a value of over $19½ million; Baltimore, over 8½ million pounds with a value of $8,972,000. These are some of the examples of the benefits which accrue not just to the tobacco farmers, Mr. Chairman, but to all Americans.

Mr. Chairman, I rise in opposition to the Peyser amendment which would do great harm, not just to the countries buying our tobacco with American dollars under Public Law 480, but to countless thousands of Americans, including over 500,000 farm families.

Let us not forget that this is no giveaway program. Orders are placed by the governments themselves for our tobacco. In most instances, they manufacture and process it themselves in final form for sale to their consumers.

We do not force them to buy our tobacco. It is just made available to them. They order it and pay for it with American dollars which we badly need at this time here at home.

I do not believe many of our city Congressmen or their constituents fully appreciate what tobacco means to our entire economy—not just the economy of the countryside, but to the economy of the Nation.

I am told that more than $101 billion in tobacco taxes have been collected by all levels of government in our country since tobacco taxes were first levied in 1863.

We ought to do all we can to promote tobacco exports, if we are to continue earning about a billion dollars a year in foreign exchange by our tobacco exports, thereby contributing mightily to improvement of our national exchange of payments problem.

We ought not to precipitously strike down this comparatively inexpensive and small sales program which admittedly promotes our tobacco sales to the countries placing the orders with us.

Remember it is not a question of promoting smoking—this program takes no position on that. The question is whether these and other foreign lands are going to buy our tobacco or buy it from our competitors.

Mr. Chairman, this program is a small, but nevertheless significant contributor to a stable tobacco market, and a stable tobacco market is necessary if the more than 591,000 families living in 25 States are not to be dealt an economic blow.

A stable tobacco market is necessary, if the American consumer of tobacco products is to continue to have an adequate supply of high quality tobacco—and total U.S. consumption is going up.

A stable tobacco market is necessary, if the economies of the tobacco producing States are not to be adversely affected. Remember, the money generated by tobacco production changes hands many times, percolating throughout and sustaining the economies of many States—especially Virginia, North Carolina, South Carolina, Georgia, Florida, Maryland, Kentucky, Tennessee, West Virginia, Ohio, Indiana, and Missouri.

A stable tobacco market is necessary if the economy of the entire United States is not to suffer one more blow at a time when no more blows, to say the least, are desirable.

Mr. Chairman, it is for these reasons I am absolutely opposed to this amendment. It must be defeated, and I sincerely hope that this House will do so. Passage of such an unwise measure today would be irresponsible.

Tobacco pays its own way. Last year Federal, State, and local governments collected approximately $5,597,366,000 in direct taxes on the retail sales of tobacco products. At 8 cents a pack, Uncle Sam collected no less than $2,221,019,000 of this amount from cigarette sales and about $55,932,000 from the sale of other tobacco products.

Remember, tobacco is the fifth largest cash crop in the country today, being exceeded in importance only by corn, soybeans, wheat, and cotton. Last year's crop was worth about $1.6 billion.

The value of the crop in the 16 major tobacco States was:

North Carolina, $717,180,000; Kentucky, $293,464,000; Virginia, $122,321,000; South Carolina, $115,282,000; Tennessee, $89,440,000; Georgia $88,129,000; Florida, $28,987,000; Connecticut, $24,732,000; Maryland, $24,077,000; Ohio, $13,688,000; Pennsylvania, $11,492,000; Wisconsin, $11,492,000; Indiana, $9,801,000; Massachusetts, $8,381,000; Missouri, $3,395,000; and West Virginia, $2,545,000.

To a lesser extent, tobacco is also grown in Alabama, Arkansas, Delaware, Illinois, Iowa, Kansas, Louisiana, Minnesota, and New York.

Earlier I mentioned the number of farm families involved in growing tobacco. These people live in half the States of the Union on 420,000 farms.

Tobacco was the first commercial export from the New World back to the Old from the port of Jamestown, Va. It was America's first cash crop and enabled the first settlers to gain a toe-hold on the edge of a vast new continent and then to hang on.

Today the United States is the leading tobacco exporter in the world. At least one-third of our crop—maybe more—finds its way into the channels of international commerce. Last year we sold no less than $970 million worth of tobacco abroad—an all-time high.

Most of our tobacco exports are in the form of leaf tobacco, because most foreign countries perfer to blend their own, but we also exported a large quantity of manufactured products; $289 million of the $970 million I just mentioned was the amount our manufacturers sold abroad in 1973.

Most of the manufactured tobacco exported was in the form of cigarettes—$41.5 billion. These went to more than 100 foreign countries, ranging from Switzerland to Spain to Saudi Arabia to Japan to Panama. However, 108 million cigars also were shipped out and brought home their share of vitally needed foreign exchange.

Mr. Chairman, I am endeavoring today to demonstrate the economic importance of tobacco to the United States in order to underscore the importance of passing today's appropriation for the tobacco export program without amendments. We need to help the American economy, not hurt it.

In that connection, I would like to point out one more item showing how tobacco sales in a stable market benefit more than just tobacco growers.

Our Nation's ports share in the largess, too. In 1973 the amounts of leaf tobacco shipped from the five major east-west ports were sizable:

	Pounds	*Value*
Norfolk	314, 648, 000	$328, 500, 000
Wilmington, N.C.	232, 668, 000	257, 665, 000
New Orleans	14, 305, 000	10, 718, 000
New York City	10, 441, 000	19, 749, 000
Baltimore	8, 530, 000	8, 972, 000

Many cigarettes passed through our ports as well:

	Units	*Value*
Norfolk	28, 270, 704, 000	$170, 294, 587
Miami	3, 976, 983, 000	24, 028, 577
New York City	3, 053, 299, 000	18, 670, 953
Baltimore	1, 778, 222, 000	11, 149, 607
San Francisco	948, 651, 000	5, 731, 946

The U.S. tobacco industry, which again I point out, depends upon a stable tobacco supply of high quality, buys the goods and services of many other industries. At least 125,000 other jobs—not directly in tobacco—draw their reason-for-being from the tobacco industry.

Directly related to tobacco production are those businesses and industries supplying our tobacco farmers with a host of services and products. At least one-fourth of all farm cash receipts—$1.6 billion last year—was spent for fertilizers, chemicals, gasoline, heating oil, lignified petroleum, gas, curing facilities and machinery, transportation and other farm expenses.

And, of course, tobacco farmers—like everybody else—spend their earnings for clothes, TV sets, cars, agricultural products from every one of the 50 States, and consumer goods of every conceivable type.

The history of America is inseparably intertwined with the history of tobacco. American society and events have shaped tobacco and in turn been shaped by it.

Tobacco's effect on our economy has always been of vital importance to America. This was true when John Rolfe experimented with tobacco at Jamestown in 1612 and it is true today.

Tobacco provided the livelihood of the greatest of our Nation's founding fathers, kept the diplomatic channels hot in the 19th century, served as currency in colonial days, and has often been the center of national attention.

It is in the spotlight again today. I urge the defeat of this amendment and the retention of a time-tested program of benefit to so many.

Mr. JONES of North Carolina. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think that the case has been pretty well made on the existing Public Law 480. Tobacco has been a very desirable commodity. Many of the foreign nations place it on a first priority. Certainly I think we ought to take a careful look before we disturb a program, or tamper with it, which worked so well to the benefit of not only the farmers of this Nation but in our relations with the other nations of this world.

I, therefore, urge defeat of the amendment.

Mr. GUDE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, I thank the gentleman for yielding; I appreciate the time.

Mr. Chairman, I first would like to say to my good friend, the gentleman from Kentucky (Mr. NATCHER), there is no one in the Congress whom I respect more than I do him and the work that he has done here. I want to start off by saying that I am not from Long Island, and I do not represent any part of Long Island. My friends in Westchester, whom I do represent, along with New York City, will feel a little put out about this, so I do want the record corrected on that.

But, more important on this whole issue, this is not a question of whether I grow tobacco in my district or whether I have any other product in my district. Incidentally, New York is your biggest consumer. The biggest consumer of tobacco in the country is New York City, so we should not be in an enemy situation where a New Yorker is speaking against the people from Kentucky or North Carolina or Virginia.

We are the customers of the tobacco industry. We are the people who are buying that tobacco. It seems to me the point we are trying to make and the point the gentlemen have made is that this is a huge industry, a tremendous industry, a multibillion-dollar industry. What we are talking about is taking less than 1 percent—in fact barely one-half of 1 percent of the amount that the tobacco industry produces and sells, and this is to stop sending it to poor countries in a porgram that is designed to give food to poor countries. This is all I am saying.

I hear people talking about their little farmers. This will not have any impact on the farmers. It represents a great deal in food to the poor people or savings for the taxpayer. I think this is the issue.

I am going to ask all the gentlemen who have gotten up to speak on this that when I ask for a record vote on this they rise and let the Congress act. The gentlemen may act the way they want to but at least I ask them to stand up and let the House vote on this kind of issue in order that the public know just where we stand.

Mr. MIZELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think the House is about ready to make its decision on this amendment, so I will take only a moment. We are talking about the livelihood of some 500,000 farm families in this country. It is a very significant matter. These 500,000 families are taxpayers in this country. They help bear the burden of the cost of this Government. They contribute to the foreign aid that my good friend, the gentleman from New York, is so willing to support. He exports their dollars day in and day out with his votes in this House, and no doubt he is proud of those votes.

But we are talking about these little farmers who have a chance to export some of their goods and to receive some compensation for their toil and their labor. My friend is quick to try and eliminate this opportunity. It is small, only $30 million, but to our farmers it is important income. I would think the gentleman from New York would have a little more compassion for these folks. They contribute to the burden of our Government. They pay taxes; their taxes finance foreign aid. Now you want to take away only $30 million a year in export income from these farmers.

I trust the House in its wisdom will vote down this amendment. Let us recognize the tobacco farmer to be the first-class citizen he is.

Mr. PEYSER. Mr. Chairman, I make the point of order a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. 101 Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The question is on the amendment offered by the gentleman from New York (Mr. PEYSER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PEYSER. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SUGAR ACT PROGRAM

For necessary expenses to carry into effect the provisions of the Sugar Act of 1948 (7 U.S.C. 1101–1161), $85,700,000, to remain available until June 30 of the next suceeding fiscal year.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

FEDERAL TRADE COMMISSION

For necessary expenses of the Federal Trade Commission, other than line-of-business reports provided for in the following paragraphs; including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; and not to exceed $1,500 for official reception and representation expenses; $37,593,000, of which $650,000 shall be available for development of a computerized evidentiary indexing and retrieval capability, and $1,364,000 shall be available for the congressionally-mandated study of the energy industry.

$305,000, the amount of the budget request, is hereby appropriated for the purpose of collecting line-of-business data from not to exceed 500 firms, as determined by the Federal Trade Commission.

No part of these funds may be used to pay the salary of any employee, including Commissioners, of the Federal Trade Commission who—

(1) uses the information provided in the line-of-business program for any purpose other than statistical purposes. Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law; or

(2) makes any publication whereby the line-of-business data furnished by a particular establishment or individual can be identified; or

(3) permits anyone other than sworn officers and employees of the Federal Trade Commission to examine the line-of-business reports from individual firms.

POINT OF ORDER

Mr. ECKHARDT. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. ECKHARDT. Mr. Chairman, I make a point of order on the paragraph last read, commencing on page 46, line 17, through page 47, line 6.

The point of order is raised under rule XXI, clause 2, sentence 2, which provides:

> Nor shall any provision in any such bill or amendment thereto changing existing law be in order, except such as being germane to the subject matter of the bill shall retrench expenditures by the reduction of the number.

Et cetera.

The specific language that violates this rule is the language contained in the last sentence on page 46, reading as follows:

> Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law.

Mr. Chairman, rule XXI, under all of the precedents, clearly outlaws a change in substantive law, that is, it clearly outlaws a provision by which an administrator of an agency may, after the passage of that clause, not do an act which he could have done before.

This clause says that persons in the Federal Trade Commission shall not alter the existing practices with respect to such gathering of information for law enforcement practices.

Today that agency might do anything it wants to do within the balance of law and it is not bound to continue its existing practices. It can obtain information in other ways. If this provision were passed, it would restrict it in that respect.

In this connection, I cite in support of the position I take the provisions of Cannon's Precedents, volume 7, section 1685:

> A limitation to be admissible must be a limitation upon the appropriation and not an affirmative limitation upon official discretion.

Following that, in section 1686, it says:

> A limitation upon an appropriation must not be accompanied by provisions requiring affirmative action by an Executive in order to render the appropriation available.

Therefore, under these provisions, the administrator would be bound and confined to his existing practices, whereas presently he might exercise any rational means of gaining such information that is permitted by law.

The CHAIRMAN. Does the gentleman from Michigan (Mr. DINGELL) wish to be heard on this point of order?

Mr. DINGELL. I would also like to be heard on the point of order, Mr. Chairman, if I might.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan.

Mr. DINGELL. Rule XXI, clause 2, is well known, I am sure, to the Chair.

Rule XXI, clause 2, forbids legislation in appropriation bills.

The gentleman from Texas has just cited the specific paragraphs and citations in Cannon's Precedents.

The question is, Is the language referred to by the gentleman from Texas, referring most specifically to page 46, lines 22 and following, reading as follows:

> Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law—

A limitation?

Mark the language.

The language which is said to constitute legislation in an appropriation bill must be legislation which limits, as opposed to imposing, affirmative duties upon some administrative officer.

A clear reading of the language before the committee at this particular time that "Such information for carrying out specific law enforcement responsibilities shall be obtained under existing practices" is not a limitation, but, rather, is an express direction to the Federal Trade Commission as to how that agency shall conduct its affairs. It does not limit discretion, but, rather, it imposes certain specific duties upon the Federal Trade Commission.

The language further offends against the law, Mr. Chairman, in that it does require certain other affirmative duties and actions by the Federal Trade Commission. Most specifically, Mr. Chairman, it requires that the Federal Trade Commission engage in an ascertainment of what is the existing law and that they then proceed to act in accordance therewith.

This does not constitute a limitation, but, rather, constitutes an affirmative mandate.

Therefore, Mr. Chairman, I would reiterate the point of order raised by the gentleman from Texas to line 17 on page 46 down through line 6 on page 47, but I would also add a further specific point of order as to the language appearing at page 46, line 22 through 25, as previously recited by me.

The CHAIRMAN. Does the gentleman from Mississippi (Mr. WHITTEN) desire to be heard on the point of order?

Mr. WHITTEN. I wish to be heard, Mr. Chairman.

May I ask my colleague, the gentleman from Texas, is the point of order limited to the language on page 46, line 22, as follows:

> Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law?

Is the point of order limited to that or not?

Mr. ECKHARDT. Mr. Chairman, if I may be heard, the point of order is made to the entire paragraph. The point of order is supported by a portion of that paragraph which the gentleman has referred to as constituting affirmative legislative action on an appropriation.

Mr. WHITTEN. Mr. Chairman, I wish to ask the Chair if I may make a unanimous-consent request.

I ask unanimous consent that the language appearing on page 46, of line 22 of the bill: "Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law" be stricken.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

Mr. ECKHARDT. Mr. Chairman, reserving the right to object, if the gentleman would be willing to seek unanimous consent to amend the section by providing that lines 20 through 25 on page 46 be stricken and providing that we add, after line 6 on page 47, the following:

> Information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law.

I would not press my point of order.

Mr. WHITTEN. Mr. Chairman, I, of course, could not agree to that, as my colleague well knows.

Mr. ECKHARDT. Then, Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. WHITTEN. Mr. Chairman, I concede the point of order, and I will offer an amendment.

The CHAIRMAN (Mr. GIBBONS). The point of order is conceded, and sustained, and the language beginning on line 17, page 46, and continuing through line 6, page 47, is stricken by the point of order.

AMENDMENT OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. WHITTEN: After line 16, on page 46, add the following:
>
> "No part of these funds may be used to pay the salary of any employee, including Commissioners, of the Federal Trade Commission who—
>
> "(1) uses the information provided in the line-of-business program for any purpose other than statistical purposes;
>
> "(2) makes any publication whereby the line-of-business data furnished by a particular establishment or individual can be identified; or
>
> "(3) permits anyone other than sworn officers and employees of the Federal Trade Commission to examine the line-of-business reports from individual firms".

POINT OF ORDER

Mr. ECKHARDT. Mr. Chairman, I raise a point of order against the amendment.

Mr. WHITTEN. Mr. Chairman, may I explain the amendment first?

The CHAIRMAN. Does the gentleman from Texas (Mr. ECKHARDT) desire to reserve a point of order, or does the gentleman wish to make a point of order at this time?

Mr. ECKHARDT. Mr. Chairman, I reserve the point of order.

The CHAIRMAN. The gentleman from Texas (Mr. ECKHARDT) reserves a point of order against the amendment. The gentleman from Mississippi (Mr. WHITTEN) is recognized for 5 minutes.

Mr. WHITTEN. Mr. Chairman, I thank my colleague, the gentleman from Texas.

May I say to the Chair that the amendment I have offered is exactly as the language appears in the vetoed bill, except that we have deleted the words:

> Such information for carrying out specific law enforcement responsibilities of the Federal Trade Commission shall be obtained under existing practices and procedures or as changed by law.

These are the words that the gentleman from Texas insisted support his original point of order. These words were added in conference at the insistence of the Senate. I would have preferred to leave them in this bill, but the previous actions make this impossible.

The language now left in the bill, if the Chair will recall, is exactly the language which was ruled on by the Chair and held in order on June 21, 1974, when the original bill passed the House. So the bill now reads exactly as it did in June, and we respectfully submit that the Chair's ruling of June 21 constitutes a binding precedent and the amendment as offered is in order.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from Texas (Mr. ECKHARDT) desire to pursue his point of order?

Mr. ECKHARDT. Mr. Chairman, I would like to pursue my point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. ECKHARDT. Mr. Chairman, the point of order now, of course, is raised to the language other than that to which the point of order was raised a moment ago. The first portion of the amendment provides that the funds may not be used to pay the salary of any employee, Commissioner, et cetera, who "uses the information provided in the line-of-business program for any purpose other than statistical purposes."

Mr. Chairman, rule XXI, clause 2, paragraph 2, if it has any meaning at all, must be directed to a situation where an existing policy or an existing reach of authority of an agency is sought to be altered by an appropriation bill.

In this case the activities of the Federal Trade Commission would be confined and bounded by no use of any information which was obtained as a result of the line of business program in any way feeding into its other purposes.

The Federal Trade Commission has several duties, one of which is to gather statistics and make studies, as under this act, and another is to engage in exactly the same type of antitrust enforcement that the Justice Department engages in.

If this language were permitted to be considered in order, and if the amendment were permitted to be included in this bill, it would mean that any attorney, any employee, any commissioner of the Federal Trade Commission who happened to know information which revealed to him a violation of antitrust laws, if he knew any such information by virtue of that having been discovered through the line-of-business survey provided in this bill, he would lose his salary. His salary could not be paid under this bill.

The result is that the Federal Trade Commission would have to employ an enormously complicated means of affording a way in which none of the information from the line of business program could be admixed with its other function. This would mean there would have to be in effect two complete and separate arms of the Federal Trade Commission, one an information gathering arm, and another a prosecutorial arm, very much as the National Labor Relations Board is now divided between an administrative staff and a judicial staff.

This is an enormous additional burden which is absolutely necessitated by the only reading that can be given to these provisions because any person who is engaged in both functions could not in any manner insulate himself from information derived from the one activity in executing other activities.

Mr. DINGELL. Mr. Chairman, I would like to be heard also on the point of order.

The CHAIRMAN. The gentleman from Michigan will be heard on the point of order.

Mr. DINGELL. Mr. Chairman, the language which my friend and colleague, the gentleman from Texas (Mr. ECKHARDT) makes a point of order to read:

> . . . makes any publication whereby the line-of-business data furnished by a particular establishment or individual can be identified; . . .

And then goes on to still further duties.

I would point out, Mr. Chairman, that we have here a question of whether this constitutes again a limitation, or whether it requires some affirmative action.

I think there are three sections in Cannon's Precedents which merit the consideration of the Chair in connection with the point of order.

The first is section 1679, wherein appears the following language:

> A limitation must be on the appropriation and not on executive discretion.

Obviously there is a great breadth of executive discretion in connection with the line of business undertaking to which the appropriation is directed, and to which the alleged limiting language is directed.

It is pretty obvious to me, Mr. Chairman, that we have a situation whereby this is a limitation not only on an appropriation but, to the contrary, is a limitation on executive discretion.

Then section 1679 says further:

> While formerly construed as limitations, the latest decisions hold amendments prohibiting expenditures from appropriations in purchasing commodities at prices in excess of estimated cost of manufacture in government plants to involve legislation.

Coming on further, we find at 1683 of Cannon's—

> Making an appropriation available upon condition that affirmative action be taken is legislation and not limitation.

Again we find that this offends against the section cited. Again, at 1685:

> A limitation to be admissible must be a limitation upon the appropriation and not an affirmative limitation upon official discretion.

Obviously, we have here a very broad executive discretion within the Federal Trade Commission to superintend the proper enforcement of the antitrust laws, to make statistical studies for the Congress, to make a continuing evaluation of the competitive structure of the American economy under the Federal Trade Commission Act.

Obviously, the supposedly limiting language goes far beyond simply limiting the use of the money of the appropriation but actually imposes affirmative limitations upon broad executive discretion inside the Federal Trade Commission and, as such, the language referred to is subject to a point of order.

Mr. WHITTEN. Mr. Chairman, I just wish to point out that I cannot see any reason for further argument in that the amendment on its face clearly provides that no part of these funds may be used.

I point out in section 843 of Jefferson's Manual, and I quote:

> . . . the House's practice has established the principle that certain "limitations" may be admitted. It being established that the House under its rules may decline to appropriate for a purpose authorized by law, so it may be limitation prohibit the use of the money. . . .

That is clearly understood. I do not buy or follow or agree with the descriptive matter which my colleagues have presented here. They overlook the fact that the authority for getting a new line of information is for statistical purposes. They also say this imposes a burden. What it does is prevent the carrying out of burdens that they are not authorized to do, and we say no part of these funds shall be used, if they do this, that, or the other. The arguments that they make go clearly—and the language used—to the argument we had when I inadvertently said last year, "Time passes in a hurry," when we had this bill up before. It appears on pages 20608 and 20609. The identical points of order were made; the identical arguments were made, except they made additional descriptive matter, trying to broaden this into the whole field of the Federal Trade Commission.

I respectfully could read back to the Chair his ruling, but I do not believe that there has been anything that could cause him to change his mind.

The CHAIRMAN (Mr. GIBBONS). The Chair is prepared to rule.

The Chair recognizes that this is a very delicate area in which one must rule. The Chair has examined the language and the precedents. As this discussion began, the gentleman from Texas had raised a point of order against the language on page 46, line 17, through the language on page 47, line 6. After argument on the language, the Chair was prepared to rule but was not required to elaborate on his ruling because the gentleman from Mississippi conceded the point of order. The point of order being conceded, the language was stricken.

The gentleman from Mississippi then submitted new language which the Chair determines to be identical to the language in the appropriation bill considered by this body, on June 21, 1974, at which time all these same arguments were made. At that time the Chair found that the language was in order as a negative limitation on the use of funds in the bill.

The Chair rules that the point of order is not well taken and overrules the point of order.

AMENDMENT OFFERED BY MR. ECKHARDT AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. WHITTEN

Mr. ECKHARDT. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

> Amendment offered by Mr. ECKHARDT as a substitute for the amendment offered by Mr. WHITTEN: On page 46, strike lines 20 through 25 and renumber the succeeding items accordingly.

Mr. ECKHARDT. Mr. Chairman, this substitute differs from the Whitten amendment only in that the Whitten amendment excises the objectionable paragraph on which I raised the point of order but retains everything else. The substitute amendment which I offer strikes all of that item 1 but leaves items 2 and 3 completely unchanged.

The reason I would urge this body to do what I have suggested here is that Item 1 was framed as a single provision. Item 1 was to a certain extent qualified by its second sentence. Item 1 provides that no person shall receive compensation who uses the information provided in the line of business program for any purpose other than statistical purposes but then it reaffirms the fact that the Federal Trade Commission can get information by carrying out its specific law enforcement responsibilities under its existing practices and procedures.

Now that was written as a whole and if the last sentence is to be eliminated I submit that the first sentence should be also eliminated.

I would like to urge to Members that exactly the reasonable ground that I argued for the point of order supports the proposition that the language ought to be eliminated, because imagine the situation of the Federal Trade Commission being called upon to put into effect a statistical gathering program in which it gets a line of business survey respecting, say, prices of oil and profits of oil companies, but is told that if any of that line of business program information should ever seep over into enforcement processes everybody's salaries will be cut off if they acted on information obtained as a result of the program. The money will not flow to pay the salaries of the men who have just been doing their duty and who have been trying to get the facts and, having the facts, enforce the law.

I submit to the Members that the first item is not necessary. Please note the succeeding items and judge whether those succeeding restrictions are not enough. The succeeding restrictions, which I do not touch, provide that nobody shall get a salary if he uses this information to make any publication of the line of business data furnished by a particular establishment or individual if they can be identified. He ought not to do that. He ought not to publish it. And "publish" means to make known. It does not mean to publish it in a magazine or newspaper but to let it out in any way.

So I think item 2 stops an improper use of this information. Item 1 stops not only an improper use but also a proper use, and that is a proper use through the agencies or the facilities for enforcement. It is utterly ridiculous to say that when an agency knows a law has been broken but that it got the information through a report to it, it cannot go ahead and enforce the law.

But an agency should not go out and publish things so that if a person is accused of doing some wrongful action he is required to answer without the opportunity for a hearing before a tribunal. I leave that item in.

Item No. 3 says none of these moneys shall flow to pay the salaries of people if they permit other than Federal law enforcement officers or other Federal employees to know this and to examine the line of business reports, and that means they cannot let it get out of the agency's files or out of the hands of those who have been sworn to keep this discretely within the confidence of the agency.

Now, my amendment is a reasonable amendment and it eliminates an undue restriction on the agency which would call for it to set up an entirely separate body for its investigatory functions from its enforcement functions. I think that would be expensive. I think it would be a mistake. It would put every administrator in the agency in jeopardy of having his salary cut off because he does his duty with respect to enforcement, if by any means he knows what is in the statistical report and employs such information in enforcement of the law.

I urge that the substitute amendment be adopted.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the substitute amendment.

Mr. Chairman, I doubt that any Member of the House is able, and particularly the gentleman from Texas, to foresee the effect his amendment would have on business.

Let us look at what is involved here. The Congress provided for the securing of this information for statistical purposes. The Federal Trade Commission has many authorities and they were for many years restricted, unjustifiably if I may say so, in what they could do, except through the Department of Justice.

When the Alaskan pipeline bill was up, the Senate tied this law which the Federal Trade Commission had fought for many years onto the Alaskan pipeline and said, either take that or we will have no pipeline bill.

I happen to be one that believes that the Federal Trade Commission should be able to independently initiate lawsuits and bring actions. But if we allow them to set out on a fishing expedition to over 300 corporations, and to ask them their innermost secrets, certainly we should surround that information with protections to see that its use is not abused. We should surround it with every protection we can to see that it is not misused.

May I say to the Chair and to my colleagues, the Federal Trade Commission is already following the language of this bill. I have been assured of this by the Chairman of the FTC. Since they voluntarily agreed to that practice, and knowing what was in the bill before, I have had no complaints or any problems with their having mailed out the report under these conditions.

Now, listen to this. The gentleman from Texas says if this restriction stays in they could not get the information. That is not true. The language says no part of these funds may be used to pay the salary of any employee, including Commissioners, of the Federal Trade Commission who uses the information provided in the line of business program for any purpose other than statistical purposes. But it does not say they cannot get it through the regular processes.

So the fact is they may have information from other sources, or this information may be freely available, or the Federal Trade Commission may go into court and get a court order to get the information. Of course, they can get it. But if they are writing to over 300 corporations to send in information which could be used by their competitors, which could be used by foreign competitors, to let them misuse it would cause us to have to repeal the law.

This morning I appreciated the invitation, along with other Members of Congress, when I had a chance to meet with many of the business and labor leaders of this country. They are greatly disturbed about the state of business affairs that we see in the country. Recession is a mild term for the way it is. If we are to let a Federal agency send out over 300 letters and get the information and use it in any way they want, we have brought an end to the American economy as we know it. The amendment says they can use it for the purposes for which the law authorizes them to get it. When we put these stringent measures on them, it was said, "You can't use it because of confidentiality."

We set out to see what we could do to carry out the law, get the information for statistics, but to prevent it from being misused.

May I close with one other reason that this amendment should not be adopted. This goes with this appropriation bill and it will have to be renewed each year if it goes this way. We have so far protected the Federal Trade Commission and we must protect this confidentiality amendment if we want to protect American business.

I respectfully submit the substitute amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. ECKHARDT) as a substitute for the amendment offered by the gentleman from Mississippi (Mr. WHITTEN).

The question was taken; and on a division (demanded by Mr. ECKHARDT) there were—ayes 4; noes 35.

So the amendment offered as a substitute for the amendment was rejected.

Mr. ECKHARDT. Mr. Chairman, I wish to speak against the amendment offered by the gentleman from Mississippi.

Mr. Chairman, I recognize from the last vote that my position is virtually impossible, but I cannot let this opportunity pass without answering some of the arguments which were made a moment ago. In the first place, there is no absolute right of confidentiality by companies which are engaged in such massive industrial operations as to affect the entire economy of this country. I think those companies are entitled to protection against public display of the information which has been given by them for frivolous purposes.

But, I cannot see any reason on earth why that information, which is gathered for a public purpose and which has been gathered under the authority of law, and which has been gathered by an agency which is under the duty to enforce the antitrust laws of the United States, may not be used for the purpose of enforcing the antitrust laws merely because it was asked for in order to make an investigation of the facts involved.

What good is it to obtain information through governmental investigation if that information cannot be used to use the sinew of law? To keep the price of oil and gasoline and diesel fuel down? To control the burgeoning price of crude oil which is destroying our economy?

If we can control these matters under the antitrust laws, should we stand back and say that we are going to cripple the Federal Trade Commission and the Justice Department because this information was obtained as a result of a survey which this Congress asked for? To put in such a restriction in an appropriation bill is particularly obnoxious.

The Appropriations Committee is a highly experienced committee in its own field. It is a committee that has the authority to balance expenditures between all of the committees of substantive jurisdiction, but the Appropriations Committee does not know as much about antitrust as either the Judiciary or the Interstate and Foreign Commerce Committees.

The very arguments that have been made in favor of this amendment go to the merits. They do not go to a question of appropriations. I do not disagree with the Chair in his parliamentary ruling, but I quite well understand that parliamentary rulings may, in many instances, be done on a rule of thumb basis and not on the basis of fundamental judgment as to the main thrust of the legislation.

The main thrust of this legislation is a question of antitrust, and it is a question of Federal Trade Commission action. It is not an appropriations question. Therefore, I strongly urge this body to reject the amendment, leave the appropriations bill dealing with appropriations, not in questions of antitrust or confidentiality.

Mr. WHITTEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I thoroughly agree that in those cases where the Federal Government can make a showing of the need for information incident to antitrust, that it has the authority to get that information and it exercises it.

This Committee is not trying to hobble antitrust. This Committee, in this bill, provided over $1 million extra for the Federal Trade Commission to prosecute the cases against the eight major oil companies for violation of antitrust. In previous years, we added additional attorneys when needed.

What we are requiring here, though, is to require them to go through regular channels, to get the information regularly and use it regularly. But not under here, under the new authority.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. Could I finish?

POINT OF ORDER

Mr. ECKHARDT. If the gentleman will not yield, I will raise a point of order that the gentleman has already spoken on the amendment.

Mr. WHITTEN. No. I spoke against the gentleman's amendment.

Mr. ECKHARDT. I thought the gentleman spoke on the amendment.

Mr. WHITTEN. No. The gentleman jumped ahead of me. He opposed it before I could support it.

Be that as it may, Mr. Chairman, they are two different things. The authority exists for them to do everything the gentleman says and not use this. One should not permit them to use information which they have sent in voluntarily, telling all of their secrets, for the purpose of testimony, and then take it and haul it across the street to use it to prosecute them when there is another way, and there is a proper way to bring that about, but with the due process protections available under the law.

Mr. ECKHARDT. Mr. Chairman, now will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Texas.

Mr. ECKHARDT. Did not the gentleman strike out the reference to the other way? Did he not strike that out?

Mr. WHITTEN. I struck it out of this section, but it is in existing law, and they are proceeding under it in the cases against the eight major oil companies, and in this bill there is $1 million to carry those lawsuits on.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi (Mr. WHITTEN).

The question was taken; and on a division (demanded by Mr. ECKHARDT) there were—ayes 37; noes 7.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 502. Provisions of law prohibiting or restricting the employment of aliens shall not apply to employment under the appropriations for the Foreign Agricultural Service.

POINT OF ORDER

Mr. DINGELL. Mr. Chairman, I make a point of order to the language of the bill in section 502, lines 19 through 21.

The CHAIRMAN. The gentleman will state his point of order.

Mr. DINGELL. I make a point of order on the grounds it is violative of rule XXI, clause 2, which rule prohibits legislation on appropriation bills.

Mr. WHITTEN. Will the gentleman yield to me at this point?

Mr. ECKHARDT. Yes.

Mr. WHITTEN. Mr. Chairman, in the interest of saving time, I will concede the point of order.

The CHAIRMAN. The point or order is conceded.

The Clerk will read.

The Clerk read as follows:

SEC. 511. No part of any funds appropriated under this Act may be used by the Environmental Protection Agency to administer any program to tax, limit, or otherwise regulate parking facilities.

POINT OF ORDER

Mr. STARK. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. STARK. I make a point of order in opposition to the section the Clerk has just read, section 511, line 17.

The point of order is that under rule XXI, clause 2, it is legislation under an appropriation bill. It changes existing law and is not merely a limitation under the appropriation.

I cite Cannon's Precedents, volume 7, section 1691:

> The purpose rather than the form of a proposed limitation is the proper criterion by which its admissibility should be judged, and if its purpose appears to be a restriction of executive discretion to a degree that may be fairly termed a change in policy rather than a matter of administrative detail it is not in order.

The "legislative" purpose of section 511 is clearly evident from its legislative history and from the substantive effect that its enactment would necessarily have under the Clean Air Act.

The committee report on H.R. 16901 indicates that the intent of section 511 is to make new law, not to "retrench expenditures." At page 6 of House Report No. 93–1379 it is stated:

> The Committee recommends including a general provision in the bill which would prohibit the Environmental Protection Agency from administering any program to tax, limit, or otherwise regulate parking facilities.

What is intended is a direct limitation on the exercise of administrative authority, not a limitation on appropriations. The report does not state any intent to save money. It does not state how much money, if any, would be saved. Nor does it explain how this provision would in any way save money. The report's reference to a substantive investigation of the effects of EPA regulations confirms the view that section 511 is purely substantive lawmaking. There is no pretense in the report that this provision is intended to, or actually will have the effect of reducing appropriations or saving any money. Its intent and effect is simply to repeal a portion of the Clean Air Act.

The committee report also states that section 511 is identical to a provision in the 1974 Supplemental Appropriation Act. The legislative history of that provision, which is the forerunner of the present section 511, confirms that the purpose of the provision was substantive lawmaking. See the CONGRESSIONAL RECORD of November 30, 1973, 38842–38843. The true intent of the provision was explained by its sponsor, my good friend and colleague, the gentleman from California (Mr. LEGGETT), who said:

> So let us get EPA out of the parking business, completely and permanently.

This was not a 1-year denial of authorization. It is every bit as suspect as apparent limitations which prohibit the use of the appropriated funds for any purpose "hereinafter."

The sponsor's view of the substantive intent of his amendment was shared by his supporters, Mr. BURGENER, Mr. BOLAND, and Mr. CASEY, substantiating the fact that it was the intention to put legislation in an appropriation bill.

Most important, the chairman of the relevant subcommittee of the Committee on Appropriations had this to say:

> We expect to take appropriate action on the regular bill to prohibit such actions when the regular appropriation for this agency comes up early next year.

This is a quote by the distinguished chairman of the subcommittee.

The intent, as manifested in these uncontradicted floor statements, was to permanently restrict the legislative authority of an administrative officer. This objective is clearly impermissible in an appropriation bill.

Further, there is an argument that the effect of section 511 is to retrench expenditures, and there is no way in any of the three ways specified in the exception to rule XXI that that can be done. The plain language shows that its purpose and effect is not to retrench expenditures, but it is to change substantive law.

The precedents in Jefferson's Manual support the fact that section 511 is in violation of rule XXI, and on the ground that it does not reduce expenditures in any of the three methods enumerated in the first portion of the rule, then a motion must come from a committee having the jurisdiction and not as a part of the appropriation bill.

Mr. Chairman, I respectfully submit that this section 511 should be ruled not in order in this bill.

Mr. DINGELL. Mr. Chairman, I rise in support of the point of order made by the gentleman from California (Mr. STARK).

The CHAIRMAN. The Chair will hear the gentleman.

Mr. DINGELL. Mr. Chairman, if I may be permitted to point out this, as already indicated, the language referred to does constitute legislation in an appropriation bill, and it is not a limitation upon appropriation but an affirmative limitation upon official discretion, as referred to in section 1685 and also in sections 1684 and 1683 of Cannon's Precedents, referred to by me earlier in the discussions as to previous points of order raised by the gentleman from Texas (Mr. ECKHARDT) to earlier portions of the bill.

I wish to point out, Mr. Chairman, that a reading of the authorities of the Clean Air Act, which is Public Law 93–319, provides an affirmative direction to EPA not to enforce a part of the Clean Air Act or Public Law 93–319. In so doing, the offending section would take away an authority confirmed by law.

While EPA has no specific authority to impose a tax on parking facilities, nevertheless section 4(B)(2)(b) of Public Law 93–319 specifically states that EPA cannot require, by regulating a parking surcharge or condition, approval of any State plan, including a parking surcharge.

However, section 110(A) of the Clean Air Act, in 42 U.S.C., 5(A)(2)(b) provides for adoption of State plans to implement, maintain, and enforce the clean air standards of the Clean Air Act, and as later further interpreted in the United States Court of Appeals in the First Circuit, in the South Terminal Corporation case, EPA's authority to approve a clean air plan in the Boston area was held to include restrictions on parking.

Furthermore, Mr. Chairman, if the Chair will consult with the other points which relate to the powers of EPA, it will be found that EPA has broad powers to do a number of things, including affording reasonable notice, holding public hearings, and determining whether the clean air plans of States and local units of government include emission limitation schedules and other measures as are necessary to insure maintenance and enforcing of necessary clean air standards, including but not limited to land use and transportation controls.

EPA has further powers relating to approval of these State plans and has still further power relating to plans with regard to assuring that its powers to control both moving and stationary sources are appropriately enforced.

Mr. Chairman, the offending language here would limit EPA's authority over these agencies and, under the precedents discussed, would constitute a limitation not upon appropriations, but upon official discretion.

Mr. WHITTEN. Mr. Chairman, I desire to be heard in opposition to the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. WHITTEN. Mr. Chairman, section 841 of rule XXI of the House Rules and Manual provide as follows: I read from it earlier, and I quote in part:

> The House practice has established the principles that certain limitations may be admitted, it being established that the House under its rules may decline to appropriate for a purpose authorized by law. So it may by limitation prohibit the use of money for part of the purpose while appropriating for the remainder of the purpose.

Then, turning to Cannon's Procedure, on page 52, it states:

> What constitutes retrenchment?
>
> However, it is not essential that such reduction be in definite terms and amount, and if it appears from the face of the proposal that retrenchment will inevitably result it is admissible.

So I believe EPA cannot do it; that they cannot spend the money for this and the end result is that we save the money of necessity.

May I say I have never seen a more clear, in my opinion, limitation on the expenditure of money than this section.

I have sympathy for my colleague, the gentleman from California, where they have cities, and if they cannot get a city ordinance passed it would apparently mean that the local people oppose such city ordinance, and if in a State such as California, or New York, they cannot get a State law to carry it out.

But I respectfully submit that we in the Congress, as the Committee on Appropriations, are only an arm of the Congress, and we can only recommend. Whether or not what we recommend is effective or not depends on whether it has the approval or the disapproval of the House. If it has the approval of the House then it is quite clear that the Congress has the right to appropriate money and spell out what it is for. And, by the same token, it has a clear obligation to limit the use of that money for the purposes for which the House believes it should be used.

Mr. Chairman, I respectfully submit that the point of order should be overruled.

The CHAIRMAN (Mr. GIBBONS). The Chair has examined the language on page 51 of the bill, lines 17 through 20. The Chair also has examined the arguments put forth by the gentleman from California (Mr. STARK) who raised the point of order. The Chair has examined the precedents. The Chair finds that this is merely a limitation on an appropriation, and suggests that the Committee on Appropriations could have refused to bring in any appropriation at all for the Environmental Protection Agency. Therefore, negatively denying their making funds available to EPA for some purposes while availability for other purposes is certainly no more than a limitation on the appropriation bill. This is an old, established precedent of the House of Representatives.

The Chair calls the attention of the Members to the language appearing in Cannon's Precedents on page 686 of volume 7, section 1694, in which Mr. Tilson of Connecticut was in the Chair, and made a very similar ruling "that a change in policy can be made by the failure of Congress to appropriate for an authorized project." Therefore the point of order is overruled.

The Clerk will read.

The Clerk concluded the reading of the bill.

Mr. WHITTEN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. GIBBONS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 16901) making appropriations for Agriculture-Environmental and Consumer Protection programs for the fiscal year ending June 30, 1975, and for other purposes, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the bill and the amendment thereto to final passage.

The previous question was ordered.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ROUSSELOT. Absolutely, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. ROUSSELOT moves to recommit the bill H.R. 16901 to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. DELLENBACK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 366, nays 24, answered "present" 1, not voting 43, as follows:

[Roll No. 591]

YEAS—366

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Arends
Armstrong
Ashley
Aspin
Badillo
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellums
Denholm
Dent
Derwinski
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Passman
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel

Rarick
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Scherle
Sebelius
Seiberling
Shipley
Shoup
Shriver
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
Whalen
Whitten
Widnall
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wydler
Wyman
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—24

Archer
Ashbrook
Bafalis
Clancy
Collier
Collins, Tex.
Conlan
Crane
Davis, Wis.
Dellenback
Frenzel
Goldwater
Gross
Hosmer
Huber
Landgrebe
Rousselot
Satterfield
Schneebeli
Shuster
Treen
Wolff
Wylie
Young, Fla.

ANSWERED "PRESENT"—1

Conyers

NOT VOTING—43

Blackburn
Brasco
Carey, N.Y.
Clark
Clawson, Del
Conable
Daniel, Robert W., Jr.
de la Garza
Dennis
Devine
Dorn
Duncan
Edwards, Calif.
Eilberg
Flynt
Hansen, Idaho
Hébert
Johnson, Colo.
Mann
Mathias, Calif.
Mills
Minshall, Ohio
Moakley
O'Hara
Pepper
Podell
Powell, Ohio
Pritchard
Rooney, N.Y.
Runnels
Ryan
Schroeder
Snyder
Steele
Stubblefield
Stuckey
Symms
Tiernan
Waldie
White
Whitehurst
Williams
Young, S.C.

So the bill was passed.

The Clerk announced the following pairs:

Mr. Carey of New York with Mr. Del Clawson.

Mr. Hébert with Mr. Devine.

Mr. Rooney of New York with Mr. Hansen of Idaho.

Mr. Runnels with Mr. Duncan.

Mr. Eilberg with Mr. Mathias of California.

Mr. Edwards of California with Mr. Conable.

Mr. White with Mr. Dorn.

Mr. Moakley with Mr. Powell of Ohio.

Mr. Mann with Mr. Robert W. Daniel, Jr.

Mr. Clark with Mr. Minshall of Ohio.

Mr. de la Garza with Mr. Snyder.

Mr. Flynt with Mr. Dennis.

Mr. Stuckey with Mr. Pritchard.

Mr. Ryan with Mr. Steele.

Mr. O'Hara with Mr. Symms.

Mr. Pepper with Mr. Whitehurst.

Mrs. Schroeder with Mr. Williams.

Mr. Mills with Mr. Young of South Carolina.

Mr. Stubblefield with Mr. Waldie.

Mr. Tiernan with Mr. Blackburn.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

AMENDING PUBLIC HEALTH SERVICE ACT TO ASSURE THAT THE PUBLIC IS PROVIDED WITH SAFE DRINKING WATER

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 1423, Rept. No. 91–1454), which was referred to the House Calendar and ordered to be printed:

H. RES. 1423

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 13002) to amend the Public Health Service Act to assure that the public is provided with safe drinking water, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. It shall also be in order to consider the text of the bill H.R. 16760 if offered as an amendment in the nature of a substitute for the said committee amendment. At the conclusion of the consideration of H.R. 13002 for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 13002, the Committee on Interstate and Foreign Commerce shall be discharged from the further consideration of the bill S. 433, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions contained in H.R. 13002 as passed by the House.

AMENDING THE NATIONAL VISITOR CENTER FACILITIES ACT OF 1968

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 1424, Rept. No. 93–1455), which was referred to the House Calendar and ordered to be printed:

H. RES. 1424

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17027) to amend the National Visitor Center Facilities Act of 1968. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 14225, TO EXTEND REHABILITATION ACT OF 1973

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that the managers on the part of the House have until midnight tonight to file a conference report on the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for 1 additional year.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

CONFERENCE REPORT (H. REPT. No. 93–1457)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for one additional year, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 100. This title shall be known as the "Rehabilitation Act Amendments of 1974".

REHABILITATION SERVICES ADMINISTRATION

SEC. 101. (a) Section 3(a) of the Rehabilitation Act of 1973 is amended to read as follows:

"(a) There is established in the Office of the Secretary a Rehabilitation Services Administration which shall be headed by a Commissioner (hereinafter in this Act referred to as the 'Commissioner') appointed by the President by and with the advice and consent of the Senate. Except for titles IV and V and as otherwise specifically provided in this Act, such Administration shall be the principal agency, and the Commissioner shall be the principal officer, of such Department for carrying out this Act. In the performance of his functions, the Commissioner shall be directly responsible to the Secretary or to the Under Secretary or an appropriate Assistant Secretary of such Department, as designated by the Secretary. The functions of the Commissioner shall not be delegated to any officer not directly responsible, both with respect to program operation and administration, to the Commissioner.".

(b) The amendment made by subsection (a) of this section shall be effective sixty days after the date of enactment of this Act.

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR VOCATIONAL REHABILITATION SERVICES

SEC. 102. (a) Section 100(b) of such Act is amended by—

(1) striking out "and" after "1974," in paragraph (1) and inserting before the period at the end of such paragraph a comma and "and $720,000,000 for the fiscal year ending June 30, 1976"; and

(2) striking out "and" after "1974," in the first sentence of paragraph (2) and inserting after "1975," in such sentence "and $42,000,000 for the fiscal year ending June 30, 1976;".

(b) Section 112(a) of such Act is amended by striking out "and" after "1974," and by inserting "and up to $2,500,000 but no less than $1,000,000 for the fiscal year ending June 30, 1976," after "1975,".

(c) Section 121(b) of such Act is amended by striking out "1976" and inserting in lieu thereof "1977".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR RESEARCH AND TRAINING

SEC. 103. Section 201(a) of such Act is amended by—

(1) striking out "and" after "1974," in the first sentence of paragraph (1) and inserting after "1975" in such sentence a comma and "and $32,000,000 for the fiscal year ending June 30, 1976";

(2) striking out the comma after "20 per centum" in the second sentence of paragraph (1) and inserting after "respectively," in such sentence "and 25 per centum of the amounts appropriated in each succeeding fiscal year"; and

(3) striking out "there is authorized to be appropriated" in paragraph (2) and inserting after "1975" in such paragraph a comma and "and $32,000,000 for the fiscal year ending June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR GRANTS FOR CONSTRUCTION OF REHABILITATION FACILITIES

SEC. 104. Section 301(a) of such Act is amended by—

(1) striking out "and" after "1974," in the first sentence and inserting before the period at the end of such sentence a comma and "and June 30, 1976"; and

(2) striking out "1977" in the last sentence and inserting in lieu thereof "1978".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR VOCATIONAL TRAINING SERVICES FOR HANDICAPPED INDIVIDUALS

SEC. 105. Section 302(a) of such Act is amended by striking out "and" after "1974," and by inserting after "1975" a comma and "and June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR SPECIAL PROJECTS AND DEMONSTRATIONS

SEC. 106. Section 304(a)(1) of such Act is amended by striking out "and" after "1974," and by inserting after "1975" a comma and "and $20,000,000 for the fiscal year ending June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

SEC. 107. Section 305(a) of such Act is amended by striking out "and" after "1974," and by inserting after "1975" a comma and "and June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR PROGRAM AND PROJECT EVALUATION

SEC. 108. Section 403 of such Act is amended by striking out "and" after "1974," and by inserting "1975," the following; "and June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR SECRETARIAL RESPONSIBILITIES

SEC. 109. Section 405(d) of such Act is amended by inserting before the period a comma and "and $600,000 for the fiscal year ending June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

SEC. 110. Section 502(h) of such Act is amended by inserting before the period at the end thereof a comma and "and $1,500,000 for the fiscal year ending June 30, 1976".

MISCELLANEOUS AMENDMENTS

SEC. 111. (a) Section 7(6) of such Act is amended by adding at the end thereof the following new sentence: "For the purposes of titles IV and V of this Act, such term means any person who (A) has a physical or mental impairment which substantially limits one or more of such person's major life activities, (B) has a record of such an impairment, or (C) is regarded as having such an impairment.".

(b) Section 101(a)(6) of such Act is amended by adding at the end thereof before the semicolon "(including a requirement that the State agency and facilities in receipt of assistance under this title shall take affirmative action to employ and advance in employment qualified handicapped individuals covered under, and on the same terms and conditions as set forth in, section 503)".

(c) Section 101(a)(9)(C) of such Act is amended by adding at the end thereof before the semicolon "in such detail as required by the Secretary in order for him to analyze and evaluate annually the reasons for and numbers of such ineligibility determinations as part of his responsibilities under section 401, and that the State agency will at least annually categorize and analyze such reasons and numbers and report this information to the Secretary and will, not later than 12 months after each such determination, review each such ineligibility determination in accordance with the criteria set forth in section 102".

(d) Section 101(a)(15) of such Act is amended by inserting after "facilities" at the end of the parenthetical "and review of the efficacy of the criteria employed with respect to ineligibility determinations described in subclause (C) of clause (9) of this subsection".

(e) Section 102 of such Act is amended by—

(1) inserting in subsection (a) after "program" where it first appears in the first sentence a comma and "or the specification of reasons for a determination of ineligibility prior to initiation of such program based on preliminary diagnosis,", and inserting at the end of the second sentence of such subsection before the period a comma and "and, as appropriate, such specification of reasons for such an ineligibility determination shall set forth the rights and remedies, including recourse to the process set forth in subsection (b)(5) of this section, available to the individual in question";

(2) striking out in subsection (c) all of clause (1) from "in" the first time it appears through "primary" and inserting in lieu thereof "in making any determination of ineligibility referred to in subsection (a) of this section, or in developing and carrying out the individualized written rehabilitation program required by section 101 in the case of each handicapped individual,";

(3) striking out in clause (2) of subsection (c) "program, that the evaluation of rehabilitation potential" and inserting in lieu thereof "program, or as a part of the specification of reasons for an ineligibility determination, as appropriate, that the preliminary diagnosis or evaluation of rehabilitation potential, as appropriate,"; and

(4) inserting in clause (3) of subsection (c) a comma and "as an amendment to such written program," after 'decision".

(f) Section 112(a) is amended by—

(1) striking out "an amount equal to the amount obligated for expenditure for carrying out such projects and demonstrations for appropriations under the Vocational Rehabilitation Act in the fiscal year ending June 30, 1973," and inserting in lieu thereof "$11,880,000"; and

(2) adding at the end thereof a new sentence as follows: "In the event that funds so appropriated under section 304 do not exceed $11,860,000 in any fiscal year, the Secretary is authorized to utilize such funds to carry out this section."

(g) Section 130(b) of such Act is amended by striking out "February 1, 1975" and inserting in lieu thereof "June 30, 1975".

(h) Section 202(a) of such Act is amended by striking out "and analyses" in the penultimate clause and inserting in lieu thereof a comma and "analyses, and demonstrations".

(i) Section 304(b) of such Act is amended by—

(1) striking out "and" before "(2)" in the first sentence, and inserting at the end of such sentence before the period a comma and "and (3) for operating programs (including renovation and construction of facilities, where appropriate) to demonstrate methods of making recreational activities fully accessible to handicapped individuals"; and

(2) striking out "for" the third time it appears in the parenthetical in clause (2) in the first sentence and inserting in lieu thereof "or".

(j) Section 304(c) of such Act is amended by inserting after "Labor," in the first sentence "who".

(k) Section 304(e)(1) of such Act is amended by inserting after "(B)" the following: "with the concurrence of the Board established by section 502,".

(l)(1) Section 306(b) of such Act is amended by inserting after "project" a comma and "or for a project which involves construction,".

(2) Section 306(b)(4) of such Act is amended by inserting after "specifications" the following: "which have been approved by the Board established by section 502,",

(m) Section 405(c) of such Act is amended by—

(1) striking out "the Handicapped" and inserting in lieu thereof "Handicapped Individuals"; and

(2) by adding at the end thereof the following new sentence: "In no event shall any functions under this section be further delegated to any persons with operational responsibilities for carrying out functions authorized under any other section of this Act or under any other provision of law designed to benefit handicapped individuals.".

(n)(1) Section 502(a) of such Act is amended by redesignating clauses (6), (7), and (8) thereof as clauses (7), (8), and (9), respectively, and by inserting immediately after clause (5) the following new clause:

"(6) Department of Defense;".

(2) Section 502(a) of such Act is further amended by adding at the end thereof the following new sentence: "The Secretary of Health, Education, and Welfare shall be the Chairman of the Board, and the Board shall appoint, upon recommendation of the Secretary, a Consumer Advisory Panel, a majority of the members of which shall be handicapped individuals, to provide guidance, advice, and recommendations to the Board in carrying out its functions.".

(o)(1) Section 502(d) of such Act is amended by striking out "section, the Board" in the first sentence and inserting in lieu thereof "Act, the Board shall, directly or through grants to or contracts with public or private nonprofit organizations, carry out its functions under subsections (b) and (c) of this section, and".

(2) Section 502(d) of such Act is further amended by adding at the end thereof the following new sentences: "Any such order affecting any Federal department, agency, or instrumentality of the United States shall be final and binding on such department, agency, or instrumentality. An order of compliance may include the withholding or suspension of Federal funds with respect to any building found not to be in compliance with standards prescribed pursuant to the Acts cited in subsection (b) of this section.".

(p) Section 502(e) of such Act is amended by adding before the first sentence the following new first sentence: "There shall be appointed by the Board an executive director and such other professional and clerical personnel as are necessary to carry out its functions under this Act.".

(q) Section 502(g) of such Act is amended by striking out in the penultimate sentence "prior to January 1" and inserting in lieu thereof "not later than September 30".

TITLE II—RANDOLPH-SHEPPARD ACT AMENDMENTS

SHORT TITLE

SEC. 200. This title may be cited as the "Randolph-Sheppard Act Amendments of 1974".

FINDINGS

SEC. 201. The Congress finds—

(1) after review of the operation of the blind vending stand program authorized under the Randolph-Sheppard Act of June 20, 1936, that the program has not developed, and has not been sustained, in the manner and spirit in which the Congress intended at the time of its enactment, and that, in fact, the growth of the program has been inhibited by a number of external forces;

(2) that the potential exists for doubling the number of blind operators on Federal and other property under the Randolph-Sheppard program within the next five years, provided the obstacles to growth are removed, that legislative and administrative means exist to remove such obstacles, and that Congress should adopt legislation to that end; and

(3) that at a minimum the following actions must be taken to insure the continued vitality and expansion of the Randolph-Sheppard program—

(A) establish uniformity of treatment of blind vendors by all Federal departments, agencies, and instrumentalities,

(B) establish guidelines for the operation of the program by State licensing agencies,

(C) require coordination among the several entities with responsibility for the program,

(D) establish a priority for vending facilities operated by blind vendors on Federal property,

(E) establish administrative and judicial procedures under which fair treatment of blind vendors, State licensing agencies, and the Federal Government is assured,

(F) require stronger administration and oversight functions in the Federal office carrying out the program, and

(G) accomplish other legislative and administrative objectives which will permit the Randolph-Sheppard program to flourish.

OPERATION OF VENDING FACILITIES ON FEDERAL PROPERTY

SEC. 202. The first section of the Act entitled "An Act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes" (hereafter referred to in this title as the "Randolph-Sheppard Act"), approved June 20, 1936, as amended (20 U.S.C. 107), is amended by striking out all after the enacting clause and inserting in lieu thereof the following:

"That (a) for the purposes of providing blind persons with remunerative employment, enlarging the economic opportunities of the blind, and stimultaing the blind to greater efforts in striving to make themselves self-supporting, blind persons licensed under the provisions of this Act shall be authorized to operate vending facilities on any Federal property.

"(b) In authorizing the operation of vending facilities on Federal property, priority shall be given to blind persons licensed by a State agency as provided in this Act; and the Secretary, through the Commissioner, shall, after consultation with the Administrator of General Services and other heads of departments, agencies, or instrumentalities of the United States in control of the maintenance, operation, and protection of Federal property, prescribe regulations designed to assure that—

"(1) the priority under this subsection is given to such licensed blind persons (including assignment of vending machine income pursuant to section 7 of this Act to achieve and protect such priority), and

"(2) whereover feasible, one or more vending facilities are established on all Federal property to the extent that any such facility or facilities would not adversely affect the interests of the United States.

Any limitation on the placement or operation of a vending facility based on a finding that such placement or operation would adversely affect the interests of the United States shall be fully justified in wrting to the Secretary, who shall determine whether such limitation is justified. A determination made by the Secretary pursuant to this provision shall be binding on any department, agency, or instrumentality of the United States affected by such determination. The Secretary shall publish such determination, along with supporting documentation, in the Federal Register.".

FEDERAL AND STATE RESPONSIBILITIES

SEC. 203. (a) (1) Section 2(a) of the Randolph-Sheppard Act is amended by redesignating paragraphs (1) through (5) as paragraphs (2) through (6), respectively, and by inserting the following new paragraph (1):

"(1) Insure that the Rehabilitation Services Administration is the principal agency for carrying out this Act; and the Commissioner shall, within one hundred and eighty days after enactment of the Randolph-Sheppard Act Amendments of 1974, establish requirements for the uniform application of this Act by each State agency designated under paragraph (5) of this subsection, including appropriate accounting procedures, policies on the selection and establishment of new vending facilities, distribution of income to blind vendors, and the use and control of set-aside funds under section 3(3) of this Act;"

(2) Section 2(a) (2) of such Act, as redesignated by paragraph (1) of this subsection, is amended to read as follows:

"(2) Through the Commissioner, make annual surveys of concession vending opportunities for blind persons on Federal and other property in the United States, particularly with respect to Federal property under the control of the General Services Administration, the Department of Defense, and the United States Postal Service;".

(3) Section 2(a) (5) of such Act, as redesignated by paragraph (1) of this subsection, is amended—

(A) by striking out "commission" each place it appears and inserting in lieu thereof "agency",

(B) by striking out "and at least twenty-one years of age",

(C) by striking out "articles dispensed automatically or in containers or wrapping in which they are placed before receipt by the vending stand, and such other articles as may be approved for each property by the department or agency in control of the maintenance, operation, and protection thereof and the State licensing agency in accordance with the regulations prescribed pursuant to the first section" and inserting in lieu thereof the following: "foods, beverages, and other articles or services dispensed automatically or manually and prepared on or off the premises in accordance with all applicable health laws, as determined by the State licensing agency, and including the vending or exchange of chances for any lottery authorized by State law and conducted by an agency of a State",

(D) by striking out "stands" and "stand" and inserting in lieu thereof "facilities" and "facility", respectively, and

(E) by striking out the colon and all matter following the colon, and inserting in lieu thereof "; and".

(4) Section 2(a) (6) of such Act, as redesignated by paragraph (1) of this subsection, is amended to read as follows:

"(6) Through the Commission, (A) conduct periodic evaluations of the program authorized by this Act, including upward mobility and other training required by section 8, and annually submit to the appropriate committees of Congress a report based on such evaluations, and (B) take such other steps, including the issuance of such rules and regulations, as may be necessary or desirable in carrying out the provisions of this Act."

(b) Section 2(b) of such Act is amended—

(1) by striking out "stand" the first time it appears in the first sentence and where it appears in the second sentence and inserting in lieu thereof "facility";

(2) by striking out "and have resided for at least one year in the State in which such stand is located"; and

(3) by striking out "but are able, in spite of such infirmity, to operate such stands".

(c) Section 2(c) of such Act is amended by striking out "stand" is each place in which it appears and inserting in lieu thereof "facility".

(d) Section 2 of such Act is further amended by adding at the end thereof the following new subsections:

"(d) (1) After January 1, 1975, no department, agency, or instrumentality of the United States shall undertake to acquire by ownership, rent, lease, or to otherwise occupy, in whole or in part, any building unless, after consultation with the head of such department, agency, or instrumentality and the State licensing agency, it is determined by the Secretary that (A) such building includes a satisfactory site or sites for the location and operation of a vending facility by a blind person, or (B) if a building is to be constructed, substantially altered, or renovated, or in the case of a building that is already occupied on such date by such department, agency, or instrumentality, is to be substantially altered or renovated for use by such department, agency, or instrumentality, the design for such construction, substantial alteration, or renovation includes a satisfactory site or sites for the location and operation of a vending facility by a blind person. Each such department, agency, or instrumentality shall provide notice to the appropriate State licensing agency of its plans for occupation, acquisition, renovation, or relocation of a building adequate to permit such State agency to determine whether such building includes a satisfactory site or sites for a vending facility.

"(2) The provisions of paragraph (1) shall not apply (A) when the Secretary and the State licensing agency determine that the number of people using the property is or will be insufficient to support a vending facility, or (B) to any privately owned building, any part of which is leased by any department, agency, or instrumentality of the

United States and in which, (i) prior to the execution of such lease, the lessor or any of his tenants had in operation a restaurant or other food facility in a part of the building not included in such lease, and (ii) the operation of such a vending facility by a blind person would be in proximate and substantial direct competition with such restaurant or other food facility, except that each such department, agency, and instrumentality shall make every effort to lease property in privately owned buildings capable of accommodating a vending facility.

"(3) For the purposes of this subsection, the term 'satisfactory site' means an area determined by the Secretary to have sufficient space, electrical and plumbing outlets, and such other facilities as the Secretary may by regulation prescribe, for the location and operation of a vending facility by a blind person.

"(e) In any State having an approved plan for vocational rehabilitation pursuant to the Vocational Rehabilitation Act or the Rehabilitation Act of 1973 (Public Law 93–112), the State licensing agency designated under paragraph (5) of subsection (a) of this section shall be the State agency designated under section 101(a)(1)(A) of such Rehabilitation Act of 1973.".

DUTIES OF STATE LICENSING AGENCIES AND ARBITRATION

SEC. 204. (a) Section 3 of the Randolph-Sheppard Act is amended—

(1) by striking out "commission" and inserting in lieu thereof "agency";

(2) by striking out in paragraphs (2) and (3) "stand" and "stands" wherever such terms appear and inserting in lieu thereof "facility" and "facilities", respectively; and

(3) by striking out in paragraph (6) the word "stand" and inserting in lieu thereof "facility", and, by inserting immediately before the period the following: ", and to agree to submit the grievances of any blind licensee not otherwise resolved by such hearing to arbitration as provided in section 5 of this Act".

(b) Section 3(3) of such Act is further amended by striking out "and" immediately before subparagraph (D) and by inserting immediately before the colon at the end of such subparagraph the following "; and (E) retirement or pension funds, health insurance contributions, and provision for paid sick leave and vacation time, if it is determined by a majority vote of blind licensees licensed by such State agency, after such agency provides to each such licensee full information on all matters relevant to such proposed program, that funds under this paragraph shall be set aside for such purposes."

(c) Section 3(3) of such Act is further amended by inserting before the word "proceeds" in both places it appears, the word "net".

REPEALS

SEC. 205. Sections 4 and 7 of the Randolph-Sheppard Act are repealed.

ARBITRATION; VENDING MACHINE INCOME; PERSONNEL; TRAINING

SEC. 206. The Randolph-Sheppard Act is further amended by redesignating sections 5, 6, and 8, as sections 4, 9, and 10, respectively, and by inserting immediately after section 4, as redesignated, the following new sections:

"SEC. 5. (a) Any blind licensee who is dissatisfied with any action arising from the operation or administration of the vending facility program may submit to a State licensing agency a request for a full evidentiary hearing, which shall be provided by such agency in accordance with section 3(6) of this Act. If such blind licensee is dissatisfied with any action taken or decision rendered as a result of such hearing, he may file a complaint with the Secretary who shall convene a panel to arbitrate the dispute pursuant to section 6 of this Act, and the decision of such panel shall be final and binding on the parties except as otherwise provided in this Act.

"(b) Whether any State licensing agency determines that any department, agency, or instrumentality of the United States that has control of the maintenance, operation, and protection of Federal property is failing to comply with the provisions of this Act or any regulations issued thereunder (including a limitation on the placement or operation of a vending facility as described in section 1(b) of this Act and the Secretary's determination thereon) such licensing agency may file a complaint with the Secretary who shall convene a panel to arbitrate the dispute pursuant to section 6 of this Act, and the decision of such panel shall be final and binding on the parties except as otherwise provided in this Act.

SEC. 6. (a) Upon receipt of a complaint filed under section 5 of this Act, the Secretary shall convene an ad hoc arbitration panel as provided in subsection (b). Such panel shall, in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, give notice, conduct a hearing, and render its decision which shall be subject to appeal and review as a final agency action for purposes of chapter 7 of such title 5.

"(b)(1) The arbitration panel convened by the Secretary to hear grievances of blind licensees shall be composed of three members appointed as follows:

"(A) one individual designated by the State licensing agency;

"(B) one individual designated by the blind licensee; and

"(C) one individual, not employed by the State licensing agency or, where appropriate, its parent agency, who shall serve as chairman, jointly designated by the members appointed under subparagraph (A) and (B). If any party fails to designate a member under subparagraph (1)(A), (B), or (C), the Secretary shall designate such member on behalf of such party.

"(2) The arbitration panel convened by the Secretary to hear complaints filed by a State licensing agency shall be composed of three members appointed as follows:

"(A) one individual, designated by the State licensing agency;

"(B) one individual, designated by the head of the Federal department, agency, or instrumentality controlling the Federal property over which the dispute arose; and

"(C) one individual, not employed by the Federal department, agency, or instrumentality controlling the Federal property over which the dispute arose, who shall serve as chairman, jointly designated by the members appointed under subparagraphs (A) and (B). If any party fails to designate a member under subparagraph (2)(A), (B), or (C), the Secretary shall designate such member on behalf of such party. If the panel appointed pursuant to paragraph (2) finds that the acts or practices of any such department, agency, or instrumentality are in violation of this Act, or any regulation issued thereunder, the head of any such department, agency, or instrumentality shall cause such acts or practices to be terminated promptly and shall take such other action as may be necessary to carry out the decision of the panel.

"(c) The decisions of a panel convened by the Secretary pursuant to this section shall be matters of public record and shall be published in the Federal Register.

"(d) The Secretary shall pay all reasonable costs of arbitration under this section in accordance with a schedule of fees and expenses he shall publish in the Federal Register.

"SEC. 7. (a) In accordance with the provisions of subsection (b) of this section, vending machine income obtained from the operation of vending machines on Federal property shall accrue (1) to the blind licensee operating a vending facility on such property, or (2) in the event there is no blind licensee operating such facility on such property, to the State agency in whose State the Federal property is located, for the uses designated in subsection (c) of this section, except that with respect to income which accrues under clause (1) of this subsection, the Commissioner may prescribe regulations imposing a ceiling on income from such vending machines for an individual blind licensee. In the event such a ceiling is imposed, no blind licensee shall receive less vending machine income under such ceiling than he was receiving on January 1, 1974. No limitation shall be imposed on income from vending machines, combined to create a vending facility, which are maintained, serviced, or operated by a blind licensee. Any amounts received by a blind licensee that are in excess of the amount permitted to accrue to him under any ceiling imposed by the Commissioner shall be disbursed to the appropriate State agency under clause (2) of this subsection and shall be used by such agency in accordance with subsection (c) of this section.

"(b)(1) After January 1, 1975, 100 per centum of all vending machine income from vending machines on Federal property which are in direct competition with a blind vending facility shall accrue as specified in subsection (a) of this section. 'Direct competition' as used in this section means the existence of any vending machines or facilities operated on the same premises as a blind vending facility except that vending machines or facilities operated in areas serving employees the majority of whom normally do not have direct access to the blind vending facility shall not be considered in direct competition with the blind vending facility. After January 1, 1975, 50 per centum of all vending machine income from vending machine on Federal property which are not in direct competition with a blind vending facility shall accrue as specified in subsection (a) of this section, except that with respect to Federal property at which at least 50 per centum of the total hours worked on the premises occurs during periods other than normal working hours, 30 per centum of such income shall so accrue.

"(2) The head of each department, agency, and instrumentality of the United States shall insure compliance with this section with respect to buildings, installations, and facilities under his control, and shall be responsible for collection of, and accounting for, such vending machine income.

"(c) All vending machine income which accrues to a State licensing agency pursuant to subsection (a) of this section shall be used to establish retirement or pension plans, for health insurance contributions and for provision of paid sick leave and vacation time for blind licensees in such State subject to a vote of blind licensees as provided under section 3(3)(E) of this Act. Any vending machine income remaining after application of the first sentence of this subsection shall be used for the purposes specified in sections 3(3) (A), (B), (C), and (D) of this Act, and any assessment charged to blind licensees by a State licensing agency shall be reduced pro rata in an amount equal to the total of such remaining vending machine income.

"(d) Subsections (a) and (b)(1) of this section shall not apply to income from vending machines within retail sales outlets under the control of exchange or ships' stores systems authorized by title 10, United States Code, or to income from vending machines operated by the Veterans Canteen Service, or to income from vending machines not in direct competition with a blind vending facility at individual locations, installations, or facilities on Federal property the total of which at such individual locations, installations, or facilities does not exceed $3,000 annually.

"(e) The Secretary, through the Commissioner, shall prescribe regulations to establish a priority for the operation of cafeterias on Federal property by blind licensees when he determines, on an individual basis and after consultation with the head of the appropriate installation, that such operation can be provided at a reasonable cost with food of a high quality comparable to that currently provided to employees, whether by contract or otherwise.

"(f) This section shall not operate to preclude preexisting or future arrangements, or regulations of departments, agencies, or instrumentalities of the United States, under which blind licensees (1) receive a greater percentage or amount of vending machine income than that specified in subsection (b)(1) of this section, or (2) receive vending machine income from individual locations, installations, or facilities on Federal property the total of which at such individual locations, installations, or facilities does not exceed $3,000 annually.

"(g) The Secretary shall take such action and promulgate such regulations as he deems necessary to assure compliance with this section.

"Sec. 8. The Commissioner shall insure, through promulgation of appropriate regulations, that uniform and effective training programs, including on-the-job training, are provided for blind individuals, through services under the Rehabilitation Act of 1973 (Public Law 93–112). He shall further insure that State agencies provide programs for upward mobility (including further education and additional training or retraining for improved work opportunities) for all trainees under this Act, and that follow-along services are provided to such trainees to assure that their maximum vocational potential is achieved.".

DEFINITIONS

Sec. 207. Section 9 of the Randolph-Sheppard Act, as redesignated by section 206 of this title, is amended to read as follows:

"Sec. 9. As used in this Act—

"(1) 'blind person' means a person whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity, is better than 20/200, is accompanied by a limit to the field of vision in the better eye to such a degree that its widest diameter subtends an angle of no greater than twenty degrees. In determining whether an individual is blind, there shall be an examination by a physician skilled in diseases of the eye, or by an optometrist, whichever the individual shall select;

"(2) 'Commissioner' means the Commissioner of the Rehabilitation Services Administration;

"(3) 'Federal property' means any building, land, or other real property owned, leased, or occupied by any department, agency, or instrumentality of the United States (including the Department of Defense and the United States Postal Service), or any other instrumentality wholly owned by the United States, or by any department or agency of the District of Columbia or any territory or possession of the United States;

"(4) 'Secretary' means the Secretary of Health, Education, and Welfare;

"(5) 'State' means a State, territory, possession, Puerto Rico, or the District of Columbia;

"(6) 'United States' includes the several States, territories, and possessions of the United States, Puerto Rico, and the District of Columbia;

"(7) 'vending facility' means automatic vending machines, cafeterias, snack bars, cart service, shelters, counters, and such other appropriate auxiliary equipment as the Secretary may by regulation prescribe as being necessary for the sale of the articles or services described in section 2(a)(5) of this Act and which may be operated by blind licensees; and

"(8) 'vending machine income' means receipts (other than those of a blind licensee) from vending machine operations on Federal property, after cost of goods sold (including reasonable service and maintenance costs), where the machines are operated, serviced, or maintained by, or with the approval of, a department, agency, or instrumentality of the United States, or commissions paid (other than to a blind licensee) by a commercial vending concern which operates, services, and maintains vending machines on Federal property for, or with the approval of, a department, agency, or instrumentality of the United States.".

PERSONNEL

Sec. 208. (a) The Secretary of Health, Education, and Welfare is directed to assign to the Office for the Blind and Visually Handicapped of the Rehabilitation Services Administration of the Department of Health, Education, and Welfare ten additional full-time personnel (or their equivalent), five of whom shall be supportive personnel, to carry out duties related to the administration of the Randolph-Sheppard Act.

(b) Section 5108(c) of title 5, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (10);

(2) by striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and "; and

(3) by adding after paragraph (11) the following new paragraph:

"(12) the Secretary of Health, Education, and Welfare, subject to the standards and procedures prescribed by this chapter, may place one additional position in the Office for the Blind and Visually Handicapped of the Rehabilitation Services Administration in GS–16, GS–17, or GS–18.".

(c) In selecting personnel to fill any position under this section, the Secretary of Health, Education, and Welfare shall give preference to blind individuals.

(d) Section 4(b) of the Randolph-Sheppard Act, as redesignated by section 206 of this title, is amended by striking out ", and at least 50 per centum of such additional personnel shall be blind persons".

ADDITIONAL STAFF RESPONSIBILITIES

Sec. 209. In addition to other requirements imposed in this title and in the Randolph-Sheppard Act upon State licensing agencies, such agencies shall—

(1) provide to each blind licensee access to all relevant financial data, including quarterly and annual financial reports, on the operation of the State vending facility program;

(2) conduct the biennial election of a Committee of Blind Vendors who shall be fully representative of all blind licensees in the State program, and

(3) insure that such committee's responsibilities include (A) participation, with the State agency, in major administrative decisions and policy and program development, (B) receiving grievances of blind licensees and serving as advocates for such licensees, (C) Participation, with the State agency, in the development and administration of a transfer and promotion system for blind licensees, (D) participation, with the State agency, in developing training and retraining programs, and (E) sponsorship, with the assistance of the State agency, of meetings and instructional conferences for blind licenses.

STANDARDS, STUDIES, AND REPORTS

Sec. 210. (a) The Secretary, through the Commissioner, after a period of study not to exceed six months following the date of enactment of this title, and after full consultation with, and full consideration of the views of, blind vendors and State licensing agencies, shall promulgate national standards for funds set aside pursuant to section 3(3) of the Randolph-Sheppard Act which include maximum and minimum amounts for such funds, and appropriate contributions, if any, to such funds by blind vendors.

(b)(1) The Secretary shall study the feasibility and desirability of establishing a nationally administered retirement, pension, and health insurance system for blind licensees, and such study shall include, but not be limited to, consideration of eligibility standards, amounts and sources of contributions, number of potential participants, total costs, and alternative forms of administration, including trust funds and revolving funds.

(2) The Secretary shall, within one year following the date of enactment of this title, complete the study required by paragraph (1) of this subsection and report his findings, together with any recommendations, to the President and the Congress.

(c) The Secretary shall, not later than September 30, 1975, complete an evaluation of the method of assigning vending machine income under section 7(b)(1) of the Randolph-Sheppard Act, including its effect on the growth of the program authorized by the Act, and on the operation of nonappropriated fund activities, and within thirty days thereafter he shall report his findings, together with any recommendations, to the appropriate committees of the Congress.

(d) Each State licensing agency shall, within one year following the date of enactment of this title, submit to the Secretary a report, with appropriate supporting documentation, which shows the actions taken by such agency to meet the requirements of section 2(a)(1) of the Randolph-Sheppard Act.

AUDIT

Sec. 211. The Comptroller General is authorized to conduct regular and periodic audits of all nonappropriated fund activities which receive income from vending machines on Federal property, under such rules and regulations as he may prescribe. In the conduct of such audits he and his duly authorized representatives shall have access to any relevant books, documents, papers, accounts, and records of such activities as he deems necessary.

TITLE III—WHITE HOUSE CONFERENCE ON HANDICAPPED INDIVIDUALS

SHORT TITLE

Sec. 300. This title may be cited as the "White House Conference on Handicapped Individuals Act".

FINDINGS AND POLICY

Sec. 301. The Congress finds that—

(1) the United States has achieved great and satisfying success in making possible a better quality of life for a large and increasing percentage of our population;

(2) the benefits and fundamental rights of this society are often denied those individuals with mental and physical handicaps;

(3) there are seven million children and at least twenty-eight million adults with mental or physical handicaps;

(4) it is of critical importance to this Nation that equality of opportunity, equal access to all aspects of society and equal rights guaranteed by the Constitution of the United States be provided to all individuals with handicaps;

(5) the primary responsibility for meeting the challenge and problems of individuals with handicaps has often fallen on the individual or his family;

(6) it is essential that recommendations be made to assure that all individuals with handicaps are able to live their lives inde-

pendently and with dignity, and that the complete integration of all individuals with handicaps into normal community living, working, and service patterns be held as the final objective; and

(7) all levels of Government must necessarily share responsibility for developing opportunities for individuals with handicaps; and it is therefore the policy of the Congress that the Federal Government work jointly with the States and their citizens to develop recommendations and plans for action in solving the multifold problems facing individuals with handicaps.

AUTHORITY OF PRESIDENT, COUNCIL, AND SECRETARY

SEC. 302. (a) The President is authorized to call a White House Conference on Handicapped Individuals not later than two years after the date of enactment of this title in order to develop recommendations and stimulate a national assessment of problems, and solutions to such problems, facing individuals with handicaps. Such a conference shall be planned and conducted under the direction of the National Planning and Advisory Council, established pursuant to subsection (b) of this section, and the Secretary of Health, Education, and Welfare (hereinafter referred to as the "Secretary") and each Federal department and agency shall provide such cooperation and assistance to the Council, including the assignment of personnel, as may reasonably be required by the Secretary.

(b) (1) There is established a National Planning and Advisory Council (in this title referred to as the "Council"), appointed by the Secretary, composed of twenty-eight members of whom not less than ten shall be individuals with handicaps appointed to represent all individuals with handicaps, and five shall be parents of individuals with handicaps appointed to represent all such parents and individuals. The Council shall provide guidance and planning for the Conference.

(2) Any member of the Council who is otherwise employed by the Federal Government shall serve without compensation in addition to that received in his regular employment.

(3) Members of the Council, other than those referred to in paragraph (1), shall receive compensation at rates not to exceed the daily rate prescribed for GS-18 under section 5332, title 5, United States Code, for each day they are engaged in the performance of their duties (including traveltime); and, while so serving away from their homes or regular places of business, they shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as the expenses authorized by section 5703, title 5, United States Code, for persons in Government service employed intermittently.

(4) Such Council shall cease to exist one-hundred and twenty days after the submission of the final report required by section 302(e).

(c) For the purpose of ascertaining facts and making recommendations concerning the utilization of skills, experience, and energies and the improvement of the conditions of individuals with handicaps, the Conference shall bring together individuals with handicaps, and members of their families and representatives of Federal, State, and local governments, professional experts, and members of the general public recognized by individuals with handicaps as being knowledgeable about problems affecting their lives.

(d) Participants in the White House Conference, and in conferences and other activities leading up to the White House Conference at the local and State level are authorized to consider all matters related to the purposes of the Conference set forth in subsection (a), but shall give special consideration to recommendations for:

(1) providing education, health, and diagnostic services for all children early in life so that handicapping conditions may be discovered and treated;

(2) assuring that every individual with a handicap receives appropriately designed benefits of the educational system;

(3) assuring that individuals with handicaps have available to them all special services and assistance which will enable them to live their lives as fully and independently as possible;

(4) enabling individuals with handicaps to have access to usable communication services and devices at costs comparable to other members of the population;

(5) assuring that individuals with handicaps will have maximum mobility to participate in all aspects of society, including access to all publicly-assisted transportation services and, when necessary, alternative means of transportation at comparable cost;

(6) improving utilization and adaptation of modern engineering and other technology to ameliorate the impact of handicapping conditions on the lives of individuals and especially on their access to housing and other structures;

(7) assuring individuals with handicaps of equal opportunity with others to engage in gainful employment;

(8) enabling individuals with handicaps to have incomes sufficient for health and for participation in family and community life as self-respecting citizens;

(9) increasing research relating to all aspects of handicapping conditions, stressing the elimination of causes of handicapping conditions and the amelioration of the effects of such conditions;

(10) assuring close attention and assessment of all aspects of diagnosis and evaluation of individuals with handicaps;

(11) assuring review and evaluation of all governmental programs in areas affecting individuals with handicaps, and a close examination of the public role in order to plan for the future;

(12) resolving the special problems of veterans with handicaps;

(13) resolving the problems of public awareness and attitudes that restrict individuals with handicaps from participating in society to their fullest extent;

(14) resolving the special problems of individuals with handicaps who are homebound or institutionalized;

(15) resolving the special problems of individuals with handicaps who have limited English-speaking ability;

(16) alloting funds for basic vocational rehabilitation services under part B of title I of the Rehabilitation Act of 1973 in a fair and equitable manner in consideration of the factors set forth in section 407(a) of such Act; and

(17) promoting other related matters for individuals with handicaps.

(c) A final report of the White House Conference on Handicapped Individuals shall be submitted by the Council to the President not later than one hundred and twenty days following the date on which the conference is called, and the findings and recommendations included therein shall be immediately made available to the public. The Council and the Secretary shall, within ninety days after the submission of such final report, transmit to the President and the Congress their recommendations for administrative action and legislation necessary to implement the recommendations contained in such report.

RESPONSIBILITIES OF COUNCIL AND SECRETARY

SEC. 303. (a) In carrying out the provisions of this title, the Council and the Secretary shall—

(1) request the cooperation and assistance of such other Federal departments and agencies as may be appropriate, including Federal advisory bodies having responsibilities in areas affecting individuals with handicaps;

(2) render all reasonable assistance, including financial assistance, to the States in enabling them to organize and conduct conferences on handicapped individuals prior to the White House Conference on Handicapped Individuals;

(3) prepare and make available necessary background materials for the use of delegates to the White House Conference on Handicapped Individuals;

(4) prepare and distribute such interim reports of the White House Conference on Handicapped Individuals as may be appropriate; and

(5) engage such individuals with handicaps and additional personnel as may be necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive civil service, and without regard to chapter 57 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at rates of pay not to exceed the rate prescribed for GS-18 under section 5332 of such title.

(b) In carrying out the provisions of this title, the Secretary shall employ individuals with handicaps.

DEFINITION

SEC. 304. For the purpose of this title, the term "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

STATE PARTICIPATION

SEC. 305. (a) From the sums appropriated pursuant to section 306 the Secretary is authorized to make a grant to each State, upon application of the chief executive thereof, in order to assist in meeting the costs of that State's participation in the Conference program, including the conduct of at least one conference within each such State.

(b) Grants made pursuant to subsection (a) shall be made only with the approval of the Council.

(c) Funds appropriated for the purposes of this subsection shall be apportioned among the States by the Secretary in accordance with respective needs for assistance under this subsection, except that no State shall be apportioned more than $25,000 nor less than $10,000.

AUTHORIZATION OF APPROPRIATIONS

SEC. 306. There are authorized to be appropriated, without fiscal year limitations, $2,000,000 to carry out the provisions of this title and such additional sums as may be necessary to carry out section 305. Sums so appropriated shall remain available for expenditure until June 30, 1977.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the bill, insert the following: "A bill to extend the authorizations of appropriations in the Rehabilitation Act of 1973 for one year, to transfer the Rehabilitation Services Administration to the Office of the Secretary of Health, Education, and Welfare, to make certain technical and clarifying amendments, and for other purposes; to amend the Randolph-Sheppard Act for the blind; to strengthen the program authorized thereunder; and to provide for the convening of a White House Conference on Handicapped Individuals."

And the Senate agree to the same.

Carl D. Perkins,
John Brademas,
Albert H. Quie,
Managers on the Part of the House.

Jennings Randolph,
Alan Cranston,
Harrison Williams,
Claiborne Pell,
Edward M. Kennedy,
Walter F. Mondale,
W. D. Hathaway,
Bob Taft, Jr.,
Rich Schweiker,
J. Glenn Beall, Jr.,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for one additional year, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying Conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment o fthe Senate to the text of the bill with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I—AMENDMENTS TO THE REHABILITATION ACT OF 1973

Section 101. Rehabilitation Services Administration

Both the House bill and the Senate amendment establish in the Office of the Secretary of Health, Education, and Welfare a Rehabilitation Services Administration (RSA) which shall be headed by a Commissioner, appointed by the President, except that the Senate amendment makes the appointment of the Commissioner subject to the advice and consent of the Senate. The House recedes.

The House bill provides that the Commissioner shall be directly responsible only to the Office of the Secretary of Health, Education, and Welfare. The Senate amendment provides that the Commissioner shall be directly responsible to the Secretary, or the Undersecretary or an appropriate Assistant Secretary of Health, Education, and Welfare, as designated by the Secretary. The House recedes.

The Senate amendment specifies that the Commissioner shall be the principal officer for carrying out titles I through III of the Rehabilitation Act of 1973. The House bill has no comparable provision. The House recedes.

The Senate amendment strikes out existing provisions in section 3(a) of the Rehabilitation Act of 1973 limiting any proposed delegation of authority by requiring the transmission of a plan to the Congress after consultation with the authorizing Committees regarding such plan, and substitutes in lieu thereof a prohibition against the delegation of the Commissioner's functions to any officer not directly responsible to him both with respect to program operations and administration. The House recedes.

The conferees stress that the clarified language with respect to delegation of functions does not prohibit the centralized administration of certain routine administrative services by the Department of Health, Education, and Welfare in support of RSA functions and programs in the categories of budget formulation, grant administration, financial administration, and personnel administration. However, the conferees intend that the RSA Commissioner is to be responsible for all policy decisions in these four areas and that this policy-making responsibility cannot be delegated beyond persons directly responsible to him both at headquarters and at regional offices. Where routine administrative functions and policy are intertwined, then the Committee intends that the functions be carried out within RSA both at headquarters and at regional offices. The conferees have thus agreed to the Senate provision in this regard with full knowledge of its intention and the legislative history surrounding it.

The conferees are in agreement with the following clarification submitted by HEW as to what are considered to be routine administrative services that can be centralized.

In the area of budget formulation, provision of technical assistance to the RSA budget officer to assure that budget documents conform to applicable OMB and Department instructions in matters of form and timing of submission.

Preparation for RSA approval of testimony for presentation to the pertinent Appropriations subcommittees on the amounts sought for RSA.

In the area of grant administration, the processing of the necessary grant documents required to implement an RSA decision to award a project grant. This involves, among other things, assuring that the award complies with the Department's Grants Administration Manual and with opinions of legal counsel respecting grants administration.

The preparation of the documents required to obligate RSA formula grant allotments.

Monitoring of the application of Department regulations governing the determination of amounts chargeable to grant awards and the expenditure of obligated funds under Treasury warrants.

In the area of financial management, assistance to RSA in the administration of accounting systems, and the preparation of documents required to obligate and expend Salaries and Expenses appropriations required for the operation of RSA.

In the area of personnel management, provision of general personnel management support services. Although RSA is responsible for the selection of persons for employment and promotion within RSA, and for such selection and promotion decisions as to Regional Office personnel carrying out responsibilities under the Rehabilitation Act of 1973, the requisite appointment papers may be prepared and approved centrally in headquarters and in the region.

Maintenance of RSA personnel records, advice to RSA employees on personnel matters, and administration of the equal employment opportunity program.

While these are not all the areas, the conferees believe they cover the general area into which routine administrative services fall.

The Senate amendment makes the effective date of the revised section 3(a) sixty days after enactment of the Act, except that the amendment shall not take effect with respect to any individual holding the Office of RSA Commissioner on the date of enactment until such individual ceases to hold such office. The House bill has no comparable provision. The House recedes with an amendment deleting the exception with respect to the applicability of that amendment to the incumbent of the RSA Commissioner's office.

Section 102. Extension of authorization of appropriations for vocational rehabilitation services

Both the House bill ($40 million) and the Senate amendment ($42 million) authorize appropriations for innovation and expansion grants for FY 1976, and the Senate amendment also authorizes an appropriation ($45 million) for FY 1977. The conference agreement authorizes an appropriation of $42 million for FY 1976. With respect to this as well as all the other appropriations authorization extensions, the Senate recedes with respect to authorization for FY 1977.

Both the House bill and the Senate amendment extend the time during which part C of title I—Innovation and Expansion Grants—funds are available for obligation, the House bill for one year and the Senate amendment for two years. The Senate recedes.

Both the House bill (a minimum of $1 million and a maximum of $2.5 million) and the Senate amendment (a minimum of $1.5 million and a maximum of $3 million) extend for FY 1976 the earmark out of special projects appropriations under section 304 of the Rehabilitation Act of 1973, and the Senate amendment also extends the same earmarking for FY 1977. The Senate recedes.

Section 103. Extension of authorization of appropriations for research and training

Both the House bill ($30 million) and the Senate amendment ($35 million) authorize appropriations for training for FY 1976, and the Senate amendment also authorizes an appropriation ($37.5 million) for FY 1977. The conference agreement authorizes an appropriation of $32 million for research for FY 1976.

Both the House bill ($30 million) and the Senate amendment ($35 million) authorize appropriations for training for FY 1976, and the Senate amendment also authorizes an appropriation ($37.5 million) for FY 1977. The conference agreement authorizes an appropriation of $32 million for training for FY 1976.

Section 104. Extension of authorization of appropriations for grants for construction of rehabilitation facilities

Both the House bill and the Senate amendment authorize an appropriation of such sums as may be necessary for construction grants for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Both the House bill and the Senate amendment extend the time during which construction grant appropriations will remain available for expenditure, the House bill for one year and the Senate amendment for two years. The Senate recedes.

Section 105. Extension of authorization of appropriations for vocational training services for handicapped individuals

Both the House bill and the Senate amendment authorize the appropriation of such sums as may be necessary for vocational training services for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Section 106. Extension of authorization of appropriations for special projects and demonstrations

Both the House bill and the Senate amendment authorize the appropriation of $20 million for special projects and demonstrations for FY 1976, and the Senate amendment also authorizes an appropriation of $25 million for FY 1977. The Senate recedes.

Section 107. Extension of authorization of appropriations for National Center Deaf-Blind Youths and Adults

Both the House bill and the Senate amendment authorize the appropriation of such sums as may be necessary for the National

Center for Deaf-Blind Youths and Adults for FY 1976, and the Senate amendment also authorizes such sums appropriation for FY 1977. The Senate recedes.

Section 108. Extension of authorization of appropriation for program and project evaluation

Both the House bill and the Senate amendment authorize the appropriation of such sums as may be necessary for program and project evaluation for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Section 109. Extension of authorization of appropriations for secretarial responsibilities—Office for Handicapped Individuals

Both the House bill ($500,000) and the Senate amendment ($700,000) authorize appropriations for carrying out special Secretarial responsibilities (Office for Handicapped Individals) for FY 1976, and the Senate amendment also authorizes the appropriation of $1 million for FY 1977. The conference agreement authorizes an appropriation of $600,000 for Secretarial responsibilities for FY 1976.

Section 110. Extension of authorization of appropriations for Architectural and Transportation Barriers Compliance Board

Both the House bill ($1 million) and the Senate amendment ($1.5 million) authorize appropriations for the Architectural and Transportation Barriers Compliance Board for FY 1976, and the Senate amendment also authorizes an appropriation of $2 million for FY 1977. The conference agreement authorizes an appropriation of $1.5 million for FY 1976.

Section 111. Miscellaneous amendments

Definition of "Handicapped individual"

The Senate amendment adds to section 7(6) of the Rehabilitation Act of 1973 the following new definition of "handicapped individuals" for the purposes of titles IV and V of that Act: "Any person who (A) has a physical or mental impairment which substantially limits such person's functioning or one or more such person's major life activities, (B) has a record of such an impairment, or (C) is regarded as having such an impairment." The House bill has no comparable provision. The House recedes with an amendment deleting from clause (A) the language "such person's function or" as redundant.

Section 7(6) of the Rehabilitation Act of 1973 defines "handicapped individual." That definition has proven to be troublesome in its application to provisions of the Act such as sections 503 and 504 because of its orientation toward employment and its relation to vocational rehabilitation services. It was clearly the intent of the Congress in adopting section 503 (affirmative action) and section 504 (nondiscrimination) that the term "handicapped individual" in those sections was not to be narrowly limited to employment (in the case of section 504), nor to the individual's potential benefit from vocational rehabilitation services under titles I and III (in the case of both sections 503 and 504) of the Act.

Thus, it was not intended that an employer-government contractor should condition its hiring of handicapped individuals under an affirmative action plan on such individuals' having benefited, or having a reasonable expectation of benefiting, from vocational rehabilitation services. Similarly, a test of discrimination against a handicapped individual under section 504 should not be couched either in terms of whether such individual's disability is a handicap to employment, or whether such individual can reasonably be expected to benefit, in terms of employment, from vocational rehabilitation services. Such a test is irrelevant to the many forms of potential discrimination covered by section 504.

Section 504 was enacted to prevent discrimination against all handicapped individuals, regardless of their need for, or ability to benefit from, vocational rehablitation services, in relation to Federal assistance in employment, housing, transportation, education, health services, or any other Federally-aided programs. Examples of handicapped individuals who may suffer discrimination in the receipt of Federally-assisted services but who may have been unintentionally excluded from the protection of section 504 by the references to enhanced employability in section 7(6) are as follows: physically or mentally handicapped children who may be denied admission to Federally-supported school systems on the basis of their handicap; handicapped persons who may be denied admission to Federally-assisted nursing homes on the basis of their handicap; those persons whose handicap is so severe that employment is not feasible but who may be denied the benefits of a wide range of Federal programs; and those persons whose vocational rehabilitation is complete but who may nevertheless be discriminated against in certain Federally-assisted activities.

In order to embody this underlying intent, section 101(a) of the Conference agreement adds the new definition of "handicapped individual" for the purposes of titles IV and V of the Act. The amended definition eliminates any reference to employment and takes cognizance of the fact that handicapped persons are discriminated against in a number of ways. First, they are discriminated against when they are, in fact, handicapped (this is similar to discrimination because of race and sex). Second, they are discriminated against because they are classified or labeled, correctly or incorrectly, as handicapped (this has no direct parallel in either race or sex discrimination, although racial and ethnic factors may contribute to misclassification as mentally retarded). Third, they are discriminated against if they are regarded as handicapped, regardless of whether they are in fact handicapped (this has a parallel in race discrimination where a person is regarded as being of a minority group even though, in fact, he is not).

Clause (A) in the new definition eliminates any reference to employment and makes the definition applicable to the provision of Federally-assisted services and programs. Clause (B) is intended to make clearer that the coverage of section 503 and 504 extends to persons who have recovered—in whole in in part—from a handicapped condition, such as a mental or neurological illness, a heart attack, or cancer and to persons who were classified as handicapped (for example, as mentally ill or mentally retarded), but who may be discriminated against or otherwise be in need of the protection of sections 503 and 504.

Clause (C) in the new definition clarifies the intention to include those persons who are discriminated against on the basis of handicap, whether or not they are in fact handicapped, just as title VI of the Civil Rights Act of 1964 prohibits discrimination on the ground of race, whether or not the person discriminated against is in fact a member of a racial minority. This subsection includes within the protection of sections 503 and 504 those persons who do not in fact have the condition which they are perceived as having, as well as those persons whose mental or physical condition does not substantially limit their life activities and who thus are not technically within clause (A) in the new definition. Members of both of these groups may be subjected to discrimination on the basis of their being regarded as handicapped.

The new definition applies to section 503, as well as to section 504, in order to avoid limiting the affirmative action obligation of a Federal contractor to only that class of persons who are eligible for vocational rehabilitation services. It should be noted, however, that the affirmative action obligation cannot be fulfilled by the expediency of hiring or limiting services to persons marginally or previously handicapped or persons "regarded as" handicapped. Rather, an acceptable affirmative action program must be aimed at the entire class of employable handicapped persons, with particular attention to those whoe are presently, actually, and significantly handicapped. This standard parallels the obligation of a Federal contractor under Executive Order No. 11246 to employ persons who might be discriminated against on the basis of national origin: the obligation extends to all ethnic groups within the available applicant pool and cannot be fulfilled selectively by hiring persons from only one ethnic group. Where applicable, section 504 is intended to include a requirement of affirmative action as well as a prohibition against discrimination.

It should also be noted that, although the "employability"—confining context of the present Rehabilitation Act section 7(b) definition of "handicapped individual" is removed from the new definition as to section 503 as well as the use of the term elsewhere in titles IV and V, section 503 itself relates solely to employment and thus the adjective "qualified" in modification of "handicapped individual" in that section clearly requires that the "employability" of the handicapped individual in question is a prerequisite to section 503 application.

Section 504 was patterned after, and is almost identical to, the antidiscrimination language of section 601 of the Civil Rights Act of 1964, 42 U.S.C. 2000d–1 (relating to race, color, or national origin), and section 901 of the Education Amendments of 1972, 42 U.S.C. 1683 (relating to sex). The section therefore constitutes the establishment of a broad government policy that programs receiving Federal financial assistance shall be operated without discrimination on the basis of handicap: It does not specifically require the issuance of regulations or expressly provide for enforcement procedures, but it is clearly mandatory in form, and such regulations and enforcement are intended.

The language of section 504, in following the above-cited Acts, further envisions the implementation of a compliance program which is similar to those Acts, including promulgation of regulations providing for investigation and review of recipients of Federal financial assistance, attempts to bring non-complying recipients into voluntary compliance through informal efforts such as negotiation, and the imposition of sanctions against recipients who continue to discriminate against otherwise qualified handicapped persons on the basis of handicap. Such sanctions would include, where appropriate, the termination of Federal financial assistance to the recipient or other means otherwise authorized by law. Implementation of section 504 would also include pre-grant analysis of recipients to ensure that Federal funds are not initially provided to those who discriminate against handicapped individuals. Such analysis would include pre-grant review procedures and a requirement for assurances of compliance with section 504. This approach to implementation of section 504, which closely follows the models of the above-cited antidiscrimination provisions, would ensure administrative due process (right to hearing, right to review), provide for administrative consistency within the Federal government as well as relative ease of implementation, and permit a judicial remedy through a private action.

It is intended that sections 503 and 504 be administered in such a manner that a consistent, uniform, and effective Federal approach to discrimination against handicapped persons would result. Thus, Federal agencies and departments should cooperate in developing standards and policies so that there is a uniform, consistent Federal approach to these sections. The Secretary of the Department of Health, Education, and Welfare, because of that Department's experience in dealing with handicapped persons and with the elimination of discrimination in other areas, should assume responsibility for coordinating the section 504 enforcement effort and for establishing a coordinating mechanism with the Secretary of the Department of Labor to ensure a consistent approach to the implementation of sections 503 and 504. The conferees fully expect that H.E.W.'s section 504 regulations should be completed by the close of this year. Delay beyond this point would be most unfortunate since the Act (P.L. 92-112) was enacted over one year ago—September 26, 1973.

The conferees note that Executive Order No. 11758, section 2, delegates to the Secretary of Labor the responsibility for carrying out the responsibilities embodied in section 503 of the Rehabilitation Act of 1973, and urge a similar delegation of responsibility to the Secretary of HEW to carry out on a Government-wide basis those responsibilities embodied in section 504.

Affirmative action in employment under State vocational rehabilitation plans

The Senate amendment requires each State agency and each facility in receipt of Rehabilitation Act title I funds take affirmative action to employ and advance in employment qualified handicapped individuals on the same terms and conditions as set forth in section 503 of the Rehabilitation Act of 1973 dealing with employment under Federal contracts and subcontracts. The House bill has no comparable provision. The House recedes.

Requirements for early eligibility determinations; individualized written rehabilitation program

The Senate amendment requires:

(1) that each State agency must (in addition to keeping records of the characteristics of applicants who are determined not to be eligible for vocational rehabilitation services under title I, including the reasons for such determinations), keep such records in sufficient detail to enable the Secretary to analyze and evaluate annually the reasons for such determinations and the numbers of individuals determined to be ineligible;

(2) that the State agency report semiannually to the Secretary on these determinations, categorizing them and analyzing the reasons for them;

(3) that the State agency annually review these ineligibility determinations on an individual basis in exactly the same manner as it would review an ineligibility determination of an individual after the process of evaluation or extended evaluation had begun and an individualized written rehabilitation program had been prepared (so that any change which had occurred in the individual's capacities and the degree of disability would be reevaluated periodically with a view toward giving that individual the benefit of the doubt with respect to the potential for a vocational goal) as required by section 102(c);

(4) that the State agency's continuing Statewide studies of the needs of handicapped individuals include a review of the efficacy of the criteria used with respect to such ineligibility determinations;

(5) that such ineligibility determinations be made jointly by the vocational rehabilitation counsellor and the handicapped individual;

(6) That an individual who has been so determined to be ineligible shall be advised of all rights and remedies, such as appeal rights and the availability of a client assistance project—where there is one—which are available to such individual; and

(7) that any ineligibility determination made prior to the beginning of evaluation or extended evaluation be made (as with a later determination after the individualized written rehabilitation program has been developed) only after a full attempt has been made to develop a vocational goal for that individual and only upon certification by the counsellor (which certification would include a specification of reasons for the ineligibility determination) that the individual is not capable, beyond a reasonable doubt of achieving a vocational goal at that time.

The House bill has no comparable provision. The House recedes with amendments providing that the State agency review required in item (2) above shall be carried out on at least an annual basis rather than on a semi-annual basis; providing that the State agency review of each ineligibility determination, as required in item (3) above, shall take place not later than twelve months after each such determination rather than annually; and making a conforming change in section 112(c)(3) of the Act so that annual review of an ineligibility determination under that provision is required only as to such determinations made as part of (and as an amendment to) an individualized written rehabilitation program.

The conferees wish to stress that the requirement set forth in item (2) above that the State at least annually categorize and analyze the reasons and the numbers of ineligibility determinations does not impose an obligation for annual review of individual cases but rather only a requirement for statistical categorization and analyses. The requirement with respect to reviews of individual cases in whch ineligibility determinations have been made is set forth under item (3) above as modified by the conference agreement to require that the review occur at only one point, not later than twelve months after such an individual ineligibility determination is made, rather than annually as to each ineligibility determination not made as a part of the individual written rehabilitation program process. The purpose of the State agency, as well as Secretarial, analysis of the reasons for such ineligibility determinations is to develop information on the kinds and duration of handicapping conditions most frequently leading to ineligibility determinations, the socio-economic backgrounds of the individuals found so ineligible, and other information that might provide useful insight into the pattern of the decisionmaking process with respect to such ineligibility determinations in each State. The conferees also expect that such analysis would develop information indicating where State training and dissemination of information is necessary in order to avoid decisions made according to stereotypes of handicaps or on the basis of particular characteristics not necessarily relevant to an individuals potential for developing a vocation goal.

Client assistance funding earmark

The Senate amendment eliminates as to FYs 1975, 1976, and 1977 funding of client assistance projects, the conditional nature of the earmark of funds for client assistance projects—that such earmarking takes effect only with respect to amounts equal to the amount of obligations for carrying out special projects and demonstrations under the superseded Vocational Rehabilitation Act from FY 1973 appropriations under that Act. The House bill contains no comparable provision. The House recedes with an amendment which substitutes the specific figure of $11,860,000 for the reference to the FY 1973 level of obligations for special projects and demonstrations under the Vocational Rehabilitation Act, as the amount which must be appropriated in FY 1976 before the client assistance earmark (of $1 million minimum and $2.5 million maximum) applies, and provides authority to the Secretary to fund section 112 client assistance projects in the event that the amount appropriated under section 304 in FY 1976 is not in excess of $11,860,000.

The conferees wish to stress their very strong intention that at least the present level of funding will be maintained for the special projects and demonstrations authorized in section 304. The conferees further intend that continuation of funding for the developmental disabilities projects under any newly created statutory authority should be carried out under a separate appropriation for that purpose. In no event do the conferees intend that there be any dimunition in funding of special projects and demonstrations under the Rehabilitation Act of 1973.

With respect to client assistance funding, the conferees intend that the Secretary exercise the new sub-$11,860,000 funding authority as follows: first, providing continuation of funding for special projects and demonstrations funded in FY 1975—such as new careers, industry projects, and technical assistance—and such vocational rehabilitation developmental disabilities special projects meeting the requirements of the Act which continue to be carried out under the section 304 authority; and next, providing funding to client assistance projects at at least the level at which they are funded in FY 1975.

Comprehensive service needs special study reporting date

The House bill extends the reporting date for the Rehabilitation Act section 130 Comprehensive Service Needs Special Study from February 1, 1975 to June 30, 1975. The Senate amendment extends that reporting date to September 30, 1975. The Senate recedes.

The conferees agree and intend that new research and demonstration projects shall be included in the Comprehensive Service Needs Special Study to test the feasibility of methods designed to prepare individuals with the most severe handicaps for entry into programs under the Act and to assist individuals who cannot reasonably be expected to be rehabilitated for employment to live independently and function normally within their family and community.

In the Joint Explanatory Statement accompanying the conference report on H.R. 8070, the Rehabilitation Act of 1973 (P.L. 93-112), it is stated that the Senate receded to a House amendment which required the Commissioner to include research and demonstration projects, whereas the Senate amendment would only have provided that the study may include such projects. This makes clear, the conferees believe, that it was the intent of the conferees on H.R. 8070 that the Special Study include new demonstration projects; to the extent that there are demonstration projects underway that are consistent with the objectives of the study, it was the intent of the Congress that such projects be utilized in the findings of the study. Certaintly, it was never contemplated that ongoing projects could be used as a substitute for carrying out the new projects required by the Act.

The purpose of including new demonstration projects in the Special Study is so that new programs and new approaches to assisting individuals with the most severe handicaps may be tested and reported on to Congress. The conferees believe that new demonstration projects are an integral part of the Special Study and should be conducted in close cooperation with the contractor responsible for the study itself.

The conferees agree with the Administration's view that two or three years is usually required for successful completion of demonstration projects. However, by the June 30, 1975, Special Study reporting date, the conferees direct that these new projects be well underway and that preliminary findings based on them be included in that report along with the plan and timetable for completion of such projects. The conferees further direct that RSA submit detailed interim reports to the Congress on the progress of the new demonstration projects on July 1, 1976, and July 1, 1977, and a final report prior to July 1, 1978. These reports are in addition to the report due, under the conference agreement, on June 20, 1975.

The Administration's present proposal to fund such new demonstration projects in fiscal year 1975 at between $250,000 and $300,000 is well below the $1 million amount earmarked in the law and is totally inadequate for meeting the purposes of designing, initiating, and carrying out the required demonstration projects. The conferees therefore direct RSA to comply with the law and fund these projects at the level provided in the law—$1 million each for FYs 1975 and 1976.

Finally, in bringing these new special projects the conferees direct that RSA consult with representatives of State vocational rehabilitation agencies to carry out part of these demonstration projects.

Research demonstrations of architectural and engineering designs to meet handicapped individuals' special needs

The Senate amendment adds to the list of activities for which Rehabilitation Act section 202 research grants and contracts are authorized, "demonstrations" (presently only studies and analyses) of architectural and engineering designs adapted to meet the special needs of handicapped individuals. The House bill has no comparable provision. The House recedes.

Special projects demonstrating methods of making recreational activities accessible to handicapped individuals

The Senate amendment adds to the Rehabilitation Act section 304(b) special project and demonstration grant authority, a new authority to support operating programs (including renovation and construction) to demonstrate methods of making recreational activities fully accessible to handicapped individuals. The House bill contains no comparable provision. The House recedes.

Technical amendments to correct oversights in Rehabilitation Act language

The Senate amendment makes amendments to add a missing word "for" to section 304(b)(2) and a missing "who" to section 304(c) of the Rehabilitation Act of 1973. The House bill contains no comparable provisions. The House recedes.

Architectural Barriers Board concurrence in technical assistance projects

The Senate amendment requires that technical assistance now authorized to be provided by the Secretary to rehabilitation facilities and for the purpose of removal of architectural and transportation barriers, be provided only with the concurrence of the Architectural and Transportation Barriers Compliance Board. The House bill has no comparable provision. The House recedes

Date of submission of long-range projection for provision of comprehensive services to handicapped individuals

The Senate amendment extends from March 26, 1975, to July 1, 1975, the date by which the Secretary must submit to the Congress the long-range projection for the provision of comprehensive services to handicapped individuals and for programs of research, evaluation, and training related to such services and individuals, as required by section 405(a)(1) of the Rehabilitation Act of 1973. The House bill contains no comparable provision. The Senate recedes, in view of the fact that the Department of Health, Education, and Welfare has not requested a delayed reporting date for this provision, as was the case with respect to the Comprehensive Needs Special Study.

Delegation of secretarial responsibilities—Office for Handicapped Individuals

The Senate amendment amends section 405(c) of the Rehabilitation Act of 1973, prohibiting the delegation of section 405 Secretarial functions to any person not assigned to or operating in the Office of the Secretary (except that the Secretary may establish an Office for the Handicapped in the office of an appropriate Assistant Secretary), by providing that these section 405 functions shall be carried out only by individuals operating in the immediate Office of the Secretary, or the Undersecretary of Health, Education, and Welfare (and not in the office of an Assistant Secretary) and that such functions include the establishment and operation of an Office for Handicapped Individuals to carry out the section 405 responsibilities of the Secretary. The House bill contains no comparable provision. The House recedes with an amendment which leaves intact the present sentence in section 405(c) of the Rehabilitation Act of 1973 (except that the name of the "Office for the Handicapped" is changed to "Office for Handicapped Individuals"), and provides that in no event shall any Secretarial functions under section 405 be further delegated to any persons with operational responsibilities for carrying out program designed to benefit handicapped individuals, including any program under any other section of the Rehabilitation Act of 1973.

The Senate amendment was designed, in view of other amendments adopted to transfer the Rehabilitation Services Administration to the Office of the Secretary, to assure consistency with the intent of existing law that no operating program shall report to or through such person or support staff carrying out the responsibilities assigned to the Secretary in section 405.

The conferees are dissatisfied with action taken to date to implement the Secretarial responsibilities provisions of section 405 and to hire necessary staff to carry out these responsibilities. The conferees direct the Secretary to take expenditious actions to hire the necessary staff and assure that the March 26, 1975, long-range projection reporting date is met.

Architectural and Transportation Barriers Compliance Board authority

The Senate amendment makes the following amendments in the authorities respecting the Architectural and Transportation Barriers Compliance Board in section 502 of the Rehabilitation Act of 1973:

(1) adds the Department of Defense as a statutory member of the Board;

(2) provides that the Secretary of Health, Education, and Welfare shall be the Chairman of the Board and that the Board shall appoint, upon recommendation of the Secretary, a Consumer Advisory Panel, consisting of a majority of handicapped individuals, to provide guidance, advice and recommendations to the Board in carrying out its functions;

(3) clarifies the authority of the Board to make grants and contracts to carry out its functions;

(4) gives the Board effective compliance authority with respect to its responsibility in subsection (b) to insure compliance with the standards prescribed under Public Laws 90-480 and 91-205, by providing that compliance orders of the Board shall be final and binding on the Department, agency, or instrumentality involved and may include the withholding or suspension of Federal funds with respect to any building found not to be in compliance with those standards;

(5) specifies that there shall be an executive director of the Board, appointed by the Board, and such other professional and clerical personnel, also appointed by the Board, as are necessary to carry out the Board's functions; and

(6) changes to September 30, 1975, the final reporting date on transportation and housing.

The House bill contains no comparable provision. The House recedes.

TITLE II—RANDOLPH-SHEPPARD ACT AMENDMENTS

Sec. 200. Short title

The Senate amendment provides that title II may be cited as the "Randolph-Sheppard Act Amendments of 1974." The House bill contains no comparable provision. The House recedes.

Sec. 201. Findings

The Senate amendment lists a number of findings of Congress relating to the deficiencies in the blind vendor program. The House bill contains no comparable provision. The House recedes.

Sec. 202. Vending facility operations

The Senate amendment gives a priority to blind vendors in operating facilities on Federal property, requires regulations to protect the priority and to assure the location, where feasible, of vending facilities on all Federal property. The House bill contains no comparable provisions. The House recedes with an amendment.

The conferees have eliminated from proposed section 1(b)(2) of the Act (section 202 of the Senate amendment) the clause ", including, to the maximum extent feasible, vending facilities in the areas where employees work,".

The purpose of this change is to remove the emphasis on placing blind vendors in employee work areas. It is not the intention of the conferees to wholly preclude the placement of a blind vendor in such areas.

The conferees take note of the fact that blind vendors do currently operate in swing rooms, adjacent to the workroom floor, and near employee entrances. Factors governing the placement of blind vendors on any Federal property will, of course, apply in such cases; that is, the building population and potential income for the blind vendor must be considered.

Sec. 203. Federal and State responsibilities

The Senate amendment amends section 2 of the Randolph-Sheppard Act to create greater uniformity in the operation of the program, eliminate archaic language, and require new or renovated buildings owned or occupied by Federal entities to include satisfactory sites for blind vending facilities. The House bill contains no comparable provision. The House recedes with amendments.

The conferees have modified section 203 (d) of the Senate amendment (proposed section 2(d)(1) of the Act) to require that the Secretary of Health, Education, and Welfare consult with the head of the appropriate Federal department, agency, or instrumentality prior to his determination that a building contains, or does not contain, a satisfactory site or sites for a blind vending facility.

The purpose of this proposed change is to assure that each agency will have early access to the Secretary of HEW to give each such agency an adequate opportunity to present its views and desires with respect to the selection of sites for blind vending facilities. In this way the position of the agency, the State licensing agency, and the

Secretary, will be clearly established, and accommodations acn be made in conformance with the intent of the Act.

The conferees have changed certain dates in the Senate amendment in order to permit the implementation of portions of title II on a more realistic schedule. Thus, in section 203(d) (proposed section 2(d)(1) of the Act), and in section 206 (proposed section 7(b)(1) of the Act), the dates for requiring site selection determinations for new, newly occupied, or renovated buildings, and for allocating vending machine income, respectively, are changed from September 30, 1974 to January 1, 1975.

Sec. 204. State agencies and arbitration

The Senate amendment amends section 3 of the Randolph-Sheppard Act to provide that set-aside funds be used for health, sick leave and vacation, and retirement contributions, and to require State agencies o submit to arbitration of grievances. The House bill contains no comparable provision. The House recedes.

Sec. 205. Repeals

The Senate amendment repeals sections 4 and 7 of the Randolph-Sheppard Act which, respectively, authorizes the Secretary to cooperate with State Rehabilitation Boards, and outlines State agency procedures in conjunction with the Vocational Rehabilitation Act. The House bill contains no comparable provisions. Both provisions are unnecessary and anachronistic. The House recedes.

Sec. 206. Arbitration; vending machine income; personnel; training

The Senate amendment creates four new sections of the Randolph-Sheppard Act, Sections 5 and 6 establish an arbitration and judicial review mechanism for blind vendors and State agencies. Section 7 assigns vending machine income on Federal property to blind vendors and State licensing agencies under a formula based on whether machines are in direct competition with a blind vendor, sets forth requirements for use of such income, excludes certain locations, and sets conditions on cafeteria operations. Section 8 requires effective training programs, upward mobility, and follow-along programs for blind individuals. The House bill contains no comparable provisions. The House recedes with amendments.

The conferees have modified the definition of "direct competition" under proposed section 7(b)(1) of the Act (section 206 of the Senate amendment) to exclude from that definition vending machines or facilities operated in areas serving employees the majority of whom normally do not have direct access to the blind vending facility. The conferees expressly intend that vending machines in cafeterias on Federal property, and any machine the income from which is used by such cafeterias, are subject to the same criteria for assignment of income under proposed section 7 (a) and (b)(1) of the Act as are any other vending machines. The words "normally" and "direct" have been added to make clear that the existence of infrequent or unusual access to a blind vending facility by employees would not operate to place vending machines serving such employees in direct competition with a blind vending facility for purposes of section 7(b)(1).

The conferees have eliminated the first two sentences of proposed section 7(b)(2) of the Act in section 206 of the Senate amendment. The first sentence requires the Secretary of Health, Education, and Welfare to determine, after considering the views of the appropriate department head and affected groups or organizations, the purposes for which vending machine income remaining after assignment pursuant to subsections (a) and (b)(1) may be used. The second sentence requires that all income from new or replacement vending machines on Federal property accrue as specified in subsection (a).

The conferees have increased the minimum percentage of vending machine income accruable to blind vendors and State licensing agencies under proposed section 7(b)(1) of the Act (in section 206 of the Senate amendment) from 25 per centum to 30 per centum. This minimum percentage applies with respect to vending machine income derived from machines not in direct competition with a blind vendor, where more than 50 per centum of the total hours worked occurs during periods other than normal working hours.

The conferees have amended proposed section 7(e) of the Act (in section 206 of the Senate amendment) to require the Secretary to establish a priority for the operation of a cafeteria by a blind licensee when he determines after consultation with the installation head, that such operation can be provided at a reasonable cost with high quality food comparable to that currently provided employees. This proposed change has been made in order to put to rest any fears expressed by Federal agencies or employees that a blind-operated cafeteria might somehow result in unreasonably higher food prices and lower quality food. Additional safeguards are set forth in the new language to eliminate any likelihood that such might occur.

Sec. 207. Definitions

The Senate amendment amends the definition section of the Randolph-Sheppard Act. The House bill contains no comparable provision. The House recedes with an amendment. The conferees included a parenthetical to clarify that vending machine income, where machines are owned and operated within the Federal entity and not by a commercial vending concern, includes receipts after cost of goods sold, including reasonable service and maintenance costs.

Sec. 208. Personnel

The Senate amendment requires the assignment of ten personnel and authorizes a position in GS–16 to 18. The House bill contains no comparable provision. The House recedes.

Sec. 209. Additional State responsibilities

The Senate amendment requires each State licensing agency to take certain actions to benefit blind licensees. The House bill contains no comparable provision. The House recedes.

Sec. 210. Standards, studies, and reports

The Senate amendment requires studies and evaluations of national standards for set-aside funds; feasibility of a centrally administered retirement and health system for blind vendors; method of assigning vending machine income; and reports on implementation of amendments to the Act. The House bill contains no comparable provision. The House recedes.

Sec. 211. Audit

The Senate amendment authorizes the Comptroller General to audit all nonappropriated fund activities which have vending machine income. The House bill contains no comparable provision. The House recedes.

TITLE III—WHILE HOUSE CONFERENCE ON HANDICAPPED INDIVIDUALS

Section 301. Findings and policy

The Senate amendment makes seven findings of fact leading up to a policy determination by the Congress that the Federal Government work jointly with the States and their citizens to develop recommendations and plans for action and solving the multifold problems facing individuals with handicaps. The House bill contains no comparable provision. The House recedes.

Section 302. Authority of President, council, and secretary

The Senate amendment authorizes the President to call a White House Conference on Handicapped Individuals within two years from the date of enactment of the title in order to stimulate a national assessment of problems facing individuals with handicaps and to develop recommendations to solve such problems. The House bill contains no comparable provision. The House recedes.

It is the intent of the conferees that implicit in the authority to convene the White House Conference is the authority on the part of the Council to provide, in advance or by way of reimbursement, for the travel expenses (including per diem in lieu of subsistence) for participants in the White House Conference who are not themselves Federal employees.

The Senate amendment establishes a National Planning and Advisory Council composed of 28 persons, of whom 10 shall be individuals with handicaps, appointed to be representative of all individuals with handicaps, and 5 should be parents of individuals with handicaps, appointed to be representative of all such parents and individuals) for the Conference, to be appointed by the Secretary of Health, Education, and Welfare, to plan and conduct a conference; directs the Conference to bring together individuals with handicaps and their families, representatives from Federal, State, and local governments, and representatives of professional experts and of members of the general public who are recognized by individuals with handicaps as being knowledgeable about problems affecting their lives; and directs the conference to consider all related matters affecting the lives of handicapped individuals, specifically directing that consideration be given to various specific areas.

The House bill contains no comparable provision. The House recedes with amendments (1) adding to the specific areas to be considered the allotment of funds for basic vocational rehabilitation services under part B of title I of the Rehabilitation Act of 1973 in a fair and equitable manner in consideration of the factors set forth in section 407(a) of the Rehabilitation Act of 1973 regarding the scope of the State allocation study provided for in such section (specifically: the needs of individuals requiring vocational rehabilitation services; the financial capacity of the States to furnish vocational rehabilitation assistance, including (on a State-by-State basis) per capita income, per capita costs of services rendered, State tax rates, and the ability and willingness of a State to provide the non-Federal share of the costs of rendering such services; and the continuing demand upon the States to furnish vocational rehabilitation services (together with a consideration of the factor that no State shall receive less Federal financial assistance under such part than it received under section 2 of the Vocational Rehabilitation Act in the fiscal year immediately prior to the Rehabilitation Act of 1973)); (2) providing that employees of the planning Council shall not be paid in excess of the rate provided for GS–18 under the Civil Service Schedule; and (3) deleting any authority for the Council to pay any travel expenses for officers or employees of Federal departments, agencies, or instrumentalities.

The conferees intend that agencies, groups, and organizations receiving Federal assistance should generally not receive funds to cover the travel expenses (including per diem in lieu of subsistence) of their personnel participating in the White House conference, but rather should use non-White House Conference funds to defray these expenses. However, the conferees also recognize that exceptions to this general rule will be necessary for groups and organizations (such as consumer groups) which do not have the means to cover these expenses. Although the authority for the Council to pay any travel expenses for Federal employees has been deleted, the conferees note that it is their expectation that the Federal agency, department, or instrumentality concerned would cover such expenses for its officers and employees participating in the White House Conference or State conferences.

It is also the intention of the conferees that the Department of Health, Education, and Welfare will make all possible attempts to employ individuals with handicaps to carry out the provisions of this title, and that thereafter priority consideration by the Federal Government will be given to hiring, on a permanent basis, those individuals employed for this purpose who have demonstrated their merit and qualification in the course of preparing for and carrying out White House Conference activities.

The conferees further intend that full use will be made of other available funds for Conference purposes, and that priority in expenditure of funds available for Conference activities will be given to pay the expenses of individuals with handicaps who will not otherwise be able to attend the Conference, and to provide such necessary support services as may assist such individuals in attending and participating fully in the Conference (including brailled materials and readers for blind individuals, interpreters and printed materials for deaf individuals, attendants for motor-impaired and physically handicapped individuals, and all such necessary equipment and adapted transportation services).

The Senate amendment provides that a final report be submitted to the President and the public by the Council and the Secretary not later than 120 days following the date on which the Conference is convened, and that recommendations for action by the Council and the Secretary of Health, Education, and Welfare be submitted to the President and Congress not later than 90 days after submission of the final report of the Conference. The House bill contains no comparable provision. The House recedes.

Section 303. Responsibility of Council and Secretary

The Senate amendment directs the Council and the Secretary to request the cooperation and assistance of other appropriate Federal departments and agencies (including details and assignments of personnel from Federal agencies for whatever periods of time necessary), render financial and other assistance to the States to conduct conferences prior to the initial White House Conference, prepare and make available necessary materials to the White House Conference delegates, prepare and distribute interim reports, engage necessary individuals with handicaps and additional personnel, and employ individuals with handicaps in carrying out these function under the provisions of the title. The House bill contains no comparable provision. The House recedes.

Section 305. State participation

The Senate amendment provides for grants to States to conduct at least one Conference within each State leading up to the White House Conference and provides that no State shall be apportioned more than $75,000 nor less than $25,000 for such purpose and for meeting the costs of such State's participation in the Conference program. The House bill contains no comparable provision. The House recedes with an amendment reducing the State allotment minimum to $10,000 and the maximum to $25,000.

Section 306. Authorization of appropriations

The Senate amendment authorizes the appropriation of such sums as may be necessary to carry out the provisions of the title, and provides that sums so appropriated shall remain available for expenditure until June 30, 1977. The House bill contains no comparable provision. The conference agreement authorizes the appropriation of $2 million to carry out the provisions of the title and in addition authorizes the appropriation of such sums as may be necessary to carry out the State participation functions under section 305; and provides that sums appropriated for either of these purposes shall remain available for expenditure until June 30, 1977.

TITLE AMENDMENT

The Senate amendment amended the title of the House bill to reflect the provisions of the Senate bill. The conference agreement amends the title of the bill to reflect the provisions of the conference agreement.

CARL D. PERKINS,
JOHN BRADEMAS,
ALBERT H. QUIE,
Managers on the Part of the House.

JENNINGS RANDOLPH,
ALAN CRANSTON,
HARRISON WILLIAMS,
CLAIBORNE PELL,
EDWARD M. KENNEDY,
WALTER F. MONDALE,
W. D. HATHAWAY,
BOB TAFT, JR.,
DICK SCHWEIKER,
J. GLENN BEALL, JR.,
Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 3234, SOLAR ENERGY RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1974

Mr. TEAGUE. Mr. Speaker, I call up the conference report on the Senate bill (S. 3234) to authorize a vigorous Federal program of research, development, and demonstration to assure the utilization of solar energy as a viable source of our national energy needs, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 4, 1974.)

Mr. TEAGUE (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

GENERAL LEAVE

Mr. TEAGUE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in connection with this conference report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TEAGUE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the committee of the conference has successfully resolved the differences between the House and Senate versions of S. 3234. This bill, which passed the Senate on September 17 and passed the House on September 19 establishes a coordination and management project for solar energy activities, pending the establishment of the Energy Research and Development Administration—ERDA or a comparable Government agency. The objective of the bill is to bring a number of solar energy technologies to commercial development as soon as possible. To attain this objective, explicit national goals for solar energy resource determination and assessment, solar energy research and development, and solar energy technology demonstration are specified.

The research and development program will aim to resolve the major technical problems inhibiting widespread use of solar energy. Specific solar energy technologies to be addressed include heating and cooling of buildings, industrial process heating, thermal generation of electricity, bioconversion, photovoltaic conversion, sea thermal gradient conversion, wind power conversion, and storage of solar energy.

Commercial demonstration projects will be undertaken in those solar energy technologies which have successfully completed development programs and have met criteria including those related to technological feasibility, environmental impact, potential for technology transfer, and others. The demonstrations may be carried out under cooperative agreements between Federal agencies and non-Federal entities or solely through appropriate Federal agencies should cooperative agreements not be feasible. Demonstration projects exceeding $20 million must be specifically authorized by legislation hereinafter enacted by Congress.

The solar energy coordination and management project consists of six members: One appointed by the President, and representatives of the National Science Foundation, Department of Housing and Urban Development, Federal Power Commission, National Aeronautics and Space Administration, and the Atomic Energy Commission. The President will designate a chairman from among these members.

The bill also provides for an NSF program of education in science and engineering to provide the necessary trained personnel and the establishment of a Solar Energy Research Institute to serve as a focal point for solar energy research and development. Other provisions include the establishment of a Solar Energy Information Data Bank, transfer of the program to ERDA or similar agency having jurisdiction over all agency research and development, if and when such an agency is established by law, and a comprehensive program definition to be undertaken by the chairman of the project. This paragraph definition will define the magnitude, duration, and cost of the program needed to accomplish the objectives of this legislation.

Two million dollars is authorized for fiscal year 1975 to the National Science Foundation to fund the comprehensive program definition; $75 million is authorized for fiscal year 1976. Annual authorization measures will provide funding for fiscal year 1977 and beyond.

Mr. Speaker, this is a fair and equitable compromise on this important legislation. The funds authorized for fiscal year 1976 are approximately the same as the administration is presently considering for its fiscal year 1976 budget request. As the conference report points out, the appropriate committees of the Congress will entertain requests for additional authorizations should they be necessary due to changed conditions.

This legislation combines a forward-looking, innovative Federal program with due consideration for the budgetary constraints which we all must operate under. Mr. Speaker, I urge each Member of this body to support the conference report before us today.

Mr. Speaker, I yield such time as he may consume to the chairman of the subcommittee, the gentleman from Washington (Mr. McCORMACK).

Mr. McCORMACK. Mr. Speaker, the compromise on S. 3234, the Solar Energy Research, Development, and Demonstration Act of 1974 is a sound one. A detailed statement of the differences between the House and Senate bills, together with an explanation of the compromise reached by the conferees, is contained in the conference report and the statement of managers. I shall not take the time of my colleagues on the floor this afternoon to repeat this information in detail. I do, however, want to describe the essential points of the compromise reached.

S. 3234, as approved by the conference committee, establishes a coordination and management project for all of the Nation's solar energy activities. This is a temporary management scheme, pending the establishment of a permanent Federal agency having jurisdiction over all energy R. & D. such as the proposed Energy Research and Development Administration—ERDA. The primary objective of this bill is to bring a number of solar energy technologies to commercial development as soon as possible. To attain this objective, specific national goals for solar energy resource determination and assessment, solar energy research and development, and solar energy technology demonstration are specified. The bill also states that the development of these solar technologies may take a number of years to accomplish, and the total cost to the Federal Government may very well exceed $1 billion.

The solar energy coordination and management project established under this legislation will be composed of representatives of five Federal agencies which presently have responsibilities for solar energy technology development or for utilization or regulation of solar energy related equipment or energy products. These agencies are the National Science Foundation—NSF; the National Aeronautics and Space Administration—NASA; the Atomic Energy Commission—AEC; the Department of Housing and Urban Development—HUD; and the Federal Power Commission—FPC. The sixth member of the project will be appointed by the President. The President also has the responsibility for designating one member of the project to serve as its chairman. The project, under this legislation, has the overall responsibility for effectively managing and coordinating our national solar energy research, development, and demonstration program. The chairman of the project will play a key managerial role, since under this legislation the concept of inter-agency cooperation is enhanced by the broad managerial authority assigned to the chairman.

In carrying out the objectives of this legislation, three distinct aspects of the program are identifiable. These are:

First, solar energy resources determination and assessment;

Second, solar energy research and development; and

Third, demonstration of appropriate solar energy technologies.

Although the chairman of the project will have broad managerial authority, the Federal participation will be through existing agencies. This legislation assigns specific responsibilities to NASA, NSF, AEC, HUD, and FPC. These agencies are authorized to detail or assign personnel to carry out the activities assigned to the project, upon the request of the chairman of the management project.

Solar energy resources determination is one of the most important aspects of the program established by this omnibus solar energy legislation. Before we can go into development and demonstration stages of any solar technology, we must know the magnitude of the particular solar energy resources base, together with its important characteristics such as geographical distribution and availability according to the time of day or year. It is useless to go to the trouble and expense of developing an elegant technology if the resource base is too small.

The solar energy resource base, I should point out, is not limited to just the energy contained in the sunshine itself. It also includes secondary or indirect forms of solar energy, such as wind, sea thermal gradients, and the products of the future scientific progress. This means that by the term "solar energy" we mean sunshine and other forms of energy which are available in usable forms, because of some natural process with sunlight as the driving force. Fast growing plants which are used to produce energy would be classified as a secondary form of solar energy. Fossil fuels, on the other hand, have also resulted from photosynthesis and are not included, because of the extremely long time needed to transform them into their useful forms.

The research and development aspects of programs initiated by this legislation are very important. The purpose of the research and development will be to resolve the major technical problems inhibiting the commercial utilization of solar energy. I expect that this program will include not only the direct collection of solar energy and conversion equipment, but will also include scientific research, studies, and analyses associated with the broad range of potential problems which might arise in our attempts to utilize solar energy. Specifically, I anticipate that technology assessment relevant to solar energy utilization will be performed in association with activities approved by the project whenever needed.

There will be, I am confident, a large number of solar energy technologies dealt with in the program that will achieve demonstration. Some of these include direct use of solar heat for industrial purposes, conversion of solar thermal energy to electricity, bioconversion, direct conversion by photovoltaics, and other means, sea thermal gradients, wind conversion, and the heating and cooling of buildings. There are many other technologies which are not directly related to solar energy. One of these is energy storage. There are many others and I want to make it crystal clear that the list of solar energy technologies given in this legislation is not intended to be all inclusive, but only suggestive in nature.

The commercial demonstration phase will be reached only by those solar energy technologies which have successfully completed a research and development program. The objective of each individual demonstration will be to show the technical and economic feasibility of a particular solar energy technology. The decision to proceed to demonstration will not be willy-nilly, but will be based on specific criteria including those enunciated in the legislation.

It is the intent of the conferees that demonstration be carried out cooperatively between Government agencies and non-Federal entities wherever possible. The final version of this legislation also provides for, demonstrations which are funded entirely by Federal agencies under certain conditions.

The bill specifically provides protection against the Federal Government being led into large demonstration programs without the specific approval of Congress. Any demonstration project which is seriously considered for implementation and which is estimated to cost in total, more than $20 million, must be specifically authorized by legislation hereafter enacted by Congress.

The legislation before us today includes the provision for a Solar Energy Information Data Bank contained in the House-passed version. This Data Bank will include the Solar Heating and Cooling Data Bank established by Public Law 93–409. We have given careful attention to the content and design of this Data Bank, and are confident that it will be carried out efficiently and effectively, and that it will not duplicate any present activities of the Federal Government or private sector.

The chairman of the project, in the legislation approved by the conference committee, has the responsibility for performing studies and research on incentives to promote broader utilization and consumer acceptance of solar energy technologies. This is in lieu of the Solar Energy Incentives Task Force contained in the House-passed bill.

The language in the House bill which provided for the transfer of this program to ERDA or a similar agency having jurisdiction over all energy R. & D. if and when such an agency is established by law is retained in the version before us today. This important provision makes this bill consistent with all of the other energy legislation which has been acted upon by the Congress this year.

With respect to ERDA, this legislation would expand the role of ERDA in the management of solar energy research and development. ERDA, in the version that passed the House, would have responsibility only in the area of solar heating and cooling. S. 3234 would expand that jurisdiction to include all of the programs authorized by this legislation.

The Solar Energy Research Institute contained in both the House and Senate versions of the bill is retained as well as the section providing for a broad program of education in science and engineering to provide the necessary trained personnel in solar energy research and engineering. The conferees specifically included language directing NSF to implement this important program, based in large part on the successful experience which NSF has had in the past in establishing and administering similar programs in other areas of science and engineering.

The bill as passed by the House provided for a comprehensive program definition to be undertaken by the chairman of the project. This program definition was designed to define the magnitude, duration, and cost of the program needed to carry out the broad objectives and goals of this legislation. This feature was retained by the conferees, with a provision that interim reports be submitted by March 1, 1975, and the final report be completed by June 30, 1975. The results of this program definition should be invaluable to the Congress as well as the executive branch in determining specific funding levels for future fiscal years.

The legislation before us today authorizes $2 million to the National Science Foundation to fund the comprehensive program definition in fiscal year 1975. These funds would be made available to the chairman of the Project, who has the responsibility for carrying out the study.

The Senate bill contained an authorization of $100 million for fiscal year 1975 to fund activities authorized under this bill. The compromise reached by the conferees was a $75 million level for fiscal year 1976. This, according to my understanding, is not far removed from the solar energy budget total presently being considered by the administration. As written in the statement of managers this sum will be subject to review and should the comprehensive program definition or other information lead the Congress to decide that more funds are needed during the next fiscal year, then an additional authorization will certainly be in order. I believe that the $75 million is a fiscally responsible level which we can defend as a reasonable level for this kind of effort. As solar energy technologies progress from the research to the development and demonstrations stages we can expect budgetary requirements to be increased. I am confident that we should be able to deal with these needs in a responsible manner when that need occurs. I should also like to point out that this bill is consistent in all ways with the Solar Heating and Cooling Demonstration Act of 1974, Public Law 93-409.

The funds authorized by this legislation are in addition to the $60 million authorized over a 5-year program authorized to carry out the specific solar heating and cooling demonstration program. The management of that demonstration will be expected to be absorbed within the management framework provided for in this bill before us today.

Mr. Speaker, S. 3234, as approved by the conferees, is a good bill. It provides for an integrated research, development, and demonstration program encompassing all solar energy technologies. It deals with managerial, educational, and research activities as a whole—not as bits and pieces. This bill originally passed the House by a margin of 383 to 3. I urge the adoption of the conference report.

Mr. MOSHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to add my support of the conference report on the Solar Energy Reearch, Development, and Demonstration Act of 1974.

This legislation had overwhelming support here in the House when originally voted, and it was unanimously approved by the House Republican conferees. So we of the minority join the chairman and subcommittee chairman in urging its prompt approval today.

Mr. Speaker, this conference bill preserves, with very little change, the original House measure. The identical solar energy coordination and management project is retained, as are the provisions relating to the various solar energy research, development, and demonstration activities. The conference bill also preserves the important language establishing scientific and technical education programs.

The only major modification from the House bill relates to funding. The Science Committee had originally proposed that $2 million be allocated for fiscal year 1975. This funding was for the preparation of a comprehensive program definition plan outlining the manner in which the overall solar energy effort would be carried out.

This same provision, with identical funding, is contained in the conference bill. However, the conference bill now specifies an additional $75 million as the authorization for fiscal year 1976. This 2-year total amount—now $77 million—while significantly increasing the House approved 1-year figure, is the result of a carefully premised recommendation.

The original House and Senate legislation reflected very different approaches with respect to authorization. The Senate solar energy bill approved $100 million solely for fiscal year 1976. This amount was proposed by the Senate as an appropriate level for the first full year of the project.

In contrast, the House Science Committee included no funding for fiscal year 1976, since precise estimation would have required both administration input as well as program definition plan results. Subsequent study by our Science Committee, however, has tended to confirm the tentative administration estimate of $65 to $75 million for solar energy for fiscal year 1976. Based upon this figure, the House conferees therefore agreed to a $75 million authorization. This new level of funding now reflects a more realistic appraisal of the money which will actually be made available.

Mr. Speaker, I am highly encouraged at the positive response which this solar energy legislation has provoked. This legislation clearly declares it the policy of this Nation to pursue a vigorous program in assessing, developing, and demonstrating solar energy as a major energy resource. The potential return on investment will be to place at our disposal a freely available and renewable source of clean energy which will substantially lessen our dependence on imported fuels.

It is also significant to point out that the advantages of solar energy stem from both its inexhaustible supply as well as its contribution to fuel conservation. To the present time, all fuel conservation campaigns have involved fuel consumption cutbacks—in some cases, not without significant sacrifice. But conservation is necessary with conventional fuels, because we are dealing with finite supplies of precious natural resources.

In contrast, by an adequate investment as the outset in developing solar energy, we will be able to reduce our continuing requirements for conventional fuels without decreasing total fuel consumption. Thus, the element of sacrifice in fuel conservation will be a thing of the past.

But before we can take that step, the techniques and technology for the utilization of solar energy need further refinement. We need the equipment and know-how to reduce solar energy to a useful form. In addition, we need to eliminate the technical and economic risk to the potential purchaser—the consumer needs the same reliability assurance that he now enjoys with any conventional major appliance.

The thrust of the present legislation, therefore, is to jump these many barriers involving technical unknowns and economic uncertainties. Clearly, the present legislation represents this key step in moving solar energy from a science fiction vision to present day reality.

I urge my colleagues to join with me in supporting S. 3234. It is imperative that our Nation make a formal declaration of public policy to develop solar energy and I seek approval of this bill as the cornerstone of the policy.

Mr. Speaker, I urge the prompt passage of this legislation.

Mr. TEAGUE. Mr. Speaker, I have no further requests for time. I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 1769, FEDERAL FIRE PREVENTION AND CONTROL ACT OF 1974

Mr. TEAGUE. Mr. Speaker, I call up the conference report on the bill (S. 1769) to reduce losses of life and property through better fire prevention and control, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 2, 1974.)

Mr. TEAGUE (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ROGERS. Mr. Speaker, reserving the right to object, and I shall not object, I do want to make certain—I have some concern about the procedures that have been followed in this bill. I think we have an understanding that the jurisdiction is still in the Health Committee, but probably it is better to put this operation in a services setup rather than just research organization and that can be addressed in subsequent legislation. I presume the gentleman would agree.

Mr. TEAGUE. The gentleman from Florida is exactly correct.

Mr. ROGERS. Mr. Speaker, I thank the gentleman. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ROGERS. Mr. Speaker, I rise in support of the conference report on S. 1769, the Fire Prevention and Control Act of 1974.

I do wish to point out that I do have some concerns about section 19 of the act which directs the Secretary of Health, Education, and Welfare to establish burn treatment centers to be administered by the National Institutes of Health. NIH's primary function is basic and clinical research. Usually health programs involving treatment and rehabilitation or training of health care professionals are administered by the Health Services Administration and the Health Resources Administration within HEW. NIH simply does not have the facilities and administrative staff necessary to carry out these types of programs relating to burn treatment, and NIH has an ongoing program on burn research within the National Institute on General Medical Sciences.

I have several other concerns about the burn treatment provisions in the conference report, and I know that my colleagues on the Health Subcommittee and I will want to review this legislation in the future.

Mr. Speaker, I would like to insert two letters on this subject written by the Secretary of Health, Education, and Welfare to Chairman STAGGERS and Chairman TEAGUE.

Hon. OLIN E. TEAGUE,
Chairman, Committee on Science and Astronautics, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: As you know, the report of the Committee of Conference has been filed on S. 1769, the "Fire Prevention and Control Act of 1974." I would like to take this opportunity to state the Department's objection to Section 19 of this bill.

Pursuant to Section 19 of S. 1769, the Secretary of Health, Education, and Welfare would be authorized and directed to establish, within the National Institutes of Health and in cooperation with the Secretary of Commerce, an expanded program of research on burns, treatment of burn injuries, and rehabilitation of victims of fire. We oppose enactment of Section 19 of S. 1769 because we believe that it is unnecessary and duplicative of existing statutory research authority provided by the Public Health Service Act.

The National Institutes of Health presently supports a program in burn research, primarily through the trauma program of the National Institute of General Medical Sciences. NIGMS's trauma research program supported research to improve the care given to burn victims and spent over $1.0 million during fiscal year 1973 on burn research. In addition, other components of the Department, such as the Health Services Administration and the Health Resources Administration, actively support efforts by States and local authorities to improve emergency medical care delivery and the training of clinical manpower for improving the care of victims of fire and other medical trauma. Therefore, although we share the concern of Congress and the public for this problem, we believe that no significant benefit would result from the enactment of Section 19 of S. 1769.

We are also concerned about several other aspects of the legislation.

First, the National Institutes of Health is not the health agency responsible for sponsorship and encouragement of training, treatment, rehabilitation, and health care delivery programs for burn victims, especially the training of emergency care personnel. We are concerned that the assignment of such responsibilities to NIH could have deleterious effects on the important health research that is NIH's primary responsibility. Two other health agencies—the Health Services Administration and the Health Resources Administration are already actively supporting emergency medical care delivery and in the training of clinical manpower.

Second, we believe that the numerical requirements for comprehensive burn centers, units, and programs established by S. 1769 are unrealistically and unnecessarily high. Establishment of these facilities and programs would be impossible in the time frame of this legislation.

Third, we believe that several of the mandates are unduly specific. For example:

(1) The requirements for separate hospital facilities providing specialized burn treatment and including research and training and "used only for burn victims" in Section 19(a).

(2) The requirement for "continuing support" and "new" in Section 19(b) which would prohibit assistance to burn centers and units already in existence.

These two provisions illustrate the wasteful and inefficient practices that would be required by this narrow categorical approach.

In summary, we must continue to object to enactment of unnecessary and duplicative statutory authorities for research programs. Consequently, we recommend against enactment of this bill.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,
CASPAR W. WEINBERGER,
Secretary.

Hon. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. STAGGERS: Since the Committee of Conference has filed its report on S. 1769, the Fire Prevention and Control Act of 1974, I would like to take this opportunity to state the Department's views on Section 19 of this bill and to urge that another course of action be pursued with regard to research on burns, treatment of burn injuries, and rehabilitation of burn victims.

Section 19 of S. 1769 directs the establishment of an expanded burn research and treatment program at the National Institutes of Health and authorizes $5 million for FY 1975 and $8 million for FY 1976 for the establishment of 25 burn centers (separate hospital facilities specializing in burn treatment, research, and teaching); 25 burn units (specialized burn treatment facilities in general hospitals); 90 burn programs in general hospitals; and additional programs of special training and research on burns and burn treatment.

We believe that Section 19, as it emerged from conference, would be an inappropriate and inefficient way to improve the care of fire victims. Action by the House of Representatives pursuant to an amendment explicitly deleting appropriations from the section of H.R. 11989 dealing with the NIH burn research and treatment responsibilities under the Act confirms our view that your Committee and the House as a whole question the wisdom of this approach.

Several aspects of S. 1769 concern us, including the fact that the National Institutes of Health is not the health agency responsible for the delivery of health care nor the training of emergency care personnel and that assignment of such responsibilities to the Institute could have deleterious effects on research programs which are attempting to find answers to serious health problems. In addition, we believe the specific numerical requirements for comprehensive burn centers, units, and programs are unrealistic. In our view a more incremental expansion of burn research activities is needed to assure a quality program rather than the large-scale full-blown program of activity proposed in S. 1769. Moreover, the National Institutes of Health already supports a program of burn research through the trauma program of the National Institute of General Medical Sciences. In addition, other components of the Department, such as the Health Services Administration, and the Health Resources Administration actively support improved emergency medical care delivery which includes burn treatment and the training of clinical manpower.

I would urge you to take the necessary steps to see that Section 19 of S. 1769 as reported by the Committee of Conference not be acted favorably upon at this time.

Sincerely,
CASPAR W. WEINBERGER,
Secretary.

Mr. TEAGUE. Mr. Speaker, I will recognize the chairman of the subcommittee which handled all the hearings on this bill, a member of our committee who will not be with us for the next 2 years. However, I certainly expect him back the next 2 years after that.

This gentleman from Georgia (Mr. DAVIS) has been one of the most valuable members of our committee that we have had. I am sure that I speak for the whole committee when I say we will miss him and the Congress will miss the knowledge and the effort he puts into the work that he does.

Mr. Speaker, the Federal Fire Prevention and Control Act of 1974 was first reported out of conference on August 12 of this year. Since that date we have seen a change in the Presidency and a growing concern about the national economy. President Ford in his first address to a joint session of the Congress, also on August 12, urged further restraint by the Congress on Federal expenditures.

As a result, and after consultations with my colleagues on the conference committee, I asked that the conference report be recommitted to the conference committee for the purpose of reducing the level of funding which would be authorized in this bill.

The conference bill now before the House includes a reduction of $13.5 million below the figure originally reported. It also includes a limit of $9 million on the construction of the National Academy for Fire Prevention and Control which would be authorized under this legislation. And finally, the separate funding for master planning demonstration grants which was included in the earlier conference bill has been taken out.

The result is a bill which would establish in the Department of Commerce a very modest but also a very promising program of fire prevention and control. This is an important program. Each year 12,000 Americans are killed in fires, and that number is growing. The research and development, and the specialized professional training which this bill would authorize can turn this trend around so that fewer American lives will be lost to unnecessary fires.

Mr. Speaker, in the development of this bill, our committee has worked closely with the Office of Management and Budget to come up with an organizational structure and a funding level acceptable to both the Congress and the administration. The conference report before the House includes those provisions and I urge its adoption.

Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia (Mr. DAVIS).

Mr. DAVIS of Georgia. Mr. Speaker, I thank the gentleman from Texas very much. I want to say that I appreciate the remarks of my distinguished chairman.

This is a moderate bill and a good bill and one that should be passed.

Mr. Speaker, the committee of conference on the bill S. 1769, the Federal Fire Prevention and Control Act of 1974, has resolved the differences between the House and Senate passed versions of the bill. The result of the conference is a bill which we believe is a reasonable compromise.

The Senate acted on this bill on November 2 of last year, and the House passed it on April 29 of this year. The House acted by striking all after the enacting clause and inserting instead the language of the House bill H.R. 11989 which had been reported by the Committee on Science and Astronautics.

The bill reported by the conferees is a substitute bill. As noted in House Report 93–1413 it is the result of a careful consideration by the conference committee of the provisions found in the original bills.

Both of those bills were the result of the report submitted to the Congress and the President this spring by the National Commission on Fire Prevention and Control. This commission found that more than 12,000 Americans lose their lives each year as a result of fires, and that fires produce annual property losses amounting to almost $3 billion. Furthermore, the trend in these losses is steadily up. If that trend is to be reversed, a much stronger fire prevention and control effort must be made, and the Federal Government must make a contribution to that effort.

The two bills differed in several important respects. In regard to the organization for the fire programs proposed in the bills, the Senate bill would have established a new Assistant Secretary of Commerce for Fire Prevention and Control. The House bill would have established the fire program at a lower organizational level by setting up a National Bureau of Fire Prevention and Control within the Department. The compromise would establish a National Fire Prevention and Control Administration which, like the National Oceanic and Atmospheric Administration in the Commerce Department, would report directly to the Secretary. Thus, the Senate yielded on the establishment of a subcabinent level position, while the House accepted the point that the Administrator should report to the Secretary of Commerce.

At the same time the conference bill would maintain, as a separate entity, the Fire Research Center which was established under the Fire Research and Safety Act of 1968. A separate Fire Research Center in the National Bureau of Standards was included in the House bill and was accepted by the Senate conferees.

Both the House and Senate bills provided for the establishment of a Fire Academy which would serve as a national focus for the professional training of fire officers. The conferees agreed that this Academy should be modest in scope and a limit of $9 million on the construction cost of the Fire Academy is included in the bill. In selecting the site for the Academy, preference will be given to the use of a Federal facility which has been declared surplus to the needs of the Government. The conferees do not intend that the fire Academy be operated on the scale of the service academies or the Merchant Marine Academy which offer 4-year degree granting courses of study. Rather, it is the intent that the Fire Academy operate like the FBI Academy which offers short-term, specialized courses for fire officers.

The House bill included a provision which would permit State and local fire departments to be reimbursed for the cost of fires which they fight on Federal property. Such reimbursement would be reduced by any amount which the Federal Government pays to the local jurisdiction in lieu of taxes. The Senate bill did not include this provision, but the Senate conferees agreed to accept it and it is included in the conference substitute.

The Senate bill included a section providing for a program of master planning demonstration projects. Master planning is aimed at insuring that adjacent jurisdictions, like a group of counties or municipalities, prepared advance plans for the coordination of firefighting activities that involve two or more such jurisdictions. Such planning is expected to yield more effective fire prevention and control, and can produce notable savings in the use of the resources needed for this purpose. This provision was not included in the House bill, but the House conferees agreed to include this provision in the conference bill, but separate funding for this activity was eliminated.

The House and the Senate bills differed widely in regard to the funding which would be authorized. The House-passed bill would have provided $5 million for 1 year, while the Senate bill provided the sum of $127.5 million for 3 years. The conferees agreed to a figure substantially below the difference between these two figures, and the bill would authorize the sum of $45.5 million for 2 years.

Mr. Speaker, this bill would provide a sound program of fire prevention and control at a time when the losses from fires are growing. It is particularly appropirate that this bill be acted upon and sent to the President during National Fire Prevention Week. I urge its favorable consideration by the House.

Mr. MOSHER. Mr. Speaker, for 14 years I have had the privilege of serving with the gentleman from Georgia (Mr. DAVIS), the chairman of the subcommittee and have had the privilege of serving under his leadership in recent years on the Subcommittee on Transportation.

I certainly want to join with the gentleman from Texas (Mr. TEAGUE) in speaking of my own personal strong feelings and that of other minority members on our side of the aisle as we approach the time when we will lose the services of the gentleman from Georgia (Mr. DAVIS). He has been a distinguished member of our committee and a tremendous worker. He has been very knowledgeable and very effective, and we are going to miss him sorely, not only there but in his role as one of the original members of the Board of Governors of the Office of Technology Assessment.

I express my regret in losing the gentleman from Georgia.

It is a privilege to join with him now in urging that the House support the conference report on the Federal Fire Prevention and Control Act of 1974. It merits the support of the House.

Mr. Speaker, I would like to compliment the chairman of the Committee on Science and Astronautics and the chairman of the Subcommittee on Science, Research, and Development for their leadership in spearheading the Fire Prevention and Control Act of 1974.

The various aspects in conference were closely studied and I cite the House conferees in particular for having done such an outstanding job. The resolve of the conferees is underscored by the unanimous agreement on the conference report by the Committee of Conference.

At the outset, I would like to recognize the tremendous contribution made by Congressman ROBERT STEELE to this legislation. As I am sure my colleagues will agree, the bill now before us clearly reflects the imagination, ideas, and effort of Congressman STEELE and the Science Committee is indebted to him for his initiative and leadership in the field of fire prevention and control.

Mr. Speaker, the conference bill which we now submit for consideration reflects largely the original House bill while at the same time adopting some excellent Senate-originated recommendations. The fusion of both House and Senate features has resulted in a strong legislative response to the long-standing call for a comprehensive and hard-hitting fire prevention and control program.

In terms of specific changes, a point of contention was the organizational structure of the new fire program within the Department of Commerce. The House bill had provided for the establishment of a Fire Bureau headed by a Director and reporting to the Assistant Secretary for Science and Technology. The Senate bill had created a new Assistant Secretary of Commerce for Fire Prevention and Control. These two competing positions were compromised by creating a Fire Prevention and Control Administration within the Department of Commerce. The Administration will be headed by an Administrator who reports directly to the Secretary. The new Fire Administration is modeled on the National Oceanic and Atmospheric Administration—NOAA—currently with the Department of Commerce.

The Fire Prevention and Control Administration will provide the needed focus and direction to our Nation's fire fighting efforts. The vehicle of the administration will also insure that its work will be highly visible. The administration will have charge of many of the programs and features found in the original House and Senate bills. It will administer the Fire Academy, the Fire Data center, the fire technology program, the public education program, the master plan demonstration projects, the Federal fire reimbursement program, and other fire activities.

The National Academy for Fire Prevention and Control is meant to serve as a central training facility for our Nation's firefighters. It is not our intent that the academy become a large, degree granting institution. Rather we envision it to be a streamlined center modeled along the lines of the very successful FBI Academy. To insure that the academy's size stays within reasonable limits, the conferees put a ceiling of $9 million on construction costs. This will hold initial expenditures in check and also result in lower, long-term operating costs because of the compactness of the academy.

The National Fire Data Center will develop a comprehensive, integrated storehouse of information on fire problems. It will provide the necessary data base to spot and tabulate erstwhile overlooked details. In addition it will establish a baseline against which to measure the effectiveness of new firefighting techniques and technologies.

The master plan demonstration projects provision was adopted from the Senate bill. There was no similar House counterpart. The goal of the master plan concept is to assist local fire jurisdictions in setting fire service priorities for the future. These projects will analyze and allocate resources for the maximum fire protection benefit in light of the changing needs of the community. After the conference bill was recommitted the conferees deleted separate line item authorization for demonstration projects. The required funds will be allocated by the Administrator from his overall budget.

The fire research program is an exception to the other fire programs in that it is not intended to be under the direct control of the fire administration. The committee of conference believed that the continuation of the existing fire research program within the National Bureau of Standards is the best course of action. The National Bureau of Standards—NBS—has demonstrated its expertise and dedication in this area and thus merits our ongoing confidence and support. The Senate version would have stripped NBS of its fire research role and would have placed it in the new Assistant Secretary of Commerce for Fire Prevention and Control which it contemplated establishing.

Other aspects of the conference bill deal with reimbursing local jurisdictions the costs of fighting fires on Federal property; fostering public recognition of outstanding contributions to firefighting by granting appropriate awards; educating the public about fire hazards; and insuring that the public has convenient access to all pertinent fire data. The Secretary of Commerce is authorized to review relevant building codes and regulations. In this evaluation the Secretary will consider the human impact of such codes in addition to aspects of comfort and practicality. The House bill contained no similar building code review provision.

Both the Senate and House bills include provisions for helping fire victims. The conference bill establishes an expanded program of burn research and rehabilitation within the National Institute of Health. The human tragedy which fires cause is even more compelling of a solution than the staggering property loss which it brings. The authorized funding for this burn program is $5 million in fiscal year 1975, and $8 million in fiscal year 1976.

In overall terms, the results of the conference were that where the House authorized $5.5 million for 1 year and the Senate authorized $127.5 million for 3 years the committee of conference resolved to authorize $45.5 million for 2 years. There is authorized $18.5 million and $27 million over fiscal years 1975 and 1976. Part of this increase is attributable to Senate provisions which were not found in the House bill.

I share my colleagues concern for a sound Federal budget and the reduction of inflation. However these expenditures are modest when we remember that the toll in property loss alone due to fire each year is nearly $2 billion. The indirect cost of fires such as maintaining fire departments is over $8 billion per year. Few people would suggest that we reduce our aggressive search for new energy sources in these times of acute need and pessimistic projections. I believe it likewise ill advised to curtail the attack on the fire problem in these times of mounting human suffering, resource destruction, and rampant property loss. The compromise authorization of $45.5 million has been discussed with the Office of Management and Budget and accepted as reasonable.

Mr. Speaker, in summary, the conference bill is a synthesis of the best features of both House and Senate bills. The Fire Prevention and Control Act establishes a comprehensive program to tackle head on one of man's oldest scourages. I urge support of the bill before us as commitment to cope with a situation which is both a personal tragedy and a national disgrace.

Mr. DAVIS of Georgia. Mr. Speaker, will the gentleman yield?

Mr. MOSHER. Yes, I yield to the gentleman from Georgia.

Mr. DAVIS of Georgia. Mr. Speaker, I am exceedingly grateful to the gentleman for his remarks.

Mr. WINN. Mr. Speaker, will the gentleman yield?

Mr. MOSHER. Yes, I yield to the gentleman from Kansas.

Mr. WINN. I appreciate the gentleman's yielding.

I, too, want to express my appreciation for the leadership of the gentleman from Georgia and for the outstanding ability that he has exhibited on the Committee on Science and Astronautics.

I also appreciate his deep belief that we should do more and more to prevent fires and losses, not only to the public, but to firemen. I also appreciate the work that he has put in on the Federal Fire Prevention and Control Act of 1974. As a member of the committee of conference I, too, want to say that we will miss the gentleman very deeply, and I hope he will come back and give us the benefit of his advice and counsel.

Mr. CRONIN. Mr. Speaker, will the gentleman yield?

Mr. MOSHER. I yield to the gentleman from Massachusetts.

Mr. CRONIN. I also rise in support of this bill and in words of praise for the gentleman from Georgia (Mr. DAVIS).

While only a freshman, I have had the opportunity to travel with the gentleman from Georgia (Mr. DAVIS) to see the Fire Fighting College in England. I know how very hard he worked after that trip to prepare this legislation and to see it through to the point where it is today.

I think every firefighter in the United States of America owes a deep debt of gratitude to the gentleman from Georgia (Mr. DAVIS), and I am sure that every citizen in the United States will, hopefully, be better protected as a result of this legislation and that every citizen owes him an undying debt of gratitude. His ability and dedication will be missed by the members of our committee and the Congress. We wish him well in his new career.

Mr. MOSHER. Mr. Speaker, I have no further requests for time.

Mr. TEAGUE. Mr. Speaker, I have no further requests for time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ROSTENKOWSKI. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 381, nays 3, not voting 50, as follows:

[Roll No. 592]

YEAS—381

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conlan
Conte
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Dellums
Denholm
Dent
Derwinski
Devine
Dickinson
Dingell
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Passman
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel
Rarick
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Whalen
Whitten
Widnall
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—3

Collins, Tex.
Gross
Landgrebe

NOT VOTING—50

Biester
Blackburn
Brasco
Breaux
Carey, N.Y.
Clark
Clawson, Del
Conable
Conyers
Daniel, Robert W., Jr.
de la Garza
Dennis
Diggs
Donohue
Dorn
Duncan
Eilberg
Flynt
Hansen, Idaho
Hébert
Heinz
Johnson, Colo.
Landrum
McDade
Mann
Mathias, Calif.
Mills
Minshall, Ohio
Moakley
Nelsen
O'Hara
Pepper
Podell
Powell, Ohio
Pritchard
Rooney, N.Y.
Runnels
Ryan
Schroeder
Snyder
Steele
Stubblefield
Stuckey
Symms
Tiernan
Ware
White
Whitehurst
Williams
Young, S.C.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Del Clawson.

Mr. Rooney of New York with Mr. Robert W. Daniels, Jr.

Mr. Clark with Mr. Hansen of Idaho.

Mr. Carey of New York with Mr. Duncan.

Mr. de la Garza with Mr. Biester.

Mr. Runnels with Mr. McDade.

Mr. Stuckey with Mr. Dennis.

Mr. White with Mr. Heinz.

Mr. Mann with Mr. Minshall of Ohio.

Mr. Pepper with Mr. Conable.

Mrs. Schroeder with Mr. Pritchard.

Mr. Mills with Mr. Mathias of California.

Mr. Stubblefield with Mr. Snyder.

Mr. Ryan with Mr. Powell of Ohio.

Mr. Landrum with Mr. Symms.

Mr. Conyers with Mr. Tiernan.

Mr. Diggs with Mr. Dorn.

Mr. Donohue with Mr. Ware.

Mr. Eilberg with Mr. Steele.

Mr. Flynt with Mr. Whitehurst.

Mr. Moakley with Mr. Young of South Carolina.

Mr. O'Hara with Mr. Williams.

Mr. Breaux with Mr. Blackburn.

The result of the vote was announced as above recorded.

A motion to reconsider was laid upon the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3838) entitled "An act to authorize the regulation of interest rates payable on obligations issued by affiliates of certain depository institutions, and for other purposes."

GENERAL LEAVE

Mr. TEAGUE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the substance of the conference report on S. 1769, the Federal Fire Prevention and Control Act of 1974.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERSONAL EXPLANATION

Mr. CONYERS. Mr. Speaker, I was unavoidably delayed on my way to the floor and consequently was unable to record my vote on the Federal Fire Prevention and Control Act of 1974.

The massive problem of fire destruction in this country certainly merits increased attention by the Federal Government, and I would have voted "aye" on this important legislation.

AUTHORIZING SECRETARY OF SENATE TO MAKE CORRECTION IN ENROLLMENT OF S. 1769, FEDERAL FIRE PREVENTION AND CONTROL ACT OF 1974

Mr. TEAGUE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 661) to authorize a correction in the enrollment of S. 1769.

The Clerk read the concurrent resolution as follows:

H. Con. Res. 661

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the amendment to the text of the bill (S. 1769) to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes, the Secretary of the Senate is authorized and directed in the enrollment of the said bill to make the following correction, namely, in section 16(a)(2)(G) of the Act of March 3, 1901 as added by section 18 strike out "of such stress, and the alleviation and reduction of such conditions" and insert in lieu thereof "of fire as have significance for purposes of control or prevention of fires".

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 13113, COMMODITY FUTURES TRADING COMMISSION ACT OF 1974

Mr. POAGE. Mr. Speaker, I call up the conference report on the bill (H.R. 13113) to amend the Commodity Exchange Act to strengthen the regulation of futures trading, to bring all agricultural and other commodities traded on exchanges under regulation, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of September 27, 1974.)

Mr. POAGE. Mr. Speaker, I am happy today to call up the conference report on H.R. 13113, "The Commodity Futures Trading Commission Act of 1974." The purpose of the bill is to provide a comprehensive system of regulation of all futures trading under the aegis of one regulatory body—the Commodity Futures Trading Commission—established by the act.

The bill itself was born over 1 year ago in the Committee on Agriculture.

During the August recess of 1973, the committee staff began a review of the existing act, studies of problems of the regulation of the industry and their possible solution. On the return of the Congress, the chairman and several members of the committee met informally with small separate groups of Commodity Exchange Authority officials, heads of regulated boards of trade, and users of the futures market. Without exception, these groups indicated dissatisfaction with the present law regulating futures trading.

After orientation meetings for members of the full committee, hearings were set on a series of concepts taking the form of amendments to the present Act. No actual language was before the witnesses or the Committee in order to provide an atmosphere of completely free discussion.

These hearings continued into a following week with testimony from a broad spectrum of witnesses. As a result of these hearings, the committte directed that a special ad hoc subcommittee be formed, to formulate actual legislation. In a series of informal sessions over a period of several weeks, the subcommittee, chaired by the gentleman from Kentucky (Mr. STUBBLEFIELD) formulated and refined legislation. During the same period, the members of the subcommittee officially traveled to Chicago to view the floor operations on the Chicago Board of Trade and the Mercantile Exchange, and met also with Department and CEA officials.

H.R. 11955, introduced on December 13 by the chairman on behalf of all members of the ad hoc subcommittee, was the product of those efforts.

H.R. 11955 had five titles, amending the Commodity Exchange Act as follows: Title I created a new Commodity Futures Trading Commission to regulate the trading of futures. Title II made certain major and minor changes in activities allowed under the present Act, and moved to generally strengthen the authority for regulation of the exchanges and persons registered under the act. Title II created a new Federal Commodity Account Insurance Corporation to provide protection to smaller investors against the financial failure of the brokerage house servicing their commodity account. Title IV contained enabling authority for the creation of National Futures Association(s), and title V contained several sections implementing programs contained in earlier titles, and providing necessary changes in the act to provide for the new authority to regulate futures not covered under the present act.

Time was again set aside for hearings before the full committee on January 23, 24, 29, 30, and 31. During the course of the hearings governmental and public witnesses again appeared before the committee, this time directing their comments to specific bills before the committee, principal of which was H.R. 11955.

Open markup sessions were held on H.R. 13113 during the month of February, on the 6th, 7th, 13th, 14th, 15th, and 27th, with final consideration of the bill by the committee on March 6, 1974. The committee voted to instruct the chairman to introduce a bill incorporating the more than 50 amendments to H.R. 11955 adopted by the committee during markup. This bill, H.R. 13113, was introduced on February 27, referred to the committee, and subsequently reported by a record vote of 24 ayes to 8 voting no.

Subsequently, the bill was adopted by the House on April 11. Senate hearings before the Committee on Agriculture and Forestry were completed May 22, and the legislation reported from that committee in August was adopted September 9. The conferees reached agreement after 2 days of negotiations. The conference report is the product of those negotiations and was signed by all conferees of both bodies.

Mr. Speaker, I will not burden the Members with all of the details of the legislation. The bill is comprehensive. H.R. 13113 is major legislation strengthening the Federal regulation of the Nation's $500-billion commodity futures trading industry. It provides the first complete overhaul of the Commodity Exchange Act since its inception, and creates a comprehensive regulatory structure to oversee the trading of futures. The bill is a considered approach toward solving both immediate and readily perceivable problems besetting futures markets and the public interest, and makes several major changes in the role of the Federal Government in regulating all futures trading enterprises.

The conference version of the bill consists of four titles. Title I creates a new independent commission—to be known as the Commodity Futures Trading Commission—to replace the present weak regulatory structure within the Department of Agriculture. The Commission will consist of five members, not more than three of whom shall be members of any one political party. The members will be appointed to serve staggered terms. One of the members will be nominated by the President to serve as Chairman of the Commission.

Title II spells out the increased jurisdiction of the Commission, and provides broad new regulatory powers to the CFTC. The provision relating to jurisdiction of the Commission—section 201—is extensive and complete relative to the trading of futures.

One of the most difficult issues to be resolved in the Commodity Futures Trading Commission Act was the jurisdiction of the new Commission. Both the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry sought to avoid the usurpation by the new Commission of the jurisdiction of the Securities and Exchange Commission and other Federal agencies. It was the intent of the committees to fill all regulatory gaps—to regulate trading in futures and in options relating to commodities or commodity futures, because such trading is now poorly regulated, if it is regulated at all. As passed by the House, H.R. 13113 made clear that nothing in the Act would supersede or limit the jurisdiction of the Securities and Exchange Commission or other regulatory authorities. The Senate refined this language in an attempt to avoid unnecessary overlapping and duplicative regulation.

I understand that there is some concern that in effectuating the intent to fill regulatory gaps, the Conference substitute appears to have an unintended impact on the jurisdiction of the Securities and Exchange Commission.

This misconception apparently has arisen because of certain provisions in section 201 of the bill, in particular the revised definition of commodities, the limited grant of exclusive jurisdiction to the Commodity Futures Trading Commission, and the reference to trading in futures contracts and options, not only on designated contract markets, but also on "any other board of trade, exchange or market." I wish to emphasize that the words "any other board of trade, exchange or market" were included in the conference substitute only for the purpose of giving the Commodity Futures Trading Commission jurisdiction over futures contracts purchased and sold in the United States and executed on a foreign board of trade, exchange or market. This grant of exclusive jurisdiction is not to be construed as preempting the jurisdiction of the Securities and Exchange Commission over securities, including stock options, traded on any national securities exchange or any other U.S. securities market.

With respect to the definition of commodities, it was intended to apply to a broader class of goods, articles, rights and interests than previously were subject to the Commodity Exchange Act. It was not intended, however, to apply to trading in interests and rights traditionally known as securities, including, for example, stocks, corporate bonds, warrants, and debentures, nor was it intended to apply to trading in options to purchase any of the foregoing. However, the last sentence of subsection (b) of section 201 of the bill helps to clarify that the intent of the conferees was to subject all trading in futures contracts on a "contract market" designated pursuant to section 5 of the act, to the jurisdiction of the CFTC.

I further understand, however, that the Securities and Exchange Commission has jurisdiction over other types of securities, including investment contracts, and that the term investment contract includes a broad category of arrangements and contracts relating to investments. In this area, there may be some apparent overlap between the jurisdiction of the Securities and Exchange Commission and the intended jurisdiction of the Commodity Futures Trading Commission over trading in futures contracts relating, or purporting to relate, to tangible commodities. It was not intended that the jurisdiction of the Securities and Exchange Commission with respect to investment contracts be superseded, except to the extent that jurisdiction is granted to the CFTC with respect to contracts for future delivery or options relating, or purporting to relate, to tangible commodities, or which are effected on a contract market designated pursuant to section 5 of the act. As a result, the act is designed to supplement the present framework of regulation and to operate in conjunction with existing statutes; it is not intended to create any regulatory gaps.

In addition, the conferees wished to make clear that nothing in the act would supersede or limit the jurisdiction presently conferred on courts of the United States or any State. This act is remedial legislation designed to correct certain abuses which Congress found to exist in areas that will now come within the jurisdiction of the CFTC. Congress was aware that there have been ongoing efforts by various State and Federal regulators to prevent some of these abuses. Accordingly, section 412 was included in the bill to make clear that all pending proceedings, including ongoing investigations, as well as court proceedings, should continue unabated by any provision of the act. This also is necessary in order to prevent the creation of any regulatory gaps, particularly during the time between the adoption of this legislation and the full implementation of its provisions by the CFTC. During the course of our deliberations, we learned, for example, that the SEC has a number of such matters currently under investigation. We would expect that those investigations will continue and any proceedings resulting therefrom will not be affected by the passage of this act.

To the extent that the language of subsection (b) subjects rights and interests or transactions involving rights and interests to the concurrent jurisdiction of the new Commodity Futures Trading Commission and the Securities and Exchange Commission, the conferees intended that the two Commissions would consult and cooperate in determining what approaches to the exercise of their respective jurisdictions will best serve the public interest.

Title III of the bill provides enabling authority for persons registered under the act and in the commodity trading business to establish voluntary futures association for regulating the practices of its members. Such authority could only be exercised if approved by the Commission, and only if the association has met the requirements of title III.

Title IV makes a number of important technical and conforming changes in present law designed to enhance the ability and authority of the Commission to meet the mandate of the strengthened Act, as well as to make other necessary changes in existing law.

In order that it might be more clear as to the changes in existing law contemplated by the bill, I insert in the Record at this point the following, showing the amendments to present law present in the conference bill:

Sec. 2. (a)(1) For the purposes of this Act, "contract of sale" shall be held to include sales, agreements of sale and agreements to sell. The word "person" shall be construed to import the plural or singular, and shall include individuals, associations, partnerships, corporations, and trusts. The word "commodity" shall mean wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, [onions,] Solanum tuberosum (Irish potatoes), wool, wool tops, fats and oils (including lard, tallow, cottonseed oil, peanut oil, soybean oil and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans, soybean meal, livestock, livestock products, and frozen concentrated orange juice, *and all other goods and articles, except onions as provided in Public Law 85–839, and all services, rights, and interests in which contracts for future delivery are presently or in the future dealt in: Provided, That the Commission shall have exclusive jurisdiction with respect to accounts, agreements (including any transaction which is of the character of, or is commonly known to the trade as, an "option", "privilege", "indemnity", "bid", "offer", "put", "call", "advance guaranty", or "decline guaranty"), and transactions involving contracts of sale of a commodity for future delivery, traded or executed on a contract market designated pursuant to section 5 of this Act or any other board of trade, exchange, or market, and transactions subject to regulations of the Commission pursuant to section 217 of the Commodity Futures Trading Commission Act of 1974: And provided further, That, except as hereinabove provided, nothing contained in this section shall* (i) *supersede or limit the jurisdiction at any time conferred on the Securites and Exchange Commission or other regulatory authorities under the laws of the United States or of any State, or (ii) restrict the Securities and Exchange Commission and such other authorities from carrying out their duties and responsibilities in accordance with such laws. Nothing in this section shall supersede or limit the jurisdiction conferred on courts of the United States or any State. Nothing in this Act shall be deemed to govern or in any way be applicable to transactions in foreign currency, security warrants, security rights, resales of installment loan contracts, repurchase options, government securities, or mortgages and mortgage purchase commitments, unless such transactions involve the sale thereof for future delivery conducted on a board of trade.*

The words "board of trade" shall be held to include and mean any exchange or association, whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling any commodity or receiving the same for sale on consignment. The act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust, as well as of such official, agent, or other person.. The words "interstate commerce" shall be construed to mean commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof; or between points within the same State, Territory, or possession, or the District of Columbia, but through any place outside thereof, or within any Territory or possession, or the District of Columbia. The words "cooperative association of producers" shall mean any cooperative association, corporate or otherwise, not less than 75 per centum in good faith owned or controlled, directly or indirectly, by producers of agricultural products and otherwise complying with an Act of Congress of February 18, 1922 (U.S.C. 1934 ed., title 7, secs. 291 and 292), as now or hereafter amended, including any organization acting for a group of such associations and owned or controlled by such associations, provided that business done for or with the United States of America, or any agency thereof, shall not be considered either member or nonmember business in determining the compliance of any such association with said Act of Congress of February 18, 1922. The words "member of a contract market" shall mean and include individuals, associations, partnerships, corporations, and trusts owning or holding membership in, or admitted to membership representation on, a contract market or given members' trading privileges thereon. The words "futures commission merchant" shall mean and include individuals, associations, partnerships, corporations, and trusts engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and that, in or in connection with such solicitation or acceptance of orders, accepts any money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom. The words "floor broker" shall mean any person who, in or surrounding any "pit", "ring", "post", or other place provided by a contract market for the meeting of persons similarly engaged, shall purchase or sell for any other person any commodity for future delivery on or subject to the rules of any contract market. [The words "the Commission" shall mean the Commodity Exchange Commission, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General, or an official or employee of each of the executive departments concerned, designated by the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General, respectively; and the Secretary of Agriculture or his designee shall serve as Chairman.]

The words "the Commission" shall mean the Commodity Futures Trading Commission established under paragraph (2) of this subsection.

The term "commodity trading advisor" shall mean any person who, for compensation or profit, engages in the business of advising others, either directly or through publications or writings, as to the value of commodities or as to the advisability of trading in any commodity for future delivery on or subject to the rules of any contract market, or who for compensation or profit, and as part of a regular business, issues or promulgates analyses or reports concerning commodities; but does not include (i) any bank or trust company, (ii) any newspaper reporter, newspaper columnist, newspaper editor, lawyer, accountant, or teacher, (iii) any floor broker or futures commission merchant, (iv) the publisher of any bona fide newspaper, news magazine, or business or financial publication of general and regular circulation including their employees, (v) any contract market, and (vi) such other persons not within the intent of this definition as the Commission may specify by rule, regulation, or order: Provided, That the furnishing of such services by the foregoing persons is solely incidental to the conduct of their business or profession. The term "commodity pool operator" shall mean any person engaged in a business which is of the nature of an investment trust, syndicate, or similar form of enterprise, and who, in connection therewith, solicits, accepts, or receives from others, funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market, but does not include such persons not within the intent of this definition as the Commission may specify by rule or regulation or by order.

(2) There is hereby established, as an independent agency of the United States Government, a Commodity Futures Trading Commission. The Commissioner shall be composed of a Chairman and four other Commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. In nominating persons for appointment, the President shall seek to establish and maintain a balanced Commission, including, but not limited to, persons of demonstrated knowledge in futures trading or its regulation and persons of demonstrated knowledge in the production, merchandising, processing or distribution of one or more of the commodities or other goods and articles, services, rights and interests covered by this Act. Not more than three of the members of the Commission shall be members of the same political party. Each Commissioner shall hold office for a term of five years and until his successor is appointed and has qualified, except that he shall not so continue to serve beyond the expiration of the next session of Congress subsequent to the expiration of said fixed term of office, and except (A) any Commissioner appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (B) the terms of office of the Commissioners first taking office after the enactment of this paragraph shall expire as designated by the President at the end of two years, one at the end of three years, one at the end of four years, and one at the end of five years.

(3) A vacancy in the Commission shall not impair the right of the remaining Commissioners to exercise all the powers of the Commission.

(4) The Commission shall have a General Counsel, who shall be appointed by the Commission and serve at the pleasure of the Commission. The General Counsel shall report directly to the Commission and serve as its legal advisor. The Commission shall appoint such other attorneys as may be necessary, in the opinion of the Commission, to assist the General Counsel, represent the Commission in all disciplinary proceedings pending before it, represent the Commission in courts of law whenever appropriate, assist the Department of Justice in handling litigation concerning the Commission in courts of law, and perform such other legal duties and functions as the Commission may direct.

(5) The Commission shall have an Executive Director, who shall be appointed by the Commission, by and with the advice and consent of the Senate, and serve at the pleasure of the Commission. The Executive Director shall report directly to the Commission and perform such functions and duties as the Commission may prescribe.

(6)(A) Except as otherwise provided in this paragraph and in paragraphs (4) and (5) of this subsection, the executive and administrative functions of the Commission, including functions of the Commission with respect to the appointment and supervision of personnel employed under the Commission, the distribution of business among such personnel and among administrative units of the Commission, and the use and expenditure of funds, shall be exercised solely by the Chairman.

(B) In carrying out any of his functions under the provisions of this paragraph, the Chairman shall be governed by general policies of the Commission and by such regulatory decisions, findings, and determinations as the Commission may by law be authorized to make.

(C) The appointment by the Chairman of the heads of major administrative units under the Commission shall be subject to the approval of the Commission.

(D) Personnel employed regularly and full time in the immediate offices of Commissioners other than the Chairman shall not be affected by the provisions of this paragraph.

(E) There are hereby reserved to the Commission its functions with respect to revising budget estimates and with respect to determining the distribution of appropriated funds according to major programs and purposes.

(F) The Chairman may from time to time make such provisions as he shall deem appropriate authorizing the performance by any officer, employee, or administrative unit under his jurisdiction of any functions of the Chairman under this paragraph.

(7) No Commissioner or employee of the Commission shall accept employment or compensation from any person, exchange, or clearinghouse subject to regulation by the Commission under this Act during his term of office, nor shall he participate, directly or indirectly, in any contract market operations or transactions of a character subject to regulation by the Commission.

(8) The Commission shall in cooperation with the Secretary of Agriculture, establish a separate office within the Department of Agriculture to be staffed with employees of the Commission for the purpose of maintaining a liaison between the Commission and the Department of Agriculture. The Secretary shall take such steps as may be necessary to enable the Commission to obtain information and utilize such services and facilities of the Department of Agriculture as may be necessary in order to maintain effectively such liaison. In addition, the Secretary shall appoint a liaison officer, who shall be an employee of the Office of the Secretary, for the purpose of maintaining a liaison between the Department of Agriculture and the Commission. The Commission shall furnish such liaison officer appropriate office space within the offices of the Commission and shall allow such liaison officer to attend and observe all deliberations and proceedings of the Commission.

(9)(A) Whenever the Commission submits any budget estimate or request to the President or the Office of Mangement and Budget, it shall concurrently transmit copies of that estimate or request to the House and Senate Appropriations Committees and the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry.

(B) Whenever the Commission transmits any legislative recommendations, or testimony, or comments on legislation to the President or the Office of Management and Budget, it shall concurrently transmit copies thereof to the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry. No officer or agency of the United States shall have any authority to require the Commission to submit its legislative recommendations or testimony or comments on legislation to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress. In instances in which the Commission voluntarily seeks to obtain the comments or review of any officer or agency of the United States, the Commission shall include a description of such actions in its legislative recommendations, testimony, or comments on legislation which it transmits to the Congress.

(10) The Commission shall have an official seal, which shall be judicially noticed.

(11) The Commission is authorized to promulgate such rules and regulations as it deems necessary to govern the operating procedures and conduct of the business of the Commission.

(b) For the purpose of this Act (but not in anywise limiting the foregoing definition of interstate commerce) a transaction in respect to any article shall be considered to be in interstate commerce if such article is part of that current of commerce usual in the commodity trade whereby commodities and commodity products and byproducts thereof are sent from one State with the expectation that they will end their transit, after purchase, in another, including, in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State, or for manufacture within the State and the shipment outside the State of the products resulting from such manufacure. Articles normally in such current of commerce shall not be considered out of such commerce through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this Act. For the purpose of this paragraph the word "State" includes Territory, the District of Columbia, possession of the United States, and foreign nation.

SEC. 3. Transactions in commodities involving the sale thereof for future delivery as commonly conducted on boards of trade and known as "futures" are affected with a national public interest; that such transactions are carried on in large volume by the public generally and by persons engaged in the business of buying and selling commodities and the products and byproducts thereof in interstate commerce; that the prices involved in such transactions are generally quoted and disseminated throughout the United States and in foreign countries as a basis for determining the prices to the producer and the consumer of commodities and the products and byproducts thereof and to facilitate the movements thereof in interstate commerce; that such transactions are utilized by shippers, dealers, millers, and others engaged in handling commodities and the products and byproducts thereof in interstate commerce as a means of hedging themselves against possible loss through fluctuations in price; that the transactions and prices of commodities on such boards of trade are susceptible to speculation, manipulation, and control, and sudden or unreasonable fluctuations in the prices thereof frequently occur as a result of such speculation, manipulation, or control, which are detrimental to the producer or the consumer and the persons handling commodities and the products and byproducts thereof in interstate commerce, and that such fluctuations in prices are an obstruction to and a burden upon interstate commerce in commodities and the products and byproducts thereof and render regulation imperative for the protection of such commerce and the national public interest therein.

SEC. 4. It shall be unlawful for any person to deliver for transmission through the mails or in interstate commerce by telegraph, telephone, wireless, or other means of communication any offer to make or execute, or any confirmation of the execution of, or any quotation or report of the price of, any contract of sale of any commodity for future delivery on or subject to the rules of any board of trade in the United States, or for any person to make or execute such contract of sale, which is or may be used for (a) hedging any transaction in interstate commerce in any commodity or the products or byproducts thereof, or (b) determining the price basis of any such transaction in interstate commerce, or (c) delivering any commodity sold, shipped, or received in interstate commerce for the fulfillment thereof, except, in any of the foregoing cases, where such contract is made by or through a member of a board of trade which has been designated by the [Secretary of Agriculture] *Commission* as a "contract market", as hereinafter provided, and if such contract is evidenced by a record in writing which shows the date, the parties to such contract and their addresses, the property covered and its price, and the terms of delivery: *Provided*, That each board member shall keep such record for a period of three years from the date thereof, or for a longer period as the [Secretary of Agriculture] *Commission* shall so direct, which record shall at all times be open to the inspection of any representative of the [United States Department of Agriculture] *Commission* or the United States Department of Justice.

SEC. 4a. (1) Excessive speculation in any commodity under contracts of sale of such commodity for future delivery made on or subject to the rules of contract markets causing sudden or unreasonable fluctuations or unwarranted changes in the price of such commodity, is an undue and unnecessary burden on interstate commerce in such commodity. For the purpose of diminishing, eliminating, or preventing such burden, the Commission shall, from time to time, after due notice and opportunity for hearing, by order, proclaim and fix such limits on the amount of trading which may be done or positions which may be held by any person under contracts of sale of such commodity for future delivery on or subject to the rules of any contract market as the Commission finds are necessary to diminish, eliminate, or prevent such burden. In determining whether any person has exceeded such limits, the positions held and trading done by any persons directly or indirectly controlled by such person shall be included with the positions held and trading done by such person; and further, such limits upon positions and trading, shall apply to positions held by, and trading done by, two or more persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by, or the trading were done by, a single person. Nothing in this section shall be construed to prohibit the Commission from fixing different trading or position limits for different commodities, markets, futures, or delivery months, or different trading limits for buying and selling operations, or different limits for the purposes of subparagraphs 2 (A) and (B) of the section, or from exempting transactions normally known to the trade as "spreads" or "straddles" *or "arbitrage"* or from fixing limits applying to such transactions or positions different from limits fixed for other transactions or positions. *The word "arbitrage" in domestic markets shall be defined to mean the same as a "spread" or "straddle". The Commission is authorized to define the term "international arbitrage"*.

(2) The Commission shall in such order fix a reasonable time (not to exceed ten days) after the order's promulgation; after which, and until such order is suspended, modified, or revoked, it shall be unlawful for any person—

(A) directly or indirectly to buy or sell, or agree to buy or sell, under contracts of sale of such commodity for future delivery on or subject to the rules of the contract market or markets to which the order applies, any amount of such commodity during any one business day in excess of any trading limit fixed for one business day by the Commission in such order for or with respect to such commodity; or

(B) directly or indirectly to hold or control a net long or a net short position in any commodity for future delivery on or subject to the rules of any contract market in excess of any position limit fixed by the Commission for or with respect to such commodity: *Provided*, That such position limit shall not apply to a position acquired in good faith prior to the effective date of such order.

(3) No order issued under paragraph (1) of this section shall apply to transactions or positions which are shown to be bona fide hedging transactions or positions [.] *as such terms shall be defined by the Commission within ninety days after the effective date of the Commodity Futures Trading Commission Act of 1974 by order consistent with the purposes of this Act.*

[For the purposes of determining the bona fide hedging transactions or positions of any person under this paragraph (3), they shall mean sales of, or short positions in, any commodity for future delivery on or subject to the rules of any contract market made or held by such person to the extent that such sales or short positions are offset in quantity by the ownership or purchase of the same cash commodity by the same person or, conversely, purchases of, or long positions in, any commodity for future delivery on or subject to the rules of any contract market made or held by such person to the extent that such purchases or long positions are offset by sales of the same cash commodity by the same person. These shall be included in the amount of any commodity which may be hedged by any person—

[(A) the amount of such commodity such person is raising, or in good faith intends or expects to raise, within the next twelve months, on land (in the United States or its Territories) which such person owns or leases;

[(B) an amount of such commodity the sale of which for future delivery would be a reasonable hedge against the products or byproducts of such commodity owned or purchased by such person, or the purpose of which for future delivery would be a reasonable hedge against the sale of any product or byproduct of such commodity by such person;

[(C) an amount of such commodity the purchase of which for future delivery shall not exceed such person's unfilled anticipated requirements for processing or manufacturing during a specified operating period not in excess of one year: *Provided*, That such purchase is made and liquidated in an orderly manner and in accordance with sound commercial practice in conformity with such regulations as the Secretary of Agriculture may prescribe.]

(4) This section shall apply to a person that is registered as a futures commission merchant or as a floor broker under authority of this Act only to the extent that transactions made by such person are made on behalf of or for the account or benefit of such person. This section shall not apply to transactions made by, or on behalf of, or at the direction of, the United States, or a duly authorized agency thereof.

SEC. 4b. It shall be unlawful (1) for any member of a contract market, or for any correspondent, agent, or employee of any member, in or in connection with any order to make, or the making of any contract of sale of any commodity in interstate commerce, made, or to be made, on or subject to the rules of any contract marked, for or on behalf of any other person, or (2) for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery, make, or to be made, on or subject to the rules of any contract market, for or on behalf of any other person if such contract for future delivery is or may be used for (a) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof—

(A) to cheat or defraud or attempt to cheat or defraud such other person;

(B) willfully to make or cause to be made to such other person any false report or statement thereof, or willfully to enter or cause to be entered for such person any false record thereof;

(C) willfully to deceive or attempt to deceive such other person by any means whatsoveer in regard to any such order to contract or the disposition or execution of any such order or contract, or in regard to any act of agency performed with respect to such order or contract for such person; or

(D) to bucket such order, or to fill such order by offset against the order or orders of any other person, or willfully and knowingly and without the prior consent of such person to become the buyer in respect to any selling order of such person, or become the seller in respect to any buying order of such person.

Nothing in this section or in any other section of this Act shall be construed to prevent a futures comission merchant or floor broker who shall have in hand, simultaneously, buying and selling orders at the market for different principals for a like quantity of [cotton] *a commodity* for future delivery in the same month, from executing such buying and selling orders at the market price: *Provided*, That any such execution shall take place on the floor of the exchange where such orders are to be executed at public outcry across the ring and shall be duly reported, recorded, and cleared in the same manner as other orders executed on such exchange [.]: *And provided further, That such transactions shall be made in accordance with such rules and regulations as the Commission may promulgate regarding the manner of the execution of such transactions.*

SEC. 4c. (a) It shall be unlawful for any person to offer to enter into, enter into, or confirm the execution of, any transaction involving any commodity, which is or may be used for (1) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or (2) determining the price basis of any such transaction in interstate commerce in such commodity, or (3) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof—

(A) if such transaction is, is of the character of, or is commonly known to the trade as, a "wash sale", "cross trade", or "accommodation trade", or is a fictitious sale;

(B) [if such transaction is, is of the character of, or is commonly known to the trade as a "privilege", "indemnity", "bid", "offer", "put", "call", "advanced guaranty", or "decline guaranty", or] *if such transaction involves any commodity specifically set forth in section 2(a) of this Act, prior to the enactment of the Commodity Futures Trading Commission Act of 1974, and if such transaction is of the character of, or is commonly known to the trade as, an "option", "privilege", "indemnity", "bid", "offer", "put", "call", "advance guaranty', or decline guaranty", or*

(C) if such transaction is used to cause any price to be reported, registered, or recorded which is not a true and bona fide price.

Nothing in this section shall be construed to prevent the exchange of futures in connection with cash commodity transactions or of futures for cash commodities, or of transfer trades or office trades if made in accordance with board of trade rules applying to such transactions and such rules shall not have been disapproved by the [Secretary of Agriculture] *Commission.* [Nothing in this section or section 4b shall be construed to impair any State law applicable to any transaction enumerated or described in such sections.]

(b) No person shall offer to enter into, enter into, or confirm the execution of, any transaction subject to the provisions of subsection (a) of this section involving any commodity regulated under this Act, but not specifically set forth in section 2(a) of this Act, prior to the enactment of the Commodity Futures Trading Commission Act of 1974, which is of the character of, or is commonly known to the trade as, an "option", "privilege", "indemnity", "bid", "offer", "put", "call", "advance guaranty", or "decline guaranty", contrary to any rule, regulation, or order of the Commission prohibiting any such transaction or allowing any such transaction under such terms and conditions as the Commission shall prescribe within one year after the effective date of the Commodity Futures Trading Commission Act of 1974 unless the Commission determines and notifies the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture that it is unable to prescribe such terms and conditions within such period of time: Provided, That any such order, rule, or regulation may be made only after notice and opportunity for hearing: And provided further, That the Commission may set different terms and conditions for different markets.

SEC. 4d. It shall be unlawful for any person to engage as futures commission merchant in soliciting orders or accepting orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market unless—

(1) such person shall have registered, under this Act, with the [Secretary of Agriculture] *Commission* as such futures commission merchant and such registration shall not have expired nor been suspended nor revoked; and

(2) such person shall, whether a member or nonmember of a contract market, treat and deal with all money, securities, and property received by such person to margin, guarantee, or secure the trades or contracts of any customer of such person, or accruing to such customer as the result of such trades or contracts, as belonging to such customer. Such money, securities, and property shall be separately accounted for and shall not be commingled with the funds of such commission merchant or be used to margin or guarantee the trades or contracts, or to secure or extend the credit, of any customer or person other than the one for whom the same are held: *Provided, however,* That such money, securities and property of the customers of such futures commission merchant may, for convenience, be commingled and deposited in the same account or accounts with any bank or trust company or with the clearing house organization of such contract market, and that such share thereof as in the normal course of business shall be necessary to margin, guarantee, secure, transfer, adjust, or settle the contracts or trades of such customers or resulting market positions, with the clearinghouse organization of such contract market or with any member of such contract market, may be withdrawn and applied to such purposes, including the payment of commissions, brokerage, interest, taxes, storage and other charges, lawfully accruing in connection with such contracts and trades: *Provided, further,* That such money may be invested in obligations of the United States, in general obligations of any State or of any political subdivision thereof, and in obligations fully guaranteed as to principal and interest by the United States, such investments to be made in accordance with such rules and regulations and subject to such conditions as the [Secretary of Agriculture] *Commission* may prescribe.

It shall be unlawful for any person, including but not limited to any clearing agency of a contract market and any depository, that has received any money, securities, or property for deposit in a separate account as provided in paragraph (2) of this section, to hold, dispose of or use any such money, securities, or property as belonging to the depositing futures commission merchant or any person other than the customers of such futures commission merchant.

SEC. 4e. It shall be unlawful for any person to act as floor broker in executing any orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery on or subject to the rules of any contract market unless such person shall have registered, under this Act, with the [Secretary of Agriculture] *Commission* as such floor broker and such registration shall not have expired nor been suspended nor revoked.

SEC. 4f. (1) Any person desiring to register as futures commission merchant or as floor broker hereunder shall be registered upon application to the [Secretary of Agriculture] *Commission,* which application shall be made in form and manner to be prescribed by the [Secretary of Agriculture] *Commission,* giving such information and facts as the [Secretary of Agriculture] *Commission* may deem necessary concerning the business in which the applicant is or will be engaged including, in the case of applications of futures commission merchants, the names and addresses of the managers of all branch offices and of all correspondents and agents engaged in soliciting or accepting on behalf of such applicants any orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any board of trade, and including also the names of its officers and partners, if a partnership, and of its officers, directors, and stockholders, as the [Secretary of Agriculture] *Commission* may direct, if a corporation. Such person, when registered hereunder, shall likewise continue to report and furnish to the [Secretary of Agriculture] *Commission* the above-mentioned information and such other information pertaining to his business as the [Secretary of Agriculture] *Commission* may require. All registrations shall expire on the 31st day of December of the year for which issued, and shall be renewed upon application therefor unless the registration has been suspended (and the period of such suspension has not expired) or revoked after notice and hearing as prescribed in this Act.

(2) Notwithstanding any other provisions of this Act, no person desiring to register as futures commission merchant shall be so registered unless he meets such minimum financial requirements as the [Secretary of Agriculture] *Commission* may by regulation prescribe as necessary to insure his meeting his obligations as a registrant, and each person so registered shall at all times continue to meet such prescribed minimum financial requirements: *Provided,* That such minimum financial requirements will be considered met if the applicant for registration or registrant is a member of a contract market and conforms to minimum financial standards and related reporting requirements set by such contract market in its bylaws, rules, regulations or resolutions and approved by the [Secretary of Agriculture] *Commission* as adequate to effectuate the purposes of this paragraph (2).

SEC. 4g. (1) Every person registered hereunder as futures commission merchant or floor broker shall make such reports as are required by the [Secretary of Agriculture] *Commission* regarding the transactions and positions of such person, and the transactions and positions of the customers thereof, in commodities for future delivery on any board of trade in the United States or elsewhere; shall keep books and records pertaining to such transactions and positions in such form and manner and for such period as may be required by the [Secretary] *Commission,* and shall keep such books and records open to inspection by any representative of the [United States Department of Agriculture] *Commission* or the United States Department of Justice.

(2) Every clearinghouse and contract market shall maintain daily trading records. The daily trading records shall include such information as the Commission shall prescribe by rule.

(3) Brokers and futures commission merchants shall maintain daily trading records for each customer in such manner and form as to be identifiable with the trades referred to in subsection 2.

(4) Daily trading records shall be maintained in a form suitable to the Commission for such period as may be required by the Commission. Reports shall be made from the records maintained at such times and at such places and in such form as the Commission may prescribe by rule, order, or regulation in order to protect the public interest and the interest of persons trading in commodity futures.

(5) Before the beginning of trading each day, the exchange shall, insofar as is practicable and under terms and conditions specified by the Commission, make public the volume of trading on each type of contract for the previous day and such other information as the Commission deems necessary in the public interest and prescribes by rule, order, or regulation.

(6) Nothing contained in this section shall be construed to prohibit the Commission from making separate determinations for different clearinghouses, contract markets, and exchanges when such determinations are warranted in the judgment of the Commission.

SEC. 4h. It shall be unlawful for any person—

(1) to conduct any office or place of business anywhere in the United States or its territories for the purpose of soliciting or accepting any orders for the purchase or

sale of any commodity for future delivery, or for making or offering to make any contracts for the purchase or sale of any commodity for future delivery, or for conducting any dealings in commodities for future delivery, that are or may be used for—

(A) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or

(B) determining the price basis of any such transaction in interstate commerce, or

(C) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof,

if such orders, contracts, or dealings are executed or consummated otherwise than by or through a member of a contract market; or

(2) falsely to represent such person to be a member of a contract market, or the representative or agent of such member, or to be a futures commission merchant registered under this Act, or the agent of such registered futures commission merchant, in soliciting or handling any order or contract for the purchase or sale of any commodity in interstate commerce or for future delivery, or falsely to represent in connection with the handling of any such order or contract that the same is to be or has been executed on, or by or through any member of, any contract market.

SEC. 4i. It shall be unlawful for any person to make any contract for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market unless such person shall report or cause to be reported to the properly designated officer in accordance with the rules and regulations of the [Secretary of Agriculture] *Commission* (1) whenever such person shall directly or indirectly make such contracts with respect to any commodity, or any future of such commodity, during any one day in an amount equal to or in excess of such amount as shall be fixed from time to time by the [Secretary of Agriculture] *Commission*; and (2) whenever such person shall directly or indirectly have or obtain a long or short position in any commodity or in any future of such commodity, equal to or in excess of such amount as shall be fixed from time to time by the [Secretary of Agriculture] *Commission*. Such person shall keep books and records of all futures transactions and positions coming within the provisions of (1) and (2) hereof, and shall keep books and records of such cash or spot transactions in such commodity entered into, and inventories and purchase and sale commitments of such commodity held, in any month in which such person is required to make any report under the provisions of (1) or (2), as the [Secretary of Agriculture] *Commission* may require. Such books and records shall show complete details concerning all such transactions, positions, inventories and commitments, including the names and addresses of all persons having any interest therein, and shall be open at all times to inspection by any representative of the [United States Department of Agriculture] *Commission* or the United Sates Department of Justice. For the purposes of this section, the futures and cash or spot transactions and positions of any person shall include such transactions and positions of any persons directly or indirectly controlled by such person.

Sec. 4j. (1) The Commission shall within six months after the effective date of the Commodity Futures Trading Commission Act of 1974, and subsequently when it determines that changes are required, make a determination, after notice and opportunity for hearing, whether or not a floor broker may trade for his own account or any account in which such broker has trading discretion, and also execute a customer's order for future delivery and, if the Commission determines that such trades and such executions shall be permitted, the Commission shall further determine the terms, conditions, and circumstances under which such trades and such executions shall be conducted: Provided, That any such determination shall, at a minimum, take into account the effect upon the liquidity of trading of each market: And provided further, That nothing herein shall be construed to prohibit the Commission from making separate determinations for different contract markets when such are warranted in the judgment of the Commission, or to prohibit contract markets from setting terms and conditions more restrictive than those set by the Commission.

(2) The Commission shall within six months after the effective date of the Commodity Futures Trading Commission Act of 1974, and subsequently when it determines that changes are required, make a determination, after notice and opportunity for hearing, whether or not a futures commission merchant may trade for its own account or any proprietary account, as defined by the Commission, and if the Commission determines that such trades shall be permitted, the Commission shall further determine the terms, conditions, and circumstances under which such trades shall be conducted: Provided, That any such determination, at a minimum, shall take into account the effect upon the liquidity of trading of each market: And provided further, That nothing herein shall be construed to prohibit the Commission from making separate determinations for different contract markets when such are warranted in the judgment of the Commission, or to prohibit contract markets from setting terms and conditions more restrictive than those set by the Commission.

Sec. 4k. (1) It shall be unlawful for any person to be associated with any futures commission merchant or with any agent of a futures commission merchant as a partner, officer, or employee (or any person occupying a similar status or performing similar functions), in any capacity which involves (i) the solicitation or acceptance of customers' orders (other than in a clerical capacity) or (ii) the supervision of any person or persons so engaged, unless such person shall have registered, under this Act, with the Commission and such registration shall not have expired nor been suspended (and the period of suspension has not expired) or revoked, and it shall be unlawful for any futures commission merchant or any agent of a futures commission merchant to permit such a person to become or remain associated with him in any such capacity if such futures commission merchant or agent knew or should have known that such person was not so registered or that such registration had expired, been suspended (and the period of suspension has not expired) or revoked: Provided, That any individual who is registered as a floor broker or futures commission merchant (and such registration is not suspended or revoked) need not also register under these provisions.

(2) Any such person desiring to be registered shall make application to the Commission in the form and manner prescribed by the Commission, giving such information and facts as the Commission may deem necessary concerning the applicant. Such person, when registered hereunder, shall likewise continue to report and furnish to the Commission such information as the Commision may require. Such registration shall expire two years after the effective date thereof, and shall be renewed upon application therefor unless the registration has been suspended (and the period of such suspension has not expired) or revoked after notice and hearing as prescribed in section 6(b) of this Act: Provided, That upon initial registration, the effective period of such registration shall be set by the Commission, not to exceed two years from the effective date thereof and not to be less than one year from the effective date thereof.

Sec. 4l. It is hereby found that the activities of commodity trading advisors and commodity pool operators are affected with a national public interest in that, among other things—

(1) their advice, counsel, publications, writings, analyses, and reports are furnished and distributed, and their contracts, solicitations, subscriptions, agreements, and other arrangements with clients take place and are negotiated and performed by the use of the mails and other means and instrumentalities of interstate commerce;

(2) their advice, counsel, publications, writings, analyses, and reports customarily relate to and their operations are directed toward and cause the purchase and sale of commodities for future delivery on or subject to the rules of contract markets; and

(3) the foregoing transactions occur in such volume as to affect substantially tranactions on contract markets.

Sec. 4m. It shall be unlawful for any commodity trading advisor or commodity pool operator, unless registered under this Act, to make use of the mails or any means or instrumentality of interstate commerce in connection, with his business as such commodity trading advisor or commoaity pool operator: Provided, That the provisions of this section shall not apply to any commodity trading advisor who, during the course of the preceding twelve months, has not furnished commodity trading advice to more than fifteen persons and who does not hold himself out generally to the public as a commodity trading advisor.

Sec. 4n. (1) Any commodity trading advisor or commodity pool operator, or any person who contemplates becoming a commodity trading advisor or commodity pool operator, may register under this Act by filing an application with the Commission. Such application shall contain such information, in such form and detail, as the Commission may, by rules and regulations, prescribe as necessary or appropriate in the public interest, including the following:

(A) the name and form of organization, including capital structure, under which the applicant engages or intends to engage in business; the name of the State under the laws of which he is organized; the location of his principal business office and branch offices, if any; the names and addresses of all partners, offices, if any; the names and addresses of all partners, officers, directors, and persons performing similar functions or, if the applicant be an individual, of such individual; and the number of employees;

(B) the education, the business affiliations for the past ten years, and the present business affiliations of the applicants and of his partners, officers, directors, and persons performing similar functions and of any controlling person thereof;

(C) the nature of the business of the applicant, including the manner of giving advice and rendering of analyses or reports;

(D) the nature and scope of the authority of the applicant with respect to clients' funds and accounts;

(E) the basis upon which the applicant is or will be compensated; and

(F) such other information as the Commission may require to determine whether the applicant is qualified for registration.

(2) Except as hereinafter provided, such registration shall become effective thirty days after the receipt of such application by the Commission, or within such shorter period of time as the Commission may determine.

(3) All registration under this section shall expire on the 30th day of June of each year, and shall be renewed upon application therefor subject to the same requirements as in the case of an original application.

(4)(A) Every commodity trading advisor and commodity pool operator registered under this Act shall maintain books and records and file such reports in such form and manner as may be prescribed by the Commission. All such books and records shall be kept for a period of at least three years, or longer if the Commission so directs, and shall be open to inspection by any representative of the Commission or the Department of Justice. Upon the request of the Commission, a registered commodity trading advisor or commodity pool operator shall furnish the name and address of each client, subscriber, or participant, and submit samples or copies of all reports, letters, circulars, memorandums, publications, writings, or other literature or advice distributed to clients, subscribers, or participants, or prospective clients, subscribers, or participants.

(B) Unless otherwise authorized by the Commission by rule or regulation, all commodity trading advisors and commodity pool operators shall make a full and complete disclosure to their subscribers, clients, or participants of all futures market positions taken or held by the individual principals of their organization.

(5) Every commodity pool operator shall regularly furnish statements of account to each participant in his operations. Such statements shall be in such form and manner as may be prescribed by the Commission and shall include complete information as to the current status of all trading accounts in which such participant has an interest.

(6) The Commission is authorized, without hearing, to deny registration to any person as a commodity trading advisor or commodity pool operator if such person is subject to an outstanding order under this Act denying to such person trading privileges on any contract market, or suspending or revoking the registration of such person as a commodity trading advisor, commodity pool operator, futures commission merchant, or floor broker, or suspending or expelling such person from membership on any contract market.

(7) The Commission after hearing may by order deny registration, revoke or suspend the registration of any commodity trading advisor or commodity pool operator if the Commission finds that such denial, revocation, or suspension is in the public interest and that—

(A) the operations of such person disrupt or tend to disrupt orderly marketing conditions, or cause or tend to cause sudden or unreasonable fluctuations or unwarranted changes in the prices of commodities;

(B) such commodity trading advisor or commodity pool operator, or any partner, officer, director, person performing similar function or controlling person thereof—

(i) has within ten years of the issuance of such order been convicted of any felony or misdemeanor involving the purchase or sale of any commodity or security, or arising out of any conduct or practice of such commodity trading advisor or commodity pool operator or affiliated person as a commodity trading advisor or commodity pool operator; or

(ii) at the time of the issuance of such order, is permanently or temporarily enjoined by order, judgment or decree of any court of competent jurisdiction from acting as a commodity trading advisor, commodity pool operator, futures commission merchant, or floor broker, or as an affiliated person or employee of any of the foregoing, or from engaging in or continuing any conduct or practice in connection with any such activity or in connection with the purchase or sale of commodities or securities; or

(C) any partner, officer, or director of such commodity trading advisor or commodity pool operator, or any person performing a similar function or any controlling person thereof is subject to an outstanding order of the Commission denying trading privileges on any contract market to such person, or suspending or revoking the registration of such person as a commodity trading advisor, commodity pool operator, futures commission merchant, or floor broker, or suspending or expelling such person from membership on any contract market.

Sec. (1) It shall be unlawful for any commodity trading advisor or commodity pool operator registered under this Act, by use of the mails or any means or instrumentality of interstate commerce directly or indirectly—

(A) to employ any device, scheme, or artifice to defraud any client or participant or prospective client or participant; or

(B) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or participant or prospective client or participant.

(2) It shall be unlawful for any commodity trading advisor or commodity pool operator registered under this Act to represent or imply in any manner whatsoever that he has been sponsored, recommended, or approved, or that his abilities or qualifications have in any respect been passed upon, by the United States or any agency or office thereof: Provided, That this section shall not be construed to prohibit a statement that a person is registered under this Act as a commodity trading advisor or commodity pool operator, if such statement is true in fact and if the effect of such registration is not misrepresented.

Sec. 4p. The Commission may specify by rules and regulations appropriate standards with respect to training, experience, and such other qualifications as the Commission finds necessary or desirable to insure the fitness of futures commission merchants, floor brokers, and those persons associated with futures commission merchants or floor brokers. In connection therewith, the Commission may prescribe by rules and regulations the adoption of written proficiency examinations to be given to applicants for registration as futures commission merchants, floor brokers, and those persons associated with futures commission merchants or floor brokers, and the establishment of reasonable fees to be charged to such applicants to cover the administration of such examinations. The Commission may further prescribe by rules and regulations that, in lieu of examinations administered by the Commission, futures associations registered under section 17 of this Act or contract markets may adopt written proficiency examinations to be given to applicants for registration as futures commission merchants, floor brokers, and those persons associated with futures commission merchants or floor brokers, and charge reasonable fees to such applicants to cover the administration of such examinations. Notwithstanding any other provision of this section, the Commission may specify by rules and regulations such terms and conditions as it deems appropriate to protect the public interest wherein exception to any written proficiency examination shall be made with respect to individuals who have demonstrated, through training and experience, the degree of proficiency and skill necessary to protect the interests of the customers of futures commission merchants and floor brokers.

SEC. 5. The [Secretary of Agriculture] *Commission* is hereby authorized and directed to designate any board of trade as a "contract market" when, and only when, such board of trade complies with and carries out the following conditions and requirements:

(a) When located at a terminal market where any cash commodity of the kind specified in the contracts of sale of commodities for future delivery to be executed on such board is sold in sufficient volumes and under such conditions as fairly to reflect the general value of the commodity and the differences in value between the various grades of such commodity, and where there is available to such board of trade official inspection service approved by the Secretary of Agriculture *or the Commission* for the purpose: *Provided,* That any board of trade not so located shall be designated as a "contract market" if such board of trade provides for the delivery of commodities on such contracts at a delivery point or points and upon terms and conditions approved by the [Secretary of Agriculture] *Commission.*

(b) When the governing board thereof provides for the making and filing by the board or any member thereof, as the [Secretary of Agriculture] *Commission* may direct, of reports in accordance with the rules and regulations, and in such manner and form and at such times as may be prescribed by the [Secretary of Agriculture] *Commission,* showing the details and terms of all transactions entered into by the board, or the members thereof, either in cash transactions or transactions for future delivery consummated on or subject to the rules of a board of trade, and when such governing board provides, in accordance with such rules and regulations, for the keeping of a record by the board or the members of the board of trade, as the [Secretary of Agriculture] *Commission* may direct, showing the details and terms of all cash and future transactions entered into by them, consummated on or subject to the rules of a board of trade, such record to be in permanent form, showing the parties to all such transactions, including the persons for whom made, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such record shall be required to be kept for a period of three years from the date thereof, or for a longer period if the [Secretary of Agriculture] *Commission* shall so direct, and shall at all times be open to the inspection of any representative of the [United States Department of Agriculture] *Commission* or United States Department of Justice.

(c) When the governing board thereof provides for the prevention of dissemination by the board or any member thereof, of false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of any commodity in interstate commerce.

(d) When the governing board thereof provides for the prevention of manipulation of prices and the cornering of any commodity by the dealers or operators upon such board.

(e) When the governing board thereof does not exclude from membership in, and all privileges on, such board of trade, any duly authorized representatives of any lawfully formed and conducted cooperative association of procedures having adequate financial responsibility which is engaged in any cash commodity business, if such association has complied, and agrees to comply, with such terms and conditions as are or may be imposed lawfully on other members of such board: *Provided,* That no rule of a contract market shall forbid or be construed to forbid the return on a patronage basis by such cooperative association to its bona fide members of moneys collected in excess of the expense of conducting the business of such association.

(f) When the governing board provides for making effective the final orders or decisions entered pursuant to the provisions of paragraph (b) of section 6, and the orders issued pursuant to the provisions of section 5a of this Act, and for compliance in all other respects with the requirements applicable to such board of trade under this Act.

(g) When such board of trade demonstrates that transactions for future delivery in the commodity for which designation as

a contract market is sought will not be contrary to the public interest.

Sec. 5a. Each contract market shall—

(1) promptly furnish the [Secretary of Agriculture] *Commission* copies of all bylaws, rules, regulations, and resolutions made or issued by it or by the governing board thereof or any committee, and of all changes and proposed changes therein;

(2) keep all books, records, minutes and journals of proceedings of such contract market, and its governing board, committees, subsidiaries, and affiliates in a manner that will clearly describe all matters discussed by such contract market, governing board, committees, subsidiaries and affiliates and reveal any action taken in such matters, and allow inspection at all times by any authorized representative of the [United States Department of Agriculture] *Commission* or United States Department of Justice of all such books, records, minutes and journals of proceedings. Such books, records, minutes and journals of proceedings shall be kept for a period of three years from the date thereof, or for a longer period if the [Secretary of Agriculture] *Commission* shall so direct;

(3) require the operators of warehouses in which or out of which any commodity is deliverable on any contract for future delivery made on or subject to the rules of such contract market, to make such reports, keep such records and permit such warehouse visitation as the [Secretary of Agriculture] *Commission* may prescribe. Such books and records shall be required to be kept for a period of three years from the date thereof, or for a longer period if the [Secretary of Agriculture] *Commission* shall so direct, and such books, records, and warehouses shall be open at all times to inspection by any representative of the [United States Department of Agriculture] *Commission* or United States Department of Justice;

(4) when so directed by order of the [Secretary of Agriculture] *Commission*, provide for a period, after trading in contracts of sale of any commodity for future delivery in a delivery month has ceased, during which contracts of sale of such commodity for future delivery in such month may be satisfied by the delivery of the actual cash commodity.

Whenever, after due notice and opportunity for hearing, the [Secretary of Agriculture] *Commission* finds that provision for such a period of delivery for any one or more commodities or markets would prevent or tend to prevent "squeezes" and market congestion endangering price stability, [he] *it* shall, by order, require such period of delivery (which shall be not less than three nor more than ten business days) applicable to such commodities and markets as [he] *it* finds will prevent or tend to prevent such "squeezes" and market congestion: *Provided, however,* That such order shall not apply to then existing contracts;

(5) require the party making delivery of any commodity on any contract of sale of such commodity for future delivery to furnish the party obligated under the contract to accept delivery, written notice of the date of delivery at least one business day prior to such date of delivery. Whenever, after due notice and opportunity for hearing, the [Secretary of Agriculture] *Commission* finds that the giving of longer notice of delivery is necessary to prevent or diminish unfair practices in trading in any one or more commodities or markets, [he] *it* shall by order require such longer notice of delivery (which shall be not more than ten business days) applicable to such commodities and markets as [he] *it* finds will prevent or diminish unfair practices: *Provided however,* That such order shall not apply to then existing contracts;

(6) require that all contracts of sale of any commodity for future delivery on such contract market shall provide for the delivery thereunder of commodities of grades conforming to United States standards, if such standards shall have been officially promulgated [;] *and adopted by the Commission;*

(7) require that receipts issued under the United States Warehouse Act (U.S.C., 1934 ed., title 7, secs. 241–273) shall be accepted in satisfaction of any futures contract, made on or subject to the rules of such contract market, without discrimination and notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any State or enjoys other or different privileges than under State law: *Provided, however,* That such receipts shall be for the kind, quality, and quantity of commodity specified in such contract and that the warehouse in which the commodity is stored meets such reasonable requirements as may be imposed by such contract market on other warehouses as to location, accessibility, and suitability for warehousing and delivery purposes: *And provided further, That this subsection shall apply only to futures contracts for those commodities which may be delivered from a warehouse subject to the United States Warehouse Act;*

(8) enforce all bylaws, rules, regulations, and resolutions, made or issued by it or by the governing board thereof or any committee, which relate to terms and conditions in contracts of sale to be executed on or subject to the rules of such contract market or relate to other trading requirements, and which have [not been disapproved by the Secretary of Agriculture pursuant to paragraph (7) of section 8a] *been approved by the Commission pursuant to paragraph (12) of section 5a* of this Act; and revoke and not enforce any such bylaw, rule, regulation, or resolution, made, issued, or proposed by it or by the governing board thereof or any committee, which has been [so] disapproved *by the Commission;* [and]

(9) enforce all bylaws, rules, regulations, and resolutions made or issued by it or by the governing board thereof or by any committee, which provide minimum financial standards and related reporting requirements for futures commission merchants who are members of such contract market, and which have been approved by the [Secretary of Agriculture] *Commission* [.];

(10) permit the delivery of any commodity, on contracts of sale thereof for future delivery, of such grade or grades, at such point or points and at such quality and locational price differentials as will tend to prevent or diminish price manipulation, market congestion, or the abnormal movement of such commodity in interstate commerce. If the Commission after investigation finds that the rules and regulations adopted by a contract market permitting delivery of any commodity on contracts of sale thereof for future delivery, do not accomplish the objectives of this subsection, then the Commission shall notify the contract market of its finding and afford the contract market an opportunity to make appropriate changes in such rules and regulations. If the contract market within seventy-five days of such notification fails to make the changes which in the opinion of the Commission are necessary to accomplish the objectives of this subsection, then the Commission after granting the contract market an opportunity to be heard, may change or supplement such rules and regulations of the contract market to achieve the above objectives: Provided, That any order issued under this paragraph shall not apply to contracts of sale for future delivery in any months in which contracts are currently outstanding and open: And provided further, That no requirement for an additional delivery point or points shall be promulgated following hearings until the contract market affected has had notice and opportunity to file exceptions to the proposed order determining the location and number of such delivery point or points;

(11) provide a fair and equitable procedure through arbitration or otherwise for the settlement of customers' claims and grievances against any member or employee thereof: Provided, That (i) the use of such procedure by a customer shall be voluntary, (ii) the procedure shall not be applicable to any claim in excess of $15,000, (iii) the procedure shall not result in any compulsory payment except as agreed upon between the parties, and (iv) the term 'customer' as used in this subsection shall not include a futures commission merchant or a floor broker; and

(12) except as otherwise provided in this subsection, submit to the Commission for its approval all bylaws, rules, regulations, and resolutions made or issued by such contract market, or by the governing board thereof or any committee thereof which relate to terms and conditions in contracts of sale to be executed on or subject to the rules of such contract market or relate to other trading requirements except those relating to the setting of levels of margin. The Commission shall approve, within thirty days of their receipt unless the Commission notifies the contract market of its inability to make such determination within such period of time, such bylaws, rules, regulations, and resolutions upon a determination that such bylaws, rules, regulations, and resolutions are not in violation of the provisions of this Act or the regulations of the Commission and thereafter the Commission shall disapprove, after appropriate notice and opportunity for hearing, any bylaw, rule, regulation, or resolution which the Commission finds at any time is in violation of the provisions of this Act or the regulations of the Commission. The Commission shall specify the terms and conditions under which a contract market may, in an emergency, as defined by the Commission, adopt a temporary rule dealing with trading requirements without prior Commission approval. In the event of such an emergency, as defined by the Commission, requiring immediate action, the contract market by a two-thirds vote of its governing board may place into immediate effect without prior Commission approval a temporary rule dealing with such emergency if it notifies the Commission of such action with a complete explanation of the emergency involved. The Commission may adopt a regulation exempting enumerated types of contract market operational and administrative rules from the requirement that they be submitted to the Commission for its approval.

Sec. 5b. The failure or refusal of any board of trade to comply with any of the provisions of the Act, or any of the rules, regulations, or orders of [the Secretary of Agriculture or] the Commission thereunder, shall be cause for suspending for a period not to exceed six months or revoking the designation of such board of trade as a "contract market" in accordance with the procedure and subject to the judicial review provided in paragraph (a) of section 6 of this Act.

Sec. 6. Any board of trade desiring to be designated a "contract market" shall make application to the [Secretary of Agriculture] *Commission* for such designation and accompany the same with a showing that it complies with the above conditions, and with a sufficient assurance that it will continue to comply with the above requirements. In the event of a refusal to designate as a "contract market" any board of trade that has made application therefor, such board of trade shall be afforded an opportunity for a hearing before the Commission, with the right to appeal an adverse decision after such hearing to the court of appeals as provided for in other cases in paragraph (a) of this section.

(a) The Commission is authorized to suspend for a period not to exceed six months or to revoke the designation of any board of trade as a "contract market" upon a showing that such board of trade is not enforcing or has not enforced its rules of government made a condition of its designation as set forth in section 5 of this Act or that such board of trade, or any director, officer, agent, or employee thereof, otherwise is violating or has violated any of the provisions of this Act or any of the rules, regulations, or orders of [the Secretary of Agriculture or] the Commission thereunder. Such suspension or revocation shall only be after a notice to the officers of the board of trade affected and upon a hearing: *Provided*, That such suspension or revocation shall be final and conclusive, unless within fifteen days after such suspension or revocation by the Commission such board of trade appeals to the court of appeals for the circuit in which it has its principal place of business, by filing with the clerk of such court a written petition praying that the order of the Commission be set aside or modified in the manner stated in the petition, together with a bond in such sum as the court may determine, conditioned that such board of trade will pay the costs of the proceedings if the court so directs. The clerk of the court in which such a petition is filed shall immediately cause a copy thereof to be delivered to [the Secretary of Agriculture, who shall thereupon notify the other members of] the Commission and file in the court the record in such proceedings, as provided in section 2112 of title 28, United States Code. The testimony and evidence taken or submitted before the Commission, duly filed as aforesaid as a part of the record, shall be considered by the court of appeals as the evidence in the case. The proceedings in such cases in the court of appeals shall be made a preferred cause and shall be expedited in every way. Such a court may affirm or set aside the order of the Commission or may direct it to modify its order. No such order of the Commission shall be modified or set aside by the court of appeals unless it is shown by the board of trade that the order is unsupported by the weight of the evidence or was issued without due notice and a reasonable opportunity having been afforded to such board of trade for a hearing, or infringes the Constitution of the United States, or is beyond the jurisdiction of the Commission.

(b) If the [Secretary of Agriculture] *Commission* has reason to believe that any person (other than a contract market) is manipulating or attempting to manipulate or has manipulated or attempted to manipulate the market price of any commodity, in interstate commerce, or for future delivery on or subject to the rules of any contract market, or has willfully made any false or misleading statement of a material fact in any registration application or any report filed with the [Secretary of Agriculture] *Commission* under this Act, or willfully omitted to state in any such application or report any material fact which is required to be stated therein, or otherwise is violating or has violated any of the provisions of this Act or of the rules, regulations, or orders of [the Secretary of Agriculture or] the Commission thereunder, [he] *it* may serve upon such person a complaint stating [his] *its* charges in that respect, which complaint shall have attached or shall contain therein a notice of hearing, specifying a day and place not less than three days after the service thereof, requiring such person to show cause why an order should not be made prohibiting him from trading on or subject to the rules of any contract market, and directing that all contract markets refuse all trading privileges to such person, until further notice of the [Secretary of Agriculture] *Commission*, and to show cause why the registration of such person, if registered as futures commission merchant *or any person associated therewith as described in section 4k of this Act, commodity trading advisor, commodity pool operator,* or as floor broker hereunder, should not be suspended or revoked. Said hearing may be held in Washington, District of Columbia, or elsewhere, before the [Secretary of Agriculture] *Commission* or before [a referee] *an Administrative Law Judge* designated by the [Secretary of Agriculture] *Commission*, which [referee] *Administrative Law Judge* shall cause all evidence to be reduced to writing and forthwith transmit the same to the [Secretary of Agriculture] *Commission*. For the purpose of securing effective enforcement of the provisions of this Act, and for the purpose of any investigation or proceedings under this Act, the provisions, including penalties, of the Interstate Commerce Act, as amended and supplemented (49 U.S.C. 12, 46, 47, 48), relating to the attendance and testimony of witnesses, the production of documentary evidence, and the immunity of witnesses are made applicable to the power, jurisdiction, and authority of the [Secretary of Agriculture (or any person designated by him),] the Commission, and any [referee] *Administrative Law Judge* designated pursuant to the provisions of this Act, and to any person subject thereto. Upon evidence received, the [Secretary of Agriculture] *Commission* may prohibit such person from trading on or subject to the rules of any contract market and require all contract markets to refuse such person all trading privileges thereon for such period as may be specified in the order, and, if such person is registered as futures commission merchant *or any person associated therewith as described in section 4k of this Act, commodity trading advisor, commodity pool operator,* or as floor broker hereunder, may suspend, for a period not to exceed six months, or revoke, the registration of such person[.], *and may assess such person a civil penalty of not more than $100,000 for each such violation.*

Notice of such order shall be sent forthwith by registered mail or by certified mail or delivered to the offending person and to the governing boards of said contract markets. After the issuance of the order by the [Secretary of Agriculture] *Commission*, as aforesaid, the person again whom it is issued may obtain a review of such order or such other equitable relief as to the court may seem just by filing in the United States court of appeals of the circuit in which the petitioner is doing business a written petition, *within fifteen days after the notice of such order is given to the offending person,* praying that the order of the [Secretary of Agriculture] *Commission* be set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the [Secretary of Agriculture] *Commission* and thereupon the [Secretary of Agriculture] *Commission* shall file in the court the record theretofore made, as provided in section 2112 of Title 28, United States Code. Upon the filing of the petition the court shall have jurisdiction to affirm, to set aside, or modify the order of the [Secretary of Agriculture] *Commission*, and the findings of the [Secretary of Agriculture] *Commission* as to the facts, if supported by the weight of evidence, shall in like manner be conclusive.

(c) If any person (other than a contract market) is manipulating or attempting to manipulate or has manipulated or attempted to manipulate the market price of any commodity, in interstate commerce, or for future delivery on or subject to the rules of any contract market, or otherwise is violating or has violated any of the provisions of this Act or of the rules, regulations, or orders of [the Secretary of Agriculture, or] the Commission thereunder, the [Secretary] *Commission* may, upon notice and hearing, and subject to appeal as in other cases provided for in paragraph (b) of this section, make and enter an order directing that such person shall cease and desist therefrom, and, if such person thereafter and after the lapse of the period allowed for appeal of such order or after the affirmance of such order, shall fail or refuse to obey or comply with such order, such person shall be guilty of misdemeanor and, upon conviction thereof, shall be fined [not less than $500 nor more than $10,000] *not more than $100,000*, or imprisoned for not less than six months nor more than one year, or both, except that if such failure or refusal to obey or comply with such order involves any offense within paragraph (a) or (b) of section 9 of this Act, such person shall be guilty of a felony and, upon conviction thereof, shall be subject to the penalties of said paragraph 9(a) or 9(b): *Provided*, That any such cease and desist order against any respondent in any case of manipulation of, or attempt to manipulate, the price of any commodity shall be issued only in conjunction with an order issued against such respondent under section 6(b) of this Act. Each day during which such failure or refusal to obey or comply with such order continues shall be deemed a separate offense.

(d) In determining the amount of the money penalty assessed under paragraph (b) of this section, the Commission shall consider, in the case of a person whose primary business involves the use of the commodity futures market—the appropriateness of such penalty to the size of the business of the person charged, the extent of such person's ability to continue in business, and the gravity of the violation; and in the case of a person whose primary business does not involve the use of the commodity futures market—the appropriateness of such penalty to the net worth of the person charged, and the gravity of the violation. If the offending person upon whom such penalty is imposed, after the lapse of the period allowed for appeal or after the affirmance of such penalty, shall fail to pay such penalty the Commission shall refer the matter to the Attorney General who shall recover such penalty by action in the appropriate United States district court.

SEC. 6a. (1) No board of trade which has been designated as a "contract market" shall exclude from membership in, and all privileges on, such board of trade, any association or corporation engaged in cash commodity business having adequate financial responsibility which is organized under the cooperative laws of any State, or which has been recognized as a cooperative association of producers by the United States Government or by any agency thereof, if such association or corporation complies and agrees to comply with such terms and conditions as are or may be imposed lawfully upon other members of such board, and as are or may be imposed lawfully upon a cooperative association of producers engaged in cash commodity business, unless such board of trade is authorized by the Commission to exclude such association or corporation from membership and privileges after hearing held upon at least three days' notice subsequent to the filing of complaint by the board of trade: *Provided, however*, That if any such association or corporation shall fail to meet its obligations with any established clearing house or clearing agency of any contract market, such association or corporation shall be ipso facto debarred from further trading on such contract market, except such trading as may be necessary to close open trades and to discharge existing contracts in accordance with the rules of such contract market applicable in such cases. Such Commission may prescribe that such association or corporation shall have and retain membership and privileges, with or without imposing conditions, or it may permit such board of trade immediately to bar such association or corporation from membership and privileges. Any order of said Commission entered hereunder shall be reviewable by the court of appeals for the circuit in which such association or corporation, or such board of trade, has its principal place of business, on written petition either of such association or corporation, or of such board of trade, under the procedure provided in paragraph (a) of section 6 of this Act, but such order shall not be stayed by the court pending review.

(2) No rule of any board of trade designated as a contract market shall forbid or be construed to forbid the payment of compensation on a commodity-unit basis, or otherwise, by any federated cooperative association to its regional member-associations for services rendered or to be rendered in connection with any organization work, educational activity, or procurement of patronage, provided no part of any such compensation is returned to patrons (whether members or nonmembers) of such cooperative association, or of its regional or local member-associations, otherwise than as a dividend on capital stock or as a patronage dividend out of the net earnings or surplus of such federated cooperative association.

Sec. 6b. [If any contract market is not enforcing or has not enforced its rules of government made a condition of its designation as set forth in section 5 of this Act, or if any contract market, or any director, officer, agent, or employee of any contract market otherwise is violating or has violated any of the provisions of this Act or any of the rules, regulations, or orders of the Secretary of Agriculture or the Commission thereunder, the Commission may, upon notice and hearing and subject to appeal as in other cases provided for in paragraph (a) of section 6 of this Act, make and enter an order directing that such contract market, director, officer, agent, or employee shall cease and desist from such violation, and if such contract market, director, officer, agent, or employee thereafter and after the lapse of the period allowed for appeal of such order or after the affirmance of such order, shall fail or refuse to obey or comply with such order, such contract market, director, officer, agent, or employee shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not less than $500 nor more than $10,000 or imprisoned for not less than six months nor more than one year, or both. Each day during which such failure or refusal to obey such order continues shall be deemed a separate offense.] *If any contract market is not enforcing or has not enforced its rules of government made a condition of its designation as set forth in section 5 of this Act, or if any contract market, or any director, officer, agent, or employee of any contract market otherwise is violating or has violated any of the provisions of this Act or any of the rules, regulations, or orders of the Commission thereunder, the Commission may, upon notice and hearing and subject to appeal as in other cases provided for in paragraph (a) of section 6 of this Act, make and enter an order directing that such contract market, director, officer, agent, or employee shall cease and desist from such violation, and assess a civil penalty of not more than $100,000 for each such violation. If such contract market, director, officer, agent, or employee, after the entry of such a cease and desist order and the lapse of the period allowed for appeal of such order or after the affirmance of such order, shall fail or refuse to obey or comply with such order, such contract market, director, officer, agent, or employee shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $100,000 or imprisoned for not less than six months nor more than one year, or both. Each day during which such failure or refusal to obey such cease and desist order continues shall be deemed a separate offense. If the offending contract market or other person upon whom such penalty is imposed, after the lapse of the period allowed for appeal or after the affirmance of such penalty, shall fail to pay such penalty, the Commission shall refer the matter to the Attorney General who shall recover such penalty by action in the appropriate United States district court. In determining the amount of the money penalty assessed under this section, the Commission shall consider the appropriateness of such penalty to the net worth of the offending person and the gravity of the offense, and in the case of a contract market shall further consider whether the amount of the penalty will materially impair the contract market's ability to carry on its operations and duties.*

Sec. 6c. Whenever it shall appear to the Commission that any contract market or other person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of this Act or any rule, regulation, or order thereunder, or is restraining trading in any commodity for future delivery, the Commission may bring an action in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States, to enjoin such act or practice, or to enforce compliance with this Act, or any rule, regulation or order thereunder, and said courts shall have jurisdiction to entertain such actions: Provided, That no restraining order or injunction for violation of the provisions of this Act shall be issued ex parte by said court. Upon a proper showing, a permament or temporary injunction or restraining order shall be granted without bond. Upon application of the Commission, the district courts of the United States and the United States courts of any territory or other place subject to the jurisdiction of the United States shall also have jurisdiction to issue writs of mandamus, or orders affording like relief, commanding any person to comply with the provisions of this Act or any rule, regulation, or order of the Commission thereunder, including the requirement that such person take such action as is necessary to remove the danger of violation of this Act or any such rule, regulation, or order: Provided, That no such writ of mandamus, or order affording like relief, shall be issued ex parte. Any action under this section may be brought in the district wherein the defendant is found or is an inhabitant or transacts business or in the district where the act or practice occurred, is occurring, or is about to occur, and process in such cases may be served in any district in which the defendant is an inhabitant or wherever the defendant may be found. In lieu of bringing actions itself pursuant to this section, the Commission may request the Attorney General to bring the action. Where the Commission elects to bring the action, it shall inform the Attorney General of such suit and advise him of subsequent developments.

Sec. 7. Any board of trade that has been designated a contract market in the manner herein provided may have such designation vacated and set aside by giving notice in writing to the [Secretary of Agrculture] *Commission* requesting that its designation as a contract market be vacated, which notice shall be served at least ninety days prior to the date named therein as the date when the vacation of designation shall take effect. Upon receipt of such notice the [Secretary of Agriculture] *Commission* shall forthwith order the vacation of the designation of such board of trade as a contract market, effective upon the day named in the notice, and shall forthwith send a copy of the notice and [his] *its* order to all other contract markets. From and after the date upon which the vacation became effective the said board of trade can thereafter be designated again a contract market by making application to the [Secretary of Agriculture] *Commission* in the manner herein provided for an original application.

Sec. 8. For the efficient execution of the provisions of this Act, and in order to provide information for the use of Congress, the [Secretary of Agriculture] *Commission* may make such investigations as [he] *it* may deem necessary to ascertain the facts regarding the operations of boards of trade and other persons subject to any of the provisions of this Act, whether prior or subsequent to the enactment of this Act, and may publish from time time, in [his] *its* discretion, the result of such investigation and such statistical information gathered therefrom as [he] *it* may deem of interest to the public, except data and information which would separately disclose the business transactions of any person and trade secrets or names of customers: *Provided*, That nothing in this section shall be construed to prohibit the [Secretary of Agriculture] *Commission* from making or issuing such reports as [he] *it* may deem necessary relative to the conduct of any board of trade or of the transactions of any person found guilty of violating the provisions of this Act under the proceedings prescribed in section 6 of this Act: *Provided further*, That the [Secretary of Agriculture] *Commission* in any report may include the facts as to any actual transaction. The [Secretary of Agriculture] *Commission*, upon [his] *its* own initiative or in cooperation with existing governmental agencies, shall investigate marketing conditions of commodities and commodity products and byproducts, including supply and demand for these commodities, cost to the consumer, and handling and transportation charges. [He] *It* shall likewise compile and furnish to producers, consumers, and distributors, by means of regular or special reports, or by such methods as [he] *it* may deem most effective, information respecting the commodity markets, together with information on supply, demand, prices, and other conditions in this and other countries that affect the markets.

Notwithstanding the foregoing provisions of this section or of any other law, the [Secretary of Agriculture] *Commission* may, in [his] *its* discretion, from time to time disclose and make public the names and addresses of all traders on the boards of trade on the commodity markets with respect to whom the [Secretray] *Commission* has information, and any other information in the possession of the [Department of Agriculture] *Commission* relating to the amount of commodities purchased or sold by each such trader; and when requested by any committee of either House of Congress, acting within the scope of its jurisdiction, shall furnish to such committee and make public the names and addresses of all traders on such boards of trade with respect to whom the [Secretary] *Commission* has information, and any other information in the possession of the [Department of Agriculture] *Commission* relating to the amounts of commodities purchased or sold by each such trader; and when requested by any department or agency of the Executive Branch of the Government of the United States, acting within the scope of its jurisdiction, may, in [his] *its* discretion, furnish to such department or agency any information in the possession of the [Department of Agriculture] *Commission* obtained in connection with the administration of this Act: *Provided, however*, That information so furnished to any such department or agency shall not be disclosed by such department or agency except in any action or proceeding under the laws of the United States to which it, or the [Secretary of Agriculture] *Commission*, or the United States is a party.

The Commission shall submit to the Congress a written report within one hundred and twenty days after the end of each fiscal *year detailing the operations of the Commission during such fiscal year. The Commission shall include in such report such information, data, and recommendations for further legislation as it may deem advisable with respect to the administration of this Act and its powers and functions under this Act.*

The Comptroller General of the United States shall conduct reviews and audits of the Commission and make reports thereon. For the purpose of conducting such reviews and audits the Comptroller General shall be furnished such information regarding the powers, duties, organizations, transactions, operations, and activities of the Commission as he may require and he and his duly authorized representatives shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of the Commission except that in his reports the Comptroller General shall not include data and information which would separately disclose the business transactions of any person and trade secrets or names of customers, although such data shall be provided upon request by any committee of either House of Congress acting within the scope of its jurisdiction.

SEC. 8a. The [Secretary of Agriculture] *Commission* is authorized—

(1) to register futures commission merchants *and persons associated therewith as described in section 4k of this Act, commodity trading advisers, commodity pool operators,* and floor brokers upon application in accordance with rules and regulations and in form and manner to be prescribed by the [Secretary of Agriculture] *Commission;* and

(2) to refuse to register any person—

(A) if the prior registration of such person has been suspended (and the period of such suspension shall not have expired) or has been revoked;

(B) if it is found, after opportunity for hearing, that the applicant is unfit to engage in the business for which the application for registration is made, (i) because such applicant, or, if the applicant is a partnership, any general partner, or, if the applicant is a corporation, any officer or holder of more than 10 per centum of the stock, at any time engaged in any practice of the character prohibited by this Act or was convicted of a felony in any State or Federal court, or was debarred by any agency of the United States, or the applicant willfully made any material false or misleading statement in his application or willfully omitted to state any material fact in connection with the application, or (ii) for other good cause shown; or

(C) in the case of an applicant for registration as futures commission merchant, if it is found after opportunity for hearing, that the applicant has not established that he meets the minimum financial requirements under section 4f of this Act: *Provided,* That pending final determination under clause (B) or (C), registration shall not be granted: and *Provided further,* That the applicant may appeal from a refusal of registration under clause (B) or (C) in the manner provided in paragraph (b) of section 6 of this Act; and

(3) in accordance with the procedure provided for in paragraph (b) of section 6 of this Act, to suspend or revoke the registration of any person registered under this Act if cause exists under subparagraph (2) (B) or (C) which would warrant a refusal of registration of such person, and to suspend or revoke the registration of any futures commission merchant who shall knowingly accept any order for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market from any person if such person has been denied trading privileges on any contract market by order of the [Secretary of Agriculture] *Commission* under the provisions of paragraph (b) of section 6 of this Act and the period of denial specified in such order shall not have expired; and

(4) to fix and establish from time to time reasonable fees and charges for registrations and renewals thereof; and

(5) to make and promulgate such rules and regulations as, in the judgment of the [Secretary of Agriculture] *Commission,* are reasonably necessary to effectuate any of the provisions or to accomplish any of the purposes of this Act;

(6) to communicate to the proper committee or officer of any contract market and to publish, notwithstanding the provisions of section 8 of this Act, the full facts concerning any transaction or market operation, including the names of parties thereto, which in the judgment of the [Secretary of Agriculture] *Commission* disrupts or tends to disrupt any market or is otherwise harmful or against the best interests of producers and consumers; and

(1) [to disapprove any bylaw, rule, regulation, or resolution made, issued or proposed by a contract market or by the governing board thereof or any committee which relates to terms and conditions in contracts of sale to be executed on or subject to the rules of such contract market or relates to other trading requirements, when he finds that such bylaw, rule, regulation, or resolution violates or will violate any of the provisions of this Act, or any of the rules, regulations, or orders of the Secretary of Agriculture or the Commission thereunder.] *to alter or supplement the rules of a contract market insofar as necessary or appropriate by rule or regulation or by order, if after making the appropriate request in writing to a contract market that such contract market effect on its own behalf specified changes in its rules and practices, and after appropriate notice and opportunity for hearing, the Commission determines that such contract market has not made the changes so required, and that such changes are necessary or appropriate for the protection of persons producing, handling, processing, or consuming any commodity traded for future delivery on such contract market, or the product or byproduct thereof, or for the protection of traders or to insure fair dealing in commodities traded for future delivery on such contract market. Such rules, regulations, or orders may specify changes with respect to such matters as:*

(A) terms or conditions in contracts of sale to be executed on or subject to the rules of such contract market:

(B) the form or manner of execution of purchases and sales for future delivery;

(C) other trading requirements, excepting the setting of levels of margin;

(D) safeguards with respect to the financial responsibility of members;

(E) the manner, method, and place of soliciting business, including the content of such solicitations; and

(F) the form and manner of handling, recording, and accounting for customers' orders, transactions, and accounts; and

(8) to make and promulgate such rules and regulations with respect to those persons registered under this Act, who are not members of a contract market, as in the judgment of the Commission are reasonably necessary to protect the public interest and promote just and equitable principles of trade, including but not limited to the manner, method, and place of soliciting business, including the content of such solicitation; and

(9) to direct the contract market whenever it has reason to believe that an emergency exists, to take such action as, in the Commission's judgment, is necessary to maintain or restore orderly trading in, or liquidation of, any futures contract. The term "emergency" as used herein shall mean, in addition to threatened or actual market manipulations and corners, any act of the United States or a foreign government affecting a commodity or any other major market disturbance which prevents the market from accurately reflecting the forces of supply and demand for such commodity: Provided, That nothing herein shall be deemed to limit the meaning or interpretation given by a contract market to the terms "market emergency" or "emergency", or equivalent language in its own bylaws, rules, regulations, or resolutions.

SEC. 8b. It shall be unlawful for any person, against whom there is outstanding any order of the [Secretary of Agriculture] *Commission* prohibiting him from trading on or subject to the rules of any contract market, to make or cause to be made in contravention of such order, any contract for future delivery of any commodity, on or subject to the rules of any contract market.

Sec. 8c. (1) (A) Any exchange or the Commission if the exchange fails to act, may suspend, expel, or otherwise discipline any person who is a member of that exchange, or deny any person access to the exchange. Any such action shall be taken solely in accordance with the rules of that exchange.

(B) Any suspension, expulsion, disciplinary, or access denial procedure established by an exchange rule shall provide for written notice to the Commission and to the person who is suspended, expelled, or disciplined, or denied access, within thirty days, which includes the reasons for the exchange action in the form and manner the Commission prescribes. Otherwise the notice and reasons shall be kept confidential.

(2) The Commission may, in its discretion and in accordance with such standards and procedures as it deems appropriate, review any decision by an exchange whereby a person is suspended, expelled, otherwise disciplined, or denied access to the exchange. In addition, the Commission may, in its discretion and upon application of any person who is adversely affected by any other exchange action, review such action.

(3) The Commission may affirm, modify, set aside, or remand any exchange decision it reviews pursuant to subsection (2), after a determination on the record whether the action of the exchange was in accordance with the policies of this Act. Subject to judicial review, any order of the Commission entered pursuant to subsection (2) shall govern the exchange in its further treatment of the matter.

(4) The Commission, in its discretion, may order a stay of any action taken pursuant to subsection (1) pending review thereof.

SEC. 9. (a) It shall be a felony punishable by a fine of not more than [10,000] *$100,000* or imprisonment for not more than five years, or both, together with the costs of prosecution, for any futures commission merchant, or any employee or agent thereof, to embezzle, steal, purloin, or with criminal intent convert to his own use or the use of another, any money, securities, or property having a value in excess of $100, which was received by such commission merchant to margin, guarantee, or secure the trades or contracts of any customer of such commission merchant or accruing to such customer as the result of such trades or contracts. The word "value" as used in this paragraph means face, par, or market value, or cost price, either wholesale or retail, whichever is greater.

(b) It shall be a felony punishable by a fine of not more than [$10,000] *$100,000* or imprisonment for not more than five years, or both, together with the costs of prosecution, for any person to manipulate or attempt to manipulate the price of any commodity in interstate commerce, or for future delivery on or subject to the rules of any contract market, or to corner or attempt to corner any such commodity, or knowingly to deliver or cause to be delivered for transmission through the mails or in interstate commerce by telegraph, telephone, wireless, or other means of communication false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of any commodity in interstate commerce.

(c) Except as provided in paragraphs (a) and (b) of this section, it shall be a misdemeanor punishable by a fine of not more than [10,000] *$100,000* or imprisonment for not more than one year, or both, together with the costs of prosecution, for any person to violate the provisions of section 4, section 4a, section 4b, section 4c, section 4d, section 4e, section 4h, section 4i, *section 4k, section 4m, section 4o,* or section 8b, or to fail to evidence any contract mentioned in section 4 of this Act by a record in writing as therein required.

(*d*) *It shall be a felony punishable by a fine of not more than $10,000 or imprisonment for not more than five years, or both, together with the costs of prosecution, for any Commissioner of the Commission or any employee or agent thereof, to participate, directly or indirectly, in any transaction in commodity futures or any transaction of the character of or which is commonly known to the trade as an "option," "privilege," "indemnity," "bid," "offer," "put," "call," "advance guaranty," or "decline guaranty," or for any such person to participate, directly or indirectly, in any investment transaction in an actual commodity: Provided, That such prohibition against any investment transaction in an actual commodity shall not apply to a transaction in which such person buys an agricultural commodity or livestock for use in his own farming or ranching operations or sells an agricultural commodity which he has produced in connection with his own farming or ranching operations nor to any transaction in which he sells livestock which he has owned at least three months. With respect to such excepted transactions, the Commission shall require any Commissioner of the Commission or any employee or agent thereof who participates in any such transaction to notify the Commission thereof in accordance with such regulations as the Commission shall prescribe and the Commission shall make such information available to the public.*

(*e*) *It shall be a felony punishable by a fine of not more than $10,000 or imprisonment for not more than five years, or both, together with the costs of prosecution—(1) for any Commissioner of the Commission or any employee or agent thereof who, by virtue of his employment or position, acquires information which may affect or tend to affect the price of any commodity futures or commodity and which information has not been made public to impart such information with intent to assist another person, directly or indirectly, to participate in any transaction in commodity futures, any transaction in an actual commodity, or in any transaction of the character of or which is commonly known to the trade as an "option," "privilege," "indemnity," "bid," "offer," "put," "call," "advance guaranty," or "decline guaranty"; and (2) for any person to acquire such information from any Commissioner of the Commission or any employee or agent thereof and to use such information in any transaction in commodity futures, any transaction in an actual commodity, or in any transaction of the character of or which is commonly known to the trade as an "option,' "privilege," "indemnity," "bid," "offer," "put," "call," "advance guaranty," or "decline guaranty."*

SEC. 10. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provisions to other persons and circumstances shall not be affected thereby.

SEC. 11. [Omitted as obsolete]

SEC. 12. [The Secretary of Agriculture may cooperate with any department or agency of the Government, any State, Territory, District or possession, or department, agency, or political subdivision thereof, or any person; and shall have the power to appoint, remove, and fix the compensation of such officers and employees, not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, telegrams, telephones, law books, books of reference, periodicals, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this Act in the District of Columbia and elsewhere, and there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for such purposes.] (*a*) *The Commission may cooperate with any Department or agency of the Government, any State, territory, district, or possession, or department, agency, or political subdivision thereof, or any person.*

(*b*) *The Commission shall have the authority to employ such investigators, special experts, Administrative Law Judges, clerks, and other employees as it may from time to time find necessary for the proper performance of its duties and as may be from time to time appropriated for by Congress. The Commission may employ experts and consultants in accordance with section 3109 of title 5 of the United States Code, and compensate such persons at rates not in excess of the maximum daily rate prescribed for GS-18 under section 5332 of title 5 of the United States Code. The Commission shall also have authority to make and enter into contracts with respect to all matters which in the judgment of the Commission are necessary and appropriate to effectuate the purposes and provisions of this Act, including, but not limited to, the rental of necessary space at the seat of Government and elsewhere.*

(*c*) *All of the expenses of the Commissioners, including all necessary expenses for transportation incurred by them while on official business of the Commisison, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the Commission.*

(*d*) *There are hereby authorized to be appropriated to carry out the provisions of this Act such sums as may be required for the fiscal year ending June 30, 1975, for the fiscal year ending June 30, 1976, for the fiscal year ending June 30, 1977, and for the fiscal year ending June 30, 1978.*

SEC. 13. (a) Any person who commits, or who willfully aids, abets, counsels, commands, induces, or procures the commission of, a violation of any of the provisions of this Act, or any of the rules, regulations or orders issued pursuant to this Act, or who acts in combination or concert with any other person in any such violation, or who willfully causes an act to be done or omitted which if directly performed or omitted by him or another would be a violation of the provisions of this Act or any of such rules, regulations, or orders may be held responsible in administrative proceedings under this Act for such violation as a principal.

(b) Nothing in this Act shall be construed as requiring [the Secretary of Agriculture or] the Commission to report minor violations of this Act for prosecution, whenever it appears that the public interest does not require such action.

Sec. 14. (*a*) *Any person complaining of any violation of any provision of this Act or any rule, regulation, or order thereunder by any person registered under section 4d, 4e, 4k, or 4m of this Act may, at any time within two years after the cause of action accrues, apply to the Commission by petition, which shall briefly state the facts, whereupon, if, in the opinion of the Commission, the facts therein contained warrant such action, a copy of the complaint thus made shall be forwarded by the Commission to the respondent, who shall be called upon to satisfy the complaint, or to answer it in writing, within a reasonable time to be prescribed by the Commission.*

(*b*) *If there appear to be, in the opinion of the Commission, any reasonable grounds for investigating any complaint made under this section, the Commission shall investigate such complaint and may, if in its opinion the facts warrant such action, have said complaint served by registered mail or by certified mail or otherwise on the respondent and afford such person an opportunity for a hearing thereon before an Administrative Law Judge designated by the Commission in any place in which the said person is engaged in business: Provided, That in complaints wherein the amount claimed as damages does not exceed the sum of $2,500, a hearing need not be held and proof in support of the complaint and in support of the respondent's answer may be supplied in the form of depositions or verified statements of fact.*

(*c*) *After opportunity for hearing on complaints where the damages claimed exceed the sum of $2,500 has been provided or waived and on complaints where damages claimed do not exceed the sum of $2,500 not requiring hearing as provided herein, the Commission shall determine whether or not the respondent has violated any provision of this Act or any rule, regulation, or order thereunder.*

(*d*) *In case a complaint is made by a nonresident of the United States, the complainant shall be required, before any formal action is taken on his complaint, to furnish a bond in double the amount of the claim conditioned upon the payment of costs, including a reasonable attorney's fee for the respondent if the respondent shall prevail, and any reparation award that may be issued by the Commission against the complainant on any counterclaim by respondent: Provided, That the Commission shall have authority to waive the furnishing of a bond by a complainant who is a resident of a country which permits the filing of a complaint by a resident of the United States without the furnishing of a bond.*

(*e*) *If after a hearing on a complaint made by any person under subsection (a) of this section, or without hearing as provided in subsection (b) and (c) of this section, or upon failure of the party complained against to answer a complaint duly served within the time prescribed, or to appear at a hearing after being duly notified, the Commission determines that the respondent has violated any provision of this Act, or any rule, regulation, or order thereunder, the Commission shall, unless the offender has already made reparation to the person complaining, determine the amount of damage, if any, to which such person is entitled as a result of such violation and shall make an order directing the offender to pay to such person complaining such amount on or before the date fixed in the order. If, after the respondent has filed his answer to the complaint, it appears therein that the respondent has admitted liability for a portion of the amount claimed in the complaint as damages, the Commission under such rules and regulations as it shall prescribe, unless the respondent has already made reparation to the person complaining, may issue an order directing the respondent to pay to the complainant the undisputed amount on or before the date fixed in the order, leaving the respondent's liability for the disputed amount for subsequent determination. Th remaining disputed amount shall be determined in the same manner and under the same procedure as it would have been determined if no order had been issued by the*

Commission with respect to the undisputed sum.

(f) If any person against whom an award has been made does not pay the reparation award within the time specified in the Commission's order, the complainant, or any person for whose benefit such order was made, within three years of the date of the order, may file a certified copy of the order of the Commission, in the district court of the United States for the district in which he resides or in which is located the principal place of business of the respondent, for enforcement of such reparation award by appropriate orders. The orders, writs, and processes of such district court may in such case run, be served, and be returnable anywhere in the United States. The petitioner shall not be liable for costs in the district court, nor for costs at any subsequent state of the proceedings, unless they accrue upon his appeal. If the petitioner finally prevails, he shall be allowed a reasonable attorney's fee to be taxed and collected as a part of the costs of the suit. Subject to the right of appeal under subsection (g) of this section, an order of the Commission awarding reparations shall be final and conclusive.

(g) Any order of the Commission entered hereunder shall be reviewable on petition of any party aggrieved thereby, by the United States Court of Appeals for any circuit in which a hearing was held, or if no hearing was held, any circuit in which the appellee is located, under the procedure provided in paragraph (b) of section 6 of this Act. Such appeal shall not be effective unless within 30 days from and after the date of the reparation order the appellant also files with the clerk of the court a bond in double the amount of the reparation awarded against the appellant conditioned upon the payment of the judgment entered by the court, plus interest and costs, including a reasonable attorney's fee for the appellee, if the appellee shall prevail. Such bond shall be in the form of cash, negotiable securities having a market value at least equivalent to the amount of bond prescribed, or the undertaking of a surety company on the approved list of sureties issued by the Treasury Department of the United States. The appellee shall not be liable for costs in said court. If the appellee prevails, he shall be allowed a reasonable attorney's fee to be taxed and collected as a part of his costs.

(h) Unless the registrant against whom a reparation order has been issued shows to the satisfaction of the Commission within fifteen days from the expiration of the period allowed for compliance with such order that he has either taken an appeal as herein authorized or has made payment in full as required by such order, he shall be prohibited from trading on all contract markets and his registration shall be suspended automatically at the expiration of such fifteen-day period until he shows to the satisfaction of the Commission that he has paid the amount therein specified with interest thereon to date of payment: Provided, That if on appeal the appellee prevails or if the appeal is dismissed the automatic prohibition against trading and suspension of registration shall become effective at the expiration of thirty days from the date of judgment on the appeal, but if the judgment is stayed by a court of competent jurisdiction the suspension shall become effective ten days after the expiration of such stay, unless prior thereto the judgment of the court has been satisfied.

(i) The provisions of this section shall not become effective until one year after the date of its enactment: Provided, That claims which arise within nine months immediately prior to the effective date of this section may be heard by the Commission after such one year period.

Sec. 15. The Commission shall take into consideration the public interest to be protected by the antitrust laws and endeavor to take the least anticompetitive means of achieving the objectives of this Act, as well as the policies and purposes of this Act, in issuing any order or adopting any Commission rule or regulation, or in requiring or approving any bylaw, rule, or regulation of a contract market or registered futures association established pursuant to section 17 of this Act.

Sec. 414. The Commodity Exchange Act, as amended, is amended by adding the following new section at the end thereof:

"Sec. 16. (a) The Commission may conduct regular investigations of the markets for goods, articles, services, rights, and interests which are the subject of futures contracts, and furnish reports of the findings of these investigations to the public on a regular basis. These market reports shall, where appropriate, include information on the supply, demand, prices, and other conditions in the United States and other countries with respect to such goods, articles, services, rights, interests, and information respecting the futures markets.

"(b) The Commission shall cooperate with the Department of Agriculture and any other Department or Federal agency which makes market investigations to avoid unnecessary duplication of information-gathering activities.

"(c) The Department of Agriculture and any other Department or Federal agency which has market information sought by the Commission shall furnish it to the Commission upon the request of any authorized employee of the Commission. The Commission shall abide by any rules of confidentiality applying to such information.

"(d) The Commission shall not disclose in such reports data and information which would separately disclose the business transactions of any person and trade secrets or names of customers except as provided in section 8 of this Act."

Sec. 17. (a) Any association of persons may be registered with the Commission as a registered futures association pursuant to subsection (b) of this section, under the terms and conditions hereinafter provided in this section, by filing with the Commission for review and approval a registration statement in such form as the Commission may prescribe, setting forth the information, and accompanied by the documents, below specified:

(1) Data as to its organization, membership, and rules of procedure, and such other information as the Commission may by rules and regulations require as necessary or appropriate in the public interest; and

(2) Copies of its constitution, charter, or articles of incorporation or association, with all amendments thereto, and of its bylaws, and of any rules or instruments corresponding to the foregoing, whatever the name, hereinafter in this section collectively referred to as the "rules of the association".

(b) An applicant association shall not be registered as a futures association unless the Commission finds, under standards established by the Commission, that—

(1) such association is in the public interest and that it will be able to comply with the provisions of this section and the rules and regulations thereunder and to carry out the purposes of this section;

(2) the rules of the association provide that any person registered under this Act, contract market, or any other person designated pursuant to the rules of the Commission as eligible for membership may become a member of such association, except such as are excluded pursuant to paragraph (3) or (4) of this subsection, or a rule of the association permitted under this paragraph. The rules of the association may restrict membership in such association on such specified basis relating to the type of business done by its members, or on such other specified and appropriate basis, as appears to the Commission to be necessary or appropriate in the public interest and to carry out the purpose of this section. Rules adopted by the association may provide that the association may, unless the Commission directs otherwise in cases in which the Commission finds it appropriate in the public interest so to direct, deny admission to, or refuse to continue in such association any person if (i) such person, whether prior or subsequent to becoming registered as such, or (ii) any person associated within the meaning of "associated person" as set forth in section 4k of this Act, whether prior or subsequent to becoming so associated, has been and is suspended or expelled from a contract market or has been and is barred or suspended from being associated with all members of such contract market, for violation of any rule of such contract market;

(3) the rules of the association provide that, except with the approval or at the direction of the Commission in cases in which the Commission finds it appropriate in the public interest so to approve or direct, no person shall be admitted to or continued in membership in such association, if such person—

(A) has been and is suspended or expelled from a registered futures association or from a contract market or has been and is barred or suspended from being associated with all members of such association or from being associated with all members of such contract market, for violation of any rule of such association or contract market which prohibits any act or transaction constituting conduct inconsistent with just and equitable principles of trade, or requires any act the omission of which constitutes conduct inconsistent with just and equitable principles of trade; or

(B) is subject to an order of the Commission denying, suspending, or revoking his registration pursuant to section 6(b) of this Act (7 U.S.C. 9), or expelling or suspending him from membership in a registered futures association or a contract market, or barring or suspending him from being associated with a futures commission merchant; or

(C) whether prior or subsequent to becoming a member, by his conduct while associated with a member, was a cause of any suspension, expulsion, or order of the character described in clause (A) or (B) which is in effect with respect to such member, and in entering such a suspension, expulsion, or order, the Commission or any such contract market or association shall have jurisdiction to determine whether or not any person was a cause thereof; or

(D) has associated with him any person who is known, or in the exercise of reasonable care should be known, to him to be a person who would be ineligible for admission to or continuance in membership under clause (A), (B), or (C) of this paragraph.

(4) the rules of the association provide that, except with the approval or at the direction of the Commission in cases in which the Commission finds it appropriate in the public interest so to approve or direct, no person shall become a member and no natural person shall become a person associated with a member, unless such person is qualified to become a member or a person associated with a member in conformity with specified and appropriate standards with respect to the training, experience, and such other qualifications of such person as the association finds necessary or desirable, and in the case of a member, the financial responsibility of such a member. For the purpose of defining such standards and the application thereof, such rules may—

(A) appropriately classify prospective members (taking into account relevant matters, including type or nature of business done) and persons proposed to be associated with members.

(B) specify that all or any portion of such standard shall be applicable to any such class.

(C) require persons in any such class to pass examinations prescribed in accordance with such rules.

(D) provide that persons in any such class other than prospective members and partners, officers and supervisory employees (which latter term may be defined by such rules and as so defined shall include branch managers of members) of members, may be qualified solely on the basis of compliance with specified standards of training and such other qualifications as the association finds appropriate.

(E) provide that applications to become a member or a person associated with a member shall set forth such facts as the association may prescribe as to the training, experience, and other qualifications (including, in the case of an applicant for membership, financial responsibility) of the applicant and that the association shall adopt procedures for verification of qualifications of the applicant.

(F) require any class of persons associated with a member to be registered with the association in accordance with procedures specified by such rules (and any application or document supplemental thereto required by such rules of a person seeking to be registered with such association shall, for the purposes of subsection (b) of section 6 of the Act, be deemed an application required to be filed under this section).

(5) the rules of the association assure a fair representation of its members in the adoption of any rule of the association or amendment thereto, the selection of its officers and directors, and in all other phases of the administration of its affairs.

(6) the rules of the association provide for the equitable allocation of dues among its members, to defray reasonable expenses of administration.

(7) the rules of the association are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, in general, to protect the public interest, and to remove impediments to and perfect the mechanism of free and open futures trading.

(8) the rules of the association provide that its members and persons associated with its members shall be appropriately disciplined, by expulsion, suspension, fine, censure, or being suspended or barred from being associated with all members, or any other fitting penalty, for any violation of its rules.

(9) the rules of the association provide a fair and orderly procedure with respect to the disciplining of members and persons associated with members and the denial of membership to any person seeking membership therein or the barring of any person from being associated with a member. In any proceeding to determine whether any member or other person shall be disciplined, such rules shall require that specific charges be brought; that such member or person shall be notified of, and be given an opportunity to defend against, such charges; that a record shall be kept; and that the determination shall include—

(A) a statement setting forth any act or practice in which such member or other person may be found to have engaged, or which such member or other person may be found to have omitted.

(B) a statement setting forth the specific rule or rules of the association of which any such act or practice, or omission to act, is deemed to be in violation.

(C) a statement whether the acts or practices prohibited by such rule or rules, or the omission of any act required thereby, are deemed to constitute conduct inconsistent with just and equitable principles of trade.

(D) a statement setting forth the penalty imposed.

In any proceeding to determine whether a person shall be denied membership or whether any person shall be barred from being associated with a member, such rules shall provide that the person shall be notified of, and be given an opportunity to be heard upon, the specific grounds for denial or bar which are under consideration; that a record shall be kept; and that the determination shall set forth the specific grounds upon which the denial or bar is based.

(10) the rules of the association provide for a fair and equitable procedure through arbitration or otherwise for the settlement of a customer's claims and grievances against any member or employee thereof: Provided, That (i) the use of such procedure by a customer shall be voluntary, (ii) the procedure shall not be applicable to any claim in excess of $5,000, (iii) the procedure shall not result in any compulsory payment except as agreed upon between the parties, and (iv) the term 'customer' as used in this subsection shall not include a futures commission merchant or a floor broker.

(c) The Commission may, after notice and opportunity for hearing, suspend the registration of any futures association if it finds that the rules thereof do not conform to the requirements of the Commission, and any such suspension shall remain in effect until the Commission issues an order determining that such rules have been modified to conform with such requirements.

(d) In addition to the fees and charges authorized by section 8a (4) of this Act, each person registered under this Act, who is not a member of a futures association registered pursuant to this section, shall pay to the Commission such reasonable fees and charges as may be necessary to defray the costs of additional regulatory duties required to be performed by the Commission because such person is not a member of a registered futures association. The Commission shall establish such additional fees and charges by rules and regulations.

(e) Any person registered under this Act who is not a member of a futures association registered pursuant to this section, in addition to the other requirements and obligations of this Act and the regulations thereunder shall be subject to such other rules and regulations as the Commission may find necessary to protect the public interest and promote just and equitable principles of trade.

(f) Upon filing of an application for registration pursuant to subsection (a) the Commission may by order grant such registration if the requirements of this section are satisfied. If, after appropriate notice and opportunity for hearing, it appears to the Commission that any requirement of this section is not satisfied, the Commission shall by order deny such registration.

(g) A registered futures association may, upon such reasonable notice as the Commission may deem necessary in the public interest, withdraw from registration by filing with the Commission a written notice of withdrawal in such form as the Commission may by rules and regulations prescribe.

(h) If any registered futures association takes any disciplinary action against any member thereof or any person associated with such a member or denies admission to any person seeking membership therein, or bars any person from being associated with a member, such actions shall be subject to review by the Commission, on its own motion, or upon application by any person aggrieved thereby filed within thirty days after such action has been taken or within such longer period as the Commission may determine. Application to the Commission for review, or the institution of review by the Commission on its own motion, shall operate as a stay of such action until an order is issued upon such review pursuant to subsection (k) of this section unless the Commission otherwise orders, after notice and opportunity for hearing on the question of a stay (which hearing may consist solely of affidavits and oral arguments).

(i)(1) In a proceeding to review disciplinary action taken by a registered futures association against a member thereof or a person associated with a member, if the Commission, after appropriate notice and opportunity for hearing, upon consideration of the record before the association and such other evidence as it may deem relevant—

(A) finds that such member or person has engaged in such acts or practices, or has omitted such act, as the association has found him to have engaged in or omitted, and

(B) determines that such acts or practices, or omission to act, are in violation of such rules of the association as have been designated in the determination of the association, the Commission shall by order dismiss the proceeding, unless it appears to the Commission that such action should be modified in accordance with paragraph (2) of this subsection. The Commission shall likewise determine whether the acts or practices prohibited, or the omission of any act required, by any such rules constitute conduct inconsistent with just and equitable principles of trade, and shall so declare. If it appears to the Commission that the evidence does not warrant the finding required in clause (A), or if the Commission determines that such acts or practices as are found to have been engaged in are not prohibited by the designated rule or rules of the association, or that such act as is found to have been omitted is not required by such designated rule or rules, the Commission shall by order set aside the action of the association.

(2) If, after appropriate notice and opportunity for hearing, the Commission finds that any penalty imposed upon a member or person associated with a member is excessive or oppressive, having due regard to the public interest, the Commission shall by order cancel, reduce, or require the remission of such penalty.

(3) In any proceeding to review the denial of membership in a registered futures association or the barring of any person from being associated with a member, if the Commission, after appropriate notice and hearing, and upon consideration of the record before the association and such other evidence as it may deem relevant, determines that the specific grounds on which such denial or bar is based exist in fact and are valid under this section, the Commission shall by order dismiss the proceeding; otherwise, the Commission shall by order set aside the action of the association and require it to admit the applicant to membership therein, or to permit such person to be associated with a member.

(j) Every registered futures association shall file with the Commission in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest, copies of any changes in or additions to the rules of the association, and such other information and documents as the Commission may require to keep current or to supplement the registration statement and documents filed pursuant to subsection (a) of this section. Any change in or addition to the rules of a registered futures association shall be submitted to the Commission for approval and shall take effect upon the thirtieth day after such approval by the Commission, or upon such earlier date as the Commission may determine, unless the Commission shall enter an order disapproving such change or addition; and the Commission shall enter

such an order unless such change or addition appears to the Commission to be consistent with the requirements of this section and the provisions of this Act.

(k)(1) The Commission is authorized by order to abrogate any rule of a registered futures association, if after appropriate notice and opportunity for hearing, it appears to the Commission that such abrogation is necessary or appropriate to assure fair dealing by the members of such association, to assure a fair representation of its members in the administration of its affairs or effectuate the purposes of this title.

(2) The Commission may in writing request any registered futures association to adopt any specified alteration or supplement to its rules with respect to any of the matters hereinafter enumerated. If such association fails to adopt such alteration or supplement within a reasonable time, the Commission is authorized by order to alter or supplement the rules of such association in the manner theretofore requested, or with such modifications of such alteration or supplement as it deems necessary if, after appropriate notice and opportunity for hearing, it appears to the Commission that such alteration or supplement is necessary or appropriate in the public interest or to effectuate the purposes of this section, with respect to—

(A) the basis for, and procedure in connection with, the denial of membership or the barring from being associated with a member or the disciplining of members or persons associated with members, or the qualifications required for members or natural persons associated with members or any class thereof;

(B) the method for adoption of any change in or addition to the rules of the association;

(C) the method of choosing officers and directors.

(l) The Commission is authorized, if such action appears to it to be necessary or appropriate in the public interest or to carry out the purposes of this section—

(1) after appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding twelve months or to revoke the registration of a registered futures association, if the Commission finds that such association has violated any provisions of this title or any rule or regulation thereunder, or has failed to enforce compliance with its own rules, or has engaged in any other activity tending to defeat the purposes of this Act;

(2) after appropriate notice and opportunity for hearing, by order to suspend for a period not exceeding twelve months or to expel from a registered futures association any member thereof, or to suspend for a period not exceeding twelve months or to bar any person from being associated with a member thereof, if the Commission finds that such member or person—

(A) has violated any provision of this title or any rule or regulation thereunder, or has effected any transaction for any other person who, he had reason to believe, was violating with respect to such transaction any provision of this title or any rule or regulation thereunder; or

(B) has willfully violated any provision of the Commodity Exchange Act, as amended, or of anv rule, regulation, or order thereunder, or has effected any transaction for any other person who, he had reason to believe, was willfully violating with respect to such transaction any provision of such Act or rule, regulation, or order.

(3) after appropriate notice and opportunity for hearing, by order to remove from office any officer or director of a registered futures association who, the Commission finds, has willfully failed to enforce the rules of the association, or has willfully abused his authority.

(m) The Commission shall include in its annual reports to Congress information concerning any futures associations registered pursuant to this section and the effectiveness of such associations in regulating the practices of the members.

Sec. 18. (a) The Commission shall establish and maintain, as part of its ongoing operations, research and information programs to (1) determine the feasibility of trading by computer, and the expanded use of modern information system technology, electronic data processing, and modern communication systems by commodity exchanges, boards of trade, and by the Commission itself for purposes of improving, strengthening, facilitating, or regulating futures trading operations; (2) assist in the development of educational and other informational materials regarding futures trading for dissemination and use among producers, market users, and the general public; and (3) carry out the general purposes of this Act.

(b) The Commission shall include in its annual reports to Congress plans and findings with respect to implementing this section.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. POAGE. Yes, I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. I want to compliment the chairman of the Committee on Agriculture for the bill he brought back from the conference. I agree with him that this is one of the most important bills we have passed this year and it is important in the fight against inflation. I compliment the committee for relatively speedy action and also give credit to some investigative reporting by Des Moines Register reporters who helped expose and interpret the very complicated situation. As the gentleman said, we only last week saw what could have been a manipulation as a result of a sale to a foreign country. The same thing could happen at any time in those commodities which are now in short supply. We need this legislation and the protection it provides as soon as possible.

We need a commission that has the authority and the power and the ability to look day by day at these markets, to know who is in the market and, if necessary, to move in and to prevent speculation in the name of hedging.

So it is a very important bill. I want to compliment the gentleman from Texas (Mr. Poage) for the conference report he has brought back.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Iowa.

Mr. GROSS. I, too, would like to commend the distinguished chairman of the House Committee on Agriculture and the ranking minority member for bringing this bill to the House floor.

I would also like to commend the gentleman from Iowa (Mr. Smith) for the work he has done in bringing this much-needed legislation to the point of final passage.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Texas.

Mr. PICKLE. I commend the gentleman for the submission of the bill. Last week, as the gentleman commented, the Nation almost found itself in a dangerous position because of the alleged discovery of this pending sale. At first it took us somewhat by surprise. I believe the facts show that the buyers and the sellers had gotten together and that the Department was notified, and that it was not exactly a surprise.

My question to the gentleman is, I have contended all along that we must have these exports, but there ought to be a reasonable control over them. What kind of notice does the Department of Agriculture have in these various commodity fields which would be notice to them officially that such a sale of a certain size is pending?

Unless we know what reporting procedures they have, then I do not know how we as a congressional body could be alerted to what is going to take place and what action is going to occur down the street.

Mr. POAGE. Mr. Speaker, with respect to futures trading, there is no question but there is adequate activity in both the present law and this bill to require reports from the exchanges. I think the present law requires a report on any large foreign sale of actual cash commodities, as opposed to futures, to be made immediately to the Department of Agriculture. I would call attention further to the fact that this is not actually the point that we are considering here, because the gentleman is talking exclusively about spot sales, actual sales of commodities. This bill relates primarily to the futures markets.

The way in which a foreign nation can become involved in the futures market is if they are going to make a large cash purchase in the spot market, they know that will normally raise the price. Therefore, before making the large spot transaction, they can go into the futures market and buy futures at a much lower price, and some feel, in effect actually pay for their commodities out of the profits on the futures.

There seems no easy way of preventing that under existing law that we know of, but this bill does give the Commission the specific authority to act when it is of the opinion that any foreign nation is stepping into the futures market and so manipulating it as to endanger the values of American commodities.

Mr. PICKLE. So, we are talking about futures.

Mr. POAGE. The futures market.

Mr. PICKLE. Even so, they are so related that the condition of one naturally will affect the other.

My question now is, would it not be desirable for the Department of Agriculture to require that they be notified immediately—and that would be less than 48 hours—and that in turn the appropriate committee of the Hill be notified so that we also would know about it?

Mr. POAGE. Mr. Speaker, I am of the opinion that is the wise thing to do. We have held no hearings on that. If I understand the gentleman's question, that involves this legislation in something which is not involved here. This involves futures markets. There is a great deal of reporting specified in this bill. That involves only cash sales which are not handled on futures markets, and would involve an entirely different approach.

I hope the gentleman will understand that I am trying to agree with his conclusion as to spot market, but it is not involved in this legislation.

Mr. PICKLE. It seems to me that we must require that notification be given to the Department of Agriculture and Department of Transportation. I have contended, in recent legislation which I have introduced, that in addition, in any large sale of 100,000 tons, or whatever amount might be, that a specific plan for transportation ought to also be filed so that we would know how to move the grain. We have known that since 1972 when we attempted to move too much grain too fast through one port, so that DOT and USDA ought to be required to file a report. I would hope the gentleman would hold hearings on that legislation as soon as possible.

Mr. POAGE. We contemplate going into that very thing, but I would like to suggest to the gentleman, he might wish to permit me to try to move along here so that others seeking to present their reports before the House would have a chance to do so, and we can get through all these other activities.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. POAGE. Mr. Speaker, I will yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Speaker, I want to take this occasion to compliment the chairman of the House Committee on Agriculture, (Mr. POAGE) and the ranking minority member, the gentleman from Virginia (Mr. WAMPLER) as well as the others on the Special Select Committee which dealt with the development of this bill.

In my view, this is one of the finest pieces of work of this Congress. It is going to have a lasting, beneficial impact on commodity trading and selling in the years ahead.

Beyond that, this is one of those rare bills which is truly the product of the Congress. It did not come down Pennsylvania Avenue from agency of the executive branch. It was not prepared by any special interests within the private sector. This was truly worked out on a bipartisan basis by the members of the Committee of the House Committee on Agriculture and staff, and I think it is a great credit to the Congress of the United States.

Mr. POAGE. I thank the gentleman from Illinois.

Mr. WAMPLER. Mr. Speaker, I want to take this opportunity to congratulate the gentleman from Texas (Mr. POAGE) on the excellent job he has done in guiding the Committee on Agriculture during its consideration of Commodity Exchange Act reform legislation, of which we have the final product, the conference report on H.R. 13113, before us today. I know that he has spent a great deal of time working on this bill, and it is to his credit that such a superb piece of legislation, which I hope will be rapidly signed into law, has resulted from the effort put forth. I want to commend the members of the ad hoc committee—which included the gentleman from Texas (Mr. POAGE) and the gentleman from Nebraska (Mr. THONE) for the excellent job they performed.

The main provisions of the bill have already been explained adequately, so I will focus my attention on another item which, in my opinion, is potentially of more importance to the enforcement of this act than any other provision therein. I refer to section 415 dealing with daily trading reports. There has been some confusion, in the press and among Members of Congress, about what the section 415 conference report language actually authorizes, and I want to use this time to clarify the intent of the Congress and remove all doubt so that the Commodity Futures Trading Commission will know exactly how this language was arrived at and what is expected to be forthcoming from the new Commission in the way of regulations with respect to section 415.

To begin with, both the original House and Senate bills implicitly allowed for the time stamping of all trades; that is, recording the exact moment the trade is executed in the pit and the identification of the trader who filled the order as a function of the Commission's general authority over contract market rules. From my observation, I would conclude that most, if not all, of the conferees favored the time stamping provision for we realized that time stamping is an important and highly effective means of policing trading. Although the conferees did not specifically spell out in the language in so many words that time stamping be done, we did say that "Every clearinghouse and contract market shall maintain daily trading records. The daily trading records shall include such information as the Commission shall prescribe by rule."

The reason we used this very general and broad authorizing language, giving the Commission the power to require time stamping at an unspecified future date rather than requiring this regulative practice to become effective immediately, is because we were informed that it may be technically impossible to implement a time stamping procedure on the effective date of the Act. However, the conferees strongly urge the Commission and the commodities industry to move quickly to develop a technically feasible approach to time stamping and have this practice put into effect at the earliest possible date.

At this time I would ask the gentleman from Texas (Mr. POAGE) if he would concur with my assessment of how section 415 came to be written as it is, and with the direction the conferees give to the Commission with respect to time stamping as I have outlined?

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Texas.

Mr. POAGE. The gentleman has correctly stated the provision and the reason for this provision. I think the gentleman might have gone further and pointed out there are certain exchanges in the United States that do not have the physical equipment available to take care of all of the details that might be required—if time stamping were required immediately—as do other exchanges. The Commission can, under this bill, require Exchange A to adopt slightly different rules or have its clearinghouse provide different information, and provide that Exchange B supply different information. We leave that in the hands of the Commission, simply because there is a great difference in the capacities and problems of the various exchanges.

As the report states, if, for example, the Commission determines that it needs the time for each trade made on the exchange and the identification of the traders involved in each trade, it can require that record to be kept and to be reported to the Commission by the clearinghouse. The Commission would make the decision as to what would be the procedure, and we give them the authority to do it.

Mr. WAMPLER. I thank the distinguished gentleman from Texas for his remarks.

I note that although some exchanges contend that time stamping is presently impractical, there are indications that this is not the case. Two of the smaller exchanges—the Minneapolis Grain Exchange and the New York Mercantile Exchange—already time stamp. Moreover, Agriculture's Commodity Exchange Authority Director, Alex Caldwell, who is well informed on the operation of the exchanges, believes that time stamping is eventually practical and necessary for the enforcement of this act.

The importance of making available to the Commission the information specified in section 415 of the conference report can not be overemphasized.

Time stamping would permit the Commission to determine whether floor brokers trade ahead of their customers in order to get the best price themselves. It would enable the Commission to learn if floor traders increased price fluctuations by jumping in en masse when prices have begun moving in a certain direction, and it would let the Commission know whether floor brokers actually minimize price swings by trading when the market is inactive, as they have claimed they do. Such information would help the Commission determine, as it is required to under the bill, whether floor brokers have justification for trading for themselves and also for customers, or whether the abuses are so rampant that this practice should not be allowed.

Moreover, even if the Commission should decide that floor brokers be permitted to trade for themselves and others, the time of the trade would be essential to police such "dual" trading.

To me, the evidence is overwhelmingly in favor of requiring time stamping. It was supported by the Commodity Exchange Authority and also by the General Accounting Office.

I include the letters from the Commodity Exchange Authority and the

Comptroller General regarding this provision at this point in the RECORD:

COMMODITY EXCHANGE AUTHORITY,
Washington, D.C.

Hon. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: At the request of Senator Clark, I am giving you my comments on section 315 of H.R. 13113, as passed by the Senate on September 9, 1974.

From a regulatory standpoint, this is one of the most important provisions of the bill. The daily reports required of the clearinghouses of the various exchanges would make it possible for the Commodity Futures Trading Commission to reconstruct trading in any commodity. This would enable it to detect and prosecute instances where trading is done in such a way as to manipulate prices. For example, if a particular trader, for reasons outside the futures market, wishes to raise the closing price for a particular commodity or future, he might trade very heavily just prior to and during the closing period. With the type of information which would be supplied by this clearinghouse report, the Commission could determine exactly what effect his trading had upon the closing price. Thus, it would be able to determine whether he, in fact, traded in such a way as to create an artificial price in violation of the Act. This type of record would be extremely valuable to the Commission in detecting other types of violation. For example, it would be relatively simple for the Commission to detect and prosecute situations in which a floor broker or futures commission merchant trades ahead of customers' orders or gives favorable trades to certain customers or unfavorable trades to other customers.

Further, the reports provided by this provision would be of great assistance to the Commission in carrying out its responsibilities under section 203 of H.R. 13113 with regard to dual trading.

Implementing subparagraphs (B) through (F) of the section would impose no major problem. This information is now available in the offices of the members of the clearinghouse and most of it is currently reported to the clearinghouse by the members. The timing of each trade, which would be required under subparagraph (A), is now required on only two of the regulated exchanges. The Chicago Board of Trade and the Chicago Mercantile Exchange, the two largest exchanges, do not currently time trades. Timing on these exchanges would require some change in procedure. However, in my opinion, it is completely feasible and would not involve serious problems for either of these exchanges. It might involve a fractional delay in the execution or reporting of trades to customers. However, this would not, in my judgment, be significant and might very well result in a more business-like execution of customers' orders.

Under the proposed legislation, the Commission would, I am sure, provide for the implementation of this provision in an orderly way, giving special consideration to the problems of individual exchanges.

While the timing of trades might involve some minor problems at least at the beginning, it is, in my opinion, the key element in the reporting provision of this section of the Act. Without it, the reporting of the other information would be of relatively little value to the Commission.

Sincerely,
ALEX C. CALDWELL,
Administrator.

COMPTROLLER GENERAL OF
THE UNITED STATES,
Washington, D.C., September 16, 1974.

Hon. DICK CLARK,
U. S. Senate,
Washington, D.C.

DEAR SENATOR CLARK: During the hearings in May 1974 on proposed futures trading legislation, you requested that we keep you apprised of any matters affecting such legislation that might be disclosed during our continuing review of the Commodity Exchange Authority (CEA). Accordingly, we would like to bring to your attention the need for a record of the time of execution on all trades made on commodity exchanges to enable CEA to better protect the public against abusive trade practices and to improve its market surveillance activities.

Our review of CEA included trade practice investigations at five of the largest exchanges and demonstrated the importance of having timing information on all trades. Although our investigations disclosed a number of possible abusive trading practices which were referred to CEA for further investigation, other abusive practices were virtually impossible to detect because timing information was not required. For example, the practice of a broker trading for his own account while he had a customer's order to be filled could not be detected because the time sequence of the broker's trades could not be determined from the records. This omission bears heavily on the question of whether or not dual trading—trading by brokers both for customers and for their own accounts—should be prohibited or restricted, which was a matter of concern in recent Senate hearings and which was discussed in our interim report. Neither CEA nor the commodity futures trading industry knows the extent of dual trading abuses, and neither can know in the absence of timing information.

Trades for a brokerage firm's own account could be used to the detriment of customers in the same way as trades for a broker's own account, and the timing of such trades could be similarly critical in an investigation.

The timing of trades by floor traders—brokers who trade only for themselves and not for customers—is also important for surveillance. In our 1965 report to the Congress entitled "Need to Strengthen Regulatory Practices and Study Certain Trading Activities Relating to Commodity Futures Markets" (B-146770, July 16, 1965), we pointed out that CEA did not know the extent of participation in the markets by floor traders or their influence on futures prices. CEA informed us that it could not measure that influence because of the lack of timing information on trades by floor traders. CEA officials stated that a record of the time of execution would be needed to ascertain whether floor traders were buying on price advances and selling on price declines and pointed out that such practices would tend to accentuate price movements.

The importance of the timing of trades also was demonstrated during the Senate's investigation of the Russian grain transactions. In its report on Russian grain transactions dated July 29, 1974, the Permanent Subcommittee on Investigations, Senate Committee on Government Operations, stated that it was impossible to determine whether orders to buy and sell on the Kansas City Board of Trade had affected the closing price because the times of such trades were not recorded. The report pointed out that such information was needed to determine whether large grain exporters were pushing up closing prices in order to increase their export subsidies.

To be useful to CEA in detecting trading abuses and in its other surveillance activities, the timing information on trades should be readily available in a form, such as an exchange trade register, that could be used for surveillance purposes.

Accordingly, we believe that CEA should have available, on a daily basis, the time of each trade made on the Commodity exchanges. Because the most effective means of obtaining such information is by legislative requirement, we recommend that any futures trading legislation contain a provision requiring each exchange to provide to CEA on a daily basis, and in a format prescribed by CEA, the time of each trade made on that exchange.

We are concluding our review of CEA operations and will provide you a copy of our final report on this review when it is completed.

Sincerely yours,
ELMER B. STAATS,
Comptroller General of the United States.

Mr. BAKER. Mr. Speaker, will the gentleman yield?

Mr. WAMPLER. I yield to the distinguished gentleman from Tennessee.

Mr. BAKER. I thank the gentleman for yielding.

I opposed this legislation in the committee, and I opposed it on the floor.

I opposed it because I felt there were no irregularities in trade that existed in the regulation of the industry, and I also felt that there would be a tremendous expense to the taxpayers as we rev up another commission which is going to be comparable to the Securities and Exchange Commission.

However, I do compliment the conferees on the tremendous amount of progress which has been made in their deliberations and for the product which has been delivered to the floor.

Mr. Speaker, I intend to offer at the appropriate time a motion to recommit this conference report with instructions to delete two objectionable features.

The first involves the submission of budget requests by the proposed new Commission.

The second involves the providing of legal services by the Department of Justice.

I believe that the conferees have gone too far in requiring that the new Commission submit its budget through other than normal fiscal channels. I can see a great deal of trouble in the years ahead if a whole bevy of agencies and commissions go outside the regular budgeting process. Thus, I believe the language in section 101(a)(3) of the conference report should be deleted.

In enacting the Budget and Accounting Act of 1921, the Congress created a wise and effective system that clearly defined the respective responsibilities of the legislative and executive branches and recognized the need for the executive branch to speak with one voice in presenting the Federal budget. The President's budget is developed with a view to balancing each part in the larger context of the overall budget and its effect on the economy, on public borrowing, and other fiscal considerations.

The budgets of the independent commissions have important relationships with those of other agencies and programs of the Government. Such relationships cannot be seen or evaluated until the entire budgetary picture is revealed when the President sends the budget to the Congress. Premature disclosure of certain agency budget requests would encourage a narrowly focused disinterested consideration of such requests and deprive the Congress of other related budgetary information.

Early disclosure would also most likely affect the budget estimates. For example, an agency, knowing of a difference of opinion between the President and many Members of the Congress, could hardly help being influenced by that very fact. This could also attract external pressures for more spending upon the Appropriations Committees to a far greater extent than at present.

The second provision which would be deleted by the motion to recommit brings much greater order to the carrying out of Government litigation.

The Attorney General of the United States in his letter to the conferees pointed out that there are four major policy reasons for supporting the principle of centralized litigating control. These four reasons are:

First, the presentation of a uniform position on important legal issues to the courts requiring the exercise of selectivity in the filing and presentation of cases;

Second, the ability to select test cases which will present the Government's position in the best possible light since court determinations will have precedential effect beyond the particular agency involved;

Third, greater objectivity in the filing and handling of cases by attorneys who are not themselves the affected litigants; and

Fourth, achievement of better rapport with the courts since there is an undeniable recognition of the judiciary's preference for litigation control by the Department of Justice.

Mr. Speaker, the text of the letter from the Attorney General is as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C., September 18, 1974.

Hon. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture are meeting today on H.R. 13113, the Commodities Futures Trading Commission Act of 1974. I would like you to know that the Department of Justice would strongly object to any attempt to depart from the long standing policy of the Executive Branch that representation of federal agencies in court shall be under the supervision and control of the Attorney General. It is my understanding that the House-passed version of H.R. 13113 clearly authorized the Department of Justice to represent the Commission in litigation matters, but the Senate version is ambiguous on this point. I would suggest the following changes in the Senate-passed version of H.R. 13113 to clearly define the litigating authority under the Act:

a. On page 101, sec. 6(c), lines 8 and 9, we recommend that the language be changed to read:

"in any commodity for future delivery, the Commission may request that the Attorney General bring an action in the proper district court of the United"

b. On page 101, sec. 6(c), line 19, we recommend that the language be changed to read:

"without bond. Upon application of the Commission through the Attorney General the"

To authorize the Commodities Commission to conduct its own litigation would create an exception to 28 U.S.C. 516, which provides that, unless otherwise authorized by law, the conduct of litigation in which the United States is a party is reserved to officers of the Department of Justice under the direction of the Attorney General. With respect to appeals, 28 U.S.C. 518(a) provides that the Attorney General and the Solicitor General shall conduct and argue suits and appeals in the Supreme Court and the Court of Claims in which the United States is interested, unless the Attorney General, in a particular case, directs otherwise.

These provisions represent a Congressional determination that the Federal Government take a consistent and uniform position in its litigation and that authority for representation of the Government's interests in court derive from one source. While a few so-called independent agencies, such as the Securities Exchange Commission and the Federal Power Commission, have historically had special statutory authority to appear in court, such authority is the exception and has been narrowly confined. See *Federal Trade Commission* v. *Guignon*, 390 F. 2d 323 (9th Cir. 1968). Generally, we think that even the special statutory authorizations now extant are unwise as a dilution of the centralization which necessarily best protects the Government's interests in litigation.

There are basically four major policy reasons supporting the principle of centralized litigating control. These are:

1. The presentation of a uniform position on important legal issues to the courts requiring the exercise of selectivity in the filing and presentation of cases;

2. The ability to select test cases which will present the Government's position in the best possible light since court determinations will have precedential effect beyond the particular agency involved;

3. Greater objectivity in the filing and handling of cases by attorneys who are not themselves the affected litigants; and

4. Achievement of better rapport with the courts since there is an undeniable recognition of the judiciary's preference for litigation control by the Department of Justice.

I appreciate your consideration of this request. If we can be of any assistance to you and the conferees please let me know.

Sincerely,

WILLIAM B. SAXBE,
Attorney General.

Mr. BAKER. Mr. Speaker, to me it is clear that the conference report language vests and, I might add, fragments the Government's coordinated litigation effort.

Thus, I suggest we send this bill back to conference where it can be improved after the recess and then take it up again in November.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. WAMPLER. I yield to the distinguished chairman of the committee, the gentleman from Texas.

Mr. POAGE. Mr. Speaker, I would like to point out that the gentleman from Tennessee (Mr. BAKER) is unduly alarmed, because the bill does not require anything more than merely the sending of a copy of the Commission's budget request to the House and the Senate. I will read from section 101, paragraph (9)(A), on page 3 of the conference report, as follows:

> Whenever the Commission submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit copies of that estimate or request to the House and Senate Appropriations Committees and the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry.

That does not require them to send anything special up here. It is merely a copy of what they have sent, so that the Congress may know whether in our opinion the agency or the Commission is receiving or is asking for funds that will enable it to carry on its work.

Mr. Speaker, a great deal of the criticism that has been directed to the present agency has grown from the fact that its budget has always been submitted through the Department of Agriculture, and that we have not understood that budget as an independent, separate budget. Since we are trying to establish an independent agency, it seemed to the conferees that the only logical way to make it really independent was at least to let the Congress know what the Commission itself felt its budget should be. It does not guarantee them one penny; it simply says that the Congress shall know what they consider their needs are. It seems to me the Congress would be very ill-advised to deny itself the opportunity to know just what their needs are.

Mr. BAKER. Mr. Speaker, if the gentleman from Virginia will yield further, on that point, the administration's objection, as I understand it, is that we are not following the procedure which is now followed by the Food and Drug Administration and the Federal Trade Commission. Those independent agencies are submitting their budgets to OMB and are following the normal procedure.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Texas.

Mr. POAGE. Mr. Speaker, this requirement is similar to that of the Consumer Products Safety Commission, and this precedent has been working very well.

This is simply applying to this Commission the same rules that we applied to another Commission.

Mr. BAKER. Mr. Speaker, if the gentleman will yield further, the objection by the administration has been that the procedure of the Consumer Products Safety Commission was a bad precedent which was established and it is not in the best interest of budgeting procedure.

Mr. POAGE. Mr. Speaker, the gentleman may feel that it was a bad precedent, but I know of no one who found there has been anything wrong with the budgeting. The gentleman may not like the Commission, he may not like the controls it exercises, but I have heard no criticism of the way Congress is informed of how its budget was prepared and presented. This provision only goes to the fact that we require that the Congress be informed of the details of the original requirement, of the Commission—as determined by the Commission's request. At the same time, we on the Committee on Agriculture want to know the Commission's thoughts on legislation.

Mr. MAYNE. Mr. Speaker, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Iowa.

Mr. MAYNE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I want to commend the gentleman from Virginia (Mr. WAMPLER), the ranking minority member of the Committee on Agriculture, and the distinguished chairman, the gentleman from Texas (Mr. POAGE), and, particularly, the members of the special committee who were appointed by the chairman to work on this important legislation. It was my privilege as a member of the full committee to participate in the lengthy hearings on this legislation, and in the course of those hearings it became very, very evident that the present Commodity Exchange Authority has been very deficient in properly policing the commodities industry.

I was glad to support the bill as reported by the committee after offering amendments to insure freer competition. It seemed to me that as reported by the special committee there were not sufficient antitrust provisions, and I therefore offered strengthening amendments that would insure proper enforcement of the antitrust laws with regard to these commodity firms.

I think the bill in its present form as it emerges from the conference is an excellent one which deserves the support of all the Members, and I am very happy to support the conference report.

Mr. WAMPLER. Mr. Speaker, I would like to have the RECORD show that the distinguished gentleman from Iowa (Mr. MAYNE) as the ranking minority member of the Subcommittee on Livestock and Grains, and also as a distinguished member of the Committee on the Judiciary, made invaluable contributions during the hearings, and during our markup on this bill. I congratulate and commend the gentleman for his participation and contributions.

Mr. POAGE. Mr. Speaker, I have no further requests for time.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

MOTION TO RECOMMIT OFFERED BY MR. BAKER

Mr. BAKER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. BAKER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BAKER moves to recommit the conference report on H.R. 13113 to the Committee on Conference with the following instructions to the Managers on the part of the House:

Strike out paragraphs (9)(A) and (9)(B) of Section 101(a)(3); and

Strike out Section 211 and insert in lieu thereof the language of Section 211 as passed by the House; and

Renumber all subsequent sections and paragraphs accordingly.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The motion to recommit was rejected.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. THONE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 375, nays 4, not voting 55, as follows:

[Roll No. 593]

YEAS—375

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conlan
Conte
Conyers
Corman
Cotter
Crane
Cronin
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Dellums
Denholm
Dent
Derwinski
Devine
Dickinson
Dingell
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Gross
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kyros
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCollister
McCormack
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Passman
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Ruppe
Ruth
St Germain
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Whalen
Whitten
Widnall
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—4

Armstrong
Baker
Goldwater
Landgrebe

NOT VOTING—55

Biester
Blackburn
Brasco
Brown, Calif.
Carey, N.Y.
Clark
Clawson, Del
Conable
Coughlin
Daniel, Robert W., Jr.
de la Garza
Dennis
Diggs
Donohue
Dorn
Duncan
Eilberg
Flynt
Ford
Hansen, Idaho
Hawkins
Hébert
Heckler, Mass.
Johnson, Colo.
Kuykendall
McCloskey
McDade
Mann
Mathias, Calif.
Mills
Minshall, Ohio
O'Hara
Pepper
Podell
Powell, Ohio
Pritchard
Rarick
Rooney, N.Y.
Runnels
Ryan
Sandman
Schroeder
Snyder
Steele
Stephens
Stubblefield
Stuckey
Symms
Tiernan
Ware
White
Whitehurst
Williams
Wright
Young, S.C.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Mills.
Mr. Hébert with Mr. Minshall of Ohio.
Mr. de la Garza with Mr. Rarick.
Mr. Eilberg with Mr. Powell of Ohio.
Mr. Carey of New York with Mr. Steele.
Mr. Ford with Mr. Sandman.
Mr. Flynt with Mr. Robert W. Daniel, Jr.
Mr. Pepper with Mr. Ware.
Mr. O'Hara with Mr. Biester.
Mr. Runnels with Mr. Kuykendall.
Mr. Ryan with Mr. Coughlin.
Mrs. Schroeder with Mrs. Heckler of Massachusetts.
Mr. Stuckey with Mr. Blackburn.

Mr. Stephens with Mr. Snyder.
Mr. White with Mr. Del Clawson.
Mr. Wright with Mr. Mathias of California.
Mr. Mann with Mr. Conable.
Mr. Hawkins with Mr. Dorn.
Mr. Donohue with Mr. McCloskey.
Mr. Diggs with Mr. Hansen of Idaho.
Mr. Clark with Mr. Duncan.
Mr. Stubblefield with Mr. Symms.
Mr. Tiernan with Mr. McDade.
Mr. Brown of California with Mr. Pritchard.
Mr. Whitehurst with Mr. Williams.
Mr. Dennis with Mr. Young of South Carolina.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 11510, ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Mr. **HOLIFIELD**. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H.R. 11510) to create an Energy Research and Development Administration.

The Clerk read the title of the bill.

The **SPEAKER**. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. **HOLIFIELD**. Mr. Speaker, I ask unanimous consent that the statement of the managers be read in lieu of the report.

The **SPEAKER**. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 8, 1974.)

Mr. **HOLIFIELD** (during the reading). Mr. Speaker, I ask unanimous consent that the joint statement of the managers be considered as read and printed in the RECORD.

The **SPEAKER**. Is there objection to the request of the gentleman from California?

There was no objection.

MR. **HOLIFIELD**. Mr. Speaker, I am pleased to bring before the House the conference report on H.R. 11510, the bill to reorganize and consolidate certain functions of the Federal Government in the energy field. This bill, as agreed to in conference between the House and the Senate, establishes a new Energy Research and Development Administration, and a Nuclear Regulatory Commission to perform the licensing and regulatory functions formerly in the Atomic Energy Commission.

This bill passed the House on December 19, 1973, by a vote of 355 to 25—52 not voting. It signified very clearly the conviction of this House that the Federal Government must face up to the energy challenge and organize itself for effective action.

The Senate passed a companion bill on August 15, 1974, 8 months later than the House bill. And when the bills finally came to conference, we had a difficult problem of reconciliation because the Senate had added many amendments in committee and on the floor to the original version. As the Members know, we proceed in the House by rather strict rules of germaneness which do not apply in the other body.

Mr. Speaker, I sincerely believe that the House conferees have remained faithful to the basic tenets of the House rules and procedures and have maintained the integrity of the legislation as an organizational bill. As chairman of the Committee on Government Operations, which has general jurisdiction of organizational bills, I try to keep the legislation within that context rather than annexing all kinds of policy issues which are properly within the jurisdiction of other House committees.

H.R. 11510 is titled the "Energy Reorganization Act of 1974." The Energy Research and Development Administration, ERDA, created by the bill becomes the central agency in the Federal Government for planning, managing, supporting, and conducting research and development programs and projects involving all energy sources and energy utilization techniques.

ERDA will be headed by an Administrator and Deputy Administrator qualified by general background and experience to manage a broad range of energy research and development programs. Six Assistant Administrators, qualified in their respective areas, will have charge of designated programs; namely, fossil energy; nuclear energy; environmental safety; conservation; solar, geothermal, and advanced energy systems; and national security.

ERDA will take the laboratories and facilities of the Atomic Energy Commission, the Office of Coal Research and Bureau of Mines research centers from the Department of Interior; solar and geothermal development programs from the National Science Foundation; and programs for developing alternative automotive power systems from the Environmental Protection Agency.

I want to stress, Mr. Speaker, that ERDA will be a broad-based agency for energy research and development. It will not be restricted to any particular energy source or mode, but will develop all energy potentials so that our Nation can free itself from dependence on foreign energy sources and develop the energy needed for sustaining economic growth while meeting required environmental standards.

The Nuclear Regulatory Commission will be charged with the licensing of nuclear reactors and materials for civilian power development. The bill, as agreed to in conference, provides for three component offices; namely, an Office of Nuclear Reactor Regulation, which will be concerned primarily with licensing and regulation of nuclear powerplants; an Office of Material Safety and Safeguards, which will be concerned with licensing of facilities associated with processing, transport, and handling of nuclear materials, including the provision and maintenance of safeguards against threats, thefts, and sabotage; and an Office of Nuclear Regulatory Research, which will perform such research as is needed for confirmatory assessment; that is, the evaluation of license applications to insure that all the necessary requirements are met for safe and efficient operation of nuclear plants and handling of nuclear materials.

Each of the three component offices of the Nuclear Regulatory Commission will be headed by a Director, and they will report to the Commission through an Executive Director for Operations, who will be, in a sense, the Commission's general manager. Each director will be able to report to the Commission directly whenever he deems it necessary in fullfillment of his responsibilities.

Mr. Speaker, we were successful in persuading the Senate conferees to recede on a number of provisions which, in our considered judgment, should be left to other committees or deferred for additional study and consideration.

Thus, we omitted from the bill three sections relating, respectively, to technical assistance, including reports and studies, to intervenors in Commission proceedings; reimbursement of attorneys' fees and other costs to parties in Commission proceedings who lack financial means to pay these costs; and public disclosure of internal Commission memoranda and proprietary information relating to nuclear safety systems and components. Each of these provisions raised serious policy problems and carried the possibility of heavy administrative burdens and costs to the Commission as well as inordinate delays in administrative proceedings.

As the Members well know, we have too many delays now in handling licensing applications for the construction and operation of nuclear plants. Such applications take from 8 to 10 years. We need to reduce, not add to, the delay factors, so that this nation can get on with the job of providing the energy so important to its welfare.

We also persuaded the Senate conferees to—

Withdraw a provision relating to daylight savings time, which is being handled in other legislation;

Withdraw a separate title on energy research and development policy, which also is being handled in separate legislation;

Withdraw a provision for the arbitrary 7-percent allocation of research and development funds to 26 functions of the six Assistant Administrators;

Withdraw a provision for a Council on Energy Policy. The Senate amendment provided for two councils or committees, and the House conferees thought one was enough;

Eliminate unduly restrictive qualifications for the top officers in ERDA and for the members of the Nuclear Regulatory Commission. The House conferees did agree to a requirement for bipartisanship in the Commission, since the same requirement prevails in practically all independent regulatory commissions.

In addition, the House conferees were instrumental in getting much of the language in the Senate amendment revised, improving the bill in many details, which will make this legislation more effective as the framework for agency and commission performance.

Mr. Speaker, the President of the United States wrote to each of the conferees and urged them to come to agreement on this bill so that it could become law before the recess. We in the House were foresighted enough to pass this legislation about 10 months ago. It is legislation long delayed and badly needed. It will help this country get on with the energy job.

I urge the adoption of the conference report.

Mr. Speaker, I yield such time as he may conserve to my colleague, the ranking minority member, the gentleman from New York (Mr. Horton).

Mr. HORTON. Mr. Speaker, I am pleased to rise in support of the conference report on H.R. 11510, a bill to reorganize and consolidate certain functions of the Federal Government relating to energy research and development and regulation.

As Chairman Holifield has said, the conference bill follows the House bill very closely. It remains an organizational bill; it is not an energy policy bill.

The administration fully supports the conference report. The House conferees were unanimous in their acceptance of it. I urge the House to accept this conference report on H.R. 11510.

Let me point out briefly, since I know this House has a lot of business before it, the significance of this reorganization.

The Federal Government's energy R. & D. programs are rapidly expanding now in response to the severe energy shortages we face. These programs are now scattered through a number of Federal agencies. It has been recognized by everyone knowledgeable in the energy field that we need to consolidate our energy R. & D. programs into a single agency if we are to maximize the value we receive for these new dollars.

This bill creates an Energy Research and Development Administration to consolidate our energy programs. It is patterned after our highly successful efforts with the Atomic Energy Commission and NASA. Those of us involved in this bill are confident that with this reorganization we will be able to provide this country with the energy capability it needs.

I would like to also point out that this bill is particularly timely during this period of extraordinary inflation in energy costs. I had the privilege of participating in the Conference on Inflation and was impressed with the widespread impact of higher energy costs on all sectors of our economy. Time after time representatives of State and local governments, private industry, and individual consumers called for congressional action to lower energy prices. While this bill does not offer immediate relief, it is our best hope for the medium and long term.

One very important feature of the bill is the separation of the regulatory function from the promotional function in the nuclear energy area. The development of nuclear energy is assigned to the Energy Research and Development Administration and the regulation of nuclear energy becomes the responsibility of a new Nuclear Regulatory Commission.

The chairman pointed out that several Senate amendments dealing with the funding of intervenors were deleted in this conference bill. The issues involved were very complex and we were simply unable to come up with acceptable solutions in this bill. I hope these issues will receive prompt attention by the committees of jurisdiction in the near future.

Finally, I want to point out that this bill will stand as a monument to the leadership of Chet Holifield in the energy field. He was a charter member of the Joint Committee on Atomic Energy and through the many years has been the single most important individual in the Congress on energy legislation. He guided nuclear energy through its early developmental years and now has taken an active role in developing a balanced energy program for the United States. I think it is fair to say that this reorganization will give us the capability to run the best possible energy program for several decades to come and that we owe this major reform to my dear friend and colleague Chet Holifield.

Mr. Speaker, I think it is appropriate that we pause for just a moment, because this will mark one of the last times that Chairman Holifield will be in the well of the House, or will be handling a conference report on such an important bill. I have worked with him from the inception of the creation of this Energy Research and Development Administration. I know of the many long hours he personally has devoted to the formulation of this bill; listening to the hearings; the attention he gave to it; the almost daily, hourly attention he gave to it when we were trying to write the bill and trying to get it through the committee process; and then the tremendous effort he put forth in getting it through on the floor.

I have been to many conferences in my time in the House, but I have never been in a conference in which a Member was so highly respected as Chairman Holifield was in this conference. Members on both sides of the aisle and in the Senate and in the House had great respect for Chairman Holifield's knowledge in this field of energy.

Mr. Speaker, as we enact this bill and as we pass this conference report, I think it is going to stand as a monument to the leadership of Chet Holifield in this energy field. So, Mr. Speaker, I ask that this conference report be accepted. It is a good conference report, it is a good bill, and it is going to permit this country to take a monumental step forward in arriving at that goal of being self-sufficient in our energy.

This bill is going to permit us to create an agency which is going to permit us to accomplish that goal, and I think it is very important that we pass this conference report.

Mr. HOLIFIELD. Mr. Speaker, my staff has pointed out to me that in the printing of the bill in the Record there is a typographical error where two or three lines apparently have been left out by an error in the Government Printing Office.

The matter is explained in the report, and I will offer a concurrent resolution in order to make the typographical correction.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I will be glad to yield to the gentleman from Ohio.

Mr. SEIBERLING. As I recall, this bill was the subject of great controversy at the time it was passed by the House.

Mr. HOLIFIELD. Will the gentleman yield on that point?

Mr. SEIBERLING. Yes.

Mr. HOLIFIELD. There were only 25 dissenting votes.

Mr. SEIBERLING. One of them happened to be me.

Mr. HOLIFIELD. I see. Then there was great controversy.

Mr. SEIBERLING. The controversy preceded the vote. Now we do not have the benefit of a conference report that is printed for all the Members to see. I wonder whether the chairman could give us some general idea as to the extent to which this is the same as the bill that passed the House or is there a difference?

Mr. HOLIFIELD. I would say, if I can qualify it in this way, that 95 percent of it is the House bill.

There were some 23 amendments that were offered in the Senate, all of the way from daylight saving time to a provision which authorized a 7-percent allocation of the total funds to each of 26 functions of the 6 administrators.

If the gentleman will multiply the 26 by 7, I think he will find that there is about 182 percent used up.

That was one of the grand amendments that the Senate put in, and they did recede from that when it was pointed out to them that it was a mathematical impossibility.

There were other portions of the Senate material left out. We did accept the one provision which provided that this Commission in the future would have a bipartisan membership—the Commission on Nuclear Regulation I am talking about. This would mean three Republicans and two Democrats, at the present time.

That coincides with all the other regulatory commissions, and we thought that was in order and a regular procedure, and we did accept that particular amendment.

I might say to the gentleman that the report is printed in the Record which is before us today and also the complete bill, except for the lines that were left out through typographical error. I would be glad to show it to the gentleman. It begins on 34429 of the October 8 Record and goes on for several pages. It also includes the statement of the managers on the part of the House.

One of the reasons we are utilizing this completely legitimate method, because we do have before us the printed copy of the statement of the managers and the bill as agreed to, is that the administration wants this bill enrolled and engrossed so that it can be signed before the recess.

Mr. SEIBERLING. Could the chairman give us the page numbers so that the Members desiring to look it up may do so?

Mr. HOLIFIELD. I shall be very glad to. The text of the bill starts on 34429.

Mr. SEIBERLING. 34429; I thank the gentleman.

Mr. HOLIFIELD. And the statement of the managers follows on page 34435.

Mr. SEIBERLING. I thank the chairman. I wonder if I might ask one more question.

Mr. HOLIFIELD. The gentleman certainly may.

Mr. SEIBERLING. One of the objections that was raised during the debate on this bill in the House was that there was not sufficient specificity as to guidelines for the new Administrator to use in carrying out the directions of the bill, statutory guidelines to determine what was in the public interest, et cetera.

Has there been any change in that or any elaboration of statutory guidelines?

Mr. HOLIFIELD. Statutory guidelines, no.

This bill is a traditional Government structure; it is an organizational entity like any other agency or department of Government. We tried to stay out of the program and the policy field. We gave them the regular type of organization that is given to all agencies.

As to the policies and programs on the matters that will be researched, they will be set up by the respective committees. For instance, probably the Committee on Interior and Insular Affairs would set up the policy guidelines on any research and development done on coal, oil, or gas.

The Committee on Space and Technology would set up the guidelines on the research to produce solar and geothermal energy.

The Joint Committee would set up the guidelines, as they always do, on nuclear matters, both civilian and military application.

Mr. Speaker, it is a good bill, I will say to the gentleman, and the gentleman can be assured that the conferees were in agreement all the way. There was no division among the Republican conferees and the Democratic conferees. We stood strong for the House position, the position that was ratified by 355 aye votes to 25 noes votes in the passage of the bill in the House.

We feel very, very happy over the result of that conference. It took a bit of doing to do it, I might add.

Mr. SEIBERLING. Mr. Speaker, I thank the gentleman, the chairman of the committee. I congratulate him for doing a fine job.

Mr. HOLIFIELD. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. HORTON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 372, nays 1, not voting 61, as follows:

[Roll No. 594]

YEAS—372

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conlan
Conte
Conyers
Corman
Cotter
Crane
Cronin
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Dellums
Denholm
Dent
Derwinski
Devine
Dickinson
Dingell
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Gray
Green, Oreg.
Green, Pa.
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landgrebe
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Mahon
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Neill
Parris
Passman
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Ruppe
Ruth
St Germain
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Whalen
Whitten
Widnall
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion

NAYS—1

Gross

NOT VOTING—61

Biester
Blackburn
Blatnik
Brasco
Carey, N.Y.
Clark
Clawson, Del
Conable
Coughlin
Daniel, Robert W., Jr.
de la Garza
Dennis
Diggs
Donohue
Dorn
Duncan
Edwards, Calif.
Eilberg
Flynt
Griffiths
Hansen, Idaho
Hansen, Wash.
Hébert
Johnson, Colo.
McCormack
McDade
Madigan
Mann
Mathias, Calif.
Mills
Minshall, Ohio
O'Brien
O'Hara
Owens
Pepper
Podell
Powell, Ohio
Pritchard
Rarick
Rooney, N.Y.
Runnels
Ryan
Sandman
Schroeder
Smith, N.Y.
Snyder
Steele
Steiger, Wis.
Stubblefield
Stuckey
Symms
Teague
Tiernan
Ware
White
Whitehurst
Williams
Wilson, Charles H., Calif.
Wright
Young, S.C.
Zwach

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Dorn.

Mr. Rooney of New York with Mr. Edwards of California.

Mr. de la Garza with Mrs. Griffiths.

Mr. Eilberg with Mrs. Hansen of Washington.

Mr. Carey of New York with Mr. Mills.

Mr. Flynt with Mr. Conable.

Mr. Pepper with Mr. Madigan.

Mr. O'Hara with Mr. Blackburn.

Mr. Runnels with Mr. Duncan.

Mr. Ryan with Mr. Biester.

Mrs. Schroeder with Mr. Mathias of California.

Mr. Stuckey with Mr. Del Clawson.

Mr. White with Mr. Dennis.

Mr. Mann with Mr. Minshall of Ohio.

Mr. Donohue with Mr. Coughlin.

Mr. Diggs with Mr. Blatnik.

Mr. Clark with Mr. O'Brien.

Mr. Stubblefield with Mr. Robert W. Daniel, Jr.

Mr. Tiernan with Mr. McDade.

Mr. McCormack with Mr. Powell of Ohio.

Mr. Pritchard with Mr. Hansen of Idaho.

Mr. Sandman with Mr. Owens.

Mr. Steiger of Wisconsin with Mr. Rarick.

Mr. Symms with Mr. Smith of New York.

Mr. Teague with Mr. Snyder.

Mr. Whitehurst with Mr. Steele.

Mr. Charles H. Wilson of California with Mr. Ware.

Mr. Wright with Mr. Williams.

Mr. Young of South Carolina with Mr. Zwach.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING CLERK OF HOUSE TO MAKE CORRECTIONS IN ENROLLMENT OF H.R. 11510

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the House concurrent resolution (H. Con. Res. 662), authorizing the Clerk of the House to make corrections in the enrollment of H.R. 11510.

The Clerk read as follows:

H. Con. Res. 662

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives in the enrollment of the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Regulatory Commission in order to promote more efficient management of such functions is authorized and directed to make the following corrections:

(1) Strike out paragraph (2) in section 201(a).

(2) Redesignate existing paragraph (3) of section 201(a) as paragraph (2).

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. Mr. Speaker, the purpose of this concurrent resolution is to correct an error in the text of the bill which is a part of the conference report on H.R. 11510, printed in the CONGRESSIONAL RECORD of Tuesday, October 8, 1974, beginning at page 34429.

The text of the bill erroneously includes a paragraph, designated as section 201(a)(2), which is printed at page 34432, middle column, of the CONGRESSIONAL RECORD. The House and Senate conferees on H.R. 11510 had agreed to delete this provision, which would make the chairman of the Nuclear Regulatory Commission its principal executive officer, and authorize him to exercise all of its executive and administrative functions.

The conference report, at page H10136, third column of the CONGRESSIONAL RECORD, specifically states that paragraph 201(a)(2) is deleted, and the concurrent resolution makes the necessary correction and renumbers the other paragraphs accordingly.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

EMERGENCY ALLOTMENT LEASE AND TRANSFER OF TOBACCO ALLOTMENTS OR QUOTAS IN CERTAIN DISASTER AREAS IN NORTH CAROLINA

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture be discharged from further consideration of the bill (H.R. 16857) to provide for emergency allotment lease and transfer of tobacco allotments or quotas for 1974 in certain disaster areas in North Carolina, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill as follows:

H.R. 16857

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 316 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof the following new subsection (h):

"(h) Notwithstanding any provision of this section, when as a result of drought, flood, damage due to excessive rain, hail, wind, tornado, or other natural disaster, the Secretary determines (1) that one of the counties hereinafter listed has suffered a loss of 10 per centum or more in the number of acres of tobacco planted, and (2) that a lease of such tobacco allotment or quota will not impair the effective operation of the tobacco marketing quota or price support program, he may permit the owner and operator of any farm within Craven and Jones Counties, North Carolina, which has suffered a loss of 10 per centum or more in the number of acres of tobacco planted of such crop to lease all or any part of such allotment or quota to any other owners or operators in the same county, or nearby counties within the same State, for use in such counties for the year 1974 on a farm or farms having a current tobacco allotment or quota of the same kind. In the case of a lease and transfer to an owner or operator in another county pursuant to this subsection, the lease and transfer shall not be effective until a copy of the lease is filed with and determined by the county committee of the county to which the transfer is made to be in compliance with the provisions of this subsection.".

AMENDMENT OFFERED BY MR. JONES OF NORTH CAROLINA

Mr. JONES of North Carolina. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of North Carolina: On page 2, line 6, after the word "Craven" insert a comma and the word "Carteret".

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF CONFERENCE REPORT ON H.R. 11221, DEPOSITORY INSTITUTIONS AMENDMENTS OF 1974

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 1422 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1422

Resolved, That upon the adoption of this resolution it shall be in order to consider the conference report on the bill H.R. 11221, to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to $50,000, and all points of order against the conference report are hereby waived.

The SPEAKER. The gentleman from Louisiana is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1422 provides for a rule waiving all points of order against the conference report on H.R. 11221, to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to 40,000.

The conference report provides for insurance on the deposits of public funds of Federal, State, and local governmental units in federally insured banks, savings banks, savings and loan, building, and loan and homestead associations, cooperative banks and credit unions up to the amount of $100,000 per account.

The conference report also provides for a moratorium on the conversion of mutual savings banks to the stock form or organization until June 30, 1976.

Mr. Speaker, I urge the adoption of House Resolution 1422 in order that we may discuss, debate, and pass the conference report on H.R. 11221.

The conference report also provides for a moratorium on the conversion of mutual savings banks to the stock form of organization until June 30, 1976.

Mr. LONG of Louisiana. Mr. Speaker, I yield 10 minutes to the distinguished gentlewoman from Missouri (Mrs. SULLIVAN), pending the time that I now yield to the distinguished gentleman from Tennessee (Mr. QUILLEN).

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the provisions of the resolution have been ably explained by the gentleman from Louisiana (Mr. LONG).

Mr. Speaker, I have no requests for time on this side, but I reserve the balance of my time.

Mr. LONG of Louisiana. Mr. Speaker, I yield to the distinguished gentleman from Texas (Mr. ECKHARDT) for purposes of a question.

Mr. ECKHARDT. Mr. Speaker, I note that the rule provides that all points of order against the conference report are hereby waived. I had understood it was generally the policy of the Committee on Rules to specifically waive points of order, but not to waive them in general. Am I incorrect in this? Is it not true there are many nongermane amendments that arose in the Senate that could have been voted down separately without a waiver?

Mr. LONG of Louisiana. Mr. Speaker, the gentleman is correct. It was clear under the rules given to the Committee on Banking and Currency that set forth five different places in the conference report that required an exception to the general rules of the House and might be subject to a point of order. While there are five of them, they are uniform in nature in that all five of them exceed the scope of the original House and Senate bills. That is the reason we treated it in the manner we did.

Mr. ECKHARDT. Mr. Speaker, if the gentleman will yield further, was not one of the points of order that permitted a nongermane amendment to this bill one which limited recovery under the Truth in Lending Act with respect to class actions? Was that not one of the nongermane Senate amendments?

Mr. LONG of Louisiana. We were informed, the Committee on Rules was informed by the chairman of the subcommittee at the time the presentation was made before the Committee on Rules requested the exception to the points of order that the matter had been covered by the Senate bill and, consequently, it was our feeling at the time, based upon the representations of the chairman of the subcommittee, that it did not require in that instance an exception of the waiver of the points of order.

Mr. ECKHARDT. On the point I have referred to, does the gentleman say they did not request waiver of points of order?

Mr. LONG of Louisiana. I yield to the gentleman that made the representation.

Mr. ST GERMAIN. Mr. Speaker, the language in the bill before us for which we are seeking a rule is the language that was in the Senate bill. Therefore, it was germane to the matter before the conferees.

Mr. ECKHARDT. But by waiving all points of order, if this view of germaneness may have been incorrect, we are not now in a position to raise a point of order here because instead of waiving specifically the five points of order, we have a general waiver of points of order; so I assume we are denied even the argument that this matter is not germane.

Mr. LONG of Louisiana. I think the gentleman is correct. The action of the Committee on Rules was taken on the representation of the Committee on Rules that it was included. Therefore, it was not requested that there be any exception in that particular instance; but I think the conclusion of the gentleman is correct.

Mr. ECKHARDT. If the gentleman will briefly yield further, I would like to say this points out one of the bad features about waiving points of order in general. Had the five points of order been waived specifically, then the question of whether or not the alteration of the right of recovery under the Truth in Lending Act was germane could have been raised at this time as a point of order. Whether we would have been correct or not in this assertion would ultimately have to be decided by the Parliamentarian.

But, we are now denying that.

Mr. LONG of Maryland. I think the gentleman's point is well taken.

Mr. ECKHARDT. That is, if we pass the rule.

Mr. LONG of Maryland. I think the gentleman's point is well taken.

Mr. Speaker, I yield 10 minutes to the distinguished gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Speaker, I know my speaking out on this rule at this late hour with so few Members present will have no effect on the adoption of the rule or the conference report, but I cannot in good conscience let this pass without attempting to advise the House how this legislation is striking at the very heart of the Truth in Lending Act and giving the credit card industry and the large creditors a lobbying objective they have been seeking for 5 years.

Mr. Speaker, I oppose the rule on H.R. 11221. No rule is necessary to call up a conference report. The only reason a rule has been requested on this particular conference report is to prevent the House from exercising its right under rule 28 to examine into, debate, and vote on at least a few of a score or more of nongermane Senate amendments tacked on to a simple House bill intended only to increase the limits of Federal insurance on bank deposits.

All of the Members of this House who believe in maintaining the rights of the House to consider far-reaching legislation in an orderly fashion—with the rights of the individual Member fully protected—should vote against the rule. On the other hand, those who feel that the House should be stampeded into accepting, willy-nilly, in conference reports, all kinds of Senate Christmas tree ornaments festooned on unrelated House bills will so indicate by voting for the rule.

This is in effect a closed rule—depriving Members of the House of a chance to vote on specific provisions of important legislation not previously brought before the House following full and responsible consideration by a House committee having jurisdiction. We have always prided ourselves in the Banking and Currency Committee that we never asked for closed rules on our bills. But this is a closed rule, and it is intended to close out and wipe out the consumer's greatest defense against violations of the Truth in Lending Act, and do it retroactively.

We have been debating for months and months, before the Bolling committee and the Democratic caucus and the Hansen committee and the Rules Committee, and then for untold hours here on the House floor, various proposals to reform the procedures of the House. And then along comes a conference report like this which flouts our rules on germaneness—section, after section, after section, not germane to the original House bill—and we are then asked to adopt a rule waiving points of order so that not a single one of these nongermane amendments can be considered here on its merits.

The Rules Committee was told yesterday that the reason this kind of closed rule was necessary was in order to save the time of the House—that all of the nongermane Senate amendments are such fine amendments they would prevail in any showdown in the House, so why waste the time of the House to consider them?

All right—what that indicates is that the most controversial issue involving the Truth in Lending Act since it went into effect 5 years ago, is so unimportant that we can merely take the Senate's word for it that it is a good amendment. That is what the House conferees on this bill are telling us. But as the principal author of the 1968 Truth in Lending Act, along with Congressmen HENRY GONZALEZ, JOE MINISH, FRANK ANNUNZIO, JACK BINGHAM, and former Congressman Sy Halpern, I say frankly that this conference report destroys the most effective deterrent we have had against widespread violations of Truth in Lending by the major national creditors.

That is not just my opinion. It is also the opinion of the Federal Reserve Board, which has done such an outstanding job of administering the Truth in Lending Act. It is the opinion of all consumer groups, too.

The House has minimum interest, I am sure, in disputes over jurisdiction within the Committee on Banking and Currency. But what happened in this instance is important to all Members of the House, because it involves a case of a subcommittee which had no jurisdiction over the Truth in Lending Act, and presumably little interest in it either, going into conference with the Senate and accepting a package of truth-in-lending amendments which go to the very heart of that law's effectiveness. And this closed rule closes off all of us in the House from trying to save the "clout" of the Truth in Lending Act in discouraging violations by big creditors. The worst that could happen to them under the conference report is a $100,000 penalty, a slap on the wrist.

Under this bill also, creditors with little net worth—such as small loan companies which borrow the money they lend out and have little net worth—could begin to violate the act with virtual impunity from civil damages, for the worst penalty they could be assessed on a class action would be 1 percent of net worth. One percent of very little is one one-hundredth of practically nothing. It would pay them to take a chance on violating the law and disguising the interest rate they charge.

These are provisions the credit industry has sought for 5 years—and is now on the point of obtaining through the back door—as a nongermane Senate amendment to an unrelated House bill. The big banks, loan companies, catalog houses, and national chains have won a lobbying victory of incredible magnitude.

Under rule XXVIII the House has a right to act separately on such a nongermane Senate amendment. A rule waiving points of order would deny us that right. It would be the worst blow you could strike against the effectiveness of the Truth in Lending Act in protecting the consumers of this country from failure to disclose the facts on credit costs which they are entitled to have under truth in lending.

Another nongermane Senate amendment torpedoes efforts of my subcommittee to bring before the House this year a strong bill to ban discrimination in extensions of credit by reason of race, color, religion, national origin, age, sex, or marital status. The Senate version, in title V of the conference report, deals only with sex and marital status, and is not nearly as effective in those areas as H.R. 14856, sponsored by 13 members of the Subcommittee on Consumer Affairs, and now pending before the full committee, which still has plenty of time to act on it before this Congress ends. The Senate version, as agreed to by conferees from a different House subcommittee, is a lender-creditor version of this legislation. It leaves out race, color, religion, national origin, and age—categories in which there is much documented evidence of widespread discrimination in the extension of credit. Forty-nine Members of the House, headed by the Democratic nominee for Governor of New York, Congressman HUGH CAREY, had introduced legislation to prohibit discrimination by reason of age in credit card operations. People over 65 are automatically rejected for credit cards by many banks and other card issuers. This is indefensible.

The credit card industry freely acknowledges that there is discrimination against older people for reasons which have nothing to do with creditworthiness. Yet the elderly are written out of this bill as if they never existed, or as if they were not seriously discriminated against in the credit field. The same with blacks, and Mexican Americans and Puerto Ricans and other Spanish-speaking Americans, and the Indians, who are the most discriminated against of all.

Mr. Speaker, the only urgency about H.R. 11221 involves the part of it which are clearly germane—those dealing with deposit insurance. If this rule is defeated, those sections of the bill will not be subject to points of order. We can, in a reasonable time, debate, and dispose of any provisions which deserve special attention in the House because of their controversial nature and send the conference report to the Senate in plenty of time for passage there this week. The Senate got so much more than it expected, or ever dared to hope for, out of this conference report that I am sure it would accept a reasonable bill. Members of the other body undoubtedly recognize the importance to the thrift and housing industries of an increase in Federal bank deposit insurance. But let us not give them a blank check to destroy the effectiveness of truth in lending. The rule should be defeated.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Would the gentlewoman be willing to respond to several questions? I appreciate her comments, and I, too, have always been concerned about conference reports coming back with nongermane sections or amendments to the bill.

However, is it not true that many of these sections we are voting on here today we have already passed by substantial majorities in the full House, such as the section relating to the dollar limitation on the cost of construction for the Federal Reserve Board? We passed that in May, overwhelmingly.

We passed a bill relating to purchase of U.S. obligations by the Federal Reserve Board, and that was passed in May. So even though there is a technicality about the nongermaneness of a few sections because it was not in the same bill that left the House, there were separate bills that did pass the House covered in this conference report.

I am not talking about the truth-in-lending section because my colleague, the gentleman from Ohio, will speak to that issue. Is it not true, however, that many of these bills have passed the House overwhelmingly and that we have merely included these in this conference because the Senate had them in their conference report? Is that not correct?

Mrs. SULLIVAN. That is not completely correct. Many of these things have never passed the House.

Mr. ROUSSELOT. The two I mentioned did.

Mrs. SULLIVAN. Those two, yes, but I think there were 18 others, and now I think there are 15 or 16 that have not.

Mr. ROUSSELOT. There are 15 basic sections of the bill, including regulation Q, have all passed the House. Therefore, even though they were under separate numbered bills, they have passed the House by rather substantial margins; is that not true?

Mrs. SULLIVAN. All right; those that have not had a point of order made against them, but those against truth in lending have not passed the House.

Mr. ROUSSELOT. I agree with the gentlewoman on truth in lending.

If I may, I would like to yield to my friend, the gentleman from Ohio (Mr. WYLIE), who may have a point to make on that particular matter.

Mr. WYLIE. Mr. Speaker, I thank the gentleman for yielding.

I reluctantly oppose the gentlewoman from Missouri, for whom I have great personal admiration and who has worked extremely hard as the chairwoman of the Subcommittee on Consumer Affairs.

However, I think the bill we have before us is an excellent conference report, and I think it is fair to say that this bill is better than the present law with respect to truth-in-lending amendments. I think it is also fair to say that we are not likely to get any amendments to the Truth in Lending Act in this Congress if we do not do it in this way.

The gentlewoman spoke about civil liabilities and class actions. That has been a sore point with many of us.

What we do is limit punitive liability in a class action to $100,000 in the Truth in Lending Act as well as in the Equal Credit Opportunity Act. We did have a vote in the Subcommittee on Consumer Affairs on this limitation as far as it applies to the Equal Credit Opportunity Act, and the language is identical to the language which was adopted by our subcommittee.

We took the equal credit opportunity bill to the full Committee on Banking and Currency and discussed it for almost a day. Nothing came out of that discussion.

I feel, based on the experience with the courts and based on the testimony which was presented before our subcommittee and based on what has happened before the full committee, that this bill is the only way we can get to this point and that most of the provisions of this bill are essential.

The conferees felt that it is necessary to place some limitation on the amount which can be recovered in punitive damages in class actions.

Mr. LONG of Louisiana. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Speaker, I wish to speak on the same general subject matter that the gentlewoman from Missouri (Mrs. SULLIVAN) spoke on, but not on the substantive point, rather on the procedural point. I understand that there were some 10 items in this bill which would have resulted in a point of order under rule XXVIII, clause 4.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield at that point?

Mr. ECKHARDT. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, that was the point I was trying to explain. Even though they could not be lodged if we did pass this rule, the House has overwhelmingly passed many of those sections as different bills, so it is not as though we had not considered them.

Mr. ECKHARDT. Mr. Speaker, that may be so, but I would like to proceed with the situation that exists here.

One thing that the House certainly has never done is to provide that no more than 1 percent of the net worth of a creditor shall be reached by a class action. One percent may be 1 percent of nothing.

I practiced law in the usury field before I came to Congress, just after I got out of law school, and I remember a company called the Finance Service Co. That company did not lend a nickel, but it made all the profits. The company that loaned the money, the creditor, was called the Can Do Finance Co. Now, the Can Do Finance Co. might have had net assets of exactly zero, but the Finance Service Co. would already have made the money. So the class action would return absolutely nothing, under the amended provisions of this bill.

I do not believe we have independent legislation on the floor that would do that kind of thing. But we are passing legislation now, without the opportunity of leveling the rifle at those specific provisions that have come from the Senate.

Mr. Speaker, as to the question of points of order: I agree that there may have been only five points of order that would have stricken down a provision of the bill under rule XXVIII, clause 3. That is concerning an amendment in an area which was outside the scope of difference between the House and Senate. If we act in that area, a point of order will strike down the entire report, and there is no vote.

But the difference between the effect of clause 3 and clause 4 must be noted. I submit that the Committee on Rules should almost never waive points of order on rule XXVIII, clause 4, because that is a clause that protects the right of this House to get an individual vote on a matter that would have been nongermane to the bill if offered on the floor to the bill before the House. If we do not insist on that right, which we obtained after long and hard work on the rules, what we do is bypass every substantive committee of this House on every type of legislation that might come up, and we turn over to the Senate the moving force to pass legislation in this body.

We would abdicate our role and we would abdicate our right to review and to strain and to reconsider and to hear matters that we are entitled to consider in this body. We should not be called on, because of a general waiver of points of order, to accept in a total package matter that has never been considered in this House and which comes over from the Senate as a nongermane amendment in a conference report.

If we give in on that point, if we agree to this rule, we simply do grave injustice to every substantive committee of this House; we move far back from the advanced position that we have obtained in getting rule XXVIII, clause 4 passed.

Mr. Speaker, there is no reason ever to waive that clause, because all that clause does is this: It gives a Member of the House the right to raise a point of order, at which point the matter that has been added by the Senate is separately voted on.

If it is accepted, the conference report can go right on through and be adopted as a whole. If it is rejected, that means that the House says, "Senate, you cannot tell us to bypass the substantive committees of the House, and therefore this report fails."

The SPEAKER. The time of the gentleman has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California (Mr. REES), a member of the committee.

Mr. REES. Mr. Speaker and Members of the House, first I would like to congratulate the Los Angeles Dodgers for tying up the National League pennant about 15 minutes ago by a score of 12 to 1.

Secondly, I would like to echo, I think, the points made by my distinguished colleague, the gentleman from Texas (Mr. ECKHARDT) because this conference report as we are looking at it now has really about six or seven separate bills in it, and several of them have not been fully considered by the Committee on Banking and Currency.

The gentleman from Texas (Mr. ECKHARDT) mentioned the restriction on recovery in a class action suit. We were in the process of about getting there when our time ran out in committee, and I do not think one second was spent in the full committee in even discussing the class action suit limitation.

Now we find here it is in a conference committee report.

Frankly, as a member of the Committee on Banking and Currency, I would like to have spent some time in the full committee discussing this limitation. I think this limitation could be a very dangerous limitation to the consumer trying to recover from a lending institution that was obviously discriminating in its lending practices.

Next, Mr. Speaker, there is something that I think is even more important, because what this does is to extend Regulation Q. Regulation Q is the regulation that allows regulatory agencies to set a limit as to how much a passbook holder can earn in interest. If there is one problem that we have today it is the problem of the building industry. Here is an industry that is flat on its back. It is in a depression. One of the reasons for this is we have a very serious disintermediation in financial institutions in this country where a person having his money in a passbook account in a savings and loan institution can only get 5 percent, but if he goes to a CD of $1,000 he can get over 5 percent, or if he goes to a city court note, he can get 9.6 percent on $5,000. This is one of the major reasons that caused the depression in the housing industry today; the serious disintermediation. All we are doing here in extending regulation Q for another year is we are telling the small saver, "Forget it; you are either going to be fouled up if you get 5 percent, or you will have to take your money out and put it in some other place where you can get more than 5 percent."

I would ask for a "no" vote against the rule, and a "no" vote against the conference report.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentlewoman from Massachusetts (Mrs. HECKLER).

Mrs. HECKLER of Massachusetts. Mr. Speaker, it is quite clear that several Members have questions about some of the provisions of this conference report, but in our judgment we are justified in adopting a rule waiving points of order because of vital importance of the provisions of this legislation, coming before us as they do at a very late hour in this 93d Congress.

There is also some confusion here regarding title V of the report, which amends the Consumer Credit Protection Act to prohibit credit granting firms from discriminating on the basis of an applicant's sex or marital status.

This title was voted into H.R. 11221 by the Senate earlier in the year. During last session, the Senate also went on record as favoring an antidiscrimination statute when it passed S. 2101.

The House approved a proposal to end discrimination in mortgage lending when it voted for the Housing and Community Act several months ago. Further, title V is virtually identical to H.R. 14856 as it was reported from the House Subcommittee on Consumer Affairs.

There is, therefore, a solid legislative history in support of title V of this conference report. It is the result of extensive hearings held by the Consumer Affairs Subcommittee, of which I am a member, the Joint Economic Committee over a period of 2 years, and the National Commission on Consumer Finance. All of these studies have documented the case. There exists a pattern of discrimination by creditors against women, particularly those who are widowed or separated. This discrimination has significantly restricted the economic opportunities of those women who are forced to rely on their own financial resources.

Title V of this report is directly focused on this problem. While it may be true, as several Members have argued, that modifications to this title are desirable, the crucial point is that this conference report represents the only opportunity for this Congress to enact an end to credit discrimination. I am fully confident that we can come back to work in several months and begin work on perfecting this title, for example, in the area of discrimination against the elderly. Had the full Banking Committee held another markup session this issue would have been resolved by the adoption of an amendment proposed by Mr. RONCALLO of New York which included the elderly under the protection of the leglisation. I fully support the RONCALIO amendment. In any event, our task will be far easier if we have the basic provision on the statute books already.

The combination of acute time pressure, crucial importance, and solid legislative history all weigh heavily in favor of adopting this rule, and then this conference report.

Mr. LONG of Louisiana. Mr. Speaker, will the distinguished gentleman from Tennessee (Mr. QUILLEN) yield 5 minutes to me?

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Speaker, I agree with the gentlewoman from Massachusetts (Mrs. HECKLER) that there is in this conference report significant legislation. I know that she and my colleague, Mr. KOCH, and other Members have worked very hard under the leadership of the gentlewoman from Missouri (Mrs. SULLIVAN) in connection with this legislation. The conference report contains an equal credit opportunity section, based substantially on a bill which I introduced almost 3 years ago. As the sponsor of the first piece of women's credit legislation, I have long been interested in this subject testified at hearings conducted by Mrs. SULLIVAN. My colleague, Mrs. SULLIVAN, has made an invaluable contribution to this legislation. As a member of the National Commission on Consumer Finance, she chaired the first hearings on this matter and later held extensive credit discrimination hearings as chairperson of the House Banking and Currency Committee Consumer Affairs Subcommittee.

I do regret, however—and I join in part of Mrs. SULLIVAN's objection—to find that the provisions of title V, affecting equal credit opportunity, have limited the recovery in close action suits. Clearly, the degree to which this can be effective legislation depends upon the capacity to recover either unlimited class action damages or the sum of limited class action damages plus unlimited punitive damages as set by the court.

In cases of this kind, enforcement becomes meaningful only in terms of the amount that can be recovered. The longstanding discrimination against women in credit can be remedied only by legislation containing damage provisions which will effectively deter continued discrimination.

The conference report has watered down the effectiveness of this legislation by limiting recovery in a class action suit to less than $100,000 or 1 percent of the net worth of the creditor.

I agree with the criticism of the gentlewoman from Missouri (Mrs. SULLIVAN) in this connection. I would hope that, when further legislation affecting credit discrimination is considered, before this or other committees, we will remedy this weakness and provide effective damage provisions.

The SPEAKER. The time of the gentlewoman has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to the distinguished chairman of the committee, the gentleman from Texas (Mr. PATMAN).

Mr. PATMAN. Mr. Speaker, I decided to call the attention of the Members of the House to the importance of this bill to restore confidence in our country. Our country is in very bad condition. We are suffering from a real depression in housing and have been for the last 2 or 3 years. This will restore confidence in the savings and loans. Were it not for the savings and loans, we would not have half of the houses that we have today.

This will restore confidence in the savings and loan associations; it will restore confidence in the mutual savings banks; it will restore confidence in the credit unions. The credit unions have 30 million members and over $30 billion of assets and they do a wonderful job. This will help them.

I do not believe our constitutents will be pleased at all for us to go off on some technical questions that do not go to the merits of the case and defeat a bill which means so much to them right now in order to avoid a real depression in this country. I urge the Members to vote for this. We should not go back home at this time after defeating a rule on a bill that would give our constituents the relief that millions and tens of millions of people in the United States are depending upon today.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to a member of the committee, the distinguished gentleman from New York (Mr. KOCH).

Mr. KOCH. Mr. Speaker, all legislation has some good and some bad within it. This conference report fits into that category. But there is also something in the conference report that is essential for many people in this country and if we do not vote for this conference report we are not going to have that legislation this year, and that is legislation which will remove the discrimination based on sex or marital status.

My distinguished friend and colleague, the gentlewoman from Massachusetts, Mrs. MARGARET HECKLER, has talked about the meetings and hearings that have been held on that. She is one of the prime movers of this legislation. My distinguished friend and colleague, the gentlewoman from New York (Ms. ABZUG) has also led the way on this issue. The gentlewoman from Missouri (Mrs. SULLIVAN) has also fought the good fight on this subject. Hosts of people have worked long and hard on the legislation pertaining to equal credit for individuals without regard to sex or marital status.

So if we want to satisfy the pressing need of millions of women who are now discriminated against in this country, although otherwise creditworthy, and provide equal credit without regard to sex or marital status, we must vote for this rule, and the conference report.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I would like to associate myself with the remarks of the distinguished chairman of the Banking and Currency Committee, Mr. PATMAN, and the gentleman from New York (Mr. KOCH). I hope we are not getting hung up on one provision in this bill which is controversial. I refer to the provision which has to do with the amount of punitive damages which can be allowed in class actions. I hope this House does not get hung up on that. As far as actual damages are concerned, there is no change. If the person has been actually damaged, there is no question. On the punitive damage question present law has proved to be unworkable. We know that. Cases have been filed as a harassment measure for excessive punitive damages.

The Subcommittee on Consumer Affairs of our Committee on Banking and Currency and the Committee on Banking, Housing, and Urban Affairs in the other body attempted to make some compromise arrangement in this respect that seems reasonable. The gentleman from Texas (Mr. ECKHARDT) suggested that an officer of a corporation might be siphoning off assets or profits and for an individual or a class there would not be adequate remedy or recovery when we apply the 1 percent formula. But a court could pierce the corporate veil and trace the res as is done in other similar corporate actions.

There are things in this bill which we need. We need the $40,000 insurance on private deposits. We ought to have the $100,000 public funds deposit insurance provision. We need the provision on the National Commission on Electronic Fund Transfers.

The amendments to the Truth in Lending Act are better than the present law and make technical changes for the better. We certainly need the provisions which deal with discrimination in the granting of credit based on sex or marital status.

So I urge my colleagues in the House to vote for the rule so we can get to a vote on the bill and adopt the conference report which is necessary if we are to have needed legislation in several areas in this Congress.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New Jersey (Mr. RINALDO).

Mr. RINALDO. Mr. Speaker, I rise in support of the rule to H.R. 11221.

This bill has several provisions that are urgently needed to help our ailing economy.

The legislation will raise the Federal deposit insurance level from the present $20,000 to $40,000. This will be of great help to the savings and loan associations across the country in attracting new mortgage money.

H.R. 11221 will provide full insurance for the first $100,000 of public funds deposited in financial institutions. This should also be of great assistance in our effort to increase the supply of mortgage money.

During the debate for the rule on this bill there was an extensive discussion of one provision to the title of this bill which guarantees equal credit opportunity for women. As a principal sponsor of this legislation in the House and as a conferee on this bill, I would like to address myself to the question posed by the distinguished chairwoman of the Subcommittee on Consumer Affairs.

First, this bill contains no limits whatsoever as far as any recovery for actual losses. The committee did reach a compromise on a limitation for punitive damages.

The bill which I initially introduced had no limit on punitive damages; however, after our very extensive hearings it became obvious that if a bill was to be enacted this year some compromise had to be reached on this one issue. The hearings clearly demonstrated that there was serious discrimination on the basis of sex and marital status; but the committee members had to decide if the club of punitive damages was more important than having the basic legislation.

I feel confident that the bill accomplishes the major goal, which is to eliminate discrimination on the basis of sex or marital status.

Second, I would like to point out that elsewhere in the bill there are amendments to the truth in lending law which places this very same limitation on punitive damages. This limitation is also a protection against damage suits which might literally force a small businessman out of business.

The original bill that I introduced also had provisions to eliminate discrimination in the granting of credit on the basis of age, race, color, religion, and national origin. It is my hope that our subcommittee will hold hearings on this problem and report a bill to the House next year.

It is unorthodox to bring a bill to the House floor under these circumstances, but I am confident that after our thorough hearings, after extensive markup sessions in the Consumer Affairs Subcommittee of Banking and Currency, after extensive Senate hearings, and after twice passing the Senate by large margins, that the time has come to pass this legislation.

H.R. 11221 also contains other very important provisions to help our financial institutions. The bill allows for some 43 test conversions of savings and loan mutual associations to stock corporations. I believe that the bill contains proper safeguards and that this provision is needed at this time.

The conference report that is currently before us establishes a commission on electronic funds transfers. According to the reports we have received, this is going to be a reality in the very near future. If the Congress is going to exercise effective oversight, the formation of this commission is needed now.

The conference report has amendments to the truth in lending and fair credit laws that are good legislation and should strengthen these existing laws.

In short, this is a good bill. The provisions it contains would be good for the economy, and I urge my colleagues to adopt the rule and the conference report.

PARLIAMENTARY INQUIRY

Mr. SEIBERLING. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Will the gentleman from Louisiana yield to the gentleman from Ohio for a parliamentary inquiry?

Mr. LONG of Louisiana. Would the time be counted against my time?

The SPEAKER. Yes. The gentleman has 6 minutes.

Mr. LONG of Louisiana. I yield 1 minute for the parliamentary inquiry.

Mr. SEIBERLING. Mr. Speaker, my inquiry is whether if the rule is defeated and the bill is defeated or has a motion to recommit with instructions, whether there is not time before the recess for the conferees to reconfer with the Senate conferees and eliminate the objectionable features?

The SPEAKER. The Chair will have to advise the gentleman that is not a proper inquiry.

Mr. SEIBERLING. Then I would like to make an inquiry addressed to the gentleman from Louisiana.

Mr. LONG of Louisiana. Mr. Speaker, I have committed my time. I will answer the question this way, that I think if the gentleman is asking my opinion of a matter that is not a parliamentary inquiry, I must say that under the circumstances with the time limitations obtaining as they are, that while it might technically be feasible, as a realistic matter it does not seem to me that it could be done under the times and circumstances obtained.

Mr. Speaker, I yield 4 minutes to the chairman of the subcommittee, the distinguished gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Speaker, the very situation that exists at this moment on the floor is the reason for our asking for a rule waiving points of order. Now, let us be practical. As has been said on both sides of the aisle by conferees who have spoken, the bulk of this legislation contains items that are either housekeeping items, or are items on which full and complete hearings have been held.

In addition, this House has previously passed some of these items in different bills, which House-passed bills the Senate incorporated into H.R. 12221.

The House sent to the Senate a bill increasing FDIC insurance from $20,000 to $50,000 and providing for full deposit insurance on public funds.

This is a very necessary package for the thrift industry in this country today. It will benefit commercial banks, credit unions, mutual savings banks, savings and loan institutions, the home building industry and the prospective home purchasers of this country.

Now, let us cite from yesterday's speech by President Ford at page 33 where he gives his program to control inflation and for a healthy and growing economy. The last items under "Thrift Institutions" states:

In addition, we support the proposals now under consideration in both the House and Senate to increase Federal insurance on private deposits. We recommend an increase from $20,000 to $50,000. Such an increase will reinforce public confidence in our financial system.

We were able to agree to raise deposit insurance from $25,000, which the Senate passed, up to $40,000. We passed it at $50,000. I think it is an excellent compromise. The House came back from the Senate with a package which we can be proud of.

Certainly, some individuals are going to be upset with some items, but even if they were voted on item by item, I am convinced they all would prevail. Therefore, I call for the House to adopt the rule so that we can expeditiously bring relief to the home building industry of this country and to the thrift institutions which serve it and to the borrowers who are in desperate need of home mortgage loans.

Mr. LONG of Maryland. Mr. Speaker, I have no further requests for time, and the gentleman from Tennessee has no further requests for time.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 11221, DEPOSITORY INSTITUTIONS AMENDMENTS OF 1974

Mr. PATMAN. Mr. Speaker, I call up the conference report on the bill (H.R. 11221) to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to $50,000, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 4, 1974.)

Mr. PATMAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that we dispense with general debate and vote on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. WIDNALL. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. PATMAN. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, this legislation which passed the House on February 5 dealt with 100 percent insurance for public unit deposits, and increased insurance on all depositor accounts from the present $20,000 ceiling to a $50,000 ceiling. We are all deeply aware of the Nation's home building crisis and the fact that the sales of existing housing have virtually come to a standstill due to a lack of available home mortgage financing at any interest rate. The compromise of $40,000 per account and public unit deposit insurance of $100,000 per account with a 2-year study, taken together, will have a salutary effect on stemming the flow of funds from our thrift institutions, making more funds available for our housing needs.

At the outset, I wish to commend the chairman of our Subcommittee on Bank Supervision and Insurance, Mr. ST GERMAIN, and each member of the subcommittee, majority and minority members alike.

The subcommittee, under leadership of the gentleman from Rhode Island, began hearings late last fall, brought to the House in February a good bill designed to help the home mortgage industry, studied carefully the Senate provisions adopted in June, and finally, in a 3-day conference, hammered out what all regard as an outstanding major banking act.

As a consequence, we have brought back a reasonable compromise on the House-passed provisions, rejected outright four Senate provisions, believing they require further hearings and independent action by the House. Eight provisions were significantly amended, nine, primarily of a housekeeping nature—two of which had already been passed by the House as H.R. 10265—were accepted.

I will in a moment recognize the gentleman from Rhode Island (Mr. ST GERMAIN), chairman of the Subcommittee on Bank Supervision and Insurance, who will expand on my remarks and will explain in detail the significant provisions of the conference report. Let me just say, however, that I believe this to be a good conference report representing the best of both bills. A true spirit of compromise was involved throughout. All sessions were long and arduous, with full participation by each conferee. I believe the result closely conforms with the position of the House and consequently I urge its adoption by the House.

Mr. WIDNALL. Mr. Speaker, I yield myself such time as I may consume. I shall speak very briefly on this.

Mr. Speaker, I rise in support of the conference report on the Depository Institutions Amendments of 1974. As is well known by my colleagues a full and free

conference was held over a period of several days last week and I believe the entire bill which is presented to the House today is one which will provide substantial benefits to the public in general and the financial community as a whole.

It is well known by my colleagues that the conference report includes many provisions in addition to those which were passed by the House several months ago. I can assure the House that each of these stands firmly on its own as well as being a part of this well-balanced package. While it is admittedly unusual procedure to come before the House under a rule waiving points of order in almost every case the substance of the provisions in this conference report would be overwhelmingly accepted by the House and I feel that the lateness of the legislative hour is the only constraint which caused our committee to pursue this unusual procedural avenue.

With respect to deposit insurance I believe that we present to the House a very fair compromise which adheres closely enough to the House-passed provisions to attest to the bargaining skill of the conferees. On individual accounts the insurance ceiling is to be doubled to $40,000, a figure which is considerably closer to our position than that of the other body. On public accounts the $100,000 ceiling is certainly a step in the right direction, especially as it is to be accompanied by a 2-year study of the effect on the municipal bond market to be carried out by the Advisory Commission on Intergovernmental Relations.

The bulk of the additional provisions closely conforms to other legislation which has either been passed by the House or considered in detail by the Banking and Currency Committee. I am particularly pleased that the conference report includes the establishment of a National Commission on Electronic Fund Transfers which is nearly identical to the Commission proposed in a bill now before our committee.

I feel it is only fair to mention the one point of disagreement which we have encountered in presenting this conference report to the House, that of consumer credit protection amendments. Of course this matter was discussed during the consideration of the rule under which we are now proceeding. In defense of the substantive aspects of these consumer protection amendments I would cite the fact that extensive hearings have been held on the entire matter of consumer credit legislation, that a Senate-passed bill has been before our Consumer Affairs Subcommittee for a period of several months, and that our own subcommittee reported out a bill on equal credit opportunity less than 2 weeks ago which is nearly identical to the provisions contained in the conference report. In order that this hard work not be entirely lost due to the short time left in this Congress the conferees felt it was an absolute necessity to include these protections.

In sum I can heartily recommend the adoption of this conference report, as it represents a well-rounded package of legislation which is both desirable and necessary to the stability of our financial community.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I rise in support of the conference report on H.R. 11221, legislation which would increase deposit insurance from $20,000 to $40,000, would provide full insurance for public unit deposits of $100,000 per account, would establish a National Commission on Electronic Funds Transfers, and for other purposes.

I was one of the House conferees on this bill, and I believe that the version the conference committee adopted is a good bill, and a fair compromise between the House- and Senate-passed versions.

With regard to title II, which would establish the National Commission on Electronic Funds Transfers, there are two points that I would like to bring to the attention of my colleagues:

First. The conference agreement allows for 26 members instead of the 20 Commission members as passed by the Senate. An area where there would be an increase in the membership is the addition of two individuals from State regulatory agencies—one official from a State agency that regulates banking, and one official from a State agency that regulates thrift institutions. The Senate version only allowed for one State regulatory official.

Second. The conference report cautions that Federal agencies involved in electronic funds transfers and those in the private sector should recognize "that potential payments mechanisms are in an experimental stage with a number of significant public policy questions unresolved, and hence all such efforts are subject to change and modification." There is nothing in this provision or in the legislative intent of the conferees that is intended to mean that the use of electronic funds transfers should be banned until the Commission completes its study. I do not believe that any such action could be taken unless a specific statute was approved by Congress directing such a ban to be imposed.

I believe this report should be adopted and I strongly urge my colleagues to join with me in voting for the conference agreement on H.R. 11221.

Mr. WIDNALL. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Speaker, I should like to ask the gentleman from Texas if on this conference report the amendments entered into with the Senate would in any way hurt the loaning of money by the Federal Deposit Insurance Corporation.

Mr. PATMAN. I do not think so; no. Not in conference.

Mr. GROSS. Some years ago the gentleman opened up the law and required that the Federal Deposit Insurance Corporation, which was supposed to be an insurance corporation exclusively, can loan money. Today they have more than a billion dollars held up in Franklin National; is that not true?

Mr. PATMAN. That is a different subject.

Mr. GROSS. That is not a different subject. Now just a moment. That is not a different subject because the gentleman is here raising the insurance on deposits from $20,000 to $40,000.

Mr. PATMAN. There are people who wrote this insurance.

Mr. GROSS. My question to the gentleman from Texas and the gentleman from Ohio is: Is there going to be any money in the Federal Deposit Insurance reserve fund to take care of depositors if it is going to be doubled?

Mr. PATMAN. It is a question of solvency. We are perfectly safe in passing this legislation to restore confidence throughout America and the homebuilding industry. I hope the gentleman will join in passing this bill quickly.

Mr. GROSS. I would like to address my question to the gentleman from Ohio.

Mr. ASHLEY. Mr. Speaker, I can confirm the testimony we had on this. If we double the coverage of insurance on these accounts, is there going to be the ability to pay off in the event of a catastrophe? The answer, without any question, is: Even if it is taken to $50,000—and we are not doing that; it is $40,000—even if it is taken to $50,000, there would be no problem with respect to the solvency of the fund. The conferees thought a $40,000 coverage figure was better. The $40,000 figure was a compromise. This does not go to the question of solvency because the solvency would be there even if there was a $50,000 coverage figure.

Mr. GROSS. Yesterday we had the largest bank failure of record in this country, the Franklin Bank, and the Federal Deposit Insurance Corporation has—I remember the figure of $1,700 million in that bank; is that not true? If we are going to have these bank failures of this magnitude, including the one on the Pacific coast, in San Diego, how are we going to live up to the promise to pay the depositors of the bank if we have not discouraged bank failures?

Mr. ASHLEY. I can only repeat to the gentleman, this was our first consideration. The gentleman from California (Mr. ROUSSELOT) was there, and that was the first consideration. There was no disagreement on the floor that the insurance fund is more than adequate to take care of the increase to $40,000.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. ROUSSELOT. I think the point the gentleman from Iowa made is a good one. The Members of this House can be assured there are adequate funds in the Federal Deposit Insurance Corporation to protect small depositors. The answer is, we have been assured by the FDIC that they can protect the depositors. One of the major issues they had in this bill was to be sure that before we increased the insurance from $20,000 to $40,000 that we have the capability in the fund to protect the depositors. The answer to the gentleman's question is "Yes."

Mr. PATMAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Speaker, this legislation, which passed the House on February 5, 1974, after full floor debate, provided for, as the Members know, 100 percent insurance on the time and savings deposits of public funds of Federal, State, and local governmental units in federally insured financial institutions, and increased the present ceiling of $20,000 on Federal deposit insurance to $50,000. The conferees recognizing the need to provide additional funds for the already beleaguered home mortgage market and to restore the public's confidence in the viability of our financial institutions during a time when we see an increasing number of banks failing, agreed to a compromise providing full Federal insurance for public unit time and savings deposits up to $100,000 per account with a 2-year study of the new program and an increase in Federal nonpublic deposit insurance to $40,000, both to become effective 30 days after enactment.

While the House version of H.R. 11221 contained no provision for an extension of the authority of the Fed to purchase directly from the Treasury, U.S. obligations up to a limit of $5 billion or an increase in the dollar limitation—provides an additional $80 million—on the cost for construction of Federal Reserve bank branch buildings, you will recall H.R. 10265—GAO audit bill—which the House overwhelmingly passed by a recorded vote of 333 ayes to 20 noes on May 30, 1974, contained both of these provisions. The conference committee believed that the temporary authority granted to the Federal Reserve banks to purchase U.S. obligations is important as a standby means of providing a ready source of funds to the Federal Government. In addition, in authorizing the additional $80 million for buildings, the conferees noted their expectation that the Fed would undertake such construction in a manner which is consistent with efforts to reduce inflationary pressures in conformity with the requirements imposed on Federal agencies by the President.

In expanding the existing authority of the Secretary of the Treasury to purchase obligations of the Federal home loan banks by $2 billion—increasing the purchasing authority of the Secretary to $6 billion—the conferees acknowledge the housing initiatives announced last May by the former administration, calling for $3 billion of the existing $4 billion authorization to be employed on a standby basis to initiate a new commitment program for conventional mortgages. It is also important to note that Government support to the Federal home loan banks in supplying the credit needs of its members in any possible future emergency in which banks could not obtain sufficient funds in the private money market is urgently needed by the FHLB system to continue its massive support to the distressed housing market at this time. This authority was last expanded to its current $4 billion level in response to the credit crunch of 1969. This authority may be used only when—

First, the home loan bank system cannot effectively employ alternative means in supplying funds to the mortgage market; and

Second, the ability to supply such funds to housing is impaired by monetary stringency and a high level of interest rates.

In adopting the provision which would expand the authority of the FHLMC to purchase mortgages from State insured institutions, the conferees sought to make available to all home buyers—primarily in the State of Massachusetts where mutual savings banks which are the dominant mortgage lenders in that State and are State insured by the Massachusetts Central Fund—the same opportunity enjoyed by residents of other States to participate in the "conventional tandem plan."

Mr. Speaker, during hearings held by the Subcommittee on Bank Supervision and Insurance on November 5, 6, 26, and 27, 1973, on H.R. 11221, statements were received from the Department of Justice, the financial supervisory agencies, the ABA, and various representatives from the trade associations concerning their monitoring of EFTS developmental efforts to date. In establishing a National Commission on Electronic Funds Transfers composed of 26 members, to study EFTS and report its findings and recommendations to Congress not later than 2 years after enactment, the House receded to the Senate with an amendment adopting, virtually in its entirety, a bill, H.R. 16430, I introduced subsequent to the hearings held on H.R. 11221. The addition by the House of the Comptroller General and the Director of the Office of Technology Assessment insured congressional continuity and consideration of those public policy questions likely to arise requiring an appropriate legislative response.

Concerning the 2-year extension of the moratorium on the conversion of savings and loan associations from mutual to stock form of ownership, you will recall, Mr. Speaker, that the Subcommittee on Bank Supervision and Insurance held hearings in May 1973 on H.R. 2419 which lead to the moratorium of such conversions under Public Law 93-100 which expired June 30, 1974. In adopting the Senate provision with an amendment for the continuation of the existing moratorium until June 30, 1976, the House amendment authorized an absolute number of test conversions—approximately 43—specifying that approvals for conversion shall be allocated geographically by size, by type of charter, by timeliness of filing, by need for capital, to achieve flexible regulation, and on other public policy considerations with a further proviso that the Board be required to report at least annually to the Congress so that close monitoring of the test results can be assured. In addition, the House amendment directed the FSLIC to "process to final determination" the applications of those associations having submitted plans and giving prior notice of conversion prior to May 22, 1973, which was the intent of the Congress in adopting an earlier moratorium—December 31, 1973—under Public Law 93-100. To date the FHLBB has not acted upon these applications—thus the House amendment merely clarified congressional intent under Public Law 93-100, with regard to those conversion applications submitted prior to May 22, 1973—7 or 8 applications.

Mr. Speaker, in adopting the Senate provision providing a moratorium on the conversion of mutual savings banks to commercial banks until June 30, 1976, the conferees recognized the need to allow additional time to study this type of legislation which could substantially alter the present structure and regulation of our financial institutions. In addition the conversion of a mutual savings bank to a commercial bank means that it is lost forever, as a thrift institution. This has implications for housing much more serious than is the case when a savings and loan converts.

Mr. Speaker, I believe we are all familiar with the continued need to maintain temporary rate control authority—regulation Q—if we are to be assured of stability in the volume of funds for home mortgage financing during this period of soaring inflation, accompanied by the inevitable increase in interest rates. You will recall, Public Law 93-100, approved August 22, 1973, extended this authority to December 31, 1974. To permit the present authority to expire in the absence of a permanent more equitable manner of dealing with our financial institutions and the public, both the saver and the borrower, would place enormous upward pressure on the savings rates paid by thrift institutions beyond their ability to pay such rates. In view of this situation, the conferees approved a simple 1-year extension of the rate control authority to December 31, 1975.

During the floor debate on Public Law 93-100, as I am sure you are aware, Mr. Speaker, correspondence was received from OMB and the FHLBB requesting additional time for the development of a technical amendment relating to the orderly repayment of moneys to federally insured savings and loan associations that paid additional premiums to the FSLIC. Therefore, in adopting the Senate amendment providing for a cash rebate to savings and loan associations whose balances in the secondary reserve of FSLIC are excessive and would not be reduced within a reasonable time under the present premium repayment structure, the House conferees merely receded to a technical amendment agreed upon at the time we considered Public Law 93-100 on the floor. Furthermore, the gradual refund of the payments made to the secondary reserve under prior law will provide a source of funds for increased home lending by insured institutions.

In addition, Mr. Speaker, contained in section 7(d)(2) of Public Law 93-100, which imposed a moratorium on interstate taxation of depository institutions, the Commonwealth of Puerto Rico was included in the definition of "State." This was an oversight on the part of the Congress. Thus the House receded to the Senate's technical amendment striking Puerto Rico from the definition of "State" permitting it to be treated as a "foreign country" in line with current Federal Reserve Board regulations.

In receding to the Senate amendment relating to the independence of regulatory agencies, the conferees intended to clarify existing law by providing that no Government official may require the SEC, FED, FDIC, FHLBB, or National Credit Union Administration to submit for prior review or approval of their legislative recommendations, testimony or comments to the Congress.

The House also receded to the Senate amendment permitting credit unions to provide its directors and committee members with adequate health and accident insurance coverage. Forty-five States now permit the offering of similar plans by State-chartered credit unions.

By adopting the Senate provision providing the Federal Reserve Board with additional authority by expanding the scope of existing cease and desist powers to cover parent holding companies and nonbanking subsidiaries, the conferees intended to equip the FED with only enough authority to deal with situations where the action of a parent holding company or its nonfinancial institution constitutes a serious threat to the safety, soundness, or stability of subsidiary banks.

The House receded to the Senate on a provision allowing the proceeds of abandoned money orders and travelers' checks to escheat to the State in which they were purchased or, if the State of purchase is unknown, such proceeds would accrue to the State in which the issuing organization has its principal place of business. I introduced similar legislation—H.R. 12922—on February 20, 1974. Only the State of New York has voiced opposition to this legislation based solely upon the effective date of the legislation.

Finally, Mr. Speaker, although the Subcommittee on Consumer Affairs has done extensive work on various proposals amending the Truth in Lending Act and legislation to prohibit discrimination in extensions of credit the three titles adopted by the conferees on credit reform are vital provisions which must be acted upon in this Congress. It is particularly important to note that four of the House conferees are members of the Subcommittee on Consumer Affairs—Messrs. MOAKLEY, WYLIE, RONCALLO, and RINALDO—and the conferees were successful in insisting upon 11 amendments to the title on consumer credit protection which made it conform more closely to the version of the Equal Credit Opportunity Act (H.R. 14856).

The title on fair credit billing requires the prompt resolution of billing disputes and prohibitions on other unfair credit billing practices. The other title adopted by the conferees merely provides a series of basically technical amendments designed to improve the administration of the Truth in Lending Act.

The need for the protection of consumers in the extension of credit is now, Mr. Speaker. The longer we hesitate in our search for perfection in this area the longer and the greater the hardships will be for the consumer.

Mr. Speaker, let me make one additional point, the conference committee worked long and hard on the difficult job of settling our differences with the Senate conferees on H.R. 11221. We were especially pleased in agreeing on the principle of 100 percent insurance of public funds up to $100,000 in view of the fact that the House had supported the basic principle some months ago. The Senate, however, did not take a specific position nor did it include a provision on insurance of public funds in its version of H.R. 11221.

At the time of the conference, it was agreed that the main purpose of raising the insurance limit on public funds was to give the savings and loan associations and mutual savings banks, which are institutions primarily concerned with providing home financing, a useful tool in attracting some of the public units throughout the United States to invest in these institutions. Commercial banks, of course, already enjoy an overwhelming superiority in this type of deposit.

It was also the intention of the conferees that in bidding for these funds up to $100,000, the thrift institutions would not sacrifice the principle of the needed differential which they have historically enjoyed over the rate set for commercial banks—the main purpose of which is to give depositors an incentive to put their money in these institutions that support home finance.

The purpose of my statement, then, is to clarify that the Congress expects this differential to be maintained and that should the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board, in consultation with one another, set special deposit interest rates or adopt a schedule particularly applicable to public fund deposits, then the savings and loan associations and mutual savings banks would continue to receive the necessary differential above the commercial bank rate level—again in order to promote adequate financing of residential real estate.

This is in line with the law we passed in the fall of 1973 which required that rates be established on deposits in financial institutions below $100,000. Further, it recognizes that on deposits of $100,000 or over, there is open and free competition among financial institutions.

In concluding, I wish to reiterate that we, the House conferees and the House, in adopting this conference bill insist that the historic rate differential on deposits as authorized by the 89th Congress and reaffirmed many times since be maintained.

Mrs. SULLIVAN. Mr. Speaker, I regret deeply the manner in which this legislation has been brought before the House, under a rule waiving points of order. Such a rule means that 420 Members of the House of Representatives are denied an opportunity to vote on specific, individual provisions of a far-reaching conference report which only 15 Members of the House have actually had a role in shaping. Most of the provisions of this conference report—dozens of sections which affect every consumer in the United States—have not previously been subject to full committee and House consideration. Now we must accept them or vote down the whole conference report, including the germane provisions everyone supports.

There are about 68 sections of this conference report which are nongermane to H.R. 11221 as passed by the House earlier this year. Of these, 45 sections amend the Consumer Credit Protection Act of 1968—most of them consisting of changes in the truth in lending title of Public Law 90-321. Yet they were handled by a House conference committee drawn entirely from a Subcommittee of Banking and Currency which has absolutely no jurisdiction over the Consumer Credit Protection Act.

The jurisdictional issue within the Banking Committee, as I said earlier during debate on the rule, is of minimal interest to the House. It should have been resolved within the Banking Committee. It was not. The result is going to have to be some significant changes in the rules of the Banking Committee's Democratic Caucus so that what happened in this instance cannot be tolerated under our committee caucus rules in the future.

We agreed in this Congress that conferees would be drawn in all instances from the members of the subcommittee which handled a particular piece of legislation initially. That has now turned out to be a serious mistake. For after the Senate loaded down H.R. 11221 with all of these nongermane amendments, the conferees from the Subcommittee on Bank Supervision and Insurance thereupon proceeded to bargain with the Senate conferees on a host of matters outside the jurisdiction of that House subcommittee; and these were matters very much in the jurisdiction of my Subcommittee on Consumer Affairs.

I submit, Mr. Speaker, for inclusion in the RECORD at this point, the two letters I addressed to the House conferees on H.R. 11221 before they went into conference, in my capacity as chairman of the Subcommittee on Consumer Affairs:

JUNE 18, 1974.

Hon. WRIGHT PATMAN,
Chairman, Committee on Banking and Currency, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: As you know, the Senate, in passing H.R. 11221 on June 13, dealing with insurance of deposits in Federally insured institutions, adopted numerous amendments which would not have been germane to this bill if offered in the House. As Chairman of the Subcommittee on Consumer Affairs, I am deeply concerned over the Senate's action in attaching to H.R. 11221 far-reaching amendments to the Truth in Lending title of the Consumer Credit Protection Act in Titles III and IV of H.R. 11221 as amended, and a new Title VII to the Consumer Credit Protection Act in Title V of H.R. 11221, as amended. These three titles to H.R. 11221 were offered by Senator Brock in a single amendment and adopted by voice vote in the Senate.

Since these matters are not only within the jurisdiction of my Subcommittee, but are under active consideration in the Subcommittee following extensive oversight hearings and with legislative hearings scheduled to begin this week, I strongly urge that the House Conferees on H.R. 11221 stand fast against any attempt by the Senate Conferees to insist upon any of the provisions of Titles III, IV, or V of H.R. 11221 as amended on the grounds that:

1. The provisions of the Brock amendment are non-germane and, under Rule XXVIII (as amended by House Resolution 998 adopted April 9, 1974) subject to points of order and to motions of high privilege in the House to reject such non-germane amendments contained in any Conference Reports. I would certainly be constrained to utilize Rule XXVIII to the utmost if such amendments were included in the Conference Report.

2. The appropriate Subcommittee of the House Committee on Banking and Currency is holding hearings preliminary to action on the subject matter of the non-germane Senate amendments, so that consideration of such amendments as Senate riders on an unrelated House bill would seriously aggress on the rights of the Members of the House of Representatives to consider such major legislation in the regular maner, subject to Subcommittee and full Committee action and to extensive debate and consideration of any germane amendment offered in the House.

Furthermore, H.R. 11221 as amended in the Senate contains legislation dealing with discrimination in extensions of credit on which the Senate Committee has never held hearings. My Subcommittee has held extensive hearings on this issue and has drafted legislation of our own, H.R. 14856, which is far different from that contained in the amended H.R. 11221. We are holding hearings on the specific language of our bill this coming Thursday and Friday. This is far too important an issue to be considered by the Conferees on H.R. 11221 without the benefit of the extensive investigation we are making into this issue.

Other provisions of the Brock amendment to H.R. 11221 dealing with the Truth in Lending Act are highly controversial and deserve the kind of careful consideration this Subcommittee has been giving to the issues involved in Titles III and IV of H.R. 11221, as amended.

Therefore, I respectfully urge that the House Conferees on H.R. 11221, as a matter of courtesy and fairness to this Subcommittee and its Members, and in behalf of the most careful development of legislation affecting every consumer and creditor in the United States—including businesses not presently subject to the Truth in Lending Act that would be affected by the Brock amendment—reject the non-germane Brock amendment consisting of Titles III, IV and V of H.R. 11221 when it is reached in the Conference agenda.

Sincerely yours,

LEONOR K. SULLIVAN,
Chairman.

SEPTEMBER 23, 1974.

To Members of the House Conference Committee on H.R. 11221.

DEAR COLLEAGUE: As a House Conferee on H.R. 11221, the bank insurance bill to which the Senate attached so many riders, you will be interested, I am sure, in the enclosed copy of a letter I sent to the Chairmen and Ranking Minority Members of both the full Committee and of the Subcommittee on Bank Supervision and Insurance in June relating to the Brock amendment adding three titles to H.R. 11221 amending the Truth in Lending Act and the Consumer Credit Protection Act. The Brock amendment consisted of Items 20, 21 and 22 of the Comparative Analysis of the House and Senate versions of H.R. 11221 prepared for the House Conferees.

I strongly urge that the House Conferees reject these three Senate provisions as nongermane under House rules to H.R. 11221. The legislation is highly technical and highly controversial and lies within the jurisdiction of the Subcommittee on Consumer Affairs which is working on all of these issues. The Subcommittee has just completed Subcommittee action on H.R. 14856, to prohibit discrimination in extensions of credit (Item 22 of the Comparative Analysis), which my Subcommittee agreed should be handled as *separate* legislation, and not as part of an omnibus bill to amend the Truth in Lending Act or the Consumer Credit Protection Act.

The rules of the House Committee on Banking and Currency in this Congress provide for the first time for clear lines of Subcommittee jurisdiction, including the makeup of Conference Committees. If a Conference Committee composed entirely of Members of the Subcommittee on Bank Supervision and Insurance (plus the Chairman and Ranking Minority Member of the full Committee) were to take up and agree to matters in this legislation which are in the jurisdiction of another Subcommittee, the whole purpose of our Committee rule on Conference Committees would be undermined. This would raise serious implications for the future.

While there are admittedly some worthwhile provisions contained in the Brock amendment to H.R. 11221, I want to emphasize that the main thrust behind the Brock amendment is to weaken seriously the enforcement and compliance effectiveness of the Truth in Lending Act—so much so that the Federal Reserve Board and the Federal Trade Commission both advised my Subcommittee they would rather see no bill enacted than one containing the class action provisions of the Brock amendment to H.R. 11221 which the credit industry has been working for five years to try to get through, and which consumers vigorously oppose.

Sincerely yours,

LEONOR K. SULLIVAN,
Chairman.

NO OPPORTUNITY TO ACT ON SPECIFIC PROVISIONS

My letters may have been read by the House conferees, but they certainly were not given much attention. And the result is a disaster for the credit consumers of this country. But under the rule we have now adopted waiving points of order on this conference report, it is impossible for me, or for any other Member, to achieve a separate vote in the House under rule XXVIII on any of these nongermane amendments, no matter how controversial they may be. So 420 of us are deprived of the opportunity specifically to confirm or reject the judgment of 15 conferees on terribly important amendments to the consumer credit laws, amendments the House has not considered. We are thus faced with the choice of voting down a conference report which contains—in its germane provisions—legislation which could assist savings and loans and other thrift institutions in obtaining more funds to invest in housing by doubling the insurance on deposits.

But titles III, IV, and V, while containing many worthwhile provisions, are too important for the House to dispose of under what amounts to a closed rule, one under which we are unable to take out bad provisions passed by the Senate.

DISCRIMINATION IN EXTENSIONS OF CREDIT

Furthermore, as regards title V dealing with discrimination in the granting of credit, a bill from the Subcommittee on Consumer Affairs, H.R. 14856, which is much more comprehensive and effective than the Senate version as contained in title V of the conference report, was on the verge of being acted on and reported out by the Committee on Banking and Currency when this conference report was filed. We were scheduled to have finished action in the full committee this past Tuesday on H.R. 14856, but the filing of the conference report last Friday took the issue away from us. The full committee had met initially on H.R. 14856 on October 1. For some mysterious reason we got into a parliamentary tangle over an amendment no one understood and the meeting was forced to end by a call of the House before we completed action. We were to meet again October 8. But in the meantime, the conference began on H.R. 11221 and within 2 days the damage was done.

As a result we now have before us a conference report which in title V bans discrimination by reason of sex or marital status in the granting of credit but ignores the other categories covered in H.R. 14856, such as race, color, religion, national origin, and age. This was an arbitrary decision of the conferees based not on any technical problems in including the other categories but on the fact that the credit industry had lobbied so vigorously to keep those categories out of the legislation, particularly age.

The antidiscrimination legislation does not take effect for 1 whole year. Why, then, the rush to jam through a less-than-adequate bill? The Federal Reserve Board during the coming year could have done as thorough a job in writing fair and reasonable regulations to cover race, color, religion, national origin, and age as they will now be required to do on discrimination by reason of sex and marital status.

Any technical problems could have been resolved during that year. The fact is that the technical problems of enforcing a ban on discrimination by reason of age are far less difficult than in writing regulations covering marital status discrimination. And as for race, color, religion, and national origin, the Government has had 4 years of experience under the Fair Housing Act of 1968 in banning such discrimination in housing. So it is not a new and uncharted challenge in the credit field.

It was not a matter of technical difficulties; it was a case of giving the credit industry what it wanted. And obviously the credit industry wants to continue to discriminate by reason of age, or it would not have fought so hard to torpedo H.R. 14856 in the form in which it undoubtedly would have emerged from the Banking Committee this week if this conference report had not come along to preempt the field in the meantime.

AGRICULTURAL CREDIT

Another bad provision in the conference report, in its truth-in-lending amendments, limits the coverage of truth in lending to agricultural transactions of $25,000 or less. We took testimony on this issue in our subcommittee last November. The Production Credit Associations do not regard a $25,000 ceiling as at all helpful to them. They would much prefer either a complete elimination of agricultural credit from truth in lending, or substantive changes in the disclosure requirements and modification of the 3-day rescission clause. The Farmers Union, the National Farmers Organization, and the National Rural Electric Cooperatives Association were willing to see modifications in the rescission clause, but they strongly supported retaining the present coverage of truth in lending in agricultural transactions, pointing out that a young couple buying a farm would get no truth-in-lending protection whatsoever under a $25,000 ceiling, because a farm costs far more than that today.

So this Senate amendment pleases no one and does a great disservice to farmers. It particularly hurts those farmers who deserve and need and want truth in lending protection in buying a farm.

EXEMPTIONS FOR STATE AGENCIES

Another bad provision of the Senate bill which the conferees agreed to without apparently recognizing its implications in section 412, exempting from truth in lending requirements any consumer credit transaction in which an agency of a State is the creditor.

Why do this? What is so unusual about a State being a creditor that it should be relieved of any responsibility for compliance with truth in lending? The only State agency which I know of which requested such an exemption was one in Wisconsin. Apparently, all it takes is a single letter to a Senator on the right committee to persuade Congress to carve out a huge hole in the Truth in Lending Act, which will now apply to all State agencies extending credit. Sure, the truth in lending disclosure requirements are a nuisance to a State agency, or to a Federal agency for that matter, or to any private business. But the disclosure requirements and the other protections of truth in lending are so important for the consumer to have that this more than makes up for the inconveniences caused the credit supplier. Yet this conference report just exempts any State agency, for no reason whatsoever except as a favor to a State official in Wisconsin.

ADVERTISING

There is a provision of the conference report, section 401, which requires firms offering extended payment terms on which no credit charge is assessed to place in large letters in their credit advertisements the words:

> The cost of credit is included in the price quoted for the goods and services.

In many instances, perhaps even in most instances, this would be a correct statement. In others, however, it would not. It would be false. Many extended payment plans are designed to bring in business, particularly now when finance charges are so high. Stores in some cities have revived 90-day or longer credit accounts on which there is no credit charge. If the merchandise is sold at competitive prices, why require that firm to make a statement that is not true?

Orthodontists are prohibited by their professional standards from charging interest on outstanding balances. Usually, they will make arrangements with the patient, or the parents of children, to pay the heavy cost of certain dental work over a period of months or even years. If they spell out this information in what could be considered an "advertisement"—and the word advertisement is not defined—the dentist would, in effect, be confessing a violation of his professional ethics by indicating that he was really charging for credit, when he is not doing so.

This proposal, first made by the National Commission on Consumer Finance in its final report but never really discussed by the members of that Commission—on which I served—needs more study than the Senate gave it in writing it into H.R. 11221. It should not be in this legislation.

CLASS ACTIONS

But by far the most serious damage done to the consumer by the conference report on H.R. 11221 is in section 408 dealing with civil liabilities for violation of the Truth in Lending Act.

Mr. Speaker, of all the dozens of nongermane Senate amendments tacked on to H.R. 11221 by the conferees, section 408 has the most serious, adverse long-range consequences to the consumers of this country. This section deliberately destroys the most effective weapon in the enforcement arsenal of truth in lending—a weapon which has been of incalculable usefulness in preventing violations of the law by creditors.

The Federal Reserve Board, which administers the Truth in Lending Act, and which has done an outstanding job for consumers and businessmen alike in making this law work, regards the potential damages of class action suits for Truth in Lending Act violations as the key to strict compliance.

A lender or creditor may take an occasional chance in disguising the percentage rate of the finance charge, or in failing to give full disclosure of the terms and conditions of a credit agreement, figuring that the civil damages of twice the finance charge, up to $1,000, with a $100 minimum recovery, might be well worth the risk. But no creditor—I repeat, no creditor—is going to take the risk of violating the law in a consistent pattern, or among numerous customers, as long as he faces the risk of a class action recovery of at least $100 for every member of the class of consumers involved.

This is what has kept the major national creditors watching their step with extreme caution when it comes to any possible violation of the Truth in Lending Act. If these large corporations were as much concerned about antitrust penalties as they are of Truth in Lending Act violations, the Justice Department and the Federal Trade Commission would find their work largely advisory in the antitrust field. That is what has happened in truth in lending—the major creditors clear all of their forms and procedures with the Federal Reserve or with the FTC in advance, to make sure they are not in any possible violation of the law.

I know of no other law which is as carefully observed by the large corporations of this country. And with good reason: they are scared to death of the possible consequences. It is not the Government agency enforcement they fear so much as the private enforcement by consumers filing class action cases.

No wonder the industry has fought so hard for 5 years to turn the class action weapon into a tame pussycat. By passage of section 408 of this conference report, the lenders and creditors—the big banks, the finance companies, the chain retailers, the credit card companies, and the catalog houses—will have won one of the greatest lobbying victories of all time, at the consumer's expense.

There are some useful provisions in title IV of this bill, chiefly in writing into the law policies already adopted by the Federal Reserve Board in regulation Z, including some which have already been upheld by the Supreme Court. But Federal Reserve spokesmen have told us they would rather see no bill passed than one containing the provisions of H.R. 11221 destroying the effectiveness of class action suits as a compliance weapon.

What does section 408 do which is so bad? It limits to $100,000, or 1 percent of net worth, whichever is less, the maximum penalty which could be assessed against a creditor for a large scale violation of the Truth in Lending Act. For the major national creditors this is equivalent to a slap on the wrist; for smaller ones, the 1 percent of net worth limitation is a token damage judgment, regardless of the magnitude of the offense.

Let me point out to the Members that there have been no successful class actions so far under the Truth in Lending Act, although many have been filed. The Supreme Court's decision in the Eisen case recently put a real crimp in the filing of frivolous class action cases under this law or any other—the plaintiff must bear the entire expense of finding and notifying every possible member of the class on whose behalf the case is filed. So you will not see any more cases filed on behalf of huge numbers of persons, known or unknown, unless the case is so airtight and the offense so clear and undisputable that the plaintiffs and their attorneys are willing to underwrite the great costs of personal notification to every member of the class.

If there is a limit of $100,000 on total recovery, as this bill provides in section 408, the expenses of filing and pursuing the case would, in most instances, be more than the possible recovery. You would be opening the door to a new era of disregard for a law which, up to now, has been one of the most effective Federal laws on the books in protecting the consumer.

I also point out that the limitations imposed in section 408 on class action recoveries is retroactive, and applies to any case already on file which has not been finally adjudicated.

Many of the Members of this House have been advocating for years the enactment of Federal legislation to provide for class action cases in a variety of consumer law violations. The gentleman from Texas (Mr. ECKHARDT) has been particularly active on this issue. Many others have joined him. But here we have an instance where we already have on the books a strong class action law as it applies in truth-in-lending violations. The whole thrust of section 408 of the conference report on H.R. 11221 is to destroy that consumer protection device.

Of all of the nongermane Senate amendments in this conference report, I would say this is not only the worst, the most anticonsumer provision of all, but it is the prime objective of those who want to weaken truth in lending. This is the price the Senate has tried to exact for a bill prohibiting discrimination against women. If you want to know the truth, this is why the Senate's sex and marital status discrimination legislation has been passed over there only as part of a package deal which included, first and foremost, the destruction of the class action weapon in truth in lending enforcement.

My subcommittee agreed in May that we would process antidiscrimination legislation, for women and for minority groups and the elderly, as a separate bill, not as part of a package involving far-reaching changes in the Truth in Lending Act. We had that understanding and agreement when we introduced the bill, H.R. 14856, on May 16. Suddenly, the Senate tacked its antidiscrimination bill onto H.R. 11221, but only as part of a package which contains this provision destroying the effectiveness of class actions as a deterrent to truth in lending violations. Was the purpose to avoid a showdown with the House on a separate antidiscrimination bill? I think so.

The conferees adopted the Senate's nongermane truth in lending amendments to H.R. 11221 after the full Banking and Currency Committee of the House had begun final committee consideration of H.R. 14856. We would have finished in the full committee on that bill on Tuesday of this week. But on last Thursday, H.R. 14856 was torpedoed by the conferees on H.R. 11221 and we are now confronted with this bad legislation affecting every consumer in the country who ever uses credit.

Mr. KOCH. Mr. Speaker, I would like to speak out in support of the provision in the conference report on H.R. 11221, deposit insurance coverage which amends the Consumer Credit Protection Act to prohibit any creditor from discriminating against any applicant for credit on the basis of sex or marital status. This provision permits a husband and wife to seek separate credit and be separately responsible for these debts. Punitive damages in class action suits are limited to $100,000 of 1 percent of the net worth of the creditor, whichever is less.

Under this Equal Credit Opportunity Act, it will be unlawful for any creditor to discriminate against any applicant on the basis of sex or marital status with respect to any aspect of a credit transaction. However, any inquiry into marital status shall not be unlawful if it is for the purpose of ascertaining a creditors' rights and remedies. Consideration of State property laws affecting creditworthiness shall not constitute discrimination if these laws are not more discriminatory in nature.

This bill does not cover discrimination on the basis of age. I would support immediate hearings on the subject of age discrimination. What I am opposed to is a cutoff of credit simply based on age. But, I also recognize that age is a factor insofar as it is a consideration for the purpose of paying off a loan. With respect to the lower end of the scale in terms of youth, so long as one is of contractual age, age in that sense should not be a factor as long as one is otherwise creditworthy. Therefore, there should be immediate hearings on the question of age.

Along with others on the Banking and Currency Subcommittee on Consumer Affairs, I introduced the first legislation to deal with the subject of discrimination based on sex and marital status. The subcommittee considered such a bill and reported it out to the full committee. The full committee is now considering that bill. Because of the rush to adjournment, I would rather take the Senate bill which in fact my office helped prepare for introduction than to wait for what might be a more perfected bill which might come out of the House Banking and Currency Consumer Affairs Subcommittee which would not be enacted during this session.

It has taken a long time and a lot of end-runs necessary to bring this legislation to the floor for a vote this year. But, the good things never come easy, and this is one of the best.

Mr. Speaker, I am also appending a letter from NOW stating their support of the provision on class action:

SEPTEMBER 26, 1974.

Hon. EDWARD I. KOCH,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN KOCH: Please accept the sincere appreciation and thanks of the National Organization for Women (NOW) for your continuing efforts to obtain passage of federal legislation to assure equal credit opportunity to all people without regard to sex or marital status. We believe that your work has been a key factor in bringing H.R. 14856 out of Representative Sullivan's Subcommittee on Consumer Affairs and we look forward to working with you to gain needed support in the full Committee on Banking and Currency.

We are aware that during the last markup session of the Subcommittee you sponsored an amendment to provide a maximum dollar limitation in class actions for punitive damages. The overwhelming support for this amendment was clearly demonstrated by the 10–2 vote of your colleagues. Prior to that session, several of us in the NOW legislative office assured you and many of your colleagues that we did not object to such a provision and, indeed, if our support of the amendment serves to maximize chances of the bill's enactment, we support it. We refer back to our letter to you of 4/13/74 wherein Ann Scott assured you that NOW feels that this credit bill must provide for stringent punitive damages in individual actions and that we prefer a strong incentive to individual lawsuits rather than class actions in the context of credit discrimination.

If you encounter criticism or opposition to your support for a ceiling on punitive class action damages, please be reminded that prior to the introduction of H.R. 14856, the most recent version of an Equal Credit Opportunity Bill, every bill introduced in the House or Congress contained such a ceiling. In particular, at least 88 Members co-sponsored bills containing a $100,000 maximum and at least 49 Members co-sponsored bills providing a maximum of the lesser of $100,000 or 1% of a creditor's net worth. Similarly, each of the two bills that passed the Senate on unanimous votes contained one of these maximums. It is clear to us that your proposal reflects the mainstream of current thinking on this issue.

We extend our support to you for your willingness to accommodate the political realities surrounding this bill. We feel that this bill meets the demands of creditworthy women, and provides stringent but fair penalties for violations. We look forward to your continued efforts to obtain passage of H.R. 14856. Please contact us for any assistance we can provide.

Sincerely,

CASEY HUGHES,
Director.

Mr. KEMP. Mr. Speaker, I rise in strong support of this vital legislation to provide full deposit insurance for public units and increase deposit insurance from $20,000 to $50,000.

The conference took some important steps, some of which I have been working toward for some time, among which is the equal credit opportunity provisions. These provisions to end the discrimination against women with regard to credit opportunities are a long time in coming and as a cosponsor of these provisions, I want to compliment the committee for their outstanding work.

I would like to discuss generally the actions taken by the conferees.

The bill amends the Truth in Lending Act for the purpose of protecting the consumer against unfair and inaccurate credit billing and credit card practices. The House bill contained no comparable provisions. The conferees accepted the Senate provision with an amendment to redefine the term "creditor."

The Senate bill provided a series of basically technical amendments designed to improve the administration of the Truth in Lending Act. The House bill contained no comparable provisions. The conferees accepted the Senate provisions.

The bill amends the Consumer Credit Protection Act to prohibit any creditor from discriminating against any applicant for credit on the basis of sex or marital status. The conferees accepted the Senate provision with amendments to conform it more closely to the version of the "Equal Credit Opportunity Act" recently reported by the House Subcommittee on Consumer Affairs. The definition of the term "discriminate" was eliminated. The flexibility of the regulatory authority was broadened. It was made explicit that credit granted to an individual party to a marriage will be the sole responsibility of that party. The limitation on class action suits was further limited to the lesser of $100,000 or 1 percent of the net worth of the creditor to protect small business firms from catastrophic judgments. The effective date of the provision was extended from 6 months to 1 year to give the Federal Reserve Board sufficient time to issue regulations.

The Senate bill contained a provision allowing the proceeds of abandoned money orders and travelers' checks to escheat to the state in which they were purchased or, if the state of purchase is unknown, such proceeds would accrue to the state in which the issuing organization has its principal place of business. The House bill had no comparable provision. The House receded to the Senate.

The Senate bill contained a provision placing a limitation of $295 billion on Federal expenditures and net lending for the fiscal year 1975. The House bill had no comparable provision. The Senate receded to the House for which I am regretful. I support a $295 billion ceiling.

Mr. PATMAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WYLIE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 355, nays 1, answered "present" 6, not voting 72, as follows:

[Roll No. 595]

YEAS—355

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conlan
Conte
Conyers
Corman
Cotter
Crane
Cronin
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Dellums
Denholm
Dent
Derwinski
Devine
Dickinson
Dingell
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gray
Gross
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Hudnut
Hungate
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landgrebe
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Neill
Parris
Passman
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Quie
Railsback
Randall
Rangel
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Ruppe
Ruth
St Germain
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Waggonner
Waldie
Walsh
Wampler
Whalen
Widnall
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—1

Rees

ANSWERED "PRESENT"—6

Armstrong
Camp
Green, Oreg.
Lott
Quillen
Sullivan

NOT VOTING—72

Andrews, N.C.
Biester
Blackburn
Brasco
Brown, Calif.
Broyhill, Va.
Carey, N.Y.
Chamberlain
Clawson, Del
Collier
Conable
Coughlin
Daniel, Robert W., Jr.
de la Garza
Dennis
Diggs
Donohue
Dorn
Duncan
Eilberg
Flynt
Gibbons
Grasso
Green, Pa.
Griffiths
Hanna
Hansen, Idaho
Hansen, Wash.
Hébert
Huber
Hunt
Johnson, Colo.
King
McDade
Mann
Mathias, Calif.
Mills
Minshall, Ohio
O'Brien
O'Hara
Owens
Pepper
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Rooney, N.Y.
Runnels
Ryan
Sandman
Schroeder
Snyder
Staggers
Steed
Steele
Stubblefield
Stuckey
Symms
Teague
Tiernan
Towell, Nev.
Vigorito
Ware
White
Whitehurst
Whitten
Wiggins
Williams
Wilson, Charles H., Calif.
Wright
Young, S.C.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Dorn.
Mr. Eilberg with Mrs. Griffiths.
Mr. Rooney of New York with Mr. Mills.
Mr. de la Garza with Mr. Andrews of North Carolina.
Mr. Flynt with Mr. Brown of California.
Mr. Pepper with Mrs. Hansen of Washington.
Mr. O'Hara with Mrs. Grasso.
Mr. Runnels with Mr. Hanna.
Mr. Ryan with Mr. Collier.
Mrs. Schroeder with Mr. Chamberlain.
Mr. Teague with Mr. Tiernan.
Mr. Stuckey with Mr. Duncan.
Mr. White with Mr. Del Clawson.
Mr. Mann with Mr. Blackburn.
Mr. Donohue with Mr. Rarick.
Mr. Diggs with Mr. Hansen of Idaho.
Mr. Clark with Mr. Robert W. Daniel, Jr.
Mr. Green of Pennsylvania with Mr. Conable.
Mr. Wright with Mr. Broyhill of Virginia.
Mr. Carey of New York with Mr. Biester.
Mr. Charles H. Wilson of California with Mr. Coughlin.
Mr. Staggers with Mr. Dennis.
Mr. Vigorito with Mr. Huber.
Mr. Whitten with Mr. King.
Mr. Gibbons with Mr. Mathias of California
Mr. Hunt with Mr. Minshall of Ohio.
Mr. McDade with Mr. O'Brien.
Mr. Pritchard with Mr. Owens.
Mr. Sandman with Mr. Powell of Ohio.
Mr. Steed with Mr. Reid.
Mr. Towell of Nevada with Mr. Snyder.
Mr. Whitehurst with Mr. Steele.
Mr. Wiggins with Mr. Symms.
Mr. Young of South Carolina with Mr. Ware.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed a joint resolution of the following title in which concurrence of the House is requested:

S.J. Res. 247. Joint resolution authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act.

GENERAL LEAVE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the subject of the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

TO CORRECT THE ENROLLMENT OF H.R. 11221

Mr. PATMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 666) directing the Clerk of the House of Representatives to make corrections in the enrollment of H.R. 11221.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 666

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill H.R. 11221, the Clerk of the House is authorized and directed to make the following correction:

On page 16, line 9 of the report of the committee of conference on the bill H.R. 11221, strike out "A reflection on a statement of an extension of" and insert in lieu thereof the following: "the obligor's account is not restricted or closed".

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

ON THE NEED FOR PUBLIC DISCLOSURE

(Mr. KOCH asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. KOCH. Mr. Speaker, the recent revelations of large gifts by Vice-President-designate Nelson Rockefeller to aides and friends has stirred considerable controversy. I am concerned that gifts of large sums were made to public officeholders without public disclosure. I am also concerned, however, that the information on these gifts is being leaked piecemeal by House and Senate committee sources. Such selective leaking does not speak well for the Congress nor provide for a rational evaluation of the propriety of the gifts in particular or the qualifications of Nelson Rockefeller to be Vice President in general.

At the onset of the House and Senate confirmation hearings, it is my understanding that Mr. Rockefeller provided full financial disclosure including his tax returns, and left it entirely to the committee's discretion to disclose any or all of the information. The committee members decided to keep confidential much of the information. During the past weeks, however, in an unauthorized way, more information has been released in a selected and sometimes nonattributable manner. As one who files a full net worth statement and tax return in the House available for public scrutiny, I personally would favor full disclosure of the information—indeed a full disclosure of the net worth of all Members of the House and Senate and the President and Vice President. What is happening with the current selective disclosure of the Rockefeller information should give us pause to think about this issue. In the meantime, however, I do believe it is incumbent upon the Congress that it at least provide a full disclosure of all personal gifts made by Mr. Rockefeller—in fairness to the public and to Mr. Rockefeller. With this information, the public can make a better assessment of the nature of these gifts and the motivation of the Vice Presidential nominee in making them.

Mr. Speaker, while calling for this disclosure, I must confess a certain ambivalence. Since coming to Congress in 1969, I have worked hard to protect individual's right to privacy. And, I believe that like all Americans, public officeholders are entitled to some privacy. A balance must be struck however, between the privacy rights of these individuals and the public's right to know of private actions by public officeholders that affect public policy. I know that many Members of Congress objected to providing their tax returns to the media because they contained information relating to their private lives, such as medical expenses and alimony payments, which they did not want to disclose. While I made public my tax return, I can understand their feelings. In the instance of a Rockefeller gift, disclosure may intrude on the privacy of some of the gifts' recipients who are private citizens. At this point, however, on balance I think full disclosure is necessary.

My own recommendation for the issue of gift giving is that a public officeholder be required to make a public listing of gifts to public employees where the value is in excess of $500. This would be applicable to appointed and elected officials and would include campaign contributions, outright gifts, salaries, and loans, and it would apply to recipients who currently are public officials or public officials either 1 year before or after the making of the gift. I will introduce legislation to do this. Gifts per se are not evil. What must be determined are the circumstances surrounding them and whether any strings are attached to them.

In the meantime, I would call for a full disclosure of the gifts made by Nelson Rockefeller so that we can get back to rationally evaluating the nominee's credentials and not find ourselves waiting for the latest headline that is the product of a leak designed to catch us by surprise. The public is owed full disclosure.

HOMEBUILDING INDUSTRY NEEDS ASSISTANCE

(Mr. DICKINSON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. DICKINSON. Mr. Speaker, I think most of us who heard the President's speech yesterday would certainly applaud the thrust of what he said. I would agree with 80 percent of what he said.

There is one factor, though, that is most deserving of our immediate attention. One of the things which the President asked the Congress to do was to enact legislation, even before we recess, to make home mortgages eligible for purchase by an agency of the Federal Government, thus providing assistance for our beleaguered homebuilding and allied industries. The President has assured us that as soon as the Congress provides this legislation, he will make available at least $3 billion, enough to finance about 100,000 homes.

Such legislation is of the utmost importance, Mr. Speaker, for it will provide much needed relief to many sectors of the economy. The present shortage of mortgage money has delayed new housing construction, forcing heavy unemployment in the construction industry and a shortage of housing, thereby creating tremendous upward pressure on housing costs. We have already begun to see bankruptcies in the homebuilding industry because of these pressures and they will increase at a growing rate until the Congress produces remedial legislation. Each day the situation worsens.

I also urge the Congress to promptly consider the financial institution bill, which would give savings and loan companies and other thrift institutions, traditional suppliers of home mortgage money, more capital to lend to home buyers and at the same time encourage savings by the general public.

We have the opportunity to do something positive in our quest for the solution to rampant inflation. For us not to act on this critical matter will only mean even higher housing costs, an even tighter money market, higher unemployment and an increase in bankruptcies, both personal and business.

I call upon the leadership to keep Congress in session as long as is necessary, despite the pending election, so as to effect legislation which will provide relief to homebuilding and allied industries.

PRESIDENT'S ECONOMIC MESSAGE

(Mr. MARTIN of North Carolina asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. MARTIN of North Carolina. Mr. Speaker, President Ford's message on the economy yesterday contained many valuable proposals for fighting inflation. The Congress must quickly get behind his programs to boost food production and reduce the need for oil imports and shore up the housing industry, which has borne the brunt of the high interest rates. President Ford was right on target in calling for reduction of overregulation of business which has strangled productive capacity. His spending ceiling is absolutely essential.

One major area of controversy, however, will of necessity command immediate attention: his 5-percent tax surcharge on families with $15,000 gross income and individuals making $7,500. Mr. Ford argues that the $5 billion in revenue from this tax increase is needed to pay for his other proposals. What it actually does is help those in Government who do not want to face the necessity of deeper spending cutbacks.

The Federal budget for this year is out of balance by $10 billion, with $305 billion in expenditures and $295 billion in revenues. The $300 billion spending ceiling would still leave the budget out of balance unless the tax surcharge is imposed.

As I see it, we have two alternatives if the budget is to be balanced this year: either we must raise taxes to pay for the $300 billion spending level, or else we must cut spending back to $295 billion and live within the available revenues. I favor the latter option.

Accordingly, I am introducing today a bill to establish a spending ceiling, as called for by the President. If enacted, it would put a lid on Federal spending, not at $300 billion—which would necessitate a tax increase—but at the level of $295 billion. This would make the tax surcharge unnecessary.

It does not make sense to me to soak Middle Americans and take a lot more money from them and give it to somebody else. Aside from being just another "income redistribution" plan, this discriminatory tax surcharge would make it easier for the big spenders in Congress to continue their extravagant spending programs.

If Americans are going to be called upon to tighten up their belts and live within their means then Government must do the same. It makes no sense to ask taxpayers to reduce their spendable income so the Government will not have to reduce its.

I would also concur with the gentleman from Alabama (Mr. DICKINSON) that Congress must stay in session until we resolve this issue. If we return to full-time campaigning without putting this question to a vote, I am sure we will not be able to pass any such strong measures after the election.

The housing industry needs an answer urgently. The taxpayers need an answer.

If we cannot reduce spending to a ceiling of $295 billion, if we cannot muster the vote to cut spending below $300 billion, then let us admit that on a recorded vote and then face up to the resulting necessity of a tax increase to pay for it.

The worst thing would be for us to go home having done nothing.

CONGRESS AND THE ABORTION QUESTION

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, this week I received in the mail one of the most powerful statements I have yet read concerning the role of Congress and the abortion issue.

Today this question is important because the House-Senate conference on the Labor-HEW appropriation bill must make a decision on the controversial Bartlett amendment. In my opinion, were Congress to accept the Bartlett language, thousands of women will be denied the right to abortions—especially women with low incomes who could not afford to pay the costs of an abortion.

Instead of the vile rhetoric often employed by so-called pro-life fanatics, this letter takes a logical, compassionate look at the abortion question and its implications for congressional action. I am very impressed with this letter, and I highly recommend that my colleagues give it serious consideration.

Finally, Mr. Speaker, I have deleted the full name of the author of this letter. The woman who wrote it works here in the House of Representatives, but she has taken her own time and money to get this letter to us. I have been in contact with her, and she agrees that it is best that she not be fully identified because of the possibility that her own personal views would then be taken as those also of the Member for whom she works.

The letter follows:

WASHINGTON, D.C., *October 4, 1974.*

DEAR MEMBER OF CONGRESS: First of all, please don't bother to answer this letter. I work in a Congressional office, and I know how letters get answered. I would much rather *you* read this (and I *would* appreciate your taking ten minutes to read it, since I have spent many hours and money I can barely afford to write and distribute it) and think about it than have your staff answer it as they answer all abortion letters. And please don't ignore me because I don't live in your Congressional district; I am writing about a national issue, and your votes on it affect everyone in the country, directly or indirectly.

I want to deal with both the issue of abortion in general and the amendments which have been passed by Congress recently which prohibit the use of public funds for abortion. I wish I could address each of you personally; lack of more time and money forbids it—and also, therefore, acknowledging those of you who have voted against these amendments.

I don't believe most of you realize the power you hold in your hands. It is incredible—you have the power to prevent women from having abortions and thereby to have to bear and raise for the next 18 years or so children they do not want. You have the power to bring children into the world who may be rejected emotionally or even beaten from the day they are born. You have an enormous power to create suffering—in the mothers, in the rest of the family, and in the unwanted children themselves. And you have the power to create, therefore, more Richard Specks and Charles Mansons and many of the others who have killed both unknown people and our leaders in the past few years. In short, your power to rule people's lives almost makes a mockery of the ideas of individual freedom and "life, liberty, and the pursuit of happiness" that are supposed to be inalienable rights—especially since the majority of the American people do not agree with your position against abortion.

Look at the large picture first. The population of this world, two-thirds of whose people are already starving, is supposed to double by the end of this century. All this increase will do is increase the suffering. Other birth control methods may fail or may be too difficult to implement in some of the less affluent nations of the world, where birth control is most needed.

In Japan, they legalized abortion shortly after World War II; if they hadn't, the people would have overrun their island, only a small part of which is fit to live on anyway. It is hard to imagine what the quality of life would be in that country if they had not done so. It is also interesting to note that they have almost no battered children (as opposed to at least 6000 reported cases, and probably thousands more unreported, in this country each year), since they have no unwanted children. For whatever reason women feel they should not bear a child, whether emotional, financial, or simply feeling they have enough children already, they are allowed abortions.

Take another area. In Latin America, which has the highest birthrates in the world, the quality of life is among the worst. And every year, all of the slight rise in productivity they experience that should produce a rise in the standard of living is eaten up by the increase in population. It is ridiculous to talk about children being beyond price when you bring them into a world where they will have not enough to eat (and may, therefore, become both physically and mentally retarded), not enough clothes, not enough shelter, and not enough education. These things cost money; and any person who says that he or she is, by preventing abortions, protecting the "sanctity of human life" is ignoring what the quality of that life is going to be.

Closer to home, let's take the issue of the use of public funds for abortions. If it is simply a matter of money, the answer is simple, too. A study has shown that, compared to the amount of public funds used for abortions in California in 1973, it would have cost the taxpayers of the state three times as much if all these women had completed their pregnancies and borne their babies. This amount does not begin to take into account further funds that could be needed to support these children, possibly all through childhood, given their mothers' poverty. It has also been proven a myth that poor women want more children because that means more welfare payments; another study has shown that they are choosing abortion in greater proportions than wealthier women.

I think it cannot be emphasized too strongly what an incredible commitment it is to raise a child. Imagine if I came into your office, placed an infant on your desk, and said that you must raise it to adulthood. You might wish that the child would have a good home and parents, and you would certainly bear it no ill will; but that would be far different from making the enormous adjustment required to commit your life to taking care of it from that day forward. Yet this is what you have the power to do to women who cannot afford abortions.

People claim that if we allow abortions, then the next step will be killing the elderly, the mentally retarded, the mentally ill, or other people who are helpless and dependent. This is ridiculous. They are two entirely different situations. I just don't know any old people, mental retardates, etc., who are in the womb of another person. While fetuses are potential human beings, these others are human beings.

Which brings us to the question of granting fetuses full civil and constitutional rights as human beings—what are we going to do, count them in the census? I do not argue for a moment that fetuses are not alive, merely that they are not comparable to human beings. After all, the sperm and the ovum, before conception, are forms of life; but who believes in saving every one of them? This may seem to be carrying the argument to absurdity, but that is where the "pro-life" position leads us. Doctors can't even agree on when conception occurs—whether it is at fertilization or when, several days later, the fertilized egg moves down the fallopian tubes to the uterus.

As I mentioned before, none of you can claim to represent the will of the American people when you vote in any way to prohibit abortions. Polls have shown that a majority of the American people (it was around 60% a couple of years ago, is nearly 70% now, and will probably continue to climb) feel that abortion is a matter between a woman and her doctor. The only thing you have been reacting to is a highly vocal campaign by a group of people who, while I do not deny their right to be against abortions for themselves, have no right to impose that view on the majority of the American people, who do believe in individual choice on this issue.

In regard to the specifically religious views against abortion of some of these people, I would like to paraphrase the views of a devout Catholic friend of mine. Though the Pope is regarded as infallible on both religious and moral issues (and the Church claims abortion is a moral issue), she feels it is a secular matter because it has to do with the body, medicines, surgery, etc. These are generally considered secular areas on which the pope's judgment is not infallible.

Even if abortion is a moral issue and the Pope is thought to be infallible, consider this contradiction. The Pope claims it is the "sanctity of life" he is protecting, yet he will not condone an abortion even to save a mother's life. If it is a question of one or the other dying, how is he infallible in always choosing the fetus as having the greater right to the "sanctity of life"? More importantly, when the fetus would die anyway (as in the case, for example, of a woman three months pregnant who will die from hemorrhaging caused by an accident if not given an abortion—the fetus cannot survive outside the womb at three months of age and will die in the womb if the mother dies), how can he claim that his dictum against abortion is to protect the "sanctity of life" when it would cause the death of a human being?

I have heard it suggested that one of these aborted fetuses might have turned out to be another Schweitzer, or Beethoven, or Lincoln. Even if this were true—and the odds against it are enormously high—it seems to me a most anti-democratic attitude to say that therefore the mother should have to bear the child. This would be taking away her rights because her child might be more "valuable" to society than she is.

Some people say that other methods of birth control besides abortion should be used instead of it. The implication of this statement is that there is some foolproof method of preventing pregnancies, and this is just not so. Many methods have a poor effectiveness rate; IUD's, as has recently been discovered, can be very dangreous and have even caused the deaths of some women; and, while the pill may be 99 percent effective, what happens to that other one percent? What do you tell those women when they get pregnant? This position also ignores the fact that many women are allergic to the pill or suffer serious side effects that make it impossible for them to take it. That leaves them, in many cases, with no sure way of preventing pregnancies *except* abortion. It is, after all, simply another method of birth control; how much difference is there between a "before" pill and a "morning-after" pill (which could technically be considered an abortion)? Is one totally acceptable and the other totally immoral?

Let's look at a few examples in regard to this whole matter. Suppose you have a woman of 42 who has raised three children to near-adulthood and now plans to start a career for herelf. Unexpectedly she gets pregnant. Should she be robbed *completely* for the next six years (approximately) and *partially* for the next 18 years of the plans she has made for herself? (This is assuming, given the sexist assignation of roles in our society, that it is the mother rather than the father who does most of the child-raising.) Suppose this woman were your wife (or you, if you are a women)?

Suppose your wife (or you, again, for the women Members) were raped and thus became pregnant? Would you want her to have to bear that child? Would you want to raise that child as your own?

Suppose you have a 14-year-old daughter who is raped? Do you want her to have to bear that child? Or suppose she simply becomes pregnant? Do you want her to have to bear *that* child.

Suppose you have a woman who has worked all her life at a sport—for example, she is a runner of world-record caliber. Suppose she becomes pregnant, for whatever reason, eight months before the Olympics—making it impossible for her to run in them. Should she have to give up the goals and work and hopes of a lifetime because she cannot have an abortion but must bear an unwanted child? Suppose she were your daughter and you had witnessed this hard work and dedication all her life?

If I put these questions to you personally, it is because it is on this basis that you must decide; for you have no right to impose on other people what you would not accept yourself—yet you have the power to do so when you vote against funds for poor people who have not enough money of their own to pay for abortions.

It is obvious that there are legal, medical, religious, and moral differences on this issue. Therefore, since there is such disagreement (as there is not in such cases as murder, robbery, etc.—most everybody believes they are wrong), then everyone, I believe, should be left free to follow his or her own beliefs. This is essentially what the Supreme Court decision said, ruling that only the last three months of pregnancy, when it is possible the fetus might survive outside the womb, are susceptible to state rulings forbidding abortions. By that time most women should have had a chance to get an abortion if they wanted to do so.

I believe that there are a lot of hidden emotions affecting people's opinions on this matter, and that most people don't want to face or admit that fact. One example might be a desire to punish those who engage in sex without the benefit of marriage. I would merely point out that those who suffer most from this "punishment" could be the children; and I would ask what constructive purpose such "punishment" would serve.

I also believe that abortion is suspect because it seems an easy way out for women who don't want to bear or raise a child. Well, if they don't want to, then they are not right for the job (and it's the most important job in the world); and they shouldn't have to do it. It is unfair to them and unfair to the child. Even wanting children doesn't guarantee that parents will raise them well; how much worse the chances are if the children are not wanted in the first place.

Before I make my final point, let me explain my personal position in this matter, since you might suspect my own emotional motives as I may suspect yours. I am single, am in no danger of becoming pregnant (except by rape) since I do not believe in premarital sex for myself (though I have no wish to impose that personal preference on other people's lives or actions), and will always have access to enough money to get an abortion if I get married and other birth control methods fail. So I have no immediate personal interest in the matter in a technical sense.

I do, however, have an emotional investment. First, in the pain of seeing another woman forced to bear a child she doesn't want while other people (usually men) call her wish for an abortion a "whim".

Secondly, my emotional investment is as a woman who should be treated as an equal human being. An ego already badly damaged by the debasement of females in our society is not helped by the thought that you (meaning anyone who is anti-abortion) consider a fetus with probably the intelligence and sensitivity of a fly more important than I am as a human being who has grown and suffered for 27 years and become both a person in my own right and connected by strong emotional ties to members of my family and to my friends. It is the ultimate putdown of me, the ultimate statement of my worth as a human being—virtually nothing. For if rape is the ultimate invasion of privacy (which it is), then an unwanted pregnancy is the ultimate in a prolongated rape. The whole attitude is such an assault on my sense of self-worth that I have even considered leaving this country if an anti-abortion Constitutional Amendment is passed (as I have if the Equal Rights Amendment is not ratified). Every other problem this country has, I want to stay and fight—and I will probably end up doing the same on either one of these issues, because of a sense of obligation and because I want to stay here. But if either of these two events comes to pass, why should I feel I have to stay in a country that thinks so little of me?

Finally, unless the courts can overturn these anti-abortion provisions as unconstitutional (which I devoutly hope they can), you hold all this power in your hands. You know as well as I do that these amendments are the ultimate cop-out, for they get you off both hooks—you don't have to vote up or down for a Constitutional amendment; you just pacify (slightly) the anti-abortionists by attaching such conditions to bills that are supposed to help people. They are also the greatest hypocrisy, for they make a mockery of words like "freedom" and "equality"—and the victims of your cowardice are the poor.

I believe that human beings are too precious either to be denied their freedom and forced to bear and raise children they don't want, or to be those unwanted children. You have an incredible amount of power over the direction this issue takes—for or against the quality of all our lives, for or against children being wanted and loved, for or against individual rights to privacy, dignity, and freedom of choice.

Think about it.

And thank you for reading this.

Sincerely,

R. W. A.

COMMUNITY DEVELOPMENT INSTITUTION FOR DISTRICT OF COLUMBIA

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, even though I strongly support the basic concept of a community development institution for the District of Columbia, I would like to bring to the attention of my colleagues that there is some indication of serious opposition to this bill by District residents.

In July, when the District Committee approved this measure, I received a letter from Mr. Anton Wood expressing his concern about it. I would like to insert that letter into the RECORD at this point:

Washington, D.C., July 28, 1974.

Hon. RONALD V. DELLUMS,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE DELLUMS: From all indications it appears quite evident that the U.S. Congress is intent on violating the spirit of the limited D.C. self-government act only 73 days after it was approved by referendum. On the eve of municipal elections, the House District Committee has approved two measures which have far reaching implications for the future of Washington. These bills call for the creation of a D.C. University (merging Federal City College, D.C. Teachers College and Washington Technical Institute) and the establishment of a Community Development Corporation (H.R. 15888). If these measures are vital to the "public interest" of Washington then they should originate from the newly elected city government. After reviewing the proposed bills, I find that H.R. 15888 is the most objectionable, since it would create a Community Development and Finance Corporation which would be a government entity beyond the control of either the city government or the citizens.

Specifically my reservations regarding H.R. 15888 are:

(1) The Community Development Corporation is not required to publicly circulate an environmental impact statement on proposed corporation projects which could adversely impair the environmental quality of life in D.C.

(2) The Corporation's bonding authority could be used to by-pass public bond referendums, serving as a backdoor financing method for projects such as Eisenhower Convention Centers or shopping centers both of which would exhaust funds desperately needed for housing.

(3) H.R. 15888 does not provide a local neighborhood or a community's Advisory Neighborhood Council of an affected area with veto power over proposed Corporation plans for their community. New York State's Development Corporation must abide over local veto of proposed development plans.

(4) Projects initiated by the Corporation might not be evaluated on the merits of sound financial analysis. Consequently, the Corporation could add financial burdens to the D.C. tax rolls, for example, the Eisenhower Convention Center.

Presently the District of Columbia has a prototype for the Community Development Corporation. The Model Cities Economic Development Corporation and the Model Cities Housing Development Corporation are non-profit, tax-exempt organizations established by the elected Model Cities Commission supposedly for the purpose of planning, developing and financing real estate and business ventures owned by individuals and organizations within the Model Neighborhood Area.

The Model Cities Commission was created in 1968, and a tour of the Model Cities neighborhood in 1974 painfully illustrates how ineffectual these corporations have been in providing services to Model Cities residents. Each of these public corporations has spent close to a million dollars of Model Cities funds each year, but H Street and the remainder of the Model Cities Area have not seen one dime of these funds allocated to improve the quality of human life. For the most part the funds have been channeled toward providing public subsidies and write-downs for projects which are money losing. The majority of these subsidized businesses and projects are owned or controlled by the various financial, real estate and corporate interests who hold seats on the Boards of Directors of the Economic Development Corporation and the Housing Development Corporation.

The February, 1974 issue of "Current Events" the official newsletter of the D.C. Model Cities Program notes that some Model Cities Commissioners have questioned the Housing Development Corporation's performance, including its inability to construct low and moderate income housing. I further question the acquisition of the Wade Apartment Building on 13th Street, Northwest and the Wiesteria Mansion on Mass. Avenue, Northwest since the acquisition of these properties relieves private financial interests who hold influential positions on the Board of Directors of Economic Development Corporation and Housing Development Corporation.

In short Congressman Dellums, H.R. 15888 will formally institutionalize the same inside deals which are prevalent among these two Model Cities Boards. It is widely held in District Government circles that the corporation created by HR 15888 will fund the same projects initiated by the Model Cities Corporations. So in the year of ITT as well as Milk and Wheat Deals, I hope that the Congress will not impose a mechanism, such as proposed in HR 15888, on the District of Columbia.

Sincerely,

ANTON V. WOOD,
D.C. Statehood Party.

In addition, Mr. Wood has prepared a longer statement on his position on this bill, and I would like that statement also to be inserted into the RECORD:

STATEMENT ON PROPOSED URBAN DEVELOPMENT CORPORATION FOR DISTRICT OF COLUMBIA BY ANTON V. WOOD

As you know I am the D.C. Statehood Party candidate for Congress. For 25 years I have resided in the Stanton Park community of the District of Columbia. The Stanton Park section is bounded by Union Station, H Street and Capitol Hill. Our area has become a microcosm of ill-fated city planning and economic development theories through the urban renewal and model cities programs all of which brought many promises but no results. After the 1968 riots which destroyed a large section of H Street's commercial district, the D.C. government placed H Street under an urban renewal program. The stated purpose of the program being to marshal the combined resources of the Federal and District governments in order to provide the necessary funds for redevelopment and economic viability. Like the Urban Development Corporation, the Urban Renewal program can acquire land, grant relocation benefits and has at its disposal extensive Federal funding and local monies.

Presently the H Street plan is in the fifth action year and after expenditure of large amounts of money there is still no development along H Street. In fact the only grand opening to occur along the street was that of the Redevelopment Land Agency's field office. This lack of development is not confined to the H Street area exclusively. Any analysis of the other renewal areas will reveal the same lack of results. None of these urban renewal areas has developed despite many programs and many promises.

Any serious attempt to encourage economic development in the neighborhood development program areas must acknowledge key market factors. The first factor is that when a community is placed under urban renewal or a similar status the banks and commercial lending institutions immediately refuse to provide loan monies to the affected community until the plan is lifted. A second factor is that due to inflation, the high interest rates on commercial loans prevent low and moderate income families from obtaining monies for upkeep and improvements. Thirdly, small businesses, the key to a strong tax base, are encouraged to move out of the designated area or allowed to fold due to uncertainty.

The bill before us for an urban development corporation, in essence continues to perpetuate and compound the fallacies of the past urban renewal failures. The Corporation would become a separate entity beyond the control of the District Government since it is granted authority to generate its own revenue, as well as the power to condemn land. In many respects I find that the concept of the proposed corporation is very similar to that of Mr. Fauntroy's now discredited Model Inner City Community Organization (MICCO) which had a very nebulous track record in Shaw. I do not believe that Congress should be foisting this concept upon the entire city of a corporation empowered to drain the vitality of communities and waste precious public monies in order to benefit selected private developers and financial interests.

The most objectionable provisions of this legislation include the lack of a mechanism which insures that development plans originate at a neighborhood level, the delegation of eminent domain powers to the corporation, the concept of using public money to promote private investments, the creation of a vehicle to permit the circumvention of public referendums and the lack of a requirement to coordinate corporation plans with other D.C. agencies. In short, the proposed urban development corporation revisits some of the same mistakes of past urban planning: corporate subsidies, unchecked eminent domain, lack of accountability and lack of coordination.

To seriously address the development problems of D.C., I would recommend the following as a possible approach:

(1) Terminate all existing urban renewal plans for the designated areas.

(2) Create a D.C. Housing Loan Finance Corporation to make loans to private individuals.

(3) Finance Loan Corporation through the issuance of municipal bonds with a guaranteed public review process including hearings and referendums.

(4) Development plans must have the approval of the Advisory Neighborhood Council of the affected area.

(5) Housing Loan Authority should be expressly limited to allocating funds within definite bounded areas within the District of Columbia.

Although Mr. Fauntroy's legislation could provide money for housing, it also could finance unwanted and uneconomical projects such as the Eisenhower Convention Center and the National Visitor's Center.

Now it is argued that the Urban Development Corporation would, unlike the RLA, have the power to implement. This is considered by many a major justification of the Development Corporation based upon the thesis that urban renewal failed because the agencies carrying out renewal could only draw up plans rather than implement them as well. We are told that the UDC will not only implement renewal, but, also, cut red tape and manage its own facilities. I contend that urban renewal did not fail due to the aforementioned problem, but instead due to abuse of public power. Specifically: carte blanche use of eminent domain, shoddy relocation procedures and insider deals with developers of choice (witness Theodore Hagens being handed a cut in the Ft. Lincoln Urban Renewal Project by RLA). Furthermore, urban renewal failed in performance in relation to its promise because it implicitly assumes that structural changes and realignments of populations cure social problems of poverty and blight.

Instead, these tragic problems are merely moved, and while the conditions of the "relocated" are worsened, developers, bureaucrats and consultants profit. Urban renewal in trying to renew buildings rather than people will always ultimately fail when its reality is measured against the rhetoric of its proponents. Of course, in reality, urban renewal was never intended to help poor people, it is intended as a land grab and as the means to enrich a few parties at the expense of the general public and particularly the relocated.

The Urban Development Corporation will not work because it will likewise turn out to be a means of subsidizing private corporations, maintaining a corrosive bureaucracy and enriching consultants. The UDC will not in all probability make investment decisions based upon sound financial judgment. This is because the members of the Corporation board will have no reason to be financially responsible with a subsidized corporation. Since the purpose of the corporation is to serve the public good, then any money-losing investments can be written off as being necessary in order to get the private market moving. Meanwhile, since a city policy of using public money to get the private sector moving will have been embarked on, no developer will want to take any initiative unless he is subsidized and supported by Corporation investments.

Nor will the Corporation decisionmaking process in all probability be based upon the ultimate welfare of the city and of its residents. Instead, in all likelihood decisions will be founded upon short-term political/economic considerations. It would probably take many years for the general public to learn of the shortcomings of the Urban Development Corporation, just as it was many years before the true story of MICCO reached the papers. However, once the public learns of the Corporation's inability to get the job of rebuilding the city done, the UDC will by then be firmly entrenched, just as RLA is, and efforts to alter or dissolve it would probably be unsuccessful.

Finally, Mr. Speaker, a journalist whom I greatly admire, Sam Smith, the editor of the D.C. Gazette, raises some objections to this proposal in an editorial in the current issue of that paper.

[From the D.C. Gazette, October 1974]

YOUR HOUSE IN AN URBAN RENEWAL AREA?

Although the Urban Development Corporation bill making its way through Congress is somewhat better than earlier versions, it still makes the whole city a potential urban renewal area, giving an extraordinary amount of power (including that of eminent domain) to a closed corporation of real estate insiders and political friends of the mayor.

Here are some of the things wrong with the bill as it now stands:

It fails to provide for neighborhood council veto of projects.

It fails to provide for an environmental impact statement on projects.

While the City Council must approve the appointees to the UDC board it has no control over who is appointed to the chair.

Only the mayor can remove members of the board.

While the law prohibits board members from voting on projects in which they have a direct interest, nothing prevents other board members supporting such projects on a quid pro quo basis.

The UDC has the power of eminent domain, one of the most frequently abused local governmental powers. The bill does provide for notice and hearings in the use of this power, and the city council could overrule projects in its annual review, but since the president can sustain the mayor in actions against the council, the council's power to stop projects the mayor wants is very much in doubt.

As usual for the past twenty years, the relocation provisions are ridiculously weak.

Board meetings do not have to be open.

The board will not be democratically selected.

Bonds should be approved by referenda rather than by the UDC board.

The question arises? Why is this bill being pushed so hard on the eve of an elected government? Is it out of fear that an elected council would not approve it? And why could not the stated objectives of the bill be met by a housing finance agency? Is this a housing program or just another scheme on behalf of the city's commercial developers? We need a few answers fast.

Taken together, the letter and statement by Mr. Wood and the D.C. Gazette editorial present us with some significant questions about this legislation, questions which I hope will be adequately covered as this measure progresses through Congress.

THE UNITED STATES MUST LESSEN ITS DEPENDENCY ON ARAB OIL BY CONSERVATION MEASURES AND BY WORKING TOWARD INCREASING DOMESTIC PRODUCTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 15 minutes.

Mr. KEMP. Mr. Speaker, the administration is now deeply invoved in analyzing the many alternative actions it can recommend be taken to help solve problems within our economy. Yesterday, the President addressed a joint session of Congress on the decisions which he has made in this regard.

One of those problems is the United States too-heavy dependency on Arab oil imports.

In the administration's evaluation of what measures it will recommend to the Congress, many ideas will surface—and will be given press play. Some of these will be rejected by the President's economic advisers, others by the President himself—like the gasoline tax increase, and still others by the Congress.

I am deeply disturbed at the nature of some of the proposals which have been recommended to the President by certain Federal agencies. I am not alone in this feeling; the people are too. Many of these proposals are anticonsumer, antitaxpayer, and potentially destructive of the pressing need to restore confidence in our economic future.

But, at the same time, I see no cause for panic; only cause for concern. Now is the time for rational debate over the merits— and lack of merits—of the various proposals being surfaced.

I believe there are several ways to handle this major problem of increased fuel costs arising from purchases of Arab-produced oil. But, of all the avenues available to us, the Federal agencies—principally the Federal Energy Administration—want the President and the Nation to go down the one avenue which will be the most anticonsumer, antitaxpayer of all—that of putting virtually the whole economic burden of this Arab oil dependency onto the backs—the pocketbooks—of the American people.

ENDING INFLATION WILL REQUIRE BREAKING OUT OF THE POLICY CONSENSUS THAT PRODUCED IT IN THE FIRST PLACE

Dr. Herbert Stein, the former Chairman of the Council of Economic Advisers, made a startlingly clear point in a major news analysis last week. Dr. Stein commented:

> To end inflation . . . will require breaking out of the policy consensus that produced the inflation.
>
> The trouble with the consensus policy [now being pursued by the Ford Administration] is that it is the same policy that caused or permitted the inflation of the past 10 years.
>
> There has been an essential continuity of policy through the Johnson and Nixon periods.

These astute observations relate directly to proposed measures for dealing with the inflationary impact of Arab oil imports.

The predominant reason for the continuity of these economic policies—policies which have led to double-digit inflation, high interest rates, rising unemployment, inadequate capital investment, significant stock market declines—is that they all arise—no matter which man or which political party is in the White House and in ostensible leadership of departments and agencies—from a bureaucratic structure which believes in central planning and wants to carry out its own agenda and does so through the formulation of ideas and supportive material on the feasibiilty or infeasibility of policies and programs.

Unaccountable to the people through the ballot box—they remain no matter who is elected or what the mandate of that election is—and of a generally Keynesian, government-regulation-of-the-economy mindset, they are today advocating—through the ideas and data sent up the chain of command to policy spokesmen—those very same types of measures which have created the chaos in which we now find ourselves in the first place.

As Dr. Stein indicated, the only way to break the back of inflation is to find new answers, and those new answers will not come from those who gave us the old ones proven wrong so many times.

As one deeply concerned over the state of our economy—and I say this in no partisan vein whatsoever—the President and his administration had better assure themselves—by whatever advice they can harness—that an anti-free market, idea-stale bureaucracy must not—consciously or otherwise—be contributing to bringing about a severe recession—or worse—which the President and his administration—and not the bureaucracy—will be charged by historians with having brought about.

It is in that light, as well as that of restoring the economy, that the President and his advisers ought to think long and hard about every proposal submitted to them from the bureaucracy.

The additional gasoline tax—whether it is 10 cents per gallon or 30 cents per gallon—proposed last week by FEA is anticonsumer. It would cut necessary funds for increasing investments to increase domestic production of oil. It would hurt those least able to pay—even if there is a device for rebates to users of 500 gallons or less per year—for additional taxes would not be recovered until after the end of the tax year and for many in the low- and middle-income groups simply must travel more than that each year. It would significantly penalize automobile users in areas where there is inadequate mass transit—another example of putting the cart before the horse—and penalize commuters who live beyond the reach of urban mass transit systems yet who work in the downtown areas. It could cripple many small businesses—salesmen, taxicab companies, and so forth—who must depend upon extensive car and truck use to make a living. It would drive up mass transit fares sharply in an effort to defray increased costs for fuel used by transit systems.

In summary, the effects of such an additional gasoline tax would be counterproductive, drastically so. Instead of helping us out of our present economic slowdown, these measures could make matters even worse than they are.

The President rejected that particular tax over the weekend, but since it has resurfaced three times in the last 12 months, one can never be sure that it is really a dead issue. The President and the Congress must insure that it is.

THE ECONOMIC EFFECTS OF OUR DEPENDENCY ON ARAB OIL IMPORTS

Mr. Speaker, there are better ways in which to lessen our dependency on foreign oil imports, particularly those from Arab countries.

That dependency is hurting us—our economy—in several ways. It is straining our foreign policy also.

First, our balance of payments—our trade balance—is severely deficit-ridden, for the high costs we are paying for foreign, Arab oil are sending many more billions of dollars overseas than we are bringing back home.

According to an extensive report released last week by the Task Force on International Economic Policy, prepared under the direction of my colleagues, Mr. FRELINGHUYSEN of New Jersey and Mr. BIESTER of Pennsylvania, since the Middle East embargo of November 1973, the U.S.-paid price of imported crude oil has increased from $3.25 per barrel to $10.50 per barrel—a staggering 330-percent increase. These total imported oils represent no less than 35 percent of our total domestic use. The impact at the gas pumps on retail prices is, therefore, all too apparent.

Last month's balance of trade deficit was the largest in history, and each quarter this calendar year that deficit has grown.

Second, and a product of the first, this flow of American dollars out of America is resulting in a major shift of crucially needed investment capital—out of the United States and into foreign—principally Arab—hands. These funds are then reinvested by the Arab interests in American industry. Last week's newspapers carried the examples of just that week's negotiations: The Government of Kuwait had purchased a prized resort island off our southern Atlantic coast for presumed development into a tourist and recreation complex, and the Iranian bank has stepped in with a $75 million loan to the Grumman aeronautics plant in New York State.

I do not, in principle, oppose international trade transactions, provided, however, that they are on terms favorable to American interests. But, the long range consequences of each transaction ought to be thoroughly examined by us. Thus, the long range consequences of mushrooming Arab ownership of American industry are apparent, particularly if one reflects upon the deteriorating relations with those countries. They will own, each month which passes, a larger share of our production capacity, a capacity essential to maintaining our place in the world community.

Third, and again related to the first two, this dollar shift has had a profound effect in the international financial community.

The principal cause of inflation is excessive Government spending and the printing of new paper money by the central banks—such as our Federal Reserve System—behind which stands no, or inadequate, increases in national productivity. Worldwide inflation can be directly attributed to dramatic increases in the money supply in almost all the Western democracies during the past 10 to 15 years. This is not—I will admit—the sole source of inflation.

The inflationary impact of the Arab countries having all this newly found money—coming to them through the sharp increases in per barrel costs of Arab oil at the wellhead—has been brutal. During a period of shortages of major industrial goods, the Arab nations had an estimated $25 to $29 billion in excess cash—concentrated in their hands by the world's dependency upon their oil fields—with which to simply outbid, in the open international market, anyone else seeking those goods. In simplest terms, they could afford to pay more, and they did, and that began a process of sharply increasing the price of goods on the world's markets. That did contribute to inflation. Even if no new money had been printed by the Western democracies, it would have still contributed to inflation because of its concentration in a few hands, for a classic definition of inflation is too much money chasing too few goods.

Fourth, continued dependency on Arab oil could compromise—if hostilities resume—some peoples' support for Israel. If forced with an either-or decision—cut off support for Israel or the Arab nations will cut off all oil to all Western countries—something their cash reserves now more easily enable them to do—U.S. support for Israel will be put to the fullest test. We must not let that happen.

What, then, ought we to do?

First, we must increase incentives to domestic production by assuring the maximum investment by the oil industry in additional exploration of all possible investment moneys.

The distinguished Senator from Idaho, Senator JIM MCCLURE, a friend and former House colleague, made several observations in a colloquy last week on the floor of the Senate, with which I strongly agree. He pointed out how it was the tax laws of this country—not the Arab countries—which discouraged domestic production of oil during the 1960's, encouraging American oil companies instead to develop—through the congressionally enacted foreign investment tax credits—foreign oil resources. The laws simply made it more cost feasible for them to drill in Saudi Arabia, than in Texas, for example. He also spoke of the significant inflationary pressures built into our economy—through year after year of deficit spending and the printing of new paper money—which have similarly pushed up both the costs of fuels and the costs of exploring, recovering, refining, and distributing them here at home. In this sense, as the Senator so ably pointed out, the Arab nations ought not to be the scapegoat—either in the administration or in the Congress—of that particular share of both the oil shortage and their higher prices which were produced by the Federal Government's ill-conceived policies and laws. I commend him for that statement.

We must, therefore, move rapidly toward a major infusion of capital into the development of domestic oil resources.

Instead of taking the increased profits by the oil industries out of the private sector in the form of punitive taxes, we should require, instead, that all those funds—after normal-level dividends have been paid to investors—be ploughed back into additional domestic production. Since the removal of mandatory Federal wage and price controls this past April, our domestic production has already started to climb. If those controls had been lifted earlier—as I proposed—then domestic production today would be even higher.

Deregulation of natural gas at the wellheads—a measure proposed over a year ago but still bottled up in congressional committees—would significantly increase natural gas supplies. Additional capital investment will be needed here too.

Second, as this domestic production of gas and oil takes hold, we should begin the repeal of those tax laws—principally the foreign investment tax credit—which have encouraged businesses to prefer foreign oil development to domestic production.

Let me be frank: It is disturbing to me to see some Members of this and the other House—and I am in no way questioning their motives, just disagreeing with their conclusions and refreshing their memories—accuse the industry of developing foreign production to the detriment of domestic production, when it was the laws enacted by the Congress which favored that foreign production and penalized domestic production in the first place. This policy can be reversed, and the error should be admitted.

Third, we must move to the front burner all the many things the Nation was discussing last fall and winter about alternative energy resources and techniques: recycling of oil products, oil and gas production from coal, greater use of low-sulfur coal, solar energy research, offshore drilling, earliest use of the Alaskan pipeline—something else which was hung up in the Congress for 9 years.

The need for these measures has not declined in the least, only the intensity for their immediate deployment has. We owe it to ourselves and to our posterity to guarantee a full-speed-ahead approach with respect to them.

We can lessen our dependency on Arab oil by instituting these measures. Admittedly, it will take time, but the time to start is now.

These first three measures—increasing incentives to domestic production, discouraging foreign preferences, and moving more rapidly on alternative sources—will take time. It has been estimated—that because of gear-up time, shortages of essential equipment, et cetera—that it could take 3 years—even if we started today—to get domestic production up to what it should be. Total independence—which should be possible but which ought never to lead us to an isolationist economic stance on this issue—will take longer.

What, then, do we do in the meantime? The answers are a continuation of the more basic question: What ought we to do?

Fourth, considering our significant foreign policy successes during the past several years, and considering the vast economic power which the United States possesses—without even having to say it—in the attainment of our objectives, I think we should more actively pursue a reduction in Arab oil prices at the wellhead.

The President's and the Secretary of State's initiatives of late on this matter are encouraging, although I believe they would be more successful if done out of the glare of world headlines. Saber rattling directed at the Arabs, from my observations, will most likely result only in a stiffening of their position, making it less—not more—likely that agreement will be reached. That other nations might criticize—as they have already done—such U.S. foreign policy initiatives—ought not to discourage the President, the Secretary, or the Congress. Leadership always entails the risk of opposition—especially from allies; it is inherent to leadership's exercise.

U.S. interest must be our foundation stone, and certainly the free and underdeveloped world will benefit by our attempts to lower the costs of oil.

Lastly, voluntary conservation ought to be reestablished. We ought not to move to the severity of the hardships caused by the stringent conservation methods of last fall and winter, for the situation is not that critical. But, a massive and convincing public campaign ought to be initiated by the administration—telling the American people the whole truth—that an effective way to drive down Arab oil prices is by showing less dependency upon that oil and that we are going to have to exercise self-restraint and voluntary conservation in so doing—more carpooling, less weekend driving, significant reductions in pleasure driving, keeping down our thermostats, maybe keeping more filling stations closed on weekends, and so forth.

Mr. Speaker, we must not delay decisive action on this issue—action which will curb consumption without hurting the American consumer. Cutting consumption without cutting income. We can do it if the majority of Members in the Congress are committed to it; if not, the people have a right to know that.

DISTRICT OF COLUMBIA PARKING BAN IS GROSSLY UNFAIR TO THOUSANDS OF COMMUTERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. Hogan) is recognized for 5 minutes.

Mr. HOGAN. Mr. Speaker, the government of the District of Columbia has acted in defiance of the Congress by passing its ill-considered and unfair commuter parking ban.

This residential parking plan would work great hardship on many employees of the Federal Government and private business.

The City Council action would preclude parking for tens of thousands of commuters without providing any acceptable alternatives. Until commercial parking or viable public transportation are available as alternatives, the parking ban is manifestly unfair.

A congressional proviso specifically stipulated that "no residential parking program shall be implemented without prior discussion and approval by the appropriate committees of Congress."

I have written to our distinguished colleague from Kentucky, Bill Natcher, the chairman of the House Appropriations District Subcommittee, urging the committee to reject any request for funds to implement this grossly inequitable proposal.

Station WMAL, in an excellent editorial, stated the case against the residential parking plan and strongly urged a veto by Mayor Washington. Since this subject is of direct concern to almost all of us, I would like to insert the text of the WMAL editorial in the Record at this point:

WMAL Editorial on Residential Parking

The District's new residential parking plan may look good to residents of certain neighborhoods, but it's bad news for most people in the metropolitan area.

And Mayor Washington should consider the plan's effects on the entire community as he decides whether to sign it into law.

The fact is: Most commuters simply have no choice other than to drive their cars to work. Metro is years away, and the Metrobus system simply isn't a workable alternative for most commuters.

While the residential parking plan may please some neighborhoods, its overall effect will be bad for Washington. It will make commuting more expensive for a lot of people who work in this city, making Washington a less attractive location for business.

Mayor Washington has a responsibility to all of the people who live and work in the city of Washington.

That's why he should veto the residential parking plan.

Perhaps several years from now, when Metro is closer to completion and the people who work in Washington have an alternative to the automobile, then a residential parking plan would be entirely proper for the District.

But this is not the time for it. And WMAL urges Mayor Washington to recognize his responsibility to the entire metropolitan area by using his veto power.

DR. DWIGHT MURRAY, SR.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. Don H. Clausen) is recognized for 30 minutes.

Mr. DON H. CLAUSEN. Mr. Speaker, it is with great sorrow that I take this time to announce to the House that one of my closest friends, Dr. Dwight Murray, Sr., of Napa, Calif., died this week after a lifetime of devotion to his fellow man and service to his community.

Dr. Murray earned and received the respect of all who knew him personally or were aware of his impeccable reputation. He was one of those unique individuals who are universally admired by their friends, neighbors, and associates.

Dr. Murray filled his 86 years with achievement and dedication to the health and well-being of others. He was a successful general practitioner who rose to become president of the American Medical Association.

"Murph" married Genevieve in 1921 and their life together until her death in 1962 was one of devoted love and affection that could be a model marriage for all couples to emulate.

The story in the Napa Register following Dr. Murray's death captured much of the feeling we all shared for him. I include it in the Record.

In addition, I am including in the Record his official biography which was prepared at the time of his tenure in the presidency of the AMA.

In concluding my remarks, I would like to share with my colleagues and the country, through the Congressional Record, some of my most personal thoughts that I hope will describe this great and humble man.

Dr. Murray was kindness personified, a humanitarian, an outstanding and respected leader in his community and many organizations, a loving father and family man, an extraordinary "family doctor," a national leader in the promotion of quality medicine and, above all, one of the friendliest human beings on this good earth.

His philosophy was sound and very fundamental. He believed, as I do "We've got to build a better man if we hope to build a better society"—and that truth is the foundation of all knowledge and the cement of all societies.

He never sought recognition or credit for his many deeds and doings. He was totally satisfied with results and as he told me on more than one occasion, "Congressman Don, performance is the best politics." I have tried to live up to that description.

Dr. Murray lived a life believing in and helping his fellow man—which prompts me to suggest that the highest reward for a man's toil is not what he gets for it, but rather what he becomes by it. This was Dr. Dwight Murray, Sr., the man—as I knew, admired, and genuinely loved him.

Dr. Murray is now at peace with his Father in Heaven—this I am sure of.

This great and wonderful man has left a legacy of goodness and service to a grateful Napa County and her people.

The memories we possess will live on forever:

"If there is righteousness in the heart,
There will be beauty in the character.
If there is beauty in the character,
There will be harmony in the home.
If there is harmony in the home,
There will be order in the Nation.
If there is order in the Nation,
There will be peace in the world."

This simple statement of philosophy describes the memory of the man and his character as I knew him—my friend Dr. Dwight Murray, Sr.

The article follows:

[From the Napa Register, Oct. 7, 1974]

Dr. Murray Dies at 86

Former president of the American Medical Association and Napa Valley's oldest practicing country doctor, Dwight H. Murray Sr., is dead at 86.

Dr. Murray died early today at Queen of the Valley Hospital where he had been bedridden and in failing health for the past two weeks.

Napa County is cloaked in mourning dress today as Board of Supervisors Chairman Marshall Sears proclaimed an official state of mourning, with Napans reflecting on happier days spent with one of Napa County's best loved citizens.

"Murph," as most of his friends called him, was a simple man. He devoted his life to people, healing and caring for them, and fought off all comers—at the local, state or national level—who promoted standardized socialized medicine.

"Patients will lose sight of the friendly side of their doctors and we'll end up working for the welfare of the government rather than the welfare of the patient," Dr. Murray said of socialized medicine in a Register interview earlier this year.

Proud of his active medical practice for the past 57 years, Dr. Murray rose to head the

AMA in the mid '50s largely because of his fight against socialized medicine.

Dr. Murray was respected in the community for his devotion to the medical profession, for his active part in civic affairs and his contributions to the valley's quality of life.

He chose the Napa area for his home because he, indeed, felt that the simple country life was best not only for himself, but for his young bride. He made that important decision in 1922.

Prior to his arrival in California, Dr. Murray graduated from the University of Indiana School of Medicine and retained his native Hoosier identity to this day. He joined the Navy in World War I due to the doctor shortage and spent some time overseas. He eventually wound up at Mare Island where he met his first private practice partner, the late Herbert R. Coleman. Coleman and Murray teamed up with the late Charles H. Bulson when the trio opened their first office here over half-a-century ago. He and his partners ran one of Napa's first hospitals, which was merged with another of their facilities to make the old Parks Victory Hospital.

Dr. Murray served as county physician for 34 years and delivered over 3,000 babies. Many residents here claim Dr. Murray has delivered, rather, half the population of Napa County.

Of the present members of medical association, Dr. James Borge joined Dr. Murray in practice in 1957, while son, Dr. Dwight H. (Bud) Murray Jr., joined the staff in 1961. Dr. Guy Pouteau arrived in 1963.

Leadership in the California Medical Association in the '40s and '50s led to Dr. Murray's AMA presidential post in 1956. Right up to his death, Dr. Murray was an active member of both organizations and served as club director of AMA's 50 Year Club.

Active enough in local, state and national GOP circles to earn the moniker "Mr. Republican," Dr. Murray had rejected suggestions that he run for office. He preferred to heal the sick and work behind the scenes in the campaigns of others. Dr. Murray could also be classed a social butterfly as just about every organization in the valley asked for his support by attending this function or that, or at least in later years for his help as honorary chairman.

Recently, The Napa City Council honored Dr. Murray by naming the new downtown plaza mall in his honor. The mall was dedicated last July 4.

Dr. Murray was full of what he himself described as "that fighting spirit." He pooh-poohed forced retirement by stating that "my philosophy of life is to keep on working as long as you can. Do what you feel you can—don't let age be the determining factor." He lived as he preached, as he practiced up to a few weeks before he died.

In typical fashion, when asked how he managed to live to a healthy, ripe old age, Dr. Murray replied: "I spent time in selecting my parents."

Survivors include a sister, Ruth Murray Fowler of Bloomington, Ind.; a son, Dr. Dwight H. (Bud) Murray of Napa; and a daughter, Anna Jean Huber (Mrs. Robert B.) of Mill Valley.

Dr. Murray's grandchildren include Ensign Michael K. Murray stationed aboard the aircraft carrier Independence in the Mediterranean, Susan E. Murray of San Diego. Jane Huber in nurses training at the University of California Hospital in San Francisco, David Dwight Huber of Lake Tahoe, Ann Huber of Raymond, Wash., plus Timothy Harrison Huber and Mary Huber, both of Mill Valley.

Two funeral services are scheduled. The first will be held Tuesday at 8 p.m. at the Treadway and Wigger Funeral Chapel. The second service is scheduled at 2 p.m. Wednesday at Mont LaSalle Chapel. Entombment will be in the family crypt at Tulocay Cemetery.

Dr. Murray was a member of the First Christian Church of his native Springville, Ind., and belonged to the Masonic Lodge of Bloomington, Ind., and the Scottish Rite of Santa Rosa. He was also a 32nd Degree Mason.

A member of the Napa Valley Diners Club, Dr. Murray had served as civilian consultant to the Surgeon General of the U.S. Navy, was trustee and consultant in medicine at Napa State Hospital and at one time was district surgeon for the Southern Pacific Railroad.

He was also a member of the American Academy of General Practice, American Heart Association, American Medical Association, California Academy of Medicine, California Heart Association, California Internists, California Medical Association, Napa Chamber of Commerce, Circus Fan Club of America, Napa County Medical Association, Western Association of Railway Surgeons, Alpha Omega Alpha, Sigma Alpha Epsilon, Nu Sigma Nu and the Napa County Republican Central Committee.

DWIGHT H. MURRAY

Born May 16, 1888, on a farm outside of Springville, Indiana. A 1917 graduate of the University of Indiana Medical School; he was in both the SAE and NZN fraternities. From 1917–1922 he was in the U.S. Navy—both in this country and overseas in World War I area. He was in private practice in Napa from that time to the time of his death. His affiliations have included California Academy of Medicine; California and American Heart Association; Association of Railroad Surgeons; The California and American General Practice (now Family Practice); Napa County Medical Society of which he is past President.

He was the founder and President for 7 years of the United Public Health League which was a legislative effort encompassing the medical profession of the eleven (11) Western States.

California Medical Association—he was a member of CMA House of Delegates, CMA Legislative Chairman—1940–1955, Chairman of California delegation to AMA, 1944–1945, delegated 1955 by the CMA Council, designated "Legislative Ameridus," Honorary Past President of California Medical Association.

American Medical Association—a member of the AMA House of Delegates, 1943–1945, Chairman AMA Scientific exhibits; organizer and chairman of the first AMA Legislative Committee, Member of the AMA Board of Trustees, 1945–1955, Chairman of AMA Board of Trustees, 1951–1955, President of AMA, 1956.

World Medical Association. He served as World Delegate and goodwill ambassador.

The people of the City of Napa honored Dr. Murray in dedicating the Plaza Center on July 4th.

DWIGHT H. MURRAY, M.D.: PRESIDENT-ELECT, AMERICAN MEDICAL ASSOCIATION

Dr. Dwight H. Murray of Napa, California, was unanimously elected president-elect of the A.M.A. at the Association's 104th Annual Meeting held in June, 1955 in Atlantic City, New Jersey.

He won his M.D. degree at the Indiana University Medical School in 1917, and did post-graduate work at the University of Pennsylvania and the U. S. Naval Medical School. In 1922, following his discharge from the Navy where he served five years in the Medical Corps, he located in Napa where he has since carried on as a general practitioner, specializing in internal medicine. He is chief of the medical staff at Parks Victory Memorial Hospital in Napa.

He was president of his county medical association, then a delegate to the California Medical Association. He was named chairman of the California Medical Association's Committee on Public Policy and Legislation in 1940. In 1944 and 1945, he was a delegate from the C.M.A. to the American Medical Association House of Delegates. Soon afterward his extensive knowledge and cogent abilities in the field of politics as they affected the practice of medicine were given broader recognition in his election to membership on the A.M.A. Board of Trustees in 1945. He became vice chairman of the Board in June, 1950 and chairman in June, 1951. He also was chairman of the Board's Committee on Legislation from January, 1950 to December, 1951.

Dr. Murray—"Murph" to his many friends—has been aptly called "A most persuasive listener." Slow and deliberate of speech, he impresses even opponents with the calm of his sureness. Patients and neighbors who know him in his own community as a physician and friend agree with his own description of himself: "family style doctor."

The president-elect, a farm-born Hoosier, was born in 1888. Married in 1921 to Miss Genevieve Collins, he is the father of two children, a daughter, and a son who is at present assistant resident on the surgical service of the University of California Hospital. He has five grandchildren.

DWIGHT H. MURRAY, M.D.: PRESIDENT, AMERICAN MEDICAL ASSOCIATION, 1956–57

Although Dwight Harrison Murray has been a top-flight figure in medical organization work for nearly 20 years, he has never lost his identity as a country doctor who still will drive 30 miles to see a patient.

When he assumed his duties as president-elect and president of the American Medical Association, he found that his activities as a general practitioner in Napa, California were curtailed considerably. To compensate for this he has dedicated himself to selling the nation's physicians on the importance of neighborliness and good citizenship in the practice of medicine.

"I think the key to the way people outside the medical profession regard us is the manner in which we regard them," he tells his colleagues. "It is time that we learned to take a greater interest in our neighbors and our respective communities. We have a responsibility, individually and collectively, to seek out other groups who are also interested in the welfare of the community—let's not sit on our pedestals waiting for others to come to us."

On the basis of physical appearance, Dr. Murray is one of the most neighborly individuals that you can find. "There's an amiable roundness about him," a colleague said. A casting director would readily select him as a "family-type" physician; and the appellation, "Murph," which his friends have pinned on him, is most appropriate. Gifted with a pleasant, unworried countenance, he smiles easily and talks like a man who is not the least bit impressed by himself.

The best evidence of his personal popularity among the nation's physicians was provided during the 1955 annual meeting of the A.M.A. in Atlantic City when the House of Delagates named him president-elect without opposition. It was a fitting climax to his 10 years of service on the Board of Trustees—the last four as chairman—one of the longest tenures in this post in A.M.A. history. In addition, he had served the Board as vice-chairman and headed its Committees on Scientific Exhibit and Legislation.

Before moving up to the A.M.A. Board, he had served as a California member of the House of Delegates from 1943 to 1945. He was a member of his state association's House of Delegates for several terms and served as C.M.A.'s legislative chairman from

1940 to 1955. A past president of the Napa County Medical Society, he was also president of the United Public Health League which led the fight against socialized medicine in 11 western states.

Dr. Murray, the second of three children, was born May 16, 1888 on a small farm in Lawrence County, Indiana, about three miles outside the village of Springville. Of Scotch-Irish descent, he can trace his ancestry in this country to the Revolutionary War.

His formal education began in a one-room country schoolhouse, from which he was transferred at the fifth grade level to the public school in Springville because his teacher objected to his favorite divertissement of picking pieces of plaster out of the walls and pegging them around the classroom. As a farm boy he had to sandwich his school time in between early morning and late afternoon chores, and get his homework done by the light of a coal oil lamp.

Because the farm produced little more than a modest subsistence for the family, young Murray had to finance his pre-medical education at Indiana University as a school teacher in Springville and Colitic, Indiana over a period of eight years. Since he had to limit his pre-med work to the spring and summer quarters he did not accumulate enough credits to enter medical school until 1913. Then he had to borrow $600 from various friends around Springville to get started.

During the first year at Indiana University's Bloomington campus, he earned his meals by selling memberships to student boarding clubs. He moved to Indianapolis for the last three years of his medical training and there earned his way by working as a laboratory assistant, janitor in a suite of physicians' offices, waiter in a German restaurant and beer parlor, and driver for a livery service. Throughout those years, he slept on an Army cot in the office of one of the doctors he worked for, and kept his clothing and personal belongings in a desk drawer which the physician assigned to him. He also developed the ability, which he still has, of getting by on just five or six hours sleep each night.

A physician friend of Dr. Murray's father inspired Dwight to follow a medical career. He was deeply impressed by the man's calm assurance in approaching the badly injured and the desperately ill. "His soothing manner and the way he eased the anxiety of a worried family made me think of him as something akin to a guardian angel," he told an interviewer. The misgivings he had about his ability to tolerate the less aesthetic features of medical practice were banished one summer afternoon in Springville. He was attracted by a crowd near the railroad station and suddenly found himself assisting in removing the remains of a man who had been run over by a freight car. There were no other volunteers in the throng of morbidly curious.

Dr. Murray still gets a gentle ribbing from some members of his family about his choice of careers, because they have always known of his unusually strong affection for the circus. In fact, the three most avid circus fans in Napa, California are a Catholic priest, a retired hotel man and this year's president of the American Medical Association. They are active members of the Circus Fan Club of America and each year put on a special party for the tanbark troupe when it visits Napa. The doctor insists he has never harbored an ambition to perform on the trapeze but that he has always been interested in solving various medical problems which arise in circus life.

Where economic necessity caused a delay in the start of his medical education, World War I resulted in postponement of his actual entry into private medical practice. Because of his high scholastic standing in medical school, he was commissioned a lieutenant junior grade in the Navy's medical corps two months before his scheduled graduation in June, 1917. His mother received his medical degree in his absence. He went overseas with the first A.E.F. in October of that year and didn't get back to the States until May, 1919. In the interim his duties were split between the U.S. Marine Corps and destroyer patrol service in the English channel. Upon his return to this country, he won an assignment to the University of Pennsylvania Hospital in the Department of Internal Medicine after studies at the Naval Medical School in Washington.

He was then ordered to the Mare Island Naval Hospital in California as assistant to the chief of medicine. Later he was placed in charge of laboratory services, where he served until his resignation in August, 1922.

During his tour of duty at Mare Island, he lived in a boarding house in nearby Vallejo. It was here that he contrived to meet his wife, the former Genevieve Collins, after he saw her a few times driving an Apperson Jackrabbit about the town. They were married in 1921 and have two children and six grandchildren. Dr. Murray's son, Dwight H. Jr., is also following a medical career. He is a graduate of the University of California medical school.

Since the day in 1922 when he began the private practice of medicine, Dr. Murray has exemplified the principles of humanitarian services which he urges all doctors to keep uppermost in their relationship with patients. He has always been active in civic affairs and exercised leadership in community health matters. Over the years, his deepest concern has been with the provision of top quality medical care for the children of parents who sometimes cannot afford to provide even the barest necessities of life.

To keep abreast with "what's new" in medicine, Dr. Murray adheres to a rigid schedule. Over the years he has made it a point to spend a certain number of hours each week reading medical journals. In addition, he attends refresher courses and a select number of medical meetings.

"When you add all this up at the end of the year," he says, "it's equivalent to what I feel is a post-graduate course in medicine."

The heart of American medicine's spokesman for 1956–57 can be found in the following quotation from one of his talks to a group of physicians:

"It is easy to say that families should learn to budget for medical care, but can you show them how? You cannot convince people that they should first provide for the so-called necessities before acquiring the more pleasurable things in life when they are being exhorted daily to surround themselves with luxury 'for as little as no money down and 50 cents a week.'

"I plead for your understanding of the economic and social problems encountered by our patients; and the best way to find out about the way they live and work and play is to get out and become a part of the community yourself."

RIGHT TO PRIVACY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. STEELMAN) is recognized for 5 minutes.

Mr. STEELMAN. Mr. Speaker, H.R. 16373, the Privacy Act of 1974, deserves our support. As far back as April of this year I urged this body to form an alliance of commitment to insure that our right to privacy be genuinely preserved. I said then that our Government has been allowed, in the name of law and order, and sometimes unintentionally, to violate the citizens' inherent right to privacy. I believe this is still true and that we now have a responsibility to vote yes on H.R. 16373 and thereby reverse this pattern.

Mr. Speaker, a large system of government that lays program on top of program and sets agency next to agency in an effort to be a mother, father, and counselor to each citizen is necessarily going to claim it has a legitimate right to know more and more about its citizens' private lives and concurrently is going to necessarily violate the privacy right of its citizens unless safeguards are provided. And within defined limits the Government must have information about its citizens in order to serve them, but the Privacy Act of 1974 is needed to prevent personal information from being collected and disseminated beyond those defined limits.

I support this bill because it will allow an individual to have access to records containing personal information on him kept by Federal agencies. I support it because it will give an individual more control on the transfer of that information between Federal agencies and to outside inquirers. This legislation will do many other things to protect privacy and none is more important than its proviso enabling an individual to correct or amend false or what he feels to be misleading information.

As vice chairman of the Republican Task Force on Privacy I have seen firsthand what inconvenience, hardship, and outright injustice has resulted from the failure of the Congress to protect the right to privacy. The task force's final report fully supports this legislation as I hope all my colleagues on both sides of the aisle in the House of Representatives will do.

NUCLEAR WARSHIP PORT ENTRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. HOSMER) is recognized for 2 minutes.

Mr. HOSMER. Mr. Speaker, on July 16, 1974, I filed a joint resolution—House Joint Resolution 1089—which was directed at removing any question of congressional intent relative to the assumption of liability in the event of a reactor incident in foreign ports.

I am happy to announce that the Departments of State and of Defense have written to the joint committee expressing their support of this measure. In addition, Secretary Schlesinger, in personal testimony on September 26, 1974, stressed the necessity and urgency of such an expression of congressional intent.

The texts of the departmental correspondence under dates of September 4 and 17, are as follows:

THE SECRETARY OF DEFENSE,
Washington, D.C., September 4, 1974.

HON. MELVIN PRICE,
Chairman, Joint Committee on Atomic Energy, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense on H.J. Res. 1089, 93d Congress, a joint resolution "Assuring compensation for damages caused by nuclear incidents involving United States nuclear powered warships."

The purpose of this resolution is to create a new and separate settlement authority, pursuant to which U.S. warship nuclear reactor related claims could be paid out of contingency funds or by special appropriation in accordance with procedures, and subject to conditions, to be promulgated by the President.

This resolution would greatly assist the Navy in obtaining nuclear powered warship entry into many foreign ports currently denied the United States.

It is recommended that the resolution be amended as follows:

(1) the title, by deleting "United States nuclear powered warships" and inserting in lieu thereof, "the nuclear reactor of a United States warship";

(2) the third clause of the preamble, by deleting "utilization of nuclear equipment" and inserting in lieu thereof, "operation of a nuclear reactor";

(3) the fourth clause of the preamble, by deleting "United States nuclear powered warships" the first time it appears, and inserting in lieu thereof, "nuclear reactor of a United States warship";

(4) line 5 on page 2 of the resolution by deleting "resulting" and inserting in lieu thereof, "proven to have resulted";

(5) lines 6 and 7 on page 2 of the resolution by deleting "a utilization facility in a United States nuclear powered" and inserting in lieu thereof, "the nuclear reactor of a United States"; and

(6) line 8 on page 2 of the resolution by deleting "or" and inserting following "damage", ", or loss".

Subject to the above, the Department of Defense strongly supports the joint resolution.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee, and that enactment of this proposal would be consistent with the Administration's program.

Sincerely,

J. R. SCHLESINGER.

DEPARTMENT OF STATE,
AMBASSADOR AT LARGE,
Washington, D.C., September 17, 1974.

Hon. MELVIN PRICE,
Chairman, Joint Committee on Atomic Energy, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Joint Committee has asked for the Department's views on the draft resolution (H.J. Res. 1089) which has recently been introduced concerning the liability of U.S. nuclear powered warships in the event of a nuclear incident.

The Department of State has in recent years been involved in negotiations with a number of foreign governments concerning the question of visits by U.S. nuclear powered warships to foreign ports. These visits are important to us in maintaining the effectiveness of our growing nuclear fleet. Some governments have been reluctant to accept the ships in their ports because of our inability to give assurances concerning liability and indemnification which they consider adequate. I believe that in a number of cases, by confirming Congressional support for the policy of paying claims and judgments, the proposed resolution might effectively resolve this problem and permit visits to take place.

As you know, the nuclear warship liability question has been raised in connection with the renegotiation of the Spanish Base Agreement. Prompt Congressional action on the resolution would provide us with an additional negotiating flexibility and might make possible a mutually acceptable resolution of this issue.

For these reasons the Department of State supports H.J. Res. 1089, and I am grateful to you for inviting us to comment upon it. I apologize for the tardiness of this reply.

Sincerely,

ROBERT J. MCCLOSKEY.

The Department of Defense has suggested some minor changes in language, which have been incorporated in the text of the substitute bill, House Joint Resolution 1161, which Mr. PRICE and I, as cosponsors are introducing today.

Mr. Speaker, House Joint Resolution 1161 is long overdue. I can assure this House of the complete support of the joint committee and would hope that we could move quickly to adopt this proposal.

FEDERAL ELECTION CAMPAIGN ACT CONFERENCE REPORT: RELAPSES, LOOPHOLES, AND OTHER MISREFORMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. STEIGER) is recognized for 10 minutes.

Mr. STEIGER of Wisconsin. Mr. Speaker, although S. 3044 tightens the campaign disclosure requirements of the 1971 law in one or two ways, there are at least three ways in which the bill weakens the present disclosure law:

First. It reduces the number of reports that candidates must file.

Under the current Federal Election Campaign Act of 1971, candidates must file 15-day and 5-day preprimary and preelection reports.

S. 3044 strikes this requirement and says candidates must file a single report to be submitted 10 days before each primary and general election. These preelection reports unfortunately must be complete only "as of the 15th day before" the election.

In 1976, therefore, any receipts or expenditures after October 18—except those in excess of $1,000—will go completely unreported until "not later than the 30th day after" the election.

Second. It reduces the information required of candidates and political committees.

Under current law, contributors must be fully identified by mailing address, occupation, and principal place of business if any. S. 3044 will strike this requirement and substitute simply "identification."

Third. It grants a considerable reporting loophole exclusively to incumbent Members of Congress.

The wording of this provision is clear and bold:

> (d) This section does not require a Member of Congress to report, as contributions received or as expenditures made, the value of photographic, matting, or recording services furnished to him by the Senate Recording Studio, the House Recording Studio, or by an individual whose pay is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives and who furnishes such services as his primary duty as an employee of the Senate or House of Representatives, or if such services were paid for by the Republican or Democratic Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee.

Hence, instead of limiting the use of House and Senate resources for re-election purposes, the bill actually encourages the use of incumbent resources and specifically exempts at least some of them from the disclosure law.

In fact, given this exemption from reporting our costs for in-house photographic and recording services, what is there to prevent the Members of Congress from ordering all campaign photographic and recording services through the House Recording Studio? We all know the prices we pay for color video tapes. This could amount to literally thousands of dollars—all of them unreportable for the lucky incumbents.

Such a special exemption for incumbents, combined with the strict limits on spending, will help to lock incumbents to their seats in both parties and both Houses for years to come.

Perhaps the most inequitable feature of the bill is not, however, in its loopholes for incumbents or its limits on spending, but in the way it deliberately injures independent candidates who seek congressional office. While the bill sets a spending limit of $70,000 for a House seat, the conferees decided to allow major party committees other than the principal campaign committees to make expenditures on behalf of congressional candidates. An additional expenditure of 2 cents per voter is available to congressional candidates who are Republicans or Democrats, but no such extra spending is possible for those who run without benefit of party. Thus, for most of us the spending ceiling is actually about $88,000, but for an individual running as independents—an opportunity we in the United States pride ourselves in granting—the spending limit is the strict and inequitable $70,000.

There are further inequities as regards the public financing for Presidential primary races.

A candidate who is given $250 by a big contributor will be rewarded with $250 from the U.S. Treasury. But a candidate who is given $1 will receive only $1 from the U.S. Treasury.

And, most seriously of all, any party that has a great many Presidential candidates will receive far greater sums from the U.S. Treasury.

Had S. 3044 been in effect in 1972, Democratic candidates for President would have received 10 times as much public money as Republican candidates—simply because so many candidates were running. Here are the figures, based on approximate amounts received and spent in the 1972 primaries:

1972 PRESIDENTIAL PRIMARY RACES

Candidate	Approximate amount spent	Amount Government would have contributed	Party totals from Government
Jackson	1,200,000	1,200,000	
Humphrey	4,000,000	4,000,000	
Wallace	3,000,000	3,000,000	
Muskie	7,000,000	5,000,000	
McGovern	12,000,000	5,000,000	
Chisholm	300,000	300,000	
Hartke	175,000	175,000	
Yorty	120,000	120,000	
Bayh	750,000	750,000	
Harris	330,000	330,000	19,875,000
Hughes	200,000	200,000	
Nixon	800,000	800,000	
McCloskey	750,000	750,000	
Ashbrook	350,000	350,000	1,900,000

While the above figures are necessarily approximate because the conference report has been available now for only 48 hours, it is appallingly apparent that the bill heavily favors whichever major party happens to be divided into many camps and a whole field of candidates. Are we to promote this division with public funds?

Should S. 3044 become the law of the land, Mr. Speaker, I confidently predict we will see a growing number of shadow candidates in American Presidential primaries. Never before have we in politics seen such a painless and appealing way to come to the aid of our party. But, of course, it will not help strengthen either party. It will divide and weaken us ever more, because the Federal dollars will really go to personal campaign committees—"the CREEPs of 1976," as the astute observer David Broder calls them—rather than to either or any of our political parties.

Mr. Speaker, I support many of the separate parts of this bill. I especially support the independent elections commission, and I am pleased by the newly proposed requirement that contributions and expenditures in excess of $1,000 must be reported within 48 hours when they come after the closing reporting date before a primary or general election.

But there are many features of this conference report that will haunt the American people for years to come. In addition to the loopholes and problems already mentioned, I must object to the needless and mischievous provision requiring "Reports by Certain Persons." I refer to the so-called Common Cause Amendment. There is no reason to require of Common Cause, the League of Women Voters, the Americans for Constitutional Action, and other groups of voluntary citizens who do not contribute to candidates, any special reports—simply because they have exercised the basic right of telling Members of Congress what they think. This is frivolous lawmaking at best.

In the face of these serious reservations, I find no alternative to voting against S. 3044, and I strongly urge my colleagues to reject it with me.

COMMITTEE REFORM AMENDMENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANDERSON) is recognized for 15 minutes.

Mr. ANDERSON of Illinois. Mr. Speaker, while I voted for the so-called Committee Reform Amendments on final passage last night, the Democratic Caucus substitute which was adopted in place of our bipartisan select committee's resolution is hardly deserving of such a grandiose title. It is the better part of political wisdom to settle for half a loaf rather than no loaf at all; but in the case of the Hansen substitute, I fear we settled for considerably less—a few crumbs and a stale heel. While the Hansen substitute is not completely without any redeeming social value, the fact remains that it misses the entire point of what our Select Committee set out to do and did indeed propose in House Resolution 988. That goal was a more rational functional realinement of our committee jurisdictions—something we have not done in 28 years—and a committee assignment procedure whereby Members could not be spread so thin and would be able to concentrate their energy and efforts in a single major committee.

Mr. Speaker, any objective analysis of the final product of these two weeks of debate will reveal that we have fallen far short of our goal to reform the House committee system. What we have done instead is to make a few minor jurisdictional changes and some important procedural changes. Why we fell short is not difficult to understand. The sad fact is that we never got around to really debating the resolution which was reported by the Select Committee on Committees, House Resolution 988. Instead, we spent our entire time wandering through the parliamentary jungle of substitutes, mainly the Hansen substitute, and amendments thereto. In so doing, we completely avoided coming to grips with the philosophical, practical, and institutional issues raised by the Bolling resolution.

There was some quibbling last night over whether the Hansen substitute was a partisan product. This question can be viewed in two ways. Obviously it was a partisan product from the standpoint that the work of a completely bipartisan select committee was preempted and co-opted by a partisan caucus committee and reshaped to suit the needs of the power barons who controlled that partisan committee. On the other hand, it was not a partisan product from the standpoint that the majority party gained substantial new advantages or powers over the present arrangement in the House. I think a more accurate description of what finally emerged is that it is a status quo power product. Whereas the Bolling committee approached its task from the angle of how can we better improve the House of Representatives as an institution, the caucus task force approached its task from the angle, how can we protect our present powers? And that is why we failed to achieve any substantial reform of our committee system.

Mr. Speaker, this whole exercise only underscores and highlights the major deficiencies of the House as an institution and the built-in obstacles to meaningful reforms aimed at improving our ability to grapple with contemporary problems. The disappointing final product can be partially understood by the manner in which it was conceived. In contrast to the Bolling Committee which held extensive open hearings and open markup sessions, the Hansen committee was assigned its task in secret caucus by a secret, nonrecorded vote. The committee then proceeded with secret deliberations and markup. There is no public record as to what factors or persons influenced those decisions, though the results offer important clues as to what they might have been.

Mr. Speaker, even if the caucus had been completely open about this whole exercise, I submit it would still be a travesty on our legislative system for it establishes the precedent of a partisan caucus becoming a superlegislative committee designed to superimpose its will and decisions on that of one of our legitimate committees, and ultimately, on the House. But openness and accountability to the people are not attributes of the caucus system, and thus the travesty is compounded. For not only is this a travesty against our legitimate legislative process, but against the American people as well.

Mr. Speaker, on numerous previous occasions I have warned against what I view as a dangerous precedent which may lead to rule by "King Caucus." While some components of the caucus reform package may be commendable, this in no way compensates for the fact that caucus intervention of this nature and magnitude throws a monkey wrench into the entire legislative operation and renders the work of our standing committees meaningless. Not only were we forced in the Rules Committee, by caucus instructions, to make the caucus substitute the first order of business during the amendment process, but there was even some serious talk about providing equal time for the caucus committee during general debate, thus according it even greater recognition and legitimacy. This latter necessity was averted by an informal, gentleman's agreement that the Hansen forces would be allotted nearly 40 percent of general debate time. One seriously wonders whether under the new discretion given to the Speaker to refer legislation to more than one committee, the caucus will have standing for the purposes of bill referral. It may not be necessary if the caucus pursues its recent practice of imposing binding instructions on the Democratic members of standing committees as to what they will and will not do legislatively.

If King Caucus continues to flex his muscles in the next Congress by preempting or dictating the work of our standing committees, we will likely be up against more parliamentary hassles of the sort we have just witnessed. Had the deck not been stacked by binding instructions in the Rules Committee, I was prepared to offer either a rule barring any substitute resolutions or at least preventing consideration of the Hansen substitute until after the Bolling resolution was defeated. This still would have permitted any and all germane amendments to the Bolling resolution, and, most importantly, would have forced the House to seriously debate the comprehensive functional committee realinement and one-track assignment system of that resolution—the two most important features of the measure, in my opinion.

In any event, I would hope the House has learned a lesson from this frustrating and prolonged experience on committee reform, and that it will reject any future attempts to permit a caucus first, to delay House action on legislation properly reported from a committee, and second, to require that the House must first consider a caucus substitute before considering the work of a committee.

Mr. Speaker, in the time remaining I would like to briefly discuss those aspects of the resolution we adopted which I particularly support, as well as what I consider the major failings of the resolution.

As I mentioned earlier, I think House Resolution 988, as adopted, has a number of procedural strong points, many of which were part of the Bolling resolution, some of which were added by Hansen, and some of which were adopted as amendments on the House floor. Those provisions in the original Hansen resolution which I support include: Requiring standing committees of 15 or more Members to establish at least four subcommittees; permitting joint, split, or sequential bill referral to committees by the Speaker; providing for the early organization of the House a month before a new Congress convenes; requiring the periodic updating and publication of the House precedents; and providing for a continuing review and recommendations on House and Senate committee jurisdictions by the Joint Committee on Congressional Operations.

Those amendments adopted to the Hansen substitute which I support include: Bolstering committee staffs; striking the provision permitting committees to bypass the Rules Committee; requiring inflation impact statements in committee reports; prohibiting proxy voting in committee; creating a Select Committee on Aging; giving legislative jurisdiction to the Small Business Committee; giving Foreign Affairs shared oversight of foreign intelligence operations; and retaining nuclear oversight in the Joint Committee on Atomic Energy.

On the other hand, H. Res. 988, as adopted, falls short in a number of ways including: Failure to adopt a one-track major committee assignment system; failure to split the Education and Labor Committee; failure to consolidate energy, environment, and transportation jurisdictions; failure to spin off nontax aspects of trade to Foreign Affairs from the Ways and Means Committee; failure to divest House Administration of campaign and election reform jurisdiction; failure to abolish Post Office and Civil Service; failure to require that each committee establish an oversight subcommittee and otherwise strengthen the oversight capabilities of the House.

In conclusion, Mr. Speaker, while we can be proud of some of the reforms which have been adopted, we cannot claim that we accomplished what we set out to do early last year, and that is to overhaul, realine and streamline our archaic and fragmented committee system.

SILK YARN DUTY BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Nevada (Mr. TOWELL) is recognized for 5 minutes.

Mr. TOWELL of Nevada. Mr. Speaker, prior to the recess, the House of Representatives will probably have the opportunity to vote on the conference report on H.R. 7780, the silk yarn duty bill. Since I will be unable to be present during consideration of the conference report, I did want to take this opportunity to urge my colleagues to accept the compromise on H.R. 7780.

The Senate had amended this bill to add a new section under which the Federal excise tax on wagers placed with licensed persons in a State which imposes a State tax on such wagers or their proceeds would be eliminated. I fully supported this new provision and personally urged the House conferees to accept the Senate language. However, the compromise reached by the conference committee reduces the 10-percent wagering tax to 2 percent and increases the annual occupational tax imposed on licensed operators from $50 to $500. Furthermore, the conferees decided to set specific restrictions as to disclosures and use of information pertaining to taxpayer compliance with Federal wagering taxes. This is done in an effort to extend the broad limitations which now exist on the publicity of income tax returns to returns of other documents related to wagering taxes.

I lend my support to this compromise since I believe that it is a step in the right direction to making the Federal tax laws affecting gambling uniform, equitable, and judicious. It is most unfair to maintain this tax burden on licensed operators, all of whom are located in the State of Nevada, especially since the taxation of legalized wagers appears to contribute to the growth of illegal gaming. By cutting the 10-percent advantage which unlicensed enterprises have over Nevada's licensed operators, the State of Nevada will be aided in the enforcement of its gaming laws and the Nation will be able to increase its efforts to eliminate or control organized crime. Consequently, I urge the House to accept the conference report on H.R. 7780.

ALTON LOCK AND DAM 26

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. FINDLEY) is recognized for 5 minutes.

Mr. FINDLEY. Mr. Speaker, as you may know, a Federal district judge recently granted a preliminary injunction to stop the construction of Alton Lock and Dam No. 26. The bases for his decision was that the environmental impact statement was deficient, and congressional authorization for construction of the dam had not occurred.

While the judge's decision may inspire differing reactions, the urgency to construct the new Lock and Dam No. 26 cannot. Already more than $31 million has been authorized by Congress for this project in the belief that it was authorized by 33 U.S.C. 5, and $8 million has been spent. The project is vital to all shipping transportation on the Mississippi and Illinois Rivers above St. Louis. It also means thousands of jobs which are desperately needed in the Madison-East St. Louis area.

The bill I am introducing today would simply state Congressional approval for the construction of Lock and Dam No. 26. It would not affect in any way the environmental impact concern which the Corps is already trying to meet.

Those who are cosponsoring this bill with me include: Mr. PRICE of Illinois, Mr. HUNGATE, Mr. KLUCZYNSKI, Mrs. SULLIVAN, Mr. SYMINGTON, Mrs. COLLINS of Illinois, Mr. HANRAHAN, Mr. MADIGAN, Mr. O'BRIEN, and Mr. COLLIER.

We wish to make it absolutely clear that we firmly believe the construction of this lock and dam is already authorized by the 1884 Act as amended. We believe that the judge's decision is unwise and unwarranted. It would seem to be a matter of fundamental legislative construction, not to mention logic, that when Congress appropriates money for a purpose year after year, it can be said that Congress has granted its consent, approval, and authorization. Some of the cosponsors of this bill are members of the authorizing committee, and they clearly are of the opinion that Alton Lock and Dam 26 has already received the required Congressional authorization. Therefore, let no one argue that by the introduction this bill the Congress, or any of its Members, thereby admit that the authorization for this project is deficient in any respect.

Nonetheless, a trial is going forward which may ultimately affect the status of this project. If the outcome of that trial indicates a need for legislation, however much we may disagree with the decision, we wish to be prepared.

The fact is that the construction of this new lock and dam is vital to virtually all transportation on the largest waterway network in the world; it brooks no delay.

Alton Lock and Dam 26 is crucial to insure the continued orderly flow of river traffic on the Mississippi and Illinois Rivers, such traffic being vital to the economic health of Illinois, surrounding States, and the Nation.

All river shipping on the Mississippi River above St. Louis and on the Illinois River must pass through the existing lock and dam 26. The present volume of traffic is much heavier than that contemplated by the designers. The 41 million ton capacity of the locks was surpassed about 5 years ago. Lockage delays up to 15 hours each now occur, causing increased shipping costs, to say nothing of inconvenience and sometimes shortages of products in demand.

Despite massive efforts on all fronts, we are now faced with a fuel shortage and will be for years to come. Vital petroleum and coal shipments must pass through lock and dam 26. In addition, much of our Nation's grain exports from the Midwest move by barge down the Mississippi River, and many of these shipments must pass through the Alton Lock. Becase railroad cars are often unavailable in times of need, the importance of barge transportation on the Mississippi and Illinois Rivers is even more critical.

The Corps of Engineers has done its best to keep the existing facilities in good condition, but river currents are undercutting the foundations of the dam. Extensive repairs have already been required to remedy the unsafe conditions which exist and to prevent a barge or similar accident from stopping all river traffic.

Because the existing lock and dam 26 is inadequate for current river traffic needs, I urge the Congress to pass this bill so that the proposed new twin 1,200-foot locks and the dam, which have been designed to handle transportation on the Mississippi River for many years to come, can be constructed. Construction of the new facility will take up to 10 years, which means that we must act now in order to have a facility barely in time to meet the needs of river commerce in the 1980's.

Thus, it is only sensible to go forward with construction on Alton Lock and Dam 26 at the fastest possible rate. In addition to the factors just mentioned, each day's delay in beginning construction boosts the price of this project to the U.S. Treasury. It is impossible to forecast how long it may take to get a judicial resolution of the issues involved. It is clear that however long it takes is too long, will increase the ultimate cost of the project, and may jeopardize all transportation on the Mississippi and Illinois Rivers above St. Louis.

Finally, I want to make clear that the bill I am introducing does not in any way speak to deficiencies the court declared existing in the environmental impact statement. The Corps of Engineers will deal with that problem, and I have been assured than any deficiencies can be remedied.

The text of bill follows:

H.R. 17196

A bill relating to the Construction of Locks and Dam No. 26, Mississippi River, Alton, Illinois, and Missouri

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proposal of the Secretary of the Army for the replacement and modification of Locks and Dam No. 26, Mississippi River, Alton, Illinois and Missouri being in accordance with the provisions of section 4 of the Act of July 5, 1884 (23 Stat. 147), as amended (33 U.S.C. 5), the construction of Locks and Dam No. 26 is hereby authorized by the Secretary of the Army, acting through the Chief of Engineers, in accordance with plans approved by the Secretary of the Army on July 14, 1969.

SEC. 2. There is authorized to be appropriated to the Secretary of the Army such sums as are necessary to carry out this Act, and funds which have been allocated to the project by the Secretary of the Army prior to the date of enactment of this Act shall remain available until expended.

FIFTY WAYS TO FIGHT INFLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. ARCHER) is recognized for 5 minutes.

Mr. ARCHER. Mr. Speaker, few people would contest that energy has made a significant contribution to the inflation which confronts us today. The fourfold increase in the price of Middle East oil has pushed up prices everywhere. It is not only in our homes and our automobiles that high cost energy raises prices, but in the production and transport of almost every manufactured product. When energy costs more, everything costs more.

The most unfortunate paradox about the whole energy situation is that we ourselves have contributed to the inflation in this field, not by putting prices up, but by artificially keeping them down. When Congress took the fateful decision to pass the Natural Gas Act in 1954, we laid down a store of trouble that guaranteed shortages and price increases just as surely as night follows day. By limiting the price of gas sold in interstate commerce, we succeeded at one stroke in making it uneconomic for new sources of gas to be developed.

While the regulation varied from area to area, it insured an average interstate price for gas of less than 20 cents per 1,000 cubic feet. What a realistic price would have been can only be estimated, but it is worth noting that the average price for gas sold within Texas—and not regulated—was over 80 cents per 1,000 cubic feet, and that on the basis of heating value gas would cost between 90 cents and $1, compared with oil.

With gas prices kept so low, it is not surprising that many users switched from other fuels to gas. The ultra-cheap gas caused utilities and other industries to convert to it, thus ruining our domestic coal industry by capturing its market. With everyone using gas at a price which did not allow for its replacement, no one should be surprised that our developed reserves are running out. Only now is the administration beginning to learn the simple lesson that cheap gas does not help to fight inflation if there is none of it to be had.

The artificially low price has not only prevented more gas supplies from being developed; it has also prevented the development of alternative fuels. The coal liquefaction process, for example, is capable of supplying us with enormous quantities of cheap liquid and gaseous substitutes. But it certainly cannot compete with the unrealistic regulated gas price. The result is that we have shortages of fuel everywhere, with prices rising all around us to feed an inflation already raging from other causes.

The U.S. Geological Survey says that we have 228 trillion cubic feet of gas no more than 100 miles offshore, and less than 600 feet under the surface of the ocean. Gas is being flared in Louisiana, is bubbling up to waste in the Gulf of Mexico. And it is the Government's regulation alone which prevents us from getting at it. The recent changes in that regulation will make an utterly negligible contribution to the problem, since they will still fix a price on gas well below the level that a free market would determine.

This is one clear case in which allowing a price increase would help us to conquer inflation far more effectively than maintaining the regulation. All the price limit succeeds in doing is restricting the supply and preventing the development of alternative fuels. The final irony of the absurd situation which regulation has brought about is that now we need our domestic coal industry, we find it crippled as a result of our policy on natural gas; and now that the gas shortage has become critical, the hasty switch to other fuels is pushing up prices elsewhere.

If we are serious about attacking inflation, then we must act now to make sure that America has a plentiful supply of cheap fuel in its different varieties. By deregulating natural gas we can help to bring that about rapidly. We can earn the gratitude of the American people by relieving the pressure on energy which puts up all their prices.

CONGRESS MUST WORK ON PROBLEM OF INFLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. HEINZ) is recognized for 5 minutes.

Mr. HEINZ. Mr. Speaker, many of us are deeply concerned about the failure of Congress to take action to meet our Nation's needs and work to solve the problem of inflation.

I am extremely pleased that 47 of my colleagues have already joined me in sending to all our colleagues a plea to stay here in Washington to work on these problems.

Mr. Speaker, I insert the text of our "dear colleague" letter and the names of all those signing at this point in the RECORD:

OCTOBER 9, 1974.

DEAR COLLEAGUE: We are writing you to ask you to vote against the Congressional recess scheduled to begin this Friday, October 11.

On Tuesday, President Ford declared he would "not play politics with America's future." Yet, Congress is planning to stop all work to take a one month recess for the purpose of campaigning.

With unemployment increasing and inflation continuing at a record rate, there is no alternative but to stay here in Washington and work on the problems of the American people. More specifically, there is vital legislation for Congress to consider.

While we realize many members want to go home to campaign, we do not think it is right to leave the American people in the lurch. Accordingly, we ask you to vote "NO" when the resolution to recess comes to the floor for a vote.

Sincerely,

LIST OF SIGNERS

Heinz, Sarasin, Railsback, Michel, Widnall, Gross, J. Anderson (Ill.), Pettis, Mosher, Frenzel, Cohen, Robison, McEwen, Thone, Mayne, and Regula.

Spence, Pettis, Buchanan, Dickinson, Martin, Brown (of Ohio), Price, Archer, Sebelius, Miller, Burgener, Kuykendall, Archer, Hanrahan, Conlan, Guyer, Conte, Bafalis, Lagomarsino, Cronin, and Ketchum (Calif.).

Sarasin, McKinney, Rinaldo, Gude, Holt, Kemp, Mitchell (N.Y.), Parris, Cohen, Gilman, and Maraziti.

SOVIET JEWISH STUDENT DENIED VISA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for minutes.

Mr. GILMAN. Mr. Speaker, another shocking incident has come to light in which the Soviet Union has unjustifiably denied an exit visa to emigrate to Israel.

Boris Levitas, 20, a former student at the Kiev Institute of Building Engineering, was informed on September 23 that he would not be granted an exit visa. The reason given by the Soviet authorities was the fact that Levitas, while a student, had taken classes in basic military training.

Levitas has now been advised he will be conscripted into the Soviet armed forces on October 14, precluding his emigration for a number of years.

The Levitas family left Kiev for Israel in the spring of 1973 but Boris was not permitted to go with them, because he lived in another city. Since then, he has been the victim of a campaign of continual harassment and persecution conducted by the Soviet authorities.

Despite the fact that he was an outstanding student, Boris was dismissed from school for "failing" his examination, after he had refused to make a public anti-Israel statement and after he had applied for an exit visa. His dismissal automatically made him eligible for conscription.

The Soviet treatment of Boris Levitas is one more example of the repressive attitude the Russian Government has been taking toward Jews and other minorities who want to leave Russia. The United States must take the lead in focusing world opinion on this despicable policy; putting world pressure on the Soviets to abandon it.

1974 CAPTIVE NATIONS WEEK HONOR ROLL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, a considerable mass of reports and material has appeared in the RECORD concerning the 1974 observance of Captive Nations Week. The week was a success as these reports have indicated, but what perhaps contributed most to the successful observance is the list of leaders and organs in our national life who and which spoke out in behalf of over 1 billion captives from the Danube to the Pacific and in the Caribbean.

As reported to me by Dr. Lev E. Dobriansky, professor at Georgetown University and also chairman of the National Captive Nations Committee, this list is by no means complete. There are many participants and newspapers that have not as yet been reported to NCNC. Be this as it may, the list compiled by NCNC is nevertheless an impressive one. In every sense, it is an honor roll of those leaders and citizens who, with firm morality, have not forgotten the over one-third of humanity under Communist bondage and domination; who, with political insight, fully understand the strategic value of all the captive nations, particularly those within the Soviet Union itself, to our security and independence as a nation; and who, with sound philosophical perspective, know that our freedoms and human rights will always be in serious danger and jeopardy as long as the captive nations remain captive.

Mr. Speaker, I have no doubt that in the not too distant future references will be made to this and similar honor rolls as strengthened Communist power begins to flex its muscles more noticeably and arrogantly in various quarters of the world.

I feel privileged to submit this honor roll both for the present and that certain future:

NATIONAL CAPTIVE NATIONS WEEK PROCLAMATIONS—1974

PRESIDENT

Hon. Richard M. Nixon.

CONGRESS

U.S. Senate

Hon. J. Glenn Beall, Jr.
Hon. James L. Buckley.
Hon. Roman L. Hruska.
Hon. Jacob K. Javits.
Hon. Charles H. Percy.
Hon. William V. Roth, Jr.
Hon. Richard S. Schweiker.
Hon. Harrison A. Williams, Jr.

House of Representatives

Hon. Joseph P. Addabbo.
Hon. Frank Annunzio.
Hon. John M. Ashbrook.
Hon. LaMar Baker.
Hon. Mario Biaggi.
Hon. William S. Broomfield.
Hon. James C. Cleveland.
Hon. Barber B. Conable, Jr.
Hon. Lawrence Coughlin.
Hon. Philip M. Crane.
Hon. Paul W. Cronin.
Hon. James J. Delaney.
Hon. Edward J. Derwinski.
Hon. Thaddeus J. Dulski.
Hon. Daniel J. Flood.
Hon. Edwin B. Forsythe.
Hon. Benjamin A. Gilman.
Hon. Martha W. Griffiths.
Hon. Gilbert Gude.
Hon. James M. Hanley.
Hon. Robert P. Hanrahan.
Hon. Robert J. Huber.
Hon. William H. Hudnut, 3d.
Hon. Jack Kemp.
Hon. Edward I. Koch.
Hon. Earl F. Landgrebe.
Hon. Robert McClory.
Hon. John Y. McCollister.
Hon. Thomas E. Morgan.
Hon. John M. Murphy.
Hon. Thomas P. O'Neill, Jr.
Hon. Edward J. Patten.
Hon. Melvin Price.
Hon. John R. Rarick.
Hon. Peter W. Rodino, Jr.
Hon. Robert A. Roe.
Hon. John J. Rooney.
Hon. Ronald A. Sarasin.
Hon. Henry P. Smith, 3d.
Hon. Samuel S. Stratton.
Hon. William F. Walsh.
Hon. Charles W. Whalen, Jr.
Hon. Lester L. Wolff.

GOVERNORS

Alaska, Hon. William A. Egan.
Arizona, Hon. Jack Williams.
Georgia, Hon. Jimmy Carter.
Kansas, Hon. Robert B. Docking.
Louisiana, Hon. Edwin W. Edwards.
Maine, Hon. Kenneth M. Curtis.
Michigan, Hon. William G. Milliken.
Nebraska, Hon. J. James Exon.
New York, Hon. Malcolm Wilson.
Ohio, Hon. John J. Gilligan.
Utah, Hon. Calvin L. Rampton.
Virginia, Hon. Mills E. Godwin.
Wyoming, Hon. Stanley K. Hathaway.

MAYORS

California

Los Angeles, Hon. Tom Bradley.
Sacramento, Hon. Richard H. Marriott.
San Jose, Hon. Norman Y. Minets.

Connecticut

New Haven, Hon. Bartholomew F. Guida.

Illinois

Chicago, Hon. Richard J. Daley.

Indiana

Fort Wayne, Hon. Ivan A. Lebanoff.

Michigan

Dearborn, Hon. Orville L. Hubbard
Lansing, Hon. Gerald W. Graves.

New Jersey

Elizabeth, Hon. Thomas G. Dunn.

Ohio

Cleveland, Hon. Ralph J. Perk.

Texas

Corpus Christi, Hon. Jason Luby.

Wisconsin

Milwaukee, Hon. Henry W. Maier.

CITIZENRY

Individuals

General Thomas A. Lane.
J. Fred Schlafly.

Newspapers

Catholic Standard (Washington, D.C.).
Christian Science Monitor (Paul Wohl) Boston, Mass.).
New York Sunday News (New York, N.Y.).
New York Times, New York, N.Y.
Phoenix Gazette (Phoenix, Arizona).
Washington Post (Stephen S. Rosenfeld) (Washington, D.C.).

Publications

America's Future (New Rochelle, N.Y.).
Anthony Harrigan of the U.S. Industrial Council (Nashville, Tenn.).
International Digest (American Council for World Freedom—Washington, D.C.).
Phyllis Schlafly Report (Alton, Ill.).

State legislatures

Illinois House of Representatives.

ECONOMIC POLICY AND PETRODOLLARS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, yesterday we heard President Ford's much-discussed and long-awaited prescription for the economy. But it was not a prescription at all. Far from being any economic plan, it was a plain old political speech. This is tragic, because all of us recognize that the country cannot afford to pay the high cost of inflation much longer. The President was right when he described the dangers of letting things drift. He was wrong when he failed to lay out a firm plan of action.

It is one thing to talk about reducing our oil imports by a million barrels a day; it is something else to say how that will be done. And how will it be done? Generalities will not suffice for this, or any other economic problem.

The sad fact is that we do not have a cogent, clear economic policy. That much is clear when you recall that in the President's first speech to the Congress just a few weeks ago, he asked first of all that Congress extend the toothless Cost of Living Council. I remember how my committee met, with a great sense of urgency, to approve that extension, in the name of harmony. But yesterday that body was not mentioned at all. I do not think the President has in fact ever mentioned it again. Did it have a role? Will it have a role to play in the future? Who knows?

I think that the American people would like, after the past 5 years of incompetent economic tinkering, to see the facts laid out, and to see a firm plan and policy set in motion to deal with our twin devils of stagnation and inflation. We did not see that yesterday.

Straight talk yesterday, for example, would have been for the President to give the American people this plain, unvarnished truth: at least half of our inflation problem is the direct result of the incredible oil price increases imposed by the OPEC monopoly. Within the last 2 years our oil import bill has increased from $6 billion to $24 billion. And if we are going to stop inflation or even moderate it, one of the things we have to do is to stabilize or better yet, decrease the cost of imported oil.

I do not think that there is any need to hide the truth about the OPEC cartel, what it has done, and what it wants to do. Step number one in an inflation control program has got to be a plan to deal with the energy and oil crisis.

There is no need for the President to ignore threats from people like the Iranian Minister of Economic Affairs and Finance, who said publicly in Washington last week that "permissive societies can no longer hope to maintain their high living standards." In other words, his government not only does not care what the financial impact of OPEC's extortion is; in fact his government would welcome the world-wide economic collapse that is now threatened.

We can already see the signs of collapse in weaker industrial countries. Italy is confronted with runaway inflation, and cannot find the political will to unite enough even to maintain a stable government, let alone deal effectively with its economic disaster. In this situation, totalitarians of right and left alike wait in the wings, ready to take over.

I need not remind you that the consequence of economic depression in the 1930's was widespread totalitarianism. It happened in Italy, in Germany, and in numerous other states. There is no reason to think that a depression today would not usher in other authoritarian regimes, composed of latter-day Hitlers and Stalins—and if we take Iran's finance minister seriously, he would perhaps welcome such events.

There is no need to understate this danger; it would be a terrible mistake not to recognize it.

If present oil prices continue in effect, the members of the OPEC cartel will by 1980 hold 70 percent of the world's monetary reserves. That would represent the greatest revolution in financial power since the beginning of modern times and the development of industrial society. The effects of this huge transfer of power, if it comes at the expense of the economic collapse of industrial countries—and it well might—is at least privately recognized by the Secretary of State, who according to a New York Times columnist, feels that failure of the United States and other countries to deal with OPEC could result in the destruction of Western democracies, and their replacement by authoritarian, probably Communist regimes.

I think that the danger is great. And it is folly to ignore its existence, or be cowardly in the face of it.

A vice president of Dean Witter and Co., John E. M. Moore, has put the situation this way:

> Efforts to produce a purely "technical" solution . . . come up against the fact that among the revolutionary Arab states the destruction of the present system is a primary objective.

In other words, our Government would be foolish to try and accept the current situation by rushing into a program to "recycle" oil money. Why should we sit helplessly by and help accommodate our own economic destruction?

Obviously, the United States and other industrial countries have not agreed on what to do about OPEC. The weaker industrial nations seem afraid to resist the demands of the cartel. They want to set up a recycling system for oil money. But to his credit, Secretary Simon last week refused to commit the United States to a big recycling program. I hope that he sticks by his guns, because whether these countries realize it or not, their interests lie not in accommodating their own destruction, but in finding some kind of reasonable way to stabilize oil prices and cool off the fires of worldwide inflation.

I think that the President should speak out plainly on this crucial aspect of our economy. The American people need to know just how badly OPEC has hurt us, and what at least some of its members would like to achieve—and that is nothing less than the economic ruination of industrial countries, and the destruction of democratic government. And I believe that if the President and Congress lay out these facts, the people will unite behind whatever program is necessary to achieve a stabilization of oil prices, or even a reduction in them. And that would be the biggest part of winning half the battle against inflation.

It is not enough to come up with slogans; it is not enough to say vaguely that we are going to reduce oil imports by a million barrels a day. Everyone needs to know the stakes in this fight—and they are much greater than any high official in our Government has publicly stated.

The price of beating OPEC, or forcing it to act responsibly, may be high. But not taking OPEC on carries a much higher price.

It might cause sacrifice and expense for us to build up a 6-month reserve of oil—but if we did, we would be better protected against a renewed oil embargo, and into the bargain we might also break much of the bargaining power of OPEC.

It might mean taking a risk or two to show OPEC that the United States is not about to become an economic colony—but can that risk be avoided? I think not.

It is time for plain talk and plain action against inflation. Among other things, that means laying the oil facts on the line.

BLACK LUNG BENEFITS REFORM ACT OF 1974

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. DENT) is recognized for 5 minutes.

Mr. DENT. Mr. Speaker, I am today introducing the Black Lung Benefits Reform Act of 1974. This legislation, cosponsored by a distinguished array of our colleagues, is an attempt to afford essential equity to the coal miners of our Nation, and to their dependents, and to relieve the Federal Treasury of an increasing liability pursuant to the provisions of existing law. It also represents the culmination of many months of hearings, oversight, and investigations and studies undertaken by the General Subcommittee on Labor. Notwithstanding these efforts, we welcome comment on the legislation during the ensuing weeks. It is my hope, however, that the subcommittee will convene soon after the recess to report a bill to the Committee on Education and Labor and that the full committee will soon thereafter report a bill to the House. Our objective clearly contemplates enactment prior to the conclusion of this Congress.

In addition to including a copy of the legislation to follow my remarks in the RECORD, I also am including the substance of an explanatory "Dear Colleague" letter I sent many of my colleagues last week.

H.R. 17178

A bill to revise the black lung benefits program to transfer the residual liability for the payment of benefits under such program from the Federal government to coal industry, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Black Lung Benefits Reform Act of 1974".

COAL DUST ENVIRONMENTS

SEC. 2. Section 402 of the Federal Coal Mine Health and Safety Act of 1969 is amended by adding at the end thereof the following:

"(h) Employment in a coke oven area in which the level of coal dust in the atmosphere is substantially equivalent to the level of coal dust prevailing in the atmosphere of underground coal mines in the United States at the time of the employment shall be deemed, for purposes of this title and entitlement to benefits under this title, to be employment of a miner in an underground coal mine."

PRESUMPTIONS

SEC. 3(a). Section 411(c) of the Federal Coal Mine Health and Safety Act of 1969 is amended (1) by striking out the next to the last sentence of paragraph (4), (2), by striking out "and" at the end of paragraph (3), and by striking out the period at the end of paragraph (4) and inserting "; and", and (3) by adding at the end thereof the following:

"(5) if a miner was employed for twenty-five years or more in one or more underground coal mines there shall be a rebuttable presumption that he is totally disabled due to pneumoconiosis, that his death was due to pneumoconiosis, or that at the time of his death he was totally disabled by pneumoconiosis, and such presumption may be rebutted only by the negative result of a blood-gas study; and

"(6) if a miner was employed for thirty-five years or more in one or more underground coal mines there shall be an irrebuttable presumption that he is totally disabled due to pneumoconiosis, that his death was due to pneumoconiosis, or that at the time of his death he was totally disabled by pneumoconiosis.

The Secretary shall not apply all or a portion of any requirement in this subsection that a miner work in an underground mine where he determines that conditions of a miner's employment in a coal mine other than an underground mine were substantially similar to conditions in an underground mine."

(b) Section 421(b)(2)(c) of such Act is amended by inserting before the semi-colon at the end thereof the following: ", except that such law need not contain presumptions substantially equivalent to those provided under paragraphs (5) and (6) of section 411(c)"

(c) Section 430 of such Act is amended by inserting ", (5), and (6)" after "section 411(c)(4)", and by striking out "whether a miner was employed at least fifteen years or more" and inserting in lieu thereof the following: "the period during which the miner was employed".

ATTORNEYS' FEES

SEC. 4(a). Section 412(b) of the Federal Coal Mine Health and Safety Act of 1969 is amended by striking out "(b) Notwithstanding subsection (a)" and inserting in lieu thereof "(b)(1) Notwithstanding subsection (a) and subject to paragraph (2),".

(b) Section 412(b) of such Act is further amended by adding at the end thereof the following:

"(2) In determining the amount by which benefit payments shall be reduced under the first sentence of paragraph (1), the portion of any attorney's fees paid for services rendered in respect of a claim under any of such State laws for the same disability or death which exceeds the attorney's fees, which would be allowed under the limitation imposed under section 413(b) if such claim were made under this part, shall be considered a part of the payments received by the miner or his widow, child, parent, brother, or sister under such State laws."

OFF-SET AGAINST WORKMEN'S COMPENSATION BENEFITS

SEC. 5. Section 412(b) of the Federal Coal Mine Health and Safety Act of 1969 is amended by inserting after "disability of the miner" the following: "due to pneumoconiosis".

CURRENT EMPLOYMENT AS A BAR TO BENEFITS

SEC. 6. Section 413(b) of the Federal Coal Mine Health and Safety Act of 1969 is amended by inserting before the period at the end of the first sentence the following: "or solely on the basis of employment as a miner".

APPEALS

SEC. 7. Section 413(b) of the Federal Coal Mine Health and Safety Act of 1969 is amended by inserting before the period at the end thereof the following: ", except that a decision by an administrative law judge in favor of a claimant shall not be appealed or reviewed, except upon motion of the claimant".

INDIVIDUAL NOTIFICATIONS

SEC. 8. Part B of Title IV of the Federal Coal Mine Health and Safety Act of 1969 is amended by adding at the end thereof the following new section:

"SEC. 416. For the purposes of assuring that all individuals who are eligible for benefits under this part are afforded an opportunity to apply for and, if entitled thereto, to receive such benefits, the Secretary is directed to undertake a program to locate individuals who it is likely are eligible for such benefits and have not filed a claim therefor. In particular he shall endeavor, in cooperation with operators and the Department of the Interior, to ascertain the names and current addresses of individuals having long periods of employment in underground coal mining and, if such individuals are deceased, the names and addresses of their widows, children, parents, brothers, and sisters. The Secretary shall then directly, by mail, by personal visit by Department personnel, or by other appropriate means, inform any such individuals (other than those who have filed a claim for benefits under this part) of the possibility of their eligibility for benefits, and offer them individualized assistance in preparing their claims where it is appropriate that a claim be filed. Notwithstanding any other provision of this part, a claim for benefits under part B, in the case of a person who has been informed by the Secretary under the preceding sentence of the possibility of their eligibility for benefits, shall, if filed within 6 months of the date he was so informed, be considered on the same basis as if it had been filed on June 30, 1973."

CLAIMS FILED AFTER DECEMBER 31, 1974

SEC. 9. (a) Part C of the Federal Coal Mine Health and Safety Act of 1969 is amended by striking out sections 422, 423, and 424, and inserting in lieu thereof the following:

"SEC. 422. (a) During any period after December 31, 1973, in which a State workmen's compensation law is not included on the list published by the Secretary, the Secretary shall, in accordance with this part, and the regulations promulgated by him under this part, make payments of benefits from the Black Lung Disability Insurance Fund established by section 423 in respect of total disability of any miner due to pneumoconiosis, and in respect of the death of any miner whose death was due to pneumoconiosis or who at the time of his death was totally disabled by pneumoconiosis.

"(b) During the period referred to in subsection (a), benefits shall be paid under this section to the categories of persons entitled to benefits under section 412(a) of this title in accordance with the regulations of the Secretary and the Secretary of Health, Education, and Welfare applicable under this section, and, except as otherwise provided in this section, such payments shall be equal to the amounts specified in section 412(a) of this title: *Provided*, That the Secretary may modify any such regulation of the Secretary of Health, Education, and Welfare. Such benefits shall be paid on a monthly basis.

"(c) No payment of benefits shall be made under this section—

"(1) except pursuant to a claim filed therefor in such manner in such form, and containing such information, as the Secretary shall by regulation prescribe;

"(2) for any period prior to January 1, 1974; or

"(3) for any period after twelve years after the date of enactment of the Black Lung Benefits Act of 1972.

"(d)(1) Any claim for benefits under this section shall be filed within three years of the discovery of total disability due to pneumoconiosis or, in the case of death due to pneumoconiosis, the date of such death.

"(2) Any claim for benefits under this section in the case of a living miner filed on the basis of eligibility under paragraph (4), (5), or (6) of section 411(c) of this title, shall be filed within three years from the date of last exposed employment in a coal mine or, in the case of death for which benefits would be payable under any of such paragraphs, shall be filed within fifteen years from the date of last exposed employment in a coal mine.

"(e) The amount of benefits payable under this section shall be reduced, on a monthly or other appropriate basis, by the amount of any compensation received under or pursuant to any Federal or State workmen's compensation law because of death or disability due to pneumoconiosis.

"SEC. 423. (a) There is hereby established in the Treasury of the United States a trust fund to be known as the Black Lung Disability Insurance Fund (hereinafter referred to as the 'Fund'). The Fund shall consist of such sums as may be appropriated to the Fund, the premiums paid into the Fund as required by section 424(a) and (b), and any penalties recovered under section 424(d).

"(b) It shall be the duty of the Secretary of the Treasury to hold the Fund, and (after consultation with the Secretary) to report to the Congress not later than the 1st day of March of each year on the financial condition and the results of the operations of the Fund during the preceding fiscal year and on its expected condition and operations during the current and next ensuing fiscal year. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(c) It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (1) on original issue at issue price, or (2) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Fund. Such special obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield during the month preceding the date of such issue, on marketable-interest-bearing obligations of the United States of comparable maturities then forming a part of the public debt rounded to the nearest one-eighth of 1 per centum. Such special obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest. Advances to the Fund pursuant to section 424(c) shall not be invested.

"(d) Any obligation acquired by the Fund (except special obligations issued exclusively to the Fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at par plus accrued interest.

"(e) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Fund shall be credited to and form a part of the Fund.

"(f) Amounts in the Fund shall be available, as provided by appropriation Acts, for making expenditures to meet obligations of the United States which are incurred under this part, including the expenses of providing medical benefits as required by section 432.

"(g) Advances made pursuant to section 424(c) shall be repaid with interest to the general fund of the Treasury when the Secretary of the Treasury determines that moneys are available in the Fund for such purposes. Interest shall be at rates computed in the same manner as provided in section 423(c) for special obligations and compounded semiannually.

"Sec. 424(a)(1) Coal mine operators shall pay premiums into the Fund to insure the payment of benefits under this part. The premiums to be paid by each coal mine operator shall be established by the Secretary on January 1 of each year at a rate which will in the judgment of the Secretary provide, in the aggregate, funds sufficient to pay all benefits to which claimants are entitled under this part for that calendar year, taking into account deficits or surpluses in premium payments in prior years.

"(2) The premium rate established under subsection (a) shall be based on the number of tons of coal mined and shall be uniform for all mines and mine operators. For the purpose of this subsection (A) 'coal' means any material composed predominantly of hydrocarbons in a solid state, (B) the amount of coal mined shall be determined at the first point at which the coal is weighed, and (C) 'ton' means a short ton of 2,000 pounds.

"(b) Employers of a substantial number of individuals to whom section 402(h) applies shall also pay premiums into the Fund to insure the payment of benefits under this title. The Secretary shall, by regulation, specify the employers who are liable for the payment of premiums under this subsection and the amount of such premiums. The amount of such premium shall be commensurate with the obligations placed on the Fund by individuals to whom section 402(h) applies.

"(c) There are hereby authorized to be appropriated to the Fund such sums as may be necessary to provide the Fund with its initial capital, and such additional sums as may be required (over and above any premiums paid into the Fund under subsection (a)) to pay benefits under this part. These sums are to be repayable advance unless otherwise provided.

"(d)(1) Where an operator fails or refuses to pay any premium required by this part, the Secretary of the Treasury may bring a civil action in the appropriate United States District Court to require the payment of such premiums. In such an action, the court may issue an order requiring the payment of such premiums in the future, as well as past due premium payments.

"(2) An operator who fails or refuses to pay any premium required by this part may be assessed a civil penalty by the Secretary of the Treasury in such amount as he may prescribe, but not in excess of an amount equal to the premium he failed or refused to pay. Such penalty shall be in addition to the operator's liability under paragraph (1). Penalties assessed under this paragraph may be recovered in a civil action brought by the Secretary of the Treasury. Penalties so recovered shall be deposited in the Fund."

(b) The Secretary of Labor may enter into an agreement with any self-insurer or an insurance carrier who has incurred an obligation with respect to a claim under part C of the Black Lung Benefits Act prior to the effective date of this Act, under which the Fund will assume the obligations of such self-insurer or insurance carrier in return for a payment or payments to the Fund in such amounts, and on such terms and conditions, as will fully protect the financial interests of the United States.

MEDICAL CARE

Sec. 10. (a) Title IV of the Federal Coal Mine Health and Safety Act of 1969 is amended by adding at the end thereof the following:

"Sec. 432. The provisions of section 7 of the Longshoremen's and Harbor Workers' Compensation Act, other than subsections (e), (f), and (i) thereof, shall be applicable to persons entitled to benefits under this part on account of total disability, except that references in such section to the employer shall be deemed to refer to the Secretary."

(b) The Secretary of Health, Education, and Labor shall notify to each miner receiving benefits under part B of the Black Lung Benefits Act on account of his total disability who the Secretary has reason to believe became eligible for medical services and supplies on January 1, 1974, of his possible eligibility for such benefits. Where the Secretary so notifies a miner, the period during which he may file a claim for medical services and supplies under this part shall not terminate before six months after such notification was made.

TRANSITIONAL PROVISIONS

Sec. 11. The Secretaries of Health, Education, and Welfare, and of Labor shall generally disseminate to interested persons and groups the changes in the Black Lung Benefits Act made by this Act, and in addition they shall undertake a program to give individual notice to individuals who they believe are likely to have become eligible for benefits by reason of such changes. Each claim which has been denied, and each claim which is pending, under part B of the Black Lung Benefits Act shall be reviewed in light of the amendments made by this Act. New claims under such part B based on changes in such part made by this Act may be filed during the period ending two years after the date of enactment of this Act, unless otherwise provided, and shall be considered on the same basis as if filed on June 30, 1973.

SHORT TITLE FOR THE ACT

Sec. 12. (a) Section 401 of the Federal Coal Mine Health and Safety Act of 1969 is amended by inserting "(a)" after "Sec. 401." and by adding at the end thereof the following:

"(b) This title may be cited as the 'Black Lung Benefits Act' ".

Sec. 13. This Act shall become effective on the date of its enactment, except that—

(1) the amendments made by sections 3, 6, and 7 shall be effective as of December 30, 1969, and

(2) the amendments made by section 9 shall become effective January 1, 1975.

House of Representatives,
Washington, D.C., October 3, 1974.

Dear Colleague: As a Representative from a coal-producing State, you have an obvious interest in the Black Lung Benefits Program. As you know, the Program provides benefit payments to coal miners who are totally disabled by pneumoconiosis and to the widows of those who died from its tragic effects. The Federal Government assumed the cost of the Program until July 1, 1973, at which time it essentially became the responsibility of liable coal operators. Since July 1, 1973, however, the U.S. Department of Labor has not been able to assess individual liability to the extent we anticipated. The consequence is that the Federal Government will continue to incur an anticipated obligation totalling $500 million until the Program terminated in 1981.

During the course of Committee oversight hearings, we have also been apprised of certain inequities which continue to exist with respect to miners and widows who filed claims prior to July 1, 1973. In a bipartisan effort to achieve a balance between the twin objectives of (1) limiting and eventually terminating Federal financial liability under the Program, and (2) remedying the more evident inequities and (in some instances) maladministration of the Program, I am preparing legislation you will hopefully want to join me in sponsoring. Its principal features follow:

(1) an irrebuttable presumption which would afford benefit payments in the case of miners employed in coal mining for not less than 35 years;

(2) a rebuttable presumption which would afford benefit payments in the case of miners employed in coal mining for not less than 25 years; the presumption could be rebutted by the miner's continued employment in regular coal mining, or by the negative results of a blood-gas study;

(3) the award of benefit payments to miners who, although yet employed, are employed in activities which do not require physical efforts equivalent to those demanded by regular coal mining employment;

(4) notification to miners and widows who did not file timely claims during the (pre-July 1, 1973) eligibility period because they were simply unaware of the availability of benefit payments, and a limited (6-month) opportunity to now do so;

(5) other provisions relating to limiting the Government's ability to appeal the decision of an Administrative Law Judge in favor of the claimant, limiting the present Federal obligation to subsidize attorneys fees awarded in State workmen's compensation cases, and advising current beneficiaries of possible entitlements to medical care benefits (now paid by coal operators pursuant to existing law). The bill would also extend coverage to employees of coke oven facilities who suffer from pneumoconiosis.

We have been advised that the Federal liability associated with these features will be about $220 million through 1981. But we propose to save the Treasury the $500 million (earlier referred to) by creating an insurance fund, supported by contributions from all coal operators, to assume full liability for the claims after July 1, 1973. This fund would provide benefit and medical care payments—irrespective of individual liability and the attendant difficulties—thereby relieving the Federal Government of the $500 million liability now anticipated. The rationale of the fund is that the coal industry is responsible as an industry for the suffering of its workers and their dependents, who frequently move throughout the industry itself and who cannot (as experience demonstrates) be associated with one particular employer for the purpose of fixing individual liability. I have good reason to believe that the industry recognizes this responsibility and would welcome this proposed industry-wide approach to the present system of assessing individual coal operators.

In the continuing stream of "Dear Colleague" letters we all receive, I believe it is seldom indeed that you will be offered an opportunity to sponsor legislation which will save the Treasury about $280 million, afford greater equity to a suffering segment of humanity, and be welcomed by most of those who are asked to pay for it.

With kindest regards, I am
Sincerely,

John H. Dent,
Chairman.

ACTION PLAN FOR AMERICAN INTERNATIONAL AIRLINES

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. DULSKI) is recognized for 5 minutes.

Mr. DULSKI. Mr. Speaker, the Secretary of Transportation has announced a so-called action plan as an answer to the financial crisis facing Pan American World Airways and threatening other U.S. international airlines. Studied closely, it proves to be no answer at all to the immediate question of survival for the next few months for the troubled airlines, and it certainly does not fulfill its stated purpose of enticing Pan Am's banks into providing more financial support.

The action plan has a number of worthwhile components for long-range solutions, but Secretary Brinegar is making empty promises to Pan Am employees and the American people when he offers the action plan as a short-range cure for airlines' critical illnesses.

The lengthy analysis of the "action items" is padded—in time-honored term paper fashion—with tables; outlines; discussions of studies and other programs already underway, which have so far been ineffective; and a lot of idealistic projections whose successful implementation is dependent on agencies and foreign governments over which Secretary Brinegar has no control. I would like to discuss just a few of the action items contained in the seven action elements of the action plan.

ACTION ELEMENT 1: A COMPENSATORY FARE STRUCTURE

This begins by brilliantly stating, "There is evidence that recent charter rates have not been compensatory." The airlines have been trying to get relief on this point for some time. It is nice that the need is finally admitted, but the Civil Aeronautics Board will be the approving authority, and the CAB is an autonomous body, not under the jurisdiction of the Secretary of Transportation. Further, please note the action verbs in the action plan: "Encourage industry agreement"; then "If a carrier agreement is reached, evaluate—urge CAB approval"; but if all this fails, "Prepare a contingency plan; negotiate charter floor with foreign governments, and continue study." In short, Secretary Brinegar is talking about actions which are not his to take—they must be formulated by the carriers, approved by the CAB and foreign governments, and agreed to by the International Air Transport Association.

ACTION ELEMENT 2: REDUCTION OF EXCESS CAPACITY

"Many international air carriers are flying excessive passenger capacity on routes to and from the United States." That hardly comes as a surprise; Pan Am and TWA have been trying in vain to get approval to make changes on overserviced routes, and to enforce international agreements in order to reduce foreign carrier capacity. In another action item, Secretary Brinegar expects Pan Am to gain $300,000 per month in operating profits by means of a CAB exemption to carry MAC chartered passengers or cargo on scheduled flights at rates established for planeload military charters. He says he has encouraged both Pan Am and Northwest to file for renewal of their expired exemptions, and indicates that with DOT and DOD support, it will be granted. He does not explain why that backing was not sufficient to prevent two previous denials by the CAB for the renewals.

ACTION ELEMENT 3: TARIFF ENFORCEMENT

"It is widely acknowledged that extensive illegal discounting and rebating practices exist within the international travel industry." It is certainly good to know that something is going to be done to stop the illegal practices, but the estimated completion dates are perhaps overly optimistic for practical purposes, and the outcome and date of criminal proceedings plainly doubtful even in the DOT's words.

ACTION ELEMENT 4: "FLY U.S.-FLAG" PROGRAM

"The program has the objective of increasing the use of U.S.-flag carriers by U.S. travelers and shippers." This is a fine objective, and the September 16 GSA order, together with similar regulatory steps by other agencies, fills a request by the airlines; the actual cash flow benefit remains to be realized. Governmental urging to "Fly U.S. flag" is a positive promotional campaign, but U.S. citizens are going to fly on the basis of convenience and comfort and travel agents are going to book to please their clients. It will require implementation of some of the other action elements to make flying the U.S. flag more attractive to U.S. citizens; Secretary Brinegar's pleas will not do it nor will Secretary Dent's letters.

ACTION ELEMENT 5: COMPENSATORY MAIL RATES

"U.S. international carriers have petitioned the CAB for higher mail rates."

The action plan lists only a fuel cost passthrough as definite action. Last week the CAB approved another small fuel cost adjustment, which still does not compensate for the amount of increases since the rates were set back in 1968. No mention is made of the most glaring inequity whereby the U.S. Government pays U.S. airlines mail transportation rates set by the CAB at one-fifth the Universal Postal Union-approved rates paid to foreign carriers. In fact, the airlines have requested and been denied relief from the discriminatory practice. Secretary Brinegar has made it clear that the administration does not want to pay our own airlines the same rate paid to foreign airlines; instead, the U.S. Government has a rather vague position of planning to negotiate with the other UPU members to bring their rates down, and refuses to pay equal rates to U.S. carriers in the meantime. This position is weak, to say the least. In the first place, the UPU meets only every 5 years, and the next session will be in 1979. In the second place, the United States has only one vote in the 145-member international organization—and our recent record of persuading other nations to our point of view is not conducive to pinning any hopes on success in this venture. The DOT maintains the questionable stand that providing U.S. carriers with equity in mail rates would be a form of subsidizing them, but fails to explain why they should have to compete with foreign carriers who are receiving the same U.S. "subsidy".

ACTION ELEMENT 6: ELIMINATION OF DISCRIMINATORY PRACTICES BY FOREIGN GOVERNMENTS

"There have recently been several major reviews of discriminatory practices against U.S.-flag carriers in foreign countries." But no results are forthcoming. DOT admits to stating in congressional testimony that existing laws and agreements provide sufficient authority to deal with the issue, but now is requesting additional legislation. This is a transparent attempt to do nothing and shift the blame to Congress. The action plan, which is to realize benefits of $3.6 million for Pan Am, is contingent on talks with foreign governments, Air Transport Association evaluations, more talks, and CAB pressure. I do not believe Pan Am should count on getting the $3.6 million any time soon.

ACTION ELEMENT 7: RATIONALIZED ROUTE STRUCTURES

"DOT is urging agreements on route realinement, consideration of mergers, as well as further unilateral action to suspend service at points with low traffic potential." That is hardly innovative. Pan Am and TWA have agreed to eliminate duplicate flights to some European cities and are already involved in merger discussions. Pan Am and United were making money on their Hawaii routes until the CAB added six more carriers to the route, to the detriment of all. And the action plan again utilizes such affirmative verbs as "Suggest—possible service reductions or suspensions; Support requests; Urge—agreement; If not agreement—the administration should come forward with its position—and use its influence." Was it that support and influence that last week resulted in the rejection by an administrative law judge of one proposed route swap?

Mr. Speaker, I cannot understand how this inaction nonplan is supposed to instill confidence in the hearts and vaults of Pan Am's bankers. The financial crisis is now. Secretary Brinegar's offerings are so long range and so riddled with contingencies and time-consuming requirements that the airline will be bankrupt before realizing the benefits.

Dr. Brinegar has a brilliant record as a scholar and oil company economist, but he does not understand the needs of the airline industry, nor does he have the authority to direct compliance with the action plan by foreign governments, international organizations, or other U.S. Government agencies.

Pan Am employees are trying to awaken the administration and Congress to the situation, and have offered specific actions the Government could take as alternatives to subsidies.

The administration has presented them with hollow promises and a toothless action plan, despite the existing statutory remedies. If this is all that will be forthcoming, Congress will have to step in to deal with the crisis legislatively.

It should not be necessary; the Pan Am employees and the American people deserve better.

LEGISLATION ON UNFAIR TRADE PRACTICES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. DOMINICK V. DANIELS) is recognized for 10 minutes.

Mr. DOMINICK V. DANIELS. Mr. Speaker, I am today introducing legislation that would make it an unfair trade practice for any retailer to increase the price of certain consumer commodities once the price of the commodity has been marked and to permit the Federal Trade Commission to order a retailer to refund any money obtained by the price increase. This bill would cover consumer commodities in interstate commerce such as foods, drugs, cosmetics, and other consumer products. It would also empower the Federal Trade Commission to halt any violations immediately.

Mr. Speaker, in a recent survey it was found that certain supermarkets have been involved in the questionable practice of marking up the price of goods after these same goods had been already priced at one amount and placed on the shelves. This practice has become to be known popularly as "superpricing." Results of a marketbasket survey have shown that superpriced items such as chopped ham, coffee, and margarine increased an astounding 40 cents, 12 cents and 10 cents, respectively.

Superpricing involves no added cost to the retailer that might justify such an increase. The consumer, however, is forced to pay the additional cost which has the obvious effect of playing havoc with the family budget. The consumer is already shouldering the burden of inflation. He is already paying more for food, clothes, and shelter and superpricing has become just one more instance where the consumer is footing the bill as supermarket profits increase.

Superpricing is fraudulent, unfair, and provides an unjust profit for those retailers who practice it. It is also a form of unfair competition against retailers who do not.

The intent of this bill is to protect the consumers who can aid in its implementation. Shoppers should watch for remarked superpriced goods and complain immediately to market managers and company officials concerning the practice. If possible they should shop elsewhere.

We are all aware of the precarious situation the economy is in and each and every one of us is concerned with the cost of living. It is, therefore, to the benefit of the American people that this bill be enacted. We cannot morally permit retailers, or anyone else for that matter, to pad their prices and pass on these higher costs to the consumer. It is our obligation to take positive action to protect consumers who are often at the mercy of conglomerate food industries and in the process attempt to curb the spiraling inflation we are currently faced with.

Mr. Speaker, it is my honor and privilege to be cosponsoring this bill along with my distinguished colleague, Representative ELLA GRASSO, and I urge all of my fellow colleagues on both sides of the aisle to join with me in supporting this legislation to protect consumers and take a positive step in curbing inflation. Mrs. GRASSO has shown extraordinary concern in this bill for consumers and honest merchants all over the country.

H.R. 16790, A BILL TO PREVENT UNFAIR REPRICING OF ITEMS ALREADY ON STORE SHELVES

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Connecticut (Mrs. GRASSO) is recognized for 5 minutes.

Mrs. GRASSO. Mr. Speaker, in these days of record inflation the American family is seeing its budget depleted by rising prices throughout the economy. While living costs are increasing at a compound annual rate of 16.8 percent, the real income of factory workers has decreased 4.1 percent. No matter where it turns, the American family finds only higher prices.

In August the wholesale price index skyrocketed upward by 3.9 percent—an amazing annual rate of 46.8 percent. About half of our present inflation has been caused by increased costs for fuel and food. In August alone, the wholesale price of farm and food products soared by 7.6 percent. Some of the factors which contributed to the increase in food costs—such as the weather—are beyond our control. However, other factors can be controlled and, indeed, must be stopped immediately.

One of the most unjustifiable, anticonsumer activities contributing to ever-increasing prices for food and other essentials is the practice—employed by retailers and food chains—of increasing the price of an item which has already been priced for sale.

To prohibit this growing practice, I recently introduced H.R. 16790. My bill would make it illegal for any retailer to increase the price of a commodity once that item has been priced for sale. Violation of this provision would constitute an unfair method of competition under the Federal Trade Commission Act. In addition to its normal powers, the FTC would be empowered to order the violators of the law to return illegally received money to the public.

No justification exists for unfair repricing. When a retailer places goods on the shelf, he has priced them at a level designed to produce a fair profit. In far too many retail establishments, however, items have had their prices covered and higher prices substituted instead. Oftentimes this practice occurs when a new shipment arrives and that shipment reflects a higher cost to the retailer.

I do not doubt that the second shipment might have cost the retailer more. But the specific article on the shelf cost the retailer no more than it did prior to the second shipment's arrival. If the price was fair when it was placed on the article, that price is fair until the article is sold. To increase the profit by repricing the item provides the retailer with an unfair windfall and contributes further to the consumer's plight.

Let me show you blatant examples of unfair repricing. Last week a Connecticut resident mailed me the plastic top from a can of nationally advertised, ready-to-spread frosting mix. This item had not two, but four separate price tags ranging from 67 to 87 cents—an increase of nearly 30 percent. Another Connecticut resident informed me that the price of a well-known dessert topping was repriced by 21 percent from 55 to 67 cents over a weekend.

Earlier research by me revealed that repricing in Connecticut raised the overall bill for 23 grocery items—purchased at stores across the State—from $14.50 to $16.61, a 13-percent increase.

Mr. Speaker, these are not isolated cases. Any one of us who has done any grocery shopping recently has been plagued by this inexcusable practice. Every effort must be made to end unfair repricing.

Today, I am reintroducing my bill with 15 cosponsors. I would urge my colleagues in the House to take prompt and favorable action on my measure to outlaw this unfair pricing method.

FCC BAN ON SHOWING OF CERTAIN MOTION PICTURES ON CABLE TELEVISION SYSTEMS

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House, the gentleman from California (Mr. VAN DEERLIN) is recognized for 15 minutes.

Mr. VAN DEERLIN. Mr. Speaker, 4 years ago the Federal Communications Commission imposed a ban on the showing of certain motion pictures on cable television systems. The prohibition runs from 2 years after a film's first general release to theaters, and continues through the next 8 years.

Thus, if it is to be shown on a cable system, a movie must be fresh out of the studios—perhaps too new to have established a viewer demand—or else it must be a candidate for nostalgia.

Moreover, during any one month, the Commission's rules further provide that a cable exhibitor may show not more than one picture that's over 10 years old.

Ostensible purpose of this rulemaking was to protect commercial television against potential competition from "pay cable." In a number of communities, including my own home area of San Diego County, the established cable system—CATV—sets aside one of its multiple channels for lease to an independent exhibitor who charges the home viewer for special programs—mainly movies and sports.

Several different systems are used for controlling the signal, and for billing purposes. It is perhaps significant that, despite the tight restrictions I have described, thousands of families have subscribed to these services—some 6,000 in metropolitan San Diego alone. For a modest fee, they have enjoyed a more varied choice of entertainment than was otherwise available. Doubtless the principal selling point has been pay cable's ability to transmit a full-length movie without interruption for commercial messages.

As one whose professional background was in commercial broadcasting, I would be the last to deprecate the great contribution made to our economy and our lifestyle by free television and by advertising. But I wonder if the principle of free enterprise is being served by Government regulations which tend to stifle a new technology and deny Americans the right of full access to a product that many have shown they would like to buy.

My purpose in raising the question at a late hour this evening is that the FCC has scheduled oral arguments later this month on possible changes in its pay cable rules. Most Members of Congress will be busy campaigning in late October and unable to follow the Commission proceedings. But because I consider the question one of great importance, I wished to bring it to the attention of colleagues before we break for a recess.

Were I to take part in the oral arguments, my suggestion would be a simple one: Give this new young industry a chance to show what it might do if freed of the restrictions which really make sales difficult. Why not remove the restrictions entirely for, say, 2 years. After that reasonable trial period, let the Commission decide whether the arguments now heard from conventional broadcasters and theater owners have proved valid.

Boiled down, the case against pay cable consists of the fear that its eventual effect, if uncontrolled, would be to remove from free television the movies and sports attractions which make American TV the envy of the world. Let the cable entrepreneurs begin bidding, the argument runs, and before you know it, World Series games, the Super Bowl, and Rose Bowl will follow big-time professional boxing into closed circuit.

It is called "siphoning." All the best programing will be siphoned from the living rooms of America and into the coin box, we are told.

And let me say right here that if this even began to happen, it would not take me long to get to the well of this House in protest. It happens that present Commission rules, formulated at the insistence of our House Commerce Committee, already protect viewers against loss of any sports attractions which have been brought via free TV. If there were evidence that pay-cable owners were even negotiating to obtain rights to attractions like the Rose Bowl or Super Bowl or World Series, this would be grounds enough to reimpose tight restrictions.

But there are many sports events which are not being carried on commercial TV. If anything, pay cable could widen the available choices, rather than narrowing them.

I represent a constituency of lower-income working people—the sort who would be hardest hit if their present fare of free broadcasting were to be denied them. And countless of our colleagues represent similar districts. I cannot conceive of a pay-cable industry which would promise one thing and then, having won the chance to expand their services, would openly flout the clear will of Congress, which is to preserve the best of our present commercial TV.

But the Communications Act of 1934 imposes an additional responsibility on Congress—to widen the availability and competition in air signals. Encouragement of this new medium, pay cable, would seem a step in that direction.

Mr. GOLDWATER. Mr. Speaker, would the gentleman yield?

Mr. VAN DEERLIN. I will be happy to yield to my colleague from California.

Mr. GOLDWATER. I commend the gentleman for bringing this very important question to our colleagues in the Congress.

Mr. Speaker, I was pleased to learn that the Federal Communications Commission has finally scheduled oral arguments on its proposed rule dealing with the cable casting of programs on a per-program or a per-channel charge basis. I commend Chairman WILEY for this forward move.

Actually, this proceeding has been gestating in the FCC for years. Back then in 1969, the Commission, in seeking to promote the growth of cable casting, issued a report and order that would allow cable systems to make per-program or per-channel charges for special programs. But in July of the following year it pulled back, reversed the former order and adopted sharp restrictions on such cable casting. This action was a blow to hundreds of cable systems in the country but it was an even greater blow to thousands of craftsmen in California who depend on the film business for their livelihood.

That, Mr. Speaker, is what concerns me because it concerns my constituency. Unemployment is at a near alltime peak in the Hollywood area. Few people realize that films are not made only by actors and actresses and directors. Ten times that number of camera people, sound people, and carpenters, and electricians, and seamstresses, and teamsters, and members of a score of other crafts are employed in this industry. It is a major employment source and a major producer of revenue and taxes in my State. In turn, its activities provide employment for thousands of other persons who supply equipment and materials for the industry.

Additionally, in imposing restrictions on such per-program and per-channel use, it has seriously impeded the growth and expansion of cable systems, a point on which my colleagues on the House Commerce Committee, the gentleman from California (Mr. VAN DEERLIN) and the gentleman from Pennsylvania (Mr. ROONEY) can speak more eloquently than I.

It simply does not make sense to me that a Government agency should attempt to tell people what they may or may not see or they may not pay for. It is difficult to understand how allowing cable systems to provide their customers with films or other programs impairs the viability of what we have come to call free television in this country. Cable systems, as I understand, fill an important and essential void in this country by bringing programing to millions of viewers who would otherwise be deprived of such news and entertainment, or who otherwise receive it under adverse viewing conditions.

Only a few months ago the Commission seemed prepared to adopt a modification of its earlier 1970 restriction that would allow limited use of films under limited conditions. While in my view the proposal then pending was still unduly and unfairly restrictive, it at least was a step forward. But suddenly a final decision was withheld on the premise that the Commission was undermanned. Although the four Commissioners then serving were well informed on the pros and cons, and although many other important FCC decisions have been decided with a four-vote majority, the Commission once again deferred further action on this long-pending issue until it had a full complement aboard.

In my judgment, the time has come to fish or cut bait.

It is time to move this matter along expeditiously. I note with approval the Commission's own comment in its formal release of August 7 that, and I quote:

> In view of the long pendency of this proceeding, it (the Commission) expected to adhere to the set schedule and did not contemplate granting extensions of time.

This is a salutary assurance. Moreover, I hope and expect that the 3 days of oral argument scheduled for October 23, 24, and 25 are followed and that sometime before the end of 1974 the Commission hands down a decision that will permit cable system in this country to expand service to their subscribers, and that in so doing, a helping hand will be offered to those thousands of persons in New York and California who are engaged in the production of film programs.

Mr. VAN DEERLIN. The gentleman represents a very large share of the film industry; does he not?

Mr. GOLDWATER. Yes; in a portion of Los Angeles; not only my particular district, but that of my colleague (Mr. CORMAN). We are aware of a number of people who are presently unemployed because of the lack of production. It would be, I think, in the best interests of those people to try to expand the outlets for production.

If, in fact, cable television would provide that avenue, I think it ought to be explored, and allowed to show what it can do.

Mr. CORMAN. Mr. Speaker, will the gentleman yield?

Mr. VAN DEERLIN. I yield to the gentleman from California.

Mr. CORMAN. Mr. Speaker, I want to commend both my colleagues for their leadership in this field. I must say that there is a wealth of creativity in Hollywood and in southern California which has no outlet now because of the nature of the situation. I do not quarrel at all with the very fine shows, nor with the people working in the existing media. But there is other talent than can and will be used in a free market of pay television.

It is true that at the moment we are doing pretty fair in the employment market in Hollywood. But there still is a tremendous number of people unemployed, who ought to be employed in providing entertainment for that segment of the viewing public which is not satisfied with the existing fare.

I pointed out some recent changes we made in the tax law, removing the tax advantage for producers to go abroad to produce entertainment. It has worked to our advantage. Now, we need to expand that advantage by opening new outlets for our talent.

Mr. VAN DEERLIN. Mr. Speaker, I assume the gentleman is well acquainted with leaders in the film industry, as well as with many of his constituents who work in it, and that he is aware of their support for pay cable as a new and expanded outlet for American film production. The gentleman would not expect them to take this position, would he, if it were going to injure the outlet that they rely upon principally—which is the American movie theater?

Mr. CORMAN. No, I would not. We are talking about the normal movie house or drive-in theater. Obviously, they cater to a certain number. Of the 220 million Americans, each has different entertainment tastes. Some want to see the kinds of movies they see in movie houses; some want to sit at home and watch the kind of television we now have. I am sure a great number of people would like to watch pay television, and they ought to be given an opportunity.

I agree with the gentleman that the total movie industry is not at all interested in hurting the exhibitors. I am sure they are not going to do that. All these people will get the kind of entertainment they want.

Mr. GOLDWATER. Mr. Speaker, will the gentleman yield further?

Mr. VAN DEERLIN. I yield to the gentleman.

Mr. GOLDWATER. I would agree. I would also point out it should not be the intention of Government to prohibit technology or advancement in technology or advancements in new ideas from being developed. I commend the FCC for holding these public hearings in October. By these oral arguments, perhaps, Commissioners can finalize a question that has been hanging in the balance so many years.

Mr. VAN DEERLIN. Mr. Speaker, I thank the gentleman for his contribution. I thank both gentlemen from California (Mr. GOLDWATER and Mr. CORMAN) for their contributions.

TAX REFORM: NOT A SURTAX

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FUQUA) is recognized for 5 minutes.

Mr. FUQUA. Mr. Speaker, inflation is rampant in the land and its consequences are frightening. It must be curbed.

The President is to be commended for making this the No. 1 priority of his administration.

As a former Member of the House, he knows far better than most that Members of Congress can disagree with the President without being disagreeable.

It is in this context that I commend him for making decisions and presenting programs. Yet at the same time, I must disagree with his proposal for a surtax on the hard-hit middle-income American.

Certainly those in the lowest economic rung of our society are being the hardest hit. Under the President's proposal, a 5-percent surtax would be levied on the taxes of all Americans earning over $15,000 annually.

That may sound good on the surface, but what it does is levy an unfair tax on the second most hard-hit Americans—those in the middle income area. The high income and very rich American is not going to be hit. They already have enough loopholes.

Isn't it shocking to see one of the richest men in the Nation, nominated to be the Vice President, point out that he paid no tax 1 entire year. That is shocking. This is not to say that the Vice Presidential nominee did anything wrong; he abided by present law. It just points out how unjust our present tax laws are.

If we really want to get at some root causes, we should demand real tax reform. If this surtax is passed, tax reform will be shuttled aside once more and literally the rich will get richer and the poor continue to get poorer.

Gerald Ford is a good man who is trying to do a good job.

He has focused on the problem of inflation as much as he possibly can. There are many good proposals and I feel certain that we are going to find some solutions in the long run.

Frankly, I do not feel that the surtax is the answer and further feel that it would be an unjust levy on people who are already hard hit.

STATEMENT ON CUTTING THE FEDERAL BUDGET BY ROBERT W. HARTMAN

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, I believe that all Members of Congress will read with very great interest the following statement, "Uncontrollability of the Federal Budget," by Robert W. Hartman.

Mr. Hartman, a senior fellow at the Brookings Institution in Washington, is a widely respected economist.

The fundamental theme of his article is that it is unwise to let an assumed "controllability" of budget items determine which ones are expendable when consideration is given to cutting Government expenditures.

Mr. Hartman's statement follows:

UNCONTROLLABILITY OF THE FEDERAL BUDGET

(By Robert W. Hartman)

The obsession with cutting the federal budget, whatever its value in fighting inflation, has the virtue of directing public attention to the insides of a $305 billion black box. Unfortunately, the lessons so far drawn from this closer inspection give little hope that future budgetary decisions will be better than in the past.

Roy Ash started the current debate by attempting to demonstrate that short-term fiscal stringency requires that budget cutting be concentrated on the $15 billion share of the federal budget that the Office of Management and Budget (OMB) labels "discretionary non-defense outlays." This conclusion is reached by eliminating as uncuttable and uncontrollable the following spending categories. First, over $140 billion in expenditures for entitlement programs such as social security are viewed as uncontrollable because Congress would have to vote to rescind benefits which recipients have come to accept. Next, OMB eliminates over $80 billion in spending for which the government has already obligated the funds (as in payments on past defense contracts when the work is completed) or for which there is no way to avoid current payments (such as paying interest on the federal debt). These "uncontrollable" payments, thus, comprise about 70 percent of fiscal year 1975 spending, leaving 30 percent (about $90 billion) as "discretionary."

OMB estimates that $57 billion of the discretionary budget is spent on personnel costs (over half in defense) and reasons that these are very hard to pare in the short term. This process of elimination leaves $20 billion in defense outlays and $15 billion in domestic discretionary spending. Discretionary defense spending cutbacks would necessitate either reducing the readiness of American forces (by limiting purchases of fuel, supplies, and spare parts) or the modernity of future defense forces (by cutting back on new initiatives). Neither the Administration nor Congress have shown much interest in such reductions and even the most pacific observer might agree that once we have the tanks, we might as well fuel and repair them. That leaves $15 billion in non-defense discretionary programs on the OMB's cut-eligible list. About a third of these outlays are for grants-in-aid to state and local governments for education, manpower, community development and child nutrition programs. Another third goes primarily for research and training in health, space, and energy. The remainder is an assortment of public works and sacred cow programs.

TWO LESSONS

Two lessons are drawn from this exercise of stripping the budget down to its g-string. First, it is maintained that the fight against inflation requires that the social grant-in-aid and research programs be cut. Second, it is contended that in order for the government to regain control over the budget, entitlement programs, which constitute the largest uncontrollable items, be reexamined and, presumably, reduced.

There is no sense in letting the controllability of various items in the federal budget determine what is expendable in times when fiscal tightness is needed. First of all, an ordering of programs in terms of national priorities need not at all correspond to an ordering based on budget controllability. For example, just because grants to states for education do not constitute a mandatory claim on federal expenditures is no reason to make education bear a disproportionate share of federal restraint. Second, what is controllable to the federal government is not necessarily controllable to recipients of federal aid. Thus, it is ludicrous to recognize that these cuttable education grants-in-aid are used by states and localities mainly for personnel costs (as are research expenditures), the precise category that eliminated most of defense expenditures from the federal cut-eligible list.

THE SHORT-RUN

In the short-run, when fiscal restraint is required the most important fact to recognize about the federal budget, broadly conceived, is that taxes are 100 percent uncontrollable now. Taxes are not at all subject to annual review, nor are they presently manipulable for short-run fiscal policy purposes. Thus, if there is any imbalance in budgetary options to meet short-run needs, it is that we do not have a system of quickly implementable surcharges (and rebates) on income and profits taxes. If the nation decides that the war on inflation necessitates $5 billion in fiscal stringency, such a policy can be implemented by imposing a 3 percent surcharge on federal income and profits taxes, without the distortion of national priorities implicit in the budget-stripping exercise.

THE LONG-RUN

In the long-run, it is not at all obvious that attention should be directed to entitlement programs in order that Congress get a handle on the federal budget. On the grounds of both political realism and good social policy, we need to have income maintenance programs in which benefits are guaranteed in advance. It is in the nature of good social insurance programs that when people retire, or become disabled, or unemployed, or fall below a minimum level of income, they should automatically qualify for public benefits. Indeed a good case can be made that these benefits should be automatically adjusted for inflation—as we have done for social security, but not for all entitlement programs. Thus, the most inveterate budget controller will only be able to get control over the extent to which real improvements are added to the entitlement programs. The benefit base will—and should—be with us always.

Not so, for the rest of the budget. When we take a longer than one year view, virtually all the items that look uncontrollable in the short-run, become controllable. While in fiscal year 1975, it is correct to view progress payments on an air force bomber as uncontrollable, it is equally true that if Congress refuses to vote further funds for bombers, there will be no future overhang of unrequited obligations. Similarly, cutting back on federal personnel costs in a single fiscal year may be nearly impossible, but reductions over a longer time-span are certainly feasible. Finally, looking to the tax side, while it is certainly true that loophole-closing to meet short-run fiscal goals is to invite Christmas tree tax bills, in the long-run major sources of erosion in the tax base can, and should, be plugged up.

A PERTINENT LESSON

Thus, a pertinent lesson to be learned from opening the black box is that by looking forward to future federal budgets, we can well afford to maintain the real level of existing entitlement programs—well under half the prospective budget—and devote attention to economizing on the remaining programs as well as looking for new sources to finance new programs and high priority improvements in existing ones. Because federal spending and taxing is so critical to the nature and quality of our society, they should not be reduced to a mechanical exercise; planning over long periods and adjusting the budget in a foresighted and even-handed way can turn arithmetic into a socially productive art form.

THE PRESIDENT'S PROGRAM SHOULD MOVE FORWARD

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, the President has come to grips with the problems of the Nation's economy. His program for inflation control and for restoration of confidence in the business world has been awaited with anticipation and great interest. Generally, the plan is good. It is broad in that it covers many areas. But it will be received with mixed emotions. It steps on a few toes. It will also be called inadequate in that it does not go as far as some experts feel is required to restore public confidence in the economy.

Most people will be pleased that there is not to be an increase in gasoline taxes. The business community will be glad to have the tax credits which are recommended. However, there is objection in many areas to the 5-percent surtax. Those who comprise the middle American income brackets are bearing the brunt of taxation and the 5-percent surtax will hit most who are in that bracket. If a surtax is approved, a graduated scale rather than a flat 5 percent would be preferable.

The new Government mortgage purchase plan will be a boost for the housing and lumber industries, and this should be implemented immediately. These industries are among the hardest hit in the Nation and it is undoubtedly true that more must be done in these areas. Nevertheless, the President's recommendation will provide an important beginning.

The President's blessing on the tax bill now awaiting final approval in the House Ways and Means Committee which raises the taxes of the oil industry should also have general approval.

His emphasis on self-sufficiency in energy is commendable. So is his plan to increase food production. America can sell its food products abroad for cash and this is a very important consideration. Increased domestic production should also help to stabilize prices of food to the American consumers.

Much of the President's plan depends upon voluntary cooperation for success. This may or may not be sufficient to accomplish the goals. He is right in stressing the danger of inflation, and I think it would have been well if he had added that failure to cope with the problem by present proposals almost inevitably will bring about the necessity for much stronger measures such as wage and price controls which apparently most people do not want.

The President has given Congress and the Nation a plan. Congress will and should make some changes in the proposals. The important thing is that this is no time to delay in putting a plan into action. If it is necessary that Congress remain in session in order to accomplish this, it should be done. The economy has stood still too long. Action is needed now to stimulate national confidence in America.

A TRIBUTE TO PAUL G. HOFFMAN

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, I should like to take this opportunity to pay a tribute to one of the outstanding citizens of our country, Paul G. Hoffman, who died yesterday.

It was as a child that I first came to know of Paul Hoffman because he was the President of the Studebaker Corp. in my home town of South Bend, Ind., and I was pleased later in life, after coming to Congress, to become personally acquainted with him and his equally distinguished wife, Mrs. Anna Rosenberg Hoffman.

It was not only as a business and industrial leader of extraordinary capacities but, perhaps still more, as a gifted public servant both for the United States of America and for the United Nations that the American people came to know this fine man.

In particular, I call attention to Paul Hoffman's leadership as the first administrator of the Marshall plan and as head of the United Nations development program.

Mr. Speaker, Paul Hoffman was a noble and humane man and all who knew him will miss him.

Mr. Speaker, I extend my deep sympathy to Mrs. Hoffman and to Mr. Hoffman's family.

I ask unanimous consent to insert at this point in the RECORD two articles about Paul Hoffman, one from the New York Times and the other from the Washington Post.

These articles follow:

[From the New York Times, Oct. 9, 1974]

Paul G. Hoffman Is Dead at 83; Led Marshall Plan and U.N. Aid

(By Alden Whitman)

Paul G. Hoffman, the automobile executive who headed the United Nations Development Program and who was the first administrator of the Marshall Plan after World War II, died yesterday in his sleep.

Mr. Hoffman, who was also the first president of the Ford Foundation, had been in failing health for two years after having suffered a stroke and a heart attack. He was 83 years old and lived at 2 East 88th Street.

For his Marshall Plan role he received the Medal of Freedom, the nation's highest civilian award, last year. The citation praised Mr. Hoffman for "moving the world out of the devastation of World War II and through a difficult period of decolonization and emergent nationhood."

Mr. Hoffman was "a visionary and a pragmatist at the same time," Rudolph A. Peterson, the administrator of the United Nations Development Program, said yesterday. He "could—and did—work with anyone, anywhere, any time to help further the goals of world peace and human progress which he embraced so fully."

The United Nations General Assembly met yesterday to hear eulogies of Mr. Hoffman. In his tribute, Secretary General Kurt Waldheim said that Mr. Hoffman had been "a friend to many around the world."

Selling, Paul Gray Hoffman said, is "the process of transferring a conviction from the mind of the seller to that of the buyer." It was an apothegm he practiced all his adult life as an automobile salesman, head of the Studebaker Corporation, administrator of the Marshall Plan, president of the Ford Foundation and, lastly, as administrator of the United Nations Development Program.

Low-key, affable, enormously energetic, Mr. Hoffman couched his enthusiams in an agreeable middle-register voice that was not so much an importunity to buy his product as it was an orderly presentation of reasons for doing so. His soft-sell approach won him friends in both the American and the world communities.

Mr. Hoffman's persuasiveness as a salesman was nowhere better exhibited than in his United Nations post, which required him to raise $250-million a year through voluntary contributions from member-states. His program was the major source of multilateral technical and preinvestment aid to poorer countries. It accomplished this by conducting surveys of mineral, land and power resources and by providing training and aid to industry and agriculture. The objective was to stimulate further financing from the World Bank and private sources.

SPONSORED 1,430 PROJECTS

In addition to insisting that his program's fund be employed as "seed money," Mr. Hoffman saw to it that recipient countries shared some of the cost of the project. Over 13 years the Development Program and its predecessor, the United Nations Special Fund, spent $3.4-million on 1,430 projects, including a survey for a dam site in Nigeria, the identification of mineral lodes in Argentina, Panama, Chile and Somalia, and forestry studies in many countries.

One of Mr. Hoffman's more spectacular contributions to the quality of life in the underdeveloped world was a project to rid North Africa and * * * locust plagues by means of cross-border air patrols and insecticide raids.

About a third of the money Mr. Hoffman cajoled from well-to-do nations went to Africa and more than a quarter to Asia. In the beginning Mr. Hoffman had hoped to increase the per capita gross national project of beneficiary countries by 5 per cent over a decade, but the results fell short of that projection.

THREE BASIC INSIGHTS

When Mr. Hoffman stepped down this year, the actual increase was calculated at 2.5 per cent. This figure, observers said, could have been higher except for population growth in the aided countries and the lack of support from the richer countries. The United States contributed $86-million to the program, it was pointed out, ranking 27th among donors in relation to its gross national product.

"It is all unfinished business," Mr. Hoffman commented. "We have made only a feeble start." Many at the United Nations felt that Mr. Hoffman was being overly modest about the practical results of his work, which involved at least 150,000 miles of travel a year and endless conversations and negotiations and which caused him to say that his United Nations assignment constituted "the most fascinating 13 years of my career."

Out of these years came three basic insights into economic aid expressed by Mr. Hoffman:

"One illusion is that you can industrialize a country by building factories. You don't. You industrialize it by building markets."

"Our whole thinking has been clouded and obscured by the term 'foreign aid.' If you try deliberately to use aid to win friends and influence people, you won't win any friends and you won't influence any people. On the contrary, you will make bad friends."

"All countries tend to make better use of their physical resources than of their human resources. It is hard to conceive of a nation neglecting its diamond mines or overlooking its petroleum deposits. Yet human potentials of an immeasurably greater worth are wasted and frequently for the most unreasonable reasons."

One of the qualities that sustained Mr. Hoffman was his good humor. Another was his capacity for listening. And a third was his willingness to concede that he did not possess the ultimate answers to all problems. His sentences were sprinkled with such phrases as "in my opinion," "as I see it" and "from our point of view."

Despite his fortune, Mr. Hoffman dressed in quite simple double-breasted suits, soft-hued shirts and a wrinkled gray felt hat. Although he could be at home at a formal banquet, he much preferred to eat a cheeseburger in a drugstore or dine from a cafeteria tray. In conferences, he sat with his legs dangling over the side of his chair and there was usually a look of contained amusement in his dark blue eyes.

GO-GETTING CAR SALESMAN

One of five children, Paul Gray Hoffman was born in Western Springs, Ill., near Chicago on April 26, 1891, the son of a moderately successful inventor. Hoping to become a lawyer, he enrolled at the University of Chicago when he was 17. His father's financial reverses obliged him to leave after a year; but he later served as a university trustee for 17 years. Interested in automobiles as an adolescent (he had reconditioned a second-hand Pope-Toledo), he got a job as a salesman for Halladay cars in the Chicago suburbs.

His sales technique was to invite the local banker for a drive, an invitation eagerly accepted, since motor cars then were a novelty. Rather than trying to sell the banker, Mr. Hoffman plied him with questions about friends or acquaintances who might afford a Halladay. In many cases the banker and his prospects all bought automobiles.

Mr. Hoffman moved to Los Angeles in 1911 and four years later he was named manager of the Studebaker Corporation's retail and wholesale division there. After service in World War I—he joined the Army as a private and emerged as a first lieutenant—he returned to automobile salesmanship in California and purchased the Los Angeles retail branch of Studebaker in 1919.

In six years the Paul G. Hoffman Company was doing a business of $7-million annually, having not only sold cars through his agency but also having led civic campaigns for safer and better roads, Mr. Hoffman had also made his first million.

His record as "a boy wonder" impressed the president of Studebaker, who brought Mr. Hoffman to South Bend, Ind., to help redesign the Studebaker body and to become vice president in charge of sales.

Despite Mr. Hoffman's efforts, the car's marketability declined in the Depression and the manufacturer went into receivership in 1933. As one of the receivers, Mr. Hoffman put on a sales campaign with two slogans—'Studebaker Carries On?" and "Studebaker, the Friendliest Factory." Dealers were invited to bring their complaints directly to him. The receivers also sold their Pierce-Arrow line for $1-million.

Studebaker came out of receivership in 1935 with Mr. Hoffman as president, a post he held for 13 years. In 1938 the company entered the low-price field with the Studebaker Champion, a car that helped put the company well into the black. Its net for 1939 was estimated at $2.75 million, a heady sum in those days.

In World War II, Studebaker devoted itself to manufacturing airplane engines and heavy-duty military trucks, including the Weasel, an amphibious personnel and cargo carrier. At the close of the war, the company was recognized as among the leading carmakers.

Meantime, Mr. Hoffman had organized a $10-million drive for United China Relief and had helped to establish the Committee for Economic Development. The purpose of this privately financed, nonprofit organization, of which he was board chairman, was to stimulate American business to the audacious planning deemed necessary for high post-war employment.

The group suggested that up to 56 million civilian jobs would be needed to provide abundant peacetime employment—about 10 million more jobs than existed in 1940. Many economists thought the figure visionary, but Mr. Hoffman disagreed, asserting:

"These new jobs can be created only through an increase in our national output of goods and services to a level of 30 per cent to 45 per cent above that of 1940. I think it the quintessence of horse sense to accept and strive for a goal high enough to meet our social and fiscal needs."

Mr. Hoffman's ceaseless evangelical prodding of business is often credited with spurring industry to expand its sights.

PUT TO WORK BY TRUMAN

His reputation as a salesman of business foresight recommended him to President Harry S. Truman, who drafted him in 1948 as Economic Cooperation Administrator under the Marshall Plan of assistance to European recovery. His job was "to sustain and strengthen principles of individual liberty, free institutions and genuine independence in Europe." It involved cooperation with 20 foreign governments and more than a score of Federal agencies.

Studying the agency's responsibilities, one of Mr. Hoffman's aides remarked, "It just can't work," Mr. Hoffman's quiet reply was, "Let's try it for a while."

His style in Washington was to employ candor and a ready supply of information. The result, according to one observer, was that he was able to get "a whole roomful of Senators working like mad to help Paul Hoffman solve his problems." Abroad, he stumped for productivity and continuous planning of improved production techniques. "Make no small plans, for they have no magic to stir the imagination of men," he told his associates.

Mr. Hoffman's energetic moves to implement the Marshall Plan showed initial results despite an unwillingness on the part of a number of European industrialists to adopt supranational planning and production. Nonetheless, he supervised the spending of $10-billion in his two-and-a-half years in office and laid the foundation for much of the subsequent economic growth of France and West Germany.

In overseeing the allocation of millions of dollars in Europe, Mr. Hoffman said that anti-Communism, not philanthropy, was the chief aim of the Marshall Plan. Later, however, when he was dispensing United Nations assistance, he said that the disbursement of development aid "must be completely independent of, and completely unrelated to, any political or ideological considerations."

Retiring from Federal service in 1950, Mr. Hoffman was named president of the Ford Foundation, a position he filled for three years, and then returned to industry as board chairman of Studebaker. The company experienced difficult times, first merging with Packard and then having trouble raising money. Mr. Hoffman resigned in 1956. Later, Studebaker discontinued automobile production and the company is now Studebaker-Worthington, Inc., makers of automobile parts and other machinery.

Before becoming an international civil servant, Mr. Hoffman was a member of the United States delegation to the United Nations General Assembly and an executive of the Fund for the Republic, a civil libertarian educational group.

Mr. Hoffman was 68 when he was prevailed upon to become managing director of the United Nations Special Fund in 1959. He had retired at 65, he explained, but "I found retirement hard to take." He remained with the United Nations until January, 1972. "He was November in age, March in spirit," a colleague said of his world organization service. When he left office, his staff gave him a charcoal portrait, saying that it was a selfish gift since a print had been made for each of his aides.

In transforming himself from car salesman to world statesman, Mr. Hoffman retained to a remarkable degree his freshness and optimism and his openness in dealing with others.

Summing him up a few years ago, Walter Lippmann, the columnist, said.

"Men found the worst they could do was disagree with him. He was patently not angry and not frightened, not envious and not scheming, not playing a game and not hiding his meaning. The air was fresh and clean, as if the windows had been opened."

Mr. Hoffman's life was also recounted in his writings, ranging from his first book in 1930, "Marketing Used Cars," to "Peace Can Be Won" in 1951 and "World Without Want" in 1962.

Mr. Hoffman's first wife was Dorothy Brown, whom he married in 1915. After her death in 1961, he married Mrs. Anna M. Rosenberg, a former Assistant Secretary of Defense, in 1967.

In addition to his wife, Mr. Hoffman leaves seven children of his first marriage, Hallock, Peter, Donald, Robert and Lathrop and two adopted daughters, Barbara Greatrake and Kiriki Metzo. Twenty-five grandchildren and two sisters, Margery Bowles and Virginia Germond, also survive.

There will be a memorial service Oct. 22 at 11 A.M. at the Unitarian Church of All Souls, Lexington Avenue and 80th Street.

[From the Washington Post, Oct. 9, 1974]

Paul Hoffman Dies

(By Ferdinand Kuhn)

Few newcomers to official Washington ever won so much acclaim in so short a time as Paul G. Hoffman, the first administrator of U.S. foreign aid who died yesterday in New York at 83.

When he arrived here for his first government job early in 1948, he was a Republican businessman, president of the Studebaker Corporation, with the reputation of a supersalesman. When he left two and a half years later he had won the applause of Democrats and Republicans alike and of those often hardest to please: the career civil servants.

He "achieved great things," said the Democratic President, Harry Truman. He served his country "magnificently," said the Republican chairman of the Senate Foreign Relations Committee, Arthur H. Vandenberg. "Few men in history have left the mark that he did," was the comment, many years later, of W. Averell Harriman, his deputy in Europe and his successor. It was a chorus that sang in unison except a few discordant notes from the far right and far left.

Originally the President wanted Dean Acheson to direct the agency that would spend $17 billion in four years for Europe's recovery. Acheson had served as under secretary of State, and by 1948 was back in the private practice of law. But the Republicans then controlled Congress, and Republican leaders had another kind of administrator in mind. Senator Vandenberg, their spokesman, told Mr. Truman that Congress wanted a businessman from outside the government. Hoffman had been the first choice of at least half of more than a hundred businessmen whom Vandenberg had canvassed. That settled it; the President gave in.

The new administrator took comparatively little part in setting the broad policies of the foreign aid effort. Those had been drawn in broad outline in the Marshall Plan and in the historic congressional debates that followed. Where Hoffman excelled was in organizing a new agency on a nonpartisan basis and in choosing able helpers.

His assistants saw little of him in the office, although he kept them briefed and consulted. Then, as always, foreign aid was unpopular. The life of the aid director was one of unending effort to sell an expensive and politically unattractive product. During 1949, his first full year in the job, Hoffman was out of his office all but about two hours of every working day, usually in committee rooms or antechambers on Capitol Hill.

Men and women who worked with Hoffman in the ECA—the Economic Cooperation Administration, as it was then called—still find lessons in his performance. If one asks them why Hoffman was such a success, they answer in this vein: "He never threw his weight around." "He tossed out ideas and didn't mind letting others pick them up and take the credit." "He never let power swell his head."

Where other businessmen felt out of their element in government jobs. Hoffman seemed to know his way. His brisk talk was usually low-keyed. His blue eyes kept a twinkle of humor in reserve; he faced many serious situations but never despaired. In a time of alarms and crises, some of them dangerous, he was a steadfast optimist.

His personal traits stayed the same to the end, but his mind grew and changed with the years. From the start of the Marshall Plan he took a deepening interest in the economic and social wellbeing of the rest of the world. He went on to head the Ford Foundation and the United Nations development program, broadening his ideas and the market for them.

Again and again in his Marshall Plan years he argued that spending billions to rebuild and revive Europe would be good for business as well as essential for America's survival. When some in Congress wanted special privileges for American business in return, Hoffman replied that the American aid program must never be used for this purpose. Repeatedly he contended that trade is a two-way street, thus standing against American protectionists who were afraid of foreign competition.

In September, 1950, Hoffman resigned, soon stepping into the presidency of the Ford Foundation. Here he could direct the spending of hundreds of millions free of congressional constraints. The Foundation attracted him for other reasons as well. It gave him a chance to sell his ideas with more freedom than before. But he was wrong.

The marriage between Studebaker and Ford did not work. For the first and only time, Hoffman was not a success in a major undertaking. Exactly what happened, and why he left Ford after less than two years, was never publicly explained.

Dwight MacDonald, in a famous profile of the Ford Foundation in The New Yorker, suggested in 1955 that Hoffman had been too dangerous for the Ford trustees. For example, he recruited the always-controversial Robert M. Hutchins, formerly chancellor of the University of Chicago, as his deputy.

It was reported, although Ford spokesmen denied it, that the trustees wanted someone safer and more conventional as president. All Hoffman would say, with a wry smile, was that he and Ford were "incompatible." He seemed glad to be rid of the foundation job, and with his usual energy plunged into a variety of public causes.

One of his favorite causes of those days was named Dwight D. Eisenhower. Soon after Gen. Eisenhower had become president of Columbia University in 1948, the general asked a visitor, "How do we elect Paul Hoffman President of the United States?" Hoffman turned the compliment around. By 1951 he was in the front line of rich and prominent admirers who were urging the general to come home from NATO headquarters in Europe and run for President. The next year he helped round up convention delegates and raised money for the Eisenhower campaign. Only Ike, he said, could cut through "the smog of hate, fear and political amorality" in the United States."

When anyone talked of hate in those years he usually meant Senator Joseph McCarthy. Hoffman was one of the few Republicans to speak out against what he called McCarthy's "fantastically false" charges against Gen. George C. Marshall in the 1952 campaign. Late in 1953 Hoffman prodded President Eisenhower to counterattack. As Robert J. Donovan tells it in "Eisenhower: the Inside Story," based on access to the White House files, Hoffman "was urging him to let McCarthy have it with both barrels." Vice President Nixon and others advised him to hold back. Eisenhower, beset by conflicting advice, decided not to tangle with McCarthy: "I will not," he said, "get in the gutter with that guy."

Hoffman's stand against McCarthy brought frowns to many Republican faces. The displeasures of others seldom stopped him; he was independent-minded from his youth.

Paul Gray Hoffman was born in Chicago on April 26, 1891. His father, George Delos Hoffman, was an inventor who wanted his son to get a University of Chicago degree. Paul did enter that university, but stayed only a year. By 1911, when he would have been a junior in college, he was a salesman in the Studebaker branch in Los Angeles.

He climbed the corporate ladder fast. In 1915, at 24, he became sales manager of the Los Angeles branch; in the same year he married Dorothy Brown. She bore him six children, and they added a seventh as a ward. His children survive him. In 1925 he was already a vice president at Studebaker, and by the time he was 35, a year later, he had made a million dollars.

The Depression pushed Studebaker into bankruptcy in 1933. Within two years the company was on its feet again with capital that Hoffman had coaxed out of Wall Street, and with himself as president.

The start of World War II in Europe, and the war orders pouring into American factories, led Hoffman to think about the postwar future. How, he wondered, could the country keep full production and full employment when the war ended? "This is a problem for university scholars," he told Robert M. Hutchins, the university chancellor, and William Benton, the vice chancellor, in 1940.

According to Sidney Hyman, Benton's biographer, Hoffman argued that businessmen and scholars ought to pool their knowledge to solve the problem. This was the origin of a short-lived but influential group called the American Policy Committee, made up of fifteen or twenty thoughtful businessmen who were willing to give time to long-range public policy.

The commission disbanded after Pearl Harbor, but much of its planning work was picked up by the larger Committee for Economic Development. Hoffman was a spark plug in this nongovernmental engine of study, planning and publicity. He was sure there would be a vast postwar market at home and abroad—if businessmen could be persuaded to plan the conversion of their plants to peacetime uses. It was the CED more than anything else that brought Paul Hoffman to the attention of business leaders and, before long, political leaders around the country.

Hoffman's mind had turned more and more to international affairs during his five years in government and at the Ford Foundation. In 1956 President Eisenhower called him back to public service by naming him a delegate to the UN General Assembly. This opened a new chapter in Hoffman's life.

It was a strange experience for him to have to listen not only to attacks on the United States by Soviet and Soviet-bloc delegates but also to the diatribes of Krishna Menon of India. He learned new lessons in when to be patient and when to talk back.

The Assembly taught him much, too, about the so-called Third World. He became convinced that government grants by themselves could not pull any country out of poverty. The UN experience led directly to Hoffman's appointment in 1959 as managing director of the UN Special Fund for economic development.

This was an agency in which he could sell his ideas and enthusiasms on a worldwide market. Applying lessons he had learned in the Ford Foundation, he regarded the Special Fund as "seed money." Hoffman liked to say that if the Special Fund spent, for example, $50 million a year on training and pilot projects, and if recipient governments put up $75 million, they would prepare the ground for at least a billion in private investment for profit.

Looking back over his career, Hoffman said the best part of it was at the United Nations. He ran a highly personalized operation in the Special Fund. His closest associates were men of his own choosing. The staff broke with UN secretariat habit and did not splinter into national or racial groups.

Again, as in his Marshall Plan days, Hoffman spent much of his time out of the office. Often he flew to Washington to induce lukewarm congressmen to vote the American share of the Fund. Most of his travels, however, took him overseas. In his first two years as managing director he appointed himself a traveling salesman for development, visiting sixty-eight countries, all outside Western Europe.

The Special Fund was merged in 1966 with the larger and longer-established UN Development Program. Now the bureaucracy of the UN Secretariat hemmed Hoffman in. He was less effective than before, but he kept his unbureaucratic ways. Long after he was 70 he liked to walk, when he could, from his apartment to his twenty-ninth-floor office half a mile away.

If he ever lost his optimism during his 70s he lever let the public know. He was "completely convinced," he said in 1969, "that we now have the technology to double world food supplies in the next ten to fifteen years." In 1961 his wife died after 46 years of marriage; the next year he married a dynamo named Anna M. Rosenberg, a former assistant secretary of defense. He had worked wtih her on labor-management problems during his CED days; he described her as "an old, old friend." She was with him at his death.

He kept his good health until about five years before his retirement at 80. He drank only occasionally, hated cocktail parties, had not smoked since his youth. He relaxed playing golf, bridge and gin rummy. But a broken leg and other ailments took their toll. When he returned here for a farewell reception after he retired in 1971, old associates who had not seen him for five years felt he had aged at last.

THE MEDICARE LONG-TERM CARE ACT OF 1974

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, I have introduced H.R. 17136, the Medicare Long-Term Care Act of 1974. This proposal would amend title XVIII of the Social Security Act to provide long-term care services as a part of the supplementary medical insurance program and would encourage the creation of community long-term care centers to assist in providing such services.

Research on retirement and the retired has focused attention on the health and economic status of older poeple. Poor health is a major reason for retirement. Of every 10 persons 65 or over, 8 have at least one chronic health problem, and 4 have some limitation on activity as compared to earlier years. All older Americans are aware that their major problem is the maintenance of functional capabilities, both mental and physical, to the maximum extent so as to make life worth living for as long as possible. But for the 10 or more million older Americans who are not in need of hospitalization or nursing home care, but who are in need of other health services there is no program—with some limited exception for medicaid recipients—to provide for their needs.

The Medicare Long-Term Care Act of 1974 provides for a system of community long-term care services for older Americans including: First, home health services, second, homemaker services, third, nutrition services, fourth, comprehensive long-term institutional care services, fifth, day care and foster home services, and sixth, community mental health center outpatient services.

These services would be provided by or through community long-term care centers which would coordinate and direct the long-term care services. Such centers would be planned and developed under the aegis of the States and the States would be eligible for Federal grants for reimbursement for expenses incurred in the performance of such functions.

The long-term care center would evaluate and certify older Americans' needs for services through a team composed of individuals with the skills necessary for such evaluation and certification. The care prescribed is based on the maintenance of an individual in an independent living arrangement which is reasonable given such individual's state of health and other circumstances at any given time. Hospitals, skilled nursing facilities, or home health agencies would be considered to have in effect a transfer agreement with a community long-term care center when such transfer is medically appropriate as determined by the attending physician. Interchange of medical and other information necessary or useful in the care and treatment of individuals transferred between such hospitals and other facilities is provided for in determining whether patients can be adequately cared for otherwise than in a hospital or skilled nursing facility.

Older Americans who are entitled to supplementary medical insurance benefits under part B shall be entitled to the benefits of this program, without additional cost to such individuals, from premium payments made under part B together with contributions from funds appropriated by the Federal Government. In addition, any individual who is eligible for supplemental security income benefits under title XVI, shall be entitled to the benefits of the program. The Secretary of Health, Education, and Welfare is directed to pay into the Federal Supplementary Medical Insurance Trust Fund the premiums due under this amendment.

Mr. Speaker, I have no estimate of the cost of this bill, but I shall try to obtain such estimates from the appropriate authorities. I am concerned about the costs, but I also am concerned about the health care strategies recommendations of the 1971 White House Conference on Aging, which called for vast reforms in medicare coverage and the federalization of medicaid. I am concerned too about the findings of the 93d Congress during the consideration of the Research on Aging Act of 1974 which recently has been enacted to find ways to extend human life.

During consideration of that bill it was pointed out that there are already significant changes in mortality rates due to modern advances in medicine. House Report No. 93-906, on that legislation, states:

> The number of older people in the United States is growing faster than the population as a whole. At present rates of growth, the population of the United States age 65 and over will number about 28 million persons by the end of this century, and will account for between 11 and 16 percent of the population, depending upon the birth rate in the United States over the next three decades.

By the enactment of the Research on Aging Act we have dedicated ourselves to the extension of life, but without enactment of my Medicare Long-Term Care Act, we will have no comprehensive health services program to make that extension of life meaningful.

I am concerned foremost about the millions of older Americans who need alternatives to hospitalization and nursing home care now and who live everyday in fear of illness that will result in the incarceration in a strange environment which is now required by medicare and other insurance plans to the exclusion of other types of health services which should be prescribed.

I also am concerned about the costs of the construction of hospitals, nursing homes and retirement homes to take care of our increasing aging population. Such construction would cost untold millions of dollars even before the services are provided.

I am confident that the services provided for in my bill would help contain the rising costs of medical care not only for the elderly but for all Americans.

A WORD OF WELL-DESERVED PRAISE

(Mr. GROVER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GROVER. Mr. Speaker, the lateness of the hour of our session last night made many of us feel greatly inconvenienced. I was feeling sorry for myself, as I completed my 16-hour day, when I visited the Republican Cloakroom snack bar.

There was a weary, but always smiling, Helen Sewell and a gracious, accommodating Eleanor Thomas taking the edge off the Members' tempers and frustrations with efficient and friendly courtesy.

A visit to the Democratic Cloakroom found Raymond Roebuck doing his thing in the same professional but warm and disarming manner.

Mr. Speaker, these fine people are typical of the many unsung heroes and heroines who, always uncomplaining, go about their duties helping us make the House do the will of the people. I know you, Mr. Speaker, and my colleagues join me in thanks to Helen, Eleanor, and Raymond, and to all House employees for their patience and many kindnesses when the pressure is on.

HELP FOR PAN AM

(Mr. GROVER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GROVER. Mr. Speaker, Congress fiddles while Pan Am burns. It is incomprehensible to me that this House of Representatives can proceed toward election recess seemingly oblivious to the disaster threatening a billion-dollar U.S. industry and the 35,000 career employees of Pan American World Airways.

What is going on in this Congress? We are quibbling with the administration over the terms of a multi-billion-dollar foreign aid giveaway while the very continued existence of our great international airline hangs in doubt.

It seems unlikely that financial assistance is forthcoming in these times, but there is no reason to permit gross discrimination against Pan Am and favoritism to foreign airlines. It is ironic that it should be necessary at all and a sad commentary on our country's giveaway syndrome, but there is legislation pending in the Interstate and Foreign Commerce Committee to require equal treatment for our airlines with foreign companies. It should be acted on at once.

Otherwise, perhaps Pan American should go foreign and register in Transylvania or someplace else; then they would have the following goodies:

First. American foreign aid;

Second. Soft loans from the Export-Import Bank;

Third. Preferred U.S. mail carriage rates;

Fourth. Lower landing and berthing fees;

Fifth. Lower priced American jet fuel;

Sixth. And a fawning, solicitous U.S. State Department.

HONDURAS

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, the American people and this Congress are deeply concerned with the devastating effects which Hurricane Fifi has had on our hemisphere neighbor Honduras. Our hearts go out to the courageous people of Honduras as they begin to rebuild their ravaged nation. The United States has already contributed substantially to relief efforts and I am confident that the people of Honduras will be able to count on our continued support in the months ahead.

Recently a special study mission sent to Honduras to review the situation returned to the United States and submitted their report to President Ford. I take this opportunity, as chairman of the Subcommittee on Inter-American Affairs, to bring that report to the attention of the House:

AGENCY FOR
INTERNATIONAL DEVELOPMENT,
Washington, D.C., October 3, 1974.

MEMORANDUM FOR THE PRESIDENT

Subject: Special Report on the Honduran Disaster—Hurricane Fifi.

Fifi was no lady. Generating winds up to 150 m.p.h. and torrential rains, Fifi dealt the most productive northern regions of Honduras a devastating blow. The attached report, based on our visit to Honduras from September 29 through October 2, assesses the losses and damage suffered and reports on current relief efforts and future needs.

Our visit was warmly welcomed by the Honduran Chief of State, General Oswaldo Lopez Arellano, and the many officials of his government with whom we met as a further clear demonstration of your deep personal interest in, and sympathy for, the Honduran people in their time of need. General Lopez requested that we convey to you and, through you, to the American people the sincere appreciation of the Honduran people for our timely and effective U.S. emergency assistance to alleviate their distress.

No one will ever know how many lost their lives or how many were injured. Estimates of the number killed range from less than 2,000 to over 10,000, with many thousands more injured by collapsing buildings, hurtling debris and trees, and from being dragged for long distances by rampaging flood waters. The known human loss was therefore considerable. The other losses—to capital stock, infrastructure, buildings, roads, railroads—were likewise large, even staggering to Honduras, which is one of the poorest countries in the Western Hemisphere. Again, firm data are not yet available, but preliminary estimates of total damage are in the range of $500 million. The most serious impact was to agriculture and, particularly, to the banana industry, the mainstay of Honduras' export economy. Coming on the heels of the oil crisis and declining prices of coffee and lumber, it is clear that Honduras faces an economic problem of major proportions.

Our report also covers the emergency relief phase, which still continues. Problems in dealing with this phase—feeding, clothing, and housing, as well as providing for the health needs, for more than 100,000 victims—were and are considerable. The Honduras Government has responded vigorously to the challenge. It continues to need substantial additional assistance from the outside to reinforce its meager financial and trained human resources. The response from abroad in mercy flights and personnel has been widespread and heartening.

As of the beginning of October, the U.S. Government's emergency phase was valued at over $1.6 million. The assistance provided by non-government Americans has been no less impressive. Communities and voluntary groups in the United States have responded—with money, supplies and trained personnel. As of now, the response from these private sources tallies more than $800,000.

Other governments, international organizations and private groups are also responding. Contributions of food, relief supplies and cash from these donors are estimated in excess of $2.5 million. We feel that the United States should continue to provide critically needed assistance for life-support in the emergency phase. Plans are now being developed for temporary housing, food, medicine, hand tools, etc.

As for the post-emergency task of rebuilding the economy of the shattered northern region, assessment and planning are already underway. The magnitude of the task unquestionably will be beyond the crippled capacity of the Honduran economy. Help from outside will be needed. Precise plans and programs are not yet complete, but they will soon be available for review.

Here, too, there is an important role for the U.S. Government through A.I.D. In a multilateral framework, which has already been commendably launched with the initiative of the Government of Honduras, A.I.D. assistance can and should be mainly addressed to the rural sector and rural poor who were affected so grievously. Programs addressing these needs are now being developed. Much of the requirements for the large capital transfers that may be needed are more indicated for the international agencies. The important point will be a well coordinated effort, and this is fully understood by the Government of Honduras.

HERMAN KLEINE,
Assistant Administrator for Latin America.
RUSSELL S. MCCLURE,
Foreign Disaster Relief Coordinator.

REPORT ON THE HURRICANE FIFI DISASTER IN HONDURAS

I. THE DISASTER—HURRICANE FIFI

Tropical storm Fifi formed in the Caribbean and reached hurricane force during the week of September 16. It first reached the eastern area of Honduras on September 19 and, subsequently, with winds raging at estimates of 150 m.p.h., moved along the entire north coast of Honduras. Hesitating several times, it did not lose much of its force until it passed inland over Belize and dissipated in the Yucatan. The accompanying torrential rains of about 25 inches in less than two days led to flooding on a massive scale, and it was the flooding that caused the bulk of the damage.

Honduras, with an area of 43,300 square miles, is about three-fourths the size of Michigan. Storm damage, including flood damage in south Honduras, was intense in about twenty percent of the country. The damaged area is about twice the size of Connecticut. Approximately 600,000 people are estimated to have been directly affected. The area normally accounts for over half of gross domestic product of about $850 million in 1973. It is the heartland of Honduran industry and agriculture, producing about 85 percent of the national output of bananas (which are one-third of exports) and 25 percent of rice and beef production.

Major population centers were hard hit. San Pedro Sula (200,000 population), La Ceiba (55,000), and Puerto Cortés (25,000) all received moderate to major damage to housing, water supplies and other infrastructure. Most deaths, however, occurred in smaller towns and rural places, such as in Choloma and Omoa. Their number, therefore, is hard to determine. Estimates of deaths from the storm continue to vary widely, from less than 2,000 to over 10,000. It is not likely that the actual loss of life will ever be known.

Natural disasters, from winds and floods as well as droughts, have been frequent visitors to Honduras. The last serious natural disaster was in 1969, when Hurricane Francelia caused major blowdowns of banana plantings. It was far less damaging because the storm dissipated more rapidly and because it was accompanied by less flooding.

In 1954, the Sula Valley was also flooded and several small cities obliterated by rushing waters. Major droughts have occurred roughly every 5 to 10 years, the last extending over 1972 and 1973.

Aside from the large geographic scope of Fifi, the primary characteristic that distinguishes this "lady" from her sisters is the extent of the damage. Previous storms resulted in blowdowns of bananas and other crops. This time, heavy damage to basic infrastructure and to production has been much more extensive. There has been a complete loss of personal assets and income for thousands of rural families, the majority already seriously impoverished even before the disaster.

II. DAMAGE ESTIMATES

A. Agriculture

Agriculture, the most important economic activity on the North Coast and in Honduras, has the greatest linkages to other sectors of the economy. Damage to infrastructure, health, housing and other branches of activity also affects the production and marketing of agricultural produce and the consumption, by farmers, of goods and services produced in other sectors.

Fifi has directly affected 600,000 people, most of them in the Sula Valley area. Agricultural production for the region will drop sharply and will likely not recover to pre-storm levels for several years. According to banana company sources, some 77 percent of banana plantations are destroyed, with lost production valued at $120 million. Known losses are also registered in corn, rice and livestock, but statistics on these are not yet firm. It is clear, however, that the major economic loss stems from bananas, the mainstay of the export economy.

B. Infrastructure

Preliminary damage estimates of the Honduran Planning Council pointed up serious disruption of infrastructure facilities totalling more than $20,000,000. Major highway bridges and culverts are destroyed, and sections of road and roadbed are covered by water or land slides.

Several railway bridges, track sections and locomotives have been lost or seriously damaged. Almost five percent of all motor vehicles in the country were destroyed. Potable water storage and distribution are seriously affected, especially in large cities. Wells in hundreds of smaller hamlets have to be flushed and cleaned. Many city streets and public schools and markets in the affected zone have mud deposited by the waters. Countless farm-to-market roads need rehabilitation. Housing losses are widespread, with over three thousand homes destroyed and twelve thousand seriously damaged.

C. Other physical damage

While most damage to infrastructure is within the public sector (except for banana company railroads and facilities), the private sector also lost considerable wealth in the form of housing, industrial plants and equipment, and farm improvements, i.e., fences, drainage ditches, and buildings. While no estimates are considered firm, the amount may be well over $20 million.

The industrial base is less severely damaged and should be back in normal production within two months. Repairs of wind, water and mud damage will be required. Agro-industrial activities also appear to have suffered less damage, although the loss of agricultural production and the interruption of transportation flows will not allow full utilization of facilities.

D. Balance of payments impact

Banana exports, earlier projected to be $115 million this year, will be limited by storm damage probably to no more than $85 million and only $55 million next year. After that, i.e., by the end of 1976, the Government hopes pre-Fifi export levels will be restored. Unfortunately, the banana losses come on top of recent export weakness due to low lumber and coffee prices this year, as well as to lower meat exports. In total, exports will probably drop $40 million (12 percent) in 1974 and another $65 million (24 percent) in 1975.

Meanwhile, imports will rise. Large imports of staples—corn and rice—are necessary. Replacement of lost plant and equipment is essential. The demand for imported structural steel will, therefore, increase while industrial raw material imports will continue. At the same time, Honduras is a country most seriously affected by increased petroleum costs, which alone have jumped the import bill by almost $30 million this year (from 10 to 17 percent of imports).

Already faced with sluggish exports and volatile imports in the first half of the year, the Central Bank had previously restricted commercial credit and tightened controls on auto imports. Further restraints on consumer items will undoubtedly be necessary now. As it is, the Government currently projects a balance-of-payments deficit of $30 million in 1974 and $100 million in 1975. As a consequence, foreign exchange reserves may be down to three weeks of imports by the end of this year.

E. Budgetary effects

Government collections of banana income and export taxes probably will practically cease for the next twelve months, and receipts from import duties and personal income and sales taxes will drop off. The Ministry of Planning further estimates that $10 million of industrial losses will be deductible from income tax for each of the next three years. Most of the revenue impact will be felt in 1975 and beyond, since the majority of 1974 taxes have already been collected on a current basis. The loss of revenue is estimated at $11.0 million in 1974 (down 10 percent) and $39 million in 1975 (down 26 percent). Meanwhile, expenditures will have to increase to attend to priority rehabilitation and reconstruction needs. Some, of course, will be financed by international credits; but even though it is far too early to determine what additional expenditures should be made, it is clear that a major Government self-help effort will have to be launched.

F. Employment Effects

Destruction at the large, American-owned banana companies and at the independent producers dependent on them could mean substantially reduced labor requirements. The repercussions spreading to the commercial and service sectors throughout the country could lead to serious economic and social problems. Industrial employment will not suffer significantly as a direct effect of the storm, as most industrial concerns will reestablish normal productive capacity within two months. However, reconstruction labor demand will not absorb the labor potentially available if extensive, highly labor-intensive projects are not initiated. Rural labor, in particular, may suffer.

G. Inflation

The rate of inflation during the first six months of 1974 was 11.6 percent, mostly because of petroleum price increases and seasonal food shortages. This rate will increase to at least twenty percent by December and continue into 1975 on the basis of continued food shortages, the necessity for higher basic grain support prices to encourage production and increased demand on short supplies to replace disaster losses. While there is no apparent alternative to this rate of inflation, imports could counteract price pressures in some areas.

III. IMMEDIATE RELIEF STEPS UNDERWAY

A. Government of Honduras

A Permanent National Emergency Council (COPEN), created March 31, 1973, directs and coordinates disaster activities. In the early days of the Hurricane Fifi disaster, an Office for Coordinating External Aid was established within COPEN; it holds daily meetings with representatives of international and voluntary agencies.

The Government immediately provided $300,000 to COPEN. In addition, it has funded fuel and salary costs for rescue and immediate rehabilitation operations, drawn on grain stocks of the National Development Bank, provided $2.5 million in Central Bank credits to support immediate corn and bean plantings, and shifted $8–9 million within its 1974 budget for use in emergency infrastructure rehabilitation, temporary housing, basic services, and preventive health activities. Key Government institutions are continuing to define their assessments and to develop further immediate and short-range action programs.

B. U.S. Government

At the request of the Ambassador, the Agency for International Development (AID) authorized the immediate dispatch of two Disaster Assessment Survey Teams (DAST) from the U.S. Southern Command in Panama. These arrived September 20 and conducted disaster assessment operations in conjunction with the Ambassador and key Honduras Government officials.

In subsequent rescue and distribution operations, U.S. military aircraft, through October 1, have made almost 1,100 flights carrying more than 2,300 passengers (mostly those who have lost their homes) and over 600,000 pounds of food, medicine, water and clothing. Fifteen Air National Guard flights from Mississippi, Texas and Florida moved an additional 272,000 pounds.

Catholic Relief Services (CRS) have distributed 1,200,000 pounds of U.S.-donated P.L. 480 commodities. Another 700,000 pounds are being transferred from CRS stocks in Guatemala and 3,000,000 pounds are scheduled to arrive from Gulf ports on October 4 or 5. CARE has distributed 90,000 pounds. The U.S. AID Mission also authorized CRS and CARE to purchase locally $30,000 worth of tools and critical supplies. Total estimated disaster expenditures by AID, as of October 1, are close to $1.6 million.

Sixty-three U.S. military-support personnel from the Southern Command are in Honduras. The U.S. AID Mission has a coordinator in San Pedro Sula plus four other American and three Honduran personnel. Twenty-two Peace Corps Volunteers are working in the affected areas. U.S. official assistance inputs—material and personnel—have been, and are being, coordinated through a Joint Action Committee established and supervised by the Ambassador.

C. Other

International agencies have provided emergency assistance. These are:

OAS-FONDEM (emergency fund)	$500,000
UNICEF	150,000
UN disaster relief (emergency fund)	20,000

The UN Disaster Relief Office in Geneva had a disaster relief specialist in-country by September 22.

Over thirty countries have also sent in help either through government or private channels, but no firm data on these contributions are available at this time. The current estimate is approximately $2 million.

IV. FURTHER RELIEF NEEDS

Further relief needs depend on how soon people can be moved back to their home areas and regular activities. The urgency of replanting dictates that every effort be made to rehabiltate all farm operations affected by Fifi. Efforts to clean up and restore basic services in the more urban areas have begun. It is urgent to improve environmental sanitation and facilitate early resumption of regular commercial and industrial activities.

Much of this work will be done without Government of Honduras or external support. It will be done by the people of Honduras. Indeed, the struggle to reestablish prior patterns of production has already started in many areas, although many people remain dependent on relief supplies to exist. The need for emergency food supplies continues, perhaps for an average of 75,000 displaced people for, as yet, an undetermined period, but probably for at least six months. By that time, it is hoped that rehabilitation efforts will be well under way. Rehabilitation still will imply large requirements for basic food grains, oils and supplements until harvests of the next plantings are completed. Nationally, as many as 40,000 families will need outside sources of food to survive, and very few of these have any resources to command already scarce food supplies. Available stocks of food will not be sufficient and significant imports are seen as necessary. Basic hand implements are also necessary, along with needs, to enable small farmers to start once again their precarious existence.

However basic food may be to survival, medicine and shelter are also required. Work on housing will, of necessity, be done to a large extent on a self-help basis, much of it with salvaged materials. An estimated 5,000 to 10,000 families will require assistance in obtaining construction materials in varyng quantities. While local governmental and private institutions have some of the technical and organizational skills required, Honduran financial resources are not sufficient for the job at hand. The central government budget, even with inflationary credit financing, cannot increase financial resources to correspond with the problem.

For the immediate future, while the emergency phase continues, U.S. support for supplementing Honduran and other resources for food, temporary housing, medicine, handtools and other relief activities would be highly useful. The Country Team will be submitting proposals shortly for consideration.

V. REHABILITATION AND RECONSTRUCTION NEEDS

The paramount problem facing Honduras is how to revive agriculture production in the shortest amount of time while providing for the tens of thousands of directly affected victims. Increased production will be required from unaffected areas (or supplies from outside Honduras) to dampen the certain inflationary effect of the losses. The foreign exchange loss will intensify an already critical balance-of-payments deficit. Tax revenues will fall at a time when the Government of Honduras was attempting to fund a vigorous development program. Production losses signal rising unemployment and further losses in family income. Damaged roads, bridges, and railroad tracks have to be rebuilt to allow the flow of goods from outside the region and to transport crops that were not destroyed. The lead must come from government leadership. The cooperation of the public sector with private initiative will ultimately decide the success or failure of any rehabilitation and reconstruction efforts. External support from multilateral and bilateral assistance can only supplement the main efforts of the country itself.

VI. INTERNATIONAL FRAMEWORK TO SUPPORT GOVERNMENT OF HONDURAS SELF-HELP

A. Self-help measures by the government of Honduras

The Chief of State and key ministers made clear their recognition of the importance of clear evidence of continued self-help efforts by the Government of Honduras. Contemplated are special tax measures as well as developing strategies for trade-offs between its Five-Year Development Plan and rehabilitation and reconstruction needs. It is clear that continued private investment in agriculture will have to be stimulated.

The Government of Honduras will seek to identify exports that can be expanded rapidly to help to make up for foreign exchange losses. A basic problem is the relatively short-term one of bolstering the country's foreign exchange position for the next two years. An early decision by the Honduras Government on this problem is vital, and this is recognized by the Government. It is mobilizing its talents and resources, and at the same time, is moving to secure private sector support for the very difficult reconstruction effort.

B. External assistance

1. U.S. Role

Even before Hurricane Fifi, Honduras was, economically, among the three least developed countries in the Western Hemisphere. Its government had outlined a five-year national development program toward which objectives significant AID grant and loan assistance has been committed. In the aftermath of the disaster, the role of U.S. assistance will depend on such considerations as the country's needs for reconstruction, what the Honduras Government is doing, what other international agencies are doing and plan to do, and what could be done with existing assistance programs. Regarding the latter, we have already initiated examinations with Honduran officials.

Further AID assistance, beyond emergency relief, should be mainly addressed to the rural sector and its poor, because it is there where the main damage and hardships were sustained. Our response should be as rapid as possible and should be quick disbursing in order to obtain maximum concomitant balance-of-payments results.

Projects financed should clearly not be competitive with those likely to interest other financial agencies.

2. Others

New capital resources will assuredly be available from the World Bank, the Inter-American Development Bank, the Central American Bank for Economic Integration and the International Monetary Fund.

Indeed, an IMF standby loan was in the preliminary stages of negotiation when Fifi hit. The other institutions, on the basis of preliminary discussions with the Honduras Government, have already announced a willingness to reprogram existing loans and provide new infusions of capital funds. These will be used both for rehabilitation of the infrastructure originally financed by them and reconstruction efforts, including a response to the critical balance-of-payments requirements.

The Organization of American States, the United Nations family of technical agencies, as well as American and international voluntary agencies are in a position to provide technical assistance to Honduras Government action agencies to design and carry out short-term impact projects. In addition, the UN's Economic Commission for Latin America and the Central American Institute for Business Administration's reconstruction planning unit will join forces to aid the Planning Council chart Honduras' reconstruction efforts.

In summary, a large variety of external assistance sources is available to assist Honduras. A challenge to the Government as well as the various agencies will be the proper orchestration of efforts to assure maximum and timely effectiveness.

3. Coordination

The proposals of the Government of Honduras already made to insure early involvement of the international lending institutions, both in assessing disaster damage and in helping the Government to plan its reconstruction effort, will exert a positive effect on future coordination. Meetings with the Minister of Finance, involving the international agencies, including AID, were held this week in Washington and follow-up sessions are planned to be held shortly in Honduras. The Honduras Government's initiative in creating a multilateral framework is commendable.

Continuation of COPEN's Office of Coordination of External Aid into the reconstruction phase would provide continuity. As an alternative, the office could also be made part of the National Planning Council. The Government's recent creation of a National Economic and Social Council could provide the vital national umbrella mechanism for coordinating public and private sector activities. AID will work closely with the IMF, IBRD, IDB and CABEI under a variety of possible reconstruction programs.

WHY WE ARE RUNNING OUT OF EVERYTHING

(Mr. CONYERS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CONYERS. Mr. Speaker, President Ford's economic address to the Congress demonstrated once again that his administration, like the Nixon administration, does not begin to appreciate the causes and complexity of our economic problems. Inflation continues to soar at the same time we are rushing headlong into depression. Yet the President continues to rely on voluntary restraint and minor adjustments in our tax structure—approaches which will be wholly inadequate even with full cooperation from the Congress and the American people.

Our economy requires more than minor adjustments. Instead, it requires radical surgery, based on the recognition that the domestic economy is bound inextricably to our international policies. We are now paying the price for decades of militarism abroad and monopoly capitalism at home. As long as these policies persist, the causes of inflation and potential depression will remain. The understanding missing in President Ford's address is provided by Mr. Sidney Lens, a prolific author on both domestic and international affairs. His article, which appeared in the October issue of the Progressive, follows:

RUNNING OUT OF EVERYTHING

(By Sidney Lens)

Comedian Frank Darling says, "The way to get prices up is to tell you there's a shortage. There's a shortage of gas, a shortage of wheat, a shortage of paper—and the greatest shortage of all is the shortage of truth." One can hardly argue with this reflective observation.

The National Association of Manufacturers, not celebrated for its sense of humor, last year distributed a poster that read: "Yes, we have no bananas, steaks, eggs, blue jeans, candles, gas, tennis balls, freezers, wheat, leather, air conditioners, fuel oil, pajamas, floor covering, sardines, chicken, paper, hot water bottles. . . ." The poster added a touch of whimsy to an increasingly unfunny problem.

The men who did Richard Nixon's economic thinking—Herbert Stein, Earl Butz, William Simon—were telling us a year ago that if we would let prices find their true higher level on the free market, we would soon have an abundant supply of everything. The dreams of these economic sages have now been partially fulfilled; prices are rising about 12 percent a year—a steeper rate than at any time since 1947. But the shortage problem is still with us. The "abundant economy" has turned, perceptibly and insistently, into a "shortage economy," though the full import of this change has not yet impressed itself on the national consciousness.

A Congressional survey of 258 major industries this August showed that 245 of them confronted shortages of at least one commodity vital to their business. Honeywell, Bell & Howell, Stokely-Van Camp, and Utah International said they were short of almost everything they needed; 108 firms were unable to get a sufficient supply of petrochemicals, 106 were buying steel on a catch-as-catch-can basis, 94 were hit by shortages in nonpetroleum chemicals, 74 could not find enough aluminum on the market, 62 lacked an adequate supply of copper. All told, the 245 corporations listed a "shortfall," to use William Simon's overworked term, of 64 commodities.

Large companies. *Business Week* reported on August 10, 1974, are "seeking alternatives for practically everything—General Foods needs a sugar substitute. Clorox has to find a replacement for soda ash in bleach and so on. . . ." Aluminum Company of America (Alcoa) is so squeezed for raw materials that it has decided to abandon one of its most popular items, household aluminum foil, December 31. Housewives clamor in vain for jars and tin lids to can peaches, pears, and berries; they are not available because there is a scarcity of soda ash and tin plate. Del Monte Corp., unable to purchase enough glass for jars, fiberboard for boxes, and tin plate for cans, has decided "not to get very far away from what we are doing now"—to stick to the old products, in other words, and introduce no new ones.

The most visible form of scarcity has been petroleum, because it reached most consumers, and we gradually became accustomed to long queues at the gas pumps and the melodic pleas of William Simon to conserve gasoline. But scores of other shortages disable the economy. "There isn't anything *not* in short supply," complained Inland Steel's purchasing agent recently.

The list of scarcities for part or all of this year includes paper, plastics, steel, toilets, freezers, cotton, copper wire, lumber, onions, raisins, chicken, beef, gasoline, fertilizer, propane, nylon, acetate yarns, salmon, penicillin, cortisone, cement, aluminum, vinyl, tin cans, antifreeze, paints, sporting goods, plastic lamps, and many other products. "We're experiencing something out of all dimensions to what we experienced in the past," said a senior vice president of Manufacturers Hanover Trust, "a supply slowdown." In the construction industry earlier this year the "supply slowdown"—pipe, sheet metal, plastics, reinforcing rods, paints, ceramics, and plumbing, electronic, and electrical items—cost 100,000 jobs, in addition to those lost because of the slowdown in housing purchases resulting from high interest rates and the lack of mortgage money. Every shortage led to others, affecting prices and production in mysterious ways we have never experienced before.

An obvious effect of shortages, either at the producer's or consumer's level, is that prices rise. In our peculiar form of "free market," prices seldom fall when demand is "weak," but they *always* rise when demand outpaces supply. Gasoline and every product that uses petroleum, such as plastics, went up astronomically earlier this year in cadence with a contrived shortage. The domino effect is inexorable. Soybeans, in short supply, cause a boost in soybean oil prices from thirteen cents to forty-three cents a pound, and mayonnaise, salad dressing, and many other products that use soybean oil rise accordingly. When such instances are multiplied by thousands, they account for much of our raging inflation.

The full significance of the shortage economy, however, extends far beyond its effect on prices. It is a fever chart of the basic economic and political ailments of the 1970s. It is a manifestation of a crisis—more properly, a blend of a half dozen crises—qualitatively different from anything we have ever experienced. The half dozen recessions since 1945 may have been, as the economists said, "adjustments" to rectify secondary imbalances. The current shortage-inflation-recession syndrome, on the other hand, reflects a breakdown—a breakdown of the Bretton Woods money system, the disarray of the dollar on the world market, the shattering of the *Pax Americana*. In sum, the shortage economy is a symptom of the *decline of American power*. The United States can no longer organize the world in its image, and can no longer impose the necessary *discipline* on its allies, on its satellites (such as Iran), or on its own national and multinational monopolies.

This crisis in power manifests itself in different forms at varying times—a supply slowdown, price-gouging and inflation, semipanic on Wall Street, a credit crunch, economic pressure on Washington's allies, and above all a drop in the living standards of the American people. From the third quarter of 1972 through the second quarter of 1974 the real wages of 52 million workers in private industry fell by 8 per cent—the worst decline in living standards since the Great Depression. And it is going to fall further.

The First National Bank of Chicago, which is more candid about such things than are politicians, shows how the petroleum crisis alone must lead to a drop in living standards. The oil producing nations, it says, will be exacting $60 billion a year more from oil importing nations this year than last. Since the weak economies of such producers as Saudi Arabia, Iran, Libya, and Venezuela can, at most, absorb additional purchases from the United States, Western Europe, and Japan of $10 billion or $15 billion a year, that leaves a deficit for the West of $45 or $50 billion.

"This means," said the First National Bank in its August 1974 report, "that the importing country has to expand its export of goods and services to pay for the more expensive imports. To accomplish this, some resources that would have been used to produce goods for domestic consumption will have to be channeled into the production of goods for foreign consumption (exports). This means that *consumers' real incomes must decline because there is less real output available for the domestic population.*" (Emphasis added.) The hope, of course, is that the West can borrow back that money from the oil countries, or can lure that money into the purchase of western real estate and stocks. But additional debts draw interest and must be repaid in due course, so the long-term prospect is for even worse balance of payments deficits. When the oil problem is compounded by the dollar-gold problem, the copper, bauxite, coffee, sugar, and many other similar problems, living standards in the West must fall, and the specter of depression—not recession—becomes real.

How did this situation originate? Why has a country with such monumental resources—the envy of every nation on earth—become a "land of shortage"? How did three decades of unparalleled U.S. "prosperity" come to such an abrupt halt?

The answer lies in the peculiar circumstances of that prosperity: It was built on the quicksand of militarism, and the United States now cannot survive without militarism and cannot survive with it. During World War II, national income in the United States more than doubled and the capital equipment industry, in the words of the National Planning Association, was "nearly twice the size which would be needed domestically under the most fortuitous conditions. . . ." "Free enterprise" America required a vast new market to dispose of this surplus—or face depression. But the rest of the postwar world—friend and foe alike—was in economic chaos and not far from revolution.

Washington "solved" the problem in brilliant fashion. Any nation willing to join the "American system" was given aid (some $150 billion in economic and military assistance), as well as the protection of America's military power, against internal revolution and Soviet pressure.

To prevent "disorder"—that is, revolution—the United States built the world's greatest navy, acquired 2,500 minor and major military bases abroad, stationed about a million troops overseas, and was prepared to intervene at a moment's notice against any government or force that threatened to secede from the "American system"—as it did in Korea, Vietnam, the Dominican Republic, Lebanon, the Congo, and other "trouble spots." In return for this military protection and economic aid, those who accepted the American arrangement had to pledge an "open door" for U.S. private trade and investment (as well as that of America's allies) and adherence to the Bretton Woods money system which made the dollar the international unit of exchange.

For a quarter of a century this *Pax Americana* worked tolerably well. The CIA and Pentagon intervened in dozens of countries to assure "stability," to overthrow governments it did not like, or to install right-wing forces it approved. But the cost was a shattering $1.4 trillion spent on militarism since 1945, causing budget deficits for all but three years since 1952, some of them as high as $25 billion, and an astronomical increase in the national debt. Every year but two (when there were small surpluses) America also suffered multi-billion dollar balance-of-payments deficits. Two-thirds of the U.S. gold hoard fled the country, and as of 1972 about $82 billion were floating around the world, accepted by other nations because they were allegedly as "good as gold," though they were actually much depreciated in value. Finally, in August 1971, a staggering deficit of about $25 billion loomed on the horizon. Uncle Sam's credit was no longer sound, the dollar was shaky, and the nation needed to increase exports and decrease imports to keep its ship from foundering. In this circumstance President Nixon took the drastic step of devaluing the dollar—to make U.S. goods cheaper abroad, and foreign goods more expensive here—and he instituted wage controls in an effort to hold down costs for U.S. entrepreneurs so they could remain competitive on the world market.

It seemed like a simple and decent solution—except that other nations took countermeasures, and eventually the dollar, the economic pivot of American power, had to be devalued further, then abandoned to float at whatever price it could command. Today the international money system is in chaos, with currencies rising and falling 10 or 15 per cent against each other, and exporters and importers hedging sales and purchases by speculating on the currency market.

Domestically, the system of controls was a fiasco, like plugging a broken dam with a cork. The lifting of controls was just as bad. Controls led to shortages, which then accelerated inflation, and both problems survived. Neither controls nor the "free market" can cure our present sickness, for what is happening is that the tide of debt has reached our chins, and we are faced with an old mortgage to pay. We mortgaged our future to support militarism—so that we could exact discipline for the *Pax Americana;* now we must pay the mortgage by lowering our standard of living.

Thus, by a long and circuitous road, we have arrived at the shortage economy, intractable inflation, and a looming depression. Consider these examples of how our weakened world position exacerbates the problems of supply and price:

Last year there was a shortage of many kinds of paper, including cardboard boxes, cartons for TV dinners, and, most notably, newsprint. Two large newsprint firms, Crown Zellerbach and Powell River, cut sales to their regular customers by 7 to 12 per cent. Salt Lake City dailies reduced circulation by 7 per cent to conserve the precious product: *The Boston Globe* cut down its comic section from twelve pages to ten; the Marshall Field papers in Chicago cut newsprint use by 10 per cent, and *The New York Times* reported difficulties in obtaining paper for its magazine and book review with a jump in price: from 1970 to January 1974, the price of newsprint spiraled from $152 a ton to $213.50.

The paper shortage, like so many others, is mystifying to the average citizen. In 1973 it might have been attributed to the paperworkers' strike in Canada, but the strike was long over. According to the industry's trade journal, *Pulp and Paper,* there was not only a sizable rise in production in the United States, but in imports from Canada and Europe as well. Some theorists traced the problem to unconscionable "hoarding"; if true, however, that only indicates there was apprehension that supplies would run out. Why should buyers worry when production and imports were on the rise?

Their worries were justified by two circumstances, one going back to the beginning of the Cold War in 1945, the other to devaluation of the dollar and the imposition of price controls in 1971. As a result of the *Pax Americana,* industry burgeoned and capital became so concentrated, through merger and other devices, that today only 500 industrial firms account for three-quarters of industrial employment and two-thirds of sales. Under the New Capitalism our main industries—steel, rubber, autos, paper, certain foods, aluminum, electrical appliances, and others—are dominated by two to four companies each. Those companies, often interlocked with the same banking interests, conspire to *administer prices.* The Federal Trade Commission estimates that if the highly concentrated industries were broken up by antitrust action, prices in those industries (the heart of the economy) would fall by at least 25 per cent. Collusion sometimes goes further. Oil companies collude to win drilling rights at low cost, or collude to drive independents from the scene, or collude to cause a shortage in order to exact concessions—such as the Alaska pipeline and relaxation of environmental standards—from the Federal Government.

That seems to be the case with the paper companies as well. They not only administered prices but contrived a "shortage" to extend pressure for additional cutting rights in such national forests as Tongass and Chugach in Alaska. In 1973, however, the pressure for concessions from Government—perennial under the New Capitalism—was complicated by the existence of domestic price controls. International sales were not subject to controls, and the paper moguls took full advantage of this fact. In the first half of 1973, export of chips and pulp to Japan increased by 48.2 per cent, reducing to that extent the stockpile at home—hence, a paper "shortage." And what was so attractive about selling to Japan? A representative of the American Paper Institute put it candidly: "Other countries seem to be paying a higher price due to the Cost of Living Council's freeze on paper increases."

Another perplexing group of shortages has been that of foodstuffs. Something is rotten in the wheat bins when the nation whose farmers produce two and a half times as much wheat as is consumed at home came within a whisker this year of bread shortages and bread lines similar to those in gasoline. And though that specter has momentarily receded, the long-term prospect both in bread and food generally is that deficits in supplies will come and go. The Administration, says the Community Nutrition Institute of Washington, "sooner but probably reluctantly later, will be forced to ration food."

The international balance of payments pinch dictates that we must sell more food abroad each year. What will happen, then, if we have a serious drought? If Washington, in those circumstances, reduces exports to feed the home population, America's balance of payments position will worsen and we will be unable to import such items as bauxite and copper; if, on the other hand, Washington insists that export commitments must be met, we will have dire shortages—and perhaps hunger—at home.

A new factor has been added to the equation, for the food industry, contrary to conventional wisdom, is also dominated by monopolies. According to the Federal Trade Commission staff, seventeen food and food-related industries are so concentrated that they are "producing an overcharge to consumers of more than $2.5 billion." Government studies indicate that three companies sell two-thirds of processed dairy products; four firms dominate 70 per cent of the cracker and biscuit market; four firms take care of three-quarters of bread and processed flour sales; three firms handle 85 per cent of breakfast cereals; six firms have 90 per cent of the grain sales overseas, and one firm has 90 per cent of the soups.

Moreover, a quarter of all food production is "vertically integrated"—big companies control production from the farm to the retail market, and are able to manipulate supply and the cost to consumers almost at will. And the food industry is falling under the aegis of conglomerates which have invaded it for tax shelter and other reasons. As William Robbins reveals in *The American Food Scandal,* the turkey for your Thanksgiving dinner may be produced by Greyhound, your ham by ITT, lettuce by Dow Chemical, potatoes by Boeing, fruits and vegetables by Tenneco, and fruit juice by Coca-Cola. If new price controls were imposed, as they might have to be to check inflation, the conglomerates which tower over the industry would not hesitate to boost their exports—at higher foreign prices—even while Americans went hungry.

Then there is the bewildering situation in the meat markets. By December 1973 hamburger was selling at about a dollar a pound, a whopping 28 per cent more than in January. The reason, according to the Department of Agriculture, was that farmers brought two million fewer cattle to market than the previous year—lower supply, higher price. But that explanation begged the question: Why did the cattlemen reduce their herds? The answer lies in the realm of foreign relations and international trade. For both political and economic reasons, the United States sold a vast amount of grain to the Russians, causing an imbalance in the supply of feed grain at home, hence a boost in feed grain prices, hence a boost in the cost of producing a pound of beef, hence the withdrawal of marginal producers unable to earn an adequate return.

Concurrently there was the collapse of the dollar and devaluation. The dollar became cheap currency for Japanese, Swiss, and German buyers—the same number of yen, francs, and marks brought considerably more dollars and therefore considerably more grain or cattle. As foreign importers rushed to buy American foodstuffs—U.S. exports went up from $8 billion annually to $20 billion within two years—the end result was shortages and higher prices at home.

The most insidious shortage of the whole shortage economy, of course, is the one in energy, and particularly in petroleum. Here all the dilemmas of American capitalism coalesce: We need a safe supply of oil not only for our economy but for our vast military machine. Under the profit maximization system, our Government is unwilling or unable to check the greed of the seven oil corporations, five of them American, which constitute a tight world cartel. But as the Seven Sisters contrive shortages and inflate prices, all the economies of the western world, dependent on the Seven Sisters for their fuel, totter. Each country seeks to repair its balance of payments difficulties at the expense of the others—through devaluations, floating of currency, trade restrictions, unilateral deals with the Russians, Chinese, and Arabs, and other makeshift devices. The fabric of the *Pax Americana,* already severely strained, shreds further.

In this state of weakness and confusion, the "terms of trade" between the advanced nations and the weak oil-producing countries have been totally reversed. Who would have predicted eighteen months ago that a barrel of oil that costs eleven cents to produce in Saudi Arabia would be selling on the world market for $10 to $12, three or four times its previous price, or that the oil-producing nations would be *draining away* from the big western powers an additional $60 billion each year? Twenty years ago, under these circumstances, the United States (or Britain) would have occupied Saudi Arabia and Iran. Indeed, twenty years ago the U.S. Central Intelligence Agency organized a coup d'etat against the Mossadegh government in Iran because it had nationalized the oil industry, against London's and Washington's wishes. Now the United States would have to run over the Soviet navy or face endless guerrilla warfare, as in Vietnam, if it chose to take such action. In light of these realities, more and more weak nations can be expected to assert control over their own resources and do what the great powers have done for centuries—charge whatever the market will bear.

By now everyone is acquainted with the raw facts of the energy crisis. The United States consumes 6.5 billion barrels of oil and 22 trillion cubic feet of natural gas a year—monstrous quantities that will eventually exhaust the subsoil. But that time is still remote, for according to the U.S. Geological Survey there are proven and suspected (but as yet undiscovered) reserves of 500 billion barrels of oil and 2,400 trillion cubic feet of natural gas, enough for many decades. The energy is there, but it is not being properly tapped and, in the case of oil, not being refined in sufficient quantities in the United States.

In 1973 not a single major refinery was built in this country, and in the previous five years only enough to refine 1.9 million more barrels a day, though demand swelled by three million. Why is there a "refinery gap"? M. A. Wright, chief executive officer of Exxon, was disarmingly frank before a Congressional committee: "It is a problem of how much people want to pay for it [oil]. If they want to pay enough for it to make the market profitable in Europe, sure, we will sell it there. We are in business. . . ." From 1963 to 1972, the five largest companies increased crude oil production in the United States by 45 per cent, but outside the United States—where it was most profitable—by 97 per cent. The shift in refining was even more drastic, going up only 34 per cent in the Western Hemisphere and 176 per cent in the Eastern Hemisphere.

Such manipulation of the oil market, and through the oil market of national economies, is possible only because the U.S. Government helped the Seven Sisters become the largest cartel in history. For "national security" reasons—where have we heard that rationale before?—the State Department has since 1950 openly encouraged the five American firms and their British and Dutch partners to function as a tight cartel—aided, abetted, and protected by U.S. diplomacy and military power. Without that power American firms would never have gained their original oil concessions in Latin America and Canada; other foreign companies could enter this hemisphere only on sufferance of the State Department. Subsequently, State performed the same service for the U.S. firms in the Persian Gulf states, Africa, and Asia—in tune with U.S. economic and military aid. Nations that granted concessions received economic aid and military protection; those that did not were fortunate if the CIA refrained from overthrowing their governments.

The vise in which the Great Powers now find themselves, euphemistically called the "energy crisis," thus began with the formation of a Washington-sponsored world monopoly. It was tightened before and after the Yom Kippur war in the Middle East last year, when the oil producing nations suddenly realized their bargaining strength and doubled and redoubled the price of their product. Moreover, while the Seven Sisters were also exacting their pound of flesh, the oil nations took advantage of the Middle East war forcibly to buy up some of the foreign company holdings on their soil.

Thus a schism developed among the three actors in the drama—the United States and its allies (the consumer states), the Seven Sisters, and the producing nations. The producer states gained substantially. The Seven Sisters were hurt minimally—they lost some control over the extractive end of the industry, but remain a multinational monopoly in shipping, refining, and marketing, they will recover the extra royalties and taxes they must pay the producing nations—and more—from reductions in their U.S. taxes. According to Stanley H. Ruttenberg, a former assistant Secretary of Labor, the jump in oil from $1.90 to $8.30 a barrel increased tax credits for the American corporations at home from $1.13 to $5.56 a barrel, a "hardship" Exxon, Texaco, and the others can live with.

Only the consumer states lost heavily—though the United States lost least of all because more than two-thirds of its oil comes from domestic sources. The western world (including Japan) is now weighted down with a balance of payments problem that is not amenable to solution without slashing standards of living. The Nixon-Ford proposal to achieve energy "independence" by 1980 is a pipe dream. Thornton Bradshaw, president of Atlantic Richfield, points out that the United States can, at best, reduce its dependence on foreign oil by 1980 from 18 per cent to 15 per cent of its needs, but even that only through the huge expenditure of $50 billion a year for the next decade.

In effect, the "energy crisis" is a manifestation of a world-wide change in political fortunes: The socialist countries are growing stronger, and they can offer the Third World increasing diplomatic, economic, and military support; the Third World is beginning to feel a sense of growing control over its own destiny, and the Great Powers are in obvious decline.

A chart of the rise and fall of American power, which the shortage economy now punctuates, would look something like this:

1. From 1945 to 1965, steady growth; American foreign investments doubling, and then redoubling again; living standards rising dramatically.
2. From 1965 to 1971, coincident with the Vietnam war and other crises, the gradual appearance of the credit crunch and all the problems associated with balance of payments deficits.
3. From August 1971 to the 1973 Yom Kippur war, the first clear evidence of a turnabout in international political power, and the consequent turnabout in economic fortune.
4. From the Yom Kippur war to the present, a "free world" in traumatic decline that can only end either in a "managed" reduction of living standards in the West or in a dreadful, unmanaged depression. Italy and Britain are already only a few steps from such a depression, and are thinking in terms of the kind of "austerity"—lower consumption levels—they were forced to adopt during World War II.

In this state of political decline, a capitalist America (and its allies) cannot avoid further economic pressure. What the economists call "terms of trade" are turning against the United States not only in oil, but in many other commodities. In the era of imperialism, the terms of trade were a means by which the advanced countries robbed the underdeveloped ones. While Colombian coffee, for instance, was going down from eighty cents to forty-five cents a pound in the late 1950s and early 1960s, the price of a Chevrolet was going up—it took much more coffee in Bogota to buy a Chevy from Detroit. A tractor made by Ford, the Major, could be bought by a Uruguayan national in 1954 for the equivalent of twenty-two young bulls; in 1963 it cost the equivalent of forty-two young bulls. The underdeveloped countries were in constant hock to the developed ones, forced to borrow more and more to keep afloat.

Now this process is being reversed. "Oil," said *The New York Times* on January 27, 1974, "is just the beginning, for three reasons. First, the lesson of this startling reversal of power seems obvious for other countries with key primary products: Band together and your revenues can rise dramatically. Second, higher oil prices force the other primary producers to increase their own export earnings to pay for their oil needs. Third. OPEC [Organization of Petroleum Exporting Countries] itself appears ready to support the formation of other cartels, as the one way to avoid opprobrium for bankrupting the "developing countries."

The danger is that the four countries that control the supply of copper (Chile, Peru, Zaire, and Zambia), now joined together, will be doing the same thing as the petroleum producing nations. The price of copper went up from 53 cents a pound in July 1973 to $1 in December. Five bauxite countries (Australia, Guinea, Guyana, Jamaica, Surinam), four nations that control natural rubber, and four that account for virtually all the tin exports may raise prices and create synthetic shortages in the near future. U.S. pressures may prevent concerted action here and there, but in the long run it will take place anyway, both because American power is limited and on the wane, and because, as the price of gold increases (it is now four times what it was in 1972), the inflationary pull becomes irresistible.

The economists of the Nixon and Ford Administrations are reacting to the shortage economy and inflation as if they were traditional problems, requiring only "adjustments" such as those that adjusted our six postwar "recessions"—monetary manipulation, fiscal changes, tax incentives, and the like. According to one of Nixon's former economic advisers, Paul W. McCracken, the cause of our troubles is that "we obviously have run out of plant capacity before we have run out of employable labor." Thus if we can "cool down" the economy, so that demand drops and steel companies can again operate at, say, 85 per cent of capacity instead of 95 per cent, all will be well again. Inflation will abate, and shortages will disappear as people buy less. If there is unemployment, the Government can provide a few hundred thousand public service jobs and increase jobless compensation. Such prescriptions have already proven themselves naive, for the economy *has* "cooled down"— we are in a recession—yet inflation shows little sign of slackening, nor are the shortages disappearing. And if the economy cools down much further, we may check inflation only to find a steep rise in unemployment.

President Ford, whose geniality temporarily obscures his Nixonite philosophy, is preparing to perform the feat of the century. He tells us he will reduce inflation without attacking its two major causes—military spending, which contributes nothing to the consumer economy and withdraws many billions of dollars, and monopoly, which incessantly fuels the inflationary fire. This is the kind of "Band-Aid" economics and diplomacy that brought us to our present despair.

The shortage economy tells us that Keynesian capitalism, which patched up the planless economy through deficit spending for forty years, has exhausted its potential and its usefulness. The *Pax Americana*, which organized the planet around the goals of the American military-industrial complex, is similarly passing into oblivion. We cannot live endlessly by going deeper into debt or by exploiting the peoples of other nations. We must learn to live by our own labor and ingenuity.

The shortage economy tells us that capitalism is in decline as a viable economic system, that it can only plunge us into depressions, international trade wars, monetary conflicts, and military confrontations. Not only radicals, but many populists and liberals as well, now recognize what Charles Beard and John Dewey told us in the 1930s—that our only salvation lies in a planned economy. Dean Acheson hinted at that back in November 1944, when he said that under another system—that is, socialism—the United States could adjust without being concerned with foreign markets, but that under our present capitalist system it could not have "full employment and prosperity" unless it found some way to dispose of its giant surpluses.

The internal market of the nation can be controlled and shaped by the Government, which has political and police power to enforce its will; but the international market is something else again—here 150 or so sovereignties clash with one another, and there are no means to control them short of war, the threat of war, or the *Pax Americana* discipline the United States was able to exact for a quarter of a century.

Under a planned economy, by contrast with the so-called free economy, the Government could plan the allocation of resources to meet the needs of our people. It could begin by calculating a realistic balance of trade and money accounts around the world, and then determine how our $1.4 trillion gross national product should be apportioned after allowance is made for the outward flow.

An American planned economy in which the resources were put at the people's command would not be nearly so dependent on monetary and trade gyrations abroad. It could reorder its priorities to meet human needs rather than the greeds of private monopoly. Having determined that it requires so much for exports and can expect so much from imports and so much from its money accounts, the Government could proceed to set the level for minimum and maximum living standards. By controlling foreign trade through a state monopoly it could free itself from decisive dependence on such trade. Its surpluses could be channeled inward to improve living standards, and its factories could be redirected to meet the actual needs of people rather than the artificial demands induced to enhance private profits.

By slashing the $90 billion-a-year war budget and the 2,500 military bases it maintains abroad, the nation could attain a degree of prosperity and stability never known before. Instead of the tail (foreign trade, private monopoly) wagging the dog, the dog could finally wag its own tail. The shortage economy is a warning that we must disregard at our peril, and it is an opportunity that must be seized.

THE ROLE OF ENGINEERING IN THE NAVY

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, on the 30th of August 1974 Admiral Rickover addressed the National Society of Former Special Agents of the Federal Bureau of Investigation in Seattle, Wash. The title of his address was "The Role of Engineering in the Navy." He reviewed the history of modern engineering in the design and operation of naval warships starting with the first steam powered warship, which was designed and built by Robert Fulton in 1814. An aspect of immediacy in this case history is his recitation of current unsatisfactory conditions in the utilization of vital technical talents in the Navy. As usual, Admiral Rickover is most direct in charging the present leadership in the Navy and Department of Defense with the job of reestablishing engineering competence in the Navy where deficiencies now exist. I have every expectation that the new leadership in our defense establishment will do something to correct the deficiencies.

Admiral Rickover warned of a deterioration in engineering competence within the Navy, and called for the revitalization of the Navy's inhouse technical organization. He proposed several specific changes in the Navy's technical organization including abolishment of the Naval Material Command, and direct access of the technical bureaus to the Secretary of the Navy. He said:

We should return to the bilinear system, in which the technical bureaus reported directly to the Secretary of the Navy. They should no longer report through the Chief of Naval Material to the Chief of Naval Operations. The entire office of the Chief of Naval Material with its huge staff should be recognized as the huge burden it is, and disbanded. Not only would this step relieve those engaged in technical work from unnecessary meetings and paperwork, it would allow the Chief of Naval Operations to cut back on the size of his office. He could then face his primary job: seeing to it that the Navy is ready for war.

The line officer has a professional responsibility to learn how to operate his ship and his fleet. From his experience, he should be able to say what kinds of ships the Navy needs to meet its obligations.

Translating those requirements into operational hardware is the job of the engineering officers and the civilian engineers. These men must be forced to learn their job and assume responsibility for their work. To do this requires long-term assignments. We can no longer permit officers to hold their position for a short time before moving on to their next job. The headquarters organization responsible for the design and construction of ships should be reestablished as a technical organization with its engineers returned to positions requiring them to be responsible for the technical state of affairs instead of being field consultants. As the Navy gains technical competence, it can build up its in-house technical capability, and demand high quality work at reasonable cost from the industrial contractors.

Today we have new leadership in the Navy and the Department of Defense. I hope these men will give serious thought to reestablishing engineering competence in the Navy.

Engineers must be given clear-cut responsibilities for providing our modern Navy with ships and equipment of the most modern technology which will meet the highest standards of performance and reliability. This responsibility, as Admiral Rickover put it, must include all aspects of the job—design, manufacture, maintenance, and the related fiscal matters. In addition, as we learned in our nuclear propulsion program, the engineers must be made personally responsible from start to finish for doing the job.

This is what we did in the case of our nuclear warships. And this is the reason why we have the standards of performance and reliability we have in our nuclear warships.

I have the highest regard for Admiral Rickover's views on technical matters. Many consider him the outstanding naval engineer of the century. Certainly his views on such an important matter as this must be taken seriously. I hope that the Secretary of Defense and Secretary of the Navy will give careful attention to Admiral Rickover's comments.

Since Admiral Rickover's remarks have such general applicability to so many fields of engineering and technology in our society, unanimous consent is requested for their inclusion in the RECORD at the conclusion of my remarks. I highly commend them to all of my colleagues since the lessons they contain are pertinent to many of the legislation actions we must take:

THE ROLE OF ENGINEERING IN THE NAVY

(By Adm. H. G. Rickover)

In ancient times a philosopher came to a city. He was determined to save its inhabitants from sin and wickedness. Night and day he walked the streets and haunted the marketplaces. He preached against greed and envy, against falsehood and indifference. At first the people listened and smiled. Later they turned away; he no longer amused them. Finally, a child moved by compassion asked: "Why do you go on? Do you not see it is hopeless?" The man answered: "In the beginning, I thought I could change men. If I still shout, it is to prevent men from changing me."

I feel like that man as I talk to you today. I have fought for reform in the Navy for years. If I still shout, it is because I am afraid the Navy will not be able to meet the demands which will be placed upon it in the future. There are two broad reasons for this condition. First, we misread history. Second, we do not ask the root question—What is the Navy's purpose?

The Navy exists to defend our Nation—it has no other purpose. It serves as a shield in peace as well as in war; for, in final analysis, diplomacy rests upon the deployment and use of military force. We all recognize this truism. What is wrong is that the Navy misreads the lessons of its past wars. It congratulates itself upon the victories and believes that, by merely tampering with its organization, it can meet the needs of today. It does not ask the question: How well did we do compared to how well we should have done?

This question demands a fresh look at our naval past. Instead of basking in past glories, we should ask: How well were the ships designed and built; how well were they used in battle? These are matters of engineering. In discussing engineering in the Navy, I am not going to consider the present state of ordnance in the Navy. That area has been run by line officers throughout this century and its failures are well-known. I will leave that subject to another critic who has the time and experience to describe it. Nor will I address aeronautical engineering, which is a field unto itself administered within the naval aviation command.

What I will talk about today is engineering as it deals with warship design, construction, and operation. How did this type of engineering evolve? How did we get to the fix we are in now, where the Navy is dangerously weak in these technical areas? What must we do to get on the road to recovery?

Throughout naval history there has been two important groups of men: the ones who fought the ships, and the ones who designed and constructed them. The ones who issued orders in the face of the enemy were the officers of the line of battle—the line officers. Designers and constructors were considered by line officers to be inferior. Yet success on the day of battle depended upon the skill of all.

The Navy of today is far more complex than it has even been, but the fundamental distinction still exists between the role of the line officer and that of the officer whose specialty is ship design and construction—the naval engineer. The matter is complicated because there are two types of engineers: those at sea operating the machinery and those ashore who are charged with the responsibility for design and development of new ships and their equipment.

Origins of modern engineering in the Navy go back to 1814 with the first steam-driven warship, the *Demologos*, designed and built by Robert Fulton. In the following decades, the Navy built few ships with steam engines. The early engines were low-powered, unreliable, inefficient, and were used chiefly as an auxiliary to sail. The Navy could easily recruit engineers from civilian life to operate these engines. Engineers were given no military duties as these were the preserve of the line officer, the aristocrat of the Navy. Therefore, from the beginning there was a gulf between the line officer and the engineer who operated the engines.

The line officer detested the greasy engineer and his smoking boilers that blackened the sails. Not until 1842 did Congress authorize an engineer corps for the Navy. The selection of the first engineer-in-chief was evidence of the low prestige of naval engineering. Gilbert L. Thompson combined the talents of law, scholarship, and diplomacy but he knew no engineering. He could not speak for the engineers in the Navy, nor could he judge engineering problems.

Engineering, both in operating the shipboard machinery and in the design and construction of ships, became critically important with the outbreak of the Civil War. The Navy had to blockade a coastline stretching over 3,000 miles from the Potomac to the Mexican border. It had to support the Army on the rivers; it had to search out and destroy Confederate raiders. For all these purposes, the steam engine and the engineer was indispensable. On the day of battle, steam engines drove the *Monitor* and the *Merrimack*, the *Kearsarge* and the *Alabama*, as well as the gunboats which supported

Grant before Fort Donelson and Vicksburg. In 1862, Congress recognized the importance of engineering by creating the Bureau of Steam Engineering.

When Lee surrendered, the United States Navy was the most effective sea power in the world. That position depended upon engineering which in turn, was based on the skill of Benjamin F. Isherwood, first Chief of the Bureau of Steam Engineering. He designed and built engines rugged enough to withstand the shock of combat, as well as ill-treatment by poorly-trained operating engineers. He also designed and constructed a well-armed cruiser which was faster than any abroad. In addition, American naval leadership rested upon ingenious civilian engineers and inventors such as John Ericsson, who designed and built the *Monitor*.

From this pinnacle of leadership the Navy fell swiftly. We had not learned the lesson of the need for good engineering and competent engineers. As a nation, we became complacent. We believed the *Monitor* was the embodiment of sea power, yet the turret and armored hulls had already been developed in Europe. Wrapped in the security of ignorance, we became slave to the *Monitor*-type. We had faith in them as major combatant ships long after other nations had recognized that they were only a brilliant improvisation to a specific problem. The main line of naval progress remained in Europe. We had misread the naval results of the Civil War.

The Navy forgot the hard-earned lessons and attempted to return to the days of sail. Aboard ship, the position of the engineer deteriorated. The chief engineer and his men were at the beck and call of the line officer. He was denied the living quarters to which he was entitled. He was forced to give way to the most junior line officers. He found his firemen taken from his control and set to work shifting sails. One chief engineer complained that he could not overhaul and repair the machinery because he did not have use of his men. The captain replied that he needed the engineering force for deck drills; if repairs to the engines were necessary, they could be made at night. Under these conditions the Navy had trouble recruiting and holding engineers, and ships failed to meet their commitments. The Acting Chief of the Bureau of Steam Engineering, William H. H. Smith, officially warned in 1883 that the Navy's standards had dropped below those for merchant ships. If a private shipowner operated with as few engineers, he could not insure his ship, and would be liable to criminal prosecution.

When the United States began to rebuild its Navy in the 1880's, it faced serious difficulties. The Nation had fallen behind in marine engineering, in naval architecture, and in ordnance. Because the Navy had built few ships in the previous decades, there had been no need for men skilled in naval design and construction. The United States did not have the facilities to build modern armored vessels, nor did the Navy or industry have the ability to design them. We had to import the technical knowledge, chiefly from England. In addition, the line officers had lost their professional competence because our naval ships had become obsolete. Therefore, the engineers and the line officers who were engaged in the design of new ships lacked experience.

To coordinate ship design and construction, Secretary of the Navy Benjamin F. Tracy, in 1889, set up the Board on Construction. Its membership varied, but always included the Chief of the Bureaus of Construction and Repair, Steam Engineering, Equipment, and Ordnance. The Engineer-in-Chief of the Navy headed the Bureau of Steam Engineering, while the Chief Constructor headed Construction and Repair. They were professional engineers and naval architects Line officers usually were Chiefs of the Bureau of Equipment and the Bureau of Ordnance.

Under these conditions, mistakes were inevitable. But, by and large, the worst errors were caused by the imposition of the opinions of line officers on technical matters. The result can be seen in the Navy's first three battleships, one of which was the famous *Oregon*. The Bureau of Ordnance, headed by a line officer, proposed a turret and gun arrangement based on the hoped-for success of technical developments. When these did not materialize, the turrets had to be redesigned. As a result, when any of these ships swung its guns to deliver a broadside, it heeled over to such an extent that the armor belt on the side toward the enemy dipped below the waterline, giving no protection to the ship.

Another example of poor design occurred during the planning of the *Kentucky*-class battleships, laid down in 1896. The main battery was to be two turrets with a pair of 13-inch guns, and two turrets with a pair of 8-inch guns. The Chief of the Bureau of Ordnance proposed that the 8-inch turrets be placed on top of and integral with the 13-inch turrets. The 8-inch turrets could, therefore, not rotate independently. Whatever the 13-inch guns aimed at, so did the 8-inch guns on the turret above. The Chief of the Bureau of Ordnance—a line officer—got his plan accepted over the strenuous objections of the Chief Constructor. Theodore Roosevelt, as Assistant Secretary of the Navy, was aware of the serious criticism of this design. Yet he also knew that the Chief of the Bureau of Ordnance was a line officer of great prestige among his brother officers. This episode was an instance—not uncommon in the Navy—where officers with a reputation in one field are assumed to be expert in another.

The Battle of Santiago, during the Spanish-American War, revealed that line officers did not know how to use their ships. The military situation was simple. An American squadron, consisting mainly of two armored cruisers and five battleships, had bottled up a Spanish force of four cruisers and two torpedo boats. To save coal while on blockade, captain after captain had cut down on the number of boilers in operation. In the two armored cruisers, half the engines had been uncoupled from the propeller shafts to save coal. When the Spanish came out of the Santiago Channel Sunday morning, July 3, 1898, the Navy was caught by surprise. All the Spanish ships in the battle were sunk or run aground; victory was won. Yet an analysis of the results showed little cause for complacency.

The engines of the entire fleet should have been prepared for battle, but only the *Oregon*, had been ready. She had won her place in American history by her dash from Bremerton, around Cape Horn to Cuba in a voyage which had been an engineering triumph. After the *Oregon* joined the blockade, her captain sent for his engineer, Robert W. Milligan He urged Milligan to cut down on the number of boilers. Milligan replied that he would obey such an order—provided it was made in writing, and provided he could submit a written protest. In Milligan's words: "Damn the economy, efficiency is what we want." The captain withdrew his suggestion. Milligan used his coal carefully, but he kept fires lit under all his boilers. When the battle came, the *Oregon* was one of the few vessels the Spanish could not outrun.

Milligan was one of those old-fashioned engineers who was never far from his engines. He was one of that breed of men taught by experience. These engineers—and I proudly and with no false humility class myself with them—could walk through an engine room and, through the din and uproar, catch the slight sound of a component out of adjustment. They could touch a jacket of metal and feel from the vibrations whether the machinery inside was operating well. They would taste boiler water to see if it were pure, and would dip their fingers into the lubricating oil to find out if a bearing was running hot.

Milligan also gave responsibility to his young subordinates. In the *Oregon*, during her trip around South America and during the Battle of Santiago, Naval Cadet William D. Leahy served in the engine room. There he stood watches, was in charge of stowing coal, and clambered over boilers and furnaces to inspect and maintain them. Leahy, one of the outstanding naval leaders of World War II, could have received no better example of professional leadership.

It took time to learn the lessons of the Spanish-American War. The shooting at Santiago had been poor. Of all the shots fired, only 1.3 percent hit the target. Fortunately, enough hits were made to set the Spanish cruisers on fire. Three years later—in 1901—the North Atlantic Squadron, consisting of three battleships, fired at a hulk 78 feet long and 30 feet high at ranges of about a mile and a half. Despite ideal weather, only one out of 185 shots hit the target. As the admiral commanding the squadron reported, it was a "percentage of only 54/100 of 1%."

There are several explanations for this bad showing, including poor training and badly designed gun mounts and sights. Perhaps the record wasn't much worse than that of other navies at this general time. But these are excuses. The proper question was then—as it is today—how well did the Navy do compared to what it should have done?

The Spanish-American War temporarily interrupted a move which would have straightened out the place of the engineer aboard ships. George W. Melville, Chief of the Bureau of Steam Engineering, spoke for the engineers when he complained to Congress: "I have got tired of being the bastard . . . son of the Navy."

Two solutions were possible. One was to strengthen the engineers so that their status and responsibilities were clearly defined and recognized. The second was to merge the engineers into the line. Because of the increasing complexity of ships, the Personnel Act of 1899 followed this second approach. As Assistant Secretary of the Navy, Theodore Roosevelt said: "Every officer on a modern war vessel in reality has to be an engineer whether he wants to or not." But, as Melville pointed out, the Act would only work if the line officers accepted their engineering responsibilities at sea in good faith.

Some did, others did not. In 1905, a boiler explosion aboard the gunboat *Bennington*, at anchor in San Diego harbor, cost 65 lives. Subsequent investigation revealed that the chief engineer was an ensign who had never stood an engine room watch before being assigned to the billet. He knew nothing of machinery, and he did not have the technical knowledge to stop the chain of events that led to the tragedy. He had never been required, nor given the opportunity, to acquire the necessary knowledge. The *Bennington* disaster was an extreme example of how far some line officers had yet to go to recognize the need for proficiency in engineering on board ship. The old way was simply not good enough. Captain Bradley A. Fiske, testifying in 1908 before the Senate Naval Affairs Committee, made a telling point, as true today as it was then: "A navy, after all, is nothing but a collection of machines, operated by men. Men are always men. They do not change very much, but machines change a great deal."

The year in which Fiske spoke was during a period of naval reform. The United States was well on its way to becoming one of the great powers. Yet most of the new naval technology was being copies from abroad. The lead in developing the *Dreadnought*-

type of battleship had been seized by the British; the first marine turbine was of British origin. Admiral William S. Sims, the officer who is credited with teaching our Navy how to shoot, used training procedures he had copied from the British. The Navy could also rely on American industry as another source of technology. Although this was a period of rapid growth, there was a serious weakness. The status of the engineer aboard ship was by now satisfactory, but the importance of the design engineers—those who could design ships and machinery—had been forgotten.

By 1916, the Navy recognized it could no longer neglect the design engineer. That year Congress passed an act which established the engineering duty only officer—usually abbreviated as EDO. The Act reflected the controversy that had troubled the Navy for decades. The EDO's were line officers, but specialized in design engineering. Because they could not assume military command, they were known as "restricted" line officers.

The Navy learned little from World War I. Even though the Germans had come close to victory with the submarine, we took little heed of that danger after the war. Instead, we held fleet exercises in which battleships steamed in formation and maneuvered, just as they had at the Battle of Jutland in 1916. In these exercises our submarines were used on the surface to protect the battleships. Again, as we later learned at the outset of World War II, the right questions were not being asked.

One reason was, instead of devoting full time to the condition of our ships, top Navy officials also spent time on unimportant matters. As an example, between World Wars I and II the Secretary of the Navy promulgated a General Order—the highest type of official directive that can be issued—concerning the Navy's homing pigeon establishment. This Order divided responsibilities for the care and operation of pigeons among the Bureau of Engineering, the Bureau of Construction and Repair, the Bureau of Navigation, and the Director of Naval Communications. All these organizations were involved in pigeons at one time or another. Their responsibilities included, among other things, pigeon population and banding, transportation, housing and food. There were also plans and literature concerning the pigeon service, miscellaneous equipment, and other pigeon problems.

The pigeon service has now been abandoned by the Navy. That, along with the disbanding of the last detachment of Indian Scouts in 1943, and the requirement for Army aviators to wear spurs in 1938, is one of the rare occasions in U.S. military history where a function has been abolished.

Today—with the inflated rank in the Navy—if we still had the pigeon service—the senior pigeon in the pecking order would, I suppose, be a line admiral. It would be claimed, as the argument so often goes, he needed this rank to deal effectively with his peers in the Army, the Air Force, and the other foreign pigeon services.

Between World Wars I and II, there was a reasonable balance among the line officers and the technical officers responsible for design and construction of ships. Few new ships were built immediately after World War I, so that line officers had a chance to learn how to use battleships, destroyers, submarines, and to experiment with aircraft carriers. The EDO's, in turn, had time to become educated in their profession. They were selected from line officers who, after six or seven years of sea duty following graduation from Annapolis, had been ordered to the Naval Postgraduate School at Annapolis for a course in naval engineering design. The latter part of this course was taken at a first-rate civilian college, such as Columbia or the University of California. After completing their two years of scholastic work, these officers returned to sea duty. Only several years later were a *few* of them designated EDO's. By that time they had about 15 years of commissioned service. Consequently, when the Navy began to rebuild in the 1930's, it had a group of able line officers—among them King, Halsey, Leahy, Nimitz, and Spruance—and some able engineers and constructors—among them Bowen, van Keuren, Cochrane, Robinson, and Mills—with the technical competence to meet its needs.

The Navy was at its apogee at the end of World War II. Again we were misled by the magnitude of the victory. The United States could afford to overlook errors of leadership in the line and in engineering because we had the time and resources to outproduce the enemy. Today this is no longer true. We must be ready to defend ourselves with what we have.

Since the end of World War II, I have witnessed the deterioration of the technical competence of the Navy when compared to the job the Navy has to do. One reason is lower personnel standards. Many officers who came into the Navy during the war had reached fairly high rank. They had served their country well, but lacked the qualifications the Navy needed in its officers. The decrease in personnel standards led to a decline in standards of competence. In the nonnuclear surface ships, officers were—and are at this moment—no longer required to qualify as operating engineers.

In the period before World War II, line officers were required to complete a formal qualification in the operation of the engineering department of their ship. Since World War II, the Navy has ignored the need for line officers to acquire operating experience in engineering. There are now no requirements for the captain of a ship to have served in the engineering department before he takes command. The result is that many captains have little knowledge, respect, or regard for their engineering plants; they do not know how to make a critical inspection of these plants, nor can they even evaluate the recommendations of their people. Is it any wonder that ships—even new ones—are frequently found in poor material condition by outside inspectors?

The emphasis on operational engineering experience is just the opposite in nuclear ships. Since the beginning, I have required all nuclear ship captains, as well as their subordinate officers, to qualify as operators of the propulsion plant before being assigned to a ship. Prior to being assigned as chief engineer, executive officer, or captain of a nuclear ship, the nuclear trained officer must successfully complete a comprehensive eight-hour written examination and a three-hour oral examination at my headquarters in Washington. I personally approve or disapprove all examination results. Before he is permitted to take this examination, he must first have completed one year of academic and operational training which includes qualification as a watch offier on a fully operational, land prototype nuclear propulsion plant similar to the ones we have at sea. An engineering department officer, once he has completed his initial training, must qualify as a watch officer in a nuclear ship and serve in the engineering department for at least one year. To be eligible for the examination, he must also be recommended by his commanding officer.

These requirements produce line officers who are familiar with the operating details of their propulsion plants and are not afraid to get their hands dirty. When reports from subordinates conflict, or where they doubt the accuracy, they know enough to look for themselves and to put the weight of their own experience behind the decision. They also know how to train their officers and men and inspect their plant. They possess that essential requisite of leadership—to educate and train. I would much rather have officers with this sort of experience than ones with postgraduate degrees in systems analysis, computer science, management, or business administration—as many of the Navy's line officers have. The machinery does not respect these irrelevant capabilities.

In the rest of the Navy, engineering at sea has been relegated to a subordinate position. This is a serious mistake. Ships will not be able to fight effectively if they cannot get underway, or otherwise meet their operational requirements.

Despite the vast increase in technology, the Navy, also, has gone downhill in the areas dealing with ship design and construction. The Bureau of Ships, which inherited these responsibilities when it was established in 1940 by the amalgamation of the Bureau of Construction and Repair and the Bureau of Engineering, failed to take steps to maintain a strong cadre of competent officer and civilian engineers who could control the increasing technical workload and build a strong engineering organization able to meet the demands of the new technologies.

I cannot overemphasize the importance of the technological factor. For man to take full advantage of modern technology, he must raise his standards of knowledge and performance. The high temperatures, pressures, and speeds needed today require the use of metals close to their ultimate limits. Therefore, the utmost care is needed in the engineering, manufacture, installation, and operation of equipment aboard ship, and in the design and construction of the ship itself. The rising tide of technological complexity has engulfed the design engineer ashore as well as the line officer engineer at sea. In both areas, these men now face demands far beyond those which confronted their predecessors. In the face of these challenges, some of the senior EDO's have seemed to be more concerned with getting the perquisites of military command of Navy yards rather than running the technical aspects of their jobs.

To meet the demands of the technological revolution we had witnessed since World War II, the Navy had two choices. It could make the strenuous effort needed to keep abreast of technology. Or it could let technical competence fall from its grasp; placing its dependence on industry, tinkering with its organization and, through various makeshift arrangements, attempt to keep track of the technical developments upon which its future depended. The decision was to rely on reorganization and management techniques. The result was a flood of studies and an endless series of reorganizations, all of which increased emphasis on "management" and decreased the reliance on technical competence.

A chief characteristic of the reorganizations was the increasing influence of the line officer in technical matters. The line officer does not have an important responsibility to think through and set the requirements for ships and weapons. But in the years since World War II, he has become deeply involved in making decisions on technical matters for which his training has not qualified him. Instead of deciding *what* he needs, he is now often deciding *how* his needs shall be met.

Up through the Civil War and beyond, there was absolute civilian control in the Navy. The Secretary of the Navy had the responsibility for promoting officers, for assigning them to commands, and for directing ship movements. Bit by bit the line officers managed to obtain some authority in these areas. A Secretary of the Navy in the time of Theodore Roosevelt complained: "My duties consist of waiting for the Chief of the Bureau of Navigation to come in with a paper, put it down before me with his finger on a dotted line and say to me, 'Sign your name here.' It is all any Secretary of the

Navy does." This powerful bureau chief was a line officer. Finally, in 1915, the line officers achieved their goal of controlling the military operation of the Navy through the establishment of the Office of the Chief of Naval Operations.

When Congress established that position, it was clearly understood that the Chief of Naval Operations—the Navy's highest ranking military officer—was subordinate to the Secretary of the Navy, and that his job was to prepare the Fleet and keep it ready for war. He could give recommendations on the shipbuilding program, but not make the decisions. He did not control the technical bureaus which were concerned with ship design and construction; the chiefs of these bureaus reported directly to the Secretary. The Navy was divided into what was called a bilinear organization. One line of authority and responsibility, that for operational matters, extended from the Secretary to the Chief of Naval Operations. The other line extended from the Secretary to the chiefs of the bureaus. Ship design and construction were handled by the Chief of the Bureau of Ships who reported directly to the Secretary. Occasionally a Chief of Naval Operations attempted to expand his power over the bureaus. Admiral King tried to do so during World War II. President Franklin D. Roosevelt at once saw the issue. Roosevelt was no novice in naval affairs. He had been Assistant Secretary of the Navy from 1913 to 1920—not only a long period of time, but also during the years of World War I. The President gave as his reason for opposing King that:

"We ought not to have all the administrative problems of personnel and material, shore establishments, production, etc., go up through the Chief of Naval Operations. When you come down to it, the real function of the Chief of Naval Operations is primarily naval operations—no human being can take on all the responsibilities of getting the Navy ready to fight. He should know all about the state of that readiness, and direct the efforts of it, . . . If they are not ready to fight, or are slow in getting ready, it is his function to raise hell about it. Details of getting ready to fight ought not to bother him."

And, mind you, this was said when the Navy had not yet reached a fraction of the technical complexity it has today.

Roosevelt clearly understood the distinction between the role of the line officer and that of the technical officer. Unfortunately, some of the policy makers who came later did not.

At the time Secretary McNamara took over the Defense Department in 1961, there was a dire need to reform the Navy's method of handling development, procurement, and maintenance of warships. The basic need was to establish groups of technically competent people with clear authority and responsibility for executing the various Navy programs, similar to the strong technical management approach that prevailed in the nuclear propulsion program and later in the POLARIS missile program. There was also a need for strong technical groups in the shipyards and industrial contractor organizations to carry out the technical development work, under close technical direction from the Government headquarters organization. These needs were not being met.

The Navy, obviously, had not done a good job, so when Secretary McNamara took office, the Navy was, quite properly, investigated and much was found in need of improvement. Unfortunately, the changes he made were in the wrong direction. He took the advice of analysts and management experts rather than seeking the advice of people with technical expertise. He changed the administration of the Navy's technical work to coincide with the Air Force organizational method; he established the Naval Material Command—a Command to be responsible for the design, development, and procurement of all naval equipment and the supporting shore establishment—to be similar to the Air Force Material Command. He did not recognize that procurement of warships is a far different matter than procurement of aircraft. He appointed a line officer as the Chief of Naval Material. He eliminated the technical bureaus and assigned their functions to new "Systems Commands" under the Chief of Naval Material. Most of the technical people in the Bureau of Ships—other than in my nuclear propulsion organization—were removed to a new Naval Ship Engineering Center located in an outlying area, which was established as a field activity of the Naval Ship Systems Command. They are now merely consultants and are no longer responsible for what happens.

This reorganization, which created a new bureaucracy now grown to about 800 people—the Office of the Chief of Naval Material—added another huge layer of management between the technical people who have to deal with the engineering details if they are to get the job done, and the people in charge whose approval must be obtained to proceed. They are empowered to ask any and all questions and to stop the work from proceeding. Their endorsement must be obtained prior to forwarding a recommendation to higher authority in the chain of command. But there is no one that I can find in the Naval Material Command who has the authority to approve proceeding with programs.

Subsequently, the organization was again changed to have the Chief of Naval Material report to the Chief of Naval Operations rather than directly to the Secretary of the Navy, thus ending the bilinear organization of the Navy.

That change, which President Roosevelt had prevented in 1942, was supposed to keep the Chief of Naval Operations in the responsible chain of command. However, the net effect on the technical people was to add still another layer of management through which to fight proposals before they could get approval. To understand the overwhelming and detrimental effect of these changes, it must be realized that every officer and civilian in the Offices of the Chief of Naval Material and the Chief of Naval Operations regards himself as senior to the Commanders of the technical Systems Commands, and feels free to introduce his thoughts, questions, and desires into any technical matter coming through his office. These people involve themselves in every aspect of ship design, construction, and procurement, including the construction of shore facilities and settlement of contract claims.

Recently, serious consideration was even given to placing a line officer in charge of the Systems Command which is responsible for the design and construction of all warships. If that move had been carried out, it would have marked the final takeover by the line officers of every aspect of naval technical work. At the last moment, that proposal was fortunately abandoned.

The staff of the Chief of Naval Operations (CNO) has grown in recent years, until it now includes 65 admirals. This is about twice as many as were assigned to Fleet Admiral King's staff at the height of World War II. In addition, the CNO staff has more than 300 captains in comparison to only 187 billets for captains to command all ships and squadrons at sea. There are also over 320 commanders on the CNO staff, as well as many senior civilians and lower-ranking officers. These staff officers get involved in technical matters for which they have no qualificatons. Recently, I attended a CNO meeting at which the only subject discussed was technical ship characteristics. In addition to the large number of line admirals present, there was also a Marine general—although the meeting had nothing to do with the Marine Corps. He volunteered no comments; how could he?

The purpose of the Navy has become lost in its organizational complexity. New layers of administrators and managers, civilian and naval, are interposed between the high echelons of the Navy and the people who are doing the actual work—the hewers of wood and drawers of water. The Navy no longer has adequate in-house capability. There was far greater technical competence in the Bureau of Ships in 1939 for the job it had to do to prepare for World War II, than there exists now to meet the needs of today.

The growing dependence upon management systems has been another characteristic which has evolved in the years since World War II. Secretary McNamara, instead of requiring the Navy to build up its in-house technical capability, decreed that it should depend on industry. The Navy could "manage" the projects which it assigned to industry. His successors have followed the same path. I have learned from many years of bitter experience that we cannot depend on industry to develop, maintain, and have available a technical organization capable of handling the design of complex ships and their equipment without the Navy, itself, having a strong technical organization to oversee the work in detail.

Management systems are as endemic to the Government as the Black Plague was in Medieval Europe. Brochure after brochure crosses my desk offering seminars and courses in management. Usually these are aimed at Government officials. Details vary, but the substance is the same. For a substantial fee, paid by the Government, and for a few days spent in pleasant surroundings, those attending the seminars will be taught management. Usually the agenda contains numbers: seven trends of management, five differences between a leader and a manager, four functions of a leader, five ideas for improving human relations, and three basic situations. There are gimmicks. I have a pocket-sized plastic card, complete with colored eggs and long-sweeping arrows and fine print. Problems go one way, decisions another, and plans in yet a third direction. Presumably a person, faced with a decision, has only to pull out this card and follow the arrows. That is if he has the time and the patience, and can comprehend it. I can't.

A management system is broad and sweeping in its generalities. But technical problems are a matter of detail. The devil is in the details. Management systems cannot help when the difficulties are technical. A badly designed machine on which the safety of the ship and its crew may depend, is impervious to the blandishments of a management system. But a badly designed machine will yield to an exhaustive analysis by a technically trained man.

What if Columbus had applied modern management systems to his proposed voyage? He would have attended management seminars. He would have studied tables with brightly colored squares and broad arrows to show which way plans, decisions, and problems were to go. He would not have bothered with details such as navigation and seamanship. These were technical matters. He would simply have "managed" the voyage. He would have used a colored-plastic decision-making card. Further, his analyst—I mean systems analyst—would have presented him with several volumes proving that the venture was not cost-effective. America would never have been discovered. We would all be Indians.

It is hard to describe how pervasive management systems are; how they have dulled the sharp edge of purpose and competence. Nor are line officers the only ones to depend on the teachings of modern management. A recent Chief of the Bureau of Ships told his engineers that their key role was management in a technological revolution. He did not deny the need for technically trained people, but stated that management was the job of engineering officers in Washington. Moreover, he noted approvingly that engineers, more used to dealing with verifiable facts, had participated in courses to enable them to deal efficiently with unpredictable human beings. In my experience, there are not many facts in a rapidly advancing field. Finding out what they are consumes all the time of a good engineer. It is upon knowing these technical facts that the Navy depends—not upon people taken from their jobs to become skilled at human relations.

Management systems have a vogue. Not too long ago the PERT system had a great vogue in government and industry. PERT is an acronym for Program Evaluation and Review Technique and was developed within the POLARIS missile program. Several business journals hailed the system as a totally new management tool. It was even welcomed by some engineers. Nothing is heard of it today. A political scientist analyzing the POLARIS program concluded after several interviews that PERT was a sham. It was simply used to get political and financial support. Why was it welcomed so loudly and accepted so widely? How was it that so many business and industrial leaders adopted a system they later found worthless? Recently, I proposed to the editor of a leading business journal that this question was well worth his study. My suggestion was serious. For, although a system may wither away, it leaves a residue. And another system comes along.

Management is taught at Annapolis. This has done serious harm to its young graduates. My people and I interview midshipmen before they enter the nuclear program. We do this because it takes time, effort, and expense to train an officer to operate nuclear ships. We cannot afford to penalize men who are working hard to learn atomic power plant technology by wasting our resources on individuals who have been taught the easy social science courses, or who cannot or will not make demands upon themselves. We must also select men who will seek facts and face them. Officers in nuclear ships cannot rely on theory alone. One midshipman, who had taken management courses, told me that he was able to learn my job in six months; he could run General Electric in a year.

It was not his fault. It was no crime for him to give this answer. He had been taught by his supposedly responsible and knowledgeable professors that his job was to "manage." It will take some of these men years to unlearn the Annapolis social science propaganda, and some never will. What is tragic is that often these young men have good potential as naval officers. They report to the Academy expecting to be taught the elements of the naval profession and have no reason to expect otherwise. Instead, they learn that a naval officer shouldn't bother with technical details. All he needs to know are broad concepts on how to manage. Someone else will do the work. There will always be available to him a sufficient number of cheerful, willing, competent, hard-working "serfs" to do the technical work, as well as the money to do the job. He will be the leader, the aristocrat.

There exists a great temptation in a man's life to commit himself to the dogma of his youth, and to base his entire life's work on that dogmatic foundation. This temptation is fostered by the cult of management, and this is why management studies should be banned from the Naval Academy. Many of its graduates, leading the sheltered naval life, never reexamine this doctrine; never afterward do they fully experience the world of reality. They would be totally lost if suddenly the dogma handed down should prove to be fallacious.

Though we may stop asking questions the day we obtain our diplomas, the Navy we are committed to serve and enhance will not. It keeps asking us whether we know what we are doing; it keeps asking us why the Navy we have desired and built over the past 50 years is in its present state.

The service academies once gave professional education in engineering. Early graduates of West Point did much to develop our waterways and our railroads. In fact, for many years West Point was the only school that taught civil engineering. After some uncertain beginnings, Annapolis, too, gave good enginering and professional courses. The curricula of the academies was based on the assumption that the military service was a profession, but since the end of World War II, Annapolis, at least, has changed. It has added more and more social science courses so that it now produces men more fitted for civilian life—if even for that—than for a career in the Navy. Even rewards for scholastic ability do not lead midshipmen further toward their careers. I recently learned of a midshipman who will spend his senior year studying "The Effects of Low Frequency Electromagnetic Fields on the Circadian Biorhythms of Common Mice." We are raising a generation of naval officers who are ill-equipped to carry out their jobs in peace or war. Again, it is a question of purpose. What is Annapolis for? Does a naval officer need to know the rhythms of mice?

Nor are engineering and science adequately stressed as undergraduate requirements for many other young officers entering the Navy today. The Naval Reserve Officers Training Corps (NROTC) which annually supplies more new officers for the Navy than the Naval Academy, is a case in point. Over the years officers commissioned through this program have been allowed to pursue practically any undergraduate major they desire. The Navy therefore finds itself subsidizing prospective anthropologists, foresters, sociologists, or perhaps even landscape architects—skills not needed by the Navy. To pay for this training is a waste of Navy funds.

Young officers today must be able to understand the technical details of their equipment and they cannot do this without learning the fundamentals of engineering and science. I have been recommending for years that, as a minimum, all NROTC students be required to take mathematics through integral calculus and at least one year of college physics. Despite these efforts, I have only been partially successful in convincing those responsible that this should be done.

There are also signs that the Naval War College has lost its sense of purpose. That college was founded in 1884 to give a few naval officers a chance to think about strategy. But today strategy is one among other themes. For example, in the *Naval War College Review* of January, 1972, the lead article was entitled "A Revolution in Organization Concepts." A single sentence sums up the author's philosophy: "A person's ability to manage his own affairs or those of any public or private organization or institution depends less on the methods, techniques, and tools he employs than on his understanding of, and attitudes toward, the world that contains him and the groups of which he is a part." Put another way, he is saying that an attitude is more important than knowing the details of a job. The article's author has taught in several colleges here and abroad, and at one point was a professor of city planning and a co-author of a book on management. But would you go to a doctor who believes his "world outlook" is more important than his medical knowledge?

Contrast this philosophy with that of another article in the same issue of the *Review*. It describes how Admiral Joseph Mason Reeves, who was Commander of the United States Fleet in 1934, gathered officers of all ranks for a lecture at the War College. He told them: "In everything we do, we must ask ourselves: does this directly advance preparation for war? . . . If war comes, this Fleet must fight 'as is.' You must fight at sea and not on paper." These two examples from the *Review* go to the heart of the matter—one is professional advice from an experienced naval officer; the other is not.

The Navy is raising a generation of officers who believe that technical training is not essential and that they can rely on management techniques to make decisions. For these officers, the road to advancement in many cases leads through the non-professional areas of the Navy, such as political-military affairs, foreign sales, planning and budgeting, human relations. Further, they want subordinates with whom they can be comfortable rather than those who are qualified. On the other hand, the Russians do not put management experts into highly technical positions. A recent Soviet listing indicates that the head of the Russian space program is a design engineer who has been associated with Soviet rocket development since World War II.

The dependence on management systems has been an important factor in the loss of technical competence in ship design and construction. For example, over the years, with monotonous regularity, representatives from large and well-known companies propose to undertake—at Government expense—studies of small, high-speed ships propelled by small, cheap, light-weight nuclear power plants. These proposals are enticing to officer managers who do not understand the technical flaws, and are swayed by the miraculous achievements promised by these representatives—with their high-sounding management titles—who seek Government contracts. The officers are dazzled by titles because they have been accustomed throughout their career to regard rank and title as the measure of competence.

My people and I find that the technical bases for these proposals are unsound. When we object to these schemes on scientific and engineering grounds, we are told that we are unimaginative and stubbornly conservative, that we could make these systems work if we really tried and wanted to do so. Such an argument reduces all engineering to the simple matter of personal will. We are constantly faced with people who believe in the idea of overcoming existing difficulties by trying something even bolder and more difficult. Like all exaggerated gallantry, such a course is attractive but unrewarding.

Senior line officers have lived most of their lives in an operating environment where they issue orders to which they obtain immediate execution by their subordinates. When they assume command of a technical organization, they become frustrated when the response to their directives is inadequate or delayed.

I well remember when, many years ago, a senior line admiral issued a directive which said "There will be no more rust." They do not understand that technical directives are not self-executory, because they involve far more than compliance with the type of order required to change ship course or speed. Such a directive may require a large amount of engineering work and take much time and the work of many engineers; it may not even be possible of achievement. Nor do they understand that a complex engineering directive requires more than a management decision; it requires also a strong technical organization to carry it out.

The most important job of the man in charge of a technical organization is to select and train the technical people working for him—not to issue orders and directives. But to do so he, himself, must be technically competent. No one, no matter how high his position, can accomplish a technical aim by simply ordering it. Nature knows no rank.

The loss of professionalism among the engineers, and the interference of line officers in technical matters, has resulted in naval ships of questionable design. I do not include our nuclear ships in this category—but only because of my ability to insist upon the contrary.

If the acceptance of unsound proposals illustrates the technical poverty of those officers and civilians in the Navy who are managing technical projects, the 1,200 pound boiler is an example of incompetence on board ship. The Navy has had difficulty with these boilers, which deliver steam at a pressure of 1,200 pounds per square inch. They have been hard to operate, and men have lost their lives in accidents with them. These boilers are important because well over one hundred of our escort ships and seven of our thirteen aircraft carriers are fitted with these boilers. Consequently, when the Navy had trouble with them, a significant number of important ships were involved.

My organization discovered that at the basic school ashore, the sailors were being trained to stand watches on, and record the water level of a boiler that had no water in it. This is the equivalent of teaching your sons and daughters to drive by letting them sit in the garage behind the wheel, but never turning on the engine or putting the car in motion. And the sending them out on the highways to earn their living as truckdrivers. On board escort ships, we found commanding officers who had never given the boilers priority. I talked to admirals who were responsible for the care of these ships, yet had never seen the boilers which were giving them so much trouble—and a number of these ships could not operate.

What is the condition of the ships in our Fleet? In my opinion, there has been no period in the past 50 years where the Fleet has been in as poor condition as it is today. This is often excused because of the Vietnam War and the inadequate appropriations for shipbuilding and ship repair. It appears to me that the prime reason for the inability of the officers of the Fleet to supervise their equipment is their lack of training. The poor condition of the Fleet is well-documented in official reports of the Board of Inspection and Survey of the last few years.

I have gone into the historical background to show that the problems the Navy is facing today are not new. More often than not, the line officers and the engineers, aboard ship or ashore, have been in conflict. Nothing I have said is intended to give the impression that engineers do not make mistakes. But engineers are less likely to make mistakes in engineering than line officers who make engineering decisions. The pendulum has swung too far in the direction of the line officer. I would be just as disturbed if the balance favored the engineer. The issue is not whether one group is exalted over the other; the issue is the very purpose of the Navy. On October 15, 1912, President Taft said: "A navy is for fighting, and if its management is not efficiently directed to that end the people of the country have a right to complain."

What Taft said in 1912 applies today. So does Roosevelt's statement made fifteen years earlier: "Every officer on a modern war vessel . . . has to be an engineer. . . ." Defining purposes is deceptively easy. Setting standards is not hard. What is difficult is to keep them firm—to prevent them from being eroded by people more interested in their careers and their status than in the organization. This is a hard lesson to learn. Those who ask again and again the simple question: "Does this make sense?" are accused of disloyalty. We should not be loyal to the idea of loyalty. We should be loyal to the purpose of the organization.

What should be done? Here I can only draw upon my own experience. When I came to Washington at the beginning of World War II, my job was to run the electrical section of the Bureau of Ships. Our object was to develop and supply electrical equipment for the Fleet. I found that one man was in charge of design, another took care of production, a third handled maintenance, while a fourth dealt with fiscal matters. This was the way the entire Bureau operated. But it didn't make sense to me. Design problems showed up in production, production errors showed up in maintenance, and financial matters reached into all areas. I changed the system. I made one man responsible for his piece of equipment—for design, production, maintenance, and contracts. If anything went wrong, I knew exactly where to look. I run my organization today upon the same principle. Our nuclear ships have to work. We have developed the technical knowledge to see that they do. We know that our responsibility extends for the life of the ship—from womb to tomb.

Reform of an institution rarely comes from within. Inertia and resistance are too strong from those who shelter behind the ramparts of custom or find comfort from the soothing narcotic of ritual. Occasionally the defense against new ideas takes strange forms. In 1897, Theodore Roosevelt was chairman of a board set up to reduce the number of senior line officers—a problem that is with us today, too. Promotion had been so slow that the upper ranks were filled with men who arrived too late in their life to learn how to exercise responsibility. A few officers on the board seriously proposed that the reduction be made by a system of chance—a sort of lottery—so that the choice of officers to be retired would be made "without the intervention of human intelligence." Roosevelt tossed the suggestion aside, for he and others saw that in this method the good officer was as liable to retirement as the poor one. He observed that intelligent men can make mistakes, but surely intelligence is better than blind chance.

Nearly all decisions in the Navy today deal with engineering problems. Technology will not stand still. The penalty for technological surprise can be enormous, even fatal. To avoid getting caught, we must know where the responsibility lies for the quality of our ships and the readiness of our Navy for war. We should return to the bilinear system, in which the technical bureaus reported directly to the Secretary of the Navy. They should no longer report through the Chief of Naval Material to the Chief of Naval Operations. The entire office of the Chief of Naval Material with its huge staff should be recognized as the huge burden it is, and disbanded. Not only would this step relieve those engaged in technical work from unnecessary meetings and paperwork, it would allow the Chief of Naval Operations to cut back on the size of his office. He could then face his primary job: seeing to it that the Navy is ready for war.

The principle behind these actions is that line officers must be taken out of technical positions they are not qualified to hold. The line officer has become an aristocrat. If an aristocracy fills a need in society, it has a valid place. But if it arrogates to itself privileges without responsibilities; if it assumes responsibilities without the necessary qualifications; then an aristocracy is dangerous, not just to itself, but to the society of which it is a part. The aimless way in which the line officers have taken over engineering in the Navy in the last ten years has just about destroyed the engineering capacity of the Navy.

Members of the inner circle of the naval aristocracy have often been rewarded by receiving choice assignments no matter what their experience, or lack of it. The situation is similar to placing favorites and members of the nobility in command of armies, or to Pope Alexander VI making his son Caesar Borgia a Cardinal at seventeen.

Today, many of our naval leaders are actually "cheerleaders," making heroic attempts to keep the Navy together with endless exhortations and lectures on the value of leadership. Yet they, themselves, are not knowledgeable enough to instruct or to see that the work has been done properly. What we must recognize is that the purpose of the Navy is to defend the country, not to provide a place for comfortable careers. Because our officers are the cutting edge of our military strength, we can make no compromise with their ability.

After Pearl Harbor, President Roosevelt sent for Admiral King. Supposedly King remarked: "When they get into a war, they send for the sons of bitches." Whether King used these exact words or not, it is their spirit—the determination to cut through difficulties to get the job done—that is important.

The line officer has a professional responsibility to learn how to operate his ship and his fleet. From his experience, he should be able to say what kinds of ships the Navy needs to meet its obligations.

Translating those requirements into operational hardware is the job of the engineering officers and the civilian engineers. These men must be forced to learn their job and assume responsibility for their work. To do this requires long-term assignments. We can no longer permit officers to hold their position for a short time before moving on to their next job. The headquarters organization responsible for the design and construction of ships should be reestablished as a technical organization with its engineers returned to positions requiring them to be responsible for the technical state of affairs instead of being field consultants. As the Navy gains technical competence, it can build up its in-house technical capability, and demand high quality work at reasonable cost from the industrial contractors.

I do not underestimate the difficulties. It demands a clear recognition of purpose. It demands a leadership that knows that its main job is to train and educate officers and men to meet the highest standards at sea and ashore.

To a large extent, the Navy reflects the Department of Defense. Here, too, we are overwhelmed with a suffocating organization. In 1969, the Secretary of Defense asked a leading executive from private industry to serve as chairman of a committee to investigate the Department. Based on the work of his committee, the chairman wrote: "The Defense Department is the single most wasteful, incompetent, overstaffed department in the Government. It consists largely of paper-shufflers and memo-writers." He was right. As was to be expected, the recommendations of this board—like its innumerable predecessors—were not taken seriously. Boards and commissions are useless because they can only suggest. Frequently they are set up just to quiet criticism by showing that "action" is being taken. The government is littered with reports of boards and committees which have never been acted on.

Changes can only be made by those who are responsible and act responsibly. To cut through the thick underbrush of the paper jungle, the Defense Department in the 1960's tried systems analysis, program management, and cost effectiveness. McNamara and his "whiz kids" with their cost analyses and computer methods, "managed" us into the situation where we lost the lead we had in nuclear submarines. Had not Congress intervened at the last moment, we would have stopped nuclear submarine construction almost entirely. Even worse, these systems analysts recommended that we sink ten of our Polaris submarines as a cost-saving measure.

If at times the Navy Department has difficulty in fending off such proposals, one reason is that the Secretary of the Navy does not hold the position of esteem and importance he once possessed. No longer a member of the President's Cabinet, he is merely one of three service Secretaries who report to the Secretary of Defense.

Today we have new leadership in the Navy and the Department of Defense. I hope these men will give serious thought to reestablishing engineering competence in the Navy. I spoke earlier that we had misread our naval past. I study naval history from the perspective of an officer who is interested in the development of his profession. To me, most of these histories are seriously flawed. With a few notable exceptions, they are written by the victors to hail their own achievements. It is true in any walk of life that past success can engender a dangerous confidence and complacency that can lead to future defeat. In the glow of victory, all error is forgotten.

Recognizing the uncertainty of tomorrow is an important attribute of leadership. But a leader is acting in his highest capacity when he recognizes that his primary function is to train and educate. Naval officers cannot exercise true leadership if they lack the sense of purpose that comes from competence. No classroom courses and no books on leadership can take its place. There is no broad and easy highway to leadership, but only the long road of experience gained through hard and unremitting work at one's career.

When I am told that I should not attack any of the policies of the Navy Department, it is the same as saying that a son should not warn his mother of a cliff until she has fallen over it. Perhaps, in the end, the facts of life, like a sheepdog with an awkward flock, will finally nudge the Navy toward common sense. But I doubt it. Had I refrained from attacking the policies of the Navy Department over the past 25 years and not gone to Congress and the Atomic Energy Commission, we probably would not now have our nuclear Navy which is a prime factor in keeping war from this country.

Like the philosopher who came to the ancient city, I know that reform means progress, and progress means strife. Where there is no friction, there is no motion. It has always been this way. We must ever seek the purpose of our lives. We must not give in to despair over the state of our technological competence as it is today. The danger lies in the future; it can be averted if we will but act.

It is not the duty of the critic to become responsible for correcting the deficiency he has found. This argument is frequently used to prevent the critic from pointing out what is wrong. When Eurystheus discovered that the Augean stables were dirty, was he then obligated to clean them? Has not the cruiser on the scouting line performed its duty when it reports the presence of the enemy fleet?

are not quite as impatient of a critic as the ancient Locrians. These people gave freedom

Unpleasant facts are unwelcome and no one builds statues to critics. But today we of speech to all citizens. At public meetings anyone could stand up and argue for changes in law or custom, on one condition. A rope was placed around his neck before he began to speak and, if what he said did not meet with public approval, he was forthwith hanged. That, no doubt, prevented disturbing the even tenor of familiar customs and ways of life. I have encountered some in the Navy who look with nostalgia on this ancient custom.

But we must face the stark fact that an uncriticized society cannot long endure.

NUCLEAR POWER PLANT LICENSING BILL

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, on September 17, 1974, in a statement on the floor of this House, I summarized for the benefit of my colleagues the efforts by the Joint Committee on Atomic Energy which have been underway during this session to produce legislation in the form of proposed amendments to the Atomic Energy Act intended to help eliminate delays in the Atomic Energy Commission's licensing process and to improve those procedures generally.

The committee has held comprehensive public hearings on several licensing bills before it, and sought and obtained the advice of an informal study group that considered potentially beneficial draft amendments for many months. In accordance with very general guidance from Joint Committee members, and based on thoughts provided by the informal planning committee, the staff prepared a bill which I introduced on September 17, 1974 (H.R. 16700). There is reproduced beginning on page H9329 of the Congressional Record of that date, the committee staff paper summarizing the content of the proposed bill.

In order to keep my colleagues apprised of additional pertinent information which has become available since introduction of the bill, I insert at the conclusion of these remarks a copy of a letter dated October 2, 1974, which I have received from AEC Chairman Dr. Dixy Lee Ray, basically supporting enactment of the bill (H.R. 16700), and providing detailed comments on the measure:

U.S. Atomic Energy Commission,
Washington, D.C., October 2, 1974.

Hon. Melvin Price,
Chairman, Joint Committee on Atomic Energy, Washington, D.C.

Dear Mr. Price: This is in response to your request for AEC's views on a draft bill to restructure the nuclear facility licensing process (Committee Print, dated August 29, 1974).

We are pleased that the draft bill retains almost all of the essential features of the AEC bill (S. 3179 and H.R. 13484), including the "three track" approach to facility licensing designed to help achieve the goal of reducing the time to bring nuclear power plants on-line from the present ten years to a period of six years or less. We support enactment of the draft bill in its present form, except for one feature described in paragraph 1. below. Since almost all of the essential features of the AEC bill are retained, our detailed comments will focus upon the differences in the two bills.

1. The AEC bill provides for a limited opportunity for a hearing at the operating license stage in "track" three and at the operating stage in "track" two regarding violations of Commission licensing requirements (including those relating to quality assurance matters) and advances or changes in technology. Opportunity for hearing on advances or changes in technology would be retained. However, the draft bill replaces the opportunity for hearing on violations with an opportunity for hearing on whether as a result of "a specifically identified question substantially affecting the public health and safety, or the common defense and security, or the protection of the environment having been left unresolved in the most recent licensing action in the proceeding, there should be . . . appropriate action taken . . . that will provide substantial additional protection. . ." While under the draft bill, AEC would retain authority to order that a hearing be held on violations at these points in time, we believe that a statutory provision for an opportunity for hearing is warranted because of the special safety significance of proper construction practices and effective quality assurance program implementation during construction. Therefore, we prefer the provisions in the AEC bill providing for an opportunity for hearing on violations of licensing requirements.

2. A new section 111 has been added in the draft bill which would (a) direct the Commission to establish priorities in reviewing applications and take other actions to encourage applicants for site permits and licenses for nuclear powerplants to engage in adequate and open advance planning for the sites and plants, (b) direct the Commission to participate in the FPC's adequacy and reliability programs with the regions, and (c) direct the Commission to require advance notice of filing applicants for site permits and licenses and of filing petitions to approve plant designs by rule. The Commission believes that these provisions would be extremely useful and supports them.

3. A new section 111c, has been added providing for a nuclear energy center survey. The survey is to be completed by June 30, 1976, and updated from time to time. The Commission would be authorized to encourage location of reactors and related fuel cycle facilities on such nuclear energy center sites. The Commission supports this provision. There is some ambiguity whether "designation" of a site in the survey precludes the need for site approval in a licensing proceeding. We believe that the better construction of the bill is that licensing approval would still be required, although some clarification would be helpful. We note that the Senate-passed reorganization bill contains a similar provision (section 112). We also note that the National Science Foundation is conducting some similar studies, and in implementing section 111c. the Commission would seek to avoid any duplication of effort.

4. The AEC bill abolished the requirement for mandatory ACRS review of certain applications and provided for review at the option of the Commission. In the draft bill the ACRS review provisions have been changed to conform to prior AEC proposed legislation, i.e., ACRS review is in most cases at the option of the Commission or the ACRS. The Commission supports this change.

5. A new section 185b has been added that would serve as specific authority for the AEC's so-called "Limited Work Authorization" ("LWA") rule in 10 CFR § 50.10(e). The rule provides a procedure whereby, after a defined review and hearing, applicants for construction permits for nuclear power reactors may commence limited construction activities prior to receipt of a full construction permit. In the draft bill the concept would be broadened to cover all construction permit or combined construction permit and operating license applications for all nuclear facilities. The Commission believes that this confirmation of its authority will be useful and supports the section.

6. The AEC bill would permit AEC to authorize interim operation of a nuclear power reactor in advance of completion of the hearing where it determines that this is "necessary in the public interest by virtue of the need for power in the affected area." In the draft bill this interim licensing provision has been broadened so as to apply to all nuclear facilities (not just nuclear power reactors), the required "need for power" determination has been broadened to a "public interest" determination, "good cause" must be shown by any applicant for such an

interim license, and the Commission is required to request public comments on any "public interest" determination prior to issuance of any interim license. The "public interest" determination would include, at least in the case of facilities other than powerplants, the need to avoid undue delay in the operation of the facility. The Commission supports these changes. The language in the AEC bill that the Commission's substantive requirements under the Atomic Energy Act must be met for any such interim license has been dropped. We would not construe this deletion as authorizing relaxation of substantive licensing requirements, although some clarification would be desirable.

7. A new section 189c. has been added that would direct the Commission to follow expedited licensing procedures. The Commission would be vested with specific authority to establish time limits on the completion of various phases of licensing proceedings, to limit discovery to reasonably specific issues and confine hearings to substantial, genuine, and material issues of fact, to apply an expanded res judicata and collateral estoppel concept, and to be the lead agency under NEPA. The expanded res judicata and collateral estoppel concept would foreclose litigation of an issue in a licensing proceeding if the issue was decided or could have been raised in a prior proceeding on the same application or an application regarding the same facility, site or design on the basis of information then available, unless there is a significant change in circumstances and the issue is a substantial one. While this particular provision dealing with relitigation of issues is not contained in the AEC bill, full implementation of the provision would not be mandated in all cases but authorized, and the Commission believes that the provision can be implemented in a reasonable fashion so as not to unduly restrict public participation. For example, the provision, would serve as specific confirmatory authority to prevent needless relitigation of issues covered by a prior generic manufacturing license proceeding. The other provisions confirm present AEC authority. On this basis, the Commission supports the section.

8. The AEC bill would authorize an applicant for a construction permit or a combined construction permit and operating license for a facility to be located on an approved site to commence limited construction upon filing of the application. In the draft bill a one-year limit has been imposed on the duration of any such on-site work that is safety related and on any work under an "LWA" (see paragraph 5.) that is safety related, except that the Commission may extend the period for good cause. While the one-year limit could in certain cases cause a hiatus in construction activities, the provision for extensions makes the provision workable. The Commission supports these changes.

9. In the AEC bill, an offer of an "on the record" rulemaking hearing would be required on design approval in order for the construction permit or combined construction permit and operating license or operating license hearing to be dispensed with in "track" three. This requirement for an "on the record" rule making hearing would be eliminated in the draft bill. However, the draft bill would add the opportunity for a hearing at the construction stage in "track" three on whether, because of peculiar circumstances, application of the earlier design approval will not serve the purposes for which it was given. Both bills provide the AEC with flexibility to choose informal rule making (notice and comment, with perhaps a "legislative type" hearing), formal rule making ("on the record" hearings), or some "hybrid" procedure for general design approval by rule. The opportunities for public participation in formal hearings on general design matters are, upon analysis, similar in both bills. Where AEC chooses informal rule making, opportunity for hearing in "track" three at the construction permit or operating stage on general design matters covered by the rule would be restricted under both bills, although the issues that could effectively be litigated would be different. Where formal rule making is selected, the rule making itself offers an opportunity for full public participation on general design matters. However, under these circumstances, the draft bill adds an opportunity for hearing at the construction stage to "challenge" the rule on the basis of special circumstances. Since the draft bill retains an opportunity for hearing at the construction stage to "challenge" the rule on the basis of special circumstances. Since the draft bill retains an opportunity for effective public participation on important general design issues and, in some cases, provides for additional opportunities for public participation, the Commission supports the change.

10. A new section 193 has been added dealing with Federal-State cooperation. The Commission would be specifically authorized to coordinate its reviews and proceedings with the States, conduct consolidated hearings on environmental matters with the States, and avoid duplication of efforts of the States in environmental data collection. The Commission supports these provisions. A number of States have expresesd an interest in holding consolidated hearings and the provision offering specific authority for the Commission to hold such hearings should be extremely useful.

11. A new section 194 has been added in the draft bill dealing with assistance to hearing participants. The Commission would be required to meet with potential intervenors wherever practicable, serve copies of correspondence on all parties, give advance notice of meetings with applicants to all parties and provide all parties with written summaries of such meetings, make available technical studies or reports to parties, and, under certain circumstances, prepare new technical studies or reports at the request of a party. The Freedom of Information Act would not be amended and there are no provisions for interlocutory judicial review. Many of these provisions follow present AEC practice and the Commission supports the new section. The section avoids the problems regarding interlocutory judicial review in the similar provision (section 206) in the Senate-passed reorganization bill (H.R. 11510).

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

Dixy Lee Ray,
Chairman.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Duncan (at the request of Mr. Rhodes), for today and balance of the week, on account of illness.

Mr. du Pont (at the request of Mr. Arends), for the week of November 11, on account of official business as a delegate from the Congress to the World Food Conference.

Mr. Mann (at the request of Mr. O'Neill), for today, on account of death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Robinson of Virginia), to revise and extend their remarks, and to include extraneous matter to:)

Mr. Kemp, for 15 minutes, today.
Mr. Hogan, for 5 minutes, today.
Mr. Don H. Clausen, for 30 minutes, today.
Mr. Steelman, for 5 minutes, today.
Mr. McKinney, for 5 minutes, today.
Mr. Hosmer, for 2 minutes, today.
Mr. Robison of New York, for 10 minutes, today.
Mr. Steiger of Wisconsin, for 10 minutes, today.
Mr. Anderson of Illinois, for 15 minutes, today.
Mr. Towell of Nevada, for 5 minutes, today.
Mr. Findley, for 5 minutes, today.
Mr. Archer, for 5 minutes, today.
Mr. Heinz, for 5 minutes, today.
Mr. Gilman, for 5 minutes, today.

(The following Members (at the request of Mr. Jones of Oklahoma) to revise and extend their remarks and include extraneous material:)

Mr. Flood, for 5 minutes, today.
Mr. Gonzalez, for 5 minutes, today.
Mr. Wolff, for 5 minutes, today.
Mr. Dent, for 5 minutes, today.
Mr. Dulski, for 5 minutes, today.
Mr. Dominick V. Daniels, for 10 minutes, today.
Mrs. Grasso, for 5 minutes, today.
Mr. Van Deerlin, for 15 minutes, today.
Mr. Fuqua, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Reuss to revise and extend his remarks in the extension of the Record in five instances.

Mr. Blatnik, following the remarks of Mr. Mosher.

Mr. Mayne, during general debate following remarks of Mr. Andrews of North Dakota.

Mr. Hudnut and to include extraneous matter in his remarks on H.R. 16901.

Mr. Kemp to revise and extend his remarks and include extraneous matter prior to vote on Agricultural Appropriation bill.

Mr. Price of Illinois and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $1,598.50.

Mr. Conyers and to include extraneous matter notwithstanding the fact that it exceeds two pages of the record and is estimated by the Public Printer to cost $903.50.

(The following Members (at the request of Mr. Robinson of Virginia) and to include extraneous matter:)

Mr. Broyhill of Virginia.
Mr. Hogan.
Mr. Forsythe.
Mr. Hosmer in two instances.
Mr. Gilman in two instances.
Mr. Lent.
Mr. Roncallo of New York.
Mr. Derwinski in three instances.
Mr. Broyhill of North Carolina.
Mr. Lagomarsino.

Mr. Hudnut.

Mr. Sarasin.

Mr. Towell of Nevada.

Mr. Wyman in two instances.

Mr. Steiger of Wisconsin in two instances.

Mr. Bray in three instances.

Mr. Collier in five instances.

Mr. Bell.

Mr. Landgrebe.

Mr. Taylor of Missouri.

Mrs. Holt.

Mr. Robison of New York.

Mr. Steiger of Arizona.

Mr. Esch.

Mr. Young of Illinois.

Mr. Crane.

Mr. Heinz.

Mr. Ashbrook.

(The following Members (at the request of Mr. Jones of Oklahoma) and to include extraneous material:)

Mr. Gonzalez in three instances.

Mr. Rarick in three instances.

Mr. Anderson of California in two instances.

Mr. Matsunaga.

Mr. Fisher.

Mr. Harrington in two instances.

Mr. Burke of Massachusetts.

Mr. Stokes in three instances.

Mr. Hamilton.

Mr. Edwards of California in two instances.

Mr. Mitchell of Maryland.

Mr. Carey of New York in two instances.

Mr. Rangel in two instances.

Mr. Stephens.

Mr. Reid in two instances.

Mrs. Collins of Illinois.

Mrs. Grasso.

Mr. Flowers in three instances.

Mr. Won Pat.

Mr. Koch in two instances.

Mr. Drinan in 10 instances.

Mr. Moorhead of Pennsylvania.

Mr. Brademas.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 3191. An act to amend title 10, United States Code, to provide that commissioned officers of the Army in regular grades below major may be involuntarily discharged whenever there is a reduction in force; to the Committee on Armed Services.

S. 3943. An act to extend the time for using funds appropriated to carry out the 1973 Rural Environmental Assistance Program and the 1974 Rural Environmental Conservation Program; to the Committee on Agriculture.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 11541. An act to amend the National Wildlife Refuge System Administration Act of 1966 in order to strengthen the standards under which the Secretary of the Interior may permit certain uses to be made of areas within the System and to require payment of the fair market value of rights-of-way or other interests granted in such areas in connection with such uses; and

H.J. Res. 1131. Joint resolution making further continuing appropriations for the fiscal year 1975, and for other purposes.

SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced to an enrolled bills and a joint resolution of the Senate of the following title:

S. 1794. An act to amend section 308 of title 44, United States Code, relating to the disbursing officer, deputy disbursing officer, and certifying officers and employees of the Government Printing Office;

S. 2220. An act to repeal the "cooly trade" laws;

S. 3362. An act to enable the Secretary of the Interior to provide for the operation, maintenance, and continued construction of the Federal transmission system in the Pacific Northwest by use of the revenues of the Federal Columbia River Power System and the proceeds of revenue bonds, and for other purposes; and

S.J. Res. 123. A joint resolution authorizing the procurement of an oil portrait and marble bust of former Chief Justice Earl Warren.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on the following dates present to the President, for his approval, bills of the House of the following title:

On October 8, 1974:

H.R. 3532. An act for the relief of Donald L. Tyndall, Bruce Edward Tyndall, Kimberly Fay Tyndall, and Lisa Michele Tyndall;

H.R. 5641. An act to authorize the conveyance of certain lands to the New Mexico State University, Las Cruces, N. Mex.;

H.R. 6202. An act for the relief of Thomas C. Johnson;

H.R. 6477. An act for the relief of Lucille de Saint Andre;

H.R. 7135. An act to amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the United States by members of the uniformed services and civilian officers and employees for damage to, or loss of, personal property incident to their service; and

H.R. 12471. An act to amend section 552 of title 5, United States Code, known as the Freedom of Information Act.

On October 9, 1974:

H.R. 7954. An act to direct the Secretary of Agriculture to release on behalf of the United States conditions in a deed conveying certain lands to the State of New York and to provide for the conveyance of certain interests in such lands so as to permit such State, subject to certain conditions, to sell such land.

H.R. 9054. An act to amend the act entitled "An Act to authorize the Secretary of Agriculture to execute a subordination agreement with respect to certain lands in Lee County, South Carolina"; and

H.R. 11537. An act to extend and expand the authority for carrying out conservation and rehabilitation programs on military reservations, and to authorize the implementation of such programs on certain public lands.

ADJOURNMENT

Mr. JONES of Oklahoma. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 52 minutes p.m.) the House adjourned until tomorrow, Thursday, October 10, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

2844. Under clause 2 rule XXIV, a letter from the Comptroller General of the United States, transmitting a report on improvement needed in documenting computer systems, was taken from the Speaker's table, referred to the Committee on Government Operations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. KASTENMEIER: Committee on the Judiciary. S. 1064. An act to improve judicial machinery by amending title 28, United States Code, to broaden and clarify the grounds for judicial disqualification; with amendment (Rept. No. 93–1453). Referred to the Committee of the Whole House on the State of the Union.

Mr. PEPPER: Committee on Rules. House Resolution 1423. Resolution providing for the consideration of H.R. 13002. A bill to amend the Public Health Service Act to assure that the public is provided with safe drinking water, and for other purposes. (Rept. No. 93–1454). Referred to the House Calendar.

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 1424. Resolution providing for the consideration of H.R. 17027. A bill to amend the National Visitor Center Facilities Act of 1968 (Rept. No. 93–1455). Referred to the House Calendar.

Mr. HALEY: Committee on Interior and Insular Affairs, submitted a report with respect to a bill to amend the act of August 13, 1946 (60 Stat. 1050; 25 U.S.C. 70a) (Rept. No. 93–1456). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee of conference. Conference report on H.R. 14225 (Rept. No. 93–1457), Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BERGLAND:

H.R. 17176. A bill to extend the time for using funds appropriated to carry out the 1973 rural environmental assistance program and the 1974 rural environmental conservation program; to the Committee on Agriculture.

By Mr. CARTER:

H.R. 17177. A bill to amend the Federal Coal Mine Health and Safety Act of 1969; to the Committee on Education and Labor.

By Mr. DENT (for himself, Mr. Perkins, Mr. Flood, Mr. Carney of Ohio, Mr. Shipley, Mr. Bevill, Mr. McDade, and Mr. Mollohan):

H.R. 17178. A bill to revise the black lung benefits program to transfer the residual liability; to the Committee on Education and Labor.

By Mr. DRINAN:

H.R. 17179. A bill to amend the Internal Revenue Code of 1954 to increase the excise tax on cigarettes, and to amend the Public

Health Service Act to increase the authorization for appropriations for the National Heart and Lung Institute by amounts equal to the increase in receipts from such tax; to the Committee on Ways and Means.

By Mr. FORSYTHE:

H.R. 17180. A bill to amend the Internal Revenue Code of 1954 to allow certain individuals who have attained age 65 or who are disabled a refundable tax credit for property taxes paid by them on their principal residences or for a certain portion of the rent they pay for their principal residences; to the Committee on Ways and Means.

By Mrs. GRASSO (for herself, Mr. Benitez, Mrs. Boggs, Mr. Conyers, Mr. Cotter, Mr. Dominick V. Daniels, Mr. Harrington, Mr. Hechler of West Virginia, Mr. Helstoski, Mr. Long of Maryland, Mr. Murphy of Illinois, Mr. Patten, Mr. Rosenthal, Mrs. Schroeder, Mrs. Sullivan, and Mr. Yates):

H.R. 17181. A bill to make it an unfair practice for any retailer to increase the price of certain consumer commodities once he marks the price on any such consumer commodity, and to permit the Federal Trade Commission to order any such retailer to refund any amounts of money obtained by so increasing the price of such consumer commodity; to the Committee on Interstate and Foreign Commerce.

By Mr. HAWKINS (for himself and Mr. Mitchell of Maryland):

H.R. 17182. A bill to establish a national policy and nationwide machinery for guaranteeing to all adult Americans able and willing to work the availability of equal opportunities for useful and rewarding employment; to the Committee on Education and Labor.

By Mr. LONG of Maryland (for himself and Mr. Mann):

H.R. 17183. A bill to amend the Internal Revenue Code of 1954 to provide individuals a limited exclusion from gross income for interest on deposits in certain savings institutions; to the Committee on Ways and Means.

By Mr. MOSS:

H.R. 17184. A bill to amend section 1002(e) of the Federal Aviation Act of 1958 to provide that the Civil Aeronautics Board shall determine the revenue needs of each carrier on an individual basis in any proceeding relating to the establishment of rates for the carriage of persons or property; to the Committee on Interstate and Foreign Commerce.

By Mr. MURPHY of New York:

H.R. 17185. A bill to amend the Federal Unemployment Tax Act so as to require States to extend to not more than 39 weeks the period for which an individual may receive regular unemployment compensation, to provide for Federal financing of one-half of the costs attributable to the extension of benefits so required, to provide minimum standards with respect to eligibility for such compensation, and to limit the use of waiting periods for the receipt of such compensation; and otherwise to extend and improve the Federal-State unemployment insurance rates; to the Committee on Ways and Means.

By Mr. PEYSER:

H.R. 17186. A bill to repeal the unnecessary commitment of Government funds to the Emergency Livestock Credit Act of 1974; to the Committee on Agriculture.

By Mr. ST GERMAIN:

H.R. 17187. A bill to prohibit any increase in the price of certain consumer commodities by any retailer once a price is placed on any such commodity by such retailer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STEELMAN (for himself, Mr. McKay, Mr. Sarbanes, and Mr. Biester):

H.R. 17188. A bill to enforce the first amendment and fourth amendment to the Constitution and the constitutional right of privacy by prohibiting any civil officer of the United States or any member of the Armed Forces of the United States from using the Armed Forces of the United States to exercise surveillance of civilians or to execute the civil laws, and for other purposes; to the Committee on the Judiciary.

By Mr. THONE:

H.R. 17189. A bill to amend section 4483 of the Internal Revenue Code of 1954 relating to exemptions from the highway use tax; to the Committee on Ways and Means.

By Mr. THONE (for himself, Mr. Alexander, Mr. Madigan, and Mr. Mathis of Georgia):

H.R. 17190. A bill to amend the Consolidated Farm and Rural Development Act, as amended, to provide for improved emergency loan procedures; to the Committee on Agriculture.

By Mr. ANDREWS of North Dakota:

H.R. 17191. A bill to authorize the Secretary of the Interior to make indemnity payments to farmers who have suffered crop depredation by migratory birds or other protected wildlife, and for other purposes; to the Committee on Agriculture.

By Mr. BRINKLEY:

H.R. 17192. A bill to amend the Internal Revenue Code of 1954 to provide a trade or business deduction to firemen for meals which they eat while at their post of duty overnight; to the Committee on Ways and Means.

By Mr. CEDERBERG:

H.R. 17193. A bill to provide for joint action by the executive and legislative branches to limit outlays from budget authority for the fiscal year 1975, and for other purposes; to the Committee on Government Operations.

By Mr. DOMINICK V. DANIELS:

H.R. 17194. A bill to make it an unfair practice for any retailer to increase the price of certain consumer commodities once he marks the price on any such consumer commodity, and to permit the Federal Trade Commission to order any such retailer to refund any amounts of money obtained by so increasing the price of such consumer commodity; to the Committee on Interstate and Foreign Commerce.

By Mr. DERWINSKI:

H.R. 17195. A bill to amend the Internal Revenue Code of 1954 to provide individuals a limited exclusion from gross income for interest on deposits in certain savings institutions; to the Committee on Ways and Means.

By Mr. FINDLEY (for himself, Mr. Price of Illinois, Mr. Hungate, Mr. Kluczynski, Mrs. Sullivan, Mr. Symington, Mrs. Collins of Illinois, Mr. Collier, Mr. Hanrahan, Mr. Madigan, and Mr. O'Brien):

H.R. 17196. A bill relating to the construction of Locks and Dam No. 26, Mississippi River, Alton, Ill., and Mo.; to the Committee on Public Works.

By Mr. GIAIMO:

H.R. 17197. A bill to provide financial assistance to regulated electric utilities to reduce the increases in electric utility rates caused by increases in the price of residual oil; to the Committee on Interstate and Foreign Commerce.

By Mr. GUYER:

H.R. 17198. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

By Mr. HUBER:

H.R. 17199. A bill to provide that U.S. industries shall have the right of first refusal on nuclear fuels and materials manufactured in the United States; to the Joint Committee on Atomic Energy.

By Mr. HUNT (for himself and Mr. Broomfield):

H.R. 17200. A bill to provide authority for the President to reduce amounts appropriated pursuant to an appropriation act by an amount equal to not more than 5 percent of the aggregate amount appropriated by such act; to the Committee on Appropriations.

By Mr. KASTENMEIER:

H.R. 17201. A bill to provide for the defense of judges and judicial officers sued in their official capacities; to the Committee on the Judiciary.

H.R. 17202. A bill to provide a penalty for failure of a convicted person to surrender himself to the Attorney General; to the Committee on the Judiciary.

H.R. 17203. A bill to amend sections 611 and 627 of title 28, United States Code, relating to the retirement of the Director and Deputy Director of the Administrative Office of the United States Courts and the Director of the Federal Judicial Center; to the Committee on the Judiciary.

H.R. 17204. A bill to rescind certain budget authority as recommended in the message of the President of October 4, 1974 (H. Doc. 93-365), transmitted pursuant to section 1012 of the Impoundment Control Act of 1974; to the Committee on Appropriations.

By Mr. MARTIN of North Carolina (for himself and Mr. Kemp):

H.R. 17205. A bill to limit budget outlays of the Federal Government during the fiscal year ending June 30, 1975, to $295 billion; to the Committee on Government Operations.

By Mr. O'BRIEN:

H.R. 17206. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for allergenic extracts, whether or not administered by the physician who prepared them; to the Committee on Ways and Means.

By Mr. PATMAN:

H.R. 17207. A bill to amend Public Law 480 to provide for the purchase of live beef cattle for donation to Honduras and other nations experiencing widespread famine; to the Committee on Agriculture.

H.R. 17208. A bill to establish a temporary program whereby the Secretary of Agriculture shall obtain feed for beef cattle and sell such feed to cattlemen at a reduced rate if the parity price of milk falls below a specified level; to the Committee on Agriculture.

By Mr. PRICE of Texas:

H.R. 17209. A bill to extend the tariff schedules of the United States with respect to the rate of duty on bale ties for baling cotton, and for other purposes; to the Committee on Ways and Means.

By Mr. RANDALL (for himself and Mr. Hungate):

H.R. 17210. A bill to amend title XVI of the Social Security Act to permit individuals who are residents in certain public institutions to receive supplementary security income benefits; to the Committee on Ways and Means.

By Mr. REES:

H.R. 17211. A bill to establish an Office for Economic Policy Coordination within the Department of the Treasury and an Office of Energy Policy Coordination within the Federal Energy Administration, and for other purposes; to the Committee on Government Operations.

By Mr. ROUSSELOT:

H.R. 17212. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

H.R. 17213. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $1,000 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mr. SPENCE (for himself, Mr Davis of South Carolina, Mr. Dorn, Mr. du Pont, Mr. Gettys, Mr. Haley, Mr. Mann, Mr. Martin of North Carolina, Mr. Nix, Mr. Preyer, Mr. Stephens, Mr. Taylor of North Carolina, and Mr Young of South Carolina):

H.R. 17214. A bill to authorize the establishment of the Eutaw Springs National Battlefield Park in the State of South Carolina, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WYMAN:

H.R. 17215. A bill to amend title 39, United States Code, to permit organizations or associations of older citizens to qualify for special bulk third-class mail rates; to the Committee on Post Office and Civil Service.

By Mr. MARAZITI (for himself, Mr. Regula, Mr. Mollohan, Mr. Parris, Mr. Lent, Mr. Beard, Mr. Ketchum, Mr. Roncallo of New York, Mr. Quie, Mr. Benitez, Mr. Derwinski, Mr. Harrington, Mr. Dominick V. Daniels, Mr. Mitchell of New York, Mr. Eshleman, Mr. Whitehurst, Mr Burgener, Mr. Casey of Texas, Mr. Broyhill of North Carolina, Mr. Hanley, Mr. Abdnor, and Mr. McClory):

H.R. 17216. A bill to prohibit the shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering, or entertainment; to the Committee on the Judiciary.

By Mr. MARAZITI (for himself, Mr. Wylie, Mr. Conte, Mr. Michel, Mr. Bafalis, Mr. Young of Alaska, Mr. Lott, Mr. Spence, Mr. Roncallo of New York, and Mr. Wydler):

H.R. 17217. A bill to deauthorize permanently the construction of the Tocks Island Dam on the Delaware River; to the Committee on Public Works.

By Mr. ESCH (for himself and Mr. Quie) (by request):

H.R. 17218. A bill to establish a special unemployment assistance program; and a communiy improvement program; and for other purposes; to the Committee on Education and Labor.

By Mr. HOSMER (for himself and Mr. Price of Illinois):

H.J. Res. 1161. Joint resolution assuring compensation for damages caused by nuclear incidents involving the nuclear reactor of a U.S. warship; to the Joint Committee on Atomic Energy.

By Mr. ASPIN:

H. Con. Res. 663. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on Foreign Affairs.

By Mr. ROBISON of New York:

H. Con. Res. 664. Concurrent resolution to establish a target for budget outlays for fiscal year 1975; to the Committee on Appropriations.

By Mr. WRIGHT:

H. Con. Res. 665. Concurrent resolution to establish a target for budget outlays for fiscal year 1975; to the Committee on Appropriations.

By Mr. FRASER (for himself and Mr. Nelsen):

H. Res. 1425. Resolution providing for the printing as a House document of the proceedings of the Committee on the District of Columbia incident to the presentation of a portrait of Hon. Charles C. Diggs, Jr.; to the Committee on House Administration.

By Mrs. GRASSO:

H. Res. 1426. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

By Mr. GUYER:

H. Res. 1427. Resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investments in agriculture research and technology for the express purpose of increasing food production; to the Committee on Agriculture.

By Mr. PEPPER:

H. Res. 1428. Resolution expressing the concern of the House of Representatives with respect to the financial situation of U.S.-flag carriers engaged in international air transportation; to the Committee on Interstate and Foreign Commerce.

By Mr. REES:

H. Res. 1429. Resolution expressing the sense of the House with respect to participation by State and local governments in the formulation of Federal policies and programs; to the Committee on Government Operations.

By Mr. RODINO (for himself and Mr. Eilberg):

H. Res. 1430. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

By Mr. WALSH:

H. Res. 1431. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. PHILLIP BURTON:

H.R. 17219. A bill for the relief of Rhody E. Laigo; to the Committee on the Judiciary.

By Mr. MURPHY of New York:

H.R. 17220. A bill for the relief of Lee In Deuk; to the Committee on the Judiciary.

By Mr. ROY:

H.R. 17221. A bill for the relief of Ulis S. Anderson; to the Committee on the Judiciary.

By Mr. SHRIVER:

H.R. 17222. A bill to direct the Secretary of the Interior to convey certain lands in Geary County, Kans., to Margaret G. More; to the Committee on Interior and Insular Affairs.

By Mr. WRIGHT:

H.R. 17223. A bill for the relief of Oscar Antonio Salas, his wife Alberta Garcia, and their children Bertha Maribel, Patricia, and Juliza; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

THE FINANCIAL PLIGHT OF PAN AMERICAN WORLD AIRWAYS

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, October 9, 1974

Mr. HARRY F. BYRD, JR. Mr. President, the financial plight of Pan American World Airways is a serious matter. I support the administration's plan to secure more equitable treatment for Pan Am and our other international carriers.

However, I cannot endorse the proposal which has been advanced for a large-scale cash subsidy of Pan Am to be paid from tax funds. I do not believe the Government should be in the business of bailing out distressed firms with the taxpayers' money.

An excellent summation of the issues involved in the situation of Pan Am appeared recently in the Shenandoah Herald and Shenandoah Valley of Woodstock, Va. D. Lathan Mims is president of this newspaper, and Robert P. Thompson is the editor.

I ask unanimous consent that the text of the editorial concerning Pan Am, "Subsidy Idea Is Wrong," be printed in the Extensions of Remarks.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

SUBSIDY IDEA IS WRONG

Pan American World Airways, the "flag carrier" of the United States on many international air routes, is appealing for federal subsidies to avoid financial collapse. We sympathize with Pan Am and its employes and stockholders, but we think it would be a bad idea for the American taxpayer to bail out this famous airline, even if it would be a blow to our national pride to see it go under.

If there is any argument to be made at all for federal funds to be used for rescuing Pan Am, it is that the airline owes many of its problems to short-sighted policies of our own government. Rather than start writing checks to cover these mistakes, the government should try to create conditions that make it easier for our international air carriers to survive.

Our government can do nothing about the fact that most of the 57 foreign airlines that compete directly or indirectly with U.S. airlines on international routes are subsidized by their governments. However, there is no excuse for the United States to be making the competitive advantage of foreign airlines even greater.

Why, for instance, should Australia's Qantas Airlines pay a $271 fee to land one of its 747 jumbo jets at San Francisco when Pan Am must pay a $4,200 fee to land at Sydney, Australia? Why is our government-sponsored Export-Import Bank loaning money to foreign airlines at special low interest rates so they can purchase aircraft in the United States, when they are going to use those planes to compete with U.S. airlines that must pay prevailing high commercial interest rates to buy the same kind of planes? Why is the U.S. Postal Service paying foreign carriers more to carry mail than it pays to our own airlines?

Some of these inequities can only be ironed out at the international level. The United States has followed an "open skies" policy giving foreign airlines virtually unlimited access to the U.S. travel market. Some foreign countries openly discourage their citizens from flying on U.S. airlines in order to create patronage for their own national carriers. There should be the same reciprocity in the sphere of air travel that we pursue in our free trade policies.

Pan Am is not the only U.S. airline caught in a squeeze between skyrocketing operating costs and fare and route structures that are often slow to reflect changes in competitive conditions in the travel market. Trans World Airlines, for one, is suffering the same disadvantages as Pan Am in international service but can cushion its losses with its domestic routes and subsidiary operations. If the survival of Pan Am is important to the national interest, domestic carriers might consider yielding on their opposition to granting Pam Am some domestic routes, too.

Congress will no doubt be told that Pan Am's appeal for subsidies is a "last resort." It can hardly be viewed as that when changes are possible in our national and international air policy that could put Pan Am and other U.S. carriers on a far more equitable basis of competition in the world travel market.

THE CARGO PREFERENCE BILL

HON. JESSE A. HELMS

OF NORTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Wednesday, October 9, 1974

Mr. HELMS. Mr. President, on September 17, and again on September 18, Mr. Robert F. Hurleigh devoted his evening news commentary over the Mutual Broadcasting System Network to the Senate's passage of the cargo preference bill. He made some rather pointed remarks about "talking out of both sides of the mouth.":

> Some of the very members of Congress, he said, "who speak the loudest in public to stop inflation and call for prompt action to do something about inflation, have voted for this bill which will drive up the prices for literally thousands of products from the food store to the gas station.

For the benefit of Senators who may not have heard these commentaries on this very inflationary legislation, I ask unanimous consent that they be printed in the RECORD.

There being no objection, the commentaries were ordered to be printed in the RECORD, as follows:

COMMENTARY BY ROBERT F. HURLEIGH, SEPTEMBER 17, 1974

Once again the expression "talking out of both sides of the mouth" is most apt to describe a number of law-makers who have been the most articulate in calling for prompt and drastic action in stopping inflation, yet vote for a measure which will increase the cost of consumer products. The most recent case in point is the 42 to 28 Senate vote to approve the Energy Transportation Security Act of 1974. The bill has a curious history. It was first introduced in the Congress as a means to stop the "runaway" ships of our Merchant Marine to foreign flags and foreign crewmen. The high wages paid to American seamen, and the resultant high cost of operation was the reason American ship owners gave for registering tankers and other cargo ships in foreign nations, such as Liberia. As this practice became almost the custom the job loss to American seamen became critical. There seemed little likelihood that wages could be lowered to compete because the cost-of-living faced by American seamen has always been higher than that of their counterparts in the countries where these ships were registered.

Members of congress in the maritime ports were understandably sympathetic to the problem and supported the legislation which will force at least 30 percent of all oil imports to be carried in American flag ships by 1977. One of the more curious aspects of this legislation is the opposition by the Defense, Commerce, Interior and Transportation Departments, yet the title of "The Energy Transportation Security Act of 1974".

The bill may have had considerable merit before the Israel-Arab war of last year brought the oil embargo by the Arab states and precipitated our own oil crunch earlier this year; then the quadrupling of the price of oil by the oil producing nations and the resultant increase in the cost of oil products all over the world.

Now, again, the oil producing nations have voted another 5 percent increase for their oil which will affect oil importing nations once again. If this bill to force American importers of oil to use at least 30 percent American tankers to bring oil to our shores becomes law, the consumer is in for another round of inflation on all products which have crude oil as their base—and that includes thousands of petrochemical products, paints and fertilizers as well as the gas and oil for cars, trucks, industrial plants, utilities and homes. Just think about it for a moment: Some of the very members of Congress who speak the loudest in public, to stop inflation, and call for prompt action to do something about inflation, have voted for this bill which will drive up the prices for literally thousands of products from the food store to the gas station.

That's why the expression "talking out of both sides of the mouth" seems to fit quite well. So goes the world today.

COMMENTARY BY ROBERT F. HURLEIGH SEPTEMBER 18, 1974

We reported yesterday that the House and Senate have passed the "Energy Transportation Security Act of 1974" which would create another inflationary pressure on consumer prices on all products made from crude oil—and that means thousands of products from medicines to plastics, from fertilizers to insecticides as well as the mundane uses of refined oil for industry and home, and cars and trucks.

If the measure passes the Congressional Conference Committee and is signed by the President, it will require that at least 30 percent of all oil imported to this country be carried in American flag ships by 1977. The bill is intended to assist the maritime unions whose jobs have been disappearing as the high wages of the American seamen caused ship owners to move to the cheaper labor provided by crews in foreign nations.

The bill has been around for a number of years, and certainly had some merit as American seamen found themselves with higher wage scales but fewer and fewer jobs. The higher wage rates were necessary to maintain a standard of living commensurate with the cost of living in the United States which is much, much higher than that of, say, Liberia. But this bill and the American seamen are victims of the Arab-Israeli war of last October, and the resultant oil embargo leading to quadrupled cost of crude oil from the Persian Gulf.

Now, with almost every product using oil as a base raw material increased in price, the question of whether this added inflationary measure should become law is being ignored by many who otherwise have assumed the posture of "inflation fighters" and protectors of the consumer. Some members of congress apparently didn't want to make the hard decision, didn't want to be recorded for or against the measure and simply didn't vote.

Almost a third of the Senate was absent when the measure was passed 42 to 28. That totals 70 present and voting, with 30 Senators absent. An unusually large number of absentees on such an important, inflationary measure in this year of shrinking dollars. And what of the silence of the many consumer protective groups publicly dedicated to concern for the people's interest? So much good is accomplished by these consumer groups that they must never allow themselves to duck an issue of this sort, else their credibility may lessen and they could find their public support eroding should they began to pick and chose their targets.

The inflationary aspects of this legislation are apparent and consumers would ultimately feel the impact on their pocketbooks.

Perhaps the consumer interest groups are hopeful the bill will not survive the Congressional Conference Committee, or that President Ford will veto the measure, and thus allow them to avoid the controversial issue. So goes the world today.

SCHOOLBUSING IN BOSTON

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, October 9, 1974

Mr. HARRY F. BYRD, JR. Mr. President, news of the difficulties associated with implementation of a schoolbusing order in Boston was received with mixed emotions in the South.

In the September 23 edition of the Richmond Times-Dispatch, Ed Grimsley, the editor of the editorial page of that newspaper and author of a column called "Metronome," took a sly poke at some of the hypocrisy surrounding busing, in the form of an open letter to Mayor White of Boston.

I ask unanimous consent that the text of Mr. Grimsley's humorous column, "Should We Dispatch Freedom Riders?", be printed in the Extensions of Remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SHOULD WE DISPATCH FREEDOM RIDERS?

(By Ed Grimsley)

Hon. KEVIN H. WHITE,
Mayor, City of Boston,
Boston, Mass.

DEAR MR. MAYOR: I was surprised to learn from news stories that you are having trouble integrating your public schools. You see, I thought Boston's schools had been integrated for years, if not forever. This I was led to believe by the outraged reaction of Bostonians a few years ago to the resistance some Southern communities offered to integration.

But I was misled, and that's that. The purpose of my letter is to say that many of us down here would like very much to help you make the difficult adjustments you now find necessary. Kindness deserves kindness, after all, and many Northerners, including Bostonians, were good enough to come south to help overcome this region's opposition to school integration. Why, one of your good ladies, Mrs. Mary Elizabeth Peabody, was even courageous enough to spend a night in jail to set an example for the South.

What specifically can we do for you? Some of my friends have suggested that we try to send some Freedom Riders to Boston. The only trouble is that we might find it difficult to arrange transportation, since most of our buses are needed to haul children hither and yon to keep our schools in proper racial balance. But if you think Freedom Riders would help, we'll see what we can do.

Could you use a few good sermons? During our own difficulties, there were some powerful sermons preached about the South's need to accept integration. Some of the ministers who delivered them are still around and might welcome the opportunity to visit Boston. Barring that, we probably could send you copies of some of the sermons, which you could distribute to ministers in your own city. No doubt they could use them as they are, for racial prejudice is racial prejudice wherever it may be, in Boston as in Birmingham, and opposition to massive busing is a sign of prejudice. Right?

Another potentially helpful suggestion is that we in the South petition Congress to suspend all other business and devote its efforts, for as long as may be necessary, to the objective of integrating the schools of Boston and of the North in general. If congressmen reacted as they did when the South was involved, they would make fiery speeches, issue indignant statements, propose pious resolutions and express themselves in other ways—all in an effort to persuade Boston and the North to integrate their schools.

One effect of this would be to focus the national media's attention on your situation. In no time at all, Boston would be swarming with newsmen from CBS, NBC and ABC—all eager to prepare specials on busing in Boston. It would be an experience you'd never forget. *Time*, *Newsweek* and other publications would devote special issues to you. Tom Wicker of *The New York Times* would lecture you for a month, at least.

This is the way the national media would react, I am certain, for this is the way they treated the South when it was involved in major integration controversies. And surely the national media would not wish to treat the North differently. Would they?

Please let me hear from you at your earliest convenience.

Sincerely,

Ed Grimsley.

P.S.—If you need an extra federal judge to help supervise your busing plan, we have one that we may be willing to let you borrow for awhile.

PULASKI DAY 1974

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BIAGGI. Mr. Speaker, this past Sunday, I had the honor of being in the reviewing stand for the annual Pulaski Day Parade in New York City which marks the great Polish holiday of the same name, which happens to fall on October 11.

On this day millions of Poles around the world pay tribute to Count Casimir Pulaski, a nobleman who became one of the most distinguished leaders of the American Revolutionary Army. After joining the Army in 1777, Pulaski rose in prominence, and reached the rank of brigadier general and chief of cavalry. His most noted accomplishment was his leadership of the successful siege of the strategic port city of Savannah, a victory which resulted in his death, but contributed much to American's later freedom.

On Pulaski Day we take time to pay tribute to the many accomplishments of the large Polish American community in this Nation. Many people are not aware, but on October 3 we marked the 366th anniversary of the arrival of the first Polish immigrants to our shores. The influence of the Polish American community has been felt in each era of our history and continues to be felt in all aspects of our modern day American society.

It is symbolic that as we celebrate Pulaski Day 1974, we find the current leader of Poland, Mr. Edward Gierek, in the United States for meetings with President Ford. It is the hope of Poles and Americans alike that these talks will help pave a new road of better relations between our two nations. I extend to Mr. Gierek my best wishes and hopes that his stay in the United States will be a pleasant and productive one.

I would also like to note on this occasion that I had the recent honor of being named the "Outstanding New York Congressman" by the Polish Cultural Society of New York. It is an honor for which I am deeply grateful and I look forward to personally receiving this prestigious award from the society.

As we approach our 200th birthday celebration, it is only fitting that we take the time as a nation to pay tribute to those who have in some way contributed to the growth and success of America. The Polish American community is an integral part of both our Nation's past history and future dreams. I salute my many Polish friends and extend to them my best wishes on Pulaski Day 1974.

NATIONAL EMPLOY THE HANDICAPPED WEEK

HON. JOEL T. BROYHILL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BROYHILL of Virginia. Mr. Speaker, under leave to extend my remarks, I take this opportunity to bring to the attention of my colleagues and the American people, the call to observe National Employ the Handicapped Week during October 6–12. I wholeheartedly concur in the remarks of Hershell E. Davison, Jr., commander of Arlington-Fairfax, Chapter No. 10, Disabled American Veterans as follows:

Remarks of Hershell E. Davison, Jr.

Hershell E. Davison, Jr., Commander of Arlington-Fairfax, Chapter No. 10, Disabled American Veterans, today called upon all area citizens, particularly employers, to observe NATIONAL EMPLOY THE HANDICAPPED WEEK during October 6–12. The purpose of NETH Week is to focus public attention on the "Hire the Handicapped" program and to remind employers that handicapped workers, especially disabled veterans whose skills, maturity and dependability have been sharpened by military service, make excellent employees when selectively placed in the right jobs.

Commander Davison stated that the U.S. Department of Labor and large employers such as Bendix Corporation and E.I. duPont de Nemours and Company have conducted studies to compare the work records of handicapped and able-bodied workers performing similar tasks. These studies, involving thousands of workers, concluded that the handicapped had fewer disabling on-the-job injuries, and their attendance and job performance were "as good as or better than the able-bodied."

The DAV leader asserted that Congress and the Executive Branch have expressed that qualified job-seeking disabled veterans, including more than 300,000 wounded in Vietnam, and handicapped persons should receive either special emphasis or affirmative action by all U.S. Government agencies and federal contractors, and that programs implemented with manpower revenue sharing funds should reflect special consideration for these groups, according to the provisions of the Vietnam-Era Veteran's Readjustment Assistance Act of 1972 (Public Law 92–540), the Rehabilitation Act of 1973 (Public Law 93–112) or the Comprehensive Employment and Training Act of 1973 (Public Law 93–203).

Area employers are urged by Commander Davison to list their jobs and training opportunities with the nearest Public Security Office and to discuss job placement for disabled veterans with the Local Veteran's Employment Representative.

BOLLING REPORT

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. LAGOMARSINO. Mr. Speaker, due to a long-standing engagement in my district, I was unable to be here for the final vote on the Bolling report (H.R. 988). However, I was here for the 5 days of debate preceding the vote, and desire to have it recorded in the Record that I would have voted "no" on the motion to substitute the Hansen substitute for the Bolling report.

Mr. Speaker, it disappoints me that the majority party, which has gone to such pains to portray itself as the party of reform and integrity in this year of Watergate, would be so indifferent to the need for real reform within this very House. Indeed, indifferent is too mild a word. The transparent attempts of some of the Democratic Caucus to kill off committee reform this year reflect a disdain for the public welfare. It is no wonder that the Congress is consistently at the bottom of the respect list of public institutions in the eyes of the American people.

If we are ever to regain the esteem and confidence of the public, we are going to have to return to the original concept that this is a representative government. An institution which does not have the capacity or the will to reform itself is in trouble.

I hope this is not true of this House. I hope it will not be said of the 93d Congress that this was the Congress which buried committee reform.

Mr. Speaker, I wish to commend those members of the majority who found the will to resist the pressures of their own caucus. They have my genuine admiration, because they did so knowing that they have much to lose in the short run. But in the long run, they will receive the grateful thanks of the American people, and they will know they did the right thing when faced with a choice.

Mr. Speaker, I hope this does not mean that the issue of committee reform is dead or finally settled. The American people, in a few weeks, will have a chance to express themselves on this issue. And I hope that when we return next year, if we do return, we will find the courage to finish the job the people sent us here to do.

TOASTMASTERS INTERNATIONAL CELEBRATE 50TH ANNIVERSARY

HON. DAVID TOWELL

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. TOWELL of Nevada. Mr. Speaker, Toastmasters International is a nonprofit educational organization providing training in the communicative skills of listening, thinking and speaking. This year they are celebrating their 50th anniversary, and I think it is appropriate to take note of it here. All of us, as Members of this legislative body, know the value and importance of communication. A large part of our work involves listening to determine the views of our constituents, evaluating the merits of proposals we must pass on, and expressing our own positions as clearly as possible. We have all encountered people whose lack of communicative skills works an injustice on the issues they support. Despite the technological advances in communication media, the human factor remains the biggest obstacle to better understanding. Toastmasters offers training to those who want to improve their ability to communicate. Members participate in a professionally designed program founded on learning by doing and constructive criticism.

In the past 50 years, over a million men and women have been afforded the opportunity to improve themselves through membership in local Toastmaster clubs. This impressive figure is a tribute to Dr. Ralph Smedley, who organized the first club on October 22, 1924. Two dozen men met with Dr. Smedley in the basement of a YMCA in Santa Ana, Calif. That one club has grown to over 3,000 today with over 60,000 active members. The goals of Toastmasters International—better listening, thinking and speaking—are perhaps more important today than at any time during the past half century.

In pointing out the opportunities through Toastmasters membership, I speak as one who has personally benefitted. As a member, I prepared and delivered short speeches, participated in impromptu talks, and gave and received constructive criticism. These form the core of the communication training. In addition, I was fortunate to participate in the leadership experience offered by Toastmasters, for before coming to Congress I was privileged to serve as one of the 68 elected district governors. While the headquarters furnishes professionally prepared materials, the operational responsibility for growth and education rests with the elected and appointed officers at various levels. It is truly a self-help effort.

As a former district governor, I am pleased to note that Toastmaster training is widely available in and around the Nation's Capital. There are clubs on both the House and Senate sides. Support by Government agencies and private firms in the metropolitan area is shown by the size of district 36, which is responsible for Toastmaster operations in this area. Over 20 new clubs were formed last year alone, bringing district 36's total to over 125 and increasing its membership to 2,600. It is now the largest district in the world.

The headquarters of Toastmasters International is located at 2200, North Grand Avenue, Santa Ana, Calif. 92711.

The art of communication is often challenging and sometimes difficult, but it is one where practice and application are rewarded. Toastmasters offers the opportunity for improvement in many areas of communication, ranging from acquiring the skills of a polished platform speaker to learning how to really listen when someone else speaks.

On its 50th anniversary, I join with many others in wishing Toastmasters International continued growth and success in its mission.

STATEMENT IN OPPOSITION TO THE PROPOSED 5-PERCENT TAX SURCHARGE

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. HUDNUT. Mr. Speaker, the President's economic proposals to the Congress yesterday contained many constructive ideas worthy of favorable consideration, but the new tax is not one of them and I do not support it.

A 5-percent surtax—even if it is announced as only temporary—on individual incomes of $7,500 and up, and on joint family incomes of $15,000 and up, is a proposal to maul the middle class and mollify the inflation-generating big spenders.

In my opinion, the President's proposed tax increase has two glaring defects.

First, it would hit an already strapped middle America much too hard. Why single out the millions of unmarried Americans making $7,500 or above and the millions of families with joint incomes above $15,000 a year, for another blow amidships? Already fighting sky-high prices on food and fuel, already carrying monthly payments on cars and houses, already striving mightily to get youngsters educated, already bending beneath a load of property, sales, and income taxes, already struggling to make ends meet, the middle American ought not to be forced to bear this additional burden. It is just not fair.

Second, increasing taxes will not effectively combat inflation. It will only give more money to the Federal Government to spend—faster than it takes it in, no doubt, if it runs true to form—and this in turn will only fuel inflation's fires. The key to controlling inflation is to control deficit Government spending. Putting the Federal Government on a pay-as-you-go basis, balancing the budget, cutting back on wasteful spending, exercising fiscal restraint—these are the tools we must use in waging warfare against inflation—the real cause of which is a surplus of money and credit chasing after relatively fewer goods and services—rather than increasing the tax burden of productive Americans.

For these two reasons then, I am opposed to the 5-percent tax surcharge and will not vote for it. I have told my constituents that I will not vote to raise their taxes, and I propose to be true to my word so long as I am their Congressman.

STATE AND LOCAL FISCAL ASSISTANCE ACT OF 1972

HON. JAMES T. BROYHILL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BROYHILL of North Carolina. Mr. Speaker, I joined with a majority of my colleagues in supporting the State and Local Fiscal Assistance Act of 1972, which established a general revenue sharing program to assist State and local officials in solving local problems. Communities have recently been mailed their payment for the ninth period of entitlement, under this program, and I am pleased that throughout my congressional district, I have found tremendous support for this program.

Because of the funds provided through revenue sharing, local people are now able to have a greater voice in meeting local needs and solving diverse community problems. There have been some criticisms about how funds were spent under this program, but I am sure that the vast majority of communities have used these funds to build badly needed water systems, recreational facilities and to upgrade the services to local citizens.

I wanted to share with you a resolution passed by the board of commissioners of the town of Granite Falls, N.C., endorsing the concept of revenue sharing and asking our continued support of this type of cooperative problem solving which is the goal of revenue sharing and that reassures me that the concept of revenue sharing deserves our continued support.

RESOLUTION

Whereas, The Board of Commissioners of the Town of Granite Falls desires to go on record as supporting the Federal Revenue Sharing Program; and,

Whereas, the monies received by the Town of Granite Falls have been used to upgrade the water and sewer system of the Town in areas that would otherwise been impossible to provide the increased services; and,

Whereas, the citizens of the Town of Granite Falls have been informed and have played an active part in the use of these funds; and,

Now, therefore, be it resolved that the Board of Commissioners of the Town of Granite Falls go on record as supporting the Federal Revenue Sharing Program and request that all Federal elected officials from this area and the State of North Carolina and all candidates for election in the upcoming November election be notified of the contents of this resolution.

This 19th day of August, 1974.

TRIBUTE TO ZALMON SHAZAR—ISRAEL STATESMAN

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BIAGGI. Mr. Speaker, I join with millions of Jews around the world in mourning the death of Zalmon Shazar, former President of Israel who died on Saturday at the age of 84.

Shazar was one of the foremost leaders of the Zionist movement in Israel, and was one of Israel's finest public statesmen. He served as the nation's third President from 1963 to 1973, and despite the many adversities of that period, he worked to insure the continued growth of the Israel nation.

Like his two predecessors as President, Mr. Shazar was born in czarist Russia. He struggled through a turbulent early life in this highly anti-Semitic region of the world. He began his illustrious career in the Zionist movement while in Russia serving as the secretary of a secret labor Zionist conference in Minsk, north-central Russia.

After this, Shazar joined a labor Zionist newspaper in Lithuania, and despite being imprisoned for 1 year, he remained active in Zionist affairs. Upon his release, he founded the German Labor Zionist movement, and played an active role in the establishment of the Labor Zionist Party in Poland.

Shazar's work gained him worldwide fame, and in 1929 Shazar became one of the founders of Mapai, Israel's Labor Party which grew out of the Zionist movement there, and which produced all of the major leaders of early Israel history. By the time independence was achieved in 1948, Shazar had already founded the Tel Aviv newspaper Davar and served as its editor for the next 10 years. As the Israel nation grew, so did Shazar's importance. He served as the Minister of Culture and Education and was nominated to be Israel's first Ambassador to the Soviet Union. Although Moscow rejected his credentials, Shazar remained active serving three terms in the Knesset and later as the head of Israel's Office of Immigration.

During his decade as President, Shazar emerged as one of Israel's most articulate spokesmen, and as a result he spent a great deal of time promoting Israel to other nations around the world. Shazar was also a noted intellectual, a writer of political and historical works in four different languages.

Mr. Speaker, in the past year, Israel has lost two of her foremost statesmen with the deaths of David Ben-Gurion and now Zalmon Shazar. These men were dedicated to the cause of Israel and served her with distinction throughout her early history. The present-day Israel stands as a testimonial to them, yet as it was 26 years ago, her future remains uncertain. Let us hope that in the memory of Zalmon Shazar a durable and lasting peace can prevail in the Middle East so that the people and nation of Israel which Shazar loved so well, can at long last live in peace.

GLOBAL INTERDEPENDENCY—ADDRESS BY SENATOR MARK HATFIELD TO THE ANNUAL DINNER OF MEMBERS OF CONGRESS FOR PEACE THROUGH LAW

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. SEIBERLING. Mr. Speaker, last month those attending the annual Washingtion dinner of Members of Congress for Peace Through Law were privileged to hear an exceptionally penetrating and eloquent speech by Senator MARK HATFIELD of Oregon on the realities of the precarious world in which we are living.

To attempt to summarize it would fail to do justice to Senator HATFIELD's brilliant speech. However, I will try to do so. The "central truth" which he said we must all realize is that—

> Protecting and preserving the life of citizens in America is directly dependent upon the conditions that will preserve and nurture life throughout the world. This increases as we realize the finite limitations to the resources necessary to preserve life.

Senator HATFIELD pointed out that it is a mistake to assume that our Nation's security is wholly dependent on our military might. He further pointed out that by the year 2000 we will depend on foreign sources for more than one-half of our supply of all but 1 of the 13 basic industrial raw materials.

Senator HATFIELD suggested that the developing nations of the world can hardly be expected to continue to accept the demands put upon them to supply our wasteful consumption habits while a majority of their people suffer from malnutrition and even starvation.

Finally, Senator HATFIELD contended that there is enough for all in this world but only if we recognize our interdependency and strive for a global community under law as the only alternative that leads to true security and peace.

Mr. Speaker, in yesterday's RECORD I was pleased to offer the brilliant report by Congressman CHARLES WHALEN as chairman of the Developing Nations Committee Members of Congress for Peace Through Law. The address by Senator HATFIELD helps place Mr. WHALEN's report in the broad perspective of overall global interdependency. Senator HATFIELD's address follows these remarks:

GLOBAL INTERDEPENDENCE: "LIFE, LIBERTY, AND THE PURSUIT OF HAPPINESS" IN TODAY'S WORLD

(By Senator MARK O. HATFIELD)

Constantly we hear the term "national security" invoked to justify policies and programs as if no other explanation is necessary. What we must do is define exactly what we mean by this term. It is a prevalent and frequent mistake to assume that our nation's security is wholly identical to our military might. That can be a component, but only one component, of what constitutes, in reality, our "national security."

Fundamentally, the security of our nation means the guarantee that we can live in a way and under a government that is committed to insure us the rights, as endowed by our Creator, of "life, liberty, and the pursuit of happiness." The threats to those basic rights can come from numerous sources both within and without the nation. Social disintegration, ecological deterioration, economic erosion, morally destitute corporate values held as a people, domestic and international injustice, and world-wide forces of instability are a few of the threats to our nation's security apart from the military power of governments whose ideology is hostile to our own.

Further, it is these other threats which, in fact, seem far more imminent to the fundamental rights and qualities that define our security. Thus, we should analyze with care precisely what it means to preserve and insure the ideals of "life, liberty, and the pursuit of happiness" in today's world.

There is one central truth we must realize: Protecting and preserving the life of citizens in America is directly dependent upon the conditions that will preserve and nurture life throughout the world. This increases as we realize the finite limitations to the resources necessary to preserve life. In a ultimate but very real way, the conditions for securing life here in America are dependent upon conditions and resources for sustaining life everywhere. We are tied together with mankind in a single destiny.

A major threat, economically and even militarily, to our national well being and the world's peace is posed by the division between those, like us, with a monopoly of the world's basic resources, and those struggling to allow their people to eat and live. Such a world is inherently prone to violence, and provides no guarantee to security for either the rich or the poor. The greatest threat to wars in the future will stem from potential "wars of redistribution" for the world's wealth and resources.

Consider our past quest for security. Since World War II all the nations of the world have spent $3,699 trillion in this quest. The United States alone has spent half of that amount, or about the same as all the other nations of the world combined. With our nuclear arsenals, man possesses the capability of releasing explosive power equivalent to 15 tons of TNT for every man, woman, and child on the face of the earth. In a world of nearly four billion people, there exists the capacity for destroying 400 billion people. In a matter of a moment, a thermonuclear explosion 3,000 times as large as the bomb dropped on Hiroshima can be directed to any point on the globe.

America is the number one military power in the world. Yet, we are 14th in the infant mortality. We are 8th in the ratio of doctors per patients. We are 22nd in life expectancy. We are 14th in literacy.

The U.S. budgets for military spending have continued to rise, over and above inflation, despite the end of the war. Further, this is the first time in recent history that military spending has risen following a war; after World War II and following the Korean war, there was a marked decline in our defense budgets. But today, we are spending more in "peace" than we were in "war."

Winston Churchill once said that increasing nuclear strength serves only to "make rubble bounce." Yet we have continued to increase our nuclear forces in what we call a quest for "security." Further, we still believe that security is primarily a function of military strength and international diplomacy. However, it is becoming more and more clear that the forces shaping our nation's and the world's real security go far beyond what can be even insured by treaties and arms.

We must accept the growing global interdependence of the world, and also recognize the position of dominance and frequent exploitation that has characterized our role. So far, total U.S. investment in developing nations has been very profitable, far more so than U.S. investment in industrialized nations. The United States invested $16.23 billion in Europe and $10.9 billion in Canada from 1959 to 1969. Repatriated profits for these investments amounted to $7.3 billion from Europe and $4.7 billion from Canada for the ten-year period.

However, in the Third World nations of Latin America, Africa, and the Middle East, U.S. investment from 1959 to 1969 amounted to $5.8 billion. Repatriated profits from these investments were $15.1 billion, more than a 250 percent return. This situation may very well change, however, as the poor countries of the world realize how dependent the industrialized nations are upon the Third World's natural resources, and begin to charge prices more in keeping with the demand.

Consider the United States' dependence on the mineral resources of the poor countries. Like other rich countries that industrialized early, the United States has sorely depleted its indigenous sources of basic industrial raw materials. Thus we have reached an era of growing dependence on the largely unexploited mineral reserves of the poor countries. Of the thirteen basic industrial raw materials we require, the U.S. in 1950 was dependent on imports for more than half of its supplies of four—these were aluminum, manganese, nickel, and tin.

By 1970, zinc and chromium were added, bringing to six the number of raw materials for which we were dependent on imports for more than half of our supplies. By 1985, the list will grow to nine as iron, lead, and tungsten are added. By the year 2000, we will depend on foreign sources for more than half of our supply of each of the 13 raw materials except phosphate. Most of these sources are Third World developing nations, such as Bolivia, Peru, Chile, Zambia, Zaire, Ghana, and Nigeria.

Will the developing nations of the world continue to abide the demands put on them to fuel the industrialized nations when they have their own very real needs at home? I believe not, especially when the demands of the industrialized nations arise out of wasteful consumer consumption and ever-increasing military budgets.

Although Americans comprise only 6% of the world's population, we consume 40% of the world's resources, and ⅓ of the world's total energy. Our society is awash in more and more consumer goods designed for the affluent society, and sold to us by advertising techniques that even try to induce these "needs" within the public. Our consumptive style of abundance and waste contributes to the inequity and exploitation of the poor.

What pierces any sensitive heart most deeply is the suffering of the hungry of the world. Most of humanity is hungry. This is a daily struggle for millions of people, at home and throughout the world. Each day literally thousands lose that struggle and die of starvation. One-third to one-half of the world's people suffer from continual hunger or nutritional deprivation, and its effects. During a year, our diets require a ton of grain to support our consumption of meat, poultry, dairy products, and other ways of getting protein. But the person in a poorer country has only 400 pounds of grain available each year for his diet. It takes five times the limited resources of land, water, and fertilizer to support our diet than to support the diet of a Nigerian, or Colombian, or Indian, or Chinese.

It is crucial we realize that there are limits to the "size of the pie." Famine will not be averted by simply thinking we can just increase the pie. Most arable land in the world is in use. The seas are being "overfished." The pie is limited, and it must be shared more equitably.

So what does all this mean? We can no longer suppose that our extra abundance—the crumbs from our table—can feed the hungry of the world. Rather, the world will be fed only by the sharing of resources which the rich of the world have assumed to be their unquestioned possession, and through the changing of values and patterns of life which the affluent have barely questioned.

At least 60% of all those 2.5 billion people living in the poorer, developing world are malnourished. We have not even touched on how malnutrition leads to death through disease for millions of people. One can have enough food to keep himself alive, but malnourished, making him far more susceptible to disease and death. Even more tragic is the evidence that malnutrition during a mother's pregnancy and the first months of an infant's life can cause permanent damage to the mental abilities of the child.

The world produces enough food to feed all its inhabitants. But when one third of the world's population—all those who are comparatively the "rich"—consume two-thirds of the world's protein resources, then millions of the other two-thirds of the world suffer, starve, and die.

Ghandi put it cogently and well: "The earth provides enough for everyman's need, but not for everyman's greed." There is no problem faced by this world more likely to breed instability and conflict, threatening our security and that of the entire world in the years ahead, than the disparity in distribution of food and basic resources for sustaining life.

To add to this global picture, we see that the gaps between the rich and the poor in the world have continued to widen. The gap between the per capita Gross National Products of the rich and poor nations was $2000 in 1960. But currently, according to reports it approaches $3000. Further, in the next 35 years the world's population is projected to double, with the greatest increases coming amongst the world's poor. Yet, in 1970, the world's military expenditures totaled $204 billion, a sum exceeding the entire income of the poorest half of mankind.

True peace is not the absence of conflict. It is the fulfillment of human needs. "Shalom" is the historic term embodying this vision of wholeness, fulfillment, and true peace. Our world will never know the hope for peace, and we will never have a generation of peace, until man can believe that the basic needs of life can be provided for him and for his children.

This is the vision of Members of Congress for Peace through Law. We are trying to look at our world, not from the narrow perspective of blind nationalism, nor from the limited view of what the present seems to require, but rather from what is mandatory for mankind to survive in peace during the decades ahead of us. We believe that recognizing our inter-dependence and striving for a global community through law is the only alternative we have that leads to true security and peace. This is the overriding aim of all our efforts. These issues which will shape our future will be considered, in one way or another, by the Congress. Whether we act on them parochially, or from a global perspective, depends on how well our vision can be articulated to our colleagues in the Senate and House.

Recently, I read a frightening article. It suggested that the vision of the world today is like that of a lifeboat amidst a sea of people struggling to stay afloat. The lifeboat could only hold so many people, so those who were in had the right to keep the others out—to even beat them back with oars—in order for the boat to survive. The conclusion was that the rich of the world had the right not to make any room for the poor. Such a callous, inhumane view will be heard among those who cannot bear to face the realities of the future.

In contrast is the recognition of our common humanity: That we all inevitably ride together on spaceship earth; and that our destiny is linked together with all of God's children who inhabit the earth. This is the image which compassion instills in our hearts, and which can save our future.

We are approaching the 200th anniversary of the Declaration of Independence. Those men who signed that document saw the truth of their times, and were captured by a vision to which they pledged their lives, their fortunes, and their sacred honor. Today, if we are to act in that same spirit, we should issue a Declaration of Inter-dependence, pledging to it our lives, our fortunes, and our sacred honor.

OLD TIMERS' ATHLETIC ASSOCIATION OF GREATER DANBURY

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. SARASIN. Mr. Speaker, this past weekend when I returned to my district in Connecticut I had the privilege of attending the annual banquet of the Old Timers' Athletic Association of Greater Danbury. What impressed me most about this pleasant affair, and what urges me to write in this RECORD, was the refreshing good cheer and optimism of these men who work for a better life in their community through organized sports and civic affairs.

This fraternity of Old Timers, many who continue to play ball or coach on fields and sand lots throughout the Danbury area, had gathered to honor six of their members with special awards. I feel their special character is best summed up in the opening lines of the tribute to James Leonard, one of the old timers who was added to the local Sports Hall of Fame:

> If one could examine the wallet of James B. Leonard you would find it crammed with tickets and chances for every conceivable charity and sporting event in the area. It would be physically impossible to attend all these affairs, but it's Jim's way of participating in the things he cherishes most.

Another man added to the Old Timers' honor roll was Carmen Melillo. His interest in and devotion to sports did not end with high school, where he was one of Danbury high's few four-letter men, playing baseball, basketball, football and track. This devotion to work in the community is typical of all the members of the Old Timers' Association of Greater Danbury.

Mr. Melillo was one of the original appointees to Danbury's Recreation Commission, which provides sports and other recreation to townspeople of all ages. He also helped organize the Little League more than 25 years ago, and while he still remains active in that organization, he has also served as president of the Industrial Basketball League for 6 years.

"Big" Mike Baran, now a resident of Maine but long a Danbury sportsman and civic leader, also received plaudits from the Old Timers at their 11th annual banquet. While he lived in Danbury, Mr. Baran was fondly nicknamed Mr. War Memorial for his extensive work on behalf of that town institution.

The Old Timers added another outstanding man to their honor roll—Gordon Johnson, who umpired the Little League for 25 years and Republican politics in Danbury for many years as a member of the Republican town committee.

Charles Troccola makes his important contribution to sports and community welfare through bowling. Once a champion bowler, he now owns the Sokol Lanes in Danbury where he trains and coaches youngsters on bowling teams that have captured many State trophies. His junior league teams have twice been national champions, the only Danbury athletic team ever to win a national championship.

Winning the evening's civic award was Carl Burdick, who was honored primarily for his work in the community outside of sports, although he, too, helped organize the Danbury Little League more than a quarter century ago.

While remaining active in the Old Timers, Carl also served as president of the Danbury Exchange Club and the Connecticut District of Exchange Clubs, was post commander of the local American Legion, and was active in and served as president of the Danbury branch of the Cancer Society. Mr. Burdick is now retired but he continues the civic career that won him the Danbury News-Times civic achievement award. He was the second individual in Danbury history to win the newspaper's award.

The evening's featured speaker, Walter Kennedy, president of the National Basketball Association, praised the men honored and the other Old Timers, stressing the importance of this elder generation providing youngsters with a healthful program of organized sports.

A good sports program, he emphasized, is an excellent competitive exercise in citizenship, for it teaches youngsters the ideals of camaraderie and respect for teamwork and cooperation, all of which will help them in later life. And that, he added, is the best legacy the Old Timers can leave the younger generation on the sandlots and ball parks, where the old timers themselves first learned to love sports and develop healthful regard for citizenship.

TRIBUTE TO HAROLD C. JOHNSTON

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BURKE of Massachusetts. Mr. Speaker, it gives me great pleasure to join the people of the Massachusetts Humane Society to commend Harold C. Johnston for his service to the Massachusetts community.

I submit for the RECORD, Mr. Speaker, the following article from the Massachusetts Humane Society, which explicitly tells his story:

Little four-year-old Rosemary Starr had wandered out on the ice of Snug Harbor, Quincy Bay, on the first day of February, 1952. The ice gave way under her about one hundred feet from shore. Harold C. Johnston of North Quincy, an ex-Sea Bee recuperating from an operation necessitated by a war injury, was doing carpentry work nearby. With the aid of several people, he tied a rope around his waist and, securing three ten-foot planks, began walking out on the ice. He pushed the planks as far as they would go to help hold his weight on the thin ice. When about fifteen feet from her, Johnston too broke through. The little girl was floating face down, unconscious in the frigid water. He swam to where she was bobbing about in the broken ice, seized her by the clothing as she was sinking, and pulled her to the surface. By this time he was exhausted from cold water shock, and his hands and arms were badly lacerated. Both Johnston and Rosemary were pulled to safety by spectators by the rope he had had the foresight to attach to himself.

I would like to take this opportunity to commend Harold C. Johnston for his bravery as he, despite his own physical handicaps, ventured to save the life of another human being. He is an example which all Americans should be proud to acknowledge and follow.

CRISIS IN THE AIRWAYS

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. FORSYTHE. Mr. Speaker, I would like to address myself to the U.S. international flag carrier problem—and what must be done to correct the inequities under which that system suffers. Since Pan American Airlines and TWA represent approximately 75 percent of our international flag system, I refer specifically to these lines.

However, before examining the underlying causes of the problem confronting these carriers, I believe it would be useful to explore the relationship between the U.S. international flag system and our economy. In 1973, U.S.-flag carriers earned approximately $4 billion. Of this amount, Pan Am alone accounted for $2.5 billion. If all U.S. international flag carriers ceased doing business, the entire $4 billion would go to foreign-flag carriers—with the resultant impact on our balance of payments deficit. Similarly, if Pan Am failed, that portion of its $2.5 billion business which was not absorbed by other U.S. carriers would be lost to foreign companies. It is clear, Mr. Speaker, that the demise of any portion of the U.S. international flag system would, to some extent, adversely affect the U.S. balance-of-payments position.

Furthermore, Pan American Airlines employs 32,500 people and TWA employs another 20,000. Should these two airlines fail, their employees could join the already swelled ranks of the unemployed. However, there are another 137,500 individuals employed indirectly because of the business generated by the American international fleet. The demise of the two principal U.S. carriers could result in thousands of these people being unemployed.

Although there is a difference of opinion between the airline industry and the Department of Transportation regarding how many of these employees are American nationals—the Department of Transportation asserts that only about 40 percent are American citizens and the industry claims the true figure is between 70 and 80 percent—the fact remains that the job security of many Americans will be affected, either directly or indirectly, by the action of our Government—whether by omission or commission.

Mr. Speaker, let there be no doubt that the U.S. Government has a responsibility to act, for the life of this vital flag system is in jeopardy in large measure because of the discriminations of our Government, as well as those perpetrated by foreign governments. For example, the U.S. Government pays the Universal Postal Union mail rate to foreign carriers for the carriage of U.S. mail—but refuses to pay the same rate to our own carriers. According to the International Economic Policy Association Report of August 1974 the UPU rate is 63½ cents per ton mile for parcel mail, and the letter rate is $1.73 per ton mile. However, Pan Am and other American flag carriers only receive 31 cents per ton mile.

Abroad, Pan Am and TWA suffer from a multitude of discriminations. To name just two—landing fees and monetary discriminations. The fact that our U.S. carriers are charged as much as $4,817 to land a jumbo jet in Sydney, while the Australian airline pays less than $200 to land in Los Angeles is appalling. Certainly this is one inequity that must be corrected.

It is equally disconcerting to me that many foreign governments make it virtually impossible for their citizens to purchase a ticket on Pan Am within their countries. The way this is accomplished is through regulations which prohibit citizens to possess U.S. currency and through other regulations forbidding the conversion of local currency into U.S. dollars. The result—an artificial barrier to trade that restricts Pan Am's ability to compete. It defies common business logic for Pan Am to sell an unrestricted number of tickets to the citizens of nations which have adopted these restrictive regulations because after Pan Am meets its local payroll and expenses it is left with a currency it cannot use and which cannot realistically be reinvested in foreign firms that only make more money than Pan Am cannot use.

Further, while Pan Am and TWA have been denied the right to fly domestic routes, they have watched helplessly as the Civil Aeronautics Board has allowed several domestic carriers to penetrate Pan Am's foreign market. American Airlines is now flying to Australia and in the Caribbean. Eastern Airlines also has been granted Caribbean routes. Braniff, Delta, and Northwest have recently begun carrying passengers to South American nations. National, which already has some transatlantic routes, has been joined by National, Northwest, and Delta in requesting that the CAB give them a larger percentage of the transatlantic market. The impact of this expanded competition in the single market to which the CAB has confined Pan Am has been a major cause of Pan Am's present plight. Clearly, the CAB should either grant Pan Am the right to fly domestic routes or it should restrict the entrance of other airlines into the international market.

The plight that Pan American Airlines finds itself in is, to a large degree, the result of forces beyond its control. But the continued existence of the airline is a matter of importance for this country for another reason which I have not discussed. One avenue presently being considered as a way to reduce the U.S. balance-of-payments deficit is to reduce the number of U.S. troops stationed overseas. While this reduction may be needed, our defense posture must not suffer and in this light, the Civil Reserve Air Fleet becomes ever more important for strategic lift purposes. We must have the lift capability to move our forces when and where they are needed. Pan Am has committed 63 long-range jets to this fleet—an amount representing somewhat over a billion dollars. Certainly, the American taxpayer should not be burdened with the purchase of this kind of lift capability—something they would have to pay for if the American-flag system disappeared.

I am sure that you realize, if our American-flag carriers are to survive, something must be done now to improve the environment in which they operate. While I do not support subsidy payments, there is now, within the Aviation Subcommittee, a bill, H.R. 14266, entitled "International Fair Competitive Practices Act of 1974" which seeks to remedy the discriminatory practices I have discussed and I urge the House to act promptly on this bill.

FIREARM FACTS

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. HARRINGTON. Mr. Speaker, with the recent release of the FBI report on crime, we are once again confronted with the disturbing fact that the United States leads all other civilized nations in the number of murders by handgun each year. The reasons for this are in my view obvious; a lack of effective gun controls, and the sheer preponderance of the handgun in U.S. homes and businesses. Indeed, most handgun deaths are not the product of criminal elements, but the result of arguments between friends, relatives, neighbors, or people equally close.

The subject of handgun control is controversial, but the statistics are appalling, and though I risk sounding redundant, I feel the point must be made over and over again; the Congress must take prompt action in developing strict gun control laws if we are to save our society from becoming a deadly arsenal.

Mr. Speaker, what follows is a short account of facts and statistics relating to firearms in the United States. These facts, relayed to me by Mr. James B. Sullivan, a board member of the National Council for a Responsible Firearms Policy, it seems to me, should be persuasive in providing the case for gun control.

The text follows:

Firearms Facts for the American Constituent

Gun crime: In 1973 there were 13,070 gun murders in the United States, or 67 per cent of 19,509 total murders. The Federal Bureau of Investigation also reported 102,402 aggravated assaults with firearms, or 24.6 per cent of the total, and 252.186 armed robberies, or 65.9 per cent of the total. The Law Enforcement Assistance Administration revealed this year that less than 50 per cent of serious crimes are reported—one in five in some places.

Foreign laws, murder: Canada, Japan, Australia and 29 European countries have strict gun controls. England and Wales had 35 gun murders in 1973. Fewer than 100 annually is commonplace in the above countries. No nation outside of the U.S. has reported as many as 200 gun murders a year. In 1971 England and Wales had seven handgun murders; the U.S. had 8,991.

State laws: According to the Federal Register of May 9, 1974, a total of 40 American states have a minimum age limit for firearms ownership, but 32 states have no prohibition against the mentally ill. Thirteen states do have a prohibition but no licensing to certify eligibility. Twenty-five states forbid firearms ownership to ex-felons but have no precautions except the applicant's conscience and the dealer's intuition. Thirteen states ban concealed weapons or require licenses to carry them. Fifteen states ban any gun ownership by aliens, but no state licenses ownership of long guns, which were used in 29 per cent of U.S. gun murders, or 2,730, in 1973. Ammunition curbs are scarcely mentioned in state laws although there are believed to be more than 150 million guns in the U.S.

Military gun control: United States military personnel are generally qualified firearms users who have individual responsibility for registered weapons and who are trained to shoot, dismantle and clean their guns, as well as safeguard their ammunition separately.

General licensing: There are at least 50 types of licenses in our country, including a permit to carry a concealed weapon. In no case is the requirement for a license waived because the authorized person is law abiding.

General restrictions: The U.S. does not require a license to own a firearm or ammunition, but federal or state laws ban or restrict possession of dynamite, narcotics, destructive devices, fireworks, poisons, switch blades, tobacco, alcohol and gasoline, in home containers exceeding one gallon.

Punishment: Most states penalize additionally for gun-carrying crime. Federal and state sentences for gun crime have been stiffened in the last three years but serious crime has risen 30 per cent in that time. Eighty per cent of felonies are committed by repeaters. Only 20 per cent of serious crimes were cleared in 1973 although 79 per cent of murders and 63 per cent of aggravated assault cases were cleared. (Clearance means that an enforcement officer has identified the offender, has evidence to charge him and takes him into custody.)

Civil defense: The Second Amendment to the U.S. Constitution gives states the right to form and control militias as a counter to a central army, a feared threat at the time of the adoption. The U.S. Supreme Court has ruled against gun-bearing appeals on the ground that the violators were not authorized militia. No military conquest in the world has ever followed gun control action. No U.S. President, Attorney General or Secretary of Defense has ever called for civilian arming. Thirty-six states prohibit private ownership of machine guns, according to the Federal Register. Kentucky has had a concealed weapons law since 1813. Thirteen states have laws for emergencies under which the governor or acting chief of state can close gun shops. Firearms industry approval of a cheap-handgun ban also acknowledges there is no absolute right to bear arms.

Gun crime cost: The FBI reported that 8.6 million serious crimes had been committed in 1973, double the 1963 figure. The L.E.A.A. distributed $3 billion for state and local enforcement the past five years. Other costs involving gun crime are welfare to dependents, workmen's compensation, private and government insurance, court expenses, other enforcement and incarceration outlays, business losses and price increases. Aid to crime victims and government purchase of firearms are developing costs.

America's irony: The United States has the highest standard of living in the world, the best-equipped police forces, the increasingly strongest sentences for gun crime, the greatest number of guns per capita, the weakest gun control laws in idustrialized civilization and the highest gun crime rates in the world.

BOWIE METHODIST CHURCH CELEBRATES CENTENNIAL

HON. LAWRENCE J. HOGAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. HOGAN. Mr. Speaker, this year marks the 100th anniversary of the Bowie United Methodist Church in Bowie, Md. Since 1874, this church has been a symbol of the religious faith that is a foundation of our Nation's greatness. The church has been an active participant in the affairs of its community.

The church has prepared a history of the highlights of this century of service, and I know that many of my colleagues will enjoy reading it. For that purpose, I insert the text in the Record at this point:

History of the Bowie Methodist Church, 1874–1974

(History compiled by Elizabeth Trott)

It was in the year 1874 that the Sansbury family, along with the families of J. B. Ridgeway, J. M. Carrick and a Mr. Hadlow, began the services that were the origin of organized Methodism in Bowie.

At that time, there were no churches in Huntington, now known as Bowie. There were only about ten Methodists who attended Perkins Chapel at Springfield, a few Episcopalians who attended Trinity Church at Collington, and the Catholics who attended Whitemarsh. These people had been attracted to the town of Huntington by the railroad junction of the main line and the Popes Creek branch of the Pennsylvania Railroad.

The Methodists, along with certain Episcopalians, began to hold meetings in various homes. When an old store near the Popes Creek line was sold, this became the first formal meeting place. Both denominations used the building as a place of worship.

Soon, a brick building was constructed across the street from the present church site on 7th Street, and regular services were held there by the Methodists. This building was later owned by the Straining family and now by the Barry family. The meetings were conducted by a circuit preacher, and there were many Sundays when the members were without the leadership of a minister. However, there were men of God in the group who did everything for the other members except baptize and perform weddings.

Bowie was then on what was known as the Bladensburg Circuit. Other churches on the circuit were Whitfield, Perkins and Bladensburg. The minister was Rev. Charles O. Cook. Other pastors following Rev. Cook were H. S. France in 1876, James McLaren in 1877, W. H. Laner in 1878, and E. H. Smith in 1880.

It was probably in the year 1880 that J. B. Ridgeway, who had acquired property adjoining the Popes Creek tracks, deeded to the Methodist Society the land where the first church was erected in 1884. Rev. Cross was the minister. Prominent on the list of subscribers were the names of Governor Oden Bowie, Richard Sansbury, J. Knowles, J. B. Ridgeway, John Zug, Charles Brown, J. W. Ryan, E. E. Perkins and the Mr. Hadlow, who ran the post office in Bowie. J. M. Carrick hauled the lumber used to build the church. Rev. Norris had preached and called for donations to launch the effort, and the church was built by a Mr. Hunt at a probable cost of about $1,000.

The first persons buried in the church grounds were Charles Brown, about the year 1882, and Miss Martha Sansbury in 1884.

Ministers following Rev. Cross were Rev. W. McKinley Hammock, 1885, and Rev. J. C. Starr, 1886 to 1888. Rev. R. M. Black and Dr. Menges filled in when there was no minister in 1889. Then Rev. J. L. Hayghe was put in charge. The parsonage at Lanham was built during the ministry of Rev. W. T. Dice in the year 1891. Revs. Daniel Haskell, J. W. Steel, W. F. Dell and Spielman served the church from 1893 to 1906, when Rev. M. F. Lowe was appointed to the charge. The pastorates of Rev. J. R. Pardew, G. W. Rice and J. I. Winger filled the years from 1911 to 1919, when Rev. J. R. Cavileer came to the charge, then consisting of Bowie, Lanham and Perkins Chapel.

Mrs. Mabel Nichols was the organist at that time and continued to serve faithfully for 20 years. William L. Trott became the church treasurer at about the same time and served in that position for more than 20 years.

It was during Rev. Cavileer's ministry that a move for a new church was begun. The present site, originally belonging to the Swartz family, was considered one of the most beautiful in town. There was a stone house on the property and a spring which is under the basement floor of the present church. The site was purchased from Mr. Willis Johnson in 1920 for the sum of $900, which sum was largely raised by the Ladies Aid Society.

The cornerstone of the new church, built by Mr. Millard Schafer, was laid at an all-day meeting in the early summer of 1924. The church was dedicated May 26, 1925. The cost of the finished church was $12,900, including the ground. Mr. Willis Johnson contributed $1,000. The lights in the church were donated and installed by Rev. Cavileer, who had moved before the cornerstone was laid. Rev. Bilburn was pastor at this time. Rev. Sadofsky was pastor at the time the church was completed. The workmen who built the church very generously gave the money for the church bell. Those contributing were Messrs. Millard Schafer, Norman Clark, Ira Phelps, Clifford Lanham, Jesse Schafer and Wilbur Anderson.

In 1925, Rev. H. H. Roland, a missionary returning from service in China, filled the pulpit, followed by Rev. W. E. Nelson in 1930, also a missionary returning from China. During this time, the minister lived in Lanham. He rode the train to Springfield Station and walked or hitched a ride to Perkins Chapel for the 11 o'clock service, then hitched a ride to Bowie for the 2 o'clock service, and rode the train back to Lanham for the evening service.

Mr. E. T. Johnson was the Sunday School superintendent, followed by Mr. William L. Trott, Sr., in 1934. Rev. M. T. Tabler was the minister in 1934, followed by Thomas M. Dickey in 1938. Mr. Millard Schafer became Sunday School superintendent in 1942 and faithfully served in this position until 1948.

The Epworth League had a large membership at this point in time. Mrs. Molly Martin, Mrs. Emma Knowles and Mr. H. B. Kelbaugh were faithful in their leadership of this very active group.

Mrs. Louise Kelbaugh Presley organized the choir in 1938 and Dorothy Baldwin Kelbaugh became the organist after Mrs. Nichols. Dorothy was followed by Ellen Preston Blair and then her mother, Mildred Preston, was organist for about 30 years. Opal Cowan became our choir director and when she moved to Florida, Roberta Hoffman served in this position for several years, until Opal returned to Bowie and resumed as choir director until 1958.

Naomi Anderson took over the job of church treasurer in 1943 and continued until 1968.

Rev. Alvin T. Perkins filled the pulpit in 1944 and Rev. J. H. Tackett in 1945. Rev. Tackett lived in a rented parsonage on 10th Street while a new parsonage was being built by Millard Schafer, next to the church. Perkins Chapel shared the expenses.

Rev. C. J. Craig was the first minister to live in the new parsonage in 1946. Arthur Kelbaugh became the chairman of the Official Board and he also served as Sunday School superintendent from 1949 to 1959. Others following him in this position were Opal Cowan, Lena Botts Kelbaugh, Marguerite Eastep, Alma Delpy, Elsie Wild, and now Mary Lou Billings.

Many oyster and ham dinners helped with the expenses of the church and parsonage. The Ladies Aid, whose presidents had been Mamie Schafer, Cora Kelbaugh and Margaret Galdwin, had become the Women's Society of Christian Service and continued to be a very active force in the church. Presidents of this Society through the years have been Louise Kelbaugh Presley, Delsie Kelbaugh, Lena Botts Kelbaugh, Elizabeth Lammers, Helen Hay, Myra Porter, Alma Delpy, Dorothy Lawson Fitzgerald, Mildred Jones, Carol Bischoff, and Elizabeth Trott.

Rev. Rufus B. Fink came in 1956 and Rev. Marvin Bonner in 1958. On April 13, 1958, the Perkins Chapel congregation voted to become a station, and their new parsonage was built in 1959. Bowie was then on its own, even though the congregation felt that they could not support a minister.

Rev. Eldon C. Watts was our minister from 1959 to 1962. Alma Delp was chairman of the Official Board from 1960 to 1962. The minister who was appointed after Rev. Watts decided he didn't want to come to Bowie. Rev. Marion Michael was the District superintendent and asked his father, the retired Dr. Walter Michael, to fill the pulpit until another minister could be appointed. Everyone liked Dr. and Mrs. Michael so very much that they were persuaded to stay on. Mrs. Kitty Michael played the organ on many occasions. Our membership expanded and we had a very good year. The piano in the sanctuary is dedicated to the memory of Dr. Michael.

Rev. William E. Polk, a retired Navy commander, filled the pulpit from November, 1963, to June, 1973. His wife, Carol, organized the Youth and Junior Choirs in which their daughters Marcia and Laura and son Timmy fully participated. Rev. Polk worked closely with the students at Bowie State College, organized and held chapel services on Sunday afternoons. He administered the Campus Ministry Funds for the college and advised Methodist students of the availability of the Student Loan Fund of the United Methodist Church for those in financial need.

Chaplain Ray Strawser filled the pulpit on many occasions during the tenure of Rev. Polk. He and his wife, Elva Jean, were very active with the youth group along with the Polks. Elva Jean was our organist frequently and still plays when needed.

Mildred Jones filled in as organist many times until Martha Sallet took over after Mrs. Preston was unable to play because of ill health. Mildred was always very generous with her time and money and at her death left a sizable amount in her will to Bowie Church.

During this time, the Ross Methodist Church, established in 1913 and located on 11th Street in Bowie, was having problems. The Ross Church was part of the Lanham-Glenn Dale-Bowie Circuit, and had a parsonage next to their church which had been built in 1930, using lumber reclaimed from the old Bowie Methodist Church. The congregation did the construction led by the minister, Rev. C. C. Martin, who also was a carpenter.

Increasing need for the services of the church led the congregation in 1957, under Rev. R. W. Hall, to decide upon the purchase of five acres of land on the Duckettown Road for future erection of a community hall and sanctuary. Through considerable effort, sacrifice and loss of rest, which involved many dinners, fish fries and other fund-raising activities, the property was totally paid for. This acquisition also involved participation of friends in the community other than the congregation and plans moved forward for expansion.

In the spring of 1966, the pastor, Rev. McCants, together with the District superintendent, advanced the idea of a merger with the Ebenezer Church in Lanham. The congregation was opposed to this but was led to believe that if the merger was later found not to be desirable, the Ross Church could be reopened and the property returned to them. In June, 1966, the merger was accomplished but was only consummated under heavy pressure and never really desired by the Ross congregation. An honest attempt was made to merge with the Lanham congregation, seven miles away, but with the reception at the Ebenezer Church less than enthusiastic, the Ross members began attending the Bowie Methodist Church. The Bowie and Ross congregations merged in 1969. The Ross Church has been utilized for operation of a Thrift Store for the community with laudable success.

Rev. James N. Caldwell filled the pulpit many times and was very active in the work of the church. He retired from his job as dean of men at Bowie State College in 1973 and has rejoined his church in Baltimore, but still serves our church when needed. In 1968 James Stanier became church treasurer and Dottie Mayr became financial secretary. The church belfry was rebuilt in 1972 as a memorial to Mr. and Mrs. Millard Schafer, through the generous contributions of their many friends.

The choir continues to be outstanding under the leadership of Perry Gilbert, choir director since 1958. The choir members are Elva Hall, Mildred Thompson, Elaine Willis, Debbie Durst, Brenda Edelen, Theresa Gilbert, Clyde Durst, James Stanier, Joe Trimmer (our oldest church member), and Rev. Patrick Wadsworth. New choir robes are to be ordered and will be dedicated to the memory of Mildred Preston.

Mrs. Mildred Thompson places flowers on the altar each Sunday to beautify our sanctuary and many of the flowers are from the garden of Mr. and Mrs. Harry Anderson.

In 1968 we became the Bowie United Methodist Church and in 1973 the WSCS became the United Methodist Women. In preparation for our Centennial Celebration, a 95th year fete was held at which Bishop John Wesley Lord delivered the morning message. Former pastor David L. C. Wright was also present.

Rev. Patrick E. Wadsworth became our minister in 1973. His wife Donna took over the job of organist from Martha Sallet, who is temporarily residing in Germany. Mr. Harry Yeich is currently the chairman of the Administrative Board-Council of Ministries. He was preceded by Jack Bischoff, who held this position for many years. Dr. James D.

Foy has been our District superintendent for six years and will retire this year. He has been most helpful and encouraging with the changes in our church.

Our own beautiful house of worship can be traced back 100 years to the efforts of that small group of sincere and determined people who felt the need of a place to meet and praise God and who had the courage and will to put that which they felt into action. Our church on the hill stands ready to serve the community for another 100 years.

GET CAREER CRIMINALS OFF THE STREET

HON. WILLIAM G. BRAY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BRAY. Mr. Speaker, the rising crime rate, of concern to all law-abiding Americans, is bad enough. But, in addition to this, there is something else equally, if not more appalling: the careless manner in which dangerous prisoners are released on so-called "furloughs" which, not only makes a mockery of court decisions, but has given them opportunity for more crime and they have taken the opportunity.

A rather notorious example occurred in Washington, D.C. on October 1. James Hunt, age 30, along with another man, attempted to rape an 18-year-old retarded girl at gunpoint. Passersby heard the girl's screams and called police who arrested Hunt and his accomplice at the scene on September 19, 1970. He was tried before district court judge, Oliver Gasch, and convicted on three counts. On June 30, 1971, he was sentenced for 5 to 25 years on one count, from 3 to 10 years on another count, and, on the third count he was sentenced for 1 year.

While he was out on bond on this case, Hunt was one of three men who raped a 19-year-old girl at gunpoint in a Northwest Washington, D.C. garage on March 9, 1971. This was before he was tried on the earlier case.

On February 4, 1972, the three defendants were found guilty. On March 16, 1972, Hunt was sentenced by Judge Gasch on four counts: on one count he was sentenced from 7 to 25 years; on a second count he was sentenced 5 to 15 years; on a third count he was sentenced to 10 years; and, on the fourth count, was sentenced 3 to 10 years. Two of these charges were for armed rape and armed robbery.

While in prison in 1971, Hunt, in requesting bail on one of the rape charges, wrote a letter to Judge Gasch:

> As for my being considered a risk, well, your honor, there's no threat to this extent, for I am a God-fearing man and my ultimate values are spiritual, which includes human dignity, liberty, opportunity, and equal rights as well as justice.

Despite this criminal record involving two offenses of armed robbery and armed rape—the first being committed in September 1970, and the second in March 1971, while he was out on bond before being tried on the earlier case—the District of Columbia Department of Corrections gave Hunt a furlough from Lorton to visit his daughter without a guard or supervision, in September 1974. He was to be back October 1—he is still gone.

Judge Gasch made the following comment:

> I think a man is committed to an institution for a definite term of years and a furlough is inappropriate in these cases. I don't know of any authority they (corrections officials) have for giving furlough.

U.S. Attorney General William B. Saxbe bitterly attacked this action, and the Board of Corrections is, apparently, taking steps to see that such outrages end.

Attorney General Saxbe, in a television interview, stated that the Nation's criminal justice system has to "get tough" and "remove career criminals from the streets." He further stated:

> On these career criminals, where they have a history of violence, you just can't put them up for a year or two or even give them furloughs and allow them on the street when we know that they are violent.

The public should back Attorney General Saxbe and demand that such stupidity end once and for all.

TAX RELIEF FOR WORKING PEOPLE: THE STARTING POINT

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. CONYERS. Mr. Speaker, Federal income tax laws are complicated and tax bills are often difficult to understand. But we must not hide behind this complexity and, thereby, ignore some of the basic facts of economic life. For example, despite Alan Greenspan's cavalier denial, inflation has its most devastating effect on people with low and fixed incomes. Prices will continue to rise unless either the Congress or the President finds the courage to institute strict price controls. And if prices go up, poor people must find more money somewhere or they will not be able to properly feed, clothe, and house themselves and their families. Arcane arguments of economists will not make this truth any less harsh.

Protecting low- and moderate-income families must be the first concern of any effective and humane economic program. That this can best be done by making the income tax laws truly progressive is one of the points made by Tom Wicker in a provocative article, "Why Wait for Ford?" in the New York Times of September 27, 1974. I commend Mr. Wicker's analysis to your attention:

WHY WAIT FOR FORD?

(By Tom Wicker)

The Ford Administration is now giving "intense, active study" to the proposition that tax relief should be afforded to low-income workers in this curious period of inflation and economic stagnation. If that is not just talk, such a proposal would be a splendid way for President Ford to break out of his single-track economic concentration on cutting the nonmilitary budget.

In the first place, tax relief for the poor is a much worthier idea than the tax relief mostly for the rich that would be provided in the so-called "reform" bill painstakingly prepared by Chairman Wilbur D. Mills of Arkansas and his colleagues on the House Ways and Means Committee. The Mills bill may look like a real "reform" in that it would first reduce, then eliminate (by 1979) the oil industry's controversial depletion allowance; but it has another look altogether in that it would also reduce sharply the capital gains taxes of many upper-bracket taxpayers.

While committee staff experts contend that the Mills bill would add $400 million to Federal tax revenues, it also appears to be riddled with special-interest provisions, some of which aid only one company or one industry with the result that liberals on the committee now plan to oppose the whole bill, despite its sections on the oil-depletion allowance.

Thus, Mr. Ford and his aides—who ought to be wiser in the ways of Congress than of their new executive branch habitat—may have to keep their low-income tax-relief proposals well clear of Mr. Mills' shady-looking package. The temptation will be to trade the President's endorsement of tax breaks for the rich to gain Mr. Mills' backing of a tax break for the poor.

That would be a bad bargain on the part of Mr. Ford, who doesn't at this point appear to be a man who examines a horse's teeth too closely before he takes him in trade. Tax relief for the poor—perhaps one of the most often suggested proposals during the recent series of economic conferences sponsored by the White House—could have economic importance in a time of "stagflation."

Inflation is not, that is to say, the nation's only economic problem; the economy is stagnant, too, and unemployment is high and rising. Tax relief for low-income workers would have the double effect, through their increased purchasing power, of enabling them to pay their food bills and of stimulating the general economy. While that might be somewhat inflationary, it might also begin a needed attack on the stagnation side of the economic problem.

It is strange, however, that the Administration also is reported to be considering "consumption" taxes—sales or excise—as a means of offsetting the Federal revenues that supposedly would be lost through tax relief for the poor. Such taxes, falling on the low-income consumer with greater effect than upon the affluent, would therefore tend to offset the increased buying power for the poor that is ostensibly the goal of low-income tax relief. If the lost revenues would truly be lost—after all, the stimulus of tax relief ought to expand the tax economy and therefore tax revenues to some degree—they would more properly be recovered in increased taxes on the higher brackets.

Income-tax relief, moreover, has the virtue of taking quick effect, particularly for low-income persons who pay their taxes through pay-check withholding. Relief can even be made retroactive, which would have the effect of providing substantial refunds next April, if that should be considered useful.

As a matter of fact, the idea of low-bracket tax relief seems so sensible, and has such wide backing in the economic community, that the wonder is that Congress—beset by popular pressures to do something about inflation—has not already acted. The reason seems to be two-fold. Mr. Mills, in whose obedient committee tax legislation must originate, has been preoccupied with his "reform" bill. More important, Congress, as it habitually does and despite all rhetoric to the contrary, has been waiting for the President to tell it what to do.

Even now it is being argued that Congress cannot possibly pass tax-relief legislation this year because Mr. Ford will not be prepared to make his recommendations until late October, when Congress may have started a pre-election recess. After that, many of its members will be "lame ducks."

Delay until next year doesn't make any sense at all. If low-bracket tax relief is a good thing, as it seems to be, the Democratic leaders of Congress are perfectly capable of getting a bill started on their own, and of passing it with or without Presidential support. It is, as always, not means or opportunity that they lack, but will—which is why Congress became and remains any President's second banana.

"SONNY" MONTGOMERY SPEAKS TO NATIONAL GUARD

HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. FISHER. Mr. Speaker, one of the best informed Members of this body on matters relating to Reserves and the National Guard is our colleague from Mississippi, G. V. "SONNY" MONTGOMERY. Himself a general in the Guard, his services to the Guard and Reserves are invaluable both in and out of the Congress.

Under leave to extend my remarks, I include a speech made by the gentleman from Mississippi on September 26, to the National Guard Association in San Juan:

REMARKS OF REPRESENTATIVE G. V. MONTGOMERY

Thank you for the generous introduction. It is really good to be in Puerto Rico. I do not refer to the relaxing beaches and beautiful girls, but the opportunity I have to visit with some of my very favorite people—my fellow guardsmen. Whether it be in Alligator, Mississippi, or San Juan, I always look forward to the chance to meet with members of the National Guard in order to discuss our mutual objectives to improve a very important component of our national defense.

Before beginning my remarks, I would like to convey the warm wishes for a successful meeting from Dr. Theodore Marrs. He asked me to relate his deep regrets that he was unable to join you. However, it was necessary for him to remain in Washington to chair a meeting of poultry producers as part of the White House pre-summit meetings on the economy. In fact, Ted noted that I would be taking care of his military business in Puerto Rico while he takes care of my chicken business in Washington.

If the accomplishments of the National Guard Association in 1974 could be bottled and left on the shelf to age like a good wine, it would soon become a collector's item because 1974 has truly been a vintage year.

Of course, with the cutback in manpower for the active duty forces, we are going to have to have a lot more vintage years for the Guard and Reserve because you are the backup we must have for a viable national defense structure.

Maybe wo should pause a moment to pat ourselves on the back for the accomplishments in the legislative field and more importantly the accomplishments of the States and local units in recruiting and retaining personnel. The fact that overall the National Guard has done well in maintaining its authorized strength levels is indeed good news. It shows that Guardsmen are fulfilling their responsibilities as part of the total forces concept. Nor must we forget that your successes in maintaining strength levels are necessary to perform the second part of your dual mission—that of the State militia during times of natural disaster or civil disorder.

It is pleasing to note that the Congress has approved acceptable strength levels for the current fiscal year from three standpoints. First, they are acceptable from the standpoint of providing the needed trained manpower as a backup to active duty forces in times of national emergency. They are acceptable from the standpoint of being realistic and attainable if you continue your excellent record of recruiting and retention. And thirdly, they are acceptable from the standpoint that they will not cause us to lose any of our present manpower through reduction in forces.

Speaking of reductions, I was particularly pleased that we were able to head off Pentagon efforts to eliminate 14 Air National Guard squadrons. Such an action would have been a very serious mistake and caused a gap in our defense structure. In fact, I supported strongly language in this year's authorizing legislation that mandates the current level of 91 squadrons.

I am also aware that we may have another fight on our hands to sidetrack a DOD proposal to cut 48,000 personnel from the Army Guard and Reserve. It makes absolutely no sense to me to cut the Guard and Reserve when the Congress is reducing the Regulars.

I mentioned earlier that your association has had a good year in the legislative field. One of the main reasons for your successes on Capitol Hill is Jim Deerin. Your executive vice president and his hard working staff are to be commended for the straight forward and persistent manner in which they represent your best interests. Because of their knowledge of the subject matter and the sincerity of their approach, I can assure you they have the respect of my colleagues in Congress.

There is an ad on television that says "When E. F. Hutton speaks, people listen." Well, when Jim Deerin speaks out on matters affecting the National Guard, the Members of Congress listen. It is right and proper that they should, because Colonel Deerin represents the individual guardsman, as well as the National Guard as a military entity.

I also commend your president, General McMillan of Florida, for the very active interest he has taken in guard affairs. He has been a very hardworking and dedicated president who is most deserving of our tribute.

The association is to be commended for bringing aboard Fran Greenlief as your new executive vice president. General Greenlief knows the problems the guard has in the Pentagon, as well as the Congress. I know you are going to be pleased with Fran Greenlief's performance in the years ahead.

In addition to legislation holding the strength levels in the guard, another significant achievement for the reserve components this year was passage and approval by the president of fulltime coverage under the servicemen's group life insurance program. This is a piece of legislation that we have been pushing several years and it is reassuring that we were finally able to obtain Senate approval. We owe a debt of gratitude to Senators Hartke of Indiana, Stennis of Mississippi, Allen of Alabama and Byrd of Virginia for their successful efforts in gaining a favorable vote in the other body.

Another important incentive that was proposed by the Department of Defense and approved by the House Armed Services Committee will result in more realistic PX privileges. Under the new regulations you will be provided unlimited military exchange privileges for each day of inactive duty training. More importantly, your day at the PX can be anytime and will not be limited to just those days you are actually training. Although your spouse will not be able to make purchases, he or she will be able to accompany you at the time you exercise your exchange privileges. I am quite proud of the fact that I was the only member of Congress to testify in favor of this proposal.

There are other areas where we have not achieved total success but we are moving closer in the 93rd Congress than we have in the previous Congresses. I refer to such bills as retirement at age 55 after 20 years of credible service, annuities for survivors of guardsmen who die before reaching age 60 and the National Guard technicians pay bill. Although I have doubts that the technicians bill will receive final approval before the end of this Congress, I do have hope for the 94th Congress. The fact that the bill was passed by the Senate and has finally received approval by the appropriate subcommittee of the House Post Office and Civil Service Committee is indeed encouraging. I discussed this matter with Chairman Dulski of the P.O. and C.S. Committee just prior to coming to your meeting. He told me that he does support the concept of the technicians bill, although he does not favor the full 100% proposal.

Enlistment and re-enlistment bonuses are still very much a high priority matter in my opinion. It appears that we are nearing a compromise on this proposal with the Pentagon as a needed incentive. The bonus legislation will be one of the first bills I introduce in the 94th Congress.

One final bill in which you might be interested would establish a tuition assistance program for enlisted personnel of the guard and reserves. Having just been introduced this past August, I realize the measure will not be passed this Congress, but the prospects for next year are encouraging.

The bill would allow partial payment of tuition, or fees in lieu of tuition, as an incentive for enlisting and re-enlisting in the National Guard and selected reserve components. The proposed rate of assistance would be 60% of tuition cost for enlisted men and women with less than 12 years of service and not having a college degree. The assistance would be for those wishing to take courses at an accredited college or vocational school.

The only drawback to this legislation which could delay its passage next year is the estimated price tag of $90 million. However, I feel the education program would more than pay for itself since it would be an incentive for present personnel to remain in the guard and we would then cut down on the cost of training new people.

Other beneficial changes that I would like to see take place would include reducing enlistment periods from six to three years and working out a more equitable program for a guardsman to complete his required basic training period. We should also do away with the so-called mcot memorandum and allow new guardsmen to be paid as soon as they come aboard.

Thus far my remarks have dealt mainly with programs that affect the individual guardsman. It might be well to turn our attention to problem areas for the National Guard in general. In this case, problem is spelled out with a capital *E*—equipment. No matter how good a job you do in meeting your manpower levels, we are only spinning our wheels unless we have the equipment to match the manpower.

At one time, I thought we had reversed the trend of the guard the stepchild of the Pentagon when it comes to equipment. Unfortunately, all too often we are still receiving old and outdated equipment or no equipment at all. I believe part of the problem stems from our military aid program to allies. Every tank or aircraft we ship to another country could have been a tank or plane going to the Guard.

However, the Congress appears to be taking the bull by the horns. For the first time in my memory, the Congress has written into authorizing legislation that the Guard will receive new equipment. In this particular case, an amendment by Congressman Clarke Fisher of Texas mandates 24 *New* A–7 aircraft for the Air Guard. The authorization has now been funded and new A-7's will be forthcoming for one of our squadrons.

Speaking of aircraft there are 71 F5-E's ordered for Vietnam use, but because of legislative restrictions cannot be shipped. It makes good sense to me for the Air Force to turn these F5-E's over to the Air Guard to replace the antiquated F100's thereby giving us three updated squadrons. Whatever use the Air Force might have in mind for these F5-E's, the Guard is the most deserving.

Also of interest to the Air Guard is the fact that the Congress has increased funds for your flying time program by $20 million over last fiscal year.

This past Monday I received a copy of a letter written by Assistant Secretary of Defense for Manpower and Reserve Affairs Bill Brehm to Chairman Hébert of the House Armed Services Committee stating that 128 KC-135 jet tankers will be transferred to the Air Guard and Reserve over the next several years beginning in fiscal year 1976. He also noted that aircraft in seven F-101/102 and nine KC 97L squadrons will be phased out.

This does give the Air Guard an updated mission, but I would have to leave it to you blue suiters whether this is good for the Air Guard or not.

Most of these actions are steps in the right direction that must be continued if the Guard is to be combat ready.

In closing I would like to read part of Bob Sike's speech to you and I quote, "There must be new understanding and acceptance by the Guard and Reserves that they are a vital part of the nation's defense. Given this goal and the responsibility, they must train as they have never trained before"—end of quote.

In the past when I addressed you I usually closed by saying if you give me good training back in the armory; I will work harder for you in Congress. My fellow Guardsmen it's a new ball game—incentives, equipment and good pay will be coming your way.

As we move into this new era of life in the United States a large share of the responsibility in defending this country is being passed on to you. May God give you the strength to carry these additional colors and help to keep the torch burning for free men everywhere.

TRIBUTE TO JOHN F. SHELLEY

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 7, 1974

Mr. BIAGGI. Mr. Speaker, I am honored to join with my distinguished colleague from California (Mr. PHILLIP BURTON) in this special order to pay tribute to our former colleague, John F. Shelley, who recently died at the age of 68.

John Shelley had a distinguished career in public service first as a labor leader, a State Senator, a 13-year Congressman, and mayor of San Francisco from 1964 to 1967. He was noted throughout his career as a friend of the workingman and minorities.

In his years in Congress, John Shelley was a ranking member of the House Merchant Marine and Fisheries Committee, and was noted as one of the foremost supporters of a strong merchant marine in this Nation.

John Shelley was a man who rose from modest background, but no matter what level of success he achieved, he never lost touch with the fundamental beliefs of his early day; namely, that hard work was the key to continued success. He rose rapidly in the political ranks and was the youngest man ever elected president of the San Francisco Labor Council. In between these duties, Shelley found time to put himself through law school, and after this he embarked upon his quarter century of political life.

John Shelley was a man who governed a city during the turbulent middle 1960's. Yet his conciliatory skills which served him so well as a labor leader, came in equally handy as mayor of San Francisco. Ill health forced him to give up the mayoralty in 1967, but his influence was still sought by many leaders in San Francisco until his death.

Mr. Speaker, the people of California have lost one of their finest public servants, and we in the House, one of our most distinguished former Members. I extend to his widow and family my deepest condolences.

THE HAVIV SCHIEBER CASE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. ASHBROOK. Mr. Speaker, recently my attention was directed to two articles which appeared in the press concerning the case of Haviv Schieber whose 15-year fight to gain permanent status in the United States has been championed by several Members of Congress and businessmen and individuals in the New York City area. As I pointed out in earlier remarks in the CONGRESSIONAL RECORD, Mr. Schieber's work as a housing rehabilitation contractor and his hiring of minority groups has, in the estimation of those who know of his efforts in New York City, earned him the opportunity to continue his exemplary life in our country.

To indicate the widespread interest in Mr. Schieber's case, I insert at this point an article by Peter Strafford datelined New York, May 6, 1974, and appearing in the London Times along with a more extensive treatment of the case by Max Friedman in the Jewish Week and American Examiner's issue of July 11-17, 1974:

[From the London Times, May 1974]

ANTI-ZIONIST ISRAELI FIGHTS U.S. DEPORTATION ORDER

(By Peter Strafford)

NEW YORK, May 6.—Mr. Haviv Schieber, an Israeli aged 64 and a former mayor of Beersheba is fighting a last minute battle to avoid being deported from the United States to Israel. He has been fighting that battle since 1961, when he was first ordered to be deported, and he has been on the point of losing it several times.

Last Wednesday, according to Mr. George Haber, his lawyer, Mr. Schieber was actually on his way to Kennedy airport when he slashed his wrist and had to be taken to hospital. Two days later, he was put on board an aircraft bandaged up and was taken off again when Mr. Haber heard what was happening and filed a petition for review of the case.

Today, Mr. Schieber was being held in a psychiatric ward in a New York hospital, and Mr. Haber was waiting to hear when the Federal Appeals Court would examine the case.

Mr. Schieber has left no one in doubt of his determination to stay in the United States. He is an outspoken anti-Zionist, who believes in a tripartite "Holy Land state" that would include Christians, Muslims and Jews. He claims that he faces persecution if he is forced to go back to Israel.

Mr. Haber suggests that there is more to the deportation case than the legal technicalities that have come up in court. He suggests that there have been pressures on the immigration authorities from Zionist groups in the United States, that find Mr. Schieber's views uncomfortable and would like to see him gone.

Mr. Schieber was born in Poland in 1909, and emigrated to Palestine in 1932. He arrived in the United States in 1960, has since developed his own building business and made his political views known.

His petition to the federal appeals court is only the latest in a long series that has caused no little irritation to the American immigration authorities. He has already appealed for political asylum in the United States without success.

The American case is a simple one. The immigration authorities say that Mr. Schieber entered the country in 1960 as a visitor, and that his request to be given a permanent status was refused, largely because of convictions in Israel for theft and embezzlement. He cannot stay, therefore.

Mr. Haber's counter to this is that the cases for which Mr. Schieber was convicted were minor ones dating back to the confused days of 1949 when he was mayor of Beersheba. Even in those days, Mr. Haber says, Mr. Schriever ran into difficulties with the Israel Labour Party. One conviction was for putting anti-communist literature in crates with oranges destined for the Soviet Union, according to the lawyer.

[From the Jewish Week and American Examiner, July 11-17, 1974]

FIGHT TO AVOID DEPORTATION TO ISRAEL NEAR END

(By Max Friedman)

A few days from now, a 15-year fight to avoid deportation to Israel may be decided for one obscure yet highly controversial Jew named Haviv Schieber.

Schieber, who has lost 11 appeals to immigration officials and seven appeals in federal courts, has been given until Sunday to leave the United States voluntarily. Otherwise, immigration officials say, he will be deported to Israel. Meanwhile, he is staying in a Washington apartment while last-ditch efforts to keep him in the country continue.

The ground for his expulsion is that his visa expired in 1961.

Schieber and a number of influential partisans—who range from several conservative Congressional leaders to Washington Post columnist Nicholas von Hoffman—contend he is a victim of "moral turpitude" charges stemming from his conviction in Israel a quarter-century ago in connection with a protest of poor mail service in the town of which he was then mayor. But immigration officials say that's not his problem, that he simply overstayed his visa after coming to the United States 15 years ago, and that he has been unusually successful in fighting deportation so far.

Whatever happens, there are civil libertarians in both the liberal and the conservative camps who contend the whole affair has been a travesty of justice by the U.S. Government, especially the Immigration and Naturalization Service.

TO PALESTINE IN 1932

Schieber is 63 and a refugee from totalitarianism. In 1932 he led a group of Polish Jews to Palestine because he foresaw what lay ahead with the Nazis. He continued to help Polish Jews escape from Communism after World War Two but was later arrested by the British and put out of action for a while. He joined the Israeli Army in 1948 during the War for Independence and later went into the business of rehabilitating abandoned housing in Israel for incoming refugees at no profit.

He was elected mayor of Beersheba, then a small town, which is where most of his troubles began with the Israeli government and its bureaucracy. When his town was suffering from poor mail service, he took two street tiles and erected a symbolic post office. For this he was arrested, charged and found guilty of two crimes, theft and operating a post office without authority. He was fined about a dollar (or one day in jail) and then commended by the judge for his actions. An anti-Communist, Schieber says the present Israeli Government is socialist and/or Marxist in its orientation and that is not good for anyone. Schieber is also an anti-Zionist, and that too doesn't set well in a country founded by Zionism.

Schieber claims to have been arrested 18 times in Israel for political and social activities. For instance he founded the Anti-Communist League of Israel and once got arrested for putting anti-Communist leaflets in crates of oranges being exported to Russia. He also tried to form a political party as a base for people to acquire economic independence and social services outside the usual political party channels.

Schieber says that Israel should not be a Zionist state but that it should be a "Holy Land State" where Jews, Christians and Moslems all would have equal rights. He is particularly disturbed that Jewish refugees have more rights than do native-born Palestinian Arabs. He carries on this philosophy by writing and helping support a New York Arab Newspaper, "Al-Islaah," and by appearing on Radio shows with Arabs, as well as through his "Holyland State Committee."

He left Israel in 1959, and decided to start a new life in the U.S. He became a successful building contractor in New York City specializing in rehabilitating low-cost housing, for which he has gained official recognition and thanks. He makes it a point to employ minority groups and Vietnam veterans. In fact, the Bronx chapter of the National Congress of Puerto Rican Veterans has praised Schieber and is opposing his deportation.

NO PENDING CHARGES IN ISRAEL

The Israeli Embassy says that the Immigration and Naturalization Service requested that the Israeli government give Schieber a travel document so that the U.S. could send him back to Israel, that there are no known criminal charges pending against him there, and that there has been no request by the Israeli government for his deportation.

Schieber blames the immigration service for his failure to get a permanent visa so that he can become a U.S. citizen. He says American "Zionist" pressure hurt him as well as pro-Israel feelings by officials of the New York State Immigration Office, including the district director, Sol Marks. The New York Post quoted an unidentified Israeli official as describing Schieber as a "trouble-maker." Schieber himself has requested "political asylum" in the U.S. because he contends that if he is sent back to Israel, he will be persecuted, even jailed for many of the things he has done here in the U.S. For instance, he recorded anti-Zionist messages to Israeli troops for Egyptian authorities during the Yom Kippur war last year.

FAILURE TO UNTABLE BILL

Since 1961, Schieber has been fighting his deportation. In 1969, a "bill of relief" by former Rep. James Utt (R.-Calif.) was submitted to the House Judiciary Subcommittee on Immigration, Citizenship, and International Law, headed by Rep. Emanuel Celler (D-N.Y.), himself a Jew. Celler tabled the bill and because of a mutual congressional agreement, the Senate Judiciary Committee would not take up a bill that a House Committee had tabled.

Recently several conservative leaders of Congress, Sen. James Buckley (C-R-N.Y.), and Sen. Jesse Helms (R-N.C.), pushed for the untabling of the 1969 bill so that they could submit a new bill. However, the Subcommittee voted 5–3 not to untable the bill, so Schieber's last chance for a reprieve by the U.S. Congress went down the drain. Among those voting to keep the bill tabled were such liberals as Jerome Waldie (D-Calif.), Joshua Eilberg (D-Pa.) and Elizabeth Holtzman (D-NY) whose parents, like Schieber, are Jewish refugees from Poland. The other Subcommittee voters were Charles Wiggins (R-Calif.), and Walter Flowers (D-Ala) for continued tabling, and John F. Seiberling (D-Ohio), Hamilton Fish, Jr. (R-NY), and Larry Hogan (R-Md), for untabling, with Tom Railsback (R-Ill) absent but for untabling.

Schieber's attorneys are Bruce Terris, former head of the Democratic Party of Washington, D.C., and Zona Hostetler, a former leader of the American Civil Liberties Union, both well known liberals. Hostetler is deeply concerned with the civil liberties aspects of the case, involving a possible violation of due process. She says "it is unjust and inhumane to send him (Schieber) off to another country at his age." However, they have lost each appeal so far before the immigration service's Board of Appeals, and are now about out of legal courses to pursue. Only intervention by Attorney General William Saxbe could help Schieber, but so far there has been no move on his part to do this.

SLASHES HIS ARMS

Schieber had been detained in the Federal House of Detention in New York City for four months earlier this year. Then, on May 1, when he had lost more appeals and was being forcibly deported, Schieber cut his arms—he says it was not a suicide try, but just enough to keep him in the country—but he was then placed in a leather straitjacket and held at Bellevue Hospital. He was then sent to the airport, still bound in the straitjacket, when a court order came staying his deportation.

Schieber's account of what happened next is categorically denied by Maurice Kiley, acting district director of immigration in New York. Schieber says immigration officials acted in a brutal and cruel way by forbiding him to be examined by his own doctor; by denying the attempts of another doctor to see him and his medical records; by not even giving him an electric razor and a clean set of clothes so that he might arrive in Israel with some dignity instead of a five-day beard, hospital garb and a straitjacket; by denying him permission to call his lawyer, and by failing to notify his lawyer of his imminent deportation as was promised by immigration officials in Washington. Schieber also says that immigration officials refused to get his personal effects from his apartment, but they did bring him two luggage bags containing his writings and tapes whose subject matter was both anti-Communist and anti-Zionist. Schieber says that this material, upon inspection in Israel, might inflame passions against him and lead to serious persecution by the Israeli authorities.

Immigration director Kiley calls Schieber's account "absolutely wrong."

"I don't feel at all bashful about my decision," adds Kiley, who is responsible for carrying out the deportation order.

As of this writing, Schieber has been unable to find any country except Israel that would take him if he left the U.S. voluntarily. He says he will not go back to Israel.

He has vowed that, "As long as they (immigration officials) have me in their hands, they will not take me to the airport alive."

RECONCILIATION AT WOUNDED KNEE

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. CONYERS. Mr. Speaker, all criminal charges have been dismissed in the Wounded Knee trial of Dennis Banks and Russell Means. The jurors acquitted both defendants of the charge of conspiracy, and Judge Nichol dismissed the remaining charges after one of the jurors became incapacitated and the Justice Department refused to permit the remaining eleven jurors to proceed to a verdict.

All of the jurors have recently written to Attorney General Saxbe, indicating that they would have acquitted the defendants on all counts and urging that no action be taken against other persons involved in the Wounded Knee affair. Having heard all the evidence against two leaders of the American Indian Movement, the jurors unanimously recommend that the Justice Department adopt a long overdue spirit of reconciliation. I have also written to Mr. Saxbe, urging him to give serious consideration to the jurors' request. For the information of my colleagues, both letters to the Attorney General follows:

ST. PAUL, MINN.,
September 20, 1974.

Hon. WILLIAM SAXBE,
Attorney General of the United States,
Department of Justice, Washington, D.C.

DEAR MR. SAXBE: For more than eight months, beginning in January of this year, we have served as jurors at the Wounded Knee Trial of Dennis Banks and Russell Means. From the outset we approached the evidence in the case as impartial observers who had been selected by the government prosecutors and the defense lawyers. Possibly more than any other group of citizens we have had the opportunity to hear the facts and to judge them.

As you know, we voted unanimously to acquit both defendants of the charge of conspiracy and we were continuing on with our work when one of our number suffered a stroke. The Justice Department refused to permit a jury of the remaining eleven to reach a verdict; Judge Nichol granted a motion to dismiss all the charges against both of the defendants.

We think it is important for you to know that while all of the jurors undertook their obligations very seriously while we were a jury some of us believe that our obligations continue. It is for that reason that we have written this letter.

We, the undersigned, wish you to know that we could not have voted to convict either of the two defendants on any of the charges and that we would not have voted to convict because each of us concluded that there was not enough evidence to do so in spite of the fact that the government presented evidence for 98 days and the defendants response was comprised of but five witnesses. In our view a government that cannot, in an eight month trial, present enough evidence against the two leaders of the Wounded Knee seige to secure a conviction on any count should for moral and ethical reasons, drop the criminal charges against all of the other Indian people and their supporters. Since the two leaders were guilty of no crime we believe that others should not be prosecuted for following them.

It is in the spirit of reconciliation and redemption that we urge you to respect this suggestion and to join with us and other Americans in an effort to bind up the wounds that have been caused by this, our longest, and perhaps our least honorable, war.

Respectfully,

Therese Cherrier, Maureen Coonan, Geraldine Nelson, Joyce Selander, Susan Overas, Linda Lacher, Elaine Grono, Katherine Valo, Richard Garcia, Fran Aiken, Louanne Boeke, Theola Dubois.

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 8, 1974.

Hon. WILLIAM SAXBE,
Attorney General of the United States, Department of Justice, Washington, D.C.

DEAR MR. SAXBE: I have received a copy of the letter sent to you on 20 September 1974 by the twelve jurors in the Wounded Knee Trial of Dennis Banks and Russell Means.

I am obviously not privy to all the facts presented to the jurors during the course of the trial, but I must respect their decision and judgment. I am writing, therefore, to express my interest in the disposition of whatever criminal charges are still pending in connection with the Wounded Knee affair. I hope that you will give the most serious consideration to the jurors' recommendation.

I look forward to hearing from you at your earliest convenience.

Sincerely,

JOHN CONYERS, Jr.,
Member of Congress.

"RUNNING OUT OF EVERYTHING"—WRITER ATTRIBUTES "SHORTAGE ECONOMY" TO MONOPOLIES, ADMINISTERED PRICES

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. EVINS of Tennessee. Mr. Speaker, Mr. Sidney Lens, author and lecturer, in a thought-provoking article in Progressive magazine, discusses the causes of inflation and our "shortage economy"—and describes as "bandaid economics" any measures designed to curb inflation which do not include cuts in military spending and the breaking up of cartels and monopolies.

The opinions and recommendations expressed by the author of this article entitled "Running Out of Everything" may have some merit and be worthy of consideration as the Nation, the Congress, and the President consider and evaluate the problems of inflation affecting the Nation and the world. The article is provocative and possesses a wealth of statistical information on shortages, monopolies, and other reasons for the current inflation.

The article points out that 245 of 258 major industries surveyed by a congressional committee confronted shortages. The net effect of shortages, however created, the article continues, is to increase prices.

Today only 500 industrial firms control three-quarters of industrial employment and two-thirds of sales in the United States. The article reports that many of our major industries are dominated by two to four companies each. These include the steel, rubber, automobile, paper, food, and electrical appliance industries. The oil industry is specifically described as a worldwide cartel.

The article continues:

> Those companies with the same banking interests, conspire to administer prices. The Federal Trade Commission estimates that if the highly concentrated industries were broken up by antitrust action, prices in those industries (the heart of the economy) would fall by 25 percent.

The article alleges that the food industry is dominated by monopolies which cost consumers $2.5 billion a year in overcharges.

The article continues:

> Moreover, a quarter of all food production is "vertically integrated"—big companies control production from the farm to the retail market, and are able to manipulate supply and the cost to consumers almost at will.

Thus, the article concludes, any meaningful program to control inflation must involve the control of monopolies and the elimination of overcharges to the American people.

Because of the interest of my colleagues and the American people and the timelessness of the issues involved in this most important matter, I place the article in the RECORD herewith:

RUNNING OUT OF EVERYTHING

(By Sidney Lens)

Comedian Frank Darling says, "The way to get prices up is to tell you there's a shortage. There's a shortage of gas, a shortage of wheat, a shortage of paper—and the greatest shortage of all is the shortage of truth." One can hardly argue with this reflective observation.

The National Association of Manufactuers, not celebrated for its sense of humor, last year distributed a poster that read: "Yes, we have no bananas, steaks, eggs, blue jeans, candles, gas, tennis balls, freezers, wheat, leather, air conditioners, fuel oil, pajamas, floor covering, sardines, chicken, paper, hot water bottles. . . ." The poster added a touch of whimsy to an increasingly unfunny problem.

Then men who did Richard Nixon's economic thinking—Herbert Stein, Earl Butz, William Simon—were telling us a year ago that if we would let prices find their true higher level on the free market, we would soon have an abundant supply of everything. The dreams of these economic sages have now been partially fulfilled; prices are rising about 12 percent a year—a steeper rate than at any time since 1947. But the shortage problem is still with us. The "abundant economy" has turned, perceptibly and insistently, into a "shortage economy," though the full import of this change has not yet impressed itself on the national consciousness.

A Congressional survey of 258 major industries this August showed that 245 of them confronted shortages of at least one commodity vital to their business. Honeywell, Bell & Howell, Stokely-Van Camp, and Utah International said they were short of almost everything they needed; 108 firms were unable to get a sufficient supply of petrochemicals, 106 were buying steel on a catch-as-catch-can basis, 94 were hit by shortages in nonpetroleum chemicals, 74 could not find enough aluminum on the market, 62 lacked an adeqaute supply of copper. All told, the 245 corporations listed a "shortfall," to use William Simon's overworked term, of 64 commodities.

Large companies. *Business Week* reported on August 10, 1974, are "seeking alternatives for practically everything—General Foods needs a sugar substitute. Clorox has to find a replacement for soda ash in bleach and so on. . . ." Aluminum Company of America (Alcoa) is so squeezed for raw materials that it has decided to abandon one of its most popular items, household aluminum foil, December 31. Housewives clamor in vain for jars and tin lids to can peaches, pears, and berries; they are not available because there is a scarcity of soda ash and tin plate. Del Monte Corp., unable to purchase enough glass for jars, fiberboard for boxes, and tin plate for cans, has decided "not to get very far away from what we are doing now"—to stick to the old products, in other words, and introduce no new ones.

The most visible form of scarcity has been petroleum, because it reached most consumers, and we gradually became accustomed to long queues at the gas pumps and the melodic pleas of William Simon to conserve gasoline. But scores of other shortages disable the economy. "There isn't anything *not* in short supply," complained Inland Steel's purchasing agent recently.

The list of scarcities for part or all of this year includes paper, plastics, steel, toilets, freezers, cotton, copper wire, lumber, onions, raisins, chicken, beef, gasoline, fertilizer, propane, nylon, acetate yarns, salmon, penicillin, cortisone, cement, aluminum, vinyl, tin cans, antifreeze, paints, sporting goods, plastic lamps, and many other products. "We're experiencing something out of all dimensions to what we experienced in the past," said a senior vice president of Manufacturers Hanover Trust, "a supply slowdown." In the construction industry earlier this year the "supply slowdown"—pipe, sheet metal, plastics, reinforcing rods, paints, ceramics, and plumbing, electronic, and electrical items—cost 100,000 jobs, in addition to those lost because of the slowdown in housing purchases resulting from high interest rates and the lack of mortgage money. Every shortage led to others, affecting prices and production in mysterious ways we have never experienced before.

An obvious effect of shortages, either at the producer's or consumer's level, is that prices rise. In our peculiar form of "free market," prices seldom fall when demand is "weak," but they *always* rise when demand outpaces supply. Gasoline and every product that uses petroleum, such as plastics, went up astronomically earlier this year in cadence with a contrived shortage. The domino effect is inexorable. Soybeans, in short supply, cause a boost in soybean oil prices from thirteen cents to forty-three cents a pound, and mayonnaise, salad dressing, and many other products that use soybean oil rise accordingly. When such instances are multiplied by thousands, they account for much of our raging inflation.

The full significance of the shortage economy, however, extends far beyond its effect on prices. It is a fever chart of the basic economic and political ailments of the 1970s. It is a manifestation of a crisis—more properly, a blend of a half dozen crises—qualitatively different from anything we have ever experienced. The half dozen recessions since 1945 may have been, as the economists said, "adjustments" to rectify secondary imbalances. The current shortage-inflation-recession syndrome, on the other hand, reflects a breakdown—a breakdown of the Bretton Woods money system, the disarray of the dollar on the world market, the shattering of the *Pax Americana*. In sum, the shortage economy is a symptom of the *decline of American power*. The United States can no longer organize the world in its image, and can no longer impose the necessary *discipline* on its allies, on its satellites (such as Iran), or on its own national and multinational monopolies.

This crisis in power manifests itself in different forms at varying times—a supply slowdown, price-gouging and inflation, semipanic on Wall Street, a credit crunch economic pressure on Washington's allies, and above all a drop in the living standards of the American people. From the third quarter of 1972 through the second quarter of 1974 the real wages of 52 million workers in private industry fell by 8 per cent—the worst decline in living standards since the Great Depression. And it is going to fall further.

The First National Bank of Chicago, which is more candid about such things than are politicians, shows how the petroleum crisis alone must lead to a drop in living standards. The oil producing nations, it says, will be exacting $60 billion a year more from oil importing nations this year than last. Since the weak economies of such producers as Saudi Arabia, Iran, Libya, and Venezuela can, at most, absorb additional purchases from the United States, Western Europe, and Japan of $10 billion or $15 billion a year, that leaves a deficit for the West of $45 or $50 billion.

"This means," said the First National Bank in its August 1974 report, "that the importing country has to expand its export of goods and services to pay for the more expensive imports. To accomplish this, some resources that would have been used to produce goods for domestic consumption will have to be channeled into the production of goods for foreign consumption (exports). This means that *consumers' real incomes must decline because there is less real output available for the domestic population*." (Emphasis added.) The hope, of course, is that the West can borrow back that money from the oil countries, or can lure that money into the purchase of western real estate and stocks. But additional debts draw interest and must be repaid in due course, so the long-term prospect is for even worse balance of payments deficits. When the oil problem is compounded by the dollar-gold problem, the copper, bauxite, coffee, sugar, and many other similar problems, living standards in the West must fall, and the specter of depression—not recession—becomes real.

How did this situation originate? Why has a country with such monumental resources—the envy of every nation on earth—become a "land of shortage"? How did three decades of unparalleled U.S. "prosperity" come to such an abrupt halt?

The answer lies in the peculiar circumstances of that prosperity: It was built on the quicksand of militarism, and the United States now cannot survive without militarism and cannot survive with it. During World War II, national income in the United States more than doubled and the capital equipment industry, in the words of the National Planning Association, was "nearly twice the size which would be needed domestically under the most fortuitous conditions. . . ." "Free enterprise" America required a vast new market to dispose of this surplus—or face depression. But the rest of the postwar world—friend and foe alike—was in economic chaos and not far from revolution.

Washington "solved" the problem in brilliant fashion. Any nation willing to join the "American system" was given aid (some $150 billion in economic and military assistance), as well as the protection of America's military power, against internal revolution and Soviet pressure.

To prevent "disorder"—that is, revolution—the United States built the world's greatest navy, acquired 2,500 minor and major military bases abroad, stationed about a million troops overseas, and was prepared to intervene at a moment's notice against any government or force that threatened to secede from the "American system"—as it did in Korea, Vietnam, the Dominican Republic, Lebanon, the Congo, and other "trouble spots." In return for this military protection and economic aid, those who accepted the American arrangement had to pledge an "open door" for U.S. private trade and investment (as well as that of America's allies) and adherence to the Bretton Woods money system which made the dollar the international unit of exchange.

For a quarter of a century this *Pax Americana* worked tolerably well. The CIA and Pentagon intervened in dozens of countries to assure "stability," to overthrow governments it did not like, or to install right-wing forces it approved. But the cost was a shattering $1.4 trillion spent on militarism since 1945, causing budget deficits for all but three years since 1952, some of them as high as $25 billion, and an astronomical increase in the national debt. Every year but two (when there were small surpluses) America also suffered multi-billion dollar balance-of-payments deficits. Two-thirds of the U.S. gold hoard fled the country, and as of 1972 about $82 billion were floating around the world, accepted by other nations because they were allegedly as "good as gold," though they were actually much depreciated in value. Finally, in August 1971, a staggering deficit of about $25 billion loomed on the horizon. Uncle Sam's credit was no longer sound, the dollar was shaky, and the nation needed to increase exports and decrease imports to keep its ship from foundering. In this circumstance President Nixon took the drastic step of devaluing the dollar—to make U.S. goods cheaper abroad, and foreign goods more expensive here—and he instituted wage controls in an effort to hold down costs for U.S. entrepreneurs so they could remain competitive on the world market.

It seemed like a simple and decent solution—except that other nations took countermeasures, and eventually the dollar, the economic pivot of American power, had to be devalued further, then abandoned to float at whatever price it could command. Today the international money system is in chaos, with currencies rising and falling 10 or 15 per cent against each other, and exporters and importers hedging sales and purchases by speculating on the currency market.

Domestically, the system of controls was a fiasco, like plugging a broken dam with a cock. The lifting of controls was just as bad. Controls led to shortages, which then accelerated inflation, and both problems survived. Neither controls nor the "free market" can cure our present sickness, for what is happening is that the tide of debt has reached our chins, and we are faced with an old mortgage to pay. We mortgaged our future to support militarism—so that we could exact discipline for the *Pax Americana;* now we must pay the mortgage by lowering our standard of living.

Thus, by a long and circuitous road, we have arrived at the shortage economy, intractable inflation, and a looming depression. Consider these examples of how our weakened world position exacerbates the problems of supply and price:

Last year there was a shortage of many kinds of paper, including cardboard boxes, cartons for TV dinners, and, most notably, newsprint. Two large newsprint firms, Crown Zellerbach and Powell River, cut sales to their regular customers by 7 to 12 percent. Salt Lake City dailies reduced circulation by 7 per cent to conserve the precious product; *The Boston Globe* cut down its comic section from twelve pages to ten; the Marshall Field papers in Chicago cut newsprint use by 10 per cent, and *The New York Times* reported difficulties in obtaining paper for its magazine and book review sections. The drop in supply was coupled, as usual, with a jump in price: from 1970 to January 1974, the price of newsprint spiraled from $152 a ton a $213.50.

The paper shortage, like so many others, is mystifying to the average citizen. In 1973 it might have been attributed to the paperworkers' strike in Canada, but the strike was long over. According to the industry's trade journal, *Pulp and Paper*, there was not only a sizable rise in production in the United States, but in imports from Canada and Europe as well. Some theorists traced the problem to unconscionable "hoarding"; if true, however, that only indicates there was apprehension that supplies would run out. Why should buyers worry when production and imports were on the rise?

Their worries were justified by two circumstances, one going back to the beginning of the Cold War in 1945, the other to devaluation of the dollar and the imposition of price controls in 1971. As a result of the *Pax Americana*, industry burgeoned and capital became so concentrated, through merger and other devices, that today only 500 industrial firms account for three-quarters of industrial employment and two-thirds of sales. Under the New Capitalism our main industries—steel, rubber, autos, paper, certain foods, aluminum, electrical appliances, and others—are dominated by two to four companies each. Those companies, often interlocked with the same banking interests, conspire to *administer* prices. The Federal Trade Commission estimates that if the highly concentrated industries were broken up by antitrust action, prices in those industries (the heart of the economy) would fall by at least 25 percent. Collusion sometimes goes further. Oil companies collude to win drilling rights at low cost, or collude to drive independents from the scene, or collude to cause a shortage in order to exact concessions—such as the Alaska pipeline and relaxation of environmental standards—from the Federal Government.

That seems to be the case with the paper companies as well. They not only administered prices but contrived a "shortage" to exert pressure for additional cutting rights in such national forests as Tongass and Chugach in Alaska. In 1973, however, the pressure for concessions from Government—perennial under the New Capitalism—was complicated by the existence of domestic price controls. International sales were not subject to controls, and the paper moguls took full advantage of this fact. In the first half of 1973, export of chips and pulp to Japan increased by 49.2 percent, reducing to that extent the stockpile at home—hence, a paper "shortage." And what was so attractive about selling to Japan? A representative of the American Paper Institute put it candidly: "Other countries seem to be paying a higher price due to the Cost of Living Council's freeze on price increases."

Another perplexing group of shortages has been that of foodstuffs. Something is rotten in the wheat bins when the nation whose farmers produce two and a half times as much wheat as is consumed at home came within a whisker this year of bread shortages and bread lines similar to those in gasoline. And though that specter has momentarily receded, the long-term prospect both in bread and food generally is that deficits in supplies will come and go. The Administration, says the Community Nutrition Institute of Washington, "sooner but probably reluctantly later, will be forced to ration food."

The international balance of payments pinch dictates that we must sell more food abroad each year. What will happen, then, if we have a serious drought? If Washington, in those circumstances, reduces exports to feed the home population, America's balance of payments position will worsen and we will be unable to import such items as bauxite and copper; if, on the other hand, Washington insists that export commitments must be met, we will have dire shortages—and perhaps hunger—at home.

A new factor has been added to the equation, for the food industry, contrary to conventional wisdom, is also dominated by monopolies. According to the Federal Trade

Commission staff, seventeen food and food-related industries are so concentrated that they are "producing an overcharge to consumers of more than $2.5 billion." Government studies indicate that three companies sell two-thirds of processed dairy products; four firms dominate 70 per cent of the cracker and biscuit market; four firms take care of three-quarters of bread and processed flour sales; three firms handle 85 per cent of breakfast cereals; six firms have 90 per cent of the grain sales overseas, and one firm has 90 per cent of the soups.

Moreover, a quarter of all food production is "vertically integrated"—big companies control production from the farm to the retail market, and are able to manipulate supply and the cost to consumers almost at will. And the food industry is falling under the aegis of conglomerates which have invaded it for tax shelter and other reasons. As William Robbins reveals in *The American Food Scandal*, the turkey for your Thanksgiving dinner may be produced by Greyhound, your ham by ITT, lettuce by Dow Chemical, potatoes by Boeing, fruits and vegetables by Tenneco, and fruit juice by Coca-Cola. If new price controls were imposed, as they might have to be to check inflation, the conglomerates which tower over the industry would not hesitate to boost their exports—at higher foreign prices—even while Americans went hungry.

Then there is the bewildering situation in the meat markets. By December 1973 hamburger was selling at about a dollar a pound, a whopping 28 per cent more than in January. The reason, according to the Department of Agricuture, was that farmers brought two million fewer cattle to market than the previous year—lower supply, higher price. But that explanation begged the question: Why did the cattlemen reduce their herds? The answer lies in the realm of foreign relations and international trade. For both political and economic reasons, the United States sold a vast amount of grain to the Russians, causing an imbalance in the supply of feed grain at home, hence a boost in feed grain prices, hence a boost in the cost of producing a pound of beef, hence the withdrawal of marginal producers unable to earn an adequate return

Concurrently there was the collapse of the dollar and devaluation. The dollar became cheap currency for Japanese, Swiss, and German buyers—the same number of yen, francs, and marks brought considerably more dollars and therefore considerably more grain or cattle. As foreign importers rushed to buy American foodstuffs—U.S. exports went up from $8 billion annually to $20 billion within two years—the end result was shortages and higher prices at home.

The most insidious shortage of the whole shortage economy, of course, is the one in energy, and particularly in petroleum. Here all the dilemmas of American capitalism coalesce: We need a safe supply of oil not only for our economy but for our vast military machine. Under the profit maximization system, our Government is unwilling or unable to check the greed of the seven oil corporations, five of them American, which constitute a tight world cartel. But as the Seven Sisters contrive shortages and inflate prices, all the economies of the western world, dependent on the Seven Sisters for their fuel, totter. Each country seeks to repair its balance of payments difficulties at the expense of the others—through devaluations, floating of currency, trade restrictions, unilateral deals with the Russians, Chinese, and Arabs, and other makeshift devices. The fabric of the *Pax Americana*, already severely strained, shreds further.

In this state of weakness and confusion, the "terms of trade" between the advanced nations and the weak oil-producing countries have been totally reversed. Who would have predicted eighteen months ago that a barrel of oil that costs eleven cents to produce in Saudi Arabia would be selling on the world market for $10 to $12, three or four times its previous price, or that the oil-producing nations would be *draining away* from the big western powers an additional $60 billion each year? Twenty years ago, under these circumstances, the United States (or Britain) would have occupied Saudi Arabia and Iran. Indeed, twenty years ago the U.S. Central Intelligence Agency organized a coup d'etat against the Mossadegh government in Iran because it had nationalized the oil industry, against London's and Washington's wishes. Now the United States would have to run over the Soviet navy or face endless guerrilla warfare, as in Vietnam, if it chose to take such action. In light of these realities, more and more weak nations can be expected to assert control over their own resources and do what the great powers have done for centuries—charge whatever the market will bear.

By now everyone is acquainted with the raw facts of the energy crisis. The United States consumes 6.5 billion barrels of oil and 22 trillion cubic feet of natural gas a year—monstrous quantities that will eventually exhaust the subsoil. But that time is still remote, for according to the U.S. Geological Survey there are proven and suspected (but as yet undiscovered) reserves of 500 billion barrels of oil and 2,400 trillion cubic feet of natural gas, enough for many decades. The energy is there, but it is not being properly tapped and, in the case of oil, not being refined in sufficient quantities in the United States.

In 1973 not a single major refinery was built in this country, and in the previous five years only enough to refine 1.9 million more barrels a day, though demand swelled by three million. Why is there a "refinery gap"? M. A. Wright, chief executive officer of Exxon, was disarmingly frank before a Congressional committee: "It is a problem of how much people want to pay for it [oil]. If they want to pay enough for it to make the market profitable in Europe, sure, we will sell it there. We are in business. . . ." From 1963 to 1972, the five largest companies increased crude oil production in the United States by 45 per cent, but outside the United States—where it was more profitable—by 97 per cent. The shift in refining was even more drastic, going up only 34 per cent in the Western Hemisphere and 176 per cent in the Eastern Hemisphere.

Such manipulation of the oil market, and through the oil market of national economies, is possible only because the U.S. Government helped the Seven Sisters become the largest cartel in history. For "national security" reasons—where have we heard that rationale before?—the State Department has since 1950 openly encouraged the five American firms and their British and Dutch partners to function as a tight cartel—aided, abetted, and protected by U.S. diplomacy and military power. Without that power American firms would never have gained their original oil concessions in Latin America and Canada; other foreign companies could enter this hemisphere only on sufferance of the State Department. Subsequently, State performed the same service for the U.S. firms in the Persian Gulf states, Africa, and Asia—in tune with U.S. economic and military aid. Nations that granted concessions received economic aid and military protection; those that did not were fortunate if the CIA refrained from overthrowing their governments.

The vise in which the Great Powers now find themselves, euphemistically called the "energy crisis," thus began with the formation of a Washington-sponsored world monopoly. It was tightened before and after the Yom Kippur war in the Middle East last year, when the oil producing nations suddenly realized their bargaining strength and doubled and redoubled the price of their product. Moreover, while the Seven Sisters were also exacting their pound of flesh, the oil nations took advantage of the Middle East war forcibly to buy up some of the foreign company holdings on their soil.

Thus a schism developed among the three actors in the drama—the United States and its allies (the consumer states), the Seven Sisters, and the producing nations. The producer states gained substantially. The Seven Sisters were hurt minimally—they lost some control over the extractive end of the industry, but remain a multinational monopoly in shipping, refining, and marketing; they will recover the extra royalties and taxes they must pay the producing nations—and more—from reductions in their U.S. taxes. According to Stanley H. Ruttenberg, a former assistant Secretary of Labor, the jump in the oil from $1.90 to $8.30 a barrel increased tax credits for the American corporations at home from $1.13 to $5.56 a barrel, a "hardship" Exxon, Texaco, and the others can live with.

Only the consumer states lost heavily—though the United States lost least of all because more than two-thirds of its oil comes from domestic sources. The western world (including Japan) is now weighted down with a balance of payments problem that is not amenable to solution without slashing standards of living. The Nixon-Ford proposal to achieve energy "independence" by 1980 is a pipe dream. Thornton Bradshaw, president of Atlantic Richfield, points out that the United States can, at best, reduce its dependence on foreign oil by 1980 from 18 percent to 15 percent of its needs, but even that only through the huge expenditure of $50 billion a year for the next decade.

In effect, the "energy crisis" is a manifestation of a world-wide change in political fortunes: The socialist countries are growing stronger, and they can offer the Third World increasing diplomatic, economic, and military support; the Third World is beginning to feel a sense of growing control over its own destiny, and the Great Powers are in obvious decline.

A chart of the rise and fall of American power, which the shortage economy now punctuates, would look something like this:

1. From 1945 to 1965, steady growth; American foreign investments doubling, and then redoubling again; living standards rising dramatically.

2. From 1695 to 1971, coincident with the Vietnam war and other crises, the gradual appearance of the credit crunch and all the problems associated with balance of payments deficits.

3. From August 1971 to the 1973 Yom Kippur war, the first clear evidence of a turnabout in international political power, and the consequent turnabout in economic fortune.

4. From the Yom Kippur war to the present, a "free world" in traumatic decline that can only end either in a "managed" reduction of living standards in the West or in a dreadful, unmanaged depression. Italy and Britain are already only a few steps from such a depression, and are thinking in terms of the kind of "austerity"—lower consumption levels—they were forced to adopt during World War II.

In this state of political decline, a capitalist America (and its allies) cannot avoid furthe economic pressure. What the economists call "terms of trade" are turning against the United States not only in oil, but in many other commodities. In the era of imperialism, the terms of trade were a means by which the advanced countries robbed the underdeveloped ones. While Colombian coffee, for instance, was going down from eighty cents to forty-five cents a pound in the late 1950s and early 1960s, the price of a Chevrolet was going up—it took much more coffee in Bogota to buy a Chevy from Detroit. A tractor made by Ford, the Major, could be bought by a Uruguayan national in 1954 for the equivalent of twenty-two young bulls; in 1963 it cost the equivalent of forty-two young bulls. The underdeveloped countries were in constant hock to the developed ones, forced to borrow more and more to keep afloat.

Now this process is being reversed. "Oil," said *The New York Times* on January 27, 1974, "is just the beginning, for three reasons. First, the lesson of this startling reversal of power seems obvious for other countries with key primary products: Band together and your revenues can rise dramatically. Second, higher oil prices force the other primary producers to increase their own export earnings to pay for their oil needs. Third, OPEC [Organization of Petroleum Exporting Countries] itself appears ready to support the formation of other cartels, as the one way to avoid opprobrium for bankrupting the "developing countries."

The danger is that the four countries that control the supply of copper (Chile, Peru, Zaire, and Zambia), now joined together, will be doing the same thing as the petroleum producing nations. The price of copper went up from 53 cents a pound in July 1973 to $1 in December. Five bauxite countries (Australia, Guinea, Guyana, Jamaica, Surinam), four nations that control natural rubber, and four that account for virtually all the tin exports may raise prices and create synthetic shortages in the near future. U.S. pressures may prevent concerted action here and there, but in the long run it will take place anyway, both because American power is limited and on the wane, and because, as the price of gold increases (it is now four times what it was in 1972), the inflationary pull becomes irresistible.

The economists of the Nixon and Ford Administrations are reacting to the shortage economy and inflation as if they were traditional problems, requiring only "adjustments" such as those that adjusted our six postwar "recessions"—monetary manipulation, fiscal changes, tax incentives, and the like. According to one of Nixon's former economic advisers, Paul W. McCracken, the cause of our troubles is that "we obviously have run out of plant capacity before we have run out of employable labor." Thus if we can "cool down" the economy, so that demand drops and steel companies can again operate at, say, 85 per cent of capacity instead of 95 per cent, all will be well again. Inflation will abate, and shortages will disappear as people buy less. If there is unemployment, the Government can provide a few hundred thousand public service jobs and increase jobless compensation. Such prescriptions have already proven themselves naive, for the economy *has* "cooled down"—we are in a recession—yet inflation shows little sign of slackening, nor are the shortages disappearing. And if the economy cools down much further, we may check inflation only to find a steep rise in unemployment.

President Ford, whose geniality temporarily obscures his Nixonite philosophy, is preparing to perform the feat of the century. He tells us he will reduce inflation without attacking its two major causes—military spending, which contributes nothing to the consumer economy and withdraws many billions of dollars, and monopoly, which incessantly fuels the inflationary fire. This is the kind of "Band-Aid" economics and diplomacy that brought us to our present despair.

The shortage economy tells us that Keynesian capitalism, which patched up the planless economy through deficit spending for forty years, has exhausted its potential and its usefulness. The *Pax Americana*, which organized the planet around the goals of the American military-industrial complex, is similarly passing into oblivion. We cannot live endlessly by going deeper into debt or by exploiting the peoples of other nations. We must learn to live by our own labor and ingenuity.

The shortage economy tells us that capitalism is in decline as a viable economic system, that it can only plunge us into depressions, international trade wars, monetary conflicts, and military confrontations. Not only radicals, but many populists and liberals as well, now recognize what Charles Beard and John Dewey told us in the 1930s—that our only salvation lies in a planned economy. Dean Acheson hinted at that back in November 1944, when he said that under another system—that is, socialism—the United States could adjust without being concerned with foreign markets, but that under our present capitalist system it could not have "full employment and prosperity" unless it found some way to dispose of its giant surpluses. The internal market of the nation can be controlled and shaped by the Government, which has political and police power to enforce its will; but the international market is something else again—here 150 or so sovereignties clash with one another, and there are no means to control them short of war, the threat of war, or the *Pax Americana* discipline the United States was able to exact for a quarter of a century.

Under a planned economy, by contrast with the so-called free economy, the Government could plan the allocation of resources to meet the needs of our people. It could begin by calculating a realistic balance of trade and money accounts around the world, and determine how our $1.4 trillion gross national product should be apportioned after allowance is made for the outward flow.

An American planned economy in which the resources were put at the people's command would not be nearly so dependent on monetary and trade gyrations abroad. It could reorder its priorities to meet human needs rather than the greeds of private monopoly. Having determined that it requires so much for exports and can expect so much from imports and so much from its money accounts, the Government could proceed to set the level for minimum and maximum living standards. By controlling foreign trade through a state monopoly it could free itself from decisive dependence on such trade. Its surpluses could be channeled inward to improve living standards, and its factories could be redirected to meet the actual needs of people rather than the artificial demands induced to enhance private profits.

By slashing the $90 billion-a-year war budget and the 2,500 military bases it maintains abroad, the nation could attain a degree of prosperity and stability never known before. Instead of the tail (foreign trade, private monopoly) wagging the dog, the dog could finally wag its own tail. The shortage economy is a warning that we disregard at our peril, and it is an opportunity that must be seized.

NATION'S TAXPAYERS DO NOT NEED AN EXTRA LOAD

HON. WILLIAM G. BRAY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BRAY. Mr. Speaker, I will not support the proposed 5 percent income tax surcharge.

This cut in purchasing power of $2.6 billion for one-fourth of the Nation's taxpayers would be a definite hardship.

It cannot be called an anti-inflation measure, either, when the Federal Government is spending at least $300 billion, and probably more.

This is no time to reduce purchasing power, and money available for savings and investment. Many economists feel we are on the edge of a period of recession.

Cuts must come in Federal spending. The individual taxpayer carries a load that is already too heavy, both in taxes and prices.

STATEMENT ON PRESIDENT FORD'S ECONOMIC MESSAGE

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. SEIBERLING. Mr. Speaker, while President Ford's economic message contained some important and worthwhile recommendations, it falls far short of being a comprehensive program for dealing with our most serious economic crisis since the 1930's.

Mr. Ford commendably called on the people of the country to fight inflation by exercising voluntary restraint and self-discipline. That, of course, is essential, and I am sure that most patriotic Americans will respond.

However, I had hopes that the Ford administration was also prepared to respond by asking for Government policies and programs to control inflationary practices, avoid unemployment and recession, and insure that the burdens of fighting inflation and depression are borne equitably by all groups in our population.

A tax surcharge without real tax reform to close some of the most serious loopholes favoring special interests would aggravate rather than improve the situation. This is particularly true of his proposed surcharge which would strike middle-income taxpayers, who are already carrying a disproportionate share of the tax burden.

President Ford endorsed the so-called tax reform bill pending in the Ways and Means Committee. The tax relief provided by this bill is insignificant, particularly in the light of the give-aways in the bill for special interests. Increases in unemployment insurance, and an as yet undefined community improvement corps' proposal for temporary jobs, are helpful. However, it is far more important to change present economic policies which are curtailing permanent jobs in health, education, police protection, housing, and other areas. A simple lowering of interest rates would do more for the housing industry and many other key industries than expansion of federally secured mortgages or the investment tax credit. The housing industry would be particularly stimulated by a system of credit allocation and a tax exemption for the first $1,000 on savings and loan accounts.

I am gratified that the Ways and Means Committee today reported out a tax exemption for interest on the first $500 of savings accounts. I was particularly gratified, as a member of the Judiciary Committee, that on the morning before President Ford's speech the committee approved a bill to strengthen the administration of antitrust laws, including increased fines for violations of these laws, a step which the President endorsed yesterday afternoon.

I would like to believe that President Ford is right in rejecting economic controls and relying essentially on voluntary actions and tax manipulation. Experience tells me that there is no way to combat the grave threats of inflation and recession without wage and price controls. However, I will do everything possible to cooperate with the President to make his programs succeed, if they can. I will also continue to work to reduce wasteful military expenditures and to promote jobs that will meet the needs of our people for housing, mass transit, medical care, education and improved law enforcement.

CHILD HEALTH DAY—A DAY UNNOTICED?

HON. OGDEN R. REID

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. REID. Mr. Speaker, traditionally, by Presidential proclamation, the first Monday in October is proclaimed Child Health Day—a day set aside to urge that all Americans be aware of children's diseases and handicaps which must be treated and prevented. This year, Child Health Day fell on October 7. I find the situation to be most unfortunate that the day came and went with so little notice. For there is no worthier or more important group of Americans than our nation's young people.

Although Child Health Day has passed, we must continue to realize that the health needs of our children are simply not being met. There are hundreds of thousands of youth from all economic and social backgrounds suffering from a wide range of illnesses and disabilities which perhaps might have been avoided by prompt attention and care. The National Council of Organizations for Children and Youth has compiled the following statistics which are indicative of the present status of our children's health needs:

First. Due to inadequate maternal, prenatal, and postnatal care, more than 200,000 American children each year are born with birth defects, a staggering 7 percent of all births.

Second. America lags behind 14 other westernized countries in the rate of infant mortality.

Third. Birth defects have left 2.9 million retarded, 750,000 with hearing impairments, and 500,000 totally or partially blind citizens. In total there are 15 million Americans who have been left with birth defects serious enough to drastically effect their daily lives and the lives of their families.

Fourth. Action is urgently needed to reverse the alarming trend of declining immunization levels. At least half of infant mortalities are preventable with current technology and at least 60 percent of handicapping conditions can be corrected or prevented if treated before the child reaches 18 years old.

Fifth. Surveys show that up to 10 million of the nearly 14 million 1 to 4-year-olds are unprotected agains one or more preventable diseases.

These most distressing facts indicate a most simple message—that children are America's greatest natural resource, and thus comprehensive health care for our nation's youths most hold a high priority. For while children represent 40 percent of America's population, they are 100 percent of our country's future. In more ways than one, America cannot afford not to provide preventative services to her children and youth.

ELY LANDAU AND THE AMERICAN FILM THEATRE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. RANGEL. Mr. Speaker, Broadway, through its presentation of legitimate theatre productions in their highest form is perhaps the most respected center of the performing arts. Ely Landau, one of the country's acknowledged leaders in the entertainment field, has created the American Film Theatre, to bring the great plays of Broadway into some 400 communities across our land. Recently, the finale of the premier season of his American Film Theatre was observed, and soon, the curtain of its second season will rise.

This innovative concept of a national Theatre-On-Film which brings masterpieces of the theatre to the film medium for exhibition on a unique subcription basis in local motion picture theatres throughout the United States has received unparalleled public acceptance and critical acclaim.

A resident of the Empire State of New York, Ely Landau has served his country and his profession with distinction. Twenty years ago, he organized his own independent television production-distribution company and it grew to become one of the world's largest TV film organizations. He subsequently founded a TV station in New York City which acquired a reputation as one of the most public-minded and creative television stations in the United States. In 1961 he turned to independent motion picture production and won innumerable awards.

After a brief retirement in 1968, Mr. Landau organized and directed a unique, one-night, simultaneous showing of the film, "King: A Filmed Record * * * Montgomery to Memphis." These showings in 663 theatres across our Nation raised millions of dollars for the Martin Luther King Foundation of Atlanta, Ga., to implement Dr. King's ideals and ideas. Landau, who received no compensation for his effort, also donated the film to the King Foundation. It is constantly shown in schools, colleges, churches, and on television throughout the world.

It is to Ely Landau's credit that after a long and distinguished career the American Film Theatre built of his own energy and resources has now created hundreds of art centers across the nation. For the first time, people who are interested in entertainment of a high cultural level presented by world famous actors, playwrights and directors, have been able to find its as close to home as their local motion picture theater.

NATIONAL DRILL TEAM PAGEANT

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BELL. Mr. Speaker, I would like to call to the attention of my colleagues in the Congress the National Drill Team Pageant to be held during the first week of February, 1975.

The pageant is sponsored by the Coronettes, a college dance-drill team composed of 70 young ladies at Santa Monica College in California. The Coronettes put on half-time activities for Santa Monica football games, and have also performed for the Los Angeles Rams and the San Francisco 49'ers half-time shows. They have appeared in numerous television shows and motion pictures, and are considered one of the finest drill teams in the State of California.

As a part of their annual activities, they sponsor a Miss Drill Team U.S.A. Pageant, which will be held this year during the week of February 2–8. Participants in the pageant enter in various competitions, including dance and military drills, baton twirling, flag twirling, songleading, and cheerleading. The main competition, however, is for the coveted title of Miss Drill Team U.S.A. on the final day of activities. Last year 2,500 contestants from all over the country participated in the pageant.

I would like to take this opportunity to commend the American high school and college drill teams for their worthwhile contributions to the lives of participating students. Participation in drill team activities helps to promote the qualities of discipline, wholesome competition, and good citizenship which drill teams exemplify.

Drill teams offer a service valuable to the community: the energy of youth channeled into constructive activity in benefit projects for charitable organizations, in weekly performances at athletic events, and in service to their schools. The teams provide for their members the opportunity of joining with their competitors from all regions of the country to exchange ideas, and to compare athletic and organizational techniques.

Consequently, it is with pleasure that I recognize those drill teams today.

TAYLOR OPPOSES FEDERAL LAND CONTROL

HON. GENE TAYLOR

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. TAYLOR of Missouri. Mr. Speaker, only a few months ago, the House of Representatives rejected the concept of Federal land use control when the Members of this body voted down the rule on H.R. 10294, the Land Use Planning and Assistance Act of 1973.

This bill seriously threatened State sovereignty by setting up a process for the Federal review of actions taken by the States to regulate their lands in accordance with criteria interpreted by "enlightened" Washington bureaucrats. This was to be accomplished by a greatly expanded use of State zoning powers, a method which provides no compensation or consultation with private property owners, and, because it involves no cost to the Government it is an easy method for exercising public control over private property.

Fortunately, the dangers of this legislation did not escape the notice of a majority of the House and it was wisely defeated. However, despite this expression of the will of Congress, the environmental Protection Agency is now proceeding to adopt regulations that impose the same kind of Federal land use control that was an unacceptable part of H.R. 10294.

Like the Federal land use bill, the EPA regulations will require State land use control programs to regulate the construction of airports, large office buildings, shopping centers, sports facilities, parking lots, and highway interchanges. Under H.R. 10294, these projects are termed "key facilities" or large scale developments." EPA terms these projects "complex" emission sources. The Washington-based EPA directives impose the same Federal land use requirements and raise the same issues as H.R. 10294. Regulations of such fundamental importance should be settled on the floor of the House and not by the director of an administrative agency, or by the local government officials who must reside in the affected communities.

Mr. Speaker, the inevitable result of increasing the number and amount of controls on land use is to terminate the freedom of the individual to acquire and own property, that freedom which is the foundation for most other rights.

Regulating the use of land through broad-scale State and Federal zoning is a violation of the 5th and 14th amendments to the Constitution which state that no person is to be deprived of life, liberty, or property, without due process of law.

Mr. Speaker, I want to make it clear that I am opposed to the Federal Government imposing itself on the rights of the property owners of this Nation. I will vote against any bill that seeks to circumvent these rights.

CHILDHOOD IN RUSSIA

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. HAMILTON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article on the upbringing of children in the Soviet Union. I hope that my colleagues will find it informative.

[From the Washington Post, June 17, 1974]

FOR RUSSIAN BABIES: "ONLY THE BEST"

By Robert G. Kaiser

MOSCOW.—In winter, Russian parents take their small children outside on sleds. On a Sunday there are thousands of sleds in the parks and boulevards of Moscow, each carrying a carefully bundled-up minicreature who rides triumphantly behind papa or mama.

If there's a little hill in the park, the children yell to be pushed down it. The parents are nervous about that idea, so there is a compromise. Papa pulls the sled up the hill, turns it around, takes the rope in hand and runs down the hill ahead of the sled, never letting go.

That is the theme of Russian parenthood—don't let go.

Russian parents devote themselves to their children with a startling zeal.

"When a baby arrives, it's as though we were all marched to the wall and told to put up our hands," one Moscow father observed with a defeated grin. "Go ahead, we say, take it all, take everything . . .'"

Children, being children, do just that. Many are the Moscow apartments in which a child of 8 or 9 is the center of attraction for all who live there.

"For that child," one mother said recently, "we must keep up all the norms. We may have a cup of coffee and a piece of bread and butter for dinner, but for the baby—hors d'oeuvres, soup, meat, potato or vegetable, dessert, everything! And only the best!"

This attitude toward children has consequences which strike an American eye as both good and not so good. Not so good is the child's total dependence on his parents. Children under the age of six or seven are rarely allowed to go outside by themselves. An 8-year-old often won't dress himself to go outside.

An American visiting a family in Moscow may—out of habit—ask the eight-year-old son to bring him a box of matches from across the room. Before the bewildered boy has a chance to even shrug his shoulders, papa is on his feet patting his son reassuringly and jumping for the matches.

"Here they are, here," he says. Little Miska hasn't moved an inch.

In public, at least, a Russian child's behavior is sternly regulated. The courtyards of many Moscow apartment houses have sandboxes, which are popular with the children. But mothers don't allow them to sit in the sand. They must learn to squat on their haunches, so as not to get sand in their clothes. Anyone who slips into his or her bottom is certain to be lifted out of the sandbox with a jolt.

On the other hand relations between parents and children seem much closer in this country than in the West. One Soviet writer, a woman, discovered this on a trip to Paris several years ago:

"I was invited to a fancy apartment for dinner. The family had a teenage son, and I sat next to him. We had a long talk. He told me that he wanted to go to Chile to see what was going on there. He told me all about his girl friend. After dinner his mother asked what we'd been talking about so avidly, and I told her.

"'Why,' she said, 'You've found out more about my son than I ever knew before.' You know, in Moscow a boy that age wouldn't go to the family dacha (house in the suburbs) without discussing it thoroughly with his parents, but that French boy was planning a trip to Chile that he's never even mentioned at home."

Generation gaps exist here too, but they seem narrower. Young people accept a parental role in details of their life that Western adolescents would regard as private. There is a strong family hand that is especially evident at times of crisis, such as the last year of secondary school.

"We have examinations this year," a Russian parent announces with a combination of pride and trepidation. In other words, their 18-year-old is hoping to win a place in a college or university, and the entire family is mobilized for the entrance exams.

Though the Russian parent's inclination is to smother a child with attention, the facts of Soviet life limit the opportunities for doing so. Arkadi Raikin, the Soviet Union's most popular comedian, has a famous monologue on this subject.

It concerns Slavik, whose mother, like most Soviet women, has a full-time job. Slavik's grandmother used to take care of him, but she died. Now Slavik's mother stops around the neighborhood on her way to work in the morning asking for favors.

She asks a pensioner in their apartment house to knock on the wall to be sure Slavik is up in time for school. She asks a nurse to feel his forehead if she sees him after school. She tells the policeman to blow his whistle if Slavik gets into a fight.

"But I think," Raikin says, "that none of these people can substitute for a mother who can sing a lullable, answer any question, feed, pity and comfort. Mothers should probably work a little less and pay a little more attention to their children. Everybody would benefit—children, parents and the state."

Raikin's monologue is warmly applauded, but in fact, the state disagrees. The Soviet economy needs women's labor. They make up 51 per cent of the work force. Moreover, the Soviet expense seems to prove that many, perhaps most women who take up careers prefer to continue them rather than stay at home with a child.

So the typical Russian mother faces a series of dilemmas, beginning immediately after her child is born. Does she return to work at the end of the two months paid maternity leave, or does she take off a year without pay, knowing she can resume her old job without loss of seniority? Or does she give up work altogether to raise her child?

A small minority of mothers, particularly among the intelligentsia, decide to commit three to six years to their children, regardless of their own careers. In many families this is economically impossible. The average Soviet worker's family budget depends on two sources of income.

For those who want to, or must, continue working, the most popular alternative is to leave the new baby with grandma (*babushka*). When *a babushka* isn't available, the state provides substitutes.

For infants there are nurseries which will take a child from the age of three months, but only 10 per cent of the country's infants are in these nurseries. From ages one to three, the figure rises to about 30 per cent. Some of these children stay in the nurseries from Monday morning to Friday evening, but most go home at the end of each day.

Predictably, these are controversial institutions. The professionals responsible for them in Moscow are convinced of their worth, and argue that most children would be well served by moving into a nursery at the age of three months.

At that age the children adjust most easily to the group, and develop strong immunities to infectious diseases.

The testimony of mothers and Western specialists who have visited Soviet nurseries suggest another side of the issue.

They are, by all accounts, undermanned. The children get less attention than they theoretically should, and are ruled by a strict, inflexible schedule.

"You sense that these kids lack spunk, they're a little dopey," one Western specialist commented after extensive visits to nurseries here last year.

"I wouldn't think of putting my child in a nursery,"—the comment is repeated by many women, particularly among the Moscow intelligentsia. There is a class distinction here. Working class women seem less reluctant to use the nurseries, partly because they have less choice.

There is less argument about the merits of Soviet kindergartens, which take care of millions of 4, 5, and 6-year-olds, more than two-thirds of the total population in this age group.

"Our kindergartens give children a better upbringing than any family could, even the most intelligent," according to Irina Ovchinikova, who writes about children for Izvestia, the government newspaper. "There's no argument about that."

She is exaggerating, but kindergartens are popular. Some families dispute the official view that a small child should be quickly immersed in a "collective," subordinating some of his own individuality to the group. But that is part of kindergarten life, accepted by the vast majority of parents and chidlren.

The message was forcefully delivered by the director of a kindergarten in Volgograd (formerly Stalingrad). Boasting about her school to visiting Americans, she brought out a beautiful painted watercolor of a tree on a riverbank.

"One of our 6-year-olds did this," she said. "Look, here are some more."

The director then held up a dozen more watercolors of a tree on a riverbank—precisely the same picture, the same colors, the same strokes. How did they all turn out alike?

"That's how we do it. The teacher puts a picture up on the board and asks the children to copy it," she said.

This isn't the system everywhere. A music teacher in Moscow, observed by a foreign guest, taught her children the principles of high and low notes, harmony and rhythm, then encouraged them to invent their own dances to accompany tunes she played on the piano. This seems rarer than the reliable methods of note and repetition.

Kindergartens sustain strict folk wisdoms about raising children—overdressing them for play outside, for instance, so they often come inside hot and sweating, or forbidding children to eat or draw with their left hands. Lefthandedness is regarded as an inadmissable abnormality here.

The curricula for nurseries and kindergartens are determined by government authorities in Moscow, and are conveyed to teachers in a book. Each teacher is expected to stick to the official plan

Its goals, not surprisingly, are to produce ideal children—healthy, creative, clean, orderly and patriotic young Communists.

"A kindergarten," the book says, "must set the pattern for the Communist upbringing of children."

There is no way to poll preschool opinion, but informal observation and inquiry suggest that the overwhelming majority of Soviet children think kindergarten is great. The combination of play, dancing and singing, drawing, and pasting fills their days—which can last 12 hours--with fun. Sometimes the fun carries a message.

The instructions for teachers of 2- and 3-year-olds in nurseries stipulate: "The teacher will teach the children to recognize V. L. Lenin [founder of the Soviet state] in portraits and illustrations, and will arouse feelings of love and respect for him." Teachers of 4- and 5-year-olds are told that "on holidays, children decorate the portrait of V. L. Lenin in their playroom." Six-year-olds, the teachers manual instructs, "should be taken to the town monument to V. L. Lenin on his birthday, and should put flowers there."

Not surprisingly, Soviet children are certain that Lenin was the kindest, most intelligent and greatest man who ever lived.

The best kindergartens may fulfill the ideal curriculum that Moscow recommends, but, as always in Soviet society, there is a vast gulf between the ideal and the actual. Komsomelskaya Pravada, a popular daily newspaper, reported recently on the grimmer realities in Semipalatinsk, a predominantly Russian city in Kazakhstan.

Semipalatinsk has a serious shortage of nurseries and kindergartens, the paper reported. The nurseries that exist have places for 1030 infants, and they presently take care of 1631. The kindergartens are also overcrowded.

Big factories with money and resources to build their own daycare centers have adequate facilities, but everyone else in the Semipalatinsk does not.

Mrs. T. Staparova wrote the paper that she had to take her daughter to kindergarten on two trolleys to the other side of town, though they could see a kindergarten from the window of their apartment. It belonged to a factory, and was open only to the children of its workers.

A 10-year-old American who is now studying in a Moscow school remembers that in Washington "you could get up from your desk and walk around the room if you wanted to. Here, if you get up just to get a pencil, they bawl you out. And you've got to raise your hand a special way, and memorize the answers to all the math problems . . ."

Yet there are signs of an independent spirit among the young. Many Moscow parents report with awe on the political sophistication of their 10-year-olds.

"My boy's at a special English school," one father reported. "The school has a special relationship with some school in India. When [Leonid I.] Brezhnev went to India they put a lot of pictures of the trip up on a bulletin board. What did they use that board for? My boys says it was the place everybody gathered to tell the latest jokes about Brezhnev. Can you imagine my generation telling jokes about Stalin when we were 10?"

CITATION FOR EXCELLENCE FOR STANLEY WORKS OF NEW BRITAIN, CONN.

HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mrs. GRASSO. Mr. Speaker, Stanley Works, of New Britain, Conn., has been chosen as the recipient of the first annual "Citation for Excellence" of the New Samaritan Corp., a nonprofit corporation, sponsored by the Connecticut Conference, United Church of Christ.

The citation represents excellence in important areas such as community involvement, environmental concern, labor/management relations, equal opportunities, and pride in craftsmanship and service.

Stanley certainly deserves this cherished distinction. For many years, it has been an important force in the economic life of the New Britain area, long providing worthwhile employment for its workers, and contributing greatly to the economic well-being of the area.

Stanley has also displayed a deep concern for the welfare of the community it serves and the people, who are this community. The many contributions and accomplishments made by this fine company reflect its tradition of service and involvement for the common good.

Certainly, Stanley Works is an exemplary citizen of the New Britain area business community, and of Connecticut, and it is the people who have benefited most from this record.

Management and labor at Stanley Works have consistently shown an acute awareness and sensitivity to the critical human issues that affect so many of us in daily life. Moreover, they have approached each other with an openness and an understanding that is truly commendable.

The quality of Stanley products is known worldwide. The fine craftsmanship evident in the company's tools and other items is indicative of a commitment to excellence and a dedication to hard work and diligence by the firm and its skilled, efficient workers.

The New Samaritan Corp. has chosen wisely in deciding to honor Stanley Works. In the short time since it came into existence, the corporation has made many, meaningful contributions to the welfare of Connecticut residents. Most notable are the corporation's efforts in providing housing and services for the elderly and others in my State.

This latest decision adds luster to the record of accomplishment that marks the brief history of the New Samaritan Corp. It is a credit to the corporation and to its "Citation for Excellence" recipient Stanley Works of New Britain.

HOME PURCHASE ASSISTANCE ACT

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BOB WILSON. Mr. Speaker, as everyone knows, inflation and high interest rates are making it one of the worst years ever to buy, sell, or build houses. That is why I introduced the Home Purchase Assistance Act yesterday aimed at making it easier for middle- and low-income families to buy homes. My plan would not cost the taxpayers because it sets up a housing trust fund which could draw on the Treasury for money to make home loans. As an anti-inflation step, another bill I introduced yesterday would also encourage people to save by allowing a tax exemption for the first $1,000 in interest paid on funds on deposit with savings institutions. This money, in turn, would be loaned to the construction industry so new homes could be built. In the process, thousands of construction workers would be hired and more homes would be available because loans could be made. The President in his address yesterday urged prompt congressional action on both these legislative initiatives, and I urge my colleagues' early and favorable consideration of these bills.

NATIONAL EMPLOYMENT ASSISTANCE ACT OF 1974

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. ESCH. Mr. Speaker, I have today introduced by request the administration's bill entitled the National Employment Assistance Act of 1974 designed to carry out President Ford's program of emergency assistance for those who find themselves unemployed in our fight against inflation. Mr. QUIE, the ranking minority member on our Committee on Education and Labor has agreed to cosponsor the bill.

We have moved swiftly to consider this proposal. This morning our Select Subcommittee on Labor, chaired by Mr. DANIELS, and the Senate Subcommittee on Employment, Poverty, and Migratory Labor, chaired by Senator NELSON, heard testimony from Secretary of Labor Brennan in support of the bill I have introduced. Additional witnesses were heard today, and others will testify tomorrow, with respect to other bills pending before our committee designed to speed the pace of public employment programs.

The President's proposal is two-fold. First, it would authorize grants to States to provide out of appropriated funds up to an additional 13 weeks of unemployment insurance for individuals in high-unemployment areas who have exhausted their benefits under State unemployment insurance programs, and up to 26 weeks of coverage for individuals in such areas who were not previously covered by the program. Second, the bill would establish a community improvement program of work for unemployed individuals in areas of high unemployment, with projects limited to 6-months duration but subject to renewal. The maximum salary paid such individuals would be at a rate of $7,000 per year, and the minimum would be the highest applicable minimum would be the highest applicable minimum wage rate specified by law. The entire program is "triggered on" when the national unemployment rate for any three consecutive months averages 6 percent, and it applies to defined labor market areas having had an average of 6.5 percent unemployment for the 3 most recent months.

I am including in this statement a fact sheet prepared by the Department of Labor describing the proposal in more detail.

Mr. Speaker, during the hearing with Secretary Brennan—which in itself was remarkable for being one of the rare joint hearings held by our House and Senate committees—I was struck by the eagerness on all sides, House and Senate, majority and minority, and the administration, to work together and to work with dispatch to effectively aid those struck by rising unemployment. I want to congratulate Secretary Brennan and his associates for having both a draft bill and a statement concerning it prepared only one day after President Ford's address to the Congress. And I want also to congratulate Chairman DANIELS and Chairman NELSON for their equal promptness in commencing a consideration of the proposal. The questions and answers and exchanges of views during the hearing accentuated this spirit of cooperation.

Obviously, there are questions raised by this proposal, particularly by the public works portion of it. These questions, however, all relate to the most effective way to proceed, not to the necessity for action. There are a number of alternatives in terms of creating more public service jobs. We could enact the President's proposal. We could enact a version of Mr. DANIELS' or my bill which expands upon title II of the Comprehensive Employment and Training Act—which deals mainly with public service employment—or we could quite simply appropriate more funds for title II of CETA. More funds for the existing title II CETA program—which has an open-ended authorization—would be the most expeditious form of action available to the Congress. However, there may be sufficient reason for not choosing that route, and Secretary Brennan argued forcefully that the President's proposal is preferable in that it emphasizes a temporary, emergency situation, whereas CETA is designed to achieve more long-range goals. He also emphasized that the administration proposal is not intended as a substitute for title II of CETA. I have already elaborated on the advantages of my bill, H.R. 16926, which mainly are that it is a simple amendment to CETA—hence would cause neither administrative confusion nor delay—and it contains no cumbersome unemployment rate "trigger" mechanisms.

In any event, these issues will be resolved by Congress working with the administration, and I am pleased and gratified by the speed with which we have commenced working toward their resolution. When we are dealing with problems of unemployment, time is of the essence.

Following is a summary of the President's proposal:

FACT SHEET: NATIONAL EMPLOYMENT ASSISTANCE ACT OF 1974

Increases in unemployment have raised the Nation's unemployment rate to 5.8 percent in September.

During this period of high inflation and unemployment, there is a need for Federal standby authority with minimal inflationary impact, which will help alleviate the impact of unemployment should unemployment rates rise.

Such action is necessary to help alleviate unemployment problems in areas most affected and to assure that the impact of inflation does not unduly burden those workers least able to bear the costs.

The National Employment Assistance Act of 1974 would respond to these needs by authorizing, during the next calendar year two programs which would begin to operate should the national unemployment rate average six percent or more for three months:

(1) A temporary program of income replacement known as Special Unemployment Assistance Program for experienced unemployed workers in areas of high unemployment who have exhausted all other unemployment compensation or who are not eligible for such compensation; and

(2) A program of employment projects for these same areas, known as Community Improvement Program.

While the primary purpose of the two programs is to alleviate the hardships of unemployment upon individuals, it will also alleviate the adverse impact on those local economies hardest hit by unemployment.

The unemployment assistance benefits serve to cushion the effects of protracted unemployment by providing additional income replacement to workers who have either exhausted their regular unemployment compensation benefits or to individuals with a demonstrated labor force attachment not otherwise eligible for UI benefits. Not only does this replace lost income, but it provides workers with the time and opportunity to look for work consistent with their skills and experience.

The table below first shows funds and services now available under Unemployment Compensation laws and the Comprehensive Employment and Training Act (CETA). It then indicates how much would become available over a twelve month period for current unemployment programs, and for the two new proposed programs at average national unemployment levels of six percent and 6.5 percent. Title II of the National Employment Assistance Act would make a further $1 billion available if national unemployment averaged seven percent for three months or more.

	5.8 percent	6 percent	6.5 percent
CETA public service jobs:			
Funds	$1,015	$1,015	$1,015
Jobs	170,000	170,000	170,000
CETA other training and employment:			
Funds (millions)	$1,700	$1,700	$1,700
Man-years	380,000	380,000	380,000
Unemployment benefits (current law):			
Payments (millions)	$7,775	$8,145	$9,065
Beneficiaries (millions)	7.9	8.2	9.2
National Employment Assistance Act:			
Special unemployment benefits (millions):			
Payments		$2,120	$2,550
Beneficiaries		2.73	3.31
UI exhaustees		.83	1.05
Previously ineligible		1.9	2.26
Community improvement projects:			
Funds (millions)		$500	$1,250
Man-years of employment		83,000	208,000

The initiation of temporary projects by State and local governments is perhaps the least inflationary way of providing jobs for unemployed workers. Jobs provided by these projects help to cushion the loss of income due to unemployment, while enabling State and local governments to provide their citizens with a socially useful product.

Because projects under this program will be generated in and geared to areas with high unemployment in which there exists a substantial amount of available manpower, there should be little or no adverse impact on the regular labor market. There is a limit of $7,000 a year for jobs authorized by this program and therefore the average wages will be considerably less than those earned in the private sector. Most workers will obtain private jobs as the economy grows.

The added cost of Community Improvement Projects may be offset somewhat by reduced demand for food stamps, welfare payments, and by some increase in tax receipts from employees in these projects.

BASIC FUNDING PROVISIONS OF THE NATIONAL EMPLOYMENT ASSISTANCE ACT

Funds for both the Special Unemployment Assistance Program and the Community Improvement Program become available when the national unemployment rate averages 6.0 percent or more for three consecutive months. For the Special Unemployment Assitance Program, such funds as are necessary are authorized if unemployment is above this level. For Community Improvement Program, successive increments of funds are authorized if the national unemployment level averages, for three consecutive months:

6.0 percent—$500 million authorized;

6.5 percent—another $750 million authorized; and

7.0 percent—an additional one billion dollars authorized.

When the average national unemployment rate recedes below these respective levels for three consecutive months, no additional Federal funds for new projects will be provided.

Eighty percent of the available funds for Community Improvement Projects will be distributed by formula among eligible applicants based on (1) the relative number of unemployed residing in areas of substantial unemployment within their jurisdictions, and (2) the severity of unemployment; 20 percent would be expended at the discretion of the Secretary, principally to finance projects in areas which become eligible after the formula distribution is made.

The local labor market area—and balance of State—unemployment rates determine the communities in which both programs will be operating. Both programs are directed to those areas in which unemployment is highest. Both programs come into effect in a labor market area, with a population of 250,000 or more, when it has an unemployment rate averaging 6.5 percent or more for three consecutive months. The balance of each State not included in such areas will constitute a single area in which the programs will become effective subject to the same unemployment rate criterion.

When the average local unemployment rate recedes below 6.5 percent for three consecutive months no new individuals become eligible and no new projects may be started.

This new temporary unemployment assistance program will be separate from but supplemental to the existing Federal-State Unemployment Insurance (UI) System, and is designed to extend coverage to experienced persons in the labor force who have exhausted their UI benefits or are otherwise ineligible for such benefits.

The program would be operated through agreements with the States.

All experienced members of the workforce will be eligible for benefits as follows:

They must have last worked in a labor market area (or balance of State area) with substantial unemployment.

Benefits will be governed by benefit provisions of each State UI law.

Individuals who had exhausted their benefits under State UI programs will be eligible for a maximum of 13 weeks benefits.

Individuals who were not previously eligible for State UI benefits will be eligible for a maximum of 26 weeks provided that they have attachment to labor force as required by the relevant State UI law.

Benefits for UI ineligibles will generally be the amount that would be payable as computed under State law if all work was performed for covered employers.

No new beneficiaries would be eligible after December 31, 1975.

COMMUNITY IMPROVEMENT PROGRAM

New program is structured so that as the national employment rate rises, more money is available for community improvement projects.

Projects are limited to areas eligible for the Special Unemployment Assistance Program.

Eligible applicants are prime sponsors under the Comprehensive Employment and Training Act, in areas that qualify.

Projects may be with State or local government agencies.

Each Community Improvement project is limited to six months duration.

Not more than 10 percent of a sponsor's funds may be used for administrative costs, supplies, material, and equipment.

Individuals eligible for employment on these projects are those who have exhausted their benefits under the Special Unemployment Assistance Program.

Wages paid project employees must be at least the minimum wage under the Fair Labor Standards Act, or the State or local minimum wage, whichever is higher; however, in no case may the wage exceed an annual rate of $7,000. State or local governments may not supplement wages with their own funds.

Prohibitions against political activities and discrimination apply to the program.

The Community Improvement Program will provide funding for projects such as: conservation, maintenance or restoration of natural resources, community beautification, anti-pollution and environmental quality efforts, economic development; and the improvement and expansion of health, education, and recreation services and such other services which contribute to the community.

SISTER RUTH FLETCHER

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. STOKES. Mr. Speaker, I wish to relate to my colleagues a very moving and rewarding experience I recently had in my home district. On September 21, at Cleveland's Mid-Town Sheraton Hotel, I was among the many friends and admirers of Sister Ruth Fletcher honoring her at a recognition banquet sponsored by the Gardenia Court of Calanthe No. 42, and the Edwin Cowles Lodge No. 17 of the Knights of Pythias. Sister Fletcher was paid this very fitting tribute in appreciation of her 22 years of dedicated service as an organizer and worthy counselor of Gardenia Court No. 42. Among the many distinguished community leaders joining me in offering greetings to Sister Fletcher on this auspicious occasion were Cleveland City Councilmen Charles Carr and James Bell, State Representative Troy Lee James, Cleveland's Mayor Ralph Perk, and the honorable Judge Lillian W. Burke.

Sister Fletcher is among the most respected women in Cleveland's black community, known for her untiring, self-sacrificing commitment to serving others. A county welfare worker for 20 years, she is now retired, but continues to be deeply involved in civic affairs. Sister Fletcher is an active member of the NAACP and the Phillis Wheatly Association. She has been a member of Shiloh Baptist Church for 51 years, and served for many years as the secretary of the Main Body Missionary of her church.

I esteemed it an honor to be among those paying a debt of gratitude to this remarkable woman for her unselfish contribution to the welfare of our community. I know my colleagues will join me in extending heartfelt congratulations to Cleveland's own Sister Ruth Fletcher.

DOES GOVERNMENT PREVENT MONOPOLIES OR CREATE THEM?

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. CRANE. Mr. Speaker, those who urge Government intervention in the economy often tell us that such intervention is necessary to prevent the formation of monopolies and to protect the public.

All too often, however, the result of Government intervention proves to have quite an opposite effect. Instead of stimulating increased competition, Government tends to stifle it. Instead of broadening a given market, Government involvement tends to contract it. Not one additional airline has come into being, for example, since the creation of the Civil Aeronautics Board provided virtual monopoly control to those airlines which existed at the time of its establishment.

It is because Government economic intervention tends to bolster the position of already established businesses that many corporate leaders welcome it. It is the general public—in whose name such intervention occurs—which is the real loser.

In a recently published book, "How To Beat the System and Get Rich—A Paralegal Strategy for Achieving Business Success," Carl E. Person, a prominent Wall Street attorney and author of the bestselling book, "The Save by Borrowing Technique," shows how Government has stifled competition. He states, for example, that the excessive regulatory schemes of the present day constitute a formidable "barrier to entry" to many fields of private enterprise.

In a review of this book, Harold C. Gordon summarizes Mr. Person's view this way:

> Instead of helping the consumer by promoting competition, the unreasonable standards and bureaucratic watchdogs demanded by the consumerists actually play right into the hands of the corporate giants by eliminating their competitors for them. . . . To combat . . . inhibitors to competition Mr. Person offers dozens of original and useful suggestions. But the spearhead of his proposed counterattack is, as his title proclaims, a "paralegal strategy for business success."

Mr. Person's advice to businessmen is to find a way to fight the bureaucrats without inhibiting their own commercial efforts and his idea of a "paralegal" strategy is certainly worthy of consideration. It is clear that the advocates of Government intervention have produced an economic situation in which competition has been stifled and not stimulated.

Mr. Gordon's review concludes with the thought that:

> Mr. Person is doing nothing more than carrying on the work of such venerable economic thinkers as Adam Smith and Frederic Bastiat—both of whom were passionately devoted to pure competition as the only way by which free enterprise could be preserved. And, as it is still the only way, Mr. Person's book is both an inspiration and a challenge for all those who would seek to reclaim the American Dream.

I wish to share with my colleagues the review by Harold C. Gordon which appeared in the August 1974, issue of the U.S. Industrial Council's Foundation Review, and insert it into the RECORD at this time:

GUERRILLA CAPITALISM

(By Harold C. Gordon)

"People of the same trade seldom meet together even for merriment and diversion, but that the conversation ends in a conspiracy against the public, or in some contrivance to raise prices."—Adam Smith, *The Wealth of Nations.*

Is the American Dream dead? Has the day finally passed when an enterprising individual could set up his own business and achieve a Horatio Alger success?

"Yes" say an increasing number of disillusioned Americans who believe that the corporate behemoth has made the single entrepreneurship obsolete.

"No!" says attorney Carl Person who believes that with proper know-how it is still possible to realize the American Dream and has written an important new book to prove his point.

According to Mr. Person, it is indeed still possible to "beat the system and get rich." However, it requires considerably more than pluck and luck to do the job. To be successful, one must have both a clear understanding of how the American system *really* works and mastery of (or at least access to) the legal and technical skills necessary to operate within it.

Mr. Person is uniquely qualified to advise on the fine art of business development. A prominent Wall Street attorney, the author of the bestselling book *The Save by Borrowing Technique*, and the founder and director of the Paralegal Institute, Inc., Mr. Person is endowed with a profound insight into the inner-workings of this country's corporate establishment and he is relentless in exposing what he considers to be its shortcomings.

THE GREAT DECEPTION

His central thesis is blunt: The American Dream today is a fraud. Many giant corporations in this country are not interested in a true free enterprise system based on vigorous competition; rather, they prefer to maintain their plutocrat status by doing everything in their power to prevent would-be rivals from competing. In this respect Mr. Person agrees with the consumerists, the neo-populists, and the other anti-business elements in our society that there is a serious lack of competition in our economy. He does not agree with them, however, that the solution lies in increased government regulation. On the contrary, he maintains that it is precisely through regulation (much of which was instigated by these very groups) that big business has been able to forestall potential competitors in the first place.

Undeniably, says Mr. Person, many aspects of our present system of business controls favor the established giants by discouraging competition. Certainly, he submits, the excessive regulatory schemes of the present day (made up of detailed licensing requirements, involved administrative proceedings, arbitrary—even inane—rules, standards, quotas, and general bureaucratic red tape) constitute a formidable "barrier to entry" to many fields of private enterprise, and can actually hamstring anyone who dares attempt to breach the wall. Bewildered by a maze of federal and state laws, snowed under by tons of official forms, harassed by bureaucrats and "consumer advocates," the fledgling entrepreneur is frequently uncertain as to his legal position. Yet, more often than not, he lacks the extra capital either to hire a battery of corporate lawyers to advise him, or to engage in the costly and drawn-out litigation necessary to secure his rights. Unable to cope with the regulatory overkill, he is generally forced to close up shop before he can even begin to threaten the establishment—thus demonstrating the essentially counterproductive nature of both controls and consumerism.

In the case of the latter, the paradox is particularly striking. Instead of helping the consumer by promoting competition, the unreasonable standards and bureaucratic watchdogs demanded by the consumerists actually play right into the hands of the corporate giants by eliminating their competitors for them. To take a particularly celebrated example, Mr. Person cites the notorious cyclamate scare of several years back. Banned in 1970 as allegedly cancer-producing, cyclamates were found to be acceptable three years later. But by then the damage had been done—a serious competitor to the sugar industry had been ruined by irresponsible consumerist propaganda. Multiply that example many times over and it will be easier to understand why the head of the U.S. Chamber of Commerce is now warmly recommending Ralph Nader to his colleagues.

To combat these and other inhibitors to competition, Mr. Person offers dozens of original and useful suggestions. But the spearhead of his proposed counterattack is, as his title proclaims, a "paralegal strategy for business success."

PARALEGAL STRATEGY

A paralegal, as the name implies, is to the legal profession what the paramedic is to the medical profession: a layman trained to assist the professional practitioner. And, in actual fact, the paralegal can be as useful to the small businessman as the paramedic can be to the emergency case.

As Mr. Person points out, (and this reviewer as a law school graduate entirely agrees) much of the work performed by lawyers can be performed both ethically and competently by a paralegal assistant. For the small businessman this means that instead of going to a lawyer every time he has a legal problem (which would be ridiculously expensive) or going to law school himself (which would be ridiculously time-consuming) he can hire a paralegal who is able to perform a high percentage of the tasks that would normally fall to a corporate counsel (reviewing legislation and regulations, filling out tax and other governmental forms, keeping corporate minute books, preparing memoranda and doing general legal research) at only a fraction of the cost. *In short, the paralegal can provide the small businessman with the legal know-how necessary to pick his way through the mine field of regulations and other anti-competitive devices which might otherwise destroy him.*

To be sure, the paralegal may not plead a case in court. Only a lawyer may do that and, as Mr. Person warns, the small businessman may very well have to go to court to fight for his right to engage in business. But even here the paralegal can be crucial—handling the preliminary spadework, gathering evidence, assisting the trial lawyer and, generally, reducing the cost of litigation to the point where it may be available as a remedy to those businessmen who need it most.

Space unfortunately does not permit a more thorough discussion of Mr. Person's book. Suffice to say that it is a blockbuster: brilliant, hard-hitting and controversial. While his thesis is likely to prove disconcerting to an extraordinarily wide variety of individuals (If the corporation executive is livid at being portrayed as a grasping monopolist, what of Ralph Nader's reaction to being branded a creature of the special interests?) it is so effectively argued as to warrant the most careful attention from every serious student of our economic system.

After all, in spite of his apparent heresy, Mr. Person is doing nothing more than carrying on the work of such venerable economic thinkers as Adam Smith and Frederic Bastiat—both of whom were passionately devoted to pure competition as the only way by which free enterprise could be preserved. And, as it is still the only way, Mr. Person's book is both an inspiration and a challenge for all those who would seek to reclaim the American Dream.

FREE CHINA AND DOUBLE TEN

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. DERWINSKI. Mr. Speaker, on October 10, 1911, the Manchu monarchy was overthrown after 267 years of despotic rule over China and a new republic was born—the Republic of China. This Thursday marks the 63d anniversary of that auspicious occasion, familiarly known as Double Ten to all Chinese and their friends.

Throughout these many years, one man, one symbol, has remained, President Chaing Kai-shek. Since 1927 and especially in the last 25 years on the island of Taiwan, President Chiang has led the people of the Republic of China to an economic prosperity, democratization, and the right to basic freedoms unmatched by any other province in China's long history.

The Republic of China is not a perfect society. It is still in a state of war with Communist China. But nevertheless, there is complete religious, cultural, and economic freedom on Taiwan. There is freedom of movement and freedom of choice—choice of residence, job, association, and friends.

Elections in the Republic of China are universal, equal, direct, and by secret ballot.

The 16 million Chinese on Taiwan are a living symbol of what remarkable things men, women, and children living and working in a free society can accomplish.

I take this occasion to salute the Republic of China, to wish long life and good health to President Chiang Kai-shek and to express my hope and my confidence that the Republic of China and the United States will continue to enjoy close friendship and goodwill for years and decades to come.

MAYOR LANIER OF BESSEMER

HON. WALTER FLOWERS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. FLOWERS. Mr. Speaker, I take this opportunity to bring to the attention of my colleagues and others the great career of public service by my friend, Jess Lanier, who has just retired as mayor of Bessemer, Ala. He has achieved much during his long years of dedicated service to his community, his State and his Nation. Widely recognized as one of the "moving forces" in the Alabama League of Municipalities, he has also been a loyal and active participant in affairs of the National League of Cities.

Mayor Lanier is an outgoing man with a tremendous capacity for friendship. The many thousands of friends who have paid tribute to him—with regret upon his retirement—can rest well assured, I firmly believe, that Jess Lanier will be an active force in the public interest for a long time to come.

An article in the Bessemer News of October 3d by Editor Roger Thames tells a great deal about Jess Lanier's highly successful terms as Mayor of Bessemer:

MAYOR JESS LANIER

Jess Lanier will voluntarily step down Monday as mayor of Bessemer after having served some 18 years in that office—in which time, in our opinion, he has done more for Bessemer than has any other chief executive of the city.

For openers, federal indices listed Bessemer housing as 67 per cent slums in 1950, and in 1970 that figure had dropped to an amazing 19 per cent. This came about by Mr. Lanier's reactivating a moribund Housing Authority soon after he took office and instituting a program of low-income housing projects—with, naturally enough, opposition all the way from real estate entrepreneurs.

He was the first mayor in the Southeastern states to appoint an all-black advisory board to the city's Housing Authority, a fact which undoubtedly has contributed to the relative peace and tranquillity of the operations of that entity.

One of the pledges contained in Mr. Lanier's 1956 "program of progress" was the upgrading of streets in the city; this has resulted in about 250 miles of city streets having been paved.

He will leave office with more than $8 million in the city coffers, although admittedly this sum comes not so much from operating at less than income but more as a result of the sale of the Memorial Hospital and income from the receipts of the sale and other properties on the hospital grounds.

The one campaign promise he made in 1956 that is as yet unfulfilled is sewers serving every home in the city.

The money left in the treasury has been pledged to this project by the mayor's successor, Safety Commissioner Ed Porter, but installing sewers in a city situated as Bessemer is—mostly over solid rock—is expensive business and this project may be years in fruition, even with federal help on the horizon.

Naturally enough, Mayor Lanier did not achieve all these—and many more projects not mentioned—by himself; he has had the help of his fellow commissioners and, to a large degree, state administrations in Montgomery.

But it can hardly be debated that the "big man" was the moving force behind the improvements the city has seen under his administration.

Many of these projects have been in better housing for city facilities, such as the new police station; the new buildings serving the city's Utilities Service; the city garage and sanitation services; the hospital, built on what once was an eyesore garbage dump; his action in seeing to it that the "trade school," now the fine Bessemer State Technical College, was built here and not out near Pleasant Grove—which incidentally required the mayor's personal intervention to reverse; the widening of 14th Street (Highway 150) to four lanes to the Morgan-Greenwood turnoff; the additions to the city of numerous parcels of territory, most importantly the Greenwood-Morgan-Hopewell-Hilltop areas—although always citizens of annexed areas initiated proceedings, and not City Hall.

Some cynics may sigh, after reading this, "And on the seventh day, he rested."

Others say that the city's growth is normal with inflationary times, and would have occurred no matter who sat in the mayor's chair.

Those in any city's government know better.

When cities wait for "the times" to propel their growth, they usually find "the times" have passed them by.

We think one of the most important achievements Mr. Lanier has contributed to Bessemer is that he has not allowed "the times" to pass the city by.

A great defeat in his plans for the city came in 1959, when he attempted through urban renewal to create a shopping center on the west side of the corner of 9th Ave. (the Superhighway) and 19th St.

We believe, had this proposal gone through, downtown Bessemer would now be alive with shopping areas all the way from the Superhighway, along 19th St., to the 2nd Ave. area—traditionally the heart of downtown shopping facilities.

That didn't happen—and shopping centers have since sprung up in Midfield and in Bessemer itself, private capital furnishing the impetus, and since 1959 some of those who vigorously opposed Mr. Lanier's plan for the shopping center have told him they were mistaken in their opposition to that plan.

During his administration many new schools have been built, with integration going more smoothly than expected; the old Postoffice Building obtained for use as a library—one of the finest such facilities for a city of its size in Alabama, incidentally; water facilities have been built to allow building of fine residential areas; the hospital and technical college, plus the placing of I–59, have inspired the building of three new motels in the area of those facilities, etc.

Naturally, Mr. Lanier has taken his lumps, from citizens and the press, as does anyone who occupies an elective office for as long as he has been mayor, and as many have had to take in far fewer years.

But when the final count is in he has done what the citizens of Bessemer elected him to do, back there in 1956: improve the city.

He took a city rapidly deteriorating into a 100 per cent slum ghost town and brought it to a viable, vibrating city that has eliminated more than 5,000 understandard "homes" and built about 1,400 units of low-rent housing which has meant a great difference in the lives of many of the city's under-privileged citizens.

And made it an attractive place for many fine homes that would sit comfortably with those in the richest suburbs of Birmingham.

We hope the good he has done lives long after his presence in city hall, and is not interred with his bones in his grave.

BIG LABOR'S POLITICAL MACHINE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. ASHBROOK. Mr. Speaker, the power of big labor in political campaigns is well known. Unfortunately, the recent campaign reform legislation passed by this body did not take into consideration reform necessary in this area.

A recent column by the well-known labor expert Victor Riesel discusses some of the new sophisticated campaign activities of big labor. He also describes how calls for "a veto-proof Congress" have changed to calls for "a People's Congress" or "pro-People's Congress"—a change in names but not in goals.

At this point I include in the RECORD the text of Victor Riesel's interesting and timely article from the October 5, 1974, issue of Human Events:

BIG LABOR'S SECRET '76 WEAPON: "CPM"

(By Victor Riesel)

Just the other day in his office (the eighth floor) across from the White House, labor chief George Meany said that the AFL–CIO has more political "clout" than ever in its history. And this is the result of having "a very, very effective political organization . . . we do have a machine . . . that reaches into the precincts of every industrial state in this country."

And when Meany, labor's chief of chiefs, says it's a machine, he certainly means it. I do believe it never has been matched in political history. During the next weeks, it will run the most electronicized election campaign any free nation ever has known.

According to a confidential packet of documents and two huge folding charts prepared for a special closed conference of COPE's Operating Committee (made available to me) labor's political-action strategists have developed new techniques under a hitherto unreported name and formula known by the code "CPM."

The procedure, using computers all the way, is intended to saturate every state in a short time, reach down to every single union member, get his registration record, match it with the party in which he registered, if he did; determine whether he voted or not, print out his telephone number and union relationship—and electronically give the Committee on Political Education directors access to every unionized working-class home in the land.

This futuristic politicking is called "the AFL-CIO National COPE Critical Path Method political procedures program."

In effect, it couples an electronically computerized "network" with handcard selection, merging of political units, special budgeting of money and manpower in state after state. At least 13 states already are geared for action. They have deadlines for getting their members registered. They have alerts for unions and political action committees to tell them they are behind in view of primaries or the actual November balloting.

To describe the CPM's intricacies, the chart, the arrows and interlocking boxes" and list each state would take several columns.

Today this "Critical Path Method" (CPM) is aimed at the November elections. It has devised its own enemies list in marginal states and regions. It appears to be able to forecast victories and defeats. For example, Meany said that noontime in his office that he would not (repeat not) be "greatly surprised" to lose to the Republicans the old Jerry Ford Grand Rapids, Mich., 5th and the Ohio 1st Congressional Districts in the Cincinnati area this November.

Though the Path operation no longer calls for a "veto-proof Congress," it hasn't changed its objectives. Now it is driving for a "People's Congress" or "a Pro-People Congress." There is no difference.

Point is to be able to override President Ford on labor's bills or those it supports. As a wise political scientist, Meany isn't tackling the President head-on in this campaign. For the labor chief it would be senseless. Eventually he may need the President politically. Meany and most of labor may find themselves unable to take the Democratic presidential nominee in 1976. And Meany already has indicated he believes that Sen. Ted Kennedy, were he nominated, would be defeated because of Chappaquiddick.

As for Sen. Scoop Jackson, those around Meany believe the Washingtonian has sacrificed much of the AFL–CIO support with his championing of Peking over Taiwan. And, says one close friend of Meany's, "Jackson is dead politically anyway. I believe George believes Jackson can't get off the ground, so why stay with a loser?"

So the COPE line now, according to the documents before me, is to say we'll support the new President and fight him only when we have to, but his conservative record discloses he'll not back our bills, so we need a People's Congress to override him when necessary.

But no disrespect is shown for the President. Part of the strategy is to campaign in each district where possible by saying such-and-such a Republican candidate is "Nixon's man."

And Path certainly can get into each district. As Meany said:

"We've a computerized voting registration list that reaches right down to the grass roots of our own membership."

As for financing, Meany, when asked about contributions to COPE, replied the money is "bigger than ever .... Our voluntary contributions are up. I don't have the figures, but we did have a report the other day. We had a meeting of the Operating Committee of COPE (August 26–28, as first revealed here—VR) and we went down the line, as it was a plus all the way."

It was at this Operating Committee conference, attended by Meany personally, that the intricate Path packet was unveiled. Little was overlooked at the sessions. Representatives of organizations of youth, retirees, blacks, and those of Latin-American descent, and women, as well as of labor, reported and participated actively. But the Critical Path Method electronic network chart was the most fascinating innovation created for the 1974 elections. Especially in the marginal district program section.

The Path electronically lights up the way to a People's Congress.

A CHAMPIONSHIP TEAM

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mrs. HOLT. Mr. Speaker, I am very proud to announce that a team from Prince Georges County, Md., won the intermediate championship of the National Junior Tennis League in the finals held recently in Princeton, N.J.

This achievement was attained by the Prince Georges County National Junior Tennis League, of which the president is William Barber. The dozen boys on the championship team were coached by Mrs. Kay Partridge of Clinton, Md. The team is affiliated with the Boys Club of Clinton.

Nothing in our country is more impressive than the great athletic programs for youth which have been developed by concerned adults, who have devoted so much of their time and energy to these programs.

These people deserve our recognition and our encouragement, and we should be particularly impressed with the hard work that produces a championship team.

The boys on this Clinton team have learned the value of diligent work toward the goal of excellence, and we should name them here in recognition of their splendid achievement.

They are: Mike Keyes of Oxon Hill, John Hammerer of Oxon Hill, Mark Mihlbauer of Clinton, Tom D. Towle of Clinton, Tony Young of Clinton, Ron Hoffman of Clinton, Ray Towle of Clinton, Rick Moreland of Clinton, Ken Taylor of Oxon Hill, Ron Cook of Clinton, Chuck Miller of Clinton, and Jimmy Avery of Clinton.

LAW REVISION COUNSEL

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. STEIGER of Wisconsin. Mr. Speaker, the responsibility for law revision for the District of Columbia government shifts to the D.C. government for all titles of its code effective on January 2 of 1975, under the act passed by Congress commonly referred to as the home rule bill.

The provisions of section 204 of amended House Resolution 988 were cognizant of this transfer and provide only that the new editions of the District of Columbia code and annual cumulative supplements are to be prepared until "such time as the District of Columbia Self-Government and Governmental Reorganization Act become effective."

There seems to be some concern about the orderly transfer of functions for D.C. law revision which has arisen in the last few days. In any transition there are, of course, problems that will have to be worked out. I am sure the staff of the Judiciary Committee which works on law revision could, under our proposal, complete work on supplement II which is being prepared at the present time or, if D.C. revision staff was prepared to assume the burden, turn over the work to them, and explain it so that it could be published by the new D.C. office.

The suggestion made by the D.C. bar offices to deny transfer until 1978 of this function clearly goes against the new statute for home rule and delays the transition unduly as well. I am confident that since the language in House Resolution 988 clearly vests the responsibility—there are no lapses there—that the matter can be successfully worked out without the need for delaying the transition for 3 more years.

JOSEPH D. SMITH, INNER-CITY PRINCIPAL RETIRES

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. STOKES. Mr. Speaker, on July 1, 1974 the Cleveland Public School System lost one of its finest administrators. After 11 highly productive years Joseph D. Smith retired as principal of East Technical High School. Since Mr. Smith took that man-sized job in September of 1963, East Tech has progressed into a modern bastion of learning in the heart of an urban ghetto. This remarkable accomplishment did not go unnoticed. Joseph Smith's exceptional abilities as an educator and his special talent as an administrator have long been recognized and prized by those concerned about providing equal educational opportunities in our predominantly black inner-city schools. But now, as another school year begins, Mrs. Smith's presence is sorely missed, and I think it is well to look back on his achievements and appreciate all that he gave us.

Mr. Smith was himself a graduate of East Tech. He then attended Wilberforce University and graduated in 1937. He began his teaching career at Central Junior High in 1938. Until taking his first administrative post in 1954 as assistant principal of Patrick Henry Junior High, Mr. Smith taught mathematics and distributive education at his alma mater. He also coached football and basketball for many years with great success. Mr. Smith's teams won five east Senate championships, two city championships and appeared in three regional finals.

Mr. Smith went on from Patrick Henry Junior High to John Hay where he also served as assistant principal. He was the principal of Kennard Junior High for 5½ years before coming to East Tech in 1963.

At East Tech Joseph Smith worked passionately and with the deepest sense of commitment to improve the academic atmosphere at the school and make it really work for the young people under his charge. His educational philosophy always reflected his personal vigor. Mr. Smith would tell his teachers that it was their responsibility to motivate their students to the joys of learning. He would urge them to get to know their students and to try to incorporate their personal interests into the educational subject matter. He would in turn urge the students to get involved, to participate in school activities and to be good citizens. Mr. Smith took the initiative to organize groups that continue working today toward on going academic progress at the school. He personally began the Student-Faculty Council, the Curriculum Committee, and the East Tech Area Schools Committee.

Although the results of his genius and leadership will endure at East Tech, Mr. Smith is no longer at the helm. Fortunately for Cleveland, he is still vitally active in civic affairs. He continues to contribute as a member of the Manpower Planning and Developing Commission of the Welfare Federation, a trustee of the Greater Cleveland YMCA, a member of the Central Area Community Council, a trustee of St. Luke's Hospital, a member of the Lee-Harvard Community Council, and other organizations too numerous to mention. One of his lifelong interests has been scouting, and he plans now to devote more time to the Council Wide Protestant Committee of Scouting and the Center-City District Committee of the Boy Scouts of America.

Mr. Smith also intends to write a book based on his experience as an inner-city administrator. We, in Cleveland, know full well that Joseph Smith is an expert in that sphere and we are glad that he will make his valuable insights available to others. I know my colleagues will join me and the people of Cleveland in wishing Joseph Smith every happiness in his retirement, and in expressing our gratitude for his enormous contribution to our children's futures.

EXPLANATION OF HARRINGTON VOTES ON PRESIDENTIAL TRANSITION FUNDS

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. HARRINGTON. Mr. Speaker, in an effort to explain the votes I cast last week on the question of funding for former Presidents and their transition which were included in the supplemental appropriations bill, I think it might be useful, by way of background, to reconstruct the events as they occurred with respect to President Nixon's departure.

On August 8, the President in a nationwide message which ran some 16 minutes, alluded once and very briefly to the erosion of political support within the Congress on the question of his role in Watergate and related matters as being one of the reasons for his decision to resign. He made no other statement on the morning of August 9 as he left Washington to retire in the seclusion of San Clemente.

The next statement Mr. Nixon made came immediately after the announcement by President Ford on Sunday morning, September 8, that he had pardoned former President Nixon for all crimes which may have been committed by him while President. In that statement the former President indicated his appreciation for the pardon and expressed the belief that his perspective on the events which led to his resignation had certainly been altered during the month in California. This, he said, had given him a different appreciation for his own handling of the Watergate affair; Mr. Nixon never once alluded to his own involvement in the crimes that had taken place during this term of office. That event ended any expectation, in my opinion, that President Ford might be able to nurture back the then almost totally missing confidence in the Government process.

When I appeared before the House Appropriations Subcommittee on Treasury and Postal Service, which held hearings on this appropriation for 1 day, September 12, with myself as the only congressional witness, to oppose the allowance of any funding for the former President until such time as we had a greater appreciation for his role in the Watergate affair and his actions as President which led to the initiation of article II of the articles of impeachment—the so-called "abuse of power" area—which was substantially supported by the Judiciary Committee, I made my feelings and my intent clear on that occasion—that no money, given the public dismay, outrage, and cynicism which resulted from the handling of the Nixon pardon, should be given until many of the questions which remained unanswered, particularly those affecting the President's role in the Watergate affair, were better understood.

Last Wednesday, the House had a chance to reject the appropriation of $398,000 for former President Nixon which had been approved by the Appropriations Committee. On that occasion I voted for the amendment offered by Congressman Stokes, of Ohio, to strike all of the requested funding from the Supplemental Appropriations Act of 1974; the amendment to cut the transition budget failed by 169 to 228 and the amendment to strike funds for pension and staff failed by 107 to 277. Since the other amendments all concerned themselves to varying degrees with only portions of the money being removed and since it was obvious that the votes on them, in general, were never close enough to be in question, I voted "present" in an effort to reaffirm my unwillingness to associate myself with a process that would result in a senseless compromise on funding. Though the amendments I had originally supported failed, I felt it was important to make clear my contempt for the appropriation of funds to a former President who as a result of his resigning would further enrich himself while making no effort to reveal the crimes that had taken place during this administration.

Thus, the votes "present," indicating that I was there and had participated, as the Record shows, in the debate, made known my intention that I did not associate myself in any way with anything that would appear to be funding even a portion of the pending Nixon transition or pension.

THE PLIGHT OF TWO UKRAINIAN DISSIDENTS

HON. HUGH L. CAREY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. CAREY of New York. Mr. Speaker, two men are slowly being destroyed in Soviet prison, because they believe in the right of individuals to live in dignity and to maintain their own heritage. The two men faced with extreme cruelty are Valentyn Moroz, a Ukrainian historian, and Leonid I. Plyushch, a mathematician.

Incarcerated in 1970 after a closed trial prompted by their efforts to achieve civil rights for all Soviet citizens, their lives have been a continued tragedy since then. Mr. Moroz is now near death as a result of a 2-month hunger strike undertaken in response to the extreme harshness of prison life which has left him cut off from family and friends and denied him the attention of a physician to treat his illness.

These two brave Ukrainian men are among the courageous dissidents in the U.S.S.R. who only wish to be assured of their national identity, their national language, and the freedom of cultural expression—the very rights we in America take for granted.

If we are committed to insuring these basic human rights for all citizens and ending the plight of Valentyn Moroz and Leonid Plyushch, then it is up to all of us to keep our voices raised in protest against their imprisonment and not to cease in our efforts on their behalf until they are freed from prison and permitted to emigrate with their families to a country of their choice.

THE 63D ANNIVERSARY OF THE REPUBLIC OF CHINA

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mrs. COLLINS of Illinois. Mr. Speaker, tomorrow the 15.7 million free people living in Taiwan will celebrate the 63d anniversary of the founding of the Republic of China. Just as we proudly proclaim the 4th of July as the day of our Independence, free Chinese honor October 10 as the National Day of the Republic of China. Just as we recognize George Washington as the Father of Our Country, they look to Dr. Sun Yat-Sen as the Founder of their Republic.

All of us, who recently visited the tiny island of Taiwan, were impressed with the tremendous progress being made in this country with few natural resources except a literate and industrious people determined to live and prosper in freedom. In spite of the numerous diplomatic reversals in recent years, the Republic of China is engaged in an unprecedented program of social, industrial, and economic expansion.

Mr. Speaker, one of the reasons for this fantastic success story is that the free Chinese have turned to foreign trade rather than foreign aid. In 1973 they hit $8.4 billion in foreign trade volume and all indications are that they will reach $12 billion this year.

As just a small note of encouragement to these dedicated people, I would like to include in the Record the text of a telegram I, along with my colleagues, Mrs. Burke, Mr. Clay, and Mr. Stokes, sent to Prime Minister Chiang Ching-Kuo this morning:

[Telegram]

Hon. Chiang Ching-Kuo,
Prime Minister, Republic of China, Executive Yuan, Taipai, Taiwan ROC:

We wish to extend to you and the 15.7 million people living in freedom on the island of Taiwan our sincere congratulations on the 63rd Anniversary of the National Day of the Republic of China. The positive leadership of your government, the farsighted programs of your business and industrial leaders, and the dedication and industry of your people were a source of inspiration to all of us on our recent trip to your country. Your industrial, social and economic accomplishments under very difficult circumstances in recent years should demonstrate to the world what free people can do when they want to put forth the effort. We appreciate the friendship of the people of Taiwan, admire the spirit in your nation and hope and pray that you will enjoy many more celebrations of the birth of your Republic in the years to come.

Hon. Cardiss Collins.
Hon. William Clay.
Hon. Louis Stokes.
Hon. Yvonne Burke.

THE PRIVACY ACT OF 1974

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I would like to call attention to a statement issued this morning by President Ford on privacy legislation we are now considering in which he expresses his "enthusiastic support" for H.R. 16373, the Privacy Act of 1974. In the development of this legislation, our Government Operations Committee has received excellent cooperation and technical assistance from the staff of the Vice President's Domestic Council Committee on the right of privacy—long before Mr. Ford became President—and also from the Office of Management and Budget.

The statement follows:

Statement by the President

Legislation to protect personal privacy is making significant progress in the Congress. I am delighted about the prospect of House and Senate action at this session.

Renewed national efforts to strengthen protections for personal privacy should begin in Washington. We should start by enacting uniform fair information practices for the agencies of the Federal government. This will give us invaluable operating experience as we continue to examine and recommend needed actions at the State and local level and in the private sector.

The immediate objective should be to give every citizen the right to inspect, challenge and correct, if necessary, information about him contained in Federal agency records and to assure him a remedy for illegal invasions of privacy by Federal agencies accountable for safeguarding his records. In legislating, the right of privacy, of course, must be balanced against equally valid public interests in freedom of information, national defense, foreign policy, law enforcement, and in a high quality and trustworthy Federal work force.

Immediately after I assumed the chairmanship, as Vice President, of the Cabinet-level Domestic Council Committee on the Right of Privacy, I asked the Office of Management and Budget to work jointly with the Committee staff, the Executive agencies and the Congress to work out realistic and effective legislation at the earliest possible time. Substantial progress has been made by both the Senate and the House on bills extending personal privacy protections to tens of millions of records containing personal information in hundreds of Federal data banks.

H.R. 16373, the Privacy Act of 1974, has my enthusiastic support, except for the provisions which allow unlimited individual access to records vital to determining eligibility and promotion in the Federal service and access to classified information. I strongly urge floor amendments permitting workable exemptions to accommodate these situations.

The Senate, also, has made substantial progress in writing privacy legislation. S. 3418 parallels the House bill in many respects, but I believe major technical and substantive amendments are needed to perfect the bill. I do not favor establishing a separate Commission or Board bureaucracy empowered to define privacy in its own terms and to second guess citizens and agencies. I vastly prefer an approach which makes Federal agencies fully and publicly accountable for legally mandated privacy protections and which gives the individual adequate legal remedies to enforce what he deems to be his own best privacy interests.

The adequate protection of personal privacy requires legislative and executive initiatives in areas not addressed by H.R. 16373 and S. 3418. I have asked Executive branch officials to continue to work with the Congress to assure swift action on measures to strengthen privacy and confidentiality in income tax records, criminal justice records and other areas identified as needed privacy initiatives by the Domestic Council Committee on the Right of Privacy.

CHURCH REPRESENTATIVES ATTACK PRESIDENT FORD FOR HIS DEFENSE OF CIA INTERVENTION IN CHILE

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. DRINAN. Mr. Speaker, I know that my colleagues will be interested in the attached material sent to President Ford concerning his recent defense of CIA intervention in Chile.

This material has been sent to the President by 15 Christian missionary sending groups.

I attach below a press release concerning this material, and the full letter to President Ford along with the names and identification of the 15 individuals who coauthored this letter:

Church Representatives Attack Ford and CIA Interventions

Members of 15 protestant and Roman Catholic missionary sending groups, at a meeting at the Inter-Church Center in New York City on Oct. 3, attacked as "immoral and naive" President Ford's recent defense of CIA intervention in Chile and other foreign countries.

President Ford, when questioned at a recent press conference about the U.S. Government's right to destabilize the Constitutionally elected government of another country, replies: "It is a recognized fact that historically, as well as presently, such actions are taken in the best interests of the countries involved."

Members of several protestant denominations met with members of ten Roman Catholic orders of men and women. They termed the Ford view "outrageous and indefensible." In an open letter to the President, the group stated that CIA covert activities are not in the best interests of either the people concerned or the U.S. They called for their discontinuance. They further strongly disassociated the churches and missionary groups from any such covert activities.

The letter grew out of a consensus which quickly developed at the meeting. Those present were all mission superiors or mission coordinators or officials within their groups, but they were signing as individuals, not as official representatives of their organizations.

An Open Letter to President Gerald R. Ford—October 7, 1974

Mr. President: While grateful to you for publicly admitting the role the CIA played in "destabilizing" the Allende government in Chile, we are dismayed at your attempted defense of such interventions. Seldom have there been events so blatantly incompatible with the ideals we hold as Americans and as Christians.

As members of fifteen distinct Protestant and Roman Catholic missionary groups who work in Third World countries, we see such interventions as immoral and indefensible.

You tried to justify the U.S. intervention in Chile by saying that communist nations do the same. We flatly reject using the immorality of others as justification of our own actions. Are we to imitate the very evil which we claim to be opposing?

You also implied that the CIA was merely defending democracy in Chile by supporting opposition press and political parties, and this was "in the best interests of the people of Chile." Aside from the arrogance of such a claim, we find your statements far short of the truth. CIA funds were allocated to bribe the Chilean Congress, to support national strikes, and to foment civil disorders which precipitated the coup. Furthermore, where is the CIA support for freedom of the press and democratic parties in Chile now that they have indeed been suppressed?

Contrary to what you would have us believe, CIA covert actions in the Third World frequently support undemocratic governments which trample on the rights of their own people. We missionaries have felt firsthand the effects of such interventions, which are certainly not in "the best interest" of the majority of the citizens of those countries. U.S. interventions serve the interests of their wealthy minorities and are—as our critics often say—instruments of American economic domination.

Nor do such actions, which are prohibited by international law and by Article 6 of our own Constitution, serve "our best interests" as you stated. Gangster methods undermine world order and promote widespread hatred of the United States. Watergate has shown that such methods, once accepted, will eventually be turned against our own citizens.

In view of these facts, we hereby dissociate ourselves from our government's use of the CIA to intervene in the internal affairs of other countries. We further demand: a disclosure of the CIA's past and present covert actions, the termination of all future CIA covert actions; and the prosecution of any who may have perjured themselves regarding CIA activities.

We will support congressional and other responsible efforts to achieve these goals.

Sincerely,

SIGNATURES

Sr. Teresita Austin, SC, Mission Coordinator, Sisters of Charity, Mt. St. Vincent.

Mr. John Buteyn, Secretary for World Ministries, The Reformed Church in America.

Sr. Madeline Conway, SND, Mission Coordinator, School Sisters of Notre Dame, Wilton Province.

Rev. William J. Davis, S.J., National Director, Jesuit Social Ministries.

Sr. Betty Ann Maheu, MM, Member of Central Governing Board, Maryknoll Sisters.

Rev. William McIntire, MM, Secretary General, Maryknoll Fathers.

Dr. Lois Miller, Associate General Secretary, World Division of the Board of Global Ministries, The United Methodist Church.

Rev. Milton J. Olson, Secretary for Latin America, Division for World Mission and Ecumenism, The Lutheran Church in America.

Rev. Hugh O'Rourke, SSC, Director, Columban Fathers USA.

Sr. Mary Reynold, OP, Secretary General, Dominican Sisters, Sparkill.

Rev. George Telford, Corporate Witness and Public Affairs, General Executive Board, The Presbyterian Church U.S.

Dr. William Nottingham, Executive Secretary of the Department of Latin America and the Caribbean, The Christian Church (Disciples of Christ).

Sr. Janet Wahl, RSM, Mission Coordinator, Sisters of Mercy, Rochester.

Rev. William L. Wipfler, Latin American Working Group, National Council of Churches.

Rev. James Zelinski, OFM Cap, Provincial Councilor, St. Joseph Province of Capuchin Fathers.

Rev. Benjamin Gutierrez, Liaison with Latin America and the Caribbean of the Program Agency, United Presbyterian Church in the USA.

TRIBUTE TO JIM BRAY

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. EDWARDS of California. Mr. Speaker, on Sunday, October 13, hundreds of people in Alameda County will gather to pay tribute to Jim Bray, one of the Bay Area's most distinguished citizens, a political leader of skill and integrity, a veteran trade union member, and, I am proud to state, a close personal friend of mine.

Mr. Speaker, my personal view of Jim Bray is as one who epitomizes what the Democratic Party is all about, as the party dedicated to hard work, fair play, and equality of opportunity for all through education and other humanitarian concerns.

Jim's commitment to the union movement and to the Democratic party both came at an early age. Life was hard for Jim's Irish parents, Edward and Grace, who lived in the Yorkville area of New York when Jim was born on January 8, 1911. Jim was obliged to cut his education short after the eighth grade to help support his widowed mother. It was at this time that he formed his first of many labor union affiliations, working for a time as a tilesetter and later with the building trades. Although prohibition may have interrupted Jim's career as a bartender, he later became a lifelong member of the Culinary Workers and Bartenders Union and still pays his union dues today.

By the age of 17, Jim Bray was also actively organizing for the Democratic Party. At 21 he became a precinct captain and he attended both the 1932 and the 1936 Democratic National Conventions.

In 1941 two very significant changes occurred in Jim's life. First was his marriage to his lovely wife Maybelle, a marriage that has seen the birth of two children, Kathleen and Jim, Jr., and five grandchildren. Second was the discovery during his military induction physical that he had been stricken with glaucoma and was fated to become totally blind.

It is characteristic of Jim as a feisty and courageous Irishman that he did not give up in the face of this misfortune. Instead of accepting increasing blindness as a limitation, Jim moved out to California and contributed to the war effort by working in the shipyards. Even when he became totally blind in August 1955, it did not prevent his starting a new business—the Mission Palm Restaurant—which he personally ran until he retired in 1960. With the strength of character and wry Irish humor so typical of Jim, he says that he never regretted this blindness, but admits that it is "a bit hard on the shins."

For Jim retirement has brought what I think retirement should bring for everyone—the time and the energy to actively pursue community interests. For Jim this has meant actively participating in every Democratic campaign and working for every education bond issue that has come up before Fremont's electorate.

Although according to Jim, "organized labor is first in my life, the Democratic Party second," since 1960 he has worked diligently and without asking any compensation in every Democratic campaign in southern Alameda County. I am proud to say that Jim Bray has supported me since I first came to the House of Representatives in 1963, and his loyalty and dedication to the goals of the Democratic Party mean a great deal to me. The enthusiastic and energetic support he has given to me and to so many other Democratic candidates in southern Alameda County has helped us all be better representatives for the Bay Area.

FEDERAL IMPACT IN ATHENS, GA.

HON. ROBERT G. STEPHENS, JR.

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. STEPHENS. Mr. Speaker, I recently spoke in Athens, Ga., on the importance of Federal funds in enabling Athens to establish an outstanding record of progress over the past decade. Mr. Robert Chambers, publisher of the Athens Banner-Herald and the Daily News, reviewed my talk in a recent issue of the paper, and I would like to insert his article in the CONGRESSIONAL RECORD. The article follows:

THE FEDERAL IMPACT IN ATHENS

Congressman Robert G. Stephens, making the featured talk at the opening of Athens History Village last week, took the opportunity to address himself to the impact of federal spending in Athens during the last decade or so.

And, it could not have occurred at a more appropriate place since the new motel complex is situated on what was Urban Renewal land, property that had little value for the city and county tax digests. Now a $3 million project occupies the site.

Congressman Stephens noted that during the last four fiscal years, Urban Renewal and Neighborhood Development projects in the City of Athens have brought in $1,823,000, including $311,000 just announced for continuation of the Neighborhood Development program which is aimed at eliminating substandard housing, replacing it with livable quarters.

Model Cities, according to the Congressman, has brought in $9,479,000 during its short life span which concludes within the next year. He explained that Athens was one of only four cities in Georgia which received Model City status, and he noted that his insistence played a role in the selection of Athens for the funding.

Under the 1974 Housing Act, Stephens noted that during the next five years, Athens will receive close to $12 million through the Community Development Block Grant.. During this fiscal year alone, $3,446,000 will be available to Athens for improvements.

The congressman noted that many of the larger dormitories at the University of Georgia have been constructed through low interest loans made possible through Congressional action.

At the Athens Airport, federal funding made possible a half-million dollar Air Traffic Control Tower, Stephens said, thus enhancing the safety factors of the air field.

The congressman noted the wide-ranging agricultural research facilities in the Athens area. Among them are the Southeast Water Pollution Laboratory, the Russell Agricultural Research Center and the Southeast Poultry Research Laboratory, together representing an investment of many millions of dollars and representing the employment of hundreds and hundreds of persons adding to the area's economy.

Over $5 million in construction projects have been tackled at the U. S. Navy Supply Corps School in Athens during recent years, and the facility continues to have a significant impact on the local scene.

Congressman Stephens noted that during the last three years, over $35 million in federal research grants have been awarded to the University of Georgia. During fiscal year 1971, there was $11 million; fiscal year 1972, $12 million; and in the fiscal year ending June 30, 1974, $12 million.

The congressman also spoke proudly of the recently completed federal building facing Hancock Avenue. This particular project had its origin over a decade ago and was to include a new main post office as well as offices for federal agencies. When President Johnson impounded funds to loosen money for fighting the Vietnam war, the facility fell by the wayside. The General Services Administration had the building constructed by a private contractor and has leased it from the firm for use by a myriad of federal agencies.

The federal building represents an investment of some $4 million.

Congressman Stephens was correct when he asserted that Athens certainly has gotten its fair share of federal spending—and perhaps and probably it's correct to say that it has received more than its share.

When you take all the federal spending into consideration with the spending of state and local governments and private enterprise during the last decade, Athens shows a remarkable record of progress—all aimed at making this community a better place in which to reside.

EMPLOYEE THEFT AND RISING HOSPITAL COSTS

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. LENT. Mr. Speaker, some interesting remarks regarding employee dishonesty and its effect on rising hospital costs have been recently brought to my attention. The remarks were made by an expert consultant and well-known author, Norman Jaspan, whose books include "The Conspiracy Against Profits," "The Thief in the White Collar," and his latest publication "Mind Your Own Business." I submit these remarks for the attention of my colleagues:

EMPLOYEE THEFT AND RISING HOSPITAL COSTS

COLUMBUS, OHIO, October 3.—"Employee dishonesty has a greater impact on runaway hospital costs than inflation, even though health care constitutes the fastest rising component in the Cost of Living Index," Norman Jaspan, president of the international management engineering firm bearing his name, told administrators and financial executives of the Hospital Financial Management Foundation at the Fawcett Center at The Ohio State University today.

"Despite the ever rising costs of hospital service, patients have the finest technical skills and facilities at their disposal. But this excellence in service is straining the hospital budget—and this strain can be eased by engineered control of dishonest practices," said the consultant.

The opportunities for professional and supervisory employees, as well as rank and file, to engage in theft, fraud, conflicts of interest, collusion, kickbacks, and exorbitant waste in this industry with assets of nearly $50 billion stagger the imagination:

Pharmacy.—Pharmacists run their own private businesses, with the hospital serving as their warehouse, in collusion with detail men, and local drug stores. Furthermore, manipulation of consumption reports often masks their dishonesty.

Maintenance.—Collusion with vendors and contractors is rampant—padded charges, non-deliveries, excessive overtime, falsification of labor vouchers, use of hospital labor and materials on private jobs for both employees and outsiders.

Purchasing.—Kickbacks in countless forms are prevalent—from cash to extravagant gifts and entertainment.

The purchasing staff frequently becomes a "personal shopping service" for all levels of hospital employees—including relatives and friends. In many cases the staff merely rubber stamps transactions initiated by other departments, enabling fraudulent purchase orders to filter through.

Laboratory.—Technicians use expensive hospital facilities, equipment, chemicals, and personnel—often on overtime—for their outside sidelines which include work for labs, doctors, and nursing homes. They become "silent partners" in the blood bank, X-ray, and other diagnostic labs in the hospital.

Billing and Collection.—Substantial income is lost because hospitals often get little or none of the money they earn for services rendered—it is frequently diverted to individuals on the medical staff.

Construction Contracts.—These afford the greatest opportunities for kickbacks, shakedowns, and rigged bids. The building trade at large is forced to add 8 to 10 percent to their bids to absorb anticipated losses stemming from theft and other forms of fraud.

The operation of a hospital is not only a big business, it is a complex of many businesses comprising a pharmacy, a hotel, restaurant, laundry, warehouse, research, and real estate management. Medical centers have literally become cities.

A hospital administrator must cope with all of these enterprises—simultaneously acting as a fund raiser, educator, and public servant. Because of these varied demands he is more dependent on department heads who may be the very individuals most responsible for the problems. Therefore, financial executives of health care institutions must be given a more active part in the protection of their assets, or costs will become so prohibitive that the health care industry, as we know it today, can no longer exist.

Furthermore, in the area of kickbacks, there is virtually no legislation and, in the handful of states that do have applicable commercial bribery laws, kickbacks are classified only as an offense, or misdemeanor, where the penalty would be no more than for spitting on the floor. "The need for uniform federal and state laws to protect the public has never been more urgent," Jaspan insisted.

Some directors unduly rely on statistics, charts, and data that are either internally generated or supplied by other institutions. But it is too easy to manipulate usage reports and historical costs to conceal dishonesty which then becomes built into the budget.

Right now, declared the consultant, there is better than a 70 percent chance of sizable fraud or theft in any health care facility—if dishonesty is not being uncovered, the chances are that management is not looking in the right places.

The problem can best be dealt with by businesslike procedures and policies that are fair, just, and easily enforceable. "Excellence in control and performance in an area can be nullified by let-down in another," warned Jaspan. "That is why administrators must develop a total approach which we call 'Inventory of Exposure.' It is the initiation of a comprehensive security program designed to protect assets, both tangible and intangible, by establishing practical controls and by conducting educational programs which revitalize and motivate employees."

THE CHARLESTON TEXTBOOK DISPUTE

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. LANDGREBE. Mr. Speaker, parent and minor protesters in West Virginia have finally called national attention to the question of what sort of materials children in the public schools are being required to read. The problem is not merely a local one, and the reaction to it localized. That this is true is shown by two letters recently sent to Washington papers by individuals who have been active at the national level in calling attention to very much the same materials to which the West Virginia parents object.

The first letter was published in the Washington Star-News for October 2, 1974, and was written by Dr. Onalee McGraw, national coordinator for the Coalition for Children, an organization which has done much to raise serious questions about Federal funding of elementary and secondary education. The second letter, submitted to the Washington Post but not as yet published, was written by Dr. Charles A. Moser, who has taken an active role with the emergency committee for children, which did a great deal to oppose the recent attempts at child development legislation. The texts of the two letters follow:

[From the Washington Star-News, Oct. 2, 1974]

LETTERS TO THE EDITOR

BOOK BATTLE

Sir: Kudos to Vic Gold for his recent column, "Why the Book Battle?" As he says, the textbook controversy in West Virginia has "nothing to do with censorship or book-burning" but rather raises squarely the question of "to what extent do the people in a democratic society have a voice in determining how their schools are run?"

Up until recently the delicate relationship between academic freedom and the primary rights of parents to impart their values to their own children was kept in balance by local community consensus on widely shared values. Since the passage of the Elementary and Secondary Education Act of 1965, however, the educationist complex (headed by the NEA and a coterie of bureaucrats and social planners) has arrogated to itself the power to determine the purpose and content of public education. Many educationists insist that the schools be centers of social and attitudinal change at the expense of academic learning.

The continued decline in nationwide test scores is a frightening indication of how well they are succeeding. It may well be that the only way to restore true academic freedom and parental rights is some form of universal voucher system in which all parents, regardless of income, would be able to choose the type of schools they want for their children. No tax-supported educationist has the right to impose his values on a captive audience in the classroom. That is not academic freedom but tyranny.

ONALEE MCGRAW, Ph. D.,
Coordinator Coalition for Children.

FALLS CHURCH, VA.,
September 27, 1974.

LETTERS TO THE EDITOR,
The Washington Post.

DEAR SIR: Elementary and secondary education has been very much in the news lately. The press has paid more attention to the disruptions attendant upon busing in South Boston, but the continuing demonstrations over school textbooks in and around Charleston, West Virginia, are very likely to be far more important in the long run. In Charleston the parents who should exercise ultimate control over the local school systems have finally begun to look closely at what the schools are actually doing—and did not like what they saw. They discovered that (in many cases through the instrumentality of Federal funding) programs have been introduced into their public schools designed to separate children from their parents, from the society in which they live, and indeed from the whole western tradition of which they should form a part. They discovered that, instead of imparting intellectual skills, the schools are functioning as agents of social change in certain definite directions. As Mr. Sidney Marland, Jr., once Commissioner of Education for HEW under the Nixon administration, wrote in a report for 1971, "the schools in a sense are being asked to remake our society, as distinct from nurturing it." Mr. Marland's words are indicative of his near-complete rejection of the traditional conception of the schools.

The Charleston demonstrations are no isolated phenomenon. Over the last few years parents in nearly every state of the union have organized for the purpose of calling attention to what is transpiring in the schools today. This concern prompted Congressman Earl Landgrebe of Indiana to offer his 1974 Freer Schools Act to phase out Federal funding for the schools, and Senator James Buckley of New York to offer his parental rights amendments to the Elementary and Secondary Education Act extension of this past summer. But the majority of the members of Congress have been either too oblivious of the realities of American education, or too fearful of the wrath of the powerful education lobby, to pay serious attention to the issues which the people of

Charleston have now been compelled to raise in the streets.

The central issues in the Charleston dispute—and in the South Boston dispute as well, for busing is only one facet of the drive to "remake our society" through the schools—are whether the parents or the educationists shall exercise the final say in determining school curriculum, and whether the schools are to "nurture" or to undermine our culture. The parents of Charleston have at last succeeded in showing the public that these are genuine and serious issues.

CHARLES A. MOSER.

GUAM'S BID FOR ECAFE WINS NATIONAL SUPPORT

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. WON PAT. Mr. Speaker, in recent months, the territory of Guam has been attempting to be admitted to the United Nations Economic Commission for Asia and the Far East—ECAFE—and the Asian Development Bank.

Guam's membership in these organizations would provide the island access to the full range of technical expertise and knowledge of developing areas in the Asian region.

As Guam is a developing area, we are in dire need of the kind of assistance ECAFE can and has offered to other areas such as our island. Recently, for example, preliminary arrangements were completed by U.S. officials to permit the trust territory to become a member of the Asian Development Bank and ECAFE.

As a first step toward realization of our goal, officials of the Guam Legislature, the Government of Guam, and I have approached the U.S. Department of State for its assistance and concurrence in this effort. Our request is presently being studied by that Department.

Although we appreciate that Guam's membership would thus be the first time any American area has qualified for ECAFE, we believe that our unique economic and geographic situation is sufficient reason to make our request a viable one.

I am pleased to report that, at its annual meeting held this August in New Mexico, the National Legislative Conference adopted a resolution supporting Guam's bid for admission to ECAFE and eventually to the Asian Development Bank.

The members of the National Legislative Conference are to be congratulated for their most generous gesture of support and for their understanding of Guam's special needs.

In the thought that my colleagues will be interested in our efforts on this crucial matter to date, I include the text of the National Legislative Conference's resolution in the RECORD at this point.

Thank you.

The resolution follows:

SUPPORT OF GUAM RESOLUTION NO. 4

Whereas, the Territory of Guam has been a part of the United States since 1898, and

Whereas, during this period of association with the United States, the people of Guam have taken slow but steady steps along the road of self-government and economic self-sufficiency, and

Whereas, in recent years Guam has experienced a tremendous surge of economic development vital to its goals of economic self-sufficiency and

Whereas, Guam is in dire need of financial assistance requiring approximately 800 million dollars to deal effectively with its 5-year capital improvement program, such assistance may be available through associate membership in the Asian Development Bank, and

Whereas, Guam has been fortunate in previous years to obtain such needed funds through the Guam Rehabilitation Fund under federal loans and grants-in-aid totaling 75 million dollars which has already been exhausted and is therefore seeking other ways to obtain these critical funds through the Asian Development Bank, and

Whereas, membership into the Asian Development Bank can only be achieved through the initial membership of Guam into the Economic Commission of Asia and the Far East (ESAFE) which cannot be effectuated without the sponsorship of Guam by the U.S. Department of State, and

Whereas, associate membership into ECAFE will also qualify Guam for various assistance programs involving economic guidance and planning, foreign investment planning, resource potential studies, and other technological areas which are also greatly needed for its further development, and

Whereas, the promotion of Guam's participation in the Pacific basin is entirely consistent with the mandate of the United States under the United Nations Charter to insure for territories whose people have not yet attained a full measure of self-government, their economic advancement, to promote constructive measures of development, to cooperate with specialized international bodies with a view to the practical achievement of social, economic, and scientific purposes set forth in Chapter XI of the United Nations Charter, and

Whereas, it is the desire of the delegates to the 27th Annual Meeting of the National Legislative Conference in Albuquerque, New Mexico, to assist those States and Territories within its membership in need of its help,

Now, therefore, *be it resolved,* that the National Legislative Conference assembled at its 27th Annual Meeting in Albuquerque, New Mexico, this 16th day of August, 1974, respectfully petitions the Department of State of the United States to sponsor the U.S. Territory of Guam for associate membership into the Economic Commission of Asia and the Far East (ECAFE) and the Asian Development Bank (ADB) to enable Guam to utilize all assistance available within these two organizations to better achieve its goals of self-sufficiency.

AMENDMENTS TO S. 1296

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. STEIGER of Arizona. Mr. Speaker, I will offer the following amendments to S. 1296—the Grand Canyon National Park bill—when it is considered by the House:

AMENDMENTS TO S. 1296

AMENDMENT NO. 1

Page 2, line 15, strike "one million four hundred and six thousand five hundred", and insert in lieu "one million two hundred and seventy five thousand four hundred and thirty nine".

Page 2, line 19, strike "113-20.021 and dated July 1974," and insert in lieu "113-91,006 and dated October 1974,".

Page 3, line 4, strike lines 4 through 9, and insert in lieu, "Slide Mountain, and Jensen Tank areas, to determine whether any portion of these lands".

AMENDMENT NO. 2

Offered by Mr. Steiger of Arizona

Page 6, line 14, strike Section 9 and insert in lieu the following:

"SEC. 9. (a) Nothing in this Act shall be construed to alter, amend, repeal, modify, or be in conflict with the provisions of sections 601 to 606 of the Colorado River Basin Project Act, approved September 30, 1968 (82 Stat. 885, 901).

(b) The Congress hereby specifically authorizes and directs the Federal Power Commission to issue a license to the Arizona Power Authority for the construction and operation of a power project at Bridge Canyon on the Colorado River, including a dam (to be known as "Hualapai Dam"), reservoir, powerplant, transmission facilities, and appurtenant works, and the Moenkopi and Tolchico silt-detention reservoirs, pursuant to the Act of March 3, 1921 (41 Stat. 1353).

(c) The Federal Power Commission shall include among the licensing conditions, in addition to those deemed necessary and required under the terms of the Federal Power Act, the following: (1) Hualapai Dam shall be constructed so as to impound water at a normal surface elevation of one thousand six hundred and ten feet above mean sea level; and (2) the use of lands with the Hualapai Indian Reservation, and the compensation paid therefor, shall be in accordance with the agreement between the Arizona Power Authority and the Hualapai Tribe, dated August 30, 1960, including any amendments or supplements thereto.

(d) Section 7 of the Act of February 26, 1919 (40 Stat. 1175, 1178), is amended to read as follows:

"Whenever consistent with the primary purposes of such park, the Secretary of the Interior is authorized to permit the utilization of those areas formerly within Lake Mead National Recreation Area immediately prior to enactment of the Grand Canyon National Park Enlargement Act, and added to the park by such Act, which may be necessary for the development and maintenance of a Government reclamation project."

AMENDMENT NO. 3

Offered by Mr. Steiger of Arizona

Page 8, line 5, strike "one hundred and eighty-five thousand acres" and insert in lieu "one hundred and seventy thousand acres".

Page 10, line 22, strike subsection (d) and reletter the following subsections.

EXPLANATION FOR AMENDMENTS OFFERED BY MR. STEIGER TO S. 1296

No. 1. This amendment deletes acreage added by the House Committee on the north rim of the canyon, and makes conforming corrections, as needed, throughout the bill.

No. 2. This amendmeent authorizes and directs the Federal Power Commission to issue a license to the Arizona Power Authority for the construction and operation of the Bridge Canyon Dam on the Colorado River.

No. 3. This amendment deletes the "Raintank Allotment" of approximately 15,000 acres from the Havasupai Indian trust lands.

SENATE—*Thursday, October 10, 1974*

The Senate met at 9 a.m. and was called to order by Hon. Dick Clark, a Senator from the State of Iowa.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God of Abraham, Isaac, and Jacob; God of Jesus, the prophets, apostles, and martyrs, help us so to live as to be numbered among Thy faithful servants. Be Thou present with us that the time of prayer and the time of work may have no distinction—that we may worship when we work as truly as when we pray. May all that is beautiful and good and true minister to our souls as sacraments of Thy grace. In uncertainty guide us clearly by Thy higher wisdom. Answer our prayer, O Lord, according to Thy will for us, for this Nation, and the world.

We pray in Jesus' name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The assistant legislative clerk read the following letter:

> U.S. Senate,
> President pro tempore,
> *Washington, D.C., October 10, 1974.*
>
> *To the Senate:*
>
> Being temporarily absent from the Senate on official duties, I appoint Hon. Dick Clark, a Senator from the State of Iowa, to perform the duties of the Chair during my absence.
>
> James O. Eastland,
> *President pro tempore.*

Mr. CLARK thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, October 9, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations on the Executive Calendar will be stated.

U.S. ARMY

The second assistant legislative clerk read the nomination of Gen. Andrew Jackson Goodpaster to be general.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

DISTRICT OF COLUMBIA GOVERNMENT

The second assistant legislative clerk read the nomination of Carl H. McIntyre to be Director of Campaign Finance.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

NOMINATIONS PLACED ON THE SECRETARY'S DESK—ARMY, NAVY, AND MARINE CORPS

The second assistant legislative clerk proceeded to read sundry nominations in the Army, the Navy, and the Marine Corps which had been placed on the Secretary's desk.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominations.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the acting minority leader desire to be recognized?

Mr. HANSEN. I do not.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Wyoming (Mr. Hansen) is recognized for not to exceed 15 minutes.

INFLATION AND FEDERAL EXPENDITURES

Mr. HANSEN. Mr. President, everyone is concerned about the Nation's economy and what can be done to strengthen it. The mail I receive from my constituents in Wyoming reflects the very personal effects inflation has on citizens.

For example, a Cheyenne man recently wrote:

> After I pay my bills, there is no money left for my clothing and other necessities. We have had to cut down on groceries in order to buy shoes for the children.

His complaint is seconded by a Worland mother, who writes:

> One goes to the grocery store, and today the price is up. You go the next day, and there is another increase. When will it stop?

A Torrington citizen notes:

> I look at our elderly on Social Security and wonder how in Heaven's name they make it.

These comments reveal in a firsthand and most personal way the pain of inflation. In broader and less personal terms, the problem is demonstrated by statistics like these: The average American now works 1 month a year to cover the cost of doctors, hospitals, health insurance, and other family health expenses.

Sales prices of new homes, including land, increased 18.5 percent in 1973, while interest rates on mortgages have risen more than 14 percent in the past year. Overall living costs have risen more than 10 percent. Average real spendable income—take-home pay adjusted for inflation—dropped 5.6 percent.

Inflation is caused by excessive Government spending, and the increase in the supply of money issued by the Government in an attempt to cover the deficits arising from deficit spending.

The consequences of some 10 years of massive Federal spending for dozens of massive Federal assistance programs has caught up with us.

When Government issues more money, the value of each dollar we hold is decreased. If there is a level of national productivity of, for example, 1,000 units, and there are a thousand dollars in circulation, each unit has a value of $1. If Government increases the money supply and there is no commensurate increase in national productivity, the value of each unit increases while the value of each dollar decreases.

It takes more money to buy what could have been bought for less last year, as every citizen knows only too well. To stay abreast of increases in the cost of living, a wage earner must seek increases to match the inflation, and businessmen must seek higher returns on investments with which to pay increased labor costs, buy higher-priced inventory, and replace outdated equipment.

In their frustration at high prices, some say the answer is to impose higher taxes on profits, or to freeze or roll back prices. But taking a bigger portion of profits away can only lessen the ability of business to expand, and thereby to provide a bigger supply of goods and to hire more people.

Inflation is aggravated, as well, by international forces difficult to control. When our prices began rising sharply in the 1960's, U.S. products became less competitive in world markets and our trade surplus became a deficit. The effect of bad weather on food production, combined with a simultaneous boom in all the major world economies, caused skyrocketing worldwide demand and shortages of essential goods. The United States grew increasingly dependent on foreign sources for an essential resource—oil—and we continue to pay a high price for that dependency. In fact, as President Ford noted in his recent address to Congress, we are importing more oil now from the Arab countries than before the embargo, at a cost this year of $16 billion more than last year.

Years of distributing billions of American dollars in foreign aid worldwide caught up with us, too. We were forced to devalue our dollar, which means every import we buy costs us more.

During the era of price controls, U.S. producers and manufacturers of certain products were unable to make a decent profit at home, but were able to obtain higher prices abroad. This resulted in greatly increased exports of certain products, and corresponding shortages of these products in this country.

Only by trimming the Federal budget, eliminating deficits, and curtailing new money supply will we ever reduce inflation.

To those who say reduced Federal spending would only aggravate unemployment, it is relevant to consider that in the past 5 years, when the annual Federal budget increased from $104 to $304 billion and another $100 billion was added to the deficit, unemployment rose from 3.4 to 5.3 percent. The Joint Economic Committee of the Congress estimates that by cutting $10 billion from the Federal budget this fiscal year, and keeping it in the private sector's capital lending markets, as many as 500,000 more housing starts could occur and an additional 1 million direct jobs, and 2 million in supportive jobs, could be generated. Losses in Government employment resulting from budget cutbacks would be more than offset by new jobs in the private sector.

Government has only one source for its money—the taxpayer. Citizens either pay directly in the form of income taxes, or indirectly through higher prices for goods because of taxes on corporate earnings. A dollar spent by the Federal Government is one first taken out of the market, which provides jobs, goods, and services.

The answer to inflation, as a Sheridan, Wyo., citizen put it recently, "is for Congress to stop spending money we do not have."

To decrease spending and balance the budget, Congress must say "no" to expensive legislation and budget-breaking appropriations. The implementation of the Budget Control Act will give us the tools needed to do a better job of monitoring the budget.

I hope Congress will, as the President asked, set a target spending limit of $300 billion for fiscal year 1975. Further, I believe every measure we consider ought to be viewed from now on primarily from the standpoint of its potential effect on the budget, and hence on inflation.

Mr. McCLURE. Mr. President, I have been reading a report published by the House Republican conference which analyzes the inflation and spending votes in the 92d and 93d Congresses. This survey points out that over the last four decades, Government spending has increased at nearly geometric rates. In the 20-year period between 1941 and 1962 Federal spending went from $10 to $100 billion. In 1971 the $200 billion mark was passed. And now we are talking about a budget in the neighborhood of $300 billion.

Mr. President, this immense increase in the Federal deficit has not been the product of bipartisan consensus. The study to which I refer shows that a majority of Republicans took the opposite position from that taken by most of the Democrats on spending issues.

If we are not able and willing in this body and in the House, to reduce spending to a reasonable level, by voting against specific programs, we must be even more careful not to destroy the free market mechanisms which have made this country the most prosperous in the world. Milton Friedman has pointed out that—

> In the economic market each of us can decide for himself. Within the limits of our income, we can be sure that what we vote for with our dollars we get . . . The economic market is so far the only mechanism available that provides real individual democracy.

Mr. President, it is plainly undemocratic to spend the citizens of this Nation into bankruptcy.

Mr. President, I ask unanimous consent that certain material in connection with the matter be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

ADDITIONAL SPENDING INVOLVED IN VOTES ON WHICH THE PARTIES WERE DIVIDED IN THE 92D AND 93D CONGRESSES

[Dollars in millions]

Year	Gross amount of additional spending		Net difference between the parties (Democrat-GOP)
	Majority of Democrats for/majority of GOP against	Majority of GOP for/majority of Democrats against	
1971	$14,585.6	0	$14,585.6
1972	17,227.8	0	17,227.8
1973	17,566.4	$1,048.6	16,517.8
1974[1]	12,108.0	4,256.4	7,851.6
Total	61,487.8	5,305.0	56,182.8

[1] Through September 1974.

Who Represents Whom?

(By Milton Friedman)

As I sat for a day and a half at the summit conference on inflation, I kept asking myself: who are these people on the ballroom floor or temporarily on the podium presenting brief statements? What do the labels like Economists, Labor, HEW that designated where we were supposed to sit really mean?

LABOR

This was a large group. It was prominently represented on the podium. At the end of the meeting, President Ford announced the creation of a White House Labor-Management Committee, consisting of eight representatives of labor, eight representatives of business.

The people who spoke from the podium and the labor members of the committee are all officials of labor *unions*. Yet only about one-fourth of all U.S. workers are members of labor unions. Who speaks for the great majority of American workers?

Labor-union officials would no doubt claim that all workers have common interests and that in speaking for union members they are speaking for all workers. Partly true but mostly false. Different unions are in conflict one with the other. The unionized sector is in conflict with the non-unionized sector. High wages obtained by any one union mean fewer jobs in the trade involved, hence more competition and lower wages for other jobs. Higher wages for union members as a whole mean lower wages for non-unionized workers.

BUSINESS

The eight business members of the Labor-Management Committee are all from *big business*. So were most of the delegates who represented business on the podium, though a few represented organizations of small businesses. Yet there are nearly 10 million independent business enterprises in the U.S.—excluding some 3 million farmers. Who speaks for the great majority of American businessmen?

Again, the interests of executives of big business and of proprietors of small ones are far from identical.

CONSUMERS

Establishing organizations purporting to represent consumers has become a growth industry. Executives of a number of such organizations spoke from the podium—each bemoaning the "under-representation" of "the" consumer. But I suspect that, taken all together, the membership of such organisations is a tiny minority of all consumers.

"The poor, the elderly, the minorities." Speaker after speaker expressed concern for this group, always described as especially hard-hit by inflation. For the most part, each speaker then proceeded to urge that measures in the interest of his special group were also in the interest of "the poor, the elderly, the minorities." A few spokesmen were explicit representatives of these groups. Their intentions were admirable, but their proposals—as judged by this delegate representing only himself—would do more to strengthen the organizations employing them than to benefit the disadvantaged they claim to serve.

GETTING WHAT YOU VOTE FOR

Enough of this catalogue. I do not offer it in criticism of the summit itself, or its organizers, or the participants, but only as a striking illustration of an inherent defect of the political mechanism. The summit was a "town meeting of the air." It did give a wide range of interests an opportunity to express their feelings and to display their thoughts. It did bring forth a bewildering variety to proposals for governmental action.

But it also brought out the vital difference between the political market and the economic market.

In the political market, we do not decide for ourselves, but only for all of us. If we vote for something, but are in the minority, we do not get it. If we vote against something and are in the minority, we get it. In most matters, our individual vote is as a grain of sand; it therefore seldom pays us to vote with care. To be effective on an issue that affects us with special force we must act as an organized pressure group. These are the facts of political life, and no amount of rhetoric can eliminate them. That is why governmental action benefits special-interest groups at the expense of one another and of the "silent majority."

In the economic market, each of us can decide for himself. Within the limits of our income, we can be sure that what we vote for with our dollars we get. If we choose to buy something, we get it. If we choose not to buy it, we do not. Our votes will not be wasted, and it pays us therefore to vote with care. That is why the economic market is so far the only mechanism available that provides real individual democracy.

SPENDING VOTES [1] IN THE 92D AND 93D CONGRESS ON WHICH THE PARTIES WERE DIVIDED

Year	Majority of Democrats for additional spending/majority of GOP against	Majority of GOP for additional spending/majority of Democrats against	Total spending votes on which parties divided
1971	14	0	14
1972	15	0	15
1973	29	4	33
1974	12	9	21
Total	70	13	83

[1] Includes votes on amendments, substitutes, recommittal motions and bills which either authorized or appropriated funds.

ORDER FOR RESOLUTIONS TO BE PLACED ON THE CALENDAR

Mr. MANSFIELD. Mr. President, four resolutions were submitted in the Senate on yesterday and they are held over for a day. It is just a pro forma matter, before they go on the calendar at the end of the morning hour.

I ask unanimous consent that the four resolutions—Senate Resolution 425, Senate Resolution 424, Senate Resolution 246, and Senate Resolution 427—be placed on the calendar.

Mr. HANSEN. I have no objection, Mr. President.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Alabama (Mr. ALLEN) is recognized for not to exceed 15 minutes.

PROPOSED INCREASES IN THE PRICE OF PROPANE GAS—SENATE RESOLUTION 424

Mr. ALLEN. Mr. President, when the time was reserved for the Senator from Alabama to speak at this time, it was with the understanding of the Senator from Alabama that the distinguished junior Senator from Missouri (Mr. EAGLETON) would be here at this time to speak in behalf of his resolution, Senate Resolution 424, having to do with a sense of the Senate resolution with regard to the proposed increases in the price of propane gas. This resolution was introduced on yesterday, and I ask unanimous consent that the name of the Senator from Alabama (Mr. SPARKMAN) and the name of the junior Senator from Alabama be added as cosponsors of the resolution.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I rise to support the sense of the Senate resolution submitted by my distinguished colleague from Missouri (Mr. EAGLETON) pertaining to the announced decision of the Federal Energy Administration to permit an immediate 3- to 5-cent-per-gallon increase in the price of propane gas and other natural gas liquids. I am delighted that the distinguished Senator from Missouri (Mr. EAGLETON), who is displaying great leadership qualities in many areas of national concern, has prepared and submitted this resolution. I am delighted to have the opportunity of cosponsoring the resolution.

Following the stirring words of the President before a joint session of Congress on Tuesday, words designed to reassure the American people that the administration is attacking the dual problems of inflation and energy conservation in a consistent manner, I find it somewhat incomprehensible that the Federal Energy Administration is now soliciting comment on a regulation which would, in its effect, be detrimental to the interest of hundreds of thousands of eneregy consumers—particularly the consumers of propane.

The published reason for the proposed FEA regulation is to encourage greater production and discourage new industrial and commercial users from entering the propane market. What looks good on paper may, in fact, be detrimental to the existing propane market. In seeking to discourage further use by citizens who are not now users of propane, a tremendous additional burden is imposed on the present users of propane.

Mr. President, many city dwellers, having natural gas, do not realize the importance of propane to many people who do not live in large urban areas of our Nation. Propane is the rural dweller's, the poor man's, natural gas, and it is very very important to him. He depends on it. He depends on it in so many ways in his home and for farming and commercial use.

In my opinion, we must not allow the propane crisis of the 1973–74 heating season to repeat itself. The proposed FEA regulation of September 10 is a step in the direction of recreating a propane crisis.

Now is the time to act to prevent the creation of such a crisis which the policies of the FEA are leading us to if we cannot persuade them to change those policies.

Surely the FEA is not insensitive to the millions of people dependent upon LP gas fuel. Most of these users do not have an alternate source of fuel. In my home State of Alabama, approximately 300,000 homes representing almost 1 million customers are heated with LP gas and some 400 businesses supply that gas to Alabama users. LP gas marketed in Alabama in 1973 amounted to 252 million gallons. During the season of 1973–74 there was an increase of between 300 and 400 percent in the wholesale price of LP gas. That is such a staggering increase. I repeat, the increase during that heating season in my State was between 300 and 400 percent.

Mr. President, the way that came about is that the oil companies were allowed to pass on increases in their costs, and they could allocate the increase to any of the derivatives of petroleum. Therefore, at the expense of the propane users, much of that increase was added to the cost of propane gas, and less of the increase put on other things, such as heating oil or gasoline, and a 300- to 400-percent increase was put on propane. So, in effect, they were making the propane users bear a disproportionate share of the increase in the product. Here they are going to allow a further increase in the cost of propane to discourage other people from coming in and using the propane, not taking into account the plight of the present users.

If they want to prevent others from using propane, that might be one thing. I do not know if I agree with that, but do not place the hardship on the users who have already had an increase of 300 to 400 percent in the price of the propane that there is.

We must not allow that situation to be repeated. Most Alabama users are rural residents and as plain as the nose on one's face is the suffering and hardship created by inordinate prices for this critical fuel in my State and throughout the Nation.

The President has declared his intention to insure that energy resources used in agricultural production would be allocated, one assumes on a priority basis, in order that this Nation would meet its food growing responsibilities to its citizens and even those peoples of the world dependent upon American agricultural production. Mr. President, I believe it is fair to ask whether or not the FEA is aware of the President's goals, and further, whether the Energy Administration intends to be a partner in meeting these national and international goals at the expense of traditional domestic home and farm users?

The resolution that will come before us in time and to which I am now addressing my remarks, which has been designated Senate Resolution 424, sets out the facts that propane gas is widely used in the agricultural sector of our economy, and any increase in the price of this fuel must and shall be reflected in higher grain and food prices. I submit, Mr. President, that this is not what the President intended in his message to the Congress and the people; further, I submit that there is a better way to restrict new uses of propane and that is obviously through the allocation process.

Apparently, the FEA wants to restrict it by raising the price. That is imposing hardship in an area that is already heavily overburdened.

Mr. President, I wish to point out that just a few days prior to the FEA announcement about this proposed regulation, one of the major producers of propane publicly announced a reduction in propane gas prices to all classes of trade in the amount of 7 cents per gallon. In reducing the price of propane on August 29, this large producer said:

> This price change is in compliance with the FEA's August 9, 1974 amendment to the special propane rule.

Following that announcement, the FEA announced its intention to vitiate this particular price reduction. It appears, Mr. President, that the right and left hands of the Federal Energy Administration are not connected to the same body.

In conclusion, Mr. President, I support the resolution, (S. Res. 424) and repeat that there is no justification at all for allowing a propane price increase at this time. Such an increase would be a serious burden on millions of American families who depend on propane gas for home heating and cooking, and such an increase would impose a serious problem in the long term in forcing upward the movement of prices for all agricultural products.

Mr. HUDDLESTON. Mr. President, the traditional users of propane—the rural families who use it for home heating, the farmers who use it to dry the crops—are acutely aware of the extent of the propane shortage and the price increases that have accompanied it. They saw their propane bills rise over 300 percent in a few short months last winter. And, I am inclined to agree with many of them that when relief finally came, it was much too little, too late.

Now, the Federal Energy Administration is proposing to raise these prices again in the name of constraining demand by discouraging new industrial and commercial users from entering the propane market. I ask you—who is going to be more constrained by price—an industry that can pass its increased fuel costs on to its customers in the form of higher product prices or a poor, rural family? Again, the people who can least afford it and the people with the fewest alternatives are being asked to bear the brunt of the shortage.

I strongly urge the adoption of this resolution stating the sense of the Senate that the FEA should withdraw its proposed price regulation change and maintain propane prices at or below the level established by existing regulation. Fairness and equity dictate that the FEA use its allocation authority, not its pricing authority, to meet this problem.

ORDER OF BUSINESS

Mr. McGOVERN. Mr. President, I ask unanimous consent that I may be permitted to proceed out of order, without prejudice to the position of the Senator from Virginia.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE UNFULFILLED PROMISE OF ARMS CONTROL

Mr. McGOVERN. Mr. President, a little more than a decade ago, the United States, Great Britain, and the Soviet Union made an agreement—the Limited Test Ban Treaty—bright with the promise that the fast-developing arms race could be brought under control.

That promise remains unfulfilled. It is not nearly so bright now as then. Unless we get serious soon, with specific, positive steps, the promise of 1963 may be shattered altogether.

In the past weeks, President Ford has been considering his foreign policy priorities and objectives. At the same time, the Committee on Foreign Relations has been conducting major hearings on U.S. relations with Communist countries.

These congressional and executive branch reviews could give impetus and direction to a reinvigorated quest for the Soviet Union limiting and reducing strategic arms.

The summit earlier this summer was almost destined to be unproductive and inconclusive. In the midst of its own domestic collapse, the Nixon administration failed to provide the solid, consistent guidance and support our SALT delegation needed to set the stage for solid agreement at the summit. This failure is partially explained by the inability of the executive branch leadership to develop coherent, unified executive branch policy on SALT. With interdepartmental squabbling continuing up to the time of the summit, it came as no surprise that we and the Russians could not reach agreement on strategic arms limitation.

The unfortunate nature of the summit has been underscored by the executive branch request to spend $42 million initially on an accelerated nuclear weapons testing program to develop new warheads before the proposed threshold test ban treaty negotiated at the summit is scheduled to go into effect on March 31, 1976.

The proposed threshold test ban—and our own proposal to accelerate testing—help push the Soviet Union to accelerated testing.

It is sad that the summit's most significant nuclear arms agreement should have the effect of spurring the two sides on.

At present, we have the form—but not the substance—of arms control. We must have both. We must stop allowing ourselves to be overwhelmed by those consumed with fears that the Soviets will beat us in negotiations. The record does not bear those doomsayers out. Instead, we must realize that the greatest danger is in the vast weapons programs we and the Russians will push if there is no agreement. Realizing that critical danger, we must begin work immediately to achieve comprehensive, equitable arms control agreements. We must make certain that the current meetings of our SALT delegations will move both sides toward the agreements we and the Russians need.

Failure to move now in a strong way to control the arms developments on both sides will lead inevitably to an arms spiral of staggering consequences.

One of the most dangerous aspects of the current strategic race is the proliferation of multiple independently targeted warheads—MIRV's. We have already developed and deployed these warheads on many of our submarines and land-based missiles. We are already working toward a second generation of these MIRV's.

The Russians have tested MIRV's and appear on the verge of deploying them. In the very near future, most strategists believe, it will be virtually impossible to control MIRV's.

This MIRV race is compounded by other major strategic programs on both sides.

The cost to us and the Russians if we do not abate the senseless strategic arms race will be a terrible burden. We will to $200 million each a decade ago with submarines costing about $1.5 billion. Bombers which cost less than $10 million each will be supplanted by bombers costing at least $76 million each.

The price of these and other programs will not be measured in dollars alone. It will also create a severe drain on our critical national resources and feed the catastrophic inflation we are all enduring. All of us have seen supermarket items with two or more price increases on the same can. Many of our citizens have thought they were making a decent living until they tried to buy a house. Unless we stop needless spending, we are all doomed to be trapped in a steadily worsening financial situation.

The International Institute for Strategic Studies in London, which has studied various rough measures of the Soviet military budget, believes that the equivalent dollar costs of Soviet resources devoted to defense may well be comparable to American spending and perhaps well above it.

Although strategic forces are not the major portion of the annual defense budget on either side, the cumulative costs of strategic programs when spread over the purchasing years are very high. Thus, the initial 10 boats of a new fleet of ballistic missile submarines will cost at least $15.4 billion. To buy a fleet of 244 B–1 bombers, according to recent Department of Defense estimates, will cost more than $18.6 billion.

Strategic costs will be sharply reduced if the United States and the Soviet Union could agree to limit or to cut out some of the projected programs. We have all seen how strategic bargaining chips, when thrown into the pot, serve merely to raise the ante. Both sides are at a point now at which new programs, designed partially to enhance the bargaining position of each side, have the potential of sharply increasing the spiraling arms cost—and to no avail.

The Secretary of Defense, James R. Schlesinger, has told the Committee on Foreign Relations that "neither side can acquire a high-confidence, first-strike capability." By this, the Secretary means the ability to strike the other side with such devastation that the countering blow, or second strike, can be survived socially, politically, economically, and militarily. The ABM Treaty of 1972, which guarantees the ability of retaliatory warheads to get through to their targets, has affirmed the impossibility of a first strike with confidence. Consequently, the quest by either side for the military superiority of a first-strike capability would be an absurdity.

Even if some later breakthrough were to make the development of a first-strike capability even remotely possible, that development would never come to pass simply because neither side will allow the other to get far enough ahead to exploit any breakthroughs. For political and military reasons, we and the Soviet Union are locked in this terrible race together. Neither side can or will allow the other side to outrun it in the nuclear race.

Already each side has much more than enough to destroy the other many times over. A continued arms race can only add overkill to overkill. Without one additional submarine, aircraft carrier, bomber, or missile, either side can now pulverize the entire world many times over.

The Department of Defense has estimated that, in an all-out exchange in the mid–1970's, in which the Soviet Union struck first and the United States retaliated against Soviet cities, there would be roughly 120 million fatalities on each side. If one assumes that three nuclear warheads more potent than the bomb that destroyed Hiroshima are enough to destroy any Soviet city, then about 4 percent of our strategic warheads would suffice to destroy the 100 largest Soviet cities. By the same theoretical calculation, 12 percent of the Soviet warhead arsenal could destroy our 100 largest cities. Of course, in a real exchange the amount of megatonnage each side could deliver on the other side would probably be much less. But there is no doubt that no matter what the other side might do, each side would be able to destroy the other many times over. In fact, each of our three strategic forces—the bombers, the land-based missiles, and the submarine-based missiles—is potent enough to overkill the Soviet Union many times over.

As incredible as these figures may be, they do not express the horror of nuclear war so clearly as did a judgment of the late Senator Richard Russell of the Senate Armed Services Committee. Senator Russell told us in 1962, "In my opinion, if nuclear war begins, it will be a war of extermination."

The SALT I agreement placed certain very useful quantitative constraints on strategic arms. However, qualitative improvements were left virtually uncontrolled. As a result, both we and the Russiens have been able to put our minds to developing all sorts of ways of trying to get an edge on each other. This year alone, the Department of Defense is asking—and will undoubtedly receive—funds to move toward a new, broader range of strategic weapons, including a submarine-launched cruise missile and terminally guided maneuvering reentry vehicle for the Navy, and, for the Air Force, a mobile intercontinental ballistic missile, an air-launched cruise missile, improved yield and accuracy for Minuteman, and an increased number of Minuteman reentry vehicles.

We have somehow been beset with the idea that SALT I weakened us. With this in mind, we appear now unwilling to extend ourselves to achieve a new agreement. I believe it can be demonstrated that SALT I was a good beginning toward greater safety. However, it was only that—a good beginning. Our strategic well-being hinges upon our ability to build upon the foundation that SALT I laid. If we fail to do so, that failure will be in ourselves and not in the foundation.

In 1972, when the United States and the Soviet Union concluded SALT I, the numerical balance in land-based missiles was going against us, and the Soviet Union was busily engaged in a submarine development program. SALT allowed every strategic program the United States was engaged in to continue. SALT also applied finite limits to active Soviet programs. It may be that the Soviet Union would have ceased the deployment of land-based missiles without an agreement, and the Russians may have been getting to the end of their submarine building program. However, we do not know what their strategic plans were in 1972. We do know that SALT I applied verifiable limits to these Soviet programs without hampering the United States.

At the time of SALT I, the two sides were relatively equal. It would be the height of self-delusionment for us to believe that it is the Russians alone who have a formidable arsenal and that the Russians are the sole driving force behind the weapons spiral which has followed SALT I.

Somehow, the idea that we are strategically inferior has gained wide currency and has served as justification for the push to new heights of strategic spending. If we think about what we have in our strategic arsenal, I believe we can see that our fear of strategic inferiority is self-defeating foolishness.

Indeed, Gen. Maxwell Taylor warned recently, in an article in Foreign Affairs Quarterly, against the dangers of exaggerated claims about American weakness.

Unless we state our justified confidence in our strategic forces, General Taylor contends that,

> We run the risk of talking ourselves into a sense of inferiority which can be almost as disastrous as the real thing. After all, both deterrence and security are largely states of mind.

The United States has a formidable force at its disposal now. Our land-based missile force includes 1,054 devastating missiles. A conversion program now underway will equip at least 550 of these missiles with three highly sophisticated warheads each. These warheads are of the type known as MIRV's. Our 450 remaining modern land-based missiles, the Minuteman 2, can each have a warhead of a less sophisticated type. This means that in a very short time our land-based Minuteman force will have over 2,000 warheads. We are now thinking of ways to make these warheads more powerful and more accurate.

There are more than 300 B-52s in our strategic inventory, and according to executive branch testimony, about 150 of these B-52's are on 15-minute alert. Each B-52 can carry as many as 24 nuclear weapons, although a more typical load would be four nuclear bombs carried internally and eight short-range attach missiles (SRAM's) for a total of 12 nuclear weapons per B-52.

Each of our 66 F-111 bombers can carry 6 SRAM's or 2 nuclear bombs internally and 4 SRAM's. Thus the total bomber force makes available nuclear weapons numbering nearly 4,000. At the time of SALT I, our bomber force was carrying 2,460 separate nuclear warheads.

The Polaris submarine force is being converted to carry Poseidon missiles. Most of the 31 submarines to be converted are already back on duty. When the process is completed in 1977, we will have 31 Poseidon submarines, each capable of carrying roughly 10 warheads on each of 16 missiles. This means each Poseidon submarine could have 160 separatedly targetable warheads for a total in excess of 5,000 separate warheads on but a portion of our submarine fleet. The remaining 10 Polaris submarines can carry an additional 480 separate warheads, until they are supplanted by the Trident submarines, which will leapfrog even the Poseidon in their potential for killing.

When SALT I was concluded in 1972, the United States had about three times as many warheads as the Russians. The Department of Defense estimates that the United States still has as of mid-1974, three times as many strategic warheads as the Soviet Union. According to current projections, the United States in 1977 will have at least 2½ times as many warheads as the Soviet Union. I can assure you on the basis of information available to the Senate that there is no question that the substantial U.S. advantage in warheads will continue well into the 1980's.

Let us consider what balancing advantages the Russians have. The Russians have about 1,600 land-based missiles versus our 1,054. The Russian missiles are also bigger, which means that the amount Russian missiles can carry is substantially greater than the payload of U.S. missiles. However, although the Russians have run tests on multiple warheads, they have not yet installed MIRV's on any of the missiles in their operational force. For this reason, their flexibility in targeting and the potential damage their missiles can inflict is not nearly so formidable as one might assume. Undoubtedly, however, the Russians will have MIRV's. If the arms race continues without the needed controls, the Russians could have a formidable number of MIRV's in the 1980's.

The Soviet submarine force is increasing and can be made larger than the U.S. submarine force if the Soviet Union decides to retire land-based missiles. Such a decision would make their total force less dangerous. The United States still has a qualitative edge in submarines, as well as in the missiles the submarines carry. This edge will be maintained for a number of years.

The disparity between bomber forces is substantially in our favor. We hear talk of a new Soviet bomber, the Backfire. Even if this new bomber is deployed in substantial numbers, it will have a very modest operational range and some analysts question whether it would be a significant threat against the United States. The present Soviet strategic bomber force is small. It includes fewer than one-third as many bombers as in the American inventory. Of the 140 Soviet bombers, only 40 have pure jet engines. The remainder are of a type we retired years ago.

Indeed, when the differing forces are compared in terms of equivalent megatonnage, which is a good rough measure of relative potency, the two sides are about even. However, some experts believe that equivalent megatonnage is only a good measure when one is talking about the ability to strike the other side's population center. Another measure is the ability to strike the other side's military forces. The United States is not behind on that score either. Secretary of Defense Schlesinger told the Committee on Foreign Relations:

> I think I would conclude that we now have greater operational counterforce capabilities than they have.

These strategic force comparisons do not take into account our forward-based systems, which when added to the nuclear systems of our NATO allies, are more than a match for the forward-based nuclear systems of the Soviet Union. Beyond that, our carriers are substantially more formidable than the most comparable Soviet system—the fleet of cruise missile bearing submarines—in terms of the ability to strike at the other side's home territory.

I believe these comparisons demonstrate that, in overall terms, the United States is not strategically inferior to the Soviet Union. Considering all aspects, I believe both sides are at rough parity.

Although there will be shifts in the period ahead, I believe the parity we now see can be maintained for a number of years, with no danger of some vast Soviet advantage developing.

However, there is little doubt that the Soviet Union can frighten us—just as we can frighten them—into strategic programs of little true value.

I am fully aware that—whatever the true nature of the strategic capabilities of the two sides—there is always the danger that perceptions of inferiority may spread among us or our Allies. The result of such a development would undoubtedly be a renewed quest for strategic arms in an atmosphere promoting panic, poor judgment, and waste.

We would all be better off if we spent far less time fearing and preparing for the worst and devoted our intelligence and energies to the pursuit of arms limitation and reduction.

The benefits would accrue not only to the superpowers. If we can show restraint and control of ourselves, our example may serve as a guide to others. This could be very important as we face very critical questions of nonproliferation. We are now—with the Soviet Union—prime examples of nonrestraint in nuclear weapons. If we are to ask anyone else to avoid the costly path toward possession of nuclear weapons, we must set a more prudent example.

We have just seen an example of what can happen in a world atmosphere approaching indifference to nuclear proliferation. India's channeling of scarce funds into a nuclear testing program constitutes nothing so much as a slap at her starving, impoverished people.

If we, and the Soviet Union, do not change our course, we will be opening the way to further proliferation—often at direct and measurable cost to people in need.

We must pursue every avenue of useful nuclear control open to us. We should seek strong, effective international safeguards on peaceful nuclear development. We should give new life and importance to the Nonproliferation Treaty at the review conference next year.

We should not be satisfied with the cosmetic accord signed in Moscow merely limiting underground nuclear tests. Instead, we should seek in earnest and at the earliest possible time a comprehensive test ban stopping underground nuclear testing.

We must understand among ourselves and impress upon the Soviet Union the utter futility of any quest of military superiority and the vital imperative of nuclear restraint and reduction. The Soviet Union must realize that arms control cannot be unilateral and must be mutual. Both sides must give in order to gain the benefits of strategic good sense.

ORDER OF BUSINESS

Mr. McGOVERN. Mr. President, I thank the Senator from Virginia for yielding me his place on the agenda this morning.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) is recognized for not to exceed 15 minutes.

FEDERAL SPENDING: SOME CREATURE COMFORTS

Mr. HARRY F. BYRD JR. Mr. President, today I want to offer to the Senate the eighth in my series of reports on wasteful or inappropriate Federal spending. I shall conclude the series tomorrow, the scheduled day for adjournment.

I believe it is important that we focus on the inappropriate use of tax funds in this time of devastating inflation.

Today, I want to report more fully on a subject I touched on in an earlier speech—the huge size of some of the research grants awarded by the National Science Foundation.

I mentioned earlier several six-figure grants for research, and reported that some of the top researchers on these projects were paid at annual rates of up to $45,000—higher than the compensation of Members of the Congress and all but the top officials of the executive branch of Government.

Today I want to list some projects sponsored by the Foundation whose cost is in the millions. Here is a partial list:

Two million six hundred thousand dollars to study the sex life of crabs.

Three million dollars for "Research in Biochemical Systematics, Emphasizing Higher Plants." I am advised that this study explores "the suspected hybridization between populations of two closely related species of American Junipers growing in the same habitat."

Two million dollars to explore the question, "How do we acquire the concepts with which we categorize objects and events?" One startling conclusion apparently already has been reached in this inquiry: "A person must attend to the stimulus objects, remember information about the objects, and utilize some strategy in order to solve the problem of what concept has been used to classify the objects." Perhaps the average citizen will bear this in mind when the "stimulus object" is his tax return.

One million seven hundred thousand dollars to study interactions between various members of the wildlife community. One important area of inquiry: "the acquisition of nutriment, and the converse, the avoidance of being fed upon."

These few examples will suffice as a characterization of some of the research projects funded by NSF. As I have said before in connection with discussions of such studies, I do not judge their value. Rather, I question the appropriateness of forcing the hard-pressed taxpayer to foot the big bill for them.

And it is a big bill.

Just the four projects I have listed today will cost a total of $9.3 million, which means that it will require the entire Federal tax payments of 6,000 American families to pay for them, at a rate of $1,536 per tax return, the average amount paid in taxes per family.

Out of just such expenditures is the huge annual deficit of the Federal Government created. And from that deficit comes the driving force behind the inflation that bedevils every American.

Mr. President, I want to mention also the expenditure for foreign aid. The current appropriation request has requests for appropriations for 100 different countries throughout the world.

It seems to me that in this time of financial crisis in the United States, it is inappropriate and fiscally irresponsible for the Congress to approve appropriations to give away tax funds to 100 countries throughout the world. Out of just such expenditures as I have enumerated this morning is the huge annual deficit the Federal Government created. From that deficit comes the driving force behind the inflation.

Mr. President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator has 10 minutes remaining.

EXPORT-IMPORT BANK ACT AMENDMENT—CONFERENCE REPORT

Mr. HARRY F. BYRD, JR. Mr. President, the conference report on the Export-Import Bank legislation presumably will come before the Senate today. I want to state that I shall oppose this conference report. I asked that the leadership protect the Senator from Virginia if he is not in the Chamber in regard to any unanimous-consent request dealing with any aspect of Export-Import Bank legislation. I am disturbed that the conferees eliminated the ceiling on the amount of credit that may be extended to the Soviet Union. Already credits in the amount of $469 million have been extended to Russia. Senate legislation would put a ceiling on additional credit and guarantees of $300 million.

The conferees eliminated that ceiling by adding a proviso that the President, if he deems it in the national interest, can lend to any extent beyond that $300 million figure that he sees fit.

Mr. President, I frankly just cannot understand why the State Department is determined that there be no ceiling on subsidized credit given to the Soviet Union. My understanding is that the State Department is lobbying day and night in an effort to eliminate the Senate ceiling, and it succeeded with the conferees. I think this is a matter to which the Senate must give careful attention.

We know that the United States has come out second best on its dealings with Russia. The so-called détente, with just cause, has been immensely popular with the Communist leaders in Russia, and well it should be. Russia bought American wheat in 1972 with American money. Russia borrowed the money at subsidized interest rates to purchase the wheat from the United States. We know that that cost the taxpayers hundreds of millions of dollars and we know it cost the consumers many more hundreds of millions of dollars.

I studied the settlement made by the State Department of the Russian lend-lease debt, which was $2.1 billion, the total debt. The State Department negotiators settled that debt at 3 cents on the dollar, plus another 24 cents provided Russia was given most-favored-nation treatment, and provided—and provided—Russia is given additional Export-Import Bank taxpayer-subsidized credits.

It is my intention when the conference report is called up today to speak at some length on this subject. I shall object to any unanimous-consent agreement in regard to it.

I think the time has come to give consideration to the American taxpayer.

I think the time has come to call a halt to the use of the huge borrowings of the Federal Government. The more the Federal Government goes into the money market, the higher the interest rates inevitably will become. The Export-Import Bank has to go out and borrow this money. It has been borrowing the money at a higher percentage, and then it turns that money over to Russia at a relatively low interest rate. We know what the wage earner has to pay for interest today. The wage earner, if he or she wants to borrow money for a home, an automobile, or what have you, pays an interest rate of 12 or 14 percent, or perhaps higher. Yet this money is turned over to Russia at an interest rate of around 6 or 7 percent.

I shall resist this legislation. I expect to talk at some length when it is called up today. I again ask the leadership to protect me if the Senator from Virginia happens not to be in the Chamber at the time the legislation is called up. I shall make every effort to be in the Chamber throughout the day, but if I am not here I hope my rights will be protected.

Mr. President, I yield back the remainder of my time.

ORDER OF BUSINESS

The PRESIDING OFFICER (Mr. ALLEN). At this time, in accordance with the previous order, the Chair recognizes the distinguished Senator from Iowa (Mr. CLARK) for not to exceed 15 minutes.

THE CURRENT OIL PRICE SITUATION

Mr. CLARK. Mr. President, the oil crisis is back in the headlines. In recent appearances before the United Nations, President Ford and Secretary Kissinger emphasized the serious consequences of continued high oil prices. It was a matter of serious concern at the economic summit meeting. And in the past few weeks a number of meetings in Washington and elsewhere have dramatized the renewed concern of the oil importing nations—rich and poor—over the seriousness of the situation.

A year ago, when the Organization of Petroleum Exporting Countries shut off their oil exports, we were worried that we would not have enough oil to keep our economy going, and our major concern was to get the OPEC nations to start selling us oil again. It is now clear that the reopening of the oil spigot by the Arab nations has not ended the crisis brought on by the actions taken in the past year by OPEC. It may now be worse than ever. Recent meetings of the International Monetary Fund, World Bank and others have made clear the concerns that, unless something is done to change the situation, the economies of their country and almost every other oil importing nation are in serious trouble. According to some observers, it will be as bad or worse than the Great Depression of the 1930's. The high oil prices currently being commanded by the OPEC nations threaten to bring about economic and political chaos throughout the world by creating serious inflationary pressures, by destroying what is left of the international monetary system, by creating serious recessions or depressions in the developed nations which import oil, and by absolutely devastating the economies of the developing nations.

The gravity of the situation must be understood by political leaders everywhere, because they all have a stake in what is happening. Inflation, recessions, depressions and the political, perhaps military, turmoil they bring will not be limited to a few nations. They will severely damage all nations, including those who currently control the world's oil production.

The immediate cause of this turmoil is the quadrupling of oil prices by the OPEC nations in recent years. This means that oil importing nations will spend $100 billion for foreign oil in 1974—5 times as much as they spent in 1972.

The most obvious and immediately painful domestic manifestation of this development is inflation and all that it implies. Higher oil prices have meant reduced real incomes for nearly everyone in the United States, with especially serious consequences for those with already low incomes. They have been a major factor in the 5 percent fall in real earnings for the average worker last year. Additionally, the impact of high oil prices continues to spread through the economy, since oil is used in the production or distribution of almost every component of gross national product. However, as serious as this is, it is only the beginning of the problem.

The high price of oil is also generating unemployment and recessions. Since the oil is being imported, raising its price has exactly the same effect on the level of economic activity as a tax increase. It causes unemployment by taking money out of the economy, in the same way a tax increase can cause unemployment.

High oil prices, therefore, have the double-barrelled effect of simultaneously causing inflation and unemployment. Coupled with the restrictive monetary and fiscal policy brought on by inflation, this should be sufficient to cause serious recessions in many countries. This dual impact of high oil prices was one of the major concerns expressed by many of the participants at the economic summit conference.

Prospects for the developing nations are even worse. They will spend $15 billion to import oil this year, versus only $5 billion in 1972. This $10 billion difference exceeds all the foreign aid received by these countries last year. Thus, the impact of higher prices is worse than if all their foreign aid had been cut off. If we add to that the unusually high cost of food, we can see the impending disaster. On top of these internal problems, there is the impact of higher oil prices on the international monetary system and on the world trade in general. We learned recently that our balance of payments ran a deficit of $2.74 billion in the second quarter of this year. Oil importing countries are now running an oil deficit of $100 billion annually, and the total deficit over the next decade may reach $1 trillion. How can this deficit be paid for? It seems impossible that exports can be increased enough to compensate for this. If the oil importing nations simply increase their exports to each other, it will have no effect at all on their net balance of payments deficit, but there is the danger that a trade war will be generated by each country's trying to save itself by itself. And the OPEC nations will not import enough from their oil customers to make much of a dent in this $100 billion.

The most obvious solution to this would appear to be lower oil prices, and there can be little disagreement that this would help. But how much, if any, reduction in the price of imported oil is it reasonable to expect? Even a drop of $2 or $3 a barrel, which may well be the most we can realistically hope for, will still result in a continued massive oil deficit or balance of trade deficit.

This is an extremely unstable situation. These huge deficits cannot continue indefinitely, but there is no guarantee that whatever changes do occur will result in a higher degree of economic stability or equity. To many people, worldwide economic and political chaos is inevitable, unless rapid and dramatic steps are taken to resolve these difficulties. There are, however, many responsible and well informed individuals who do not accept this forecast. They believe that, while the situation is serious, with many consequences, very unpleasant consequences, economic ruin is not likely. It is argued that the dislocations caused by high oil prices are so painful principally because they occurred so rapidly. If the increase had occurred gradually over a 10-year period, the world's economy would have adjusted to those changes without much difficulty. At least, many would so argue.

It will take a few years to adjust to the sudden increase, but the adjustment will be made, in large measure as a result of natural economic forces—the interaction of supply and demand. High oil prices will lower oil imports and consumption and provide great incentives for conservation, exploration for new oil, and the search for alternative sources of energy. It is impossible to do much in the short run, but over a period of several years, these adjustments will be made.

Proponents of this position point out that new sources of oil will soon be available. For example, by the end of this decade, the United Kingdom will not only be self-sufficient in oil, it will be a net exporter—as a result of production from its oil reserves in the North Sea. If the price of oil remains high, the United States may well become an exporter of oil within a decade. Therefore, continued high oil prices will result in great increases in oil production and, ultimately, lower oil prices.

The possibility of these developments has led the Organization for Economic Cooperation and Development to the conclusion that in the long run, the OPEC nations will be better off with oil prices lower than those currently in effect. This will reduce the amount of oil available in the long run. The most optimistic scenario then is that the OPEC nations will soon realize this and voluntarily reduce the price of oil substantially. The second most optimistic projection is that they will drop the price somewhat before too long and this, combined with the inevitable workings of supply and demand, will result in a reasonably stable resolution to the current dilemma within a few years.

Any judgment concerning the appropriate policy for the United States with respect to the oil situation depends in part upon judgments concerning the reasonableness of the above argument. But some policies seem appropriate regardless of these judgments—that is, they are appropriate as measures either to avoid a crisis or to facilitate the adjustments to a temporarily unpleasant situation. Before proceeding to a discussion of such policies, however, there is another aspect of recent development which should be considered.

A strong argument can be made that the oil price increases are justified, that they represent a step toward greater equity in this. Some argue that oil prices have lagged behind other prices. But, oil prices have risen more in the last 2 years than most other prices have in 2 decades. Nevertheless, it is difficult to judge the appropriateness of relative price increases of different products. They generally reflect differences in relative costs, and the cost of producing oil has not risen substantially in the OPEC nations.

It has been argued that, regardless of production costs, high oil prices are justified on the basis of the relative economics of the rich and the poor nations. It can be argued that any serious consideration of the framers of the distribution of the world's income leads to the conclusion that we should not seek lower oil prices. However, it must be remembered that this is not just a matter of rich oil importing nations versus poor oil exporting nations. The countries which have been hurt the most by high oil prices are the poor nations which must import their oil and oil-related products such as fertilizer. Therefore, although it may be true that the relative incomes of the OPEC nations and the advanced industrialized nations are more equitable as a result of high oil prices, it is difficult to find any moral justification for what they have meant to most of the developing nations.

In general, monopoly pricing has two adverse effects. It distorts resource allocations, and that is happening in oil. The high price is causing many resources to be devoted to higher cost sources of oil and other energy. It also usually works hardships on the poor. High oil prices have this effect, not just the poorer citizens in affluent nations but especially the poor in the poorest nations. On balance, therefore, I find it difficult to accept the argument that high oil prices are economically and morally justified and that no efforts should be made to lower them.

As stated earlier, judgments concerning the proper policies for the governments of the United States and other oil importing nations depend to some extent on judgments concerning the seriousness of the problem and the fairness of existing oil prices. Nevertheless, there is a set of actions which seems appropriate regardless of the latter judgments. They will help the transition to a more stable world economy even if such a transition is already in the cards. And these policies are consistent with what I believe most people would consider to be a more equitable economic situation than currently exists.

The most important principle to be followed in setting these policies is cooperation among the oil importing nations—rich and poor. The temptation for each nation to go its own way is substantial. Unilateral action to arrange a special deal, to get a guaranteed oil supply, or a guaranteed price has a great deal of appeal as a shortrun solution. But in the longer run, it is not in the interest of any oil importing nation. Cooperation will achieve much more than independent action—both to achieve lower prices and to minimize the effects of high oil prices.

There seems to be a general agreement that a united bargaining front is necessary to negotiate a lower oil price with the OPEC nations. Recent meetings of representatives of the United States, United Kingdom, France, West Germany, and Japan have discussed ways of combatting the cartel tactics of the oil producers—fuel conservation, sharing of supplies, establishing an oil reserve, retailatory price increases, and changes in the international banking system. Several weeks ago, the major oil consuming nations announced agreement in principle on an oil sharing and conservation plan. It appears that these nations now realize the necessity for joint efforts to deal with the oil crisis.

The most obvious purpose of these efforts is to attempt to achieve a lowering of oil prices. There are those who argue that oil prices will fall eventually because all cartels, eventually collapse. This is almost certainly true, but we cannot afford to wait for this to happen. A concerted effort to lower prices is essential but how can this be accomplished and what should be done in the interim to minimize the damage done by high oil prices? The answers to these two questions are closely related. A sound program of cooperation among the importing nations to minimize the effects of high oil prices would make it easier to bring about lower oil prices and should perhaps be the first order of business. The oil cartel will be much more likely to lower its prices when it sees that we are united in many ways—not just in seeking lower oil prices.

We are all facing the combined threat of recession and intensified inflation. All the nations involved must realize that they cannot isolate themselves from this worldwide development. No nation can save itself by adopting traditional protectionist devices in an effort to export its own inflation and unemployment. This realization should be the foundation of a cooperative monetary and fiscal policy of the importing nations.

The inflation generated by high oil prices has intensified the pressure to control inflation here and abroad. Most governments know only one way to do this—by reducing spending, raising taxes, and curtailing expansion of the money supply. They simply try to slow down the economy in hopes of slowing down inflation as well. Unfortunately, this also means recession and unemployment.

This course of action is never pleasant and governments usually do all they can to avoid it. However, in the current situation the fact that so much money is leaving the country to pay for oil makes such a policy exceptionally painful. As mentioned earlier, the higher oil prices are already affecting the unemployment rate in the same way a tax increase does.

This fiscal policy of the United States had become restrictive even without the belt tightening currently underway. It was quite expansionary in 1972, but has become increasingly restrictive in 1973 and 1974. When this is combined with the extremely tight monetary policy of the Federal Reserve and the restrictive effects of high oil prices, the outlook for our economy is stagnation or worse. If all the other oil importing countries follow similar policies, a worldwide recession or possibly even a depression seems probable.

It should be possible at least for the major oil importing nations to agree upon a set of guidelines for monetary and fiscal policies which each of them would follow. The most serious problem to be considered in establishing these guidelines is the huge amount of savings being generated by the OPEC nations. If this is not reinvested by them or if an equal amount of spending is not introduced by other governments, serious unemployment is inevitable. The need for such governmental action is now a well established principle of domestic economic policy. It now needs to be applied at the international level.

In the current situation, a completely satisfactory solution to this is probably impossible. However, if there is not some international agreement on the appropriate degree of monetary and fiscal restraint, the results will be worse than necessary.

A mutually acceptable set of monetary and fiscal policies will help assure the stability of the international monetary system and help to recycle the money received by the OPEC nations. There has already been a significant amount of cooperation in this area, but this will continue only as long as it is obvious that the system is reasonably equitable to everyone involved and something is done to recycle the oil money. The development of the floating rate system currently in use involved a great deal of cooperation and mutual trust. A set of guidelines for the current managed float has been established, and it has worked reasonably well so far. It is essential to worldwide economic stability that this system continue to operate.

The most serious problem in this respect involves the recycling of the oil money. Most of the OPEC nations are unable or unwilling to spend all of their increased revenues, either at home or abroad. Currently, a high percentage of it is in short-term securities or deposits in a few banks in a few industrialized countries, because of the financial conservatism of these governments and because of high short-term interest rates. Banks are unwilling to lend these funds because they can be withdrawn rapidly if the OPEC nations desire. Financial institutions are also reluctant to channel this money into the developing nations which need it so badly, because of the riskiness of such investments.

One of the most serious problems, therefore, is how to channel funds which are in short-term securities in industrialized countries into long-term investments in developing countries. A partial solution is to effect a shift in the interest rate structures, decreasing short-term rates and increasing long-term rates. This would help get money into long-term securities, but it would not persuade anyone to take the risk of investing in the developing nations. One possible answer is for the governments of the developed nations to underwrite this effort, to guarantee part of the investment in projects so desperately needed in so many countries.

Something must be done to get this money back into circulation. It currently poses a serious threat to international financial stability and it virtually guarantees recession or worse in many countries. Cooperative efforts through the International Monetary Fund and by the developed nations are necessary to resolve this issue.

The American dollar is in a rather unique position today. Despite our huge balance of trade deficit, the dollar is relatively strong compared to other currencies, since so much of the oil money is in American securities. It has been suggested that this is the time for us to attempt to increase imports as much as possible, both to help the balance-of-payments deficits other countries are running and to help fight domestic inflation. This proposal may well be worth further consideration as a cooperative effort to recycle the oil money.

Simply maintaining the status quo in world trade and international finance will be difficult. We will probably move forward to increased cooperation, a sounder international monetary system and more world trade, or backward into distrust, a wrecked international monetary system and sharply reduced trade. The pressures for policies which will lead to the latter are intense. There are pressures to oppose trade expansion on the grounds that exports create inflation, but efforts to cure inflation and unemployment by trade restriction are self defeating. They eventually lead to more of both. Thus, it is essential that the Senate pass a good trade reform bill this year. Expanded trade will help to reduce inflation and unemployment, and thus lessen the impact of high oil prices. By strengthening the economic bonds between the oil importing nations, it will strengthen their hand in seeking lower oil prices.

There is a great deal of pressure in this country to impose export controls, especially on feed grains due to the anticipated low harvest caused by the drought and early freeze and President Ford has recently moved to cancel some grain shipments. Presumably such controls would help keep down the price of food in this country. However, a decrease in food exports would hurt our balance of payments and thus lead to devaluation of the dollar. This in turn would lead to increased exports of other goods and higher import prices. In general, the reduction in food prices would be offset by higher prices for other goods. Export controls would have another adverse effect. By denying food to our trading partners, we would certainly reduce the solidarity that is needed in the other areas I have mentioned in these remarks. Unilaterally imposed export controls would do little to strengthen our hand in bargaining for lower oil prices.

On the other hand, it may be that we should not completely rule out export controls. Extremely high grain prices might be more damaging to our trading partners than some limitation on exports. It may be that a mutually agreed upon set of prices and quotas would be preferable. However, these should be mutually agreed upon, and not unilaterally imposed. My purpose here is not to argue for export controls, but to point out that the current grain shortage may well provide the opportunity and need for additional cooperation among nations.

I was very encouraged to hear of President Ford's commitment to an international grain reserve in his speech before the United Nations. Such a reserve is a necessary part of any long-run solution to food shortages and the hardships caused to both farmers and consumers by severe fluctuation in food prices. The questions of what to do about this year's grain shortage and worldwide hunger must be examined in the context of this commitment to an international grain reserve. To the extent that we can minimize the problems of the world food shortage through cooperation, we will be stronger in bargaining for lower oil prices.

In addition to the compelling humanitarian reasons for such a reserve, there are also very practical ones, including its impact on other nations with control over other basic commodities. There is a very real possibility that these nations will try to form their own cartels and jack up the prices of these commodities. In fact, it is already happening with some products such as bauxite. Our commitment on grain reserves should lessen this threat and thus avoid the need for a "Project Independence" in each of these commodities.

There are a number of very specific oil-related measures on which the oil-importing nations must cooperate. Perhaps they all fall under the general heading of Project Independence—a project which is much more likely to succeed if it is an international, rather than a national effort. The United States has the potential to supply itself with all the oil it needs, but this is of little comfort to other oil-importing nations unless they are assured some of it. The establishment of an international oil reserve is clearly one way to provide such assurance and to provide protection against any future embargoes on oil efforts. Clearly, an oil reserve should be a high priority item. Along with this should be some agreement on limiting oil imports. France has already set such a limit. If all the major oil importers did so, it would not only ease many of the pressures caused by high oil prices, but might well be a significant factor in bringing about lower prices.

An international oil conservation effort is essential. Each nation should try to do what it can by itself, but cooperation is equally desirable. Conservation requires sacrifice and sacrifice is easier when everybody is involved. Since energy conservation may very well mean a lower rate of economic growth, some international agreement on this is necessary. If a few nations fail to conserve energy and grow more rapidly than those who do, the unity of the oil importing nations will undoubtedly suffer.

If Project Independence is to be successful, attention must be given to the possibility of establishing a minimum oil price. Before any country makes an all-out commitment to developing new sources of oil and other forms of energy, it must have a reasonable prospect of a decent return on its investment. As long as there is much chance that the price of oil will fall to $3 or $4 a barrel someday, it makes little sense to invest in a project which will produce oil costing $5 or $6 a barrel. However, such a situation exists today. Arab oil costs only a few cents a barrel to produce, and the price of oil may well be lowered substantially if other nations seem likely to increase their own oil production. The very existence of this possibility makes it less likely that expensive new sources of oil will be developed.

There has been some talk of establishing a floor on the price of oil in the United States to protect and encourage domestic production. Once again, this must be more than unilateral policy. Only if the major oil importing nations agree on such a floor is it likely to have much effect. An agreement on this will be extremely difficult to achieve, and it raises a variety of questions concerning equity. Nevertheless, it is an issue which should be carefully explored. If an agreement can be reached, it should certainly be easier to negotiate lower prices with OPEC.

I have spent some time now outlining a number of areas in which cooperation among oil importing nations may be desirable: monetary and fiscal policy, trade, international monetary system, recycling oil money, restructuring interest rates, oil reserve, grain reserve, energy conservation, limitations on oil imports, a floor on the price of oil, and Project Independence in general. Cooperation in these matters can help the adjustment to higher oil prices as well as increase the probability that oil prices will be lowered. These cooperative efforts must include the developing nations—for reasons of humanitarianism, to help strengthen our bargaining position with OPEC nations and to forestall the development of cartels among other nations producing scarce commodities.

The posture of the United States with respect to the OPEC nations has received much attention. The Ford and Kissinger speeches before the United Nations several weeks ago have been both praised and denounced as "getting tough", "hard line" or even "sabre rattling". There has been some debate concerning whether a tough or a cooperative stance toward the OPEC nations is appropriate.

However, such debate is relatively meaningless unless there are specific "tough" or "cooperative" steps which we can reasonably be expected to take. There are more important criteria for establishing our policies than trying to insure that they can be properly described by one of these labels. The most important step is to establish the credibility and determination of the United States and other oil importers to do whatever is necessary and feasible. We must have a coherent policy and the will to carry it out. We must know our own mind and make sure the other countries know it as well.

In the course of these remarks, a number of suggestions for our posture vis a vis the OPEC nations have been advanced. Meaningful import quotas, serious efforts at conservation, a price floor on oil, establishment of a system of oil reserves and unity among the oil importing nations would provide substantial evidence of our determination to restore economic stability to the world. These and similar measures would establish a more believable "hard line" than all the bluster in the world about the possibility of military action. The threat of military action is, among other things, simply not credible. Quotas, conservation, and so forth, are feasible but we are still far from establishing credibility on these matters. We must take the leadership in doing so. The Government of the most powerful economy in the world, the Government of the United States, has both the responsibility and the ability to take the initiative in these efforts—efforts which will ease the adjustment to high oil prices and which constitute the most credible hard line for the purpose of bargaining for lower prices.

At the same time that this posture is being adapted, we should realize that ultimately there has to be cooperation between the oil importing and exporting nations. The revenues received by the OPEC nations must be recycled and successful. Recycling will require action by both oil importing and oil exporting nations. Since it is obviously in the interests of all involved, it should be possible to reach an agreement on a method for doing so. This, in turn, will necessarily involve some understanding on price levels and price changes.

The problems brought on by high oil prices will not be resolved until this occurs. Therefore, in the long run, it is not only essential to have cooperation among the oil importing nations, but between the importing and exporting nations as well. Only then will the problems caused by high oil prices be truly resolved.

There is a great deal of work to be done by Congress and the administration in establishing policies for dealing with the world oil crisis. Even those who still do not want to call it a crisis must realize that action to ease the burdens of high oil prices is necessary now.

We must resolve to solve this problem through cooperation on a variety of matters. And we must make it clear to the OPEC nations that we are serious about coming to grips with the tough issues involved. Only when the spirit of international cooperation and our determination to do what must be done are well established will we see much progress.

Mr. President, I yield back the remainder of my time.

ORDER OF BUSINESS

The PRESIDING OFFICER. At this time, according to the previous order, the Chair recognizes the distinguished Senator from Missouri (Mr. EAGLETON) for not to exceed 15 minutes.

Mr. EAGLETON. I thank the President.

THE PRICE OF PROPANE

Mr. EAGLETON. Mr. President, the Federal Energy Administration is now actively considering a regulation to allow an immediate 3- to 5-cents-per-gallon increase in the price of propane.

I am strenuously opposed to any such increase. In my opinion, the price of propane is already too high and if anything it should be rolled back.

Millions of Americans, many of them elderly and on low incomes, depend on this fuel to heat their homes and cook their meals. There is serious concern today about how some of these people will be able to get through the winter. To inflict yet another price increase on top of the 200 to 300 percent increases last year would be a cruel and crushing blow.

Perhaps the worst thing about this proposal is that it will not accomplish its announced purposes.

The Federal Energy Administration argues that a price increase is necessary to head off a supply shortage this winter and it assumes that higher prices will stimulate greater production. But let us look at what happened last year when propane prices were allowed to double.

Did those price increases stimulate greater production? Not according to the Bureau of Mines, which reports that 1973 production, 447 million barrels, was virtually unchanged from the 1972 output, 444 million barrels. The only thing that expanded that year were the earnings of producers who saw their income grow from $850 million to $1.2 billion.

There is good reason why traditional laws of supply and demand do not operate in the case of propane as they might with other products. Fully 70 percent of the propane produced in this country comes as a side product of natural gas drillings. The number of drillings we have in any given year is determined by the price for the major product, natural gas, not the price established for one of its relatively minor byproducts. The FEA proposal is truly trying to wag a dog by its tail.

There is one other point that should be made in this connection. Even if the FEA were correct in believing a price increase would induce new production, there would be no justification for allowing the price increase to apply to propane gas already produced and now being held in inventory. Those inventories as of May 31, 1974, were at one of the highest levels in recent history, some 68 million barrels as compared to 44 million barrels last year.

To permit higher prices to be charged for propane being held in storage would be to reward the many "brokers" active in this field and responsible for many of the price and supply problems the country has experienced.

A second, and in my opinion, the major purpose for these proposed increases is to discourage consumption of propane, especially by new users. The Federal Energy Administration's own statement makes this clear:

> If prices for propane are too low in relation to prices of other fuels, particularly fuels derived exclusively from crude oil, excessive demand for propane would very likely result, especially from segments of the market which had not been previously using propane.

Now, this may make fine theory, but it will make for a very cold winter for those who must live with the policy. For many families using propane, the choice is already a desperate one—between adequately heating their homes or adequately feeding their children.

By far the greatest use made of propane is for residential heating and cooking. My own State of Missouri is the No. 1 user of propane for those purposes in the Nation.

While it may be possible for individuals to forego a vacation trip or to carpool in response to an increase in gasoline prices, those are not options open to propane users. A warm home and a decent meal are not things one can or should be asked to do without.

The FEA is kidding itself if it believes that the effect of a price increase would be to discourage new users from coming into the market. Those new users, in large part, are industries and corporations, some of whom use propane as feedstock in the manufacture of their products. No 5 cents per gallon increase is going to dissuade a corporation from obtaining a material it needs and wants, such as propane.

The people who will be discouraged from using propane will not be these big corporations, but the rural family or elderly couple or those living in mobile homes, who depend on it for basic needs. They will be discouraged, because 5 cents more per gallon is more than they can pay. The effect, then, of this proposed price increase, it seems to me, will be to make available greater share of the propane supply to the large corporations who will be the only ones able to afford it.

There is another way and a more humane way to control demand for this vital commodity and that is through the allocation program which the FEA administers. It can be used to prevent new users from entering the market in the same way that FEA used its allocation authority to prevent large quantities of propane from being used to produce synthetic natural gas. There is no reason the FEA cannot take similar actions to prevent new industrial and commercial users coming into the propane market to take advantage of its relatively low price.

I found it interesting that the FEA statement would compare this proposed price increase to the recent increase allowed in the price of old oil. In a study of that oil price increase, the General Accounting Office concluded it had done nothing to increase production, but had done a great deal to increase major oil company profits.

In summary, I do not believe we can afford to burden the American consumer with yet another increase in the price of propane. Nor do I believe that such an increase would materially affect production. I urge the Senate to go on record calling for this regulation to be withdrawn.

Mr. President, pending on the calendar is Senate Resolution 424 introduced by me, along with 23 cosponsors. This resolution deals with the propane price problem we are facing. I am hopeful that, before Congress recesses, we can have this resolution debated and voted on.

Mr. President, I ask unanimous consent that Senate Resolution 424 be printed in the Record at this point.

There being no objection, the resolution (S. Res. 424) ordered to be printed in the Record, as follows:

S. Res. 424

Whereas, the Federal Energy Administration has proposed a change in its price regulations (Federal Register, Sept. 10, 1974) to permit an immediate 3 to 5 cent-per-gallon increase in the price of propane gas and other natural gas liquids;

Whereas, the proposed increase is not related to any specific production cost increase but is intended rather as an incentive for greater production and to discourage new industrial and commercial users from entering the market;

Whereas, the proposed increase is unlikely to acheve the intended production effect because 70% of all propane produced is a side product of natural gas drillings and the production of propane cannot be significantly influenced independent of natural gas;

Whereas, the price of propane gas received by producers increased by 35% in 1973 over the previous year while production increased by less than one percent;

Whereas, there is no justification at all for allowing the increase to apply to propane already produced and in inventory;

Whereas, an increase at this time could seriously burden millions of American families who depend upon propane for home heating and cooking;

Whereas, an increase in the price of propane gas is more likely to penalize traditional home and farm users than to discourage new industrial and commercial users;

Whereas, the Federal Energy Administration could more effectively restrict new uses of propane through its allocation authority than through an inflationary price increase; and

Whereas, propane gas is widely used in drying of grains and an increase in the price of propane gas would reflect itself in even higher grain and food prices;

Resolved, That it is the sense of the Senate that the Federal Energy Administration should withdraw its proposed price regulation change and maintain propane gas prices at or below the level established by existing regulation.

Mr. EAGLETON. Finally, Mr. President, I ask unanimous consent that a statement by the Senator from Alabama (Mr. Sparkman) in support of Senate Resolution 424 be printed in the Record.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Statement by Mr. Sparkman

I support the Resolution offered by my distinguished colleague from Missouri opposing the proposal by the Federal Energy Administration to increase the price of propane gas by three to five cents per gallon. The Resolution states that the proposed increase is not related to any specific production cost increase, but is intended rather as an incentive for greater production and to discourage new industrial and commercial users.

Propane is an important fuel source. Nearly fifty percent of all propane is used for residential purposes and most of this use takes place in rural areas. Furthermore, many customers of propane are on fixed incomes and are vulnerable to changes in prices. Thus, continued supplies of low cost propane are most important.

Unfortunately, ample supplies of propane at reasonable prices were not available last year. Many residents of the state of Alabama were saved only because of a mild winter. We can not be assured of having the same good fortune this winter.

The Congress has undertaken measures to insure that excessive price increases do not occur again. In the Federal Energy Administration Act of 1974 (P.L. 93–275) the Congress instructed the Administrator of FEA to authorize price increases for propane over May 15, 1973 levels only if "those costs are directly related to the production of propane. . ." The legislative intent of the Act is clear: Congress wants to end exorbitant prices for propane. We must not let an effort to curtail industrial use of propane trample over the needs of rural consumers. The public health and safety clearly relies on the continued supply of propane in adequate quantity and at reasonable prices. I believe this is the clear intent of the Congress and should be so expressed in passage of this Resolution.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. EAGLETON. I am pleased to yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. I just came into the Chamber and heard our distinguished colleague from Missouri speaking on his resolution relating to the price of propane.

First, I commend him for his leadership.

Second, I am pleased to be a cosponsor of his resolution, and I hope that we can get some action.

Propane is a fuel that is used widely, particularly in rural America. It is used widely in agricultural production, for the drying, for example, of corn.

When the crop report comes out today, and I have had a little indication of what it will be, it will show that we will need propane, and plenty of it, because in many parts of the corn belt we have had freezes, heavy moisture, and then a freeze, and all of this requires a great deal of use of natural gas and propane.

Also, many of the homes in rural communities and small towns are heated by propane. Last year we had a price explosion in propane that was unbelievable.

So I commend the Senator, and I join with him in hoping that we can get some action on this resolution as promptly as possible, if possible before we get out of here, because this is needed as a matter of sheer equity in many sections of the country. So I join the Senator in urging prompt action.

Mr. EAGLETON. I thank the distinguished Senator from Minnesota for his excellent comments. I am pleased to have him as a cosponsor of Senate Resolution 424. There is no one in this body who is more familiar with the problems faced by rural America, and no one more expert in the problems of agriculture, than the distinguished Senator from Minnesota. He has made an excellent contribution to the discussion by pointing out the urgent necessity for abundant supplies of propane at reasonable cost to the farmers, so that they can dry their crops.

I do not have the advantage of knowing what may be in the crop report, but I take the word of the Senator from Minnesota that we are going to need lots of propane this winter, that the farmers will particularly need it and need it at reasonable prices. Moreover, Mr. President, whatever price the farmers pay for propane, we all pay it in the end.

Mr. HUMPHREY. Of course.

Mr. EAGLETON. If the farmer has to pay more for fertilizer, for propane, for diesel fuel, and for everything he buys, he has to try to pass those price increases on to the ultimate consumer. So this is not just a little remote discussion about rural Minnesota or rural Missouri. It is important to rural Minnesota and rural Missouri, but it has ramifications that are truly nationwide in scope. We are all involved in this propane problem together; it affects all of us.

So I, too, share the desire of the distinguished Senator from Minnesota that this resolution can be debated, discussed, and hopefully voted upon before we recess.

Mr. HUMPHREY. Will the Senator yield further?

Mr. EAGLETON. I yield.

Mr. HUMPHREY. Last year we found, for example, when propane prices were way up, that the companies had actually stored substantial amounts of it, and had a surplus of propane. In other words, there was an economic ripoff. Thus, as a result of hearings before the Consumer Protection Subcommittee of the Joint Economic Committee, we were able to get a reduction in the propane price, though it is still not down where it ought to be. There needs to be constant pressure here before Congress to see that this propane price structure is equitable.

Mr. METZENBAUM. Mr. President, will the Senator yield?

Mr. EAGLETON. I would like to respond first to the Senator from Minnesota.

The Senator is eminently correct. Earlier in my remarks, I pointed out that as of May 31 of this year, the inventory of propane was the highest in our Nation's history, 68 million barrels. If this 3- to 5-cent increase goes into effect, all the brokers holding that inventory will make an immediate overkill profit on the inventory they have been holding. So the Senator makes a very telling point.

Mr. HUMPHREY. Absolutely; it is an economic ripoff unless we put a stop to it.

One would think the Federal Energy Agency, the Federal Power Commission, or some of those bodies would step in to protect the consumer interest. The Senator from Missouri is protecting that consumer interest, and Congress has got to do it; otherwise, again it is windfall profits at a time when we are supposed to have sacrifices.

Mr. EAGLETON. Precisely. I am now pleased to yield to the distinguished Senator from Ohio.

Mr. METZENBAUM. Mr. President, I commend the distinguished Senator from Minnesota, as well as the Senator from Missouri, for their remarks in connection with the matter of propane price increases. I would like to be added as a cosponsor of the resolution of the distinguished Senator from Missouri.

I think what the resolution does is highlight the problem. The people of Ohio are having problems with respect to the price of propane gas, but beyond that, the resolution does something additional. It addresses itself to the failure of the Federal Energy Administration to attempt to resolve any of the problems of soaring prices for petroleum products except by passing on a price increase to the American consumer. Whether it has to do with transfer pricing, double dipping, propane price increases, or deregulation of gas, with no exception, in every single instance, the Federal Energy Administration has only one solution that it knows, and that is to charge the American consumer more, and somehow that will solve the problem.

I commend the distinguished Senator from Missouri for sponsoring this resolution, and am pleased to join him in supporting it.

Mr. EAGLETON. I thank the distinguished Senator from Ohio. I think he has summed up the policy of the Federal Energy Administration very cogently. They have but one policy, as the Senator points out. If there is any problem or difficulty, they believe that the solution is high, higher, and highest prices to the consumer.

Their answer to everything is to price everything up, raising prices out of reach for the average consumer. I bet that Mr. Simon will once again resurface that horrendous proposal to impose a 10-, 20-, or 30-cent excise tax on gasoline. Mr. Simon is now Secretary of the Treasury, but he still has a little influence in his former body. He would like 80-cent gasoline, and God knows what prices for propane and heating oil—prices too high for average consumers. That is what some people call the Simple Simon solution.

Mr. METZENBAUM. I concur. Of course, the problem of the FEA is probably understandable, as to the kind of solutions that they come up with, because almost without exception, all the leadership of that agency comes from the petroleum industry. Just yesterday, I pointed out my opposition to Mr. Melvin Conant, a former Exxon executive, who received $90,000 on a totally discretionary basis when he joined the Federal Energy Administration.

The first two appointments Mr. Conant made as his assistants, one came from Mobil Oil and the other from Aramco. It is not possible to expect the American people to be protected adequately when Mr. Sawhill has for his staff throughout that entire agency people who come from the petroleum industry, rather than people with a consumer interest.

I think it is high time either that Mr. Sawhill himself return to private industry, or that he go through that agency and eliminate all the people from the petroleum industry who are making policy in this area.

Mr. EAGLETON. I could not agree more. I know that the Senator from Ohio has used the expression "fox guarding the chicken coop." If the people in the Federal Energy Agency are all former executives of big oil, how in God's name are they going to protect the American consumer insofar as prices are concerned?

Mr. McGEE. Mr. President, I would like to state my support for the sense of the Senate resolution proposed by the distinguished Senator from Missouri (Mr. EAGLETON) and which I have joined in sponsoring. An increase in propane prices, in my view, would not discourage new industrial and commercial users of this fuel. Rather, it would place yet another financial burden on household and farm users. In my State of Wyoming propane prices are already at such a level that low- and fixed-income families are suffering serious hardship. There is no guarantee that an increase in propane prices will stimulate new exploration and production. Prices have doubled on the average in the past year and the farm and household consumer were hit the hardest. Yet the production of this fuel actually declined during this same period.

An increase in propane prices passed on to the consumer will not curb farm and household use. This fuel is vital to the physical well-being of these consumers. The demand for propane, if anything, will rise depending on the severity of the winter and crop-drying conditions. The Federal Energy Administration is following a most unwise course. It should concentrate on limiting commercial and industrial use of this fuel rather than attempting to place further economic burdens on American families.

Mr. President, this proposed price increase represents yet another hidden tax that is being placed on the average American. The regulatory functions of the Federal Energy Administration should be fully utilized to resolve the supply-demand and price of fuels. Yet FEA seems reluctant to do this. It seems that every time sacrifices are required on the energy front the average taxpayer has to make the sacrifice. It is time that the Senate put the Federal Energy Administration on notice that it will not permit these policies to continue. In this regard, I strongly urge the adoption of the resolution introduced by Senator EAGLETON.

The PRESIDING OFFICER (Mr. HUGHES). Under the previous order, the senior Senator from Missouri (Mr. SYMINGTON) is recognized.

Mr. ROBERT C. BYRD. Mr. President, does the junior Senator from Missouri wish any additional time?

Mr. EAGLETON. I thank the assistant majority leader. I have finished.

Mr. ROBERT C. BYRD. Does the Senator know whether his colleague wishes to retain his time?

Mr. EAGLETON. I do not know. May I be recognized to suggest the absence of a quorum?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time of the senior Senator from Missouri (Mr. SYMINGTON) be allocated to his junior colleague.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, before suggesting the absence of a quorum, I ask unanimous consent that the name of the distinguished Senator from Ohio (Mr. METZENBAUM) and the distinguished Senator from Mississippi (Mr. STENNIS) be added as cosponsors of Senate Resolution 424.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, I yield back the remainder of Mr. SYMINGTON's time.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. HUGHES). Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senator RIBICOFF may present a conference report and I ask unanimous consent that there be a 5-minute time limitation thereon, to be divided between Mr. RIBICOFF and Mr. PERCY.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION ACT—CONFERENCE REPORT

Mr. RIBICOFF. Mr. President, I submit a report of the committee of conference on H.R. 11510, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Hughes). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of October 8, 1974, at p. 34429.)

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the following staff members be granted the privilege of the floor during the consideration of the conference report: Richard Wegman, Paul Leventhal, Matthew Schneider, Winslow Turner, Robert Vastine, and John Pearson.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, the conferees have reconciled all differences between the legislation of the two Houses creating a new Energy Research and Development Administration—ERDA—and a new Nuclear Regulatory Commission—NRC. I strongly urge the Senate to agree to the conference report.

The Energy Reorganization Act of 1974 sets in motion the Nation's $20 billion, 10-year search for energy self-sufficiency, as well as a new drive to insure the safe operation and physical protection of the Nation's civilian nuclear reactor program, which will grow from $25 billion to $1 trillion by the turn of the century.

This is the most important piece of energy legislation to come out of Congress because it establishes the organizations needed to end our dependence on foreign oil and to protect us from the inherent and irreversible dangers of nuclear power. Without it, we would have been headed for an uncertain, indeed menacing, rendevous with the 21st century. With it, we and future generations of Americans can look forward to new sources of energy, including new nuclear reactors that will be closely scrutinized for safety and safeguards.

I can think of no clearer way to demonstrate our resolve to act on President Ford's appeal yesterday for reducing our dependence on foreign oil and for reducing current fuel consumption than passage of this act. Project Independence is given a major boost by this legislation both in promoting the development of all possible sources of energy and in promoting the most efficient use of existing and future energy sources.

Under the act, ERDA will conduct the Nation's greatest technological effort since the moon-landing program, with simultaneous undertakings in nuclear fission and fusion, in coal gasification and liquifaction, in improved production and utliization of oil, gas, and coal, and in such renewable energy sources as solar, geothermal, wind, tidal, and ocean current power.

The new Nuclear Regulatory Commission, will have broader licensing and regulatory functions than those now exercised by the Atomic Energy Commission. For the first time, there will be a separate safeguards unit to supervise the licensing of nuclear fuel facilities and to protect weapons-grade materials from theft. Nuclear regulators will also have their first independent research capability to confirm the safe operation and the physical protection of reactors and other licensed nuclear facilities. There are also new requirements for the reporting of abnormal occurrences and defects.

In establishing these two agencies, the act abolishes the Atomic Energy Commission and separates its promotional and regulatory functions. ERDA will take over the AEC's $10 billion complex of national laboratories and convert it to work in all energy technologies, including nuclear, thereby ending nuclear domination of Federal energy R. & D. efforts.

The NRC will take over the AEC's regulatory division, but under a new organizational structure. Reactor safety, materials safeguards and regulatory research will be handled by separate offices under coequal directors who may report directly to the Commission.

The conference report resolves some 65 differences between the House and Senate bills. Most of the differences involved Senate provisions not contained in the House bill designed to insure against a pronuclear bias and to promote energy conservation and environmental protection in ERDA, and to establish a balance among safety, safeguards and research operations and to provide technical and financial assistance to citizen-intervenor groups in NRC.

With the exception of three provisions that would have provided technical and financial assistance to public-interest groups intervening in licensing and other regulatory proceedings before the new Commission, the conference report retains, in most other respects, the provisions passed by the Senate by voice vote on August 15.

I regret very much that the conferees for the House refused to enter into any meaningful compromise on these important technical and financial assistance provisions. However, the conference report does contain a statement to the effect that the absence of any financial assistance provision should not in any way prejudice the case now, being made before the AEC by intervenors for reimbursement of legal costs in nuclear licensing and other regulatory proceedings. The report also notes that there is nothing in the Atomic Energy Act which precludes such reimbursement and that the Congress is still free to act pending resolution by the Commission or the courts of this issue.

I want to stress that Senate conferees were not at all persuaded by the arguments made by House conferees for omitting title V from the act. In fact, I and other Senate conferees were very sympathetic with the arguments made by Senator Metcalf for retaining this provision—arguments which he is repeating today on the Senate floor. I respect Senator Metcalf's decision not to sign the conference report in protest over the deletion of title V. Senate conferees were prepared to insist on a fair compromise of this issue, and would have done so had it not been for the overriding national interest in clearing the way for swift passage of this historic energy legislation.

Senate conferees decided to permit the new commission to make the initial decision on the issue of reimbursement of legal costs in litigation now pending before the AEC. Our action to delete title V, therefore, does not represent a rejection of the principle contained therein; rather, it represents a decision to permit the new commission and/or the courts to act and to reserve to Congress the right to act at a later date, if it is deemed necessary. We made this decision reluctantly, knowing that it was the only way to assure speedy passage of the Energy Reorganization Act.

Senate conferees believed that it would not be worth delaying passage of this Act because of the urgent need to proceed at the earliest possible date with the reorganization that will lead to the search for new energy sources and to the upgraded regulation of the nuclear power industry. Furthermore, Senate conferees believe that we bring back to the Senate an excellent conference report inasmuch as it contains the following provisions of the Senate bill:

A requirement that the ERDA Administrator and Deputy Administrator be specially qualified to manage a full range of energy R. & D. programs;

A requirement that the ERDA Assistant Administrators be specially qualified to manage the energy programs to which they are appointed;

Appointment of a separate ERDA Assistant Administrator for Conservation to promote the efficient use of all energy sources, as well as appointment of a separate Assistant Administrator for Environment and Safety;

A statement of congressional intent that all possible sources of energy be developed consistent with warranted priorities;

Abolishment of the AEC, thereby requiring the nomination and Senate confirmation of all NRC commissioners, including any present AEC commissioners chosen by the President;

Transfer of safety research personnel from AEC to NRC and the establishment of a research office in the new commission to give nuclear regulators their first independent research capability;

Establishment of a safeguards office in NRC to protect against threats, thefts and sabotage involving licensed nuclear facilities and materials;

A requirement that NRC make quarterly reports to Congress on full details of all abnormal occurrences at licensed nuclear facilities and to make initial information on such abnormal occurrences available to the public within 15 days;

A requirement that NRC impose civil penalties on responsible officers in the nuclear industry who fail to report defects that represent a substantial safety hazard;

A requirement that the NRC prepare an annual report on the benefits, costs and risks of nuclear power based on the degree of safety and safeguards in the industry.

Mr. President, several of the nuclear safety and safeguards provisions were added by me during subcommittee and full committee consideration of the bill in response to heightened public concern in recent months over reports of frequent shutdowns of reactors and of the vulnerability of nuclear facilities to thefts and sabotage. Last spring, I released an internal AEC study which found that present safeguards were "entirely inadequate" to prevent the theft of weapons-grade nuclear materials and the subsequent manufacture of homemade atomic bombs by terrorist groups.

Mr. President, this conference report places our Nation on the road to energy self-sufficiency and in the direction of effective regulation of its nuclear power industry.

It is the recommendation of the conferees that the Senate agree to this report.

I yield to the Senator from Illinois.

Mr. PERCY. Mr. President, I ask unanimous consent that John Childers and Hannah McCornack be permitted privilege of the floor during the vote on the pending matter.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. PERCY. Mr. President, I have worked over a period of many months with our distinguished chairman of the subcommittee (Mr. RIBICOFF) and I feel that the matter before us now is a matter of grave importance to the country and I certainly commend both the House and the Senate on the dispatch with which they have acted in this matter.

Mr. President, in his address to the Congress on Tuesday afternoon, President Ford said:

> For the long-range, we must work harder on coal gasification. We must push with renewed vigor and talent research in the use of non-fossil fuels. The power of the atom, the heat of the sun and steam stored deep in the earth, the force of winds and water must be main sources of energy for our grandchildren.

With these words, the President set the Nation's course toward the development of alternative sources of energy—sources which are clean and inexhaustible—to replace the traditional fossil fuels on which we are so dependent today.

Just 30 minutes before the President spoke to the joint session of Congress, the managers on the part of the House and the Senate had agreed on legislation to establish an Energy Research and Development Administration, the agency responsible for steering the course toward a new era in energy which the President set. This is the legislation we bring to the floor of the Senate today for final action. I understand that if the Senate approves this conference report on H.R. 11510, the President plans to sign the bill into law this very week.

In addition to establishing ERDA, this bill also establishes a Nuclear Regulatory Commission. This agency will be responsible for the absolutely vital protection of the public health and safety from the potential hazards of nuclear energy. Thanks primarily to the efforts of Senator RIBICOFF, who served as co-chairman of the conference, the bill creates a meaningful regulatory structure to assure the safety of nuclear reactors, the safeguarding of nuclear materials, and the assessment of nuclear regulatory research.

There were several provisions of the Senate-passed bill which I had offered as amendments to the bill. I am personally very pleased that these have been retained in the conference report.

These provisions are:

First, language assuring that the general basic research functions of the Atomic Energy Commission will be continued in ERDA.

Second, responsibility for the Administrator of ERDA to help assure an adequate supply of technical manpower by sponsoring educational and training activities.

Third, a requirement for abnormal occurrencies at nuclear facilities to be reported promptly to the Congress and the public.

Fourth, the transfer of the developmental program for advanced automotive power systems from the Environmental Protection Agency to ERDA.

Fifth, provision for proper administrative management of the Nuclear Regulatory Commission.

We on the Senate side were very disappointed that after long and difficult negotiations with the House conferees, we were unable to retain any provisions to give meaningful assistance to citizen intervenors in nuclear regulatory proceedings. It is my understanding that hearings will be held on these provisions early in the next Congress.

Despite this disappointment, I believe we have an excellent bill here. I highly recommend that the Senate approve the conference report today and send this important legislation to the President for signature.

Mr. MUSKIE. Mr. President, I am very pleased that Congress will today send to the President a bill to create a new Energy, Research, and Development Administration. This legislation is badly needed, and will fulfill the goal of reorganizing the Government to stimulate our efforts to bring increased energy to the country.

One of the provisions of this bill that has been of serious concern to me has been the transfer of functions from other agencies to the Energy, Research, and Development Administration. ERDA clearly must absorb the developmental work being done in agencies such as the Office of Coal Research, National Science Foundation, and Atomic Energy Commission. But one inappropriate transfer was slated to occur in earlier versions of the bill. This was the transfer of the pollution control technology program of the Environmental Protection Agency.

This action would have transferred over $100 million and a large part of EPA's technical and scientific manpower.

The House-passed version of this legislation would have transferred the advanced automotive power systems—AAPS—and stationary source pollution control work to ERDA. Senator JAVITS and I proposed an amendment in the Senate Government Operations Committee which deleted the proposed transfer of EPA activities. The amendment was adopted and under the Senate-passed bill, absolutely no functions of the Environmental Protection Agency would have been transferred to ERDA.

The conferees adopted a very sensible solution on this matter. We agreed to transfer that portion of the AAPS program which deals with research, development, and demonstration. EPA will retain the assessment and monitoring capability necessary to stay abreast of advances in the field.

Absolutely no transfers beyond this would occur. The conferees adopted the philosophy of the Senate bill, recognizing that EPA needed a strong, scientific, technological base to develop pollution controls so that those controls can be required as part of EPA's regulatory program. To ask EPA to establish such standards without the capability of participating in the development of better technology would undermine the Nation's effort to move ahead in environmental protection.

The separation of pollution control technology development from pollution control regulatory activities is not sound public policy, and was rejected by the conferees.

Congress has clearly determined that it is not enough for EPA to maintain an ability to "assess" pollution control developments. The conferees recognized that the Environmental Protection Agency must be able to stimulate such developments and to participate in the day-to-day activities of those processes. This allows the Agency to understand those developments, to understand the problems in requiring their adoption by regulation, and to defend those regulations when they are issued.

During the Senate floor consideration of this bill, I inserted a number of letters in the RECORD that clarified the legislative history of the Senate version. With regard to all stationary source programs, that legislative history on the Senate floor and in the Senate report is the controlling legislative history, for it is precisely the position of the Senate that was adopted by the conferees. With regard to the advanced automotive power systems program, the transfer of developmental work to ERDA was allowed with the clear understanding that ERDA must continue to place emphasis on the development of a low emission vehicle as well as one that has high fuel economy performance.

This transfer was agreed to because of the long-term nature of the goals involved. EPA retains its programs dealing with the research, development and demonstration of auto emission control technology that is more closely associated with present engine systems.

In the AAPS work transferred, when engineering decisions occur that require design choices between fuel economy and low emissions, low emissions must not be sacrificed for fuel economy increases. In most cases, advanced systems inherently have low emission and greater fuel economy. But the initial purpose of the program is to develop a low emission vehicle.

The Senate conferees only agreed to accept this transfer after assurances were gained from the Office of Management and Budget that EPA would not lose the manpower authorizations associated with AAPS. A commitment was reached between Frank Zarb of the Office of Management and Budget and Al Alm, the Assistant Administrator for Planning and Management of the Environmental Protection Agency, that the Environmental Protection Agency would retain the authority to hire new employees to fill the personnel slots presently assigned to the AAPS program, even though the people now filling those manpower positions would be transferred with the AAPS program to ERDA. This will allow EPA to use these manpower authorizations to add badly needed personnel in assessment, monitoring, certification, and other activities in EPA's program.

The conferees recognized the need for ERDA to have technical competence in advanced auto systems and therefore agree that these scientific personnel should be transferred. But the manpower slots assigned the agency are not to be reduced as a result of this transfer. The slots are to be used by EPA for the purposes mentioned above.

The agreement between Mr. Zarb and Mr. Alm helped to satisfy one of the Senate's basic objections to any transfer of any portion of the AAPS program. That was the objection that EPA might lose some of its manpower authorization at a time when manpower has become a critical need within the agency.

ERDA must work to eliminate the environmental impact of energy development projects. ERDA should develop sound environmental programs and be sensitive to the environmental implications of energy projects. But ERDA's emphasis should be on new energy technologies. The job of cleaning up old technologies remains with EPA.

Mr. President, I am delighted that the Congress has completed its work to create the Energy, Research and Development Administration. I hope the new organization will immediately begin to move this Nation forward in its search for new environmentally sound energy sources.

Mr. METCALF. Mr. President, I have refused to sign the conference report on this bill, not because I am opposed to an Energy Research and Development Administration, or to an independent nuclear licensing commission, but because the House conferees refused to negotiate any reasonable protection for the public to be adequately informed and represented in the regulation of nuclear power. And because the Senate conferees gave in without a fight.

The right of a citizen to petition his government for a redress of grievances is a very precious part of our Constitution. Unfortunately, in the haste of making and promoting government policy, that right sometimes is forgotten, or worse, it is deliberately ignored.

In my opinion, at the conference on ERDA, this right was indeed ignored.

The Senate made it very clear in the ERDA bill that the public should be entitled to certain studies and other documentary information in the Commission relating to safety systems. There was substantial evidence in hearings and elsewhere that the Atomic Energy Commission was covering up critical data affecting public health and safety through overzealous interpretations of exemptions to the Freedom of Information Act. The Senate bill said, in effect, that the public has a right to know about the problems, the dangers, and the mistakes in nuclear power development, even if the truth hurts—because safety is at the heart of the matter, and without credible assurance of a safe system from production to use, to reprocessing to storage, any reliance on nuclear material as an energy resource may not be worth the effort.

The Senate also made it clear that citizen intervenors in nuclear licensing proceedings are an indispensable part of the Commission's adversary process for testing these nuclear systems, and that intervenors should be assisted by the Commission in the development and presentation of their cases. Such aid included the opportunity to get relevant information, studies, technical assistance and the reimbursement for the costs of intervenor participation if, in fact, relevant contribution was made to the proceedings.

The intent of the Senate was to assure a balanced record before the Commission and to place the public intervenor—petitioning his grievances—in at least a reasonably adequate position to make his case. Such intent was buttressed by hearing testimony that applicants for licenses spend up to $1 million in a major proceeding, and citizen intervenors are lucky to round up $25,000, and, more important, that the major thrust of the testimony in Commission proceedings concerns access to technical information and expert witnesses which, for the intervenor, can only be provided by either the Commission or by outside consultants at considerable expense.

Now, these were reasonable protections—public information and citizen assistance—to be properly imposed upon the new, independent regulatory Commission which is to have life and death control over the expansion of nuclear power.

But the House conferees made no honest effort to compromise on these issues.

Mr. President, there was one brief moment in the conference when the clouds parted, and daylight came in. That was when Congressman HORTON presented a compromise which, in essence, would have provided Commission studies and technical assistance to intervenors, but no cost reimbursement.

My main objection to the proposal was that it would cut off certain constitutional rights of intervenors to stop in the middle of a proceeding and take on arbitrary and capricious action by the Commission to the courts. That is one right that I felt could not be denied, and if it were, such action would be unconstitutional. But we never got to any meaningful consideration of the minority proposal because the majority of the House conferees objected to it, and the conference broke up in confusion and indecision, leaving the problem for staff resolution. But when the Senate staff met with the House staff, it was immediately obvious that there was, in fact, no real compromise to any of the public interest provisions in the Senate bill. All we were able to get was language which would have provided the public and citizen intervenors with the same deprecating treatment and limited rights that they are afforded today by the AEC, plus— and I emphasize this—the grossly unconstitutional cutoff of immediate judicial review of such procedures.

With due respect to my Senate colleagues, I could not agree to enacting into law this status quo for the public in nuclear licensing. But they felt that it was necessary to have a bill now, before the recess, rather than hold out for a real compromise.

Senate conferees may have been justified in moving rapidly to accept the agreed upon organization provisions of ERDA in order to get on with the job of energy research, but I feel that we gave up too much, too fast. I feel that we could have worked out something on the public interest side if we had put the matter off until after the recess.

Mr. President, I say these things today not to make some legislative history on what has been done, but to signal a concern which will certainly surface in future legislation.

The right of any citizen to petition his government; to learn about how it makes decisions affecting him; to challenge the bureaucrats when the doors are closed to him; to speak out—is there anything more important than this in our system of free government?

Such rights were not truly considered in the conference on this bill, and the Senate lost a major position. Under these circumstances, I could not in good conscience agree to the report.

Mr. President, in order for my colleagues to get some background into the concept of public intervenor assistance with respect to nuclear licensing proceedings, I ask unanimous consent to have printed in the RECORD at this point a very articulate and professional memorandum prepared by Mr. Matthew Schneider, of the staff of the Subcommittee on Executive Reorganization.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM

To: Senate and House conferees

From: Matthew Schneider, Senate Government Operations Reorganization Subcommittee

Re: Title V of the Energy Research and Development Act of 1974

The Kennedy Amendment to the ERDA bill (Title V) seeks to ensure effective public participation in the nuclear licensing and rule-making process by providing for public financing of citizen intervenor groups which are unable to pay their own legal and technical costs and which make a valuable contribution to developing a full record in the proceedings. Title V is a response to two facts, both of which were uncovered during the course of the ERDA hearings and are amply illustrated in this memo.

First, as the Senate Committee Report notes, there is a tremendous disparity in the financial capabilities between the utilities, who budget from $500,000 to $1,000,000 to present their case in major licensing proceedings, and the intervenors who consider themselves fortunate to raise $50,000. More and more, citizen groups are unable to participate because of a lack of funds.

Second, it is acknowledged by AEC officials themselves that intervenors have made important contributions to the work of the AEC through their participation in licensing and rule-making proceedings by presenting relevant information and viewpoints that otherwise might not be received.

This provision provides a carefully controlled mechanism for public reimbursement of responsible groups. Together with current AEC regulations, it vests in the Commission substantial discretion to determine 1) who may intervene, 2) the extent of the intervention, 3) eligibility for reimbursement of costs and 4) the amount of reimbursement. It ensures that intervenors will not cause needless delay in the proceedings. In short, it carefully balances the need for expeditious licensing proceedings with the need for comprehensive consideration by the Commission of all relevant facts and issues relating to power production and to health, safety, security and environmental concerns.

Supporters of the Kennedy Amendment include the Section on Individual Rights and Responsibilities of the American Bar Association; Lee White, former member of the Federal Power Commission; the Sierra Club; Environmental Action; National Wildlife Federation; Friends of the Earth; Environmental Defense Fund; Natural Resources Defense Council Concerned Argonne and the Scientists Energy Policy Task Force of the Consumer Federation of America.

The efforts of intervenors have been praised by Alan Rosenthal, former chairman of the Atomic Safety and Licensing Appeal Board of the AEC and by L. Manning Muntzing, AEC Director of Regulation, as well as in numerous decisions of the Atomic Safety and Licensing Appeal Board among others. These comments are documented in this memorandum.

Title V is a three year experiment justified by the contributions of intervenors and the critical nature of the Commission's responsibility. While sections II and III of this memorandum indicate both legal and practical rationale for its inclusion in the Bill, it is a unique approach to intervention in regulatory proceedings. The AEC has always had special rules and standing reflecting its uniquely grave responsibilities, including a requirement for two hearings on every licensing application, an Advisory Committee on Reactor Safeguards as a further check on the licensing process and a joint legislative committee of Congress to oversee the Commission's activities. The enormous impact of the Commission's decisions justifies the additional protection of the public interest which Title V provides.

If, after three years, the experiment has not proven successful, the Congress can allow it to lapse or can modify it, in accordance with its findings.

The Summary of Contents which follows highlights the main points discussed within.

SUMMARY OF CONTENTS

I. Summary and analysis of title V provisions (Pages 6–12)

(a) Title V together with existing AEC regulations vest the NSLC with substantial discretion to determine who is entitled to intervene, the extent of the intervention, eligibility for reimbursement of costs and the amount to be reimbursed.

(b) Title V requires the NSLC to establish a maximum amount to be available for reimbursing eligible intervenors at each hearing to be apportioned among eligible parties in relation to their contribution and need. It is designed to strongly encourage consolidation of interventions and thereby promote expeditious proceedings and succinct presentations.

(c) Title V insures that judicial review of decisions under its provision will not cause delay in the proceedings or affect the Commission's determination on the merits.

(d) Title V is a three year experiment with an estimated cost of less than $4 million, a very small sum considering the potential impact of the NSLC's decisions the cost of the projects and the amount expended by industry as proponents.

II. The value of citizen interventions and the necessity of financial support (Pages 12–29)

(a) The value of citizen intervenor contributions is recognized by several authorities.

(b) Studies indicate that intervenors are not responsible for substantial delays in comparison with other causes of delay.

(c) Many responsible intervenors are unable to obtain sufficient funding to initiate relevant interventions or to pursue them to their conclusion.

III. The Legal Setting.

(a) The "private attorney general" rationale for court-awarded attorneys' fees in litigation provides an analogous precedent for Title V.

(b) Numerous statutes provide for the court-award of attorney's fees.

(c) The performance of the "Office of Public Counsel" established pursuant to the Regional Rail Reorganization Act of 1973 is instructive in projecting the impact of Title V on the work of the NSLC.

(d) The FTC has reimbursed citizen intervenors for their costs.

APPENDIX

I. Title V of ERDA.

II. AEC Regulations.

(a) Requirements to be an intervenor.

(b) Summary Disposition Rule.

III. Studies on Delay.

(a) Remarks by William O. Doub, Commissioner U.S. AEC, before the Atomic Industrial Forum Conference, San Francisco, California, November 12, 1973.

(b) Atomic Industrial Forum, The Cause of Nuclear Power Plant Delays, an AIF Staff Survey (1974).

IV. Regional Rail Reorganization Act of 1973.

(a) Provision creating Office of Public Counsel.

(b) Article by Robert Stein on performance of Office of Public Counsel.

(c) Correspondence praising work of Public Counsel.

V. Wilderness Society v. Morton.

VI. Letters of Support for Title V.

(a) Friends of the Earth.

(b) Energy Policy Task Force, Lee White.

(c) Section on Individual Rights and Responsibilities, American Bar Association.

(d) Concerned Argonne Scientists.

VII. Floor statements.

(a) Senator Ribicoff.

(b) Senator Kennedy, including floor debate on Kennedy Amendment.

(c) Senator Metcalf.

Explanation and analysis of title V provisions

Section 501(a)—The Nuclear Safety and Licensing Commission (NSLC) is required to reimburse eligible parties for some or all of the actual cost of participants, including attorney's fees in any NSLC proceeding.

In order to become a party, an intervenor must first comply with the strict requirements of AEC regulations 2.714 (10 CFR 2.714). The regulation states: "Any petition and/or request shall be accompanied by a supporting affidavit identifying the specific aspect or aspects of the subject matter of the proceedings as to which he wishes to intervene. . . ." Further: "an order permitting intervention and/or directing a hearing may be conditioned on such terms as the Commission presiding officer, or the designated atomic safety and licensing board may direct in the interest of: (1) restricting irrelevant duplicative, or repetitive evidence and argument, (2) having common interest represented by a spokesman and (3) retaining authority to determine priorities and control the compass of the hearings."

In addition, the Commission's summary disposition rule, 10 CFR 2.749, provides that an applicant or the regulatory staff need not expend time and effort at a hearing on an intervenor's contention which is manifestly unworthy of exploration.

A party's eligibility for reimbursement under section 501(a) is determined by the extent to which it contributes facts, issues and arguments relevant to NSLC proceedings and its ability to pay its own expenses. Thus, only by making a meaningful contribution to the proceeding and demonstrating financial need can an intervenor be eligible for reimbursement.

The Commission uses contribution and need standards in part to determine the amount of payment as well. Thus, a group making a larger contribution would be entitled to a larger payment, up to a certain amount, as detailed in Section 501(b).

Section 501(b)—The NSLC is required to establish a maximum amount to be available for each proceeding. Portions of this maximum sum are to be distributed among eligible parties according to their need and contribution as stated in section 501(a).

The Commission determines this maximum amount by considering the actual cost of public participation in the proceeding based on the non-duplicative presentation of opposing viewpoints on all relevant issues, and the cost of participation of the Commission's staff and the applicants. The Commission is required to adjust this maximum amount from time to time.

Thus, because potential intervenors will know in advance how much money will be available for a particular proceeding, they will be encouraged to consolidate their efforts to receive a greater proportion of the funds. Moreover, the provision will encourage intervenors to raise only issues that are truly relevant to the proceeding, since the Commission judges the amount of reimbursement, if any, on the quality of the contribution. Taken together, sections 501(a) and (b), and the AEC regulations, vest the Commission with vast discretion in determining who is entitled to intervene, the extent of the intervention, eligibility for reimbursement and the amount of reimbursement.

Sections 501 (a) and (b) insure that the Commission will determine which intervenors have made substantial contributions to NSLC deliberations. Only such intervenors will be reimbursed for their efforts by the NSLC.

Section 501(c)—Payments are to be made to intervenors within three months of the completion of the proceedings. However, if a party can show 1) that it would likely be eligible for payment as a result of its proposed contribution and 2) that without prior funding its ability to participate in the proceeding will be severely impaired, the NSLC is required to make at least quarterly advance payments.

Section 501(d)—In the case of any judicial review arising out of an NSLC decision, the court may order the Commission to reimburse an eligible party for the costs of the appeal including attorney's fees.

The court has absolute discretion to decide if any reimbursement is to be made. However, if it decides to reimburse a party, it must do so in accordance with the Act's need and contribution standards.

Section 501(e)—Title V becomes effective when the Commission promulgates regulations to implement its provisions or 90 days after passage, whichever comes first. Title V applies to all proceedings in progress or commencing after its passage. However, in the case of judicial proceedings pending when Title V is enacted, reimbursement is available only for the judicial proceedings and not for any prior agency proceeding.

Section 501(f)—A party eligible for reimbursement of costs under any other provision of law is not made ineligible because of Title V.

Section 501(g)—Title V is a three-year experiment. At the end of this period, Congress would have an opportunity to assess the effects of the program and act accordingly.

Section 501(h)(1)—Any NSLC decision made under Title V is reviewable to the same extent as any other Commission decision. However, an alleged violation of Title V may not be the basis for a reviewing court's issuance of a stay of an NSLC proceeding or a reversal of an NSLC decision pursuant to any other provision of the Act.

Hence, there is no danger of delay resulting from an appeal or of a judicial decision affecting the merits of an administrative determination on issues other than those arising under Title V.

Section 501(h)(2)—The Commission may determine that a party is ineligible for reimbursement solely because it has not or will not make a sufficient contribution. Such a decision is a final order under 28 USC § 2342 and must be appealed within 60 days under 28 USC § 2344. Thus, parties are prevented from seeking to invalidate the results of a proceeding on the basis of a wrongly withheld reimbursement.

Section 501(i)—Such sums as may be necessary to carry out the provisions of Title V are authorized.

The three year cost of Title V can be estimated at less than $4 million, and perhaps as low as $3 million, a minor sum considering the potential impact of the NSLC's decisions, the cost of the projects and the amount expended by industry as proponents.

It is not possible to predetermine the number of applications which will be contested during the three year trial period nor to predict the exact maximum level of funding which the Commission will require. However, current information provides a basis for a realistic projection.

Presently, there are now on file 32 applications for construction permits involving 62 potential reactors. 15 applications involving 30 potential reactors are contested. Thus, the current rate of intervention is slightly less than 50%. As of August 1, 1974, the AEC estimated that approximately 105 applications will be under consideration during the period of the three year authorization. The AEC estimates that about half of the applications will be contested.

The cost of intervention varies considerably from about $25,000 to $100,000 with the average cost estimated by the AEC at from $50,000 to $65,000. For example, in the Vermont Yankee Nuclear Power Corporation case, the request was for $25,000 of which only $3,000 was earmarked for attorney's fees and $2,000 for travel of both consultants and attorneys.

In the Public Service Company of New Hampshire case, the request was for $100,000. Here the intervenors agreed to raise an additional $50,000. $45,000 is requested for attorney's fees, less than ⅓ of the total cost. Thus, it is clear that the bulk of requested funding is earmarked for technical assistance.

If half of the expected 105 applications are contested, there would be about 50 interventions. Even if it were assumed that all intervenors were able to meet the criteria for reimbursement, and that their average cost was as high as $75,000, the total three year cost of the program would still be less than $4,000,000.

With each nuclear reactor costing from $500,000,000 to $800,000,000, the 105 reactors planned or with pending applications represent an investment in excess of $50 billion. In addition, the Senate Government Operations Committee report notes (p. 70) that utilities budget $500,000 to $1 million to present their case in major licensing proceedings. Considering these amounts and the potential benefits of interventions, a $4 million price tag seems very small indeed.

II(a) The value of citizen intervenor contributions is recognized by many authorities

Citizen intervenors have played a valuable role in AEC proceedings by aiding the Commission to make thoughtful, thorough decisions. That citizen intervenors are helpful to the AEC should not be construed as reflecting adversely on the competence of the Commission.

Rather, it is to the AEC's credit that it has created a situation in which intervenors are permitted to make valuable contributions to the Commission's work. This is particularly commendable in view of the fact-finding characteristics of an adversary proceeding, the large nuclear licensing caseload, and the plethora of complicated issues involved.

Alan Rosenthal, former chairman of the AEC Atomic Safety and Licensing Appeal Panel stated recently that "we just do not have the time to engage in a microscopic examination of every trial record in search of pinholes which may not have been brought to our attention by one of the parties . . . The most that can be hoped for on our sua sponte review is that we do not overlook any obvious environmental or safety problem which may be suggested by that record." He concluded, "I think the end of providing the nation with nuclear power generated in a safe and environmentally sound manner is enhanced and not retarded when there are effective and responsible interventions in licensing proceedings."

In the Gulf States Utility Company case, the ASLB stated: "It does no disservice to the diligence of either applicants generally or to the regulatory staff to note that many of the substantial safety and environmental issues which have received the scrutiny of licensing boards and appeal boards were raised in the first instance by an intervenor."

Lee White, former member of the Federal Power Commissin, stated in a letter to Senator Ribicoff supporting the Kennedy Amendment:

> As a former regulator, I believed then, and I believe equally strongly today, that the adversary process is essential to the regulatory process, but to be effective, the advocacy must be equally good from all view points. To me, this means the ability to bring into any contested issue the scientific, technical, economic and legal skills essential to presenting the strongest possible case. I assume every regulator would feel that his or her job would be more effective if there were assurance of a strong presentation by citizen groups as well as by industry groups.
>
> To those who chided me, contending that I was supposed to represent the consumer position as a member of the regulatory body or that the agency staff played the role of seeking out the public interest, my response was that the members of the regulatory agency and the staff counsel assigned the responsibility of arguing were required to make the necessary balances in reaching our position; what I thought was required was an all-out advocate for the consumer's position to enable me as a regulator to assess their arguments when pitted against those advanced by representatives of the industry.

L. Manning Muntzing, AEC Director of Regulation, in an August 1974 speech stressed the "constructive" activities of intervenors in the past few years.

> They tend to be concentrating their attention on fewer issues in each case, focusing on those which genuinely need to be discussed in order to protect the public and the environment. Intervenors have also demonstrated an increasing willingness to discuss issues informally, foregoing their rights to insist that the matters be considered at protracted hearings. They have shown a tendency, furthermore, to approach these discussions with open minds and also a willingness to reach agreements in the public interest.

After providing examples of such constructive efforts, Dr. Muntzing concluded:

> Intervenors acting in such a responsible manner cannot be accused of working to the detriment of the regulatory process and against the public interest by causing unnecessary delay in the operation of nuclear power plants. On the contrary, by asking the penetrating questions, by alerting people to difficult problems and by insisting on adequate technical justifications, they brought about earlier resolution of some problems than might otherwise have been reached and have added to the certainty with which problems have been resolved.

Thus, the Kennedy Amendment does not assume that the new Commission will not represent the public interest; rather, it assumes that the Commission will seek to represent the public interest by addressing all relevant issues in licensing and rulemaking cases. The amendment—by making responsible, relevant interventions possible—will promote, not retard, nuclear regulation in the public interest.

In numerous cases, the ultimate resolution of safety or environmental issues has confirmed the position taken by the public participants in opposition to the views of the Regulatory Staff and the Applicant. Quality assurance problems at Consumers Power Company's Midland Unit (Consumers Power Co. (Midland Units 1 and 2) ALAB–106, RAI–73–3, p. 182.) and at Duke Power Company's McGuire Unit (Duke Power Co. (McGuire) ALAB–128, RAI–73–6, p. 399.) were originally raised by the public and eventually confirmed by the Appeal Board.

The impact of uncertainties in fuel rod performance (due to fuel densification) on the safe level of operation of ten boiling water reactors was raised and successfully pursued by the public (Friends of the Earth and the New England Coalition on Nuclear Pollution) with emergency action taken by the Director of Regulation. (Order dated August 22, 1973, in BWR Derating Petition proceeding.)

The proximity of VEPCO's North Anna plants to an earthquake faultline, which was not considered in approving construction of the reactors, was raised by members of the public.

The problem in all nuclear power plants of possible pipe ruptures outside the containment damaging important safety systems was raised by a member of the public and has resulted in a complete analysis of steam and high pressure line routing in all nuclear reactors and major modifications to correct the hazards uncovered by these analyses.

Recent action by the AEC dramatically underscores the danger in citizen groups not having sufficient resources to present their case. In numerous licensing proceedings over the last several years citizen groups have raised questions about the integrity of the piping in the nuclear reactor and particularly the problem of cracks developing due to welding of the pipes. In none of these cases have the citizens had the resources to hire first rate experts to present their views. AEC, utility and vendor experts have consistently maintained that there is no problem. However, on September 19 of this year the AEC ordered the shutdown of 21 or 50 reactors because in three other reactors dangerous cracks had developed in the pipes near the area of welds. If cracks are located in other reactors, the shutdown could last for several months. Had citizens been able to present their case during hearings the design defects would have been uncovered and the problems corrected during construction. Now nearly 40% of the United States reactor capacity is faced with months of shutdown.

In Con Edison's Indian Point No. 2 operating license hearing, intervenors challenged the adequacy of the plants security system to cope with sabotage. Extensive cross-examination was conducted by the Intervenor, Citizens Committee for Protection of the Environment, and the Atomic Safety and Licensing Appeal Board required that improvements to plant security be implemented. The Atomic Safety and Licensing Appeal Board described the contribution of Citizens Committee for Protection of the Environment as follows:

"Our review of the in camera record convinces that the development of plant security requirements was influenced considerably by the probing questions of CCPE's counsel. The Licensing Board found 'reason for some of the questions and concerns of the Citizens Committee.' So do we."

In addition to such substantive contributions, citizen intervenors help the nuclear industry gain credibility with the general public. Commissioner William O. Doub* of the AEC warned that a lack of public confidence in nuclear power and government energy policy in general could pose a threat to the energy economy. He stated:

"For a public that now must make some very hard and crucial choices about nuclear power, the misjudgements made and the inappropriate actions taken to explain nuclear power to society although quite unintentional approximate shortcomings that could jeopardize any hopes for achieving energy self-sufficiency in this century."

He cited early secrecy, an overselling of nuclear power, a lack of complete government candor about nuclear energy, a too frequent rate of shut-downs of nuclear plants, and the AEC's apparent loss of full credibility as an impartial regulator of nuclear power as factors that contributed to a lessening of public confidence.

The Commissioner noted positive steps which the Commission has taken to regain credibility.

"Beyond increasing the availability of information and earnestly striving for candor, the AEC has taken steps to involve the public earlier and more directly in its regulatory proceedings, to eliminate or ease bureaucratic barriers and to make opportunities for more meaningful public participation in the AEC decisionmaking process."

He concluded:

"If further erosion of public acceptance of nuclear power or of government energy policies in general continues, if rational discussion gives way to emotional argument, if we continue to rely on a crisis resolution of energy policy, then this nation faces a crisis in confidence that may very well not only shatter any hopes for energy self-sufficiency but plunge us into a situation that will make us recall the latest fuel shortage with a sense of nostalgia."

It is clear then that substantial citizen involvement in proceedings of the NSLC is critical to the future of our nations energy policy.

II(b) Studies indicate that intervenors are not responsible for substantial delays in comparison with other causes of delay

There is little disagreement that a major problem facing the nuclear industry is the length of time it takes to move a project to completion. In November, 1973 then AEC Commissioner William O. Doub noted in remarks to the Atomic Industrial Forum Annual Conference that the on-line project time for 10 large nuclear plants operating at the end of 1971 averaged 5½ years while today estimated average project time is about 9–10 years.

This increase has been caused by various types of delays, the bulk of which are due to construction and manufacturing related problems. In general, regulatory-related delays including interventions, are not the principle sources of delay. In fact, legal challenges by intervenors account for an extremely small number of delays.

Commissioner Doub reported the results of an AEC study which showed that legal challenges accounted for less than 4% of total time delays in the completion of 28 nuclear plants slated for 1973 operations. In fact, only 4 of these plants were affected by such delays.

A 1974 study by the Atomic Industrial Forum on causes of nuclear plant delays indicates that tactics of intervenors account for only 29 months of delay out of a total of 1119 months of delay—only 2½% of all delay.

Thus, while delay is a significant problem, delay caused by intervenors is not.

CHART A.—CAUSES OF SCHEDULED DELAYS IN 28 NUCLEAR PLANTS SCHEDULED FOR 1973 OPERATION

Cause	Number of plants affected	Plant/months of delay
Poor productivity of labor	16	84
Late delivery of major equipment	9	68
Change in regulatory requirements	8	23
Equipment component failure	6	15
Strikes of construction labor	5	18
Shortage of construction labor	5	18
Legal challenges	4	9
Strike of factory labor	4	5
Rescheduling of associated facilities	1	12
Weather	1	9

CHART B.—CAUSES OF DELAYS ON PLANTS FOR WHICH CONSTRUCTION PERMITS HAVE BEEN ISSUED

Delay factor	Number of plants delayed	Maximum months of delay [1]	Average months of delay [1]	Total plant-months of delay
Technical/design:				
Changes warranted by advances in technology	4	3	1.9	7.9
Changes requested by owner/operator	8	6	3.8	30.1
Changes imposed by modification in licensing and regulatory requirements [2]	39	29	12.1	470.7
Other	12	23	8.7	104.4
Administrative/legal procedures:				
Lack of jurisdictional authority among review groups	2	2	2.0	4.0
Lack of discipline in the conduct of public hearings	6	12	6.0	36.0
Anti-trust considerations	2	------	------	------
Other	2	1	1.0	2.0
Public acceptance:				
Lack of adequate information at national and/or local level	0	0	0	0
Lack of credibility of applicants and/or licensing review authorities	1	2	2.0	2.0
Tactics of intervenors	4	11	7.3	29.0
Manpower:				
Shortage of engineers and technical support personnel	18	6	2.6	47.3
Disproportionate diversion of technical personnel to regulatory matters	14	3	2.4	33.1
Shortage or immobility of craft labor	25	10	3.0	75.5
Inadequate productivity of labor	19	10	3.8	71.7
Other	2	5	3.0	6.0
Commercial considerations:				
Lack of coordination between owner/operator, AE, NSSS supplier and consultants	7	3	2.1	14.4
Late delivery of components and/or materials	22	6	3.9	86.6
Strikes	12	6	2.1	25.0
Poor quality control and/or equipment failure	13	3	1.9	24.3
Other	4	12	6.0	24.0
Site-related problems:				
Weather	5	5	2.4	12.0
Geological anomalies	5	6	2.6	13.0
Total	46	29	24.3	1,119.0

[1] Based on only those plants specifying the cited delay factor.

[2] Detailed in table 3.

(c) There is substantial evidence that public financing is necessary to insure that citizen intervenors obtain the resources necessary of effectively and the Commission through their participation

In view of the enormous cost of legal counsel and expert witnesses, it has been suggested that intervenors' problems are often minimized by volunteer assistance, especially from independent scientific sources. In fact, such volunteer help simply is insufficient.

The Concerned Argonne Scientists, a voluntary organization of employees of the Argonne National Laboratory in Argonne, Illinois has in the past provided help to a variety of *ad hoc* citizen groups. In a letter to Senator Kennedy dated August 1, 1974, the co-chairman of that group wrote: "Our consensus is that it is not currently possible for citizen organizations to acquire independent assistance adequate to cope with the level of technical sophistication and required experience. . . . Because the need clearly exists for unvested technical assistance to citizen groups, we suggest that federal programs provide funding for public interest inquiry and intervention."

Furthermore, it is clear that many citizen intervenors with the potential for making valuable contributions to the Commission's proceedings are currently prevented from intervening or forced to withdraw before a final resolution of the contested questions due to insufficient funding. The following cases illustrate the problem:

1. Saginaw Valley Nuclear Study Group joined with several other groups to oppose the construction permit for the Midland, Michigan nuclear plant of Consumers Power Company. One issue was the ability of the company to adopt and implement an adequate quality assurance program. After the hearing and approval of the construction permit, the AEC's Director of Regulation issued an order to the company to show cause why construction activities should not be suspended due to poor quality assurance implementation. Saginaw sought to intervene

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*Remarks which follow are excerpted from a speech delivered at the 52nd International Conference of the Association of Industrial Advertisers in Bal Harbour, Florida on June 17, 1974.

in the proceeding but needed funds to participate because it had already exhausted its funds and two large groups which are allied with it had decided to withdraw further financial support because of other priorities. Subsequently, the Director of Regulation decided not to pursue the show cause proceeding and only Saginaw remained to press that issue. The AEC refused it funds and as a result it has not been able to make any substantial contribution to the proceeding.

2. The Citizens Committee for the Protection of the Environment intervened in the operating license proceeding on Consolidated Edison's Indian Point, New York reactor.

It sought to raise issues on plant security, evacuation plans, the possible rupture of the pressure vessel, the adequacy of the emergency core cooling system and other engineered safeguards. It had no funds to hire experts and, while several issues raised by it were of interest to the hearing board, CCPE lacked the financial resources to follow through on them. The license was issued

3. Consolidated National Intervenors was organized to participate in two generic hearings on critical safety issues. One was the Emergency Core Cooling System hearing and the other was a hearing to set numerical guidelines for what constituted radioactive release limits which were as low as practicable (ALAP). It could not raise funds for both proceedings. As a result of initially presenting some witnesses (who volunteered their time) at the ALAP hearing, CNI was compelled to suspend all further participation in the hearing, including rebuttal testimony, comments on the draft and final impact statement, post-hearing briefs to the Commission and supplemental submittals to the Commission. Meanwhile, General Electric has been supplying the AEC with information to support its view that permissible releases of radioactivity should be far higher.

4. The Seacoast Anti-Pollution League actively participated in state hearings on siting a nuclear reactor on a salt marsh at Seabrook, New Hampshire. The effort cost it $25,000. It was not able to raise sufficient funds to pursue the issues with which it is concerned before the AEC. It intervened in that case and sought financial assistance from the AEC. To date, that has been refused and as a result SAPL has had to curtail its participation. Environmental issues related to salt marsh protection which were effectively excluded from the *state* hearings by allegedly unfair hearing procedures and by an eleventh-hour amendment of the plant proposal to which no party was given an opportunity to object, are now not available to SAPL because of lack of funds.

5. Quality Environment Conference of Omaha, Nebraska wanted to intervene in the Construction Permit proceeding for the Fort Calhoun, Nebraska reactor but because of lack of funds was unable to do so.

6. Robert Head, an individual in Louisiana sought to raise numerous issues regarding radiation releases and monitoring for the Waterford and River Bend nuclear reactors in Louisiana. Many of his contentions were accepted as relevant for the hearings but he lacked the financial resources to pursue them.

7. Coalition for Safe Electric Power of Cleveland, Ohio participated in hearings on the Davis Besse and Perry nuclear reactors in Ohio but due to lack of financial resources have not been able to pursue their contentions. They were interested in economic costs of nuclear reactors and electric need forecasts for the service area involved.

8. Citizens for a Safe Environment in Harrisburg, Pennsylvania has gone to court to seek funds to enable it to participate in construction permit hearings on several Pennsylvania reactors. Without the funds it cannot effectively participate but the courts have been unable to find existing legal authority for the funds.

9. Consolidated Intervenors in California intervened in opposition to the San Onofre, California nuclear reactors. After a hearing during which CI compelled by the hearing board to present their case without adequate time for presentation, the Appeal Board ordered the hearing reopened to allow CI to present their case. The issues are whether the applicant is technically qualified to operate the reactors based upon an allegedly poor operating history at its first reactor, whether in the event of an accident evacuation is possible, whether the population in the site vicinity is too dense for safely deploying nuclear reactors, whether the plant is secure from sabotage and whether underground siting of the plant is a preferable alternative. Due to lack of financial resources CI will probably be unable to pursue any of these issues.

III. The legal setting

Although there is no existing statute which explicitly empowers a regulatory agency to reimburse citizen intervenors for the costs of the intervention, there are several legal precedents which support the theoretical underpinnings of Title V.

IIIa. The private attorney general rationale for the court award of attorney's fees

While the general rule in American courts has always been that parties to litigation pay their own attorneys fees, win or lose, courts have exercised their equitable powers to carve out exceptions to the rule. Until recently, the exceptions were narrow and rarely applied. However, within the past few years the federal courts have expanded existing exceptions and created a new one—the private attorney general rationale.

Under this rationale courts have awarded attorneys' fees to litigants who by their action effectuated a strong Congressional policy, benefited a large group of people, and brought an action to protect legal rights which might not otherwise have been protected.

As noted above, intervenors have been enormously helpful to the Commission whose decisions affect the entire nation. Moreover, neither applicants nor the Commission's staff are equipped to substitute for the efforts of intervenors, particularly the local interests and concerns articulated in interventions.

To illustrate the private attorney general rationale, in *La Raza Unida* v. *Volpe*, 57 F.R.D. 91 (N.D. Cal. 1972), persons representing the citizens of La Raza, California, whose homes were in the path of a proposed highway, brought suit to enjoin the construction of the highway claiming that the defendants failed to comply with various statutes dealing with housing displacement and relocation. The injunction was awarded and the petitioners successfully moved for the award of attorney's fees. In making the award, Judge Peckham stated: "whenever there is nothing in a statutory scheme which might be interpreted as precluding it, a 'private attorney general should be awarded attorneys' fees when he has effectuated a strong Congressional policy which has benefited a large class of people, and where further, the necessity and financial burden of private enforcement are such as to make the award essential."

Applying the rule to the facts of the case, Judge Peckham noted, that the prompt and equitable relocation of persons displaced as a result of Federal highway programs is an important Congressional policy and that the action resulted in benefit to all the people in the surrounding areas.

On the enforcement issue, the court stated, "Because of the limited resources and potentially conflicting interests within and among governmental entities, effectuation of the public policies and environmental protection and housing relocation frequently depend on private vigilance and enforcement."

Rules similar to that articulated in the *La Raza Unida* case have been employed to award fees to successful plaintiffs in public interest cases dealing with inadequate medical treatment of prisoners, (*Newman v. Alabama*, 349 F. Supp. 278 (M.D. Ala. 1972) improper treatment of mentally ill patients (*Wyatt v. Stickney*, 344 F. Supp. 387 (M.D. Ala. 1972), the branch by a union of the duty of fair representation (*Local 4076, United Steelworkers v. United Steelworkers*, 338 F. Supp. 1154 (W.D. Pa. 1972), racial discrimination in the sale of housing (*Lee v. Southern Home Sites, Corp.*, 444 F. 2d 143 (5th Cir. 1971), violations of the Labor-Management Reporting and Disclosure Act (*Cole v. Hall*, 462 F. 2d 777 (2d Cir. 1972), *aff'd sub nom, Hall v. Cole*, 93 S. Ct. 1943 (1973), discrimination against welfare recipients (*Ojeda v. Hackney*, 452 F. 2d 947 (5th Cir. 1972); *Mammond v. Housing Authority*, 328 F. Supp. 586 (D. Ore. 1971), unconstitutional laws prohibiting political campaign signs, (*Ross v. Goshi*, 351 F. Supp. 949 (D. Haw. 1972), and violations of the National Environmental Policy Act of 1969 (*Sierra Club v. Lynn*, ——— *F. Supp.* ———, Civ. Action No. SA-72-CA-77 (W.D. Tex., June 29, 1973)), among many others. (For a compilation of Federal court cases where attorneys' fees have been awarded, see Derfner, *Attorney's Fees in Pro Bono Publico Cases* (1972) published by the Lawyers' Committee for Civil Rights, 733 15th Street, N.W., Washington, D.C.). Most recently, attorney's fees were awarded in *Wilderness Society v. Morton* (495 F. 28 626 (D.C. Cir. 1974)), a case where the facts are analygous to those present in cases involvong NSLC intervenors.

In the *Morton* case, environmental groups attempted to prevent the construction of the Alaska pipeline on the basis of violations in environmental law. While they were not ultimately successful (the pipeline is being built as the result of Congressional action changing the law) they were able to get certain restrictions put on the construction not previously required. The court awarded attorneys' fees. On appeal, the court upheld the award, noting: "The advancement of important legislative policy justifying an award of attorneys' fees can be accomplished even where the plaintiff does not obtain the ultimate relief sought . . . *Where litigation serves as a catalyst to effect change and thereby achieves a valuable public service, an award of fees may be appropriate even though the suit never proceeds to a successful conclusion on the merits.*" (emphasis added) The court noted the contributions: a) ensuring that the Department of the Interior drafted a thorough and complete impact statement, b) providing information to the public about the environmental consequences of the pipeline, c) refining the protection stipulation as a condition of right of way, and d) focusing attention on the relative merits of the alternative routes.

There is a striking similarity between the contributions noted by the court in the *Morton* case and those made by intervenors in NSLC proceedings. When intervenors are deemed eligible for reimbursement under the proposed legislation, they are contributing in an analygous way and arguably performing as private attorney's general by protecting the interests of the public through their intervention.

(*b*) *Statutory fee-shifting*

The principle of shifting the burden of costs, including attorneys' fees, from a party is not a novel one.

More than twenty statutes provide for the award of attorneys' fees to victorious litigants.* A typical statute provides for the discretionary award of reasonable attorneys' fees by the court or administrative tribunal as part of an appropriate remedy to the prevailing party. Titles II and VII of the 1964 Civil Rights Act have essentially this provision (42 USC Sec. 2000a–3(b); 42 USC Sec. 2000e–5). The Clayton Act contains a similar provision which allows the award of fees to persons injured by anti-trust violations (15 USC Sec. 15). Likewise, the Securities Exchange Act vests the court with discretion to assess reasonable attorneys' fees as part of the costs of a suit for damages arising out of transactions induced by false and misleading statements of securities dealers and others (15 USC Sec. 78i(e)).

Similarly, the Organized Crime Control Act of 1970 allows any person whose wire or oral communication is intercepted contrary to law a cause of action against the interceptor and recovery of damages including reasonable attorneys' fees and other costs of litigation (18 USC Sec. 1964(c)). The Federal Tort Claims Act gives the courts, administrative head or Attorney General discretionary authority to award attorney fees as part of a judgment of damages against the United States (28 USC Sec. 2678).

In some instances, for example, the Clayton Act, the language of the statute makes it clear that fee-shifting is meant to go only one way—that is, only a "prevailing plaintiff" may recover his fees. However, others, such as the 1964 Civil Rights Act, with language such as "to the prevailing *party*", (emphasis added) are ambiguous, and to date the issue of whether successful defendants may recover fees, has not reached the courts.

In most instances cited above, the language indicates that the award is within the courts discretion; however, there are statutes where fee-shifting appears to be mandatory. An example is the Consumer Credit Protection Act, providing that any creditor who fails to disclose to the consumer the required information under the act is liable to him for damage which "shall include . . . a reasonable attorney's fee as determined by the court. (15 USC Sec. 1940). However, even where the language is discretionary, the Supreme Court has held that at least in the case of the 1964 Civil Rights Act, Title II, attorney's fees should "ordinarily be awarded". (*Newman v. Piggie Park Enterprises*, 390 US 400 (1968)).

Thus, the Congress has recognized the wisdom and necessity of providing that parties should not always be required to bear the burden of their costs, including attorneys' fees, when representing the interests of the public.

(c) *The Office of Public Counsel Established Pursuant to the Regional Rail Reorganization Act of 1973*

The necessity and usefulness of publicly financed attorneys in administrative hearings is supported by the experience of the Office of Public Counsel established under the Regional Rail Reorganization Act of 1973. This Act established a hyper-accelerated planning process to reorganize seven bankrupt railroads into a new, viable rail ssytem designed to effectuate stated goals. Two planning organizations are charged with this responsibility. One, the Rail Services Planning Office (RSPO) is specifically required to ensure that communities and users of rail services are assisted in participating in the reorganization process and that their views are given due consideration. To fulfill this mandate, the RSPO holds public hearings and solicits, studies and evaluates the views of the public on matters effecting them. An integral part of the RSPO is the Office of Public Counsel which is authorized to: "employ and utilize the services of attorneys and such other personnel as may be required in order to properly protect the interests of those communities and users of rail service which, for whatever reason, such as their size or location might not otherwise be adequately represented in the course of the hearings and evaluations which the Office is required to conduct and perform under . . . this Act."

While these proceedings are not precisely analogous to those before the NSLC, both are hearings with common objectives to have all relevant issues fully explored, particularly matters of local concern in an expeditious manner. With their special competence in marshaling facts and arguments, and presenting relevant points clearly and concisely, attorneys contribute much to hearings.

The Office of Public Counsel has been enormously successful in rendering a wide variety of technical assistance to members of the public, as evidenced in the following sampling of responses to its work.

Senator Magnuson writes, "The quality of the services rendered by the Office of Public Counsel thus far under the . . . [Act] has far exceeded my own personal expectations . . . I hope that you will continue your fine work of assisting affected individuals to protect their interest in the rail reorganization process." (July 26, 1974, letter to A. Gray Staples, Jr., Public Counsel, Interstate Commerce Commission.)

In a memorandum to George Chandler, Director, RSPO, Geraldine R. Keyes, Administrative Law Judge wrote:

"Chief Administrative Law Judge Bamford has forwarded to you the general comments of the judges presiding in the hearings in the above proceeding with which I fully concur. You may be interested to know that the record in the Hartford hearings will show that at least five witnesses specifically commended Mr. Allen Kaulbach and Ms. Elizabeth Langor, public counsel, for their assistance, cooperation and guidance in preparing their testimony.

Public counsel actively solicited the views of public, commercial and private witness. A total of 184 witnesses offered written or oral testimony. Those contacted by public counsel submitted a great deal of factual material which should assist the Rail Services Planning Office in evaluating the above report. In my judgment, Mr. Kaulbach and Ms. Langor, were effective public counsel in the Hartford hearings over which I presided. It was a pleasure to work with them."

Robert C. Banford, Chief Administrative Law Judge noted in a memorandum to George Chandler, Director of the Rail Services Planning Office, "The performance of the public counsel engaged on this project was most gratifying."

(d) *FTC reimbursement of citizen intervenor costs*

While as noted at the outset no statute explicitly empowers a regulatory agency to reimburse citizen intervenors for their costs, there is at least one instance when an agency has done so.

The FTC has reimbursed successful citizen intervenors' costs, except attorneys fees, after a group of George Washington University law students were successful in a false advertising case. The FTC took this action after receiving a Comptroller General opinion on the question. The Comptroller General noted, "a respondent has the basic right to prepare and present his case on a level substantially equal to that of his opposition, and that his right may not be abridged solely because the respondent lacks the required funds." He also noted, "the appropriations of the FTC are normally available for necessary expenses; the determination of what constituted necessary expenses is within the reasonable direction of the Commission."

"Thus, if the Commission determines it necessary to allow a person to intervene in order to properly dispose of a matter before it, the Commission has the authority to do so. As in the case of an indigent respondent, and for the same reasons, appropriated funds of the Commission would be available to assure proper case preparation."

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I. Title V of ERDA

TITLE V—COSTS AND FEES

SEC. 501. (a) With respect to any hearing held pursuant to section 189(a) of the Atomic Energy Act of 1954 or any other agency proceeding for the granting, suspending, revoking, or amending of any license or construction permit or application to transfer control, or any agency proceeding for the issuance or modification of rules and regulations dealing with the activities of licensees, the Nuclear Safety and Licensing Commission shall, upon request, reimburse eligible parties for the cost of participation, including reasonable attorneys' fees, of any party in any related hearing or agency proceeding. The amount paid, if any, shall be determined after due consideration of the following eligibility:

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*7 USC Sec. 210(f), Packers and Stockyards Act, Sec. 309(f); 7 USC Sec. 499g(b), Perishable Agricultural Commodities Act, Sec. 7(b); 15 USC Sec. 15, Clayton Act, Sec. 4; 15 USC Sec. 77k(e), Securities Act of 1933, Sec. 11e; 15 USC Sec. 77www(a), Trust Indenture Act Sec. 323(a); 15 USC Sec. 78i(e), Securities Exchange Act of 1934, Sec. 9(e); 15 USC Sec. 78r(a), Securities Exchange Act of 1934, Sec. 18(a); 15 USC Sec. 1640, Truth-in-Lending Act Sec. 130; 17 USC Sec. 116, Copyright Act; 18 USC Sec. 1964(c), Organized Crime Control Act of 1970, Sec. 901(a); 20 USC Sec. 1617, Education Amendments of 1972; 28 App. USC Rule 37(a), Failure to make Discovery; 28 App. USC Rule 37(c), Failure to make Discovery; 29 USC Sec. 107, Norris-Laguardia Act Sec. 7, 29 USC Sec. 216(b), Fair Labor Standards Act, Sec. 16(b); 29 USC Sec. 501(b), Labor-Management Reporting and Disclosure Act; 35 USC Sec. 285, (Patent Infringement); 38 USC Sec. 1822, Servicemen's Readjustment Act; 42 USC Sec. 1857H–d(d) Clean Air Amendments of 1970 Sec. 304(d); 42 USC Sec. 2000a–3(b), Civil Rights Act of 1964, Title II (Public Accommodations Subchapter); 42 USC Sec. 3612(c), Fair Housing Act of 1968; 42 USC Sec. 4911, Environment Noise Control Act of 1972; 45 USC Sec. 153(p), Railway Labor Act, Sec. 3; 46 USC Sec. 1227, The Merchant Marine Act of 1936; 47 USC Sec. 206, Communications Act of 1934; 49 USC Sec. 8, Interstate Commerce Act; 49 USC Sec. 16(2), Interstate Commerce Act, Sec. 16; 49 USC Sec. 908(b), Interstate Commerce Act (Water Carriers), 42 USC Sec. 4911(d), Noise Control Act of 1972, USC 1857H–2(d) Clean Air Act.

(1) The extent to which the participation of the party contributed to the development of facts, issues, and arguments relevant to the hearing or proceeding.

(2) The ability of the party to pay its own expenses.

(b) The Commission shall establish a maximum amount to be allocated to each hearing or agency proceeding and shall apportion that amount among the parties seeking reimbursement of costs based upon the factors enumerated in subsection (a). The maximum amount established pursuant to this subsection shall be established and adjusted from time to time by the Commission with due regard to the following factors:

(1) The actual costs of public participation in the hearing or proceeding based upon a nonduplicative presentation of opposing viewpoints on all relevant issues.

(2) The cost of participation in the hearing or proceeding of the Commission's staff and applicants to the Commission.

(c) Payment of costs under this section shall be made within three months of the date on which a final decision or order disposing of essentially all of the matters involved in the hearing or proceeding is issued by the Commission, except that if a party establishes that—

(1) its ability to participate in the hearing or proceeding will be severely impaired by the failure to receive funds prior to conclusion of the hearing or proceeding; and

(2) there is reasonable likelihood that its participation will help develop facts, issues, and arguments relevant to the hearing or proceeding.

then the Commission shall make from time to time (but at least quarterly) advance payments to permit the party to participate or to continue to participate meaningfully in the hearing or proceeding with due regard to the maximum amount payable for costs of this hearing or proceeding and the possible requests for reimbursement of costs of other parties.

(d) In the case of any judicial review arising out of an appeal of a decision reached in a hearing or agency proceeding before the Commission, the court may order the Commission to reimburse a party for all costs incurred in the course of such judicial review, including reasonable attorneys' fees, if such party meets the requirements of subsection (a).

(e) The provisions of this section shall become effective upon the adoption by the Commission of regulations implementing them or upon the expiration of ninety days after the enactment of this section, whichever first occurs. This section shall apply to all hearings, agency proceedings, and judicial proceedings in which final decisions or orders disposing of essentially all of the issues involved in the hearing or proceeding or final orders of courts have not been issued by the Commission or court prior to the date of enactment of this section and to all hearings, agency proceedings, and judicial proceedings commenced after such date of enactment. In the case of any judicial proceedings pending when this section is enacted, the reimbursement of costs provided for in this paragraph shall apply only to costs referred to in subsection (d) and not to costs of the hearing or proceeding being reviewed.

(f) Nothing in this section shall diminish any right which any party may have to collect any costs, including attorneys' fees, under any other provision of law.

(g) The authority to make payments under this section shall not apply to any hearings, agency proceedings, or judicial proceedings arising out of such hearings or proceedings, if the hearings or proceedings commence later than three years after the date of enactment of this Act.

(h) (1) Any decision made by the Commission pursuant to this section shall be reviewable to the same extent as any other Commission decision, except that no stay may be issued based upon any alleged violation of this section and no court order determining that the provisions of this section have been violated shall, solely as a result of that determination, require a reversal of the Commission's decision with respect to any other issue.

(2) Any determination pursuant to subsection (c) of this section shall be a final and appealable order within the meaning of section 2342 of title 28, United States Code, if the Commission determines that the party, although not financially able to participate meaningfully in the hearing or proceeding, is nonetheless not entitled to the relief requested.

(i) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

II (a) Requirements To Be an Intervenor

§ 2.714 Intervention.

(a) Any person whose interest may be affected by a proceeding and who desires to participate as a party shall file a written petition under oath or affirmation for leave to intervene. In a proceeding noticed pursuant to § 2.105, any person whose interest may be affected may also request a hearing. Any petition and/or request shall be accompanied by a supporting affidavit identifying the specific aspect or aspects of the subject matter of the proceeding as to which he wishes to intervene and/or on which he bases his request for a hearing, and setting forth with particularily both the facts pertaining to his interest and the basis for his contentions with regard to each aspect on which he desires to intervene. The petition and/or request shall be filed not later than the time specified in the notice of hearing, or as provided by the Commission, the presiding officer, or the atomic safety and licensing board designated to rule on the petition and/or request, except as provided in § 2.102(d)(3). Nontimely filings will not be entertained absent a determination by the Commission, the presiding officer or the atomic safety and licensing board designated to rule on the petition and/or request that the peitioner has made a substantial showing of good cause for failure to file on time, and with particular reference to the following factors in addition to those set out in paragraph (d) of this section:

(1) The availability of other means whereby the petitioner's interest will be protected.

(2) The extent to which the petitioner's participation may reasonably be expected to assist in developing a sound record.

(3) The extent to which petitioner's interest will be represented by existing parties.

(4) The extent to which the petitioner's participation will broaden the issues or delay the proceeding.

(b) The petition shall set forth the interest of the petitioner in the proceeding, how that interest may be affected by the results of the proceeding, and any other contentions of the petitioner including the facts and reasons why he should be permitted to intervene, with particular reference to the factors set forth in paragraph (d) of this section. A petition that sets forth contentions relating only to matters outside the jurisdiction of the Commission shall be denied.

(c) Any party to a proceeding may file an answer to a petition for leave to intervene within five (5) days after the petition is filed, with particular reference to the factors set forth in paragraph (d) of this section. However, the regulatory staff may file such an answer within ten (10) days after the petition is filed.

(d) The Commission, the presiding officer or the atomic safety and licensing board designated to rule on petitions to intervene and or requests for hearing shall, in ruling on a petition for leave to intervene, consider the following factors, among other things:

(1) The nature of the petitioner's right under the Act to be made a party to the proceeding.

(2) The nature and extent of the petitioner's property, financial or other interest in the proceeding.

(3) The possible effect of any order which may be entered in the proceeding on the petitioner's interest.

(e) An order permitting intervention and or directing a hearing may be conditioned on such terms as the Commission, presiding officer or the designated atomic safety and licensing board may direct in the interests of (1) Restricting irrelevant, duplicative, or repetitive evidence and argument, (2) having common interests represented by a spokesman, and (3) retaining authority to determine priorities and control the compass of the hearing.

(f) In any case in which after consideration of the factors set forth in paragraph (d) of this section the Commission or the presiding officer finds that the petitioner's interest is limited to one or more of the issues involved in the proceeding, any order allowing intervention shall limit his participation accordingly.

(g) A person permitted to intervene becomes a party to the proceeding, subject to any limitations imposed pursuant to paragraph (f) of this section.

(h) Unless otherwise expressly provided in the order allowing intervention, the granting of a petition for leave to intervene does not change or enlarge the issues specified in the notice of hearing.

(37 F.R. 15132, July 28, 1972, as amended at 37 F.R. 25711. Dec. 29, 1972)

II. (b) Summary Disposition Rule

SUMMARY DISPOSITION ON PLEADINGS

§ 2.749 Authority of presiding officer to dispose of certain issues on the pleadings.

(a) Any party to an initial licensing proceeding may, at least ten (10) days before the time fixed for the hearing, move, with or without supporting affidavits, for a decision by the presiding officer in that party's favor as to all or any part of the matters involved in the proceeding. There shall be annexed to the motion a separate, short and concise statement of the material facts as to which the moving party contends that there is no genuine issue to be heard. Any other party may serve an answer opposing the motion, with or without affidavits, at least two (2) days before the date of the hearing. There shall be annexed to such answer a separate, short and concise statement of the material facts as to which it is contended that there exists a genuine issue to be heard. All material facts set forth in the statement required to be served by the moving party will be deemed to be admitted unless controverted by the statement required to be served by the opposing party.

(b) Affidavits shall set forth such facts as would be admissible in evidence and shall show affirmatively that the affiant is competent to testify to the matters stated therein. The presiding officer may permit affidavits to be supplemented or opposed by depositions, answers to interrogatories or further affidavits. When a motion for summary decision is made and supported as provided in this section, a party opposing the motion may not rest upon the mere allegations or denials of his answer; his answer by affidavits or as otherwise provided in this section must set forth specific facts showing that there is a genuine issue of fact. If no such answer is filed, the decision sought, if appropriate, shall be rendered.

(c) Should it appear from the affidavits of a party opposing the motion that he cannot, for reasons stated, present by affidavit facts essential to justify his opposition, the presiding officer may refuse the application for summary decision or may order a continuance to permit affidavits to be obtained or make such other order as is appropriate and a determination to that effect shall be made a matter of record.

(d) The presiding officer shall render the decision sought if the filings in the proceeding, depositions, answers to interrogatories, and admissions on file, together with the statements of the parties and the affidavits, if any, show that there is no genuine issue as to any material fact that the moving party is entitled to a decision as a matter of law. However, in any proceeding involving a construction permit for a production or utilization facility, the procedure described in this section may be used only for the determination of specific subordinate issues and may not be used to determine the ultimate issue as to whether the permit shall be issued. [37 F.R. 15135, July 28, 1972]

III. STUDIES ON DELAY

(a) Remarks by William O. Doub, Commissioner, U.S. AEC before the Atomic Industrial Forum Conference, San Francisco, California, November 12, 1973.

(b) Atomic Industrial Forum, The Cause of Nuclear Power Plant Delays, An AIF Staff Survey (1974).

A. MEETING THE CHALLENGE TO NUCLEAR ENERGY HEAD-ON

(Remarks by William O. Doub, Commissioner, U.S. Atomic Energy Commission before the Atomic Industrial Forum Annual Conference, San Francisco, California, November 12, 1973)

Prolog

It seems that in recent months all the dire energy predictions made during the past half decade have become alarmingly true. The energy "dilemma" has evolved into the energy "crisis." No aspect of our energy supply and demand structure has been spared. No prior prediction, regardless of how extreme or irresponsibly judged when made, is without some foundation in fact today. And these depressing facts of life are made all the more dangerously true because of recent events in the Mideast.

On the other hand, never before has there been such an attitude of willingness and desire to cope realistically with the crisis. The most discussed subject in the Congress, the Executive Department, and the regulatory agencies are various alternatives for resolution of the situation.

Today I want to address one segment of the problem: namely the question of what can or should be done to streamline the process to license and build commercial nuclear reactors more expeditiously to help meet our energy requirements. To address that subject forthrightly certain facts must be squarely faced and certain issues must be identified. These facts and issues in many cases are as appalling and disquieting to the Commission as they are to the nuclear industry and the general public.

The uncomfortable fact is that despite our efforts to reverse or shorten the on-line project time for nuclear plants—the period from ordering of the plants until they begin commercial operation—that time has been lengthening and, as the President recognized in his September 10 energy message, these delays are "unreasonable." Given the present circumstances and from the public interest perspective, I would all "untenable."

The on-line project time for 10 large nuclear plants operating at the end of 1971 averaged 5½ years. Today the estimated project time for current plants has been averaging about 9–10 years. While we can take some solace in the fact that comparable trends also exist for fossil fuel plants and other major construction projects, even the time required for construction of fossil fuel plants is about 25% less than for similar sized nuclear plants. Apologists will remind us that fossil fuel plants do not go through the same rigorous licensing regime as a nuclear plant. They further tell us that nuclear plants as well as fossil fuel plants are being delayed primarily because of matters not clearly controllable by government; for example, construction delays, labor problems, late delivery of components, materials shortages. I will address these matters a little later in my remarks.

As part of this overall Federal study, AEC reviewed the near term prospects for accelerating the on-line times of nuclear power plants scheduled for completion by the end of 1975. I believe a brief recounting of this effort and its findings will allow you to judge for yourself what can be expected as the nuclear contribution to the U.S. energy pool within the next several years. I would hasten to add that what follows in no way should be taken as a prejudgment of individual licensing cases which must perforce constitute the major underlying assumption of the following model.

Of the 59 nuclear plants currently under construction, 36 have been scheduled by utilities for completion before January 1976. Parenthetically, and to put these 36 in perspective, recall that the U.S. currently has 39 operable nuclear power plants. As an aside, you should know that all 36 of these plants have regulatory review schedules that will meet the AEC's avowed objective of concluding the entire licensing process (including public hearings) coincident with the completion of construction.

Twenty-one of these 36 plants have been identified by the Federal Power Commission has high priority projects which are needed to become operational early to contribute to critical power reserves through 1975. AEC's analysis indicated that construction and operational testing are more than 80% complete for 8 of these units and, hence, it would be difficult for the utilities to accelerate contruction at this late stage. This leaves 13 plants on the FPC critical list which conceivably could be speeded up constructionwise. However, discussions with utility management of these 13 plants produced the consensus, far from being negative I believe, attest to the fact that utilities for the most part are exerting their best efforts in the face of some very trying hardships to bring their plants on-line on a rapid timetable: (1) most utilities are already utilizing overtime, double shifts, or incentive contracts to speed construction, and the theory of diminishing returns argues against any expansion of this program; (2) capital outlays for increased overtime (where deemed effective) have been made almost impossible due to increased interest rates; and (3) a shortage exists of qualified skilled craftsmen such as welders, pipe fitters and electricians. Finally, and most important from AEC's standpoint, any significant improvement in construction schedules without providing the necessary quality assurance resources would almost certainty result in shortcomings in quality assurance controls, a position which the AEC finds untenable.

Delays, their causes, and jawboning

Even given the fact that for plants needed in the near term maximum pressure is being exerted, it has been apparent for some time to both the industry and AEC alike that delays of one kind or another have and are causing system discontinuities and do adversely impact on the availability dates of nuclear power plants. For example, the Federal Power Commission recently conducted a survey of the pacing factors causing schedule setbacks in 28 nuclear plants scheduled to become operational in 1973. The findings are presented in the following chart (Chart 1).

In reviewing this tabulation I was struck by two interesting features. First, note the variegated reasons for plant delays—I am sure many of you in the audience could add to this chart from your own experience and in words which probably would not be quite so tender to the ear. Secondly, note the wide divergency in the total months of delay due to construction and manufacturing-related problems, and regulatory-generated delays. We all know that statistics can be very tricky, but even doubling or tripling the regulatory-related delay figures does not do much to close the gap.

The foregoing should not be taken as "the word" on plant delays. As we all recognize, it is very difficult to arrive at generalities about the amount of time a plant is delayed and the relative importance of each delay factor—each plant is significantly different from another both in terms of design and the regulatory environment within which it must be licensed, and the reasons for delay are multifaceted and interconnected. Even though the nut may be hard to crack, this should not deter us from making a start at getting the cards out on the table and openly discussing them with a view toward generating possible solutions.

A dialogue on this subject, in fact, has already begun. On November 1, Chairman Ray and I met with a small number of nuclear industry executives and Roy Ash, Director of the Office of Management and Budget, and Governor John Love, Director of the President's Energy Policy Office. The industry was ably represented by William Gould, Gordon Corey, Charles Luce, Lelan Sillin, and Louis Roddis. I can candidly report that each side, in full recognition of its respective responsibilities, made forthright presentations and gave as well as it took.

Besides construction-related delays, a major topic of discussion with Messrs. Ash and Love focused on the tension between the Commission and industry involving the series of changes in licensing requirements that are summed up in the term "ratcheting."

I am sure that the industry understands that some regulatory ratcheting, like death and taxes, is unavoidable. We have, for example, recently invoked a loud click in the gears in the context of a recent change to preclude potential safety problems arising from the fact that it is possible that certain adverse reactor events could take place without the reactor shutting itself down. I doubt that anyone in industry fully acquainted with the background of this particular change in our requirements would disagree with the general position taken by the Regulatory staff. I believe that most of you understand the need for these kinds of changes in regulatory requirements and that they are not the source of your complaints.

Regulatory management and the commission have for the past year recognized that there is justification for that concern and have taken steps which presumably are bringing the matter under control. Procedures have been instituted to eliminate the past practices of implementing significant ratchets at the staff review level without higher level review. The current procedures require that the staff reviewer identify the proposed change and submit it to the appropriate management level within the regulatory organization or even in some cases—where major generic matters are involved—to the Commission before implementation. In addition, all applicants will be advised in writing that senior regulatory officials are available to hear appeals from changes and other requirements imposed by staff reviewers.

We expect that these procedures will result in elimination or at least a substantial reduction of any unnecessary ratcheting. I do not expect that they will eliminate all of the complaints though because there will always be situations where industry will say that the AEC is being too conservative. In those instances I am sure the applicant will call it ratcheting. Regulatory staff will call it prudence and I want to assure you, we hope that our judgments are as realistic as possible.

The longer haul

Last spring when some degree of success had been obtained in getting the system moving again, the Regulatory staff at my request and with the Commission's concurrence undertook a comprehensive study of the licensing process. Its mandate was to expand its collective mind into relatively uncharted areas with a view toward expediting the licensing cycle with no loss in quality in light of projections of significantly increasing orders for nuclear power reactors. The task was divided into two phases. Phase 1 consisted of the accumulation of factual information on concepts which I will explain shortly, while Phase 2 put this raw material in the context of evaluation of the need to step up, the licensing process, appraisal of the need to improve the confidence level and public acceptance regarding reactor safety, and such matters as legislative and budgetary requirements for the program.

Turning to the study's tentative conclusions, I think the following chart (Chart 2) can make clear my explanation. As the chart indicates, the selection-licensing-construction cycle for nuclear plants today requires 9-10 years, divided roughly as follows: 2 years for site and plant design selection, pre-application site reviews and preparation of the application; 2 years for construction permit reviews, including public hearings; and 5-6 years for construction, operating license review and possible hearings after the construction permit is issued, and operational testing. As you can see standardization of plan designs, including both nuclear and non-nuclear portions, can make possible a reduction of about 2 years in this cycle. About a year can be saved from the time required for AEC review of the construction permit application. In addition, as the industry begins to gain experience in duplicating major portions of plants, it should be possible to reduce the required construction time by a year. The saving will come largely from elimination of the trial and error sequences—the so-called "put it in—tear it out" syndrome—which characterizes the construction of many custom plants.

There is opportunity for cutting an additional two years from the early part of the nuclear lead-time cycle by coupling standardized plant designs with the use of sites reviewed and approved in advance of their use. A bank of approved sites can be established once certain tools are available. These include siting criteria on such subjects as seismicity, population distribution, routine releases, and environmental characteristics. Use of a predesignated site should cut about in half the two years required for site selection. Should a utility elect to install a plant of preapproved standard design at a predesignated site, the only site-related question which would need to be addressed in considering a construction permit for a specific plant would be whether the standard plant's previously approved design characteristics fall within the assumptions used in evaluating the site.

No one should have the idea that all the time savings represented by this conceptual scheme are attainable in the immediate future. The savings expected from standardization will not be realized in full until entire plants, including both nuclear and non-nuclear portions, are standardized. This will not be achieved for some time.

In the siting area also the developments which can make this scheme a reality may be several years away. But the direction indicated by the chart seems realistic to me, and the goal represented is one which we hope to achieve, if not in the near term, at least in the intermediate term.

It is my hope that the AEC's study of the reactor licensing process will serve as a catalyst for additional viable approaches to the problem. In this connection, one of my fellow Commissioners, Will Kriegsman, has surfaced an approach which merits careful appraisal. Mr. Kriegsman's proposed formulation would split the current licensing system into two distinct and separate regulatory modes. Utilizing a modification of the currently available manufacturing license concept, reactor vendors would carry the burden of proof at the front end of the system to obtain a regulatory certified nuclear island portion of a final plant design. Utilities would only enter the picture at a later stage as they and their architect-engineers carried the burden of proof regarding balance of plant and site-related interfaces to obtain what amounts to the present operating license. In an alternative, an architect-engineer could join with a vendor at the certification review state to obtain a complete plant design approval. While this concept of a license to manufacture may eventually result in a reduction of 1 to 2 years in the length of the licensing process, this saving would appear not to be possible for another 3 to 4 years when final designs are available.

Steps toward standardization

Significant progress has been made since the Commission's May 1972 policy statement endorsing standardization. As you know, the Commission believes that the continual changes in design of recent years, together with accompanying escalation in plant capacity has been a major cause of long lead times, requiring both industry and the AEC to go over each plant in detail in order to maintain a consistent high level of safety. As we looked ahead, the Commission came to the realization a few years ago that it could not effectively regulate the avalanche of nuclear orders forecast for future years, mounting to a predicted total of 1,000 operating plants by the year 2000, if each one was a custom plant. We also strongly doubted that the industry could design, construct and operate that number of plants on a one-of-a-kind basis. In March 1973, AEC announced three standardization options which we were prepared to implement in our regulatory process.

The first option is the reference system approach under which standardized designs intended for use in a number of future plants may be submitted for AEC regulatory review. Utilities purchasing plants incorporating the design can reference it and concern themselves in detail only with site-related and balance-of-plant matters.

All five major manufacturers are responding under this option. We already have accepted for technical review the application by General Electric of its design known as GESSAR. An application from Combustion Engineering for its CESSAR design has been submitted for acceptance review, the procedure under which AEC examines applications for completeness prior to docketing them for technical review. An application is anticipated for three Arizona plants which will reference the GESSAR design. Westinghouse, Babcock & Wilson and Gulf General Atomic have indicated their intent to submit reference system applications. Two applications are anticipated from Stone & Webster: one, for a pressurized water reactor, is expected early next year the other, for a boiling water reactor, later on.

As a matter of interest, the Commission is currently considering limiting the reference design submittals to very large portions of the plant, starting in FY 1977. Under this limitation, the minimum portion of the plant that would have to be included in the reference design option might be the reactors, containment, control room, auxiliary systems, radwaste systems, and emergency power. The objective here is that full benefits of standardization really cannot be achieved unless large portions of the plant are standardized.

The second stadardization option made available is the duplicate plant approach, under which the AEC agrees to conduct a single review when a utility or group of utilities plans to locate identical plants at more than one site. Each site must be specified at the time of the applicant's permit submissions. We have already received indications of several filings under this option:

Commonwealth Edison Company has filed for its two Byron-Braidwood plants, to be placed at separate sites. This application has been docketed for technical review.

The SNUPPS organization of five midwest utilities, having cleared Justice Department anti-trust scrutiny, is preparing to file an application covering six units at four different sites.

Duke Power Company has signified its intension to purchase six identical plants from Combustion Engineering, and expects to file an application next spring.

The Tennesse Valley Authority plans next summer to submit an application covering four GESSAR units on one site.

Utilities in Wisconsin and upper Michigan are planning to submit an application covering two units.

As standardization progresses under the second option, the Commission will probably have to consider requiring some minimum number of plants to be included in applications, i.e., there should be sufficient commercial utilization of the design to warrant the expenditure of AEC regulatory review resources.

The third option in standardization involves issuing a license to manufacture where a number of complete facilities would be built at a central location and then moved to their operating sites. Early this month the AEC adopted new regulations governing the use of this approach. Under this option the purchasing utility must file separately for a construction permit and operating license. This option is currently being applied to the concept of floating nuclear plants placed in offshore locations. An application to manufacture eight such units has been received from the Offshore Power Systems, Inc., a joint venture of Westinghouse and Tenneco, and is now undergoing technical review. The Public Service Electric and Gas Company has purchased two units to be located off New Jersey and has taken an option on two additional units. The City of Jacksonville has signed a letter of intent to purchase two units, as has Middle South Utilities Company.

Although standardization is expected to have beneficial effects in reducing lead-times and conserving the technical manpower in industry and government, I would emphasize that one of AEC's principal motives in encouraging standardization is the enhanced safety this concept offers. We expect this to occur because, with only a relatively few designs to be concerned with, greater concentration of staff effort will be possible, both in AEC and in industry. In addition, standardization will provide an opportunity to apply the lessons of experience with a given design in the design, construction, startup, operation and inspection of additional units, thereby saving valuable time.

As a matter of fact, within the next few years, we are considering requiring utility applicants to reference approved, final, standardized designs, unless good cause is shown why a custom design or a preliminary standardized design should be considered instead.

Siting concepts

AEC's position and my personal position on the siting of nuclear power plants has undergone some recent change.

Several years ago there was strong emphasis on the desirability of regional siting. I recall well one instance which occurred while I was Chairman of the Maryland Public Service Commission. We had before us the application from the Baltimore Gas and Electric Company to place two plants at the Calvert Cliffs site on the Chesapeake Bay. We felt that some sort of regional compact for the Bay would be desirable since, regardless of what action we might take to protect the Bay on the Maryland side, there was still the possibility that Virginia could ring her side with plants, and of course vice versa. Accordingly, I met with Virginia and Maryland officials from the Governor on down but I was not able to get the regional compact idea off the ground.

Regional siting compacts are as good an idea now as they were then. But we must face reality. The experience we had with Chesapeake Bay seems to be the general experience on proposals of this kind. State governments do not seem to respond to the idea: the compacts are not forthcoming. I have had to conclude that regional siting is a frail reed on which to base a siting policy and that other approaches are required.

Moreover, other approaches are required urgently if acceptable sites are to be found for the numerous nuclear plants expected to be in operation in the coming years. Let me describe a siting proposal which appears to have real merit.

Designated sites

The designated site approach seems to be a practical one. Its merit is in the decoupling of the approval of the site from approval of the plant. Such a site approval process would have to include consideration of all of the environmental aspects of the site that could affect plant safety (such as seismicity), all of the radiological impacts of the plant, and all of the environmental impacts of the plant on the site. Since the design of the plant may not be known at this stage, a typical operating envelope for the plant would have to be assumed, thus highlighting the need for developing good siting criteria. Where qualified, it appears reasonable if not desirable that the state could be involved in or be responsible for the nonradiological portion of the NEPA review. In this regard, the staff is currently developing legislative and non-legislative options to permit such governmental collaboration.

Immediate actions

What I have said up to now related primarily to near-term and long-term policy objectives. In light of the seriousness of the energy crisis we face today, the tough question is increasingly asked as to what measures can be taken immediately and without legislation to increase nuclear's contribution. I should like to spend a few minutes on that subject. As a prelude to my remarks, it must be clearly understood that in my judgment the quality of the AEC's safety and environmental reviews cannot be sacrificed or prejudiced because of the presently anticipated severity of the energy shortage. With that as a pre-condition, three alternatives to the present system can be identified.

First, with regard to the 59 nuclear plants under construction, a great majority could be evaluated in ways which focus intensive attention on their construction schedules to identify government or industry actions which could accelerate the process. Utility management should consider taking a page from the AEC book and become involved in establishing and reviewing a PERT-type logic network to monitor plant construction progress. AEC has done this with its licensing schedules, and it's amazing how quickly problems can be identified and corrective actions taken under such a system. In that connection, I appreciate the cooperation of those industry leaders who I mentioned earlier met with Roy Ash, John Love, Dr. Ray, and me. That meeting can only have beneficial results as the administration's energy program evolves and construction delay problems are increasingly focused upon.

Secondly, while the project time for a reactor has significantly increased, the time required by the AEC to review construction permits has been steadily declining from an average of 35 months for cases docketed in 1970 to 18 months for cases docketed in 1973. Starting April 1, 1974, I expect the Regulatory Staff to reduce the operating license review time to 12 months, with a corresponding reduction in average time for construction permit decisions to 15 months. Additional attention must be given to the possibility of reducing these times even further.

Thirdly, the Commission amended its rules in March 1972 to bar site preparation work prior to the issuance of a construction permit and to restrict severely the granting of exemptions for this and for other site work. At the time it was an important and necessary step taken, among other reasons, to increase the credibility and effectiveness of the AEC'S regultory licensing process, particularly with regard to environmental matters. As you well know, it is the Commission's present policy to grant exemptions from these restrictions very sparingly. However, in the present energy climate where exemptions are and will necessarily have to be granted from provisions of the Clean Air Act and other strict environmental measures, it would be appropriate for the Commission to consider the advisability of granting exemptions—where warranted in the public interest and compatible with applicable law—on a less restrictive basis than is now the case. I would emphasize that any exemptions permitted under the Commission's regulations are given with the clear understanding that the work conducted is at the applicant's risk; and that situation would continue to obtain notwithstanding any other changes in the Commission's exemption policy.

I personally would not be in favor of granting exemptions of any sort for first-of-a-kind demonstration plants. But with regard to the type of commercial reactors going on-line today, two possible alternatives for broadening the use of pre-construction permit exemptions come to mind. Under the first approach, staff could be geared up to complete its environmental impact review in 7 months rather than in the current 10–12 month period. Staff's final environmental statement would then serve as the basis for construction permit environmental hearings, and a subsequent positive finding by an Atomic Safety and Licensing Board could result in the immediate issuance of an exemption by the Director of Regulation. Alternatively, requests for exemptions could be submitted to a rigorous cost-benefit analysis of energy-environmental considerations, with the analysis specifically addressing the benefits from the standpoint of the construction schedule which would be derived if early site preparation and certain construction activities were permitted. Thereafter, an opportunity for public hearing on staff's mini-environmental review could be offered.

Obviously, I would personally much prefer to avoid the widespread use of pre-construction permit exemptions. While granting exemptions under appropriate safeguards seems reasonable for consideration given today's national energy picture, we must recognize that a price is paid. Here I am speaking of the risk of decreased credibility exemptions generate within a local community which often raises significant questions concerning the location of a nuclear plant on a particular site. It is hard to maintain credibility and counter charges that AEC's licensing process represents something other than objective decisionmaking when ground is being disturbed and even limited construction is underway before a construction permit is granted. Nevertheless, we simply cannot blind ourselves to our Nation's critical energy needs. So, as hard as it is for me to swallow, and given the fact a broader use of pre-construction permit exemptions could save at least from six months to a year in plant construction time depending on the alternative chosen, I will recommend consideration of such a course to my fellow Commissioners upon my return to Washington.

The nuclear controversy and the Commission's response

Today I have for the most part addressed the mechanics of what I and to a large degree the Commission feel are the major policy objectives for the years ahead. There are, of course, differences of opinion as to the precise courses which the agency or the industry should pursue. But there is seemingly little difference with regard to the objectives. However, the primary objective for the future cannot be addressed in any mechanistic sense. This is the problem of achieving a high level of acceptability for an improving technology which has been and is being tested in the crucible of experience. And if we conclude that licensing and hearing delays through intervenor tactics are constraining the ability of nuclear power to make a more significant contribution to the national goal of energy self-sufficiency as embodied in project independence, it must be because a satisfactory level of public acceptability for the technology has not been achieved. While the overwhelming consensus of the scientific community supports the safety, environmental and technical feasibility and advantages of nuclear technology, no conscious or even subjective choice, positive or negative, has been made by many Americans. For example, a recent industry-sponsored survey indicates that over 25% of those surveyed had "no opinion" when it came to attitudes toward nuclear power plants. This is in the face of decisions by a significant portion of the utility industry to provide electricity generated by commercial nuclear power plants. Rather, there are all too many instances of public doubt and questioning of the wisdom of such decisions. And yet even in areas where controversy has been engendered in the context of individual licensing hearings, surveys have shown the level of acceptability for nuclear power has been significantly increased. The conclusion is obvious. Exposure to the facts concerning nuclear technology via public participation and the media generates a higher degree of acceptability. The technology can withstand the most searching inquiry in the most public forum and emerge with a public acceptability an order of magnitude higher than when the dispute began.

It is clear to me that the level of maturity in the nuclear industry requires that the Commission, in addition to other policy objectives currently being identified and pursued, should do some re-thinking both in the operational and regulatory organizations to eliminate where possible from the public debate over nuclear energy extraneous arguments which cloud and make impossible meaningful dialogue. Many of the policies and operational procedures of the AEC are in fact residual holdovers from earlier days and have their genesis in operational requirements mandated by the weapons program of the Commission. While those requirements still exist and will continue, the Commission must more aggressively address a bifurcated methodology of administration distinguishing its nuclear responsibilities in the civilian area from its responsibilities in the national security area.

The Commission, exercising its own initiative, has taken steps in the past several years in a calculated effort to open up to public scrutiny those of its activities dealing with peaceful uses of nuclear energy. Rightly or wrongly, however, a sense of the openness of the process has not come through to the public to the degree necessary to eliminate from the nuclear debate the charge of "secret decisionmaking."

As I am sure you are aware, the Commission is in the process of taking a number of significant and rather dramatic steps to address this problem. To begin with, the question of proprietary information—a needlessly vexatious matter in the licensing process—is being re-examined by the Commission, and a rulemaking proceeding on this subject will be announced in the next few days.

Further, steps are being taken which are designed to make more regulatory technical information routinely available to the public. Research and technical assistance documents will be made available in the Public Document Room at the time they are submitted to Regulatory staff. This will include reports received from AEC contractors and consultants, memoranda to the AEC operational organization concerning Regulatory staffs safety research needs and reports prepared by staff which are generic in nature. We also plan to encourage increased public participation in the rulemaking process by expanding use of advance notice of the public of proposed rulemaking and inviting advice and recommendations at an early stage before staff is prepared to issue the specifics of a proposed rule for public comment. Additionally, steps have already been taken to open meetings of the ACRS and other AEC advisory committees to public attendance, and further measures are under consideration to provide greater access by the public to ACRS documents.

In addition to the foregoing actions, we plan to make available to the public upon request early drafts of proposed regulations and safety guides normally exempt from disclosure under provisions of the Freedom of Information Act. The guidelines for such release are as follows: (1) once a regulation or safety guide has been published in proposed or effective form, we would make available prior drafts of the regulation or guide prepared by the Regulatory staff (or personnel of the Office of the General Counsel advising the Regulatory staff) which have been transmitted outside the regulatory organization following establishment of a regulatory position on the particular subject; and (2) irrespective of whether the regulation or safety guide has been published, we would follow the same course just outlined on drafts which have been transmitted outside the regulatory organization following establishment of a regulatory position on the particular subject.

All the foregoing measures have been taken not without travail, and some have been taken at the urging of concerned citizen groups. But regardless of who generated the measures, I personally believe they are all steps in the right direction and more needs to be done.

An unfortunate and regressive aspect of the controversy over nuclear power in the past decade has been the fact that all too often extraneous, irrelevant and in some cases just plain phony issues have been injected into the public arena as somehow having some sort of mysterious but direct relationship to the adequacy of nuclear technology—issues such as Commission procedures; the stifling of dissent within the Commission's technical body; the non-disclosure of documents which somehow, if exposed to public view, would allegedly "do in" the technology; and the allegation that the Commissioners themselves are somehow engaged in league with the industry in some sort of perverse game plan to foist nuclear power on an unsuspecting public. These charges often are made in a manner designed to mislead the public and to exploit the regrettable fact that nuclear energy was developed in a wartime atmosphere and that its first use was for destructive purposes. For more than a quarter of a century the public has been prey to those who would dramatize and emotionalize this legacy from the past. It frankly is time that this industry, this Commission and this country lay this kind of lazy mentality to rest and get off the back of civilian nuclear power the "bum rap" that the nuclear technology has taken in recent years. It is high time the unreasoning critics of nuclear technology be informed that they are going to be held to a higher standard of accountability and that the nuclear dialogue requires a more informed debate based on precise facts, not overstated generalizations.

Epilog

It is clear to me, as it should be to you, that with regard to nuclear energy and the present and projected fuels shortage, the gauntlet has been thrown down. I have today endeavored to describe actions the Commission is taking to meet its public interest responsibilities. These are being accomplished under the rubric of foresight and with the watchword of openness. And, if some of my comments have made you feel uneasy in your seats, all the better. You are the leaders of this industry and your industry does not lack the maturity for aggressive responsiveness to the country's needs. I challenge you as the President challenged the Nation and AEC in his last energy message. Collectively you will have much to say about the future viability of this Nation. I urge you not to drop the ball. If some of you think that the only response to the energy crisis should be the embracing of the lessening of environmental restrictions occasioned by the fuel shortage, you have completely missed the point. That kind of simplistic thinking is for the Dark Ages. And that is where this country might very well find itself if all of us are not constructively responsive.

CAUSES OF SCHEDULED DELAYS IN 28 NUCLEAR PLANTS SCHEDULED FOR 1973 OPERATION

Cause	Number of plants affected	Plant/months of delay
Poor productivity of labor	16	84
Late delivery of major equipment	9	68
Change in regulatory requirements	8	23
Equipment component failure	6	15
Strikes of construction labor	5	18
Shortage of construction labor	5	18
Legal challenges	4	9
Strike of factory labor	4	5
Rescheduling of associated facilities	1	12
Weather	1	9

B. ATOMIC INDUSTRIAL FORUM: THE CAUSES OF NUCLEAR POWER PLANT DELAYS, AN AIF STAFF SURVEY

Introduction

In mid-November, the President requested the Forum, in a message delivered by AEC Chairman Dixy Lee Ray to the Forum's 1973 annual conference, to assist the AEC in identifying actions to be taken to expedite the completion of nuclear power plants then under construction in order to get their critically needed power on line as soon as possible.

Later that same month, an ad hoc group of Forum members recommended that as a prerequisite to developing a response the Forum should undertake a questionnaire survey of the utility sponsors of these nuclear power plants. Accordingly, in early December the Forum sent questionnaires to 47 utility owner/operators of 116 nuclear power projects, 58 of which were then under construction and 58 of which were then awaiting an AEC construction permit.

The following report is based on returns from 37 of the 47 owner/operators solicited and reflects 95 of the 116 nuclear power plants involved—47 units under construction and 48 units awaiting a construction permit.

This report is comprised of two sections, "findings" and "discussion". In the "findings" section that follows, indications of delays that have been experienced by plants under construction as well as by plants awaiting a construction permit are reported. However, a detailed breakdown of such delays is reported only for those plants under construction; such information was not requested on plants still awaiting a construction permit. Accordingly, the tabular information pertains only to plants under construction. Each of the tables presents both maximum and average delays attributable to each of the listed factors. For purposes of comparing the impact of various delays, the total plant-months of delay (average delay times the number of plants affected) is believed to be more meaningful. The subsequent "discussion" section of this report includes a summary of comments received from questionnaire respondents, presented as a qualification and amplification of the information included in the "findings" section.

FINDINGS

Delays confirmed: The most conclusive finding developed by the survey is that nearly 75% (70 out of 95) of the nuclear power plants on which returns were received have experienced some delay. All but one of the 47 plants under construction have been subjected to delays, ranging in duration from 5 to 61 months. And half of the plants awaiting a construction permit (24 out of 48) have been subjected to comparable delays, ranging from 2 to 66 months. For those under construction the delay averages 24.3 months per unit and for those awaiting a construction permit the delay averages 25.9 months per unit. In both instances, delays were determined by comparing the date now projected for operation of the completed plant with the date projected at the time the construction permit application was filed with the AEC.

Licensing changes—most frequently reported delay factor: Changes imposed by modification in licensing and regulatory requirements were reported more frequently as a cause of delay than any other factor listed in the questionnaire. Such changes have contributed to delaying 85% of the reactor plants under construction (39 out of 46). Such changes are also the cause of the most time lost, 42% of the total, 1,119 plant-months of delay experienced by the 46 plants. This delay factor, in comparison to others reported, is highlighted in Table 1.

TABLE 1.—LEADING CAUSES OF DELAYS ON PLANTS FOR WHICH CONSTRUCTION PERMITS HAVE BEEN ISSUED

Delay factor	Number of plants delayed	Maximum months of delay[1]	Average months of delay[1]	Total plant-months of delay[2]
Changes imposed by modifications in licensing and regulatory requirements	39	29	12.1	471
Late delivery of components and/or materials	22	6	3.9	87
Shortages or immobility of craft labor	25	10	3.0	76
Inadequate productivity of labor	19	10	3.8	72
Shortages of engineers and technical support personnel	18	6	2.6	47

[1] Based on only those plants specifying the cited delay factor.
[2] Rounded off.

A more detailed presentation of delays is set forth in Table 2. Those delays specifically attributable to licensing changes and regulatory requirements are detailed in Table 3.

As to what types of modifications in licensing and regulatory requirements have accounted for reported delays, the impact of the Calvert Cliffs court decision has by far been the largest single cause. Perhaps more serious over the long term, however, since they are recurring-type delays, are those attributable to the lack of definitive criteria and/or standards, to the retroactive necessity of providing against an assumed pipe break outside reactor containment, and to the indefiniteness of how "as low as practicable" limits will impact on permitted releases of radioactive effluents and off-site radiation exposures.

It should be noted that not all licensing delays necessarily fall into the category, "changes imposed by modifications in licensing and regulatory requirements". Indeed, four other delay factors listed in the questionnaire, "lack of jurisdictional authority among review groups", "lack of discipline in the conduct of public hearings", "tactics of intervenors" and "disproportionate diversion of technical personnel to regulatory matters", are without question delays directly attributable to licensing policies, procedures or practices. Inclusion of the cumulative number of plant-months of delay attributable to these four factors brings the total of all licensing-type delays to 573 plant-months or to 51% of the plant-months lost from all delay factors.

Other delay factors: Although changes imposed by modifications in licensing and regulatory requirements have contributed to delaying more plants for longer periods of time than any other delay factor, they have by no means been the only cause of delay. Indeed, in terms of the total time lost by the 46 units under construction, 49% of the total 1,119 plant-months of delay is attributable to some 17 non-licensing-type delays.

Of such delay factors set forth in the questionnaire, the late delivery of components and/or materials has contributed an average of 3.9 months of delay to 22 plants and the shortage or immobility of craft labor has contributed an average of 3 months of delay to 25 plants.

Multiplicity of delay factors: Owner operators of nuclear power plants under construction attributed construction delays to a host of factors rather than to just one or two. As indicaed in Table 2, only one of the non-licensing delay factors enumerated in the questionnaire can be identified as not contributing to a delay—lack of adequate information at the national or local level to gain public acceptance of the proposed plant. Similarly, as indicated in Table 3, only one of the licensing delay factors enumerated in the questionnaire—problems related to fuel densification—drew no votes.

Further, no respondent showed the delay of his plant to be attributable to less than two factors and one respondent reported as many as 16. The average was between 6 and 7 causes of delay per plant.

Interrelationship of delay factors: Questionnaire responses also make clear that a delay of one type can often provoke a delay of another type. This is particularly true where the initial delay is prompted by a change in licensing and regulatory requirements. The later this type of delay comes along in the construction schedule, the more likely will it cascade other delays, particularly of the non-regulatory type. For example, regulatory change imposed after construction of a plant has begun may well lead to the necessity to replace a plant component or system that requires so long a lead time for delivery that the secondary delay is as serious, if not more serious, than the initial delay. And if construction has advanced to a point where the plant component or system has already been installed, some time will be lost in its removal and replacement even if no delay is attributable to acquisition of the replacement item.

CHART B.—CAUSES OF DELAYS ON PLANTS FOR WHICH CONSTRUCTION PERMITS HAVE BEEN ISSUED

Delay factor	Number of plants delayed	Maximum months of uelay [1]	Average months of delay [1]	Total plant-months of delay
Technical/design:				
Changes warranted by advances in technology	4	3	1.9	7.9
Changes requested by owner/operator	8	6	3.8	30.1
Changes imposed by modification in licensing and regulatory requirements [2]	39	29	12.1	470.7
Other	12	23	8.7	104.4
Administrative/legal procedures:				
Lack of jurisdictional authority among review groups	2	2	2.0	4.0
Lack of discipline in the conduct of public hearings	6	12	6.0	36.0
Anti-trust considerations	2	----	----	----
Other	2	1	1.0	2.0
Public acceptance:				
Lack of adequate information at national and/or local level	0	0	0	0
Lack of credibility of applicants and/or licensing review authorities	1	2	2.0	2.0
Tactics of intervenors	4	11	7.3	29.0
Manpower:				
Shortage of engineers and technical support personnel	18	6	2.6	47.3
Disproportionate diversion of technical personnel to regulatory matters	14	3	2.4	33.1
Shortage or immobility of craft labor	25	10	3.0	75.5
Inadequate productivity of labor	19	10	3.8	71.7
Other	2	5	3.0	6.0
Commercial considerations:				
Lack of coordination between owner/operator, AE, NSSS supplier and consultants	7	3	2.1	14.4
Late delivery of components and/or materials	22	6	3.9	86.6
Strikes	12	6	2.1	25.0
Poor quality control and/or equipment failure	13	3	1.9	24.3
Other	4	12	6.0	24.0
Site-related problems:				
Weather	5	5	2.4	12.0
Geological anomalies	5	6	2.6	13.0
Total	46	29	24.3	1,119.0

[1] Based on only those plants specifying the cited delay factor.

[2] Detailed in table 3.

TABLE 3.—DETAILS ON DELAYS DUE TO CHANGES IMPOSED BY MODIFICATIONS IN LICENSING AND REGULATORY REQUIREMENTS

Delay factor	Number of plants delayed	Maximum months of delay [1]	Average months of delay [1]	Total plant-months of delay
Safety:				
Pipe break outside containment	16	9	2.6	40.9
Other	8	3	3.0	23.9
Design and performance of ECCS	10	6	2.4	23.0
Containment and effluent release	5	6	4.6	22.8
Problems related to fuel densification	0	0	0	0
Environmental:				
Other (including impact of Calvert Cliffs court decision)	11	16	10.4	113.9
Off-site exposures and releases	12	9	2.8	33.9
Differences between AEC, EPA, and State limits	4	1	1.0	4.0
On-site exposures and releases	3	1	0.7	2.2
Licensing requirements:				
Other	13	12	5.4	69.9
Lack of definitive criteria and/or standards	18	6	3.5	62.9
Lack of authority at review and decision-making level	6	5	3.7	22.0
Excessive questions delving into unwarranted detail	11	3	2.1	22.7
Changes not warranted by safety or environmental factors or not justified by cost/benefit analysis	11	3	2.1	22.6
Unnecessary duplication of reviews	2	5	3.0	6.0
Total	39	16	12.1	470.7

[1] Based on only those plants specifying the cited delay factor.

It should be noted that the problem of public acceptance and outright intervention by critics, although not singled out as an overt cause of delay by most respondents, is inseparable from many of the other delay factors. For example, the Calvert Cliffs court decision, to prominently mentioned in the licensing and regulatory requirements category of delays, was prompted by an intervenor suit. Similarly, the protracted AEC hearings on ECCS performance criteria were held in part to allay protests of nuclear critics and the more generalized fears of the public.

Possible speedup: It would be possible, according to respondents, to speed up completion on 14 of the 46 nuclear units that have been delayed during construction if appropriate measures were taken within the next 3 to 6 months. As to what measures would be required, the answer most frequently given was to eliminate the public hearing at the operating license stage or at least the *de novo* type of hearing. The average extent of the speedup estimated was 3 to 4 months which in reality would mean a partial recoup of the 24.3 months of delay that these units have already averaged.

For units awaiting a construction permit, speedup estimates were more optimistic. In this case, respondents said it would be possible to speed up as many as 25 of the 48 plants involved. Also, the extent of a possible speedup was greater, averaging 7 to 8 months, which again would mean a partial recoup of the 25.9 months of delay that these units have already averaged. As to what measures would be required, the granting of an exemption to AEC's 10 CFR Part 50.10 restrictions, which at that time precluded site preparation work prior to receipt of a construction permit, headed the list. Requests for exemptions had been filed on 14 units and an intent to file was indicated for 7 additional units. Since then, the AEC has announced a revision in its licensing procedures which would provide for the issuance of a limited work authorization, permitting applicants at their own risk to undertake certain site work prior to the issuance of construction permit.

Avoiding future delays: In response to a question of what problems are likely to lead to future delays and what steps can be taken to resolve the problems, many respondents simply answered that an effort should be made to eliminate the kinds of delays that plants have experienced in the past. Frequently cited as matters of future concern for those units under construction were the possible imposition of backfitting and the limited availability and productivity of craft labor. For units awaiting a construction permit, many respondents expressed concern about the unnecessarily protracted reviews of applications by the AEC staff and the ACRS.

But a review of the questionnaire returns also makes clear that an increasing number of license applicants are becoming concerned about a new set of problems—new, that is, to the extent that they have not been major causes of delay in the past. The most frequently noted of these is a shortage of materials, components and equipment. Two others cited by a number of respondents are anti-trust review and the redundancy of reviews prompted by the overlapping regulatory authority of various federal, state and local agencies.

Discussion

In identifying what factors have delayed the construction of nuclear power plants in the past and what steps might be taken to speed up their completion or to avoid future delays, some respondents included amplifying or qualifying observations. Some of the more pertinent of these are noted in the discussion that follows. Clearly discernible throughout these comments is the influence that one type of delay may have in provoking or prolonging another type of delay.

As one respondent explained, it should be recognized that all of the effects which contribute to delays in nuclear power plant construction are coupled together. He went on to point out that in the real world of construction hundreds of factors come into play, making it clear that no one factor can be identified as the exclusive cause of delay. Any perturbation on the normal flow of construction planning and management diverts attention from the task at hand and invariably leads to a deleterious impact on construction schedules.

Manpower—technical: A number of respondents reported that it has proved difficult to determine what level of engineering manpower would be required to carry out the design of a nuclear plant and to satisfy other engineering support functions. Several of these respondents candidly admitted that the scope and complexity of the nuclear project had proved greater than they had anticipated and that their initial estimates of the time and personnel that would be necessary to engineer and construct a large nuclear unit were overly optimistic. At the same time, many of them added that changing licensing criteria with respect to redundancy and separation of systems and components and with respect to protecting against such assumed phenomena as pipe whip and missile generation have added unanticipated engineering and construction man-hours to their projects. Hence, such changing criteria must be held responsible for some portion of the delays experienced.

The manpower problem, according to many respondents, has been repeatedly aggravated by the diversion of engineering personnel to answering questions raised by the AEC regulatory staff, many of which have been considered unnecessary since in the opinion of the applicants they bear no direct relationship to safety considerations. As one respondent put it, the manpower requirements to support the licensing effort are in direct competition with the engineering manpower required to support the construction schedule. By way of example, he pointed out that the stress analysts required to answer AEC's questions on the protective measures to be taken in designing against a postulated pipe rupture outside containment are the same stress analysts required for production engineering.

Other respondents commented on the diversion of technical personnel to the preparation of environmental impact statements, answering questions, and participating in follow-on hearings. As one respondent put it, diversion of his most experienced manpower to regulatory matters is probably the most serious problem currently facing him. And he amplified on his concern by noting that the problem is accentuated when the ASLB panel gives intervenors wide latitude in public hearings, thereby causing the hearings to run for extended periods. Another respondent attempted to quantify this technical manpower problem by noting that the answering of some 800 formal questions and several hundred informal questions raised by the AEC staff on the PSAR and environmental impact statement has led his plant to suffer an estimated six-month delay in the receipt of an operating license.

Several respondents also expressed concern about the diversion of technical personnel that has proved necessary to meet AEC's strict quality assurance requirements and to keep up with the related documentation. On the other hand, one respondent dismissed this type of complaint by noting that some contractors have had little or no prior experience with the demanding requirements of nuclear power plants and it is simply a matter of acquiring engineers, supervisors and draftsmen sufficiently qualified to do the work. Another respondent noted that the situation would be improved if AEC inspectors were instructed to enforce the licensee's approved QA procedures rather than internal AEC guidelines which tend to change as the project progresses. Still another respondent had a more encompassing remedy to suggest: limit the involvement of government regulatory agencies to the least possible number and confine the subject of their reviews to the relevant, which, he said, should stop short of pushing the limits of knowledge and conjecture on each plant.

Another type of technical manpower problem cited by one respondent was the turnover in engineering personnel of his NSSS supplier during a protracted plant construction schedule and the adverse impact this has had on coordination between the two organizations.

Manpower—craft labor: The availability and productivity of craft labor appears to be of even more concern to nuclear power plant applicants than does the shortage of technical and engineering personnel. Epitomizing the problem was the report of one respondent who said his company had purposely spaced the construction of twin nuclear units two years apart simply because of a shortage of labor and the peaking in the skilled trades that could be anticipated by projected field construction activities. Interestingly, the concern over labor availability and productivity was expressed more frequently by utilities awaiting a construction permit than by utilities with reactors already under construction, suggesting that this may be a problem of potentially more significance in the future than it has been in the past.

The type of craftsman most frequently associated with shortages, according to the questionnaire returns, is the welder. Several respondents reported that even though they or their contractors have instituted special training programs, skilled welders capable of meeting nuclear quality standards are still in short supply. Concerns over labor productivity were principally directed to the pipe fitting and electrical crafts.

Many respondents called for individual and collective efforts at both the local and national levels to improve the labor situation, including, among others: (1) planning and arranging for labor availability well in advance of the initiation of construction, (2) adopting membership and training practices which will enhance the availability of skilled craftsmen, (3) importing skilled labor, (4) creating enforceable productivity indicators and controls, (5) encouraging labor mobility by permitting members to transfer pension funds and other benefits to other locals, (6) arranging for overtime as necessary to keep critical work on schedule, (7) double shifting critical path construction activities, and (8) cooperating with other heavy construction employers drawing from the same labor pool and establishing area-wide labor requirements forecasts.

Although the initiatives listed above lie within the cooperative capabilities of industry and organized labor, a number of respondents pointed out that the AEC can also help, primarily by reducing the number and complexity of its backfitting requirements. Such requirements invariably lead to an additional workload for construction labor and thereby aggravate skilled labor shortages as well as productivity problems. Another way in which ratcheting and backfitting adversely affect the productivity of skilled labor is much more subtle, but no less real. After a skilled craftsman, whether he be a welder, a pipe fitter or some other artisan, has completed a job and is asked to repeat the work a second and perhaps even a third time because of a design change, the merits of which escape him, his morale as well as his productivity and the quality of his work are quite likely to suffer.

* * * * *

Materials & components: As indicated earlier, a large number of respondents, particularly those responsible for nuclear units on which construction has not yet begun, expressed concern about the future availability of materials and components. Among the materials most frequently mentioned as already being in short supply, or likely to be in the coming months and years, are reinforcing steel bar, steel plate, Portland cement, gasoline to transport workers to and from the site, and diesel fuel to operate construction equipment. Most frequently mentioned as components in short supply were castings, steel pipe, pipe fittings, and electrical conductors. Respondents generally attributed such shortages to the limited availability of requisite materials and overloaded vendor shops. The latter problem has been exacerbated, according to several respondents, by the number of founderies and small jobbers which have been unable to invest in the necessary equipment to meet EPA controls and in the absence of any other solution have simply gone out of business. As a result, suppliers of castings for valves and pumps have been particularly hard hit.

Licensing procedures: Reference has already been made to various regulatory procedures and practices that have led to serious delays. Reference has likewise been made to steps that could and should be taken to alleviate or eliminate certain of these problems.

Respondents were unanimously agreed that neither the AEC nor the licensee should be a party to any compromise of safety. However, many respondents challenged changes which at best could lead to only questionable increases in margins of conservatism. As one respondent put it, no changes in regulatory requirements should be permitted after the issuance of a construction permit except in those cases where there is a genuine concern for either public safety or plant safety. Furthermore, such changes should be defined as being of sufficient consequence to require mandatory backfitting of all similar-type operating plants. Another respondent made the same point more succinctly by simply requesting AEC to "vintage the ratchet".

Obviously most worrisome to a number of respondents is the type of problem which is so vague in definition as to defy assessment of its impact or to obscure a solution which will satisfy the objectives of both the regulator and the licensee. For example, in referring to the lack of definitive licensing criteria, one respondent pointed out that the continuing issuance of regulatory guides leaves licenses with the never-ending question of how much to modify the design of a plant in the engineering or construction phase in order to conform. Another respondent pointed out that where new or modified criteria relate to seismic effects, pipe breaks or electrical layouts, for example, structural changes will probably be indicated and the impact on construction schedules will be felt immediately. Still another respondent observed that new criteria have repeatedly been imposed on plants with incomplete consideration of the status of the plant, the costs involved, or the real benefits to accrue.

Commercial considerations: Acknowledging, as a number of respondents did, that lack of experience with nuclear plants had led them to fix overly-optimistic construction schedules, they said they would employ different practices with follow-on plants. Several said they hoped to avoid the problem of late deliveries of such items as vessels, electrical control boards, valves, piping and instrumentation through early procurement action on long lead time items. Others said that they too would opt for earlier procurement initiatives, but to compensate for material shortages and overloaded vendor shops. Still others said that longer procurement schedules should avoid repeats of quality control problems during fabrication of such items as equipment supports and valves which in some instances not only necessitated rework, but at a premium cost because the problem was not detected until the items had been deliverd to the site.

As to what steps might be taken in the future to avoid supply problems, that is, other than using the longer lead times referred to above, various respondents recommended, among others, the following: (1) putting more effort into expediting materials flow, perhaps through the establishment of a government-controlled priority system, (2) providing overtime incentives to manufacturers, (3) developing a clear and consistent understanding on QA requirements between the owner, A/E, constructor, and various suppliers, and (4) making sure that startup failures cannot result from poor field erection or assembly, sloppy workmanship or inadequate inspection of construction.

Summary observations: Implicit in the survey responses is the conclusion that, given sufficient lead time, delays of type experienced in the past can be eliminated, reduced or, at a minimum, controlled. The underlying causes of these delays, many of which are generic in nature, are now sufficiently well understood to point to certain corrective measures.

With the cooperation of all parties involved—license applicants, regulatory agencies, designers, suppliers, labor, and the public at large—there appears to be no reason why nuclear power cannot contribute its full potential towards aleviating the nation's energy problems. It may require a level of effort and cooperation that will be realized only through the articulation and implementation of a "national purpose", but nothing short of this would appear to be warranted by the benefits inherent in the achievement of energy self-sufficiency.

IV. REGIONAL RAIL REORGANIZATION ACT OF 1973

(a) Provision Creating the Office of Public Counsel.

(b) Article by Robert Stein on Performance of Office of Public Counsel.

(c) Comments on Work of Office of Public Counsel.

REGIONAL RAIL REORGANIZATION ACT OF 1973

IV (a) Provision Creating the Office of Public Counsel (Pub. Law 93-236)

RAIL SERVICES PLANNING OFFICE

SEC. 205. (a) ESTABLISHMENT.—There is established, on the date of enactment of this Act, a new Office in the Commission to be known as the Rail Services Planning Office. The Office shall function continuously pursuant to the provisions of this Act, and shall cease to exist 5 years after the date of enactment of this Act. The Office shall be administered by a director.

(b) DIRECTOR.—The Director of the Office shall be appointed by the Chairman of the Commission with the concurrence of 5 members of the Commission. The Director of the Office shall administer and be responsible for the discharge of the functions and duties of the Office from the date he takes office unless removed for cause by the Commission. He shall be compensated at a rate to be set by the Chairman of the Commission without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, but at a rate not in excess of the maximum rate for GS-18 of the General Schedule under section 5332 of such title.

(c) POWERS.—The Director of the Office is subject to the direction of, and shall report to, such member of the Commission as the Chairman thereof shall designate. The Chairman may designate himself as that member. Such Director is authorized, with the concurrence of such member or (in case of disagreement) the Chairman of the Commission, to—

(1) appoint, fix the compensation, and assign the duties of employees of the Office without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and to procure temporary and intermittent services to the same extent as is authorized under section 3109 of title 5, United States Code, but at rates not to exceed $250 a day for qualified experts. Each department, agency, and instrumentality of the executive branch of the Federal Government and each independent regulatory agency of the United States is authorized and shall give careful consideration to a request to furnish to the Director of the Office, upon written request, on a reimbursable basis or otherwise, such assistance as the Director deems necessary to carry out the functions and duties of the Office. Such assistance includes transfer of personnel with their consent and without prejudice to their position and rating; and

(2) enter into, without regard to section 3709 of the Revised Statutes of the United States (44 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of the functions and duties of the Office, with any person (including a government entity).

(d) DUTIES.—In addition to its duties, and responsibilities under other provisions of this Act, the Office shall—

(1) study and evaluate the Secretary's report on rail services in the region required under section 204(a) of this Act and submit its report thereon to the Association within 120 days after the date of enactment of this Act. The Office shall also solicit, study, and evaluate the views with respect to present and future rail service needs of the region; from Governors of States within the region; mayors and chief executives of political subdivisions within such States; shippers; the Secretary of Defense; manufacturers, wholesalers, and retailers within the region; consumers of goods and products shipped by rail; and all other interested persons. The Office shall conduct public hearings to solicit comments on such report and to receive such views;

(2) employ and utilize the services of attorneys and such other personnel as may be required in order properly to protect the interests of those communities and users of rail service which, for whatever reason, such as their size or location, might not otherwise be adequately represented in the course of the hearings and evaluations which the Office is required to conduct and perform under other provisions of this Act;

(3) within 180 days after the date of enactment of this Act, determine and publish standards for determining the "revenue attributable to the rail properties", the "avoidable costs of providing service", and "a reasonable return on the value", as those phrases are used in section 304 of this Act, after a proceeding in accordance with the provisions of section 553 of title 5, United States Code; and

(4) assist States and local and regional transportation agencies in making determinations whether to provide rail service continuation subsidies to maintain in operation particular rail properties by establishing criteria for determining whether particular rail properties are suitable for rail service continuation subsidies. Such criteria should include the following considerations: Rail properties are suitable if the cost of the required subsidy for such properties per year to the taxpayers is less than the cost of termination of rail service over such properties measured by increased fuel consumption and operational costs for alternative modes of transportation; the cost to the gross national product in terms of reduced output of goods and services; the cost of relocating or assisting through unemployment, retraining, and welfare benefits to individuals and firms adversely affected thereby; and the cost to the environment measured by damage caused by increased pollution.

IV (b) Article by Robert Stein on Performance of Office of Public Counsel from Alternatives:

PUBLIC COUNSEL AND THE FEDERAL RAILROAD REORGANIZATION

(By Robert Jay Stein*)

Kankakee, Illinois, population 31,000, might not seem the most likely place to find a federally employed lawyer representing the public in matters affecting a federally planned reorganization of the bankrupt railroads in the Northeast and Midwest. Nevertheless, when a Washington, D.C. attorney was asked by Illinois State Senator Edward McBroom and State Representative George Ryan to address a gathering of local farmers, grain elevator operators, lumber dealers, other small businessmen, representatives of the local Chamber of Commerce and various local and state government officials in Kankakee, he was on retainer with an agency of the federal government.

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*Mr. Stein is in private practice in Washington, D.C. As a consultant to the Office of Public Counsel, he has been responsible for helping to plan, organize and implement the development of that office.

Besides familiarizing the 75 participants in the meeting with the Regional Rail Reorganization Act, itself, he was there to explain, in particular, a complex provision of the Act dealing with the development of technical economic standards to be applied in determining the amount of subsidy local interest would have to pay to retain rail service over their branch lines if federal planners decide to abandon any of those lines. The interest of the various participants was keen, because they readily understood that this railroad reorangization process had the potential for vastly affecting the socio-economic lives of their communities.

But the attorney was not in Kankakee that evening as a guest speaker merely to disseminate information about a federal statute and federally-dominated planning process. Nor did he pack his Act in his hip pocket when his talk was over and leave the community to its own devices in dealing with the myriad problems posed by the federal rail reorganization. Instead, this visit on April 18th was part of the task of providing continuing assistance to communities and users of rail service throughout most of Illinois to assure that their interests would be adequately protected in the course of the reorganization proceedings.

The work in Kankakee and other communities in Illinois is not an isolated phenomenon. Over the past four and a half months as many as thirty other lawyers, hired on a retainer basis by the Office of Public Counsel of the Rail Services Planning Office of the Interstate Commerce Commission, have been responding to a vast array of public inquiries from throughout the region on matters concerning the rail reorganization. While the idea of a "Public" or "Peoples" Counsel is not new, this recent implementation of the concept is by far the most innotative and energetic, and a brief analysis of the genesis and development of this Office of Public Counsel should suffice to explain why the concept is generating more broadly-based support than ever before and why it now has potential for being expanded to other agencies and decision-making processes.

THE STATUTORY FRAMEWORK: REGIONAL RAIL REORGANIZATION ACT OF 1973

The Penn Central Railroad and six other rail companies serving the region have been in financial straits for years. By 1970 when the Penn Central finally went into bankruptcy amidst a flurry of publicity, responsible sources had been working towards creating legislation to remedy the rail problems in the area. The culmination of their efforts, spurred on by the bankruptcy of the dominant Penn Central and the resulting further erosion of rail services in the area, was enactment of the Regional Rail Reorganization Act on January 2, 1974.

The Act has established complex, hyper-accelerated, federally-oriented planning process which will reorganize the 7 bankrupt railroads into a new, financially viable rail system designed to effectuate certain social, economic and environmental goals. To accomplish this task, the Act provides for the creation of two planning organizations: United States Railway Association (USRA) and the Rail Service Planning Office (RSPO). Each of these entities has its own separate powers and responsibilities, but they interrelate in planning the reorganization of the bankrupt railroads in the region.

United States Railway Association, a nonprofit, government corporation, is primarily responsible for researching and analyzing the multifarious economic, social and environmental factors to be considered in the reorganization, and for devising a financial structure for the new rail system. In the course of its analysis and after issuance of a preliminary system plan. USRA is required to consider and utilize the views of state and federal agencies, users of rail services, and the public-at-large in designing a final system plan designating which rail properties of the bankrupt lines will be operated by a newly created rail company known as the Consolidated Rail Corporation (Conrail), which will be sold to the existing profit making railroads or to the National Railroad Passengers Corporation (Amtrak), and which should be abandoned unless local subsidies are offered. Under the Act. USRA must complete the final system plan by March, 1975.

Rail Service Planning Office is a new office within the Interstate Commerce Commission which operates under the direction of that agency's Chairman, or another Commissioner designated by him. Although technically under supervision of the ICC. RSPO maintains its own offices away from the ICC building retains subpoena powers independent of ICC authority and has a $5 million appropriation from Congress to carry out its functions. Nevertheless, it enjoys a close working relationship with the Commission.

RSPO's general responsibilities under the Act are to ensure that communities and users of rail services are assisted in participating in the reorganization process and that their views are given due consideration. Specifically, RSPO is authorized to determine certain definitions and establish criteria essential to the reorganization effort and to critique reorganization plans and recommendations prepared by the federal planners. A critical component of its mandate to carry out these functions consists of holding public hearings and otherwise soliciting, studying, and evaluating the views of the public on matters affecting them throughout the planning process.

RSPO has approximately 50 employees who are divided into three separate sections and are organized along functional lines. The section of Analysis and Review is the technical department primarily responsible for in-house economic, financial, social and environmental analysis. Government and Industry Liaison is essentially a public relations affairs department responsible for press relations and governmental liaison. The Public Counsel section has the least well-defined, but most pervasive role with the public. The remainder of this article deals with the evolution and development of the Office of Public Counsel.

Organization of Office of Public Counsel

The Act provides that RSPO shall employ and utilize the services of attorneys and such other personnel as may be required in order to properly protect the interests of those communities and users of rail service which, for whatever reason, such as their size or location might not otherwise be adequately represented in the course of the hearings and evaluations which the Office is required to conduct and perform under . . . this Act.

The Public Counsel was geared, at the outset, to plan, organize, and coordinate at least 17 public hearings throughout the region within 45 days after its creation and to develop means to maintain continuing assistance to its public constituency during the planning process. The Public Counsel had to provide maximum assistance in a relatively short time to as broad a cross section of the public as possible in order that it might participate meaningfully in hearings and proceedings involving the reorganization.

There were a number of factors to be considered in organizing the office; inevitable scarcity of financial resources; the need to provide as much assistance as possible to as many persons in 17 states as were desirous of our services; and the necessity of retaining enough flexibility to assure expansion and contraction of our work force to adequately serve the public during critical times while conserving finances during slow periods.

Recognizing these factors. Public Counsel was organized with a small permanent core staff which is supplemented, where necessary, with a cadre of private attorneys hired on a retainer basis to provide a variety of outreach services. At the present time Public Counsel has a permanent legal staff of seven lawyers and is currently retaining sixteen outreach attorneys to provide direct contact between Public Counsel in Washington and communities and users of rail service throughout the region.

The permanent staff is primarily responsible for providing the outreach attorneys with information concerning all aspects of the planning process, for evaluating and analyzing legal problems with respect to the Act, and for formulating legal strategies and methods of assuring adequate public representation. The outreach attorneys are responsible for direct dissemination of reorganization news emerging from Washington, for alerting various interest groups of developments of special interest to them, and for rendering a wide variety of legal and technical assistance to members of the public regarding all aspects of the reorganization. Description of the types of tasks performed by Public Counsel in its first four and a half months of operation places its emerging role in clearer perspective.

1. Public hearings on rail needs and problems

Section 205(d)(1) of the Act requires that RSPO conduct public hearings to solicit, study and evaluate the views of a diverse cross section of the public with respect to present and future rail service needs of the region. The Office of Public Counsel was charged with planning, organizing and coordinating these proceedings. To date, hearings have been held in thirty-two cities in the region. Nearly 3500 witnesses have testified and thousands of others have submitted written comments. Participants in these proceedings have included a variety of large and small retail, wholesale and manufacturing firms; individual farmers, farm co-ops and associations, grain elevator operators and feed companies; local, state and regional government officials, consumers, environmental, conservation and general public interest groups; and other individuals and organizations representing diverse views and interests.

The primary purpose of the hearings was to elicit public sentiment generally on rail service needs, and more specifically on a preliminary report of the Secretary of Transportation suggesting certain means and methodologies for reorganizing the railroads. In furtherance of this task, Public Counsel established uniform standards for all proceedings and sent its outreach attorneys into the field a week or two prior to the hearing to assist persons interested in participating. In the field, the outreach attorneys explained the Act and other relevant information, responded to inquiries, assisted in preparation of testimony, and acted as legal officer for, and coordinated procedural aspects of, the hearing.

Testimony from these proceedings has been exceedingly detailed, for the most part. On the basis of specific facts and data the public has overwhelmingly rejected the Report of the Secretary of Transportation and has placed federal planners on notice that they want, and will demand, a final rail plan responsive to local, regional and statewide interests. All testimony and written submissions from these proceedings is being analyzed and digested by the Analysis and Review section RSPO and reports on their findings are being sent to USRA.

2. Subsidy rulemaking

On February 25, 1974, in accordance with Section 205(d)(3) of the Act, RSPO published a Notice of Proposed Rulemaking and Order in the Matter of "Standards for Determining Rail Service Continuation Subsidies." The rulemaking proposed the definitions of terms (e.g., revenues, costs, rate of return, etc.) to be applied in determining the cost of rail subsidies in the event that a particular branch line is discontinued and abandoned pursuant to the final rail system plan.

Public Counsel concentrated a great deal of effort in informing the public of these proposed rules and retained an economic consulting firm to prepare a simplified explanation of the complicated technical terms in the rulemaking. Armed with this critique, the outreach attorneys then conducted meetings in the region concerning the definitions, informed interested persons of the importance of these provisions, explained some of the technical concepts, and urged the submission of comments to RSPO prior to May 1, 1974.

The Public response to the rulemaking was overwhelming. RSPO received some 348 substantive comments on the rules, about half of which contained suggested alterations and counter-proposals. In order to assure a diversity of counter-proposals. Public Counsel retained three separate technical consulting firms—Technical Associates of Richmond, Va.; Public Interest Economics Center of Washington, D.C.; and the Council on Environment of New York City—to prepare alternate proposals. These documents were filed by Public Counsel in the proceedings.

As a result of the magnitude of the public's response and its strong criticism of the proposed standards, RSPO issued a *Supplemental Notice of Proposed Rulemaking and Order* on May 29, 1974. The language and direction of the Supplement indicated that the original proposals were likely to be altered. On July 1, 1974, RSPO published its final *Standards for Determining Rail Service Continuation Subsidies*. These guidelines more closely conform to the public's suggestions than to the original proposal.

3. Continuing oversight, outreach and information dissemination and retrieval

Public Counsel has developed a continuing program to ensure public participation in the planning process. During the summer months Public Counsel will be monitoring the rail planning activities, evaluating USDA's research and analysis, disseminating information to interested people throughout the region and taking whatever actions are necessary to adequately protect the public interest. In November, Public Counsel will organize and conduct another set of public hearings concentrating on USRA's preliminary system plan.

In order for the public to participate meaningfully in all phases of the reorganization, it is imperative that affected persons remain adequately informed of developments and impending events. Keeping the public informed and advised of legal issue and political processes will be an important and continuing function of Public Counsel. The outreach at attorneys will play the primary role in this operation, to be supplemented by selective mailings of memos, position papers, and periodic reports to individuals and groups. The permanent staff is also prepared to answer technical and legal questions and will act as a general clearinghouse for information concerning the reorganization.

Finally, the planning process requires that USRA and others conduct a complex array of technical studies in a very short period of time. In order to aid Public Counsel in its analysis of these technical problems, a group of consultants has been retained to provide Public Counsel with its own, independent, inhouse expertise in the areas of economics, accounting, railroad engineering and the environment. Besides assisting Public Counsel in evaluating the work of others, the consultants will be conducting independent research to help the public evaluate the preliminary system plan devised by USRA.

It is difficult, after so short a time and from this particular experiment, to determine the general applicability of the model of Public Counsel we have developed. There are a number of special factors at play which suggest the uniqueness of our experience. First, Public Counsel has been granted wide latitude to develop its role in as effective a way as possible. Although the Act ensures vigorous protection of the public interest, political and practical pressures could easily have limited the Public Counsel's effectiveness. However, George Chandler, director of RSPO, has encouraged maximum independence for Public Counsel, and in so doing, has assured an excellent vehicle for developing the concept.

Secondly, operating in the context of the Act, Public Counsel's role is naturally limited to only one (albeit, large one) planning process. Throughout the reorganization, the concentrated effort of a relatively small core staff has produced significant and proliferating effects. If, for example, Public Counsel's mandate were as broad as the jurisdiction of the I.C.C., its effectiveness could be diluted substantially.

Third, although money is by no means unlimited. Public Counsel has not as yet been unduly curtailed by fiscal restraints. The depth and breadth of personnel is the result of a level of funding not normally available to endeavors directed at the representation of diverse public interests. In spite of its rather unique characteristics, the experience of this Office of Public Counsel does indicate a potential for future development of the concept in other agencies and as part of other planning processes. The activities of Public Counsel thus far have contributed greatly to the public's knowledge of the reorganization, have resulted in substantive public input into the planning, and have developed some credibility for this federally-controlled, decision-making process.

Senator Vance Hartke, Chairman of the Senate Surface Transportation Subcommittee and a major backer of the Regional Rail Reorganization Act, has stated that: "the concept of the public counsel . . . appears to be a key to the success of this special office, and an important ingredient in assuring public input into the restructuring process. It is refreshing to see as many favorable comments about the Commission from my constituents. . . . The independent office and particularly the Public Counsel has made a contribution not only to the restructuring of rail service in the region but also to the confidence of the public in government itself."

IV(C) Comments on Work of Office of Public Counsel

The Board of Public Transportation of Morris County, N.J.,
Madison, N.J., July 29, 1974.

Honorable George M. Stafford,
Chairman, Interstate Commerce Commission,
Washington, D.C.

Dear Mr. Stafford: I certainly want to commend the Office of The Public Counsel of the Rail Services Planning Office for the EXCELLENT Report dated July 12, 1974. It is indeed refreshing and heartening to have such a Report emanate from any Federal Agency in Washington. When I look back over the many years we have been fighting (ineffectively, of course) for The Public interest in public transportation matters, and then read this Report, and the other material which has emanated from the Rail Services Planning Office, my only regret was that this Office, and its activities did not come into being twenty years ago. Had that happened, we would not have had the Penn-Central debacle, nor some of the other unsuccessful rail mergers.

Who, today, gives a damn about history? However, if one reads the story of the material which was worked up by Senator Wheeler's committee, and resulted in the Transportation Act of 1940. It is obvious that history does indeed repeat itself.

If the U.S.A. is largely staffed by D.O.T. personnel, and any of them had anything to do with the preparation of the incredible and discredited Report on Rail Service in the Midwest and Northeast, and they had previously been employed by the Penn-Central or any of the other bankrupt railroads, is it likely that they would, or even could, place the public interest above that of their alma mater? I am ready to be convinced of the dedication of the U.S.R.A. to The Public interest, and its ability to do the sort of job required. Nowadays one seemingly needs no qualifications for, or experience in, the subject, to obtain a high-level appointment, and that, I regret to say is universal—we see plenty of it in New Jersey.

Anyway, I just wanted to say to you that I think your Rail Services Planning Office is doing a fine job. Time will tell how much of what was said by The Public will influence the final plans. I hope it will not be the usual saying, "I've made up my mind, so don't try to confuse me with facts". Bureaucrats seldom, if ever, change their firm plans because of anything said by The Public after the plans have been firmed-up or announced.

Hope you are well, and enjoying life.

Sincerely,

Thomas T. Taber,
Chairman.

Committee on Commerce,
Washington, D.C., July 26, 1974.

Mr. A. Grey Staples, Jr.,
Public Counsel, Interstate Commerce Commission, Washington, D.C.

Dear Mr. Staples: Thank you for sending me a copy of the "Report of Public Counsel."

The quality of the services rendered by the Office of Public Counsel thus far under the Regional Reorganization Act has far exceeded my own personal expectations. I know my opinion is shared by Senator Hartke, who was primarily responsible for the formation of the Office. I hope that you will continue your fine work of assisting affected individuals to protect their interest in the rail reorganization process.

Sincerely yours,

Warren G. Magnuson,
Chairman.

March 26, 1974.

[Ex Parte No. 293 (Sub-No. 1)]

Northeastern Railroad Investigation—Review of the Secretary of Transportation's Rail Service Report

Chief Administrative Law Judge Bamford has forwarded to you the general comments of the judges presiding in the hearings in the above proceeding with which I fully concur. You may be interested to know that the record in the Hartford hearings will show that at least five witnesses specifically commended Mr. Allan Kaulbach and Ms. Elizabeth Langor, public counsel, for their assistance, cooperation and guidance in preparing their testimony.

Public counsel actively solicited the views of public, commercial and private witness. A total of 184 witnesses offered written or oral testimony. Those contacted by public counsel submitted a great deal of factual material which should assist the Rail Services Planning Office in evaluating the above report. In my judgment, Mr. Kaulbach and Ms. Langor were effective public counsel in the Hartford hearings over which I presided. It was a pleasure to work with them.

GEORGE CHANDLER,
Director, Rail Services Planning Office.
GERALDINE R. KEYES,
Administrative Law Judge.

SYSTEMS, INC.,
Cambridge, Mass., August 1, 1974.

Mr. ALLAN E. KAULBACK,
Office of Public Counsel, Rail Services Planning Office, Interstate Commerce Commission, Washington, D.C.

DEAR ALLAN: I want to thank you for taking the time yesterday afternoon to introduce us to George Chandler and Grey Staples. The impromptu briefing with Grey was of particular value.

More importantly, I would like to express, in writing, our extreme satisfaction with the efforts which you have been making for us and for Rhode Island. Every time we have asked for information or help—be it technical and involved or quite trivial—you have been quick to respond. This type of effort will go a long way towards enabling the states to participate meaningfully in the planning process now before us.

Both your effort and personal attitude are probably well beyond the "call of duty" but they are certainly appreciated.

GERALD L. PIERI.

MOSS GRAIN CO.,
Paris, Ill.

Mr. GREY STAPLES, Jr.,
Washington, D.C.

DEAR SIR: I would like to extend my thanks to your office for the courtesy and attentiveness that was extended to me at the Rail hearing in St. Louis, Mo. Mr. Frich was also very informative and patient in a further meeting he suggested in Mattoon, Ill.

The policy of providing public counsel has my full support.

Yours faithfully,
M. E. MOSS.

METROPOLITAN WASHINGTON
COALITION FOR CLEAN AIR, INC.,
Washington, D.C., April 17, 1974.

Mr. A. GREY STAPLES, Jr., Esq.,
Public Counsel, Rail Services Planning Office, ICC, Washington, D.C.

DEAR Mr. STAPLES: On behalf of the Metropolitan Washington Coalition for Clean Air, I am writing to commend you and your staff for your efforts to expand and enlighten the public interest constituency interested in rail reorganization. I strongly and sincerely believe that the Office of Public Counsel represents a significant and progressive precedent, and I hope that this office will continue to function as a permanent arm of the ICC and that this concept will be adopted by other Federal and state regulatory agencies.

Thank you for your attention.

Very truly yours,
JOHN S. WINDER, Jr., Esq.,
Executive Director.

ILLINOIS DEPARTMENT
OF TRANSPORTATION,
Springfield, Ill., April 23, 1974.

Mr. ROBERT R. SMILEY III,
Smiley & Lear,
Washington, D.C.

DEAR MR. SMILEY: Thank you again for sending us the extensive evaluation of the proposed ICC formula to determine rail service continuation subsidies and for meeting with John Kramer and myself last Wednesday. We continue to value your help in these matters, and we look forward to more of your useful advice in the future.

Sincerely,
LANGHORNE BOND.

STATE OF MICHIGAN,
DEPARTMENT OF AGRICULTURE,
Lansing, Mich., April 1, 1974.

Mr. GEORGE CHANDLER,
Director, Rail Services Planning Office, Interstate Commerce Commission, Washington, D.C.

DEAR MR. CHANDLER: I would like to commend your staff for holding a well-conducted ICC public hearing on restructuring Michigan's rail system, in Detroit, March 4–8, 1974.

Mr. Joseph May, Administrative Law Judge, and Mr. Michael Davidson, ICC Public Counsel, performed a public service which was outstanding in every detail.

Mr. Davidson contacted many agri-business firms and personally assisted them in preparing statements and exhibits. Their appearances (officials of agricultural organizations) and substantive evidence at the hearing attested to Mr. Davidson's excellent performance of duty.

If additional ICC public hearings are held in Michigan, would you please consider assigning Messrs. May and Davidson to them in order for us and others to maintain continuity in this matter.

Thank you again for assigning public counsel to the Detroit hearing.

Sincerely,
PORTER L. BARNETT,
Transportation Specialist.

PEORIA ASSOCIATION OF COMMERCE,
Peoria, Ill., May 24, 1974.

Mr. ROBERT SMILEY,
Attorney, Smiley & Lear,
Washington, D.C.

DEAR BOB: On behalf of the Peoria Association of Commerce Transportation Task Force Committee, Peoria area business and industry, and area citizens, I wanted to again thank you for your participation in yesterday's "Open Forum".

It is encouraging when we are trying to put together a meeting such as this to have interested people of your high caliber volunteer your services to assist the Peoria Association of Commerce in educating and informing the Peoria area citizens on the Railroad Reorganization Act of 1973 and its impact on our economy.

I look forward to a continued association with you in an effort to obtain a successful solution to the Railroad Reorganization Act.

If the Peoria Association of Commerce can be of further assistance, please don't hesitate to call upon us. Again, thank you for your participation.

Very truly yours,
R. A. BURHANS, Jr.,
Chairman, Transportation Task Force.

Washington, D.C., April 11, 1974.

Hon. GEORGE M. STAFFORD,
Chairman, Interstate Commerce Commission, Washington, D.C.

DEAR CHAIRMAN STAFFORD: As you know, the Regional Rail Reorganization Act established an independent office within the Commission in order to fulfill extensive responsibilities in connection with the restructuring and revitalization of rail service in the Northeast and Midwest regions. Two key features of this new office are its independence and the creation of the public counsel.

I have received numerous letters from my constituents regarding the performance of this office, and I just want to take the opportunity to let you know that it appears to have been an unqualified success. The concept of the public counsel, which Congress will undoubtedly soon implement on a far broader scale through the creation of the Consumer Protection Agency, appears to be a key to the success of this special office, and an important ingredient in assuring public input into the restructuring process. It is refreshing to see so many favorable comments about the Commission from my constituents. Unfortunately, it is all the rare when the public feels that a government agency is really trying to help them in a constructive manner. The independent office and particularly the public counsel has made a contribution not only to the restructuring of rail service in the region, but also to the confidence of the public in government itself.

I look forward to working further with the special office in the future, and I have been most pleased with the quality of work which I have seen produced by the special office.

Sincerely yours,
VANCE HARTKE, *Chairman,*
Surface Transportation Subcommittee.

[Office of Hearings]

NORTHEASTERN RAIL HEARINGS, MARCH 25, 1974

Memorandum to: George Chandler, Director, Rail Services Planning Office.

From: Robert C. Bamford, Chief Administrative Law Judge

This memorandum is forwarded by and on behalf of all the Administrative Law Judges who presided at the March 1974 hearings conducted by the Rail Services Planning Office with respect to the Department of Transportation Rail Study. We assume that public counsel in attendance at each hearing have already reported on the progress and scope of the activities at each session and that it is unnecessary to summarize such matters again. In general, we feel that the hearings progressed smoothly and expeditiously. So far as we can tell, the public attending the hearings and the witnesses testifying were satisfied that a sincere effort was being made to afford a real and effective opportunity for them to present the matters which they wanted the Rail Services Planning Office to consider.

The performance of the public counsel engaged on this project was most gratifying. The cooperation and active interest by the personnel of the Commission's field offices in making the numerous arrangements for hearing rooms and related services could not be excelled. The persons who found themselves designated as bailiffs performed their duties with professional smoothness and contributed greatly to the effectiveness of the hearings. The local contact coordinators in the field offices did an excellent job in organizing the witnesses.

With the possible exception of a few witnesses, the 10-minute limitation proved to be generally satisfactory. Please note, however, Judge May's comment set forth later. After the initial rush of the more prominent speakers on the first day, many did not use the entire time allowance. The scheduling of witnesses at precise times resulted in slack periods at some hearings due to a few cancellations and the failure of earlier witnesses to use their entire time.

While the participation by the Administrative Law Judges varied somewhat from session to session, generally an attempt was made to not interfere with the speaker's time allotment. As a result, our function more closely approximated that of a moderator. The hearing rooms obtained were generally adequate.

Reporting services were adequate to superior although at some points the inability of the contractor to obtain a qualified reporter required the proceeding to be taken directly on tape. This appeared to be a practicable solution in a proceeding where only one speaker at a time would be recorded, and while we have not seen the transcript we trust that the result will be satisfactory.

The limitation on radio and television coverage during the times hearings were in progress caused trouble at Indianapolis on the first day and resulted in continued criticism by the news media. At other points the media was satisfied with the arrangements made for television in an adjoining room and with the opportunity to televise during recess. So far as we can ascertain, there was a predetermined disposition by the media at Indianapolis not to accept anything less than television coverage to the fullest extent desired by the stations.

Specific comments follow:

New York, Judge Jennings: At New York nearly all of the witnesses required the full 10 minute allowance for their testimony. Further, I am not sure that even the function of a moderator could be performed as easily by public counsel as by an Administrative Law Judge.

A number of complaints were directed by the public witnesses to the lack of publicity concerning and notice of the hearing and to the unavailability of the DOT report for their perusal and consideration. While it is probably true that the larger the city the smaller the attendance at public hearings, only 78 witnesses presented themselves at the New York hearing to testify, which showing a number of public witnesses attributed to the lack of publicity. While this phase of the proceeding is now behind us, the situation will arise again after the United States Railway Association publishes its Preliminary System Plan on which hearings will again be held. Whether the fault lies with the Commission or the news media I do not know, but it appears every effort should be made to more widely publicize the Preliminary System Plan, to have copies thereof available for the public's ready inspection in advance of the hearing, and to give widespread publicity and notice of the hearings, to be held in November, on such Preliminary System Plan.

Albany, Judge Leventhal: **A number of the public witnesses challenged the efficacy of the proceedings. Specifically, they felt that there was insufficient public notice of the hearing date and place, insufficient publicity, and that the time limit imposed upon the Rail Services Planning Office for its report precluded adequate consideration and study of public testimony.**

I found the schedule of six witnesses an hour worked well. With the exception of the last day, there were no slack periods. I do not believe that we could have accommodated more witnesses per hour. On the few occasions when a witness did not fill his time limit, counsel was able to insert an unscheduled witness.

The hearing room facilities in the State Legislative Office Building which were used can only be characterized as superb and contributed greatly to dignity of the proceedings.

The planning by public counsel and the local ICC personnel was excellent. Particular notice should be taken of Robert Radler who not only fulfilled his duties as bailiff in a superior manner but procured the services of his wife as a volunteer timekeeper. Mrs. Radler, equipped with a stop-watch, sat to the right of the Administrative Law Judge on the dais, rang a bell at the expiration of 9 minutes, and held up a placard indicating that there was one minute left. At the end of 10 minutes, she rang twice. The system worked very well.

Charleston, W. Va.—Judge von Brand: In the Charleston hearing there was a recurring complaint that the witnesses were afforded inadequate notice and time to prepare. It may be noted that the State Senate of West Virginia passed a resolution requesting that the hearing be suspended for that reason.

The hearing room was in general adequate; it was, however, subject to a noise problem when the sounds of meetings in adjoining rooms filtered through the movable partition.

Judge May has already submitted his comments to you independently and desires only to add his view that the time limitation of 10 minutes was contrary to due process but that since the witnesses were well aware of it, it contributed to everyone's cooperation in enabling everyone to be heard. The bailiff and the three reporters were excellent. Judge May wishes to point out that, particularly in the November hearings, a rule-making process is involved and whether or not the APA applies, prudence would dictate more attention to a due process.

In lieu of reciting Judge Corcoran's comments, there is attached hereto his memorandum addressed to yourself which deals with the evidence received at Baltimore.

Trenton, N.J., Judge Bateman: The Trenton hearing produced many of the same complaints as to the inadequacy of notice to the public. In view of the greater significance of the November hearings in considering the Railway Association's preliminary plan, it is suggested that an additional effort be made to give the plan as early and widespread dissemination as possible. There seemed to be some tendency of persons to attend the hearings in their State even though their interest might have been closer to a session elsewhere. Thus many people from the northern New Jersey area showed up at Trenton who might more appropriately have appeared at New York City. Perhaps in publicizing the November sessions consideration might be given to indicating the Zones primarily to be considered at each session.

While the November hearings are designed primarily to provide the Planning Office with a basis for analyzing the preliminary plan, we believe that the matter is so close to an ultimate decision at this point that all affected persons will be much more anxious as to the consequences of their participation. There is some feeling that there should be a representative of the Association available at the hearings, not necessarily for the purpose of cross-examination but at least to be able to explain and answer questions with respect to the preliminary plan. Also every opportunity should be used to make clear to the public that the Interstate Commerce Commission is conducting these hearings as an impartial body, to enable it to criticize and improve the plan, and that neither the Commission nor the personnel involved in the hearings are proponents of or responsible for the plan.

AVOCA, PA.,
September 10, 1974.

Mr. A. GREY STAPLES, Jr.,
Public Counsel, Office of Public Counsel, ICC, Washington, D.C.

DEAR GREY: On behalf of the Task Force and other interested parties in the implementation of the Regional Rail Reorganization Act, it is my pleasure to thank you for sending Mrs. Diane Delevett to the special meeting yesterday in Wilkes-Barre.

Mrs. Delevett was first-rate in her presentation and in participating in a news conference later with Congressman Daniel Flood. All in all, it was an excellent face-to-face meeting, well received by those concerned with the complicated planning processes and in learning how best to work together for best results.

Richard Master made a good impression during the hearings and many inquired about him. Nonetheless Mrs. Delevett did herself and the Office proud.

Best personal regards.

Sincerely,

JOHN P. COSGROVE.

[U.S. Court of Appeals for the District of Columbia Circuit, Nos. 72–1796, 72–1797 and 72–1798]

V. WILDERNESS SOCIETY VERSUS MORTON

(The Wilderness Society, Environmental Defense Fund, Inc., Friends of the Earth and David Anderson, Canadian Wild Life Federation and The Cordova District Fisheries Union, appellants v. Rogers C. B. Morton, Secretary of the Interior, Earl L. Butz, Secretary of Agriculture and Alyeska Pipeline Service Company and State of Alaska.)

ON BILLS OF COSTS AND SUPPORTING MEMORANDA

Dennis M. Flannery argued in support of the bill of costs for appellants The Wilderness Society *et al. John F. Dienelt* was also on the memorandum in support of the bill of costs.

Herbert Pittle, Attorney, Department of Justice, argued in opposition to the bills of costs for federal appellees. *Edmund B. Clark,* Attorney, Department of Justice, was on the memorandum in opposition to the bills of costs for federal appellees.

Robert E. Jordan, III argued in opposition to the bills of costs for appellee Alyeska Pipeline Service Company. *Paul F. Mickey* was also on the memorandum in opposition to the bills of costs.

Theodore L. Garrett argued in opposition to the bills of costs for appellee State of Alaska. *William H. Allen* and *Richard D. Copaken* were on the memorandum in opposition to the bills of costs.

Thomas F. Hogan was on the memorandum in support of the bill of costs for appellant The Cordova District Fisheries Union.

Before BAZELON, *Chief Judge,* and WRIGHT, LEVETHAL, ROBINSON, MACKINNON, ROBB and WILKEY, *Circuit Judges,* sitting *en banc.*

Opinion for the court filed by *Circuit Judge* WRIGHT.

Dissenting opinion filed by *Circuit Judge* MACKINNON.

Dissenting opinion, in which *Circuit Judges* MACKINNON and ROBB join, filed by *Circuit Judge* WILKEY.

WRIGHT, *Circuit Judge:* Appellants Wilderness Society, Environmental Defense Fund, Inc. and Friends of the Earth request an award of expenses and attorneys' fees related to the litigation they successfully prosecuted to bar construction of the trans-Alaska pipeline. *See Wilderness Society* v. *Morton,* — U.S. App. D.C. —, 479 F.2d 842, *cert. denied,* 411 U.S. 917 (1973). A bill of costs has also been filed by The Cordova District Fisheries Union, appellant in No. 72–1798. While the primary issue now before us concerns the propriety of assessing attorneys' fees against appellee Alyeska Pipeline Service Company. Alyeska has also raised objections to certain expenses in the bill of costs. We agree with the Government, however, that all expenses requested by Wilderness Society *et al.* are proper, *see* 28 U.S.C. § 1920 (1970); *Ex parte Peterson,* 253 U.S. 300, 318 (1920) (Brandeis, J.), and should be divided equally among Alyeska, the State of Alaska, and the United States. As it was not a prevailing party on any issue in its separate suit, Cordova is not entitled to costs. *See* 28 U.S.C. § 2412 (1970). *Cf.* Rule 54(d), FED. R. CIV. P. With respect to the main issue posed, we hold that an award of attorneys' fees is appropriate and remand the case to the District Court to determine the fees.

I

There have always existed equitable exceptions to the traditional American rule barring recovery of attorneys' fees by a successful litigant. In cases in which a party has acted in bad faith, assessment of fees properly serves to punish that party's obdurate behavior. *See Hall* v. *Cole,* 412 U.S. 1, 5 (1973). Another exception includes cases in which the plaintiff's suit confers a benefit on the members of an ascertainable class and in which an award of fees will serve to spread the costs of litigation among its beneficiaries. *See Mills* v. *Electric Auto-Lite Co.*, 396 U.S. 375 (1970).

Neither of these historic exceptions is applicable here. Appellees' legal position as to the meaning of the Mineral Leasing Act and relevant administrative regulations, though ultimately rejected by the court, was manifestly reasonable and assumed in good faith, particularly in view of the long administrative practice supporting it. *See Wilderness Society* v. *Morton, supra*, — U.S. App. D.C. at ———, 479 F.2d at 864–870. And although the "common benefit" exception has been given expanded scope in recent cases, *compare Hall* v. *Cole, supra, with Sprague* v. *Ticonic National Bank*, 307 U.S. 161 (1939), we would have to stretch it totally outside its basic rationale to apply it here. As is discussed more fully below, this litigation may well have provided substantial benefits to particular individuals and, indeed, to every citizens' interest in the proper functioning of our system of government. But imposing attorneys' fees on Alyeska will not operate to spread the costs of litigation proportionately among these beneficiaries, the key requirement of the "common benefit" theory. *See Bangor & Aroostook R. Co.* v. *Brhd of Loc. Firemen & Enginemen*, 143 U.S. App. D.C. 90, 101, 442 F.2d 812, 823 (1971).

The Supreme Court has recently indicated, however, that the equitable power of federal courts to award attorneys' fees when the interests of justice so require is not a narrow power confined to rigid sets of cases. Rather, it " 'is part of the original authority of the chancellor to do equity in a particular situation,' " *Hall* v. *Cole, supra*, 412 U.S. at 5, *quoting Sprague* v. *Ticonic National Bank, supra*, 307 U.S. at 166, and should be used whenever " 'overriding considerations indicate the need for such a recovery.' " *Id., quoting Mills* v. *Electric Auto-Lite Co., supra*, 396 U.S. at 391–392.

Recognizing their broad equitable power, some courts have concluded that the interests of justice require fee shifting in a third class of cases where the plaintiff acted as a " 'private attorney general,' vindicating a policy that Congress considered of the highest priority." *Newman* v. *Piggie Park Enterprises, Inc.*, 390 U.S. 400, 402 (1968). *See, e.g., Natural Resources Defense Council* v. *EPA*, 1 Cir., 484 F.2d 1331 (1973); *Cooper* v. *Allen*, 5 Cir. 467 F.2d 836 (1972); *Donahue* v. *Staunton*, 7 Cir., 471 F.2d 475 (1972), *cert. denied*, 410 U.S. 955 (1973); *Cole* v. *Hall*, 2 Cir., 462 F.2d 777 (1972), *affirmed on alternate rationale*, 412 U.S. 1 (1973); *Knight* v. *Auciello*, 1 Cir., 453 F.2d 852 (1972); *Lee* v. *Southern Home Sites Corp.*, 5 Cir., 444 F.2d 143 (971); *United Steelworkers of America* v. *Butler Manufacturing Co.*, 8 Cir., 439 F.2d 1110, 1113 (1971); *Sierra Club* v. *Lynn*, W. D. Tex., 364 F.Supp. 834, 5 E.R.C. 1745 (1973); *Stanford Daily* v. *Zurcher*, N.D. Cal., 366 F.Supp. 18, 23–24 (1973); *Harper* v. *Mayor and City Council of Baltimore*, D. Md., 359 F.Supp. 1187, 1218 (1973); *Calnetics Corp.* v. *Volkswagen of America, Inc.*, C.D. Cal., 353 F.Supp. 1219 (1973); *La Raza Unida* v. *Volpe*, N.D. Cal., 57 F.R.D. 94 (1972); *Wyatt* v. *Stickney*, M.D. Ala., 344 F.Supp. 387 (1972); *NAACP* v. *Allen*, M.D. Ala., 340 F.Supp. 703 (1972); *Sims* v *Amos*, M.D. Ala., 340 F.Supp. 691 (1972); *Bradley* v. *School Board of City of Richmond*, E.D. Va., 53 F.R.D. 28 (1971), *reversed*, 4 Cir. 472 F.2d 318 (1972), *cert granted*, 412 U.S. 937 (1973). *See also* Note, *Awarding Attorney and Expert Witness Fees in Environmental Litigation*, 58 CORN. L. REV. 1222, 1237–1246 (1973).

While this court has not previously had occasion to focus directly on the "private attorney general" rule in attorneys' fees, it stressed the salient consideration in *Freeman* v. *Ryan*, 133 U.S. App. D.C. 1, 3, 408 F.2d 1204, 1206 (1968), when it accompanied an award of attorneys' fees with the comment:

"Our objective is to proceed in accordance with equitable principles so as to reward the attorneys whose service in stopping an unauthorized payment has been of benefit to the class of private persons involved, and to the public interest in observance by administrative and executive officials of statutory limitations on their authority."

It is a paramount principle of equity that the court will go much farther both to grant and to withhold relief in furtherance of the public interest than when only private interests are involved. *See Virginia Railway Co.* v. *System Federation No. 40*, 300 U.S. 515, 552 (1937) where the Court added that the legislature's declaration of public interest and policy is "persuasive in inducing courts to give relief."

We find persuasive the arguments advanced by these courts in adopting a private attorney general exception to the traditional American rule.

"The violation of an important public policy may involve little by way of actual damages so far as a single individual is concerned, or little in comparison with the cost of vindication * * *. If a defendant may feel that the cost of litigation, and, particularly, that the financial circumstances of an injured party may mean that the chances of suit being brought, or continued in the face of opposition, will be small, there will be little brake upon deliberate wrongdoing. In such instances public policy may suggest an award of costs that will remove the burden from the shoulders of the plaintiff seeking to vindicate the public right. * * *"

Knight v. *Auciello, supra*, 453 F.2d at 853.

In much litigation, whether or not formally designated as a class action, a party sues not only to vindicate his own interests, which often are minor, but to enjoin injuries to a broad class—injuries which may be quite extensive when viewed collectively. *See, e.g., Sierra Club* v. *Morton*, 405 U.S. 727, 736–738 & 739 n.15 (1972); *United States* v. *Students Challenging Regulatory Agency Procedures*, 412 U.S. 669 (1973). In such cases, "[i]f successful plaintiffs were routinely forced to gear their own attorneys' fees, few aggrieved parties would be in a position to advance the public interest by invoking the injunctive powers of the federal courts." *Newman* v. *Piggie Park Enterprises, Inc., supra*, 390 U.S. at 402.

When violation of a congressional enactment has caused little injury to any one individual, but great harm to important public interests when viewed from the perspective of the broad class intended to be protected by that statute, not to award counsel fees can seriously frustrate the purposes of Congress. *See Hall* v. *Cole, supra*, 412 U.S. at 13-14. Where the law relies on private suits to effectuate congressional policy in favor of broad public interests, attorney's fees are often necessary to ensure that private litigants will initiate such suits. *See Lee* v. *Southern Home Sites Corp., supra*, 444 F.2d at 145. Substantial benefits to the general public should not depend upon the financial status of the individual volunteering to serve as plaintiff or upon the charity of public-minded lawyers. *See Donahue* v. *Staunton, supra*, 471 F.2d at 483; *La Raza Unida* v. *Volpe, supra*, 57 F.R.D. at 101 & n.10.

Despite the growing trend to recognize these considerations, at least one court has been reluctant to award attorneys' fees under a private attorneys general theory, reflecting concern that the exception would swallow up the general rule and result in awarding fees to successful parties in all statutory causes of action. *See Bradley* v. *School Board of City of Richmond*, 4 Cir., 472 F.2d 318, 329–331 (1972), *cert. granted*, 412 U.S. 937 (1973). *Cf.* Note, *The Allocation of Attorney's Fees After* Mills v. Electric Auto-Lite Co., 38 U. CHI. L. REV. 316. 328–336 (1971). Such fears are not lightly to be disregarded, for the American rule barring attorneys' fees to successful litigants except in extraordinary circumstances is based on important policies of its own. But if the matter is examined closely, it becomes evident that the private attorney general exception, at least as applied to the factual circumstances of the present case, is not inconsistent with the policies behind the traditional American rule. To the contrary, an award of fees in the present case may be justified by reference to the very same policies.

II

The chief rationale behind the American rule is the notion that parties might be unjustly discouraged from instituting or defending actions to vindicate their rights if the penalty for losing in court included the fees of their opponent's counsel.[1] See *Fleischmann Distilling Corp.* v. *Maier Brewing Co.*, 386 U.S. 714, 718 (1967); McCormick, *Counsel Fees and Other Expenses of Litigation as an Element of Damages*, 15 MINN. L. REV. 619, 639–642 (1931). The possibility of unjust deterrence of litigation is most often stated from the plaintiff's point of view. An individual with a relatively small damage claim, for example, could easily be discouraged from pressing that claim in court, no matter how meritorious he in good faith believed it to be, if losing the lawsuit meant paying the defendant's attorney's fees which might approach or even exceed the value of his claim. *Cf. Farmer* v. *Arabian American Oil Co.*, 379 U.S. 227, 235 (1964); *id.* at 236–239 (Mr. Justice Goldberg, concurring). *But see* Ehrenzweig, *Reimbursement of Counsel Fees and the Great Society*, 54 CALIF. L. REV. 792 (1966).

Of course, the argument has equal merit from the defendant's point of view. A defendant faced with a relatively small claim might well be induced to capitulate to the plaintiff's demands, even though he legitimately felt he had a good defense, if losing the case in court would mean paying the plaintiff's attorney's fees. *See* McCormick, *supra*, 15 MINN. L. REV. at 641. Simply stated, then, imposition of attorneys' fees on the losing party is thought to raise the stakes of litigation and thereby to discourage individuals from submitting their rights to judicial determination.

Whatever force this argument concededly has in the great run of civil litigation, we think it plainly inapposite to the circumstances of the present case. As Alyeska has so often brought to our attention, the value of its investment at stake in this litigation was over a billion dollars. Each week's delay in constructing the pipeline imposed an additional $3.5 million in costs. Any award of fees in this case, though conceivably large in an absolute sense, will be paltry in comparison with the interest Alyeska had in defending this appeal. Where the interest at stake is many times greater than the expected cost of one's opponent's attorney's fees, any possibility of deterrence is surely remote if not nonexistent.[2] *Cf.* Note, *Attorney's Fees: Where Shall the Ultimate Burden Lie?* 20 VAND. L. REV. 1216, 1222–23 & 1230 (1967).

Looking at this case from appellants' point of view, the unavailability of attorneys' fees might significantly deter them from having brought this meritorious litigation. In prosecuting this case, appellants undertook litigation of monumental proportions. According to their bill of costs, the matters appealed consumer over 4,500 hours of lawyers' time, all in addition to the efforts before the District Court in 1970 when this action was commenced and preliminary injunctive relief obtained. *See Wilderness Society* v. *Hickel*, D. D.C., 325 F.Supp. 422 (1970). This burden was assumed not in the

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hope of obtaining a monetary award, nor to protect an interest peculiar to appellants and their members, but rather to vindicate important statutory rights of all citizens whose interests might be affected by construction of the pipeline.

Whether we consider the Mineral Leasing Act and administrative regulation issues upon which the court rested its opinion declaring the pipeline unlawful, or the National Environmental Policy Act (NEPA) issues which the court left undecided, appellants succeeded in their role as private attorneys general protecting vital statutory interests.

It is argued that the width limitation in Section 28 of the Mineral Leasing Act of 1920 does not amount to a congressional policy of preeminent importance. But the dispute in this case was more than a debate over interpretation of that Act. Appellees' primary argument was that, whatever the width restrictions in the Act originally meant, a settled administrative practice to evade those restrictions took precedence. In the final analysis, this case involved the duty of the Executive Branch to observe the restrictions imposed by the Legislative, *see Freeman* v. *Ryan*, 133 U.S.App.D.C. 1, 3, 408 F.2d 1204, 1206 (1968), and the primary responsibility of the Congress under the Constitution to regulate the use of public lands. *Wilderness Society* v. *Morton, supra,* — U.S. App.D.C. at — - —, 479 F.2d at 891–893.

The proper functioning of our system of government under the Constitution is, of course, important to every American, and in this sense appellants' suit had great therapeutic value. *Cf. Mills* v. *Electric Auto-Lite Co., supra,* 396 U.S. at 396. But requiring the Congress to revise the Mineral Leasing Act rather than permitting continued evasion of its clear, though anachronistic, restrictions has had other more concrete and equally important benefits. As a result of this suit, Congress has amended the Mineral Leasing Act to remove the restrictions of the 1920 statute and permit construction of the trans-Alaska pipeline. Public Law 93–153, 93rd Cong., 1st Sess. (November 16, 1973).

The statute imposes several important new requirements designed to protect the public interest. Rather than continue the prior practice of permitting free use of Government land, the new statute requires the issuing agency to receive the "fair market value" of the right-of-way empowers the agency to assess against the right-of-way recipient all reasonable administrative costs of processing an application and monitoring the right-of-way. Pub. L. 93–153, § 101 (amending Mineral Leasing Act of 1920, § 28(*l*)). The statute contains special provisions making the operator of the pipeline strictly liable for damages resulting from use of the right-of-way, *id.*, § 204. The same section of the new statute requires the operator to maintain a $100,000,000 liability fund to satisfy the claims, *id.*, § 204(c)(5). Forcing Alyeska to go to Congress to amend the 1920 Act certainly was not a sterile exercise in legal technicalities devoid of public significance.

The equities in favor of awarding fees for appellants' efforts on NEPA issues are just as compelling.[3] Elaborate specific procedures are provided under the 1973 amendments to ensure protection of environmental interests. *Id.*, § 101 (amending Mineral Leasing Act of 1920, § 28(h)(1) & (2)). One need not have the hindsight of history to know that the commitment to improving and protecting our natural environment is one of the most vital of current national policies. NEPA is only one part of a vast legislative effort toward that end, but it is among the most important because of its broad scope. *See generally Scientists' Institute for Public Information* v. *AEC,* — U.S.App.D.C. —, — - —, 481 F.2d 1079, 1086–1089 (1973). And effective pursuit of congressional policy under NEPA, as with much legislation in the environmental area, depends on the diligence of private attorneys general and their willingness to bring suit to further broad public interests.[4]

Nor do we think it of controlling importance that this court did not actually decide the NEPA issues and that Congress has subsequently decided in the pipeline legislation that the impact statement prepared by the Department of the Interior shall be deemed sufficient under NEPA. *See* Pub. L. 93–153, *supra,* § 203(d). The advancement of important legislative policy justifying an award of attorneys' fees can be accomplished even where the plaintiff does not obtain the ultimate relief sought by the filing of prosecution of his suit. *See, e.g., Mills* v. *Electric Auto-Lite Co., supra.* Where litigation serves as a catalyst to effect change and thereby achieves a valuable public service, an award of fees may be appropriate even though the suit never proceeds to successful conclusion on the merits. *See Parham* v. *Southwestern Bell Telephone Co.*, 8 Cir., 433 F.2d 421 (1970). *Cf. Gilson* v. *Chock Full O'Nuts Corp.*, 2 Cir., 331 F.2d 107 (1964) (*en banc*).

Here appellants' lawsuits and appeal served as a catalyst to ensure that the Department of the Interior drafted an impact statement and that the statement was thorough and complete. It must be recalled that when appellants commenced this suit in 1970 the Interior Department, though ready to issue the necessary rights-of-way, had not yet drafted an environmental impact statement for the pipeline. The failure to comply with NEPA was an alternative ground for the District Court's preliminary injunction. *See Wilderness Society* v. *Hickel, supra. Cf. McEnteggart* v. *Cataldo,* 1 Cir., 451 F.2d 1109 (1971), *cert. denied,* 408 U.S. 943 (1972). Requiring the Department to draft an impact statement as mandated by law not only benefitted the public's statutory right to have information about the environmental consequences of the pipeline. It also led to the refinement of environmentally protective stipulations placed as conditions on the rights-of-way.[5]

Although Congress has now given the go-ahead to the pipeline on the basis of the impact statement prepared by the Department, this appeal helped focus attention in Congress on the major issue raised—the relative merits of a trans-Canadian *versus* a trans-Alaskan route.[6] *See, e.g.,* CONGRESSIONAL RECORD volume 119, part 18, pages 22798–22801. *See also* Title III of Pub. L. 93–153, *supra.* We take the action of Congress approving the impact statement, not as a total rejection of the arguments made on appeal, but rather as a recognition that appellants had raised a very substantial question which the courts were likely to require considerable time to resolve and that, time being of the essence in providing for delivery of North Slope oil, a congressional resolution was required.[7]

We also deem it significant that the Mineral Leasing Act issues on which appellants clearly prevailed were somewhat interrelated with the NEPA issues. It required a precise analysis of the exact impact of the pipeline as explicated in the impact statement in order to pass on the Government's claim that the special land use permit involved only a revocable license rather than a permanent right-of-way. *See Wilderness Society* v. *Morton, supra,* — U.S.App.D.C. at — - —, 479 F.2d at 873–875.

In addition, we note that after it became clear that the Interior Department would persist in issuing the right-of-way despite the District Court's initial decision that the right-of-way violated the Mineral Leasing Act, appellants sought summary judgment on the Mineral Leasing Act issue alone so that this matter could be resolved by the courts without wading into the more factually complex NEPA issues. Summary judgment was opposed by appellees, and appellants were thus forced to brief and argue an issue which, because of their very success on the Mineral Leasing Act issue, never became ripe for adjudication. *Compare Switzer Bros., Inc.* v. *Chicago Cardboard Co.,* 7 Cir., 252 F.2d 407 (1958). Taking into account all these factors, we think the equities favor awarding fees for appellants' efforts on the NEPA issues even though the court rendered no judgment on these matters.

In sum, the equities of this particular case support an award of attorneys' fees to the successful plaintiffs-appellants. Acting as private attorneys general, not only have they ensured the proper functioning of our system of government, but they have advanced and protected in a very concrete manner substantial public interests. An award of fees would not have unjustly discouraged appellee Alyeska from defending its case in court. And denying fees might well have deterred appellants from undertaking the heavy burden of this litigation.

III

Even if fees are to be awarded under a private attorney general theory, a question is posed as to whether Alyeska should bear them. Technically, it is the Interior Department, on Alyeska's application, which violated the Mineral Leasing Act by granting rights-of-way in excess of the Act's width restrictions, and it is the Interior Department's failure to comply with NEPA which was challenged on appeal. Under 28 U.S.C. § 2412, however, no attorneys' fees can be imposed against the United States. Alyeska argues that it is inappropriate to circumvent the statute by taxing it for a dereliction not its own.

Fee shifting under the private attorney general theory, however, is not intended to punish law violators, but rather to ensure that those who have acted to protect the public interest will not be forced to shoulder the entire cost of litigation. *Cf. Hall* v. *Cole, supra,* 412 U.S. at 14. After successfully persuading the Interior Department to grant the rights-of-way, Alyeska intervened in this litigation to protect its massive interests. Since Alyeska unquestionably was a major and real party at interest in this case, actively participating in the litigation along with the Government, we think it fair that it should bear part of the attorneys' fees.[8] *Cf. Silva* v. *Romney,* 1 Cir., 473 F.2d 287 (1973).

In recognition of the Government's role in the case, on the other hand, Alyeska should have to bear only half of the total fees. The other half is properly allocated to the Government and, because of the statutory bar, must be assumed by appellants. In this manner the equitable principle that appellees bear their fair share of this litigation's full costs and the congressional policy that the United States not be taxable for fees can be accommodate.

Because assessment of fees, even for services on appeal, involves factual questions, the amount of an award should as a general rule be fixed in the first instance by the District Court, after hearing evidence if necessary as to the extent and nature of the services rendered. *See Perkins* v. *Standard Oil Co. of California,* 399 U.S. 222 (1970); *United Pacific Insurance Co.* v. *Idaho First National Bank,* 9 Cir., 378 F.2d 62, 69 (1967). We observe that procedure here, with only the following limited guidance as to the standard to be applied by the District Court in determining the fee.

The fee should represent the reasonable value of the services rendered, taking into account all the surrounding circumstances, including, but not limited to, the time and

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Footnotes at end of article.

labor required on the case, the benefit to the public, and the skill demanded by the novelty or complexity of the issues. *See generally Angoff* v. *Goldfine*, 1 Cir., 270 F.2d 185, 188–189 (1959); *Pergament* v. *Kaiser-Frazer Corp.*, 6 Cir., 224 F.2d 80, 83 (1955); *Harris* v. *Chicago Great Western R. Co.*, 7 Cir., 197 F.2d 829, 832–833 (1952). *Cf. Bakery & Confectionery Wkrs International Union* v. *Ratner*, 118 U.S. App. D.C. 269, 273–275, 335 F.2d 691, 695–697 (1964).

Finally, a question is raised as to how the fees should be distributed as among appellants, the attorneys, and the organizations for which some of the attorneys are salaried employees. After determining a reasonable fee and dividing it in half, as indicated above, the District Court should ensure that the three appellant organizations are reimbursed for any payments they have already made to counsel. The first purpose of an award of fees is to make the client whole. *See Clark* v. *American Marine Corp.*, E.D. La., 320 F.Supp. 709 (1970), *affirmed*, 5 Cir., 437 F.2d 959 (1971); *United States* v. *State Farm Mutual Automobile Insurance Co.*, D. Ore., 245 F. Supp. 58 (1965).

The fee award need not be limited, however, to the amount actually paid or owed by appellants. It may well be that counsel serve organizations like appellants for compensation below that obtainable in the market because they believe the organizations further a public interest. Litigation of this sort should not have to rely on the charity of counsel any more than it should rely on the charity of parties volunteering to serve as private attorneys general. The attorneys who worked on this case should be reimbursed the reasonable value of their services, despite the absence of any obligation on the part of appellants to pay attorneys' fees. *See Miller* v. *Amusement Enterprises, Inc.*, 5 Cir., 426 F.2d 534 (1970); *Clark* v. *American Marine Corp.*, *supra*, 320 F.Supp. a 711.

It is our view that the award must go to counsel rather than to the organizations which pay their salaries. This is sound, whether such organization is a litigating party or a public interest law firm or defense fund. This procedure avoids all problems of whether the organization might, by receiving an award directly, be involved in the unauthorized practice of law. On the other hand, the equitable foundation of the award of counsel fees persists after the award to require the counsel to reimburse their respective organizations for the kinds of expenses they incurred which would normally be included in an attorney's fee—compensation paid for the services of attorneys and their adjunct staffs, *e.g.*, legal stenographers, and for the supplies and services required by the attorneys in order that they might render their legal services.

This procedure will operate equitably, both to prevent loss to the organization and to avoid double benefit to counsel. But any amount in excess of such reimbursement belongs to counsel themselves. That excess may, in whole or in part, be contributed to the organization involved, or to like causes, or retained by counsel, and we revert to the possibility that the salary they previously received represented less than they could have earned on the market in the absence of their dedication to the public interest.[9]

FOOTNOTES

[1] Another rationale for the American rule is that "the time, expense, and difficulties of proof inherent in litigating the question of what constitutes reasonable attorney's fees would pose substantial burdens for judicial administration." *Fleischmann Distilling Corp.* v. *Maier Brewing Co.*, 386 U.S. 714, 718 (1967). *See also Oelrichs* v. *Spain*, 82 U.S. (15 Wall.) 211, 231 (1872):

"* * * There is no fixed standard by which the *honorarium* can be measured. Some counsel demand much more than others. Some clients are willing to pay more than others. More counsel may be employed than are necessary. When both client and counsel know that the fees are to be paid by the other party there is danger of abuse. A reference to a master, or an issue to a jury, might be necessary to ascertain the proper amount, and this grafted litigation might possibly be more animated and protracted than that in the original cause. It would be an office of some delicacy on the part of the court to scale down the charges, as might sometimes be necessary."

We think, however, that actual experience is a more trustworthy guide than fears expressed over 100 years ago as to what might come to pass if fees were awardable. Courts have shown themselves quite able to develop reasonable and workable standards for setting attorneys' fees. *See* text at pp. 19–20 *infra*. Litigation over the amount of fees can hardly be said to be burdensome. Indeed, parties are often able to agree on a reasonable fee. *See., e.g., Sims* v. *Amos*, M.D. Ala., 310 F.Supp. 691, 693 n.3 (1972). Nor has it proved particularly delicate for courts to scale down unreasonable fee requests. *See, e.g., Bates* v. *Hinds*, N.D. Tex., 334 F. Supp. 528, 533 (1971). The apparent ease with which the courts have handled the numerous cases in which fees have been granted, either under statutes expressly authorizing recovery of fees such as Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e–5(k) (1970,, or under traditional equitable exceptions, undercuts the dire predictions that determination of appropriate fees will unduly burden the courts. *See, e.g., Robinson* v. *Lorillard Corp.*, 4 Cir., 444 F.2d 791 (1971); *Culpepper* v. *Reynolds Metals Co.*, 5 Cir., 442 F.2d 1078 (1971); *Lea* v. *Cone Mills Corp.*, 4 Cir., 438 F.2d 86 (1971); *Parham* v. *Southwestern Bell Telephone Co.*, 8 Cir., 433 F.2d 421 (1970).

[2] Had appellees been the prevailing parties and sought attorneys' fees from appellants, the possibility of deterrence would be significant and the rationale of the American rule would therefore bar recovery of fees. In this sense there is an admitted lack of reciprocity in granting attorneys' fees under a private attorney general theory. The same lack of reciprocity, however, appears to be present in so-called "common benefit" cases. In *Hall* v. *Cole*, 412 U.S. 1 (1973), for example, the successful plaintiff in a suit brought under § 102 of the Labor-Management Reporting & Disclosure Act of 1959 was awarded fees from the defendant union on the ground the suit benefitted all union members and reimbursement of attorneys' fees out of the union treasury would shift the costs of litigation to these beneficiaries. 412 U.S. at 7–8. Had the defendant union prevailed on the merits, however, it is doubtful that the same theory would have required awarding fees to defendant because of the risk of deterring plaintiffs from bringing suit.

[3] The environmental benefit from this litigation is generously recognized by the Honorable Russell E. Train, then chairman of the President's Council on Environmental Quality and now Administrator of the Environmental Protection Agency, before the Joint Judicial Conference of the Eighth and Tenth Circuits on June 29, 1973:

"The Alaska Pipeline may not have been a tidy example of the judicial process, but it has been an excellent example where NEPA and the courts have forced the reconciliation of environmental concerns with sound engineering practices on a major energy project. The President has now called for construction of the pipeline at the earliest possible date, and the Administration has introduced legislation which would remove the present right-of-way restrictions and is urging swift action on the bill.

"To some any delay in the completion of the pipeline is unreasonable. In reality, though, much of the delay has been beneficial. The problems of constructing a hot oil pipeline across permafrost are very real. The problems of constructing a pipeline across one of the most seismically active and remote areas of the world are likewise very real. These and other significant problems were simply not adequately faced in the initial proposal presented to the Department of the Interior in 1969.

"If the pipeline had been constructed using the original design specifications, it would very likely have resulted in not only very serious environmental damage but also serious operational problems. Indeed, the physical integrity of the pipeline itself was very much at stake.

"Thus, the case of the Alaska pipeline has not been simply one of aesthetics, or of concern over wildlife and wilderness disturbance, or worries over water pollution, important as all of these are. It was clearly an example where sound environmental analysis was essential to sound engineering and siting.

"In all honesty, the process has been one of learning for both industry and government. I believe that industry seriously underestimated the real technical difficulties of the task and failed to appreciate fully—particularly at the outset—the new conditions for decision-making in matters that substantially affect the environment. On its part, government was ill-equipped both institutionally and informationally for dealing with the complex problems of the pipeline. Few would now contend that the Interior Department's first response to NEPA on the pipeline right-of-way application was really adequate."

[4] *See, e.g., Citizens to Preserve Overton Park* v. *Volpe*, 401 U.S. 402 (1971) (Department of Transportation Act and Federal-Aid Highway Act); *Natural Resources Defense Council, Inc.* v. *EPA*, 1 Cir., 484 F.2d 1331 (1973) (Clean Air Amendments of 1970); *Scientists' Institute for Public Information* v. *AEC*, ——— *U.S.App.D.C.* ———, 481 F.2d 1079 (1973) (NEPA); *National Resources Defense Council, Inc.* v. *Morton*, 148 U.S.App. D.C. 5, 458 F.2d 827 (1972) (NEPA); *Calvert Cliffs' Coordinating Committee* v. *USAEC*, 146 U.S.App.D.C. 33, 449 F.2d 1109 (1971) (NEPA); *Environmental Defense Fund* v. *Ruckelshaus*, 142 U.S.App.D.C. 74, 439 F.2d 584 (1971) (Federal Insecticide, Fungicide, & Rodenticide Act); *Sierra Club* v. *Lynn*, W.D. Tex., 364 F.Supp. 834, 5 E.R.C. 1745 (1973) (NEPA).

[5] *See* UNITED STATES DEPARTMENT OF THE INTERIOR. FINAL ENVIRONMENTAL IMPACT STATEMENT: PROPOSED TRANS-ALASKA PIPELINE, Vol. 1, App. (1972). Under the 1973 amendments to the Mineral Leasing Act of 1920, the right-of-way for the trans-Alaska pipeline is expressly made subject to the terms and conditions of these stipulations. *See* Pub. L. 93–153, 93d Cong., 1st Sess. (Nov. 16, 1973), § 203(c). It is also interesting to note that many of those in Congress supporting immediate construction of the trans-Alaska pipeline did so because "the environmentalists—through long delays they already have forced—achieved the inclusion of strong safeguards in plans for the Alaskan line." CONG. REC., vol 119, pt. 19, p. 24080 (Senator Fannin).

[6] Senator Peter Dominick of Colorado and his former legislative assistant, David Brody, refer to our original decision in this case as a "remand" to the Congress to consider, not only the amendment of the Mineral Leasing Act of 1920, but the environmental issue as well. The action of Congress in amending the Act and resolving the environmental issue resulted in the voluntary dismissal of this entire litigation on January 16, 1974.

"Whatever the shortcomings in having the courts decide major issues on rather narrow bases, such disadvantages are outweighed by the result of transferring the controversy to the proper forum—the legislature. The goal of increasing public participation in evironmental decision-making is furthered by the remand disposition. Normally, this disclosure function is accomplished in the administrative process under NEPA; information disclosed in impact statements may provoke public entry into bureaucratic decision-making. The process of remand further provokes public involvement, and encourages the Congress to employ a national perspective and thus concern itself with the broad issues involved. * * *"

Dominick & Brody, *The Alaska Pipeline:* Wilderness Society v. Morton *and the Trans-Alaska Pipeline Authorization Act,* 23 AMER. U. L. REV. 337, 352–353 (1973). In note 61 the authors cite *Natural Resources Defense Council, Inc.* v. *Morton,* 148 U.S. App. D.C. 5, 11, 458 F.2d 827, 833 (1972), where we developed the need for a full impact statement for the purpose of informing the legislature and the public—not merely higher-ups in the chain of executive command.

[7] Senator Gravel, the author of the amendment which provided that actions already taken by the Department of the Interior shall be deemed sufficient compliance with NEPA, argued that were his amendment defeated "we would see ourselves languishing in court for a year to 2 years * * *," CONG. REC., vol. 119, pt. 19, p. 24077. *See also id.* p. 24080 (Senator Fannin); *id.* p. 24311 (Senator Fannin).

[8] In the circumstances of this case it would be inappropriate to tax fees against appellee State of Alaska. The State voluntarily participated in this suit, in effect to present to the court a different version of the public interest implications of the trans-Alaska pipeline. Taxing attorneys' fees against Alaska would in our view underline rather than further the goal of ensuring adequate spokesmen for public interests.

[9] In his dissent Judge Wilkey quotes from a memorandum and several affidavits submitted to the District Court on July 19, 1971 by plaintiffs (appellants here) and their Washington, D.C. lawyers in opposition to the defendant Secretary's motion for change of venue to Alaska. These documents contain representations that plaintiffs could not afford to pay attorneys' fees, that plaintiffs' Washington lawyers were serving without fee, and that these lawyers were unable to self-finance the conduct of extensive litigation in Alaska. The dissent suggests that plaintiffs were guilty of misrepresentation, by either commission or omission, and that this misrepresentation affected the District Judge's denial of the motion for venue change. On both counts the dissent is mistaken.

(1) There was no misrepresentation. Plaintiffs were not able to pay attorneys' fees; plaintiffs were not paying fees to their Washington lawyers; these lawyers did not have sufficient funds of their own to carry on this complex case in Alaska. At no point did plaintiffs or their lawyers state, hint, or imply that they would abstain from seeking an award of fees. In fact there is no evidence and no reason to believe that plaintiffs had, by July of 1971, given any thought whatever to the possibility of a fee award. Plaintiffs could not have known then that they would win their case in such a way as to justify an award. In July of 1971 no circuit had yet ruled that such an award was proper on behalf of "private attorney general" litigants in environmental suits successfully prosecuted in the public interest. Our circuit so rules for the first time today—in a 4 to 3 opinion. Does the dissent seriously suggest that plaintiffs had a duty to prophesy their victory, the nature of their victory, and the future development of case law concerning fee awards so that it could have "been represented to the District Court that plaintiffs' counsel would seek and be awarded * * * a fee"? We must point out that neither plaintiffs nor their counsel are soothsayers.

(2) Assuming *arguendo* that, by July 1971, plaintiffs had given thought to requesting a fee award in the event of ultimate victory, a representation to this effect would *not,* as the dissent asserts, have cast the venue issue into "a dramatically different light before the District Judge." Plaintiffs' intentions on this score could have had no bearing on the venue issue. That, we imagine, is why *no party,* including the District Judge, showed the slightest interest in plaintiff's intentions. The dissent fashions two wonderfully ambiguous sentences to link together the fee award and venue issues:

"Plaintiffs could not have argued that they would be deprived of counsel, either those already chosen or others, by a change in venue to Alaska or any other place. The lively expectation of such fees as may now be awarded would have brought many lawyers to plaintiffs' side, either in Alaska or elsewhere."

We are constrained to remind the dissenters:

(a) Neither the plaintiffs nor anyone else could have notified the Alaska bar in July of 1971 that we would hold as we do today. For plaintiffs to have announced in July of 1971 that they might seek an award of fees in the event of ultimate victory would not have created a "lively expectation of such fees" in Alaska or anywhere else. Paintiffs had yet to win their suit; the case law concerning fee awards had yet to mature. Plaintiffs' hopes and intentions—whatever they might have been in July 1971—were not legal tender, and would have added not one penny to plaintiff's financial capacity to prosecute the suit here or in Alaska. The dissenters forget the chronological nature of our legal system, whereby pretrial motions typically proceed in ignorance of the ultimate outcome of the litigation. Perhaps, however, the dissenters are trying to make a separate point, *i.e.,* that our decision today may increase the willingness of skilled lawyers thoughout the nation to undertake public interest litigation on behalf of unmonied clients with just, lawful, and important claims. This proposition we of course accept, and count it a happy result of our decision.

(b) It was *not* the Secretary's position on the motion for change of venue that plaintiffs should switch to Alaska counsel for prosecution of the suit in that state. The Secretary fully conceded that a change of counsel would be "undesirable," given the months of preparation which plaintiffs' Washington lawyers had already committed to the case. Response to Plaintiff's Memorandum of Points and Authorities in Opposition to Defendant's Motion to Change Venue, July 27, 1971, at 8–9. Rather, the Secretary argued that the case could be resolved by plaintiffs and their Washington lawyers with "a few trips to Alaska." *Id.* This was a bizarre view of the suit's complexity, and it would hardly have been rendered realistic or plausible by a representation that plaintiffs might ultimately seek a judicial award of fees.

(c) Plaintiffs' most telling arguments on the venue question did *not* turn on the scarcity of "free" counsel in Alaska. At the crux of plaintiffs' position was a showing that it was in the District of Columbia that plaintiffs' staffs and organizations were headquartered, that all pertinent Government documents were located, that the most important expert witnesses were available, and that the case had already been litigated for 16 months with no inconvenience to the Government. In addition, plaintiffs argued extensively and persuasively that the legal issues at stake were matters not of local but of national, even international, concern. *See generally* Plaintiffs' Memorandum of Points and Authorities in Opposition to Defendant's Motion to Change Venue, July 19, 1971, and accompanying affidavits. The District Judge's ruling was phrased in commensurately broad terms, with no mention of availability of counsel. He held that "the defendant has failed to show that the requested transfer would serve the convenience of parties and witnesses and the interest of justice."

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VI. LETTERS OF SUPPORT FOR TITLE V

(a) Recommendation of The Section On Individual Rights and Responsibilities of The American Bar Association.

(b) Energy Policy Task Force, by Lee White.

(c) Friends of The Earth.

(d) Concerned Argonne Scientists.

VI. (a) Recommendation of the Section on Individual Rights and Responsibilities of the American Bar Association:

(American Bar Association; Report to the House of Delegates, Section of Individual Rights and Responsibilities.)

RECOMMENDATION

The Section of Individual Rights and Responsibilities recommends adoption of the following:

Be it resolved, That the American Bar Association opposes passage of H.R. 11957, H.R. 12823 and H.R. 13484 (93d Congress 2d Session) which will impair the ability of individuals to preserve their individual and environmental rights and responsibilities in connection with hearings concerning the licensing of nuclear power plants and which fail to recognize the value of and fail to encourage effective public participation. Be it further

Resolved, That the American Bar Association supports passage of legislation such as S. 3547 which (a) reforms existing hearing procedures to preclude duplicative or unnecessary consideration of safety and environmental issues before the Atomic Energy Commission; (b) preserves and enhances the ability of individuals to protect and discharge their individual and environmental rights and responsibilities; and (c) awards to such individuals, under appropriate criteria, their cost of participation in Atomic Energy Commission hearings, including reasonable attorneys' fees. Be it further

Resolved, That the President or his designee is hereby authorized to present these views to the appropriate committees of Congress.

REPORT

Background of the recommendation

Effective January 1, 1970, the National Environmental Policy Act (NEPA) became law.[1] Since that time, more than 400 cases challenging federal actions have been filed, the great majority of them by citizen and public interest groups.[2] These cases include original actions brought in the Federal District Courts, as well as appeals from decisions of administrative agencies.[3] A large majority of these cases attack agency action in one form or another by challenging the adequacy of a required impact statement,[4] the necessity to consider alternatives to proposed actions[5] and the standing of groups to enforce NEPA.[6] A survey of the cases indicates that the nature of citizen suits under NEPA are a direct response to agency implementation of NEPA.[7] Since federal agencies have the obligation to enforce NEPA, more effective and fairer implementation of NEPA by those agencies should reduce the necessity for litigation by citizen groups.[8]

Because of our Nation's recent and current concern over the production of energy and its effects, citizen action before the

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Footnotes at end of article.

Atomic Energy Commission (AEC) has been prolific, giving rise to complaints by some industrial and governmental representatives that citizen and environmental groups have abused hearing rights before the AEC and have caused delays in the building of necessary power plants.[9] Others, however, have reached opposite conclusions, disputing claims that citizen group actions improperly delay the building of power plants and placing the blame for delay upon rapid industrial expansion.[10] The Atomic Safety and Licensing Appeal Board, the body generally having final appellate review authority over contested AEC hearings, has recently stated that public participation on environmental and safety related values is both necessary and productive:

"Our own experience—garnered in the course of the review of initial decisions and underlying recommendations in an appreciable number of contested cases—teaches that . . . (p)ublic participation in licensing proceedings not only 'can provide valuable assistance to the adjudicatory process,' but on frequent occasions demonstrably has done so. It does no disservice to the diligence of either applicants generally or the regulatory staff to note that many of the substantial safety and environmental issues which have received the scrutiny of licensing boards and appeal boards were raised in the first instance by an (public interest) intervenor." [11]

Today, however, citizen rights before the AEC are threatened by efforts to undermine existing law granting broad hearing rights. Because the "environmental action" in energy matters has been before the AEC, the manner in which this agency resolves the conflicting interests will be a bellwether for other agencies.

Preserving and fostering environmental rights and responsibilities

The process of evaluating environmental and related rights before federal agencies involves three distinct interests: That of government to regulate; that of industry to be secure in its planning; and that of the normally unrepresented public interest to have an effective and meaningful voice in decision making.

In attempting to find a workable solution which considers all of these interests, three principles prevail. First, the Atomic Energy Commission in regulating nuclear power cannot properly have any interest of a proprietary nature. Because the AEC is charged with the protection of public interest, decisions which it makes in the course of regulating should and must be subject to public scrutiny. Without effective hearing procedures which permit discovery of information and cross-examination of government positions, there can be no effective check on arbitrary governmental action.

Secondly, although industry does indeed have a proprietary interest in seeing that reasonably prompt decisions are made regarding its business decisions to construct or operate nuclear facilities, industry's proprietary interest and the administrative desire for a prompt hearing are not appropriate trade-offs for eliminating effective hearing rights for individuals seeking to secure environmental values. A proper solution would be to structure a decision making process which provides industry with an avenue for prompt decision making while preserving the principles of adjudicatory safeguards for individuals who wish to challenge either government or industry decisions. At the same time the hearing process must be structured so that decisions once made cannot be relitigated unless there are changed circumstances or other factors requiring a re-examination.

Finally, considering the valuable contributions made by public participants and the high cost of public participation, according adjudicatory rights without providing for a method to implement such rights results in a practical subversion of the right to a hearing.[12] Thus, costs and attorneys' fees must be awarded to the public interest litigant who can make a productive contribution to the hearing process.

Proposals for legislation

NEPA itself does not require a hearing, but rather requires that the agency consider NEPA values at every step of the "... existing agency review process.[13] Thus, if the agency has hearing requirements as to its primary affairs (as does the AEC)[14] the agency has to grant such hearing rights in connection with NEPA values.[15]

Efforts to undermine citizen input regarding NEPA and related safety values before the AEC have taken the form of eliminating effective hearing rights altogether by changing the existing hearing process from adjudicatory, where parties have the time-honored rights of discovery and cross-examination, to legislative, where no rights are assured to discern the truth and validity of statements concerning environmental or safety values.[16] Such an effort is illustrated by H.R. 11957 and H.R. 12823 (Exhibits A and B hereto). In addition, H.R. 12823 would amend NEPA by requiring a lesser showing to conform to its requirements at a time when the Administration and the Council on Environmental Quality have recommended against tampering with NEPA, notwithstanding current problems associated with energy production.

H.R. 13484 (Exhibit C hereto), a Bill supported by the AEC, while not tampering directly with the concept of adjudicatory hearings, makes it more difficult than at present for a public interest organization to raise environmental and safety-related issues concerning the licensing of nuclear power plants and fails to provide a flexible licensing scheme to deal with the basic problems which today confront the AEC hearing process. Thus, H.R. 13484 does not assure complete and early access by the public to necessary information and does not require a complete and meaningful environmental analysis at the critical time, that is, when plant site selection is made. Moreover, H.R. 13484 would compound, rather than resolve, existing hearing problems by precluding early decisions on broad environmental values before significant amounts of money are irretrievably and irrevocably committed to a project.

All the House Bills, contrary to fact, criticize public participation in the hearing process as an unproductive cause for delay. Moreover, they do not provide for reasonable reimbursement of costs and attorneys' fees to public participants who have made a valid and effective contribution to the hearing process.

As such, these Bills are a step toward restricting effective participation at a time of heightened public input to government affairs. These Bills fail to resolve the valid concerns of government, industry and the public and their passage may facilitate similar legislation governing other agencies, thus ultimately undercutting effective individual and citizen action regarding NEPA and environmental values.

Members of the Section's Committee on Environmental Rights and Responsibilities, who have had experience in asserting, on behalf of public interest organizations, the need for presentation of individual environmental rights, had drafted a sample piece of legislation which attempted to deal fairly with all the considerations discussed in this report. This legislation eliminated unproductive hearings, preserved adjudicatory safeguards and provided for the payment of costs and attorneys' fees to public interest and citizen groups which had made a contribution to the hearing process. A substantially similar Bill, S. 3547, has recently been introduced in the Senate. (Exhibit D). The Section recommends enactment of this legislation.

This Bill will fulfill the legitimate interests of the public, the industry, and the government in efficient and meaningful resolution of the issues relevant to the proposed siting, construction and operation of nuclear power plants. Its most important features are: elimination of mandatory hearings for construction or operation of nuclear power plants; provision for early site selection for nuclear power plants; procedures to limit evidentiary hearings to issues not previously litigated and to issues where genuine factual disputes exist; resolution of issues common to many nuclear plants in generic hearings; provision for funds for the costs of public participation by those members of the public who need such funds and who make a useful contribution to the hearing; and public access to the regulatory review process from the earliest date.

Conclusion

Opposition to H.R. 11957, H.R. 12823 and H.R. 13484, and support of the principles contained in the second tendered Resolution (and implemented in S. 3547) will fairly deal with the problems existing in the AEC licensing process and will both preserve and encourage effective public participation in decision making concerning environmental and safety related values.

The foregoing recommendation and report were approved by the Council of the Section of Individual Rights and Responsibilities at its May 3–4, 1974, meeting.

In conformance with Association policy, copies of the report and recommendation have been sent to the following Association entities for their review and comment: Administrative Law Section and its Committee on Environmental Quality Control; Antitrust Law Section and its Committee on Antitrust Aspects of Environmental Protection Laws; Corporation Banking and Business Law Section and its Committee on Environmental Controls; Criminal Justice Section and its Committee on Environmental Criminal Law; Family Law Section and its Committee on the Family Role in Environmental Protection; General Practice Section and its Committee on Environmental Law; Insurance, Negligence and Compensation Law Section and its Committee on Environmental Law; International Law Section and its Committee on Environmental Law; Litigation Section and its Committee on Environmental Concerns; Local Government Law Section and its Committee on Urban Environment; Natural Resources Law Section and its Committee on Environmental Quality; Public Contract Law Section and its Committee on Environmental Law; Public Utility Law Section and its Environmental Quality Control Committee; Real Property, Probate and Trust Law Section and its Committee on Environmental Law; Young Lawyers Sections and its Committee on Environmental Quality; the Law Student Division; Standing Committee on Aeronautical Law; Standing Committee on Law and Technology; Standing Committee on Legislation; Standing Committee on Legislative Drafting; Special Committee on Atomic Energy Law; and the Special Committee on Environmental Law. In addition, copies have also been sent to the National Conference of Commissioners on Uniform State Laws.

Respectfully submitted,

ALBERT E. JENNER, JR.,
Chairman.

FOOTNOTES

[1] 42 U.S.C. § 4321, *et seq.*

[2] Yarrington, *The National Environmental Policy Act*, 4 Environmental Reporter, Monograph No. 17, Jan. 4, 1974, at p. 10.

[3] See generally Yarrington, *The National Environmental Policy Act, supra*, N. 2; and Anderson, NEPA IN THE COURTS, A Legal Analysis of the National Environmental Policy Act, a publication of Environmental Law Institute (Resources for the Future, Inc., 1973) $6.95.

[4] See *e.g., Calvert Cliffs' Coordinating Comm.* v. *AEC,* 449 F. 2d 1109 (D.C. Cir. 1971); and *E.D.F.* v. *Corps of Engineers,* 325 F. Supp. 728 (E.D. Ark. 1971).

[5] See *e.g., NRDC* v. *Morton,* 458 F. 2d 827 (D.C. Cir. 1971).

[6] See *e.g., Citizens for Clean Air* v. *Corps of Engineers,* 349 F. Supp. 696 (S.D.N.Y. 1972).

[7] 42 U.S.C. § 4332; *Calvert Cliffs' Coordinating Comm.* v. *AEC, supra,* 4.

[8] See *e.g., Greene County Planning Board* v. *FPC,* 455 F. 2d 412 (2d Cir. 1972); and compare *Morningside Renewal Council* v. *AEC,* 482 F. 2d 234 (2d Cir. 1973) (J. Oakes dissenting).

[9] Statement of Congressman Melvin Price introducing H.R. 11957, Cong. Rec., vol. 119, pt. 32, p. 41330.

[10] 1973 Federal Power Commission Study on AEC licensing actions; see also, Olds, *Nuclear Power Growth Pains Persist,* 11 Power Engineering 54, Nov. 1973 (Technical Publishing Co., Barrington, Ill.), and Editorial, *Nuclear Power Dilemma,* New York Times, Monday, Dec. 3, 1973. In November, 1973, Commissioner William O. Doub of the AEC confirmed in a speech to the American Nuclear Society that adjudicatory hearings as such were an insignificant factor in delaying construction and licensing of nuclear power plants.

[11] *Gulf States Utilities Co.* (River Bend Station, Units 1 and 2), ALAB–183, RAI–74–3, ———, Slip Op. March 13, 1974 at pp. 11–12; see also *Louisiana Power and Light Co.* (Waterford Steam Electric Station, Unit 3), ALAB–125, RAI–73–5, 371, 374, n. 13 (May 25, 1973). *Accord* Gellhorn *Public Participation in Administrative Proceedings,* 81 Yale L.J. 359 (1972).

[12] Award of attorney's fees from federal agencies is a particularly important subject. Recent court decisions indicate that, despite the bar against attorneys fees established by federal law in 28 U.S.C. § 2412, courts will grant fees in order (1) to effectuate strong public policies; (2) to benefit numerous people affected by a litigation success; and (3) to encourage suits where only a private party could be expected to bring the action. See, *e.g., La Raza Units* v. *Volpe,* 337 F. Supp. 221 (D. N. Cal. 1971). But cf. *Wilderness Society* v. *Morton,* 42 U.S.L.W. 2525 (April 16, 1974).

Administrative agencies, however, have yet to award fees where equally compelling equities exist in cases before them. See *e.g., Citizens for Safe Environment* v. *AEC,* 6 ERC 1158 (3d Cir. 1973). The reluctance of agencies to award fees does not reflect sound and prudent social policy, in light of the need for effective public participation in decision making.

On December 7, 1971, Max D. Paglin, Chairman of the Committee on Agency Organization and Procedure of the Administrative Conference, issued a dissent to Recommendation 71–6 of the Administrative Conference dealing with funding by federal agencies of public interest organizations which has particular applicability here. Chairman Paglin is now a member of the Atomic Safety and Licensing Board panel. Dissenting as to the failure of the Committee to adopt a recommendation that agencies provide for public interest funding, Chairman Paglin stated, in pertinent part:

"It was the Committee's view and is still our view that, unless aided by other resources, the cost of meeting expenses in trial-type proceedings could constitute insuperable barriers to an effective participation by citizens and public intervener groups." *Recommendations and Reports of the Administrative Conference of the United States, Volume 2,* Recommendation 71–6, Public Participation in Administrative Hearings (Adopted December 7, 1971) at pp. 39–40.

[13] 42 U.S.C. § 4332(a)(C).

[14] Atomic Energy Act of 1954, as amended, 42 U.S.C. § 2239; and 10 C.F.R. Part 2 (AEC hearing regulations).

[15] *Calvert Cliffs' Coordinating Comm. v. AEC,* supre, 4.

[16] In a recent decision by the Atomic Safety and Licensing Appeal Board, *Vermont Yankee Nuclear Power Corporation* (Vermont Yankee Nuclear Power Station), ALAB-194, RAI–74–4, , Slip Op. April 16, 1974, the Appeal Board reversed and remanded an initial decision to the Atomic Safety and Licensing Board for resolution of conflicting expert testimony holding that cross-examination is necessary to resolve such a factual dispute.

VI. Energy Policy Task Force, by Lee White:

ENERGY POLICY TASK FORCE,
Washington, D.C., July 15, 1974.

Hon. ABRAHAM A. RIBICOFF,
United States Senate,
Washington, D.C. 20510.

DEAR SENATOR RIBICOFF: This is to request your support for legislation which will provide financial assistance for participants in hearings before the Atomic Energy Commission. The essence of sound agency decisions is complete information. The development of this information in AEC licensing hearings depends upon input from all parties, particularly the public. However, this important public participation is frequently hampered by the lack of funds to hire technical experts and lawyers.

On May 29, Senator Kennedy introduced S. 3547, a bill to provide financial assistance for AEC hearing participants and to streamline the AEC hearing procedures. The portion of the bill related to public financing will be offered as an amendment to S. 2744, the Energy Reorganization Act of 1974.

The provisions for public financing have been drawn as carefully as possible to avoid potential problem areas. First, public financing is available to any party provided it demonstrates a financial need and establishes that its participation in the hearing has helped to develop the record. Second, the AEC is required to establish a maximum amount available for each hearing, thus discouraging multiple parties. Third, judgments on whether and how much funding will be provided to a party are made by the hearing board and if the fund determination is appealed, it could not be a basis for reversal of the basic licensing decision.

In 1968, when I was a member of the Federal Power Commission, I also served as Chairman of a Committee of the United States Administrative Conference dealing with the subject of rulemaking.

Our Committee proposed to the Conference a recommendation which would require government departments and agencies which adopted rules having an impact on large numbers of citizens to provide an opportunity for those citizens to express their views, reactions, comments, recommendations and criticism of any proposed rule. We further proposed, and the Conference accepted after heated and extensive debate, a companion proposal which called for the creation of a People's Counsel on the ground that the right to make a presentation would be an empty right if there were not an effective means of implementing it. The same principle applies in the case of nuclear licensing.

As a former regulator, I believed then, and I believe equally strongly today, that the adversary process is essential to the regulatory process, but to be effective, the advocacy must be equally good from all viewpoints. To me, this means the ability to bring into any contested issue the scientific, technical, economic and legal skills essential to presenting the strongest possible case. I assume every regulator would feel that his or her job would be more effective if there were assurance of a strong presentation by citizen groups as well as by industry groups. To those who chided me, contending that I was supposed to represent the consumer position as a member of the regulatory body or that the agency staff played the role of seeking out the public interest, my response was that the members of the regulatory agency and the staff counsel assigned the responsibility of arguing the public interest were required to make the necessary balances in reaching our position; what I thought was required was an all-out advocate for the consumers' position to enable me as a regulator to assess their arguments when pitted against those advanced by representatives of the industry.

In my view, some of the most meaningful progress in recent nuclear licensing has been the result of effective presentations made on behalf of citizen groups. As applications for nuclear licenses move from a trickle to a flood, it is going to be more important than ever that there be a means for offering meaningful and effective presentation on behalf of consumer groups to assist the licensing authorities in evaluating applications upon which they must pass. If it is important that this advocacy role be performed when what is at stake are rates, obviously, it must be even more essential when a significant portion of the decision-making process involves the health and safety of people.

The public financing proposal is not anti-nuclear. In fact, it is a proposal which should be equally attractive to all parties. Frequently, good representation can mean shorter representation. I do not believe a licensing process, whether financed in part by Federal funds or not, should be used to thwart the objective of a licensing statute, but rather to implement it. I think this can be true of nuclear licensing and I am confident it will be.

The Energy Policy Task Force of the Consumer Federation of America urges you to support this legislation to ensure the public not only the right but the ability to participate in decisions regarding nuclear power reactors.

Sincerely,

LEE C. WHITE,
Chairman.

VI. (c) Friends of the Earth.

FRIENDS OF THE EARTH,
Washington, D.C., September 4, 1974.

Hon. ABRAHAM RIBICOFF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RIBICOFF: Friends of the Earth would like to congratulate you on the innovative and diligent efforts you have devoted to making the proposed reorganization of the federal energy functions a success. It is a tribute to your leadership that most of the glaring deficiencies that appeared in the bill after its helter-skelter passage through the House in three weeks—from introduction to passage—last December have been remedied in the version agreed on by the Senate. The responsible manner in which you have acted, especially with regard to the very real dangers posed by the use of nuclear materials in energy generation, is admirable.

Your support of Senator Kennedy's amendment allowing for financing of intervenors who have bona fide questions to raise in nuclear licensing hearings was particularly welcome, since it will serve, we think, to bring these proceedings from their current status of being pro forma public relations efforts to one of being forums where serious issues are adjudicated in a serious and thorough manner to the benefit of the public. Up until now, many people have been vastly disillusioned by the AEC licensing process, in which they were often too poor to even make an appearance, much less present adequate scientific data. They have left AEC proceedings with ample confirmation of what the cynics have said—that these proceedings were stacked against the intervenor from the start, both fiscally and procedurally. Many of these people have found it impossible to even hire a lawyer, and yet they see their opposition armed to the teeth with experts and attorneys, and they experience first hand the alienation from government that so many have felt. Often, groups who could have made a significant contribution to the proceeding were shut out because of lack of funds. Even for an organization such as ours, with a national membership and much vaster resources than coalitions of local people, the expense of participating adequately in an AEC licensing hearing is prohibitive. You can imagine, then, the much greater burden that groups of citizens who want to participate in appropriate channels in decisions that will directly affect their lives, feel when they approach an AEC licensing proceeding. There is much evidence that intervenors, when they are able, do contribute substantively to such proceedings, and do make valuable contributions that are not made by the institutional participants.

The Kennedy amendment is an experiment, an attempt to see whether his citizen energy resource can be more fully tapped and developed in the interest of good and open government, increased health and safety, and in depersonalizing federal actions. We implore you to devote all your efforts in conference to seeing that this provision is not removed from the bill. We realize that this is an experiment, but we are confident that it contains adequate safeguards against an abuse: Most important, however, is the principle that is embodied in the idea behind the experiment—that government cannot do all by itself and that the people have the ability and the right to participate and contribute directly in the proceedings of their government, and that it is in the public and national interest for them to do so.

We also urge you to be unbending regarding other changes you have made to the structure of ERDA and NSLC, particularly the development of a division for materials safeguards in NSLC, an assistant administrator for energy conservation in ERDA, and qualifications for the heads of these agencies and their divisions that will counter the seemingly inevitable bureaucratic tendency of federal regulatory agencies to become inundated by former representatives of the industries they regulate. Further, we urge that you keep automotive research in the Environmental Protection Agency to insure diligent and honest efforts in that field.

We think the outcome of your efforts over the last ten months is illustrative of the best qualities that Congress as a deliberative body can bring to its public service. We hope that you will not let this considerable effort be diluted by a Conference Report which drops the many excellent provisions of the Senate bill.

Sincerely,

ANN ROOSEVELT,
Legislative Director.

VIII. FLOOR STATEMENTS

(a) Senator Ribicoff.

(b) Senator Kennedy, including floor debate on Kennedy Amendment.

(c) Senator Metcalf.

VIII. (a) Floor Statement—Senator Ribicoff:

KENNEDY AMENDMENT (PUBLIC FUNDING)

This amendment seeks to ensure public participation in the nuclear licensing and rulemaking process by providing for public financing of citizen intervenor groups which are unable to pay their own legal and technical costs and which make a valuable contribution to developing a full record in the proceedings.

During the course of our hearings on this bill, there was persuasive testimony that the current situation is one analogous to David vs. Goliath when public interest groups face the nuclear power industry before the AEC. Our report points out that the disparity in financial capability between the two sides—the utilities budgeting from $500,000 to $1 million to present their case in a major licensing proceeding, while intervenors consider themselves fortunate if they can raise $150,000 to present their side of the case.

The Committee focused on the difficulty intervenors experience in presenting experts and technical data in support of their case. It turns out that this is help that often money cannot buy because most of these experts and this expertise is contained within the AEC and is unavailable to outside intervenors. Therefore, we remedied this problem by requiring the NSLC to furnish relevant studies and technical assistance to any party to a Commission proceeding.

But this still leaves the problem of ensuring that a public interest group, even after it obtains such studies and assistance, has the financial resources to effectively mount a protracted legal fight both before the Commission and in the courts. The Kennedy amendment deals with that problem by providing a carefully controlled mechanism for public reimbursement of responsible groups. There are clear eligibility tests based on financial need and the quality of, contribution to a particular proceeding. The Commission will set a ceiling on amounts to be allocated in each proceeding, thereby limiting expenditures and probably also the number of participants and viewpoints among citizen-intervenor groups.

The distinguished Senator from Massachusetts has made a persuasive case, based on the statements of AEC officials themselves, of the valuable contributions that have been made by public interest groups in licensing cases. I agree that such contributions should be encouraged, and that public financing, with tight controls, is a good way to go about it.

This amendment is consistent with the purposes and the provisions of the Committee-reported bill, and I urge its adoption.

VIII. (b) Floor Statement, Senator Kennedy:

(8) Modified Kennedy amendment No. 1791, making provisions for payment of costs and fees to eligible parties in nuclear licensing proceedings;

AMENDMENT NO. 1791

Mr. KENNEDY. Mr. President, I call up my amendment No. 1791.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that we dispense with further reading of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

At the end of the bill, add the following:

"TITLE V—COSTS AND FEES

"SEC. 501. (a) With respect to any hearing held pursuant to section 189(a) of the Atomic Energy Act of 1954 or any other agency proceeding for the granting, suspending, revoking, or amending of any license or construction permit or application to transfer control, or any agency proceeding for the issuance or modification of rules and regulations dealing with the activities of licensees, the Nuclear Safety and Licensing Commission shall, upon request, reimburse eligible parties for the cost of participation, including reasonable attorneys' fees, of any party in any related hearing or agency proceeding. The amount paid, if any, shall be determined after due consideration of the following factors:

"(1) The extent to which the participation of the party contributed to the development of facts, issues, and arguments relevant to the hearing or proceeding.

"(2) The ability of the party to pay its own expenses.

"(b) The Commission shall establish a maximum amount to be allocated to each hearing or agency proceeding and shall apportion that amount among the parties seeking reimbursement of costs based upon the factors enumerated in subsection (a). The maximum amount established pursuant to this subsection shall be established and adjusted from time to time by the Commission with due regard to the following factors:

"(1) The actual costs of public participation in the hearing or proceeding based upon a nonduplicative presentation of opposing viewpoints on all revelant issues.

"(2) The cost of participation in the hearing or proceeding of the Commission's staff and applicants to the Commission.

"(c) Payment of costs under this section shall be made within three months of the date on which a final decision or order disposing of essentially all of the matters involved in the hearing or proceeding is issued by the Commission, except that if a party establishes that—

"(1) its ability to participate in the hearings or proceeding will be severely impaired by the failure to receive funds prior to conclusion of the hearing or proceeding; and

"(2) there is reasonable likelihood that its participation will help develop facts, issues, and arguments relevant to the hearing or proceeding.

* * * * *

then the Commission shall make from time to time (but at least quarterly) advance payments to permit the party to participate or to continue to participate meaningfully in the hearing or proceeding with due regard to the maximum amount payable for costs of this hearing or proceeding and the possible requests for reimbursement of costs of other parties.

"(d) In the case of any judicial review arising out of an appeal of a decision reached in a hearing or agency proceeding before the Commission, the court may order the Commission to reimburse a party for all costs incurred in the course of such judicial review, including reasonable attorneys' fees, if such party meets the requirements of subsection (a).

"(e) The provisions of this section shall become effective upon the adoption by the Commission of regulations implementing them or upon the expiration of ninety days after the enactment of this section, whichever first occurs. This section shall apply to all hearings, agency proceedings, and judicial proceedings in which final decisions or orders disposing of essentially all of the issues involved in the hearing or proceeding or final orders of courts have not been issued by the Commission or court prior to the date of enactment of this section and to all hearings, agency proceedings, and judicial proceedings commenced after such date of enactment. In the case of any judicial proceedings pending when this section is enacted, the reimbursement of costs provided for in this paragraph shall apply only to costs referred to in subsection (d) and not to costs of the hearing or proceeding being reviewed.

"(f) Nothing in this section shall diminish any right which any party may have to collect any costs, including attorneys' fees, under any other provision of law.

"(g) The authority to make payments under this section shall not apply to any hearings, agency proceedings, or judicial proceedings arising out of such hearings or proceedings, if the hearings or proceedings commence later than three years after the date of enactment of this Act.

"(h) (1) Any decision made by the Commission pursuant to this section shall be reviewable to the same extent as any other Commission decision, except that no stay may be issued based upon any alleged violation of this section and no court order determining that the provisions of this section have been violated shall, solely as a result of that determination, require a reversal of the Commission's decision with respect to any other issue.

"(2) Any determination pursuant to subsection (c) of this section shall be a final and appealable order within the meaning of section 2342 of title 28, United States Code, if the Commission determines that the party, although not financially able to participate meaningfully in the hearing of proceeding, is nonetheless not entitled to the relief requested.

"(i) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section."

Mr. KENNEDY. Mr. President, I believe it is in order for me to modify the amendment. I would like to add on page 2, line 7, the word "eligibility" before the word "factors."

The PRESIDING OFFICER. The Senator has the right to modify his amendment. The amendment is so modified.

Mr. KENNEDY. Mr. President, I am calling up my Amendment No. 1791 to S. 2744 for myself, Senator STAFFORD, and other Senators who have joined us in cosponsoring this amendment.

At the outset, I commend the manager of the bill (Mr. RIBICOFF) and the minority manager (Mr. PERCY) for their work on this measure. Their able leadership in charting a course through the jurisdictional and substantive difficulties surrounding this matter deserves our respect.

I believe the bill facilitates national goals described in the purposes clause of developing and increasing the efficiency and reliability of use of all energy sources, of increasing the level of our self-sufficiency in energy and of advancing the goals of restoring, protecting, and enhancing environmental quality.

The Commission will set the maximum amount for each proceeding, and it will be based on the actual expenses of participants, based on a comparison with costs of applicants in regulatory agencies. The Commission will determine who is eligible.

The two criteria would be, first of all, the issue of need, and, secondly, the contribution to raising facts, issues, and arguments relative to the proceedings.

This is the second element of eligibility. First, the group has to qualify as a party and meet the Commission's fairly stringent criteria. That has been set forth in the regulations in section 2.714. So the Commission will ultimately decide how to apportion a total sum among the parties, and also will decide whether inability of the party to sustain itself, the likelihood of contributing to the final result, justifies the award to meet costs during the course of these proceedings.

Our amendment simply extends the principle of public participation established by the committee in preparing this legislation to include the payment of legal fees and technical expert costs for eligible parties to nuclear powerplant licensing proceedings.

The amendment we are offering, we believe, is in keeping with those objectives.

Also, it is in keeping with the increasing recognition by courts, by Congress, and by the public, that there is a legitimate desire for public participation in regulatory matters, a desire which can best be realized by insuring that citizens have a more equal opportunity to represent their viewpoint and their concerns than has been the case in the past.

We believe that full public participation requires that the parties presenting their views before the regulatory agency have a full and adequate opportunity to present information and evidence at each stage of the licensing proceeding. In fact, by providing that opportunity in the regulatory process, it is more likely to avoid the delays of court action.

We concur with the belief expressed by the Chairman of the Atomic Safety and Licensing Appeal Panel of the U.S. Atomic Energy Commission, Alan S. Rosenthal, that—

"The end of providing the Nation with power generated in a safe and environmentally sound manner is enhanced and not retarded when there are effective and responsible interventions in licensing proceedings."

Mr. Rosenthal is in perhaps the most advantageous position to make such an assertion. As Chairman of the Panel which hears appeals from the decisions of the AEC hearing boards, he has the opportunity to judge the value of public interventions.

Some private utilities, who also must pay for their legal fees and technical expert fees but do so through taking them as tax deductions, claim that the public should not be allowed into these proceedings at all. Yet, the reality, which many of them acknowledge, is that the final result of public participation frequently has been improvements in plant design or safety procedures or environmental protections.

In fact, Mr. Rosenthal testified to the Joint Atomic Energy Committee this year that—

"In several instances, the result of such scrutiny (by regulatory agencies of issues raised by public interest intervenors) has been the imposition of conditions on the permit or license, or some other affirmative board action, designed to insure a safer and more environmentally sound reactor . . ."

Therefore, I want to emphasize to my colleagues that the key issue is how to best assure the representation of the public interest intervenors.

In that regard, I want to quote from a letter from Lee White, former member of the Federal Power Commission, who has written in support of this amendment.

Mr. White stated:

"As a former regulator, I believed then, and I believe equally strongly today, that the adversary process is essential to the regulatory process, but to be effective, the advocacy must be equally good from all viewpoints. To me, this means the ability to bring into any contested issue the scientific, technical, economic and legal skills essential to presenting the strongest possible case. I assume every regulator would feel that his or her job would be more effective if there were assurance of a strong presentation by citizen groups as well as by industry groups."

He also answered the question of those who argue that the Commission and the regulatory agency staff are themselves obligated to represent the public interest and therefore the public intervenors are not essential.

He said:

"To those who chided me, contending that I was supposed to represent the consumer position as a member of the regulatory body or that the agency staff played the role of seeking out the public interest, my response was that the members of the regulatory agency and the staff counsel assigned the responsibility of arguing were required to make the necessary balances in reaching our position; what I thought was required was an all-out advocate for the consumers' position to enable me as a regulator to assess their arguments when pitted against those advanced by representatives of the industry."

Mr. White also stated, and we believe this as well:

"The public financing proposal is not antinuclear. In fact, it is a proposal which should be equally attractive to all parties. Frequently, good representation can mean shorter representation . . ."

This view apparently is shared by an Atomic Safety and Licensing Board, which urged in New York 3 weeks ago, "All petitioners to retain legal counsel, if possible, although acknowledging that this is not mandatory under the Commission's rules of practice." The reason given was that it would aid in consolidating their efforts, remove duplication and overlapping, and therefore shorten the length of the proceedings.

Since our amendment provides for a set maximum for each proceeding and allows the Commission to establish rules and procedures to permit the nonduplicative presentation of opposing viewpoints on all relevant issues, we believe the effect of the amendment will be to constrain dilatory tactics by intervenors.

The amendment is endorsed by the section of individual rights and responsibilities of the American Bar Association which stated:

"Considering the valuable contributions made by public participants and the high cost of public participation, according adjudicatory rights without providing for a method to implement such rights results in a practical subversion of the right to a hearing. Thus costs and attorneys' fees must be awarded to the public interest litigant who can make a productive contribution to the hearing process."

Once again, our amendment is designed to provide this opportunity within reasonable restraints. Thus, the Commission, in determining eligibility is to judge whether the citizen group or other public interest intervenor, in addition to showing financial need, has helped or demonstrates reasonable likelihood that it will help to develop facts, issues, and arguments relevant to the regulatory review proceeding.

Essentially, the role of the public participant, the role which justifies providing the necessary payment of his costs, is that he assists the decisionmaker by presenting information and viewpoints that he might otherwise not receive.

Thus in a March 13, 1974 decision of the Atomic Safety and Licensing Appeal Board, the Board disputed the utility argument which challenged the value of public participation, in these words:

"Our own experience—garnered in the course of the review of initial decisions and underlying recommendations in an appreciable number of contested cases—teaches that . . . public participation in licensing proceedings not only 'can provide valuable assistance to the adjudicatory process,' but on frequent occasions demonstrably has done so. It does no disservice to the diligence of either applicants generally or the regulatory staff to note that many of the substantial safety and environmental issues which have received the scrutiny of licensing boards and appeal boards were raised in the first instance by an (public interest) intervenor."

Yet, our concern is that citizen groups are more and more frequently failing to participate—not because the Commission feels they have nothing relevant to contribute—but because they do not have funds to pay their attorneys or to prepare their cases.

I have nearly 10 instances where this has occurred in the past, and which I placed in the Record on August 13, 1974, at page 28013 on introducing this measure.

Perhaps one of the classic examples of the potential public loss resulting from the failure to provide funding to assure adequate public participation involves proposed construction of two nuclear plants in San Diego County. On June 21, 1974, the Atomic Safety and Licensing Appeal Board ruled in favor of the public citizen groups that they had not had an opportunity to adequately present their case before the hearing board on certain specific issues—whether the applicant is technically qualified to operate the reactors based upon a poor operating history at its first reactor, whether in the event of an accident evacuation is possible, whether the population in the site vicinity is too dense for the deploying of nuclear reactors, whether underground siting of the plant is a preferable alternative. Yet, because they have insufficient funds it is likely they will be unable to present their case.

Here is an instance where the Appeals Board felt the issues they were raising were substantial and deserved a full hearing.

Yet that hearing may not take place because the group does not have sufficient funds to pursue the matter.

Many of these groups have appealed in the past for payment of their legal and technical expert costs to the AEC. It is my understanding that all have been turned down. The most recent refusal occurred on July 10, 1974, involving a Saginaw, Mich., group.

The regulatory staff response to the citizens group request in the Saginaw case included these words:

"The Commission has dealt with this question in the recent past and resolved it on the grounds that the Commission '. . . has neither statutory nor regulatory authority which would authorize the grant of (financial and technical assistance to an intervenor).'"

The amendment will provide that authorization.

It will provide that authorization in the following manner and with reasonable restrictions on the use of that authorization.

First, regarding eligibility, public financing is to be available to responsible parties who demonstrate financial need and who can establish that their participation has or is reasonably likely to help develop facts, issues, and arguments relevant to the regulatory proceeding.

Second, the Commission will also establish a maximum amount to be allocated to each hearing. This will do more than place a check on the upper limit on expenditures. It will also encourage consolidation of groups and the non-duplicative presentation of opposing viewpoints on all relevant issues.

Third, judgments as to funding will be made by the Commission and if that judgment is appealed, the amendment specifically provides that the decision could not be a basis for reversing the substantive licensing decision.

Finally, the amendment will provide only a 3-year authority to permit the Congress the opportunity to review the practices and results of the payment of intervenor costs.

Fourth, the amendment provides that in the case of court proceedings, the court may award legal and technical expert fees if it finds that an intervenor is in financial need and is presenting relevant material.

Mr. President, this amendment is endorsed by the section on individual rights and responsibilities of the American Bar Association, the National Wildlife Federation, the Environmental Defense Fund, the Sierra Club, Friends of the Earth, Environmental Action, the Environmental Policy Center, the National Resources Defense Council, and Public Citizen, Inc.

I urge its adoption

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. PASTORE. First, Mr. President, I compliment the Senator, because I think he has pitched his amendment in the right direction. But, under the circumstances, I think that possibly, for the time being, it goes a bit too far.

I realize that certain bona fide objectors to the establishment of a nuclear plant or the granting of a construction license might feel that they are without funds, and I can understand that the matter of expert witnesses should be within the discretion of the court. But what the Senator is suggesting here is that the Treasury of the United States begin to pay lawyers. The minute you begin to do that, you generate ambulance chasers, people who just go out for the sake of being paid by the Government.

This is a complicated amendment and has many ramifications. I think the matter should be studied, either by the joint committee or by the Government Operations Committee, to see whether somehow we can come up with some guidelines that will make some sense, that will take care of people who cannot interpose an objection because they are without funds. That has to be taken into account, because, after all, they might have a legitimate reason to object.

On the other hand, when we begin to pay lawyers, it means that we have to start from the bottom, right up to the Supreme Court; and by the time we are through, we are going to empty the U.S. Treasury. It will kill off the program.

I hope the Senator would give serious consideration to not pursuing the amendment, although I shall not resist him on it. I think it is done in full sincerity and is done for good purpose; but I think that the amendment at this time needs to be explored more. We need to go into this matter a great deal further.

Next year, God willing, I will be the chairman of the Joint Committee on Atomic Energy. I am perfectly willing to hold hearings on this matter, to see if we can reach some reasonable adjustment.

I hope the Senator will not pursue this matter; but if he does, I will not interpose an objection, because I do not think it will see the light of day in conference.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. BAKER. Mr. President, I associate myself with the remarks of the distinguished Senator from Rhode Island. I am a member of the Joint Committee on Atomic Energy, and he, of course, is the senior member on the Senate side.

We have already discussed the substance of this concern in our previous hearings. At that time, it occurred to me that, notwithstanding that we have had a more thorough ventilation and understanding of the concerns and the legitimate interests of the public, so-called, in the siting and licensing procedure for fission power plants, there might be a middle ground.

I hope we might explore the middle ground, as we did in the Joint Committee on Atomic Energy. That is, to recognize that we ought to encourage public participation in these hearings and the public examination of the safety aspects and the operational aspects of fission power reactors. But we ought not create a positive incentive for people to engage in possibly protracted litigation over these matters. I suggested in the Joint Committee on Atomic Energy, not as an amendment but as a suggestion, that we consider the public financing from the Public Treasury of the cost of participation—except for attorney's fees. It would include the cost of expert witnesses, of travel expenses, and the like. It would stop just short of creating an opportunity for attorneys to be paid from the Public Treasury for what might, to some, be a temptation to prolong and extend litigation that otherwise was not so obviously desired.

Mr. President, I have prepared an amendment to the Kennedy amendment, and I send it to the desk. I do not ask the clerk to state it at this time. I do ask unanimous consent that the amendment to the Kennedy amendment be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

'On page 2, lines 3 and 4, strike out ', including reasonable attorney's fees,'.

"On page 4, lines 2 and 3, strike out ', including reasonable attorneys' fees,'.

"On page 4, between lines 19 and 20, insert the following:

"(f) (1) For the purpose of this section the term 'cost of participation of any party at any related hearing or agency proceeding' and the term 'costs incurred in the course of judicial review' shall not include attorneys' fees.

"On page 4, line 20, strike out '(f)' and insert in lieu thereof '(2)'."

Mr. BAKER. Mr. President, in view of the statement made by the Senator from Rhode Island, that he hopes the Senator from Massachusetts will desist from offering this amendment and that if it is offered, the Senator from Rhode Island will not oppose it at this time, I will forbear from offering my amendment to the Kennedy amendment now.

I do hope that the Senator from Massachusetts will not press the amendment at this time. However, if he does, I hope very much that before the conferees accept such an amendment, they will consider the middle ground to which I have just alluded and which we considered in the course of our hearings in the Joint Committee on Atomic Energy.

Mr. RIBICOFF. Mr. President, this amendment seeks to insure public participation in the nuclear licensing and rulemaking process by providing for public financing of citizen intervenor groups which are unable to pay their own legal and technical costs and which make a valuable contribution to developing a full record in the proceedings.

During the course of our hearings on this bill, there was persuasive testimony that the current situation is one analagous to David against Goliath when public interest groups face the nuclear power industry before the AEC. Our report points out that the disparity in financial capability between the two sides—the utilities budgeting from $500,000 to $1 million to present their case in a major licensing proceeding, while intervenors consider themselves fortunate if they can raise $150,000 to present their side of the case.

The committee focused on the difficulty intervenors experience in presenting experts and technical data in support of their case. The problem was partially remedied by a committee amendment—section 206—which requires the NSLC to furnish relevant studies and technical assistance to any party to a Commission proceeding.

But this still leaves the problem of insuring that a public interest group, even after it obtains such studies and assistance, will have the financial resources to mount an effective legal fight both before the Commission and in the courts. The Kennedy amendment deals with that problem by providing a carefully controlled mechanism for public reimbursement of responsible groups. There are clear eligibility tests based on financial need and the quality of contribution to a particular proceeding. The Commission will set a ceiling on amounts to be allocated in each proceeding, thereby limiting expenditures and probably also the number of participants and viewpoints among citizen-intervenor groups.

The distinguished Senator from Massachusetts has made a persuasive case, based on the statements of AEC officials themselves, of the valuable contributions that have been made by public interest groups in licensing cases. I agree that such contributions should be encouraged, and that public financing, with tight controls, is a good way to go about it.

This amendment is consistent with the purposes and the provisions of the Committee-reported bill, and I urge its adoption.

This is a very controversial amendment. The distinguished Senator from Rhode Island and the distinguished Senator from Tennessee are knowledgeable and concerned. Senators and citizens in this entire field, and they know there is a vacuum that has to be filled. We certainly must find a way to open these complex, expensive issues in which one side has all the marbles and the other side has nothing, to have a sense of fairness and understanding.

My distinguished colleague, Senator PERCY, who is the ranking minority member, is quite concerned about this amendment. He has some questions, and he has asked that I suggest the absence of a quorum, at which time he will come to the Chamber to have a colloquy with the Senator from Massachusetts.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I should like to address my comments to the distinguished Senator from Massachusetts (Mr. KENNEDY).

The administration has indicated its opposition to the amendment as originally introduced, others have felt that it could be an amendment that would create opportunities for mischief, and that it would not really serve any worthy purpose.

I have worked with the Senator from Massachusetts and have noted the redrafting of the amendment which has been accomplished in an attempt to overcome certain objections that have been raised. For example, careful redrafting has been carried out along these lines:

First. Any party to a proceeding, including the potential licensee, could be eligible for reimbursement.

Second. Only the Commission, not the utilities, would pay legal fees of other parties.

Third. The payments would come out of the Commission's budget, so they would have to be justified to Congress at appropriation time.

Fourth. Payments by the Commission are permissive, not mandatory, and this has been clarified, by the insertion of the phrase "reimburse to eligible parties for," on page 2, lines 2 and 3, and the insertion of the word "eligibility" before "factors" on page 2, line 7.

The effect of these amendments is to clarify that the Commission has full discretion in determining whom to fund. Only eligible parties—eligible as determined by the Commission—need be funded, and then only in the amounts determined by the Commission.

Mr. KENNEDY. The Senator has correctly interpreted the changes from the initial amendment to the one that we are now considering.

Mr. PERCY. Last, recipients would have to meet the two tests of: first, contributing to the development of relevant facts and issues and, second, ability to pay. These two tests are applied by the Commission. There is no absolute requirement for funding of parties to a proceeding.

It is the understanding of the Senator from Illinois that those changes have now been made.

I think, Mr. President, the minority will remove its objection at this time to the amendment being accepted, with the understanding that the Senator from Illinois should like to consult again with the administration and with his colleagues to see whether or not the objections previously raised have now been met.

The Senator from Illinois, after checking with representatives of the administration and listening to their arguments, would want to reserve the right to object in conference to the inclusion of the amendment if, at that time, the changes that have been made in the amendment—which in the opinion of the Senator from Illinois, go a long way toward meeting those objections—still are determined not to have answered them fully and completely.

Mr. President, I remove any objection now and would accept the amendment.

Mr. METCALF. Mr. President, I want to offer my support for the amendment of the senior Senator from Massachusetts (Mr. KENNEDY), and commend him for focusing his concern on the role of the public intervenor in nuclear licensing and rulemaking proceedings. These are the parties who are the Davids fighting the Goliaths. They are continuously underfunded, understaffed and underestimated in their attempts to challenge and to change the "fait accompli" decisions of the Atomic Energy Commission staff and licensing officials.

Chairman RIBICOFF sent to each member of the Committee on Government Operations and has placed in the RECORD from time to time a packet of press clippings showing very serious potentials of sabotage, theft, unsafe construction and operation of nuclear plants and unsafe transportation and storage of nuclear materials, nuclear leaks, human errors, and so forth. These are not stories on page 1, today, but they could be tomorrow. They are alarming enough for us to take preventive steps now.

The public intervenors provide the only adversary voice in what Congress intended to be adversary proceedings in which the public would be assured that nuclear facilities would be sited, constructed and operated in a safe and efficient manner.

The magnitude of this watchdog task is overwhelming.

As of May 1, 1974, there were 43 nuclear generating plants licensed to operate; 54 construction permits had been granted; 58 construction permits were under appeal; 53 more plants were on order; 21 additional plants were publicly announced, for a total of 229 plants demanding NSLC's attention. A year ago the total was 170 plants. Estimates run from 13 plants on line—operating—in 1970 to 1,000 by the year 2000, an awesome projection—given the fact that human safety will be the primary concern of the NSLC. Potential capacity for nuclear plants is expected to rise from some 100,000 this year to 600,000 by 1990.

At the moment, we must rely on the hit or miss intervention of well-meaning parties using whatever funds they can scrape up, in order to get a balanced record in Commission decisionmaking. It is almost axiomatic that the Commission is presently biased in pushing nuclear power facilities. And I don't think that we can be assured that this bias will disappear even if the nuclear promotional arm is separated from the regulatory arm by the ERDA Act.

The only way we can get a fair and balanced record is to be certain that those who have a legitimate interest and can help develop the record with facts and issues will be fully compensated for their litigation, as well as their witnesses and lawyers, where, of course, they cannot afford such an intervention.

I want to say that because of my concern for a truly balanced record in these proceedings. I introduced amendment No. 1789 which would establish an Office of Public Counsel in the Nuclear Licensing and Safety Commission to represent the interests of the public by involving himself in Commission proceedings, in civil court cases, as well as to conduct his own discovery and studies of potential problems. Such Public Counsel would be independent of the Commission's regulatory staff, and authorized to appoint his own personnel and experts and to contract out his own expertise.

It was my intention to call up this amendment. However, if the distinguished Senator's public intervenor amendment is adopted, I shall not offer my amendment because I feel that the opportunities afforded under the Kennedy proposal are sufficient to develop a public dialogue on actions by the Commission. In particular, the Senator's proposal will be greatly augmented by the two amendments which I previously offered, and which were approved, relating to information and technical assistance and the removal of trade secret and interagency memo exemptions from the Freedom of Information Act.

Nevertheless, I shall be carefully watching the results of these amendments in the legislative process—and if enacted into law, in their implementation. Equally important to watch will be the activities of the Consumer Protection Administrator in nuclear proceedings after the CPA act is enacted and implemented. Thus, if these efforts to protect the public are not enough, it still may be necessary to establish a "People's Counsel" within the new NSLC.

Mr. President, I fully support amendment No. 1791 and urge that it be adopted.

Mr. KENNEDY. I yield back the remainder of my time.

Mr. RIBICOFF. Mr. President, I move that the amendment be accepted.

The PRESIDING OFFICER. (Mr. WILLIAM L. SCOTT). The Chair, in his capacity as the Senator from Virginia, suggests the absence of a quorum, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I move the adoption of the Kennedy amendment.

The PRESIDING OFFICER. The question is on agreeing to the Kennedy amendment, as modified.

The amendment, as modified, was agreed to.

VIII. (c) Floor Statement, Senator Metcalf:

Mr. METCALF. Mr. President, I want to offer my support for the amendment of the senior Senator from Massachusetts (Mr. KENNEDY), and commend him for focusing his concern on the role of the public intervenor in nuclear licensing and rulemaking proceedings. These are the parties who are the Davids fighting the Goliaths. They are continuously underfunded, understaffed and underestimated in their attempts to challenge and to change the "fait accompli" decisions of the Atomic Energy Commission staff and licensing officials.

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It was my intention to call up this amendment. However, if the distinguished Senator's public intervenor amendment is adopted, I shall not offer my amendment because I feel that the opportunities afforded under the Kennedy proposal are sufficient to develop a public dialogue on actions by the Commission. In particular, the Senator's proposal will be greatly augmented by the two amendments which I previously offered, and which were approved, relating to information and technical assistance and the removal of trade secret and interagency memo exemptions from the Freedom of Information Act.

Nevertheless, I shall be carefully watching the results of these amendments—in the legislative process—and if enacted into law, in their implementation. Equally important to watch will be the activities of the Consumer Protection Administrator in nuclear proceedings after the CPA act is enacted and implemented. Thus, if these efforts to protect the public are not enough, it still may be necessary to establish a "People's Counsel" within the new NSLC.

Mr. President, I fully support amendment No. 1791 and urge that it be adopted.

The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. PERCY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Is there further morning business?

The Senator from Montana.

Mr. MANSFIELD. Mr. President——

The PRESIDING OFFICER. May we have order? The Chair cannot hear.

PARTICIPATION BY STATE AND LOCAL GOVERNMENTS IN FORMULATION OF FEDERAL POLICIES AND PROGRAMS

Mr. MANSFIELD. Mr. President, I call up Senate Resolution 427.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A solution (S. Res. 427) expressing the sense of the Senate with respect to participation by State and local governments in the formulation of Federal policies and programs.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Senators PERCY and HUDDLESTON be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask that the resolution be considered at this time and, that it be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 427) was agreed to.

The resolution reads as follows:

Resolved, That it is the sense of the Senate that—

(1) the President should utilize every available means and opportunity to insure the meaningful participation of State and local governments in the development of all major programs and policies of the Federal Government, and in particular those programs and policies designed to combat inflation; and

(2) the President should insure that in every major Federal department and agency there is a focal point for State and local government involvement at a high level.

Sec. 2. It is further the sense of the Senate that Congress, particularly in the consideration of proposed legislation having direct or indirect impact on units of State and local government, establish and promote mechanisms to afford said State and local government the opportunity to participate in the Federal legislative process.

Sec. 3. The Secretary of the Senate shall transmit a copy of this resolution to the President and to the chairman of each committee of the Senate and the House of Representatives and of each joint committee of the Congress.

THE CONSIDERATION OF CERTAIN MATTERS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 1176, and then turn to Calendar No. 1194, and the rest of the calendar be considered in sequence.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the first bill by title.

MARIAN LAW SHALE HOLLOWAY

The Senate proceeded to consider the bill (S. 2859) for the relief of Marian Law Shale Holloway, which had been reported from the Committee on Interior and Insular Affairs with an amendment to strike out all after the enacting clause, and insert the following:

That (a) notwithstanding any other provision of law, the Secretary of the Interior is authorized and directed to pay, out of any money appropriated to the Department of the Interior, to Marian Law Shale Holloway, Adeline Mary Gill Charles, and Eliza Shale Carstens (or to their estates) such sums as he determines each is legally and equitably entitled to as compensation for losses (including reasonable attorney fees) resulting from his erroneous approval of purported conveyances of parts or all of lot 6, section 35, township 24 north, range 13 west, Willamette meridian, containing eighteen and seventy-five hundredths acres, more or less, according to the Government survey thereof, such property being a portion of the allotment of Hattie Smith, deceased, Quinault allottee numbered 420, and which is not subject to homestead entry. Such property is situated in Jefferson County, State of Washington, on the Quinault Indian Reservation.

(b) The payment and acceptance of such compensation pursuant to this Act shall be in full satisfaction of all claims (1) of the said Marian Law Shale Holloway, Adeline Mary Gill Charles, and Eliza Shale Carstens, against the United States or any officer or employee thereof arising out of or in connection with the purported conveyances of such property or portions thereof approved by or on behalf of the Secretary of the Interior on February 19, 1951, September 3, 1953, and April 19, 1955, and (2) by Adeline Mary Gill Charles and Eliza Shale Carstens against Marian Law Shale Holloway arising out of or in connection with the purported conveyances of portions of such property approved by or on behalf of the Secretary of the Interior on September 3, 1953, and April 19, 1955.

(c) As a condition precedent to receiving payment of such compensation pursuant to this Act, the said Marian Law Shale Holloway, Adeline Mary Gill Charles, and Eliza Shale Carstens (or the executors of their estates) shall execute such releases and other documents as the Secretary of the Interior determines are necessary to fulfill the purposes of this Act and remove any cloud on the title to such property.

Sec. 2. No part of the amount appropriated by this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Violation of the provisions of this section is a misdemeanor punishable by a fine not to exceed $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARIHUANA-HASHISH EPIDEMIC

The concurrent resolution (S. Con. Res. 116) authorizing the printing of additional copies of Senate hearings on the marihuana-hashish epidemic and its impact on United States security was considered and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on the Judiciary ten thousand additional copies of the hearings before its Subcommittee on Internal Security during the present session entitled "The Marihuana-Hashish Epidemic and Its Impact on United States Security".

INCREASE IN LIMIT OF EXPENDITURES BY THE COMMITTEE ON THE JUDICIARY

The resolution (S. Res. 359) increasing the limitation on expenditures by the Committee on the Judiciary for the procurement of consultants was considered and agreed to, as follows:

Resolved, That section 3 of S. Res. 56, Ninety-third Congress, agreed to February 27, 1973, is amended by striking out "$3,000" and inserting in lieu thereof "$8,000".

NATIONAL GROWTH POLICY

The resolution (S. Res. 361) authorizing the printing of the compilation entitled "Toward a National Growth Policy: Federal and State Developments in 1973" as a Senate document, was considered and agreed to, as follows:

Resolved, That the compilation entitled "Toward a National Growth Policy: Federal and State Developments in 1973", prepared by the Congressional Research Service, Library of Congress, be printed as a Senate document; and that there be printed one thousand and thirty additional copies of such document for the use of the Senate.

EXECUTIVE ORDERS IN TIMES OF WAR AND NATIONAL EMERGENCY

The resolution (S. 383) authorizing the printing of additional copies of the report entitled "Executive Orders in Times of War and National Emergency" was considered and agreed to, as follows:

Resolved, That there be printed for the use of the Special Committee on National Emergencies and Delegated Emergency Powers one thousand seven hundred additional copies of its report to the Senate entitled "Executive Orders in Times of War and National Emergency".

SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON THE BUDGET

The bill resolution (S. Res. 406) authorizing supplemental expenditures by the Committee on the Budget for inquiries and investigations was considered and agreed to, as follows:

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on the Budget, or any subcommittee thereof, is authorized from the date this resolution is agreed to, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed $421,000, of which amount not to exceed $5,000 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(i) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

NATIONAL NUTRITION POLICY STUDY

The Senate proceeded to consider the concurrent resolution (S. Con. Res. 99) authorizing the printing of additional copies of the national nutrition policy study hearings and panel reports of the Senate Select Committee on Nutrition and Human Needs, which had been reported from the Committee on Rules and Administration with an amendment on page 1, in line 4, to strike out "five" and insert "three" so as to make the resolution read:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Select Committee on Nutrition and Human Needs not to exceed three thousand additional copies of all parts of its hearings and reports on national policy.

SEC. 2. The authorization conferred by section 1 of this concurrent resolution shall terminate on February 28, 1975.

The amendment was agreed to.

The resolution, as amended, was agreed to.

SUPPLEMENTAL EXPENDITURES FOR THE COMMITTEE ON GOVERNMENT OPERATIONS

The resolution (S. Res. 389), authorizing supplemental expenditures by the Committee on Government Operations for inquiries and investigations by the Permanent Subcommittee on Investigations, was announced as next in order.

Mr. MANSFIELD. Over.

The PRESIDING OFFICER. The bill will be passed over.

THE COST OF CLEAN AIR

The Senate proceeded to consider the resolution (S. Res. 393) authorizing the printing of the report entitled "The Cost of Clean Air" as a Senate document, which had been reported from the Committee on Rules and Administration with amendments on page 1, in line 2, strike out "Protetion" and insert "Protection"; and in line 4, strike out "Public Law 91-604", so as to make the resolution read:

Resolved, That the annual report of the Administrator of the Environmental Protection Agency to the Congress of the United States (in compliance with section 312(a) of the Clean Air Act, as amended), entitled "The Cost of Clean Air", be printed with illustrations as a Senate document.

SEC. 2. There shall be printed one thousand additional copies of such document for the use of the Committee on Public Works.

The amendments were agreed to.

The resolution, as amended, was agreed to.

SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON THE JUDICIARY

The Senate proceeded to consider the resolution (S. Res. 403) authorizing supplemental expenditures by the Committee on the Judiciary for an inquiry and investigation relating to administrative practice and procedure, which had been reported from the Committee on Rules and Administration with an amendment on page 1, in line 6, strike out "$4,141,600" and insert in lieu thereof "$4,116,600".

On page 2, at the end of line 1, strike out "and insert in lieu thereof "$433,900."

On page 2, in line 3, strike out "$433,900" and insert in lieu thereof "$408,900."

The amendments were agreed to.

The resolution, as amended, was agreed to, as follows:

Resolved, That S. Res. 255, Ninety-third Congress, agreed to March 1, 1974, as amended by S. Res. 358 of that Congress, agreed to August 22, 1974, is further amended as follows:

(1) In section 2, strike out "$4,085,500" and insert in lieu thereof "$4,116,600."

(2) In section 3, strike out "$377,800" and $5,000" and insert in lieu thereof "$408,900" and "$25,000," respectively.

FULL DEPOSIT INSURANCE FOR PUBLIC UNITS—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on H.R. 11221, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. ALLEN). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11221) to provide full deposit insurance from $20,000 to $50,000, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 4, 1974, at pp. H9935.)

Mr. SPARKMAN. Mr. President, Senator BROCK and I wish to make a few comments pertaining to the conference report.

Mr. BROCK. H.R. 11221 establishes a new class of insured accounts in insured banks, savings and loan associations, and credit unions—depositors who have official custody of public funds, Federal, State, or local, who invest in time and savings accounts in such insured institutions. The FDIC, or the FSLIC, or the Administrator of the Federal Credit Union Administration may limit the aggregate amount of funds that may be deposited in an insured institution by this official class of depositors, on the basis of the size of the institution in terms of its assets. In the case of banks insured by FDIC additional deposits may be taken by pledging acceptable securities.

In the joint explanatory statement of the committee of conference the managers on the part of the House and the Senate describe the conference provision as follows:

> Time and savings deposits of public funds by Federal, State and local units in Federally insured depository institutions are fully insured up to the amount of $100,000 per account. Interest rate ceilings on such deposits are to be set by the appropriate financial supervisory agencies pursuant to regulations issued under the Act of September 21, 1966 (P.L. 89-597).

Public Law 89-597, the expiration date of which is extended by H.R. 11221 from December 31, 1974, to December 31, 1975, authorized the Federal Reserve Board, the FDIC, and the FHLBB to prescribe different rate limitations for different classes of deposits—or shares or withdrawable accounts—for deposits of different amounts or with different maturities or subject to different conditions regarding withdrawal or payment, according to the nature and location of the institutions and their depositors, or according to such other reasonable bases as the Federal Reserve Board, the FDIC, and the FHLBB may deem desirable in the public interest.

Would the chairman agree that these public deposits constitute a separate class of deposits by reason of the special category of depositors involved, and the Board, the FDIC, and the FHLBB would, therefore, be authorized to prescribe different rates for these deposits if they considered it desirable in the public interest?

Mr. SPARKMAN. The Senator is correct; they would have that privilege. They are not required to do it, but it is discretionary.

Mr. BROCK. I understand that, and I agree with that interpretation.

Am I right in believing that there is nothing in the conference provision concerning this new class of deposits, or in the explanatory statement of the committee of conference, which would expressly require or direct the Federal Reserve Board, the FDIC, and the FHLBB to provide for any differential or differentials between the interest rates for this special class of deposits, if made in commercial banks, in mutual savings banks, in savings and loan associations, or in credit unions?

Mr. SPARKMAN. Again, the Senator from Tennessee has correctly stated the situation. There is nothing in the conference bill and nothing in the joint explanatory statement which would expressly require or direct the agencies to provide for differentials for different kinds of depository institutions with respect to this class of deposits. They could so provide, but it is left to their discretion entirely.

Mr. BROCK. That is my very clear feeling. I simply wished to make it clear in the RECORD.

Mr. President, I very much appreciate the response of the chairman of the Committee on Banking, Housing, and Urban Affairs.

Mr. SPARKMAN. Mr. President, I move the adoption of the conference report.

The motion was agreed to.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Marks, one of his secretaries.

REPORT OF THE NATIONAL ADVISORY COUNCIL ON EXTENSION AND CONTINUING EDUCATION—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. CLARK) laid before the Senate a message from the President of the United States transmitting the annual report of the National Advisory Council on Extension and Continuing Education, which, with the accompanying report, was referred to the Committee on Labor and Public Welfare. The message is as follows:

To the Congress of the United States:

I herewith transmit the Eighth Annual Report of the National Advisory Council on Extension and Continuing Education. The Council is authorized by Public Law 89-329.

The Council again this year points to the problems caused by the multiplicity of legislative authorities, funding mechanisms, and responsible departments and agencies involved in the programs it has studied. While I cannot agree with all of the specific program recommendations contained in the Council's eighth report, I would call your attention to the members' support for the objectives and purposes of revenue sharing.

I share the Council's concern on the mechanics of decisionmaking under special revenue sharing. It is of vital importance that legislation be enacted which permits State and local determinations to prevail.

Policymakers at the State and local level are most capable of making decisions which respond to the needs of the people. At the same time, organizations with broad mandates such as the National Foundation on the Arts and the Humanities and the Fund for the Improvement of Postsecondary Education will continue their support of diverse projects in many areas of social, cultural, and educational concern.

GERALD R. FORD.

THE WHITE HOUSE, *October 10, 1974.*

MESSAGES FROM THE HOUSE

At 10 a.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3234) to authorize a vigorous Federal program of research, development, and demonstration to assure the utilization of solar energy as a viable source for our national energy needs, and for other purposes.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11221) to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to $50,000.

The message further announced that the House has agreed to the following concurrent resolutions in which it requests the concurrence of the Senate:

H. Con. Res. 661. A concurrent resolution to authorize a correction in the enrollment of S. 1769;

H. Con. Res. 662. A concurrent resolution authorizing the Clerk of the House to make corrections in the enrollment of H.R. 11510; and

H. Con. Res. 666. A concurrent resolution authorizing the Clerk to make a correction in the enrollment of H.R. 11221.

At 1:35 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 16857. An act to provide for emergency allotment lease and transfer of tobacco allotments or quotas for 1974 in certain disaster areas in North Carolina; and

H.R. 16901. An act making appropriations for Agriculture-Environmental and Consumer Protection programs for the fiscal year ending June 30, 1975, and for other purposes.

At 3:50 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker has affixed his signature to the following enrolled bills and joint resolution:

H.R. 3903. An act to direct the Secretary of the Interior to convey certain public land in the State of Michigan to the Wisconsin Michigan Power Co.;

H.R. 9075. An act to authorize the disposition of certain office equipment and furnishings, and for other purposes; and

H.J. Res. 898. A joint resolution authorizing the President to proclaim the second full week in October 1974 as "National Legal Secretaries' Court Observance Week."

The enrolled bill and joint resolution were subsequently signed by the President pro tempore.

At 4:10 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of further conference on the disagreeing votes of the two Houses on the amendments of the House to the amendments of the Senate to the bill (H.R. 12628) to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and special training allowances paid to eligible veterans and other persons; to make improvements in the educational assistance programs; and for other purposes.

At 5:15 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3792) to amend and extend the Export Administration Act of 1969.

At 5:45 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3698) to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in or disapprove international agreements for cooperation in regard to certain nuclear technology.

The message also announced that the House has agreed to the concurrent resolution (H. Con. Res. 668) authorizing the Clerk of the House to make corrections in the enrollment of H.R. 11510, in which it requests the concurrence of the Senate.

The message further announced that the House agrees to the amendments of the Senate to the amendment of the House to the bill (S. 2840) to authorize the Secretary of Commerce and the Secretary of the Treasury to conduct a study of foreign direct and portfolio investment in the United States, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has affixed his signature to the following enrolled bills:

S. 2362. An act granting the consent of Congress to the Cumbres and Toltec Scenic Railroad Compact;

H.R. 13261. An act to amend the International Claims Settlement Act of 1949, as amended, to provide for the timely determination of certain claims of American nationals settled by the United States-Hungarian Claims Agreement of March 6, 1973, and for other purposes.

H.R. 13113. An act to amend the Commodity Exchange Act to strengthen the regulation of futures trading, to bring all agricultural and other commodities traded on exchanges under regulation, and for other purposes.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. Clark).

At 7:15 p.m., a message from the House of Repersentatives by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8193) to require that a percentage of U.S. oil imports be carried on U.S.-flag vessels.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Clark) laid before the Senate the following letters, which were referred as indicated:

Report of the General Services Administration

A letter from the Deputy Administrator of General Services transmitting, pursuant to law, a report entitled "Statistical Supplement, Stockpile Report to the Congress," for the period ending June 30, 1974 (with an accompanying report). Referred to the Committee on Armed Services.

Report of the Comptroller General

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Improvement Needed in Documenting Computer Systems" (with an accompanying report). Referred to the Committee on Government Operations.

Disposal of Foreign Excess Property

A letter from the Comptroller General of Department of Agriculture transmitting, pursuant to law, a report on the utilization and disposal of foreign excess property (with an accompanying report). Referred to the Committee on Government Operations.

Disposal of Certain Foreign Excess Property

A letter from the Administrator of the National Aeronautics and Space Administration transmitting, pursuant to law, a report on the disposal of certain foreign excess property (with an accompaying report). Referred to the Committee on Government Operations.

Reports of the Immigration and Naturalization Service

A letter from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, reports concerning visa petitions which the Service has approved (with accompanying papers). Referred to the Committee on the Judiciary.

Orders of the Immigration and Naturalization Service

A letter from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, copies of orders suspending deportation, together with a list of the persons involved (with accompanying papers). Referred to the Committee on the Judiciary.

Transcript of Meeting Between Consumer Product Safety Commission and the Office of Management and Budget

A letter from the Chairman of the Consumer Product Safety Commission transmitting, pursuant to law, a transcript of a meeting held between the Commission and the Office of Management and Budget (with accompanying papers). Referred to the Committee on Labor and Public Welfare and the Committee on Commerce.

Report of the National Institute on Alcohol Abuse and Alcoholism

A letter from the Secretary of Health, Education, and Welfare transmitting, pursuant to law, the annual report of the National Institute on Alcohol Abuse and Alcoholism for the fiscal year 1973 (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

Research Projects in Vocational Education

A letter from the Under Secretary of Health, Education, and Welfare transmitting, pursuant to law, a document entitled "Research Projects in Vocational Education (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Proposed Legislation by the Administrative Office of the United States Courts

A letter from the Deputy Director of the Administrative Office of the United States Courts transmitting a draft of proposed legislation providing for the retirement of the Director and Deputy Director of the Administrative Office of the United States Courts (with accompanying papers). Referred to the Committee on the Judiciary.

Proposed Legislation by the Department of Health, Education, and Welfare

A letter from the Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation to extend the time for the submission of certain studies and recommendations to the Congress (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Deferment of Construction Payment

A letter from the Assistant Secretary of the Interior reporting, pursuant to law, on the deferment of about 47 percent of the August 1, 1975, construction payment due the United States from the Arch Hurley Conservancy District, Tucumcari Project, New Mexico. Referred to the Committee on Interior and Insular Affairs.

Report of the Renegotiation Board

A letter from the Chairman of the Renegotiation Board transmitting, pursuant to law, its annual report (with an accompanying report). Referred to the Committee on Finance.

Report of the Civil Service Retirement Commission

A letter from the Chairman of the Civil Service Retirement Commission transmitting, pursuant to law, the report of the Board of Actuaries for the fiscal year ended June 30, 1971 (with an accompanying report). Referred to the Committee on Post Office and Civil Service.

Change of Reference of an Executive Communication

A letter from the Administrator, General Services Administration, transmitting a draft of proposed legislation to increase the amount of money allowed to be spent for alterations, improvements, and repairs to rented premises, was referred to the Committee on Public Works, and the Committee on Government Operations, to which the letter was previously referred, was discharged from the further consideration of the communication.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RANDOLPH, from the Committee on Public Works:

S. Res. 428. An original resolution authorizing additional expenditures by the Commitee on Public Works (Referred to the Committee on Rules and Administration).

By Mr. CANNON, from the Committee on Rules and Administration:

S. Res. 429. An original resolution to pay a gratuity to David G. and Patricia A. Christian. Placed on the Calendar.

By Mr. HASKELL, from the Committee on

Interior and Insular Affairs, with amendments:

S. 114. A bill to designate certain lands in the Mendocino National Forest, Calif., as the "Snow Mountain Wilderness" for inclusion in the National Wilderness Preservation System (Rept. No. 93-1272).

S. 3593. A bill directing the Secretary of the Interior to convey certain lands to Valley County, Idaho (Rept. No. 93-1273).

S. 3574. A bill to relinquish and disclaim any title to certain lands and to authorize the Secretary of the Interior to convey certain lands situated in Yuma County, Arizona (Rept. No. 93-1274).

By Mr. CRANSTON, from the Committee on Veterans' Affairs, with an amendment:

S. 2363. A bill to amend chapter 39, of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces (Rept. No. 93-1276).

BROADCASTING HOUSE AND SENATE PROCEEDINGS—INTERIM REPORT OF THE JOINT COMMITTEE ON CONGRESSIONAL OPERATIONS (REPT. NO. 93-1275)

Mr. METCALF, from the Joint Committee on Congressional Operations, submitted an interim report entitled "Broadcasting House and Senate Proceedings," with separate views, which was ordered to be printed.

ENERGY REORGANIZATION ACT OF 1974—CONFERENCE REPORT (REPT. NO. 93-1252)

Mr. RIBICOFF submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions, which was ordered to be printed.

EXTENSION OF CONTROLLED SUBSTANCES ACT—CONFERENCE REPORT (REPT. NO. 93-1271)

Mr. ERVIN (for Mr. Bayh) submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3355) to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide appropriations to the Drug Enforcement Administration on a continuing basis, which was ordered to be printed.

REHABILITATION ACT AMENDMENTS OF 1974—CONFERENCE REPORT SUBMITTED DURING ADJOURNMENT OF THE SENATE—(REPT. NO. 93-1270)

Under the authority of the order of the Senate of October 9, 1974, Mr. Cranston submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for 1 additional year, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

David K. E. Bruce, of Virginia, to be the U.S. permanent representative on the Council of the North Atlantic Treaty Organization with the rank and status of Ambassador Extraordinary and Plenipotentiary.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. BEALL, from the Committee on Commerce:

James Leonard Pate, of Ohio, to be an Assistant Secretary of Commerce.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. BEALL. Mr. President, as in executive session, I report favorably from the Committee on Commerce sundry nominations in the Coast Guard which have previously appeared in the Congressional Record and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations ordered to lie on the Secretary's desk are as follows:

The following-named officers of the Regular Coast Guard for promotion to the grade of captain:

Marshall K. Phillips
Paul Nichiporuk
James I. Doughty
Kenneth A. Long
Henry Lohmann
Arthur E. Ladley, Jr.
Jack E. Coulter
Richard T. Brower
Raymond J. Copin
Verne E. Cox
Robert B. Bacon
Philip J. Danahy
Joseph A. McDonough, Jr.
William C. Nolan
George H. Wagner
Billy E. Richardson
Albert C. Tingley, Jr.
James A. Wilson
Beverly A. Billingslea
Nelson G. Emory
Richard K. Simonds
Joseph D. Dawley
Jack E. Buttermore
Rex R. Morgan
Victor R. Robillard
Arnold M. Danielsen
Robert T. Getman
Norman E. Fernald
Frank J. Diersen
Henry N. Helgesen
Gordon D. Hall
James C. Knight
Maynard J. Fontaine
Merrill K. Wood
David B. Flanagan
Henry Haugen
David L. Green
Charles B. Glass
William N. Spence
Kenneth W. Forslund
Irvin W. Lindemuth
James E. Ferguson
Joseph L. Coburn, Jr.
Leon T. Dankiewicz
Robert L. Cook
Leo Jordan
Howard M. Veillette
Arthur E. Gerken
Howard B. Thorsen
Robert E. Larson
Charles A. Biondo
Charles A. Millradt
Charles Leddy
Edward W. Murphy
Thomas C. Lutton
John J. Dirschel, Jr.
George E. Walton
William J. Bickford
Henry Suski
Richard L. Brown
Frederick F. Herzberg, Jr.
Herbert H. H. Kothe
James M. Fournier
Stephen J. Dasovich
Robert L. Johanson
Alan D. Breed
Kenneth R. Depperman
Edmund J. Spillane, Jr.
Robert H. Overton III
Edward F. Lewis
John M. Duke, Jr.
John W. Duenzl
Floyd D. Hunter
John B. Friel

By Mr. KENNEDY, from the Committee on Labor and Public Welfare:

William Neill Hubbard, Jr., of Michigan, to be a member of the National Science Board, National Science Foundation.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

The following-named persons to be Representatives and Alternate Representatives of the United States of America to the 18th Session of the General Conference of the United Nations Educational, Scientific, and Cultural Organization:

REPRESENTATIVES

R. Miller Upton, of Wisconsin.
William B. Jones, of California.
Rosemary L. Ginn, of Missouri.
E. Ross Adair, of Indiana.
Gordon H. Scherer, of Ohio.

ALTERNATE REPRESENTATIVES

Stephen Hess, of the District of Columbia.
William G. Harley, of the District of Columbia.
J. Roger Porter, of Iowa.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly authorized committee of the Senate.)

HOUSE BILL REFERRED

The bill (H.R. 16901) making appropriations for agriculture-environmental and consumer protection programs for the fiscal year ending June 30, 1975, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. MONTOYA (for himself, Mr. Randolph, and Mr. Gravel):

S. 4115. A bill to amend the Public Works and Economic Development Act of 1965, to provide for increased authorizations, and for other purposes. Referred to the Committee on Public Works.

By Mr. BENNETT (by request):

S. 4116. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of returns and the disclosure of information with respect thereto, and for other purposes. Referred to the Committee on Finance.

By Mr. RIBICOFF:

S. 4117. A bill to provide tax relief and tax reform. Referred to the Committee on Finance.

By Mr. PROXMIRE (for himself, Mr. Javits, Mr. Percy, and Mr. Humphrey):

S. 4118. A bill to establish a Commission on Economic Efficiency to study barriers to an efficient market economy. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. JAVITS:

S. 4119. A bill to amend title XI of the Social Security Act to raise the total amount which may be expended for certain social services, and to provide for the reallotment of funds which would otherwise not be used. Referred to the Committee on Finance.

By Mr. McCLELLAN:

S. 4120. A bill for the relief of Yen Tsi Huo. Referred to the Committee on the Judiciary.

By Mr. McCLELLAN (for himself, Mr. Eastland, Mr. Allen, Mr. Curtis, Mr. Clark, Mr. Fulbright, Mr. Helms, Mr. Humphrey, and Mr. Young):

S. 4121. A bill to establish improved programs for the benefit of producers and consumers of rice. Referred to the Committee on Agriculture and Forestry.

By Mr. HATHAWAY:

S. 4122. A bill to provide a more equitable method of computing an individual's income tax liability by allowing a graduated credit instead of a deduction for each personal exemption;

S. 4123. A bill to amend the Internal Revenue Code of 1954 to provide for a graduated credit, in lieu of a deduction, for interest paid on a mortgage on a taxpayer's principal residence and for the real property taxes paid on such principal residence;

S. 4124. A bill to amend the Internal Revenue Code of 1954 to provide for a 30 percent credit, in lieu of an exemption, for the interest on certain governmental obligations; and

S. 4125. A bill to provide a limit on tax preferences and for the allocation of deductions. Referred to the Committee on Finance.

By Mr. BURDICK:

S. 4126. A bill to amend an act entitled "An Act Granting a Charter to the General Federation of Women's Clubs." Referred to the Committee on the Judiciary.

By Mr. JAVITS:

S. 4127. A bill for the relief of Gabriel Gellerman. Referred to the Committee on the Judiciary.

By Mr. KENNEDY (for himself and Mr. Brooke):

S. 4128. A bill to amend the Endangered Species Act of 1973 to make it more consistent with the Marine Mammal Protection Act of 1972. Referred to the Committee on Commerce.

By Mr. TAFT (for himself, Mr. Baker, Mr. Beall, and Mr. Randolph):

S. 4129. A bill to establish a special unemployment assistance program, and a community improvement program, and for other purposes. Referred by unanimous consent to the Committee on Labor and Public Welfare, and then to the Committee on Public Works for 10 days.

By Mr. NUNN (for himself, Mr. Bartlett, Mr. Chiles, and Mr. Domenici):

S. 4130. A bill to establish a Federal productivity policy; to provide for a review of Federal laws, regulations, and policies; to establish a National Productivity Center within the Department of Commerce; to authorize a program of grants; in order to promote productivity growth in all sectors of the economy; and for other purposes. Referred to the Committee on Government Operations.

By Mr. JAVITS:

S.J. Res. 249. A joint resolution to authorize and request the President to issue a proclamation designating the month of May 1975 as "Exceptional Children's Month." Referred to the Committee on the Judiciary.

By Mr. BEALL:

S.J. Res. 250. A joint resolution to extend the Regional Rail Reorganization Act's reporting date and for other purposes. Considered and passed.

By Mr. TOWER (for himself and Mr. Sparkman):

S.J. Res. 251. A joint resolution to extend the authority of the Export-Import Bank of the United States. Considered and passed.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MONTOYA (for himself, Mr. Randolph, and Mr. Gravel):

S. 4115. A bill to amend the Public Works and Economic Development Act of 1965, to provide for increased authorizations, and for other purposes. Referred to the Committee on Public Works.

Mr. MONTOYA. Mr. President, I have today sent a letter to President Ford suggesting that his proposed new Community Improvement Corps be carried out through an agency with a similar program already in operation. I refer to the Public Works impact program—PWIP—of the Economic Development Administration—EDA.

Mr. President, I am today also introducing a bill to carry out this suggestion. The bill amends the Public Works and Economic Development Act of 1965, as amended. Public Law 93–423, extending it until June 30, 1976, was signed last month by the President. The law gives the President expanded and new authority to deal with dislocation in local economies and the continued rise in unemployment.

The bill simply expands EDA's PWIP program, providing an authorization of up to $250 million each year for fiscal years 1975 and 1976. By a modest amendment it also provides additional flexibility within the new economic adjustment authority in the recently signed act. It also increases to a figure of $250 million annually the authorization for this new program administered by EDA.

I am pleased that the President proposed his new community improvement program. Unemployment is rising at such an alarming rate—four-tenths of a percent in September alone—it is imperative that the sooner a program such as the President proposed is ready, the better will be the means to achieve his commendable goals.

Mr. President, President Ford called for a program to provide "short-term, useful work projects to improve, beautify, and enhance the environment of our cities, towns, and countryside." Such a program would become operative when the national rate of unemployment reaches 6 percent and the rate at the community level reaches 6.5 percent for a period of 1 month. The President proposes a Federal outlay of $500 million at that level. Should the national rate climb to 6.5 percent the Federal outlay would increase annually to $1.25 billion.

In my letter I informed the President that EDA has had a program similar to his proposal in being since 1971. EDA has commissioned projects with a minimum of Federal requirements that have been labor intensive, short term and have been directed to community improvement. Examples include the painting and renovation of public buildings such as schools; street, sidewalk, and curb repairs; forest management and preservation; storm drainage systems; walking and bicycling paths; park beautification and simliar projects.

EDA has the experience, the existing organization, the regulations, and the administrative procedures in place. The President's Community Improvement Corps could be incorporated into the program or could be administered by EDA with its existing field operations along with its regular programs.

Mr. President, I hope the President will respond to my proposal during the upcoming elections recess. When we return in November, I expect to discuss the bill with administration authorities and hold hearings as needed. I think we could have the necessary authority to him before we adjourn the 93d Congress.

I wish once again to express my appreciation to my good friend Senator Jennings Randolph, chairman of the Committee on Public Works, who has encouraged me to propose this new legislation and to help carry out the President's goals by adapting where possible existing authorities and programs.

Mr. President, I ask that my letter to President Ford, the bill I introduce today, and an article from today's Washington Post entitled "Work Plan Would Await 6 Percent Jobless" be printed at this point in my remarks.

There being no objection, the letter, bill, and article were ordered to be printed in the Record, as follows:

October 9, 1974.

President Gerald R. Ford,
The White House,
Washington, D.C.

Dear Mr. President: In your speech before the Congress on October 8, you proposed a Community Improvement Corps as a program to reach those unemployed workers who had exhausted unemployment benefits, including the special 13 extra work benefit program also proposed.

Permit me to call to your attention a program similar in important aspects that is already in place and has been operating since 1971. I refer to the Public Works Impact Program (PWIP) administered by the Economic Development Administration (EDA) in the Department of Commerce. Under PWIP authority in the Public Works and Economic Development Act of 1965, as amended, EDA has been making grants to communities suffering from high unemployment in order to provide immediate useful work to the under-employed and unemployed of a high unemployment and low-income area.

Typical PWIP projects have been labor-intensive community improvement efforts such as painting and renovating schools; street, sidewalk and work improvements; park beautification, forest management and preservation, storm drainage systems, walking and bicycle paths and clean-up projects.

There is a second authority in the EDA program that provides as additional flexible and immediate authority to implement your Community Improvement Corps proposal. The recently enacted two-year extension of the Public Works and Economic Development Act, which you signed on September 27 (P.L. 93–423), contains a new economic adjustment authority (Title IX) designed to reach communities either experiencing or about to experience high levels of unemployment. It provides grants directly to communities to use in ways of their own devising to deal with their unemployment situation.

Mr. President, I have today introduced a bill to be referred to the Subcommittee on Economic Development, of which I have the privilege to serve as Chairman, of the Committee on Public Works. The bill will provide the necessary authority for you to carry out your commendable new proposal almost immediately. EDA already has extensive experience with the types of projects proposed—conservation, beautification, renovation. It has in place the regulations, the administrative procedures and is already set up and in operation. I am certain it could adapt quickly and smoothly to carry out your proposal.

The bill authorizes up to $500 million each year for the present two-year-life of the Act for these purposes. After the Congress returns from its election recess, I intend to hold hearings on the proposal and with your support, the program could get under way as quickly as needed.

Since unemployment rose from 5.4% to 5.8% in the past month, I believe the Community Improvement proposal in your address is timely and this proposed authority will give you the flexibility to achieve your objectives quickly and efficiently.

Senator Randolph, who concurs in the bill and this recommendation, joins me in eagerly awaiting your response.

Sincerely,

JOSEPH M. MONTOYA,
Chairman, Subcommittee on Economic Development.

S. 4115

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. Section 105 of title I of the Public Works and Economic Development Act of 1965, as amended, is amended by adding the following as a new subsection and lettering the previous subsection accordingly:

"(b) In addition to sum authorized under subsection (a) of this section, there is hereby authorized to be appropriated to be expended in redevelopment areas designated as such under section 401(a)(6) of this Act, $250,000,000 per fiscal year for the fiscal years ending June 30, 1975 and June 30, 1976.".

SEC. 2. Section 903(a)(1) of title IX of the Public Works and Economic Development Act of 1965 is amended by striking "and other appropriate assistance" and inserting in lieu thereof "short-term work projects to improve, beautify, or enhance the environment of the eligible recipient, and other appropriate assistance.".

SEC. 3. Section 905 of title IX of the Public Works and Economic Development Act of 1965 is amended by striking "$75,000,000 for the fiscal year ending June 30, 1975, and $100,000,000 for the fiscal year ending June 30, 1976" and inserting in lieu thereof "$250,000,000 per fiscal year for the fiscal years ending June 30, 1975 and June 30, 1976".

[From the Washington Post, Oct. 9, 1974]

WORK PLAN WOULD AWAIT 6 PERCENT JOBLESS

(By Austin Scott)

The Community Improvement Corps proposed yesterday by President Ford wouldn't go into effect until the national unemployment rate hit 6 per cent and stayed there for three consecutive months, according to a fact sheet issued by the White House.

Then, only persons who have had jobs in the past would be eligible.

A Labor Department spokesman confirmed that young persons seeking their first jobs would not be eligible for the CIC.

"That's a tough one," said the spokesman. "Obviously this thing isn't designed to take care of that. It's a temporary shelter for someone who is an experienced worker and has exhausted every other means for getting a job."

As the White House proposed it, CIC would create 83,000 jobs and cost $500 million if the national unemployment rate stayed at 6 per cent for a year. At an unemployment rate of 6.5 per cent, it could create 208,000 jobs and cost $1.25 billion over the course of a year.

While the program would start to operate after three months of 6 per cent or higher national unemployment, local areas would not become eligible until their local unemployment rates hit 6.5 per cent in one month.

The kind of jobs would be "short-term, useful work projects to improve, beautify and enhance the environment of our cities, towns and countryside," President Ford told a joint session of Congress.

According to the White House fact sheet, the maximum yearly salary on such jobs would be $7,000, and "there should be little or no adverse impact on the regular labor market . . . The average wages will be considerably less than those earned in the private sector."

Minimum pay would be the federal or state minimum wage, which ever is higher, according to the fact sheet. Before any jobs would be provided, those eligible would be given 13 extra weeks of special unemployment insurance benefits.

Persons who had jobs not covered by unemployment insurance would get 26 weeks of benefits. Unemployment benefits vary from state to state, but most states currently give 39 weeks.

Jobs would be with state or local government agencies, the fact sheet said. They would not last more than six months, and there would be prohibitions of both discrimination against and political activities by those in the program.

Jack Hashian, a Labor Department spokesman, said Civil Service regulations would apply to all the jobs, and would keep a city from firing some of its employees and replacing them with CIC workers to save money.

The federal government would pay all of the salaries for CIC workers under President Ford's proposal.

The CIC is aimed differently from the CCC-depression-era Civilian Conservation Corps set up in 1933 by President Roosevelt.

The CCC was aimed primarily at young men from 17 to 23. More than 2.2 million served in it during the first six years, living in camps, getting a basic allowance of $30 a month while they planted trees built dams, fought forest fires and constructed roads.

By Mr. BENNETT (by request):

S. 4116. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of returns and the disclosure of information with respect thereto, and for other purposes. Referred to the Committee on Finance.

Mr. BENNETT. Mr. President, by request I am introducing a bill to restrict the authority for inspection of income tax returns. I ask unanimous consent that the executive communication in connection with the request for this legislation be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE TREASURY,
Washington, September 11, 1974.

Hon. JAMES O. EASTLAND,
President pro tempore of the U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith a draft bill "To amend the Internal Revenue Code of 1954 to restrict the authority for inspection of returns and the disclosure of information with respect thereto, and for other purposes." It would be appreciated if you would lay the proposed legislation before the United States Senate. This proposal has been developed in conjunction with current Administration initiatives in the privacy area. The proposal is also being sent to the Speaker of the House.

Inspection and disclosure of tax returns and tax return information is presently governed by section 6103 of the Internal Revenue Code and by Executive Orders and Treasury Regulations adopted pursuant to the authority provided in that section. This statutory and regulatory apparatus has generally worked very well. The number of complaints or allegations of abuse has been very small, particularly when one considers the immense volume of returns and associated information processed each year by the Internal Revenue Service.

Nevertheless, we believe it is important that the American taxpayer know who will have access to information reported on his tax returns and under what circumstances the law makes that information available to others. Therefore, we have completely reexamined the existing rules with a view to ensuring the maximum confidentiality of tax returns and tax return information consistent with effective tax administration and legitimate needs of other federal agencies to obtain tax information for law enforcement and statistical purposes and of states for purposes of their own tax administration.

The proposed legislation would establish a general rule that all tax returns and related information are confidential and may not be disclosed except as authorized by this legislation. The principal instances in which tax return information would be made available to agencies or persons outside the Internal Revenue Service are described below.

Specific statutory authority for access to tax returns by the tax writing committees of Congress would be continued as under present law. Other committees would be permitted access to tax returns only by Congressional resolution substantially in accordance with present procedure. The practice under which a number of committees have obtained tax returns pursuant to Executive Orders would be terminated, and control of Congressional access to tax returns would be placed in the Congress itself.

Federal agencies seeking access to tax returns or other information concerning a taxpayer from the IRS for law enforcement purposes would have to satisfy new statutory criteria which would be both more specific and more restrictive than under present law. The items of information that could be supplied pursuant to a request for a tax check would be strictly limited and would be specified in the statute.

The Social and Economic Statistics Administration in the Department of Commerce would continue to have full access to tax return data for the purpose of its use of information on tax returns for statistical purposes. Other agencies, as well as the states and any other person, could contract for special statistical studies to be undertaken by the Internal Revenue Service but would, of course, have to bear the cost of such studies. In recognition that facility or other limitations might make it impractical for Internal Revenue Service personnel to conduct all such special studies that might be requested, provision is made for the Service to contract with other federal agencies or persons (which might include the requesting party) to carry out such studies. Where such contracts are executed, the outside contractor would be fully subject to all of the safeguards, including the criminal penalties for unlawful disclosure, that are provided to ensure maximum protection of the confidentiality of tax information.

In general, the proposed statutory provisions would be more detailed than under present law, under which most restrictions are contained in regulations or Executive Orders. This statute would narrowly restrict the discretionary authority of the Internal Revenue Service to disclose tax information. The Service would, however, be authorized to withhold disclosure on a finding that the administration of the Federal tax laws would be seriously impaired by such disclosure.

The draft legislation also contains provisions respecting access to tax returns by states and by other persons, procedures that must be followed in requesting tax information and in handling tax information, and record keeping requirements respecting requests for tax information and the disposition of such requests.

A separate Executive Order will be issued to impose limitations on access by White House employees to tax returns and tax return information. Such access will be permitted only upon a request signed personally by the President.

The provisions of the bill are discussed more completely and in greater detail in the enclosed explanation.

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress.

Sincerely yours,

William E. Simon.

PROPOSAL TO AMEND SECTION 6103 AND RELATED CODE SECTIONS HAVING TO DO WITH DISCLOSURES OF FEDERAL TAX RETURNS AND RETURN INFORMATION

As a general rule, section 6103(a) of the Code presently makes tax returns a matter of public record but authorizes inspection only upon order of the President and under regulations based upon his Executive Orders. Section 6103(b) specifically authorizes disclosures of income tax returns to State and local tax authorities upon request by a State governor for purposes of State or local tax administration. Section 6103(c) authorizes inspection of corporate income tax returns by shareholders owning 1 percent or more of the corporate taxpayer's stock. Section 6103 (d) authorizes inspection of returns or return information by the tax writing committees of Congress and by any select committee authorized by Congressional resolution. Finally, section 6103(f) compels the Secretary or his delegate to tell any inquirer whether or not a person has filed an income tax return for a particular year.

Section 7213(a) imposes certain penalties on any Federal officer or employee who makes an unlawful disclosure of income tax returns information and on any person who unlawfully prints or publishes income tax return information. Section 7213(b) imposes corresponding penalties on officers, employees, or agents of a State or political subdivision of a State who unlawfully disclose such information.

The maximum effort has been made under the existing statute and regulations to assure the confidentiality of tax returns and tax return information consistent with effective Federal tax administration and the legitimate needs of other Federal agencies for tax information for law enforcement and statistical purposes and of the States for purposes of their own tax administration. Nevertheless, the existing statutory and regulatory apparatus does not adequately inform the American taxpayer as to who will have access to his tax return and tax return information and for what purposes. Accordingly, the proposed revision of section 6103 reflects a complete reexamination of the present rules and is based on the fundamental principle that tax returns and return information should be held confidential and private except as otherwise clearly provided by statute.

Set out below is a description of existing law and practice under sections 6103 and 7213 in major areas and an explanation of how this proposal would affect the present situation.

1. DEFINITION OF TAX RETURN AND RETURN INFORMATION

Existing regulations define "return" to include information returns, schedules, lists, and other written statements which are designed to be a supplement to a return or a part of a return. The term is also defined to include "[o]ther records, reports, information received orally or in writing, factual data, documents, papers, abstracts, memoranda, or other evidence . . . relating to [a return]."

Because disclosure standards properly applicable to a return itself may, in varying circumstances, be different from those applicable to Internal Revenue Service files relating to a return and to information in Service files relating to a taxpayer's past, present, or future tax liability, the legislative proposal makes a definitional distinction between a tax return and tax return information.

The proposed definition of "return" is not significantly different from the basic definition of "return" in existing regulations. The proposed new definition of "return information," however, is considerably more specific and detailed than the existing supplemental definition of "return" quoted above from existing regulations. The proposed new definition of "return information" is intended to cover information of any kind filed with, or compiled by, the Service which relates to a taxpayer's past, present, or future tax liability. The new definition would specifically cover private letter rulings issued pursuant to a request made before enactment of this legislative proposal and all requests for technical advice made by Service personnel to the National Office regardless of when made. Future private ruling letters generally would be confidential only to the extent permitted by the Freedom of Information Act or other Federal legislation. Also protected is tax information furnished to the Secretary or his delegate in connection with tax administration and accepted by him as confidential pursuant to regulations.

2. FEDERAL TAX LAW ADMINISTRATION

Under existing regulations, tax returns and return information are freely available to officers and employees of the Treasury Department whose official duties require such access. By the same token, tax returns and return information are open to Justice Department attorneys and U.S. attorneys where necessary in the performance of official duties relating to Federal tax administration.

While the existing rule applicable to Treasury Department officers and employees has been retained, the rule applicable to Justice Department attorneys and U.S. attorneys has been clarified. The use to which tax returns and return information are appropriately put by these attorneys in a tax context is in preparation for tax litigation or in an investigation pointing toward tax litigation. As will be described below, the proposal restricts actual disclosure in an administrative or judicial tax proceeding of a third party's return or return information as to a third party. Accordingly—and logically—access by Justice Department attorneys and U.S. attorneys to returns and return information in preparation for tax litigation should be limited in a similar fashion. These attorneys would have access, of course, to returns of, and return information regarding, a taxpayer who is or may be a party to litigation. In the case of a third party, returns and return information would be made available only if the third party consents or if such returns and return information have or may have a bearing on the outcome of the possible or actual litigation for particular reasons specified by the statute.

3. FEDERAL NON-TAX LAW ADMINISTRATION

By regulation based upon an Executive Order, any Federal department or agency may, upon request and subject to the approval of the Secretary or his delegate, inspect tax returns and return information in connection with a matter officially before that department or agency.

This access to tax returns and return information has resulted in extensive disclosure of tax returns and return information for use in a variety of Federal activities. While access to tax returns is undoubtedly useful, and perhaps essential, to the proper functioning of some Federal departments and agencies, the volume of data and other information obtainable has reached such proportions as to prompt legitimate concern over the ability to maintain the appropriate degree of confidentiality.

Because of the obviously demonstrable need of the Social and Economic Statistics Administration for returns and return information for research and for statistical purposes, the legislative proposal would make returns and return information available for such purposes upon request by the Secretary of Commerce. No statistical study could be made public, however, if it in any way identified a particular taxpayer or could be so used. Likewise, because of the close relationship between the collection of Social Security taxes and administration of the Social Security Act by the Department of Health, Education, and Welfare, the legislative proposal would continue existing HEW access to returns and return information for this purpose; and access would also be extended to the Labor Department and the Pension Benefit Guaranty Corporation for purposes of administering the Employee Retirement Income Security Act.

In the case of other Federal departments and agencies, access to returns and return information in something other than statistical form would be limited to returns and return information which, for particular reasons specified by statute, have or may have a bearing upon the outcome of an administrative or judicial proceeding (or investigation leading to such a proceeding) in a matter relating to the enforcement of a Federal statute. Because the actual use of returns and return information in such a proceeding is restricted as described below, the initial access by the Federal department or agency for purposes of preparing for a proceeding is restricted in a similar fashion. This pattern thus corresponds generally to that proposed for disclosure to Justice Department attorneys and U.S. attorneys in tax matters which has just been described. It is further provided that the Secretary or his delegate may withhold requested returns and return information to the extent that he finds that disclosure would seriously impair Federal tax law administration.

In the event that such a determination were made, the proposed statute calls for a consultation on the matter between the head of the requesting Federal department or agency and the Secretary of the Treasury. If, after such consultation, the issue of disclosure has not been resolved, a final determination would be made by the President or his delegate.

Because a number of Federal departments and agencies may well need tax return information in statistical form for various purposes, new section 6108 would authorize the Commissioner to provide statistical studies upon request, provided such statistics did not reveal, directly or indirectly, any taxpayer's identity. Further, a proposed amendment to section 7513 would authorize the Commissioner to contract with any Federal agency, including the requesting agency, to prepare the statistical study if the Internal Revenue Service were unable to do the work itself.

4. STATE AND LOCAL TAX LAW ADMINISTRATION

Under section 6103(b) of existing law, income tax returns and income tax return information are, upon the written request of a State governor, open to inspection by any official, body, or commission lawfully charged with the administration of State tax laws for the purpose of such administration. Further, section 6103(b) authorizes the governor to direct that tax returns and return information be furnished to local taxing authorities for use in administering local tax laws.

Tax returns and return information which are supplied to tax officials at, say, a county or city level may not be invariably subject to appropriate safeguards on confidentiality which the Service has the right to expect and a duty to protect. Likewise, political considerations may produce unwarranted interest in tax information at even higher levels for non-tax purposes. The legislative proposal would limit access to tax returns and return information to a State body, agency, or commission lawfully charged with State tax law administration and only for purposes of such administration. It is further provided that returns and return information would be available to State tax officials only to the extent that the Secretary or his delegate does not determine that disclosure would seriously impair Federal tax law administration.

5. JUDICIAL AND ADMINISTRATIVE TAX PROCEEDINGS

Under existing regulations, tax returns and return information are available upon request by attorneys of the Justice Department and U.S. attorneys for use in any Federal or State tax litigation if the Federal Government is interested in the result. This broad right of access can result in seriously breaching the confidentiality of tax returns and return information relating to taxpayers who are not parties to the litigation. This can come about through the introduction in evidence of third party returns and return information where such returns or information may be considered relevant in some way to the outcome of the litigation.

For this reason, the legislative proposal imposes strict conditions upon the use of third party returns and return information in Federal tax litigation where the third party does not consent to such use. Essentially, the proposal would restrict the use of third party returns and return information to those instances where the return or return information has or may have a bearing on the outcome of the litigation for reasons specified by the proposal, and then only to the extent of such bearing. Additionally, third party returns and return information (a) could be used to impeach the testimony of the third party if he were a witness in the proceeding or to impeach the testimony of any other witness regarding a transaction with the third party and (b) could be disclosed to the extent required by the Constitution or, in a criminal proceeding, 18 U.S.C. 3500 or Rule 16 of the Federal Rules of Criminal Procedure. Even if a third party's return and return information could otherwise be disclosed by application of these rules, they could not be used if the Secretary or his delegate determined that disclosure would seriously impair Federal tax law administration. Once again, any such determination would be subject to the procedure described above calling for consultation between the Attorney General and the Secretary of the Treasury with a final determination to be made, if necessary, by the President or his delegate.

6. JUDICIAL AND ADMINISTRATIVE NON-TAX PROCEEDINGS

Here again, present regulations effectively provide that the Department of Justice may, upon request, use third party returns and return information in non-tax litigation where the Federal Government is interested in the result.

The necessity for protecting any taxpayer's right to privacy with respect to his tax affairs is even more acute in this area than in that of tax litigation since Federal tax administration is in no way involved in the litigation. Accordingly, the proposal would limit the use of any taxpayer's returns and return information in non-tax judicial and administrative proceedings to a Federal proceeding to which the United States is a party and then only if the taxpayer himself is a party to the proceeding or consents to the use or if the information has a bearing upon the outcome of the proceeding because of a transactional relationship between the taxpayer and a party to the proceeding. As in tax litigation, a third party's return or return information could also be used in the litigation under certain circumstances to impeach a witness and to the extent required by the Constitution, 18 U.S.C. 3500, or Rule 16 of the Federal Rules of Criminal Procedure. Once again, the returns and return information could be withheld, subject to the procedure outlined above, upon a finding by the Secretary or his delegate that Federal tax law administration would be seriously impaired.

7. PROSPECTIVE JURORS AND POSSIBLE CRIMINAL ACTIVITIES

Under existing regulations, attorneys of the Department of Justice cannot have access to tax returns for purposes of examining prospective jurors but are authorized to determine from the Internal Revenue Service whether or not a prospective juror has been under tax investigation. The statutory proposal would broaden these rules to permit use of return information by these attorneys to impeach a prospective juror in Federal litigation, while retaining the present rule applicable to inquiries regarding tax investigations of prospective jurors.

In the interest of serving the basic ends of criminal justice, the proposal would direct the Secretary or his delegate to notify the Attorney General as to possible violations of Federal criminal laws which come to his attention as the result of his own access to return information. The proposal would also give the Secretary or his delegate discretionary authority to so notify State or local law enforcement agencies of a possible violation of State criminal laws.

8. STRIKE FORCE PARTICIPATION

The proposal would specificially authorize disclosure of certain return information by Treasury Department employees who participate jointly with another Federal agency in an enforcement activity relating to Federal criminal laws. This proposal is principally directed to Service participation with the Department of Justice in the Federal Organized Crime Strike Force program. The statute would only permit disclosure by participating Service employees to other Federal employees involved in the enforcement program of return information received or developed from sources other than the taxpayer himself and then only to the extent required by the investigation.

9. CONGRESSIONAL COMMITTEES

Section 6103(d) authorizes unlimited disclosure of returns and return information to the three tax writing committees of Congress and to any select committee authorized by Congressional resolution to inspect returns and return information. Returns and return information may be furnished to any such committee sitting in executive session. Numerous Congressional committees other than those referred to in section 6103(d) have traditionally sought and obtained returns and return information through specific Executive Orders.

The legislative proposal would tighten existing law in some respects and broaden it in others. The three tax writing committees of Congress would continue to have access to any tax returns and return information upon request, and this right would be specifically extended to the Chief of Staff of the Joint Committee on Internal Revenue Taxation. Any other Congressional committee's access to tax returns and return information, however, would have to be by way of a resolution of the appropriate house of Congress. Further, returns and return information furnished to any Congressional committee would have to be furnished in closed executive session.

10. THE PRESIDENT

Since tax returns and return information are presently disclosable to the extent authorized by the President, it stands to reason that he now has the right to inspect such returns and return information as he may determine. Because the proposal removes Presidential discretion in the disclosure of tax returns and return information, it grants to him specific authority to see returns and return information pursuant to Executive Order and grants to him the further authority to designate in his Executive Order an employee or employees of the White House to receive the returns or return information on his behalf.

11. PERSONS WITH A MATERIAL INTEREST

Section 6103(c) authorizes the inspection of a corporation's income tax returns by any holder of 1% or more of the corporation's stock. In an attempt to head off possible mischief, the regulations deny this right to a shareholder who acquired his stock interest for that purpose. Income, estate, gift, unemployment, and certain excise tax returns are presently open to the filing taxpayer, the beneficiary of a trust, a trustee in bankruptcy, and a member of a partnership. Income tax returns of a deceased taxpayer are also open to the representative of his estate and, along with estate and gift tax returns, to certain other persons upon a satisfactory showing of a material interest.

The proposal deletes the "1% stockholder" rule of section 6103(c) because the rule encourages inherently improper and severely damaging disclosures and because SEC rules now require much of the information contained in many corporate returns to be made public. The regulatory rules regarding disclosure to persons with a material interest have been largely retained but tightened to prohibit disclosure of tax return information where disclosure would seriously impair Federal tax law administration.

12. CONTRACTORS

Under the authority of section 7513, the Secretary or his delegate may contract for the photographic reproduction of tax returns and return information, and disclosure is, of course, authorized for this purpose. At the same time, disclosure must necessarily be made to certain other contractors and their employees who furnish property and services in connection with the general administration of the tax laws by the Treasury Department and the Internal Revenue Service.

The legislative proposal deals with this problem under current law by specifically authorizing the disclosure of tax returns and return information to any person to the extent necessary in, or to facilitate, the contractual procurement of property or services by the Treasury Department or the Service for tax administration purposes. At the same time, however, the proposal would amend section 7213 to extend to these persons the criminal penalties provided for unauthorized disclosure.

13. MISSTATEMENTS OF FACT

Existing law does not provide clear authority permitting the Secretary or his delegate to disclose return information with respect to a particular taxpayer in order to correct a misstatement of fact published or disclosed with respect to that taxpayer's return or his dealing with the Service. The proposal would permit the Secretary or his delegate to disclose tax return information, or any other information, with respect to that taxpayer under these circumstances to the extent necessary to correct his public misstatement in the interests of Federal tax administration.

14. TAX CHECKS

Although there is no specific authorizing provision under existing law, tax check information on prospective appointees to, and employees of, the Federal Government is presently being furnished upon request. Occasionally, such information is also furnished to a State Government in connection with a prospective appointee to State office.

The legislative proposal restricts tax checks to prospective appointees of the Executive or Judicial branch of the Federal Government, and then only upon written request of the White House, a cabinet officer, or the head of a Federal establishment. The information to be disclosed in a requested tax check is then limited to whether the individual has filed income tax returns for the last 3 years, has failed in the current year or preceding 3 years to pay any tax within 10 days after notice and demand or has been assessed a negligence penalty during this period, has been under any criminal tax investigation and the result of any such investigation, and has been assessed a civil penalty for fraud or negligence.

15. TAXES IMPOSED BY SUBTITLE E

Existing law affords no specific statutory protection to returns and return information relating to alcohol, tobacco, and firearms taxes imposed by subtitle E of the Internal Revenue Code. In connection with its own law enforcement programs, the Department of Justice has traditionally had access to such returns and return information. Accordingly, the proposal would grant specific statutory access to these returns and return information by a Federal officer or employee whose official duties require such access.

16. WAIVERS OF CONFIDENTIALITY

No authority presently exists which would permit the Secretary or his delegate to disclose returns or return information with respect to a taxpayer to someone to whom the taxpayer himself wanted his return or return information disclosed. The legislative proposal would permit disclosure in the discretion of the Secretary or his delegate if requested by the taxpayer involved but then only to the extent that such disclosure would not seriously impair Federal tax law administration.

17. SECTION 6103(f)

The required disclosure to any person of information as to whether another taxpayer has filed an income tax return for a particular year is plainly contrary to the most basic principle of taxpayer privacy. For this reason, the proposal would delete present section 6103(f) of the Code.

18. JUDICIAL REVIEW

The proposal provides that the exclusive remedy for an alleged violation of section 6103 shall be a proceeding under section 7213. Judicial review of any determination permitted or provided by statute to disclose or not to disclose a return or return information is thus limited to a proceeding under section 7213.

19. PENALTIES FOR UNAUTHORIZED DISCLOSURE

Section 7213 makes it unlawful for any Federal or State official or employee to make a disclosure of income tax return information which the Code does not authorize and makes it unlawful for any person to print or publish any such information except as authorized by the Code.

The legislative proposal expands the scope of section 7213 in three significant respects. First, section 7213 would apply to unauthorized disclosure of any tax returns or return information. Second, the criminal sanctions are extended to former officials or employees of the Federal or a State Government. Third, the criminal sanctions are extended to private contractors and their officers and employees (or former officers and employees) who make unauthorized disclosure of returns and return information to which they have been given statutory access.

By Mr. RIBICOFF:

S. 4117. A bill to provide tax relief and tax reform. Referred to the Committee on Finance.

ANTI-INFLATION TAX REFORM ACT OF 1974

Mr. RIBICOFF. Mr. President, today I am introducing the Anti-Inflation Tax Reform Act of 1974. This legislation would provide over $5 billion to fight inflation by closing major loopholes in our tax code. At the same time it would provide tax relief for low and middle-income families.

President Ford has now presented his anti-inflation package. There are many sound elements in it which I can support. These programs will cost money which my tax reform proposal would make available.

But I am strongly opposed to President Ford's surtax on individuals and families. And as a member of the Senate Finance Committee I will fight it.

Frankly, it is wrong to place a new heavy tax burden on the middle-income taxpayers of this country.

Millions of them who are already struggling to make ends meet will feel the extra burden. After all, a family of four with two children trying to meet the mortgage payments on $15,000 is not rich.

In my own State of Connecticut the surtax cuts into the heart of the middle class. According to IRS estimates 145,000 single people with incomes over $7,500 will be taxed more and as many as 700,000 people with incomes over $15,000 will feel the pinch.

They are the victims of inflation—not the cause of it.

Excess consumer demand is not the cause of our inflation. We face inflation for a number of reasons:

The Arab oil blackmail which has pushed gasoline, heating oil and electricity prices way up.

World-wide food shortages aggravated by the 1972 Russian grain robbery.

Devaluation of the dollar driving up the cost of imports.

And overall commodity shortages.

Taking consumer dollars out of circulation will not solve these problems.

If we need extra Treasury revenues I have a list of over $7 billion of loopholes which we can close.

Strengthening the minimum tax could save us almost a billion dollars. Why should the 402 people who paid no taxes in 1972 on incomes of $100,000 or more get away with it again?

Closing oil tax loopholes could save many billions of dollars.

And eliminating the artificial tax shelters which serve no purpose except tax avoidance could save hundreds of millions of dollars.

There are many other loopholes which must be closed. If we had administration support we could close these gaping holes in our tax system and provide all the money we need to fight inflation—all without further taxing the average American family.

Our faith in the tax system can be undermined if our tax laws give special privileges to the few at the expense of the many.

Today, unfortunately, there are many individuals and corporations who are not required to pay their fair share of taxes because of special loopholes. As a result the average American family must bear an even heavier tax burden.

It is time for us to face up to the important task of restoring equity to our tax system and relief to those who pay more than their fair share.

There are other sources of revenue that are far less painful and far more productive to our economy than middle-income person's tax returns.

By closing oil tax loopholes and eliminating useless tax shelters, the President can raise more than the amount he is asking middle-income families to pay in surtaxes—and even provide a margin for tax relief. Our tax system must be made more fair.

The tax bill I am introducing today is a major step toward that goal.

The legislation is divided into two parts. The first section or title provides tax relief. It eases the tax burden in a number of different areas. The second section or title would close tax loopholes and privileges which serve no justifiable purpose.

I ask unanimous consent that a table summarizing provisions of my bill be inserted at this point in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

Ribicoff Anti-Inflation Tax Reform Act of 1974

TAX RELIEF

Title I:	*Revenue loss*
A. Increase standard deduction to 17% up to $2,500	$1.1 billion
B. Increase minimum standard deduction to $1,400 single and $1,500 couple	398 million
C. Update retirement tax credit	275 million
D. Liberalized child care deduction	25 million
Total	1.8 billion

TAX REFORM

Title II:	
A. Repeal oil depletion allowance effective 1/1/74	$1.7 billion
B. Eliminate intangible drilling expense deduction	800 million
C. Eliminate oil foreign tax credits	1.75 billion
D. Repeal DISC	815 million
E. Strengthen minimum tax	926 million

F. Eliminate agriculture cooperative loophole	200 million
G. Reform tax treatment of artificial accounting losses	400 million
H. Restrict preferential treatment given to foreign income and investments	350 million
I. Eliminate $25,000 exemption allowed for "excess" interest deduction arising from investments	200 million
Total	7 billion

TITLE I—PERSONAL TAX RELIEF

Mr. RIBICOFF. The first provision in this title would provide for an increase in the standard deduction of 17 percent of adjusted gross income up to a maximum of $2,500 from the present 15 percent or $2,000.

This increase in the standard deduction would provide $1.1 billion in tax relief to millions of families. Of the 82 million taxpayers, some 49 million people use the standard deduction rather than going through the complicated process of itemizing deductions. This measure would, it is estimated, encourage another 2.3 million taxpayers to use the standard deduction, cutting down on paperwork for both the taxpayer and the Government.

The second provision in this title would update the minimum standard deduction or low-income allowance. Under present law single persons and couples can take a $1,300 minimum standard deduction when they also take the standard deduction. The amounts allowed to be taken under the minimum standard deduction would be raised to $1,400 for a single person and $1,500 for a couple.

This provision, which would provide $400 million in tax relief, would mean that a family of four with $4,500 of adjusted gross income will pay no taxes.

The third section of my legislation would update and expand the retirement tax credit. For a number of years I have introduced legislation to accomplish this goal.

Under present law payments made under the social security system are exempt from taxes. Those who are not covered by social security and receive their income from other sources deserve equal tax treatment.

That is why the retirement income credit was enacted in 1954—to provide retired teachers, policemen, firemen, and other government pensioners with tax relief comparable to that received by social security beneficiaries.

Unfortunately, the retirement tax credit is woefully out of date. The amounts on which the credit is to be calculated must be increased to keep up with the cost of living.

My proposal would restructure the present retirement income credit and convert it to a tax credit for all older Americans over age 65 regardless of whether they have retirement income or earned income.

The maximum amount on which the 15-percent credit would be computed is increased from $1,524 to $2,500 for a single person and to $3,750 for a couple over age 65—up from $3,048.

For older Americans struggling on limited, fixed incomes, this amendment can provide a welcome means of tax relief. Savings could amount to up to $146 for an aged single person and up to $220 for a couple.

The cost of this proposal is estimated to be $275 million.

The fourth section of the tax relief section of my bill would significantly broaden the existing tax deduction for the cost of child care.

In Connecticut 40 out of every 100 women hold a job. That figure would be higher, however, if working mothers could more easily deduct household and child care costs from their income tax.

The way the tax laws appear today, a family can deduct costs that occur when a mother goes to work—but only if the family is "itemizing" deductions.

The catch is, that most families earning less than $18,000 a year—the very people the deduction is meant to serve—do not have enough deductions to be able to itemize.

My proposal allows a person to deduct up to $4,800 a year for two or more dependents—$2,400 for one dependent—and would allow the deduction to be taken as a business expense. In this way, the child care deduction could be made directly on the tax return without itemizing.

The deduction, which would be allowed for disabled dependents as well as children, would be extended to married couples where the husband or wife, or both work part time. Under present law both spouses are required to work full time. The deduction is also made available in the case of married couples where one is a full-time student and the other spouse works.

The provision also eliminates the distinction now made between care in the home and care outside the home and allows a divorced or separated parent with custody of the child to claim the deduction, even though he or she is not entitled to the dependency exemption.

In a society where both men and women work and must incur day care costs, it is long past time to recognize day care costs for what they are—legitimate business expenses.

TAX REFORM

The first provision of my reform proposal would provide for repeal of the oil depletion allowance effective January 1, 1974.

We have watched oil prices skyrocket in the last year. At the same time oil company profits have soared—as high as 817 percent in the case of one company. Others show more "modest" profits ranging upward from 75 percent over the previous time period of last year.

The depletion allowance serves no useful purpose. First, repeal will not affect exploratory activity. Profit levels without depletion are high enough to attract the capital necessary to fully utilize available exploration resources.

In fact, profit levels without depletion will still leave $7 billion as aftertax profits in 1974. This is an increase of $3 billion over 1973 profits with the depletion allowance.

The oil depletion allowance costs the taxpayers almost $3 billion a year and, rather than encouraging it, since the oil depletion allowance subsidy goes only to existing oil-producing wells, the oil tax bonanza discourages investment in alternative energy technologies—the oil subsidy is a more lucrative lure.

THE OIL DEPLETION ALLOWANCE IS COSTLY

In calendar year 1971 the allowance cost taxpayers over $700 million. With rising oil prices it is estimated that it will cost the taxpayers nearly $1.7 billion in 1974 and $3 billion in 1975. This is because the allowance is based on income. Thus, as prices and profits skyrocket, so does the depletion allowance. Instead of paying more taxes on more income, the oil companies pay less.

THE DEPLETION ALLOWANCE IS A WASTE OF MONEY

Most of the benefit of depletion goes to foreign operations and to people who cannot and do not produce oil. A landowner who receives royalties from an oil company gets the benefits of percentage depletion. But this landowner has nothing to do with exploring or drilling for new oil. In 1968 a major Treasury Department study—the CONSAD study—concluded that 42 percent of the depletion allowance goes to such nonoperating interests in domestic production or to foreign oil producers.

PERCENTAGE DEPLETION DOES NOT ENCOURAGE EXPLORATION

That portion of the depletion allowance which goes to domestic oil producers does not encourage exploration.

Since only 10 percent of the exploration wells strike oil, depletion benefits only a small portion of the high-risk drilling.

Oil companies prefer to spend money drilling in existing oilfields to be certain of receiving the oil depletion subsidy. The main effect of the allowance is to encourage overdrilling in known oilfields. A producer can use the allowance to wipe out a maximum of 50 percent of net income on a well before tax computation. This means that the biggest benefit of the subsidy goes to the most profitable wells.

The allowance may actually operate to discourage producers from operating less profitable or marginal wells. The stripper well operator, producing less than 10 barrels a day, gets the short end.

He is forced to pump the wells he has while the big companies have more money to buy up and gain control of most of the stripper well operations.

DEPLETION ALLOWANCE DISCOURAGES DIVERSIFICATION OF U.S. ENERGY RESOURCES

The United States is too dependent on oil. Yet this misdirected tax subsidy discourages the production of cheaper and more abundant sources of energy. First of all, depletion benefits for minerals are based on the value of those minerals in the ground and not in their final processed form. Therefore, a $7 barrel of crude oil gets the full benefits of the depletion allowance while a $7 barrel of oil made from coal will only receive depletion benefits on the value of the original coal. Since coal costs less than oil, the bulk of the $7 cost of liquefied coal lies in processing expenses. These do not qualify for depletion.

At present then, a company producing a $7 barrel of crude oil gets a tax bonus of about $1.30. A company producing the same $7 barrel of oil from coal liquefication would rescue a bonus from the taxpayers of only 10 cents. Those who develop solar energy or a more efficient gas engine would receive no bonus at all.

In sum, the depletion allowance discourages the development of alternative energy resources, provides benefits to producers of foreign oil, pays dividends to foreign and domestic landowners to just sit back and collect royalties. And it gives most of its benefits to the large integrated oil companies and not independents.

I am pleased to note that the Ways and Means Committee has decided to recommend repeal of the percentage depletion allowance. However, the slow phaseout of the allowance contemplated by the committee would have no effect in 1974.

My proposal would return significant revenues to the Public Treasury rather than turning them over to an industry whose profits rose 55 percent in 1973 while the consumer paid the price.

Immediate repeal of the oil depletion allowance would result in over $1.7 billion in savings to the taxpayers.

The second provision in my reform proposal would eliminate another special privilege enacted to benefit the oil companies at taxpayers expense.

My proposal would eliminate the so-called intangible drilling expense deduction.

This tax loophole allows an oil company to deduct in the first year all the intangible drilling costs incurred in funding and developing a new oil well.

If any other company bought a new machine with the expected life of 10 years, the company would be required to amortize its cost, and each year deduct only one-tenth of the total cost of the machine. An oil company can, however, deduct in the first year the costs of all the goods or services without lasting value which it uses in the exploration and development of a new well. This includes such items as labor, equipment rentals, cost of building roads to a drilling site, and preparing the site. As a result, the company is able to show a paper loss for the first year of successful operation even though the well, in fact, operates at a profitable rate during the first year, and for many years thereafter. The income tax savings which the company as a result enjoys during the well's first year of operation amounts, in effect, to an immediate, interest-free loan which no other business gets.

This particular tax break will save the oil companies—and cost the country—an estimated $800 million in revenues in fiscal year 1975.

Under my proposed legislation the oil company could no longer write off all its intangible drilling costs in the first year. Like any other business, the oil companies would be forced to amortize their intangible drilling costs over the estimated life of the well.

My third reform provision would close the foreign tax credit loophole which oil companies abuse to avoid their fair share of taxes.

The concept of a foreign tax credit is a fair one to avoid double taxation of a company by both the United States and foreign governments.

But the American oil companies have grossly abused this right to foreign tax credits.

The first gimmick the oil companies use is to simply overstate the size of their so-called foreign tax bills. They do this by classifying royalties and other normal business expenses as income taxes. When a company pays a royalty or bonus to the United States for the right to drill oil on U.S. land it treats this as a business expense which it deducts from the earnings on which it must pay U.S. income taxes. But since the early 1950's, the oil companies have obtained a number of rulings from the Government permitting them to treat as an income tax payment, rather than a business expense, the payment to a foreign country of the exact same type of oil royalties or bonuses. Every time an oil company now pays $1 in royalties to an Arab sheik, the company substracts $1 from the tax that it would otherwise have to pay to the United States on its foreign operations.

By calling a business expense a tax, the oil producing countries, in collaboration with the oil companies, thus divert money from the U.S. Treasury and into the already brimming coffers of the companies.

Because of the oil company's use of foreign tax credits, U.S. corporations earned $1,085,000,000 on mining and oil operations abroad in 1970, but paid not one penny in U.S. taxes on that income. It has been estimated that for fiscal year 1975, the taxes that the oil companies would pay to the United States, were it not for the tax credit, could be as high as $1.75 billion. Yet, because of the foreign tax credit, the companies will in all likelihood pay not 1 cent of taxes. Foreign credits from profitable overseas operations have, in fact, exceeded U.S. tax liabilities every year since 1962.

The legislation I am introducing today specifically prohibits an oil company from including in its foreign tax credit the royalties, bonuses, or other payments made to a foreign country which are not bona fide income taxes. The provision provides that in determining what portion of an oil company's payments to a foreign country represents a bona fide income tax payment, the Secretary of the Treasury shall consider whether the payments claimed as foreign tax payments are roughly similar to the income taxes paid by other persons in the country who are not in the oil business. Such a comparison should prove a reliable way to judge whether the payments made to foreign countries are in fact bona fide taxes.

It appears, for instance, that domestically owned corporations in Kuwait and Saudi Arabia that are unrelated to the oil business actually pay little or no income taxes.

My proposal will drastically reduce the size of the foreign tax credits that oil companies can use to avoid paying U.S. taxes on their overseas operations. It will not prohibit them, however, from claiming as an income tax credit any payments which can be shown to the satisfaction of the Government to be bona fide income tax payments. But royalties and other business expenses which are not true income taxes would be deductible by U.S. oil companies, just as in the case of similar payments made in this country.

In addition to treating business costs as taxes, some oil companies inflate the size of the foreign tax credit yet further by taking advantage of a law which allows companies operating in several countries to spread the foreign tax credit around from country to country to get advantage of as much of its foreign tax credit as possible.

For instance, an oil company operating in a foreign country with low income taxes might use all the foreign tax credit available to it from that country, and still be left with a U.S. tax liability of one-half million dollars. But by calculating its foreign tax credits under the so-called overall limitation method, the oil company can in fact offset this tax by using a one-half million dollar excess foreign tax credit it earned from the payment of high foreign income taxes in another country. For example, some of the major international oil companies have large tanker fleets flying the flags of such countries as Panama, Liberia, and Honduras that require no corporate income taxes. Profits made on these operations, could be sheltered from U.S. taxes through use of some of the excess foreign tax credits generated in other countries such as Saudi Arabia.

This must be stopped. Under my proposal an oil company would be required in most cases to limit its foreign tax credits in any foreign country to the income tax actually paid to that country. This is known as the per country limitation. If, however, because of losses on some operations, the oil company could reduce its U.S. taxes more by using the per country limitation than by combining the credits earned in different foreign countries under the overall limitation method, the company would then be forced to use the overall limitation. This would prevent the company from using the losses incurred in one country to reduce its U.S. taxes, while at the same time using the full amount of the foreign tax credits earned in other countries.

Finally, the oil companies line their coffers by storing up their excess foreign tax credits over a number of years. Because they have been allowed to treat royalties as taxes, the oil companies have earned tax credits far in excess of what they could possibly use in the year the income was earned. Under the present law these excess credits are not, however, lost, for the oil companies are allowed to carryover their excess credits for up to 5 years. Even if oil companies are forced by this legislation to treat royalties as a deductible business expense when filling out their 1974 taxes, the companies could still avoid paying any significant amount of taxes on their foreign investment for a number of years because of the excess tax credits they still have from past years. It has been estimated that the five largest companies have stored up from past years more than $2 billion in foreign tax credits.

Consequently, my bill prohibits an oil company from using a foreign tax credit earned in 1 year to offset U.S. taxes incurred in other years.

Elimination of all these special tax breaks simply means that the oil companies will from now on be treated on an equal basis with any other business in this country. Up to now, this country has showered the oil companies with tax preferences. Yet, this country now finds itself beset by an energy crisis of very serious proportions. Obviously, the answer to the energy crisis is not in retaining the unfair tax preferences which have proved so ineffectual in preventing the crisis in the first place.

Even if these tax preferences were once justified in order to assure adequate exploration and development of new sources of oil, they can no longer be justified in light of the high oil prices the oil companies are now charging, and the record profits they are making, and will continue to make, for as many years as the energy crunch lasts.

The fourth provision of my reform proposal would repeal the Domestic International Sales Corporation.

In 1971 Congress enacted the Domestic International Sales Corporation—DISC—tax provision to encourage exports and help correct our trade balance. Over the past 3 years it is clear that the DISC provision has not worked well.

The provision, which allows corporations to defer a portion of their income derived from exports simply by setting up a paper DISC corporation, has done little in encouraging exports.

DISC is used almost entirely by the very largest corporations as a tax avoidance device. More than 90 percent of the DISC receipts go to parent corporations whose asset size places them in the top 1 percent of U.S. corporations.

DISC's cost to the Treasury was estimated to be $100 million in its first year In reality it cost 2½ times as much—$250 million. The second year's loss was said to be $170 million. It is now estimated at $815 million—and will reach $925 million in 1975.

Our exports have risen recently but behind the increases are such developments as two devaluations of the dollar, a new monetary system, a worldwide inflation and a worldwide food shortage leading to a large increase in agricultural exports. DISC has not been the cause. It is time to repeal the DISC provision and save the taxpayer hundreds of millions of dollars.

The fifth provision of title II of my bill would strengthen the minimum tax.

In 1968 Congress enacted a provision to assure that no one can completely evade all tax liability by use of deductions. Each year there are taxpayers who have substantial income which is not included in their regular tax base because of income exclusions thought to be justified for social or economic reasons. While Congress continued to recognize a need for these exclusions, we also recognized a basic inequity in permitting a relatively few wealthy taxpayers to escape liability by investing their resources solely in tax-free income-producing assets.

But the means chosen to close that loophole had its problems and, instead of resulting in a minimum statutory tax rate of 10 percent, the effective rate turned out to be only 4 percent.

The amendment I support modifies the two deductions primarily responsible for the failure of the minimum tax concept; first the automatic $30,000 exclusion and second, the deduction for all other income tax paid.

My amendment would reduce the $30,000 exclusion to $10,000. This would subject substantial amounts of income to the minimum tax which are now tax-free and, at the same time, avoid any deleterious impact on low- and middle-income taxpayers with modest tax preference income such as capital gain in the sale of their home. It would also eliminate the allowance for the deduction of other taxes paid. To allow taxpayers with large amounts of preference income a credit for the relatively low tax that he does pay on nonpreference income defeats the very purpose of the minimum tax.

The sixth reform provision of my bill would eliminate the special loophole which cooperative associations now enjoy at taxpayers expense.

One of the basic tenets of our tax system is that people in similar economic circumstances be taxed in a similar and equal manner. It has become increasingly apparent that the present tax treatment of cooperative corporations violates this maxim in the extreme.

Cooperative corporations are corporate enterprises incorporated for the most part under State laws. They compete in the open market for profits. They manufacture, wholesale, and retail goods just like any other business entity. Unlike other corporations, however they pay very little Federal income tax.

The earnings of the ordinary business corporation are subject to two taxes. The earnings are taxed at the corporate level. And when the net income of the corporation is pasesd on the stockholders—the owners—this income is included in personal income and taxed at the individual tax rate.

Cooperative corporations, however, receive a highly favored tax treatment from the Federal Government. All the net income of a cooperative which is passed on to investors in the form of "patronage dividends" is excluded from the taxable income of the cooperative. Thus most cooperatives pay little or no Federal income tax despite the fact that much of the income which is theoretically passed on actually stays right in the cooperative coffers.

Cooperative corporations have generally escaped the close scrutiny of the public eye. Many cooperatives are no longer limited to small groups of farmers banding together to market their produce. They are no longer confined to the local level.

Cooperatives have moved into the fields of manufacturing and processing goods on a national scale. They own huge manufacturing facilities to produce fertilizer, refine oil and to manufacture hundreds and thousands of other everyday products.

Cooperatives have become permanent institutions with centralized management and complex corporate structure. In fact, the average cooperative is now larger than the average ordinary corporation.

At the same time, the present law taxes the patrons who own the cooperative corporation when they receive paper IOU's from the cooperative having no market value. A shareholder of an ordinary corporation, on the other hand, is not taxed until he receives a dividend in money or other valuable property.

To correct these inequities, my bill includes a provision which imposes a corporate tax on these large and growing cooperative corporations. At the same time, this provision would tax the patron only if he receives money or property having a fair market value. As a special aid to the small farmer or other cooperative member, the bill also provides that each patron may exclude annually from his personal income $300 in distributions from cooperatives.

It is estimated that these changes should increase Federal revenues by about $200 million.

The seventh provision in my reform proposal would remove a number of tax shelters which allow certain taxpayers to use certain accounting procedures to produce artificial losses to offset tax liability.

At present, people with a lot of income often shelter much of it from tax by deducting paper losses, expenses or depreciations related to their investments in industries that have preferential accounting rules, principally real estate, oil and certain agricultural enterprises such as cattle raising. For example a man with a salary of $100,000 might borrow $50,000, invest it in breeding cattle during December, pay in advance for feed and maintenance and then deduct from his $100,000 income those costs plus depreciation. When he finally sells the cattle, any profit is taxed as a long-term capital gain.

The gimmicks vary from industry to industry but in each case tax incentives designed for full-time entrepreneurs in a certain business have been exploited by wealthy outsiders who are led by tax laws to choose investments with more of an eye to tax advantages than to fundamental value. This deprives the Treasury of revenue to the detriment of our economy.

My proposal would bar such writeoffs. Cattle expenses would be deductible only against cattle income, thus closing off the notorious "hobby farm" loophole.

Those persons who invest in farms not for the purpose of efficiently producing food and fiber at a profit, but simply to produce an artificial tax loss to shelter their nonfarm income from tax are harming our economy. These investors compete with full-time farmers to bid up the price of land, livestock, and equipment. This means extra costs at the grocery store. These tax gymnastics must be stopped.

This proposal in my reform tax package would also eliminate the tax shelter created by the syndicated limited partnership.

The principal benefit of the syndicated limited partnership is that initial operating or depreciation expenses incurred by the investing syndicate are, for purposes of tax treatment, losses to the limited partner investors who deduct them from taxable income derived from other sources.

Under the tax law, the classification of a tax shelter limited partnership as an organization taxable as a partnership, and not as an "association" taxable as a corporation, is critical to the marketability of such programs. Under the partnership form of taxation, the income and losses of the partnership are passed through to the partners, including limited partners. Under corporate taxation, only the corporation is taxed on income and losses—until dividends are distributed to shareholders which are then taxable to them. Since tax shelter programs by hypothesis produce tax shelter by generating losses in the early years of their operation, which losses are utilized by participants to offset taxable income from other sources, the availability of tax treatment as a partnership is critical to their continued existence.

Yet the typical limited partnership is substantially more like a corporation than a partnership. Typically the limited partners have limited liability like shareholders and not like partners, play no role in management of the business like shareholders and not like partners, may sell their limited partnership interests like stock subject only to the normally pro forma approval of the general partner, and so forth.

The applicable Treasury regulations are drafted in a way to make it extremely easy to permit limited partnerships to be taxed as partnerships. In part, at least, the drafting is historically attributable to the Treasury's attempt to prevent professional corporations—doctors, lawyers, and so forth—from incorporating to take advantage of the more favorable tax treatment of pension plans available to corporate executives than to self-employed persons. Now that the courts have rejected the Treasury's attempt to deny tax treatment as corporations to such professional corporations—and the Treasury has acquiesced in the court decisions—there is no longer, in my opinion, any shred of justification for having regulations in their present form which permit partnership treatment for public limited patnerships.

The single step of denying tax treatment as partnerships to large limited partnerships—or all limited partnerships for that matter—and classifying them as associations taxable as corporations under section 7701(a)(3) of the Internal Revenue Code would go a long way toward eliminating the most blatant existing exploitation of tax shelters. In order to protect against end runs, comparable restrictions on the use of trusts and pooled agency arrangements should also be imposed, with the same standards applicable to all three groups.

The eighth provision of my reform proposal tightens up the tax laws regarding foreign subsidiaries of U.S. corporations.

Under present law the income of foreign subsidiaries of U.S. corporations is not taxed by the United States until it is returned to the parent corporation or corporations in this country. This usually means that the tax on this income is deferred for many years, and in some cases the income may never be taxed at all.

In addition to costing the Treasury more than $250 million a year in lost revenue, the provision gives U.S. corporations an artificial incentive to build plants around and export American jobs. A U.S. firm faced with a close decision on whether to build a plant in this country or abroad may well decide to build in a foreign country in order to get the tax deferral benefits of present law. The Federal Government is in effect giving them an interest-free loan if they invest abroad.

My proposal would close this loophole by taxing this foreign subsidiary income on a current basis. Only "controlled" foreign corporations—those with more than half of their stock held by American corporations—would be covered. Each American corporation holding more than 10 percent of a controlled foreign corporation's stock would have to include in its U.S. tax return each year its pro rata share of the foreign corporation's earnings and profits for that year.

The ninth reform proposal in this bill would remove the $25,000 exemption allowed for "excess" interest deductions arising from investments.

If a man borrows money to buy stocks or bonds, or to invest in oil or real estate or anything else except taxfree municipal bonds, the interest he pays on that loan is deductible just as the mortgage interest for the ordinary homeowner is deductible. That is as it should be. He pays the interest and is out of pocket.

However, often this interest payment exceeds, in a given year, the dividends, interest, and rents from the investments, and the man pays no tax at all. At present he is allowed "excess" interest of $25,000—it was unlimited before the 1969 reform.

That is, he can deduct as interest, if he has such interest payments, up to $25,000 more than his income from the related investments. If he has earned income, this deduction like any other can be used to reduce or eliminate his tax on it.

Elimination of the $25,000 excess deduction would still enable those people affected to offset their interest payments dollar-for-dollar against their related investment income.

While the provision would affect only the very wealthy, elimination of the $25,000 exemption for excess interest deductions would provide an additional $200 million for the Treasury.

By Mr. PROXMIRE (for himself, Mr. JAVITS, Mr. PERCY, and Mr. HUMPHREY):

S. 4118. A bill to establish a Commission on Economic Efficiency to study barriers to an efficient market economy. Referred to the Committee on Banking, Housing and Urban Affairs.

THE MARKET EFFICIENCY STUDY ACT

Mr. PROXMIRE. Mr. President, the bill I am introducing today, to establish a Commission on Economic Efficiency to study barriers to an efficient market economy, carries out one of the principal recommendations of the Joint Economic Committee's interim report on inflation. The report, I might add, was unanimously adopted by all 20 members of the committee.

The principal purpose of the bill is to eliminate the obstacles to a smoothly running economy which have been built into our system by Government actions and private practices.

These obstacles, referred to by economists as structural problems, hamper the free flow of goods and services, restrict or eliminate competition, impose high costs on the businessman and the consumer, and retard technological progress.

I want to emphasize that we are concerned with both the public and the private sectors.

On the public side, there is a long list of Government policies and regulations, quotas, tariffs, supports, and subsidies which have anticompetitive, inflationary effects.

On the private side, industrial concentration, collusive practices, administered prices, and exorbitant profits also have anticompetitive inflationary effects.

It is important that we have a comprehensive, balanced review of all of the structural problems, those brought about by the Government and those brought about by private persons and corporations.

It is also important that the study include a complete evaluation of the antitrust laws and their administration.

The antitrust laws are badly in need of tightening up and revision so that they can cope with the restrictive practices that have been developed since the passage of the existing legislation.

We need tougher penalties for violations of the antitrust laws and we also need new laws.

The bill I am introducing creates a joint congressional and Presidential commission which is given 6 months to recommend detailed legislative proposals covering all areas of reform which the Commission determines to be necessary, and an additional 6 months to transmit to the President and to Congress a final report containing all of the Commission's recommendations.

It would be foolhardy to look to any single change or proposal as a miracle cure for all of our economic ills. But I am convinced that we will not have a healthy economy until we get rid of both the public and the private barriers.

We need to deregulate and deconcentrate at the same time.

The Commission on Government Efficiency could be the most important study group established by the Federal Government in more than a decade, and I hope for speedy action and wide support for the bill.

I ask unanimous consent that a portion of chapter V, "Restoring Market Efficiency and Dealing With International Commodity Problems," from the Joint Economic Committee's interim report on inflation, be inserted in the RECORD at the close of my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

V. RESTORING MARKET EFFICIENCY AND DEALING WITH INTERNATIONAL COMMODITY PROBLEMS

Governments exist to serve the interests of their people. Economic systems must meet the same test. When consumers, workers and businessmen alike are subjected to serious inflation because of structural distortions in the economy, such distortions must be removed. To do otherwise creates doubt about the ability of the economy to respond to the needs of the people.

There is abundant evidence that structural distortions are a major contributing factor to our current economic problems. These distortions exist in both the public and private sectors. They hamper the free flow of goods and services both domestically and internationally, restrict and in some cases totally eliminate competition, impose high costs on the consumer and the average businessman, and retard technological progress. While it is not possible to measure precisely the additional cost imposed on consumers by structural distortions, estimates run into billions of dollars annually.

OMNIBUS LEGISLATION TO STRENGTHEN COMPETITION

This chapter discusses a number of specific structural problems requiring attention, especially in the energy and agriculture sectors. It is scarcely possible, however, for us to review all the myriad reform needed. Special machinery must be set up, not only to identify these reforms, but to insure that the administrative and legislative action necessary to implement these reforms is not delayed.

In the public sector, Federal policies, regulations, subsidies, import quotas, tariffs and price supports pose innumerable obstacles to a smoothly running market economy. For example because of Interstate Commerce Commission [ICC] regulations, a truck, after carrying goods from one city to another, may be required to return empty. Partly as a result of other ICC rules, railroad cars travel about 50 percent of their mileage with no freight. Costly building codes need to be eliminated and could be if the proposed National Institute for Building Sciences were funded. Federal bailouts of large corporations with financial difficulties discourage efficient business practices. Government procurement practices encourage waste and increase costs. Federal subsidy programs, inluding tax subsidies, were estimated to have cost more than $63 billion in 1970 and have almost certainly grown appreciably since then.

In the private sector, industrial concentration, collusive practices, administered prices, exorbitant profits and anticompetitive behavior must bear a large part of the responsibility for the current inflation. The price increases in the industries where there is a high degree of concentration have been steep. Wholesale prices arose in the past 12 months by the following amounts: fuels and related products and power, 67 percent; chemicals and allied products, 43 percent; rubber and plastic products, 27 percent; metals and metal products, 39 percent; machinery and equipment, 18 percent. Individual industries within these commodity groupings, such as petroleum, coal, and steel raised their prices at even higher rates.

Artificial barriers to employment—age, sex, and race discrimination, excessive formal education requirements, difficulties in obtaining union membership—also push up costs in the private sector. Many of these practices are already illegal under Federal law, but some laws may need strengthening and there certainly needs to be more adequate enforcement.

There is a connection between concentrations of economic power and government laws and regulations which subsidize inefficient operations and interfere with competition. Structural problems in the public sector and those in the private sector are related. Moreover, concentrations of economic power, together with the misuse of political power, have frustrated most efforts to enforce the antitrust laws.

A Commission should be appointed jointly by Congress and the President to recommend comprehensive legislation to eliminate both governmental and private barriers to an efficient market economy. In making its legislative recommendation the Commission should carefully consider the elimination, retention or modification of:

Federal subsidies.

Production quotas and marketing orders.

Price supports.

Excess stockpiles.

Prevailing wage determinations.

Excessive or inept regulation of transportation and communication.

Import quotas and voluntary agreements to curtail imports.

Retail price maintenance, and other similar governmental impediments to economic efficiency.

The Commission should also consider the strengthening of private competition through actions such as:

Divestiture and reorganization.

Improved antitrust laws and administration, including the transfer of enforcement responsibility to an independent agency.

Removal of artificial barriers to employment.

The Commission should also consider the provision of adjustment assistance for groups of workers severely affected by the transition to a more competitive economy.

The Commission should report within 6 months of its establishment. In appointing the Commission, the President and the congressional leadership should make an advance commitment to introduce the Commission's recommendations in Congress immediately in the form of omnibus legislation and to give it prompt consideration.

By Mr. JAVITS:

S. 4119. A bill to amend title XI of the Social Security Act to raise the total amount which may be expended for certain social services, and to provide for the reallotment of funds which would otherwise not be used. Referred to the Committee on Finance.

Mr. JAVITS. Mr. President, I introduce the Emergency Social Services Amendments of 1974, a bill to amend title XI of the Social Security Act, to increase the availability of social services for the poor and others during the period of projected economic hardship.

This measure is a special emergency authority designed to increase the availability of social services for the poor and others who could otherwise fall into the "poor" or "near poor" category or face other hardships as a result of inflation and other elements of the economic crisis by—

Increasing the social services ceiling, set nationally at $2.5 billion, to $4.0 billion during each of the fiscal years 1975 and 1976; and

Providing for redistribution of social services funds from States that do not use their allocations to States which require and can effectively use more funds than allocated, to meet the special needs of their citizens.

Mr. President, following upon his earlier statements that he would meet the problems of those hardest hit by inflation and any down-turn "with compassion," President Ford, as the fifth point in his economic address to the Congress this past Tuesday, stressed: "Helping the casualties."

But his program to do so—while great in spirit—is inadequate in provision.

During this period of economic crises—which the President describes as ending with the Bicentennial, thus through fiscal year 1976—the poor and others in need are going to be hit by what one economist has called "stagflation," high unemployment coupled with high inflation.

To meet the first of these enemies of the poor, the President has proposed an expanded program of unemployment benefits and a new Community Improvement Corps, providing public service employment.

The administration's unemployment program is clearly inadequate in terms of the amounts of funds to be available—an aggregate of $2.2 billion for about 300,000 jobs—using a cost of $7,000 per annum—if unemployment reaches a level of 7 percent nationally—for 3 consecutive months—compared with $4.0 billion for 500,000 public service jobs—using a cost of $8,000 per annum—at 6 percent national unemployment which I have proposed, with 14 cosponsors, in S. 2993, the Emergency Energy Employment Assistance Act of 1974. The administration's plan is also questionable in that it would be administered through a new program insufficiently tied to the very successful mechanism of State and local prime sponsorship established under the Comprehensive Employment and Training Act of 1973. Moreover, it is only a 1-year authority, although the crisis, in the President's own words, is likely to last for 2 fiscal years.

But be that as it may—and I shall fight to insure that it is not "as it may," but as it "should be"—joblessness is only one of the hardships that the "casualties" are facing and will face.

The second is inflation itself, as President Ford noted in his address to the Congress:

> Now, I know that low-income and middle-income Americans have been hardest hit by inflation. Their budgets are most vulnerable because a larger part of their income goes for the highly inflated costs of food, fuel and medical care.

To address this situation—which was considered so heavily by the HEW panel to the "economic summit," the President proposes tax relief for low- and middle-income Americans.

This too, represents a commendable recognition of a severe problem, but not a wholly adequate solution to it.

For tax relief is of little value to the poor who cannot survive at a level sufficient to pay taxes, and, probably most important, is usually only relieves "casualties."

We need—in addition to relieving "casualties"—to avoid them.

And the most immediately available vehicle to do that—along with the antipoverty program itself—where I am pleased to say the Committee on Labor and Public Welfare has ordered reported a proposed extension, as I urged—is the social sevices program under the Social Security Act.

It is under the social services authority that the States and localities are authorized to provide a wide range of social services, including child care—a needed component to any work program, as well as programs for the aged and others, to prevent welfare dependency.

We now have an agreement between the administration and Senators MONDALE, PACKWOOD, BENTSEN, and myself, embodied in S. 4082, the Social Services Amendments of 1974, introduced on October 3, for a new streamlined social services authority giving latitude to the States in terms of funding decisions and key matters—so important in New York—of eligibility and fee schedules—to arrest welfare dependency.

But while the States now have the authority to do the job—and should in the near future have our proposed revised authority—overall, they do not have the resources to do the job that will be required during the next 2 fiscal years if we are to relieve and avoid casualties.

And the "villain" that stands in their way at this point is the $2.5 billion social services ceiling imposed as a part of Public Law 92-512, the State and Local Assistance Act of 1972—for general revenue sharing—and the further terms of the Social Security Act which prevent any meaningful redistribution of funds from one State to another.

The ceiling was counterproductive then—and I fought it—and it is all the more counterproductive and improvident now.

Not only does it make it impossible for States like New York to meet new needs of the poor and others caused by inflation—but, because of inflation it permits less of an effort even than was contemplated when it was imposed in 1972, when we were not facing the dire economic prospects we do today.

The Library of Congress has advised me that it would take about $3 billion today to provide the level of services possible with the $2.5 billion nationally 2 years ago.

And most unfortunate and tragic, States like New York have to try to meet over $800 million in social services needs, with $220 annually without even a meaningful right to receive money from States which have not used their allotments.

The Library of Congress advises that of the $2.5 billion, $689,805,000 went unused in fiscal year 1973, $500 million is estimated to be unused in fiscal year 1974, and $500 million is expected to be unused in fiscal year 1975.

I ask unanimous consent that a chart provided by the Library of Congress showing these figures in terms of each State be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

HEW AND LABOR APPROPRIATIONS FOR 1975—PT. 6

SOCIAL SERVICES—FEDERAL SHARE OF STATE EXPENDITURES[1]—FISCAL YEARS 1973-75

States and territories	Annual State allocations	1973 actual	1974 estimates	1975 estimates
Alabama	$42,140,000	$16,278,683	$21,115,000	$42,140,000
Alaska	3,901,750	6,414,618	3,740,000	3,740,000
Arizona	23,351,250	3,182,326	4,077,000	5,413,000
Arkansas	23,747,250	6,276,582	8,100,000	11,625,000
California	245,733,250	211,583,774	245,733,250	245,733,250
Colorado	28,297,500	21,879,564	26,467,000	28,297,500
Connecticut	37,001,750	21,067,497	27,270,000	25,800,000
Delaware	6,783,250	7,839,897	6,783,000	6,783,250
District of Columbia	8,980,250	8,320,353	8,020,000	8,020,000
Florida	87,149,500	42,024,891	52,752,000	60,666,000
Georgia	56,667,000	48,488,595	50,784,000	56,789,000
Guam		160,956	263,000	263,000
Hawaii	9,712,500	2,321,023	7,388,000	7,580,000
Idaho	9,076,250	4,708,367	9,076,250	9,076,250
Illinois	135,076,500	139,454,609	107,824,000	107,824,000
Indiana	63,522,250	7,230,470	8,847,000	9,217,000
Iowa	34,612,500	12,673,536	13,950,000	15,938,000
Kansas	27,109,000	6,902,308	9,304,000	12,240,000
Kentucky	39,607,000	25,771,941	23,120,000	25,432,000
Louisiana	44,661,250	20,738,470	31,871,000	36,509,000
Maine	12,354,000	8,671,871	8,738,000	9,375,000
Maryland	48,695,250	26,897,470	48,695,250	48,695,250
Massachusetts	69,477,000	16,957,859	69,477,000	41,857,000
Michigan	109,036,000	59,145,311	85,147,000	96,046,000
Minnesota	46,774,250	29,317,354	29,196,000	30,659,000
Mississippi	27,169,000	11,540,994	27,099,000	27,101,000
Missouri	57,063,250	15,068,712	15,554,000	16,238,000
Montana	8,632,000	3,730,632	4,125,000	4,125,000
Nebraska	18,308,750	9,956,859	12,293,000	14,508,000
Nevada	6,327,000	1,750,832	2,432,000	2,654,000
New Hampshire	9,256,500	4,048,085	4,840,000	5,957,000
New Jersey	$88,446,250	$39,416,723	$48,106,000	$56,366,000
New Mexico	12,786,000	6,718,164	8,173,000	12,786,000
New York	220,497,250	220,497,250	220,497,250	220,497,250
North Carolina	62,597,750	22,582,777	38,274,000	42,351,000
North Dakota	7,587,500	3,962,570	3,909,000	4,188,000
Ohio	129,457,750	41,607,656	129,457,000	97,126,000
Oklahoma	31,623,000	24,805,756	31,623,000	31,623,000
Oregon	26,196,500	26,822,190	17,141,000	17,966,000
Pennsylvania	143,180,250	87,930,760	114,389,000	123,351,000
Puerto Rico		1,847,688	4,007,000	6,448,000
Rhode Island	11,621,500	9,417,509	9,211,000	10,736,000
South Carolina	31,995,250	21,325,273	22,750,000	32,083,750
South Dakota	8,152,000	2,469,433	2,601,000	4,500,000
Tennessee	48,395,000	24,955,917	48,000,000	48,000,000
Texas	139,854,750	99,087,150	92,012,000	100,963,000
Utah	13,518,500	5,479,162	5,523,000	5,523,000
Vermont	5,546,750	3,171,845	4,547,000	4,790,000
Virgin Islands		440,089	221,000	221,000
Virginia	57,195,250	20,211,917	24,944,000	33,367,000
Washington	41,335,750	76,865,796	41,335,750	41,335,750
West Virginia	21,382,250	8,170,853	17,717,000	17,717,000
Wisconsin	54,265,750	58,540,192	54,265,250	54,265,750
Wyoming	4,142,000	714,331	1,341,000	1,404,000
Subtotal	2,500,000,000	1,607,445,440	1,914,125,000	1,983,920,000
Management initiatives, regulation delay			85,875,000	16,080,000
Accounting entries		202,749,560		
Total	2,500,000,000	1,810,195,000	2,000,000,000	2,000,000,000

[1] Appropriation authority of $2,500,000,000 for States is allocated on a basis of population. Guam, Puerto Rico, and the Virgin Islands require Federal matching at program levels.

Mr. JAVITS. In fact in fiscal year 1974, estimates indicate that while a number of jurisdictions like New York struggled right up against their allocation, a majority of jurisdictions did not even spend what they were allocated.

The new social service legislation, S. 4082, which I mentioned may make it posible for more States to do what they want and must.

But to the extent that they chose not to—barring a change in the distribution formula — an unlikely prospect — why should not other States be given the resources they need; surely the Congress intended that $2.5 billion be made available, not $1.9 billion or some other figures—that is what expenditure ceilings are all about.

The Senate already agreed to the principle of redistribution, adopting a provision similar to that included in the measure I introduce today—as a part of H.R. 3153, to amend the Social Security Act to make technical changes; but that bill, which passed the Senate on November 30, 1973, is still in conference.

By including a redistribution provision in the measure, I seek to reinstate the intent of the Senate.

Mr. President, if we can consider lifting restrictions on production and regulation in other fields in the general emergency, we surely can lift the ceiling on social services during the special emergency which the poor face; if we can consider redistributing income through tax reform, surely we can consider redistributing social services funds to those who need it most.

Of course, I would like to lift the social services ceiling completely, but that would not be a realistic proposal, given the very important budgetary considerations which we also must face in dealing with the economic situation.

What I propose instead is an increase of $500 million to take into account the effects of inflation on services themselves—which I noted—and an additional $1 billion to deal with the personal effects of inflation on the poor.

I should point out that while this gross increase will be $1.5 billion, the net will be considerably less, due to savings arising from increased self-sufficiency, for example, quality child care will contribute to the ability to work and thus to taxes, and reduced welfare and unemployment insurance costs.

And need I say that unless we provide these social services, we may well see an increase in cash payments under the AFDC and other programs which may make even $1.5 billion look small—and what could be more inflationary and budget smashing than that.

Mr. President, this legislation is essential for the country, but is particularly important to New York.

Under a $4 billion ceiling, using the existing allocation formula—New York State could receive $352.7 million, rather than the $220.4 million it is locked into now—an increase of $132.3 million.

Additionally, it could benefit substantially from redistribution of funds not used by other States.

These funds are crucial in New York—but particularly in respect to child care.

For months, New York City and New York State have been engaged in a dispute concerning eligibility and fee schedules and for child care, with the State insisting on its standards and the city urging higher standards.

This has been a continual battle, likely—until last Saturday—to result in the expulsion of some 5,000 children from day care programs in the city.

Fortunately, following a recommended compromise that I made to both the mayor and the Governor by telegram on September 12, the State and city have agreed, last Saturday, October 5, on temporary relief for these ineligible basically through this fiscal year, partly from State and partly from city funds.

I ask unanimous consent that the announcement, together with a copy of my telegrams to the Governor and the mayor, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ANNOUNCEMENT, OCTOBER 5, 1974

Governor Malcolm Wilson announced today State agreement with New York City on major steps to assure continued day care for all those now enrolled, and to improve the quality of that care in accordance with State standards.

Under the agreement:

New York City will continue, until December 31, 1974, to fund day care for families now enrolled, whose incomes are above maximums allowed by State standards.

The Governor will seek appropriation authority to enable the State to continue to fund those cases from January 1 to June 30, 1975, or the effective date of the new Federal program described below, whichever comes first.

Subsequent to June 1975, it is planned that the cases will be funded under a new Federal Administration Social Services bill which was introduced in Congress yesterday with bi-partisan support.

The Governor said that based on current experience, he expects that the additional appropriation he will seek from the 1975 Legislature will be between $4-million and $6-million.

The Governor said the City also agreed to a series of three administrative requirements upon which the State had been insisting as a basis for day care reimbursement.

They included:

1. The City will install by November 1, a State-required system for determining eligibility for day care, and existing cases will be phased into the new system over a six-month period.

2. The City agreed that there will be no State or Federal reimbursement for day care in unlicensed centers.

3. Day care costs for those employed but receiving welfare benefits will be funded as expenses incident to employment. This device will make more of the State's allocation of closed-end Federal service funds available for day care programs.

The Governor said the new Federal proposal, introduced October 3 in Congress as Title XX—Social Services, provided the basis for the breakthrough in the long-standing problem. Approval is expected, he said, because it is an administration bill which has bi-partisan support.

"As I have said repeatedly," the Governor pointed out "The State is willing to pay its share of the cost for our day care program up to the Federally imposed ceilings. Now that the Federal ceiling is apparently to be raised we are able to assume our share of the cost and facilitate the transition until the Federal Act is passed."

He indicated that while he was sympathetic with families threatened with loss of day care because their income levels were too high to meet present Federal standards, he was also concerned with the State continually having to provide emergency funds to the program with no expectation of any long-range, permanent solution. The State earlier this year had provided an emergency appropriation to support the program until June 30 of this year.

"Fortunately," he said, "the new Title XX provides the long-range solution we have been seeking, making it possible to utilize Federal funds in ways that previously had not been permitted."

"With the way apparently clear for this long-range solution, I am now anxious to see that day care not lapse for the approximately 4,000 families who otherwise would lose the services between now and the July 1, 1975 effective date of the new laws," he explained.

The new Federal bill provides a mechanism for the State, at its discretion, to set maximum income levels considerably higher than those that now exist for day care recipients. Its effect would be to make all families in New York City now receiving day care eligible for Federal funds.

"This greater flexibility, which we have long sought from the Federal government, is a significant breakthrough in the social services area," Governor Wilson said.

The City-State agreement was reached, following introduction Thursday of the new Title XX, in negotiations Friday morning between State Social Services Commissioner Abe Lavine and City Human Resources Administrator James Dumpson in the Governor's New York City office.

Hon. MALCOLM WILSON,
Office of the Governor,
State House,
Albany, N.Y.:

I continue to be deeply concerned that the city and State have not reached an understanding that will make it possible to avoid discharge on September 27 from city child care programs of approximately 5,000 children who are ineligible under state social services regulations made effective July 1.

It is my understanding that the city and state are still negotiating with respect to the regulations and some or all of these children may still be eligible, and that while the negotiations are in process the city is providing unilaterally $3.0 million (out of $10.0 million offered to the state in matching funds) to cover these children through September 27.

In an effort to resolve this matter in the interest of the children involved, I propose the city and state consider a possible agreement along the following lines:

(1) The city and state continue in good faith their negotiations with respect to the income eligibility and other questions under the regulations toward a prompt resolution.

(2) To provide services to these children so long as they are ineligible under applicable standards, the city utilize the remaining portion of the $10 million to continue services through January 1975, and the State agree to support legislation (which I understand will be introduced) to cover these children from February 1 through the end of this fiscal year if necessary to maintain services.

(3) The city continue its considerable efforts to meet the State's administrative concerns with respect to licensing of day care centers, documentation of eligibility, and application of AFDC funds, with the understanding that if these concerns are not met the State's commitment to support funding would no longer be operative.

Whatever the relative equities in the positions of the State and the city on the questions of the regulations, I hope that this can be worked out with equity to the children and working parents who, although not direct parties to the arrangements under which they enrolled in programs, stand to gear the heaviest human price in disappointment, and even long-term damage, resulting from the disruption or termination of their services.

This principal consideration was brought home to me again last Monday when I met with the teachers and children at the Riverside edgecomb neighborhood association day care center in Washington Heights, one of the affected centers.

I pledge every personal effort necessary to the development of such an agreement and its full implementation.

An identical copy of this is being sent to Mayor Beame.

JACOB K. JAVITS,
U.S. Senator.

Hon. ABRAHAM BEAME,
Office of the Mayor,
City Hall, New York, N.Y.:

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JACOB K. JAVITS,
U.S. Senator.

Mr. JAVITS. But as the Governor suggested in his release, this is just an interim situation in anticipation of enactment of S. 4082, the Social Services Amendments of 1974, which will make possible coverage of these children with 75 percent Federal matching.

To make that coverage more likely, New York needs more funds in addition to the new authority—and the bill I introduce today would provide those funds—and indeed, much more for other social services.

Mr. President, these are very trying economic times for all socioeconomic levels of Americans, but the poor are the most hurt, and their needs must be addressed; otherwise the casualties will be even more widespread than even now feared. I hope that the social services ceiling and the redistribution question will now be reviewed in light of this special emergency period which is already upon us.

I ask unanimous consent that a chart showing the allocations under this measure; compared with the existing ceiling be included at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

LIBRARY OF CONGRESS, CONGRESSIONAL RESEARCH SERVICE STATE ALLOCATIONS

State	$2,500,000,000 ceiling	Allocation w/ $4,000,000,000 ceiling
Alabama	$42, 140, 000	$67, 424, 000
Alaska	3, 901, 750	6, 242, 800
Arizona	23, 351, 250	37, 362, 000
Arkansas	23, 747, 250	37, 995, 600
California	245, 733, 250	393, 173, 200
Colorado	28, 297, 500	45, 276, 000
Connecticut	37, 001, 750	59, 202, 800
Delaware	6, 783, 250	10, 853, 200
District of Columbia	8, 980, 250	14, 368, 400
Florida	87, 149, 500	139, 439, 200
Georgia	56, 667, 000	90, 667, 200
Hawaii	9, 712, 500	15, 540, 000
Idaho	9, 076, 250	14, 522, 000
Illinois	135, 076, 500	216, 122, 400
Indiana	63, 522, 250	101, 635, 600
Iowa	34, 612, 500	55, 380, 000
Kansas	27, 109, 000	43, 374, 400
Kentucky	$39, 607, 000	$63, 371, 200
Louisiana	44, 661, 250	71, 458, 000
Maine	12, 354, 000	19, 766, 400
Maryland	48, 695, 250	77, 912, 400
Massachusetts	69, 477, 000	111, 163, 200
Michigan	109, 036, 000	174, 457, 600
Minnesota	46, 774, 250	74, 838, 800
Mississippi	27, 169, 000	43, 470, 400
Missouri	57, 063, 250	91, 301, 200
Montana	8, 632, 000	13, 811, 200
Nebraska	18, 308, 750	29, 294, 000
Nevada	6, 327, 000	10, 123, 200
New Hampshire	9, 256, 500	14, 810, 400
New Jersey	88, 446, 250	141, 514, 000
New Mexico	12, 786, 000	20, 457, 600
New York	220, 497, 250	352, 795, 600
North Carolina	62, 597, 750	100, 156, 400
North Dakota	7, 587, 500	12, 140, 000
Ohio	129, 457, 750	207, 132, 400
Oklahoma	31, 623, 000	50, 596, 800
Oregon	26, 196, 508	41, 914, 400
Pennsylvania	143, 180, 250	229, 088, 400
Rhode Island	11, 621, 500	18, 594, 400
South Carolina	31, 995, 250	51, 192, 400
South Dakota	8, 152, 000	13, 043, 200
Tennessee	48, 395, 000	77, 432, 000
Texas	139, 854, 750	223, 767, 600
Utah	13, 518, 500	21, 629, 600
Vermont	5, 546, 750	8, 874, 800
Virginia	57, 195, 250	91, 512, 400
Washington	41, 335, 750	66, 137, 200
West Virginia	21, 382, 250	34, 211, 600
Wisconsin	54, 265, 750	86, 825, 200
Wyoming	4, 142, 000	6, 627, 200
Total	2, 500, 000, 000	4, 000, 000, 000

Note: Figures are based on the same data as used for the current allocation of $2,500,000,000.

By Mr. McCLELLAN (for himself, Mr. EASTLAND, Mr. ALLEN, Mr. CURTIS, Mr. CLARK, Mr. FULBRIGHT, Mr. HELMS, Mr. HUMPHREY, and Mr. YOUNG):

S. 4121. A bill to establish improved programs for the benefit of producers and consumers of rice. Referred to the Committee on Agriculture and Forestry.

RICE ACT OF 1974

Mr. McCLELLAN. Mr. President, today I am introducing the Rice Act of 1974. The purpose and general intent of this legislation is to establish for the rice producer the freedom and market-oriented policy which was provided for other farm commodities under the Agriculture and Consumer Protection Act of 1973. Under this bill the growers make the essential decisions concerning the amount of land to devote to rice growing based upon their evaluation of supply and demand conditions in the marketplace. This is a significant change from the present policy, in existence for almost two decades, which has permitted the Department of Agriculture to determine the rice supply.

The new policy established by this measure will encourage efficient use of the land by permitting the growth of rice in areas most suitable for its cultivation and thereby maximize the crop yield. Additionally, growers will have the flexibility to shift between rice and other crops based upon their assessment of market conditions. This program has the potential for allowing farmers to produce those crops which will yield them the best return on their investment and can provide relief to consumers by freeing the price of rice from the artificial influences of the present rice program with its restrictive production requirements.

Agricultural exports remain a significant factor in improving the Nation's balance-of-payments position. Historically, about 60 percent of our rice crop has moved into export channels. By encouraging efficient land utilization and increased rice production, the Rice Act of 1974 can enhance the competitive position of American rice in the world market and favorably influence the balance of trade which has been severely affected by the increased costs of imported oil.

In the President's recent address to the joint session of the Congress, he called upon us to enact legislation "to remove all remaining acreage limitations on rice" and certain other crops. This bill is consistent with the President's announced objectives of maximizing rice production and assuring the farmer a reasonable yield on his crop. By freeing growers to raise that acreage of rice which they determine can produce a fair return and by continuing a measure of protection for the producer, the Rice Act of 1974 will help achieve the President's goals.

Mr. President, by introducing this bill I wish to associate myself with the desirable goals and objectives of the new rice program which it proposes. The measure is identical in all respects except one to the measure favorably reported from the House Agriculture Committee on August 21 of this year. The House bill contains a target price of $11 per hundredweight while I propose an $8 target price. Whatever the final figure may be, my intent is to provide some further incentive for serious consideration of the bill without exceeding a figure which would provoke undue opposition and cloud deliberation on the more basic policy changes it proposes.

Mr. HUMPHREY. Mr. President, I am happy to join Senator McCLELLAN in supporting the Rice Act of 1974. Congressman BILL ALEXANDER has introduced companion legislation in the House side.

This bill will bring our rice legislation into conformity with the Agriculture and Consumer Protection Act of 1973.

This act would provide price protection for 2 million acres whereas the present law gives price protection for only 1.65 million acres.

A target price of $8 per hundredweight is established, and this price will be related to the escalator clause in future years in accordance with the provisions of last year's legislation. Present rice legislation has no comparable escalator feature.

A rice research program is authorized to develop improved varieties, promote better husbandry practices, reduce fertilizer needs, and increase the resistance of rice plants to disease.

This bill provides an incentive for rice production to shift to those geographic areas where it can be grown best. Our rice farmers are already efficient, but as these shifts occur, they will become even more efficient.

Rice has become increasingly important as an export crop, and American consumers have sharply increased their consumption of rice.

The United States produces only 2 percent of the world's rice supply, but it is presently the world's leading exporter. In the past year, rice exports were about

$1.1 billion, or almost 6 percent of our total agricultural exports.

With a growing demand for rice, it is urgent that we expand our production. Current statutory law has acted as an impediment to increasing production. This bill will encourage expanded production.

This bill will encourage U.S. farmers and processors to expand their marketing horizons. We already export about 60 percent of our rice production, but we can export still more.

Mr. President, this bill has caused a great deal of controversy, and opposition has been strong in those areas which now hold rice allotments.

I feel that this bill, which would run from 1975 through 1977, should be adopted. When new agricultural legislation is considered, we could then review what impact it has had on rice production.

A September 24 Washington Post article, "Regions, Parties Split on Lifting Rice Limits," describes some of the discussion over this bill and the groups favoring and opposing it.

Mr. President, I ask unanimous consent that this article be included in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REGIONS, PARTIES SPLIT ON LIFTING RICE LIMITS

(By Dan Morgan)

An unlikely coalition of political and regional interest groups is attempting to dislodge from the House Rules Committee a bill that would let farmers grow all the rice they want through 1977, perhaps lowering its price to consumers.

The bill's diverse support includes farmers in several Southern states; consumers, especially Chinese and Spanish minorities that eat a lot of rice; companies such as Campbell's Soup and the Anheuser-Busch Brewing Co.; and proponents of a larger role for the United States in alleviating world hunger.

However, the measure is strongly opposed across party lines by the California, Texas and Louisiana congressional delegations, which are under strong pressure from the rice growers who have profited in the last 20 years from the protective system of government allotments which decides who can grow rice and how much.

Last Wednesday, the House Rules Committee split 6 to 6 on voting the measure onto the House floor, with four Democrats in favor and four opposed.

Today, congressional sources reported, a new attempt will be made to get the committee to release the measure.

In a speech on the House floor on Aug. 5, the bill's sponsor, Rep. Bill Alexander (D-Ark.), said passage would put 500,000 more acres into cultivation for rice and would provide one million more tons for commercial trade.

However, he said that "certain powerful interests having great influence in the U.S. Congress oppose this legislation, causing its future to be uncertain."

The bill has split regional as well as party alignments. Mississippi and Arkansas representatives generally support the bill, because they feel that their farmers could expand production into areas along the Mississippi Delta with extremely favorable soil and water conditions.

But farmers in neighboring Louisiana and Texas, as well as California, feel the demise of the allotment system would cost them their present competitive advantage.

"If they're going to take our markets, why have we spent all this money trying to open up foreign markets?" asked Tony Coelho, administrative assistant to Rep. B. F. Sisk (D-Calif.), who voted against the new Rice Act of 1974 in both the Agriculture and Rules committees.

Testimony before the Agriculture Committee earlier this year indicated strong sentiment for the bill from urban minority and consumer groups.

Rep. John M. Murphy (D-N.Y.) whose district embraces New York's Chinatown, said freeing rice production would lower domestic prices. An aide in his office said yesterday that rice prices have risen in New York City from 11 to 45 cents a pound in 18 months.

Ben Eng, president of the Chinese-American Restaurant Association, told the Committee that "We eat rice for breakfast, lunch and dinner, and we plead with the government to improve the supply and price situation."

Representatives of the Anheuser-Busch Brewing Co. which uses rice as the ingredient for making alcohol for its beer, have lobbied hard for the legislation.

Opponents of the bill, including committee chairman W. R. Poage (D-Tex.) maintain that small farmers would be hurt by unrestricted production. Others say that there are less than 70 rice farms under six acres in his state.

Powerful peanut and tobacco lobbies, which are concerned that the rice bill would set a precedent that could end the allotment system in their industries also oppose the bill.

Some 15,000 farmers now grow rice under allotments going back to 1954. The original aim of the program was to protect farmers in a period of massive surpluses. However, in 1973, world demand pushed the price of rice in the United States up as high as $17 for a 100-pound bag, more than twice the support price.

This year, farmers were authorized to grow an unlimited amount of rice. But under the terms of the present bill the allotment system would probably have to be reimposed in 1975, government sources said. The Agriculture Department expects a record crop of 5.2 million tons this year.

The department supports the bill's concept, but opposes an amendment which would set the government support price at $11 for a 100-pound bag. Officials claim this could cost taxpayers some $5 billion by 1977.

By Mr. KENNEDY (for himself and Mr. BROOKE):

S. 4128. A bill to amend the Endangered Species Act of 1973 to make it more consistent with the Marine Mammal Protection Act of 1972. Referred to the Committee on Commerce.

SCRIMSHAW AND SAVING THE WHALE

Mr. KENNEDY. Mr. President, on July 11 of this year, I introduced for myself and for Mr. BROOKE, S. 3751, legislation to amend the Endangered Species Act of 1973 to make it more consistent with the Marine Mammal Protection Act of 1972. This legislation was designed to allow interstate commerce in antique scrimshaw art objects and thus to preserve the old American art of the scrimshanders in New England and other communities around the Nation.

Since the introduction of that legislation, I have received letters from many people in Massachusetts expressing their concern that this legislation might encourage illegal activity in killing whales or smuggling of whale products. During hearings on companion legislation introduced in the House of Representatives by Congressman GERRY E. STUDDS, concerned citizens and organizations expressed those same concerns that any legislation to amend the Endangered Species Act must be written to assure that not one more whale is slaughtered.

All of the sponsors of this legislation fully agree that new legislation must reflect our concern for the preservation of whales as well as our concern for scrimshanders and scrimshaw dealers. And as a result of the many suggestions we have received, we introduce a bill today designed to reflect both of those commitments—to the whales and to the scrimshaw artists.

I have never received any communication from a scrimshaw dealer or artist recommending that this country in any way abandon its commitment to the moratorium on the killing of whales. Those most directly involved in this trade of antique scrimshaw are among those most concerned about the future of the whales, and indeed are among those most directly involved in enforcement of the moratorium.

I am certain that as public hearings and public discussion of this legislation continues, we can arrive at language which will accomplish both an exception for antique scrimshaw dealers and reflect our absolute commitment to end the killing of whales. The legislation we introduce today is a major step forward in that process.

Mr. BROOKE. Mr. President, I am pleased to join with Senator KENNEDY in introducing today a revised version of S. 3751, a bill designed to allow interstate commerce in antique scrimshaw art objects. It was our hope when we introduced S. 3751 that this legislation would preserve the marvelous old art of scrimshanders. Yet, as my colleague has already stated, S. 3751 resulted in scores of letters beseeching us to withdraw our bill, for fear that it would hamper U.S. efforts to control and eventually erase whale hunting.

Mr. President, all of the sponsors of this legislation are in agreement on the need to preserve our dangerously depleted whale population. This is, and should always be, a top priority for our Government. And we are in agreement that the bill must be written in such a way as to leave no room for the impression that our commitment to the preservation of whales is in any way lessened or weakened. Hence we have taken the legislation back to the drawing board and, with excellent advice from so many concerned citizens, we have come up with new language for S. 3751 which we introduce today.

It is our hope that this new language will make clear our unswerving commitment to the moratorium on killing whales and our concern for the antique scrimshaw dealers. I think the two are compatible and I hope this bill today will further help in defining and eventually solving this problem.

By Mr. TAFT (for himself, Mr. BAKER, Mr. BEALL, and Mr. RANDOLPH):

S. 4129. A bill to establish a special unemployment assistance program, and a community improvement program, and for other purposes. Referred by unanimous consent to the Committee on Labor and Public Welfare, and then to the Committee on Public Works for 10 days.

THE NATIONAL EMPLOYMENT ASSISTANCE ACT OF 1974

Mr. TAFT. Mr. President, I ask unanimous consent to introduce a bill dealing with the impact of inflation and high unemployment and that the bill be referred to the Committee on Labor and Public Welfare.

Mr. President, it is understood that if and when this bill is reported by the Labor Committee, that title II of the bill be referred to the Public Works Committee for 10 days so that any matters in relation to title II which may be within that committee's jurisdiction might be considered.

Mr. President, today I am introducing the National Employment Assistance Act of 1974 as an indispensable part of the President's effort to whip inflation now. The two programs created by this bill provide on a temporary basis, standby programs which will help insure that the impact of inflation and high unemployment does not disproportionately burden those workers least able to bear the cost.

The purpose of this act is to establish in areas of aggravated unemployment, a temporary special unemployment assistance program to provide supplemental income support for experienced unemployed workers in areas of aggravated unemployment, in conjunction with a temporary program of community improvement projects to provide unemployed workers with temporary employment providing improvement in community services.

In my view, the combined effect of these two programs will help alleviate the impact of unemployment should unemployment rates rise further as a result of economic conditions.

I believe we in the Congress must recognize that unemployment is now at a critical level. The sharp rise in the unemployment rate from 5.4 percent in August 1974 to 5.8 percent in September is a vivid reminder of the urgency with which steps need to be taken now to reduce unemployment. The number of persons officially jobless at the present time stands at 5.3 million. Many economists are predicting a rate of at least 6 percent by the end of the year. The National Employment Assistance Act of 1974 would respond to this critical unemployment level by creating two programs which would begin to operate should the national unemployment rate average 6 percent or more for 3 consecutive months:

First. A temporary program of income replacement known as special unemployment assistance program for experienced unemployed workers in areas of high unemployment who have exhausted all other employment compensation or who are not eligible for such compensation; and

Second. A program of employment projects for these same areas, known as community improvement programs.

As I stated, the primary purpose of these two programs is to alleviate the hardships of unemployment on individuals but in doing so it will also mitigate the adverse impact on those local communities hardest hit by unemployment.

Mr. President, I will not at this point attempt to discuss all the details of the bill. I am providing, along with the text of the bill, a fact sheet which will explain more fully the need for the bill, its purposes, the basic funding provisions of the act, and the operational aspects of the bill.

I am pleased that Congressmen Quie and Esch have taken the initiative with companion legislation in the House of Representatives.

Mr. President, I want to emphasize the fact that the President with whom all of us will concur in principle, is endeavoring to beat inflation and resume full economic growth by the Fourth of July, 1976—our Nation's 200th birthday. I believe this is a goal which is obtainable if the spirit of compromise and conciliation continues between the executive branch and Congress. I believe this legislation can serve a most beneficial purpose in the fight against inflation and I ask unanimous consent that the text of this bill together with the fact sheet pertaining thereto and the testimony of the Secretary of Labor be printed in the Record following the conclusion of my remarks.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 4129

A bill to establish: A Special Unemployment Assistance Program; and a Community Improvement Program; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "National Employment Assistance Act of 1974".

STATEMENT OF FINDINGS AND PURPOSES

Sec. 2. (a) The Congress finds and declares that—

(1) Recent economic trends indicate that circumstances may develop which will result in both high unemployment and inflation;

(2) Certain areas are disproportionately affected in such high periods of unemployment;

(3) Existing resources and activities are inadequate to deal with such conditions;

(4) It is appropriate on a temporary basis, that standby programs be available which will help assure that the impact of inflation and high unemployment does not disproportionately burden those workers least able to bear the costs;

(5) It is appropriate, if national unemployment becomes unusually high, to temporarily provide unemployed workers in areas of aggravated unemployment with special unemployment assistance payments and subsequent employment opportunities on projects assisting the community;

(6) Such programs can help to ease the impact of unemployment for the affected workers, as well as to reduce the pressures or minimize the circumstances which tend to generate further unemployment and economic instability.

(b) It is, therefore, the purpose of this Act to establish in areas of aggravated unemployment, a temporary Special Unemployment Assistance Program to provide supplemental income support for experienced unemployed workers in areas of aggravated unemployment, and a temporary program of Community Improvement Projects to provide unemployed workers with temporary employment providing improvement in community services.

TITLE I—SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

STATEMENT OF PURPOSE

Sec. 101. It is the purpose of this title to establish a Federal Unemployment Law providing a temporary program of Special Unemployment Assistance for the purpose of providing supplemental unemployment assistance to workers affected by adverse economic conditions in areas of aggravated unemployment.

GRANTS TO STATES; AGREEMENTS WITH STATES

Sec. 102. (a) Each State which enters into an agreement with the Secretary of Labor, pursuant to which it makes payments of Special Unemployment Assistance in accordance with the provisions of this title and the rules and regulations prescribed by the Secretary of Labor hereunder, shall be paid by the United States from time to time such amounts as are deemed necessary by the Secretary of Labor to carry out the provisions of this title in the State.

Assistance may be paid to individuals only pursuant to such an agreement.

(b) A State shall not be eligible to enter into an agreement with the Secretary for the payment of assistance under this title with respect to any week for which

(1) There is no national "on" indicator in effect pursuant to section 203(d) of the Federal-State Extended Unemployment Compensation Act of 1970, as amended (Public Law 91–373; 84 Stat. 708 *et seq.*); and

(2) There would be a State "on" indicator in effect for such week under section 203(e) of such Act, but for a failure of the State law to provide to the extent authorized under section 203(e)(2) that the determination of whether there has been an "off" indicator ending any extended benefit period shall be made without regard to section 203(e)(1)(A). *Provided:* that the Secretary may, where he determines that special conditions exist, waive the provisions of this subsection.

ELIGIBLE INDIVIDUALS

Sec. 103. An individual shall be eligible to receive a payment of assistance or waiting period credit with respect to a week of unemployment occurring during and subsequent to a Special Unemployment Assistance period in accordance with the provisions of this title if—

(a) The individual—

(1) Has exhausted all rights to regular, additional, and extended compensation under all Federal and State employment compensation laws (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) and has no further rights to regular, additional, or extended compensation under any Federal or State unemployment compensation law with respect to such week of unemployment, has no right to allowances payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974 (Public Law 93–423), Disaster Relief Act of 1974 (Public Law 93–288), the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation as determined by the Secretary and is not receiving compensation with respect to such week of unemployment under the unemployment compensation law of Canada; *Provided,* that such rights to compensation were exhausted in or subsequent to the first week beginning on or after the date of enactment of this Act or, such rights to compensation having been exhausted prior to that date, the benefit year in which such rights to compensation were exhausted did not end until on or after the date of enactment of this Act and the individual was last employed on or after such date; or

(2) Is not otherwise eligible for allowances payable with respect to such week of unemployment under such laws as the Public Works and Economic Development Act Amendments of 1974 (Public Law 93–423), The Disaster Relief Act of 1974 (Public Law 93–288), or the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary, or for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.)) with respect to such week of unemployment, and is not receiving compensation with respect to such week of unemployment under the unempoyment compensation law of Canada; *Provided,* that the individual meets the qualifying employment and wage requirements of the applicable State unemployment compensation law in a base year which, notwithstanding the State law, shall be the 52-week period preceding the first week with respect to which the individual: (A) files a claim for compensation or waiting period credit under this title; (B) is totally or partially unemployed; and (C) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages; *Provided, further,* that the individual became totally or partially unemployed on or after the date of enactment of this Act and has met any waiting period requirement of the applicable State unemployment compensation law; and

(b) The individual is totally or partially unemployed, and is able to work, is available for work, and seeking work, within the meaning of, or as required by, the applicable State unemployment compensation law, and is not subject to disqualification under that law; and

(c) The individual has filed a claim for assistance or waiting period credit under this title; and

(d) In the area in which the individual was last employed for at least five days prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, a special unemployment assistance period is in effect with respect to such week of unemployment: *Provided,* That if the individual, except for the imposition of a disqualification in accordance with subsection (b), was otherwise eligible for a payment of assistance or waiting period credit under this title with respect to a week of unemployment which began during a special unemployment assistance period, but did not exhaust entitlement to assistance during such period, entitlement shall continue after the end of the period but no assistance shall be paid under this title for any week of unemployment that begins more than 26 weeks after the end of such period; and

(e) The State in which the individual was last employed for at least a week prior to filing a claim under this title for assistance or waiting period credit with respect to such week of unemployment, has an agreement with the Secretary of Labor under section 102 which is in effect with respect to such week of unemployment.

SPECIAL UNEMPLOYMENT ASSISTANCE PERIOD

Sec. 104. (a) A special unemployment assistance period shall commence in an area designated by the Secretary with the third week after the first week for which there is an "on" indicator for such area, and shall terminate with the third week after the first week for which there is an "off" indicator for such area: *Provided,* That no special unemployment assistance period shall have a duration of less than 13 weeks.

(b) The Secretary shall designate as an area under this section:

(1) Labor market areas as defined in section 301(7); and

(2) All parts of a State which are not within a "labor market area" designated under paragraph (1).

(c) There is an "on" indicator in an area for a week if for the most recent three consecutive calendar months for which data are available the Secretary determines that:

(1) The rate (seasonally adjusted) of national unemployment averaged 6.0 per centum or more; and

(2) The rate of unemployment in the area averaged 6.5 per centum or more.

(d) There is an "off" indicator for a week if, for the most recent three consecutive calendar months for which data are available, the Secretary determines that either subsections (c)(1) or (c)(2) are not satisfied.

(e) The determinations made under this section shall take into account the rates of unemployment for three consecutive months, even though any or all of such months may have occurred not more than three complete calendar months prior to the enactment of this Act.

WEEKLY BENEFIT AMOUNT

Sec. 105. The amount of assistance under this title to which an eligible individual shall be entitled for a week of total unemployment shall be—

(a) For an individual referred to in paragraph (1) of subsection (a) of section 103, the average weekly benefit amount of regular compensation which was payable to the individual for a week of total unemployment in the individual's most recent benefit year;

(b) For an individual referred to in paragraph (2) of subsection (a) of section 103, the average weekly benefit amount for a week of total unemployment that would be payable to the individual as regular compensation under the applicable State unemployment compensation law: *Provided,* That in computing the weekly benefit amount under this subsection the individual's base year, notwithstanding the State law, shall be the 52-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by the Railroad Unemployment Insurance Act (45 U.S.C. 351 *et seq.*) shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

MAXIMUM BENEFIT AMOUNT

Sec. 106. The maximum amount of assistance under this title which an eligible individual shall be entitled to receive shall be—

(a) For an individual referred to in paragraph (1) of subsection (a) of section 103, one-half the maximum amount of regular compensation payable to the individual in the individual's most recent benefit year, but not exceeding the lesser of: (1) 13 times the average weekly benefit amount which was payable to the individual for a week of total unemployment as determined under subsection (a) of section 105; and (2) 52 times such weekly benefit amount reduced by the regular, additional, and extended compensation payable to the individual with respect to such benefit year.

(b) For an individual referred to in paragraph (2) of subsection (a) of section 103, the maximum amount of regular compensation that would be payable to such individual as computed under the provisions of the applicable State unemployment compensation law, but not exceeding 26 times the weekly benefit amount payable to the individual for a week of total unemployment as determined under subsection (b) of section 105: *Provided,* That for the purposes of this subsection the individual's base year, notwithstanding the State law, shall be the 52-week period preceding the first week with respect to which the individual: (1) files a claim for assistance or waiting period credit under this title; (2) is totally or partially unemployed; and (3) meets such qualifying employment and wage requirements; and for the purpose of this proviso employment and wages which are not covered by the State law shall be treated as though they were covered, except that employment and wages covered by the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.) shall be excluded to the extent that the individual is or was entitled to compensation for unemployment thereunder on the basis of such employment and wages.

APPLICABLE STATE LAW PROVISIONS

Sec. 107. Except where inconsistent with the provisions of this title, the terms and conditions of the applicable State unemployment compensation law which apply to claims thereunder for regular compensation and the payment thereof shall apply to claims for assistance under this title and the payment thereof.

TERMINATION DATE

Sec. 108. Notwithstanding any other provisions of this title, no payment of assistance under this title shall be made to any individual with respect to any week of unemployment ending after March 31, 1976; and no individual shall be entitled to any compensation with respect to any initial claim for assistance or waiting period credit made after December 31, 1975.

TITLE II—COMMUNITY IMPROVEMENT PROGRAM

STATEMENT OF PURPOSE

Sec. 201. It is the purpose of this title to establish a program of community improvement projects to provide unemployed workers residing in areas of aggravated unemployment with temporary employment on projects in such fields as: conservation; maintenance or restoration of natural resources; community beautification; antipollution and environmental quality efforts; economic development; improvement and expansion of health, education, and recreation services; neighborhood improvements; maintenance of streets, highways, parks, recreation areas, and other public facilities; rural development; cleanup on public and private lands; activities on Federal property; and other fields of community services.

DESIGNATED AREAS

Sec. 202. (a) The Secretary may make financial assistance available to eligible applicants within designated areas for the purposes of carrying out community improvement projects pursuant to the provisions of this title. For the purposes of this title, designated areas shall mean those areas designated by the Secretary under section 104(b) of this Act.

(b) Financial assistance may be provided to eligible applicants within a designated area only of a Special Unemployment Assistance Period is in effect in such area as provided in section 104.

ALLOCATION OF FUNDS

Sec. 203. (a) Not less than eighty per centum of the funds available for obligation in accordance with paragraph (1) of section 212(a) shall be allocated by the Secretary among designated areas, as defined in section 104(b), and eligible for assistance pursuant to section 202(b) at the time of such allocation on the basis of the relative number of unemployed persons who reside within that area, as compared to the total designated areas.

(b) Funds allocated to each designated area pursuant to subsection (a) shall be suballocated to eligible applicants within such area, as defined in section 204, as follows—

(1) Fifty per centum shall be allocated on the basis of the relative number of unemployed persons who reside within that portion of the designated area within the jurisdiction of the eligible applicant, as compared to the total number of unemployed persons who reside within the designated area.

(2) Fifty per centum shall be allocated on the basis of the relative excess number of unemployed persons who reside within that portion of the designated area within the jurisdiction of the eligible applicant, as compared to the total excess number of unemployed persons who reside within the designated area. For the purposes of this paragraph, the term "excess number" means the number which represents unemployed persons in excess of 6.5 per centum of unemployed persons who reside within the area.

(c) Not less than eighty per centum of the funds available for obligation under paragraphs (2) and (3), respectively, of section 212(a) shall be allocated and suballocated on the basis of the criteria set forth in subsections (a) and (b) of this section; *Provided*, That the Secretary may make adjustments in any of such allocations and suballocations, as he deems appropriate, to take cognizance of:

(1) With respect to funds available under section 212(a)(2), the funds which have been allocated or suballocated and/or unexpended in such areas and by such eligible applicants pursuant to section 212(a)(1); and

(2) With respect to funds available under section 212(a)(3), the funds which have been allocated or suballocated and/or unexpended in such areas and by such eligible applicants pursuant to section 212(a)(1) and (2).

(d) Not more than twenty per centum of the funds available for obligation under section 212 (a), (b), and (c) shall be allocated by the Secretary in his discretion. The Secretary, in making such allocations, may take into account additional areas which may become eligible for assistance and such other factors as he deems appropriate.

(e) The Secretary is authorized to make such reallocations to areas and eligible applicants under this title as he deems appropriate of the unused amount of any allocaton or suballocation pursuant to this section to the extent that the Secretary determines that it wil not be required for the period for which such allocation or suballocation is available. Allocated or suballocated amounts may be reallocated only if the Secretary has provided thirty days' advance notice to the eligible applicant for such area and to the Governor of the State of the proposed reallocation, during which period of time the eligible applicant and the Governor may submit comments to the Secretary. After considering any comments submitted during such period of time, the Secretary shall notify the Governor and affected eligible applicants of any decision to reallocate funds and shall publish any such decision in the *Federal Register*. Priority shall be given in reallocation such funds to other areas within the same State.

ELIGIBLE APPLICANTS

SEC. 204. Financial assistance under this title may be provided by the Secretary only pursuant to applications submitted by eligible applicants. For the purposes of this title, "eligible applicant" shall mean eligible applicants as defined in section 204(a) of the Comprehensive Employment and Training Act of 1973 (Public Law 93–203).

FINANCIAL ASSISTANCE

SEC. 205. (a) The Secretary shall enter into arrangements with eligible applicants, as defined in section 204, in accordance with the provisions of this title in order to provide financial assistance for designated areas for the purpose of aiding projects providing temporary employment assistance for unemployed persons in public and private nonprofit agencies and organizations providing community services.

(b) Such financial assistance may be provided for employment in Community Improvement Projects. Community Improvement Projects are those projects for the conservation and betterment of the areas served, including, but not limited to: conservation; maintenance or restoration, of natural resources; community beautification; anti-pollution and environmental quality efforts; economic development; improvement and expansion of health, education, and recreation services; neighborhood improvements; maintenance of streets, highways, parks, recreation areas, and other public facilities; rural development; cleanup on public and private lands; activities on Federal property; and such other projects for community improvement as the Secretary, by regulation, may prescribe.

(c) Each such Community Improvement Project is limited to a maximum duration of 26 weeks.

APPLICATIONS

SEC. 206. (a) Financial assistance under this title may be provided by the Secretary only pursuant to an application which is submitted by an eligible applicant and which is approved by the Secretary in accordance with the provisions of this title and in accordance with the rules and regulations which the Secretary has promulgated governing programs to be funded under this title.

(b) An application for financial assistance for a Community Improvement Project under this title shall include provisions setting forth—

(1) assurances that the activities and services for which assistance is sought under this title will be administered by or under the supervision of the applicant, identifying any agency or institution designated to carry out such activities or services under such supervision;

(2) a description of the area or areas to be served by such activities, and a plan for effectively serving on an equitable basis the population to be served, including data indicating the number of potential eligible participants;

(3) assurances that only eligible unemployed persons residing within the designated labor areas qualifying for assistance will be hired to fill jobs created under this title;

(4) a description of the methods for selecting and orienting participants, including specific eligibility criteria;

(5) a description of the improvement projects to be undertaken and assurances that each such project can be completed, or otherwise terminated in an orderly manner, in not more than 26 weeks;

(6) the wages or salaries to be paid persons employed in Community Improvement Projects under this title;

(7) assurances that jobs funded under this title are in addition to those that would be funded by the applicant in absence of assistance under this Act;

(8) assurances that no funds received under this title will be used to hire any person to fill a job opening created by the action of an employer in laying off or terminating the employment of any regular employee not supported under this title in anticipation of filling the vacancy so created by hiring an employee to be supported under this title;

(9) assurances that the program conditions stipulated in section 208 have been or will be complied with; and

(10) such other assurances, arrangements, and conditions, consistent with the provisions of this title, as the Secretary deems appropriate to carry out the purposes of this title.

APPROVAL OF APPLICATIONS

SEC. 207. An application, including any modification or amendment thereof, for financial assistance under this title may be approved only if the Secretary determines that—

(1) the application meets the requirements set forth in this title;

(2) an opportunity has been provided to officials of the appropriate units of general local government to submit comments with respect to the application to the applicant and to the Secretary;

(3) an opportunity has been provided to the Governor of the State to submit comments with respect to the application to the applicant and to the Secretary; and

(4) where a labor organization represents employees who are engaged in similar work in the same area to that proposed in the application, an opportunity has been provided such organization to submit comments with respect to the application to the applicant and to the Secretary.

PROGRAM CONDITIONS

SEC. 208. The Secretary shall not provide financial assistance for any project under this title unless he determines, in accordance with such rules and regulations as he shall prescribe, that—

(1) any project (A) will result in an increase in employment opportunities over those opportunities which would otherwise be available, (B) will not result in the displacement of currently employed workers (including partial displacement, such as a reduction in the hours of nonovertime work or wages or employment benefits), (C) will not impair existing contracts for services or result in the substitution of Federal for other funds in connection with work that would otherwise be performed, and (D) will not substitute jobs supported by this title for existing federally assisted jobs;

(2) persons employed in jobs under this title shall be paid wages which shall not be lower than whichever is the highest of (A) the applicable minimum wage under the Fair Labor Standards Act of 1938, as amended; or (B) the applicable State or local minimum wage. If no minimum wage is otherwise applicable to such persons under (A) or (B), such persons shall be paid wages at not less than the rate prescribed for State employees under the "Fair Labor Standards Amendments of 1974" (Public Law 93–259);

(3) Employment in Community Improvement Projects under this title shall not be compensated at a rate in excess of $7,000 per year;

(4) all persons employed in Community Improvement Projects under this title will be assured of workmen's compensation at the same levels and to the same extent as other employees of the employer; and

(5) every participant shall be advised, prior to entering upon employment, of his rights and benefits in connection with such employment.

EXPENDITURE OF FUNDS

SEC. 209. Not more than ten per centum of the funds allocated and made available to an eligible applicant may be expended for—

(1) reasonable administrative costs of projects established under this title; and

(2) acquisition of, or the rental or leasing of supplies, equipment, materials, and real property which are reasonably essential to the conduct of projects established under this title and which are not otherwise available from alternative sources.

INDIVIDUAL ELIGIBILITY

Sec. 210. An individual shall be eligible for employment in projects assisted under this title for a week if the individual—

(a) Has exhausted all rights to regular, additional, and extended compensation under all Federal and State unemployment compensation laws (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 *et seq.*)) and has no further rights to regular, additional, or extended compensation under any Federal or State unemployment compensation law with respect to such week, has no right to allowances payable with respect to such week under such laws as the Public Works and Economic Development Act Amendments of 1974 (Public Law 93-423), the Disaster Relief Act of 1974 (Public Law 93-288), the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary, and is not receiving compensation with respect to such week under the unemployment compensation law of Canada; and was eligible for assistance under Title I of this Act (unless he was ineligible under Title I solely because of section 106(a)(2) and has exhausted such rights.

(b) Is not otherwise eligible for allowances payable with respect to such week under such laws as the Public Works and Economic Development Act Amendments of 1974 (Public Law 93-423), the Disaster Relief Act of 1974 (Public Law 93-288), the Trade Expansion Act of 1962, as amended, or any successor legislation or similar legislation, as determined by the Secretary, or for compensation under any State or Federal unemployment compensation law (including the Railroad Unemployment Insurance Act (45 U.S.C. 351 *et seq.*)) with respect to such week and is not receiving compensation with respect to such week under the unemployment compensation law of Canada; and was eligible for assistance under title I of this Act (unless he was ineligible under title I solely because of section 106(b)(2)) and has exhausted such rights.

ACCRUAL OF REVENUES

Sec. 211. All revenues accruing to an eligible applicant as an adjunct to projects established in accordance with this title shall revert to the eligible applicant, notwithstanding any other Federal law. Such accrued revenues shall be expended by the eligible applicant for additional services or costs associated with Community Improvement Projects funded under this title.

AVAILABILITY OF APPROPRIATIONS

Sec. 212. (a) Funds appropriated to carry out this title shall be available for obligation as follows—

(1) The amount of $500,000,000, when the Secretary first determines that the rate (seasonally adjusted) of national unemployment averages 6.0 per centum or more for three consecutive calendar months;

(2) An additional $750,000,000, when the Secretary first determines that the rate (seasonally adjusted) of national unemployment averages 6.5 per centum or more for three consecutive calendar months; and

(3) An additional $1,000,000,000, when the Secretary first determines that the rate (seasonally adjusted) of national unemployment averages 7.0 per centum or more for three consecutive calendar months.

(b) No further obligation of funds under (a)(3) may be made subsequent to a determination that the average rate (seasonally adjusted) of national unemployment has receded below 7.0 per centum for three consecutive calendar months; no further obligation of funds appropriated under subsection (a)(2) may be made subsequent to a determination by the Secretary that the average rate (seasonally adjusted) of national unemployment has receded below 6.5 per centum for three consecutive calendar months; and no further obligation of funds appropriated under subsection (a)(1) may be made subsequent to a determination by the Secretary that the average rate (seasonally adjusted) of national unemployment has receded below 6.0 per centum for three consecutive calendar months.

(c) The determination under this section shall take into account the rate of unemployment (seasonally adjusted) for three consecutive calendar months even though any or all of such months may have occurred not more than three complete calendar months prior to the enactment of this title.

(d) If any determination is made pursuant to subsection (b) that some or all of the funds appropriated to carry out this title may not be further obligated, the remaining unobligated funds initially available under paragraphs (1), (2), and (3), respectively, of subsection (a), shall again become available for obligation should the Secretary subsequently determine that the average percentage requirements of such paragraphs. respectively, have again been met.

TERMINATION DATE

Sec. 213. Notwithstanding any other provisions of this Act, no further obligation of funds appropriated under section 309(b) shall be made by the Secretary subsequent to December 31, 1975, and no payments of compensation under this title shall be made to any individual with respect to any week ending after June 30, 1976.

TITLE III—GENERAL PROVISIONS

Sec. 301. As used in the Act, the term—

(1) "Secretary" means the Secretary of Labor;

(2) "Governor" means the chief executive of any State;

(3) "State" means the States of the United States, the District of Columbia, Puerto Rico, and the Virgin Islands;

(4) "applicable State unemployment compensation law" means the law of the State in which the individual was last employed for at least five days prior to filing a claim for assistance or waiting period credit under this Act.

(5) "regular compensation", "additional compensation", and "extended compensation" shall not include assistance provided for in title I, but shall have the meanings assigned to those terms by section 205 of the Federal-State Extended Unemployment Compensation Act of 1970, as amended (Public Law 91-373; 84 Stat. 708 et seq.);

(6) "week" means a calendar week; and

(7) "labor market area" means an area which the Secretary determines to be an economically integrated geographical unit which has a population of at least 250,000 persons and within which workers may readily change jobs without changing their places of residence.

LEGAL AUTHORITY

Sec. 302. (a) The Secretary of Labor is authorized to prescribe such rules, regulations, guidelines, and other published interpretations as he may deem appropriate to carry out the provisions of this Act, including regulations to provide for an expedited procedure for obtaining grants under the Act and establishing projects.

(b) The Secretary may make such grants, contracts, or agreements, establish such procedures (subject to such policies, rules, regulations as he may prescribe), and make such payments, in installments and in advance or by way of reimbursement, or otherwise allocate or expend funds made available under this Act, as he may deem necessary to carry out the provisions of this Act, including necessary adjustments in payments on account of overpayments or underpayments. The Secretary may also withhold funds otherwise payable under this Act, but only in order to recover any amounts expended in the current or immediately prior fiscal year in violation of any provision of this Act or any term or condition of assistance under this Act.

CONDITIONS APPLICABLE TO ALL PROGRAMS

Sec. 303. The Secretary shall not provide financial assistance for any program under this Act unless:

(1) the grant, contract, or agreement with respect thereto specifically provides that no person with responsibilities in the operation of such program will discriminate with respect to any program participant or any applicant for participation in such program because of race, creed, color, national origin, sex, political affiliation, or beliefs;

(2) such program does not involve political activities and neither the program, the funds provided therefor, nor personnel employed in the administration thereof, are not, in any way or to any extent, engaged in the conduct of political activities in contravention of chapter 15 of title 5, United States Code.

(3) participants in the program will not be employed on the construction, operation, or maintenance of so much of any facility as is used or to be used for sectarian instruction or as a place for religious worship;

(4) he has determined that grantees funded under this Act have adequate internal administrative controls, accounting requirements, personnel standards, and other policies as may be necessary to promote the effective use of funds.

(5) the guarantee will make such reports, in such form and containing such information as the Secretary may from time to time require, and will keep such records and afford such access thereto as the Secretary may find necessary to assure that funds are being expended in accordance with the provisions of this Act.

UTILIZATION OF SERVICES AND FACILITIES

Sec. 304. In addition to such other authority as he may have, the Secretary is authorized, in the performance of his functions under this Act, and to the extent permitted by law, to utilize the services and facilities of departments, agencies, and establishments of the United States. The Secretary is also authorized to accept and utilize the services and facilities of the agencies of any State or political subdivision of a State, with their consent.

INTERSTATE AGREEMENTS

Sec. 305. In the event that compliance with provisions of this Act would be enhanced by cooperative agreements between the States, the consent of Congress is hereby given to such States to enter into such compacts and agreements to facilitate such compliance, subject to the approval of the Secretary.

CRIMINAL PROVISIONS

Sec. 306. Chapter 31 of title 18, United States Code, section 665, is amended to read as follows:

"THEFT OR EMBEZZLEMENT FROM MANPOWER FUNDS; IMPROPER INDUCEMENT

"Sec. 665. (a) Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any agency receiving financial assistance under the Comprehensive Employment and Training Act of 1973, and the National Employment Assistance Act of 1974, embezzles, willfully misapplies, steals, or obtains by fraud any of the moneys, funds, assets, or property which are the subject of a grant or contract of assistance pursuant to such Acts shall be fined not more than $10,000, or imprisoned for not more than two years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud does not exceed $100, he shall be fined not more than $1,000, or imprisoned not more than one year, or both.

"(b) Whoever, by threat of procuring dismissal of any person from employment or of refusal to employ or refusal to renew a contract of employment in connection with a grant or contract of assistance under the Comprehensive Employment and Training Act of 1973, and the National Employment Assistance Act of 1974, induces any person to give up any money or thing of any value to any person (including such grantee agency) shall be fined not more than $1,000, or imprisoned not more than one year, or both."

NONDISCRIMINATION

SEC. 307. (a) No person in the United States shall, on the ground of race, creed, color, national origin, sex, political affiliation, or belief, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this Act.

(b) Whenever the Secretary determines that a recipient of funds under this Act has failed to comply with subsection (a) or any applicable regulations, he shall notify the recipient of the noncompliance and shall request the recipient to secure compliance. If, within a reasonable period of time, not to exceed sixty days, the recipient fails or refuses to secure compliance, the Secretary, in addition to exercising the powers and functions provided for the termination of financial assistance under this Act, is authorized (1) to refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) to exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d); or (3) to take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that a recipient is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

(d) The Secretary shall enforce the provisions of subsection (a) dealing with discrimination on the basis of sex in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such provisions of such subsection. This section shall not be construed as affecting any other legal remedy that a person may have if that person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with any program or activity receiving assistance under this Act.

RECORDS, AUDITS, AND REPORTS

SEC. 308. In order to assure that funds provided under this Act are used in accordance with its provisions, each recipient shall—

(1) use such fiscal, audit, and accounting procedures as may be necessary to assure (A) proper accounting for payments received by it, and (B) proper disbursement of such payments;

(2) provide to the Secretary and the Comptroller General of the United States access to, and the right to examine, any books, documents, papers, or records as he requires; and

(3) make such reports to the Secretary or the Comptroller General of the United States as he requires.

APPROPRIATIONS AUTHORIZED

SEC. 309. (a) There are hereby authorized to be appropriated, such sums as may be necessary to carry out the provisions of title I of this Act.

(b) During the period beginning upon enactment and ending December 31, 1975, there are hereby authorized to be appropriated $2,250,000,000 to carry out the provisions of title II of this Act.

(c) Subject to the provisions of this Act, any funds appropriated to carry out this Act, which are not obligated prior to the end of the fiscal year for which such funds were appropriated, shall remain available for obligation during the succeeding fiscal year, and any funds obligated in any fiscal year may be expended during a period of one year from the date of obligation.

EFFECTIVE DATE

SEC. 310. This Act shall take effect on the date of its enactment.

STATEMENT OF PETER J. BRENNAN, SECRETARY OF LABOR BEFORE THE SENATE SUBCOMMITTEE ON EMPLOYMENT, POVERTY, AND MIGRATORY LABOR AND THE HOUSE SELECT SUBCOMMITTEE ON LABOR

Chairman Daniels, Chairman Nelson, Members of the Subcommittee on Employment, Poverty, and Migratory Labor, and the Select Subcommittee on Labor, I want to thank you very much for arranging this extraordinary joint session of the subcommittees on extremely short notice.

Your cooperation in providing me this opportunity to describe the President's proposed National Employment Assistance Act of 1974, is very much appreciated.

I realize that you probably haven't even seen the proposal which the President outlined yesterday at the Joint Session of Congress.

Today, I would like to set forth the main features of the President's bill, describe the broad rationale underlying them, and answer whatever questions I can at this time about the effects of our proposal. It is not our purpose today to discuss all of the details of the Bill. We will be happy to come back before your subcommittees at an appropriate early date to discuss the details of the Legislation.

As you know, increases in unemployment raised the Nation's unemployment rate to 5.8 percent in September.

It should be understood that we already have in place unemployment insurance programs which provide benefits now and in the future for persons who may be unemployed. Should additional covered workers become unemployed, they would of course qualify for these basic benefits. In addition, under the actions which the President took three weeks ago, over $1 billion of public service employment funding has been released under the Comprehensive Employment and Training Act providing 170,000 public service jobs.

The Administration believes that there is a need for Federal standby authority with minimal inflationary impact, which will help alleviate the impact of unemployment should unemployment rates rise further as a result of economic conditions. The President has said repeatedly that his policies while stringent in economic terms would be compassionate in human terms; that he would not let the impact of inflation control measures fall disproportionately on those Americans least able to bear the costs.

The National Employment Assistance Act of 1974 would implement those pledges by authorizing, through December 31, 1975, two programs which would begin to operate in local areas with the heaviest unemployment should the national unemployment rate average 6 percent or more for 3 months:

(1) A temporary program of income replacement, known as the Special Unemployment Assistance Program, or experienced unemployed workers in areas of high unemployment who have exhausted all other unemployment compensation or who are not now eligible for such compensation; and

(2) A program of employment projects for these same areas, known as the Community Improvement Program.

BASIC FUNDING PROVISIONS OF THE NATIONAL EMPLOYMENT ASSISTANCE ACT

Funds for both the Special Unemployment Assistance Program and the Community Improvement Program become available when the national unemployment rate averages 6.0 percent or more for 3 consecutive months. For the Special Unemployment Assistance Program, such funds as are necessary are authorized for use if unemployment is above this level. For the Community Improvement Program, successive increments of funds are authorized if the national unemployment level averages, for 3 consecutive months:

6.0 percent—$500 million dollars authorized;

6.5 percent—another $750 million dollars authorized; and

7.0 percent—an additional one billion dollars authorized.

Eighty percent of the available funds for Community Improvement Projects will be distributed by formula among CETA prime sponsors in eligible areas based on (1) the relative number of unemployed residing within their jurisdictions, and (2) the severity of unemployment; 20 percent would be expended at the discretion of the Secretary, principally to finance projects in areas which become eligible after each formula distribution is made.

The local labor market area—and balance of State—unemployment rate determines the communities in which both programs will be operating. Both programs are directed to those areas in which unemployment is highest. Both programs come into effect in a labor market area, with a population of 250,000 or more, when it has an unemployment rate that averages 6.5 percent or more for 3 consecutive months. The balance of each State not included in such areas will constitute a single area in which the programs will become effective subject to the same unemployment rate criterion.

When the national unemployment rate drops below the trigger levels on the average for three months or the local unemployment level averages below 6.5 percent for 3 consecutive months no new individuals become eligible for unemployment assistance and no new employment projects may be started.

We estimate that some 2¾ million jobless experienced workers would be eligible for special unemployment assistance if unemployment averages 6 percent for a full year. At that level, payments would total over $2.1 billion dollars. Also at that level, Community Improvement Projects would be funded at $500 million—for a total income support program of more than $2.6 billion. If national unemployment were to average 6.5 percent for a year, the number of special unemployment assistance beneficiaries would rise to 3 1/3 million at a cost of $2.55 billion and Community Improvement Projects would receive $750 million. This would amount in total to $3.3 billion. In the unlikely event unemployment should go to 7 percent for a year, the total cost would be about $5.25 billion.

SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

This new temporary unemployment assistance program will be separate from but supplemental to the existing Federal-State Unemployment Insurance (UI) System. The unemployment assistance benefits serve to cushion the effects of protracted unemployment by providing additional income replacement to workers who have either exhausted their regular unemployment compensation benefits or to individuals with a demonstrated labor force attachment not otherwise eligible for UI benefits. Not only does this replace lost income, but it provides workers with the time and opportunity to look for work consistent with their skills and experience.

The program would be operated through agreements with the States.

All experienced members of the workforce will be eligible for benefits as follows:

They must have last worked in a labor market area (or balance of State area) with substantial unemployment.

Benefits will be governed by benefit provisions of each State UI law.

Individuals who had exhausted their benefits under State UI programs will be eligible for a maximum of 13 weeks benefits.

Individuals who were not previously eligible for State UI benefits will be eligible for a maximum of 26 weeks provided that they have attachment to labor force as required by the relevant State UI law.

Benefits for UI ineligibles will generally be the amount that would be payable as computed under State law if all work was performed for covered employers.

No new beneficiaries would be eligible after December 31, 1975.

COMMUNITY IMPROVEMENT PROGRAM

The initiation of temporary projects by State and local governments is perhaps the least inflationary way of providing jobs for unemployed workers. Jobs provided by these projects help to cushion the loss of income due to long protracted unemployment, while enabling State and local governments to provide their citizens with a socially useful product.

Because projects under this program will be generated in and geared to areas with high unemployment in which there exist a substantial amount of available manpower, there should be little or no adverse impact on the regular labor market. There is a limit of $7,000 a year for jobs authorized by this program and therefore a continuous incentive for workers to return to private jobs as the economy resumes growth.

The new program is structured so that as the national unemployment rate rises, more money is available for community improvement projects.

Projects are limited to the same areas eligible for the Special Unemployment Assistance Program.

It will be operated by the prime sponsors under the Comprehensive Employment and Training Act, in areas that qualify.

Projects may be with State or local government agencies, or private nonprofit organizations.

Each Community Improvement Project is limited to 6 months duration.

Not more than 10 percent of a sponsor's funds may be used for administrative costs, supplies, material, and equipment.

Individuals eligible for employment on these projects are those who have exhausted their benefits under the Special Unemployment Assistance Program.

Wages paid project employees must be at least the applicable minimum wage under the Fair Labor Standards Act, or the State or local minimum wage, whichever is higher, or if no minimum wage is otherwise applicable, the Fair Labor Standards rate for State employees. However, in no cases may the wage exceed an annual rate of $7,000. State or local governments may not supplement wages with their own funds.

Prohibitions against political activities and discrimination apply to the program.

The Community Improvement Program will provide funding for projects such as: conservation, maintenance or restoration of natural resources, community beautification, anti-pollution and environmental quality efforts, economic development, and the improvement and expansion of health, education, and recreation services and such other services which contribute to the community.

The President is striving to lick inflation and resume full economic growth by the 4th of July of 1976—our Nation's 200th Birthday.

During 1975, the period of maximum economic discipline, we propose to target the maximum amount of resources which our revenue situation and anti-inflation strategy will permit on those communities where unemployment is most aggravated, and alternative job opportunities to a worker's regular employment are hardest to come by. In this way, the available resources will accomplish the maximum in alleviating the human impact of economic restraint.

Since the period of economic adjustment is expected to be temporary, we are recommending a temporary program. Thus, we propose a separate new Act which serves to highlight the difference between the purposes of temporary employment assistance and our permanent manpower program under CETA. The CETA emphasizes essentially manpower skills development for disadvantaged workers. It contemplates, insofar as public service employment is concerned, a meaningful OJT type experience for the disadvantaged unemployed who are enrolled. And, it contemplates transition to a permanent job—frequently on the regular payroll of the public employer.

The present proposal is different. The President does not want to disturb the regular private job market any more than necessary during this temporary crunch period.

Consequently, high priority is placed on replacing a part of a jobless worker's income loss through unemployment insurance-type allowances to keep regular workers, with attachment to the labor force, in contact with the job market—and with the financial ability to continue their job search.

This special unemployment allowance will provide many jobless workers now covered by UI with up to a year's benefits. Also it will offer up to 26 weeks of benefits for those unemployed of the 12 million wage and salary workers who have never had income support when out of work. However, we recognize that some workers in both categories who lose their jobs will probably exhaust these new allowance benefits. Accordingly, during this temporary period of particular stringency we want to create short-term, temporary jobs that are not part of the regular work scheme and do not become permanent dependents on tax dollars.

Gentlemen, I promise you that we in the Department of Labor will work with you around the clock to help enact a temporary program to meet a temporary displacement of American workers, consistent with our economic constraints and our shared compassion for our fellow man.

Thank you.

FACT SHEET—NATIONAL EMPLOYMENT ASSISTANCE ACT OF 1974

Increases in unemployment have raised the Nation's unemployment rate to 5.8 percent in September.

During this period of high inflation and unemployment, there is a need for Federal standby authority with minimal inflationary impact, which will help alleviate the impact of unemployment should unemployment rates rise.

Such action is necessary to help alleviate unemployment problems in areas most affected and to assure that the impact of inflation does not unduly burden those workers least able to bear the costs.

The National Employment Assistance Act of 1974 would respond to these needs by authorizing, during the next calendar year two programs which would begin to operate should the national unemployment rate average six percent or more for three months:

(1) A temporary program of income replacement known as Special Unemployment Assistance Program for experienced unemployed workers in areas of high unemployment who have exhausted all other unemployment compensation or who are not eligible for such compensation; and

(2) A program of employment projects for these same areas, known as Community Improvement Program.

While the primary purpose of the two programs is to alleviate the hardships of unemployment upon individuals, it will also alleviate the adverse impact of those local economies hardest hit by unemployment.

The unemployment assistance benefits serve to cushion the effects of protracted unemployment by providing additional income replacement to workers who have either exhausted their regular unemployment compensation benefits or to individuals with a demonstrated labor force attachment not otherwise eligible for UI benefits. Not only does this replace lost income, but it provides workers with the time and opportunity to look for work consistent with their skills and experience.

The table below first shows funds and services now available under Unemployment Compensation laws and the Comprehensive Employment and Training Act (CETA). It then indicates how much would become available over a twelve month period for current unemployment programs, and for the two new proposed programs at average national unemployment levels of six percent and 6.5 percent. Title II of the National Employment Assistance Act would make a further $1 billion available if national unemployment averaged seven percent for three months or more.

	5.8 percent	6 percent	6.5 percent
CETA public service jobs:			
Funds	$1,015 million	$1,015 million	$1,015 million
Jobs	170,000	170,000	170,000
CETA other training and employment:			
Funds	$1,700 million	$1,700 million	$1,700 million
Man-years	380,000	380,000	380,000
Unemployment benefits (current law):			
Payments	$7,775 million	$8,145 million	$9,065 million
Beneficiaries	7.9 million	8.2 million	9.2 million
National Employment Assistance Act:			
Special unemployment benefits:			
Payments		$2,120 million	$2,550 million
Beneficiaries		2.73 million	3.31 million
UI exhaustees		(.83 million)	(1.05 million)
Previously ineligible		(1.9 million)	(2.26 million)
Community improvement projects:			
Funds		($500 million)	$1,250 million
Man-years of employment		83,000	208,000

The initiation of temporary projects by State and local governments is perhaps the least inflationary way of providing jobs for unemployed workers. Jobs provided by these projects help to cushion the loss of income due to unemployment, while enabling State and local governments to provide their citizens with a socially useful product.

Because projects under this program will be generated in and geared to areas with high unemployment in which there exists a substantial amount of available manpower, there should be little or no adverse impact on the regular labor market. There is a limit of $7,000 a year for jobs authorized by this

program and therefore the average wages will be considerably less than those earned in the private sector. Most workers will obtain private jobs as the economy grows.

The added cost of Community Improvement Projects may be offset somewhat by reduced demand for food stamps, welfare payments, and by some increase in tax receipts from employees in these projects.

BASIC FUNDING PROVISIONS OF THE NATIONAL EMPLOYMENT ASSISTANCE ACT

Funds for both the Special Unemployment Assistance Program and the Community Improvement Program become available when the national unemployment rate averages 6.0 percent or more for three consecutive months. For the Special Unemployment Assistance Program, such funds as are necessary are authorized if unemployment is above this level. For Community Improvement Program, successive increments of funds are authorized if the national unemployment level averages, for three consecutive months:

6.0 percent—$500 million authorized;

6.5 percent—another $750 million authorized; and

7.0 percent—an additional one billion dollars authorized.

When the average national unemployment rate recedes below these respective levels for three consecutive months, no additional Federal funds for new projects will be provided.

Eighty percent of the available funds for Community Improvement Projects will be distributed by formula among eligible applicants based on (1) the relative number of unemployed residing in areas of substantial unemployment within their jurisdictions, and (2) the severity of unemployment; 20 percent would be expended at the discretion of the Secretary, principally to finance projects in areas which become eligible after the formula distribution is made.

The local labor market area—and balance of State—unemployment rates determine the communities in which both programs will be operating. Both programs are directed to those areas in which unemployment is highest. Both programs come into effect in a labor market area, with a population of 250,000 or more, when it has an unemployment rate averaging 6.5 percent or more for three consecutive months. The balance of each State not included in such areas will constitute a single area in which the programs will become effective subject to the same unemployment rate criterion.

When the average local unemployment rate recedes below 6.5 percent for three consecutive months no new individuals become eligible and no new projects may be started.

SPECIAL UNEMPLOYMENT ASSISTANCE PROGRAM

This new temporary unemployment assistance program will be separate from but supplemental to the existing Federal-State Unemployment Insurance (UI) System, and is designed to extend coverage to experienced persons in the labor force who have exhausted their UI benefits or are otherwise ineligible for such benefits.

The program would be operated through agreements with the States.

All experienced members of the work force will be eligible for benefits as follows:

They must have last worked in a labor market area (or balance of State area) with substantial unemployment.

Benefits will be governed by benefit provisions of each State UI law.

Individuals who had exhausted their benefits under State UI programs will be eligible for a maximum of 13 weeks benefits.

Individuals who were not previously eligible for State UI benefits will be eligible for a maximum of 26 weeks provided that they have attachment to labor force as required by the relevant State UI law.

Benefits for UI ineligibles will generally be the amount that would be payable as computed under State law if all work was performed for covered employers.

No new beneficiaries would be eligible after December 31, 1975.

COMMUNITY IMPROVEMENT PROGRAM

New program is structured so that as the national employment rate rises, more money is available for community improvement projects.

Projects are limited to areas eligible for the Special Unemployment Assistance Program.

Eligible applicants are prime sponsors under the Comprehensive Employment and Training Act, in areas that qualify.

Projects may be with State or local government agencies.

Each Community Improvement project is limited to six months duration.

Not more than 10 percent of a sponsor's funds may be used for administrative costs, supplies, material, and equipment.

Individuals eligible for employment on these projects are those who have exhausted their benefits under the Special Unemployment Assistance Program.

Wages paid project employees must be at least the minimum wage under the Fair Labor Standards Act, or the State or local minimum wage, whichever is higher; however, in no case may the wage exceed an annual rate of $7,000. State or local governments may not supplement wages with their own funds.

Prohibitions against political activities and discrimination apply to the program.

The Community Improvement Program will provide funding for projects such as: conservation, maintenance or restoration of natural resources, community beautification, anti-pollution and environmental quality efforts, economic development; and the improvement and expansion of health, education, and recreation services and such other services which contribute to the community.

Mr. BAKER. Mr. President, I am very glad to be a cosponsor of the National Employment Assistance Act of 1974, the administration bill introduced by Senator Taft. I am pleased, too, that Senator Randolph, chairman of the Public Works Committee and ranking member of the Committee on Labor and Public Welfare, will also join this effort. While I have no doubt that Senator Randolph will advance other proposals as well, he indicates his usual constructive cooperation by cosponsoring this proposal. In his capacity on both the Public Works and Labor and Public Welfare Committees, I know he will contribute to effective and timely legislation.

As the ranking Republican member of the Public Works Committee, I want to say that we are vitally interested in ways to expand job opportunities. For years, the committee has worked on legislation to provide economic development and jobs in areas of high unemployment and low per capita incomes.

Only last month, our committee completed action on the bill to extend the Public Works and Economic Development Act of 1965, signed into law on September 27. Included in the act is a new title—title IX—to provide special economic development and adjustment assistance programs to State and local areas—to help them meet unemployment arising from severe changes in economic conditions, and to encourage cooperative intergovernmental action to prevent and solve problems as they occur.

When the bill introduced today is reported from the Labor Committee, I trust title II—the "Community improvement program"—will be referred to the Committee on Public Works for consideration of those items within its jurisdiction, for I believe our committee can contribute effectively to the expansion of job opportunities. Title II would provide financial assistance for employment in various community improvement projects—including economic development; antipollution and environmental quality; maintenance of streets, highways, parks, and other public facilities; activities on Federal property; and rural development. These are all subjects which the committee has been involved in over the years. Because of the committee's jurisdiction and experience, it has the duty and responsibility to devote its best efforts at this time to this challenge.

Mr. President, I would make also my own suggestion. There are many projects across the country in various stages of planning which could be accelerated, and many more ready, or nearly ready, to proceed but which are deferred for budgetary or other considerations. These projects within the various Federal grant-in-aid programs could be assessed with the view to giving priority to existing projects in areas of high unemployment. I would propose a major and immediate intergovernmental effort to identify those projects which would add to the effectiveness of employment efforts by providing productive and useful work, to assign priority to such projects, and to take them off the shelf of planned projects and proceed with them.

I look forward to continuing our work in this area, and commend the Senator from Ohio (Senator Taft) for his initiative and attention to this matter.

By Mr. NUNN (for himself, Mr. Bartlett, Mr. Chiles, and Mr. Domenici):

S. 4130. A bill to establish a Federal productivity policy; to provide for a review of Federal laws, regulations, and policies; to establish a National Productivity Center within the Department of Commerce; to authorize a program of grants; in order to promote productivity growth in all sectors of the economy; and for other purposes. Referred to the Committee on Government Operations.

NATIONAL PRODUCTIVITY ACT

Mr. NUNN. Mr. President, I introduce on behalf of myself, Senators Bartlett, Chiles, and Domenici, a bill to establish a Federal productivity policy; to provide for a review of Federal laws, regulations, and policies; to establish a National Productivity Center within the Department of Commerce; to authorize a program of grants; in order to promote productivity growth in all sectors of the economy; and for other purposes.

On several earlier occasions I have addressed this body on the importance of productivity growth as one element of a comprehensive action plan to combat our Nation's economic problems. The reports by each of the presummit chairman to the President at the Summit on Inflation almost unanimously recommended some action with respect to productivity. The

President, in his address to the Congress, noted the importance of productivity and commented upon the continuation of the National Commission of Productivity and Work Quality. I am disappointed that he did not have a more definitive statement on productivity. It is imperative to increase our national productivity for the country to ever have an increase in real income. I am, therefore, introducing detailed legislation addressing this specific problem.

Many have attributed the success of the American economy since the end of World War II to the fact that productivity has almost doubled in the past 25 years. Productivity in the private economic sector has grown at a rate of 3.1 percent per year since 1947. In 1969 and 1970, productivity growth declined, but experienced some increase in 1971 and 1972. It declined again in 1973 and that decline has continued in 1974. A comparison of U.S. productivity growth rates with those of other industrialized countries reflects a more alarming decline compared to the growth rates in Japan and Western Europe, the United States has definitely moved to the bottom of the charts.

A healthy rate of productivity growth means that our economy can support a steadily rising rate of wages without necessarily forcing a major increase in prices. It also means this Nation's products are more competitive in world markets. The absence of productivity growth during this past year has intensified inflationary pressures throughout the economy and decreased our competitive edge with exports in a crucial balance-of-trade area.

No single action—law, Executive order, or private decision—can possibly have a prompt positive effect on productivity growth. However, I believe there exist a series of coordinated actions which can have a beneficial long-term effect on productivity growth if they are pursued promptly. I have studied the recommendations contained in the various summaries contributed by each of the presummits at the Conference on Inflation. I believe they are useful in formulating legislation designed to deal with productivity growth and I recommend them to my fellow Senators. I have also considered a number of proposals provided by those with whom I met in Pittsburgh at the business and manufacturing presummit and others submitted to me by fellow Georgians and other interested Americans.

The series of coordinated actions which I believe essential would address each of the major factors affecting productivity. These include:

(a) Capital Investment.
(b) Technological advances.
(c) Work Force skills.
(d) Structure of private industry.
(e) Labor and management programs.
(f) Government programs.

A new focus on productivity and its impact is needed. John M. Stewart, former Executive Director of the National Commission on Productivity and now a management consultant, was quoted by Industry Week of July 8, 1974, as follows:

> Among the 2.5 million civilian employees within the federal government, there is no department or person with any responsibility for evaluating or even monitoring the effect of federal actions upon the ability of the U.S. private sector to create wealth—let alone upon productivity improvement or a climate to facilitate the creation of wealth.
>
> We should then seek to bring about an entity in government with the power to challenge the actions of government on the basis of productivity impact . . .

The summary presented by the Labor Conference on Inflation stated:

> The potential of such efforts as the National Commission on Productivity to improve productivity is high, but the NCOP itself has been moribund. Its revitalization or the instituting of a new body interested in the problem would be a useful step toward improving the productivity of American industry. Joint management-labor planning in this area would be helpful, but an essential spur to such an effort is aid by the federal government. Even now, productivity improvement has been built into some contracts, and this should expand, provided the worker is protected.

The National Commission on Productivity and Work Quality has done some excellent pioneering efforts. But it has suffered from lack of staff, lack of funds, uncertainty as to continued existence, and numerous changes in direction, some congressionally mandated. It can continue to perform a useful role in advising the President and examining national policy.

The framework for an action program must be a strong Federal policy with respect to productivity and widespread recognition of the need to consider the impact of Government laws, regulations, and policy on productivity. Mr. Lee Loevinger, of Hogan and Hartson, probably said it best in his statement to the Business and Manufacturing Conference on Inflation when he stated:

> Mainly, however, it is because Government action takes place through numerous agencies and is based on numerous statutes, each of which is concerned with a particular field or subject and that each agency is pursuing particular objectives within its own field and simply does not recognize or believe that overall economic productivity, efficiency and price stability is a significant part of its responsibility. In effect, each agency says we will enforce our own rules and problems of productivity. Efficiency and inflation are not our job. Unfortunately, in reviewing agency action, courts almost invariably take the same attitude.

Thus, legislation dealing with productivity must provide an effective declaration of Federal policy which provides guidance for Federal agencies and for judicial review. Such guidance should be accompanied by a requirement for review of all existing laws, regulations, and policies. This review would insure consistency with that policy and include recommendations for legislative action to provide that consistency. Such a review should not be limited to the past and present. A continuing review, including a regular periodic review and request for legislative action, would provide the means to continually update statutes and regulations to insure their applicability to modern day methods and technologies.

This is nothing new in legislation. The Environmental Protection Act provided such a declaration of policy, agency, and court guidance.

Mr. President, the legislation I am introducing provides a declaration of Federal policy and a requirement to review existing laws and regulations to insure consistency with that policy.

James R. Miller, associate dean of the School of Business Administration of Georgia State University, writing in an editorial in May–June 1974 issue of the Atlanta Economic Review, which was devoted to productivity, job enrichment, and worker participation, stated:

> What is not quickly recognized by the casual observer is that to review the research studies and to communicate with persons involved in this subject, in industries and universities, in the United States and abroad, requires a great deal of time and effort.

Illustrative of the lack of dissemination of this information is a comment by Richard C. Gerstenberg, chairman of the board and chief executive officer of General Motors:

> I've been actually astonished at how few of the major companies we've met who even know what productivity is.

Thus, there is a pressing need to gather, analyze, and disseminate productivity information. And, there is a pressing need to provide technical assistance and the results of research and development, especially at the local level to industry and Government. A national focal point for information gathering and dissemination is needed. More importantly, education, information dissemination and technical assistance at the local level is needed. It is not enough to educate and inform. The problems need analysis and solution. Local technical assistance can be the answer to this need. Mr. President, the legislation I am introducing provides for a small National Productivity Center within the Department of Commerce to carry out the national level functions.

D. C. Burnham, chairman of the Westinghouse Electric Corp., in a thoughtful and very useful statement to the Business and Manufacturing Conference on Inflation, made the following observations concerning productivity and agriculture:

> To determine how we should proceed to improve productivity in the future, let us examine how we have achieved past progress. The tremendous advance in American agriculture was no accident. It was the result of a massive effort aimed directly at productivity improvement.
>
> That effort began when Abraham Lincoln signed two acts in 1862. One created the Department of Agriculture and the other established, through grants of public land, state colleges throughout the country primarily for agriculture and the mechanical arts. A third legislative act, a generation later in 1887, provided for agricultural experiment stations wherein the research and new methods developed at the colleges could be tested under carefully controlled conditions.
>
> The fourth important piece of legislation which completed the organization of this major productivity movement came in 1914 with the Agricultural Extension Act. It created a network of County Agents—skilled agricultural experts who could go out to the farmer and work with him on his own farm, instructing in new and improved methods, helping organize 4-H Clubs for the youth,

> and agricultural societies and granges for the adults.
>
> The remarkable part of the century-long productivity effort is that it successfully reached millions of independent farmers scattered throughout the United States and sold them on the idea of putting new and better methods into use. It achieved this despite the natural conservatism of the farmer and despite the handicaps of slow communication and great distances.
>
> This indicates that the most important element in productivity improvement is planning and organization. It doesn't just happen. In agriculture it has been achieved by 100 years of emphasis on planning, organization and research.

I was especially interested in his remarks because of my knowledge of a very interesting program being conducted by the Georgia Institute of Technology, Engineering Experiment Station.

In order to speed up the delivery of improved technology, the representatives of the Georgia Tech Experiment Station, functioning essentially as "county extension agents," visit companies and trade groups throughout the State and identify specific productivity problems. Next, they assist the industry in finding and implementing solutions to deal with these problems.

The Georgia program is already achieving meaningful productivity gains in several industries. I believe that this concept can be employed throughout our country by drawing upon the expertise of the academic community or by establishing separate State or regional productivity centers to assist industries in the implementation of improved technology and management systems to increase productivity.

Mr. President, the legislation I am introducing provides for a program of grants to assist institutions of higher learnings possessing such engineering experiment stations, regular engineering, business, and public administration schools, to establish productivity centers to provide information and technical assistance at the local level to meet this need and provide assistance to local, especially small- and medium-size manufacturing and service industries and governmental units.

R. L. Yobs, assistant director of the Georgia Tech Engineering Experiment Station, commented in a letter to me as follows:

> Creativity is an essential ingredient in the improvement of productivity and both state and national program policy should encourage new and innovative approaches.
>
> In addition to these comments, we would also observe that while organizations of independent laboratories or consulting engineers are sometimes critical of public programs of assistance to industry, we have found it possible in our experience not to compete with the interests of such groups. In fact, we often act as a broker in relating an industrial need to a consulting organization.

Thus, I believe an active, creative program of assistance at the State and local levels could greatly benefit in increasing productivity, use available institutions of higher education, and not affect, but rather compliment private sector services of a similar nature.

This "extension service" of information and technical assistance should be aided by an active Federal, State, local, and private research and development program funded through Federal and matching grants. Research and other efforts by the National Science Foundation such as the research applied to national needs program should be actively encouraged. This legislation contains a grant program to provide such research and development aid.

Outstanding efforts to achieve increased productivity growth by individuals, institutions, industries, and governments should be recognized at the Presidential level by presentation of an appropriate award. This would further serve to educate and inform the American people concerning the importance of productivity. It would also provide recognition and incentive to those who invest time and effort and contribute creatively to the raising of productivity growth rates. An award program is provided by this legislation.

In order to insure that government at all levels contribute to this effort, some provision should be included in legislation for the establishment in the Federal agencies of a small staff to actively pursue the upgrading of inhouse productivity. Similar State and local efforts should be encouraged. Some outstanding efforts have been undertaken at local levels and these should be broadly publicized to encourage similar efforts by others.

This legislation provides for establishment of a staff, from existing resources, within each Federal agency to achieve these goals.

In summary, this legislation provides for:

(a) A strong federal policy statement on productivity as guidance to federal agencies and courts in measuring and considering the impact of laws, regulations and policies on productivity;

(b) A review of all existing and future laws, regulations and policies to insure compatibility with the federally declared productivity policy;

(c) A national focal point for gathering, disseminating productivity information, coordinating research and development, providing grants, insuring that federal policy is being carried out, and preparing annual and other reports required by law;

(d) A grant program to provide for research and development and information gathering;

(e) A grant program to provide for state and local initiatives principally using institutions of higher education to establish productivity centers and technical assistance programs; and

(f) A federal agency effort to increase internal productivity.

By Mr. JAVITS:

S.J. Res. 249. A joint resolution to authorize and request the President to issue a proclamation designating the month of May 1975 as "Exceptional Children's Month." Referred to the Committee on the Judiciary.

EXCEPTIONAL CHILDREN'S MONTH

Mr. JAVITS. Mr. President, I introduce for appropriate reference a bill to designate May 1975 as Exceptional Children's Month.

The comprehensive education bill, Public Law 93-380, signed into law by President Ford on August 21, contains provisions which I authored for special programs for these youngsters; this measure will serve to complement that act and help to bring to fruition the promise it holds.

The term "exceptional children" includes not only those youngsters suffering a handicap but also those who are gifted and talented. There are an estimated 9 million of these exceptional children and youth whose intellectual, physical, social, or emotional abilities or disabilities require special education assistance. Observance of Exceptional Children's Month will focus attention on these needs.

This measure has the active support of the Council for Exceptional Children—CEC—the 60,000-member organization representing teachers and others concerned with handicapped and with gifted and talented children. CEC had by resolution endorsed the idea of an Exceptional Children's Month at their annual convention.

It is estimated that only some 40 percent of the Nation's handicapped children receive the special educational attention they require. And the gifted and talented are also overlooked—more than one-third of school dropouts, for example, are considered to be in that category. These exceptional children, of whom there are an estimated 9 million, come from all walks of American life, suburbs and ghetto, North and South.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 32

At the request of Mr. KENNEDY, the Senator from Maine (Mr. HATHAWAY) was added as a cosponsor of S. 32, the National Science Policy and Priorities Act.

S. 2657

At the request of Mr. MOSS, the Senator from Colorado (Mr. DOMINICK) was added as a cosponsor of S. 2657, a bill to provide scholarships for the dependent children of public safety officers who are the victims of homicide.

S. 3896

At the request of Mr. MANSFIELD (for Mr. CHURCH), the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 3896, a bill to amend title XVI of the Social Security Act to require that the value of maintenance and support furnished an individual by a nonprofit retirement home be excluded from income for the purpose of determining eligibility for supplemental security income benefits under such act.

S. 3908

At the request of Mr. TAFT, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 3908, a bill to revise and improve the program of supplemental security income established by title XVI of the Social Security Act, and for other purposes.

S. 3979

At his own request, the Senator from Ohio (Mr. TAFT), was added as a cosponsor of S. 3979, a bill to increase the availability of reasonably priced mortgage credit for home purchases.

At the request of Mr. Brock, the Senator from Tennessee (Mr. Baker) was added as a cosponsor of S. 3979, supra.

At the request of Mr. Cranston, the Senator from Oregon (Mr. Hatfield), the Senator from Wisconsin (Mr. Proxmire), the Senator from Minnesota (Mr. Humphrey), the Senator from Tennessee (Mr. Brock), the Senator from Alaska (Mr. Stevens), and the Senator from New Mexico (Mr. Domenici) were added as cosponsors of S. 3979, supra.

S. 4060

At the request of Mr. Hansen, the Senator from Illinois (Mr. Stevenson) was added as a cosponsor of S. 4060, a bill to amend the Federal Water Pollution Control Act Amendments of 1972.

S. 4081

At the request of Mr. Hruska, the Senator from Mississippi (Mr. Stennis), the Senator from New York (Mr. Buckley), the Senator from Idaho (Mr. McClure), the Senator from Wyoming (Mr. Hansen), and the Senator from Florida (Mr. Gurney) were added as cosponsors of S. 4081, a bill to redesignate November 11 of each year as Veterans' Day.

S. 4093

At the request of Mr. Ribicoff, the Senator from Maryland (Mr. Mathias) was added as a cosponsor of S. 4093, a bill to freeze medicare deductibles.

S. 4114

At the request of Mr. Roth, the Senator from Oklahoma (Mr. Bartlett) and the Senator from Colorado (Mr. Dominick) were added as cosponsors of S. 4114, a bill to authorize the President to reduce Federal expenditures and net lending for fiscal year 1975 to $295,000,000,000.

SENATE RESOLUTION 428—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON PUBLIC WORKS

(Referred to the Committee on Rules and Administration.)

Mr. RANDOLPH, from the Committee on Public Works, reported the following resolution:

S. Res. 428

Resolved, That Senate Resolution 261, 93d Congress, agreed to March 1, 1974, is amended as follows:

In Section 2, line 7, strike out "$744,900" and insert in lieu thereof "$795,000", and line 8, strike out "$20,000" and insert in lieu thereof "$24,000".

SENATE RESOLUTION 429—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO DAVID G. AND PATRICIA A. CHRISTIAN

(Placed on the calendar.)

Mr. CANNON, from the Committee on Rules and Administration, reported the following resolution:

S. Res. 429

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to David G. and Patricia A. Christian, parents of Archer N. Christian, an employee of the Senate at the time of his death, a sum to each equal to one months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

ADDITIONAL COSPONSORS OF RESOLUTIONS

SENATE RESOLUTION 424

At the request of Mr. Eagleton, the Senator from Mississippi (Mr. Stennis) was added as a cosponsor of Senate Resolution 424, a resolution relating to proposed increases in the price of propane gas.

At his own request, the Senator from Ohio (Mr. Metzenbaum) was added as a cosponsor of Senate Resolution 424, supra.

SENATE RESOLUTION 425

At the request of Mr. Robert C. Byrd (for Mr. Jackson), the Senator from Minnesota (Mr. Humphrey), the Senator from South Dakota (Mr. McGovern), the Senator from New Hampshire (Mr. McIntyre), and the Senator from Rhode Island (Mr. Pell) were added as cosponsors of Senate Resolution 425, proposing the establishment of a national energy program.

SENATE RESOLUTION 426

Mr. TUNNEY. Mr. President, yesterday, when I introduced Senate Resolution 426, concerning offshore oil leases, the names of my 23 cosponsors were inadvertently omitted from the resolution as printed in the Record. I ask unanimous consent to have printed in the Record today, and at the appropriate place in the permanent Record, a list of the cosponsors of Senate Resolution 426. The 23 cosponsors are: Mr. Abourezk, Mr. Biden, Mr. Brooke, Mr. Case, Mr. Chiles, Mr. Clark, Mr. Cranston, Mr. Hatfield, Mr. Hathaway, Mr. Hollings, Mr. Humphrey, Mr. Javits, Mr. Kennedy, Mr. McGovern, Mr. McIntyre, Mr. Magnuson, Mr. Mathias, Mr. Metzenbaum, Mr. Packwood, Mr. Pastore, Mr. Pell, Mr. Roth, and Mr. Williams.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS OF A CONCURRENT RESOLUTION

SENATE CONCURRENT RESOLUTION 117

At the request of Mr. Roth, the Senator from Indiana (Mr. Bayh), the Senator from Delaware (Mr. Biden), and the Senator from Colorado (Mr. Dominick) Senate Concurrent Resolution 117, the Federal Government's inflationary travel expenses.

AMENDMENTS SUBMITTED FOR PRINTING

SUPPLEMENTAL APPROPRIATIONS, 1975—H.R. 16900

AMENDMENT NO. 1972

(Ordered to be printed and to lie on the table.)

Mr. ALLEN (for himself, Mr. Helms, Mr. Gurney, Mr. Buckley, Mr. Sparkman, Mr. Stennis, Mr. Thurmond, and Mr. Harry F. Byrd, Jr.): submitted an amendment intended to be proposed by them jointly to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

AMENDMENT NO. 1973

(Ordered to be printed and to lie on the table.)

Mr. JAVITS submitted an amendment intended to be proposed by him to the bill (H.R. 16900), supra.

Mr. JAVITS. Mr. President, as the author of the "Alcohol and Drug Abuse Education Act Amendments of 1974," I was deeply gratified when the President signed this measure into law on September 21, 1974. As you know the date of enactment into law occurred after Senate passage of the Labor/HEW appropriation bill.

I believe this law will assure that we reach the millions of young Americans at risk to drug addiction and provide them creative educational programs which permit them to find pathways to productive, constructive lifestyles and goals enabling them to realize their full potential.

However, I am concerned whether there is any commitment to the law since the fiscal year 1975 budget request is zero dollars—for the only source of funding at the Federal level for prevention and early intervention programing through the use of the education process.

When the fiscal year 1974 budget was cut back from $12.4 to $5.7 million, supplemented by an interagency transfer from the Special Action Office for Drug Abuse Prevention of $1 million, the reduction necessitated:

Dropping support to the 55 State and territorial education departments for inservice teacher training programs and technical assistance for local school districts. Although a number of States are continuing these programs at a reduced level, in many instances very effective personnel and programs were dropped.

The reduction from seven to five regional drug training and resource centers, despite the recommendation of an interagency task force that they be continued.

The reduction from fiscal year 1973 level of 900 to 250 interdisciplinary teams trained and provided onsite developmental assistance in implementing coordinated community response to prevent drug abuse and other destructive behaviors.

The funding of only six demonstration projects limited to preservice training of teachers to replace the 50 community, college, and school-based demonstration projects that had completed their 3-year cycle.

The funding of only 338 of over 1,000 local school district applicants for participation in the school-based drug abuse prevention and early intervention program. Without the $1 million transfer of the Special Action Office even fewer could have been supported.

This zero budget request, a tragic setback in funding, will result in cutting off the regretably too few Federal programs that reach appreciable numbers of rural communities and school districts as well as urban and suburban communities and schools in the area of prevention of drug and alcohol abuse.

An indication of the magnitude of need to assist the millions of young

Americans at risk is that the Drug Abuse Education Act was funded from fiscal years 1971–74 in the amount of $37.7 million. During this period the Office of Education received over 5,000 proposals requesting $117 million. Such a funding shortfall means that many valuable—and approved—prevention and intervention programs in your State were not funded.

Moreover, there are now reliable reports that as a source Mexico has replaced Turkey as the main illegal source of heroin, and the cities of the South and West are becoming major heroin-using centers. At the same time, I understand the Special Action Office for Drug Abuse Prevention and the National Institute on Drug Abuse have reported an increasing demand for treatment for heroin addiction, primarily in the States along the Mexican border.

Although the most dramatic changes are occurring in the South and the West, Mexican heroin has been spreading like a brown tide across most of the United States. The Drug Enforcement Administration I am advised recently encountered "Mexican Brown" in cities like Boston and Philadelphia.

In my judgment it is only a matter of time—and unfortunately a very short time at that—before it hits the streets of our cities and the addict population again begins to skyrocket.

The funds you appropriate will stimulate all of us to grapple with a problem that must be attended to by all of us: teacher, student, parent, minister, policeman, clinician, and involved citizen.

I believe it is all well and good to talk about budget cuts to lessen the possibility of fanning the fires of inflation, but we cannot stand by and see our children's lives burnt out by alcohol or drug addiction.

A history of the U.S. Office of Education drug education program is as follows:

U.S. OFFICE OF EDUCATION DRUG EDUCATION PROGRAM

HISTORY

The Drug Education Program of the Office of Education has developed through four phases in as many years. These phases have reflected different funding levels, but more important, increased understanding of drug use and/or abuse and of a variety of responses to it.

Phase I (1969–1970; $3.5 million):

In March 1970, President Nixon challenged the Office of Education to train within 15 months all of the nation's classroom teachers in the area of drug abuse prevention. This challenge was part of a multiple agency thrust which represented the first coordinated federal effort to respond to and prevent further escalation of the problems associated with drug abuse. Other agencies were challenged to curtail supply, to increase treatment capacity, to develop programs for the rehabilitation of those who had been dependent on drugs.

This required a crisis-type response. Between April 1 and June 30, 1970 OE initiated grants to the 55 State and territorial education agencies to support projects for the in-service training of teachers and set up four four-week training programs to train teams to return to their states and, by training more teams, to reach as many local school districts as possible.

Phase II (1971–72; $6.0 million):

In December of 1970 Congress passed the Drug Abuse Education Act of 1970. Funds for implementing it became available in February 1971. This was essentially a demonstration-validation-dissemination authorization in contrast to a grant-in-aid program, although it was widely perceived as the latter. It contained two sections: Section 3 was designed to increase the capability of schools to respond to drug abuse via training of teachers and the development and validation of curricular guidelines and materials; Section 4 authorized demonstration, validation and dissemination of community responses to drug use and drug users.

OE responded to Section 3 by building on the program initiated under Phase I. Grants to State and territorial education agencies to support in-service training and development of guidelines and materials were continued. Also, 20 college-based demonstration projects were initiated. It responded to Section 4 by funding 27 community based demonstration projects.

These 47 projects were selected from over 900 proposals to represent a variety of communities and a variety of responses. These were two pronged: Direct response to drug-using in school and out of school youth via hot lines, crisis centers, counseling; and a variety of innovative practices and educational activities in community and school designed to prevent young people from becoming involved in drug use. They were augmented by 11 projects funded under Title III ESEA, the administration of which was assumed by the Drug Education Program. All were funded as demonstration projects with support guaranteed for 3 years, after which time it was expected that the projects would continue with local support.

Phase III (1972–1974; $12.4 million):

The two on-going thrusts of the program were continued. SEA's were supported in continuing in-service training for educational personnel and validation of guidelines and materials, with added emphasis on providing on-site assistance to local school districts as trained teachers began to develop local school-community programs.

On the basis of experience gained from two years of working with SEA's and the first year of the direct service demonstration projects, together with the experience of projects and programs sponsored by other than OE, it was becoming clear that the nature and extent of drug use and/or abuse varied from community to community, and socio-cultural group to socio-cultural group. Each community must respond in terms of its own problem and its own human, cultural and financial reosurces. Communities need help in defining their problem, assessing their resources, choosing appropriate strategies and tools to address their carefully defined problem. They needed the skills to act in their own behalf.

It was also becoming evident that successful programs or projects depend more on the commitment, involvement and participation on the part of the community than on the amount of money available.

For these reasons and in order to have available a large and varied sample of community responses as a basis for identifying the ingredients of successful approaches, the Program initiated with Fiscal Year 1972 funds the Help Communities Help Themselves Program. This Program is based on the assumption that each community is unique and must fashion its own response. The primary need is for leadership representing important segments of the community to be given skills to assess its own problem and its unique human, cultural and financial resources; to state its goals in attainable and measurable terms; to assess available strategies, methods, and materials as tools appropriate to the attainment of their particular goals; and to involve the community in cooperative, integrated efforts. The Help Communities Help Themselves Program represents complete local initiative in terms of program and goals, and the Federal role is seen as providing the skills needed to implement locally developed plans based on a clear understanding of the local problems.

In April of 1972 the Program set up a system of seven training, resource, developmental assistance centers in strategically located regions of the county and funded (travel, per diem, substitute pay and appropriate hardship expenses) representative teams from 800 communities to be trained between July 1, 1972 and March 1973. The average grant was $2400. In April of 1973 an additional 900 teams were funded (average $2800) for training between July 1, 1973 and March 1974. By March 1974 teams from 1700 communities of over 10,000 individuals representing schools, health and social agencies, church groups, civic groups, youth, law enforcement, local government and community (parents, etc.) had received two weeks of intensive training and post-training assistance in implementing their plans in their communities.

Phase IV (1974–75; $6.7 million; including $1.0 million transfer from SAODAP):

After three years of support the college, school and community based demonstration projects have been phased out. During their final year a contract was let to identify the most successful strategies utilized in the projects. This report will be available in July 1974.

Support of activities of State Education Departments has been dropped, not because it was felt that SEA's no longer had an important role to play but because of the limitation of funds and other pressing priorities.

A new and major emphasis is on the training of school teams of five educational personnel (e.g., psychologist, counselor, teacher, administrator) mainly from secondary schools to develop primary prevention and early intervention programs at the school or school district level. The training centers, reduced to five, will provide the delivery system. Two advance projects were conducted to develop and refine training designs. Staffs of all five centers have been retrained for this new program emphasis. Grants (av. $8000), which include partial salary of a program coordinator for an academic year, have been awarded to 338 local school districts (selected from, over 1,000 applications).

The Help Communities Help Themselves Program is being continued and will add another 247 community teams to the number already trained.

The other new program thrust for 1974 is the preservice demonstration program. Six models for the preparation of educational personnel in drug education at the preservice level will be supported in colleges and universities.

PHILOSOPHY, GOALS, AND OBJECTIVES

The Office of Education Program is based on the assumption that drug use and abuse are complex human behavior that is influenced by the social context in which it occurs and that shares all of the characteristics of all human behavior. Both involve different individuals using different drugs in different amounts in different ways for different reasons in different social settings. As a basis for prevention and early intervention the Program is more concerned with the meaning and function of drug use for the individual than with the use of a particular substance. Patterns of drug use and non-use are influenced by many forces—individual, family, school, peer group, mass media and other institutions in the community. Any or all of these institutions may play a role in creating conditions to which drug use and abuse, among other deviant or destructive behaviors, are possible responses and, consequently, play an important role in any attempt to modify drug use.

The Program therefore supports a psychosocial rather than a clinical approach to prevention. It has designed a demonstration program consistent with the best knowledge available about learning, about growth and development, about motivation, about effective teaching, about effective communication. It makes use of a well-established body of research about behavior and behavior change rather than information about the pharmacological effects of specific drugs. No behavior persists unless it serves some function, real or imagined. Although it may be suppressed, any lasting change in a behavior requires that the need which it serves be reduced or that alternative, less destructive way of meeting that need be provided.

More specifically:

1. The problem of drug abuse by young people is complex and varied. It involves different individuals using different drugs for different reasons in different social situations. Any attempt to influence drug-use behavior must take into account these differences.

2. Patterns of drug use are influenced by many forces—family, school, church peer group, media and community. The relative influence of each will depend on culture and community. Only when the actions of all these groups are coordinated can behavior be significantly affected.

3. In our particular society, schools alone have access to virtually all children and to their parents. Accordingly they have a unique opportunity to develop broadly based, locally relevant and constructive programs.

4. Schools can fulfill this mission only if they adequately assess and respond to the particular patterns and functions of drug use by their students.

5. *A sine qua non* is sensitive, well-trained school personnel, respected by the students and thoroughly knowledgeable about drugs—what they do and do not do; about young people—what they do and do not do.

6. Drug use and abuse are sign and symptom—two of many which should alert us to the fact that all may not be well with some of our young people or with the institutions responsible for the process of growing-up.

7. Only by the cooperative involvement of school, parents, community and youth themselves will the causes be identified and addressed.

8. Every effort—whether informational, educational in the broadest sense, or remedial—and must be relevant to the psychological and social level of development of the individual and the kind and degree of risk to which he is exposed.

The Program response to the problem so defined is to train interdisciplinary leadership teams representing all segments of a community or a local school district in skills to assess their problem and their human, cultural and financial resources and to provide them with a thorough understanding of drugs, drug use and the dynamics of the drug scene, skills in communicating with each other and with young people, exposure to a wide variety of strategies, materials and techniques and training in skills in evaluating them and selecting those most appropriate as tools in solving their carefully defined program.

Although the ultimate target and the main concern is the youth of the Nation, especially those at risk or already experimenting with drugs, the immediate targets are the institutions that have primary influence on the behavior growth and development of youth. As a demonstration-validation-dissemination rather than a grant-in-aid program, the goal is to develop strategies, methods and materials suitable for the wide variety of social, economic and cultural contexts in which drug abuse occurs and to train representatives from relevant institutions, especially the school and the family, to make effective use of them. Dissemination is thus defined more actively and more broadly than the publishing of books and the dispensing of information. Learning skills to adapt and implement are necessary. This does not mean that every school and every community must be trained. A well-trained, well functioning team in one school can train other schools in that and neighboring districts; a successful community team can reach out to other communities. One State Superintendent of Instruction wrote:

"Since its initiation in FY 72–73, thirteen community teams from all over (the State) have attended two-week training sessions at the Center, developed community plans for drug abuse prevention and carried out highly effective "Home Base" community education programs on their return. Public education has particularly benefitted from the programs; teachers in touch with the programs have become more highly aware of the problems of which drug abuse is only a symptom and have designed and carried out much more meaningful curricula to cope with those problems. The movement is contagious, spreading to other teachers, administrators, law enforcement officials, and religious institutions."

NATIONAL ACTION COMMITTEE

Invaluable to the operation of the National Program has been the National Action Committee (NAC). It has served as the technical assistance arm of the Program since its inception and is funded by the USOE in the same way as all other OE drug education projects are funded.

The National Action Committee has five primary functions:

1. to provide on-site support to on-going OE drug education projects. This support is provided through a Primary Resource Panel made up at the present time of 45 multi-skilled persons located throughout the United States. Service is provided upon request from OE program project officers.

2. to facilitate communications between OE and its projects and among the projects.

(a) a newsletter is published 4 to 6 times a year; the newsletter reports on all developments within the USOE drug education program;

(b) NAC, in conjunction with OE, plans, arranges and carries out various conferences for OE field program directors and staff aimed at facilitating inter-program exchange.

3. to support an Information Support System developed and maintained for the USOE Program.

4. to plan, develop and conduct specialized conferences in the area of drug abuse prevention.

5. to serve as one source of input concerning program direction through its Sounding Board Committee made up of representatives from USOE funded programs and 9 at-large representatives in various professional fields.

INFORMATION SUPPORT SYSTEM

A major management tool for the Program is the Information Support System. The Program is deeply committed to timely evaluation of its efforts. To this end, the Program has designed and implemented an Information Support System (ISS) which serves at least four functions:

1. It provides that kind of on-going information a given project needs for its own growth and development;

2. It provides the management information necessary to make program decisions;

3. It provides systematic information on a quarterly basis which traces the evolution of the goals, strategies, methods and activities from its initial proposal to the present;

4. It provides some data needed as a base for adequate impact evaluation.

ISS was designed and field tested between July 1 and September 1, 1972 and quarterly reports from the projects are available for every quarter beginning with September 1972. A variety of summaries of the quarterly data across all projects are available. Project quarterly reports contain an accomplishment report, an action plan for the following quarter and a growth change report. Additional quantitative data are captured separately, related to the nature, age, ethnic background, experience of the staff; the characteristics of target groups served; the number, kind, training and use of volunteers, other funds, in-kind services and donations generated.

Thus, by analyzing the original proposal, developmental self-reports via ISS data, project officer site visit reports and consultants' technical assistance visit reports there is a wealth of material available on all aspects of a project, its activities, its target groups and its perception of its successes and failures together with the reasons.

Another feature of the ISS is the sharing of experiences among various projects. This component, the Shared Experience Bank, is an informal process whereby projects may submit materials they have developed or descriptions of significant experiences, both successes and failures, which they would like to share with other projects in the Program.

As a separate but complemtentary effort to the ISS, the Program is conducting under contract, a project called the What Works Project which will identify and analyze approximately fifty successful practices of projects and activities of the NDEP. A nationwide dissemination of the findings of this project is planned in Fiscal Year 1975.

Additionally, evaluations of NDEP college and community projects, and of the Help Communities Help Themselves program have been carried out by the HEW office of the Assistant Secretary for Planning and Evaluation. Evaluations of the new program thrust in Fiscal Year 1974—the Primary Prevention-Early Intervention program and the development of preservice models—have been contracted. These latter evaluations have been timed to begin when the programs begin and will provide valuable data based on pre- and post-measurements.

SUMMARY OF LEARNINGS

Four years of experience with a variety of projects in the Program have provided the following insights useful for any drug abuse prevention effort:

1. Schools cannot respond effectively to the drug problem unless they recognize themselves as a functional component of the total community.

2. Young people can be prime movers of projects when their worth and their capability for making decisions about their own lives is accepted.

3. Training of a team of individuals produces longer lasting results and more sustained activities than training individuals.

4. Training teams of an interdisciplinary nature produces more effective results than training teams of a single discipline.

5. Information should be provided to young people that encourages rational decision making; information should not be employed as a scare tactic.

6. Support from the local power structure is invaluable.

7. The project should have access to all relevant parts of the community.

8. Committed volunteers make up a valuable component of a successful project.

9. The individuals who deliver services must be compatible with those who receive the services.

10. Each project must provide many opportunities for community involvement.

11. Key community people should be involved in advisory groups.

12. Harmonious working relationships should be established with other organizations; cooperation enhances project impact; competition detracts from project impact.

13. Each project must provide an opportunity for participants at all levels to provide feedback; once obtained the feedback should be utilized.

The list of learnings could and will continue to be expanded as the program continues to be reevaluated, analyzed, and summarized but, no technique or strategy will give meaning to a program which is not specifically geared to the particular needs of a given group of people.

One indication of commitment to program and strength of motivation which has been particularly heartening to the staff of this Program is the indication that more than half of the projects and activities originally funded under this program will continue to function after federal funds are withdrawn. Help Communities Help Themselves teams are functioning primarily with local resources.

NOTICE OF HEARING NOVEMBER 18 ON CURTAILMENT OF CRUDE OIL

Mr. METCALF. Mr. President, on Monday, November 18, the Subcommittee on Budgeting, Management, and Expenditures will conduct a hearing on the problems of independent refineries in obtaining crude oil, a problem which is being compounded by indecision at the Federal Energy Administration.

The hearing will begin at 10 a.m., in 3302 Dirksen Senate Office Building.

Persons or organizations which wish to be heard or submit statements should write or call the subcommittee at 161 Russell Senate Office Building, Washington, D.C. 20510 (202/225-1474).

ADDITIONAL STATEMENTS

STATEMENT BY SENATOR MANSFIELD BEFORE THE SENATE DEMOCRATIC CONFERENCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD the remarks I made before the Senate Democratic Conference this morning.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR MIKE MANSFIELD

Gentlemen:

The Economic Summit is behind us. The President's recommendations are before us. I regret to say, notwithstanding, that the twin crises for the nation remain and loom at least as large as ever. They include an unrelenting and intolerable rate of inflation and a deepening recession. As for the international economic community, its prospects are shrouded in gloom.

This nation is party to a global economic emergency. Something has to be done. To date, we seem to lack the capacity even to deal with our own problems, let alone to help others to deal with theirs. That is apparent with regard to energy—a major source of today's inflation. For years we ignored the problem and then it pounced on the nation. We have not broken through the crisis. In fact, the tentacles of manipulated petroleum production and prices have spread to engulf the rest of the economy.

There must be action in dealing with the situation—action that encompasses more than ten-point programs which begin with the imposition of greater tax burdens on families with annual incomes of $15,000; more than increased acreage allotments for peanuts, cotton and rice production. What has been advanced as a remedy for our situation bears too close a resemblance to the fiscal and monetary policies of the previous Administration, policies which have long since proved to be inadequate to meet the emergency.

The unemployment rate will soon reach 6 percent overall. In some places today it is close to 20 percent, if not higher, and that is more than enough to cock the trigger of social unrest and raise the crime rates. Then there is the international situation. There, the story is about the oil spigot and how it is turned off and on in ways that bring countries like Italy and England to the brink of bankruptcy. Oil is larger than a mid-East problem. To be sure, Western Europe looks to the Middle East for almost all of its petroleum. Japan also gets the great bulk of its supplies from the Middle East, although recently the People's Republic of China has also provided a share of its imports. Interestingly, the principal foreign suppliers of crude oil and petroleum products to the United States are not in the Middle East. The principal suppliers are Venezuela and Canada. The United States now imports 40 percent of its total oil and petroleum products, compared to 35 percent last year. The chief culprit in the sky-rocketing costs of these imports has been depicted as the OPEC, the Organization of Petroleum Exporting Countries. It was founded in 1959, not by Saudi Arabia but by Venezuela, the first country to raise prices and freeze production.

These figures aside, there is only one way for the United States to face up to the oil-cartel. It is *not* through threats of war, economic or otherwise. It is *not* by placing all the blame on the Middle Eastern countries. Rather, it is through the use of less oil by all Americans. The speed limits which are now on the books can be enforced. We can reduce the wastage of energy which is now estimated to be somewhere between 40 and 50 percent of total usage. We can impose rationing on an equitable basis. In these basic ways—perhaps they are too simple to find much favor—we might begin to face up to the petroleum situation which confronts this nation. We can mitigate the difficulties which have confronted us in the past and will confront us even more fiercely in the future. We can and we must cut down on the use of petroleum for fuel.

Let me emphasize the fact that war is not a cure for the economic and social difficulties which confront this nation and the Western World today. Nothing coud be more self-defeating, more counter-productive or more destructive. I am constrained to make that statement because I am concerned about interpretations which have been placed on certain speeches made by the President and the Secretary of State with regard to the Middle East nations. A way must be found to establish a greater understanding between all the nations of the world and bring about thereby the acceptance of a greater degree of interdependence. To do so will take more than speeches or threats of retaliation. A solution must be reached which will insure equity in price and in the distribution not only of petroleum but of all basic materials, with due consideration for the needs of all nations.

Yesterday, I listened to representatives of corporations, labor groups, farmers and consumers, all sitting at the same table in a breakfast meeting arranged with Democratic Leaders of the House and Senate. Without exception, the participants shared with us an awareness of the gravity of the situation. They seemed to understand the need for Federal action. Yes, they are hurting—business, labor, farmers, consumers. We are all hurting and we will continue to hurt until we find the way out of this economic mess. The participants spoke of controls, of easing the flow of capital, of budget cuts, of reconstituting the Reconstruction Finance Corporation, of providing jobs for the unemployed, of restricting credit card purchases, of channeling investment credit on a priority basis, of allocating energy on a priority basis, of easing up on unnecessary bureaucratic red tape, and of a host of additional measures that should be taken to meet the current crises. It is talk of this kind, in specifics, which contains the seeds of hope for this nation. It is to specifics of this kind that Congress must address itself in the days and weeks and months ahead.

Of course, there are the President's ten points. They will be given every consideration by the Congress. Some—such as the Cranston-Brooke Mortgage Credit bill should clear the Senate today. But there is more, much more that needs to be considered—measures that will not be found in what was recommended in Tuesday's statement. That would include the following:

1. Establishment as needed of mandatory wage, price, rent and profit controls;
2. Revival of the Reconstruction Finance Corporation to deal with the credit needs of ailing businesses such as Penn Central, Lockheed and Grumman, Pan American, TWA and many smaller firms headed in the same direction; Congress is not the proper forum for specific decisions involving government bail-outs of this kind;
3. Restoration of Regulation W to require larger downpayments on credit purchases and shorter periods for repayment and allocation of credit on a priority basis in the light of the nation's most critical needs;
4. Commencement of an equitable rationing system for energy and other scarce materials and the establishment, too, of a stringent conservation system including measures to enforce a national speed limit and to bring about a reduction of wastage in the utility and other industrial fields;
5. Development of a broader system of indexing to the end that the real incomes of wage earners can be tied to real living costs;
6. Prompt establishment of the Commission on Supplies and Shortages, legislation for which has already passed the Congress and become law;
7. Curtailment of excessive profits and the flow of investment abroad through the taxing power.

To address the economic agenda, the Senate will reconvene on November 12 or 13. After that, with the concurrence of the membership, there will be a Thanksgiving recess from the close of business on the 27th until noon on Monday, Decmber 2. Except for that break, it would be prudent to anticipate that the 93d Congress will remain in session until the 94th assembles.

Beyond that, I should note at this time that I have written each of you a letter concerning the focus of Senate business following the election recess. Since the burden will fall mainly on a few Committees, it is to the Members of these Committees and their Chairmen that this letter is especially addressed. I will read the text of this letter at this time.

OFFICE OF THE MAJORITY LEADER,
Washington, D.C., October 9, 1974.

To All Democratic Senators:

DEAR COLLEAGUE: When the Senate reconvenes in November, measures to stem inflation and to counter the recession will be focal points of business. The recess itself will provide an opportunity to complete a good deal of the preparatory study and preliminary work which is necessary on these two basic issues.

It is anticipated by the Leadership that those Senate Committees which have appropriate jurisdiction will use the recess period to process relevant legislation by proceeding with hearings, mark-ups or whatever else may be required. In certain cases, such as that involving standby emergency energy authority, legislation is already on the Calendar. In other instances, the Senate already has passed legislation. In still others, legislation is not needed since the Executive Branch already has ample authority under existing law. Changes called for in the tax code must, of course, be initiated by the House of Representatives.

I would remind you at this time that the Majority Conference of all Senate Democrats unanimously agreed that an effective agenda to stem the inflation and restore the nation's economy should include the following items:

1. A budget policy that assures that cuts in Federal spending are designed clearly to mitigate the impact of inflation, with prime attention focused on wasteful and unneeded expenditures. (In this connection, the Senate has already effected cuts of $6 billion in the Executive's request for appropriations this year, and it is expected that Congress will cut between $7 and $8 billion in all after it completes work on the funding bills.)
2. A wage-price-profit policy effectively equipped to relieve unreasonable price-wage pressures and equitably administered;
3. An eased monetary policy designed to stimulate badly needed monetary relief in certain hard-pressed economic sectors such as housing;
4. A tax policy designed to assure that no segment of the economy will enrich itself by capturing excessive profits during the present period of economic hardship and which recognizes that special relief must be accorded those in low and moderate income categories;
5. A far-sighted policy relating to shortages and supplies, particularly in regard to energy, and adequate machinery to stimulate research and resources development, recovery, recycling and conservation;
6. An employment policy and related measures designed to offset the human hardships of recession;
7. International economic policies that recognize fully the critical inter-relationship of the American economy with the economies of other free nations.

The President has now provided Congress with a set of recommendations which in some respects appear to be responsive and elaborative of the Senate Majority's agenda. That is all to the good and I hope more points of agreement can be found between us. In any event, whatever our initial reactions to his statement, the President's proposals warrant every consideration by the Congress.

As for the study of the President's proposed economic program and other tasks which confront us, the burden will fall primarily on the Committees most closely associated with economic matters. The Leadership is depending heavily on the Committee on Banking, Housing and Urban Affairs, the Finance Committee, the Budget Committee, the Committee on Agriculture and the Committee on Labor and Public Welfare. As to the energy question, the Commerce, Interior and Public Works Committees are most directly involved. With your cooperation and particularly with the cooperation of these Committees, the Senate should be able to move with dispatch on its return in November to consider the critical issues of the economy.

Now that the President has set forth his program, the Leadership would be most appreciative of having your individual reaction to his proposals. In the context, of the seven-point, agreed-on agenda, previously noted, it would be helpful to have your observations and judgment as to where the President's program may be deficient and what particular measures might be useful in adjusting or reinforcing his proposals. As has been stated many times, the Senate Majority Leadership is prepared to work with the President in curbing the inflation and countering the recession. That means not only initiatives from the President, but a positive input from the Senate and the Congress and particularly the Majority in the formulation of a program to meet the nation's urgent needs.

I hope you will give the Leadership the benefit of your views.

With best personal wishes, I am

Sincerely yours,

MIKE MANSFIELD.

ENERGY DISASTER ASSISTANCE

Mr. HUGH SCOTT. Mr. President, my recent experience in dealing with potential shortages of anthracite coal suggests the necessity for special legislation to deal with emergency situations arising from an energy crisis. Fortunately, the efforts of the Pennsylvania Congressional delegation and responsible officials of our Federal, State, and local governments appear to have averted a shortage of anthracite coal this winter. The solution was to increase production by improving the production and processing mechanism. The problem was corrected without direct intervention by our Government.

However, had direct intervention been required, I seriously question if the proper authority exists. Further, because of the potential anthracite shortage the price of a ton of coal more than doubled during the past year. The long range answer is to increase supply to meet the demand. In the short term it may be necessary to consider some form of direct assistance to both the producer and user of anthracite coal.

When one considers the predictions for shortages of natural gas, the shortage of coal that will result from an extended strike by miners, the potential for a reduction or total cutoff of supply from foreign sources, and so forth, I believe that now is the time to enact a specific program of action to deal with a crisis situation. Therefore, when the Congress returns after the recess I plan to introduce a bill, the Energy Disaster Assistance Act of 1974.

This bill is intended to give the Executive the necessary authority to deal with an energy related disaster. The procedural and organizational aspects of the program will be tailored to the existing Disaster Relief Act.

By definition, an energy-related emergency can be determined to exist as a result of an interruption or shortage in supply that is beyond the users control.

Further, although marginal energy supplies are available to meet the minimum essential needs in a given area, an emergency can be declared when the price—after consideration of the historical demand/supply/price data—of available energy is determined to be significantly higher than the national average.

In situations where the President has declared that an energy disaster has occurred or is anticipated, this act would give the Executive the authority to do among other things:

First. Direct the full resources of the Federal Government to provide assistance outlined in the existing Disaster Relief Act, including financial assistance;

Second. Impose energy conservation measures;

Third. Direct that energy supplies be diverted to a disaster area from any available source;

Fourth. Implement an energy allocation and price control program;

Fifth. Provide technical and financial assistance to develop new supplies of energy and to return to production disrupted energy sources; and

Sixth. Provide direct financial assistance for those individuals and families who otherwise would not be able to meet their minimum essential energy needs. This assistance could take the form of energy stamps similar to our food stamp program or direct payments.

In introducing this legislation I do not mean to suggest that I anticipate a major disaster resulting from a shortage of energy. However, I strongly believe that our Government must be prepared to respond to such an emergency. I believe the existing Disaster Assistance Relief Agencies in coordination with the Federal Energy. Administration and top energy officials at the State and Federal levels can promulgate the necessary regulations and develop contingency plans with existing resources. I am hopeful that they are now moving on that track and by the time my bill is enacted the framework for this program will have been established.

THE ROLE OF ENERGY CONSERVATION IN PROJECT INDEPENDENCE

Mr. CRANSTON. Mr. President, earlier this week I had the opportunity to testify at the Project Independence hearings held in San Francisco. The San Francisco hearings marked the Government's last stop in a series of cross-country hearings designed to collect data and ideas concerning the goal of energy self-sufficiency.

My remarks at the San Francisco hearings were specifically addressed to the issue of energy conservation, which I feel must play a substantial role in our efforts to alleviate our fuel shortages.

Mr. President, I ask unanimous consent that my testimony at the Project Independence hearings in San Francisco be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR ALAN CRANSTON

Mr. Chairman, I am delighted to be here this morning. Thank you for extending me this opportunity to comment on "energy conservation strategies" for Project Independence.

Having chaired many hearings myself, I can appreciate your time limitations. Accordingly, I will keep my remarks to a minimum so that you will have maximum time to benefit from the many diverse and thoughtful views of those who will follow me over the course of these four days of hearings.

Ths is the first day of the last set of scheduled public hearings on Project Independence held throughout the nation since early August. I trust that your decision to schedule "energy conservation" as the last subject does not presuppose anything about its place in your priorities. In fact, if there is any logic to the order of these hearings, I hope it is that you have saved the best for last!

Mr. Chairman, my message is simple: Energy conservation—accomplishing a substantial reduction in the annual growth of energy demand—must become the central tenet in whatever "blueprint" we devise to achieve energy self-sufficiency. It must be the bedrock on which we build our Project Independence.

I am very concerned about the basic thrust of Project Independence, born as it was out of our first halting response to the Arab oil embargo. Americans were then called upon to take voluntary measures to conserve energy by getting accustomed to a lower thermostat setting in winter, driving less, and cutting back on unnecessary use of electricity. And they responded magnificently. Project Independence was first unveiled during this period of America's first peacetime fuel shortage, but it was presented to the American people with the clear implication that their energy conserving efforts were a temporary inconvenience—that once we achieved energy self-sufficiency through a national effort like Project Independence, domestic energy sources would meet their every energy need even if the Arabs imposed another oil embargo. Thus the clear intent of Project Independence was to convey a "Manhattan Project" image for the development of new domestic sources of oil and gas.

Mr. Chairman, we must escape the mindset that suggests the only way to achieve a measure of energy self-sufficiency is to increase our domestic supplies. To use the simplest economic analogy, there are two ways to solve a supply-demand imbalance. We can increase the supply to meet the demand. Or we can tailor demand to fit available supply.

I am convinced that only by reducing demand for energy can we overcome energy shortfalls without further fueling inflation and contributing to deterioration of our environment.

Energy conservation buys precious time. By keeping demand in check, it lengthens the lead time we have to develop new, clean sources of energy—such as solar and geothermal—to improve the fuel efficiency of the private automobile and to begin the massive task of upgrading existing mass transit and establishing modern rapid transit where none now exists.

If, on the other hand, we choose to try to accommodate an increasing demand for energy by increasing supply, we will severely strain our financial resources, limiting our ability to finance essential public needs, such as mass transit and housing.

Since 1960, total energy consumption in the United States has been growing at the rate of 4.3 percent annually. Electrical energy use has grown even faster—at an annual rate of more than 7 percent.

According to studies conducted by the Rand Corporation for the California Legislature, continuing our present policy of demand accommodation will result in steady increases in electricity use in California. By the year 2000, California's electrical needs will be seven times greater than in 1970. This would mean building the equivalent of 130 new generating units of 1200 megawatt size over the next 30 years. More than 80 of these new plants would be nuclear, according to current projections. This is just in California. Other states would have to undertake similar expansion programs.

The current installed electric utility generating capacity in the United States is about 480,000 megawatts. Current nuclear capacity accounts for only 30,000 megawatts. If we decide to "go nuclear"—to build mostly nuclear generating plants to meet our growing electrical energy needs—the estimated cost of construction would be in the neighborhood of $600 billion by the year 2000. On top of this would be the added cost of constructing facilities for enriching uranium, processing spent fuel, and handling wastes. One estimate I read recently of the total cost for this endeavor is $1 trillion.

Most of this money will have to be borrowed. In the next decade alone, the electric utilities will have to raise $300 billion, compared to $75 billion over the last ten years. As one economist has pointed out, the $600 billion they must raise is equal to about 60 percent of the national debt. If utilities must borrow even half of this amount, the strain on loanable funds will be enormous. The tight supply of money now, combined with the widespread need for capital, has pushed interest rates to record levels. Adding to that demand will only push interest rates even higher.

On the other hand, if we attempt to accommodate this steadily growing demand for energy by continuing to rely on fossil fuels and by replacing the 100 or so nuclear plants now in the planning stages with oil-fired plants, the United States will have to import 500 million barrels of oil annually in the 1980's to fuel them. At current prices for oil, that would add another $6 billion a year to the deficit side of our balance of payments.

Mr. Chairman, I haven't even touched the environmental costs associated with a policy of demand accommodation. These costs will be enormous. The only major undiscovered domestic oil and gas reserves are believed to be in Alaska and in the Outer Continental Shelf. Here, history seems bent on repeating itself. Santa Barbarans were again reminded of these grim environmental costs when they awoke last Thursday morning to news of an eight-mile oil slick that had washed ashore, leaving four-inch gooey blobs of tar along their once lovely beach.

My point, which I feel compelled to make again and again, is that energy conservation is the key. It is the only policy which maximizes our future options.

Some suggestions for federal efforts to conserve energy.

I won't attempt to go into great detail about exactly what we can begin to do to use energy more efficiently and to slow the annual growth of demand. You will be hearing from people with far more expertise than I have on this subject over the course of these hearings.

However, I would like to suggest some general policy directions. Energy consumption patterns vary from sector to sector, so it is useful to consider energy conservation strategies within each sector.

Residential energy use now accounts for about 20 percent of our total energy consumption each year. About 70 percent of residential energy is consumed by two uses: space heating and water heating. Lighting accounts for another 10 to 15 percent of residential energy use. A number of measures can be put into effect to achieve immediate savings in this sector: turning down the thermostat in winter (and turning it up in summer), installing electric ignition systems to replace pilot lights on gas stoves and hot water heaters, trading fluorescent lighting for incandescent lighting where appropriate (such as in kitchens and bathrooms), improving insulation and adding weatherstripping and calking, and a number of other measures which seem insignificant when viewed individually but which can achieve substantial savings when viewed in the aggregate.

Over the next several years, more significant savings can be achieved in the residential sector by utilizing solar energy for heating and cooling and hot water heating, and upgrading the building codes for improved energy efficiencies, perhaps by establishing minimum energy performance standards for all new residential construction.

One contribution the federal government can make here is to take immediate steps to improve the energy efficiency of all public housing. This would serve as an example for the rest of the nation and would reduce the fuel bills of public housing residents. A recent survey has shown that those in the lowest income groups are spending almost 20 percent of their total annual income on energy, whereas the higher income groups are paying less than 6 percent of their total income on energy. Clearly, the federal government must take immediate action to correct this inequity.

The commercial sector accounts for about 15 percent of total energy used each year. Here again, new energy-efficient designs are needed for new construction. Minimum performance standards must be established. One immediate savings could result by reducing the level of lighting. In most commercial buildings, lighting is greater than necessary. Not only does this unnecessary lighting consume unnecessary energy, but it also increases the heat load of commercial buildings and thus the requirements for energy to operate ventilation and air conditioning.

The transportation sector now accounts for about 25 percent of total energy consumed nationally, and about 33 percent of the energy consumed in California. Most of this energy goes for highway travel, primarily automobiles. This sector is almost totally dependent on petroleum products. The only short-term savings we can achieve in this sector will result from efforts such as carpooling and, if necessary, gas rationing. A much greater potential for savings exist, however, given a little lead time. We can make substantial improvements in the fuel economy of automobiles. And we can encourage prospective car buyers to purchase smaller, energy-efficient cars by imposing an energy tax on the purchase of automobiles that don't meet minimum energy standards.

The industrial sector now accounts for about 40 percent of total energy in the nation, but only for about 33 percent of California's energy use. Within this sector I believe there is great potential for energy savings. Already, many industries, spurred by the high price of fuel, have accomplished great reductions in energy use mostly by improving thermal management. Over the long run, this sector's energy needs can be reduced by producing more durable goods and through recycling.

I believe Project Independence offers the government an opportunity to set an example for the nation and for the world. Instead of a crash program to develop new supplies, the major emphasis of Project Independence should be a crash program to conserve energy. Project Independence should include a thorough and exhaustive review of federal policies and programs that can be implemented, altered or modified in order to encourage better utilization of energy. It should include a major effort to make private automobiles more energy efficient—to get 20, 30 or even 40 miles per gallon, instead of today's average of 12 to 14. It should include research and development of public rapid transit systems tailored to meet the needs of various cities and perhaps even regions.

We are all here today because of our past collective myopia. We failed to plan ahead, to consider the many adverse consequences of squandering energy. And once into the crisis, it is tempting to scramble around for a quick fix, an easy solution to what is a long-developing complex set of problems. The cry of the crisis-mongers is a short-sighted call for more oil, regardless of the hazards of our environment and regardless of cost. We will certainly have to develop new energy supplies, but we will never be able to drill enough oil or strip-mine enough coal to appease a ravenous energy appetite.

The definition of Project Independence should be broadened to mean more than independence from foreign oil—it should mean achieving independence from the tyranny of a continuously growing demand for more and more energy.

THE FOUNDING OF THE REPUBLIC OF CHINA

Mr. CURTIS. Mr. President, today is the 63d anniversary of the founding of a good friend and close ally of the United States—the Republic of China.

For over six decades and through three wars, free China has been a special friend of America. It is most fitting that we should send to the people of the Republic of China and especially to their most honored citizen, President Chiang Kai-shek, our warmest and heartiest congratulations.

On this happy occasion, we recognize the long-standing friendship between our two nations, and we express our firm belief that the continuance of close diplomatic, economic, and cultural relations are in the best interests of both our nations and our peoples.

I ask unanimous consent that a letter of congratulations from myself and other Members of the Senate to President Chiang Kai-shek on the 63d anniversary of the founding of the Republic of China be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C.

Hon. Chiang Kai-shek,
President, Republic of China,
Taipei, Taiwan.

Dear Mr. President: We, the undersigned members of the United States Senate, take pleasure in sending you our warmest congratulations on the 63rd anniversary of the founding of the Republic of China this coming October 10th, 1974.

This anniversary marks the overthrow of the Manchu monarchy after 267 years of despotic rule and the birth of the first Republic under a constitution in Chinese history.

Under your leadership from 1927 and especially in the last 25 years on the island of Taiwan, the people of the Republic of China have enjoyed an economic prosperity, democratization and the right to basic freedoms unmatched by any other province in your nation's history.

You have successfully inspired a unique blending of ancient Chinese virtues and values with modern science, technology and productivity.

In contrast with the Chinese Communists' stated goal of "cultural revolution," your aim of "cultural renaissance" has preserved the rich Chinese civilization, the longest continuous civilization in human history.

On this happy occasion, we recognize the long-standing friendship and good will between the people and governments of the United States and the Republic of China, and we express our firm belief that the continuance of close diplomatic, economic and cultural relations are in the best interests of both our nations and peoples.

We wish you good health and long life. We look forward to your continuing leadership as President of the Republic of China, which serves as a symbol to those who love freedom, justice and peace in Asia and around the world.

Signed,

Strom Thurmond,
James A. McClure,
Paul Fannin,
Jesse Helms,
Barry Goldwater,
Carl T. Curtis,
Edward Gurney,
William L. Scott,
James Buckley,
Clifford P. Hansen.

DANGERS IN DEREGULATING NATURAL GAS

Mr. MANSFIELD. Mr. President, perhaps the most important problem we must cope with both for the security of the Nation and as a means of undermining inflation is energy. In deciding an energy policy, a crucial question we face is should wellhead prices of natural gas be deregulated.

The senior Senator from Michigan (Mr. Hart) wrote a very thought-provoking column which appeared in the Washington Post October 5. He outlines many reasons why he has decided lifting regulation from natural gas prices without restructuring the industry would be a serious mistake.

I ask unanimous consent that the article be printed in full at the conclusion of my remarks. As with all of Senator Hart's efforts, this article represents his usual thoughtful and even-minded approach to a most complicated problem.

There being no objection, the article was ordered to be printed in the Record, as follows:

Dangers in Deregulating Natural Gas

(By Philip A. Hart)

May I take exception to The Post Sept. 19 editorial, "What's Wrong at FPC." Your conclusion, it seems to me, is superficially logical, but doesn't bear up under scrutiny.

You conclude that because FPC has botched regulation of natural gas prices, we should abolish regulation. That's a bit like suggesting that if an airplane's stall warning buzzer fails, causing a crash, we should eliminate all stall warning buzzers.

In the case of natural gas, the key question is, would deregulation solve the "natural gas shortage"? A not unimportant question also is, what would deregulation cost?

My conclusion is that the point at which prices would peak is frightening—perhaps in the range of eight times what the oil companies now charge interstate pipelines on the average—and that consumers still would not receive enough gas.

Let's take a look at some of the facts:

First the cost. The easiest rule of thumb is that every penny increase in the price of natural gas means at least $225 million a year in higher costs to consumers. It also adds proportionately to the profits of the companies.

Up until the current "shortage" of natural gas occurred—beginning in 1969—the rate authorized by FPC for new gas was 20 cents per thousand cubic feet (Mcf). The FPC, as the GAO said in its report, has "broken its own rules" in several recent rate cases and allowed the rate to hit as high as 80 cents. FEA Administrator John Sawhill is now suggesting a "reasonable" price would be between $1.25 and $1.80 per Mcf—to be equivalent to crude oil prices. A projection by an FEA Project Independence Task Force is that by 1985 the wellhead rate will need to be $2 per Mcf.

Under the deregulation proposal of Sen. James Buckley (Con. R.-N.Y.), using conservative assumptions as to the pace and extent of price increases, by the end of 1975 consumers will be paying between $9.2 billion and $11.2 billion in higher prices to the oil industry. By 1980, consumers will have paid about $55 billion in higher prices to the oil industry for natural gas.

Indeed, that is not a happy prospect. But what is worse is we have tried this solution—and it hasn't worked.

From 1972 to 1973, following industry promises for more production, the FPC allowed area-ceiling prices to double and emergency sale prices to triple—and new reserves in 1973 were one-third less than 1972. More recently, as the GAO reported, the FPC allowed emergency sales at prices in excess of 50 cents to increase flowing gas. Producers delivered only 14 per cent of the gas they promised would be available at the higher price.

And this experience is not limited to the natural gas side of the petroleum industry. Unregulated petroleum prices doubled since January 1973. Yet, we are now being advised to expect an oil shortage this winter.

Anyone who is schooled in the law of competitive supply and demand has to be confused by the performance of both sides of the industry. The theory is that in a truly competitive market, prices reflect costs and a fair rate of return. If a product is not being produced because prices are too low, higher prices should bring forth more product.

But this is not the most puzzling aspect of this industry. One of the most confounding things about the "natural gas shortage" is that we are not "short" of natural gas. The FPC staff estimates that, allowing for normal growth, we now have enough potential natural gas supply for 65 years. Yet, last year, while consuming 22.5 trillion cubic feet (Tcf), we fell short of fulfilling noninterruptible contracts by 1.2 Tcf. Estimates are that if everyone who wanted natural gas could have gotten it, demand would have been at about 27 to 28 Tcf.

How can we avoid facing the obvious? Producers are withholding supplies. They are doing it because they want higher prices.

Because natural gas prices have been regulated for 20 years, they are more reasonable compared to alternative—and unregulated—fuels. Even so, producers are guaranteed at least a 15 per cent return after all costs—including an allowance for dry holes. Returns of 26 per cent and more have been granted under more recent FPC cases. But the industry tells us they need an "incentive" to produce more. What they have in mind, they say, is that the price of natural gas be comparable with oil. Absent that, they do not produce adequate supplies.

This argument apparently has been persuasive to FPC Chairman John N. Nassikas—and several other FPC commissioners. They began promising—and delivering—higher prices back in 1969. Treasury Secretary William Simon and FEA Administrator Sawhill are among the more recent converts. And even President Nixon joined the group prior to leaving office, indicating at his February 26 news conference that we must deregulate so that natural gas can be "competitive" as far as price is concerned.

Is it any wonder that with all the signals government officials have been sending out since 1969 that producers would sit on production until these promises are fulfilled? It would, indeed, be an imprudent businessman who signed a contract today to deliver natural gas for the next 20 years at 42 cents per Mcf when there is every possibility that by waiting he may get $1, $1.50 or even more.

In August of this year, Sen. William Roth (R.-Del.) determined from the Department of Interior that of 103,562 oil and gas leases it has let, 94,224 are nonproducing. That's 91 per cent.

When discussing the "shortage" of natural gas, we must remember also that only the industry knows the actual amount of natural gas reserves. Our reserve position and the extent of our shortage is derived exclusively from data supplied jointly by the companies standing to benefit the most from higher prices.

At my request, the Federal Trade Commission undertook an investigation of the validity of natural gas reserve figures. Several companies have tied this up in court, refusing to supply the data requested. However, three companies have complied. After reviewing those companies' internal records, FTC told us that in some cases up to 1,000 per cent more gas is carried on the company books than is reported to the government.

So, once again, this industry doesn't seem to respond to competitive economic theory of incentive pricing. Not only does it not produce when prices are made attractive, but new entrants don't rush in to cash in on the rising prices.

How can this be? My answer is the structure of the industry.

To begin with, every major natural gas producer is also a producer of crude oil. Those major oil companies that dominate the oil side of the business also dominate gas production. The top 14 natural gas producers in 1970 were also among the top 15 oil producers. In addition, within the last 15 years a major amount of our coal reserves, independent coal companies and uranium reserves have been acquired by major oil companies such as Continental, Exxon, Texaco, Atlantic-Richfield, Shell and Sun. Thus, when Professors Breyer and MacAvoy suggest that because the prices of oil and coal have been rising fast therefore natural gas prices must be permitted to rise, we must understand what they are suggesting. It's like saying that one Exxon-owned and operated service station should be permitted to increase its price because another Exxon-owned and operated station down the block has.

Even more spectacular is the dominance by the major companies of the supplies of natural gas. As of June 30, 1972, four oil companies controlled 92.3 per cent of the uncommitted gas reserves onshore in Southern Louisiana, 100 per cent of the federal and state offshore uncommitted reserves in the Texas Gulf and 80 per cent in the Permian Basin.

These are among our richest resource areas for natural gas.

But the problems isn't limited only to domination of supply by a handful of companies. This is clear when you look at the interminglings of the major companies through joint production ventures. One study was instructive. It showed how common joint ventures are. For example, in three lease sales from December 1970 to December 1972, Standard of Indiana submitted 6 independent bids—and 321 bids that were joint with companies such as Union and Shell. Atlantic-Richfield made 12 bids on its own, but participated in 291 with Cities Service, Getty and Continental.

Joint bidding leads to joint operation and thus to joint decisions on how much to produce, when and at what price. The vertical integration of this industry stifles competition. For the same companies which control reserves and operate on a joint venture basis also jointly control gathering lines, pipelines and refineries. Independents who would enter the market exist at the sufferance of the majors—something made exceedingly clear during the recent petroleum shortages when so many independents failed.

With this kind of control, it is highly questionable that if we lifted price regulation, competition would regulate prices. For monopolists traditionally—as has already occurred in natural gas and oil—maximize profits by increasing prices and limiting supply.

In general, I think, the marketplace is the best regulator. Government agencies too often serve the interests of those they regulate more than the public interest—as the FPC has demonstrated. But I can't agree that we can lift price regulation in the natural gas industry until we take steps to make this a competitive market. Obviously, this means getting rid of the control by the majors, of the joint ventures and joint decisions. It means opening up this market so that companies can enter the business when they think conditions are right.

For the short run, I have four suggestions of how to get natural gas to the homes and factories that need it. First, we should make it clear regulation is here to stay until the restructuring of the industry. It should be regulation that allows a reasonable return to the companies. All promises of pie-in-the-sky prices—which would produce fantastic windfall profits—should end.

Obviously, this message won't go out so long as there are estimates that close to 50 senators support deregulation. The pressures from home, caused by curtailments of natural gas, have been getting through to the elected representatives.

Those who oppose deregulation—because they sincerely believe it will cost billions and not work—have a lot of persuading to do. But, if is my contention that if hopes of deregulation were dashed, prudent businessmen will begin pumping the 65 years' supply we know how to get to—and how to produce.

Second, the Congress should expand FPC's authority to prohibit wasteful use of natural gas—clearing supplies for uses that are most in the public interest.

Third, Congress should bring intrastate sales of natural gas under FPC regulation. Another irony in this industry—which abounds in them—is that the same companies flaunting the high unregulated intrastate prices before the FPC as evidence that regulated interstate prices are too low are the companies bidding up the intrastate prices as customers.

Fourth, Interior should significantly curtail bonus bidding for offshore leases—using appropriate royalty systems (allowing for depletion) to let independent companies in. The Outer Continental Shelf bill, which passed the Senate Sept. 18, would require the Secretary of Interior to re-evaluate the traditional bonus bidding system. In addition, they should institute a work program—to require production in a reasonable time. The joint ventures by majors on leases also should be eliminated.

For the long-run solutions, we should begin restructuring this industry so there is a chance for new companies to enter the energy fields. Let's face it, someday down the road we do face a real "natural gas shortage." The supply in finite.

But new competition in the energy field can give us hope that research will be done to develop alternative inexpensive, clean methods of heating, cooling and powering our homes and factories.

There is not much incentive to find new methods for companies who now own the lion's share of existing energy supplies.

But one thing we cannot do—absent a competitive market—is lift price regulation and expect natural gas to flow in sufficient quantities to meet demand.

A basic economic theory which this industry can be expected to follow is that the best way for a monopolist to keep prices high is to keep supplies low.

With that theory operational, we will find in five years under deregulation that we have spent $55 billion of consumers' money and we still have a "shortage" of natural gas.

STATE DEPARTMENT AUTHORIZATION CONFERENCE REPORT

Mr. HUGH SCOTT. Mr. President, I note that the State Department authorization conference report adopted yesterday contained an authorization of $40 million to carry out provisions of section 101(b) of the Foreign Relations Authorization Act of 1972 relating to Soviet refugee assistance. That act authorizes the Secretary of State to furnish, on such terms and conditions as he deems appropriate, assistance to Israel to assist in the resettlement in Israel of Jewish or other refugees from the Union of Soviet Socialist Republics. I wholeheartedly endorse the concept of furnishing assistance for these needy refugees.

In addition, the regular migration and refugee assistance operation provides funds for several programs which assist international refugees and migrants. Some of these funds, out of a conference report authorization of $9.42 million, are used to support a variety of religious and ethnic groups engaged in refugee assistance.

There are some questions, however, with regard to the administration of these refugee aid programs. I recognize that a great deal of assistance must go directly to the Government of Israel for this very important purpose; but I query whether the law is not indeed broad enough to aid those private institutions in Israel which are helping that country to shoulder part of the burden of resettling these refugees in that tiny nation. There are many worthy educational institutions in Israel whose resources are being strained because of the influx of refugee children from the Soviet Union.

For example, I have been recently informed that 50 percent of the students of the Beth Rivkah schools, near Tel Aviv, are from refugee families and that two-fifths of these refugees are from the Soviet Union. Beth Rivkah is making a noble effort to help these children by not only providing for their education in the Hebrew and English language, but also by meeting their daily needs. Beth Rivkah expects to absorb at least another 175 students from the Soviet Union over the next 2 years.

Since our Foreign Relations Committee agreed that the resettlement assistance program should be directed solely toward providing resettlement facilities for Soviet migrants, I wonder whether the manager of the conference report, Senator SPARKMAN, can tell me if the authorization language of the Foregn Relations Authorization Act is broad enough to encompass assistance to such institutions as the Beth Rivkah schools in Israel? Additionally, I am wondering whether the act would permit Beth Rivkah's sponsoring religious group to receive aid under the regular migration and refugee assistance program?

Mr. SPARKMAN. Mr. President, I can assure the Senator from Pennsylvania that the authority is broad enough to cover the assistance he suggests. I believe too, we should aid not only the Government of Israel but also some of those institutions which are enabling that country to absorb Jewish refugees from the Soviet Union.

EXPORT SALES AND OUR AGRICULTURAL POLICY

Mr. HUMPHREY. Mr. President, I wish to voice my concern over the way the Russian grain deal was handled this past week. We still do not know if any, all, or a part of these transactions will ultimately be executed.

These transactions—involving 91 million bushels of corn and 34 million bushels of wheat—led the administration to institute an informal set of controls on export sales.

The grain trade had been full of rumors before the story broke, and the full story is only now beginning to surface.

The Department of Agriculture now concedes that it had some advance knowledge of the Soviet Union's intentions about 2 weeks ago. Yet, there was confusion over how much the Soviet Union intended to buy.

We now have learned that the Soviet Union was trying to purchase much more than the 3.4 million tons under the two deals and perhaps as much as 6 to 10 million tons.

The testimony of Secretary Butz at hearings by the Senate Government

Operations Permanent Subcommittee on Investigations on October 8 indicated that the Soviet Union had not been straightforward in indicating how much it had hoped to buy. The intentions of the Soviet Union are extremely important in a tight market situation because they can buy in large quantities and jump in and out of the market.

What is obviously needed—and what may come out of this lesson—is a "short supply management" set of rules which everyone involved must know in advance of such conditions so as to avoid entering into contracts of a type that will later have to be broken by Government edict.

I certainly abhor seeing export contracts broken as happened with Continental and Cook. We need exports, and canceling contracts raises major uncertainty in the market.

On numerous occasions, I warned of the possibility of having a major purchase which would seriously deplete our already limited supplies.

We need a strong export market, and I am pleased that our Government's action in no way signals an attempt to cut off exports.

The administration has now finally conceded that the decisions by importing nations are often made on political grounds and not according to prices or supply and demand. This is an important principle which we must not lose sight of in developing a sound export policy.

The administration must be aware that our farmers are concerned that these new regulations not be used to depress the prices they obtain for their crops. They are concerned about the regulations resulting in production of food at below production costs.

This is a legitimate concern, since many farmers have lost a portion of their crop, while the costs of key inputs such as fertilizer, fuel, twine, and baling wire have more than doubled in 1 year.

Many farmers have been holding their crops and hoping to get a good price. We need to establish some stability in the market so that these farmers do not panic and sell their crops because of a fear that the export market is in jeopardy.

We need a "short-supply management" program which sets our priorities and provides some certainty. We must develop a balanced program to meet the needs of our poultry, dairy, hog, and livestock producers; and other domestic users; the farmers who grow the crops; our regular foreign customers; the needy nations of the world and other trading nations.

Also, we must consider the impact of this program on our urban consumers and the national economy.

We need a program with clear and specific rules. We cannot stagger along with an ad hoc arrangement until the Government feels the need to step in and knock down a deal with a sledge hammer after it has been made.

This is truly a major undertaking and I hope that the administration will implement the export program with candor and determination.

A program half-heartedly administered may ultimately be worse than no program at all.

We also should not overlook our 1972 wheat agreement with the Soviet Union, which committed the United States to credit sales of up to $750 million until July 31, 1975.

It appears that this agreement has no loophole or escape clause for the United States. We need to review this agreement carefully in terms of the nature of that commitment and what may still remain outstanding under it.

Secretary of Agriculture Butz at a July 8, 1972, press conference was asked whether "we had made any commitment to the Soviet Union with regard to our domestic grain programs that we committed ourselves to a certain quantity of grain in every year this agreement is in effect." In reply, the Secretary said:

> We made the commitment we would have this much available to sell and we certainly will have this much available to sell. We have the stocks on hand now, as you well know, of both corn and wheat. More than that, I made the point to Mr. Brezhnev and to Mr. Matskevich both, that they are absolutely safe in building up their Russian livestock population based on a feed grain supply from this country, because we have in our corn belt, in the Great plains area, the world's largest contiguous land mass area with good growing climate, with adequate rainfall, well capitalized farmers, with a reserve of unused acres. The production will always be there.
>
> I made the point and Brezhnev got it clearly that they are absolutely safe in building up the livestock population based on a grain supply from this country.

It is now clear that this commitment to the Soviet Union was too optimistic in assuming that the United States was not vulnerable to weather fluctuations. We should learn to be careful about making long-range open-end commitments of this nature, without congressional review or input.

At the same time, we should recognize that this export program is getting at only one aspect of what should be a total agricultural policy. Farmers cannot be expected to continue to produce at a loss as many are today.

This is why we need a soundly balanced program which gives some security to our farmers and consumers while allowing a strong export market.

A balanced program must not only look at the question of exports. We must assure the farmer that the Government will bear a share of the risks. An increase in target or floor prices on wheat, corn, soybeans, and cotton is long overdue. We must also face the need for a modest reserve program.

A reserve program will enable the Government to buy when there is surplus production in order to stabilize the market. At the same time, reserve stocks would be available for our own domestic needs, export requirements and humanitarian needs in times of short supply. It would also make it possible to avoid export embargoes.

And these reserves can be insulated to avoid depressing the market.

My bill, S. 2005, deals with all of these needs. I am happy that the chairman of the Senate Committee on Agriculture and Forestry, Senator Talmadge, has announced that these concerns and my bill will be the first order of business for the committee when Congress reconvenes in January.

Mr. President, I would like to include a copy of the announced USDA rules on the export program so that our farmers and traders will know the operating procedures. I ask unanimous consent that this notice be printed in the Record.

There being no objection, the notice was ordered to be printed in the Record, as follows:

Foreign Agricultural Service,
Washington, D.C., October 8, 1974.

To: Exporters of Wheat, Corn (unmilled), Grain Sorghums (unmilled) Soybeans and Soybean Oil Cake and Meal

The following system was discussed in general at a meeting held on October 7, 1974, in the U.S. Department of Agriculture, chaired by Secretary Butz and attended by virtually every major exporter of grain, soybeans and soybean products. With added detail we established this system, effective October 7, 1974.

Exporters of the above-mentioned commodities are requested to obtain USDA approval prior to making

(1) export sales which would either

(a) exceed 50,000 tons of any one commodity in any one day for shipment to any one country of destination or

(b) cause the cumulative quantity of sales of any one commodity made to any one country of destination during any one week (Monday through Sunday) to exceed 100,000 tons; and/or

(2) any change to a known country of destination from a country of destination (including unknown destinations) previously reported to USDA in Form C.E. 06–0098 covering existing export sales if the change(s) for any one commodity exceeds 50,000 tons in any one day or accumulates to exceed 100,000 tons during any one week (Monday through Sunday).

It is further requested that (from 8:30 A.M. to 4:00 P.M. Washington, D.C. time, Monday through Friday, national holidays excluded), information regarding such prospective sales and destination changes be reported by telephone or sealed hand delivery to the following FAS personnel:

Robert L. Rudy, 202–447–3273.
Joseph W. Creekmore, 202–447–6881.
L. Kirk Tinsley, 202–447–6931.
Jean B. Nollmeyer, 202–447–3274.

The following information is requested on prospective sales: (1) name of commodity (and class of wheat), (2) country of destination, (3) by delivery period, the quantity in metric tons, (4) the estimated quantity to be exported by marketing year, and (5) whether the prospective sale is an optional origin sale.

The following information is requested on destination changes: (1) name of commodity (and class of wheat), (2) name of original country of destination or, if applicable, unknown destination, (3) the date of the Form C.E. 06–0098 on which the exporter reported the country of destination, (4) the new country of destination, and (5) the quantity involved in the change(s).

This information will be kept in strict confidence and in most instances we will be able to give a decision either immediately or within a few hours. Of course, there will be situations in which higher level decisions will be necessary and this will take more time. We will do our utmost to speed up this process.

Prospective sales to unknown destinations will not be approved. Neither offers nor sales made under Title I, P.L. 480 need be reported under this voluntary system.

Upon approval the sale or destination change will be assigned a prior approval number. If you so elect, you may confirm the information reported by letter to: Foreign Agricultural Service, Room 4506–South Building, 14th and Independence Avenue, S.W., U.S. Department of Agriculture, Washington, D.C. 20250. Envelopes should be marked "DAILY SALES REPORT—DO NOT OPEN IN MAILROOM."

This written confirmation of the request may, if applicable, include the prior approval number, and will be filed with the original information reported. Prior approvals by FAS shall be valid for seven calendar days beginning the calendar day following the day of approval. FAS will promptly confirm such approval in writing.

If, after FAS has given its approval, the proposed sale or change is not completed as initially reported, it is requested that you report the circumstances so that we can correct our records. In many cases these adjustments will be reflected in daily reports you are required to furnish under separate announcement.

If you offer under a tender issued by a foreign buyer (usually a foreign government) it is suggested that you make the offer subject to USDA approval. We will not knowingly approve offers or sales made against a tender that do not include such a condition. We are immediately notifying foreign buyers of this new procedure and informing them that under it an unconditional offer has less status than does one including the above condition. We believe this procedure should place U.S. exporters on equal competitive terms with each other in making tender offers.

Definitions of terms used in this announcement will be as stated in "Export Sales Reporting Regulations", revised effective June 16, 1974.

DAVID L. HUME,
Administrator.

FARM INCOME AND ESCALATING PRODUCTION COSTS

Mr. HUMPHREY. Mr. President, the Federal Government must now face squarely the critical situation of our agricultural economy. In the discussion of inflation, the plight of our hard-working farmer has received little attention.

Americans have long taken for granted the existence of bountiful food supplies at reasonable prices. In spite of rising food costs, most Americans still pay about 16 percent of their take-home pay on food.

Inflation in food prices has been most harmful to the poor and those on fixed incomes. Their food items have increased proportionately much more than the staple diet of most middle class Americans. And their incomes have not kept pace with the inflationary spiral.

The farmer, while receiving higher prices for some crops, has been facing increased costs of production which are making it hard for him to stay in production.

The milk producer has been especially hard hit by rising prices. One article, "Dairy Prices $2 Below Cost of Production, Rohde Charges," in the October 3 issue of Minnesota Agriculture, lists some of the main inputs which have increased from 14 to 275 percent in 1 year.

A second article in the same paper indicates that 3,188 Minnesota milk producing farms have gone out of production in the past year, and it is estimated that half of the State's dairy farms have gone out of production during the past 9 years.

A third article in the same paper indicates that, if the farmers produce abundance crops next year, they could be ruined financially because price supports are too low to take realistic production costs into account.

Tony Dechant, president of the Farmer's Union, suggested:

> Farmers simply cannot produce the abundance that the nation needs when doing so would insure their financial ruination. For one thing, their bankers won't lend them the money that's needed to cover their production expenses.
>
> There must be a realistic "game plan" to prevent prices from collapsing if farmers do go all-out to produce as they are being encouraged by the government to do.

Our Senate Committee on Agriculture and Forestry will be looking at the need for changes in our agriculture legislation when Congress reconvenes. This is an urgent task, and I am happy that my bill, S. 2005, will be the starting point for this review.

Mr. President, I ask unanimous consent that the three articles I have mentioned be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

DAIRY PRICES $2 BELOW COST OF PRODUCTION, ROHDE CHARGES

WASHINGTON, D.C.—"Dairy farmers are accustomed to tightening their belts over the long haul, but should not be expected to make the kind of sacrifices and adjustments imposed by the sharp drop in milk prices and escalating fram costs this past summer," a Wisconsin farm leader said here today.

Gilbert C. Rohde, president of both the Wisconsin Farmers Union and the Farmers Union Milk Marketing Cooperative, told a Senate subcommittee, holding hearings on the dairy situation, that the current cost-price squeeze, unlike previous ones, struck dairymen with "severe suddenness."

Farmers Union, Rhode said, supports legislation, introduced by Sen. Gaylord Nelson (D-Wis.), calling for dairy price supports at 100 per cent of parity for manufacturing milk. "The farmers Union has always insisted that farmers must have parity prices for their products and we plan to fight for passage of Senator Nelson's bill."

However, he urged that Agriculture Secretary Earl Butz take immediate administrative action to raise dairy supports to 90 per cent of parity as he is permitted by law.

"The family farmer who is out in the barn at 5 am. every morning cannot wait for the wheels of Congress to turn in their slow, deliberate fashion," Rohde said. "He needs aid now, not tomorrow, and present law requires that he gets some—in the form of 90 per cent of parity dairy price supports."

Rohde charged that Secretary Butz' recent proposal to increase the minimum price level for fluid milk is inadequate and constitutes a threat to Midwest Dairy Farmers.

"In the Upper Midwest where milk price are now the lowest in the nation Grade A dairymen will get a higher price on only a third of their milk and producers of manufacturing milk will get no increase at all."

To describe the economic plight of dairy farmers in Wisconsin, Rohde selected as an example a Vernon County Grade B milk producer, milking 40 cows, who reported the following increases in the cost of production items on his farm:

PRICES

Item	August 1973	August 1974	Percent of increase
Gasoline	$0.326 per gallon	$0.485 per gallon	49
Diesel fuel	$0.20 per gallon	$0.36 per gallon	80
Commercial fertilizer	$90 per ton	$156 per ton	73
Dairy feed concentrate	$130 per ton	$200 per ton	54
Baler twine	$8 per bale	$30 per bale	275
Milk filter pads	$5 per box	$6.29 per box	26
Washing compound for milking equipment.	$14 per container	$16 per container	14
Fence posts	$1.08	$2 each	85
Fencing wire	$13.50 per bale	$30 per bale	122
Nails	$0.20 per pound	$0.60 per pound	200
Lumber	$320 per thousand	$440 per thousand	37½
Farm Machinery (on the average)			17
Electricity (on the average)			25

"How, I ask you, do you tighten your belt to overcome such staggering increases in farm expenses?" Rohde asked.

The 130-acre dairy farmer, Rohde said, was paid $6.45 per hundredweight for his milk in August—more than $2.00 per hundred under the current average cost of milk production as computed by University of Wisconsin farm management specialists.

FARMERS UNION WARNS "FOOD SUPPLY DISASTER" MAY COME IN 1975

DES MOINES, IOWA, Oct. 2, 1974—"The United States is heading for a food supply disaster in 1975 and President Ford's 'Summit' Conference on the economy last weekend overlooked the problem," Tony Dechant, National President of the Farmers Union, reported today to the directors of the Iowa Farmers Union at the Clayton House Motel in Des Moines. He added:

> It is ironic that food and energy were acknowledged by all to be the two most critical factors in the worldwide 'Inflation' problem. Yet little was said about the need for realistic measures to insure adequate food production.
>
> Unfortunately, the Secretary of Agriculture, who was in control of the reporting from the pre-summit conference on food and agriculture that was held in Chicago, managed to suppress the anxiety and concerns of working farmers about the unprecedented risks and obstacles they face today.
>
> Immediate action is needed to prevent a severe shortage of milk and meat within months of today, and to prevent short crops of grains, cotton, and soybeans in 1975 which would lead to collapse of our domestic and export food industries.
>
> Thousands of dairy farmers and livestock producers are being forced out of business. Milk prices today bring the farmer less than the cash cost of the feed for his cows. Cattle prices have plummeted to less than half of what they were a year ago.
>
> Farmers are contracting this fall for fertilizer and other supplies needed for the 1975 crop. Many farmers tell me they are encountering prices for fertilizer more than two times as high as they has to pay a year ago. All other production costs are up drastically.
>
> The present levels of government prices supports are far too low to cover even the farmers' out-of-pocket cash costs of producing milk and crops, not to mention any return on the farmer's labor.

Yet that is exactly where prices will fall, if the publicly-expressed hopes and intentions of Secretary Butz for all-out farm production should be realized without meaningful price floors under agricultural commodities that will match the farmer's higher production costs.

Farmers simply cannot produce the abundance that the nation needs when doing so would insure their financial ruination. For one thing, their bankers won't lend them the money that's needed to cover their production expenses.

There must be a realistic "game plan" to prevent prices from collapsing if farmers do go all-out to produce as they are being encouraged by the government to do.

Finally, we need to restore the policies of international cooperation on the food front that Secretary of State Kissinger is now trying to initiate on the energy front. There is unanimity in the world, excepting for our own Department of Agriculture, on the need for international commodity agreements for grains and other major agricultural commodities to prevent a "boom and bust" world market in foodstuffs.

HALF OF STATE'S DAIRY FARMS GONE IN 9 YEARS

The problems of America's dairy industry have been far more disastrous for Minnesota's $1.5 billion dairy industry than earlier estimated, and combined with recent weather disasters of unprecedented scope, threatens calamity for that vital industry, Agriculture Commissioner Jon Wefald charged Wednesday.

He reported that an official mid-year inventory of Minnesota dairy farms just completed showed that the state was down to an all-time low of 34,198 milk producing farms and revealed the loss of 3,188 such farms in the past fiscal year. A month ago Commissioner Wefald had unofficially estimated the loss of dairy farms at 1,500.

The survey was two months in process by the State-Federal Crop and Livestock Reporting Service, based on actual producer records of every dairy firm buying milk during June Minnesota farmers.

Commissioner Wefald said the numerical loss of dairy farms in fiscal 1974 was the worst since fiscal 1971 and the 8.5% loss it represented was the worst ratio since fiscal 1969. Since mid-1965—just nine years—Minnesota has lost nearly half its dairy farms.

He pointed out that the record date for the inventory minimizes the impact of the summer drought and hail damage on dairy farmer decisions to quit operation. Evaluation of crop losses did not begin until mid-July and have mounted since.

"With the exception of about six months, the last quarter of 1973 and first quarter of 1974, the price farmers have been receiving for milk production has been too low to make a decent living for most of the past 25 years."

"Production costs are skyrocketing out of sight for the dairy farmer right now, because of significant midwest wide weather damage to feed grains and other crops. Reports we are receiving currently from all over Minnesota reflect the sad tragedy that is taking place."

Commissioner Wefald said that even under normal conditions the dairy farmer is looking at increasing feed costs to maintain milk production through the winter season.

"But the weather has made this fall anything but a normal situation. Between mid-July and mid-August the average Minnesota price for dairy ration jumped 25%, the price the farmer gets for his milk a feeble 1%."

"During the first eight months of 1974 the price of corn increased 40%, oats by 23% and the cost of hay by 42%, while the price the farmer received for milk dropped by 21.5%," Commissioner Wefald quoted official state price average statistics.

CHANGING WEATHER PATTERNS AFFECT AGRICULTURAL PRODUCTION

Mr. HUMPHREY. Mr. President, debates have recently sprung up among weather experts regarding changing global weather patterns.

Although a consensus seems to be lacking as to whether we are experiencing a long- or short-term alteration in climate, there is much evidence to substantiate both theories. Thus, one might hypothesize that we are experiencing both a short- and long-term change in world weather patterns.

During the past century, a 2- to 4-year drought has occurred in the Midwest approximately every 20 years. Although a number of experts attribute this to coincidence, there are many who warn that this summer's drought, the very wet spring and the early frost constituted evidence to substantiate the theory that this may indeed denote a 20-year cycle. If this is the case, we can most likely look forward to another 2 or 3 years of the bad weather we experienced this year.

Many metorologists believe that the world is now entering a long-range cooling-off period, which might last for centuries.

Such a weather pattern would have the most far-reaching effects in the monsoon lands, such as the Indian subcontinent and the African Sahel. It could account for the recent dry weather patterns in these areas and for the fact that the Sahara creeps southward 15–20 miles every year.

If both theories prove out, future agricultural production will undoubtedly be directly affected by the weather patterns. While the United States and other middle-latitude countries can expect unstable weather patterns with wet periods alternating with dry, for the majority of the developing countries in the monsoon areas there may be little respite from an increasingly adverse climate. Ironically, these countries, lacking our sophisticated technology, are most vulnerable to the forces of nature.

Long-range bad weather conditions will make developing nations increasingly dependent on the United States and other affluent countries, unless we expand our technical assistance to these countries now, so that they can develop a capacity to provide for their own food needs.

Even with our help, the developing world will not become self-sufficient overnight. And now there is a new emphasis on the interdependence of all nations in the struggle to preserve and make efficient use of our resources.

All nations have a role to play in the future of the world economy. The United States, as the world's largest food supplier, can and should take the lead by taking steps to provide relief for those most in need. In addition to increasing our technical assistance to the developing world, we must also establish a food reserve system, which would not only provide for the future needs of other countries who are dependent on us for food, but would also serve as a standby to meet our own needs in times of shortages which may occur from time to time due to changing weather patterns.

Mr. President, I would like to call to the attention of my colleagues two articles: "Earth Seems To Be Cooling Off Again," by Richard L. Strout, in the Christian Science Monitor, September 26, 1974; and "The Climate Has Been Changing in Ways That Bode Ill for the Immediate Future of World Food Supply," by Reid A. Bryson and John E. Ross, in The Other Side, September 1974. These articles describe the historical aspects of world weather patterns as well as current global weather conditions. I ask unanimous consent that these two articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Other Side, September 1974]

THE CLIMATE HAS BEEN CHANGING IN WAYS THAT BODE ILL FOR THE IMMEDIATE FUTURE OF WORLD FOOD SUPPLY

(By Reid A. Bryson and John E. Ross)

Since about 1945 the Northern Hemisphere has been cooling irregularly. In the far north Atlantic the change has been about four times as great as the average of the hemisphere with disastrous results for Icelandic agriculture. The North Atlantic Ocean itself has been cooling, and the length of the growing season in England has declined two weeks as the Gulf Stream has shifted southward. The snow and ice area of the world dramatically increased by an eighth in 1971–72.

The magnitude of the temperature change does not seem impressive—half a degree centigrade for the hemisphere, a whole degree for the North Atlantic, about two degrees for Iceland. But like the fever thermometer in the human, the message of the hundreds of thermometers stuck in the atmosphere and the oceans is that the homeostatic mechanisms of the atmospheric-ocean system are out of balance.

Studies of climatic history teach us several lessons: that the climate has been variable even in the 10,000 years of post-glacial history; that the climate nearly always shifts from one condition to another very rapidly; that in a few decades the world pattern of climate may change significantly then retain the new pattern for centuries; and that when the high latitudes of the earth cool, the subtropical monsoon rains fail.

About 10,800 years ago the Ice Age climate ended. During the post-glacial period there have been significant changes every few centuries. One of these changes occurred about 1,200 A.D. The whirl of west winds about the north pole had been small while the earth was rather warm for three centuries, then the polar air regime began to expand. Arctic ice cover increased, the barren grounds of the subarctic expanded and the climatic zones shifted southward a few hundred miles. The westerlies now flowed across the northern United States and mid-Europe more persistently in summer.

A similar change had occurred about 1,600 B.C. The Arctic cooled, the westerlies expanded southward, as indicated by fossil soils in Canada and pollen records in many places. Closer to the equator another regional phenomenon occurred. The subtropical high pressure regions moved southward. It is these high pressure regions that make the great subtropical deserts of the world, such as the Sahara. If the subtropical high pressures are displaced toward the equator, the monsoon rains do not penetrate as far into the African and Asian continents, and the northern edge of the monsoon regions become desert. When the Arctic cooled around 1,600 B.C., the monsoon rains failed to reach northwest India. The freshwater lakes that had been there for seven thousand years turned to salt and dried up. The Indus Empire that had spread its farms over the region for 1,500 years collapsed.

Today the northern fringes of the monsoon lands are saturated with people. These populations have grown rapidly during the last few decades when warmer temperatures in high latitudes prevailed and reliable monsoon rains came. Now the high latitudes are cooling, the westerlies are expanding southward, the subtropical deserts are shifting equatorward, and the monsoon rains do not penetrate as far, on the average, into West Africa and India.

About half of the world's population lives in the monsoon lands and perhaps a fifth of these live in the portions of Africa and Asia that seem to be effected by the monsoon retreat—and that is between 300 and 400 million people. By and large they are the hungry people of the world already.

In middle latitudes, in the breadbasket of the world—Canada, the United States, Europe, Russia—the pattern of climatic change is different. As the westerlies expand during cool periods of earth history, the distribution of rainfall and growing conditions shifts, with east-west contrasts predominating. But there is another characteristic of cool climate periods—the pattern of growing conditions is more unstable. A year, or several, may be wet, then there may be a period that is dry. Long fine growing seasons may be broken by early or late frosts.

In the last few years this pattern has reappeared, extremely wet springs and falls hampering planting and harvesting in the midwest, wet years alternating with dry in the southwest and high plains. Mid-summer frosts reappeared in the northern states after many decades of absence.

The extreme weather patterns of 1972–1974 have touched all our lives economically—but the poor have felt the increased cost the most. The world-wide food production problem of 1972, highlighted by the massive Soviet grain purchase, was not an isolated, random phenomenon. It appears to be in the shape of the future.

[From the Christian Science Monitor, Sept. 26, 1974]

EARTH SEEMS TO BE COOLING OFF AGAIN

(By Richard L. Strout)

WASHINGTON.—About a quarter of the human race, around one billion people, are immediately and vitally affected by what ecologists increasingly suspect is a slow shift in global climate.

Early frosts in North America, drought in Siberia, expansion of the Sahara Desert in the Sahel cannot all be coincidences, U.S. Agricultural Department weather experts surmise as they post the latest disappointing estimates of world grain crops. The wheat-crop estimate, for example, released this week, is down 3.9 million tons from last month's.

Meanwhile, world population is increasing an estimated 75 million a year.

The Agricultural Department's basic long-term calculation is that grain consumption is growing about 1.4 million tons a year faster then world-grain production.

NEW SIGNIFICANCE

Some agricultural economists think the trends of the early 1970's are short term, with a return of food surpluses before long. Other meteorologists say short-range and long-range unfavorable cycles may be returning.

A group of 21 international scientists recently unanimously reported that "scholars of climate change attest that a new climate pattern is now emerging . . . the direction of the climatic change indicates major crop failures almost certainly within the decade. . . ." (International Federation of Institutes for Advanced Study, Stockholm, June 3, 1974).

Drought in the Great Plains of the U.S. and Canada this summer, and in Russia two years ago, takes new significance. Data on climate has been available for a century indicating that two-to-four year drought occurs in the Great Plains at around 20-year intervals: in the mid-30's (the "Dust Bowl"), and the mid-50's.

Such recurrence would shadow the World Food Conference scheduled shortly in Rome, following the earlier World Population Conference.

Great Plains drought recurrence would all but eliminate chances of rebuilding depleted world cereal stocks and worsen the plight of the 25 percent of the world population who go to bed hungry at night. They number about one billion. High food, fuel, and fertilizer prices threaten them, and there is already starvation in parts of India.

LONG-RANGE COOLING CYCLE

Besides the supposed short-range 20-year cycle, some meteorologists think there is a long-range cycle and that almost imperceptibly the earth is in a cooling-off stage. It might ultimately return glaciers, tens of thousands of years hence.

The supposed cooling process may be causing a southward migration of rain-bringing monsoon winds. This could account for an erratic dry-weather pattern through the Middle East to India, southern Asia and northern China. The desert has been extending 15 to 20 miles a year in the sub-Sahara region.

President Ford reminded the UN, Sept. 18, that the U.S., heretofore, has provided hungry nations with food. Statistically, America supplied $20 billion worth to needy countries under Public Law 480, the Food and Peace program. Now the grain reservoir is empty. Yet world population still grows.

RUSSIA DELAYS FORECAST

Russia holds back crop forecasts. In 1972 grain production declined 13 to 14 percent below 1971. The U.S.S.R. purchased 28 million tons abroad, the biggest food import in history. Soviet secrecy makes world planning difficult.

Last February U.S. Agriculture Secretary Earl L. Butz told a skeptical Joint Economic Committee that food prices would level off by midyear and that a shortage would be averted. But weather intervened.

A study of temperature changes in Iceland, based on glacial studies, indicates a gradual cooling over 10 centuries until about 1900, when there was a sharp rise followed by an equally abrupt drop, Dr. Reid Bryson, University of Wisconsin, reports.

He argues that the chilling in the entire Northern Hemisphere, beginning several decades ago, intensified the westerly flow of air in midlatitudes and drove the monsoons southward.

Some students think that man is altering climate, too, by environmental changes.

MALNUTRITION STRIKES MILLIONS

Mr. **HUMPHREY**. Mr. President, it is estimated that approximately one-fourth of all yearly deaths in the world strike children under the age of 5 who suffer from the combined effects of infection and malnutrition. About 1 billion people in the world may now be victims of malnutrition, and the effects are most serious among the young.

In a country like Bangladesh, where since the summer floods many people eat as infrequently as once every 3 days, extended periods of hunger are a major cause of malnutrition. Prolonged severe malnutrition ultimately leads to starvation, and death. For millions of children who barely escape starvation, malnutrition at least stunts both mental and physical growth, sentencing them to a life of handicap.

Unfortunately, severe malnutrition seldom occurs alone. It often goes hand in hand with disease. By lowering a child's resistance to infection, he is not only more likely to become diseased but, lacking strength as well as many essential disease-fighting mechanisms, his body will also find it much more difficult to overcome any disease he has contracted. Thus, a normal childhood disease like measles, usually of little consequence to a healthy child, kills many children in the underdeveloped countries each year. Disease in these parts of the world is virtually self-perpetuating.

The causes of malnutrition today are manifold. Bad weather has been largely responsible in recent years. While changing weather patterns are affecting all parts of the world, recent floods and drought have by far hit the poor countries the hardest. The burdens of inflation in food, energy and fertilizer costs and the ever-expanding world population are also heaviest in the developing countries.

Mr. President, we have seen malnutrition increasing all over the developing world this year, and it is expected that conditions will be further aggravated unles some positive action is taken immediately. We know the effects of malnutrition. We know that the threat of widespread famine is spreading over our globe. Every day we read of new manifestations of the world food crisis. And yet we still have no policy which addresses itself to these grave problems. We continue to take for granted our most precious commodity, food, as we do so many of our valuable natural resources.

Mr. President, I have consistently urged consideration of a food policy which would plan for the immediate and future needs of all our world's people. How many must die before we will begin to demonstrate some compassion for our fellow man? If the world's children lack the necessary nourishment for full physical and mental development, the effects on future generations may be more devastating than we can possibly contemplate.

Mr. President, I would like to call to the attention of my colleagues two articles which appeared in the New York Times on October 6: "Malnutrition Is Up Sharply Among World's Children," by Harold M. Schmeck, Jr.; and "Two Forms of Malnutrition Worry World Health Experts." Both of these articles serve to focus our attention on present conditions in the developing world, stressing the causes and effects of severe malnutrition. I ask unanimous consent that the two articles be printed in the RECORD.

There being no objection, the articles

were ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 6, 1974]

Two Forms of Malnutrition Worry World Health Experts

WASHINGTON.—Public health experts worried about the consequences of food shortages in several regions of the world are particularly concerned over two serious forms of malnutrition.

These are kwashiorkor and marasmus. Both are serious threats to the lives and future well-being of young children.

Kwashiorkor, is a serious shortage of protein. It is most likely to occur after weaning if the infant's solid food lacks enough good protein. This severe protein-deficiency malnutrition can occur even if the child's diet gives a close to adequate total of calories.

The other type, marasmus, tends to come earlier in life. It stems from an over-all lack of good food—protein and everything else. It is really partial starvation.

Kwashiorkor, Marasmus and mixtures of the two all stem from violations of the body's basic food economy. To maintain health, a person must consume enough protein to build and rebuild tissues and other vital body constituents. The person must also consume enough food—protein, carbohydrate or fat—to provide the energy is measured in calories, which are really units of heat.

In short, the living body must maintain a balance in energy, protein and other nutrients, taking in as much of each as it uses in the processes of life. When outgo persistently exceeds intake, the body must start devouring its own substance.

A person cannot indulge in deficit financing of his body's basic nutritional budget for long without harm. Too little food brings hunger almost immediately and then malnutrition, if the shortage continues; ultimately, there is starvation and death.

Malnutrition can take many different forms and different degrees. A person may die of severe malnutrition without necessarily starving. Prolonged lack of just the nutrient vitamin C, for example, can result in death from scurvy even if the victim continues to get a reasonably abundant supply of other nutrients and calories.

The human body cannot make its own vitamin C, although the nutrient is widely available in citrus fruits, potatoes and tomatoes. When the human's supplies dwindle to the critical point, the deficit affects the whole body almost cell-by-cell. The vitamin is thought to play a role in electron transfer within cells. It facilitates the absorption of iron from food.

SUPPORTS CONNECTIVE TISSUE

On the larger scale, vitamin C helps maintain the integrity of connective tissues, bones and teeth. When the vitamin is lacking, capillaries are weakened and excessive bleeding is likely to result.

Yet all of these ill effects can be prevented, in the normal person, by about 60 milligrams Vitamin C a day—a dose that is only about a fifth of the weight of a common aspirin tablet.

The vitamin C case is only one among many examples in the huge literature of nutrition. Comparable lack of Vitamin B-1 can lead to death from beriberi. Shortage of iron can cause anemia. Lack of iodine during a woman's pregnancy can put her baby at risk of cretinism—dwarfed in physical statute, seriously retarded mentally.

In its broadest of sense, malnutrition covers the whole gamut of problems from too much food-causing obesity and many concomitant health hazards—to starvation, the situation in which the food-deprived body consumes as much of its own substance as it can, then dies when it can do no more.

Experience of the Dutch during the severe famine they suffered in the final year of World War II showed that people began to die of starvation when they lost roughly a third of normal body weight. When the loss reached 40 per cent, death was almost inevitable.

[From the New York Times, Oct. 6, 1974]

Malnutrition Is Up Sharply Among World's Children

(By Harold M. Schmeck, Jr.)

WASHINGTON, October 5.—In parts of rural Bangladesh, during relatively good times, villagers hope to eat one meal a day. This year, during the aftermath of the summer floods, many of them were eating only once every other day, sometimes only once in every three.

An authority on world malnutrition, Dr. Nevin S. Scrimshaw, cited these grim figures recently to put in human terms the impact of hunger in 1974.

The consequence of prolonged hunger is malnutrition. It is widespread in the underdeveloped world. It appears to be getting worse. It hits children hardest, killing many and stunting the growth of many others both mentally and physically so that they are likely to be handicapped for life

Since early this year, nutritionists say, there have been sharp increases in serious malnutrition among young children in many regions, notably Barbados, Guatemala, Bangladesh, Thailand and India.

There are no good global figures on malnutrition and never have been, but some experts estimate that a billion or more people suffer from it during at least part of the year. That means that almost a third of the human race are suffering today from hunger and its consequences.

Malnutrition and its ultimate form—starvation—are the real causes of world concern over the teetering balance between food supplies and population across the globe.

Real progress against malnutrition has been made during the last two decades. But some specialists, including Dr. Scrimshaw, head of the Department of Nutrition and Food Science at Massachusetts Institute of Technology, say there has been a sharp turn for the worse in recent months.

Among the underlying causes are bad weather, inflation in energy and food costs and the inexorable growth of world population. Rising petroleum prices have sent the costs of fertilizer and transportation up, too, blunting the promise of the "green revolution."

HAZARDS OF WEATHER

Floods, droughts and other anomalies of weather have hurt crops in some of the world's main food producing regions and in other places where shortage can be least tolerated.

Nations that appear to be particularly hard hit include India, Pakistan, Bangladesh, the sub-Saharan countries of Africa, Indonesia and parts of several Latin American countries.

It has been estimated that roughly 15 million children a year die before the age of 5 of the combined effects of infection and malnutrition. This annual toll represents a quarter of all the deaths in the world.

Some experts believe virtually all of the children born to poor parents in the underdeveloped nations have some degree of malnutrition at one time or another. For millions the malnutrition is severe.

The human tragedy of this is clear to anyone who has ever seen the staring, apathetic eyes, match-stick limbs and swollen belly of a seriously malnourished child. The whole social and economic cost is harder to grasp, but no less tragic.

In adults, malnutrition can ruin health and productivity; in a child it can all but foreclose the future. The world malnutrition covers many possible deficits, sometimes simply too little food of any kind, sometimes the lack of certain crucial nutrients. The results can vary too—anemia and apathy, or deformed bones, or stunting of growth in both mind and body. When prolonged and drastic enough, malnutrition becomes starvation—a word that needs no definition.

In regions where malnutrition is common, Dr. Scrimshaw observed during a recent interview, laborers often have to be given tasks that take only two or three hours a day. Men and women can't work longer on the calories their meager diet provides. This lack of productivity tends to be self-perpetuating. The person who can work only a few hours a day can't earn enough to buy the food that would make a longer work day possible. Even when the malnutrition reflects primarily deprivation of certain specific nutrients rather than overall lack of food, the loss of productivity can be drastic.

EFFECTS ON EFFICIENCY

A field study in Indonesia last year, sponsored by the World Bank, showed a strong correlation between iron-deficiency anemia and reduced take-home pay among rubber tappers. The study, by scientists at M.I.T., showed a 39 per cent rise in income when the rubber workers were fed extra iron to correct the anemia.

Malnutrition is bad enough by itself, but it almost never occurs alone. The malnourished person is more likely than a well-nourished American children from infection—and the infection will probably be worse. Measles is not often a threat to well-nourished American children. In places such as Africa, where malnutrition is a common childhood experience, measles is a killer.

Furthermore, repeated bouts of infection can intensify and aggravate malnutrition. When a malnourished infant develops diarrhea—often a combined effect of too many germs and too little food—the mother responds by withholding solid food. When the only alternative is a thin gruel of little nutritive value the malnutrition inevitably gets worse.

In many poverty-stricken regions of the world, infant diarrhea and respiratory infections in the young are among the leading over-all causes of death. Many experts agree that this toll is as high as it is primarily because of malnutrition.

While malnutrition can be disastrous at any age, health workers concerned with the problem are most alarmed about the effects on children and pregnant women. The alarm is over those who survive as much as over those who die.

The combined assault of poverty and its social deprivations along with the lack of good nutrition, both before and after birth, can leave a young child permanently handicapped virtually from the start of life. For at least 10 years, evidence has been accumulating that infants thus deprived may grow up with permanent mental as well as physical handicaps.

INCREASING THREAT FORESEEN

"The world is producing literally hundreds of thousands of children who will be at risk of poor mental development later on," said Dr. Myron Winick, who has done pioneering studies on the effects of malnutrition on the developing mind and brain.

"These are the very countries that are underdeveloped and can least afford to have many of their 20-year-olds retarded 20 years from now," he said. Dr. Winick is director of the Institute of Human Nutrition of Columbia University's College of Physicians and Surgeons.

The same worry has been expressed recently by many experts, including Dr. Scrimshaw of M.I.T.

"We will see an increasing threat to the population on which the developing countries will depend to bring them into the modern age," he said.

That is a factor of utmost concern to health scientists: Today's malnutrition may already be shackling tomorrow's generation of adults.

Part of the evidence for this lies in the way the human brain develops. There are two relatively distinct key periods in its growth. The first of these is a rapid multiplication of nerve cells coming during the second trimester of pregnancy—months three-through-six.

The second key phase extends through the first two years of a child's life. During this phase, according to Dr. Merrill S. Read, of the National Institute of Child Health and Human Development, comes major growth of the brain's non-nerve cells and of the intricate multiple connections between cells.

This latter phase is particularly important to human mental performance, Dr. Read said in a survey report on the effects of malnutrition on learning.

It had once been thought that the human fetus was almost entirely protected against malnutrition while still in the womb and that the infant could recover satisfactorily from even severe temporary lack of nourishment. Today, both of these views seem overly optimistic. A malnourished mother may not be able to give the fetus the optimum nutrition that it needs. The infant lacking proper food during early critical stages may never recover completely.

There are at least three ways in which early malnutrition can permanently stigmatize its victims, Drs. Read, Winick and others agree. Evidence from humans and animals shows that malnutrition at key times early in growth may affect the development of the brain so as to impair learning ability. The second and third factors appear to be as much social and behavioral as physical. The seriously malnourished baby tends to be apathetic, less demanding of attention from its mother—and therefore getting less. The result is likely to be further malnutrition and withdrawal into a bleak empty world of its own. It's a situation that tends to perpetuate itself among the survivors with later changes in personality and behavior that may interfere with learning and almost everything else.

Experiments with nonhuman primates have shown that severe malnutrition in the young results in emotional problems and difficulty in adapting to change later on.

From long studies of deprived children in Latin America and Cambridge, Mass., Dr. Ernesto Pollitt of M.I.T. has concluded that the victims of early malnutrition inhabit a world virtually separate from the more fortunate, and that food alone would hardly suffice to bridge the gap.

Yet, for millions, enough food seems to be getting more and more out of reach.

A SUMMARY OF CONDITIONS

In oversimplified summary, this is the picture several specialists have drawn recently:

In poor areas of the world, inflation in both human numbers and the cost of everything is driving rural people off the land and into appalling city slums. Work is scarce and government dole of food offers the only hope of survival. In this natural breeding ground for malnutrition, infants are further compromised because their mothers can't both breast-feed and look for work.

In city after city in countries where hunger is already a problem there seems to be a trend away from breast feeding. Nutritionists are concerned because they see evidence that it is reflected in serious malnutrition at the age when the baby is most likely to suffer irreparable damage. The reason is that the infants often get their substitute food under unsanitary conditions and the formula food itself is often watered down to save the family money.

"It's too diluted to do any good," one doctor said, "but it still looks white."

Some nutritionists say a major aggravation of the problem is the tendency of some poor mothers to abandon breast feeding in emulation of more prosperous women—but without the resources or knowledge to provide their babies with adequate substitute nutrition.

The result, all too commonly, is a grave type of malnutrition called marasmus. It results from a prolonged deficit in total food—too few calories, too little protein, too little of everything else that is important in food.

Dr. Winick said marasmus in the very young is particularly dangerous because it hits during a stage of development when the risk of permanent brain damage is probably greatest. Dr. Joe Wray, a pediatrician who has worked in community health projects in many parts of the world as a field staff officer of the Rockefeller Foundation, says he has been appalled by the extent of urban malnutrition.

His most recent assignment was several years in Thailand. There he said, breast feeding was still the custom in rural families. Malnutrition was neither common nor often severe.

OVER HALF MALNOURISHED

Dr. Wray said that when he left Bangkok earlier this year, the drift away from breast feeding was so strong that most women were no longer doing it after the first six months. In the urban slums of that city, he said, well over half of the babies were malnourished and as many as 15 per cent suffered from marasmus. He suspects that the same thing would be found in many of the other big cities of Asia.

Dr. F. James Levinson, director of M.I.T.'s International Nutrition Planning program, called the lack of breast feeding among the poor "a dreadful syndrome" that is having effects all over the world.

In the midst of all the evidence of malnutrition in various regions of the world, there are few notable exceptions.

Dr. Georgio Solimano, head of the nutrition programs under the Allende regime in Chile, said his country had made significant progress against infant malnutrition by intensive programs of giving milk supplements to poor women and children, together with a large-scale public health education program.

Dr. Solimano, who is now at M.I.T., said the program began before the Allende regime but was accentuated during his presidency. Infant and maternal death rates have declined in Chile in recent years, he said, partly under the impact of the long-term policy.

CHINA VISITORS IMPRESSED

Others familiar with the situation in Chile said the present regime was continuing to follow a strong nutrition policy under the direction of Dr. Fernando Monckenberg, an internationally known scientist.

Several nutritionists and experts in child health have been surprised and much impressed by the lack of visible malnutrition in mainland China. Evidence of severe and widespread malnutrition would not be easy to hide from the visitors' expert eyes. Many who have been to China believe she has indeed managed to provide adequate food for her 800 million people. Visitors to North Vietnam in recent years have reported much the same thing.

Decades ago, China and Indochina had the reputation of being the traditional home of periodic famines. Today, in much of the rest of Southeast Asia, malnutrition is widespread, some experts say.

As Lester R. Brown of the Overseas Development Council notes in a new book, "By Bread Alone," to be published this fall by Praeger, neither malnutrition nor famine is anything new to the human race. Millions died of famine in the Soviet Union during the early nineteen-thirties; millions died in Ireland during the potato famine of more than a century ago.

In 1943 floods destroyed the rice crop in West Bengal, India, causing a famine in which some two to four million died.

There have been smaller famines since World War II in various parts of the world and one case in which a large-scale threatened famine was avoided in India because of food aid shipments made largely on American initiative.

Mr. Brown, who has devoted much time and energy to warning of world food problems, said India might have experienced one of the worst famines in history in the mid sixties had it not been for the nearly 10 million tons of food aid shipped in during two successive years.

INDIA'S NEED IS VAST

Observers say it appears that India may need several million tons of food aid this year, possibly as much as their annual needs for aid during the episode of the mid sixties. But this year, one American nutritionist said, we don't have the surpluses to send them.

Some of the great famines of history have devastated whole countries or regions, threatening almost everyone when food supplies ran out. In his new book, Mr. Brown worries about subtly different famines that may confront today's world. The modern version, influenced by population pressure and rising prices, could affect primarily the poor, leaving the affluent, even in poor nations, largely untouched.

"The modern version of famine does not usually confront the world with dramatic photographs such as those of the morning ritual of collecting bodies in Calcutta during the Bengal famine of 1943," he said, "but it is no less real in the human toll it takes. Reports in 1974 of rising rates of nutrition-related deaths in several poor countries underscore the need for closer attention to this ominous trend." In a recent conversation, Dr. Wray of the Rockefeller Foundation also underscored the ominous look of things today, particularly in the urban slums of major Asian cities.

INFLATION AND OIL: A GLOBAL AGENDA

Mr. HUMPHREY. Mr. President, in a recent article in the New York Times, Leonard Silk describes in sharp and clear terms the international scope of the economic crisis:

> From Topeka to Tokyo, from the North Cape to the Cape of Good Hope, everybody knows it and feels it: The world economy is in deep trouble, and the name of the trouble is inflation.

The fundamental problem confronting finance ministers attending the recent annual meetings of the International Monetary Fund and the World Bank was how to stop inflation without adopting cures, such as deflation and mass unemployment, that are worse than the disease.

However, there seems to be much vacillating among the leaders of IMF, the World Bank and here at home toward the steps that must be initiated to solve the tremendous increase in the financial reserves of a handful of oil producing nations, and their profound implications.

It is essential that steps be taken without delay to address the urgent problem of major capital flows in and out of world money markets on a moment's notice, resulting from investments by the oil exporting nations of their sharply increased profits. A primary requirement right now is to track as accurately as possible this swift current of petroldollars. This would be an immediate function of the Petrodollar Task Force which I have strongly urged President Ford to establish in the executive branch.

The time has come for the affluent industrial countries and the developing nations to work together in addressing their common financial and energy resource needs, and in achieving agreement with OPEC nations on measures to stabilize the world economy.

Leonard Silk's article, entitled "The Global Level: Talk of Inflation and Oil," is an excellent explanation of our need for united leadership. Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 6, 1974]

The Global Level: Talk of Inflation and Oil—United States and World Leaders Seek Elusive Answers to Common Problems

(By Leonard Silk)

WASHINGTON.—From Topeka to Tokyo, from the North Cape to the Cape of Good Hope, everybody knows it and feels it: The world economy is in deep trouble, and the name of that trouble is inflation.

This past week in Washington, hard on the heels of President Ford's summit conference on the ills of the American economy, the top financial officials of 124 nations gathered for their own exercise in summitry at the annual meetings of the International Monetary Fund and the World Bank.

Minister after minister inveighed against inflation, none more ominously than did Hans Apel, the finance minister of West Germany.

"Never in the three decades of the Fund and the Bank has inflation posed a more universal threat to the world's economic and social system," he said. "We are, indeed, beginning to realize that inflation endangers the well-being of mankind. Economic progress and democracy depend on social justice."

But the problem plaguing this meeting—as it did President Ford's summit—was how to stop inflation without adopting cures, such as deflation and mass unemployment, that are worse than the disease.

Some financial leaders here were prepared to accept a slowdown in economic growth as the necessary means of checking inflation, even if this meant somewhat higher unemployment. Others, however, already regard the threat of a cumulative recession—or even depression—as more awesome even than continuing inflation. The inhibitions of fiscal and monetary policy are severe.

Virtually all ministers here recognize that the people of their countries would have to adapt their expectations to changed circumstances and their living standards to the higher cost and tighter supplies of oil, food and other commodities. In this vein, the minister of economic affairs and finance of Iran, one of the leaders of the Organization of Petroleum Exporting Countries, read the Western nations a stern lecture on the need for ending their profligate ways of living.

"The industrial nations must recognize," according to the minister, Hushang Ansary, "that as cheap oil and other raw materials are no longer available, the situation calls either for a change in life style, which would be a new experience, or an effort to do away with social ills and increase productivity. As his Imperial Majesty, Aryanehr Shahanshah of Iran, has often warned, permissive societies can no longer hope to maintain their high living standards. They must do away with the symptoms of excessive consumption."

Not as a form of self-abasement in the face of such moral censure but as a response to the threat to the world monetary system and their own economies, at least a few of the nations here are pressing for precisely the kind of cuts in oil consumption that the Shah of Iran prescribes.

France has already announced a $10-billion annual ceiling on the oil it will import. Its overt aim is not to drive down the price of oil but to conserve on foreign exchange lest the nation strip itself of its reserves and go deeply into debt. Whether the $10-billion ceiling will require drastic cuts in French consumption or production will depend on the future price of oil.

Other nations are considering similar cuts. The Austrian finance minister, Hannes Androsch, said, "We must reduce our oil bill by conserving and saving energy in every way we can." Mr. Androsch thinks this will mean big changes in life styles in his country, including reduced use of automobiles and sparer use of fuel for home heating and industry.

He thinks it would be foolish, however, to put his country into a recession as the means of saving money on fuel. "You can't fight this battle with general fiscal measures," he said. "The fact that we have high unemployment won't cause the sheiks to reduce the oil price."

In fits and starts the United States is also moving toward a more drastic reduction in fuel consumption. President Ford's speeches now exhort the American people to become "inflation fighters and energy savers." The principal United States goal is to drive down the price of oil, which it regards as a greater danger to the world economy, one that could have a horrendous political fallout.

In a secret session with the foreign ministers and with the other "big five" non-Communist powers—France, West Germany, Britain and Japan—Secretary of State Henry Kissinger has sought to persuade others that one way to attack the problem would be to go along with a reported plan by the United States to cut oil consumption 15 per cent.

But the other four members of the Big Five are reluctant to follow the American lead. As one French delegate here explained his country's position, France does not want a confrontation with the oil producers, which it fears might aggravate problems of both price and supply. The French think nations should conserve oil individually for balance of payments reasons but should not take joint action that could be seen as adopting a hostile attitude or forming a consumers' cartel. France also objected to the American desire for a specified cut in the volume of oil consumption rather than putting a money limit on oil imports, as it did a week ago.

The United States delegation's leader at the Fund and Bank meetings, Secretary of the Treasury Williams F. Simon, sounded remarkably calm and unaggressive about the threat to the world economy of the oil cartel in contrast with the heavy thunder that came earlier from President Ford in his Detroit speech to the World Energy Conference and from Secretary of State Kissinger at the United Nations. Foreign observers have been quick to note the contrasts and seemingly vacillating American position.

The meeting of the I.M.F. and World Bank was dominated not by tough talk about the oil cartel but by discussions of how to live with sky-high oil prices.

The oil producing states cannot employ at home, either through consumption or investment, a vast proportion of the tens and ultimately hundreds of billions of dollars they will be getting for their oil. Private banking institutions that have thus far recycled those money flows now feel very close to the limit of their ability to handle such sums.

Many official channels are therefore being explored to keep the vast flow of petrodollars circulating in the world economy—especially to the deficit countries of the industrial and developing world.

Delegates here debated expanding the I.M.F.'s eixsting oil facility—a $3.5-billion fund called Witteveen Mark I, after its founder, the I.M.F. managing director, H. Johannes Witteveen—or building a much larger oil facility, christened Witteveen Mark II, as proposed by the British chancellor of the Exchequer, Denis Healy.

The German finance minister, Mr. Apel, also offered a scheme for a "specialized investment institution, to be operated jointly by oil produicng and oil consuming countries."

And Robert S. McNamara, president of the World Bank, is eager to keep his institution growing with major infusions of petrodollars. World Bank and I.M.F. officials speak of the necessity of keeping their institutions holding the developed and functioning as a means of developing nations together and of avoiding economic war between the oil producers and the oil consumers—a conflict in which they fear the poor nations of Africa, Latin America and Asia would be serious casualties.

At this point the developing nations seem to be throwing their lot in with the Arabs, Iranians and other oil-exporting nations. Some observers here regard this position as a natural outgrowth of their anticolonial and anti-Western emotions. Others believe it reflects a shrewd appraisal on their part of their own economic needs and of the shift of financial power to the Middle East.

But not all the developing nations are of the same view. Some representatives of African states here are desperate over the crippling effect upon their economies of mounting oil prices, and also over the threat of hunger and mass starvation.

The Western nations still have vast resources to deploy. Indeed, the United States' ability to supply others with food as well as with capital goods, high technology and managerial know-how remain powerful cards in its hand. Yet the Western nations represented at these meetings seem flaccid and slow to organize themselves—or to bring their own inflations under control. The drift toward a brink continues, but every one after the past week's meetings seems at least to have a better sense of just how dangerous the situation is.

The recycling devices are regarded by most as only a stopgap to help the world get through the next year or two. The real confrontation among the affluent industrial countries, the partly rich and partly poor oil-producing states and the wretchedly poor developing countries still lies ahead.

Meanwhile, the inflation goes on—together with the threat to both jobs and world trade.

Like heart disease, the common cold and cancer, inflation is really a generic name for a complicated variety of ailments. The current world inflation is a particularly virulent strain, which the existence of monoply power, especially in the hands of oil producers, is rendering peculiarly hard to treat.

The summitteers, domestic and international, do not yet have the answers—not in the practical sense that the doctors are ready to apply the cure and the patients are willing to accept it. Will a remedy come in time, or will nature be left to take its not always benign course?

THE FOUNDING OF THE REPUBLIC OF CHINA

Mr. THURMOND. Mr. President, on this date in 1911, the Republic of China had its origins, bringing to the people of that ancient land the principles of representative government for the first time. Today, that Government which is a direct successor to the Sun Yat-sen Republic continues on the island of Taiwan.

While the mainland of China is under the control of the Communist government which swept into power during the ferment of the years immediately after World War II, Taiwan still stands as a bulwark of freedom and opportunity. Indeed, President Chiang Kai-shek, himself, who has served his nation since the early days of the republic, today symbolizes the continuity of the Chinese quest for freedom and independence.

In the outbreak 63 years ago which led to the overthrow of the Manchu Dynasty, the people of China recognized the need for participation in their Government. While their history through the centuries was one of cultural development, the national goal of representative government was established in 1911, as the ultimate policy of the Chinese people.

The history of China since that date has often been troubled and buffeted by wars, both large and small, but the principles of liberty and opportunity have carried forward. Although the Communist regime at Peking controls the mainland of China, the Republic of China on Taiwan continues the traditions of a free society for its citizens. The economy and the institutions of that Nation are strong. The people who live there enjoy a far superior life of personal opportunity and national participation than their relatives who share the burdens of Communist regimentation on the mainland.

Mr. President, I am pleased to join in commemorating the founding of the Republic of China and paying tribute to the people of that exceptional nation on this very special occasion in their national life.

B-1 BOMBER ROLLOUT

Mr. PROXMIRE. Mr. President, on October 3, I received a polite invitation from the Secretary of the Air Force to attend the official rollout of the B-1 bomber.

The rollout will occur on October 26 in Palmdale, Calif. The Air Force will fly out guests by jet on Friday with a return on Sunday.

When the Air Force goes to the trouble of inviting me on a free trip to California to see the B-1, you know they have pulled out all the stops.

Four years ago I predicted that the B-1, then costing about $25 million each, would escalate to $50 million apiece. When the B-1 reached the $50 million mark I suggested it would go to $75 million. Now that it stands at about $76 million it would not be imprudent to make the prediction that it will jump to $100 million, and that it never will be built.

While I commend the Air Force for its initiative I must conclude that a trip to see the B-1 bomber rollout would be a painful experience—just looking at one of the most expensive boondoggles in weapons procurement history would make the trip too much to take.

The Air Force has new leadership. From what I have seen it is a high quality team both at the Chief of Staff level and at the Joint Chiefs of Staff. It would be a tortuous decision for the Air Force to step back from its commitment to the manned bomber but such a decision will have to come if we are not to price ourselves out of an adequate defense.

THE PROBLEM OF THOSE ON FIXED INCOMES

Mr. HATFIELD. Mr. President, the recess of the Congress comes at an unfortunate time from the perspective of many of our constituents. There has been a great deal of talk coming from the White House and from the Congress about the urgency of our economic problems, but far too little action.

I am submitting a letter from a constituent in Oregon which very eloquently expresses the urgency of remedies for the evils of inflation and "stagflation." As the letter points out, the persons on fixed incomes are hurt the most by rising prices and are in the poorest position to protest.

It is my hope that Congress will give its fullest attention to economic matters after the recess.

I ask unanimous consent that the letter I have referred to above be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Woodburn, Ore.,
October 3, 1974.

Hon. Mark Hatfield,
Senator from Oregon,
Washington, D.C.

Dear Senator: For the first time in my almost eighty years of existence. I am writing to a public official. Frankly I am concerned about what remains of my future.

I weathered the trials and tribulations of the depression of the 1930's and now we are faced with another situation. I have watched our food bill climb, in the last nine years, from $100.00 a month to $155.00 per month for just the two of us. Our enegry bills have gone up accordingly. The news media is full of dire predictions of more shortages and higher prices. For some reason, we who are on fixed incomes seem to be the court of last resort. To quote Harry Truman, "the buck stops here." Every one, seems to have the right "to make a profit" or to lobby or strike for higher wages, except we, who are retired. The so called "Golden Years" are pretty leaden.

We hear rumors of an income tax boost, a reduction in Social Security benefits and other dire possibilities. It also seems to me that the arrows we shoot at big business are mis-directed. Personally, I have more faith in the fairness of big business than I have in my government. When I walk down the street, about every fourth person I meet is on some sort of government pay roll. They are there supposedly because the people have demanded more and more government services. Who makes such demands? In my whole life, I have never made any demands of my government except to be left alone. I stood ready to do my duty in World War I and brought up two sons, who did their duty in World War II and I have always paid my taxes.

My wife and I have been eating regularly and we have an income now described as Poverty Level. It is rather disconcerting to see more than one car per family plus a camper, plus a boat, plus a cabin in the country, plus ski slopes, plus a car for every kid of high school age. Let the kids walk to school or ride their bikes and the need for eating out once a week also escapes me. It would seem to me that these folks are in a better position to tighten their belts than we are as ours are pretty tight right now.

I appeal to you to consider us still part of human race and I think the ratio of four to one of government employees for each person is a bit too high. Let's discourage the idea of making more government bureaus and make those that exist do their bit rather than look down on us who do have a great abundance of grey hair but who have contributed our bit. We would like to enjoy the few remaining years and would like to feel that everyone is not dedicated to shredding the last elements of human dignity from our already emaciated frames. Thank you for listening.

Yours truly,

H. O. Diesner.

DANGERS IN DEREGULATING NATURAL GAS

Mr. ABOUREZK. Mr. President, Senator Philip Hart has written a most enlightening and helpful analysis of why deregulation of natural gas prices will not only not alleviate the gas shortage, but will add billions of dollars to the consumers' energy bill.

Senator Hart's article in the October 5 issue of the Washington Post focuses our attention on the major problem of the natural gas industry—the lack of a competitive market. The Senator points out how, under the FPC's current regulatory policy, major oil companies have been able to withhold supplies of gas, thereby causing shortages and providing the FPC with the excuse to raise prices still further. I urge my colleagues to seriously consider the arguments and issues raised by my colleague, Senator Hart. Mr. President, I ask unanimous consent that Senator Hart's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Dangers in Deregulating Natural Gas

(By Philip A. Hart)

May I take exception to The Post Sept. 19 editorial, "What's Wrong at FPC." Your conclusion, it seems to me, is superficially logical, but doesn't bear up under scrutiny.

You conclude that because FPC has botched regulation of natural gas prices, we should abolish regulation. That's a bit like suggesting that if an airplane's stall warning buzzer fails, causing a crash, we should eliminate all stall warning buzzers.

In the case of natural gas, the key question is, would deregulation solve the "natural gas shortage"? A not unimportant question also is, what would deregulation cost?

My conclusion is that the point at which prices would peak is frightening—perhaps in the range of eight times what the oil companies now charge interstate pipelines on the average—and that consumers still would not receive enough gas.

Let's take a look at some of the facts:

First the cost. The easiest rule of thumb is that every penny increase in the price of natural gas means at least $225 million a year in higher costs to consumers. It also adds proportionately to the profits of the companies.

Up until the current "shortage" of natural gas occurred—beginning in 1969—the rate authorized by FPC for new gas was 20 cents per thousand cubic feet (Mcf). The FPC, as the GAO said in its report, has "broken its own rules" in several recent rate cases and allowed the rate to hit as high as 80 cents. FEA Administrator John Sawhill is now suggesting a "reasonable" price would be between $1.25 and $1.80 per Mcf—to be equivalent to crude oil prices. A projection by an FEA Project Independence Task Force is that by 1985 the wellhead rate will need to be $2 per Mcf.

Under the deregulation proposal of Sen. James Buckley (Con. R-N.Y.), using conservative assumptions as to the pace and extent of price increases, by the end of 1975 consumers will be paying between $9.2 billion and $11.2 billion in higher prices to the oil industry. By 1980, consumers will have paid about $55 billion in higher prices to the oil industry for natural gas.

Indeed, that is not a happy prospect. But what is worse is we have tried this solution—and it hasn't worked.

From 1972 to 1973, following industry promises for more production, the FPC allowed area-ceiling prices to double and emergency sale prices to triple—and new reserves in 1973 were one-third less than 1972. More recently, as the GAO reported, the FPC allowed emergency sales at prices in excess of 50 cents to increase flowing gas. Producers delivered only 14 percent of the gas they promised would be available at the higher price.

And this experience is not limited to the natural gas side of the petroleum industry. Unregulated petroleum prices doubled since January 1973. Yet, we are now being advised to expect an oil shortage this winter.

Anyone who is schooled in the law of competitive supply and demand has to be confused by the performance of both sides of the industry. The theory is that in a truly competitive market, prices reflect costs and a fair rate of return. If a product is not being produced because prices are too low, higher prices should bring forth more product.

But this is not the most puzzling aspect of this industry. One of the most confounding things about the "natural gas shortage" is that we are not "short" of natural gas. The FPC staff estimates that, allowing for normal growth, we now have enough potential natural gas supply for 65 years. Yet, last year, while consuming 22.5 trillion cubic (Tcf), we fell short of fulfilling noninterruptible contracts by 1.2 Tcf. Estimates are that if everyone who wanted natural gas could have gotten it, demand would have been at about 27 to 28 Tcf.

How can we avoid facing the obvious? Producers are withholding supplies. They are doing it because they want higher prices.

Because natural gas prices have been regulated for 20 years, they are more reasonable compared to alternative—and unregulated—fuels. Even so, producers are guaranteed at least a 15 per cent return after all costs—including an allowance for dry holes. Returns of 26 per cent and more have been granted under more recent FPC cases. But the industry tells us they need an "incentive" to produce more. What they have in mind, they say, is that the price of natural gas be comparable with oil. Absent that, they do not produce adequate supplies.

This argument apparently has been persuasive to FPC Chairman John N. Nassikas—and several other FPC commissioners. They began promising—and delivering—higher prices back in 1969. Treasury Secretary William Simon and FEA Administrator Sawhill are among the more recent converts. And even President Nixon joined the group prior to leaving office, indicating at his February 26 news conference that we must deregulate so that natural gas can be "competitive" as far as price is concerned.

Is it any wonder that with all the signals government officials have been sending out since 1969 that producers would sit on production until these promises are fulfilled? It would, indeed, be an imprudent businessman who signed a contract today to deliver natural gas for the next 20 years at 42 cents per Mcf when there is every possibility that by waiting he may get $1, $1.50 or even more.

In August of this year, Sen. William Roth (R-Del.) determined from the Department of Interior that of 103,502 oil and gas leases it has let, 94,224 are nonproducing. That's 91 percent.

When discussing the "shortage" of natural gas, we must remember also that only the industry knows the actual amount of natural gas reserves. Our reserve position and the extent of our shortage is derived exclusively from data supplied jointly by the companies standing to benefit the most from higher prices.

At my request, the Federal Trade Commission undertook an investigation of the validity of natural gas reserve figures. Several companies have tied this up in court, refusing to supply the data requested. However, three companies have complied. After reviewing those companies' internal records. FPC told us that in some cases up to 1,000 per cent more gas is carried on the company books than is reported to the government.

So, once again, this industry doesn't seem to respond to competitive economic theory of incentive pricing. Not only does it not produce when prices are made attractive, but new entrants don't rush in to cash in on the rising prices.

How can this be? My answer is the structure of the industry.

To begin with, every major natural gas producer is also a producer of crude oil. Those major oil companies that dominate the oil side of the business also dominate gas production. The top 14 natural gas producers in 1970 were also among the top 15 oil producers. In addition, within the last 15 years a major amount of our coal reserves, independent coal companies and uranium reserves have been acquired by major oil companies such as Continental, Exxon, Texaco, Atlantic-Richfield, Shell and Sun. Thus when Professors Breyer and MacAvoy suggest that because the prices of oil and coal have been rising fast therefore natural gas prices must be permitted to rise, we must understand what they are suggesting. It's like saying that one Exxon-owned and operated service station should be permitted to increase its price because another Exxon-owned and operated station down the block has.

Even more spectacular is the dominance by the major companies of the supplies of natural gas. As of June 30, 1972, four oil companies controlled 92.3 per cent of the uncommitted gas reserves onshore in Southern Louisiana, 100 per cent of the federal and state offshore uncommitted reserves in the Texas Gulf and 80 percent in the Permian Basin.

These are among our richest resource areas for natural gas.

But the problems isn't limited only to domination of supply by a handful of companies. This is clear when you look at the interminglings of the major companies through joint production ventures. One study was instructive. It showed how common joint ventures are. For example, in three lease sales from December 1970 to December 1972, Standard of Indiana submitted 6 independent bids—and 321 bids that were joint with companies such as Union and Shell. Atlantic-Richfield made 12 bids on its own, but participated in 291 with Cities Service, Getty and Continental.

Joint bidding leads to joint operation and thus to joint decisions on how much to produce, when and at what price. The vertical integration of this industry stifles competition. For the same companies which control reserves and operate on a joint venture basis also jointly control gathering lines, pipelines and refineries. Independents who would enter the market exist at the sufferance of the majors—something made exceedingly clear during the recent petroleum shortages when so many independents failed.

With this kind of control, it is highly questionable that if we lifted price regulation, competition would regulate prices. For monopolists traditionally—as has already occurred in natural gas and oil—maximize profits by increasing prices and limiting supply.

In general, I think, the marketplace is the best regulator. Government agencies too often serve the interests of those they regulate more than the public interest—as the FPC has demonstrated. But I can't agree that we can lift price regulation in the natural gas industry until we take steps to make this a competitive market. Obviously, this means getting rid of the control by the majors, of the joint ventures and joint decisions. It means opening up this market so that companies can enter the business when they think conditions are right.

For the short run, I have four suggestions of how to get natural gas to the homes and factories that need it. First, we should make it clear regulation is here to stay until the restructuring of the industry. It should be regulation that allows a reasonable return to the companies. All promises of pie-in-the-sky prices—which would produce fantastic windfall profits—should end.

Obviously, this message won't go out as long as there are estimates that close to 50 senators support deregulation. The pressures from home, caused by curtailments of natural gas, have been getting through to the elected representatives.

Those who oppose deregulation—because they sincerely believe it will cost billions and not work—have a lot of persuading to do. But, it is my contention that if hopes of deregulation were dashed, prudent businessmen will begin pumping the 65 years' supply we know how to get to—and how to produce.

Second, the Congress should expand FPC's authority to prohibit wasteful uses of natural gas—clearing supplies for uses that are most in the public interest.

Third, Congress should bring intrastate sales of natural gas under FPC regulation. Another irony is this industry—which abounds in them—is that the same companies flaunting the high unregulated intrastate prices before the FPC as evidence that regulated interstate prices are too low are the companies bidding up the intrastate prices as customers.

Fourth, Interior should significantly curtail bonus bidding for offshore leases—using appropriate royalty systems (allowing for depletion) to let independent companies in. The Outer Continental Shelf bill, which passed the Senate Sept. 18, would require the Secretary of Interior to re-evaluate the traditional bonus bidding system. In addition, they should institute a work program—to require production in a reasonable time. The joint ventures by majors on leases also should be eliminated.

For the long-run solutions, we should begin restructuring this industry so there is a chance for new companies to enter the energy fields. Let's face it, someday down the road we do face a real "natural gas shortage." The supply is finite.

But new competition in the energy field can give us hope that research will be done to develop alternative inexpensive, clean methods of heating, cooling and powering our homes and factories.

There is not much incentive to find new methods for companies who now own the lion's share of existing energy supplies.

But one thing we cannot do—absent a competitive market—is lift price regulation and expect natural gas to flow in sufficient quantities to meet demand.

A basic economic theory which this industry *can* be expected to follow is that the best way for a monopolist to keep prices high is to keep supplies low.

With that theory operational, we will find in five years under deregulation that we have spent $55 billion of consumers' money and we still have a "shortage" of natural gas.

GENERAL REVENUE SHARING

Mr. TOWER. Mr. President, I have added my name to the growing number of those in the Senate who are cosponsoring S. 3903 introduced by my colleagues Messrs. BROCK, BAKER, and COOK.

This measure will simply extend the State and Local Fiscal Assistance Act of 1972—popularly called "general revenue sharing"—for another 7 years until September 30, 1983, and will provide additional appropriations to finance it for this period.

The 5-year general revenue sharing program instituted by the historic legislation in January 1972 has now passed the halfway mark and is scheduled to expire on June 30, 1976. Up to the present time—through the October 1974 quarterly payment—nearly $16 billion of the $30.2 billion authorized by this legislation has been disbursed to nearly 39,000 State and local governing bodies.

S. 3903, which I am pleased to cosponsor, appropriates $51.4 billion to finance continuation of this program to September 30, 1983, with full-year amounts ranging from $6.7 billion in the fiscal year 1977 to $7.6 billion in the fiscal year 1983.

I believe most of us have, by this time, seen the importance of this landmark legislation in revitalizing State and local governing units, and will agree that this program should be continued.

Organizations representing State, county, and city governments have consistently supported enactment of the general revenue sharing legislation and now urge early approval of an extension of this program beyond its 1976 termination date.

Earlier this year, the National Governors Conference gave its wholehearted support for continuation of this program as follows:

> The Conference reiterates its strong support and calls upon Congress and the Administration to keep General Revenue Sharing free of categorical restrictions and cumbersome administrative guidelines.

Furthermore, it recommended that extension legislation be enacted early in the 94th Congress in order "to provide States adequate leadtime for proper budget preparation."

Similarly, Mayor Moon Landieu of New Orleans, testifying before the Subcommittee on Intergovernmental Relations last June on behalf of the National League of Cities and the U.S. Conference of Mayors made the following statement:

> The single overriding message we are determined to leave with this committee and to leave with the entire Congress, is that the Nation's cities continue to be 100 percent united in their support of the general revenue sharing program . . . . if the 94th Congress does not re-enact the general revenue sharing program, it must accept full responsibility for the resulting decline in basic municipal services and the inevitable increase in local property taxes.

Mayor Landrieu also stressed the necessity of quick legislative action next year in order to give ample time to local governing units to make their budgetary decisions.

Support from the general public has been increasing as the beneficial results of this program becomes apparent. In a poll conducted by the Advisory Commission on Intergovernmental Relations in April 1974 it was found that 65 percent of the U.S. public were in favor of general revenue sharing. This percentage contrasted with 56 percent reported in May 1973.

The extenson of general revenue sharing provided in S. 3903 will give State and local governing bodies a dependable and a continuing source of revenue with which to finance their growing requirements. The 7-year extension of this program also will facilitate longer-range budgetary planning by State and local officials. Furthermore, the program will continue to be funded by permanent appropriations, which become available automatically each year, and thus are not subject to the unpredictable annual budgetary process.

At the time when the State and Local Fiscal Assistance Act was signed into law, many State and local governing units were experiencing severe financial difficulties. They could no longer continue to increase an already heavy tax burden, and therefore could not obtain much needed revenues.

While the fiscal condition of many of the States and some local governments has improved as a direct result of general revenue sharing, inflation is eroding the full benefits of this legislation. As a result, States, counties and cities find that their budget dollars now buys far less than when general revenue sharing was adopted in 1972. Hence, the continuation of this program at the higher rate of annual funding provided in the bill is absolutely essential, if State and local communities are to provide the minimum in facilities and vital services.

I am well aware that there is room for improvement and that modification of particular aspects of the program are necessary, but I believe the basic structure of the revenue-sharing program is sound. The present revenue-sharing program contains several Federal regulations, but it has eliminated much delay, redtape, inefficiency, and duplication so often attributed to the disbursements of many of our Federal categorical aid programs. Since this program is monitored by the Office of Reveue Sharing and the General Accounting Office, protection from abuses by any governing unit is kept to a minium. Furthermore there is ample machinery for investigation and withholding of allotments from any government which is found to be in violation of specific provisions of this act. I should also point out that the 93d Congress has taken other legislative actions to consolidate, improve, and simplify a number of existing Federal aid programs through its passage of bills such as the Comprehensive Employment and Training Act of 1973 the Housing and Community Development Act of 1974, and the Education Amendments of 1974.

There are those who argue that general revenue sharing has supplanted existing Federal aid programs. The latest Federal aid spending is expected to rise from $44 billion in the fiscal year 1973 to an estimated $51.7 billion in the current fiscal year—1975.

Extension of this vital legislation is imperative. It returns money, power, and decisionmaking to State and local governing units.

I urge my colleagues in the Congress to give careful consideration and prompt approval of this measure.

FRANK ROBINSON

Mr. METZENBAUM. Mr. President, I am proud for several reasons to rise in salute of Frank Robinson, who, as every Member of this body knows, was named as the manager of the Cleveland Indians last week.

Frank Robinson has proved himself for over two decades to be a superlative competitor. He began his major league career in my home State, playing outstanding baseball for the Cincinnati Reds. The Reds gave up on Robinson too soon, though, and in 1965 he was traded to the Baltimore Orioles. Robinson responded by playing better baseball than ever, and became the first man named as "Most Valuable Player" in both the American League and the National League. Following stints with both the Los Angeles Dodgers and the California Angels, Robinson returned to Ohio late this summer when he was acquired by the Indians.

At the same time that he exhibited outstanding prowess both at bat and in the field, Frank Robinson also proved himself to be a leader of men. Respected on every baseball club for which he played, Robinson has also served in each winter since 1968 as the playing manager of the Santurce Cangrejeros in the Puerto Rican League. Robinson led his club to the Puerto Rican pennant and was named "Manager of the Year" in his first year with the Cangrejeros.

I am very proud of my lifelong friend and partner, Ted Bonda, who as president of the Cleveland Indians was instrumental in acquiring Robinson and designating him as the ball club's manager for 1975. His role in bringing Frank Robinson to the Indians has been aptly described in a recent article in the New York Times entitled "The Right Thing To Do" which I ask unanimous consent to have printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 6, 1974]

"THE RIGHT THING TO DO"

(By Dave Anderson)

At the coronation of Frank Robinson last week as major league baseball's first black manager, Ted Bonda moved quietly through the ceremony. Not many people realized that he had created it.

Sitting under a red and white mural of two baseball players in Cleveland Stadium, the 57-year-old executive vice president of the Indians acknowledged a quick introduction, then sat silently at the long table where Phil Seghi, the general manager, and Robinson did all the talking. Seghi ostensibly had chosen Robinson, but Ted Bonda, it now develops, had begun to consider him as long as a year ago.

Ted Bonda made his millions in parking lots, rental cars and computers long before his recent arrival in sports with the Indians, the basketball Cavaliers and the hockey Crusaders. He also has been involved briefly in soccer and tennis promotions but he is primarily a businessman.

When the coronation of Frank Robinson ended, Ted Bonda returned downstairs to his unobstruive desk in a far corner of the Indians' offices. About three hours later, the vast stadium was deserted. Seghi had gone. The office personnel had departed. The janitor was mopping the vinyl floors where huge black and white photos of Bob Feller, Lou Boudreau and Tris Speaker were a reminder of the glory that once was Cleveland's. They also were a portrayal of the absence of glory there ever since 1954, when the Indians won their last American League pennant.

"I thought a black manager would be good for the city," Bonda was saying, "as long as he was a good manager in Phil's estimation. I thought it was the right thing to do."

SALES AND EXCITEMENT

In his honest manner, Bonda also thought a black manager would be good for the Indians' exchequer. In contention for the American League East title most of the recent season, they attracted 1,100,000 customers. As a last-place team in 1973, they had drawn only 605,073, their lowest season attendance since 1945.

"It's important to sell tickets in advance," said Bonda, who was put in charge of the Indians' front offce late in the 1973 season by Nick Mileti, the club president. "But we had no sales force, no excitement. We thought of Frank as a superstar who also could be the manager, like Boudreau was."

He disclosed that Henry Aaron also was considered a year ago, along with Robinson, as a possible future candidate.

"We needed somebody to wake up the city," he said. "We sold no tickets in advance here. We waited for people to come to the ballpark. We felt we had to generate excitement. It wasn't a question of suddenly getting rid of Ken Aspromonte last week. The whole organization had failed, I thought, last year. I'm not a baseball man, I'm a baseball fan. When we got Frank Robinson four weeks ago, he was in my mind as our next manager. But we were still in contention then. If we won the pennant, we wouldn't have changed managers. But we didn't win."

He mentioned that 35 per cent of Cleveland's population of nearly 800,000 is black.

"But only a few blacks have been coming to the games," he said. "I thought a black manager would attract more black spectators as well as awakening interest throughout the city."

Two months ago Commissioner Bowie Kuhn had urged the hiring of a black manager.

"That meant zilch in our thinking," Bonda said. "We wanted a manager who would wake up the city. I'm glad it was a black manager but it could have been anybody—if Don Shula had wanted to manage a baseball team, we would have been delighted to hire him."

Shortly after Robinson was acquired from the California Angels, he convinced Bonda of his managerial potential.

"I met Frank then for the first time," Bonda recalled, "and I was really impressed with his ability to communicate."

In civic work, Bonda has been involved with Cleveland's black community, notably in the inner city school system. But he professes no sense of racial conscience in selecting the first black manager. Branch Rickey, who signed Jackie Robinson for the Brooklyn Dodgers as the major league's first black player, always recalled the memory of a black college baseball teammate being barred from a hotel. Bonda claims no similar experience.

"I just thought this was the right thing to do," he said.

THE HATE MAIL

His honesty about a black manager increasing ticket sales also is refreshing. Rickey surely deserves his niche in sociological history, but he was not unmindful of the profits created by the skills and box-office attraction of black players.

"The impact was far beyond what I thought it would be," Bonda said. "The reaction has been extremely good but I'm sure we'll get our share of antiblack hate mail. Phil Seghi gets the anti-Italian letters and I get the anti-Jewish letters."

Some day he hopes to erect a more intimate stadium for the Indians, a throwback to League Park, where he often watched games as a youngster before his success as a businessman. He founded Airport Parking Company of America in 1949, and in 1968 he became chairman of the board of Avis rental cars. He was among the Avis executives who accepted the slogan of "When you're No. 2, you try harder" for an advertising campaign.

"I thought it was silly at first," he said.

"You're an extremely honest man," he was told.

"That's one of my problems," Ted Bonda said.

REQUEST FOR HEARINGS ON S. 4021

Mr. DOMENICI. Mr. President, recently I joined with a number of my colleagues in cosponsorship of S. 4021, a bill to provide for exclusion from gross income of individuals the interest earned on savings not in excess of $20,000. The purpose of S. 4021 is to provide the incentive to save which is currently lacking in our Federal income tax structure. In fact, our present Federal income tax system discourages saving in several ways, the most obvious of which are special tax treatment for capital gains and an exclusion for dividend income. By this legislation we would revise our tax system so that saving will be encouraged.

For example, under the provisions of this measure, an individual with $30,000 in a savings account paying 5 percent interest earns $1,500 annually. Under S. 4021, that individual would exclude from his gross income the interest earned on $20,000 or $1,000. Savings which would be eligible for the special tax treatment offered by S. 4021 are limited to those in Federal or State insured commercial banks, mutual savings banks, savings and loan associations, and credit unions.

Not only has our tax system been at fault at discouraging savings in the past, but our economy which has become seriously afflicted by inflation now produces a disincentive to save. "Buy today because tomorrow everything will cost more" is a statement which reflects the currently popular attitude. Actions based on such a philosophy have complicated and undermined our efforts to control inflation and now we must counteract with positive planning. I feel S. 4021 would be one step in the right direction.

While our tax system and inflation may be partially responsible for slowing and reducing the rate of saving in this country, the current record high interest rates have had an even more devastating effect on savings. Financial institutions have begun to experience severe disintermediation. Funds from savings deposits in banks, savings and loan associations, and credit unions are flowing out of such lending institutions and into the debt instrument market where higher interest rates are available. The effect of this flow of funds is to reduce the availability of capital for investment.

Inadequate funds for investment in such areas as housing, energy production, and industry in general has been identified as one of the root causes of our present economic plagues of shortages, unemployment, and inflation. A direct way to increase the supply of capital which is so desperately needed for investment in such items as new plants and equipment is to encourage more people to save. S. 4021 would provide such encouragement.

One industry which has suffered greatly in recent months is the housing industry. The flow of funds from savings and loan institutions has severely restricted the supply of home mortgage money which is critical to the survival and growth of our national housing stock. Without such money, housing prices and rents soar in response to the housing shortage which develops. Further, a reduction in homebuilding has a multiplier effect which causes unemployment—not only in the building industry, but in those industries which supply building materials and in related areas such as public utility and service industries. We are already suffering from the effects of reduced housing starts and I urge the passage of S. 4021 as a way of encouraging saving and thereby increasing the availability of mortgage funds which can revitalize our housing industry and thereby revitalize a large segment of our economy.

Our country has recently been engaged in a serious search for remedies to our economic problems. I suggest that S. 4021 offers at least a partial solution to the question of how to get our economy on its way to recovery and does so directly and without complicated or costly administrative problems.

We are all aware of the way that inflation has eroded the value of savings and many of us have suffered. This erosion, however, has had an especially dire effect on retired persons who built up savings during their working years and have depended upon interest from savings to supplement pensions or social security payments. Such persons are now earning interest on their savings which is barely one-half the rate of inflation. Our elderly need the relief which S. 4021 offers and it is our obligation to see that such relief is made available.

Mr. President, it now seems unlikely that an omnibus tax revision bill can be passed during this Congress. I suggest that we direct our attention to the bill I have been discussing and act on it as a separate matter now, rather than waiting to include it with other, less urgent, tax matters which may not be taken up until the next session of Congress. I urge that the Finance Committee hold hearings on S. 4021 without delay.

CONGRESS HAS CONSTITUTIONAL RESPONSIBILITY TO OUTLAW GENOCIDE

Mr. PROXMIRE. Mr. President, opponents of the Genocide Convention have claimed that the balance of power between the Federal Government and the States would be altered upon ratification of the treaty.

The most apt reply to this criticism comes from the Constitution itself, wherein Congress is assigned the responsibility to "define and punish * * * offenses against the law of Nations." Genocide is such an offense and, as a Federal offense is distinguished from the crimes of homicide, kidnapping, and assault and battery which come under the jurisdiction of the state courts.

The need for congressional action in the area of human rights is clearly evident. Now is the time for us to assume the responsibilities we have been assigned by the Founding Fathers by moving swiftly to ratify the Genocide Convention of 1949, which outlaws genocide as a crime against all nations.

INFLATION AND DEFENSE COSTS

Mr. McCLELLAN. Mr. President, during the Senate debate on the Department of Defense appropriations bill for fiscal 1975, I emphasized that even as we discussed the measure, the fires of inflation were consuming a significant amount of the funds being made available.

The validity of that emphasis has now been confirmed.

On September 30, 1974, James R. Schlesinger, Secretary of Defense, sent me a preliminary report on the status of 42 selected weapons systems as of the end of the final quarter of fiscal 1974 that provides distressing evidence of the dramatic effect on inflation on the costs of our defense operations.

Secretary Schlesinger advises that soaring inflation has driven up the cost of completing these 42 weapons programs by a phenomenal $16 billion over estimates made only 3 months ago. An additional $857.7 million increase was attributed to base program costs, such as improvements in weapons systems.

The Department of Defense estimated that as of June 30, 1974, it will cost $143.6 billion to complete programs for the acquisition of ships, aircraft, missiles, and other materiel that only a few months ago had a price tag of $126.7 billion.

Just as no American family has been immune to the ravages of inflation, so has no military function been able to escape its debilitating effects. The cost of weapons programs being developed for all branches and of varying levels of sophistication is skyrocketing.

The overall cost of Navy weapons programs included in the Secretary's report has risen by $7.3 billion. Army programs have increased by $3.7 billion, and those for the Air Force by $5.9 billion.

Ten weapons systems account for $15.1 billion, or 89 percent of the total cost increase reported from March to June 1974. Of these, three programs—the B–1 bomber, the Trident submarine, and the SAM–D missile—account for the most dramatic rise in costs.

The B–1 bomber program will now cost $18.6 billion for 244 aircraft, up $3.6 billion during the 3-month period because of inflation. Each plane, which had an original price of $45 million, and was estimated at $61.5 million in March, will now cost $76.4 million.

The Trident submarine program will now cost $15.4 billion for 10 vessels, up $3 billion during the last 3 months. Of this, $2.9 billion is attributable to inflation. Each submarine outfitted with missiles and with other costs included, will now cost about $1.5 billion as compared with an original estimate of $1.2 billion.

The SAM–D missile program will now cost $6.4 billion, up $1.5 billion in the last 3 months. Inflation accounted for $1.2 billion of this amount. The original estimate of the cost of this program was $3.8 billion.

These are merely some of the more spectacular of the increases contained in Secretary Schlesinger's report. Other increases, proportionately equal in size, range across the board affecting the cost of all forms of military hardware.

At the same time, the costs of manpower—which account for 56.1 percent of the defense budget for fiscal 1975—and those for operating costs are also being adversely affected by inflation.

Obviously, Mr. President, we must now subject our national defense priorities to an even more thorough and searching review. Inflation is rapidly becoming as great a danger to our national security and the stability of our society as is the danger from any potential foreign foe.

The time has come when we must make a reassessment and a determination with respect to which weapons systems are absolutely essential to maintaining the deterrent that is imperative for our defense and survival.

Most Americans and their families are now being forced to make reductions in their standards of living in order to cope with the rapid increase in the inflationary spiral. There is every indication that this inflationary situation may grow even more severe before it starts to improve—before we will be able to get it under control.

Under these circumstances, Mr. President, I have strongly reiterated to Secretary Schlesinger and to other military and civilian officials in the Department of Defense that priorities must be revised and budgetary reductions must be imposed.

In dealing with a military budget of the magnitude of that of the United States—$82.5 billion in new funds available, including transfers, for fiscal year 1975—there is certain to be some waste, some extravagance, some duplication and overlapping.

There is also the very human desire of those charged with the responsibility for our Nation's defense to provide the very best equipment and weaponry in order that this task might be met.

Within appropriate limits, such objectives are understandable and most laudable. But carried to an extreme it can be overly costly and self-defeating.

In conclusion, Mr. President, I wish to emphasize that we in Congress have recognized the need for a change in priorities to meet the situation which inflation has imposed upon us and our Nation.

The Department of Defense appropriations bill for fiscal 1975 establishes a level of funding for defense that is a fair balance between the Nation's defense requirements and the need for reduced governmental spending to deal with inflation.

The administration's amended budget request of $87 billion was reduced by approximately $4.5 billion—or 5.15 percent. This, in turn, will result in a reduction in actual outlays of $2.5 billion during the 1975 fiscal year, which will have a significant impact in combating inflation.

But, Mr. President, defense spending is only one segment of the Nation's budget. It should not be forced to bear the burden of fighting inflation alone. If we are to combat inflation—if we are to defeat public enemy No. 1—all governmental priorities must be revised and spending reduced accordingly.

Budgetary restraints are a crucial factor in our effort to bring inflation under control. But the necessity for reduced Federal spending should not stampede us into permitting a reduction in our military forces below the level warranted by an effective deterrent and defense capability.

Certainly, every effort must be made to reduce military spending as part of the war on inflation, but it should not be accomplished at the cost of military preparedness.

The burden of military preparedness is indeed heavy, Mr. President, but it is the price of liberty.

PROJECT INDEPENDENCE

Mr. ROTH. Mr. President, during the past month, the Federal Energy Administration—FEA—has been conducting a series of field hearings soliciting public comment on the proposed blueprint for Project Independence. The latest hearing on this important issue was held in Philadelphia, Pa., throughout the week of September 30–October 4, 1974. The FEA focused attention on the energy problems of different States throughout the week; on October 4, 1974, the hearings concentrated on the energy problems facing Delaware.

As I stated at the hearing I was pleased that the Federal Energy Administration has taken the unusual step of soliciting viewpoints from citizens across the Nation regarding Project Independence. This problem is vital to the future of the Nation and it was essential that all Americans have an opportunity to express their views.

It is my view that the FEA will have to deal with a "new" energy crisis over the next few years. This "new" crisis will be characterized by the traditional problem of insufficient supplies and it will be joined by the problem of increasing prices. Unless effective action is taken immediately to combat these problems, spiraling shortages and prices will have a permanent impact on our economy and way of life.

The solution to the "new" energy crisis can only come through policies aimed at increasing domestic supplies, decreased reliance on expensive foreign energy sources and reasonable prices for energy. To reach these objectives, a concerted national effort will have to be mounted to overcome such problems as insufficient investment capital, shortages of materials, transportation delays, conflicts between environmental objectives and energy supply, and Federal/State jurisdictional problems.

The cornerstone to overcoming these problems is a renewed policy of energy conservation. If we can effectively promote energy conservation, our need for expensive foreign petroleum will decrease, the need to expand domestic production will lessen, and we can improve our supply situation.

To lay the proper foundation for this cornerstone, we must work toward the establishment of an "energy conservation ethic" to decrease energy consumption. If the American people are informed of the need to renew energy conservation practices, they can and will undertake this responsibility.

The need for increased energy conservation was also cited by the Governor of Delaware, Sherman W. Tribbitt. The Governor pointed out that "we must first develop a comprehensive, all-out, nationwide program of energy conservation" to improve our energy picture. Governor Tribbitt suggested several ways in which energy conservation could be achieved; including: First, a tax on engine size of new cars or a tax based on gasoline consumption; second, tax credit for using mass transit; third, tax credits for carpooling; and, fourth, tax deductions to homeowners for installation of energy conservation improvements.

Mr. James McCloskey, Delaware State Emergency Planning and Operations Division, pointed out that Delaware now faces a significant natural gas crisis next winter. As he indicated:

> The effects on Delaware this coming winter and possibly next winter with the projected curtailment of natural gas and the possibility of lower than normal temperatures may create an employment and tax base loss beyond recovery.

Mr. McCloskey urged Congress to enact legislative relief to ease the impact of the natural gas shortage.

I have introduced legislation which meets the problems cited by Mr. McCloskey. S. 3677 would authorize the Federal Power Commission to allocate natural gas when it is determined that gas is in such short supply that the public health and welfare is threatened. I feel this legislation provides a workable solution to the upcoming gas shortage and I again urge speedy action by the Congress.

A representative from the Associated Gas Distributors, Mr. Joseph M. Devereaux, indicated that natural gas supply situation between now and 1985 would be "critical." Mr. Devereaux did point out, however, that a "reasonable supply-demand gas balance" is possible after 1985. Mr. Devereaux also testified that changes were needed in Outer Continental Shelf oil and gas leasing policy to encourage development; the changes recommended included: First, Atlantic east coast lease sales go forward promptly; second, boundary disputes be settled promptly; third, a net profit sharing bidding approach be permitted; and fourth, Federal leasing practices be thoroughly reconsidered.

Mr. Clyde A. Roberts, vice president, Phoenix Steel Corp., also testified that the natural gas shortage will have a significant impact. He noted that one solution would be to institute controls on the use of natural gas.

Specifically, he stated that a "restriction on what uses natural gas could be applied" to should be implemented. Mr. Roberts also urged for Congress and the executive to establish a "realistic" climate within which business can be carried out. He concluded: "The managers of these industries must make some commitments too if we are to approach Project Independence by 1985" and only a realistic business climate could provide this.

Several witnesses at the hearings testified that Federal energy policies should be coordinated to provide an effective response to energy problems. Mr. Jon Blum, member, Delaware Valley Regional Planning Commission, noted his organization's efforts to promote effective energy conservation efforts had been frustrated by competing Federal programs. Mr. Blum found that six different agencies each had separate programs on the same problem, although the agencies involved were not aware of this fact. He pointed out that this approach was wasteful and inefficient, and he felt only Congress could "make these independent grand duchies put their efforts into one effective program."

Dr. Maura Geens, vice president, Save Our Shores, applauded the concepts upon which Project Independence was based. She did caution, however, that we should not let "immediate short-term solutions" outweigh the long-term need to reduce energy demand. She expressed special concern that increased demand for oil imports would create severe pressures for construction of deepwater ports and related development. This could, in turn, have a significant environmental impact on Delaware Bay.

A representative of the Sierra Club, Mr. Harold A. Lockwood, Jr., questioned the feasibility of the Project Independence timetable. He felt the comments being solicited across the country could not be collected and assessed in the short time available. Mr. Lockwood strongly urged the Nation work toward decreasing demand, rather than throwing all our efforts behind increasing supply. If energy supplies must be increased, however, he did urge development of renewable energy resources such as solar energy.

Dr. John D. Meakin, testifying for the Institute of Energy Conversion at the University of Delaware, indicated that solar energy could provide a meaningful energy source within a very short period of time. Dr. Meakin did suggest, however, that several actions be taken to avoid problems in developing this resource. First, he felt standards should be established for all solar energy devices covering reliability and esthetics. And second, he urged that new solar energy technology be installed initially on friendly or sheltered structures such as Federal installations.

Mr. President, the remarks made at the Project Independence hearings in Philadelphia represent new and fresh opinions about the energy problems facing this Nation. Because the testimony presented by these Delaware residents is related to legislative issues now before the Congress, I am happy to bring this summary of their views.

GENERAL CATTON GOES TO LOCKHEED

Mr. PROXMIRE. Mr. President, I would like to make note of the recent announcement that Gen. Jack J. Catton, retired, has been hired as an assistant to the president of Lockheed.

General Catton, it will be remembered, distinguished his career by unilaterally using $670,000 of Air Force funds to convert his personal jet into what was described as a "flying penthouse."

Shortly thereafter, the Air Force revised its regulations so that other generals could not spend such huge sums of money on their own aircraft without the approval of the Chief of Staff.

General Catton had the reputation as the original bigtime spender in the Air Force. Even his retirement was marked by an extravagant aerial fly-by using thousands of gallons of scarce gasoline and thousands of man-hours of preparation.

It should be noted that the Air Force Chief of Staff now has canceled all such retirement fly-bys for the rest of the year and placed restrictions on future such events.

At Lockheed, General Catton will be, among other things, the corporate product safety activities specialist. I have asked Lockheed to detail all military-related activities of General Catton.

I hope Lockheed keeps a tighter reign on the expense account than did the Air Force, especially when Government funds are concerned.

ARE WE REALLY SERIOUS ABOUT REDUCING OIL IMPORTS?

Mr. McCLURE. Mr. President, if the administration and the Congress are serious about reducing oil imports—as I hope we are—then there are specific facts which cannot be ignored, even if it would be more politically pleasant to do so.

At the present time, the United States is importing over 1 million barrels per day of residual fuel oil. This oil is costing us more than $4 billion a year, and is almost entirely imported to the east coast. Obviously, elimination of these imports would be a major victory for the United States. In fact, it would meet President Ford's stated goal of reducing imports by 1 million barrels per day. But, how do we eliminate this oil from our energy supply/demand picture? The answer, again, is obvious. We substitute coal as the primary fuel for electric utility boilers—particularly in the New England, Northeast, and South Atlantic regions of the United States.

Substitution of coal for residual fuel oil in these boilers would necessitate an increase in coal production of approximately 90 million tons per year—about a 15-percent increase in current production. And, this is where the hard political decisions enter the picture.

Are the electricity consumers of the east coast willing to change those air quality regulations which do not affect human health, but do prohibit the use of eastern coal as a boiler fuel? If not, what do they propose—the use of low-sulfur western coal from as-yet-not-opened surface mines? I believe that the freight costs alone would discourage this alternative.

Possibly, we could increase domestic oil production. But, there already exists a strong indication of how residents of the east coast feel toward producing oil from the offshore Atlantic region. Just this week, a letter went to President Ford expressing "surprise and dismay" regarding the leasing of offshore lands for oil and natural gas development. The signers of this letter—including Senators from the States of South Carolina, New Jersey, Massachusetts, Florida, Maine, New York, Maryland, Rhode Island, Delaware, New Hampshire, and Connecticut—consider offshore Atlantic leasing during 1975 to be "premature."

Mr. President, I ask unanimous consent that the contents of this letter be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. McCLURE. Mr. President, if we are not willing to take those steps necessary for replacing imported oil with domestic energy sources, then we will continue to face the economic and foreign policy hazards of unacceptable import levels.

My position on this approach remains constant. Even before the 1973 Arab oil embargo, I opposed increased oil imports. In February 1973, I attempted to warn of the impending dangers of increased dependence on OPEC and Canadian oil. My warnings were not based on some theoretical analysis or so-called scenario. They were based on the fact that the Arabs and their allies meant what they were saying. And the message that they continued to press upon us was straightforward and consistent: The price of oil was going to increase sharply and they would not sell their oil to nations that allied themselves with Israel against the Arabs. Why we did not believe them—and immediately take steps to increase domestic energy supplies—is still a puzzle. Instead, we heard increased demands—particularly from the Northeast and New England—that we have "unlimited" imports of foreign oil.

At the time, I was puzzled about this conflict between—on one hand—the desire to become more dependent on Arab oil and—on the other hand—the anti-Arab attitude that existed with regard to the Arab-Israeli situation. It appears, however, that this conflict still exists.

To illustrate some aspects of this, I would like to call to your attention an article by Mr. Joseph Alsop, which appeared in the Washington Post on October 9, 1974. Mr. Alsop's analysis of the present situation in the Middle East will, I hope, more clearly illustrate the pitfalls of trying to please different interest groups by taking conflicting positions.

Mr. President, I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Undercutting Henry Kissinger

(By Joseph Alsop)

Secretary of State Henry A. Kissinger is trying again to avert war in the Mideast, despite everything the members of the U.S. Senate can do to hamper this effort. Here are a few hard facts about other handicaps he has to surmount.

The virtuous leftwing-Democratic gravediggers of Israel have been cheering from the rooftops for the triumph of the "progressive" forces in Portugal. Alas, however, the wicked former government of Portugal differed from its successor in other ways besides comparative virtue.

In 1973, to be specific, the Portuguese most courageously allowed refueling in the Azores by U.S. planes, when it was needful to organize an emergency airlift to supply Israel in the Yom Kippur War. There is not a tinker's chance in hell that the new Portuguese government will do anything of the sort in the future. Without the Azores to refuel the U.S. C–5A transports, an American airlift's value will be reduced by close to four-fifths.

The gravediggers of Israel, for the usual high-minded reasons, have also done everything possible to increase the power of oil blackmail by the Arabs. Maximum exploitation of alternative sources of energy would harm the environment. Reducing oil consumption by higher gasoline prices would be as hard on the poor as on the rich. Being tough about energy, in sum, is always "regressive."

So here is this country, naked as a jaybird in the face of any threat of a renewed Arab oil embargo. And there are the Arabs, already publicly committed to renew the oil embargo against any Western power that does not support them against the Israelis.

For the same reasons, this country's European allies are not merely ready to stand aside and criticize aid to Israel in a snide way, as they did in the 1973 war. They are ready—almost eager—to support the Arabs against the Israelis in any further outbreak of fighting. They will positively obstruct U.S. aid. They will assist the Arabs at the United Nations. In sum, they will pay oil blackmail with both hands.

Finally, the American gravediggers of Israel are also the gravediggers of a serious American defense effort. As a result, in 1973 the U.S. was producing 200 tanks a year against 3,000 in the Soviet Union. Even today, the figure is under 600 U.S. tanks a year against close to 4,000 Soviet tanks—for the Soviets have increased output substantially.

Hence the tanks going to Israel today from the U.S. are literally being taken from the hands of soldiers in U.S. combat units. As a leading Israeli put it recently, "The opponents of American defense have created a situation in which you Americans no longer have the capacity to help your friends to help themselves."

These facts are now relevant because every one of them constitutes a mountainous new obstacle that Secretary of State Kissinger will have to surmount, if he is to have much chance of preventing another outbreak of Middle Eastern fighting. For the short run, to be sure, he may well succeed. In other words he may somehow manage to get some sort of negotiation going again, looking toward a more permanent Middle Eastern settlement. This is his immediate aim.

But that will be only putting off the evil day—the day when the practical problems of an actual settlement have to be faced and solved. For that future day, Secretary Kissinger has only two assets. Egypt's President Anwar Sadat is not eager to bring the Soviets back into the Mideast in full force, if only because they have tried to kill him once already. King Faisal of Saudi Arabia has the same reluctance for other reasons.

On the other hand, all the intelligence indicates that President Sadat is under more and more pressure from critics of his policy tilting toward the U.S. instead of the Soviets. The critics are saying, in effect, "If you cannot get the American friends to deliver satisfactory settlement with Israel, then let us go to Moscow again; and in the new situation, we can force through a satisfactory settlement." In sum, Sadat will eventually have to go to Moscow, unless he gets his settlement first.

Meanwhile, moreover, the greatly increased strength of the Arab position, for all the reasons listed above, is continuously changing the Arab definition of a satisfactory settlement.

Thus the ante is being continuously raised. When the time comes for serious talk of settlement, it will therefore be almost squaring the circle to get agreement between Israel and the Arabs. Yet the alternative will be renewed war.

Exhibit 1

U.S. Senate,
Washington, D.C., October 7, 1974.

The President,
The White House,
Washington, D.C.

Dear Mr. President: We wish to express our surprise and dismay on learning that the Department of Interior is proceeding toward the 1975 leasing of 10 million acres for offshore oil and gas development—including acreage in the Atlantic, the Pacific and the Gulf of Alaska—at a time when environmental baseline studies and state coastal zone management efforts are at a very early stage.

We recognize and support the need to expedite development of the nation's domestic energy resources, including outer continental shelf oil and gas, but we have not been informed of any factual basis for Interior's judgment that 10 million acres in 1975 is the magic number needed by the nation. Moreover, we do not believe it wise to lease in hitherto undeveloped areas before environmental and coastal planning needs are met.

We are particularly concerned that the Interior leasing program is moving ahead with apparent disregard for the inter-agency effort to gather environmental baseline data on the proposed new areas, and similar disregard for state efforts to develop coastal zone management programs in accordance with the Coastal Zone Management Act of 1972.

We have serious doubts about the oil and gas industries' financial and technical capability to develop such a large number of acres in a single year, and about the rational basis for selecting this level of leasing as appropriate or necessary for the nation's energy needs. We understand that the Department of Interior is in the early preparatory stages of an environmental impact statement on the 10-million acre program, as required by the National Environmental Policy Act of 1969. Hopefully, the Interior Department EIS will set forth the most untimely, therefore, for lease sales to be planned before the completion of environmental impact studies or the determination of whether 10 million acres is a realistic or reasonable level for 1975 leasing.

The Senate recently passed S. 3221, the Energy Supply Act of 1974, which provides for several notable improvements in OCS leasing policies and practices. However, the House of Representatives has not yet acted on OCS legislation, and the deliberations of both Houses are expected to continue into the next Congress. We believe that OCS leasing in new areas should await the outcome of that legislative process.

The National Ocean Policy Study of the Senate is currently analyzing OCS issues. Preliminary analysis by the Study supports our belief that offshore leasing programs should proceed only as rapidly as the state and federal programs for coastal planning and environmental data gathering can proceed.

You will recall that the Council on Environmental Quality, in reporting to former President Nixon on its environmental assessment of OCS oil and gas in the Atlantic and the Gulf of Alaska, stated several principles which should guide federal leasing programs. These principles included:

A policy of "very high priority on environmental protection" in regard to OCS exploration and development;

A leasing program in which the location and phases of lease sales are "designed to achieve the energy supply objectives . . . at a minimum environmental risk";

Use of the "best commercially available technology . . . to minimize environmental risk";

Federal regulations for environmental protection that are "fully implemented and requirements strictly enforced";

Federal consultation with state and local authorities to provide affected areas with "complete information as early as possible so that planning can precede and channel the inevitable development pressures";

A "major advisory role" for the interested public in OCS management and regulation.

We suggest, Mr. President, that unless given higher federal priority, environmental and coastal planning measures cannot possibly be fully implemented in time for 1975 leasing in all new areas of the Atlantic and the Gulf of Alaska, and premature leasing in these new areas cannot possibly adhere to the principle of expanding energy supplies with minimum environmental risk.

We urge you to revise the federal leasing program to ensure the concurrent progress of environmental baseline studies, impact assessment, and federal assistance to state coastal zone management programs. The 1975 program should, in our view, also await a factual justification for leasing 10 million acres, some in new areas, including a determination that the oil and gas industries can cope with this high level of development.

When leasing does take place in new areas, we believe the areas chosen should reflect the results of environmental studies, and should begin with those areas found to hold the lowest level of risk to the marine and coastal environments. If we are to avoid undue delay in developing the outer continental shelf, we must step up federal funding of environmental baseline studies and federal assistance to coastal states as they develop their coastal zone management programs. This way, the OCS leasing program will clearly conform to the findings of the CEQ study, the views of the coastal states many of us represent, and the spirit of the Coastal Zone Management Act of 1972, which requires federal programs affecting the coastal zones to be consistent with state coastal zone management programs.

We were most heartened by your inaugural address to the Congress, in which you expressed your desire to build a good marriage with Congress and work together to solve the critical problems before us. We applaud your sincerity and we certainly share your goal. For this reason, we urge you to make it possible for us to work together toward a rational policy for development of the outer continental shelf. The Interior Department's unilateral decision to go ahead with a hasty and ill-conceived 1975 leasing schedule at this time represents a serious impediment to our cooperative efforts. We hope you will heed and share our views on this vital matter.

Sincerely yours,

SIGNATURES

Ernest F. Hollings, Edward M. Kennedy, Edward W. Brooke, Alan Cranston, Mark O. Hatfield, Charles McC. Mathias, Jr., Claiborne Pell.

Clifford P. Case, Harrison A. Williams, Jr., Lawton Chiles, William D. Hathaway, Edmund S. Muskie, Jacob K. Javits.

John V. Tunney, Joseph R. Biden, Jr., Thomas J. McIntyre, John O. Pastore, Bob Packwood, Hubert H. Humphrey.

POLITICAL REPRESSION IN THE REPUBLIC OF KOREA

Mr. KENNEDY. Mr. President, reports continue to reach us here of widespread political repression in the Republic of Korea. The government of President Park Chung Hee has shown little concern for protests against the suspension of civil liberties, and the persecution of those who oppose his rule. Two decades after the end of the Korean war, we in the United States are deeply concerned by these practices, which both offend our sense of democracy and human decency, itself.

Prof. Jerome Alan Cohen, director of East Asian Legal Studies at Harvard University, is a noted authority on the politics of South Korea. In yesterday's Washington Post, he argues that—

> President Ford should not go to Seoul next month unless there is convincing evidence . . . that the Park regime will significantly relax its oppression for more than the few months of the U.N. General Assembly session.

When President Ford's trip to South Korea was announced, I expressed a similar view.

Mr. President, I ask unanimous consent that Professor Cohen's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A GRIM ANNIVESARY IN SOUTH KOREA

(By Jerome Alan Cohen)

This month will mark the grim first anniversary of the death of Prof. Tsche Chong Kil, a Korean who spent the years 1970–72 at Harvard Law School. Seoul National University, Korean's most prestigious educational institution, had selected Tsche, a member of its law faculty, for a highly prized Harvard-Yenching Fellowship. Indeed, the university's president had described him as one of Korea's most promising scholars.

Tsche was a likable, gentle person who spent his time in Cambridge analyzing Anglo-American and German theories of private international law and being with his wife and two young children. Like most Koreans who study abroad with their government's permission, he seldom took part in public political discussions. By criticizing the increasingly repressive measures of the Park regime, a few SNU law professors had landed in serious trouble. But Tsche concentrated on his professional interest and avoided controversy except for an occasional defense of harsh measures taken by his government in the name of anti-Communism.

Soon after Tsche returned to Seoul in the fall of 1972, President Park plunged the nation into crisis by declaring martial law and replacing the Constitution with a new charter that permits Park's total and permanent rule. These events provoked peaceful demonstrations by democratic-minded students, to whom Koreans have traditionally looked for leadership against tyrants. And this in turn exposed the students to the brutality of the ubiquitous Korean Central Intelligence Agency.

In one such incident just a year ago, KCIA thugs beat up and arrested some SNU law students, a professor and the associate dean. This was too much for even Prof. Tsche, who in earlier years had sought to pacify student unrest. He protested against the KCIA's actions at a meeting of the law faculty. Shortly after class on Oct. 16, 1973, Tsche was picked up by the KCIA. He was never seen alive again. Four days later the government announced that Tsche had been arrested for investigation of charges of spying for North Korea, and that after making a confession he had committed suicide by jumping out the seventh-floor window of an interrogation center.

I have no way of knowing whether Tsche was actually a North Korean agent. I do know that the evidently embarrassed South Korean government failed to substantiate its postmortem accusations with any persuasive evidence; nor was the confession supposedly extracted from Tsche made public. Moreover, South Korean friends who have survived KCIA detention treat the report of Tsche's "suicide" with the utmost skepticism, for KCIA prisoners are said to be subject to the closest scrutiny. The fact that Tsche's widow, a medical doctor, was denied permission to examine his corpse hardly inspires confidence in what appears to have been a hastily contrived story.

Subsequent efforts to discover the truth about Prof. Tsche's demise have met a stone wall. His widow has been insulated from outside contacts. The intimidation and fear that prevail in Seoul prevent his colleagues from pursuing the matter. The press is muzzled, and the legal system controlled. Koreans shy away from discussing the case even in America, for the tentacles of the KCIA extend throughout not only their country but also our own.

Prof. Tsche's case is not unique. The exquisite tortures that have become the KCIA's hallmark have claimed many victims. Its mindless arrogance recognizes no bounds but power. It kidnapped from Japan President Park's last rival for the presidency, Kim Dae Jung, and was about to dump his weighted body into the sea when pressure from the Japanese and American governments saved his life, at least temporarily. Kim's offense was to poll 47 per cent of the vote despite grave government-imposed handicaps and to alert his people to Park's plan to abolish constitutional rule. Another notorious case is that of Soh Sung, a Korean student from Japan who was horribly disfigured during pretrial detention. Yet this is only to speak of Koreans who are well-known or who have foreign friends to inquire after them. There are countless others.

All this took place before this year's emergency decrees that made it a capital offense for students to cut class "without plausible excuse" and that resulted in long prison sentences for hundreds of courageous intellectuals, Christian leaders and students whose crime was to call for the restoration of freedom. Thus the recent withdrawal of those decrees in the hope of luring President Ford to Seoul in November, improving South Korea's prospects at the U.N. this autumn and avoiding congressional reduction of military aid is essentially cosmetic, especially when the kangaroo courts-martial that made a farce of Korean justice continue to function.

Was it for this that some 33,000 Americans died in combat in Korea? Is this "the Free World" that our military and economic aid make possible and that we are still pledged to defend?

People in South Korea have few illusions about the kind of freedom they would share with their brothers in the North should Kim Il Sung forcibly reunify their tragically divided country. Yet they now suffer a KCIA-military dictatorship that uses American tanks to deprive them of most of their freedoms ostensibly to protect them from the North.

President Ford should not go to Seoul next month unless there is convincing evidence—not merely soothing secret assurances—that the Park regime will significantly relax its oppression for more than the few months of the U.N. General Assembly session. He should in any event make it clear to the Korean people and the world that the United States will henceforth refuse to support tyranny of the right as well as tyranny of the left. To do less than this is to inflict another moral disaster upon American foreign policy.

TRADE COMMISSION VOCATIONAL PROPRIETARY RULE

Mr. BROOKE. Mr. President, in my remarks to the Senate on April 4 and again on June 26, 1974, I indicated that the Boston Globe's investigation of profitmaking vocational and home study schools raised a number of disturbing questions about the business practices of these schools and the inadequacy of the Federal response to the issues raised by the series. At that time I urged that the Federal Government must meet the challenge presented by the Globe's disclosures by providing remedies and redress to beleagured vocational school consumers.

On August 15, 1974, the Federal Trade Commission promulgated a proposed trade regulation rule for the proprietary vocational and home study school industry. Briefly, this proposed rule, the product of an intensive FTC investigation, would:

First. Prohibit the use in advertisements of generalized earnings and employment claims;

Second. Require factual substantiation for any specific earnings or employment claims made by the school;

Third. Require the disclosure to each prospective student of the school's dropout rate;

Fourth. Require disclosure of the placement and earnings success of the school's own students if any placement or earnings claims are made;

Fifth. Provide for a 10-day "cooling off/reaffirmation" period before any contract becomes effective; and

Sixth. Provide for pro rata refunds to those who do not complete their courses.

I believe that this rule constitutes the type of effective Federal action that will provide remedial relief to consumers. In the first instance, the rule contains several provisions that would assist consumers in avoiding an erroneous contractual decision inducted by high pressured or misleading recruitment techniques:

First. By prohibiting the use of generalized manpower and/or earnings projections the rule insures that consumers will no longer be misled by allusions to industrywide assessments of job or salary potential. Rather, the rule requires that schools disclose more reliable and pertinent information—how many of this school's students obtained jobs and what salaries did they earn;

Second. The disclosure of dropout and placement statistics will serve to provide consumers with the type of information required in order to properly assess the opportunities available to enrollees at a particular school. This information will serve to balance whatever representations the school or its representatives may have made; and

Third. The 10-day reaffirmation period allows the consumer to evaluate and digest the statistics disclosed to him as required by the rule. The consumer may then make his contractual decision in a more dispassionate atmosphere. If he decides that the statistics disclosed to him indicate a less-than-promised performance record, the consumer can void his contract by not signing the reaffirmation form within 10 days.

Second, the rule provides remedial relief to consumers when changed circumstances or altered career plans compel a student to withdraw from a particular course of study.

Given the relative inexperience of most proprietary school consumers, the pro rata refund allows a student to withdraw from a school without being penalized for this decision.

Finally, the proposed rule offers the potential for a substantial improvement in implementing the intention of Congress in providing Federal subsidies for vocational training through the veterans benefits and federally insured student loan programs. The types of disclosures required by the rule will serve to induce users of the FISL and veterans benefits programs to attend schools that provide the type of training that yields employment opportunities. This, in turn, insures that taxpayers' money is being spent for its intended purpose—meaningful occupational training.

Furthermore, it appears to me that the pro rata refund provision of the proposed rule may also serve to reduce the substantial default problems that plague the proprietary sector of the FISL program. There are indications that a good number of proprietary students refuse to honor their federally insured loans, because they feel that their contractual obligation to the school was procured by the use of false, deceptive, or unfair techniques. The existence of a strict pro rata refund would allow a student to withdraw from such a school and receive from the school a sum of money which can be used to begin paying off the FISL obligation.

In sum, I strongly support this effort by the Federal Trade Commission to cure some of the more oppressive business practices of some proprietary schools. I believe that this effort promises to yield benefits not only for the consumer of vocational school services, but for the Federal taxpayer as well.

Moreover, I believe that this particular trade regulation rule demonstrates the viability of using a rulemaking mechanism to cope with industrywide trade practices. I would encourage the Federal Trade Commission to make greater use of this technique in the future, particularly when the facts disclose the type of pervasive abuse that has been indicated in the proprietary school industry.

At this point, I ask unanimous consent that the FTC's proposed Rule be printed in the RECORD.

There being no objection, the proposed rule was ordered to be printed in the RECORD, as follows:

ADVERTISING, DISCLOSURE, COOLING OFF AND REFUND REQUIREMENTS CONCERNING PROPRIETARY VOCATIONAL AND HOME STUDY SCHOOLS

Notice of Public Hearings and Opportunity to Submit Data, Views or Arguments Regarding Proposed Trade Regulation Rule.

(The following has been reprinted from the Federal Register of August 15, 1974—39 F.R. 29385:)

Federal Trade Commission [16 CFR Part 438]

ADVERTISING, DISCLOSURE, COOLING OFF AND REFUND REQUIREMENTS CONCERNING PROPRIETARY VOCATIONAL AND HOME STUDY SCHOOLS—PROPOSED TRADE REGULATION RULE

Notice is hereby given that the Federal Trade Commission, pursuant to the Federal Trade Commission Act, as amended, 15 U.S.C. 41, et seq., the provisions of Part 1, Subpart B of the Commission's procedures and rules of practice, 16 CFR 1.11, et seq., and section 553 of Subchapter II, Chapter 5, Title 5, U.S. Code (Administrative Procedure), has initiated a proceeding for the promulgation of a Trade Regulation Rule concerning proprietary vocational and home study schools.

Accordingly, the Commission proposes the following Trade Regulation Rule:

PART 438—ADVERTISING, DISCLOSURE, COOLING OFF AND REFUND REQUIREMENTS CONCERNING PROPRIETARY VOCATIONAL AND HOME STUDY SCHOOLS

Sec.
438.1 Definitions.
438.2 The Rule.

AUTHORITY: 38 Stat. 717, as amended; (15 U.S.C. 41–58).

§ 438.1 Definitions.

For the purposes of this Part, the following definitions shall apply:

(a) *Seller*. (1) Any individual, firm, corporation, association or organization engaged in the operation of a privately owned school, studio, institute, office or other facility which offers residence or correspondence courses of study, training, or instruction purporting to prepare or qualify individuals for employment or training in any occupation, trade, or in work requiring mechanical, technical, business, trade, artistic, supervisory, clerical or other skills or purporting to enable a person to improve his skills in any of the above designated categories.

(2) Nothing in this Part shall be construed to affect in any way those engaged in the operation of not-for-profit residence or correspondence, public or private institutions of higher education which offer students at least a two-year program of accredited college level instruction which is generally acceptable for credit toward a bachelor's degree.

(b) *Buyer*. Any individual who purchases any correspondence or residence course of study, training, or instruction from any seller purporting to prepare or qualify individuals for employment or training in any occupation, trade, or work requiring mechanical, technical, business, trade, artistic, supervisory, clerical or other skills or purporting to enable a person to improve his skills in any of the above designated categories.

(c) *Total contract price*. The total price paid or to be paid by the buyer for the property or services including any and all equipment; ancillary services, such as but not limited to, charges for room and board which are the subject of the contract; and any finance charges determined in accordance with the Federal Reserve Regulation Z (12 CFR 226.4).

(d) *Course*. The term "course" means, but is not limited to education, training, or instruction consisting of a series of lessons or classes sold collectively, including lessons or classes which consist of several parts and are coordinated, arranged, or packaged to constitute a curriculum or program of instruction and sold collectively.

(e) *Combination course*. Any course that consists of both correspondence lessons and residence classes shall be treated as a residence course for the purpose of applying the advertising and disclosure requirements of this Part.

(f) *Enrollee*. A buyer who has affirmed his enrollment contract, whether or not he completes his course of study.

(g) *Failure to complete a course of study*. Includes any enrollee who drops out, is expelled, fails for academic reasons or does not complete a course within the time that is scheduled for that course's completion, including any enrollee who takes a leave of absence.

(h) *New course*. Any course of study which has substantially different course content and occupational objectives from any course of study previously offered by seller and which has been offered for a period of time less than three (3) months after the graduation of one class, if offered by a residence school, or less than three (3) months after the completion of one fiscal year, if offered by a correspondence school.

(i) *New school*. Any school that has been in operation for a period of time less than three (3) months after the graduation of one class if a residence school or less than three (3) months after the completion of one fiscal year, if a correspondence school.

§ 438.2 The Rule.

In connection with the sale or promotion of any course of instruction by a proprietary home study or residence vocational school in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair method of competition and an unfair or deceptive act or practice for any such seller to fail to comply with the following requirements:

(a) *Employment and earnings claims.* (1) No written or broadcasted claim, direct or indirect, whether disseminated through the media, mails, or in any other manner shall be made with respect to:

(i) The general conditions or employment demand in any employment market now or at any time in the future;

(ii) The amount of salary or earnings generally available to persons employed in any occupation.

(2) Unless it is substantiated according to the standards and confined to the format prescribed herein, no written or broadcasted claim, direct or indirect, disseminated through the media, mails, or in any other manner, shall be made with respect to:

(i) The specific employment opportunities available or demand for buyers who purchase seller's course of study; and

(ii) The specific amount of salary or earnings available to buyers who purchase seller's course of study.

(3) Written or broadcast claims subject to the exception in paragraph (a) (2) of this section shall be limited to claims substantiated by the seller's actual knowledge of his buyers' experiences in obtaining placement at specific salary levels in the employment positions for which seller's course of study prepares buyers. Actual knowledge shall be verified, at a minimum, by a list including the following information for each enrolled person who meets the requirements of paragraph (a) (4) of this section.

(i) His name, address and telephone number;

(ii) The name, address and telephone number of the firm or employer who hired each enrollee;

(iii) The name or title of the job position obtained;

(iv) The date on which the job position was obtained;

(v) His monthly or annual salary.

(4) Employment and earnings claims covered by paragraph (a) (2) of this section shall be confined to the following statements and no others, for each course for which such claims are made and if any one permitted statement is made, it shall be accompanied by the others:

(i) For correspondence courses of study, a statement of the total number of buyers whose enrollment terminated during the school's last fiscal year and who obtained positions of employment within three (3) months of leaving the school in job positions for which seller's course of study prepared them; a statement of the monthly or yearly range of salaries obtained by such buyers; a statement of the percentage ratio of such buyers of salary ranges to the total number of buyers who were enrolled in the seller's course during the last fiscal year; and a statement of the percentage ratio of such buyers who graduated, by salary ranges, to the total number of graduates who graduated from seller's course during the last fiscal year. For purposes of this subparagraph (i), the last fiscal year shall be the most recent fiscal year that terminated at least three (3) months before the claim is made.

(ii) For the residence courses of study, a statement of the total number of buyers whose enrollment terminated during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class and who obtained positions of employment within three (3) months of leaving the school in job positions for which seller's course of study prepared them; a statement of the monthly or yearly range of salaries earned by such buyers; a statement of the percentage ratio of such buyers by salary ranges to the total number of buyers who were enrolled in the seller's course during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class; and a statement of the percentage ratio of such buyers who graduated, by salary ranges, to the total number of graduates who graduated from seller's course during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class. However, these statements must be based on the experiences of enrollees who resided at the time of their enrollment in the metropolitan area or State where the statements are made. For purposes of this subparagraph (ii) the most recent graduating class shall be that class which graduated at least three (3) months before the claim is made.

Provided however, That where an employment or earnings claim covered by this paragraph (a) is made, the written or broadcasted claim must be presented so that each of the permitted statements appears in the same portion of the written or broadcasted claim and each is made in precisely the same form and with the same emphasis, including, but not limited to, the same size type or print, as all other statements covered by this paragraph (a).

(5) The foregoing (paragraph (a) (1) to (4)) shall not apply to any new course of instruction offered by seller or a course of study offered by seller at a new school. In lieu thereof seller shall confine any advertisement or any representation covered by paragraph (a) to actual job commitments made in writing by businesses and other prospective employers, wherein such prospective employers indicate that they will offer a specific number of jobs at specific salaries to buyers who complete seller's course of study.

Provided further, That seller's advertisements and representations shall be limited to the following statements:

This school has not been in operation long enough or this course of study has not been offered long enough to indicate how many enrolled students will obtain employment in positions for which this course trains them. However, [number] employers have indicated that they will make available [number] jobs to students who complete this course of study. [Number] jobs represent [%] of our expected total enrollees which will be [number].

(b) *Affirmative disclosure of drop-out rate and placement record.*[1] (1) After buyer has signed an enrollment contract seller shall make the following disclosures to buyer in the manner and method prescribed by paragraph (c) below:

(i) The total number of buyers who fail to complete the full course of study for the seller's most recent graduating class[2] if a residence school or the seller's most recent fiscal year[3] if a correspondence school.

(ii) the percentage of buyers who fail to complete the full course of study, expressed as the percentage ratio of the number of buyers who fail to complete the full course of study as defined in paragraph (b) (1) (i) above to the total number of buyers who enrolled in that course of study for the seller's most recent graduating class[2] if a residence school or seller's most recent fiscal year[3] if a correspondence school.

(2) If seller has made any oral, written or broadcasted earnings or employment representations to buyer then, after buyer has signed the enrollment contract, seller shall make the following disclosures to buyer in the manner and method prescribed by paragraph (c) below:

(i) For correspondence courses of study a statement of the total number of buyers whose enrollment terminated during the school's last fiscal year and who obtained positions of employment within three (3) months of leaving the school in job positions for which seller's course of study prepared them; a statement of the monthly or yearly range of salaries obtained by such buyers; a statement of the percentage ratio of such buyers, by salary ranges, to the total number of buyers who were enrolled in seller's course during the last fiscal year; and a statement of the percentage ratio of such buyers who graduated, by salary ranges, to the total number of buyers who graduated from seller's course during the last fiscal year. For purposes of this subparagraph (i) the last fiscal year shall be the most recent fiscal year that terminated at least three (3) months before the claim is made.

(ii) For residence courses of study a statement of the total number of buyers whose enrollment terminated during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class and who obtained positions of employment within three (3) months of leaving the school in job positions for which seller's course of study prepared them; a statement of the monthly or yearly range of salaries obtained by such buyers; a statement of the percentage ratio of such buyers, by salary ranges, to the total number of buyers who were enrolled in seller's course during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class; and a statement of the percentage ratio of such buyers who graduated, by salary ranges, to the total number of buyers who graduated from seller's course during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class. However, this disclosure must be based on the experiences of enrollees who resided at the time of their enrollment in the metropolitan area or State where the disclosure is being made. For purposes of this subparagraph (ii) the most recent graduating class shall be that class which graduated at least three (3) months before the claim is made.

(3) For each of the disclosures covered by paragraph (b) above, seller shall maintain complete records as provided in paragraph (a) (3) above.

(c) *Method of making disclosure of drop-out rate and placement record.*[4] (1) After buyer signs an enrollment contract, seller shall mail to buyer, by certified mail, return receipt requested, a written form, in duplicate, containing the following information, and none other, except the Affirmation Statement required by paragraph (e) below, in bold face type of at least ten (10) points for each course of study offered to the buyer.

DISCLOSURE AND AFFIRMATION FORM FOR [NAME OF SCHOOL]

DROP OUT AND PLACEMENT RECORD FOR [COURSE] FOR PERIOD [DATE] TO [DATE]

(1) Total enrollments [number].

(2) Total who failed to complete the course [number] (as provided in paragraph (b) (1) (i) above).

(3) Percentage who failed to complete the course [%] (as provided in paragraph (b) (1) (ii) above).

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[1] See Appendices A and B for illustrations of Disclosure and Affirmation Forms for Correspondence and Residence Schools.

[2] As most recent graduating class is defined in paragraph (a) (4) (ii).

[3] As most recent fiscal year is defined in paragraph (a) (4) (i).

[4] See Appendices A and B for illustrations of Disclosure and Affirmation Forms for Correspondence and Residence Schools.

(Seller shall use number (4) below if no oral, written or broadcasted earnings or employment representations have been made. If seller has made oral, written or broadcasted earnings or employment representations to buyer, seller shall use numbers (5), (6), (7), (8), and (9) below).

(4) This school has no information on the number or percentage of its students who obtain jobs in the occupation for which we train them. Consequently, this school and its representatives have no basis on which to make any representations or claims about job opportunities available to students who take [name of course]. Prospective students are advised that enrollment in this course should not be considered vocational training that will result in employment in job positions for which this course offers instruction. or,

(5) Total number of students who obtained employment in the position for which this course of study trained them [number] (as provided in paragraph (b)(2) above).

(6) Percentage of students who obtained employment in the position for which this course of study trained them [%] (as provided in paragraph (b)(2) above).

(7) Number and percentage of total enrollees who obtained employment in the following salary ranges [expressed in $100 increments for monthly salaries or $1,000 increments for yearly salaries]. [Dollars] to [dollars] per [month or year]: [Number] students which is [%] of total enrollees (as provided in paragraph (b)(2) above).

(8) Percentage of graduates who obtained employment in the position for which this course of study trained them [%] (as provided in paragraph (b)(2) above).

(9) Number and percentage of graduates who obtained employment in the following salary ranges [expressed in $100 increments for monthly salaries or $1,000 increments for yearly salaries]. [Dollars to dollars] per [month or year]: [Number] students which is [%] of total graduates (as provided in paragraph (b)(2) above).

(2) Where seller has instituted a new course of instruction or where seller has established a new school, the seller's disclosure as required by paragraph (b) of this section shall contain the following information, and none other, except the Affirmation Statement required by paragraph (e) below, in bold face type of at least ten (10) points:

IMPORTANT INFORMATION

This school has not been in operation long enough or this course of study has not been offered long enough to indicate how many enrolled students will complete their course of study or to indicate how many students who take this course of study will obtain employment in positions for which this course trains them.

Except that where the seller has received actual written job commitments from businesses and other prospective employers, seller may add the following statement to the disclosure required above:

However, [number] employers have indicated that they will make available [number] jobs to students who complete this course of study. [Number] jobs represent [%] percent of our expected total enrollees which will be [number].

(d) *Ten day affirmation and cooling-off period.*[5] An enrollment contract between a seller and buyer will not be effective unless the buyer affirms that enrollment contract by signing and returning to seller the Disclosure and Affirmation Form specified in paragraph (e) below within ten (10) days of his receipt of that Form. If the buyer fails to affirm the enrollment contract within the ten (10) day period, seller shall consider the contract null and void, and within ten (10) business days of the expiration of the affirmation period, shall refund all moneys paid by the buyer and cancel and return to buyer any evidence of indebtedness.

(e) *Disclosure and operation of ten (10) day cooling-off period.*[5] (1) After receiving from the buyer his signed enrollment contract, seller shall mail to buyer, by certified mail return receipt requested, a one page form, in duplicate, that contains the placement and drop out disclosures required by paragraphs (b)(1) and (2), above, in the form required by paragraph (c), above; and at the bottom of the same form the following unsigned Affirmation Statement printed in bold face type of at least ten (10) points:

NOTICE TO THE BUYER

The enrollment contract that you signed with [name of school] on [date] to enroll in [name of course] is not effective or valid unless you first sign this statement and return it to the above named school within ten (10) days from the time that you received this statement. You are free to cancel your enrollment and receive a full refund of any monies you have paid to the school by not signing or mailing this statement within ten (10) days. At the expiration of this ten (10) day period the school has ten (10) business days to send you your refund (if any) and to cancel and return to you any evidence of indebtedness that you signed. However, if you do want to enroll in the above named school, you should sign your name below and mail this statement to the school within ten (10) days. Keep the duplicate copy for your own records.

(Date)

(Signature)

(2) The Disclosure and Affirmation Form shall not contain any information or representations other than the drop out and placement disclosures provided by paragraphs (b)(1) and (2) of this section, above, and the Affirmation Statement in paragraph (e) (1) above. Seller shall not send any document or material to buyer other than the Disclosure and Affirmation Form during the ten (10) day affirmation and cooling-off period that commences with buyer's receipt of the Disclosure and Affirmation Form.

(3) Sellers who are subject to the provisions of this section are exempted from compliance with the Federal Trade Commission's Trade Regulation Rule concerning a Cooling-Off Period for Door-to-Door Sales effective June 7, 1974.

(f) *Refund upon cancellation.* (1) Upon cancellation of an affirmed contract the seller shall not receive, demand or retain more than a pro rata portion of the total contract price, plus a registration fee of five percent (5%) of the total contract price but not to exceed twenty-five dollars ($25).

(2) The pro rata refund shall be determined by dividing the number of classes attended by buyer or held up to the time of buyer's cancellation or, for correspondence courses, the number of correspondence lessons submitted by the buyer prior to cancellation, by the total number of classes or lessons contained in the course, and then by multiplying the total contract price by the result thereof. This amount shall constitute the buyer's total obligation. The difference between this amount and the amount the buyer has already paid the seller shall constitute either the buyer's refund or the amount of the buyer's remaining obligation to the seller.

(3) Within ten (10) business days of the date of notification of cancellation, the seller must provide the buyer with his correct refund payment, if any, and must cancel that portion of the buyer's indebtedness that exceeds the amount due the seller under the refund formula of this section.

(g) *Disclosure of cancellation and refund.* (1) The seller shall furnish the buyer with a fully completed copy of the buyer's enrollment contract and in close proximity to the space reserved in the contract for the buyer's signature, and in bold face type of at least ten (10) points, include the following statement:

Notice to the buyer: Do not sign this contract before reading the provisions under the caption "Cancellation and Refund".

(2) For correspondence courses of study, the seller shall include in the contract in bold face type of at least ten (10) points the following provision:

CANCELLATION AND REFUND

You are free to cancel this contract at any time. You will have to pay only for lessons submitted to the school plus a registration fee of five percent (5%) of the total contract price, not to exceed twenty-five dollars ($25).

You may cancel the contract by mailing or delivering to the school a signed and dated copy of the "Notice of Cancellation" sent to you by the school or by mailing or delivering to the school your own written letter of cancellation. Cancellation will be effective on the date of mailing or delivery. You may also cancel by failing to submit a lesson for ninety (90) days.

The amount you will have to pay for the lessons submitted will be determined by dividing the number of lessons submitted up to the time of your cancellation by the total number of lessons contained in the course. If, prior to cancellation, you have paid more than this amount plus the registration fee, the excess will be refunded to you within ten (10) business days.

(3) For residence courses of study, the seller shall include in the contract in bold face type of at least ten (10) points the following provision:

CANCELLATION AND REFUND

You are free to cancel this contract at any time. You will have to pay only for those classes the school has held prior to your cancellation plus a registration fee of five percent (5%) of the total contract price, not to exceed twenty-five dollars ($25).

You may cancel the contract by mailing or delivering to the school a signed and dated copy of the "Notice of Cancellation" sent to you by the school or by mailing or delivering to the school your own written letter of cancellation. Cancellation will be effective on the date of mailing or delivery. You may also cancel by not attending scheduled classes nor in any other manner utilizing the school's facilities for thirty (30) days.

The amount you will have to pay for those classes the school has held will be determined by dividing those classes held up to the time of your cancellation by the total number of classes contained in the course. If, prior to cancellation, you have paid more than this amount plus the registration fee, the excess will be refunded to you within ten (10) business days.

(4) For a combination correspondence and residence course of study, the seller shall include in the contract in bold face type of at least ten (10) points the following provisions:

CANCELLATION AND REFUND

You are free to cancel this contract at any time. You will have to pay only for those correspondence lessons you submitted to the school and those residence classes held by the school prior to your cancellation plus a registration fee of five percent (5%) of the total contract price, not to exceed twenty-five dollars ($25).

You may cancel the contract by mailing or delivering to the school a signed and dated copy of the "Notice of Cancellation" sent to you by the school or by mailing or delivering to the school your own written letter of cancellation. Cancellation will be effective on the date of mailing or delivery. You may also cancel by failing to submit a correspondence lesson for ninety (90) days or by not attending scheduled classes nor in any other manner utilizing the school's facilities for thirty (30) days.

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[5] See Appendices A and B for illustrations of Disclosure and Affirmation Forms for Correspondence and Residence Schools.

The amount you will have to pay for the lessons submitted and the classes held will be determined by dividing those correspondence lessons submitted and those residence classes held up to the time of your cancellation by the total number of correspondence lessons and residence classes contained in the course. If, prior to cancellation, you have paid more than this amount plus the registration fee, the excess will be refunded to you within ten (10) business days.

(h) *Method of cancellation.* (1) After buyer has signed and affirmed an enrollment contract, seller shall furnish buyer with a postage pre-paid card, plus duplicate card, addressed to seller and captioned:

NOTICE OF CANCELLATION

I hereby cancel this contract.

(Date)

(Buyer's signature)

The buyer's cancellation is effective on the date that the buyer mails or delivers to the seller a signed and dated copy of the above described cancellation notice or any other written notice or, in the alternative;

(2) The buyer's cancellation is effective on the date that buyer gives the seller constructive notice of his intention to cancel his contract by failing to attend residence classes or failing to utilize residence instructional facilities for such a period of time, of 30 days or less, that the seller should reasonably conclude that the buyer has cancelled the contract; or for correspondence courses of instruction, by failing to submit a lesson for any period of 90 days.

(i) *Packaged courses and/or services.* Where seller offers a course of instruction involving two or more segments, and sells them together as a unit at a single price, then seller shall add the segments together and use the entire period in calculating buyer's refund, even if one or more of the segments is offered as "free". Where seller offers a course of instruction consisting of both correspondence lessons and residence classes, the total number of lessons and classes shall be added together for the purpose of calculating the refund.

APPENDIX A—DISCLOSURE AND AFFIRMATION FORM (FOR CORRESPONDENCE SCHOOLS THAT HAVE MADE EARNINGS OR EMPLOYMENT REPRESENTATIONS)

(Name of school)

DROP OUT AND PLACEMENT RECORD FOR AIR CONDITIONING AND REFRIGERATION COURSE FOR THE PERIOD JANUARY 1, 1973 TO DECEMBER 31, 1973

1. Total enrollees—1,500.
2. Total who failed to complete the course—1,050.
3. Percentage who failed to complete the course—70 percent.
4. Total number of students who obtained employment in the position for which this course of study prepared them—60.
5. Percentage of students who obtained employment in the position for which this course of study prepared them—4 percent of total enrollees.
6. Percentage of graduates who obtained employment in the position for which this course of study trained them—11 percent of graduates.
7. Number and percentage of total enrollees and graduates who obtained employment in the following salary ranges:

$5,000–$5,999 per year: 30 students which is 2 percent of total enrollees and 7 percent of total graduates.

$6,000–$6,999 per year: 30 students which is 2 percent of total enrollees and 7 percent of total graduates.

Notice to the buyer: The enrollment contract that you signed with (name of school) on (date) to enroll (name of course) is not effective or valid unless you first sign this statement and return it to the above named school within ten (10) days from the time that you received this statement. You are free to cancel your enrollment and receive a full refund of any monies you have paid to the school by not signing or mailing this statement within ten (10) days. At the expiration of this ten (10) day period the school has ten (10) business days to send you your refund (if any) and to cancel and return to you any evidence of indebtedness that you signed. However, if you do want to enroll in the above named school, you should sign your name below and mail this statement to the school within ten (10) days. Keep the duplicate copy for your own records.

(Date)

(Signature)

APPENDIX B—DISCLOSURE AND AFFIRMATION FORM (FOR RESIDENCE SCHOOLS THAT HAVE MADE EARNINGS OR EMPLOYMENT REPRESENTATIVES)

(Name of school)

DROP OUT AND PLACEMENT RECORD FOR COMPUTER PROGRAMING COURSE FOR THE LAST GRADUATING CLASS (JANUARY 2, 1973 TO JUNE 29, 1973)

1. Total enrollees—200.
2. Total who failed to complete the course—150.
3. Percentage who failed to complete the course—75 percent.
4. Total number of students who obtained employment in the positions for which this course of study prepared them—20.
5. Percentage of students who obtained employment in the positions for which this course of study prepared them—10 percent of total enrollees.
6. Percentage of graduates who obtained employment in the position for which this course of study trained them—35 percent of graduates.
7. Number and percentage of total enrollees and graduates who obtained employment in the following salary ranges:

$5,000–$5,999 per year: 10 students which is 5 percent of total enrollees and 17 percent of total graduates.

$6,000–$6,999 per year: 10 students which is 5 percent of total enrollees and 17 percent of total graduates.

Notice to the buyer: The enrollment contract you signed with (name of school) on (date) to enroll in (name of course) is not effective or valid unless you first sign this statement and return it to the above named school within ten (10) days from the time that you received this statement. You are free to cancel your enrollment and receive a full refund of any monies you have paid to the school by not signing or mailing this statement within ten (10) days. At the expiration of this ten (10) day period the school has ten (10) business days to send you your refund (if any) and to cancel and return to you any evidence of indebtedness that you signed. However, if you do want to enroll in the above named school you should sign your name below and mail this statement to the school within ten (10) days. Keep the duplicate copy for your own records.

(Date)

(Signature)

All interested persons, including the consuming public, are hereby notified that they may submit written data, views or arguments concerning the proposed rule with the Special Assistant Director for Rulemaking, Federal Trade Commission, Washington, D.C. 20580 not later than November 15, 1974.

All interested persons are also hereby given notice of opportunity to orally present data, views or arguments with respect to the proposed rule at public hearings to be held in the following places on the dates below and commencing at 10 a.m. on each of the days specified.

1. Boston, Massachusetts
Auditorium Room 304
J. W. McCormack
Post Office and Court House Building
Post Office Square
Boston, Massachusetts

Public hearing will be held on November 18, 19, and 20, 1974.

2. New York, New York
2200 Hearing Room C
2243-EB Federal Building
26 Federal Plaza
New York, New York

Public hearing will be held on December 2, 3, and 4, 1974.

3. Washington, D.C.
Room 532
Federal Trade Commission
Sixth and Pennsylvania Avenue, NW.
Washington, D.C.

Public hearing will be held on December 16, 17, and 18, 1974.

4. Chicago, Illinois
Room 1665
Everett McKinley Dirksen
Federal Building
219 South Dearborn Street
Chicago, Illinois

Public hearing will be held on January 13, 14, and 15, 1975.

5. San Francisco, California
Room 12138–a
Federal Building
450 Golden Gate Avenue
San Francisco, California

Public hearing will be held on January 27, 28, and 29, 1975.

6. Los Angeles, California
Room 13209
Federal Building
11000 Wilshire Boulevard
Los Angeles, California

Public hearing will be held on February 3, 4, and 5, 1975

Any person desiring to orally present his views at any of the scheduled hearings should so inform the appropriate representative listed below not later than seven (7) days prior to commencement of the particular hearing at which the person wishes to be heard. Reasonable limitations upon the length of time allotted to any person may be imposed and persons wishing to deliver prepared statements will be required to file such statements with the appropriate representative listed below. To the extent practicable persons wishing to file written presentations in excess of two pages should submit twenty copies.

1. Boston, Massachusetts 02114
Mr. Marc A. Comras
Federal Trade Commission
150 Causeway Street.

2. New York, New York 10007
Ms. Alice T. Petizon
Federal Trade Commission
26 Federal Plaza
22nd Floor

3. Washington, D.C. 20580
Mr. William D. Dixon
Federal Trade Commission
633 Indiana Avenue, NW.

4. Chicago, Illinois 60603
Mr. Jerome S. Lamet
Federal Trade Commission
Suite 1437
55 East Monroe Street

5. San Francisco, California 94102

Ms. Seela Lewis
Federal Trade Commission
460 Golden Gate Avenue
6. Los Angeles, California 90024
Mr. Kendall H. MacVey
Federal Trade Commission
13209 Federal Building
11000 Wilshire Boulevard

The data, views or arguments presented with respect to the proposed rule will be available for examination by interested parties in Room 130 of the Division of Legal and Public Records, Federal Trade Commission, Washington, D.C., and will be considered by the Commission in the establishment of a Trade Regulation Rule.

All persons, firms, corporations or others engaged in the operation of a proprietary vocational or home study school in commerce as "commerce" is defined in the Federal Trade Commission Act may be subject to the requirements of any Trade Regulation Rule promulgated in the course of this proceeding.

Issued: August 15, 1974.

By the Commission.

[SEAL] CHARLES A. TOBIN,
Secretary.

[FR Doc 74 18724. Filed 8-14-74, 8:45 am]

PRESIDENT FORD URGED BY SENATOR RANDOLPH TO JOIN CRUSADE FOR SLOWER DRIVING—CHIEF EXECUTIVE ASKED TO ENLIST GOVERNORS IN EFFORT

Mr. RANDOLPH. Mr. President, on Tuesday of this week, in his address before a joint session of Congress, President Ford emphasized the conservation of energy in all its forms as an important part of our efforts to restore stability to the American economy. I concur with this approach, for the growing reliance on foreign sources for energy supplies is undermining our domestic economy. This year we will spend approximately $25 billion abroad to purchase oil. Our country cannot long endure such a fiscal drain.

There are steps that can be taken immediately to save fuel by reducing the use of automobiles and by driving slower when we must travel. For more than a year I have urged the reduction of speed limits on American highways. Since January we have had a uniform national speed limit of 55 miles per hour. The results have produced dramatic savings in both lives and fuel.

Strict enforcement is essential if the uniform speed limit is to live up to its potential. I have so informed the Nation's Governors, and today I urged President Ford to make a similar appeal for adherence to the 55-miles-per-hour speed limit. Such an effort would be a positive step in his plans to halt inflation.

Mr. President, I ask unanimous consent that a copy of my telegram to President Ford be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

OCTOBER 10, 1974.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: One of the most readily available ways of reducing our energy consumption is slower driving. The Federal Energy Office has reported a saving of five million gallons of gasoline a day during the first four months of this year. Strict adherence to the national 55 miles per hour speed limit could produce even greater savings now that automobile usage is higher than that of six months ago. Recent reports show that gasoline consumption is greater than a year ago, making the need to conserve fuel even more critical. Twice last year I appealed to all governors urging their support for a Senate-passed resolution calling for voluntary speed reductions. The uniform speed limit act (P.L. 93-239) became law last January and has been effective. Faced with increased gasoline supplies and an apparent weakening of our conservation resolve, I wrote to the governors on July 10, 1974, urging strict enforcement of the 55 miles per hour speed limit. The response was gratifying. In view of your declared desire to see fuel consumption reduced, I hope you will join with me in this effort and stress to Governors and others responsible for law enforcement the necessity for strict enforcement of the speed limit. The benefits in savings of both fuel and lives are absolutely necessary if we are to continue our crusade.

JENNINGS RANDOLPH,
Chairman, Senate Committee on Public Works.

MEDICAID ABUSES

Mr. PERCY. Mr. President, the continuing exposés of alleged fraud and abuse in the Illinois medicaid program compel me to share with my colleagues the details of Illinois' scandals, for they have implications of consequence for legislative action in this body.

Since March, Illinois newspapers have headlined charges of widespread fraud in the State medicaid programs. Alleged irregularities include kickbacks, overcharges, falsified claims, duplicate billings, use of unlicensed physicians, violation of professional ethics, profiteering by bill collectors, acceptance of payoffs, and possible crime syndicate involvement. These alleged irregularities, moreover, involve many individuals and institutions, including physicians, pharmacists, State employees, hospitals, clinics, nursing homes, and bill-collecting agencies.

Most recently an interim report issued by the chairman of the Medical Advisory Committee of the Illinois Public Aid Department confirmed previous charges. After onsite investigations involving some 70 doctors who earned $100,000 to nearly $600,000 a year treating medicaid patients, this all-physician probe reported findings of assembly-line treatment of patients, careless diagnoses, irregular recordkeeping, and possible bill-padding.

At the end of July, I became convinced that the Illinois situation called for a full-scale Federal investigation. I, therefore, took up the matter with Senators RUSSELL B. LONG, WALLACE F. BENNETT, and HERMAN E. TALMADGE of the Finance Committee. Responding in the fine tradition set by their former colleague, Senator John J. Williams, a tough crusader against medicare and medicaid abuses, they agreed swiftly and decisively to undertake a thorough investigation of the extensive reports of fraud, abuse, and poor administration in the Illinois medicaid program. Since their initial commitment, the committee staff, with the assistance of the General Accounting Office, has conducted an efficient, professional, and nonpartisan investigation.

The significance of this investigation lies in its potential impact on both existing medicare and medicaid statutes and future national health insurance legislation. After determining the facts of Illinois' problems, it will be possible to take the actions necessary to eliminate loopholes in existing law that allow for abuses and fraudulent activities.

Implicit in the problems of medicare and medicaid are lessons that must be learned if the national health insurance plan that is ultimately enacted is to avoid abuses and costly deficiencies. Given current economic constraints, the investigation is particularly appropriate. Reports from the recent anti-inflation conference on social services indicate that next year medicare and medicaid costs may increase by $2 billion. Hospital room charges may rise by 30 percent. Health insurance premiums may also increase by 30 percent.

Some ominous projections have produced threats of drastic Federal intervention and harsh controls. The Senate Finance Committee investigation of Illinois' medicaid scandals may well produce results that can forestall such rash measures. If fraud, abuse and unnecessary spending are eliminated from medicaid, the full value of every tax dollar spent can be directed to the health needs of the poor.

It should be noted that Illinois has not turned to the Federal Government exclusively to solve its problem with the State medicaid program. There have been a number of State investigations. Recently, Gov. Dan Walker named a four-man investigative team, and the State legislature's Advisory Committee on Public Asistance established an investigative unit.

Although the seriousness of the Illinois medicaid scandals is increasingly recognized, I believe alleged offenders have yet to realize the full implications of their actions. Too often white collar crimes are committed with impunity, because of misconceptions about the laxity of the penalties involved. To deter those who harbor intentions of perpetrating fraud under the medicaid program in Illinois and other States, I would like to read from a 1969 floor statement of former Senator John J. Williams, whose remarks are unfortunately as relevant today as 5 years ago:

> Questions have been raised as to whether we have adequate laws to cope with these fraud cases. To clear up any misunderstanding I shall ask that Sections 231 and 232 of Title 31 of the United States Code, which set civil penalties for fraud such as those perpetrated under Medicaid and Medicare, appear in the Record at the conclusion of my remarks along with Sections 286, 287, and 1001 of Title 18 of the United States Code. Thus, actual and prospective defrauders of Medicaid will be able to familiarize themselves with some of the penalties they face for cheating the taxpayers.
>
> It should be noted that Section 231 provides for payment to the government of double the amount defrauded plus $2,000. Of course, these are just civil penalties. Criminal prosecution under Sections 286, 287, and 1001 of Title 18 of the United States Code is available as another means of deterring potential abuses or of assuring adequate punishment of those defrauding the United States. Those provisions provide for fines of up to $10,000 and imprisonment of up to 5 and 10 years.

It should be noted that sections 231 and 232, the False Claim Act, date back to the Civil War. Times change, but unfortunately, the actions of some persons do not. Taking a cue from former Senator Williams, I ask unanimous consent that sections 286, 287, and 1001 of title 18 of the United States Code and sections 231 and 232 of title 31 of the United States Code be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TITLE 18, UNITED STATES CODE—CRIMES AND CRIMINAL PROCEDURE

Section 286. Conspiracy to defraud the Government with respect to claims:

Whoever enters into any agreement, combination, or conspiracy to defraud the United States, or any department or agency thereof, by obtaining or aiding to obtain the payment or allowance of any false, fictitious, or fraudulent claim, shall be fined not more than $10,000 or imprisoned not more than ten years or both.

Section 287. False, fictitious or fraudulent claims:

Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

Section 1001. Statements or entries generally:

Whoever, in any matter with the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statement or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both.

TITLE 31, UNITED STATES CODE—MONEY AND FINANCE

Section 231. Liability of persons making false claims:

Any person in the military or naval forces of the United States, or in the militia called into or actually employed in the service of the United States, who shall make or cause to be made, or present or cause to be presented, for payment or approval, to or by any person or officer in the civil, military, or naval service of the United States, any claim upon or against the Government of the United States, or any department or officer thereof, knowing such claim to be false, fictitious, or fraudulent, or who, for the purpose of obtaining or aiding to obtain the payment or approval of such claim, makes, uses, or causes to be made or used, any false bill, receipt, voucher, roll, account, claim, certificate, affidavit, or deposition, knowing the same to contain any fraudulent or fictitious statement or entry, or who enters into any agreement, combination, or conspiracy to defraud the Government of the United States, or any department or officer thereof, by obtaining or aiding to obtain the payment or allowance of any false or fraudulent claim, or who, having charge, possession, custody, or control of any money or other public property used or to be used in the military or naval service, who, with intent to defraud the United States or willfully to conceal such money or other property, delivers or causes to be delivered, to any other person having authority to receive the same, any amount of such money or other property less than that for which he received a certificate or took a receipt, and every person authorized to make or deliver any certificate, voucher, receipt, or other paper certifying the receipt of arms, ammunition, provisions, clothing, or other property so uses or to be used, who makes or delivers the same to any other person without a full knowledge of the truth of the facts stated therein, and with intent to defraud the United States, and every person who knowingly purchases or receives in pledge for any obligation or indebtedness from any soldier, officer, sailor, or other person called into or employed in the military or naval service any arms, equipments, ammunition, clothes, military stores, or other public property, such soldier, sailor, officer, or other persons not having the lawful right to pledge or sell the same, shall forfeit and pay to the United States the sum of $2,000 and, in addition, double the amount of damages which the United States may have sustained by reason of the doing or committing such act, together with the costs of suit; and such forfeiture and damages shall be sued for in the same suit.

Section 232. Same; suits; procedure:

(A) The several district courts of the United States, the several district courts of the Territories of the United States, within whose jurisdictional limits the person doing or committing such act shall be found, shall wheresoever such act may have been done or committed, have full power and jurisdiction to hear, try, and determine such suit.

(B) Except as hereinafter provided, such suit may be brought and carried on by any person, as well for himself as for the United States, the same shall be at the sole cost and charge of such person, and shall be in the name of the United States, but shall not be withdrawn or discontinued without the consent, in writing, of the judge of the court and the United States Attorney, first filed in the case, setting forth their reasons for such consent.

(C) Whenever any such suit shall be brought by any person under Clause (B) of this section notice of the pendency of such suit shall be given to the United States by serving upon the United States attorney for the district in which such suit shall have been brought a copy of the bill of complaint and by sending, by registered mail, or by certified mail, to the Attorney General of the United States at Washington, District of Columbia, a copy of such bill together with a disclosure in writing of substantially all evidence and information in his possession material to the effective prosecution of such suit. The United States shall have sixty days, after service as above provided, within which to enter appearance in such suit. If the United States shall fail, or decline in writing to the court, during said period of sixty days to enter any such suit, such person may carry on such suit. If the United States within said period shall enter appearance in such suit the same shall be carried on solely by the United States. In carrying on such suit the United States shall not be bound by any action taken by the person who brought it, and may proceed in all respects as if it were instituting the suit: *Provided*, That if the United States shall fail to carry on such suit with due diligence within a period of six months from the date of its appearance therein, or within such additional time as the court after notice may allow, such suit may be carried on by the person bringing the same in accordance with clause (B) of this section. The court shall have no jurisdiction to proceed with any such suit brought under clause (B) of this section or pending suit brought under this section whenever it shall be made to appear that such suit was based upon evidence or information in the possession of the United States, or any agency, officer or employee thereof, at the time such suit was brought: *Provided, however*, That no abatement shall be had as to a suit pending on December 23, 1943, if before such suit was filed such person had in his possession and voluntarily disclosed to the Attorney General substantial evidence and information which was not theretofore in the possession of the Department of Justice.

(D) In any suit whether or not an appeal pending on December 23, 1943, brought under this section, the court in which such suit is pending shall stay all further proceedings, and shall forthwith cause written notice, by registered mail, or by certified mail, to be given the Attorney General that such suit is pending, and the Attorney General shall have sixty days from the date of such notice to appear and carry on such suit in accordance with clause (C) of this section.

(E) (1) In any such suit, if carried on by the United States as herein provided, the court may award to the person who brought such suit, out of the proceeds of such suit or any settlement of any claim involved therein, which shall be collected, an amount which in the judgment of the court is fair and reasonable compensation to such person for disclosure of the information or evidence not in the possession of the United States when such suit was brought. Any such award shall in no event exceed one-tenth of the proceeds of such suit or any settlement thereof.

(2) In any such suit when not carried on by the United States as herein provided, whether heretofore or hereafter brought, the court may award to the person who brought such suit and prosecuted it to final judgment, or to settlement, as provided in clause (B) of this section, out of the proceeds of such suit or any settlement of any claim involved therein, which shall be collected, an amount, not in excess of one-fourth of the proceeds of such suit or any settlement thereof, which in the judgment of the court is fair and reasonable compensation to such person for the collection of any forfeiture and damages; and such person shall be entitled to receive to his own use such reasonable expenses as the court shall find to have been necessarily incurred and all costs the court may award against the defendant, to be allowed and taxed according to any provision of law or rule of court in force, or that shall be in force in suits between private parties in said court: *Provided,* That such person shall be liable for all costs incurred by himself in such case and shall have no claim therefor on the United States.

CONFERENCE REPORT TO EXTEND THE VOCATIONAL REHABILITATION ACT

Mr. BENTSEN. Mr. President, I am pleased that the conferees have reached agreement on this extension of the Vocational Rehabilitation Act.

On April 25, I introduced S. 3381, a measure which contained many of the provisions now contained in this new extension: the transfer of the rehabilitation program from the Social and Rehabilitation Service to the Office of the Secretary of HEW, and a 2-year extension of programs other than the basic Federal-State rehabilitation program, which would be extended for 1 year.

In addition, the measure the conferees reported contains additional important provisions relating to the Randolph-Sheppard Act and the calling of a White House Conference on Vocational Rehabilitation.

I know of no Federal program more successful in human terms than the rehabilitation program. To hundreds of thousands of disabled Americans, it has meant a new chance, a chance to become productive, to work instead of being forced to rely on welfare. My own State of Texas, for example, has doubled its rehabilitants in the last 4 years. Last year, the payroll of these rehabilitated individuals jumped from $15 million to $95 million. It makes good sense both economically and in human terms to encourage handicapped Americans to become self-reliant, to build a life for themselves with dignity and self-respect.

Two provisions of this measure are worth noting here. The first is the extension of the major rehabilitation programs for an additional year, and, in the case of some, for an additional 2 years. For some time, I have been arguing that the States need adequate advance notice of Federal funding in the fields of education, health, and aid to the handicapped so they can more carefully plan their State programs. This bill gives them that advanced notice, because the authorizations under the rehabilitation program act as an entitlement, which the States can rely on. Consequently, there will be more efficient administration of the program at the State level, State legislatures will know how much they need to authorize in matching funds, and the handicapped can be assured that their needs in future years will be met.

Second, the bill transfers the rehabilitation program from the Social and Rehabilitation Service to the Office of the Secretary of HEW. The rehabilitation program was created to help disabled individuals develop new talents so that they can again participate in our society to their fullest potential. Clearly, then, a more appropriate home is needed for the program than the Social and Rehabilitation Service, which is composed primarily of welfare programs.

I congratulate Senator RANDOLPH, Senator WILLIAMS and other members of the Subcommittee on the Handicapped for acting on this measure so expeditiously. The approval of this conference report will be welcome news to the State Vocational Rehabilitation Agencies and to the handicapped Americans it serves so well.

INDUCTION OF JACK NICKLAUS INTO THE WORLD GOLF HALL OF FAME

Mr. TAFT. Mr. President, the height of success in any field of endeavor is recognition by one's colleagues. Success can best be measured by others in the same field, others who have had the same goals and those who know the real challenges of the profession.

Just recently, President Ford inducted into the World Golf Hall of Fame 13 individuals, 5 posthumously, at opening ceremonies in Pinehurst, N.C. Induction into this society not only recognizes the prowess of the individual on the golf course, but also acknowledges dedication and high integrity. Therefore, it was to be expected that 1 of the 13 "golf greats" so honored was Ohio's own Jack Nicklaus.

Jack Nicklaus is a one man team and it is of little wonder that Ohioans are as proud of him as they are of the Bengals, the Browns, the Buckeyes, the Reds, and the Indians.

By the time Jack Nicklaus was 14 he was shooting golf in the seventies—an enviable score at any age. As one of the youngest amateur champions in golf history, he won two National Amateur Championships before turning pro, while still a student at Ohio State, in 1962.

In the ensuing years, Nicklaus was named the top first-year golfer by the Professional Golfers Association; the youngest athlete to ever win the U.S. Open; only the fourth man in history to win all "Big Four" professional titles—the P.G.A., the British Open, the Masters, and the U.S. Open—and the first man ever to capture these titles twice. In addition, the "Golden Bear" became the first man to hold the Masters title in back-to-back years. While I could continue to elaborate on Jack's "firsts" and victories, there is a more important point to be made.

While this individual has won more major championships than Bobby Jones and more money than most people will earn in a lifetime, the philosophy has not changed. For example, in the May 13, 1974, edition of Sports Illustrated, Nicklaus is quoted as follows:

> I was taught competition as a child and that is how I have lived my life, and that is what I have loved about golf . . . It may be true that it is pretty easy for me to brush money aside now, but even at the start of my career, money was not what motivated me and I have never liked all the emphasis on it in golf and other sports.

To be an outstanding athlete implies more than ability. It implies character, self-discipline, competitive challenge, devotion, and responsibility. Jack is a composite of these characteristics.

To Jack, and to his family, I extend my heartiest congratulations on his induction into the World Golf Hall of Fame.

HOW PERSUASIVE ARE THE ELECTRONIC MEDIA?

Mr. PROXMIRE. Mr. President, regulation of the press—any form of the press—is an anathema to our free society.

No lawmaker suggests that newspapers and books should be regulated, no matter how beneficial the goals of that regulation are claimed to be.

Why then do some people clamour for continued regulation of the electronic media? What do they think justifies such a violation of our basic freedoms?

It seems to me that an underlying part of this debate, at least on the part of the fairness doctrine's supporters, is a deep fear of the electronic media. A fear that television can persuade people no matter what their opinions, that our thoughts are dictated by radio, that our minds are controlled by what we see and hear on network news.

It is usually not put this bluntly, if stated at all. But throughout the case presented in support of the fairness doctrine, that fear lurks.

Let me ask the question bluntly. Do we view ourselves as patsies to be molded by CBS, or as responsible citizens who base our opinions on many different facts and sources of information?

Each person must ask if he really believes all his opinions and attitudes and information flow from the hours he watches television. For it will not do to say that "others" are twisted by Walter Cronkite and that we are above the media's influence.

Let me reassert my belief that the manner in which the fairness doctrine violates the first amendment is the overriding argument in this debate. Irregardless of other arguments, the fairness doctrine should fall on those grounds alone.

However, because it seems to me that the persuasive power of the media is a crucial, if unstated, argument, I want today to review what we know about the psychology of the media.

I contend that psychology shows that, at worst, the adult reaction to what is seen, heard, and read is a reinforcement of ideas already held. At best, the adult mind will take what has been seen, heard, and read and compare that with previously acquired knowledge. The mind will then reject or accept the information offered, or make selective judgments.

Psychologists such as Dr. Gerhart Wiebe, dean of the School of Public Communication at Boston University, tell us that opinion changes are difficult to accomplish. To review our position, to gather facts which might challenge our opinions, to change our viewpoint—that takes a lot of energy that most of us often are not willing to exert.

As Dr. Wiebe said in a speech in Norway in 1968:

> I find no evidence that by themselves they (the media) will bring about substantial learning among the rank and file of a society—presumably because most people will not expend the required intellectual effort in the absence of an authority figure.

In other words, we normally use television to relax, not to learn.

Of course, viewpoints other than our own are presented all the time by the radio press as well as by newspapers. Sometimes television will provide us with information which should challenge the opinions we hold. We cannot avoid this if we switch on the television for a long period of time.

But, according to psychologists, we often are able to keep this information from challenging us. We interpret it in ways consistent with our own opinions and we ignore those things which would challenge us.

Dr. Joseph Klapper has written an overview of media research called The Effects of Mass Communication. In it, he states:

> A number of studies indicate that persuasive mass communciation functions far more frequently as an agent of reinforcement than as an agent of change.

In other words, we use the information the press gives us to support our opinions and biases rather than to change them.

There is a classic example which demonstrates this point. A group of people were shown a poster which portrayed a Caucasion, a Negro, and an Oriental, and was labeled, "It Takes All Kinds of People To Make a City Run." When asked to explain what this meant, they came up with widely varying interpretations. Those who favored racial tolerance thought it showed many races working together to advance the city. Those with racial prejudices liked the poster too, but they thought it meant black maids and garbage men, and Chinese laundries, were all part of what makes a city run.

One poster, one picture, was interpreted in very different ways by different people. They saw what they wanted to.

Not only do people see things in their own way; sometimes they make sure they do not see opposing views at all. This is documented in a study Paul Lazarsfeld, Bernard Berelson, and Hazel Gaudet made of the 1940 Presidential campaign for their book entitled "The People's Choice."

They found that 61 percent of the people who were predisposed to be Democrats read mainly Democratic literature. Of those Republican predisposiiton, 54 percent were exposed mainly to Republican literature while 11 percent of them were exposed equally to both sides.

In fact, these researchers reached a conclusion which has great relevance to the question of the fairness doctrine. They state:

> In recent years, there has been a good deal of talk by men of good will about the desirability and necessity of guaranteeing the free exchange of ideas in the market-place of public opinion. Such talk has centered upon the problem of keeping free the channels of expression and communication.

This could well be a discussion of the debate over the fairness doctrine. These scientists go on to conclude, however, that—

> Now we find that the consumers of ideas, if they have made a decision on the issue, themselves erect high tariff walls against alien notions.

These scientists are saying that regulations such as the fairness doctrine, no matter how beneficient their claims, are superfluous. The mind is not instinctively swayed by the media. At worst, these psychologists are saying, the mind blocks alien ideas by itself and needs no other censor.

There is no doubt that the electronic and printed media can persuade people sometimes. If not, would we not be in a woefully stagnant state. How dull we would be if we never changed, if we never let a new thought into our heads.

But the fears of the fairness doctrine's defenders that the mass media serve as mass persuaders of a mass audience, are not supported by the evidence. And these fears are based on two false assumptions about the media's audience. These fears assume that everyone in an audience thinks alike and reacts to media presentations in the same way. They also assume that no other factor besides the media's presentation influence a person's decisions.

Several studies have been done about what sort of people use which medium and how different people react to the same message on the TV screen.

Dr. Klapper indicates there is no relationship between one's vulnerability to persuasion and his level of general intelligence. However, he does believe that "feelings of inadequacy, or low self-esteem, appear to be positively correlated with persuasibility, at least among males." Apparently, people who feel good about themselves are not as likely to be persuaded by another, while those who feel they are incompetent to make decisions are more likely to be influenced.

An article in a 1971 issue of "Public Opinion Quarterly" by P. J. Tichenor, G. A. Donohue, and C. N. Olien, professors at the University of Minnesota, came to the conclusion that people with a background of higher education were more likely to gleem information from the press than those with less formal education. Their reasoning, supported by surveys, was that someone with a coherent idea of some subject would be able to assimilate and organize material more easily than someone who was unfamiliar with the topic.

In his study of "Theories of Mass Communication," Melvin L. DeFleur discussed the relation these theories of human nature have to propaganda. In the late 19th century, it was thought that family and other close ties had disintegrated, and that individuals were completely isolated in their little niches in industrial society. Since they were supposed to be so segmented, it was thought they would be extremely submissive to propaganda.

As he points out, and I have tried to indicate in this speech, those social theories are discredited now.

People are not as isolated and submissive as the nineteenth century sociologists thought. They are not just cogs in a big machine. They are individuals who gather and interpret information as individuals.

We all see the same news at 6:30, but each of us sees it differently. The so-called mass audience is really a collection of individuals who are different, who want different things and who see the same thing differently.

A propaganda campaign would depend on the concerted effort of all the media to sway the population to some position. No newspaper or broadcaster could be left free to tell the truth and challenge the propaganda campaign. Propaganda depends on a controlled press.

So I just do not see the logic of people who say we need the fairness doctrine to protect the American people from propaganda. They are advocating Government control of the press. And that is not the way to avoid propaganda.

Supporters of the fairness doctrine claim it controls the press only for the public good. But that means the government decides what the "public good" is. And if the Government wants to propagandize for that idea it can do so because it controls the press.

It is foolish to think we are preventing propaganda when we give the Government control of the press. The only guarantee against a propaganda campaign is a free press.

The studies I have mentioned clearly demonstrate that different people react to the same presentation in different ways.

Furthermore, it is ludicrous to think that the NBC Nightly News is the only source of information for people or the only influence on their decisionmaking.

It always amazes me when people demand the press report an event in such a way that their opinions are supported. These people blunder when they assume that no one will get their side of the story unless every television news show presents it. How did these people get their side of the story in the first place? They certainly did not call the President of General Motors or Ralph Nader to learn the facts. No, these people obtained their information from the press—the varied newspapers, journals and other media. Every medium does not carry every story or every side of one story, but from the many sources of information we can get the whole story, sometimes bit by bit.

One TV show is not the sole source of information we have on which to base our decisions. And there are other factors more important than television or radio in our decisionmaking.

Professors Katz and Lazarsfeld made a study in 1955 called "Personal Influence: The Part Played by People in the Flow of Mass Communications." In it they explored the relationship of personal influence—other persons—to that of the media. They state that in those cases where personal influence played a role in a person's making a decision—

> (I) t typically exercised a more crucial influence than any of the media with which it was compared. In regard to all four areas of change covered by this study, it was reported to be the single most effective influence more often than newspapers, radio, magazines or books.

The people we know personally are more important influences on us than the people like Walter Cronkite we know from the television tube.

Again, let me say that the media do sometimes persuade people, just like other people and experiences persuade them. I do not mean to argue that people are unchanging. That would be a dim view of human nature. I do contend, however, that the media are not nearly as influential as some claim.

Several studies of how the media persuade people suggest a common theme. People generally must have an original inclination to a position before a media presentation can convince them more definitely. As the studies show, people tend to screen out information which would challenge their opinion and to look for material which supports them. The study I mentioned earlier demonstrated this. People inclined to be Democrats read more Democratic material and those of Republican disposition read much more Republican literature.

The media rarely cause a radical change in one's opinions. There are just too many other factors at work.

Some theorists believe that the media can be effective persuaders on new issues which the average person has no previous opinion of. However, it seems to me there are really very few genuinely new issues. Deployment of an ABM system was once a new issue, but even it was related to the general issues of America's defense posture and foreign relations policy. People partly reacted to the ABM controversy as a new issue, but they approached it from the vantage point of their opinions about those other general issues. How many genuinely new issues are there?

Further, newspapers affect our opinions on new issues just like broadcasters do. Of course new information may affect our thinking. But no one here would suggest that we should regulate the printed press to insure a governmentally determined fair presentation of the issues. And no one ought to suggest that we regulate the electronic media.

Even if television could wrap us around its little finger, there are so many other conditions which must be met for us to act on what TV tells us that the influence of the electronic media is necessarily limited.

Professor Wiebe did an analysis in the winter 1951 issue of "Public Opinion Quarterly" of what conditions must be met to motivate people to take action about what they have seen on TV.

He says that people must first be predisposed to the message the media presents. Then, if the presentation is able to activate these predispositions, several other conditions must still be met.

First, the presentation must tell people how they can easily carry out the actions suggested. It can not just talk in generalities.

Second, there must be social mechanisms established which enable people to act on these desires. In the world of commercial advertising, for instance, this means there must be a retail store nearby where people can buy the products they have seen advertised.

Third, these mechanisms must be adequate. The store must be stocked with enough toothpaste so that the customer's needs can be satisfied.

Finally, the audience members must think that they can accomplish their goals with the minimum expenditure of effort. The store cannot be across town, nor can it have exhorbitant prices or hostile salespeople.

All of these nonmedia conditions must be met before people are likely to act on what they have learned through the media.

The fairness doctrine people say they want to regulate the press in order to make sure everyone has a "fair" chance to present his views. If all these other conditions must be met for a media presentation to be effective, the next logical step seems to be for a fairness doctrine to regulate those conditions. Whenever someone went on the air to urge public action, the Government would have to regulate not only his broadcast but his organization, fellow workers and the cause as well.

Obviously such a chain of events is unimaginable under the American system. But we have to draw a line somewhere. And the Constitution draws the line solidly at the beginning, before any regulation at all of the free exchange of ideas.

As I have said, no one would deny that the media can and do influence people. Newspapers, radio, television, and books all give us information and suggest various interpretations.

But would we want it any other way?

The electronic media, clearly, do not wave an awesome wand at us all which radically alters our perceptions of various issues. We are not lemmings to be led over a cliff by Walter Cronkite.

There are other factors at work. Different people perceive presentations in different ways. We come to programs with our own biases. We look for different bits of information.

At the worst, the media influence us in no radical way, but we absorb their information into our understanding of the world.

At the best, the mind evaluates the information presented by the press, compares it with past knowledge, and makes decisions based on this analysis. At best, we responsibly judge and use the information rather than blindly follow or reject it.

We do not need to fear for the human mind.

Our democratic government is based on the principle of the free exchange of ideas. We dare support that system only because we have confidence in the reason and reasonableness of our fellow humans.

The fairness doctrine purports to protect us from ourselves. It says that we are not able to act responsibly to make our own decisions.

Mr. President, I reject the assumption on which the fairness doctrine is based. And I contend that psychologists have also convincingly rejected the myths of the mass media.

The time has come to eliminate the fairness doctrine. I plan to introduce legislation to do just that.

UTAH EXCITED ABOUT ERTS

Mr. MOSS. Mr. President, I am happy to report that I am not the only ERTS supporter from Utah. Gov. Calvin L. Rampton has written me that:

> Members of the University of Utah faculty and of the staff of the Department of Natural Resources are very excited about the current uses of the ERTS and about the potential which it offers.

The Governor also advised me that an upcoming meeting of the executive committee of the National Governors' Conference will consider adopting a policy position on Earth resources technology satellites.

Mr. President, I ask unanimous consent that the letter of the distinguished Governor of Utah be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF UTAH,
OFFICE OF THE GOVERNOR,
Salt Lake City, September 30, 1974.

Hon. FRANK E. MOSS,
U.S. Senate,
Washington, D.C.

DEAR TED: Thank you for your letter regarding the possibility of the National Governors' Conference adopting a policy position on the earth resources technology satellites. Members of the University of Utah faculty and of the staff of the Department of Natural Resources are very excited about the current uses of the ERTS and about the potential which it offers.

I would like to place this subject on the agenda of the next Executive Committee meeting of the NGC, which will be held at Snowbird, Utah on November 14, 1974. Mr. Dale Carpenter of the Department of Natural Resources, who has spent several years working with the earth resources technology satellite program, will work with the University personnel in preparing a short presentation for the Executive Committee at that meeting. Material on the ERTS will also be given to Governor Stanley K. Hathaway of Wyoming, who is chairman of the Committee on Natural Resources and Environmental Management for the NGC. The committee will develop any proposed policy statement for the Governors' Conference.

Sincerely,

CALVIN L. RAMPTON,
Governor.

MEMORIAL SERVICES FOR THE LATE HONORABLE CLIFFORD G. McINTIRE

Mr. HATHAWAY. Mr. President, there will be a memorial service for the late Honorable Clifford G. McIntire, former Member of the House of Representatives from Maine, on Sunday, October 13, at 3 p.m. at the Calvary Baptist Church, which is located at Eighth and H Streets NW, here in Washington.

PRESIDENT FORD'S SPEECH ON THE ECONOMY

Mr. CHILES. President Ford's speech to the joint session of Congress was an overall plus. He showed a recognition of the enormity of the problems and a solid desire to come and cope with them. In his policy recommendations, he touched the bases of essential measures which demand action if our economic problems are going to be resolved.

As I have said in the past, there needed to be an action plan hitting on three cornerstones coming out of the domestic summit.

The cornerstones are a balanced budget this year; an expansion of the money supply and the reduction of the cost of credit; and, third, a public service employment program.

The President made some proposals in each of these areas and made a start in other areas.

While the President presented us with a package—with his ideas toward curing our ailing economy—he did not flesh it out the way it needs to be.

Because of that lack of specificity I would like to comment and raise questions on some of his proposals.

In the area of food the main thing we need is to establish a program where the farmer can get credit at a price he can afford so that he may purchase fuel, fertilizer, and the other necessities of farming.

The President's vow to allocate the fuel and fertilizer needed by farmers will not accomplish this goal without some spelled out action on credit.

The President failed to mention that the farmer is getting less for what he produces while the consumer is paying more and more.

Every day I become more convinced that the best thing we could do for our agricultural and consumer interests is find a replacement for Earl Butz, our Secretary of Agriculture.

During the Secretary's confirmation hearings I asked Mr. Butz if he would serve as the voice of the American farmer and he assured me he would.

I cannot, however, recall when Mr. Butz has served as the spokesman for the American farmer. He has made mammoth mistakes which have cost us all dearly and now we find he knew of the Russian attempt to purchase grain. One of the best things the President could do in the area of agriculture is find another Secretary.

Again in the area of agriculture, I wonder why the President did not include some action on sugar when he asked that acreage limitations for rice, peanuts, and cotton be lifted. Surely something can be done that would hold down the skyrocketing price of this commodity.

The President's wisest proposal in the field of energy was his suggestion that automobile manufacturers achieve a 40 percent increase in gasoline mileage during the next 4 years.

This strong signal is a death knell to gas guzzling automobiles, a signal that I am pleased to hear.

I am also pleased to hear the call for a structuring of Government to include a national energy policy which recognizes that America has not had an adequate energy policy.

I really do not believe, however, that the President's address added much to our energy policy but the Congress is generating action in this area.

I strongly support the President's call for a truly vigorous enforcement of the antitrust laws and agree that slaps on the wrist have not served to stop violations of our antitrust laws.

Opening up the issue of regulatory agency reform and the cost savings this would achieve was a good move by the President. I strongly support the idea of inflation impact statements for both the Congress and the executive.

This practice would dictate more cost consciousness in government and is similar to some of the requirements in OSHA legislation I have introduced.

The President's message to the Council on Wage and Price Stability that it will have to justify price or wage increases at public hearings will also spotlight some troublespots in the future.

The President is not as clear in some of his other messages, however.

I think when he said "in no event will a credit crunch occur," he showed he does not recognize the credit crunch is already here—we are in the midst of it.

The credit crunch may not be visible to the President but it is very real to the farmer, the homebuilder, the homeowner, the consumer and indeed, the entire economy.

I would wish for more than assurances from the independent Federal Reserve that credit will be eased. Chairman Burns should be a part of the action team since he was one of the principal proponents of the idea of a summit conference.

Chairman Burns now needs to be made an integral part of that plan and put his cards on the table. Policies in this area have not been spelled out as they should be.

Since the Federal Reserve was created by Congress to be independent we must recall that while the Congress can give independence it may also take it away if it believes the credit crunch is not being eased.

I suggested the idea of a public service employment program to the White House several weeks ago and I strongly believe the country needs such a program to offset the costs of inflation and budget cutting. We must not, and apparently the President realizes this, leave people jobless as we apply solutions to curtailing inflation.

The community improvement corps proposed yesterday by the President may do part of this but I would urge the President to look at a work program which would address itself to some of the problems in our cities and put special emphasis on a strong training component which would equip the unemployed to be productive in the long range.

The President's proposals on housing and thrift institutions were less than exciting but he did demonstrate an apparent willingness to work closely with the Congress in these areas; 100,000 new starts is a drop in the bucket compared to the decrease of 1 million starts this year.

We must realize the seriousness of the housing situation. In many respects it is the hardest hit sector of all from an employment and business standpoint and it demands our immediate attention.

I applaud the President's plan to send his special trade representative to important world capitals, keeping them advised as to our economic policies and plans since these centers have many times felt they were being kept in the dark, if not ignored, by our policies. I agree with President Ford that the trade bill is a keystone of our economic efforts.

The basic idea of a balanced budget is crucial and I am glad to see the President has now accepted the idea that the budget should be balanced this fiscal year rather than next year, as he originally proposed.

This realization by the President is a real key to everything else.

From his many years in the legislative branch I am sure the President realizes that in budgetary matters the executive can propose but it is the Congress which must dispose. It is the Congress which must finally decide on the budget and I believe the President will respect that.

The idea of a surtax to insure adequate financing to match spending seems initially a proper approach, but I am concerned that the income level which triggers the surtax is too low.

It appears now that this tax will most adversely affect those who are already carrying the largest tax burden—the middle income families.

As I said before, the brunt of curing inflation should not fall on just one segment of our population but should be shared equitably.

Perhaps a raising of the income level at which the surtax would become effective would be a fairer way. At least it would not most heavily fall on those families who are struggling in their efforts to find adequate food, clothing and housing.

FEDERAL SPENDING

Mr. BENTSEN. Mr. President throughout the Economic Summit which just ended there were numerous discussions of the role of Federal spending as both a cause and solution into inflation. I believe that one of the more useful contributions of the summit was to expose as a myth the far too widely held belief that the present inflation was the creation of a spendthrift Democratic Congress.

After having a Republican in the White House for nearly 6 years, there are still those who try to place the blame for our current economic problems on mistakes made during the Kennedy-Johnson years or on the present Democratic majorities in the Congress. It simply will not work. After almost 6 years the time has come for the Republican administration policymakers to accept their fair share of the responsibility for present economic conditions. The economic mess we face today is a direct result of almost 6 years of misguided and poorly administered economic policies which have done great damage to the orderly Federal budget process just as they have done great damage to the pocketbooks of every American.

Let us look at some results of these Republican policies:

The Democrats have been accused of being big spenders. There have been times when Democratic administrations have spent too much money. But we do not have a monopoly on this problem by any means. In 8 years of Democratic leadership under Presidents Kennedy and Johnson we had a cumulative deficit of $53.8 billion. But in just 6 years of Republican budgets, the deficit adds up to $77.5 billion. The average annual Republican deficit is almost twice as high as the average during the Kennedy-Johnson years.

Why higher deficits during these Republican years? Because people who are unemployed do not pay taxes and they do not contribute to the purchasing power needed to keep our economy growing. Federal revenues from individuals fall and so do revenues from business taxes. Every time unemployment rates rise 1 percent, the Treasury loses $12 to $15 billion in tax receipts. We have had levels of unemployment during the last 5 years frequently above anyone's definition of full employment.

In addition to the revenue losses due to economic mismanagement, the previous Republican administration recommended the first $200 billion budget and the first $300 billion budget. They recommended in their budget requests more deficit financing than at any time since World War II.

President Ford has promised to rein in Federal spending. And I believe Democrats will work with him in this effort. The Democrats in the Senate have set a goal of reducing appropriations by $7 billion. So far the Senate has reduced the President's request for 1975 appropriations by $5.7 billion. But cuts in Federal spending by themselves are not the answer to the problem of inflation. Even a $7 billion cut is only one-half of 1 percent of a $1.4 trillion economy. Director of OMB Roy Ash and Secretary of the Treasury Simon have both testified before my Subcommittee on Economic Growth that excessive Government spending has not significantly contributed to inflation over the last year and a half.

The President is proposing additional cuts to hold outlays to under $300 billion this year. The interim inflation study of the congressional Joint Economic Committee agrees with this level of outlays but we may not agree with all of his spending priorities. However, we will work together in this effort to rein back Federal spending under a Budget Reform Act which had a bipartisan support but which was guided through the Congress by Democratic leadership.

We share the belief of President Ford that Government must be willing to tighten its belt at this time. The effort to eliminate waste and inefficiency in Government should become a model for the private sector.

But, Mr. President, I believe we must be very careful not to overstate to the American people the immediate impact of such reductions in Federal spending whether they are $5 billion per year or $10 billion. As a participant at the White House meeting of economists, I was impressed by the number of economists who felt that while some reduction in Federal spending was desirable it was not any panacea for our inflation problems.

Mr. President, let us make reductions where they are prudent but let us do so with a clear understanding that this is no total solution. As Dr. Arthur Burns, Chairman of the Federal Reserve Board, testified earlier today our Nation is in a recession unprecedented in our history.

We have simultaneously recession and inflation. Mr. President, we need a balanced program. I ask unanimous consent that a statement by Dr. Walter Heller, president of the American Economic Association, be printed in the Record at the conclusion of my remarks. He refutes some of the myths which have grown up around the question of Federal spending and inflation which I believe merits the attention of my colleagues.

There being no objection, the statement was ordered to be printed in the Record, as follows:

[From the Wall Street Journal., Sept. 27, 1974]

Budget Cutting and Inflation

(By Walter W. Heller)

As the month of economic summitry draws to a close and the White House draws from it some guidelines for presidential action, budget-chopping seems to be high on the agenda. But before Mr. Ford and the Congress conclude that the budget is the taproot of today's inflation and decide on budget-cutting as their chosen path out of the inflationary wilderness, they should take a hard look at the "facts" and arguments on which the budget hard-liners rely to make their case. A realistic reappraisal will surely assign budget cuts a more modest role in the battle against inflation.

Under the somewhat incendiary heading of "myths," let me examine some of the misapprehensions, dubious assumptions and questionable assertions that seem to underlie the zeal of the budget-cutters. To them, the term "myth" may be a red flag. But it saves space and may serve to organize the mind.

Myth No. 1: Profligate budget expansion has plunged us into this inflation.

Part of the answer to this myth is well known: skyrocketing food, fuel, and commodity prices, coupled with excessive dollar devaluation, accounted for the great bulk of our 1973–74 inflation. Though excess demand compounded the problem in 1973, inflation even then was as much a supply-squeeze and cost-push phenomenon as it was a product of demand-pull. Today, it is rapidly maturing into a self-propelling price-wage spiral.

Less well known, perhaps, is that recent real budget increases are being held to modest levels: the real volume of total federal spending (in constant dollars) is somewhat lower today than it was at the end of 1972.

Two perspectives on the "huge" $30 billion spending increase (to $305 billion) in the current year's budget also cut it down to size:

—In high-employment terms, revenues are rising $33 billion this year. Indeed, with normal economic growth plus inflation of only 5% a year, federal revenue increases between now and 1980 would average $44 billion a year, according to Brookings projections.

—Of the $30 billion budget increase this year, $19 billion is mandated under open-ended programs, and another $7 billion is earmarked for boosts in defense and federal pay, leaving only $4 billion for "relatively discretionary domestic programs." Only a 2% increase, far less than the rates of inflation, is projected for social grant programs.

Myth No. 2: Huge federal deficits have poured fuel on the fires of inflation.

That surely was a valid view in the Vietnam inflation, but just as surely is not the case in the 1973–74 inflation.

On the contrary. After being very stimulative in 1972, the budget came hard about in 1973–74. Measured in terms of a high-employment economy (and regardless of the requiems being sung for the high-employment budget concept, it remains the best shorthand measure of the budget's economic impact) the budget turned from a $2 billion deficit in fiscal 1973 to a $10 billion surplus in fiscal 1974. And it's heading for a surplus of over $15 billion (annual rate) in the first half of calendar 1975. Even if one prefers to use 4½% unemployment rather than 4% as a measure of high employment, the *shift* toward restraint—and it's the *shift* that counts most in the impact on aggregate demand—would still be over $15 billion.

On a national income accounts basis, the *actual* federal budget deficit has also been shrinking steadily: from $20 billion in fiscal 1972, to $15 billion in 1973, to less than $2 billion in fiscal 1974. Indeed, the NIA budget was in balance by mid-1974.

Granted, a surplus last year would have been even better. But the key point is that even after adjusting for the revenue-boosting impact of inflation, federal fiscal policy *has* been leaning against the inflationary wind.

Myth No. 3: When you add back into the budget the net borrowings of "de-budgeted" agencies (federally sponsored agencies like Fannie Mae and the Home Loan Banks and wholly owned agencies like the Ex-Im Bank and the Postal Service), the "total" federal deficit last year was not $3.5 billion but $21 billion.

But that surely mixes oranges with apples. The Commerce Department quite rightly excludes the credit operations even of the on-budget agencies from its national income account calculations of the federal budget. Why? Because they represent the trading of one asset (cash) for another asset (debt obligations) rather than the purchase of goods and services or transfers of purchasing power.

Federal off-budget credit operations are an important part of total U.S. financial flows—federal agency securities represented 31% of the net increase in all money and capital market securities in 1973. It is obviously desirable to coordinate their borrowing and lending activities with Federal Reserve policy. And the net impact of their credit operations—along with those of thrift institutions and others—must be weighed in formulating U.S. fiscal policy.

But in effect to single out one set of lenders like FNMA and FHLB and imply that *their* net lending should be matched with increased taxes runs counter to economic logic. Would the advocates of this position have us boost taxes by, say, $15 billion to match their net lending this year and then, if there were a net repayment of $10 billion next year, cut taxes by $25 billion at that time?

Indeed, if one is going to play the budget consolidation game, it would be a good deal less illogical to combine state-local budgets with the federal budget. This consolidated budget shows an *actual* surplus of nearly $4 billion in 1973. I say "less illogical," because recent state-local surpluses are directly related to rapidly growing federal grants that help generate federal deficits. But I do not press the point.

Myth No. 4: Cutting the budget offers us so much anti-inflationary clout that we should move ahead on it and make fiscal policy more restrictive than it is.

A variety of econometric studies have all come to the same conclusion on this subject: short of brutal budget-slashing, budget cuts do not offer much in the way of relief from inflation. The University of Michigan, IBM and Data Resources models—as well as studies cited by OMB director Roy Ash last June—all conclude that cutting federal spending by $5 billion would shave only 0.1% or less off of the rate of inflation. In exchange for this negligible benefit, the cost would be in the range of 100,000 to 200,000 jobs.

Myth No. 5: Since budget-cutting would give the economy a psychological uplift, it would cost far less in lost jobs and lost output than the computer models indicate.

Nothing we know on the basis of common-sense economic analysis or past evidence supports the assertion that cutting the budget will generate a sudden surge of confidence in the stock market and other financial markets, and that the resulting contagion will invigorate rather than subdue the economy. What a budget cut *may* do is to free funds for use in credit-hungry private markets. That indirect effect, not any psychological impact, might provide some offset to the direct demand-weakening effect of the cut.

Myth No. 6: In the face of raging inflation, budget policy has to be a one-way street, namely, cut, cut, cut. The main contribution the federal government can make to the battle against inflation is to tighten its own belt.

This view fails to recognize that a comprehensive budget policy for "fighting inflation" has to embrace measures to compensate the low and moderate income groups who are bearing the brunt of both inflation and recession. This requires bigger outlays for public service jobs, unemployment compensation, job training, food stamps, housing allowances, and the like. It calls for payroll and income tax relief for the working poor and those of moderate incomes.

In other words, the resources free by pruning unneeded or wasteful expenditures from the budget—and of removing oil and other tax shelters—can find ready and responsible outlets in redressing the grievances of those groups (and industries like housing) that have been ground under the hobnailed boots of inflation and monetary-fiscal austerity.

In passing, one should note that a number of summiteers, especially in the business and financial community, seem to support a different version of budget offsets. They wave the balanced-budget banner and urge expenditure cuts, yet in the next breath press for larger "tax expenditures" in the form of tax cuts on investment income, capital gains, savings capital spending, and so on. Economic summitry is hardly synonymous with economic symmetry.

Myth No. 7: Surely, out of this year's $305 billion budget, one can readily find savings of $5 billion to $10 billion, a mere 2% or 3% cut.

Granted, many programs are marbled with fat that makes them juicier and tastier without making them more nourishing. Granted also, some savings can be achieved in the process of shifting budget priorities. But even with its improved procedures and staff, Congress will find this a slow and painstaking job.

Quite apart from its depressing effect on a sagging economy, a crash program to cut the current budget "below $300 billion" when we are already one-quarter into the fiscal year is likely to be disruptive and inefficient. It will focus on those programs that the government can get its hands on quickly rather than those that are wasteful and of low priority. Equity and efficiency will be poorly served.

Myth No. 8: Nonetheless, since we must balance the budget in fiscal 1976 and develop surpluses thereafter, it is imperative to get started on budget-cutting now.

A balanced budget *could* be the right economic policy for fiscal 1976 if (a) the economy is well on its way to full employment by then and (b) the Federal Reserve can be relied upon to balance overly tight fiscal policy with an easing of monetary policy. But if these conditions are not satisfied, a balanced Bicentennial budget will be a will-of-the wisp—budget cuts that retard recovery and the expansion of tax revenues that goes with it would prove to be self-defeating.

But what of the federal surpluses we will need later in the 1970s to irrigate the capital markets, to help finance the huge capital outlays we will need to meet our energy needs, expand capacity, and apply the latest technology? The requisites of non-inflationary capital spending, as now projected, clearly call for those surpluses. But they do not, of themselves, call for budget cuts.

The Brookings projections already cited indicate that revenues will grow so rapidly that, even with only moderate restraint on the expenditure side, the federal budget will generate large surpluses. Given present budget initiatives and only 3% inflation, these projections show a $39 billion net high-employment surplus by 1980.

Myth No. 9: When all is said and done, the fact is that the 1969–71 "economic game plan"—the lineal ancestor of today's "old-time religion"—was subduing inflation even before Mr. Nixon slapped on the wage-price freeze. Inflation had already receded from the 6%-plus level in 1970 "to the 3½-4% zone by the first half of 1971."

Neither the conclusion nor the numbers stand up under close analysis. Since the alleged effectiveness of fiscal-monetary restraints in 1971 is so central to the argument for budgetary austerity today, it is important to demonstrate how misleading it is:

Although the rise in the CPI slowed down from 6% in 1969–70 to 4½% by mid-1971, two-thirds of that improvement was simply a swing in mortgage interest rates, up 10% in 1969–70 and down 11% by mid-1971. Commodities other than food kept rising at about a 4% rate throughout the period.

The wholesale price index showed little change, rising 3.7% from 1969 to 1970 and 3.5% from mid-1970 to mid-1971. The consumption component of the GNP deflator rose 4.8% in 1969–70 and 4.4% from spring 1970 to spring 1971, with prices of consumer services and durable goods actually rising.

The "chain price index for gross private product," perhaps the best comprehensive index of quarterly price movements, rose 4.8% (annual rate) during the second quarter of 1971, actually a bit more than the 1969–70 increase.

The weight of the evidence led Arthur Burns to conclude in his statement to the Joint Economic Committee in July, 1971, that substantial progress had not been made in checking inflation.

The foregoing effort to separate fact from fiction on the budget is not designed to shield the budget from its fair share of belt-tightening and waste-cutting in the face of virulent inflation. Rather, it seems to reduce the twin danger that we will vent our inflationary frustrations in unwise and unwarranted budget cuts and let the zeal for fiscal restraint block the tax and budget relief so urgently needed to temper the wind to the shorn lambs.

AMERICAN REVOLUTION BICENTENNIAL

Mr. HART. Mr. President, Macomb County in Michigan has become the first county in the Nation in which all units of government have been designated bicentennial communities.

That designation comes from the American Revolution Bicentennial Commission and it means that the 27 cities, townships and villages within Macomb County have decided on programs for their own observances of the Bicentennial.

Certainly, the communities and Charlotte Boyd, Bicentennial coordinator for Macomb County, are to be commended for their achievements thus far. One can speculate that advance planning is likely to mean a thoughtful, perceptive program—one that will accurately represent the history and heritage of our country and, perhaps, give greater insight to the approaches we should take for the future.

THE POWER ELITE

Mr. MANSFIELD. Mr. President, in the October 14 issue of Newsweek, under the Science section, there is an article entitled, "The Power Elite." This article deals with magnetohydrodynamics, commonly referred to as MHD.

Since 1968, my colleague, Senator Metcalf, and I have been urging a stepped up national program to develop MHD power generation. I believe the record will show that we have been the principal proponents for funding MHD in the Interior Department's Office of Coal Research's budget every year, including fiscal year 1970, when the first funds were provided.

The article points out that MHD is theoretically capable of using coal gas, natural gas, and even inert gases such as neon, argon, and helium to produce a substantially greater yield of power from each pound of fuel than is presently obtained in conventional generators. Conventional fossil fuel generators have a maximum efficiency of 40 percent and that of nuclear powerplants is even lower. MHD generating systems can convert up to 60 percent of the heat put into them into electricity.

The Soviet Union is ahead of the United States in developing MHD plants even though the process was first identified in this country. This is one reason the new technology is receiving favorable notice from the Office of Coal Research which Newsweek says, "is investing $12 million in MHD this year."

Again, I would like to call to the attention of the Secretary of the Interior and the Director of the Office of Coal Research section 107 of Public Law 93–404 which states in part:

> Includes $12,500,000 for a program for magnetohydrodynamics (MHD), of which $5,000,000 as described in Senate Report 93–303 and House Report 93–1123, shall be used in part to initiate design of an MHD engineering test facility, and there shall be undertaken immediately the design and planning of such engineering test facility, to be located in Montana, large enough so as to provide a legitimate engineering basis which when achieved will enable the immediate construction of a commercial scale MHD plant (500 MWe or above) for possible operations in the mid-1980's.

I do not necessarily subscribe to the so-called national plan which is designed to provide MHD power in the 1990–2000 time frame. I am convinced that MHD, if given the proper attention, can be developed to meet this goal in the 1980's. Scientists at Montana School of Mineral Science and Technology and Montana State University, in cooperation with AVCO Everett Laboratories, are in the process of developing a proposal for submission in November to carry out that portion of the law prescribed above. General Electric has indicated an interest in cooperating in this effort by designing components of a closed cycle MHD technique. The AVCO approach is of the open cycle variety. Both should be studied.

As I have previously stated, I support the MHD research anywhere in America but will insist that the law be obeyed to the end that the experimental test facility will be constructed in Montana at the earliest opportunity.

Mr. President, I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Power Elite

In the first wave of reaction to the energy crisis, the search for additional electric power centered chiefly on such hitherto-untapped natural resources as solar heat and geothermal steam. But energy experts have also been looking into new ways to wrest more power from the traditional fuels, and in Washington last week, U.S. and Soviet scientists were discussing a cooperative program that could speed the development of one such technique: magnetohydrodynamics, or MHD, which is theoretically capable of using coal gas, natural gas and even the inert gases—neon, argon and helium—to produce a substantially greater yield of power from each pound of fuel than is presently obtained in conventional generators. The technique would also emit fewer pollutants.

In essence, MHD relies on the same physical principle as the conventional generator: when a substance that conducts electricity passes through a magnetic field, it generates electricity. In a conventional power plant, a metallic conductor is rotated in a magnetic field. In the MHD generator, by contrast, the electrical conductor is a hot gas, to which small amounts of metal have been added. This "seeded" gas is pumped through a channel that is surrounded by a strong magnetic field, producing an electric current which is tapped off through terminals at the end of the channel.

INJECTION

Researchers are working on two different types of MHD generator. One, known as the open-cycle, uses the combustion gas obtained from burning coal, natural gas, or any other fossil fuel. This gas, at a temperature of about 5,000 degrees is then injected with potassium compounds to improve its electrical conductivity. After the gas has passed through the magnetic field, the potassium compounds are removed—in a process that also removes such pollutants as sulfur. Thus cleaned, the gas is still hot enough to drive a conventional gas or steam turbine.

The other approach, known as the closed-cycle, uses an inert gas such as helium, or even a liquid metal, as the power-producing medium. This fluid is heated indirectly, by coal or a nuclear reactor, and continually recirculated through the MHD generator.

The basic appeal of MHD power lies in its potential efficiency—the proportion of the energy in the hot gas that is actually converted to electric power. Conventional fossil-fuel generators have a maximum efficiency of 40 per cent; that of nuclear power plants is even lower. But MHD generating systems can convert up to 60 per cent of the heat put into them into electricity. This is because they operate at much higher temperatures than other types of electrical generators. "You lose as little as you can hope to lose in energy generation with MHD," declared Dr. William Jackson of the Federal Office of Coal Research last week. "I call it the electrification of coal."

PROMISE

For all its potential, MHD still has a long way to go to technical perfection. Last week, for example, General Electric announced that an experimental closed-cycle MHD generator it is developing had achieved for the first time an efficiency equivalent to 55 per cent in a complete MHD system. The GE scheme, however, produces electricity in bursts no longer than a hundredth of a second. The maximum efficiency in the open-cycle generators produced at Avco's Everett Research Laboratory in Massachusetts is somewhat lower than GE's figure. However, this type of generator has produced power continuously for a number of hours. Furthermore, experts say the efficiency of MHD systems automatically increases with size, and that the technology is sufficiently advanced to allow construction of a 100-megawatt demonstration system by 1980.

Certainly the new technology is receiving favorable notice from the Office of Coal Research, which is investing $12 million in MHD this year. One reason for the interest is MHD's ability to produce power cleanly and directly from the nation's vast reserves of deep-mined, high-sulfur coal. Another is plainly the fact that Russians are ahead of the U.S. in developing MHD plants. But perhaps the prime reason for governmental interest in the new technology is simply a matter of timing. "In the past," explained a Federal scientist last week, "the conditions were never right: nuclear power was coming on like a summer storm and the utilities had no time to think MHD. They also had an abundance of oil and gas. Now, that has changed. The right set of conditions is now coming into focus and we are taking MHD very seriously."

SENATOR SAM J. ERVIN, JR.

Mr. ALLEN. Mr. President, I ask unanimous consent that an article and an editorial relating to our colleague, Senator Sam Ervin, which recently appeared in the Robesonian of Lumberton, N.C., be printed in the Record.

There being no objection, the article and the editorial were ordered to be printed in the Record, as follows:

Senator Sam Ervin To Speak Tuesday at Chamber Dinner

Sam J. Ervin, Jr. is coming to Lumberton Tuesday to speak at the annual Chamber of Commerce dinner, to be held at the Pinecrest Country Club.

North Carolina's senior Senator will arrive by private plane in the afternoon, arranging his schedule around President Ford's called meeting of the joint House and Senate that same afternoon.

One of the Constitution's most tireless defenders, "Senator Sam" has decided to resign from politics to return to his beloved home in Morganton. His departure from Washington leaves an attractive Senate seat that Robert Morgan and William Stevens are competing for. But the power that Ervin has accumulated with his years in office, will not be easily handed over with the job.

Ervin began his U.S. Senate career over twenty years ago, in 1954, when he was appointed by Governor William B. Ulmstead to be the successor to the late Clyde R. Hoey. He was returned to the Senate in elections of 1956, 1962, and 1968.

In these twenty years of Senate service, Ervin has served on numerous committees. Currently, he is Chairman of the Government Operations Committee, second ranking Democrat on the Judiciary Committee and Chairman of its Subcommitees on Constitutional Rights, Revision and Codification of the Laws and Separation of Powers; third ranking Democrat on the Armed Services Committee and Chairman of its Subcommittee on Status of Forces Treaty; Chairman of the Select Committee on Presidential Campaign Activities. It is this last committee that continued work despite criticism on all sides, on opening to the public the scandal that was to be known as Watergate.

Ervin also served on the Select Committee to investigate-and approve Censure Charges Against the Late Senator Joe McCarthy.

Serving North Carolina at home, Ervin was Superior Court Judge from 1937–43 and Associate Justice for the N. C. Supreme Court from 1948–54.

These officers are only a scattering of the positions in which the 78 year old politician has served the state of North Carolina since he graduated from the University of North Carolina at Chapel Hill in 1917. He holds honorary degrees from colleges and universities all over the country, as well as awards and honors lauding his love and devotion for his country.

With little more than one week before Congress adjourns for virtually the end of the 1974 activity, Ervin leaves behind him an impressive list of sponsorship of significant legislation. The Senate's adoption of the Criminal Justice Act of 1964 helped bring counsel for financially poor defendents. The District of Columbia Hospitalization of the Mentally Ill Act of 1964 defines the rights of mentally ill patients. The Civil Rights Act of 1968 had six of Ervin's titles added for an Indian Bill of Rights, dealing with the legal status of the American Indian.

Last week, Ervin's bill to repeal laws that allow District of Columbia police and federal narcotic agents to enter residences without search warrants, was agreed on by House-Senate committees. Ervin has always opposed the no-knock bill which he felt violated the individual rights of the American citizen.

Ervin's privacy bill which is presently before Congressional hearings is aimed at insurance companies, credit bureaus, military and other Federal agencies who are compiling a mass of information on the individual citizen, by the extension use of computers and technological file-keeping. This effort to prevent the development of a "mass surveillance system unprecedented in American History" which could be abused at the disadvantage of the citizens, will be part of Ervin's legacy for the basic freedoms granted by the Constitution.

Many Ervin-supported bills will be carried into the 1975 Congress, where the retiring Senator's power will be felt.

Ervin's Budget Reform Act brings power back to the Congress to control a balanced budget. His executive privilege bill will permit Congressional committees to go to court against the White House to demand witnesses and documents. The Senate has passed the bill but it will not probably be made into law this year, as the House Rules Committee is presently holding it for study.

Also last week, North Carolina's senior Senator voted to cut U.S. aid to Turkey, while Senator Jesse Helms voted for the amendment.

Ervin will be returning to Morganton in January, his boyhood home. His days in "retirement" will be busy with reading, talking, enjoying—with family and friends.

Distinguished Visitor

A famous man comes to Lumberton tonight to speak at the annual Chamber of Commerce dinner. It's a return visit for Senator Sam Ervin Jr., who filled a similar engagement here several years ago, before his name became a household word throughout the United States and beyond.

Senator Sam is a celebrity who has remained himself. North Carolinians recognized his ability and valued his judgment long ago. His fellow senators came to know him as a Southerner with strong convictions, ready wit, and a homespun story for every occasion. But only in the last few years did the nation as a whole discover what a resource it has in this man, who upheld principles of law and morality throughout an investigation which turned government inside out.

By coincidence, Senator Ervin pays his visit here during National Newspaper Week. It is not his purpose in coming here to celebrate that occasion, but if it were he would still be the speaker most in demand for it. He has long been a champion of the right of the public to know what goes on in government, and a defender of the right of the news media to tell it.

Senator Ervin has addressed many conventions of the press in this and other states. He became known to the news media as a man who could be trusted in Washington, before the public generally came to realize how great the need was, for credibility and character to bolster confidence in government.

One of the simplest and most sincere compliments to Senator Ervin was paid indirectly by a woman from another state. Hearing him speak at a press convention in New Orleans, she said, "I wish we had a senator like that."

For a little while yet, North Carolina has the original senator like that. And long afterward, the state and nation will be glad it did. Senator Ervin retires at the peak of his career, but not before paying a return visit to Lumberton, which is signally honored by his presence here.

ANOTHER SIDE OF THE AMNESTY QUESTION

Mr. HART. Mr. President, the question of amnesty for those who refused to fight during the Vietnam conflict is beginning to receive the full public airing it deserves. Much of the credit for that discussion must go to President Ford and his decision to embark on an amnesty program.

No program—including the President's—will provide easy or obvious answers. They simply do not exist. For example, if justice and compassion are the guidelines, should we not also deal with the more than quarter of a million men who have "less than honorable" discharges?

A former helicopter pilot, a man with an honorable discharge, and a Michigan constituent, has outlined in a letter the difficulties faced by those with a less than honorable discharge. I ask unanimous consent that the text of the letter from Kenneth C. Regier, of Pontiac, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Dear Sir: I would like to bring your attention to a different side of the amnesty question.

As an ex-helicopter pilot and Warrant Officer who served in Vietnam and Germany (honorably discharged in January of 1970), I feel I can speak with some first-hand knowledge of a terrible injustice.

Let me start out with a few simple facts: The majority of men who fought in Vietnam were drafted; most draftees came from the lower socio-economic groups; most had received inadequate educations.

After they had been drafted, trained, sent to Vietnam and made it back, all they had to do was spend one more year in the service and they would be free. Between Vietnam and their next duty station they went home for a visit. Making it through Vietnam is no easy trick and so they were understandably happy about their success until the people back on the block called them stupid for going or called them murderers, junkies or worst of all, just turning away from them.

Now confusion sets in and they don't know what is right or wrong. They go back to one year of a peace time army that is nothing but busy work, inspections and propaganda. It should be easily understandable how this person starts getting into trouble. "So what if my foot locker isn't straight, what are you going to do, send me back to 'Nam?"

The career officer knows this man has already received the ultimate in punishment so there is no way of discipling him. Since an unruly enlisted man is bad for the officer and might affect his O.E.A. (Officer's Efficiency Report) he offers or forces an other than honorable discharge on him. There are over 300,000 of these men in the U.S. Most of them are under-educated, unemployed and void of hope. Make no mistake about their valor because they are the ones who fought for you.

If you do not give these Vietnam veterans honorable discharges and all V.A. benefits, it will be the cruelest act this country ever committed.

This act of justice is long overdue and will help mend the deep wound we all have from Vietnam.

OCTOBER CROP REPORTS

Mr. HUMPHREY. Mr. President, I have just received the October crop reports from the Department of Agriculture.

These reports indicate further declines since last month in the expected volume of corn, sorghum and soybeans, with wheat down only slightly. The estimated yields are, in thousands of bushels, except for yield per acre:

	Indicated yield per acre	Estimate		1973 production
		Oct. 1	Sept. 1	
Corn for grain	74.0	4, 717, 600	4, 994, 730	5, 643, 256
Soybeans	24.0	1, 262, 352	1, 315, 792	1, 566, 518
All wheat	27.8	1, 780, 594	1, 791, 645	1, 711, 400
Sorghum	46.5	632, 093	694, 904	936, 587

I am told by private sources that corn and soybean yields will be effectively reduced even further because of the early frosts. The quality and moisture level will be such that we may have to think in terms of a 4.5 billion bushel crop level for corn and 1.1 billion bushels for soybeans.

As late as mid-summer Senators will recall, the USDA was still clinging to a 6.7 billion bushel estimate for corn.

These estimates require little elaboration for our poultry, hog, dairy and livestock producers. Feed costs are likely to continue to go up, which will likely mean further reductions in our animal units.

This news will certainly mean further competition for our crops in the export market.

BILINGUALISM

Mr. HASKELL. Mr. President, recently an article by Mr. Stephen S. Rosenfeld appeared in the Washington Post entitled "Bilingualism and the Melting Pot." As a cosponsor of S. 2552 and S. 2553, both of which dealt with the subject of bilingual education, and were eventually incorporated into Public Law 93–380, I was concerned that the opinions of such a widely read columnist will go unchallenged. Fortunately, this has not happened.

In today's edition of the Washington Post, a number of letters to the editor appeared challenging the opinion of Mr. Rosenfeld. In the interest of apprising those throughout the Nation who read the original article but who do not have access to the rebuttals printed in the Washington Post, I request unanimous consent that they be printed in the RECORD. They are most worthy of the distribution such action will provide.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 10, 1974]

LETTERS TO THE EDITOR: BILINGUAL EDUCATION—"A NEW PATH"

REALITY OF ASSIMILATION

WASHINGTON.

Stephen Rosenfeld's plea against bilingualism in the public schools (Sept. 22) requires an answer. I have no wish to defend any specific item in the 1974 Education Act, because I have unlimited confidence in the capacity of the U.S. Government to turn a good idea into bad policy. But I do want to dissent vigorously from Mr. Rosenfeld's general comments about the concept of bilingualism.

Not only do I, unlike Mr. Rosenfeld, find it quite easy to see "how educating children in the language and culture of their . . . homelands will . . . equip them for the rigors of contemporary life in the United States," but I think it a crippling weakness of those children who are from strictly English-speaking backgrounds that their public school education leaves them so ignorant of the language, history, and culture of any but their own country. Bilingualism is an intellectual asset that is second nature to children in many other parts of the world, but that regrettably few American children enjoy. Surely it is the obligation of the public schools to preserve, develop, and build upon it in those few who have it, and to try to develop it in those who have not. One of the great wastes of our cutural history is that we have not profited by the rich resources which have lain ready to hand, but remain trapped in stultifying parochialism, learning foreign languages reluctantly ploddingly, and most often inadequately, and acquiring our knowledge of world history, superficially and on a crash basis, in the wake of some foreign policy crisis.

The notion that bilingualism may "distract" students from learning English puzzles me. Does learning arithmetic "distract" me from learning to read? Genuine enthusiasm to learn in one area need not diminish the desire or capacity to learn in others. On the contrary, might it not increase them? In any case, anyone who has ever studied or taught a foreign language will tell you that systematic study of the grammar of one language helps immeasurably in the study of another, even one's native language and even if the grammatical structures are very different.

It ought to be apparent to Mr. Rosenfeld and to Mr. Glazer, whom he quotes, that if the assimilationist ideology is under strain, it is reality which has strained it. The "current wave of ethnic feeling" has not caused the weakening of the "common American glue," but is a symptom of it, and serves as well to demonstrate that the apparent strength of the "glue" in the past was partly illusion.

I can agree with Mr. Rosenfeld that the public schools have a responsibility to "inculcate a full understanding of the child's American heritage." But I must quickly add that when a country is established by European settlers on the land of indigenous residents, built through the work of slaves imported from Africa, and then populated and developed by immigrants from all over the world, its "inheritance" is precisely that of world history and culture. The only error of the "wave which carried bilingualism into public policy" is the notion that the cultural heritage of one group belong only to that group and that they alone should be taught it. Certainly in this day when everyone is making obligatory bows to "interdependence," it's odd that anyone should still feel that America has either a heritage or a destiny that can be separated from that of the rest of the world.

BARBARA J. FIELDS.

A TEACHER'S VIEW

WASHINGTON.

I read with some dismay Mr. Rosenfeld's pious defense of the exploitation of the minority by the majority. As a born Spanish speaker, who has studied the development of languages, the cultural and historical growth of federalism in these United States, and attempted to teach standard English or Spanish to children ravaged by their early years of schooling in the Southwest, I state with some authority that his concerns are baseless.

The Indian, Spanish and French cultures and languages ante-date the rise of English in this country. Yet, for many years the state governments have been waging a war against these languages and cultures only a little less harsh than that waged against blacks here, and Jews in Germany. Young Chicanos from Texas become unable to communicate either in English or Spanish. In Puerto Rico, attempts are made to eradicate the Spanish influence. Why? By what authority are we told that our mother tongues are not worthy, and by logical extension taught to disrespect our parents, and their parents. Moreover, when we see that all of the Italians and Jews and Germans who came to this country, where we already were, to give up their cultures and languages, are now seeking to regain some of their lost heritage, what are we to think? Should we not make ourselves aware that we are Americans, in spite of the fact that our tongues were not born speaking English? Should we not know that our contributions to this country are just as great, if not greater than those of the English? Ought we not, as is the right of every free man, to cultivate our knowledge of our linguistic partimony, to beautify our sayings as do the English?

I believe that America is made stronger when its diverse parts are accorded equal rights. When these rights are denied on any grounds, the nation is weakened, and divisions grow which might one day end our great experiment. Leave facism, and cultural totalitarianism, to the old world. Here, ours is new.

MELVIN A. MARSHALL.

LANDOVER HILLS.

EQUAL OPPORTUNITY

I would like to comment on your Sept. 22nd article, "Bilingual Education Gains" by Washington Post staff writer Austin Scott.

Upon reading your article, I was pleased to find that in the 1974 Education Act signed by President Ford last month, $170 million was allocated to start changing national policy on bilingual education. Even though I had heard of the bill and its antibusing provisions, I had not heard of the bilingual educational provision.

In January, around the time the Supreme Court ruled that action be taken to assist students not fluent in English (Supreme Court decision on the Lau case), a group of University of California researchers posed an important question to blacks, whites and Mexican-Americans. The question: How would you like your tax dollars spent? The results of the project showed a sad picture. The Mexican-Americans and the blacks said they would spend the tax money in the following order: public education, police protection, etc. Whites placed importance on police protection first, then public education, then etc. The picture is clear: Mexican-Americans and blacks feel that their schools are inadequate and need improvement.

When Spanish-surnamed children average one year below national norms at the 3rd grade level and the dropout rate is over 50 per cent prior to completion of the 12th grade, this is a very sad picture. The bill signed by the President is a giant step for our Mexican-American children and other groups not fluent in English. It is a start—but it is a start 20 years late. Aside from its lateness, it is beautiful.

The education of our children is very important, but more important is that all our children get an equal opportunity to that education. I am optimistic that the bilingual educational provision in this bill will produce a new and better life for many of our children troubled by the English language.

DELFINO CANDELARIA, Jr.

OLD METHODS FAILED

ALEXANDRIA.

Stephen Rosenfeld in his column, Sept. 27, titled "Bilingualism and the Melting Pot" displays only a cursory understanding of bilingual/bicultural education.

The need for bilingual/bicultural education is a belated recognition that the U.S. system of education has failed, amongst others, the Spanish speaking. It's a fact that Mexican-Americans in the Southwest drop out at rate of 39.7%, which is three times the rate for Anglos. The Puerto Rican drop out rate, sadly, exceeds even that of Mexican-Americans. We don't want to continue to suffer the highest unemployment rates. We don't want to have to scrape for welfare. But these things go hand in hand with ineffective education. The goal of bilingual/bicultural education is to assist U.S. schools to do their job, i.e., educate all the children. We don't want our children to attend schools which fail to educate.

In fact, the United States Supreme Court has spoken precisely on this issue. In Lau v. Nichols (1974) 414 U.S. 563. a unanimous Court stated that the San Francisco School District had not done its job because it did not provide Chinese speaking children with the same educational benefits provided Anglos. Bilingual/bicultural education will help us obtain those benefits.

As to the reference to us as "foreigners" and "immigrants," that is inaccurate. Puerto Rico has been a part of the United States ever since the U.S. took it over during the Spanish-American War of 1898. Since, then Puerto Ricans, whether born in the 50 states or in Puerto Rico, are U.S. citizens from birth to death. The ancestors of the Mexican-Americans were in the Southwest hundreds of years before Anglo society arrived. When the U.S. annexed the Southwest, it signed the Treaty of Guadalupe de Hidalgo in 1848 which guaranteed Mexicans the right to keep their language and culture. The Treaty has fallen by the wayside, but we still reject the melting pot theory. The 12 million Spanish speaking intent to be fully participating members in the U.S. economy, but without accepting any brand of cultural genocide.

We are a part of America and we know it. There are proportionally more Hispanic Congressional Medal of Honor winners than any other ethnic group, including Anglos.

The old methods have failed us but we continue to have faith. We see in bilingual/bicultural education a new path which will lead to a better educational system for all of the U.S.

HELIOS HERNANDEZ.
NORMA VARISCO DE GARCIA.
JOHN CHAPMAN.

ALIENS IN THEIR OWN LAND

WASHINGTON.

"Bilingualism and the Melting Pot" by Stephen S. Rosenfeld of The Post has caused much consternation with us at the National Council of La Raza as well as our constituents over the country. The major issues raised by the article are a throwback in light of past and more recent historic educational events. May we attempt to clear the fog generated by his article.

"With practically no one paying heed, the Congress has radically altered the traditional way by which immigrants become Americanized," he begins. Had Mr. Rosenfeld bothered to do any research before writing the article, he would have found that over a decade ago, formal public school experiments in bilingual education were conducted in Tucson, Ariz., and Laredo, Tex., not to mention a centuries-old tradition among several ethnic groups for promoting bilingual education. It has taken a decade of hard work to finally get Congress to move on a concept that has long been proven correct by the professional educational community. We suggest that Americanism has never been equated with English-speaking. In that regard, we refer Mr. Rosenfeld to two Supreme Court decisions (Meyer vs. Nebraska, 1922, and Lau vs. Nichols, 1974). Further, we would point out that not all of America's people arrived here by boat. In the Southwest portion of this country, America came to our ancestors after the Mexican-American War through the Treaty of Guadalupe Hidalgo. Our people became aliens in their own land by a treaty which proved a guarantee of the perpetuation of their native tongue—Spanish.

For Mr. Rosenfeld to believe that he is espousing unique views on a subject which has been debated more than a decade is poppycock—thus, the necessity for at least two Supreme Court decisions. Educational research has furthered the case of bilingual/bicultural education in finding that a factor in a child's educational success is a good self-image through an understanding of his own cultural roots. Creating that image is a must for our people who have been subjects of much discrimination and who have not always enjoyed the benefits of this society's better life.

"But I think the proper and prior goal of the public schools should be to inculcate a full understanding of the child's American inheritance," Mr. Rosenfeld concludes. That is precisely what we are saying. For we would remind him that the spirit of America and Americanism is liberty and toleration, and that the American inheritance includes the heritage of many ethnic and racial groups—including the Spanish speaking. Or does he suggest that the American inheritance is single-minded, single-cultured and single-tongued? It is notions of that sort which have produced an "ugly American" which has not coped well with the pluralistic society we truly are.

Mr. Rosenfeld's concern the bilingualism will make the child less able to learn English is not supported by empirical evidence. On the contrary, time and time again controlled experiments show that children whose mother tongue is other than English have consistently done better in English as well as in their mother tongue using the Bilingual/approach.

The education of our young is vital. As a people, we educationally lag behind the majority population by as much as four years. We believe that the bilingual approach offers a means to stem that educational tide. We further believe that eduaction for all children must include the inculcation of a respect for all languages, all cultures. For it is that kind of a people and that kind of a society we feel will better be able to form good relationships within its own national borders as well as with the nations of the world.

Finally, we would suggest that Mr. Rosenfeld compare figures authorized for bilingual education and those requested or appropriated in any given year. Funds in the magnitude of $170 million a year have yet to become reality. Indeed, the Administration's request for such programs now in the Senate are $70 million. Among those appropriations will be support for classroom projects to benefit an estimated 240,000 students—a far cry from the 5 million children in this country eligible for such programs.

RAUL YZAGUIRRE,
National Director, National Council of La Raza.

CAMPAIGN REFORM

Mr. MATHIAS. Mr. President, I think Congress, in general, and the distinguished minority leader in particular, deserve a lot of credit for action on our comprehensive campaign financing bill. A recent editorial in the Pittsburgh Post-Gazette provides a good accounting of the provisions in the bill and how these provisions were arrived at. I ask unanimous consent that a portion of this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Pittsburgh (Pa.) Post-Gazette, Oct. 7, 1974]

STRONG CAMPAIGN REFORM START

The furor over election financing scandals of the Watergate year of 1972 has brought a major reform act covering federal election campaigns.

A joint House-Senate conference committee in which U.S. Sen. Hugh Scott of Pennsylvania took the lead has hammered out a landmark measure (1) providing public financing to help fund presidential election campaigns and setting limits and (2) reporting rules for campaign contributions for both presidential and congressional elections. The keystone is full public financing for presidential general elections, with $20 million per party spending limits, and partial public spending for presidential primaries with each candidate limited to $10 million total spending.

Regrettably, the bill does not include any public financing for Senate and House election campaigns. Mr. Scott and the Senate conferees had to yield on that to the House conferees . . . who preferred to continue the same old ways of election financing.

This is no minor concession, since the limits on presidential campaign contributions and spending may free more private money than ever for the congressional campaigns.

However, Mr. Scott and the Senate conferees in bowing to Hays, Dent and Co. on Congressional campaign financing did extract some valuable concessions in return.

One is the establishment of a strong independent full-time commission to enforce the new law. Two members each will be appointed by the President, by the Senate and by the House with confirmation of all by both houses. Significantly, the commission will have civil enforcement powers. It could, for example, seek declaratory judgments or injunctions against violators. Thus it will not have to depend solely upon the U.S. Justice Department's willingness to institute prosecution.

The second concession obtained was the upping of spending limits for House races. That sounds backwards, but isn't. House incumbents wanted to keep spending limits down. But Common Cause argued that challengers had to be allowed the natural advantages of the incumbent. When various provisions are added up, the top limit will be $104,000 per campaign.

But the House conferees got one concession—their proposed limit on honorariums. No member of Congress may receive more than $1,000 per speech, with an overall $15,000 per year. That will eliminate an abuse which permits some business associations, unions, and other organizations to funnel campaign contributions indirectly into a solon's pocket.

Regrettable as the campaign financing scandals of the Watergate year were, therefore, they were a powerful stimulant to reforming the system because the public as never before became aware of excess possible under a lax campaign financing system. The new system will need repeated corrective action, we expect, as flaws inevitably show up. But at least a good start has been made and the lessons of Watergate have not been in vain.

THE INTERNATIONAL MONETARY FUND MEETING

Mr. TAFT. Mr. President, 1 year ago last week, I had the pleasure of serving as the Senate adviser to the U.S. delegation at the 1973 annual meetings of the International Monetary Fund and World Bank Group in Nairobi. Bearing in mind that the Banking, Housing and Urban Affairs Committee and in particular the International Finance Subcommitee on which I served would have initial responsibility to act upon decisions eventually made by the IMF on international monetary reform, I had a particular interest in that aspect of the proceedings. I was eager to assume the responsibility of advising the U.S. delegation because of my conviction that the decisions made on the structure of the international monetary system would affect fundamentally the earnings and standard of living of the United States and every other country.

During the year since the Nairobi meeting, I have continued to follow international monetary developments with great interest. Last week, I offered and the Senate unanimously accepted a resolution expressing support for the IMF's efforts to encourage international economic cooperation, and for an urgent and detailed analysis of the possible need to expand international lending facilities in response to oil-related government financing problems.

While the Senate's favorable response to my resolution was gratifying, I believe that the importance and complexity of international monetary development demand much attention and study by the Congress than they have received thus far. Accordingly, I directed the preparation of the following staff report. It was developed largely by Rod Solomon of my staff and George Krumbhaar, minority counsel of the Joint Economic Committee, in consultation with me. In keeping with my role in Nairobi as a representative of the International Finance Subcommittee, it is concerned solely with international monetary developments and not with pure development assistance issues.

I think that this report might be helpful background for my colleagues and others. It presents background and comments to which I generally subscribe, that may be helpful to the future:

STAFF REPORT ON INTERNATIONAL MONETARY DEVELOPMENTS

PREFACE

The most striking feature in retrospect about the issues which were under consideration at the 1973 annual meetings of the International Monetary Fund and World Bank group is the extent to which they already lack relevance to the present international economic and financial situation. Virtually nobody foresaw the fundamental shift in world economic power which is summarized by the transfer to oil producing countries of over $60 billion in additional reserves during the year since those meetings occurred. If more people would have foreseen the magnitude of energy-related economic problems and the accompanying threat of liquidity crises, protectionist economic actions by the oil importing nations and global recession, the structure of the international financial system would have been of greater concern.

Even at that point in 1973, however, more than ever before our people were coming to realize the tremendous economic interdependence of the free world. The effects of the U.S. devaluations in 1971 and 1973 and an unprecedented worldwide boom in the industrialized countries were being felt in virtually every sector of our economy. Although increased exports were bringing about the tremendous improvement in our balance of payments which policy-makers had sought, this development was being accomplished only at the cost of tremendous pressure on the price and domestic supply of many foods, industrial commodities and related goods.

At the same time, the developing countries were demanding significantly more of our resources and indicating their acute awareness that while their development problems remained overwhelming, the percentage of gross national products channelled into foreign aid by the industrialized countries had been dropping steadily. Perhaps frustrated by the lack of perceivable benefits from foreign aid, however, our taxpayers had clearly become more conscious and critical of the expenditure of their money for that purpose.

With these attitudes and the monetary crises of the past few years as background, the United States government approached the 1973 Annual Meetings with an importance not always afforded to meetings of international organizations. This attitude was furthered by the prevalent feeling that the world was ready to make serious and comprehensive monetary reform efforts.

Although the remarkable events of the past year have shelved totally the pattern and timetable of monetary reform we were evolving at that time, they have not rendered irrelevant the lessons to be learned from the circumstances which led to last year's effort. For that reason, this report reviews the past before offering comments concerning the present and the future.

HISTORICAL BACKGROUND

Before reviewing in some detail the questions raised at the 1973 Nairobi meeting, it would be helpful to reexamine the Bretton Woods system, which provided the ground rules for international monetary transactions from 1945 to 1971. It would also be helpful to explore the reasons for the breakdown of this system.

When the Bretton Woods system was created in 1944, its primary task was to prevent a return to the chaotic world monetary conditions of the 1930's. The breakdown of international monetary arrangements was one of the major causes of the Great Depression during those years. In turn, it was significantly affected by that depression. One country after another had sought to restore domestic employment and output by shifting its unemployment problem to other nations. This was done through the uncoordinated use of such measures as higher import barriers, competitive exchange rate depreciations, and exchange controls. As a result of these actions, confidence in currencies deteriorated and the volume of trade and other international transactions shrank disastrously.

The Bretton Woods agreement sought to restore stability and confidence in the monetary exchange system by replacing economic warfare with machinery for international cooperation. The Bretton Woods rules were designed to allow countries to achieve their domestic objectives and at the same time to foster sound expansion of world trade. The most important aspect of the agreement provided for establishment of fixed exchange parities that member countries of the newly established International Monetary Fund were obligated to defend. These parities could be altered with the permission of the Fund, but only when a country's payments balance was in "fundamental disequilibrium". Less serious imbalances were to be dealt with by temporary financing based partly on newly-created IMF lending facilities, as well as through reliance on appropriate national economic policies. The system called for abolition of exchange controls over current transactions and for the reduction of trade barriers. It also aimed at the gradual restoration of full convertibility among currencies which had been rendered inconvertible by World War II.

The heart of the Bretton Woods system was formalized in a mutual pledge by IMF members, contained in Article IV of the IMF Charter, to set fixed par values for their currencies within a small margin around par. The charter envisaged a system where par values would be expressed in terms either of gold or of dollars of the weight and fineness in effect July 1, 1944. Thus the system was tied to a constant common denominator.

The charter also envisaged two alternative means for maintaining exchange rate stability: freely buying and selling gold in world markets or, alternatively, intervening in the domestic exchange markets whenever exchange rates touched the upper or lower margin. The United States to a degree undertook the former method, while other major trading countries have used the latter.

In the early 1960's major problems began to surface under the Bretton Woods arrangement. Payments imbalances among the major countries became very large, with the United States sustaining persistent deficits from the mid '60's up until the present time. In the early '60's the spectre of massive deficits was avoided because of a very favorable balance in our merchandise trade account; however, as the '60's progressed, even the merchandise trade account began to deteriorate, so that by the end of the decade we were running a substantial deficit in our balance of trade.

Part of the problem was the ambiguous role which was being played by the dollar and which is still played to some extent today. Since 1944 the dollar has been the major vehicle for international currency transactions, the dominant reserve currency, and the currency most commonly used by governments for intervening in exchange markets to maintain exchange rate relationships. This three-fold aspect of the dollar followed from the United States' position as the only major viable industrial country in the early postwar years. In this setting, U.S. balance of payments deficits were needed to provide the international liquidity for supporting rising levels of international trade and adequate accumulations of reserves by other countries.

As the 1960's unfolded, however, economic recovery in Europe reached an advanced stage and the dollars which were once needed for liquidity purposes were to some extent considered excess reserves by foreign central banks. Moreover, an integral part of the system, in practice, was that the dollar assumed a passive role in the exchange rate adjustment process. This meant that the United States could not correct the overvaluation of the dollar and resultant payments imbalances by the conventional method under Bretton Woods—devaluation. Instead, it had to rely upon other types of controls.

Throughout the '60's, therefore, the United States imposed an increasingly sophisticated net of capital and other controls for stemming the net dollar outflow. The Interest Equalization Tax (1963), the Federal Reserve Voluntary Lending Restraint Program (1966), the voluntary—and later mandatory—restraints on direct investment overseas (the mandatory program began in 1968), "Buy American" policies in government procurement, provisions tying foreign aid to an obligation to import American products, and various forms of import controls are examples of these measures. Other even more stringent steps were contemplated or proposed, such as a tax on overseas travel. At no time until August 15, 1971, however, did the United States waver from a par value of $35 per ounce of gold.

Other major trading nations were not subjected to the balance of payments problems which reflected the dollar's unique role in the system. Nevertheless, as trade expanded rapidly, several of them found the rigidity of the Bretton Woods fixed rate system intolerable. For some of these countries, a particular par value of their currencies became a symbol of economic well-being and currency adjustments were resisted strongly, even when the need for them was obviously urgent. This development was most acutely reflected in the actions of the German, French and British governments during the late 1960s. It usually resulted in massive speculation and turmoil in international financial markets during the time period that the pressures for currency adjustments were most intense.

In 1968, when speculation in gold threatened the gold reserves of countries supporting the private gold market, the Federal Reserve and the central banks of six other industrial countries agreed to stop buying and selling monetary gold and instead to let the non-official price of gold float. Finally, when our official balance of payments losses threatened to reach multiples of our monetary reserves, President Nixon officially severed the dollar's tie to gold by suspending dollar-gold convertibility. This set the stage for the dollar devaluation negotiated in Washington in December, 1971, and the subsequent devaluation of February, 1973. Although the dollar had been inconvertible into gold as a practical matter for some years prior to August, 1971, the President's action is often taken to symbolize the end of the Bretton Woods system.

The Bretton Woods agreement did serve the world well in some respects. The exchange rate stability brought about by Bretton Woods was a major factor in the steady growth of world trade in the post-war era. Spurred by technological developments in transportation and communications, and by an increasingly sophisticated financial structure in which multinational corporations and international banks played a leading role, trade among industrialized countries increased more than sixfold from 1948 to 1970. The rate of trade expansion among these countries far exceeded their rates of expansion in output.

Other governmental policies helped the trade expansion process along. Specifically, the Kennedy round of tariff negotiations not only made a significant impact on levels of trade in certain items, but also committed the United States and other governments to a policy of trade liberalization. An active program of export promotion, supported in part by the Export-Import Bank, appears to have been helpful in establishing worldwide markets for such U.S.-made goods as aircraft and electrical machinery. Our foreign aid program was undertaken as a humanitarian gesture, but also as a means for generating new trade relationships. The foreign counterparts of these export promotion and foreign aid facilities were also contributors to expanded world trade.

The initial success of Bretton Woods and the more recent effects of these other initiatives paradoxically helped to necessitate international monetary reform. From both a theoretical and a practical point of view, dramatic trade expansion resulting partly from liberalized trade policies is not always a complement to policies designed to support a fixed exchange rate system. The sophisticated network of international finance, which greatly facilitated the growth of trade in recent years, also fostered the growth of large, highly liquid flows of international capital that forced changes in exchange rates. One need only cite the fact that the German Bundesbank had to absorb more than $7 billion in capital inflows during one week in May, 1972, to indicate the size and sensitivity of these flows and the strain they sometimes cause on policies designed to maintain exchange rates within the small margin around par.

Another conflict in practice between liberalized trade policies and the fixed exchange rate system was that to the extent there was any "give" whatsoever in the fixed rates, there was a bias in favor of devaluation rather than revaluation. Domestic political pressures to provide employment and preserve overseas markets—both of which could be brought about through devaluation—simply were greater than the pressures to provide consumers with more imported goods—which, absent a massive speculative rush in the currency in question, is virtually the only public policy served by revaluation in a fixed exchange rate system. To the extent growth in world trade starts interfering with established market and customer patterns, there are pressures to devalue in those countries whose industries are losing out due to freer competition. The record of the International Monetary Fund from 1945 to 1968 bears this point out: Fifty-one devaluations took place during this period, as opposed to three revaluations. Thus, countries attempted to mitigate negative domestic effects of liberalized trade policies through exchange rate actions.

THE NAIROBI MEETING

The agency for drafting the monetary reform proposals within the IMF has been the Committee on the International Monetary System (the Committee of Twenty, or C20), which was appointed in 1972 and consisted of twenty members representing a spectrum of industrialized and developing countries. Its members, consisting of delegates at the Ministerial level, met approximately every three to four months. The C20 deputies and members of the working parties met at irregular times throughout the year.

At Nairobi, the major policy document of the C20 was a summary submitted by the Chairman of the C20 Deputies, Jeremy Morse, of general points of agreement among the members. The Morse Report indicates that what the C20 had in mind was a fixed-rate system with somewhat greater flexibility than under Bretton Woods, though with stronger sanctions as well. One characteristic of the system would be a symmetry of obligations on all countries whether in surplus or in deficit. Such obligations would be tied to a system of objective indicators, such as the rate of change in a country's reserves. The indicators would define conditions which would set in motion certain steps, such as mandatory consultation, a presumption of excessive overvaluation or undervaluation, and so forth. The SDR would become the principal reserve asset of the reformed system, with the role of gold and of reserve currencies such as the dollar reduced or eliminated. Economic development would be promoted through a greater flow of real resources from developed to developing countries.

Obviously, it seemed one year ago that monetary reform had taken quite a definitive shape. Several extremely important issues had not been "resolved" by the time of the 1973 Annual Meeting, however, and the Committee of Twenty was asked to continue work on them. Still remaining was the determination of exact arrangements for adjustment, exchange rates, and convertibility, including the details of a reserve indicator structure and of a possible multi-currency intervention system. Other major unresolved issues related to the questions of primary reserve assets, consolidation and management of currency reserves and the more general question of how to promote the flow of real resources from developed to developing countries.

The Committee of Twenty had set up four working parties, to deal respectively with adjustment, intervention and settlement, global liquidity and consolidation, and the transfer of real resources to developing countries. It was hoped that formal amendments to the IMF Charter could be drafted in time for adoption at the 1974 annual meeting of the Board of Governors.

The United States' position on the various issues of international monetary reform reflected the increasingly ambiguous position which the dollar assumed under the Bretton Woods system. Accordingly, the main thrust of the U.S. approach to reform was to construct a system with equal obligations on surplus as well as deficit countries. Our proposals were first spelled out by Treasury Secretary Shultz before the 1972 annual meeting of the IMF Board of Governors and were elaborated upon in meetings of the C20 and at the Nairobi meeting.

Adjustment. With regard to balance of payments adjustment, the United States advocated a system by which disproportionate accumulations, or drains, of primary reserve assets would be taken as prima facie evidence of payments disequilibria. This so-called objective indicator system for monitoring the need for adjustment would activate procedures for the application of international incentives and disciplines. Examples of incentives and disciplines included mandatory consultation with the IMF and restrictions against surplus countries' exports.

Although the proposal was criticized as being too "automatic" (the Japanese Governor of the IMF, Mr. Aichi, declared at Nairobi, for example, that "in no country has a computer been appointed as Minister of Finance"), a close reading shows that automaticity is now what the U.S. has in mind. The U.S. position paper stated that the indicator would be used to "create a strong presumption" of the need for currency adjustments. Furthermore, the United States negotiators recognized the political sensitivity associated with currency adjustments, regardless of the international monetary framework. For that reason, they called for greater involvement by top-level politicians in the workings of the IMF.

The proposal reflects the continuing dilemma for the negotiators of monetary reform. For the U.S. paper also stated that the proposal "would provide a degree of certainty that needed payments adjustments will be undertaken," and this goal of certainty must necessarily conflict from time to time with the desire of governments to pursue those balance of payments policies which accord best with their domestic goals of full employment and price stability. Therefore, to the extent any "degree of certainty" would be achieved, the proposal raised the issue whether governments would be willing to accept this kind of discipline as the admission price to a more rational world monetary exchange system. As is often the case in international negotiations, the issue was the extent to which governments would be willing to compromise national sovereignty to achieve the common desired goals.

Exchange Rates. Of course, the same considerations applied to the exchange rate structure negotiations. The U.S. position encompassed the generally accepted description of "stable but adjustable" par values, with floating permitted in particular circumstances and, perhaps, within prescribed limits. Exchange rate changes were generally considered to be the chief instrument for effecting balance of payments adjustments. However, there was no agreement on the procedures, or the desirability of procedures, for small changes in par. Nor was there agreement on the specifics of floating: When and to what extent currency floats would be authorized, and what procedures would be used to police floats. On the one hand, it was suggested that particular guidelines be drafted defining the conditions under which floats could be permitted, and a code of conduct could be developed for the float. On the other was the possibility simply that IMF authorization be required before a member country could float its currency.

Reserve Assets. The U.S. position on reserve assets reflected the lessons learned from the Bretton Woods system. The Administration supported the use of SDR's as the numeraire of a reformed system, thus downgrading the role of gold and of other reserve currencies, including the dollar.

A downgrading in the role of the dollar would enable the system more easily to accommodate the principle of equal obligations on surplus as well as deficit countries because the dollar, no longer at the center of the system, could change in value in response to the need for payments adjustments without such extensive repercussions to member countries' reserves. However, acceptance of the SDR rather than the dollar as the chief international unit of account also implied that dollar devaluations and revaluations could occur with greater frequency in the future. And unlike the law in most other developed countries, U.S. law gives Congress the sole power to set the par value of the dollar. Thus, Congress would find itself drawn increasingly into the decision-making process which determines the conduct of a reformed monetary system containing fixed exchange rates, unless it had chosen to grant the President authority to make changes in par under certain circumstances.

Most Congressmen felt that they had little choice other than to ratify the devaluation decisions taken by the Executive Branch in 1971 and 1973, but this attitude might change under a reformed monetary system involving less drastic and more frequent adjustments in the dollar's par value. The possible politicization of such participation by the U.S. negotiators and in the drafting of authorizing legislation if this route to monetary reform were pursued.

Intervention. Intervention arrangements would also have been changed under a U.S. proposal. The U.S. proposed that the dollar be taken from its position as one of the few key intervention currencies, and that intervention instead be made with several currencies. As with the proposal on reserve assets, such a proposal was designed to give greater flexibility to the dollar.

Convertibility. Convertibility arrangements posed one difficult point of disagreement among the Committee of Twenty members, beyond the general acceptance of the need for symmetrical obligations among members and for avoiding undue accumulations of reserve currency balances. The United States favored a system where settlement obligations would be flexible enough to absorb brief but disequilibrating flows of capital; in such an event, countries would not be required immediately to settle imbalances but would be allowed temporarily to build up or draw down current balances. Some other countries favored a more mandatory system of immediate settlement.

It was recognized that the solution to the issue of convertibility would have to address effectively the problem of disequilibrating capital flows. To the extent the system of settlements were made mandatory and immediate, the United States and other countries would be forced to adjust the par value of their currencies more frequently.

Consolidation. A second major point of disagreement related to the details of consolidation and funding arrangements to deal with the dollar overhang. The U.S. position paper stated, conveniently, that the question of consolidation "is secondary to the need to develop a satisfactory system of adjustment for the future." However, it did not preclude reaching agreement on funding part of the overhang. Other countries took more seriously the need to deal at the outset with the entire dollar overhang, and a number of economists and political leaders had offered proposals for converting dollars held overseas into some preferable reserve asset. For the United States, the question was whether we should undertake to "pay off" a debt whose origins lay in the acute need of European countries for U.S. balance of payments deficits in the late 1940's through the 1950's.

Special Interests of Developing Countries. Another, and even more pronounced, area of disagreement between the United States and other Committee of Twenty members concerned the special interests of developing countries, who were pushing for some link between the creation of new reserves and the transfer of real resources to the LDC's (less developed countries). At the Nairobi meeting, Secretary Shultz stated that the United States did not believe that devices to channel real resources to developing countries should be confused with the effort to build a viable international monetary system. Specifically, Secretary Shultz and other Treasury officials opposed proposals to link the issuance of SDR's with development aid, again for the reason that such a step would complicate and detract from the goal of effective reform. The better course, according to the Treasury, would be to accomplish the same ends through conventional multi- or bi-lateral aid and loan programs. Other countries which often support the United States on monetary matters did not take so strong a stand on this issue. The U.K. Chancellor of the Exchequer, Anthony Barber, stated that:

"I will support such a scheme provided—and this is an important proviso—that it does not weaken the major objectives of reform. . . . It has become much clearer since we last met that the developing countries do recognize the need to insure the decisions on liquidity creation are governed solely by monetary need, and I believe that we can devise means to secure this. That, of course, would meet some of the genuine apprehensions of those countries which are still opposed to the proposal. . . . My own view is that it would be right that the distribution (of SDR's) among the developing countries themselves should be relatively more favorable to the poorer ones and if this is to be a genuine link between SDR's and aid, then we must be sure that resources provided through the link are in fact to be used for effective development."

Germany's Governor to the IMF, Helmut Schmidt, while apparently opposed to the idea, did not make as strong a case for opposition as has the United States:

"I have a clear preference to (transfer real resources to developing countries) by means of taxes and savings rather than by creating liquidity. We ought to transfer real resources to developing countries and not deceive ourselves by transferring only inflationary increases of liquidity."

One representative from a major industrial country went so far as to predict that some form of SDR-link would definitely be written into the new agreement.

BETWEEN NAIROBI 1973 AND WASHINGTON 1974

The enormous repercussions of the $60 billion upward swing in the reserve balances of the oil producers made 1973–1974 the year of greatest change for the international economic and financial system since the Bretton Woods agreement was signed. While the oil financing problem dominated the picture, food commodities such as rice and wheat were also subject to price increases on the same order as oil prices. These increases were particularly damaging to some of the less developed countries also hurt badly by the oil price explosion.

These events occurred during the first full year that floating (although managed) exchange rates were generally in effect among industrialized countries. There were several well-publicized incidents of banks which encountered serious financial difficulties because of unwise currency speculation. Some experts also charged that the floating rates fostered a relaxation in individual countries' willingness to attack domestic inflation problems, as well as inflation in international trade to the extent traders built in a hedge allowance. The rates fluctuated to the extent that the devaluations and revaluations would have been considered large under a fixed rate system.

The floating rates were given credit for minimizing chaos and crises in exchange markets during a period of economic upheaval. Although the rate of expansion in international trade tapered off sharply during the same period, the presence of other extremely important factors such as shortages and economic slowdown make it impossible to determine the extent to which floating rates were a contributing factor.

The means of financing the unprecedented balance-of-payments deficits was the question hanging heavily over the 1974 annual meetings. The first reports of the "recycling" of funds by oil producers indicated that much of the money was placed on an extremely short-term, even demand deposit, basis. There was considerable sentiment that the International Banking System could not continue borrowing on this basis and lending at medium or long term to financially strapped governments and others for very long. While there was some evidence that the oil producers were beginning to supply necessary capital by making longer term investments, the probability that this would not happen fast enough and that the location of investments would not correspond to countries' needs for financing was of great concern.

During this time of diminished confidence in inflation-eroded currencies and unstable asset values in general, the free market price of gold increased to almost four times the U.S. official rate. Pressures rooted in the combination of this development and the strapped financial situation of some o[illegible]importing nations contributed to a termination of the ban on government gold sales in the private market and an agreement that for the purpose of loan collateralization, gold reserves could be valued at the free market price.

Although the dollar is still the prevalent reserve currency, its relative importance in that capacity declined somewhat. The relative importance of the D-mark as a reserve rose considerably.

SDR's as well were provided a significant change in status. Changes in the SDR valuation method freed the SDR from any special tie with the floating dollar and instead truly related it to the values of a basket of currencies.

The combination of both oil and commodities price developments and a fertilizer shortage drastically worsened the economic situation of some of the world's poorest countries. The World Bank estimated that to achieve even moderately acceptable rates of growth the developing countries would need additional long-term capital of at least $2.6 billion in 1974, $6.8 billion in 1975, $10.6 billion in 1976 and $27.5 billion in 1980.

While little progress could be made toward long-term monetary reform in 1974's strained economic atmosphere, the IMF did respond to the immediate problems in several ways. In an attempt to help fight protectionist actions in which oil importers would ultimately hurt each other, the IMF developed guidelines for government management of floating exchange rates and promoted a voluntary pledge not to take protectionist actions without an IMF determination that the actions have balance of payments justification. A $3.4 billion "oil facility", funded through borrowing from the oil producers and designed to provide 7% loans of up to seven years duration to defray the initial impact of higher oil prices, was initiated. An "extended facility" to help countries with structural balance of payments problems, through loans of up to eight years at interest rates slightly lower than the fund's regular lending rates, was also initiated. However, these facilities certainly were not expected to meet the needs of the countries most acutely affected by 1974's economic events.

Nairobi revisited. An updated discussion of the issues under consideration at Nairobi illustrates dramatically the magnitude of the past year's events and their tremendous effect on international monetary developments and considerations.

Adjustment. The impact of oil deficits has forced reconsideration of the whole concept of balance of payments—related adjustment. Obviously, large drains or accumulations of assets during the present period cannot be considered prima facie evidence of the need for adjustment, as contemplated at Nairobi. In view of the rather inelastic demand for and supply of oil in the short run and the extremely high rates of inflation already prevalent in the industrialized countries, devaluations by these countries simply would have intolerable inflationary effects. Of course, the floating rate system would inhibit such action in any event. Furthermore, adjustment as defined in the past would not occur in the short run because of the inability of the oil exporting countries to absorb the requisite amount of imports and because of their policies generally encouraging investment abroad rather than currency adjustments which would lead to further imports.

Faced with this situation, the deficit countries have agreed that they will have to accept large deficits in the short run, that adjustments will have to be made among them to help distribute the oil deficit burden in an acceptable fashion and that extraordinary coordination of their external economic policies is needed. The major adjustment question for these countries has become how to share the deficit, rather than how to balance current accounts. This will require difficult and unpleasant decisions by countries in troubled economic situations.

It will be difficult to define the proper allocation for each of these countries between "adjustment policies" and external financing of deficits. The concept of separating the "oil deficit" from the "non-oil deficit" for purposes of evaluating the need for adjustment has been under discussion and seems worthwhile, but the lines between the two are extremely fuzzy. As well as this factor, the impact of the oil situation on a country's domestic economy, and the ability of the country to attract capital financing in particular, will be major considerations.

Exchanges rates. Floating rates have been used for too short and unusual a period to assess their impact very definitively. It appears, however, that their surprising acceptance has come not because the rates were more stable or there was less Government intervention than expected, although this might have been true to some extent. Instead, it appears that the short-term currency swings which occurred may not have had as adverse an impact as expected. Of course, the realization that a fixed rate system would have fared much worse than the present system under the unstable international economic conditions of 1973–1974 also contributed in a definitive way to the acceptance of floating rates.

The trade-restrictive and distortive measures which were sometimes used to help defend par values did not go away with the advent of floating rates. Disruptive manipulations in the management of floated currencies, however, which might be considered the equivalent of the "devaluation bias" under the fixed rate system, have not occurred to the extent expected. It is still too early to tell whether the guidelines for the management of floating rates will be effective, but there have been no flagrant violations or departures from these guidelines as yet.

The new exchange rate structure faces an unprecedented test as the oil exporting countries direct massive capital flows into various investments. The pattern of these flows could cause extreme pressure on some currencies and prolong payments imbalance situations. The manner in which the new structure accommodates these events, including the behavior of the currency managers during this period, is likely to be a crucial determinant of further refinements in exchange rate rules.

Reserve assets. The long-term goal remains a de-emphasis of gold and the dollar and increased emphasis on SDR's as the reserve currency. In the short run, an increased importance for gold due to countries' great need to use their present resources seems inevitable. Gold's importance has risen, however, because of increased demands that gold be eligible for use in ways similar to a commercial asset (for example, for loan collateralization at the market rate), rather than any demands that gold be tied more directly into the operation of the monetary system. Nevertheless, the fear has been expressed that these types of changes will make gold harder to demonetize, because governments might respond to the new status of gold by building up gold reserves during the upcoming period of continued monetary uncertainty.

Intervention, convertibility and consolidation. Floating rates and oil deficits have decreased the importance of these issues.

The reduced demand upon governments to maintain exchange rates, coupled with the disappearance of excess overseas dollar reserves discussed below, has lessened the importance of the intervention question. Furthermore, the extent of intervention to attain floating rate values and the use of dollars for this purpose is naturally limited somewhat by the operation of the foreign exchange market. Convertibility has not been an issue under the floating rate system, since the market determines the possibilities for convertibility and since there are no more large currency imbalances resulting from unrealistic par values. The consolidation issue also has largely disappeared. Those overseas dollar reserves once characterized as an "overhang" simply are not considered to be "excess" any longer, in view of the overwhelming new balance of payments financing problems.

Special interests of developing countries. Generally expressed concern for the plight of the developing countries is still extremely strong, as evidenced by the formation of a specific IMF and world bank-related Ministerial Committee for the Transfer of Real Resources to deal with this problem specifically, the oil and Extended Fund facility proposals and the proposal to expand considerably the world bank's operations. The world bank group's present project-oriented assistance clearly would not alleviate the urgent new balance of payments problems in the short run. There appears to be somewhat less emphasis, however, on the specific plea for a link between the distribution of SDR's and development aid. This is probably due to a recognition that there is no real chance of fulfilling the enormous need for assistance through this method. The developing countries probably also recognize that the changed outlook for monetary developments in the upcoming period has diminished the chances for any large-scale additional distributions of SDR's.

OUTLOOK FOR THE FUTURE

The immediate future. Rather than long range reforms, the immediate concern with respect to the international monetary and financial system, as dictated by the present tumultuous economic and financially conditions, is that basic stability be maintained. The IMF can contribute by taking all reasonable steps to assure that its policies allow oil deficit countries to obtain needed financing with the minimum possible disruption and hardship.

The great uncertainties and the possibility of an unstable period in foreign exchange markets require the flexibility of a managed floating rate system for the immediate future. The IMF's "management guidelines" for floating exchange rates are particularly important in concept as a tool to fend off trade-distortive nationalist actions by the oil deficit countries. Further efforts should be made to promote compliance with these guidelines. Past experience indicates also the potential of complementing this effort with government-to-government negotiations in support of international trade. Such negotiations can begin once Congress authorizes the United States to participate.

The most pressing immediate question for the international financial machinery, however, is the extent to which additional financing facilities should be created through IMF to help meet the financing needs of the oil deficit nations. Proposals range from Great Britain's suggestion for a $30 billion facility, to the U.S. Treasury's position that present facilities may be adequate.

A more painstaking assessment of the adequacy of present and proposed financing facilities is needed immediately. Countries need to do more facing up to the facts regarding the magnitude and likely impact of the recycling which appears to be required. The extent to which additional financing mechanisms are needed in light of these facts and nations' independent abilities to adjust without such assistance, the necessary terms of assistance, the availability of financing and the long-run prospects for improvement in various countries' economic situations, are all difficult questions which must be answered to the extent possible on a crash basis.

These types of assessments to define a sensible role for international recycling facilities should lead to a better understanding of both the possibilities and limits for recycling. This, in turn, may lead to changes in nations' attitudes and policies regarding the high level of oil prices.

Even now, however, it does seem clear that the IMF's lending role necessarily must respond to the present situation through significant enlargement in the months ahead. Cooperation from the oil exporting nations in supplying financing is essential and in these nations' best interests. For the sake of world stability, these nations hopefully will cooperate also in the channeling of their vast capital resources.

It should be stated clearly at this point that the most crucial form of cooperation from the oil exporting countries would be a reduction in the oil prices themselves, so that the magnitude of the international financial problems will be reduced.

Several less dramatic actions also would help the situation. Particularly close monitoring of international monetary and financial developments is obviously necessary. Further efforts to define appropriate adjustment actions in the context of the basically altered economic situation would be worthwhile, since this task is an extremely difficult one. With respect to the role of gold in the system, definite understandings are needed to prevent its increased use as an asset from resulting in a major setback in the effort to demonetize gold.

The longer term. Specific goals for the longer term are much more difficult to assert, since the evolution of the world economic and financial picture is so uncertain. The experience thus far with floating exchange rates should increase our skepticism about the desirability of a monetary system based on exchange rates which are much more difficult to alter. Some major improvements the United States was seeking at Nairobi appear to have been achieved, at least partly, by the managed float system. The managed float has provided a small degree of automatic balance of payments adjustment, taken the trauma out of changes in currency values and given the role of the dollar some increased flexibility. It appears that the system has also absorbed large capital flows, partly through currency changes, without great detriment. However, its ability to handle the greatly increased volume and possible distortions of the next few years is a major unanswered question. The answer will depend upon actions taken with respect to international financing facilities and individual countries' efforts to cope with their domestic economic problems, as well as the willingness of the oil exporting countries to adopt cooperative investment policies.

The necessity for this type of flexible exchange rate system in the short term means that we will have more time to determine whether any inflationary aspects or lack of stability in the system outweigh its apparent advantages.

This call for consideration of increased flexibility on a more permanent basis, however, should not be confused with support of an international "lassez-faire" monetary system. Rules governing nations' actions likely to affect the international monetary situation will continue to be essential. In this manner, efforts to distort the workings of the system for the purpose of domestic protection against the strains of oil deficits and an increasingly interdependent trading world can be discouraged.

The long-term goal with respect to adjustment still involves in a general way the concepts of symmetry in obligations and a degree of automaticity. The extent to which these concepts could be very important depends, of course, on the fate of floating rates and the oil deficit situation. Unfortunately, the unpleasant adjustment considerations for the immediate future, which I have already discussed, may be relevant for some time.

The demonetization of gold, and establishment of the SDR as the principal reserve asset, remain valid long-term goals. Initiatives to deal with the management of global liquidity and reserve currencies depend so fundamentally on the handling of the recycling problem that it is difficult to make further recommendations on long-term goals at this time, except for the general observation that better liquidity management and control of increases in reserve currencies remain important goals. In particular, the connection between achievement of these goals and the fight against world-wide inflation remains of significance.

There is no question that the developing countries' needs for foreign assistance of some type are increasing dramatically. However, the position that development aid is a separate question from the international monetary structure, and thus the distribution of SDR's, is intellectually valid. It is also sound from the standpoint of retention of financial control over our domestic priorities. Furthermore, the immediate acceptability to Congress of any SDR-foreign aid linkage arrangement appears questionable.

Lastly, it is impossible to ignore the possibility of a political battle in the IMF and World Bank group over the issue of an increased voice in decision-making for the oil exporting nations. While this issue does not appear to have crystallized as yet, it could create serious strains rather quickly and the governments of the industrialized countries should be considering its ramifications.

Efforts to improve the international monetary and financial system, or even to keep it workable, obviously face serious challenges in the years ahead. If this review has clarified nothing else, it should have indicated the tremendous uncertainty about the system's immediate future. The most important definitive conclusion is only that the world's nations are better off attempting to tackle these problems based upon active cooperation and a mutual understanding of different situations, analyses and attitudes, than through *ad hoc* and largely individual, uncoordinated responses.

We are still striving for the goal which led to the creation of the Bretton Woods system, an international economic and financial system based upon cooperation rather than selfish and self-defeating isolationism and conflict. Despite thirty intervening years of considerable progress, the present situation calls for more earnest pursuit of that goal than ever before.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

HOME PURCHASE ASSISTANCE ACT OF 1974

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 3979. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 3979) to increase the availability of reasonably priced mortgage credit for home purchases.

The Senate proceeded to consider the bill which had been reported from the Committee on Banking, Housing, and Urban Affairs with amendments, as follows:

On page 2, in line 10, after "amended", strike out "by redesignating sections 307 through 312, and any cross references thereto, as sections 307 through 312, and any cross references thereto, as sections 308 through 313, respectively, and by inserting after section 306 a new section 307" and insert in lieu thereof "by adding at the end thereof a new section".

On page 2, in line 15, strike out "307" and insert in lieu thereof "313".

On page 2, in line 20, strike out "significant" and insert in lieu thereof "substantial".

On page 2, at the end of line 2, strike out "thereby adversely to affect the economy and to delay" and insert in lieu thereof "is delaying".

On page 3, in line 21, after "are" strike out "privately insured and which meet criteria established by the Secretary for the purpose of this section. A" and insert in lieu thereof "insured by qualified private insurers as determined by the Association or the outstanding principal balances of which do not exceed 80 per centum of the value of the property securing the mortgages. A".

On page 4, in line 6, strike out "cost" and insert in lieu thereof "purchase price".

On page 4, in line 12, after "rate", strike out "established under subsection (c) for obligations issued by the Association" and insert in lieu thereof "determined by the Secretary to be necessary to reimburse the fund for its expenses under this section".

On page 5, line 3, after "average", strike out "rate" and insert in lieu thereof "yield".

On page 5, in line 17, after "not", strike out "permit the aggregate outstanding amount of mortgages held by the fund under this section to increase by" and insert in lieu thereof "commit".

On page 5, line 20, after "year", insert "to purchase mortgages under this section".

On page 5, line 22, strike out "Fifty" and insert in lieu thereof "Not less than 50 nor more than 55", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Home Purchase Assistance Act of 1974".

FINDINGS AND PURPOSES

SEC. 2. The Congress finds and declares that—

(1) in many parts of the Nation residential mortgage credit is or is likely soon to become prohibitively expensive or unavailable at any price;

(2) the unavailability of mortgage credit severely restricts housing production, causes hardship for those who wish to purchase or sell existing housing, and delays the achievement of the national goal of a decent home for every American family; and

(3) there is an urgent need to provide an alternate source of residential mortgage credit on an emergency basis.

SEC. 3. Title III of the National Housing Act is amended by adding at the end thereof a new section as follows:

"HOUSING TRUST FUND

"SEC. 313. (a)(1) Whenever the Secretary determines that a substantial number of families are unable to obtain mortgage credit at reasonable rates due to high interest rates or reduced availability of mortgage credit and that the inability to obtain such credit is causing or threatening to cause a substantial reduction in the volume of home construction or acquisition and is delaying the orderly achievement of the national housing goals contained in title XVI of the Housing and Urban Development Act of 1968 the Secretary shall direct the Association to begin making commitments to purchase and to purchase mortgages in accordance with the provisions of this section.

"(2) The Secretary may direct the Association to terminate its activities under this section whenever he determines that the conditions which give rise to his determination under paragraph (1) are no longer present.

"(3) Not later than sixty days following the enactment of this section, the Secretary shall issue regulations to carry out the purposes of this section. Such regulations shall be published in the Federal Register and shall include the specific criteria to be used by the Secretary in making the determinations required under paragraphs (1) and (2).

"(b) There is hereby established within the Association a housing trust fund (hereinafter referred to as the 'fund') which shall be used to carry out the purposes of this section. Whenever the Secretary issues a directive under subsection (a)(1), the Association shall make commitments to purchase and purchase mortgages which are insured under the National Housing Act or title V of the Housing Act of 1949, which are guaranteed under chapter 37 of title 38, United States Code, or which are insured by qualified private insurers as determined by the Association or the outstanding principal balances of which do not exceed 80 per centum of the value of the property securing the mortgages. A mortgage may be purchased under this section only if—

"(1) such mortgage was executed to finance the acquisition of the principal residence of the mortgagor;

"(2) such mortgage involves the acquisition or construction of a residential dwelling at a purchase price which does not exceed $30,000 (or such greater amount, but not to exceed $45,000 as may be necessary to meet the need for mortgage credit in high cost areas, as determined by him);

"(3) such mortgage involves an interest rate not in excess of the rate determined by the Secretary to be necessary to reimburse the fund for its expenses under this section; and

"(4) no points, discounts, or similar charges were assessed against the prospective buyer or seller in connection with the mortgage.

"(c) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section. The proceeds from the issuance of such obligations shall be deposited in the fund. Each such obligation shall mature at such time and be redeemable at the option of the Association in such manner as may be determined by the Association, and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding long-term marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Association issued under this section, and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchase of the Association's obligations hereunder.

"(d) The Association shall not commit more than $10,000,000,000 in any single fiscal year to purchase mortgages under this section.

"(e) Not less than 50 nor more than 55 per centum of the aggregate principal amount of home mortgages purchased under this section in any fiscal year shall involve residences upon which construction has been completed within twelve months preceding the date of purchase.

"(f) The Association is authorized to—

"(1) establish and charge a fee for making commitments to purchase under this section;

"(2) purchase mortgages at a price not greater than 101 per centum of the unpaid principal at the time of purchase, with adjustments for interest and any comparable items;

"(3) contract with mortgagees or other persons to service mortgages purchased under this section;

"(4) sell such mortgages at any time at a price not less than the unpaid principal at the time of sale;

"(5) deposit the proceeds derived from the sale of such mortgages into the fund; and

"(6) invest any excess amounts in the fund in obligations of the United States.

"(g) The receipts and disbursements of the fund shall not be included in the totals of the budget of the United States Government and shall be exempt from any annual expenditure and net lending (budget outlays) limitations imposed on the budget of the United States Government.

"(h) The Secretary shall transmit to the Congress not later than March 15 of each year a report on his activities under this section during the preceding year and on any activities he anticipates during the year in which the report is made."

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, because of the time limitation, and since we are awaiting the arrival of the sponsors, that the Senator from Illinois be recognized for the purpose of offering a resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Illinois.

SENATE CONCURENT RESOLUTION 118—TO ESTABLISH A CEILING ON FISCAL YEAR 1975 EXPENDITURES

Mr. PERCY. Mr. President, I spoke yesterday on the floor of the Senate on a concurrent resolution that was printed in the RECORD last night and is available to all Senators.

My office has also talked with, and I have personally talked with, certain interested Senators involved in the Appropriations, Budget, and Government Operations Committees.

I send to the desk a concurrent resolution and ask unanimous consent that the reading of the resolution be dispensed with. I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated.

Mr. CURTIS. Reserving the right to object, and I shall not object——

The PRESIDING OFFICER. The concurrent resolution will be stated.

The legislative clerk proceeded to read the proposed Senate concurrent resolution.

The PRESIDING OFFICER. Without objection, further reading of the concurrent resolution may be dispensed with.

The Senator from Nebraska.

Mr. CURTIS. May I inquire what the unanimous-consent request was?

The PRESIDING OFFICER. The Senate will proceed with its immediate consideration. Is there objection?

Mr. HARRY F. BYRD, JR. Reserving the right to object, I would like to know what the resolution is.

The PRESIDING OFFICER. The clerk will report the resolution.

The legislative clerk read the proposed concurrent resolution, as follows:

S. CON. RES. 118

Whereas the President in his address to the Joint Session of Congress on October 8, 1974 requested Congress to establish a target for budgeted outlays during the fiscal year beginning July 1, 1974 of $300,000,000,000; and

Whereas the Budget and Impoundment Control Act of 1974 (P.L. 93–344) provides for the submission of proposed budget authority rescissions and deferrals by the President for consideration by the Congress; and

Whereas the Congress finds continuing inflation to be a most urgent national problem requiring concerted action by the legislative and executive branches of government: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring)

That the appropriate level for budgeted outlays during the fiscal year beginning July 1, 1974 should not exceed $300,000,000,000; and

That the President is requested to submit to Congress, within 30 days of adoption of this Resolution by the Senate and the House of Representatives, the proposed rescissions and deferrals in budget authority necessary to achieve this level of outlays.

Mr. HARRY F. BYRD, JR. Mr. President, the purpose of the resolution I approve. I think the figure is too high. I think the Senate has already gone on record as favoring a $295 billion total expenditure figure for this year. I do not object to it being brought up, but I think it should be $295 billion rather than $300 think the Senate has already gone on record for $295 billion.

Mr. PERCY. The Senator from Illinois thoroughly concurs. I voted for the $295 billion limit every time. We have sent it three times to the House. We know it will not be acted upon by the House. This is in accordance with the President's request that he be enabled to act during our recess.

There will be rescissions in the $305 billion budget that we have before us. This gives us 30 days. Certainly, I concur with the $295 billion figure.

Mr. HARRY F. BYRD, JR. I want to give the President the power to act, but I object to the $300 billion figure. I think at an appropriate time an amendment may be offered.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

Mr. MANSFIELD. Mr. President, I object. The way this has developed will take up too much time. I think we better go back on the housing bill.

The PRESIDING OFFICER. Objection is heard. The resolution will go over under the rule.

Mr. PERCY. With due respect to the majority leader, I feel in principle the Senator from Virginia would concur.

The PRESIDING OFFICER. There has been objection to the consideration of the resolution.

Mr. MANSFIELD. All of us voted for

the $295 billion. We voted four times, but once for $298 billion, I believe. But if this is going to become a donnybrook, if we are going to offer amendments to it, it will have to await its course. What the Senate has already done will have to stand as our position.

Mr. HARRY F. BYRD, JR. Mr. President, I have no objection whatsoever for the resolution to be brought up. I do not want to waive my right to say I think it should be $295 billion, however.

Mr. MANSFIELD. We have already set it three times.

Mr. HARRY F. BYRD, JR. I have not said it by an amendment yet.

Mr. PERCY. The wording of the resolution is such that the President is requested to resubmit the budget in 30 days in a figure not to exceed $300 billion. The expression of the Senate has been very clear that it should be $295 billion. It would be the hope of the Senator from Illinois the figure would be less than $295 billion. But we have to take into account the fact that three and a half months have already passed, that there are many commitments that are down the road that cannot be made, that could have been done if action had been taken 3½ months ago.

From a practical sense, this seems to be the best way for us to really get underway and have it adopted, hopefully by the House today.

Mr. HARRY F. BYRD, JR. I have no objection to calling it up.

The PRESIDING OFFICER. The resolution has been objected to. The Chair has ordered it to go over under the rule. That is the parliamentary situation at present.

The Senator from Illinois.

Mr. PERCY. Would the distinguished majority leader qualify whether there is now objection? As I understand it, there is no objection.

The PRESIDING OFFICER. The Chair will state to the Senator from Illinois that the Chair has already ruled. There was objection. The Chair has already ruled that the resolution will go over under the rule. That is the present parliamentary status.

The Senate will resume consideration of S. 3979.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum with the time not taken from either side.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ALLEN). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I thank the distinguished Senator from Alabama for yielding the floor to me temporarily, while he retained his right to the floor.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

HOME PURCHASE ASSISTANCE ACT OF 1974

The Senate continued with the consideration of the bill (S. 3979) to increase the availability of reasonably priced mortgage credit for home purchases.

Mr. SPARKMAN. Mr. President, I understand that this bill, S. 3979, has been made the pending business.

The PRESIDING OFFICER. The Senator is correct.

Mr. SPARKMAN. Mr. President, this bill is an emergency bill to provide badly needed mortgage credit to help provide relief to a section of our economy that is seriously hurt by the Government's tight money policy and resulting high interest rates. The home building industry is suffering severely from a policy of our Government to restrict credit and increase its cost to slow down the economy in its fight against rampant inflation. Housing, which is completely dependent on the availability of reasonably priced mortgage credit is hardest hit by the Government's anti-inflationary policy. Housing starts are down to one of its lowest points in recent years. The August start level dropped to an annual rate of 1.1 million, which is the lowest monthly level since 1966.

Mr. President, I may interject at this point that we should be building houses at the rate of at least 2.6 million a year. In other words, we are doing less than one-half of what we should be doing.

This compares with the goal of 2.6 million units a year which our Nation barely reached in 1972. Our production has dropped practically every month since then until now it is at depression levels.

The purpose of the bill before us is to help supply mortgage credit through Government resources to this badly depressed industry. This would be accomplished by a simple device of amending the charter act of the Government National Mortgage Association to permit the Association to purchase conventionally financed mortgages. Existing law limits purchases of the Association to Government-assisted mortgage—FHA, VA, and Farmers Home mortgages. Such mortgages are being purchased now, but more needs to be done to increase mortgage credit availability. Conventional mortgages represent about 80 percent of the market; and if any real spur is to be given to the mortgage market, such mortgages should be included in the GNMA mortgage purchase program.

Mr. President, when the committee first considered the bill, S. 3979, there was majority support for the general purposes of the bill to provide Federal support for conventional mortgages. There was some disagreement, however, on the methods and the universe of mortgages to be purchased. The committee agreed to report the bill as introduced with the understanding that subsequent changes agreed to between the administration and the members of our committee would be taken up in the Senate by introducing a substitute amendment. This amendment is available, and I believe before any further explanation is given of the bill, the substitute should be introduced and explained.

I understand Senator CRANSTON is prepared at this time to submit such an amendment for himself and Senator BROOKE.

Mr. President, this is a bill to which the President made explicit reference the other day, and he expressed the desire to have it enacted before the recess begins.

This bill was authored by Senator CRANSTON and Senator BROOKE, and I am asking Senator CRANSTON to manage the bill and to submit and handle the amendments that have been agreed to.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. Mr. President, I am hopeful that this bill will be enacted in the form that is endorsed by the managers of the bill. I might note that Senator BROOKE will manage the bill for our side. It is something that has been worked out carefully and generally agreed on by the administration and by the authors of the bill, and I think it meets the needs that currently exist in the housing industry.

I urge my colleagues to follow the leadership of the managers in this matter, because the amendment in the form of a substitute, offered by Senator BROOKE and Senator CRANSTON has been arrived at after a very difficult process. I, for one, will oppose any amendments that are not endorsed by the managers of the bill.

Mr. SPARKMAN. I appreciate the comments by the distinguished Senator from Texas, who had a great hand in formulating this bill.

It is essential to keep in mind that, actually, we approved the bill a week or more before we reported it to the Senate, because we had been told by the Secretary of Housing and Urban Development that the President was going to announce a program.

Mr. TOWER. The Senator is correct.

Mr. SPARKMAN. We tried to make the bill very much in accord with the program that he has recommended.

Mr. TOWER. That is correct.

I might add, as a further note, that if we really want to expedite this measure, we should follow the leadership of the managers of the bill, so that it can be acted on quickly in the House, under essentially the same arrangement, and we will have a bill sent to the President before we leave here for the recess.

Mr. SPARKMAN. I fully agree, and I certainly will do what I can to that end.

Mr. President, I yield the floor to the Senator from California.

The PRESIDING OFFICER. Who yields time?

Mr. CRANSTON. Mr. President, I call up the substitute amendment offered by myself and Senator BROOKE.

The PRESIDING OFFICER. The Chair states to the Senator from California that the committee amendments will have to be disposed of before the amendment from the floor will be in order.

The clerk will state the first committee amendment.

The assistant legislative clerk read as follows:

On page 2, in line 10, after "amended", strike out "by redesignating sections 307 through 312, and any cross references thereto, as sections 307 through 312, and any cross references thereto, as sections 308 through 313, respectively, and by inserting after section 306 a new section 307" and insert in lieu thereof "by adding at the end thereof a new section".

Mr. PROXMIRE. Mr. President, will the Senator from California yield?

Mr. CRANSTON. I want to ask unanimous consent to straighten out the parliamentary situation first.

Mr. PROXMIRE. Before there is any action on any amendments, I want the Senator to yield; that is all.

Mr. CRANSTON. I wish to bring up the substitute amendment, to get it before us.

Mr. President, I ask unanimous consent that the committee amendments be considered en bloc and that the text be considered as original text for the purpose of amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendments are agreed to en bloc, and the resulting text will be considered original text for the purpose of amendment.

Mr. CRANSTON. Mr. President, I call up the Cranston-Brooke amendment in the nature of a substitute and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. CRANSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Home Purchase Assistance Act of 1974".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) in many parts of the Nation, residential mortgage credit is or is likely soon to become prohibitively expensive or unavailable at any price;

(2) the unavailability of mortgage credit severely restricts housing production, causes hardship for those who wish to purchase or sell new and existing housing, and delays the achievement of the national goal of a decent home for every American family; and

(3) there is an urgent need to provide an alternate source of residential mortgage credit on an emergency basis.

INTERIM AUTHORITY

SEC. 3. (a) Title III of the National Housing Act is amended by adding at the end thereof the following new section:

"INTERIM AUTHORITY TO PURCHASE CERTAIN MORTGAGES

"SEC. 313. (a) (1) Whenever the Secretary finds inflationary conditions and related governmental actions are having a severly disproportionate effect on the housing industry and the resulting reduction in the volume of home construction or acquisition threatens seriously to affect the economy and to delay the orderly achievement of the national housing goals contained in title XVI of the Housing and Urban Development Act of 1968, the Secretary shall direct the Association to begin making commitments to purchase and to purchase mortgages in accordance with the provisions of this section.

"(2) The Secretary may direct the Association to terminate its activities under this section whenever he determines that the conditions which gave rise to his determination under paragraph (1) are no longer present.

"(b) Whenever the Secretary issues a directive under subsection (a)(1), the Association shall make commitments to purchase and purchase, and may service, sell (with or without recourse), or otherwise deal in, mortgages (1) which cover more than four-family residences (including cooperatives and condominiums and the individual units therein) and which are insured under the National Housing Act and chapter 37 of title 38 of the United States Code, or (2) which cover one- to four-family residences and which are insured by qualified private insurers as determined by the Association or the outstanding principal balances of which do not exceed 80 per centum of the value of the property securing the mortgages. A mortgage may be purchased under this section only if—

"(A) such mortgage was executed to finance the acquisition of a one- to four-family residence which will be the principal residence of the mortgagor or to finance the purchase of a more than four-family residence and is subject to a mortgage insured under the National Housing Act;

"(B) such mortgage involves an original principal obligation not to exceed the amount which could be established pursuant to section 302(b)(1) of the Act, except that, notwithstanding any amount which may otherwise be prescribed pursuant to such section 302(b)(1), the Secretary within sixty days after enactment of this section 313 shall prescribe maximum amounts for purposes of this section which distinguish between cost levels in different areas;

"(C) such mortgage involves an interest rate or yield not in excess of that which the Secretary may prescribe, taking into account the cost of funds and administrative costs under this section, the importance of making mortgage credit available on reasonable terms, and current conditions in the mortgage market.

"(c) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section. Each such obligation shall mature at such time and be redeemable at the option of the Association in such manner as may be determined by the Association, and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Association issued under this section, and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or here-Liberty Bond Act, as now or hereinafter in after in force, and the purposes for which securities may be issued under the Second force, are extended to include any purchase of the Association's obligations hereunder.

"(d)(1) The Association is authorized to guarantee securities based on pools or trusts of the mortgages purchased by the Association under this section as provided in section 306(g) of this Act with respect to federally insured or guaranteed mortgages and to act as issuer of such guaranteed securities. The Association shall possess with respect to securities under this section all the powers it possesses with respect to securities guaranteed under such section 306(g), and the provisions of such section shall apply to guarantees under this section, except that such section shall not be deemed to prohibit the Secretary from guaranteeing payment of only a part of the principal and interest on securities issued under the provisions of this section.

"(2) The Association may offer and sell any securities guaranteed under this subsection to the Federal Financing Bank, and such Bank is authorized to purchase any securities so offered. The Association may also offer and sell any securities guaranteed under this subsection to any Federal Reserve bank. The proceeds from the sale of such securities when issued by the Association shall be treated in the accounts in the same manner as if such proceeds were from the sale of the underlying mortgages.

"(e) The Secretary may make available a portion of his authority under this section to purchase mortgages covering housing which has been constructed more than twelve months prior to enactment of this section in areas where he determines that there is a serious shortage of mortgage credit to purchase such housing.

"(f) The Association is authorized to—

"(1) sell mortgages purchased under this section of prices which it determines will help promote the objective of assuring that operations under this section are, to the extent feasible, fully self-supporting;

"(2) pay for services performed in carrying out its functions under this section without regard to any limitation on administrative expenses heretofore enacted.

"(g) The total amount of purchases and commitments authorized by the Secretary to be made pursuant to this section shall not exceed $7,750,000,000 outstanding at any one time.".

(b) The amendment made by subsection (a) becomes effective upon the date of enactment of this Act and shall remain in effect for a period of one year following such date of enactment, except that it shall remain in effect after the expiration of such period to the extent necessary (1) to honor commitments to purchase mortgages issued prior to the expiration of such period, and (2) to provide for the liquidation of assets and discharge of liabilities acquired or incurred prior to the expiration of such period.

AMENDMENTS TO OTHER LAWS

SEC. 4. (a) The National Housing Act is amended as follows:

(1) The first sentence of section 2(a) of such Act is amended by inserting before the period at the end thereof the following: "; and for the purpose of financing the preservation of historic structures, and, as used in this section, the term 'historic structures' means residential structures which are registered in the National Register of Historic Places or which are certified by the Secretary of the Interior to conform to National Register criteria; and the term 'preservation' means restoration or rehabilitation undertaken for such purposes as are approved by the Secretary in regulations issued by him, after consulting with the Secretary of the Interior".

(2) Section 2(b) of such Act is amended by adding at the end thereof the following new paragraph:

"A loan financing the preservation of a historic structure shall—

"(1) involve an amount not exceeding $15,000 per family unit; and

"(2) have a maturity not exceeding fifteen years and thirty-two days.".

(b) Section 203 of the National Housing Act is amended by adding at the end thereof the following:

"(n)(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection. To be eligible, the mortgage shall involve a dwelling unit in a cooperative housing project which is covered by a blanket mortgage insured under this Act. The mortgage amount as determined under the other provisions of subsection (b) of this section shall be reduced by an amount equal to the portion of the unpaid balance of the blanket mortgage covering the project which is attributable (as of the date the mortgage is accepted for insurance) to such unit.

"(2) For the purpose of this subsection—

"(A) The terms 'home mortgage' and 'mortgage' include a first lien given (in accordance with the laws of the State where the property is located and accompanied by such security and other undertakings as may be required under regulations of the Secretary) to secure a loan made to finance the purchase of stock or membership in a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwelling units of which is restricted to members of such corporation, where the purchase of such stock or membership will entitle the purchaser to the permanent occupancy of one of such units.

"(B) The terms 'appraised value of the property', 'value of the property', and 'value' include the appraised value of a dwelling unit in a cooperative housing project of the type described in subparagraph (A) where the purchase of the stock or membership involved will entitle the purchaser to the permanent occupancy of that unit; and the term 'property' includes a dwelling unit in such a coopertaive project.

"(C) The term 'mortgagor' includes a person or persons giving a first lien (of the type described in subparagraph (A)) to secure a loan to finance the purchase of stock or membership in a cooperative housing corporation."

(c) Section 10(b) of the Federal Home Loan Bank Act (12 U.S.C. 1430(b)), as amended, is amended by striking the dollar figure "$40,000" and inserting in lieu thereof "$55,000 (except that with respect to dwellings in Alaska, Guam, and Hawaii the foregoing limitation may, by regulation of the Board, be increased but not to exceed 50 per centum)".

(d) Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)), as amended, is amended by adding in the nineteenth paragraph thereof after the phrase "section 401(d)" the following phrase: "or section 408(a)".

(e) Section 5 of Public Law 93-387 is amended to read: "The Council shall report to the President, and through him to the Congress, on a quarterly basis and not later than thirty days after the close of each calendar quarter, concerning its activities, findings, and recommendations with respect to the containment of inflation and the maintenance of a vigorous and prosperous peacetime economy.".

The PRESIDING OFFICER. Who yields time on the Cranston amendment?

Mr. CRANSTON. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats.

Mr. CRANSTON. Mr. President, I believe everyone recognizes the economic problems facing our Nation's housing construction industry. This has been one of the most frequently discussed subjects in Congress as well as in the many economic summits that have been held at the request of President Ford. New housing starts are at their lowest level in 4 years, the August–September figures—down from 1.3 in July to 1.1 million, a 300,000 drop, and builders permits are down to 900,000.

The unemployment rate among construction workers is 13 percent compared to 5.4 percent in the Nation. The ripple effect of the housing industry's recession is beginning to be felt in ever-widening circles of industries supplying products for homebuilding.

It is generally accepted that each dollar of Government assistance for housing triggers private investment of between $15 and $20 for construction and land improvement. This total investment creates a demand for housing related goods and services. Jobs are generated and with them income tax revenues. Real estate taxes are also generated from new housing that is sold.

With a view toward providing a form of permanent relief in periods of high interest rates to the home mortgage credit and housing industries, Senator BROOKE and I both offered bills (S. 3436 and S. 3456) to provide below market rate mortgage loans through the Department of Housing and Urban Development. Hearings were held on both bills on August 6 and 7, and after studying the testimony, we introduced a bill, S. 3979, the Home Purchase Assistance Act of 1974, which combined the best features of both our bills. This bill was ordered reported from the Banking, Housing and Urban Affairs Committee on September 24, 1974, and filing delayed until October 2, 1974 at the request of the administration so that consideration could be given by the committee to the administration's draft legislative proposal on housing. We have given consideration to that proposal and reached agreement on some of the differences.

Today, I call up the Cranston-Brooke substitute amendment to S. 3979, which reflects long hours of arduous work and conciliation on both parties part and hopefully reflects a good resolution of many of the differences in S. 3979 and the administration's draft proposal.

We have reached agreement as to how to provide emergency short term relief to the mortgage credit industry that has suffered the most from the administration's policy of high interest rates and restrictive monetary policy.

The following issues reflect areas where we have reached agreement: Interest rates under this amendment are to be set by the Secretary based upon market demand for money taking into consideration the cost of money to the Government plus expenses. However it is the feeling of the parties involved that in no case should interest rates exceed 9½ percent. The Secretary has assured me that he is also disposed to this view and will make every effort to keep the rates as low as possible and will avoid subsidies to lessen the possible inflationary impact of this legislation.

S. 3979, as reported, provided for 75 percent of the funds to be expended for new homes that had been built within the last 12 months preceding the enactment of this bill and 25 percent to be spent for the acquisition of old houses. The committee felt that in certain areas that persons could not purchase new homes unless there was money available for them to sell their old homes, that inventories would move out more rapidly if such funds were provided. The realtors worked out language with the administration on this issue and Senator BROOKE and I have accepted the compromise language. The language reads:

> The Secretary may make available a portion of his authority under this section to purchase mortgages covering housing which has been constructed more than 12 months prior to the enactment of this section in areas where he determines that there is a serious shortage of mortgage credit to purchase such housing.

The Secretary has assured Senator BROOKE and I that when a case is made to him by realtors of severe shortages in their specific areas for the acquisition of old homes, that he shall make a portion of these funds available to those areas.

S. 3979 provided for a purchase price limitation of $30,000 and up to $45,000 in high cost areas and that mortgage amounts would remain as they are presently set in the law at $30,000 up to $38,000. The secretary of HUD indicated that it would be burdensome to set regional prices and introduce a new qualification feature into the FHA process and that this would possibly slow down the launching of the immediate program goal of pumping $3 billion into the mortgage market as fast as possible. The first 3 billion is expected to move 100,000 units. We agreed to drop the purchase price requirement because there is a high correlation between purchase price and mortgage amount for the first 60 days after enactment of the legislative mortgage amount covered shall not exceed $38,000. However in 60 days HUD is to promulgate and proceed to operate under rules prescribing how to reasonably allocate mortgages from $30,000 up to $38,000 based upon the average cost of homes in a particular area.

The above issues reflect major areas where we have reached agreement. In order to accommodate the administration and rush through a temporary, emergency measure shot in the arm to the home-building and construction industry, Senator Brooke and I have moved considerably far from my originial proposal of low cost money with an interest subsidy—because the administration has indicated that such a proposal would certainly be vetoed. Realizing that all segments of the industry may not be reached or helped by this measure, we have tried to work out the best possible compromise.

This bill will provide for conventional 1–4 single family mortgage and FHA multifamily condominiums and cooperatives. Presently there is 7¾ money available for FHA–VA mortgages under the GNMA tandem plan, and when that is used up there will be $3.3 billion dollars available at 8 percent, for FHA–VA insured mortgages. Reasonably priced money is available for low and moderate income families at a subsidized rate to provide housing. The GNMA tandem plan services about 15 percent of the mortgage market. The substitute amendment can be described as a conventional tandem plan. It will attempt to reach the other 85 percent of the mortgage market that has come to a standstill because of the unavailability of mortgage credit.

A key feature of this bill is that the disposition of the mortgages by GNMA to the Federal Financing Bank will result in no new budgetary outlays and will have very little budget impact. The proposed legislation would authorize GNMA to issue mortgage-backed securities. These securities would be sold to the Federal Financing Bank. Since the Federal Financing Bank's cost of money is presently at 8½ percent, the receipt from the sale of the securities should more than offset the cost of purchase. When interest rates fall to, say, 9¼ percent in the market, GNMA can then recall the securities and simultaneously sell the mortgages, refunding the proceeds to the Federal Financing Bank. Under section 11c of the Federal Financing Bank Act proceeds and receipts and disbursements of the bank are exempt from the budget of the U.S. Government. The Federal Financing Bank testified before the Banking Committee that it would purchase all such mortgages offered to them by GNMA.

Several Senators addressed the Chair.

Mr. CRANSTON. I am not quite finished yet.

The President has asked for passage of a measure by the Senate this week before the Congress goes into recess. The Senate is in agreement with the administration that swift action is required to counter the devastating ripple effects of the depression in the housing industry. We have for the past 2 months been moving toward this goal.

Now we have an opportunity to show that the Senate can act responsibly and swiftly, very, very swiftly, when necessary and when a wise course has been figured out.

I want to take a moment, Mr. President, to explain section 4 of the substitute amendment.

Section 4 amendments are noncontroversial provisions inadvertently overlooked in the course of preparing the conference report on S. 3066, the Housing and Community Development Act of 1974—now Public Law 93-383.

Section 4(a) would authorize the Secretary of HUD to make home improvement loans to finance the preservation of historic structures. The terms of the loan are $15,000 maximum per unit and a maturity not exceeding 15 years and 32 days.

Section 4(b) would authorize the Secretary of HUD to insure under section 203 of the National Housing Act the amount needed to finance the purchase of a unit in a cooperative, less the portion of the unpaid balance of the mortgage attributable to the unit as of the date the mortgage is accepted for insurance.

Section 4(c) would make a conforming change in the Federal Home Loan Bank Act to an amendment in S. 3066—Public Law 93-383—involving the Home Owners Loan Act with respect to the maximum loan amount for eligible mortgages. Such maximum was raised to $55,000 by Public Law 93-383. This amendment would make a conforming change to the Federal Home Loan Bank Act.

Section 4(d) is a technical amendment giving Federal savings and loan associations the corporate power to act as trustees for the new individual retirement accounts—IRA's—which have been authorized by 2002 of the Pension Reform Act of 1974—Public Law 93-406. The act adds a new section 408 to the Internal Revenue Code and provides in subsection (a) that the accounts may be held in trust by a "bank as defined in sec. 401(d)(1)." Section 401(d)(1) already defines a bank to include a savings and loan association. The Pension Reform Act, therefore, contemplates that savings and loan associations shall act as trustees for individual retirement accounts.

Section 4(e) would require the Council on Wage and Price Stability to report to the President on a quarterly basis its activities, findings, and recommendations with respect to the containment of inflation and maintenance of a vigorous and prosperous peacetime economy. This would be an amendment to Public Law 93-387.

Section 4(e) of the substitute amendment affects Public Law 93-387.

Mr. President, during the Senate debate on S. 3919, the bill to authorize the establishment of a Council on Wages and Price Stability, the Senator from West Virginia (Mr. RANDOLPH) had intended to offer an amendment to require the President to report to Congress every 90 days or more often as he deems appropriate—but at least every 90 days—on the activities, findings and recommendations of the Council on Wage and Price Stabliity.

At that time, the House-passed bill contained such a reporting provision. The bill pending in the Senate contained no specific reporting provision but specified only that the Council should report to the President and through him to the Congress from time to time. Based upon the assurances of the Banking, Housing and Urban Affairs Committee that our committee would accept the House provision in conference, the Senator from West Virginia, (Mr. RANDOLPH) did not offer his amendment.

As Senators know, this measure, which was signed into law on August 24, 1974, did not go to conference. The House accepted the Senate-passed bill with no specific reporting time.

The Senator from West Virginia urged our committee to remedy this deficiency in the Council on Wage and Price Stability Act by amending the pending housing bill with a provision requiring the Council to report the dates certain on its activities.

This amendment in section 4(e) will require that the Council on Wage and Price Stability report to the President and through him to the Congress on a quarterly basis and not later than 30 days after the close of each calendar quarter. It is my belief that the pending bill is an appropriate vehicle to make this change to insure that the Congress receives timely reports from the Council on its activities in the vital efforts to stabilize our economy. I agree with the Senator from West Virginia (Mr. RANDOLPH), that it is absolutely essential that all legislation approved by the Congress require reports in a timely manner from the executive branch.

Mr. President, I now yield to the distinguished Senator from Massachusetts (Mr. BROOKE) who has been a very fine, wonderfully effective comrade in this effort.

Mr. BROOKE. Mr. President, I thank my distinguished colleague from California.

Mr. President, on Tuesday the President of the United States called upon the Congress to act immediately on legislation to provide increased mortgage credit to the depressed housing sector of the economy. The bill which we are considering today, the Home Purchase Assistance Act of 1974 (S. 3979), responds to the President's call for action.

S. 3979 is a consolidation of two bills on which the Banking Committee held hearings in August—S. 3436, which I introduced on May 2, 1974, and S. 3456, which Senator CRANSTON introduced on May 10. The substitute amendment which Senator CRANSTON has offered for himself and me contains several modifications which were suggested by the Department of Housing and Urban Development after the committee had voted to report S. 3979.

The significant changes which the substitute amendment makes in S. 3979 as reported are these:

First. The substitute amendment establishes a one-year program to provide for the purchase of mortgages, not to exceed $7.75 billion at any one time, by the Government National Mortgage Association—GNMA. S. 3979, as reported, would have provided an ongoing authority to purchase up to $10 billion in mortgages per year whenever the Secretary of Housing and Urban Development determined that shortages of mortgage credit were substantially reducing the purchase and sale of homes and adversely affecting the economy.

Second. The substitute amendment does not cover FHA and VA home mortgages, which are covered under the existing GNMA tandem plan. The Department of Housing and Urban Development feels that this will avoid confusion between the two programs without in any way prejudicing the buyers of FHA-insured or VA-guaranteed housing. The substitute amendment does cover multifamily structures, including condominiums and cooperatives, insured under the National Housing Act.

Third. The substitute amendment deletes the language in S. 3979 which puts activities under the bill outside the budget. However, my colleagues should be aware that this is not an ordinary expenditure of Federal funds. Mortgage loans made under this program will be repayable with interest. It is expected that the program will cost the Government little, if anything, and it could actually operate with a slight surplus depending upon market conditions.

I want to add, Mr. President, that Senator CRANSTON had provided in his bill for a 7-percent interest rate. That would be a rate which I certainly wanted to support. But, as a very practical matter in these days of inflation, we both recognized that a 7-percent interest rate would necessitate a rather healthy Government subsidy, and so we finally agreed that we would not have the 7-percent interest rate. We knew it would require a subsidy on the part of the Federal Government, and we felt that the taxpayers just could not pay such a subsidy at this time.

Fourth. Under the substitute amendment, GNMA is given authority to sell mortgages at a loss, which would not have been possible under S. 3979, as reported. The administration asked for this authority to permit flexibility in debt management. However, the substitute amendment does provide that GNMA shall sell mortgages purchased under the authority conferred by S. 3979 at prices which will best promote the objective of assuring that operations under S. 3979 are, to the extent feasible, fully self-supporting.

Fifth. The substitute amendment authorizes GNMA to guarantee and sell mortgage-backed securities and provides that the Federal Financing Bank may purchase such securities when offered by GNMA.

Sixth. The substitute amendment, unlike S. 3979, as reported, does not prescribe a specific percentage of existing units which must be purchased under the program. However, the amendment does provide that the Secretary may make available a portion of his authority under S. 3979 to purchase mortgages covering existing housing in areas where there are serious shortages of mortgage credit to finance the purchase of existing housing.

We must maintain a healthy market for existing homes, which constitute the vast majority of all the homes sold each year. The availability of financing for these houses is important to all prospective buyers, especially moderate income families who can only afford to buy an existing home. It is also important to assure that families who are required to move from one city to another will be able to sell their old homes and buy new ones.

The point is made by some that existing housing should be excluded from the provisions of S. 3979 because the existing housing market is just too large to be helped significantly by the funds made available under S. 3979.

It is true that 2½ to 3 existing houses are sold for every new one. However, S. 3979 does not provide for GNMA to scatter funds indiscriminately throughout this vast market. Instead, it is expected that the Secretary of HUD will channel funds into areas where he determines—by looking at levels of mortgage lending, high interest rates, and construction activity—that funds are needed for existing homes. The fact is that the mortgage crunch has not hit the entire country uniformly at all. In some areas sales are normal, while in other parts of the country the picture has been bleak for months.

Secretary Lynn has assured me that he will work with industry groups to devise a viable way to meet the serious shortages in funds for existing housing which have developed in some areas.

Now, Mr. President, the purpose of this bill, of course, is twofold: One, we want to help the people in this country who have been denied the opportunity to build and to buy homes because of a money crunch which has resulted in either no mortgage money or only high-priced mortgage money being available to them.

We feel very strongly that helping home buyers is the primary purpose of the bill. But the bill does have another and a very important objective, namely, to help the depressed housing and construction industry which now has an unemployment rate perhaps as high as 13 percent, when the national average is about 5.8 percent.

So this is a depressed sector of the economy, and we want to help get housing construction underway again.

Naturally, if most of this money is used for new construction it will be more helpful to the construction industry, but, on the other hand, we do not want to overlook the fact that there is existing housing in the country today that people cannot buy or sell because of a lack of mortgage credit money.

So, we urge the Secretary to look at this problem and be very sensitive to it. We know he will keep his assurance to Senator CRANSTON and to me that he will work to do all he can in order to see that the existing housing market is given all consideration.

Mr. TOWER. Mr. President, when the Banking, Housing, and Urban Affairs Committee reported S. 3979, I opposed the bill for several reasons. I did not oppose this bill, because I did not think that the housing industry needs help—on the contrary—it is one of the sectors of the economy that has most acutely felt the ravages of inflation. My primary opposition to the proposal stems from the manner in which the assistance was to be furnished.

If we are to pass legislation that is designed to give housing a quick and much needed "shot in the arm," then we must use a mechanism that can be implemented immediately. And, I think that whatever we do, it must be done on a temporary basis so that during the upcoming months, we can actively work on legislation that will provide long-range solutions to the problems of scarcity of mortgage funds and high interest rates. Some proposals that should be considered along these lines are tax reform and, as President Ford said yesterday, certain changes in our financial institution laws.

But, for the short term, we need a program that can be implemented quickly, that is temporary, that offers mortgages at interest rates that are reasonable in light of expected demand, and that has a sufficient degree of flexibility, so that if conditions get worse, or better, in the upcoming months, the program can be adjusted administratively so as to enable it to immediately respond to these changes. In my opinion, S. 3979 as reported from the committee, does not fulfill these standards.

As I stated in my written views on S. 3979, while recognizing that anything we do in providing assistance for housing, regardless of whether we finance the program through Treasury borrowing or Congressional appropriation, the money has to come from somewhere, and any new Federal spending will have an inflationary impact. However, it should be noted that the housing industry has been severely hit already, it has carried an unduly heavy burden for the past 20 months, and it has an unemployment rate that is now approaching 13 percent. I think that these "depression-like" conditions in this industry that is so important to our national economy, requires us to enact a program that will keep this industry on its feet during these difficult times. These conditions are real as thousands of workers in the housing industry across the State of Texas will attest. Yesterday in Dallas, as well as Fort Worth and Houston and other cities in Texas and across the Nation, mayors, local officials, business leaders, and builders met to make the public aware of their plight. The message has been received loud and clear.

Mr. President, it is my understanding that an amendment to S. 3979, in the form of a substitute, will be offered by Senator BROOKE and Senator CRANSTON. While the proposed mortgage limits are less than what I think current housing prices dictate, this new measure incorporates certain changes in the program which, in my opinion, meets the standards to which I have previously alluded. The proposal, as I understand it, is in line with the thrust of what President Ford requested from us yesterday. I cannot commend enough the cooperation and assistance that Senator BROOKE and Senator CRANSTON have given in preparing a proposal that effectively considers the varying viewpoints that were expressed in debate in the Housing Subcommittee. Their wisdom and leadership in this effort has been exemplary. Without their able assistance, I doubt that we could have come so far in such a short period of time. With everyone's assistance, I think that we will be able to pass a proposal that could provide immediate relief in the form of adequate housing to many thousands of Americans.

Mr. CRANSTON. Will the Senator yield?

Mr. BROOKE. Yes; I am very pleased to yield.

Mr. CRANSTON. Mr. President, I would like to join with Senator BROOKE and reaffirm that the legislative history reflects that we expect that the Secretary shall address himself to the lack of funds available for the sale of existing housing that is over 12 months old, and that a portion of the funds under this bill shall be made available for this use.

While sale of existing homes on a national level have not fallen off as much as the sales of new homes, in some areas of the country the drop in existing home sales has been quite severe. For example, in populous Anaheim in California, and in its environs, three of the four real estate boards participating in the renters series report their combined sales have fallen off 25 percent from the same month a year ago. Total sales in this area and in the neighboring Los Angeles area are down over 15 percent. Homes for sale simply cannot be sold under prevailing mortgage conditions.

Mr. BROOKE. I thank the Senator.

Seventh. S. 3979 as reported provides for GNMA to purchase mortgages bearing interest rates not in excess of the rate determined by the Secretary to be necessary to reimburse the GNMA for its expenses. The substitute amendment provides for mortgages purchased by GNMA to bear an interest rate or yield not in excess of that which the Secretary may prescribe, taking into account the cost of funds and administrative costs, the importance of making mortgage credit available on reasonable terms, and current conditions in the mortgage market.

Now, this is a very important section. I have referred to it previously. We are very anxious that the interest rate be kept as low as possible.

We use the word "reasonable." The Secretary is very mindful of the intent of this legislation. The Secretary wants to do all he can to keep the interest rate low, but he does need some flexibility, and as we recognized we are concerned here with Treasury borrowing rates and administrative costs. The Secretary has assured us he will do everything to keep that interest rate low, and we hope that it will be considerably less than 9.5 percent.

We cannot be absolutely certain, but we hope that it will be less than 9.5 percent. A lot, of course, will depend upon what the Treasury borrowing rate is at the time.

Eighth, S. 3979, as reported, provides that the maximum price of homes purchased with mortgages financed under the bill could range from $30,000 up to $45,000 in high cost areas. The substitute amendment eliminates those ceilings, but retains ceilings on mortgage amounts of $33,000 up to $38,000 in high cost areas. This would support the purchase of homes with prices of over $40,000 in high cost areas, and I must state that these prices scare me. We must not encourage the production of housing which is even beyond the reach of families with incomes well above the median income. The market for expensive houses, even when mortgage credit is available, will be thin unless inflation is allowed to get out of control. I urge the Secretary of Housing and Urban Development to do all he can to encourage the production of new housing which is less expensive, even if it is not as spacious or luxurious as some television programs have led us to believe the average home should be.

There is a need to assure that each region of the country will receive a fair share of the mortgage credit supplied under this bill. It must be recognized that participation in the program may not be as quick in some regions as in others because intermediaries in those areas are not accustomed to doing business with GNMA.

Additionally, certain housing markets presently have available a large volume of newly constructed, unsold units which should be disposed of before large scale new construction is undertaken. I have been assured by Secretary Lynn that he will allocate funds authorized under this bill on a regional basis taking into account differing needs in different parts of the country to the extent practicable.

Mr. President, there can be no doubt that prompt action is needed to stave off a depression in the housing industry. In August, housing starts dropped to an annual rate of 1.1 million units, down from 2.0 million last year and 2.4 million in 1972. In the same month almost half a million construction workers were jobless, causing unemployment in the construction trades to reach a staggering 11.1 percent and that figure is rising. As I said, it has risen to about 13 percent since August. Mortgage interest rates now stand at over 10 percent, and in most areas mortgage money is not available at any price; 120,000 new housing units stand vacant because potential buyers cannot obtain mortgage financing. The legislation we are considering today will not bring immediate prosperity to the housing industry, but it will head off further deterioration in an already crippled sector of our economy.

As a participant in the economic summit meeting, I am keenly aware of the need to keep down Federal spending. But it is widely recognized that the housing industry has been severely impacted by the tight money policies adopted to fight inflation and needs relief. S. 3979 presents the least inflationary approach I am aware of to provide mortgage credit relief. I believe that we in the Congress can exercise the restraint needed to avoid making this bill inflationary. None of us like high interest rates, but most of us recognize that you can only lean so much against market forces in legislation of this type. We must walk a narrow line between compassion and fiscal responsibility.

To those who are concerned that this legislation does not treat the underlying causes of the mortgage credit crisis, and especially to my good and thoughtful colleagues on this side of the aisle, let me say this: The sponsors of S. 3979 view it as an emergency measure only; a program designed to avert a depression in the housing industry. Recognizing that a solution to the problem of cyclical mortgage credit crises will require substantial changes in our financial system, I promise to work with you to bring about the structural and tax changes which are needed to make the financial intermediaries which serve housing less vulnerable to changes in monetary policy.

The Home Purchase Assistance Act will help the home buyer who, in most cases, is a moderate- to middle-income citizen. At the same time, we must not neglect the pressing needs of lower-income families. The Housing and Community Development Act of 1974, which was signed by the President on August 22, provides some $1.2 billion in housing assistance for lower-income families in fiscal year 1975. I know that the President shares my view that these funds should be committed as expeditiously as possible so that we can increase the supply of decent housing which is needed to provide shelter for the 13 million American families who presently cannot afford decent housing. We set as our objective the production of at least 500,000 units of low-income housing over the next year.

Mr. President, by passing this legislation today the Senate can give a clear signal that the Congress is ready to work together with the executive branch in the effort to whip inflation and provide relief to the victims of inflation. I urge my colleagues to give favorable consideration to this bill.

HOME MORTGAGE CRISIS

Mr. MATHIAS. Mr. President, I am pleased to join in support of this revised version of the legislation before us, the Home Purchase Assistance Act of 1974, S. 3979.

As a sponsor of this much-needed legislation, I want to commend its two principal authors, Senator BROOKE and Senator CRANSTON, for their initiative in this area and for moving this bill through committee and to the floor so promptly. The urgency of this issue has never been more clear, as we are confronted today by the virtual paralysis of an essential segment of our economy—the homebuilding industry.

I am sure that my colleagues are well aware that if immediate steps are not taken to reverse this condition drastically, it will be no overstatement to suggest that what now can fairly be described as a mere crisis for today's construction industry and home seekers, will soon reach truly disastrous proportion. Indeed, with housing starts at a 4-year low nationally, and with an alarming 38-percent dropoff in nationwide starts during the past year alone, the term "disaster" may already be an accurate description of the current plight of the housing industry—particularly my own State of Maryland, where housing starts in the past year are off by as much as two-thirds in many parts of the State.

I would be the last to come before the Senate and suggest that there is a simple, easy solution to this grave problem. Nevertheless, it is unmistakably clear that the Federal Government must take immediate action if we are to avoid sweeping unemployment in the construction industry and a dangerously high level of overcrowding in existing housing stock. The bill before us today is an important part of any strategy we devise to deal with this crisis.

First and most important, of course, the currently astronomical prime interest rate must promptly be brought back down to more earthly levels. The Federal Reserve Board has the authority to take immediate steps to achieve this end, and I know I am not alone among my colleagues in having already strongly urged it to do so. President Ford's economic message before us on Tuesday was encouraging in this regard.

In addition, Congress can play a key role in this process, by exercising financial restraint of the highest order, through deferral or elimination of unnecessary or low-priority Federal spending. To this end, I am pleased to note as a member of the Senate Appropriations Committee, that we are already well on our way toward our goal of reducing former President Nixon's last budget for the current fiscal year by up to $10 billion.

I am also well aware that such fiscal restraint cannot alone bring our raging inflation under control, since its root causes are considerably more complex and far-reaching than mere budget deficits. But such reductions in the Federal budget will have two very important and valuable consequences: first, it will reduce the Federal Government's heavy involvement in the borrowing market, thus easing the availability of credit to all other potential borrowers; and second, it will provide us with the flexibility to provide Federal funds where we really need them—for example, to provide jobs for a growing number of unemployed workers and to boost particularly hard-hit segments of the economy such as the housing industry—without unnecessarily fueling the fires of inflation.

In this context, it is clear that our first objective must be to bring both inflation and interest rates back down to reasonable levels. As my colleagues well know, however, this can often be a difficult, frustrating, and seemingly endless process. And while we redouble our efforts toward this long-range goal, it is simply unacceptable to permit the homebuilding industry and homeseekers to continue to carry so much of the burden of the struggle.

For this reason, I am greatly encouraged by the fact that the Senate is now considering S. 3979. This is crucial legislation which, if enacted, will immediately inject an additional $7.75 billion into the mortgage market, and make that amount of funds available at reasonable interest rates to areas—such as my own State—where mortgage credit is particularly scarce.

This bill is an expanded and improved version of legislation I also sponsored earlier this year, S. 3436, which would have made $5 billion available for mortgage credit, at no cost to the taxpayer or the Federal budget, through a proposed national housing trust fund.

Our revised bill, before us today, would make this $7.75 billion available for both new construction and existing homes. We thus hope to assist in the sale of up to 275,000 more homes in the next 12 months, much of which would be in new construction, and to create or save more than 200,000 jobs in the homebuilding industry, to say nothing of the other economic spinoffs this would generate.

I am convinced that coupled with an overall long-range strategy to bring inflation and interest rates under control, this legislation can and must be enacted as soon as possible, to provide some measure of immediate relief to a segment of our economy which has already suffered too much the ravages of inflation and extraordinarily tight money.

And now that President Ford has also announced his support for this legislation, we should spare no effort to speed it toward enactment at the earliest possible time.

This will be a terribly important first step. If we can also move in the near future to bolster our thrift institutions as a source of mortgage funds—perhaps by tax incentives or other means—we will be well on our way to a resolution of this crisis.

Mr. President, I would like to submit for the RECORD at this time a copy of my testimony during hearings on this legislation before the Senate Committee on Banking, Housing and Urban Affairs on August 6 of this year. The issues we addressed at that time have become even more urgent in the 2 months since those hearings. In addition, I would like to commend to the attention of my colleagues a sampling of some of the most thoughtful recommendations and position papers I have received in recent months in the course of consultations with realtors, builders, bankers, and homeseekers throughout Maryland.

I ask unanimous consent that these documents be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TESTIMONY OF SENATOR CHARLES MCC. MATHIAS, JR., BEFORE THE SENATE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS, SUBCOMMITTEE ON HOUSING, AUGUST 6, 1974

Mr. Chairman, I am pleased to have this opportunity to appear before you this morning, and to bring some of my fellow Marylanders who can testify from their own first-hand experience as to the nature and extent of a problem which is of grave concern to us all—the extreme shortage of home mortgage credit which has currently brought the purchase of homes grinding virtually to a halt in many areas of the country.

The Committee is to be commended for convening these hearings to focus on this critical issue at this time. The problems of the prohibitive cost and scarcity of mortgage credit have reached truly crisis proportions in the past twelve months, and show few signs of easing in the foreseeable future. This has ominous implications, for home buyers and sellers alike, for thrift institutions and realtors, and for the housing industry generally.

As the Committee well knows, this crisis is the direct result of two aspects of our national economic condition—galloping inflation and the traditional medicine which has been applied by government economists in an effort to ease this inflation, namely tight money. And with both the annual rate of inflation and the prime interest rate breaking into double figures in the early months of 1974, the situation has clearly become critical.

Not too long ago, Mr. Chairman, as recently as early 1973, 6% mortgages were both common and widely available. But for today's home buyer, that must seem like a lifetime ago, as he or she watches helplessly as the prime lending rate has steadily—almost relentlessly—climbed to a level twice that high, most recently reaching the astronomical level of 12%.

With both inflation and interest rates at such a high level, the results are distressingly predictable: lenders become increasingly cautious as they face the prospect of tying up substantial assets in long-term mortgage loans; mortgage credit becomes scarce at best, non-existent at worst, and what money there is, terribly expensive to borrow.

This necessarily hits moderate and middle-income families the hardest—families not poor enough to qualify for government subsidy programs, what few there are, and not rich enough to compete for the precious few conventional mortgage dollars which are available at these record-breaking interest rates.

Given the very close relationship between the supply of mortgage money and the rate of new home construction and re-sale, it comes as no surprise that housing construction for moderate and middle-income families has come to a virtual standstill. Families fortunate enough to own a home find themselves with a frozen asset—perhaps appreciating in value, but unable to be sold in the absence of financing for the purchaser. Families in search of a new home are relegated to a kind of grand-scale musical chairs —with far more potential buyers than the supply of mortgage money can support.

And in the background, a substantial portion of the enormous productive capacity of our housing industry lies dormant—eager to serve our Nation's housing needs but unable to secure the financing or make the profits which are so essential to its survival.

The problem is particularly grave in my own state of Maryland. As the witnesses who accompany me today will be able to testify in some detail, the home seeker in Maryland faces an especially frustrating and aggravating series of obstacles in his search for mortgage financing, above and beyond those which have produced this mortgage credit crisis nationally. With a usury limit which has only recently been raised from 8% to 10% (even as the prime rate continued to outstrip it by jumping to 12%), and legal prohibitions against lenders charging "points" to allow them to cover costs and risks not covered by the basic mortgage interest rate, what little mortgage money there may be which is available for lending, continues to flow outside the State. Thus, for Marylanders, and would-be Marylanders, the search for mortgage credit is too often a completely futile one.

The national implications of this mortgage crisis are grave indeed. According to a recent issue of the Journal of the National Association of Home Builders, the number of housing units estimated to begin construction in 1974 may fall as low as 1.45 million, as compared to two to three million per year which ordinarily begin construction in a healthy economy. Housing starts for June 1974, although up slightly from the previous month, were fully 27% below the number of starts for June 1973. Building permits issued were 45% below their June 1973 level. And while construction is steadily dropping, the cost of new homes has continued to rise, making it that much more difficult for moderate-income families to be able to afford a mortgage even when they are able to find a willing lender: the median sales price of new homes sold during May of this year was $35,800; the comparable figure for May 1973 was $32,000.

In the past twelve months, I have spent countless hours meeting, consulting, conferring and communicating with realtors, lenders, home-seekers, economists and housing experts generally in an effort to keep abreast of developments in this area and to seek recommendations as to the best course which we in Congress should follow to forge a solution. Unfortunately, but not surprisingly, no clear consensus emerged from these consultations and communications as to any single act which could alone solve the problem. Nevertheless, two basic premises do appear to be widely supported.

First, no long-range solution will be possible unless we succeed in bringing our raging inflation under control. The seeds of today's inflation have been sowed and nurtured by a number of forces, chief among them too many years of runaway government expenditures. For my own part, I am pleased that the Senate Appropriations Committee, on which I am privileged to serve, succeeded in trimming budget requests under our jurisdiction by more than $3 billion last year—and I am hopeful that we can do even better for the current fiscal year.

Second, and equally important, while we are still fighting to bring inflation under control, we must put an end to policies which in effect make housing the chief casualty and sacrificial lamb in this battle. For while it often takes many months, and even years, for high interest rates to have a noticeable effect on the over-all rate of inflation, they invariably have an immediate effect on crippling the housing industry.

Therefore, the Federal Government must take affirmative steps to stimulate the housing sector of our economy without adding fuel to the inflation which rages in the rest of the economy as a whole.

Some preliminary steps in this direction have already been announced by the President or are now pending in legislation before Congress, including:

The President's recently announced expansion of the "Tandem Plan" to cover FHA and VA mortgages for 100,000 new housing units at 8 per cent, and other steps to buy up conventional mortgages and advance funds to thrift institutions at below-market rates;

The Omnibus Housing and Community Development Act (S. 3066), which is still in conference and which includes provisions to make FHA mortgage ceilings and interest rates more flexible to ease the down-payment requirement for FHA-insured mortgages;

Federal Deposit Insurance legislation (H.R. 11221), which includes a number of provisions designed to help ease the impact of the current tight money situation. That bill is also awaiting a House-Senate conference.

These are all steps in the right direction, Mr. Chairman, but alone they are not enough. Clearly, the time has come for Congress to take bold, direct action to make an added supply of mortgage money available at reasonable interest rates and in substantial amounts. That is why I am most heartened that the Committee has convened these hearings to consider the best approach toward achieving this goal.

The basic choice we face is this: are we willing to continue to let housing and homeseekers carry the bulk of the burden of the fight against inflation, or can we find a way to boost the housing sector of our economy without adding excessively to the inflationary spiral? I believe the answer to the latter question is yes—particularly because housing is one of the least inflationary expenditures which the federal government can make.

Admittedly, in our current economic climate, every additional federal dollar which is pumped into the economy is inflationary to some degree—but some are more inflationary than others. A dollar spent on home construction, for example, is considerably less inflationary than a dollar spent on military hardware. This is because the military expenditure adds one dollar to the economy (e.g., paying the salary of the worker who produces the weapon) without adding to the total goods and services available to our consumers on which to spend that dollar. As a result, an increased number of dollars circulates in the economy, available to be spent on the same amount of goods and services, and thus prices automatically rise.

On the other hand, a dollar made available for home construction not only adds one dollar to the economy, but also produces up to a dollar's worth of new housing on which that extra dollar can be spent. Consequently, such expenditures tend to be considerably less inflationary.

This is an admittedly one-dimensional economic model, but the point I seek to underscore is that we can and must make distinctions as to how best to combat inflation and at what cost to our citizens. We must avoid the ritualistic over-simplifications which might otherwise tempt us to refuse to make additional federal funds available for *any* purpose, all in the name of fighting inflation. Such an approach would come very near to the proverbial throwing out the baby with the bath-water.

With this view in mind, Mr. Chairman, I am pleased to have joined Senator Brooke in sponsoring one of the major bills under consideration at this hearing today, the Emergency Home Finance Act of 1974 (S. 3436).

This bill is designed to increase the availability of mortgage credit for residential housing, by creating a special $5 billion National Housing Trust Fund for direct government lending of mortgage money through existing FHA machinery and FHA approved thrift institutions. Under our bill, the Secretary of Housing and Urban Development would have discretionary authority to make the loans available wherever and whenever he determines that mortgage credit is not available on reasonable terms.

It should be pointed out that what we are proposing here is not a $5 billion raid on the taxpayers' pocketbooks. Indeed, this proposal would not cost the taxpayers a penny. The Trust Fund would be created by an initial $5 billion loan from the U.S. Treasury, which would be fully repayable with interest, out of the proceeds from the mortgage loans made available to home buyers. Thus, the cost of this program would be paid for by the people who need it and use it, rather than by the taxpayers generally.

The advantage of this approach is that it would provide direct and immediate relief where it is most needed—at times of tight money and in areas of the country where mortgage credit is least available—and it would do so without disrupting our over-all fight against inflation.

This legislation may not be a perfect bill in its current form, and I welcome the Committee's attention to any improvements or changes which might make it more workable. But the basic direction it embodies is an essential one if we are to steer a middle course between such alternatives as more sweeping measures—for example, loosening up the over-all money supply across the board, which would ease the mortgage crisis but at the expense of even more rampant inflation—and a continuation of the status quo, with more piecemeal efforts to ease the problem at the margins while we "hunker down" and wait for inflation to run its course.

The time to act is now. Too many home buyers and sellers in my own state of Maryland have already been forced to watch helplessly as the home they have scrimped and saved for a life-time to buy eludes their grasp in the endless wait for the mortgage which was never approved.

In concluding, Mr. Chairman, I am pleased to introduce to this Committee other witnesses from Maryland who are here with me to testify on their own frustrating experiences in financing the buying and selling of homes. After becoming immersed in all the analysis and data associated with an issue as perplexing and complicated as this one, it is easy to forget that underneath all the interest rates and inflation rates, individual human beings, people with unexceptional hopes and aspirations for their families, are the ones who bear the burden of the current mortgage credit crisis. Theirs are the lives that are being disrupted, and theirs are the needs we must meet if we are to avoid a continuation of the process whereby the American Dream seems more like a nightmare to too many of our fellow citizens throughout the land.

National Constructors Association,
Washington, D.C., September 19, 1974.
Hon. Charles McC. Mathias,
U.S. Senate,
Washington, D.C.

Dear Senator Mathias: I am enclosing a copy of a letter I have directed to the Honorable James T. Lynn, Secretary of Housing and Urban Development, which expands on remarks I made at the forum on Inflation in the Housing and Construction Industry, held in Atlanta, Georgia, on Thursday, September 12, 1974.

Also, I am enclosing a copy of a position paper submitted by the National Constructors Association detailing our concerns and setting forth recommendations concerning the collective bargaining problems facing our industry.

We believe that the situation we face is very grave indeed and cries out for leadership and action not only by representatives of government, but by representatives of the industry, both management and labor, as well as by client user organizations, construction supplies, and the individual customers of our industry.

I hope you will have the opportunity to read these remarks and comments and give them serious thought and consideration. Whether you agree or disagree with all the positions and recommendation taken herein, we hope that you will understand the depth of our concern in this matter, and that you will feel free to call upon us for discussions of those areas where you may have questions, or wish to discuss further.

Very respectfully yours,
Maurice L. Mosier,
Executive Vice President.

National Constructors Association,
Washington, D.C., September 16, 1974.
Hon. James T. Lynn,
Secretary of Housing and Urban Development, HUD Building, Washington, D.C.

Dear Mr. Secretary: As a followup to my comments which I expressed at the Housing-Construction Anti-Inflation meeting in Atlanta last Thursday, I would like to expand upon my contention that the cost of energy is the most significant underlying factor in the severe "inflationary-recession" financial situation that exists today, and urge that this fact be recognized by all agencies of government, so that steps can be taken to relieve this situation. Until this happens, I do not believe that there is any hope of achieving real relief in this area.

Apparently it is not recognized by many people, including some representatives of government, that the cost of energy permeates for all practical purposes, every aspect of the nation's economy in the form of increased costs in the processing industries, ranging from farming, food processing and packaging building materials, manufacturing equipment, and machinery manufacturing, and in fact, into the refining, processing and transportation costs of the energy producers themselves. This is why we suddenly have a world-wide energy problem, which as I pointed out is much more severe in countries such as Japan, Italy, Britain, and other European countries, than it is in the United States, since we are able to supply most of our energy requirements without having to rely upon other nations as the above countries must do.

Part of the box that we find ourselves in must be laid directly at the door of the Environmental Protection Agency, OSHA, the Federal Power Commission and other regulatory agencies which have contributed to confusion and delay in the establishment of realistic standards to the point that for nearly four years no new petroleum refining facilities were built in this country and nuclear power projects have been delayed through months and years of hearings, court fights, etc., and constantly changing guidelines. Now that we are looking to our vast resources of coal, this area is also being boxed into a situation where Mine Enforcement Safety Act overlapping with OSHA regulations may make it prohibitive if not impossible to mine coal on an economically feasible basis.

It is a simple fact that the economy of this country runs on two commodities, energy and money. The cost of both of these commodities have more than doubled since the imposition of the oil embargo. Both of these resources are increasingly in short supply. I believe that the tight supply of money and the high costs that now prevail in the money market, are largely the result of the increased cost of energy, and that the only way that this situation can be corrected is to act to develop our energy resources as the number one priority of our country.

As you will recall, Mr. Robert A. Georgine of the Building and Construction Trades Department, Mr. John F. Lyons of the Ironworkers International Union, and Mr. Martin J. Ward of the United Association of Plumbers and Pipefitters, brought to the attention of the conference last Thursday afternoon the fact that some $3.5 billion of power plant construction had been cancelled or delayed within the past three weeks. There is evidence that other delays and cancellations will push this figure much higher. Most of these units being delayed are nuclear generating units. These cancellations are primarily due to the liquidity problems of the utility companies and their inability to raise the funds necessary for the needed construction in the money market that exists today, because the revenues which would be generated are not sufficient to assure the financial integrity of their bonds. I believe that it is "criminal" that these cancellations are occurring, because these facilities are so badly needed to free up the fossil fuels that are essential for other purposes. With all the unemployed building tradesmen that are available in Detroit, Cleveland, New York and other areas where these cancellations are occurring, we could take a large step toward relieving the unemployment problem in these areas if we could get on with these projects. But it cannot happen unless some sanity is brought into the regulatory maze that currently exists.

I know from first hand experience with the Alaskan pipeline that the four years of delay resulting from the environmental battles, court suits, etc., have resulted in the cost of this project more than doubling from the estimates that were projected in 1970. Were it not for the fact that practically all of the pipe and most of the related steel required for the line was purchased three or more years ago, the costs would be even higher.

On another energy related facility of which I have personal knowledge, I know for a fact permits and authorizations had to be obtained from 38 different regulatory agencies at all levels of government before any action could be taken to commence actual construction. Foot dragging or delay by any one of these agencies can put the fate of the project in jeopardy or at least delay it and escalate the cost sharply. And the particular case I refer to did not involve nuclear energy or nuclear fuel in any way. Where nuclear projects are involved, the confusion, delay and number of regulatory agencies involved are even larger.

That is why we of the National Constructors Association urge the creation of a new and separate Office of Construction to serve, among other things, as the focal point for coordinating and hopefully, minimizing all this confusion and costly duplicity. Such an office would also provide a vehicle for mounting an effective manpower development program as well, and should be a positive force to bringing all aspects of the industry together in a joint effort to overcome the monumental problems that exist. It could also serve to bring about a recognition of the fact that the management as well as the labor structure of this largest of all industries needs a drastic overhaul.

In summary, I offer the opinion that the Congress must re-examine some of the legislation that it has enacted in recent years with respect to environmental standards, occupational safety, workmen's compensation, etc., because they are simply more than we can afford under the critical circumstances which exist today. We are convinced that the energy shortage is far from being solved and that severe weather conditions this year, or in the near future, will make this fact abundantly clear and bring the American people to the brink of real disaster, if not beyond that brink.

Therefore, in addition to the position paper which we offered for your consideration at the Atlanta conference, we urge that the following steps must be initiated at the earliest possible time:

1. Creation of an Office of Construction for the reasons enumerated above.

2. Re-examination of the practicalities of the Occupational Safety and Health Act of 1971.

3. The curtailment of, or at least a moratorium on, certain of the regulatory aspects of the Environmental Protection Agency, until such time as new energy facilities can be brought on stream.

4. Authority must be granted and incentives established to encourage the exploration for petroleum crude and natural gas both on land and off shore.

5. Priority should be granted to the development and installation of new coal processing techniques to produce fuel in both gas and liquid form, as well as to create "clean coal" to ease the problem in those areas where coal can serve as the cheapest means of fuel for the conversion to electrical energy.

6. We must "take the lid off" nuclear energy and thus permit us to get on with the rapid development of nuclear power generation, so that hopefully, in the next 20 years we can shift to this source for most of our electrical generating capacity. The success of the Commonwealth Edison Company in Chicago and the surrounding area should be evidence that this is an economically sound alternative.

7. The Federal Energy Agency should, with the enabling actions of the Congress, devise and place into effect a system of incentives for encouraging the development of solar, geothermal, and tidal power generating systems.

I believe that the priorities that we must establish before we can whip the problem of inflation (or perhaps an eventual recession) whether it be in the area of housing, general construction, or business in general, make a solution to the energy problem, the first step toward combating "Public Enemy Number One," Inflation, as defined by President Ford.

The National Constructors Association, whose member companies have engineered and constructed for our clients more than 75% of the energy and energy related facilities now in existence in this country, hope to continue this record, and stand ready to give our full cooperation to this most critical problem. We need some help and relief for ourselves and for our clients, however, if we are to get the job done in the time frame we believe is necessary.

We appreciate the opportunity of expressing our views before the forum in Atlanta, and are taking steps to communicate these views to members of Congress as well.

Respectfully yours,

William I. McKay,
President.

[National Constructors Association]

Summary of Position Paper on Inflation in the Construction Industry

(By M. L. Mosier, Executive Vice President)

1. Since removal of economic controls early this year, the industry has returned to its traditional system of local collective bargaining which is now producing a new inflationary wage spiral.

2. The industry must therefore restructure its collective bargaining process but this will require time.

3. As an urgent interim measure, the government should set up some form of wage controls for the construction industry.

4. Other factors which should be investigated and resolved include the inflationary impact of costs resulting from material shortages, EPA and other regulatory agencies, OSHA, exceedingly high interest rates and manpower shortages.

[National Constructors Association]

Position Paper on Inflation in the Construction Industry, September 10, 1974

The National Constructors Association represents numerically a small segment of the construction industry, 44 member companies, which engage primarily in the design-engineering and construction of major heavy industrial facilities and their supporting infra-structure. While small in number, this group accounts for nearly 40 per cent of the dollar volume of new construction contracts in this industrial segment of the construction industry. In 1973, these firms received new contract awards in excess of $22 billion. At present, all member companies operate as union shop contractors, which means that their projects are carried out under agreements with Building Trades unions affiliated with the AFL–CIO. These agreements provide for the acceptance of local area union wages and working conditions on these large scale projects.

Since the mid-1960's our member companies have been forced to accept the impact of unreasonable and inflationary settlements which have been negotiated in specific local areas, where the negotiators representing management have had little or no concern for the effects of such costs on the large projects in which our members are involved. Therefore the costs of these projects have accelerated sharply. These cost increases have affected our clients, the steel mills, the power companies, petrochemical manufacturers and other process industries, both directly on the cost of the project and indirectly as these wage schedules invariably move into the classification structures of the manufacturing or process industry as well.

In other words, as the rates of pay of craftsmen on construction work has escalated, the rates of pay for those employees in process industries engaged in mechanical (maintenance) work have moved up in a corresponding manner. The result has been an upward push for all other industrial and manufacturing wage rates. In the end what we have had is a general inflationary spiral that commenced to accelerate rapidly about 1967 and which we believe contributed to the inability of major U.S. industries, such as steel, aluminum, shipbuilding and equipment manufacturing to compete effectively in the world market. A further result was that during this period much needed expansion in these capital intensive industries did not occur and we are now faced with the need to expand and modernize in order to keep our facilities competitive with the modern facilities that have been built in Japan, Germany and throughout many other areas of the world.

In 1967 and for three succeeding years wage rates were on a dangerous cycle of escalation. During most of these years average hourly wage rates increased at a rate of approximately 20 per cent per year far outrunning the cost of living increase. The industry had the dismal record of suffering one strike for every three collectively bargained contracts that were negotiated.

It was this record that forced the Nixon Administration early in 1971 to take the first steps in the area of wage controls. Six months before the imposition of Phase I wage and price freeze the President established by Executive Order a system of wage controls for the construction industry. The control mechanism, the Construction Industry Stabilization Committee, succeeded in three years in bringing down the average annual wage increases from something over 18 per cent to about 5.5 per cent, a record unmatched in any other industry.

Even with the stabilizing influence of CISC from 1971 to 1974, the wage escalation in the construction industry during the last seven years is unacceptable from the standpoint of a stable economy. Evidence of how construction wages have outstripped rises in the cost of living is seen in a study made recently in the Dallas-Fort Worth area by the North Texas Contractors Association.

Using 1967 as a base, the study shows that the cost of living, according to Bureau of Labor Statistics figures for the Dallas area had increased a total of 43.3 per cent by May of this year. Construction wage rates almost exactly doubled the COL record, increasing by an average of 87.1 per cent during the same period.

There is disturbing evidence that the irresponsible locally negotiated wage increases of the pre-CISC period are again afflicting our industry. We have numerous instances where one-year wage increases of more than $2.50 per hour have been achieved by some construction trades since controls were abolished last April 30th. These huge increases will have a trigger effect on other trades and could make next year's round of negotiations the worst in the history of the construction industry.

Because of this history of unstable collective bargaining, responsible leaders of the industry are well aware that there is a need for the application of internal restraint with respect to negotiations and for a complete restructuring of bargaining relationships which have existed in this industry since the pre-World War II period.

To accomplish these very significant changes in the collective bargaining relationships, however, it is necessary that a new governmental authority be created as an Office of Construction either at the Assistant Secretary level in the Department of Commerce or as a separate governmental unit, empowered to recommend and, if need be, enforce those actions necessary to restructure and stabilize this industry.

These changes, among others, will almost certainly involve the transfer of the single-craft bargaining procedure now in effect to one involving wide-area or perhaps nationwide, multicraft bargaining. A "blue ribbon" committee of construction experts and collective bargaining experts will be required to study, evaluate and recommend legislation as may be needed. Given the diffuse, decentralized nature of the industry, these internal changes will require time, perhaps a year or more. During this interim period—in order to meet today's crisis—we believe that a return to federal wage stabilization is necessary in the construction industry. Legislation re-establishing the legal basis for government control over the construction industry should be given priority consideration. Once legislation is enacted, executive action is essential to reconstitute CISC or a similar agency. Such an agency should be given authority, not only to review and approve future wage contracts in the industry, but also to require, where indicated, a roll back of new 1974 increases to acceptable levels. These actions should be effective until such time as the recommendations of the blue ribbon committee are received and fully implemented.

We do not believe that it is necessary to reimpose wage and price controls on other industries, however, as we are convinced that competition and the forces affecting the market place will result in reduced prices for most materials, and that the collective bargaining structure of most other industries is such that hard bargaining by both management and union negotiators will keep the aspects of wage inflation within manageable limits. However, we reiterate that this is not the case in the construction industry because the structure of our industry is such that economics and the law of supply and demand really have little to do with the end result of negotiations. Even though there is a high percentage of unemployment among building tradesmen in New York City, Detroit, and elsewhere, it is very likely that wage scales in the magnitude of those negotiated in San Francisco, Los Angeles, Arizona, Nevada and the West Coast generally, will be the pattern for New York and the large eastern metropolitan areas when they negotiate next year. And, unfortunately, at this time, and under the bargaining structure that exists, hard bargaining has little beneficial effect, as may be attested to by the fact, that on the West Coast, we have had instances where employers have suffered long strikes, three and four months in many cases, during which time clients suffered huge financial losses due to the delay incurred and continued high interest costs on their uncompleted projects, and still ended up agreeing to wage settlements in the range of $2.50 per hour for one year, and the prospect of having to face the same ordeal next year if their projects have not been completed by that time.

We believe that the construction industry presents a special problem that mere monitoring cannot control. It requires drastic action that may well be unnecessary for the rest of the economy. The patient need not be placed in a body cast to treat a severe abscess on the foot, but the foot requires special treatment to effect a cure and prevent a dangerous spreading of the infection.

There are many other factors contributing to the dangerous inflationary situation that exists today. They include:

1. Material shortages and "price in effect at the time of delivery" quotations from suppliers.

2. Overly stringent and frequently capricious or malicious application of environmental protection regulations, resulting in costly delays, manpower misallocation, expensive material storage, the general inability to meet scheduled completion dates, and the tying up of large amounts of capital during these delays. As an example, for more than two years a coalition of so-called environmentalists and wild life protectionists were able to delay the commencement of the construction of a major manufacturing facility by Offshore Power Systems, a joint venture of Tenneco-Westinghouse, on Blount Island, in the St. Johns River Estuary, Florida. This facility, which had the support of a vast majority of the residents of the greater Jacksonville, Florida area, will be used to manufacture standardized "floating" nuclear power generating units. It will be essentially a shipyard and no nuclear loading operations are to occur at this site. Approximately 9000 skilled, semi-skilled and technical employees will be required to perform the work that is envisioned here, and it will contribute substantially to the economic vitality of Jacksonville and the surrounding area. The site of the plant is a "mud flat" that represented four tenths of one per cent of tidal marsh lands of Duval County (which has one of the largest areas of tidal marsh land of any county in coastal America). This project was delayed for more than two years, during which time the costs of the facility have escalated more than 25 million dollars, on the grounds that it would have a severely adverse impact upon the ecology of this tidal area.

3. Excessively high interest rates.

4. The application of costly and unrealistic safety regulations under the Occupational Safety and Health Act of 1971. As an example, while it is recognized by all good business managers that good safety programs, and safe working conditions are not only humane and therefore desirable, they are also good business economically. The time losses of experienced personnel and the medical costs incurred in the treatment of injured workmen, and the benefits due them during the periods of their inability to perform useful work, are of such significance that any reasonably enlightened business manager knows that the application and enforcement of proper and safe working procedures and working conditions is "just plain good business." Notwithstanding this fact, however, member companies have experienced many situations in dealing with OSHA where unrealistic and, in our opinion, unjustifiable regulations have been formulated and promulgated, that we believe go far beyond the intent of the Congress in the enactment of this law. One example of this type of regulation relates to the required installation of Ground Fault Circuit Interrupters on all construction projects. A position paper dealing with the specifics of this problem is attached.

There are many similar areas of "regulatory unreality" that have contributed to our overall problem by forcing many small foundry operations throughout the United States to go out of business. Many people may feel that this is as it should be—that if such a business is unable to adapt its operations to all of the EPA, OSHA and various regulations that have been prescribed, then such a business is a "dinosaur" which must die. However, the death of these operations, generally small by business standards, is one of the primary reasons why we now experience severe delivery and cost problems on such items as valves, gears, and other equipment derived from heavy castings.

5. Manpower shortages. A major problem area faced by heavy industrial constructors is the inability to get qualified workmen in areas where large industrial projects are underway or are being planned, even though unemployment levels are supposedly high in many major metropolitan areas, particularly in the metropolitan northeast. At the present time we are experiencing manpower shortages in practically all craft categories on major projects in the Rock Springs-Green River, Wyoming, area, but the inability to get manpower into the area has forced contractors to go onto "scheduled overtime" which sharply escalates the cost of the project to the client. There are many areas in the less densely populated areas of our country where this situation exists. In Wyoming, Western Colorado, Utah, Northern New Mexico and Arizona, more than $10 billion of heavy industrial projects involving coal gasification, oil shale recovery, power generation, and minerals development are on the books for the next five years, as a part of "Project Independence."

In order to meet the manpower requirements for the areas mentioned, a revised accelerated training program in mechanical and electrical-electronic trades needs to be formulated to utilize all modern training techniques and equipment to shorten the training time span.

STATEMENT OF THE NATIONAL CONSTRUCTORS ASSOCIATION IN RESPONSE TO THE ADVANCE NOTICE OF PROPOSED RULEMAKING FOR GROUND-FAULT CIRCUIT PROTECTION, AUGUST 9, 1974

(Federal Register, Vol. 39, No. 113, Tuesday, June 11, 1974 [29 CFR Parts 1910, 1926, 1915, 1916, 1917, 1918]

The National Constructors Association (NCA) welcomes the opportunity to express our views and comments on Ground Fault Circuit Protection in response to the Advance Notice of Proposed Rulemaking which was published in the Federal Register; Vol. 39, No. 113, June 11, 1974.

The National Constructors Association is composed of forty-two nationally known engineering-construction companies which operate throughout the United States and abroad. Examples of facilities our member companies design and construct are oil refineries, pipe lines, petrochemical and chemical plants, mining and metallurgical facilities, nuclear, fossil fuel and hydro electric power plants, pulp and paper mills, and many other industrial processing facilities. Our combined annual business in 1973 was over $16 billion with bookings alone exceeding $18 billion for 1974. A directory folder listing the Association's membership, officers and other information is attached.

The National Constructors Association fully supports the intent and purposes of the Occupational Safety and Health Act of 1970. The Association's member companies have demonstrated their concern for the safety and health of their employees by achieving significantly lower accident and severity rates as compared to similar Labor Department heavy construction rates. Members of the Accident Prevention Committee of NCA have served in a multitude of responsible volunteer positions in the American National Standards Institute, the American Society for Testing and Materials, the National Fire Protection Association, the National Safety Council and in other volunteer associations nationally for the past 25 years. The NCA has continually worked with the Department of Labor to assist at the state, regional and national levels to further the causes of the Occupational Safety and Health Act of 1970.

This Association has been concerned with the requirements for Ground Fault Protection since the publication of the 1971 National Electrical Code.

Based upon reports of the difficulties encountered in attempting to employ these devices, the Association's Accident Prevention Committee scheduled a seminar on Ground Fault Circuit Interrupters (GFCI's) at its April 1973 meeting in Washington, D.C. Representatives from Underwriters' Laboratories; the National Electric Code (NEC), Code Making Panel Two, Technical Subcommittee on Ground Fault Protection on Construction Sites; and the National Electrical Manufacturers Association participated. An invitation was also extended to the Electrical Branch of the Department of Labor, Office of Standards, but they declined to attend. At that meeting the members of the NCA expressed their concern over the problems being encountered in attempting to use the GFCI devices on construction sites.

At the July 1973 meeting in Denver another seminar on GFCI's was held. Again, members of the National Electrical Code Technical Subcommittee and members of the National Electrical Manufacturers Association were present. With additional months of experience and the increased number of GFCI units installed in our field testing program, it was confirmed that serious problems were being encountered in keeping circuits operable. Excessive nuisance trips caused numerous work interruptions indicating that the use of Class A GFCI's was not practical on construction sites.

By the time of our October 1973 meeting it became obvious that while the National Electric Code Technical Subcommittee, the National Electrical Manufacturers Association and Underwriters' Laboratories were cognizant of problems, they were not reacting. Further, the members reported differing OSHA interpretations on the application of GFCI's on the construction site.

The NCA members' concern over these interpretations, which would require the wholesale application of GFCI's on construction sites coupled with the mounting evidence that these devices were not functioning as intended, prompted the Association to meet with the Honorable John Stender, Assistant Secretary of Labor, on November 19, 1973, to discuss the problems with the GFCI standard.

Following the Department of Labor's order to indefinitely delay the GFCI requirement and the scheduling of Public Hearings, NCA members continued their first testing program. These companies reported a total of 2,775 GFCI's installed with a cumulative length of service of 16,828 GFCI months, or more than 1,400 GFCI years of experience. By comparison, the Technical Subcommittee of the NEC Code Panel's report was based on the use of fewer than 55 GFCI's for an undetermined length of time. Of these 2,775 installed, the members reported that 341 were removed from service because of unsatisfactory performance.

These above views were expressed by NCA at the public hearing on February 26, 1974.

With regard to the request for comments published in the Federal Register of June 11, 1974, the NCA respectfully submits the following views and information:

1. SUGGESTED STANDARD

NCA is overwhelming opposed to the suggested standard.

After participating in the February 26th hearing, listening to the presentations and subsequently reviewing the transcript in detail, we fail to understand how the suggested standard could result from the data presented at the public hearing. Even if the Department of Labor could demonstrate the need for a GFCI standard, which it has not, such a standard would have to be clear and practicable and one which could be uniformly enforced. The definitions as stated in the suggested standard are vague and ambiguous. For instance, the definition of "damp location," conductive surfaces and the requirement for all "outdoor" locations lacks the clarity of an effective standard.

The change in the Class A GFCI trip level from 5 ma to 5±1 ma will not alleviate the nuisance tripping problem which our extensive field testing program has indicated is the primary problem in implementing GFCI protection on construction sites. We cannot understand why the Department of Labor has failed to undertake a study to determine the maximum trip value which is safe and practicable.

Further, we question why the Department of Labor would contemplate proposing a standard which would not recognize the new National Electric Code as adopted in 1974 which stipulates that permanent plant receptacles would not require GFCI's.

If after evaluation of the comments concerning this suggested GFCI standard there is further consideration of any GFCI standard, the NCA respectfully requests a full public hearing.

2. SUITABLE ALTERNATIVES

Suitable alternatives to the suggested standard regarding GFCI's should involve the enforcement of the existing OSHA electrical standards.

The National Constructors Association has previously recommended that a special emphasis program on temporary electrical distribution systems on construction sites be developed by OSHA to inform the industry of existing temporary electrical standards.

3. SUPPORTED WORK INJURY EXPERIENCE

NCA has surveyed their membership from January, 1969, to July 1, 1974, resulting in 1,030,852,592 manhours of field construction exposure. This exposure resulted in 61 "medical only" cases, 4 disabling injuries, 114 days lost and one questionable fatality. Four agencies investigated this fatal accident. They included safety experts from the Corps of Engineers, the Company's Insurance Investigators, an individual Consultant, and the Company's own Safety Division. The Corps of Engineers stated: "Ground Fault Circuit Equipment might have eliminated the fatality." The other three investigators indicated that GFI equipment would not have eliminated the fatality. However, to be completely objective in our survey, it has been included.

This exposure is the equivalent of 515,000 man years of work, or a sufficient labor force to construct 150 of the nation's largest industrial complexes. These statistics certainly substantiate our position that properly planned, installed and maintained electrical systems provide adequate protection for employees.

4. ESTIMATED COST OF COMPLIANCE

Eighty percent (80%) of the membership responded to the cost data survey. Using conservative guidelines the members have indicated it would cost seventeen million, one hundred eighty-two thousand dollars ($17,182,000) in labor and material to bring their current operations into compliance with the suggested GFCI standard. Further, this initial cost is merely the "tip of the iceberg" and tremendous additional costs will be incurred in unnecessary loss of productivity due to frequent nuisance tripping and the additional cost required to maintain these devices in continuous service.

The promulgation of a GFCI standard would have an enormous economic impact on American industry without appreciatively increasing the level of safety for employees.

The National Constructors Association respectfully requests that the suggested Ground Fault Circuit Interrupter standard of June 11, 1974, not be promulgated.

AMERICAN NATIONAL BUILDING AND LOAN ASSOCIATION: RESOLUTION CONCERNING FEDERAL TAX EXEMPTION OF DIVIDENDS ON SAVINGS ACCOUNTS

Recognizing and sharing the concern at all levels of government and society of the effects of inflationary pressures and accompanying high interest rates, and particularly concerned with the increasingly distressing effects of disintermediation in our national economy, and most particularly concerned with the inability of the small saver to share and participate in higher yields on modest sums accumulated, which dividends are essential to the well-being, if not, indeed, the very existence of the small account holder, the Board of Directors of the Federal Home Loan Bank of Atlanta, assembled on this 28th day of August, 1974, hereby makes the following observations and recommendations and hereby resolves that:—

1. The national housing industry and all of its allied industries are vital to the economic and social well-being of our country and supply one of the basic and essential elements in the everyday existence of our people—shelter.

2. The national housing industry and all its allied industries are experiencing an increasingly severe recessionary period, necessitating complete stoppage of operations in many areas and resulting in drastic depletion of housing stock.

3. The main source of funds supplying the housing industry is the savings and loan industry, which, together with other types of thrift institutions, are engaged in keen competition for savings funds with other types of

investment opportunities not related to housing.

4. The savings and loan industry always maintains its readiness and willingness to serve the nation's housing requirements whenever and wherever funds are available to do so.

5. It is considered that the small savings account holder could well be the backbone of the savings and loan industry and such account holder is, and should be, encouraged to the fullest extent.

6. This encouragement should be in such form as to assure an infusion of savings funds into savings and loan institutions, which can be channeled into the housing industry without necessitating higher dividend or interest rates and with little or no loss in federal revenues.

7. All the aforegoing qualifications are contained in the proposal which is recommended by this Board; that is to say, provide federal tax exemption of a sum not less than $1,000.00 received as dividends or interest on savings accounts in financial institutions where a majority of such savings is invested in housing.

8. This legislation be enacted with all due dispatch as an immediate requirement for the health of the national economy.

REMARKS OF CHAIRMAN M. E. KETTLER, CHAIRMAN, KETTLER BROTHERS, INC., GAITHERSBURG, MD.

As legislators, I don't know if you gentlemen are interested in the builder's plight. I know nobody else cares if we go bankrupt. I don't know if you're interested in the lack of housing available for the American people, primarily because the legislators haven't been living up to their commitments to the national housing goals. Or I don't know if you're interested in the unemployment crisis, where *instead* of people producing things for their fellow Americans—and paying their share of taxes in the process—they're now forced to draw unemployment at the public trough.

When we have all these facets to look at, it's hard to know what to talk about—especially if you're also interested in discussing solutions.

However, the building industry is in a mess, and for you who don't know me (I think most of you do), our little company is reportedly the largest privately-owned home building business in the State of Maryland. In August a year ago we had 680 employees. But more to the point, in August of '73 we had 478 in construction operations. This August we were down to 251 in construction. That's a 227 drop (47%). That's 227 people looking for work—and we're just a drop in the bucket. Our business has gone from producing 1052 units in 1972, 1207 units in 1973, down to 386 this year. This is a 68% drop. The most substantial part of the drop has been in rental units, where in Montgomery County and Maryland we're under rent control, so nobody wants to build them, and even if we weren't under rent control the economics wouldn't work out because no mortgages are available, and if the mortgages were available, the rates would be so high as to prohibit new apartment construction. Our for-sale housing production has fallen 49% from '73 to '74, our rental housing has fallen 94%—and we are planning no more rental housing at this time, though we have the land already zoned and the capability to produce.

There's nothing magic in this business. The high cost of interest that we've had in the past few years is passed right on to the consumer. However, there is little worry about *high interest* any more, because in the last five weeks the mortgage market has dried up completely. (City Corp. and Treasury issues were the final crush.) You will see builders advertising because they're selling and closing mortgages that they procured a year or two ago, but if you go into the market today to get mortgage money to start a new community, the money isn't there at *any price!* So though the Maryland Usury Law still creates stupid and artificial impediments—it is rather academic at this point.

Now, in Maryland during last January and February, we had a 2.2% unemployment rate in the construction industry. As of April, it was 11.2%. In August it was 14.4% and by year end may well be 25%! One of the problems of the construction industry is that a bricklayer or a carpenter and a lot of this type of employee don't even know they're out of work until they haven't been able to find a job for about 90 to 120 days. They're prideful people. And they don't want to go dipping in the public trough except as a last resort. They'll do anything before they do that. So you have a very peculiar lag in your unemployment statistics in the construction industry. But when you're going to see it all come to a head is in the next few months because almost NO houses are being started at this time because we can't get a mortgage commitment at any price. When there aren't any houses in the production pipeline this fall and next winter, that's when the unemployment problem is going to come and rest right on your desks. We've carelessly programmed millions of Americans right out of their right to housing. There's no reason for it.

You see, the condition in Maryland is about the same, if not a little worse, than the rest of the country. The primary reason we're a little worse off is that we were slowed down earlier, pending the changing in the Usury Law and we also are injured by some of the sewer moratoria, which is a separate issue. However, the rippling effect of direct construction layoffs is the same here as it is throughout the country. For every construction person who is unemployed, there is direct and indirect loss of about one and one-half other jobs, appliances, automotive, retail sales, advertising, services and so forth. Hence, the ripple effect which follows is about to make things ever so more serious. Former Federal Reserve Governor Sherman Maisel told the construction pre-summit in Atlanta last Friday:

"Imagine the surprise of a man from outer space if he arrived today, and was told inflation was our No. 1 problem, and that we are fighting it primarily by 'cutting back on production and investment,'" Maisel declared. "Clearly, he would think we were mad to try to bring down prices by creating supply shortages. Yet, that is what present policy depends on."

Federal economic policies are about as dumb as Secretary Lynn's recent statement. He meets with the President. He comes out, and tells the press for the fifth week in a row, that the problems of this industry are going to be solved when interest rates come down. Now that's dumb, dumb, dumb!

Anybody knows that. Do we have to pay a Secretary of Housing to tell us something that my ten-year old kid can tell me? What we have to do is get them down! Because even if it requires a little bit of subsidy, I can tell you it's cheap, because the alternative is going to be very expensive. And I'd suggest that you legislators go back to your office, talk to your colleagues, and tell 'em about what's happening. Take my company alone. Very simply, it's going to be sending two million dollars less in taxes to your federal government coffers this year. The couple hundred unemployed who we've laid off aren't paying you any taxes. In fact, they're now drawing unemployment. My little company will produce about a half million less in taxes for the State of Maryland this year. But these tax shortages won't show up until you close your tax books next April. Then somebody turns up and says, "Hey, we didn't come up with enough tax money." There are about 100,000 builders in this country—their stories are all the same. You better begin to think about it. And you better begin to do something about it.

You that know me, recognize that I am about as conservative as they come. And the whole damn thing would be a lot better off if the Federal Government would stop messing with business. This country was built by people and industry, not Government. But the Government has chosen to get into it, and we have a managed economy, like it or not. So if we're going to have a managed economy, let somebody stand up and start looking at the American people who are producing good usable assets and wealth for this nation, instead of non-productive and worthless paper work in the bureaucracies. Start thinking about how we can help the housing industry. It's a peculiar industry. We know today that housing, to be meaningful, has to have a moderate price interest rate for long periods of time. It can't be cyclical. So it's going to have to be a lasting commitment on the part of the Federal Government to see that it's there. I can assure you that in spite of what the theoreticians say, if you exempted from federal taxes the first $1,000 of interest earned in a savings and loan or any savings institution that puts some 70% or 80% of their money into housing, you will come out on the federal budget and national wealth in a plus situation. Because the flow of funds will start turning people to work, doing things and earning things and creating things for their fellow man, which, in turn, creates taxes as a by-product, and that's what you run the government on. Note: This simple action requires no bureaucracy to implement. The system is there, ready, willing and anxious to work.

The alternative which will solve the problem quickly is, I would suggest, that you gentlemen cut the federal budget by 24%. Because that's just half of what you have asked the builders to do. "24%!", you say, "oh, but we have all these programs and all those programs to take care of." Well, you sit behind my desk one day. We just happen to have programs, too. Except for one difference, my wife's name is on my debts with me. And when I say I have to cut a program, I know I still have to pay my bills. In this business today you have to be pretty damn creative. So as far as I'm concerned, your cutting your federal budget 24% is nothing. (If you don't know how to do it, we builders are experts and will be glad to show you how.) I suggest that 24% of the bureaucracy in our federal, state and local governments get off their backside and go out and start doing something for their fellow man, other than putting roadblocks in his way and creating more inflation. These people that are not producing goods but are still getting paid, are going into the market and competing for the few goods that the real producers have created. If we keep going this direction, we're going to run out of goods. But we're going to have plenty of money! But it isn't going to be worth anything. If we moved our economy over to a barter system, the bureaucratic paper shuffler would starve to death.

Gentleman, please, understand, I'm no crybaby. I can take care of myself, and every one of these builders in the room can, too. We're not crying about us, and our ability to not make money. That isn't the problem.

We have people who have worked for us for years. They're specialists in this field. They've spent a lifetime learning this industry. They're no good for other industries. They're real people. And now we're forced to tell them, "so long pal." Come to our office some time when we're laying people off. You'll see how it is.

My Daddy told me a long time ago, never ask anyone to do something you won't do yourself. So I make this proposition to you:

Either you see to it that our industry has the means to get back on its feet—OR—you come to my office at layoff time and handle the dirty work—and tell them why you did nothing.

REMARKS OF DAVID C. SMITH, PRESIDENT, STATE OF MARYLAND INSTITUTE OF HOME BUILDERS, INTRODUCTIONS

Our present economic policy for curbing inflation in addition to our other current state and local problems of no growth and moratoriums has lead to a record number of employees being laid off and many more will be added to this list as winter approaches.

Many of these employees worked for some of our most capable firms who have gone bankrupt or are facing bankruptcy due to our present economic policy.

These are the same employees who helped carry the major burden of our taxes, and the one who elected you as their representatives.

Recently I heard a man say after being laid off, "I now draw unemployment, get food stamps, signed up for medical care, work a couple days a week without any withholding, and at the end of the year file for my taxes paid in and get those back, so I never had it so good." Certainly this is not what we want to encourage by our present policies.

We are here this afternoon to let you know first hand just how bad it is and that you haven't seen the worse of it if it continues on the same path without something being done about it immediately here in Congress.

Bankruptcy and unemployment create hysteria and panic, which are the basic causes of a depression. We are seeing runs on our savings and loans and thrift institutions which can only lead to financial disaster to the country.

We support a reasonable degree of restraint and a sound fiscal policy as long as the burden is evenly distributed to all industries. We also support sensible, orderly growth. We and our employees will support you as political leaders, but only if we can stay in business and continue to employ our people.

Working and fighting to curb inflation is better than not working and drawing unemployment. This industry has played a major role in making the state what it is today and we hope to continue in the future, but this can only be done if you take the immediate steps as recommended by our speakers this afternoon. The economic policies which have been pursued the last couple of years and are now bringing nothing but disaster to this industry must be changed immediately. We are looking to you, as our elected officials, to get this job done. We are ready and willing to work with you at any time you want to call on us.

PROBLEMS OF THE HOMEBUILDER

(By Joseph F. King, CPA)

Everyone connected with the construction industry has serious, and in some cases, insurmountable problems. Builders have large inventories and cash shortages; workers are unemployed; lenders are unable to fund existing commitments; and saddest of all, the American people are being denied the opportunity to purchase homes. Many builders are unable to cope with these problems and as a result find themselves faced with foreclosure and in all probability bankruptcy. The builder, who for many years kidded about remaining in business because he started with nothing and in all probability will end up with nothing, now finds himself in the unenviable position of having that axiom come true.

Unemployment in the industry is now approximately 12% as compared to an overall rate of 6% for the country. The 12% rate is expected to increase substantially unless immediate action is taken. At the present time, builders are making a concerted effort to complete projects in process. Once this has been accomplished, there will be little or no starts until existing inventory is liquidated. As a result, many more construction workers can look forward to joining the ranks of the unemployed sometime before the end of the year.

Lenders having problems funding existing commitments cannot even consider new commitments. Real Estate Investment Trusts (REIT's), a major source of funds for this industry, are faced with an increasing number of delinquent loans. Many have ceased paying dividends; some have even considered terminating their REIT election. In cases where they have been able to negotiate additional lines of credit, such additional funds have been and will be used to fund existing commitments. Commercial banks have traditionally made construction loans only if the builder had a permanent take out commitment. With the current raid on savings and loan deposits by the sellers of commercial paper and treasury notes, the lending activities of savings and loan companies have been severely curtailed or terminated. In short there are little or no new construction funds in the market place.

As a result of inflation and high interest rates, the American people are unable to purchase the homes they so desperately want and need. Even if they are fortunate enough to have the minimum down payment, they cannot qualify for a loan. For example, a house in the Washington area that sold for $32,000 in 1971, now sells for $45,750. In 1971 a Grade 11 in the U.S. Government could qualify for a loan on a $32,000 house, but today his salary does not qualify him for the $45,750 equivalent. In the United States today, the average selling price of a new home is $35,800. Based on current lending policies, a 90% loan on this house requires a family income of approximately $16,000. It appears that we have effectively excluded the average American from home ownership. Simply put, the demand is there but the income is not.

Some may ask: "Why doesn't the builder cut the sales price?". The biggest reason is that he can't. He can't because high interest rates have cut substantially into the builder's profit, if indeed any profit remains. Take for example the builder who planned to construct 100 units and had a construction loan commitment at 3 points over prime, when prime was 7%—(an interest rate of 10% which he could afford). Now he finds himself paying 15% since prime has risen to 12%. Since he already has problems qualifying purchasers for permanent loans, this additional interest cost must be absorbed. Consider also, in connection with tight money and high interest rates, that this same builder now finds that he is unable to qualify purchasers under his commitment for permanent loans. In the past this same lender would stretch a point and provide permanent financing even though the purchaser fell a little short of qualifying based on family income. The builder had every right to expect that this situation would continue, but the permanent lender has now found a way to legally avoid honoring his commitment to provide a permanent loan at 8% plus one point. As a result, the builder now has inventory in various stages of completion which he cannot sell. Keep in mind that this inventory is now costing him 15% interest which is 5% higher than his original estimate.

It is evident that any extended period in this posture can only result in foreclosure. Foreclosure, in turn, will result in bankruptcy because the builder more than likely has signed personally on all of his business loans. I don't believe the country can afford to lose capable builders in this fashion. These problems confront not only the small builder, but also the large builder. For instance, our firm has been engaged to assist a number of large public companies that have been experiencing serious problems caused by the same factors being discussed here today. When large public companies are unable to cope successfully with today's problems, small builders have very little chance for survival unless they receive help.

Some companies, in an effort to avoid foreclosure and/or bankruptcy, have entered into nonjudicial arrangements with their creditors. Under this method each secured lender normally assumes responsibility for funding the completion of his respective project and a pro rata share of the company's overhead. The unsecured creditors defer payment of amounts due them until the project is completed and the units sold. The company, thus, is at least, left in the position of continuing in business. (In this situation, the secured lenders receive their money first, the unsecured creditors second and any balance remaining is the builder's.) To implement this arrangement, a number of factors must be present:

1. An early warning system to alert builders to the seriousness of the situation before it is too late;

2. A written plan of action, including reliable projections, which show clearly how the company can survive if all parties cooperate;

3. A meeting of all concerned parties where the cards are laid on the table; and

4. Agreement by the parties to proceed.

In this type of arrangement, which is preferred over foreclosure or bankruptcy, there is, as the saying goes, good news and bad news. First the good news—the company remains in business. Now the bad news, its immediate future is mortgaged to pay for its present.

Now that I have highlighted the problems and some of the things builders are doing in their effort to survive, I will offer some solutions that could help alleviate their numerous problems. To survive, the building industry needs both temporary and long-term help. The availability of additional construction funds merely helps builders complete their product. They must also be able to market their product. Therefore, they must have access to both construction and permanent financing. There are a number of ways that this can be accomplished, some of which are:

1. Exempt from income tax all or a part of the interest earned on deposits placed in savings and loan associations. This would cause an inflow of funds to the associations and should also allow them to make mortgage loans at lower rates.

2. Provide a mortgage investment credit on home mortgages created after a specified date. Since a primary concern is the ability of middle income families to obtain mortgage financing, there might be maximum dollar ceilings on credit per residence.

3. Require pension funds to invest a percentage of their portfolio in residential mortgages. The current pension legislation contains a provision permitting trustees to make loans to beneficiaries providing such loans are adequately secured. The pension funds should be encouraged to make loans under this provision.

4. Establish a government program for conventional loans similar to the FNMA-GNMA Tandem Plan to absorb "excess points" on construction and permanent loans. This would have the effect of stabiliz-

ing the cost of money and still give lenders an incentive to invest in real estate loans in times of high interest and tight money.

Prompt action on some or all of these suggestions will help everyone. The builder can liquidate his inventory; he can furnish employment for construction workers; lending institutions will become more liquid; and above all, the American people can once again realize their dream of home ownership—which is, after all, one of their rights.

STATE OF MARYLAND
INSTITUTE OF HOME BUILDERS, INC.,
Annapolis, Md.

SHORT RANGE HOUSING ECONOMIC ACTIONS FOR MARYLAND

To: Members of the U.S. Senate and House of Representatives.

The housing sector of our economy in Maryland is in the grip of a depression. Starts of homes and apartments are at a semi-annual rate of 12,445 units, the lowest since the first half of 1970, and 58% below the rate of the first half of 1972, 28,481. The rate of unemployment in the housing industry is in excess of 38,000, more than twice that of the national rate of unemployed. It is estimated that an outflow of over $80,000,000 of annual payroll, with an estimated $19,000,000 in federal taxes contributed, will end up in a negative position from the reports of those drawing unemployment compensation.

MARYLAND BUILDING PERMITS

	Privately owned structures					Privately owned structures W/S or moro	Valuation privately owned					
	Total	1 unit	2 to 4 units	5 or more units	Public housing		Total	1 unit	2 to 4 units	5 or more units	Publicly owned	Total all units
July 1972	4,720	3,385	6	1,329								
August 1972	5,749	3,397	1,147	2,037	168		83,402,000	65,207,000	40,000	18,155,000		166,804,000
September 1972	4,031	2,073	84	1,874			100,670,000	72,460,000	1,791,000	22,807,000	3,612,000	201,340,000
October 1972	5,161	3,003	6	2,132			65,840,000	42,084,000	1,309,000	22,448,000		131,681,000
November 1972	3,184	2,033	8	1,143			83,485,000	53,320,000	52,000	30,113,000		166,970,000
December 1972	3,213	1,670	6	1,537			63,488,000	48,154,000	160,000	15,174,000		126,976,000
Total	26,058	15,561	257	10,052	168		51,532,000	33,730,000	53,000	17,749,000		103,064,000
Average at unit cost B. & M.		@20,240	@13,288	@12,579	21,500		448,417,000	314,955,000	3,405,000	126,446,000	3,612,000	896,835,000
January 1973	3,875	2,142	6	1,727			71,349,000	41,867,000	56,000	29,426,000		142,698,000
February 1973	4,044	1,511	196	2,337			63,592,000	35,967,000	1,687,000	25,938,000		127,184,000
March 1973	5,972	2,430	7	3,535			90,345,000	59,466,000	98,000	30,781,000		180,690,000
April 1973	4,702	2,675	202	1,825			98,740,000	65,153,000	2,458,000	30,664,000		196,549,000
May 1973	5,506	2,884	124	2,498			105,072,000	66,074,000	2,184,000	36,814,000		210,144,000
June 1973	4,382	2,047	8	2,327			90,065,000	55,501,000	84,000	34,484,000		180,134,000
Total	28,481	13,689	543	14,249			518,697,000	324,028,000	6,567,000	188,107,000		1,037,399,000
Average at unit cost B. & M.		@20,018	@12,094	@13,201								
July 1973	4,356	2,479	6	1,871			92,016,000	58,930,000	72,000	33,014,000		
August 1973	4,783	2,723	45	2,015			92,272,000	62,942,000	468,000	28,862,000		
September 1973	3,276	1,459	4	1,813			62,103,000	32,421,000	40,000	29,643,000		
October 1973	4,251	1,716	8	2,527			59,075,000	37,135,000	60,000	21,880,000		
November 1973	2,067	1,071	10	986			35,713,000	25,532,000	141,000	10,040,000		
December 1973	838	765	4	69			19,218,000	18,131,000	62,000	1,006,000		
Total	19,571	10,213	77	9,281			360,397,000	235,091,000	843,000	124,445,000		300,379,000
average at unit cost B. & M.	@23,019	@10,948	@13,409									
January 1974	2,341	1,383	9	949			39,063,000	29,354,000	114,000	9,594,000		78,125,000
February 1974	1,762	1,020	9	753			29,674,000	22,851,000	130,000	6,719,000		59,374,000
March 1974	1,323	1,126	8	189			29,547,000	25,852,000	86,000	3,609,000		59,094,000
April 1974	2,144	1,433	15	695			44,699,000	37,177,000	242,000	7,279,000		89,397,000
May 1974	2,893	2,117	10	766			61,483,000	53,105,000	130,000	8,249,000		122,967,000
June 1974	1,982	1,424	3	555			40,963,000	34,331,000	55,000	6,577,000		81,926,000
Total	12,445	8,503	54	3,907			245,429,000	202,670,000	730,000	42,027,000		[1] 490,856,000
Average at unit cost B. & M.		@23,835	@13,518	@10,757								
Percent decrease	(58)	(83)	(375)	(157)								
July	2,228	1,360	11	901			38,752,000	31,651,000	174,000	6,927,000		
	16,036											

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[1] 111.3 percent.

TYPICAL MARYLAND HOME

	Labor man-hours	SMSA scale plus contributions	Total labor costs	Material cost includes suppliers labor
Engineering	30.0	8.61	258.30	
Earthwork: Machine operator	27.0	7.65	206.55	
Roads and parking: Machine operator, concrete and blacktop	13.0	7.65	99.45	
Curb, Gutter, and sidewalks: Concrete finisher	7.5	7.35	55.13	
Machine operator:				
Storm sewer	2.5	7.35	18.38	
Sanitary sewer	2.0	7.35	14.70	
Water	2.0	7.35	14.70	
Sediment control	10.0	7.65	76.50	
Concrete:				
Finisher	25.0	6.78	169.50	900.00
Laborer	8.0	4.24	33.92	
Machine operator	8.0	7.35	58.80	
Masonry:				
Bricklayer	24.0	8.90	213.60	2,800.00
Laborer	40.0	4.24	169.60	
Waterproofer: Sprayer-laborer	4.0	4.24	16.96	3.00
Termite control-laborer	2.0	4.24	8.48	2.00
Steel				1,300.00
Carpentry:				
Rough lumber	154.0	7.34	1,130.36	1,600.00
Trusses	16.0	7.34	117.44	370.00
Millwork	30.0	7.34	220.20	1,020.00
Plumbing: Journeyman	64.0	7.79	498.56	1,302.00
HVAC: Sheet metal	55.0	7.61	418.55	931.00
Electrical	48.0	8.85	424.80	320.00
Roofing	16.0	7.35	117.60	452.00
Siding (in carpentry)				600.00
Windows and doors (in carpentry)				120.00
Insulation: Asbestos	4.0	6.89	27.56	174.00
Drywall	32.0	6.89	220.48	1,318.00
Stairs				160.00
Ceramic tile	10.0	6.84	68.40	271.00
Painting	24.0	7.07	169.68	460.00
Flooring: carpetlayers	8.0	8.70	69.60	710.00
Kitchen cabinets (in carpentry)				350.00
Appliances				500.00
Bathroom equipment				175.00
Rough and finish hardware				180.00
Garage door: Carpenter	4.0	7.34	29.36	95.00
Glazing: Glazier	1.0	7.97	7.97	10.00
Ornamental Iron	2.0	7.34	14.68	30.00
Fences: Carpenter	3.0	7.34	22.02	122.00
Sod or seed: Laborer	2.0	4.24	8.48	169.00
Landscaping: Laborer	2.0	4.24	8.48	95.00
Clean up: Laborer	8.0	4.24	16.96	
Total labor and material	687.0		5,005.75	16,540.00
Labor				5,005.75
Total construction costs per averages $43,000 unit				21,545.75

PROPOSALS FOR IMMEDIATE ACTION

The housing industry has been the hardest hit of all the nation's industries by economic policies which have relied almost totally on "tight money". It has imposed a disproportionate heavy burden on thousands upon thousands of home-seeking families. It has overstayed its usefulness, and could lead to deeper crisis. As an industry which has borne an inequitable burden in combatting inflation, housing needs special relief and, therefore, submits the following recommendations:

Expanded special assistance for the Federal Home Loan Mortgage Corporation in providing 8¾% mortgage loans through the Home Loan Bank System. A similar program should be established in the Federal National Mortgage Association (FNMA).

Reactivation by the Federal Housing Administration of its operative builder commitment which gives lenders assurances of permanent mortgage availability and lessen the impact of very high rates for construction loans.

Institution by FNMA of a program of loan advances for construction of single family homes similar to that it operated for FHA multifamily homes.

Legislation be enacted specifically authorizing the Federal Reserve Board to establish variable asset reserve requirements for different categories of loans by commercial banks, thereby lowering those on assets invested in mortgages.

Legislation providing for exemption from income tax the interest earned on savings, thus encouraging savings in institutions which provide the bulk of mortgage lending.

Legislation encouraging pension funds, as a condition for continuing tax exemptions, to invest more of their funds in residential mortgages and mortgage-backed securities.

The Federal Reserve Board and Bank Regulatory Agencies use actual and implied powers and persuasion to get more liquidity into construction and development loan markets, and to get supervised banks not to call the loans in these difficult times.

Provide a mortgage tax credit for investors in residential mortgages, in addition to preserving the present treatment of bad debt reserves of thrift institutions.

Legislation, such as the Canadians are proposing, to encourage saving for a down payment on a new home. This includes deducting from taxable income up to $1,000 per year set aside in special saving accounts which could be used for home purchase.

Reactivation of the government assisted production programs of housing for low and moderate income families as authorized by the Congress.

(These recommendations are expanded in attached background papers.)

EXPANDED SPECIAL ASSISTANCE FOR CONVENTIONAL RESIDENTIAL MORTGAGES

The present program of the FHLMC providing 8¾% mortgage loans through the Home Loan Bank System should be expanded by the enactment of legislation providing additional funds. A similar program should be established in FNMA with an authorization of funds at least equal to that available to the FHLMC program.

The $3 billion program announced in May, with the making of 8¾% mortgage loans through FHLMC, has been extraordinarily successful. All the funds under the program were committed within a period of approximately two months after the program started. Because of the high demand for these funds it is important that future borrowing authority be made available to keep the program going. One way in which this could be accomplished is through the enactment of H.R. 11221 now in conference between the House and Senate. The Senate version of this bill provides an additional $2 billion in borrowing authority for the Home Loan Bank System. Alternatively, separate authorization specifically for the use of FHLMC could be enacted. Whichever course is most desirable should be pursued vigorously.

While the FHLMC program has been highly successful, it is not directly available to all mortgage lenders since only insured financial institutions can deal directly with FHLMC. Thus, mortgage bankers, insurance companies and other lenders, who normally look to FNMA for a secondary market for conventional mortgage loans, have not been able, in many cases, to provide these loans. FNMA should have a program, similar to that of FHLMC, for those lenders it normally deals with. This would enable the extensive facilities of FNMA to be made available and relieve some of the present administrative pressure on FHLMC.

For both the present program of FHLMC, with respect to those commitments which have not yet been used, and any future funds that may be made available through FHLMC and FNMA, there should be established a maximum mortgage limit high enough to cover most middle-income home purchases. The present $35,000 limit applicable to the FHLMC program is totally inadequate.

FHA OPERATIVE BUILDER COMMITMENT

FHA should reinstitute use of the operative builder commitment, particularly in this time of tight money. Administrative precautions can be taken to keep a reasonable limit on the number of such commitments outstanding, and yet provide the builder and buyer, in times of general unavailability of mortgage credit, with the benefits of the program.

Such commitments would be issued when the FHA field office director is satisfied that the builder has the ability of complete construction and to market the home in a satisfactory manner within a reasonable amount of time.

This program was begun a number of years ago to encourage builders to use FHA mortgage insurance. These commitments provided the construction lender the assurance that a permanent mortgage would be avaliable even if a qualified buyer for the home built under commitment was not immediately available.

It worked this way: The loan was closed; 85% of the proceeds were disbursed to the builder, and 15% was held in escrow. At the time a qualified buyer was found, the escrow amount was released, and the purchaser had the benefits of a high ratio loan to value insured FHA mortgage.

FNMA CONSTRUCTION LOAN ADVANCES

FNMA should institue immediately a program of construction loan advances for single-family homes similar to that which it now operates for FHA multifamily loans. This new program should be applicable to homes being built for both conventional and FHA/VA permanent financing. FNMA has the authority to undertake such a program and the experience, under its present multifamily program, to initiate such a new program quickly.

Funds for construction loans have become increasingly scarce. Even where avaliable, the interest rate charged home builders frequently is in the range of 15% to 17%, since such loans are made at the prime rate (presently 12%) plus three to five percentage points. This extraordinarily high interest rate is impossible for many home builders to afford. When they are able to carry such loans, the cost of the housing they produce is driven up even higher as a result of these high construction loan costs.

With FNMA participating in construction loans the effective interest rate on such loans should be able to be brought down considerably. It also will supply a secondary market source of funds which is just not available today for construction loans. This assured source of construction financing, in conjunction with a FNMA take-out for permanent financing, should enable many home builders to start construction of new housing that would otherwise not be built because of the present status of the construction loan market. It should also enable FNMA to acquire some short-range assets more in keeping with its increasing amount of short-range debt.

VARIABLE ASSET RESERVES FOR COMMERCIAL BANKS

Legislation should be enacted specifically authorizing the Federal Reserve Board to establish variable asset reserve requirements for different categories of loans by commercial banks. The history of this legislation should make it clear that the Fed is expected to use this authority during times of tight money, such as the present, to encourage the flow of funds into housing.

At present, commercial banks which are members of the Federal Reserve System are required to maintain reserves at their Federal Reserve Bank equal to a certain percentage of their demand deposits and of their time and savings deposits. The Federal Reserve Board is also authorized to modify these reserve requirements to effectuate monetary policy through encouraging shifts in the structure of bank deposits and assets. While this authority could be interpreted as permitting the establishment of supplementary reserve requirements based on classes of assets, specific authority to do so, with emphasis on the need to encourage the flow of funds into housing during times of credit stringency, would be much clearer and direct.

Thus, the Fed would be authorized to establish lower reserve requirements on those assets invested in housing mortgages. Conversely, it would require higher reserve requirements on those assets representing consumer installment loans and business loans. This would encourage the shifting of funds into housing loans, even though installment and business loans could earn higher returns, during periods of tight money. When money availability eased, the difference between the reserve requirements could be moderated or eliminated. This would help to alleviate the burden of monetary policy on housing when it is used to control inflation, spreading the burden more evenly through the economy.

TAX EXEMPTION ON INTEREST EARNED

To encourage the small saver and to enable him to obtain a return commensurate with that of wealthier, sophisticated investors, legislation should be enacted to exempt from taxation a portion of interest earned, up to $1,000 on savings accounts.

The small saver, backbone of the nation's thrift institutions, generally is unable to take advantage of investment opportunities which have a ready market and a much higher yield than the ordinary savings account. Normally, he is not able either to take advantage of tax-free municipal bond investments.

The type of tax incentive proposed would encourage savers to keep their funds in institutions which invest the great bulk of their assets in housing mortgages during times of high interest rates on other investments. In normal times, the incentive would spur greater inflows of savings and assist in assuring the availability of funds necessary to meet the nation's housing needs. Proposed legislation has been introduced which would carry forward this purpose, and NAHB supports it.

PENSION FUNDS

Private pension plans began a major growth in the 1940s and 1950s. Today more than half of the nation's work force is covered. Pension reserves mounted from $2.4 billion in 1940 to over $140 billion today.

The pension funds benefit from tax exemptions which are continued in a pension bill setting government standards for funding and operation of private plans to protect their beneficiaries which was signed by President Ford on September 2, 1974.

Investment of portions of these funds in residential mortgages, particularly safe and secure government insured or guaranteed mortgages, would increase the availability of mortgage money and ease the effects of tight economic policies.

It is proposed that legislation be enacted that would encourage such funds to invest in residential mortgages as a condition for continuing to enjoy tax exemption. It would be particularly healthful to the national economy, the housing industry, and the pension funds.

For example, pension funds have made what are considered to be heavy investments in common stocks which have fallen steadily in value. It is reported that a study by the Value Line Investment Survey found that at the end of 1973 some 375 companies' pension funds had declined by $10 billion because of falling stock prices. Stock prices are much lower today. Funds that could have been invested in residential mortgages would have increased.

FEDERAL RESERVE SUPPORT FOR RESIDENTIAL CONSTRUCTION LOANS

The Federal Reserve System should support, to the maximum extent possible under present law, residential construction loans by commercial banks to home builders by encouraging the use of its discount window for this purpose. Legislation should also be enacted to expand the ability of commercial banks to rediscount notes representing residential construction loans with the Federal Reserve Banks, or as collateral for advances from these Banks. Legislation should also be enacted permitting the Federal Reserve Banks to make direct loans to home builders for residential construction purposes, or to purchase such loans from member and nonmember lenders.

One of the principal reasons for the present slowdown in housing construction is the present limited availability of construction financing and then only at extraordinarily high interest rates. This has been brought about primarily by the action of the Federal Reserve System in exercising severe monetary restraint, resulting in shortages of funds for lending and historically high interest rates. Housing is the main victim of these efforts of the Fed and it is therefore only appropriate the Fed undertake some efforts to ameliorate these effects.

Under present law, notes representing residential construction loans with maturities not in excess of nine months from the time of presentation and a firm take-out commitment are eligible at the Fed discount window. The Fed should affirmatively encourage commercial banks to utilize such paper for their borrowings from the Fed. Since many construction loans are for longer periods than nine months, legislation should be enacted to extend the maturity period to at least three years.

In 1934 the Federal Reserve Act was amended (12 USC 352a) to permit Federal Reserve Banks to make loans to businesses who were unable otherwise to obtain funds from usual sources. This provision also permitted the banks to discount for, or purchase from, any lending institution, member or nonmember, such obligations. The maximum maturity on these obligations could not exceed five years. Although this legislation was repealed in 1958, its re-enactment would be very useful for supporting the housing industry which finds it almost impossible in many areas to obtain necessary funds for continued construction activities from the usual sources and then only at interest rates which are unbearable. This legislation was enacted to deal with exceptional circumstances, which is what the housing industry is confronted with today.

MORTGAGE INVESTMENT TAX CREDIT

Legislation should be enacted providing for an investment tax credit for a certain percentage of the interest earned annually by investors in residential mortgages. This provision should be patterned after the proposal of the Administration contained in its Financial Institutions Act, but its enactment should not be conditioned on elimination of the present provisions of the tax laws governing bad debt reserves of thrift institutions.

At the present time the principal investors in conventional residential mortgages are thrift institutions, both savings and loans and mutual savings banks. Insurance companies have almost abandoned the residential mortgage market and commercial banks, while still a major lender, are not a consistent one, tending to avoid residential mortgage loans in times of tight money as the present. Thus, economic conditions, which result in fall offs in the flow of savings to thrift institutions, have a severely disproportionate effect on the residential mortgage market.

The existence of a mortgage tax credit, scaled upward in proportion to the extent of the assets of the investor invested in residential mortgages, should have a beneficial effect on the availability of funds for residential mortgage lending. It would encourage insurance companies, commercial banks, and other potential lenders to put their funds into residential mortgages and to leave them there during times of monetary restraint. This would help to avoid the disproportionate effect that monetary restraint has on the residential mortgage market. At the same time thrift institutions should not be penalized by having eliminated present tax incentives with respect to their bad debt reserves.

HOME SAVINGS PLAN

The Canadian Government has proposed a Registered Home Savings Plan that might be emulated in the United States. Under the proposal, all taxpayers over age 18 who do not own a home would be able to contribute up to $1,000 a year, to a maximum lifetime amount of $10,000, to a registered home ownership savings plan. These contributions would be deductible for income tax purposes.

The income earned by the plan would bear no tax and the proceeds from the plan would be exempt from income tax if they are applied as a down payment for a first-time purchase of a house.

HOUSING ASSISTANCE PROGRAM

The Sections 235 homeownership and 236 rental programs, which have proved successful in producing housing for low and moderate income families should be reactivated immediately.

Since inauguration of the 235 program, 60% of families receiving assistance have had their subsidies decreased at each recertification and approximately 15% of the families have gone off subsidy entirely. Thus, the 235 program has provided decent housing to hundreds of thousands of families unable to acquire it unaided, but who are upwardly mobile and ultimately capable of assuming full responsibility for the cost of their housing. Essentially, the 236 program has done the same for renting families, many of whom eventually move on to better housing they can afford without assistance.

When Congress authorized these programs, it recognized the risk and established a separate mortgage insurance fund for Sections 235 and 236 and other high risk activities authorized at the same time. The fund was not expected to be actuarially sound and appropriations were authorized to make up any deficits incurred. Yet six years after the programs were authorized, their operations appear to be actuarially sound, and HUD's own study supports this in respect to the 235 program.

Problems have been encountered, largely through poor administration and HUD moved to correct this problem. Congress also recognized these in the Housing Act of 1974, made provision for counseling of families receiving assistance to be mandatory rather than discretionary, strengthened down payment requirements, and authorized additional assistance for rental projects where tenants and landlords have been caught in the inflationary squeeze. These and other changes should result in sounder assistance programs. It is estimated that there is available and uncommitted over $200 million for the 235 program in contract authority and over $100 million for the 236 program.

"THE HOME PURCHASE ASSISTANCE ACT"

We highly endorse the legislation introduced by Senators Alan Cranston (D., Calif.) and Edward W. Brooke (R., Mass.) directing the Department of Housing and Urban Development to lend $10 billion in 8¾ percent mortgages to spur the sale of 350,000 more homes over the next 12 months.

Houses covered by the bill would have a ceiling price of $45,000 for the Maryland area.

HUD Secretary James T. Lynn already has discretionary power to borrow housing funds at 8¾ percent interest and lend them out at the same rate. But the Cranston-Brooke bill would make *mandatory* the purchase of $5 billion in mortgages on around 175,000 new housing units, plus another $5 billion in mortgage on existing units.

The "Home Purchase Assistance Act" creates a Housing Trust Fund which will draw on the Treasury for loans of up to $10 billion per year. The money would be made available through the Government National Mortgage Association (Ginny Mae).

The Housing Trust Fund would operate without expense to the taxpayer. While the trust fund would be able to obtain loans from the Treasury issues, all loans from the Treasury would be repayable with interest.

Funds loaned by the Treasury to the trust fund would not be included in the total federal budget and would be exempt from any limitation or annual expenditures or net lending as are funds borrowed by the Export-Import Bank under the provisions of the Export Expansion Finance Act of 1971.

The PRESIDING OFFICER. All time available to the proponents of the substitute has expired. The Senator from Texas has 30 minutes.

Mr. TOWER. All of my time is under the control of the Senator from Massachusetts.

The PRESIDING OFFICER. Very well. The Senator from Massachusetts has 30 minutes; the Senator from California has no further time.

Mr. BROOKE. I will, of course, yield time to my colleague. We have time on the bill.

Mr. CRANSTON. Yes.

Mr. SPARKMAN. Mr. President, I have an amendment. I will have time, will I not?

The PRESIDING OFFICER. The amendment cannot come in until all the time has expired on the substitute.

Who yields time?

Mr. PROXMIRE. Will the Senator from Massachusetts yield?

Mr. BROOKE. I yield.

Mr. STENNIS. May we have order, Mr. President?

The PRESIDING OFFICER. Let us have order in the Chamber.

Mr. PROXMIRE. It was my understanding that when the managers of the bill finished their statement, I would have the opportunity to call up my amendment. I am informed by the Parliamentarian that I cannot call up my amendment until all time has expired. Maybe I can do so by unanimous consent.

Mr. President, I ask unanimous consent that, notwithstanding the fact that there is a brief time remaining on the side of the proponents, I may call up my amendment without the time running solely on the substitute amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I send an amendment to the desk in behalf of myself and the Senator from New York (Mr. Javits) and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. Proxmire's amendment is as follows:

On page 4, line 13, section 313(b) of Title III of the National Housing Act as amended by section 3 of the Cranston-Brooke amendment is further amended by striking the period at the end of paragraph (C) and adding the following: ", but in no event shall such rate exceed a rate equal to the average yield during the month preceding the month in which a commitment to purchase such mortgage was issued on all marketable bonds of the United States maturing in more than six but less than 12 years from the date of such commitment (exclusive of bonds with a coupon rate of less than 6 percent) plus one-half of 1 percent, adjusted upward to the nearest one-eighth of 1 percent."

Mr. PROXMIRE. Mr. President, I ask unanimous consent when I yield to the Senator from Utah (Mr. Moss) for purposes of calling up an amendment, and also for purposes of a brief colloquy with the managers of the bill, that I do so without having the time he uses be taken from the time on my amendment. If it is, I would not have any time left to argue.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOSS. I thank the Senator from Wisconsin.

I ask that his amendment be temporarily set aside.

I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MOSS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 8, line 6, insert the following new section:

Sec. 4. (a) Amendment of Internal Revenue Code to Allow Deductions for Energy-Conserving Alterations of Taxpayers' Residences. Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (Relating to additional itemized deductions for individuals) is amended by redesignating section 219 as 220, and by inserting after section 218 the following new section:

"Sec. 219. Energy-Conserving Improvements of Taxpayer's Residence.

"(a) In General.—A taxpayer may elect to treat energy-conserving residential improvement expenses paid or incurred by him during the taxable year as expenses which are not chargeable to capital account. The expenditures so treated shall be allowed as a deduction for that taxable year. An election under this subsection shall be made at such time and in such manner as the Secretary or his delegate prescribes by regulation.

"(b) Limitation.—The deduction allowed a taxpayer under this section for any taxable year shall not exceed $1,000.

"(c) Definition.—For purposes of this section, the term 'energy-conserving residential improvement expense' means any ordinary or necessary expense paid or incurred during the taxable year for repairs or improvements, designed to reduce heat loss in winter and heat gain in summer, to property used by the taxpayer as his principal residence, and includes, without being limited to, the installation of insulation, storm windows, caulking, humidifiers, other efforts designed for energy conservation, and any device or system designed to utilize solar energy to provide heating or cooling which meets performance criteria established by the National Bureau of Standards."

(b) The table of sections for such part VII is amended by striking out:

"Sec. 219. Energy-conserving improvements of taxpayer's residence.

"Sec. 220. Cross references."

(c) Section 62 of such Code (relating to definition of adjusted gross income) is amended by inserting after paragraph (9) the following paragraph:

"(10) Energy-conserving improvements of taxpayer's residence.—The deduction allowed by section 219."

Sec. 2. The amendment made by this Act shall apply with respect to taxable year ending after the date of the enactment of this Act.

Mr. MOSS. Mr. President, this is a simple amendment to add a new section 4 to S. 3979, to provide assistance to taxpayers who make energy conserving improvements in their homes.

The amendment is identical to an earlier proposal of mine and Senator Cranston which the Senate adopted as an amendment to the first Emergency Energy Act which was vetoed by President Nixon. It would allow taxpayers to take a deduction of up to $1,000 for energy-conserving residential improvement expenses incurred during the taxable year. The definition of such expenses includes insulation, storm windows, weather-stripping, and any solar heating or cooling device which meets performance criteria of the National Bureau of Standards.

Energy is going to be in short supply for the foreseeable future and President Ford has called for conservation of energy, so while new sources of energy are being developed, the Congress should act to promote energy conservation and thus bring energy demand and supply more closely into equilibrium. My amendment will foster more efficient utilization of energy by encouraging taxpayers to buy energy conserving improvements for their homes.

Space heating of residences accounts for 11 percent of the total national energy consumption. Industry sources have estimated that through proper insulation we could save, by 1983, the energy equivalent of 1.2 million barrels of oil per day lost from residential heating. Additional savings on residential cooling would also be realized. According to Charles Berg of the Commerce Department's Institute for Applied Technology, most of the residential buildings in use today consume approximately 40 percent more energy for heating and air-conditioning than they would, had they been insulated and sealed in accordance with present day FHA minimum property standards. It is clear then that we need more and better insulation throughout the residential sector.

Mr. President, adoption of this amendment will make a major contribution to energy conservation, and I, therefore, urge its adoption.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BROOKE. Mr. President, I have discussed this with the distinguished Senator. He certainly has brought to the Senate an important amendment to give assistance to taxpayers who make energy-conserving improvements to their homes.

It certainly is in keeping with what the President has stated in his message to the Congress and to the Nation this week. It is a good amendment. It is an amendment which certainly ought to be passed.

However, we have a problem of germaneness of this amendment at this particular time. We fear that the point may be raised here in the Senate. If it was not, it certainly would be raised in the House of Representatives.

It is our hope, and I think the President's hope, that this being emergency legislation, we can see it passed without any amendments which might endanger its speedy enactment.

It is only for that reason that we cannot take this amendment. I personally hope, and I think my colleague from California agrees with me, that the Senator would find an appropriate vehicle on which to attach this amendment because it is an amendment that will be helpful to the housing industry, helpful certainly in the conservation of energy in the Nation, and, as I said, in keeping with the President's overall program for whipping inflation and conserving energy nationally.

Mr. CRANSTON. Mr. President, I would like to join in agreeing with the distinguished Senator from Massachusetts that this is a very fine amendment.

The objective is one that we must bring about. I have worked very closely with Senator Moss on this precise matter. It is a very important initiative that must be accomplished. I will work with the Senator to bring about its accomplishment at the earliest possible moment under a proper vehicle.

Unfortunately, its acceptance on this particular bill would break up the agreement that we have with the administration in an effort to swiftly enact legislation that can deal with the depression in the housing industry. Therefore, very reluctantly we just cannot accept the amendment.

Mr. MOSS. Mr. President, I understand the situation that exists. As I understand it, there is an informal arrangement with the House that they would take this bill which has now been fashioned and try to take it right from the desk in order to get it to the President before the recess.

I recognize that my amendment would add another facet that is possibly nongermane, though I am not sure that it is. Although it does try to get to the very objective of this bill, and that is to have people improve their homes, to improve the employment in the construction industry, it has the added feature that it would conserve energy.

However, recognizing the situation that exists and the consideration of my colleagues, I withdraw my amendment.

I thank the Senator from Wisconsin for his courtesy in yielding.

The PRESIDING OFFICER. The amendment is withdrawn.

The question now recurs on the amendment of the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield, under the same terms, to the Senator from Alabama (Mr. SPARKMAN) for the purpose of calling up an amendment, without the time being charged against me.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> Add after "insured" in the first sentence of section 313(b)(2) of amendment No. 1968: "under the National Housing Act or guaranteed under chapter 37 of title 38 of the United States Code or".

Mr. SPARKMAN. Mr. President, I have discussed this amendment with both the Senator from California and the Senator from Massachusetts, and I believe they are in a position to accept it.

Mr. CRANSTON. Mr. President, I am prepared to accept the amendment.

Mr. BROOKE. Mr. President, I am prepared to accept the amendment. I am satisfied.

Mr. CRANSTON. I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. HASKELL). All time having been yielded back, the question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to add the name of the distinguished Senator from Alabama (Mr. SPARKMAN) as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. It is the Sparkman-Javits-Proxmire amendment.

Mr. President, this amendment would provide for a realistic limit on the interest rate on mortgages.

Under the Cranston-Brooke substitute, the Secretary of HUD would be given broad authority to set the rate of interest on the conventional mortgages to be purchased under the program. HUD officials have said they plan to set the rate at 9¼ or 9½ percent. Mr. President, if we are talking about interest rates this high, we might as well forget it.

Anybody who tells you that he hopes that the rate will be set at a lower figure is really hoping, because with the experience we have had with this administration and with HUD, we know that when they tell us 9¼ percent or 9½ percent, that is a rockbottom minimum. A rate of 9½ percent is not going to give any relief to the middle-income home buyer who has been forced out of the housing market because of tight money and high interest.

It seems that every time we revise this bill, the rate of interest goes up. The original Cranston bill, S. 3456, provided for a rate of 7 percent. The bill reported by the committee last week set the rate equal to the Federal cost of borrowing, plus administrative expenses. According to my calculations, this would produce a rate of about 8¼ percent. Under the pending Cranston-Brooke amendment, the rate would increase to 9¼ or 9½ percent. We might say, Mr. President, that at this rate, we cannot afford to work on this bill a moment longer. It might end up at 10 or 11 percent.

Mr. President, there is no point in providing for a massive program to aid the mortgage market if the rate is beyond the ability of the average citizen. Under my amendment, the interest rate would be set equal to the average yield on 6- to 12-year Treasury bonds, plus one-half of 1 percent for administrative expenses. This would produce a rate of 8¼ percent. While this rate is still too high, it will accommodate many more buyers compared to the 9½-percent rate envisioned by HUD. Moreover, my amendment does not involve any subsidy to the buyer or net cost to the Treasury. It would not cost the taxpayer anything.

If the Treasury borrowing rate goes up, the mortgage rate also increases. In fact, I believe the Treasury will make money under my amendment. The additional tax revenues generated by the increased residential construction activity will provide a net gain to the Treasury.

Mr. President, the Cranston-Brooke approach of giving the Secretary of HUD broad discretion to set the rate is deficient for the following reasons:

First. A rate of 9½ percent envisioned by HUD does not give any real relief to middle-income home buyers who have been priced out of the housing market because of high interest rates. Under the Proxmire amendment, the monthly payments on a 30-year $30,000 mortgage would be $27 less than the payments required under the Cranston-Brooke approach. This means that 4.4 million additional families would be eligible for assistance under the amendment we offer;

Second. A rate of 9½ percent is far in excess of the current cost of money to the Treasury and results in a profit to the Treasury at the expense of the home buyer. As of October 8, 1974, the current average yield on 6- to 12-year Treasury bonds was 7.70 percent. This average excludes issues with deep discounts whose yields are lower because of certain tax advantages. If these issues were counted, the 7.70-percent average cost of money would be even lower. The yield on 6- to 12-year bonds was selected as the most appropriate because the average mortgage loan is typically refinanced within this time period. An additional allowance of one-half of 1 percent should be adequate to recover any additional administrative expenses;

Third. A program to purchase conventional mortgages with the interest rate set at 9½ percent will be virtually unworkable in those States with usury ceilings set at 8 or 8½ percent, unless an excessive number of points are imposed on the buyer or seller. Some of these States exclude FHA-VA mortgages from the usury ceiling. However, the Cranston-Brooke program is confined exclusively to conventional residential mortgage loans. The States with a usury ceiling of 8 percent are Alabama, Illinois, Minnesota, Missouri, North Carolina, Ohio, and West Virginia. Those States with a usury ceiling of 8½ percent are Kentucky, New York, and Vermont. The National Association of Home Builders believe the Cranston-Brooke program will be inoperable in these States unless the interest rate is brought down to the 8 or 8¼ percent range, as is done by the Proxmire amendment.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from New York, who is a cosponsor of the amendment.

Mr. JAVITS. I thank the Senator.

Mr. President, the amendment is very urgent. This is a great bill, and the President properly included it in his anti-inflation package. All of us are grateful to the chairman of the committee, Senator SPARKMAN; Senator TOWER, the ranking member, and the authors of this bill, Senator BROOKE and Senator CRANSTON.

However, the bill does have this very signal omission: The omission involves some 63 million Americans who live in the States just ticked off by Senator PROXMIRE. That is 30 percent of our population. It is hardly fair or proceeding in a nondiscriminatory way to simply lock them off and leave them out. They will get no benefit from this whatever, unless the Proxmire amendment or some other amendment which goes to the merits of the situation is adopted.

I proposed an amendment yesterday, which is printed, but I certainly yield to Senator PROXMIRE. He is the ranking member of this committee and knows this situation. I certainly wish to join him, as should all other Senators similarly situated to myself.

So, in the most elementary interests of fairness and nondiscrimination, with so large a proportion of our population involved, if we really want to help the housing situation and be nondiscriminatory about it, this amendment seems absolutely essential. I hope this excellent bill will be amended in this way.

Mr. PROXMIRE. Mr. President, I reserve the remainder of my time.

Mr. BROOKE. Mr. President, I said earlier that Senator CRANSTON, in his bill, originally had provided for a seven-percent interest rate; and I wanted to support that 7-percent interest rate because we want to spur housing construction in the country and at the same time have low interest rates for prospective home buyers. But we recognized that in order to do that, it would require a Government subsidy at a time when we were experiencing high inflation, and we agreed that there was a necessity for the Federal Government to cut back on expenditures rather than to expand them.

Only because of that, Senator CRANSTON and I agreed that we should go to the Treasury borrowing rate plus whatever percentage is required to cover administrative costs. If we did not do that, we recognized that we would have to provide a Government subsidy.

What is wrong with a Government subsidy? No. 1, we would be subsidizing people who would be in the $16,000, $17,000, $18,000 income bracket and above. I do not think the distinguished Senator from Wisconsin wants to subsidize housing for people who are able to pay for their housing, at a time when we have been cutting back the subsidies for low- and moderate-income housing.

Mr. PROXMIRE. Will the Senator yield.

Mr. BROOKE. I am very pleased to yield.

Mr. PROXMIRE. Does the Senator argue that the amendment provides for a subsidy? The amendment provides for the Treasury borrowing rate, the cost to the Treasury plus one-half of 1 percent for administrative expenses.

Mr. BROOKE. I am going to get to that. First I am going to ask the Senator what is the basis for his one-half of 1 percent administrative cost?

I think that is low. We discussed this in the hearings by the Committee on Banking, and the Senator was present. We had testimony that the administrative costs were 1 percent. I was shocked, as was the Senator from Wisconsin. We had hoped that it would be lower.

Now the Senator comes in and says that a half percent administrative cost is all that would be necessary. What is his basis for that statement?

Mr. PROXMIRE. If the Senator will yield on that point, there was not one shred of evidence adduced that the administrative cost would be that much. The fact is that the mutual savings banks are able to get away with one-half of 1 percent.

Mr. BROOKE. If the Senator will yield, what is the Senator's shred of evidence that the administrative cost is one-half of 1 percent?

Mr. PROXMIRE. The experience of those who handle these mortgages. That is their cost. That is what they get, plus the profit for them.

Mr. BROOKE. The experience of GNMA under the tandem plan has been 57 basic points or six-tenths of 1 percent in administrative costs. The administrative expenses under this new program will be greater—probably closer to 1 percent according to administration witnesses.

Mr. PROXMIRE. That is their argument, but our argument, on the basis of experience, is that this can be done for far less. We computed what this would be for $3 billion. The administrative costs here would be $15 million, three-eighths of which would go to the originator, and the $4 million is what it would cost the Federal Government on the basis of all our estimates, calculations, studies. The people we have talked to, both in government and out of government, who have been following this feel that will be ample.

Mr. BROOKE. Mr. President, I am in great sympathy with what the Senator from Wisconsin is attempting to do here. We have had no evidence before our committee that this could be done with one-half of 1 percent for administrative costs. I seriously question whether it can be done.

In addition to that, I think the Senator very well knows that if we accept his amendment, we are apt not to have any bill at all. We are apt not to have any emergency housing act passed by the Senate or by the House of Representatives, certainly not signed by the President of the United States, because it would be inflationary, and it would, or at least, the Senator would agree, would possibly require a subsidy.

Mr. PROXMIRE. May I say to the Senator from Massachusetts that in no way would this be inflationary, for any number of reasons.

For one thing, the resources that are going to be put to work here are idle resources. Unemployment is 12 percent of the construction trades, as the Senator knows. There are ample resources of all kinds, lumber and so forth, waiting because of the tremendous, dramatic drop in housing starts.

There would be no inflationary element here. Here is where the resources are to be put to work. Here is where we can have jobs, in the private sector, without an inflationary impact. The Senator, I think, has been in the forefront in the Congress on this.

Mr. BROOKE. I certainly have, for low- and moderate-income housing. But I certainly believe we ought not to call on the taxpayers to subsidize middle-income housing.

Mr. PROXMIRE. This is why it is tied to the Treasury borrowing rate plus half of 1 percent for administrative costs.

Mr. BROOKE. When the Senator says he ties it to the Treasury borrowing rate, what he does is tie it to the best of all possible worlds, coming out with the lowest possible Treasury borrowing rate, which is for medium-term Treasury issues—6 to 12 years, I take it, at about 7 percent. Then the Senator has added one-half of 1 percent to that, and that is how he comes out with 7.5 percent.

Mr. PROXMIRE. It was the middle range, 6 to 12, that we took for two reasons.

Mr. BROOKE. Of course, it is middle range. The Senator must admit that that is the best range.

Mr. PROXMIRE. No, we took it because that is the logical rate for mortgages. The life of mortgages is 6 to 12 years. We took it for the period during which a mortgage will last. A mortgage is not put for 6 months, it is not put for a year. A mortgage is put for 6 to 12 years.

Mr. BROOKE. Does the Senator wish to see this legislation passed?

Mr. PROXMIRE. I certainly do, and I feel very strongly that the President of the United States, recognizing—he may view that there is a slight subsidy in here. I doubt it. But recognizing the tremendous plight of the housing industry, and making this as 1 of his 10 points, he will, in all likelihood, sign this into law.

Mr. BROOKE. Does the Senator from Wisconsin realize that there is about $4.5 billion, I believe, of unused GNMA tandem plan authority at 7.75, 8, and 8.75 percent for FHA and VA mortgages? Does the Senator recognize this fact?

Mr. PROXMIRE. That is because there are 4 or 5 points to the seller.

Mr. TOWER. Will the Senator yield?

Mr. PROXMIRE. Yes, I yield.

Mr. TOWER. I wish to say that the administration views this as does the Senator from Massachusetts. If the amendment of the Senator from Wisconsin is adopted, then we will have no bill. The question is, Do we want an issue, or do we want legislation that is designed to help housing?

Mr. PROXMIRE. Will the Senator yield on that point?

Mr. TOWER. There is probably scant prospect that this amendment will be accepted in the House, and the current strategy is to try to pass this bill in the form agreed to by the authors of it and by the administration, and send it to the House so that it will be taken up off the desk in the House and acted upon. If the amendment of the Senator from Wisconsin prevails, we will have no bill, as it will be vetoed, even if it passes the House—if, indeed, it can pass the House.

Let us understand what we are doing here. If we want to make a political issue of some sort, all right. But if we genuinely want to help the housing industry, the amendment of the Senator from Wisconsin should and must be rejected.

Mr. PROXMIRE. If the Senator from Texas will yield——

Mr. TOWER. I am not in control of the time.

Mr. BROOKE. I yield.

Mr. PROXMIRE. The Senate of the United States does not have to march in lockstep. The Brooke-Cranston amendment which they came in with, after the 7 percent, went more than halfway. My amendment does. It goes to the Treasury borrowing rate plus administrative expenses. That seems to me to be a perfectly reasonable compromise.

I discussed this with administrative spokesmen yesterday. They said that the stumbling block, the reason they could not get this through, is that when they go to Roy Ash, Roy Ash will tell them that he would like to have it at 9¼ or 9½ percent.

Now, Roy Ash is a fine man, but Roy Ash was not elected by anybody, he was not even confirmed by the Congress. It seems to me that we should not have Roy Ash determine this instead of the Congress of the United States, based on what we can show to be the cost to the Treasury plus a reasonable amount for administering it. It seems to me that when we do this, and provide an opportunity for 4½ million more Americans, plus the 68 million Americans who will be completely cut out of the Cranston-Brooke bill, in New York and in many other States, it seems to me that our amendment should certainly be accepted by the managers of the bill. I know they would like to. I know they would like to, very much.

Mr. BROOKE. We have agreed with the Senator from Wisconsin. We have said that we would like to see it at 7 percent. But we feel that if we accept the amendment offered in all sincerity by the distinguished Senator from Wisconsin—and I certainly do not question his motives—we will endanger our chance of getting emergency housing legislation passed. I know how strongly he feels about low interest rates, and I agree with him. Senator CRANSTON agrees with him. But we have a very practical matter here. We want this legislation. We feel that the housing industry needs it. We think that the home buyers need this legislation. They need it now.

We have an agreement with the administration that if we pass this bill on the floor of the U.S. Senate today, hopefully, the House will take it off the desk there and pass it, and the President will sign it into law.

If we put in the amendment that the Senator has asked us to put it, as a practical matter, and I say it to my distinguished colleague from New York, as much as I sympathize with his problems, and as much as I would like, and Senator CRANSTON as well, to have a low interest rate, we are just not going to get any bill. Obviously, it would be a bill which would require a Federal subsidy. The country is not in a position at this time to give a Federal subsidy for this type of program. It is as simple as that.

Mr. PROXMIRE. Will the Senator yield.

Mr. BROOKE. Yes, I yield.

Mr. PROXMIRE. No. 1, I contend that there is not a subsidy.

No. 2, the important thing is, do we want a bill just to say that we passed a bill that will do nothing? What good would that do for the homeowner, to say, "I can borrow at 9½ percent"? According to the testimony of the homeowners' association, we may as well not have a bill.

Mr. BROOKE. If the Senator will yield, the home builders, all the construction trades, and the real estate people are behind this legislation. They support it. They want it. They think it will be a boon to industry. They are waiting for it.

Mr. PROXMIRE. That is the bill we reported last week, and they are behind the Proxmire and the Javits amendment.

Mr. BROOKE. Of course, they are behind anything that would result in more housing production. If we could make it 5 percent, they would be delighted to get in at 5 percent.

Mr. PROXMIRE. It is inoperable in the State of New York, it is inoperable in the State of Alabama.

Mr. BROOKE. They can live with this bill. Not only can they live with it, but they can prosper with it.

We shall get a construction bill; we shall get a housing bill. That is what the Senator from Wisconsin wants; that is what Senator CRANSTON and I want. That is what the bill does.

We worked it out with the homebuilders and with the administration people. Now, at this last minute, the Senator from Wisconsin, in all good conscience—and I say that repeatedly—together with the Senator from New York, comes in and says, "Let us lower the interest rate."

But if we lower the interest rate, we will not get a bill. Also, we will get a veto.

We are coming into the last stage of this Congress. We are going on a recess tomorrow. We will not get this passed. If it gets to the House, it will not be passed, and if it gets to the President, it will not be signed. Then what do we have? We have nothing.

Mr. PROXMIRE. This will be passed by the House and it will be approved by the President. There is no subsidy involved here, as the Senator knows.

Mr. BROOKE. It will not be approved by the President, we have his word for that. We have the Secretary's word. If I thought it could be passed, I would vote for it myself.

Mr. PROXMIRE. If we pass the bill in its present form, unamended, we really do not have anything.

Mr. BROOKE. How can the Senator say that? We have $7.75 billion that we did not have before, $3 billion immediately and the promise of the Secretary that he will move immediately into action. We will cut out all of the redtape so we can immediately start construction. The homebuilders are waiting for it. Surely the Senator does not want to put a stop to this bill and have that blood on his hands.

Mr. PROXMIRE. At 9½ percent? Think of the home buyer. We would be doing him a favor, but doing it for 9½ percent.

Mr. BROOKE. We could not get subsidies for the lower- and moderate-income groups. The Senator knows how hard we have fought. He has supported us in that fight.

Mr. PROXMIRE. Of course I have.

Mr. BROOKE. And how are we going to get that subsidy?

Mr. PROXMIRE. It is not a subsidy.

Mr. BROOKE. The Senator says that. It is a matter of disagreement between us. I have asked the Senator for his evidence on the administrative cost.

Mr. PROXMIRE. We did not get any evidence from HUD. All we have is the experience of the mutual savings banks. Their cost is one-half of 1 percent.

Mr. BROOKE. We have 1 percent. The Senator comes up with one-half percent, with no evidence.

Mr. PROXMIRE. The Senator's approach would mean the Government would make a profit out of it.

Mr. BROOKE. The Government does not make a profit. The Government does not want a profit. The Senator from Wisconsin was sitting in the back of the room earlier when I said we have assurances from the Secretary of Housing and Urban Development that he would put a ceiling on interest rates and it would never go above 9½ percent. It may go lower. Maybe the Treasury's borrowing rate will go down.

The Senator from Wisconsin, as one of the most able economic experts we have, knows that if the Treasury borrowing goes down, we may have a lower interest rate. We may even achieve the same thing the Senator from Wisconsin is trying to achieve under the pending amendment, the way we worked it out with the administration.

So I hope the Senator will withdraw his amendment.

Mr. PROXMIRE. This is based entirely on hope. The cost of money is now 12.7 percent. If they sell it at 9.5 percent, they have about a 1.5-percent spread. Obviously they will be making money on this operation.

Mr. BROOKE. Mr. President, I do not question the integrity of the Senator from Wisconsin, and I ask him not to question the integrity of the administration here. The Secretary of Housing and Urban Development has not suggested we would make money out of this legislation. That is ridiculous. They did not want the bill in the first instance, as the Senator from Wisconsin knows. The administration did not want the bill in the first instance. They said that it would be inflationary. My distinguished friend, the Senator from Tennessee (Mr. BROCK), and I argued this in the committee. We went down to Atlanta, Ga., and argued this issue at the preeconomic summit meeting on housing and construction.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. PROXMIRE. Mr. President, this is not on my time.

Mr. BROOKE. It certainly is on the Senator's time.

Mr. PROXMIRE. I asked the Senator from Massachusetts to yield. He had the floor.

Mr. BROOKE. Mr. President, may we take some more time on this? Five minutes?

Mr. PROXMIRE. I reserved the remainder of my time and gave up the floor. The Senator from Massachusetts has the floor; I do not have it.

Mr. BROOKE. I have been responding to the Senator's questions.

Mr. PROXMIRE. I know. I know. But that does not mean it goes on my time. [Laughter.]

Mr. CRANSTON. Mr. President, how much time is remaining to the Senator from California?

The PRESIDING OFFICER. The Senator from California has 7 minutes remaining on the amendment.

Mr. CRANSTON. I yield 3 minutes to the Senator from Massachusetts.

Mr. BROOKE. I just want to say that the Senator from Tennessee (Mr. BROCK) and I discussed this. Senator BROCK was opposed to it initially, because he did not believe an emergency bill should be passed at this time because he thought if we got into Treasury borrowing, we would be taking money out of the money markets which would be inflationary. A lot of people think that, particularly on our side of the aisle. Even the distinguished Senator from Wisconsin made that argument when he was arguing with me in the Senate Committee on Banking, Housing and Urban Affairs. He said it would be inflationary, and where would the money come from?

I have been attempting to make a case. I do not know that the case has been successfully made, but at least we have tried to make a case. What I am saying now is that if we had to go this far to get this bill, I can assure the Senator from Wisconsin that if we accept his amendment we will defeat this legislation, and I ask the Senator to reconsider it and withdraw his amendment.

Mr. CRANSTON. Mr. President, does the Senator from Wisconsin wish further time? I think some of his time evaporated without his knowing it. I have 4 minutes left on this amendment. Does the Senator wish time?

Mr. President, this is not a perfect bill in the form in which it is now before us, in the substitute which Senator BROOKE and I have introduced. I think a more perfect bill was introduced originally by myself; it would have gotten us down to a 7-percent interest rate. But we found we could not move that bill, and therefore worked out the present vehicle, which would have a higher interest rate.

I would like to see low interest rates, as the Senator from Wisconsin has proposed, but we would not achieve emergency action Senator BROOKE and I would like to achieve.

I am afraid there are subsidies in the bill I originally introduced, and I am afraid there are some subsidies in the proposal of the Senator from Wisconsin. I do not believe a one-half percent can cover the administrative costs. Fannie Mae have told us their costs are rising due to inflation, and they will have two burdens administering this new program. Treasury has indicated that they could live with borrowing tied to a low yield bond because this amendment would cause them to be handicapped in going to the money market, because the interest rates on long term bonds go up each time and they cannot predict whether the yield will be low.

Moreover, I am convinced we would get a veto. I do feel it is important to pass the bill in its complete form as Senator BROOKE and I have worked it out, because it gets us going and will give an immediate shot in the arm, no question about that, to the housing industry, which is suffering a depression and will be in catastrophic shape shortly. People who want homes cannot get them; people who want to build homes cannot build them; and people in the building trades are unemployed.

This represents money, several billion dollars, immediately available to build homes that would not otherwise be built, from funds provided by this bill.

Therefore, reluctantly, I shall move to table the pending amendment when all time has expired, despite the fact that were I not involved in negotiations with the administration that have committed me to support the proposals we worked out together, I would support the amendment of the Senator from Wisconsin.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. CRANSTON. I yield.

Mr. BROCK. I think it is only fair to point out that the Senator from California and the Senator from Massachusetts, with whom I have had some differences but whom I now support, have made absolutely enormous compromises to get any bill at all. To jeopardize that agreement in the desire to be helpful is simply beyond logic, beyond the political logic of the moment.

We are either going to have this bill or no bill at all. That is the question we have to decide as we vote on this motion to table.

Mr. BROOKE. And, Mr. President, may I add, it is a good bill. It is not simply a question of this bill or no bill; it is a matter of this bill, which is a good bill and will accomplish the purpose that was intended by the Senator from California in the first instance.

We also can improve on it, to be sure, but we think it is sound legislation and it certainly will be helpful to the construction industry and to the home buyer.

Mr. BROCK. I think so, very much so.

Mr. CRANSTON. Mr. President, I am prepared to yield back whatever few seconds remain.

The PRESIDING OFFICER. Is all time yielded back?

Mr. CRANSTON. Mr. President, I move to table the amendment of the Senator from Wisconsin, and I ask for the yeas and the nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and the nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table. The yeas and the nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Illinois (Mr. STEVENSON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE), the Senator from Louisiana (Mr. LONG), the Senator from Washington (Mr. MAGNUSON), and the Senator from Georgia (Mr. TALMADGE) are absent on official business.

I further announce that, if present and voting the Senator from Washington (Mr. MAGNUSON), and the Senator from Illinois (Mr. STEVENSON) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from North Carolina (Mr. HELMS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Kansas (Mr. PEARSON), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "yea."

The result was announced—yeas 34, nays 41, as follows:

[No. 472 Leg.]

YEAS—34

Aiken
Baker
Bartlett
Beall
Bennett
Brock
Brooke
Byrd,
  Harry F., Jr.
Case
Clark
Cotton
Cranston
Curtis
Domenici
Fannin
Griffin
Gurney
Hansen
Hruska
Inouye
McClellan
McClure
McIntyre
Moss
Pell
Percy
Roth
Scott, Hugh
Stevens
Taft
Thurmond
Tower
Tunney
Weicker

NAYS—41

Abourezk
Allen
Bentsen
Biden
Burdick
Byrd, Robert C.
Cannon
Chiles
Eagleton
Eastland
Ervin
Hart
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Hughes
Humphrey
Jackson
Javits
Kennedy
Mansfield
Mathias
McGee
McGovern
Metcalf
Metzenbaum
Mondale
Montoya
Muskie
Nelson
Nunn
Pastore
Proxmire
Randolph
Ribicoff
Schweiker
Sparkman
Stennis
Symington

NOT VOTING—25

Bayh
Bellmon
Bible
Buckley
Church
Cook
Dole
Dominick
Fong
Fulbright
Goldwater
Gravel
Hartke
Helms
Johnston
Long
Magnuson
Packwood
Pearson
Scott,
  William L.
Stafford
Stevenson
Talmadge
Williams
Young

So the motion to table Mr. PROXMIRE's amendment was rejected.

The PRESIDING OFFICER. The question now recurs on the adoption of the amendment.

Mr. BROOKE. Mr. President, how much time remains?

The PRESIDING OFFICER. No time remains.

Mr. BROOKE. How much time remains on the bill?

The PRESIDING OFFICER. Twelve minutes to the Senator from Massachusetts, and 4 minutes to the Senator from California.

Mr. BROOKE. Mr. President, I allow myself such time as I may need on the bill.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senators will please take their chairs.

Mr. BROOKE. Mr. President, the Senate has just voted not to table an amendment which has been introduced by my distinguished colleague from Wisconsin. If the amendment which has been introduced is passed, it would mean that we will not have an emergency housing bill passed by this Congress and signed by the President. What are we going to say to those home buyers and homebuilders who have been given some hope that Congress would react, and react affirmatively, to free some mortgage money which they have so desperately needed for such a long period of time?

What are we going to say to the home buyers and homebuilders who have been waiting for some relief, some positive relief, from Congress?

Many of us went to the economic summit meetings and we made high sounds and talked about giving relief to an industry that is not only in recession but in a depression. We now find that in October that the rate has increased to 13 percent.

What is at issue here?

At issue here is a bill which Senator CRANSTON and I introduced to give emergency credit to home buyers at a reasonable rate, and to have it passed immediately by Congress as an emergency measure, a bill that we would be sure would be signed by the President.

The administration was never really in favor of this legislation because they thought it would be inflationary; it would require Treasury borrowing. At the time we introduced it, it involved $10 billion of Treasury borrowing, at the Treasury-borrowing rate, plus administrative costs. What has happened since that time? We have worked with the administration. They have made many concessions, we have made some concessions, and we have come up with a substitute bill that would give relief to the housing industry and the home buyers.

It is not all we wanted. We would want the lowest interest rate possible. Senator CRANSTON had a 7-percent interest rate in his bill. I would support that. Senator PROXMIRE, the proponent of this amendment, who was at the hearings, understands that what would happen if we pass this amendment is that the President of the United States would not sign the bill. It would hardly get through the House of Representatives. It would cause us to vote for a subsidy to make up the difference.

We are not talking about low and moderate income housing now. We are talking about middle and upper income housing. Under this legislation $45,000 houses could be purchased. If we do this, it will require subsidies.

The Senator from Wisconsin will say it will not be a subsidy. He will say we can do it at one-half percent administrative cost. The testimony which we had before the Senate Banking, Housing, and Urban Affairs Committee was that it would cost 1 percent. The Treasury borrowing rate, which fluctuates, is today at 8.25 percent, but conceivably we might be paying as high as 9 or 9.25 percent for this money.

Obviously, it is a popular thing to come in and want to vote for the lowest interest rate possible. But when you vote for the low interest rates, as would be proposed by the Senator from Wisconsin, then you are going to have to bite the bullet and subsidize.

I am saying to you that that would be inflationary, and everyone has said that it would be. We understand that it would be. It is the only reason why Senator CRANSTON and I finally agreed that we would go along with the Treasury borrowing rate plus administrative costs, with the assurance that the Secretary of Housing and Urban Development would keep that interest rate just as low as humanly possible, hopefully 9 percent and maybe even below 9 percent. We just do not know. We do not know what it will be. But it is their intent to keep that interest rate as low as they can.

We do have the letter from the Secretary that under no circumstances would it go higher than 9.5 percent.

All I am saying to you is if we pass this amendment we just will not have an emergency bill. We do need this emergency bill. I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on the amendment.

Mr. CRANSTON. Mr. President, I have 4 minutes remaining on the bill. I will take 2 minutes, and, in fairness to Senator PROXMIRE so he can respond, I will give Senator PROXMIRE 2 minutes.

I would like to say that the choice is not between the happy low-interest rates that people like to vote for, but it is this bill or no interest rates at any level in an effort to deal with the housing shortage, the housing depression; the inability of people to get homes, which is the principal concern; the inability of people to get jobs in the building trades, which is up to about 20 percent in some parts of the country now; the inability of home builders to stay in business.

I came in originally with a bill which would have produced 7-percent interest rate, but I found there was no chance to move that because there was a certain veto. Senator BROOKE and I negotiated with the administration and finally worked out a bill which is now before you in the form of the Cranston-Brooke substitute that would bring about 9¼ percent interest rates, possibly lower interest rates. We have a commitment that the administration will go as low as it can.

The amendment offered by the Senator from Wisconsin would ostensibly get us into interest rates a little bit under that—I do not know how much under they would be—but it would actually mean that there would be no homes built at any interest rate because we would get a veto.

We have an understanding that hopefully if we pass this bill now, the House will be able to pass it before they go into election recess and we will give a shot in the arm immediately to the economy and immediately to the homebuilding industry. We will show that Congress can act swiftly and responsibly when there is an emergency.

If we now mess this bill up and get nowhere, we will again show an inability to act when action is desperately required. That is why the amendment should be opposed.

Mr. PASTORE. Will the Senator yield?

Mr. CRANSTON. I yield.

Mr. PASTORE. May I ask the Senator from California, is this to be private money?

Mr. CRANSTON. This will be conventional, and, under an amendment which has been accepted, FHA-VA and such are covered.

Mr. PASTORE. In other words, there will be no subsidy at all?

Mr. CRANSTON. There will be no subsidy under the bill as it is before you. If the amendment is adopted, we believe there will be some subsidy.

Mr. PASTORE. Why do we say we believe there will be? Will there be or will there not be?

Mr. CRANSTON. I am convinced there will be. The administration is convinced there will be. The amendment of the Senator from Wisconsin provides for one-half of 1 percent for administrative costs. The administration states, and I believe them, that they cannot administer this on one-half of 1 percent.

Mr. PASTORE. Mr. President, is there any possibility of getting more time?

Mr. BROOKE. By unanimous consent can we get more time?

Mr. CRANSTON. I think it is very important that both sides have the opportunity to present their viewpoints.

Mr. PASTORE. Both sides in control of the time are both on the same side.

Mr. CRANSTON. I ask unanimous consent that there be 5 more minutes against and 5 more minutes for the Proxmire amendment.

Mr. PROXMIRE. Reserving the right to object, the opponents of my amendment have now taken 6 minutes. I have not spoken at all. I would like at least 3 minutes to respond. Maybe then the Senator from Rhode Island would want a couple of minutes.

Mr. PASTORE. Five minutes, 2 and 3, is fine. That is what he is asking for.

Mr. PROXMIRE. It is my amendment.

Mr. PASTORE. We have already wasted 2 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PASTORE. My next question is this: What is the prevailing interest rate now for loans?

Mr. BROOKE. About 10 percent.

Mr. PASTORE. And do you mean to tell me if we go from 10 percent to 9.5 that we are going to help a lot of carpenters and bricklayers?

Mr. BROOKE. There is no mortgage money available at any price in many areas. That is the problem. In many areas there is no mortgage money available. If you can get it, it is 10 percent plus points.

Mr. PASTORE. It strikes me that if we can have the Asian Bank where we can subsidize the interest in Asia, we subsidize the interest in Latin America, we subsidize the interest all over the world, if we have a situation here that has been characterized as being a depression, then why can we not subsidize a little bit for the American people?

Mr. CRANSTON. It would be great if we could, and I favor doing that.

Mr. PASTORE. Why do we not take the chance?

Mr. CRANSTON. The fact is that the administration will not do it. They will veto this bill and we will have no program.

Mr. PASTORE. Let us put them to the test. That is what the Senator from Wisconsin is doing. Let us give it a try. If it does not work, we can come right back and go for the 9.5 percent. The idea that they are going to pay for their house twice in 10 years is one thing that is discouraging people from buying a house.

Mr. BROOKE. Will the Senator yield?

Mr. PASTORE. If I have the time, I yield.

Mr. BROOKE. Time is of the essence. The housing industry needs emergency legislation. If we go the route that the Senator from Rhode Island has suggested, we will not get the bill. It will go over and will come back into the 94th Congress. It will go back to hearings. In the meantime, what happens? The 13 percent unemployment in the housing industry might be 16 percent.

Mr. PASTORE. I have heard that argument, but I cannot see how one rubs out a very bad situation and cures an emergency by going from 10 percent to 9½ percent.

Mr. BROOKE. We are not saying 9½. We are hoping it will be 9 percent or less.

Mr. PASTORE. But the Senator did say it could go as high as 9½ percent.

Mr. BROOKE. Depending upon the Treasury borrowing rate.

Mr. TOWER. There is already $4.5 billion available under the GNMA tandem plan at 7¾ percent, 8 percent, and 8¾ percent.

Mr. PASTORE. That is under eight, and that is what I am for—eight.

The PRESIDING OFFICER (Mr. HOLLINGS). Who yields time?

Mr. PROXMIRE. I understand that I have 5 minutes, Mr. President. Is that correct?

The PRESIDING OFFICER. The Senator has 5 minutes.

Mr. PROXMIRE. Mr. President, this amendment, sponsored by Senator SPARKMAN, Senator ALLEN, Senator JAVITS, Senator RANDOLPH, and myself, is an amendment which is a compromise from what the Cranston-Brooke amendment began with. They provided for a 7-percent mortgage. I go to the cost to the Treasury plus one-half of 1 percent, which we calculate to be 8 or 8¼ percent.

It is argued that this would result in a veto. There is no evidence of that. We have no letter from the President of the United States that this would be vetoed. He may or may not veto it.

We have gone more than half way. We have gone from 7 percent to 8.24 percent. We have tried to tie this to whether there is a subsidy and eliminate what would be a subsidy by making it the cost to the Treasury plus one-half of 1 percent.

How do we know how this would affect the homebuilding industry? The best authority for that is the homebuilding industry. They support this amendment. Without this amendment, the bill is unworkable and would not do the job.

Let me give a typical example. For a 30-year, $30,000 mortgage, the difference between the Cranston-Brooke proposal, as it is now and as it would be amended by Senator SPARKMAN and myself, would be $9,720. In other words, the home buyer would pay almost $10,000 less in interest if this amendment is agreed to.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. PASTORE. Is the Senator saying, in fact, that the Government is going to make a profit on the formula that is now before the Senate?

Mr. PROXMIRE. I am saying exactly that.

Mr. PASTORE. In other words, they are going to make money on an emergency?

Mr. PROXMIRE. Yes, because they would limit the cost of the mortgage to the demand, and the demand now would give them a profit.

Mr. BROCK. The Senator knows that is not so. There is no way in this bill they could make a profit.

Mr. PROXMIRE. They have the discretion of setting the rates. They said they do not want to sell this below par. I talked to Jim Mitchell, the Under Secretary, yesterday, and he indicated that that is their position.

Furthermore, this proposal would not be inflationary, because it would put people to work in areas where we have unutilized resources. Twelve percent of the people in the construction trade are out of work. The homebuilding industry is producing a million less homes this year than last. Those resources are idle, waiting to be put to work. This is the kind of program we need now, which provides employment without inflationary pressures where we have scarce materials or scarce manpower.

Furthermore, the best evidence of how much it costs to administer this kind of program is how much it costs the private sector to do it. Mutual savings banks, including their profit, charge one-half of 1 percent to process this kind of mortgage, and that is their cost.

Finally, I think we ought to consider what this amounts to. It is a matter of whether you have 9.5-percent interest, 9.25-percent interest. In my entire experience with the Treasury and with HUD, when they say 9.5, they are not going to go lower—or whether you have 8 percent or 8.25 percent.

That is the issue before us. It may be, as the Senator from Rhode Island pointed out, that it is conceivable that there would be a veto. I do not think there will be. If there is, we can measure up to that one, too.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Illinois (Mr. STEVENSON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Georgia (Mr. TALMADGE) are absent on official business.

I further announce that, if present and voting, the Senator from Illinois (Mr. STEVENSON) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from North Carolina (Mr. HELMS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Kansas (Mr. PEARSON), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

The result was announced—yeas 48, nays 27, as follows:

[No. 473 Leg.]

YEAS—48

Abourezk
Allen
Bentsen
Biden
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Domenici
Eastland
Ervin
Hart
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Kennedy
Long
Magnuson
Mansfield
Mathias
McGee
McGovern
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Sparkman
Stennis
Symington

NAYS—27

Aiken
Bartlett
Beall
Bennett
Brock
Brooke
Byrd, Harry F., Jr.
Cotton
Cranston
Curtis
Fannin
Griffin
Gurney
Hansen
Hruska
McClellan
McClure
McIntyre
Percy
Roth
Scott, Hugh
Stevens
Taft
Thurmond
Tower
Tunney
Weicker

NOT VOTING—25

Baker
Bayh
Bellmon
Bible
Buckley
Church
Cook
Dole
Dominick
Eagleton
Fong
Fulbright
Goldwater
Gravel
Hartke
Helms
Johnston
Packwood
Pearson
Scott, William L.
Stafford
Stevenson
Talmadge
Williams
Young

So Mr. PROXMIRE'S amendment to amendment No. 1968 was agreed to.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CRANSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Who yields time?

Mr. BROCK. Mr. President, I yield 1 minute to my colleague from Texas.

Mr. TOWER. Mr. President, I want everyone to fully understand what we have done. It means, in all probability, that there will be no housing legislation, that the Senate has just killed emergency housing legislation. I think everyone has been pretty adequately informed that this action would be fatal to the bill. I am reliably informed that the House will not even take up the bill if this provision is added. If the House will not even take it up, obviously, the onus for this falls on the Congress of the United States. Let us be men enough to accept the responsibility for having killed an emergency housing bill.

Mr. PROXMIRE. Mr. President, will the Senator yield me 1 minute?

Mr. BROOKE. Yes.

Mr. PROXMIRE. Think about what we heard the Senator from Texas just say. If we do not get emergency housing legislation, the onus is not on the Congress. We have compromised with the President, we have gone more than halfway, we have provided the Treasury with the full cost of the money, plus the cost to administer the program, and the President will not veto the bill.

Mr. TOWER. How can the President veto it or not veto it, if the House refuses to take it up?

Mr. PROXMIRE. The Senator from Texas is a brilliant man, but he does not know what the House of Representatives will do. He does not know whether the House will refuse to take it up or not. The House may very well take it up.

Mr. BROOKE. Mr. President, I say to the Senators, come, come, let us not play politics with something as important as helping a distressed housing industry and getting housing built for people who have so desperately needed it for such a long period of time.

I was against the Senator from Wisconsin's amendment. I think it was a bad amendment only insofar as I believe it would be inflationary, and would require subsidies, and will not pass the House or become law. If it were not for those reasons, I would have supported the Senator's amendment, because I would like to see the interest rate as low as it can possibly be.

But that is behind us now. The amendment has been adopted by the Senate. I think it behooves us to get on with as good a bill as we possibly can, pass the bill, send it through the House, and hopefully something can be worked out in the House.

As to the questions the Senator from Rhode Island raised, because we did not have the facts and figures, no one really knows what the cost will be. The Senator from Wisconsin says the administrative cost will be one-half of 1 percent. We have heard testimony that it will be 1 percent. I cannot, in all candor, say to the distinguished Senator from Rhode Island it will be one or the other. All I can say is what the evidence was that we heard. And I do not think the Senator from Wisconsin can do anything better than I can.

We have the Proxmire amendment in the bill. There are several other amendments to be heard, one from the Senator from Alaska (Mr. STEVENS), one from the Senator from Tennessee (Mr. BROCK), one from the Senator from New York (Mr. JAVITS)—are there any other amendments?

Mr. TAFT. I have one, Mr. President.

Mr. BROOKE. And one from the Senator from Ohio (Mr. TAFT).

Let us get to those amendments in all due haste, and get an emergency bill that can be accepted by the House and signed by the President.

I said very strongly, because I had been told very strongly that if the amendment were adopted, the administration would consider it inflationary and would not sign the bill. I hope now that it has been adopted, the House can work something out and the President can have a bill which he will sign.

I think every Member of the Senate wants an emergency housing bill passed by this Congress, and I am going to do everything I can, as I am sure my colleague, the Senator from California (Mr. CRANSTON), will do, to see that we get such a bill.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. BROOKE. I yield.

Mr. PASTORE. I congratulate the Senator from Massachusetts, and I agree with everything he has said. Let us pass a bill, get it over, and try it out.

Mr. CRANSTON. Mr. President, will the Senator yield?

Mr. BROOKE. Yes.

Mr. CRANSTON. I join in that expression of determination to carry on, that we will pass a bill, and that we will pass a good bill. The amendment of the Senator from Wisconsin improved the bill insofar as I am concerned. It did not improve the situation insofar as the administration is concerned.

That confronts us with a real problem, and because of the negotiations in which I participated in good faith, I opposed the Senator's amendment very strongly. Now that it has been adopted, I trust we will negotiate with the House to get early action. If we can, it is still conceivable that they will act before the recess, but I am afraid it will be postponed until afterward, and we must now start negotiating again with the administration to see what can be worked out with them.

Possibly, confronted with the alternative of no legislation or legislation containing the amendment of the Senator from Wisconsin, they will turn about and accept the bill. But we will have to study the alternatives and see what can be worked out. I am sure there is room for negotiation.

Mr. BROCK. Mr. President, I call up an amendment which I have at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. Does the Senator ask unanimous consent to consider his amendment before the time has expired?

Mr. BROCK. I so ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I also ask unanimous consent to call up an amendment before the time has expired.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment of the Senator from Tennessee will be stated.

The assistant legislative clerk read as follows:

On page 3, beginning with line 24, strike all down through line 7 on page 4 and insert in lieu thereof the following:

"(B) such mortgage involves an original principal obligation not to exceed $42,000 per family residence or dwelling unit.

Mr. BROCK. Mr. President, the effect of the amendment is to try to take into account the fact that we have some very, very high cost housing areas in this country, that cannot live within the limits of the bill as written.

The bill as written would provide a range from $33,000 to $38,000 for mortgages. This amendment would raise the maximum figure to $42,000, simply because in many States, most of which are in the Northeast, you cannot find a house at that price.

I have the support of the Senator from New York (Mr. JAVITS), who has a similar amendment with somewhat different terms, but I am very grateful for his endorsement of this concept. I think it is essential. If the bill is passed as written, even if it does clear the House and, of course, the President, it would seem to be somewhat doubtful that it would be effective in those States which have this particular cost circumstance.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. BROCK. I yield.

Mr. JAVITS. I am very pleased that the Senator from Tennessee has done what he did. My figure is $45,000, which is more analogous to my State, but I know we have to arrive at a common denominator, and I am pleased that the Senator has allowed me to join with him as a cosponsor. I am pleased to join the Senator from Tennessee in sponsoring his amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BROOKE. Mr. President, I have looked at the amendment of the Senator from Tennessee, and I think it is a good amendment. I have also looked at the amendment of the Senator from New York (Mr. JAVITS), which I think is also an excellent amendment.

I would have no trouble with the amendment of the Senator from Tennessee if he would consider modifying the amendment to reads like the language contained in the Javits amendment:

Provided, That in those areas where the Secretary determines that extra high costs require, the original principal obligation may be raised.

It may not be raised to not to exceed the figure that the Senator from Tennessee has suggested of $42,000. I trust that the Senator would consider it, and with full awareness of the Senator's unique problems. But I do believe that various of these areas—I just want to be protective of other areas than high-cost areas, and that is the only reason I ask the Senator to amend that.

Mr. BROCK. May I say what the Senator has suggested is that we allow the Secretary to adjust grades down but not upward.

Mr. BROOKE. That is right.

Mr. BROCK. And he accepts the ceiling I have established, and I am sympathetic with his desire. I have discussed that possibility with the officials of the Department of Housing and Urban Development, and they felt it would be, as originally proposed, almost administratively impossible to get the housing done quickly with a thousand different housing areas all trying to establish a rate for each one of them.

They asked for an overall ceiling, and they then committed themselves to spend the money on a reasonable basis and to try as best they could to accommodate the needs of the region with their regulation and with their policies. But they ask that they not be bound by any particular language requiring a reduction on an area basis. That is why I am reluctant to accept the Senator's amendment. I do expect that there will be some acknowledgement on HUD's part of the cost differential. Otherwise they would not have accepted my proposal to raise the ceiling. But I am reluctant to accept this specific modification to go back to the area concept.

Mr. BROOKE. What I am concerned about are these low-cost areas, frankly.

Mr. BROCK. I understand the Senator's concern.

Mr. BROOKE. I would not object to the ceiling. As I said, I think that the Senator made a contribution by substituting the $42,000 for the $45,000. But I do not know why HUD would feel that it would be administratively difficult for them to set ceiling by market area—they have done so in setting market rests for leased housing. I would certainly want some assurance on this side that they would make that determination so far as these low-cost areas are concerned. I do not know of any other way to do it other than by the language in the bill.

Mr. BROCK. Well, there is nothing in the bill that would preclude them from exercising such judgment as they deemed feasible. I think what the additional language would do is to mandate it, and I am not sure that I think that it is necessary.

Let me say to the Senator, he knows that I represent a lower cost area, so I do not intend to argue against myself in this situation. I fully understand the Senator's concern. I do want an additional spread, and I believe we are going to get it. But we have so assaulted the so-called compromise agreement by passing the previous amendment that I am reluctant to further assault their good faith over there. I think we are going to need all the help we can get. I think we ought to give them as much as we possibly can in terms of what they have asked for in order to negotiate possible passage of this bill.

Mr. BROOKE. If I read the language correctly, it does not appear to me that the language actually mandates it. It says that—

> *Provided*, that in those areas where the Secretary determines that extra-high costs require the original principal obligation may be raised to not to exceed $42,000.

Mr. BROCK. Well, that is better than the original bill language.

Mr. BROOKE. Yes, I think that language that Senator JAVITS has in his amendment is much better for the purposes of HUD than the language contained in the bill. All I am asking is not that we go back to the bill with my language but if the Senator would modify his amendment to include the Javits language, it seems to me that we could achieve what the Senator from Tennessee wants and, at the same time, take care of our low-cost areas. It is left up to the Secretary to determine that. If the Senator will look at that language——

Mr. BROCK. What we would do is add—that is the bill. I would have to amend my amendment.

Mr. CRANSTON. I am in agreement with this amendment. California is a high-cost area. The average cost of a house in the San Francisco area is $47,600 and in the Los Angeles area is $42,000. This amendment will be helpful in my State.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. BROOKE. Yes.

H.R. 16857—EMERGENCY ALLOTMENT LEASE AND TRANSFER OF TOBACCO ALLOTMENTS OR QUOTAS FOR 1974 IN CERTAIN DISASTER AREAS IN NORTH CAROLINA

Mr. MANSFIELD. Mr. President, I send to the desk H.R. 16857 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HOLLINGS) laid before the Senate H.R. 16857, to provide for emergency allotment lease and transfer of tobacco allotments or quotas for 1974 in certain disaster areas in North Carolina which was read twice by its title.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The bill was ordered to a third reading, was read the third time, and passed.

AUTHORIZING THE CLERK OF THE HOUSE TO MAKE CORRECTIONS IN THE ENROLLMENT OF H.R. 11510—HOUSE CONCURRENT RESOLUTION 662

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate House Concurrent Resolution 662 and I ask for its immediate consideration. It has been cleared by both sides.

The PRESIDING OFFICER. The Chair lays before the Senate a message from the House which the clerk will state.

The assistant legislative clerk read as follows:

H. CON. RES. 662

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives in the enrollment of the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a new Nuclear Regulatory Commission in order to promote more efficient management of such functions is authorized and directed to make the following corrections:

(1) Strike out paragraph (2) in section 201(a).

(2) Redesignate existing paragraph (3) of section 201(a) as paragraph (2).

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (H. Con. Res. 662) was agreed to.

HOME PURCHASE ASSISTANCE ACT OF 1974

The Senate continued with the consideration of the bill (S. 3979) to increase the availability of reasonably priced mortgage credit for home purchases.

Mr. TAFT. Mr. President, I ask unanimous consent that it be in order to consider an amendment which I have at the desk.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. TAFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, after line 13 insert the following new subsection and renumber accordingly:

"(c) Notwithstanding the provisions of subsection (b), the Association may make commitments to purchase and purchase a mortgage which covers more than four family residences (including cooperatives and condominiums and individual units therein) which is not insured under the National Housing Act or Chapter 37 of title 38 of the United States Code if—

"(1) the outstanding principal balance of such mortgage does not exceed 75 percentum of the value of the property securing the mortgage;

"(2) such mortgage has a principal obligation which does not exceed the maximum principal obligation for a mortgage which could be insured under section 207 of the National Housing Act (or section 213 of such Act in the case of cooperatives and individual units therein, or section 234 of such Act in the case of condominiums and individual units therein); and

"(3) such mortgage meets such other specifications as the Secretary deems necessary to protect the government's financial interest."

Mr. TAFT. Mr. President, with the permission of the sponsors of the bill I ask that I be made a cosponsor of the legislation of the Senator from California.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT. Mr. President, we are all aware that the housing sector is extremely depressed. It is a crucial sector of our economy which has been the most vulnerable to the tight money policy we have used to fight inflation. While the strain has been immense on the homebuilding industry and related industries, such as the construction sector as a whole and finance-related concerns, the damage resulting from this situation is much more fundamental than that. Shelter is a basic need, and the unavailability of mortgage credit, as well as the slowdown in new housing starts, is increasing the difficulty of fulfilling that need. As the committee report points out, the sharp reduction in housing production has been especially hard on the 1.5 million new households formed each year, mostly by younger persons. These persons are experiencing increasing difficulty finding a place to live at a price they can afford.

With those thoughts in mind, I commend the committee for developing this legislation. I also commend the President for his cooperation and forthright support of it.

I am somewhat concerned that the bill's coverage of apartments is limited to those with four residents or less, except apartments which are FHA or VA insured.

While the necessity for expanding the supply of apartments may not have the same emotional or political appeal as the necessity to assure availability of individual homes, multifamily housing is and must be a very significant element in the housing picture. Many household's either do not choose to purchase or do not have the alternative of purchasing single-family homes.

Construction of multifamily housing has been impacted even more than single-family homebuilding. Multifamily project starts are a small fraction of what they were 1 year ago.

In view of this situation, I have drafted an amendment which would allow the great bulk of multifamily mortgages, conventional mortgages, to become eligible for purchase under this emergency housing program. In recognition that these projects involve much more risk than individual homes, eligibility for purchase would be limited to mortgages with a loan-to-value ratio of 75 percent or less. Furthermore, HUD expressly would be given the power to adopt further specifications and conditions necessary to protect the Government's financial interest. Of course, the discretionary nature of the authority in my amendment would also help to allow the Government to minimize its risk as it sees fit. To assure that these Government mortgage purchases serve those with modest or low incomes, the amendment would contain the same mortgage limits as the present FHA unsubsidized multifamily programs.

I realize that this amendment will be resisted, perhaps largely because of the risk element, and I welcome any comment that the distinguished manager of the bill might have on the amendment.

I yield to the Senator.

Mr. BROOKE. Mr. President, I have read the Senator's amendment, and I understand the purpose for which it is being offered, to increase the availability of reasonably priced mortgage credit for multifamily conventional mortgages.

Now, as I read this amendment, I think the purpose is a good one, but it does present a great risk. HUD has had little or no experience in this.

In addition to that, if the high interest rates demand that apartment rentals also rise, in 3 or 4 years from now when construction is active and when apartment vacancies increase, units constructed with the mortgage money might get in serious financial trouble and under those circumstances, GNMA might end up owning them. So that it presents a rather serious problem.

Now, we have, as the Senator knows, FHA multifamily structures covered by the bill, but in the conventional area where we have had little or no experience we feel the risk may be too great.

I think the distinguished Senator from Ohio certainly has a good purpose in mind, I just do not think that under the circumstances, because of the lack of experience and because of the high risk, we can take his amendment.

Mr. TAFT. I appreciate the Senator's feeling and it is not my intention to try to push for adoption of this amendment. As I indicated, I know how important the bill is and I certainly do not wish to put into the bill at the present time anything that would slow it down, which the Senator apparently feels my amendment would do.

I am not sure I share the Senator's view of the risk problem or the lack of experience problem.

We have the experience dealing with multifamily projects in the FHA programs. We also have, of course, private market experience. The Government should be able to draw on this experience enough to develop regulations which reduce the risk.

Mr. BROOKE. The Government has not had the type of experience we are talking about with conventional project mortgages.

Mr. TAFT. Well, conventional mortgages of this type are a commodity with which private mortgage brokers have had wide experience, perhaps wider experience even with this type of conventional mortgage than they have had with home mortgages. That should be helpful.

I call this amendment to the further attention of HUD and of the distinguished committee, to see if perhaps in the next couple of months we can consider, if this bill becomes law, provisions of some sort to make this amendment's goal possible. If the program is really going to have the impact on the many families who are going to have to turn to apartment living of one kind or another, condominium living, or that sort of housing, I think something of this sort may now be necessary.

Mr. President, I ask unanimous consent to withdraw my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT. I withhold that motion.

Mr. BROOKE. I am very sympathetic with the purposes of the Senator's amendment. In my State of Massachusetts we have great need for multifamily mortgages. We do not have a lot of land, but we have a lot of people. This is the direction in which much of the housing is going. We need it. I think it is a very sound amendment. I certainly would want to support this amendment if it were possible.

I am grateful to the distinguished Senator from Ohio for his sensitivity to the need for this emergency legislation at this time. I am most grateful to him that he will not press his amendment at this time. Hopefully, subsequently we might consider an amendment of this kind to this legislation. I thank him.

Mr. TAFT. I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The Senator from Tennessee.

Mr. BROCK. Mr. President, we have diligently tried to accommodate the concerns of the gentleman from Massachusetts. I find that I am unable to accept the recommended modification, though I am completely sympathetic to it. If the Senator wants to further discuss the amendment or oppose it, I would have to leave that to his discretion. I would like to pursue the amendment as originally drafted.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BROOKE. Mr. President, I do not want to be difficult. I know that the Senator from Tennessee has tried in good faith to work out some language on which we can agree.

Mr. BROCK. I am prepared to offer some changed language which would put a $38,000 ceiling on all and a $42,000 in high-cost areas, but I gather that is not adequate to the Senator's desires.

Mr. BROOKE. I would think if HUD would have problems with setting a ceiling in lower areas, they would have the same problem if we put it at $38,000 as if it were at $33,000, which was originally contained in the bill.

Mr. BROCK. May I point out instead of dealing with the bottom of the pyramid, you are dealing with the top. I have turned it upside down. What I have said is that there will be $38,000 in all areas, except in high-cost areas. My approach would much simplify HUD's task. I do not think they would be particularly happy with my approach, but I was trying to reach an accommodation, if the Senator desired, to separate out high-cost areas.

If the Senator wanted me to offer that, I would be delighted to do so, or if he wants to vote on the original amendment, we can do that.

Mr. BROOKE. Again, I think we have made some legislative history. I am very much concerned, as the Senator from

Tennessee is, because he comes from a low-cost area, that consideration be given to those areas. I would think of the two suggestions that the Senator from Tennessee has made, I would probably be more comfortable with a ceiling of $42,000, without setting a $38,000 ceiling across the country. That might then rule out a lower amount in areas where I think a lower ceiling is not only desirable, but necessary.

Mr. BROCK. May I suggest this to my very respected colleague: I would be delighted to continue our oversight of this matter. If we see an excess of funds going into higher priced units, I will support him in any effort that I may to bring the matter into balance.

Mr. BROOKE. Mr. President, under those circumstances, and with the colloquy between the Senator from Tennessee and myself, if my colleague from California is willing, I am willing to accept the amendment of the Senator from Tennessee.

Mr. CRANSTON. I am willing to do that, with the understanding that the legislative history makes very plain that it is intended that these funds made available in any way pursuant to the adoption of the amendment by the Senator from Tennessee will be spread around the country in a fair and equitable way by HUD.

The PRESIDING OFFICER. Is all time yielded back?

Mr. BROCK. I yield back the remainder of my time.

Mr. BROOKE. I yield back the remainder of my time.

Mr. CRANSTON. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was agreed to.

AMENDMENT NO. 1969

Mr. PROXMIRE. Mr. President, I call up my amendment No. 1969, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> Insert at the appropriate place:
>
> SEC. . Section 10(b) of the Federal Reserve Act is amended by adding the following at the end thereof:
>
> "Notwithstanding the foregoing, any Federal Reserve bank, under rules and regulations prescribed by the Board of Governors of the Federal Reserve System, may make advances to any member bank on its time notes having such maturities as the Board may prescribe and which are secured by mortgage loans covering a one-to-four family residence. Such advances shall bear interest at a rate equal to the highest discount rate in effect at such Federal Reserve bank on the date of such note.".

Mr. PROXMIRE. Mr. President, this amendment authorizes the Federal Reserve Board to make advances to member banks at the Federal Reserve discount window on the security of residential mortgages. The Chairman of the Federal Reserve Board as well as other members of the Board have indicated that they would like to have this authority. For example, on October 8, 1974, Mr. Phillip Coldwell asked for this authority during his nomination hearing before the Senate Banking Committee. I would like to read briefly from this hearing:

> The CHAIRMAN. What is it you would recommend?
>
> Mr. COLDWELL. The Federal Reserve does not have the authority to discount mortgages and provide discount credit on such mortgages held by commercial banks.
>
> The CHAIRMAN. And you would recommend that they be given that authority?
>
> Mr. COLDWELL. I certainly would.
>
> Senator PROXMIRE. Would you use it if we gave it to you?
>
> Mr. COLDWELL. Certainly.

Mr. PROXMIRE. Mr. President, the present Federal Reserve Act discriminates against mortgages in two ways. First, banks offering mortgages as collateral for an advance from a Federal Reserve Bank are charged a penalty rate of one-half of 1 percent because mortgages are not classified as eligible paper. Second, any advances secured by mortgages are limited to 4 months. This makes it impossible for a commercial bank to use the Federal Reserve System to replenish its supply of long-term mortgage funds.

My amendment would remove both of these impediments. It would make it possible for the Federal Reserve Board to provide the kind of assistance to the mortgage market which Chairman Burns has indicated the Board is ready, willing, and able to provide. If my amendment is adopted, it can provide several billion dollars of additional mortgage credit at the Federal Reserve discount rate of 8 percent.

I am very hopeful that the managers of the bill can accept the amendment.

I have discussed this with the Senator from California briefly, with the Senator from Massachusetts, and also the Senator from Tennessee. I think there may be some modification suggested, but I think in general the amendment can be accepted.

Mr. BROCK. I do support the Senator. I very much would like to see this definition broadened even beyond this because I think the discount window would be more adequately used for this kind of purpose.

I think there may be a technical flaw in the amendment as written. The last sentence says:

> Such advances shall bear interest at a rate equal to the highest discount rate in effect at such Federal Reserve Bank on the date of such note.

Should that be the lowest? I think the problem I have with that is the highest discount rate is close to 10 percent now.

Mr. PROXMIRE. I am not sure. It was our understanding at the present time that it would provide for a discount rate of 8 percent. We have done this on the basis of the best evidence we could get from the Federal Reserve Board.

Mr. BROCK. I am advised that your amendment as written has in accordance with section 10(b) of the Federal Reserve Board, their advances to individual member banks. That language also says, "at the highest discount rate in effect at such Federal Reserve bank" and so forth. Maybe we ought to think about exactly what that means.

As I read it, it looks to me like you are going to the high end of the note, which is going to cost the bank more money for this kind of discount paper, and yet the quality might be just as good.

Mr. PROXMIRE. I am trying to do exactly the opposite. The point is that at the present time there is a penalty rate of a percentage-and-a-half. This would say it is equal to the highest discount rate which is below the present rate. They discount it. So it would provide for some relief.

Mr. BROCK. If I might suggest, it seems to me that unless there is some compelling reason to the contrary, given the general quality of this kind of paper, we would be better advised to go for the lowest, rather than the highest.

Mr. PROXMIRE. I would be happy to accept the modification. It is constructive, and it may save the mortgagees a substantial sum.

Mr. BROCK. It could have a percent or a percent-and-a-half, which could be a good difference.

Mr. PROXMIRE. Mr. President, I modify my amendment on page 2, line 1. The word "highest" should be changed to "lowest."

The PRESIDING OFFICER. The amendment is so modified.

The modified amendment is as follows:

> Insert at the appropriate place:
>
> SEC. . Section 10(b) of the Federal Reserve Act is amended by adding the following at the end thereof:
>
> "Notwithstanding the foregoing, any Federal Reserve bank, under rules and regulations prescribed by the Board of Governors of the Federal Reserve System, may make advances to any member bank on its time notes having such maturities as the Board may prescribe and which are secured by mortgage loans covering a one-to-four family residence. Such advances shall bear interest at a rate equal to the lowest discount rate in effect at such Federal Reserve bank on the date of such note.".

Mr. PROXMIRE. Mr. President, I yield back the remainder of my time.

Mr. CRANSTON. Mr. President, I am delighted to support the amendment, as modified. I yield back the remainder of my time.

Mr. BROOKE. I accept the amendment, and I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment, as modified, of the Senator from Wisconsin.

The amendment, as modified, was agreed to.

AMENDMENT NO. 1971 (AS MODIFIED)

Mr. JAVITS. Mr. President, I call up my amendment No. 1971 and advise the clerk that the item to be read is clearly indicated with an asterisk. The rest of it has already been adopted.

The PRESIDING OFFICER. The clerk will read the amendment, as modified.

The legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

(C) Add the following: "and taking into account the need to assure that the funds are available in all States pursuant to any maximum mortgage interest rate permitted under the laws or constitutions of the various States and, notwithstanding any State law or constitution to the contrary, discount points and other charges collected in connection with mortgage transactions under this section and recognized by the Association shall not be considered in determining whether the interest rate on any such mortgage exceeds any State usury ceiling".

Mr. JAVITS. Mr. President, this is simply the second part of the amendment which Senator Brock has already dealt with. It relates only to the fact that the interest rate on mortgages from States which have State usury laws, and so forth, may not include the discount points and other charges collected in connection with mortgage transactions in determining whether the interest rate on any such mortgage exceeds any State usury ceiling. What it does is to utilize the preemptive authority of the Federal Government for that purpose.

The reason for it is twofold: One, it does offer another route should Senator PROXMIRE and his colleagues decide they want to use it. If it does not apply there and the Proxmire amendment stays in the bill—and I support it—it also takes care of a situation where the usury rate still creates difficulties, even if you go to the 9.25–9.5 percent ceiling, and provides some flexibility in that regard. We have talked to HUD about this. They do not seem to have any objection.

For all those reasons, I hope the amendment will be accepted.

Mr. BROOKE. Mr. President, I have read the amendment of the Senator from New York. Frankly, I would have preferred to have accepted that amendment and avoided the vote on the Proxmire amendment. I think we would have had much less trouble if we had accepted the amendment of the Senator from New York and not had to have a rollcall vote on the amendment of the Senator from Wisconsin. But that is behind us now.

I ask the distinguished Senator from New York this question: Does he think, now that the Proxmire amendment has been accepted by the Senate, that we need the Senator from New York's usury amendment?

Mr. JAVITS. Yes, I think we definitely do. I have given the reasons. Since we do not know what that will result in, in terms of an overall percentage, this is a very good anchor to windward.

Mr. BROOKE. The Senator was a cosponsor of the Proxmire amendment.

Mr. JAVITS. That is correct.

Mr. BROOKE. Is the Senator saying, then, that he feels that something might happen to the Proxmire amendment and he wants the Javits amendment as a part of this legislation because we need it in the event that the Proxmire amendment is not accepted by the House, or does he feel that, even with the Proxmire amendment in the bill, there is reason to have the Javits amendment?

Mr. JAVITS. Exactly. I feel that way because we may find that even with the Proxmire amendment, we still need this.

Another thing should be kept in mind: The utilization of this whole bill is discretionary on the part of the Department. Therefore, they may find, in allocating this $10 billion—we give them instructions as to what we would like them to do, as much as possible, for every State—but they may find it is a useful tool in obeying our instructions toward that effect, and Senator CRANSTON has emphasized it.

Mr. BROOKE. The Senator from New York does not have to sell me on his amendment. I support his amendment. I had hoped that we might be able to get to him first and accept his amendment; and, having accepted it, that we could have avoided Senator Proxmire's amendment. It did not work that way. Since the Senator feels that it is still important to have his amendment in the bill, even with the Proxmire amendment, I will accept that amendment, subject to the wishes of the Senator from California.

Mr. CRANSTON. Mr. President, I am delighted to join in the acceptance of the amendment.

I yield back the remainder of my time.

Mr. JAVITS. I yield back the remainder of my time.

Mr. BROOKE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment of the Senator from New York, as modified.

The amendment, as modified, was agreed to.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the names of Senator HUMPHREY, Senator MONTOYA, Senator DOMENICI, and Senator JOHNSTON be added as cosponsors of S. 3979.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the end of paragraph (B) of proposed section 313(b) of the National Housing Act as it would be added by the amendment, strike out the period and insert in lieu thereof ", and except that the original principal obligation may not exceed $55,000 in the case of properties in Alaska, Hawaii, and Guam."

Mr. STEVENS. Mr. President, I am proposing an amendment to the substitute bill offered by Senator CRANSTON which would increase the mortgage limits to $55,000 for the high-cost areas of Alaska, Hawaii, and Guam. This action is consistent with mortgage limits set by the Congress during consideration of the Housing and Community Development Act of 1974.

Public Law 93-383, signed in August of this year, provided, among other things, for an increase in the statutory mortgage limits of the Federal Home Loan Mortgage Corporation to $55,000 for the entire country. Additionally, the act provides for increases not to exceed 50 percent of the new higher mortgage amounts for Alaska, Hawaii, and Guam. The Mortgage Corporation, in line with the Federal Home Loan Bank Board, has authorized an increase of 25 percent, bringing to $68,750 the mortgage limits in these subject areas.

Mr. President, my amendment does not seek to increase the limit in the bill now under consideration to the $68,000 figure. The amendment would raise the limit only to $55,000 in the two noncontiguous States and Guam.

The Home Purchase Assistance Act is designed to help the moderate to middle-income home buyer, as well as to stimulate the housing construction industry. Acceptance of this amendment will help to insure that this goal is met in all areas of the Nation.

Mr. President, I have discussed this amendment with the managers of the bill. It puts the new portion of the bill with regard to conventional mortgages in line with the provisions that appear on page 9, where subsection 10(b) of the Federal Home Loan Bank is changed to raise the limitation so far as Alaska, Guam, and Hawaii are concerned. I am hopeful that they will accept the amendment.

Mr. BROOKE. Mr. President, I have read the Senator's amendment. I think it is a good amendment. It does exactly as the Senator has stated. It gives Alaska, Hawaii, and Guam de facto comparability with other areas. I think we can accept the amendment.

I am willing to yield back the remainder of my time.

Mr. CRANSTON. Mr. President, I agree with the Senator from Massachusetts and the Senator from Alaska, whose initiative is welcome. It is a fine amendment, and I am prepared to accept it.

I yield back the remainder of my time.

Mr. STEVENS. Mr. President, I express appreciation to the managers of the bill for including the original provision that affects Alaska, Hawaii, and Guam.

I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. MCCLURE). All time having been yielded back, the question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

Mr. BROOKE. Mr. President, the Senator from Alaska is always ready at the switch, always there to protect the rights of his State. He has done a good job in staying here and seeing that this amendment is included in the bill.

Mr. PROXMIRE. Mr. President, will the Senator yield me 1 minute?

Mr. BROOKE. I yield.

Mr. PROXMIRE. Mr. President, I congratulate the two managers of the bill for their very good work in this matter. It was a tough one to get through. It is highly controversial, but in its present form it can be very useful. It comes at a time when we need to do something about unemployment without inflation, and I think it does that.

Mr. President, I ask unanimous consent that my name be added as a cosponsor of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, will the Senator yield?

Mr. BROOKE. I yield.

Mr. CRANSTON. Mr. President, I thank the Senator from Wisconsin for becoming a cosponsor of the bill after the adoption of his amendment. [Laughter.] I thank him for improving the bill, which he did over my objections because of the negotiations in which I had engaged.

I urge that he now work with us, as I know he will, to seek to iron out whatever differences must be ironed out with the House and with the White House and with HUD, so that we can make this bill the law of the land at the earliest possible moment. It is still possible that we may accomplish that before the coming recess, and we must try to do that. If we cannot do it, then we must break our backs to get it done as early as possible upon our return in November.

I thank the Senator from Massachusetts. He has been wonderful to work with. He has been very swift in reacting to difficult situations. He has been very effective, and it has been a great pleasure to work with him. I want to pay tribute to his great legislative skills and leadership.

Mr. BROOKE. Mr. President, I ask unanimous consent that the distinguished Senator from Oregon (Mr. HATFIELD) be added as a cosponsor to this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, I do not want to prolong our consideration of this Emergency Home Purchase Act of 1974. Much has been said about it. I am certainly more than pleased to have the cosponsorship of the distinguished Senaator from Wisconsin (Mr. PROXMIRE). It is always better to have him with you than against you. It is certainly good to have him as a cosponsor of this legislation.

We did have a serious battle on interest rates, three men debating a measure on which all three agree. They all really wanted low interest rates, and we certainly want to help the housing industry and the construction industry and, at the same time, even more importantly, we want to see housing built for Americans who need it.

Mr. President, in all that has been said on the floor today, I wish to join my distinguished colleague from California (Mr. CRANSTON), with whom it has really been a joy to work. He is able, and skillful, and perservering. I think he has shown what a leader must have; namely, the ability to compromise where compromise is essential, and to live up to his agreements when he makes those agreements. He has done that and more in order that we may have this emergency housing legislation.

I wish to join him, finally, in saying that, although this has been controversial legislation, we still believe that we have an important bill, which we hope the Senate will overwhemingly pass and which we also hope will be passed by the House of Representatives.

I say to the distinguished Senator from Wisconsin, I hope it will be enacted in the form in which it passes the Senate. I say that in all sincerity. I am sure that my colleague from California joins me in saying that to the Senator from Wisconsin.

Mr. CRANSTON. I absolutely do.

Mr. BROOKE. I hope, further, that after it is passed by the House of Representatives, it will be signed by the President of the United States. I know there is a question whether this legislation will be inflationary. It is a very serious question. We considered that question. We hope that it can be worked out so that, at the same time we give this emergency aid, we will not add to the inflationary pressures that are loose in the country today.

I know that the President personally wants to give some assistance to the housing industry. I think he singled out this legislation in his message to the joint session of Congress. He named Mr. CRANSTON and me by name, and he specifically mentioned this legislation. I think he wants to support it.

I think that the President of the United States is sincere in wanting us to do everything that we possibly can do in order to get some housing, that is so sorely needed, because there is a crisis in housing across the country.

I hope that the House of Representatives will seriously consider what the Senate did today and find that it is possible to pass this bill, even with the Proxmire amendment—which I think was very soundly supported by Members of this body, and would have received even more support had it not been for the inflationary question. I hope that the President of the United States will find that it is possible for him to sign this legislation so that we can get on with housing and give some relief to the housing and construction industry and get the men in the construction trades back to work.

I think the Senator wishes to respond.

Mr. PROXMIRE. If the Senator will yield to me for just a moment, I wish to thank him wholeheartedly for what he just said.

Particularly, I thank the Senator from Massachusetts and the Senator from California for saying that they will support vigorously in conference this bill in the form in which it passes the Senate. I know that, as the Senator from Massachusetts has said, they will fight hard for it even with the amendment which I have added to it. I am deeply grateful for that, and I cannot thank the Senator from Massachusetts deeply enough. It is characteristic of his attitude. He fought hard that amendment on the floor, and it was opposed strongly by the Senator from California. Now they have both indicated that they are going to support it vigorously in conference. That is all that I could possibly ask.

Mr. BROOKE. I hope to be a conferee. I am sure that the Senator from California will be a conferee. We have made our case. The Senate has acted. As conferees, we shall do, as the Senator from Wisconsin has suggested, everything that is possible to see that the Senate version of this bill is passed.

I am hopeful that the House of Representatives will take a good look at this bill and see what can be worked out so that it will not be an inflationary bill, and that they can pass it themselves and, hopefully, get it signed by the President.

Mr. President, I have nothing further to say, other than that, again, I wish to commend my colleague from California.

I wish to commend, also, the distinguished ranking minority member of the Committee on Banking, Housing, and Urban Affairs (Mr. TOWER), who has worked very hard with us on this legislation. A lot of people do not know what goes on behind the scenes, but he has been very, very helpful with the administration. A lot of concessions have been made. We have come a long way from no concept to this bill.

I commend him for his yeoman work and leadership in getting this bill before the Senate.

Mr. CRANSTON. Will the Senator yield?

Mr. BROOKE. Yes; I yield.

Mr. CRANSTON. I wish to join him in thanking the Senator from Texas for his help. He has been very constructive throughout all of this. I should like to address a final appeal, through him, to him, and to the administration.

Most of the compromising that was done on this bill was done by those who wanted a lower interest rate and wanted certain other features that the administration strongly opposed. We compromised and compromised. Then we fought very, very hard, although we subsequently did not agree with all aspects of the bill we had, for the bill in its precise form as agreed upon with the administration. We, therefore, opposed the amendment of the Senator from Wisconsin.

I think the time has now come for some compromising on the other side. I strongly urge the Senator from Texas and the administration to consider going along with the decision made by the Senate, to consider seeking to have the House accept that swiftly and to have it signed so that we may have a bill now. Otherwise, we are in for a prolonged delay.

There will be a further decline in the economy, further unemployment, further waiting for homes by Americans who need them. With the many compromises that have been made, I hope very much that the administration, in the same spirit of good will and cooperation, will consider now compromising, themselves.

Mr. TOWER. Will the Senator yield?

Mr. CRANSTON. Yes; I yield.

Mr. TOWER. Mr. President, I am grateful for the kind words of the Senator from Massachusetts and the Senator from California. I wish to say that the burden lies now in the House of Representatives.

I had hoped that we would reject the Proxmire amendment because I thought that we could get speedy action in the House and get the bill out, by the time we recessed, without the Proxmire amendment. Now I think the prospects of getting the bill out by the time we recess are very dim. We now will have to go to conference.

If we cannot clear it by the time we

recess, which does look pretty dim right now, I am willing to work on it after we get back here and try to get something after the recess.

Mr. CRANSTON. If the administration would compromise and seek fast action on the part of the House, I am sure that we shall get that fast action. I urge that on the Senator from Texas to urge that quick response.

Mr. BROOKE. Mr. President, I ask unanimous consent that Senator BAKER be included as a cosponsor on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. I wish to commend HUD Secretary Jim Lynn and the Undersecretary of HUD, Mr. Mitchell, particuarly; Miss Carolyn Jordan, the very able young lady who assisted Senator ALAN CRANSTON; and Mr. Jerry Buckley, the very able young man who assisted me. They have put a tremendous amount of work into this bill. And, of course, I commend our staff director, Mr. Carl Coan and our minority counsel, Mr. Thomas Brooks who also put in a tremendous amount of work on this bill as well as other members of the Housing Subcommittee staff who have contributed much to this legislation.

With that, Mr. President, I am prepared to yield the floor.

Mr. CRANSTON. Mr. President, I join in those expressions of regard for the excellent work done by Carolyn Jordan, Jerry Buckley, and Tommy Brooks of Senator TOWER's staff and many others on this bill. Without their help, we would not have accomplished what we have accomplished.

I would also like to mention Deena Sosson previously of my staff, who played a very important role in this matter.

Mr. President, I ask unanimous consent that the final enrolled bill be printed, with at least 500 copies made available.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. I also ask unanimous consent that the staff be permitted to make technical and conforming changes as necessary.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. I move the adoption of the substitute amendment by voice vote.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the Cranston-Brooke substitute amendment, as amended.

The amendment, as amended, was agreed to.

Mr. DOMENICI. Mr. President, the housing and construction industries have borne much of the brunt of inflation in this country. From October 1972 to August 1974, housing starts have dropped 55.1 percent which was a decrease of 1,383,000 units. In the construction industry alone, which does not include the many directly related industries, the amount of unemployed workers has risen to well over 700,000 with the largest percent stemming from layoffs in the last year.

Construction is vital to the well-being of New Mexico's economy. In 1973, for example, construction employed 24,934 persons, while total construction activity provided jobs for 237,411 New Mexico residents. Payroll for these employees was $416.7 million. In addition, industries related to construction in New Mexico employed more than 5,500 persons with a payroll for 1973 of 9.5 million dollars.

Mr. President, this body has the opportunity of passing a major piece of legislation in S. 3979, the Cranston-Brooke bill. This bill will pump 7.75 billion dollars into the Government National Mortgage Association—GNMA—to purchase conventional mortgages. It is estimated that this immediate influx of Federal funds will add about 250,000 units a year to housing starts.

I have cosponsored this bill because I am convinced that an immediate new supply of capital is required to meet our housing needs. The President, in his address yesterday, supported this measure as being a vital step in boosting our economy. I would urge my colleagues to support this bill which offers such a necessary component in revitalizing our housing industry.

Mr. HATFIELD. Mr. President, I am pleased to support S. 3979, which is designed to provide emergency relief to the residential mortgage market.

The present housing situation is presently intolerable. During the month of August, housing starts declined again, to 1,126,000 units. This compares with 2,045,300 for August of 1973. Moreover, the outlook is poor. Only 912,000 building permits were issued in August, compared with 1,017,000 in July and 1,795,500 in August of 1973. The August homebuilding rate is the lowest since January of 1970.

In very human terms, this means that people are losing jobs and that the possibility of homeownership for many American families has become little more than a dream. The economic impact has spread to many associated industries, including forest products, which is the backbone of the economy in the Pacific Northwest.

It is unfair for homebuilders to bear a disproportionate share of the inflation burden. Approval of this legislation will assist during periods of tight money by making many of the home mortgages eligible for purchase by the Government National Mortgage Association. The President indicated in his address to the Congress just 2 days ago that he would make at least $3 billion available immediately after he approves this legislation, enough to finance about 100,000 homes.

This is a welcome step. Housing remains one of our country's most important social problems. It impacts upon racial problems, urban decay, and rural isolation; it is the common denominator of most social issues.

Therefore, I join with the President in recognizing the outstanding leadership of Senator BROOKE and Senator CRANSTON on behalf of the great number of Americans who will be assisted by this legislation. I urge the Senate to approve the bill now and I hope that our colleagues in the House of Representatives will also act swiftly to pass this bill so that we can send it to the President's desk.

Mr. McCLURE. Mr. President, Idaho's economy ranks its forest products economy as No. 2, following agriculture, in importance. Idaho ranks among the top five States in importance for forest products production. The Nation's housing starts—the bellwether of the lumber industry—have slumped dramatically. In 1972 housing starts were running at 2.4 million starts and were part of a worldwide demand for softwood lumber. The August 1974 figures for seasonally adjusted yearly housing starts are now at 1.1 million. We all remember the high prices for lumber in 1972 as industry worked at capacity to try to meet demand. Lumber prices at the mills are down 30 to 40 percent over 1973 levels and are forcing many mills to shut down. Prolonged closures will result in many mills going out of business permanently. If this happens, when the housing picture does improve, this lost capacity will result in pressures that will likely see even higher lumber prices than those in 1972.

Mr. President, this extreme boom and bust situation in housing is not good for anyone. What is urgently needed is a policy that will lead to some stability not only in housing construction, but in the prices for the consumer. For most of the Nation's consumers, homeownership is the largest investment they will make. The sawmill workers of the West need the housing markets of the East, and vice versa. I am attaching some news articles that report the scope of the current problem.

I applaud President Ford's announcement calling for an additional $3 billion to finance an additional 100,000 housing units. However, we have a lot of work to do if we are to achieve supply and price stability in the housing sector.

In addition to the long-range goal of housing stability, there needs to be short term action to avoid unnecessary closure of lumber manufacturing centers. Part of a solution lies in assuring that Government timber prices for lumber raw material most currently reflect market conditions. You will note from the following news stories that mill concern over future raw material supplies has lead in some parts of the country to Government sales being purchased at highly unrealistic levels. We need to be reminded that our concern for the environment needs to focus on the economic and social environment, as well as the natural environment.

While the attached news articles may appear to be somewhat lengthy, I know of no other way to illustrate the breadth and depth of the community dislocation and human impact. I therefore ask unanimous consent that the attached news articles be printed in full as a part of my statement.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Recorder-Herald, Oct 3, 1974]

NORTH FORK LUMBER CLOSES MILL

North Fork Lumber Co. shut down its lumber operation Thursday (today) laying off 25 men at the mill.

Nep Lynch, Sr., mill owner, said that "logs are now costing us much more delivered in the yard than we will receive out of the lumber.

"The price of lumber has dropped nearly $60 per thousand board feet since last March. I feel the lumber industry is headed into a real depression."

North Fork Lumber has been producing around 10 million board feet of lumber a year from Douglas Fir. Lynch said the shutdown, the first in 15 years, is for an indefinite period of time.

Lynch said the situation is not just a case in the Salmon area but has affected most mills dependent on federal lands timber and that many lumber and plywood mills have closed recently.

"Logging costs have increased rapidly due to inflation and added requirements by the Forest Service which they have not been making an adequate allowance for in their timber appraisals," Lynch said.

"Unless the U.S. Forest Service makes some new timber sales at a reasonable price many small mills including North Fork Lumber Co. will be put out of business.

"I hope the Forest Service will respond to the needs of the lumber industry and the economy of the country by making timber available at a reasonable price."

As a result of the shutdown, the firm also has brought to a halt the shipment of more logs to the mill by Kelly Logging, Inc., which could also layoff some 12 to 15 men of that firm.

Gordon Crupper, manager of The Intermountain Co. at Salmon, said there are no plans to close its lumber mill here despite a "real poor lumber market."

He noted that Intermountain is able to utilize its waste woods in bulk chips, sending it to a pulp mill at French Town near Missoula.

"We also are utilizing lumber in laminated beams at our Beam Plant here which has not suffered the same adverse effects as has the lumber market," he added.

"Diversification makes the difference in being able to stay in business today; strictly a lumber operation is tough."

Lynch, in his announcement of the closure of the mill, commented:

"As we all know, the high interest rate has cut the housing starts nearly in half of what they were in 1973. Some economists feel this could have some improvement by next year if there is money available at a lower rate of interest.

"This would make an improvement in the home building industry, but may not help the lumber industry in the United States because the Canadians have nearly doubled their milling capacity since 1970.

"Most Canadian mills are carrying a very large inventory of lumber which they are now shipping to many parts of the United States including Colorado, Texas, California and states in the West where they had shipped very little lumber before.

"They are able to deliver lumber $25 to $30 less per thousand than most United States mills due to the lower cost of their raw material. The Canadian government has a different pricing system for their timber which is more responsive to a fluctuating market.

"To stop the Canadian lumber from coming into this country would require an embargo which I doubt would ever happen."

IDAHO MILL SHUTS DOWN

SALMON, IDAHO.—Citing dropping lumber prices as the cause, North Fork Lumber Co. has shut down its lumber operation indefinitely and laid off 25 men at its mill north of Salmon.

Net Lynch Sr., the mill owner, said, "Logs are now costing us much more delivered in the yard than we will receive out of the lumber.

MILL CLOSING AT MISSOULA

MISSOULA, MONT.—The Van Evan Co. plywood mill at Missoula, which employs more than 400 workers during peak production periods, will begin closing tomorrow.

W. R. Bickerton, plant manager, said the mill will be reopened when the market for housing materials improves. The mill's sister plant, the Evans Co. particleboard factory, will remain open.

Plant officials told 110 persons yesterday they would soon be without jobs.

LUMBER FIRMS "DROP LIKE FLIES"

With lumber companies on the west coast "dropping off like flies," the situation in Sandpoint today was at least somewhat better for P&E Woodworking where most of the materials produced are used in remodeling and not new housing, Paul Knaggs reported.

Knaggs said he just returned from a west coast lumber conference and hinted that the situation is going to get much worse for firms whose primary product goes into new housing.

Tight money and high interest rates are reasons cited by Knaggs which have caused the housing market to drop to a near standstill. He said curtailments and layoffs are "in the wind" for many west coast firms and some in inland Oregon.

"Ours is a different area as most of our materials go into remodeling efforts as versus new housing," said Knaggs. "Generally, when housing is down remodeling is great."

But while P&E is not anticipating any major layoffs at this time, Louisiana Pacific is another story.

Already layoffs have occurred in the Sandpoint plant where one planer shift was cut, although Tom Royer of the Coeur d'Alene L-P office said a complete tally is not yet in.

Royer said reductions have occurred in all L-P mills and it is uncertain if further layoffs are coming.

Last week, L-P announced that production schedules will be temporarily reduced at the Intermountain division's 13 operations.

In a news release, L-P stated: "Market conditions continue to deteriorate, interest rates are high and money is just not available for housing projects." It also cited inflationary practices by the Forest Service as another reason.

Bill Woolsey of Pack River Lumber Co. said that firm is going on a day-to-day basis as regards layoffs and that eight men have been let off so far in the Dover and Colburn mills.

L-P ANNOUNCES TEMPORARY REDUCTIONS

Louisiana-Pacific Corp. has announced that effective Monday, Sept. 23, production schedules would be temporarily reduced at the Intermountain division's 13 sawmill and studmill operations, according to E. R. "Tope" Knauf Jr., Division Manager.

In a letter to the Division's 1250 employees, Knauf cited the severe economic impact of reduced housing construction on the forest products industry.

"Market conditions continue to deteriorate, interest rates are high and money just is not available for housing starts. Another major problem is inflationary practices (excessive slash disposal, sophisticated road building and logging requirements, etc.) required by the Forest Service in response to pressures from environmental groups. This, along with the failure by the Forest Service to make available the annual allowable log cut, has resulted in log costs that prevent continued full production at present market prices," he stated.

Mill lumber inventories are at an all time high, noted Knauf, while sales are dropping and show no sign of improving in the immediate future.

After a careful investigation, L-P reluctantly concluded, stated Knauf, that it was in the best interest of the employees and communities to temporarily reduce production rather than continue for a short time and then be faced with complete mill closures.

"In spite of our highly efficient mills and excellent work force, it is economically impossible to continue full production schedules under present market conditions," said Knauf.

"We look forward to some positive action from President Ford's mini-economic summits scheduled for later this month. Hopefully, direct aid to the beleagured housing industry and some immediate action for better forest management will allow us and other forest products companies to return to more normal operating schedules. Just as soon as we can run without accumulating finisher product inventories, Louisiana-Pacific's Intermountain Division will get back to full production," promised Knauf.

The Company anticipates improved market conditions and resumption of full production sometime after the first of the year.

[From St. Maries Gazette Record, Sept. 26, 1974]

INFLATION, TIGHT MONEY, HIGH INTEREST CLOSE KILN, PLANER

Inflation, tight money and high interest rates have affected the forest industry here in Benewah county.

Regulus Stud Mill is closing its dry kiln and planer for the present time due to a slump in construction and homebuilding, according to Willard Anderson.

This shutdown affects five men.

Anderson said that the sawmill and logging operation will continue for approximately two months. "Then we will close the sawmill for repairs and some changes," Anderson said.

"This is the worst lumber market that I have seen in 30 years in the lumber business," Anderson said. "It is due to high interest and tight money which have really choked off construction. The slide in the last two months has been terriffic. In August, the rate showed a 29 per cent decline from the average monthly rate in the first year, and a drop of more than 50 per cent from the high of last year."

Anderson said that Regulus would resume operations as soon as market conditions improve.

A recent report on major price trends showed that lumber is the only commodity which has dropped in price in recent months. Twelve other "major" commodities have all risen in price, some at very high rates. Lumber, however, has dropped.

In spite of this, the cost of construction continues to zoom. According to local figures, a three bedroom house now costs about $32,000.

According to Merrill Atkinson of First Security Bank, a down payment of $3,200 is required, leaving a loan balance of $28,800.

Atkinson said that this would work out to monthly payments of $238.49 on principal and interest alone. Adding on the monthly payments required for insurance, taxes, etc., would bring the regular monthly payment to $295.49.

"And that is without figuring any monthly costs for heat, water and electricity," Atkinson pointed out. "Furthermore, these figures do not include any cost for land, and, when the customer is done, he has an empty house."

"It is estimated that the monthly cost of a three bedrroom house in today's market is between $450 and $500."

"That's why there is such a slump in building," Atkinson said.

An alternative to regular houses is the use of mobile homes. Although the cost is less, the value is also less, according to the banker.

A $12,000 mobile home requires a down payment of $1,800. The balance requires monthly payments on principal and interest alone of $161.50. Adding on to this taxes and insurance, heat, light, water and ground rent, etc., and the price of a mobile home approaches **$300 per month.**

L–P Announces Work Cut-Back

Citing high interest rates in the housing industry and "inflationary practices by the Forest Service" as its two main reasons, the Louisiana-Pacific Corporation announced Monday that production schedules will be temporarily reduced at the Intermountain division's 13 sawmill and studmill operations.

L-P's announcement on Monday followed a letter sent to the division's 1250 employees which arrived on Friday informing them of the situation. The production cut-back is scheduled to go into effect next Monday, Sept. 23. It is not known yet how many people in Bonner County will be affected by the work slow-down, though a reduction in production at the L-P mills in Sandpoint and Priest River is expected.

The news release put out by L-P stated that, "market conditions continue to deteriorate, interest rates are high and money is just not available for housing projects. Another major problem is inflationary practices (excessive slash disposal, sophisticated road building and logging requirements) required by the Forest Service in response to pressures from environmental groups. This, along with the failure of the Forest Service to make available the annual allowable log cut, has resulted in log costs that prevent continued full production at present market prices."

The statement continued, "after a careful investigation, L-P reluctantly concluded that it was in the best interest of the employees and the communities to temporarily reduce production rather than continue for a short time and then be faced with complete mill closures."

L-P added that they expect present market conditions to improve, possibly as a result of some federal action, and stated, "the company anticipates improved market conditions and resumption of full production sometime after the first of the year."

Lumber Business May Be on Decline in Area

The decision by most banks to stop lending money on real estate and new homes coupled with rising production costs has left the lumber industry in Bonner County in less than ideal conditions.

Despite the fact that loggers may have cut more trees this summer than in any other year, many companies are faced with the problems of cutting back production schedules and laying off workers. Last Tuesday, the Pack River Company shut down its particle board plant in Dover, a move that affected some 25 workers. According to Bill Woolsey of Pack River, however, the firm tried to place the 25 workers in jobs elsewhere.

"I would have to say that the lumber business doesn't look too good going into this fall," stated Woolsey in an interview last week. "Our orders are definitely down. Pack River will keep up production as long as possible, however, and we expect a change in the picture of things come spring."

Other firms are also feeling the pinch of a depleted housing market. Stan Diehl, head of P & E Woodworking and a man with more than 25 years experience in the lumber business, says, "Things are just terrible right now. I think the lumber industry is going through a major recession at this point. Our prices are down between 30 and 40 percent in the last three months."

Diehl went on to say that he doesn't see an end in sight to the troubles experienced by the lumber industry, though he, too, is looking for some relief by springtime. "This whole thing is governed by the housing industry, and when that straightens out, maybe everything else will."

Out at the Arrow Tie Mill, Bob Eddy claims that the drop is not so noticeable. "Because of our diversification, we have been able to keep quite busy," stated Eddy. "We are still running two saw shifts and one planer shift every day.

Eddy did admit that prices have dropped considerably in the past months. He said the green two by fours which sold for $136 per thousand during the week of June 7 are now selling for $110 per thousand. "It is an awfully tough thing to predict the economy, but I also suspect that things will clear up after the winter." Eddy added that Arrow is going ahead with plans to build two new dry kilns at the plant site in Ponderay. "We won't lay anybody off," concluded Eddy.

On the retail level, the drop in the lumber industry is not quite so apparent, but exists nevertheless. Bob Nelson, part owner of Bargain Supplies, said, "Things are holding up pretty well so far. Of course, we miss a lot of the housing trade that no longer seems to be around. But there are a lot of do-it-yourselfers in this county. Right now, we don't feel too depressed."

Bob Seybold, who orders much of the lumber sold by Bargain Supplies, had this to say, "There has been a slight decrease in some materials, but nothing too drastic yet. I think, though, that our actual sales of dimensional lumber are down, and I have noticed a slight price drop in the past two weeks."

At Bonner Building Supplies, Bob Verdal states, "there has been no real drop off in lumber sales. Some prices have come down a little, but things are going pretty good."

[From the Clearwater Tribune, Sept. 1974]

Timber Sale Yield Drops $4 Billion

Clearwater Forest ranked fifth in the Northern Region in annual revenues with receipts of $3,812,787 for fiscal year 1974. The total was $222,900 more than the previous year when the forest ranked sixth place. All of the money but $18,000 was from timber sales.

The 16-forest region dropped from $38.2 million to $34 million in revenues this past year despite higher timber prices, as environmental restrictions slowed down extension of timber sale activity in some areas.

Last year 10 forests had timber sales revenue of over a million in contrast to 8 this year. Kootenai forest was high where timber harvest exceeded $4.8 million. That total in 1973 was $6.9 million.

In the St. Joe Forest receipts, largely from timber sales, skidded from $3,189,000 to only $813,000. The Nezperce forest dropped from $3,020,000 to $2,132,000.

Grazing fees in the region rose from $570,000 to $691,000 last year but users and campers fees slip from $113,350 to $51,074 region wide. On the Clearwater grazing fees were up from $9,880 to $12,514, but users and camping ing fees fell from $6,755 to $576.

During the coming year camping fees will gain as charges have been reinstated. Vandalism to camp collecting mechanisms at several camps along the Lochsa was noted this year says Andrew Arvish of the recreation staff. Several persons witnessed destruction of equipment, but those interviewed avoided any sense of responsibility, saying, "they did not want to get involved."

Lumbermen Aided by Forest Service

OGDEN.—The Intermountain Region of the U.S. Forest Service said Tuesday it is acting to give financial relief to the lumber industry, which faces reduced sales and higher interest rates and operating costs.

Jeff Sirmon, deputy regional forester for resources, said the Forest Service "has taken several actions over the past months to recognize the changing costs and market conditions."

The news release said a substantial drop in housing starts across the nation has resulted in prices for lumber steadily declining over the past two months even though costs of production are accelerating.

"Many logging contractors are discovering that the realistic costs they used a year ago to compute bids for national forest timber sales are now too low," the release said.

The steps taken by the agency include an adjustment in log hauling costs in bids for which contracts were awarded. This is to aid logging contractors to meet price increases for fuel and equipment parts in the face of declining prices they are paid, the Forest Service said.

In addition, the agency said it has speeded its sampling of prices received by contractors so it can more quickly adjust its appraisal index of prices the lumber should bring for the government. And it has updated costs for lumber not yet contracted for from national forests, the release said.

"It is the objective of the Forest Service to appraise national forest timber so that pricing reflects fair market value for public timber . . . not the highest nor the lowest price," the release said. "In this way, continued realistic receipts will be paid to the counties in lieu of taxes and a fair return will be realized for a very important renewable natural resource," the release said.

The Forest Service's Intermountain Region includes Nevada, Utah, Southern Idaho, part of Western Wyoming and small portions of California and Colorado.

Forest Service Action May Take Year To Show

Financial relief promised by the Intermountain Region of the U.S. Forest Service "appears to deal with the future instead of the immediate" and will affect only future lumber purchases, William Barnes of the Boise National Forest said Tuesday.

The actions announced will affect new purchases and give long-range relief to the industry, Barnes said. Although the plan doesn't offer "instaneous relief," its effects should not be underplayed, he said.

"This would be of great interest to persons in the valley who are employed in the industry." Barnes said. "They're subject, no end, to rumors and see the wolf at the door."

The Boise office has not yet received further information on the action but "we assume the machinery will be coming along soon," Barnes said. Recognizable effects of the actions could be as far off as a year from now when timber appraised today finally is sold, he said.

Task Force May Help Boost Timber Cutting

Timber offered for sale in Region I (which includes the northern Idaho forests) may increase substantially due to the efforts of the Western State Forest Industries Task Force, according to Senator Cy Chase, one of Idaho's representatives in this group.

Chase said that the task force will work to get more money for Region I so that the region can come closer to meeting its allowable cut. While most of the forests in the other western regions are near or at their allowable cuts, the forests of Region I have fallen way behind, Chase said.

The Western States Task Force will organize an effort to impress the Congress that more money is needed to handle sales in Region I so this timber can be harvested.

The task force is made up of representatives from five western states—Montana, Idaho, Washington, Oregon and California. All the members are in the legislatures of these states, so that, in effect, the task force represents the five legislatures.

The group met recently in Coeur d'Alene to discuss its problems and work out methods of cooperation. Attending the meeting were two regional supervisors and representatives of two other regional supervisors.

"They were real cooperative," Chase said, "and they felt that this task force is a good thing. They didn't hold back or attempt to cover up any of their difficulties or problems, and I think that we are going to be able to work with them very well."

Chase said that the task force will hear from environmentalists at a later meeting. The next meeting is scheduled for Portland.

* * * * *

Chase is assigned to wild and scenic rivers and to roadless area studies.

According to reports made at the one day meeting in Coeur d'Alene, Region I is behind in timber harvest because timber grows more slowly here and because more roads are required to harvest the specific amount of timber.

"Millions of board feet are wasted on the stump each year and there are approximately 4.8 million acres in Region I which are in need of thinning," Robert Brown, Montana State legislator, told the task force.

Chase said that after the task force has decided what action they wanted the Congress to take, they will send representatives to Washington, D.C. to present the information to the congressmen and senators of the five western states.

"Different areas in these five states have different problems, and we hope that by working together, we can help each other solve these problems. This is a combined effort, and it is non-political," Chase said. "We have both Republican and Democratic members on this committee, and we are concerned with helping the timber industry and not with politics."

Area Mills Close

Coeur D'Alene, Idaho.—Fourteen lumber mills will be closed in five Western states until Oct. 28 by the Louisiana-Pacific Co., the firm announced yesterday.

About 800–900 employes will be affected, said E. R. Knauf, the company's intermountain division manager.

"This is in keeping with our policy of keeping production in line with demand," he said.

The affected plants are:

Washington: Walla Walla and Ione.

Idaho: Post Falls, Moyie Springs, Chilco, Priest River and Sandpoint.

Montana: Philipsburg, Deer Lodge, Columbia Falls and Trout Creek.

Oregon: Pilot Rock.

Wyoming: Riverton, and Dubois.

Knauf said the shut down went into effect last night. Although most of the plants have had reduced shifts or work weeks. Knauf said "This is a complete shut-down for the period."

Knauf said that when the plants re-open it probably would not be on a full-production basis.

In Portland, Publishers Paper Co. announced yesterday that it will lay off another 90 workers beginning Monday, bringing the total number of employes taken off the payroll there since June to 240.

Publishers' President D. F. Williamson said plywood output will be halted for an indefinite period.

He said the lay-offs will be phased over a two-week period.

Earlier, Pope & Talbot announced that it had laid off 65 workers at its Oakridge plant. Lumber production is being cut in half.

The lay-offs in Northwest states are expected to affect about 1,400 employes.

Three-Day Week Set for Mill at Lincoln

The Lincoln, Wash., sawmill and planer plant operations of Crown Zellerbach Corp. will go on a three-day week Monday because of the poor lumber market, a union official said today.

William L. Ransbottom, Loon Lake, assistant business representative, Inland Empire District Council, Lumber, Production and Industrial Workers Union, said management had planned to cut out the night shift but that union members favored reducing the work week and keeping all employes on the payroll.

About 140 men are employed, nearly half on the night shift, he said.

Other Inland Empire lumber producers recently cut their sawmill operations to four-day work weeks or three-week months because of low demand for lumber in the depressed housing industry.

Forest Service Funding Threatens Lots of Jobs

Hayden Lake, Idaho.—Inadequate funding for the U.S. Forest Service is threatening thousands of jobs by reducing timber sales in Idaho and Montana, the state's governors, say.

Idaho Gov. Cecil Andrus and Montana Gov. Thomas L. Judge made the gloomy predictions Thursday following a closed meeting here with timber industry representatives and Region I forester Steve Yurich, Missoula, Mont.

The federal agency, they said, is unable to rapidly produce environmental impact statements necessary before logging can reach the normal allowable cut. More money is needed to increase the Forest Service staff, speed impact statement production and allow an increased tree harvest, they said.

The governors said the usual allowable cut of 1.7 billion board feet should be restored for the region encompassing northern Idaho, western Montana and portions of western South Dakota and eastern Washington.

Yurich said that next year's allowable cut for the region will be 1.2 billion board feet, an increase of 100 million board feet over this fiscal year. It takes about 10,000 board feet of lumber to build the average home.

The reduced allowable cut "could cause tremendous unemployment in western Montana," said Judge.

He said he has received persistent complaints that the Forest Service "is taking too much time to write environmental impact statements on proposed planning units and that the Forest Service has refused to permit the maximum allowable cut authorized for the region."

Judge said both complaints, along with complaints from environmentalists about USFS management, can be traced to a reduction in its regional personnel levels and decreased funding.

While Judge said the annual allowable cut could be restored without sacrificing wildlife, scenery or other values, Andrus told Yurish that intensified forest management is necessary "because so much land is left barren after timber harvests."

Andrus said allowable cuts must be increased to provide for the expected recovery of the now depressed lumber industry.

Judge and Andrus said they will ask Congress to hold public hearings in the two states before adopting Forest Service budget recommendations.

Andrus said the region has been short-changed by the USFS because it "funneled the bulk of the money into the West Coast's forests."

He said he arranged the meeting in this small town north of Coeur d'Alene because "we have gone three years at the lower levels discussing this problem with absolutely zero results."

"The problems are of such magnitude that the governors should be personally involved," agreed Judge.

News From Random Lengths, October 4, 1974

Despite sagging mill prices for lumber and plywood, purchasers of federal timber in the West are still bidding to extremely high levels. Their actions underscore a strong concern over the propects for a steady and adequate supply of raw material in the future.

For example, a summary of timber auctions conducted during July and August by the Willamette National Forest in Oregon shows that most of the tracts offered were bid to about twice the appraised price, with one being pushed to 266.8% of the starting figure. Eleven tracts, involving slightly more than 86 million board feet, were offered. Two small sales were made at minimum prices; one involved right-of-way timber and the other a stand of Cedar. Of the nine remaining, seven were bid to 193.9% or more of the appraised price placed on the Douglas Fir; two others were bid to 143.4% and 150.5% of the appraisal.

This reflects a bidding pattern similar to that of May and June of this year, although bidding was somewhat less extreme than in those months. Winning bids in the July/August sales averaged $197 per thousand for all species compared with $239 in the preceeding two months. However, appraised or minimum prices for all species in the more recent sales that drew competitive bidding averaged $110 per thousand, up from an average of $102 in May/June. Appraised prices on the Douglas Fir offered in July/August ranged from $102.20 to $161.22. Final bid prices on the Fir ranged from $199 to $366 per thousand with four of the nine contested sales bid to $300 or more.

An evaluation of bidding has to be hedged with some qualifications. The species mix in an individual sale, or group of sales, has a substantial bearing on both minimum and bid prices. If a particular tract is heavy to Hemlock or Cedar, both of which are assigned lower timber values than Douglas Fir, the all-species average will be reduced considerably. In most cases, bidding is based on Douglas Fir with other species included in the contract at the appraised prices; thus, bidding levels on Fir can become distorted if a buyer actually is seeking another species at an appraised price. For example, Douglas Fir in one sale was bid to $231.25 per thousand; however, the inclusion of other species in the tract brought the average cost for all down to $170.48.

There are many reasons why a firm would bid heavily on a specific timber sale in the face of a declining market for lumber and plywood. Some companies bought less than their full requirements in the previous two years because they believed both timber and product prices were unrealistically high and would soon tumble. Now, they find their volume under contract is insufficient for future needs and they are forced to buy. Sometimes a firm will want a particular sale because it is adjacent to a tract that is presently logging or will be logging in the future. Occasionally, bidders will "lock horns" and refuse to concede a sale to a competitor. Often, a sale will contain timber of a species, quality and size that is especially desirable for particular types of operations.

In addition to possible reasons as these, however, bidding in the past year has reflected increasing anxiety among manufacturers over their continuing supply of raw material. Timber sale programs are prepared in advance and distributed to potential buyers to aid in their planning. But, these programs have been revised downward repeatedly in recent years in response to national budgetary requirements and environmental pressure. This has tended to cause buyers to bid more urgently on tracts as they are offered rather than taking the risk that the sales schedule may be changed later. Reflecting this pressure on buyers, three of the four Williamette Forest sales that were bid to more than $300 drew bids from at least 18 potential purchasers.

Mr. HUGH SCOTT. Mr. President, I had intended to offer two amendments to the mortgage credit bill, but decided against it in order to expedite passage in Congress.

My first amendment would have set a $300 billion budget ceiling for the Federal Government. As recommended by the President, this restriction is absolutely necessary if we are to cut the rate of inflation.

My second amendment would have excluded from gross income the interest on long-term savings up to $10,000 in a savings and loan association. This would encourage people to save money while pumping money into the housing market. Although the administration does not favor this proposal, I shall continue to press for it.

Mr. President, I am reserving the right to offer these amendments at a later date.

The PRESIDING OFFICER. The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. BROOKE. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. McCLURE). The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Alaska (Mr. GRAVEL), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Illinois (Mr. STEVENSON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Georgia (Mr. TALMADGE) are absent on official business.

I further announce that, if present and voting, the Senator from Indiana (Mr. BAYH), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Illinois (Mr. STEVENSON), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Indiana (Mr. HARTKE) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from New York (Mr. BUCKLEY), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from North Carolina (Mr. HELMS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Kansas (Mr. PEARSON), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

I further announce that, if present and voting, the Senator from Kentucky (Mr. COOK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Colorado (Mr. DOMINICK), and the Senator from Kansas (Mr. DOLE) would each vote "yea."

The result was announced—yeas 77, nays 0, as follows:

[No. 474 Leg.]

YEAS—77

Abourezk
Aiken
Allen
Baker
Bartlett
Beall
Bennett
Bentsen
Biden
Brock
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cotton
Cranston
Curtis
Domenici
Eastland
Ervin
Fannin
Fulbright
Griffin
Gurney
Hansen
Hart
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Kennedy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Symington
Taft
Thurmond
Tower
Tunney
Weicker

NAYS—0

NOT VOTING—23

Bayh
Bellmon
Bible
Buckley
Church
Cook
Dole
Dominick
Eagleton
Fong
Goldwater
Gravel
Hartke
Helms
Johnston
Packwood
Pearson
Scott, William L.
Stafford
Stevenson
Talmadge
Williams
Young

So the bill (S. 3979) was passed, as follows:

S. 3979

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Home Purchase Assistance Act of 1974".

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) in many parts of the Nation, residential mortgage credit is or is likely soon to become prohibitively expensive or unavailable at any price;

(2) the unavailability of mortgage credit severely restricts housing production, causes hardship for those who wish to purchase or sell new and existing housing, and delays the achievement of the national goal of a decent home for every American family; and

(3) there is an urgent need to provide an alternate source of residential mortgage credit on an emergency basis.

INTERIM AUTHORITY

SEC. 3. (a) Title III of the National Housing Act is amended by adding at the end thereof the following new section:

"INTERIM AUTHORITY TO PURCHASE CERTAIN MORTGAGES

"SEC. 313. (a) (1) Whenever the Secretary finds inflationary conditions and related governmental actions are having a severely disproportionate effect on the housing industry and the resulting reduction in the volume of home construction or acquisition threatens seriously to affect the economy and to delay the orderly achievement of the national housing goals contained in title XVI of the Housing and Urban Development Act of 1968, the Secretary shall direct the Association to begin making commitments to purchase and to purchase mortgages in accordance with the provisions of this section.

"(2) The Secretary may direct the Association to terminate its activities under this section whenever he determines that the conditions which gave rise to his determination under paragraph (1) are no longer present.

"(b) Whenever the Secretary issues a directive under subsection (a) (1), the Association shall make commitments to purchase and purchase, and may service, sell (with or without recourse), or otherwise deal in, mortgages (1) which cover more than four-family residences (including cooperatives and condominiums and the individual units therein) and which are insured under the National Housing Act and chapter 37 of title 38 of the United States Code, or (2) which cover one-to four-family residences and which are insured under the National Housing Act is guaranteed under chapter 37 of title 38 of the United States Code or by qualified private insurers as determined by the Association or the outstanding principal balances of which do not exceed 80 per centum of the value of the property securing the mortgages. A mortgage may be purchased under this section only if—

"(A) such mortgage was executed to finance the acquisition of a one- to four-family residence which will be the principal residence of the mortgagor or to finance the purchase of a more than four-family residence and is subject to a mortgage insured under the National Housing Act;

"(B) such mortgage involves an original principal obligation not to exceed $42,000 per family residence or dwelling unit, and except that the original obligation may not exceed $55,000 in the case of properties in Alaska, Hawaii, and Guam.

"(C) such mortgage involves an interest rate or yield not in excess of that which the Secretary may prescribe, taking into account the cost of funds and administrative costs under this section, the important of making mortgage credit available on reasonable terms, and current conditions in the mortgage market, but in no event shall such rate exceed a rate equal to the average yield during the month preceding the month in which a commitment to purchase such mortgage was issued on all marketable bonds of the United States maturing in more than six but less than twelve years from the date of such commitment (exclusive of bonds with a couple rate of less than 6 per centum) plus one-half of 1 per centum adjusted upward to the nearest one-eighth of 1 per centum and taking into account the need to assure that the funds are available in all States pursuant to any maximum mortgage interest rate permitted under the laws or constitutions of the various States and, notwithstanding any State law or constitution to the contrary, discount points and other charges collected in connection with mortgage transactions under this section and recognized by the Association shall not be considered in determining whether the interest rate on any such mortgage exceeds any State usury ceiling.

"(c) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section. Each such obligation shall mature at such time and be redeemable at the option of the Association in such manner as may be determined by the Association, and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Association issued under this section, and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchase of the Association's obligation hereunder.

"(d)(1) The Association is authorized to guarantee securities based on pools or trusts of the mortgages purchased by the Association under this section as provided in section 306(g) of this Act with respect to federally insured or guaranteed mortgages and to act as issuer of such guaranteed securities. The Association shall possess with respect to securities under this section all the powers it possesses with respect to securities guaranteed under section 306(g), and the provisions of such section shall apply to guarantees under this section, except that such section shall not be deemed to prohibit the Secretary from guaranteeing payment of only a part of the principal and interest on securities issued under the provisions of this section.

"(2) The Association may offer and sell any securities guaranteed under this subsection to the Federal Financing Bank, and such Bank is authorized to purchase any securities so offered. The Association may also offer and sell any securities guaranteed under this subsection to any Federal Reserve bank. The proceeds from the sale of such securities when issued by the Association shall be treated in the accounts in the same manner as if such proceeds were from the sale of the underlying mortgages.

"(e) The Secretary may make available a portion of his authority under this section to purchase mortgages covering housing which has been constructed more than twelve months prior to enactment of this section in areas where he determines that there is a serious shortage of mortgage credit to purchase such housing.

"(f) The Association is authorized to—

"(1) sell mortgages purchased under this section of prices which it determines will help promote the objective of assuring that operations under this section are, to the extent feasible, fully self-supporting;

"(2) pay for services performed in carrying out its functions under this section without regard to any limitation on administrative expenses heretofore enacted.

"(g) The total amount of purchases and commitments authorized by the Secretary to be made pursuant to this section shall not exceed $7,750,000,000 outstanding at any one time.".

(b) The amendment made by subsection (a) becomes effective upon the date of enactment of this Act and shall remain in effect for a period of one year following such date of enactment, except that it shall remain in effect after the expiration of such period to the extent necessary (1) to honor commitments to purchase mortgages issued prior to the expiration of such period, and (2) to provide for the liquidation of assets and discharge of liabilities acquired or incurred prior to the expiration of such period.

AMENDMENTS TO OTHER LAWS

Sec. 4. (a) The National Housing Act is amended as follows:

(1) The first sentence of section 2(a) of such Act is amended by inserting before the period at the end thereof the following: "; and for the purpose of financing the preservation of historic structure and, as used in this section, the term 'historic structures' means residential structures which are registered in the National Register of Historic Places or which are certified by the Secretary of the Interior to conform to National Register criteria; and the term 'preservation' means restoration or rehabilitation undertaken for such purposes as are approved by the Secretary in regulations issued by him, after consulting with the Secretary of the Interior".

(2) Section 2(b) of such Act is amended by adding at the end thereof the following new paragraph:

"A loan financing the preservation of a historic structure shall—

"(1) involve an amount not exceeding $15,000 per family unit; and

"(2) have a maturity not exceeding fifteen years and thirty-two days.".

(b) Section 203 of the National Housing Act is amended by adding at the end thereof the following:

"(n)(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection. To be eligible, the mortgage shall involve a dwelling unit in a cooperative housing project which is covered by a blanket mortgage insured under this Act. The mortgage amount as determined under the other provisions of subsection (b) of this section shall be reduced by an amount equal to the portion of the unpaid balance of the blanket mortgage covering the project which is attributable (as of the date the mortgage is accepted for insurance) to such unit.

"(2) For the purpose of this subsection—

"(A) The terms 'home mortgage' and 'mortgage' include a first lien given (in accordance with the laws of the State where the property is located and accompanied by such security and other undertakings as may be required under regulations of the Secretary) to secure a loan made to finance the purchase of stock or membership in a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwelling units of which is restricted to members of such corporation, where the purchase of such stock or membership will entitle the purchaser to the permanent occupancy of one of such units.

"(B) The terms 'appraised value of the property', 'value of the property', and 'value' include the appraised value of a dwelling unit in a cooperative housing project of the type described in subparagraph (A) where the purchase of the stock or membership involved will entitle the purchaser to the permanent occupancy of that unit; and the term 'property' includes a dwelling unit in such a cooperative project.

"(C) The term 'mortgagor' includes a person or persons giving a first lien (of the type described in subparagraph (A)) to secure a loan to finance the purchase of stock or membership in a cooperative housing corporation."

(c) Section 10(b) of the Federal Home Loan Bank Act (12 U.S.C. 1430(b)), as amended, is amended by striking the dollar figure "$40,000" and inserting in lieu thereof "$55,000 (except that with respect to dwellings in Alaska, Guam, and Hawaii the foregoing limitation may, by regulation of the Board, be increased by not to exceed 50 per centum)".

(d) Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)), as amended, is amended by adding in the nineteenth paragraph thereof after the phrase "section 401(d)" the following phrase: "or section 408(a)".

(e) Section 5 of Public Law 93-387 is amended to read: "The Council shall report to the President, and through him to the Congress, on a quarterly basis and not later than thirty days after the close of each calendar quarter, concerning its activities, findings, and recommendations with respect to the containment of inflation and the maintenance of a vigorous and prosperous peacetime economy.".

FEDERAL RESERVE ACT AMENDMENT

Sec. 5. Section 10(b) of the Federal Reserve Act is amended by adding the following at the end thereof:

"Notwithstanding the foregoing, any Federal Reserve bank, under rules and regulations prescribed by the Board of Governors of the Federal Reserve System, may make advances to any member bank on its time notes having such maturities as the Board may prescribe and which are secured by mortgage loans covering a one-to-four family residence. Such advances shall bear interest at a rate equal to the lowest discount rate in effect at such Federal Reserve bank on the date of such note.".

Mr. MANSFIELD. Mr. President——

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will suspend until the Senate is in order.

The Senator from Montana.

INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES ACT OF 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1190 (S. 3481).

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 3481) to amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

The Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with amendments on page 1, at the beginning of line 4, strike out "Section 1. This", and insert "That this".

On page 2, in line 21, after "The" insert "Department of State".

On page 3, in line 1, strike out "State".

On page 3, in line 2, after "the" insert "Department of State".

On page 4, beginning with line 18, strike out:

Sec. 4. Subsection (h) of section 406 of the Federal Aviation Act of 1958 (49 U.S.C. 1376) is amended to read as follows:

"PAYMENTS TO FOREIGN AIR CARRIERS

"(h) In any case where air transportation is performed between the United States and any foreign country, both by aircraft owned or operated by one or more air carriers holding a certificate under this title and by aircraft owned or operated by one or more foreign air carriers, (1) the Postmaster General shall not pay to or for the account of any such foreign air carrier a rate of compensation for transporting mail by aircraft between the United States and such foreign country, which, in his opinion, will result (over such reasonable period as the Postmaster General may determine, taking account of exchange fluctuations and other factors) in such foreign air carrier receiving a higher rate of compensation for transporting such mail than such foreign country pays to air carriers for transporting its mail by aircraft between such foreign country and the United States, or receiving a higher rate of compensation for transporting such mail than a rate determined by the Postmaster General to be comparable to the rate such foreign country pays to air carriers for transporting its mail by aircraft between such foreign country and intermediate country on the route of such air carrier between such foreign country and the United States, and (2) the Board shall not fix and determine for any air carrier a rate of compensation for transporting mail by aircraft between the United States and such foreign country which is lower than the rate of compensation payable by the Postmaster General to or for the account of any such foreign air carrier when such carrier transports such mail between the United States and such foreign country. Nothing in this subsection shall be

deemed to authorize the Board to fix and determine for any air carrier a rate of compensation for transporting United States military mail higher than the rates set for such mail without regard to the provisions of this subsection.".

and insert:

SEC. 4. Subsection (h) of section 406 of the Federal Aviation Act of 1958 (49 U.S.C. 1376) is amended by inserting "(1)" immediately after "(h) and adding the following paragraphs:

"(2) The Secretary of State and the Postmaster General shall take all necessary and appropriate actions to assure that the rates paid for the transportation of mail pursuant to the Universal Postal Union Convention shall not be higher than the actual cost of transportation of the mail (including a reasonable rate of return on investment). The Secretary of State and the Postmaster General shall oppose any present or proposed Universal Postal Union rates which are higher than the actual costs of the transportation.

"(3) The Civil Aeronautics Board shall act expeditiously on any proposed changes in rates for the transportation of mail by aircraft in foreign or overseas air transportation. Pending final action on any rate proposals contained in Civil Aeronautics Board docket 26487 the Board shall by November 1, 1974, establish temporary rates based on the best available estimates of the actual cost of transporting the mail, including but not limited to the cost of fuel and a reasonable rate of return on investment.".

so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

That this Act may be cited as the "International Air Transportation Fair Competitive Practices Act of 1974".

DECLARATION OF POLICY

SEC. 2. (a) United States air carriers operating in foreign air transportation perform services of vital importance to the foreign commerce of the United States including its balance of payments, to the Postal Service, and to the national defense. Such carriers have become subject to a variety of discriminatory and unfair competitive practices in their competition with foreign air carriers. The Department of State, the Department of the Treasury, the Department of Transportation, the Civil Aeronautics Board, and other departments or agencies, therefore, each shall keep under review, to the extent of their respective functions, all forms of discrimination or unfair competitive practices to which United States air carriers are subject in providing foreign air transportation services and each shall take all appropriate actions within its jurisdiction to eliminate such forms of discrimination or unfair competitive practices found to exist.

(b) Each of these departments and agencies of Government shall request from Congress such additional legislation as may be deemed necessary at any time it is determined there is inadequate legal authority for dealing with any form of discrimination or unfair competitive practice found to exist.

(c) The Department of State and the Civil Aeronautics Board shall report annually to Congress on the actions that have been taken under subsection (a) of this section and on the continuing program to eliminate discriminations and unfair competitive practices faced by United States carriers in foreign air transportation. The Secretaries of Treasury and Transportation shall furnish to the Department of State and the Civil Aeronautics Board such information as may be necessary to prepare the reports required by this subsection.

INTERNATIONAL USER CHARGES

SEC. 3. The International Aviation Facilities Act (49 U.S.C. 1151–1160) is amended by redesignating section 11 as section 12 and by inserting immediately after section 10 the following new section:

"SEC. 11. The Secretary of Transportation shall survey the charges made to air carriers by foreign governments or other foreign entities for the use of airport property or airway property in foreign air transportation. If the Secretary of Transportation determines at any time that such charges unreasonably exceed comparable charges for furnishing such airport property or airway property in the United States or are otherwise discriminatory, he shall submit a report on such cases promptly to the Secretary of State and the Civil Aeronautics Board, and the Secretary of State, in collaboration with the Civil Aeronautics Board, shall promptly undertake negotiations with the foreign country involved to reduce such charges or eliminate such discriminations. If within a reasonable period of time such charges are not reduced or such discriminations eliminated through negotiations, the Secretary of State shall promptly report such instances to the Secretary of Transportation who shall determine compensating charges equal to such excessive or discriminatory charges. Such compensating charges shall, with the approval of the Secretary of State, be imposed on the foreign air carrier or carriers of the country concerned by the Secretary of the Treasury as a condition to acceptance of the general declaration at the time of landing or takeoff of aircraft of such foreign air carrier or carriers. The amounts so collected shall accrue to an account established for that purpose by the Secretary of the Treasury. Payments shall be made from that account to air carriers in such amounts as shall be certified by the Secretary of Transportation in accordance with such regulations as he shall adopt to compensate such air carriers for excessive or discriminatory charges paid by them to the foreign countries involved.".

RATES FOR TRANSPORTATION OF UNITED STATES MAIL IN FOREIGN AIR TRANSPORTATION

SEC. 4. Subsection (h) of section 406 of the Federal Aviation Act of 1958 (49 U.S.C. 1376) is amended by inserting "(1)" immediately after "(h) and adding the following paragraphs:

"(2) The Secretary of State and the Postmaster General shall take all necessary and appropriate actions to assure that the rates paid for the transportation of mail pursuant to the Universal Postal Union Convention shall not be higher than the actual cost of transportation of the mail (including a reasonable rate of return on investment). The Secretary of State and the Postmaster General shall oppose any present or proposed Universal Postal Union rates which are higher than the actual costs of the transportation.

"(3) The Civil Aeronautics Board shall act expeditiously on any proposed changes in rates for the transportation of mail by aircraft in foreign or overseas air transportation. Pending final action on any rate proposals contained in Civil Aeronautics Board docket 26487 the Board shall by November 1, 1974, establish temporary rates based on the best available estimates of the actual cost of transporting the mail, including but not limited to the cost of fuel and a reasonable rate of return on investment.".

TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY

SEC. 5. Title X of the Federal Aviation Act of 1958 (49 U.S.C. 1501–1513) is amended by the addition of the following new section:

"TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY

"SEC. 1114. Whenever any executive department or other agency or instrumentality of the United States shall procure, contract for, or otherwise obtain for its own account or in furtherance of the purposes or pursuant to the terms of any contract, agreement, or other special arrangement made or entered into under which payment is made by the United States or payment is made from funds appropriated, owned, controlled, granted, or conditionally granted or utilized by or otherwise established for the account of the United States, or shall furnish to or for the account of any foreign nation, or any international agency, or other organization, of whatever nationality, without provisions for reimbursement, any transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof or between two places both of which are outside the United States, the appropriate agency or agencies shall take such steps as may be necessary to assure that such transportation is provided by air carriers holding certificates under section 401 of this Act to the extent authorized by such certificates or by regulations or exemption of the Civil Aeronautics Board and to the extent service by such carriers is available. The Comptroller General of the United States shall disallow any expenditure from appropriated funds for payment of such personnel or cargo transportation on an air carrier not holding a certificate under section 401 of this Act in the absence of satisfactory proof of the necessity therefor. Nothing in this section shall prevent the application to such traffic of the antidiscrimination provisions of this Act.".

PROMOTION OF TRAVEL OF UNITED STATES CARRIERS IN FOREIGN AIR TRANSPORTATION

SEC. 6. Section 2 of the International Travel Act of 1961 (22 U.S.C. 2122) is amended by striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon and by adding at the end thereof the following new paragraph:

"(6) encourage to the maximum extent feasible travel to and from the United States on United States carriers.".

Mr. MANSFIELD. Mr. President, upon disposition of this bill, it is our intention to turn to the consideration of Calendar No. 1188 (H.R. 16900) the supplemental appropriations bill.

The PRESIDING OFFICER. The Senator from Nevada may proceed.

Mr. CANNON. Mr. President, I ask unanimous consent that I may be permitted to yield to the Senator from Maryland for 2 minutes to bring up a conference report without time being charged.

The PRESIDING OFFICER. Without objection, the Senator from Maryland.

AMTRAK IMPROVEMENT ACT OF 1974—CONFERENCE REPORT

Mr. BEALL. Mr. President, I submit a report of the committee of conference on H.R. 15427, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. McCLURE). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill

(H.R. 15427) to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 8, 1974, at page 34440.)

Mr. BEALL. Mr. President, I urge adoption of the conference report on H.R. 15427, the Amtrak Improvement Act of 1974.

This legislation is designed to provide continued support for Amtrak. Hopefully as a result of this measure, we will continue to see an improvement in Amtrak's record and performance.

Specifically, the conference report would——

First. Increase by $200 million Amtrak's grant authorization and raise the amount of guaranteed loans that may be outstanding at one time by $400 million;

Second. Require Amtrak, to the maximum extent feasible, to perform all maintenance, rehabilitation, repair, and refurbishing of rail passenger equipment;

Third. Reaffirm the strong congressional commitment for the earliest completion of the high-speed Northeast corridor project by authorizing Amtrak to cooperate in every possible way to facilitate the completion of the Northeast corridor pursuant to the Regional Rail Reorganization Act of 1973.

Fourth. Change the present 402 provision, which authorizes Federal funds to State, regional and local transportation entities for additional transportation service beyond the basic system, provided such entities contributed two-thirds of the cost by assuring that such entities would not be required to put up more than two-thirds;

Fifth. Authorizes $5 million for the design and coordination for the construction of the intermodal transportation terminal in Washington, D.C.; and

Sixth. Authorizes a new program for the preservation and reuse of railroad passenger service terminals of historical or architectural significance.

I was exceedingly disappointed that we were unable to convince the House Conference Committee to agree to the feasibility studies for rapid transit lines between Washington, D.C. and Dulles, and between Washington, D.C. and Baltimore-Washington International Airport.

The conference committee did agree that the feasibility study was needed, but contended that they lack jurisdiction over the matter. The conference committee did express "hope that the appropriate committees will consider this matter during the next Congress."

I am particularly pleased that we were able to retain the Senate provision to authorize the Secretary of Transportation, in consultation with the Secretary of the Interior, to plan, design, and coordinate the construction of the intermodal transportation terminal in Washington, D.C.

As my colleagues will recall, Union Station is being converted into a visitors center.

Paragraph 4 of section 102(c) of the National Visitor Center Facilities Act of 1968 required the construction of a replacement railroad station facility. However, in 1968 when this was done, prior to the Amtrak legislation, many at that time were convinced that the demise of the passenger service was inevitable. Since then, Amtrak legislation has been enacted, the Metroliner is a huge success and Maryland and Virginia have entered the rail commuter picture. Furthermore, last year we enacted the National Rail Reorganization Act calling for the implementation of the Northeast corridor improved high-speed program service. We reaffirmed that commitment in this legislation. What this all adds up to is a dramatic increase in rail passenger service and the need for an adequate station for such passengers.

The Metro subway station will have a stop at the Union Station. Thus, we will have an adequate opportunity to replace the existing Union Station passenger terminal with a model intermodal system that hopefully will include rail, subway, bus, and airline ticketing services. In other words, we will have a one-stop transportation facility, located by the visitor center, that will serve the many visitors to, and residents of, the Nation's capital.

This provision grew out of hearings held earlier this year by Senator HARTKE and me and I am, of course, delighted that the conference committee retained the provision.

I ask unanimous consent that the portions of the conference report dealing with this intermodal center be printed following my remarks. In addition, in today's Washington Post there was a letter to the editor on this subject and I ask unanimous consent that this letter also be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 1 and 2.)

Mr. BEALL. Mr. President, another provision of special interest to me is the program designed to facilitate the preservation and restoration of historically and architecturally significant railroad stations. As a cosponsor and active supporter of the original MAGNUSON-HARTKE-BEALL amendment to this legislation, I am delighted that the conference report retains the Senate amendment. Under the provision as agreed to by the conference committee, the Department of Transportation may provide up to 60 percent of the cost to convert at least three passenger terminals into intermodal transportation and/or civic and cultural activity centers. In addition, the Secretary is authorized to make funds available to prevent the further deterioration and/or dismantling of terminals which have a reasonable likelihood of rehabilitation.

Last, The Department of Transportation is permitted to give grants for the development of practical plans for converting rail passenger terminals into new and modern uses.

The provision authorizes a total of $25 million to achieve the objectives I have outlined above.

Mr. President, during the Senate debate on the original amendment last August 8, I discussed in considerable detail the benefits our Nation can accrue from a program such as this. I believe that the cause of historic preservation is an idea whose time has come. By preserving and converting to new uses, our Nation's historic and architectural significant railroad stations we can help to preserve a unique aspect of our Nation's history. We can also increase our sense of community, as well as strengthen our social fabric. This legislation will make a positive contribution to our national unity which has been so severely strained in recent years.

Mr. President, I ask unanimous consent that the portions of the conference report discussing the preservation and reuse of historical and architectural significant passenger service terminals be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PROGRAM FOR PRESERVATION AND REUSE OF RAIL PASSENGER SERVICE TERMINALS OF HISTORICAL OR ARCHITECTURAL SIGNIFICANCE

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment establishes a cooperative program with the States for the preservation and conversion to modern needs of railroad passenger terminals of distinction and architectural integrity. The Secretary of Transportation is authorized to provide financial, technical, and advisory assistance in three forms: (1) demonstration projects converting not less than 3 existing terminals into intermodal transportation terminals and civic and cultural activity centers in accordance with criteria to be developed with the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation; (2) interim maintenance assistance to maintain (and prevent the demolition, dismantling, or further deterioration) of terminals that have a reasonable likelihood of being converted to intermodal or civic use; and (3) planning grants for the development of practicable conversion plans.

CONFERENCE SUBSTITUTE

The conference substitute is the same as the Senate amendment except that the maximum permissible percentage of the Federal financial contribution was changed from 80 and 90 percent respectively to 60 percent in all cases and a specific authorization for fiscal year 1976 was substituted which provides $15,000,000 for the purposes of paragraph (1)(A), $5,000,000 for the purposes of paragraph (1)(B), and $5,000,000 for purposes of paragraph (1)(C).

EXHIBIT 1

[From the Washington Post, Oct. 9, 1974]

NATIONAL VISITOR CENTER

(By Robert G. Baxter)

The National Visitor Center has acted as a catalyst in efforts to develop adjacent to the Union Station a multimodal transportation center—a terminal where inter-city rail and bus travelers, as well as commuters, could interface with Metro subway and bus services and the Tourmobiles. The revival of passenger trains, the low cost of bus travel coupled with the ever lingering energy crisis will mean an even greater need to accommodate visitors to the nation's capital. Let us swiftly move ahead with the National Visitor Center for our Bicentennial so that the public can learn of our city and our heritage, but let us not forget that government and the transportation carriers serving this city, our capital, have also an obligation to upgrade our public transportation facilities. A start on the long delayed multimodal transportation terminal will help us with the influx of visitors as well as put our citizens on the right track.

EXHIBIT 2

INTERMODAL TRANSPORTATION TERMINAL IN WASHINGTON, D.C.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment authorized the Secretary of Transportation, in consultation with the Secretary of the Interior, to design, and plan a model intermodal transportation terminal at Union Station in Washington, D.C., to be constructed in a five-year period. The Secretary is directed, to the extent practicable, to incorporate into the design and plans features which will attract private investment for development and construction. The provision does not relieve the Washington Terminal Company of its obligation to finance and construct a new railroad passenger station pursuant to the National Visitor Center Facilities Act of 1968; the sum of $7 million is authorized to be appropriated to the Secretary of Transportation for the purpose of carrying out his responsibilities.

CONFERENCE SUBSTITUTE

The conference substitute is the same as the Senate amendment except that language was inserted making clear that the new intermodal terminal is not to use any properties needed to construct a visitor center, and that the Secretary is to coordinate the construction of the new terminal facilities. The conferees also agreed to amend section 305 of existing law in order to allow Amtrak to condemn any property at the request of the Secretary (upon assurance of full reimbursement) in order to facilitate completion of the intermodal terminal within the required time. The conferees wished to emphasize that this amendment in no way alters Amtrak's existing authority under such section 305. The conferees authorized $5 million instead of the $7 million provided in the Senate amendment for design and coordination of construction of the facility.

Mr. BEALL. Mr. President, I ask unanimous consent that on behalf of Senator HARTKE, Senator HATHAWAY, Senator MAGNUSON, and Senator CHURCH, that their remarks be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR HARTKE

I want to congratulate my fellow conferees on the Amtrak Improvement Act of 1974. Both the Senate and the House made constructive contributions to this legislation, and although all the Senate-passed provisions that I was in favor of did not win the approval of the House conferees, I am satisfied that we have a good piece of legislation.

I would like to briefly comment on a few of the provisions that emerged from conference. Section 3 directs Amtrak to directly perform all maintenance, repair and refurbishment of rail passenger equipment, Mr President, I believe that this is a vitally needed reform of the way in which these functions are currently performed. The existing out of service ratio for Amtrak's rail passenger equipment is approximately 35 to 40 percent. This is one of the prime reasons for the current shortage of rail passenger equipment nationwide. Furthermore, much of the repair and refurbishment that is currently performed by the railroads and other outside contractors is not done properly; for instance, there have been many instances of newly refurbished passenger cars with air conditioning defects and other failures. This is an unacceptable situation. If Amtrak is going to be paying to have this sort of work done, at least the Corporation should have more assurance of quality and cost. I am hopeful that this provision will result in cost savings, increased quality of work, and fewer cars out of service.

Mr. President, section 3 also contains another important provision. The bill directs Amtrak to cooperate to the maximum extent with all relevant parties to speed the completion of the Northeast Corridor Project, which was mandated by the Regional Rail Reorganization Act of 1973. Furthermore, the Secretary of Transportation is directed to assign the highest priority to its early completion. When the conferees on the Regional Rail Reorganization Act made some changes in the legislation at the last moment, the Office of Management and Budget and the Secretary of Transportation promised that they would work to speed the implementation of this project and that there would be no frustration of the legislative intent. So far, nothing has happened. Not only is the long range program proceeding without any sense of urgency, but the interim program to make the required immediate repairs to corridor facilities has not even gotten underway—no physical work has been undertaken at all. This legislation is a reminder to the parties involved that this situation will not long be tolerated, and that there must be a greater sense of urgency on the part of all concerned.

Another important feature of this bill will hopefully serve to clean up what has been for too long an intolerable mess here in the District of Columbia. Since the commencement of construction for the National Visitor Center at Union Station, the various transportation interests have not been able to reach agreement on the required replacement rail passenger facility. My subcommittee has held two hearings on this matter, and so far all we have to show for it is a large hole in the middle of the former waiting room at Union Station. Furthermore, the inability of the parties involved to reach any agreement has threatened the future of the visitor center itself. The legislation will correct these problems by requiring the Department of Transportation to plan, design, and construct a model intermodal transportation terminal within five years. It is anticipated that this facility will incorporate the two major intercity bus companies, mass transit by bus and Metro rail, commuter rail, intercity rail, and airline ticketing facilities.

Similar terminals have been constructed in other countries, and this will be the first of what I hope will be several of such facilities in the United States. The Secretary is given an authorization of $5,000,000 to carry out the planning and design functions, including all the required architectural work, but whatever direct federal financial share of the actual construction cost is left undetermined. This is because the design and plans are to be carried out in such a manner as to make private development and construction of the facility attractive, and because the various users of the facility—Amtrak, the railroads, the bus companies commuter agencies, METRO, and others will all be contributing to the cost of construction.

Additionally, the responsibility of the Washington Terminal Company to construct a replacement facility is specifically preserved by the legislation. If constructon funds in addition to these are necessary, DOT will have to request them. Finally, in order to make it absolutely clear that no further delay can occur, the Secretary is given the power, through Amtrak, to condemn property needed for the new terminal. Of course, Amtrak was already given the power of eminent domain by the Congress last year, and this additional grant of eminent domain authority to the DOT is in addition to those powers.

Mr. President, I would also like to briefly comment on section 9 of this legislation. This provision restructures the way in which the Department of Transportation is to contribute to the capital budget planning process of Amtrak. It is hoped that the Secretary will contribute productively to a more harmonious budget planning process through the issuance of guidelines and that the capital planning process can thereby be improved. The legislation does require the Secretary to approve the guarantee of any loan that is for a capital program submitted in accordance with the Secretary's guidelines and approved by Amtrak's Board of Directors. I expect that this provision will improve the current process, which sometimes seems to have an adversary nature.

The amendment to section 403(b), contained in section 5 of this legislation, is intended to cover only such normal intercity services as are now operated by Amtrak under this provision. It is recognized that states may request certain unusual services, such as commuter trains, which Amtrak is precluded from operating for its own account under the definition of intercity rail passenger service. The conferees did not intend to inhibit Amtrak and states or transportation authorities to make such special arrangements as they like for regular charter or other types of service under existing authority outside of section 403(b). Such arrangements could, for instance, include special multi-ride commuter fares as well as 100 percent reimbursement to Amtrak of all operating losses and capital costs incurred, under section 403(a).

Mr. President, I would like to comment on one final matter contained in this legislation. Section 403(c) of the Rail Passenger Service Act was amended to require that the Secretary give certain priorities to in the designation of experimental routes. The first priority, required in calendar year 1975, is a route serving Boise, Idaho. Subsequent to initiation of that service, the amendment requires the provision of service to other major population areas that currently receive no service. One obvious area is Portland, Maine, and I understand that Senator Hathaway would like to comment on the bill, since his state is one of those areas having a major population area not currently served by Amtrak.

STATEMENT BY SENATOR HATHAWAY

I compliment the authors of this bill and those who participated in the conference, whose report is now before us. I have consistently given strong support to efforts to modernize and expand our national rail passenger system and view this bill as a significant step in that direction.

Of particular interest to me is the new sentence added to 403(c) of the act instructing the Secretary to give priority to routes into the major population areas of States which have heretofore not enjoyed such service when he is designating experimental routes under that section. It is my understanding of this sentence and the meaning of the word "priority" as used in this context that service to such areas must be instituted before any other experimental routes are designated under the act. I further understand that this is the intention of the conferees.

Obviously, Mr. President, this provision is of great importance to my State. But it also is important to the integrity of the Amtrak program because, when fully implemented, it will finally produce a truly national rail passenger system.

Statement by Senator Magnuson

I would like to join my colleagues, Senator Hartke and Senator Hathaway, in complementing the work of the conferees on this legislation. I feel that it will contribute to the quality of transportation in the United States, and although all the Senate amendments did not survive conference, I am satisfied that an acceptable piece of legislation has emerged.

I would like to comment on two provisions of this bill. First, section 13 is a badly needed study of the future transportation needs of the West Coast. This provision originally passed the Senate on July 11, 1973, as S. 1328. It would require a study on the West Coast similar to the highly regarded report of the Secretary of Transportation of September, 1971, entitled "Recommendations for Northeast Corridor Transportation". It is absolutely essential that we begin now to examine the future transportation needs of the West so we can avoid the necessity to legislate in a crisis. Without doing the sort of long range indepth study of future transportation needs of the West, it is impossible to properly plan. It is unfortunate that this sort of study needs to be mandated legislatively; the Department of Transportation already possess the requisite authority to conduct it, but refuses to do so. In view of the fact that another Deparmental report entitled "Coordination of Urban Development and the Planning and Development of Transportation Facilities" (March, 1974) points out the relatively backwards state of transportation planning in the United States in comparison with several other countries, I would hope that the Department would be a little more willing to do the requisite planning and research.

The second portion of the bill I would like to mention is contained in section 15. This is the creation of a federal program to stimulate the preservation and reuse of historic or architecturally significant railway stations. The federal government, through the Department of Transportation, will now provide the needed leadership to preserve and productively reuse many of our remaining valuable stations. The need for federal leadership was pointed out recently in a report from the Educational Facilities Laboratories that was supported by the National Endowment for the Arts. This provision will provide that needed leadership.

Mr. President, this amendment will also facilitate a greater degree of intermodal planning at the Department of Transportation. At the present time, a local or state agency attempting to plan an intermodal facility is required to deal separately with the various modal administrations at the Department of Transportation, and the requirements frequently vary from one mode to another. This provision will require the Department to begin thinking intermodally in terms of terminals, and that in itself will be major gain.

Statement by Senator Church

I am pleased to lend my whole-hearted support to the passage of the Amtrak Conference Report, and I know that Governor Andrus and thousands of my constituents join me in lauding the Committee action which will result in the return of passenger train service to the state of Idaho.

It has long been my goal to insure that the Amtrak system be accessible to residents of each of the 48 contiguous states, and when the Amtrak bill was before us in August, the Senate accepted an amendment of mine upholding that purpose.

The Conferees have agreed with this philosophy, and have required the Secretary of Transportation to give priority, under the section of the law mandating the establishment of at least one experimental route each year, to states which do not have a major population area served under the basic system. The Conferees have stated further that a route serving Boise, Idaho, must be the first experimental route designated in 1975.

This route is a necessary and vital link to the Pacific Northwest, and I thank the members of the Senate Commerce and House Interstate and Foreign Commerce Committees for recognizing its importance. Actually, this route was included previously as part of the basic system in the preliminary report of the newly-established Amtrak Corporation. However, when the final report was issued, the Idaho route was eliminated—much to my surprise and disbelief.

I felt at that time, and I still feel, that such a decision was a serious disservice to the people of Idaho, and the other areas left without service. The fact that the decision was made by executive fiat made it even more unacceptable.

For 4 years Idaho taxpayers, as well as those in other underserved areas, have been subsidizing a rail system from which they cannot benefit. Now through Congressional mandate, Idahoans will no longer be victims of the "taxation without transportation policy". I commend the conferees for their efforts on behalf of Idaho, and the other states which do not have Amtrak service. By establishing priority for these states as experimental routes, we will soon see the day when Amtrak is a truly national system—a goal to which Congress committed itself nearly four years ago.

Mr. BEALL. Mr. President, I move the adoption of the conference report.

The motion was agreed to.

SENATE CONCURRENT RESOLUTION 119—DIRECTING THE CLERK OF THE HOUSE OF REPRESENTATIVES TO MAKE CORRECTIONS IN THE ENROLLMENT OF H.R. 15427

Mr. BEALL. Mr. President, I send to the desk a concurrent resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

S. Con. Res. 119, a concurrent resolution directing the clerk of the House of Representatives to make corrections in the enrollment of H.R. 15427.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (S. Con. Res. 119) was agreed to as follows:

S. Con. Res. 119

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (H.R. 15427 to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes, the Clerk of the House of Representatives shall make the following corrections:

(1) In the new subsection (g) added to section 305 of the Rail Passenger Service Act of 1970 by section 3 of the bill, strike out "its completion" in the last sentence of such subsection and insert in lieu thereof "the completion of such project".

(2) Strike out section 4, and insert in lieu thereof the following:

Sec. 4. Section 305 of such Act is amended by adding at the end thereof the following new subsection:

"(f) The Secretary of the Treasury shall establish and maintain, in cooperation with the Corporation, customs inspection procedures aboard trains operated in international intercity rail passenger service under paragraph (7) of subsection (e) of this section, which procedures will be convenient for passengers and will result in the most rapid possible transit between embarkation and debarkation points on such service.".

(3) In the amendment made to section 4 of the Department of Transportation Act by the first section 15 of the bill, redesignate paragraph (6) as section 6 of the bill.

(4) Immediately following section 5, insert the section redesignated as section 6 by paragraph (3) of this concurrent resolution.

(5) Redesignate the second section 15 of the bill as section 16.

(6) Redesignate the existing section 16 of the bill as section 17.

SENATE JOINT RESOLUTION 250—JOINT RESOLUTION TO EXTEND THE REGIONAL RAIL REORGANIZATION ACT'S REPORTING DATE

Mr. BEALL. Mr. President, I ask unanimous consent that the Senate turn to the immediate consideration of the joint resolution to extend the Regional Rail Reorganization Act's reporting date, and for other purposes.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 250) to extend the Regional Rail Reorganization Acts reporting date, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

Mr. BEALL. Mr. President, on Monday of this week, the Senate passed a comprehensive Transportation Safety Act by a vote of 69 to 0. Section 208 of that act provided for the extension of the preliminary and final system plan reporting dates under the Regional Rail Reorganization Act of 1973. Under present law the U.S. Railway Association is required to promulgate a preliminary system plan by October 29 of this year. Unless the extension which was in section 208 of S. 4057 is enacted before the election recess, the U.S. Railway Association could be in technical violation of the Regional Rail Reorganization Act.

Therefore, on behalf of the chairman of the Senate Commerce Committee (Mr. Magnuson) and the chairman of the Transportation Subcommittee (Mr. Hartke) I am offering the Senate joint resolution to provide for the extension of the reporting date for the preliminary and final system plans under the Regional Rail Reorganization Act. This is necessary because the House of Representatives finds it impossible to act upon the Senate amendments to the Transportation Safety Act before the election recess. However, the House believes that it can act upon a Senate joint resolution extending the deadline for the preliminary and final system plan reporting dates before the recess.

The Senate joint resolution is almost identical to section 208 as it passed the Senate on Monday except that there have been certain technical amendments to the provisions clarifying the congressional intent that rail service continuation subsidies are available for services (a) not designated to be continued by the final system plan, (b) over lines owned, leased, operated, or invested in by a State agency, and (c) abandoned after enactment of the Regional Rail Reorganization Act.

The technical clarifications insure that rail service continuation subsidies are in accordance with the State plan for rail transportation of local rail services. The clarifications also restate in a more precise manner that a line or service for which a State agency or local or regional transportation authority receives an acquisition loan is no longer eligible for a rail service continuation subsidy.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution (S.J. Res. 250) was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S.J. Res. 250

Whereas, the Senate and Congress recently enacted major reorganization legislation to prevent economic disaster in the area served by the Penn Central Railroad and six other bankrupt Class I railroads (Regional Rail Reorganization Act of 1973, Public Law 93–236); and

Whereas, such legislation provided for the immediate establishment of a new entity, the United States Railway Association, to plan such reorganization and to adopt and release a "preliminary system plan" within 300 days after the enactment of the legislation, and to prepare and submit the "final system plan" to the directors of the Association within 420 days after enactment, pursuant to a funding authorization not to exceed $26,000,000; and

Whereas, as a result of circumstances not within the control of the Congress or the United States Railway Association, the Association was unable to commence full-scale operations until more than four months later than was contemplated in the legislation; and

Whereas, the Association will not be able to prepare reorganization plans for an efficient, adequate, safe, and reliable rail transportation system in the Midwest and Northeast region of the United States unless it is granted an additional 120 days in which to adopt the preliminary system plan and an additional 120 days in which to prepare the final system plan and authorization for funding for such additional period; and

Whereas, such legislation provided a system of rail service continuation subsidies so that shippers and local and State governments could, on a matching basis with the Federal Government, continue rail service on selected lines within a State which might not otherwise continue to be operated; and

Whereas, confusion has been engendered by the failure to include in such legislation a definition of which rail services are eligible for such subsidies.

Now, therefore, be it

Resolved, That

(a) Section 207 (a)(1) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "300" in the first sentence thereof and substituting therefor figure "420".

(b) Section 207 (c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "420" in the first sentence thereof and substituting therefor the figure "540".

(c) Section 214(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "$26,000,000" and substituting therefor the figure "$40,000,000".

(d) Section 402(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by inserting "(1)" before the first sentence thereof, redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively, and by adding the following new paragraph:

"(2) Rail freight services eligible for rail service continuation subsidies pursuant to subsection (b) of this section are—

"(A) those rail services of railroads in reorganization in the region which the final system plan does not designate to be continued;

"(B) those rail services in the region which have been at any time during the 5 year period prior to the date of enactment of this Act, or which are subsequent to the date of enactment of this Act, owned, leased, or operated by a State agency or a local or regional transportation authority or with respect to which a State, a political subdivision thereof, or a local or regional transportation authority has invested at any time during the 5 year period prior to the date of enactment of this Act, or invests subsequent to the date of enactment of this Act, substantial sums for improvement or maintenance of rail service; and

"(C) those rail services in the region with respect to which the Commission issues a certificate of abandonment effective on or after the date of enactment of this Act.".

(D) The last sentence of section 403(a) of the Act is amended to read: "Provided, however, that any rail service for which a State agency or local or regional transportation authority receives such loan is no longer eligible for a rail service continuation subsidy pursuant to section 402 of this title.".

Mr. BEALL. Mr. President, I ask that the clerk be instructed to expeditiously transport immediately the just-passed resolution to the House of Representatives.

The PRESIDING OFFICER. The Chair will so instruct.

ORDER OF BUSINESS

Mr. CANNON. Mr. President, I ask unanimous consent that I may be permitted to yield a minute and a half to the distinguished Senator from Nebraska.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. I thank my distinguished colleague.

COMMODITY FUTURES TRADING COMMISSION ACT—CONFERENCE REPORT

Mr. CURTIS. Mr. President, on behalf of the senior Senator from Georgia (Mr. Talmadge), I submit a report of the committee of conference on H.R. 13113, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13113) to amend the Commodity Exchange Act to strengthen the regulation of futures trading, to bring all agricultural and other commodities traded on exchanges under regulation, and for other purposes, having met, after full and free conference, have agreed to recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of September 30, 1974, at page 33032.)

Mr. CURTIS. Mr. President, the distinguished chairman of the Committee on Agriculture and Forestry (Mr. Talmadge) was unable to be present today because of a previous engagement in Georgia. However, he was very anxious that this important legislation be enacted into law before the recess.

Therefore, he requested that I bring up the conference report on H.R. 13113 on his behalf. I am, of course, delighted to do so, and I ask unanimous consent that Senator Talmadge's statement on H.R. 13113, which explains the intent of the conferees, be printed in full in the Record at this point in my remarks.

Also, I ask unanimous consent that the colloquy which the chairman had agreed to conduct with the distinguished junior Senator from Iowa (Mr. Clark) be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Statement by Mr. Talmadge

Mr. President, I am indeed proud of the conference report we are now considering. I believe that this report represents an excellent compromise between the House and Senate versions of H.R. 13113, the Commodity Futures Trading Commission Act of 1974. On April 11 of this year, the House passed H.R. 13113. The House bill was a good bill and reflected a great deal of work by the House members. It made huge improvements over the existing Commodity Exchange Act.

On May 3, the Senate Committee on Agriculture and Forestry began eight days of hearings on H.R. 13113 and the three Senate bills, S. 2485, S. 2578, and S. 2837. The committee heard a broad range of views during the hearings, receiving testimony from 58 witnesses and written statements from 18 other parties.

Futures trading has become a very important part of the Nation's economy. During 1973, the total volume of trading in futures contracts was over $500 billion. This is over twice the volume of trading on all stock exchanges in this country. Currently, futures markets perform a vital function for agricultural producers, for manufacturers, for exporters, for consumers and for others.

It is essential to businessmen in this country that they be able to set certain costs of doing business as far in the future as possible. For example, millers have long used the futures market to set the price of their wheat in advance. However, under the existing Commodity Exchange Act, bakers are prohibited from using the futures market to hedge against increased flour costs. One of the things the committee agreed to do when it reported H.R. 13113 was to allow the users of the products of agricultural commodities, as well as the users of the commodities themselves, to hedge on the futures market. The conference committee adopted this provision. Thus, bakers will now be able to use wheat futures to hedge the cost of their chief ingredient—flour.

The committee attempted to obtain all possible views and to give due consideration to every point of view in both the hearings and the committee markup because it realized that futures markets will assume an even greater role in the future. In this day of rampant inflation, businessmen find that they must attempt to stabilize more and more of their costs as far in advance as possible. In the past, there have been futures contracts only in certain tangible commodities such as wheat, cotton and soybeans. However, there is increasing interest in creating viable futures contracts in such rights and services as mortgages and ocean freight rates. Such futures trading would be permitted under the legislation agreed upon by the conferees, and it would be regulated by the new Commodity Futures Trading Commission.

I believe the legislation we are now considering will be considered landmark legislation in the future. It creates an agency comparable in stature and responsibility to the Securities and Exchange Commission. By assuring that the futures markets are not manipulated by a few large speculators, it will provide protection for the American consumer. It will also provide protection for the small businessman who needs to use the futures market to do business more efficiently.

I am particularly proud of the way the committee worked together on this legislation. In a matter of only two days the Committee on Agriculture and Forestry resolved vast differences between the three Senate bills and the House bill. We were able to reach an agreement and report unanimously a strong regulatory bill which made substantial improvements over the House bill. Moreover, because we worked diligently to fairly accommodate the interests of as many people as possible, not even one controversial floor amendment was offered on the floor of the Senate. I believe that this kind of action was possible only because all of the members of the committee who worked on this legislation had one goal in mind—to develop a strong, but fair regulatory scheme that will protect investors, businessmen and consumers. I believe that we achieved this goal in the committee and in the conference with the House.

The bill adopted by the conference committee consists of four titles:

TITLE I

Title I creates an independent regulatory commission called the Commodity Futures Trading Commission consisting of a Chairman and four other Commissioners. The Commissioners will be appointed by the President, by and with the advice and consent of the Senate. In nominating persons for appointment, the President is to seek to establish and maintain a balanced Commission that will include persons of demonstrated knowledge in futures trading or its regulation and persons of demonstrated knowledge in the production, merchandising, processing, or distribution of the goods, articles, services, rights, and interests covered by the Act.

Not more than three of the members of the Commission shall be members of the same political party. The Commissioners shall be appointed for staggered five-year terms. With certain exceptions, the executive and administrative functions of the Commission will be exercised by the Chairman. The Chairman is to be compensated at executive level III. The other Commissioners are to be compensated at executive level IV.

The Commission will have a general counsel and an executive director. The executive director will be subject to Senate confirmation, and both the general counsel and the executive director are to be compensated at executive level V.

For the purpose of maintaining liaison between the Commission and the Department of Agriculture, the Secretary of Agriculture shall appoint a liaison officer. The Commission shall furnish the liaison officer with appropriate office space and clerical help, and he shall have the right to attend and observe all deliberations and proceedings of the Commission.

Likewise, the Commission, in cooperation with the Secretary, shall establish a separate office within the Department of Agriculture to be staffed with employees of the Commission for the purpose of maintaining liaison between the Department and the Commission. The Secretary is to take such steps as may be necessary to enable the Commission to obtain information and utilize such services and facilities of the Department as may be necessary in order to maintain effectively such liaison.

All existing authority under the Commodity Exchange Act which is presently vested in the Secretary of Agriculture and the Commodity Exchange Commission will be transferred to the new Commission. All existing personnel of the Commodity Exchange Authority will be transferred to the new Commission.

A reparations procedure before the new Commission is authorized for handling complaints which arise from violations of the Act. A reparations order by the Commission is subject to judicial review in the Court of Appeals pursuant to section 6(b) of the Commodity Exchange Act. Under section 6(b), the findings of the Commission, as to the facts, would, if supported by the weight of the evidence, be conclusive. The reparations procedure will not become effective until one year after the date of enactment of the bill. However, claims arising within nine months immediately before such effective date could be heard by the Commission after the one-year period.

The Commission—in issuing any order, rule, or regulation, or in requiring or approving any bylaw, rule, or regulation of a contract market—is to take into consideration the public interest to be protected by the antitrust laws and to endeavor to take the least anticompetitive means of achieving the objectives of the Act.

TITLE II

Title II provides broad authority to the Commission to regulate futures trading and exchange activities.

All goods, articles, services, rights, and interests traded for future delivery are brought under federal regulation.

Commodity trading advisors and commodity pool operators are required to register with the Commission. In addition, the existing registration and examination for fitness requirements applicable to futures commission merchants and floor brokers are expanded to include all individuals handling customers' accounts.

The new Commission will determine whether trading by floor brokers and futures commission merchants for their own account and at the same time trading for their customers will be permitted. If the Commission determines that such dual trading will be permitted, the Commission shall further determine the circumstances under which it shall be conducted. The Commission may make separate determinations for different contract markets.

Contract markets will be required to demonstrate that futures contracts for which they seek designation will not be contrary to the public interest.

The new Commission may establish additional points for the delivery of a commodity in order to diminish price manipulation, market congestion, or the abnormal movement of the commodity in interstate commerce.

Contract markets must submit for Commission approval bylaws, rules, regulations, and resolutions which relate to the terms and conditions of futures contracts or other trading requirements. In addition, the Commission may require a contract market to make changes in its rules and practices which are necessary or appropriate for the protection of the public interest.

The Commission will have authority to go directly into court to enjoin any contract market or other person from violating the Act or restraining trading in any commodity for future delivery. However, no restraining order, injunction, or writ of mandamus will be issued ex parte. In lieu of bringing actions itself, the Commission may request the Attorney General to bring the action. Where the Commission elects to bring the action, it shall inform the Attorney General and advise him of subsequent developments.

The Commission will have authority to act in emergency situations and direct a contract market to take such action as is necessary to maintain or restore orderly trading. The term emergency is defined as meaning—in addition to threatened or actual market manipulations and corners—any act of the United States or a foreign government affecting a commodity or any other major market disturbance which prevents the market from accurately reflecting the forces of supply and demand.

Penalties in amounts up to $100,000 could be imposed in both administrative and criminal proceedings for violations of the Act.

The Commission will have authority to regulate transactions for the delivery of silver bullion, gold bullion, or bulk silver coins or bulk gold coins pursuant to standardized margin or leverage account contracts.

TITLE III

Title III provides enabling authority at the discretion of the Commission for persons registered under the Commodity Exchange Act and in the commodity trading business to establish voluntary futures associations for regulating the practices of the members. The Commission's annual reports to the Congress are to include information concerning any futures association registered pursuant to Title III and the effectiveness of such associations in regulating the practices of the members.

TITLE IV

Title IV makes it a felony for Commissioners, employees, or agents of the Commission to participate directly or indirectly in any transaction in commodity futures or commodity options or (with certain exceptions) in an actual commodity. It is also a felony for such persons to impart confidential information to others for the purpose of assisting them in participating in such transactions. The persons receiving the confidential information are likewise prohibited from using such information.

The ban on trading in options in commodities presently subject to regulation is continued. Options trading with respect to all other commodity futures is likewise banned if contrary to Commission rules or regulations prohibiting or allowing such trading. The Commission is to prescribe the regulations governing such trading within one year after the effective date of the bill unless the Commission determines and notifies the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture that it will be unable to promulgate such regulations within the one-year period.

The Commission, in fixing trading and position limits, is authorized to exempt transactions known to the trade as "arbitrage". "Arbitrage" in domestic markets is defined as being the same as a "spread" or "straddle". The Commission is authorized to define the term "international arbitrage".

The Commission is authorized to define bona fide hedging transactions or positions. The new definitions must permit hedging of a person's anticipated production of seed quantities of a commodity and hedging by the users of products of traded commodities as well as users of the commodities. Immediately upon the enactment of the bill, the Secretary of Agriculture is to issue regulations defining bona fide hedging transactions so as to allow hedging by such persons. Such regulations would, of course, only be applicable with respect to the now-regulated commodities. The new Commission would issue hedging definitions for the other commodities.

The authority under which a futures commission merchant or floor broker may "cross trades" for cotton is made applicable to all commodities under rules and regulations issued by the Commission.

The Commission is authorized to conduct regular investigations of the markets for commodities which are the subject of futures contracts and furnish reports of its findings to the public on a regular basis.

Every clearinghouse and contract market must maintain daily trading records. The Commission is to determine the type of trading records and the type and frequency of trading reports to be required of clearinghouses and contract markets. Reports are to be submitted to the Commission on a daily basis if, in the Commission's judgment, such a requirement is necessary for effective regulation of futures trading.

The Commission is to establish research and information programs to investigate the feasibility of trading by computer and the expanded use of modern information system technology.

The Commission is to investigate and report to Congress not later than June 30, 1976, on the need for legislation providing insurance against losses caused by the financial failure of futures commission merchants.

The bill (with certain exceptions) is effective 180 days after enactment. However, the new Commission is created upon enactment, and activities necessary to implement the bill may be carried out after enactment and before the effective date.

There were 26 major differences between the House bill and the Senate amendment. Perhaps the most important difference concerned the nature of the commission to regulate futures trading.

In lieu of the House provision—which would have created a five-man commission consisting of four public members and the Secretary of Agriculture or his designee—the conference substitute adopts (as I have noted) the Senate amendment creating a five-man independent commission consisting of a chairman and four other commissioners.

However, in view of the expertise of the department of agriculture and the fact that a major portion of the commodity futures contracts traded are in agricultural commodities, it is important that close liaison be maintained between the commission and the department. Therefore, liaison offices will be maintained by both the Commission and the Department.

One of the most difficult issues to be resolved in the Commodity Futures Trading Commission Act was the jurisdiction of the new Commission. Both the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry sought to avoid the usurpation by the new Commission of the jurisdiction of the Securities and Exchange Commission and other federal agencies. It was the intent of the Committees to fill all regulatory gaps—to regulate trading in futures and in options relating to commodities or commodity futures, because such trading is now poorly regulated, if it is regulated at all. As passed by the House, H.R. 13113 made clear that nothing in the Act would supersede or limit the juisdiction of the Securities and Exchange Commission or other regulatory authorities. The Senate refined this language in an attempt to avoid unnecessary overlapping and duplicative regulation.

I understand that there is some concern that, in effectuating the intent to fill regulatory gaps, the conference substitute appears to have an unintended impact on the jurisdiction of the Securities and Exchange Commission.

This misconception apparently has arisen because of certain provisions in section 201 of the bill, in particular the revised definition of commodities, the limited grant of exclusive jurisdiction to the Commodity Futures Trading Commission, and the reference to trading in futures contracts and options, not only on designated contract markets, but also on "any other board of trade, exchange or market."

I wish to emphasize that the words "any other board of trade, exchange, or market" were included in the conference substitute only for the purpose of giving the Commodity Futures Trading Commission jurisdiction over futures contracts purchased and sold in the United States and executed on a foreign board of trade, exchange, or market. This grant of exclusive jurisdiction is not to be construed as preempting the jurisdiction of the Securities and Exchange Commission over securities, including stock options, traded on any national securities exchange or any other United States securities market.

With respect to the definition of commodities, it was intended to apply to a broader class of goods, articles, rights, and interests than previously were subject to the Commodity Exchange Act. It was not intended, however, to apply to trading in interests and rights traditionally known as securities, including, for example, stocks, corporate bonds, warrants, and debentures; nor was it intended to apply to trading in options to purchase any of the foregoing. However, the last sentence of subsection (b) of section 201 of the bill helps make clear that the intent of the conferees was to subject all trading in futures contracts on a "contract market" designated pursuant to section 5 of the Act to the jurisdiction of the Commodity Futures Trading Commission.

I further understand, however, that the Securities and Exchange Commission has jurisdiction over other types of securities, including investment contracts, and that the term investment contract includes a broad category of arrangements and contracts relating to investments. In this area, there may be some apparent overlap between the jurisdiction of the Securities and Exchange Commission and the intended jurisdiction of the Commodity Futures Trading Commission over trading in futures contracts relating, or purporting to relate, to tangible commodities. It was not intended that the jurisdiction of the Securities and Exchange Commission with respect to investment contracts be superseded, except to the extent that jurisdiction is granted to the Commodity Futures Trading Commission with respect to contracts for future delivery or options relating, or purporting to relate, to tangible commodities, or which are effected on a contract market designated pursuant to section 5 of the Act. As a result, the Act is designed to supplement the present framework of regulation and to operate in conjunction with existing statutes; it is not intended to create any regulatory gaps.

In addition, the conferees wished to make clear that nothing in the Act would supersede or limit the jurisdiction presently conferred on courts of the United States or any state. This Act is remedial legislation designed to correct certain abuses which Congress found to exist in areas that will now come within the jurisdiction of the Commodity Futures Trading Commission. Congress was aware that there have been ongoing efforts by various state and federal regulators to prevent some of these abuses. Accordingly, section 412 was included in the bill to make clear that all pending proceedings, including ongoing investigations, as well as court proceedings, should continue unabated by any provision of the Act. This also is necessary in order to prevent the creation of any regulatory gaps, particularly during the time between the adoption of this legislation and the full implementation of its provisions by the Commodity Futures Trading Commission. During the course of our deliberations, we learned, for example, that the SEC has a number of such matters currently under investigation. We would expect that those investigations will continue and any proceedings resulting therefrom will not be affected by the passage of this Act.

To the extent that the language of subsection (b) of section 201 subjects rights and interests or transactions involving rights and interests to the concurrent jurisdiction of the new Commodity Futures Trading Commission and the Securities and Exchange Commission, the conferees intended that the two Commissions would consult and cooperate in determining what approaches to the exercise of their respective jurisdictions will best serve the public interest.

The responsibilities that will be vested in the new Commodity Futures Trading Commission are important and demanding. It is obvious that the new Commission's work will be especially taxing between the date of enactment and 180 days after enactment. The date on which the new law will become fully operational. Much work will have to be done by the Commission to assure that futures trading in all commodities is regulated effectively immediately on the effective date. It is necessary that studies be made, hearings held, and proposed regulations published in the Federal Register.

It is, therefore, of the utmost importance that the President nominate persons for appointment as Commissioners who are first-rate individuals and "broadly knowledgeable", as the act requires. It is also of the utmost importance that the nominations be made forthwith in order that the Commission can begin its work as soon as possible.

I can assure the President that the Committee on Agriculture and Forestry will act promptly on the nominations he submits.

Colloquy on Time Stamping

Mr. Clark. As you know, the Senate bill had contained a provision for daily trading reports. Under the Senate bill, every clearinghouse would have been required to deliver a daily report to the Commission specifying for each trade made on the exchange that day, the time, the subject, the number of contracts, the price, the delivery month, and the identification of the traders. As you know the Conferees adopted the Senate amendment with an amendment authorizing the Commission to determine the type of trading records and the frequency of reports to be required of clearinghouses and contract markets. The Conference substitute does not specify what type of information will be required or how often this information must be reported. As I understand the Conferees' intent, the fact that the Commission was given discretion in this area does not mean that the Conferees felt that certain information, such as time stamping, was inappropriate?

Mr. TALMADGE. Indeed not. In fact, several of the Conferees felt that it would be desirable for the Commission to require reporting on the time of each trade made as soon as it is practical for the exchanges to provide this information. The Conferees made this section discretionary, in keeping with many other provisions of the bill. It was our feeling that we were not the ultimate experts on commodity futures trading and that we should give the maximum amount of discretion possible to the Commissioners, who will be true experts. It is expected and hoped that the Commission will require whatever information that is necessary to allow the Commission to do an adequate job of policing abuses.

COLLOQUY ON LIAISON

Mr. CLARK. I would like to ask my distinguished friend and Chairman of the Agriculture Committee a clarifying question on the nature of the new Commission and its relationship to the Department of Agriculture. As I understand Section 101 of the Act and the Report of the Conferees, the establishment of liaison offices by the Commission and the Department of Agriculture simply takes note of the importance of agricultural commodities and the knowledge of the Department of these commodities. Am I correct, Mr. Chairman, that the liaison agreed to by the Conferees is primarily an informational one and in no way affects the independence of the Commission?

Mr. TALMADGE. Yes, the Senator is quite correct in his understanding of the liaison provision.

Mr. CLARK. Am I also correct, Mr. Chairman, in stating that nothing in the Act prohibits the Commission from establishing similar liaison offices with other government agencies?

Mr. TALMADGE. The Senator is correct. There is nothing at all to prohibit the Commission from establishing similar liaison offices with other agencies.

Mr. CURTIS. Mr. President, the conference report now before the Senate is different from the original bill passed by this body more in form than in substance.

The major difference that the committee on conference was faced with was between a part-time commission connected with the Department of Agriculture as provided in the House bill and a full-time, five-member, independent commission as provided in the Senate bill. The conferees agreed upon the Commission as provided in the Senate bill with a provision that liaison offices be established between the Commission and the Department of Agriculture.

Mr. President, I fully support the conference report and hope that it will be unanimously endorsed by this body but would again like to reiterate the statement I made during Senate debate on this measure by expressing my hope that the new Commission we are creating does not become "an over-regulatory" agency.

Mr. President, the commodity futures markets can be an important tool for producers and primary users of agricultural commodities and other raw materials. It is important that this new Commodity Futures Trading Commission act as a referee and does not inject itself into the marketplace except to make certain that there is no fraud or manipulation. I urge adoption of this conference report.

Mr. CLARK. Mr. President, as one of the Senate managers of H.R. 13113, the Commodity Futures Trading Commission Act of 1974, and as a sponsor of one of the bills considered by the Senate Agriculture Committee, I am pleased to support H.R. 13113 as reported by the joint House-Senate conference. I believe that H.R. 13113 will provide the strong and informed regulation of the Nation's commodity exchanges, which has been long overdue. The Commodity Futures Trading Commission Act of 1974 deserves the support of the Senate.

I would like to take a moment to pay tribute to those who diligently worked on the complex subject and produced this excellent bill—in particular to Chairman TALMADGE, the members of the Agriculture Committee and the staff of the Agriculture Committee. The most important provisions of the Senate bill were adopted by the conferees.

I would be remiss if I did not pay tribute to the work of the conferees themselves. The spirit of cooperation shown by all of the conferees and the frank and open discussion of the differences between the House and Senate bills brought about a final bill all of us can take pride in. In this regard the staffs of the Senate and House Agriculture Committees worked closely to iron out several important technical issues, and were of immense help to the conferees.

The most important feature of the act before us is the creation of a fully independent, full-time Commodity Futures Trading Commission. This kind of commission is vital to strong and effective regulation. In creating the Commission, the conferees established liaison offices in both the Commission and the Department of Agriculture to work with each other. The conferees also permit the Department of Agriculture liaison to attend all Commission meetings, but only as an observer. He is prohibited from participating in the proceedings in any manner and from voting.

H.R. 13113 gives the new independent Commission several tools to carry out its mandate. Among these are:

Direct injunctive powers permitting the Commission to go into court to obtain injunctions when manipulations or other violations of the act occur or are about to occur.

Powers which authorize the Commission to take steps to stabilize futures markets when emergencies occur.

Authority to establish additional delivery points for commodities if the exchanges refuse to establish them.

Authority to outlaw or closely regulate dual trading—the procedure whereby a broker trades for himself and a customer.

Authority to require detailed daily trading reports by exchanges and clearinghouses.

In connection with daily trading reports, I note that although some exchanges contend time stamping is presently impractical, there are indications that this is not the case. Two of the smaller exchanges—the Minneapolis Grain Exchange and the New York Mercantile Exchange—already time stamp. Moreover, Agriculture's Commodity Exchange Authority Director, Alex Caldwell, who is well informed about the operation of the exchanges, believes time stamping is presently feasible.

The importance of making available to the Commission the information specified in the Senate bill cannot be overemphasized.

Recording the identification of the trader would permit the Commission to learn who had made a particular trade. Presently, the clearinghouse only receives the name of the clearing member of the exchange. To get the name of the real trader, the Commission would first have to get the name of the clearing member from the exchange and then go to the clearing member for the name of the trader. Thus, to identify the traders on any particular day would take considerable time. The Senate bill, in requiring that the identity of the trader be kept by the clearinghouse, provides ready access to the name of the real party in interest. This would aid the Commission considerably in detecting manipulations of the market.

Time stamping would permit the Commission to determine whether floor brokers trade ahead of their customers in order to get the best price themselves.

It would enable the Commission to learn whether floor traders increase price fluctuations by trading when prices have begun moving in a certain direction. And it would let the Commission know whether floor brokers actually minimize price swings by trading when the market is inactive, as they have claimed they do. Such information would assist the Commission in determining, as it is required to do under the bill, whether floor brokers are justified in trading for themselves and also for customers, or whether the abuses are so rampant that this practice should not be allowed. Moreover, even if the Commission should decide that floor brokers be permitted to trade for themselves and others, the time of the trade would be essential to police such "dual" trading.

To me, the evidence is overwhelming in favor of requiring the information in the Senate bill. Time stamping was supported by the Commodity Exchange Authority and also by the General Accounting Office. It is my belief that the Commission will see the wisdom of requiring exchanges to time stamp and that it will promptly order such time stamping to be initiated.

I ask unanimous consent that letters from the Commodity Exchange Authority and the Comptroller General regarding this provision be printed in the RECORD in full at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CLARK. All in all, I believe the bill we are about to vote on is a good one. We have been able to do what the Agriculture Committee set out to do in its hearings on commodity futures trading—to fashion a bill that will significantly strengthen the regulation of commodities trading, protect the investor, and assure the consumer, the farmer, the commodity user, and the public at large that price manipulations and trading abuses on futures exchanges will not be tolerated.

I urge your support for this landmark legislation.

EXHIBIT NO. 1

U.S. DEPARTMENT OF AGRICULTURE,
COMMODITY EXCHANGE AUTHORITY,
Washington, D.C., September 11, 1974.
Hon. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: At the request of Senator Clark, I am giving you my comments on section 315 of H.R. 13113, as passed by the Senate on September 9, 1974.

From a regulatory standpoint, this is one of the most important provisions of the bill. The daily reports required of the clearinghouses of the various exchanges would make it possible for the Commodity Futures Training Commission to reconstruct trading in any commodity. This would enable it to detect and prosecute instances where trading is done in such a way as to manipulate prices. For example, if a particular trader, for reasons outside the futures market, wishes to raise the closing price for a particular commodity or future, he might trade very heavily just prior to and during the closing period. With the type of information which would be supplied by this clearinghouse report, the Commission could determine exactly what effect his trading had upon the closing price. Thus, it would be able to determine whether he, in fact, traded in such a way as to create an artificial price in violation of the Act. This type of record would be extremely valuable to the Commission in detecting other types of violation. For example, it would be relatively simple for the Commission to detect and prosecute situations in which a floor broker or futures commission merchant trades ahead of customers' orders or gives favorable trades to certain customers or unfavorable trades to other customers.

Further, the reports provided by this provision would be of great assistance to the Commission in carrying out its responsibilities under section 203 of H.R. 13113 with regard to dual trading.

Implementing subparagraphs (B) through (F) of the section would impose no major problem. This information is now available in the offices of the members of the clearinghouse and most of it is currently reported to the clearinghouse by the members. The timing of each trade, which would be required under subparagraph (A), is now required on only two of the regulated exchanges. The Chicago Board of Trade and the Chicago Mercantile Exchange, the two largest exchanges, do not currently time trades. Timing on these exchanges would require some change in procedure. However, in my opinion, it is completely feasible and would not involve serious problems for either of these exchanges. It might involve a fractional delay in the execution or reporting of trades to customers. However, this would not, in my judgment, be significant and might very well result in a more business-like execution of customers' orders.

Under the proposed legislation, the Commission would, I am sure, provide for the implementation of this provision in an orderly way, giving special consideration to the problems of individual exchanges.

While the timing of trades might involve some minor problems at least at the beginning, it is, in my opinion, the key element in the reporting provision of this section of the Act. Without it, the reporting of the other information would be of relatively little value to the Commission.

Sincerely,

ALEX C. CALDWELL,
Administrator.

COMPTROLLER GENERAL OF THE
UNITED STATES,
Washington, D.C., September 16, 1974.
THE HON. DICK CLARK
U.S. Senate.

DEAR SENATOR CLARK: During the hearings in May 1974 on proposed futures trading legislation, you requested that we keep you apprised of any matters affecting such legislation that might be disclosed during our continuing review of the Commodity Exchange Authority (CEA). Accordingly, we would like to bring to your attention the need for a record of the time of execution on all trades made on commodity exchanges to enable CEA to better protect the public against abusive trade practices and to improve its market surveillance activities.

Our review of CEA included trade practice investigations at five of the largest exchanges and demonstrated the importance of having timing information on all trades. Although our investigations disclosed a number of possible abusive trading practices which were referred to CEA for further investigation, other abusive practices were virtually impossible to detect because timing information was not required. For example, the practice of a broker trading for his own account while he had a customer's order to be filled could not be detected because the time sequence of the broker's trades could not be determined from the records. This omission bears heavily on the question of whether or not dual trading—trading by brokers both for customers and for their own accounts—should be prohibited or restricted, which was a matter of concern in recent Senate hearings and which was discussed in our interim report. Neither CEA nor the commodity futures trading industry knows the extent of dual trading abuses, and neither can know in the absence of timing information.

Trades for a brokerage firm's own account could be used to the detriment of customers in the same way as trades for a broker's own account, and the timing of such trades could be similarly critical in an investigation.

The timing of trades by floor traders—brokers who trade only for themselves and not for customers—is also important for surveillance. In our 1965 report to the Congress entitled "Need to Strengthen Regulatory Practices and Study Certain Trading Activities Relating to Commodity Futures Markets" (B-146770, July 16, 1965), we pointed out that CEA did not know the extent of participation in the markets by floor traders or their influence on futures prices. CEA informed us that it could not measure that influence because of the lack of timing information on trades by floor traders. CEA officials stated that a record of the time of execution would be needed to ascertain whether floor traders were buying on price advances and selling on price declines and pointed out that such practices would tend to accentuate price movements.

The importance of the timing of trades also was demonstrated during the Senate's investigation of the Russian grain transactions. In its report on Russian grain transactions dated July 29, 1974, the Permanent Subcommittee in Investigations, Senate Committee on Government Operations, stated that it was impossible to determine whether orders to buy and sell on the Kansas City Board of Trade had affected the closing price because the times of such trades were not recorded. The report pointed out that such information was needed to determine whether large grain exporters were pushing up closing prices in order to increase their export subsidies.

To be useful to CEA in detecting trading abuses and in its other surveillance activities, the timing information on trades should be readily available in a form, such as an exchange trade register, that could be used for surveillance purposes.

Accordingly, we believe that CEA should have available, on a daily basis, the time of each trade made on the Commodity exchanges. Because the most effective means of obtaining such information is by legislative requirement, we recommend that any futures trading legislation contain a provision requiring each exchange to provide to CEA on a daily basis, and in a format prescribed by CEA, the time of each trade made on that exchange.

We are concluding our review of CEA operations and will provide you a copy of our final report on this review when it is completed.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

Mr. HUMPHREY. Mr. President, on September 26, 1973, just a little over 1 year ago, I introduced the first of several bills that were later introduced in Congress to strengthen, broaden, and revise our Nation's system of regulating commodity futures trading.

Senators CRANSTON and MONDALE joined me in introducing that bill which was S. 2485. In October and December of last year, Senators MCGOVERN, CLARK, and several other Senators introduced similar legislation.

All of these Senate bills called for the establishment of an independent, full-time commission—outside the U.S. Department of Agriculture. Furthermore, all of these bills called for bringing all trading, in all futures, on all markets under regulation.

Mr. President, I was not only very pleased that the House Agriculture Committee used my bill and the other Senate bills as the basis for the development of the original version of H.R. 13113, the conference bill now before us, but I am especially pleased that Congressman POAGE, chairman of the House Agriculture Committee, and the other House conferees on this bill, accepted the Senate bill provisions relating to the establishment of a full-time, independent commission, and the other provisions I alluded to earlier, in the final bill now before us.

H.R. 13113, as now before us, is truly a landmark piece of legislation. Both the House and Senate Committees on Agriculture are to be commended for the fine work they did in the development of this vitally important legislation. The changes provided for in this bill to the Commodity Exchange Act are the most significant changes made regarding futures trading regulation since the enactment of the Grain Futures Act of 1922.

Commodity futures trading serves a very important and essential function in our Nation's economy today. It provides the means for bringing many buyers and sellers together to establish, in an open and competitive manner, what the price of a given commodity will be.

The volume of trading in these markets has grown tremendously in recent years, to a point today where it is estimated to be nearly a half-trillion-dollar business annually.

And with such phenomenal growth comes greater concern about how such markets should be permitted to operate in order to protect adequately those involved in such operations as well as the general public.

The major provisions of H.R. 13113, as agreed to in conference, are as follows:

THE COMMISSION

A full-time, independent, five-member Commodity Futures Trading Commission is established. All of the Commissioners will be appointed by the President, by and with the advice and consent of the Senate, including the Chairman of the Commission. Not more than three of the Commissioners appointed shall be of the same political party.

While an executive director will be selected by the Commission, he will be appointed by and with the advice and consent of the Senate. The Commission's general counsel will be appointed by—and will serve at the pleasure of—the Commission itself.

Also provided for is a requirement that the new Commission and the U.S. Department of Agriculture establish liaison officers, with the USDA liaison officer being permitted to attend, but not participate in, all Commission meetings.

Antitrust: The Commission shall take into consideration the public interest to be protected by the antitrust laws and shall endeavor to take the least anticompetitive means of achieving the objectives of this act.

Commission jurisdiction: The Commission will have exclusive jurisdiction over all transactions involving contracts of sales of any commodity for future delivery which are traded or executed on a contract market, exchange or board of trade, designated under this act. However, jurisdiction conferred on Federal and State courts, the Securities and Exchange Commission or other regulatory authorities under the laws of the United States or any State are retained.

Trading practices: The Commission will be required to determine within 6 months after the effective date of the act—180 days following the date of its enactment—whether, and under what terms and conditions, floor brokers and futures commission merchants may trade for their own account, while executing customer orders for future delivery.

Restraining or injunctive powers: The Commission will have the power to go directly to court, without going through the Attorney General, to enjoin any contract market or other person from violating the act or restraining trading in any commodity for future delivery. However, the Commission will be required to inform the Attorney General when it takes such direct court action. The Commission also will have the option to go through the Attorney General regarding such actions anytime the Commission deems appropriate.

Civil penalties: All maximum civil penalty fines provided for under the Commodity Exchange Act will be substantially increased under this new act—in many cases, as much as a 10-fold increase.

Emergency powers: The Commission will have broad emergency powers which will authorize it, whenever in its judgment it has reason to believe that an emergency exists, to take whatever action it deems appropriate to maintain or restore orderly trading in, or liquidation of, futures contracts.

Contract market designation: A requirement is provided in this bill that before any commodity is approved for designation as a contract market for futures trading, the board of trade or exchange proposing such must demonstrate to the satisfaction of the Commission that such designation will not be contrary to the public interest.

Delivery points: The Commission will have authority to make changes in delivery points, but must give contract markets at least 75 days to make such changes when ordered to do so by the Commission.

Fitness requirements: The Commission will be empowered to specify rules and regulations and appropriate standards with respect to the training, experience and other qualifications it deems desirable to insure the fitness of futures commission merchants, floor brokers, and persons associated with them. However, the Commission may also exempt any such individuals from any written proficiency examination requirement it may establish in this connection if such individuals have previously demonstrated the required proficiency and skill necessary to protect the interest of the public.

Voluntary arbitration of customers' claims: In any customer dispute that might arise with respect to the settlement of a futures contract, the parties may settle such dispute under a contract market's voluntary arbitration procedure as long as the claim does not exceed $15,000.

Commission approval of exchange rules: Contract markets must submit for Commission approval bylaws, rules, regulations, and resolutions which relate to the terms and conditions of futures contracts or other trading requirements. In addition, the Commission may require a contract market to make changes in its rules and practices which are necessary or appropriate for the protection of the public interest.

Silver and gold regulation: The Commission will have authority to regulate transactions for the delivery of silver bullion, gold bullion, or bulk silver coins or bulk gold coins pursuant to standardized margin or leverage account contracts.

Creation of National Futures Association: Title III of this bill provides enabling authority—at the discretion of the Commission—for persons registered under the Commodity Exchange Act and in the commodity trading business to establish voluntary trade associations for the purpose of self-regulating the practices of the members. The Commission's annual reports to the Congress are to include information concerning any futures association registered pursuant to title III and the effectiveness of such associations in regulating the practices of the members.

Limits on Commissioners and employees: Title IV of this bill makes it a felony for Commissioners, employees, or agents of the Commission to participate directly or indirectly in any transaction in commodity futures or commodity options of—with certain exceptions—in an actual commodity. It is also a felony for such persons to impart confidential information to others for the purpose of assisting them in participating in such transactions. The persons receiving confidential information are likewise prohibited from using such information.

Options trading: The ban on trading in options in existing law with respect to certain commodities is continued. On the other hand, options trading in other commodities is likewise banned unless and until explicitly approved by the Commission. Furthermore, in those cases where the Commission permits or approves such trading, the Commission must prescribe the regulations governing such trading within 1 year after the effective date of the bill unless the Commission notifies the Senate and House Committees on Agriculture that it will be unable to promulgate such regulations within such time frame. Also, when permitted by the Commission, such trading must be conducted only on approved contract markets or exchanges and through approved clearing houses.

Hedging definition: The Commission is authorized to define bona fide hedging transactions or positions. However, the new definition must permit hedging of a person's anticipated production of seed quantities of a commodity and hedging by the users of products of traded commodities—for instance, bakers—as well as users of the commodities. Immediately upon enactment of the bill, the Secretary of Agriculture is to issue regulations defining bona fide hedging transactions so as to allow hedging by such persons. Such regulations would, of course, only be applicable with respect to those commodities now regulated. The new Commission would issue hedging definitions for the other commodities later.

Market reports and investigations: The Commission is authorized in this bill to conduct regular investigations of the markets for commodities which are the subject of futures contracts and furnish reports of its findings to the public on a regular basis.

Daily trading records: Every contract market and clearing house must maintain daily trading records. The Commission is to determine the type of trading records and the type and frequency of trading reports to be required of clearing-houses and contract markets. In carrying out these provisions of the bill, the Commission may obtain and require whatever information is needed for the effective enforcement of the act, including, if it so determines, the time of each trade made on the exchanges and the identification of the traders involved in each trade. Furthermore, the Commission is authorized to prescribe the form in which such information, records or data are to be provided.

For instance, the Commission may require that all such information be put in "machine readable" form in order to facilitate "machine or computer" analysis by the Commission. Reports are to be submitted to the Commission on a daily basis if, in the Commission's judgment, such a requirement is necessary for effective regulation of futures trading.

Research and education programs: The Commission is required to establish research and information programs to investigate the feasibility of trading by computer and the expanded use of modern information systems technology. It also is to assist in the development of information and educational programs to better acquaint potential users of futures markets as well as the general public about futures markets.

Commodity insurance study: The Commission is to investigate and report to Congress not later than June 30, 1976, on the need for legislation providing insurance against losses caused by the financial failure of futures commission merchants.

Effective date of the act: The effective date of this particular act will be 180 days after the actual date of enactment. However, activities necessary to implement the bill may be carried out after enactment and before the effective date.

Mr. President, I am certain that anyone reviewing this legislation would have to agree with me that the committees, their staffs and others who participated in the development of this bill, are entitled to and deserve our highest commendation for a job extremely well done. But, as one reviews this legislation, it should also be very apparent that enactment of this bill is merely an important step, in a series of steps that must yet be taken, to reach our desired goal of providing for the strengthening and broadening of regulatory oversight of commodity futures trading.

The next, and in one sense, the most important step in this process is immediately ahead of us, namely, the Presidential nomination of, and the Senate approval of, individuals that are to serve as the Commissioners of this new regulatory body.

The powers and decisions that this bill will vest with these five commissioners are extensive and very important. And, as such, the character, integrity, and personal experience of those to be nominated for these important governmental posts take on added importance. These nominations are so important, in my judgment, that I will be requesting of our committee chairman, Senator TALMADGE—that our committee hold public hearings on all nominees whose names are submitted to the Senate for confirmation. In addition, I would like to take this occasion to urge the President to submit his nominees for this Commission at the earliest possible date. The basis for this latter request is that, until at least three of these Commissioners are appointed, many of the provisions of this bill will not be able to be implemented, due to certain requirements in this bill which involve majority Commission approval.

I also hope—and will so urge at the appropriate time—that our House and Senate Agriculture Committees will conduct legislative oversight hearings regarding the implementation of this act, something which I wish Congress would do more of regarding the administration of national laws.

Mr. President, I am very proud and pleased to have been a part of the work that went into the development of this important legislation. However, like most important laws that are enacted, many people are involved in their development and successful passage. The chairman of our Senate Committee on Agriculture and Forestry, Senator HERMAN TALMADGE, deserves a special commendation in this regard for his leadership and skills as an effective legislator in marking up and moving this bill through our deliberative process. The staff of our Senate Committee on Agriculture also deserves a special note of thanks and commendation for the very excellent work they did on this very complex subject and legislation. And I would be remiss if I did not extend the same plaudits to Congressman BOB POAGE, chairman of the House Agriculture Committee, and the other members of his committee and staff.

And finally, I want to commend Congressman NEAL SMITH, BOB BERGLAND, TOM FOLEY, and Senators MCGOVERN, and CLARK for the outstanding contributions that each of them made in the development and passage of this bill.

Mr. HART. Mr. President, I congratulate the Senate-House conferees on the Commodity Futures Trading Commission Act of 1974. This bill is the result of much hard work by the Senate and House Agriculture Committees. This area is important to every American because futures trading effects the price of commodities essential to our existence—such as wheat, corn, soybeans, and lumber. The importance of futures markets is even increasing with the beginning of trading in petroleum just a few weeks ago. Thus, it is essential that these markets accurately reflect supply and demand and not aberrant factors.

It is my hope that this bill, in creating an independent agency and giving it strong enforcement powers, will accomplish this goal.

One change made in the report concerns me. This is in what was section 315 of the Senate bill and was included in the bill (S. 2837) I introduced on futures trading last December. It required the clearinghouses of the exchanges to keep a daily record of basic facts about the trading on the exchange, including the time of each trade and the identification of the trader. As reported, the Commission now has the power merely to require the exchanges to keep such information. Its collection is not mandated.

Today, without a search that could take several months, it is impossible to know who made each trade on a given day—whether it was a grain company, a foreign government, or John Q. Public. Moreover—except at two exchanges—no record is kept of the time of the trade. This means that it is difficult to determine whether floor brokers take the best bargain for themselves by trading ahead of customer orders. It is impossible to know if floor traders accentuate price fluctuations by jumping en masse when heavy volume already has begun moving prices. And it is impossible to know whether floor traders actually minimize price swings by trading in quieter moments as they claim to do. Since one of the first tasks assigned to the new Commission is to determine whether floor brokers should be permitted to trade for themselves and customers, it seems to me that their job is unduly hindered by not providing them with the time of the actual trade. Moreover, if the Commission decides that floor brokers should be permitted to trade for themselves and customers, information as to the time of the trade is essential in policing such "dual" trading.

Opponents to the daily trading records were the exchanges. They contended that time stamping would slow down trading. Alex Caldwell, head of Agriculture's Commodity Exchange Authority, which regulates the exchanges, allows that time stamping might slow down trading an insignificant amount. But, he says, such a slowdown would be a good idea—it may well result in more businesslike execution of orders.

The exchanges also contended that making the daily trading reports would create overburdening paper work. However, all of the information specified in the Senate bill is presently recorded by the exchanges every day, except for two items—the time of the trade and the identity of the trader. It seemed to those of us favoring the Senate bill that recording those items would only require two more punches on the computer card. Mr. Caldwell and other officials of the Commodity Exchange Authority who should best understand the exchange's workings agree that there would be little additional effort in providing the information. The practicability of time stamping is further proved by the fact that two of the smaller exchanges—Minneapolis Grain Exchange and New York Mercantile Exchange—already do it.

Not only did the Commodity Exchange Authority support the Senate provision but also the General Accounting Office. I ask unanimous consent that letters from Mr. Caldwell of CEA and from the Comptroller General regarding this provision be printed in full at the conclusion of my remarks as well as an editorial from the Washington Star on the Senate provision and the response of House Agriculture Committee counsel.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HART. Mr. President, it is my hope that the Commission will see the wisdom and the practicability of requiring the exchanges to make daily trading reports covering the information set forth in the Senate bill. In addition, it is my hope that the Commission will order such trading reports to be initiated promptly.

Again, I thank the conferees on providing us this responsible legislative response to the developing commodities futures trading area.

Exhibit 1

Commodity Exchange Authority,
Washington, D.C., September 11, 1974.
Hon. Herman E. Talmadge,
Chairman, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: At the request of Senator Clark, I am giving you my comments on section 315 of H.R. 13113, as passed by the Senate on September 9, 1974.

From a regulatory standpoint, this is one of the most important provisions of the bill. The daily reports required of the clearinghouses of the various exchanges would make it possible for the Commodity Futures Trading Commission to reconstruct trading in any commodity. This would enable it to detect and prosecute instances where trading is done in such a way as to manipulate prices. For example, if a particular trader, for reasons outside the futures market, wishes to raise the closing price for a particular commodity or future, he might trade very heavily just prior to and during the closing period. With the type of information which would be supplied by this clearinghouse report, the Commission could determine exactly what effect his trading had upon the closing price. Thus, it would be able to determine whether he, in fact, traded in such a way as to create an artificial price in violation of the Act. This type of record would be extremely valuable to the Commission in detecting other types of violation. For example, it would be relatively simple for the Commission to detect and prosecute situations in which a floor broker or futures commission merchant trades ahead of customers' orders or gives favorable trades to certain customers or unfavorable trades to other customers.

Further, the reports provided by this provision would be of great assistance to the Commission in carrying out its responsibilities under section 203 of H.R. 13113 with regard to dual trading.

Implementing subparagraphs (B) through (F) of the section would impose no major problem. This information is now available in the offices of the members of the clearinghouse and most of it is currently reported to the clearinghouse by the members. The timing of each trade, which would be required under subparagraph (A), is now required on only two of the regulated exchanges. The Chicago Board of Trade and the Chicago Mercantile Exchange, the two largest exchanges, do not currently time trades. Timing on these exchanges would require some change in procedure. However, in my opinion, it is completely feasible and would not involve serious problems for either of these exchanges. It might involve a fractional delay in the execution or reporting of trades to customers. However, this would not, in my judgment, be significant and might very well result in a more business-like execution of customers' orders.

Under the proposed legislation, the Commission would, I am sure, provide for the implementation of this provision in an orderly way, giving special consideration to the problems of individual exchanges.

While the timing of trades might involve some minor problems at least at the beginning, it is, in my opinion, the key element in the reporting provision of this section of the Act. Without it, the reporting of the other information would be of relatively little value to the Commission.

Sincerely,

Alex C. Caldwell,
Administrator.

Comptroller General of the United States,
Washington, D.C., September 16, 1974.
Hon. Dick Clark,
U.S. Senate.

Dear Senator Clark: During the hearings in May 1974 on proposed futures trading legislation, you requested that we keep you apprised of any matters affecting such legislation that might be disclosed during our continuing review of the Commodity Exchange Authority (CEA). Accordingly, we would like to bring to your attention the need for a record of the time of execution on all trades made on commodity exchanges to enable CEA to better protect the public against abusive trade practices and to improve its market surveillance activities.

Our review of CEA included trade practice investigations at five of the largest exchanges and demonstrated the importance of having timing information on all trades. Although our investigations disclosed a number of possible abusive trading practices which were referred to CEA for further investigation, other abusive practices were virtually impossible to detect because timing information was not required. For example, the practice of a broker trading for his own account while he had a customer's order to be filled could not be detected because the time sequence of the broker's trades could not be determined from the records. This omission bears heavily on the question of whether or not dual trading—trading by brokers both for customers and for their own accounts—should be prohibited or restricted, which was a matter of concern in recent Senate hearings and which was discussed in our interim report. Neither CEA nor the commodity futures trading industry knows the extent of dual trading abuses, and neither can know in the absence of timing information.

Trades for a brokerage firm's own account could be used to the detriment of customers in the same way as trades for a broker's own account, and the timing of such trades could be similarly critical in an investigation.

The timing of trades by floor traders—brokers who trade only for themselves and not for customers—is also important for surveillance. In our 1965 report to the Congress entitled "Need to Strengthen Regulatory Practices and Study Certain Trading Activities Relating to Commodity Futures Markets" (B–146770, July 16, 1965), we pointed out that CEA did not know the extent of participation in the markets by floor traders or their influence on future prices. CEA informed us that it could not measure that influence because of the lack of timing information on trades by floor traders. CEA officials stated that a record of the time of execution would be needed to ascertain whether floor traders were buying on price advances and selling on price declines and pointed out that such practices would tend to accentuate price movements.

The importance of the timing of trades also was demonstrated during the Senate's investigation of the Russian grain transactions. In its report on Russian transactions dated July 29, 1974, the Permanent Subcommittee on Investigations, Senate Committee on Government Operations, stated that it was impossible to determine whether orders to buy and sell on the Kansas City Board of Trade had affected the closing price because the times of such trades were not recorded. The report pointed out that such information was needed to determine whether large grain exporters were pushing up closing prices in order to increase their export subsidies.

To be useful to CEA in detecting trading abuses and in its other surveillance activities, the timing information on trades should be readily available in a form, such as an exchange trade register, that could be used for surveillance purposes.

Accordingly, we believe that CEA should have available, on a daily basis, the time of each trade made on the Commodity exchanges. Because the most effective means of obtaining such information is by legislative requirement, we recommend that any futures trading legislation contain a provision requiring each exchange to provide to CEA on a daily basis, and in a format prescribed by CEA, the time of each trade made on that exchange.

We are concluding our review of CEA operations and will provide you a copy of our final report on this review when it is completed.

Sincerely yours,

Elmer B. Staats,
Comptroller General of the United States.

[From the Washington Star-News, Sept. 20, 1974]

The Future of Futures

Consumers, farmers and others involved in the food business may have lost an important battle as conferees from the House and Senate Agriculture committees haggle over the final version of legislation that is supposed to reform commodity futures trading.

The one provision that might have given the public their first clear view of what happens in the trading pits—the places where the basic price for corn, wheat and soybeans and other food stuffs are set—seems to have been quietly disemboweled on its way to final passage.

The idea seems simple enough. Make the floor traders time-stamp each trade as it is made. Exchanges would then have a list of showing who traded what to whom at what price and in what order.

This is important because the floor traders working in the pits have the unique and tempting ability to deal for their own accounts while they are filling orders for outside speculators, food processors and others who have swelled the volume of futures trading far beyond the volume of stock transactions.

Do floor traders take the best bargains for themselves, trading ahead of customer orders? Do they accentuate price fluctuations by jumping in en masse when heavy volume has already begun moving prices? Or do floor traders do what they say they do: help to minimize price swings by trading in the quieter moments.

These are important questions and Alex Caldwell, head of Agriculture's Commodity Exchange Authortiy, has told the conferees he does not have the answers. His regulators, he maintains, need time-stamping to find the answers.

We think that Representative W. R. (Bob) Poage, and the other conferees who backed Poage's decision to delete the time-stamping provision, should reconsider.

You can't tell the players without a good scorecard. And we think it's time the federal government gets all the tools it needs to keep people from playing games with food prices.

[From the Washington Star-News, Oct. 3, 1974]

Letters to the Editor—"Future of Futures"

Sir: As one of the committee attorneys working with the conference to resolve the differences between the House and Senate versions of "The Commodity Futures Trading Commission Act," I found your editorial

("The Future of Futures") misleading of the action of the conference in dealing with the issue of time-stamping of each transaction on an exchange. The editorial indicates that the conference "gutted" the time stamping proposal as a result of an action by W. R. Poage, chairman of the House Agriculture Committee.

The editorial misses the mark on two points:

First, as to actual effect of the compromise provision—both the House and Senate bills implicitly allowed time-stamping and from my observation, most, if not all, of the conferees were in favor of time-stamping to the extent that it can be done on a practical basis. The Senate provision specifically required time stamping immediately. As such it would have slowed the execution of buy and sell orders on exchange floors until technology had caught up with the law. An industry leader characterized the Senate provision as "causing a major upheaval on the trading floors of the nation's major exchanges" and the CEA administrator, Alex Caldwell (a proponent of time-stamping), acknowledged that time-stamping would create problems if implemented on such a tight schedule. To counter this problem (and not to kill time-stamping, as the editorial implied), the conferees agreed to incorporate the time-stamping provision into specific authority to the commission to require time-stamping, or any other data the commission wants from the exchanges. The provision is not fatal to time-stamping of transactions. On the contrary, it seemed to be the most effective way of getting any reform at all.

Second, crediting Chairman Poage as the sole advocate of the Compromise, the editorial implies that he took an action that was against the public interest. To the extent this is the impression that readers will form, it should be pointed out that what is at issue in the conference are 28 Senate amendments to a major reform effort initiated by Poage and the House Agriculture Committee. H.R. 13113 seeks effectively to regulate a $520 billion industry complex that has only received a "lick and a promise" from the public-interest standpoint prior to this effort. The fact that there is a bill at the stage where it is deserving of the attentions of an editorial is directly attributable to the leadership of Chairman Poage, Sen. Talmadge and their respective committees. As such, the bill is a product of a rather Herculean effort that will have a greater positive impact on consumers, producers and businessmen than many more publicized (and less successful) legislative efforts on behalf of these groups.

The complexities of futures trading and its regulation are little understood by the public. Even less understood is the work of congressional "conference" committees. Representatives from each House are charged with the responsibility of maintaining the position of their respective bodies. Chairman Poage cannot be fairly criticized for refusing to accept a provision not in the House bill even if it were demonstratively practicable and desirable. What he actually did was to recognize both the positive benefits of the proposal and its practical difficulties and to seek to achieve a workable compromise. That he succeeded is a compliment to his ability and dedication to the reforms sought by the editorial as well as to the congressional system.

JOHN RAINBOLT,
Associate Counsel,
House Agriculture Committee.

Mr. CURTIS. Mr. President, I move the adoption of the conference report.

The motion was agreed to.

REHABILITATION ACT AMENDMENTS OF 1974—CONFERENCE REPORT NO. 93-1270

Mr. CRANSTON. Mr. President, I submit a report of the committee of conference on H.R. 14225, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for one additional year, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report, which reads as follows:

CONFERENCE REPORT (S. REPT. NO. 93-1270)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for one additional year, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 100. This title shall be known as the "Rehabilitation Act Amendments of 1974".

REHABILITATION SERVICES ADMINISTRATION

SEC. 101. (a) Section 3(a) of the Rehabilitation Act of 1973 is amended to read as follows:

"(a) There is established in the Office of the Secretary a Rehabilitation Services Administration which shall be headed by a Commissioner (hereinafter in this Act referred to as the 'Commissioner') appointed by the President by and with the advice and consent of the Senate. Except for titles IV and V and as otherwise specifically provided in this Act, such Administration shall be the principal agency, and the Commissioner shall be the principal officer, of such Department for carrying out this Act. In the performance of his functions, the Commissioner shall be directly responsible to the Secretary or to the Under Secretary or an appropriate Assistant Secretary of such Department, as designated by the Secretary. The functions of the Commissioner shall not be delegated to any officer not directly responsible, both with respect to program operation and administration, to the Commissioner.".

(b) The amendment made by subsection (a) of this section shall be effective sixty days after the date of enactment of this Act.

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR VOCATIONAL REHABILITATION SERVICES

SEC. 102. (a) Section 100(b) of such Act is amended by—

(1) striking out "and" after "1974," in paragraph (1) and inserting before the period at the end of such paragraph a comma and "and $720,000,000 for the fiscal year ending June 30, 1976"; and

(2) striking out "and" after "1974," in the first sentence of paragraph (2) and inserting after "1975," in such sentence "and $42,000,000 for the fiscal year ending June 30, 1976;".

(b) Section 112(a) of such Act is amended by striking out "and" after "1974," and by inserting "and up to $2,500,000 but no less than $1,000,000 for the fiscal year ending June 30, 1976," after "1975,".

(c) Section 121(b) of such Act is amended by striking out "1976" and inserting in lieu thereof "1977".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR RESEARCH AND TRAINING

SEC. 103. Section 201(a) of such Act is amended by—

(1) striking out "and" after "1974," in the first sentence of paragraph (1) and inserting after "1975" in such sentence a comma and "and $32,000,000 for the fiscal year ending June 30, 1976";

(2) striking out the comma after "20 per centum" in the second sentence of paragraph (1) and inserting after "respectively," in such sentence "and 25 per centum of the amounts appropriated in each succeeding fiscal year"; and

(3) striking out "there is authorized to be appropriated" in paragraph (2) and inserting after "1975" in such paragraph a comma and "and $32,000,000 for the fiscal year ending June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR GRANTS FOR CONSTRUCTION OF REHABILITATION FACILITIES

SEC. 104. Section 301(a) of such Act is amended by—

(1) striking out "and" after "1974," in the first sentence and inserting before the period at the end of such sentence a comma and "and June 30, 1976"; and

(2) striking out "1977" in the last sentence and inserting in lieu thereof "1978".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR VOCATIONAL TRAINING SERVICES FOR HANDICAPPED INDIVIDUALS

SEC. 105. Section 302(a) of such Act is amended by striking out "and" after "1974," and by inserting after "1975" a comma and "and June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR SPECIAL PROJECTS AND DEMONSTRATIONS

SEC. 106. Section 304(a)(1) of such Act is amended by striking out "and" after "1974," and by inserting after "1975" a comma and "and $20,000,000 for the fiscal year ending June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR NATIONAL CENTER FOR DEAF-BLIND YOUTHS AND ADULTS

SEC. 107. Section 305(a) of such Act is amended by striking out "and" after "1974," and by inserting after "1975" a comma and "and June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR PROGRAM AND PROJECT EVALUATION

SEC. 108. Section 403 of such Act is amended by striking out "and" after "1974," and by inserting "1975," the following: "and June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR SECRETARIAL RESPONSIBILITIES

SEC. 109. Section 405(d) of such Act is amended by inserting before the period a comma and "and $600,000 for the fiscal year ending June 30, 1976".

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS FOR ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

SEC. 110. Section 502(h) of such Act is amended by inserting before the period at the end thereof a comma and "and $1,500,000 for the fiscal year ending June 30, 1976".

MISCELLANEOUS AMENDMENTS

SEC. 111. (a) Section 7(6) of such Act is amended by adding at the end thereof the following new sentence: "For the purposes of titles IV and V of this Act, such term means any person who (A) has a physical or mental impairment which substantially limits one or more of such person's major life activities, (B) has a record of such an impairment, or (C) is regarded as having such an impairment.".

(b) Section 101(a)(6) of such Act is amended by adding at the end thereof before the semicolon "(including a requirement that the State agency and facilities in receipt of assistance under this title shall take affirmative action to employ and advance in employment qualified handicapped individuals covered under, and on the same terms and conditions as set forth in, section 503)".

(c) Section 101(a)(9)(C) of such Act is amended by adding at the end thereof before the semicolon "in such detail as required by the Secretary in order for him to analyze and evaluate annually the reasons for and numbers of such ineligibility determinations as part of his responsibilities under section 401, and that the State agency will at least annually categorize and analyze such reasons and numbers and report this information to the Secretary and will, not later than 12 months after each such determination, review each such ineligibility determination in accordance with the criteria set forth in section 102".

(d) Section 101(a)(15) of such Act is amended by inserting after "facilities" at the end of the parenthetical "and review of the efficacy of the criteria employed with respect to ineligibility determinations described in subclause (C) of clause (9) of this subsection".

(e) Section 102 of such Act is amended by—

(1) inserting in subsection (a) after "program" where it first appears in the first sentence a comma and "or the specification of reasons for a determination of ineligibility prior to initiation of such program based on preliminary diagnosis,", and inserting at the end of the second sentence of such subsection before the period a comma and "and, as appropriate, such specification of reasons for such an ineligibility determination shall set forth the rights and remedies, including recourse to the process set forth in subsection (b)(5) of this section, available to the individual in question";

(2) striking out in subsection (c) all of clause (1) from "in" the first time it appears through "primary" and inserting in lieu thereof "in making any determination of ineligibility referred to in subsection (a) of this section, or in developing and carrying out the individualized written rehabilitation program required by section 101 in the case of each handicapped individual,";

(3) striking out in clause (2) of subsection (c) "program, that the evaluation of rehabilitation potential" and inserting in lieu thereof "program, or as a part of the specification of reasons for an ineligibility determination, as appropriate, that the preliminary diagnosis or evaluation of rehabilitation potential, as appropriate,"; and

(4) inserting in clause (3) of subsection (c) a comma and "as an amendment to such written program," after "decision".

(f) Section 112(a) is amended by—

(1) striking out "an amount equal to the amount obligated for expenditure for carrying out such projects and demonstrations for appropriations under the Vocational Rehabilitation Act in the fiscal year ending June 30, 1973," and inserting in lieu thereof "$11,860,000"; and

(2) adding at the end thereof a new sentence as follows: "In the event that funds so appropriated under section 304 do not exceed $11,860,000 in any fiscal year, the Secretary is authorized to utilize such funds to carry out this section."

(g) Section 130(b) of such Act is amended by striking out "February 1, 1975" and inserting in lieu thereof "June 30, 1975".

(h) Section 202(a) of such Act is amended by striking out "and analyses" in the penultimate clause and inserting in lieu thereof a comma and "analyses, and demonstrations".

(i) Section 304(b) of such Act is amended by—

(1) striking out "and" before "(2)" in the first sentence, and inserting at the end of such sentence before the period a comma and "and (3) for operating programs (including renovation and construction of facilities, where appropriate) to demonstrate methods of making recreational activities fully accessible to handicapped individuals"; and

(2) striking out "for" the third time it appears in the parenthetical in clause (2) in the first sentence and inserting in lieu thereof "or".

(j) Section 304(c) of such Act is amended by inserting after "Labor," in the first sentence "who".

(k) Section 304(e)(1) of such Act is amended by inserting after "(B)" the following: "with the concurrence of the Board established by section 502,".

(l)(1) Section 306(b) of such Act is amended by inserting after "project" a comma and "or for a project which involves construction,".

(2) Section 306(b)(4) of such Act is amended by inserting after "specifications" the following: "which have been approved by the Board established by section 502,".

(m) Section 405(c) of such Act is amended by—

(1) striking out "the Handicapped" and inserting in lieu thereof "Handicapped Individuals"; and

(2) by adding at the end thereof the following new sentence: "In no event shall any functions under this section be further delegated to any persons with operational responsibilities for carrying out functions authorized under any other section of this Act or under any other provision of law designed to benefit handicapped individuals.".

(n)(1) Section 502(a) of such Act is amended by redesignating clauses (6), (7), and (8) thereof as clauses (7), (8), and (9), respectively, and by inserting immediately after clause (5) the following new clause:

"(6) Department of Defense;".

(2) Section 502(a) of such Act is further amended by adding at the end thereof the following new sentence: "The Secretary of Health, Education, and Welfare shall be the Chairman of the Board, and the Board shall appoint, upon recommendation of the Secretary, a Consumer Advisory Panel, a majority of the members of which shall be handicapped individuals, to provide guidance, advice, and recommendations to the Board in carrying out its functions.".

(o)(1) Section 502(d) of such Act is amended by striking out "section, the Board" in the first sentence and inserting in lieu thereof "Act, the Board shall, directly or through grants to or contracts with public or private nonprofit organizations, carry out its functions under subsections (b) and (c) of this section, and".

(2) Section 502(d) of such Act is further amended by adding at the end thereof the following new sentences: "Any such order affecting any Federal department, agency, or instrumentality of the United States shall be final and binding on such department, agency, or instrumentality. An order of compliance may include the withholding or suspension of Federal funds with respect to any building found not to be in compliance with standards prescribed pursuant to the Acts cited in subsection (b) of this section.".

(p) Section 502(e) of such Act is amended by adding before the first sentence the following new first sentence: "There shall be appointed by the Board an executive director and such other professional and clerical personnel as are necessary to carry out its functions under this Act.".

(q) Section 502(g) of such Act is amended by striking out in the penultimate sentence "prior to January 1" and inserting in lieu thereof "not later than September 30".

TITLE II—RANDOLPH-SHEPPARD ACT AMENDMENTS

SHORT TITLE

SEC. 200. This title may be cited as the "Randolph-Sheppard Act Amendments of 1974".

FINDINGS

SEC. 201. The Congress finds—

(1) after review of the operation of the blind vending stand program authorized under the Randolph-Sheppard Act of June 20, 1936, that the program has not developed, and has not been sustained, in the manner and spirit in which the Congress intended at the time of its enactment, and that, in fact, the growth of the program has been inhibited by a number of external forces;

(2) that the potential exists for doubling the number of blind operators on Federal and other property under the Randolph-Sheppard program within the next five years, provided the obstacles to growth are removed, that legislative and administrative means exist to remove such obstacles, and that Congress should adopt legislation to that end; and

(3) that at a minimum the following actions must be taken to insure the continued vitality and expansion of the Randolph-Sheppard program—

(A) establish uniformity of treatment of blind vendors by all Federal departments, agencies, and instrumentalities,

(B) establish guidelines for the operation of the program by State licensing agencies,

(C) require coordination among the several entities with responsibility for the program,

(D) establish a priority for vending facilities operated by blind vendors on Federal property,

(E) establish administrative and judicial procedures under which fair treatment of blind vendors, State licensing agencies, and the Federal Government is assured,

(F) require stronger administration and oversight functions in the Federal office carrying out the program, and

(G) accomplish other legislative and administrative objectives which will permit the Randolph-Sheppard program to flourish.

OPERATION OF VENDING FACILITIES ON FEDERAL PROPERTY

SEC. 202. The first section of the Act entitled "An Act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes" (hereafter referred to in this title as the "Randolph-Sheppard Act"), approved June 20, 1936, as amended (20 U.S.C. 107), is amended by striking out all after the enacting clause and inserting in lieu thereof the following:

"That (a) for the purposes of providing blind persons with remunerative employment, enlarging the economic opportunities of the blind, and stimulating the blind to greater efforts in striving to make themselves self-supporting, blind persons licensed under the provisions of this Act shall be authorized to operate vending facilities on any Federal property.

"(b) In authorizing the operation of vending facilities on Federal property, priority shall be given to blind persons licensed by a State agency as provided in this Act; and the Secretary, through the Commissioner, shall, after consultation with the Administrator of

General Services and other heads of departments, agencies, or instrumentalities of the United States in control of the maintenance, operation, and protection of Federal property, prescribe regulations designed to assure that—

"(1) the priority under this subsection is given to such licensed blind persons (including assignment of vending machine income pursuant to section 7 of this Act to achieve and protect such priority), and

"(2) wherever feasible, one or more vending facilities are established on all Federal property to the extent that any such facility or facilities would not adversely affect the interests of the United States.

Any limitation on the placement or operation of a vending facility based on a finding that such placement or operation would adversely affect the interests of the United States shall be fully justified in writing to the Secretary, who shall determine whether such limitation is justified. A determination made by the Secretary pursuant to this provision shall be binding on any department, agency, or instrumentality of the United States affected by such determination. The Secretary shall publish such determination, along with supporting documentation, in the Federal Register.".

FEDERAL AND STATE RESPONSIBILITIES

SEC. 203. (a) (1) Section 2(a) of the Randolph-Sheppard Act is amended by redesignating paragraphs (1) through (5) as paragraphs (2) through (6), respectively, and by inserting the following new paragraph (1):

"(1) Insure that the Rehabilitation Services Administration is the principal agency for carrying out this Act; and the Commissioner shall, within one hundred and eighty days after enactment of the Randolph-Sheppard Act Amendments of 1974, establish requirements for the uniform application of this Act by each State agency designated under paragraph (5) of this subsection, including appropriate accounting procedures, policies on the selection and establishment of new vending facilities, distribution of income to blind vendors, and the use and control of set-aside funds under section 3(3) of this Act;"

(2) Section 2(a) (2) of such Act, as redesignated by paragraph (1) of this subsection, is amended to read as follows:

"(2) Through the Commissioner, make annual surveys of concession vending opportunities for blind persons on Federal and other property in the United States, particularly with respect to Federal property under the control of the General Services Administration, the Department of Defense, and the United States Postal Service;".

(3) Section 2(a) (5) of such Act, as redesignated by paragraph (1) of this subsection, is amended—

(A) by striking out "commission" each place it appears and inserting in lieu thereof "agency",

(B) by striking out "and at least twenty-one years of age",

(C) by striking out "articles dispensed automatically or in containers or wrapping in which they are placed before receipt by the vending stand, and such other articles as may be approved for each property by the department or agency in control of the maintenance, operation, and protection thereof and the State licensing agency in accordance with the regulations prescribed pursuant to the first section" and inserting in lieu thereof the following: "foods, beverages, and other articles or services dispensed automatically or manually and prepared on or off the premises in accordance with all applicable health laws, as determined by the State licensing agency, and including the vending or exchange of chances for any lottery authorized by State law and conducted by an agency of a State",

(D) by striking out "stands" and "stand" and inserting in lieu thereof "facilities" and "facility", respectively, and

(E) by striking out the colon and all matter following the colon, and inserting in lieu thereof "; and".

(4) Section 2(a) (6) of such Act, as redesignated by paragraph (1) of this subsection, is amended to read as follows:

"(6) Through the Commission, (A) conduct periodic evaluations of the program authorized by this Act, including upward mobility and other training required by section 8, and annually submit to the appropriate committees of Congress a report based on such evaluations, and (B) take such other steps, including the issuance of such rules and regulations, as may be necessary or desirable in carrying out the provisions of this Act."

(b) Section 2(b) of such Act is amended—

(1) by striking out "stand" the first time it appears in the first sentence and where it appears in the second sentence and inserting in lieu thereof "facility";

(2) by striking out "and have resided for at least one year in the State in which such stand is located"; and

(3) by striking out "but are able, in spite of such infirmity, to operate such stands".

(c) Section 2(c) of such Act is amended by striking out "stand" in each place in which it appears and inserting in lieu thereof "facility".

(d) Section 2 of such Act is further amended by adding at the end thereof the following new subsections:

"(d) (1) After January 1, 1975, no department, agency, or instrumentality of the United States shall undertake to acquire by ownership, rent, lease, or to otherwise occupy, in whole or in part, any building unless, after consultation with the head of such department, agency, or instrumentality and the State licensing agency, it is determined by the Secretary that (A) such building includes a satisfactory site or sites for the location and operation of a vending facility by a blind person, or (B) if a building is to be constructed, substantially altered, or renovated, or in the case of a building that is already occupied on such date by such department, agency, or instrumentality, is to be substantially altered or renovated for use by such department, agency, or instrumentality, the design for such construction, substantial alteration, or renovation includes a satisfactory site or sites for the location and operation of a vending facility by a blind person. Each such department, agency, or instrumentality shall provide notice to the appropriate State licensing agency of its plans for occupation, acquisition, renovation, or relocation of a building adequate to permit such State agency to determine whether such building includes a satisfactory site or sites for a vending facility.

"(2) The provisions of paragraph (1) shall not apply (A) when the Secretary and the State licensing agency determine that the number of people using the property is or will be insufficient to support a vending facility, or (B) to any privately owned building, any part of which is leased by any department, agency, or instrumentality of the United States and in which, (i) prior to the execution of such lease, the lessor or any of his tenants had in operation a restaurant or other food facility in a part of the building not included in such lease, and (ii) the operation of such a vending facility by a blind person would be in proximate and substantial direct competition with such restaurant or other food facility, except that each such department, agency, and instrumentality shall make every effort to lease property in privately owned buildings capable of accommodating a vending facility.

"(3) For the purposes of this subsection, the term 'satisfactory site' means an area determined by the Secretary to have sufficient space, electrical and plumbing outlets, and such other facilities as the Secretary may by regulation prescribe, for the location and operation of a vending facility by a blind person.

"(e) In any State having an approved plan for vocational rehabilitation pursuant to the Vocational Rehabilitation Act or the Rehabilitation Act of 1973 (Public Law 93–112), the State licensing agency designated under paragraph (5) of subsection (a) of this section shall be the State agency designated under section 101(a) (1) (A) of such Rehabilitation Act of 1973.".

DUTIES OF STATE LICENSING AGENCIES AND ARBITRATION

SEC. 204. (a) Section 3 of the Randolph-Sheppard Act is amended—

(1) by striking out "commission" and inserting in lieu thereof "agency";

(2) by striking out in paragraphs (2) and (3) "stand" and "stands" wherever such terms appear and inserting in lieu thereof "facility" and "facilities", respectively; and

(3) by striking out in paragraph (6) the word "stand" and inserting in lieu thereof "facility", and, by inserting immediately before the period the following: ", and to agree to submit the grievances of any blind licensee not otherwise resolved by such hearing to arbitration as provided in section 5 of this Act".

(b) Section 3(3) of such Act is further amended by striking out "and" immediately before subparagraph (D) and by inserting immediately before the colon at the end of such subparagraph the following "; and (E) retirement or pension funds, health insurance contributions, and provision for paid sick leave and vacation time, if it is determined by a majority vote of blind licensees licensed by such State agency, after such agency provides to each such licensee full information on all matters relevant to such proposed program, that funds under this paragraph shall be set aside for such purposes."

(c) Section 3(3) of such Act is further amended by inserting before the word "proceeds" in both places it appears, the word "net".

REPEALS

SEC. 205. Sections 4 and 7 of the Randolph-Sheppard Act are repealed.

ARBITRATION; VENDING MACHINE INCOME; PERSONNEL; TRAINING

SEC. 206. The Randolph-Sheppard Act is further amended by redesignating sections 5, 6, and 8, as sections 4, 9, and 10, respectively, and by inserting immediately after section 4, as redesignated, the following new sections:

"SEC. 5. (a) Any blind licensee who is dissatisfied with any action arising from the operation or administration of the vending facility program may submit to a State licensing agency a request for a full evidentiary hearing, which shall be provided by such agency in accordance with section 3(6) of this Act. If such blind licensee is dissatisfied with any action taken or decision rendered as a result of such hearing, he may file a complaint with the Secretary who shall convene a panel to arbitrate the dispute pursuant to section 6 of this Act, and the decision of such panel shall be final and binding on the parties except as otherwise provided in this Act.

"(b) Whenever any State licensing agency determines that any department, agency, or instrumentality of the United States that has control of the maintenance, operation, and protection of Federal property is failing to comply with the provisions of this Act or any regulations issued thereunder (including a limitation on the placement or operation of a vending facility as described in section 1(b) of this Act and the Secretary's determination thereon) such licensing agency may file a complaint with the Secretary who shall convene a panel to arbitrate the dispute pursuant to section 6 of this Act, and the decision of such panel shall be final and binding on the parties except as otherwise provided in this Act.

SEC. 6. (a) Upon receipt of a complaint filed under section 5 of this Act, the Secretary shall convene an ad hoc arbitration panel as provided in subsection (b). Such panel shall, in accordance with the provisions of subchapter II of chapter 5 of title 5, United States Code, give notice, conduct a hearing, and render its decision which shall be subject to appeal and review as a final agency action for purposes of chapter 7 of such title 5.

"(b) (1) The arbitration panel convened by the Secretary to hear grievances of blind licensees shall be composed of three members appointed as follows:

"(A) one individual designated by the State licensing agency;

"(B) one individual designated by the blind licensee; and

"(C) one individual, not employed by the State licensing agency or, where appropriate, its parent agency, who shall serve as chairman, jointly designated by the members appointed under subparagraphs (A) and (B). If any party fails to designate a member under subparagraph (1) (A), (B), or (C), the Secretary shall designate such member on behalf of such party.

"(2) The arbitration panel convened by the Secretary to hear complaints filed by a State licensing agency shall be composed of three members appointed as follows:

"(A) one individual, designated by the State licensing agency;

"(B) one individual, designated by the head of the Federal department, agency, or instrumentality controlling the Federal property over which the dispute arose; and

"(C) one individual, not employed by the Federal department, agency, or instrumentality controlling the Federal property over which the dispute arose, who shall serve as chairman, jointly designated by the members appointed under subparagraphs (A) and (B). If any party fails to designate a member under subparagraph (2) (A), (B), or (C), the Secretary shall designate such member on behalf of such party. If the panel appointed pursuant to paragraph (2) finds that the acts or practices of any such department, agency, or instrumentality are in violation of this Act, or any regulation issued thereunder, the head of any such department, agency, or instrumentality shall cause such acts or practices to be terminated promptly and shall take such other action as may be necessary to carry out the decision of the panel.

"(c) The decisions of a panel convened by the Secretary pursuant to this section shall be matters of public record and shall be published in the Federal Register.

"(d) The Secretary shall pay all reasonable costs of arbitration under this section in accordance with a schedule of fees and expenses he shall publish in the Federal Register.

"SEC. 7. (a) In accordance with the provisions of subsection (b) of this section, vending machine income obtained from the operation of vending machines on Federal property shall accrue (1) to the blind licensee operating a vending facility on such property, or (2) in the event there is no blind licensee operating such facility on such property, to the State agency in whose State the Federal property is located, for the uses designated in subsection (c) of this section, except that with respect to income which accrues under clause (1) of this subsection, the Commissioner may prescribe regulations imposing a ceiling on income from such vending machines for an individual blind licensee. In the event such a ceiling is imposed, no blind licensee shall receive less vending machine income under such ceiling than he was receiving on January 1, 1974. No limitation shall be imposed on income from vending machines, combined to create a vending facility, which are maintained, serviced, or operated by a blind licensee. Any amounts received by a blind licensee that are in excess of the amount permitted to accrue to him under any ceiling imposed by the Commissioner shall be disbursed to the appropriate State agency under clause (2) of this subsection and shall be used by such agency in accordance with subsection (c) of this section.

"(b) (1) After January 1, 1975, 100 per centum of all vending machine income from vending machines on Federal property which are in direct competition with a blind vending facility shall accrue as specified in subsection (a) of this section. 'Direct competition' as used in this section means the existence of any vending machines or facilities operated on the same premises as a blind vending facility except that vending machines or facilities operated in areas serving employees the majority of whom normally do not have direct access to the blind vending facility shall not be considered in direct competition with the blind vending facility. After January 1, 1975, 50 per centum of all vending machine income from vending machines on Federal property which are not in direct competition with a blind vending facility shall accrue as specified in subsection (a) of this section, except that with respect to Federal property at which at least 50 per centum of the total hours worked on the premises occurs during periods other than normal working hours, 30 per centum of such income shall so accrue.

"(2) The head of each department, agency, and instrumentality of the United States shall insure compliance with this section with respect to buildings, installations, and facilities under his control, and shall be responsible for collection of, and accounting for, such vending machine income.

"(c) All vending machine income which accrues to a State licensing agency pursuant to subsection (a) of this section shall be used to establish retirement or pension plans, for health insurance contributions, and for provision of paid sick leave and vacation time for blind licensees in such State, subject to a vote of blind licensees as provided under section 3(3) (E) of this Act. Any vending machine income remaining after application of the first sentence of this subsection shall be used for the purposes specified in sections 3(3) (A), (B), (C), and (D) of this Act, and any assessment charged to blind licensees by a State licensing agency shall be reduced pro rata in an amount equal to the total of such remaining vending machine income.

"(d) Subsections (a) and (b) (1) of this section shall not apply to income from vending machines within retail sales outlets under the control of exchange or ships' stores systems authorized by title 10, United States Code, or to income from vending machines operated by the Veterans Canteen Service, or to income from vending machines not in direct competition with a blind vending facility at individual locations, installations, or facilities on Federal property the total of which at such individual locations, installations, or facilities does not exceed $3,000 annually.

"(e) The Secretary, through the Commissioner, shall prescribe regulations to establish a priority for the operation of cafeterias on Federal property by blind licensees when he determines, on an individual basis and after consultation with the head of the appropriate installation, that such operation can be provided at a reasonable cost with food of a high quality comparable to that currently provided to employees, whether by contract or otherwise.

"(f) This section shall not operate to preclude preexisting or future arrangements, or regulations of departments, agencies, or instrumentalities of the United States, under which blind licensees (1) receive a greater percentage or amount of vending machine income than that specified in subsection (b) (1) of this section, or (2) receive vending machine income from individual locations, installations, or facilities on Federal property the total of which at such individual locations, installations, or facilities does not exceed $3,000 annually.

"(g) The Secretary shall take such action and promulgate such regulations as he deems necessary to assure compliance with this section.

"SEC. 8. The Commissioner shall insure, through promulgation of appropriate regulations, that uniform and effective training programs, including on-the-job training, are provided for blind individuals, through services under the Rehabilitation Act of 1973 (Public Law 93–112). He shall further insure that State agencies provide programs for upward mobility (including further education and additional training or retraining for improved work opportunities) for all trainees under this Act, and that follow-along services are provided to such trainees to assure that their maximum vocational potential is achieved.".

DEFINITIONS

SEC. 207. Section 9 of the Randolph-Sheppard Act, as redesignated by section 206 of this title, is amended to read as follows:

"SEC. 9. As used in this Act—

"(1) 'blind person' means a person whose central visual acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity, if better than 20/200, is accompanied by a limit to the field of vision in the better eye to such a degree that its widest diameter subtends an angle of no greater than twenty degrees. In determining whether an individual is blind, there shall be an examination by a physician skilled in diseases of the eye, or by an optometrist, whichever the individual shall select;

"(2) 'Commissioner' means the Commissioner of the Rehabilitation Services Administration;

"(3) 'Federal property' means any building, land, or other real property owned, leased, or occupied by any department, agency, or instrumentality of the United States (including the Department of Defense and the United States Postal Service), or any other instrumentality wholly owned by the United States, or by any department or agency of the District of Columbia or any territory or possession of the United States;

"(4) 'Secretary' means the Secretary of Health, Education, and Welfare;

"(5) 'State' means a State, territory, possession, Puerto Rico, or the District of Columbia;

"(6) 'United States' includes the several States, territories, and possessions of the United States, Puerto Rico, and the District of Columbia;

"(7) 'vending facility' means automatic vending machines, cafeterias, snack bars, cart service, shelters, counters, and such other appropriate auxiliary equipment as the Secretary may by regulation prescribe as being necessary for the sale of the articles or services described in section 2(a) (5) of this Act and which may be operated by blind licensees; and

"(8) 'vending machine income' means receipts (other than those of a blind licensee) from vending machine operations on Federal property, after cost of goods sold (including reasonable service and maintenance costs), where the machines are operated, serviced, or maintained by, or with the approval of, a department, agency, or instrumentality of the United States, or commissions paid (other than to a blind licensee) by a commercial vending concern which operates, services, and maintains vending machines on Federal property for, or with the approval of, a department, agency, or instrumentality of the United States.".

PERSONNEL

SEC. 208. (a) The Secretary of Health, Education, and Welfare is directed to assign to the Office for the Blind and Visually Handicapped of the Rehabilitation Services Administration of the Department of Health, Education, and Welfare ten additional full-time personnel (or their equivalent), five of whom shall be supportive personnel, to carry out duties related to the administration of the Randolph-Sheppard Act.

(b) Section 5108(c) of title 5, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (10);

(2) by striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (11) the following new paragraph:

"(12) the Secretary of Health, Education, and Welfare, subject to the standards and procedures prescribed by this chapter, may place one additional position in the Office for the Blind and Visually Handicapped of the Rehabilitation Services Administration in GS-16, GS-17, or GS-18.".

(c) In selecting personnel to fill any position under this section, the Secretary of Health, Education, and Welfare shall give preference to blind individuals.

(d) Section 4(b) of the Randolph-Sheppard Act, as redesignated by section 206 of this title, is amended by striking out ", and at least 50 per centum of such additional personnel shall be blind persons".

ADDITIONAL STAFF RESPONSIBILITIES

SEC. 209. In addition to other requirements imposed in this title and in the Randolph-Sheppard Act upon State licensing agencies, such agencies shall—

(1) provide to each blind licensee access to all relevant financial data, including quarterly and annual financial reports, on the operation of the State vending facility program;

(2) conduct the biennial election of a Committee of Blind Vendors who shall be fully representative of all blind licensees in the State program, and

(3) insure that such committee's responsibilities include (A) participation, with the State agency, in major administrative decisions and policy and program development, (B) receiving grievances of blind licensees and serving as advocates for such licensees, (C) Participation, with the State agency, in the development and administration of a transfer and promotion system for blind licensees, (D) participation, with the State agency, in developing training and retraining programs, and (E) sponsorship, with the assistance of the State agency, of meetings and instructional conferences for blind licenses.

STANDARDS, STUDIES, AND REPORTS

SEC. 210. (a) The Secretary, through the Commissioner, after a period of study not to exceed six months following the date of enactment of this title, and after full consultation with, and full consideration of the views of, blind vendors and State licensing agencies, shall promulgate national standards for funds set aside pursuant to section 3(3) of the Randolph-Sheppard Act which include maximum and minimum amounts for such funds, and appropriate contributions, if any, to such funds by blind vendors.

(b) (1) The Secretary shall study the feasibility and desirability of establishing a nationally administered retirement, pension, and health insurance system for blind licensees, and such study shall include, but not be limited to, consideration of eligibility standards, amounts and sources of contributions, number of potential participants, total costs, and alternative forms of administration, including trust funds and revolving funds.

(2) The Secretary shall, within one year following the date of enactment of this title, complete the study required by paragraph (1) of this subsection and report his findings, together with any recommendations, to the President and the Congress.

(c) The Secretary shall, not later than September 30, 1975, complete an evaluation of the method of assigning vending machine income under section 7(b)(1) of the Randolph-Sheppard Act, including its effect on the growth of the program authorized by the Act, and on the operation of nonappropriated fund activities, and within thirty days thereafter he shall report his findings, together with any recommendations, to the appropriate committees of the Congress.

(d) Each State licensing agency shall, within one year following the date of enactment of this title, submit to the Secretary a report, with appropriate supporting documentation, which shows the actions taken by such agency to meet the requirements of section 2(a)(1) of the Randolph-Sheppard Act.

AUDIT

SEC. 211. The Comptroller General is authorized to conduct regular and periodic audits of all nonappropriated fund activities which receive income from vending machines on Federal property, under such rules and regulations as he may prescribe. In the conduct of such audits he and his duly authorized representatives shall have access to any relevant books, documents, papers, accounts, and records of such activities as he deems necessary.

TITLE III—WHITE HOUSE CONFERENCE ON HANDICAPPED INDIVIDUALS

SHORT TITLE

SEC. 300. This title may be cited as the "White House Conference on Handicapped Individuals Act".

FINDINGS AND POLICY

SEC. 301. The Congress finds that—

(1) the United States has achieved great and satisfying success in making possible a better quality of life for a large and increasing percentage of our population;

(2) the benefits and fundamental rights of this society are often denied those individuals with mental and physical handicaps;

(3) there are seven million children and at least twenty-eight million adults with mental or physical handicaps;

(4) it is of critical importance to this Nation that equality of opportunity, equal access to all aspects of society and equal rights guaranteed by the Constitution of the United States be provided to all individuals with handicaps;

(5) the primary responsibility for meeting the challenge and problems of individuals with handicaps has often fallen on the individual or his family;

(6) it is essential that recommendations be made to assure that all individuals with handicaps are able to live their lives independently and with dignity, and that the complete integration of all individuals with handicaps into normal community living, working, and service patterns be held as the final objective; and

(7) all levels of Government must necessarily share responsibility for developing opportunities for individuals with handicaps;

and it is therefore the policy of the Congress that the Federal Government work jointly with the States and their citizens to develop recommendations and plans for action in solving the multifold problems facing individuals with handicaps.

AUTHORITY OF PRESIDENT, COUNCIL, AND SECRETARY

SEC. 302. (a) The President is authorized to call a White House Conference on Handicapped Individuals not later than two years after the date of enactment of this title in order to develop recommendations and stimulate a national assessment of problems, and solutions to such problems, facing individuals with handicaps. Such a conference shall be planned and conducted under the direction of the National Planning and Advisory Council, established pursuant to subsection (b) of this section, and the Secretary of Health, Education, and Welfare (hereinafter referred to as the "Secretary") and each Federal department and agency shall provide such cooperation and assistance to the Council, including the assignment of personnel, as may reasonably be required by the Secretary.

(b) (1) There is established a National Planning and Advisory Council (in this title referred to as the "Council"), appointed by the Secretary, composed of twenty-eight members of whom not less than ten shall be individuals with handicaps appointed to represent all individuals with handicaps, and five shall be parents of individuals with handicaps appointed to represent all such parents and individuals. The Council shall provide guidance and planning for the Conference.

(2) Any member of the Council who is otherwise employed by the Federal Government shall serve without compensation in addition to that received in his regular employment.

(3) Members of the Council, other than those referred to in paragraph (1), shall receive compensation at rates not to exceed the daily rate prescribed for GS-18 under section 5332, title 5, United States Code, for each day they are engaged in the performance of their duties (including traveltime); and, while so serving away from their homes or regular places of business, they shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as the expenses authorized by section 5703, title 5, United States Code, for persons in Government service employed intermittently.

(4) Such Council shall cease to exist one-hundred and twenty days after the submission of the final report required by section 302(e).

(c) For the purpose of ascertaining facts and making recommendations concerning the utilization of skills, experience, and energies, and the improvement of the conditions of individuals with handicaps, the Conference shall bring together individuals with handicaps, and members of their families and representatives of Federal, State, and local governments, professional experts, and members of the general public recognized by individuals with handicaps as being knowledgeable about problems affecting their lives.

(d) Participants in the White House Conference, and in conferences and other activities leading up to the White House Conference at the local and State level are authorized to consider all matters related to the purposes of the Conference set forth in subsection (a), but shall give special consideration to recommendations for:

(1) providing education, health, and diagnostic services for all children early in life so that handicapping conditions may be discovered and treated;

(2) assuring that every individual with a handicap receives appropriately designed benefits of the educational system;

(3) assuring that individuals with handicaps have available to them all special services and assistance which will enable them

to live their lives as fully and independently as possible;

(4) enabling individuals with handicaps to have access to usable communication services and devices at costs comparable to other members of the population;

(5) assuring that individuals with handicaps will have maximum mobility to participate in all aspects of society, including access to all publicly-assisted transportation services and, when necessary, alternative means of transportation at comparable cost;

(6) improving utilization and adaptation of modern engineering and other technology to ameliorate the impact of handicapping conditions on the lives of individuals and especially on their access to housing and other structures;

(7) assuring individuals with handicaps of equal opportunity with others to engage in gainful employment;

(8) enabling individuals with handicaps to have incomes sufficient for health and for participation in family and community life as self-respecting citizens;

(9) increasing research relating to all aspects of handicapping conditions, stressing the elimination of causes of handicapping conditions and the amelioration of the effects of such conditions;

(10) assuring close attention and assessment of all aspects of diagnosis and evaluation of individuals with handicaps;

(11) assuring review and evaluation of all governmental programs in areas affecting individuals with handicaps, and a close examination of the public role in order to plan for the future;

(12) resolving the special problems of veterans with handicaps;

(13) resolving the problems of public awareness and attitudes that restrict individuals with handicaps from participating in society to their fullest extent;

(14) resolving the special problems of individuals with handicaps who are homebound or institutionalized;

(15) resolving the special problems of individuals with handicaps who have limited English-speaking ability;

(16) alloting funds for basic vocational rehabilitation services under part B of title I of the Rehabilitation Act of 1973 in a fair and equitable manner in consideration of the factors set forth in section 407(a) of such Act; and

(17) promoting other related matters for individuals with handicaps.

(c) A final report of the White House Conference on Handicapped Individuals shall be submitted by the Council to the President not later than one hundred and twenty days following the date on which the conference is called, and the findings and recommendations included therein shall be immediately made available to the public. The Council and the Secretary shall, within ninety days after the submission of such final report, transmit to the President and the Congress their recommendations for administrative action and legislation necessary to implement the recommendations contained in such report.

RESPONSIBILITIES OF COUNCIL AND SECRETARY

SEC. 303. (a) In carrying out the provisions of this title, the Council and the Secretary shall—

(1) request the cooperation and assistance of such other Federal departments and agencies as may be appropriate, including Federal advisory bodies having responsibilities in areas affecting individuals with handicaps;

(2) render all reasonable assistance, including financial assistance, to the States in enabling them to organize and conduct conferences on handicapped individuals prior to the White House Conference on Handicapped Individuals;

(3) prepare and make available necessary background materials for the use of delegates to the White House Conference on Handicapped Individuals;

(4) prepare and distribute such interim reports of the White House Conference on Handicapped Individuals as may be appropriate; and

(5) engage such individuals with handicaps and additional personnel as may be necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive civil service, and without regard to chapter 57 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at rates of pay not to exceed the rate prescribed for GS-18 under section 5332 of such title.

(b) In carrying out the provisions of this title, the Secretary shall employ individuals with handicaps.

DEFINITION

SEC. 304. For the purpose of this title, the term "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

STATE PARTICIPATION

SEC. 305. (a) From the sums appropriated pursuant to section 306 the Secretary is authorized to make a grant to each State, upon application of the chief executive thereof, in order to assist in meeting the costs of that State's participation in the Conference program, including the conduct of at least one conference within each such State.

(b) Grants made pursuant to subsection (a) shall be made only with the approval of the Council.

(c) Funds appropriated for the purposes of this subsection shall be apportioned among the States by the Secretary in accordance with respective needs for assistance under this subsection, except that no State shall be apportioned more than $25,000 nor less than $10,000.

AUTHORIZATION OF APPROPRIATIONS

SEC. 306. There are authorized to be appropriated, without fiscal year limitations, $2,000,000 to carry out the provisions of this title and such additional sums as may be necessary to carry out section 305. Sums so appropriated shall remain available for expenditure until June 30, 1977.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the bill, insert the following: "A bill to extend the authorizations of appropriations in the Rehabilitation Act of 1973 for one year, to transfer the Rehabilitation Services Administration to the Office of the Secretary of Health, Education, and Welfare, to make certain technical and clarifying amendments, and for other purposes; to amend the Randolph-Sheppard Act for the blind; to strengthen the program authorized thereunder; and to provide for the convening of a White House Conference on Handicapped Individuals."

And the Senate agree to the same.

JENNINGS RANDOLPH,
ALAN CRANSTON,
HARRISON WILLIAMS,
CLAIBORNE PELL,
EDWARD M. KENNEDY,
WALTER F. MONDALE,
W. D. HATHAWAY,
BOB TAFT, JR.,
RICH SCHWEIKER,
J. GLENN BEALL, JR.,
Managers on the Part of the Senate.

CARL D. PERKINS,
JOHN BRADEMAS,
ALBERT H. QUIE,
Managers on the Part of the House.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for one additional year, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying Conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate to the text of the bill with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I—AMENDMENTS TO THE REHABILITATION ACT OF 1973

Section 101. Rehabilitation Services Administration

Both the House bill and the Senate amendment establish in the Office of the Secretary of Health, Education, and Welfare a Rehabilitation Services Administration (RSA) which shall be headed by a Commissioner, appointed by the President, except that the Senate amendment makes the appointment of the Commissioner subject to the advice and consent of the Senate. The House recedes.

The House bill provides that the Commissioner shall be directly responsible only to the Office of the Secretary of Health, Education, and Welfare. The Senate amendment provides that the Commissioner shall be directly responsible to the Secretary, or the Undersecretary or an appropriate Assistant Secretary of Health, Education, and Welfare, as designated by the Secretary. The House recedes.

The Senate amendment specifies that the Commissioner shall be the principal officer for carrying out titles I through III of the Rehabilitation Act of 1973. The House bill has no comparable provision. The House recedes.

The Senate amendment strikes out existing provisions in section 3(a) of the Rehabilitation Act of 1973 limiting any proposed delegation of authority by requiring the transmission of a plan to the Congress after consultation with the authorizing Committees regarding such plan, and substitutes in lieu thereof a prohibition against the delegation of the Commissioner's functions to any officer not directly responsible to him both with respect to program operations and administration. The House recedes.

The conferees stress that the clarified language with respect to delegation of functions does not prohibit the centralized administration of certain routine administrative services by the Department of Health, Education, and Welfare in support of RSA functions and programs in the categories of budget formulation, grant administration, financial administration, and personnel administration. However, the conferees intend that the RSA Commissioner is to be responsible for all policy decisions in these four areas and that this policy-making responsibility cannot be delegated beyond persons directly responsible to him both at headquarters and at regional offices. Where routine administrative functions and policy are intertwined, then the Committee intends that the functions be carried out within RSA both at headquarters and at regional offices. The conferees have thus agreed to the Senate provision in this regard with full knowledge of its intention and the legislative history surrounding it.

The conferees are in agreement with the following clarifications submitted by HEW as to what are considered to be routine administrative services that can be centralized:

In the area of budget formulation, provision of technical assistance to the RSA budget officer to assure that budget documents conform to applicable OMB and Department instructions in matters of form and timing of submission.

Preparation for RSA approval of testimony for presentation to the pertinent Appropriations subcommittees on the amounts sought for RSA.

In the area of grant administration, the processing of the necessary grant documents required to implement an RSA decision to award a project grant. This involves, among other things, assuring that the award complies with the Department's Grants Administration Manual and with opinions of legal counsel respecting grants administration.

The preparation of the documents required to obligate RSA formula grant allotments.

Monitoring of the application of Department regulations governing the determination of amounts chargeable to grant awards and the expenditure of obligated funds under Treasury warrants.

In the area of financial management, assistance to RSA in the administration of accounting systems, and the preparation of documents required to obligate and expend Salaries and Expenses appropriations required for the operation of RSA.

In the area of personnel management, provision of general personnel management support services. Although RSA is responsible for the selection of persons for employment and promotion within RSA, and for such selection and promotion decisions as to Regional Office personnel carrying out responsibilities under the Rehabilitation Act of 1973, the requisite appointment papers may be prepared and approved centrally in headquarters and in the region.

Maintenance of RSA personnel records, advice to RSA employees on personnel matters, and administration of the equal employment opportunity program.

While these are not all the areas, the conferees believe they cover the general area into which routine administrative services fall.

The Senate amendment makes the effective date of the revised section 3(a) sixty days after enactment of the Act, except that the amendment shall not take effect with respect to any individual holding the Office of RSA Commissioner on the date of enactment until such individual ceases to hold such office. The House bill has no comparable provision. The House recedes with an amendment deleting the exception with respect to the applicability if that amendment to the incumbent of the RSA Commissioner's office.

Section 102. Extension of authorization of appropriations for vocational rehabilitation services

Both the House bill ($40 million) and the Senate amendment ($42 million) authorize appropriations for innovation and expansion grants for FY 1976, and the Senate amendment also authorizes an appropriation ($45 million) for FY 1977. The conference agreement authorizes an appropriation of $42 million for FY 1976. With respect to this as well as all the other appropriations authorization extensions, the Senate recedes with respect to authorizations for FY 1977.

Both the House bill and the Senate amendment extend the time during which part C of title I—Innovation and Expansion Grants—funds are available for obligation, the House bill for one year and the Senate amendment for two years. The Senate recedes.

Both the House bill (a minimum of $1 million and a maximum of $2.5 million) and the Senate amendment (a minimum of $1.5 million and a maximum of $3 million) extend for FY 1976 the earmark out of special projects appropriations under section 304 of the Rehabilitation Act of 1973, and the Senate amendment also extends the same earmarking for FY 1977. The Senate recedes.

Section 103. Extension of authorization of appropriations for research and training

Both the House bill ($30 million) and the Senate amendment ($35 million) authorize appropriations for research for FY 1976 and the Senate amendment also authorizes an appropriation ($37.5 million) for FY 1977. The conference agreement authorizes an appropriation of $32 million for research for FY 1976.

Both the House bill ($30 million) and the Senate amendment ($35 million) authorize appropriations for training for FY 1976, and the Senate amendment also authorizes an appropriation ($37.5 million) for FY 1977. The conference agreement authorizes an appropriation of $32 million for training for FY 1976.

Section 104. Extension of authorization of appropriations for grants for construction of rehabilitation facilities

Both the House bill and the Senate amendment authorize an appropriation of such sums as may be necessary for construction grants for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Both the House bill and the Senate amendment extend the time during which construction grant appropriations will remain available for expediture, the House bill for one year and the Senate amendment for two years. The Senate recedes.

Section 105. Extension of authorization of appropriations for vocational training services for handicapped individuals

Both the House bill and the Senate amendment authorize the appropriation of such sums as may be necessary for vocational training services for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Section 106. Extension of authorization of appropriations for special projects and demonstrations

Both the House bill and the Senate amendment authorize the appropriation of $20 million for special projects and demonstrations for FY 1976, and the Senate amendment also authorizes an appropriation of $25 million for FY 1977. The Senate recedes.

Section 107. Extension of authorization of appropriations for National Center Deaf-Blind Youths and Adults

Both the House bill and the Senate amendment authorize the appropriation of such sums as may be necessary for the National Center for Deaf-Blind Youths and Adults for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Section 108. Extension of authorization of appropriations for program and project evaluation

Both the House bill and the Senate amendment authorize the appropriation of such sums as may be necessary for program and project evaluation for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Section 109. Extension of authorization of appropriations for secretarial responsibilities—Office for Handicapped Individuals

Both the House bill ($500,000) and the Senate amendment ($700,000) authorize appropriations for carrying out special Secretarial responsibilities (Office for Handicapped Individuals) for FY 1976, and the Senate amendment also authorizes the appropriation of $1 million for FY 1977. The conference agreement authorizes an appropriation of $600,000 for Secretarial responsibilities for FY 1976.

Section 110. Extension of authorization of appropriations for Architectural and Transportation Barriers Compliance Board

Both the House bill ($1 million) and the Senate amendment ($1.5 million) authorize appropriations for the Architectural and Transportation Barriers Compliance Board for FY 1976, and the Senate amendment also authorizes an appropriation of $2 million for FY 1977. The conference agreement authorizes an appropriation of $1.5 million for FY 1976.

Section 111. Miscellaneous amendments

Definition of "Handicapped individual"

The Senate amendment adds to section 7(6) of the Rehabilitation Act of 1973 the following new definition of "handicapped individual" for the purposes of titles IV and V of that Act: "Any person who (A) has a physical or mental impairment which substantially limits such person's functioning or one or more such person's major life activities, (B) has a record of such an impairment, or (C) is regarded as having such an impairment." The House bill has no comparable provision. The House recedes with an amendment deleting from clause (A) the language "such person's function or" as redundant.

Section 7(6) of the Rehabilitation Act of 1973 defines "handicapped individual." That definition has proven to be troublesome in its application to provisions of the Act such as sections 503 and 504 because of its orientation toward employment and its relation to vocational rehabilitation services. It was clearly the intent of the Congress in adopting section 503 (affirmative action) and section 504 (nondiscrimination) that the term "handicapped individual" in those sections was not to be narrowly limited to employment (in the case of section 504), nor to the individual's potential benefit from vocational rehabilitation services under titles I and III (in the case of both sections 503 and 504 of the Act.

Thus, it was not intended that an employer-government contractor should condition its hiring of handicapped individuals under an affirmative action plan on such individuals' having benefited, or having a reasonable expectation of benefiting, from vocational rehabilitation services. Similarly, a test of discrimination against a handicapped individual under section 504 should not be couched either in terms of whether such individual's disability is a handicap to employment, or whether such individual can reasonably be expected to benefit, in terms of employment, from vocational rehabilitation services. Such a test is irrelevant to the many forms of potential discrimination covered by section 504.

Section 504 was enacted to prevent discrimination against all handicapped individuals, regardless of their need for, or ability to benefit from, vocational rehabilitation services, in relation to Federal assistance in employment, housing, transportation, education, health services, or any other Federally-aided programs. Examples of handicapped individuals who may suffer discrimination in the receipt of Federally-assisted services but who may have been unintentionally excluded from the protection of section 504 by the references to enhanced employability in section 7(6) are as follows: physically or mentally handicapped children who may be denied admission to Federally-supported school systems on the basis of their handicap; handicapped persons who may be denied admission to Federally-assisted nursing homes on the basis of their handicap; those persons whose handicap is so severe that employment is not feasible but who may be denied the benefits of a wide range of Federal programs; and those persons whose vocational rehabilitation is complete but who may nevertheless be discriminated against in certain Federally-assisted activities.

In order to embody this underlying intent, section 101(a) of the Conference agreement adds the new definition of "handicapped individual" for the purposes of titles IV and V of the Act. The amended definition eliminates any reference to employment and takes cognizance of the fact that handicapped persons are discriminated against in a number of ways. First, they are discriminated against when they are, in fact, handicapped (this is similar to discrimination because of race and sex). Second, they are discriminated against because they are classified or labeled, correctly or incorrectly, as handicapped (this has no direct parallel in either race or sex discrimination, although racial and ethnic factors may contribute to misclassification as mentally retarded). Third, they are discriminated against if they are regarded as handicapped, regardless of whether they are in fact handicapped (this has a parallel in race discrimination where a person is regarded as being of a minority group even though, in fact, he is not).

Clause (A) in the new definition eliminates any reference to employment and makes the definition applicable to the provision of Federally-assisted services and programs. Clause (B) is intended to make clearer that the coverage of sections 503 and 504 extends to persons who have recovered—in whole or in part—from a handicapping condition, such as a mental or neurological illness, a heart attack, or cancer and to persons who were classified as handicapped (for example, as mentally ill or mentally retarded), but who may be discriminated against or otherwise be in need of the protection of sections 503 and 504.

Clause (C) in the new definition clarifies the intention to include those persons who are discriminated against on the basis of handicap, whether or not they are in fact handicapped, just as title VI of the Civil Rights Act of 1964 prohibits discrimination on the ground of race, whether or not the person discriminated against is in fact a member of a racial minority. This subsection includes within the protection of sections 503 and 504 those persons who do not in fact have the condition which they are perceived as having, as well as those persons whose mental or physical condition does not substantially limit their life activities and who thus are not technically within clause (A) in the new definition. Members of both of these groups may be subjected to discrimination on the basis of their being regarded as handicapped.

The new definition applies to section 503, as well as to section 504, in order to avoid limiting the affirmative action obligation of a Federal contractor to only that class of persons who are eligible for vocational rehabilitation services. It should be noted, however, that the affirmative action obligation cannot be fulfilled by the expediency of hiring or limiting services to persons marginally or previously handicapped or persons "regarded as" handicapped. Rather, an acceptable affirmative action program must be aimed at the entire class of employable handicapped persons, with particular attention to those who are presently, actually, and significantly handicapped. This standard parallels the obligation of a Federal contractor under Executive Order No. 11246 to employ persons who might be discriminated against on the basis of national origin: the obligation extends to all ethnic groups within the available applicant pool and cannot be fulfilled selectively by hiring persons from only one ethnic group. Where applicable, section 504 is intended to include a requirement of affirmative action as well as a prohibition against discrimination.

It should also be noted that, although the "employability"—confining context of the present Rehabilitation Act section 7(b) definition of "handicapped individual" is removed from the new definition as to section 503 as well as the use of the term elsewhere in titles IV and V, section 503 itself relates solely to employment and thus the adjective "qualified" in modification of "handicapped individual" in that section clearly requires that the "employability" of the handicapped individual in question is a prerequisite to section 503 application.

Section 504 was patterned after, and is almost identical to, the antidiscrimination language of section 601 of the Civil Rights Act of 1964, 42 U.S.C. 2000d–1 (relating to race, color, or national origin), and section 901 of the Education Amendments of 1972, 42 U.S.C. 1683 (relating to sex). The section therefore constitutes the establishment of a broad government policy that programs receiving Federal financial assistance shall be operated without discrimination on the basis of handicap. It does not specifically require the issuance of regulations or expressly provide for enforcement procedures, but it is clearly mandatory in form, and such regulations and enforcement are intended.

The language of section 504, in following the above-cited Acts, further envisions the implementation of a compliance program which is similar to those Acts, including promulgation of regulations providing for investigation and review of recipients of Federal financial assistance, attempts to bring non-complying recipients into voluntary compliance through informal efforts such as negotiation, and the imposition of sanctions against recipients who continue to discriminate against otherwise qualified handicapped persons on the basis of handicap. Such sanctions would include, where appropriate, the termination of Federal financial assistance to the recipient or other means otherwise authorized by law. Implementation of section 504 would also include pre-grant analysis of recipients to ensure that Federal funds are not initially provided to those who discriminate against handicapped individuals. Such analysis would include pre-grant review procedures and a requirement for assurances of compliance with section 504. This approach to implementation of section 504, which closely follows the models of the above-cited antidiscrimination provisions, would ensure administrative due process (right to hearing, right to review), provide for administrative consistency within the Federal government as well as relative ease of implementation, and permit a judicial remedy through a private action.

It is intended that sections 503 and 504 be administered in such a manner that a consistent, uniform, and effective Federal approach to discrimination against handicapped persons would result. Thus, Federal agencies and departments should cooperate in developing standards and policies so that there is a uniform, consistent Federal approach to these sections. The Secretary of the Department of Health, Education, and Welfare, because of that Department's experience in dealing with handicapped persons and with the elimination of discrimination in other areas, should assume responsibility for coordinating the section 504 enforcement effort and for establishing a coordinating mechanism with the Secretary of the Department of Labor to ensure a consistent approach to the implementation of sections 503 and 504. The conferees fully expect that H.E.W.'s section 504 regulations should be completed by the close of this year. Delay beyond this point would be most unfortunate since the Act (P.L. 92–112) was enacted over one year ago—September 26, 1973.

The conferees note that Executive Order No. 11758, section 2, delegates to the Secretary of Labor the responsibility for carrying out the responsibilities embodied in section 503 of the Rehabilitation Act of 1973, and urge a similar delegation of responsibility to the Secretary of HEW to carry out on a Government-wide basis those responsibilities embodied in section 504.

Affirmative action in employment under State vocational rehabilitation plans

The Senate amendment requires each State agency and each facility in receipt of Rehabilitation Act title I funds take affirmative action to employ and advance in employment qualified handicapped individuals on the same terms and conditions as set forth in section 503 of the Rehabilitation Act of 1973 dealing with employment under Federal contracts and subcontracts. The House bill has no comparable provision. The House recedes.

Requirements for early eligibility determinations; individualized written rehabilitation program

The Senate amendment requires:

(1) that each State agency must (in addition to keeping records of the characteristics of applicants who are determined not to be eligible for vocational rehabilitation services under title I, including the reasons for such determinations), keep such records in sufficient detail to enable the Secretary to analyze and evaluate annually the reasons for such determinations and the numbers of individuals determined to be ineligible;

(2) that the State agency report semiannually to the Secretary on these determinations, categorizing them and analyzing the reasons for them;

(3) that the State agency annually review these ineligibility determinations on an individual basis in exactly the same manner as it would review an ineligibility determination of an individual after the process of evaluation or extended evaluation had begun and an individualized written rehabilitation program had been prepared (so that any change which had occurred in the individual's capacities and the degree of disability would be reevaluated periodically with a view toward giving that individual the benefit of the doubt with respect to the potential for a vocational goal, as required by section 102(c);

(4) that the State agency's continuing Statewide studies of the needs of handicapped individuals include a review of the efficacy of the criteria used with respect to such ineligibility determinations;

(5) that such ineligibility determinations be made jointly by the vocational rehabilitation counsellor and the handicapped individual;

(6) that an individual who has been so determined to be ineligible shall be advised of all rights and remedies, such as appeal rights and the availability of a client assistance project—where there is one—which are available to such individual; and

(7) that any ineligibility determination made prior to the beginning of evaluation or extended evaluation be made (as with a later determination after the individualized written rehabilitation program has been developed) only after a full attempt has been made to develop a vocational goal for that individual and only upon certification by the counsellor (which certification would include a specification of reasons for the ineligibility determination) that the individual is not capable, beyond a reasonable doubt of achieving a vocational goal at that time.

The House bill has no comparable provision. The House recedes with amendments providing that the State agency review required in item (2) above shall be carried out on at least an annual basis rather than on a semi-annual basis; providing that the State agency review of each ineligibility determination, as required in item (3) above, shall take place not later than twelve months after each such determination rather than annually; and making a conforming change in section 112(c)(3) of the Act so that annual review of an ineligibility determination under that provision is required only as to such determinations made as part of (and as an amendment to) an individualized written rehabilitation program.

The conferees wish to stress that the requirement set forth in item (2) above that the State at least annually categorize and analyze the reasons and the numbers of ineligibility determinations does not impose an obligation for annual review of individual cases but rather only a requirement for statistical categorization and analyses. The requirement with respect to reviews of individual cases in which ineligibility determinations have been made is set forth under item (3) above as modified by the conference agreement to require that the review occur at only one point, not later than twelve months after such an individual ineligibility determination is made, rather than annually as to each ineligibility determination not made as a part of the individual written rehabilitation program process. The purpose of the State agency, as well as Secretarial, analysis of the reasons for such ineligibility determinations is to develop information on the kinds and duration of handicapping conditions most frequently leading to ineligibility determinations, the socio-economic backgrounds of the individuals found so ineligible, and other information that might provide useful insight into the pattern of the decisionmaking process with respect to such ineligibility determinations in each State. The conferees also expect that such analysis would develop information indicating where State training and dissemination of information is necessary in order to avoid decisions made according to stereotypes of handicaps or on the basis of particular characteristics not necessarily relevant to an individuals potential for developing a vocational goal.

Client assistance funding earmark

The Senate amendment eliminates as to FYs 1975, 1976, and 1977 funding of client assistance projects, the conditional nature of the earmark of funds for client assistance projects—that such earmarking takes effect only with respect to amounts equal to the amount of obligations for carrying out special projects and demonstrations under the superseded Vocational Rehabilitation Act from FY 1973 appropriations under that Act. The House bill contains no comparable provision. The House recedes with an amendment which substitutes the specific figure of $11,860,000 for the reference to the FY 1973 level of obligations for special projects and demonstrations under the Vocational Rehabilitation Act, as the amount which must be appropriated in FY 1976 before the client assistance earmark (of $1 million minimum and $2.5 million maximum) applies, and provides authority to the Secretary to fund section 112 client assistance projects in the event that the amount appropriated under section 304 in FY 1976 is not in excess of $11,860,000.

The conferees wish to stress their very strong intention that at least the present level of funding will be maintained for the special projects and demonstrations authorized in section 304. The conferees further intend that continuation of funding for the developmental disabilities projects under any newly created statutory authority should be carried out under a separate appropriation for that purpose. In no event do the conferees intend that there be any dimunition in funding of special projects and demonstrations under the Rehabilitation Act of 1973.

With respect to client assistance funding, the conferees intend that the Secretary exercise the new sub-$11,860,000 funding authority as follows: first, providing continuation of funding for special projects and demonstrations funded in FY 1975—such as new careers, industry projects, and technical assistance—and such vocational rehabilitation developmental disabilities special projects meeting the requirements of the Act which continue to be carried out under the section 304 authority; and next, providing funding to client assistance projects at at least the level at which they are funded in FY 1975.

Comprehensive service needs special study reporting date

The House bill extends the reporting date for the Rehabilitation Act section 130 Comprehensive Service Needs Special Study from February 1, 1975 to June 30, 1975. The Senate amendment extends that reporting date to September 30, 1975. The Senate recedes.

The conferees agree and intend that new research and demonstration projects shall be included in the Comprehensive Service Needs Special Study to test the feasibility of methods designed to prepare individuals with the most severe handicaps for entry into programs under the Act and to assist individuals who cannot reasonably be expected to be rehabilitated for employment to live independently and function normally within their family and community.

In the Joint Explanatory Statement accompanying the conference report on H.R. 8070, the Rehabilitation Act of 1973 (P.L. 93–112), it is stated that the Senate receded to a House amendment which required the Commissioner to include research and demonstration projects, whereas the Senate amendment would only have provided that the study may include such projects. This makes clear, the conferees believe, that it was the intent of the conferees on H.R. 8070 that the Special Study include new demonstration projects; to the extent that there are demonstration projects underway that are consisent with the objectives of the study, it was the intent of the Congress that such projects be utilized in the findings of the study. Certainly, it was never contemplated that ongoing projects could be used as a substitute for carrying out the new projects required by the Act.

The purpose of including new demonstration projects in the Special Study is so that new programs and new approaches to assisting individuals with the most severe handicaps may be tested and reported on to Congress. The conferees believe that new demonstration projects are an integral part of the Special Study and should be conducted in close cooperation with the contractor responsible for the study itself.

The conferees agree with the Administration's view that two or three years is usually required for successful completion of demonstration projects. However, by the June 30, 1975, Special Study reporting date, the conferees direct that these new projects be well underway and that preliminary findings based on them be included in that report along with the plan and timetable for completion of such projects. The conferees further direct that RSA submit detailed interim reports to the Congress on the progress of the new demonstration projects on July 1, 1976, and July 1, 1977, and a final report prior to July 1, 1978. These reports are in addition to the report due, under the conference agreement, on June 30, 1975.

The Administration's present proposal to fund such new demonstration projects in fiscal year 1975 at between $250,000 and $300,000 is well below the $1 million amount earmarked in the law and is totally inadequate for meeting the purposes of designing, initiating, and carrying out the required demonstration projects. The conferees therefore direct RSA to comply with the law and fund these projects at the level provided in the law—$1 million each for FYs 1975 and 1976.

Finally, in bringing these new special projects the conferees direct that RSA consult with representatives of State vocational rehabilitation agencies to carry out part of these demonstration projects.

Research demonstrations of architectural and engineering designs to meet handicapped individuals' special needs

The Senate amendment adds to the list of activities for which Rehabilitation Act section 202 research grants and contracts are authorized, "demonstrations" (presently only studies and analyses) of architectural and engineering designs adapted to meet the special needs of handicapped individuals. The House bill has no comparable provision. The House recedes.

Special projects demonstrating methods of making recreational activities accessible to handicapped individuals

The Senate amendment adds to the Rehabilitation Act section 304(b) special project and demonstration grant authority, a new authority to support operating programs (including renovation and construction) to demonstrate methods of making recreational activities fully accessible to handicapped individuals. The House bill contains no comparable provision. The House recedes.

Technical amendments to correct oversights in Rehabilitation Act language

The Senate amendment makes amendments to add a missing word "for" to section 304(b)(2) and a missing "who" to section 304(c) of the Rehabilitation Act of 1973. The House bill contains no comparable provisions. The House recedes.

Architectural Barriers Board concurrence in technical assistance projects

The Senate amendment requires that technical assistance now authorized to be provided by the Secretary to rehabilitation facilities and for the purpose of removal of architectural and transportation barriers, be provided only with the concurrence of the Architectural and Transportation Barriers Compliance Board. The House bill has no comparable provision. The House recedes.

Date of submission of long-range projection for provision of comprehensive services to handicapped individuals

The Senate amendment extends from March 26, 1975, to July 1, 1975, the date by which the Secretary must submit to the Congress the long-range projection for the provision of comprehensive services to handicapped individuals and for programs of research, evaluation, and training related to such services and individuals, as required by section 405(a)(1) of the Rehabilitation Act of 1973. The House bill contains no comparable provision. The Senate recedes, in view of the fact that the Department of Health, Education, and Welfare has not requested a delayed reporting date for this provision, as was the case with respect to the Comprehensive Needs Special Study.

Delegation of secretarial responsibilities—Office for Handicapped Individuals

The Senate amendment amends section 405(c) of the Rehabilitation Act of 1973, prohibiting the delegation of section 405 Secretarial functions to any person not assigned to or operating in the Office of the Secretary (except that the Secretary may establish an Office for the Handicapped in the office of an appropriate Assistant Secretary), by providing that these section 405 functions shall be carried out only by individuals operating in the immediate Office of the Secretary, or the Undersecretary of Health, Education and Welfare (and not in the office of an Assistant Secretary) and that such functions include the establishment and operation of an Office for Handicapped Individuals to carry out the section 405 responsibilities of the Secretary. The House bill contains no comparable provision. The House recedes with an amendment which leaves intact the present sentence in section 405(c) of the Rehabilitation Act of 1973 (except that the name of the "Office for the Handicapped" is changed to "Office for Handicapped Individuals"), and provides that in no event shall any Secretarial functions under section 405 be further delegated to any persons with operational responsibilities for carrying out programs designed to benefit handicapped individuals, including any program under any other section of the Rehabilitation Act of 1973.

The Senate amendment was designed, in view of other amendments adopted to transfer the Rehabilitation Services Administration to the Office of the Secretary, to assure consistency with the intent of existing law that no operating program shall report to or through such person or support staff carrying out the responsibilities assigned to the Secretary in section 405.

The conferees are dissatisfied with action taken to date to implement the Secretarial responsibilities provisions of section 405 and to hire necessary staff to carry out these responsibilities. The conferees direct the Secretary to take expeditious actions to hire the necessary staff and assure that the March 26, 1975, long-range projection reporting date is met.

Architectural and Transportation Barriers Compliance Board authority

The Senate amendment makes the following amendments in the authorities respecting the Architectural and Transportation Barriers Compliance Board in section 502 of the Rehabilitation Act of 1973:

(1) adds the Department of Defense as a statutory member of the Board;

(2) provides that the Secretary of Health, Education, and Welfare shall be the Chairman of the Board and that the Board shall appoint, upon recommendation of the Secretary, a Consumer Advisory Panel, consisting of a majority of handicapped individuals, to provide guidance, advice, and recommendations to the Board in carrying out its functions;

(3) clarifies the authority of the Board to make grants and contracts to carry out its functions;

(4) gives the Board effective compliance authority with respect to its responsibility in subsection (b) to insure compliance with the standards prescribed under Public Laws 90–480 and 91–205, by providing that compliance orders of the Board shall be final and binding on the Department, agency, or instrumentality involved and may include the withholding or suspension of Federal funds with respect to any building found not to be in compliance with those standards;

(5) specifies that there shall be an executive director of the Board, appointed by the Board, and such other professional and clerical personnel, also appointed by the Board, as are necessary to carry out the Board's functions; and

(6) changes to September 30, 1975, the final reporting date on transportation and housing.

The House bill contains no comparable provision. The House recedes.

TITLE II—RANDOLPH-SHEPPARD ACT AMENDMENTS

Sec. 200. Short title

The Senate amendment provides that title II may be cited as the "Randolph-Sheppard Act Amendments of 1974." The House bill contains no comparable provision. The House recedes.

Sec. 201. Findings

The Senate amendment lists a number of findings of Congress relating to the deficiencies in the blind vendor program. The House bill contains no comparable provision. The House recedes.

Sec. 202. Vending facility operations

The Senate amendment gives a priority to blind vendors in operating facilities on Federal property, requires regulations to protect the priority and to assure the location, where feasible, of vending facilities on all Federal property. The House bill contains no comparable provision. The House recedes with an amendment.

The conferees have eliminated from proposed section 1(b)(2) of the Act (section 202 of the Senate amendment) the clause ", including, to the maximum extent feasible, vending facilities in the areas where employees work,".

The purpose of this change is to remove the emphasis on placing blind vendors in employee work areas. It is not the intention of the conferees to wholly preclude the placement of a blind vendor in such areas.

The conferees take note of the fact that blind vendors do currently operate in swing rooms, adjacent to the workroom floor, and near employee entrances. Factors governing the placement of blind vendors on any Federal property will, of course, apply in such cases; that is, the building population and potential income for the blind vendor must be considered.

Sec. 203. Federal and State responsibilities

The Senate amendment amends section 2 of the Randolph-Sheppard Act to create greater uniformity in the operation of the program, eliminate archaic language, and require new or renovated buildings owned or occupied by Federal entities to include satisfactory sites for blind vending facilities. The House bill contains no comparable provision. The House recedes with amendments.

The conferees have modified section 203 (d) of the Senate amendment (proposed section 2(d)(1) of the Act) to require that the Secretary of Health, Education, and Welfare consult with the head of the appropriate Federal department, agency, or instrumentality prior to his determination that a building contains, or does not contain, a satisfactory site or sites for a blind vending facility.

The purpose of this proposed change is to assure that each agency will have early access to the Secretary of HEW to give each such agency an adequate opportunity to present its views and desires with respect to the selection of sites for blind vending facilities. In this way the position of the agency, the State licensing agency, and the Secretary, will be clearly established, and accommodations can be made in conformance with the intent of the Act.

The conferees have changed certain dates in the Senate amendment in order to permit the implementation of portions of title II on a more realistic schedule. Thus, in section 203(d) (proposed section 2(d)(1) of the Act), and in section 206 (proposed section 7(b)(1) of the Act), the dates for requiring site selection determinations for new, newly occupied, or renovated buildings, and for allocating vending machine income, respectively, are changed from September 30, 1974 to January 1, 1975.

Sec. 204. State agencies and arbitration

The Senate amendment amends section 3 of the Randolph-Sheppard Act to provide that set-aside funds be used for health, sick leave and vacation, and retirement contributions, and to require State agencies to submit to arbitration of grievances. The House bill contains no comparable provision. The House recedes.

Sec. 205. Repeals

The Senate amendment repeals sections 4 and 7 of the Randolph-Sheppard Act which, respectively, authorizes the Secretary to cooperate with State Rehabilitation Boards, and outlines State agency procedures in conjunction with the Vocational Rehabilitation Act. The House bill contains no comparable provisions. Both provisions are unnecessary and anachronistic. The House recedes.

Sec. 206. Arbitration; vending machine income; personnel; training

The Senate amendment creates four new sections of the Randolph-Sheppard Act. Sections 5 and 6 establish an arbitration and judicial review mechanism for blind vendors and State agencies. Section 7 assigns vending machine income on Federal property to blind vendors and State licensing agencies under a formula based on whether machines are in direct competition with a blind vendor, sets forth requirements for use of such income, excludes certain locations, and sets conditions on cafeteria operations. Section 8 requires effective training programs, upward mobility, and follow-along programs for blind individuals. The House bill contains no comparable provisions. The House recedes with amendments.

The conferees have modified the definition of "direct competition" under proposed section 7(b)(1) of the Act (section 206 of the Senate amendment) to exclude from that definition vending machines or facilities operated in areas serving employees the majority of whom normally do not have direct access to the blind vending facility. The conferees expressly intend that vending machines in cafeterias on Federal property, and any machines the income from which is used by such cafeterias, are subject to the same criteria for assignment of income under proposed section 7 (a) and (b)(1) of the Act as are any other vending machines. The words "normally" and "direct" have been added to make clear that the existence of infrequent or unusual access to a blind vending facility by employees would not operate to place vending machines serving such employees in direct competition with a blind vending facility for purposes of section 7(b)(1).

The conferees have eliminated the first two sentences of proposed section 7(b)(2) of the Act in section 206 of the Senate amendment. The first sentence requires the Secretary of Health, Education, and Welfare to determine, after considering the views of the appropriate department head and affected groups or organizations, the purposes for which vending machine income remaining after assignment pursuant to subsections (a) and (b)(1) may be used. The second sentence requires that all income from new or replacement vending machines on Federal property accrue as specified in subsection (a).

The conferees have increased the minimum percentage of vending machine income accruable to blind vendors and State licensing agencies under proposed section 7(b)(1) of the Act (in section 206 of the Senate amendment) from 25 per centum to 30 per centum. This minimum percentage applies with respect to vending machine income derived from machines not in direct competition with a blind vendor, where more than 50 per centum of the total hours worked occurs during periods other than normal working hours.

The conferees have amended proposed section 7(e) of the Act (in section 206 of the Senate amendment) to require the Secretary to establish a priority for the operation of a cafeteria by a blind licensee when he determines after consultation with the installation head, that such operation can be provided at a reasonable cost with high quality food comparable to that currently provided employees. This proposed change has been made in order to put to rest any fears expressed by Federal agencies or employees that a blind-operated cafeteria might somehow result in unreasonably higher food prices and lower quality food. Additional safeguards are set forth in the new language to eliminate any likelihood that such might occur.

Sec. 207. Definitions

The Senate amendment amends the definition section of the Randolph-Sheppard Act. The House bill contains no comparable provision. The House recedes with an amendment. The conferees included a parenthetical to clarify that vending machine income, where machines are owned and operated within the Federal entity and not by a commercial vending concern, includes receipts after cost of goods sold, including reasonable service and maintenance costs.

Sec. 208. Personnel

The Senate amendment requires the assignment of ten personnel and authorizes a position in GS–16 to 18. The House bill contains no comparable provision. The House recedes.

Sec. 209. Additional State responsibilities

The Senate amendment requires each State licensing agency to take certain actions to benefit blind licensees. The House bill contains no comparable provision. The House recedes.

Sec. 210. Standards, studies, and reports

The Senate amendment requires studies and evaluations of national standards for set-aside funds; feasibility of a centrally administered retirement and health system for blind vendors; method of assigning vending machine income; and reports on implementation of amendments to the Act. The House bill contains no comparable provision. The House recedes.

Sec. 211. Audit

The Senate amendment authorizes the Comptroller General to audit all nonappropriated fund activities which have vending machine income. The House bill contains no comparable provision. The House recedes.

TITLE III—WHITE HOUSE CONFERENCE ON HANDICAPPED INDIVIDUALS

Section 301. Findings and policy

The Senate amendment makes seven findings of fact leading up to a policy determination by the Congress that the Federal Government work jointly with the States and their citizens to develop recommendations and plans for action and solving the multifold problems facing individuals with handicaps. The House bill contains no comparable provision. The House recedes.

Section 302. Authority of President, council, and secretary

The Senate amendment authorizes the President to call a White House Conference on Handicapped Individuals within two years from the date of enactment of the title in order to stimulate a national assessment of problems facing individuals with handicaps and to develop recommendations to solve such problems. The House bill contains no comparable provision. The House recedes.

It is the intent of the conferees that implicit in the authority to convene the White House Conference is the authority on the part of the Council to provide, in advance or by way of reimbursement, for the travel expenses (including per diem in lieu of subsistence) for participants in the White House Conference who are not themselves Federal employees.

The Senate amendment establishes a National Planning and Advisory Council composed of 28 persons, of whom 10 shall be individuals with handicaps, appointed to be representative of all individuals with handicaps, and 5 should be parents of individuals with handicaps, appointed to be representative of all such parents and individuals) for the Conference, to be appointed by the Secretary of Health, Education, and Welfare, to plan and conduct a conference; directs the Conference to bring together individuals with handicaps and their families, representatives from Federal, State, and local governments, and representatives of professional experts and of members of the general public who are recognized by individuals with handicaps as being knowledgeable about problems affecting their lives; and directs the conference to consider all related matters affecting the lives of handicapped individuals, specifically directing that consideration be given to various specific areas.

The House bill contains no comparable provision. The House recedes with amendments (1) adding to the specific areas to be considered the allotment of funds for basic vocational rehabilitation services under part B of title I of the Rehabilitation Act of 1973 in a fair and equitable manner in consideration of the factors set forth in section 407(a) of the Rehabilitation Act of 1973 regarding the scope of the State allocation study provided for in such section (specifically: the needs of individuals requiring vocational rehabilitation services; the financial capacity of the States to furnish vocational rehabilitation assistance, including (on a State-by-State basis) per capita income, per capita costs of services rendered, State tax rates, and the ability and willingness of a State to provide the non-Federal share of the costs of rendering such services; and the continuing demand upon the States to furnish vocational rehabilitation services (together with a consideration of the factor that no State shall receive less Federal financial assistance under such part than it received under section 2 of the Vocational Rehabilitation Act in the fiscal year immediately prior to the Rehabilitation Act of 1973)); (2) providing that employees of the planning Council shall not be paid in excess of the rate provided for GS–18 under the Civil Service Schedule; and (3) deleting any authority for the Council to pay any travel expenses for officers or employees of Federal departments, agencies, or instrumentalities.

The conferees intend that agencies, groups, and organizations receiving Federal assistance should generally not receive funds to cover the travel expenses (including per diem in lieu of subsistence) of their personnel participating in the White House conference, but rather should use non-White House Conference funds to defray these expenses. However, the conferees also recognize that exceptions to this general rule will be necessary for groups and organizations (such as consumer groups) which do not have the means to cover these expenses. Although the authority for the Council to pay any travel expenses for Federal employees has been deleted, the conferees note that it is their expectation that the Federal agency, department, or instrumentality concerned would cover such expenses for its officers and employees participating in the White House Conference or State conferences.

It is also the intention of the conferees that the Department of Health, Education, and Welfare will make all possible attempts to employ individuals with handicaps to carry out the provisions of this title, and that thereafter priority consideration by the Federal Government will be given to hiring, on a permanent basis, those individuals employed for this purpose who have demonstrated their merit and qualifications in the course of preparing for and carrying out White House Conference activities.

The conferees further intend that full use will be made of other available funds for Conference purposes, and that priority in expenditure of funds available for Conference activities will be given to pay the expenses of individuals with handicaps who will not otherwise be able to attend the Conference, and to provide such necessary support services as may assist such individuals in attending and participating fully in the Conference (including brailled materials and readers for blind individuals, interpreters and printed materials for deaf individuals, attendants for motor-impaired and physically handicapped individuals, and all such necessary equipment and adapted transportation services).

The Senate amendment provides that a final report be submitted to the President and the public by the Council and the Secretary not later than 120 days following the date on which the Conference is convened, and that recommendations for action by the Council and the Secretary of Health, Education, and Welfare be submitted to the President and Congress not later than 90 days after submission of the final report of the Conference. The House bill contains no comparable provision. The House recedes.

Section 303. Responsibility of Council and Secretary

The Senate amendment directs the Council and the Secretary to request the cooperation and assistance of other appropriate Federal departments and agencies (including details and assignments of personnel from Federal agencies for whatever periods of time necessary), render financial and other assistance to the States to conduct conferences prior to the initial White House Conference, prepare and make available necessary materials to the White House Conference delegates, prepare and distribute interim reports, engage necessary individuals with handicaps and additional personnel, and employ individuals with handicaps in carrying out these functions under the provisions of the title. The House bill contains no comparable provision. The House recedes.

Section 305. State participation

The Senate amendment provides for grants to States to conduct at least one Conference within each State leading up to the White House Conference and provides that no State shall be apportioned more than $75,000 nor less than $25,000 for such purpose and for meeting the costs of such State's participation in the Conference program. The House bill contains no comparable provision. The House recedes with an amendment reducing the State allotment minimum to $10,000 and the maximum to $25,000.

Section 306. Authorization of appropriations

The Senate amendment authorizes the appropriation of such sums as may be necessary to carry out the provisions of the title, and provides that sums so appropriated shall remain available for expenditure until June 30, 1977. The House bill contains no comparable provisions. The conference agreement authorizes the appropriation of $2 million to carry out the provisions of the title and in addition authorizes the appropriation of such sums as may be necessary to carry out the State participation functions under section 305; and provides that sums appropriated for either of these purposes shall remain available for expenditure until June 30, 1977.

TITLE AMENDMENT

The Senate amendment amended the title of the House bill to reflect the provisions of the Senate bill. The conference agreement amends the title of the bill to reflect the provisions of the conference agreement.

JENNINGS RANDOLPH,
ALAN CRANSTON,
HARRISON WILLIAMS,
CLAIBORNE PELL,
EDWARD M. KENNEDY,
WALTER F. MONDALE,
W. D. HATHAWAY,
BOB TAFT, Jr.,
DICK SCHWEIKER,
J. GLENN BEALL, Jr.,
Managers on the Part of the Senate.

CARL D. PERKINS,
JOHN BRADEMAS,
ALBERT H. QUIE,
Managers on the Part of the House.

Mr. CRANSTON. I move the adoption of the conference report.

The motion was agreed to.

Mr. CRANSTON. Mr. President, this conference report on which we reached agreement with the House committee yesterday is, I believe, a very fair and just accommodation of the views of the two bodies. In fairness, I believe I can report to my colleagues that we have fully vindicated all of the major provisions of the Senate amendment that were initially set forth in S. 3108 as it was reported from the Committee on Labor and Public Welfare.

Mr. President, it was an honor to chair the Committee on Conference on this bill and to continue to work so closely with my colleagues in the Senate, particularly the distinguished Senator from West Virginia (Mr. RANDOLPH), the chairman of the Subcommittee on the Handicapped of the Labor and Public Welfare Committee, who has asked me to handle this particular bill for the committee, as well as my good friends in the other body, the committee chairman (Mr. PERKINS), the subcommittee chairman (Mr. BRADEMAS), and the ranking minority member of that committee (Mr. QUIE). They all exhibited extraordinary cooperation and good will in making it possible for us to reach such an excellent and speedy accord on this matter.

Mr. President, the conference report is divided into three titles: title I, amendments to the Rehabilitation Act of 1973; title II, amendments to the Randolph-Sheppard Act; and title III, convening of a White House Conference on Handicapped Individuals. I will describe briefly the provisions in title I of the conference report, will leave to the distinguished Senator from West Virginia (Mr. RANDOLPH) a description of the agreements which he has so skillfully reached with respect to the Randolph-Sheppard provisions of title II—accommodating the competing considerations of concerned unions and organizations representing blind persons—and will, on behalf of the chairman of the Committee on Labor and Public Welfare, Mr. WILLIAMS, the author of title III of the Senate amendment, describe the few changes made in that title.

TITLE I—AMENDMENTS TO REHABILITATION ACT OF 1973

Mr. President, the one principal change in the conference report from the Senate amendment with respect to title I is to eliminate the authorizations of appropriations for the second fiscal year—fiscal year 1977—which had been included in the Senate amendment. It was believed that since the Senate amendment did not seek to extend for fiscal year 1977, the authorization of appropriations for the basic State grant vocational rehabilitation services program—carried out under title I, part B of the Rehabilitation Act of 1973—that the whole question of extending authorizations for fiscal year 1977 would be back before the Congress next year and that the other programs which were extended by the Senate amendment could be considered at that time. Thus, the following authorizations of appropriations for fiscal year 1977 in the Senate amendment, for the amounts shown, have been deleted in the conference report:

Innovation and expansion grants—$45 million.

Research—$37.5 million.

Training—$37.5 million.

Client assistance earmark—not more than $3 million nor less than $1.5 million.

Construction—such sums.

Vocational training services—such sums.

Special projects and demonstrations—$25 million.

National Center for Deaf/Blind Youths and Adults—such sums.

Program and project evaluation—such sums.

Secretarial responsibilities, Office for Handicapped Individuals—$1 million.

Architectural and Transportation Barriers Compliance Board—$2 million.

Total appropriations authorizations deleted, $149.5 million.

Mr. President, in addition, we agreed to reduce certain of the authorization of appropriations figures in the Senate amendment for fiscal year 1976, reducing the overall amount authorized in title I of the conference report by $9.1 million to $848.2 million as follows:

Vocational Rehabilitation Services—$720 million.

Innovation and expansion grants—$42 million.

Research—$32 million.

Training—$32 million.

Client assistance earmark—$2.5/1.0 million.

Construction—such sums.

Vocational training services—such sums.

Special projects and demonstration—$20 million.

National Center for Deaf/Blind Youths and Adults—such sums.

Program and project evaluation—such sums.

Secretarial Responsibilities, office for Handicapped Individuals—$600,000.

Architectural and Transportation Barriers Compliance Board—$1.5 million.

Total appropriations authorization for fiscal year 1976 as in conference report: $848.1 million.

Mr. President, also a change was made in the client assistance earmark provisions which I think requires an explanation. The existing law—section 112(a) of the Rehabilitation Act of 1973—earmarks out of special projects funds for fiscal year 1975 not less than $1 million nor more than $2.5 million for client assistance projects but only with respect to amounts appropriated for such special projects in excess of an amount equal to the amount of obligations for carrying out such projects under the superseded Vocational Rehabilitation Act from fiscal year 1973 appropriations under that act. The House bill retained the $1 million/$2.5 million earmark for fiscal year 1976, whereas the Senate amendment increased that earmark to $1.5 million/$3 million. The Senate agreed to the House provision in this respect.

However, the Senate amendment also removed the conditional nature of the earmark so that client assistance moneys would be earmarked from special projects appropriations for fiscal year 1976 regardless of the level of those appropriations. This was done because of the apprehension that special projects appropriations under section 304 of the Rehabilitation Act of 1973 might be somewhat reduced because of an administration proposed transfer of certain of those funds to special projects authorities under development disabilities legislation.

As stated in the Senate committee report:

> This deletion is designed to ensure continuation of the client assistance earmark in the event of a decrease in actual special projects and demonstrations appropriations under section 304 which might arise with the projected transfer of appropriations (approximately $12 million for FY 1975) for development disabilities projects to the Development Disabilities Services and Construction Act (P.L. 91-517) as presently being contemplated by the Committee in the legislation under consideration to revise that Act.

This bill, S. 3378—report No. 93-1169—was passed by the Senate on October 2, 1974; section 122 of the bill authorizes for fiscal year 1975 and the next 4 fiscal years the following appropriations for special projects and demonstrations for establishing programs which hold promise of expanding or otherwise improving services to persons with developmental disabilities: $17.5 million; $20 million; $22.5 million; $25 million; and $27.5 million.

The intention of the Senate committee with respect to future DD funding was set forth by Senator WILLIAMS and me on the Senate floor as follows:

> Mr. President, with respect to section 304, current and continuation projects which serve individuals with developmental disabilities funded under the vocational Rehabilitation Act or the Rehabilitation Act of 1973 should be continued until such new authority under the developmental disabilities legislation is authorized; and individuals with developmental disabilities who are or were receiving services under such projects should continue to be eligible for such services and special projects deliver-

ing indirect services to such individuals or which have impact on their lives should continue to be funded. Furthermore, even after the enactment of new special projects authority under developmental disabilities legislation, funding for projects serving individuals with developmental disabilities should continue consistent with the intent of Congress that no individual is to be refused service under the Rehabilitation Act unless it is demonstrated beyond any reasonable doubt that such individual is not then capable of achieving a vocational goal.

This should not be interpreted then to mean that after the enactment of special project authority under developmental disabilities legislation, all special projects which serve developmentally disabled persons can be funded only under the developmental disabilities legislation, or that developmentally disabled individuals are no longer to be eligible under the basic State grant program under the Rehabilitation Act. Individuals with developmental disabilities are still to continue to be eligible as all other handicapped individuals are eligible under the Rehabilitation Act, either under special projects or the basic State grant program, in accordance with the eligibility provisions of that Act.

Mr. President, the fiscal year 1973 special projects obligational level which in present law provides a floor under any client assistance funding is $11.86 million, of which $9 million in 1973—and somewhat more today—was for developmental disabilities projects. I note that this figure does not include $2.3 million, appropriated under the Public Health Service Act—section 301—and not under the Vocational Rehabilitation Act, used in fiscal year 1973 to carry out developmental disabilities projects under the authority of section 4(a)(1) of the superseded Vocational Rehabilitation Act.

As a result of the conditional nature of this earmark in present law, it is clear that at the present fiscal year 1975 funding level of approximately $14.7 million for section 304 special projects, if any significant portion of the present $11.5 million of that amount now spent for developmental disabilities projects is transferred, despite House and Senate committee opposition to such transfer, there would be no funds to which the present conditional client assistance earmark could be applied. At present, nine client assistance projects are funded from fiscal year 1974 funds at a total of $500,000—the fiscal year 1974 earmark—as shown on a table, which I ask unanimous consent be printed in the Record at this point.

There being no objection, the table was ordered to be printed in the Record, as follows:

Funding Information—Client Assistance Projects

The amount allotted for client assistance projects under the legislation was $500,000 for fiscal year 1974. This was allocated equally to the 10 regions, providing them $50,000 each for such projects. Those regions with only one project (I, II, III, IV, VI, IX, and X) awarded the full amount, $50,000, to that project. No proposals were received in Region VII, so that $50,000 was reallocated equally to Regions V and IX. Region V added a $25,000 grant to the State of Michigan, and Region IX supplemented the California grant by $25,000 for a total of $75,000. Region VIII funds were divided—$22,000 to North Dakota and $28,000 to Utah. In summary, the funding by State is:

Region, State and amount:
I, Maine, $50,000.
II, New York, $50,000.
III, Virginia, $50,000.
IV, Florida, $50,000.
V, Illinois, $50,000.
Michigan, $25,000.
VI, Arkansas, $50,000.
VII, No projects.
VIII, North Dakota, $22,000.
Utah, $28,000.
IX, California, $75,000.
X, Washington, $50,000.

Mr. CRANSTON. Mr. President, the conference agreement substitutes the specific figure of $11,860,000 for the reference to the fiscal year 1973 level of obligations for special projects and demonstrations under the Vocational Rehabilitation Act, as the amount which must be appropriated in fiscal year 1976 before the client assistance earmark—of $1 million minimum and $2.5 million maximum—applies, and provides authority to the Secretary to fund section 112 client assistance projects in the event that the amount appropriated under section 304 in fiscal year 1976 is not in excess of $11,860,000.

The conferees expressed their very strong intention that at least the present level of funding will be maintained for the special projects and demonstrations authorized in section 304. The conferees further intend that continuation of funding for the developmental disabilities projects under any newly created statutory authority should be carried out under a separate appropriation for that purpose. In no event is it intended that there be any diminution in funding of special projects and demonstrations under the Rehabilitation Act of 1973.

With respect to client assistance funding, the conferees expressed their intention that the Secretary exercise the new sub-$11,860,000 funding authority as follows: first, providing continuation of funding for special projects and demonstrations funded in fiscal year 1975—such as new careers, industry projects, and technical assistance—and such vocational rehabilitation developmental disabilities special projects meeting the requirements of the act which continue to be carried out under the section 304 authority; and next, providing funding to client assistance projects at at least the level at which they are funded in fiscal year 1975.

Mr. President, the other changes in title I are of a minor nature and are adequately explained in the joint explanatory statement.

Mr. President, I ask unanimous consent that the joint explanatory statement accompanying the conference report be set forth in the Record at this point.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14225) to amend and extend the Rehabilitation Act of 1973 for one additional year, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying Conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate to the text of the bill with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I—AMENDMENTS TO THE REHABILITATION ACT OF 1973

Section 101. Rehabilitation Services Administration

Both the House bill and the Senate amendment establish in the Office of the Secretary of Health, Education, and Welfare a Rehabilitation Services Administration (RSA) which shall be headed by a Commissioner, appointed by the President, except that the Senate amendment makes the appointment of the Commissioner subject to the advice and consent of the Senate. The House recedes.

The House bill provides that the Commissioner shall be directly responsible only to the Office of the Secretary of Health, Education, and Welfare. The Senate amendment provides that the Commissioner shall be directly responsible to the Secretary, or the Undersecretary or an appropriate Assistant Secretary of Health, Education, and Welfare, as designated by the Secretary. The House recedes.

The Senate amendment specifies that the Commissioner shall be the principal officer for carrying out titles I through III of the Rehabilitation Act of 1973. The House bill has no comparable provision. The House recedes.

The Senate amendment strikes out existing provisions in section 3(a) of the Rehabilitation Act of 1973 limiting any proposed delegation of authority by requiring the transmission of a plan to the Congress after consultation with the authorizing Committees regarding such plan, and substitutes in lieu thereof a prohibition against the delegation of the Commissioner's functions to any officer not directly responsible to him both with respect to program operations and administration. The House recedes.

The conferees stress that the clarified language with respect to delegation of functions does not prohibit the centralized administration of certain routine administrative services by the Department of Health, Education, and Welfare in support of RSA functions and programs in the categories of budget formulation, grant administration, financial administration, and personnel administration. However, the conferees intend that the RSA Commissioner is to be responsible for all policy decisions in these four areas and that this policy-making responsibility cannot be delegated beyond persons directly responsible to him both at headquarters and at regional offices. Where routine administrative functions and policy are intertwined, then the Committee intends that the functions be carried out within RSA both at headquarters and at regional offices. The conferees have thus agreed to the Senate provision in this regard with full knowledge of its intention and the legislative history surrounding it.

The conferees are in agreement with the following clarifications submitted by HEW as to what are considered to be routine administrative services that can be centralized:

In the area of budget formulation, provision of technical assistance of the RSA budget officer to assure that budget documents conform to applicable OMB and Department instructions in matters of form and timing of submission.

Preparation for RSA approval of testimony for presentation to the pertinent Appropriations subcommittees on the amounts sought for RSA.

In the area of grant administration, the processing of the necessary grant documents required to implement an RSA decision to award a project grant. This involves, among other things, assuring that the award complies with the Department's Grants Administration Manual and with opinions of legal counsel respecting grants administration.

The preparation of the documents required to obligate RSA formula grant allotments.

Monitoring of the application of Department regulations governing the determination of amounts chargeable to grant awards and the expenditure of obligated funds under Treasury warrants.

In the area of financial management, assistance to RSA in the administration of accounting systems, and the preparation of documents required to obligate and expend Salaries and Expenses appropriations required for the operation of RSA.

In the area of personnel management, provision of general personnel management support services. Although RSA is responsible for the selection of persons for employment and promotion within RSA, and for such selection and promotion decisions as to Regional Office personnel carrying out responsibilities under the Rehabilitation Act of 1973, the requisite appointment papers may be prepared and approved centrally in headquarters and in the region.

Maintenance of RSA personnel records, advice to RSA employees on personnel matters, and administration of the equal employment opportunity program.

While these are not all the areas, the conferees believe they cover the general area into which routine administrative services fall.

The Senate amendment makes the effective date of the revised section 3(a) sixty days after enactment of the Act, except that the amendment shall not take effect with respect to any individual holding the Office of RSA Commissioner on the date of enactment until such individual ceases to hold such office. The House bill has no comparable provision. The House recedes with an amendment deleting the exception with respect to the applicability of that amendment to the incumbent of the RSA Commissioner's office.

Section 102. Extension of authorization of appropriations for vocational rehabilitation services

Both the House bill ($40 million) and the Senate amendment ($42 million) authorize appropriations for innovation and expansion grants for FY 1976, and the Senate amendment also authorizes an appropriation ($45 million) for FY 1977. The conference agreement authorizes an appropriation of $42 million for FY 1976. With respect to this as well as all the other appropriations authorization extensions, the Senate recedes with respect to authorizations for FY 1977.

Both the House bill and the Senate amendment extend the time during which part C of title I—Innovation and Expansion Grants—funds are available for obligation, the House bill for one year and the Senate amendment for two years. The Senate recedes.

Both the House bill (a minimum of $1 million and a maximum of $2.5 million) and the Senate amendment (a minimum of $1.5 million and a maximum of $3 million) extend for FY 1976 the earmark out of special projects appropriations under section 304 of the Rehabilitation Act of 1973, and the Senate amendment also extends the same earmarking for FY 1977. The Senate recedes.

Section 103. Extension of authorization of appropriations for research and training

Both the House bill ($30 million) and the Senate amendment ($35 million) authorize appropriations for research for FY 1976 and the Senate amendment also authorizes an appropriation ($37.5 million) for FY 1977. The conference agreement authorizes an appropriation of $32 million for research for FY 1976.

Both the House bill ($30 million) and the Senate amendment ($35 million) authorize appropriations for training for FY 1976, and the Senate amendment also authorizes an appropriation ($37.5 million) for FY 1977. The conference agreement authorizes an appropriation of $32 million for training for FY 1976.

Section 104. Extension of authorization of appropriations for grants for construction of rehabilitation facilities

Both the House bill and the Senate amendment authorize an appropriation of such sums as may be necessary for construction grants for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Both the House bill and the Senate amendment extend the time during which construction grant appropriations will remain available for expenditure, the House bill for one year and the Senate amendment for two years. The Senate recedes.

Section 105. Extension of authorization of appropriations for vocational training services for handicapped individuals

Both the House bill and the Senate amendment authorize the appropriation of such sums as may be necessary for vocational training services for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Section 106. Extension of authorization of appropriations for special projects and demonstrations

Both the House bill and the Senate amendment authorize the appropriation of $20 million for special projects and demonstrations for FY 1976, and the Senate amendment also authorizes an appropriation of $25 million for FY 1977. The Senate recedes.

Section 107. Extension of authorization of appropriations for National Center Deaf-Blind Youths and Adults

Both the House bill and the Senate amendment authorize the appropriation of such sums as may be necessary for the National Center for Deaf-Blind Youths and Adults for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Section 108. Extension of authorization of appropriations for program and project evaluation

Both the House bill and the Senate amendment authorize the appropriation of such sums as may be necessary for program and project evaluation for FY 1976, and the Senate amendment also authorizes a such sums appropriation for FY 1977. The Senate recedes.

Section 109. Extension of authorization of appropriations for secretarial responsibilities—Office for Handicapped Individuals

Both the House bill ($500,000) and the Senate amendment ($700,000) authorize appropriations for carrying out special Secretarial responsibilities (Office for Handicapped Individuals) for FY 1976, and the Senate amendment also authorizes the appropriation of $1 million for FY 1977. The conference agreement authorizes an appropriation of $600,000 for Secretarial responsibilities for FY 1976.

Section 110. Extension of authorization of appropriations for Architectural and Transportation Barriers Compliance Board

Both the House bill ($1 million) and the Senate amendment ($1.5 million) authorize appropriations for the Architectural and Transportation Barriers Compliance Board for FY 1976, and the Senate amendment also authorizes an appropriation of $2 million for FY 1977. The conference agreement authorizes an appropriation of $1.5 million for FY 1976.

Section 111. Miscellaneous amendments

Definition of "Handicapped Individual"

The Senate amendment adds to section 7(6) of the Rehabilitation Act of 1973 the following new definition of "handicapped individual" for the purposes of titles IV and V of that Act: "Any person who (A) has a physical or mental impairment which substantially limits such person's functioning or one or more such person's major life activities, (B) has a record of such an impairment, or (C) is regarded as having such an impairment." The House bill has no comparable provision. The House recedes with an amendment deleting from clause (A) the language "such person's functioning or" as redundant.

Section 7(6) of the Rehabilitation Act of 1973 defines "handicapped individual." That definition has proven to be troublesome in its application to provisions of the Act such as sections 503 and 504 because of its orientation toward employment and its relation to vocational rehabilitation services. It was clearly the intent of the Congress in adopting section 503 (affirmative action) and section 504 (nondiscrimination) that the term "handicapped individual" in those sections was not to be narrowly limited to employment (in the case of section 504), nor to the individual's potential benefit from vocational rehabilitation services under titles I and III (in the case of both sections 503 and 504) of the Act.

Thus, it was not intended that an employer-government contractor should condition its hiring of handicapped individuals under an affirmative action plan; no such individuals having benefited, or having a reasonable expectation of benefiting, from vocational rehabilitation services. Similarly, a test of discrimination against a handicapped individual under section 504 should not be couched either in terms of whether such individual's disability is a handicap to employment, or whether such individual can reasonably be expected to benefit in terms of employment, from vocational rehabilitation services. Such a test is irrelevant to the many forms of potential discrimination covered by section 504.

Section 504 was enacted to prevent discrimination against all handicapped individuals, regardless of their need for, or ability to benefit from, vocational rehabilitation services, in relation to Federal assistance in employment, housing, transportation, education, health services, or any other Federally-aided programs. Examples of handicapped individuals who may suffer discrimination in the receipt of Federally-assisted services but who may have been unintentionally excluded from the protection of section 504 by the references to enhanced employability in section 7(6) are as follows: physically or mentally handicapped children who may be denied admission to Federally-supported school systems on the basis of their handicap; handicapped persons who may be denied admission to Federally-assisted nursing homes on the basis of their handicap; those persons whose handicap is so severe that employment is not feasible but who may be denied the benefits of a wide range of Federal programs; and those persons whose vocational rehabilitation is complete but who may nevertheless be discriminated against in certain Federally-assisted activities.

In order to embody this underlying intent, section 101(a) of the Conference agreement adds the new definition of "handicapped individual" for the purposes of titles IV and V of the Act. The amended definition eliminates any reference to employment and takes cognizance of the fact that handicapped persons are discriminated against in a number of ways. First, they are discriminated against when they are, in fact, handicapped (this is similar to discrimination because of race and sex). Second, they are discriminated against because they are classified or labeled, correctly or incorrectly, as handicapped (this has no direct parallel in either race or sex discrimination, although racial and ethnic factors may contribute to misclassification as mentally retarded). Third, they are discriminated against if they are regarded as handicapped, regardless of whether they are in fact handicapped (this has a parallel in race discrimination where a person is regarded as being of a minority group even though, in fact, he is not).

Clause (A) in the new definition eliminates any reference to employment and makes the definition applicable to the provision of Federally-assisted services and programs. Clause (B) is intended to make clearer that the coverage of sections 503 and 504 extends to persons who have recovered—in whole or in part—from a handicapping condition, such as a mental or neurological illness, a heart attack, or cancer and to persons who were classified as handicapped (for example, as mentally ill or mentally retarded), but who may be discriminated against or otherwise be in need of the protection of sections 503 and 504.

Clause (C) in the new definition clarifies the intention to include those persons who are discriminated against on the basis of handicap, whether or not they are in fact handicapped, just as title VI of the Civil Rights Act of 1964 prohibits discrimination on the ground of race, whether or not the person discriminated against is in fact a member of a racial minority. This subsection includes within the protection of sections 503 and 504 those persons who do not in fact have the condition which they are perceived as having, as well as those persons whose mental or physical condition does not substantially limit their life activities and who thus are not technically within clause (A) in the new definition. Members of both of these groups may be subjected to discrimination on the basis of their being regarded as handicapped.

The new definition applies to section 503, as well as to section 504, in order to avoid limiting the affirmative action obligation of a Federal contractor to only that class of persons who are eligible for vocational rehabilitation services. It should be noted, however, that the affirmative action obligation cannot be fulfilled by the expediency of hiring or limiting services to persons marginally or previously handicapped or persons "regarded as" handicapped. Rather, an acceptable affirmative action program must be aimed at the entire class of employable handicapped persons, with particular attention to those who are presently, actually, and significantly handicapped. This standard parallels the obligation of a Federal contractor under Executive Order No. 11246 to employ persons who might be discriminated against on the basis of national origin: the obligation extends to all ethnic groups within the available applicant pool and cannot be fulfilled selectively by hiring persons from only one ethnic group. Where applicable, section 504 is intended to include a requirement of affirmative action as well as a prohibition against discrimination.

It should also be noted that, although the "employability"—confining context of the present Rehabilitation Act section 7(b) definition of "handicapped individual" is removed from the new definition as to section 503 as well as the use of the term elsewhere in titles IV and V, section 503 itself relates solely to employment and thus the adjective "qualified" in modification of "handicapped individual" in that section clearly requires that the "employability" of the handicapped individual in question is a prerequisite to section 503 application.

Section 504 was patterned after, and is almost identical to, the antidiscrimination language of section 601 of the Civil Rights Act of 1964, 42 U.S.C. 2000d-1 (relating to race, color, or national origin), and section 901 of the Education Amendments of 1972, 42 U.S.C. 1683 (relating to sex). The section therefore constitutes the establishment of a broad government policy that programs receiving Federal financial assistance shall be operated without discrimination on the basis of handicap. It does not specifically require the issuance of regulations or expressly provide for enforcement procedures, but it is clearly mandatory in form, and such regulations and enforcement are intended.

The language of section 504, in following the above-cited Acts, further envisions the implementation of a compliance program which is similar to those Acts, including promulgation of regulations providing for investigation and review of recipients of Federal financial assistance, attempts to bring non-complying recipients into voluntary compliance through informal efforts such as negotiation, and the imposition of sanctions against recipients who continue to discriminate against otherwise qualified handicapped persons on the basis of handicap. Such sanctions would include, where appropriate, the termination of Federal financial assistance to the recipient or other means otherwise authorized by law. Implementation of section 504 would also include pre-grant analysis of recipients to ensure that Federal funds are not initially provided to those who discriminate against handicapped individuals. Such analysis would include pre-grant review procedures and a requirement for assurances of compliance with section 504. This approach to implementation of section 504, which closely follows the models of the above-cited antidiscrimination provisions, would ensure administrative due process (right to hearing, right to review), provide for administrative consistency within the Federal government as well as relative ease of implementation, and permit a judicial remedy through a private action.

It is intended that sections 503 and 504 be administered in such a manner that a consistent, uniform, and effective Federal approach to discrimination against handicapped persons would result. Thus, Federal agencies and departments should cooperate in developing standards and policies so that there is a uniform, consistent Federal approach to these sections. The Secretary of the Department of Health, Education, and Welfare, because of that Department's experience in dealing with handicapped persons and with the elimination of discrimination in other areas, should assume responsibility for coordinating the section 504 enforcement effort and for establishing a coordinating mechanism with the Secretary of the Department of Labor to ensure a consistent approach to the implementation of sections 503 and 504. The conferees fully expect that H.E.W.'s section 504 regulations should be completed by the close of this year. Delay beyond this point would be most unfortunate since the Act (P.L. 92-112) was enacted over one year ago—September 26, 1973.

The conferees note that Executive Order No. 11758, section 2, delegates to the Secretary of Labor the responsibility for carrying out the responsibilities embodied in section 503 of the Rehabilitation Act of 1973, and urge a similar delegation of responsibility to the Secretary of HEW to carry out on a Government-wide basis those responsibilities embodied in section 504.

Affirmative action in employment under the vocational rehabilitation plans

The Senate amendment requires each State agency and each facility in receipt of Rehabilitation Act title I funds take affirmative action to employ and advance in employment qualified handicapped individuals on the same terms and conditions as set forth in section 503 of the Rehabilitation Act of 1973 dealing with employment under Federal contracts and subcontracts. The House bill has no comparable provision. The House recedes.

Requirements for early eligibility determinations; individualized written rehabilitation program

The Senate amendment requires:

(1) that each State agency must (in addition to keeping records of the characteristics of applicants who are determined not to be eligible for vocational rehabilitation services under title I, including the reasons for such determinations) keep such records in sufficient detail to enable the Secretary to analyze and evaluate annually the reasons for such determinations and the numbers of individuals determined to be ineligible;

(2) that the State agency report semiannually to the Secretary on these determinations, categorizing them and analyzing the reasons for them;

(3) that the State agency annually review these ineligibility determinations on an individual basis in exactly the same manner as it would review an ineligibility determination of an individual after the process of evaluation or extended evaluation had begun and an individualized written rehabilitation program had been prepared (so that any change which had occurred in the individual's capacities and the degree of disability would be reevaluated periodically with a view toward giving that individual the benefit of the doubt with respect to the potential for a vocational goal, as required by section 102(c);

(4) that the State agency's continuing Statewide studies of the needs of handicapped individuals include a review of the efficacy of the criteria used with respect to such ineligibility determinations;

(5) that such ineligibility determinations be made jointly by the vocational rehabilitation counsellor and the handicapped individual;

(6) that an individual who has been so determined to be ineligible shall be advised of all rights and remedies, such as appeal rights and the availability of a client assistance project—where there is one—which are available to such individual; and

(7) that any ineligibility of determination made prior to the beginning of evaluation or extended evaluation be made (as with a later determination after the individualized written rehabilitation program has been developed) only after a full attempt has been made to develop a vocational goal for that individual and only upon certification by the counsellor (which certification would include a specification of reasons for the ineligibility determination) that the individual is not capable, beyond a reasonable doubt of achieving a vocational goal at that time.

The House bill has no comparable provision. The House recedes with amendments providing that the State agency review required in item (2) above shall be carried out on at least an annual basis rather than on a semi-annual basis; providing that the State agency review of each ineligibility determination, as required in item (3) above, shall take place not later than twelve months after each such determination rather than annually; and making a conforming change in section 112(c)(3) of the Act so that annual review of an ineligibility determination under that provision is required only as to such determinations made as part of (and as an amendment to) an individualized written rehabilitation program.

The conferees wish to stress that the requirement set forth in item (2) above that the State at least annually categorize and analyze the reasons and the numbers of ineligibility determinations does not impose an obligation for annual review of individual cases but rather only a requirement for statistical categorization and analyses. The requirement with respect to reviews of individual cases in which ineligibility determinations have been made is set forth under item (3) above as modified by the conference agreement to require that the review occur at only one point, not later than twelve months after such an individual ineligibility determination is made, rather than annually as to each ineligibility determination not made as a part of the individual written rehabilitation program process. The purpose of the State agency, as well as Secretarial, analysis of the reasons for such ineligibility determinations is to develop information on the kinds and duration of handicapping conditions most frequently leading to ineligibility determinations, the socio-economic backgrounds of the individuals found so ineligible, and other information that might provide useful insight into the pattern of the decisionmaking process with respect to such ineligibility determinations in each State. The conferees also expect that such analysis would develop information indicating where State training and dissemination of information is necessary in order to avoid decisions made according to stereotypes of handicaps or on the basis of particular characteristics not necessarily relevant to an individual's potential for developing a vocational goal.

Client assistance funding earmark

The Senate amendment eliminates as to FYs 1975, 1976, and 1977 funding of client assistance projects, the conditional nature of the earmark of funds for client assistance projects—that such earmarking takes effect only with respect to amounts equal to the amount of obligations for carrying out special projects and demonstrations under the superseded Vocational Rehabilitation Act from FY 1973 appropriations under that Act. The House bill contains no comparable provision. The House recedes with an amendment which substitutes the specific figure of $11,860,000 for the reference to the FY 1973 level of obligations for special projects and demonstrations under the Vocational Rehabilitation Act, as the amount which must be appropriated in FY 1976 before the client assistance earmark (of $1 million minimum and $2.5 million maximum) applies, and provides authority to the Secretary to fund section 112 client assistance projects in the event that the amount appropriated under section 304 in FY 1976 is not in excess of $11,860,000.

The conferees wish to stress their very strong intention that at least the present level of funding will be maintained for the special projects and demonstrations authorized in section 304. The conferees further intend that continuation of funding for the developmental disabilities projects underway newly created statutory authority should be carried out under a separate appropriation for that purpose. In no event do the conferees intend that there be any diminution in funding of special projects and demonstrations under the Rehabilitation Act of 1973.

With respect to client assistance funding, the conferees intend that the Secretary exercise the new sub-$11,860,000 funding authority as follows: first, providing continuation of funding for special projects and demonstrations funded in FY 1975—such as new careers, industry projects, and technical assistance—and such vocational rehabilitation developmental disabilities special projects meeting the requirements of the Act which continue to be carried out under the section 304 authority; and next, providing funding to client assistance projects at at least the level at which they are funded in FY 1975.

Comprehensive service needs special study reporting date

The House bill extends the reporting date for the Rehabilitation Act section 130 Comprehensive Service Needs Special Study from February 1, 1975 to June 30, 1975. The Senate amendment extends that reporting date to September 30, 1975. The Senate recedes.

The conferees agree and intend that new research and demonstration projects shall be included in the Comprehensive Service Needs Special Study to test the feasibility of methods designed to prepare individuals with the most severe handicaps for entry into programs under the Act and to assist individuals who cannot reasonably be expected to be rehabilitated for employment to live independently and function normally within their family and community.

In the Joint Explanatory Statement accompanying the conference report on H.R. 8070, the Rehabilitation Act of 1973 (P.L. 93–112), it is stated that the Senate receded to a House amendment which required the Commissioner to include research and demonstration projects, whereas the Senate amendment would only have provided that the study may include such projects. This makes clear, the conferees believe, that it was the intent of the conferees on H.R. 8070 that the Special Study include new demonstration projects; to the extent that there are demonstration projects underway that are consistent with the objectives of the study, it was the intent of the Congress that such projects be utilized in the findings of the study. Certainly, it was never contemplated that ongoing projects could be used as a substitute for carrying out the new projects required by the Act.

The purpose of including new demonstration projects in the Special Study is so that new programs and new approaches to assisting individuals with the most severe handicaps may be tested and reported on to Congress. The conferees believe that new demonstration projects are an integral part of the Special Study and should be conducted in close cooperation with the contractor responsible for the study itself.

The conferees agree with the Administration's view that two or three years is usually required for successful completion of demonstration projects. However, by the June 30, 1975, Special Study reporting date, the conferees direct that these new projects be well underway and that preliminary findings based on them be included in that report along with the plan and timetable for completion of such projects. The conferees further direct that RSA submit detailed interim reports to the Congress on the progress of the new demonstration projects on July 1, 1976, and July 1, 1977, and a final report prior to July 1, 1978. These reports are in addition to the report due, under the conference agreement, on June 30, 1975.

The Administration's present proposal to fund such new demonstration projects in fiscal year 1975 at between $250,000 and $300,000 is well below the $1 million amount earmarked in the law and is totally inadequate for meeting the purposes of designing, initiating, and carrying out the required demonstration projects. The conferees therefore direct RSA to comply with the law and fund these projects at the level provided in the law—$1 million each for FYs 1975 and 1976.

Finally, in bringing these new special projects the conferees direct that RSA consult with representatives of State vocational rehabilitation agencies to carry out part of these demonstration projects.

Research demonstrations of architectural and engineering designs to meet handicapped individuals' special needs

The Senate amendment adds to the list of activities for which Rehabilitation Act section 202 research grants and contracts are authorized, "demonstrations" (presently only studies and analyses) of architectural and engineering designs adapted to meet the special needs of handicapped individuals. The House bill has no comparable provision. The House recedes.

Special projects demonstrating methods of making recreational activities accessible to handicapped individuals

The Senate amendment adds to the Rehabilitation Act section 304(b) special project and demonstration grant authority, a new authority to support operating programs (including renovation and construction) to demonstrate methods of making recreational activities fully accessible to handicapped individuals. The House bill contains no comparable provision. The House recedes.

Technical amendments to correct oversights in Rehabilitation Act language

The Senate amendment makes amendments to add a missing word "for" to section 304(b)(2) and a missing "who" to section 304(c) of the Rehabilitation Act of 1973. The House bill contains no comparable provisions. The House recedes.

Architectural Barriers Board concurrence in technical assistance projects

The Senate amendment requires that technical assistance now authorized to be provided by the Secretary to rehabilitation facilities and for the purpose of removal of architectural and transportation barriers, be provided only with the concurrence of the Architectural and Transportation Barriers Compliance Board. The House bill has no comparable provision. The House recedes.

Date of submission of long-range projection for provision of comprehensive services to handicapped individuals

The Senate amendment extends from March 26, 1975, to July 1, 1975, the date by which the Secretary must submit to the Congress the long-range projection for the provision of comprehensive services to handicapped individuals and for programs of research, evaluation, and training related to such services and individuals, as required by section 405(a)(1) of the Rehabilitation Act of 1973. The House bill contains no comparable provision. The Senate recedes, in view of the fact that the Department of Health, Education, and Welfare has not requested a delayed reporting date for this provision, as was the case with respect to the Comprehensive Needs Special Study.

Delegation of secretarial responsibilities—Office of Handicapped Individuals

The Senate amendment amends section 405(c) of the Rehabilitation Act of 1973, prohibiting the delegation of section 405 Secretarial functions to any person not assigned to or operating in the Office of the Secretary (except that the Secretary may establish an Office for the Handicapped in the office of an appropriate Assistant Secretary), by providing that these section 405 functions shall be carried out only by individuals operating in the immediate Office of the Secretary, or the Under Secretary of Health, Education and Welfare (and not in the office of the Assistant Secretary) and that such functions include the establishment and operation of an Office of Handicapped Individuals to carry out the section 405 responsibilities of the Secretary. The House bill contains no comparable provision. The

House recedes with an amendment which leaves intact the present sentence in section 405(c) of the Rehabilitation Act of 1973 (except that the name of the "Office for the Handicapped" is changed to "Office for Handicapped Individual"), and provides that in no event shall any Secretary functions under section 405 be further delegated to any persons with operational responsibilities for carrying out programs designed to benefit handicapped individuals, including any program under any other section of the Rehabilitation Act of 1973.

The Senate amendment was designed, in view of other amendments adopted to transfer the Rehabilitation Services Administration to the Office of the Secretary, to assure consistency with the intent of existing law that no operating program shall report to or through such person or support staff carrying out the responsibilities assigned to the Secretary in section 405.

The conferees are dissatisfied with action taken to date to implement the Secretarial responsibilities provisions of section 405 and to hire necessary staff to carry out these responsibilities. The conferees direct the Secretary to take expeditious actions to hire the necessary staff and assure that the March 26, 1975, long-range projection reporting date is met.

Architectural and Transportation Barriers Compliance Board authority

The Senate amendment makes the following amendments to the authorities respecting the Architectural and Transportation Barriers Compliance Board to section 502 of the Rehabilitation Act of 1973:

(1) adds the Department of Defense as a statutory member of the Board;

(2) provides that the Secretary of Health, Education, and Welfare shall be the Chairman of the Board and that the Board shall appoint, upon recommendation of the Secretary, a Consumer Advisory Panel, consisting of a majority of handicapped individuals, to provide guidance, advice, and recommendations to the Board in carrying out its functions;

(3) classifies the authority of the Board to make grants and contracts to carry out the functions;

(4) give the Board effective compliance authority with respect to its responsibility in subsection (b) to insure compliance with the standards prescribed under Public Laws 90–480 and 91–205, by providing that compliance orders of the Board shall be final and binding on the Department, agency, or instrumentality involved and may include the withholding or suspension of Federal funds with respect to any building found out to be in compliance with those standards;

(5) specifies that there shall be an executive director of the Board appointed by the Board, and such other professional and clerical personnel, also appointed by the Board, as are necessary to carry out the Board's functions; and

(6) changes to September 30, 1975, the final reporting date on transportation and housing.

The House bill contains no comparable provision. The House recedes.

TITLE II—RANDOLPH-SHEPPARD ACT AMENDMENTS

Sec. 200. Short title

The Senate amendment provides that title II may be cited as the "Randolph-Sheppard Act Amendments of 1974." The House bill contains no comparable provision. The House recedes.

Sec. 201. Findings

The Senate amendment lists a number of findings of Congress relating to the deficiencies in the blind vendor program. The House bill contains no comparable provision. The House recedes.

Sec. 202. Vending facility operations

The Senate amendment gives a priority to blind vendors in operating facilities on Federal property, requires regulations to protect the priority and to assure the location, where feasible, of vending facilities on all Federal property. The House bill contains no comparable provision. The House recedes with an amendment.

The conferees have eliminated from proposed section 1(b)(2) of the Act (section 202 of the Senate amendment) the clause ", including, to the maximum extent feasible, vending facilities in the areas where employees work,".

The purpose of this change is to remove the emphasis on placing blind vendors in employee work areas. It is not the intention of the conferees to wholly preclude the placement of a blind vendor in such areas.

The conferees take note of the fact that blind vendors do currently operate in swing rooms, adjacent to the workroom floor, and near employee entrances. Factors governing the placement of blind vendors on any Federal property will, of course, apply in such cases; that is, the building population and potential income for the blind vendor must be considered.

Sec. 203. Federal and State responsibilities

The Senate amendment amends section 2 of the Randolph-Sheppard Act to create greater uniformity in the operation of the program, eliminate archaic language, and require new or renovated buildings owned or occupied by Federal entities to include satisfactory sites for blind vending facilities. The House bill contains no comparable provision. The House recedes with amendments.

The conferees have modified section 203 (d) of the Senate amendment (proposed section 2(d)(1) of the Act) to require that the Secretary of Health, Education, and Welfare consult with the head of the appropriate Federal department, agency, or instrumentality prior to his determination that a building contains, or does not contain, a satisfactory site or sites for a blind vending facility.

The purpose of this proposed change is to assure that each agency will have early access to the Secretary of HEW to give each such agency an adequate opportunity to present its views and desires with respect to the selection of sites for blind vending facilities. In this way the position of the agency, the State licensing agency, and the Secretary, will be clearly established, and accommodations can be made in conformance with the intent of the Act.

The conferees have changed certain dates in the Senate amendment in order to permit the implementation of portions of title II on a more realistic schedule. Thus, in section 203(d) (proposed section 2(d)(1) of the Act), and in section 206 (proposed section 7(b)(1) of the Act), the dates for requiring site selection determinations for new, newly occupied, or renovated buildings, and for allocating vending machine income, respectively, are changed from September 30, 1974 to January 1, 1975.

Sec. 204. State agencies and arbitration

The Senate amendment amends section 3 of the Randolph-Sheppard Act to provide that set-aside funds be used for health, sick leave and vacation, and retirement contributions, and to require State agencies to submit to arbitration of grievances. The House bill contains no comparable provision. The House recedes.

Sec. 205. Repeals

The Senate amendment repeals sections 4 and 7 of the Randolph-Sheppard Act which, respectively, authorizes the Secretary to cooperate with State Rehabilitation Boards, and outlines State agency procedures in conjunction with the Vocational Rehabilitation Act. The House bill contains no comparable provisions. Both provisions are unnecessary and anachronistic. The House recedes.

Sec. 206. Arbitration; vending machine income; personnel; training

The Senate amendment creates four new sections of the Randolph-Sheppard Act. Sections 5 and 6 establish an arbitration and judicial review mechanism for blind vendors and State agencies. Section 7 assigns vending machine income on Federal property to blind vendors and State licensing agencies under a formula based on whether machines are in direct competition with a blind vendor, sets forth requirements for use of such income, excludes certain locations, and sets conditions on cafeteria operations. Section 8 requires effective training programs, upward mobility, and follow-along programs for blind individuals. The House bill contains no comparable provisions. The House recedes with amendments.

The conferees have modified the definition of "direct competition" under proposed section 7(b)(1) of the Act (section 206 of the Senate amendment) to exclude from that definition vending machines or facilities operated in areas serving employees the majority of whom normally do not have direct access to the blind vending facility. The conferees expressly intend that vending machines in cafeterias on Federal property, and any machines the income from which is used by such cafeterias, are subject to the same criteria for assignment of income under proposed section 7(a) and (b)(1) of the Act as are any other vending machines. The words "normally" and "direct" have been added to make clear that the existence of infrequent or unusual access to a blind vending facility by employees would not operate to place vending machines serving such employees in direct competition with a blind vending facility for purposes of section 7(b)(1).

The conferees have eliminated the first two sentences of proposed section 7(b)(2) of the Act in section 206 of the Senate amendment. The first sentence requires the Secretary of Health, Education, and Welfare to determine, after considering the views of the appropriate department head and affected groups or organizations, the purposes for which vending machine income remaining after assignment pursuant to subsections (a) and (b)(1) may be used. The second sentence requires that all income from new or replacement vending machines on Federal property accrue as specified in subsection (a).

The conferees have increased the minimum percentage of vending machine income accruable to blind vendors and State licensing agencies under proposed section 7(b)(1) of the Act (in section 206 of the Senate amendment) from 25 per centum to 30 per centum. This minimum percentage applies with respect to vending machine income derived from machines not in direct competition with a blind vendor, where more than 50 per centum of the total hours worked occurs during periods other than normal working hours.

The conferees have amended proposed section 7(e) of the Act (in section 206 of the Senate amendment) to require the Secretary to establish a priority for the operation of a cafeteria by a blind licensee when he determines after consultation with the installation head, that such operation can be provided at a reasonable cost with high quality food comparable to that currently provided employees. This proposed change has been made in order to put to rest any fears expressed by Federal agencies or employees that a blind-operated cafeteria might somehow result in unreasonably higher food prices and lower quality food. Additional safeguards are set forth in the new language to eliminate any likelihood that such might occur.

Sec. 207. Definitions

The Senate amendment amends the definition section of the Randolph-Sheppard Act. The House bill contains no comparable provision. The House recedes with an amendment. The conferees included a parenthetical to clarify that vending machine income, where machines are owned and operated within the Federal entity and not by a commercial vending concern, includes receipts after cost of goods sold, including reasonable service and maintenance costs.

Sec. 208. Personnel

The Senate amendment requires the assignment of ten personnel and authorizes a position in GS–16 to 18. The House bill contains no comparable provision. The House recedes.

Sec. 209. Additional State responsibilities

The Senate amendment requires each State licensing agency to take certain actions to benefit blind licensees. The House bill contains no comparable provision. The House recedes.

Sec. 210. Standards, studies, and reports

The Senate amendment requires studies and evaluations of national standards for set-aside funds; feasibility of a centrally administered retirement and health system for blind vendors; method of assigning vending machine income; and reports on implementation of amendments to the Act. The House bill contains no comparable provision. The House recedes.

Sec. 211. Audit

The Senate amendment authorizes the Comptroller General to audit all nonappropriated fund activities which have vending machine income. The House bill contains no comparable provision. The House recedes.

TITLE III—WHITE HOUSE CONFERENCE ON HANDICAPPED INDIVIDUALS

Section 301. Findings and policy

The Senate amendment makes seven findings of fact leading up to a policy determination by the Congress that the Federal Government work jointly with the States and their citizens to develop recommendations and plans for action and solving the multifold problems facing individuals with handicaps. The House bill contains no comparable provision. The House recedes.

Section 302. Authority of President, council, and secretary

The Senate amendment authorizes the President to call a White House Conference on Handicapped Individuals within two years from the date of enactment of the title in order to stimulate a national assessment of problems facing individuals with handicaps and to develop recommendations to solve such problems. The House bill contains no comparable provision. The House recedes.

It is the intent of the conferees that implicit in the authority to convene the White House Conference is the authority on the part of the Council to provide, in advance or by way of reimbursement, for the travel expenses (including per diem in lieu of subsistence) for participants in the White House Conference who are not themselves Federal employees.

The Senate amendment establishes a National Planning and Advisory Council composed of 28 persons, of whom 10 shall be individuals with handicaps, appointed to be representative of all individuals with handicaps, and 5 should be parents of individuals with handicaps. appointed to be representative of all such parents and individuals) for the Conference, to be appointed by the Secretary of Health, Education, and Welfare, to plan and conduct a conference; directs the Conference to bring together individuals with handicaps and their families, representatives from Federal, State, and local governments, and representatives of professional experts and of members of the general public who are recognized by individuals with handicaps as being knowledgeable about problems affecting their lives; and directs the conference to consider all related matters affecting the lives of handicapped individuals, specifically directing that consideration be given to various specific areas.

The House bill contains no comparable provision. The House recedes with amendments (1) adding to the specific areas to be considered the allotment of funds for basic vocational rehabilitation services under part B of title I of the Rehabilitation Act of 1973 in a fair and equitable manner in consideration of the factors set forth in section 407(a) of the Rehabilitation Act of 1973 regarding the scope of the State allocation study provided for in such section (specifically: the needs of individuals requiring vocational rehabilitation services; the financial capacity of the States to furnish vocational rehabilitation assistance, including (on a State-by-State basis) per capita income, per capita costs of services rendered, State tax rates, and the ability and willingness of a State to provide the non-Federal share of the costs of rendering such services; and the continuing demand upon the States to furnish vocational rehabilitation services (together with a consideration of the factor that no State shall receive less Federal financial assistance under such part than it received under section 2 of the Vocational Rehabilitation Act in the fiscal year immediately prior to the Rehabilitation Act of 1973); (2) providing that employees of the planning Council shall not be paid in excess of the rate provided for GS–18 under the Civil Service Schedule; and (3) deleting any authority for the Council to pay any travel expenses for officers or employees of Federal departments, agencies, or instrumentalities.

The conferees intend that agencies, groups, and organizations receiving Federal assistance should generally not receive funds to cover the travel expenses (including per diem in lieu of subsistence) of their personnel participating in the White House conference, but rather should use non-White House Conference funds to defray these expenses. However, the conferees also recognize that exceptions to this general rule will be necessary for groups and organizations (such as consumer groups) which do not have the means to cover these expenses. Although the authority for the Council to pay any travel expenses for Federal employees has been deleted, the conferees note that it is their expectation that the Federal agency, department, or instrumentality concerned would cover such expenses for its officers and employees participating in the White House Conference or State conferences.

It is also the intention of the conferees that the Department of Health, Education, and Welfare will make all possible attempts to employ individuals with handicaps to carry out the provisions of this title, and that thereafter priority consideration by the Federal Government will be given to hiring, on a permanent basis, those individuals employed for this purpose who have demonstrated their merit and qualifications in the course of preparing for and carrying out White House Conference activities.

The conferees further intend that full use will be made of other available funds for Conference purposes, and that priority in expenditure of funds available for Conference activities will be given to pay the expenses of individuals with handicaps who will not otherwise be able to attend the Conference, and to provide such necessary support services as may assist such individuals in attending and participating fully in the Conference (including brailled materials and readers for blind individuals, interpreters and printed materials for deaf individuals, attendants for motor-impaired and physically handicapped individuals, and all such necessary equipment and adapted transportation services).

The Senate amendment provides that a final report be submitted to the President and the public by the Council and the Secretary not later than 120 days following the date on which the Conference is convened, and that recommendations for action by the Council and the Secretary of Health, Education, and Welfare be submitted to the President and Congress not later than 90 days after submission of the final report of the Conference. The House bill contains no comparable provision. The House recedes.

Section 303. Responsibility of Council and Secretary

The Senate amendment directs the Council and the Secretary to request the cooperation and assistance of other appropriate Federal departments and agencies (including details and assignments of personnel from Federal agencies for whatever periods of time necessary), render financial and other assistance to the States to conduct conferences prior to the initial White House Conference, prepare and make available necessary materials to the White House Conference delegates, prepare and distribute interim reports, engage necessary individuals with handicaps and additional personnel, and employ individuals with handicaps in carrying out these functions under the provisions of the title. The House bill contains no comparable provision. The House recedes.

Section 305. State participation

The Senate amendment provides for grants to States to conduct at least one Conference within each State leading up to the White House Conference and provides that no State shall be apportioned more than $75,000 nor less than $25,000 for such purpose and for meeting the costs of such State's participation in the Conference program. The House bill contains no comparable provision. The House recedes with an amendment reducing the State allotment minimum to $10,000 and the maximum to $25,000.

Section 306. Authorization of appropriations

The Senate amendment authorizes the appropriation of such sums as may be necessary to carry out the provisions of the title, and provides that sums so appropriated shall remain available for expenditure until June 30, 1977. The House bill contains no comparable provision. The conference agreement authorizes the appropriation of $2 million to carry out the provisions of the title and in addition authorizes the appropriation of such sums as may be necessary to carry out the State participation functions under section 305; and provides that sums appropriated for either of these purposes shall remain available for expenditure until June 30, 1977.

TITLE AMENDMENT

The Senate amendment amended the title of the House bill to reflect the provisions of the Senate bill. The conference agreement amends the title of the bill to reflect the provisions of the conference agreement.

Carl D. Perkins,
John Brademas,
Albert H. Quie,
Managers on the Part of the House.

Jennings Randolph,
Alan Cranston,
Harrison Williams,
Claiborne Pell,
Edward M. Kennedy,
Walter F. Mondale,
W. D. Hathaway,
Bob Taft, Jr.,
Dick Schweiker,
J. Glenn Beall, Jr.,
Managers on the part of the Senate.

TITLE III. WHITE HOUSE CONFERENCE ON HANDICAPPED INDIVIDUALS

Mr. CRANSTON. Mr. President, title III of the Senate amendment to H.R.

14225 authorized the President to call a White House Conference on Handicapped Individuals within 2 years from date of enactment in order to stimulate a national assessment of problems facing individuals with handicaps and to develop recommendations to solve such problems. As I stated earlier, this provision was authored by Senator WILLIAMS and has been passed unanimously by the Senate on two previous occasions, with strong support of numerous individuals and groups throughout the country.

As adopted by the conferees, title III of H.R. 14225 establishes a National Planning and Advisory Council, composed of 28 individuals—of whom 10 shall be individuals with handicaps, who are to be representative of all individuals with handicaps and five shall be parents of individuals with handicaps, representative of all such parents and individuals—to be appointed by the Secretary of Health, Education, and Welfare, to plan and conduct the conference. The conference report directs the White House Conference to bring together individuals with handicaps and their families, representatives of Federal, State, and local governments, professional experts and members of the general public, recognized by individuals with handicaps as being knowledgeable about problems affecting their lives; and it directs the Conference to consider all matters affecting the lives of individuals with handicaps—with direction that specific consideration be given to various areas, including early treatment and diagnosis, transportation, and utilization of technological research.

Mr. President, the conference report adopts an amendment adding to areas of examination by delegates to the conference consideration of the allotment of funds for basic vocational rehabilitation services under part B of title I of the Rehabilitation Act of 1973, including the examination of the needs of individuals requiring such services, the financial capacity of States to furnish such assistance, the ability and willingness of States to provide the non-Federal share of rendering such services, and the continuing demand to furnish such services.

The Conference agreement further directs the Council and the Secretary to request the cooperation and assistance of other appropriate Federal departments and agencies—including details and assignments of personnel from Federal agencies for whatever periods of time necessary—as part of the responsibilities assigned to the Council and the Secretary, and adopts several amendments intended to assure that full use will be made of other available resources for Conference purposes, and to insure that priority in expenditure of funds available for Conference activities will be given to pay expenses of individuals with handicaps who will not otherwise be able to attend, and to provide such necessary support services as will assist such individuals in attending and participating fully in the Conference—including brailled materials and readers for blind individuals, interpreters and printed materials for deaf individuals, attendants for motor-impaired and physically handicapped individuals, and all such necessary equipment and adapted transportation services.

Mr. President, it should be further noted that it is the intent of the conferees that implicit in the authority to convene the White House Conference is the authority on the part of the Council to provide, in advance or by way of reimbursement, for the travel expenses—including per diem in lieu of subsistence—of participants in the White House Conference who are not themselves Federal employees.

The conferees have deleted the authority for the Council to pay any travel expenses for officers or employees of Federal departments, agencies, or instrumentalities, with the expectation that such Federal departments, agencies, and instrumentalities will cover such expenses for their own employees.

The conferees, after reviewing the costs of State participation in such a national conference, and in running at least one in-State conference prior to the White House Conference, have reduced the allotment for each State to at least $10,000, but not more than $25,000. It is the expectation of the conferees that this amount will assist in covering the costs of running a State conference.

Finally, the conference report authorizes the appropriation of $2 million for the purposes of carrying out the White House Conference, and such additional sums as are necessary to pay the costs of State participation and State conferences under section 305.

Mr. President, the White House Conference for Handicapped Individuals offers a unique opportunity for bringing together individuals with handicaps, public officials, experts, and members of the general public to examine in a comprehensive way the problems facing individuals with handicaps in this Nation.

It is a tribute to the effective work and tenacity of Chairman WILLIAMS and his staff that we have finally secured House agreement to these important provisions.

Mr. President, in closing, I want to express particular appreciation for the outstanding staff work done on the part of both the House and Senate staff to reach this conference agreement. I think those individuals deserve special mention; many of them worked late in the night last night to prepare the conference report and joint explanatory statement. They are Bob Humphreys, Mike Francis, Lisa Walker, Nik Edis, Traer Sunley, and Jon Steinberg on the Senate side; and Bill Gaul, Jack Duncan, and Marty LaVor on the House side. Their great dedication to this legislation has made it possible for us to move so effectively and expeditiously.

Mr. President, I believe that this bill is the very essence of a bipartisan, noncontroversial piece of legislation. I urge my colleagues to support the conference report overwhelmingly.

SENATOR RANDOLPH GRATIFIED BY CONFERENCE AGREEMENT ON H.R. 14225—REHABILITATION ACT AMENDMENTS OF 1974

Mr. RANDOLPH. Mr. President, I am gratified that agreement has been reached by House and Senate conferees on H.R. 14225, a bill to amend the Rehabilitation Act of 1973, and for other purposes.

As chairman of the Subcommittee on the Handicapped it is my solemn responsibility to insure that all that reasonably can be done in Federal legislation is done, to aid the millions of people in America who have handicaps. I believe that my colleagues and I, in both Houses of Congress and on both sides of the aisle, will have discharged no small measure of this responsibility with the adoption of the pending conference report.

The pending measure contains three titles, as it did when it was first before the Senate as S. 3108. The first title amends the Rehabilitation Act of 1973. Title II amends the Randolph-Sheppard Blind Vendor Act, and I shall discuss this subject in detail. Title III authorizes the convening of a White House Conference on Handicapped Individuals.

TITLE I—REHABILITATION ACT AMENDMENTS OF 1974

Title I of the conference report on H.R. 14225 extends for 1 year the programs authorized under the Rehabilitation Act of 1973. Small increases in authorization levels are proposed, which will do little more than meet the costs of continuing inflation. The Rehabilitation Services Administration is transferred from the Social and Rehabilitation Services Administration to the Office of the Secretary, the Undersecretary, or an appropriate Assistant Secretary. Several technical changes are also made to the 1973 act.

Substantive and important changes have been made to one section of the law which I originally authored—the Architectural and Transportation Barriers Compliance Board. Each of those changes, which I sponsored in S. 3108 in the Senate, has been agreed to in conference. Those changes include: first, addition of a representative of the Department of Defense as a member of the Board; second, establishment of the Secretary of Health, Education, and Welfare as chairman of the Board; third, requirement for a consumer advisory panel to guide the Board; fourth, clarification that the Board has authority to make grants and contracts to carry out its functions; fifth, giving the Board effective compliance authority relating to standards adopted under the Architectural Barriers Act of 1968; sixth, requiring the employment of an executive director and staff for the Board; and seventh, a reporting date change.

As the Senate report on S. 3108 indicates, these amendments to section 502 of the act are necessary to give life and vitality to what has the potential of being a major force for improving the daily lives of millions of handicapped individuals.

TITLE II—RANDOLPH-SHEPPARD ACT AMENDMENTS OF 1974

With the adoption of this title by the conferees, a major legislative goal of mine for the past 5 years has been realized.

I first introduced a bill to amend the 1936 Randolph-Sheppard Act on June 20, 1969. Many, many difficulties have beset this legislation on its tortuous way to enactment, and blind vendors have suffered needlessly as a result.

At long last the way is finally being cleared to dramatically improve the blind vendor program. The conference bill is not all that I would wish it could be. It is, however, a major legislative effort which will constructively affect the lives of all blind vendors.

I expect, through the provisions of title II, that gainful employment to blind persons under the program can be doubled from approximately 3,650 vendors to over 7,000 in the next 5 years.

At long last the postal unions have stated that they would no longer oppose my efforts to enact these needed amendments.

All the major provisions of the Senate-passed bill have been retained in the conference report. These provisions are, in synopsis form, the following:

First. Requires a priority for blind vendors on Federal property, with overall regulatory authority in the Secretary of HEW to protect such priority.

Second. The Secretary is to promulgate nationally applicable guidelines and procedures for operating the blind vendor program.

Third. All new or renovated federally occupied buildings after January 1, 1975, must provide a satisfactory blind vending site except where not feasible, or where there is a preexisting food service in a privately owned building.

Fourth. An arbitration procedure is established under the aegis of the Secretary of HEW for resolution of blind vendor and State licensing agency grievances, as well as judicial review for vendors.

Fifth. After January 1, 1975, vending machine income on Federal property is to accrue to blind vendors and State licensing agencies under a formula: 100 percent of income from machines in direct competition with a vendor, and 50 percent of such income from machines not in direct competition shall so accrue. Exceptions are: At facilities where at least 50 percent of hours worked are outside normal working hours, 30 percent of such income shall accrue to vendors; and facilities with less than $3,000 annual vending machine income are totally exempt, as are retail military sales outlets and the Veterans' Canteen Service.

Sixth. Improved job training for blind individuals, increased Federal operating personnel, additional State agency responsibilities, several studies and reports, and GAO audit authority are also included.

The changes made by the conferees include the following:

First. The clause which specifically refers to the placement of blind vending facilities in areas where employees work has been eliminated.

The purpose of this change is to remove the emphasis on placing blind vendors in employee work areas. This does not preclude the placement of blind vendors in such areas. However, there were concerns raised that such placement might be a hazard to the safety and health of a blind vendor, and that in that event, such placement should not be made.

In my opinion, quite aside from establishing blind vendors in work areas, every effort should be made, particularly in postal facilities, to place a vendor adjacent to the workroom floor, in a swing room area, or near the employee entrance. The conferees took note of the fact that blind vendors do currently operate in several such nonpublic locations.

Second. Proposed section 2(d)(1) of the act has been changed to require that the Secretary of Health, Education, and Welfare consult with the head of the appropriate Federal department, agency, or instrumentality prior to his determination that a building contains, or does not contain, a satisfactory site or sites for a blind facility.

The purpose of this change is to assure that each agency will have early access to the Secretary of HEW to give each such agency an adequate opportunity to present its views and desires with respect to the selection of sites for blind vending facilities. In this way the position of the agency, the State licensing agency, and the Secretary, will be clearly established, and accommodations can be made in conformance with the intent of the act.

Third. Certain dates in the Senate bill have been changed in order to permit the implementation of portions of title II on a more realistic schedule. Thus, in proposed section 2(d)(1) of the act and in proposed section 7(b)(1) of the act, the dates for requiring site selection determination for new, newly occupied, or renovated buildings, and for allocating vending machine income, respectively, are changed from September 30, 1974, to January 1, 1975.

Fourth. Under the Senate proposal, vending machines or facilities in areas serving employees the majority of whom do not have access to the blind vending facility would be excluded from the definition of direct competition for purposes of allocating vending machine income under the formula in proposed section 7(b)(1) of the act. The conferees added the words "normally" and "direct" so as to change the clause to read "the majority of whom normally do not have direct access."

Fifth. The Senate amendment provided in proposed section 7(b)(2) of the Randolph-Sheppard Act that the Secretary of HEW would determine the purposes for which vending machine income remaining after assignment to blind vendors and State licensing agencies might be used; and all income from new or replacement vending machines on Federal property would accrue in accordance with section 7(a), that is, to blind vendors and State agencies.

I regret that both sentences are eliminated in the conference report. I have long believed that blind vendors should have the exclusive right to vending machine income on Federal property. I made a major concession with the acceptance of a formula distribution of such income along with an exclusion of facilities with less than $3,000 annual vending machine income. The removal of these two sentences is a further concession which was necessary to secure full agreement on the bill. Nevertheless, not all the concessions made were at the expense of the blind.

Sixth. Change from the Senate bill increases from 25 to 30 percent the minimum vending machine income to blind vendors and State agencies in those instances where machines are not in direct competition with a blind vendor and where at least 50 percent of the total hours worked on the premises occur during periods other than normal working hours.

Seventh. Proposed section 7(e) of the act, relating to cafeteria operation by blind licensees, has been changed in form to require the Secretary of HEW to give a priority to the operation of cafeterias on Federal property by blind licensees on an individual basis when, after consultation with the installation head, it is determined that such cafeteria can be operated at a cost and with a quality comparable to that currently provided to employees.

Title II, the Randolph-Sheppard Act Amendments of 1974, is not all I would prefer. It may not be a complete or perfect solution to all the needs of blind vendors. It is a beginning, and a good one, however. I am genuinely gratified to my colleagues for their support of this measure. More than 5 years have elapsed since I first introduced a bill to amend the Randolph-Sheppard Act, as indicated earlier. I think in many ways the proposal has improved with age; for as time passed, we have learned more and more about the program, its deficiencies, and appropriate means to correct those deficiencies. I have every hope, and every blind vendor across the Nation has the right to expect, that these amendments will usher in a new era of expansion and benefit for the program and for those who participate.

TITLE III—WHITE HOUSE CONFERENCE ON HANDICAPPED INDIVIDUALS

The final title of the conference report on H.R. 14225 authorizes the convening of a White House Conference on Handicapped Individuals. The Senate passed a similar measure, Senate Joint Resolution 118, on July 18, 1973.

With an increasing public awareness and sensitivity to the needs of our handicapped population, such a conference would be invaluable in providing a focus on such needs, and recommendations for dealing with them. I anticipate that concern, both legislative and administrative, will increase in the years ahead, to the end that handicapped individuals will secure their rights to full and unimpeded access to the benefits of our society. The White House Conference should measurably assist in achieving that goal.

CONCLUSION

Mr. President, the pending conference report is an important and excellent measure which should be enacted into law. It corrects many deficiencies in existing legislation with very little additional cost. The President of the United States has urged that every measure emanating from Congress include a statement of inflationary impact. My unofficial statement is that H.R. 14225 will not contribute to inflation. What it will do, in part, is to reduce the dependency of many handicapped individuals on public largesse: it will reduce welfare or public assistance payments by enabling many handicapped people to do what they have always wanted to do—go to work.

At this point I commend the efforts expended on this important legislation by many colleagues and staff members. Senator CRANSTON's ability and diligence have been particularly valuable. It was in 1972 that I, as chairman of the Subcommittee on the Handicapped, asked Senator CRANSTON to manage what later became the Rehabilitation Act of 1973. Since that time, he has become expert in the rehabilitation field, and has at my request continued to take leadership in the measure now pending.

Senator STAFFORD, the ranking minority member on the subcommittee, has demonstrated an unfailing enthusiasm, interest, and ability in developing legislation within the purview of the subcommittee. His cooperation and generous attention to this bill have been enormously valuable. I also express my thanks for the continuing efforts of the able chairman of the Committee on Labor and Public Welfare, Senator WILLIAMS, who has managed to provide a great deal of valued time and assistance to this and other measures of benefit to handicapped individuals, despite the pressing demands of other Committee business. The ranking minority member of the full committee, Senator JAVITS, has also given a generous amount of attention to these matters. In addition, each member of the Subcommittee on the Handicapped has been constructive and helpful throughout.

I offer my sincere thanks for the cooperation and amity demonstrated by the leaders in the other body: Chairman CARL PERKINS of the Education and Labor Committee, JOHN BRADEMAS, chairman of the Select Subcommittee on Education, and ALBERT QUIE, ranking minority member of the Committee on Education and Labor. Without their full cooperation before, during, and after the conference on H.R. 14225, it would not have been possible to bring this conference report before the Senate today.

Finally, Mr. President, I express tribute to the professional staff in both Houses who have invested so many hours in helping to develop this measure. Although I do not now acknowledge them by name, I want each of these staff people to know of my genuine appreciation for their work.

Mr. President, I urge the adoption of the conference report and statement of managers on H.R. 14225.

Mr. BEALL. Mr. President, as a cosponsor of S. 3108, the Senate amendments to the Rehabilitation Act, and as a member of the Subcommittee on the Handicapped of the Senate Labor and Public Welfare Committee, I am particularly delighted that a compromise has been reached on this bill which we consider today—H.R. 14225. I commend the distinguished Members of the House, whose efforts, together with my distinguished colleagues of the Senate subcommittee, have resulted in bringing this milestone legislation before the Senate. Agreements reached in conference yesterday have helped to round out this legislation designed to improve the provision of rehabilitation services to handicapped individuals, and in my judgment we now have a bill worthy of the support of my fellow colleagues.

Mr. President, the bill before us today is the result of long and dedicated efforts on the part of the committee and staff to insure that certain clarifying and perfecting changes in the act would be implemented fully, and thus be reflective of congressional intent. In addition, we in the Senate can be particularly grateful for the leadership of our distinguished colleague and chairman of the Subcommittee on the Handicapped, Senator JENNINGS RANDOLPH, for his efforts in development of this bill, especially with respect to title II. As we know, this title incorporates Senate-passed provisions of S. 2581, the Randolph-Sheppard Act Amendments of 1974. As my fellow colleagues will recall, passage of this bill in June of this year was due in large part to the distinguished Senator from West Virginia, Mr. RANDOLPH, whose efforts in authoring the bill 37 years ago, as well as his work in securing amendments to it over the past 5 years, can now be fully realized by enactment of this legislation as it is contained in title II of H.R. 14225.

The importance and necessity of the legislation before us need not be reiterated, for it is evident in the remarks we have heard today and on other occasions. In attempting to provide for opportunities to enable our handicapped citizens to become economically independent and personally self-sufficient, passage of this bill will reflect credit to the Congress. I respectfully urge its swift passage in order that this important legislation may be expeditiously signed into law.

ORDER OF BUSINESS

Mr. CANNON. Mr. President, I ask unanimous consent that I may be permitted to yield 5 minutes to the Senator from New Hampshire without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

McINTYRE PROMISES REVIEW OF FRANKLIN NATIONAL BANK FAILURE

Mr. McINTYRE. Mr. President, this week we have witnessed the largest bank failure in the history of the United States. The insolvency of Franklin National Bank of New York and its immediate takeover by the European-American Bank and Trust Co. is a drastic event in this Nation's financial experience. The few bank failures we have experienced in recent years have been limited to banks with deposits under $100 million. When the Comptroller of the Currency declared Franklin National insolvent earlier this week, the bank had deposits on hand in the amount of $1.4 billion.

While the action by the Federal financial regulatory agencies at this time resolved the lingering dilemma of Franklin National's precarious future, this whole experience leaves unresolved a number of very disturbing questions.

Was Franklin, as alleged, just a poorly managed bank whose failure is a unique oddity? What will be the residual impact on other financial institutions?

How did Franklin's deteriorating position escape the scrutiny of the Federal bank examiners?

What should the posture of the Federal Reserve be with respect to providing a financial backdrop to banks in trouble?

How is it that Franklin was able to get in so deep in its foreign exchange operations? If Franklin's exposure resulted in a $46 million loss in foreign exchange operations, what has been the exposure of other banks? Are there any safeguards in the system to limit such exposure?

What affect will Franklin's failure have on the ability of banks to raise needed capital?

Perhaps most significantly at this point, what will be the ultimate cost to the American taxpayer from the involvement of the FDIC and the Federal Reserve in Franklin's financial bailout?

Mr. President, banks are businesses affected with a special public trust. It is cause for concern, particularly for the community involved, when any financial institution fails.

But, when a bank with $1.4 billion deposited by over 620,000 depositors goes under, the potential impact on the entire financial community is disturbing indeed. It is not at all comforting, either, to note that by faulty foreign exchange operations, what was the Nation's 20th largest bank is now in the hands of a consortium of six Western European banking concerns.

What is encouraging is that public confidence seems to have been maintained. In large part, this is due to our system of Federal deposit insurance, which Congress has just expanded.

The jury is out on the causes for Franklin's failure, the adequacy of bank examination procedures, the role of the Federal regulatory agencies, and a number of other concerns still likely to be uncovered.

I would like to assure my colleagues in the Senate, however, that the Subcommittee on Financial Institutions, of which I am chairman, will thoroughly examine the Franklin National experience and related issues to assure that Congress takes whatever steps are necessary to assure that this experience is not repeated.

I thank my good friend from Nevada for yielding the floor to me.

INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES ACT OF 1974

The Senate continued with the consideration of the bill (S. 3481) to amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments en bloc.

Without objection, the committee amendments are agreed to.

The bill is open to further amendment.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum and I ask that the time be equally charged against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CANNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Mr. President, I am pleased today to call up S. 3481, a bill reported by the Commerce Committee this week to mandate legislatively, an end to the unfair and discriminatory practices which afflict U.S. international air carriers in foreign air transportation.

In addition our bill seeks to create a more equal competitive climate in the world's air transportation system which now in many aspects is heavily balanced in favor of foreign airlines which operate to the United States.

U.S.-flag airlines have long endured numerous discriminatory and unfair competitive practices in their international operations. These practices have been an economic handicap for many years, and their cumulative effect today represents one of the basic reasons for the generally unfavorable U.S. international airline economic situation. In recognition of its seriousness, the administration is now considering various actions designed to help improve the financial situation of the U.S.-flag airlines serving North Atlantic markets. Certain of these actions corresponded in purpose to some of the provisions of S. 3481.

We appreciate and applaud the interest of the executive branch in this connection, and sincerely hope the intended effort will be timely and effective. But the problem is of worldwide scope and significance. In our opinion, its solution deserves and requires a statement of clear legislative policy to assure the implementation of corrective measures on a consistent and effective basis.

S. 3481 amends the Federal Aviation Act, the International Aviation Facilities Act, and the International Travel Act for the purpose of specifying actions required to bring the most obvious and harmful discriminatory and unfair competitive practices to an end. Some were established by foreign governments to provide a competitive advantage to their airlines. Some were intended by foreign governments to provide economic support for their airlines and their airport operations at the expense of the U.S.-flag airlines. Others are the direct result of U.S. Government policy, or the lack of policy, in some cases. Whatever the cause, they all result in situations which are manifestly inequitable to the U.S.-flag airlines.

We believe the time has come to recognize, as a matter of national policy, the need for removing the competitive imbalance in international air transportation which, either by accident or design, favors foreign airline competition.

U.S.-flag airlines now provide scheduled service to some 85 countries. Their opportunity to compete fairly, however, is adversely affected by two different, but equally unjustifiable, forms of discrimination. The first involves the specific actions, policies, laws, and regulations of foreign governments that seek, wherever possible, to give preferential treatment to foreign government-owned and financed national airlines.

These practices are cataloged in a recent CAB study which has been made available to this committee. The Board's report recognizes the substantial negative effect that many of these practices have on the efforts of U.S.-flag airlines to obtain a fair share of the world air transport market, and provides a detailed description of the difference between the competitive conditions faced by U.S.- and foreign-flag airlines here and abroad.

The second form of discrimination, perhaps unintended, but nevertheless objectionable, results from actions of the U.S. Government itself. Such actions include the offering of preferential financing arrangements to foreign-flag airline competitors by the U.S. Government for the purchase of U.S. aircraft. The Export-Import Bank has the laudable objective of promoting exports of U.S.-manufactured products. While we support that basic objective, it must be pointed out that the largest single function of the Bank in recent years has been to support the sale of aircraft to foreign-flag airlines, many of which are used in direct competition with U.S.-flag airlines on services to and from the United States. There is, of course, merit in this support of U.S. aircraft sales abroad. However, the rate of interest charged the foreign-flag airlines by Eximbank is far below that which can be obtained by U.S.-flag airlines purchasing the same equipment in the open market, adding further to their economic disadvantage. To indicate the magnitude of the interest-cost differential involved, the airlines estimate that the cost of financing a $30 million aircraft, for example, could cost a foreign-flag airline up to $7 million less than it would cost a U.S.-flag airline.

S. 3481 as amended addresses, however, a number of actions that the U.S. Government can and should take to help improve the economic and competitive position of the U.S.-flag airlines. These are: First, payment to U.S.-flag airlines of rates for the transportation of U.S. international air mail that cover the fuel costs of carrying the mail; second, promotion and support for the use of U.S.-flag airlines by the U.S. Travel Service; third, requiring the use of U.S.-flag airlines for the air transportation of U.S. Government-financed traffic; and fourth, providing authority to levy retaliatory charges against foreign airlines who assess discriminatory charges on our airlines.

Discriminatory charges on U.S. airlines reflect efforts to discriminate against airlines competing against a particular foreign airline. In some countries, for example, U.S.- and other foreign-flag airlines are required to pay airport landing fees from which the national air carrier is exempt even though it operates in direct competition. Moreover, in many cases, both the national air carrier and the airport itself are owned by the national government. In this case, any landing fee imposed against the national air carrier amounts to little more than an internal bookkeeping transaction. In certain other countries, the user charges involved are above the level of reasonableness for the particular service rendered. For example, U.S. carriers pay $4,800 to land a 747 in Australia. These countries burden airlines using major international airports with excessive charges to help defray the cost of maintaining underutilized domestic airports or airport systems.

While the U.S. Government must continue to seek bilateral resolution of these problems through direct consultation with the countries involved, its efforts must be supported with a statutory mechanism to impose similar charges when the process of negotiation fails. Such a legal framework is absolutely necessary to make other governments completely aware of the seriousness in which we view this overall problem, and to place the U.S Government in a stronger bargaining position in the effort needed to resolve it.

RATES FOR THE TRANSPORTATION OF U.S. MAIL IN FOREIGN AIR TRANSPORTATION

The Federal Aviation Act empowers the CAB to set the rate to be paid U.S. flag airlines for the transportation of international air mail. The rate being paid today, basically unchanged since 1968, averages $0.31 per ton-mile despite substantial increases in airline costs and despite substantial increases in Postal Service revenue for international mail.

The U.S. Postal Service, however, pays foreign-flag airlines up to $1.73 per ton-mile for letter class mail, and 57.7 cents per ton-mile for all other classes of mail. This higher payment is the maximum rate for the air transportation of mail which is established periodically by international agreement of the various national postal administrations, including the United States, in the Universal Postal Union—UPU. According to testimony in our hearings, foreign-flag airline competitors received from the U.S. Government last year a mail transportation rate over six times higher than that paid to the U.S.-flag airlines.

The committee thoroughly considered requiring that the CAB set international mail rates for U.S. carriers at a level no less than the current universal postal union rate. However, we have chosen not to do so for two important reasons. First, we are convinced that the UPU postal rate is set at a level significantly above what it costs air carriers to carry the mail. In establishing the rate, different cost methods are used than those used by the CAB and the costs also reflect the relative inefficiencies of short-haul foreign air carriers.

In effect, we believe the UPU rate is an indirect subsidy for carrying the mail which many nations choose to pay their air carriers and other air carriers without regard to realistic costs. While we realize that this indirect subsidization provides a competitive advantage to many foreign airlines, we do not believe that that fact requires that the United States indirectly subsidize its privately-owned airlines. Second, if the United States paid the UPU postal rates to all U.S. international airlines, the rate increase would go to the financially healthy international carriers as well as the relatively weak. In other words, U.S. carriers not now experiencing financial difficulty would receive windfall revenues under the UPU rate which we do not believe are justified.

We are concerned however, with the fact that international mail rates have not been increased since 1968. Pan American World Airways filed with the CAB to reopen mail rates in February of this year.

In March, the CAB established a mail-rate case for foreign air transportation. Yet not until October 4 did the CAB take any action on the matter. We are at a complete loss to understand why more than 6 months elapsed without any regulatory action whatsoever and find fault with the Board for delaying so long an investigation which if concluded might have resulted in needed revenue increases for our international airlines.

On October 4, the CAB issued a show-cause order asking for comments on an interim mail-rate increase of 13.3 percent. The Board indicated that the proposed increase was simply a reflection of recent rises in aviation fuel prices. We are disturbed by the fact that the interim rate proposal does not appear to deal with other cost increases incurred by the carriers—increases in operating costs, labor, and so forth.

While we do not support air mail rates at the UPU level, we certainly expect the Board, under its authority in the Federal Aviation Act, to act quickly to set rates which fully reflect cost increases and a reasonable rate of return.

Accordingly, we have amended S. 3481 to require that the U.S. Government agencies involved and the Postal Service take all actions within their power to seek to reduce the Universal Postal Union international air mail rates to a level no higher than the actual cost of transportation including a reasonable rate of return on investment. While we are aware that the current rates will be in effect, because of international agreement, for the next 4 years, we strongly admonish the executive and the Postal Service to oppose any future UPU rate proposals which are not cost related.

Second, we have directed the CAB, by November 1, 1974, to set an interim international mail rate which reflects all cost increases and a reasonable rate of return on investment. Such an interim rate will assure our international airlines adequate mail revenues to cover fully the current cost of carrying the mail.

TRANSPORTATION OF GOVERNMENT-FINANCED TRAFFIC

Section 5 of S. 3481 would amend the Federal Aviation Act by adding a statutory requirement that all Government-financed air transportation utilize the services of U.S.-flag carriers to the extent such service is available. This provision is considered essential to assure that a single policy applies to the air transportation of all Government-financed traffic, and that the transportation regulations of all Government agencies adequately and consistently reflect that policy.

We do not suggest, of course, that U.S. business traffic ought to be reserved exclusively for U.S.-flag airlines. But it certainly is in order to require that all Government-financed transportation is accomplished on U.S.-flag airlines wherever and whenever possible. Such a requirement not only is sensible from a balance-of-payments point of view, but will help assure some degree of international parity with respect to the transportation of foreign government-financed traffic.

In this regard the committee is pleased by a recent regulation proposed by the General Services Administration which would in effect carry out the legislative intent of this bill by requiring Government traffic and traffic generated pursuant to Government contract to use U.S.-flag airlines to the greatest extent possible.

PROMOTION OF TRAVEL ON U.S.-FLAG AIRLINES

Section 6 of S. 3481 would amend the International Travel Act by directing the Secretary of Commerce and the U.S. Travel Service to promote and encourage the use of U.S.-flag airlines as a part of the basic Government program to increase travel to the United States by citizens of other countries.

The United States is not only a major generator of international tourist travel, it is also one of the world's leading tourist-travel destinations. Travel to and from the United States plays an increasingly significant role in our balance of payments. It was in recognition of this role that the U.S. Government followed the lead of other tourism-oriented countries by establishing its own national tourism promotion organization, the U.S. Travel Service. Its function is to promote foreign tourism to the United States, and despite budgetary limitations, USTS operates very efficiently in a number of foreign countries. We fully support this objective and believe that it should continue.

The U.S. Travel Service does not promote the use of U.S.-flag airlines for travel to the United States. In contrast, most foreign tourist offices in this country openly and effectively promote their own airlines. We believe it to be necessary and desirable for the U.S. Travel Service to implement similar programs, particularly since the Department of Commerce already has broad responsibilities for promoting the sale of other American products and services abroad.

CONCLUSION

Many of the problems facing the U.S.-flag airlines are long overdue for attention and solution. Some of the problems are addressed in S. 3481. Taken individually, no one provision of the bill will result in an immediate or dramatic reversal of the industry's fortunes. But, each of the provisions represents an important step in the right direction and, taken together, they will in time have a significant impact on the strength and vitality of our international air transport system.

There is a great need to serve notice that our Government no longer will permit discriminatory and unfair competitive practices at home or abroad, and that it has the necessary means to act against a number of injustices long endured by this American industry. Enactment of S. 3481 will provide those means, and it will do so in conformity with the American tradition of good faith bargaining, or trading reasonably equal commercial rights internationally, and of assuring complete equality of competitive opportunity.

Mr. MONTOYA. Will the Senator from Nevada yield?

Mr. CANNON. Yes, I yield.

Mr. MONTOYA. Since I am chairman of the subcommittee dealing with Postal Service appropriations, can the Senator from Nevada assure me that with respect to these rates which might be required to amortize the additional cost, that there is no gap, no opening, whereby the Postal Service could come to the Congress to ask us for an appropriation out of the general Treasury?

Mr. CANNON. No; I cannot assure my colleague that the postal department will not try to get additional revenues from Congress. I suspect that they may very well do that. However, I would point out that the air mail revenue received by the Postal Service for international mail carriage is much greater than the amount they pay out for transportation. In other words, it is not a deficit operation, per se. But I certainly cannot give assurance for the Postal Service that they may not be back up here trying to request additional appropriations.

Mr. MONTOYA. For the purpose of establishing a little legislative history, I believe that the committee went into this aspect to try to work in some safeguards so that the CAB would make adequate allowances for additional postal rates to take care of the additional cost of fuel, and a reasonable rate of return on the investment. Is that correct?

Mr. CANNON. The Senator is correct.

Of course, that is the responsibility of the Board.

But we have directed, in this bill, by our amendment, that the Board establish by November 1, an interim rate for the U.S. international carriers and that it must be cost related. They must take into consideration the increases in fuel costs and the increases in other costs as well, as well as a fair rate of return on investment to which the carriers are entitled by law.

Mr. MONTOYA. I am reading from the committee report on the bill, on page 3, which covers this aspect. I want this to be a part of the legislative history. It reads as follows:

> Pending final action on the current air mail rate investigation, the bill requires that the CAB establish by November 1, 1974, temporary rates for such transportation which take into consideration the actual cost of transporting the mail, including the costs of fuel and a reasonable rate of return on investment.

Then I go to page 8 of the same report, and I read as follows:

> Second, we have directed the CAB, by November 1, 1974, to set an interim international mail rate which reflects all cost increases and a reasonable rate of return on investment. Such an interim rate will assure our international airlines adequate

> mail revenues to cover fully the current costs of carrying the mail.

One final question: As I read this, there is no intention on the part of the committee to pass this cost on to the domestic mail users in this country but, rather, to the international mail users.

Mr. CANNON. The Senator is correct. There is no intention of passing any of this cost on to domestic mail users, because, as I stated earlier, the Postal Service receives $252 million annually in airmail revenue for foreign airmail, and they only pay out $38 million for the cost of transport. So there certainly is an adequate balance there, in what they receive for the carriage of the mail and what they pay out.

However I cannot give the Senator assurance that they will not try to come back to his committee to get more money. I think the assumption would be that they might well do it.

Mr. MONTOYA. The Senator has been most grateful, and I thank him for his answers.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. CANNON. Mr. President, I yield to the Senator from New Hampshire (Mr. COTTON).

Mr. COTTON. Mr. President, as one of the sponsors of S. 3481—the proposed International Air Transportation Fair Competitive Practices Act of 1974—I wish to express my support for this bill and to urge my colleagues in the Senate to pass it promptly.

Briefly, Mr. President, S. 3481 would direct Government departments and agencies to review discriminatory or unfair competitive practices confronting U.S. air carriers operating in foreign air transportation, and to act to eliminate such practices. For example, it would direct the Secretary of Transportation to survey charges to our air carriers by foreign governments for landing at their airports. In this connection, the Civil Aeronautics Board in its report entitled "Restrictive Practices Used by Foreign Countries to Favor Their National Air Carriers," the following observation is made:

> The landing fees paid by U.S. carriers in a Pacific country are nearly 14 times those charged at the Los Angeles International Airport for the same or comparable aircraft type and weight. The landing charges made at [an] airport in a European country are over twice as much as those charged at New York's Kennedy Airport.

In addition, Mr. President, S. 3481 would require the use of U.S.-flag air carriers when their services are available, if the travel or shipment is paid from U.S. Government funds as is the practice of most foreign governments. It also would direct the Secretary of Commerce, in carrying out his responsibilities under the International Travel Act, to encourage travel to and from the United States on U.S.-flag air carriers as other countries do with respect to their air carriers.

Finally, Mr. President, S. 3481 as amended by our Committee on Commerce would require that the Civil Aeronautics Board, by November 1, 1974, establish a temporary rate for the carriage of mail based upon the actual cost of transporting such mail, including fuel costs and a reasonable rate of return on investment. Further, S. 3481 would mandate that the Secretary of State and the Postmaster General take all necessary and appropriate actions to assure that the rate paid for the transportation of mail pursuant to the Universal Postal Union—UPU—convention shall not be higher than the actual cost of transportation of the mail. Thus, the thrust of this provision is twofold. First, it seeks to make more equitable the rate paid to our air carriers, which is not the case at the present time since foreign air carriers receive the higher UPU rate; and second, it recognizes the unrealistic levels of this rate as established by the UPU, mandating that the appropriate members of the Government act affirmatively to bring such rates in line.

Mr. President, S. 3481 provides no "handout" to Pan American World Airways or any of our other international air carriers. Rather, it seeks to accord such carriers simple equity. All S. 3481 seeks to accomplish is justice for our international air carriers.

In conclusion, Mr. President, I would only hasten to point out to my colleagues in the Senate that most of the foreign air carriers operating scheduled air services to the United States, and with which U.S. air carriers must compete, are government-owned either wholly or in substantial part. And, almost without exception, such foreign air carriers receive, or have received, substantial assistance from their respective governments. Furthermore, I believe that we in the Congress should bear in mind that many of the root causes of the problems confronting air carriers such as Pan Am arise from the regulatory climate which we, in the Congress, have created. Therefore, at the very least, I believe that we should act expeditiously and favorably on S. 3481—the International Air Transportation Fair Competitive Practices Act of 1974—in order to extend some semblance of equity to our air carriers operating in foreign air transportation.

Mr. BAKER. Mr. President, I would like at this time to express my support for S. 3481, the International Air Transportation Fair Competitive Practices Act of 1974.

I have been greatly concerned about the current financial difficulties of Pan American World Airways and about the implications which this situation holds for the future of our international air transportation system. The Pan American situation is undoubtedly the result of a number of complex causal factors which have combined with the current fuel shortage to reach crisis proportions, but it seems clear that regulatory practices and policies of the Federal Government have contributed to some degree to the problem. This is a matter which deserves deep and careful study by Congress and the executive branch so that we can correct the errors we have made and insure that strong and competitive U.S. carriers continue to play an important role in international aviation.

It now appears necessary, however, for the Senate to take action to reassure the lending community of its desire to maintain Pan American World Airways as a viable air carrier. I regret that it is necessary for us to act in such haste, because I do not believe that we have had adequate time to weigh and assess all the information which has been made available to us by concerned parties. I do feel, however, that S. 3481 represents a good first step by the Congress toward alleviating some of the factors which have acted to the detriment of our American-flag carriers.

U.S.-flag carriers are unique in the international air transportation system because they are not owned or financially supported by the U.S. Government. They compete against carriers which enjoy the advantages of government financing, marketing and sales assistance, and tax benefits. The U.S. Government, on the other hand, provides no financial assistance to Pan American and other carriers in international service and has failed, until now, to take some elementary actions which would help our carriers to overcome at least a part of their competitive disadvantage.

One of these actions, which is mandated by S. 3481, deals with landing fees. The bill requires the Secretary of Transportation, the Civil Aeronautics Board, and the Secretary of State to make every effort to secure elimination of discriminatory landing fees and other charges made to our air carriers by foreign governments for the use of airport and airway property. The landing fees charged to U.S.-flag carriers in foreign cities are almost uniformly greater than those fees charged by American cities to foreign-flag carriers which operate in competition with U.S. carriers. A negotiated reduction of these fees would represent several million dollars yearly to Pan American alone and would produce a corresponding benefit for other U.S. carriers with international routes.

In addition, the bill requires that U.S.-financed passengers and property be transported on American-flag carriers to the maximum possible extent. The bill would also mandate Federal efforts to promote increased use of U.S.-flag carriers by American travelers and shippers. Department of Transportation figures indicate that, although U.S. citizens account for over 60 percent of total air travel across U.S. borders, U.S.-flag airlines carry only 54 percent of such traffic. A vigorous "Fly U.S." program would help to increase the share of this market which is obtained by U.S. carriers and should result in significantly increased revenues. I have been encouraged by recent actions taken by the Secretary of Transportation and the Secretary of Commerce to encourage the U.S. travel industry to promote increased use of U.S. carriers in foreign air travel, and I am hopeful that their efforts will prove successful in the coming months.

Perhaps the most controversial section of S. 3481 is that dealing with the rates paid by the U.S. Government to U.S.-flag carriers for the transportation of U.S. mail. These rates have traditionally been set by the Civil Aeronautics Board on the basis of the cost to the carriers of transporting mail plus a reasonable rate of return. Pan American has suggested that U.S. carriers should be paid instead at the Universal Postal Union rate, which is determined by international agreement and which is several times higher than the CAB-approved rate. While the U.S. Government, as a signatory to the Universal Postal Union agreement, pays foreign-flag air carriers the UPU rate when it uses those carriers to transport U.S. mail, this rate is based on a number of factors other than actual cost involved, and its payment to U.S.-flag carriers would constitute an indirect subsidy of considerable proportions.

While I believe that the rates currently paid to U.S. carriers, which have not been reassessed in a number of years, should be significantly increased, I do not support the payment of the Universal Postal Union rate at this time. I believe that the Commerce Committee has found a reasonable solution to the problem by requiring that the Civil Aeronautics Board establish, by a date certain, a temporary rate based on all costs of transporting the mail plus a reasonable rate of return. This solution should provide significant relief to U.S.-flag carriers at an early date pending completion of the Civil Aeronautics Board's full investigation of cost increases and the establishment of a final postal rate.

The steps taken in S. 3481 are only a beginning, and a joint effort of the Department of Transportation, the Civil Aeronautics Board, the Department of State, and the Congress will be required in order to accomplish complete elimination of those Federal practices and policies which have contributed to Pan American's current financial difficulties.

The Department of Transportation has recommended a seven-point action plan which addresses international air fares, route structures, capacity agreements, and other items designed to assist Pan American and other U.S.-flag carriers without Federal subsidy. This program is a complex one which will require careful attention to administrative procedures in order to insure that the rights and interests of competing carriers and other affected parties are fully heard and respected. As I indicated at the beginning of this statement, I am hopeful that the Congress will continue to study and monitor this situation closely. In the meantime, I urge prompt passage by the Senate of S. 3481.

Mr. JAVITS. Mr. President, I support this urgently needed legislation which will remove from the Federal regulatory structure of the international airline industry a few of the unfair and discriminatory practices that have placed that industry in tremendous financial jeopardy. These practices must be eliminated if our domestic international airlines are to have any chance of surviving against the subsidized competition of foreign carriers. Moreover, as we all know, the remedial action provided by this bill is needed immediately by Pan Am, which has been most adversely affected by the inequitable existing structure and which is on the brink of financial disaster.

I want to make it clear that this bill is neither a Government handout nor a panacea for Pan Am's problems. Not a single provision of this bill would give to Pan Am or other domestic international carriers any Federal assistance that it does not rightfully deserve. There is no raid on the Federal treasury in this bill.

The sole provision that would affect Federal expenditures relates to the rates for transportation of U.S. mail in foreign transportation. Yet this section gives no more to the carriers of U.S. mail than what is cost justified; that is, it merely eliminates the present system that results in domestic airlines carrying U.S. mail at rates considerably less than their actual costs.

It is common knowledge that airline costs, primarily fuel but also other necessary expenses, have risen dramatically in the past year. Pan Am's fuel bill alone has increased an astounding $200 million from 1973 to 1974. Our airlines can do very little to alleviate that situation. It is no fault of their own. Yet the rate received for carrying mail has not nearly kept up with these cost increases. Essentially and ironically, the airlines have been subsidizing the U.S. Postal Service. It is time the Civil Aeronautics Board ended this practice and retroactively restored the real costs already lost. This bill does nothing more than mandate the prompt termination of a less than cost mail route.

Nor, as I said, is this bill a solution to all of Pan Am's difficulties. Pan Am has a very rocky road in the months ahead throughout which it must exercise vigorous and cooperative action of the Civil Aeronautics Board, the Department of Transportation and of course Pan Am itself to come through this difficult period as a viable and successful American international carrier.

Much more needs to be done by the relevant Federal agencies, and it must be accomplished without any delay. I fully support the Department of Transportation's seven-point plan for action to improve the profitability of international air carrier operations. Taken together, I believe the actions contained within it would put Pan Am back in the black, and without one single cent of taxpayer assistance.

Some of the more flagrant abuses that demand urgent attention include tariff violations by foreign carriers that have been estimated to cost Pan Am at least $25 million a year in lost passenger revenue; Export Import Bank financing of foreign aircraft purchases; and the CAB's steadfast refusal to grant to Pan Am any domestic connections which it desperately needs to attract passengers for its international operations.

I call upon DOT and the CAB to take immediate action with regard to these and other inequities. The 32,000 employees of Pan Am cannot abide any delay. They need the Government's help now and they deserve our urgent attention.

Mr. COTTON. Mr. President, I yield 5 minutes of the minority time to the Senator from Alaska.

Mr. STEVENS. Mr. President, I support the committee's action in reporting this legislation. I believe Congress should take every action necessary to assist Pan Am through its current economic crisis and save it from liquidation. One way to accomplish this purpose is to provide the Secretary of Transportation with grant authority to make direct grants to any U.S. air carrier operating in foreign air transportation. In addition to making grants available to Pan Am when necessary at the Secretary's discretion, the grant authorization would provide an extra measure of stability to the loan guarantee provisions of this bill. Since the negative impact of Pan Am's financial failure would probably exceed $35 million, the grant authorization provision for that amount is necessary to permit Pan Am to maintain itself and avoid total financial deterioration. I had intended to submit amendments on the floor to accomplish this purpose, and to authorize a loan guarantee program for U.S. foreign air carriers. I shall not do so at this time.

However, I do want to talk about possible temporary subsidization of Pan American World Airways. I find, in my discussions, a widespread point of view that this great company is in serious financial condition largely because of unfortunate governmental policies over many years, should be permitted to die.

I ask Congress to reserve its judgment on this issue and to consider the history of this great air transport enterprise which has for so many years been the backbone of international air transportation under the American flag. It may be that many who have the interest of the south 48 States in mind, can consider the possible demise of this great company without great concern, because the continental United States is blessed with an extensive road network, and extensive rail network, an extensive bus network, and an extensive and healthy air transport network. Given this, it is understandable that Pan American would not seem to you so crucial.

To us in Alaska, the story is different. We have none of these transportation arteries developed over the years to solve transportation problems. In all of its recent history, Alaska has been dependent upon air transportation and Pan American was among those hearty pioneers that laid down the transportation system of Alaska. Prior to Pan American and other early pioneers, our communications were dependent upon dog teams. This great company came to Alaska in the early 1930's and laid down a route system that gave us the ability ultimately to become a State. Our people are grateful for this pioneering venture and we do not forget our friends.

A little of this great company's history will be useful. It started in the Caribbean in the late 1920's as a partner with our Government in developing routes to the Caribbean and Latin America. The Alaskan operation came very shortly afterward. The development of the Pacific operation followed in the middle thirties, and it was a real triumph for the United States when Pan American inaugurated the trans-Atlantic operation in 1938. For many years, the United States relied wholly upon Pan American as its representative in the development of international air transportation and the company did well. It carried the American flag to 70 countries in the world and established for the United States the most distinguished of traditions of international air transportation.

Then came World War II, when the routes pioneered by Pan American became crucial segments in our supply lines in the Pacific, and routes in Latin America, in the Atlantic, in the Far East, and in Australia become the basis on which war-time communications were based. Pan Am crews, their airplanes, the facilities associated with their routes, were utilized to the greatest advantage of the United States. After the war, the system had to be recreated because it had been devoted wholly to the use of the United States during that long period. It was recreated and for many years became the backbone of the international air transport system of the United States. During those years, other U.S.-flag carriers began their operations in many parts of the world and many foreign carriers were authorized to operate. It was thought, during that period, that Pan American was strong enough to take on any degree of competition from American or foreign flag carriers, that it was impervious to assaults on those long-established routes.

It turns out that this judgment was not right. Given normal circumstances, it might have taken many years to bring Pan American to its present unfortunate financial crisis, but a combination of two uncontrollable influences beginning in the fall of 1973 brought the company to the point where bankruptcy and disintegration is a real possibility. Its fuel costs are increasing from $174 million in 1973 to $374 million in 1974—a cost increase of $200 million—a blow that few corporations could take. In addition, the excess capacity being operated by both American-flag and foreign-flag carriers began to take its toll. Traffic on the Pan American system was reduced drastically. The combination of these two have brought upon this great company a financial crisis. The company, self-sufficient since 1958, has applied for temporary relief.

Notwithstanding our generous grants of subsidy for many elements of our economy, for our merchant marine, for Amtrak, for the Northeastern railroads. subsidy for an ailing airline is strongly questioned. The Congress in 1938 and then in 1958, and then in 1961, decided that an air transport system under the American flag was so important that subsidy would be granted when needed and these congressional determinations were not made lightly. They were made after careful studies by two great committees of Congress—the Interstate Commerce Committee of the other body and the Commerce Committee of the Senate. They decided upon all the facts before them that an air transport system was so important to the United States that subsidy should be provided if necessary to achieve it. Fortunately, the airlines, including Pan American, have been so successful over the years that no subsidy to major airlines has been needed since 1958, but I can assure you that in Pan American's case, subsidy is needed now. Based upon my studies, this subsidy will not be needed for long, because there are many actions that can be taken by the United States to reduce the overcapacity which exists on our international routes, to eliminate the discrimination which our own Government imposes upon its own carriers and to mitigate discriminations practiced by foreign governments against our carriers. This subsidy can be brought to an end if action is taken. But subsidy is necessary while our Government changes many mistaken policies which it has pursued in the past.

As I said in the beginning of my statement, I ask my colleagues to at least reserve judgment on this issue. Of course subsidy in our free enterprise system is universally questioned, but our international air transport operators do not live in a free enterprise system. The routes that they serve and the operations that they conduct are dictated by our Government and all the foreign governments into which they go. The prices they charge for their service are regulated by our own Government and by all the other governments. Our carriers which are privately operated and financed, must meet the competition of foreign-flag carriers largely owned and subsidized by foreign governments. This is no free enterprise environment in which they operate. Our Government which so completely controls the destiny of its carriers must take a heavy responsibility for their success or failure.

In conclusion, let me say this—Pan American World Airways helped develop the State of Alaska. It helped provide a transportation system when we had little available, and Alaska does not propose to turn its back on this company when it is in trouble. I do not intend to forget those who helped develop our State.

Mr. President, I ask unanimous consent that the amendments I presented to the Commerce Committee and which were discussed in committee be printed in the Record, so that everyone can see the concept I had in mind.

There being no objection, the amendments were ordered to be printed in the Record, as follows:

At an appropriate place in the bill add the following:

(a) Authorization.—The Secretary is authorized to make grants, upon such terms and conditions as are specified in this section and as he may prescribe, to any air carrier operating in foreign air transportation. There is authorized to be appropriated to the Secretary to remain available until expended $35,000,000 to carry out the purposes of this section. Any appropriations available to the Department of Transportation may be expended to carry out the provisions of this section, in an amount not to exceed $35,000,000: *Provided,* That funds so expended shall be reimbursed to the appropriation from which expended out of a subsequent appropriation.

(b) Terms and Conditions.—(1) Prior to making a grant to an air carrier under this section the Secretary—

(A) Shall find in writing that the grant is necessary to ensure the performance by the air carrier of service in foreign air transportation to the extent and of the character and quality required for the commerce of the United States, the Postal Service, and the National defense;

(B) Shall require that an application for a grant be made by an air carrier in such form and substance as the Secretary may prescribe; and

(C) May require that the air carrier prepare, and submit to the Secretary for approval, a plan for the reorganization or restructuring of its routes and operations.

(2) In reviewing applications for grants under this section the Secretary shall consider the effect of the grants upon other air carriers. The Secretary shall consult with the Civil Aeronautics Board and the Secretary of State before making a grant under this section.

(c) Access to Records.—(1) Each recipient of a grant under this section shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and the disposition by the recipient of the proceeds of the grant.

(2) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to grants received under this section.

At an appropriate place in the bill add the following:

(a) Authorization.—The Secretary is authorized, on such terms and conditions as are specified in this section and as he may prescribe, to guarantee any person against loss of principal and interest on obligations or loans issued for the purpose of financing the operations in foreign air transportation of any air carrier. The aggregate unpaid principal amount of obligations and loans outstanding at any one time which are guaranteed by the Secretary under this section may not exceed $100,000,000.

(b)(1) Terms and Conditions.—Prior to providing a guarantee under this section, the Secretary—

(A) Shall find in writing that the guarantee is necessary to insure the performance by the air carrier of service in foreign air transportation to the extent and of the character and quality required for the commerce of the United States, the Postal Service, and the national defense;

(B) Shall find that the prospective earning power of the air carrier, together with the character and value of the security pledged, if any, furnish reasonable assurance that the air carrier will be able to repay the obligation or loan within the time fixed and afford reasonable protection to the United States; and

(C) May require that the air carrier prepare, and submit to the Secretary for approval, an appropriate plan for the reorganization or restructuring of its routes and operation.

(2) In reviewing applications for guarantees under this section, the Secretary shall consider the effect of the guarantees upon other air carriers. The Secretary shall consult with the Civil Aeronautics Board and the Secretary of State before providing a guarantee under this section.

(c) Authorization To Issue Obligations.—(1) To enable the Secretary to carry out his rights and responsibilities under this section, he is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes and other obligations issued hereunder and for the purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. There are authorized to be appropriated to the Secretary such sums as may be necessary to pay the principal and interest on the notes or obligations issued by him to the Secretary of the Treasury.

(2) Any guarantee made by the Secretary under this section shall not be terminated, canceled, or otherwise revoked, except as provided by such terms and conditions as may be prescribed in regulations issued by the Secretary under this Act; shall be conclusive evidence that such guarantee complies fully with the provisions of this section, and of the approval and legality of the principal amount, interest rate, and all other terms of the guarantee; and shall be valid and incontestable in the hands of a holder of a guaranteed obligation or loan except for fraud or material misrepresentation on the part of such holder.

(3) The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States by reason of its having paid money or incurred expenses as a result of making such guarantees.

(d) ACCESS TO RECORDS.—The Secretary is authorized to, and shall as necessary, inspect and copy all accounts, books, records, memorandas, correspondence, and other documents of any air carrier which has received financial assistance under this section concerning any matter which may bear upon the ability of such air carrier to repay the obligation or loan within the time fixed therefor, and to ensure that the purpose of this section is being carried out.

(e) GUARANTEE FEES.—The Secretary shall prescribe a guarantee fee in connection with each obligation or loan guaranteed under this section. Such fee shall be in an amount that the Secretary estimates to be necessary to cover the administrative costs of carrying out the provisions of this section with respect to such obligation or loan. Sums realized from such fees shall be deposited in the Treasury as miscellaneous receipts.

(f) AUDIT.—The Comptroller General of the United States, or any of his duly authorized representatives, shall have access to such information, books, records, and documents as he determines necessary to audit effectively financial transactions and operations carried out by the Secretary in the administration of this section. The Comptroller General shall make such reports to the Congress on the results of any such audits as are appropriate.

Mr. STEVENS. Mr. President, what I am really asking Congress to do at this time is to reserve its judgment on the issue of subsidization and the concept of loan guarantees. Many of us who know the history of Pan American Airlines realize the importance to the United States of maintaining American flags abroad.

Mr. CANNON. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. CANNON. I think we should point out that Congress, has recognized for many years the need, under certain circumstances, for subsidy and the need for loan guarantees. At present we do subsidize the local service air carriers to help provide service to communities that need it but which is not economical for the airlines to operate.

We also have provided loan guarantee programs for the purchase of flight equipment, although in recent years they have not been widely used. But we at least have provided loan guarantee type assistance.

Unfortunately, some of our other Government programs have provided more liberalized loan programs under the Export-Import Bank, for the purchase of American aircraft by foreign airlines and we do not provide that generous program to our own U.S. carriers for the purchase of equipment.

Mr. STEVENS. I am grateful to the Senator for his comments. He is correct. He assisted us in extending the authorization for the equipment guarantee loan program which has been used by our Alaska Airlines. The local service airline subsidy has been used in Alaska, and we are quite familiar with it.

I think that the sentiment as I understand it at this time, and the speed with which we must move to demonstrate the desire of Congress, demands that we not get into the whole question of the loan guarantee program and the subsidy at this point.

I just want to make clear for the record that, so far as this Senator is concerned, I think we ought to reserve judgment on whether or not it may be necessary in spite of everything that is contained in this bill, to go forward at some future date with a form of subsidization or loan guarantee. I am certain that most people familiar with Pan American World Airways realize that it helped develop my State. It provided a transportation system when we had little available, and I do not think any Alaskan wants to turn his back on Pan American at the time it is in trouble.

As for myself, I can assure the Senate that I do not intend to forget what they did to help Alaska in a time of developing its air transportation system. I do not think we have done enough in this bill, but I am more than willing to go along with it, with the idea that if it is not enough, in the next session of Congress I will raise the question of the loan guarantee program for U.S. foreign air carriers and possibly some type of direct subsidy. As I pointed out earlier, Government controls mandate costs which the companies cannot recover.

With that understanding, I want to go on record and state my appreciation to the chairman of the Aviation Subcommittee and to the committee staff for their consideration. We did work through a series of drafts of amendments, but they are just not timely. I am certain that there is enough opposition on the floor of the Senate to the concepts I would offer that it would delay this legislation. I have no intent to do so today.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. MAGNUSON. Mr. President, I hope there is no implication here today that the Aviation Subcommittee, under the able leadership of the Senator from Nevada, or the Commerce Committee has any intention of suggesting that this bill may be the entire answer. I give assurance that in November I fully intend to go into the matter of whether there should be subsidization or guarantee loans, or whatever it may be, to keep our international air carriers operating.

The Committee on Commerce felt it necessary that, before the recess, we take some action to show an awareness by all of us of the problem; that we are not just forgetting about it or letting it go. That is why we have taken up this bill today.

This is only a first step. I think the bill contains some good features and I associate myself with the statement of the Senator from Nevada and the Senator from Alaska. I do hope, for the benefit of anyone who is reporting this, that it is understood that this is a first step to indicate what can be done immediately. The matter of government assisted financing is a little more difficult problem and will be considered later.

As the chairman pointed out, it is not new government policy to guarantee loans. As a matter of fact, the Aircraft Loan Guarantee Act about which Senator CANNON spoke was my original bill. If it had not been for that, I am sure that the people of Alaska and Nevada know that their local transport airlines might never have made it. It has been used. It is for the purchase of equipment and it has turned out that in the long run, we have been able to reduce the subsidies for local transport airlines because they have gotten better and more efficient equipment.

Mr. STEVENS. Mr. President, I am grateful to the Senator from Washington. It is on that basis that I do not offer the amendments. I join the Senator from Nevada and the Senator from Washington in hoping that what we do here today will provide the background for the financial reconstruction of Pan American and any other foreign-United States air carrier that may be getting into difficulty.

However, if this legislation does not prove sufficient, I think everyone should realize that some of us were prepared to go farther at this time, but, because of the circumstances, feel it is unwise to do so.

I thank the Senator from Nevada for the consideration he has given to the approaches I have mentioned in the past.

Mr. CANNON. Mr. President, I yield myself 2 minutes.

First, I ask unanimous consent to add the name of Senator JAVITS as a cosponsor to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open for further amendment.

FIRE PREVENTION AND CONTROL ACT OF 1974 CONFERENCE REPORT

Mr. MAGNUSON. Mr. President, I submit a report of the committee of conference on S. 1769, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. DOMENICI). The report will be stated by title.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1769) to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of August 12, 1974, at pp. H8105–H8113.)

Mr. MAGNUSON. Mr. President, there was very little controversy in the conference. This is unanimous agreement. I think it is quite appropriate that we bring it up this week. This is known as Fire Prevention Week, proclaimed by Governors and the President and everyone else. This will go a long way to help us in this field of fire prevention.

Mr. President, it is with no hesitancy that I urge the approval of the conference substitute on the Fire Prevention and Control Act of 1974—S. 1769. This legislation is the product of almost 2 years of study by the National Commission on Fire Prevention and Control, and a year and one-half of deliberation by the Committee on Commerce. It is a far-reaching and comprehensive Federal program to supplement State and local efforts in reducing the Nation's losses from fire.

Mr. President, I have been a vigorous advocate of the Fire Prevention and Control Act because, frankly, the fire problem in the United States as compared with other industrial nations is almost a national outrage. In the next hour, there will be 300 destructive fires in the United States resulting in one death, 34 injuries, and approximately $300,000 worth of property damage; 12,000 lives are lost each year in fires and about 300,000 persons are injured. Of that number, 50,000 persons will spend anywhere from 6 weeks to 2 years in the hospital recuperating. The profession of firefighter is the most hazardous in the United States, with an injury rate of 39.6 per 100 firefighters in 1971. The United States—the richest and most technologically advanced nation in the world—leads all industrialized countries in per capita death and property loss from fires.

The Fire Prevention and Control Act of 1974 is designed to rectify this deplorable situation.

The conference substitute would establish a new National Fire Prevention and Control Administration in the Department of Commerce. The committee of conference recognized the importance of creating a separate and distinct program within the Department of Commerce, while at the same time utilizing the expertise and resources of the National Bureau of Standards for implementing the fire research program. By creating a separate administration headed by an administrator, the fire program will be both highly visible and under the direct leadership of the Secretary of Commerce.

The creation of a new administration represents an excellent compromise between the Senate and House provisions. The Senate bill would have created a new Assistant Secretary for Fire Prevention and Control. The House bill would have placed the entire program under the Assistant Secretary for Science and Technology. This latter structure was unacceptable to the Senate conferees due to the fear that the research aspect of the fire program would be emphasized to the detriment of the public education, fire academy, data center, and fire technology development programs. The conference substitute is the best of both worlds: It utilizes the existing resources of the National Bureau of Standards for the research program—which meets the concerns of the House conferees—while at the same time assures a well-balanced fire prevention and control program. To ensure that the research program complements the rest of the fire prevention and control program, the Secretary of Commerce will coordinate Department efforts.

The program to be administered by the National Fire Prevention and Control Administration is multifaceted. The conference substitute requires the Administrator to take all steps necessary and practicable to educate the public and to overcome public indifference as to fire and fire prevention. The importance of this public education function is underscored by the conclusion of the National Commission on Fire Prevention and Control:

> The striking aspect of the Nation's fire problem is the indifference with which Americans confront the subject.

I firmly believe that we can make great strides in reducing this Nation's unacceptably high level of death, injury, and economic loss due to fire through a comprehensive public education program.

The new Administration would also establish a new Academy for Fire Prevention and Control. This central training facility for the Nation's firefighting force is of the highest priority if the effort to reduce the losses from fire is to suceed. The new Academy would not become a large degree-granting institution on the model of the service academies, the Coast Guard Academy, or the Merchant Marine Academy. Rather, it is modeled on the highly successful FBI Academy and on a number of national fire academies abroad. The intent of the conferees is that the National Fire Academy be a small, but excellent campus with a first-class staff and facilities to serve as a focal point for the professional training of fire officers. In addition, it would assist in supporting existing education and training programs conducted by State and local fire units, and by private institutions. There would also be financial assistance for all types of State, local, and private institutions for the purpose of fire training.

There will also be available partial financial support for students attending the Academy, and for students attending nondegree programs at junior colleges, colleges, and universities. Also included in this program is a loan program for undergraduate and graduate students.

Another aspect of the program to be implemented by the new Administration is one for the development, testing, and evaluation of equipment to be used by the Nation's fire services. Many of the injuries and deaths to the Nation's firefighters are due to inadequate protective gear. The new Administration is mandated to undertake a comprehensive technology program to upgrade the quality of this gear and other equipment used in fire prevention and suppression activities.

In order to develop appropriate priorities, an adequate data base on the causes and nature of fires is badly needed. It is for this reason that the conference substitute mandates the Administration to establish and operate a comprehensive, integrated national fire data and information system. The data system is designed to fulfill five needs: First, provide an accurate nationwide analysis of the fire problem; second, identify major problem areas; third assist in setting priorities; fourth determine possible solutions to problems; and fifth, monitor the progress of programs to reduce fire losses.

The Senate-passed bill authorized and directed the Secretary of Commerce to establish master plan demonstration projects. The purpose of these projects was to enable five to eight States to prepare a master plan for fire prevention and control in their areas. The House bill contained no similar provisions. The conferees agreed that the master plan concept is one of great merit and the States and local jurisdictions are urged to pursue them. The conference substitute authorizes the Administrator to use his power under the act to assist the States in this area. This would include the funding of demonstration projects if the Administrator so chooses. In addition, the Administrator shall report to Congress in 4 years to recommend whether additional Federal funds are needed to develop master plans throughout the Nation.

The final component of the program in the Department of Commerce are provisions for the conduct of a program of basic and applied research aimed at developing an understanding of the fundamental processes underlying all aspects of fire. Such research has been pursued in the past by the National Bureau of Standards, and the conferees agreed that the new, more comprehensive research program ought to utilize the expertise and resources of the Bureau. Accordingly, responsibility for implementing this section of the new fire prevention and control program is being vested in the Bureau of Standards.

Both the Senate and House bills included identical provisions for the establishment of an expanded program of research on burns, the treatment of burn injuries, and the rehabilitation of the victims of fire within the National Institutes of Health. I believe this program is a badly needed humanitarian gesture which the Federal Government can make on behalf of burn victims. The average hospital stay for a burn victim is over three times that of a medical or surgical patient.

An individual's hospital stay and later medical treatment can add up to $60,000 or more. There are currently only a dozen burn centers in the United States. In these special facilities, patients receive expert surgical and medical care from the outset, and physical and emotional rehabilitation through the long weeks of recovery. We must establish more of these burn centers, and S. 1769 would have that effect.

Mr. President, before concluding, I would like to explain briefly why I thought it was necessary to return this legislation to conference this week. When the conference report was originally filed on August 12, we were informed by the Secretary of Commerce that it was unacceptable to the administration and that the Department, as well as OMB, would recommend a veto.

Recognizing that fire safety should not be a partisan issue, I indicated that we would be willing to make some changes to accommodate the administration's concerns. After 6 weeks of negotiation, we came up with a compromise, which was represented to us as being satisfactory to the Department of Commerce and the Office of Management and Budget. That compromise accomplished the following:

(1) It reduced the authorization of appropriations for fiscal year 1975 from $15,000,000 to $10,000,000.

(2) It reduced the authorization of appropriations for fiscal year 1976 from $21,000,000 to $15,000,000.

(3) It deleted the requirement of Senate Commerce Committee and House Science and Astronautics Committee approval of academy construction plans.

(4) It placed a $9 million ceiling on the construction costs of the academy site.

(5) It deleted the section providing for a master plan demonstration program and substituted a new provision authorizing the secretary to assist the states in the development of such plans.

Just when we had thought that agreement had been reached, last Friday we were informed by officials at the Office of Management and Budget that there were "a few more concerns" about the bill that involved the burn center program. Needless to say, the Senate conferees considered this late complaint outrageous in view of the fact that we had been dealing in food faith in trying to reach an acceptable compromise with the administration. New issues were being raised. Also, many of the concerns that were being raised had never before been voiced by the administration. Finally they were outside the scope of the conference since the Senate and House provisions were identical—with the exception of the authorization. It is for these reasons that we decided to proceed with the compromise draft.

In short, we have tried to cooperate with the administration to develop legislation which is acceptable to all. I know that the Department of Commerce approves of the bill. I fully expect that President Ford will recognize our efforts, and reject any recommendations of veto that may be offered from the Department of Health, Education, and Welfare.

We are deeply concerned about inflation. It was with this in mind that I insisted that the conference committee respond to the administration's request to scale down the funding level of the bill. But we must also keep in mind that fire loss in the United States is conservatively estimated to be $12 billion per year. This legislation is now authorized at a level of $45.5 million over a 2-year period. I believe that this small investment will result in a 5-percent reduction per year in resource losses alone in the first 10 years of this program's operation.

In short, the fire prevention and control program as designed in the conference substitute is a humanitarian and necessary program. The Federal Government has been remiss in its attention to the fire problem. Lives can be saved, property losses can be reduced. The emotional, mental, and physicial anguish of those injured by fire can be relieved. I take great pride in the Fire Prevention and Control Act of 1974, and I am optimistic that this will be a prudent investment by the Federal Government. I urge the President to sign this important legislation early next week to demonstrate, during Fire Prevention Week—October 6–12—the Federal concern in this area.

Mr. BEALL. Will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. BEALL. I commend the chairman of the committee for this legislation. This is, indeed, very important, not only to the public but to the people who fight fires around the country.

Mr. MAGNUSON. That is right, and particularly the volunteer fire departments.

Mr. BEALL. That is correct.

Mr. President, the Federal Fire Protection and Control Act represents for the first time a major commitment by the Federal Government to assist firefighters in combating what has become a serious national menace, and as a cosponsor of the bill, and a member of the conference committee, I urge the Senate to give its overwhelming approval to this measure.

In my judgment, there is no greater catastrophic threat to the people of our country than by fire. Last year, fire killed 11,700 Americans, more than 3,500 of which were children. Another 300,000 persons were injured. Every 28 seconds, a building fire breaks out somewhere in this country. Each day, fire strikes an average of 1,500 homes, 300 apartment buildings, 200 stores, 130 manufacturing plants, 60 schools, and 785 other buildings causing $7 million in property damage.

But that is only half the story. Too often, we forget the thousands of brave fire service personnel who daily risk their lives to fight fire. In fact, our Nation's 2.2 million firefighters are engaged in the most hazardous profession of all. On September 26, 1973, I was privileged to chair hearings on S. 1769, and I was deeply impressed with the presentation of fireman Thomas Herz, of Baltimore, as he described the terrible dangers of fire suppression. Mr. Herz himself was burned over 70 percent of his body while fighting a 1970 Baltimore fire. He spent some 9 months in the hospital, where he endured 20 operations, and his treatment continues today. Mr. Herz showed the committee the equipment he had on that day. The equipment provided little, if any, protection. Said Herz:

> I consider it a great honor to have the chance to appear before such a distinguished group of men. But in all honesty, I must also say that it is a shame that I and other members of my profession, who, day after day, unhesitatingly lay our lives on the line in order to have the lives of you and your constituents, must come before you to ask for better equipment to perform this task.

Certainly fire suppression will always be a hazardous profession, but I am confident that the initiatives included in this legislation will lead to safer equipment and techniques, and insure that firemen like Thomas Herz will never have to come before the Congress and ask for equipment which will offer at least some protection against fire.

Probably the most controversial issue before the conference committee was the issue of organizational structure. We in the Senate firmly believed that the new fire organization ought to occupy the highest possible position in our Government, so that the needs of fire prevention and suppression would not be lost in existing research-oriented programs.

Additionally, we felt it was necessary to give the new agency the greatest visibility, so that this grave national problem might be fully examined and expeditiously acted upon.

As my colleagues know, the Senate passed a bill that authorized the establishment of an Assistant Secretary for Fire Prevention and Control. Unfortunately, the House sought to place within the existing framework of the Department of Commerce a Bureau of Fire Safety, an action which was unacceptable to me and to my fellow Senate conferees. The conference settled, however, on the establishment of a new, independent National Fire Prevention and Control Administration, with its Administrator reporting directly to the Secretary of Commerce. I believe this compromise meets the Senate objectives of independence and high visibility so necessary for this new agency. Although the House could not agree to a new Assistant Secretary of Commerce, the end result substantially incorporates the purposes of the Senate bill.

Further, a Fire Research Center is established in the Department of Commerce. In the past, much fine work has been done in this area, particularly by the National Bureau of Standards, and I am hopeful that past experience and expertise can be built upon to significantly improve this major ingredient in our fire suppression and prevention efforts.

The cornerstone for the new Administration will be the National Academy for Fire Prevention and Control, designed to advance the professional development of fire service personnel. The academy will train persons from throughout the country in the latest fire prevention, suppression and administration techniques, and will develop model curricula, training programs and other educational material suitable for use by local fire organizations and educational institutions. I foresee the new academy operating in much the same manner as the FBI Academy, where local law enforcement officers are trained and then themselves go back to their localities and train others.

One factor that I believe has often been neglected in this area has been public education, and thus I am very pleased that our bill authorizes the Administrator to do whatever necessary to educate our citizens to the dangers of fire, and about the steps they can take to prevent fires from starting. Obviously, the problems of fire suppression do not exist if fires are not permitted to occur, and I think our investment in the public education field will pay large dividends.

As I mentioned before, the quality of fire equipment is of great imporatnce, not only to fire service personnel but to all our people.

We have seen too many times, as Thomas Herz testified, where protective clothing simply did not do the job. But other improvements also need to be made. We must develop new suppressive tools for the firemen. Also, we must develop inexpensive and effective devices for use in the home and in businesses. So much needs to be done in this area, and the Congress has recognized this fact by directing the new Administrator to conduct a continuing program of development, testing, an evaluation to accomplish these goals.

Another problem which has presented itself to the fire community is the accumulation and rapid dissemination of information. We still have a lot to learn about fire, and I am confident that the establishment of the National Fire Data Center will greatly assist in the study and solution of common fire problems.

Finally, the conferees included provisions encouraging the development of fire service effectiveness statements. I would oppose any type of national building code. There is no way, for instance, that in my State of Maryland a workable code can be written which would represent the high-rise needs of Baltimore and the rural needs of the Eastern Shore or western Maryland. Nor do I believe such a code is a Federal responsibility. But I do feel that some voluntary standards ought to be promulgated, based on the work of the Administrator, which localities can consider when changing their codes.

After examining all these programs, we must look at the bottom line—the funds authorized to be appropriated. In this area, I believe the conferees have been particularly responsible. The original Senate bill authorized over $127 million for a 3-year program. The conference agreed to a funding level of $45.5 million, a figure I believe is very reasonable in view of the great need for work in this area. We authorized $10 million and $15 million for fiscal years 1975 and 1976, respectively, for the new Administration; $3.5 million and $4 million for the 2 fiscal years for fire research, and $5 million and $8 million for the establishment of a major effort to treat the victims of fire.

In summary, Mr. President, I believe S. 1769, the Federal Fire Prevention and Control Act, will serve as landmark legislation in our national effort against fire. We cannot permit the continuation of the current level of death, destruction, and injury in fire that occurs today. It is, in short, a national disgrace. This measure will help turn things around, and I urge overwhelming support by the Senate of this much-needed and long overdue legislation.

Mr. STEVENS. Mr. President, today the Senate is taking final congressional action on S. 1769, the Fire Prevention and Control Act of 1974. I am pleased that we are about to give final approval to this most worthy legislation.

Mr. President, each year over 12,000 of our citizens are brutally killed due to fire. At least 300,000 are injured, scarred, and disfigured. These scars, both physical and emotional, often last a lifetime. In addition, each year $11 billion of our national resources are lost forever due to fire's destructive power. Fire is truly a national problem of alarming magnitude. The legislation which is before the Senate today will provide for a fire prevention program of national dimensions.

During the last year, I have been privileged in serving with Senator MAGNUSON as one of two congressional advisers to the National Commission on Fire Prevention and Control. Service on that commission emphasized for me the disaster which fire brings each year to our Nation. The report of the National Commission on Fire Prevention and Control, "America Burning," is a shocking document reflecting the extent and seriousness of our Nation's fire problem. The need for legislation providing for an effective fire prevention and control program is made painfully apparent from this report.

As a member of the Senate Commerce Committee, I have had the opportunity to work on the Fire Prevention and Control Act since its inception. I am also pleased to have cosponsored this legislation and to have served as a member of the Joint Conference Committee.

Mr. President, S. 1769 is designed to increase the effectiveness and coordination of fire prevention and control agencies at all levels of government. A National Fire Prevention and Control Administration within the Department of Commerce will be established to implement all aspects of the fire program with the exception of research. The Fire Research Center under the National Bureau of Standards will be responsible for research activities. The Secretary of Commerce shall coordinate the research program with the fire prevention and control program so that they are complementary.

The bill also recognizes the need to establish a public education program and authorizes the Administrator to take all steps to educate the public and to overcome public indifference as to fire and fire prevention. A National Academy for Fire Prevention and Control will also be established to train and advance the professional development of fire service personnel.

This legislation also authorizes the establishment of a National Fire Data Center to gather, analyze and disseminate information related to the prevention, occurrence, control and results of all types of fires. State master plan demonstration projects are also authorized for the planning and implementation of a comprehensive master plan for fire prevention. The Administrator is also directed to review, evaluate and suggest improvements in State and local fire prevention codes, building codes and any relevant Federal or private codes and regulations.

Mr. President, this bill also establishes two classes of honorary awards for the recognition of outstanding and distinguished service by public safety officers. I am most proud of this section as it was offered by me as an amendment to the original Senate bill. I have long felt that our law enforcement officers and firefighters should receive greater public recognition and appreciation for their truly heroic efforts. For too long we have neglected to demonstrate our appreciation for these public servants. Hopefully, these awards will show firefighters that their great contributions are indeed worthy of national recognition.

The Fire Prevention and Control Act also authorizes the Secretary of Health, Education, and Welfare to implement an expanded program of research on burns, treatment of burn injuries and rehabilitation of victims of fire. This program will include the establishment throughout the Nation of burn centers and burn units which shall offer specialized burn treatment facilities for burn victims. This program will also provide specialized training for persons who staff these centers and units as well as sponsor research on treatment of burn and smoke inhalation injuries.

Mr. President, final enactment of the Fire Prevention and Control Act will go a long way in filling a void that now exists in our national fire prevention and control efforts. The measures authorized by this legislation will awaken public consciousness to the disastrous effects of fire as well as promote and increase the effectiveness and coordination of fire prevention and control programs at all levels of government.

Mr. MAGNUSON. Mr. President, I move the adoption of the conference report.

The motion was agreed to.

HOUSE CONCURRENT RESOLUTION 661—AUTHORIZING CORRECTION IN THE ENROLLMENT OF S. 1769

Mr. MAGNUSON. Mr. President, I ask the Chair to lay before the Senate a message from the House on House Concurrent Resolution 661, to authorize a correction in the enrollment of S. 1769.

I ask for its immediate consideration.

The PRESIDING OFFICER. The Chair lays before the Senate a message from the House, which the clerk will state.

The assistant legislative clerk reads as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the amendment to the text of the bill (S. 1769) to reduce the burden on interstate commerce caused by avoiding fires and fire losses, and for other purposes, the Secretary of the Senate is authorized and directed in the enrollment of the said bill to make the following correction, namely, in section 16(a) (2) (G) of the Act of March 3, 1901 as added by section 18 strike out "of such stress, and the alleviation and reduction of such conditions" and insert in lieu thereof "of fire as have significance for purposes of control or prevention of fires".

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (H. Con. Res. 661) was agreed to.

INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES ACT OF 1974

The Senate continued with the consideration of the bill (S. 3481) to amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes.

The PRESIDING OFFICER. The bill, S. 3481, is open to further amendment.

If there are no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read the third time.

The bill was read the third time.

Mr. CANNON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CANNON. Mr. President, I am prepared to yield back the remainder of my time.

Mr. COTTON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Alaska (Mr. GRAVEL), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Illinois (Mr. STEVENSON), the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Arkansas (Mr. FULBRIGHT) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Georgia (Mr. TALMADGE) are absent on official business.

I further announce that if present and voting, the Senator from Illinois (Mr. STEVENSON) and the Senator from Indiana (Mr. HARTKE) would each vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from New York (Mr. BUCKLEY), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from North Carolina (Mr. HELMS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Kansas (Mr. PEARSON), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

I further announce that if present and voting, the Senator from Utah (Mr. BENNETT) would vote "yea."

The result was announced—yeas 72, nays 2, as follows:

[No. 475 Leg.]

YEAS—72

Abourezk
Aiken
Allen
Baker
Bartlett
Beall
Bentsen
Biden
Brock
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cotton
Cranston
Curtis
Domenici
Eastland
Fannin
Gurney
Hansen
Hart
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Hughes
Humphrey
Inouye
Jackson
Javits
Kennedy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stennis
Stevens
Symington
Taft
Thurmond
Tower
Tunney
Weicker

NAYS—2

Ervin
Roth

NOT VOTING—26

Bayh
Bellmon
Bennett
Bible
Buckley
Church
Cook
Dole
Dominick
Eagleton
Fong
Fulbright
Goldwater
Gravel
Griffin
Hartke
Helms
Johnston
Packwood
Pearson
Scott, William L.
Stafford
Stevenson
Talmadge
Williams
Young

So the bill (S. 3481) was passed, as follows:

S. 3481

An act to amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

That this Act may be cited as the "International Air Transportation Fair Competitive Practices Act of 1974."

DECLARATION OF POLICY

SEC. 2. (a) United States air carriers operating in foreign air transportation perform services of vital importance to the foreign commerce of the United States including its balance of payments, to the Postal Service, and to the national defense. Such carriers have become subject to a variety of discriminatory and unfair competitive practices in their competition with foreign air carriers. The Department of State, the Department of the Treasury, the Department of Transportation, the Civil Aeronautics Board, and other departments or agencies, therefore, each shall keep under review, to the extent of their respective functions, all forms of discrimination or unfair competitive practices to which United States air carriers are subject in providing foreign air transportation services and each shall take all appropriate actions within its jurisdiction to eliminate such forms of discrimination or unfair competitive practices found to exist.

(b) Each of these departments and agencies of Government shall request from Congress such additional legislation as may be deemed necessary at any time it is determined there is inadequate legal authority for dealing with any form of discrimination or unfair competitive practice found to exist.

(c) The *Department of State* and the Civil Aeronautics Board shall report annually to Congress on the actions that have been taken under subsection (a) of this section and on the continuing program to eliminate discriminations and unfair competitive practices faced by United States carriers in foreign air transportation. The Secretaries of Treasury and Transportation shall furnish to the Department of State and the Civil Aeronautics Board such information as may be necessary to prepare the reports required by this subsection.

INTERNATIONAL USER CHARGES

SEC. 3. The International Aviation Facilities Act (49 U.S.C. 1151–1160) is amended by redesignating section 11 as section 12 and by inserting immediately after section 10 the following new section:

"SEC. 11. The Secretary of Transportation shall survey the charges made to air carriers by foreign governments or other foreign entities for the use of airport property or airway property in foreign air transportation. If the Secretary of Transportation determines at any time that such charges unreasonably exceed comparable charges for furnishing such airport property or airway property in the United States or are otherwise discriminatory, he shall submit a report on such cases promptly to the Secretary of State and the Civil Aeronautics Board, and the Secretary of State, in collaboration with the Civil Aeronautics Board, shall promptly undertake negotiations with the foreign country involved to reduce such charges or eliminate such discriminations. If within a reasonable period of time such charges are not reduced or such discriminations eliminated through negotiations, the Secretary of State shall promptly report such instances to the Secretary of Transportation who shall determine compensating charges equal to such excessive or discriminatory charges. Such compensating charges shall, with the approval of the Secretary of State, be imposed on the foreign air carrier or carriers of the country concerned by the Secretary of the Treasury as a condition to acceptance of the general declaration at the time of landing or take-off of aircraft of such foreign air carrier or carriers. The amounts so collected shall accrue to an account established for that purpose by the Secretary of the Treasury. Payments shall be made from that account to air carriers in such amounts as shall be certified by the Secretary of Transportation in accordance with such regulations as he shall adopt to compensate such air carriers for excessive or discriminatory charges paid by them to the foreign countries involved.".

RATES FOR TRANSPORTATION OF UNITED STATES MAIL IN FOREIGN AIR TRANSPORTATION

SEC. 4. Subsection (h) of section 406 of the Federal Aviation Act of 1958 (49 U.S.C. 1376) is amended by inserting "(1)" immediately after "(h) and adding the following paragraphs:

"(2) The Secretary of State and the Postmaster General shall take all necessary and appropriate actions to assure that the rates paid for the transportation of mail pursuant to the Universal Postal Union Convention shall not be higher than the actual cost of transportation of the mail (including a reasonable rate of return on investment). The Secretary of State and the Postmaster General shall oppose any present or proposed Universal Postal Union rates which are higher than the actual costs of the transportation.

"(3) The Civil Aeronautics Board shall act expeditiously on any proposed changes in rates for the transportation of mail by aircraft in foreign or overseas air transportation. Pending final action an any rate proposals contained in Civil Aeronautics Board docket 26487 the Board shall by November 1, 1974, establish temporary rates based on the best available estimates of the actual cost of transporting the mail, including but not limited to the cost of fuel and a reasonable rate of return on investment.".

TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY

SEC. 5. Title XI of the Federal Aviation Act of 1958 (49 U.S.C. 1501–1513) is amended by the addition of the following new section:

"TRANSPORTATION OF GOVERNMENT-FINANCED PASSENGERS AND PROPERTY

"SEC. 1114. Whenever any executive department or other agency or instrumentality of the United States shall procure, contract for, or otherwise obtain for its own account or in furtherance of the purposes or pursuant to the terms of any contract, agreement, or other special arrangement made or entered into under which payment is made by the United States or payment is made from funds appropriated, owned, controlled, granted, or conditionally granted or utilized by or otherwise established for the account of the United States, or shall furnish to or for the account of any foreign nation, or any international agency, or other organization, of whatever nationality, without provisions for reimbursement, any transportation of persons (and their personal effects) or property by air between a place in the United States and a place outside thereof or between two places both of which are outside the United States, the appropriate agency or agencies shall take such steps as may be necessary to assure that such transportation is provided by air carriers holding certificates under section 401 of this Act to the extent authorized by such certificates or by regulations or exemptions of the Civil Aeronautics Board and to the extent service by such carriers is available. The Comptroller General of the United States shall disallow any expenditure from appropriated funds for payment of such personnel or cargo transportation on an air carrier not holding a certificate under section 401 of this Act in the absence of satisfactory proof of the necessity therefor. Nothing in this section shall prevent the application to such traffic of the antidiscrimination provisions of this Act.".

PROMOTION OF TRAVEL OF UNITED STATES CARRIERS IN FOREIGN AIR TRANSPORTATION

SEC. 6. Section 2 of the International Travel Act of 1961 (22 U.S.C. 2122) is amended by striking out the period at the end of paragraph (5) and inserting in lieu thereof a semicolon and by adding at the end thereof the following new paragraph:

"(6) encourage to the maximum extent feasible travel to and from the United States on United States carriers.".

Mr. CANNON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. May we have order in the Senate?

S. 2363—COMMITTEE ON VETERANS' AFFAIRS TO HAVE UNTIL MIDNIGHT TONIGHT TO FILE A REPORT

Mr. CRANSTON. Mr. President, I ask unanimous consent that the Committee on Veterans' Affairs be given until midnight tonight to file a report on S. 2363, the Disabled Veterans' Automobile Assistance Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATIONS TO BE RETAINED BY THE SENATE PURSUANT TO THE UNANIMOUS-CONSENT AGREEMENT OF THE SENATE OF OCTOBER 9, 1974

Mr. HUGH SCOTT. Mr. President, I rise for the purpose of moving to revise my request of yesterday in order to conform with the situation at the desk.

I ask that rule XXXVIII be waived only as to routine nominations which are recited in my request. They are, namely, a routine Public Health Service list, a routine Coast Guard list, a routine Air Force list, a routine Marine Corps list, a routine Air Force list, a routine Marine Corps list, and a routine Marine Corps list; and to include nominations sent to the Senate on October 10 of representatives and alternate representatives to the 18th Session of the General Conference of UNESCO; and that I do not ask that rule XXXVIII be waived as to any other nominations; and that, as per our colloquy on yesterday, of course, the nomination of the Vice-President-designate is not affected or involved in this motion as it is covered by the 25th amendment and the requirement for the confirmation by both Houses.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I do not object.

The PRESIDING OFFICER. Is there objection to the request? The Chair understands the request to be such that the routine nominations as defined by the Senator will not go back to the President during the recess.

Mr. HUGH SCOTT. And that all other nominations, whether pending at the clerk's desk or not, will go back to the President. I ask unanimous consent that a list of those nominations may be appended at the end of my remarks and be included in the RECORD.

There being no objection, the nominations were ordered to be printed in the RECORD, as follows:

NOMINATIONS SENT TO THE SENATE ON OCTOBER 10, 1974

The following-named persons to be Representatives and Alternate Representatives of the United States of America to the Eighteenth Session of the General Conference of the United Nations Educational, Scientific, and Cultural Organization:

Representatives:
R. Miller Upton, of Wisconsin.
William B. Jones, of California.
Rosemary L. Ginn, of Missouri.
E. Ross Adair, of Indiana.
Gordon H. Scherer, of Ohio.
Alternate Representatives:
Stephen Hess, of the District of Columbia
William G. Harley, of the District of Columbia.
J. Roger Porter, of Iowa.

NOMINATIONS TO BE RETURNED TO THE PRESIDENT PURSUANT TO THE UNANIMOUS-CONSENT AGREEMENT OF THE SENATE OF OCTOBER 9, 1974, IF UNCONFIRMED

DEPARTMENT OF JUSTICE

Earl J. Silbert, of the District of Columbia, to be U.S. attorney for the District of Columbia vice Harold H. Titus, Jr., resigned.

Stanley B. Miller, of Indiana, to be U.S. attorney for the southern district of Indiana for the term of 4 years. (Reappointment.)

John L. Briggs, of Florida, to be U.S. attorney for the middle district of Florida for the term of 4 years. (Reappointment.)

Peter C. Dorsey, of Connecticut, to be U.S. attorney for the district of Connecticut for the term of 4 years vice Stewart H. Jones, resigned.

George Beall, of Maryland, to be U.S. attorney for the district of Maryland for the term of 4 years. (Reappointment.)

Johnny M. Towns, of Alabama, to be U.S. marshal for the northern district of Alabama for the term of 4 years. (Reappointment.)

Frank X. Klein, Jr., of California, to be U.S. marshal for the northern district of California for the term of 4 years, vice George E. Tobin, term expired.

Kenneth M. Link, Sr., of Missouri, to be U.S. marshal for the eastern district of Missouri for the term of 4 years. (Reappointment.)

Edward S. King, of New York, to be U.S. marshal for the western district of New York for the term of 4 years. (Reappointment.)

Charles W. Koval, of Pennsylvania, to be U.S. marshal for the western district of Pennsylvania for the term of 4 years. (Reappointment.)

Marshall F. Rousseau, of Texas, to be U.S. marshal for the southern district of Texas for the term of 4 years. (Reappointment.)

George J. Reed, of Oregon, to be a member of the Board of Parole for the term expiring September 30, 1880. (Reappointment.)

William E. Amos, of Maryland, to be a member of the Board of Parole for the term expiring September 30, 1980. (Reappointment.)

THE JUDICIARY

Thomas J. Meskill, of Connecticut, to be U.S. circuit judge for the second circuit, vice J. Joseph Smith, retired.

Juan R. Torruella del Valle, of Puerto Rico, to be U.S. district judge for the district of Puerto Rico, vice Hiram R. Cancio, resigned.

Donald D. Alsop, of Minnesota, to be U.S. district judge for the district of Minnesota, vice Philip Neville, deceased.

AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION

Marjorie W. Lynch, of Washington, to be Deputy Administrator of the American Revolution Bicentennial Administration. (New position.)

DEPARTMENT OF COMMERCE

James Leonard Pate, of Ohio, to be an Assistant Secretary of Commerce, vice Sidney L. Jones, resigned.

FEDERAL POWER COMMISSION

Daniel T. Kingsley, of Oregon, to be a member of the Federal Power Commission for the term of 5 years expiring June 22, 1979, vice Albert Bushong Brooke, Jr., term expiring.

COMMUNICATIONS SATELLITE CORPORATION

Edward E. David, Jr., of Illinois, to be a member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1976, vice Rudolph A. Peterson, term expired.

U.S. RAILWAY ASSOCIATION

Clifford G. McIntire, of Maine, to be a member of the Board of Directors of the U.S. Railway Association for a term of 2 years (new position).

CORPORATION FOR PUBLIC BROADCASTING

Irving Kristol, of New York, to be a member of the Board of Directors of the Corporation for Public Broadcasting for the remainder of the term expiring March 26, 1976.

The following-named persons to be members of the Board of Directors of the Corporation for Public Broadcasting for the terms indicated:

For the remainder of the term expiring March 26, 1976:

Virginia Duncan, of California, vice Thomas B. Curtis, resigned.

For a term expiring March 26, 1980:

Durward Belmont Varner, of Nebraska, vice Jack J. Valenti, term expired.

The following-named persons to be members of the Board of Directors of the Corporation for Public Broadcasting for the terms indicated:

For the remainder of the term expiring March 26, 1978:

Amos B. Hostetter, Jr., of Massachusetts, vice Theodore W. Braun, resigned.

For a term expiring March 26, 1980:

Joseph Coors, of Colorado, vice Albert L. Cole, term expired.

Lucius Perry Gregg, Jr., of Illinois, vice James R. Killian, Jr., term expired.

Lillie E. Herndon, of South Carolina, vice Frank Pace, Jr., term expired.

John Whitney Pettit, of Maryland, vice Robert S. Benjamin, term expired.

MINING ENFORCEMENT AND SAFETY ADMINISTRATION

James M. Day, of Virginia, to be Administrator of the Mining Enforcement and Safety Administration. (New position.)

ALCOHOL, DRUG ABUSE AND MENTAL HEALTH ADMINISTRATION

Robert L. DuPont, Jr., of Maryland, to be Administrator of the Alcohol, Drug Abuse, and Mental Health Administration. (New position.)

OFFICE OF ECONOMIC OPPORTUNITY

Bert A. Gallegos, of Colorado, to be Director of the Office of Economic Opportunity, vice Alvin J. Arnett, resigned.

NATIONAL LIBRARY OF MEDICINE

The following-named person to be member of the Board of Regents, National Library of Medicine, Public Health Service, for the term indicated:

Term expiring August 3, 1976:

Eddie G. Smith, Jr., of the District of Columbia, vice Max Michael, Jr., term expired.

The following-named person to be member of the Board of Regents, National Library of Medicine, Public Health Service, for the term indicated:

Term expiring August 3, 1977:

John William Kauffman, of New Jersey, vice William O. Baker, term expired.

NATIONAL SCIENCE FOUNDATION

The following-named person to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1980:

William Neill Hubbard, Jr., of Michigan, vice Philip Handler, term expired.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

The following-named persons to be members of the National Commission on Libraries and Information Science for terms expiring July 19, 1979:

Joseph Becker, of California. (Reappointment.)

Carlos A. Cuadre, of California. (Reappointment.)

John E. Velde, Jr., of Illinois (Reappointment.)

NATIONAL COUNCIL ON EDUCATIONAL RESEARCH

The following-named persons to be Members of the National Council on Educational Research for terms expiring June 11, 1977:

Larry A. Karlson, of Washington, vice James S. Coleman, term expired.

Arthur M. Lee, of Arizona, vice Vincent J. McCoola, term expired.

James Gardner March, of California, vice Vera M. Martinez, term expired.

Carl H. Pforzheimer, Jr., of New York (reappointment).

Wilson C. Riles, of California (reappointment).

DEPARTMENT OF STATE

Stanton D. Anderson, of Maryland, to be Ambassador Extraordinary and Phenipotentiary of the United States of America to Costa Rica.

Peter M. Flanigan, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Spain.

Leonard F. Walentynowicz, of New York, to be Administrator, Bureau of Security and Consular Affairs, Department of State.

U.S. REPRESENTATIVE TO THE NATO COUNCIL

David K. E. Bruce, of Virginia, to be the U.S. permanent representative on the Council of the North Atlantic Treaty Organization, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

OFFICE OF MANAGEMENT AND BUDGET

Paul H. O'Neill, of Virginia, to be Deputy Director of the Office of Management and Budget. (New position.)

FEDERAL ENERGY ADMINISTRATION

Melvin A. Conant, of New York, to be an Assistant Administrator of the Federal Energy Administration. (New position.)

U.S. ARMY

The following-named officer for appointment in the Regular Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 3284 and 3307:

To be major general

Lt. Gen. Fred Kornet, Jr., [redacted], Army of the United States (lieutenant colonel, U.S. Army).

U.S. NAVY

Capt. John J. O'Connor, Chaplain Corps, U.S. Navy, for temporary promotion to the grade of rear admiral subject to qualification therefor as provided by law.

ORDER OF BUSINESS

Mr. McCLELLAN. Mr. President, I yield to the distinguished Senator from Washington. Is it for a conference report?

Mr. MAGNUSON. Yes.

Mr. McCLELLAN. I yield briefly, Mr. President.

AMENDMENT OF THE NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY ACT—CONFERENCE REPORT

Mr. MAGNUSON. Mr. President, I submit a report of the committee of conference on S. 355, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 355) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to promote traffic safety by providing that defects and failures to comply with motor vehicle safety standards shall be remedied without charge to the owner, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 8, 1974 at p. 34481.)

Mr. MAGNUSON. Mr. President, 3 weeks ago, the Department of Transportation made a very significant announcement which received little coverage by the media. It announced that in 1973, 1,000 fewer Americans died on the Nation's highways than in the previous year. While there are a variety of factors which led to this decrease, there is no doubt in my mind that our efforts under the 1966 Motor Vehicle Safety Act are beginning to bear fruit.

But there is still a long way to go. The fact that 56,000 people are still dying; the fact that 2,100,000 people are still being injured; the fact that there are still 17,000,000 motor vehicle accidents each year are clear indications to me that we must try harder. And Congress has now responded by the conference report which we are considering this afternoon—the Motor Vehicle and Schoolbus Safety Amendments of 1974 (S. 355).

This legislation will fill the gaps that were left by the 1966 act. Manufacturers of motor vehicles, tires, or motor vehicle equipment which contain safety related defects or which fail to comply with motor vehicle safety standards must remedy that vehicle, tire, or equipment at no cost to the consumer. And in the case of a tire, the consumer will be entitled to a completely new tire and not just a refund of part of his purchase price.

Under the amendments, the Department of Transportation will finally be required to set mandatory Federal safety standards for schoolbuses. While many schoolbus manufacturers are already prepared to upgrade the safety of their product, they have been unable to do so on a voluntary basis since most school districts purchase their equipment on a low-bid basis. It is high time that we made those big yellow boxes which transport 20 million of our children each day as safe as we possibly can.

At long last, the Department will also have to require better fuel tanks on motor vehicles. The Committee on Commerce has been prodding the Department for years to come up with a gas tank which will not catch fire in an accident. At last, we will have that.

Under these amendments, the Secretary will have a greater arsenal of regulatory tools to perform his auto safety mission. His recordkeeping and inspection powers have been enhanced. He will now have subpena power so that he can get the information he needs, including all cost information, to do the job right. The enforcement powers under the act have also been upgraded, with an increase in the maximum civil penalty under the act from $400,000 to $800,000. Also, like the Clean Air Act, it will now be a violation of Federal law to render inoperative required safety equipment.

Mr. President, I believe that we have finally begun to make progress in the auto safety area. But we cannot relax quite yet. There is still much that we can do. For example, there is exciting new technology on the immediate horizon which in my opinion, will save more lives than all of the other standards heretofore promulgated put together. With the amendments contained in S. 355, Congress has vested the Department with all of the authority it needs to get the job done. The burden is now with the Department to move forward with a sense of urgency. The problem is urgent.

Mr. President, I ask unanimous consent that a statement of Senator Hartke, who is the chairman of the subcommittee involved in this matter, be placed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR HARTKE

The amendments to the National Traffic and Motor Vehicle Safety Act of 1966 which are contained in S. 355 are the most comprehensive effort by Congress since the passage of the original Act to enhance the safety of the motor vehicle. This legislation is the product of 3 years of intensive oversight activity by the Committee on Commerce of the Senate and the Interstate and Foreign Commerce Committee of the House.

Probably the most notorious provision of these amendments are the ones with which I feel the least comfortable. They relate to the interlock, the buzzer system and the future of passive restraints. Several weeks ago, Senators Buckley and Eagleton sponsored an amendment which represented the sense of the Senate on these matters. The Senate instructed the conferees to put an end to the interlock and the continuous buzzer and to require hearings if the Department of Transportation decided to proceed with passive restraint systems. The Conference Report encompasses these instructions.

As soon as possible but no later than 120 days after date of enactment, the Department of Transportation must amend the Motor Vehicle Safety Standard pertaining to occupant restraints so as to eliminate the safety belt interlock system and any continuous buzzer designed to indicate that safety belts are not fastened. The authority of the Secretary to establish a mandatory occupant restraint standard using a belt system is not affected. If the Secretary of Transportation wants to establish some other occupant restraint system, he must follow these procedures:

(A) Afford interested persons an opportunity for the presentation of oral as well as written data, views, or arguments;

(B) keep a transcript of the oral presentation;

(C) notify the Chairmen of the House Interstate and Foreign Commerce Committee and the Senate Commerce Committee.

Additionally, no occupant restraint other than a belt system could become effective until Congress is given the opportunity to consider such standard for 60 days of continuous session. There is also a provision allowing the rendering inoperative of existing interlock and continuous buzzer systems.

While I believe Congress is making a serious mistake in removing the interlock system, I understand the consumer frustration that the system has caused. With regard to future occupant restraint standards, I fervently urge the Secretary of Transportation to move as expeditiously as possible to require more effective systems which do not cause the inconvenience of the interlock system but which will also achieve a high level of usage. I am, of course, referring to passive restraint systems. As a result of the removal of the interlock, there is no question in my mind but that lap and shoulder belt usage will decrease to below 10% once again. Thousands of lives will be jeopardized. The Department estimates that if the air cushion-lap belt system is made standard equipment, 15,600 lives will be saved and 1 million injuries prevented. I hope that the interlock has not given all of auto safety a bad name and that the public will be open-minded about this exciting new technology.

Unfortunately, due to the notoriety of the interlock issue, the other provisions of S. 355 have not come to the attention of the public. However, I believe that they are extremely significant. When the original Motor Vehicle Safety Act was passed by Congress in 1966, the industry managed to have deleted from the legislation the requirement that safety related defects be remedied at no charge to the consumer. While on the whole the industry has voluntarily remedied at no charge, there have been several notorious instances where they refused. Specifically, I refer to the Volkswagen windshield wiper recall and the Corvair heater recall.

S. 355 will require repair at no charge. In addition, unlike the current practice of the tire industry to reimburse owners of defective tires for a sum representing the percentage of tread wear, S. 355 will require the replacement of the defective tire with a new tire. The legislation also defines a procedure which, upon the Secretary's determination of defect or failure to comply, allows the manufacturer and interested persons an opportunity to present data, views, and arguments on the alleged defect or failure to comply.

This proceeding, however, is one which will not be delayed due to administrative molasses—since safety is involved, prompt action is required. If the manufacturer believes that he has been denied justice, his views can be considered in the District Court.

With respect to the civil action in the District court regarding the Secretary's order, section 155(c)(1) would recognize that prompt notification to owners and purchasers in accordance with section 153 is mandatory and that a failure or refusal to so notify would trigger the civil penalty and injunctive provisions of the act. If a manufacturer should fail or refuse to so notify and also seek to have the appropriate U.S. district court restrain the enforcement of the Secretary's order under section 152(b), the conferees agreed upon a standard to be applied by a district court in deciding whether or not to restrain such enforcement.

This standard is not intended by the conferees to be applied by a district court except when considering whether to restrain enforcement of the Secretary's order under section 152 in an enforcement action already commenced by the Secretary under section 110(a) or under section 109 of the act. Thus, if a court permits a manufacturer to bring a preenforcement judicial review action, the standard in section 155(c)(1) for issuing a stay would not apply when the court is considering a request by a manufacturer to restrain the Secretary from commencing an enforcement action.

For purposes of section 155 of this legislation, "enforcement" means the assessment of civil penalties for failure to comply with the Secretary's order or an injunction ordering compliance.

While the Senate version of S. 355 contained a provision for an even more expedited consideration of an "imminent hazard," this provision was deleted from the conference substitute on the grounds that the Secretary could expedite his consideration of the alleged defect or failure to comply in the agency. Specifically, the conferees agreed that where a defect or failure to comply poses an imminent hazard, the Secretary may make this determination in an expedited procedure in the agency. Once this determination is made, he may issue an order to notify owners and provide remedy and enforce such order in the District Court.

S. 355 also contains tough new enforcement provisions to insure that the Federal motor vehicle safety program is implemented as intended. The legislation would prohibit manufacturers, distributors, dealers, or motor vehicle repair businesses from knowingly rendering inoperative safety devices required by a federal law. This is a provision similar to one in the Clean Air Act. As indicated above, an exception is allowed whereby, a motor vehicle dealer, at the request of the first purchaser of the vehicle, may render inoperative the interlock or continuous buzzer system. In addition, this legislation increases the potential civil penalties under the Act from $400,000 to $800,000. The Secretary's inspection and recordkeeping powers are also upgraded in this legislation.

Section 105 of the conference substitute contains what I consider to be one of the most important provisions of this conference report. It requires the Secretary, whenever a manufacturer opposes an action of the Secretary on the ground of increased cost, to obtain cost information from the manufacturer. The Secretary must promptly prepare an evaluation of such cost information and release both the information and the evaluation to the public unless it contains a trade secret or other confidential matter (in which case it shall be released in a form to preserve confidentiality). Cost information includes both the manufacturer's cost and the cost to retail purchasers.

It is clear from the language of Section 105 that these are not the only circumstances under which the Secretary may obtain cost information. Subsection (e) of that section provides that "Nothing in this section shall be construed to restrict the authority of the Secretary to obtain, or require submission of, information under any other provision of this Act." Thus, under the Secretary's new subpoena powers contained in these amendments, the Secretary may require a manufacturer to submit cost information for any other reason that he deems it necessary for the implementation of the Act.

In recent weeks, Mr. Lee Iacocca of Ford and Mr. Richard Gerstenberg of General Motors have suggested a moratorium of federal motor vehicle safety and emission standards as a means to fight inflation. They argue that the American consumer is being asked to pay more for their vehicle due to these regulations. This is preposterous. If anything, the safety regulations promulgated pursuant to the National Traffic and Motor Vehicle Safety Act are deflationary in their impact on the American economy. For example, the Department estimates that the benefit cost ratios for the interlock belt system range from 2.9 to 5.2. They further estimate that the benefit cost ratio for the air cushion—lap belt system would be in the area of 3.6 to 6.0.

There are societal costs of motor vehicle accidents. Where a father is killed in a motor vehicle accident, his child may become a ward of the society. How many hospital beds that are constructed with public funds are occupied by victims of motor vehicle accidents? How much does it cost society in emergency medical facilities and law enforcement officers who must handle motor vehicle accidents and accident victims? What is the economic impact in property loss alone of motor vehicle accidents? The examples can go on and on—but the lesson is clear: motor vehicle safety standards are deflationary, not inflationary.

While there are many other provisions in S. 355, there is one that I consider to be of prime importance. They are contained in Title II and they require the Department of Transportation, within 15 months of the date of enactment, to promulgate motor vehicle safety standards for schoolbuses. Those standards must address the following aspects of performance: emergency exits, interior protection for occupants, floor restraints, seating systems, crashworthiness of body and frame, vehicle operating systems, windows and windshields, and fuel systems.

The Department of Transportation has had authority since 1966 to set these standards. However, based on the argument that schoolbus travel achieves one of the lowest fatality and injury rates per mile of any mode of transportation, the Department has given it a low priority. This legislation sets those priorities straight. Schoolbuses carry very special cargo—our children. Through this legislation, Congress has stated that their lives and their futures can not be and should not be determined solely on a statistical ranking based on level of highway carnage.

With the exception of the provision deleting the interlock system, I heartily endorse and urge the passage of the conference report on S. 355. This is a humanitarian piece of legislation; it will result in the saving of literally thousands of lives and the prevention of hundreds of thousands of injuries in the years to come.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

SUPPLEMENTAL APPROPRIATIONS, 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1188, H.R. 16900, and that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

H.R. 16900, making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MATHIAS. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. MATHIAS. Mr. President, I ask unanimous consent that Mr. Michael Smith and Mr. Quincy Rogers be admitted to the floor during the consideration of the pending legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLELLAN. Mr. President, the Supplemental Appropriation Act for fiscal year 1975 (H.R. 16900) provides authority and funds in title I for general program supplemental appropriations, regular fiscal year 1975 appropriations which were deferred from consideration and inclusion in the regular appropriations bills due to a lack of legislative authorization, and advance fiscal year 1976 appropriations. The reported act includes in title II several recommended general provisions.

In the pending measure, the committee recommends a grand total of new budget—obligational—authority amounting to $8,648,242,678. This is an increase of $288,491,116 over the total of $8,359,751,562 as provided by the House of Representatives and is an increase of $385,601,500 over the budget estimates of $8,262,641,178 considered by the committee. It should be noted that the Senate committee considered supplemental budget estimates and deferred budget estimates for fiscal year 1975 totaling $133,880,016 which were not considered by the House, but are reflected in Senate committee action.

Also included are estimates totaling $18,052,805 for Senate items in the legislative branch chapter which by custom have been omitted from the House bill.

The House considered budget estimates totaling $8,128,761,162 and the total amount of the bill passed by the House is $8,359,751,562 in new budget—obligational—authority. This is an increase of $230,990,400 over the estimates considered by the House.

Mr. President, the major part of the funds recommended by the committee in this bill is for community development, health, and education programs.

In most cases, the funding for these programs was deferred in the regular 1975 appropriation bills due to a lack of legislative authorization and therefore do not represent true supplemental appropriations; but rather the regular 1975 program appropriation.

Mr. President, I shall summarize the major items recommended by the committee in this bill by chapters.

In chapter I of the bill covering the Department of Housing and Urban Development, the National Science Foundation and the Veterans' Administration, the amount of $2,145,000,000 is recommended. This amount includes $2,135,000,000 for the new community development block grant program under the Housing and Community Development Act of 1974. This recommendation is a reduction of $44,625,000 below the budget estimate and the House bill. An appropriation of $10,000,000 is recommended for the Veterans' Administration to meet requirements and existing commitments for VA assistance for health manpower training institutions.

In chapter II of the bill, for Labor-HEW programs the amount of $5,847,950,000 is recommended. Included within this sum is $2,160,825,000 for fiscal year 1975 and $2,190,218,000 for advance funding for fiscal year 1976 for carrying out the title I programs of the Elementary and Secondary Education Act—ESEA; an amount of $90 million for bilingual education programs; $656,016,000 for the so-called impacted area aid program; $224,609,000 for fiscal year 1975 and $100,000,000 in advance fiscal year 1976 funding for education for the handicapped; $63,319,000 in fiscal year 1975 and $63,319,000 for advance 1976 appropriations for adult education programs; and $125 million for nutrition for the elderly programs. In the Labor-HEW chapter of the bill is an increase of $426,481,000 over the budget estimates and an increase of $141,150,000 over the House bill.

For the legislative branch, chapter 3, the committee recommends an appropriation of $18,686,805, which includes $16,322,000 for the construction of the extension to the Dirksen Office Building. Other items recommended by the committee involve housekeeping matters of the Senate.

Mr. President, the committee recommends in chapter 4 an appropriation of $73,000,000 for operating expenses, and the acquisition of capital equipment for the Atomic Energy Commission to provide for a revised nuclear weapons testing program and to improve the nuclear materials safeguard system related to the transportation of special nuclear materials. This amount is recommended subject to enactment of authorizing legislation.

For the items recommended in the State, Justice, Commerce and Judiciary chapter, which is chapter 5, an amount of $64,389,500 is recommended. This sum includes $63,780,000 for Economic Development Assistance programs. The recommendation is the same as the budget estimates and an increase of $7,356,000 over the House bill.

The committee recommends in chapter 6, new budget obligational authority amounting to $82,170,000, a decrease of $10,000,000 below the budget estimates. The major item in this chapter is $75,000,000 for grants to the National Railroad Passenger Corporation—Amtrak—to continue passenger train services fixed by law.

For chapter 7, total new budget obligational authority amounts to $356,379,500 which is $4.3 million less than the budget request. Major items recommended by the committee include $73,576,000 for payment to the Civil Service retirement and disability fund to cover increases in benefits recently provided by law and for the additional unfunded liability necessitated by changes of law. An amount of $280,656,000 is provided for reimbursement to the retirement fund for the Postal Service Corporation. In addition, a $1,000,000 appropriation is recommended for operation for the Council of Wage and Price Stability which is the same as the House allowance and budget estimate. Also included within chapter 7 is the committee recommendation to provide $200,000 for transition expenses and pension and allowances for former President Nixon. This appropriation is a reduction of $650,000 below the budget estimates and is the same amount provided by the House of Representatives.

Chapter 8 includes the mandatory payment of $51,472,873, the same as requested, for claims and judgments against the United States.

Finally, in chapter 9, Department of Interior programs, the amount of $8,194,000, all unbudgeted, is recommended by the committee. Included within this amount is $2.9 million to support saline water conversion research and development and $5,294,000 for the Bureau of Indian Affairs programs. The committee recommendation concurs in the House provision of $2,214,000 to restore services to the Menominee Indian Reservation in Wisconsin.

Mr. President, I have endeavored to briefly summarize the main items appearing in the measure that is presently pending. For a detailed explanation of the items contained in the bill, I would suggest that Senators consult the report which is on each desk.

Mr. MAGNUSON. Mr. President, I wish to make a few short remarks to elaborate upon the remarks of the manager of the bill, Mr. McCLELLAN, in order to fill out some of the details and rationale for the Senate committee action. I would like to reemphasize one of the points made by the distinguished manager of the bill, and that is that virtually all of the items in chapter II are not true supplementals; rather, they are items that were not considered in the regular Labor-Health, Education, and Welfare bill because of a lack of authorizing legislation. The authority for these programs is now available because the authorizing legislation has finally been enacted into public law. Therefore, most of the amounts in chapter II are not supplemental to amounts in the regular bill but are being appropriated in this bill rather than in the regular Labor-HEW bill.

The total amount provided in chapter II of the supplemental for the Departments of Labor and Health, Education, and Welfare is $5,841,800,000, which is an increase of $135,000,000 over the House bill and $429,981,000 over the budget. The principal item of increase over the budget request is the $315,000,000 added to the bill by the House in order to restore impact aid funds to approximately last year's level. Here, again, the administration had proposed an unrealistic budget, and both the House and Senate have agreed to restore these educational funds.

LABOR

We have also included a net increase of $4,650,000 for several Labor Department supplemental requests which were not considered by the House. While this represents less than half of the $9,650,000 requested, it provides for the most essential activities which need funding now. We have provided funds to begin implementation of the enormously important welfare pension legislation, which is designed to protect approximately 35 million participants and beneficiaries of private employee benefit plans.

We have included additional funds for the Employment Standards Administration, for enforcement of new legislation covering additional workers under minimum wage, overtime, equal pay, and age discrimination standards. This includes tripling the meager budget request for enforcement of the handicapped employment provisions under the 1973 Rehabilitation Act. We have also allowed the Bureau of Labor Statistics additional resources to develop a broader consumer price index for urban households, as well as to continue the urban wage earners' and clerical workers' index. Considering the need for budgetary restraint, we have made reductions in other lower priority programs of the Labor Department to partially offset these increases.

HEALTH PROGRAMS

In the health area, the committee has provided approximately the same amount as the House allowance but has shifted funds away from what we consider to be lower priority and marginal areas of effort into higher priority programs. The principal change made by the committee would restore the health professions and nursing student aid programs to last year's level. The budget had proposed a phaseout of these programs and increased reliance on Office of Education subsidized bank loans. The committee felt that this was a totally unrealistic position in view of the current high interest rates and the tight money situation. The committee felt it would be just plain disastrous to cut out these loans and tell these students to go to the banks to get the money they need to get through school when we all know that most banks are currently not actively participating in the student loan program.

EDUCATION

For the education programs, the committee has recommended some changes from the House bill—both increases and decreases—which represent some new initiatives toward better educating our young children. The items considered by the committee were deferred from the regular Labor-HEW bill due to lack of authorizing legislation.

Elementary and secondary programs. For elementary and secondary education, the committee has included $2.2 billion for fiscal year 1975 and $2.2 billion for fiscal year 1976. By appropriating for 2 years, we provide State and local school administrators with the lead-time they so desperately need to plan an orderly school budget. Out of the funds provided, $1.876 billion will help more than 6 million disadvantaged children in about 14,000 local school districts across the Nation.

In bilingual programs, the committee saw an area where there are some very critical needs. The bill includes $90 million, an increase of $20 million over the House and the budget, to help schools meet their responsibilities under the recent Supreme Court decision. The amount recommended focuses on services to more than 300,000 and training more specialized teachers in the field of bilingual education.

The committee has also provided $28.5 million for instructional equipment programs; the House had cut this to $15 million. This is probably one of the most effective and least-costly Federal education programs. The States match this 50–50, and the money in the bill would benefit more than 36 million elementary school children nationwide.

We have also recommended $33 million in offsetting decreases. The cuts are in estimates the committee feels are a somewhat inflated and unnecessary and for some evaluations and studies that only serve to keep a few contractors in business.

Impact area aid. For impact aid, the committee agrees with the House amount of $656 million. The budget proposed to wipe out some parts of this program—the committee in agreeing with the House, has restored the payments to last year's level. The main emphasis is on heavily impacted districts, military bases, and Indian lands.

Handicapped education. For handicapped programs the committee bill includes $225 million for fiscal year 1975 and $100 million for fiscal year 1976. This is an increase of $40 million over the House and $127 million over the budget. We have a long way to go to reach all the handicapped children—but this is a good start. The bill will provide services to more than one-half million children.

Adult education. The committee has recommended $65 million each for this year and next year to continue adult education programs. This amount will help the States provide basic-skill programs to 821,000 undereducated adults.

HUMAN DEVELOPMENT

Here the committee has provided $125,000,000, the same as the House, for nutritious meals for the elderly. The committee believes that this is one of the highest priorities in this chapter of the bill and has included report language urging the Department of Health, Education, and Welfare to accelerate the expenditure of carryover funds in order to immediately build this program up at least to an annual rate of $150,000,000. This amount will provide approximately 300,000 hot, nutritious meals per day to our elderly citizens, who have worked so hard during their lifetimes to build this country and who are now being forced to bear an increasing burden because of the spiraling inflation in the economy.

Mr. President, I hope this explanation has been helpful to the Members. I urge their support of chapter II. I think the supplemental is a good bill, and I urge its passage.

I am sure that there are many of us who would wish to do more. No one is more aware of the needs of health, education, and the elderly than the Senator from Washington. Personally, I wish that we could do more.

I think this bill is the best that we could do under the circumstances, and I urge its passage.

Mr. HOLLINGS. Mr. President, the committee has allowed in full the supplemental budget estimates for the legislative branch items amounting to $18,686,805. The committee's allowance is $18,339,405 higher than the bill as passed by the House of Representatives, but this is due to the traditional pattern of the House leaving for insertion by the Senate of those items pertaining exclusively to the Senate.

The Senate items that we have added to the bill include two new positions for the Secretary of the Senate plus two new positions for the Senate Disbursing Office. We have also provided the statutory amounts for the new standing Committee on the Budget and have covered deficiencies in two 1974 accounts.

The committee is also recommending the $16,322,000 requested for the extension of the Dirksen Office Building. As the Senate will recall, appropriations have already been made totalling $68,825,000 for the extension, but due to the inflation that has occurred while the design was developed, and changes in design authorized by the Senate Office Building Commission and the Public Works Committee, this additional amount is required for the building. We went thoroughly into this with the Architect of the Capitol and are convinced that this amount is necessary for this building, which I believe will be a first-class addition to Capitol Hill when it is completed in late 1977 or early 1978.

One change was made to the legislative chapter on the floor of the House. An amendment by Representative Edith Green was added to the bill that raises the grade level of all the registered nurses stationed in the Capitol, Senate, and House Office Buildings from GS-9 to GS-10. This action added $13,400 to the bill and follows the recommendations on page 21 of the House report regarding salary adjustments in the Office of the Attending Physician.

It is ironical to note that the action of the House is based on a special General Accounting Office report that found all 13 nursing positions in the Office of the Attending Physician to be overgraded by from 2 to 8 grade levels. To be sure, the registered nurses were the least overgraded, only two grade levels, but the House has apparently chosen to raise the level of the water instead of lowering the boats in correcting the situation.

Our subcommittee held a hearing on this situation during consideration of the regular bill. We have not had an opportunity to examine the GAO report or have a further hearing on the matter.

While we would have preferred to wait and go extensively into this matter during consideration of next year's appropriation bill, the House has forced the issue. It is our belief that the main source of friction is between the retired medical corpsmen now employed in the Attending Physician's office, and the registered nurses. There is seemingly no problem with the active-duty corpsmen who are assigned by the Navy. Therefore, we have deleted the House language and inserted new language that provides that henceforth all nursing positions in the Attending Physician's office be filled only by registered nurses. We have grandfathered in all present incumbents.

The further effect of this amendment is to replace through attrition the civilian nonnursing positions with active-duty corpsmen. This would reach the general objective of having all of the corpsmen being supplied by the Department of Defense and having their rates of pay established by that Department under its usual criteria.

The committee has also provided $300,000 for an environmental impact study regarding the relocation of the Government Printing Office. This study, to be carried out by the General Services Administration, would evaluate the impact, coordinate a community relations effort, and define the project involved in moving the Government Printing Office to a site in the New York Avenue industrial corridor of the District of Columbia. The committee believes this study should be a real value to the committees of Congress that will ultimately decide on any relocation of the Government Printing Office.

Mr. MONTOYA. Mr. President, the total of the budget estimates considered by the subcommittee amounted to $360,753,000, of which the House allowed $356,092,000, and the committee is recommending $356,379,500.

Two large items dealing with mandatory payments to the Civil Service Retirement and Disability Fund account for all but $2,147,500 of the amount recommended, including a $280,656,000 appropriation for the unfunded liability created by the first Postal Service labor contract and $73,576,000 to cover increased benefits from recent changes in law.

Under Executive Office of the President, the committee also approved the full budget estimates submitted for the Council on Wage and Price Stability and the Office of Federal Procurement Policy. These are also activities resulting from recently enacted laws. The Council on Wage and Price Stability will monitor wages and prices, and was the first item requested by President Ford upon his assumption of the Presidency. The Office of Federal Procurement Policy was established to maintain overall control of the almost $60 billion of procurement that the Federal Government contracts for each year.

Our action is the same as the House with respect to these items.

The committee has inserted into the bill a new appropriation to cover the National Commission on Supplies and Shortages. We are recommending $287,500 for this Commission, which was authorized by Public Law 93-426 that was approved on September 30. This Commission, which has the solid support of the joint leadership or both Houses of Congress and of top administration officials, will facilitate a more effective and informal response to resource and commodity shortages and report to the President and the Congress on needed institutional adjustments for examining and protecting shortages and on the existence or possibility of shortages with respect to essential resources and commodities. The Commission has only until March 1, 1975, to make its report, and in view of this short tenure the committee has inserted language in the bill to allow flexibility in the appointment of Commission staff.

The main item before the committee was, of course, the transition expenses and allowances for former President Nixon. As I am sure the Senate is aware, President Ford requested $850,000 for this purpose in two appropriations: $450,000 for the transition activities authorized by the Presidential Transition Act of 1963; and $400,000 for the former President's pension and office allowances authorized by the Former Presidents Act of 1958.

The subcommittee held 2 days of extensive hearings on this matter, taking testimony from General Services Administration, the Office of Management and Budget, and U.S. Secret Service, and in the report we have summarized our findings. As you no doubt know from the various accounts in the press, we uncovered the fact that some 22 people were on free detail to the former President, including his former Press Secretary, a maid and a butler, and military drivers.

There is a loophole in the Presidential Transition Act which allows the former President to draw free details from the agencies, and it quickly became apparent to the committee that there were plans to make excessive use of this loophole. In fact, the White House is looking into this and reported to me last week that as of October 2, there were 64 persons on detail to the former President. A major effort is now underway to slash this contingent of consorts to the former President, and I am informed that the butler and maid were placed on leave without pay status as of last Sunday.

The committee recommends closing this loophole by adding language to the bill that would limit the aggregate salaries paid to nonreimbursable details during the transition period—August 9, 1974 to February 9, 1975—to $220,000. This is 6 months' worth of the annual salaries of the people who were listed as detailed to Mr. Nixon by OMB Director Ash during our hearings.

The committee also found that GSA had on hand in San Clemente more than $200,000 worth of office equipment. Some $56,000 of this equipment was expected to be utilized by former President Nixon, including 186 chairs, 21 davenports, 44 desks, and 42 tables. In view of the great amount of equipment already on hand, the committee has completely eliminated the $105,000 that was included in this request for additional equipment.

As the Senate will recall, the House Appropriations Committee recommended a total of $398,000 for the two appropriations supporting President Nixon's transition and allowances. However, two successful amendments on the House floor reduced the total to $200,000, or $100,000 for each appropriation. The transition money was not earmarked but the allowance funds were divided $55,000 for the pension and $45,000 for the office and staff for February through June of next year. The House also added a general provision that prohibits the transfer of the Nixon tapes and papers to him until Congress has passed legislation to determine their ownership. The committee recommends the amounts approved by the House with the addition of the limitation on the nonreimbursable details I mentioned earlier.

In addition to limiting the free details to the former President, the committee has also directed in the report that all of the personnel assigned to the former President be used only to directly assist him in winding up the affairs of his office. This ought to be perfectly clear that the authority for details in the Presidential

Transition Act is to be used for direct transition activities only, and not for obtaining personnel for household and yard chores of the former President.

Mr. MUSKIE. Mr. President, while the Supplemental Appropriations bill is before the Senate, I would like to take this opportunity to bring to my colleagues' attention a growing problem in my home State of Maine, the most heavily forested State in the Nation.

The problem is caused by the spruce budworm, the larval stage of a small moth, which feeds on the buds and needles of fir and spruce trees, and if uncontrolled, eventually kills the trees.

The coniferous forests of northern and eastern Maine—in Aroostoock, Washington, Somerset, Penobscot, and Piscataquis Counties—are literally being eaten away by this devastating insect.

An estimated 5.3 million acres of trees are now suffering moderate to heavy defoliage due to the infestation of this pest, and the total infestation covers 8.3 million acres—an area the size of Massachusetts. And while there are no funds in the bill before us today for spruce budworm control, I would like to encourage the U.S. Forest Service in the strongest terms to take what action it can without additional funds.

I would hope that the Forest Service will take action immediately through its research, technical, scientific, and advisory forest programs to assess the spruce budworm situation, explore new and innovative solutions to the problem, and offer technical assistance to utilize as much of the dead or dying wood as possible.

The spruce budworm infestation, which originated in Canada, is spreading southward, and threatens forest lands through New England.

And an assessment of its potential economic impact in Maine alone gives some idea of the stakes involved. Maine's vast spruce-fir forest is a precious, economic, social, recreational, and environmental resource.

The pulp and paper and forest products industries in Maine produce a billion dollars a year in manufactured goods. Their jobs are among the highest paying in the State, and the pulp and paper industry alone plans to invest hundreds of millions of dollars in the next few years in new plant and equipment in Maine.

The forest which is the lifeblood of those industries is suffering serious damage from spruce budworm, and the problem is certain to worsen if effective steps are not taken.

The administration has not seen fit to request matching Federal funds for spraying control for spruce budworm in this bill. I hope this position will be reconsidered in the future.

In the meantime, I would urge the Forest Service to bring its attention to bear on interim measures.

Mr. HATHAWAY. Mr. President, once again, I would like to call to the attention of my colleagues in the Senate a problem involving the timber resources in Maine. And in particular, I would like to call their attention to the failure of the U.S. Forestry Service to come to grips with this problem and to formulate a policy for dealing with this situation, which is rapidly assuming the proportions of a disaster.

The problem I am speaking of is the invasion of our forests by a pest called the spruce budworm. This insect has already destroyed thousands of acres of timber in my own State of Maine and millions of acres of timber in adjoining parts of Canada. The spread of this pest shows no signs of abating. A study has been done indicating that in certain areas, what is needed is a salvage operation, because whole stands of trees have been killed by the ravages of this insect.

Mr. President, I have brought this problem to the attention of my colleagues before. Earlier this year, Senator BIBLE agreed that it was a situation meriting the expenditure of the funds necessary to deal with it. Yet now, once again, the administration has not requested the funding necessary to deal with this problem, even though these funds are appropriated only on a matching basis. In other words, no funds would actually be expended until they were matched by an equal expenditure from the State. Interests within the State stand ready to match these Federal funds, but the Forestry Service still has not decided what it is going to do to deal with this problem.

Mr. President, in view of the present efforts at controlling inflation, I am not going to ask for an add-on at this time, but I do call upon the Forestry Service to formulate a solution to this problem. This insect is destroying resources of vital use to us all, and unless its spread is checked and some method is devised for the utilization of those trees already damaged beyond saving, those resources will be irretrievably lost.

SUPPLEMENTAL APPROPRIATIONS ACTION COMMENDED BY SENATOR RANDOLPH

Mr. RANDOLPH. Mr. President, I commend the able chairman of the Labor-HEW Appropriations Subcommittee, Senator MAGNUSON. He and our colleagues, the members of that subcommittee, have a most demanding task: they must pass judgment on all of the programs in the Department of Health, Education, and Welfare. We all know that these programs touch the lives of the majority of American citizens, and in particular our children. Chairman MCCLELLAN, of the parent committee, has given his reasoned leadership in meeting this need.

As a member of the Labor and Public Welfare Committee which provided the authorizing legislation for much of what is contained in the supplemental before us today and in my more specific capacity as chairman of the Subcommittee on the Handicapped, I comment briefly on the question of the appropriation figure in this supplemental for the grants to the State program for the education of handicapped children—Public Law 93-380, title VI, part B, section 611(a).

My colleagues will recall that the basic State grant program for handicapped children was altered significantly in the recent Education Amendments of 1974—Public Law 93-380. An entitlement was created for every State based on the number of all children aged 3-21 times $8.75. At appropriation at full entitlement, we would have had a massive increase in this program, from current appropriations, fiscal year 1974, of $47.5 million to approximately $660 million. Senator MATHIAS was the primary sponsor of this new entitlement, and I was active in support of his amendment.

We had good reason for moving to this "second generation" of Federal support for the education of handicapped children, not the least startling fact that roughly 50 percent of these children are not receiving an appropriate public education. Moreover, this amendment was intended to be a practical response to the concurrent impact of an increasing number of mandatory laws in the States, coupled with an increasing number of court decrees ordering the end of exclusion of these children from our educational systems.

The Senate Appropriations Committee has provided an entitlement with an appropriation recommendation of $125 million for fiscal 1975. The House has been less responsive, appropriating for the same periods at a level of $85 million.

Now I realize that both figures represent a substantial increase over current appropriations. I fully appreciate the extremely problematical situation with which our colleagues on the Appropriations Committee find themselves faced in a year which is one of the most perilous in the economic history of the Republic.

But I observe that this figure does not even represent one-third of the authorized entitlement. While I applaud my colleagues for having met a need, nonetheless, I call attention that in this program we are not talking primarily about better services, or more books, or better teachers, or better equipment. Rather, we are talking about funding a program aimed directly at beginning the difficult task of ending the outright exclusion of children in our Nation from any meaningful education whatsoever. You will recall that the Mathias amendment mandates a priority in the use of funds allocated under its aegis for meeting the educational needs of children as yet unserved.

I conclude my strongest hope that our colleagues who will act as conferees on this legislation will work diligently to maintain the much more satisfactory figure of $125 million recommended by the Senate Appropriations Committee. The House figure, and in fact anything between the House and Senate figures would in this instance fail to meet a minimum of the commitment agreed to by both Houses in the authorizing vehicle. Finally, a very important fact—I call to your attention that funding for this amendment is for 1 year only.

Mr. CRANSTON. Mr. President, I am gratified that the Appropriations Committee has included $10 million in the bill as reported for support of grants under subchapters II, III, and IV of chapter 82, of title 38, for support of health care personnel training programs in institutions affiliated with Veterans' Administration hospitals. I had written to the distinguished Senator from Wisconsin (Mr. PROXMIRE), chairman of the subcommittee having jurisdiction over appropriations for the Veterans' Administration, urging that $30 million be appropriated in the supplemental, and I ask unanimous consent that my letter to Senator PROXMIRE be included in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., September 30, 1974.
Hon. WILLIAM PROXMIRE,
Chairman, Subcommittee on Housing and Urban Development, Space, Science, Veterans, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: You will recall that at the time the fiscal year 1975 appropriations for the Veterans Administration were under consideration in your Subcommittee, there was discussion of the question of additional appropriations for grants under subchapters II, III, and IV of chapter 82, added to title 38 by P.L. 92–541, the Veterans Administration Medical School Assistance and Health Manpower Training Act of 1972. I had submitted to you on April 24, 1974, testimony, urging full funding in FY 1975, for this purpose.

It was the Subcommittee's view at that time that no additional funds were needed in fiscal year 1975 to carry out the programs authorized by that law.

However, the Committee Report made clear that if additional funding should be justified at the time of a supplemental appropriations act it would give consideration to providing funds at that time. That report stated:

> The Committee is aware that a zero appropriation for fiscal year 1975 will limit the ability of the Veterans Administration to make new grants under subchapters II, III and IV of chapter 82 which was added to title 38 by that Public Law. Nonetheless, the Committee will certainly be following the application process in connection with such new first-year grants and would give consideration to providing funds in a supplemental appropriations act if the need can be justified by those applications.

I believe there is full documentation of the need for an appropriation for support of programs under subchapters II, III, and IV at this time.

There is at this moment a deficit of $918,546 to meet existing commitments of subchapters II, III, and IV awards approved in June. This is because $9,717,588 is required to meet second-year continuation commitments for the grants awarded to date ($8,801,873 already obligated)—totalling $18,519,461—and $2,399,085 is required to meet commitments for 18 additional grants already approved, committed, and scheduled for award in FY 1975.

In addition, as of September, the Veterans Administration has received 101 new applications for grant support under these subchapters totalling $30.1 million in first-year costs. Based on past experience, fifty percent of these grant applications will be of superior quality and will merit approval. It is expected that additional grant applications for the March 1 deadline will be even greater than those submitted for the September 1 deadline.

I believe these figures justify an appropriation of $30 million for subchapters II, III, and IV of chapter 82 of title 38—which the House had included in the FY 1975 appropriations bill—and urge your Committee to approve that amount.

With very best wishes.

Sincerely,

ALAN CRANSTON,
Chairman, Subcommittee on Health and Hospitals.

Mr. CRANSTON. Mr. President, I am very grateful to the Senator from Wisconsin and especially to the Senator from Maryland (Mr. MATHIAS), the ranking minority member of the appropriations subcommittee, for their very sympathetic consideration of the justification I submitted to them in this letter.

Mr. President, that letter sets forth the justification for an appropriation to support health manpower training programs authorized by Public Law 92–541, the Veterans' Administration Medical School Assistance and Health Manpower Training Act of 1972, which I authored in the Senate. The $10 million in the supplemental will meet the most urgent needs for this program, but I believe will be insufficient to fund the meritorious applications which have already been received, and the meritorious applications expected next spring. At that time if there is justification, as I expect there will be, for an additional appropriation, I would like to ask the distinguished chairman of the subcommitee (Mr. PROXMIRE) and the ranking minority member (Mr. MATHIAS) if they would then consider sympathetically additional funding in the next supplemental?

Mr. PROXMIRE. I certainly will, if an estimate is forthcoming from the administration.

The committee report directs the administration to request the additional funds in either the second supplemental or in the regular budget for fiscal year 1976. And I will certainly urge the administration to request these additional funds in the second supplemental.

Mr. McCLELLAN. Mr. President, I yield to the distinguished Senator from Nebraska.

The PRESIDING OFICER. The Senator from Nebraska.

Mr. HRUSKA. Mr. President, I want first of all to compliment the staff of the Committee on Appropriations for its speedy and professional effort to have this supplemental bill ready for our consideration today. It took some burning of midnight oil to do it, but they did it. Needless to say, the chairman and the chairmen of the subcommittees have labored hard in order to have this bill ready.

Mr. President, in recommending this new obligational authority of $8.6 billion, the committee exceeds the budget estimates, as amended and submitted by the President, by approximately $386 million. Naturally, the committee is concerned by this excess. However, as pointed out by the chairman of the Appropriations Committee, the main area of the funds recommended by the committee in this bill lies in the programs for health, education, and welfare, and community development. In most cases the funding for these programs was deferred in the regular appropriations bills due to a lack of legislative authorization. Hence, to that extent, they do not represent true supplemental appropriations, but, rather, they are a part of the regular appropriations process.

In regard to the bulk of the bill, therefore, I will defer to my colleague, the distinguished Senator from New Hampshire, to carry on with the chairman of the Subcommittee on Health, Education, and Welfare, the Senator from Washington, who will present such comments and discussion as may be in order.

Mr. President, if we are to meet the goal set by the President the other day in his message to the joint session of Congress, of a $300 billion ceiling for Federal outlays for this fiscal year, we will have many hard decisions to make when we return from recess on various appropriation bills that will be before us at that time. Through such decisions and through judicious action on various budget rescissions and deferrals that will be submitted to us by the President, we can meet that goal and contribute meaningfully to the fight against inflation.

In the housing area the committee recommends $2,135 billion. This will provide sorely needed funds for the depressed housing industry. We cannot ignore the growing difficulties faced by this sector of our economy nor the importance of reasonably priced housing for the well-being of our society.

Funds are also provided in the bill for various programs of the Atomic Energy Commission, for the needs of the legislative branch, the State, Justice, Commerce, and Judiciary, the Department of Transportation and various related agencies and for claims and judgments against the United States.

Of primary concern to many Americans is funding for the transitional expenses of the former President of the United States. The House passed a total funding level for Presidential transition expenses and for allowances and office staff for former Presidents of $200,000. The committee recommends the Senate concur in this action. The $200,000 level will insure that the former President receives what is allowed him under the law as well as funds to operate his staff.

President Ford, in his recent speech to the Congress, called for a $300 billion ceiling on Federal outlays for fiscal year 1975. I believe that is a reasonable goal that we can attain, even though the committee recommendation on this supplemental is in excess of the budget estimates. However, if we are to meet the goal set by the President, and which I endorse, we will have to make many hard decisions when we return from recess on various appropriations bills that will be before us at that time. Through such decisions and through judicious action on various budget recessions and deferrals that will be submitted to us by the President, we can meet that goal and contribute meaningfully to the fight against inflation.

Mr. HUGH SCOTT. Would the distinguished Senator yield 3 minutes to me?

Mr. HRUSKA. I will be happy to, at the conclusion of which I yield the floor.

Mr. HUGH SCOTT. The bill as reported to the Senator is over the estimates by $385,601,500. This is not unusual in the history of appropriation bills in the sense that so many of them do come in higher than the original estimates considered, and often higher than the original estimates considered by both bodies.

This morning my friend and distinguished majority leader, (Mr. MANSFIELD) advised us that he has today addressed a letter to his democratic colleagues urging the adoption of their own agenda. I would like to review these items one by one, but very briefly, at this time.

First, a budget policy. Strong legislation has already passed and been signed by the President. The President has asked for a budget ceiling but has been met by continued resistance by Members of the other party in the other body.

Mr. MANSFIELD. Would the Senator yield there?

Mr. HUGH SCOTT. Yes.

Mr. MANSFIELD. The Senator is aware of the fact that this party passed that kind of a ceiling, and below, four times.

Mr. HUGH SCOTT. That is entirely correct. The distinguished majority leader and I were discussing this only yesterday and again today. In our effort to agree on a fixed budget ceiling of $300 billion, we did make reference to the fact that budget ceilings of anywhere from $295 billion down to earlier proposed ceilings of $229 billion have indeed been sent to the other body and have not been acted upon over there. That is why I said they had met with continued resistance in the other body.

Second, a wage-price-profit policy. Business, labor, and many consumers oppose such controls because, in their judgment, they create shortages. A Congress which is controlled by the other party has refused to grant any such powers.

Mr. MANSFIELD. Mr. President, will the Senator yield there?

Mr. HUGH SCOTT. I am glad to yield.

Mr. MANSFIELD. The Senator is correct. Business, the big corporations, organized labor, and, on the basis of votes over the past several months, a majority of Members in both Houses of Congress. But I think that perhaps the people would be interested in comparison to the vested interests in having something to say, and having us do something about wage and prices controls which are getting out of control. Wages, I must admit in all candor, are lagging behind prices. But productivity is lagging behind both. I venture to hazard to guess that the day is not too distant, if this 12 to 14 percent inflation continues, if it is not brought under control, that we will have to face up to the question of wage-price-profit-rent controls. Not now, but in the future.

Mr. HUGH SCOTT. I do thank the distinguished majority leader. There is no question that productivity is lagging behind the wage and price levels, and that it needs to be considerably increased as a means of combating inflation. The distinguished majority leader is the Casa Bianca of the wage and price control policies in that he stands almost alone upon that burning deck. As he has often mentioned himself, he has moved against the general sentiment, which is a matter of courage and of his usual credibility.

Mr. RANDOLPH. Will my able colleague yield?

Mr. HUGH SCOTT. I am glad to yield. I am delighted to see so many people interested in this matter.

Mr. RANDOLPH. I am appreciative of the deserved commendation of the majority leader. I wish to say that since January of this year I have publicly advocated that we have wage, price, rent, and profit controls.

Mr. HUGH SCOTT. I am delighted that the distinguished Senator from West Virginia has also demonstrated courage and that he joins the distinguished majority leader on the burning deck. Now we have two Casa Biancas.

Does the junior Senator from West Virginia wish also to join them in spite of the presence everywhere of so many would-be fire extinguishers?

Mr. ROBERT C. BYRD. Mr. President, I want to take note of the fact that there are a good many people standing with the distinguished majority leader on the burning deck.

Mr. HUGH SCOTT. The distinguished majority leader has made a very interesting contribution. However, the distinguished majority leader has pointed out that the votes taken in this and the other body do not indicate that Congress is really raring to enact wage and price controls. A similar enthusiasm for nonaction seems to prevail for the time being regarding tax increases.

Mr. MAGNUSON. Will the Senator yield?

Mr. HUGH SCOTT. If the Senator is going to come out for tax increase, I would be delighted.

Mr. MAGNUSON. We had a vote on wage and price controls in the Senate. I do not remember the exact date. We lost by three votes.

I would ask unanimous consent that the list of those who voted for it be placed in the RECORD at this point, even if their feet get burned.

Mr. HUGH SCOTT. Would the distinguished Senator make his motion that it occur at the end of my remarks rather than an attempt, or futile attempt, at immediate rebuttal?

Mr. MAGNUSON. I would rather have some 46 of us come charging in later.

Mr. MANSFIELD. Will the Senator yield further?

Mr. HUGH SCOTT. I yield.

Mr. MANSFIELD. I would be willing to vote for increased taxes. I think that the President's surcharge proposals have a good deal of merit to them, provided the figure is raised from $7,500 to $15,000, and the figure of $15,000 is raised to, say, $25,000, or perhaps a little bit more. But at the same time that there be a well-coordinated attack on inflation. Standing alone, it will do no good. If we will observe some of the other tenets, which we must, in my opinion, to combat inflation and to dampen inflation, yes, I would be glad to give every consideration to such a proposal on the basis I have outlined.

Mr. HUGH SCOTT. I have often observed during my service here that the members of my party are totally unable to outbid the opposition, because whatever figure I suggest will immediately be not one-upped but two-upped, or even seven-upped on the other side. This is refreshing and spritely.

[Laughter.]

I often wonder what they gain by this other than the fact that we have been sort of charged up.

Mr. ROBERT C. BYRD. It is the pause that refreshes.

[Laughter.]

Mr. MANSFIELD. If the Senator keep this up, we will work out an economi program that both the administratio and Congress will accept and perhaps t which the people will pay some attentior

Mr. HUGH SCOTT. Perhaps they wil The point I am seeking to make here i that Congress really does not have an appetite for wage and price controls. This i in rather sharp contrast to our appetit for conversation.

[Laughter.]

However, when I spoke of being one-u and seven-up, I had in mind that I ha already said publicly, yesterday, that think the benefits to low-income taxpayers should really be in the brackets c $20,000 for married persons and $10,00 for individuals. The distinguished majority leader has increased that proposal. A I have said, if we were in favor of a million dollar over here, somebody over ther would immediately be in favor of $4 million and then complain about how th inflation is running wild in the countr

Mr. MANSFIELD. The Senator is goo at one-upmanship, himself. In othe words, he anticipated me. But I an afraid that the distinguished Republica leader doth protest too much about wage, price, profit, and rent contro policy.

Mr. HUGH SCOTT. Having beate that dead horse, I move to No. 3, an ease monetary policy, which is certainly lofty goal, but, as of now, far beyond th reach of Democratic legislative proposals I suggest that our Democratic friends i Congress should mobilize proposals t increase capital, as proposed by th President. I congratulate them in havin joined in the support of the Brooke an Cranston bill which we have just passed which is a step in the right direction.

I will await with interest further proposals to increase the flow and the velocity of capital.

Mr. MANSFIELD. I have only tw words in reply to the third item: Arthu Burns.

[Laughter.]

Mr. HUGH SCOTT. I have spoken o the burning deck, and we are speakin of Arthur Burns. If the distinguishe majority leader wants me to join him i expressing a desire that the Federa Reserve Board consider selectively a further release of capital availability, would suggest that that also is a goo idea. But I do not think that openin the floodgates of the Federal Reserve wil do anything more than increase inflation, as against a selective easing of thei policies.

Mr. MAGNUSON. What about hig interest rates?

Mr. HUGH SCOTT. I would be glad t receive any suggestions from the distinguished Senator from Washington as t decreasing high interest rates. Perhap the abolition of subsidies which the Senator has continuously favored during hi career, and in which, I regret to say, have often joined him, would indeed hel to reduce the high interest rates.

Mr. MAGNUSON. If I had my way, would make any charge of interest mor than 11 percent usury.

Mr. HUGH SCOTT. This is being considered in various State legislatures a the present time.

Mr. MAGNUSON. In my State, it is ow 12 percent.

Mr. HUGH SCOTT. The distinguished Senator certainly has a point. I am only soliciting constructive legislative proposals. I am welcoming my friend in the majority, that he who is not without sin should be the first one to cast the stone. We are all with sin.

I again comment that in 40 of the last 4 years, the majority has controlled the pending policies of the Federal Government through its control of the purse.

I am merely trying to help you to make up your minds, during this 31-day period, when you will go back to the people from which we spring—and sometimes with alarm at their reactions—and see if they are not ahead of us. I think they want us o be more drastic and to ask them for more sacrifices and to enact more legislation to meet this problem.

Fourth. A tax policy: Preelection philosophy tells us to oppose increased taxes, and indeed we could, if the majority would control excessive spending through he enactment of and adherence to a udget ceiling. The President favors tax reform, and here I think that my friends across the aisle in Congress have dropped he ball.

Five——

Mr. MANSFIELD. Just a moment.

Mr. HUGH SCOTT. I forgot. I should be prepared to yield at each point.

Mr. MANSFIELD. We have not had he chance to drop the ball over here, because the Senator knows that tax legislation originates in the House, and we have been awaiting a tax bill, which has not developed.

As to the budget ceiling, I repeat that his body four times has adopted resolutions calling for a budget ceiling of $295 o $300 billion.

So far as the President favoring tax reform is concerned, we do, too. We will help him.

Mr. HUGH SCOTT. I thank the distinguished majority leader. I must say hat I agree that we do have to defer until the other body enacts tax legislation. But my point has been that for 40 ears the other body has been enacting ax legislation, and we could still use a little reform, and we could have used some during those periods.

We could have used reform when we were paying for the Vietnam war on the uff, and we could use new ideas in how we deal with the actions of the Arab nations in quadrupling the price of fuel.

Fifth. Shortages and supplies policy: The President has already signed into law a bill creating a commission to make recommendations regarding shortages. It is hoped that the Democratic majority in Congress will heed those recommendations to increase supplies and to lower prices.

I yield again.

Mr. MANSFIELD. We will.

Mr. HUGH SCOTT. I am delighted. I expect to hold the distinguished majority leader to his promise, because we will be back here November 12. As we leave at Christmas or New Year's Eve, or whenever we drag our feet, with some misgivings, toward home and toward an accounting, we will then balance the books and ascertain whether or not the majority has indeed complied.

Sixth. An employment policy: In the short run, the President has a workable plan for public service employment. In the long run, the Democrats in Congress must, it seems to me, along with the Republicans, support legislation to ease pressures on the job market—for example, such as increased aid to housing.

I yield to the distinguished majority leader before he asks me.

Mr. MANSFIELD. I want to assure the distinguished Republican leader that the Senate—and Congress, I hope, but certainly the Senate—will be glad to work in cooperation with the President to achieve the goals which the leader has laid out.

Mr. HUGH SCOTT. I thank the distinguished majority leader. This is really a good policy and may have to be extended, but it should provide at least 170,000 new jobs, at a cost of $1.2 billion, with increased productivity, by putting people to work in the coming fiscal year, and $2.1 billion, I believe, in the following fiscal year. It should be primarily directed, and I believe it will be, toward our great problem of unemployment of young people, the teenagers, and those who are hardest hit, since the head-of-household unemployment figure is very low. We regret that there are any unemployed. But the greatest unemployment is among the young.

Seventh. International economic policies: A trade bill has been awaiting action for several years. If enacted, it would revitalize trade between the United States and all countries in the world. Democrats in Congress should work out a fair agreement with the President and with Republicans promptly to assure continued production here for export markets.

I yield to the distinguished majority leader.

Mr. MANSFIELD. I agree completely.

Mr. HUGH SCOTT. I thank the distinguished majority leader.

I point out, as the distinguished majority leader has in the past and as I have, that the President cannot control inflation alone. He needs and wants congressional help. Since our friends in the other party control Congress, it does seem to me that it is really up to them here to adopt the President's proposals or to come up with workable and mutually acceptable proposals of their own, or to work out with those on our side a suitable mix whereby we can whip this monster who steals from the pockets of those who can least afford it—this pervasive monster of inflation.

We cannot simply come back on November 12 and stand around and do nothing. We cannot come back and excuse ourselves for doing nothing by blaming the other party. We have to work together.

But I do want the people of this country to remember that for 40 out of 44 years, they have elected the Democratic Party to save them from these enemies, and I hope the party will stand up to its responsibilities. As they call themselves the party of the people, they must protect the people's interest in the people's purse. We will not save a penny by standing on the dime.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUGH SCOTT. I am glad to yield.

Mr. MANSFIELD. First, I commend the distinguished Republican leader for the moderation he has shown.

I would point out, further, that he should not point the finger at the Democrats as to what we should do, because it is my opinion that what Congress will do collectively will bring either credit or blame to both parties together. So I think that we ought to work together, work with the President. I think there is a good working relationship in evidence at the present time. I hope it increases with the passage of time.

I thank the distinguished Republican leader for taking the time to bring out his feelings on these subjects at this time.

Mr. HUGH SCOTT. I thank the distinguished majority leader. I think we all agree that he is the fairest man we know.

Mr. PASTORE. And a Democrat, at that.

Mr. HUGH SCOTT. He is more than a Democrat. He is a very good American, and I want to be able to say that about all my colleagues on the other side of the aisle, and I am sure I can. But I also hope they will be free to say it about us, because we are in the same country, we are in the same boat, and we are in a hell of a mess.

Mr. PASTORE. That is right. The boat is rocking.

Mr. HUGH SCOTT. Not my boat—your boat.

Mr. PASTORE. Your boat.

Mr. HUGH SCOTT. I hope the Senator from Rhode Island will get off his partisan bias here and stand somewhere in the middle of this boat.

[Laughter.]

Mr. PASTORE. The Senator from Rhode Island is never biased. He is the friendliest man on the floor of the Senate.

Mr. HUGH SCOTT. I do not have anything but the utmost affection for him.

Mr. PASTORE. I tell the, Senator frankly, that it is like everything else: The mountain has labored and labored and brought forth a mouse.

Mr. HUGH SCOTT. For 40 years out of 44; the Senator is right.

Mr. McCLELLAN. Mr. President, I yield to the Senator from Wisconsin.

Mr. PROXMIRE. I thank the Senator.

Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the supplemental appropriations bill.

Mr. PROXMIRE. Mr. President, I wish to speak briefly on chapter 1 of the bill. That chapter contains items for the Department of Housing and Urban Development, the National Science Foundation, and the Veterans' Administration, the committee recommends appropriations totaling $2,145 million, which is $34,625,000 below the estimate and the sum recommended by the House.

For the community development programs of the Department of Housing and

Urban Development, the committee recommends an appropriation of $2,135 million, which is $44,625,000 below the budget estimate and the sum allowed by the House. The committee reduction of $44,625,000 includes the disallowance of $4,625,000, which in effect, if allowed, would have been a restoration of the amount of funds that were reduced in the regular bill for the urban renewal and Model Cities programs. Of the $50 million requested for urgent community development needs, pursuant to section 103(b) of the Housing and Community Development Act of 1974, the committee has allowed $10 million. The $40 million disallowed by the committee has been done so, without prejudice. The committee expects to consider further funding of the Secretary's special transitional fund in a later supplemental after the Secretary of the Department has developed criteria for the distribution of the funds made available under section 103(b).

The committee has also included a proviso under the community development item, which in effect, compels the Secretary of the Department to obligate all budget authority provided by law to carry out the provisions of section 202 of the Housing Act of 1959, sections 235 and 236 of the National Housing Act and the provisions of the U.S. Housing Act of 1937, relating to low-income housing projects owned by public housing agencies.

For housing for the elderly or handicapped, the committee has concurred with the House and has included language to meet the requirements of the Housing and Community Development Act of 1974. In addition, the committee has established a limitation on aggregate loan authority for fiscal year 1975 of $200 million over and above the amount currently available in the housing for the elderly or handicapped, which is estimated at $115 million as recommended by the House.

For the National Science Foundation, the committee concurred with the House and provided the Director of the National Science Foundation with authority to transfer up to $5 million to either the Secretary of the Department of Housing and Urban Development or the Administrator of the National Aeronautical and Space Administration, in order to commence the implementation of the Solar Heating and Cooling Demonstration Act of 1974.

Also provided in chapter I is $10 million for assistance to health manpower training institutions of the Veterans' Administration. The committee learned, as of the current date, there was a deficit of almost $1 million to meet existing commitments under subchapters II, III, and IV of Public Law 92-541. Further, the committee was advised that through September of this year, the Veterans' Administration had received 101 applications for grants supported under these subchapters, totaling $30,100,000 in first year costs. The committee allowance was made available so that the backlog may be reduced and funding be provided for the more urgent applications that presently are on hand.

I thank the distinguished chairman of the committee.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill, as thus amended, be regarded, for the purpose of amendment, as original text, with the proviso that no point of order shall be considered to have been waived by reason of agreeing to this request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, will the Senator yield to the Senator from Maryland? I think he wishes to complement what I said.

Mr. McCLELLAN. Very well, I yield to the distinguished Senator from Maryland (Mr. MATHIAS).

Mr. MATHIAS. Mr. President, I thank the Senator from Arkansas.

Mr. President, the able chairman of the Subcommittee on Housing and Urban Development, Senator PROXMIRE, has presented the case for the committee action under title I of this bill. I would just like to make a few comments on this section.

While I am pleased that we have almost completely funded the new community planning and development programs, which is designed to start up this coming January 1, I was disappointed that we did not fully fund the $50 million requested for the special transition fund. We have agreed in committee, however, to allow $10 million and the report accompanying the bill gives assurance that further funding will be considered at the soonest possible time after the Secretary of Housing and Urban Development has fully developed his plans for distribution of these funds.

Perhaps the most dynamic action taken by the committee in this section of the bill is the proviso tying the release of previously appropriated funds and authority under sections 235, 236, and 202 of the Housing Act concurrently with the providing of funds as established in the bill for the community development program. These programs have come to a standstill, by executive action. I believe, Mr. President, that in view of the general housing situation today and in particular of the inadequacy and, in fact, nonexistence of sufficient housing for low-income people throughout the land, that it is important to move forward with these established programs even while we commence new housing and community programs under the new legislation.

Let me just cite a few statistics:

The release of the approximately $115 million in previously appropriated 202 funds will provide about 6,000 housing units for the elderly or handicapped. The release of the approximately $262.7 million remaining unobligated under section 235 will provide for about 206,000 new units. Finally approximately $181 million remains unobligated under section 236 and this would provide for about 121,200 units. I believe, Mr. President, that we have got to instill momentum into our housing programs which have virtually come to a standstill.

I was particularly pleased that my amendment providing $200 million in new loan authority under the new section 202 was approved by the committee Under the new law this funding does not appear in the U.S. budget but represents authority to borrow at current Treasury rates and to lend at the same rate, plus administrative expenses. This new authority will provide 10,000 additional units for housing for the elderly or handicapped.

Finally, I would direct the attention of Senators to page 9 of the committee report which sets out our reasons for including $10 million for assistance for health manpower training institutions under the Veterans' Administration. This program has received no new funding since it was originally funded by appropriations in fiscal year 1973 and the applications are piling up.

Again, I was pleased to offer an amendment for new funds for this program even though the committee did not accept the larger figure that I had proposed.

During the Senate debate on H.R. 69 the Education Amendments of 1974, I offered an amendment which had the primary goal of providing critically needed financial assistance to States for the education of handicapped children, thereby enabling States to identify, locate, evaluate, as well as establish realistic and meaningful goals and timetables for providing full training and educational opportunities for all handicapped children particularly those presently excluded from schools. My amendment was accepted by the Senate, as well as the conference committee, and was thus included in the final version of H.R. 6 which the President signed into law on August 1, 1974 (Public Law 93-380).

I was distressed that the administration's supplemental budget request did not contain any funds for the State grant program for the education of the handicapped as contained in the Education Amendments of 1974 beyond the $47. million appropriation of last year. However, while I regret that this figure was only increased to $85 million on the floor of the floor of the House, and $125 million, as recommended by the Senate Appropriations Committee, I am confident that we have at least taken a first step by almost tripling the amount of money that will be available during fiscal year 1975 as compared to that which was available during fiscal year 1974. I am hopeful that this upward trend will continue in the years ahead in order that we might help to bring about the necessary reforms and improvements in the educational system with regards to handicapped children.

I hope that the Senate will support the recommendations of the committee in these particulars.

Mr. DOMENICI. Mr. President, I have a question of the Senator from Wisconson on title 1. I was sitting in the Chair at the time, and could not ask it. If the Senator will permit me, I would like to ask it now.

Mr. HUMPHREY. Mr. President, in view of those conditions, I ask unani mous consent to accommodate the Senator from New Mexico.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I ask unanimous consent, Mr. President, that our dialog precede Senator HUMPHREY's obtaining the floor, so that it will be a part of the discussion relative to title 1, chapter 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I am now looking at line 13 on page 2. The bill talks about, just above that, an appropriation of $2.125 billion, and then it says:

> *Provided*, That upon the date funds become available for obligation under said title, there shall be transferred to and merged with appropriations and authority provided under this head, the uncommitted balances of funds provided for fiscal year 1975 for "Urban Renewal Programs" and "Model Cities Programs".

I would like to ask the distinguished Senator from Wisconsin this question: As I understand it, when we passed the community development bill, which was a new authorizing bill, we included in it the new program called community development, but that same bill continued model cities and urban renewal as they previously existed, and by definition, in each instance continued them for some period of time, but stated an authorization figure substantially less than when model cities was funded before.

What I am concerned about is whether we appropriate separate funds for the continuation of model cities and urban renewal, or are we now saying that this $2.125 billion, plus whatever unspent model cities and urban renewal funds are left, are merged together under the new Community Development Act, and if so, how are we to distribute them as between the community development functions in that bill and model cities and urban renewal?

Mr. PROXMIRE. May I say that the bill that was passed in August, the housing bill, provided for the community development funding. I conceive that urban renewal and model cities and a number of other programs would proceed in the future at the discretion of the cities. They would have to get the approval of an overall program, but they would take the initiative and decide how those funds would be spent.

However, we included in the bill passed earlier, the appropriation bill passed earlier, substantial money for urban renewal and model cities. In fact, for transition funds we provided $197 million for urban renewal and $123 million for model cities.

What we are providing here and when we did that, those of us, that was allocated to particular cities. We are providing here that those funds which go to a particular city will be deducted from the amount of community development money which those cities get so that they will be held harmless for the overall amount they receive. But they are not going to get duplicate funding. In other words, the amount they receive for model cities will be counted only once, and urban renewal in the same way.

Mr. DOMENICI. Let me ask in order to get it straight, and I apologize to the distinguished Senator, but I think it is a very important issue, just one more question: Do I understand the Senator to be saying then we have already funded to some extent urban renewal and model cities as they have been referred to in the new Community Development Act and as they have been continued therein? If that is correct, I have no problem with this language.

Mr. PROXMIRE. The Senator is correct. We funded them in the regular 1975 appropriation bill. The supplemental is simply to make sure there is no duplication here and that they are equitably and fairly allocated.

Mr. DOMENICI. And really funds the Community Development portion in the new bill.

Mr. PROXMIRE. That is correct.

Mr. DOMENICI. I thank the Senator; and I thank the distinguished Senator for yielding.

Mr. HUMPHREY. Mr. President, I send to the desk an amendment in behalf of the distinguished Senator from New York (Mr. JAVITS) and myself, and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

> On page 5, between lines 10 and 11, insert the following:
>
> "For an additional amount for carrying out the Comprehensive Employment and Training Act of 1973, $500,000,000 of which $400,000,000 shall be allocated under title I to provide public service employment as described in section 101(11) of such Act, and $100,000,000 shall be allocated under title II of such Act."

Mr. HUMPHREY. Mr. President, I ask unanimous consent that two staff members, Mr. Scales and Mr. Sidney Johnson, of the Committee on Labor and Public Welfare, be permitted the privilege of the floor.

The PRESIDING OFFICER (Mr. BELL). Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, unemployment is up 25 percent in the last 12 months. The number unemployed rose a frightening 400,000 in September. The 5.8 national unemployment rate is rapidly approaching 6 percent, which many experts feel it will reach by Christmastime.

Mr. President, 5.4 million Americans are out knocking on doors seeking employment with no success, and the number grows daily.

I believe that we must at least take a modest step to provide jobs now. Those out of work, and their families, cannot wait until a new authorization and appropriations process is completed. We cannot wait until the spring of 1975 to provide at least a minimum level of new public service jobs.

Some may suggest that our $500 million proposed to add 71,000 public employment opportunities may be "gilding the lily." I remind you that this is the exact level proposed by the President to Congress 2 days ago. I ask you, Has the President ever been accused of "lily gilding?"—certainly not. The point is that these jobs will help 71,000 families this winter, when the help will be most needed.

Some may argue that the added $500 million would be inflationary. I ask you, is it more inflationary to spend nearly the same amount of money to take care of these families on welfare? Obviously, our economy is much better off if we can put at least a small portion of the unemployed to useful public work.

I think the people of the country are tired of empty promises. And, that is exactly what the President's public employment proposal will be, at least until next spring, unless we act right now—today.

All of the available public service job funding will only provide about 160,000 jobs this winter and this will go down to about 130,000 jobs next spring—when unemployment is expected to be going in the opposite direction. Our proposal will add 71,000 jobs immediately, 14,000 of which will go directly to areas with unemployment rates of 6.5 percent or worse.

To put this proposal in perspective, I would point out that the 71,000 jobs we propose to offer account for less than 20 percent of the jobs lost in four short weeks in September. Mr. President, this is a minimal proposal.

In conclusion, I would like to note that I discussed the urgent need for an expanded public service employment program with Dr. Arthur Burns as he testified before the Joint Economic Committee this morning. I specifically asked him if he could support an immediate addition to the Nation's public service job program of about $500 million: an addition that would result in the creation of jobs now.

Mr. President, I am pleased to report that Dr. Burns, Chairman of the Federal Reserve Board, fully endorsed the immediate funding of such a public service jobs program. No one in this country is more concerned about inflation and our economy than Dr. Burns. Given his endorsement of the Humphrey-Javits proposal. I feel that every Senator can be assured of the responsible and prudent nature of the measure before us.

Mr. President, I urge all of my colleagues to join me in passing this modest, but urgently needed, response to the cry of despair from the rapidly growing legions of the unemployed.

Mr. President, without losing my right to the floor, I ask unanimous consent to yield to the Senator from Rhode Island.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. I thank my colleague from Minnesota.

Mr. President, I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

> On page 11, line 7, strike all after "and." through the comma on line 8.

Mr. PELL. Mr. President, this amendment strikes the phrase, "without regard to section 401(b)(2)(A)(ii)," of the Elementary and Secondary Education Act found on page 11 lines 7 and 8. The section that the Committee on Appropriations seeks to make inoperative is a condition on the consolidation of education programs contained in the Education Amendments of 1974.

The whole concept of consolidation is one with which the committee wrestled for over 2 years, in subcommittee, full committee, and in conference. The final compromise was an acceptance of consolidation only if the funds to be used under the consolidated programs were in excess of the previous year's level for the consolidated programs themselves. In other words, we sought to make sure that the concept of consolidation was not used as a budget-cutting mechanism. By putting in this phrase on page 11, lines 7 and 8, the Appropriations Committee appears to have negated the total compromise of the conference and would allow this administration to use consolidation to cut the Federal budget on education.

This amendment would have no effect on the size of the appropriation. It merely would negate the insertion of legislative language in an appropriation bill, and I understand it is acceptable to the managers of the bill.

Mr. McCLELLAN. Mr. President, is there another amendment pending? If so, we ought to set it aside temporarily for the consideration of this amendment.

Mr. HUMPHREY. I have obtained unanimous consent to do that.

Mr. McCLELLAN. The Senator has?

The PRESIDING OFFICER. Unanimous consent had been granted.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. MAGNUSON. We have looked this amendment over. It does not add to the cost of the bill at all, and I think it does correct some language which probably is inadvertently in the bill.

Mr. McCLELLAN. I thank the Senator very much, and move the question.

The PRESIDING OFFICER (Mr. BEALL). The question is on agreeing to the amendment of the Senator from Rhode Island (Mr. PELL).

Mr. HUMPHREY. Mr. President, I ask unanimous consent that I may yield to the distinguished junior Senator from South Dakota (Mr. ABOUREZK) for the purpose of offering an amendment without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK. Mr. President, I call up an amendment which I have at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK's amendment is as follows:

On page 19, line 19, beginning with "following", strike out all through page 20, line 3, and insert in lieu thereof the following: "following the entry of a final order by the United States District Court for the District of Nevada in the case designated as "Truckee-Carson Irrigation Dirstict v. Secretary of the Interior", Civil Action No. R–74–34, BRT, filed March 18, 1974, now pending in said court, determining that the Secretary may assume control of the Newlands Reclamation Project, Nevada, may utilize not to exceed $1,000,000 of the funds appropriated under such head for the operation of the Newlands Reclamation Project, Nevada."

Mr. ABOUREZK. Mr. President, very briefly, this amendment has been discussed with the Senator from Nevada (Mr. BIBLE), with the Senator from Mississippi (Mr. STENNIS), who is chairman of the particular subcommittee, and with the Senator from Arkansas (Mr. McCLELLAN), the chairman of the Appropriations Committee.

It merely provides that the funds that were prohibited in the public works appropriation bill earlier this year for the takeover by the Department of the Interior of the Truckee-Carson Irrigation District shall be used following the entry of a final order by the district court of the United States for the district of Nevada.

I want to make clear, for the purposes of legislative history, that such a final order as this amendment designates is to be defined as the final order at the trial court level, and does not include any appeals from the trial court decision.

The reason for trying to clarify this language is that none of us want to wait for an appeal from such an order. The order affects only the takeover decision itself. In the event that the legal action that is pending before the court at this time splits off in one or more orders, we are only talking about the takeover order itself, so that when that is final in the district court, the Department of the Interior can legally use the funds provided for by the previous appropriation bill.

Mr. KENNEDY. Mr. President, will the Senator yield

Mr. ABOUREZK. I am happy to yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I am a cosponsor of the amendment, along with the Senator from California (Mr. TUNNEY). I simply wish to indicate my full support for this proposal.

Earlier this year I participated in a discussion on the floor with the Senator from South Dakota and the Senator from Nevada on the implications of a proviso attached to the conference report on the public works appropriation bill. This proviso would have prohibited use of appropriated funds by the Secretary of the Interior for the operation of the Newlands reclamation project in Nevada. I voiced my concern at that time that this proviso might adversely affect the rights and interests of the Pyramid Lake Indian Tribe.

For decades that tribe has been fighting to preserve its most valuable asset—Pyramid Lake—and to maintain the fishery in the lake. Because of the dereliction of duty and breach of responsibility by the Secretary of the Interior toward the tribe, the lake has been steadily falling for almost 50 years. In January 1972 my Subcommittee on Administrative Practice and Procedure held field hearings on the reservation, inquiring into the practices and procedures of the Interior Department relating to protection of Indian natural resources. Our hearings fully documented the failure of the tribe's trustee, the Secretary of the Interior, to fulfill his legal obligations toward the tribe.

The tribe became so frustrated that it finally filed suit against the Interior Secretary, and in 1972 the district court for the District of Columbia found that the Secretary was in violation of his trust obligation to the tribe and ordered him to issue new regulations and to enforce them for the benefit of the tribe. This order, in *Pyramid Lake Tribe* v. *Morton* (354 F. Supp. 252) led the way to the promulgation of new operating criteria for the Newlands project.

But the irrigation district, TCID, continued a course of "continued and willful violation" of the regulations, according to a letter by the Secretary on September 14, 1973. In this letter, Secretary Morton notified the TCID that its contract to operate the project would terminate and that the Secretary would take over the project and operate it directly. TCID sued Secretary Morton in the Nevada district court challenging this decision to take over the Newlands project.

During our discussion last August the Senator from Nevada indicated that the proviso in the Appropriations Act was intended only to delay the takeover until the Nevada Federal district court had decided that it would be legal. This decision did not require a full adjudication of the water rights of various users of Newlands project water—that is, it did not require a final decision in a second case brought by the United States against TCID and 14,000 others to adjudicate water rights. It only required the go-head from Judge Thompson in the case of TCID versus Morton. And as I understand it, the judge in this case has set December 6 as a projected date on which he will decide on motions of summary judgment, and he may conclude the litigation right then.

As I understand, the committee this week originally considered inserting language in the present supplemental appropriations bill which would have required the Secretary to await a final decision in the takover litigation before he could use the appropriated funds to run the Newlands project. That, of course, would have made the Secretary wait for any appeals, including possible appeal to the Supreme Court, and could have tied things up for years. The committee rejected this route, and I believe wisely so.

But the language inserted by the committee instead provided that the Secretary could use appropriated funds to operate the project, but only "following the final decision" of the court in the takeover case. What troubles me, Mr. President, is that there may be many issues involved in this litigation beside simply the authority of the Secretary to assume operation of the Newlands project. And the more we look to a final district court decision in the entire case, the more of these collateral issues I am sure will be brought in. There may also be appeals before the court's decision could become a "final" one.

By the same token, I am confident—and the Solicitor of the Interior Department has given assurances—that the Secretary will not complete the takeover of the Newlands project until the Federal district judge has said that such action would be lawful. This question, of course, might well be disposed of on summary judgment or by special order which does not require a "final decision" in the entire case. That is why I support the amendment proposed by the Senator from South Dakota, which would make clear that the court order we are talking about is only that specific initial order determining that the Secretary of the Interior may assume control of the Newlands project. If there are other issues in this case, of an ancillary or procedural or other nature, which do not have to be decided before the court decides the question of legality of a governmental takeover, those issues can and should be dealt with without holding up the funds appropriated in this bill.

Mr. President, it appears unlikely that Interior will take over this project even on some temporary or preliminary order by the court which refuses to prohibit such a takeover. I personally believe that the Pyramid Lake Tribe has already waited too long, through too many court actions and too many delaying tactics, to have its rights fully enforced and protected. I would thus prefer to see the Secretary required to take over the project by the end of the year, unless the court prevents it. But I also understand the interests and concerns of the Senator from Nevada that TCID not be deprived of its day in court. Since that day should come within the next couple of months, I join with the Senator from South Dakota in proposing the compromise amendment that allows the Secretary to wait until a district court order in the pending litigation permits the takeover, and I am pleased that the bill's managers are accepting this reasonable approach.

Mr. President, when I visited Pyramid Lake almost 3 years ago I heard the history of the lake from tribal members, and it was a moving history. The lake has religious and symbolic significance for the tribe, as well as an economic value. After seeing the lake I had a chance to address the tribe, and I would like to quote a paragraph from what I said:

> We are talking about values, about values which respect not only nature but also the people who have lived so close to and harmonized with nature for so many generations. The Indian people are not asking for any special advantages. They are not begging for a handout. They are not seeking to take what is not theirs. They are only asking to be made whole, to be given back the beauteous lake that has made their lives so special.

I wanted to repeat this statement here to give perspective to our discussion about court decisions and secretarial orders and other legalisms. We are really talking about a people—the Pyramid Lake Tribe—and their future. And it is the responsibility of Congress to act accordingly.

I commend the Senator from South Dakota and am delighted that the committee is willing to accept our amendment.

Mr. TUNNEY. Mr. President, I strongly support the amendment offered by my colleague, Senator ABOUREZK, to H.R. 16900, the supplemental appropriations bill. The purpose of this amendment is to provide the Department of the Interior $1 million for use in operation of the Newlands reclamation project in the State of Nevada once the Federal district has issued its final order.

In brief, the background of the dispute between the Paiute Indians, the Federal Government, and the Truckee Carson Irrigation District began in 1906 when the Government first began diverting a substantial amount of the Truckee River, which feeds into Pyramid Lake, in order to operate the Newlands reclamation project. This diversion has continued at an increasing rate ever since that time. At present the lake has shrunk to one-third of its original size, because of a lack of sufficient fresh water from the Truckee River. Its salinity levels have grown dangerously high and, in addition, the fishing has been virtually destroyed because the trout cannot get upstream to spawn.

One of the most tragic aspects of this case is the fact that the TCID, which operates the Newlands reclamation project, has been wasting this precious resource for years. The Paiute Indian Reservation depends on Pyramid Lake for its survival and it is unconscionable that the Federal Government has allowed that water to go to waste for years without taking any action.

Finally in 1972, the Department of the Interior was directed to promulgate regulations to stop the Newlands project from continuing to waste precious water and thereby make more water available to the lake. The TCID refused to comply with these regulations and as a result, Secretary Morton notified the district last September that the Interior Department was taking over the project this October and terminating its contract with the district. This decision is being appealed in the courts—but in the meantime the district is still diverting vast amounts of water from the lake.

When the public works appropriations bill was passed a short time ago, an amendment which I strongly opposed was approved which prohibits the Department of the Interior from using any of its funds for the operation of the Newlands project. As I indicated at that time, I felt that the amendment would obviate the first positive act taken by the Interior Department to protect the water rights of the Indians.

That is why I am supporting Senator ABOUREZK's amendment today. I feel that the Department of the Interior should operate the project. This takeover, I believe, is absolutely essential if the Paiute Indians are to have sufficient amounts of water to survive and it would be a tragedy if the Department is unable to act.

This must not be allowed to happen. The Congress cannot allow the TCID to waste precious water supplies which are desperately needed to protect Pyramid Lake.

Mr. McCLELLAN. Mr. President, I am advised that the objective of the Senator from Nevada (Mr. BIBLE) is to assure that funds will be available to the Secretary for the operation of the Newlands project in Nevada in the event that the U.S. district court for Nevada rules that the Secretary is legally entitled to take over those operations—but not before that court in Nevada enters a final decision to that effect.

The pending amendment would defer the availability of funds for operation of the project by the Secretary until after the Nevada district court enters a final order determining that the Secretary of the Interior is entitled to take over the operation of the project.

I am advised that the amendment has been discussed with Senator BIBLE and—because it conditions the availability of operating funds on a final order of the Nevada court—that the amendment is acceptable not only to Senator BIBLE, but also to the Senator from Mississippi (Mr. STENNIS), the chairman of the subcommittee having jurisdiction of this item in the bill.

Therefore, there being no objection to it, we are very glad to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota (Mr. ABOUREZK).

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, the amendment that is now pending, introduced by Senator JAVITS and myself, is related, of course, to what we call public service employment opportunities.

Now, there has been a great deal of talk about this. The President has strongly supported it. He did so in his message to Congress the other day. He did so in his message at the Economic Summit meeting, and there seems to be a good deal of support among the business community, labor groups, the economists, people particularly in local and State governments, for an expanded program of public service employment.

Let me say, first of all, that unemployment is up 25 percent in the last 12 months. The number of unemployed rose a frightening 400,000 in September. I mention that in particular because when we took action here in the appropriation for Health, Education, and Welfare, and $200 million were added to the Labor-HEW bill, providing for about 30,000 jobs, since that time—and I repeat since that time—400,000 more unemployed. So we are dealing with a very serious matter.

The 5.8-percent national unemployment rate is rapidly approaching 6 percent, some people say 6½ percent. It is estimated by some experts that we may actually reach 900,000 unemployed by Christmastime. That would, of course, be, let us say, 900,000 additional unemployed by Christmastime. We have had up to 700,000 additional unemployed since January.

Mr. President, with approximately 5½ million Americans out of work and knocking on doors seeking employment, with no success, and the number growing larger daily, it appears to me that we ought to act, and act swiftly.

I believe that we must at least take one modest step to provide jobs now. Those out of work and their families frankly cannot wait until a new authorization and long and extended hearings take place.

They cannot wait until the Spring of 1975 to provide at least a minimum level of new public service jobs or public service job opportunities. I think we have to recognize that one of the most difficult periods for the unemployed is in the winter months.

Some may suggest that our $500 million proposed, to add 71,000 public employment opportunities, may be, as has been said, just gilding the lily. In other words, it does not really get at the big problem.

But I remind my colleagues that this is at the exact level which was proposed by President Ford to Congress 2 days ago. I ask my colleagues has the President ever been accused of lily-gilding? I do not think so.

The point is that these jobs will help 71,000 families this winter when the help will be most needed.

Some may argue that the added $500 million would be inflationary. I ask my colleagues is it more inflationary to spend nearly the same amount of money to take care of these families on welfare? Obviously, our economy is much better off if we can put at least a small portion of the unemployed to useful, constructive public work.

I think the people of the country are really kind of tired of our empty promises, and this is exactly what the President's public employment proposal will be at least until next spring, unless we can act, and act promptly.

All of the available public service job funding will provide approximately 160,000 jobs this winter; that is, everything that has been appropriated thus far by all of the actions of Congress. This will go down to about 130,000 jobs next spring when unemployment, hopefully, is expected to be going in the opposite direction.

Our proposal will add 71,000 jobs immediately, 14,000 of which will go directly to areas with unemployment rates of 6.5 percent or worse.

Mr. President, to put this proposal in proper perspective, I would point out that the 71,000 jobs we propose to offer account for less than 20 of the jobs lost in the 4 short weeks in September.

This is a minimal, modest proposal, and it is essential, absolutely essential.

I would like to note that I discussed the urgent need for an expanded public service employment program this morning with Dr. Arthur Burns, Chairman of the Federal Reserve Board, as he testified before the Joint Economic Committee today. I specifically asked him if he would support immediate addition to the Nation's public service job program of about $500 million, an addition that would result in the creation of 71,000 jobs now.

Mr. President, I am pleased to report that Dr. Burns, who is considered to be a rather conservative man and a prudent man, fully endorsed the immediate funding of such a public service jobs program.

No one in this country is more concerned about inflation in our economy than Dr. Burns, and no one, I believe, has given us more lectures on the subject and more constructive advice.

Given his endorsement of the Humphrey-Javits proposal, I feel that every Senator can be assured of the responsible and prudent nature of the measure before us. I urge all of my colleagues to join me in passing this modest but urgently needed response to the cry of despair from the rapidly growing legions of the unemployed.

Let me read into the Record the testimony of this morning's exchange before the Joint Economic Committee between Dr. Arthur Burns and myself.

I asked Dr. Burns, "Would you agree, in view of the rising unemployment, up 700,000 since January, and projected to rise to 800,000 or 900,000 by Christmas, that this is the time to set in motion the machinery for public service employment at an expanded rate?"

Prior to this, by the way, I had discussed with, I had mentioned to, Dr. Burns, the amendment that Senator Javits and I now have before the Senate.

Dr. Burns said, "I agree with that, yes."

In earlier testimony he said, "First, I am delighted that the President has seen fit to recommend a new public service program to the Congress and, second, if I were doing it personally I would have recommended a slightly larger figure."

Now, Mr. President, what this amendment does is to take President Ford's proposal and bring it here today. We know what the problem is, we know the number of unemployed, we know that since the last action of Congress 400,000 more unemployed have been added to the long list. It proposes, in other words, to try to do something to meet the current situation.

I also have a letter from the National League of Cities and the U.S. Conference of Mayors supporting this measure and noting that it is certainly consistent with President Ford's funding recommendation as stated in his message to Congress earlier this week.

I ask unanimous consent that that letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

October 10, 1974.

Hon. Hubert H. Humphrey,
U.S. Senate,
Washington, D.C.

Dear Senator Humphrey: On behalf of the nation's cities, we endorse your amendment to the FY 75 Supplemental Appropriation increasing funds for Titles I and II of CETA by $500 million. While this is certainly consistent with President Ford's funding recommendation as stated in his message to Congress earlier this week, it is also justified by the ever-increasing unemployment in our cities. Unless immediate additional sources of funds for public service jobs are made available, local governments will not be able to meet their responsibilities to the unemployed.

We support your efforts and urge the Senate to adopt your proposal.

Sincerely,
Allen E. Pritchard, Jr.,
Executive Vice President,
National League of Cities.
John J. Gunther,
Executive Director,
U.S. Conference of Mayors.

Mr. HUMPHREY. I also ask unanimous consent, Mr. President, that the letter that was circulated by Senator Javits and myself to our colleagues in the Senate explaining in more detail title I and title II of the comprehensive manpower training program, the Comprehensive Employment and Training Act, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., October 10, 1974.

Dear Colleague: When the Supplemental Appropriations Act for fiscal year 1975 comes to the floor, we intend to offer an amendment to add an aggregate of $500 million to the bill for public service employment programs under the Comprehensive Employment and Training Act of 1973 (CETA). No funds are presently included in the Supplemental for this purpose.

Our amendment consists of the following:

$400 million for approximately 57,000 transitional public service jobs (at the Committee's estimate of $7,000 per annum per job) to be provided by some 400 State and local governmental prime sponsors under title I of CETA. (As passed by the Senate, the HEW–Labor appropriations bill for fiscal year 1975, now in Conference with the House, authorizes $1,505,000,000 for title I, of which $155,000,000 is intended by the Senate to provide approximately 22,000 public service jobs. The House provided $1,680,000,000 for title I, which funds prime sponsors may use at their discretion for public service jobs or job training.)

$100 million for approximately 14,000 transitional public service employment opportunities for areas of "substantial unemployment" (areas having an unemployment rate of 6.5 percent for more than three consecutive months) under title II of the Act. (Under the HEW-Labor Appropriations, as passed by the Senate, $400,000,000 would be available for approximately 57,000 jobs; the House bill provided $350,000,000, the amount of the Administration's request, for approximately 50,000 jobs.)

We consider these additional funds to be crucial in light of the increase in the national unemployment rate from 5.4 percent in August with 4.9 persons unemployed, to 5.8 percent in September with 5.4 million unemployment. Many experts, economists, and officials in the Administration have predicted levels even higher, perhaps even as high as 6.0 percent, by the end of the year.

Combined with our request, carried over fiscal year 1974 funds for public service employment, and those that would be available under the Senate version of the HEW-Labor Appropriations bill, an aggregate of about $1.5 billion for aproximately 226,000 public service job opportunties could be provided in this fiscal year.

Yet that amount would reach only about 5.6 percent of the 5.4 million currently unemployed.

Experience under the public employment program ("PEP") conducted under the Emergency Employment Act of 1971, and more recently through the Comprehensive Employment and Training Act of 1973, demonstrates that transitional public service employment programs can provide meaningful, not "dead-end" employment for the unemployed, and meet real, not "make-work" public service needs; most crucially, testimony before the Subcommittee on Employment, Poverty and Migratory Labor indicates that appropriated funds can be translated into worthwhile jobs within thirty days of allocation.

This amendment will be offered as a modification to our original Amendment # 1957 to the Supplemental Appropriations Act (see attached).

If you would like to co-sponsor this amendment, or have any questions, please have a member of your staff contact John K. Scales (57686) for Senator Javits or Tim Barnicle (59476) for Senator Humphrey.

Sincerely,

HUBERT H. HUMPHREY.
JACOB K. JAVITS.

Mr. HUMPHREY. Mr. President, I yield to the Senator from New York.

Mr. JAVITS. Mr. President, this unemployment is a very longstanding problem for our country. A mechanism to deal with it was originally incorporated in the Comprehensive Employment and Training Act of 1973, and we realized at that time that we were setting up a piece of machinery which depended for its size upon the economic situation facing this country.

Hence, the early efforts for that legislation—both by the President and Congress, went to the fact that we do not want people to suffer and that we feel that the job-giving trend is preferable to the welfare trend.

The question is what will we do, rather than will we do anything.

I think Senator HUMPHREY has very admirably set forth the facts and figures.

My part of this debate, I think, should properly be how this law works.

The President has proposed the same figure we are proposing $500 million, but he proposes this be triggered by a 6 percent national unemployment level for three consecutive months, and the money actually be paid out on a labor market area basis where there is 6.5 percent unemployment. There is no such law on the books now.

We had our first hearing yesterday—only hours after the President's speech—which is pretty prompt action, but it is very clear that there will not be law on the books carrying out the President's ideas sooner than perhaps the end of this year.

Also, Mr. President, even the President's plan proposes to be tied into same machinery we have here except he is going to set up a special fund for the purpose with projects limited to 6 months. Though that is probably quite nonfeasible, nevertheless that is his proposal.

Now, Mr. President, what we are seeking to do is simply to providentially put ourselves in the position to deal with the burgeoning unemployment which is predicted and which is, so far as this year shows, inevitable, no matter what we do now.

If unemployment nationally reaches 6 percent, then a portion of the amount made available here will be available to areas which have over a 6.5 percent unemployment, because that is the actual provision of title II of the comprehensive employment training.

Now, as I said when I began, how does this work? How has it worked?

For one, Mr. President, and the most important commendation of all is that our testimony indicates that if we want to step up employment, this is the safest way to do it.

The testimony shows that because the sponsors are in place under the act, they can use the money and translate it into jobs within about 30 days, and that testimony is only as recent as a few weeks ago.

Mr. HUMPHREY. Will the Senator yield?

Mr. JAVITS. Yes.

Mr. HUMPHREY. Will the Senator explain what is meant by sponsors?

Our colleague wants to know, to whom does this money go and how are they selected.

Mr. ROBERT C. BYRD. Mr. President, I am the colleague the Senator referred to.

Who controls this money at the State level, how much of it is under the control of the Governor of a State, how much is under the control of the mayor, the county officials, and so on?

Mr. JAVITS. The eligibility here, the eligibility to be a prime sponsor, which means to do exactly what the Senator from West Virginia has described, to receive the money, to administer it, to obey the laws, to make the reports, to give the jobs, the prime sponsors are a unit of government beginning with a State.

I am reading exactly from the law, section 102(a):

> (1) a State;
>
> (2) a unit of general local government which has a population of one hundred thousand or more persons on the basis of the most satisfactory current data available to the Secretary;
>
> (3) any combination of units of general local government which includes any unit of general local government qualifying under paragraph (2) of this subsection;
>
> (4) any unit of general local government or any combination of such units, without regard to population, which, in exceptional circumstances, is determined by the Secretary of Labor—
>
> (A) (i) to serve a substantial portion of a functioning labor market area, or (ii) to be a rural area having a high level of unemployment; and
>
> (B) to have demonstrated (i) that it has the capability for adequately carrying out programs under this Act, and (ii) that there is a special need for services within the area to be served, and (iii) that it will carry out such programs and services in such area as effectively as the State; or
>
> (5) a limited number of existing concentrated employment programs grantees serving rural areas having a high level of unemployment which the Secretary determines have demonstrated special capabilities for carrying out programs in such areas and are designated by him for that purpose.

We have rural areas where there is a very large number of unemployed.

So, basically, the basic channel is the State or a unit of 100,000, or a combination of units.

Mr. ROBERT C. BYRD. Will the Senator yield for a question?

Mr. JAVITS. Yes.

Mr. ROBERT C. BYRD. How much would West Virginia be entitled to under the amendment?

Mr. HUMPHREY. I have that figure.

Mr. JAVITS. That figure is, West Virginia, $3,702,000.

Mr. ROBERT C. BYRD. How much of that $3,702,000 would be under control of the Governor?

Mr. JAVITS. That would depend on West Virginia. It may apply as it pleases, and different States have different arrangements, or if they have no arrangement whatever, they are all equally applicants qualifying as the best prime sponsor.

But we will find out for the Senator what the situation is in West Virginia and the Senator will assume whatever we do today will be handled exactly the same way.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. JAVITS. One thing that was a great reform in the Comprehensive Training Act, Senator BYRD, if I may have your attention 1 minute further, was to cut down the number of prime sponsors from over 1,000 grantees to around 400.

That was the big reform which this bill made. It elevated the size of units and thus eliminated an enormous number of sponsors and gave the central government fewer sponsors to deal with.

If I may just finish.

So, Mr. President, the first point is that money may be translated into jobs within 30 days.

The second point, Mr. President, is that this is truly transitional employment with an extraordinary record.

Department of Labor statistics show that within 30 days after leaving one of these public service jobs, 71 percent of those who held the jobs were in regular employment, either public or private, and earned an average og $3.30 an hour. Six months after leaving this type of program, 79 percent had regular jobs, and within a year, 82 percent.

Now, I do not know, Mr. President, of a single program of the United States where we have designed a policy to channel people into regular employment as a result of training that has been more successful in doing exactly that than this public service job program. Therefore, I shall not trouble the Senate with more of those details.

Essentially, what Senator HUMPHREY and I are saying is this, we are about to face, and it is almost inevitable, a very serious unemployment crunch.

You should not stand around flat-footed waiting for it to hit you. You should have something ready to meet it with. What you have ready is already inadequate.

We believe, without transgressing the desires of the President—this is his own figure—that the way to get ready is to put out the first installment untilizing the existing piece of machinery, which is CETA.

In order to utilize it, we have to be sure that it is an effective piece of machinery. It is. We have demonstrated that. Therefore, this is the logical protection to put on the shelf.

If it is not needed, and we will all light candles every day hoping that it will not be, the President may ask to rescind it. But it will be there, and indispensable if we really need it, instead of waiting for the legislative machinery to grind out what will come of the President's program.

That is the basis.

Just to add a word of information on the prime sponsorship business, there are 66 cities that are prime sponsors. They get about 25 percent of all the funds available. There are 147 counties with 12 percent of the funds. There are 49, again, fairly urban centers, which come under the other exceptions to the bill, getting about 35 percent. The rural concentrated employment programs complete the total of the number of prime sponsors, which, as I say, are about 350.

The rural concentrated employment programs complete the total of the number of prime sponsors which are close to 400.

Mr. PROXMIRE. Will the Senator yield?

Mr. JAVITS. I yield.

Mr. PROXMIRE. The Senator from Minnesota and the Senator from New York have put some of the rest of us into a very difficult position. The President has indeed recommended a very similar program. As the Senator says, and as Senator HUMPHREY said, Arthur Burns, recognized as in the forefront of the fight against inflation, has recommended something similar to it.

But we have had no hearings on this in the Appropriations Committee. We have no record on it. The Senator from New York has indicated there was one day of hearings in the Labor and Public Welfare Committee.

Mr. JAVITS. That was on the new program. We have an ongoing supervision over this program, and we have hearings on it many times.

I am only talking about the President's new program.

All that we are saying, if I may—and I respect greatly what the Senator says—is that we are taking the President's figure, because the fiscal impact is naturally very important.

The President's figure is the figure we are using, $500 million, which he contemplates under his own program, at 6 percent.

This is as close as you can get to an analogy of his program in the interim. We ought to have this on hand in the interim.

Mr. PROXMIRE. Does the Senator feel that the Senate can act on this and the House can act and send it in a supplemental tomorrow to the President for his signature?

Mr. JAVITS. I really do. I will tell you why. This is a thoroughly proven program, not only on the national level, but the local level. Everyone knows all about it. It has been working for some years and working very effectively.

I think, with all respect, that I can understand the Senator's voting either way, depending upon his judgment of the economic situation. But I really feel in all sincerity that the Senator does not have to bridle a vote because he does not know the details of the program or how it works. It is not new at all; it is several years old. It has worked very, very well. That is what I intended to fill in.

Mr. PROXMIRE. I would like to point out to the Senator that as far as I know the administration has not sent a request for this particular program to the Congress. We do not know in detail, as the Senator says, what the President would propose or how they would work it.

The Appropriations Committee has had no opportunity at all even to begin any kind of hearings. It has not made any inquiry into the program. It is a tremendous amount of money—$500 million. So it is over the budget.

I have been one of those who said we need this kind of program. I think we do. The President has said so. I think as the Senator said, probably 90 percent of the Congress would like it.

It is a question of timing. I wonder if it would be possible to take it up as soon as we come back from the recess with some kind of record, some kind of hearings, so we can act knowing where we are going and what we are doing.

Mr. JAVITS. I think we will all remember what the President said when he spoke. He wanted a good deal of this program done before we left for the recess.

Mr. PROXMIRE. He only mentioned one bill, the housing bill.

Mr. JAVITS. We hope to have that done. He was talking in terms of the greatest urgency. All we thought, Senator HUMPHREY and I, was as we were taking his figure he expected the budget impact and we were using an established program of proven quality.

Therefore, we felt justified—in view of the fact that this curve was definitely up—in asking for it now so that we might not be caught short at the year end as the unemployment curve moved up.

I might say to the Senator, if it is of any use to him, that we have letters from the National League of Cities and the U.S. Conference of Mayors strongly urging us to act upon this proposal. We understand that that is the general attitude of the county executives as well.

I just submit to the Senator that we are really not doing anything all that sensational. We are not impacting the budget beyond what the President wants it impacted assuming the 6 percent contingency and which he asked for himself.

We are using an established technique, and we are not using anything involved, as it now seems very clear, that unemployment is likely to move up over the 6 percent level.

It seems to me that if we are going home for a month, we have an obligation to the country not to leave it inadequately defended in terms of this very serious rise in unemployment curve.

I respect fully everything the Senator says. I simply submit our case.

Mr. PASTORE. Will the Senator yield for a question?

Mr. JAVITS. Certainly.

Mr. PASTORE. One thing that has always amazed me is the philosophy that is expressed in reference to cutting down the budget with the admission and confession that when we do so we put a lot of people out of work. At the same time we suggest, in the same breath almost, that we ought to have a public service program to put some people back to work who have lost their jobs, which, to many people, creates an inconsistency.

The Senator from New York has cited certain figures which show that this has worked in the past.

We have been told from time to time that even programs that are absolutely necessary should be foregone for the simple reason that we have to fight inflation. In the foregoing of these programs it results in unemployment. In other words, you put people out of work.

Is this public service program intended to pick up a person who has been working, let us say, as an engineer in an airplane factory—because we are cutting down the request for more airplanes—and taking that engineer and giving him a public service training program to become what? A fireman? A policeman? What? This needs to be explained to the American people. What is this all about?

Mr. JAVITS. I will explain it.

Mr. PASTORE. I would like to have it explained.

Mr. JAVITS. I can only say to the Senator that the extrapolation is my own, the result of a number of years of experience with the program.

In fact, I am the ranking member of this committee actually dealing with the nitty-gritty.

The first answer about an engineer is yes, it is intended precisely for people whom the economic system at the moment cannot absorb.

Secondly, it is strictly transitional. The real worth of the facts and figures I have cited, which each member must pass on—but I represent them to the Senate as the best facts that we have—is that it is transitional and it really does work out, to wit, that it gives a person an opportunity to get off the unemployment rolls for a time until he really can do something else.

Lastly, what this engineer will do will depend upon the local prime sponsor he is dealing with, and their estimate of what ought to be his capabilities.

None of the jobs are make-work. That is another thing that has come out. I would like to give a catalog of that. They have been in the following categories: public works and transportation, 22 percent; education, 20 percent; law enforcement, 12 percent; health and hospital service, 9 percent; parks and recreation, 8 percent; social services, 6 percent; environmental protection, 4 percent; fire protection, 2 percent; and general administration and other, the remaining 17 percent. So it has been highly diversified.

In the first place, we had facts and figures relating to individual performance and operations, but I would like to again emphasize the extraordinary rate of permanent employment which has come out of the other end of the tube after the 2 years of public employment.

As many as 82 percent within a year thereafter were in regular employment at higher compensation.

Mr. PASTORE. The point I make is that I am not opposed to this amendment.

Mr. JAVITS. I understand.

Mr. PASTORE. The thing that disturbs me is that the President of the United States said we should forgo all of our sewage treatment programs, which are essential. We have many places in Rhode Island where the Earth cannot absorb any more waste, and it is very serious. As a matter of fact, it may develop into a plague if we allow it to continue.

So we are being told that we ought to forgo the sewage treatment program because we have to keep down inflation. That puts a lot of people out of work. So we take these fellows, who could be working at constructing a sewage waste program, and what are we going to do with them? We begin to train them and send them to school, to do what? To get a job where it is not essential at all to protect public health. That is what concerns me. We seem to be inconsistent about this.

The question I ask categorically is this: Exactly whom does this program actually help? Does it help those people we are throwing out of a job by cutting down the budget, or does it help those people who are already unemployed, in spite of the fact that we do cut down the budget?

Mr. JAVITS. The latter. It helps primarily the people who have a very serious problem.

Mr. PASTORE. I think we all have a serious problem. [Laughter.]

Mr. JAVITS. In unemployment and being unable to be reabsorbed. It gives them an opportunity to be absorbed or reabsorbed into the mainstream of employment.

Mr. PASTORE. The point is, are we not using a dollar to chase a nickel?

Mr. JAVITS. Not at all.

Mr. PASTORE. That is the point I want cleared up here.

Mr. JAVITS. I should like to read to the Senator one of the sections of the law on this point. I know we have provided for it. It is section 205(c)(8). This is one of the assurances which we require from prime sponsors.

> (8) assurances that no funds received under this title will be used to hire any person to fill a job opening created by the action of an employer in laying off or terminating the employment of any regular employee not supported under this title in anticipation of filling the vacancy so created by hiring an employee to be supported under this title;

In short, that is exactly what the law forbids.

Mr. PASTORE. That means that they cannot discharge a man who is 60 in order to hire somebody who is 30.

Mr. JAVITS. It means that they are not allowed to let somebody go and then hire somebody under this program to replace him, which I gather is one of the questions the Senator is asking. Are we simply exchanging bananas for oranges? No. It is forbidden under the law.

Essentially, this law was designated to deal with people who had a very difficult record of unemployment through their unemployment compensation period, to give them a phasing-in period for a new type of job, and it has worked. That is the essential representation we make to the Senate as to how this has operated.

Mr. PASTORE. I agree with the public service program. Many unemployed people on welfare today would rather have a job than collect the stipend that is given out as charity.

I hope we do not get into the frame of mind that in our anxiety to cut $5 billion out of our budget, we throw, let us say, 100,000 people or a million people out of work, and then we begin to spend $10 billion to put those million people back to work. That, to me, does not make any sense, and I think that is the direction in which we are going.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. PASTORE. I do not have the floor.

Mr. JAVITS. I yield.

Mr. HUMPHREY. Mr. President, not only is there merit to what the Senator from Rhode Island says, but also, it shows some of the tragic consequences of the lack of adequate planning when we are dealing with this budget. The Senator is correct. As he indicated, there are vitally needed water and sewer projects where a good deal of labor is used.

When we cut those out, we, in a real sense, do force people onto the unemployment rolls, and then we come back later and try to pick them up.

Mr. PASTORE. And spend twice as much.

Mr. HUMPHREY. That is right.

As the Senator from Rhode Island has indicated, we have a chance here to use an established program at a time when there is rising unemployment, and employment is continuing to go up. Every expert who testified tells us it will continue to go up for some months ahead.

I think we ought to seize this opportunity to have the funds available. We are not trying to design some new project, or trying to bypass an organization by some fancy new program. We are using the CETA program, which is an established project that has yielded results.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. MAGNUSON. This bill becomes a little embarrassing once in a while, to me and to other people who have worked pretty hard on it. I think we know what these programs are.

The Senator mentioned testimony at hearings. What hearing was that?

Mr. HUMPHREY. The hearing of the Joint Economic Committee.

Mr. MAGNUSON. We had hearings, we announced them, and nobody showed up, including the Senator from Minnesota and the Senator from New York. Now the Senator comes marching in because the Joint Economic Committee——

Mr. HUMPHREY. No, Senator.

Mr. MAGNUSON. We on the Appropriations Committee have not heard a word from them.

Mr. HUMPHREY. We came marching in because 400,000 people were added to the unemployment rolls. I do not hold the Senator from Washington or anybody else accountable for it. Nobody can predict it, any more than anybody can predict what is in my hand with respect to the October crop estimates, which will be the biggest shock to hit this body in a long time. How can one predict safely? I do not think we ought to take the attitude that we are picking on each other. In July or August, nobody could have predicted what this was going to be.

Mr. MAGNUSON. Nobody is picking on anybody. The fact is that we do have an appropriation bill.

Mr. HUMPHREY. Yes.

Mr. MAGNUSON. We did have hearings on all these items in the last 2 weeks, and no one showed up. This amount could have been put in the bill.

I sometimes think that nobody wants to come down to the salt mine and work these things out, as we have to. I think they just want to come up here and look up and say, "Here it is," at the last minute. This is what I complain about. I am for this program. We put in the Senate bill $275 million over the budget, on our own.

I just do not understand this. We come here with a bill on which we worked hard. I do not mind if they come to the committee and if they are turned down and they then bring up the amendment on the floor. But everybody waits until we complete our work on this bill, and then they bring it up here on the floor; and if we do not go along with it, we look pretty bad.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. JAVITS. Mr. President, I have the floor.

Mr. MONTOYA. Mr. President, the Senator from New York has the floor.

Mr. MAGNUSON. I want the floor when the Senator is through.

Mr. MONTOYA. Mr. President, will the Senator yield?

Mr. JAVITS. Mr. President, a parliamentary inquiry. Do I still have the floor?

The PRESIDING OFFICER (Mr. CANNON). The Senator from New York has the floor.

Mr. JAVITS. I yield to the Senator from New Mexico.

Mr. MONTOYA. Mr. President, I think we had better put this matter into proper perspective.

The fact remains that we are adding $500 million to this bill. There is no budget request for this. That is going to add to our image in the Senate and in Congress, if this addition is approved in the Senate and in the House of Representatives.

There has been no discussion here as to how much money is available that is unspent under this program. That is a very important factor to consider. There is presently available under title I, the revenue sharing, 80 percent of which can be devoted by the political subdivisions of this country to public service employment, $1.580 billion. Under this program, title II, known as public employment programs for areas comprising at least 6½ percent unemployed, $1 billion. We have not spent at this rate for the last 2 fiscal years. So we are adding more, to pile up more carryover funds for the subsequent fiscal years.

That is what we have to face here before we approve of $400 million for the revenue-sharing part, which this amendment is intended for, and $100 million for public service jobs under title II. How can we justify appropriating another $500 million which is not represented by a budget request when we have a carryover of $600 million of 1974 funds?

Are we going to appropriate $500 million to add ornament to the almost $2.5 billion that is available and unspent, and which has been carried over, some from previous fiscal years? That is what is at issue here.

If the Senate wants to tarnish the image of Congress by appropriating $500 million, which is not represented by any budget request, let us go ahead and do it. I am for public service employment jobs. The Senator from Washington and I, and others on the subcommittee, have added to the administration's budget year after year. We have tried to be fair about these things.

We know the need exists. We know we have to help these people who are unemployed. How can we answer the fact that there is over $25 billion in carryover funds for use in this fiscal year? How can we answer that and then justify the appropriation of an additional $500 million?

Mr. JAVITS. Mr. President, I can answer that.

I shall answer it by pointing out that there are well over 5 million unemployed. That is a lot of people. It costs a lot to maintain 5 million people, Mr. President.

I am not a bit intimidated by the figures the Senator has cited. We have a $300 billion budget. What is more important than dealing with the people who are unemployed and out of work? That will wreck our country socially and financially sooner than anything else.

In addition, talking about budget estimates, the President himself gave us the budget estimate in a sense. He, himself, in his speech the other night, said that the first installment on this particular program is $500 million.

Mr. MONTOYA. Why are they not spending the money?

Mr. JAVITS. They are spending the money. The Senator knows that they would be hanged for improvidence if they were paying it out faster or differently than they do under the contract. Let the Senator give me the figure of accumulation on defense and then come in here and defend a $82 billion budget for defense. That would make $2.5 billion for unemployment look like peanut shells, not just peanuts. That runs into $13.0 billion and piles up for years. That is all O.K., and we are still to appropriate $82.5 billion, but not another $500 million for the unemployed, when we have $2.5 billion?

So what? We have 5 million people unemployed and let the Senator multiply 5 million people by even $6,000 a year, and he will come out to an infinitely larger amount of money than we are talking about.

I am not a bit intimidated, and we prepare this amendment with the greatest providence for our country. The man who made the budget estimate at 6 percent in the most authoritative way, not just privately in a back room of the White House, is the President of the United States, in a proposal described on the floor of a joint session of Congress.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. JAVITS. I yield.

Mr. HUMPHREY. So that we may know that certain rules of the Senate were complied with, on Friday the 4th of October, we received the information from the Bureau on Labor Statistics as to the 400,000 more unemployed in the month of September over the previous period.

Also, on Monday, October 7, the word came on the tape which we had fed into our offices that the appropriations hearings on the supplemental appropriation were over and we were ready to take up the supplemental appropriation. It was on that basis that I sent a letter to chairman of the Subcommittee on Labor, Health, Education and Welfare of the Committee on Appropriation on the 9th day of October outlining what we are proposing here.

I am aware of the necessity of following the procedures of this body, and I have great respect for those procedures. I ask my colleagues to consider the fact that we were informed, No. 1, on Monday on the tape, that the hearings were over; No. 2, that the bill would be coming up.

Therefore, because the figures that we are working on came to us only on the 4th day, a weekend, in October, we sent a letter as promptly as we possibly could to the appropriate committee.

In that letter, we outlined a larger program, by the way.

Mr. MANSFIELD. Mr. President, will the Senator yield to me?

Mr. HUMPHREY. Yes, I yield.

Mr. MANSFIELD. We have other amendments on this bill, Mr. President. Would it be possible to arrive at an agreement to vote at a time certain on this amendment?

Mr. HUMPHREY. Mr. Leader, I am through.

Mr. MANSFIELD. I should like to know.

Mr. TAFT. Mr. President, I am going to want some time on this amendment.

Mr. MANSFIELD. How much time will the Senator want?

Mr. TAFT. I think a half hour.

Mr. COTTON. Mr. President, all of the time has been taken so far—almost all of the time, except for yielding occasionally—by the proponents of this amendment. Some of us on the committee want some time. I do not think I wish to do that. There are some questions I have to bring up about this $500 million.

Unfortunate as it is to have this come so late in the session, it is not our fault that it is here, thrown on us, this late. I object to any time arrangement until we have been heard.

Mr. MANSFIELD. I was going to suggest 6 o'clock, with 20 minutes to the Senator from Ohio, 20 minutes to the Senator from New Hampshire, and 10 minutes for the Senator from Washington (Mr. MAGNUSON).

Mr. MAGNUSON. Oh, now, wait a minute.

Mr. MANSFIELD. Mr. President, the hour is late. We want to get out tomorrow. I do not care if we are here all night. If the Senators want to keep debating all night on this, fine. I am going to go home.

Mr. PASTORE. Will the Senator yield?

Mr. MANSFIELD. Yes, I yield.

Mr. PASTORE. Everything has been said. We keep repeating and repeating.

Mr. MANSFIELD. We are talking about only $500 million.

Mr. MAGNUSON. Now, wait. I am the chairman of the committee. I have had but 1 minute.

Mr. PASTORE. But the Senator said it all in 1 minute.

Mr. MAGNUSON. I must be pretty good.

Mr. President, I may only want 5 minutes or 2 minutes; I do not know. The Senator from New York stands up there and will not yield the floor.

Mr. JAVITS. I yield it now, Mr. President.

Mr. MAGNUSON. If the Senator yields the floor, I shall take my time on my own time.

Mr. JAVITS. I yielded it.

Mr. MANSFIELD. The Senator from New Hampshire has the floor now because the Senator from Minnesota yielded it to me and I yielded it to him.

Mr. President, I ask that the Senator from New Hampshire be recognized.

Mr. COTTON. I do not want to be recognized before my chairman.

Mr. MAGNUSON. I have been standing here, looking to this side and looking to that side.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, after yielding briefly to the Senator from Texas, the Senator from Washington (Mr. MAGNUSON) be recognized and that he have the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. TOWER. Mr. President, I ask unanimous consent to set aside the pending business for a very short period of time to bring up a resolution with regard to the extension of the Export-Import Bank. This is for 45 days.

This is not the conference report, because the conference report will not be acted on until after the recess. Eximbank expires next Tuesday night.

I have cleared this, I think, with everybody who objects to the conference report.

Mr. HARRY F. BYRD, JR. Mr. President, I have not seen the resolution.

Mr. TOWER. I read it to the Senator over the phone.

Mr. HARRY F. BYRD, JR. Will the Senator yield?

Mr. TOWER. Yes, I yield.

Mr. HARRY F. BYRD, JR. Since our conversation, I have been approached by two Senators who are interested in this. It would be desirable and important to have in this resolution that no credit could be given to the Soviet Union during that period of time. I assume that the Senator has no objection to that?

Mr. TOWER. I have no objection to that.

Mr. HARRY F. BYRD, JR. I wish to get a colloquy on the floor.

Mr. TOWER. That is not already in the report?

Mr. STENNIS. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

Mr. TOWER. I have no objection to that.

Mr. HARRY F. BYRD, JR. What I would like to do——

The PRESIDING OFFICER. The Chair cannot hear. Will the Senators please take their seats?

Mr. PASTORE. Mr. President, will the Senators, please use their microphones, so we can hear what they are saying?

The PRESIDING OFFICER. The Senate is not in order. The Chair cannot hear.

Mr. TOWER. If the majority leader will yield further, the point is, we have to act on this in time to get it to the House for them to act, or Eximbank authority expires Tuesday night. That is why I want to act on it this evening, if possible. If we cannot, we will have to let Eximbank go for however long we are in recess.

Mr. MANSFIELD. Will the Senator get together with the Senator from Virginia and see what can be worked out, on a 5-minute basis?

The Senator from Washington has the floor.

SUPPLEMENTAL APPROPRIATIONS, 1975

The Senate continued with the consideration of the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

Mr. MAGNUSON. Mr. President, I shall not take too much time. I may have gotten overduly excited with the Senator from Minnesota and the Senator from New York not showing up to testify. I wish the Senator from New York were still on the Appropriations Committee. He has more amendments than anyone else to this bill. I have not seen him down there much to testify, except once.

The Senator from Minnesota did send the committee a letter dated October 9, which was yesterday. We have not been in business down there to have it delivered. We sent the bill out. October 9 is when we got all these figures.

Mr. HUMPHREY. Mr. President, may I respectfully suggest that we had been informed that the hearings had been closed and the bill was going to come up. I did this simply because I had an amendment printed at the desk, and I felt it only fair and proper that the chairman should have it.

Mr. MAGNUSON. I am tempted to vote for this amendment, because I so strongly believe in what the Senator is trying to do. I know we have this large sum of money in the pipeline that they have not used. We added a great number of jobs, and we are trying to get this bill through, if we can, tomorrow. I do not like to be in the position of saying, "Well, we will vote for it and then drop it in conference," and everybody gets blamed.

But the amendment is subject to a point of order, on the basis that it earmarks $400 million under title I of the act, and this is contrary to the authorizing legislation, which says that title I money is revenue-sharing grants to the States and local governments, to use as they see fit.

The amendment would not be subject to a point of order if the earmarking were omitted. Then, of course, we probably might say in the report that we assume it will be used for this purpose.

I am not impressed by letters from the League of Cities and those people. They naturally want this money. As a matter of fact, many of them are now in a position where the burden has shifted from the States and local governments, in many places, to the Federal Government. We are talking about reducing expenditures while many of the States are in surplus because of what we have been doing. Revenue sharing has been used to make capital improvements, while health and the things we were worried about are at the bottom of the totem pole. I do not know about unemployment; if this other money is available, it may not be too bad.

I do not like to make a point of order on this. Someone else may want to. But I would suggest that the Senator take out the earmarking.

Mr. HUMPHREY. Mr. President, as sponsor of the amendment, I guess I am permitted to modify it.

Mr. MAGNUSON. Yes.

Mr. HUMPHREY. All we need to do is extract the words "to provide public service employment as described in section 101(1)."

Mr. MAGNUSON. Described in the authorizing law.

Mr. HUMPHREY. And leave it that $400 million shall be allocated under title I, section 101(1) of the act, and $100,000,000 shall be under title II of the act.

Mr. MAGNUSON. And I will put the Senator's letter of October 9 in the Record in full, if I may. I ask unanimous consent that it be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., October 9, 1974.

Hon. Warren G. Magnuson,
Chairman, Subcommittee on Labor, Health, Education, and Welfare, Committee on Appropriations, Washington, D.C.

Dear Mr. Chairman: On Friday October 4, under the impression that your subcommittee had completed its mark-up of the Supplemental Appropriations bill (H.R. 16900) prior to the announcement of the substantial rise in unemployment to 5.8%, we introduced Amendment # 1957 to H.R. 16900.

This amendment would add $1 billion to the bill for the immediate creation of approximately 143,000 public service jobs under the Comprehensive Employment and Training Act of 1973 (CETA).

Our amendment would provide $750 million for approximately 107,000 public service jobs at your Committee's estimated cost of $7,000 per year to be provided through state and local governmental prime sponsors under title I of CETA. It also would provide $250 million for approximately 35,714 public service jobs for areas of "substantial unemployment (areas having an unemployment rate of 6.5 percent for more than three consecutive months) under title II of the same act.

We consider these additional funds to be crucial in light of the increase in the national unemployment rate from 5.4% in August to 5.8% in September. Many experts, economists, and officials in the Administration have predicted levels even higher, perhaps as high as 6.5% during the first half of 1975.

Combining our request with the carry over of public service employment funds from fiscal year 1974 and the funding available under the Senate version of the HEW-Labor Appropriations bill would result in a total program funding level of about $2 billion for approximately 297,000 job opportunities in this fiscal year.

Yet that amount would reach only about 5.6 percent of the 5.4 million currently unemployed.

Experience under the public employment program ("PEP") conducted under the Emergency Employment Act of 1971, and more recently through the Comprehensive Employment and Training Act of 1973, demonstrates that transitional public service employment programs can provide meaningful, not "dead-end" employment for the unemployed, and meet real, not "make-work" public service needs. Most crucially, testimony before the Subcommittee on Employment, Poverty and Migratory Labor indicates that appropriated funds can be translated into worthwhile jobs within thirty days of allocation.

We urge you to give this vitally needed proposal your careful consideration in your mark-up of the Supplemental Appropriations legislation, which we now understand to be underway.

Sincerely,

Hubert H. Humphrey.
Jacob K. Javits.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to modify the amendment, in order that there may be no point of order raised, in order that we may vote, so that the amendment would read, "for an additional amount——

The PRESIDING OFFICER. The Senator has a right to modify his amendment. Will he please send his proposed modification to the desk?

Mr. HUMPHREY. Yes, indeed. I want to delete the words "to provide public service employment as described," and just leave the amendment to be "$400,000,000 shall be allocated under title I in section 101(1) of such act, and $100,000,000 shall be allocated under title II of such act."

The PRESIDING OFFICER. The amendment is so modified.

Mr. Humphrey's amendment, as modified, is as follows:

On page 5, between lines 10 and 11, insert the following:

"For an additional amount for carrying out the Comprehensive Employment and Training Act of 1973, $500,000,000, of which $400,000,000 shall be allocated under title I in section 101(11) of such Act, and $100,000,000 shall be allocated under title II of such Act."

Mr. COTTON. Mr. President, will the Senator yield, so that I might ask a question?

Mr. MAGNUSON. Yes. I yield the floor.

Mr. COTTON. No, no——

Mr. MAGNUSON. I am all through.

Mr. COTTON. Mr. President, I noticed awhile ago that the distinguished Senator from West Virginia propounded a question to the proponent of this amendment, a very natural and very simple question, and one that we have heard many times in this body. He asked, "How much would West Virginia get?" And he received an instant answer.

Now, Mr. President, none of us want to see people who wish to work and who have no work, we do not want to see them suffer. Even the heartless in this boat—the boat that was described as going back and forth awhile ago—even the heartless in this boat do not want to see that.

Of course, I suffered some in the last few weeks, when we almost lost our New Hampshire apple crop, because we could not get the unemployed to pick apples when there were plenty of them out of work and being counted toward the ranks of the unemployed.

We all know that they have all kinds of ways of computing the percentage of unemployed. I discovered to my amazement last year, when I discussed the matter in the hearings with the Department of Labor, that sometimes they count the college boys who have been working through the summer and have gone back to college. They are put right on as unemployed, along with the people who have been unemployed for years; among these are women who have been voluntarily unemployed, raising their families, then have decided to seek employment again.

That is all right. But if the Senator from West Virginia could get that instant answer, somebody here has a list, a table of unemployment right now, State by State.

If every Senator had on his desk that table and could see what the unemployment is alleged to be—note, I emphasize "alleged to be"—in his State and what his share would be of this sudden boon that is being added to this bill, he would have a chance, at least looking at it from his own point of view and from his own knowledge of his own State to formulate an opinion as to whether this addition to all the money we have in this bill now is needed. Somebody said this has got to be used, this has got to be available in the next 30 days. Congress is going home, but not forever. It is coming back in November, and if we have not got enough money in this bill right now to prevent starvation and suffering in this country, why then we need a new Appropriations Committee.

I would like to know if we could have that information. I would like to see how soon this $500 million added to what is already in this bill is going to be spent, where it is going to be spent, where it is needed, how it is going to be divided. I think every Senator should have that information before he votes.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. HUMPHREY. We do have that distribution of the figures here that was prepared by the Committee on Labor and Public Welfare, and a formula distribution State by State is here. I am sorry we did not distribute it to each desk. I shall make it at least a part of the RECORD.

For instance, in the State of New Hampshire, the amount is $1,071,236 under title I of the bill, and that is the revenue-sharing section of the bill.

Mr. COTTON. Based on what rate of unemployment?

Mr. HUMPHREY. Whatever the unemployment is in that State, sir. I do not know the figure I regret to say.

Mr. COTTON. The Senator does not have that on my State?

Mr. HUMPHREY. I do not have that. Of course, this is related to the eligible participants in this program under the unemployed statistics.

Mr. President, I ask unanimous consent to have printed in the Record the distribution under modified title I.

There being no objection, the formula distribution was ordered to be printed in the RECORD, as follows:

MODIFIED TITLE I CETA DISTRIBUTION OF $400,000,000

FORMULA DISTRIBUTION

Region I	$22,567,395
Connecticut	5,507,487
Maine	2,054,830
Massachusetts	11,194,526
New Hampshire	1,071,236
Rhode Island	1,876,411
Vermont	862,905
Region II	53,305,127
New Jersey	12,562,891
New York	31,786,692
Puerto Rico	8,955,543
Region III	38,867,227
Delaware	898,490
Maryland	5,431,900
Pennsylvania	18,731,572
Virginia	$7,053,534
West Virginia	3,702,508
Washington, D.C	3,049,223
Region IV	57,224,278
Alabama	6,365,535
Florida	11,319,678
Georgia	7,815,728
Kentucky	6,510,058
Mississippi	4,682,761
North Carolina	8,853,275
South Carolina	4,779,406
Tennessee	6,897,836
Region V	69,159,918
Illinois	17,356,875
Indiana	7,919,391
Michigan	15,472,318
Minnesota	6,201,655
Ohio	15,677,740
Wisconsin	6,531,938
Region VI	37,347,582
Arkansas	4,016,821
Louisiana	7,666,952
New Mexico	2,336,112
Oklahoma	4,633,423
Texas	18,694,274
Region VII	16,773,440
Iowa	3,713,759
Kansas	3,074,154
Missouri	7,680,004
Nebraska	2,305,524
Region VIII	9,237,844
Colorado	3,237,714
Montana	1,379,634
North Dakota	1,113,176
South Dakota	1,054,845
Wyoming	514,225
Utah	1,938,250
Region IX	45,589,006
Arizona	3,597,098
California	39,359,294
Hawaii	1,511,982
Nevada	1,120,692
Region X	13,928,134
Alaska	995,416
Idaho	1,429,068
Oregon	3,870,126
Washington	7,633,525
Title I total (prime sponsors)	364,000,004
Migrants (Title III)	20,000,000
Indians (Title III)	15,999,990
National total	400,000,000

Mr. COTTON. It would be nice to have it as a part of the RECORD before we voted and not after the deed has been done.

Mr. MAGNUSON. It will not be released to New Hampshire. They have $2 billion now that they have not yet spent.

Mr. HUMPHREY. I think the argument that the Senator makes about the amount of funds, if I may say, respectfully, that is in the pipeline is a strong argument.

Mr. MAGNUSON. It has yet to be spent.

Mr. STENNIS. Mr. President, I call for the regular order. The Senator from New Hampshire has the floor.

Mr. HUMPHREY. The senior Senator from New Mexico gave us the figures in the pipeline or the amount of funds yet to be expended. I think the Senator from New York answered that very properly. These are the figures, these are the moneys, that have been duly appropriated on the evidence that was presented and the testimony presented over the past year as to the needs.

The only reason this amount of money has been requested—and I know we all have our own way of viewing these things, and we respect each other's judgment—when the word came from the Commissioner of Labor Statistics of 400,000 more unemployed in September, and then when the projection came that we can expect more in November and more in December, I felt that that necessitated some prompt action.

That same information came to the President of the United States, and that is why the President of the United States, in his message to us, suggested this figure of $500 million. It is not a figure that was drawn up out of thin air. It is one, I think, that is pretty well justified.

But I agreed with what the Senator has said here that it is not as if the committee has, you know, put screws down on somebody. I do not say that at all. I think our Appropriations Committee is hard working and a committee which considers these things with great care.

It just seemed to me this was a more reasonable approach, a more protective approach, may I say most respectfully, of a problem that came upon us without our really knowing about it.

Mr. COTTON. Mr. President, before I yield the floor, may I say to the distinguished Senator from Minnesota—and he knows that I have great admiration for him and he knows that I never question his sincerity for one single minute—that there is much in what he says. I have grave doubts myself, I regret to say—I might not say it if I were running for reelection, but I have grave doubts myself—about what is going to happen in the future to this country. I can readily guess or conjecture, perhaps agree with the prognostications of the Senator from Minnesota, that things are going to be worse next month than they are nok, and the following month. We may be entering into a situation which has been growing for a long time. The President has talked about biting the bullet, but I have not seen the bullet yet, though I am sure we will be told about it after the election is over. But I am not quite ready to believe that this $500 million is necessary now.

It may well be necessary before long, and there may be another $500 million necessary. I say this: I hope not, I pray not, but we have been sowing the seeds of insolvency in this Federal Government and in this country now for many years. We sow a hell of a crop as each election approaches because the people come to expect that they will be given everything on Earth.

Now, I am not questioning the sincerity of the Senator. But here we are trying to adjourn. We come in here with a bill. The distinguished chairman of the Subcommittee on Labor and Health, Education, and Welfare—and there is no more sympathetic and no more hardworking Senator in this entire body than WARREN MAGNUSON, and it has been a privilege for me to work under his leadership all these years—has been trying to get this bill out. We have listened carefully to the evidence. The full committee considered all items thoroughly under the very able leadership of the Senator from Arkansas. There is no more able Senator who ever sat in this body, in my opinion. We have come in here with a carefully prepared bill.

It may be faulty. We are only human, but it is the composite result of the work of the Appropriations Committee.

Here we are with a great new super committee that has been organized, the Budget Committee, and here we are with this other super committee, the Joint Economic Committee, chaired by the distinguished Senator from Wisconsin.

Here we are with the Appropriations Committee, and yet the Congress year after year has been passing legislative bills and putting into those bills obligational authority, bypassing the Appropriations Committee so that only 44 percent of the entire spending budget of this country is ever acted upon by the Appropriations Committee.

I sometimes think how discouraging it is to sit down there day after day and week after week and listen to 500 witnesses on labor, on health, on education and on welfare, and when we are all ready to leave and jump on a plane and go home, up gets our good friend and says just as casually as if he were suggesting a minor addition, that we need half a billion dollars. This morning, I understand, it was a billion they were going to ask for, but they decided to cut it to a half billion.

Now, I do not know, maybe the President did mention that figure.

But if the President thought that was necessary right now he should have sent a request for it. We have an Office of Management and Budget.

The mere fact that the President when he was making a speech talked about $500 million does not make any difference to me.

I would like to see in black and white in front of me from some source, and this committee could have gotten it if we had known this amendment would have been presented to us, what the alleged unemployment is supposed to be State by State and how this money is to be divided State by State, how soon it is supposed to be spent and why it has to be appropriated tonight instead of being considered later in November after our recess.

There will be another supplemental appropriation, everybody knows that.

The Labor-HEW chapter of this supplemental bill is already over $5.8 billion and $5.8 billion in this section of this supplemental bill.

I just cannot feel that it is responsible action of this Senate to just casually add another $500 million without more specific information.

Mr. TAFT. Mr. President, I do not think the Senator really understands quite what this battle is about with regard to this amendment. I hope I can put it in one sentence, I think I understand it correctly.

The question is whether or not, whatever action we take with regard to providing additional resources to meet prospective unemployment and need arising out of our economic conditions, whether we are going to lock it in, as this amendment would, into public service employment, 400,000, and to title II of the Comprehensive Employment and Training Act for 100 million—400 million and 100 million—or whether we are going to take a look at the program as proposed by the President for the community improvement projects as he has proposed.

I want to advise the Senate that I have at the desk, I have not introduced it yet but I do intend to later today, a bill entitled National Employment Assistance Act of 1974, which is the administration bill, prepared and drafted for the purpose of trying to attack this problem.

There are some very basic differences that exist between the approach taken here from the previously stated inflationary concerns and spending concerns of the Senate.

First of all, what this amendment, the Javits-Humphrey amendment, would do if it were passed would be to turn over an additional half-billion dollars now to the already existing programs immediately for their use according to the conditions of that program, not necessarily for those who are unemployed, not necessarily for those who are intended to be covered by the President's program.

The President's Community Employment Project program, the same $500 million that has been talked about today, is actually intended in that case to go solely to beneficiaries who have already exhausted all of the unemployment benefits that they have even after the addition of the very considerable additional unemployment benefits that are provided for in the National Employment Assistance Act, which is being introduced on the part of the administration.

I would like to indicate to the Senate just what is available at the present time insofar as authorizations are concerned at a 6 percent employment level.

This is what we have available at the present time. The appropriation figures are somewhat different from this. Perhaps the distinguished chairman can later advise us exactly what the amount of the appropriations are, if anyone wishes.

We have under the comprehensive act, public service jobs—this is with a 6 percent unemployment level—we have an authorization of $1,015 million, which would cover 170,000 jobs.

Incidentally, it is interesting if you take a look at that particular figure, 170,000 jobs, one would estimate then, I suppose, one would get half of that, or about 80,000 jobs, taken care of if this amendment should pass and were funded and actually fully implemented.

The community improvement project by the President's program would cover just about the same number, about 80,000 or 83,000 jobs estimated.

But I make a point again, the people to whom these funds become available under the community program in the President's legislation would be people who have already exhausted all of the unemployment benefits they have and all the supplemental unemployment benefits they have and it would not become available to anybody else.

If I have to make a choice between one class, somebody who may go on a public service job, even though he may be entitled to benefits, I think the concept of the administration is a sounder proposal and one which puts the emphasis of using, if we are going to appropriate an additional half-billion dollars, it puts the emphasis on using that half-billion dollars where it really ought to be.

Now, going on, what we have available under the present Employment Training Act, we have this $1,015 million under title 1 for public service jobs authorized.

Also authorized under the same proposal, the Employment and Training Act at the present time, $1,700 million for about 380,000 man-years.

We also have the various unemployment programs presently existing, State and Federal programs, a total of $8,145 million in payments becoming available at 6 percent unemployment figures. The beneficiaries there number up to 8.2 million people.

This point really has not been made, in a sense I think if we pass this amendment we would be taking away from the Committee on Labor and the Subcommittee on Manpower the choice of making recommendations as to what direction it should go.

Also, I point out that the President's proposal in title 1, and this is the big part of the proposal, provides special unemployment benefits payments at a 6 percent rate of up to $2.120 billion.

Up to 2.73 million additional beneficiaries over the present people who would be covered at that rate of unemployment under the existing unemployment program.

The community improvement project, as I mentioned, would then add an additional 500 million to cover some 83,000 man-years of employment.

So, really, the choice we will be asked to make now is to look in the direction we are going to go into public service jobs, 100 million additional for the employment and training program, rather than considering what other direction we should be going.

I think our present programs, as I indicated, with the unemployment programs we have, are going to cover most of the additional need for another month or so. I also feel that the committee should look into it carefully.

We may all be interested to know that the Senator from Wisconsin (Mr. NELSON), the chairman of the Manpower Subcommittee, is already planning on next Wednesday and Thursday initiating hearings on this bill that is going to be introduced later today.

I think it would be the course of wisdom for the Senate to use a little restraint here tonight. It sounds like a great idea, and we all want to help those who will be unemployed. But I am afraid we are not going to be hitting the target, not the target aimed at by the President's message.

Mr. COTTON. Will the Senator yield?

Mr. TAFT. I yield.

Mr. COTTON. First, I would like to compliment the Senator on his analysis of the situation and the clarity of his statement. I would just like to call the attention of the Senator and the Senate to the fact that 6 days ago Secretary Brennan, of the Department of Labor, based upon the information that he had, allocated $350 million for public service jobs. He announced the allocation of $350 million to States and localities with substantial unemployment, making it possible for them to create some 73,000 public service jobs. This completes the funding requested by President Ford at a White House meeting on September 11 with national labor leaders.

Within 48 hours of that meeting, Secretary Brennan had allocated $65 million. The current action brings the total to $415 million, creating a total of 85,000 jobs.

Distribution of the $350 million has begun, and hiring can start immediately.

You cannot even hire that number of people overnight.

The $350 million was authorized by title II of the Comprehensive Employment and Training Act at the administration's fiscal 1975 appropriation request level. The aim of title II is to give the unemployed transitional public service employment in areas of substantial unemployment. The funds include $280 million, 80 percent, for State and local governments with areas having substantial, 6.5 percent or higher, unemployment 3 straight months.

The amounts were determined by the number of unemployed living in each area compared to the number of unemployed living in all such areas of substantial unemployment.

Seventy million dollars, 20 percent, is, at the Secretary's discretion, also for States and localities most severely affected by unemployment, and having a 6.5 percent or higher unemployment.

Then it goes on to outline the present $350 million combined with $620 million distributed since June, making a total of $970 million, and can provide some 70,000 public service jobs this coming winter.

All of this is in the works. I felt this should go into the RECORD and that it was appropriate to call this information to the attention of the Senator at this time.

Mr. TAFT. I thank the Senator for his comments.

I would follow up on what he had to say by again emphasizing what the difference is in the choices we have. That is the choice of providing additional public service jobs where we do not have the same category of people that we are aiming at, that are aimed at in the community improvement projects where we are taking this half-billion dollars. I think these are the targets we should be aiming at.

I think the President's program has come up with a very sound proposal in trying to get those who no longer have any resource to which they can turn. That is the purpose of community improvement projects approach.

I do not think you can say that applies to just the mere additional funding of the public service jobs in the Employment Training Act.

I yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I ask unanimous consent that my staff man, Bill Corbett, may be on the floor for the remainder of the afternoon, including the voting.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT. Mr. President, I yield the floor.

Mr. McCLELLAN. Mr. President, the purpose of the amendment, and what the money would be spent for, certainly has a strong appeal to all of us. I am persuaded that there is not a member of this body who would hesitate to vote $500 million, billion, or whatever is necessary, to provide for people who are hungry or who are absolutely in need, who are jobless. We will do that. We have done it in the past and we will do it again. We will do it when it is necessary.

But we are confronting a situation here where, as the distinguished Senator from Ohio pointed out, this is something that should be considered along with all the other avenues of assistance which may be necessary as we confront this unemployment situation.

It should not be just all dumped in here in this one instance.

Mr. President, we already have $385 million in this bill over and above the budget. If we adopt this amendment, it will make it $885 million over the budget. You can expect some other amendments to come along. If all of them are adopted that would be offered, we would be $1 billion over the budget in this bill.

There is enough money in the pipeline to take care of all of this until Congress returns next year. There is $1,505 million in the Senate bill that passed, to which we added $175 million here on the floor for this purpose just 3 weeks ago.

The House has $1,680 million in its bill. Somewhere in between these two figures is what the conferees will come out with. That is certainly enough money to run this program until some time next year when we reevaluate it and look at all of the problems.

As the Senator from Ohio pointed out, we would then see whether it is necessary to implement this program or that program to best serve and best meet conditions that may then prevail.

Mr. President, we are talking about holding a ceiling of $300 billion. You are not going to hold a ceiling of $300 billion in this fashion. Somewhere we have to cut. I am not insisting on cutting here. The subcommittee has already gone $385 million over the budget.

We have to go to conference with these things. We are just piling up more and more. This one certainly can be deferred until a proper time later when there can be the opportunity, Mr. President, to further evaluate the conditions and where the money can best be spent to meet the needs and to alleviate any distress and unemployment conditions which may then prevail.

Mr. JAVITS. Will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. JAVITS. Mr. President, I believe that the summary of the case, and I shall not take but a few moments, for Senator HUMPHREY and me should be made. That is that we anticipate that unemployment is going to reach 6 percent or exceed it, perhaps—deplorably, unhappily and tragically for this country—by the time we can finish consideration of authorizing legislation.

Therefore, we are seeking to make provident provision within the context of existing law which has proved to be effective law, working exactly as the Congress intended it should, before that event rather than after. We are not going to run after the trolley car this time, if Senator Humphrey and I can help it.

Second, Mr. President, it is a fact that there is money in the HEW bill, through the very kind cooperation which is characteristic of Senator MAGNUSON, Senator McCLELLAN, Senator COTTON, and others. The difficulty is that it is locked in, and nothing is going to happen to that. What we are trying to do here is to use a supplemental to make the provision which needs to be made to take care of a dread contingency for our country.

On that basis we have used the very same figure which the President used, except he is using a different type of law. And I think properly, as Senator TAFT explained it, that type of law is not available now.

So on the motion to table, if you feel as we do, that this is an essential piece of insurance to put on the shelf until we deal with legislation, then you will vote with us.

If you agree with the opposition, that it is just a routine proposition, that nothing is going to happen, that the climb from 5.4 to 5.8 really is not real, that it is not going to climb anymore—and I think that is offending reality—then you will vote with the opposition and table it.

Members should understand our rationale and should understand the essence of this motion.

Again I would like to point out that, like Senator HUMPHREY, I greatly respect the processes, courtesy, and the consideration which we receive, we who fight these battles. I thought having made the case before Senator MAGNUSON's subcommittee in respect to the HEW bill only a few short weeks ago for this type of program and of this magnitude, that the Appropriations Committee was thoroughly seized of the facts.

I am sorry that there is any feeling that we should have appeared again on the supplemental.

As Senator HUMPHREY has pointed out, this hit us as suddenly as it hit the country.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to add the name of Senator CRANSTON as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask the Senator from Arkansas, is it necessary that we pass this bill before November?

Mr. McCLELLAN. I am of the opinion that very likely it will not be passed. I think the regular bill probably will be enacted before this one. So it makes no point, as I see it, to put this amendment on this bill. It ought to come back to us, if conditions warrant, with the budget request, and then let us examine it, the whole package and the whole approach to whatever conditions prevail when we come back. That is the most orderly way to proceed. In that way, we will preserve the integrity of the committee system to make their inquiry and to hold hearings and to establish a record that supports the action we propose to take.

Mr. MANSFIELD. Then, I think that if we cannot reach some sort of reasonable agreement, time limitation and other factors to be considered, we might well consider laying aside this bill and bringing it up again in November.

Mr. McCLELLAN. I am not arguing about that.

I move, Mr. President, that the amendment be tabled.

Mr. JAVITS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The question is on agreeing to the motion to table the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative Clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr. BIBLE), the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Washington (Mr. JACKSON), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from Illinois (Mr. STEVENSON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Georgia (Mr. TALMADGE) are absent on official business.

I further announce that, if present and voting, the Senator from Illinois (Mr. STEVENSON) and the Senator from Washington (Mr. JACKSON) would each vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), the Senator from New York (Mr. BUCKLEY), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. FANNIN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from North Carolina (Mr. HELMS), the Senator from Oregon (Mr. PACKWOOD), the Senator from Kansas (Mr. PEARSON), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER), and the Senator from Kansas (Mr. DOLE) would each vote "yea."

The result was announced—yeas 49, nays 18, as follows:

[No. 476 Leg.]

YEAS—49

Aiken
Allen
Baker
Bartlett
Beall
Bennett
Biden
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cotton
Curtis
Domenici
Ervin
Gurney
Hansen
Hatfield
Hollings
Hruska
Huddleston
Inouye
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McIntyre
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Randolph
Roth
Scott, Hugh
Sparkman
Stennis
Stevens
Symington
Taft
Thurmond
Tower
Weicker

NAYS—18

Abourezk
Brooke
Case
Clark
Cranston
Hart
Haskell
Hathaway
Hughes
Humphrey
Javits
Kennedy
Mathias
McGovern
Metzenbaum
Percy
Ribicoff
Tunney

NOT VOTING—33

Bayh
Bellmon
Bentsen
Bible
Brock
Buckley
Church
Cook
Dole
Dominick
Eagleton
Eastland
Fannin
Fong
Fulbright
Goldwater
Gravel
Griffin
Hartke
Helms
Jackson
Johnston
Metcalf
Mondale
Packwood
Pearson
Schweiker
Scott,
  William L.
Stafford
Stevenson
Talmadge
Williams
Young

So the motion to table the Humphrey-Javits amendment was agreed to.

Mr. MANSFIELD. Mr. President, may I have the attention of the Senator?

The PRESIDING OFFICER (Mr. BIDEN). The Senate will be in order.

The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, I have been making some inquiries, and I find that there are between 10 and 13 amendments which may possibly be called up. In view of the lateness of the hour and the lateness of the week and the fact that we are coming in at 8 o'clock tomorrow, plus the possibility that it may not be possible to arrange a conference with the House on the supplemental appropriation tomorrow, I ask unanimous consent that the pending business, the supplemental appropriation bill, be laid aside and that it be the pending business when the Senate returns on November 13.

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. Reserving the right to object, Mr. President, and I shall not object, I say to the distinguished majority leader, that the amendment that I have been waiting to introduce——

Mr. MANSFIELD. Most patiently.

Mr. ALLEN. I thank the distinguished majority leader.

The amendment that I have been waiting to introduce for myself, Mr. HELMS, Mr. BUCKLEY, Mr. SPARKMAN, and Mr. STENNIS has to do with returning to the bill the Holt amendment, which passed the House and was stricken from the bill in the committee. The amendment will be printed.

I ask unanimous consent that the amendment be printed and held at the desk.

The PRESIDING OFFICER. The amendment will be printed and will lie on the table.

Mr. ALLEN. Mr. President, I ask unanimous consent that Mr. THURMOND be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. I wish to serve notice on the distinguished majority leader that this amendment will be offered on the first day we have this bill up.

Mr. MANSFIELD. Yes; all amendments will be available. I assume that all will be.

Mr. ALLEN. I ask unanimous consent, Mr. President, that the name of Mr. GURNEY also be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there objection to the unanimous-consent request of the Senator from Montana?

Mr. PASTORE. Will the Senator yield to me, Mr. President?

Mr. MANSFIELD. I am awaiting a ruling from the Chair.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Reserving the right to object, Mr. President, may I inquire of the majority leader? He says put it off until the 13th of November. In the event that I do not hope for, that we are in session next week, would it be the majority leader's intention to take it up at that time?

Mr. MANSFIELD. No.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. STEVENS. May I finish? Some of us will be involved in the NATO meeting, and I know the majority leader will also. I assume that means we will all have to return on the 13th, which is the second day of the meeting.

Mr. MANSFIELD. I doubt that the bill will be disposed of in 1 day, and there is a plane which will be available to get us back on the 13th, anyway.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. BROOKE. Mr. President, reserving the right to object——

Mr. McCLELLAN. Mr. President, I move to reconsider the vote by which the motion to lay on the table the Humphrey-Javits amendment was agreed to.

Mr. PASTORE. I move to lay that motion on the table.

Mr. BROOKE. Mr. President, I reserve the right to object.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. BROOKE. Is my understanding correct that the amendment which the Senator from Alabama just filed will be the pending business when we come back on the 13th?

Mr. MANSFIELD. No, that request was not made. He just put the Senate on notice that the amendment would be offered.

The PRESIDING OFFICER. There being no objection, the unanimous-consent request is agreed to, and the Senator from Arkansas is recognized.

Mr. McCLELLAN. I move to reconsider the vote by which the motion to lay on the table the Humphrey-Javits amendment was agreed to.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MAGNUSON. Mr. President, the majority leader suggests that when we come back we will have this as the pending business on the 13th?

The PRESIDING OFFICER. Will the Senator from Washington please use his microphone?

Mr. MAGNUSON. The Senator from Washington obviously should be here. He is chairman of the subcommittee which handled a great part of this bill. But I have a little problem. We are starting everything at 10 o'clock in the morning, or at noon, and if we are having a vote before 6, I cannot get an airplane back that fast. It takes all day.

Mr. MANSFIELD. We will come in at noon that day, and delay votes.

Mr. MAGNUSON. Have a few speeches.

Mr. MANSFIELD. We will consider some amendments, I am sure, but delay rollcall votes.

Mr. MAGNUSON. If any of them pertain to HEW, that is the one thing I am interested in. But I suggest if the so-called Holt amendment comes up, I do not think we will have a vote until November 21, or later.

Mr. MANSFIELD. I would hope that, with the usual reasonableness shown by the Senate, it will be possible to reach a reasonable time limitation agreement at that time, and at this time, Mr. President, just sticking my neck out, I ask unanimous consent that when the supplemental appropriation bill again becomes the pending business on November 13, there be a time limitation of not to exceed 1 hour on each amendment, the time to be equally divided between the sponsor of the amendment and the manager of the bill, the distinguished Senator from Arkansas (Mr. McCLELLAN).

The PRESIDING OFFICER. Is there objection?

Mr. McCLELLAN. Is that under the usual form?

Mr. MANSFIELD. And that the agreement be in the usual form.

Mr. BEALL. Mr. President, reserving the right to object, what about amendments to amendments?

Mr. MANSFIELD. A half hour, under the usual form, waiving rule 12.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Without objection, the unanimous-consent request is agreed to.

AMENDING THE ATOMIC ENERGY ACT—CONFERENCE REPORT

Mr. PASTORE. Mr. President, I submit a report of the committee of conference on S. 3698, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BIDEN). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3698) to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in or disapprove international agreements for cooperation in regard to certain nuclear technology, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of August 19, 1974, at pp. 28965–66.)

Mr. PASTORE. Mr. President, this is the bill that we passed back in July by a vote of 96 to 0, to tighten up the procedures for congressional review of proposed international agreements for cooperation in the field of peaceful nuclear technology. It will give us 60 days rather than 30 days to review such agreements, and will also give us a veto power over them.

The conference report is essentially the same as the bill we passed with one very minor difference. The conferees eliminated the limitation to a record vote as a means for the Senate or House to determine that a particular resolution dealing with such an agreement need not come to a vote. This was done to allow flexibility within the rules of the two bodies.

Other than that, what the conferees reported is precisely what we passed. The House has now agreed to the conference report. In light of the unanimity of the Senate on this measure when we considered it in July, I do not ask for a rollcall vote. Unless there is further discussion, I ask for the immediate adoption of the conference report.

The PRESIDING OFFICER. The question was on agreeing to the conference report.

The report was agreed to.

EXPORT ADMINISTRATION ACT AMENDMENTS—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on S. 3792, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BIDEN). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3792) to amend and extend the Export Administration Act of 1969, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 2, 1974, at pp. 33584–87.)

Mr. SPARKMAN. Mr. President, having called up the conference report on the Export Administration Act of 1974, S. 3792—I urge its speedy approval by the Senate. Never has the need for legislation to provide for orderly export markets and contain international cartel prices for essential commodities been greater. As events of the past few days and weeks have shown, the United States remains vulnerable to massive secret grain purchases by state trading monopolies and continued extortionate price increases by foreign oil producing states. This legislation will give the President the bargaining power he needs to stand up to international economic blackmail, and it will provide an early warning system to identify shortages before they materialize and avoid disruption in the marketplace and hardship for the American producer and consumer.

In going to conference, the Senate was faced with a House bill which was nothing more than a simple extension of existing law. Nonetheless, we were successful in preserving the key provisions of the Senate bill. The conference bill thus achieves the major reforms in the Nation's export law sought by the Senate. It has been approved by the House and deserves equally favorable consideration by the Senate.

Among the major changes in U.S. export policy which the bill will accomplish are the following:

First, it authorizes the President to use export controls to secure the removal of unreasonable restrictions by other countries on access to vital commodities. This will enable the President in cooperation with other nations, to stand up to the international oil cartel which is threatening to destroy the international monetary system and is a major cause of rampant worldwide inflation. It will permit the President to stand up to other cartels—from bauxite to bananas. It will give the President power to bargain with countries which band together to extort artificially high prices for essential resources. It will give him power to respond effectively to countries which use their control over essential resources to attempt to change U.S. foreign policy. It will help stop the dangerous drift toward cartels and artificially rigged prices and help restore competition to the international marketplace.

Second, the legislation provides for an early warning system for dealing with shortages. It requires the Secretary of

Commerce to establish a systematic export monitoring system. Monitoring will start when export levels of essential commodities—such as fertilizer for our farmers—cause serious adverse economic effects at home. Monitoring of export levels will be accompanied by periodic public analysis of worldwide supply, prices, and demand for commodities in short supply.

This will permit the Government to identify shortages before they materialize, and devise measures to alleviate such shortages without disruption in the marketplace or hardship to the American producer and consumer. It could prevent repetition of such disastrous transactions as the 1972 grain deal with Russia, such disruptive actions as the 1973 soybean embargo, and price fluctuations caused by excessive speculation.

Third, the bill authorizes a new tool for administering export controls—the use of export fees.

This is not new control authority; it is a tool for administering controls when and if they become necessary. When used, it will avoid the need for export quotas and permit a higher export price to allocate U.S. commodities in short supply in foreign markets. It will also provide a means of dealing with artificial price rigging by other nations. The threat of fees on exports to countries which have imposed embargoes or unreasonably increased prices on exports to the United States may be an effective bargaining tool.

Fourth, the bill establishes procedures for granting hardship relief to those at home and abroad who suffer a unique hardship as a result of export controls.

Fifth, the bill establishes speeded-up procedures for processing export license applications.

There are other provisions as well, all of which are described in the conference report. But these are the key reforms. Taken together, they provide increased flexibility in U.S. export policy, strengthen U.S. export potential, permit the United States to respond effectively to rapidly changing international economic conditions, and help assure the access of all nations to scarce resources.

I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

SENATE JOINT RESOLUTION 251—TO EXTEND THE AUTHORITY OF THE EXPORT-IMPORT BANK OF THE UNITED STATES

Mr. TOWER. Mr. President, I send to the desk a joint resolution, and ask for its immediate consideration.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8 of the Export-Import Bank Act of 1945 is amended by striking out "October 15, 1974" and inserting in lieu thereof "November 30, 1974". Provided however that the Bank shall not authorize any financial assistance to the Union of Soviet Socialist Republics during the life of this resolution.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

The Senate proceeded to consider the joint resolution.

Mr. MANSFIELD. Mr. President, this resolution extends for 45 days the authority for the Eximbank to operate.

Mr. TOWER. With the specific prohibition that no financial assistance of any kind be offered to the Soviet Union during that period.

Mr. MANSFIELD. I ask unanimous consent that there be a time limitation of 11 minutes, 1 minute to the distinguished Senator from Texas (Mr. TOWER) and 10 minutes to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) or whomever he may designate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I am prepared to reserve the remainder of my time, and let the Senator from Virginia proceed.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. HARRY F. BYRD, JR. Mr. President, if we may have order, I can get this through quickly.

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats and refrain from conversation, so that we can hear the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, the Export-Import Bank conference report nullifies every major Senate action restricting Bank authority, and paves the way for an immediate multibillion dollar U.S. investment in Soviet energy development.

The Senate adopted an amendment prohibiting Exim support of Soviet fossil fuel projects without prior congressional approval—the conference committee deleted it.

The Senate adopted an amendment to put the Eximbank back in the Federal budget so its inflationary impact on the deficit will be disclosed—the conference committee deleted it.

The Senate adopted an amendment to put the Eximbank back in the Federal budget so its inflationary impact on the deficit will be disclosed—the conference committee deleted it.

The Senate required prenotification to Congress of any Eximbank credit extension to the Soviet Union over $50 million—the conference committee excluded Eximbank loan guarantees from this provision, effectively nullifying it.

The Senate put an overall ceiling of $300 million on Eximbank Soviet Union loans. The conference committee eliminated this ceiling, saying the President could set any limit he chooses.

The PRESIDING OFFICER. Will the Senator suspend until there is order in the Senate? Will the staff and the Senators please refrain from conversations so the Senator can be heard? Thank you. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. To repeat, the conference committee eliminated this ceiling of $300 million saying the President could set any limit he chooses.

Mr. President, this conference report is clearly an unsatisfactory report and one which, in my judgment, should not be adopted.

A letter in opposition to this conference report was sent out today signed by the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Nevada (Mr. CANNON), the Senator from New Jersey (Mr. CASE), the Senator from Idaho (Mr. CHURCH), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Wisconsin (Mr. PROXMIRE), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Colorado (Mr. DOMINICK), and the Senator from Indiana (Mr. BAYH); and the Senator from Minnesota (Mr. HUMPHREY) just told the Senator from Virginia that he also opposes this conference report, as does the Senator from Washington (Mr. JACKSON), and many others.

Mr. President, I have been advised by the Senator from Maine (Mr. MUSKIE) and the Senator from Ohio (Mr. METZENBAUM) that they, too, oppose the conference report on the Export-Import Bank legislation.

Mr. DOMENICI. Mr. President, today the Senate was to vote on the Export-Import Bank conference report. If passed this bill would increase the authorization level of the Bank by $5 billion to $25 billion. Included in the report is the authority to offer $300 million in new commitments to the Soviet Union which would be in addition to the $469 million already loaned for Russian business enterprises.

I do not feel that Congress should consider any legislation that affects the monetary pool until such time as we have developed a national economic policy. How can we consider draining $5 billion from the money pool until we have thoroughly evaluated the effects on our domestic money market?

As an example, the housing industry is experiencing very difficult times because potential homeowners are unable to acquire suitable financing. During the 1966–67 cycle, mortgage rates were generally around 6 percent. In the summer of 1974, while funds dried up, mortgage rates increased to over 10 percent and in some areas have been quoted at 11 percent or higher.

What will be the effects on the crippled housing industry when $5 billion is taken from the existing money market and channeled into loans for foreign investment? I would be the first to support a strong export policy to offset our balance of payments but the seriousness of our domestic economy should turn our attention inward, not overseas.

Prior to the consideration of this conference report, I supported a Proxmire amendment to the Home Purchase Assistance Act of 1974. This amendment was labeled by some to be inflationary because of the Government subsidy required to pay in meeting the difference between the GNMA interest rate and commercial rate.

I would hope that these same Senators will consider the $5 billion subsidy of lower than commercial interest rate levels that the Export-Import Bank has in its foreign investment loans. I, too, am concerned about subsidies, but if we must choose between subsidizing interest rates for the housing industry as to aid Russia in building a fertilizer plant, the choice is obvious.

I urge my colleagues to postpone this legislation until such time a broad economic policy has been established. Let us reevaluate what steps are necessary to bolster our economy and their effects our past policies have had before we consider any new legislation. If it comes up for vote at this time I will vote against this bill for the reasons stated.

Mr. CASE. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. CASE. The Senator's statement is clear and sound, his logic is right, and his position is one that I do not always agree with, but this time I could not agree with more.

Senator Cotton from New Hampshire would like to be added, if I might suggest that his name be added.

Mr. HARRY F. BYRD, JR. And the splendid Senator from New Hampshire (Mr. Cotton). I thank my friend, the Senator from New Jersey, for his kind comments.

Mr. President, if I may have the attention of the distinguished Senator from Texas, on behalf of Senator Schweiker, who is unavoidably detained, I would like to state that his acceptance of this resolution extending the life of the Export-Import Bank for 45 days is based on his explicit understanding that it will absolutely prohibit any Export-Import Bank consideration of any new credit, guarantee of insurance application on behalf of the Soviet Union during the life of the resolution. My question to the Senator from Texas is, is that correct?

Mr. TOWER. The Senator from Virginia is correct; and, as a matter of fact, at the suggestion of the Senator from Virginia we placed in the continuing resolution, although there was no intention on the part of the Bank to extend any financial assistance during this period, we nailed it down in the resolution with a specific prohibition against any kind of financial assistance, and that is interpreted to mean any commitment of any kind, including loans, loan guarantees, or advance commitments.

Mr. HARRY F. BYRD, JR. I thank the Senator from Texas. I think it was well to have written it into the legislation so it is clear.

Mr. TOWER. I was perfectly glad to accept that provision on the part of the Senator from Virginia.

Mr. HARRY F. BYRD, JR. The Senator from Texas has made clear the position.

Mr. President, I just think that Congress is going too far when it refuses to put a ceiling on loans to other nations, particularly to the Soviet Union. Already $469 million in credit has been extended to the Soviet Union. The Senate permitted another $300 million to be extended to the Soviet Union, and the conferees agreed to take off that ceiling, so the legislation as it came back to the Senate has no ceiling whatsoever, and that is why I felt it necessary to oppose the adoption of that conference report at this time. Of course, I will also oppose it when it comes before the Senate in November.

Mr. President, I want to state that the able Senator from South Carolina (Mr. Thurmond) has just informed the Senator from Virginia that he, too, is in opposition to this conference report. It is a very broad-based opposition to the conference report, and I would hope that when it is taken up in November that it will be rejected and a new conference sought.

Mr. CANNON. Mr. President, I want to associate myself with the remarks of Senator Harry F. Byrd, Jr. who has watched this legislation to protect American interests in international financing.

If the decision be made that Eximbank lend massive amounts of capital to finance energy exploration then the U.S. Congress, not the Bank, should make that decision. I, for one, would look long and hard at such an unstable energy source which would fly in the face of our domestic efforts to become self-sufficient.

Since the legislation prohibits any agreements, even preliminary in nature, until further direction from the House and Senate I will not object to continuing resolution.

Mr. TOWER. Mr. President, if the Senator from Virginia is prepared to yield back his time, we can dispose of this matter.

Mr. HARRY F. BYRD, JR. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. All time having been yielded back, the question is, Shall the joint resolution pass?

The joint resolution (S.J. Res. 251) was passed.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the Senate joint resolution was passed.

Mr. TAFT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. TAFT. Mr. President, will the Senator from Montana yield for a unanimous-consent request?

Mr. MANSFIELD. Yes.

THE NATIONAL EMPLOYMENT ASSISTANCE ACT OF 1974

Mr. TAFT. Mr. President, I ask unanimous consent that the bill which I now send to the desk—and this is out of order—I ask unanimous consent that it be referred to the Committee on Labor and Public Welfare; and if that committee reports the bill out of committee, that the bill then be referred to the Committee on Public Works to report within its jurisdiction.

Mr. LONG. Mr. President, reserving the right to object, might we have the advice of the Chair as to what the bill is?

The PRESIDING OFFICER. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill entitled "The National Employment Assistance Act of 1974."

Mr. LONG. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. Mr. President, I yield to the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from West Virginia.

VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT OF 1974—CONFERENCE REPORT

Mr. RANDOLPH. Mr. President, I submit a report of the committee of further conference on H.R. 12628, and ask for its immediate consideration.

The PRESIDING OFFICER. The rereport will be stated by title.

The legislative clerk read as follows:

The committee of further conference on the disagreeing votes of the two Houses on the amendments of the House to the amendments of the Senate to the bill (H.R. 12628) to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and special training allowances paid to eligible veterans and other persons; to make improvements in the educational assistance programs; and for other purposes, having met, after full and free conference, have agreed to recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of October 7, 1974, at pp. 34231–34256.)

Mr. RANDOLPH. Mr. President, on behalf of the Committee on Veterans' Affairs, I rise to urge the Senate to adopt the conference report to H.R. 12628, the Vietnam Era Veterans' Readjustment Assistance Act of 1974. This conference report has been signed by all member of the Committee on Veterans' Affairs, which is representative of the typical bipartison approach of our committee. This includes the chairman, the Senator from Indiana (Mr. Hartke), the Senator from Georgia (Mr. Talmadge), the Senator from Iowa (Mr. Hughes), the Senator from California (Mr. Cranston), the Senator from Wyoming (Mr. Hansen), the Senator from South Carolina (Mr. Thurmond), the Senator from Vermont (Mr. Stafford), and the Senator from Idaho (Mr. McClure), who have all worked hard on the bill and contributed to the final product which is before you today. Both Senator Hartke and Senator Stafford are unable to be here today because of attendance as members of the Interparliamentary Union meeting in Tokyo, Japan.

As my colleagues are aware, this is the second time the Senate has acted on a conference report to this bill. An original conference report to H.R. 12628 was approved unanimously by the Senate on August 21, 1974. Unfortunately, the following day the House of Representatives was unable to consider the conference report which had been signed by all the House conferees—as this conference report is—because of a parliamentary point of order which was successfully raised against it. Following the point of order the House in response to pressure from the administration, amended H.R. 12628 by deleting the 9-month provision, deleting the loan provision and reducing the increases provided in the conference report for veterans training under the chapter 31 vocational rehabilitation program and for those enrolled in apprenticeship/on-job training programs.

The committee was thus forced to return to additional negotiations on a bill in which substantial negotiations and compromises had already occurred.

The original Senate bill which was passed by a vote of 91 to 0 on June 19, 1974, was considerably more extensive and included provision for the payment of a separate tuition allowance of up to $720 a school year. Excluding the 2-year extension that was enacted into law separately, the fiscal year 1975 cost of the Senate bill—including loan outlays which will be repaid by the veterans—was estimated by the VA to be approximately $1.5 billion. The first conference report filed on August 19, by eliminating the tuition provision, reducing the authorized loans in half and by other amendments reduced the Senate bill by almost $527 million to a fiscal year 1975 cost and outlay of $973 million.

The second conference report which is before you today would by Veterans' Administration figures cost $807.8 million for the remainder of this fiscal year—a further reduction of over $165 million from the previous conference report which had been unanimously agreed to by all conferees and had unanimously passed the Senate. And, of course, these costs substantially decline in future years.

Mr. President, I wish to emphasize that all committee members believed that S. 2784 as originally passed by the Senate represented necessary and proper expenditures to provide truly equitable treatment to today's veterans living in a period of a rapidly rising consumer price index which was exceeded only by even greater increases in the cost of education. Since the last increase in the GI bill, the cost of living alone has increased by 19 percent and clearly will reach 22 percent by the end of this year.

The bill before you today, has been trimmed by over $672 million from the original bill, which represents a 46-percent reduction. The committee does not believe that we can compromise further on this crucial measure. As one young veteran said in a recent letter to the committee:

> I don't mind biting the bullet, but I hope I don't have to bite the dust.

And as we have said so often, money spent on the GI bill is perhaps one of the best investments this country can make. The experience of the World War II and Korean-conflict GI bill has been that for every dollar expended on this program, at least $3 to $6 in additional tax revenues—resulting from the veterans' higher earning capacity—have been returned to the Treasury. Certainly a key to the problem of inflation today rests in increasing the productivity of our country. Certainly an educated populace contributes greatly to that increased productivity. Further, I need not remind my colleagues that unemployment among Vietnam era veterans has been and continues to be substantially higher than for their nonveteran counterparts. Unemployment among young veterans has been running around 10 percent with unemployment rates for young minority veterans ranging up to 20 percent. These young veterans tend to be the last hired and the first fired. Any downturn in the economy in the near future will undoubtedly have tremendous impact on the already aggravated employment situation for our Vietnam era veterans. Many of these veterans lack skills and need additional education or training through apprentice/on-job programs. Thus it is important that we provide adequate opportunities for them as we have attempted to do in this measure.

Finally, to place this measure in perspective I think it appropriate to point out that the $807.8 million cost of this bill is only about 5 percent of the $16 billion in additional Defense Department estimates—which have occurred in a 3-month period—needed to complete 42 major Pentagon weapons projects.

In summary, Mr. President, the conference report today differs from the conference report previously agreed upon in the following respect:

First, the percentage increases of the vocational-rehabilitation subsistence allowance in the apprenticeship/on-job-training allowance is set at 18.2 percent rather than 22.7 percent. Second, the new educational loan program is limited to $600 for an academic year and is financed as an entitlement from the readjustment benefits account rather than the NSLI trust fund. It becomes effective on January 1, 1975, rather than November 1, 1974. Third, the new conference report extends the 9 months of GI bill entitlement only for the pursuit of a program of education leading to a standard undergraduate college degree.

Mr. President, there are 5 titles and 29 major provisions to the bill which I would like to briefly explain.

GENERAL SUMMARY OF THE PROVISIONS OF THE VIETNAM-ERA VETERANS READJUSTMENT ASSISTANCE ACT OF 1974

TITLE I

Title I amends title 38 as follows:

First, increases the rates of monthly educational assistance allowance by 22.7 percent for eligible veterans under chapter 34 and for eligible wives, widows, and children training under chapter 35. Monthly allowance for a single veteran with no dependents is increased from $220 to $270. A married veteran's allowance is increased from $261 to $321 monthly. The allowance for a married veteran with a child is increased from $298 to $366 a month with provision for $22 for each additional dependent.

Second, increases by 18.2 percent the monthly training assistance allowance payable to eligible veterans or persons pursuing a full-time program of apprenticeship or other on-job-training program. The initial monthly allowance for a single veteran with no dependents is increased from $160 to $189.

Third, liberalizes eligibility requirements for disabled Vietnam veterans to train under the vocational rehabilitation provisions of chapter 31 to equalize them with those in effect for veterans of World War II and the post-Korean conflict.

Fourth, clarifies and liberalizes the circumstances under which disabled veterans training under the vocational rehabilitation provisions of chapter 31 may qualify for individualized tutorial assistance.

Fifth, increases by 18.2 percent the educational allowance payable to eligible veterans or persons who are enrolled in PREP, flight training, or pursuing a program of education by correspondence.

TITLE II

Title II amends title 38 as follows:

First, permits the initial 6 months of active duty training by Reserve and National Guard members to be counted toward entitlement for educational assistance under chapter 34, if the Reserve or Guard members subsequently serve on active duty for a consecutive 12 months or more.

Second, extends the maximum entitlement of educational assistance benefits for eligible veterans from 36 to 45 months to be utilized in pursuit of a program of education leading to a standard undergraduate college degree.

Third, clarifies and strengthens certain administrative provisions of the veterans VA educational assistance programs to prevent and mitigate against abuses by providing that courses with vocational objectives must demonstrate that at least 50 percent of the course graduates obtained employment in the occupational category for which the course was designed to provide training.

Fourth, provides that the Administrator shall not approve enrollment of an eligible veteran or person in any course which utilizes significant avocational and recreational themes in its advertising, or in any proprietary below-college level course in which more than 85 percent of the eligible students are wholly or partially subsidized by the Veterans' Administration.

Fifth, clarifies and strengthens certain administrative provisions of the VA educational assistance program to prevent abuses.

Sixth, authorizes up to 6 months of refresher training for veterans eligible under the current GI bill to update knowledge and skills in light of the technological advances occurring in their fields of employment during and since the period of their active military service.

Seventh, liberalizes the veteran-student service programs by raising the maximum work-study allowance from $250 to $625—increasing the maximum number of hours a veteran may work from 100 to 250—and removing any statutory ceiling on the number of veterans who can participate in the program.

Eighth, liberalizes the tutorial assistance program by extending the maximum assistance period from 9 to 12 months and increasing the monthly tutorial allowance from $50 to $60.

Ninth, liberalizes permissible absences for courses not leading to standard college degrees by excluding customary vacation period established by institutions in connection with Federal or State legal holidays.

Tenth, permits any joint apprenticeship training committee which acts as a training establishment an annual reporting fee of $3 for each eligible veteran or person enrolled in VA educational programs in return for furnishing the VA with the reports or certificates of enrollment, attendance, and termination of such eligible veterans.

Eleventh, provides that occupation-vocational courses not leading to a standard college degree but offered on a clock-hour basis may in the alternative be measured on a credit-hour basis, provided that there is a minimum of 22 hours of attendance per week.

Twelfth, provides that the Administrator shall not approve the enrollment of any eligible veteran or person in any course offered by an institution which utilizes erroneous, deceptive, or misleading advertising, sales, or enrollment practices of any type.

Thirteenth, directs the Administrator to measure and evaluate all programs authorized by title 38 with respect to their effectiveness, impact, and structure and mechanisms for the delivery of services, and to collect, collate, and analyze, on a continuing basis, full data regarding the operation of all such programs and to make available to the public and the Congress on a regular basis such information and the results of his findings.

Fourteenth, increases the allowance payable to the Administrator for administrative expenses incurred by the State approving agencies in administering educational benefits under title 38.

Fifteenth, clarifies and strengthens the Administrator's functions and responsibilities under the VA outreach program to include greater use of telephone facilities and peer-group contact.

Sixteenth, establishes a veterans representative program to station a full-time VA employee at each educational institution where at least 500 veterans are enrolled to serve as a liaison between the VA and the school and to identify and resolve various problems with respect to the educational assistance program.

Seventeenth, directs the Administrator of Veterans' Affairs to seek to achieve maximum feasible effective coordination and interrelationship of services among all Federal programs and activities affecting veterans, and to seek to achieve the maximum coordination of their programs with the programs carried out by the Veterans' Administration.

TITLE III

Title III amends title 38 as follows:

Authorizes supplementary assistance to veterans or eligible wives, widows, and children by direct loans to such individuals from the Veterans' Administration of up to $600 a school year to cover educational costs not otherwise provided for in title 38 or other Federal loan or grant programs.

TITLE IV

Title IV amends title 38 as follows:

First, extends chapter 41 benefits of job counseling, training, and placement services to wives and widows eligible under chapter 35.

Second, expands and strengthens the administrative controls which the Secretary of Labor is directed to establish in order to insure that eligible veterans, wives, and widows are promptly placed in a satisfactory job or job training or receive some other specific form of employment assistance; also requires the Secretary of Labor to establish standards for determining compliance by State public employment service agencies with the provisions of chapters 41 and 42.

Third, clarifies and strengthens existing law requiring that Federal contractors take actions in addition to job listing in order to insure affirmative action to employ and advance in employment qualified disabled and Vietnam era veterans.

Fourth, provides that it is the policy of the United States to promote maximum employment and job advancement opportunities within the Federal Government for qualified disabled and Vietnam era veterans, and provides for special Federal appointment authority and other mechanisms to carry out that policy.

Fifth, provides for clarification and recodification into title 38 of existing law on veterans' reemployment rights, and further extends those rights to veterans who were employed by States or their political subdivisions.

TITLE V

Title V provides:

All amendments become effective on the date of enactment except that the rate increase will be effective September 1, 1974, and the new loan program will be effective January 1, 1975. Veterans or dependents eligible for a loan on or after January 1, 1975, shall be entitled to a loan amount reflective of the full amount of their tuition and all other costs of attendance which they have incurred for the academic year beginning on or about September 1, 1974.

Mr. President, I also ask unanimous consent that the joint explanatory statement of the committee on conference which explains the compromise bill be inserted in the Record at this point.

There being no objection, the explanatory statement was ordered to be printed in the Record, as follows:

Joint Explanatory Statement of the Committee on Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the amendment of the Senate to the text of the bill (H.R. 12628) to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and special training allowances paid to eligible veterans and other persons; to make improvements in the educational assistance programs and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment was a substitute for the Senate amendment to the text of the House bill which struck out all of the House bill after the enacting clause and inserted a substitute text and made a title amendment.

The Senate recedes from its disagreement to the amendment of the House to the amendment of the Senate with an amendment which is a substitute for both the House and the Senate amendments and with a title amendment. The substitute amendment differs from the substitute amendment contained in the previous conference report on this bill (Sen. Rep. No. 93–1107; H. Rep. No. 93–1303), against which a point of order was sustained in the House of Representatives, in the following respects: (1) the percentage increase of the vocational rehabilitation subsistence allowance and the apprenticeship/on-the-job training allowance is 18.2 percent rather than 22.7 percent; (2) the new education loan program is limited to $600 per academic year, is financed as an entitlement from the readjustment benefits account rather than from the NSLI Trust Fund, and becomes effective on January 1, 1975, rather than November 1, 1974; and (3) extends the nine additional months of GI bill entitlement only for pursuit of undergraduate college education. The differences between the House amendment, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I. VOCATIONAL REHABILITATION AND EDUCATIONAL, AND TRAINING ASSISTANCE ALLOWANCE RATE ADJUSTMENTS

Both the House amendment and the Senate amendment liberalize eligibility requirements for disabled Vietnam era and post-Korean conflict veterans to receive training under the vocational rehabilitation program in chapter 31 so as to provide all post-Korean conflict veterans equal treatment for purposes of these benefits with veterans of service during World War II and the Korean conflict. The conference agreement provides for this liberalization of chapter 31 benefits—made available to any veteran with a 10-percent compensable service-connected disability or higher—for any veteran of World War II service or later service.

The House amendment provides for increasing the rates of monthly educational assistance and training allowances by 22.7 percent for eligible veterans and dependents under chapter 34 and 35 and an 18.2 percent increase for the vocational rehabilitation subsistence allowance under chapter 31 and the apprenticeship/on-the-job training monthly training assistance allowance. (This would increase the monthly educational assistance allowance for a single veteran with no dependents from $220 to $270 for full-time institutional study.) The Senate amendment provides for an increase in these rates of 18.2 percent and includes as an integral part of the rate increase package a partial tuition assistance allowance program, under which an additional allowance of up to $720 per school year would be paid to eligible veterans and persons under chapters 34 and 35, the VA paying according to the following formula: 80 percent of a school's yearly tuition charges up to $1,000 after excluding the first $100 of tuition. (The basic monthly educational assistance allowance for a single veteran with no dependents under the Senate amendment is increased from $220 to $260 for full-time institutional study plus the tuition assistance allowance entitlement, as appropriate, which would average out to approximately $31 more per average veteran per month—a total educational assistance average payment of $291 per month.)

The conference agreement provides for an increase in the monthly educational assistance allowances of 22.7 percent, an increase for the single veteran with no dependents of from $220 to $270 for full-time institutional study, and an increase of 18.2 percent in the monthly vocational rehabilitation subsistence and training assistance allowances. The conference did not approve the tuition assistance allowance portion of the Senate amendment, after the most extensive and careful consideration. The conferees instead substituted a provision (section 105) directing the Veterans' Administration to carry out a thorough study, and to report to the Congress and the President within 12 months, on the opportunities for abuse and administrative difficulties arising from a tuition assistance program if one were to be enacted. Various interested organizations and agencies would be consulted and their views solicited as part of the study process. The study would draw its context from the findings of abuses in connection with the World War II GI bill program and from an investigation of these problems as presently being experienced under GI bill tuition assistance programs such as chapter 31 vocational rehabilitation correspondence courses, flight training, and PREP, and would include recommendations by the Veterans' Administration as to legislative or administrative ways in which any such abuses and difficulties could be prevented or mitigated under present or future programs.

TITLE II. EDUCATIONAL ASSISTANCE PROGRAM ADJUSTMENTS

Both the Senate and House amendments clarify and liberalize the circumstances under which service-connected disabled veterans training under the vocational rehabilitation program in chapter 31 may qualify for individualized tutorial assistance. The conference agreement contains this provision.

Both the Senate and House amendments (the Senate amendment amending the section 1661(a) entitlement provision and the House amendment amending the definition of "active duty" in section 1652(a)(3) in order to provide greater clarity) permit the initial six months of active duty training by Reserve and National Guard members to be counted for entitlement for educational assistance under chapter 34 if such members subsequently serve on active duty for 12 or more consecutive months. The conference agreement contains this provision.

The Senate amendment extends the maximum entitlement to educational assistance for eligible veterans from 36 to 45 months. The House amendment contains no comparable provision. The House recedes with an amendment providing up to nine months of additional entitlement for an eligible veteran to use in pursuing a program of education leading to a standard undergraduate college degree.

The Senate amendment extends to 10 years the current 8-year delimiting date for veterans and chapter 35 eligible dependents to complete their programs of education (and exclude in computing such delimiting date the period of time that such veteran-civilians were held as prisoners of war during the Vietnam conflict). The conference agreement does not contain such a provision since the conferees in the course of the prior conference (in connection with which the House bill also contained this provision) decided to separate this agreed-upon item and proceeded to pass S. 3705 in early July, which was enacted as Public Law 93-337 (July 10, 1974).

Both the Senate and the House amendments clarify and strengthen certain administrative provisions governing the chapters 34 and 35 education assistance program in order to prevent and mitigate against abuses by requiring that courses with vocational objectives must demonstrate a 50-percent placement record over the preceding two-year period in the occupational category ("specific" occupational category in the Senate amendment) for which the course was designed to provide training; by prohibiting enrollment in courses which utilize significant a vocational or recreational themes in their advertising; and by providing that not more than 85 percent of eligible students enrolled in proprietary below-college level courses may be wholly or partially subsidized by the Veterans' Administration or the institution. The House amendment additionally clarifies that the 50-percent placement requirement does not apply where it is clear that the individual graduate is not available for employment or trained during active duty. The Senate recedes.

The conferees note that situations in which a graduate could be regarded as not available for employment would include a graduate who becomes disabled, is continuing schooling, is pregnant, or undergoes a change in marital status which compels the graduate to forego a new career. In addition, a graduate who unreasonably refuses to cooperate by seeking employment should not be counted in determining whether the placement percentage has been attained. Such a lack of cooperation can include unreasonable demands as to job location, remuneration, or working conditions. (The "reasonableness" of graduate cooperation should be tested, in part, against normal expectations created by the nature of the training offered by the institution and the advertising, sales, or enrollment practices which it utilizes.)

The conferees also note that the purpose of the modification excluding active duty servicemen's training from the computation of the placement rate is merely to avoid imposing an unreasonable requirement on such vocational institutions to follow such servicemen throughout their period of military service—which might be a matter of several years—in order to determine whether appropriate job placement had been secured following release from active duty. On the other hand, the conferees do not intend by this modification to manifest any less concern about the quality of training which active duty servicemen obtain under the GI bill, and the conferees continue to expect, as expressed in connection with consideration of Public Law 92-540 in 1972, that the base education officers and education program of the Defense Department will generally continue adequately to counsel active duty servicemen and to monitor closely the utilization by such servicemen of their GI bill entitlements.

The conference agreement decision to drop the word "specific" in modification of the term "occupational category" is intended to permit the Veterans' Administration somewhat more latitude in writing regulations to carry out this requirement. The conference has been made aware that use of the Dictionary of Titles is in some cases obsolete or unduly restrictive. Accordingly, as defined by VA regulations, closely related employment obtained by course graduates could also qualify in determining placement figures. In providing for this flexibility, however, the conferees stress that it is still their intention that this requirement be interpreted in light of the very specific discussion and examples contained in the Senate committee report (No. 93-907) on pages 64 through 72.

The conferees are aware of the inherent difficulties in locating all course graduates and intend that a statistically valid and reliable sample approved and verified by the Veterans' Administration will satisfy the requirement of this section without necessitating that the institution secure information about each course graduate. The conferees would also anticipate that, in implementing the placement requirements under this section, the Veterans' Administration will allow schools a reasonable period of time to collect and submit the required data.

Both the Senate and House amendments authorize up to six months of refresher training for veterans with current GI bill eligibility in order to update knowledge and skills in light of the technological advances occurring in their fields of employment during and since the period of their active military service. The conference agreement contains this provision.

Both the Senate and House amendments liberalize the veteran-student services program by raising the maximum work-study allowance from $250 to $625, commensurately increasing the maximum number of hours a veteran-student may work (from 100 to 250 hours), removing any statutory ceiling on the number of veterans permitted to participate in this program, and limiting to $250 the amount of the work-study educational assistance allowance which may be paid to a participating veteran in advance. The conference agreement contains this provision.

Both the Senate and House amendments liberalize the tutorial assistance program by extending the maximum assistance period from 9 to 12 months and increasing the maximum monthly tutorial assistance allowance from $50 to $60. The conference agreement contains this provision.

Both the Senate and House amendments liberalize permissible absences from courses not leading to a standard college degree by excluding customary vacation period established by institutions in connection with Federal or State legal holidays. The conference agreement contains this provision.

In this connection, the conferees note that in numerous places in the conference report, as in the Senate and House amendments, the words "below the college level" are deleted and "leading to a standard college degree" inserted instead. These changes are made with the clear understanding on the part of the conferees that this stylistic change in terminology makes no substantive alteration in the scope and applicability of all of the sections being so modified.

Both the Senate and House amendments extend to eligible dependents under chapter 35 eligibility for farm cooperative training under the same terms and conditions as apply to eligible veterans under chapter 34. The conference agreement contains this provision.

Both the Senate and House amendments increase the allowance payable by the Adadministrative expenses incurred by State approving agencies in administering educational benefits under title 38. The conference agreement contains this provision.

Both the Senate and House amendments permit any joint apprenticeship training commitee which acts as a training establishment to receive the annual reporting fee of $3 for each eligible veteran or person enrolled in educational assistance programs in return for furnishing the VA with required reports and certificates of enrollment, attendance, and terminations regarding such eligible veterans. The conference agreement contains this provision.

Both the Senate and House amendments permit an educational institution offering courses not leading to a standard college degree to measure such courses on a quarter- or semester-hour basis provided certain specific measurements of the academic, laboratory, and shop portions of such courses meet minimum requirements and that in no event shall such course be considered a full-time course when less than a minimum number of hours (18 in the Senate amendment and 22 in the House amendment) of attendance per week is required. The Senate recedes.

The Senate amendment repeals the current 48-month limitation on any person training under more than one VA educational assistance program. The House amendment contains no comparable provision. The Senate recedes.

Both the Senate and House amendments provide that the Administrator shall not approve the enrollment of any eligible veteran or dependent in any course offered by an institution which utilizes erroneous, deceptive, or misleading advertising, sales, or enrollment practices of any type, and only the Senate amendment provides that a final cease and desist order entered by the Federal Trade Commission shall be conclusive as to disapproval of such a course for GI bill enrollment purposes. The Senate recedes.

The Senate amendment provides for a new subchapter under which the Administrator is directed to measure and evaluate all programs authorized by title 38 with respect to their effectiveness, impact, and structure and mechanisms for service delivery, and to collect, collate, and analyze on a continuing basis, full data regarding the operation of all such programs and to make available to the public the results of his findings. The House amendment contains a similar provision, embodying the essence of the Senate provision, although somewhat revising and condensing the language in order to provide for greater focus and more specificity. The Senate recedes.

The conferees wish to stress that in the House amendment's more condensed new section 219 (evaluation and data collection), as added in section 213 of the conference report, the requirement in subsection (c) of the original Senate provision, that, whenever feasible, the Administrator should arrange to obtain the specific views of program beneficiaries and program participants with respect to evaluations of such programs, was deleted as unnecessary. The conferees believe that the Administrator already possesses inherent authority to do this, and that it would be desirable for him to exercise that authority. The conferees also believe that the most effective evaluations are those conducted by fully independent personnel.

The Senate amendment clarifies and strengthens the Administrator's functions and responsibilities under the VA outreach program provisions to include a greater use of telephone and mobile facilities and peer-group contact, as well as providing for certain stress on bilingual services in certain areas and providing explicit contract authority with respect to certain outreach activities. The House amendment contains comparable provisions, but eliminates the requirement that contract authority be exercised for outreach activities, and any statutory specification of mobile facilities. The Senate recedes.

The conferees do not intend by the deletion of specific statutory reference to the use of "mobile" facilities to indicate in any way their disapproval of or lack of support for the appropriate use of such facilities as mobile vans and wish to stress, moreover, their belief that these vans, which hitherto have generally been employed only in rural areas, could serve as useful a purpose in urban areas with high population concentrations.

Both the Senate and House amendments establish a veterans representative (Vet Rep) program to provide for a full-time VA employee at, or in connection with, each educational institution where at least 500 GI bill trainees are enrolled, to serve as a liaison between the VA and the institution and to identify and resolve various problems with respect to VA benefits, especially educational assistance, for veterans attending each such institution. The conference agreement contains this provision.

In adopting this provision, the conferees were keenly aware of the concerns which have been expressed to members of both bodies about the implementation of this program which has already been undertaken administratively by the VA, and of the assurances received from the Office of Management and Budget, the White House, and the VA with respect to the intended operation of this program. Of specific concern is the understanding, most recently embodied in the Senate Appropriations Committee report (No. 93–1056) on H.R. 15572, the Fiscal Year 1975 HUD-Space-Science-Veterans Appropriations Act, that VA regional offices, with the concurrence of the Chief Benefits Director, will have considerable flexibility in the assignment of these new Vet Reps in terms of particular campus needs. This same flexibility is provided for in the conference report. In those instances where a Vet Rep can perform more effectively in terms of carrying out the special responsibilities of liaison with the campus veterans, assignment of the Vet Reps to regional offices should be carried out in order to improve the capacity of those offices to provide effective services. At the same time, the conferees wish to call attention to the conference report provision which is intended to avoid any situation in which an educational institution might be in any way compelled to accept such an on-campus assignment by the VA (new section 243(a)(4) provides that the "inappropriateness of assignment of veterans' representatives to a particular educational institution" shall be grounds for reallocation of such Vet Reps to other educational institutions or to the regional office). The conferees expect that such assignment matters will be resolved amicably in close consultation and coordination with individual institutions, GI bill trainees at such institutions, and other interested parties.

The Senate amendment establishes an Inter-Agency Advisory Committee on Veterans Services to be composed of the heads of various Federal departments and agencies (with the Administrator as Chairman) to promote maximum feasible effectiveness and coordination of and interrelationship among all Federal programs affecting veterans and dependents, and to make recommendations to the President and the Congress regarding the annual budget and the development, coordination, and improvement of Federal programs and laws affecting veterans and their dependents. The House amendment provides that the Administrator shall seek to achieve the maximum feasible effectiveness, coordination, and interrelationship of services among all Federal programs and activities affecting veterans and seek to achieve the maximum coordination of their programs with the programs carried out by the Veterans' Administration. The Senate recedes. The conferees expect the Administrator to specify in his annual report the results of this new process.

TITLE III. VETERANS AND DEPENDENTS EDUCATION LOAN PROGRAM

The Senate amendment authorizes supplementary assistance to veterans and eligible dependents by direct loans to them from the VA (utilizing the National Service Life Insurance (NSLI) Trust Fund) of up to $2,000 a year to cover educational costs not otherwise provided for in title 38 or other Federal loan or grant programs. The House bill contains no comparable provision. The conference agreement provides for such a supplementary loan program, reducing the maximum yearly loan to $600, increasing the maximum amount of the loan fee which the Administrator may charge for such loans, directing the Administrator to collect any delinquent amounts in loan principal and interest payments in the same manner as any other debt due the United States, directing the Administrator to report to the Congress annually on the default experience at each institution, financing the revolving fund from current and future readjustment benefits appropriations, utilizing the same entitlement theory and methodology as applies to the VA loan guaranty revolving fund under section 1824 of title 38, rather than the NSLI trust fund, and making the program effective on January 1, 1975, rather than on September 1, 1974 (as in the Senate amendment). A slight revision was also made in the section 1798(d)(3) provision setting the procedure for establishing the loan interest rate. The new language is drawn directly from the applicable provisions of the Higher Education Act regarding the Federally Insured Student Loan (FISL) program and the conferees intend that the interest rate on the new veterans' and dependents education loan certainly should be closely coordinated with the FISL rate and in no event should exceed that rate.

The conferees are concerned that excessive default rates at certain institutions might jeopardize the success of the program, and both Committees will closely monitor default experience and expect the Administrator to do so as well. In this connection, the conferees direct the Administrator to utilize his new authority under new section 1796, added to title 38 by section 212 of the conference report, with respect to deceptive and misleading advertising, to take affirmative steps to prevent any questionable sales or enrollment practices utilizing advertising about the availability of the new loan program as a promotion technique. The Administrator should, in this regard and as part of fulfilling his notification requirement under section 502 of the conference report, promulgate in regulations a model loan description which shall be used by institutions in their advertising if they wish to refer to the loan availability.

TITLE IV. VETERANS, WIVES, AND WIDOWS EMPLOYMENT ASSISTANCE AND PREFERENCE AND VETERANS' REEMPLOYMENT RIGHTS

Both the Senate and House amendments extend chapter 41 benefits (job counselling, training, and placement services) to wives and widows eligible for educational assistance benefits under chapter 35. The conference agreement contains this provision.

Both the Senate and House amendments expand and strengthen the administrative controls which the Secretary of Labor is directed to establish under chapter 41 in order to ensure that eligible veterans, wives, and widows are promptly placed in a satisfactory job or job-training opportunity or receive some other specific form of employment assistance, and require the Secretary to publish standards for determining compliance by State Public Employment Service agencies with the provisions of chapters 41 and 42. The conference agreement contains this provision.

The Senate amendment clarifies and strengthens existing law requiring that Federal contractors and all of their subcontractors take particular actions in addition to job listing in order to give "special emphasis" to the employment of qualified service-connected disabled and Vietnam era veterans. The House amendment provides further clarification in this provision by making clear the intention of the Congress that affirmative action is to be taken by all Federal contractors and all of their subcontractors with respect to their employment practices in order to promote the greatest possible employment and advancement in employment of qualified service-connected disabled veterans and veterans of the Vietnam era. The Senate recedes. It is the conferee's objective in making this clarification to ensure that the goals of the program, as spelled out above, will be achieved according to an orderly and effective timetable, backed up by an effective compliance mechanism. The affirmative action requirement does not necessarily mean, however, that specific numerical or percentage goals and timetables will be made applicable to contractors and subcontractors at this time and with respect to this provision. For example, in carrying out the purposes of this provision, it may prove advantageous to await experience in administering the program before providing for the imposition of any such goals and timetables. The Congress will be vigilant to ensure that the purposes and goals of this affirmative action program are vigorously pursued by the Labor Department.

Both the Senate and House amendments include a provision stating that it is the policy of the United States to promote maximum employment and job advancement opportunities within the Federal Government for qualified service-connected disabled and Vietnam era veterans, and providing for special Federal appointment authority and other mechanisms to carry out such policy. The conference agreement contains this provision.

Both the Senate and House amendments provide for the codification into title 38 of existing law on veterans' reemployment rights, and further extends such rights to veterans who were employed by States or their political subdivisions. The conference agreement contains this provision.

TITLE V. EFFECTIVE DATES

The Senate amendment makes the provisions in titles II and IV of the Senate amendment effective on the date of enactment (improvements in GI bill provisions and in employment assistance), the new loan program in title III effective on September 1, 1974, and the rate increases and other provisions of title I effective on July 1, 1974. The House amendment makes all amendments effective on the date of enactment except that the rate increase will be effective on September 1, 1974, and the new loan program will be effective November 1, 1974 (except that veterans or dependents eligible for such loan entitlement on or after November 1, 1974, shall be entitled to a loan amount reflective of the full amount of their tuition and all other costs of attendance which they incurred for the academic year beginning on or about September 1, 1974). The Senate recedes with an amendment making the effective date of the title III new loan program effective on January 1, 1975, subject to the same provisio with respect to previously incurred expenses.

TITLE AMENDMENT

Both the Senate and House amendments amend the title of the bill to reflect the provisions in the respective amendments. The conference agreement amends the title to reflect the provisions in the conference report.

Mr. RANDOLPH. One final word should also be made concerning the increases in allowances under chapter 31 and apprenticeship/on-job training. The conferees agreed to limit those increases to 18.2 percent to avoid any parliamentary point of order which might be raised. At the same time the conferees recognized that traditionally those allowances have been increased by the same percentage as for increases in chapter 34 benefits. Accordingly, the conferees have agreed to sponsor and act upon separate legislation to accomplish this following enactment of H.R. 12628. In this connection, I ask unanimous consent to place in the Record a letter from the chairman of the committee to Charles L. Huber, national director of legislation for the Disabled American Veterans.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Committee on Veterans' Affairs,
Washington, D.C., October 8, 1974.

Mr. Charles Huber,
Disabled American Veterans,
Washington, D.C.

Dear Chet: This letter is in response to your inquiry concerning the *second* conference report to H.R. 12628, the Vietnam Era Veterans Readjustment Assistance Act of 1974.

As you will recall the original conference report, filed on August 19, 1974, provided for a 22.7 percent increase in chapter 31, Vocational Rehabilitation benefits. Although the conference report cleared the Senate, a parliamentary point of order raised by Representative H. R. Gross to the chapter 31 increases was sustained in the House, which prevented further consideration of the agreement.

In reaching agreement on a second conference report, the conferees were most concerned that the agreed compromise contain no provisions which could be subject to point of order which would prevent further action. As such, the agreement provides that chapter 31 increases (as well as increases in the apprenticeship/on-the-job program) will be set at 18.6 percent, a figure which does not exceed that set in either the original House or Senate passed versions of H.R. 12628.

At the same time the conferees recognized that traditionally the same percentage increases had been provided across the board for all those in training. Accordingly, to continue this tradition as well as to avoid any parliamentary complications, the conferees unanimously agreed to sponsor separate, independent legislation to further increase chapter 31 and other allowances to 22.7 percent. As you are probably aware, the ranking minority member of the House Committee on Veterans' Affairs, Representative John Paul Hammerschmidt, recently introduced H.R. 17028 to accomplish this purpose.

I would expect that final Congressional action to further increase chapter 31 benefits would immediately follow disposition on H.R. 12628.

I hope this letter clarifies and answers any questions you may have had with respect to the conference report. If I may be of further assistance, please don't hesitate to contact me.

Sincerely,

Vance Hartke,
Chairman.

Mr. RANDOLPH. Finally, for the information of the Members of the Senate, I wish to inform them that the other body today adopted the conference report by a record vote of 388 to 0. Mr. President, I urge that we adopt the conference report.

Mr. THURMOND. Mr. President, I am pleased to speak in support of the compromise version of the veterans education bill.

It has been almost 4 months since we began conference meetings to resolve the Senate-House differences on this measure. After extensive negotiations, a compromise has been reached in good faith.

First, the language proposing a separate tuition payment system has been modified. The substitute language directs the Veterans' Administration to carry out a thorough and intensive study for abuses and the administrative difficulties which would be encountered if a tuition assistance program were to be enacted.

Second, the increase in maximum entitlement has been extended from 36 to 45 months for purposes of attaining an undergraduate degree only.

Third, the loan provision, which will provide up to an additional $600 to help defray rising educational costs, will be financed from the general revenues, not from the National Service Life Insurance Trust Fund.

While I originally supported a more comprehensive bill, I believe that on the whole, this bill is a good one and merits the full support of the Senate.

During the long debate on this bill, it has been of great concern to me that we strike an even balance between viable programs for our veterans on the one hand, and the maintenance of fiscal responsibility on the other.

Mr. President, inflation affects the student veteran just as adversely as it affects the rest of us.

In an effort to reduce costs, this bill has been the focus of two separate conferences with the House. I believe it is appropriate to point to a short historical review of the reduction in the cost estimates.

Cost estimates for the Senate-passed version, excluding the separately passed delimiting date extension, were calculated at about $1.2 billion for fiscal year 1975. After the first conference agreement with the House, there was a reduction of about $225 million, or a total cost for the bill of $973 million for fiscal year 1975. The results of the second conference agreement amount to another $165 million reduction, or a total cost for the bill of $808 million for fiscal year 1975.

Mr. President, we have not compromised once in an effort to reduce cost, we have compromised twice. To those who are most concerned about the cost of this bill, I would only say that we have already reduced the cost of the original Senate version by $390 million, in the first year of operation.

Conversely, substantial progress has been made in raising the monthly subsistence allowance in spite of the overall cost in the bill.

Mr. President, I believe it is useful to review the progress which has been made in the subsistence allowance increase since the passage of the original House and Senate bills.

The House bill originally proposed a 13.6-percent increase in the subsistence allowance. The Senate bill proposed an 18.2-percent increase in the subsistence allowance, together with the tuition provision which has been deleted. After extensive negotiation in the two conference committees, there will be a 22.7-percent increase in the monthly subsistence rate, retroactive to September 1.

Under the compromise agreement, a single veteran will receive $270 per month instead of the current $220 per month; a married veteran will receive $321 per month, up from $261; a veteran with one child will receive $366 per month, up from $298; and an additional $22 per month will be provided for each additional dependent.

Unfortunately, Mr. President, much of this projected increase has already been diminished by the decreasing buying power of the dollar. These additional subsistence benefits will only go toward helping the young student veteran keep abreast of the rising cost of living.

Other provisions, however, will have more than a simple monetary effect on students returning from military service. Additional opportunities will be provided for disabled Vietnam veterans to train under vocational rehabilitation provisions.

The compromise extension of the maximum entitlement from 36 to 45 months will enable many students to use the additional 9 months in attaining an undergraduate degree.

A low cost loan program of up to $600 will help defray additional education costs and give many students greater opportunities to pursue their educational objectives.

Two provisions of the bill will have a significant effect on vocational-technical education, and go a long way toward recognizing its status in the educational atmosphere.

First, permissible absences for courses not leading to a standard college degree will be liberalized by excluding customary vacation periods established by institutions in connection with Federal or State legal holidays. No longer will a veteran in vocational-technical schools have to attend classes on legal holidays to qualify for his monthly subsistence check while other students observe these holidays.

Second, the bill provides that occupational-vocational courses not leading to a standard college degree, but offered on a clock hour basis, may be measured on a credit hour basis. Twenty-two and one-half hours per week attendance will be required in order for the student to qualify for full-time VA benefits.

Mr. President, there are other provisions in the bill which represent a similar progressive approach to the veterans education program. Greater employment benefits and reemployment advantages, more extensive outreach programs, and programs to provide on-campus assistance to student veterans, are all substantial investments in the veterans education program.

I support this bill for three simple reasons:

First, we owe the young veterans of Vietnam a comparable education program to that provided for veterans of World War II and Korea. This bill goes a long way toward assuring that goal.

Second, a strong and viable veterans education program strengthens our overall economy. Prior programs have paid for themselves two to three times over in increased tax revenues. Skill levels have been raised significantly. The Nation's productive capability has been supplemented greatly.

Finally, our Nation owes a great debt to the men and women who have served honorably in military uniform. We enjoy a strong and free America, because of their sacrifices.

America's veterans have kept faith with our country in times of need. It is only right for us to keep our commitment to provide a strong and viable educational readjustment program for them, as they seek to readjust to the society for which they served and fought to protect.

Mr. President, I urge adoption of the conference report on H.R. 12628.

Mr. McCLURE. Mr. President, I rise in support of the conference report on H.R. 12628, the Vietnam-Era Veterans' Readjustment Assistance Act of 1974.

While this bill could have been better in several respects, I feel that following more than 3 months of negotiations it represents the most equitable compromise we could achieve for our veterans at this time.

We have worked on this measure since June 19. Since then the tuition program has been deleted. Yet over the last 25 years, the increasing cost of education has exceeded the cost of living threefold. We have been limited to a cost-of-living increase coupled with an educational loan program, whereas a partial tuition grant would have met those costs directly.

A 9-year delimiting date extension was removed from the original Senate and House bills, passed as separate legislation and signed into law on July 10. This measure kept some 285,000 veterans from being dropped from the rolls and gave all eligible trainees a total of 10 years in which to use their educational benefits.

At our October 2 conference meeting we ironed out the last compromises needed to get a bill agreeable to both bodies. Veterans and their survivors under chapters 34 and 35 programs will receive a 22.7-percent cost-of-living increase in monthly assistance allowances. Vocational rehabilitation, on-the-job training, and apprenticeship trainees will get an 18.2-percent increase now, being increased to 2.7 percent before year's end.

The educational loan program has been pared back to $600. Funding will come for its revolving fund from the general treasury rather than from the national veterans' life insurance fund.

Historically, the intent of the GI bill has been to provide a readjustment benefit which would allow a veteran who took full advantage thereof to complete a vocational or 4-year college program. However, the high cost of education coupled with family responsibilities and an inflationary economy, the loss of credits involved in transferring from one institution or educational objective to another, and the previous low benefits have all combined to make it unlikely that many Vietnam-era veterans will complete their basic educational objectives in 4 years.

For these individuals who are compelled to forego fulltime educational training or cannot complete a standard undergraduate college degree in 4 years, we have added additional entitlement eligibility, not to exceed 9 months. Being granted additional entitlement is to be predicated upon the inability of one in getting his undergraduate degree and should be used only for completion of such a degree.

I believe that service in the Armed Forces in time of war or national emergency is a very special service to our country. We have taken the most important career preparation years in these young men and women's lives. Are we also going to deprive them of education and training that would assure them and their families a better job or a better life? These men and women who gave for our country are entitled to special consideration.

During World War II, speaking about a need for educational benefits for American military men and women following the war, President Franklin D. Roosevelt exclaimed that—

> We have taught our youth how to wage war; we must also teach them how to have useful and happy lives in freedom, justice, and decency.

In looking for a way to help Vietnam veterans make the transition back to a complex, indifferent, and sometimes hostile civilian life, we would be well advised to heed the words of Gen. Omar Bradley, when, in speaking in 1969 about the 25th anniversary of the original GI bill, he stated in part:

> In the G.I. Bill, Congress offered the veterans a valuable stake in themselves. They took heart in the knowledge that the nation stood ready to back their civilian chances in making good. Veterans wanted only the fair chance to become self-supporting, self-sufficient, self-respecting American citizens. . . .
>
> The G.I. Bill . . . provided a uniquely new and different investment in the proven capabilities of our young men and women. It gave them the freedom to find their own security as confidently as they had once sought security for the nation . . .

I want to see that the Vietnam veteran receives an equal opportunity to prepare himself for an active, productive, and rewarding civilian life. The Vietnam veteran does not ask for special favors—he merely asks for an even break.

I urge you to support the future of our young veterans by voting for the conference report on H.R. 12628, the Vietnam Era Veterans' Readjustment Act of 1974.

Mr. CRANSTON. Mr. President, I rise to give my support and to urge my colleagues in the Senate to approve the pending measure, the Vietnam-Era Veterans' Readjustment Assistance Act of 1974 (H.R. 12628), as reported from the committee of conference.

Mr. President, this is the third time since late last spring that the Senate is acting upon a comprehensive bill to assist Vietnam-era veterans. It is now early autumn, and veterans are still waiting for the increases in GI bill benefits that they were promised last winter.

The inequities have grown with the passing of the seasons, Mr. President. Further delays can no longer be tolerated. This situation must be resolved now.

Seven weeks have gone by since the Senate acted upon the first conference report on H.R. 12628 ostensibly agreed to by a House-Senate conference committee. On August 21, 1974, the Senate unanimously passed a bill which I believed to be a symbol of the kind of compromise and cooperation stressed by our new President in his maiden address to a joint session of Congress. In my opinion that bill displayed a fine spirit of compromise and cooperation, not only between the House and the Senate Veterans' Affairs Committees, but also between the Congress and the executive branch. The major point of contention—the Senate's tuition assistance program—was objected to strongly by former President Nixon in a July 30, 1974, letter to Chairman HARTKE. That provision costing $585 million the first full year, was dropped at that time, thereby reducing the overall cost of the conference report by $490 million in view of the $270 basic allowance rate figure in that conference bill.

Mr. President, we thought this was a fair agreement. We believed we were acting responsibly and in good faith. But I do not have to remind my colleagues about what happened to that conference report in the House on August 22.

It seems that our new administration was not as concerned with compromise and cooperation when it came to providing a measure of justice to Vietnam-era veterans. Veto threats and administration warnings regarding the inflationary nature of the bill apparently were the real cause of the substitution of a substantially weakened bill for the conference agreement on the House floor. The point of order was just the means to the administration's goal of destroying the bill.

Mr. President, I have said this many times before, but I believe it is well worth repeating. Although I am largely in agreement with President Ford's desire to cut the budget and to reduce overall Federal spending, scrimping on veterans' benefits, is not, nor will it ever be, responsible budgeting.

There is no question, Mr. President, that one of the first responsibilities of a democratic society is the maintenance of a stable economy—an economy which will provide all citizens with a fair opportunity to find work and earn a decent living. I have no argument with this, and I congratulate President Ford for his determination to achieve this goal.

This cannot be done, however, by asking young veterans to continue to make double and triple sacrifices. They have already given up 2 years or more to military service, often risking their lives and limbs. Yet, in the name of combating inflation, the past administration has steadily resisted congressional efforts to get additional funds for badly needed programs for veterans. Most young veterans have thus encountered difficulty in completing or even beginning their educations, many cannot find jobs, and some cannot get adequate medical care for their disabilities.

Mr. President, in November 1970, as chairman of the Veterans' Affairs Subcommittee of the Labor and Public Welfare Committee, I chaired hearings on unemployment and readjustment problems among young veterans. I stated then that there was great irony, as well as tragedy, in the economic recession and high unemployment.

The Vietnam war had been a major cause of our runaway inflation, and the Nixon administration instituted a number of fiscal year monetary policies to stop that inflation. All those policies succeeded in doing was depressing the economy and increasing unemployment. Most paradoxically, among the principal victims of unemployment were the young servicemen returning from the very war that brought about the inflation—and the administration's recessionist policies—in the first place.

Mr. President, in the spirit of the justice and conciliation sought by the new administration, we must correct this great injustice. Providing equitable benefits and services, employment opportunities, and quality medical care to our Nation's veterans is a cost of war that we can no more avoid than the costs of bombs and bullets, airplanes, and tanks—the necessities of waging war. Providing the funds necessary to afford veterans this just readjustment assistance is a cost of war we must and will pay. And we must do so willingly, not begrudgingly.

Mr. President, there is no room for compromise in this regard. The men and women who served in Vietnam cooperated when they were asked to serve their country. They did not ask about the cost. I believe it is our moral obligation to reconcile the sacrifices they made by insuring Vietnam-era veterans of adequate readjustment assistance.

I would point out, Mr. President, that not only is this a cost of war which we are morally obliged to pay, but the amounts involved in the conference report represent sound fiscal policy, as well. On August 21, the day the Senate passed the first conference agreement, at the inaugural hearings of the Senate Committee on the Budget, on which I am privileged to serve under the distinguished leadership of the Senator from Maine (Mr. MUSKIE), we heard testimony from two impressive but rather conflicting authorities: Honorable Arthur F. Burns, Chairman of the Board of Governors of the Federal Reserve System; and Prof. Walter W. Heller, of the University of Minnesota, former Chairman of the Council of Economic Advisers. Much of their testimony focused on whether or not there was a need for significant cuts in the fiscal year 1975 budget for Federal Government spending. These gentlemen differed with regard to this point, at least insofar as the magnitude of such proposed cuts.

They did not differ, however, on one very salient point. Chairman Burns stated that along with the need for the Congress and the executive branch to make certain substantial cuts in the Federal budget, there was a great need for compensatory increases in Federal spending for certain programs too. I will quote the word he used. He said we must "ameliorate" the impact which inflation has already had on certain groups in our society.

Professor Heller, who probably would define this group of inflation victims more broadly than Chairman Burns, made the same point and termed such "amelioration" as "reparations" for the sacrifices and hardship which these groups of individuals have experienced at the hands of our devastating inflation rate.

That, Mr. President, is really what this conference report is all about: restoring the purchasing power, in terms of education and subsistence of GI bill educational assistance and training allowances. This purchasing power already has been badly eroded and eaten up by the ravaging inflation of the 18 months since the last GI bill increase. Anyone who has tried to pay for an education in 1974 with the same amount of money needed to purchase an education in 1972, obviously knows that the 22.7-percent rate increase in the conference report is fully justified.

So, Mr. President, I point out that in essence what we have here is a reparation in the war on inflation which we owe to our Vietnam-era veterans in terms of their right to adequate education and training benefits, to facilitate their readjustment.

Mr. President, during the 5½ years in which I have been deeply involved in matters affecting our Nation's veterans, particularly Vietnam-era veterans, I have learned to expect, as a matter of course, threats of Presidential vetoes of legislation providing for badly needed increases in benefits to veterans, or administration recommendations of pitifully small budgetary increases in veterans' benefit programs.

I had been encouraged, therefore, with certain statements made by President Ford in August. I found his expression of concern for the appalling rate of joblessness among young veterans and minority veterans, as well as his demand for the highest quality of care in VA hospitals and humane treatment for every veteran to be particularly noteworthy. I have long shared these concerns, and was glad to have President Ford's concurrence.

I am hopeful that the apparent awareness of the importance of these matters will lead him to recognize the great need to enact into law all the provisions of H.R. 12628, as now reported from conference.

In September, Mr. President, the unemployment rate for young Vietnam-era veterans was 12.4 percent, an increase of more than 2½ points over the previous month. The unemployment rate for young minority veterans is even more shocking; 23.2 percent, or almost one quarter of all young minority veterans out of work.

Yet the President is being counseled by some to veto the bill most recently reported from conference, a bill which would provide substantial employment assistance, in addition to the education and training needed by young Vietnam-era veterans to enable them to find jobs.

Mr. President, the logic of vetoing a bill which would potentially prevent thousands of veterans from being relegated to the welfare and unemployment rolls because the bill is inflationary, escapes me. The money spent today on educational assistance programs for veterans is far better spent than the funding of welfare and unemployment programs tomorrow for the potentially large numbers of disadvantaged veterans.

Far too many Vietnam-era veterans have been victims of a vicious cycle of disadvantagement. The least educated men have been the most likely to enter the Armed Forces, to go into combat, and then, upon their return, they have the most difficulty in continuing their education and training or finding other than menial jobs. The disastrously high rate of unemployment among young veterans is just one of the results of this situation.

Mr. President, I believe such unemployment rates are a clear indication that we cannot do enough in terms of providing the kinds of programs and services that will encourage veterans to return to school, and help them to stay in school. The bill we most recently reported from conference is generally a good bill. I urge President Ford immediately to put a stop to the waiting game veterans have been forced to play since late last spring by signing this much needed bill into law.

SUMMARY AND DISCUSSION OF MAJOR PROVISIONS OF REPORTED BILL

At the outset of my discussion of the many comprehensive provisions of this bill, I would like to say that, with the exception of the baccalaureate restriction on the 9 additional months of eligibility for GI bill benefits, I am satisfied with the bill, as reported from conference. Although I regret a number of compromises that had to be made in reaching agreement with the House, I am confident that the provisions of this measure will go far in dealing with a wide range of education, training, and employment problems for the veteran and his or her family.

The baccalaureate restriction on the additional 9 months of entitlement, however, in my opinion will disadvantage seriously many veterans going to school on the GI bill. I wrote a letter to each of my fellow Senate conferees setting forth the reasons why I felt—and still feel strongly—that this provision is most discriminatory and highly inequitable. This letter will be set forth in the RECORD tomorrow as part of my remarks when I introduce a bill which would extend the period of GI bill entitlement from 36 to 45 months with no restriction as to the level of training for which the entitlement may be used.

INCREASE IN RATES

Mr. President, in the committee bill as introduced, the basic monthly educational assistance allowance rate was set at $270 in an attempt to restore comparability with World War II GI bill rates. This rate was based on the $250 level which had been adopted unanimously, both in committee and in the Senate, in 1972, which our calculations showed were necessary to achieve GI bill benefit comparability at that time. This $250 figure was then adjusted by the cost-of-living increase—CPI—from fall 1972 to late fall 1973, when S. 2734 was introduced—December 6, 1973—which required about an 8-percent increase over this $250 figure. This basic GI bill rate was lowered to $260 per month in order to allow for the tuition assistance allowance program provision added to the bill in committee. The partial tuition assistance allowance program was considered, by the committee, to be an integral part of the rate increase package. The two together were a substitute for the original 22.7-percent rate increase included in S. 2784, as introduced last December 6.

In view of the House conferees' insistence that the tuition assistance provision be dropped from the bill, I am pleased that we were successful in insisting that the 23-percent increase in rates be restored in both the first and the second conference agreement.

PROVISION OF EMPLOYMENT ASSISTANCE TO VIETNAM-ERA AND SERVICE CONNECTED DISABLED VETERANS

Mr. President, in 1972 in title V of Public Law 92-540, we enacted the Veterans Employment and Readjustment Act of 1972, which was derived directly from the provisions of S. 2091 which Senator HARTKE and I had introduced in June of 1971. Given our experience with the implementation of the various provisions added to title 38 in 1972 in chapters 41 and 42, Senator HARTKE and I proposed a series of strengthening amendments, which have been retained in the conference report.

First, Veterans Employment Service job counseling, training, and placement services would be expanded to serve wives and widows who are eligible for chapter 35 GI bill assistance.

Second, the Secretary of Labor is directed to establish stronger, expanded administrative controls under chapter 41 in order to insure that eligible veterans, wives, and widows are promptly placed in a satisfactory job or job training opportunity or receive some other specific form of employment assistance. The Secretary is also required to publish standards for determining compliance by State Public Employment Service agencies with the provisions of chapters 41 and 42.

Mr. President, the need for such mandatory specificity regarding this annual report was made very clear to us by the ridiculous three-page annual report concerning the implementation of existing chapter 41 provisions submitted—4 months after it was due—by the Secretary of Labor, and by the failure of the Secretary to carry out the chapter 42 "special emphasis" program.

Third, with regard to the chapter 42 "special emphasis" program the conference report clarifies and strengthens existing law by requiring that Federal contractors and all of their subcontractors take particular actions in addition to job listing in order to give "special emphasis" to the employment of qualified service-connected disabled and Vietnam-era veterans. The conference agreement provides further clarification in this provision by making clear the intention of the Congress that all Federal contractors and all subcontractors under Federal contracts—not just prime subcontractors—are to take affirmative action in their employment practices in an effort to promote the greatest possible employment and advancement in employment of qualified service-connected and disabled veterans and veterans of the Vietnam-era.

Mr. President, the conferees intend, in making this clarification, to insure that the goals of the program, as spelled out above, will be achieved according to an orderly and effective timetable, backed up by an effective compliance mechanism. Specific numerical or percentage goals and timetables, however, need not necessarily be made applicable to contractors and subcontractors at this time and with respect to this provision. It may prove advantageous to await experience in administering the program before providing for the imposition of any such goals and timetables. Nevertheless, it is the intention of the conferees that the Congress be vigilant in insuring that the purposes and goals of this affirmative action program be vigorously pursued by the Labor Department.

Mr. President, unemployment continues to be a substantial problem among young veterans, of whom almost 12.5 percent are presently unemployed. The unemployment rate for young minority group veterans was 23.2 percent last month, almost twice as high as that of other young nonminority group veterans.

As a result of these disastrously high unemployment rates, we felt it necessary, not only to try to provide greater focus to the efforts of the Veterans Employment Service, but also to provide the Department of Labor with greater statutory specificity with respect to its efforts to promote employment of Vietnam-era veterans and service-connected disabled veterans in the private sector.

Fourth, the conference report also includes a provision I authored with Senator HARTKE stating that it is the policy of the United States to promote maximum employment and job advancement opportunities within the Federal Government for qualified service-connected disabled and Vietnam-era veterans, and providing for special Federal appointment authority and other mechanisms to carry out such policy.

Fifth, the conference report provides for the codification into title 38 of existing law on veterans' reemployment rights, and further extends such rights to veterans who were employed by States or their political subdivisions.

EDUCATION LOAN PROGRAM

Mr. President, the conference report contains a supplementary educational loan program for eligible veterans and chapter 35 eligible dependents. The maximum yearly loan was reduced in conference to $600, from $1,000 in the first conference agreement, and $2,000 in the original Senate bill.

Although I regret that this program has had be so significantly scaled down, the new loan program should provide a measure of assistance for veterans in high- and higher-cost institutions to receive loans to help cover their tuition and other expenses at relatively low interest rates. This loan program now, at least partially, represents our efforts to enact some program to deal with the variable tuitions costs among universities and colleges and particularly the education costs as they vary from State to State depending upon the availability of lower-cost public education.

Mr. President, I think the fact that the VA estimates that approximately 136,000 veterans would receive these loans in the first full year of operation of the new program is probably the most telling argument showing the need for such a program. This very high rate of projected use for the first year of such a new program clearly demonstrates the difficulty which GI bill trainees are experiencing in obtaining regular education loans even under the program of federally insured loans under the Higher Education Act of 1965.

The new loan program should help to fill this gap by providing a substantial benefit for veterans and eligible dependents who cannot obtain Higher Education Act federally-insured loans.

I also wish to stress, Mr. President, that this loan program, although not in this conference report funded out of NSLI trust funds, provides an automatic entitlement to benefits out of the readjustment benefits account, just as is the case under section 1824 of title 38 for VA guaranteed loans.

STATUTORY AUTHORITY FOR VA'S VET REP PROGRAM

Mr. President, another provision I authored in the Senate-passed bill, establishing a veterans representative—Vet Rep—program, was accepted by the conference committee. This program will provide for a full-time VA employee at, or in connection with, each educational institution where at least 500 GI bill trainees are enrolled, who will serve as a liaison between the VA and the institution and identify and resolve various problems with respect to VA benefits, especially educational assistance, for veterans attending each such institution.

Mr. President, Senators may recall that on May 31, 1974, the White House released a formal announcement concerning the Veterans' Administration's new man-on-the-campus program. Earlier in May, the Veterans' Administration had briefed the Congress on its plans to implement this program designed to improve service relationships with veterans, their dependents, and veterans' service organizations. The man-on-the-campus, or Vet-Rep program involves placing VA counselors on college and university campuses to identify and resolve VA educational assistance allowance problems.

Mr. President, in the weeks that followed the original VA announcement of these plans, there was considerable confusion, and much concern expressed by those persons already involved in campus veterans' programs. Specifically, Veterans cost-of-instruction—VCI—program campus coordinators, who are responsible for planning, implementing, and directing the full time offices of veterans affairs established under a provision I authored in the Education Amendments of 1972, Public Law 92–318, feared their programs were about to be taken over by the VA. The VCI program was designed to provide incentives and supporting funds for colleges and universities to recruit veterans and to establish the kinds of special programs and services necessary to assist many veterans in readjusting to an academic setting.

VCI programs achieved a high level of success in their first year of operation despite the fact that in many cases VCI coordinators were unable to plan and develop special programs because they were forced to devote far too much of their time to the task of assisting veterans with VA-related problems, especially late arrival of GI bill checks. VCI coordinators were, in many cases, simply acting as a liaison between the veteran and the VA in the veteran's frustrating battle to receive VA educational benefits.

Unfortunately, Mr. President, the VA's early plans and job descriptions for the Vet Reps appeared suspiciously duplicative of the responsibilities already being met by VCI coordinators. VA memos concerning the Vet-Rep program contained terms such as "outreach" and "peer-counseling"—activities specifically required by law of VCI programs. Aggravating the situation was the fact that the VA, in the weeks just after announcing the program, made no attempt to consult VCI coordinators or to include them in any of the initial planning and implementation of this program, a program which directly would affect these already existing programs.

This understandably led to much hostility on the part of VCI coordinators and other campus veterans representatives across the Nation. My staff worked closely, during this period, with the Veterans' Administration, the Civil Service Commission, the Office of Management and Budget, and the White House to work out details of the program, and to insure that the concerns of VCI coordinators would be taken fully into consideration before plans for the program were finalized.

In connection with the Vet Rep provision, in the conference report, the joint explanatory statement offers the following explanation:

In adopting this provision, the conferees were keenly aware of the concerns which have been expressed to Members of both bodies about the implementation of this program which has already been undertaken administratively by the VA, and of the assurances received from the Office of Management and Budget, the White House, and the VA with respect to the intended operation of this program. Of specific concern is the understanding, most recently embodied in the Senate Appropriations Committee report (No. 93–1056) on H.R. 15572, the fiscal year 1975 HUD-Space-Science-Veterans' Appropriations Act, that VA regional offices, with the concurrence of the Chief Benefits Director, will have considerable flexibility in the assignment of these new Vet Reps in terms of particular campus needs. This same flexibility is provided for in the conference report. In those instances where a Vet Rep can perform more effectively in terms of carrying out the special responsibilities of liaison with the campus veterans, assignment of the Vet Reps to regional offices should be carried out in order to improve the capacity of those offices to provide effective services. At the same time, the conferees wish to call attention to the conference report provision which is intended to avoid any situation in which an educational institution might be in any way compelled to accept such an on-campus assignment by the VA—new section 243(a)(4) provides that the "inappropriateness of assignment of veterans' representatives to a particular educational institution" shall be grounds for reallocation of such Vet Reps to other educational institutions or to the regional office. The conferees expect that such assignment matters will be resolved amicably in close consultation and coordination with individual institutions, GI bill trainees at such institutions, and other interested parties."

VETERANS' OUTREACH

Mr. President, in 1970 and 1972 I authored and coauthorized with Senator HARTKE, respectively, major new programs to provide special assistance to high school dropout veterans. These were the predischarge education program—PREP—the special tutorial assistance program, the refresher, deficiency on-campus program, and the veterans outreach services program in 1970 in Public Law 91–219; and expansions and improvements of those programs and the addition of the veterans-student-services program in Public Law 92–540.

Unfortunately, the implementation of these programs by the Veterans' Administration has continued to be less than adequate and less than enthusiastic. There is a substantial need for improvement in the scope of the VA's outreach program and the methods which it employs to reach out to returning veterans, particularly educationally disadvantaged veterans, to attempt to encourage them to use their GI bill eligibility to receive education and training. I find the figures in a study by the General Accounting Office, in terms of the lack of actual knowledge on the part of returning veterans about their benefits, to be very discouraging and to be evidence of a very haphazard implementation by the Veterans' Administration since we inaugurated the program in 1970.

Mr. President, in the conference report we have adopted the Senate provisions to increase the tutorial assistance allowance from $50 to $60 a month and the number of months of tutorial assistance entitlement during which such allowance may be paid from 9 to 12 months. As I indicated above, I originally authored this provision, in the 1970 GI bill amendments, Public Law 91–219, to provide tutorial assistance to veterans who are in academic difficulty.

In addition, the veteran-student services program which we placed into law in Public Law 92–540, and which I originally proposed in 1970 in the Senate-passed S. 3657, and again in 1971 in S. 740 with Senator HARTKE, would also be improved and expanded by a provision in the Conference report. When we originally passed this program in the Senate in 1972—as well as in 1970—there was no limitation on the number of veterans who could participate in this work-study program. However, in 1972, in working out the provisions which became Public Law 92–540, we agreed with the House to try this program out on the basis of about 16,000 so-called work/study agreements, effectuated through the limitation to 800 man-years of work contained in section 1685 of the present law. We also agreed to limit the number of hours that any veteran could work to 100 hours per academic year.

Given the experience with this new program and comments we have received from various VA regional offices and others, the Conferees agreed to the Senate provision to expand the program so as to permit up to 250 hours of work for each individual veteran over an academic year and to remove the limit on the number of veterans who can participate during any one fiscal year.

We see this program as a major way for the VA to improve and expand outreach efforts, pursuant to the new directions and authorities made by other amendments in the Conference report, especially on college campuses under the supervision of the new veterans' representatives, provided for in section 214 (4) of the Conference report, and also strongly believe that the program, as indicated in the provisions of the present law itself, should be directed far more to providing work/study veterans to carry out certain functions in connection with the VA medical program—a statutory function which has been virtually totally overlooked by the Veterans' Administration in its implementation of the present program.

PROGRAM EVALUATION AND COLLECTION OF STATISTICAL DATA

The original Senate-passed version of H.R. 12628 provided for a new subchapter under which, for the first time the

Administrator of Veterans' Affairs would be required to provide for independent measurement and evaluation of the impact and effectiveness of all programs authorized under title 38, and their mechanisms for service delivery, and to collect, collate, and analyze on a continuing basis, full data regarding the operation of all such programs. The Administrator would be required to make available to the public the results of his finding.

Presently, Mr. President, the VA's evaluation activities are sporadic and the new section 219 contained in the Senate-passed bill—in subsection (a) through (f)—are based directly on the evaluation provisions in sections 401 and 402 of the Rehabilitation Act of 1973—Public Law 93-112, of which I was a principal author with Senators RANDOLPH and STAFFORD, who are also members of the Veterans' Affairs Committee, and who collaborated along with Senator HARTKE and me on this provision in the Senate-passed bill Interim regulations regarding these Rehabilitation Act provisions were published in the Federal Register on July 2, 1974.

I am most pleased, therefore, that the conference agreement embodies the essence of the Senate provision, although somewhat revising and condensing the language in order to provide for greater focus and more specificity.

In addition, Mr. President, in the joint explanatory statement, the conferees stressed that in condensing the new section 219—evaluation and data collection—as adopted in the conference report, the requirement that, whenever feasible, the Administrator should arrange to obtain the specific views of program beneficiaries and program participants with respect to evaluations of such programs, was deleted as unnecessary. The conferees, further stressed their belief that the Administrator already possesses the authority to do this, and that it would be desirable for him to exercise that authority, in addition to providing for evaluations conducted by fully independent personnel rather than those directly responsible for program operation and administration.

INTERAGENCY ADVISORY COMMITTEE ON VETERANS SERVICES

Mr. President, the conference agreement—in a new section 220 added to title 38—provides that the Administrator shall seek to achieve the maximum feasible effectiveness, coordination, and interrelationship of services among all Federal programs and activities affecting veterans, in addition to the maximum coordination of their programs with the programs carried out by the Veterans' Administration. The conferees expect the Administrator to specify in his annual report the results of this new process.

This provision gives the Administrator for the first time a central role and responsibility in coordinating and stimulating all Federal programs affecting veterans. It is hoped that this responsibility will insure far more efficient implementation of these programs designed to help veterans. This was the purpose of the original provision I authored in the original Senate amendment to establish an Inter-Agency Advisory Committee on Veterans Services, a structure which the House conferees found unnecessary to achieve these goals.

CONCLUSION

Mr. President, this bill when enacted will help literally millions of veterans, particularly Vietnam-era veterans, and dependents in our Nation. As I have said many times in the past, what these veterans really are asking for is no more than they deserve and are entitled to—that is, simple justice and equity, and comparability in benefits with what their fathers and brothers received after their service in prior wars.

I would like to stress, once again, Mr. President, that this conference report is a symbol of compromise and cooperation. We must not ask Vietnam veterans to wait for further compromises. They have waited long enough.

I strongly urge a unanimous vote of approval by my colleagues for this vital and comprehensive measure.

I also urge the President to sign this vital measure into law and not turn his back on 30 million American veterans.

Mr. HANSEN. Mr. President, I have supported the Senate version of the GI bill education amendments in the committee, on the floor, and in two conference committees. I believe the bill contains some good provisions. I have reseravtions about the wisdom of others. But, on the whole, the intent of the bill is laudatory, and I support the purpose which the provisions are designed to accomplish.

Idealistically, I regret that this bill cannot be more generous than it is. We owe our veterans a great debt, and I share the view that our obligation is to provide for them the best programs our Nation can afford.

Unfortunately, the practical fiscal constraints under which we must operate, preclude the generosity we would all like to support.

Mr. President, inflation affects the student veterans just as adversely as it affects the rest of us, and I am convinced that we will not be acting in his long-term best interests if we pass short-term benefits which are inflationary.

In light of President Ford's recent speech to the Congress in which he called for inflationary impact statements on proposed legislation, I want to discuss in detail some fiscal implications of the bill. All citizens, as well as veterans, have a keen interest in the potential inflationary impact of this legislation. I, therefore, feel that the cost implications of this bill deserve more attention than we have given them in prior debate.

Initially, the total first year cost of this particular bill as considered by the Senate was estimated at $1.2 billion. Another provision extending the time from 8 to 10 years in which a veteran can use his education benefits was severed from the bill and passed as a separate bill in June at an additional cost of $731 million. The total cost of the 1974 Senate education package was, therefore, about $1.9 billion.

In the first conference, the tuition grant provision was deleted at an estimated savings of $590 million. Concurrently, however, both the first conference and the second conference recommended an increase in the monthly subsistence rates.

Therefore, the bill which we are considering today costs approximately $805.7 million for the applicable 10 months in fiscal year 1975. When the provision passed in June is added, the total cost of the 1974 veterans education package amounts to about $1.5 billion in the first full year.

Mr. President, I ask unanimous consent that a 5-year cost estimate of the conference report be printed in the RECORD at this point in my remarks.

There being no objection, the cost estimate was ordered to be printed in the RECORD, as follows:

EDUCATION BILL.[1]—5-YR COST OF CONFERENCE REPORT (OCT. 2, 1974)

	1975					Total[2] (effective date)	
	Full year	10 mo.[2]	1976	1977	1978	1979	Sept. 1, 1974
Readjustment benefits:							
Rate increase	$712.3	$650.3	$665.5	$550.8	$514.7	$474.5	$2,855.8
Active duty training	.7	.7	.7	.1	.1	.1	1.7
Refresher training	3.1	3.1	2.6	2.6	2.6	2.6	13.5
Work study	8.3	8.3	8.3	8.3	8.3	8.3	41.5
Tutorial assistance	.8	.8	.7	.6	.5	.5	3.1
Chapter 35 farm	.4	.4	.4	.4	.4	.4	2.0
45-mo-entitlement	26.3	26.3	10.3	10.3	10.3	10.3	67.5
Equalize war vets. (ch. 31)	36.6	36.6	37.2	37.9	38.6	39.0	189.3
Reimbursement of expenses	.2	.2	.2	.2	.2	.2	1.0
BCL absences	4.1	4.1	3.9	3.3	3.2	2.8	17.3
Loan revolving fund[3]	74.9	74.9	69.1	51.7	38.4	24.4	258.5
Subtotal	867.7	805.7	798.9	666.2	617.3	563.1	3,451.2
GOE:[4]							
Joint apprentice $3	$0.6	$0.6	$0.5	$0.4	$0.4	$0.3	$2.2
Loan (admin. cost)	1.5	1.5	1.0	1.9	2.7	3.4	10.5
Subtotal	2.1	2.1	1.5	2.3	3.1	3.7	12.7
Budget authority:							
Readjustment benefits	867.7	805.7	798.9	666.2	617.3	563.1	3,451.2
GOE	2.1	2.1	1.5	2.3	3.1	3.7	12.7
Total	869.8	807.8	800.4	668.5	620.4	566.8	3,463.9

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[1] Does not include $618,500,000 for the extension of the delimiting date by Public Law 93-337 on July 10, 1974.

[2] The "10 month" column and the total column are based upon a Sep[illegible] 1974, effective date. The total column represents cost for a period of 4 yrs. and 10 mos.

[3] Assumes 10 percent of IHL trainees would be eligible for a loan and interest rate of 6.5 percent to be paid by veteran.

[4] Excludes $24,400,000 for veteran representative GOE cost. Costs for evaluation and data collection and outreach service would entail substantial GOE cost which we are not in a position to estimate at this time.

Mr. HANSEN. Mr. President, the current vocational rehabilitation education program in the VA costs approximately $2.7 billion annually. Over the next 5 years, the bill which we are considering will add more than $4 billion to the cost of the program.

Mr. President, I ask unanimous consent that a copy of the vocational-rehabilitation portion of table 76, "Estimated Selected Expenditures by State, fiscal year 1973," of the 1973 annual report of the Veterans' Administration, published as House Document 93–258, be printed at this point in the RECORD so my colleagues can see how these education funds are distributed.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 76.—ESTIMATED SELECTED EXPENDITURES BY STATE—FISCAL YEAR 1973

State	Total expenditures	Vocational rehabilitation and education									
		Total		Vocational rehabilitation (title 38, U.S.C., ch 31)		Sons and daughters of deceased veterans and totally disabled veterans (title 38, U.S.C., ch. 35)		Wives and Widows (title 38, U.S.C., ch. 35)		Post-Korean conflict veterans, (title 38, U.S.C., ch. 34)	
		Total number who trained during year	Amount	Total number who trained during year	Amount	Total number who trained during year	Amount	Total number who trained during year	Amount	Total number who trained during year	Amount
Grand total	$13,076,351,170	2,223,324	$2,685,049,720	29,546	$71,955,732	57,678	$87,430,177	10,505	$12,448,962	2,125,595	$2,513,214,849
Foreign countries	130,232,649	37,544	23,735,443	12	16,730	3,358	2,099,185	530	452,706	33,644	21,166,822
U.S. possessions and associated areas	145,153,943	17,766	31,923,366	313	468,416	1,316	2,213,799	285	485,298	15,852	28,755,853
Puerto Rico	142,212,646	16,284	31,098,407	309	463,784	1,303	2,190,661	277	480,225	14,391	27,963,737
All others	2,941,297	1,482	824,959	4	4,632	13	23,138	8	5,073	1,461	792,116
Total United States	12,800,964,578	2,168,014	2,629,390,911	29,221	71,470,586	53,004	83,117,193	9,690	11,510,958	2,076,099	2,463,292,174
Alabama	242,648,104	39,501	48,117,240	845	2,065,500	1,318	2,066,796	369	438,343	36,959	43,846,601
Alaska	12,718,859	3,970	4,822,880	31	78,618	34	53,316	9	10,691	3,896	4,680,255
Arizona	163,154,477	34,395	41,862,929	495	1,207,853	1,059	1,660,650	270	320,739	32,571	38,673,687
Arkansas	182,372,391	19,714	24,131,985	382	936,265	842	1,320,366	167	198,383	18,323	21,676,971
California	1,326,836,039	330,190	396,939,819	2,044	5,002,941	6,418	10,064,262	1,504	1,786,634	320,224	380,085,982
Colorado	168,942,341	40,479	49,417,486	856	2,094,088	960	1,505,405	208	247,088	38,455	45,570,905
Connecticut	157,643,417	25,412	30,659,233	337	821,912	458	718,204	44	52,269	24,573	29,066,848
Delaware	32,307,910	5,143	6,280,938	73	178,676	107	167,790	19	22,571	4,944	5,911,901
District of Columbia	250,491,420	28,905	34,856,619	408	1,000,588	320	501,802	84	99,785	28,093	33,254,444
Florida	596,119,239	86,654	105,586,286	1,269	3,101,823	3,311	5,192,080	823	977,659	81,251	96,314,724
Georgia	302,120,062	55,117	66,781,529	645	1,579,500	1,679	2,632,891	416	494,175	52,377	62,074,963
Hawaii	40,831,860	15,489	18,607,041	165	400,235	258	404,578	56	66,524	15,010	17,735,704
Idaho	51,384,069	8,602	10,401,994	156	378,794	239	374,783	35	41,577	8,172	9,606,840
Illinois	545,287,907	103,108	123,882,278	812	1,986,882	1,085	1,701,422	195	231,645	101,016	119,962,329
Indiana	237,098,212	42,712	51,453,551	474	1,157,823	729	1,143,167	112	133,047	41,397	49,019,514
Iowa	164,703,331	25,197	30,534,798	329	807,618	535	838,950	57	67,712	24,276	28,820,518
Kansas	146,797,450	23,131	28,143,539	285	500,412	619	970,673	97	115,228	22,130	26,357,226
Kentucky	204,385,349	26,424	32,004,041	237	578,912	796	1,248,232	105	121,732	25,286	30,052,165
Louisiana	223,597,414	34,545	41,850,325	292	714,706	1,074	1,684,172	240	285,101	32,939	39,166,346
Maine	75,703,143	9,365	11,383,920	187	457,412	340	533,164	40	47,517	8,798	10,345,827
Maryland	193,567,927	36,661	44,281,438	385	943,412	821	1,287,435	147	174,624	35,308	41,875,967
Massachusetts	396,460,889	48,469	59,263,388	837	2,044,059	1,655	2,595,256	156	185,316	45,821	54,438,757
Michigan	430,058,824	80,764	97,878,476	1,243	3,037,500	1,542	2,418,057	249	295,792	77,730	92,127,127
Minnesota	272,458,698	43,271	52,463,318	645	1,579,500	978	1,533,632	71	84,342	41,577	49,265,844
Mississippi	151,623,268	15,699	19,361,852	250	614,647	838	1,314,093	160	190,067	14,451	17,243,045
Missouri	306,233,448	47,226	57,159,126	634	1,550,912	941	1,475,611	157	186,504	45,494	53,946,099
Montana	46,309,929	8,222	9,975,983	103	250,147	211	330,876	29	34,450	7,879	9,360,510
Nebraska	100,145,694	20,051	24,338,234	270	657,529	456	715,068	48	57,020	19,277	22,908,617
Nevada	45,217,664	6,220	7,560,380	93	228,706	98	153,677	29	34,450	6,000	7,143,547
New Hampshire	47,535,055	7,596	9,323,933	212	521,735	242	379,488	40	47,517	7,102	8,375,193
New Jersey	322,399,670	47,540	57,588,480	776	1,901,118	697	1,092,987	131	155,618	45,936	54,438,757
New Mexico	87,217,411	16,119	19,755,490	338	829,059	676	1,060,056	110	130,671	14,995	17,735,704
New York	967,711,349	124,121	150,304,311	1,597	3,902,294	2,643	4,144,569	313	371,819	119,568	141,885,629
North Carolina	309,226,778	51,847	62,694,444	393	957,706	1,609	2,523,122	287	340,933	49,558	58,872,683
North Dakota	35,581,980	8,841	10,775,957	98	243,000	111	174,063	11	13,067	8,621	10,345,827
Ohio	543,718,999	90,076	109,230,913	1,413	3,459,176	1,468	2,302,016	217	257,779	86,978	103,211,926
Oklahoma	208,473,569	35,804	43,823,581	714	1,743,882	1,201	1,883,325	245	291,041	33,644	39,905,332
Oregon	153,165,204	28,400	34,483,151	460	1,122,088	613	961,264	110	130,671	27,217	32,269,128
Pennsylvania	654,591,264	92,072	111,422,445	1,109	2,715,882	1,799	2,821,067	177	210,262	88,987	105,675,234
Rhode Island	66,209,349	11,116	13,601,882	203	493,147	333	522,187	20	23,758	10,560	12,562,790
South Carolina	155,427,328	30,513	36,807,231	309	757,588	740	1,160,417	132	156,806	29,332	34,732,420
South Dakota	57,525,253	8,079	9,860,992	181	443,118	177	277,559	22	26,134	7,699	9,114,181
Tennessee	273,908,935	40,962	49,682,533	476	1,164,971	1,100	1,724,944	199	236,936	39,187	46,556,222
Texas	778,247,694	132,977	163,697,937	3,273	8,004,706	4,742	7,436,075	1,009	1,198,613	123,953	147,058,543
Utah	72,499,313	18,263	22,066,612	232	564,618	466	730,749	67	79,591	17,498	20,691,654
Vermont	31,683,188	3,155	3,837,328	67	164,382	137	214,834	8	9,503	2,943	3,448,609
Virginia	296,552,085	40,334	49,501,180	768	1,879,676	1,437	2,253,404	244	289,853	37,885	45,078,247
Washington	249,430,212	54,030	66,139,080	1,108	2,708,735	1,572	2,465,101	310	368,256	51,040	60,596,988
West Virginia	135,808,386	14,484	17,597,815	211	514,588	484	758,975	56	66,524	13,733	16,257,728
Wisconsin	255,839,972	43,201	52,207,633	148	1,093,500	964	1,511,678	76	90,282	41,713	49,512,173
Wyoming	30,992,249	3,848	4,687,357	53	128,647	72	112,905	10	11,879	3,713	4,433,926

Mr. HANSEN. Mr. President, while I supported the bill before us, I have gone into detail to caution my colleagues as to the potential inflationary impact of this bill. Historically, the GI bill education program has made money for the Government in the long run. It has been estimated that the cost of the World War II GI bill was about $19 billion, but that trained and educated veterans generated additional income taxes in excess of $1 billion per year over a 20-year period of time.

Mr. President, the total cost of the education package for 1974 will range to about $1.5 billion, but I am convinced it is an investment in both the veteran and the national interest. These funds are not merely an outlay in Federal dollars, but an investment which will be returned by program participation in the future.

VIETNAM VETERANS EDUCATION

Mr. MATHIAS. Mr. President, it is with great pleasure that I am informed that the House of Representatives has just this afternoon passed unanimously the legislation presented by House and Senate conferees to amend the GI bill to increase veterans education benefits.

To those of us who have been fighting for these increases over the past year, and although this bill is the result of many compromises and disappointments along the way, we are pleased to see the passage of this measure—a measure which the entire House of Representatives present today could support. Just last week, I initiated a letter to Senator HARTKE with the signatures of 31 other Senators who had supported the original Senate-passed bill, urging his committee's swift report of strong legislation to the Senate and to expedite the passage of a strong, supportive bill for all our veterans who are finding it increasingly difficult to pursue the education we promised them.

At the end of my remarks, I would like to submit for the Record a copy of that letter for the information and interest of all my colleagues. I am confident that reading this letter of encouragement and support, and by the Senate's passage of this conference report today, the President will realize the deep desire of the country and its representatives in Government that this bill be enacted as soon as possible.

Passage of this legislation today, of course, will not end our quest for equitable treatment for Vietnam veterans in search of adequate education and training opportunities. In the near future, I intend to sponsor legislation providing a full 45 months entitlement for all Vietnam-era veterans, not merely for those pursuing undergraduate studies as provided in the bill before us today. In addition, I remain firmly committed to the enactment of a program of direct tuition assistance to equalize the great variations in tuition costs from State to State and within each State.

But, in the meantime, it is my greatest concern that the Senate act positively and immediately to send this bill to the President with the assurance that it is the desire of both Houses of Congress that he sign this bill into law as soon as it is sent to the White House.

Mr. President, I ask unanimous consent that a copy of the joint letter signed by 31 of my colleagues be printed at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., September 23, 1974.
Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: As strong supporters of an adequate program of educational benefits for Vietnam veterans, we were most distressed by the action of the House of Representatives prior to the Labor Day recess which blocked enactment of the conference report on the Vietnam-Era Veterans Education bill passed unanimously by the Senate on August 21.

We firmly believe that the final conference agreement represented a responsible compromise between the House- and Senate-passed bills, despite our strong regret that a program of direct tuition assistance was not ultimately included. You and your fellow Senate conferees are to be commended for your diligent efforts in that regard.

However, now that this agreement has been blocked in the House by an unexpected point of order and subsequent passage of a substitute bill which is clearly inadequate, we are convinced that prompt and decisive Senate action must be taken.

We are aware that some have argued that the original conference report might be "inflationary." We must point out, however, that Vietnam veterans have already paid their dues. Indeed, the Federal Treasury has already been saved literally hundreds of millions of dollars as a result of the long delays which have prevented proposed increases from being enacted sooner. Further sacrifice on their part is simply unacceptable, especially at a time when steps are already underway to heal the wounds of those who chose not to fight in the Vietnam War.

For these reasons, we believe it is essential that the Senate take immediate steps to speed toward enactment a program of educational benefits for Vietnam-era veterans which is at least as generous as the original conference report, and to implement it retroactively to the start of the current academic year.

To this end, we propose that the Senate immediately repass the original Senate-passed bill, S. 2784, with one amendment: a change in the subsistence rate increase from 18 to 23%. Such Senate action would allow you to return to conference with the House and reach precisely the same agreement as has already been approved, with a minimum of time-consuming renegotiation, and would moot any point of order on the House floor.

We are confident that if the full House is given an opportunity to vote on the original conference report—an opportunity denied by last month's point of order—it will pass overwhelmingly and be signed into law by the President.

If the House conferees are unwilling to hold to their original agreement, of course, thus making prompt enactment impossible, we would then urge you to press as firmly as possible for the entire range of Senate-passed provisions, including the much-needed tuition grant program.

You may be sure that you will continue to have our strong support of your efforts to achieve these goals, and that we stand ready to provide you any assistance you require towards this end.

Sincerely,

Daniel K. Inouye, Thomas F. Eagleton, Edward W. Brooke, Frank Church, Charles McC. Mathias, Jr., Robert Dole, Richard C. Schweiker, Philip A. Hart, Mike Mansfield, Warren G. Magnuson.

Lee Metcalf, John O. Pastore, James Abourezk, Gaylord Nelson, Abraham Ribicoff, Harrison A. Williams, Robert Taft, Jr., George S. McGovern, Edward J. Gurney, Walter F. Mondale, Henry M. Jackson.

Mike Gravel, Gale McGee, Jacob K. Javits, John V. Tunney, Edmund S. Muskie, Hubert H. Humphrey, Frank E. Moss, J. Glenn Beall, Jr., Joseph M. Montoya, Milton R. Young, Dick Clark.

U.S. Senators.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

REDESIGNATION OF NOVEMBER 11 AS VETERANS DAY

Mr. HRUSKA. Mr. President, I ask unanimous consent that S. 4081 be laid before the Senate for immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill, S. 4081, to redesignate November 11 of each year as Veterans Day and to make such day a legal public holiday.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HRUSKA. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. HRUSKA. Mr. President, I yield myself 3 minutes.

Mr. President, the purpose of this measure is to restore November 11 as the day for observance of Veterans Day. This commemoration was traditionally held on November 11 until passage of the Monday Holiday Law in 1968.

Veterans Day will be observed on October 28, as I understand it, this year, S. 4081, if enacted, will permit a November 11 celebration in 1975 and each year thereafter.

This bill has the full support of the major veterans' organizations: American Legion, Veterans of Foreign Wars, Non-commissioned Officers Association, Disabled American Veterans, and American veterans of World War II, Korea, and Vietnam.

When the Monday holiday law was adopted, a number of State legislatures subscribed to the idea of designating the last Monday in October as the day for observing Veterans Day. However, since that time the legislatures of 40 States have reversed this earlier action.

Two States never changed this important holiday from November 11 to another date thus, a total of 42 States presently celebrate Veterans Day on its traditional date November 11. S. 4081 would bring Federal law again into conformity with a vast majority of the States.

I might say that the many bills introduced for this purpose have been sponsored or cosponsored by 17 Senators. Two days of hearings were held this year by the standing Subcommittee on Federal Charters, Holidays, and Celebrations, of which I am chairman.

Mr. President, the testimony received by the subcommittee indicated an overwhelming sentiment for this legislation.

Mr. President, I ask unanimous consent that the text of the telegram dated October 10, signed by the National Commander of the American Legion, James Wagonseller, on this subject, be printed in the Record at the conclusion of my remarks, in addition to a telegram dated October 10 from John J. Stang, National Commander of the Veterans of Foreign Wars.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. HRUSKA. Mr. President, I urge my colleagues to abide by the judgment of 42 State legislatures, of all of the major military servicemen's organizations—and of commonsense—to restore November 11 as the recognized date for Veterans Day.

Indianapolis, Ind.,
October 10, 1974.
Hon. Roman L. Hruska,
Russell Senate Office Building,
Washington, D.C.:

The efforts of you and your colleagues to restore the observance of Veterans Day to November 11 are deeply appreciated by the American Legion and the American Legion Auxiliary.

November 11 is a day rich in historical and patriotic meaning for war veterans and their families. The legion believes that honoring veterans on their traditional day is more important than meeting the convenience of certain commercial interests.

The 42 States that will observe veterans day on November 11 this year represent over 85 percent of the Nation's veterans. If veterans are to have a day set aside in their honor then they should be permitted to say what day it will be.

As we prepare to celebrate our country's bicentennial, enactment of S. 4081 will recapture the true historical significance and symbolism of a day that has much meaning for Americans.

On behalf of 2.7 million legionnaires and nearly one million members of the American Legion Auxiliary, I urge the Senate to pass this bill and honor those Americans who answered their country's call and met the highest obligations and citizenship.

JAMES M. WAGONSELLER,
National Commander.

October 10, 1974.

Hon. ROMAN L. HRUSKA,
U.S. Senate,
Washington, D.C.:

It was with extreme gratification I noted your introduction of S. 4081 to redesignate November 11 of each year as Veterans Day and to make such day a legal public holiday. Inasmuch as your bill fulfills one of my priority legislative goals, rest assured, you have the full support of the 1.8 million members of the Veterans of Foreign Wars and the more than 500,000 in our ladies auxiliary in this legislation and I trust the full Senate will take up and pass your bill in the near future, restoring dignity to this most patriotic holiday.

JOHN J. STANG,
National Commander-in-Chief, Veterans of Foreign Wars of the United States

Mr. HATHAWAY. Mr. President, I yield myself 5 minutes.

Let me say at the outset that I do not want my opposition to this bill to be construed as being unpatriotic in any way in view of the laundry list of veterans organizations that backed this change in the holiday schedule.

I am a veteran of World War II and a member of the American Legion and the Veterans of Foreign Wars, which I understand are on the list the Senator from Nebraska just read.

Although I can be very sympathetic with their plea, this is the same plea at the time we originally changed over to the Monday holiday law.

The same plea was made not only with respect to the November 11 so-called Armistice Day, but with respect to Memorial Day, as well.

Actually, there is nothing really magic about November 11 in terms of honoring the veterans of our wars, and I presume that Armistice Day is for that purpose. It marks the armistice of World War I. But there are other American veterans, both living and dead, who fought in wars that ended on many different dates:

The American Revolution on January 20, 1783; the War of 1812 on February 17, 1815; the War Between the States, May 29, 1865; the Spanish-American War on December 10, 1898; World War II, which ended on September 2, 1945; the Korean war, which ended July 27, 1953; and the end of the war in Vietnam on January 27, 1973.

So, of eight major wars we have had in our history, one did end with the armistice signed November 11, but all of the others on different dates.

The major concern I have with this bill is the fact that we do not need this date to be celebrated on November 11, it can just as easily be celebrated on Monday as well as all other holidays, save with the exception of Christmas and New Year's.

As I mentioned at the outset of my remarks, veterans organizations are also concerned about changing Memorial Day from a Monday holiday back to the May 30 date which we had before.

I am afraid that once we enact this legislation, the veterans organizations will be back again saying, "Well, you did it for us for Armistice Day, how about Memorial Day"; and after that the DAR, or some other organization will be saying, "What about George Washington's Birthday, let us change that back to February 22"; and all of the interest groups that were putting pressure on us years ago when we changed over to the Monday holiday law will be back in again pointing to this as an example, "If the Senate changed Veterans Day to November 11, why do they not do it for us with respect to our holidays?" Then we are going to destroy the entire Monday holiday law altogether.

I think that Monday holiday law really makes a lot of sense. People enjoy the long weekends. I would think that the vast majority of workers throughout this country would be opposed to this in view of the fact that they are going to lose another long weekend that they have enjoyed in the past.

There are fewer work interruptions. There are fewer traffic deaths. Certainly, in this time when we are considering our energy shortages, I think it is important to note the energy waste that we are going to have by having a startup and a closing in the middle of the week, which we will have if we change this from a Monday holiday law.

There are statistics which conclusively indicate that midweek holidays present the greatest threat to the Nation's motorists.

A report by the Department of Commerce shows that taking the danger rating for a typical nonholiday as 1, the danger rating of a midweek holiday is 1.83.

Mr. President, may we have order?

The PRESIDING OFFICER. There will be order in the Senate. Will the Senators and those who are not Senators please take their conversations to the cloakroom.

Mr. HATHAWAY. Mr. President, the danger rating of a midweek holiday is 1.83 as compared with a danger rating of only 1.18 for a 3-day holiday weekend.

We are killing in excess of 50,000 people a year on our highways, I think this is a significant factor to be considered with respect to the bill that is now pending before us.

Finally, let me say that all of the pros and cons of Monday holidays were thoroughly debated and considered during a very extensive hearing prior to the enactment of the law in 1966.

Just to rebut one of the points that was made by the distinguished Senator from Nebraska, that some 40 States have already indicated that they want this changed back to November 11, I think we have seen time and time again where State legislatures have been pressured into doing things that we would not have been pressured into doing. The fact that we have an occupational health and safety law is a result of the fact that State legislatures never could pass such a law because of the undue pressures put upon them.

I think it is obvious to us at this stage of our history that it is much easier to put pressure on a State legislature than the national legislature. The fact that some 40 States have adopted this I do not think is significant. The national legislature took the lead with respect to the Monday holiday law. I think we should retain that lead and keep the law intact without any exceptions whatsoever.

I reserve the remainder of my time.

Mr. HRUSKA. I yield 1 minute to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise in strong support of S. 4081.

On February 28, 1974, I introduced S. 3079, a bill to reinstate the 11th of November as "National Veterans Day." Since there were a number of bills which were almost identical pending before the Judiciary Committee, we reported S. 4081. I am pleased to cosponsor this legislation.

Mr. President, as a member of the Committee on Veterans' Affairs, I have consulted other members of that committee as to their views on this matter.

I personally conferred with Senator HARTKE, chairman of the Veterans' Affairs Committee, and Senator HANSEN, the ranking minority member, as to the merits of S. 3079 when I introduced it earlier in the year. Both agreed that the overwhelming sentiment of America's veterans was to seek the course of action as outlined in S. 4081. Many veterans across the Nation have contacted individual Senators about this issue.

Mr. President, I have received letters from individual veterans, the American Legion, the VFW, DAV, and the Military Order of the World Wars endorsing the restoration of the traditional date of the Veterans Day observance. For the benefit of my colleagues, I ask unanimous consent that the correspondence which I received from national veterans organizations be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., March 1, 1974.

Hon. STROM THURMOND,
Member, Committee on the Judiciary,
U.S. Senate, Washington, D.C.

MY DEAR SENATOR: A priority goal of the Veterans of Foreign Wars for 1974 is Congressional approval of a bill to change Veterans Day back to November 11 as a Federal holiday. The V.F.W. position is contained in a copy of enclosed V.F.W. mandate No. 127 approved by the delegates to our most recent National Convention, held in New Orleans, Louisiana last August, representing our 1.8 million members.

According to the latest information, thirty-seven states now celebrate Veterans Day on November 11 as a state holiday. Two states, Mississippi and Oklahoma, made no change from November 11 to correspond with the Federal Holiday Act, which changed Veterans Day to the fourth Monday in October.

Thirty-five States have voted to shift Veterans Day back to November 11 during the last several years. A copy of the listing of these states is enclosed.

This evidence above makes a strong case for immediate and favorable consideration of one of the bills before your Judiciary Committee (S. 41, S. 552, S. 618) which propose to change Veterans Day back to the traditional November 11.

It is strongly urged that your full Committee, or your appropriate subcommittee of jurisdiction, on these Veterans Day proposals (Federal charters, holidays, and celebrations) take up and consider Veterans Day proposals at the earliest opportunity.

With kind personal regards, I am

Sincerely,

Francis W. Stover,
Director, National Legislative Service.

Enclosures.

Restore Veterans Day to November 11

RESOLUTION NO. 127

Whereas, fighting in World War I ended at 11:00 a.m. on the 11th day, the 11th month in 1918 (November 11, 1918). Two years later, France and England chose November 11th, then known universally as "Armistice Day". as the time for placing an "unknown soldier" of that war, in each of the Nation's highest places of honor. On November 11th in 1921, an American soldier whose name was "known only to God" was buried at Arlington National Cemetery; and

Whereas, in the year 1928, Armistice Day was made the official name for paying tribute to our World War I veterans for their dedication in serving our country in time of battle, and obtaining peace on November 11, 1918. Twelve years later in 1938, another Congressional resolution made the November 11th date a national holiday and observance; and

Whereas, two years after this national holiday was proclamed, World War II broke out in Europe and shattered our country's dreams. On June 1, 1945, Congress, acting on a proposal by Representative Edwin K. Rees of Kansas, changed Armistice Day to Veterans Day; President Dwight D. Eisenhower signed this bill on November 11, 1954 to keep the historic date of November 11th a memorial tribute; and

Whereas, the 90th Congress of the United States passed legislation in 1968 to change the historic observance of Veterans Day to the fourth Monday of each October. The President of the United States signed this public law No. 90–363 into law on June 28, 1968. This new date causes many of the nation's Veterans to still recognize November 11th, with some that recognize the new date of October, and still many carry out their patriotic duty recognize both dates; now, therefore

Be it resolved, by the 74th National Convention of the Veterans of Foreign Wars of the United States, that we reaffirm our position to restore Veterans Day back to November 11th.

A Listing of States That Have Shifted Veterans Day Back to November 11

Alaska, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Idaho, Illinois.

Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Mississippi (made no change from Nov. 11), Missouri.

Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Oklahoma (made no change from Nov. 11).

Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Vermont, Virginia, West Virginia, Wisconsin, Wyoming.

Disabled American Veterans,
March 14, 1974.

Hon. Senator Strom Thurmond,
New Senate Office Building,
Washington, D.C.

Dear Senator Thurmond: The Disabled American Veterans commends you for your efforts to restore the official observance of Veterans' Day to November 11th of each year, and for your introduction of S. 3079 to achieve this objective.

The members of our organization strongly support this legislation in accordance with the enclosed resolution #109 which was unanimously adopted by the delegates in attendance at our most recent National Convention. We thank you, again, for your unceasing efforts in behalf of America's veterans.

Sincerely yours,

Charles L. Huber,
National Director of Legislation.

Enclosure.

Restoration of November 11th as Veterans Day

RESOLUTION NO. 109—LEGISLATIVE

Whereas, by Presidential Decree the Federal government has set the fourth Monday of October as Veterans Day and discontinued November 11th as Armistice Day, and

Whereas, several states of these United States have changed the fourth Monday of October, called Veterans Day, back to November 11th; NOW

Therefore, be it resolved, that the Disabled American Veterans in National Convention assembled at Miami Beach, Florida, August 12–18, 1973, supports the enactment of legislation which would change Veterans Day from the fourth Monday of October back to November 11th.

The American Legion,
Washington D.C., March 14, 1974.

Hon. Strom Thurmond,
U.S. Senate, Dirksen Senate Office Building,
Washington, D.C.

Dear Senator Thurmond: The American Legion is grateful to you for introducing S. 3079, to return Veterans Day to its traditional date of observance, and for your efforts in obtaining all but two members of the Senate Committee on Veterans Affairs as co-sponsors of this measure.

Thirty-six states have enacted legislation to restore the observance of Veterans Day to November 11 within their jurisdictions and more are expected to do so within the next few months. Two, Oklahoma and Mississippi, never changed their state laws to conform with the Federal Act. This makes a total of thirty-eight states in which more than two thirds of our Nation's veterans reside that will observe Veterans Day on November 11 this year.

Unless the Congress changes the Federal Act, it appears that the time will soon come when Federal employees will be our only citizens who celebrate Veterans Day on a date other than November 11. We hope that you and the co-sponsors of S. 3079 can persuade your colleagues on the Judiciary Committee to favorably consider this proposal without further delay.

By copy of this letter I am also thanking the other co-sponsors for their support of this legislation.

Sincerely yours,

Herald E. Stringer,
Director, National Legislative Commission.

The Military Order of the
World Wars,
Washington, D.C.

Hon. Strom Thurmond,
U.S. Senate,
Washington, D.C.

Dear Senator Thurmond: Thank you very much for introducing S. 3079 in the U.S. Senate, an act to return Veterans Day to 11 November.

As you know the Military Order of the World Wars is heartily in favor of this move. In fact we also hope that Memorial Day will be returned to 30 May and ask that your support be given to this project. Perhaps both actions can be handled simultaneously.

If the Order can assist you in these endeavors, please call on us.

Sincerely,

Fred A. Kaps,
Lt. Col., AUS-Ret Commander-in-Chief.

Mr. THURMOND. November 11, 1918, was our first "Armistice Day." It was officially recognized in 1926 as a commemoration of the signing of the armistice which ended World War I. In 1954, the name "Armistice Day" was changed to "Veterans Day," and veterans of all wars were memorialized on November 11. For over four decades, the American people paused on the 11th of November to pay solemn tribute to all veterans.

In 1968, legislation was enacted to change "Veterans Day" to the fourth Monday in October. The law became effective in 1971.

While the rationale behind such a law may have been admirable, that is, to provide a 3-day holiday, I fear the result has been less than intended. Unfortunately, a symbol of our patriotism, and historical perspective was diminished.

Since then, however, a majority of the States have determined to celebrate "Veterans Day" on November 11 within their jurisdictions.

Mr. President, it is an anomaly for the Federal Government to recognize the fourth Monday in October as "Veterans Day," while the great majority of our States choose to recognize November 11. The time is past due for the Congress to recognize the will of the people and restore November 11 as "Veterans Day."

Herald W. Stringer, director of the National Legislative Commission of the American Legion, succinctly put the issue in proper perspective in his March 14, 1974, letter to me. Mr. Stringer wrote:

> Unless the Congress changes the Federal Act, it appears that the time will soon come when Federal employees will be our only citizens who celebrate Veterans' Day on a date other than November 11.

Mr. President, as we approach the 1976 Bicentennial celebration, I hope the Congress will restore November 11 as "National Veterans Day." The meaning of November 11 has been engrained in the American spirit as a time of rededication to the principles of freedom and peace.

More than any other group, our veterans should be honored in the year of our Bicentennial. As the Bicentennial serves to remind us of America's rich heritage, November 11 symbolizes America's tribute to all men who have served and fought to preserve that heritage.

It will be a fitting tribute to America's veterans if we accomplish the restoration of November 11 as "National Veterans Day" in time to correct the historical record before we begin the Bicentennial celebration. The provisions of S. 4081, will accomplish this end.

Mr. President, I urge my colleagues to act favorably on S. 4081 and thereby return to the American veteran the traditional day of national honor, and to the American people a national symbol of our dedication to the cause of freedom.

Mr. HRUSKA. Mr. President, I yield such time as he may utilize to the Senator from Alabama.

Mr. ALLEN. I thank the distinguished Senator.

Mr. President. I support S. 4081 to redesignate November 11 of each year as

Veterans Day, and am pleased to be one of the cosponsors of the bill.

When President Franklin D. Roosevelt for a time moved Thanksgiving from its traditional observance on the last Thursday in November to the third Thursday in order to expand the Christmas gift-buying season, he opened a Pandora's box which continues to haunt us.

Taking Roosevelt's action as an example, Congress in 1968 decided to shuffle the holiday calender in order to provide long weekend vacations. One of the holidays affected by this checkerboard move is Veterans Day, formerly known as Armistice Day. This holiday has its origin in 1918 when World War I ended with an armistice effective on the 11th hour of the 11th day of the 11th month of the year. This date soon become a national holiday honoring those American soldiers who served in the First Great World War to preserve freedom.

After World War II, Armistice Day became known as Veterans Day—mainly because of the efforts of veterans and civic leaders in Birmingham who in 1946 organized a National Veterans Day Observance on November 11, honoring men and women who served in all of America's wars. Armistice Day was officially observed each year on November 11 until changed to Veterans Day in 1954 and was observed each year on November 11 until the date was changed in 1968 to the fourth Monday in October.

Now this is a ridiculous situation. Whereas November 11 is universally recognized as a date of great significance by America's 28 million living veterans and millions of other Americans, the fourth Monday in October has no meaning whatsoever.

Observance of Veterans Day on the fourth Monday in October has proved to be so unpopular that some 40 State legislatures have already passed legislation returning their official State observance to November 11. Two States, Mississippi and Oklahoma, never changed their observance in the first place, and legislation will be introduced in the next session of the Alabama Legislature to restore our State's Veterans Day observance to November 11.

And in late January, just after the 93d Congress opened its second session, I introduced a bill in the Senate to return Veterans Day to November 11, the traditional date of the observance.

America's living veterans and their families represent about 50 percent of our country's total population, and so other national holidays honor so many of our citizens for their contribution to our Nation's well-being. Certainly no other single group of our citizens is more deserving than our Nation's veterans. They know that our great American heritage, founded upon freedom, has never been and never will be free of pain, free of struggle, and free of individual and collective effort. November 11 means something to them. The fourth Monday in October does not.

Hundreds of Alabama veterans have told me of their desire to have Veterans Day returned to its traditional date. They have my full support in bringing this about.

Mr. HATHAWAY. Mr. President, I am myself a veteran, and do not consider my opposition to this bill to be in any way unpatriotic.

There is nothing magic about the date of November 11 in terms of our honoring the veterans of all wars. It marks the armistice of World War I, but other American veterans, living and dead, fought in wars ending on the following dates:

January 20, 1783, February 17, 1815, May 29, 1865, December 10, 1898, September 2, 1945, July 27, 1953, January 27, 1973.

A major concern I have with this bill is that it is part of a "foot in the door" strategy, and that it marks the beginning of further requests for exceptions to the Monday holiday law.

The Monday holiday law makes a lot of sense. People enjoy the long weekends, there are fewer work interruptions, and fewer traffic deaths.

In this time of energy shortages, it is important to note the energy waste caused by a midweek holiday that necessitates a shutdown. Monday holidays conserve energy in that they simply extend the weekend shutdown.

There are statistics that conclusively indicate that midweek holidays present the greatest threat to the Nation's motorists. A report by the Department of Commerce shows that, taking the danger rating for a typical nonholiday as 1.00, the danger rating of a midweek holiday is 1.83, as compared with a danger rating of 1.18 for a 3-day holiday weekend.

Finally, all of the pros and cons of Monday holidays were thoroughly debated and considered during extensive hearings prior to enactment of the law in 1968.

Mr. HRUSKA. Mr. President, I am prepared to yield the remainder of my time.

Mr. HATHAWAY. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Texas (Mr. Bentsen), the Senator from Nevada (Mr. Bible), the Senator from Nevada (Mr. Cannon), the Senator from Idaho (Mr. Church), the Senator from Missouri (Mr. Eagleton), the Senator from Mississippi (Mr. Eastland), the Senator from North Carolina (Mr. Ervin), the Senator from Arkansas (Mr. Fulbright), the Senator from Alaska (Mr. Gravel), the Senator from Minnesota (Mr. Humphrey), the Senator from Washington (Mr. Jackson), the Senator from Louisiana (Mr. Johnston), the Senator from Arkansas (Mr. McClellan), the Senator from New Hampshire (Mr. McIntyre), the Senator from Montana (Mr. Metcalf), the Senator from Minnesota (Mr. Mondale), the Senator from Utah (Mr. Moss), the Senator from Connecticut (Mr. Ribicoff), the Senator from Alabama (Mr. Sparkman), the Senator from Mississippi (Mr. Stennis), the Senator from Illinois (Mr. Stevenson), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

I also announce that the Senator from Indiana (Mr. Hartke), and the Senator from Georgia (Mr. Talmadge) are absent on official business.

I further announce that, if present and voting, the Senator from Minnesota (Mr. Humphrey), and the Senator from Washington (Mr. Jackson) would each vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Vermont (Mr. Aiken), the Senator from Oklahoma (Mr. Bellmon), the Senator from Utah (Mr. Bennett), the Senator from Tennessee (Mr. Brock), the Senator from New York (Mr. Buckley), the Senator from Kentucky (Mr. Cook), the Senator from Kansas (Mr. Dole), the Senator from Colorado (Mr. Dominick), the Senator from Arizona (Mr. Fannin), the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Maryland (Mr. Mathias), the Senator from Oregon (Mr. Packwood), the Senator from Kansas (Mr. Pearson), the Senator from Pennsylvania (Mr. Schweiker), the Senator from Texas (Mr. Teague), the Senator from Connecticut (Mr. Weicker), and the Senator from North Dakota (Mr. Young) are necessarily absent.

I further announce that, if present and voting, the Senator from Kensas (Mr. Dole), and the Senator from Arizona (Mr. Goldwater) would each vote "yea."

I also announce that the Senator from Hawaii (Mr. Fong), the Senator from Virginia (Mr. Scott), and the Senator from Vermont (Mr. Stafford) are absent on official business.

The result was announced—yeas 50, nays 4, as follows:

[No. 477 Leg.]

YEAS—50

Abourezk
Allen
Baker
Bartlett
Beall
Biden
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Chiles
Clark
Cotton
Cranston
Curtis
Domenici
Gurney
Hansen
Hart
Haskell
Hatfield
Helms
Hollings
Hruska
Huddleston
Hughes
Inouye
Javits
Long
Magnuson
Mansfield
McClure
McGee
McGovern
Montoya
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Randolph
Roth
Scott, Hugh
Stevens
Symington
Taft
Thurmond
Tunney

NAYS—4

Hathaway
Kennedy
Metzenbaum
Percy

NOT VOTING—46

Aiken
Bayh
Bellmon
Bennett
Bentsen
Bible
Brock
Buckley
Cannon
Church
Cook
Dole
Dominick
Eagleton
Eastland
Ervin
Fannin
Fong
Fulbright
Goldwater
Gravel
Griffin
Hartke
Humphrey
Jackson
Johnston
Mathias
McClellan
McIntyre
Metcalf
Mondale
Moss
Packwood
Pearson
Ribicoff
Schweiker
Scott, William L.
Sparkman
Stafford
Stennis
Stevenson
Talmadge
Tower
Weicker
Williams
Young

So the bill (S. 4081) was passed as follows:

S. 4081

An act to redesignate November 11 of each year as Veterans Day and to make such day a legal public holiday

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective January 1, 1975, section 6103(a) of title 5, United States Code, is amended by striking out—

"Veterans Day, the fourth Monday in October." and inserting in lieu thereof—

"Veterans Day, November 11.".

Mr. HRUSKA. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. TAFT. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT UNTIL 8 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 8 a.m. tomorrow.

The PRESIDING OFFICER (Mr. HUDDLESTON). Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, after the two leaders or their designees have been recognized on tomorrow under the standing order, the following Senators be recognized, each for the time stated and in the order stated: Mr. GURNEY, 15 minutes; Mr. CURTIS, 15 minutes; Mr. MCCLURE, 15 minutes; Mr. DOMENICI, 10 minutes; Mr. HUMPHREY, 10 minutes; Mr. KENNEDY, 15 minutes; Mr. ROTH, 15 minutes; Mr. GRIFFIN, 15 minutes; Mr. HUGH SCOTT, 15 minutes; Mr. HATFIELD, 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSE CONCURRENT RESOLUTION 668—AUTHORIZING CORRECTIONS IN ENROLLMENT OF H.R. 11510

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 668, which is at the desk.

The PRESIDING OFFICER. The concurrent resolution will be stated by title.

The assistant legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 668) authorizing the Clerk of the House to make corrections in the enrollment of H.R. 11510.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

HOUSE CONCURRENT RESOLUTION 662—ORDER TO RECONSIDER AND INDEFINITELY POSTPONE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the action taken today on House Concurrent Resolution 662 authorizing the Clerk of the House to make corrections in the enrollment of H.R. 11510 be reconsidered and that that resolution be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSE CONCURRENT RESOLUTION 666—AUTHORIZING CORRECTION IN ENROLLMENT OF H.R. 11221

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Chair lay before the Senate a message from the House of Representatives on House Concurrent Resolution 666.

The PRESIDING OFFICER laid before the Senate House Concurrent Resolution 666, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That the enrollment of the bill H.R. 11221, the Clerk of the House is authorized and directed to make the following correction:

On page 16, line 9 of the report of the committee of conference on the bill H.R. 11221, strike out "A reflection on a statement of an extension of" and insert in lieu thereof the following: "the obligor's account is not restricted or closed".

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution—House Concurrent Resolution 666—was agreed to.

CONSIDERATION OF CERTAIN ITEMS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the following measures: Calendar Nos. 1177, 1178, 1183, 1185, 1186, 1189, 1191, and 1192.

The PRESIDING OFFICER. Without objection, it is so ordered.

ALVIN V. BURT, JR., EILEEN WALLACE KENNEDY POPE, AND DAVID DOUGLAS KENNEDY, A MINOR

The bill (H.R. 6624) for the relief of Alvin V. Burt, Jr., Eileen Wallace Kennedy Pope, and David Douglas Kennedy, a minor, was considered, ordered to a third reading, read the third time, and passed.

NOLAN SHARP

The bill (H.R. 7768) for the relief of Nolan Sharp, was considered, ordered to a third reading, read the third time, and passed.

THE ROLE OF THE FEDERAL GOVERNMENT ON TOURISM IN THE UNITED STATES

The resolution—Senate Resolution 347—to authorize the Committee on Commerce to make an investigation and study on the policy and role of the Federal Government on tourism in the United States was considered and agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

Whereas the United States is the foremost choice as the country most people (including United States citizens) wish to visit;

Whereas tourism is among the top three industries in forty-six of the fifty States;

Whereas tourism expenditures are the second ranking retail expenditure in the United States;

Whereas tourism spending by resident and foreign visitors in the United States in 1972 totaled approximately $61,000,000,000;

Whereas it is estimated that by 1980 tourism spending in the United States will total $127,000,000,000 yearly;

Whereas tourism expenditures in the United States in 1972 directly and indirectly provided employment for approximately four million Americans;

Whereas it is estimated that tourism expenditures in the United States by 1980 will directly and indirectly provide employment for approximately six million seven hundred thousand Americans;

Whereas the leisure activity provided for Americans by the tourism industry is essential for a sound and healthy society;

Whereas the National Tourism Resources Review Commission (established by Public Law 91–477) was directed to undertake a two-year study of tourism needs and resources of the United States;

Whereas that Commission completed its report and submitted its recommendations to the President and to the Congress;

Whereas the Commission's report found, inter alia, that the Federal Government, although deeply involved in an array of tourism programs, is not responding coherently to the phenomenal growth of tourism and the consequent demands for adequate recognition of, and response to, public interest goals;

Whereas the Commission's report concluded the role of the Federal Government needs to be more effective;

Whereas the major recommendation or the Commission's report were that Congress establish a national tourism policy and create the administrative means to execute that policy; and

Whereas the Commission report expressly recognized that further study was necessary and much additional work was needed to implement those recommendations: Now, therefore, be it

Resolved, That the Committee on Commerce is authorized, under sections 134(a) and 136(a) of the Legislative Reorganization Act of 1946, and in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, to make a full and complete investigation and study for the purpose of determining a policy and role for the Federal Government on tourism in the United States which will most effectively enable the industry to realize fully its potential to contribute to the social well-being, the cultural understanding, and the economic prosperity of the United States.

SEC. 2. In order that other committees of the Senate with a jurisdictional interest over

> specific elements of this study under rule XXV of the Standing Rules of the Senate, may participate in the study authorized by this resolution, the chairman and ranking minority member of each of the Committees on Appropriations, Agriculture and Forestry, Interior and Insular Affairs, Public Works, Foreign Relations, Government Operations, Labor and Public Welfare, Banking, Housing and Urban Affairs, and Judiciary, and the Select Committee on Small Business, or a member of such committees designated by each such chairman or ranking minority member to serve in his place, shall serve as ex officio members of the Committee on Commerce for purposes of this study.
>
> SEC. 3. The Committee on Commerce shall report its findings, together with its recommendations for such legislation as it deems advisable, to the Senate.

AWARD OF CERTAIN MILITARY DECORATIONS

The bill (H.R. 15148) to extend the time limit for the award of certain military decorations, was considered, ordered to a third reading, read the third time, and passed.

NATIONAL ENERGY STUDY ACT

The Senate proceeded to consider the bill (S. 3871) to authorize the Administrator of the Federal Energy Administration to conduct a study of the energy needs of the United States and the methods by which such needs can be met, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs with amendments on page 1, after "Sec. 2" strike out "The" and insert "Pursuant to section 15(c) of the Federal Energy Administration Act (88 Stat. 109)".

On page 1, line 8, strike out "authorized and".

On page 3, beginning with line 20, strike out:

> SEC. 5. The heads of all Federal departments and agencies are authorized and directed to provide the Administrator with any information he requests to assist him in preparing the studies required by this Act.
>
> SEC. 6. (a) The Administrator may procure the temporary or intermittent services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code. Persons so employed shall receive compensation at a rate to be fixed by the Administrator but not in excess of the maximum amount payable under such section. While away from his home or regular place of business and engaged in the performance of services for the Federal Energy Administration in conjunction with the provisions of this Act, any such person may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5, United States Code, for persons in the Government service employed intermittently.
>
> (b) The Administrator is authorized, on a reimbursable basis when appropriate, to use the available services, equipment, personnel, and facilities of any agency or instrumentality of the Federal Government in conjunction with the study authorized in this Act.
>
> SEC. 7. There is authorized to be appropriated, for each of the five fiscal years following enactment of this Act, the sum of $2,000,000 to carry out the purposes of this Act. Any funds so appropriated shall remain available until expended.

so as to make the bill read:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "National Energy Study Act of 1974".
>
> SEC. 2. Pursuant to section 15(c) of the Federal Energy Administration Act (88 Stat. 109), the Administrator of the Federal Energy Administration (hereinafter referred to as the "Administrator") is hereby directed to conduct an annual comprehensive, interdisciplinary study of the energy needs of the United States and the methods by which those needs can be met. The Administrator shall submit to the Congress, not later than January 31 of each year, a full and complete report of the findings made under the prior year's study.
>
> SEC. 3. In carrying out the studies authorized by this Act, the Administrator shall—
>
> (1) identify and collect such information as may be required to carry out the studies authorized by this Act;
>
> (2) consult with and secure information from representatives of industry, the financial community, labor, agriculture, science and technology environmental groups, academic institutions, consumer and other public interest organizations, and such other groups as the Administrator deems suitable; and
>
> (3) consult with and secure information from the Department of State, the Department of the Treasury, the Department of Defense, the Department of the Interior, the Department of Commerce, the Atomic Energy Commission, the Environmental Protection Agency, the Federal Power Commission, and such other government departments and agencies, Federal, State, and local, and such foreign governments and international organizations, as he deems necessary or appropriate to conduct the studies authorized by this Act.
>
> SEC. 4. Each study authorized by this Act shall include, for each of the next five fiscal years following the year in which such study is submitted, and for the tenth fiscal year following the year in which such study is submitted—
>
> (1) an estimate of the energy needs of the United States, including an analysis of the effect of various conservation programs on such energy needs;
>
> (2) an analysis of the alternative methods of meeting such energy needs, and of—
>
> (a) the relative capital and other economic costs of each such method;
>
> (b) the relative environmental, national security, and balance of trade risks of each such method; and
>
> (c) the other relevant advantages and disadvantages of each such method; and
>
> (3) recommendations for the best method or methods of meeting the energy needs of the United States and for legislation needed to meet those needs.
>
> SEC. 5. In accordance with section 15(a) of the Federal Energy Administration Act (88 Stat. 108 and 109) the President shall designate an appropriate Federal agency to conduct the studies authorized by this Act after the termination of the Federal Energy Administration.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INDEMNIFICATION OF METROPOLITAN MUSEUM OF NEW YORK

The Senate proceeded to consider the joint resolution (S.J. Res. 236) to provide for the indemnification of the Metropolitan Museum of New York for loss or damage suffered by objects in exhibition in the Union of Soviet Socialist Republics, which had been reported from the Committee on Foreign Relations with amendments on page 1, in line 8, strike out "any".

On page 2, in line 5, after the period, strike out:

> The agreement, concluded by the Secretary of State, shall provide for such indemnification during the period such objects are subject to the jurisdiction and direct supervision of representatives of the Union of Soviet Socialist Republics.

and insert:

> The agreement concluded by the Secretary of State shall provide for such indemnification—
>
> (1) during the period the works of art are in transit from the premises of said museum, on exhibition in the Union of Soviet Socialist Republics, and returning to said premises; and
>
> (2) only for substantial loss or damage as determined by the Secretary of State.
>
> In the case of a claim for loss or damage with respect to an item or items which are covered under such agreement, the Secretary shall certify the validity of the claim and the amount of the loss to the Speaker of the House of Representatives and the President of the Senate. There are authorized to be appropriated such sums as may be necessary to carry out an agreement concluded pursuant to this joint resolution.

so as to make the joint resolution read:

> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of State (or such officer of the Department of State as he may designate) is authorized to conclude an agreement with the Metropolitan Museum of Art, located in New York, New York, for indemnification of such museum, in accordance with the terms of such agreement, for loss or damage suffered by objects in an exhibition of such museum in the Union of Soviet Socialist Republics pursuant to an agreement between such museum and the Ministry of Culture of the Union of Soviet Socialist Republics, which agreement was made in accordance with the general agreement on contracts, exchanges, and cooperation, signed July 19, 1973, by the United States and the Union of Soviet Socialist Republics. The agreement concluded by the Secretary of State shall provide for such indemnification—
>
> (1) during the period the works of art are in transit from the premises of said museum, on exhibition in the Union of Soviet Socialist Republics, and returning to said premises; and
>
> (2) only for substantial loss or damage as determined by the Secretary of State.
>
> In the case of a claim for loss or damage with respect to an item or items which are covered under such agreement, the Secretary shall certify the validity of the claim and the amount of the loss to the Speaker of the House of Representatives and the President of the Senate. There are authorized to be appropriated such sums as may be necessary to carry out an agreement concluded pursuant to this joint resolution.

The amendments were agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, I made the motion only because the exchanges of art works between ourselves and the Soviet Union. I am informed by the Metropolitan Museum, need to go forward and, through the very great cooperation of the Committee on Foreign Relations, its chairman (Mr. FULBRIGHT), and now, the leadership on both sides, we are able to go forward on this matter. All that I wish to do is avoid any further delay.

I express the thanks of the Metropolitan Museum and of Douglas Dillon, its president, and Tom Hoving, its managing director, to the Committee on Foreign Relations and to the leadership on both sides, represented here tonight by Senator BYRD of West Virginia, for facilitating what should prove to be a very great experience for our people in enjoying what is sent to us, and a great experience for the Soviet people in the great paintings which are being sent to them.

DISTRICT OF COLUMBIA PUBLIC POST-SECONDARY EDUCATION ACT

The Senate proceeded to consider the bill (H.R. 15643) to reorganize public higher education in the District of Columbia, establish a Board of Trustees, authorize and direct the Board of Trustees to consolidate the existing local institutions of public higher education into a single Land-Grant University of the District of Columbia, direct the Board of Trustees to administer the University of the District of Columbia, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed, as follows:

H.R. 15643

An act to reorganize public postsecondary education in the District of Columbia, establish a Board of Trustees, authorize and direct the Board of Trustees to consolidate the existing local institutions of public postsecondary education into a single Land-Grant University of the District of Columbia, direct the Board of Trustees to administer the University of the District of Columbia, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

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TITLE I—SHORT TITLE, PURPOSES, AND DEFINITIONS

SHORT TITLE

SEC. 101. This Act may be cited as the "District of Columbia Public Postsecondary Education Reorganization Act".

STATEMENT OF PURPOSE

SEC. 102. It is the intent of Congress to authorize a public land-grant university through the reorganization of the existing local institutions of public postsecondary education in the District of Columbia. It is the clear and specific intent of the Congress that vocatonal and technological education, as well as liberal arts, sciences, teacher education, and graduate and postgraduate studies, within the University be given at all times its proper priority in terms of funding with other units within the University, and that the landgrant funds be utilized by the University in accordance with the provisions of the Act of July 2, 1862 (7 U.S.C. 301–305, 307, 308) (known as the First Morrill Act).

DEFINITIONS

SEC. 103. For the purposes of this Act—

(a) The term "Trustees" means the Board of Trustees established under title II of this Act.

(b) The term "President" means the chief executive and administrative officer of the University.

(c) The term "University" means the University of the District of Columbia authorized and directed to be established under title II of this Act.

(d) The term "Provost" means the academic and administrative head of each of the several colleges of the University.

(e) The term "Mayor" means the Mayor of the District of Columbia established by section 421 of the District of Columbia Self-Government and Governmental Reorganization Act.

(f) The term "Council" means the Council of the District of Columbia established by section 401 of the District of Columbia Self-Government and Government Reorganization Act.

(g) The term "Board of Higher Education" means the Board of Higher Education established under section 102 of the District of Columbia Public Education Act (D.C. Code, sec. 31–1602).

(h) The term "Vocational Board" means the Board of Vocational Education established under section 202 of the District of Columbia Public Education Act (D.C. Code, sec. 31–1622).

(i) The term "Board" means the District of Columbia Board of Education established under section 303 of the Elected-Board of Education Act (D.C. Code, sec. 31–101).

(j) The term "financial institution" means an insured bank as defined in section 3 of the Federal Deposit Insurance Act, or a savings and loan association as defined in section 401 of the National Housing Act.

TITLE II—BOARD OF TRUSTEES

MEMBERSHIP

SEC. 201. (a) There is hereby authorized to be established a University of the District of Columbia, which shall be an independent agency of the District of Columbia government, and which shall be governed by a Board of Trustees consisting of fifteen members selected according to the provisions of this section:

(1) Twelve members nominated by the Mayor, one of whom shall be a full-time student at the District of Columbia Teachers College, or the Federal City College, or the Washington Technical Institute. Except for the student member, the nominees under this subsection shall be subject to Council confirmation.

(2) One member of the Trustees appointed by the Alumni Association of the District of Columbia Teachers College, with notice thereof to the Mayor within forty-five days after the effective date of this Act.

(3) One member of the Trustees appointed by the Alumni Association of the Federal City College, with notice thereof to the Mayor within forty-five days after the effective date of this Act.

(4) One member of the Trustees appointed by the Alumni Association of the Washington Technical Institute, with notice thereof to the Mayor within forty-five days after the effective date of this Act.

(5) In the event the alumni associations referred to in subsections (2), (3), and (4) of this section fail to submit an appointee within the time specified, the Mayor shall make the appointment.

(6) As the initial terms of the alumni members expire, the three alumni trustees shall be appointed by the Alumni Association of the University or the Mayor if no alumni association of such University exists.

(b) All nominations and appointments under this section shall be made not later than August 2, 1975. The terms of the members of existing Boards shall terminate on the day that the Trustees announce the consolidation has been effectuated, but in no event shall the terms terminate later than June 30, 1976.

(c) The Trustees shall hold the first meeting no later than September 2, 1975. The first meeting of the Trustees shall be convened by a member of the Trustees designated by the Mayor.

(d) The student member of the Trustees shall serve a one-year term of office; all other Trustees may be selected to serve one successive term.

(e) The terms of nonstudent Trustees shall be determined by lots cast at the first meeting of the Trustees, with the initial lots to provide:

(1) three shall serve terms of two years;

(2) three shall serve terms of three years;

(3) three shall serve terms of four years; and

(4) five shall serve terms of five years.

(f) Any Trustee selected to fill a vacancy shall be selected only for the remainder of the term for which his predecessor was selected and in the same manner as the original selection. A Trustee may serve after the expiration of his term until his successor has qualified to take office.

(g) A Chairman and Vice Chairman (1) shall be selected by the Trustees from among the District of Columbia resident members, (2) shall serve a one-year term as Chairman or Vice Chairman, (3) may be reappointed, and (4) cannot serve in such capacity beyond their term as member.

(h) All members selected to the Trustees shall have been residents of the District of Columbia for the twelve consecutive months preceding the date of their selection except that the Mayor may nominate not more than four persons to the Trustees who are not residents of the District of Columbia if, in his judgment, their nominations would enhance the Trustees.

(i) Members of the Trustees may be employees of the United States or of the District of Columbia government, unless they hold positions in clear conflict of interest.

(j) The president of the University shall be an ex officio member of the Trustees.

SUSPENSION AND REMOVAL

SEC. 202. Any Trustee shall be automatically suspended from serving as such member after he has been found guilty of a felony by a court of competent jurisdiction. Upon a final determination of his guilt or innocence, the term of such member shall automatically terminate or be reinstated.

COMPENSATION

SEC. 203. Trustees shall serve without compensation, but may be reimbursed for their expenses, including per diem in lieu of subsistence, at the maximum rate equal to the daily equivalent provided for by grade 18 of the General Schedule established under section 5332 of title 5 of the United States Code, with a limit of $4,000 per annum, while actually engaged in service for the Trustees.

THE UNIVERSITY OF THE DISTRICT OF COLUMBIA

SEC. 204. The Trustees shall, by June 30, 1976, consolidate the existing public institutions of postsecondary education in the District of Columbia into a single institution to be called the University of the District of Columbia, with several schools, colleges, institutes, campuses, and units that offer a comprehensive program of public postsecondary education. The institutions of public postsecondary education in the District of Columbia existing immediately prior to such consolidation shall be deemed abolished on the effective date of the consolidation. Thereafter, any reference in any law, rule, regulation, or other document of the United States or of the District of Columbia to such institutions shall be deemed to be a reference to the University of the District of Columbia.

DUTIES OF THE BOARD OF TRUSTEES

SEC. 205. It shall be the duty of the Trustees to—

(a) Review the existing public institutions of postsecondary education with respect to (1) accreditation, (2) present programs and functions, and (3) actual and potential capabilities. Those institutions and programs within such institutions that are determined to be sound and valid shall be used as a basis for the several schools, colleges, institutes, campuses, and units of the University, which shall include but not be limited to programs of science and technology, including but not limited to environmental sciences, liberal and fine arts, vocational and technical education and professional studies, including graduate programs, and postgraduate programs.

(b) Establish or approve policies and procedures governing admissions, curriculums, programs, graduation, the awarding of degrees, and general policymaking for the units of the University.

(c) Prepare and submit to the Mayor, on a date fixed by the Mayor, an annual budget for the fiscal year beginning July 1, 1977. Such budget shall include a proposed financial operating plan for such fiscal year, and a capital and educational improvements plan for such fiscal year and the succeeding four fiscal years for the University. The Mayor and the Council shall establish the maximum amount of funds which will be allocated to the Trustees for Higher Education, but may not specify the purposes for which such funds may be expended or the amount of such funds which may be expended for the various programs under the jurisdiction of the Trustees.

(d) The Trustees may transfer, during the fiscal year, any appropriation balance available for one item of appropriation to another item of appropriation or to a new program, in an amount not to exceed $50,000.

(e) Enter into negotiations and binding contracts pursuant to Council regulations regarding contracting with the governments of the United States and District of Columbia and other public and private agencies to render and receive services.

(f) Enter into negotiations and binding contracts pursuant to Council regulations to perform organized research, training, and demonstrations on a reimbursable basis for the United States and the government of the District of Columbia and other public and private agencies.

(g) Fix tuition for students attending the University with tuition charges to nonresidents being fixed as far as is feasible in amounts comparable to nonresident charges made by similar institutions.

(h) Fix fees, in addition to tuition, to be paid by resident and nonresident students attending the University. Receipts from these fees shall be deposited in a revolving fund in one or more financial institutions in the District of Columbia, and shall be available, when appropriated, for such purposes as the Trustees shall approve, without fiscal year limitation.

(i) Select, appoint, and fix the compensation for a President of the University and Provosts of the units of the University, and approve the appointment and compensation of such other officers as it deems necessary, including legal counsel, except that in no case shall any such compensation be fixed in an amount in excess of that provided for the Mayor unless specifically authorized by legislative act of the Council.

(j) Procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, but at daily rates for individuals not in excess of the maximum daily rate for GS–18 of the General Schedule under section 5332 of such title.

(k) Develop and define a policy governing academic freedom for the University and establish mechanisms to ensure its enforcement.

(l) Perform such other duties as may be necessary to carry out the purposes of this Act.

PERSONNEL SYSTEM

SEC. 206. (a) Notwithstanding any other provision of law, the Trustees are hereby authorized to establish, not earlier than one year and not later than five years after the effective date of this section, a personnel system (setting forth minimum standards) for all employees of units, facilities, and programs of the University, including, but not limited to, pay, contract terms, leave, residence, retirement, health and life insurance, employee disability, and death benefits, all at least equal to those provided by legislation enacted by Congress, or regulations adopted pursuant thereto, and applicable to such officers and employees immediately prior to the effective date of the system established pursuant to this section. Any provision in the personnel system established by the Trustees under this section requiring employees to be residents of the District of Columbia shall apply only to employees hired after the effective date of such system.

(b) The personnel policies of the Trustees shall incorporate Executive Order Numbered 70–229 of the Commissioner of the District of Columbia, as implemented by chapter 25A of the District Personnel Manual, or similar policies developed by the Trustees to guarantee collective-bargaining rights of employees subject to this section.

(c) Personnel legislation in effect prior to the establishment by the Trustees of such system, including without limitation, legislation relating to appointments, promotions, discipline, separation pay, unemployment compensation, health disability and death benefits, leave, retirement, insurance, and veterans preference applicable to such employees, shall continue to be applicable until such time as the Trustees shall, pursuant to this section, provide for coverage under a new personnel system.

(d) All actions affecting such personnel and such members shall, until such time as a personnel system is established by the Trustees superseding such laws and establishing a permanent personnel system for all employees of the University, continue to be subject to the provisions of Acts of Congress relating to the appointment, promotion, discipline, separation, and other conditions of employment applicable to officers and employees of the District government, and where applicable, to the provisions of the joint agreement between the Comissioners and the Civil Service Commission authorized by Executive Order Numbered 5491 of November 18, 1930, relating to the appointment of District personnel.

TRANSFER OF FUNCTIONS, ASSETS, AND LIABILITIES

SEC. 207. The Board of Higher Education and the Vocational Board shall be abolished on the day the Trustees announce that the consolidation has been effectuated, but in no event shall the Boards be abolished later than June 30, 1976. Except as provided by this Act all functions, powers, and duties of the Board of Higher Education and the Vocational Board under the District of Columbia Public Education Act of 1966 (D.C. Code, sec. 31–1601) shall be vested in and exercised by the Trustees. All employees, property (real and personal), and unexpended balances (available or to be made available) of appropriations, allocations, and all other funds and assets and liabilities of the Board of Higher Education and Vocational Board are authorized to be transferred to the Trustees, except the functions of licensing institutions to confer degrees as authorized by Public Law 89–791 (D.C. Code, sec. 29–415).

ESTABLISHMENT OF LAND-GRANT UNIVERSITY

SEC. 208. (a) In the administration of—

(1) the Act of August 30, 1890 (7 U.S.C. 321–326, 328) (known as the Second Morrill Act),

(2) the tenth paragraph under the heading "Emergency Appropriations" in the Act of March 4, 1907 (7 U.S.C. 322) (known as the Nelsen amendment),

(3) section 22 of the Act of June 29, 1935 (7 U.S.C. 329) (known as the Bankhead-Jones Act),

(4) the Act of March 4, 1940 (7 U.S.C. 331), and

(5) the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627), the University shall be considered to be a university established for the benefit of agriculture and the mechanic arts in accordance with the provisions of the Act of July 2, 1862 (7 U.S.C. 301–305, 307, 308) (known as the First Morrill Act); and the term "State" as used in the laws and provisions of law listed in the preceding paragraphs of this section shall include the District of Columbia.

(b) In the administration of the Act of May 8, 1914 (7 U.S.C. 341–346, 347a–349) (known as the Smith-Lever Act)—

(1) the University shall be considered to be a university established for the benefit of agriculture and the mechanic arts in accordance with the provisions of the Act of July 2, 1862 (7 U.S.C. 301–305, 307, 308); and

(2) the term "State" as used in such Act of May 8, 1949, shall include the District of Columbia, except that the District of Columbia shall not be eligible to receive any sums appropriated under section 3 of such Act.

(c) In lieu of an authorization of appropriations for the District of Columbia under section 3 of such Act of May 8, 1914, there is authorized to be appropriated such sums as may be necessary to provide cooperative agricultural extension work in the District of Columbia under such Act. Such sums may be used to pay no more than one-half of the total cost of providing such extension work. Any reference in such Act (other than section 3 thereof) to funds appropriated under such Act shall in the case of the District of Columbia be considered a reference to funds appropriated under this subsection.

(d) Four per centum of the sums appropriated under subsection (c) for each fiscal year shall be allotted to the Federal Extension Service of the Department of Agriculture for administrative, technical, and other services provided by the Service in carrying out the purposes of this section.

(e) The second sentence of the first section of the Act of March 2, 1887 (7 U.S.C. 361a–361i) is amended by inserting "(including the District of Columbia)" immediately after "the several States".

STATE CONSENT

SEC. 209. The enactment of this Act shall, as respects the District of Columbia, be deemed to satisfy any requirement of State consent contained in any of the laws or provisions of law referred to in section 208.

TITLE III—AUTHORIZATIONS

SEC. 301. (a) There are authorized to be appropriated out of any money in the Treasury to the credit of the District of Columbia such sums as may be necessary for carrying out the purpose of this Act.

(b) The President is authorized to provide for the expenditure in amounts not to exceed $2,000 of funds for such purposes as may be deemed necessary within limits that may be specified in annual appropriations. The President shall be personally responsible for the expenditure of appropriations made pursuant to this section, and such expenditures shall be supported by vouchers and shall be audited by the District of Columbia Auditor.

TITLE IV—MISCELLANEOUS

MEETINGS

SEC. 401. Meetings may be called by the Chairman or a majority of the members of the Trustees. No official action may be taken by the Trustees except at a meeting of the Trustees at which a quorum is present. Eight members shall constitute a quorum but a lesser number may hold hearings. Each meeting of the Trustees shall be open to the public and held in the District of Columbia with appropriate notice of each meeting given to the general public, except a majority of the Trustees may elect to go into executive session to take action on personnel matters.

ADVISORY COMMITTEES

SEC. 402. The Trustees shall appoint such advisory committees as necessary to advise on educational policy. Such advisory committees may consist of members of the Trustees, students, faculty members, parents, governmental, educational, business, industrial, labor, and community representatives.

GIFTS AND CONTRIBUTIONS

SEC. 403. The Trustees may accept services and moneys, including gifts or endowments, from any source whatsoever, for use in carrying out the purposes of this Act. Such moneys, including income derived from any such gift or endowment, shall be deposited in the Treasury of the United States to the credit of a trust fund which is hereby authorized and may be invested and reinvested as trust funds of the District of Columbia. The disbursement of the moneys from such trust funds, when appropriated, shall be in such amounts, to such extent, and in such manner as the Trustees, in their judgment, may determine to carry out the purposes of this Act.

ANNUAL REPORT

SEC. 404. The Trustees shall make an annual report to the Congress, Mayor, Council, and the general public on November 1 of each year, on the operation of programs and the expenditures of all funds for public higher education in the District of Columbia.

NEW AUTHORITY GRANTED BOARD OF EDUCATION

SEC. 405. (a) The Board may transfer, during the fiscal year, any appropriation balance available for one item of appropriation to another item of appropriation or to a new program, in an amount not to exceed $50,000.

(b) The Board may enter into negotiations and binding contracts pursuant to Council regulations regarding contracting with the governments of the United States and District of Columbia and other public and private agencies to render and receive services.

AUTHORITY OF COUNCIL

SEC. 406. Notwithstanding any other provision of law, or any rule of law, nothing in this Act shall be construed as limiting the authority of the Council to enact any act or resolution, after January 2, 1975, pursuant to the District of Columbia Self-Government and Governmental Reorganization Act with respect to any matter covered by this Act.

EFFECTIVE DATE

SEC. 407. This Act shall take effect July 1, 1975, unless the Council, after January 2, 1975, adopts legislation, in accordance with the District of Columbia Self-Government and Governmental Reorganization Act, repealing this Act prior to July 1, 1975. In any case in which the Council adopts any such legislation amending or otherwise modifying this Act (other than its repeal), the foregoing provisions of this Act as so amended or modified shall take effect on July 1, 1975, unless the Council provides, by such legislation, for an effective date other than that provided by this section, in which case this Act, as so amended or modified, shall take effect on the date prescribed by such legislation of the Council.

CONSTRUCTION OF A HIGHWAY BRIDGE ACROSS THE SNAKE RIVER

The Senate proceeded to consider the bill (S. 3563) to authorize the construction of a highway bridge across the Snake River between Clarkston, Wash., and Lewiston, Idaho, which had been reported from the Committee on Public Works with amendments.

Mr. McCLURE. Mr. President, I strongly support S. 3563, and urge its passage by the Senate. I am pleased to be a cosponsor of this legislation, and was honored to chair the hearing last month at which it was considered.

This legislation would rectify problems that will be created by the completion of the Lower Granite Dam on the Snake River.

The dam will backwater past Lewiston, Idaho, opening Lewiston to oceangoing barges. While this will provide many needed benefits for the region, it will raise the level in the Snake at Lewiston by as much as 20 feet.

Lewiston is connected with its neighbor, Clarkston, Wash., by a four-lane drawbridge across the Snake. This is the only bridge across the Snake serving major sections of Idaho and Washington.

The existing bridge, built in 1939, provides sufficient clearance for existing river traffic without regular use of the lift section. But when the pool rises and the minimum clearance is reduced to about 13 feet, we can anticipate that regular and frequent use of the lift span will result, aggravating traffic congestion in the two cities.

The present bridge is already crowded. It will obviously become far more congested when the draw is in operation. And we can anticipate that the new reservoir downstream and the upstream Hells Canyon National Recreation Area, established recently by Senate action, will generate numerous demands on the drawbridge.

Put another way, when the draw is working, bringing the benefits to the Nation that were envisioned in the Lower Granite project, the residents of Lewiston and Clarkston, as well as the interstate travelers, will be greatly inconvenienced.

Should the draw become stuck in the open position, as it has been in the past, the only direct link between the two cities would be cut. This could possibly separate thousands of citizens from necessary police, fire, health, and other public services, since the two communities share many such responsibilities.

All agree that the danger of any such cutoff, together with the aggravation and congestion that will flow from regular use of the draw, is due directly to the corps' Lower Granite project.

Personally, I regret that the corps did not, during its original planning of the Lower Granite project, plan for the construction of a new Snake River bridge at Lewiston. This bill rectifies that oversight. It directs the Secretary of the Army to construct a four-lane, high-level bridge about 2 miles upstream from the existing U.S. Highway 12 bridge. The full Federal financing of the new bridge is justified, I believe, because it is the downstream Federal project that would impose the added burdens on the existing bridge. People of the Lewiston-Clarkston area support this proposal. I join with them, and with my colleagues, in urging passage of this bill.

Local governments, of course, would assume the responsibility to provide lands, easements, and rights-of-way for the bridge and its approaches. They would also accept responsibility for maintenance following construction.

The bill includes three amendments, two of which are ones I suggested of a technical nature. They relate to the type of bridge and its exact location. They do not add to the cost of the bill, I am assured by the corps. The other amendment relates to procedures for handling future disputes over mitigation issues, such as this one.

I support this amendment to create a Water Resources Mitigation Advisory Board and commend its sponsor, the distinguished Senator from New York (Mr. BUCKLEY). I believe it meets a real need to give the corps and the Congress an independent analysis and assessment on mitigation issues relating to corps projects.

Mr. President, this is a sound and necessary piece of legislation. I urge that the Senate pass it.

Mr. BUCKLEY. Mr. President, I wish to express my strong support for S. 3563, particularly section 2 of the legislation. That is the portion of the bill creating a Water Resources Mitigation Advisory Board. The Board would be charged with assisting the public, the Corps of Engineers, and the Congress in evaluating the merits of mitigation issues that evolve out of some corps projects.

The Congress has long faced difficulties in evaluating these mitigation issues: Unexpected and undesired side effects that develop in an authorized project of the Corps of Engineers. The problem resolved by section 1 of this bill serves as an excellent example of this type of challenge. How directly can the demand on the drawbridge and resulting congestion be connected with the Lower Granite Dam project? Apparently, in this case, it is closely related and the new bridge appears justified. Mitigation issues sometimes rise over an additional loan on a plant treating a city's drinking water or in the cost-sharing requirements for a particular project.

When it reviews the local problem, the corps sometimes argues that it can find no relationship between the project and the local problem. Therefore, the corps says, the Federal taxpayer should not be expected to assume costs unrelated to the Federal project.

No recourse for an independent evaluation exists under present procedures. There is no way for the community to obtain a fair study of the problem and its relationship to the project. At best, the community can obtain an ad hoc decision, which may or may not be based on a full understanding of the facts.

Section 2 of S. 3563 creates a mechanism to assist in the resolution of these mitigation requests.

The Board would review any requests for mitigation that are referred to it by any State or local public agency, the Corps of Engineers, or the Public Works Committees of the Congress. It would consider controversies about damages, project scope, or Federal-local cost sharing. The Board would be expected to recommend solutions.

The Board would have three members. One would be a Federal employee selected by the President. Two would represent the public. I anticipate that the outside members would be selected for their expertise and understanding of engineering, economic, and public policy issues raised by mitigation requests. They should not be selected solely for their engineering skills. An understanding of public policy issues and processes and economic impacts is vital.

The Board would also have a small staff. It is the intention that the staff have the latitude to examine projects on site, make legal, historical, and engineering studies, and be in a position to suggest the legal and equity issues involved to the part-time Board members.

It is my hope that one of the public members would serve as the Chairman of the Board.

As drafted, this language would require that the two members from the public be unrelated by background to the Army Corps of Engineers. Such an exclusion is necessary, I believe, if the public is to obtain the appearance, as well as the reality, of an independent assessment. Clearly, any Board chock-a-block with ex-members of the Corps could be susceptible to the charge of cronyism. In no way would that be helpful to the corps, the public, or the Congress.

Too often, mitigation changes are made without reference to the most cost-effective manner of solving a challenge or the effect that the mitigation work would have on the cost-benefit ratio of a project, its viability, or its environmental impact. While these effects may be minimal in a majority of cases, there are times when the effect can prove substantial. These should be studied and known. That is why the language of the bill requires the Board to relate any recommendation to its effect on costs and benefits.

This question of mitigation was raised during committee hearings with the Corps of Engineers earlier this year. In response to questions I posed, the corps' witnesses discussed the reasonableness of creating a body somewhat similar to its Board of Contract Review.

> If there were some group which would arbitrate . . . we certainly would have no problem . . . If such an arbitration group was established by the Congress . . . it would also, I think, tend to reduce litigation.

The corps' witness testified. During the colloquy, Brig. Gen. James L. Kelly, Deputy Director of Civil Works of the corps, testified:

> Our problem is that we feel charged to act in a proper manner and cannot dispense funds until we feel they are justified under the law. So we make our best evaluation, we meet with the folks and discuss this, presenting our views, but certainly we are not going to be able to resolve them in all cases. It might well be that you could reduce, one, the direct impacts on the Congress and perhaps reduce the court actions if there were some group which would arbitrate. We certainly would have no problem.

The three-member Water Resources Mitigation Advisory Board would have no power to direct a specific course of action. Its power would be purely advisory. But I anticipate that the Board's recommendations will be most useful to the corps and to the Congress in weighing the equities and justification for the mitigation proposed.

Creation of such a Board, of course, would not relieve the corps or the Congress of its responsibilities. The Board will merely provide the public and the Congress with expert and independent guidance on what decision appears to be fair and reasonable.

I want to urge adoption of this bill. And I would like to say a particular word of thanks to the distinguished Senator from Idaho (Mr. McCLURE), whose forceful presentation convinced the committee of the need for this legislation and its section 1 authorization. I urge adoption of the bill, with the recommended committee amendments.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 3563

A bill to authorize the construction of a highway bridge across the Snake River between Clarkston, Washington, and Lewiston, Idaho

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That SEC. (1) section 2 of the River and Harbor Act of 1945 (59 Stat. 21) is hereby modified to authorize and direct the Secretary of the Army to construct at full Federal expense a four-lane high-level highway bridge and approaches thereto connecting the cities of Lewiston, Idaho, and Clarkston, Washington, at or near river mile 141.3 of the Snake River, approximately two miles upstream of the present United States Highway 12 bridge: *Provided*, That before construction may be initiated the non-Federal public bodies involved shall agree pursuant to section 221 of the Flood Control Act of 1970 (Public Law 91-611) to (a) hold and save the United States free from damages resulting from construction of the bridge and its approaches, (b) provide without cost to the United States all lands, easements, and rights-of-way necessary for the construction of the bridge and its approaches, and (c) maintain and operate the bridge and its approaches after construction is completed.

SEC. 2. (a) There is hereby established a Water Resources Mitigation Advisory Board (hereinafter referred to as the "Board"), which is authorized to issue advisory recommendations concerning adverse impact of proposed or actual construction on United States Army Corps of Engineers projects.

(b) The Board shall be comprised of three members. One member shall be a Federal employee serving at the pleasure of the President. The two remaining members shall be appointed by the President from the general public for three year terms. Such public members of the Board while attending conferences or meetings of the Board shall be entitled to receive compensation at a rate not in excess of the maximum rate of pay for Grade GS-18, as provided in the General Schedule under section 5332 of title 5 of the United States Code, including traveltime, and while away from their homes or regular places of business they may be allowed travel expenses including per diem in lieu of subsistence as authorized by law (5 U.S.C. 73b-2) for persons in the Government service employed intermittently. Anyone who has been either an officer or a civilian employee of the United States Army Corps of Engineers shall be ineligible for appointment as public member of the Board.

(c) There are hereby authorized to be appropriated such sums as may be necessary to employ staff and acquire needed space to perform the duties assigned hereunder.

(d)(1) The Board shall meet at least four times annually to review matters referred to it by State or local public agencies or the United States Army Corps of Engineers under procedures established pursuant to this section, or by the Committees on Public Works of the Senate or the House of Representatives. At such meetings, the Board is authorized to review all information relating to any stated request for mitigation of an authorized project and recommend changes in the project that can be achieved administratively or through appropriate legislation. Any recommendation by the Board shall include a statement setting forth reasons for favoring or opposing the requested project alteration; an estimate, if appropriate, of the effect that such change would have on the project's benefit-cost relationship, and an explanation of how the requested change meets or fails to meet established national policy. Recommendations of the Board shall be advisory only and shall not be subject to judicial review.

(2) A copy of any recommendation by the Board under paragraph (1) shall be transmitted to the Secretary of the Army and to the Committees on Public Works of the Senate and the House of Representatives. Following a review of any such recommendations by the Chief of Engineers, the Secretary of the Army shall notify the Committees on

Public Works of the Senate and the House of Representatives of any decision or proposal based upon the Board's recommendation, together with a detailed statement of reasons for any disagreement with the Board's recommendation.

(e) For the purpose of this section, "mitigation" means any change in project operations or any construction of new facilities or devices that would alleviate anticipated or actual damages or other adverse and definable unintended effects associated with a project of the United States Army Corps of Engineers, or any change in requirements for local interests to provide, pay for, or share in the costs of, any features of such project.

(f) The Board shall from time to time report to the Committees on Public Works of the Senate and the House of Representatives on issues and problem areas brought before it for advisory opinions and recommend changes in congressional authorizing procedure or Corps of Engineer practices and procedures to alleviate such problem areas in future authorized projects.

Amend the title so as to read: "To authorize the construction of a highway bridge across the Snake River between Clarkston, Washington, and Lewiston, Idaho, and to establish a Water Resources Mitigation Advisory Board."

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 93-1258), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

S. 3563, as reported, authorizes construction of an additional highway bridge across the Snake River at the Washington-Idaho border between Clarkston, Washington and Lewiston, Idaho.

REFERRAL OF THE NATIONAL EMPLOYMENT ASSISTANCE ACT OF 1974

Mr. TAFT. Mr. President, I ask unanimous consent that the bill I have pending at the desk, dealing with manpower, be referred to the Committee on Labor and Public Welfare, that that committee report the bill, that the bill then be referred to the Committee on Public Works for a period of 10 days for such action on such report as that committee may wish to take on the areas within its jurisdiction.

Mr. ROBERT C. BYRD. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider certain nominations which were reported earlier today by Mr. FULBRIGHT of the Committee on Foreign Relations.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC, AND CULTURAL ORGANIZATION

The assistant legislative clerk read the names of the following persons to be representatives and alternate representatives of the United States of America to the 18th session of the general conference of the United Nations Educational, Scientific, and Cultural Organization:

Representatives: R. Miller Upton, of Wisconsin; William B. Jones, of California; Rosemary L. Ginn, of Missouri; E. Ross Adair, of Indiana; Gordon H. Scherer, of Ohio.

Alternate Representatives: Stephen Hess, of the District of Columbia; William G. Harley, of the District of Columbia; J. Roger Porter, of Iowa.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

APPOINTMENT BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore of the Senate, pursuant to Public Law 84-689, appoints the Senator from South Carolina (Mr. THURMOND) as a delegate to the North Atlantic Assembly, to be held in London, England, November 11-16, 1974.

PAUL CLANCY'S ARTICLE ON SENATOR SAM J. ERVIN, JR.

Mr. ROBERT C. BYRD. Mr. President, Paul Clancy, of the Charlotte Observer Washington Bureau, who has written a biography of Senator SAM ERVIN entitled "Just a Country Lawyer," had an article in the Charlotte Observer on October 6, 1974, concerning Senator ERVIN's forthcoming retirement. I ask unanimous consent that a copy of this article be printed at this point in the RECORD.

There being no objection, the article was ordered printed as follows:

SENATOR SAM'S COMING HOME TO READ, TALK, VIEW SUNSETS

(By Paul Clancy)

WASHINGTON.—Sam J. Ervin Jr. came here 20 years ago in the midst of chaos, when once-brave men ran for cover at the whisper of a name: McCarthy.

"The Judge," as he was then known, stood up to the man who had come to symbolize an era and helped bring about his downfall.

Now, as the last echoes of another era are fading, Ervin, 78, finds himself in the autumn days of a long public career. The days are precious few but Ervin, having made the decision almost a year ago not to seek reelection to the Senate, avoids all appearances of melancholy.

"The more I approach the time the more I'm convinced of the wisdom of my act and the more I find my desires in harmony with it," he said as he sat among packing crates of books and papers in his spacious office.

The crates are evidence of the reality that Sam Ervin, one of the most colorful, popular and powerful men in Congress, is finally leaving.

But to many who have worked for him for years and are now fighting desperately to extract the last ounce of legislative victory from a slow-moving Congress before the year is out, the reality has not yet dawned.

When the Judiciary Committee held one of its infrequent meetings last week, no less than eight aides from his office and various committees and subcommittees waited outside for him to emerge. When he did, they surrounded him and crowded into an elevator with him, fighting for his attention to sign letters, committee reports and whatever else they had clutched under their arms.

To many Americans, Ervin is that Bible-quoting, story telling, somewhat eccentric old moralist who chaired the televised Watergate hearings last year. But to many who knew him in the Senate, he is much more—one of the great civil libertarian lawmakers, a genuine legal scholar and constitutional authority, a modern-day link to the Founding Fathers.

When Ervin leaves the Senate in January, he will leave a prodigious record of both mischief and accomplishment—depending on your point of view. He has, however, infuriated liberals by obstructing passage of civil rights and consumer protection bills and the Equal Rights Amendment, and horrified conservatives by staving off school prayer amendments, frustrating governmental and congressional efforts to snoop on subversives, and arguing for unfettered freedom of the press. In just over a week, Congress will adjourn until after the elections. And that, for Ervin, will virtually signal the end, except for a few weeks of a lame-duck session before Christmas.

Last week, a large, framed photograph of Grandfather Mountain, over which Ervin yearns to again watch the setting sun, still hung over the fireplace.

Ervin is returning in January to Morganton, N.C., the place where he was born and reared and where he lived as a lawyer, circuit judge and State Supreme Court justice before his appointment to the Senate in 1954.

The Select Committee on Presidential Campaign Activities, which he chaired, has finally closed its doors. It was that committee which, although plagued by leaks and criticized for harboring mediocrity, provided the American public with the first open accounting of the Watergate scandal and unearthed the evidence that was to lead to Richard Nixon's undoing.

Ervin believes that if the committee had not gone forward with the hearings Nixon would still be in the White House.

Nixon's resignation under threat of impeachment could be seen as a dramatic finale to Ervin's once-lonely struggle against the mighty power of the executive branch.

To Ervin, a Scotch-Irishman with strong Calvinistic leanings, it was no accident that the break-in was discovered and the tapes acquired.

"When I was little," he said, "I had to go to Sunday school every Sunday and I had to go to church. I've heard a lot of preachin' and I've heard a lot of Bible-readin', and I've always heard: be sure your sins will find you out and everything that is hidden will be revealed.

"There's an old rule of providence in this world that doesn't allow people to get away with at least gross offenses."

Such moralizing is familiar to the millions who watched the historic hearings during the summer of 1973 and saw the white haired old man, eyebrows flying and jowls quivering, interrogate witnesses and extol the verities of a timeless Constitution.

In spite of what some of his detractors said, he did not invent Watergate and neither did the committee or the press.

"As a general rule, people are the authors of their own misfortunes. And President Nixon is the sole author of his own misfortune in this case," Ervin said. "He had too much thirst for political power and not enough scruples about how political power's obtained."

With the release of the final, fatal tapes, there was no longer any doubt in Ervin's mind that Nixon planned and directed the Watergate coverup and ought to be impeached and tried by the Senate.

He said he feels great sympathy for Nixon. But, again the moralist, he added, "Instead of reading so many memos from Haldeman and Ehrlichman, it's a pity he didn't take down a book of poetry and read this poem:

"I made the cross myself whose weight was later laid on me.
This thought is torture as I toil up life's steep Calvary.
I sang a merry song and chose the heaviest wood to build it firm and strong.
If I had dreamed this weight was meant for me,
I'd have made a lighter cross to bear up Calvary."

Like many of the aphorisms sprung on unsuspecting witnesses during the hearings, Ervin did not know this one's origin. It was one of the numberless homilies stored up during youth and triggered by the seeming lack of morality of another age.

The Watergate Committee chairmanship was trust upon Ervin just as he was beginning to consider retirement. He didn't especially want the job because he was then too busy fighting with Nixon over other matters, issues like executive privilege and impoundment of appropriated funds which, to him, were examples of an imperial presidency which somehow had to be unthroned.

Few suspected that this "third rate burglary," as the White House referred to it, was the very issue that would send Nixon packing and restore power to Congress.

It would have been better, Ervin felt, had Nixon not resigned. His acceptance of a full pardon from President Ford amounted to an admission of guilt, Ervin felt, but even so it would have been better for the constitutional process to have run its course.

"It would have been much better, because we had the experience with Vice President Agnew who entered a plea of nolo contender to one charge at the time the government made public many more charges, and now we have Vice President Agnew saying the charges never have been proved. The Senate should have been given the opportunity to say whether the impeachable charges were true or whether they were not and that matter would have been laid to rest."

As for the pardon itself, Ervin considers it a serious—although not necessarily fatal—flaw in President Ford's character.

"He has done infinite injury to his credibility and infinite injury to the fundamental principle of sound government—that is, that there be equal justice under law for all men, regardless of their status or former status."

As a former judge who hated passing sentence on his fellow mortals, Ervin would not have quarreled with a pardon given after a finding of guilt. But this, to Ervin, was merely a continuation of the coverup.

"His act achieved the result that President Nixon had been trying to achieve ever since the five burglars were caught in the Watergate, and that is that the President's personal involvement in Watergate should be hidden from the American people, the courts and the news media and from history."

So irate was Ervin at the Ford pardon that he abruptly cancelled an appearance he was to make in North Carolina with the President.

He still talks out on it—about what it does to the system of justice when non-presidents are sent to jail for petty crimes without the slightest hope of pardon—but what's done is done. "All of us make mistakes, and I think it's well for the interests of the country if we can leave the Watergate trials (as in trials and tribulations) and try to do something for the economic state of the country," he said.

Last week, House-Senate conferees agreed on Ervin's bill to repeal the laws permitting District of Columbia police and federal narcotics agents to enter private residences without warrants.

When signed into law it will be a major victory for Ervin, who stood virtually alone in the Senate in 1970 and fought the no-knock bill, the first law-and-order proposal of the Nixon Administration.

Ervin has helped recapture the power to control the budget that Congress once held. His Budget Reform Act places the responsibility for planning and controlling a balanced budget in the hands of a new committee and congressional bureau of the budget. He has been less successful with his executive privilege bill. Long-since passed by the Senate, it would permit committees of Congress to go into court against the White House and force witnesses to appear or documents to be turned over. The House has failed to act, however; the bill is stalled in the Rules Committee.

There are plenty of other Ervin bills knocking around Congress—the products of years of research and hearings. Before 1972, when he became chairman of the Governmental Operations Committee, Ervin had plenty of prestige but little power.

Now, on the eve of retirement, he has this powerful committee behind nearly every one of his bills.

If it becomes law, the bill that will probably be more closely associated with the Ervin legacy than any other is his privacy bill. It deals with the individual's right to privacy in the face of an awesome computer technology which allows insurance companies, credit bureaus and dozens of government agencies to find out virtually everything there is to know about us.

When Ervin retires, he will do so on the run. Slowing down to a steady jog will be a welcome change.

He doesn't have any definite plans. He wants to catch up on his reading in his cool, oak-panelled library in Morganton, meet and joke with old friends, travel and lecture a little and, if time permits, do some fishing.

Unlike many ambitious politicians, Ervin can go home. He can leave the Senate behind him and turn inward, toward home, family and self.

"The last of life," he said the other day, quoting Browning, "is the part for which the first was made."

ADDITIONAL STATEMENTS

ERDA AND PASSAMAQUODDY

Mr. MUSKIE. Mr. President, as a nation we learned last winter the economic and political costs of reliance on a single energy source. We discovered that other nations, by controlling our access to their resources, could control the availability and prices of energy products in this country.

The experience was a shattering one for all of us who had come to take for granted a stable energy supply for the indefinite future. Quite bluntly, the experience caught us off our guard.

In order to minimize the chances of an increasing succession of energy crises like the one of last winter, the Congress set about trying to devise a broad, coherent policy for dealing with energy problems of the future. One major result of that effort will be the Energy Research and Development Administration—ERDA—which is currently in the final stages of the legislative process.

As its broadest function, ERDA is intended to consolidate the Federal Government's fragmented energy research and development functions into a workable blueprint for the future. As part of this effort, one of ERDA's most important specific functions will be to provide support for a wide range of energy related activities.

For example, ERDA would guarantee funding not only for fossil and nuclear energy programs but also for solar, geothermal, and other advanced energy sources as well.

The impact of this mandate will be immediate. Proponents of such potentially important projects as a reasonably priced solar heating and cooling unit for residential use or the practical utilization of windpower for the production of electricity will no longer be forced to go "door to door" among the various Federal agencies in futile attempts to convince bureaucrats of the efficacy of their ideas.

ERDA's mandate to encourage diversification of energy sources will affect a number of other advanced energy projects which have been heretofore declared impractical, but which now must be judged in light of the new practicalities of the energy crisis. One such project is the proposal to harness the powerful ebb and flow of the tides, and its foremost example is the Passamaquoddy Tidal Power Project in Eastport, Maine.

The Passamaquoddy project was first proposed in 1919 by an American engineer, Dexter Cooper. Cooper saw in the powerful tides of "Quoddy" Bay the potential for the production of great amounts of electrical energy. Cooper's plans called for the use of dams and spillways which would have made Passamaquoddy Bay an upper pool to hold the high tide, and Cobscook Bay a lower pool which would drain at low tide. Power would have been generated by flow between the two pools.

Work began on the "Quoddy" project in the 1930's but was halted shortly before World War II, never to begin again in earnest. It became our policy instead, to promote the utilization of the pollution producing, nonrenewable fossil energy sources. Quoddy and the other advanced energy producing projects like it were shunted aside as we spent more money looking for more ways to use more oil, more natural gas and more coal.

We have learned now that we must

change our wasteful and greedy ways. How these changes are accomplished depends to a large degree on the decisions that will be made by the officials of the Energy Research and Development Administration.

I hope that they take a serious new look at the Quoddy Project and other advanced energy projects such as the practical utilization of wood for home heating, wind energy and solar energy that have long been the objects of serious discussion and experimentation in my home state.

And I hope they will bring a breath of fresh air to the whole realm of Federal energy policy.

In many ways, the Federal Government is the last passenger aboard. Experimental efforts have been going on at the State and local levels for some time now. My own State of Maine has already established an Office of Energy Research and Policy, to deal with Maine's own unique energy resources.

The energy resources of the individual States and the innovative energies of their citizens are as vast and varied as the Nation itself.

I hope that the ERDA will pay close heed to these creative resources, for they are closely tied to a better future for all of us.

For those of my colleagues who are not completely familiar with the Passamaquoddy Project, I ask unanimous consent that an article published in the Ellsworth American, entitled "Passamaquoddy! The Dream That Won't Die," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PASSAMAQUODDY! THE DREAM THAT WON'T DIE

(By George R. Marvin)

(NOTE.—Twice a day, more water than flows down the Mississippi in two weeks . . . Almost as much as passes over Niagara Falls—day after day.

With such untamed might, the dreamers of Passamaquoddy envisioned a great power project. After years of planning and persuading, easier, cheaper sources of energy shut out serious action on the Passamaquoddy Bay project.

The tides did not stand still. Day after day, night and noon, in and out, the tides at Passamaquoddy ebbed and flowed. And the dream of harnessing such might from the sun and the moon, to turn it to man's purposes, never died.

The idea of a tidal power project in Passamaquoddy Bay is still very much alive. This story, taken from a series of articles in *The Ellsworth American*, describes the project, its history, hopes and disappointments, and how it would work.

"The Passamaquoddy Bay Tidal Power Project and The New Deal" was written by George R. Marvin at Bowdoin College.)

QUODDY DREAM DIDN'T DIE WITH NEW DEAL

Preface

My interest in the Passamaquoddy Bay Tidal Power Project stems primarily from the years of cruising which I have experienced along the Maine coast. One of my favorite cruising areas is the Bay of Fundy, including Passamaquoddy and Cobscook Bays. This area is still wild and virtually untouched. The gigantic tides of this region provide a further enticement for the yachtsman who seeks adventure.

The Passamaquoddy Project is also of interest to me because it represents the most significant New Deal project in Maine, if not all New England. It clearly shows the political scene in Maine as it was in the 1930's.

In many ways, it is unchanged from the situation which exists in Maine today.

My research has carried me from Eastport, Maine, to Hyde Park, New York, in quest of answers to my questions about the project. I believe that this paper answers all these questions and I am satisfied that I have written as complete a history of this period of the project as is possible with the materials which were available to me.

Along the way, I have become indebted to a number of people who helped me with my project. I would like to express my gratitude to: Professors Herbert Brown and Albert Abrahamson of Bowdoin College; the archivists of the University of Maine and Bowdoin College Libraries; Miss Joyce Emery, daughter of R. C. Emery, Eastport; the entire staff of the Franklin D. Roosevelt Library, Hyde Park, New York; Congressman William Hathaway and his staff for furnishing me with materials from the Library of Congress; and my sister, Patricia McIsaac, for her diligent typing job. Without the assistance of the above people this project could not have been undertaken.

Introduction

The term "Down East" stems from the days of the old coasting schooners. Because of the prevailing southwest winds these vessels would have to beat upwind to Boston and then sail downwind to the eastward in order to reach Maine. New Englanders generally regard the entire State of Maine as "Down East" but to Mainers the term really means Washington County, the communities of Machias, Calais, Eastport and Lubec. Washington County is a wretchedly poor area. Its residents have to hoe rocks trying to earn a living farming, or else risk their lives along the treacherous coast while fishing. Otherwise the people of the "Sunrise" County turn to poor relief.

Calais is the border city best known for its similar spelling but different pronunciation from the French city. Machias is the county seat. Lubec's one item of notoriety is that it boasts West Quoddy Head, the easternmost point in the United States. Eastport, of course, is the mythical place referred to in so many marine weather broadcasts. These latter two cities look over the beautiful Passamaquoddy Bay region (locally known as "Quoddy") which separates Maine from New Brunswick, Canada.

Eastport, which is actually located on Moose Island, is but two miles from Lubec by water, but over 40 miles away by land. The reason is that behind these two cities is Cobscook Bay which empties into lower Passamaquoddy Bay through the two-mile stretch of water separating Lubec and Eastport. In the War of 1812 there was a boundary dispute between the United States and Great Britain over the ownership of Eastport. While the two countries argued many people packed up and founded a new town called Lubec.[1] Cobscook Bay has an area of about 40 square miles while Passamaquoddy Bay has over 100 square miles.

The tidal currents in this are fantastic. Between Eastport and Lubec is one entrance into upper Passamaquoddy Bay. This passage is less than a mile in width and over 300 feet deep. At certain times of the tide this is the site of the second largest whirlpool in the world, so well described in the following poem entitled "The Sow."

The Bay, the Bay when we put out
To make the factory
Lay little lack high-water slack
As still as still could be.
A ton of herring brought us deep,
Two men and gear beside;
A nine-mile full to sail or pull
And use the ebbing tide.
As soft as falling leaf, fog fell
On water smooth as oil;
With labor sore we broke one oar
A ring began to boil.
The whirlpools had us sure enough,
We drifted near the Sow;
Ug-oo-oo-om, we heard her boom;
And I can hear her now.
Heave out the fish! Our harvest won
Through bitter day and night
A scattered hoard cast overboard
Was swallowed from our sight.
We hung a moment in that maw,
We twisted, torn with fear;
Then came a blast, the peril past;
A white squall swept us clear.[2]

The range of the tides at Eastport and Lubec varies but the average is about 20 feet. The maximum height approaches 30 feet while the minimum is around 12 feet.

It is small wonder that some men have entertained the idea of harnessing these enormous tides. There is something wildly romantic about harnessing the moon. Yet to some men the idea is sheer lunacy.[3] The use of tidal power is not new. Before Maine was a separate state, there were little estuaries where men harnessed the tides.

One such plant was at Somesville at the head of Somes Sound on Mt. Desert Island. There were a half dozen other such plants from Kittery to Lubec, where there was a small mill powered by the tides.[4] In 1734 there was a tide mill at Chelsea, Mass.[5] There have also been tidal power experiments dating as far back as 1740 in England.[6]

On a large scale, however, there are only about a half dozen areas in the world where tidal power is even remotely economically feasible. In England there is the Severn River, site of the Severn Barrage project; the U.S.S.R. has three areas, the Kola Peninsula, the Mezen Gulf, and the Sea of Ohhotsk; and North America boasts two sites, the upper Bay of Fundy and Passamaquoddy Bay.[7]

In the 1920's the idea of harnessing the tides of Passamaquoddy persisted in the minds of at least two men. One of these men had watched the tides of Passamaquoddy Bay as a youth from the steps of his family's summer home on Campobello Island and was struck by this romantic idea of harnessing the moon. The other never saw the area until he was 32 years old, but since he was an engineer of exceptional ability, he immediately realized the vast potential of these gigantic tides. Through the combined efforts of these two men, Passamaquoddy Bay almost became the site of a vast hydro-electric plant. This paper will describe this near achievement.

Chapter 1

The first hint that Passamaquoddy tides might be harnessed was made in 1920 during a speech at Library Park in Eastport.[1] The speaker was a young politician campaigning for the vice-presidency. His name was Franklin Delano Roosevelt. His visit to Eastport was not really made to garner the city's few votes, but rather it was a public relations gesture, since the Roosevelt home was located on nearby Campobello.

Roosevelt at this time had been discussing plans to harness the tides with a young engineer named Dexter P. Cooper.[2] Cooper was born in Rushford, Minn., in 1880. At the age of 17 he started a blacksmith trade on a small hydro-electric development at Elenville, N.Y. Fascinated by the development of water

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Footnotes at end of article.

power, Cooper studied at and graduated from the Royal Technical University at Karlsruhe, Germany. He first visited Campobello in 1912 and moved there in 1923.[3] In the meantime Cooper served as an assistant to his brother, Col. Hugh Cooper, on such hydro-electric projects as Muscle Shoals, Niagara Falls, Keokuk, Salonike and later the Dnieperstroy project in Russia.[4] But Dexter P. Cooper was enthralled with the idea of harnessing the tides of Passamaquoddy. Twice a day over 70 billion cubic feet of water flowed past Cooper's home on Campobello into Cobscook and Passamaquoddy Bays. That is more water, Cooper realized, than flows down the Mississippi in two weeks.[5]

Cooper went to work on the project. His original plan was international in scope, as it entailed the damming off of the entire upper Passamaquoddy Bay, with dams from Eastport to Deer Isle and from Deer Isle to the New Brunswick mainland. Also included in the plan was the damming off of Cobscook Bay, thus creating two separate pools. Passamaquoddy Bay, the upper pool, would be drained into Cobscook Bay, the lower pool, with a generating plant located at Carrying Place Cove on the Eastport shore. The 'head'[6] would be 22 feet at maximum. The volume of water flowing in and out of Passamaquoddy Bay ever 24 hours would be almost as much as passes over Niagara Falls in the same time span.[7] Also included in Cooper's plans was a group of factories to be established near the project for the production of nitrates, electrochemicals, and aluminum. These factories would provide a ready market for Quoddy power.[8]

Roosevelt and Cooper, because of their common interest in Quoddy, began to work together on the project. They took the plan to the heads of some of America's largest power companies, Gerald Swope, Owen Young, and Charles L. Edgar. The proposal sounded feasible enough to General Electric, Westinghouse, Alcoa, and Boston Edison that they were willing to pledge $400,000 for exploratory work.[9] With this money, Cooper was able to begin organization and make detailed studies of the project. Significantly the project was to be built entirely with private funds at a cost of approximately $1,000,000.[10] It was expected that Cooper would become a powerful banker of power for every industry in the state. At time of drouth and depression they would come to him with their various power needs.[11]

In 1924, Cooper filed an application with the Federal Power Commission for a preliminary permit to construct the project on an international scale. And in 1925, the Maine Legislature passed an enabling act incorporating Dexter P. Cooper, Inc., "for the purpose of developing and utilizing the power and the tides in the Bay of Fundy and waters adjacent thereto." [12] Also in September of that year, a charter was passed in the Legislature permitting an exception to the Fernald law, which prohibited the export of power from the State of Maine. There was a division of opinion on this matter however. The Governor of Maine, Ralph Owen Brewster, a Republican, was opposed to the export of power from the state because of a commitment to the Republican platform upon which he had been elected. "We recognize that the established policy of this state is to retain Maine's hydro-electric energy within the state for use of our people and our industries." [13] Therefore a referendum clause was attached to the charter. Under its items, the people of Maine voted 53,000 to 7,000 in favor of allowing the export of power from the state, most of the votes being cast in Washington County.[14]

Brewster at this time was also leading a dogged fight against Insull power interests in Maine.[15] The propaganda put out by these Insull interests caused a certain amount of prejudice against the Quoddy project.[16] Brewster mentioned the Insull struggle a decade later when he was serving in Congress. "Into my State, while I was Governor, came Mr. Samuel Insull, of Chicago. In the height of his power, he not only dominated two thirds of our utilities, but five of our newspapers through interests closely allied with him, forty of our banking units—thirty-eight of which were subsequently closed—and many of the major industries of our state." [17]

In 1926, the New Brunswick Legislature passed an act also incorporating Dexter P. Cooper, Inc. The charter stipulated that active construction of the project had to begin in three years and work had to be completed no later than 1932. Also in May, 1926, the Federal Power Commission granted a preliminary permit for three years of tidal development.[18]

Progress was interrupted when the market crash of 1929 intervened and several companies withdrew their support.[19] The Canadian charter expired in 1929 and was not renewed on the grounds that the dam project would seriously harm the fisheries on New Brunswick. This objection stemmed from a fear that the dams would decrease the turbulence of the water and thereby upset the environment of the young herring by harming the rich foods available.[20] At this time, the fisheries of the Charlotte County area employed some 12,000 people and were the basis for a $2,500,000 industry. In Washington County, the fish catch was worth $600,000 and manufactured fish products were worth $3,000,000.[21] The Canadian and Pacific Railway interests felt Quoddy would ruin the resort business, and fishing interests were afraid it would harm their industry.[22] American fishing interests were, however, in favor of the project. In 1930, to meet these objections, the United States and the Dominion Parliament each put up $45,000 to finance the International Passamaquoddy Fisheries Commission.[23]

On August 6, 1930, the 84th Legislature passed an amendment to the act incorporating Dexter P. Cooper, Inc., empowering the corporation to develop and utilize tidal waters wholly within the boundaries of the United States.[24] This marked the beginning of the so-called "All-American" project which Cooper planned to construct as a two-pool cheme entirely in Cobsook Bay. He applied to the F.P.C. for a new application to build the All-American project. But the results of the market crash and the continued Insull interests served to minimize interest in the project.[25] Cooper then left the United States to join his brother, Hugh, on the Dnepropetrovsk project in Russia. Quoddy lay dormant.

Chapter 2

Dexter Cooper returned home from Russia in 1933 to find the nation beginning to recover from the effects of the depression. New government programs were creating jobs and injecting much needed money back into the economy. One such program, created in 1933, was the Public Works Administration.

When Franklin Delano Roosevelt visited Campobello on June 29, 1933, rumors began to circulate that the President intended to revive the dormant Quoddy project.[1] Upon his return Cooper added strength to these rumors by starting work on the project again. He realized that it would be hopeless to try to build Quoddy with private funds, but new programs, like the P.W.A., might be the answer. With public funds available at low interest rates, power costs would be reduced to a more attractive level.[2]

In July, Cooper travelled to Washington with his chief engineer, Moses B. Pike, to discuss Quoddy with Roosevelt. Several weeks before, Cooper's brother, Col. Hugh, had also discussed the project with the President, laying before him two proposals. The first was the international development which would provide 800,000 horsepower and cost $100,000,000. The second proposal was the Cobscook Bay, all-American plan costing $40,000,000 and generating 400,000 horsepower.[3]

The people of eastern Maine, who heard of these developments, began to get interested in Quoddy again. This area of the state desperately needed some sort of economic recovery program as unemployment was at an all-time high. In a sense the depression had hit Eastport before the rest of the country. Following World War I, Eastport children often went away to school and never returned because there was no industry and no employment for them there. Then Portland went into the fishing and canning business and the rival industry at Eastport all but collapsed. Eastport fell from a thriving town of 6,000 to a virtual ghost town of 2,800, with all but 1,000 on relief.[4] "You could stand on Water Street, which is the only real street in town," claimed a local citizen, "and throw stones all day without hitting anybody." [5]

The Quoddy project, indeed, might serve two purposes. It could become a gigantic relief program while at the same time remaining a truly unique engineering accomplishment. The Eastport Sentinel reported in August, 1933 that, "should it be endorsed . . . it would do much to relieve unemployment in New England, and would contribute tremendously to the permanent rehabilitation of northern and eastern Maine, since it holds enormous possibilities for industrial development." [6]

On September 19, 1933 Dexter P. Cooper, Inc., applied to the State Legislature for further amendment to its charter. Under the new charter which resulted, the project also was changed in scope from the previous plan, approved in 1930.[7] That earlier charter had allowed five years for the completion of the project but because it required at least 3 months for completion, a new charter was needed. The new charter, good for 20 years, also gave Dexter P. Cooper, Inc. the right of eminent domain for extending its transmission lines.[8] The new charter was passed by the Legislature and signed by Governor Louis Brann in late December.[9]

Cooper placed an application for a $43,000,000 loan before the Federal Emergency Administration of Public Works on September 11, 1933. The application was for a project identical to the one which Dexter P. Cooper, Inc. had placed before the State Legislature for a new charter. In a letter dated October 20, 1933 the F.E.A.P.W. asked Federal Power Commission to examine the application for the loan and to submit a report.[10] This application (P.W.A. Docket 1641) was also submitted to the State P.W.A. engineer, George Williamson, for a report. On October 5, 1933 he responded that a project of this character could not stand an interest rate of 5 percent or even 4 percent and 50 percent of the obligation could not be amortized in 10 years. He recommended a program of financing at 2 percent over a period of 50 years, feeling that the project would not prove feasible on more rigid terms.[11]

Governor Brann, a Democrat, seemed slow in publicly endorsing the Quoddy project however. He finally did so, in November 1933, when he sent telegrams to both the F.P.C. and P.W.A. indicating his primary concern for the project's job potential. "It is beginning to look as though the Quoddy project, talked of for so long that it is almost legendary in the State of Maine, is all that Maine has, besides its road construction program to look to for real public works relief." [12] George Williamson also assured people of Brann's sincere interest in Quoddy.[13] Frederick Hale, Republican Senator from Maine, came out in favor of Quoddy and secured Roosevelt's promise to see Dexter Cooper when the latter visited Wash-

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Footnotes at end of article.

ington. Hale was unimpressed with Col. H. M. Waite, Deputy Administrator of P.W.A., for he charged that Waite was "as dumb as an oyster" when queried on the chances of the Quoddy project getting approval from Public Works.[14] The rest of the Maine delegation to Congress also supported the Quoddy project.

On January 3, 1934, the F.P.C. made its report to the P.W.A. The F.P.C. reported that the project was unsound and unjustified because (1) it would cost approximately $40,000,000 while a comparable steam generating plant would cost only $16,000,000; (2) steam-electric power would be cheaper at higher load factors; (3) Passamaquoddy power could not compete with steam electric power rates in export; (4) there was no present or prospective market for Passamaquoddy power at any price.[15] The report also included this brief description of the proposed two pool all-American project.

"The initial installation would be 10 units of equal size, having an aggregate wheel capacity of 175,000 h.p. and a generator capacity of 100,000 kilowatts. At the Haycock Harbor plant the total initial turbine capacity would be 180,000 h.p. and the generator capacity 135,000 kilowatts. Provisions would be made for future installation of 10 additional units in the main plant, having the same capacity as the original 10 units. The main, or parent plant, would be constructed with the Haycock Harbor pumped storage plant by a transmission line extending from the generation station to Tewksbury, Mass., almost 20 miles northwest of Boston. The applicant gives the length of the transmission line as 287 miles, but it is possible that its length would exceed 300 miles. It is not entirely clear, however, from the wording of the application for loan whether the applicant has fully decided that the transmission line will be necessary, since it appears that hope is entertained for sale of power to new industries in the vicinity of Eastport." [16]

One of the problems in a tidal power plant is that there would be times when power could not be generated. In a two pool system, such as the one proposed for Cobscook Bay, the upper pool was to be filled at high tide. Then as the upper pool drained in the lower pool, electricity was to be generated. The lower pool was to be subsequently drained at low tide. But a problem would arise when the level of the lower pool increased to a point where the head became too small to generate electricity. In a plant such as Quoddy there are about 10 hours out of every 24 when power could not be generated. Dexter Cooper thus planned to build an auxiliary plant at Haycock Harbor, sixteen miles southeast of Eastport. While the main plant was in operation, excess power would be utilized at Haycock Harbor to pump water to a storage reservoir 130 feet above sea level. When the main plant was shut down, power could easily be generated using the storage reservoir and an auxiliary generating plant. It should be noted, however, that in the international two-pool project originally proposed, power could be continually generated. This would be possible because each pool would be many times larger than those in the all-American plan and hence the level of the lower pool would not rise appreciably nor would the level of the upper pool fall a great deal. The amount either pool fell or rose could easily be negated at the following low or high tide by draining or filling the pools to the level of the ocean.

On March 30, 1934, the P.W.A. Board of Review reported adversely on the application for a loan to Dexter P. Cooper, Inc. The Engineer Examiner of the P.W.A. had recommended on March 16, 1934, that the P.W.A. disapprove the project because it was "economically unsound." [17] The Board's report stated that there was simply not enough evidence that the electricity produced could be sold. Since Cooper had planned to sell 68 percent of the electric power to metallurgical plants, which did not then exist, the whole market question was not adequately answered.[18] In conclusion the Board concurred in general with the adverse reports of the Maine Advisory Board, the State P.W.A. engineer, the Engineering Division of the P.W.A. and the F.P.C. The Board also concluded that, from an economic standpoint, the time had not yet arrived for the development of this project.[19]

The New England Council of Governors also opposed the project with the following resolution passed at its March 16th meeting in Hartford, Conn. "Resolved, that the New England Council, assembled in its 34th Quarterly Meeting, hereby records itself as opposed to the use of approximately $40,000,000 of Federal funds for the development of the so-called Passamaquoddy Bay Tidal Power Project, as an example of unsound economic principle." [20]

In early April Cooper was called to Washington to appear at a hearing of the Technical Review Board of the P.W.A., which was still considering his application for the loan. Cooper defended his plans for aluminum and stainless steel plants to be established near Quoddy. He also cited Eastport's harbor as being among the best deep water ports on the East Coast, as well as being 400 miles closer to Liverpool, England than New York City. Cooper also stated that there was little available power in this section of Maine. On March 5th he stated that he had requested 7,000 to 10,000 kilowatt hour from Bangor Hydro-Electric Company which served Washington County, but this amount of power was unavailable.[21] Maine Representative Edward C. Moran of Rockland said that the Democratic State Convention had unanimously adopted a resolution favoring Quoddy. "It would drain the pool of unemployment in Maine." [22] Moran also rapped the adverse P.W.A. report. "The P.W.A. says the outlook for success is not bright for this aluminum venture because there is an aluminum trust which would be hostile and would fight Cooper. In other words, we should lie down, do nothing, and suffer at its hands." [23]

The P.W.A. nevertheless rejected the Cooper proposal and reaffirmed the adverse report of the F.P.C. The board, however, felt that Quoddy might be feasible if the cost of fuel increased to a point where Quoddy power would be cheaper than that of a diesel or steam-electric plant.[24]

All hope for the possible international Passamaquoddy Bay tidal development was lost early in April when President Roosevelt submitted to Congress the report of the International Passamaquoddy Fisheries Commission appointed in 1930. The findings of the commission were: (1) that construction of the proposed dams would practically extinguish the herring fishing inside the dams, comprising 2.5 percent of the annual catch from St. Mary Bay, Nova Scotia to Cape Elizabeth, Maine; (2) that the fishing in the adjacent area outside the dams (Quoddy area) would be affected to an unknown degree, either adversely or favorably; and (3) that there appeared little probability of the dams affecting the fisheries along the coast of Maine or even seriously of Grand Manan.[25]

The findings of this commission definitely restricted the Quoddy project to the national Cobscook Bay two pool plan as Canada feared too much for her fisheries to risk the international project. Cooper hoped that the Cobscook Bay plan would be just a step toward the eventual development but the Fishery Commission's report appeared too great a stumbling block. In fact, in April, 1934 the hope for even the American project was very dim indeed. Unless immediate action was taken by the President of the United States, the Quoddy project appeared destined to die once more.

Chapter 3

When the Public Works Administration turned down the application for a loan to build Quoddy, all eyes turned to the President for the next move. It seemed natural that Roosevelt would take some sort of action because of his sincere personal interest in the project.

At this time, one of Quoddy's main backers was Frederic A. Delano, Chairman of the Natural Resources Board and the President's uncle. Delano had spoken out in favor of the project when it was being considered by the Technical Board of Review of the P.W.A. "I see no insurmountable obstacles in the Quoddy project. The big industries are looking for cheap power at the seaports where they can make long term contracts." [1]

Delano also prepared a "Brief" on the Quoddy project, dated April 26, 1934, outlining a case for the project. Delano pointed out the fact that Quoddy, like all great pioneering enterprises, needed something more than the usual to put it through, such as strong Government support.[2] In addition, this "Brief" listed numerous reasons why the location of Quoddy was perfect. The reasons were: (1) the well known height of the tides in this region; (2) the existence of a great natural harbor; (3) the fact that this harbor was international as it was between two great trading nations; (4) all the materials for construction were at hand; (5) it would serve a great and hardy New England settlement which could be drawn upon to furnish manpower for expanding the project as it developed; (6) it was on a great trade route between America and Europe with a 20 percent shorter distance than that between New York and Europe; (7) it was an ideal place for assembling raw materials and for distribution of finished products; (8) the suitable factory sites and salubrious sites for the houses of employees could be secured at moderate prices, and this also included moderate costs for suitable building materials.[3] Delano answered the problem of a market for Quoddy power by claiming that cheap and abundant power would make its own market. "Can anyone doubt that the State of Maine would have been a populous state if a great field of coal of good quality had been discovered there? This 'white coal' should do for Maine what it has done in Italy and Scandinavia. To fail to realize its great possibilities would be shortsighted." [4]

Delano sent this memorandum to Arthur E. Morgan, Chairman of the Board of the opinion. Morgan felt that Quoddy had striking disadvantages when compared to T.V.A. Its principal disadvantages were that it was not near any American center of population, nor was it near any materials or chemicals, with timber as the only nearby resource. On the other hand it would be one of the few large water power plants near sea lanes so that raw materials could come by water and finished products leave the same way. There would also be sufficient potential force of good quality to man the industries. Morgan also hit upon the problem of a surplus of power created at Quoddy.[5] "A great surplus of power would be an interesting social-economic phenomenon—something unprecedented in the world's history. It would not hurt my feelings to see several centers of such surplus—New England, the far north, the far west, the far southwest, the upper Missouri Region, and the Tennessee Valley. Such a distributed surplus would have far reaching effects on our civilization—more significant effects than a multitude of post office buildings." [6] Delano submitted both this "Brief" and Arthur Morgan's opinion to the President for his consideration. "If the Quoddy project is given up because there is no nearby market, it will be because those

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who condemn it do not see that it will create its own market, just as great irrigation projects in the West have done."[7]

Cooper also took his case directly to the President. Since the creation of a market for Quoddy power was the major obstacle, Cooper outlined two possible outlets for the power. In the first he cited the fact that, within a hundred-mile radius of Eastport, there lived 290,000 people, who because of high electric power rates had a per capita consumption rate much lower than the national average. The second outlet for power would be the future aluminum and stainless steel plants at Eastport. Cooper also reminded the President of the need for rehabilitation in Eastern Maine.[8] Cooper also claimed that a market could be developed after the project was completed as was the power projects.[9] According to a report on the development of rivers of the United States, "2,366,000 kilowatts of new capacity, equal to approximately twice the present installed capacity in the tributary market area (of Bonneville and Grand Coulee), will be available for future requirements."[10]

Members of the Maine delegation in Washington also began to bring pressure on the administration. Representative Moran said he felt New England was entitled to a piece of the New Deal. The Bangor-Brewer Democratic Club drafted a resolution and sent it to Public Works Administrator, Harold Ickes, "Therefore Be It Resolved that we respectfully ask those in authority to remember the public weal, to throw off the domination of private greed and give to the Quoddy project the same consideration in the interests of the Tennessee Valley and other projects for national development."[11] Governor Brann promised his support and left for Washington where he said he had been promised a hearing by Col. Waite, Ickes' assistant.[12]

Events followed in rapid succession. Cooper was called to Washington to confer over Quoddy. Cooper made a proposal to the President for the United States Government to take over Quoddy on the basis that: (1) the Government would take an option for six months on Quoddy to purchase all rights, charters, engineering plans, patents, and property of Dexter P. Cooper, Inc.; (2) The Government investigate the proposal at once with the help of Dexter P. Cooper, Inc. at the rate of $5,000 monthly beginning July 1, 1934; (3) the purchase price of the Quoddy project would be $1,000,000, which sum represented the actual cash expenditures to date of approximately $500,000, $375,000 to reimburse Dexter P. Cooper for his equity in Quoddy, and the balance to pay certain indebtedness now carried on the books; (4) Dexter P. Cooper be awarded the engineering and direction of the project on a fee basis and he should operate the plant for a period after construction.[13] Secretary Ickes also expressed hope that Quoddy might soon get underway. "It is important first to ascertain if there is a market for the power to be developed. It cannot be self-liquidating unless there is such a market."[14]

In a statewide radio broadcast on July 23, Governor Brann spoke about Quoddy. He read a letter, dated July 1, which had been sent to him by the President asking him to appoint a commission of leading Maine citizens to investigate Quoddy. Roosevelt reiterated his sincere interest in Quoddy.

"I am in full accord with your conviction that this is the proper time to take up in a serious way the possibility of developing the enormous latent electrical energy of the tidewaters of the Bay of Fundy, for the benefit of not only the citizens of the State of Maine but of the entire nation. With my home near Eastport for so many years, I have been interested in what is known as the 'Quoddy project' for a long time, and it has been my hope that eventually the State of Maine would become not only a great industrial center of the nation but that its agricultural population would be among the first to enjoy the manifest advantages of cheap electric power on the farm as well."[15]

Brann also announced the appointment of a five man commission: E. S. French, president, Maine Central and Boston and Maine Railroads; Harry B. Crawford, master of the Maine State Grange; Wingate F. Cram, treasurer, Boston and Aroostook Railroad; William N. Campbell, executive, Sanford Mills; and as chairman, Kenneth C. M. Sills, president of Bowdoin College. Brann closed the broadcast by saying that the Sills Commission would have the aid of a P.W.A. expert in its study. Brann spoke of the members of the commission as "practical, experienced businessmen" who would "weigh the advantages" and "recommend action to be taken."[16]

The commission chairman, Kenneth Sills, was a well known public servant. He was, however, a bit hesitant about undertaking the chairmanship of the Quoddy Hydro-Electric Commission as he had also been appointed chairman of a school finance commission by Governor Brann and he did not want to overextend himself. But Sills also had a personal interest in the project, for as a youth he had been fascinated by the waters of Passamaquoddy Bay while he was vacationing with his family at St. Andrews, New Brunswick.[17] He thus accepted the appointment.

At the request of Governor Brann, Harold Ickes also agreed to visit Quoddy. Ickes made the trip in order to inspect the site and meet with the Sills Commission. His August 21st visit was greeted with great celebration at Eastport. Ickes expressed great interest and hope that Quoddy might be built soon. "It is not often that the great dream of an engineer comes true in his lifetime, but I hope for your sake Quoddy will go through as one of the great engineering feats in the world."[18] Ickes also urged the citizens not to give up their fight for Quoddy and cited the apparent lack of a market as Quoddy's main weakness.[19] K.C.M. Sills spoke briefly and said that his commission was a non-political, quasi-judicial body. He quoted from Horace, "This corner of the world smiles at me almost beyond all others."[20]

Sills and his commission began to meet regularly during the Fall of 1934. The initial problem and the one which presented the most difficulty was the securing of funds with which to operate. Sills told Governor Brann that $25,000 was required in order that the commission might intelligently inquire into all aspects of the project and employ some expert advisors.[21] The Sills Commission also met with K. S. Wingfield, Senior Finance Examiner of the P.W.A. who was specifically detached by the P.W.A. to aid the Maine commission. Wingfield prepared a memorandum which the commission used as a guideline. The need for a potential market again was stressed.[22]

In September Roosevelt wrote Sills, "I am informed by Administrator Ickes, as I understood he advised your Commission when he was in Maine, that there are no funds now available for the Quoddy project, even if the questions should be resolved in favor of the project."[23] Roosevelt had earlier stated in his letter to Governor Brann on July 1st that there were at the present time "a considerable amount of Government funds available for public works, some of which, of course, could be diverted to this purpose."[24] It should be noted that the latter commitment was made in an election year.

It was not until November that the Sills Commission was granted any money from the State of Maine. Until then the board had become bogged down with interest charges, kilowatt hours, and generally technical aspects of the project. It was then decided to enlist the services of the Maine State Planning Board to report on Quoddy's technical aspects.[25] The all Republican Governor's Executive Council, however, only allotted $5,000 to the commission instead of the requested $25,000, as it was obvious that they did not wish to encourage a project threatening the profits of public utilities.[26]

The Administration took another step in Quoddy's behalf in November when Harold Ickes appointed the four man Passamaquoddy Bay Tidal Power Commission comprised of Dexter P. Cooper; Moses B. Pike, Cooper's top engineer; H. T. Cory, consulting engineer, P.W.A.; and Henry T. Hunt, general council, P.W.A. This commission, along with the Sills Commission and Maine Planning Board, was expected to report in January, 1935.

On November 27th, the Sills Commission met with the Hunt group. The latter group expressed the feeling that as much emphasis should be put on the "social desirability" of the project as on the question of a market for the power.[27] Wallace H. White, Republican Senator from Maine, also communicated rumors from Washington that the project might be better off if it were pushed on social grounds of public welfare than if it remained on the same basis as when the P.W.A. rejects it.[28] And Sills answered White by saying, "So far we have been maintaining a judicial attitude leaning toward sympathy.[29]

During the Fall of 1934 Dexter P. Cooper suffered a breakdown and became badly discouraged over the slow progress of the Sills Commission. A somewhat discouraging letter from K. C. Sills reached his hands and caused a mild setback.[30] Frederic Delano also became concerned over the delay and sent the President a memorandum suggesting that he contact some outstanding manufacturers of electric equipment or someone knowledgeable about chemicals to discuss the future of Quoddy. Delano also believed that he could put forth a plan of procedure which would result in work being done on a low cost basis. There is strong evidence that opposition came from other sources. For Delano felt that the real reason for Quoddy's delay was very complex. "I am convinced myself that the fundamental opposition to this enterprise arises from a group of power plants which sold out to Insull and received Insull certificates."[31] This suspicion was widespread but it is almost impossible to prove.

Chapter 4

The political scene in Maine during 1934 was by no means quiet. Quoddy became THE issue during this election year and the old adage, "As Maine goes so goes the nation" appears never to have had the significance it had during that year. Because the Maine elections were held in September it was widely felt that they would serve as a political barometer.[1] If this traditionally Republican state voted heavily Democratic it would be a clear indication that the New Deal was catching on. Maine, of course, had gone for Hoover in 1932.

Up for grabs that September would be the Governorship, one Senate seat, and three seats in the House. Governor Brann was attempting to become the first two-term Democratic Governor of Maine since the Civil War. Brann was generally considered an anti-New Dealer but he nevertheless campaigned on a platform calling for the establishment of Quoddy because it would bring some fifty million dollars into a section of the State that badly needed relief funds.[2] Former Governor Ralph Owen Brewster was attempting to unseat Democratic Congressman John Utterback in Maine's third district, wherein Quoddy was located. Brewster demanded that the Democratic administration approve Quoddy.

"The Quoddy development in which all Maine and to some extent all New England is concerned has failed to realization; first because of the seemingly anti-New England

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bias of some high in authority; second because of the machination of power interests; and third because of the grotesque ineptness of our Representatives." [3]

Utterback, however, was running on a platform supporting the New Deal along with Representative Moran, seeking reelection; F. Harold Dubord, seeking the Senate seat held by Republican Frederick Hale, and Simon Hamlin, seeking to unseat Republican Congressman Carroll Beedy in the first district.[4]

The announcement by President Roosevelt in July that he wanted a Maine commission to study Quoddy gave the project some hope. This appeared to be just what the Administration intended. In June, John Utterback wrote to the President, "As we approach the Primaries in Maine, to be held on June 18th, it becomes more and more apparent that Governor Brann and the two Democratic Congressmen are going to have a hard fight, if not defeat, unless something is done by the Administration between now and the September election." [5] Utterback also wrote to Jim Farley, "You may rest assured that my battle to retain my seat in Congress is going to be a strenuous one, and if the National Democratic Committee is not disposed to take any more interest in this campaign than they did in 1932, all of which is indicated by the attitude of the Administration toward me, it will be a losing fight." [6]

Harold Ickes' visit to Eastport in August coincidentally came less than a month before the September elections in Maine. Ickes speaks of this trip in his Secret Diary.

"The plan to go up at this time was set out by Colonel Louis Howe, who is very anxious about the result of the election in Maine on September 12. The Public Works Administration does not have the money necessary to finance this project, even if we should approve it, but Louis thought that at least a graceful gesture could be made with beneficial results on election day." [7] Howe also got Farley to send a skilled manager and lots of money to Maine to promote a program of rallies, advertising, and sound tracks all of which Maine candidates could not usually afford. He also pressed Roosevelt for a dramatic approval of Quoddy.[8]

All of this extra fanfare did not go unnoticed. Two days before the election the Republicans levied a charge against Roosevelt that the Administration was trying to bribe voters of Maine into support of the New Deal by holding out hope of a $47,000,000 P.W.A. project. Henry P. Fletcher, Chairman of the Republican National Committee, said, "The fake revival of the Passamaquoddy power project is a gesture of despair. The Administration knows it is a bluff." [9]

These charges did little to offset the Democratic sweep in Maine. Governor Brann defeated Alfred Ames of Machias, 156,917 to 133,414; Simon Hamlin ousted incumbent Carroll Beedy, 48,235 to 46,636; Edward Moran defeated Judge Duvinal 52,491 to 46,200. The Republicans did manage two victories as Senator Hale barely won re-election over Dubord, 139,834 to 138,133 and Ralph O. Brewster, the popular former Governor, defeated John Utterback, the incumbent.[10] It was clearly a Democratic victory, however, and seemed to confirm Maine's approval of the New Deal.

Throughout this turmoil over Quoddy, K. C. M. Sills remained aloof from politics. When Sills was appointed as chairman of the commission, a few eyebrows were raised over the connection of his name with a New Deal project. Maine had, after all, gone heavily for Hoover in 1932.[11] But Sills maintained his promise that the commission would be a non-political body. Sills was the lone Democrat of the group but this seems to have been of little importance. Because of the sticky political situation and rumors that Quoddy was being used to re-elect Governor Brann, Sills postponed all activities of the commission until after the election.[12]

The political turmoil surrounding Quoddy did not fade away following the election. Instead Quoddy was frequently mentioned in connection with graft and vote-buying. In October, Col. Theodore Roosevelt launched to date the most sensational attack against the Democrats. He declared that the Maine election "was bought and paid for" with "millions of dollars of the taxpayers money." [13] A group of concerned Maine citizens formed the Maine Quoddy Association to speak in behalf of the project. In a bulletin dated November 5, 1934, the association defended Franklin Roosevelt.

Quoddy seems to have become a bone of contention. Just at present it is being assailed by the press all over the country. To opponents of the Administration "Quoddyism" seems to stand for the lowest order of political fraud,—it being claimed that Quoddy was held out to the people of Maine, with no intention on the part of the Administration to carry it through. Notwithstanding all this, supporters of Quoddy have no reason to believe that the President's interest has been anything but sincere. Far from seizing on Quoddy as a mere political trick of 1934, Franklin D. Roosevelt foretold the harnessing of our great tides in a public address delivered in Eastport as long ago as 1920.[14]

Harold Ickes also hit the term "Quoddyizing" and defended his position. "If I did buy Maine, we will have to lay aside the expression, 'Yankee shrewdness' and substitute for it 'Yankee naivete.'" [15] This remark marks an abrupt about-face from the tone of Ickes' reference to his Quoddy trip in the Secret Diary. An editorial in the Portland Evening News entitled, "What! No Santa Claus?" said that since "Honest Harold's visits to Eastprt there had been no action. If Santa was going to come he had better hurry for he was way overdue, or was perhaps Ickes' talk just talk?" [16]

Chapter 5

The report of the Sills Commission was expected in January 1935. Chairman K. C. M. Sills had been uneasy about not being swift in completing the report, but the slowness in getting funds and technical problems had considerably hampered the work of the commission. Yet Roosevelt cautioned Sills to take all the time necessary for "full and proper consideration of the project." [1] It was decided that January 1935 would be the best time for the commission to report. Not everyone was satisfied with waiting that long, however. Roscoe C. Emery, editor of the Eastport Sentinel, Republican mayor of that town, and a long time supporter of the Quoddy project, felt that the commission was taking too long and the members, if they were too busy, should resign from the commission.[2] The Quoddy Association also called for an early answer from the commission.[3]

The Sills Commission Report, along with the findings of the Maine State Planning Board in a 256-page report, were submitted to Governor Brann on January 4, 1935. The Governor sent the report back to Sills by a state police messenger and asked that one sentence be reworded; otherwise he was pleased with the report. He requested that the sentence reading, "It is our opinion that Quoddy power would not be very cheap power but that it would be cheap enough to act as a yardstick and to be an important factor if properly developed in the whole problem of power in New England," be changed to, "It is our opinion that Quoddy power would prove to be an important factor if properly developed in New England." [4] Brann obviously wanted nothing adverse to appear in the commission's report which might harm Quoddy's chances at the national level.

The conclusions of the Sills Commission were: first, that the Quoddy project could only be constructed at that time as a federal project; and second, as a federal project, it should be undertaken at once and carried to completion as promptly as efficiency in construction would permit.[5] The report skillfully avoided the question of market for power by saying, "It would, however, require a prophet of the first order to predict the possible use of power a few years hence." [6] The report further stressed the "pork-barrel" aspect; that is, since other areas of the country are receiving New Deal money, Maine should get her fair share. The reason for the use of federal funds for the project was because of the low interest rates available for projects of public interest and social desirability.[7]

The Maine State Planning Board report was submitted to K. C. M. Sills on January 4th by Alfred Mullikin, a planning consultant.[8] Sills in turn forwarded it to Governor Brann along with the report of his commission. The Planning Board report dealt primarily with aspects of the project peculiar to Maine. The engineering details were left to the committee of the P. W. A. of Hunt, Cory, Cooper and Pike. The report of the Planning Board focused upon the five following topics: (1) physical conditions; (2) financial security; (3) legal aspects; (4) social values; and (5) recreation.[9]

The State Board made a number of points not yet mentioned in Quoddy's favor. In 1930, the recreational industry in Washington County was worth $879,913 or about one per cent of the State total of $85,684,741. Neighboring Hancock County, smaller in area with equal recreational facilities, had a $19,190,944 recreational industry in 1930.[10] The development of the Quoddy project would open up a new influx of summer visitors to Washington County. Tourists would be attracted to Quoddy because of its uniqueness and novelty. The development of a recreational area in Cobscook Bay would be an ideal way to bolster Washington County's economy. The Planning Board predicted that, with Quoddy as a stimulus for recreational development, the industry could reach $10,000,000 in a decade. It was estimated that this new industry alone would use $300,000 worth of electricity each year.[11]

The Board also pointed to a possible market for power with the limited supply of electric power available in Aroostook County and the southeastern part of the state. If Quoddy provided reasonable rates there would be a great demand for power by the present electric utilities, many communities without service, and the paper mill at Woodland. A high transmission line, about 110 miles long from Quoddy to Houlton, interconnecting with lines of the Maine Public Service Co. and furnishing electric power at low cost, was seen as possibly opening up a market of 20 to 30 million kilowatt hours in the near future.[12] Since the Bangor Hydro-Electric Company, which provided power for Washington County, had to purchase power from other sources if the demand exceeded their capacity, it was felt that the company could purchase their electric power nearer the demand at Quoddy and hence save construction of other transmission lines.[13] The Board generally was very favorable towards the project.

In contrast with power developments dependent for prime power on unregulated rivers and others with limited storage reservoirs and wide variations in their natural flows, the Quoddy development is not affected by droughts or floods but can be depended upon for peak power load up to the capacity of the plant at any hour or day of the year. It will be in a class by itself.[14]

The final report of January, 1935, and probably the most important one in terms of influence came from the P. W. A. group of Hunt, Cory, Cooper and Pike. The Passamaquoddy Bay Tidal Power Commission submitted its favorable report to Secretary Ickes on January 17th. This report, the so-

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called "Hunt Report," recommended that: (1) the project be included in the comprehensive program of Public Works and $30,000,000 be allotted to the War Department to finance the construction of Quoddy; and (2) an authority be created by the State of Maine, empowered to lease the project, when completed, from the Untied States, construct transmission lines and other necessary facilities, sell electric energy in and out of Maine, and to issue revenue bonds to finance construction of the project.[15] The project contemplated consisted of an "immediate project of a single basin, tidal power installation utilizing Cobscook Bay, a power storage plant near Haycock Harbor, and a 16-mile electric transmission line connecting the two, all within the State of Maine, near Eastport and Lubec".

This was only a part of an "ultimate project; consisting of a two-basin power installation by adding to the initial installation, additional works, embracing the Passamaquoddy Bay, located partly in Maine and partly in New Brunswick, Canada." [16] The initial project, the one to be constructed immediately, differed from the earlier all-American project. Instead of damming Cobscook Bay across to form two pools, the project now planned only a single pool project. Cobscook Bay would be the upper pool and the ocean would become the lower pool in this plan.[17]

The findings of the commission did not differ greatly from the Sills report of the State Planning Board. They found that: (1) the immediate project was socially desirable, for it would provide 20 to 25 million man-hours in useful work at an annual expense of $7,500,000; (2) it was economically feasible, since it was being promoted on the grounds of national defense and general welfare, and because the commission felt a market would exist within five years; and (3) it was based on sound engineering.[18]

This last aspect of the project had never been questioned from the day the project was set forth. The development of tidal power, although different from regular hydroelectric plants, utilizes the same principles of generation that have been accepted for centuries.

The figures for actual construction put forth in this report are important, for these figures were used in starting actual construction. The total cost was set at $30,125,000 to generate 248,000,000 K. W. H. per annum. The actual construction costs were as follows: tidal basins, including dams, power house, navigation locks, highways and railroads over dams, $9,782,000; sluice gates, $3,248,000; hydraulic electrical equipment, $6,518,000; power storage reservoir, $5,340,000; storage unit hydraulic-electrical equipment, $3,737,000; transmission lines, $1,500,000.[19]

The importance of these reports cannot be overemphasized. For it was upon the recommendations of these three groups that Quoddy was finally begun. The Hunt Commission was undoubtedly the most significant since it was a special committee of the P.W.A., which had previously rejected Quoddy. This board would later come under fire as a prejudiced group or a "stacked" commission since half of its members had a very personal interest in Quoddy. On the other hand there was no one more knowledgeable about Quoddy at the time than Dexter Cooper or Moses Pike. At the moment however, the stage was set for the final approval of Quoddy and the allocation of long awaited funds.

Chapter 6

With the favorable Quoddy Commission and Hunt reports, the approval of funds by the President seemed virtually assured. On January 9, 1935, the Maine Legislature presented a memorial to the President of the United States urging the undertaking and completion of the Quoddy project in Eastport.[1]

The only problems left facing Quoddy were the passage of the $4.8 billion Emergency Works Relief Appropriation Act, out of which Quoddy funds would be taken, the creation of a State Authority to operate Quoddy, and the final approval of Harold Ickes.[2] The Authority was necessary because the State of Maine was constitutionally unable to borrow large sums of money. The Federal Government would actually finance the project and the Authority would issue income bonds to discharge and amortize the debt.[3] The Authority was declared necessary because the Federal Government had already faced a similar situation with the Muscle Shoals project. In that case no authority had been created and as a result the government was left "an idle white elephant" on their hands for many years.[4] The same mistake was not going to be made again with the Quoddy project.

It was strongly felt that the creation of the Quoddy Authority would prove to be the least of Quoddy's problems. The drafting of the Authority Bill was left up to P.W.A. legal advisors in Washington. Governor Brann then brought the bill back to Maine to oversee its introduction to the State Legislature. On February 12, 1935 Senator Worcester of Jonesport introduced "An Act to Incorporate the Passamaquoddy Bay Authority and to Define Its Powers and Duties." [5] The Authority was to consist of a board of directors of five members, each serving five years. The powers defined by the Authority Bill covered a wide range of topics related to the operation of the Quoddy hyro-electric plant.[6]

Maine Supreme Court Chief Justice William Pattangall lashed out at the bill. In a letter to the Bangor Daily News on February 18th he warned Eastern Maine to carefully consider the obligation of the Quoddy Authority Bill.

It is not dependent upon the Public Utilities Commission for its rate schedule. It is not bound by limitations of the Fernald Act with regard to the exportation of power. It contains not a single word that indicates any intention on the part of anybody to build Quoddy Dam. It places under the control of government every resource of this state, and the authority thus given is without limit as to time or amount of money involved so long as the capital may be furnished by either private agencies or Federal agencies. In other words, for a possible expectation of governmental aid in the Passamaquoddy development, the people of Maine are to place their industrial assets in the hands of five men to be named by the Governor of Maine, who are given more authority than is now possessed by the State government itself. This would be a tremendous price to pay for the building of the Cooper Dam, even if that was assured." [7]

The Authority Bill could not have any concrete action taken on it by the Legislature until the Works Relief Bill was passed by Congress.[8] If it did not pass there would be no money available for Quoddy. The bill was passed, however, in early April, virtually assuring that Quoddy would be allotted some funds by President Roosevelt. Senator Hale had been in favor of cutting the bill from $4.8 to $2.8 billion. "I cannot, however, for the sake of the benefits that the people of Maine will receive from the development of the Quoddy power sacrifice my convictions and vote to spend 4 billion dollars of the people of the United States for an uncertain and in my opinion wasteful program of public works construction which I do not believe will bring back prosperity to this country." [9] Senator Hale, although he claimed he was in favor of Quoddy, also was a man of strong principles. Before he was through, his principles would put the kiss of death on Quoddy.

The Quoddy Authority Bill meanwhile was meeting with more opposition than expected in the Legislature. Governor Brann and Representative Brewster sensed the problems facing the Authority Bill. Besides attacks, such as Justice Pattangall's, Republicans in the Legislature outnumbered Democrats nearly two-to-one and their opposition was proving stiffer than anticipated. Brann and Brewster consulted with those in charge of consideration of the project in the P.W.A. and suggested that due to the difficulty the legislation was now undergoing, the matter should be referred to an indefinite time in the future.[10] On April 4, 1935 Brann communicated the following to the Legislature.

"Quoddy: Yesterday in Washington I interviewed various Federal officials interested in the Quoddy Project. It is my belief that Quoddy will be constructed. Those in charge of the project in Washington do not believe that Legislature action is necessary at this time. I have communicated this information to the President of the Senate, the Speaker of the House, Senator Blaisdell, Chairman of the Committee on Legal Affairs, and to Senator Worcester, who introduced the Bill." [11]

The Committee on Legal Affairs the next day reported that the Passamaquoddy Bay Authority Bill might not be passed as it was "inexpedient." [12] The Legislature then adjourned on April 6th with the next regularly scheduled session not until January, 1937. At a future moment, however, when the Governor felt the time was right, he could call a special session of the Legislature and re-introduce the Authority Bill. The bill would have to be passed eventually since the existence of the Authority was necessary to operate the project. But if the bill had been allowed by Governor Brann to be defeated in the Legislature before the project ever got off its feet, it would have meant a certain end for Quoddy.

As it stood, the failure of the Legislature to act on the Authority Bill still remained the major obstacle. In an all out effort in Maine, Congressman Brewster called three eminent Maine attorneys to Washington at his expense. With these men's combined efforts to reinterpret Maine laws and a promise by Brewster, they were able to work out an agreement to start work on Quoddy. This agreement was reached during the early morning hours and after the same day the President announced the allocation of $10,000,000 to begin work on the project.[13] Brewster's promise was that he would use his influence and that of Senator Wallace White, a Republican to prevent suits being brought by Republican forces or power interests pending the passage of the required legislation and he would cooperate to the limit to ensure favorable action by the Republican majority of the Legislature at a special session in the Fall.[14]

Brann immediately telegramed Roosevelt. "Your interest has made Quoddy possible. The credit belongs to you. Eastport, Washington (County), eastern Maine and all Maine is overjoyed at the outcome. Heartfelt thanks for your assistance." [15] Eastport began to make plans for a gala celebration on July 4, 1935, the date set for opening ceremonies at the project. Cooper returned home from Washington and said, "we brought home the bacon." [16] Perhaps the best comment came from an unidentified local resident, "Cripes, that fool Cooper feller's put it over! Darndest man I ever heard of." [17] Roscoe Emery expressed the feelings of the town when he said:

"You're familiar with the aphorism of Ralph Waldo Emerson: 'Hitch your wagon to a star.' Well, as a matter of fact Emerson made that remark while he was visiting Lu-

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Footnotes at end of article.

bec after observing the tides. What he meant was, chain industry to the laws of the universe and let the heavens do your work. And that is just what we're going to do." [18]

The failure of the Legislature to create the Quoddy Authority still loomed in the way of the project's final approval in Washington. Roosevelt had already announced the allocation of $10,000,000 for the first year's work, but there were still legal problems to be ironed out. Homer Cummings, the Attorney General, saw two real problems. The first was that the Comptroller General might hold that the proposed expenditure by the Federal Government was unauthorized without the Authority to take over the funds as a 'loan'. The second problem concerned the possibility that land might have to be condemned and the Government would then become vulnerable on the grounds it had no constitutional authority to construct and operate the project.[19] E. H. Foley, the director of the Legal Division of the P.W.A., therefore urged that Governor Brann be forced to call a special session of the Legislature to establish the Authority.[20]

Comptroller General McCarl did release the $10,000,000, however, and the interest shifted from the Authority to the opening of work on Quoddy. Dexter P. Cooper's dream was rapidly becoming a reality.

Chapter 7

Controversy Over Quoddy

Meanwhile, the details of the actual construction were being worked out. The project was to be undertaken by the War Department, not because it had anything to do with defense but because the Army Corps of Engineers were traditionally assigned to such federal projects.[1] Major Phillip B. Fleming was put in charge of the project. Dexter P. Cooper was to serve as a consultant to the engineer with a firm agreement to be worked out later. Cooper also was appointed as an advisor to the National Power Policy Committee. Most of the work on the project was to be done with local labor, all of which, it was stipulated, had come from relief rolls. Monthly earnings were tentatively set at $40 to $55 for unskilled labor; $45 to $65 for intermediate work; $55 to $85 for skilled labor; and $61 to $95 for professional and technical work. These rates were in keeping with other New Deal relief projects.[2] Representative Brewster revealed tentative plans for the President to push a button at the White House which was to set off a blast signalling the start of work on Quoddy.[3]

As planned by the Army engineers the initial construction was to include the following features:

(a) Two rock-filled dams to be constructed across the entrance to Cobscook Bay by dumping material in open water without cofferdams. The dams to have a crest width of 40 feet, lengths along the crest of about 3,000 and 3,400 feet, and a maximum height of 140 feet. These were to be founded upon a clay stratum ranging from 30 to 100 feet deep, overlaying basalt rock.

(b) A gate structure consisting of 25 submerged sluices of the "Venturi-throat" type controlled by structural steel gates 30 by 30 feet, equipped with individual hoists. An overhead traveling gantry crane and emergency stop-logs to be provided for service requirements.

(c) A two-way navigation lock having a chamber 360 feet long, 56 feet wide, and with 12 foot depth over the sill at mean low water.

(d) A main generating station containing 10 units initially, with partial substructures to be provided for the subsequent installation of 10 additional units. Each unit to have a capacity of 16,667 kilovolt amperes at 0.90 power factor, corresponding to a discharge of 7,800 cubic feet per second at 12-foot average head.

(e) A pumped-storage plant equipped with nine 15,000-kilowatt centrifugal pumping units and two 22,500-kilowatt regenerating units, to operate at about 120-foot head. A storage reservoir to be constructed having an area of about 8,000 acres, with a corresponding energy storage of 15,000,000 kilowatt hours for a 20-foot draw-down, which will be sufficient to insure complete equalization of tidal cycles over any required period of time.[4]

Invitations to the opening ceremonies were sent to Secretary of War, George Dern, Governor Brann, Senators Hale and White, Representatives Brewster, Hamlin, and Moran and Cooper and his staff.[5] In fact, Army engineers actually began to conduct test boring and field work well before the July 4th ceremony. Of immediate need to the project appeared to be the construction of some sort of low cost housing to take care of the influx of workers into Eastport. Plans were thus begun for a model village to be built on Moose Island. In addition, one of the initial acquisitions by the Army engineers was the forty-five foot cabin cruiser, "Sea King" upon which the project officials made their headquarters.[6]

As July 4th approached, the Democrats were faced with a sticky problem. Ralph Owen Brewster was arrogating to himself much of the credit for the success of the project.[7] Brewster had asked the President if he could announce the approval of Quoddy, but Roosevelt declined on the grounds that it might cause prejudices from other Congressmen.[8] Governor Brann was becoming concerned about Brewster. He wired Col. Howe on July 1st, "So far Quoddy is entirely in Republican hands and under Republican officers. A continuation of this policy will cause loss of Maine by fifty thousand in thirty six." [9] Brann was also concerned that Brewster had the inside track with Fleming and Roosevelt, who deserved all the credit, would receive none.[10]

The Democrats should have known when to be content. For Ralph Owen Brewster, a thorn in the sides of Democrats for fifteen years, soon became involved in the most sensational controversy over Quoddy yet seen. On the second of July, after receiving the Floor of the House by unanimous consent, Brewster charged that Thomas G. Corcoran, of the legal staff of the P. W. A., and a member of the 'Brain Trust', and co-author of the Wheeler-Raymond Holding Company Bill, had threatened him with stoppage of Quoddy if he did not vote with the Administration on the holding company bill.[11] This bill included the so-called "death sentence" for public utility holding companies which could not justify their existence as producers. Brewster, nevertheless, voted against the bill which was narrowly defeated in the House.

Shortly thereafter, the Brewster charge was referred to the Rules Committee of the House for special consideration. Brewster claimed Corcoran had told him to "play ball" or risk losing Quoddy. Roy T. Haines, Brewster's personal secretary, confirmed this threat and also claimed that Dr. H. T. Cory (of the Hunt Commission) had told him that until the bill was passed, nothing more would be done on Quoddy.[12] Brewster was actually accused by Congressman Rankin of Mississippi of selling out to the Power Trust by not voting with the administration.[13] This was an unjustified charge. For Ralph Owen Brewster, was not about to support any power trusts without good reason. While he was Governor, for example, he had spoken out against several holding companies [14] and he of course was well known for his struggle against Insull interests in Maine.

Corcoran had worked closely with Brewster on the legal aspects of Quoddy, particularly the Authority Bill. He claimed that Brewster had been behind the Administration's program at first, but as the day of the vote approached, had left Washington and could not be reached. When he had returned on the day of the vote Brewster had made no attempt to get in touch with Corcoran although the latter had left messages for Brewster to do so. Corcoran claimed he finally saw Brewster just before the vote was to be taken. There, in the presence of Dr. Ernest Gruening, an old friend of Brewster's and former ally during the Insull struggle, Corcoran claimed Brewster said that he was no longer "a free man politically" since his situation in Maine had changed and he could not vote with the Administration. Corcoran then replied, "If, as you say, you are not a free man politically and must take power company support into your calculations, then you'll understand perfectly that from now on you can't expect me to protect 'Quoddy' or trust your assurances that we'll get the Maine Power Authority out of the Maine Legislature." [15] Dr. Gruening then explained to Corcoran that Brewster's political situation was difficult; that he was seeking the support of the Administration to garner some "liberal" Democratic votes to replace the conservative Republican votes he might lose if he kept supporting the Administration policies. The Administration apparently would give Brewster no assurances, so he simply changed his vote. [16]

At one point during Corcoran's testimony in the committee hearing Brewster shouted, "You're a liar!" [17] He said he could not be "bought" and had therefore voted as he did

If you eliminate Mr. Corcoran and Quoddy, I believe these gentlemen are warranted in believing I acted very cavalierly. But when people in my district are starving, I am perhaps willing to sacrifice everything, perhaps even my reputation, to save this project. And perhaps that will bring out the impropriety of having an Administration official handling $36,000,000 and asking me to cast my vote for the bill.[18]

Dr. Gruening supported Corcoran's testimony, but Brewster was backed by his reputation and years of fighting power interests. Had Brewster been able to prove his allegations it would have done much for the Republican cause. It would have proved that New Dealers would resort to arm twisting and a form of bribery. But even without evidence Brewster came out on top. He may have misunderstood Corcoran somehow, but his intentions were good and Quoddy did not suffer. If anything the affair was a blot on the Administration's reputation and Brewster was to be congratulated for bringing this threat into the open.[19] People could not deny the possibility that Corcoran had made the threat and for the New Deal skeptics that was sufficient reason to support Brewster.

The fact that Vice President Garner actually touched the button to start work at Quoddy went virtually unnoticed because of the Brewster-Corcoran affair. Nevertheless, the engineers continued to make progress with their test borings and surveys. The plans were completed for the model which was to be called Quoddy Village and all the streets were named. Original plans called for bids to be entertained for the village but when the bids were found to be too high, approval was secured for the Army engineers to build the town.[20] Harry Hopkins also issued an exemption order to Fleming allowing laborers to be employed who were not on relief rolls. This actually became necessary because of a severe shortage of workers from relief rolls.[21]

With the project underway Maine was finally receiving a fair share of much needed relief funds. During the depression Maine was the 3rd state in distress relief; the 33rd in per pupil expenditures on common school education; and the 33rd in its wage scale for teachers.[22] By late August the number of people employed on the project was up to

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1,000 with a payroll of $18,000 per week.[23] Quoddy was booming along with the myriads of problems once blocking it now apparently overcome. There seemed little that could derail the project now.

Chapter 8

Quoddy, unfortunately, could not avoid its major problems for long. The clamor once again arose for the establishment of the State Authority. Stanley Reed, acting Attorney General, expressed his reservation about land condemnation because of constitutional barriers.[1] Secretary of War Dern recommended that no work other than of an exploratory nature be done at Quoddy until the State Authority had been established.[2] Rumors also were circulating that the Administration would threaten Governor Brann with complete work stoppage unless he called a special session of the Legislature.[3] Brann still refused to call that session for he realized that the political situation in Maine at that time would not allow the bill to pass.

This impasse essentially revolved around the tight control of the electric power industry in the state by several private companies. Ninety-five per cent of all electric power in Maine at this time was developed and distributed by three companies, Bangor Hydro-Electric Co., Cumberland County Light and Power Co., and Central Maine Power Company.[4] These concerns were backed by people who held considerable political and economic influence in Maine. This apparently gave the private power companies enough lobbying power, and enough political leverage to easily defeat the Authority Bill. An article appearing in the Boston Herald had the following to say about this matter.

"Officials of the Bangor Hydro Electric Company and the Central Power Company were frank in stating that the utility companies who have adopted a policy of watchful waiting for the present, would take every possible step to protect their rights and the rights of their stockholders. It was definitely said that this policy would be pursued until the dam was completed, if it ever was." [5]

These private companies feared that the power of the Authority would enable it to take many or all territories served by existing power companies as the Tennessee Valley Authority was attempting and that the Authority could then set its own rate schedule undercutting the rates set by the Public Utilities Commission for private concerns.[6] By blocking the Authority Bill these companies felt sure Quoddy, "would hang itself." [7]

Brann did not actually refuse to call a special session. Rather he delayed just long enough that Administration officials might realize that it was unnecessary and unwise to force the issue at this time. Brann wrote to Roosevelt, "With the Maine election so near at hand, the risk of political equation beclouding the merits of the case is a possibility. Furthermore, it seems advisable, human nature being what it is, that Passamaquoddy be considered by a new Legislature elected with full understanding of the facts,—perhaps on the very issue." [8]

In fact, in December Governor Brann reached a "gentleman's agreement" with members of the Legislature over the creation of the Authority at the next scheduled session. A memorial was sent to Roosevelt.

We, the subscribing citizens of Maine, concerned with the welfare of the Nation and the State and desirous of beneficial cooperation between the United States and the state, and vitally interested in the endeavors of the Federal Government to construct the Passamaquoddy Dam project and recognizing the fact that legislation will be necessary in cooperating with the Federal Government in carrying on the work to completion, hereby give assurances that we will lend our best endeavors to securing passage by the Legislature of Maine meeting in regular session, of such Act as will set up an authority to deal with the construction and operation of the Passamaquoddy Dam project and to promote passage of such an Act as will best be calculated to assist the Federal Government in the successful consummation of the project while safeguarding the rights of the people of Maine.[9]

The memorial was signed by Governor Brann, members of the Executive Council, department heads, and members of the Legislature. There were 154 total endorsements of the memorial, 139 of which came from the Legislature. In favor of the memorial were 117 Representatives and twenty-two Senators out of a body of 181. Only six members opposed the measure.[10]

The Authority question was thus settled for the moment. The Administration had a strong pledge that the Authority would be passed and that was a major accomplishment. For the interim Quoddy would have to proceed for a year on its own without the supporting Authority.

This delay had immediate consequences, however. In October 1935, $5,000,000 was removed from Quoddy's first year allotment of $10,000,000. The money was part of $16,000,000 in work relief funds in rivers and harbors projects released for immediate use by the Work Progress Administration. The cut was due to the then indefinite status of the Authority legislation.[11] Col. Fleming, who was recently promoted from Major, felt the cut would not hinder progress since only $2.2 million had been spent so far and the $5,000,000 just released could not have been spent before the following year. The $5,000,000 having already been earmarked for Quoddy, would be returned at a later date, it was felt. No one at Quoddy seemed to have been terribly upset at the cutback. Roscoe C. Emery, Mayor of Eastport, said, "There is no indication anywhere that Quoddy is not going forward, and going forward as rapidly as the circumstances will permit. $5,000,000 will probably be sufficient for that purpose for the time being and that is all anyone can ask." [12] Work indeed was proceeding on schedule. There were now over 2,500 persons employed on the project Quoddy Village was rapidly nearing completion with the first occupants ready to move in during December.[13]

Shortly thereafter, another stumbling block was removed. The War Department finally came to terms with Dexter Cooper for the sale of the right to develop Quoddy. The War Department purchased all the rights, privileges, franchises, engineering plans, data and equipment belonging to Dexter P. Cooper and Dexter P. Cooper, Inc. The price reached was $60,000.[14] Cooper agreed to serve as a consultant at an additional salary above what he received as advisor to the National Power Policy Committee. Government auditors found that Cooper's organization had spent $406,852 on the project.[15] Cooper deserved much more than $60,000 as payment for over ten years of work. But he apparently accepted the meager terms in order to see his dream fulfilled.

In January, 1936 Quoddy received an additional $2,000,000 from the President's work relief funds. Workers who had been laid off the week before were called back to the job. It was expected that the additional $2,000,000 would keep the employment level at 4,000 through April 1st. Army engineers had already requested an additional $5,000,000 and this was expected before the present funds were used up.[16] Col. Fleming optimistically predicted that $20,000,000 would be spent in 1936.[17] As soon as the $2,000,000 was released work was begun on the Carlow Island and Pleasant Point Dams.[18]

War Department Engineers decided to substantially change the project. Instead of utilizing Cobscook Bay as a low water pool which they had planned to do in their original plans, the new plans released in late 1935 called for Cobscook Bay to become the high water pool.[19] As a high water pool Cobscook Bay would be more picturesque and would enhance the value of the pool for recreation. Also included in the changes outlined by the Army engineers was an increase in the size of the navigation locks, the abandonment of the Haycock Harbor auxiliary plant in favor of a steam or a diesel plant, and relocating the power house at the draw in the ridge separating Carrying Place and Johnson Coves. A slightly smaller but less costly development would have the power house located between Treat and Dudley Islands.[20] The revised cost estimates of the project, if constructed as the Hunt Commission had planned, would now be $61,500,000. The revised tidal project recommended by the engineers which would have approximately the same prime power as the original project and would fit into a future expansion of the project would cost $40,600,000. A project of less maximum power with the same prime power would cost $35,600,000 although it could not be included in a future expanded development.[21]

These costs were much discussed and Secretary Harold Ickes, always cost conscious, appointed a special board to review all estimates of the project thus far. This commission was made up of hydraulic engineers Charles H. Paul and Joseph Jacobs, with Professor William Durand of Leland Stanford University as chairman.[22] The report of this Durand Board was submitted to Ickes on May 8, 1936. It found that the cost estimates of the Hunt board of $30,125,000 and the War Department of $61,500,000 were inadequate. Using the same project considered in the Cooper plan of the Hunt Board and the War Department estimate, the Durand Board found the likely cost to be $68,158,000.[23] The Board also reported the total cost of Quoddy Village at $2,400,000 with an estimated $750,000 recoverable through rentals, utility services, and final salvage of the property.[24] Both these estimates and the War Department estimates were pigeonholed by the Administration.[25] With Quoddy facing problems enough in getting more money for construction, there was no need for these figures to get into the hands of Quoddy's opponents. Opposition to Quoddy was mounting and with an election year approaching Roosevelt apparently could not allow Quoddy to become a major issue again.

The demand that a market be found for Quoddy power should have been quieted in early 1936 when Dexter Cooper announced that he had completed the sale of all power to be produced at Quoddy and more if it were available. He declined to announce publicly to whom the power would be sold, other than to indicate that it would be industries locating at Eastport. No contracts could be signed until either the Quoddy Authority or a district commission was established.[26] The district commission was actually an idea set forth by Cooper to avoid the need of the Authority. The district commission would have jurisdiction over an area of 800 square miles including Eastport, Lubec, Perry, Pembroke, Woodland, Calais, and Cutler. The commission would regulate industrial development and operate the Quoddy project and market its power. Otherwise its authority would not be as great as the State Authority.[27]

Cooper actually had definite assurances from companies that they would purchase Quoddy power. The project was planned to produce 260,000,000 KWH per annum. Cooper had commitments from the St. Croix Paper Company, Merrimac Chemical Company and Dow Chemical Company for 320,000,000 KWH per annum with another 100,000,000 KWH for local use in Maine and New Brunswick. This total of 420,000,000 KWH per annum

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far exceeded Quoddy's expected output.[28] In order to sell the power, Cooper outlined four requirements: 1) a State agency be created; 2) the cost of the project be kept within the $36,000,000 estimate of engineers; 3) large consumers of Quoddy power need assurances of power reserves at Quoddy; 4) a schedule be set up for completion of the project since contracts call for date of delivery.[29]

The future of the Quoddy project, however, was beginning to appear cloudy. It was an uncertain thing when and if more money would be allotted to the project. The skyrocketing estimates of the War Department and the Durand Board further complicated matters. It was rapidly becoming a question of how far the Administrataion was willing to go on faith. If they sank another $20,000,000 into the project for fiscal 1937 then it would probably become too late to turn back. On top of these problems adverse rumors began to come out of Eastport. Quoddy was entering a very serious and crucial period. Still Governor Brann, cooly optimistic, reassured the people of his state, "I do not believe that Quoddy will be abandoned. The matter of the cost, not to exceed the original estimate, has been satisfactorily worked out."[30]

Chapter 9

With costs rising the whole project had increasingly inspired cries of extravagance. Quoddy Village often came under fire as it was felt that money was being wasted on a nonessential project. The village itself included 120 temporary cottages of one, two or four families costing $3,000 each; two apartment buildings containing forty apartments and costing $115,000; one dormitory with eighty seven rooms for 145 occupants costing $181,000; and streets, utilities, a central heating plant, fire station for about $120,000. Also built were nine colonial homes on Rice's Hill, often called "Snob" Hill, for the officials of the project. These cost $150,000.[1] The engineers on the project made it clear that, while the village was constructed as temporary housing, it would nevertheless be properly built so that the Government could recover some of the expense when Quoddy was finished.

The citizens of Eastport were generally upset by the village, for they felt that the workers could have been housed in existing structures in Eastport. The construction money could instead have been put into Eastport's schools and roads and might even have built a hospital and fire station.[2] Instead these facilities were constructed at Quoddy Village, over two miles from the actual town of Eastport. The people did have a very legitimate argument, for Eastport received very few benefits from the project, outside of employment for her people. The project engineers had dreamed up this village and thereby given the entire project a gigantic headache. The rumors of grandfather clocks and love seats included in the homes delighted Quoddy's opponents. "There are some unaccountable omissions," the Philadelphia Inquirer said acidly, "Where are the gold plated bathtubs? And the electric elevators? . . . If a Government is going in for boondoggling deluxe, let's do it right!"[3]

The first hint of possible wrongdoings came in June, 1935, before the project ever began. At that time Mrs. Gertrude Cooper, Dexter's wife, wrote to James Roosevelt, the President's son, and a longtime family friend, about a meeting she had with Col. Fleming, just prior to his takeover of the project. Fleming told Mrs. Cooper that the other Army engineers were planning to "rook" her husband. Fleming felt that the $65,000 then being offered Dexter Cooper was ridiculous. Mrs. Cooper said of the offer, "He has personally borrowed $85,000 so if he took the $65,000 they now are offering he would be left morally and legally owing $20,000 more—naturally the security was Quoddy so if he sells out for less he would be responsible for the rest and left penniless—a fine reward for fifteen years of work."[4] Cooper, of course, finally settled for only $60,000. In 1961 Mrs. Cooper broke twenty-five years of silence and publically stated that the engineers had sabotaged the project. "The Army engineers doublecrossed not only my husband but President Roosevelt. They disregarded his plans and did not consult him at all."[5]

In truth Cooper was really left out once the project began. He was given the task of finding a market for the power, which, of course, he did. Otherwise he was not consulted about the project by the engineers. It was partly because of the engineers' woeful inexperience that Quoddy was not completed, but Dexter Cooper should share none of their blame.

Mrs. Roosevelt received an interesting letter from two pastors of Eastport churches, Albert Blaney and George MacKay. In the letter dated February 4, 1936 they brought out several facts which they felt were being overlooked by officials in Washington. First they cited rumors and gossip about the excessive drinking by those in charge of the project; second they mentioned repeated charges of inefficiency against those in official capacities at the project, as they were referred to as "boy scouts," who "are in a constant state of jitters"; and third there were rumors of favoritism in acquiring jobs.[6] This letter was considered serious enough that the Administration ordered an investigation into the alleged charges.

Other types of rumors were also circulating around Quoddy. Project officials were allegedly all provided with new chauffeur driven automobiles. A newspaper reporter was supposedly bribed not to write about the big parties, which many thought were being paid for with government funds. The $16,500 paid for the power boat also raised a few eyebrows.[7] This latter charge was probably true and certainly was a well-founded complaint. The engineers were instructed by Roosevelt to acquire a boat from some other government department such as the Coast Guard or Navy, but General Markham, chief of the engineers, claimed such a vessel could not be located.[8]

The report of the investigations entitled "Alleged Improper Official Activities in Connection with the Passamaquoddy Project, Eastport, Maine" was ready on February 19, 1936, after just one week of investigations. It was addressed to the three charges stated in Messrs. Blaney's and MacKay's letter, namely, excessive drinking, rumors of inefficiency, and favoritism in employment. The investigations disclosed that the first two allegations were based primarily on small town gossip which became magnified after the second or third telling. As to the third allegation, that of favoritism in employment, it was found that there were a few cases of husband and wife both being employed but for legitimate reasons, and that a man had been refused employment due to chronic addiction to drinking.[9]

The testimonies of local citizens in this investigation did not, however, concur with the results of the investigations. Most of the testimony, in fact, was directly contrary to the findings of the investigators. Some of the testimonies had light moments, such as provided in the statement of Reverend Hutchins.

"This evening another specific story has come to my ears and I hasten to incorporate it in this report while it is fresh in my memory. It concerns a young woman, now at Quoddy Village, who, until recently, has had a room in a Boynton Street home. The charge is made that she frequently drank to excess and, in at least two instances, when out in the company of a young man also employed on the Project, became so drunk that, not daring to come home, she and the young man procured quarters for the night in a rooming house on Washington Street."[10]

But the Government apparently was sufficiently satisfied that the charges were exaggerated and so conducted a superficial investigation of these problems at Eastport. The findings in this report seemed almost as though they had been all the while expected. The Government clearly did not wish to find that the allegations were true, for that would only have provided fuel for Quoddy's opponents. This conclusion is supported by the fact that the report of the investigations was not released and the letter from Blaney and MacKay was pigeonholed, and classified as confidential. The Blaney and MacKay letter, in fact, was not declassified until February 25, 1972.[11] It seems clear that the Government was trying to contain these rumors as well as perhaps hide some of the inefficiency of the Army engineers. In either case the rumors persisted and finally reached the point where Roosevelt could no longer allot more money to the project without approval of Congress.

Chapter 10

As rumors continued to circulate about Quoddy, there emerged more outspoken critics of the project. Quoddy's most vociferous opponent in Washington was Senator Arthur Vandenberg, the powerful Michigan Republican. Vandenberg felt that $200,000,000 could be saved by stopping further appropriations to five projects, including Quoddy and the Florida ship canal, until each was separately approved by Congress.[1] The Ship Canal Project was similar in its relief aspects to Quoddy. Vandenberg also asked an appropriations subcommittee that no money be included in the War Department appropriations Bill then before Congress for Quoddy or the other projects.[2] Vandenberg's opposition to the project was primarily based on the failure of Congress to appropriate money specifically for Quoddy. He wanted the matter settled by Congress before work proceeded.

Roscoe Emery, Mayor of Eastport, among others, was concerned with the progress of Quoddy in Washington. He wrote to Senator Hale. "It is too bad something can't be done to silence Vandenberg and other prominent Republicans who are placing the Republican party in a position of opposition to this project, and thereby creating an issue that will have unfortunate repercussions in Maine."[3] In February, the House Appropriations Committee report omitted recommendations for nonmilitary public works of the War Department, the category in which Quoddy was included.[4] In March, a Senate Appropriations subcommittee rejected a $29,000,000 proposal for continuing work on the Canal and Quoddy. The vote was six to five against an amendment to the $545,000,000 War Department Appropriations Bill.[5] Brewster remained confident, however, that Quoddy would not be abandoned.

"While I regretted having the Quoddy project submitted to Congress at this time, I was very gratified at the action of the committee, as it leaves the matter to be carried on from relief funds, exactly as it was first contemplated. The chief cornerstone of the project has been relief aspects and on this basis its continuance for next year is warranted."[6]

Roosevelt at this point stated that Quoddy would receive no more money unless Congress appropriated the funds. With an election year at hand the President felt he could no longer supply the money to build this controversial project on his own. The increased estimates for the cost of the project were one of the deciding factors for the President.[7]

Support evaporated elsewhere, even within Maine. In April, 1936 the Committee of Resolutions of the Maine Republican State

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Committee refused to include in their platform a plank favoring the construction of Quoddy. Hale and Brewster had urged the Resolutions Committee to adopt the plank. The Democratic State Convention did, however, include a Quoddy plank in their platform.[8] Quoddy was rapidly approaching a climax on the national level. Governor Brann left for Washington with 700 telegrams in favor of Quoddy and pledged to remain there until some decision had been reached about the project.[9]

Senator Joseph T. Robinson of Arkansas, Democratic Floor Leader, on May 13th introduced Senate Joint Resolution 266, "for the appointment of boards to study and report upon the Atlantic-Gulf ship canal project, Florida, and Passamaquoddy tidal power project, Maine, and for other purposes." If the conclusions of the boards were favorable, $10,000,000 would be allotted to continue the canal and $9,000,000 for Quoddy.[10] The funds, if approved, would have come from the Relief Deficiency Bill now being reported on by the Senate Appropriations Committee.[11]

On May 20, 1936 the Senate Committee of Commerce met to discuss the Robinson Bill. Governor Brann presented the 700 telegrams and emphasized the project's critical relief value to eastern Maine. "Whether or not you discontinue Quoddy you are going to spend money there for relief. I think it is simply a question for the Congress to determine whether money spent there will be spent through the avenue of the Quoddy project or whether it will be spent through some other relief instrumentality." [12] Vandenberg questioned Brann on the relief aspect of the project. "Would you say that we are justified in spending $36,000,000 to produce power that could be produced for $16,000,000?" Brann replied: "Under the assumption of work upon it; yes." Vandenberg also asked, "Would you say that for the sake of relief Congress was entitled to pursue an uneconomic project?" Brann again replied in the affirmative.[13] Following Brann's statements Congressman Brewster also was questioned by the committee. He also expressed his feelings that Quoddy was justified for its relief aspects.[14]

By a vote of 12 to 5 the Committee on Commerce decided favorably on the Robinson resolution and sent it to the floor of the upper chamber for early action.[15] In the Senate on May 29th and 30th the Quoddy and Ship Canal projects were debated. Once again the most vociferous opponent of the projects was Senator Vandenberg. He began a refutation of all the points in favor of Quoddy.

He(Governor Brann) presented a stack of telegrams and said there were 700 telegrams from Maine; 'Look at these; Maine wants you to build Quoddy; Maine begs you to build Quoddy.' What Maine sought was that we continue to spend $42,000,000. The popularity of $42,000,000 will produce 700 telegrams from any section of the country.[16]

Senator Hale defended the project.

Much abuse has been heaped on the Passamaquoddy project. Senators have referred to it repeatedly with scorn and ridicule. Long before the depression hit our country, great power interests in this country were considering the very practical question of harnessing the tides on both American and Canadian shores of Passamaquoddy Bay to develop a great tidal power, through the use of private funds.[17]

Later he and Senator White demanded that when the vote came, Quoddy and Ship Canal not be included on the same amendment. On a matter of principle, because they felt that the Canal was a waste of the public's money, the separate vote was demanded. Hale said, "I will have no part in saddling on our Government an ultimate expenditure of more than $150,000,000 for a project in which I do not believe in order to save the Maine project, dearly as I should like to see the latter put through. If the two projects are coupled together, therefore, I must vote against the amendment." [18] The presiding officer, however, assured them that the votes could be taken separately.

Vandenberg continued his attacks against Quoddy. He cited the recent rumors that the costs were going up.

What good is an estimate that the expense is $42,000,000? It does not amount to the paper on which it is written. It is just one more nice little piece of window dressing to make it easy for those Senators who wish to turn their backs upon their obligations to the citizens of the United States and change their minds upon his proposal to do so and have an excuse for doing so.[19]

Vandenberg said that he would feel obligated, if he supported Quoddy at that time, to vote for it whenever it came up again in the future. He felt he could not do so because of the tremendous uncertainty of the project.[20] Vandenberg also rebutted Quoddy on the grounds of the unfavorable P. W. A. report of March 16, 1934, the unfavorable Federal Power Commission report of January 3, 1934, and the fact that the F.P.C. said Quoddy should not be considered until all of Maine's river potential was developed. He also objected to the "Presidential boards" reporting on Quoddy, such as the Hunt board, feeling that they were not all unbiased.[21]

When the Maine Senators demanded the separate votes they stirred up a wave of sectionalism.[22] The Ship Canal amendment was passed 35 to 30 even though Hale and White voted against it. Then a bloc of Southern Senators voted against Quoddy and it was defeated 39 to 28.[23] It was almost certain that together Quoddy and the Canal would have passed. Senator Duncan Fletcher of Florida, a longtime friend of Quoddy, said, "The friends of Quoddy were responsible for its defeat." [24] Fletcher, incidentally, in spite of Hale's and White's maneuver, had voted for Quoddy. Governor Brann summed it all up, leaving nothing to chance as he attacked the actions of the two Senators from Maine.

Senator Hale's insistence upon the separation of the Maine and Florida projects was fatal and was the betraying kiss of death to the Maine project. Senator White's speech in opposition to the spirit of the Robinson resolution was the fatal stab of annihilation. Senator Hale inserted the first screw of the lid and Senator White drove it home, that the corpse of Quoddy might not escape.[25]

Representative Brewster also made it clear that he did not approve of the actions of his fellow Republicans. Roscoe Emery, the outspoken editor of the Eastport Sentinel, sharply attacked Senators Hale and White. "They had a chance, ready-made and hard to muff, to do something for their constituents when the Quoddy resolution came up in the Senate, but they booted it with the result that thousands of Maine men are being thrown out of work and the hopes of the whole eastern section of the State lies in ruins . . . They both own luxurious homes in Washington. One at least comes to Maine only in the summer and some years not even then. His representation of Maine is and has always been a standing joke in Washington." [26]

All the charges which were levelled at the two Senators from Maine were justified. At a time when they really could have done something for their constituents, they decided to act on a matter of narrow scruple. Quoddy certainly was in dire straights when two of its supporters deserted it at its most critical point. Indeed, thanks to these 'friends' of Quoddy, the project's future was hanging in the balance. Unless a near miracle occurred, Quoddy appeared to be on the way to a certain and painful death.

Chapter 11

With the defeat of Quoddy in Congress all of Maine turned to Roosevelt for help. He remained Quoddy's resort. Brewster wired the President.

"Discontinuance of work at Passamaquoddy power plant leaves eastern Maine in dire distress. Project is amply warranted both as emergency relief and also as a permanent rehabilitation of a depressed area . . . Allocation of $29,000,000 now from old and new funds will guarantee prompt completion with all major contracts now ready for prompt letting. Cessation of work now or small allocation of funds will mean deterioration and imperiling of entire project and tremendous prejudice to all interests in Eastern Maine.[1]

But Roosevelt was taking a political beating for supporting the controversial scheme and he realized it. With elections only a few months away he could not afford to handle such a 'hot' issue as Quoddy. In a July press conference, when asked if he was abandoning the project, he replied, "I cannot devote any money to it. How can I? I don't know . . ." [2] A very apropos remark was made by a Lynn, Massachusetts resident in a letter to the President. "Did I understand you to say 'Dam Quoddy'?" [3] Later in the month Roosevelt visited Campobello and the Quoddy project speaking to a very despondent group of people he said,

"Some of you remember me at that time (at age two visiting Campobello for the first time) and I can remember when some of you were only two years old. You are interested in Quoddy. Quoddy will be completed. It may take some time for it is necessary to educate the people of this country and of Canada to its value and possibilities. I believe in Quoddy and I believe you do too." [4]

Roosevelt also visited with Canadian officials to discuss the possibilities of the construction of the international project at a future time. After the President had departed the people of this area were left with but another false hope as they turned to face the realities of a depression, once again alone.

There was also some concern that the two Republican Senators were somehow attempting to shift the blame of Quoddy's defeat. Roscoe Emery warned Governor Brann.

"Republican effort to shift responsibility for a Quoddy defeat apparently gaining ground in Maine. Hale's strategy is first to deprive you of benefit of project and second to confuse issue as to who killed it. Your safest course is to put Quoddy over regardless. Maine Senators are wide open to attack from this direction. They have definitely signed off from any credit should Quoddy go on." [5]

Governor Brann, who had announced that he was a candidate for the seat presently occupied by Wallace White, challenged the Senator to a Washington County debate of the question, "Who betrayed Quoddy?" [6] White declined the invitation.

By June 30, 1936 all of the $7,000,000 appropriations had been spent, and only a small crew working on the demobilization of the project remained under contract. Harry Hopkins, National Relief Administrator, vainly sought a suitable use for Quoddy Village. "I feel that Quoddy has been generally understood by myself and by the general public. I am certain that something can be done with the village and that it will not be left to rot to pieces just because Congress has refused the funds needed to finish the power project." [7] The Village ultimately was left to the National Youth Administration for use as an instructional center.[8]

The demobilization of Quoddy continued for the remainder of 1936. By late August, however, there were only about 700 people left on the project, with the number decreasing weekly.[9] At the peak of activity there had been some 5,500 employed from relief rolls.[10]

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These cutbacks had some humorous consequences. In August a report came out of Quoddy that excess pies and bread were being fed to pigs. According to the report some 500 pies and 800 loaves of bread were being delivered to Quoddy under existing contracts, but only a few pies and loaves of bread were actually needed. Since there was nothing in New Deal regulations for the distribution of surplus food, the bread and pies went to the dump. Farmer Ed Pottle of Perry, who had one of the contracts to collect garbage at Quoddy Village, also owned pigs. His pigs were allegedly feeding on eight kinds of pies.[11] The Army engineers denied the report and stated that the pies and bread had been cut back. A garbage man, not Pottle, however, also denied the rumors. The War Department blamed the story on "politics."[12]

Col. Fleming left Quoddy in August. He was the best liked figure involved with the project.[13] He hoped that Quoddy could be started up again but felt that if Quoddy were abandoned for a long period, added start-up costs might run as high as $15,000,000. Included in this estimate was the time loss, but of greater importance was the effect of dispersing the expert staff in charge of the project.[14]

A rock blast set off by Vice President Garner had signalled the beginning of the project in 1935. Ironically another rock blast in December, 1936, marked the beginning of the end. Just a few hundred men remained at work on the Carlow Island and Pleasant Point Dams. The figures for actual construction were given as follows: total cost, $7,000,000; engineering, $2,000,000; actual field construction, $2,000,000; Quoddy Village, $1,500,000; and $1,500,00 for acquisition for the construction plant, field shops, stocks, supplies, and necessary land and rights of way.[15]

The Maine elections in September and the national elections two months later produced no real surprises. The Republicans won heavily in the State elections as Lewis Barrows defeated F. Harold Dubord for Governor by 43,000 votes. White also was reelected but by a scant 5,000 votes returned Governor Brann. Brewster also was returned to Congress.[16] Brann's near defeat of White, during heavy Republican voting, can be taken as a tribute to this fine man and his excellent record as Governor. The national elections also went to the Republicans as Maine became one of only two states to support Landon. Landon had spoken out strongly against Quoddy. "I might add that whatever I do in the matter of utility and power projects, when elected President, I will not use the money of the people to attempt to harness the tides!"[17] Maine, in her own quiet way, rejected the New Deal which she had supported in 1934. Too many political hassles and too many broken promises finally caused Maine to return to the conservation stance it had maintained before Roosevelt and the New Deal.

For Dexter Cooper, the end of Quoddy meant the end of his life-long dream. Mrs. Cooper said in 1961 that her husband had urged Roosevelt to stop the project because the engineers were ruining it.[18] This may be slight exaggeration for there is no conclusive evidence to support this claim. Cooper's relationship with the engineers was clearly very cool as they virtually ignored him and ran the project as they saw fit. In 1937 Cooper was vainly trying to collect $10,000 which the engineers still owed him from the June 26, 1935, agreement promising him $60,000 for his interest in Quoddy.[19] Roosevelt recommended that Cooper should take on other employment for a year or two since it would be at least that long before any action might be taken on Quoddy again.[20] In March, 1938 Dexter P. Cooper died a penniless and broken man.[21]

Quoddy had its final chances in Congress in 1939. On January 19th of that year Senator Vandenberg introduced Senate Resolution 62, requesting the Federal Power Commission to review its previous report on the Passamaquoddy project and report to the Senate the relative costs of steam generation or tidal generation plants, and the existence of markets for power. The F.P.C. reported April 7, 1941 that Passamaquoddy power could not compete with river hydro-electric power or steam generated power.[22] Finally Senator White introduced Senate Joint Resolution 57 on February 7, 1939 to authorize the Secretary of War to complete surveys of the Quoddy project and determine the advisability of putting in an experimental plant at Passamaquoddy. No action was taken on this resolution.[23]

This was the end of Quoddy under the Roosevelt Administration. The Federal Government finally disposed of Quoddy Village in 1949 for a total of $131,755,[24] thus officially severing all ties with the Passamaquoddy Bay Tidal Power Project and leaving this potentially great project a scant memory for Eastern Maine.

Conclusion

Although the project was defeated, Quoddy has become an issue several times since the days of the New Deal. Margaret Chase Smith has been a long-time advocate of the project. Under the Kennedy Administration a detailed study was conducted by the Corps of Engineers and Quoddy was discussed in Congress. And most recently Robert Monks, candidate for the Republican senatorial nomination in Maine in 1972, revived the discussion of the project. At this time it is thought the cost of the project would be in the neighborhood of $70 billion.[1]

With this renewed interest, increasing power rates in Maine, and the environmental threat of the Yankee Atomic Power Plant at Wiscasset, perhaps one day the Passamaquoddy power project will be completed. After the studies conducted in 1963–64 it was said of the project, "It is not unlikely that Quoddy will die once more in Congress. But if it does, it will be proposed again in future years. Its very boldness is like a life jacket, preventing it from ever sinking into oblivion."[2]

Quoddy had behind it a wide variety of people. President Franklin D. Roosevelt was the most influential supporter but Louis Brann, Ralph Owen Brewster, Frederic Delano, and others in Maine were equally enthusiastic. Quoddy's greatest supporter was of course Dexter P. Cooper who had developed and nurtured the idea.

Roosevelt's interest was indeed personal and in some sense sentimental. Because of the family home on nearby Campobello, Roosevelt had gotten to know the entire Passamaquoddy area. When the opportunity thus arose, Roosevelt took every opportunity to help the people of this area, many of them friends of the President. But Roosevelt's interest in the project was not just because of its relief features. This was also tied to the romantic notion of harnessing the moon. Furthermore, he believed Quoddy had the potential of becoming a great industrial development as well as the most unique hydro-electric plant in the world.

As President, Roosevelt had the power and opportunity to do something about Quoddy. This project might never have gotten off the ground under a different Administration, for Roosevelt was able to allot funds without Congressional approval for this P. W. A. program. The Quoddy project also fit in nicely with the total New Deal power program.[3] The project was similar in many aspects to T.V.A. The New Deal's understanding of utilities fit in perfectly with the high power rates in Maine and the tight control of the industry by a few private companies. Quoddy might have broken monopolistic practices through much lower companies rates. The Quoddy project also meshed nicely with the New Deal's public works relief programs.

Roosevelt abandoned the project because of political pressures during an election year, as has been shown above. Republican charges of waste were hard to counter. Yet with $7,000,000 already given to the project it should have been able to proceed on its own merits. And it indeed might have done so had it not been for the betrayal by two Maine Senators and the mismanagement of the project by Army engineers. I believe it was a great deal of sadness that Roosevelt turned his back on Quoddy. Yet he continued to press for an international scale project after Quoddy had died in Congress. Roosevelt's interest in Quoddy may once have been enhanced by possible political gains in Maine but in fact he carried through his initial promise as work began in 1935. Another fact should not be overlooked when considering Roosevelt and Quoddy. In 1920 Roosevelt had first mentioned Quoddy and he had worked in behalf of the project during the 1920's. So while there may have been political overtones in his interest in Quoddy during the New Deal, his interest in Quoddy was genuine and this should not be overlooked.

Roosevelt's uncle, Frederic Delano, is particularly interesting for he simply seems to appear on the scene in behalf of Quoddy in the middle of the controversy. Because he was a member of the Roosevelt family his interest may well have been generated for many of his nephew's reasons. Delano also had a very sincere interest in the project, and continually urged the President to take positive action. His position on the Natural Resources Board may have contributed to his interest in Quoddy or it may have been strictly personal. Nevertheless he had the vision to foresee Quoddy as it might have been if the project had been approved.

Governor Louis Brann was one of the most ardent supporters and hardest workers for the project. Whether in Augusta or Washington, Brann was continually working for Quoddy. The Governor generally pushed the project on grounds of social welfare. He felt that since Maine deserved relief funds, why not build Quoddy and have something to show for the money spent on relief. This sort of public works boondoggling was not uncommon during the New Deal. Because of the way in which he instructed Kenneth Sills to word his commission's report, it is obvious that Governor Brann was not as concerned with the economic aspects of the project as its social desirability.

Brann's most important role in the Quoddy development revolved around the creation of the State Authority necessary to operate the dam. He allowed the regular session of the Legislature to end in 1935 before the Authority Bill was acted upon. He did so, out of necessity however, because of the mounting opposition to the Authority. The outbrust by the Chief of the Maine Supreme Court and the pledges of the private power concerns to block the Authority Bill were valid reasons for concern and Brann was wise to act as he did. Under pressure from Washington to call the Legislature into special session he arrived at a compromise, the "gentlemen's agreement" to work for the Authority in the next session. Brann could not be faulted for failing to create the Authority. The time was simply not right and Brann wished to take no chances with Quoddy.

One of the unfortunately ironic things about the Authority controversy, was the pledge by private power companies that given enough rope, Quoddy would "hang herself." This is precisely what happened. Had the Authority been established, there would have been much tighter control and supervision of the funds for Quoddy. The engineers would not have been able to squander the funds on the village, on unnecessary frills,

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and on design refinements and probably the critical $5,000,000 would not have been removed from the allotment. In fact, Quoddy probably would have been built but for lack of the Authority.

Congressman Ralph Owen Brewster also seized upon the project because of its social desirability. He mentioned time and time again that people in his district were starving and that Quoddy would have provided jobs and much needed relief in Maine's eastern most county. But Brewster was also a steadfast opponent of private power interests. He had been against them during the days when he was Governor and had pushed for Quoddy then. His opposition to the repeal of the Fernald law was based upon protection of the people. He did not want to see all the power produced at Quoddy leave the state. Brewster's opposition to Insull interests is a very important factor in the development of power in Maine. These Insull interests did exist, but the extent to which they were dominant is nearly impossible to measure precisely.

Brewster's open break with the Administration over the alleged Corcoran threat provides an important insight into the mentality of this man. At a time when his constituents were desperate, Brewster cast aside his long-time principle of opposition to public utility holding companies, and stood up in behalf of Quoddy. There is no firm evidence that Corcoran actually made the threat as charged by Brewster, but the probability is good that Brewster was correct in his charge. The Administration desperately wanted the Wheeler-Raymond Holding Company Bill passed. Since Corcoran had had dealings with Brewster he indeed may have made a remark, perhaps not officially, leading Brewster to level the charges. Brewster, of course, had promised the Administration that he would use all his influence in seeking passage of the Authority Bill and upon this promise Quoddy was begun. But because of his break with the Administration Brewster was no longer considered trustworthy and Governor Brann was given the task of passing the Authority legislation by himself.

Ralph Owen Brewster could not have done more for Quoddy. He was a popular figure and he lost none of his popularity over the Quoddy issue. Brewster was indeed a valuable ally in any struggle and Quoddy advocates were only too grateful that he remained on their side.

Finally, no discussion of Quoddy supporters would be complete without mention of the 'father of Quoddy,' Dexter P. Cooper. Cooper's tremendous engineering ability led him to begin Quoddy. When a man of Cooper's great engineering background and proven ability was willing to spend his life devoted to Quoddy, there indeed must have been some merit to the project.

One fact stands out above all others: this project was technically and engineeringly possible. No reports, not even the adverse P.W.A. or F.P.C. reports, ever questioned this aspect of the project and that is a major plus in favor of Quoddy. The propect was, however, turned down at first, and later attacked, because it was not economically feasible; the cost would be too great to make the power costs competitive. It was also rejected because there was no market for the power.

During the period, the power rates across the country averaged $4.78 per 100 KWH of domestic electricity. The New England average was about $5.25 and the Maine average $5.37.[4] Something should have been done to lower these rates and Quoddy was a solution. By writing off part of the cost of the project as relief funds, Quoddy power could have been competitive. But more important, really, is the fact that Dexter Cooper found a market for the power. He tentatively had oversold the output of the project even while his detractors maintained that there was no market for the power.

Other questions were raised with regard to Cooper and Quoddy. The $30,000,000 estimate that Cooper and the rest of the Hunt Board reached was found woefully inadequate by the War Department and the Durand Board. Yet Cooper knew more about Quoddy than any man alive and he should have been able to present a reasonable estimate. Cooper's first estimate in the 1920's was $100,000,000 for the international project. Then he estimated the two pool Cobscook Bay plan at $40,000,000. So his one pool Cobscook Bay project estimate of $30,000,000 is in keeping with the figures set forth in his other plans.

The key to the increasing estimates certainly appears to have been the Army Corps of Engineers. For example, Cooper's original plans did not include $1.5 million for Quoddy Village and $2 million for extra engineering. Cooper and his staff had competed most of the engineering but they were scarcely consulted by the War Department engineers. Instead the engineers changed the project and totally disregarded Cooper's plans so the basis upon which Cooper had made the $30 million estimate was no longer even valid. Quoddy Village was another way in which the engineers sabotaged the project. The rumors surrounding the village hurt Quoddy far more than the actual cost of the village.

Dexter P. Cooper should have been put in charge of the project or at least his plans should have been rigidly followed. There was nothing to control the course of action taken by the engineers. There should have been a much tighter control of the project by officials in Washington. $7,000,000 should not have been spent with only a few rock-filled dams built. Had these funds been prudently used, a great deal of progress could have been made on the project. But when a Senator Vandenberg saw $7,000,000 spent for a couple of rock-filled dams, there is little wonder that Quoddy lost future appropriations.

The charge was also made that the Hunt Board was prejudiced and biased, and that President Roosevelt appointed them because he wanted a favorable report. But the Sills Commission and Maine State Planning Board were not biased and they released favorable reports too. Sills was a principled man and both commissions were by no means predisposed to favor the project.

Cooper and Moses Pike had, of course, long association with the project. Because of this long association, they also knew more about the project than anybody else. The Hunt Board also consisted of two P.W.A. members, H. T. Hunt, general council and Dr. Cory, an engineer. The Hunt Board was unanimous in its findings. I do not honestly believe that this commission was biased beyond what could be expected with Cooper and Pike as members. Again, I believe their findings were realistic and Quoddy could have been built on the basis of their recommendations.

What really did kill Quoddy then? Was it the actions of Senators Hale and White or was it really Quoddy's own lack of merit as many people claim? It was a combination of all the aforementioned factors, with Hale and White applying the final blow. It was the result more of the incredibly intricate political circumstances in Maine and the nation than anything else. It was a New Deal project, par excellence, and for this it received much natural opposition.

Quoddy should have been built. The War Department engineers did a superb job of sabotaging the project, whether intentionally or not, and had it not been for this, Quoddy today might be a reality. It is of course easy to say this in retrospect but this project had immense potential in Maine. With the discussions about oil refineries and supertankers surrounding us in 1972, Quoddy now looms as a distinct possibility. Environmental harm never was an issue with Quoddy, save for the harm to fisheries which today would not be much of an issue. And with scientific technology and careful stocking, the harm to fisheries could probably be minimized.

But this is not the first time since the New Deal that Quoddy might have been warranted. In 1947 tragic forest fires struck the state because of a widespread drought. There ensued a critical power shortage in Maine as river levels fell markedly. The shortage was so great in some areas that naval vessels had to be sent to supply certain towns with power from auxiliary plants on board.[5] Quoddy power, however, would have been available ever constant and unaffected by droughts as it was.

In the end I believe Quoddy could have been built and should have been built under the Roosevelt Administration. One cannot help but feel sorry for Dexter Cooper who worked so hard only to see the fruits of his efforts vanish. But perhaps one day the Quoddy project will become a reality rather than a hope. We have finally been able to put people on the moon; now, let's make use of the moon's power on earth.

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[2] Kennebec Journal, Dec. 15, 1934. A copy of this poem is found in the Passamaquoddy Power Project File of the Sills Collections, Bowdoin College Archives, Brunswick, Me., Hereafter cited as Sills Letter File.

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[3] Nathan Dole and Gordon, Maine of the Sea and Pines (Boston: L. C. Page and Co., 1928), p. 261.

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[6] In a hydo-electric plant the 'head' is the height that the water will fall. In the case of Quoddy the head would be constantly changing as the levels of the two pools changed.

[7] Roscoe C. Emery, "The Quoddy Project," Sun-up Magazine, May, 1925, pp. 13, 43–44.

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[10] Ernest R. Abrams, Power in Transition (N.Y.: Charles Scribner's Sons, 1940), p. 262.

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[12] C. Frank Keyser, Passamaquoddy Tidal Power Project, Legislative Reference Service, Library of Congress, March 1, 1949, p. 3.

[13] State of Maine, 82nd Legislature, Message by Governor R. O. Brewster on New Brunswick Water Power Development, April 1, 1925, p. 11.

[14] Lincoln Smith, "Tidal Power in Maine," Land Economics, Aug., 1948, pp. 239–252.

[15] "Boomerang and Blackjack," Time, July 22, 1935, pp. 14–15.

[16] For a full treatment of power interests and propaganda see Ernest Gruening, The Public Pays (N.Y.: The Vanguard Press, Inc., 1931). Gruening was the editor of a Portland newspaper and a longtime friend of Brewster's. He also assisted Brewster in the Insull fight.

[17] U.S. Congress, House, Debate over Brewster's charge that Thomas G. Corcoran had blackmailed him, 74th Cong., 1st sess., July 2, 1935, Congressional Record, LXXIX, Pt. 10, p. 10660.

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[19] Blau, op. cit.

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[21] Ibid.

[22] Abrams, op. cit., p. 262.

[23] Beale, op. cit.

[24] State of Maine, Legislature, An Act to Amend Chapter 111 of Private and Special Laws of 1925, 84th Legislature, Special session, Aug. 5–6, 1930.

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[11] "Report of the Board of Review to Col. H. M. Waite, Deputy Administrator," reprinted in Appendix C, "Passamaquoddy Bay Tidal Power Commission Report," March 30, 1934, p. 1, Franklin D. Roosevelt Library, Hyde Park, N.Y., Official File 982, Box 1, Hereafter cited as FDRL OF 982–1.

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[14] Ibid., Nov. 15, 1933.

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[16] Ibid., p. 3.

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[19] Ibid., p. 14.

[20] Eastport Sentinel, March 21, 1934.

[21] Ibid., April 4, 1934.

[22] Ibid.

[23] Lewiston Evening Journal, May 3, 1934.

[24] Eastport Sentinel, May 3, 1934.

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[2] Frederic A. Delano, "A Brief Upon the Quoddy Project," April 26, 1934, p. 1, Sills Letter File and FDRL Personal Papers File 72, Hereafter cited as FDRL PPF 72.

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[4] Ibid., p. 5.

[5] Letter, A. E. Morgan to F. A. Delano, May 19, 1934, FDRL, PPF 72.

[6] Ibid.

[7] Letter, Delano to Roosevelt, May 18, 1934, FDRL PPF 72.

[8] Letter, D. P. Cooper to Roosevelt, June 6, 1934, FDRL OF 982–1.

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[11] Eastport Sentinel, May 9, 1934.

[12] Ibid., May 23, 1934.

[13] Letter, D. Cooper to Roosevelt, June 26, 1934, FDRL OF 982–1.

[14] Eastport Sentinel, July 18, 1934.

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[16] Ibid.

[17] Herbert Ross Brown, Sills of Bowdoin (N.Y., Columbia University Press, 1964), p. 298.

[18] Ibid., p. 302.

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[20] Ibid.

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[22] Memorandum, K. S. Wingfield, Senior Finance Examiner, P. W. A., to Sills, Aug. 31, 1934, Sills Letter File.

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[29] Letter, Sills to Wallace White, Dec. 14, 1934, Sills Letter File.

[30] Letter, Gertrude Cooper to Sills, Oct. 31, 1934, Ibid.

[31] Letter, F. A. Delano to Roosevelt, Oct. 10, 1934, FDRL OF 982–1.

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[2] Abrams, op. cit. p. 263.

[3] Eastport Sentinel, June 26, 1934.

[4] New York Times, Sept. 6, 1934.

[5] Letter, John Utterback to Roosevelt, June 9, 1934, FDRL OF 982–1.

[6] Letter, Utterback to Farley, June 8, 1934, FDRL OF 982–1.

[7] The First Thousand Days, Vol. I of The Secret Diary of Harold Ickes (N. Y.: Simon and Schuster, 1953) pp. 189–190.

[8] Alfred B. Rollins, Jr., Roosevelt and Howe (N.Y.: Alfred Knopf, 1936), p. 429.

[9] New York Times, Sept. 9, 1934.

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[14] Maine Quoddy Association bulletin, Nov. 5, 1934.

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[5] Report on Passamaquoddy Tidal Power Project by the Quoddy Hydro-Electric Commission," Jan. 4, 1935, p. 2, Sills Letter File.

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[10] Ibid., p. 251.

[11] Ibid., p. 254.

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[17] "Principles and Facts Underlying Quoddy Tidal Power Project," pamphlet prepared by War Dept. Engineers at district office, Eastport, Maine 1935, p. 3.

[18] Passamaquoddy Bay Tidal Power Commission Report, op. cit., p. vii–viii.

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[4] "Statement of the Relations between Ralph Brewster, M. C. and Thomas G. Corcoran on the Holding Bill and the Passamaquoddy Project," Corcoran to Roosevelt, July 7, 1935, FDRL PPF 1560.

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[15] Telegram, Brann to Roosevelt, May 17, 1935, FDRL OF 982–1.

[16] New York Times, June 29, 1935.

[17] Sugre, op. cit.

[18] Ibid.

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[20] Letter, E. H. Foley to Ickes, June 28, 1935, FDRL OF 982–1.

Footnotes—Chapter 7

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[2] Eastport Sentinel, June 5, 1935.

[3] Ibid., May 22, 1935.

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[5] Eastport Sentinel, June 26, 1935.

[6] Ibid., July 3, 1935.

[7] Telegram, Henry Morgenthau to Franklin Roosevelt, July 2, 1935, FDRL OF 982–1.

[8] Letter, Brewster to Franklin Roosevelt, April 12, 1935, FDRL OF 982–1.

[9] Telegram, Brann to Howe, July 1, 1935, FDRL OF 982–1.

[10] Letter, Brann to Marvin McIntyre, Roosevelt's Secretary, June 29, 1935, FDRL OF 982–1.

[11] U.S., Congress, House, Ralph O. Brewster accusing Thomas G. Corcoran of threatening him to vote in favor of the Wheeler-Raymond Holding Company "Death Sentence" Bill, 74th Cong., 1st Sess., July 2, 1935, Congressional Record, IXXIX, Pt. 10, pp. 10659–10660.

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[13] Congressional Record, July 2, 1935, op. cit., p. 10660.

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[18] Eastport Sentinel, July 24, 1935.

[19] Editorial, Eastport Sentinel, July 24, 1935.

[20] Eastport Sentinel, Aug. 28, 1935.

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[22] Letter, Dexter Cooper to H. M. McIntyre, Feb. 5, 1935, FDRL OF 982–1.

[23] Eastport Sentinel, Aug. 21, 1935.

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[2] Letter, George Dern to Franklin Roosevelt, Sept. 6, 1935, FDRL OF 982–1.

[3] New York Times, Oct. 29, Nov. 8, 1935.

[4] State Planning Report, op cit., p. 95.

[5] Boston Herald, July 24, 1935.

[6] Letter, E. H. Foley to Harold Ickes, Aug. 5, 1935, FDRL OF 982–1.

[7] New York Times, Sept. 22, 1935.

[8] Letter, Brann to Roosevelt, Nov. 5, 1935, FDRL OF 982–1.

[9] Memorial Concerning Passamaquoddy Dam Authority to Roosevelt, Dec. 31, 1935, FDRL OF 982–2.

[10] Memorandum, Governor's aide to Governor Brann, Dec. 31, 1935, FDRL OF 982–2. See also various agreements to 'gentlemen's agreement' in FDRL OF 982–2.

[11] Letter, E. M. Markham to Roosevelt, Jan. 10, 1936, FDRL OF 982–2.

[12] Eastport Sentinel, Oct. 27, 1935.

[13] Ibid., Oct. 9, Oct. 16, 1935.

[14] Ibid., Oct. 30, 1935.

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[16] Letter, G. B. Pillsbury, Acting Chief of Engineers, to Roosevelt, Dec. 18, 1935, FDRL OF 982–1.

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[20] Letter, E. M. Markham to Roosevelt, (Report on Estimates), Jan. 10, 1936, FDRL OF 982–2.

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[24] "Report on Cost Estimates," Appendix "A", Ibid.

[25] Abrams, op. cit., p. 263.

[26] Eastport Sentinel, March 11, 1936.

[27] Letter, Dexter Cooper to James Roosevelt, Oct. 15, 1935, FDRL OF 982–1.

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[1] New York Times, Feb. 25, 1936. Roberts, op. cit., p. 372.

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[3] "Moon Unharnessed from Recovery," Literary Digest, Feb. 22, 1936, p. 9.

[4] Letter, Gertrude Cooper to James Roosevelt, June 19, 1935, FDRL PPF 1766.

[5] Bangor Daily News, Sept. 13, 1961.

[6] Letter, Rev. Blaney and Rev. MacKay to Mrs. Roosevelt, Feb. 4, 1936, FDRL OF 982–2, Declassified Feb. 25, 1972.

[7] Letter, Franklin Calder to Roosevelt, Feb. 1, 1936, FDRL OF 982–1.

[8] Letter, E. M. Markham to Roosevelt, June 19, 1935, FDRL OF 982–1.

[9] "Report on Alleged Improper Official Activities in Connection with the Passamaquoddy Project at Eastport, Maine." Feb. 19, 1936, communicated by Louis Glavis to Ickes, March 4, 1936, FDRL OF 982–2, Report considered 'confidential', but no date of declassification given.

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[11] Blaney and MacKay Letter, op. cit. Report on Improper Activities. Ibid.

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[2] Ibid. March 10, 1936.

[3] Letter, R. C. Emery to Frederick Hale, Feb. 22, 1936, Roscoe C. Emery Papers, University of Maine Archives, Orono, Maine, Hereafter cited as Emery File.

[4] Eastport Sentinel, Feb. 12, 1936.

[5] New York Times, March 12, 1936.

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[7] New York Times, April 16, 1936.

[8] Eastport Sentinel, April 8, 1936.

[9] Ibid., April 29, 1936.

[10] U.S. Congress, Senate, Committee on Commerce Florida Ship Canal and Passamaquoddy Tidal Power Projects, Hearing on Senate Joint Resolution 266, 74th Cong., 2nd Sess., May 20, 1936, p. 2.

[11] New York Times, May 28, 1936.

[12] S. J. Res. 266, op. cit., p. 3.

[13] Ibid., p. 5.

[14] Ibid., p. 10.

[15] Eastport Sentinel, May 17, 1936.

[16] U.S. Congress, Senate, Debate on Passamaquoddy and Florida Ship Canal Projects, 74th Cong., 2nd Sess., May 30, 1936, Congressional Record, LXXX, Pt. 6. p. 8391.

[17] Ibid., May 29, 1936, p. 8313.

[18] Ibid., p. 8314.

[19] Ibid., May 30, 1936, p. 8388.

[20] Ibid., p. 8387.

[21] Ibid.

[22] Eastport Sentinel, June 3, 1936.

[23] Debate on Passamaquoddy and Florida

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[24] Eastport Sentinel, June 3, 1936.

[25] Ibid.

[26] Letter, R. C. Emery to Portland Press Herald Editor, July 18, 1936, Emery File.

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[2] The People Approve, Vol. V of The Public Papers and Addresses of FDR (N.Y.: Random House, 1938), p. 250.

[3] Letter, P. H. Card to Roosevelt, July 21, 1936, FDRL OF 982–2.

[4] Eastport Sentinel, July 29, 1936.

[5] Telegram, R. C. Emery to Brann, (no date), Emery File.

[6] Eastport Sentinel, July 10, 1936.

[7] New York Times, July 29, 1936.

[8] Eastport Sentinel, Sept. 9, 1936.

[9] Ibid., Aug. 26, 1936.

[10] New York Times, Aug. 2, 1936.

[11] Ibid., Aug. 6, 1936.

[12] Ibid., Aug. 7, 1936.

[13] Eastport Sentinel, Aug. 12, 1936.

[14] New York Times, July 26, 1936.

[15] Eastport Sentinel, July 15, 1936.

[16] Ibid., Sept. 16, 1936.

[17] Ibid., Oct. 21, 1936.

[18] Bangor Daily News, Sept. 13, 1961.

[19] Memorandum, H. M. McIntyre to Chief of Staff, Jan. 4, 1937, FDRL OF 982–2.

[20] Letter, Roosevelt to Dexter Cooper, April 6, 1937, FDRL PPF 1766.

[21] In 1940 Gertrude Cooper approached President Roosevelt in desperate search of a job. Roosevelt found her a position with the National Park Service as a housekeeper in the Vanderbilt Mansion in Hyde Park. See letters pertaining to this in FDRL PPF 1766.

[22] Keyser, op. cit., p. 9.

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[24] New York Times, Oct. 8, 1949.

Footnotes—Conclusion

[1] Ellsworth American, April 20, 1972.

[2] Willia S. Ellis, "Reviving Passamaquoddy," Nation, July 13, 1964, pp. 10–12.

[3] Kendall K. Hoyt, "The New Deal Power Program, "Public Utilities Fortnightly, Sept. 24, 1936, pp. 402–409.

[4] Beale, op. cit.

[5] "Statement by Margaret Chase Smith on the Passamaquoddy Tidal Power Project," Congressional Record, 83rd cong., 1st Sess., 1953, Appendix, pp. a4510–11.

LOUVAIN DECLARATION: WORLD CONFERENCE ON RELIGION AND PEACE

Mr. McGOVERN. Mr. President, this summer the Second World Conference on Religion and Peace met at the University of Leuven/Louvain in Belgium. I believe my colleagues will be interested in the final declarataion of that Conference, adopted on September 3 of this year, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the declaration was ordered to be printed in the RECORD, as follows:

THE LOUVAIN DECLARATION [1]

"I WALK ON THORNS, BUT FIRMLY, AS AMONG FLOWERS"

The Second World Conference on Religion and Peace, meeting at the University of Leuven/Louvain in the summer of 1974, longs to speak directly to all the religious communities of our troubled planet.

Buddhists, Christians, Confucianists, Hindus, Jains, Jews, Muslims, Shintoists, Sikhs, Zoroastrians and still others, we have sought here to listen to the spirit within our varied and venerable religious traditions. Whatever our religion, we know that we are one with the whole of humanity and that all of its problems are our problems. Our faith compels us to search for effective, viable solutions. We have faced together the enormity of the perils presently threatening the human species and its home. We have looked hard at the massive evidence of the political, economic, social and cultural offenses against humanity that are inherent in the growing world disorder. We have grappled with the towering issues that our societies must resolve in order to bring about peace, justice and an ennobling quality of life for every person and every people. Drawing upon the inexhaustible resources of our several spiritual heritages, we have experienced together the truth expressed by one of the poets in our midst: "I walk on thorns, but firmly, as among flowers."

Our debt to the historic First World Conference on Religion and Peace, held in Kyoto, Japan, in 1970, is very great and gratefully acknowledged. High standards for the ministry of peace and justice in all religions and lands were set forth at Kyoto, and here in Louvain, we have been able to go forward because of their guidance. Of all the things learned at Kyoto, none has marked us more deeply than the discovery that the integrity of the commitment of each to his own religious tradition permits, indeed nurtures, loving respect for the prayer and faithfulness of others. We have contemplated together the inalienable dignity of every human being, as it is affirmed by each of our traditions.

We rejoice that through the profound experiences of conferences like these, and multi-lateral dialogues undertaken by official religious institutions, the long era of prideful, and even prejudiced, isolation of the religions of humanity is, we hope, now gone forever. We are resolved henceforth to serve humanity together each in the way most in keeping with the convictions of his spiritual family and local circumstances.

WAR CANNOT BE AVOIDED: IT CAN ONLY BE OVERCOME

Peace can no longer be regarded as an ideal which may be cherished or discarded at will. It is a practical and immediate necessity arising out of the present situation where men have acquired such immense power that they are now in a position to conquer the stars or to annihilate themselves completely along with the globe they live on. We therefore dedicate ourselves to work together for the total abolition of war.

We plead with all people of faith and good will to recognize that there is no future for humanity if worldwide nuclear war is simply postponed or temporarily avoided. The delicate "balance of terror" has given the superpowers, and all other nations with them, nothing more than a reprive—a little time to concert action to end the nuclear arms race. We urge that the religions of the world mount every possible pressure on the nuclear weapon governments to halt the proliferation of destructive nuclear armament and to roll back all existing nuclear weaponry until the stockpiles of nuclear devices have been safety dismantled and destroyed. We also ask religious bodies to press other governments now capable of initiating nuclear weapons programs to renounce any such undertaking.

In the four years since our Kyoto Conference, we confess that we have not known how to mobilize religious people so that they might contribute effectively to the prevention of even limited local or civil wars. Bangladesh, the Middle East, Northern Ireland, the Southern Philippines, Southern Africa, Cyprus and Indochina are among those places where the conflicting forces, including the political decisionmakers, are largely composed of members of our various religious communities.

With utmost grief we recognize that the Indochina War was not ended by the Paris Peace Agreements of January 1973, and that another hundred thousand Indochinese lives have been lost since that disappointing "peace" was declared. We understand and respect the Vietnamese Buddhist campaign cry:"Don't shoot your own brother."

Wherever wars are now going on, we express our deep sorrow over the suffering of all who are involved even as we call upon them and their governments to seek alternative solutions through negotiation, mediation or arbitration, as well as to strive for imperative political, economic, social, cultural and moral change by means more appropriate to their respect for life and their vision of human destiny.

Whatever conscientious religious people decide in respect to the use of violence, we urge religious leaders everywhere to work ceaselessly for the reduction of the level of violence in all social struggles, in the first instance, with the final elimination of violence in favor of peaceful solutions as their firm objective. To respond to violence with violence without first seeking to eliminate its cause is to embark upon the course of unending escalation.

Conscientious objectors to all killing and all wars have lately arisen in increasing numbers in most of our religious traditions. We ask the official organizations of all religions to respect their witness as a prophetic sign that ultimately mankind must indeed end war, or war will end mankind. Religion should so interpret conscientious objectors to government, insisting on the recognition of their rights.

LIBERATION PLUS DEVELOPMENT = PEACE

Peace is a supreme value for all religions, a state of personal and social existence that, according to all prophets and teachers, is far more than mere absence of conflict. The world without war envisaged by our seers is warless because of its health, its wholeness, its intrinsic justice, its at-one-ness with the universe. Therefore, those who truly seek the peace of the nations should begin with the rigorous spiritual disciplines that bring peace in their own hearts, peace in their families, peace in their cities, and peace with the natural world. Such peace is not possible for men and women unless they learn to master themselves, sublimate their combative energies into productive channels, refuse to accept enslavement in any form, and freely offer themselves in the service of their fellowmen and their eternal lord.

We have come to see human liberation, economic development and world peace as a dynamic triangular process. People liberating themselves become capable of helping others become free. A truly free people constitutes a productive and cooperative society rather than an exploitative and domineering overlord among their neighborhood. All the inhabitants of the globe today need to progress toward such basic liberation, such genuine self-development, such a harmonious and peaceful world order. Tyrannical systems, elitist ruling groups and some transnational economic enterprises—whether private or governmental—prevent multitudes of people from participating in the shaping of their own future. We encourage every religion to arouse its people to seek resolutely their own integrated liberation and development, and that of their fellow human beings, near and far. With special insistence we turn to those religious communities that are numerous among the affluent and powerful nations, requesting that they act boldly to end every form of domination among the African, Asian and Latin American peoples whether by their governments or their economic and cultural institutions. We press religious people to condemn profiteering by the affluent world from the weakness of the developing countries, or the racist oppression of the black majority by the wealthy white minority as in Southern Africa, working for such fair policies in economic and technical aid, trade and investment as will help all such peoples pursue their own developmental way. We specifically ask all nations to implement the New International Economic Order advocated by the sixth Special Session of the U.N. General Assembly, because it is only through a fundamental restructuring of the world's economic system that a just use and distribution of raw resources, trade and monetary policies can be achieved.

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[1] Adopted by the Second World Conference on Religion and Peace on September 3, 1974, at Louvain (Leuven), Belgium.

With a high sense of religious responsibility for the balanced growth of the human race, we call upon all religions to work for social, economic and population policies in every nation that promise the fullest respect and opportunity for each chid, and the most sensitive care of the environment on which his life and that of posterity depends.

THE RIGHTS OF MAN AND THE INDEPENDENCE OF RELIGION

The peace we seek is nowhere more endangered than in societies ruled by sheer power unlimited by impartial law. Wherever the Universal Declaration of Human Rights is given but lip-service or openly scorned, conflicts are repressed rather than resolved, making violent struggle likely. The United Nations Charter is in harmony with the highest religious insights when it affirms that the love of peace is incompatible with the violation of basic human rights.

We therefore appeal to religious people in every kind of social order to meditate, to pray, and to witness for government policies that will hold inviolate the spirit of man, and guarantee his physical and cultural well-being. Where religious communities are surrounded by grave denials of civil and political rights, or the refusal of social, economic or cultural justice, we declare our solidarity with them as they demand freedom for their peoples.

Fundamental independence from all earthly powers and total dependence on the truth that has called them into being is essential for all religions that would offer a fully authentic ministry to society. We therefore ask all religious bodies to strive for their own freedom from entangling alliances, covert or overt, that could limit their freedom to work for the general freedom of man. Vigilantly maintaining the integrity of their own social organizations, religious communities should freely cooperate with all who sincerely seek to advance the cause of justice, peace and human rights in their own lands and beyond.

In their own internal life, we urge that religious communities encourage all these who bear educational responsibilities to include in the spiritual and moral education of youth an important place for the imperative of peace and the means to attain it.

On the worldwide front of the struggle to defend and to enhance the dignity of man, the United Nations and its specialized agencies daily undertake many of the tasks religious seers have long urged upon mankind. As the most extensive network of voluntary associations on the earth, the great religious communities here represented can help the United Nations carry forward its appointed work in behalf of peace on earth and justice among all men.

We call upon the religious communities of the world to press their governments to ratify the covenants and conventions that alone can make the United Nations standards operational in the life of the nations. Through study and action, we urge these communities to concern themselves and their governments with the strengthening of the United Nations.

HUMBLE ENOUGH TO SURVIVE?

The grave human predicament created by the nuclear threat has recently been aggravated by the acute environmental crisis. The fear of instant annihilation is now mingled with the anguished vision of the gradual extinction of life through the depletion, contamination, suffocation of the planet. The dawning realization that the creation of a right relationship between man and nature is an indispensable part of the struggle for peace and justice has brought a new dimension to the work of our Conference.

The religious insight that there is an essential interdependency of all beings and all things is age-old. Now we are still more aware that there must be not war but profound harmony between the human species and the natural world. We plead with our religious communities to evoke among their peoples a fresh sense of awe before the mystery of existence and a recovery of the value of humble self-restraint in the conduct of personal and social life. Men and women motivated by religion should provide mankind with a shining example of simplicity of life-style, getting along with minimal dependence on material things and deriving their happiness from the quality of their spiritual, aesthetic and cultural pursuits.

But the global challenge of the environmental crisis calls for technical and policy changes on a planetary scale. The issues are at once scientific, economic, political and moral. Not only the natural environment we have inherited but the artificial environment we have created must now be examined from the spiritual perspective. Religious people, leading personal lives in sensitive respect for the rights of nature, must also contribute through their choices as citizens and as workers to the development of a new social vision of environmental ethics.

In cooperation with scientists, government planners, industrial managers and all those who inform and form public opinion, religious thinkers should seek to shape and implement a technology for contemporary civilization that will safeguard nature and enhance the general quality of our common life. This great goal will require the full realization of the productive capacity of every person and nation in order to give solid meaning to the social justice we seek for the world's burgeoning population. We appeal to the religious communities of the world to inculcate the attitude of planetary citizenship, the sense of our human solidarity in the just sharing of the food, the energy, and all the material necessities of existence which our generous habitat, unlike any other yet perceived in universal space, will continue faithfully to provide if only it is well loved and respected by mankind.

As each of us turns to prayer and meditation, we seek a conversion of heart to bring about the spirit of sacrifice, humility and self-restraint which shall further justice, development, liberation and peace. May the spirit that has blessed us in the Conference at Louvain touch all believers who receive this Declaration in churches, gurdawaras, mosques, pagodas, shrines, synagogues and temples throughout the earth. May our message become their message as they address their peoples. May this call for action be heard and heeded by all those who exercise power in the public affairs of mankind.

Additional copies available from:

International Headquarters: 777 United Nations Plaza, New York, N.Y. 10017, U.S.A.

Japanese Committee of WCRP: 2–6 Wada, Suginami-ku, Tokyo 166, Japan.

European Committee of WCRP (in formation): Bismarckstrasse 25, 53 Bonn, German Fed. Rep.

Belgian Office: 59/61 Ave. Adolphe Lacomble, 1040 Bruxelles, Belgium.

Indian Office: 221 Deen Dayal Upadhyaya Marg, New Delhi 1, India.

U.S. Office: 100 Maryland Avenue, N.E., Washington, D.C. 20002. U.S.A.

(The Findings of WCRP II, including the Louvain Declaration and the reports of all commissions, working parties, and panel discussion groups, will soon be available at least in English, Japanese, French and German).

THE OIL DEPLETION ALLOWANCE

Mr. BARTLETT. Mr. President, I am enclosing the press briefing of October 10, 1974, made at the White House by Mr. Ron Nesson, press secretary to President Ford, on the subject of the depletion allowance and my letter to the President on the same subject. I ask unanimous consent that the press briefing and my letter be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Statement of Mr. Ron Nessen

After reviewing the transcript of yesterday's news conference, the President asked me to state more precisely his position on the oil depletion allowance.

As long as the price of oil continues to be controlled, the President believes that the elimination of the percentage depletion on domestic oil production would be a mistake. The President feels that oil should be sold on a free market basis and he thinks that many oil producers would be glad to trade percentage depletion away to achieve the important result of a free market for oil.

U.S. Senate,
Washington, D.C., October 10, 1974.

Hon. Gerald Ford,
President of the United States,
The White House, Washington, D.C.

Dear Mr. President: I appreciate your kindness in discussing the depletion allowance with me over the phone.

I am pleased you have clarified your statement about eliminating the oil depletion allowance by saying you favor the immediate phasing-out of the depletion allowance on foreign production and not on domestic production. However, your complete statement leaves much to be desired. You have indicated a willingness to trade the domestic depletion allowance for a free market for oil production on the one hand, and for a tax bill with provisions equally as devastating to the oil industry as is abolishing the depletion allowance itself on the other.

In fact, Mr. President, you do not have to trade a tax bill with some unfavorable provisions for a free market for domestic crude oil. The "Emergency Petroleum Allocation Act of 1973" will expire February 28, 1975. Senate Bill 3717, which has passed the Senate and is now in the House Commerce Committee, provides for extension of the Emergency Petroleum Allocation Act until June 30, 1975. By vetoing this bill, you will be able to institute a free market for domestic crude oil in just four months.

Alternatively, under existing law, you can do much to achieve a free market for crude oil by allowing the operator the option of choosing 1972 or any subsequent year as the base year for "new" and "released" crude production. You can also exempt from price controls crude oil produced in secondary and tertiary recovery projects. These alone would increase free oil to over 60% of our domestic production.

You have not recognized the fundamental principle for the depletion allowance. The depletion allowance for all extractive industries has been an accepted tax principle ever since the first income tax law was enacted in 1913. The value received from the sale of a depleting asset should be treated differently because a part of this value represents the sale of a capital asset and should not be taxed as normal income. Capital and income have a unique relationship in an extractive industry.

Furthermore, your apparent philosophy of eliminating many of the tax incentives for the domestic oil industry is not consistent with Project Independence and contradicts the statements in your economy message about liberalizing capital gains taxation laws and the investment tax credits as incentives to attract investment capital.

The current impetus for abolishing the depletion allowance is mostly a punitive action toward major international oil companies, while there is no substantial attempt to alter in any way the depletion allowance for all other extractive industries.

I will appreciate your reappraisal of all those measures in the tax bill affecting the oil and gas industry.

Sincerely,

DEWEY F. BARTLETT,
U.S. Senator.

THE CUBAN REFUGEES

Mr. GURNEY. Mr. President, while every American should be most concerned about how a "normalization" of relations between the United States and Cuba would affect the legitimate interests of the United States, there is also the matter of principle at stake. Freedom is the principle upon which the United States was founded and for which it has fought four times in this century alone. Freedom is precious to us, and because it is so, we should be particularly concerned when our actions could compromise the realization of it for others.

Mr. President, I firmly believe in the right of the people of each nation to determine for themselves what form of government they shall have. It is not our place to be all things to all men, or to try and impose our form of government on the peoples of other nations. However, when the rulers of another nation arbitrarily choose to submit their people, or neighboring peoples, to a form of government totally inconsistent with the basic principle of freedom, we are not obligated to help those rulers sustain such a form of government.

In the case of Fidel Castro we have an excellent example of a ruler who, having promised freedom on the road to power, has arbitrarily chosen to renege on his commitment and establish an autocratic dictatorship that is the very antithesis of the free society he promised.

The question before us now is not whether we should take active steps to help strengthen and perpetuate this totalitarian dictatorship.

The question is should we take, by lifting the trade embargo and moving toward a renewal of diplomatic relations, steps which, in my opinion, would give aid and encouragement to an existing totalitarian government which is totally unwilling to make any concessions to either our ideals or our interests.

Nothing speaks more eloquently to the lack of freedom in Cuba than those who have left it. In the space of 15 years, no less than 750,000 people—nearly 10 percent of the island's population—have fled the tyranny of Fidel Castro; 650,000 of these have seen fit to settle in the United States—which says a great deal about freedom in this country as compared to "freedom" in Cuba. These refugees came from all walks of life, but almost all have one thing in common—they came to this country with little but the clothes on their backs and yet they have overcome the barriers of both language and culture to lead successful lives in a new land.

In a future statement I will go into greater detail about what motivated so many people to leave home and belongings behind to make a new life for themselves in a strange country. But, for now, suffice it to say that the conditions that motivated them in the first place still exist—which explains why there are still many who wish to leave Cuba yet none who are clamoring to return.

When the Cuban refugees first started coming to this country, there were a lot of people who felt they would be a burden rather than an asset, that they would simply drift into town, seek out welfare, live off the dole, and contribute little to the community in which they settled. Subsequent history has proved the doubters wrong—and resoundingly so—which speaks not only to the character of those who have come here, but also to the plight of those left behind. Just as we are proud of the refugees who sought freedom in this country and then proved how well a free society can work, so too must we be concerned about those to whom Castro has denied the same chance. And, so long as 8 million plus Cubans suffer under the chains of tyranny, we must, for the sake of principle, remain concerned.

Hopefully, it will not be too long before those still in Cuba will have the freedom that the refugees now enjoy. But, in the meantime, the whole world can take a lesson from the record compiled by the so-called Cuban exiles.

Of the 650,000 Cubans who have come to the United States, about half have settled in the Miami area and their accomplishments border on the unbelievable. Today, of the 8,000 or so businesses in the Miami area, over a third are Cuban owned and operated and the gross annual income of Cubans in metropolitan Miami exceeds $1 billion.

Even as early as 1969, the median income of Spanish-speaking people of Florida was only $66 below that of the State's population as a whole. By 1971, Cubans operated about 60 percent of all the service stations in the Miami area in addition to 20 cigar manufacturing plants, 30 furniture factories, 10 garment plants, 45 bakeries, 12 private schools, 230 restaurants, 10 record-making plants, 3 radio stations and a daily newspaper, Diario Las Americas with a circulation of over 600,000.

In addition, by 1971, one found 200 Cubans as officers in banks, with 3 as bank presidents and 21 as bank vice presidents. And I know these numbers have been increased, since just last May I had the pleasure of dedicating a new Cuban-owned bank in Miami. As for doctors, we find that some 1,200–1,500 Cuban doctors are board certified and are now making a big contribution to the health and welfare of the Miami area. Likewise, Cuban lawyers, accountants, technicians and countless other professional and semiprofessional people are contributing to the community in every way they can.

For many of these, the climb up the ladder of success did not come easily. Many started off by taking menial jobs, whatever work they could get, in order to reach the point where they could resume their business or professional careers, or make good in a new line of work. While perhaps the best known rags-to-riches story is that of David Egozi and Eugene Ramos, who smuggled $40,000 out of Cuba and parlayed it into the Suave Shoe Co., which has annual sales of $45 million, the spirit of the refugees is perhaps best represented by the story of two brothers—Victor and Ariel Valls.

Victor Valls escaped from Cuba back in 1962 by jumping ship in Panama. Later he came to the United States, got married, settled in Miami Beach, started raising a family, and worked hard to become the successful electrician that he is today. A happy story—except for a mother, father, and brother left behind in Cuba.

However, his brother, Ariel, was not to be outdone. Following Victor's departure, Ariel Valls studied hard and was finally rewarded with a trip to Russia. The Russians figured he would benefit academically, but Ariel hoped he would be able to jump ship also. However, the chance did not come, so he waited, and was sent to the Soviet Union to study again. This time he faked appendicitis as his ship passed Gibralter, was taken ashore, and then sought asylum with the British in hopes of eventually getting to the United States.

This spring, 12 years after his brother had successfully jumped ship, Ariel and Victor Valls were reunited in Miami. And, true to the tradition of the Cuban refugees, Ariel has settled down, gotten a job and become a credit to his new community.

There are many other stories like that of Victor and Ariel Valls, stories of people who, on the basis of their own industriousness, have become both successful and happy. Their accomplishments should not only be taken into account but so too should their views about our policy towards the Castro regime. After all, they have contributed a great deal, many have become U.S. citizens and, most importantly, they know Castro and his methods better than most Americans ever will. I can assure you, from having talked with many of them, that they are dead set against either trading with Castro or extending diplomatic recognition to him.

Why, they ask, should we trade with Castro if the product of such trade will simply enable him to tighten his tyrannical hold over those Cubans still on the island? That, I say, is a good question.

Why, they ask, should we recognize Castro when such a step would make it appear we were: First, backing down and, second, no longer interested in the right of the Cuban people to determine their own destiny? That, too, is a good question.

Why, they ask, should we deal with Castro now when he has not changed his policy towards us and wants a deal only on his own terms? To that there is no easy answer.

These are questions I am being asked, and that every American should ask him or herself. Its not only our own interests that are at stake, but the interests of freedom-loving Cubans and freedom-loving peoples everywhere that are at stake. As we should know from history, the price of freedom is high and once lost, it can be most difficult to regain.

The fact that three-quarters of a million people have fled Castro, and that there are thousands more who want to leave, proves that point beyond a shadow of a doubt. But, glad as we are to have them here, it is not enough to boast that Castro's loss is our gain.

What should concern us, as we approach a decision over what to do about Cuba, is that freedom's loss not become Castro's, or anybody else's, gain.

STANDARD LEVEL USER CHARGES (SPACE RENTAL) ON NIXON TRANSITION FUNDS

Mr. CHILES. Mr. President, I would like to ask the chairman of the Subcommittee on Treasury, Postal Service, and General Government Appropriations if any portion of the $100,000 under the Presidential Transition Act is to be used for payment to the General Services Administration for the standard level user charges. I understand that these so-called SLUC charges are the new space rental payments to GSA.

Mr. MONTOYA. Under ordinary procedures, users have to pay but in this instance the Administrator of General Services has exercised his authority to waive the standard level user charge and exempt the space from those charges. He brought this out in his testimony, and while we had difficulty in determining what the money requested under the Presidential Transition Act was to be used for, it was clearly indicated that none of it was budgeted for standard level user charges. So it would be fair to say if no funds were budgeted for these charges, none of it is being appropriated for these charges. This was also done in acknowledgement of the Administrator's authority under the Public Buildings Act of 1972 to grant exemptions from the standard level user charge.

COMMEMORATION OF THE BATTLE OF POINT PLEASANT

Mr. GRIFFIN. Mr. President, today is the 200th anniversary of what many historians consider to have been the first battle of the American Revolution. I am referring to the Battle of Point Pleasant, waged in what is now the home State of my distinguished colleague from West Virginia, Senator Byrd.

Forty-six officers and men of the Virginia colonial troops lost their lives in this encounter, and while their names are unfamilar to us today, their courageous sacrifices helped to secure our Nation's independence.

I believe it is fitting, therefore, on the anniversary of this historic battle to read the names of those gallant Americans who died at Point Pleasant. Their names have been given to me by Miss Patricia Burton of Troy, Mich., who is a historian in her own right as well as the granddaughter of Mr. Clarence Monroe Burton, the founder of the Detroit Historical Society.

The people of Detroit and the entire State of Michigan are grateful to the Burton family for the gift of one of the Nation's finest historical collections of the Revolutionary War period.

History is a great teacher, and certainly we can learn from the example of those Americans who paid the supreme sacrifice for our country.

Today, fortunately, no Americans are at war. Yet there are still sacrifices we must make to meet the challenges of peacetime.

I believe we can meet those challenges if we go forward with the same courage and will that transformed 13 struggling Colonies into the strongest Nation in the world.

I ask unanimous consent that the list of names of those slain or mortally wounded be printed in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

Slain or Mortally Wounded on October 10, 1774

Colonel Charles Lewis of Fort Lewis; now Bath County, Virginia.

Colonel John Field of Culpeper County, Virginia.

Captain Samuel Wilson of Doe Hill; now Highland County, Virginia.

Captain John Murray of Botetourt County, Virginia.

Captain James Ward from "the levels of the Greenbrier;" now Greenbrier County, West Virginia.

Captain Robert McClennahan from "the levels of the Greenbrier."

Captain Thomas Buford of Bedford County, Virginia.

Lieutenant Hugh Allen from Staunton, Virginia.

Lieutenant Matthew Bracken from "the levels of the Greenbrier."

Lieutenant Edward Goldman of Botetourt County, Virginia.

Ensign Jonathan Cundiff of Bedford County, Virginia.

Private John Dinwiddie from Vanderpool Gap; now Highland County, Virginia.

Private William Trotter from Staunton, Virginia.

Private Marck Williams from southwest Virginia.

Private Joseph Hughey from southwest Virginia.

Private George Cameron from Warm Springs; now Bath County, Virginia.

Private David Kincaid from southwest Virginia.

Private Samuel Croley from Pittsylvania County, Virginia.

Private William Stephen from southwest Virginia.

Private James Mooney from "the Yadkin" in North Carolina.

Private Isaac Van Bibber from North Carolina.

Mr. John Frogg, Sutler of the Augusta County Regiment, from Staunton, Virginia and 24 additional Privates whose names are unknown.

Mr. ROBERT C. BYRD. Mr. President, the distinguished assistant minority leader has referred to an event of more than ordinary historical importance.

There is some difference of opinion among historians as to whether the Battle of Point Pleasant on October 10, 1774, was, indeed, the first battle of the American Revolution, and the controversy will probably never be satisfactorily resolved. But there is another aspect of the battle that is not in doubt, and which, of itself is of historical merit.

The Battle of Point Pleasant was the first set engagement, as distinct from skirmishes or 18th-century type of guerrilla warfare, in which American troops were commanded by American officers. The fact that Gen. Andrew Lewis' soldiers won the battle against a greatly superior number of Indians under Chief Cornstalk, might have been a happy augury for later successes for American-led American troops in the larger battles that lay ahead during the Revolution.

There is something ironic in the fact that the Battle of Point Pleasant was the one and only engagement in what is known as Lord Dunmore's war. The irony lies in the further fact that when Point Pleasant was fought, Lord Dunmore, who was supposed to be in charge of the operation, was a good hundred miles away with a larger military force that was supposed to have joined forces with General Lewis before the war was to have been started. That General Lewis' small force of pioneers was able to defeat the numerically superior forces of Cornstalk speaks volumes for their courage and determination to maintain their independence and their hard-won homesteads.

The men who fought and died at Point Pleasant on October 10, 1774, have been largely ignored by history, but they contributed just as surely to the earliest beginnings of this great Republic as did the heroes of Valley Forge or Bunker Hill.

I appreciate this opportunity to join with the assistant minority leader in honoring their memory.

A POCKET VETO IS NOT AVAILABLE DURING THE ELECTION RECESS

Mr. KENNEDY. Mr. President, as an outgrowth of a number of inquiries from Senators in connection with pending legislation and the status of the President's pocket veto power during the upcoming election recess, I have today sent a letter to President Ford, urging him to forgo the use of a pocket veto on any legislation submitted to him by Congress during the recess.

A recent appellate court decision in which I was the plaintiff held that a pocket veto used by former President Nixon during a 5-day Christmas recess in 1970 was unconstiutional. It is my firm belief that the court's ruling clearly applies to the upcoming election recess.

The administration has until November 12 to seek Supreme Court review of the court of appeals decision. Nevertheless, a pocket veto during the upcoming recess would place the President in clear defiance of existing law. Such action would also run the risk that the courts would subsequently declare that any bill pocket vetoed during the election recess had become law without the President's signature, as occurred with the 1970 act; in this event, the President would also lose any opportunity for Congress to sustain his veto.

There are several major but controversial bills that are now in the final stages of action by Congress and that are likely to be submitted to the President for action during the recess, including the Election Financing Reform Act, the Freedom of Information Act, the Veterans Benefits Act, and the continuing appropriations resolution. In my view, no bill submitted to the President during the recess will be vulnerable to a pocket veto.

Mr. President, I ask unanimous consent that my letter to President Ford may be printed in the RECORD, together with the text of the recent court decision.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
October 10, 1974.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am writing to call your attention directly to a recent decision of the United States Court of Appeals for the District of Columbia Circuit, dealing with the Presidential pocket veto power as applied to adjournments within a session of Congress.

During the upcoming Congressional recess for the November elections, a number of major bills approved by Congress are likely to be submitted to you for your signature, including the Continuing Appropriations Resolution, the Election Financing Reform Act, the Freedom of Information Act, and the Veterans Benefits Act. It also now seems likely that the expiration date of the ten-day Constitutional period for your action in approving or disapproving the bills will fall during the recess.

I believe that the recent Federal appellate court decision in *Kennedy* v. *Sampson* (D.C. Circuit, August 14, 1974) clearly establishes that the use of a pocket veto to disapprove a bill during this recess would be unconstitutional.

Although that case, in which I was the plaintiff, involved a pocket veto by former President Nixon during a five-day Congressional recess in 1970, the Court of Appeals ruling that the pocket veto was unconstitutional clearly applies to all adjournments within a session of Congress, whatever the length of the adjournment. I am enclosing a copy of the full text of the decision. As Judge Tamm, speaking for a unanimous court on this point, stated:

"In summary, we hold that the Christmas recess of 1970 did not prevent the return of S. 3418—a conclusion which may be reached by either of two routes. First, the present case is governed by the logic, if not the precise holding, of the *Wright* decision. Second, the case is an appropriate one for disposition of the question of whether any intrasession adjournment, as that practice is presently understood, can prevent the return of a bill by the President where appropriate arrangements have been made for receipt of presidential messages during the adjournment—a question which must be answered in the negative." (Slip Opinion, pp. 22–23).

This ruling by the Court of Appeals gains added force from the fact that the lower court's decision in the same case had rested on a more narrow ground, holding that a pocket veto during a five-day recess was unconstitutional, but declining to settle the question of the use of a pocket veto during recesses of longer duration. By contrast, the Court of Appeals clearly staked out a broader ground for its decision, holding that *all* adjournments within a session, including the month-long summer recess and the upcoming month-long election recess—are immune from a pocket veto.

Although, as I understand it, the Administration has until November 12, 1974 to seek Supreme Court review of the recent Court of Appeals decision, the use of a pocket veto during the election recess would place the Administration in clear defiance of the existing court decision. Such an action would also run the obvious risk that the courts would subsequently rule—as occurred with the 1970 Act—that any bill pocket vetoed during the election recess had become a law without the President's signature, thus, any opportunity for Congress to sustain the President's veto would be lost, and the bill would be a law.

Obviously, as one who has strongly supported each of the bills likely to be submitted to you during the election recess, I hope that you will find these measures deserving of your approval. But in the event you decide to disapprove any of the bills, I respectfully urge you to forgo the use of a pocket veto during the recess, and to disapprove the bill in a manner consistent with the court's decision, by returning it to Congress with your veto message.

Sincerely,

EDWARD M. KENNEDY.

[United States Court of Appeals for the District of Columbia Circuit]

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA, DECIDED AUGUST 14, 1974

No. 73–2121—Edward M. Kennedy v. Arthur F. Sampson, Acting Administrator, General Services Administration, et al., appellants.

No. 73–2122—Edward M. Kennedy v. Arthur F. Sampson, Acting Administrator, General Services Administration, et al., appellants.

James C. Hair, Jr., Attorney, Department of Justice, with whom *Irving Jaffe,* Acting Assistant Attorney General, *Earl J. Silbert,* United States Attorney and *Robert E. Kopp,* Attorney, Department of Justice, were on the brief for appellants. *Morton Hollander,* Attorney, Department of Justice, also entered an appearance for appellants.

Edward M. Kennedy, appellee, *pro se.*

Before: BAZELON, *Chief Judge,* FAHY, *Senior Circuit Judge* and TAMM, *Circuit Judge.*

TAMM, *Circuit Judge,* delivered the opinion for the court in which BAZELON, *Chief Judge,* and FAHY, *Senior Circuit Judge joined.*

FAHY, *Senior Circuit Judge,* filed a concurring opinion in which BAZELON, *Chief Judge,* joined.

TAMM, *Circuit Judge*: Appellee, a United States Senator, filed suit against the Administrator of the General Services Administration and the Chief of White House Records seeking a declaration that the Family Practice of Medicine Act (hereinafter, S. 3418)[1] became law on December 25, 1970, and an order requiring the appellants to publish the Act as a validly enacted law.[2] S. 3418 was passed by overwhelming majorities in both the House and Senate in the Fall of 1970.[3] Appellee was among those Senators who voted in favor of the bill which was presented to the President on December 14, 1970.[4] On December 22 both Houses of Congress adjourned for the Christmas holidays, the Senate until December 28 and the House until December 29.[5] Before adjourning, the Senate authorized the Secretary of the Senate to receive messages from the President during the adjournment.[6] On December 24, the President issued a memorandum of disapproval announcing that he would withhold his signature from S. 3418.[7] The President took no further action with respect to the bill. Appellants maintain that this series of events resulted in a "pocket veto" under article I, section 7 of the United States Constitution. Appellee, relying upon the same provision, contends that the bill became law without the President's signature at the expiration of the ten-day period following its presentation to him.

Upon cross motions for summary judgment, the district court granted judgment in favor of appellee. The order of the district court declares that S. 3418 became a law of the United States on December 25, 1970 and that "defendants are under a ministerial, nondiscretionary duty to publish said law. . . ."[8] Although the district court has retained jurisdiction for the purpose of adjudicating appellee's request for injunctive relief in the nature of a mandamus, further action has been postponed pending this appeal.[9]

Two questions are presented for review: (1) does appellee have standing to maintain this suit; and (2) did S. 3418 become a law? We conclude that both questions must be answered in the affirmative.

I.

The requirement of standing derives from the limitation upon judicial power expressed in the "case" or "controversy" formula of article III of the Constitution. The concept was recently treated by the Supreme Court in *Sierra Club v. Morton,* 405 U.S. 727, 731–32 (1972):

> Whether a party has a sufficient stake in an otherwise justiciable controversy to obtain judicial resolution of that controversy is what has traditionally been referred to as the question of standing to sue. Where the party does not rely on any specific statute authorizing invocation of the judicial process, the question of standing depends upon whether the party has alleged such a "personal stake in the outcome of the controversy," *Baker v. Carr,* 369 U.S. 186, 204, as to ensure that "the dispute sought to be adjudicated will be presented in an adversary context and in a form historically viewed as capable of judicial resolution." *Flast v. Cohen,* 392 U.S. 83, 101.

Although he has not been authorized to prosecute this suite on behalf of the Senate or the Congress, appellee offers several alternative theories of standing.[10] We agree with the district court that appellee has standing to maintain this suit in his capacity as an individual United States Senator who voted in favor of S. 3418. This conclusion follows from any of the traditional methods of evaluating the standing of a party to sue.

One approach to the question is to inquire whether a "logical nexus" exists between the status asserted by a litigant and the claim sought to be adjudicated. *Flast v. Cohen,* 392 U.S. 83, 102 (1968). Examination of appellee's complaint reveals that such a nexus is present in this case. While the complaint is literally addressed to the ministerial duties of certain officials, the legal issue turns on the validity of executive action which purports to have disapproved an Act of Congress by means of a constitutional procedure which does not permit Congress to override the disapproval. If appellants' arguments are accepted, then appellee's vote in favor of the bill in question has been nullified and appellee has no right to demand or participate in a vote to override the President's veto. Conversely, if appellee's interpretation of the veto clause is correct, then the bill became

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law without the President's signature. In short, disposition of the substantive issue will determine the effectiveness *vel non* of appellee's actions as a legislator with respect to the legislation in question. This demonstrates a relationship between appellee and his claim which is not only "logical" but real, a relationship which assures that the issues have been litigated with the vigor and thoroughness necessary to assist the court in rendering an informed judgment.

A somewhat different analysis of standing has been employed with respect to parties who challenge administrative action. In *Association of Data Processing Service Organziations, Inc. v. Camp,* 397 U.S. 150 (1970) the Supreme Court framed the standing issue as follows: (1) does the plaintiff allege that the challenged action has caused him "injury in fact, economic or otherwise;" (2) is the interest sought to be protected "arguably within the zone of interests to be protected or regulated by the statute or constitutional guarantee in question." *Id.* at 152–53. Appellee's pleading satisfies both inquiries. The complaint alleges an injury to him in his capacity as a United States Senator:

> "The acts of the defendants have injured the plaintiff as a United States Senator by denying him the effectiveness of his vote as a member of the United States Senate. The plaintiff . . . was among 64 Senators voting in favor of S. 3418 . . . ." [11]

Appellee's asserted interest plainly falls among those contemplated by the constitutional provision upon which he relies. That provision, article I, section 7, is one of several in the Constitution which implement the "separation of powers" doctrine. Taken together, these provisions define the prerogatives of each governmental branch in a manner which prevents overreaching by any one of them. The provision under discussion allocates to the executive and legislative branches their respective roles in the lawmaking process. When either branch perceives an intrusion upon its legislative power by the other, this clause is appropriately invoked. The gist of appellee's complaint is that such an intrusion has occurred as a result of the President's misinterpretation of this clause and that a consequence of this intrusion is the nullification of appellee's vote in favor of the bill in question; hence, the complaint alleges injury to an interest of appellee as a member of the legislative branch of the government, and interest among those protected by article I, section 7. Appellants insist that only the interests of the Congress or one of its Houses as a body are protected by this provision.

Our conclusion with respect to appellee's standing finds support in *Coleman* v. *Miller,* 307 U.S. 433 (1939), which held, *inter alia,* that twenty state senators who had voted against ratification of a constitutional amendment had standing to challenge the legality of a tie-breaking vote in favor of ratification which was cast by the Lieutenant Governor, the presiding officer of the Senate of Kansas. The Court concluded that the interest of the legislators in protecting the effectiveness of their votes conferred standing to maintain the suit:

> "Here, the plaintiffs include twenty senators, whose votes against ratification have been overridden and virtually held for naught although if they are right in their contentions their votes would have been sufficient to defeat ratification. We think that these senators have a plain, direct and adequate interest in maintaining the effectiveness of their votes."

Id. at 438. Appellants correctly point out that the votes of the twenty plaintiffs in *Coleman* had peculiar legal significance *as a bloc, i.e.:* these votes were sufficient to prevent ratification absent the challenged vote of the Lieutenant Governor. Appellants read *Coleman* as holding that the plaintiff legislators had standing only as a group for the purpose of protecting the collective effectiveness of their votes. In a like vein, appellants contend that appellee's vote in favor of S. 3418 has no legal significance independent of the other votes in favor of the bill. Any injury to him occasioned by the President's action, it is argued, is "derivative" in nature.[12] In appellants' view, only the Senate or the Congress has sustained the "direct" injury necessary to confer standing (assuming that the veto of S. 3418 was invalid).[13]

The *Coleman* opinion neither confirms nor rejects appellants' interpretation. It does not express reliance upon the fact that all nay-voters had joined as plaintiffs in the action, nor does it contain any hint as to whether one of the plaintiffs might have maintained the suit alone. Although references to the parties and their votes are, quite naturally, in the plural form, the opinion does not disclose whether the Court was considering them collectively or severally. In light of the purpose of the standing requirement, however, we think the better reasoned view of both *Coleman* and the present case is that an individual legislator has standing to protect the effectiveness of his vote with or without the concurrence of other members of the majority.

The policy underlying the doctrine of standing is identified in the following passage from *Baker* v. *Carr,* 369 U.S. 186, 204 (1962):

> "Have the appellants alleged such a personal stake in the outcome of the controversy as to assure that concrete adverseness which sharpens the presentation of issues upon which the court so largely depends for the illumination of difficult constitutional questions? This is the gist of the question of standing."

Another discussion describes the purpose of the standing doctrine as follows:

> "Under such circumstances, we feel confident that the questions will be framed with the necessary specificity, that the issues will be contested with the necessary adverseness and the litigation will be pursued with the necessary vigor to assure that the constitutional challenge will be made in a form traditionally thought to be capable of judicial resolution."

Flast v. Cohen, supra at 106. Appellee's interest in the present controversy provides the same assurance that he is an appropriate advocate.

Appellants' argument to the contrary is based upon a distinction which is more formal than substantive. While conceding that Congress as a whole (or even one of its Houses) has standing to challenge the President's purported use of the pocket veto,[14] appellants insist that an individual member of Congress does not, even if he voted for the bill in controversy. The interest of the Congress in preserving its role in the law-making process is said to be "direct" while that of appellee is labelled "inirect or derivative." [15] Appellants base this distinction upon the self-evident proposition that appellee is not the Congress:

> "As an individual senator appellee can at best be said to have sustained only indirect injury as the result of the pocket veto, *for his vote for S. 3418 is in no sense the legal or political equivalent of the passage of the bill by the Congress. . . .*" [16]

The italicized observation is undoubtedly correct but it does not help appellants' argument. The prerequisite to standing is that a party be "among the injured," in the words of *Sierra Club,* not that he be the *most* grieviously or *most* directly injured. We think that appellee is "among the injured" in this case.

The subject matter at stake in this litigation is legislative power. The court is presented with conflicting views of the pocket veto power, one which is expansive, and another which is restrictive. Over the long term, appellants' broad view of the pocket veto power threatens a diminution of congressional influence in the legislative process.[17] It seems to this court axiomatic that, to the extent that Congress' role in the government is thus diminished, so too must be the individual roles of each of its members. Put another way, the influence of any one legislator upon the political process is in great measure dependent upon the stature of the governmental branch of which he is a member.

In a sense, therefore, the contention that appellee's interest in the pocket veto controversy is "derivative" is correct. It is derivative, but it is nonetheless substantial. When asserted in the context of a particular dispute about specific legislation, such an interest may be sufficient to confer standing. Appellee's stake in this litigation, is a quantum of his official influence upon the legislative process. To be sure, that influence can never be "the legal or political equivalent of the passage" of a bill, for only Congress as a body has that authority. Nevertheless, the office of United States Senator does confer a participation in the power of the Congress which is exercised by a Senator when he votes for or against proposed legislation. In the present case, appellee has alleged that conduct by officials of the executive branch amounted to an illegal nullification not only of Congress' exercise of its power, but also of appellee's exercise of his power. In the language of the *Coleman* opinion, appellee's object in this lawsuit is to vindicate the effectiveness of his vote. No more essential interest could be asserted by a legislator. We are satisfied, therefore, that the purposes of the standing doctrine are fully served in this litigation.

II.

Article I, section 7, paragraph 2 of the United States Constitution prescribes the manner in which laws of the United States are enacted:

> "Every Bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law, be presented to the President of the United States; if he approves he shall sign it, but if not he shall return it, with his Objections to that House in which it shall have originated, who shall enter the Objections at large on their Journal, and proceed to reconsider it. If after such Reconsideration two thirds of that House shall agree to pass the Bill, it shall be sent, together with the Objections, to the other House, by which it shall likewise be reconsidered, and if approved by two thirds of that House, it shall become a Law. But in all such Cases the Votes of both Houses shall be determined by yeas and Nays, and the Names of the Persons voting for and against the Bill shall be entered on the Journal of each House respectively. If any Bill shall not be returned by the President within ten Days (Sundays excepted) after it shall have been presented to him, the Same shall be a Law, in like Manner as if he had signed it, *unless the Congress by their Adjournment prevent its Return, in which Case it shall not be a Law.*" (Italics added.)

At issue in this case is whether the Christmas adjournment of 1970 was one which "prevented" the return of S. 3418 by the President. If so, then the President's failure to approve the bill within ten days of its presentation to him constituted a pocket veto. If the adjournment did not prevent the return of S. 3418, then the bill became law without the President's signature. Our study of the constitutional text itself, its history and previous judicial interpretations of it convinces us that an intrasession adjournment of Congress does not prevent the Presi-

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dent from returning a bill which he disapproves so long as appropriate arrangements are made for the receipt of presidential messages during the adjournment. Since the adjournment in question falls into this category, **we affirm the district court's declaration that S. 3418 became law on December 25, 1970.**

Our analysis begins with the premise that the pocket veto power is an exception to the general rule that Congress may override presidential disapproval of proposed legislation. Rejection of an absolute presidential veto is explicit both in the proceedings of the Constitutional Convention [18] and in contemporaneous commentary. Alexander Hamilton, himself an advocate of the absolute veto during the Convention,[19] later took pains to distinguish the presidential veto power from that of the King of England:

> "The President of the United States is to have power to return a bill, which shall have passed the two branches of the Legislature, for re-consideration; but the bill so returned is to become a law, if upon that re-consideration it be approved by two thirds of both houses. The King of Great Britain, on his part, has an absolute negative upon the acts of the two houses of Parliament. The disuse of that power for a considerable time past, does not affect the reality of its existence; and is to be ascribed wholly to the crown's having found the means of substituting influence to authority, or the art of gaining a majority in one or the other of the two houses, to the necessity of exerting a prerogative which could seldom be exerted without hazarding some degree of national agitation. The qualified negative of the President differs widely from this absolute negative of the British sovereign. . . ."

The Federalist No. 69, at 463–64 (J. Cooke ed. 1961) (A. Hamilton). Since it operates as an "absolute negative", the pocket veto power is a departure from the central scheme of the Constitution. As such, it must be limited by the specific purpose it is intended to serve, a purpose explained in the following passage from Story's *Commentaries:*

> But the President might effectually defeat the wholesome restraint [*i.e.* congressional override], thus intended, upon his qualified negative, if he might silently decline to act after a bill was presented to him for approval or rejection. The Constitution, therefore, has wisely provided, that, "if any bill shall not be returned by the President within ten days (Sundays excepted) after it shall have been presented to him, it shall be a law, in like manner as if he had signed it." But if this clause stood alone, Congress might, in like manner, defeat the due exercise of his qualified negative by a termination of the session, which would render it impossible for the President to return the bill. It is therefore added, "unless the Congress, by their adjournment, prevent its return, in which case it shall not be a law." [20]

The pocket veto power is one component of a constitutional mechanism designed to enforce respect on the part of each of the lawmaking branches of the government for the legislative authority of the other. This understanding of the purpose of the clause has led the Supreme Court to adopt a rule of construction which governs in this case:

> The constitutional provisions [*i.e.*, article I, section 7, paragraph 2] have two fundamental purposes; (1) that the President shall have suitable opportunity to consider the bills presented to him, and (2) that the Congress shall have suitable opportunity to consider his objections to bills and on such consideration to pass them over his veto provided there are the requisite votes. *Edwards v. United States*, 286 U.S. 482, 486. We should not adopt a construction which would frustrate either of these purposes.

Wright v. United States, 302 U.S. 583, 596 (1938). Where possible, then, the pocket veto clause should be construed in a manner which preserves both purposes. Since a pocket veto always has the effect of frustrating Congress' right to reconsider a vetoed bill,[21] the preferred construction of the clause is that return of a bill was not "prevented" by an adjournment. Only two decisions of the Supreme Court have addressed the question of whether an adjournment prevented the return of a bill. Appellant relies upon the first of these and seeks to distinguish the later decision from the present case.

The decision relied upon by appellant is *The Pocket Veto Case*, 279 U.S. 655 (1929), which held that the intersession adjournment of the 69th Congress prevented the return of a bill which had been presented to the President eight days (excluding Sunday) before the adjournment of the first session. The opinion states two reasons for the holding: (1) the word "House" in the return veto clause means "House in session" and does not permit return of a bill to an officer or agent of the originating House during an adjournment; (2) return of a bill during an intersession adjournment would result in a long delay in the final disposition of the bill attended by public uncertainty as to its status. *Id.* at 682–84.[22] A significant exception to this holding was established in the Supreme Court's only other pocket veto decision, *Wright v. United States, supra* at 589–90.[23] Addressing the first part of the *Pocket Veto Case* rationale, the Court held that the return of a bill may, in certain instances, be accomplished by delivery to an appropriate agent of the originating House:

> Nor was there any practical difficulty in making the return of the bill during the recess. The organization of the Senate continued and was intact. The Secretary of the Senate was functioning and was able to receive, and did receive, the bill. Under the constitutional provision [article I, section 5, paragraph 4] the Senate was required to reconvene in not more than three days and thus would be able to act with reasonable promptitude upon the President's objections. There is no greater difficulty in returning a bill to one of the two Houses when it is in recess during the session of Congress than in presenting a bill to the President by sending it to the White House in his temporary absence. Such a presentation is familiar practice. The bill is sent by a messenger and is received by the President. It is returned by a messenger, and why may it not be received by the accredited agent as the legislative body? To say that the President cannot return a bill when the House in which it originated is in recess during the session of Congress, and thus afford an opportunity for the passing of the bill over the President's objections, is to ignore the plainest practical considerations and by implying a requirement of an artificial formality to erect a barrier to the exercise of a constitutional right.

Id. at 589–90. The Court then discussed the dangers it had foreseen at the time of its earlier decision:

> However real these dangers may be when Congress has adjourned and the members of its Houses have dispersed at the end of a session—the situation with which the Court was dealing—they appear to be illusory when there is a mere temporary recess. Each House for its convenience, and during its session and the session of Congress, may take, and frequently does take, a brief recess limited, as we have seen, in the absence of the consent of the other House, to a period of three days. In such case there is no withholding of the bill from appropriate legislative record for weeks or perhaps months, no keeping of the bill in a state of suspended animation with no certain knowledge on the part of the public whether it was seasonably delivered, no causing of any undue delay in its reconsideration. When there is nothing but such a temporary recess the organization of the House and its appropriate officers continue to function without interruption, the bill is properly safeguarded for a very limited time and is promptly reported and may be reconsidered immediately after the short recess is over. The prospect that in such a case the public may not be promptly and properly informed of the return of the bill with the President's objections, or that the bill will not be properly safeguarded or duly recorded upon the journal of the House, or that it will not be subject to reasonably prompt action by the House, is we think wholly chimerical. If we regard the manifest realities of the situation, we cannot fail to see that a brief recess by one House, such as is permitted by the Constitution without the consent of the other House, during the session of Congress, does not constitute such an interruption of the session of the House as to give rise to the dangers which, as the Court apprehended, might develop after the Congress has adjourned.

Id. at 595–96. Appellants emphasize two factual distinctions between *Wright* and the present case: (1) *Wright* involved an adjournment of only three days, a shorter period than the five-day adjournment at issue in this case; (2) only the Senate had adjourned in the former case whereas both Houses were in recess at the time S. 3418 was disapproved. These distinctions fail to overcome the logic and reasoning of the *Wright* decision.

The five-day recess in this case was only two days longer than that considered in *Wright*. Moreover, the most significant portion of the recess, that which extended beyond the ten-day period for return of a bill, was only one day longer than that which occurred in *Wright*,[24] and was actually within the maximum delay explicitly approved in *Wright*.[25] As in the former case, the Senate continued in existence during the Christmas recess of 1970 and the Secretary of the Senate was available to receive messages from the President during the adjournment.[26] There was no danger that the bill could not be reconsidered "with reasonable promptitude" should it be returned by the President during the adjournment.[27] For these reasons, the mere fact that the Senate was not in session to physically receive the President's objections does not require the conclusion that the Congress had, by its adjournment, prevented the return of S. 3418.

The fact that the House of Representatives had not adjourned in the *Wright* case is also a distinction without a difference.[28] Assuming that the conclusion of the foregoing paragraph is correct, it is difficult to see how the presence or absence of the non-originating House at the time of the return could affect our decision. To hold that a return veto is possible while the originating House alone is in brief recess but not when both Houses are in recess would embrace ritual at the expense of logic.[29]

As the foregoing discussion demonstrates, **the present case falls within the exception—or, at least, within a logical extension of the exception—to the *Pocket Veto Case* established in *Wright*. Even if *Wright* were not applicable, however, appellants' reliance upon the *Pocket Veto Case* would be misplaced.** The modern practice of Congress with respect to intrasession adjournments creates neither of the hazards—long delay and public uncertainty—perceived in the *Pocket Veto Case*.

First of all, intrasession adjournments are much shorter than the intersession adjournment considered in the *Pocket Veto Case*. At the time of that decision, intersession adjournments of five or six months were still common.[30] By contrast, only four intrasession adjournments in the history of the Congress have exceeded sixty days in duration. Of these, only two occurred in this century—a sixty-seven day recess in 1943 and a sixty-four day recess in 1950.[31] Aside from these four, there have been one hundred twenty-nine intrasession adjournments of more than three days as of June, 1974: two of them for periods of fifty to sixty days;

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seven for periods of thirty to forty days; and two for periods of twenty to thirty days. The remaining one hundred eighteen were for periods of less than twenty days.[32] Until 1932, practically every one of these adjournments was a Christmas holiday recess.[33] In 1933 the twentieth amendment took effect, setting January 3rd as the customary date for commencement of each session of Congress. As a consequence, the pattern of intrasession recesses was altered somewhat over the ensuing years. In the last decade, however, a consistent pattern of intrasession adjournments has again developed. Typically, there are several recesses of approximately five days for various holidays and a summer recess (or recesses) lasting about one month.[34]

Plainly, intrasession adjournments of Congress have virtually never occasioned interruptions of the magnitude considered in the *Pocket Veto Case*.[35] More importantly, return of a bill during an intrasession adjournment, whatever its length, can no longer cause the public uncertainty envisioned in the *Pocket Veto Case*. Modern methods of communication make it possible for the return of a disapproved bill to an appropriate officer of the originating House to be accomplished as a matter of public record accessible to every citizen. The status of such a bill would be clear; it has failed to receive presidential approval but may yet become law if Congress, upon resumption of its deliberations, passes the bill again by a two-thirds majority. This state of affairs generates no more public uncertainty than does the return of a disapproved bill while Congress is in actual session.[36] The only possible uncertainty about this situation arises from the absence of a definitive ruling as to whether an intrasession adjournment "prevents" the return of a vetoed bill.[37] Hopefully, our present opinion eliminates that ambiguity.

Appellants' brief directs our attention to the "consistent executive practice" regarding pocket vetoes during intrasession adjournments. The court has considered this argument and finds it unpersuasive. As appellants admit, consistent practice cannot create or destroy an executive power. Appellants' Br. at 37–38.

In addition, the precedents cited by appellants are not strong. Of only thirty-eight intrasession pocket vetoes in the nation's history, thirty (or 78%) have occurred since the inauguration of President Franklin Roosevelt.[38] None occurred prior to 1867.[39] The intrasession pocket veto is, therefore, a relatively modern phenomenon. Moreover, it is a phenomenon which has gained new significance in recent years as brief, intrasession recesses have become more frequent.[40] The present case arises from the shortest intrasession recess ever relied upon by any President as having prevented the return of a disapproved bill.[41] It is also significant that, in the single case which presented the issue of whether an intrasession adjournment precluded a return veto, the Supreme Court ruled that it had not. *Wright v. United States*, *supra*. In our view, therefore, the question raised in this case is still very much an open one, prior executive practice notwithstanding.

In summary, we hold that the Christmas recess of 1970 did not prevent the return of S. 3418—a conclusion which may be reached by either of two routes. First, the present case is governed by the logic, if not the precise holding, of the *Wright* decision. Second, the case is an appropriate one for disposition of the question of whether any intrasession adjournment, as that practice is presently understood, can prevent the return of a bill by the President where appropriate arrangements have been made for receipt of presidential messages during the adjournment—a question which must be answered in the negative.

Affirmed.

FOOTNOTES

[1] S.3418, 91st Cong., 2d Sess. (1970).

[2] Appellee contends that appellant Jones is required to deliver and appellant Sampson to publish in slip form and in Statutes at Large all newly enacted laws of the United States, Kennedy v. Sampson, C.A. No. 1583–72. Complaint, ¶¶ 4, 5 (D.D.C., filed Aug. 9, 1972), *citing* 1 U.S.C. §§ 106a 112, 113 (1970). This question was not decided by the district court.

[3] Passed in the Senate September 14, 1970 by a vote of 64–1, 116 CONG. REC. 31508 (1970); in the House of Representatives on December 1, 1970 by a vote of 346–2, *id.* at 39379. The Senate House Conference Report, H.R. REP. No. 91–1668, 91st Cong., 2d Sess., was agreed to by the House on December 8, 116 CONG. REC. 40289–92 (1970), and by the Senate on December 10, *id.* at 40867.

[4] 116 CONG. REC. 41289 (1970).

[5] S. Con. Res. 87, 91st Cong., 2d Sess., *id.* at 43250.

[6] 116 CONG. REC. 43221 (1970)

[7] 6 PRESIDENTIAL DOCUMENTS 1726–27 (December 28, 1970).

[8] Kennedy v. Sampson, 364 F. Supp. 1075, 1087 (D.D.C. 1973).

[9] Pursuant to Rule 54(b), FED. R. CIV. P. the district court found that there was no just reason for delay and directed entry of a final order granting appellee's request for declaratory relief. Kennedy v. Sampson, *supra* note 2, Order dated September 24, 1973.

[10] Appellee claims standing in his capacity as a citizen, as a taxpayer, and as a member of the United States Senate. The district court agreed with the latter contention and did not reach the alternative arguments. Kennedy v. Sampson, *supra* note 8 at 1077–79.

[11] Kennedy v. Sampson, *supra* note 2, Complaint, ¶ 15.

[12] Appellants' Br. at 24–27; Appellants' Reply Br. at 2–3.

[13] Appellants' Reply Br. at 2. Appellants suggest that the Senate might have standing because it was "improperly deprived of the initial opportunity to override the veto . . . ." *Id.* Appellee makes a similar argument in favor of his own individual standing. Appellee's Br. at 13. Both parties misconceive the issue. The only possible effects of the President's action with respect to S. 3418 are that the bill became law, in which case there is no need to override, or it did not become law because Congress prevented its return, in which case there is no right to override. *See Hearings on the Constitutionality of the President's "Pocket Veto" Power Before the Subcomm. on Separation of Powers of the Senate Comm. on the Judiciary*, 92nd Cong., 1st Sess. 4–5 (1971).

[14] Appellants' Reply Br. at 2.

[15] *Id.* at 2–3.

[16] *Id.* (emphasis added).

[17] Appellants dispute the contention that a broad construction of the pocket veto clause can affect the legislative balance of power. Two defenses are suggested whereby Congress can maintain legislative supremacy: (1) if disapproval is anticipated, Congress may delay the presentation of a bill until after the recess in order to preserve its right to override; (2) Congress may reenact a pocket-vetoed bill and present it to the President a second time. Appellants' Br. at 44–45. While both of these procedures might be effective, they would not change the fact that the pocket veto power will have been used as an obstacle—however temporary—to the implementation of the will of Congress. Moreover, such delays may for practical purposes become permanent. As appellee points out in his brief at 54:

"It is no answer to say that if Congress wishes, it can simply pass a pocket-vetoed bill again and present it to the President at a time when the pocket veto cannot be used. At best, the legislative route arduous and time-consuming, involving numerous subcommittee, full committee, and other proceedings in both the Senate and the House. At worst, if delay has dimmed the constellation of public and private interests that facilitated the original passage of the bill, if the unique alchemy that enabled the legislative process to function successfully the previous time around has disappeared, the result may be that the bill cannot be passed at all."

It is significant, too, that the utilization of a broadly construed pocket veto power is likely to grow with the increasing frequency of brief, intrasession adjournments. *See infra* note 40 and accompanying text.

[18] 1 M. FARRAND, THE RECORDS OF THE FEDERAL CONVENTION OF 1787, at 104, 106 (Rev. ed. 1937) [hereinafter cited as M. FARRAND]; 2 M. FARRAND at 71, 200, 301, 582, 585 (the last page recording the opinion of one delegate that even a provision requiring a three-fourths vote to override "puts too much in the power of the President").

[19] 1 M. FARRAND at 192, 300. *See also* 3 M. FARRAND at 624, 627.

[20] 1 J. STORY, COMMENTARIES ON THE CONSTITUTION OF THE UNITED STATES § 891 (5th ed. 1905) (footnotes omitted).

[21] Where a pocket veto is appropriate there is, by definition, no congressional right to override. See *supra* note 13.

[22] The Court also cited "the practical construction that has been given to [the clause] by the Presidents through a long course of years, in which Congress has acquiesced." 279 U.S. at 688–89. A similar argument was made in this case and is treated below.

[23] In that case, a bill was returned-vetoed by the President during a brief recess of the Senate, the oriiinating House. The petitioner, who relied upon the bill as the jurisdictional basis for his unsuccessful claim in the Court of Claims, argued that no valid return had been effected. It was apparently his simultaneous contention that no pocket veto was possible because "Congress" as a whole had not adjourned within the meaning of the phrase "unless the Congress by their Adjournment prevent its return." *See* 302 U.S. at 597. *See also* Comment, *The Veto of S. 3418: More Congressional Power in the President's Pocket?*, 22 CATHOLIC L. REV., 385, 391 (1973).

[24] The Senate's 1970 Christmas recess extended from Tuesday, December 22 to Monday, December 28—a period of five days (excluding Sunday). *See supra* note 5. The *Wright* case involved an adjournment by the Senate of less than three days from Monday, May 4, 1936 until Thursday, May 7, 1936. 302 U.S. at 585. The last day for return of S. 3418 was December 25, 1970, two days (excluding Sunday) before the end of the Senate recess. In *Wright*, the tenth day fell on May 6, 1936, the day before the Senate's return. 302 U.S. at 592.

[25] Even a narrow construction of *Wright* permits return of a bill during a recess of the originating House which began at the end of the ninth day of the President's ten-day period for consideration. In such a case, Congress' reconsideration of the bill would be delayed at least two days. *See* Kennedy v. Sampson, *supra* note 8 at 1086.

[26] Unlike the *Wright* case, the Secretary of the Senate was expressly authorized to receive messages from the President during the 1970 Christmas adjournment. *See supra* note 6.

[27] The *Wright* opinion emphasizes that a brief recess does not occasion long delay of Congress' reconsideration of a bill returned during the recess—a problem envisoned in the case of the months-long intersession adjournment considered in the *Pocket Veto Case*. As demonstrated above, the Christmas recess of 1970 comes within the reasoning of *Wright* on this point. We do not thereby intimate, however, that prompt reconsideration of a returned bill is constitutionally required in order to override a return veto. The Constitution itself sets no time limit upon Congress' right to override a presidential

veto. By the same token, as we indicate in our alternative discussion, *infra*, the mere duration of an intrasession adjournment will not "prevent" the return of a bill absent some constitutional evil such as the danger of public uncertainty perceived in the *Pocket Veto Case*.

[28] The House of Representatives was in recess from December 22, 1970 until December 29, 1970, the day after the Senate's return. *See supra* note 5.

[29] *See* Note, *The Presidential Veto Power: A Shallow Pocket*, 70 MICH. L. REV. 148, 161–62 (1971). The *Wright* opinion does state at the outset that the return of the disapproved bill was not prevented because "Congress" (*i.e.* both Houses) had not adjourned. This clearly was not the basis for its decision, however, since the Court expressly reserved the question of whether a more extended one-House adjournment might "prevent" the return of a vetoed bill, 302 U.S. at 598. The Court relied, rather, upon the reasoning which we have outlined above; the brevity of the recess and the availability of efficient methods for delivery of the President's veto message.

[30] The intersession adjournments of the 68th, 69th and 70th Congresses lasted six months respectively. 1974 CONGRESSIONAL DIRECTORY 396. These Congresses covered the period from December, 1923 to March, 1929. The *Pocket Veto Case* was decided in 1929.

[31] The other two adjournments occurred in 1867 (94 days and 123 days). *See* Appendix herein.

[32] *See* Appendix.

[33] *Id.* The exceptions are numbered 9, 12, 13, 61 and 70 in Appendix.

[34] *See* items 88–133 in Appendix.

[35] The only intrasession adjournments approaching this occurred in 1867. *See supra* note 31.

[36] The length of an intrasession adjournment *per se* does not prevent the return of a disapproved bill for reconsideration. The Constitution sets no time limit on the right of Congress to override a presidential veto.

[37] *Hearings, supra* note 13 at 14, 15.

[38] *See* Appendix.

[39] *Id.*

[40] *Id.*

[41] *Id.*

APPENDIX

INTRASESSION ADJOURNMENTS OF MORE THAN 3 DAYS BY CONGRESS (1789–JUNE, 1974), INDICATING THE NUMBER OF POCKET VETOES DURING EACH ADJOURNMENT [1]

Congress/ session	Dates of adjournment [2]	Length of adjournment (days)	Number of pocket vetoes
6/2	1. Dec. 24, 1800 to Dec. 30, 1800	6	0
15/1	2. Dec. 25, 1817 to Dec. 29, 1817	4	0
20/2	3. Dec. 25, 1828 to Dec. 29, 1828	4	0
35/1	4. Dec. 24, 1857 to Jan. 4, 1858	11	0
35/2	5. Dec. 24, 1858 to Jan. 4, 1859	11	0
37/3	6. Dec. 24, 1862 to Jan. 5, 1863	12	0
38/1	7. Dec. 24, 1863 to Jan. 5, 1864	12	0
38/2	8. Dec. 23, 1864 to Jan. 5, 1865	13	0
39/1	9. Dec. 7, 1865 to Dec. 11, 1865	4	0
	10. Dec. 22, 1865 to Jan. 5, 1866	14	0
39/2	11. Dec. 21, 1866 to Jan. 3, 1867	13	0
40/1	12. Mar. 31, 1867 to July 1, 1867	92	1
	13. July 21, 1867 to Nov. 21, 1867	123	1
40/2	14. Dec. 21, 1867 to Jan. 6, 1868 [3]	16	2
40/3	15. Dec. 22, 1868 to Jan. 5, 1869	14	0
41/2	16. Dec. 23, 1869 to Jan. 10, 1870	18	0
41/3	17. Dec. 23, 1870 to Jan. 4, 1871	12	0
42/2	18. Dec. 22, 1871 to Jan. 8, 1872	17	0
42/3	19. Dec. 21, 1872 to Jan. 6, 1873	16	0
43/1	20. Dec. 20, 1873 to Jan. 5, 1874	16	0
43/2	21. Dec. 24, 1874 to Jan. 5, 1875	12	0
44/1	22. Dec. 21, 1875 to Jan. 5, 1876	15	0
45/2	23. Dec. 16, 1877 to Jan. 10, 1878	25	0
45/3	24. Dec. 21, 1778 to Jan. 7, 1879	17	0
46/2	25. Dec. 20, 1879 to Jan. 6, 1880	17	0
46/3	26. Dec. 23, 1880 to Jan. 5, 1881	13	0
47/1	27. Dec. 22, 1881 to Jan. 5, 1882	14	0
48/1	28. Dec. 25, 1883 to Jan. 7, 1884	13	0
48/2	29. Dec. 25, 1884 to Jan. 5, 1885	11	0
49/1	30. Dec. 22, 1885 to Jan. 5, 1886	14	0
49/2	31. Dec. 23, 1886 to Jan. 4, 1887	12	0
50/1	32. Dec. 23, 1887 to Jan. 4, 1888	12	0
50/2	33. Dec. 22, 1888 to Jan. 2, 1889	11	0
51/1	34. Dec. 22, 1889 to Jan. 6, 1890	15	0
52/1	35. Dec. 24, 1891 to Jan. 5, 1892	12	0
52/2	36. Dec. 23, 1892 to Jan. 4, 1893	12	1
53/2	37. Dec 22, 1893 to Jan. 3, 1894	12	0
53/3	38. Dec. 23, 1894 to Jan. 3, 1895	11	0
54/2	39. Dec. 23, 1896 to Jan. 5, 1897	13	2
55/2	40. Dec. 19, 1897 to Jan. 5, 1898	17	0
55/3	41. Dec. 22, 1898 to Jan. 4, 1899	13	0
56/1	42. Dec. 21, 1899 to Jan. 3, 1900	13	0
56/2	43. Dec. 22, 1900 to Jan. 3, 1901	12	0
57/1	44. Dec. 20, 1901 to Jan. 6, 1901	17	0
57/2	45. Dec. 21, 1902 to Jan. 5, 1903	15	0
58/2	46. Dec. 20, 1903 to Jan. 4, 1904	15	0
58/3	47. Dec. 22, 1904 to Jan. 5, 1905	14	0
59/1	48. Dec. 22, 1905 to Jan. 4, 1906	13	0
59/2	49. Dec. 31, 1906 to Jan. 3, 1907	13	0
60/1	50. Dec. 22, 1907 to Jan. 6, 1908	15	0
60/2	51. Dec. 20, 1908 to Jan. 4, 1909	15	0
61/2	52. Dec. 22, 1909 to Jan. 4, 1910	13	0
61/3	53. Dec. 22, 1910 to Jan. 5, 1911	14	0
62/2	54. Dec. 22, 1911 to Jan. 3, 1912	12	0
62/3	55. Dec. 20, 1912 to Jan. 2, 1913	13	0
63/2	56. Dec. 24, 1913 to Jan. 12, 1914	19	0
63/3	57. Dec. 24, 1914 to Dec. 29, 1914	5	0
64/1	58. Dec. 18, 1915 to Jan. 4, 1916	17	0
64/2	59. Dec. 23, 1916 to Jan. 2, 1917	10	0
65/2	60. Dec. 19, 1917 to Jan. 3, 1918	15	0
66/1	61. July 2, 1919 to July 8, 1919	6	0
66/2	62. Dec. 21, 1919 to Jan. 5, 1920	15	0
67/2	63. Dec. 23, 1921 to Jan. 3, 1922	11	0
68/1	64. Dec. 21, 1923 to Jan. 3, 1924	13	0
68/2	65. Dec. 21, 1924 to Dec. 29, 1924	8	0
69/1	66. Dec. 23, 1925 to Jan. 4, 1926	12	0
69/2	67. Dec. 23, 1926 to Jan. 3, 1927	11	0
70/1	68. Dec. 22, 1927 to Jan. 4, 1928	13	0
70/2	69. Dec. 23, 1928 to Jan. 3, 1929	11	1
71/1	70. June 20, 1929 to Aug. 19, 1929	60	0
71/2	71. Dec. 22, 1929 to Jan. 6, 1930	15	0
71/3	72. Dec. 21, 1930 to Jan. 5, 1931	15	0
72/1	73. Dec. 23, 1931 to Jan. 4, 1932	12	0
74/2	74. June 9, 1936 to June 15, 1936	6	0
76/3	75. July 12, 1940 to July 22, 1940	10	0
78/1	76. July 9, 1943 to Sept. 14, 1943	67	3
78/2	77. Apr. 2, 1944 to Apr. 12, 1944	10	1
	78. June 24, 1944 to Aug. 1, 1944	38	5
	79. Sept. 22, 1944 to Nov. 14, 1944	53	1
79/1	80. Aug. 2, 1945 to Sept. 5, 1945	34	0
80/1 [4]			
80/2 [5]			
81/2	81. Sept. 24, 1950 to Nov. 27, 1950	64	6
83/2 [6]			
84/1	82. Apr. 5, 1955 to Apr 13, 1955	8	0
84/2	83. Mar. 30, 1956 to Apr. 9, 1956	10	1
85/1	84. Apr. 19, 1957 to Apr. 29, 1957	10	0
85/2	85. Apr. 4, 1958 to Apr. 14, 1958	10	0
86/1	86. Mar. 27, 1959 to Apr. 7, 1959	11	0
86/2	87. July 4, 1960 to Aug. 8, 1960	35	6
88/2	88. July 11, 1964 to July 20, 1964	9	0
	89. Aug. 22, 1964 to Aug. 31, 1964	9	1
89/2	90. Apr. 8, 1966 to Apr. 13, 1966	5	0
	91. July 1, 1966 to July 11, 1966	10	0
90/1	92. Mar. 24, 1967 to Apr. 3, 1967	10	0
	93. June 30, 1967 to July 10, 1967	10	0
	94. Sept. 1, 1967 to Sept. 11, 1967	10	0
	95. Nov. 23, 1967 to Nov. 27, 1967	4	0
90/2	96. Apr. 12, 1968 to Apr. 17, 1968	5	0
	97. May 30, 1968 to June 3, 1968	4	0
	98. July 4, 1968 to July 8, 1968	4	0
	99. Aug. 3, 1968 to Sept. 4, 1968	32	1
91/1	100. Feb. 8, 1969 to Feb. 17, 1969	9	0
	101. Apr. 4, 1969 to Apr. 14, 1969	10	0
	102. July 3, 1969 to July 7, 1969	4	0
	103. Aug. 14, 1969 to Sept. 3, 1969	20	0
	104. Nov. 27, 1969 to Dec. 1, 1969	4	0
91/2	105. Feb. 11, 1970 to Feb. 16, 1970	5	0
	106. Mar. 27, 1970 to Mar. 31, 1970	4	0
	107. Sept. 3, 1970 to Sept. 8, 1970	5	0
	108. Oct. 15, 1970 to Nov. 16, 1970	32	1
	109. Nov. 26, 1970 to Nov. 30, 1970	4	0
	110. Dec. 23, 1970 to Dec. 28, 1970	5	2
92/1	111. Feb. 21, 1971 to Feb. 27, 1971	5	0
	112. Apr. 8, 1971 to Apr. 14, 1971	6	0
	113. May 28, 1971 to June 1, 1971	4	0
	114. July 2, 1971 to July 6, 1971	4	0
	115. Aug. 7, 1971 to Sept. 8, 1971	32	1
	116. Oct. 22, 1971 to Oct. 26, 1971	4	0
	117. Nov. 25, 1971 to Nov. 29, 1971	4	0
92/2	118. Feb. 10, 1972 to Feb. 14, 1972	4	0
	119. Mar. 31, 1972 to Apr. 4, 1972	4	0
	120. May 26, 1972 to May 30, 1972	4	0
	121. July 1, 1972 to July 17, 1972	16	0
	122. Aug. 19, 1972 to Sept. 5, 1972	17	1
93/1	123. Feb. 9, 1973 to Feb. 15, 1973	6	0
	124. Apr. 20, 1973 to Apr. 30, 1973	10	0
	125. May 25, 1973 to May 29, 1973	4	0
	126. July 1, 1973 to July 9, 1973	8	0
	127. Aug. 4, 1973 to Sept. 5, 1973	32	0
	128. Oct. 19, 1973 to Oct. 23, 1973	4	0
	129. Nov. 22, 1973 to Nov. 26, 1973	4	0
93/2	130. Feb. 9, 1974 to Feb. 13, 1974	4	0
	131. Mar. 14, 1974 to Mar. 19, 1974	5	0
	132. Apr. 12, 1974 to Apr. 22, 1974	10	0
	133. May 24, 1974 to May 28, 1974	4	0
	Total		38

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[1] Source: 1974 Congressional Directory 392; "Presidential Vetoes, Record of Bills Vetoed and Action Taken Thereon by the Senate and House of Representatives," 1789–1968 (Compiled by Senate Library, 1969); Calendar, 93d Cong. (June 24, 1974).

[2] The date of the beginning of each adjournment is the first day on which neither House was in session; the date of the end of each adjournment is the day on which one or both Houses resumed the session.

[3] There were additional adjournments in this session, from July 27, 1868, to Sept. 21, to Oct. 16, and to Nov. 10. No business was transacted subsequent to July 27, 1868, and the session adjourned sine die on Nov. 10. In effect, the adjournment on July 27 was a sine die adjournment. President Andrew Johnson pocket vetoed 2 bills presented to him after the adjournment of July 27, 1868.

[4] The Senate and the House of Representatives adjourned on July 27, 1947 under a "conditional final adjournment" resolution, S. Con. Res. 33; 93 Congressional Record 10400. Pursuant to the resolution, the two Houses were to stand in adjournment until Jan. 2, 1948, unless recalled into session earlier by specified Senate and House leaders. In effect, the adjournment was a sine die adjournment, not an intrasession adjournment. On Nov. 17, 1947, Congress convened pursuant to proclamation of President Truman, and adjourned sine die on Dec. 19, 1947. The President pocket vetoed 19 bills presented to him after the adjournment of July 27, 1947.

[5] The Senate and the House of Representatives adjourned on June 20, 1948, under a "conditional final adjournment" resolution, H. Con. Res. 218; 94 Congressional Record 9158. Pursuant to the resolution, the 2 Houses were to stand in adjournment until Dec. 31, 1948, unless recalled into session earlier by specified Senate and House leaders. In effect, the adjournment was a sine die adjournment, not an intrasession adjournment. On July 26, 1948, Congress convened pursuant to a proclamation of President Truman. The President pocket vetoed 14 bills presented to him after the adjournment of June 20, 1948.

[6] The House adjourned sine die on Aug. 20, 1954. Thereafter President Eisenhower pocket vetoed 25 bills. Although the Senate remained in session until Dec. 2, 1954, these were not intrasession pocket vetoes since the House had already finally adjourned.

FAHY, *Senior Circuit Judge,* with whom BAZELTON, *Chief Judge* joins: I concur in the opinion of Judge Tamm for the court, adding only a few notes.

Appellants contend in this court only that Senator Kennedy lacks standing to obtain the adjudication he seeks, and that the proposed legislation never became law because of a valid pocket veto. The opinion of Judge Tamm meets these contentions. The position asserted in the District Court that the President was an indispensable party has not been renewed in this court; nor is any issue of jurisdition or justiciability now raised, aside from the problem of standing as it might bear upon jurisdiction or justiciability.

I do not think the standing of Senator Kennedy is quite the same as the 20 senators of the State of Kansas, the plaintiffs in *Coleman* v. *Miller*, 307 U.S. 433 (1939). Ratification by Kansas of the Child Labor Amendment depended upon the validity of the vote of the Lieutenant Governor which the senators challenged. If his vote should not have been counted the Senate was equally divided, 20-20, and ratification by Kansas would have failed. In the present case, Senator Kennedy's vote did not control passage of S. 3418. Nevertheless, his interest is substantial. As a United States Senator he represents a soverign State whose people have a deep interest in the Act and look to their Senators to protect that interest; and he, as Senator, it seems to me, has a legal right not only to seek judicial protection of those interests, believed by him to be threatened by an invalid veto, but also, in the circumstances, to protect his own interest as a national legislator in the bill for which he voted. These interests I think do not depend for their protection upon affirmative approval by the Senate itself of efforts to obtain judicial relief. Moreover, as Judge Tamm points out, the Senator's stake in the outcome of the controversy meets the adversary test of standing under *Baker* v. *Carr*, 369 U.S. 186, 204 (1962), and subsequent decisions of the Court.

The aliveness of the controversy also seems clear. Whether the Act is to continue in its present form of course is for Congress to decide, but it has not been abandoned. Although its uncertain status necessarily affected congressional appropriations, the Second Supplemental Appropriations Act, 1973, 87 Stat. 106, includes a $100,000 appropriation to carry out the purposes of the Family Practice of Medicine Act, S. 3418, to remain available until expended. S. REP. No. 160. 93d Cong., 1st Sess. 48-49 (1973).

A "SOCIAL CONTRACT" ON TAXATION

Mr. KENNEDY. Mr. President, when Congress returns from its election recess, the economy will be our No. 1 priority. In light of the President's timid and uncertain proposals this week, Congress has a real opportunity to seize the initiative and enact the more vigorous program that is needed if we are to succeed in bringing the economy back to health.

In my view, the centerpiece of our action should be a streamlined tax bill with three key elements that contrast sharply with President Ford's inadequate proposals:

Generous tax relief for low and middle income groups hard-pressed by inflation;

Realistic initiatives for business and the financial community, capable of maximizing the flow of needed capital and the development of new productive capacity, while minimizing the windfall benefits to businessmen and investors that characterize the President's proposals in this area; and

Substantial tax reforms to pay for the above two programs, reforms that go well beyond the insipid Ways and Means Committee Bill unwisely endorsed by the President.

Therefore, when the Senate returns from the election recess, I intend to introduce tax legislation along the following lines:

TAX RELIEF

I shall renew the proposal I offered with Senator Mondale and Senator Long last June as a tax relief amendment to the Debt Ceiling Act—approximately $6 billion in tax relief for low and middle income groups, to be accomplished by:

Raising the personal exemption for individuals from $750 to $825;

Providing an optional $190 tax credit in lieu of the personal exemption for every taxpayer; and

A "work bonus," or refundable tax credit, for the working poor, equal to 10 percent of wages up to $4,000.

INCENTIVES FOR BUSINESS AND INVESTMENT

In this area, I believe that the Democratic majority in Congress should be prepared to accept the basic thrust of the President's proposals—that major new incentives for business investment and for capital flow are essential to heal the economy.

But at the same time, Congress should also recognize that such proposals are only one part, not the whole part, not even the lion's share, of the tax incentives that are necessary.

In effect, what I propose is a new "social contract" on taxation, by which the current harmful impasse over tax policy between liberals and conservatives in Congress is ended. If we can enact tax relief for the ordinary taxpayer and a downpayment on major tax reforms to close the gaping loopholes in existing law that flout any reasonable concept of tax justice, then I believe it will also be appropriate to enact tax relief for business.

To enact such a social contract will require compromise on all sides, since the basic elements of the package will contain features not ordinarily supported by liberals or conservatives, as the case may be.

But these are not ordinary times. The dangers of inflation and recession are sufficiently great that I believe all of us can get together in the highest interest of the nation as a whole.

Obviously, close scrutiny will be necessary before any accommodation can be reached on any proposal. For example, I believe that, to conserve revenues and avoid new tax giveaways, the increase to 10 percent in the investment credit should be limited to "net new investment" over a specified base period, otherwise, many wealthy corporations will simply be rewarded by new tax benefits for what they would already be doing anyway.

Similarly, it is not immediately obvious that the President's call for a 10-percent credit for public utilities is justified, in light of the historical relationship that has previously existed setting lower levels of the credit for utilities.

Further, I believe the investment community proposal, as adopted in the Ways and Means Committee bill on capital gains, is too generous and undeserved a windfall for investors. As yesterday's great leap forward on Wall Street indicates, the Dow Jones average is already on the launching pad, waiting for the lift-off that will come with returning confidence that the overall economy is back under control.

At the same time, however, I recognize that new investment incentives are urgently being sought, and I believe that Congress should respond. The obvious trade-off here would be to accept reasonable additional incentives for capital gains held over longer periods of time and more generous benefits for capital losses, in return for taxation of capital gains at death and on property transferred by gift, which currently go untaxed.

TAX REFORM

I believe that the sort of tax relief proposals made above for ordinary citizens and for business can be paid for most equitably by tax reform, with the long-run revenue gains from tax reform offsetting the long-run revenue losses from tax relief, in order to avoid any overall increase in the Federal deficit.

The major reforms I favor would begin with the four basic reforms that I and Senators HUMPHREY, BAYH, CANNON, CLARK, HART, MONDALE, and NELSON offered last June on the Debt Ceiling Act:

First. Repeal the oil depletion allowance, effective January 1, 1974–($2 billion revenue gain in the 1st year, $2.6 billion in the 3d year, $3.3 billion in the 5th year;

Second. Repeal the asset depreciation range—ADR—system of accelerated depreciation, effective for plant and equipment placed in service as of October 8, 1974, the date of the President's proposals—$100 million revenue gain in the 1st year; $1.5 billion in the 3d year; $2 billion in the 5th year. At this time when new tax incentives for business are being offered through the investment credit, the windfalls available through ADR are even less justified than they were at the time of our proposal last June;

Third. Repeal the Domestic International Sales Corporation—DISC—system of excessive tax incentives for exports, effective January 1, 1974—$815 million revenue gain; and

Fourth. Strengthen the minimum tax, by reducing the current exclusion from $30,000 to $10,000, and by eliminating the current deduction for taxes paid, effective January 1, 1974.

In addition, I plan to include two other reforms as part of the new package:

Repeal of the existing tax provision that permits the current massive nationwide syndication of tax shelters. Today, wealthy lawyers, doctors, dentists, executives, and others are buying packaged tax deductions through the syndication of deals on everything from azalea bushes to pornographic movies, and it is long past time these flagrant abuses were halted. According to the best available estimate, closing this loophole would bring in $1 billion in new tax revenues each year; and

As noted, there should be taxation of capital gains at death and on property transfererd by gift. A number of alternative approaches of varying complexity are possible here; the one I favor would be a simple measure, providing every taxpayer with a new basis equal to the fair market value of the capital asset on a specified "valuation date"—the date would be set about 6 months prior to the enactment of the legislation, in order to avoid artificial market changes or transactions generated by the law. Only gain occurring after the "valuation date" would be subject to the new tax.

There are other major reforms that can be listed. Together, a handful of reforms like these could bring in ample revenues to pay for the package of incentives for the economy, and thereby guarantee that the package will be balanced overall and will not contribute to the Federal deficit or to inflation in any way.

CONCLUSION

In keeping with the goal of using such a "social contract" on taxation to help the economy, I would urge Congress to defer action on other, more comprehensive tax reform measures until 1975. I doubt that we will have time in the waning days of a lameduck session to achieve both a sound economic program and comprehensive tax reform. Therefore, our top priority should go to the streamlined tax bill that is needed for the economy, with full tax justice for the taxpayers of the Nation given top priority at the beginning of the new Congress in January.

Obviously, a great deal of detailed work will be necessary to flush out a firm proposal, acceptable to the President and a majority of the Congress. But I believe such a package is capable of enactment by Congress this fall. Together with an effective new approach to price and wage restraint, I believe this sort of program offers our best hope of making our economy strong again.

THE ORMAN DAM

Mr. McGOVERN. Mr. President, Orman Dam in the Belle Fourche Irrigation District is a source of great economic strength to the area. Yet it is threatened with results that can be disastrous. On at least 10 occasions, it has sustained damage of one kind or another because of wind action. Periodically, cement blocks in the revetment have been dislodged by wave action. Orman Dam, at 60, is showing its age. When it was built in 1906 it was a showpiece of sound design. But simple age plus increased demands have created a strain which it can no longer safely bear.

For example, the spillway is too small and was severely damaged in 1932, 1943, and 1973.

The dam is faced with concrete slabs which are undermined by wave action during periods of high water.

Problems above the reservoir make it operate at less than full capacity and in a dry year, that lack of capacity could be an economic disaster for the region.

Orman Dam is vitally important to the northern Black Hills of South Dakota. Last year, 420 farmers had 57,000 acres under irrigation. They are mainly small family-operated farms, averaging 535 acres of irrigated and dry acreage. Yet it produced a gross income of $5,989,000 or $14,200 per irrigated farm.

The Belle Fourche irrigation project produces 50,000 to 60,000 tons of alfalfa and approximately one million bushels of grain each year. The rest is range country, producing over 500,000 head of cattle and more than half a million head of sheep.

In short, the dam is indispensable.

In the words of the Secretary of the Interior, failure of the dam would cause a major disaster in the area downstream, including possible loss of life. Located within the downstream flood zone are one town and two Indian villages, and a number of farmsteads and ranch headquarters. They could be either partially or completely inundated.

At a total cost of $3,620,000, work on the dam, considering the consequences if it is not performed, has to be done. The possible effect on farmers and ranchers, their income and their safety, and the food supplies produced, make it especially important that H.R. 15736 be passed.

I will hope for the favorable consideration of my colleages in this matter without further delay.

THE WORSENING PLIGHT OF THE WORLD'S POOR

Mr. McGEE. Mr. President, the rich nations of the world are presently debating the frightening threats to their relative affluence in the context of a deteriorating international economic system. However, despite our own difficulties, we must not forget that hundreds of millions of the world's population live in absolute poverty, and their plight is worsening.

The crisis facing these poor nations is outlined by World Bank President Robert McNamara in his speech last week at the annual meeting of the World Bank and the International Monetary Fund.

I ask unanimous consent this speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Address to the Board of Governors

(By Robert S. McNamara, President, World Bank Group, Washington, D.C., September 30, 1974)

I. INTRODUCTION

In the twelve months since our meeting in Nairobi the world economic scene has grown increasingly turbulent. The series of changes which have occurred have been of a magnitude previously associated only with major wars and depressions. New problems have arisen, older problems have become more acute, and the cumulative impact of events has touched every nation represented in this room.

What I propose, then, to do this morning is to review with you:

The scope and interrelated nature of these events;

Their implications for development on various groups of our member countries;

The general measures which might be taken to assist those developing countries most seriously affected by the current problems;

And what I believe the World Bank can and should do in its Fiscal Year 1975–1979 Program to help meet this new situation.

I want to emphasize at the outset one fundamental point which will underlie the whole of my subsequent argument. It is this. Though all of us have been affected in varying degrees by these complex events, by far the most adverse effects have fallen on those countries least able to cope with them: our poorest developing member nations.

These low income countries—relatively disadvantaged in natural resources, without significant foreign exchange reserves, and already suffering from serious internal deprivations—now find themselves caught in a web of external economic forces largely beyond their control. They can do little to influence the current disequilibrium, nor did they precipitate its underlying causes. And yet they have become the principal victims, and are faced with the several penalties.

These countries contain a billion individuals.

Whatever the problems and preoccupations of the rest of us may be, we simply cannot turn our backs on half the total population this institution serves.

The real issue, then, is whether we, in this forum, fully understand what is happening to the poorest countries—and having understood it, are ready to do what is necessary to assist them.

That is the essence of what I want to talk to you about this morning.

But before I turn to that in detail, I want to refer back to our last two meetings.

II. SOCIAL EQUITY AND ECONOMIC GROWTH

Two years ago I began a discussion with you of the critical relationship of social equity to economic growth. I emphasized then the wide disparity in income that exists among the peoples of the developing countries, and the need to design development strategies that would bring greater benefits to the poorest among those peoples: the roughly 40% of the population in every developing country who are neither contributing significantly to their nation's economic growth nor sharing equitably in its economic progress.

Last year in Nairobi I explored this problem further, pointing out that among the 2 billion people living in the more than 100 developing countries the Bank serves, there are hundreds of millions of individuals barely surviving on the margin of life, living under conditions so degraded by disease, illiteracy, malnutrition, and squalor as to deny them the basic human necessities. These are the "marginal men," men and women living in "absolute poverty"; trapped in a condition of life so limited as to prevent realization of the potential of the genes with which they are born; a condition of life so degrading as to insult human dignity—and yet a condition of life so common as to be the lot of 40%, some 800 million, of the peoples of the developing countries.

At Nairobi I outlined a program for the Bank which would begin to deal with these issues. That program will put primary emphasis not on the redistribution of income and wealth—as justified as that may be in many of our member countries—but rather on increasing the productivity of the poor, thereby providing for a more equitable sharing of the benefits of growth. I want to report on the steps we have taken to initiate that program and something of what we see ahead.

The first step in reaching the poorest 40% is to identify them—where they are, what they earn, and what public services reach them. With 70% of the population in the developing countries living in the rural areas, the center of the problem is there. And within the rural areas, we can usefully distinguish the following poverty groups:

1. Small farmers whose land holdings are of a size and quality which should enable them to sustain themselves and their fami-

lies, as well as to produce a marketable surplus, but who now do not do so;

2. Small farmers who cannot sustain the farm family without additional land or without supplementary income from nonagricultural activities;

3. The landless, some of whom migrate to larger towns and cities for off-season temporary employment.

Altogether, these categories contain some 700 million individuals. We do not now have all the information we need to identify the different groups in individual countries. We are, therefore, collaborating with the Food and Agriculture Organization on the development of a better data base and on obtaining a better understanding of the present and potential levels of productivity of individuals in each category.

You will recall that we stated that a reasonable overall productivity improvement objective was to increase production on the 100 million farms, with areas of less than 5 hectares, so that by 1985 their output would be growing by 5% per year, a rate more than double that of the 1960s. It is clearly an ambitious goal, but one whose achievement is made more urgent by the continuing food shortage in the developing world.

The Bank is determined to pursue this goal. But I should stress that what the Bank does is much less important than what governments do to deal with these issues. Progress will only be possible if the countries themselves are willing to make strong commitments to pursue agricultural strategies directed toward the promotion of new income and employment opportunities for the poorest groups. This will involve commitment to effective land reform, assurance of adequate credit at reasonable cost, and reassessment of pricing, taxation, and subsidy policies which discriminate against the rural areas. We are prepared to work closely with governments that wish to take such actions.

Already we see evidence that the objective of a 5% per annum increase in production can be realized. In the past year, we assisted in financing 51 rural development projects in 42 countries involving a total investment of almost $2 billion. These projects are expected to benefit directly at least 12 million individuals. They should generate increases in production of more than 5% per annum for the beneficiaries whose present incomes average less than $75 per capita.

During the next five years our lending to agriculture should double, supporting projects whose total costs will approximate $15 billion and whose direct benefits should extend to 100 million rural poor.

We expect the economic returns on these investments to exceed 15%. They would be similar to the following five projects which were approved by the Bank's Board of Directors in a single two-week period this summer.

A $10.7 million credit for agricultural development in the southern region of the Sudan which will provide a higher standard of nutrition for some 50,000 farm families through expanded food crops; will assist an additional 13,000 farm families through new cash crops; and will benefit roughly half the region's total population of three million people through improved, disease-free livestock.

An $8 million credit for a comprehensive rural development project in Upper Volta, covering extension services, small-farmer credit, improved water resources, and greater access to health facilities; a project calculated, in all, to benefit some 360,000 individuals, 7% of the country's total population in over 10% of the country's cultivated land area.

A $21.5 million credit for a broadly based livestock development program in Kenya, including provisions designed to assist traditional nomadic herders; to improve 10 million acres of communal rangeland; and to expand wildlife areas in order to lessen the conflict for food and water between wildlife and cattle. The program will enhance the incomes of 140,000 rural inhabitants.

An $8 million credit for an integrated rural development project in Mali providing farm inputs and equipment; an expanded functional literacy program; improved medical and veterinary facilities; and an agricultural research program. The program will reach an agricultural research program. The program will reach over 100,000 farm families—some one million individuals—with agricultural services that are projected to triple their per capita incomes.

A $30 million credit for a comprehensive dairy development project in India, providing for an increase in production of a million tons of milk a year, as well as for 100,000 heifers; and organizing small cattle owners into 1800 dairy cooperatives which will directly benefit some 450,000 farm families—2½ million individuals—the majority of whom own holdings less than two hectares in size, or are landless. The economic return of the project is estimated at more than 30% on the capital invested.

Last month the Board approved:

A $10 million credit for a rural development project in one of the poorest regions in Tanzania to enhance the productivity, incomes and living standards of some 250,000 people—roughly half the entire rural population of the area— through improvements in agricultural practices and infrastructure investments for 135 newly-established villages. The project aims at doubling the per capita incomes of the villagers over a twelve-year period.

Many more similar projects are under preparation. For example:

A project in the three northern states of Nigeria providing for the construction of 3500 kilometers of low-cost farm-to-market roads, 250 earth dams, 480 rural water supply ponds, and new marketing and credit services. It is designed to benefit 226,000 rural families—over one and one-half million people—by raising incomes substantially above their present level of $40 per capita per year.

A project in one of the poorest regions of Northeastern Brazil to raise the productivity of 33,000 farms (which support 200,000 people) by increasing the number of extension agents; establishing demonstration farm plots; and introducing improved credit, marketing, health, and education facilities.

A project in India's drought-prone areas which cover 250,000 square miles, and in which 66 million people live. It aims to diversify their production into activities less dependent on rainfall. The project includes minor irrigation works, watershed management, improved crop production methods, sheep and dairy development, credit facilities (especially to smallholders), applied research, and farmer training programs. A population of over one million will have their incomes increased as a direct result of the project. One hundred thousand man-years of additional employment will be generated.

Perhaps the most comprehensive project we are working on is an effort to assist the Government of Mexico in its nationwide program of rural development. It is designed to reach the lowest income groups, and would involve a total investment of $1.2 billion over a four-year period. The program grew out of the Government's realization that alalthough the nation had achieved, over the last three decades, the highest sustained growth in agricultural production in Latin America, rural poverty appeared to have worsened in many regions throughout the country, especially in semi-arid zones. The economy had been unable to provide the growing rural population with productive employment.

The thrust of the new program is to provide productive investments in low-income rural areas through small-scale irrigation, rainfed crop production, fruit and vegetable growing, and rural industries. These will be supported by associated investments in labor-intensive feeder road construction, water and soil conservation projects, and support services for the implementation of the Mexican land reform program. There will be provision, too, for social infrastructure, such as rural schools, water supply, health facilities, and electrification. This is, in fact, the most complex program with which the Bank has ever been associated.

It is true that the risks of failure are greater in rural development projects than in some of our more traditional investments. Complicated problems of technology, organization, land tenure, and human motivation remain to be resolved. And yet for the first time we are beginning to see substantial income and employment benefits within the reach of very large numbers of the rural poor, along with high economic returns to the national economy.

What is common to all these efforts within the Bank is an increased emphasis on innovative project design directed toward raising the productivity of the absolute poor, and toward helping them become greater participants in their country's progress. It is clear that development efforts of the past, both by governments and by the Bank, have simply not made an adequate contribution to the welfare of this huge and growing group. We must make sure that the unprecedented combination of events which is presently disturbing the world's economy—to which I now want to turn—does not distract our attention from this fundamental task.

III. RECENT ECONOMIC EVENTS

While the economic changes of the past year have been massive, the fact is that no one can see clearly yet either their extent or their duration. In such circumstances, projections of the future are bound to be uncertain. But they must be made if we are to initiate the long lead-time actions required to minimize the adverse effects of the changes, particularly those which are so seriously affecting many of the developing nations.

In this section I want to review the scope and interrelated nature of these events, with particular emphasis on worldwide inflation; changes in the prices of petroleum and other commodities; and the impact of these changes on the outlook for economic growth in the developed nations (which constitute the principal export markets of the developing countries). This discussion will be followed by a review of the effects of these events on the growth prospects and capital requirements of the developing countries through the remaining years of this decade.

Inflation in the developed nations

There has, of course, been a significant acceleration in the rate of inflation in the developed nations. It began before the rise in the prices of petroleum and other primary commodities, and it is only partially explained by them.

INDEX OF INTERNATIONAL PRICES[1]

	1956	1968	1972	1973	1974	1975	1980
Index (1967–69=100)	94	98	128	154	175	194	278
Percent change over previous year	2.3	−1.4	10.1	20.5	14.0	10.9	7.5

[1] An index of capital goods and manufactured exports prices of major developed countries. The index also reflects changes in exchange rates.

International prices, which had risen only 6% in the decade prior to 1968—less than 1% per year—have risen at an annual rate of nearly 10% in the five years since. The annual rate of inflation will surely decline from the 1974 level of 14% but could well average more than 7% for the period 1976–80.

Inflation benefits virtually all of the developing countries by reducing the burden of their debt service in relation to the value of their exports. However, for many of them—and especially the poorest—this benefit will be more than offset by the deterioration in their terms of trade.

Furthermore, inflation has already eroded the value of the concessionary aid which they receive. Most governments have not increased the amounts appropriated for Official Development Assistance (ODA) to offset inflation. ODA has declined, therefore, from 0.34% of the GNP of OECD countries[1] in 1972 to 0.30% in 1973 and is likely to fall further in the years ahead.

Petroleum price increase

Contributing to world inflation during the past twelve months has been the increase in the price of petroleum. Relative to export prices of manufactured goods, it has risen by four hundred percent. Although there had previously been a slow, long-term decline in petroleum prices which called for correction, the recent action has resulted in a price that is more than twice as high as it has been in the postwar period in relation to other commodities.

Since imported oil has provided the principal increase in world energy supplies in recent years and cannot rapidly be replaced by other sources, the effect of the price rise is a global imbalance of payments of unprecedented magnitude. Although the export surplus of the members of the Organization of Petroleum Exporting Countries (OPEC) will be offset in part by rapidly rising imports and perhaps by a reduction in oil prices, a substantial trade imbalance is likely to persist at least through the end of the decade.

I am concerned here not with the decision to increase the price of oil, but rather with its consequences for the less developed countries. There are two:

The cost of their current volume of oil imports has been increased by some $10 billion, which is 15% of their total import bill, and equal to 40% of the entire net inflow of external capital last year. As a result the countries least able to finance this cost increase have already had to curtail their development programs.

By the end of the decade some of the OPEC countries are likely to have a continuing balance of payments surplus totalling some $30–60 billion per year (in 1974 prices), the amount depending on their absorptive capacity and price policies as well as the success achieved by oil-importing countries in developing other sources of energy. Of this surplus, roughly a quarter—$8–15 billion in 1974 prices—would be directly with the other developing countries. The remaining $22–45 billion of the surplus would be with the developed countries. Such an imbalance would be so large as to exert a cumulative strain on the economies of the developed nations and on international financial markets, making it more difficult for developing countries to expand export earnings and to finance their balance of payments deficits.

Other commodity price changes

Prices of other primary products—prices which had remained fairly stable from the 1960s to mid-1972—have been increasing very rapidly since then. The high prices of commodities exported by developing countries in 1973 reflected the high level of demand prevailing in a period of exceptionally rapid growth in almost all industrial nations. The failure of wheat and rice crops in widespread areas of the world in 1972 and 1973 also had far-reaching effects on prices of cereal grains. Although some developing countries have benefitted from the recent commodity boom, only a small number of them—principally mineral producers—is likely to continue to do so for the remainder of the decade.

Beyond 1974, price projections for primary commodities depend on the assumptions made about growth in the industrial countries, the major markets for such products. Since, as will be discussed below, the growth prospects in these markets for the remainder of the decade are less than they were in the 1960s and the early 1970s, the prices of most primary commodities are not likely to be very buoyant in the years ahead.

Effect of price changes on the terms of trade

The net effect of the increase in the prices of petroleum and other primary commodities, together with widespread inflation in the industrialized nations, will be a substantial change in the terms of trade of the developing countries—that is, in the relationship between the prices of their exports and imports.

TERMS OF TRADE—1973 VERSUS 1980 (1967-69=100)

	Population (in millions)	Terms of trade	
		1973	1980
Developing countries:			
1. Major oil producers	300	140	350
2. Mineral producers	100	102	102
3. Other developing countries:			
A. With per capita incomes over $200	600	104	95
B. With per capita incomes under $200	1,000	95	77
Total	2,000		
OECD countries	600	99	89

For the average of all primary commodity exports, 1973 represented a return to the peak price levels of the Korean War. However, this commodity boom has benefitted mainly the richer primary producers, while the poorest suffered both in their terms of trade and in their export volumes. By the end of the decade, as indicated in the table above, there is likely to be a decline in the terms of trade of virtually all of the developing countries, with the exception of the petroleum and mineral producers. The poorest countries will in general be the most severely affected. They are likely to suffer a decline of over 20%. As a result, even with expanding export volumes, there will be little increase in the purchasing power of their exports in the face of rapidly increasing import requirements.

The outlook for economic growth in the developed countries

The industrialized nations have reacted to the rise of petroleum prices and other commodity prices, and to the worldwide inflation, in ways which have reduced their growth rates. Although they have been pursuing policies designed to adjust to the higher costs of energy and to the other inflationary forces, with minimum impact on production and employment, some slowdown of their economies following a period of very high growth was inevitable.

The sharp increase in the cost of petroleum was bound to lead to basic shifts in the structure of their economies, while the sharp rise in balance of payments deficits and the higher levels of inflation have exacerbated the already complex problems of managing the international financial system. All of these factors will continue to have an impact on the growth rates of the OECD countries. The effect to date is shown by the table below.

Rates of real growth of OECD countries (gross national product)

[In percent]

1960–70 (average annual)	4.9
1972	5.8
1973	6.7
1974	1.3

In comparison to growth rates of 5 and 6% in past years, present indications are that the GNP of the OECD countries in 1974 is growing at only 1.3%.

As for the future, a return to the 5% rate of growth realized in the 1960s would require both effective measures to reduce inflation without reducing production, and, equally important, the orderly recycling of the surpluses of the OPEC countries to finance the structural deficits of the industrial countries. Given the difficulties of achieving these objectives, it is only prudent to consider the effects on the developing countries of a drop in GNP growth in the OECD countries, to say, 3.5% or 4.0% for the remainder of the decade.

The adverse effect on the developing countries of such a reduction in economic growth in their major markets would be great. There is a strong relationship—almost 1 to 1—between changes in the growth rate of the OECD countries and that of the oil-importing developing nations. This is not surprising. Exports to OECD countries constitute 75% of the total exports of those nations. A diminished growth rate in the OECD countries translates very quickly into reduced demand for these developing nations' exports, leading in turn to a reduced capacity to import, and hence to lower rates of growth.

IV. CONSEQUENCES OF RECENT EVENTS FOR THE DEVELOPING COUNTRIES

Any one of the events described above—the deterioration in the terms of trade, worldwide inflation, the increase in the price of oil, the slowdown in the rate of growth of the OECD countries—would have had a serious impact on the developing nations. In combination, the effect on some nations has been near disaster. The trade deficit of all the oil-importing developing nations will more than double this year to approximately $20 billion, and, if they are to maintain even minimum economic growth, it will continue to rise for the remainder of the decade.

Moreover, if present trends continue, Official Development Assistance, as a percentage of GNP, will continue to decline, and may not even increase sufficiently to offset the effects of inflation. Furthermore, unless steps are taken to expand the supply of capital on intermediate and market terms to the more creditworthy developing countries, they will have difficulty competing with the OECD countries in international markets for the funds necessary to finance their increased trade deficits.

If we were to assume that capital flows to the developing nations, with some adjustments for inflation, would rise from $20 billion to as much as $33 billion between 1973 and 1980, including an increase in Official Development Assistance from $10 billion to as much as $17 billion—assumptions which are probably optimistic and which I will examine in greater detail in a moment—it is estimated that the growth rates for the developing nations would be as shown in the table below:

DEVELOPING COUNTRY RATES OF GROWTH PER CAPITA

		GNP growth per capita (average, percent)	
Developing countries by group	Population (in millions)	1965–73	1974–80
1. Major oil producers	300	5.4	8.4
2. Mineral exporters	100	1.2	3.8
3. Other developing countries:			
A. With per capita incomes incomes over $200	600	4.3	3.4
B. With per capita incomes under $200	1,000	1.1	–.4
Total	2,000		

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[1] Twenty-four developed countries which are members of the Organisation for Economic Co-operation and Development.

As is apparent, the growth rates projected for all of the developing nations, other than the petroleum and mineral exporters, are substantially below the levels which were thought likely only a few months ago.

Some countries—for example, Thailand and the Philippines whose reserves have benefitted from buoyant export prices, or Turkey and Yugoslavia which have received substantial remittances from their workers abroad—can partially finance the heavy 1974 trade account deficits and can avoid severe deterioration of thier growth rates. The prospects of other countries such as Korea and Brazil, which have been steadily expanding their export of industrial goods, are much better than those of countries dependent on agricultural exports.

The major impact is on the poorest nations. The rising prices of imported petroleum, fertilizer, and cereals; the slack demanded for their exports to developed countries; and the erosion by inflation of the real value of development assistance, all have dealt severe blows to the growth aspirations of the poorest members of the Bank. These nations, with a population of one billion, and incomes averaging less than $200 per capita, on the most likely set of assumptions regarding commodity prices, capital flows, growth rates in the OECD countries, would suffer an actual decline in their per capita incomes. The effect of this on the already marginal condition of life of the poorest 40% within these countries is an appalling prospect.

The countries thus affected are mostly in South Asia and Africa. Consider the following cases:

India: Higher oil prices will add $800 million to India's import bill this year—an amount equivalent to roughly two-thirds of her entire foreign exchange reserves, over 25% of her total exports, and far in excess of the previously projected net resource transfer. Price increases for nitrogenous fertilizer—and India is the world's largest importer of this essential ingredient of increased agricultural production—will add another $500 million; and higher prices for essential foodgrain imports still another $100 million.

Sri Lanka: Despite large cuts in food rations, in 1974 cereal grain import costs will rise by $100 million, fertlizer by $40 million, and petroleum by $100 million. And stagnating world prices of tea—Sri Lanka's major exports—have in effect locked the country into a long-term deterioration in its terms of trade.

Bangladesh: Devastated by both flood and war, the country has had to devote most of its imports to essential reconstruction and minimum food requirements. It has been unable as yet to mount a sustained development program which its more than 75 million people desperately require. To do so it would have to increase its imports substantially and yet this year alone the new oil prices will add $70 million to its costs, and food and fertilizer price increases an additional $100 million.

The Sahelian Countries of Africa: Due to the most devastating drought in their history, Mali, Niger, Upper Volta, Mauritania, Senegal, and Chad have been unable to take advantage of the favorable world prices of their chief exports: groundnuts, cotton, and livestock. The surge in petroleum prices has driven the cost of their essential fuel imports from 10% of their export earnings to 30 or 40%, at the same time that their food import requirements—literally to stave off mass starvation—have risen drastically.

The East African countries of Tanzania, Somalia, and Kenya are also facing severe balance of payments pressure.

V. MEASURES TO SPEED THE ADJUSTMENT PROCESS

To assist the developing countries in meeting the cumulative impact of these problems, the Bank has examined the internal and external adjustments which might be undertaken to minimize the setback to development summarized in the tables above.

Much must be done by the developing countries themselves, particularly in restructuring their patterns of use and procurement of energy and even more in expanding their production of cereal grains.

Restructuring patterns of use and production of energy

The impact of the petroleum price increases on the balance of payments of the developing nations could be diminished, of course, if they could reduce their consumption of imported petroleum. This could result either from a reduction in their consumption of energy in general, or through a shift from imported petroleum to domestic sources of energy supply.

While greater efficiency and conservation in energy use may be feasible in some cases, the amounts involved will be small. On average, the one billion people in the countries with per capita incomes below $200 consume only about 1% as much energy per capita as the citizens of the United States. Reduction of energy consumption in those countries in any significant degree can only lead to reductions in industrial and agricultural production, and a lowering of the standards of living for the masses of the population.

The outlook for substituting other forms of energy for petroleum is brighter. It will be possible in many countries, for example, India, Pakistan, Brazil, and Turkey, to generate power using alternative energy sources. Petroleum-based plants can be replaced with hydropower, geothermal power, or with coal, lignite or nuclear fuel plants. But even in countries where these alternative energy sources are available (and in some, such as Kenya and Upper Volta, this is a very uncertain prospect), exploiting these sources will require time-consuming geological or hydrological surveys and very large additional capital investments.

Moreover, the resources to be used for these investments must be drawn away from other projects, thereby reducing the countries' development programs. And in any event, it will be from 5 to 7 years before such facilities for energy production can become operational and begin to offset the increased foreign exchange costs of petroleum imports.

Expanding the production of food grains

Although there has been a reasonable long-run balance between supply and demand of food grains for the world as a whole, there has been a serious and growing shortage of food production in the developing countries. Unless remedial action is taken, the situation will become much worse. The principal reasons for the shortage have been the rapidly expanding population in these countries and their failure to achieve satisfactory levels of agricultural productivity.

Were present trends to continue, it is estimated that the cereal grain import requirements of the developing nations could double between 1970 and the middle of the next decade. By that time those countries would be seeking to import 70 to 80 million tons per year, and the foreign exchange required each year could reach $20 billion. This additional requirement could not be met from any reasonable projection of export earnings or capital inflows. There is only one answer to this problem: the 2.9% rate at which the developing countries have increased their output of food grains over the past two decades must be increased substantially.

This can be done. Grain yields in the developing countries are no more than 40% of the yields in the developed countries. The developing countries do have the potential to increase their agricultural productivity. But that potential cannot be realized unless the developing countries themselves initiate action on a wide front, including measures to expand the cultivated areas under irrigation, promote the availability and use of fertilizer, and maintain a price structure which provides farmers with adequate incentive to grow more food. These are the prerequisites to increasing productivity, and they will require substantial sums of capital.

Investments in world fertilizer capacity have been inadequate to cope with the sharp nitrogenous and phosphatic fertilizers in the major grain-exporting countries of the OECD, and in the developing countries which have been modernizing their agriculture. The developing countries' share in total world consumption of fertilizers has increased from 10% in 1961 to about 17% today, and it is projected to increase further to 25% by the end of the decade.

We estimate that by 1980 the demand for nitrogenous and phosphatic fertilizers in the developing countries will exceed 22 million metric tons annually, only half of which can be produced with their existing capacity and its currently planned expansion. To add 11 million tons of additional production capacity would require an investment of some $6 to $10 billion.

Many developing nations have already initiated action to conserve energy and to explore alternatives to continuing increases in petroleum imports. Some have started to reduce their dependence on imported foodgrains. But years will pass before these efforts bear fruit. In the meantime, the higher import costs of petroleum, food grains, fertilizer, and manufactured goods will place a heavy burden on their balance of payments and reduce their savings available to finance investment. Unless these requirements are met by additional capital flows, the result will be further declines in their rates of growth.

This brings us to a discussion of the volume of capital required, in particular by the poorest developing countries, to prevent this outcome.

VI. CAPITAL REQUIREMENTS

Earlier I stated that were we to assume that capital flows to the developing nations would increase from $20 billion to $33 billion between 1973 and 1980, with Official Development Assistance rising from $10 billion to $17 billion, growth rates during these years for the developing nations (excluding the petroleum and mineral exporters) would average 3.4% per capita for the countries with individual incomes over $200 and would actually decline for those with incomes below $200. It is time to examine that assumption (shown as Case I in the following tables) and to consider alternatives.

The 3.4% per capita rate of growth projected for the middle and high income countries is far from satisfactory, and the decrease of .4% projected for the poorer countries is totally unacceptable. Were we to raise these rates by planning on a 4% per capita growth for the countries with incomes over $200 and a rate one-half of that for those with incomes of $200 or less, we estimate that the capita requirements by 1980 would rise by 60%. Total capital required would increase from $33 billion to $53 billion. ODA would have to rise to $24 billion, a huge sum, but a sum which would still be no larger than its present share of the donors' protected GNP. These data are shown in Case II.

TABLE I.—DEVELOPING COUNTRY RATES OF GROWTH PER CAPITA

Developing countries by group	Population (in millions)	GNP growth per capita (average, percent) 1965–73	1974–80 Case I	1974–80 Case II
1 Major oil producers	300	5.4	8.4	8.4
2 Mineral exporters	100	1.2	3.8	3.8
3 Other developing countries:				
A With per capita incomes over $200	600	4.3	3.4	4.0
B With per capita incomes under $200	1,000	1.1	−.4	2.1
Total	2,000			

TABLE II.—NET EXTERNAL CAPITAL FLOW REQUIRED TO ACHIEVE GROWTH RATES IN TABLE I

[Amounts in billions of dollars]

	1973	1980 Case I	1980 Case II
ODA—Amount	$9.4	$16.7	$24.4
Percent of donor GNP	(.30)	(.20)	(.30)
Other concessionary aid	1.9	5.5	5.5
Market terms borrowing	8.8	10.8	23.6
Total net external capital flow	20.1	33.0	53.5

Two-thirds of the increase in the capital required from 1973 to 1980 is needed simply to compensate for the higher prices of commodities and services imported by the developing countries.

Are such capital flows attainable?

In considering the question, I want to emphasize two points:

First, the substantial increase in market terms borrowing that the middle and higher income developing countries must undertake—efforts which can succeed only if the recycling mechanisms make special provision for the very large capital requirements of these countries as well as for those of the developed nations.

And second, the alarming rate at which inflation is eroding ODA flows and the failure to compensate for this balance of what might be termed the "money illusion"—that is, failing to recognize that in periods of rapid inflation the same number of dollars, at different moments of time, do not represent the same real values.

While the rapid growth of the Eurocredits extended to the developing countries in the recent past is striking, the total market borrowing by these countries was heavily influenced by the amounts lent to a few of the nations with a high credit standing. More than $3.3 billion out of the total of $8.8 billion raised in 1973 by the developing countries went to just three nations—Mexico, Brazil, and Peru—and an additional $2.1 billion went to the oil- and mineral-exporting countries. Very little was loaned to Turkey, Korea, the Philippines, Thailand, and other middle income countries which will need large amounts of such capital in the future.

To support Case II, the amount of $8.8 billion raised in 1973 would have to increase to $15 billion within the next two years and to some $24 billion in 1980; and the number of borrowers would have to increase significantly.

It is to be hoped that the international banking community will recognize that many of the developing nations, if assisted to make the structural adjustment necessary to realize their long-term growth potential, represent excellent opportunities for profitable placement of surpluses, particularly those generated initially in the OPEC countries. But, as I suggested before, one cannot be sanguine about the prospects of increased borrowing by the developing countries from the Eurocredit markets unless the developed countries provide some support to those markets. The developing countries will face heavy competition from the developed countries seeking to draw on OPEC surpluses to finance their own balance of payments deficits.

Market borrowing has not been a source of funds open to the lower income countries. These nations must depend mainly on concessionary flows, principally ODA. And it is in relation to ODA that the effects of the "money illusion" become most apparent.

ACTUAL AND PROJECTED FLOWS OF OFFICIAL DEVELOPMENT ASSISTANCE

[Amounts in billions of dollars]

Total	1960	1965	1970	1971	1972	1973	1974	1975	1980 Case I	1980 Case II
In current prices	4.7	5.9	6.8	7.8	8.7	9.4	10.7	11.9	16.8	24.4
In 1973 prices	7.7	9.0	9.3	10.0	10.0	9.4	9.4	9.5	9.3	13.5
As percent of GNP	.52	.44	.34	.35	.34	.30	.30	.29	.20	.30
ODA deflator	61	65	73	78	86	100	114	126	181	181

In the past ten years, ODA in relation to GNP has decreased by one-third. Today it is running at scarcely 40% of the .7% target. Since that objective was established by the United Nations General Assembly in 1970, there has been no increase, in real terms, in the concessionary flow despite a 12% increase of GNP in the donor nations. The reason, I believe, is clear: legislatures fail to recognize that the 62% increase between 1970 and 1974 in the money value of the ODA which they have appropriated not only contributes nothing toward attaining the .7% objective, but just barely maintains the real value of the 1970 level of assistance.

The most important single step the developed nations could take to assist the one billion people of the poorest countries would be to recognize that the effects of inflation alone require—and will continue to require—major increases in the appropriated money values of Official Development Assistance.

The OPEC countries are beginning to help meet the capital requirements of the developing nations, including making contributions to ODA which are larger in proportion to gross national product than those of the OECD nations.

Excluding Indonesia and Nigeria which are not in a position to export long-term capital, the projected change in the financial position of the OPEC countries, between the years 1973 and 1980 is shown in the following table:

PROJECTED CHANGE IN THE FINANCIAL POSITION OF THE OPEC COUNTRIES

[Excluding Indonesia and Nigeria]

	1973	1980
OPEC GNP—Amount (billions)	$76	$411
Percent of OECD GNP[1]	2.5	5.0
GNP per capita:		
OPEC	$951	$4,240
OECD[1]	$4,735	$11,980
OPEC foreign exchange reserves and external investments (billions)	$24	$624
OPEC income on external investments (billions)	$2	$40

[1] The OPEC GNP figures are not strictly comparable with those of the OECD countries. The former include a high proportion of income from the production of nonreplaceable assets for which no depreciation allowance has been provided. Were this factor to be taken into account, OPEC per capita GNP in 1980 would probably be 30 percent less than shown.

The data show that the OPEC countries will be highly liquid in 1980, although their GNP will be but a small fraction of that of OCED countries, and their per capita incomes, on average, substantially less. In these circumstances, it can be expected that they will direct a portion of their liquid funds to the financing of the ODA increases required by the poorest countries. But a far larger portion of the OPEC surpluses will no doubt be used to finance the very large capital requirements of the middle and higher income nations.

The OPEC countries have already taken a number of initiatives which may lead to an increase in the flow of their development aid. These range from Iran's and Iraq's agreements to supply India with specified quantities of oil on deferred payment terms, to the creation of the Saudi Arabian Development Fund, and the very substantial expansion of the Kuwait and Abu Dhabi Development Funds. But many of these initiatives will take time to organize and to staff. Disbursements are, therefore, likely to be slow. The World Bank has offered its assistance to these institutions to accelerate the flow of funds.

VII. THE CONTRIBUTION OF THE WORLD BANK GROUP FOR FISCAL YEARS 1975–79

The net effect of the events we have discussed is a dramatic increase in the capital required by the developing nations for the achievement of even modest rates of growth during the remaining years of the decade. The present plans of the OECD and OPEC countries do not indicate that sufficient capital will be available. Under these circumstances I believe the World Bank Group must expand its lending to the maximum permitted by prudent financial management and the availability of funds. The program which I have presented to our Board of Directors for their consideration is a first step in that direction.

It provides for total lending in the five fiscal years 1975–79 of $36 billion. The program which the Board has approved for FY75 contemplates commitments totalling $5.5 billion, compared to $4.5 billion in the fiscal year just ended, and $3.5 billion in the year before that.

The total of $16 billion for the five years compares with $16 billion for the previous period (FY 1970–74). However, the increase of $20 billion—125% in money terms—provides for an increase of only 40% in real terms (7% per annum).

At Nairobi, the negotiators of the countries contributing to the International Development Association (IDA) believed that their pledges of $4.5 billion for the 4th Replenishment period would provide an increase of 55% over the level of the 3rd Replenishment. Already that expected increase has been more than offset by actual or projected inflation. It now appears that the 4th Replenishment, in real terms, will be slightly smaller than the 3rd. To minimize the impact of this loss of value, we propose to shift the allocation of scarce IDA resources in such a way as to concentrate them on the countries most seriously affected by the recent economic developments. We intend to give priority in these countries to raising agricultural production in general and the productivity of the rural poor in particular.

The proposed Bank Group program is large. It will require net borrowing during the five years of over $13 billion. Much of that amount can, I believe, be borrowed from OPEC countries. They have been most cooperative with the Bank and in recent months we have received loan commitments from them totaling $2 billion. But as large as the Bank program is, in combination with the other funds which the OECD and OPEC countries indicate they plan to make available to the developing countries, it is totally inadequate to meet minimum development objectives.

I strongly recommend that the proposed Joint Ministerial Committee, as its first item of business, appraise the needs of the developing nations for additional capital and examine possible sources of funds to meet those needs. The formation of the Committee offers a new and welcome opportunity to focus the attention of the world's governments on the progress, or lack of progress of the developing nations, as well as the progress, or lack of progress of the richer countries in meeting their responsibility to support development in those nations.

VIII. SUMMARY AND CONCLUSIONS

Let me now conclude by summarizing the central points I have made this morning.

Although there are many ingredients that have contributed to the current economic turbulence, there are at least three principal and interrelated factors which are of major significance for the development scene.

One, of course, is inflation. Itself the troublesome child of many forces, inflation not only penalizes the poor proportionately more than the rich, and severely erodes the value of Official Development Assistance, but in leading to lower growth rates in the developed nations it threatens to reduce demand for the developing countries' exports, as well as to trigger protectionist tendencies.

The second factor is the sudden surge in the price of petroleum. Though it has contributed to balance of payments problems in many nations, it has fallen with the greatest severity on the poorest countries. They possess neither the flexibility of the developed nations to readjust trade and investment, nor the margin to reduce consumption.

And the third factor is the general boom in most other primary commodities. This has clearly benefitted some developing countries. But it has also created further difficulties for the poorest nations whose exports simply cannot offset the price increases for fertilizer and food, which, in combination with the increases in oil and manufactured goods, have substantially reduced their terms of trade.

If, then, we survey the development scene as a whole, it is evident that countries with some 20% of the population of the nations we serve have registered a net gain: the oil-exporting countries and some of the mineral producers.

For certain other developing countries, representing about 30% of the total population, the long-run outlook is good although they face serious problems of adjustment to the new conditions. Most of them are in the middle and upper income categories of developing nations. They should be able to borrow much of what they need on the world capital markets if the recycling mechanism is designed and managed with their needs in mind. In addition, they will need large sums on intermediate terms and the Bank must expand its program to help meet this requirement.

But for the poorest of our member countries—countries that represent fully half of the total population of all the nations we serve, countries containing one billion human beings—the situation is desperate.

Almost every element in the current economic situation has worked to their disadvantage, and has been compounded even further for many of them by the natural disasters of flood, drought, and crop failures.

These countries, then, need additional assistance on concessionary terms, and they need it promptly: $3 to $4 billion more per year in the remaining years of the decade.

Can such assistance be mobilized in the current economic environment—an environment in which the real per capita incomes of many of the largest donors have decreased in the past twelve months and in which all traditional donors face severe inflation, unacceptable unemployment, and uncertain growth prospects.

I believe it can—and I believe it must.

The world has not suddenly lost its wealth. The OPEC countries have gained huge amounts, and the traditionally wealthy nations continue to be wealthy. They are less wealthy than they hoped to be at this time, but they are more wealthy than they were as recently as twenty-four months ago, and immeasurably more wealthy than the nations of the developing world.

What, after all, really constitutes wealth? And what more fundamental measures of wealth are there than the levels of nutrition, literacy, and health? It is in these terms that the average citizen of a developed nation enjoys wealth beyond the wildest dreams of the one billion people in the countries with per capita incomes under $200: his caloric intake is 40% greater; his literacy rate is four times higher; the mortality rate of his children is 90% lower; and his own life expectancy 50% more. Are there any more basic terms in which to compare the wealth of the developed and developing nations?

The developed nations, understandably preoccupied with controlling inflation, and searching for structural solutions to their liquidity imbalances, will be tempted to conclude that until these problems are resolved, aid considerations must simply be put aside.

But aid is not a luxury—something affordable when times are easy, and superfluous when times become temporarily troublesome.

It is precisely the opposite. Aid is a continuing social and moral responsibility, and its need now is greater than ever.

It is true that the affluent nations in the face of shortages and inflation, and in order to continue to expand aid, may have to accept for the time being some selective reduction in their already immensely high standard of living. If they have to, they can absorb such inconveniences.

But for the poorest countries such a downward adjustment is a very different matter. For them downward does not mean inconvenience, but appalling deprivation. And for millions of individuals in these countries downward means simply the risk of death.

The problem, then, is not that the developed nations have suddenly lost their capacity to assist those countries most in need. They have not. The amounts of additional financial assistance that would mean the difference between decency and utter degradation for hundreds of millions of the absolute poor are, in relative terms, minute—perhaps 2% of the increase in real income the developed world can look forward to in the remaining years of the decade.

The basic problem, then, is a philosophical one—a problem of values.

Will 1974 be best remembered as the year prices exploded? Or will it, perhaps, be better remembered in the longer perspective of history as the year when the word interdependence stopped being rhetoric, and started being reality?

One thing is certain: the development task has not diminished. It has only become more urgent. The responsibility of us all is to get on with it.

FLOW OF OFFICIAL DEVELOPMENT ASSISTANCE MEASURED AS A PERCENT OF GROSS NATIONAL PRODUCT [1]

	1960	1965	1970	1971	1972	1973	1974	1975	1980 [2] required for—	
									Case I	Case II
Australia	0.38	0.53	0.59	0.53	0.59	0.44	0.53	0.45		
Austria		.11	.07	.07	.08	.13	.13	.13		
Belgium	.88	.60	.46	.50	.55	.51	.56	.62		
Canada	.19	.19	.42	.42	.47	.43	.51	.51		
Denmark	.09	.13	.38	.43	.45	.47	.49	.50		
France	1.38	.76	.66	.66	.67	.58	.55	.51		
Germany	.31	.40	.32	.34	.31	.32	.30	.28		
Italy	.22	.10	.16	.18	.09	.14	.10	.08		
Japan	.24	.27	.23	.23	.21	.25	.24	.24		
Netherlands	.31	.36	.61	.58	.67	.54	.61	.65		
New Zealand [3]					.23	.27	.36	.47		
Norway	.11	.16	.32	.33	.41	.45	.63	.65		
Portugal	1.45	.59	.67	1.42	1.79	.71	.47	.42		
Sweden	.05	.19	.38	.44	.48	.56	.69	.70		
Switzerland	.40	.09	.15	.11	.21	.15	.15	.15		
United Kingdom	.56	.47	.37	.41	.39	.35	.34	.32		
United States [4]	.53	.49	.31	.32	.29	.23	.21	.20		

Footnotes at end of table.

FLOW OF OFFICIAL DEVELOPMENT ASSISTANCE MEASURED AS A PERCENT OF GROSS NATIONAL PRODUCT [1]—Continued

	1960	1965	1970	1971	1972	1973	1974	1975	1980 [2] required for—	
									Case I	Case II
Grand total:										
ODA dollar millions (current prices)	4,665	5,895	6,832	7,762	8,671	9,415	10,706	11,948	16,760	24,400
ODA 1973 prices	7,660	9,069	9,346	9,976	10,059	9,415	9,391	9,452	9,259	13,480
GNP dollar billions (current prices)	898	1,340	2,010	2,218	2,550	3,100	3,530	4,100	8,200	8,200
ODA as percent GNP	.52	.44	.34	.35	.34	.30	.30	.29	.20	3.0
ODA deflator	60.9	65.0	73.1	77.8	86.2	100.0	114.0	126.4	181.0	181.0

[1] Countries included are members of OECD Development Assistance Committee, accounting for more than 95 percent of total official development assistance. Figures for 1973 and earlier years are actual data. The projections for 1974 and 1975 are based on World Bank estimates of growth of GNP, on information on budget appropriations for aid, and on aid policy statements made by governments. Because of the relatively long period of time required to translate legislative authorizations first into commitments and later into disbursements, it is possible to project today with reasonable accuracy, ODA flows (which by definition represent disbursements) through 1975.

[2] Case I leading to a −0.4 percent change in GNP per capita per annum in countries with incomes of under $200 per capita would require ODA of $16,700,000,000 (.20 percent of DAC GNP) in 1980; Case II with 2.1 percent growth in GNP per capita would require $24,400,000,000 (.30 percent of DAC GNP) in that year.

[3] New Zealand became a member of the DAC only in 1973. ODA figures for New Zealand are not available for 1960–71.

[4] In 1949, at the beginning of the Marshall Plan, U.S. Official Development Assistance amounted to 2.79 percent of GNP.

CHINESE PATRIOTS CELEBRATE THEIR "DOUBLE TEN" ANNIVERSARY

Mr. HELMS. Mr. President, I wish to remind my colleagues of a significant anniversary for all people who cherish the cause of freedom. Sixty-three years ago, Dr. Sun Yat-sen led a successful revolution against the Ching Dynasty, establishing the first republic in Asia. Tomorrow, October 10, is the anniversary of that date. Chinese patriots everywhere celebrate this date as the "Double Ten" holiday, so named because it is the 10th month of the year. For free Chinese, it is their day of independence, commemorating the overthrow of the decadent Manchu Empire.

As we know, however, the young republic was destined to lead a stormy existence. The Japanese invasion, the rise of Mao Tse-tung, the vicissitudes of World War II, the fallout from the Yalta Conference, and disastrous policies pursued by a pro-Communist crowd in our own U.S. State Department led to the gradual extinction of freedom on Mainland China. On October 1, 1949, Mao Tse-tung proclaimed victory. The free Chinese, however, withdrew to the island province of Taiwan, and made that island an Asian demonstration project in freedom. True agrarian reform, the nurturing of private enterprise, the protection of Chinese family values, and the carrying on of the historic and ancient Chinese culture have been the hallmarks of the Republic of China.

As the free Chinese put together their war-tattered nation, it is important to remember that they did not ask for much from the rest of the world—all economic aid from the United States essentially ended in 1965, and all military grants from the United States were terminated in July of 1973. They are not asking for hand-outs from us; in fact, their over-all economic picture has been very promising with their gross national product soaring over the past several years. For example, in 1960, the Republic of China's gross national product was $2.5 billion; by 1970, their output had more than doubled to $6.2 billion. There has been a steady rise since then, with the latest available figures putting the 1973 GNP for Taiwan at $8.6 billion.

The free Chinese are willing to work, and they cherish their independence in every respect. What they want is what I believe we do, in fact, owe them: our allegiance and moral support in their struggle against the Communists who have stripped them of their country.

There are those who hailed the policy of former President Nixon and Dr. Kissinger with respect to Communist China as a dramatic step forward for world peace and understanding. My response is that anyone who respects the Chinese people for their accomplishments and civilization cannot accept the Mainland regime as the legitimate representatives of the Chinese people. We are told that we cannot ignore 800 million Chinese; yet the truth is that when we deal with the Communist government in Peking, we are ignoring the wishes of 800 million Chinese, who have never had any say in the organization of the Communist government.

By dealing with Peking, we have gone beyond the realms of pragmatism. We inferentially have recognized the legitimacy of the claims of the Communists and have prejudiced the claims of Free China. Yet Free China survives, and will survive. Our current pro-Peking policy is an aberration. And the people of free China should understand that they have not been forgotten, and that their friends in the United States will never allow free China to be submerged in Communist tyranny.

HISTORY OF FISCAL YEAR 1975 DEPARTMENT OF DEFENSE RESEARCH, DEVELOPMENT, TEST, AND EVALUATION AUTHORIZATION AND APPROPRIATION

Mr. McINTYRE. Mr. President, once again the Subcommittee on Research and Development of the Armed Services Committee has compiled in tabular form the complete history of the actions of the Congress on the annual authorization and appropriation requests for the research, development, test, and evaluation appropriations. This information is of widespread interest and is presented in detail for fiscal year 1975 by program element and by military department. Certain program elements have been excluded because of security considerations, but the total amounts by budget activity and by military department or defense agency are complete. I ask unanimous consent to have a set of these tables printed at this point in the RECORD.

Copies of these tables may be obtained in room 224, Russell Senate Office Building.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

[COMMITTEE PRINT]

FISCAL YEAR 1975 R.D.T. & E. AUTHORIZATION

[In millions of dollars]

Program element number	Program element title	Fiscal year 1973 program	Fiscal year 1974 program	Fiscal year 1975 estimate	Fiscal year 1975 authorization action			Fiscal year 1975 appropriation action		
					House	Senate	Final	House	Senate	Final
	R.D.T. & ARMY									
	Military sciences:									
61101A	In-house laboratory independent research	10.7	11.2	11.3	11.3	11.3	11.3	11.3	11.3	11.3
61102A	Defense research sciences	66.1	67.6	62.2	62.2	62.2	62.2	62.2	62.2	62.2
62105A	Materials	9.3	9.9	9.6	9.6	9.6	9.6	9.6	9.6	9.6
62110A	Surgical investigations	6.4	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.5
62111A	Atmospheric investigations	3.5	4.0	4.2	4.2	4.2	4.2	4.2	4.2	4.2
62112A	Terrestrial and construction investigations	1.2	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0
62114A	Fluidic technological investigations	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
62118A	Nuclear weapons effects research—test									
62122A	Energy pulse application									

Program element number	Program element title	Fiscal year 1973 program	Fiscal year 1974 program	Fiscal year 1975 estimate	Fiscal year 1975 authorization action			Fiscal year 1975 appropriation action		
					House	Senate	Final	House	Senate	Final
65101A	Studies and analyses	5.7	6.2	6.5	6.5	6.5	6.5	6.5	6.5	6.5
65102A	TRADOC studies and analyses	4.2	3.0	3.2	3.2	3.2	3.2	3.2	3.2	3.2
	Total, military sciences	113.2	114.6	111.5	111.5	111.5	111.5	111.5	109.7	109.7
	Aircraft and related equipment:									
62201A	Aircraft weapons technology	2.0	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
62202A	Aircraft avionics technology	5.3	5.0	6.5	6.5	6.5	6.5	6.5	5.2	5.9
62209A	Aeronautical technology	15.5	15.3	16.9	16.9	16.9	16.9	16.9	16.0	16.0
63201A	Aircraft powerplants and propulsion	3.4	3.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3
63203A	Heavy lift helicopter	38.0	59.9	57.7	57.7	36.5	36.5	36.5	32.7	32.7
63205A	Aerial Scout	6.1		6.0	6.0	.6	1.9	1.9	.7	.7
63206A	Aircraft weapons	5.3	7.1	5.0	5.0	5.0	5.0	5.0	5.0	5.0
63207A	Aircraft avionics equipment	3.4	1.9	3.0	3.0	3.0	3.0	3.0	1.9	2.4
63208A	Aircraft survivability concepts	4.5	4.1	3.8	3.8	3.8	3.8	3.8	3.8	3.8
63209A	Air mobility support	6.2	2.6	7.5	7.5	7.5	7.5	7.5	2.7	7.5
63211A	Rotary wing research aircraft	4.2	4.9	3.8	3.8	3.8	3.8	3.8	3.8	3.8
63212A	Tilt rotor research aircraft	3.6	4.6	5.8	5.8	5.8	5.8	5.8	4.8	4.8
63213A	Rotor systems research aircraft	.3	6.0	6.8	6.8	6.8	6.8	6.8	6.4	6.4
63214A	CH-47 product improvement program			3.0	3.0	3.0	3.0	3.0	3.0	3.0
64201A	Aircraft avionics	8.4	8.4	9.9	9.9	9.9	9.9	9.9	8.8	8.8
64202A	Aircraft weapons	1.6	1.7	1.5	1.5	1.5	1.5	1.5	1.5	1.5
64204A	Air mobility support equipment	3.8	5.0	7.0	7.0	7.0	7.0	7.0	5.2	5.2
64206A	Utility tactical transport aircraft system (UTTAS)	50.4	102.7	54.1	49.1	54.1	54.1	54.1	49.1	52.7
64207A	Advanced attack helicopter	20.0	49.3	60.8	60.8	60.8	60.8	60.8	60.8	60.8
64209A	Aircraft survivability equipment	.6	.9	7.2	7.2	7.2	7.2	7.2	3.9	5.6
64212A	Cobra TOW	7.3	7.2		4.5	4.5	4.5	4.5	4.5	4.5
	Total, aircraft and related equipment	189.3	291.0	270.0	269.5	247.9	249.2	249.2	223.5	234.8
	Missiles and related equipment:									
12514A	Safeguard defense system	299.4	181.8	60.8	60.8	60.8	60.8	45.0	60.8	45.0
22152A	Surface-to-air missile Hawk/Hawk improvement program	7.4	3.3	8.5	8.5	8.5	8.5	8.5	8.5	8.5
22153A	Chaparral/Vulcan	3.7	3.2	7.2	7.2	1.4	3.0	3.0	3.0	3.0
22160A	Division support missile—Lance	7.5								
22162A	Surface-to-surface missile—Pershing	6.6	5.7							
23623A	Land combat support system (LCSS)	.8	.6	.2	.2	.2	.2	.2	.2	.2
62303A	Missile technology	20.8	20.8	25.5	25.5	25.5	25.5	25.5	21.6	23.6
62306A	Hardened ballistic missile defense materials	3.6	4.2	4.5	4.5	4.5	4.5	4.5	4.4	4.4
63301A	Advanced forward area air defense system	5.7	11.1	44.7	15.0	44.7	30.7	30.7	24.7	27.7
63304A	Advanced ballistic missile defense	92.6	61.8	91.4	65.0	91.4	91.4	91.4	91.4	91.4
63306A	Terminal homing systems	11.0	20.1	16.0	16.0	16.0	16.0	16.0	16.0	16.0
63307A	Missile effectiveness evaluation	4.7	7.1	16.1	16.1	16.1	16.1	16.1	13.4	14.7
63308A	Site defense	80.1	110.1	160.0	150.0	110.0	123.0	100.0	123.0	118.0
63309A	Cannon launched guided projectile	9.3	6.4	12.6	6.3	12.6	6.3	6.3	6.3	6.3
63310A	Heliborne missile—Hellfire	5.0	6.3	9.0	9.0	9.0	9.0	9.0	9.0	9.0
63311A	Pershing II			11.2	11.2		5.0	5.0		2.0
63312A	Non-nuclear warheads	.3	1.8	1.5	1.5	1.5	1.5	1.5	1.5	1.5
64302A	Air defense control coordination system	3.4	2.4	1.2	1.2	1.2	1.2	1.2	1.2	1.2
64306A	Stinger	20.0	24.7	33.7	33.7	32.2	32.2	32.2	32.2	32.2
64307A	Surface-to-Air Missile Development (SAM-D)	171.1	194.4	111.2	100.0	111.2	111.2	111.2	100.0	104.2
64308A	Precision laser designator		7.1	6.5	6.5	6.5	6.5	6.5	6.5	6.5
65301A	Kwajalein Missile Range	75.9	70.9	84.6	80.0	84.6	82.0	82.0	73.7	77.8
65302A	White Sands Misslie Range	72.2	75.3							
	Total, missiles and related equipment	905.1	819.0	706.4	618.3	637.9	634.6	595.8	597.4	593.2
	Military astronautics and related equipment:									
33142A	Satellite communications ground environment	15.0	15.6	11.8	11.8	11.8	11.8	11.8	11.8	11.8
63403A	Navstar global positioning system	2.0	1.9	4.0	4.0	4.0	4.0	4.0	3.0	4.0
	Total, military astronautics and related equipment	17.0	17.5	15.8	15.8	15.8	15.8	15.8	14.8	15.8
	Ordnance, combat vehicles, and related equipment:									
23618A	Shillelagh	.2								
23624A	Antitank assault weapon TOW	.8	6.5	10.7	10.7	10.7	10.7	10.7	10.7	10.7
23627A	Medium antitank assault weapon Dragon	4.6	.7							
23635A	M60A1 tank product improvement program	7.4	3.7	6.0	6.0	6.0	6.0	6.0	6.0	6.0
62601A	Tank and automotive technology	6.9	6.9	6.2	6.2	6.2	6.2	6.2	6.2	6.2
62603A	Firepower other than missiles	12.0	13.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
62611A	Fuels and lubricants	2.0	2.0	1.7	1.7	1.7	1.7	1.7	1.7	1.7
62615A	Nuclear munitions	1.0	1.3	1.6	1.6	1.6	1.6	1.6	1.4	1.4
62616A	Fuze technology	4.8	5.1	2.6	2.6	2.6	2.6	2.6	2.6	2.6
62617A	Munitions technology	8.6	6.4	5.2	5.2	5.2	5.2	5.2	5.2	5.2
62618A	Ballistics technology	7.7	8.5	8.6	8.6	8.6	8.6	8.6	8.6	8.6
62619A	Chemical combat support	2.7	2.4	11.8	1.8	1.8	1.8	1.8	1.8	1.8
62620A	Chemical munitions technology	1.9	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7
62621A	Laser technology and application									
63601A	Power systems and converters	.9	.4	.5	.5	.5	.5	.5	.5	.5
63604A	Nuclear munitions and radiacs	2.4	1.5	2.7	2.7	2.7	2.7	2.6	1.6	1.6
63606A	Mine warfare	5.0	6.1	2.7	2.7	2.7	2.7	2.7	2.7	2.7
63607A	Army small arms program	4.2	4.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
63608A	Weapons and ammunition	2.5	3.6	7.3	5.7	7.3	5.7	5.7	3.7	5.7
63613A	Advanced fuze design	.6	.4	.6	.6	.6	.6	.6	.5	.5
63614A	Incapacitating chemical munitions concepts	.9	.8	.1	.1	.1	.1	.1	.1	.1
63615A	Lethal chemical munitions concepts	2.9	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0
63619A	Mine neutralization/detection	2.8	3.0	3.3	3.3	3.3	3.3	3.3	3.1	3.1
63620A	Tank systems	21.6	54.0	68.8	65.0	65.3	65.0	65.0	65.0	65.0
63621A	Vehicle engine development	7.3	6.6	5.0	5.0	5.0	5.0	5.0	5.0	5.0
63622A	Automotive test equipment	4.2	3.7	2.2	2.2	2.2	2.2	2.2	2.2	2.2
64601A	Infantry support weapons systems	1.5	7.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0
64602A	Weapons and ammunition	12.4	10.4	11.9	11.9	11.9	11.9	11.9	10.9	10.9
64603A	Nuclear munitions									
64604A	Mobility	2.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
64605A	Howitzer light 105mm. (XM204)	2.2	6.2	5.9	5.9	5.9	5.9	5.9	5.9	5.9
64606A	Fortifications and obstacles	.6	.6	.4	.4	.4	.4	.4	.4	.4
64608A	Army small arms program		1.8	2.3	2.3	2.3	2.3	2.3	2.3	2.3
64609A	Riot control agent system	.7	.7	.9	.9	.9	.9	.9	.8	.8
64610A	Lethal chemical munitions	1.1	2.6	4.9	3.0	3.0	3.0	3.0	3.0	3.0
64612A	Mine neutralization/detection	1.2	2.0	2.5	2.5	2.5	2.5	2.5	2.1	2.1

[COMMITTEE PRINT]

FISCAL YEAR 1975 R.D.T. & E. AUTHORIZATION

[In millions of dollars]

Program element number	Program element title	Fiscal year 1973 program	Fiscal year 1974 program	Fiscal year 1975 estimate	Fiscal year 1975 authorization action			Fiscal year 1975 appropriation action		
					House	Senate	Final	House	Senate	Fina
4613A	Incapacitating chemical munitions		0.2	1.0	1.0	1.0	1.0	1.0	0.3	0.1
4614A	Howitzer medium 155mm. (XM198)	14.3	6.0	6.1	6.1	6.1	6.1	6.1	6.1	6.3
4615A	Tank thermal sight	.9	4.3	1.9	1.9	1.9	1.9	1.9	1.9	1.9
4616A	Mechanized infantry combat vehicle (XM723)	8.1	11.8	9.0	10.7	9.0	10.7	10.7	9.0	10.7
4617A	Vehicle rapid fire weapon system—Bushmaster	2.1	9.9	7.1	4.1	4.1	4.1	4.1	4.1	4.1
4618A	Armed reconnaissance Scout vehicle (XM800)	11.9	10.4	8.1	4.3	4.2	4.2	4.2	4.2	4.2
4619A	Mine systems	9.4	9.4	15.8	15.8	15.8	15.8	15.8	12.8	14.3
	Total, ordnance, combat vehicles, and related equipment	205.7	255.0	263.9	251.6	251.7	251.4	251.4	240.7	245.7
	Other equipment:									
23626A	Tactical fire direction system (TACFIRE)	7.3	8.0	4.7	4.7	4.7	4.7	4.7	4.7	4.7
28010A	Tri-Service tactical communications program	13.4	19.1	37.3	35.0	37.3	36.0	36.0	36.0	3.60
31011A	Cryptologic activities									
33401A	Communications security (COMSEC) equipment									
62701A	Communications electronics	4.5	3.9	2.7	2.7	2.7	2.7	2.7	2.7	2.7
62703A	Combat surveillance target acquisition and identification	4.7	5.0	4.4	4.4	4.4	4.4	4.4	4.4	4.4
62705A	Electronics and electronic devices	11.6	10.9	10.6	10.6	10.6	10.6	10.6	10.6	10.6
62707A	Mapping and geodesy	3.1	3.1	3.4	3.4	3.4	3.4	3.4	3.3	3.3
62708A	Combat support technology	5.7	4.9	3.2	3.2	3.2	3.2	3.2	3.2	3.2
62709A	Night vision investigations	4.8	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
62710A	Defense against chemical agents	7.0	7.6	7.0	7.0	7.0	7.0	7.0	7.0	7.0
62711A	Defense against biological agents	.8	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4
62712A	Countermine and barrier techniques	5.0	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9
62714A	Information processing	.3	.5	.3	.3	.3	.3	.3	.3	.3
62715A	Electronic warfare	2.3	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
62716A	Human factors in military systems	2.3	1.5	1.7	1.7	1.7	1.7	1.7	1.7	1.7
62717A	Manpower and human resources technology	5.7	5.3	4.7	4.7	4.7	4.7	4.7	4.7	4.7
62718A	General chemical investigations	3.8	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.3
62719A	Military construction and engineering technology	5.8	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
62720A	Environmental quality technology	6.3	7.2	9.8	9.8	9.8	9.8	9.8	9.6	9.6
62721A	Computer aided design and engineering	1.6	2.3	3.0	3.0	3.0	3.0	3.0	2.4	2.4
62723A	Clothing, equipment and packaging technology	3.7	3.3	2.2	3.7	2.2	2.2	2.2	2.2	2.2
62724A	Food technology	6.1	6.5	6.0	6.5	6.0	6.0	6.0	6.0	6.0
62758A	Military medical investigations	10.7	9.0	8.2	8.2	8.2	8.2	8.2	8.2	8.2
62759A	Tropical medicine	11.8	10.2	9.9	9.9	9.9	9.9	9.9	9.9	9.9
62760A	Infectious disease investigations	10.9	13.4	12.9	12.9	12.9	12.9	12.9	12.9	12.9
63701A	Land warfare laboratory	6.4	4.2							
63702A	Electric power sources	3.3	2.2	3.3	3.3	3.3	3.3	3.3	2.3	2.3
63703A	Automatic data systems-field army	1.2	1.1	.8	.8	.8	.8	.8	.8	.8
63706A	Identification friend or foe developments	.3	.1							
63707A	Communications development	1.5	3.2	7.9	7.9	7.9	7.9	7.9	3.3	5.6
63711A	Electronic warfare									
63712A	Mapping and geodesy	.8	.8	1.3	1.3	1.3	1.3	1.3	.9	.9
63715A	Subsystem reliability	1.5								
63718A	Electronic warfare vulnerability/susceptibility									
63719A	Surveillance, target acquisition, and night observation systems	17.4	15.6	15.4	13.0	15.4	14.0	14.0	14.0	14.0
63720A	Biological defense materiel concepts	1.7	1.8	1.2	1.2	1.2	1.2	1.2	1.2	1.2
63721A	Chemical defense materiel concepts	1.3	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
63722A	Tactical Operations System (TOS)	8.4	7.2	6.0	6.0	6.0	6.0	6.0	6.0	6.0
63723A	Command and control	4.6	3.9	6.6	6.6	6.6	6.6	6.6	4.1	4.1
63724A	Low cost ownership development	.5								
63725A	Remotely piloted vehicles and drones	2.0	3.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
63726A	Combat support equipment	5.5	6.0	5.3	5.3	5.3	5.3	5.3	5.3	5.3
63729A	Counter battery radar	7.0	8.5	7.7	7.7	7.7	7.7	7.7	7.7	7.7
63731A	Manpower and human resources development	5.7	7.3	8.4	8.4	8.4	8.4	8.4	7.6	7.6
64701A	Communications (engineering development)	5.4	6.6	7.3	7.3	7.3	7.3	7.3	6.9	6.9
64706A	Nuclear surveillance survey	1.0	.7	1.1	1.1	1.1	1.1	1.1	.8	.
64709A	Identification, friend or foe equipment	2.4	.5							
64711A	Electronic warfare									
64712A	Joint advanced tactical command, control, and communications program (C3P)	3.0	3.0	6.0	6.0	6.0	6.0	6.0	3.1	4.5
64713A	Combat feeding, clothing, and equipment	3.9	3.3	4.4	4.4	4.4	4.4	4.4	3.5	3.9
64715A	Manpower resources and training application	1.4	2.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
64716A	Mapping and geodesy	1.0	1.2	5.1	5.1	5.1	5.1	5.1	5.1	5.1
64717A	General combat support	7.4	8.0	11.0	11.0	11.0	11.0	11.0	8.6	8.6
64723A	Surveillance, target acquisition, and night observation systems	14.9	12.6	15.5	15.5	15.5	15.5	15.5	13.1	14.3
64724A	Biological defense materiel			1.0	1.0	1.0	1.0	1.0		.5
64725A	Chemical defensive materiel	.7	2.5	2.2	2.2	2.2	2.2	2.2	2.2	2.2
64726A	Meteorological equipment systems	1.1	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5
64727A	Command and control	.8	2.0	3.0	3.0	3.0	3.0	3.0	2.1	2.1
64728A	Family of military engineering construction equipment (FAMECE)	.6	1.1	4.8	4.8	4.8	4.8	4.8	4.8	4.8
64729A	Counter mortar radar	4.7	2.5	5.4	5.4	5.4	5.4	5.4	5.4	5.4
65701A	Communications—electronics testing activities	9.3	8.2	3.3	3.3	3.3	3.3	3.3	3.3	3.3
65702A	Testing	44.7	45.3	32.5	32.5	32.5	32.5	32.5	32.5	32.5
65704A	Dugway Proving Grounds	10.0	10.1							
65705A	Modern Army selected systems, test, evaluation, and review (MASSTER)	1.8	3.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2
65706A	Materiel concepts evaluation	8.5	7.6	8.2	8.2	8.2	8.2	8.2	7.9	7.9
65707A	Support operational test and evaluation combat equipment	10.0	1.0	2.9	2.9	2.9	2.9	2.9	1.0	2.0
65709A	Evaluation of foreign components	1.9	3.1	9.5	9.5	9.5	9.5	9.5	4.4	7.0
65710A	Joint chemical biological contact point and test			.8	.8	.8	.8	.8		
65711A	Major research and development test and evaluation facilities, Army Materiel Command			135.6	135.6	135.6	135.6	135.6	129.7	129.7
	Total, other equipment	395.0	391.8	562.5	555.8	562.5	559.7	559.7	515.2	531.8
	Programwide management and support:									
65801A	Programwide activities	51.7	57.0	50.1	50.1	50.1	50.1	50.1	50.1	50.1
65802A	International cooperative research and development	.3	.4	.4	.4	.4	.4	.4	.4	.4
65803A	Technical information services	3.3	4.7	4.8	4.8	4.8	4.8	4.8	4.8	4.8
91212A	Civilian training pool	.5	.4	.5	.5	.5	.5	.5	.5	.5
	Total, programwide management and support	55.8	62.5	55.8	55.8	55.8	55.8	55.8	55.8	55.8
	Reimbursements from foreign military sales					−8.0		−8.0	−8.0	−8.0
	Total, R.D.T. & E.—Army	1,881.1	1,951.4	1,986.0	1,878.4	1,875.2	1,878.4	1,831.6	1,749.2	2,779.3

Footnotes at end of table.

Program element number	Program element title	Fiscal year 1973 program	Fiscal year 1974 program	Fiscal year 1975 estimate	Fiscal year 1975 authorization action			Fiscal year 1975 appropriation action		
					House	Senate	Final	House	Senate	Final
	R.D.T. & E. NAVY									
	Military sciences:									
61152N	In-house independent laboratory research	12.4	13.3	13.2	13.2	13.2	13.2	13.2	13.2	13.2
61153N	Defense research sciences	[1] 103.3	[2] 105.3	[3] 107.6	[3] 107.6	[3] 107.6	[3] 107.6	[3] 107.6	[3] 107.6	[3] 107.6
65151M	Studies and analysis support, Marine Corps	2.4	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3
65152N	Studies and analysis support, Navy	9.1	9.0	10.1	10.1	10.1	10.1	10.1	9.4	9.7
65153M	Marine Corps operations analysis group	.5	.7	.8	.8	.8	.8	.8	.8	.8
65154N	Center for Naval Analyses, Navy	3.5	6.5	6.9	6.9	6.9	6.9	6.9	5.2	6.0
	Total, military sciences	[1] 131.2	[2] 137.0	[3] 140.9	[3] 140.9	[3] 140.9	[3] 140.9	[3] 140.9	[3] 138.5	[3] 139.6
	Aircraft and related equipment:									
24134N	A6 squadrons	5.5	10.9	10.4	10.4	10.4	10.4	10.4	10.4	10.4
24135N	A7 squadrons	4.0	5.1	7.6	7.6	7.6	7.6	7.6	7.6	7.6
24152N	Early warning aircraft squadrons	13.9	1.4							
24234N	S-3 squadrons	38.8	5.2	.9	.9	.9	.9	.9	.9	.9
24243N	LAMPS (Light airborne multi-purpose system)	18.5	9.5							
25662N	Aircraft propulsion evaluation general	5.4	4.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5
25663N	Aircraft flight test genera	4.3	5.0	2.9	2.9	2.9	2.9	2.9	2.9	2.9
25666N	F401 engine	104.6	17.0	27.5	27.5	27.5	27.5	21.0		4.6
25667N	F14A	58.0	40.7	11.8	11.8	11.8	11.8	11.8	11.8	11.8
25674N	Electronic warfare counter response	5.4	4.0	5.9	5.9	5.9	5.9	5.9	5.1	5.1
62241N	Aircraft technology	20.4	20.4	19.0	19.0	19.0	19.0	19.0	19.0	19.0
63201N	Airborne ASW detection system	1.1	3.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0
63202N	Avionics	1.2	2.1	3.7	3.7	3.7	3.7	3.7	3.7	3.7
63203N	V/STOL developments	.2	1.4	1.6	1.6	1.6	1.6	1.6	1.6	1.6
63204N	Air/surface fire control systems	1.2								
63206N	Airborne electronic warfare equipment	10.0	11.8	21.0	21.0	15.3	18.2	18.2	18.2	18.2
63207N	Environmental applications	1.5	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
63210N	Advanced aircraft propulsion systems	1.8	4.7	12.7	12.7	12.7	12.7	12.7	10.7	12.7
63216N	Airborne life support system	1.0	1.1	1.6	1.6	1.6	1.6	1.6	1.6	1.6
63228N	CV tactical support center	2.9	1.6	1.2	1.2	1.2	1.2	1.2	1.2	1.2
63254N	Air ASW			17.9	17.9	17.9	17.9	17.9	17.9	17.9
63257N	V/STOL aircraft development	11.3	24.3	19.3	19.3	19.3	19.3	19.3	8.6	8.6
63258N	Advanced propulsion for V/STOL	6.5	5.9	7.9	7.9	7.9	7.9	4.0	7.9	7.9
63259N	Acoustic search sensors (advanced)	8.5	9.0	12.6	12.6	12.6	12.6	12.6	10.6	11.6
63260N	Airborne mine countermeasures	4.2	4.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6
63261N	Tactical air reconnaissance			5.3	5.3		2.4	2.4	2.4	2.4
64203N	Avionics development	1.9	1.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
64205N	Laser target designator	1.0	.2							
64206N	TRAM (Target recognition attack multisensor)	.1								
64210N	Search and rescue system			.3	.3	.3	.3	.3	.3	.3
64211N	AIMS/ATCRBS (Air traffic control radar beacon) MARK XII	1.6	.8	1.6	1.6	1.6	1.6	1.6	1.6	1.6
64215N	Aircraft handling and servicing equipment	1.2	1.5	2.1	2.1	2.1	2.1	2.1	1.6	1.6
64218N	Environmental modification system	.6	.5	.7	.7	.7	.7	.7	.7	.7
64219N	Airborne ASW developments	10.9	13.3	14.2	14.2	14.2	14.2	14.2	14.2	14.2
64220N	Aircraft infrared signature suppression	.7	.4	.3	.3	.3	.3	.3	.3	.3
64223N	Visual target acquisition, identification and weapon control system development	1.4	1.6	1.3	1.3	1.3	1.3	1.3	1.3	1.3
64255N	Air electronic warfare	5.0	6.8	5.9	5.9	5.9	5.9	5.9	5.9	5.9
64258N	Aerial target systems development	8.9	8.9	14.6	14.6	14.6	14.6	14.6	9.3	13.1
64259N	VCX		1.0	5.0	5.0	.5	.5	.5	.5	.5
64260N	CH-53E	10.0	28.8	46.7	46.7	46.7	46.7	46.7	46.7	46.7
64261N	Acoustic search sensors (engineering)	.7	1.6	13.8	13.8	13.8	13.8	13.8	10.8	12.3
64262N	HSX (engineering)			2.0	2.0	2.0	2.0	2.0	2.0	2.0
64263N	Fighter prototype			34.0		34.0	30.0		20.0	20.0
	Total, aircraft and related equipment	374.2	262.5	349.3	315.3	333.9	335.1	294.7	273.3	286.2
	Missiles and related equipment:									
11221N	Fleet ballistic missile system	14.7	14.3	46.7	37.0	46.7	38.7	38.7	38.7	38.7
11224N	SSBN security	11.8	16.4	18.8	18.8	18.8	18.8	18.8	18.8	18.2
11401N	SANGUINE	8.7	12.9	13.2	13.2	11.4	13.2	8.2	8.2	8.8
11402N	GRYPHON	4.9	8.2	12.5	12.5	12.5	12.5	12.5	8.5	8.5
11403N	HYDRUS	4.0	6.9	7.2	7.2	7.2	7.2	7.2	7.2	7.2
25638N	Surface missile systems project	2.0								
25664N	SIDEWINDER (AIM 9L)	8.6	8.9	.5	5.5	.5	12.5	12.5	12.5	12.5
25665N	PHOENIX	5.0	4.2							
25668N	SPARROW (AIM 7F)	7.0	5.4	6.0	6.0	6.0	6.0	6.0	6.0	6.0
25669N	CONDOR	8.0	9.4	10.2	10.2	10.2	10.2		10.2	5.7
62331N	Missile propulsion technology	8.0	8.5	7.9	7.9	7.9	7.9	7.9	7.9	7.9
62332N	Strike warfare weaponry technology	34.1	37.0	37.5	37.5	37.5	37.5	37.5	37.5	37.5
63301N	Long range surface weapon system	6.0	4.7	13.6	13.6	13.6	13.6	13.6	13.6	13.6
63303N	ARM (anti-radiation missile) system technology	1.9	3.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0
63305N	Air-launched air-to-air-missile system (AGILE)	16.5	18.0	20.0		20.0				
63306N	Advanced air-launched air-to-surface missile system	8.8	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
63312N	Air-launched/surface-launched antiship missile (HARPOON)	59.9								
63353N	Air-to-ground weapon technology (advanced)			2.6	2.6	2.6	2.6	2.6	2.6	2.6
63358N	Weaponizing (prototype)	2.7	3.0	6.2	6.2	6.2	6.2	6.2	3.2	6.0
63361N	Cruise missile (advanced)	4.0	2.6	45.0	42.5	38.0	41.0	41.0	31.0	38.0
63362N	Cruise missile	1.3								
63363N	HARM (high-speed antiradar missile)	6.7	9.9	18.1	18.1	18.1	18.1	18.1	14.1	14.1
63364N	Encapsulated HARPOON	12.0	11.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
63366N	Surface missile guidance (advanced)			3.0	3.0	1.0	1.0	1.0	1.0	1.0
64302N	3T major systems development	1.2								
64303N	AEGIS	78.5	40.2	67.0	50.0	67.0	63.0	63.0	63.0	63.0
64352N	Surface-launched weaponry, systems and technology	5.1	5.0	13.1	13.1	9.1	9.1	9.1	9.1	9.1
64358N	Close-in weapon system (PHALANX)	10.9	29.0	32.1	12.1	32.1	15.0	15.0	15.0	15.0
64359N	Standard surface-to-surface missile	22.8	10.2	2.0	2.0	2.0	2.0		2.0	
64361N	NATO SEA SPARROW	2.4	3.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1
64362N	Point defense improvements	21.5	12.7	5.3	5.3	5.3	5.3	5.3	5.3	5.3
64363N	TRIDENT missile system	348.4	527.7	648.8	648.8	633.8	641.1	641.1	641.1	641.1
64364N	Antiship weaponry		81.0	57.7	57.7	57.7	57.7	57.7	57.7	57.7
64365N	Surface missile warhead development			1.9	1.9	1.9	1.9	1.9	1.9	1.9
64366N	Surface missile guidance	12.1	15.9	32.2	25.0	32.2	25.2	25.2	25.2	25.2
65351N	Pacific Missile Range	66.5	67.9							
65352N	Systems test and instrumentation	1.2	1.6							
	Total, missiles and related equipment	807.2	986.2	1,152.6	1,081.2	1,122.8	1,090.8	1,073.6	1,064.8	1,068.1
	Military astronautics and related equipment:									
33109N	Satellite communications	40.0	41.5	27.3	27.3	27.3	27.3	27.3	42.3	42.3
35111N	Weather service	2.1	2.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4
63401N	Navstar global positioning system	8.1	9.3	7.5	7.5	7.5	7.5	7.5	7.5	7.5
63451N	Space technology			2.5	2.5	2.5	2.5	2.5	2.5	2.5
	Total, military astronautics and related equipment	50.2	52.9	38.7	38.7	38.7	38.7	38.7	53.7	53.7

[COMMITTEE PRINT]

FISCAL YEAR 1975 R.D.T. & E. AUTHORIZATION

[In millions of dollars]

Program element number	Program element title	Fiscal year 1973 program	Fiscal year 1974 program	Fiscal year 1975 estimate	Fiscal year 1975 authorization action			Fiscal year 1975 appropriation action		
					House	Senate	Final	House	Senate	Final
	Ships, small craft, and related equipment:									
24281N	Submarines	29.9	18.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
24573N	Navy cover and deception program	2.8	2.3	3.7	3.7	3.7	3.7	3.7	3.7	3.7
25617N	All weather carrier landing system	.9								
25623N	Surface sonar modernization	1.9	1.1	7.1	7.1	7.1	7.1	7.1	5.1	5.1
25634N	Submarine silencing	7.9	8.8	8.9	8.9	8.9	8.9	8.9	8.9	8.9
25670N	Tactical intelligence processing support	.7	.4	2.0	2.0	2.0	2.0	2.0	.3	.3
31011N	Cryptologic activities	5.4	7.5	11.2	11.2	11.2	11.2	11.2	7.8	9.5
31015N	Technical sensor collection	1.5	5.8							
31022N	Scientific and technical intelligence	.5	.5	.5	.5	.5	.5	.5	.5	.5
31025N	Intelligence data handling system (IDHS)		.3	.5	.5	.5	.5	.5	.5	.5
33401N	Communications security	4.2	3.3							
34111N	Special activities	128.1	127.7	127.7	127.7	127.7	127.7	127.7	119.7	123.7
62542N	Nuclear propulsion technology	21.0	21.6	25.4	25.4	25.4	25.4	25.4	22.4	22.4
62543N	Ships, submarines and boats technology	17.1	18.9	20.7	20.7	20.7	20.7	20.7	19.7	19.7
63501N	Reactor propulsion plants	7.1	6.9	6.3	6.3	6.3	6.3	6.3	6.3	6.3
63502N	Surface mine countermeasures	.5	.8	4.0	4.0	4.0	4.0	4.0	4.0	4.0
63504N	Submarine sonar developments (advanced)	2.0	2.7	4.0	4.0	4.0	4.0	4.0	2.8	2.8
63505N	Advanced surface ship sonar development	1.1								
63506N	Acoustic countermeasures	1.3	1.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0
63508N	Ship propulsion system (advanced)	15.0	15.3	21.6	21.6	21.6	21.6	21.6	21.6	21.6
63509N	New ship design	.6	1.4	1.6	1.6	1.6	1.6	1.6	1.6	1.6
63511N	Air control	1.5	.4	2.7	2.7	2.7	2.7	2.7	2.7	2.7
63512N	Aircraft launching and retrieving	1.4	1.4							
63513N	Shipboard system component development	1.2	1.5	2.9	2.9	2.9	2.9	2.9	1.6	1.6
63514N	Shipboard damage control	2.8	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.3
63516N	Advanced identification techniques	1.0	2.5	1.1	1.1	1.1	1.1	1.1	1.1	1.1
63516N	Radar surveillance equipment	.6	2.5							
63518N	Advanced navigation development	1.0	2.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
63519N	Advanced command data system	2.1	3.9	5.1	5.1	5.1	5.1	5.1	4.1	4.1
63520N	Advanced communications	1.4	2.8	2.2	2.2	2.2	2.2	2.2	2.2	2.2
63521N	Surface electronic warfare	5.4	6.3	4.5	4.5	4.5	4.5	4.5	4.5	4.5
63522N	Advanced submarine surveillance equipment program	3.9	4.7							
63531N	HY 130 steel	4.4	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.8
63534N	Surface effect ships	32.0	60.9	58.0	58.0	45.8	45.8	45.8	45.8	45.8
63538N	BLUE MAIL	.5								
63553N	Surface ASW	1.0	3.6	13.4	13.4	13.4	13.4	13.4	8.8	11.0
63561N	Submarines (advanced)			.7	.7	.7	.7	.7	.7	.7
63562N	Submarine tactical warfare systems (advanced)			3.2	3.2	3.2	3.2	3.2	3.2	3.2
63564N	Ship development (advanced)	12.2	13.1	19.1	16.1	15.7	16.1	16.1	16.1	16.1
63566N	Amphibious assault craft	12.2	15.9	19.8	19.8	19.8	19.8	19.8	19.8	19.8
63567N	Hydrofoil craft (advanced)	5.8	2.3	6.0	6.0	6.0	6.0	6.0	6.0	6.0
63578N	A4W/A1G nuclear propulsion plant	9.1	7.3	7.2	7.2	7.2	7.2	7.2	7.2	7.2
63579N	D2W nuclear propulsion reactor	7.3	7.0	7.2	7.2	7.2	7.2	7.2	7.2	7.2
63580N	Advanced design submarine nuclear propulsion plant	18.3	11.6	12.4	12.4	12.4	12.4	12.4	12.4	12.4
63582N	Combat system integration		1.0	2.1	2.1	2.1	2.1	2.1	1.1	1.1
63583N	Joint sonar development	7.4	4.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3
63584N	OTH (Over-The-Horizon) technology	2.8	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0
63585N	Shipboard automation development	.1	.5	1.7	1.7	1.7	1.7	1.7	1.7	1.7
63586N	Naval inshore warfare craft	4.2	.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
63587N	Test bed development and demonstration		10.0							
63588N	Improved SSBN			16.0	16.0					
64502N	Submarine communication	7.2	4.9	5.3	5.3	5.3	5.3	5.3	4.3	4.3
64503N	Submarine sonar development (engineering)	1.8	3.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
64508N	Radar surveillance equipment	4.0	5.6	10.9	10.9	7.9	10.0	10.0	8.9	8.9
64510N	Communications systems	3.0	4.5	1.7	1.7	1.7	1.7	1.7	1.7	1.7
64511N	Intelligence systems	2.4								
64514N	Navigation systems	.3								
64515N	Submarine surveillance equipment program (engineering)	9.6	8.4							
64517N	Joint advanced tactical command and control Communications program	3.4	3.7	4.9	4.9	4.9	4.9	4.9	4.9	4.9
64518N	Combat information center (CIC) conversion	4.8	2.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
64521N	Ship antimissile integrated defense (SAMID)	2.9								
64554N	Surface electronic warfare	12.9	6.6	7.1	7.1	7.1	7.1	7.1	7.1	7.1
64559N	Deep submergence technology (nuclear power)		2.2							
64560N	TRIDENT submarine system	122.0	126.3	107.2	107.2	107.2	107.2	107.2	107.2	107.2
64562N	Submarine tactical warfare sytems (engineering)	6.3	3.8	4.5	4.5	4.5	4.5	4.5	4.5	4.5
64564N	NATO PHM (patrol hydrofoil missile) ship	30.4	18.9	15.7	15.7	15.7	15.7	15.7	15.7	15.7
64565N	Sea control ship	10.0								
64566N	Acoustic communications	7.7	9.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1
64567N	Ship development (engineering)			29.4	29.4	29.4	29.4	29.4	29.4	29.4
64568N	Design to price electronic warfare suite (engineering)	2.5	8.6	17.1	17.1	17.1	17.1	17.1	17.1	17.1
	Total, ships, small craft, and related equipment	620.3	629.7	727.5	724.5	688.9	694.1	694.1	663.8	671.7
	Ordnance, combat vehicles, and related equipment:									
24304N	Mines and mine support	21.3	21.8	11.2	11.2	11.2	11.2	11.2	11.2	11.2
25645N	Modular glide weapon improvement program	1.9	1.6	2.5	2.5	2.5	2.5	2.5	1.5	2.0
25660N	MK-48 torpedo (operational systems)	6.8	13.6	5.4	5.4	5.4	5.4	5.4	5.4	5.4
26620M	Marine Corps weaponry	.6	.4	1.2	1.2	1.2	1.2	1.2	1.2	1.2
62633N	Undersea warfare weaponry technology	16.7	18.7	18.3	18.3	18.3	18.3	18.3	18.3	18.3
63601N	Mine development	1.6	1.8	6.5	6.5	6.5	6.5	6.5	4.5	5.5
63605N	Advanced conventional ordnance	.8	1.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2
63606M	Advanced Marine Corps weapons systems	.7	2.6	2.1	2.1	2.1	2.1	2.1	2.1	2.1
63609N	Surface launched munitions	6.5	7.7	11.2	11.2	11.2	11.2	11.2	11.2	11.2
63652N	Fire control system (advanced)			2.6	2.0	2.6	2.6	2.6	2.6	2.6
63653N	Gun systems		.5	5.0	5.0	5.0	5.0	5.0	4.0	4.0
63654N	Joint service explosive ordnance disposal development (advanced)	1.1	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6
64603N	Unguided conventional air-launched weapons	.3	.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
64605N	Conventional ordnance equipment	.3								
64606M	Marine Corps ordnance/combat vehicle systems	2.3	1.6	3.8	3.8	3.8	3.8	3.8	3.8	3.8
64652N	Fire control systems (engineering)	4.8	11.2	17.0	17.0	17.0	17.0	17.0	7.0	17.0
64654N	Joint service explosive ordnance disposal development (engineering)	.6	.6	.6	.6	.6	.6	.6	.6	.6
	Total, ordnance, combat vehicles, and related equipment	66.3	84.9	92.3	92.3	92.3	92.3	92.3	88.3	89.8

Footnotes at end of table.

Program element number	Program element title	Fiscal year 1973 program	Fiscal year 1974 program	Fiscal year 1975 estimate	Fiscal year 1975 authorization action: House	Fiscal year 1975 authorization action: Senate	Fiscal year 1975 authorization action: Final	Fiscal year 1975 appropriation action: House	Fiscal year 1975 appropriation action: Senate	Fiscal year 1975 appropriation action: Final
	Other equipment:									
42611N	Undersea surveillance systems	29.0	34.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3
26617M	Marine Corps operational logistics development	1.0	.2	.5	.5	.5	.5	.5	.5	.5
32619M	Marine Corps operational electronics development	.5	.9	.6	.6	.6	.6	.6	.6	.6
26622M	Marine Corps datat systems (operational systems)	3.1	4.1	3.8	3.8	3.8	3.8	3.8	3.8	3.8
28010M	TRITAC, Marine Corps	3.2	3.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4
28010N	TRITAC, Navy		1.9	15.3	15.3	15.3	15.3	15.3	10.3	12.3
33131N	Support of MEECN (minimum essential emergency communications net)	1.0	1.5	3.1	3.1	3.1	3.1	3.1	1.6	2.3
62711N	Undersea target surveillance	23.6	25.9	25.2	25.2	25.2	25.2	25.2	25.2	25.2
62712N	Surface and aerospace target surveillance	11.3	15.5	14.7	14.7	14.7	14.7	14.7	14.7	14.7
67221N	Command and control technology	19.5	20.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1
62734N	Countermeasures technology	11.0	12.8	13.0	13.0	13.0	13.0	13.0	13.0	13.0
62758N	Biomedical technology	9.4	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
62759N	Ocean and atmospheric support technology	18.8	20.9	19.2	19.2	19.2	19.2	19.2	19.2	19.2
62760N	Logistics technology	9.7	9.8	11.3	11.3	11.3	11.3	11.3	10.2	10.2
62761N	Materials technology	13.1	13.7	13.3	13.3	13.3	13.3	13.3	13.3	13.3
62762N	Electronic device technology	11.0	11.5	13.0	13.0	13.0	13.0	13.0	11.9	12.5
62763N	Human resources	8.8	8.9	9.0	9.0	9.0	9.0	9.0	9.0	9.0
62764N	Chemical/biological defense technology	.6	.2	.2	.2	.2	.2	.2	.2	.2
62765N	Energy and environmental protection technology	5.8	5.2	9.1	9.1	9.1	9.1	9.1	5.4	7.1
62766N	Laboratory independent exploratory development	13.8	14.7	13.1	13.1	13.1	13.1	13.1	13.1	13.1
63702N	Ocean engineering systems development	4.1	4.7	5.5	5.5	5.5	5.5	5.5	5.5	5.5
63704N	Oceanography instrumentation development	.2	.3	.5	.5	.5	.5	.5	.5	.5
63705N	Logistics	1.0	.3	2.5	2.5	2.5	2.5	2.5	2.5	2.5
63706N	Medical development (advanced)	3.9	4.9	5.2	5.2	5.2	5.2	5.2	5.1	5.1
63707N	Manpower effectiveness	1.7	2.7	3.2	3.2	3.2	3.2	3.2	2.8	2.8
63709N	Advanced marine biological system	2.3	2.5	3.0	3.0	3.0	3.0	3.0	2.7	2.7
63713N	Ocean engineering technology development	9.1	8.3	9.9	9.9	9.9	9.9	9.9	8.6	9.3
63714N	Nuclear vulnerability/survivability	1.1								
63715N	Electronic intercept system	.8								
63717N	Integrated ocean surveillance information system (OSIS)	2.9	5.8	4.5	4.5	4.5	4.5	4.5	4.5	4.5
63720N	Education and training	2.1	5.5	6.9	6.9	6.9	6.9	6.9	5.9	6.4
63721N	Environmental protection	3.6	6.6	9.5	9.5	9.5	9.5	9.5	9.5	9.5
63722N	Naval special warfare	2.4	1.9	3.5	3.5	3.5	3.5	3.5	2.5	2.5
63723N	ASW force command control system	4.1	5.6	7.9	7.9	7.9	7.9	7.9	6.9	6.9
63724N	Navy energy program (advanced)			1.6	1.6	1.6	1.6	1.6	1.6	1.6
63754N	Hi energy laser	18.2	19.6							
63763N	Aerospace ocean surveillance	33.0	25.8							
63765M	Other Marine Corps developments (advanced)	3.0	3.5	5.2	5.2	5.2	5.2	5.2	4.2	4.2
63766M	Marine Corps data systems (advanced)	3.3	4.5	4.2	4.2	4.2	4.2	4.2	4.2	4.2
63791N	Reliability and maintainability	5.0	.5	1.0	1.0	1.0	1.0	1.0	.6	.6
63793N	ASW sensors (prototype)	1.5	1.2	.2	.2	.2	.2	.2	.2	.2
63794N	ASW surveillance	20.9	22.5	40.0	40.0	40.0	40.0	40.0	35.0	37.5
63795N	Long range acoustic propagation (LRAP)	7.5	7.5	8.8	8.8	8.8	8.8	8.8	7.8	7.8
63796N	Airborne electro-magnetic and optical systems	.5	.7	3.2	3.2	3.2	3.2	3.2	3.2	3.2
63797N	Surface electro-magnetic and optical systems (advanced)	1.1	1.8	3.3	3.3	3.3	3.3	3.3	2.8	2.8
63798N	Special processes	1.9	43.5	54.6	54.6	54.6	54.6	54.6	54.6	54.6
64702N	Counterintelligence systems	.4	.4	.4	.4	.4	.4	.4	.4	.4
64703N	Training devices prototype development	2.0	7.6	7.0	7.0	7.0	7.0	7.0	7.0	7.0
64706N	Remote unattended sensor warfare	2.7	.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5
64710N	Navy energy program (engineering)			1.4	1.4	1.4	1.4	1.4	1.4	1.4
64761N	Intelligence (engineering)			1.6	1.6	1.6	1.6	1.6	1.6	1.6
64765M	Other Marine Corps development (engineering)	5.5	4.2	7.4	7.4	7.4	7.4	7.4	6.9	6.9
64766M	Marine Corps data systems (engineering)	.5	.3	.3	.3	.3	.3	.3	.3	.3
64771N	Medical development (engineering)		1.0	.5	.5	.5	.5	.5	.5	.5
64792N	Surface electro-magnetic and optical systems (engineering)	.8	.7							
64793N	Foreign weapons evaluation			3.0	3.0	3.0	3.0	3.0	3.0	3.0
	Total, other equipment	341.2	408.6	479.3	479.3	477.4	479.3	479.3	453.0	462.1
	Programwide management and support:									
65803N	Electromagnetic compatibility and effectiveness	1.0		1.0	1.0	1.0	1.0	1.0		
65804N	Technical information services	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.1
65852N	Atlantic undersea test and evaluation center (AUTEC)	12.1	2.1	2.3	2.3	2.3	2.3	2.3	2.3	2.3
65853N	Management and technical support	9.8	8.7	10.3	10.3	10.3	10.3	10.3	9.1	9.1
65854M	Development center support (Marine Corps)	3.0	2.4	1.9	1.9	1.9	1.9	1.9	1.9	1.9
65855N	Naval Arctic Research Laboratory, Point Barrow	4.1	4.0	4.2	4.2	4.2	4.2	4.2	4.2	4.2
65856N	Strategic technical support	1.3	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7
65857N	International R.D.T.& E	.6	.6	.7	.7	.7	.7	.7	.7	.7
65858N	Tactical electronics support	4.6	5.5	2.8	2.8	2.8	2.8	2.8	2.8	2.8
65859N	ASMD (anti-ship missile defense) test range	5.0	4.6	10.0	10.0	10.0	10.0	10.0	8.2	8.2
65860N	U.S.S. Hip Pocket	4.0	3.1	3.1		3.1	1.0	1.0	1.0	1.0
65861N	R.D.T. & E. laboratory and facilities management support	41.7	47.6	44.8	44.8	44.8	44.8	44.8	44.8	44.8
65862N	R.D.T. & E. instrumentation and material support	26.5	30.0	22.4	22.4	22.4	22.4	22.4	22.4	22.4
65863N	R.D.T. & E. ship and aircraft support	38.4	39.7	34.7	34.7	34.7	34.7	34.7	34.7	34.7
65864N	Test and evaluation support			135.7	135.7	135.7	135.7	135.7	135.7	135.7
65865N	Operational test and evaluation capability	.9	3.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0
65866N	Navy telecommunications systems architecture support		.5	4.2	4.2	4.2	4.2	4.2	.5	2.4
	Total, programwide management and support	154.0	154.9	283.9	280.8	283.9	281.8	281.8	274.1	276.0
	Undistributed reduction									−10.0
	Reimbursements from foreign military sales					−27.7		−27.7	−27.7	−27.7
	Total, R.T.D. & E.—Navy	[1] 2,544.6	[2] 2,716.7	[3] 3,264.5	[3] 3,153.0	[3] 3,151.0	[3] 3,153.0	[3] 3,067.7	[3] 2,982.2	[3] 3,009.5
	R.D.T. & E. AIR FORCE									
	Military sciences:									
61101F	In-house laboratory independent research	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3
61102F	Defense research sciences	74.7	73.0	73.3	73.3	73.3	73.3	73.3	73.3	73.3
62101F	Environment	7.0	7.5	8.3	8.3	8.3	8.3	8.3	7.8	7.8
62102F	Materials	24.0	24.6	25.6	25.6	25.6	25.6	25.6	25.6	25.6
63101F	Preliminary design and development	2.9	2.5	3.0	3.0	3.0	3.0	3.0	2.6	2.6
63102F	Innovations in training and education	7.2	6.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5
65101F	Air Force project RAND	8.4	8.7	8.7	8.7	8.7	8.7	8.7	6.6	7.6
65102F	Analytic Services Incorporated (ANSER)	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.3	1.5
	Total, military sciences	131.1	129.3	131.4	131.4	131.4	131.4	131.4	128.0	129.2

[COMMITTEE PRINT]

FISCAL YEAR 1975 R.D.T. & E. AUTHORIZATION

[In millions of dollars]

Program lemen t umber	Program element title	Fiscal year 1973 program	Fiscal year 1974 program	Fiscal year 1975 estimate	Fiscal year 1975 authorization action			Fiscal year 1975 appropriation action		
					House	Senate	Final	House	Senate	Final
	Aircraft and related equipment:									
01007F	International fighter aircraft (F-5E/F)	19.6	18.2	6.1	6.1	6.1	6.1	6.1	6.1	6.1
27129F	F-111 squadrons	2.5								
27130F	F-15 squadrons	454.5	258.0	182.6	182.6	182.6	182.6	174.6	164.6	174.6
62201F	Aerospace flight dynamics	31.7	32.3	38.1	38.1	38.1	38.1	38.1	33.6	35.9
62202F	Aerospace biotechnology	20.5	20.9	20.4	20.4	20.4	20.4	20.4	19.4	19.4
62203F	Aerospace propulsion	28.6	30.7	34.0	34.0	32.2	34.0	34.0	32.0	33.0
62204F	Aerospace avionics	46.5	46.5	51.1	51.1	51.1	51.1	51.1	47.1	49.1
63202F	Aircraft propulsion subsystem integration	4.2	4.7	6.9	6.9	6.9	6.9	6.9	4.9	5.9
63203F	Advanced avionics for aircraft	11.9	8.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
63205F	Flight vehicle subsystems concept	7.9	7.2	8.0	8.0	8.0	8.0	8.0	7.5	7.5
63208F	Reconnaissance sensors/processing technology	2.4	2.4	4.0	4.0	4.0	4.9	4.0	3.5	3.5
63211F	Aerospace structural materials	10.5	14.5	35.3	35.3	35.3	35.3	35.3	19.3	28.2
63216F	Advanced turbine engine gas generator	11.5	8.0	8.5	8.5	8.5	8.5	8.5	8.5	8.5
63232F	Advanced aerial target technology	6.6	6.1	4.6	4.6	4.6	4.6	4.6	4.6	4.6
63235F	Lightweight fighter prototype	37.0	45.5	12.7	12.7	12.7	12.7	12.7	12.7	12.7
63236F	Advanced medium STOL transport prototype	25.0	25.0	55.8	55.8	55.8	55.8	55.8	55.8	55.8
63237F	Stall/Spin inhibitors	1.0		2.0	2.0	2.0	2.0	2.0		
63240F	Lightweight fighter engine	6.0	1.5	10.0	10.0	10.0	10.0	10.0	10.0	10.0
63241F	Electronically agile radar	1.9	3.4	8.0	8.0	4.0	4.0	4.0	4.0	4.0
63242F	Conus air defense			1.0	1.0	1.0	1.0	1.0		
63243F	Digital avionics system			4.5	4.5	4.5	4.5	4.5	4.5	4.5
64206F	F-4 avionics	4.4	2.4	13.6	13.6	12.6	13.6	13.6	8.6	13.6
64212F	Aircraft equipment development	6.6	6.5	5.0	5.0	4.0	5.0	5.0	5.0	5.0
64214F	Advanced tanker			20.0	20.0	4.5	8.0	8.0		2.0
64215F	B-1	444.5	448.5	499.0	499.0	455.0	455.0	455.0	400.0	445.0
64220F	EF-111A	2.5	15.0	36.7	36.7	36.7	36.7	36.7	36.7	36.7
64225F	A-10 aircraft	48.1	107.4	93.9	93.9	81.4	81.4	81.4	81.4	81.4
64227F	Flight simulator development			5.0	5.0	5.0	5.0	5.0	3.0	3.0
64229F	Air combat fighter			36.0	31.0	36.0	32.0	32.0	32.0	32.0
	Total, aircraft and related equipment	1,235.9	1,112.9	1,210.0	1,205.0	1,130.2	1,133.5	1,125.5	1,012.0	1,089.3
	Missiles and related equipment:									
11213F	Minuteman squadrons	139.6	99.7	142.9	142.9	123.9	123.9	123.9	123.9	123.9
27161F	Tactical air interceptor missiles	4.6	6.5	1.7	1.7	1.7	1.7	1.7	1.7	1.7
27162F	Tactical air to ground missiles	2.0	1.1							
27243F	Tactical drone support squadrons	.8	2.5							
62302F	Rocket propulsion	21.5	20.4	20.3	20.3	20.3	20.3	20.3	20.3	20.3
63305F	Advanced ICBM technology	7.9	4.2	37.3	37.3	37.3	37.3	37.3	37.3	37.3
63311F	Advanced ballistic reentry system	92.8	90.0	120.0	104.9	131.8	124.0	124.0	120.0	119.9
63314F	Strategic bomber penetration	1.4	3.5	10.6	10.6	10.6	10.6	10.6	3.5	5.5
63315F	Advanced air-to-air weapons technology			3.1						
64301F	Tactical air-to-ground missile (Maverick)	8.2								
64309F	Hound Dog II	1.0								
64361F	Air-launched cruise missile	48.6	11.0	80.0	75.0	64.0	71.5	71.5	61.5	66.5
65304F	SAMTEC and ACS-telecommunications	3.7	3.0	3.1	3.1	3.1	3.1	3.1	3.1	3.1
	Total, missiles and related equipment	332.1	241.9	419.0	395.9	392.8	392.4	392.4	371.3	378.2
	Military astronautics and related equipment:									
12431F	Defense support program	32.3	62.1	33.8	33.8	33.8	33.8	33.8	33.8	33.8
12432F	SLBM radar warning systems			8.0		8.0				
33110F	Defense satellite communications	1.4		2.1	2.1	2.1	2.1	2.1	2.1	2.1
33601F	Air Force satellite communications	15.1	19.2	10.0	10.0	10.0	10.0	10.0	10.0	10.0
34111F	Special activities	188.4	293.5	234.9	234.9	234.9	234.9	234.9	234.9	234.9
35110F	Satellite control facility	3.0	3.0	3.4	3.4	3.4	3.4	3.4	3.2	3.2
35119F	Space boosters	3.2	4.4	3.6	3.6	3.6	3.6	3.6	3.6	3.6
35158F	Satellite data system	23.0	41.9	36.5	36.5	36.5	36.5	36.5	36.5	36.5
35160F	Defense meterological satellite program	6.9	7.5	5.0	5.0	5.0	5.0	5.0	5.0	5.0
63401F	Space vehicle subsystems	4.0	4.1	5.4	5.4	5.4	5.4	5.4	4.1	4.1
63402F	Space test program	12.0	18.9	14.6	14.6	14.6	14.6	14.6	14.6	14.6
63411F	Space shuttle	4.0	4.0	12.3	12.3	12.3	12.3	12.3	10.0	10.0
63421F	Navstar global positioning system	2.3	7.4	25.4	22.9	25.4	23.9	23.9	23.9	23.9
63424F	Missile surveillance technology	11.5	10.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
63428F	Space surveillance technology	2.2	15.1	21.9	21.9	21.9	21.9	21.9	15.8	18.9
63429F	Missile attack assessment	.7	1.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9
63431F	Advanced space communications	13.4	16.2	24.7	24.7	24.7	24.7	24.7	21.7	23.2
63438F	Satellite system survivability	2.8	1.8	2.4	2.4	2.4	2.4	2.4	2.4	2.4
64406F	Space defense system	.2	.1	3.5	3.5	3.5	3.5	3.5	3.5	3.5
65402F	Aerospace	13.1	13.1	13.1	13.1	13.1	13.1	13.1	9.9	11.5
	Total, military astronautics and related equipment	339.5	523.5	472.7	462.2	472.7	463.2	463.2	447.1	453.3
	Ordnance, combat vehicles and related equipment:									
62601F	Advanced weapons	21.9	21.6							
62602F	Conventional munitions	13.8	14.7	16.7	16.7	16.7	16.7	16.7	15.3	16.7
63601F	Conventional weapons	10.4	11.1	24.9	20.0	24.9	20.0	20.0	20.0	20.7
63605F	Advanced radiation technology	27.0	26.7							
64601F	Chemical/biological defense equipment	.5	.5	.7	.7	.7	.7	.7	.7	.7
64602F	Armament ordnance development	7.5	9.4	10.4	10.4	10.4	10.4	10.4	9.4	9.4
64603F	Improved aircraft gun system	16.4	22.2	9.7	2.2	2.2	2.2	2.2	2.2	2.2
64605F	30mm. close air support gun system	9.0	12.2	8.0	8.0	8.0	8.0	8.0	8.0	8.0
64608F	Close air support weapon system (CASWS)	4.4	5.0	20.0	20.0	20.0	20.0	20.0	17.0	20.0
64609F	Aircraft avionics equipment development			6.0	6.0	6.0	6.0	6.0	6.0	6.0
	Total, ordnance, combat vehicles, and related equipment	110.9	123.4	156.7	144.3	149.2	144.3	144.3	136.9	142.3
	Other equipment:									
11316F	Strategic air command communications	1.8	5.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
12311F	Norad COC		9.8	4.4	4.4	4.4	4.4	4.4	4.4	4.4
12323F	Norad COC-communications		2.7							
12417F	Conus Over-The-Horizon (OTH) radar system	3.1	2.5	12.3	10.3	12.3	10.3	10.3	10.3	10.3
27412F	Tactical air control system	3.1	11.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4
28010F	Joint tactical communications program (TRI-TAC)	1.8	5.6	15.7	15.7	15.7	14.7	14.7	10.7	12.7
31011F	Cryptologic activities	3.9	7.2							

Footnotes at end of table.

Program element number	Program element title	Fiscal year 1973 program	Fiscal year 1974 program	Fiscal year 1975 estimate	Fiscal year 1975 authorization action			Fiscal year 1975 appropriation action		
					House	Senate	Final	House	Senate	Final
	Other equipment—Continued									
31015F	Technical sensor collection	.4								
31036F	Special reconnaissance vehicles	2.5		3.5	3.5	3.5	3.5	3.5	3.5	3.5
33125F	Air Force communications (defense communications support)	3.4	3.4	2.7	2.7	2.7	2.7	2.7	2.7	2.7
33131F	Minimum essential emergency communication network (MEECN)	4.5	4.8	7.5	7.5	5.5	6.5	6.5	6.5	6.5
33401F	Communications security (COMSEC)	2.0	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3
35114F	Traffic control approach and landing system (TRACALS)	5.7	19.6	6.5	6.5	6.5	6.5	6.5	6.5	6.5
62702F	Ground electronics	39.9	42.3	40.6	40.6	40.6	40.6	40.6	40.6	40.6
62703F	Human resources	5.4	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
63702F	Over-The-Horizon (OTH) radar technology	2.4		.2	.2	.2	.2	.2		
63706F	Advanced command and control capability			1.5	1.5	6.5	6.5	6.5	6.5	6.5
63714F	Base security	2.7	2.7	3.2	3.2	3.2	3.2	3.2	2.8	2.8
63715F	Reconnaissance/intelligence	2.1								
63718F	Electronic warfare technology	9.1	6.3	7.5	7.5	7.5	7.5	7.5	6.6	6.6
63719F	Simulator for air-to-air combat	3.2	3.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1
63723F	Aerospace facilities technology	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
63727F	Advanced communications technology	.7	2.2	7 0	7.0	7.0	7.0	7.0	7.0	7.0
63728F	Advanced computer technology	.9	1.5	3.0	3.0	3.0	3.0	3.0	1.6	2.3
63731F	Advanced detection system development	5.2	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
63739F	Advanced drone/remotely piloted vehicle	1.5	2.0	3.1	3.1	3.1	3.1	3.1	3.1	3.1
63740F	Ground based sensors technology	.9								
63741F	Defense suppression	9.5	4.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3
63742F	Air-to-air identification of noncooperative targets	2.5	2.1	2.7	2.7	2.7	2.7	2.7	2.7	2.7
63743F	Electro-optical warfare	2.9	4.3	5.2	5.2	5.2	5.2	5.2	4.0	4.0
63744F	COMPASS COPE	8.5	4.7	6.0	6.0	6.0	6.0	6.0	6.0	6.0
64701F	Tactical information processing and interpretation	11.5	10.5	6.3	6.3	6.3	6.3	6.3	6.3	6.3
64706F	Life support system	4.9	3.9	5.5	5.5	5.5	5.5	5.5	4.1	4.1
64708F	Other operational equipment	7.5	6.3	9.7	9.7	9.7	9.7	9.7	6.6	6.6
64709F	Improved tactical bombing	3.8	1.1	11.8	11.8	8.3	11.8	11.8	5.5	8.5
64710F	Reconnaissance/electronic warfare equipment	8.3	5.7	7.1	7.1	7.1	7.1	7.1	7.1	7.1
64711F	Systems survivability	7.0	7.9	7.8	7.8	7.8	7.8	7.8	6.8	6.8
64714F	Improved aircraft fire fighting equipment	.5	.5	.5	.5	.5	.5	.5	.5	.5
64715F	Integrated program for air base defense	.1		1.5	1.5	1.5	1.5	1.5	1.5	1.5
64167F	Sensors for weather reconnaissance aircraft	4.1								
64718F	CORBA MIST	1.6								
64721F	Common mobility support	.3	.4							
64723F	Advanced airborne command post (AABNCP)	48.3	17.3	67.7	67.7	67.7	67.7	67.7	62.7	62.7
64728F	Tactical Loran	4.8	11.0	16.5	16.5	16.5	16.5	16.5	14.5	14.5
64730F	Ground based sensors development and test	.4								
64732F	Drone/remotely piloted vehicle systems		2.0	18.0	18.0	7.0	17.0	17.0	17.0	17.0
64733F	Surface defense suppression	8.5	6.0	13.9	13.9	13.9	13.9	13.9	6.9	13.9
64735F	Improved capability for operational test and evaluation	2.6	2.8	11.9	8.8	11.9	10.5	6.3	10.5	6.3
64736F	Foreign weapons evaluation	1.7								
64738F	Protective systems	8.2	8.4	18.6	18.6	18.6	18.6	18.6	17.5	17.5
64739F	F-4/F105 protective systems	6.6	4.5	5.4	5.4	4.0	5.4	5.4	3.4	3.4
64741F	Side looking radar		1.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0
64742F	Precision emitter location strike system	10.2	8.0	25.1	22.1	25.1	22.1	22.1	22.1	22.1
64743F	Tactical support jamming	4.1	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2
64744F	Airborne warning and control system (AWACS)	194.2	155.8	219.7	219.7	219.7	219.7	219.7	190.0	210.0
64745F	F-4 WILD WEASEL/ALQ99	1.2								
64746F	Expendable drones	.3		.6	.6	.6	.6	.6	.6	.6
64747F	Electromagnetic pulse test facilities	6.4	8.1	8.4	8.4	8.4	8.4	8.4	8.4	8.4
64748F	Advanced fighter protective systems	14.7	14.9	15.7	15.7	15.7	15.7	15.7	15.5	15.5
64750F	Intelligence equipment	.9	2.2	3.6	3.6	3.6	3.6	3.6	3.6	3.6
65704F	Electromagnetic compatibility analysis center (ECAC)	4.4	5.1	6.0	6.0	6.0	6.0	6.0	6.0	6.0
65705F	Lincoln Laboratory	18.0	18.0	18.0	18.0	18.0	18.0	18.0	13.5	15.8
65706F	MITRE	8.5	8.5	8.5	8.5	8.5	8.5	8.5	6.4	7.5
65708F	Aircraft navigation system verification	.9	.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Total, other equipment	526.7	475.6	678.2	670.1	662.3	673.8	669.6	598.3	631.2
	Programwide management and support:									
01004F	International military headquarters and agencies	1.0	.8	.6	.6	.6	.6	.6	.6	.6
65801F	International cooperative research and development	.4	.3	.3	.3	.3	.3	.3	.3	.3
65806F	Acquisition and command support	189.5	197.7	195.7	195.7	195.7	195.7	195.7	195.7	195.7
65807F	Test and evaluation support	253.0	266.1	254.3	254.3	254.3	254.3	254.3	254.3	254.3
	Total, programwide management and support	443.9	464.9	450.9	450.9	450.9	450.9	450.9	450.9	450.9
	Total, R.D.T. & E.—Air Force	3,120.0	3,071.5	3,518.9	3,459.8	3,389.5	3,389.5	3,377.3	3,144.5	3,274.4
	R.D.T. & E. DEFENSE AGENCIES									
	DARPA PROGRAM									
	Military sciences:									
61101E	Defense research sciences	34.7	34.9	39.1	39.1	39.1	39.1	39.1	39.1	39.1
62101E	Technical studies	3.3	3.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0
	Undistributed reduction				−2.8		−2.8	−2.8	−2.8	−2.8
	Total, military sciences	38.0	38.6	41.1	38.3	41.1	38.3	38.3	38.3	38.3
62301E	Missiles and related equipment: Strategic technology	74.0	69.3	75.0	69.0	72.7	69.0	69.0	69.0	69.0
	Other equipment:									
62701E	Nuclear monitoring research	24.3	16.9	19.2	19.2	19.2	19.2	19.2	19.2	19.2
62702E	Tactical technology	30.7	29.8	36.3	36.3	36.3	36.3	36.3	36.3	36.3
62706E	Distributed information systems	19.8	19.2	18.0	18.0	15.3	15.3	15.3	15.3	15.3
62708E	Advanced command, control and communications technology	4.3	6.8	11.5	11.5	11.5	11.5	11.5	11.5	11.5
62709E	Training, forecasting and decision technology	3.8	5.4	6.6	6.6	6.6	6.6	6.6	6.6	6.6
62711E	Technology assessments	1.4	4.8	5.2	5.2	5.2	5.2	5.2	5.2	5.2
	Undistributed reduction				−8.0		−3.0	−3.0	−3.0	−3.0
	Total, other equipment	84.3	82.9	96.8	88.8	94.1	91.1	91.1	91.1	91.1
65803E	Programwide management and support: Project management support	3.4	3.6	3.9	3.9	3.9	3.9	3.9	3.9	3.9
	Total, ARPA	199.7	194.2	216.8	200.0	211.8	202.3	202.3	2.023	202.3
	DCA PROGRAM									
	Other equipment:									
32016K	National military command system-wide support	1.0	1.2	4.6	4.6	4.6	4.6	4.6	4.6	4.6
32017K	Worldwide military command and control system—Joint technical support agency	1.7	1.7	4.6	4.6	3.6	3.6	3.6	3.6	3.6
33127K	Defense communications system (DCS)	7.3	9.0	13.6	13.6	10.1	10.1	10.1	10.1	10.1

[COMMITTEE PRINT]

FISCAL YEAR 1975 R.D.T. & E. AUTHORIZATION

[In millions of dollars]

Program element number	Program element title	Fiscal year 1973 program	Fiscal year 1974 program	Fiscal year 1975 estimate	Fiscal year 1975 authorization action			Fiscal year 1975 appropriation action		
					House	Senate	Final	House	Senate	Fina
33131K	Minimum essential emergency communications network (MEECN)	3.0	3.4	5.2	5.2	5.2	5.2	5.2	5.2	5.2
33143K	Defense communication system test and evaluation	.2	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0
	Undistributed reduction				−5.0					
	Total, other equipment	13.2	18.2	31.0	26.0	26.5	26.5	26.5	26.5	26.5
	Total, DCA	13.2	18.2	31.0	26.0	26.5	26.5	26.5	26.5	26.5
	DMA PROGRAM									
	Other equipment:									
63701B	Mapping, charting, and geodesy investigations and prototype development	7.5	7.6	8.8	8.8	8.8	8.8	8.8	8.8	8.8
64701B	Mapping, charting and geodesy engineering development test	3.5	4.0	5.7	5.7	4.7	4.7	4.7	4.7	4.7
	Undistributed reduction				−2.0		−1.0	−1.0	−2.0	−2.0
	Total, other equipment	11.0	11.6	14.5	12.5	13.5	12.5	12.5	12.5	12.5
	Total, DMA	11.0	11.6	14.5	12.5	13.5	12.5	12.5	12.5	12.5
	DSA PROGRAM									
	Programwide management and support:									
65801S	Defense documentation center	10.2	10.8	11.8	11.8	11.3	11.3	11.3	11.3	11.3
65802S	Information analysis centers	2.1	2.3	2.7	2.7	2.7	2.7	2.7	2.7	2.7
	Undistributed reduction				−.5					
	Total, programwide management and support	12.3	13.1	14.5	14.0	14.0	14.0	14.0	14.0	14.0
	Total, DSA	12.3	13.1	14.5	14.0	14.0	14.0	14.0	14.0	14.0
	DIA, DNA, AND NSA PROGRAMS									
	Total, DIA, DNA, and NSA	195.7	210.1	233.1	218.0	225.1	218.0	218.0	218.0	218.0
	TECHNICAL SUPPORT TO OSD/OJCS									
	Military Sciences:									
65101D	Studies and analyses	6.2	7.3	9.4	9.4	9.4	9.4	9.4	9.4	9.4
65102D	Net technical assessment	6.8	6.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
65103D	Manpower studies	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5
	Undistributed reduction				−3.8		−1.0	−1.0	−1.0	−1.0
	Total, military sciences	14.4	15.6	18.8	15.0	18.8	17.8	17.8	17.8	17.8
	Total, technical support to OSD/JCS	14.4	15.6	18.8	15.0	18.8	17.8	17.8	17.8	17.8
	Total, defense agencies	446.3	463.0	528.7	485.5	509.7	491.1	491.1	491.1	491.1
	DIRECTOR OF TEST AND EVALUATION									
	Programwide management and support:									
65804D	Test and evaluation	27.0	24.6	27.0	25.0	27.0	25.0	25.0	25.0	25.0
	Total, defense agencies and test and evaluation	473.3	487.6	555.7	510.5	536.7	516.1	516.1	516.1	516.1
	Grand total, research, development, test and evaluation	[1] 8,019.0	[2] 8,227.2	[3] 9,325.0	[3] 9,001.7	[3] 8,952.4	[3] 8,937.0	[3] 8,792.7	[3] 8,391.9	[3] 8,579.3

[1] Includes $3.0 million for Navy Special Foreign Currency Program in fiscal year 1973.

[2] Includes $2.6 million for Navy Special Foreign Currency Program in fiscal year 1974.

[3] Includes $2.57 million for Navy Special Foreign Currency Program in fiscal year 1975.

SEVEN DEADLY SINS OF THROWAWAY CONTAINERS

Mr. HATFIELD. Mr. President, my colleagues are well aware of my belief that throwaway beverage containers must be banned, as they have been in Oregon. For this reason, I introduced the Nonreturnable Beverage Container Prohibition Act in the Senate. Hearings were held on this legislation by the Senate Subcommittee on the Environment last May, but no further action has been taken.

Besides reducing roadside litter, there are several other important benefits which would result from a nationwide ban on nonreturnables. Recently, the Sensible Citizens Against Throwaways prepared a paper on what they call the "Seven Deadly Sins" of throwaway beverage containers. I ask unanimous consent that this material be printed in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

CONCERNING THROWAWAY BEVERAGE CONTAINER LEGISLATION

The full detrimental effects of the throwaway leisure beverage container growth in America is not fully understood. Too often anti-throwaway legislation is looked upon only as an anti-litter measure.

This is a summary of those ill effects. We in SCAT* call them the Seven Deadly Sins of the throwaway container. Economically and environmentally they are every bit as ruinous and debilitating to our nation and world as the original seven deadly sins are to the individual.

First, we must understand the scope of the problem. About half of all food and drink containers made in the USA are leisure soft drink and beer containers—60 billion throwaways per year growing at the rate of eight percent per year.

The Seven Deadly Sins of the throwaway beverage containers against society:

1. Massive energy waste.
2. Squandering of the Earth's resources.
3. Major contribution to environmental degradation.
4. Economic loss to consumers and nation.
5. Solid waste contribution.
6. Employment loss—past and future.
7. Litter and contribution to the throwaway society.

Each of the above is summarized below. The comments are summary only and detail documentation is available.

1. ENERGY WASTE

We are a nation of energy wasters. The throwaway leisure container is a leader in amount of pure energy waste and a symptom of our society's technology at any price binge.

The energy waste over the cycle from resource mining to container disposal is in coal, natural gas, oil diesel and gasoline fuels. These fuels have a common denominator—British Thermal Units (BTU's). Throwaways waste the energy equivalent of over 251 billion BTU's each year. Compared to a 10 trip returnable/reusable container that waste can be stated variously as:

1. 131,000 barrels of gasoline/day.
2. 5.5 million gallons of gasoline/day.
3. 4.3 ounces of gas/container.
4. 10 million tons of coal per year.
5. Electricity equivalent to the output of 10 Calvert Cliff type nuclear power plants.

The specific waste by type of fuel is shown on the following chart.

2. RESOURCE WASTE

The savings of a full reusable system would include the 2% of steel and 8% of aluminum production that now go to beverage containers. The availability of these materials to other purposes would be in keeping with the need to conserve resources as the world's population demands more essential items made from these materials now being used to make one-time use containers.

As noted in the balance of payments discussion under the economic loss section 84% of the bauxite needed for aluminum, 100% of our tin, and 29% of our iron ore are imported today.

3. ENVIRONMENTAL DEGRADATION

A detailed study, "Resource and Environmental Profile Analysis of Nine Beverage Container Alternatives", shows the various types of throwaway containers provide excessive negative environmental impact in seven areas:

1. Raw material mining and processing.
2. Energy Waste.
3. Waste water volume.
4. Industrial solid waste.
5. Post-consumer solid wastes.
6. Atmospheric emissions.
7. Waterborne wastes.

ANALYSIS OF THROWAWAY BEVERAGE CONTAINER ENERGY WASTE

Quantity	10-trip ret.	Bimetal can	Glass throwaway	Aluminum can	Total T/W waste
1. Vol. 1972 1,000 gals		2.63 M	2.02 M	0.98 M	
2. Petroleum/1,000 gals consumed	6.24 M Btu	9.57	13.23	16.83	
3. Wasted	0	3.33	6.99	16.59	
4. Total petroleum wasted (1×3)	0	8.75 T Btu	14.1	10.4	33.3 T Btu.
5. Total gallons petroleum wasted	0	70 M gals	113	83	266 M gals.
6. Total barrels petroleum wasted	0	1.67	2.70	1.98	6.4 M bls.
9. Natural gas wasted	0	26.5 T Btu	59.6	29.9	116 T Btu.
Coal wasted, Btu		59.5 T Btu	16.9	27.7	104.1 T Btu.
Tons		2.36 M tons	0.67	1.10	4.13 M tons.
Wood fiber	0	−6.15 T Btu	7.48	−2	0.67 T Btu.
Total, energy waste	0	88.6 T Btu	98.1	66.0	252 T Btu.

Note: M Btu=millions; T=trillion.

As in the energy item the MRI/EPA study referred to here does not take into account additional energy or other environmental waste caused by non USA Mining and Manufacturing activity though the material is later brought into America to make throwaway beverage containers.

4. ECONOMIC LOSS

The advent of the lighter weight throwaway spelled the death of hundreds of small bottlers who could not compete with the large bottlers who could ship throwaways into their area, advertise the convenience, undersell, drive him out of business and then sell at their normal high profit. These jobs have already been lost.

But now with the rising material costs throwaway beer container and its package represents over half the production cost of the brewers—almost three times the labor cost and four times the cost of agricultural products required to make the beer itself.

At the retail level prior to recent metal price increases, the throwaway container can represent one-half to one-third of the total price to the consumer. This is because the approximate five cent cost/container must be regained on each sale. Under the reusable system only a small portion of the cost must be regained on each sale.

It has been estimated that each year the American consumers waste over $1.5 billion by paying these higher costs.

This loss is sometimes called the "cost of convenience of choice" but in fact in many parts of the country there is no choice as returnables are just not available.

Another economic loss is in the importation of material used to make aluminum and bi-metal cans. 100% of tin, 26% of iron ore and over 80% of bauxite is imported. The importations weigh heavily on the wrong side of the balance of payments scale.

There is also the added cost of litter pickup and solid waste handling as the industry passes the disposal cost on to the consumer.

A return to reusables may bring back regional bottlers and more jobs. Even without this change there will be a net gain in jobs in an all returnable system.

Average family savings of over $45 per year would go to offset increasing living costs but still be the base of a multiplier of GNP. For example, detail studies in Oregon show a net gain of almost $4 million business income since its inception, a net gain of 365 jobs, and a savings of solid waste and clean up cost of $700,000. As the cost of aluminum and steel rise, these added container costs are passed on to the consumer. (Note the industry also raised the price of soft drinks due to "rising sugar prices" but somehow the non-sugar diet drink prices rose to the same level as sugar based drinks.)

5. SOLID WASTE

Beverage containers are one of the most rapidly growing portions of municipal solid waste, increasing at the rate of 8% annually. Containers and other packaging account for 34% of municipal solid waste, 8.8 million tons of which are beverage containers. Citizens presently spend $6 billion annually on solid waste collection and disposal, 85% of the cost going for collection alone. A recent report by the National League of Cities/U.S. Conference of Mayors, "Cities and the Nation's Disposal Crisis," states the need for measures such as beverage container legislation quite forcefully, "Unless we reduce the total volume of solid waste generated . . . local governments will continue to be overburdened with the flow and the financing of the nation's solid waste." Although it is difficult to determine specific savings realized if beverage container legislation is implemented, increased efficiencies in costly collection will result as well as savings in space at disposal sites. On a national level, a reduction of approximately 6 million tons of solid waste will occur if legislation is enacted.

6. EMPLOYMENT LOSS

While the beer and soft drink industries are experiencing an 8% annual growth rate in sales, there has been a significant decline and lack of correlary growth in employment in the beer and soft drink industries respectively. In the brewing industry, the switch to one-way containers has been accompanied by increased utilization of centralized, highly automated brewing facilities, forcing the closing of many local breweries. The number of breweries in the country dropped from 262 in 1958 to 188 in 1967. Accompanying the closing of breweries was a drop in employment of 11,200.

Major soft drink manufacturers now wish to cut plants and jobs via increased use of one-way containers.

A return to the use of returnable beverage containers will result in fewer jobs in the glass and metal container industries and create more jobs at the retail and distribution levels. On a national basis, 300 more positions will be created than lost. Presently, the average earnings of all employees in beverage-related industries is $7,688. If national container legislation passed requiring the use of an all refillable system, the average earnings per employee would be $7,338.

A switch to refillable containers will impact other employment sectors of the economy. The $1.5 billion spent annually on beverages in throwaway containers by consumers will be available as additional consumer purchasing power, creating additional employment although not necessarily beverage-related.

An example of throwaway use causing job losses today is the Pepsi Cola Washington area operations. Plants in La Plata, Maryland and Alexandria, Virginia have been closed and the Rockville, Maryland plant is projected to close with all operations done in the Washington, D.C. plant. Company officials are quoted as saying a returnable system would cause reopening of the Alexandria and maintaining the Rockville plant.

7. LITTER

With the advent of what industry then called the "throwaway", it launched a massive advertising campaign to woo the public to the "convenience" of what they now call "no return-no deposit" beverage container.

Robbed of its deposit value, the throwaway became just that with some 3 billion containers littered each year. They make up to 60% of all litter in many area. Cost of pickup is estimated to exceed, on the average, two cents per littered container. (Virginia Dept. of Highways spend $1 million yearly in litter pickup). In Oregon, a study conducted for the State by two Oregon State University School of Business professors concludes that during 1973, there was an 88% reduction in the number of beverage containers ending up as solid waste or litter.

Even with a mandatory deposit system some beverage container will occur. However, now the roadside would sparkle with nickels begging to be picked up.

The litter is not only the container but the plastic 6 pak rings, caps, and the ultimate insult of the environment and health—the flip top ring, whose sharp edges have cut numerous bare feet, killed many fish, and even larger animals who have accidently injested it. Farm bureaus across the country have reported cut and slashed tires and damaged equipment from littered containers.

SUMMARY

As noted, these are but highlight figures on the energy, solid waste, job loss and economic losses due to the growth of throwaway containers by profit hungry container manufacturers and chain stores.

Many other factors might be considered

but one must be addressed. Opponents speak to consumer choice. In most parts of our country, there is no choice. Throwaways or nothing. In the Washington area, for example, there is only the 16 oz. product of three major bottlers. No economy size, no root beer, ginger ale, soda, grape, etc., and in many areas no beer but in case lots at one or two stores.

Opponents also talk of higher prices but in fact beer in returnable containers now cost from 2-4 cents less than beer in cans. Only 5% of Montgomery County's over 57 million beer sales each year is in returnable containers. Returnable prices raised one to two cents each would more than cover any increased handling costs and the consumer will still pay less than he does for throwaways today. In addition, he will save litter and garbage pickup costs.

IMPLEMENTATION OF THE NATIONAL CANCER ACT SINCE 1951

Mr. NELSON. Mr. President, during consideration of the National Cancer Act Amendments of 1974, enacted as Public Law 93–352, we requested information from the Department of HEW regarding implementation of the Cancer Act since 1971. An answer has now been received, and I believe the information and views contained in HEW's response should be made available to the public. Therefore, I ask unanimous consent that a February 4, 1974, letter to HEW and the September 23, 1974, response be printed in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

February 4, 1974.

The Hon. Caspar Weinberger,
Secretary, Department of Health, Education, and Welfare, Washington, D.C.

Dear Mr. Secretary: Three years after the enactment of the special cancer program law, we are now concerned with examining the impact the law has had.

With such a large influx of Federal money, it is important that the program is serving the public health in the best possible way.

It is a matter of public knowledge that there has been some unhappiness, both within HEW and the scientific community at large, about the way the Cancer Act was structured and implemented.

Dr. Edwards, on November 20, 1974, called the administrative and budget arrangement in the cancer program a "mistake," and indicated that budgetary favoritism for cancer research might be at the expense of other research programs.

Morale at the National Institutes of Health is reported to be very low, and a number of scientists are leaving the service of the Federal Government.

There should be a careful review of the impact the Act has had and the way it is being implemented, so that further erosion of the NIH constituency is halted, and the excellent biomedical research that NIH fosters goes forward.

The public should have confidence that its tax dollars are supporting the best possible research in the world in the most productive and efficient way possible.

A number of questions have arisen about the cancer program, which I would like to have answered for the hearing Record, beyond those that were discussed during the oral hearing.

Spending for cancer research jumped from $180 million for the National Cancer Institute budget in 1971 to $432 million in 1973, and $551 million in 1974. Outside of the National Heart and Lung Institute budget, which also increased, the nine other Institutes at NIH suffered budget cuts in these years.

Dr. Marston, in an October 6, 1972 memo to the HEW Assistant Secretary for Health and Scientific Affairs, decrying proposed cuts in the 1974 NIH budget, expressed great concern over large increases for cancer research without adequate funding for other research areas.

"Such a budget would belie any assertion that cancer research growth was not at the the expense of other research. More importantly from a substantive standpoint, it might well undercut the promise of signifiant progress in cancer research itself. For instance, the two most promising areas of cancer research today are immunology, including the studies on BCO and the area of viral oncology. These areas originally were developed and supported to the point of potential benefit in cancer research by the programs of the National Institute of Allergy and Infectious Diseases. The comparison in funding between these two Institutes fails completely to reflect the heavy dependence of future cancer research on the continued development of more general knowledge in fields such as these, as well as fields represented in other Institutes.

"In summary, we support the cancer proposal but must express concern at a budget that increases cancer by $208 million, heart by $23 million and the balance of biomedical research by $28 million. *Additionally, we are also seriously concerned with the capability of the NIH to provide service and logistical support for such an effort without a commitment in 1974 and future years for central staff and facilities."* (Emphasis Added.)

James D. Watson, Nobel Prize winner, professor at Harvard University and Director of the Cold Spring Harbor, New York, Laboratory, had this to say in testimony before the House Subcommittee on Public Health and Environment, March 20, 1973:

"We thus must not be falsely reassured by the recent federal budget which announces an increase in money for cancer research. While the NCI component does go up, it is only at the expense of other branches of the NIH, any one of which might be the funding body for the scientist(s) who stumbled onto the essential facts we all want.

"Moreover, in looking over the research programs now supported by NCI, comparing them to projects assigned to pigeonholes in other institutes, I am constantly struck by the fact that the vast majority of the best American Biologists are not now supported by NCI but all too often by the Institute for General Medical Sciences, a body without friends on the top and whose budget assignments are increasingly meager."

Moreover, although the NCI staff positions have been allowed to increase since 1968 by about 350 positions, a hold-down on personnel positions has been effected by HEW over the rest of the Institute, so that, since 1968, it is my understanding that all other Institutes have had a total loss of about 1,000 staff personnel, who have not been replaced.

1. What have been the number of fulltime permanent positions at each Institute, including the Cancer Institute, in each year from 1968 to the present?

Are these positions largely scientific and professional staff?

2. You testified before the Senate Health Subcommittee that the increases in budget allocations for cancer research had not been made at the expense of other research programs supported by NIH, and that for fiscal 1975, additional funds for cancer research would not be taken from the other Institutes.

Nevertheless, the proposed 1975 budget shows that the cancer research budget would increase by $73 million to a total of $600 million; that the heart and lung research budget would increase by $23 million to a total of $309 million; but that all other Institute budgets together would increase by only $457,000, and that the Research Resources budget, which I understand is used to support grants for basic research, would drop by $44 million.

If I have these figures correct, it would appear that other Institute budgets are suffering. Please give me your views on this.

Please include figures showing the total budget authority and allocations for each Institute, including the Cancer Institute, from 1970 to fiscal 1975.

3. Who actually is directing the program? The NCI Director? The NIH Director? The Secretary of HEW? The President's Cancer Panel? OMB? Or the President?

For example, who selects members of ad hoc advisory committees, which the Act says may be established?

4. Do you believe it would be wise to make the NIH Director less tied to political appointment, by setting a time limit on his appointment, and having it confirmed by the Senate?

5. An NIH Committee, the Program Mechanisms Committee headed by Dr. Theodore Cooper, Director, National Heart and Lung Institute, made a study of the NIH contracting process, and in February of last year (1973), recommended that NIH adopt uniform policies and procedures for selecting both grants or contracts, to avoid conflict of interest in contract awards, and to expand to contracts the same kind of peer review system now applied for grants.

Have these recommendations been implemented for the research and development contract procedure?

Do you favor a form of peer review by outside experts for both contracts and grants?

6. The National Cancer Advisory Board became concerned last year that the cancer grant program supporting "basic," investigator-initiated research was being downgraded in favor of NCI-directed, contracts for "targeted" research.

The Advisory Board voted almost unanimously to urge that no less than 50% of the available cancer money go to grants.

What is the percentage of grants versus contract awards now? What was the percentage in 1970, through 1973? What is your view of this matter?

7. It is our understanding that some $237 million has been spent on the Special Virus Cancer Program since it began in 1965, entirely on contracts and intramural research. The National Cancer Advisory Board named a special ad hoc committee to review the virus program.

What were the committee's recommendations, and what is the status of that program now?

8. In August 1973, an ad hoc NIH "Committee on Testing for Environmental Chemical Carcinogens" issued a report, recommending that more special attention be focused on this aspect of cancer research, and that a Federal Council on Environmental Carcinogenic Hazards be established, analogous to the Federal Radiation Council, which formulated Radiation Protection Standards.

Have the recommendations of this Committee been implemented?

What percentage of cancer money is going to Chemotherapy Research? Immunology Research? Virology Research? Hemotology Research? Other research areas? (Identify.)

9. We understand that platelet therapy has some potential for cancer research, as well as for aplastic anemia.

Is NCI funding such research, and how does the funding compare to that for such research in past years?

10. Are there enough adequately trained researchers to carry out the potential expanded research in cancer? Do we need to support training of more researchers?

11. Should Federal support continue for

pre-doctoral research training, as well as for post-doctoral training?

12. In a January 24, 1974, letter to the Washington Post, responding to an editorial, which, in turn, discussed Dr. John Sherman's resignation as Deputy Director of NIH, Dr. Edwards made reference to NIH leadership not having been "more perceptive and responsive" so as to prevent the "removal of the cancer research effort from the administrative control of NIH, a move that threatens the further dissolution of biomedical research efforts."

Quite clearly, the leadership at NIH opposed creating a special status for cancer at the time the Congress was debating the Cancer Act. The HEW Department and the White House changed positions several times, from supporting a separate cancer status to opposing it, to suporting a modified semi-independent status.

In what way should the NIH leadership, which consistently opposed an independent cancer research effort, have acted differently?

Thank you for your cooperation in answering these questions for the record.

Sincerely,

GAYLORD NELSON, *U.S. Senator.*

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C.

Hon. GAYLORD NELSON,
U.S. Senate
Washington, D.C.

DEAR SENATOR NELSON: This is in response to your questions concerning S. 2893, the National Cancer Act Amendments, which we did not have the opportunity to cover in detail during my testimony at the hearing. We regret the delay in responding to your concerns.

Enclosed are the responses to the specific questions you raised. We would, in addition, like to address some of the broader issues which you raised in connection with these questions.

On the issue of "budgetary favoritism" for cancer research, we noted at the cancer hearing that we believe that we have balanced programs among the Institutes at the National Institutes of Health. Furthermore, it is our belief that the structure of the current cancer program is working well, and that the program has excellent leadership. It is, nonetheless, the Department's concern that other NIH institutes not be given special semi-independent status as was done with the cancer program. This, we feel, would ultimately destroy the Institutes' interdisciplinary strengths, and thus their viability. Moreover, it would be contrary to the agreed upon priority of cancer research.

With regard to your views on the expansion of the cancer program in relation to other Institutes, I should note that the growth rate of the other Institutes had previously been in excess of 25 percent each year for many years. It is inevitable that this trend would eventually end. This does not mean that the program of the other institutes has been disrupted or that the quality of their research reduced. It simply means that Federal funds are not available to continue to increase all programs at the same time.

In connection with your concern about low morale at NIH, there may have been some truth to that allegation when the National Institutes of Health was without a director for a period of time last year. However, it is our observation that since July of 1973 morale has improved considerably.

With respect to turnover rates, we believe that the failure of Congress to enact higher salaries for our scientists at the super grade levels as requested by the President is much more a cause of scientists leaving the Federal Government than "low morale." We believe that enactment of the Administration's proposals in this area—along with implementation of the new physician bonus authorities for the Public Health Service Commissioned Corps—will contribute to retention rates.

Your letter also expressed general concern about the future direction of biomedical research at NIH. I am confident that the Assistant Secretary for Health, along with the NIH Director and his scientific staff, can work together successfully to exert the necessary leadership for Federally-supported biomedical research.

In addition, Section 201 of the National Cancer Act Amendments of 1974, P.L. 93–352, establishes the President's Biomedical Research Panel to identify and make recommendations with respect to policy issues concerning the organization and operation of biomedical and behavioral research conducted and supported under programs of NIH and NIMH. We also welcome the opportunity to assist this Panel in any way possible in our common goal of furthering the quality of biomedical research.

Sincerely,

CASPAR W. WEINBERGER,
Secretary.

Question No. 1: What have been the number of fulltime permanent positions at each Institute, including the Cancer Institute, in each year from 1968 to the present? Are these positions largely scientific and professional staff?

Answer: Approximately one-third of the positions at the NIH are filled by professional and scientific personnel. See attached chart of comparable positions, FY 1968–1975.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE NATIONAL INSTITUTES OF HEALTH—COMPARABLE END-OF-YEAR FULL TIME PERMANENT EMPLOYMENT, FISCAL YEARS 1968–75[1]

	1968	1969	1970	1971	1972	1973	1974 estimate original	1974 [2]	President's budget 1975 [3]
NCI	1,453	1,411	1,355	1,426	1,663	1,720	1,820	1,820	1,855
NHLI	609	564	558	584	618	641	656	687	656
NIDR	301	291	283	289	288	287	265	267	265
NIAMDD	633	615	588	597	585	579	551	560	551
NINDS	732	652	588	583	557	527	515	524	515
NIAID	706	695	676	665	623	604	590	599	590
NIGMS	207	191	180	164	167	147	153	153	153
NICHD	405	400	415	435	482	510	514	523	524
NEI		59	85	92	117	121	127	132	127
NIEHS	169	176	202	220	235	228	233	235	233
RR	98	85	82	83	78	75	71	71	71
FIC	62	46	48	47	59	53	49	49	49
Total, IRD's	5,375	5,185	5,060	5,185	5,474	5,492	5,544	5,620	5,519
NIM	491	489	461	462	465	456	455	465	455
OD		472	473	489	490	513	525	531	525
MF	4,389	3,527	3,403	3,470	3,330	3,326	3,265	3,373	3,284
S. & S	676	779	736	645	624	701	606	606	606
Total, NIH	10,931	10,452	10,133	10,251	10,383	10,488	10,395	10,595	10,459

[1] All years prior to 1975 adjusted to reflect organizational changes in NIH inherent in 1975 budget.

[2] Tentative, pending review by Director, NIH with each Institute Director.

[3] 1975 employment is currently being studied. Final decisions regarding a potential increase in employment ceiling have not been made.

Question No. 2: You testified before the Senate Health Subcommittee that the changes in budget allocations for cancer research had not been made at the expense of other research programs supported by NIH, and that for fiscal 1975, additional funds for cancer research would not be taken from the other Institutes.

Nevertheless, the proposed 1975 budget shows that the cancer research budget would increase by $73 million to a total of $600 million; that the heart and lung research budget would increase by $23 million to a total of $309 million; but that all other Institute budgets together would increase by only $457,000, and that the Research Resources budget, which I understand is used to support grants for basic research, would drop by $44 million.

If I have these figures correct, it would appear that other Institute budgets are suffering. Please give me your views on this.

Please include figures showing the total budget authority and allocations for each Institute, including the Cancer Institute, from 1970 to fiscal 1975.

Answer: The FY 1975 budget request for the NIH is $1,834,784,000, an increase of about $54 million from the amounts appropriated for FY 1974. This is made up, as stated in the question, primarily of increases in the cancer and heart/lung programs. These two programs have grown rapidly in line with their status as priority Presidential programs. Other biomedical research areas have grown, but less rapidly than the cancer or heart/lung programs. For example, the figures on the following page indicate that the budgets of the research institutes other than cancer and heart/lung increased by over $200 million in the 1970–1975 time frame. In short, the research budgets of the other Institutes have not been ignored.

It is true that the Research Resources budget is reduced by $44 million in 1975. This reflects the proposed phase-out of the General Research Support Grant Program (GRSC). The original objectives of this program have been met—high quality biomedical institutional strength has been built up. Now, it is believed, biomedical research funds will be more efficiently utilized in the regular research grant programs of the Institutes. Unlike GRSG funds, which are made available on a formula basis and for which no specific investigator initiated research is undertaken, research grant requests are subjected to a rigorous scientific review process which ensures that the best research projects proposed are funded. Minority Schools Biomedical Support Program (MSBS), however, a component of GRCS, will be continued in 1975 at its $7 million level. This program provides support to minority institutions for the development of biomedical research activities.

A table showing comparable appropriations from FY 1970 to present is attached.

NATIONAL INSTITUTES OF HEALTH—COMPARABLE BUDGET AUTHORITY FISCAL YEARS 1970–75

[In thousands of dollars]

	1970	1971	1972	1973	1974	Budget estimate 1975
NCI	171, 822	223, 633	372, 838	485, 230	527, 399	600, 000
NHLI	148, 451	182, 360	224, 389	287, 927	286, 749	309, 299
NIDR	27, 066	33, 504	42, 366	45, 793	43, 955	43, 959
NIAMDD	125, 122	125, 095	145, 032	158, 257	153, 736	152, 961
NINDS	90, 242	93, 647	111, 557	124, 469	121, 393	119, 958
NIAID	91, 265	92, 329	103, 986	107, 698	111, 146	110, 404
NIGMS	139, 197	146, 557	166, 358	173, 757	166, 805	168, 329
NICHD	71, 303	89, 222	112, 515	126, 002	125, 508	124, 897
NEI	22, 636	28, 619	35, 555	36, 843	41, 228	39, 947
NIEHS	16, 942	19, 361	25, 889	30, 305	28, 338	28, 684
DRR	123, 323	127, 149	130, 211	135, 785	128, 059	82, 700
FIC	2, 857	3, 732	4, 357	4, 644	4, 762	4, 784
Total, research	1, 030, 226	1, 165, 208	1, 475, 053	1, 716, 710	1, 739, 070	1, 785, 922
NLM	19, 253	21, 430	24, 111	28, 413	26, 254	27, 738
B. & F	1, 615		3, 565	8, 500	8, 000	3, 000
OD	10, 113	11, 074	11, 117	12, 785	12, 993	18, 124
Total, NIH budget authority	1, 061, 207	1, 197, 712	1, 513, 846	1, 766, 408	1, 786, 325	1, 834, 784

Question No. 3: Who actually is directing the program? The NCI Director? The NIH Director? The Secretary of HEW? The President's Cancer Panel? OMB? Or the President?

For example, who selects members of ad hoc advisory committees, which the Act says may be established?

Answer: The direction of the National Cancer Program is the responsibility of the Director, National Cancer Institute. The NCI is part of the National Institutes of Health within the Department of Health, Education, and Welfare, with special authorities given to the Director, NCI, by the Cancer Act of 1971. Under the Act, NCI's regular budget proposals are transmitted directly to the President. The Director, NIH, and Secretary, HEW, may comment, but not change the NCI budget requests. The policy and program decisions of the Director, NCI, are also rendered in concert with and based on evaluation of advice and counsel received from the National Cancer Advisory Board, special technical advisory committees composed primarily of nongovernment scientists, and senior Institute staff members. Policy and program decisions involving legal and administrative procedures are responsive to regulations promulgated by the Department of HEW and the Office of Management and Budget. The President has a special interest in the National Cancer Program and is kept apprised of the operations of the Program through the President's Cancer Panel.

Nominees for membership on ad hoc advisory committees are proposed by the Federal officials organizing the special groups, in this case administrators of the NCI. Appointment is contingent upon approval by program superiors and ultimately the Director, NCI. In addition, committee members are subject to approval in terms of NIH and Departmental guidelines regarding geographic representation, multiple committee membership, institutional representation, etc. Similar approval mechanisms exists for selection of members of standing committees.

Question No. 4: Do you believe it would be wise to make the NIH Director less tied to political appointment, by setting a time limit on his appointment, and having it confirmed by the Senate?

Answer: The National Cancer Act of 1972 made the positions of the NIH Director and the NCI Director Presidential appointments.

The position of the Director, NIH, should be filled by a competent scientist-administrator experienced in biomedical research. It has traditionally been filled by a Federal employee as a permanent career appointment. The characteristics considered essential to the position are scientific and administrative competence. We believe that the current methods of selection and appointment have satisfactorily addressed these important considerations. The proposal to make the NIH Director's appointment for a fixed term would not be in the best interests of effective management of the Department although the Department does not object to Senate confirmation of the NIH Director.

Question No. 5(a): An NIH Committee, the Program Mechanisms Committee headed by Dr. Theodore Cooper, Director, National Heart and Lung Institute, made a study of the NIH contracting process, and in February of last year (1973), recommended that NIH adopt uniform policies and procedures for selecting both grants or contracts, to avoid conflict of interest in contract awards, and to expand to contracts the same kind of peer review system now applied for grants.

Have these recommendations been implemented for the research and development contract procedure?

Answer: The recommendations of the Program Mechanisms Committee have been accepted in principle and implementation is proceeding. The recommendations are very far reaching and implementation requires careful formulation, broad discussion, considerable examination of proposal details and perhaps even adoption by stages, based on preliminary trials of proposed procedures. The NIH is moving systematically toward putting them into effect and the Department's operational planning system is tracking progress.

Question No. 5(b): Do you favor a form of peer review by outside experts for both contracts and grants?

Answer: Circumstances for peer review for research and development contracts are complex. In many cases, particularly those involving considerable innovative activity, technical merit review by scientific peers is completely appropriate and is currently employed by the NIH. In other instances where the nature of the project or problem comes close to resembling normal procurement activity, review by outside experts is not necessary. It would in fact be wasting the time of experts to review such routine activities since scientific content is not an important aspect of the project.

A substantial portion of senior NIH staff have been working for the last year to try to define more clearly the different circumstances which should and should not require peer review for various kinds of R&D projects. In view of the complexity of the system and the probable need for frequent adjustments, it would be unwise to establish such a system by statute.

Question No. 6: The National Cancer Advisory Board became concerned last year that the cancer grant program supporting "basic," investigator-initiated research was being downgraded in favor of NCI-directed, contracts for "targeted" research.

The Advisory Board voted almost unanimously to urge that no less than 50% of the available cancer money go to grants.

What is the percentage of grants versus contract awards now? What was the percentage in 1970, through 1973? What is your view on this matter?

Answer: The following percentages reflect the relationship between total research grant dollars and *total* research contract dollars spent by NCI between 1970 and 1975.

[In percent]

Fiscal year	Grants	Contracts
1970	59. 9	40. 1
1971	54. 9	45. 1
1972	50. 8	49. 2
1973	54. 0	46. 0
1974 estimated	55. 3	44. 7
1975 estimated	57. 4	42. 6

It is NCI policy to strike a balance between the grant and contract mechanism. Grants are utilized to fund investigator-initiated projects while contracts are used to fund more highly targeted areas of research sometimes developed independently of the NCI and sometimes by NCI program leaders.

Question No. 7: It is our understanding that some $237 million has been spent on the Special Virus Cancer Program since it began in 1965, entirely on contracts and intramural research. The National Cancer Advisory Board named a special ad hoc committee to review the virus program.

What were the committee's recommendations, and what is the status of that program now?

Answer: The ad hoc Committee to review and evaluate the Special Virus Cancer Program of the National Cancer Institute submitted its final report to the National Cancer Advisory Board on March 19, 1974.

A copy of the report is attached. (See Zinder Report, NCI.)

Question No. 8: In August 1973, an ad hoc NIH "Committee on Testing for Environmental Chemical Carcinogens" issued a report recommending that more special attention be focused on this aspect of cancer research, and that a Federal Council on Environmental Carcinogenic Hazards be established, analogous to the Federal Radiation Council, which formulated Radiation Protection Standards.

Have the recommendations of this Committee been implemented?

Answer: The report of the ad hoc "Committee on Testing for Environmental Chemical Carcinogens" was submitted to the Director, National Cancer Institute on August 31, 1973. The recommendation to establish a Federal Council on Environmental Carcinogenic Hazards was considered and deferred pending organization of the DHEW Committee to Coordinate Toxicology and Related Programs, under the auspices of the Office of the Assistant Secretary for Health, DHEW. The latter committee was organized and is chaired by the Director of the National Institute of Environmental Health Sciences, one of the NIH Institutes. The NCI is represented on that Committee by the Director, Division of Cancer Cause and Prevention. Consequently, and after consultation with Departmental, academic and staff representatives, the proposed Federal Council was considered duplicative and unnecessary. However, other recommendations of the Committee on Testing for Environmental Chemical Carcinogens, including the development of a national program for identification of chemical carcinogens and organization of an NCI office of Interagency Carcinogenesis, have been implemented.

Question No. 9: What percentage of cancer money is going to Chemotheraphy Research? Immunology Research? Virology Research? Hematology Research? Other research areas? (Identify.)

Answer: The NCI has a number of programs upon which special emphasis is placed. These programs represent areas of cancer research of significance due to the magnitude of the problems they address and/or the degree of progress being made in the area.

Program:	Percentage of fiscal year 1973 NCI funds
Chemotherapy Research	16.4
Virus Cancer Research	15.0
Chemical Carcinogensis Research	13.2
Immunology Research	5.3
Organ Site Task Forces	3.5
Other Research Areas	27.9
Resource Development (non-research)	18.7

Hematology research is not listed since it is not broken out as a separate entity by NCI programs and is not an area of special emphasis, except at is relates to the above listed areas.

Resource Development includes funding for Control Programs, Construction, Centers, Manpower, and Administration.

Question No. 10: We understand that platelet therapy has some potential for cancer research, as well as for aplastic anemia.

Is NCI funding such research, and how does the funding compare to that for such research in past years?

Answer: Platelet transfusions have become standard therapy for cancer patients whose ability to make platelets has been comprised by their disease, by radiotherapy or by chemotherapy. For over a decade NCI has been funding research for this important form of supportive therapy at an increasing level.

In this area of research, grant and collaborative funding has totalled as follows:

[In millions]

Fiscal year	Grants	Collaborative (contracts and in-house)	Total
1971	$1.265	$0.815	$2.080
1972	1.454	1.044	2.498
1973	1.785	1.223	3.008
1974 estimated	1.915	1.427	3.342
1975 estimated	2.090	1.535	3.625

Question No. 11: Are there enough adequately trained researchers to carry out the potential expanded research in cancer? Do we need to support training of more researchers?

Answer: Currently, there are more than enough trained researchers to carry out the expanded cancer research effort.

The National Cancer Institute is presently conducting an analysis of the resources, including manpower, needed to implement the National Cancer Program Plan through fiscal year 1982. Two hundred fifty representatives of the cancer research community recently considered this issue at special planning sessions. Estimated levels of scientific manpower and distribution of scientists in Ph. D., M.D., and D.V.M. categories were developed for fiscal year 1972 based upon a stratified sampling of grants, contracts, in-house projects, and nongovernment institutions conducting cancer research activities.

This analysis indicated that roughly 10,500 scientists were involved in cancer research activities in fiscal year 1972. For fiscal year 1982, the National Cancer Program Plan projects estimated that a total of 28,400 scientific personnel would be needed to support the total range of cancer activities included in the plan. These estimates are based upon projected program levels in the National Cancer Program Plan and do not reflect any commitment for future funding levels.

The National Cancer Institutes assists in the training of scientific personnel. The 1973 level of funding was $14 million; in 1974 the level increased to $22 million; and the 1975 requested appropriation maintains that $22 million level.

The Administration's new postdoctoral fellowship program will provide for necessary advanced training in research, not only in cancer but in other specified shortage areas in biomedical and health-related sciences. Approximately $30 millliion will be available this fiscal year (and $60 million next fiscal year) for two types of awards: (1) the Postdoctoral Research Fellowship to individuals which will provide a yearly $10,000 stipend to the recipient and up to $3,000 to the institution it which each fellow trains; and (2) a small number of Institutional Research Fellowship Awards to be made to institutions for the support of individuals at the postdoctoral level.

The new fellowship program was adopted because the fellowships can be allocated to specific biomedical research areas where there are critical manpower shortages and demonstrated national need. Because of the availability increased amounts of general student assistance such as loan guarantee programs of the Office of Education, Postdoctoral students can be expected to bear the costs of their own training. At the same time, postdoctoral students in areas in which there are manpower shortages will receive Federal aid under the new fellowship program.

Question No. 12: Should Federal support continue for predoctoral research training, as well as for postdoctoral training?

Answer: It is our view that as the old style NIH training grants, including those which supported predoctoral research training, should be phased out over the next several years, career incentives will continue to provide adequate numbers of predoctoral graduate students in the biomedical sciences. If there are realistic indications the Department will look into alternative ways to prevent any such serious shortages. We are, of course, monitoring the biomedical research manpower situation very carefully and there have been no indications to date of detrimental changes.

Question No. 13: In a January 24, 1974, letter to the Washington Post, responding to an editorial, which, in turn, discussed Dr. John Sherman's resignation as Deputy Director of NIH, Dr. Edwards made reference to NIH leadership not having been "more perceptive and responsive" so as to prevent the "removal of the cancer research effort from the administrative control of NIH, a move that threatens the further dissolution of biomedical research efforts."

Quite clearly, the leadership at NIH opposed creating a special status for cancer at the time the Congress was debating the Cancer Act. The HEW Department and the White House changed positions several times, from supporting a separate cancer status to opposing it, to supporting a modified semi-independent status.

In what way should the NIH leadership, which consistently opposed an independent cancer research effort, have acted differently?

Answer: It is true that the NIH leadership consistently opposed an independent cancer research effort. It did so in good faith on its implicit judgments of the impact of "separatism" of the National Cancer Institute from the remainder of the NIH. Perhaps had the leadership at NIH converted its implicit judgment to more explicit explanations of the scientific basis for the judgment it could have been more effective. Perhaps a formal written critique of potential consequences on the dissolution of the national biomedical research effort could have been more persuasive to those segments proposing the various organizational relationships between the NCI and the NIH. On the other hand, there were many advocates in the Congress and from among various sectors of the scientific community who were arguing forcefully that an expanded cancer research effort, to be successful, needed an organizational arrangement different from what was in existence at the time.

SOLAR ENERGY RESEARCH CONFERENCE REPORT

Mr. FANNIN. Mr. President, it is with great pleasure that I speak today in support of the conference report on S. 3234, the Solar Energy Research, Development and Demonstration Act of 1974. I am satisfied with the work of the conference, and recommend this bill to my colleagues.

For over a decade some of us in Congress have been trying to achieve passage of legislation which would assist private industry in the development of this promising energy source. I believe that S. 3234, as reported out by the conference, is what is needed to do just that.

Research has shown that energy from sunlight can be utilized as a convenient, pollution-free source of energy for heating both individual homes and large buildings as well. When the technology is developed further, solar energy will without doubt also be an extremely inexpensive source of energy. In fact, the Washington Star-News recently reported that one Maryland man heated his four-bedroom ranch house for an entire winter with a solar unit—at a total cost of $35.

S. 3234 provides for the testing of various approaches to get solar technology onto the commercial market, so that more Americans can eventually receive the benefits now enjoyed by our Maryland friend. In the course of the solar research and development, not only will technology be perfected, but other energy fuels will be freed for use across the country as well.

I have long been a great believer in the promise of solar energy. Arizona is blessed with a sunny and dry climate. The fact that many areas of the state receive sunshine upwards of 80 percent of the daytime makes it a leader in the sunshine category. In addition, research on solar has been going on in Arizona since the turn of the century. Many of the experts who were of great help to us in developing this legislation are residents of my state. For these reasons I believe that Arizona is the ideal place to establish the Solar Energy Research Institute authorized in S. 3234. I am today writing President Ford to request that he name Arizona as the location for that facility.

Academicians and engineers at work on the development of solar energy have disagreed on specific means for perfecting this resource. However, they are in accord on one thing. Once the conversion of sunlight to useable energy is economically feasible, solar energy will prove to be of great benefit to mankind. It is only a matter of time and effort to achieve this goal. Passage of this legislation is a giant step in the right direction, and I am proud to associate myself with the fine efforts of those who have made S. 3234 possible.

CONFERENCE REPORT ON CONTINUING APPROPRIATIONS

Mr. KENNEDY. Mr. President, the conference report on the continuing resolution, even with the modification approved on the House floor a few days ago, still represents a virtual abandonment of the Senate position on a number of issues which were added to the measure on the floor of the Senate.

I believe it is essential to say frankly that the institutional process of ameliorating differences with the House of Representatives does not seem to have been followed in this particular instance, with respect to the amendment I introduced to halt military aid to the Government of Chile nor to other amendments which are totally absent from the conference report.

Only in the overall dollar figure for all military aid did there appear to be the normal compromising mechanism at work at all.

The Senate conferees, despite a Senate majority vote to reaffirm the same position it adopted last year did not bring back even a portion of that amendment.

I find that particularly disturbing since this is the second time such action has occurred. During the conference last December on the 1974 foreign aid appropriations bill, aid to Chile also was restored.

While I have the greatest faith in the judgment of the chairman of the committee and in his colleagues, I am concerned that once again this matter has been deleted in its entirety.

The result is that military aid will continue to flow from American taxpayers to the Chilean military forces. And it is an armed force which has voided the constitution, and abrogated to itself full power. It is a government which has been condemned by virtually every international organization which has traveled there—from the Inter-American Commission on Human Rights, to the International Commission of Jurists to a study team acting under the authority of the Senate. All found torture to be continuing. All found several thousand political prisoners in jail or in detention. All found due process virtually extinct. All found no freedom of the press, no academic freedom and no political freedom.

Yet this action by the conferees means that the American taxpayer will continue to subsidize the military hardware and the military training needs of this regime. I doubt whether a referendum among Americans who have been told to eat less and drive less would find much support for subsidizing the Chile defense budget.

Only 2 days ago, we learned that the administration had signed contracts under the Foreign Military Sales Act to sell F5E supersonic jets worth $60 million and some 36 A37B close support attack planes worth some $25 million to Chile.

The arrangement is a combined cash and credit procedure. But the end result is that the U.S. Government is continuing to support the military needs of the current Chilean regime, a regime which has committed gross violations of the most basic standards of human rights.

If we were not so close to the recess, I would have strongly urged a recommittal of this measure, for the purpose of seeking further action on an amendment previously adopted by the Senate.

However, this action makes even more urgent early action by the Senate Foreign Relations Committee on the foreign aid authorization bill.

I should note as well for the interest of my colleagues that the House Foreign Affairs Committee in its markup of the foreign aid bill yesterday voted to cut off all military aid for Chile other than training funds.

Thus, I believe it is even more unfortunate that when the authorizing committees have indicated strong support for the need to reduce military aid to Chile, and when a majority of the Senate has voted to halt that military assistance entirely, we will have to wait until the foreign aid bill to put into effect a policy that is supported by the Senate, by the House, and, I believe, by the American people.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 8 o'clock tomorrow morning.

After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, in the order stated and for the time stated: Mr. GURNEY 15 minutes, Mr. CURTIS 15 minutes, Mr. THURMOND 15 minutes, Mr. MCCLURE 15 minutes, Mr. DOMENICI 10 minutes, Mr. HUMPHREY 10 minutes, Mr. KENNEDY 15 minutes, Mr. ROTH 15 minutes, Mr. GRIFFIN 15 minutes, Mr. HUGH SCOTT 15 minutes, and Mr. MANSFIELD 15 minutes.

After the consummation of the orders for the recognition of Senators, there will be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each, by unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, tomorrow the Senate will be awaiting the action of the House of Representatives on the continuing resolution. Various conference reports may be called up, and rollcall votes may occur thereon. H.R. 15736, an act to authorize, enlarge, and repair various Federal reclamation projects and programs, and for other purposes, may be called up. Other measures cleared for action may be called up, and yea and nay votes are possible. There may even be colloquy.

ADJOURNMENT UNTIL 8 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 8 o'clock tomorrow morning.

The motion was agreed to; and at 7:24 p.m. the Senate adjourned until tomorrow, Friday, October 11, 1974, at 8 a.m.

NOMINATIONS

Executive nominations received by the Senate October 10, 1974:

U.S. REPRESENTATIVES TO 18TH SESSION OF UNESCO GENERAL CONFERENCE

The following-named persons to be Representatives and Alternate Representatives of the United States of America to the Eighteenth Session of the General Conference of the United Nations Educational, Scientific, and Cultural Organization:

Representatives:
R. Miller Upton, of Wisconsin.
William B. Jones, of California.
Rosemary L. Ginn, of Missouri.
E. Ross Adair, of Indiana.
Gordon H. Scherer, of Ohio.

Alternate representatives:
Stephen Hess, of the District of Columbia.
William G. Harley, of the District of Columbia.
J. Roger Porter, of Iowa.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 10, 1974:

DISTRICT OF COLUMBIA GOVERNMENT

Pursuant to the provisions of section 301(a) of Public Law 376, 93d Congress, approved August 14, 1974, the following-named person for appointment as Director of Campaign Finance:

Carl H. McIntyre, Esquire, effective immediately upon appointment.

U.S. REPRESENTATIVES TO THE 18TH SESSION OF THE UNESCO GENERAL CONFERENCE

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Stephen Hess, of the District of Columbia.
William G. Harley, of the District of Columbia.
J. Roger Porter, of Iowa.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be general

Gen. Andrew Jackson Goodpaster, [redacted] Army of the United States (major general, U.S. Army).

NOMINATIONS IN THE ARMY, NAVY AND MARINE CORPS

Army nominations beginning Jack L. Balthis, to be colonel, and ending Charles W. Yocom, to be second lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on September 24, 1974.

Army nominations beginning Joseph B. Conboy, to be colonel, and ending Lorene E. Zuelke, to be first lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on October 2, 1974.

Navy nominations beginning Dwight Merle Agnew, Jr., to be captain, and ending Lucille Ross Kuhn, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on September 24, 1974.

Marine Corps nominations beginning Jenny Wrenn, to be colonel, and ending Richard I. Yoerk, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on September 24, 1974.

The nomination of Frederick R. Morse, U.S. Marine Corps, to be second lieutenant, which nomination was received by the Senate and appeared in the Congressional Record on September 25, 1974.

HOUSE OF REPRESENTATIVES—*Thursday, October 10, 1974*

The House met at 12 o'clock noon.

The Reverend Michael P. Regan, director of Christian education, the Cathedral Church School, Garden City, N.Y., offered the following prayer:

O God, the Lord of all kings and kingdoms, let Thy strong hand control the nations and order their doing unto the fulfillment of Thy purposes upon Earth. Strengthen, we pray Thee, those in leadership, especially in this House of Representatives, who strive after fellowship and brotherhood, and labor to establish righteousness and peace; guide the hearts and minds of rulers and statesmen, that they may seek first Thy kingdom of justice and freedom for all peoples, both great and small; for the sake of Jesus Christ our Lord. Into Thy hands, O Lord God of our fathers, we commend our Nation and people this day. Renew our hope and courage: deliver us from weakness and fear; and lift us up, a holy people, to Thy praise and honor, O God, Thou King of Earth and Heaven; through Jesus Christ our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on September 8, 1974, the President approved and signed a bill of the House of the following title:

H.R. 16243. An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1975, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 2348. An act to amend the Canal Zone Code to transfer the functions of the clerk of the U.S. District Court for the District of the Canal Zone with respect to the issuance and recording of marriage licenses, and related activities, to the civil affairs director of the Canal Zone Government, and for other purposes; and

S. 2362. An act granting the consent and approval of Congress to the Cumbres and Toltec Scenic Railroad Compact.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11510) entitled "An act to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions."

The message also announced that the Senate agrees to the amendments of the House with amendments to a bill of the Senate of the following title:

S. 2840. An act to authorize the Secretary of Commerce and the Secretary of the Treasury to conduct a study of foreign direct and portfolio investment in the United States, and for other purposes.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 3341) entitled "An act to revise certain provisions of title 5, United States Code, relating to per diem and mileage expenses of employees and other individuals traveling on official business, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. METCALF, Mr. HUDDLESTON, and Mr. PERCY to be the conferees on the part of of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 3514. An act to distinguish Federal grant and cooperative agreement relationships from Federal procurement relationships, and for other purposes;

S. 3619. An act to provide for emergency relief for small business concerns in connection with fixed price Government contracts; and

S. 3802. An act to provide available nuclear information to committees and Members of Congress.

REV. MICHAEL P. REGAN

(Mr. WYDLER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYDLER. Mr. Speaker and my colleagues, the prayer was offered today by the Reverend Michael P. Regan, who is the director of Christian education at the Cathedral School in Garden City, N.Y. This, of course, is the church school which is associated with the Cathedral of the Incarnation, which is not only in my congressional district, but in the village in which I live. It also happens to be my own church.

It is a particular delight to have the Reverend Michael P. Regan here today. I know how proud his mother and father are of the fact that he has offered the opening prayer to this session of Congress.

When he asked me to arrange for him to give this prayer, he stated that he hoped he could do it on the day when the new Vice President was sworn in. I told him that was somewhat uncertain as to time, and he would have to settle for another date. It was arranged for today; and, of course, this is the day before I think we are going to recess, and it is an auspicious date for the House.

I will just say this about Reverend Regan: He is in charge of the Cathedral Church School. He is loved by the children of our cathedral and our young adults as well and has the respect of the parishioners.

I include in the RECORD the outstanding background of this fine man of God:

THE REVEREND CANON MICHAEL P. REGAN

Born on April 20, 1930, in Bridgeport, Connecticut, the son of John G. Regan and Helen Regan.

Graduate of the Carle Place Grammar School, and the Westbury High School in 1948. A graduate of Hofstra University 1952; a graduate of The General Theological Seminary 1955. Curate at St. Joseph's Church, Queens Village, New York; Rector of the Church of the Good Shepherd, Houlton, Maine; Director of Christian Education at the Church of St. James the Less, Scarsdale, New York; Assistant to the Editor of Tidings, Diocese of Long Island; Priest in charge of the Church of St. John the Baptist and Emmanuel, Brooklyn, New York.

A member of the staff of the Cathedral of the Incarnation, Garden City, New York, since 1964. Director of youth work and then appointed Canon by the Right Reverend Jonathan G. Sherman. Appointed Director of Christian Education by the Very Reverend Harold F. Lemoine, Dean.

A member of the Diocesan Council 1967–1970. A member of the Diocesan Department of Youth and the Diocesan Department of Christian Education.

Secretary-Treasurer of the Garden City Clergy Fellowship for two years. Past-President of the Garden City Lions Club, Garden

City, New York; District Chaplain of Lions District 20 K–2 since 1970.

Chaplain to the Garden City Policemen's Benevolent Association since 1968 and Chaplain to the Nassau Police Conference since 1972.

Received a Master of Divinity Degree from the General Theological Seminary May 1972. Subject of thesis "Toward a More Effective Role for the Modern Church in Ministering in Death and to the Dying."

A member of the "Death and Dying Committee of the North Shore University Hospital."

MAKING IN ORDER CONSIDERATION OF CONFERENCE REPORT ON H.R. 14225, REHABILITATION ACT AMENDMENTS OF 1974, ON OCTOBER 10 OR OCTOBER 11, 1974

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that it be in order for the House to consider the conference report on the bill H.R. 14225, Rehabilitation Act Amendments of 1974, either today, October 10, or tomorrow, October 11.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky.

There was no objection.

CALL OF THE HOUSE

Mr. SCHERLE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 596]

Alexander
Archer
Armstrong
Ashley
Badillo
Biaggi
Blackburn
Brasco
Burke, Fla.
Carey, N.Y.
Carter
Casey, Tex.
Chamberlain
Chisholm
Clark
Clawson, Del
Clay
Collins, Ill.
Conable
Conlan
Conyers
Corman
Danielson
Davis, Ga.
de la Garza
Dellums
Dickinson
Diggs
Donohue
Downing
Drinan
Duncan
Eckhardt
Erlenborn
Evins, Tenn.
Ford
Gibbons
Gray
Green, Oreg.
Hansen, Idaho
Harrington
Hébert
Horton
Huber
Hunt
Johnson, Colo.
Karth
Kemp
Kuykendall
Long, Md.
McDade
McEwen
McKinney
Madden
Madigan
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Moakley
Montgomery
Moorhead, Pa.
Murphy, N.Y.
O'Hara
Passman
Pepper
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Riegle
Roncalio, Wyo.
Rooney, N.Y.
Rousselot
Runnels
Satterfield
Shuster
Snyder
Staggers
Steele
Stephens
Stratton
Stubblefield
Stuckey
Symington
Symms
Teague
Tiernan
Towell, Nev.
Treen
Udall
Ullman
Waldie
Ware
White
Whitehurst
Williams
Wilson, Charles H., Calif.
Wright
Young, S.C.

The SPEAKER. On this rollcall 333 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MEMORIAL SERVICES FOR THE LATE HONORABLE CLIFFORD McINTIRE

(Mr. COHEN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. COHEN. Mr. Speaker, I have been asked to announce that a memorial service will be held for former Congressman Clifford McIntire on Sunday, October 13, at 3 p.m., at the Calvary Baptist Church, 755 Eighth Street NW.

CONFERENCE REPORT ON S. 3044, FEDERAL ELECTION CAMPAIGN AMENDMENTS OF 1974

Mr. HAYS. Mr. Speaker, I call up the conference report on the Senate bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 7, 1974.)

Mr. HAYS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. The gentleman from Ohio (Mr. HAYS) and the gentleman from Minnesota (Mr. FRENZEL) will each be recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. HAYS).

Mr. HAYS. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, I have a brief explanation of what the conferees did if the Members are interested. If I detect they are not, I will be glad to sit down. I do not want to take up anybody's time. I know what is in the bill.

The conferees limited the contribution by any one person for a candidate to Federal office to $1,000 per election. Before somebody asks me what this "per election" means, that means a primary and a general, and if there are States that have a law and one is engaged in a runoff, it means a runoff.

No individual may contribute more than $25,000 to all Federal candidates for any election period. And an election period is 2 years. This includes contributions to party organizations.

A limit of $1,000 is also placed on independent expenditures by anyone on behalf of one candidate for Federal office for an entire campaign which includes campaigns, runoffs, special or general elections.

The conferees placed certain limits on multicandidate political committees and/or organizations making contributions.

To qualify they must be registered with the Election Commission for 6 months, receive contributions from 50 persons, and except for State party organizations make contributions to at least five candidates.

The conferees placed a $5,000 limit on the amount an organization may contribute to any candidate in any election. Here again all Presidential primaries are treated as a single election. The $5,000 limit is applicable to each primary, runoff, special or general election, as the case may be.

Candidates are limited to expenditures from their personal funds or the personal funds of their immediate families as follows:

Presidential candidate, $50,000 for an entire campaign.

Senatorial candidate, $35,000 for an entire campaign.

House candidate, $25,000 for an entire campaign.

I feel, Mr. Speaker, a little bit like the Duke of Devonshire when he was Queen Victoria's leader in the House of Lords and he was reading the budget and nobody was paying any attention and right in the middle of the speech he said, "Damn dull, isn't it?", and sat down. I have done everything but sit down and if I get too dull, I will do that in a minute or two. I thought some people might want to know what is in this before it goes into effect.

National and State party organizations are limited to $5,000 in actual contributions to Federal candidates, but may make limited contributions such as on slate cards, as follows:

The conferees limit Presidential candidates to $10 million for campaign expenditures in a primary and $20 million in a general election.

Candidates for the House are limited to $70,000 for each election, plus a 20-percent fundraising cost.

Mr. Speaker, I will yield to the gentlewoman from New York. She is making a louder speech than I am.

The conferees limit candidates for the Senate and Representatives at large to the greater of $100,000 or 8 cents times the voting age population in a primary, the greater of $150,000, or 12 cents times the voting age population in a general election.

They may also spend an additional 20 percent in fundraising expenses.

Public financing is provided for the 1976 Presidential election; in the general election each candidate is limited in campaign expenditures to $20 million and nominees of the major parties are eligible to receive the full $20 million in public funds.

Public financing is not mandatory. The candidate may solicit all donations privately. If the candidate "goes private," however, individual contributions are limited to $1,000 and organization contributions to $5,000. It seems to me under those circumstances any candidate that went public would have rocks in his head, but we have had some that I thought did have rocks in their heads.

Candidates of minor parties—those receiving at least 5 percent of the vote in the preceding election—are eligible for partial funding based on the percentage of the vote received. A third party receiving at least 5 percent of the vote in 1976 will be eligible for partial reimbursement of their expenses.

We allowed $2 million for nominating conventions and again they can take it or not as they like; however, if they decide to go public and not take the $2 million, we have repealed the increased deductions for advertisements and convention program books.

Each candidate for Presidential nomination is limited to campaign expenditures of $10 million and they have to raise matching funds by $5,000 from each of 20 States in amounts of not more than $250 before they will become eligible for matching funds. After raising the $100,000 they are eligible to have $100,000 in matching money and each amount of $250 or less will be matched up to the limit from the Treasury.

The source of the funding for the Presidential election campaign is the $1 check-off fund. There will be no money picked out of the Treasury. If the fund provides enough money, they will get it on the basis which I have outlined. If there is not enough, then they can raise privately the difference between what they receive and the $20 million limitation.

The conferees agreed upon a Federal Election Commission composed of eight members: two to be appointed by the Speaker; two by the President pro tempore of the Senate; two by the President of the United States; and two nonvoting members, the Clerk of the House and the Clerk of the Senate. All six of the voting members would have to be confirmed by both Houses.

The Commission would receive reports, make rules and regulations, and I think the Members will be interested in this: Subject to review by the Congress within 30 days, they will also maintain a cumulative index of reports filed and not filed. Such special and regular reports to Congress will be prepared as the Congress may require. They also will serve as an election information clearinghouse. The Commission also has the power to render advisory opinions. If they give a Member an advisory opinion that he can do something, he cannot later be prosecuted because they have changed their minds.

We allow them to go to court independently on civil matters such as mandamus of a candidate to cease and desist from an illegal practice, but all criminal matters must still be handled by the Justice Department.

We require a single 10-day pre-election report instead of the present 15 and 5 days reports—because the 5-day report is meaningless anyway. A 30-day post-election report will also be required. We also require quarterly reports only if a candidate spends more than $1,000 in that quarter, so that on the off-year most Members would not have to report.

Contributions of $1,000 or more received in the last 15 days before election must be reported within 48 hours. Cash contributions over $100 are prohibited. All contributions from foreign nationals are prohibited. All contributions in the name of another are prohibited.

We also have a little thing in here which I think the Members might be interested in. That is, we require any organization which spends any money or commits any act for the purpose of influencing an election, must report as a political committee, except that if it only reports to its members, it is exempt; but if it goes national and issues reports purporting to condemn somebody for voting such a way, it has to report. We have to know the source of its income. If we want to know who that is aimed at, I do not want to say out loud, but their initials are C.C.

Those are about the main points of the agreement. I want to pay tribute to my colleagues on the House side for their steadfastness in trying to uphold the provisions of the House bill. I want to pay tribute to Senator CANNON, especially, who was very fine as chairman of the Senate side, and to the Senators who in varying degrees and varying amounts of time finally saw reason and agreed.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Speaker, I first want to compliment the Chairman for what I think is an excellent job in a very difficult area, and I support campaign reform.

I did not hear the Chairman comment on the issue of preemption. Is there a preemption clause?

Mr. HAYS. There is a preemption clause. It is the only part of the bill on these sheets which I tried to leave out in order to save time.

The preemption clause would become effective upon signature. The rest of the bill would become effective January 1, 1975.

Mr. ADAMS. Mr. Speaker, I thank the gentleman.

Mr. BRADEMAS. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Indiana.

Mr. BRADEMAS. Mr. Speaker, I rise in strong support of the conference report to S. 3044, the Federal Election Campaign Act Amendments of 1974.

Mr. Speaker, I would first like to pay a word of special tribute to the distinguished Chairman of the House Administration Committee, the Honorable WAYNE L. HAYS, Democrat of Ohio, for his outstanding leadership on this important legislation, as well as to other members of the committee, particularly the gentleman from New Jersey (Mr. THOMPSON) and the gentleman from Illinois (Mr. ANNUNZIO) and the chairman of the Elections Subcommittee, the gentleman from Pennsylvania (Mr. DENT) and the gentleman from Minnesota (Mr. FRENZEL).

Indeed, members of the committee on both sides of the aisle helped make possible what I believe will come to be regarded as a major accomplishment of the 93d Congress.

Many individuals and groups contributed to the shaping and passage of this legislation. In particular, I want to pay tribute to members of the majority staff of the House Administration Committee, John Walker and Bill Sudow, to Ralph Smith and Bill Loughery of the minority staff, and to our House legislative counsel, Bill Adams and John Cimko.

Although many groups who have worked on this legislation have, at times, had differing opinions regarding specific provisions of the campaign reform bill, they have all been most helpful and I would like to extend special thanks to the Center for Public Financing of Elections and Common Cause for their contributions.

Mr. Speaker, this measure is a historic advance in the reform of our campaign finance laws, one which will go a long way toward eliminating the influence of big money in our Federal elections and one which will make our system of financing campaigns for Federal office more fair and open.

Mr. Speaker, the conference report sets strict limits on campaign expenditures and contributions. To limit the influence of big money in the areas which I believe offer the greatest potential for abuse—all phases of election to the office of President—the conference report strengthens the existing dollar checkoff law with respect to presidential general elections and authorizes the use of checkoff funds for presidential nominating conventions and presidential primary elections.

To strengthen the enforcement of Federal election laws, the conference report improves the reporting requirements of the Federal Election Campaign Act, provides for principal campaign committees to centralize reporting requirements, and establishes an independent Federal Election Commission to supervise and enforce Federal election laws.

Mr Speaker, I would like briefly to summarize the major provisions of the Federal Election Campaign Act Amendments of 1974.

CONTRIBUTION LIMITS

The bill would limit contributions to candidates by persons to $1,000 per election—primary, runoff, special election and general election.

It would limit contributions to a candidate by multicandidate committees to $5,000 per election. Multicandidate committees would be defined as committees which have: First been registered for 6 months pursuant to the Federal Election Campaign Act; Two, received contributions from more than 50 persons; and Three, contributed to at least five candidates for Federal office.

The bill would prohibit contributions by foreign nationals and would limit the aggregate of all contributions by any individual to $25,000 per year, except that, for purposes of this limit only, nonelection year contributions would be counted as contributions in an election year.

EXPENDITURE LIMITS

Mr. Speaker, the report would also set strict limits on campaign spending.

Candidates for the office of President would be able to spend no more than $20 million; candidates for nomination to the office of President could spend no more than $10 million.

Candidates for the Senate and Representative-at-large would be able to spend, in primary elections, $100,000, or 8 cents times the voting age population, whichever is greater; and, in general elections, $150,000, or 12 cents times the voter population, whichever is greater.

Candidates for the House of Representatives would be able to spend $70,000 in each of the elections, primary, general, and, if any, a runoff.

In addition, the bill would allow candidates to spend up to 20 percent above these limits to meet the costs of fundraising. This provision is particularly important in view of the substantial cost of raising campaign funds through small contributions.

The bill would also allow the national party organizations and State and local party organizations to make additional expenditures, in general elections only, on behalf of candidates for Federal office.

USE OF CASH

Mr. Speaker, the Federal Election Campaign Act amendments would impose strict limits on the use of cash by requiring that all cash contributions and cash expenditures in excess of $100 be by written instrument.

PRINCIPAL CAMPAIGN COMMITTEES AND DISCLOSURE REPORTS

To simplify reporting requirements and facilitate the dissemination of campaign finance information, the bill would eliminate the 15- and 5-day preelection reports and would substitute for them the single preelection report 10 days before each election.

In addition, the bill would require a report 30 days after each election. Candidates and committees would not be required to file quarterly reports if such a report should fall within 10 days of a pre- or post-election report or if in that quarter neither contributions nor expenditures exceed $1,000.

The bill also would provide for the designation of principal campaign committees to file consolidated reports of all expenditures and contributions of committees which support the candidate.

Conferees also agreed to a new provision that would require any organization which expends any funds or commits any act directed to the public for the purpose of influencing the outcome of an election or which publishes or broadcasts to the public any material referring to a candidate advocating the election or defeat of such candidate to file reports pursuant to the Federal Election Campaign Act, just as any other political committee must file. A question has been raised whether this section requires newspapers to file reports required therein, particularly with regard to advertising they may print favoring or opposing candidates. I wish to state that it is my understanding as a member of the Conference Committee that we did not intend to require broadcast stations or bona fide newspapers, magazines, or other periodical publications, as defined in this section, to file disclosure reports, but rather we intended to require the organizations who paid for the advertising to file.

FEDERAL ELECTION COMMISSION

Mr. Speaker, to assure full compliance with and effective enforcement of the election laws, the bill would establish an independent Federal Election Commission.

The Commission would be composed of eight members—six members of the public appointed on a bipartisan basis, two each by the Speaker of the House, the President pro tempore of the Senate and the President; and two ex-officio members, the Clerk of the House and the Secretary of the Senate, both of whom are to serve without a right to vote.

Under the bill, candidates for the House and Senate would continue to file disclosure reports with the Clerk of the House and the Secretary of the Senate. Any apparent violations of election laws which the Clerk or the Secretary discovers would have to be referred immediately to the Commission.

The Commission could then refer these apparent violations to the Department of Justice for appropriate enforcement action or could investigate these and any other complaints of alleged election law violations and encourage voluntary compliance through informal means.

The Commission would have civil enforcement authority but the Department of Justice would continue to have the sole authority to prosecute apparent violations of the criminal election laws.

Mr. Speaker, it was the intent of the conferees that the Federal Election Commission have primary jurisdiction in all election law matters and that persons, individuals or organizations who may have complaints about possible violations first exhaust their administrative remedies with the Commission. It was also the view of the conferees that the Commission should seek to effect voluntary compliance through informal administrative procedures before it initiates any civil enforcement action.

To assure expeditious enforcement action by the Department of Justice, the bill requires the Attorney General to report to the Commission on the status of referrals—60 days after the referral and at the close of every 30-day period thereafter.

To assure that regulations written by the Commission conform with the election laws, the Commission would be required to submit its regulations to the House and the Senate for review and approval.

PUBLIC FINANCING OF PRESIDENTIAL ELECTIONS

And finally, Mr. Speaker, the bill would provide a full package for public financing of Presidential elections.

The bill would strengthen the existing dollar checkoff fund established by the 1972 law Congress passed to finance Presidential general elections by providing that the amount of public money available from the checkoff fund conforms to the spending limit for general elections—$20 million—and, in order to assure that the dollars checked off by individual taxpayers are actually available, by providing that the dollar checkoff fund be self-appropriating.

In addition, the bill authorizes up to $2 million of dollar checkoff funds to each of the major political parties for Presidential national nominating conventions.

Public financing for the national convention would be voluntary so that any political party that chose to continue to finance its convention with private resources could continue to do so. However, overall expenditures from both public and private sources would, under ordinary circumstances, be limited to $2 million for each party convention.

Finally, Mr. Speaker, the bill would provide for limited public financing of Presidential primary elections by authorizing matching payments from the dollar checkoff fund for small contributions.

Presidential primary candidates would receive matching payments for the first $250 or less received from each contribution. The maximum amount of public money a candidate would receive would be one-half the expenditure limit for Presidential primaries. Under this bill, that would mean that each candidate could receive up to $5 million. To prevent public financing of frivolous candidates, the bill would require a candidate to accumulate at least $5,000 in matchable contribtuions—$250 or less—in each of 20 States.

Mr. Speaker, all public funds would come from the surplus in the dollar checkoff fund after funds have been set aside to meet the estimated obligations of Presidential general elections and nominating conventions. Because experts estimate that the checkoff fund will contain approximately $64 million by 1976 and that some $46 million would be used for general elections and conventions, approximately $18 million should be available for primary elections.

Mr. Speaker, I regard public financing of presidential campaigns as one of the most important features of the bill. Clearly, the potential for the abuse of big money is the greatest in the area of presidential elections, and public financing would, in my view, drastically reduce the possibilities of abuse.

Mr. Speaker, the Federal Election Campaign Act Amendments of 1974 is solid, constructive campaign reform legislation. If passed, this bill, I am confident, will prove to be a major advance in the financing of campaigns for Federal office. I urge the adoption of the conference report.

Mr. Speaker, I include in the RECORD a summary of the campaign reform bill prepared by Susan King and Neal Gregory of the Center for Public Financing of Elections:

THE CAMPAIGN REFORM BILL—A SUMMARY

(Federal elections campaign act amendments of 1974

CENTER FOR PUBLIC FINANCING
OF ELECTIONS,
October 8, 1974.

CONTRIBUTION LIMITS

Limits on individual contributions

$1,000 limit on amount an individual may contribute to any candidate for U.S. House, Senate, or President in primary campaign (Presidential primaries treated as single election).

$1,000 limit on contribution to any federal candidate in general election (run-offs and special elections treated as separate elections; separate $1,000 limit applies).

No individual may contribute more than $25,000 for all federal campaigns for entire campaign period (includes contributions to party organizations supporting federal candidates).

No more than $1,000 in independent expenditures on behalf of any one candidate for federal office per entire campaign is permitted.

Certain "in-kind" contributions (up to $500 per candidate per election) are exempt from contribution limits.

Limits on organization contributions

(To qualify as an organization, must be registered with Elections Commission for six months, receive contributions from more than 50 persons and, except for state party organizations, make contributions to at least five candidates.)

$5,000 limit on amount an organization may contribute to any candidate for U.S. House, Senate, or President in primary election campaign (Presidential primaries treated as single election).

$5,000 limit on contributions to any federal candidate in general election (run-offs and special elections treated as separate elections; separate $5,000 limit applies).

No more than $1,000 in independent expenditures on behalf of any one federal candidate during entire campaign period.

No limit on aggregate amount organizations may contribute in campaign period, nor on amount organizations may contribute to party organizations supporting federal candidates.

Certain "in-kind" contributions (up to $500 per candidate per election) are exempt from contribution limits.

Limits on candidate contributions to own campaign

President: $50,000 for entire campaign.
Senate: $35,000 for entire campaign.
House: $25,000 for entire campaign.

Limits on party contributions

National and state party organizations limited to $5,000 in actual contributions to federal candidates, but may make limited expenditures on behalf of its candidate in general election [see spending limits].

SPENDING LIMITS

(Existing limits on media spending repealed. Total candidate spending limit includes basic limit, plus 20 percent additional permitted for fund-raising, plus limited spending by parties in general election.)

Party conventions: $2 million for national nominating convention.

Presidential candidates

Primary: $10 million basic limit; in addition, candidate allowed to spend 20 percent above limit for fund-raising—total, $12 million. In any presidential primary, candidate may spend no more than twice what a Senate candidate in that state is allowed to spend. (See chart for Senate limits.)

General: $20 million basic limit. (Presidential candidate not opting to receive public financing would be allowed to spend an additional 20 percent for fund-raising.)

Party: National party may spend 2¢ times Voting Age Population, or approximately $2.9 million, on behalf of its Presidential nominee in general election.

Senate candidates

Primary: 8¢ x VAP of state or $100,000, whichever is higher. Additional 20 percent of basic limit allowed for fund-raising. (See attached chart for state by state amounts.)

General: 12¢ x VAP of state or $150,000, whichever is higher. Additional 20 percent of basic limit allowed for fund-raising.

Party: In general election, 2¢ x VAP or $20,000, whichever is higher, by national party, and 2¢ x VAP or $20,000 by state party. [See attached chart for state totals.]

House candidates

Primary: $70,000. Additional 20 percent of limit allowed for fund-raising. (Total—$84,000.) House candidates running at large permitted to spend same amount as Senate candidate in that state.

General: $70,000. Additional 20 percent allowed for fund-raising. (Total—$84,000.) House candidates running at large permitted to spend same as Senate candidate in that state.

Party: In general election, $10,000 by national party and $10,000 by state party on behalf of House candidates.

PRESIDENTIAL PUBLIC FINANCING

(From Dollar Check-Off Fund)

General election

$20 million in public funds; acceptance optional. Major party nominee automatically qualifies for full funding; minor party and independent candidates eligible to receive proportion of full funding based on past or current votes received. If candidate receives full funding, no private contributions permitted.

Conventions

$2 million; optional. Major parties automatically qualify. Minor parties eligible for lesser amount based on proportion of votes received in past or current election.

Primaries

Federal matching of private contributions up to $250, once candidate has qualified by raising $100,000 ($5,000 in each of 20 states) in matchable contributions. Only first $250 of any private contribution may be matched. The candidates of any one party together may receive no more than 46 percent of total amount available in the Fund; no single candidate may receive more than 25 percent of total available. Only private gifts raised after January 1975 qualify for matching for the 1976 election; no federal payments will be made before January 1976.

ENFORCEMENT

Creates 6-member Federal Elections Commission responsible for administering election law and public financing program, and vested with primary civil enforcement.

President, Speaker of House, and President Pro-Tem of Senate each appoint two members (of different parties), all subject to confirmation by both Houses of Congress. (Such members may not be officials or employees of any branch of government at time of appointment.)

Secretary of Senate and Clerk of House to serve as ex-officio, non-voting members of Commission, and their offices to serve as custodian of reports for candidates for Senate and House.

Commissioners to serve full-time, six-year, staggered terms. Rotating one-year chairmanship.

Commission to receive campaign reports; make rules and regulations (subject to review by Congress within 30 days); maintain cumulative index of reports filed and not filed; make special and regular reports to Congress and President; serve as election information clearinghouse.

Commission has power to render advisory opinions; conduct audits and investigations; subpoena witnesses and information; initiate civil proceedings for relief.

Criminal violations to be referred to Justice Department for prosecution; provision for advancing cases under the Act on the court docket, and judicial review.

REPORTING AND DISCLOSURE

Candidate required to establish one central campaign committee; all contributions and expenditures on behalf of candidate must be reported through this committee. Also requires designation of specific bank depositories.

Full reports of contributions and expenditures to be filed with Commission 10 days before and 30 days after every election, and within 10 days of close of each quarter unless committee has received or expended less than $1,000 in that quarter. Year-end report due in non-election years.

Contributions of $1,000 or more received within last 15 days before election must be reported to Commission within 48 hours.

Cash contributions over $100 prohibited.

Contributions from foreign national prohibited.

Contributions in name of another prohibited.

Loans treated as contributions; must have co-signer or guarantor for each $1,000 of outstanding obligation.

Requires that any organization which spends money or commits any act for the purpose of influencing any election (such as the publication of voting records) must report as a political committee. (This would require reporting by such lobbying organizations as Common Cause, Environmental Action, ACA, etc., and perhaps many other traditionally non-electoral organizations).

Every person who spends or contributes over $100, other than to or through a candidate or political committee, is required to report.

OTHER PROVISIONS

No elected or appointed official or employee of government may accept more than $1,000 in honorarium for speech or article, or $15,000 in aggregate per year.

Removes Hatch Act restrictions on voluntary activities by state and local employees in federal campaigns, if not otherwise prohibited by state law.

Corporations and labor unions which are government contractors are permitted to maintain separate, segregated voluntary political funds in accordance with 18 USC 610. (Formerly all contributions by government contractors were prohibited.)

Permits use of excess campaign funds to defray expenses of holding federal office or for other lawful purposes.

Prohibits solicitation of funds by franked mail.

Pre-empts state election laws for federal candidates. This section takes effect upon enactment.

PENALTIES

Increases existing fines to maximum of $50,000.

Candidate for federal offices who fails to file reports may be prohibited from running again for term of that office plus one year.

EFFECTIVE DATE

January 1, 1975 (except for immediate preemption of state laws).

Mr. HAYS. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I started to say that I wanted to pay tribute to Senator Cannon and to the other Senators. Although Senator Kennedy argued long and hard for total public financing, he decided—I think rightly, and he was reasonable—that we ought to have a bill, and that since the House was adamant, he and his colleagues and the Senate were split on that, and decided to go along. I want to pay tribute to him.

Mr. KETCHUM. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from California.

Mr. KETCHUM. I thank the gentleman for yielding.

Mr. Speaker, I thank the gentleman for attempting to explain this bill under very adverse conditions.

I just have two questions. One is on the financing of the national conventions and the provisions for public financing of Presidential campaigns. If the check off of finances does not have sufficient funds, is there some sort of formula so that both of the major parties and minor parties can qualify?

Mr. HAYS. If the check off does not have sufficient funds, the money will be provided equally, according to what is there, and both parties may raise the difference publicly, subject to the limitations of the bill. In other words, the Internal Revenue says there will be plenty of money. But should there not be, and each party was to get $17 million, they could raise $3 million in the regular way.

Mr. KETCHUM. Mr. Speaker, would the gentleman yield further?

Mr. HAYS. I yield to the gentleman.

Mr. KETCHUM. Mr. Speaker, did I understand correctly that deductions on the part of corporations or companies or individuals advertising in, say, a program for the convention, to either party, those will no longer be deductible?

Mr. HAYS. No longer tax deductible.

Mr. KETCHUM. One final question. Is there a provision in the bill that provides some form of restriction on in-kind contributions?

Mr. HAYS. Well, not specifically. We tried to deal with that in a general way by giving some small exemptions. I will just give the gentleman one example. If somebody sells food and beverages for a fund raiser at not less than his cost, the difference between the wholesale price and retail price is not considered to be a contribution. We tried to spell out those various gray areas as best we could.

Mr. KETCHUM. Mr. Speaker, I thank the gentleman.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. HAYS. Yes, I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, I certainly want to commend the chairman of the committee for the outstanding job he has done, and particularly in view of the existing pressures, for having worked out a bill that I think protects the public interest against improperly influenced elections and at the same time prevent the bill itself from being used to influence elections improperly. Particularly I am referring to the chairman's stand against a Presidentially appointed elections commission. In light of Watergate, such a commission could have opened the door to gross abuses. We all owe the gentlemen a debt of gratitude. He and the other members of the conference committee deserve our gratitude.

Mr. HAYS. I thank the gentleman.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. HAYS. Mr. Speaker, I prefer that the other side use some of their time. I am down to very little time left. Perhaps they can answer the questions I have not. Perhaps I will get some time and yield later.

Three important aspects of the legislation should be underlined. First, the House conferees successfully insisted that the Federal Election Commission created by the act have "primary jurisdiction with respect to the civil enforcement" of the act's provisions. The current provisions of the United States Code regulating Federal elections, with one minor exception, state that violations shall be punished through the criminal law. The bill before the House while retaining and strengthening these criminal sanctions provides also for a comprehensive system of civil enforcement. In order to assure that civil suits are not misused in a partisan manner, and that the complex and sensitive rights and duties stated in the act are administered expertly and uniformly, the act provides that all civil complaints predicated upon or pertaining in any manner to titles I and III of the act or sections 608 through 617 of title 18 United States Code shall be channeled to the Commission. Under section 315 persons challenging the constitutionality of any provision of the act, retain their right to do so in court without exhausting administrative remedies to the extent the courts have jurisdiction under established principles. The delicately balanced scheme of procedures and remedies set out in the act is intended to be the exclusive means for vindicating the rights and declaring the duties stated therein. It should also be noted that while judicial review is provided by section 314(a) when the Commission "grants" certain orders, a determination that there is no probable cause to believe that a violation charged has occurred, whether made by the Commission or the Attorney General, is not reviewable.

Second, the bill reported by the conferees follows the House bill in setting out a few carefully limited exemptions to the terms "contribution" and "expenditure" as defined in sections 591 (e) and (f) of title 18, United States Code. There are certain exemptions made to one term that are not also made to the other. This is because "contribution" standing alone refers to a donation to a candidate or other person for the latter's independent use, while an "expenditure" is the use of money and other things of value by a candidate or other person in his own name. Thus, the bill exempts communications by membership organizations to their members and by corporations to their stockholders from the definition of expenditure. That exemption, of course, includes communications by a federated organization to its members on behalf of its affiliates utilizing its own or its affiliate's resources and personnel, and by a parent corporation on behalf of its subsidiaries. No such exemption is provided to the term "contribution" because such communications plainly do not fall within the meaning of that term.

Finally, the conferees, again at the insistance of the House, developed a new section 308 to be added to title III of the act. That section requires organizations that buy space or time in the mass media or utilize such means as mailings to nonmembers in order to influence the outcome of an election or to state a candidates position on any public issue, voting record or other official act, to report in essentially the same manner as a political committee. This section does not require an organization to report simply because it directs communications to its members even if a small number of those communications are provided to others at their request; because an official responds to requests for information by the press or participates in a conference or meeting devoted to the discussion of issues of public importance; or because, as permitted by law, the organization establishes a political committee.

Mr. FRENZEL. Mr. Speaker, I yield five minutes to the gentleman from Ohio (Mr. DEVINE).

Mr. DEVINE. Mr. Speaker, I rise not to discuss the technical aspects of this bill, but to speak particularly to my colleagues from this side of the aisle who have had a great deal of concern about the public financing aspects of this legislation.

I was one of about 45 Members who voted against this bill when it came through the House, on the basis of my concern on the public financing features of it, and knowing the strong position of the other body on Presidential, Vice Presidential, senatorial, and congressional public financing, I must compliment the chairman of the Committee on House Administration, who was also chairman of the conference, on the tremendous amount of work and patience he exhibited during the conference. The gentleman had some rather strong persons from the other body, such as Senator KENNEDY, Senator SCOTT, Senator GRIFFIN, Senator CANNON, and others, and they were almost adamant in their position of public financing across the board, including the House and the Senate.

Our chairman and the House conferees stood steadfast against the conferees on the other side, and it was not easy.

Our chairman, the gentleman from Ohio (Mr. HAYS), was unjustly accused by the organization he identified as "C.C." I will call it Common Cause. It was no surprise. It accused him of throwing a roadblock in this legislation.

He worked hard to get a bill out that he thought meaningful and which we all felt meaningful, to the point where I, as one of the conferees who voted against this bill when it came through, intend to vote for the conference report.

Mr. HAYS. Will the gentleman yield?

Mr. DEVINE. Yes, I yield to the gentleman from Ohio.

Mr. HAYS. Speaking of roadblocks, one thing that slowed the conference down is the fact that the Common Cause lobby was outside the door all the time sending messages in to staff people, which went to conferees, and that took several hours. Otherwise, we would have gotten through a lot quicker.

Mr. DEVINE. As far as the House is concerned, the House and Senate no longer are included in the public financing feature.

The limitation on the amount for primary and elections of representatives was increased from $60,000, plus 25 percent for fundraising expenses, to $70,000, plus 20 percent, which totals roughly $84,000.

If one adheres to the exact language of the bill, this, I think, is a compromise between the Senate position, where they wanted to guarantee $90,000 to every single congressional candidate who wanted to file for office and who could then qualify under the Senate version.

By and large, in my opinion, the conference report is good, and I intend to vote for it.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. I wonder if I might get the attention of the chairman of the Committee on House Administration so that I can pursue the question I wanted to ask the chairman of the Committee on House Administration earlier.

I should like to ask about the qualification of minor parties for public financing, as provided for in this conference report.

Let us assume, if we can, that parties qualify under the laws of each State, and in one State we have a third party listed on the ballot as the American Party; in another State, the third party listed is the Independent Party; in another State, it is the American-Independent Party, each nominating the same candidate or the same candidates for President and Vice President. How is the 5 percent of the vote figured which would qualify a party or the candidate for some share of public financing?

Mr. HAYS. To answer the gentleman, the preceding election would be the qualifier. If somebody purporting to be a candidate of one party ran in different States under different labels, I do not see what we can stretch the law to prevent it. They have to get more than 5 percent and less than 15 percent of the vote to be qualified as a minor party.

Mr. BROWN of Ohio. Under the same party label in all States and with the same party trustees, as it were, in all States?

Mr. HAYS. The Commission can issue regulations.

It would be, I believe, the intent of the House conferees—and I am not speaking for the Senate—that they would actually vote under the same label.

Mr. BROWN of Ohio. So that the same party would have to qualify in several different States in order to qualify under the 5-percent provision?

Mr. HAYS. I would think they would have to qualify in several different States in order to accumulate the 5 percent.

The SPEAKER. The time of the gentleman from Ohio (Mr. DEVINE) has expired.

Mr. FRENZEL. Mr. Speaker, I yield 2 additional minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman's yielding.

Just so the record is clear, and I am sure we all understand this, even though the so-called income tax form checkoff system, has been validated so that individuals may participate on a voluntary basis, those "checkoff" dollars still have to come out of the Treasury, and it is an add-on cost to all other appropriations that we have made; is that not true?

Mr. DEVINE. Mr. Speaker, the checkoff system is a voluntary effort on the part of the taxpayer who feels he would like to participate in public funding of a Presidential and Vice-Presidential campaign. It does not mean he is charged the dollar out of his income tax return; it means the dollar he pays into the Treasury is earmarked for the campaign, the first $2 million of which goes to each party for the convention and the balance of which, up to $20 million, goes to each major party.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield further?

Mr. DEVINE. I yield to the gentleman from California.

Mr. ROUSSELOT. Those dollars are still add-on dollars, dollars that have to come out of the Federal Treasury?

Mr. DEVINE. They constitute a net loss to the Treasury, that is correct.

Mr. ROUSSELOT. Even though it could be considered indirect, this means that this bill establishes another way by which we will be contributing to deficit financing?

Mr. DEVINE. Yes. We are talking in the area of about $44 million each 4 years.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield further, I will ask this:

So this great belief and myth that has been promoted by several organizations that this is kind of "free money" clearly is not true?

Mr. DEVINE. Mr. Speaker, the gentleman well knows there is no such thing as free money. We in Washington are merely distributors; we are not producers. It all must come from the taxpayers.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman for his response.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the gentleman from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. Speaker, I am grateful to my friend, the gentleman from Minnesota, for yielding time to me. I commend the gentleman and other Members who have worked to bring this conference report before the House. I congratulate them on their effort. But I disagree with the result.

As I have told Members of the House before, I think there are many mischievous provisions in this legislation.

Mr. Speaker, there is some good in this legislation. I am particularly pleased that the conference report provides a strong independent commission to enforce provisions of this act.

But I would be remiss if I did not voice my objection to Federal financing of conventions and to the failure of this bill to adequately define and outlaw certain improper in-kind contributions, and for the fact that it is in tone and in detail a proincumbent bill. It is really a "sweetheart" bill, one that will serve primarily to reelect incumbents and make it harder than ever for challengers to unseat an entrenched incumbent.

But, Mr. Speaker, the part of this bill that make it most objectionable, the part that makes an antireform bill, is the provision that limits the right of voters to speak out on candidates who are running for public office.

It is one thing to limit candidates expenditures. But it is completely wrong to limit the rights of citizens in this regard.

Although it is probably unconstitutional to do so, it may be a good policy to restrict candidate spending.

However, when that same limitation is applied to people who are not running for office, people who are simply attempting to comment on the election process, it is a different matter. When we give to candidates for public office the veto power over other persons rights, those who wish only to comment, those who may want to support a candidate, those who may want to oppose one candidate and support another, and those who may want to take out a newspaper advertisement to say, "A pox on both candidates," then we are tinkering with a fundamental right of the American people.

We are introducing a concept that is probably unconstitutional, as indeed a 3-judge court in New York said not too long ago in the case of ACLU against Jennings. I believe the Supreme Court will affirm the lower court's ruling in that case.

But it is not my purpose to argue the narrow legal question. I am simply telling the Members it is wrong. I think in our hearts we know it is wrong; we know it is contrary to the American system and it is contrary to the spirit of the election process. I believe the day will come when we will reverse this unwise act we are about to take.

So with regret I am going to vote against this conference report. Not regret because I am taking what I know will be an unpopular position, but regret that the House has once again failed to institute true reform in legislation and has, instead, brought to us legislation that is reform in name only and which is, in fact, antireform.

Mr. FRENZEL. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I rise in strong support of the conference report to the bill S. 3044, the Federal Election Campaign Act Amendments of 1974.

The conferees have adopted most of the best provisions of the House and Senate bills. The final results is a bill with numerous strengths and few weaknesses. Perhaps the greatest weakness is the low spending limit which makes the bill to some extent, an "incumbent protection bill." Also, the bill does not repeal the equal time provision and fails to stringently regulate special interest giving, but it does have the following positive features:

First, and most importantly, the bill establishes an independent Federal Elections Commission with the power and authority to oversee all Federal election law. Commissioners will be full-time and serve 6-year terms. Two will be appointed by the President, two by the President pro tempore upon the recommendations of the majority and minority leaders of the Senate, and two by the Speaker upon the recommendations of the majority and minority leaders of the House. The Commission will have both subpena and civil enforcement powers. Criminal enforcement remains with the Justice Department, but the Attorney General is held accountable to the Commission for reporting on the disposition of violations referred to him. The establishment of an independent Commission is the key provision in the bill. It will assure judicious, expeditious enforcement of the law, while reversing the long history of nonenforcement.

Second, the conference report sets limitations on contributions. No individual will be allowed to give more than $1,000 per election per candidate. No political committee more than $5,000. Individuals will be limited to $25,000 in contributions to all candidates and committees every 2 years. The $25,000 provision will be the death knell of the "fat cat". It will take not 1 year, but 160 years for the Stewart Motts and Clement Stones and other big spenders to give $2 million to all Federal candidates, and 2,000 years to give $2 million to one candidate.

Third, expenditures are limited to $70,000 per House race plus 20 percent for fund raising or $84,000. In Senate races and races for Representative in States with only one Representative, a candidate can spend the greater of $100,000 or 8 cents per voter in the primary election and $150,000 or 12 cents per voter in the general election. A candidate for President can spend up to $10 million for the nomination and $20 million in the general election. Coupled with the cost of living index and the provisions which allow parties to spend independently of candidates, the bill will eliminate the worst spending abuses, while assuring that a challenger has at least some chance to defeat an incumbent.

Fourth, the bill increases the role of political parties in campaign financing. Both the national committee and the State committee of a political party will be able to make expenditures of $10,000 to candidates for the House in addition to the expenditure limitations imposed on the candidate. By contributing to a candidate, the party can increase his spending limit by $20,000. The comparable figures for Senate races and races for Representative in a State with only one Representative will be the greater of $20,000 or 2 cents per voter.

Fifth, candidates will be encouraged to raise funds from small contributors through the 20 percent allowance for fund raising.

Sixth, the bill limits cash contributions to $100.

Seventh, the bill prohibits contributions by foreign nationals.

Eighth, expenditures from the candidate's personal funds and the personal funds of his immediate family are reduced to $25,000 for the House, $35,000 for the Senate and $50,000 for the President.

Ninth, the conference agreement limits honorariums to $1,000 per appearance and $15,000 per calendar year.

Tenth, the bill makes it unlawful for a candidate or any agent or employee of a candidate to fraudulently misrepresent himself as acting for or on behalf of any candidate or political party.

Eleventh, it requires rating groups and other organizations which attempt to influence public opinion to register with the Commission as a political committee and report the source and amount of its funds and its expenditures.

Twelfth, it requires all candidates to designate a principal campaign committee and depository. All reports by committees supporting a candidate must be compiled by the principal campaign committee and all expenditures must be made by a check drawn on the depository, except for petty cash expenditures of less than $100.

Thirteenth, the bill reduces the 5- and 15-day preelection reports to one 10-day report. Also, candidates will not have to file reports in any calendar quarter in which they receive contributions and make expenditures of less than $1,000.

Fourteenth, the Commission can give candidates advisory opinions which determine whether specific transactions or activities are violations of the law. Any candidate who complies with an advisory opinion shall be presumed to be in compliance with the law.

Fifteenth, the bill provides for expeditious review of constitutional questions. Unlike at present, we will not be left in limbo for a prolonged period of time because of the failure of the courts to expeditiously review the constitutionality of election law.

Sixteenth, the bill preempts State law. Candidates will no longer have to worry about complying with 51 different sets of standards and reporting requirements.

Seventeenth, the media expenditure limitations are repealed. Candidates will have the flexibility to spend their money as they see fit.

Eighteenth, State and local employees are allowed to participate in political campaigns.

Nineteenth, public financing is limited to Presidential races. While there is far too much public financing in the bill to suit my taste, we will at least get a chance to see how it works in the 1976 elections. The conferees wisely decided that it was better to risk disaster in only one race rather than 469 races.

Twentieth, the bill becomes effective on January 1, 1975 after the campaign has ended and before special interests and other persons have time to invent schemes to use the period before the effective date to carry out activities that are legal presently, but illegal under the new act.

The House Republican Task Force on Election Reform, of which I am chairman, has enthusiastically endorsed this bill as a major step forward in the cleaning up of the electoral process. I urge Members on both sides of the aisle to give overwhelming support to final passage of this bill.

Mr. Speaker, passage of this legislation will end the American people's long wait for a positive response to the events of the past few years. No other practical, concrete action can do more to restore public confidence than the passage of a meaningful campaign reform bill. By giving overwhelming support to this landmark legislation, we will send a clear message to the American people that Congress is concerned about, and responsive to the need to restore public confidence in our democratic system of government.

The conferees have agreed to a far-reaching set of reforms which will place limitations on contributions and expenditures, create an independent administration and enforcement mechanism, publicly finance presidential elections, and maintain and strengthen the disclosure provisions of the 1971 law.

While the conferees were most careful in their deliberations and spent considerable time and effort in coming to an agreement, there were some finer points that have not been covered in either the bill or the conference report. There was not sufficient time in the conference to deal with these problems. I would like to comment on them briefly today.

PROLIFERATION LANGUAGE

A major problem with the limitations on contributions is that organizations that contribute to candidates may attempt to proliferate their political committees to circumvent the limitations. Thus, an organization could subdivide into 20 committees each able to give $5,000 or a total of $100,000 to a candidate. This subterfuge would be clearly a violation of the law.

The conference accepted the House version on committee limits. The House report contained language in two places dealing with this problem. Unfortunately, due to an oversight, the conference report only included the language on page 16 of the House report. It should have also included the language on page 5, which reads as follows:

> A question was raised in the committee regarding possibility of circumventing the limit on contributions by political committees where a national committee of a political organization may contribute the maximum amount to a candidate and a state or local sub-unit or subsidiary of that committee may also contribute to the same candidate. It is the intent of the committee to allow the maximum contribution from each level of the organization if the decision or judgment to make such contribution is independently exercised within the separate levels of the organization. However, if the subsidiary or sub-unit organizations are under the control or direction of the parent organization with respect to their contributions to specific candidates, then the organizations acting in concert would constitute one political committee for the purpose of the contribution limits included in this bill.

In my judgment, the conferees agreed with the House analysis.

MULTICANDIDATE COMMITTEE ADMINISTRATIVE EXPENSES

A second major problem is that of the administrative expenses of multicandidate committee. The conferees generally agreed that it would be difficult, if not impossible to attempt to prorate the normal day-to-day administrative expenses of multicandidate committees to each individual candidate. Any effort to attribute these costs to the contribution and expenditure limitations of any candidate would be unfair to both the candidate and the committee. Language that would clear up this issue was inadvertently left out of the report.

However, there is general agreement among the conferees that the provisions placing limitations on contributions and expenditures should not require a multicandidate committee, a national committee of a political party, the senatorial campaign committees, the congressional campaign committees, and a State committee of a political party to credit to a candidate's limitations on expenditures and contributions or to otherwise attribute to any political candidates or his political committees a portion of their normal day-to-day expenses.

Any other interpretation would create an enormous amount of administrative busy work for all candidates and might cause wholesale violations of the law. For example, a congressional campaign committee might spend approximately $14,-

000 per year per Member in administrative expenses for staff and services. If these expenses were credited to each Member's contribution limitations, every Member would be in violation of the law. If they were credited to candidates' spending limitations, how would the costs be apportioned to each candidate?

If a candidate was not offered any services by the committee or did not want any staff or services credited to his campaign, how could he be forced to attribute them to his limitation? The best solution seems to be to exempt normal, administrative expenses from the limitations.

These day-to-day expenses should be defined to include such items as research, speech writing, general party organization and travel, party publications, fund raising expenses, staff at various party headquarters in the field and national convention expenditures, provided that such expenses do not contribute directly to any candidate's campaign effort.

The Federal Elections Commission will have to publish specific regulations on these and other matters that are not completely clear in either the law or the report.

NEWSLETTERS

Questions have been raised as to whether or not congressional newsletters and other similar publications would be considered expenditures under the provisions of this bill. The congressional franking law passed last spring clearly states that such newsletters and other similar publications are legitimate expenses and can be sent under the frank. In general, I believe the Commission should follow the following guideline: if any item or publication can be sent under the frank, it should not be counted as an expenditure for the purpose of influencing an election. Hence, congressional newsletters and other similar publications need not be credited to the contribution or expenditures limits of congressional candidates.

EXPENDITURES AND CONTRIBUTIONS INFLUENCING ELECTIONS

In attempting to ascertain whether or not a contribution or expenditure by a group or organization is made for the purpose of influencing an election, the Commission should take into account the nature and goals of the organization making such expenditure. For example, a party committee might stage a seminar or workshop for party workers on campaign methods or techniques. It would be difficult to compute how much such seminars or workshops aid a candidate. Even if this could be computed, it would be incidental to the primary purpose of the program, because the main goal of such party activities is to strengthen the party, not to benefit the candidate.

On the other hand, if a special interest committee were to conduct the same type of activity, especially in an area in which there are candidates which it supports, there might be a significant difference. Special interest committees often conduct such affairs for the purpose of aiding friendly candidates. The main goal of special interest political activity is usually to influence leigslators and campaigns, while that of the party is usually to build a strong party organization.

The Commission should also investigate the differences between party publications and special interest publications, and party field workers and special interest field workers. The goal of the party in each instance is generally not, like in the case of many special interest groups, directly influencing elections and legislation, but building a strong party organization.

SECTION 308

The bill inserts a new section in the Federal Election Campaign Act—section 308) which will require groups and organizations which expend any funds or commit any act directed to the public for the purpose of influencing the outcome of an election, or which publishes or broadcasts to the public material intended to influence the public opinion with respect to candidates for Federal office to register with the commission as a political committee and report the source and amount of its funds and of its expenditures.

During the Senate debate—on page S 18526 of the October 8, 1974, CONGRESSIONAL RECORD, the Senator from Nevada (Mr. CANNON) is quoted as saying:

> But this section does not reach an organization that limits itself to activities along the following lines: issuing communications directed to its members, making its position known to members of the press and to public officials, or participating in conferences and meetings and other discussions devoted to public issues. In other words, section 308 will cover organizations that use their funds to propagandize the general public but does not restrict internal communications or restrict the flow of news or the discussion of public issues.

As a House conferee on this bill, I disagree with that statement. This section is clearly intended to include rating sheets, press releases, press conferences, communications to the press, seminars, and other similar activities which are directed at the public or which attempt to influence public opinion with respect to officeholders or candidates. It specifically includes publications "primarily for distribution to individuals affiliated by membership or stock ownership with the person distributing it."

The purpose of this provision is not to discourage such activity, but to insure that the public is aware of the persons who contribute to and are responsible for these activities.

The Senator's statement might exclude Common Cause, the American Conservative Union, the American Civil Liberties Union and the environmental groups which sponsor the "dirty dozen" list. No one would argue that it is the purpose of this provision to exempt these groups, nor is it intended to exempt any other particular group.

This provision is intended to apply indiscriminately and will bring under the disclosure provisions many groups, including liberal, labor, environmental, business and conservative organizations. Section 308 does not make any exceptions. While there are exemptions made to other provisions of the law—such as section 610, no exemptions are made to this provision. The Commission and the courts should not allow what is clear from the legislative language of the bill and the report of the conferees to be changed by legislative history on the floor. The language of the bill and the report must take precedence over legislative history made on the floor.

SEPARATE ELECTIONS

Under the 1971 law, considerable confusion was created by the use of the phrase "nomination for election, or election." The courts, candidates and administrators and enforcers of the law frequently made different interpretations of its meaning.

Under the new law, such confusion should be avoided. In the case of limitations on the use of a candidate's personal funds and the personal funds of his immediate family, it is clear that during the course of the entire campaign, a candidate for House may spend $25,000, a candidate for the Senate $35,000, and a candidate for President $50,000.

In the case of contribution limitations, an individual can contribute $1,000 for the primary campaign and $1,000 for the general election. If there is a primary runoff, an individual can contribute an additional $1,000. If, as may be the case in the State of Georgia, there is a runoff in the general election, an individual can contribute another $1,000. This same principle applies to multicandidate committees.

In the case of expenditure limitations, a candidate for the House may spend $70,000 for the primary campaign and $70,000 for the general election—plus fundraising and party expenditures. If the candidate is forced into a primary runoff, he can spend an additional $70,000—plus fundraising. If, as may be the case in the State of Georgia, there is a runoff in the general election, he may spend an additional $70,000—plus fundraising. Without allowance for these additional amounts, a candidate might find himself unable to spend anything in a primary or general election runoff. This would make a mockery of the election process. Instead, the candidate must be allowed to spend up to the $70,000 limit in the primary, primary runoff, the general election and the general election runoff.

In some States, the party convention is tantamount to the primary election. In some of these cases, a candidate might invest $70,000 to win the nomination at the convention. However, an opponent might receive enough of the convention votes to force a primary. If one or both of the candidates spent up to the $70,000 limits for the convention, they would be unable to spend anything for the primary. In such cases, the Commission should use its discretion to determine whether one or more candidates should be allowed to spend additional funds. These same principles should apply to Senate races and races for Representative in a State with only one Representative.

MULTICANDIDATE COMMITTEE FUNDRAISING LOOPHOLE

I believe that the conferees intended that the provision which exempts multicandidate committee fundraising costs from being credited to the candidates' spending and contribution limits—section 102(d)—should not allow five or more candidates—especially in large metropolitan areas—to join together in setting up dummy fundraising committees which would spend large sums of money allegedly raising funds for those candidates, but actually using fundraising techniques to increase the candidates' name recognition and expenditure limitation. Rather, it is intended to cover those groups which raise money genuinely independent of each candidate's campaign and which would be put at a disadvantage if the money they spend raising funds had to be prorated and added to the actual contribution given to each candidate.

SLATECARD EXEMPTION

I believe that the purpose of the provision which exempts slatecards and printed listings of three or more candidates for public office from the definitions of contribution and expenditure is not to allow candidates or political committees to circumvent the disclosure provisions and the limitations on contributions and expenditures by waging extensive campaigns using sample ballots, slatecards, and other similar devices, but rather to allow State and local parties to educate the general public.

IN-WRITING LOOPHOLE

The conference substitute states that if a contribution is given to a political committee authorized by the candidate in writing to accept contributions for that candidate, then that contribution is treated as a contribution to the candidate. This provision is not intended to allow a candidate to receive contributions in excess of the limits simply by having the contributions go to a political committee which is not authorized in writing to accept contributions for the candidate. Paragraph (6) of subsection 608(b) states that all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to the candidate, shall be treated as contributions from the original donor to the candidate.

HONORARIUMS

The conference substitute limits honorariums to $1,000 per appearance and a total of $15,000 per calendar year. I concur with the discussion by Senators SCOTT and CANNON on page S18526 of the October 8, 1974, CONGRESSIONAL RECORD, except that I believe a candidate or Federal Government official cannot accept more than one $1,000 honorarium from the same organization in the same calendar year. I do not feel that it was the intent of the conferees to allow circumvention of the limitations on honorariums by accepting more than one honorarium from the same organization on the same trip or from the same organization during the same calendar year.

PRESIDENTIAL AND VICE-PRESIDENTIAL CAMPAIGN TRIPS

The President and Vice President often must fly an official plane to political events. The cost of such trips often runs into the tens of thousands of dollars and is sometimes paid for by the national committee of the President's party. Questions have arisen as to whether the cost of the trip should be counted as a contribution and/or expenditure. Certainly, it should not. Any other interpretation would be contrary to the spirit of the law. If these costs were to count as contributions, the President and Vice President would be faced with the choice of either violating the law by exceeding the $1,000 limit on contributions by individuals to a candidate or forgoing any political activity outside the Washington area.

These costs should not count against the candidate's expenditure limitation, because it would be unfair to both the President and the candidate to require the candidate to use up to $30,000 out of a $70,000 limitation just to fly with the President. The President has the same constitutional rights of free movement and free speech as other citizens. For the purposes of the limitations, the cost of such trips must be considered what it would normally cost a person to travel by commercial airline.

PREEMPTION OF STATE LAW

The conference bill specifically preempts State law. It is the intent of the conferees to preempt local laws as well. The legislative counsel informed members of the conference that to specifically mention local law in the bill would jeopardize the intent of the United States Code where reference to State law is also meant to include local law.

FULL-TIME COMMISSION

The bill provides that the Commission meets at least monthly and at the call of any Member. Fears have been expressed that the Commissioners will construe this provision to mean that, except for election time, they need only sweep into Washington once a month to meet the requirements of the job. To the contrary, the Commissioners should be continually on the job and ready to deal with the important, complex provisions of election law. The Congress intends that the Commission be genuinely full-time and that the Members meet frequently—daily or continually all year around if necessary—to oversee and supervise Federal elections.

CORPORATE CONTRIBUTIONS

Recently, several corporate consulting firms and other similar corporate entities have attempted to circumvent the prohibition on contributions by corporations by using the following device or a variation thereof. A candidate contracts with a corporate firm to have the firm perform certain services for the candidate. In turn, the contract stipulates that the candidate will reimburse the firm for its services. However, if the candidate fails to raise sufficient funds to pay for the services, the corporate firm will absorb the difference. Sometimes, by incurring the difference between the amount raised and the cost of the services provided, the corporate firm takes a large loss, even totaling in the hundreds of thousands of dollars. Since all of this exchange occurs under a contract, candidates and corporate consulting firms have even claimed that there is no debt involved and that nothing need be reported to the supervisory officer.

This is clearly a subterfuge and should be considered an illegal effort to circumvent the prohibition on corporate giving.

CONTRIBUTIONS "IN-KIND"

The definition of contribution includes the phrase "anything of value." The purpose of this phrase is to include donations that cannot be classified as deposits of money, loans, cash, and so forth, but which help influence elections. Such donations include cars, storefronts, airplanes, trucks, food and other items that are given to a candidate or committee in an effort to aid or abet his or its campaign. Clearly, all such donations and contributions must be reported and credited to a candidate's contribution and expenditure limitations. Charges have been recently made that donations of these types—contributions "in-kind"—are not and have not been reported. If the charges are true, such activities are in violation of the law.

For example, accusations have been made that individuals have been working, allegedly voluntarily, for a candidate when they are on the payroll of a political committee, group or organization which does not exclusively support the candidate. In the future, when such complaints are made, the Commission shall immediately and expeditiously make an investigation of such charges. If the Commission determines that a person is on the payroll of another organization or group, then the candidate or organization must be held responsible and liable for violation of the law and the value of his or its services must be credited to the candidate's limitation.

Similarly, if a complaint is filed that a candidate is receiving, free of charge, fleets of buses, cars or trucks or other goods and services from a committee, organization, or group that is not exclusively supporting that candidate, the Commission shall immediately and expeditiously make an investigation of such charge and make sure that any such donation is credited to the candidate's limitation and that any candidate or committee that violates this principle is held liable for his or its actions.

The Commission should also promulgate regulations requiring all contributions "in-kind" to be disclosed. Such regulations should also require that these donations be credited to the contribution and expenditure limitations of the candidate who benefits from such donations and expenses. The Commission should stipulate that any violation of these regulations will be treated as a violation of the law.

This interpretation of the phrase "contribution means anything of value" is necessary so that the letter and intent of the law will not be nullified.

Mr. Speaker, I am here urging everyone to support the conference on the bill S. 3044, the Federal Election Campaign Act Amendments of 1974 and to urge each of the Members to read the conference report and the bill itself. It is a monumental change over the way we have operated. It will change the way the Members campaign, the way they raise money, the way parties conduct themselves. It will be the greatest change in our political lifetime.

So I repeat that it is extremely important that each Member be very attentive to all of the provisions of the law.

There is, for instance, the limitation on honorariums. There is the removal of the Hatch Act restrictions for local and State employees.

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I am happy to yield to my friend, the gentleman from Illinois.

Mr. ANNUNZIO. I thank my friend, the gentleman from Minnesota.

The gentleman mentioned honorariums, and then stopped. Is the gentleman for the limitation on honorariums? I would like to know his position in explaining this particular provision of the conference report.

Mr. FRENZEL. Mr. Speaker, the conference report provides that Members shall not accept honorariums of more than $1,000 nor more than $15,000 in a single year. I am strongly for that, although I like the House proposal of $10,000 even better. We were negotiated up to $15,000. I think all Members should be proud of that feature of the bill.

I would like to state further, Mr. Speaker, that the idea for this originated from the gentleman from Illinois (Mr. ANNUNZIO) and that gentleman deserves the plaudits of the whole House for presenting this idea, and in getting it carried through.

Mr. ANNUNZIO. If the gentleman will yield further, I am hoping that the people in the other body, who will not be earning the $80,000 to $90,000 that they had been earning previously, will now come along to acting more wisely when the measure of a pay raise comes up.

Mr. FRENZEL. I thank the gentleman for his contributions.

Mr. BAKER. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Tennessee.

Mr. BAKER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, when the previous gentleman was speaking, the question was asked about the qualifications of a national party for the 5-percent vote in the previous election. Now my question is: If a candidate runs, as happens in New York and Ohio, as a member of the Conservative Party or the Liberal Party and the Democrat or Republican Party, who would get the 5-percent credit in the next election, so far as the votes that were cast?

Mr. FRENZEL. I support the explanation which the chairman, the gentleman from Ohio (Mr. HAYS), gave, and that is that the allocation goes to the party.

Mr. BAKER. Which party?

Mr. FRENZEL. Whichever one got the 5 percent.

Mr. BAKER. But he was running as a member of the Conservative Party, and in the Democrat Party, dually.

Mr. FRENZEL. The party is not running dually; the candidate is running dually. The allocation goes to the party that got the votes. If the Conservative Party got 5 percent in the last election, their nominee, whoever he or she is in the next election, would qualify for his proportion because of that party's success in getting 5 percent.

Mr. BAKER. But if one individual is running under the dual-party label in the Conservative Party and Democrat Party, who will get credit for his votes when you calculate the 5 percent, the Conservative Party or the Democrat Party?

Mr. FRENZEL. In my judgment under this bill he would qualify for both.

Mr. BAKER. I thank the gentleman.

Mr. HAYS. Mr. Speaker, if the gentleman will yield, I think that we ought to make it crystal clear, at least, that my interpretation is if he is running in one State as a dual candidate, this applies only to national parties in the national election, and if a candidate is running as a liberal conservative or a Democratic liberal in New York, his vote in the conservative line and liberal line would have to equal 5 percent of the total national vote or he could not qualify.

I would like to know if the gentleman does not agree with that.

The SPEAKER. The time of the gentleman has expired.

Mr. FRENZEL. Mr. Speaker, I yield myself 6 additional minutes.

I do agree with the chairman's explanation.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Illinois.

Mr. DERWINSKI. I thank the gentleman for yielding.

On that same question, may I say I am very concerned that we are creating a problem that will beset our two great major parties. I believe very strongly in our two-party system, but we have, as I understand it, in this bill no restriction on funding of third parties except for a 5-percent vote. There is not any minimum number of States to qualify. In other words, if "A" gets more than 5 percent of the national vote in two or three States, we would have a national party.

Mr. FRENZEL. That is correct.

Mr. DERWINSKI. So that a regional party in effect, merely by gaining 5 percent of the national vote, qualifies for funding under provisions that apply.

Mr. FRENZEL. That is correct.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. HAYS. I thank the gentleman for yielding.

I would like to have the attention of the gentleman from Illinois. They could qualify, and if they get merely 5 percent of the vote, they would get merely 5 percent of the maximum in the next election, so they would not get the full $20 million.

Mr. FRENZEL. Correct.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. I thank the gentleman for yielding.

Under section 318 of the conference report, which is entitled "Use of Contributed Amounts for Certain Purposes," without reading all of section 318, says that:

> . . . ordinary and necessary expenses incurred by him in connection with his duties as a holder of Federal office, may be contributed by him to any organization . . . or may be used for any other lawful purpose.

My question of either the gentleman from Minnesota or the gentleman from Ohio is, What is "any other lawful purpose"? If a Member of Congress happens to have $25,000 that is not spent in excess of the full limit of $70,000, are such lawful purposes entertaining constituents in the House Restaurant; maintaining a standing supply of coffee, Cokes, and snacks in the individual Member's offices; employing extra staff, such as a personal page; or paying for a life membership in the National Democratic Club or the neighboring Capitol Hill Club?

Mr. FRENZEL. I think some of those would qualify and some would not. The reason we put "lawful purposes" in there is because there was some existing law, and some IRS regulations which does allow some expenses. Typical would be a contribution back to a political party, or a contribution to another candidate, or a contribution to charity. We did intend that the money could be used for expenses for running one's office, and I expect that that qualification might be amplified further by rule, as we could define particular kinds of office expenses that we had in mind.

Mr. STEIGER of Wisconsin. If the gentleman will yield further, could the gentleman from Ohio indicate his own view?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. HAYS. I generally tend to agree with what the gentleman said, that one could use it for necessary office expenses: A newsletter, or extra stamps, if he needs them, or an automobile, the leasing of a car for his district office. If some Members do that, it might be, in my judgment, a legitimate expense for official business. Those are the kinds of things we had in mind, things that Members in general do—buying tickets to charitable fundraisers, which takes a lot of money in the off-year from my fund. Those are things that we considered legitimate expenses.

Mr. STEIGER of Wisconsin. I thank both gentlemen for their explanations.

Mr. HAYS. If the gentleman will yield further, let me say to the gentleman from Wisconsin whatever those expenses are, one will ultimately have to disclose them. In other words, if one does not spend over $1,000 a quarter in the off year, he will not disclose it in the quarter, but at the end of the year he will have to, so that it will be the subject of public scrutiny in any case.

Mr. FRENZEL. Mr. Speaker, I would urge all Members of this House to vote for what I think is a positive election reform bill. I believe that passage of this legislation will end the American people's long wait for a positive response to the events of the past few years. No other practical, concrete action can do more to restore public confidence than the passing of a meaningful campaign reform bill. This is a meaningful campaign reform bill. By giving overwhelming bipartisan support to this landmark legislation, we can send a clear message to the American people that Congress is concerned about and responsive to the need to restore public confidence in our democratic system of government.

Mr. Speaker, I do not see the minority leader on the floor. He indicated his willingness to speak in support of the conference report, although certainly his enthusiasm for it would be less than mine.

I would like, before yielding, to say a word about the chairman of the House Committee on Administration. As many Members know we have had strongly differing opinions about many of the features of this bill. I cannot let the occasion pass without giving him great, overwhelming credit for the production of this conference report. It is very seldom in the course of the passage of a bill that one man dominates or controls, and without whom there would be no bill. But such was the case with the gentleman from Ohio (Mr. Hays). His defense of the House position in the conference was outstanding, and his determination and his patience to move this bill along have been equally outstanding. I congratulate him for his work on this bill and in this field. His performance occasionally has been maligned in certain quarters. I would like to say as one who has opposed him on many, if not most, of the substantive issues that I have never doubted his motivation nor his desire. He has proven to us today what they were and how important they were. So I do congratulate the gentleman for his outstanding achievement.

Mr. SANDMAN. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman.

Mr. SANDMAN. Mr. Speaker, I intend to support this bill because it has some improvements over the system we have.

One thing disturbs me about this, and this is again only for my own information, but has anybody bothered to check into the constitutionality of what we are doing? Does the gentleman believe we are meeting the requirements of the 14th amendment when we set particular standards on what a candidate has to raise before he qualifies to get so much money, because we are not giving all candidates the same amount of money?

Mr. FRENZEL. Yes; the gentleman makes a valid point.

There are many members of the conference committee, including, I believe, the chairman, who believe that this feature may be unconstitutional.

I believe within this conference report there are at least 100 items questionable from a constitutional standpoint. Any time we pass legislation in this field we are causing constitutional doubts to be raised. I have many myself. I think the gentleman has pointed out a good one. We have done the best we could to bring out a bill which we hope may pass the constitutional test. But, we do not doubt that some questions will be raised quickly.

I do call the attention of the gentleman to the fact that any individual under this bill has a direct method to raise these questions and to have those considered as quickly as possible by the Supreme Court.

Mr. SANDMAN. Is there any decision that supports what we are doing?

Mr. FRENZEL. I know of no decision that supports the raising of this amount of money.

I yield to the gentleman from Ohio for his response.

Mr. HAYS. Mr. Speaker, I am not a lawyer but I rely on the best counsel we can get. Counsel says since this money is being given out of the Federal Treasury that the Congress can put any conditions or requirements on the person that Congress wants to before the person receives that gift from the Federal Treasury.

I do not know whether it is constitutional or not.

Let me say one more thing to the gentleman and that is all I have to say on the subject. I have been here 26 years and I must have heard the question of constitutionality raised on at least 2,000 bills, and I suppose if I had voted against a bill every time somebody had a question of constitutionality on it, I would have had an almost complete voting record of "No." I think we have to let the courts decide.

Mr. SANDMAN. I do intend to vote for the legislation. I think a good job has been done in producing it and it is a good improvement over what we have. However I have serious reservations as to whether what we are doing meets the provisions of the 14th amendment.

Mr. FRENZEL. I thank the gentleman from New Jersey.

Mr. Speaker, I yield to the distinguished minority leader, the gentleman from Arizona (Mr. Rhodes).

Mr. RHODES. Mr. Speaker, I thank my good friend, the gentleman from Minnesota, for yielding.

Mr. Speaker, I intend to support the conference report. I congratulate the chairman and the gentleman from Minnesota and the other conferees on what I think is a really Herculean task well performed.

I do not want to leave the impression that I am completely satisfied with the bill. I still think it is a bill to preserve the Democratic majority in Congress; but I do think my good friend, the gentleman from Ohio (Mr. Hays) did as good a job as anybody could have done in wearing the hat of the chairman of the House Administration Committee, instead of the hat of the chairman of the Democratic Campaign Committee; but I do think in the future it is going to be necessary to look at the provisions of this bill which have to do with a limitation on total spending for candidates for the House and for the Senate.

I think everybody knows it is usually the challenger who has to spend more in his campaign to be successful than an incumbent does. Since there are more Democratic incumbents than there are Republican incumbents, it is obvious that the spending limitation would work to the benefit of the Democratic majority of Congress. I can understand why that is the situation; but nevertheless, the bill is as good a bill as we can get. I suggest we adopt the conference report and then as time goes by, with legislative oversight, do whatever is necessary to make it more just.

Mr. FRENZEL. Mr. Speaker, I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Speaker, as this bill passed the House, I believe there was a limitation of $5,000 on contributions by the National Republican and Democratic Committees. Is that provision changed in the conference report?

Mr. FRENZEL. They can still contribute $5,000, but they have an extra ability to spend up to $10,000.

Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana (Mr. Treen).

Mr. TREEN. Mr. Speaker, my colleagues of the House, I rise in opposition to adoption of the conference report on S. 3044. My opposition is based primarily on one significant feature of the legislation.

First, however, I want to make it clear that my criticism is not intended to suggest that the House conferees did not do a good job. Indeed, I think they did an outstanding job in having most of the important provisions in the House bill accepted by the conferees from the other body. I commend the chairman of our committee for his leadership and for standing fast against such items as public financing of congressional campaigns.

Nor do I intend to suggest, by my opposition to the bill, that the proponents of this legislation are not motivated by a sincere desire to end campaign abuse. I concur wholeheartedly with the general purpose of the bill and I find most of its provisions quite acceptable.

But I feel strongly, Mr. Speaker, that the bill contains a defect which is so substantial that it outweighs the good features of the bill. I refer to the aggregate spending limit for a congressional campaign, and particularly the limit for campaigns for House seats which the conferees have set at $70,000.

I opposed this bill in the House because of the limitation, which we established at $60,000, and I oppose final passage for the same reason.

We have heard it said in this Chamber that the spending limit for campaigns for the House should bear relationship to the salary of House Members of $42,500 per year; we have heard it argued that it is unconscionable to spend $100,000 or $150,000 in a campaign for a job that pays only $42,500.

To me these arguments are patently illogical and falacious. It is the importance of the job from the point of view of the constituents that should be the fundamental consideration. The power and responsibility that each of us has—the great magnitude of that power over the well-being of every citizen and, indeed, the very security of this Nation and the free world—suggest to me that the election of a single Member of this House cannot be valued at $70,000. Especially is this so since election to this House usually results in a Member serving several terms and not just one term.

Certainly we do not relate the amount of money to be spent in the Presidential campaign to the salary of the President. We are providing in this legislation $20 million to finance Presidential campaigns, and yet the salary of the President is $200,000.

My quarrel is not with the individual limitation of $1,000 per person and $5,000 per organization to any single campaign. In my personal opinion, few if any Members of this body are influenced in their decisions by the financial support they receive. But I recognize that the public may feel that some are so affected, and indeed, it may have some influence, in some instances, on some Members. But suppose a candidate for Congress was attractive enough, and had good enough ideas, to be able to raise $100 per person from a thousand people. This would give him a campaign fund of $100,000. His maximum contribution would be one-tenth of that which is allowed under this bill. Yet, he would be in violation because his fund would exceed by $30,000 the limitation in this bill.

I have run as a challenger several times and I know it is possible to raise $100,000 or more without receiving large contributions from any single source.

Mr. Speaker, my concern is not for incumbents but for challengers. I feel that if a challenger can raise $100,000, or $150,000, especially if he can do so without receiving large sums from any single source, he should be able to do so. I know that in many districts the amount spent is considerably less than $70,000. But in other districts this is not so. We who are incumbents have all of the advantages save one. That exception being that we have a record which always affords a basis for attack, because a Member cannot possibly vote on all the issues and please everyone.

But the incumbent has all the other advantages. Because he is in office he automatically receives coverage by the news media. If he wants to, he can be in the news regularly during his term through the introduction of bills, testifying before committees, and just by visiting his district—as we are financed to do 36 times in each Congress.

We can send out newsletters postage free every month if we desire, right up to 1 month before the election. The postage value alone of sending out a newsletter once every 3 months approximates the $70,000 which we limit a challenger to spending for his campaign.

I am not suggesting that travel to the district or the franking privilege should be eliminated. I think it is important to stay in communication with your constituents and I believe that these are legitimate ways.

What I am saying is this: let's make the system fair for the challenger. In many districts the news media does not give much play to a challenger. He must depend upon newspaper advertising, radio, and in many districts, television. All of this can be very expensive for a fairly modest advertising campaign. In order to be able to discuss the incumbent's record on a scope sufficient to really get through to a sizable portion of the constituency will require, in most instances, sums in excess of $70,000.

Mr. Speaker, in my sincere judgment the aggregate spending limit of $70,000 per House campaign is an incumbent protection provision, although it is certainly not going to guarantee continuity for all Members.

I recognize that there are abuses in campaigns; these will continue regardless of what we do here today. But I believe that we have over-reacted in this instance, and I predict that when the effect of this becomes fully known to the public, we will be back here to amend at least this particular provision of the bill before us.

Mr. HAYS. Mr. Speaker, I yield myself 1 minute.

I would hope I can get the attention of the distinguished minority leader. I thank the gentleman for what he said.

I just want to say, since the gentleman alluded to my two hats, to say it has become unnecessary for me to put my hat on as chairman of the Democratic Campaign Committee up to now, because the other party has been doing all of the work for us.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the distinguished minority leader.

Mr. RHODES. I think what the gentleman says is an appropriate remark and I shall exert myself to make sure that it does not happen in the future; but I suggest to the gentleman that he keep out his hat. He may need it.

Mr. HAYS. Mr. Speaker, I yield seven minutes to the distinguished gentleman from Pennsylvania (Mr. DENT) who is chairman of the Election Subcommittee, and who did a lot of hard work in holding the hearings on the bill in the beginning.

Mr. BINGHAM. Mr. Speaker, will the gentleman yield?

Mr. DENT. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Speaker, I would like to join in commending and congratulating the Chairman of the committee and the conferees for an outstanding piece of work. I know how difficult this type of legislation is, and I think this is a far better bill than anyone would have believed possible at the beginning of the year.

Mr. DENT. I thank the gentleman very kindly. There was a lot of work done in the earlier days on the subcommittee. We held hearings, and then we came to a decision in the subcommittee that inasmuch as the full committee would have a broader view of what would be the proper view to come to the House with, we moved it up unanimously to the full committee, so that the full committee could have a broader view of the whole matter.

Mr. GUNTER. Mr. Speaker, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Florida.

Mr. GUNTER. Mr. Speaker, I thank the gentleman for yelding.

I too would like to join those many colleagues who offered congratulations for the able effort and work of the gentleman from Pennsylvania, the chairman of the House Administration Committee, and all others who brought this conference report to us.

I support that report.

Mr. DENT. Mr. Speaker, I wish the Members would pay some attention to what I am gong to say. I am going to talk to the Members now as Members of the Congress of the United States, not as candidates or politicians, but men and woman representing the people in all the various districts in the Nation.

Campaign reform sometimes gets into a situation where interests take it upon themselves to write what they think is the perfect law. By the manner in which they behave and treat themselves and treat the Members of this Congress, they would lead the American people to believe that we Members either do not have the necessary intelligence nor the honesty and good intentions to write a law which allows, as the Constitution prescribes, every person the right to run for public office.

No single individual in my lifetime in politics has had to take more heat, more unfair criticism, more outright lies and distortions of his actions in full paid advertisements and thousands of series of pamphlets and circulars sent out to the people of the United States and to the Congress, than the gentleman from Ohio, Mr. WAYNE HAYS.

I want to say to all the Members that the trouble with it all is that this so-called reform group has only one idea which would ever really satisfy them as to what reform would be. That would be to defeat every Member of this Congress who does not call up on the telephone and give them all the little inside things that might happen in the committee, so that they may malign and try to destroy members of committees who have to say things in the committee room which do not always mean that is where they stand ultimately.

We have to probe, and we have to fish, and we have to question, but in this particular case, because they have one issue that they have before the public, they have to try to have that particular issue determined to the letter; to the crossed "T" and to the dotted "I" exactly the way they want it.

I say to this House today that the cause of Watergate rested in the 1972 act, which was a substitute for the work of this committee, where we had worked for over 3½ years to come up with what we thought was a reasonable approach to reform.

The only thing they had in mind was spending money during the whole campaign, spending money.

Let me show the Members something here. One campaign in 1972 cost $420,000. Another one cost $472,000. The average of all of the spending in the whole country was $47,000, and yet the incumbents spending between 75 and 100,000 dollars or over were only 5 or 10 percent, and 21 percent of the challengers spent over $75,000 and up to an amount of $321,000 for one candidate, a winner; $316,000, another candidate, a loser.

Throughout this whole issue, if one takes all of those who spent over the amount that is allowed in this act, one would find, if we take them off of the top, that the average spending in this Congress of the men who were elected to office was less than $28,000 per member. I say to the Members that the advantage that the gentleman cited here a minute ago, saying we ought to give a nonincumbent more advantage to spend more money, is not what needs to be done. Spend less.

I am going to lay out to the Members what has to be done before the people will ever have confidence in this Congress, because they do not know all of the inside workings that have to be put in reform. All they know is how much money is spent.

I have here a candidate who received $163,324. He spent $163,324. Here is one who received $38,174. He spent $38,174. Is there any doubt in the Members' minds that if this one would have received $500,000 he would not have spent $500,000? And the one who received $38,000, if he would have received $60,000 is there any question that he would not have spent it?

One cannot reasonably spend more than $50,000 in a campaign without doing things that are wasteful. I repeat what I have said earlier. You cannot do it. I say to the Members that I have run for office as many times as any Member in this House, and I know something about what it takes to win elections. I believe, Someday we will receive enough salary so that we will be permitted to spend the limit and have a tax deduction for it, and we will also allow our opponents, challengers, to spend that amount of money out of their own pocket and have a tax deduction. If they do not have the money, they can solicit funds, and those who contribute to it can take it out of their tax returns. This way one cannot say the incumbent has the advantage, because if he does not waste this money, he will have a salary closer to what he needs to live on. If we do not do that, the people of America will never believe you can spend $350,000 in a primary election and $420,000 in a general election.

Mr. GUNTER. Mr. Speaker, I believe the conference report before the House on the Federal Election Campaign Act Amendments represents a solid foundation on which further needed reforms of campaign spending practices can and must be constructed in the future.

I regret that the House, and as a result of its insistence, the conference committee of the two Houses, was unwilling at this time to extend the principle of public financing provided for in presidential primary and general elections to elections for the U.S. Senate and House of Representatives as well.

When this legislation was initially before the House, I strongly supported and voted for such an extension of the public financing concept to include House and Senate races, because I believed and still believe the basic principle is valid in the case of all Federal elections, not simply those involving Presidential primary and general election contests.

The basic principle, reduced to simple terms, is that special interests ought not be allowed to pay for the election of any Federal officeholder, anymore than we would, for example, let Standard Oil or any other special interests pay the salaries of our Senators or Representatives, once in office. Once elected, we are mandated to represent all the people, and all of our constituents, of whatever party, and whether they voted for or against us as individual candidates. In recognition of this principle, the salaries of our elected Federal officials are paid for by all the people. It is well past the time, in light of the history of abuse and corruption resulting from the current system of privately financing elections, to eliminate special interest funding of House and Senate elections as well. The same principle of public funding—commensurate with the obligation to serve all the people that is rightfully expected—ought to apply.

I favor the extension of this principle, also, because I am firmly convinced that the millions in voluntary taxpayer check-off funds to be allocated for public financing must be weighed against the billions of dollars a year it now costs average taxpayers to finance special interest tax breaks voted by elected representatives under the present system in which those same special interests finance the campaigns of these same elected representatives.

A return to genuine integrity in the political process, and to genuine independence by the House and Senate in behalf of the public interest, requires as a prerequisite that we extend at the earliest possible time the concept of public financing to House and Senate elections.

With those reservations, Mr. Speaker, I am yet able to join my colleagues in praising this legislation as an historic and genuine step forward toward accomplishing meaningful reform. For the first time, the Congress today applies the concept of public financing to Presidential primary and general elections. Many predicted many months ago that this basic reform would prove to be beyond realization. I am gratified that in this legislation the Congress has met the test and acted, in my judgment, to accomplish a real reform of large proportion and far-reaching significance.

There are some other areas contained in the final conference report where we have perhaps not done all that we might have done and where the reform has not been as far reaching.

In one notable instance, the spending limitation on U.S. House races is still so low as to represent, I think, an unwarranted and unfair advantage to incumbents in confronting their challengers. At the same time, I am pleased that the conference did raise the limit from the $60,000 limit in each of the primary and general elections for the House, which was set in the House bill, to a $70,000 limit.

At the same time, the action of the conference in preserving an independent enforcement mechanism to administer the law, in the form of a Federal Elections Commission, represents in my view another important step forward and constitutes another example of genuine and meaningful reform.

On balance, I believe many of the myriad other provisions contained in this complex and extensive piece of legislation may also be fairly characterized as representing true and genuine reform.

I am therefore pleased to add my support on final passage of this historic measure and to urge my colleagues to join in voting overwhelmingly to adopt the conference report.

Mr. FRENZEL. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, I thank the gentleman from Minnesota for yielding. I would like to say that, even as the gentleman did a few moments ago when he addressed the House from the well, even though we have certain substantive differences with respect to this very important subject of campaign reform, I can certainly commend him and others who have worked hard throughout the conference to bring us a bill today. I think that if this bill had come back to us with nothing more than the independent commission that is now referred to, I believe, under the language of the bill, as the Federal Election Commission, if it had come back to us with nothing more than that feature, it would have represented some very sound progress.

At the same time, I hope that we will not conclude from what has been said that the task of reforming our present methods of financing political campaigns is completed. I believe very deeply that some matching provision should have been included to encourage the raising of small contributions in connection with congressional and senatorial campaigns.

I must express my own disappointment that that feature was not contained in the House bill, or, of course, in the final conference report.

I think it is an idea whose day will come. Perhaps as a result of the experience which this bill will give us with the matching principle as it will now be applied to the raising of campaign funds in Presidential primaries, others will come to see the virtue of extending this incentive to the raising of small contributions for congressional campaigns as well.

Nevertheless, I think we can take some comfort and some very considerable comfort from the fact that this Congress will not conclude its deliberations without marking some progress in the very important field of Federal campaign reform. Therefore, I shall support adoption of the conference report.

Mr. HAYS. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. MACDONALD).

Mr. MACDONALD. Mr. Speaker, I rise

to support the bill sent to the conference committee which, I know, worked so hard and diligently on this bill and came out with what certainly is a good bill, covering the waterfront on campaign spending as it were, and for having done the good job that it has done.

I would especially like to thank the gentleman from Ohio (Mr. HAYS) for his fortitude with respect to the House version of this campaign spending bill, because it was just about 2 years ago that he and I sat down, along with the rest of the conferees, with some of the same obdurate Members of the other body. I know what a great strain it must have been on the gentleman from Ohio (Mr. HAYS) to have been able to resist some of the matters that were thrown at him by the other body.

I once again congratulate the subcommittee and its chairman.

Mr. BURLISON of Missouri. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield 1 minute to the gentleman from Missouri (Mr. BURLISON).

Mr. BURLISON of Missouri. I appreciate the chairman's yielding.

I want to join my colleagues in commending the committee for the conference report.

I would like to ask the chairman of the full committee if the conference report has encompassed within it any jurisdiction whatsoever over the correspondence of Members with their constituents, also known as the franking privilege.

Mr. HAYS. If the gentleman will yield, there is nothing in this bill or in the conference report which would give this commission any authority to fiddle around with the frank in any way, shape, or form.

As an added safeguard, any rules or regulations they may make, they have to submit to the new committee of Congress, and either House can veto any regulation they make.

They have no authority, no power whatever to do anything about the frank, I would say to the gentleman.

Mr. BURLISON of Missouri. I thank the gentleman.

Mr. FRENZEL. Mr. Speaker, I yield myself 2 minutes.

I would like to ask a question of the distinguished chairman of the committee.

I had a number of queries from this side of the aisle with respect to the status of their newsletters.

In the Post Office bill which we passed this year we made the spending of money for newsletters a legitimate expense out of the campaign funds. This bill does not change that law. In my opinion, if a newsletter is frankable and it is paid for out of the campaign fund, the expense for it is not to be counted as part of the spending limit during any campaign. In the gentleman's opinion; is that correct?

Mr. HAYS. If the gentleman will yield, I concur with that. If it is frankable, it is not a political expense.

Mr. FRENZEL. I would like to ask the gentleman one other question.

The committee report is silent on something we talked about a great deal, and that is the conferees' great urge to simplify the forms and the procedures. I would ask the chairman if it is not the intention of the conferees to urge the Federal Elections Commission, when appointed, to do everything in its power to consolidate and simplify the forms and procedures involved in this law.

Mr. HAYS. It certainly is. And I will say to the gentleman that if they send an unduly complicated form up here, we will have a quick committee meeting and ask the House to send it back to them. I think the House would do that.

Mr. PHILLIP BURTON. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the distinguished gentleman from California, whose work has been most helpful in this field, even though he does not serve on the committee.

Mr. PHILLIP BURTON. Mr. Speaker, I thank the gentleman for yielding.

I would like to pursue in one particular the line of inquiry of the gentleman from Minnesota, and I would like to pose this question to the gentleman and to the chairman of the committee. That line of inquiry is simply this:

I would hope in the simplifying and consolidating of the reports that it would be our expectation that the Commission would try to further consolidate that report which the Members must now sign as a separate report and try to find some appropriate way to permit the filing of a single report.

The SPEAKER. All time of the gentleman from Minnesota (Mr. FRENZEL) has expired.

Mr. HAYS. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. THOMPSON), a member of the committee.

Mr. THOMPSON of New Jersey. Mr. Speaker, I would like to join with all of those Members who have commended our committee chairman, the gentleman from Ohio (Mr. HAYS), for the tremendous amount of work he put in on this measure and for his extreme fairness to each and every member of the committee.

I would expect it is true that during the markup period, as far as the members of the committee are concerned, the average number of amendments offered by each one of us was at least 12 to 14. We were allowed free and open discussion and debate, and we arrived at the point of reporting of the bill in a most democratic fashion.

We had the same situation prevailing in the conference.

Mr. Speaker, I might say that only a Member of the stature of the gentleman from Ohio, WAYNE HAYS, would have endured the absolutely unnecessary abuse heaped upon him by certain groups and organizations, as well as individuals and newspapers throughout the United States, including magazines and journals of opinion. It is a wonder the gentleman just did not say, "I'll sit down and let the whole thing go." But he did not.

The result has been that we have here a conference report which, although it certainly is not perfect, is indeed a splendid and a fair one.

The gentleman from Indiana (Mr. BRADEMAS) and I worked for higher spending limits for House Members, but it was made very clear during the floor debate that there would not be agreement on that. So we end up with a figure which I consider to be reasonable—$70,000, plus the 20 percent allowed for the costs of raising money. It is, in my judgment, an altogether splendid effort.

Mr. Speaker, I would like also to commend the Members on the minority side for their cooperation during the markup, during the debate, and during the conference. We had virtually innumerable disagreements, and yet we all walked out of there, all of us, signing the report.

Mr. HAYS. Mr. Speaker, I yield myself the remainder of my time.

Mr. Speaker, I want to thank all the members of my committee. If I started naming members, I would have to name all 25 of them, besides myself, and commend them for their cooperation and patience.

As has been said, there were many deep divisions and disagreements and differences of opinion. We worked them all out in a friendly manner. I think my friend, the gentleman from Minnesota (Mr. FRENZEL) had more amendments, perhaps, than anybody else, and sometimes he tried my patience a little, and sometimes I needled him a little, but he always took it with good humor, and he never failed to come up with a smile, and I appreciate that.

Mr. Speaker, I think we came out with a product, considering the diversity of opinion, that will do the job so that the Members and the aspirants to office can live with it. I do not consider this to be an incumbent's bill at all.

I have said this before: that if you are doing your job as an incumbent, it is pretty hard to beat you, but if you are not doing your job, you can be beaten with a very little bit of money.

I think that all of the Members can be pleased with the work product from the committee, from the amending process in the House, and from the diversity of opinion in the conference. It is not an easy bill, and it has not been, because every Member of the Congress is an expert on this kind of legislation, and every one has their own ideas, and every district is a little bit different.

But I believe this is a bill that will stop the suspicions of the people, because it will stop the actions that caused these suspicions. I think it is a bill that the people can live with.

Mr. Speaker, as a final reminder, I would like to say that all the corruption and allegations of corruption that we have heard about in the past 2 years were caused because there was not a limitation, and people could run all over the country, gathering up big bags of money. Also, as I have said before, if we had had such a limitation 2 years ago, Watergate would never have happened.

Mr. WYMAN. Mr. Speaker, I support the conference report on election campaign reform except for its provision for public financing. I have long maintained the likelihood that such provisions are unconstitutional diversions of taxpayers from necessary and proper expenses of

Government and that the High Court will so hold when the issue comes before it.

Nevertheless, there are excellent provisions on other necessary reforms in the currently pending conference report, especially in respect to limitations on individual contributions, expenditure ceilings and overall limitations on expenditures by the various political parties. Because of these and the independent supervisory enforcement board, I shall vote for the conference report despite my continued opposition and misgivings concerning public financing.

Enforcement is the single most important aspect of controlling the raising and expenditures of campaign funds. Candidates for Federal office are required in this law to establish a central campaign committee and to treat bank loans as contributions. Disclosure is required quarterly, with a mandatory report due 10 days before an election and a wrap-up report 30 days afterward. Included in the oversight powers of the bipartisan, full-time supervisory board are civil enforcement authority and standing to invoke the injunctive process. Criminal violations would continue to be referred to the Justice Department for prosecution which is as it should be.

This bill is a meaningful response to the public need to know how much, from whom and for what purposes a candidate is receiving and using contributions to his campaign. The full disclosure provisions through a single central committee and the continuing oversight function of the independent board will reduce to a minimum the opportunity for undisclosed or unreported contributions. This assures that campaign financing facts will be available to the voters before they go to the polls on election day—and they are the ultimate judge in the election process.

Mr. YOUNG of Georgia. Mr. Speaker, I join with my colleagues today in hailing this landmark piece of legislation, the Federal Election Campaign Act of 1974.

The distinguished chairman, Mr. HAYS, and the members of the Committee on House Administration deserve much praise for their diligent work over so many months in producing this bill and this conference report. A special thanks is due from all of us who bear the label "Politician." It would have been a travesty for us to go home for another election without taking with us a bill to remedy some of the evils of the political system that have been uncovered during the past 2 years.

I would also like to pay tribute to those outside the Congress who contributed so much to the monumental task of educating the public and the Congress to this issue. I particularly cite the Center for Public Financing of Elections, headed by Susan King and Neal Gregory. It has been my privilege—along with my colleague from Pennsylvania (Mr. BIESTER)—to sit on the board of advisers of this bipartisan lobbying organization which was established in June 1973 to press for fundamental change in the methods of financing campaigns for the Presidency and the Congress.

The Center for Public Financing of Elections was instrumental in bringing together a broad-based coalition of some 30 organizations from labor, business, the churches, citizen-action and civil rights organizations to work for this common goal. Providing professional assistance in research and analysis and information to the press and the Congress, this coalition convinced the House and Senate that the 1976 Presidential election should be financed by public funds rather than private interests. The legislation also includes a new six-member Federal Election Commission and strict campaign contribution and spending limitations. Reporting and disclosure requirements have been strengthened and penalties for violations have been increased.

The reform coalition, under the leadership of the center, worked hard for extending the principle of public financing of congressional campaigns as well, but this concept has been rejected for the moment. It is in the arena of Presidential politics that campaign financing abuses have been most obvious and in which the public has perceived the greatest need for change, and the Congress has responded.

But, as the Center for Public Financing of Elections says:

> The next Congress must continue the fight to end the unholy alliance between money and politics. Public financing of all political campaigns is an idea whose time will come.

Mr. Speaker, at this point in the RECORD I would like to insert a summary of the legislation, prepared by the Center for Public Financing of Elections, and a list of those members of the reform coalition who contributed so much to this legislation:

THE CAMPAIGN REFORM BILL—A SUMMARY (FEDERAL ELECTIONS CAMPAIGN ACT AMENDMENTS OF 1974)

CONTRIBUTION LIMITS

Limits on individual contributions

$1,000 limit on amount an individual may contribute to any candidate for U.S. House, Senate, or President in primary campaign (Presidential primaries treated as single election).

$1,000 limit on contribution to any federal candidate in general election (run-offs and special elections treated as separate elections; separate $1,000 limit applies).

No individual may contribute more than $25,000 for all federal campaigns for entire campaign period (includes contributions to party organizations supporting federal candidates).

No more than $1,000 in independent expenditures on behalf of any one candidate for federal office per entire campaign is permitted.

Certain "in-kind" contributions (up to $500 per candidate per election) are exempt from contribution limits.

Limits on Organization Contributions (to qualify as an organization, must be registered with Elections Commission for six months, receive contributions from more than 50 persons and, except for state party organizations, make contributions to at least five candidates).

$5,000 limit on amount an organization may contribute to any candidate for U.S. House, Senate, or President in primary election campaign (Presidential primaries treated as single election.

$5,000 limit on contributions to any federal candidate in general election (run-offs and special elections treated as separate elections; separate $5,000 limit applies).

No more than $1,000 in independent expenditures on behalf of any one federal candidate during entire campaign period.

No limit on aggregate amount organizations may contribute in campaign period, nor on amount organizations may contribute to party organizations supporting federal candidates.

Certain "in-kind" contributions (up to $500 per candidate per election) are exempt from contribution limits.

Limits on candidate contributions to own campaign

President: $50,000 for entire campaign.
Senate: $35,000 for entire campaign.
House: $25,000 for entire campaign.

Limits on party contribution

National and state party organizations limited to $5,000 on actual contributions to federal candidates, but may make limited expenditures on behalf of its candidate in general election [see spending limits].

Spending Limits (existing limits on media spending repealed. Total candidate spending limit includes basic limit, plus 20 percent additional permitted for fund-raising, plus limited spending by parties in general election.)

Party Conventions: $2 million for national nominating convention.

Presidential candidates

Primary: $10 million basic limit; in addition, candidate allowed to spend 20 percent above limit for fund-raising—total, $12 million. In any presidential primary, candidate may spend no more than twice what a Senate candidate in that state is allowed to spend. [See chart for Senate limits.]

General: $20 million basic. (Presidential candidate not opting to receive public financing would be allowed to spend an additional 20 percent for fund-raising.)

Party: National party may spend 2¢ times Voting Age Population, or approximately $2.9 million, on behalf of its Presidential nominee in general election.

Senate candidates

Primary: 8¢ x VAP of state or $100,000, whichever is higher. Additional 20 percent of basic limit allowed for fund-raising. [See attached chart for state by state amounts.]

General: 12¢ x VAP of state or $150,000, whichever is higher. Additional 20 percent of basic limit allowed for fund-raising.

Party: In general election, 2¢ x VAP or $20,000, whichever is higher, by national party, and 2¢ x VAP or $20,000 by state party. [See attached chart for state totals.]

House candidates

Primary: $70,000. Additional 20 percent of limit allowed for fund-raising. (Total—$84,000.) House candidates running at large permitted to spend same amount as Senate candidate in that state.

General: $70,000. Additional 20 percent allowed for fund-raising. (Total—$84,000.) House candidates running at large permitted to spend same as Senate candidate in that state.

Party: In general election, $10,000 by national party and $10,000 by state party on behalf of House candidates.

PRESIDENTIAL PUBLIC FINANCING (FROM DOLLAR CHECK-OFF FUND)

General election

$20 million in public funds; acceptance optional. Major party nominee automatically qualifies for full funding; minor party and independent candidates eligible to receive proportion of full funding based on past or current votes received. If candidate receives full funding, no private contributions permitted.

Conventions

$2 million optional. Major parties automatically qualify. Minor parties eligible for lesser amount based on proportion of votes received in past or current election.

Primaries

Federal matching of private contributions up to $250, once candidate has qualified by raising $100,000 ($5,000 in each of 20 states) in matchable contributions. Only first $250 of any private contribution may be matched. The candidates of any one party together may receive no more than 45 percent of total amount available in the Fund; no single candidate may receive more than 25 percent of total available. Only private gifts raised after January 1975 qualify for matching for the 1976 election; no federal payments will be made before January 1976.

ENFORCEMENT

Creates 6-member Federal Elections Commission responsible for administering election law and public financing program, and vested with primary civil enforcement.

President, Speaker of House, and President pro-tem of Senate each appoint two members (of different Parties), all subject to confirmation by both Houses of Congress. (Such members may not be officials or employees of any branch of government at time of appointment.)

Secretary of Senate and Clerk of House to serve as ex-officio, non-voting members of Commission, and their offices to serve as custodian of reports for candidates for Senate and House.

Commissioners to serve full-time, six-year, staggered terms. Rotating one-year chairmanship.

Commission to receive campaign reports; make rules and regulations (subject to review by Congress within 30 days); maintain cumulative index of reports filed and not fixed; make special and regular reports to Congress and President; serve as election information clearinghouse.

Commission has power to render advisory opinions; conduct audits and investigations; subpoena witnesses and information; initiate civil proceedings for relief.

Criminal violations to be referred to Justice Department for prosecution; provision for advancing cases under the Act on the court docket, and judicial review.

REPORTING AND DISCLOSURE

Candidate required to establish one central campaign committee; all contributions and expenditures on behalf of candidate must be reported through this committee. Also requires designation of specific bank depositories.

Full reports of contributions and expenditures to be filed with Commission 10 days before and 30 days after every election, and within 10 days of close of each quarter unless committee has received or expended less than $1,000 in that quarter. Year-end report due in non-election years.

Contributions of $1,000 or more received within last 15 days before election must be reported to Commission within 48 hours.

Cash contributions over $100 prohibited.

Contributions from foreign national prohibited.

Contributions in name of another prohibited.

Loans treated as contributions; must have co-signer or guarantor for each $1,000 of outstanding obligation.

Requires that any organization which spends any money or commits any act for the purpose of influencing any election (such as the publication of voting records) must report as a political committee. (This would require reporting by such lobbying organizations as Common Cause, Environmental Action, ACA, etc., and perhaps many other traditionally non-electoral organizations).

Every person who spends or contributes or contributes over $100, other than to or through a candidate or political committee, is required to report.

OTHER PROVISIONS

No elected or appointed official or employee of government may accept more than $1,000 in honorarium for speech or article, or $15,000 in aggregate per year.

Removes Hatch Act restrictions on voluntary activities by state and local employees in federal campaigns, if not otherwise prohibited by state law.

Corporations and labor unions which are government contractors are permitted to maintain separate, segregated voluntary political funds in accordance with 18 USC 610. (Formerly all contributions by government contractors were prohibited.)

Permits use of excess campaign funds to defray expenses of holding federal office or for other lawful purposes.

Prohibits solicitation of funds by franked mail.

Pre-empts state election laws for federal candidates. This section takes effect upon enactment.

PENALTIES

Increases existing fines to maximum of $50,000.

Candidate for federal offices who fails to file reports may be prohibited from running again for term of that office plus one year.

Effective Date: January 1, 1975 (except for immediate pre-emption of state laws).

PUBLIC FINANCING OF THE PRESIDENTIAL CAMPAIGN

Public financing of the 1976 Presidential election is provided under the new Campaign Reform Bill. Here is the way it works:

GENERAL ELECTION

Each candidate for President is limited to campaign expenditures of $20 million.

Nominees of the major parties are eligible to receive the full $20 million in public funds. Public financing is not mandatory; the candidate may solicit all donations privately. If the candidate "goes private," however, individual contributions are limited to $1,000; organization contributions, $5,000.

Candidates of minor parties (those receiving at least five percent of the vote in the preceding election) are eligible for partial funding based on the percentage of the vote received. A third party receiving at least five percent of the vote in 1976 will be eligible for partial reimbursement of their expenses.

NOMINATING CONVENTIONS

Political parties are limited to expenditures of $2 million for their presidential nominating conventions. A major party is eligible to receive the full $2 million in public funds; however, a party may opt to fund its convention privately. The existing law permitting corporations to take a tax deduction for advertisements in conventions program books is repealed.

PRESIDENTIAL PRIMARIES

Each candidate for the Presidential nomination is limited to campaign expenditures of $10 million. In each state, he may spend no more than twice the amount permitted a Senate primary candidate. In other words, the candidate may spend no more than $200,000 in the New Hampshire primary; $928,000 in Florida.

To be eligible for public funds, a candidate must declare himself a candidate for his party's nomination and begin soliciting small contributions ($250 or less). When the Federal Elections Commission certifies that the candidate has received at least $5,000 from contributors in each of 20 states—for a total of $100,000 in matchable funds—the Secretary of the Treasury will authorize a matching payment of $100,000 from the Dollar Check-Off Fund. Subsequently, each eligible contribution of $250 or less will be matched from the Treasury.

While an individual may contribute $1,000 and an organization may give $5,000 during the pre-nomination period, only the first $250 will be eligible for matching. No cash contributions will be matched; all contributions must show the taxpayer's identification number.

In addition to the $10 million spending limit, the candidate is permitted to spend an additional 10 percent—$2 million—for fundraising costs.

Only contributions raised after January 1, 1975, will be eligible for matching. No public funds will be given out until January 1, 1976.

SOURCE OF PUBLIC FUNDS

The source of all public funding is the Presidential Election Campaign Fund. No additional appropriations legislation is required of Congress. The Fund was established in 1971 and is funded by taxpayers who check off Line 8 on IRS Form 1040, designating $1 of their taxes ($2 on a joint return) for this purpose.

This Dollar Check-Off Fund now contains $30.1 million. If taxpayers check off Line 8 at the same rate as last year, there will be a minimum of $64 million in the fund in time for the 1976 election, and very likely more.

Early in 1976, $44 million will be earmarked for the General Election and the Conventions. The remaining funds will be designated for the primaries. No more than 45 percent may go to candidates of any political party. No candidate is eligible to receive more than one-fourth of public funds available for primaries.

All spending limits are subject to cost-of-living increases, using 1974 as the base year.

The Fund will be under continuing review by the new Federal Election Commission to insure that eligible candidates receive equitable treatment and that adequate money is available to meet obligations required by the act.

PUBLIC FINANCING/ELECTION REFORM COALITION

Center for Public Financing of Elections.
AFL–CIO.
Common Cause.
League of Women Voters.
United Auto Workers.
Ralph Nader's Congress Watch.
Amalgamated Clothing Workers.
American Association of University Women.
American Civil Liberties Union.
American Institute of Architects.
American Federation of State, County and Municipal Employees.
Americans for Democratic Action.
Communications Workers of America.
Friends Committee on National Legislation.
International Association of Machinists.
International Ladies Garment Workers Union.
Leadership Conference on Civil Rights.
League of Conservation Voters.
National Association for the Advancement of Colored People.
National Council of Churches.
National Committee for an Effective Congress.
National Education Association.
National Farmers Union.
National Rural Electric Cooperative Association.
National Women's Political Caucus.
Network.
Religious Committee for Integrity in Government.
Service Employees International Union.
Steelworkers Union.
Union of American Hebrew Congregations.
United Mine Workers.
United Methodist Church.

Mr. BADILLO. Mr. Speaker, the Federal Election Campaign Act amendments which we are considering this afternoon close a number of important loopholes and inadequacies in current campaign financing and elections laws. Among the notable features of this legislation are the ceilings on expenditures for campaigns for all Federal offices, limits on individual contributions to any single candidate and aggregate contributions for all Federal offices in any single year and restrictions on a candidate's personal financing of his own campaign. I believe this measure represents a significant step forward in campaign reform and for this reason I shall support the conference report.

However, this legislation contains a major gap—the failure to provide for public financing—even at the very least on a matching basis—for House and Senate campaigns. As I stated when we considered the amendments in August:

> I cannot understand how the committee could endorse the removal of private money from Presidential races and not concede that the public interest lies in the same treatment of congressional elections.

I cannot see why a double standard should be imposed, particularly after nationwide opinion polls have clearly demonstrated that the American people support public financing for congressional races by an almost 2-to-1 majority.

Full public financing of all Federal elections is a goal we must achieve as soon as possible if confidence in the whole electoral process is to be achieved. We must make the public financing of House and Senate races a key priority in the 94th Congress if we hope to truly reform political campaigns. I intend to continue working toward this important objective and urge our colleagues to join in this effort. The Federal Election Campaign Act amendments of 1974 mark an important advance in election reform but they must be further strengthened if we hope to remove all the grievous abuses of Federal elections which have been amply documented over the past many months.

Mr. KASTENMEIER. Mr. Speaker, I am voting for the conference report on S. 3044—Federal Elections Campaign Act amendments, but I would like to take just a moment to explain some serious reservations I have about certain of its provisions.

First, it must be conceded that the reform measure provides many changes in our campaign financing system that are urgently needed and that can reduce greatly the influence of special interests on governmental decisions. It provides for strict limits on contributions. It provides an independent enforcement commission. And it provides public financing for Presidential primary and general elections. The importance of these reforms cannot be diminished, and the respective committees handling the legislation in both the Senate and the House deserve credit for adopting them.

Despite these beneficial and needed changes, I remain adamantly opposed to campaign spending limits in the conference report which I consider to be scandalously high. When the House considered the campaign reform bill early in August, I spoke for and supported an amendment which would have allowed State spending ceilings to remain in effect when they were established at lower levels than those in the Federal law. The State of Wisconsin, for example, recently enacted a campaign reform measure which would have limited spending in House races to $35,000 for the primary and $50,000 for the general election. I greatly regret that the amendment which would have permitted such stronger State laws to prevail over Federal limitations was defeated.

While that amendment did not succeed, we were successful in reducing the committee bill's ceilings of $75,000 per House primary or general race to $60,000 per election. The amendment would have allowed a 25-percent increase in the ceiling for fund raising costs. Thus each candidate for a House seat could have spent a maximum of $150,000 on the primary and general elections.

Now we have before us a conference report which raises the already excessive spending limits in the House bill. The conference report would allow candidates for the House to spend up to $70,000 in each primary and general election, plus an additional 20 percent for raising expenditures. This means that each candidate could spend up to a maximum of $168,000 in pursuit of a House seat.

The people of Wisconsin will have a great deal of difficulty understanding how a spending limit of that altitude is going to reduce the influence of money in politics. I share their skepticism and pledge that I will work diligently to bring about future reforms that will make campaign spending limits truly limits, rather than invitations to excessive campaign expenditures and corruption.

The excessive spending ceilings coupled with another little noticed provision of the reform bill could lead to major scandals. The conference report includes language which allows a successful candidate to use leftover campaign funds to finance congressional office costs if the Congressman reports on the outlays. This is clearly a provision that strengthens the position of incumbents, and was a more legitimate target of concern for those who feared an incumbents' bill than were spending ceilings that might have been set at reasonable levels.

Mr. BOLAND. Mr. Speaker, I rise in support of S. 3044, the conference report on the Federal Election Campaign Act Amendments of 1974. As one of the original sponsors of H.R. 16090, the House version of this measure, I feel a great sense of accomplishment in seeing campaign reform become a reality in this Congress.

The conference bill before us today retains four basic elements originally incorporated in the House measure. It places limits on the contributions that individuals, organizations and political parties can make to individual candidates and in the aggregate. It sets spending limits for candidates for the House and Senate. The bill also provides public financing of Presidential elections and conventions from the so-called dollar checkoff fund. Lastly, the conference bill sets up an enforcement body made up of members appointed by both Houses and the President which has the power to promulgate regulations, issue subpenas and investigate possible violations.

While these provisions differ in some details with H.R. 16090 as passed by this House, I feel that they represent a substantial restatement of the House bill. Indeed, one change which has been made is a decided improvement. The Board of Supervisors which will oversee compliance and enforcement of the act will now be a full-time organization with adequate staff. It will be empowered to issue regulations interpreting the law, seek injunctions, subpena information, and request declaratory judgments or interpretive rulings in the courts.

The bill before us, I am pleased to note, also carries lower spending ceilings for both House and Senate races than were found in the Senate bill. I feel that the limits now contained in the conference report—$70,000 per election for House candidates, $100,000 or 8¢ per voter for Senate primaries and $150,000 or 12¢ per voter for Senate general elections—do provide the public with a modicum of protection from bought elections, yet allow enough spending to permit challengers to put their program before the electorate, to counter the natural advantages of the incumbent.

I am disappointed with one aspect of the bill before us. It no longer contains any provision for mixed public-private funding of congressional and senatorial campaigns. This was a proposal which I helped initiate. I have said before on the floor of this Chamber that such a system would truly return political decision-making back to the individual taxpaying citizens of this country. Public funds would have been provided under this scheme only where a good number of small contributions from private citizens had established the broadness of a candidate's political base. Thereafter, Federal funds would have been made available on a matching basis from the dollar checkoff fund, but only after complete Presidential funding was assured. In other words, only serious candidates would have qualified for this aid. It would not have in any way diminished Presidential campaign public funding and all the money that would have been spent would have come from the conscious checkoffs of American taxpayers who believed in public assistance in financing Federal elections.

I am disappointed that the public-private mixed funding of congressional campaigns is not in the bill before us simply because if this approach can help put the little guy back in the political picture in Presidential elections, it certainly would have the same, if not greater, effect in congressional races. If big money has too important a hold in Presidential elections, how much more powerful an influence does it have in smaller, congressional races?

Mr. Speaker, I am hopeful that as the Presidential campaign financing features of this bill unfold in the 1976 elections, as they provide us with one of the most even expenditure matches in this century, that all citizens and Members of this House will come to see the necessity to extend that same coverage to include congressional elections as well. Only then can we claim complete reform of Federal elections law that this bill purports to provide.

I want to make it clear, however, that I strongly support the election reform package represented by this conference report. It constitutes the first decent legacy of the Watergate scandal. I am confident that it will go a long way indeed to prevent such abuses as occurred in connection with that tragic episode in our country's history.

I therefore urge that we adopt the conference report today. In so doing we will be doing our best to convince a skeptical public that we really want to put our house in order after Watergate, and that it is not going to be business as usual all over again. That is the message that I get from my constituents. They feel that more has got to come of this crisis we have just weathered than just rhetoric. The first test of whether that is so comes today. There will be further tests; 1976 will be one. That is because another legacy of Watergate is increased public awareness of congressional self-regulation. As proof, I would like to include in the RECORD at this point an editorial, dated October 7, 1974, from the Springfield Daily News of Springfield, Mass., which only too clearly makes this point:

CAMPAIGN REFORM

If there is any consolation emerging from the Watergate scandals, it is that they have placed renewed emphasis on the need for governmental reforms in general, and for election reforms in particular.

The Watergate conspiracy was basically an attempt to undermine an election—involving secret contributions, "dirty tricks" to discredit rival candidates, break-ins and buggings, and an abuse of power both by individual officials and government agencies.

In its final report, the Ervin Committee recommended a series of campaign reforms to Congress, and the results have been encouraging so far.

A House-Senate conference committee has agreed upon a campaign reform law that would limit spending and contributions in all federal elections and provide government subsidies for presidential candidates.

For example, Democratic and Republican nominees for President would be limited to spending $20 million each. But all of that amount would be furnished from federal funds raised by the check-off option on income tax returns.

In the presidential primaries, every candidate would be allowed to spend a maximum of $10 million—with government subsidies of up to $5 million allocated in amounts equal to what a candidate raised in private contributions.

The interesting feature is that to be eligible for matching funds, the candidate would have to collect the first $100,000 in donations of less than $250. Supposedly, this would demonstrate he had broad-based popular support and did not appeal just to the big contributors.

Congressional elections would be subject to similar ceilings. But—with this big difference from presidential balloting—there would be no public financing of congressional races.

Congressmen, with a keen eye to protecting their own power and positions on Capitol Hill, realized that public funding means they would have well-financed opponents in both primary and general elections.

Meanwhile, the prospect is that the campaign funding bill will pass—marking a major reform by Congress in the wake of Watergate.

Mr. BAUMAN. Mr. Speaker, I am compelled to vote against this conference report for a number of reasons, although I fully support the principle of true election law reform.

First and most importantly, I believe that the provisions of this bill which restrict an individual's right to contribute more than certain amounts to a candidate in a Federal election may well impose an unconstitutional restraint on his or her freedom to communicate their views, or support a candidate who represents those views. Indeed, many of my colleagues have admitted that numerous parts of this bill are of dubious constitutionality.

Equally important is the serious undermining of the two-party system which will occur once the full impact of this legislation is felt. The limitation placed on each political committee as to the amounts it may contribute to individual candidates for Federal office may seriously curtail the need for a particular party's support. Further than that, the provisions that allow Federal financing of Presidential primaries, general elections, and party conventions, in my view, subject both major parties, and any third parties that may qualify, to the strong possibility of Federal supervision and control. The Supreme Court has held many times, and it has been admitted on the floor today, that Federal financing means Federal control. I can think of nothing more destructive of the Republican or Democratic Party's right to conduct its own affairs, than the possibilities of the Federal intervention which this bill surely will produce. I can also foresee numerous lawsuits demanding quota systems, for example, governing the makeup of State delegations to national political conventions. The possibilities are endless, and they all point to the demise of the two-party system, once the principle of Federal financing is accepted.

Using taxpayers' money to finance elections is bad enough in itself, but as this conference report is written the lion's share of Federal money will go to the party which produces the most candidates in Presidential primaries. I predict with some certainty that there will be many more Presidential hopefuls coming out of the woodwork in 1976 now that the Federal Treasury and the taxpayer's pocket is to be the source of their financing.

Perhaps the most serious omission in this legislation, as I read it, is the total lack of any provision controlling the "in kind" contributions consisting of goods and services, as well as "educational" expenditures, by such groups as labor unions. Any true election reform would certainly contain restrictions on this kind of often clandestine and unreported political activity which in a close election contest can make all the difference. Yet, this serious threat to the democratic system is untouched by this bill.

Lastly, I would tend to agree with my colleague from Wisconsin (Mr. STEIGER) in his analysis that this bill is an incumbent Congressman's dream. It cuts down on the number of reports which must be filed which, while convenient for the Congressman, does nothing to enhance full disclosure of election expenditures. It also specifically permits the use of House and Senate funds for reelection purposes—something that is available only to incumbents and must come out of the taxpayers' pocket. Amazingly, this bill exempts from disclosure such expenditures. Such special expenditures for incumbent Members, together with the strict limitation on spending which will apply to challengers, will do much in my opinion to insure the reelection of incumbents for years to come, and that is certainly not election reform.

Mr. Speaker, there are many good provisions in this legislation, but the serious inadequacies which I have described force me to oppose this conference report. While it has become fashionable to support "election reform," this measure is the antithesis of election reform, and I therefore must oppose it.

Mrs. HECKLER of Massachusetts. Mr. Speaker, it is little wonder that in the wake of the Watergate revelations and the disclosure of the "dirty tricks" of the 1972 Presidential campaign, a major outcry was heard from the American public demanding a thorough cleansing of our electoral process.

Today Congress is responding to the outrage and indignation expressed by so many voters with the Federal Election Campaign Act Amendments of 1974, the most comprehensive campaign finance reform measure in the history of our country.

No single piece of legislation before Congress in this session has more potential for ending illegal contributions, slush funds, and the other types of campaign corruption which have surfaced during the last administration and during several previous administrations.

The importance of the changes which we are making in the campaign finance process today is that these reforms will lead to the restoration of confidence in the integrity of our political process by making campaigns public business.

The historic reforms incorporated in this legislation represent a major step forward. For the first time we have insured that Presidential primaries and general election campaigns will not be dependent on large donations from special interests who expect favors in return for their money.

In 1976 the Presidential Election Campaign Fund composed of voluntary taxpayer contributions through the dollar checkoff on their individual tax returns will finance the Presidential primaries and general elections of the two major candidates.

In the future I hope to see public financing extended to all congressional races. In August when the Federal Elections Campaign Act amendments were before the House for consideration, I voted in favor of an amendment which would have provided partial public financing of House and Senate campaigns by providing for matching Federal funds to be raised from the dollar checkoff fund of individual tax contributions. This important amendment was defeated in the House and was not included in the final version of the bill agreed upon by the House and Senate conferees.

One of the most important provisions of the legislation before us is the creation of a strong and independent Federal Elections Commission which will oversee all Federal elections and be empowered to enforce the new law by subpenaing witnesses, conducting investigations of campaign abuses, and by bringing civil suits to court.

Of monumental importance in reforming the election process are the campaign spending limitations and contribution limitations included in the bill. The provisions of the Federal Election Campaign Act amendments achieve new and realistic limits to campaign spending.

Reasonable restrictions on individual and group contributions to congressional or Presidential candidates limit individual contributions to $1,000 per candidate in the primary and in the general election with an aggregate limitation of $25,000 to all candidates and political committees during a 2-year period.

An organization is prohibited from contributing more than $5,000 to any one candidate for Federal office in the primary election and also in the general election.

Congress cannot take full credit for these essential campaign reforms. Organizations such as Common Cause, the Center for Public Financing, and the National Committee for an Effective Congress were major catalysts in convincing Congress of the urgency of these measures.

The Federal Election Campaign Act amendments are designed to fortify the very roots of our democratic system—our electoral process. I hope this reform therapy will be effective.

Mr. McCLORY. Mr. Speaker, I rise in support of this conference report. Through the enactment of these Federal Election Campaign Act amendments, we can help bring about fundamental improvements in the way in which America chooses its elected leadership. I especially want to commend the House conferees who did such an excellent job in representing the position of the House while working toward a strong reform bill that can become law this year.

Mr. Speaker, with respect to the issue of public financing for congressional campaigns, which constituted one of the major points of controversy between the two bodies, I want to thank our conferees for their successful advocacy of the House position. I believe it would be premature, to say the least, for the law to provide public financing for all Federal election campaigns, when we have not yet had any actual experience with public financing. We at least owe the American taxpayer the consideration of evaluating the results from the public financing of Presidential campaigns, which this bill mandates, before we begin to charge him for all Federal campaign costs. This only makes sense, Mr. Speaker, and I am relieved that the House position has been retained in this very important respect. Let public financing achieve in practice the lofty goals which its advocates forecast, before extending it to all Federal campaigns.

Mr. Speaker, this legislation will give a real boost to the public's right to know in the campaign area with its admirable plugging of several old loopholes in the financial disclosure provision of the Federal Election Campaign Act. Campaign finances will be even more completely open to public inspection than at present so that the voter may examine the financial aspects of a candidate's support. The disclosure provisions of this conference report will insure that much more information than is now required will be fully available for public scrutiny and assessment.

However, the measure has two egregious defects. First, it fails to require accountability with regard to labor organizations and other political action groups regarding individual contributions—and in such cases, it does not require the identity of persons making contributions, and fails to designate the candidates whom the various contributors desire to support. It leaves those decisions up to the labor leaders—or organizations' officers.

Second, the measure fails to measure in terms of campaign contributions the extensive services provided in the form of campaign workers, and telephone teams, and such personal services as are regularly provided by labor organizations in support of their favorite candidates.

These defects should have been corrected and, in any event, should be the subject of further legislation at an early date.

Mr. MATSUNAGA. Mr. Speaker, I rise in strong support of the conference report to accompany S. 3044, the proposed Federal Election Act Amendments of 1974.

The legislation before the House today represents literally years of work by many dedicated people both in and out of Congress. It is our best and most constructive response to the terrible abuses of Watergate. I congratulate the gentleman from Ohio (Mr. HAYS) and the other hard-working members of his committee, for the fine job they did on this landmark bill.

In my judgment, S. 3044 represents a major step forward. While I regret that public financing was not extended to House and Senate election, I believe the legislation before us today will lay the groundwork for public financing of all Federal elections.

The conference report provides for a strong and independent commission to oversee all Federal elections and the Federal laws pertaining to them. It also provides for reasonable limits on both campaign contributions and campaign spending. This is certainly a welcome new change in our election laws.

Most significantly, by adoption of the pending conference report and final passage of the bill, S. 3044, we will have insured that Presidential campaigns will not be dependent on huge gifts of money from special interest groups or individuals. We will have eliminated a major weakness in our elections which led to Watergate.

No one can seriously doubt that the passage of the pending Federal Elections Campaign Act amendments will help restore the faith of the American people in their Government, a faith which has, perhaps, been strained more by the events of the past 2 years than at any other time in our history. We will, by passage of this act, restore the seriously damaged linkage between the electorate and elected public officials. The bill is by no means a panacea for our election ills, but it certainly is the right medicine at this crucial moment for an ailing system.

I urge the adoption of the conference report.

Mr. HAYS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. HAYS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 365, noes 24, answered "present" 1, not voting 44, as follows:

[Roll No. 597]

AYES—365

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Arends
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conlan
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Diggs
Dingell
Dorn
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson

Hicks
Hillis
Hinshaw
Hogan
Holifield
Holtzman
Horton
Hosmer
Howard
Hudnut
Hungate
Hutchinson
Ichord
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Preyer
Price, Ill.
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Runnels
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Stokes
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Veysey
Vigorito
Waldie
Walsh
Ware
Whalen
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NOES—24

Archer
Armstrong
Ashbrook
Bauman
Camp
Collins, Tex.
Crane
Goodling
Gross
Holt
Jarman
Jones, Ala.
Landgrebe
Martin, Nebr.
Poage
Rarick
Rousselot
Skubitz
Steed
Steiger, Ariz.
Steiger, Wis.
Treen
Waggonner
Wiggins

ANSWERED "PRESENT"—1

Vander Jagt

NOT VOTING—44

Blackburn
Brasco
Burke, Fla.
Carey, N.Y.
Clawson, Del
Conable
Conyers
de la Garza
Dickinson
Donohue
Duncan
Hansen, Idaho
Harrington
Hébert
Huber
Hunt
Johnson, Colo.
McKinney
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Moakley
Passman
Podell
Powell, Ohio
Pritchard
Riegle
Roncalio, Wyo.
Rooney, N.Y.
Ryan
Snyder
Steele
Stephens
Stratton
Stubblefield
Stuckey
Symms
Towell, Nev.
Wampler
White
Whitehurst
Wright
Young, S.C.

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Stratton for, with Mr. Hébert against.

Mr. Hunt for, with Mr. Passman against.

Mr. Harrington for, with Mr. Powell of Ohio against.

Mr. Duncan for, with Mr. Symms against.

Until further notice:

Mr. Carey of New York with Mr. Hansen of Idaho.

Mr. Moakley with Mr. Steele.

Mr. de la Garza with Mr. Snyder.

Mr. Donohue with Mr. Young of South Carolina.

Mr. Conyers with Mr. Mills.

Mr. Rooney of New York with Mr. Blackburn.

Mr. Stephens with Mr. Huber.

Mr. Ryan with Mr. Dickinson.

Mr. Riegle with Mr. Burke of Florida.

Mr. Wright with Mr. Whitehurst.

Mr. White with Mr. Del Clawson.

Mr. Stuckey with Mr. Wampler.

Mr. Stubblefield with Mr. Towell of Nevada.

Mr. McKinney with Mr. Mathias of California.

Mr. Conable with Mr. Minshall of Ohio.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DEVINE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

PERSONAL EXPLANATION

Mr. DULSKI. Mr. Speaker, on October 8, 1974, I missed several rollcalls. I would like the RECORD to show that had I been present and voting, I would have voted as follows: rollcall No. 582, "aye"; rollcall No. 583, "aye"; rollcall No. 584, "no"; rollcall No. 585, "aye"; rollcall No. 586, "no"; rollcall No. 587, "no"; rollcall No. 588, "aye"; rollcall No. 589, "aye."

PERSONAL EXPLANATION

Mr. DEVINE. Mr. Speaker, on rollcall No. 591 yesterday on the Agriculture appropriations, I was delayed on a long-distance phone call. I entered the Chamber as the rollcall ended. If I had been present, I would have voted "no."

NEEDED—CONTROL OVER FOREIGN INVESTMENT

(Mr. WYMAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. WYMAN. Mr. Speaker, I take this minute to remind my colleagues that unless and until the exorbitant prices demanded for oil by the OPEC nations are cut at least in half, the world invites both a financial crisis and a serious risk of buy-ins of American businesses and real estate by foreign money barons. With the levels presently prevailing in the stock market in this country, the opportunity to purchase controlling interests in important—as well as security-related—U.S. industries has never been more opportune.

We must act now to limit foreign investment in this country. It is to no avail to claim we might later see fit to expropriate. Two wrongs do not make a right. What is needed is constructive action to limit foreign investment in U.S. companies to something less than control. This is provided against in my bill, H.R. 16848, presently pending before the Commerce Committee.

Under the provisions of my bill, foreign investment in any American corporation cannot exceed 49 percent of controlling interests. A cabinet-styled committee is enjoined to review the situation and to make recommendations to the Congress for a lower percentage where advisable, including the power to exclude foreign investment in patently security-related companies.

Unless immediate action is taken to implement such a program, we face a literal invasion of foreign capital in which many citizens would find themselves working for foreign masters. Such a prospect is intolerable and I urge and seriously recommend immediate and favorable action on my bill, the "Foreign Investment and Control Act of 1974."

CONFERENCE REPORT ON H.R. 12628, VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT OF 1974

Mr. DORN. Mr. Speaker, I call up the conference report on the bill (H.R. 12628) to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and special training allowances paid to eligible veterans and other persons; to make improvements in the educational assistance programs; and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 7, 1974.)

Mr. DORN (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the statement.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

GENERAL LEAVE

Mr. DORN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN. Mr. Speaker, when H.R. 12628 was originally passed by the House on February 19, 1974, its major provision was a proposal to increase by 13.6 percent all of the rates of educational allowances for veterans and their eligible dependents. For example, the present rate for a single veteran pursuing full-time training is $220 per month. The House proposed to increase this rate to $250 per month with comparable increases in cases where dependents are involved.

On June 19, 1974, the Senate took action on H.R. 12628 by substituting the full text on its version of a veterans' education bill contained in S. 2784. As thus passed by the Senate the bill increased the basic monthly rates by 18 percent, for example, $220 per month to $260 per month, and added as an integral part of the rate package a new partial tuition allowance under a formula which in the average case would provide the veteran with an additional $720 per school year. I am sure that many Members are familiar with the problems and abuses arising from the tuition payment portion of the original World War II GI bill. Following an extended inquiry by a House select committee, the Korean conflict GI bill was formulated which discarded any form of so-called tuition payment and provided a single monthly allowance directly to the veteran. This philosophy was continued in the 1966 cold-war GI bill and has been maintained as congressional policy ever since. In the light of this background, the House managers rejected any form of tuition payment, either to the institution or to the veteran, but in order to reach a compromise on this point, agreed to an increase in the basic rates of 22.7 percent, for example, $220 to $270 per month, and the Senate conferees concurred.

Each version of the bill also proposed to liberalize the eligibility requirements for vocational rehabilitation for present and future veterans with a service-connected disability. The basic objective sought in each version is now contained in the conference bill.

The original conference report, filed August 19, 1974, provided the same 22.7-percent increase to the subsistence allowance authorized for vocational rehabilitation trainees—about 2 percent of the total—as authorized for all of the other educational trainees. In this area a point of order was raised upon consideration of the conference report on August 22 that the mentioned increase in vocational rehabilitation rates exceeded the increase proposed by either the House or Senate bill. Accordingly, it was urged that the conferees exceeded their authority in this regard. When the point of order was sustained, the chairman of the House managers immediately moved that the House recede from its disagreement to the Senate amendment to the text of the bill, H.R. 12628, and agree to the same with a substitute amendment. This substitute amendment which was passed unanimously by the House returned the bill to the other body in the same form as recommended by the conferees with the following exceptions: First, the rate increase for vocational rehabilitation subsistence allowances was reduced to 18 percent, to comply with the point of order; second, the extension of maximum entitlement from the present 36 months to 45 months was deleted; and third, the veterans' education loan provisions were deleted.

Accordingly, conferees were reappointed to resolve the differences between the House substitute amendment of August 22 and the original Senate-passed bill, S. 2784.

The House and Senate conferees have been in agreement from the outset with respect to provisions dealing with certain minor liberalizations of the veterans' educational programs, as well as provisions covering job counseling, training and placement service, employment and training of disabled and Vietnam era veterans and veterans' reemployment rights. The present conference report covering these subjects contains no substantive changes and are discussed in more detail in the accompanying joint explanatory statement of the committee on conference.

Under the present law, veterans are limited to a maximum of 36 months of education and training. The House amendment contained no provision with respect to this maximum but the Senate bill proposed to increase this period from 36 months to 45 months. In conference the House managers were persuaded by certain cogent justification for an increase in entitlement in certain hardship cases and therefore concurred in a liberalization which would authorize an additional number of months, not exceeding nine, as may be utilized in pursuit of a program of education leading to a standard college degree.

The Senate substitute proposed to establish a new student loan program to be administered by the veterans administration and funded through the National Service Life Insurance trust fund. Such loans would be limited to a maximum of $2,000 and available only if the veteran is unable to receive a student loan from the Federal programs, primarily administered by HEW. The House managers were reluctant to see the VA embark on such a new type of activity but receded from its position subject to a reduction in the maximum available loan in the amount of $600 and elimination of the funding of the program through the National Service Life trust fund. Under the conference agreement, a special revolving fund would be established and funded through the usual appropriations for readjustment benefits.

As we have stressed in the managers statement, the house conferees are concerned that excessive default rates at certain institutions might jeopardize the success of the program. In this connection, recent publicity has indicated that approximately one fourth of all student loans under programs administered by HEW are in default. Accordingly, both committees will closely monitor default experience and expect the administrator not only to so monitor but take aggressive steps to pursue and effect collections wherever possible. Further, the conferees direct the administrator to utilize his new authority contained in the bill with respect to deceptive and misleading advertising, to take affirmative steps to prevent any questionable sales or enrollment practices utilizing advertising about the availability of the new loan program as a promotional technique. The conferees recognize that in meritorious cases additional loan facilities may be vital to students in pursuing their educational program but it should be made crystal clear that this is not in any way intended as a "handout" program and appropriate corrective measures will be taken in the event of abuses.

For the record, I feel that it is imperative to set clear your conferees' philosophy as to the fiscal impact of this legislation. In the first place, there is a complete unanimity of view that in the light of the spiraling cost of living the present training allowances are greatly inadequate. In recent public utterances, the President has indicated that an increase of approximately 18 or even 20 percent would be justified. This would be true from the standpoint solely of the increase in cost of living; however, testimony before both Houses has made it abundantly clear that the tuition costs in all institutions, but particularly those charged by private institutions have far outridden the cost of living as reflected by the consumers' price index and your conferees were convinced that this factor cannot be ignored. Accordingly, it seems to me that an additional 5 percent above the increase which the President suggests is fully justified. It is not at all irrelevant to take note of the alarming increase in the rate of unemployment, particularly involving those young men and women of school age. Further, your conferees have noted the significance of the President's most recent economy speech to the Congress which included a recommendation for increases in unemployment compensation benefits and the creation of a brand-new community improvement corps through short-term useful work projects, such standby program to be geared to the unemployment rate. With these factors in mind, it seems eminently desirable not only from a fiscal but also a sociological standpoint to improve the availability of greater educational benefits for our young men and women who have served in the armed services, including certain of their wives, widows, and orphan children. In this way we will provide improved opportunity for our young people to pursue further education, thus relieving, in part, the unemployment problem and lessening the necessary magnitude of the proposed new community improvement corps. The first GI bill was enacted over 30 years ago. Since that time highly reputable studies have demonstrated beyond any doubt that the original cost of these programs have been offset many times by the resulting increase in tax revenues and, more importantly, a significant raising in the educational level of our citizenry.

I sincerely feel that the provisions of the conference report now before the House for consideration are generous from the standpoint of the veterans concerned and represent an appropriate recognition by the Congress of the need to maintain a strong and viable educational assistance program for our veterans. I therefore strongly recommend approval of this report by the House.

Mr. Speaker, I insert for the record at this point a table showing the 5 year estimated cost of the conference report on H.R. 12628. It will be noted that the estimate for the first full year, including about $75 million for the loan revolving fund, will be $869.8 million.

The table follows:

H.R. 12628[1]—5-YEAR COST OF CONFERENCE REPORT (OCT. 2, 1974)

	1975					Total [2] (effective date)	
	Full year	10 mos [2]	1976	1977	1978	1979	Oct. 1, 1974
Readjustment benefits:							
Rate increase	$712.3	$650.3	$665.5	$550.8	$514.7	$474.5	$2,855.8
Active duty training	.7	.7	.7	.1	.1	.1	1.7
Refresher training	3.1	3.1	2.6	2.6	2.6	2.6	13.5
Work study	8.3	8.3	8.3	8.3	8.3	8.3	41.5
Tutorial assistance	.8	.8	.7	.6	.5	.5	3.1
Chapter 35 farm	.4	.4	.4	.4	.4	.4	2.0
45 mo. entitlement	26.3	26.3	10.3	10.3	10.3	10.3	67.5
Equalize war vets. (ch. 31)	36.6	36.6	37.2	37.9	38.6	39.0	189.3
Reimbursement of expenses	.2	.2	.2	.2	.2	.2	1.0
BCL absences	4.1	4.1	3.9	3.3	3.2	2.8	17.3
Loan revolving fund [3]	74.9	74.9	69.1	51.7	38.4	24.4	285.5
Subtotal	867.7	805.7	798.9	666.2	617.3	563.1	3,451.2

	1975					Total [2] (effective date)	
	Full year	10 mos [2]	1976	1977	1978	1979	Oct. 1, 1974
GOE: [4]							
Joint apprentice $3	$0.6	$0.6	$0.5	$0.4	$0.4	$0.3	$2.2
Loan (administrative cost)	1.5	1.5	1.0	1.9	2.7	3.4	10.5
Subtotal	2.1	2.1	1.5	2.3	3.1	3.7	12.7
Budget authority:							
Readjustment benefits	867.7	805.7	798.9	666.2	617.3	563.1	3,451.2
GOE	2.1	2.1	1.5	2.3	3.1	3.7	12.7
Total	869.8	807.8	800.4	668.5	620.4	566.8	3,463.9

[1] Does not include $618,500,000 for the extension of the delimiting date by Public Law 93-337 on July 10, 1974.

[2] The "10 month" column and the total column are based upon a Sept. 1, 1974 effective date. The total column represents cost for a period of 4 years and 10 months.

[3] Assumes 10 percent of IHL trainees would be eligible for a loan and interest rate of 6.5 percent to be paid by veteran.

[4] Excludes $24,400,000 for veteran representative GOE cost. Costs for evaluation and data collection and outreach service would entail substantial GOE cost which we are not in a position to estimate at this time.

The SPEAKER. The House conferees, in addition to myself, were Congressmen JAMES A. HALEY, THADDEUS J. DULSKI, HENRY HELSTOSKI, JOHN PAUL HAMMERSCHMIDT, Congresswoman MARGARET M. HECKLER, JOHN ZWACH, and CHALMERS P. WYLIE.

I want to express my personal appreciation to each of the House conferees. We had no difficulty agreeing on most major points. Each of these conferees was most cooperative in attending meetings and in helping work out this legislation.

Let me especially express my thanks to the ranking minority member of the committee, the Honorable JOHN PAUL HAMMERSCHMIDT, who was one of the conferees. He has been most reasonable and has been guided by a strong sympathy and understanding as to the needs of veterans in training.

I wish to express my appreciation also to Congressman OLIN E. TEAGUE, the vice chairman of the committee, who acted for me on several occasions in handling this report.

Mr. HELSTOSKI. Mr. Speaker, will the gentleman yield?

Mr. DORN. Mr. Speaker, I yield to the gentleman from New Jersey, the chairman of the subcommittee, Mr. HELSTOSKI.

Mr. HELSTOSKI. Mr. Speaker. I rise in support of the adoption of the conference report on the veterans' education and training bill, H.R. 12628.

I wish to compliment the members of the subcommittee for their concern and work on this bill. The Subcommittee on Education and Training, which I am privileged to chair, held extensive hearings on numerous bills relating to the education and training program, and although this bill does not contain certain proposals which many members of the subcommittee strongly supported, it does provide a long overdue and much needed increase in the education training allowance and other worthwhile benefits and improvements in the educational training program. Therefore, I urge my colleagues to adopt this conference report in order that these veteran students will not have to wait any longer to receive an increase in their training allowance.

As I stated, Mr. Speaker, the members of the Education and Training Subcommittee worked hard to achieve an equitable increase in training benefits for this Nation's veterans and I wish to express my appreciation to these subcommittee members, the Honorable OLIN E. TEAGUE, DON EDWARDS, GEORGE E. DANIELSON, ELLA T. GRASSO, LESTER L. WOLFF, JACK BRINKLEY, CHARLES WILSON of Texas, MARGARET M. HECKLER, JOHN M. ZWACH, CHALMERS P. WYLIE, JOSEPH J. MARAZITI, JAMES ABDNOR, ROBERT J. HUBER, and WILLIAM F. WALSH, for their efforts.

Under the provisions of this conference report, the educational training allowance is increased by 22.7 percent, resulting in an increase in the present $200 monthly allowance for a single veteran to $270 monthly, with an equal percentage of increase for veterans with dependents.

I regret, Mr. Speaker, that as a result of the point of order made on the conference report when this bill was presented to the House previously, it was not possible to provide the 22.7 percent increase across the board to all persons in training. Therefore, those persons receiving training under the vocational rehabilitation training program for disabled veterans as well as those under the on-the-job training program will receive an increase of 18 percent. I am hopeful that early action can be taken later in this Congress to increase the training allowance for these persons to 22.7 percent.

Although the conferees dropped the provision which would have provided a tuition payment in addition to the training allowance, I personally feel that there is justification for the tuition payment and I am hopeful that legislation to provide a tuition payment in addition to the training allowance will be considered the early part of the next Congress.

The conferees agreed to an extension of entitlement from 36 to 45 months for veterans who need the additional time to achieve a standard undergraduate college degree. We will follow the administering of this provision carefully, Mr. Speaker, in order to determine if changes in this provision should be made in the next Congress.

Mr. Speaker, I wish to remind my colleagues that legislation to provide an increase in training allowance for veterans was first approved by the House in February. Final passage of legislation to increase the training allowance is long overdue, and although this conference report may not meet the desires of every Member, I feel that it is a reasonable compromise and would achieve our principal desire, that is to obtain a much needed increase in the training allowance for veterans and eligible dependents. Therefore, Mr. Speaker, I urge the unanimous approval of this conference report and am extremely hopeful that same will be approved by the other body and the President.

Mr. DORN. Mr. Speaker, the distinguished chairman of the subcommittee has worked longer and harder than anyone on this committee for this legislation which began last year. This conference report today is the result of his diligence and long, hard work, his perseverance to try to achieve for the veteran what has been long due him.

Mr. Speaker, I now yield to the distinguished ranking minority member, who has worked so faithfully and so long since the beginning of last year—and it is really a tragedy that this bill did not stop in February when it passed the House by a vote of 332 to 6.

It is with great pleasure that I yield to my friend from Arkansas (Mr. HAMMERSCHMIDT).

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the ranking minority conferee, I am pleased to rise in support of the conference report. The presentation of this report, Mr. Speaker, represents the culmination of many months of intensive study, deliberation and negotiation on the subject of this report. The consideration of the subject of this legislation began with subcommittee hearings on pending bills relating to veterans' education in July 1973.

On February 19 of this year, this body, by a unanimous 382 to 0 vote, passed and sent to the Senate a veterans education bill with a first year cost of $1.1 billion. The measure increased monthly educational allowances by 13.6 percent and extended the 8-year period during which educational benefits could be utilized to 10 years.

The Senate passed the measure with extensive amendments on June 19, 1974. As amended, the Senate bill provided an 18.2-percent increase in monthly allowances; a 2-year extension of the 8-year period for using benefits; an increase from 36 to 45 months in the maximum educational entitlement; a supplemental tuition payment up to $720 per year; and student loans up to $2,000 annually. The cost of the Senate passed bill was $2.1 billion for the first year.

Because of delays in the other body, it finally became necessary to enact the 2-year extension as a separate measure, in order that thousands of veterans confronted with the expiration date could stay in training.

The approval of this measure, Public Law 93-337, reduced the cost of the pending conference report measure by $618.5 million. The cost of the bill approved by House and Senate conferees, and awaiting your approval, has been reduced to an annual average annual cost of $692.8 million for a 5-year period.

Members will recall that House and Senate conferees had previously reached agreement on a compromise version of this legislation. The conference report was rejected as the result of a point of order being sustained. On August 22, the House again passed an amended version of the bill, and again went to conference with the other body.

The conference report now before the House is a negotiated compromise that authorizes a 22.7-percent increase in monthly educational allowances for eligible veterans and dependents and survivors attending school under veterans' education laws. An 18.2-percent increase in monthly subsistence allowances for veterans pursuing programs of vocational rehabilitation, and those participating in job training, is also authorized.

The bill extends the 36 months of educational entitlement to 45 months for those students who are pursuing a program of education leading to a standard undergraduate degree. Low interest rate student loans up to $600 per year are authorized for veterans with educational expenses that exceed their income.

Mr. Speaker, the enactment of legislation to provide sorely needed increases in monthly educational allowances is already long overdue. While the measure does have an effective date of September 1, it is essential that we act without further delay.

No subject in the field of veterans' affairs has stimulated more mail than has the issue of increased educational benefits.

The conference report represents a reasonable compromise in the differences in the House and Senate versions of the bill, and I urge that it be approved.

MAJOR PROVISIONS OF CONFERENCE REPORT ON H.R. 12628

First. A 23-percent increase in educational allowances for veterans and eligible dependents and survivors attending school.

Second. An 18.2-percent increase in monthly subsistence allowances for veterans pursuing programs of vocational rehabilitation, and apprenticeship and job training.

Third. Permits the initial 6 months of active duty training by Reservists and National Guardsmen to be counted for entitlement to educational benefits if it is followed by at least 12 months of active duty.

Fourth. Authorizes up to 6 months of refresher training for veterans with current GI bill eligibility to update their skills in the light of advances in their field of employment during and since their military service.

Fifth. Increases work-study program to a maximum of 250 hours and $625 per student per semester.

Sixth. Extends tuition assistance from a maximum of 9 months at $50 per month to 12 months at $60 per month.

Seventh. Authorizes farm cooperative training for eligible dependents and survivors.

Eighth. Extends an additional nine months of educational entitlement to veterans pursuing programs leading to standard undergraduate degrees.

Ninth. Equalize eligibility criteria for vocational rehabilitation for veterans of service after January 31, 1955 with the criteria for World War II and Korean conflict veterans.

Tenth. Authorizes loans up to $600 per year for students with educational expenses exceeding their financial resources.

Eleventh. Provides statutory authority for the Veteran's Administration "Man on Campus" or "Vet Rep" program.

Twelfth. Liberalizes criteria for measurement of full time in courses not leading to a standard college degree.

Thirteenth. Liberalizes leave policy for courses not leading to a standard college degree.

Fourteenth. Strengthens employment services to veterans and extends private employment services to certain wives and widows of veterans.

Fifteenth. Transfers statutory authority for Bureau of Veterans Reemployment Rights from title 50 of title 38, U.S. Code. Also extends veterans reemployment rights coverage to veterans in U.S. Postal Service, and to employees of State and local governments.

Mr. DORN. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. JOHN L. BURTON).

Mr. JOHN L. BURTON. Mr. Speaker, I would like to ask a question of the chairman, if I might.

One thing that has been of concern to veterans in my district was the limitation of the 9-month extension that could not be used in the graduate school.

Mr. DORN. Mr. Speaker, if the gentleman will yield, I will be pleased to respond to his inquiry. Present law provides a maximum of 36 months of eligibility for educational training. The conference bill would add to this entitlement an additional number of months, not exceeding 9, and I quote, "As may be utilized in pursuit of a program of education leading to a standard undergraduate college degree." Therefore, it is my view that the additional 9 months, or a necessary part thereof, would be available where the veteran is pursuing a program that may require 5 years in order to receive the standard undergraduate college degree in the particular program.

Mr. JOHN L. BURTON. The question I have is, they cannot use the 9 months for a graduate degree. I just wanted to know what the cost saving of that prohibition would be.

Mr. DORN. About $30 million.

Mr. JOHN L. BURTON. $30 million is the cost saving in prohibiting this?

Mr. DORN. Yes.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, H.R. 12628, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, has had a stormy trip through the Halls of Congress. It has generated more controversy and concern than any other veterans legislation I can remember. It has been my hope during the last year that this legislation would finally make the Vietnam-era GI bill an effective tool for bringing veterans back into the civilian economy. Veterans in the 1960's and 1970's have not had training and education benefits available to them which are the equal of those we gave the returning heroes of World War II.

Awareness of this inequity has spread across the country in the last few years and efforts to correct it focused on the bill before us today. Those efforts ran into heavy opposition from penny-wise, pound-foolish people who were convinced that only adjustments in benefit levels to meet cost of living increases were necessary and not basic changes in the structure of the GI bill.

H.R. 12628, as it now appears in the conference report, does make some major improvements in GI bill benefits, despite the legislative sleight-of-hand attempt to seriously weaken the bill's provisions after the conferees had reached a supposedly final agreement. A 22.7 percent increase in all but vocational rehabilitation allowances, a $600 loan provision, and an extention of the maximum months of entitlement from 36 to 45 months for college education have all been agreed to and incorporated in this conference report.

The principal casualty of the 1974 battle over veterans education benefits was the proposed tuition equalizer provision. Although it was passed by the Senate, the tuition proposal ran into a stone wall in the House and was dropped in conference. However, this proposal is so important that it must be considered by the 94th Congress next year.

Figures compiled by the National League of Cities and U.S. Conference of Mayors, based on new data resulting from the end of fiscal year 1974 show a distinctly greater ability of veterans in Western and Southern, low-college-tuition States to use the GI bill than veterans in Eastern and Midwestern States.

Texas and Pennsylvania have identical numbers of veterans—386,000—and Ohio has 361,000 vets. Texas veterans were able to use $181,000,000 in GI bill benefits, while Pennsylvanians used only $117,000,000 and Ohio only $112,000,000 in fiscal year 1974.

Saul Friedman, of the Knight Papers, wrote that

> If you're a Vietnam veteran living in Pennsylvania, Michigan or Ohio and you want an education, you'd better move to Texas or California.

And New York is in the same situation as Michigan, Ohio, and Pennsylvania.

Here are some significant comparative figures for fiscal year 1974:

	Payments GI bill	Payments as percent of California payments	Veteran population as percent of California veteran population	Vietnam veteran population
California	$456, 620, 000	100. 0	100. 0	820, 000
Texas	181, 360, 000	39. 7	47. 1	386, 000
New York	162, 280, 000	35. 5	62. 6	513, 000
Illinois	132, 350, 000	29. 0	42. 2	346, 000
Pennsylvania	117, 680, 000	25. 8	47. 1	386, 000
Ohio	112, 980, 000	24. 7	44. 0	361, 000
Michigan	108, 750, 000	23. 8	34. 9	286, 000

I am appalled to learn that, over the 7 years of the GI bill program, for which the figures have been compiled, the 513,000 veterans in New York State have used almost $1,100,000,000 less in GI bill opportunities than the 820,000 vets in California.

Here are the cumulative figures:

	GI bill payments, fiscal years 1968–74	Payments as percent of California payments	Veteran population as percent of California veteran population	Additional GI bill payments if used at California rate
California	$1, 726, 620, 000	100. 0	100. 0	
Texas	657, 360, 000	38. 1	47. 1	$155, 880, 000
New York	634, 280, 000	36. 7	62. 6	446, 580, 000
Illinois	527, 350, 000	30. 5	42. 2	201, 280, 000
Pennsylvania	483, 680, 000	28. 0	47. 1	329, 560, 000
Ohio	432, 980, 000	25. 1	44. 0	326, 730, 000
Michigan	403, 750, 000	23. 4	34. 9	198, 840, 000

These figures would be startling in any Federal program. But where one is designed to serve as a readjustment benefit and in effect compensate for service, they are more than startling. They indicate fundamental defects in the program design which must be remedied. The vet from California and the vet from New York served in the same rice paddy, and faced the same dangers. Neither he nor we can control the fact that one State—California—has a universally available system of free junior colleges and 4-year public colleges that charge $165 a year, while other States have different systems. For example, my State has historically relied on private colleges, where the direct costs were borne by the student through his tuition rather than the State through its taxpayers.

This has changed dramatically in the last 10 years, with an enormous expansion of the State University: For fiscal year 1973 New York's spending for postsecondary education, at $983,941,000, was approaching California's $1,141,000,000. In fact, for fiscal 1974 New York appropriated $1,100,000,000. Despite this massive expenditure, 44 percent of the male students in New York still attend private colleges, such as Syracuse, Fordham, Columbia, NYU, Long Island, Pace College, Rochester Institute of Technology, and others.

But these private colleges, paid for by student tuition and alumni, and the recipients of billions of dollars in tax exemptions from their municipalities—in effect a subsidy from local taxpayers—are closed off to our State's Vietnam veterans. This is because, unlike the World War II GI bill, which covered tuition at 89 percent of all private and at all public colleges, under today's bill a Vietnam vet would have to spend his entire benefits on tuition and would have nothing left to live on if he chose to go to a private college and had no outside resources.

Under the World War II GI bill, there was equality for all veterans. Everyone could go to his State college or university and have $75 for subsistence free and clear of tuition, books and supplies costs—unless he earned an outside income greater than the average monthly income of nonveterans. Under today's GI bill, tuition charges close veterans out of many educational institutions. Some vets who pay little or no tuition have $2,000 a year to live on, while others in States like Vermont, Pennsylvania, Ohio, Michigan and New York, who must pay from $800 to $1,088 to attend their public colleges, would have $1,200 or less a year to live on.

	Public college tuition costs
California	$165
New York (SUNY)[1]	750–900
Pennsylvania	900–1, 050
Texas	266–378
Ohio	750
Illinois[2]	472–611
Michigan	704

[1] Figures apply to State University, City University of New York is tuition-free.

[2] Illinois has a state GI Bill which covers tuition at public colleges, but not private.

The VA defends today's GI bill on the basis of average tuition charges. In doing so, it lumps together tuition charges at 2- and 4-year colleges. By operating on a system of averages in flying our veterans home from overseas, we would give half the vets too many dollars, and the half returning to homes east of the Mississippi River insufficient dollars to get home. Across-the-board increases in the GI bill do not correct these inequities. They simply give more money to men in low-tuition States for subsistence, while many men in high-tuition States would still be foreclosed from using their benefits at all.

The means to correct the situation is through a variable tuition payment that reflects State differences in education costs. I introduced such legislation, H.R. 11009, in October of 1973, and the Senate version of the GI bill contained a tuition equalizer provision under which all vets would pay the first $100 per year in tuition and the Federal Government would pick up 80 percent of the next $900. This arrangement was dropped in conference. I would hope that, early in the next session, at least the more economical version proposed by Congressman WILLIAM WALSH, with the vet paying the first $400 and the Federal Government paying the next $600, would be speedily enacted. This would go a long way to insure that all vets are able to attend their State colleges on a more equal footing. It would give veterans who chose private colleges some help, but it certainly would not begin to pay their way at the most prestigious institutions, such as Harvard, with a tuition of $3,200 per year.

Yet, under the World War II GI bill, many veterans were enabled to attend just such institutions, as many members of this body can personally attest.

I believe that adequate safeguards can be built into the tuition legislation to insure that the real concerns that have been expressed against the potential for abuse of such a provision can be met. Among those provisions, I would recommend a price freeze tied to tuition charges in effect or announced as of a given date earlier this year; a requirement that veterans be charged the same tuition for courses that other students are taking in order to prevent schools from charging out-of-State tuition rates for in-State veterans—an abuse of the World War II bill frequently cited, and finally, the application of an incomes test like that applied to other Federal scholarship legislation and to the World War II GI bill. However, I would insure that such an income test take into consideration the situation of the married vet with children. If these things are done, I believe a tuition system could be instituted that would insure equitable treatment of vets from all States.

The contrast in results under the GI

bill and results under the educational opportunity grant program illustrates what, I believe, are the inequitable results of today's GI bill structure. For example, in fiscal year 1974 Texas, Pennsylvania, and Ohio students received—respectively—$9,600,000, $9,400,000, and $8,900,000 in educational opportunity grants. These sums are nearly identical, yet GI bill payments to the same three States differ as much as 50 percent—in the case of Ohio and Texas—or $68,000,000. Students in my State received $16,000,000 through the educational opportunity grant program, while students in California received $23,200,000. Our payment was 72.4 percent of California's. Under the GI bill for fiscal year 1974, California vets were able to use $456,600,000, while New Yorkers used $162,000,000—35.5 percent of California's payment.

Here are the figures:

	EOG grants fiscal year 1974	EOG grants as percent of calculated payment	GI bill payments as percent of calculated GI bill payment
California	$23, 200, 000	100	100
New York	16, 800, 000	72. 4	35. 5
Pennsylvania	9, 400, 000	40. 9	25. 8
Texas	9, 600, 000	41. 3	39. 7
Ohio	8, 900, 000	38. 3	24. 7
Illinois	10, 300, 000	44. 3	29. 0
Michigan	8, 500, 000	36. 3	23. 8

It should be noted that EOG funds are allocated on the ratio that the State's FTE—full-time equivalent—higher education enrollment bears to national FTE higher education act.

The educational opportunities that result from service in the Volunteer Army have been extensively advertised. Yet when Volunteers begin to be discharged from that service, they will find that their GI bill benefits will be of limited use if they come from a high tuition State. If the Armed Services are to continue to advertise for volunteers, offering them educational opportunities, those opportunities ought to be real. Otherwise, the Volunteer Army will continue to be hurt, as it is now being hurt, by vets returning to their communities and telling their younger brothers and friends that military service is unrewarded by the Government—that veterans get no jobs when they come home, and that for many of them the GI bill cannot buy needed education. As any company knows, there is nothing like word-of-mouth consumer discontent to scuttle a product. We should not let that happen to the Volunteer Army, and we should not let that happen to the concept of military service to this Nation in its time of need.

Mr. DORN. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Connecticut (Mrs. GRASSO).

(Mrs. GRASSO asked and was given permission to revise and extend her remarks.)

Mrs. GRASSO. Mr. Speaker, this conference report represents a mixed blessing to veterans and their families. It is better than the revised bill which the House returned to the other body in August. Yet, it falls short of containing the provisions which could, and indeed should, have been included to assist the Vietnam veteran.

As a mmeber of the Veterans' Affairs Committee, I have been a strong and consistent supporter of proposals to increase veterans education benefits. More than 3 years ago in July 1971, I recognized the financial difficulties facing the Vietnam veteran and introduced a bill which would have provided $272 a month for a single full-time veteran-student. During my 4 years in the House, I have cosponsored and supported the legislation to increase these benefits—bills which were passed without a dissenting vote.

I fully recognize the economic situation facing us and the pressure under which the conference committee met. Nevertheless, I am deeply disappointed that the Vietnam veteran is being offered a watered-down second-hand bill today.

The conference report to H.R. 12628 makes three major changes in existing veterans education benefits. First, it increases the monthly education allotment for a single full-time veteran-student by nearly 23 percent from $220 to $270. A married veteran's benefits increase from $261 to $321 under the bill while a married veteran with a child would receive $366 instead of the current $298. Additional dependents would entitle a veteran to $22 more each month instead of the current $18. Second, the report would permit veterans to apply for low-interest VA education loans of up to $600 a year. Third, the report would give the veteran 9 additional months to complete his undergraduate education.

Along with many of my colleagues, I regret that a new and valuable program was not included in this report. In its version of H.R. 12628 the other body added a tuition payment provision which would have provided a veteran with up to $720 additionally a year. Such a provision would have been valuable to veterans from States which do not waive tuition for veterans. The section was inserted in an effort to provide present veterans with benefits comparable to those received by their fathers after World War II. The Education and Training Committee of which I am a member has held hearings on similar proposals and, when the bill was sent to conference, I joined some of my colleagues in urging the conference committee to accept the Senate language on tuition payments.

In August the conference rejected the tuition supplement payment, but reached an agreement on an otherwise acceptable bill. The first conference report increased the basic monthly benefit from $250 in the original House bill to $270, included a $1,000 loan program in lieu of the tuition supplement, and gave the veteran 45 months of benefits instead of the present 36 months.

Unfortunately, the President indicated that he might veto this compromise. This possibility and a point of order which was raised against the first report on August 22 forced the House to revise the language of H.R. 12628. By a vote of 386 to 0, we passed an amended version which would have provided a 23-percent increase for education benefits but eliminated the other provisions.

Mr. Speaker, I regret that the House was not given an opportunity to vote on the merits of the initial conference report. Along with many of my colleagues, I was prepared to accept its language and thereby avoid the renewal of a legislative battle over H.R. 12628.

Along with 58 of my colleagues, I recently signed a letter to my fellow committee members and to the President urging them to accept the first conference report. We understood the need to reduce government spending, but we also believed it should not be accomplished at the expense of those who had served in our longest and most divisive war. We noted that increases in the veterans' skills are contributions to the community and would in the long run more than offset the higher cost of H.R. 12628. Above all, I believed then—and still believe now—that Vietnam veterans deserve education benefits equal to those granted their fathers after World War II.

Throughout our deliberations, the White House has offered the Vietnam veteran less than they earned. It wanted a smaller increase in benefits and has consistently opposed any additional months which would allow a veteran to pursue a 5th academic year. This recalcitrant attitude forced the House conferees to accept an unfair compromise which will mean nothing for those veterans who complete their baccalaureate degrees in 4 years and seek post-graduate training.

The veteran who will use the programs contained in H.R. 12628 has served this country in an unpopular war that many of his countrymen would like to forget. He is looking for a hand-up which would allow him to return to a productive role in a society that needs his abilities and talents.

I believe we should have done better.

Mr. Speaker, I will support the conference report—but without enthusiasm. In addition, I will personally write to the President and urge him to sign the Veterans' Education and Rehabilitation Assistance Act of 1974.

Mr. DORN. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Speaker, I rise in support of the conference report.

Mr. Speaker, this measure, as it passed the House of Representatives on February 19, authorized a cost-of-living increase in monthly educational allowances that would have increased by 13.6 percent the monthly educational allowances payable to veterans, eligible dependents and survivors attending school under the veterans' education programs. The Senate on June 19 substantially increased the provisions of the House passed bill through an amendment that was in the nature of a substitute.

In addition to an 18.2 percent increase in monthly allowance, the other body added a provision authorizing a tuition supplement up to $720 per year per student; authorized student loans up to $2,000 per year per student, and extended the maximum educational entitlement from 36 months to 45 months.

Following long and arduous negotiation, conferees, in the true spirit of compromise, hammered out a resolution of the differences in the two versions and presented a conference report to this body that was promptly rejected on a point of order as being beyond the scope of the conference. The conferees went back to work and the result is the measure now before the House.

Specifically, the conferees have agreed on a 22.7-percent increase in monthly educational allowances for veterans and other eligibles attending school; an 18.2-percent increase in job training and vocational rehabilitation rates, and the conferees also agreed on a loan program that would authorize up to $600 per year per student for 5 years in loans that would be repayable at low interest rates over a period of 10 years after the termination of the veterans' education program. Additionally, 45 months of education entitlement was authorized for those veterans in pursuit of undergraduate degrees.

I personally favored extending by 9 months educational entitlement for graduate students. Ohio State University is located in my district with one of the largest of all graduate schools in the United States. I see no reason to exclude medical, dental, law, or other graduate students from receiving the benefit of the extra 9 months.

However, veterans attending school and otherwise participating in GI bill training programs are in desperate need of a cost-of-living adjustment in their monthly allowances. And in order that these increased allowances may be quickly paid to the veterans involved, I support the conference report and urge my colleagues to do likewise.

Mr. DORN. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. ROBERTS).

Mr. ROBERTS. Mr. Speaker, I commend very much the work of the distinguished gentleman from South Carolina (Mr. DORN) and the committee, and I rise in full support of this conference report.

Mr. TEAGUE. Mr. Speaker, I urge the adoption of the conference report on the veterans' education and training bill (H.R. 12628). In my opinion this bill represents a reasonable compromise. There has been some difference of opinion as to the correct rate of the increase. The conferees agreed on a 23-percent increase for GI bill trainees. I believe this is an appropriate rate because the cost-of-living index last reported for the end of August had reached 18.6 percent since the last raise. The index has been increasing in excess of 1 percent a month. It is obvious, therefore, that by the end of the year we will have reached the 23-percent rate set by the bill. By the time we are into the second half of the school year in early 1975, the index will have exceeded the 23 percent. In view of this, I think a 23-percent increase is a reasonable compromise.

As a result of the point of order made when we attempted to present a conference report several weeks ago, we reduced the rate of increase for vocational rehabilitation trainees to 18 percent. I expect to seek an opportunity to raise this rate to 23 percent at the earliest possible time. There is not a large number of veterans involved in the vocational rehabilitation program but as a matter of principle I would like to see the rate of increase the same for all groups.

It has been our experience that the education and training program is one of the best economic barometers we have, During the World War II program and later in the Korea program, during periods of recession and rising unemployment, there were substantial increases in veterans' enrollment and training. We are experiencing such an increase now.

There has been some indication that the President may not be willing to sign the bill the conference has agreed upon. In his message to the Congress a few days ago the President indicated his intention to recommend expanding unemployment compensation. He also indicated that he expects to recommend a public service jobs program for the unemployed. The employment rate among young veterans is already running substantially above the national average. I certainly think it is far more preferable to spend funds to provide adequate education and training allowances than it is to provide unemployment compensation which is essentially nonproductive and, incidentially, the unemployment compensation rate in many States is about as high as the rate in the bill we have before us.

The President has indicated some dissatisfaction with two features of the bill, namely, the loan provision and the extension from 36 to 45 months in training time. The White House has also indicated that it believes a 20-percent rate increase would be more appropriate. If these three changes were made, it would only involve about $150 million and I think this bill is too important to be vetoed over that relatively minor difference. This bill has been held up since last February. There is no excuse for it to be held up further and I certainly hope the President will consider these points when he has the bill before him.

Mr. MURPHY of New York. Mr. Speaker, the last few years have been ones of difficulty as far as consideration of our veterans needs have been concerned. These problems have reached a crisis point in the last few months, as has been demonstrated by the justified protest of our Vietnam veterans and even our older veterans who have not been treated with equal concern by our Nation as far as benefits are concerned.

Today's overwhelming 388 to 0 vote by the House passing the GI Education bill with the second conference report provisions intact will help to relieve this crisis, and provide more equitably for the educational needs of our Vietnam veterans. For example, the bill we passed today will boost monthly college assistance rates by 23 percent. A single veteran will receive a $270 a month increase from the current $220. An increase of 18 percent is also provided for veterans taking vocational education courses.

In addition to the increased educational assistance rates the bill also authorizes additional tuition assistance for veterans by providing for direct low-cost Federal loans of up to $600 a school year. Loans would be made from the $7 billion Federal National Service Life Insurance trust fund composed entirely of veterans' Government life insurance premiums. By using his monthly entitlement plus the new low interest loan program, a single veteran could receive a substantial increase in his educational funds. Loans are payable 10 years after the veteran has completed his schooling.

Under the bill passed today a veteran now has 45 months instead of the present 36 months to complete his education with benefits. Previously low monthly allowances under the GI bill have forced a number of veterans to take reduced course loads. Additional entitlement will allow these veterans to complete their baccalaureate degrees.

There would be an expansion of the veteran work-study program; improvements to various programs designed to reach and aid educationally disadvantaged veterans; and strengthened controls over abuses by certain schools utilizing deceptive advertising and sales practices. The bill also strengthens requirements for improved Federal efforts to aid unemployed veterans seeking work.

This bill; when signed into law will join another recently passed law to aid veterans. This law gives the veteran 10 years instead of the present 8 to use their education benefits. It is primarily helping 285,000 post-Korean veterans presently in training plus 4 million potentially eligible veterans who have not made full use of their GI bill entitlement.

The administration of this bill will not be inexpensive but past GI bill expenditures have been repaid many times over in the higher taxes of those whose education gave them greater earning power. It is the best kind of investment we can make in people and our economy. Most importantly our continued improvement of the GI bill will help us keep the faith with the Vietnam veterans who served when it was not always easy to serve.

Some provisions in this bill did not meet the maximum expectations of those of us seeking to rectify the unfair system of benefits we now have. I intend to work toward extending the 36 time period for graduate students as well as undergraduate students. I will introduce an amendment to increase the GI loan program to $1,000 instead of the $600 limit in the bill today; and I will introduce an amendment to provide a 23 percent increase in the monthly educational assistance rates for veterans studying in vocational schools so that they receive the same compensation as those attending colleges.

Mr. MURTHA. Mr. Speaker, as the only Vietnam combat veteran in Congress, I believe the criticism of Congressman OLIN E. TEAGUE in regard to the veterans education bill has been unfair.

As you probably know, OLIN was wounded six times in World War II and still suffers from the effects of those wounds in 1944.

Although I personally favored the Senate version of the GI benefit bill. I believe many misinterpreted OLIN's action on this bill.

By way of background, I would remind you that in his 28 years in Congress OLIN has authored more GI benefit legislation than any Member of this Congress, and he has had complete sympathy for the Vietnam veteran and his problem of readjusment.

I have been working with OLIN for the past 6 months and he has personally been in constant contact with former President Nixon and President Ford with the goal of working out a GI program that would be acceptable to everyone.

OLIN has tried to pass a bill which would be signed quickly into the law and thus begin benefits for the veteran. As a reward for this efforts at governmental cooperation, OLIN has wound up taking the heat for the White House and a few others who have dragged their feet on agreeing to an acceptable version of this bill.

I believe the latest version passed by the House and Senate is an acceptable bill. It is not everything I initially hoped for, but with this bill, we can then work for additional changes in the law. I have personally contacted the White House to urge the signing of this bill, and if it is not signed, I will help to lead an override of that veto.

I hope that veto does not occur, but if it does, I know OLIN TEAGUE will be leading the fight in Congress on behalf of the veteran, as he has for many years, and as I am certain he will continue to.

I hope this moves toward setting the record straight, because the outstanding work OLIN TEAGUE has done for the veterans of this Nation should not be obscured by this latest controversy.

Ms. ABZUG. Mr. Speaker, on August 22, 1974, a point of order was sustained which prevented this House from considering conference report No. 1303—Vietnam Era Veterans' Readjustment Act of 1974. Seldom has a point of order done so much harm. I am sad to say that the original conference report was far superior in most respects to the version that is now before this body. The prior report sought to increase from 36 to 45 the number of months over which education assistance could be paid to veterans. Of all the provisions in that report it was this 9-month extension that veterans, nationwide, most wanted and almost received. Instead, the report before the House today limits an individual's entitlement to assistance to a period of only 36 months plus an additional 9 months for undergraduate study. That is to say, those veterans who have completed their undergraduate degree in 36 months, which is normal, are precluded from receiving additional benefits for graduate study. Inasmuch as graduate school fellowships have been virtually eliminated, especially for first year students, and the need for obtaining a master's degree in many areas is essential—this compromise is no improvement over the original act: It does not provide those students who need the additional nine months of schooling with any assistance.

In addition, the original conference report permitted the veteran to borrow up to $1,000 per year from the Federal Government for educational purposes. This second conference report, however, reduces this figure to $600 per year. It is ironic indeed that a nation that loans Air France and other foreign airlines millions of low interest dollars would be unwilling to loan its own veterans an additional $400 per year. To add insult to injury, the loan provisions of the bill do not even become effective until January 1, 1975.

The Senate version of the bill provided tuition assistance. However, the conference report fails to provide the veterans with this much needed assistance.

The report merely increases the educational support assistance by 22.7 percent. That is to say a veteran without dependents would now be entitled to receive $270 per month as opposed to $220 per month. It is virtually impossible to survive in New York City on $270 per month; this is even more true if the student is forced to pay tuition.

The veterans are the victims of inflation in two senses. First, the 22.7 percent increase does not even keep pace with the rise in the cost of living; and second, the administration has consistently asserted that in order to conquer inflation, Government spending must be curtailed. Yet, I do not recall the prior administration, or even Mr. Ford while he was in Congress, raising the specter of inflation when it came time to appropriate hundreds of billions of dollars to fuel an immoral and illegal war in Vietnam. Now, however, when it comes time to pay penance for some of the human suffering caused by that war, the administration screams inflation.

What is needed is a bill that permits a veteran to attend school and obtain the training needed to succeed in our complex society. This bill does not accomplish that purpose.

I will reluctantly vote in favor of the report only because the money is needed now, and because it is all that we were given; in that sense it is better than nothing.

Mr. WALSH. Mr. Speaker, I rise in support of the conference report on H.R. 12628, and I urge my colleagues to approve it without further delay.

I feel that this report is a step in the right direction and provides much-needed benefits for today's veteran. However, it is still far from adequate.

What is desperately needed, Mr. Speaker, is legislation to provide tuition assistance. The Vietnam veteran stands today as an unequal when compared with previous veterans, particularly those of World War II. Following that war, the veteran attending college had virtually all of his tuition paid for in addition to receiving a monthly subsistence allowance. That allowance is roughly equal today to what we are now providing overall.

I believe that we owe all veterans equal benefits for equal service. I have introduced, and have been joined by a substantial number of my colleagues, legislation to provide such tuition assistance. Hearings have already been held by the Subcommittee on Education and Training of the Veterans' Affairs Committee.

The testimony presented shows that today's veteran faces a tuition, on the average, of $419 per year. About half of the veteran population is at or below this figure. After paying this average amount, the veteran may have approximately $200 left each month to live on—including rent, food, books, and other expenses.

And this is only based on the average. Once you consider all of those thousands of veterans above the national average, the picture becomes even more bleak. The higher the tuition, the lower the living expenses.

There is one other point that must be made clear. I concede that after World War II there were abuses of the tuition program then in force. Those abuses were due primarily to the fact that the money went to the colleges. My proposal would place the money in the hands of the veteran who has already shown that he is quite capable of handling it. The present benefits program sends the money directly to the veteran.

A great deal has been made of past abuses. I think it is time to look to the future, help the veteran, and take whatever steps are necessary to prevent potential abuse.

I intend to pursue this matter more fully at the earliest opportunity and press for hearings by the full committee as soon as a clean bill is reported by the subcommittee. I sincerely urge all of my colleagues to join me in this effort to provide equal benefits for equal service.

Mr. VEYSEY. Mr. Speaker, I rise in support of this most important legislation for our Nation's veterans who have served our Nation in protecting our national security.

Since the original Serviceman's Readjustment Act of 1944, millions of veterans have been able to attend a college or university by having the Government provide payments to schools for his tuition and fees, in addition to a living allowance.

The current GI bill was enacted March 1966 as the Veterans' Readjustment Benefits Act. Since that date, Congress has provided increases in the rates of allowances and other improvement of the program.

This conference report provides the further increases necessary to keep our veterans in step with the ever-rising costs of education as well as the cost of living.

Some of the most important benefits in the conference report which I support include:

First, 22.7 percent increase in monthly educational assistance allowances;

Second, 18.2 percent increase in monthly vocational rehabilitation subsistence and training assistance allowances;

Third, maximum entitlement to educational assistance extended from 36 to 45 months toward undergraduate degrees only;

Fourth, increased maximum work-study allowance from $250 to $625, commensurately increasing maximum hours of work—from 100 to 250 hours;

Fifth, provides for a full-time Veterans' representative on campus; and

Sixth, effective January 1, 1975, enactment of a supplementary loan program up to $600 yearly.

Mr. Speaker, I believe we have an effective educational assistance bill and I trust that my colleagues will join me in support of it.

Mr. TOWELL of Nevada. Mr. Speaker, as we are all aware, the Vietnam-era veterans have spent long months awaiting final congressional approval of H.R. 12628, the Veterans' Education and Rehabilitation Amendments of 1974. By all rights, those veterans who returned to school in the early weeks of September should have known what their revised benefits were at that time. Unfortunately, the lengthy debate between the House, Senate, and administration caused extensive delays in the final approval of this vital legislative measure for our Vietnam-era veterans.

I fully realize that the process of compromise is a slow and sometimes imperfect one. However, I know my colleagues in both the House and Senate will join me in assuring our veterans that we have indeed worked diligently to achieve this new compromise measure which we will soon have the opportunity to vote on.

Although the benefits provided for in this conference report on H.R. 12628 are not all that some people had hoped for, the Congress had to move within the framework of the already overburdened American economy and my colleagues and I were forced to look at many benefits in terms of cost and the ability of our economy to handle that cost. However, the important factor at this time is time itself and I again urge my colleagues to act with swift and definitive action to provide the veterans, who have waited so long, with the revised benefits which they need and deserve.

I want to take this opportunity to thank both the House and Senate conferees on H.R. 12628 for filing their conference report in spite of increased pressure from the administration to hold down costs and delay action on the legislation. To delay this legislation further, or to cut costs to the bear minimum would be unfair.

In closing, I would like to say that when the conference report on H.R. 12628 is voted on by the House today, I am confident that Congress will act positively on this legislation and restore the confidence of the American veteran by passing H.R. 12628. By this action we may assure the American veteran that the U.S. Government still remembers and appreciates the fine job that they once did for their country when we called on their help.

Mr. BRINKLEY. Mr. Speaker, I rise in support of much of the conference report on the Vietnam Era Veterans Readjustment Act of 1974. This legislation will increase the rates of vocational rehabilitation, educational assistance, special training allowances to eligible veterans and other persons and will make improvements in the educational assistance programs.

I am keenly disappointed, however, that the nine additional months of GI bill entitlement is restricted only for pursuit of undergraduate college education. Excluding the graduate level programs is discriminatory against many veterans, some of whom went to school at night and others who took correspondence courses at their own expense in order to supplement their educational training. They have received their bachelor degree and are now attending graduate and law schools to prepare for better job opportunities.

Therefore, as a member of the Veterans' Affairs Committee and as a Member of Congress, I will support any and all efforts to correct this inequity today, or later. Surely we ought to recognize that this, too, is an important investment which will pay rich dividends in the future. An omission will interrupt the career goals of many of our brightest, most dedicated and ambitious young men. It is being pennywise and pound foolish. Does not the House receding on the Senate amendment actually provide incentive for students to take it easier in undergraduate school?

Mr. BIAGGI. Mr. Speaker, I rise in support of the conference report on H.R. 12628, the Vietnam Era Veteran Readjustment Act of 1974. Passage of this legislation will represent the most important legislative accomplishment for the American veteran since the establishment of the GI bill more that 25 years ago.

I must admit that it is also with a sense of relief that I support this bill. Relief in the fact that we will now be able to put 8 months of intensive bickerings aside, and instead present 11 million veterans with the package of improved educational benefits that they have so desperately been seeking.

The provisions of this legislation are complex in content but will have a profound effect on the future educational opportunities for the Vietnam-era veteran. The problems which these veterans have been encountering trying to obtain an education has been a national disgrace. We stand to rectify these injustices with the passage of this legislation today.

First and foremost, 11 million post-Korean war and Vietnam-era veterans will be receiving an immediate 23-percent increase in educational benefits, which will be retroactive to September 1, a provision which will be of great relief to the many veterans who returned to classes uncertain of what their monthly educational benefits would be. For those veterans taking vocational and rehabilitation training the increase will be 18 percent, but I am pleased to see that the report specifies that these sums be supplementary to the payments of all tuition, books, and supply costs.

What the increase will mean in dollars and cents is: For a single veteran, his monthly education benefit will be increased by $50 to $270; a married veteran with a child will receive an increase of $68 to $366, with each additional child warranting an increase of $22.

I am pleased to see that the efforts of the New York congressional delegation and others were successful in maintaining two key provisions of this legislation which were threatened with extinction by the House leadership. The first of these concerns the establishment of a loan program to be funded from the general treasury to provide assistance with tuition costs. Without a doubt, tuition rates are the single biggest educational expenditure for veterans today.

As a result of the dramatic increase in tuition costs, we found many of our eligible Vietnam veterans choosing not to pursue their educations because the costs had become too prohibitive. In my home city of New York, with its exceedingly high education costs, recent figures indicate that less than 10 percent of the over 300,000 Vietnam-era veterans were using their GI bill benefits to pursue an education. For the entire State of New York the figure was barely better—only 20 percent.

This bill addresses itself directly to this problem by providing loans of up to $600 for those veterans unable to get added help from other Federal programs. As a cosponsor of legislation to provide tuition loans of $1,000 to veterans, I was somewhat disappointed with the $600 figure, but I will push for an increased figure during the next Congress.

Finally, the third key provision of this legislation concerns eligibility of veterans to complete their undergraduate degree. Under the terms of this bill, veterans who are specifically working for an undergraduate degree and who exhaust their 36 months of entitlement, will be allowed to continue their studies for an additional 9 months.

It has indeed been a long and oftentimes bruising legislative battle which has finally brought us to this point today. Many of you may recall my efforts several months ago to extract the provision to extend veterans educational benefit eligibility from 8 to 10 years. These efforts were successful when the House and Senate passed such legislation assuring some 300,000 Vietnam-era veterans continued benefits.

Yet, Congress cannot be entirely criticized for the inordinate delay in the passage of this legislation. We were trying in most instances to develop a comprehensive package of benefits which would address itself to all facets of the educational problems of veterans, while at the same time meet the approval of the administration which was trying to hang the term "inflationary" on this bill. I am pleased that we have accomplished our goals here today and have done so not a moment too soon, since some 6 weeks have already elapsed in this present school year, and many veterans are perched on the brink of poverty due to educational costs.

It was imperative that we in Congress reverse the negative trend of reduced numbers of Vietnam-era veterans attending college despite the fact that over 70 percent of these veterans had completed high school. In today's complex and competitive world, the importance of a college education cannot be emphasized too strongly. The Vietnam veteran is acutely aware of this problem. Many of them spent the prime of their educational and employment lives in Vietnam and returned to the States with an uncertain future. They were sure of but one thing: they wanted to complete their educations. Yet, instead of the open arms which greeted other returning American servicemen, the Vietnam veteran found closed doors and limited opportunities.

Mr. Speaker, this legislation will grant these brave Americans the opportunity to pursue the education of their choice. I applaud the efforts of the distinguished gentleman from Texas (Mr. TEAGUE) as well as the other members of the conference for their perseverence and commitment to reporting out a decent and comprehensive legislative package. No group is more deserving of assistance than the brave men who served our Nation in the Vietnam war. They have waited patiently for this day to come, and I hope this epic chapter of legislative history can be completed today. I urge the swift and overwhelming passage of this bill today and the prompt signature of the President in time to make Veterans' Day 1974 a truly historic and memorable day for American veterans.

Mr. ZWACH. Mr. Speaker, I rise in support of the conferee's agreement on H.R. 12628, the Vietnam Era Veterans' Readjustment Assistance Act of 1974. As my colleagues know, this legislation has had a stormy past ever since the House sent the original bill to the Senate in February of this year. Today, we are considering the product of a second conference. It provides much needed financial relief for our veterans participating in educational training programs. It should also encourage veterans to participate who heretofore have felt they could not afford it. For the college student, the educational allowance rate will be increased by 22.7 percent. Training assistance and vocational rehabilitation subsistence allowances will be increased by 18.2 percent. The effective date of these allowances is September 1, 1974.

The bill creates a loan program which will make available an amount not to exceed $600 in a school year to those veterans who have not been able to obtain an adequate loan through other Federal student loan programs. The program will become effective on January 1, 1975.

Another important aspect is a 9-month extension of maximum entitlement to educational benefits. At present, it is 36 months, but under this bill it will go to 45 months. The additional 9 months, however, would be limited to those veterans striving for an undergraduate college degree.

Also in the area of entitlement is a provision permitting the initial 6 months of active duty for training in the Reserve and National Guard to be counted for entitlement to educational benefits when followed by at least 1 year of full active duty.

In addition, the bill provides for refinements and improvements in administering the existing laws in an effort to make certain that eligible veterans are given every opportunity to utilize their maximum entitlement to the various benefits offered.

I intend voting for this very meritorious and long-awaited legislation.

Mr. HILLIS. Mr. Speaker, I rise in support of H.R. 12628 as agreed to by the conferees. This legislation is long overdue. Those most vitally concerned are the veterans attending colleges and universities. They will receive an increase in their educational allowances of 22.7 percent. Vocational and rehabilitation subsistence and training assistance allowances will be increased by 18.2 percent. The maximum entitlement to educational assistance will be extended from the present 36 months to 45 months. The additional 9 months, however, may be used only in pursuing a program leading to an undergraduate degree.

Another improvement in the educational program will make loans available to those veterans working toward college degrees, or those enrolled in courses of 6 months or longer duration, which lead to predetermined professional or vocational objectives. These loans may not exceed $600 in a school year, and may only be made in those instances where the veteran has been unable to obtain a loan in the full amount he requires under any other Federal student loan program.

There are other very desirable features in this bill, which I also endorse. I intend to vote in favor of this very necessary legislation.

Mr. SCHERLE. Mr. Speaker, I have a real problem of equity in this conference report H.R. 12628 with respect to the inclusion of a provision extending undergraduate educational benefits to 45 months without a corresponding extension of graduate benefits. The distinguished members of the House/Senate conference must have felt that members of the military who had already completed their college course made a proportionately smaller contribution to the Nation's security; I would disagree.

It would be unconscionable to defeat this bill now on account of this inequity because the result would be to deprive vets of these needed benefits, but I am introducing today a remedial bill which will equalize the educational benefits for graduate education programs. I hope all of you will join me in support of all our vets in the American tradition of equal treatment.

America needs the contributions its best educated young people can make. America has already benefited by the military contributions its best young people have already made.

Mr. GILMAN. Mr. Speaker, on several occasions I have urged the members of the Veterans' Affairs Committee and the conferees to take expeditious action on the conference report on H.R. 12628, the Vietnam Era Veterans Readjustment Assistance Act of 1974, so that our deserving veterans could proceed with and finalize their school plans.

Since we are now well into the fall, the necessity of our favorable consideration **of this conference agreement is critical. Although the conferees' decision to increase benefits for educational training to 23 percent, retroactive to September 1, 1974, for up to 45 months, is a welcome one to those veterans pursuing undergraduate studies, it still discriminates against those who desire advanced education. Accordingly, today I am joining with my colleague from New York (Mr. WOLFF) in sponsoring legislation which will permit educational assistance up to 45 months for eligible veterans pursuing graduate degrees. We are currently gathering support for this measure.

Also of major significance in this conference report is the 18-percent increase in vocational rehabilitation benefits which will restore the ability of our disabled veterans who sacrificed so much to earn a decent living.

Additionally, the provision for loans of up to $600, financed by the VA general fund, will substantially increase the ability of the Vietnam veteran to remain in college and avail himself of the opportunities of higher education.

We must no longer delay enactment of this long overdue measure to benefit our Vietnam veterans, as we have benefitted our veterans of former wars.

Since this assistance is so critical to the needs of our veterans, I am urging unanimous support by my colleagues of this conference report on H.R. 12628.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I rise in support of the conference report on H.R. 12628, the Vietnam Era Veterans' Readjustment Assistance Act of 1974. This report is the product of a long and difficult legislative struggle, which began almost exactly 1 year ago when I offered amendments to the original subcommittee draft of this legislation, to provide a further increase in monthly payments beyond what was then contemplated, to extend the period of entitlement to 10 years, and to establish a Vietnam Era Veterans' Communication Center to improve VA services to younger veterans.

The legislation before us today is a compromise, which for the time being gives the veteran going to school under the GI bill a better chance to meet today's costs of living.

Our goal has been to provide veterans of the Vietnam conflict with education assistance on a par with veterans of other wars. These veterans who answered their Nation's call to service deserve nothing less, and in my judgment this Congress owes them the same opportunity to go to school that previous Congresses provided other veterans.

As I said, this report is a compromise, worked out under the pressure of time. Not only is this Congress in its last hours, but also there are millions of veterans in school who desperately need some increase in their benefits.

I do not look on this bill as the final chapter in the task of improving the GI bill. For example, the conferees were not able to agree on a program of direct tuition assistance, even though I and several of my fellow conferees argued strongly in favor of such a program. I am the author of a direct tuition bill, H.R. 10818, as well as the cosponsor of **another such bill, H.R. 11545, with several of my colleagues on the House Veterans' Affairs Committee. Further as** the ranking Republican member of the Education and Training Subcommittee, which is chaired by my distinguished colleague, Mr. HELSTOSKI of New Jersey, I expect that we will pursue the direct tuition issue early in the next session.

At this point, however, it is vital for the veteran in school that we enact this report. There are a number of provisions which are needed now:

A 22.7-percent increase in the monthly subsistence allowance for veterans attending institutions of higher learning, as well as an 18.2-percent increase in the allowance for veterans enrolled in vocational rehabilitation programs;

The provision of 9 additional months of allowance payments to give the veteran who has had to work while going to school more time to earn his undergraduate degree. I am particularly proud of this provision, which I originally proposed last autumn after a series of discussions with veterans in my congressional district, notably in Taunton and Fall River;

The creation of a new loan program, to give veterans in high-cost schools supplementary assistance up to $600 a year, at interest rates paralleling the well-established federally insured student loan program under the Higher Education Act. This new assistance is a significant step forward in making the GI bill more responsive to the steadily increasing cost of attending school;

An increase in the maximum work-study allowance from $250 to $625, and a coordinate increase in the maximum allowable hours of work from 100 to 250. This is in recognition of the increased use of work-study as an effective educational tool, as well as a practical way to help veterans evaluate career opportunities.

Other provisions which we have included are significant improvement as well. For example, we have authorized the VA to locate a full-time VA employee at each school where there are more than 500 veterans enrolled. This should greatly improve the communication between the VA and young veterans. I cited this problem in proposing a Vietnam Era Veterans' Communication Center, which the House adopted in its first version of this legislation. I am glad to see the final version of the bill going in much the same direction.

We also addressed ourselves to the serious problem of abuse of the GI bill programs. To a large extent, our concern resulted from an excellent investigation conducted by the Spotlight Team of the Boston Globe last March of alleged fraud in vocational assistance payments to several schools in the Boston area. The conference report strengthens the certification procedures used by the VA to insure that only those vocational schools showing a 50-percent graduate placement record over the previous 2 years may participate in the VA's programs. I believe that the inclusion of this provision gives the VA a mandate and a clear responsibility to make sure that veterans are not deceived by the unscrupulous. If this mandate is not carried out by the VA, I shall initiate oversight hearings to insist that it be honored.

For their part, the editors and reporters at the Globe who conducted the investigation deserve the Congress' gratitude for uncovering such pernicious activities.

Mr. Speaker, this is a large step forward in putting Vietnam era veterans on a par with other veterans. It gives us a strong platform from which to build an even better program to educate and rehabilitate our veterans, who have given of themselves for all of us.

Mr. FRASER. Mr. Speaker, I want to indicate my support for the Vietnam Era Veterans' Readjustment Assistance Act. This legislation does not do all that it should, but it will provide a more realistic level of education benefits for Vietnam veterans, many of whom are finding themselves priced out of college and vocational training programs.

Mr. Speaker, several school officials in my district have raised questions about the provisions in this bill which extend for 9 months the eligibility period for those veterans who are working towards baccalaureate degrees. These officials wanted to know if the 9-month extension will apply to students enrolled in extended undergraduate professional programs, such as pharmacy and physical therapy, where a baccalaureate degree is not received until completion of a 5- or 6-year course of study.

I am pleased to learn that the House managers for H.R. 12628 have indicated that the 9-month extension will, in fact, apply to veterans who are enrolled in these undergraduate professional programs.

Mr. BAUMAN. Mr. Speaker, I am pleased to express my support for the conference report accompanying H.R. 12628, Vietnam-Era Veterans' Readjustment Assistance Act of 1974. We should all give appreciation to the members of the conference committee who have labored on this much needed legislation since midsummer. Certainly, adoption of this report by the House and approval of the measure by the President will be greeted with enthusiasm by the many qualified veterans who will be able to use these badly needed increased educational assistance and training allowances and the vocational rehabilitation subsistence allowances which are provided for in this legislation.

This country certainly owes to its many fine veterans who served with honor in the Armed Forces during one of our longest and most controversial wars, the best educational, and related assitsance which this country can provide. This conference agreement grants that assistance and provides for an increase in monthly educational assistance allowances of 22.7 percent; an increase of 18.2 percent in the monthly vocational rehabilitation subsistence and training assistance allowances; an extension in the entitlement period for educational assistance for eligible veterans from 36 to 45 months; provisions to strengthen the provisions of existing law providing educational assistance for vocational education courses; and a supplementary loan program in a maximum yearly amount of $600 to cover educational costs not otherwise provided for by other Federal loan or grant programs. It is my understanding that the educational rate increases under this legislation will be retroactive to the beginning of the school year and that the new loan program will be effective as of November 1, 1974. This legislation will provide many of our veterans with the necessary financial assistance to allow them to complete their courses of study and in a small way compensate for the period of time they served in the defense of our country.

Mr. BOLAND. Mr. Speaker, the House-Senate conference report on H.R. 12628, the Veterans' Education and Rehabilitation Amendments Act of 1974, now before us has had a stormy history. The bill has been shunted back and forth between this body and the Senate a number of times over the issue of how much of an increase in benefits we were going to approve for our Vietnam era veterans who were students or disabled, or both.

The compromise reached by the conferees goes a long way toward providing adequate increases in educational benefits. These will rise by 23 percent and will initiate retroactively on September 1, 1974. The period during which veterans who are students will be eligible to receive educational benefits has also been extended, from the present 36 months to 45 months. The Congress has already passed a law which increases the eligibility period during which educational assistance can be given veterans from 8 to 10 years after separation from the service.

Unfortunately, however, H.R. 12628 does not contain an across-the-board 23-percent increase in all veterans' educational and rehabilitation benefits. Rehabilitative training benefits will be increased by 18 percent, also retroactive to September 1. And a new low interest loan program which had been proposed at the maximum level of $1,000 per year has been reduced to $600 per year and then only when all other forms of Federal financial assistance have been exhausted.

Along with many other Members of the House I urged the conferees on this legislation to provide an across-the-board 23-percent increase in all the benefits covered by the bill, an extension of benefit periods from 36 to 45 months and a $1,000-per-year, low-interest loan for veterans pursuing educational degrees. I felt these higher figures and wider benefits would not impede the battle against inflation. Instead, I was convinced that the full range of benefits I supported would greatly help avert the pinch of inflation on those veterans who wish to educate themselves and have no other means of doing so. At the very least, with judgments as to whether to grant the full extent of these benefits hanging in the balance, I was convinced that the great service, the very real sacrifices these men and women endured for their country ought to tip the scales in their favor.

My efforts and those of the Members with whom I joined in making that plea have not been completely successful. We can take pride, I believe, in the strides forward represented by the figures in this bill. Nonetheless, we are going to have to continue to strive for adequate and equitable benefits for all veterans who, like certain other groups in our society, are particularly vulnerable to the steep rise in educational costs and the price of living because of the relatively fixed nature of their benefit schedules.

I therefore urge passage of H.R. 12628 as amended in conference. At the same time I feel we should all realize that these increases must be reexamined in the near future in the light of increased inflation and the economic hardships faced by our veterans so that we can reassess the veterans' benefit schedule and make any changes that appear necessary.

Mr. DORN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. HAMMERSCHMIDT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 388, nays 0, not voting 46, as follows:

[Roll No. 598]

YEAS—388

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Diggs
Dingell
Dorn
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Gray
Green, Oreg.
Green, Pa.
Griffiths
Gross
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Howard
Hudnut
Hungate
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kyros
Lagomarsino
Landgrebe
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel
Rarick
Rees
Regula
Reid
Reuss
Rhodes
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stokes
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—0

NOT VOTING—46

Blackburn
Brasco
Burke, Fla.
Carey, N.Y.
Clawson, Del
Conable
de la Garza
Dickinson
Donohue
Duncan
Hansen, Idaho
Hébert
Hosmer
Huber
Hunt
Johnson, Colo.
Kuykendall
McDade
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Mitchell, Md.
Moakley
Mollohan
Passman
Podell
Powell, Ohio
Pritchard
Riegle
Roncalio, Wyo.
Rooney, N.Y.
Snyder
Steele
Stephens
Stratton
Stubblefield
Stuckey
Symms
Towell, Nev.
Veysey
White
Whitehurst
Wilson, Charles H., Calif.
Wright
Young, S.C.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Mills.

Mr. Rooney of New York with Mr. Powell of Ohio.

Mr. Passman with Mr. Hosmer.

Mr. Wright with Mr. Steele.

Mr. Charles H. Wilson of California with Mr. Snyder.

Mr. Stratton with Mr. Blackburn.

Mr. Stephens with Mr. Hansen of Idaho.

Mr. Carey of New York with Mr. Veysey.

Mr. Donohue with Mr. Kuykendall.

Mr. Riegle with Mr. Conable.

Mr. White with Mr. Dickinson.

Mr. de la Garza with Mr. Huber.

Mr. Moakley with Mr. Duncan.

Mr. Mitchell of Maryland with Mr. Stubblefield.

Mr. Stuckey with Mr. Mathias of California.

Mr. Hunt with Mr. Minshall of Ohio.

Mr. Whitehurst with Mr. Symms.

Mr. Young of South Carolina with Mr. Burke of Florida.

Mr. Mollohan with Mr. Roncalio of Wyoming.

Mr. Michel with Mr. Towell of Nevada.

Mr. McDade with Mr. Pritchard.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

OPPOSITION TO THE CONGRESSIONAL RECESS

Mr. HEINZ. Mr. Speaker, on Tuesday President Ford declared he would "not play politics with America's future." Yet, Congress is planning to stop all work to take a 1-month recess starting tomorrow, October 11.

With unemployment increasing and inflation continuing at a record rate, there is no alternative but to stay here in Washington and work on the problems of the American people. More specifically, there are literally dozens of vital bills for Congress to pass. Among the most important which Congress has failed to act on are:

Cutting the swollen Federal budget;

Taking action on the Ways and Means Committee's tax reform legislation;

Acting to make more mortgage money available for housing;

Considering needed health legislation; and

Fulfilling our constitutional responsibility to make a speedy determination regarding a Vice President.

While I realize many Members want to go right home to campaign, it is still wrong to leave the American people in the lurch. At least 50 other Members of the House have already expressed their concern by joining me in signing a "dear colleague" letter. Accordingly, I hope the House will join in voting "no" when the resolution to recess comes to the floor for a vote.

RE-REFERENCE OF H.R. 17193 TO THE COMMITTEE ON APPROPRIATIONS

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations be discharged from the further consideration of the bill H.R. 17193 to provide for joint action by the executive and legislative branches to limit outlays from budget authority for the fiscal year 1975, and for other purposes, and that the bill, without prejudice to the jurisdiction of the Committee on Government Operations, be re-referred to the Committee on Appropriations.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERSONAL STATEMENT

Mr. WAMPLER. Mr. Speaker, on the vote on the conference report on the Senate bill, S. 3044, the Federal Election Campaign Act Amendments of 1974, I was unavoidably absent. Had I been present, I would have voted "yea."

INTERNATIONAL NUCLEAR AGREEMENT CONGRESSIONAL REVIEW ACT

Mr. PRICE of Illinois. Mr. Speaker, I call up the conference report on the Senate bill (S. 3698) to amend the Atomic Energy Act of 1954, as amended, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 19, 1974.)

Mr. PRICE of Illinois (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ANDERSON of Illinois. Mr. Speaker, I think the House has already heard an adequate explanation from the chairman of the Joint Committee on Atomic Energy as to what is included in this conference report. I rise simply to join him in urging the House to adopt this report.

It is my understanding that there will be an effort made to recommit the conference report and to assist on a House amendment in the nature of a substitute that would provide that these agreements calling for the transfer of special nuclear materials would have no force and effect unless prior approval had been obtained from the Congress, but I think as we demonstrated and as we argued when this matter was before the House previously, administratively this would pose enormous problems for our country, and that when we substituted for that kind of language a provision that does give us a 60-day period to review any of these agreements and then an opportunity to vote to veto those agreements, I think we are protecting the prerogatives of the House with respect to these matters.

I would hope therefore that if any such motion is contemplated and indeed is offered that it would be rejected and that the House would join in approving the conference report.

Mr. PRICE of Illinois. Mr. Speaker, I yield 10 minutes to the gentlemen from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Speaker, I thank the distinguished gentleman for yielding this time.

It is with a great deal of trepidation that I rise here to announce that at the proper time I shall move to recommit to the Committee of Conference the bill S. 3698 relating to international agreements having to do with the United States supplying nuclear reactors and materials to other nations with instructions to the House managers that they insist upon the provision of the bill passed in the House.

Such trepidation arises from the fact that I shall have to oppose the distinguished gentleman from Illinois (Mr. PRICE), who among perhaps a half a dozen Members of the House commands its maximum respect, a man whose integrity so transcends partisanship that his influence is less affected by the center of the aisle than in the case of any other Member. I should not dare to offer this motion to recommit, but for two circumstances. First, the point which I shall make in support of the House position on the bill is based upon a very specialized area of knowledge relating to constitutional law and not to expertise in the nuclear field.

Second, we are here making a decision which in the long view of history will very likely be the most significant one in this term of Congress and perhaps in our entire congressional careers. The constitutional point is this: When a decision essentially legislative in nature is deferred in any act to a later time, then to be acted upon by concurrent resolution, that concurrent resolution is subject to Presidential veto.

Now, let me apply this proposition to the two approaches, the one by the Senate, which is embraced in this conference report, and the other by the House. The Senate approach permits affirmative determination to export nuclear materials to stand if the same is not legislatively vetoed by a concurrent resolution of the House and the Senate.

The House approach is to require affirmative action by the House and Senate by a bill as a precondition to the carrying out of the agreement.

Therefore, under the Senate and conference report provisions, the following scenario is possible—and I want the Members to hear me on this and see if they do not agree with me, as I said earlier, that this may be the most important bill of this term of Congress and perhaps of our entire period in Congress.

The President may decide to send nuclear materials to Egypt and implement his decision by an agreement for cooperation. Such must be submitted to Congress and referred to the Joint Committee on Atomic Energy. Within the period of 60 days allowed for such action, Congress by concurrent resolution states that it does not favor the proposed agreement. The President then, asserting his authority under article I, section 7, vetoes the concurrent resolution, asserting that it is a resolution to which the concurrence of the Senate and the House of Representatives is necessary and must, therefore, be presented to the President of the United States and approved by him before it shall take effect.

Now, in making that statement, I have quoted almost verbatim from the language of article I, section 7, second paragraph, of the Constitution of the United States. If the concurrent resolution is not sent to him, he simply treats it as a nullity and sends the nuclear materials to Egypt anyway.

I think under the language of the second paragraph of article I, section 7, he is justified in insisting that the concurrent resolution must be approved by him and on this point I am supported by constitutional authorities. (See 66 Harvard Law Review 569, Robert W. Germain, the Control of the Federal Administration by Congressional Resolution and Committees.)

But now, hear this. There is an argument on the other side which has been advanced. It has never been finally tested in the courts. The closest test that I have been able to find is in a decision in New York relating to a like provision for the termination of legislation by a condition subsequent by an action of the New York Legislature. The New York Constitution is almost identical to the Federal Constitution on the veto authority of the executive, except that it does not specifically provide, as the second paragraph of section 7 does, that a concurrent resolution cannot be just called that and thus avoid Presidential authority to approve or to veto.

The court in that case said:

> A concurrent resolution of the legislature is not effective to modify or repeal a statutory enactment. To repeal or modify a statute requires a legislative act of equal dignity and import. Nothing less than another statute will suffice. A concurrent resolution of two House is not a statute. It resembles a statute neither in its mode of passage nor in its consequences. But more important, its adoption is complete without the concurrent action of the Government, or lacking this, passage by a two-thirds vote of each House of the legislature over that veto.

Now, Members of the House, the real test is, is the act a legislative act? Has Congress reserved to itself the independence to call back or to alter an authority granted on the basis of policy questions which later arise? If Congress has done so, then clearly the act of withdrawing or denying the authority to send the materials to Egypt upon bases of facts that then arise, that act is just as legislative as any statute that we pass at any time and is therefore subject to veto. There is no way we can get around that.

What could be a more serious legislative policy determination than the question of whether or not we should give a nation, not now having nuclear capability, reactors and other nuclear materials under the authority of an existing statute? We will have granted it by this act, but we will have purported to withdraw it by concurrent resolution. I submit to the Members that the withdrawal is an initial exercise of legislative discretion on the facts then before Congress; that when that which we reserve to ourselves is of such dignity and of such nature as to be a legislative act then such is subject to veto under article 1, section 7, and particularly under paragraph 2 thereof.

There is no avoiding it. What this means, then, is that when we say that we are reserving to ourselves an independent review of Presidential action, we are simply creating a mirage, because the President can completely overturn our review by veto. It would have been far better had we delegated the condition subsequent to the Committee on Atomic Energy. In that event, we would have divested ourselves of a later determination of a legislative nature, but would have created in the original statute a condition subsequent by which the power could be withdrawn.

Members may say, and some have argued, that if we can delegate to somebody else the determination that a law is not to go into effect, we may delegate such determination to ourselves. But if Members think about this question for a moment, they will see the fallacy of that argument.

The fallacy is this: In that instance, we divest ourselves of any opportunity later to judge, so we have had to make our legislative determination in the first instance. We cannot draw it back. We are not opening the decision to a later legislative act. We are creating a condition subsequent over which we no longer have control.

But if we do not finally divest ourselves of this opportunity to make a later legislative judgment, this withdrawal of authority is an independent essentially legislative decision and is therefore subject to veto.

Mr. PRICE of Illinois. Mr. Speaker, the gentleman from Texas has indicated the importance of this bill. He agrees with the importance of the bill upon which this conference report is based. If it is important, then the House wants to enact it into law.

I submit that if the motion of the gentleman from Texas should happen to carry, there is little possibility of this resolution being enacted into law. As to the points raised by the gentleman from Texas there are many examples of legislative acts which have the effect of law without a Presidential signature. Perhaps the most notable is the ability of Congress to veto executive branch reorganization plans, or executive reorganization matters. Other examples are amendments to the Constitution of the United States, and to spend money appropriated for the use of the Congress.

Further, most of the important legislation enacted for the prosecution of World War II provided that the power granted to the President would come to an end upon adoption of concurrent resolutions to that purpose.

In each of these instances, as in the case of this resolution, the President must sign this particular bill and when he does sign it, he places his approval on the further action under it including the power of Congress to reject agreements through concurrent resolutions.

My distinguished colleague from Texas asserts that provision for invalidating proposed agreements by concurrent resolution is ineffective because article I, section 7, clause 3, of the Constitution, in his opinion, gives the President the authority to veto such concurrent resolutions.

This suggestion is not in accord with authoritative constitutional law. I do not intend to discuss this complex question in an exhaustive way. This certainly is not a place to get into an all-out debate on the constitutionality of it, but I will outline the agreements contra, and include a list of references for those who are interested in a more detailed review.

There are many exceptions to the requirements of section 7 that all measures which require the approval of both Houses of Congress must be submitted to the President for approval or veto. For instance, although no provisions of the Constitution specifically exempts constitutional amendments from this requirement, they have never been submitted to the President, and this practice was sanctioned by the Supreme Court as far back as 1798. Other examples include resolutions expressing the opinion of Congress or dealing with matters dealing with Congress. Concurrent resolutions have never been submitted for Presidential veto or approval.

When the President signs this bill he sanctions the concurrent resolution approach. If the Members of Congress want the chance to act on agreements for cooperation that they do not now have they should reject any attempt to recommit this bill under present law agreements before the Joint Committee on Atomic Energy for 30 days. The committee can express its approval or disapproval, but the Executive is not bound by the final decision of the committee.

Under this bill the full Congress has the opportunity to disapprove or to agree and I believe its decision would be followed by the Executive's. I think the Congress would be passing up a golden opportunity if we do not support the resolution before us today.

Mr. KETCHUM. Mr. Speaker, will the gentleman yield?

Mr. PRICE of Illinois. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Speaker, I rise in support of Mr. ECKHARDT's motion to recommit to conference S. 3698, the bill for congressional review of international nuclear agreements, with instructions to insist on the House position.

To my way of thinking, the conference report on this bill is totally unacceptable. The House position, well enforced by the Long amendment, required active congressional approval of the transferal of nuclear technology. This position has been lost in conference. With the exception of the Senate-added "antifilibuster" provision, this bill is substantially the same as H.R. L5582, the Joint Committee's reported bill, originally was.

Earlier this year, I enthusiastically endorsed my colleague, Mr. LONG's amendment, which would mandate congressional approval of all such nuclear agreements. As I have said before, the House-passed bill demanded congressional action; the conference report, on the other hand, will permit us not to act.

I am aware of the fact that many of my colleagues in the House had ready amendments similar to Mr. LONG's; they were withdrawn as unnecessary with the addition of the Long amendment. I am sure that we all had hoped a rational, acceptable compromise would emerge from conference. As it has been pointed out, we all know that Senator PROXMIRE's amendment, similar to Mr. LONG's, was only narrowly defeated in the Senate. There was considerable Senate support for Mr. PROXMIRE's amendment to the Senate version of the bill. What we have from conference is not a compromise—the House conferees have simply failed to support the position of this body.

We are all aware of the dangers inherent in transferring our technology to foreign nations. Many experts from the State Department have gone out of their way to try to convince us that our international agreements and safeguards would prevent such nations from entering the nuclear arms age—but India has.

If we are truly interested in distributing good will, why must it be in the form of nuclear technology? Middle Eastern nations, for example, occupy an area rich in fossil fuel, as well as rich in sunlight. Why not provide them with a plant to develop this fuel, or equip them to develop solar energy? Their economies would be enhanced by either of these gifts, yet we would not be irresponsibly proliferating our valuable nuclear technology.

Speaking for myself, I feel that any such transfer of power should be carefully considered, and voted upon, by Congress. Therefore, I see this conference report as a weak and inadequate stand-in for the position of this House. I strongly urge that S. 3698 be recommitted to conference, and sincerely hope that a more acceptable and responsible piece of legislation will emerge.

Mr. PRICE of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. LONG).

Mr. LONG of Maryland. Mr. Speaker, I thank the gentleman from Illinois for giving me the 5 minutes. I support the gentleman from Texas in his persuasive arguments. The House conferees have not met their obligations to protect the House position to require prior approval of all nuclear agreements by act of Congress, despite very substantial sentiment in both bodies for this congressional control. The House conference has presented us not with a compromise, but with a surrender. It has not protected the prerogatives of the House. No substantial difference actually exists between the bill reported to the House, H.R. 15582, by the Joint Atomic Energy Committee, and the bill S. 3698, as submitted by the conference.

The addition of part of the so-called Senate antifilibuster provision does not in fact insure that the Congress will be able to vote on every future international nuclear agreement.

For example, if the Joint Atomic Energy Committee reported a resolution on a proposed nuclear agreement and if the chairman or the leadership refused to bring the resolution up for a vote—because they feared losing the vote—what could the House do? Nothing. After 60 days, the agreement would go through anyway under the bill which the conferees are presenting to us.

Let me point out that the chairman is arguing that if the President signs this bill, he is really conceding that this is the equivalent of signing any future concurrent resolution.

I doubt very much that anyone can find in any court decision in the past, support for this very interesting theory that the President has given up his right of future veto by signing a bill at this time.

Of course, what the gentleman from Texas (Mr. ECKHARDT) and what the rest of us want to do and what was intended in the original Long amendment is to bite the bullet now. If we get his signature now on a bill containing the Long amendment we have a law under which congressional approval will be required in the future before any agreements can be made.

If we accept the bill as it comes from the conferees, we will be helpless in the face of whatever future decision the President may make. In other words, we let the decision go to the future, and that, I think, is not the job of this Congress.

Chairman PRICE, in his "dear colleague" letter of September 16, gave reasons for the conferees' decision to recede and agree to the Senate version of S. 3698.

First, he sited opposition to the Long amendment from the Atomic Energy Commission, the State Department, and the Defense Department as expressed in letters from Chairman Dixy Lee Ray of the AEC, Assistant Secretary of State Linwood Holton, and the Pentagon's General Counsel Martin Hoffman.

According to Chairman PRICE these agencies argued that the Long amendment's requirement of congressional approval of all nuclear agreements "would undermine the Government's negotiators, would tend to result in international proliferation of nuclear weapons by sending customers of nuclear technology to less careful supplier nations, would endanger the security of the NATO alliance, and is questionable on constitutional grounds."

I have studied the statements from the AEC, State, and Defense and have questioned them on their arguments.

The Agencies' expressed fear that the Long amendment, if enacted, would undermine the Government's negotiators and endanger the security of the NATO alliance is based on the argument that Congress might not act in a timely fashion in renewing military or civil use nuclear agreements or in approving new agreements.

However, when I asked each of these agencies by letter why they felt that they could not persuade the Congress to act within a reasonable time, they could not provide satisfactory answers. They could say only that Congress might not schedule action on nuclear agreements quickly because of the many priorities that Congress has.

But surely, if the nuclear agreements that the administration wants are good ones with adequate nuclear safeguards and are important to the U.S.'s national interests, the Congress would act responsibly. What is the administration afraid of?

Related to this argument of timeliness, opponents have argued that to require approval of all nuclear agreements would bog Congress down in approving new agreements and amendments or renewals of existing agreements.

But if many of these agreements would be routine, predictable, and relatively noncontroversial, the obvious course would be for the administration to request and for the Joint Committee to report an omnibus nuclear agreements bill at the beginning of each session—such as the omnibus public works rivers and harbors bill.

An omnibus nuclear agreements bill is perfectly acceptable under the Long amendment. The Long amendment's wording that each nuclear agreement must be "specifically approved by act of Congress" means only that each nuclear agreement must be specifically mentioned—whether in an Omnibus bill or in an individual bill—not that each nuclear agreement must be approved by a separate act of Congress.

The argument by the Atomic Energy Commission that the Long amendment raises constitutional questions is without foundation. Chairman Ray of the AEC argues in her letter to Chairman PRICE that the Long amendment is constitutionally questionable because—

> It has the effect of permitting one House of the Congress to nullify the efforts of an international negotiation . . . the results of which were satisfactory to both the President and the other House.

This is known as the "one House veto argument." However, when my staff called the AEC's legal office, the AEC could not offer any citations nor could they provide a legal memo in support of this argument. In fact, their argument is completely specious.

Obviously, Congress can require approval of all nuclear agreements by an act of Congress if it wishes to.

The AEC's argument that the Long amendment raises constitutional questions is really a smokescreen to divert attention from the serious constitutional problems of the Joint Committee's use of a concurrent resolution for disapproval of nuclear agreements—constitutional problems which my colleague from Texas (Mr. ECKHARDT) has so ably and eloquently argued.

The Agencies' argument that enactment of the Long amendment might encourage international proliferation of nuclear weapons by sending customers of technology to less careful supplier nations is absurd. It is rather the absence of the Long amendment that will encourage nuclear proliferation. Without the Long amendment, Congress will not be assured a vote on nuclear agreements and will not be able to assure itself that nuclear agreements include adequate nuclear safeguards to prevent diversion of nuclear material or fuel for nuclear weapons.

During the next 5 to 10 years, the United States will continue to be the dominant supplier of nuclear power reactors and enriched uranium fuel. Therefore, the United States has probably its last chance to instigate an international effort to strengthen international nuclear safeguards—and thus avoid further nuclear weapons proliferation.

Critics argue that if Congress imposes strict controls on nuclear exports, buyers will shift to other suppliers. But for the next 5 to 10 years, no other suppliers could fill the gap.

France, the country most likely to attempt unrestricted sales of power reactors, has only U.S. licensed power reactor technology—licensed from GE and Westinghouse. The AEC—Divisions of International Programs and International Security Affairs—has informed me that without American companies' nuclear experts and knowhow—known as proprietary information—which the U.S. Government could order GE and Westinghouse to withdraw from the French nuclear industry—the French could not build nuclear power reactors for export.

In other words, France's recent commitment to sell several nuclear power reactors to Iran depends on their being able to use U.S.-licensed power reactor technology in building those reactors.

Second, since France, in addition to possessing only U.S.-licensed reactor technology, also depends on the United States for supplies of enriched uranium fuel for its domestic nuclear power reactors, the United States has substantial leverage with which to convince the French to go along with stricter international nuclear safeguards. The French will remain dependent on U.S. supplies of uranium fuel until about 1980, when new European enrichment plants will begin production.

It is true that the French did attempt to build graphite-moderated nuclear power reactors in the past, but these reactors never became competitive, and the French have abandoned that type of reactor.

Two other possible nuclear suppliers—Japan and Italy—also have only U.S.-licensed power reactor technology, according to the AEC.

The British are now switching from their previous type of nuclear reactor technology and will not be in the market for several years.

Soviet reactor systems are poor copies of U.S. systems, are inefficient, and environmentally hazardous. The only sale of Soviet-made power reactors outside of the Communist bloc has been to Finland. Further, the Soviets have pushed for stricter international nuclear safeguards and might well support a U.S. effort in that direction.

Finally, Canada and West Germany, the remaining major independent nuclear suppliers other than the United States, are seriously concerned about international nuclear safeguards—according to my contacts with their diplomatic representatives—and might well join with the United States in an international effort to strengthen nuclear safeguards—which is the central problem.

In fact, on September 25, Canada's foreign minister in a speech at the U.N. emphasized Canada's concern that international nuclear safeguards must be strengthened to avoid further nuclear weapons proliferation.

Of course, if international nuclear safeguards are strengthened sufficiently to prevent diversion of nuclear material, Congress will be much less reluctant to approve nuclear agreements, and U.S. reactor exports will continue.

But, with the pressure put on the administration by the Long amendment, it is probable that the United States will not push for an international effort to strengthen international nuclear safeguards.

Chairman Price, in his "deal colleague" letter, also argued that the conferees receded in favor of the Senate version because "the President would probably veto the measure as approved by the House."

Even if we are left with no bill, we would not be much worse off than we are with the Joint Committee bill—for there is no assurance that the Congress would be able to get a vote on every future international nuclear agreement.

The chairman or the leadership, even if a resolution on a proposed nuclear agreement were reported to the floor, could simply refuse to bring the resolution up for a vote if they feared that the Congress would disapprove the agreement. After the time period, the nuclear agreement would simply go through unless Congress disapproved.

The risks of no bill through a Presidential veto of a bill containing the Long amendment's procedure are no worse than the risks of the unconstitutionality of the Joint Committee bill—as the gentleman from Texas (Mr. Eckhardt) has so eloquently argued.

Congress should not legislate on the basis of what the President might do. Congress should pass a bill requiring congressional approval of all future nuclear agreements—the strongest bill—and put the responsibility on the President to sign or veto the bill.

The real position of the agencies and of the Joint Committee on Atomic Energy is that they want to keep the power for themselves.

Incidentally, the bill, as it comes to us from the conferees, does not have the stipulation that the yeas and nays would be required on any further nuclear agreement.

In other words, whether or not the House has a vote on a future nuclear agreement could be a decision by the committee itself, and what we are trying to do is to get the decision made here on the floor of Congress. The manager of the bill argues that it takes too long to get a decision made on the floor of the Congress. Sometimes it does, but the only real integrity in the entire U.S. Government is here on the floor of Congress, where debates are all in the open, where everything on the record, and where the reporters and the entire world are or should be, listening.

When these decisions are made in conference and in committees, or in Government agencies, we have the threat of Government by secrecy.

There is nothing to prevent our having omnibus legislation. For the bulk of these agreements, using special acts of Congress for agreements presenting particular difficulties.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. LONG of Maryland. I shall be glad to yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. I was interested in hearing the gentleman's statement a moment ago that the only place where there is integrity in Government any longer is on the floor of Congress. Because it is here that everything is transacted out in the open in front of the press and the public.

Until a moment ago, the press seats were empty and half the gallery was empty.

I wonder really in view of those facts if here on the floor of Congress is the place where these critical negotiations regarding the transfer of special nuclear materials should be approved before they result in a binding agreement.

Mr. LONG of Maryland. Mr. Speaker, if the gentleman wants to lambast the press, it is all right with me, but these debates are certainly set forth in the written record of this Congress. If people do not want to listen, they can at least read.

Mr. PRICE of Illinois. Mr. Speaker, I yield 5 minutes to the gentlewoman from New York (Ms. Abzug).

Ms. ABZUG. Mr. Speaker, I want to say, at the outset, that I concur in many of the points made in the excellent presentation by the gentleman from Texas (Mr. Eckhardt), and I will not belabor the point.

I do wish to point out what to me is a more relevant and vital consideration in this discussion. We, for the first time, recognized, with the proposed agreements for cooperation with Egypt and Israel, that a policy had been developing over many years in which we really did not affirmatively participate. This is not to say that the Joint Committee on Atomic Energy of the Congress did not act; it was acting. It was acting, however.

For the most part, without the active participation of the Members of Congress, in whose name the Joint Committee purportedly acts. The shocked reaction to the announcement of the possible interjection of dangerous nuclear materials, which India has demonstrated can easily be converted to military uses, in the most troubled spot in the world, the Middle East, created a certain consciousness here in the Congress, and in the minds of the public as well, that this was truly, I might say to my colleague, the gentleman from Illinois (Mr. Anderson), the concern of the Members of Congress. We realized that it had become our responsibility, and that we should take heed and pay much more attention to the proposed transfer of nuclear materials throughout the world under our auspices.

The purpose of the amendment that we originally agreed to was to place a more serious responsibility in the Congress, as indeed the public and the Members of this House recognized we had to assume. That is why this House very wisely voted to assert that responsibility requiring an affirmative vote of both Houses of Congress before an agreement for cooperation or transfer of nuclear materials could become effective. The risks involved in the transfer and further proliferation of nuclear materials are too grave to be left entirely in the hands of the executive branch. It is not enough for Members of the Congress to have a veto power over the recommendations of the Joint Committee, which too often functions as the spokesman for the Atomic Energy Commission. The Members of the House voted to take a more active role and to assert a responsibility too long ignored. That is why I believe that the conferees should not have abandoned the House amendment. That is why I believe we must today support the procedural proposal made by the gentleman from Texas (Mr. Eckhardt) to direct the conferees to come back with a provision that will give the Congress a real voice in deciding whether to transfer nuclear materials to other countries.

Mr. ECKHARDT. Mr. Speaker, will the gentlewoman yield?

Ms. ABZUG. Yes, I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Speaker, I should like to answer the point that the distinguished gentleman from Illinois has raised.

In connection with the Reorganization Act, the Justice Department said:

> The President, in asking Congress to pass the instant reorganization bill, is following a pattern established by those acts, namely, by taking the position that if the Congress will delegate to him authority to reorganize the Government, he will undertake to submit all reorganization plans to Congress and to put no such plan into effect if the Congress indicates its disapproval thereof.

I wish the Members to please note there that the Attorney General was very careful not to say that this act would go into effect if the President disagreed. The basis of the Reorganization Act is a harmonious understanding between the President and Congress and the President has voluntarily withheld his veto power, and the act has never been tested on grounds of whether or not the President could veto.

With respect to the Lend-Lease Act which was cited, the situation was this: Senator Connally, in order to get the Lend-Lease Act through Congress, had to undertake to put a limitation on it, that it could be withdrawn by a concurrent resolution. This was the price of getting it passed at the time. But President Roosevelt said to Secretary Byrnes, if I remember correctly—and this statement was recently the subject of a publication—that he never thought that he had given up the power of veto; that he simply kept silent at the time, and permitted the statement to be made because of the grave national need for immediate action.

There has not been a single authority cited here that indicates that any of these acts had the effect of avoiding the application of article I, section 7.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Speaker, I wish to associate myself with the remarks of the gentleman from Texas (Mr. ECKHARDT).

Mr. Speaker, in my opinion this House has acted quite responsibly in taking action to become an active partner in the formulation of our Nation's foreign policy.

There is no more important area nor is there any area more fraught with danger. We all know what happened in India—the explosion of a "peaceful" atomic bomb.

We need—and the people want—prior congressional approval of proposed atomic material agreements.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield such time as he may consume to the gentleman from Washington (Mr. McCORMACK).

Mr. McCORMACK. Mr. Speaker, I would like to make several points about this discussion and I hope that perhaps by doing so we can continue to get it a little more into the proper perspective.

I think it is important for us to understand with regard to the comments of the gentleman from Maryland (Mr. LONG) that this is not really a discussion of secrecy versus openness, or open information in the House. The conference report requires that all agreements sent by the President to the Joint Committee come to the House. The only difference, the only thing we are really arguing about here, is whether the House shall confirm this with a positive act, or veto it with a joint resolution. But in neither sense are we talking about secrecy. To pretend that there has been secrecy in this area is just simply not true.

What we have had has been a lack of attention by some Members, the same as on the floor today. What we have had is lack of attention by the press, as is demonstrated by the empty press gallery at this time. However, there is no difference one way or another, whether the conference committee report is accepted, or whether the recommendation of the gentleman from Texas is accepted, as far as secrecy or availability to the House or to the public or to the press of the material and information in question is concerned.

I also want to make a point with respect to the remarks of the gentlewoman from New York (Ms. ABZUG) and I want to say how much I agree with the gentlewoman that this is a matter of deep concern, and that it has come to us particularly because of President Nixon's proposal to allow the sale of a nuclear reactor to Egypt. He has never, of course, sent such a proposal to the Congress.

I want to go on the record now as saying that if there is ever any proposal sent to this House allowing the sale of a nuclear reactor to Egypt or any one of several dozen other small nations without retaining complete physical control of the fuel elements in the International Agency for Atomic Energy, both before they go into the reactor and after they come out of the reactor, then I will vigorously oppose that proposal.

The fact is that as long as the physical control of these fuel elements is retained in the International Agency there is no opportunity at all for the diversion of nuclear materials.

So I very much share the concern that the gentlewoman from New York has just mentioned, and I will oppose any recommendation from the President that would allow the physical diversion of nuclear materials into any country from any nuclear reactor.

Ms. ABZUG. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman has expired.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 1 additional minute to the gentleman from Washington (Mr. McCORMACK).

Mr. McCORMACK. I yield to the gentlewoman from New York.

Ms. ABZUG. I thank the gentleman for yielding.

I do not know whether the gentleman is aware of this, but there have been hearings on this very issue that he has raised. As a matter of fact, I filed a resolution of inquiry to the State Department asking what safeguards, what steps were taken to secure this physical control over the nuclear materials. My colleagues would be surprised to find out that we learned in hearings on this resolution that we have not secured that kind of physical control that the gentleman mentioned. That is just the reason why I believe the conferees did a disservice to our common objectives—and perhaps they are common objectives, and I realize the gentleman is perfectly sincere in that. Our common objective to have proper safeguards requires prior congressional involvement in this serious matter.

We are not dealing just with an ordinary bill; we are dealing with the kind of control that Congress should have which may very well determine the survival of civilization. Therefore, there is no other place where it is more important for Congress to have prior affirmative approval than in a bill of this kind.

Mr. McCORMACK. I thank the gentlewoman. I should repeat that no request for approval of the sale of a nuclear reactor to Egypt has ever been submitted to the Congress or to the Joint Committee.

I think if we understand, then, that what we are really talking about is a technique for approval or disapproval. That is the only question before us in this debate.

The SPEAKER. The time of the gentleman has expired.

Mr. ANDERSON of Illinois. I yield 1 additional minute to the gentleman from Washington.

Mr. McCORMACK. The one question before us is not whether there be proliferation of material, but whether or not we would approve or disapprove any future proposal by the President for a nuclear agreement by a positive statute or a negative resolution. That is the only question before us.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. HOLIFIELD).

Mr. HOLIFIELD. Mr. Speaker, under our functions in the House and the Senate, major international agreements are in the form of treaties, and the Constitution, of course, gives the authority to the Senate to confirm or to disallow those treaties. The House has no function in this field of acquiescence or objection to treaties.

But in the Atomic Energy Act of 1954, as amended, we wrote into that act a function for the House to conform to and to have available, and it provides that for minor types of international agreements—and these are in many areas of trade—they are under the authority of the President to make Presidential agreements, but when he comes to atomic energy, he has to submit those agreements to the Joint Committee on Atomic Energy, which has nine Members in the House and nine Members in the Senate. All of these civilian-type agreements we hold public hearings on. This accusation about secrecy is just so much ignorance. We do not have it that way; we have open hearings; and the AEC gives testimony and the Department of State gives testimony right in open hearings.

Then the 18 members of the Joint Committee—nine in the House and nine in the Senate—take such action as may be necessary. At this time there are around 30 or 32 of these agreements that deal with international agreements on atomic materials of different kinds. I point out that these are not military agreements; these are civilian agreements. They are for the use of materials for civilian use: medical isotopes, industrial isotopes of many kinds that are used in industrial production.

They also include research reactors, small reactors, and we have many of them in universities in the small countries, and there is an infinitesimal amount of the material in them, but nevertheless they are important for research.

This policy has been successful because under the atoms for peace policy of the United States we have fostered peacetime uses of atomic energy. That legislation was adopted by the Congress and we have gone ahead in this field. It has been of great use to the United States in the establishment of favorable trade relations and favorable feeling in these different countries in giving these people the chance to study and use peacetime applications of atomic energy.

As I said, there are about 30 agreements that have been approved by the Joint Committee.

There have been some occasions when agreements were put before us and we decided they were unwise. There is no proposal to give reactors to Turkey or to Egypt or to Iran or to any other place. President Nixon in a speech said he might do this sort of thing but he never sent up a proposal, and I am fairly certain that President Ford will have more sense than to send that kind of proposal up at this time, and if he does this committee will hold open hearings and everybody will have a chance to be heard. I tell the Members we will not do anything that will be deleterious to the interest of the United States.

These agreements have safeguards—and I ask Members to listen carefully—which have been built into their contracts, against diversion of any kind of material wherever that could be diverted, and there are very few such places. We have sent some fuel rods and we have sent some reactors to some countries. We are not financing the reactors, they are buying them. They are paying over $1 billion a year toward the favorable trade balance for the United States for the reactors and for the fuel material that goes into these reactors, so it is a good business operation and it is a safe business operation.

We hear that some people are worried about safety, but they cannot point to one instance of diversion of any of the material that goes abroad because it is under safeguard agreements which prohibit that and they have never been violated. I ask the Members to get that point in their minds.

The bomb that was made in India was not made from material from a U.S.-sponsored reactor. It was from a Canadian reactor that did not have the safeguards. Other nations of the world are able also to produce reactors and reactor material, and what they do we cannot control. We are trying to control it through an international organization. We have the International Agency on Atomic Energy, which is a consortium of nations.

We have this consortium of nations who have adopted the safeguards and are imposing them. Some nations such as Canada have not adopted that. Then what can we do? They have their own technology. They have their own separation plants. They have their own reactors. They have not entered into that agreement. We have tried to get them into it.

We have been watching this thing and very carefully. I say again there has been no diversion from U.S. reactors. Those people who have been talking about this do not know what they are talking about.

So far as the constitutional question is concerned, I am not going to debate the constitutional question. This has been in existence since 1954 and we have had many agreements, 30 are in existence now, and there has not been one case of diversion of material from a U.S. source.

When it comes to approving this, the Members say let the Congress do it. They say let the Congress and the Committee of the Whole do everything. Let us not put any responsibility on any committee of the House. Let us do it all here on the floor, all of us do everything.

But we have put a sacred obligation on the Joint Committee on Atomic Energy and it has fulfilled that function and fulfilled it well, and no one can stand up in the House and say there has been diversion from any of these international agreements.

I say if we leave it as it is we will continue to get the best for the interest of the United States both for security and trade, and we will guard the interest of this House as we have guarded it before and we will not do it in secrecy, we will do it in the open as we have in the past.

If the time comes that we feel that one of these agreements is going forward, notwithstanding the informal disapproval of the committee, we can bring it to the House in the form of a concurrent resolution and the House will have a chance to act upon it.

Mr. ECKHARDT. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Texas.

Mr. ECKHARDT. There is no Member of this House for whom I have greater respect than the gentleman in the well. I would be favorable to a statute that delegated to the gentleman's committee the final say with respect to agreements for sending nuclear materials to countries already having nuclear capability. That would be a possible way of solving this problem.

Mr. HOLIFIELD. Let me say, we do not need that kind of legislation, because if they are going to export something that the committee says they should not export we can come before the House and get hearings, affirmative law passed in a concurrent resolution; but we have not had to do that because every time we have disapproved some kind of arrangement, they have gone along with that—the committee's position. They have not gone against the committee because they know we have the measures to get to them on that.

Remember, we have to export this material under licenses granted by the AEC and the AEC is under the legislative and funding control of the Joint Committee on Atomic Energy and the Congress. We can prohibit the AEC very easily. Believe me, we have kept the AEC from doing things time and again by just telling them they will not get any money for it.

Mr. ECKHARDT. If the gentleman will yield again, I cannot conceive of this House not quickly acting on the recommendation of the gentleman's committee with respect to such nations as the United Kingdom or France or a nation with nuclear capability; but I can see this House saying no with respect to Egypt.

Mr. HOLIFIELD. I can see it, too, and if I can——

Mr. ECKHARDT. But the Presdent would veto the House's action under the conference report provisions.

Mr. HOLIFIELD. The President has never vetoed a concurrent resolution of the committee and we can come back to the floor and pass it just like that.

Mr. PRICE of Illinois. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Illinois.

Mr. PRICE of Illinois. In the first place, concurrent resolutions are not referred to the White House.

Mr. HOLIFIELD. Why, of course not, and we can report them out in 30 minutes and bring them to the floor of the House, and I will say to the gentleman, they would be passed.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I take this brief additional time because a number of Members have come into the Chamber since this debate began and I am afraid they did not have the opportunity to hear all the explanation that was offered previously in support of the adoption of this conference report on International Nuclear Agreements.

I want to emphasize what the distinguished chairman of the committee, the gentleman from Illinois (Mr. PRICE) has said, and what the gentleman from California (Mr. HOLIFIELD) has said.

There is ample language in this conference report to protect the right of this House to review executive agreement that may be made on this very critical subject of providing special nuclear materials. I think it has been very truly said that power is a very heavy wine. I hope in our efforts to recapture congressional power over foreign affairs we do not become so intoxicated in the process that we unduly complicate the effort to sensibly negotiate and carry out foreign policy agreements.

We have got to give the President of the United States and the Secretary of State some discretion, after all, in negotiating agreements, even when they deal with this very sensitive subject of nuclear power or special nuclear materials; but much as I sympathize with the recapture of congressional control in foreign policy, and I stand before this House, after all, as one who voted for the War Powers Act, who voted to override the veto of my own administration on that legislation. I am as interested as anyone could be in having the prerogatives of this Congress protected; but as the gentleman from Washington (Mr. MCCORMACK) pointed out, in case some were not here in the Chamber, this is not a case of foreign policy by stealth.

We had some unfortunate examples of that occur during the last decade. This is not foreign policy by inaction on the part of the Congress. The agreements are going to be submitted. They are going to be looked at by the Joint Committee on Atomic Energy, Members of the House and Senate. They are going to report out a statement—of their views on any proposed agreements.

If they disagree with what the executive branch has done, we will have an opportunity right here on the floor of this House to vote our disagreement with whatever has been done. We are not going to be taken by surprise with respect to any of these agreements.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from California.

Mr. HOLIFIELD. Mr. Speaker, I ask the gentleman from Illinois, is it not true that there will be public hearings on these international agreements, and any Member can come and hear them?

Mr. ANDERSON of Illinois. Again, the gentleman is eminently correct. I have been privileged to be a member of his committee for more than a decade, and those are open hearings. Any Member is privileged to attend, to testify, and so again I urge that with all due respect to the constitutional erudition and scholarship of the gentleman from Texas, we do not go down that road today of rejecting a conference report that is eminently sound and sensible.

Mr. PRICE of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. Bingham).

Mr. BINGHAM. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I want to say that I will support the motion to recommit of the gentleman from Texas, but I do so not on the constitutional issue, but because of my answer to the question—which I think is the appropriate question—put by the gentleman from Washington: Do we want to have prior congressional approval of agreements such as to provide a large nuclear powerplant to an undeveloped country, or leave that for subsequent congressional veto? My answer is that on agreements of such importance we should have prior congressional approval.

I believe the House should decide on that issue and not on the constitutional question the gentleman from Texas has raised. He makes a very persuasive argument. He may be right, but I would point out to the House that he made the same argument with respect to the concurrent resolution veto in the War Powers Act, and we voted for that Act in spite of his argument, and so overwhelmingly that we overrode a Presidential veto on the subject.

There is certainly a good constitutional argument to be made that the Congress by statute can delegate to the President certain powers which he can exercise only subject to a condition subsequent, and that condition can be a veto by concurrent resolution. We are doing that in other cases. We have done it in the War Powers Act. We do it by veto of one House alone in a number of instances.

The constitutional issue may ultimately have to be resolved in the Supreme Court of the United States. At this point, no one of us can be sure of the final answer.

The kind of constitutional delegation of power contained in the bill before us is a useful tool for the Congress to use, and we should not rule out its use on the basis of a constitutional argument of which no one can be sure.

But in the particular case before us, this tool is, in my judgment, inappropriate.

Mr. PRICE of Illinois. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

MOTION TO RECOMMIT OFFERED BY MR. ECKHARDT

Mr. ECKHARDT. Mr. Speaker, I offer a motion to recommit with instructions.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. ECKHARDT. Mr. Speaker, I am opposed to the conference report.

The Clerk read as follows:

> Mr. Eckhardt moves to recommit the conference report on S. 3698 to the committee of conference with instructions that the managers on the part of the House insist upon provisions in the House amendment in the nature of a substitute that provide that certain proposed agreements concerning nuclear reactors and materials shall have no force and effect unless and until specifically approved by Congress.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the nays appeared to have it.

Mr. ECKHARDT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make a point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 143, nays 230, not voting 61, as follows:

[Roll No. 599]

YEAS—143

Abzug
Adams
Addabbo
Anderson, Calif.
Ashbrook
Ashley
Aspin
Badillo
Bauman
Bennett
Bergland
Biaggi
Bingham
Boland
Brademas
Breaux
Breckinridge
Brown, Calif.
Burton, John
Burton, Phillip
Carney, Ohio
Chisholm
Clancy
Clay
Collins, Ill.
Collins, Tex.
Conlan
Conte
Conyers
Cotter
Coughlin
Crane
Cronin
Culver
Davis, Ga.
Davis, S.C.
Dellums
Denholm
Devine
Diggs
Dingell
Drinan
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Fish
Foley
Ford
Fountain
Fraser
Frenzel
Froehlich
Gaydos
Giaimo
Gilman
Gonzalez
Grasso
Green, Pa.
Gross
Gude
Gunter
Hanna
Harrington
Hays
Hechler, W. Va.
Heckler, Mass.
Helstoski
Holt
Holtzman
Howard
Ichord
Jordan
Karth
Kastenmeier
Ketchum
Koch
Kyros
Lagomarsino
Landgrebe
Lehman
Lent
Long, La.
Long, Md.
Luken
Mazzoli
Melcher
Metcalfe
Mezvinsky
Miller
Minish
Mink
Mitchell, Md.
Nedzi
Obey
Owens
Pettis
Peyser
Pike
Quie
Randall
Rangel
Rees
Reid
Reuss
Rinaldo
Rodino
Roe
Roncallo, N.Y.
Rosenthal
Roush
Roy
Roybal
Runnels
Ryan
St Germain
Sarbanes
Schroeder
Seiberling
Shipley
Smith, Iowa
Spence
Stanton, James V.
Stark
Steelman
Stokes
Studds
Symington
Thompson, N.J.
Tiernan
Vander Veen
Vanik
Waldie
Whitten
Wilson, Charles, Tex.
Wolff
Wydler
Wylie
Yates
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.

NAYS—230

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Annunzio
Archer
Arends
Armstrong
Bafalis
Baker
Barrett
Beard
Bell
Bevill
Biester
Blatnik
Boggs
Bolling
Bowen
Bray
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clark
Clausen, Don H.
Cleveland
Cochran
Cohen
Collier
Corman
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Wis.
Delaney
Dellenback
Dennis
Dent
Derwinski
Dorn
Downing
Dulski
du Pont
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fascell
Fisher
Flood
Flowers
Flynt
Forsythe
Frelinghuysen
Frey
Fuqua
Gettys
Gibbons
Ginn
Goldwater
Goodling
Gray
Green, Oreg.
Griffiths
Grover
Gubser
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Harsha
Hastings
Heinz
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Horton
Hosmer
Huber
Hudnut
Hungate
Hutchinson
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kazen
Kemp
King
Kluczynski
Kuykendall
Landrum
Latta
Leggett
Litton
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Meeds
Milford
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nelsen
Nichols
Nix
O'Brien
O'Hara
O'Neill
Parris
Patman
Patten
Pepper
Perkins
Pickle
Poage
Preyer
Price, Ill.
Quillen
Railsback
Regula
Rhodes
Robinson, Va.
Robison, N.Y.
Rogers
Rooney, Pa.
Rostenkowski
Rousselot
Ruppe
Ruth
Sandman
Sarasin
Satterfield
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, N.Y.
Staggers
Stanton, J. William
Steed
Steiger, Ariz.
Steiger, Wis.
Talcott
Taylor, N.C.
Thornton
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vigorito
Waggonner
Walsh
Wampler
Ware
Whalen
Widnall
Wiggins
Williams
Wilson, Bob
Winn
Wyatt
Wyman
Yatron
Young, Tex.
Zablocki
Zion
Zwach

NOT VOTING—61

Andrews, N. Dak.
Blackburn
Brasco
Burke, Calif.
Burke, Fla.
Carey, N.Y.
Clawson, Del
Conable
de la Garza
Dickinson
Donohue
Duncan
Findley
Fulton
Hanrahan
Hansen, Idaho
Hansen, Wash.
Hawkins
Hébert
Hunt
Johnson, Colo.
McDade
Maraziti

Mathias, Calif.
Mayne
Michel
Mills
Minshall, Ohio
Moakley
Passman
Podell
Powell, Ohio
Price, Tex.
Pritchard
Rarick
Riegle
Roberts
Roncalio, Wyo.
Rooney, N.Y.
Rose
Scherle
Snyder
Steele
Stephens
Stratton
Stubblefield
Stuckey
Sullivan
Symms
Taylor, Mo.
Teague
Thomson, Wis.
Thone
Towell, Nev.
Traxler
Veysey
White
Whitehurst
Wilson, Charles H., Calif.
Wright
Young, S.C.

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Stubblefield.

Mr. Rooney of New York with Mr. Rarick.

Mr. Teague with Mrs. Hansen of Washington.

Mr. de la Garza with Mr. Hansen of Idaho.

Mr. Riegle with Mr. Mills.

Mr. Roberts with Mr. Findley.

Mr. Donohue with Mr. Michel.

Mr. Fulton with Mr. Del Clawson.

Mr. Hawkins with Mr. Conable.

Mr. Stephens with Mr. Mathias of California.

Mr. Stratton with Mr. Andrews of North Dakota.

Mrs. Sullivan with Mr. Hanrahan.

Mr. Charles H. Wilson of California with Mr. Maraziti.

Mr. Wright with Mr. Blackburn.

Mr. Rose with Mr. Mayne.

Mr. Moakley with Mr. Hunt.

Mr. Carey of New York with Mr. Burke of Florida.

Mrs. Burke of California with Mr. McDade.

Mr. Stuckey with Mr. Duncan.

Mr. Traxler with Mr. Minshall of Ohio.

Mr. White with Mr. Dickinson.

Mr. Passman with Mr. Powell of Ohio.

Mr. Scherle with Mr. Price of Texas.

Mr. Roncalio of Wyoming with Mr. Young of South Carolina.

Mr. Snyder with Mr. Taylor of Missouri.

Mr. Steele with Mr. Whitehurst.

Mr. Veysey with Mr. Towell of Nevada.

Mr. Thomson of Wisconsin with Mr. Symms.

Mr. Pritchard with Mr. Thone.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PRICE of Illinois. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11221) entitled "An act to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to $50,000."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14225) entitled "An act to amend and extend the Rehabilitation Act of 1973 for 1 additional year."

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN REPORTS

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON HOUSE CONCURRENT RESOLUTION 667

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on House Concurrent Resolution 667, to establish a target for budget outlays for fiscal year 1975 in the amount of $300 billion.

The SPEAKER. Is there objection to the request from the gentleman from Texas?

There was no objection.

EXPORT ADMINISTRATION ACT AMENDMENTS

Mr. PATMAN. Mr. Speaker, I call up the conference report on the Senate bill (S. 3792) to amend and extend the Export Administration Act of 1969, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I would ask the gentleman from Texas: What is the hurry?

Mr. PATMAN. Mr. Speaker, I would reply to the gentleman from California that it is just to expedite the business of the House, and the Congress, that the statement of the managers should be read at this time; the statement would disclose what the bill has in mind.

Mr. ROUSSELOT. What is the rush? Why are we in such a hurry?

Mr. PATMAN. It is just like all the other bills that have been placed on the calendar.

Mr. ROUSSELOT. This is the export-import legislation?

Mr. PATMAN. This is the Export Administration Act amendments.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 2, 1974.)

Mr. PATMAN (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on S. 3792 to amend and extend the Export Administration Act of 1969. The act provides the President with the authority to prohibit or curtail exports from the United States for three purposes: National security, foreign policy, and short supply. This authority expired on September 30, 1974.

There were two House provisions and 14 Senate provisions of substance which were the subject of the conference on the Export Administration Act. The Senate receded to the House in six instances. The House receded to the Senate in seven instances, and in three instances the House insisted on amendments to Senate provisions. In each instance in which a Senate provision was similar or identical to a provision specifically rejected on the floor of the House, the House conferees prevailed.

Let me take this opportunity, Mr. Speaker, to congratulate the House conferees, all of whom are members of the Subcommittee on International Trade, who worked long and hard to bring this legislation forward and who articulated the concerns of the House in the recent conference and tenaciously defended the House position. I want to particularly commend my distinguished colleague from Ohio (Mr. ASHLEY) who served as vice chairman of the conference.

Mr. Speaker, I yield at this time to the chairman of the Subcommittee on International Trade of the Banking and Currency Committee (Mr. ASHLEY), who will explain in greater detail the work of the conference.

Mr. ASHLEY. I thank my distinguished chairman of the full committee for yielding.

As the gentleman from Texas has pointed out, there were some 16 substantive provisions which were the subject of conference.

The House amendment contained two provisions: an extension of the Export Administration Act to September 30, 1976, and an amendment which would direct the President to allocate a portion of export licenses on the basis of factors other than a prior history of export. Both of these provisions were adopted by the conference committee.

There were four instances in which the Senate prevailed and which would constitute important changes in the Export Administration Act.

One such provision adopted by the conferees would direct the Secretary of Defense to review proposed exports of goods and technology to communist countries to determine whether such exports will significantly increase the military capability of such countries and to recommend to the President whether such exports be disapproved.

A second important provision adopted by the conferees would modify short supply policy by authorizing export controls when significant foreign demand results or will result in an excessive drain of scarce materials and serious inflation.

In the past, one of the impediments to effective use of export controls has been the need to show that the foreign demand which produces an excessive drain of scarce materials and serious inflation is "abnormal." In some situations, an excessive drain of scarce materials and serious inflation can result even if foreign demand levels have not changed significantly. This can occur when total supply declines for one reason or another. In such a circumstance, even if foreign demand is at preexisting levels, there can be an excessive drain of scarce materials and serious inflation. It is for this reason that the conferees agreed to the Senate provision striking from the Export Administration Act of 1969 the word "abnormal," so that the declaration of policy with respect to short supply would read:

> It is the policy of the United States to use export controls to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand.

A third important Senate provision agreed to by the committee of conference is one which would direct the Secretary of Commerce to monitor exports and contracts for exports of commodities not subject to section 812, Agricultural Act of 1970—wheat and wheat flour, feed grains, oil seeds, cotton and products thereof, and other commodities the Secretary of Agriculture may designate—when such exports contribute to domestic price increases or shortages which have a serious adverse impact on the domestic economy.

The fourth principal provision contained in the conference report which was not part of the House amendment is one which would declare it U.S. policy to use export controls to secure removal by foreign nations and restrictions on access to supplies if such restrictions have a serious impact on the economy or have been imposed to influence U.S. foreign policy. The provision would also direct the President to make every reasonable effort to secure the removal or reduction of such restrictions through international cooperation and agreement before resorting to retaliatory export controls.

Mr. Speaker, I believe that the conference report is a well-reasoned and acceptable accommodation of the House and Senate positions with respect to this legislation. There is no clear authority at the present time for the control of export for reasons of short supply. I would urge my colleagues to restore the authority that the President so very much needs in this vital area and to join in supporting the report for the very useful national security and foreign policy provisions which it also contains.

I thank the gentleman from Texas (Mr. PATMAN) for yielding.

Mr. DENNIS. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Speaker, is it not true that within the past few weeks we had a rollcall vote here in this House on the point of whether this word "abnormal" should be or not be in the law, either on this bill or another bill, and we defeated here on a rollcall vote the idea that the word should be taken out, the feeling of this House at that time being we ought not to make it easier to impose export controls on agricultural products, and we voted accordingly?

Mr. ASHLEY. The gentleman really is not addressing himself to the facts. We are talking about the word "abnormal" and this goes on to nonagricultural commodities without exception. The gentleman's effort to exempt agriculture from the general application of the law, I must say, was successful, so agriculture is not subject to this requirement. Export controls on agricultural commodities can only take place when the Secretary of Commerce and the Secretary of Agriculture have determined that the domestic supply is insufficient to meet the domestic demand. So we have two very different tests for the application of export controls. The first test is for nonagricultural commodities. It is in that regard that the word "abnormal" is useful. The additional test for agricultural commodities is quite different.

Mr. DENNIS. If the gentleman will yield further, the word "abnormal" still applies to agricultural exports?

Mr. ASHLEY. I cannot say more clearly it does not apply to agricultural exports, by reason of the additional test in section 4(e) of the act.

Mr. DENNIS. What the gentleman is saying, if I understand him, is that the changes made in the law in this conference report do not apply to agricultural exports. Is that correct?

Mr. ASHLEY. I yield to the gentleman from California, perhaps he can reply further.

Mr. REES. Mr. Speaker, if I can make two points to the gentleman they are these.

One, there was no vote taken on striking the word "abnormal" during the debate on the Export Administration Act. There was no amendment offered to strike that word. There was an amendment offered, which I offered, to strike the word "or" in terms of a two-pronged criteria to determine the need for export controls and that was defeated by a voice vote.

Here is the law in regards to agriculture products:

> The authority conferred by this section shall not be exercised with respect to any agricultural commodity including fats and oils or animal hides or skins, without the approval of the Secretary of Agriculture. The Secretary of Agriculture shall not approve the exercise of such authority with respect to any such commodity during any period for which the supply of such commodity is determined by him to be in excess of the requirements of the domestic economy.

This is the agricultural product safeguard that is in the existing law and this paragraph was not changed one iota by the conference report.

Mr. BURLISON of Missouri. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Did I understand the gentleman to say that under the present law there is no provision to embargo agricultural products?

Mr. ASHLEY. I was paraphrasing my view of the situation, and I will repeat. On the basis of the action of this body about 2 months ago, the House-passed bill, there is additional special protection against controls for agriculture. It would be almost impossible for the Secretary of Agriculture to reach the finding to which my friend, the gentleman from California, referred. For all intents and purposes it would be extremely difficult for export controls to be applied to agricultural commodities. That is a function of action of this body in August on the export administration amendments.

Mr. BURLISON of Missouri. If the gentleman will yield further, is he familiar with the action taken by the President this past Saturday?

Mr. ASHLEY. I did not hear the gentleman.

Mr. BURLISON of Missouri. If the gentleman will yield further, is the gentleman from Ohio familiar with the action of the President taken last Saturday to cancel and terminate the sale of wheat and corn?

Mr. ASHLEY. I am familiar with the press accounts of the situation.

Mr. BURLISON of Missouri. Is the gentleman saying that under the application of this law that that could not take place?

Mr. ASHLEY. Well, now the President really did not have recourse to any existing law. What he did last weekend was to jawbone the situation. He prevailed upon two large commodity traders and caused them voluntarily to go no further with the transaction. I can only say that at the present time the President has as an authority the Trading with the Enemy Act. If he wants to take action to curtail exports, that is a very unsophisticated weapon dating back to 1917 and of questionable application to short supply situations. The Export Administration Act has expired. That is why we are here this afternoon—to pass the conference report that will extend the life of the 1969 act.

Let me say to the gentleman that even if we adopt the conference report, this will not give the President the authority to impose export controls for reasons of short supply or an agricultural commodity under the circumstances that exist today.

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Missouri.

Mr. ICHORD. As the distinguished gentleman in the well knows, I have been concerned about the shipment of goods or technology to controlled countries. My question goes to the point where the Secretary of Defense rules against the shipment of such goods or technology and the President of the United States overrules the Secretary of Defense.

Of course, as the gentleman knows, I preferred a procedure giving Congress the power to consider a veto of the President of the Secretary's recommendation, but that did not prevail.

My specific question is this. The conference committee report reads:

> (3) Whenever the President exercises his authority under this subsection to modify or overrule a recommendation made by the Secretary of Defense pursuant to this section, the President shall submit to the Congress a statement indicating his decision together with the recommendations of the Secretary of Defense.

My question is, When does the committee intend that the President transmit the veto message to Congress so that Congress can be informed of the action?

Mr. ASHLEY. I am pleased that the gentleman raised that question to make legislative history. It was the firm view of the conferees on both sides that this should be done promptly, that once a decision was reached by the President, it be made known very promptly to the Congress.

Otherwise, there would be no purpose in the language that has been agreed upon.

Mr. ICHORD. Mr. Speaker, I thank the gentleman for making legislative history.

Mr. MAYNE. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Iowa.

Mr. MAYNE. Mr. Speaker, as I understand the situation, when we acted on this bill 2 months ago, an attempt was made to remove the word "abnormal" as it affected agricultural exports, and those of us who wanted to preserve the right of the American farmer to sell overseas resisted that attempt, and prevailed.

I note on page 9 of the report this language in the next to the last paragraph:

> It is the intent of the conferees that foreign demand need not be abnormal before export controls may be imposed.

To that extent, there is a retreat by the House conferees from the House position. Do I correctly understand the gentleman from Ohio to have given us his assurance, and also the gentleman from California (Mr. REES), that this removal of the abnormal requirement does not apply to agricultural products?

Mr. ASHLEY. No. What I have been saying is that the language of existing laws with respect to this originally had the word, "abnormal", which is a test, but only part of the test for agricultural products. We have another one. In other words, the only way the export of agricultural products could be approved is if a two-part test is met.

The second one is extremely difficult to meet, so the gentleman does not have to worry about export controls on agricultural products.

Mr. MAYNE. But, do I understand——

Mr. ASHLEY. We did not say that "abnormal" is going to be part of the requirement that has to be met for agriculture, but not for other commodities. We did not do that.

Mr. MAYNE. In other words, the gentleman is treating agricultural products just like any other products, and no longer are we going to have the protection also of there having to be a showing of an abnormal demand before export controls can be instituted?

Mr. ASHLEY. The gentleman is not entirely correct. He has forgotten that he won the day when the House bill was considered, in that agricultural products were singled out to be treated differently from nonagricultural products. Does the gentleman not remember that?

Mr. MAYNE. Mr. Speaker, I make no apology for that, I say to the gentleman from Ohio, because unless we do have assurances of export markets, we are not going to have the production in this country of agricultural products that are necessary to feed the American consumer or our foreign friends, or to preserve our balance of payments.

Mr. ASHLEY. That is, of course, the view of the gentleman, and that view prevailed. But, I cannot understand why the gentleman is now asking me whether it is a fact that agricultural and nonagricultural products are going to be treated the same for purposes of application of export controls. Of course, they are not.

Mr. MAYNE. I think that reassures me, but I just want—I implore the gentleman to continue being patient with me. Is it true, then, that before there can be export controls levied against agricultural products, it will be necessary to show an abnormal demand, as has been the law?

Mr. REES. Mr. Speaker, will the gentleman yield to me?

Mr. ASHLEY. I am going to yield to the gentleman from California, a member of the committee and a conferee (Mr. REES). I hope he will find words to describe the situation.

Mr. REES. Mr. Speaker, I appreciate the gentleman yielding to me. I am reading from the law here.

We have a general policy section of the bill that affects all of the Export Administration Act, and the word "abnormal" was removed from the policy sections. Let me read that paragraph:

> It is the policy of the United States to use export controls, a) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials.

And here is the second prong of the two-prong test.

> And to reduce the serious inflationary impact of abnormal foreign demand.

So, we struck the word "abnormal" so that the law will read:

> To reduce the serious inflationary impact of foreign demand.

We already covered the problem of the domestic economy being drained because of excess foreign demand. It is already in the act. We retained the two-pronged test. It is "and" not "or." If we continue through the "and," we have the specific section I read to the gentleman from Indiana, which is another test for agriculture. While all other products in this country are covered under one criterion, because of the excellent work done by Congressmen from agricultural States we have this exception.

I will read the paragraph again. It states:

> The authority conferred by this section shall not be exercised with respect to any agricultural commodity without the approval of the Secretary of Agriculture.

That is No. 1.

Then it restricts the Secretary of Agriculture, by saying:

> The Secretary of Agriculture shall not approve the exercise of such authority with respect to any such commodity during any period for which the supply of such commodity is determined by him to be in excess of the requirements of the domestic economy.

Agriculture has to find the wheat, that "*x*" amount of bushels will cover all of the domestic demand, and controls might be put exporting wheat and the supply is under domestic demand.

Mr. MAYNE. Mr. Speaker, if the gentleman will yield further, it does boil down to this: That the protection of the word "abnormal" has now been removed and we no longer have the assurance that before export controls can be imposed on agricultural product, there must be showing of abnormal foreign demand.

Mr. REES. Mr. Speaker, I would say that under the current demand situation that caused the grain companies to voluntarily withhold the Soviet contracts, the word "abnormal" would have absolutely no effect on the situation because that foreign demand certainly was not abnormal.

Mr. ASHLEY. The gentleman from California is right.

Mr. MAYNE. This was not clear to me in the gentleman's original statement. Because that does weaken our position in protecting and reserving the right of the farmer to export his products, I must regretfully vote against this conference report.

Mr. REES. I disagree with the gentleman.

Mr. MAYNE. I think it weakens agriculture substantially over the House version as we passed it two months ago.

Mr. REES. It does not do that.

Mr. HANNA. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. HANNA. I thank the gentleman for yielding. Let me give the Members the background of exactly what happened, in terms of the word "abnormal." The word "abnormal" was in the law. In the bill that came out of our subcommittee, the word "abnormal" had been taken out. That was in the bill that had been brought to the floor. As the Members will recall, I put in a substitute for simply the substance of the existing law which left "abnormal" in it. That was the circircumstance with which we went into conference. The point was very strongly made—I was one of the conferees, as the chairman knows—that the word "abnormal" made it very difficult for certain aspects of the export-import business. They took the word "abnormal" out, leaving the sole protection for agriculture within the discretion of the Department of Agriculture and the Secretary of Agriculture, but they included some language in the report which I think strikes at the concerns that were held by the people in the agricultural communities.

The language on page 10, in the first paragraph after the top of the page, says:

> The authority to control exports in fulfillment of this policy should be implemented within the context of an international economic policy that places long-term priority on the maintenance of an open international trading system with a minimum of governmental interference.

It then goes on to say, in the next paragraph:

> * * * with consideration of the impact of the controls upon sectors of the domestic economy and upon traditional foreign purchasers.

The thing we should be willing to accept in this country is that when we are selling our excesses, which we are in agricultural products, we also have to share the shortages.

I hope that will be read into what our foreign policy is in this field.

Mr. BURLISON of Missouri. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. Yes, I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Is it my understanding that the gentleman is saying that the President will have to have this legislation before he has the authority to apply export embargoes on agricultural commodities?

Mr. ASHLEY. What I said a few moments ago was that if the President thought it was important to impose export limitations, the only way he could possibly do so at the present time would be by use of the Trading With the Enemy Act of 1917. The reason is simply that the Export Administration Act has expired.

Mr. BURLISON of Missouri. When we took up this legislation initially a few weeks ago, I expressed serious reservations about a possible discriminatory application of the law.

I think the act of the President of the past weekend shows very clearly that if he has this law, it will be applied in a discriminatory fashion against grain and soybean farmers. The political attractiveness of driving down the farmer's prices to the satisfaction of the city consumer will be too great for the President to ignore.

For that reason, I am going to vote against the conference report.

Mr. DENNIS. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. Yes, I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Speaker, I thank the gentleman for yielding.

I think it is plain from the explanations that we have had from the gentleman in the well, the gentleman from California, and the other gentleman from California (Mr. HANNA), that the protection given to agricultural products by the word "abnormal" when this measure left the House has now been removed, whatever other protections may be present. The vote that I referred to a while ago was, in fact, on the amendment offered by the gentleman from California (Mr. HANNA). While it might not be technically about the word "abnormal," that certainly was one of the main things discussed. His amendment did prevail, and the House did take that position, but we have now receded from that. I am inclined also to vote against the conference report.

Mr. ASHLEY. That is not what the vote occurred on. The gentleman has a responsibility to be accurate, and he is not being accurate.

Mr. REES. If the gentleman will yield, it was on a vote for a bill that was a substitute offered by the gentleman from California (Mr. HANNA).

Mr. DENNIS. Which extended the old law, which included the word "abnormal."

Mr. ASHLEY. There are thousands of other words in the Export Administration Act.

Mr. WIDNALL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to rise in support of the adoption of the Export Administration Amendments of 1974. I believe my colleagues will agree that the conferees were able to accomplish the formation of a cohesive legislative package on export administration even though procedural difficulties had prevented it in the House.

As my colleagues will no doubt recall a comprehensive bill was reported by the Committee on Banking and Currency. The presentation of an amendment in the nature of a substitute and a further substitute to that provision resulted in a long drawn out process which produced a simple extension of the Export Administration Act with only one technical amendment.

The Senate bill by contrast more closely resembled the bill reported out by the Banking Committee, a bill I might add which was the result of extensive hearings and thoroughly considered at all levels of the committee process.

I would describe the bill which the conference reported out as a viable and desirable entity which provides all of the necessary tools for evaluating decisionmaking, administering, and reviewing our export control policies, in order to reach those goals which we seek.

I believe that each provision in this bill is directed toward one or more of the basic policy goals enumerated in the existing statute; avoiding the inflationary impact of short supply and excessive foreign demand, the furtherance of our foreign policy, and the preservation of our national security.

In this context I can support without reservation and urge my colleagues to vote in favor of this conference report in order that it may become a part of permanent law as soon as possible and may provide one more instrument in our fight against inflation and in support of economic stability.

Mr. WIDNALL. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I, too, rise in support of this conference report. It is true, as has been pointed out on the floor, that the criteria for imposing controls has been slightly lessened, and I emphasize the word "slightly."

It seems to me that the language of the committee report in describing the change and the word "abnormal," makes it quite clear that this country and this Congress are still dedicated to an open system of free trade and the most unrestricted exchange of markets possible in this kind of a world.

On the other hand, we know that occasionally we must restrict. If we have to make a choice between our consumers in this country and consumers abroad, this Congress must come down on the side of the domestic consumer. Our President in his speech on conservation, in his economic message, indicated that we must monitor our local food supply and apply controls only in such instances when they are absolutely necessary to protect the domestic economy. That is what this bill does.

Mr. Speaker, to my friends who are interested in preserving opportunities for agriculture, may I say that, without this bill, agricultural exports can be restricted under the Trading With the Enemy Act, but that is a blunt instrument. This particular bill allows us to set guidelines, to set up a licensing system, to provide for a monitoring system. It seems to me it provides a much more orderly and sensible way to take care of export controls in those terrible situations where, beyond our real desires, we may be obliged to put them into effect.

Mr. Speaker, I think this is the best bill we could have brought out of the conference. The House conferees did their best to provide for the sustaining of the House position. We have a good compromise.

Mr. Speaker, I urge the adoption of the conference report by the Members.

Mr. WIDNALL. Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. MAYNE).

Mr. MAYNE. Mr. Speaker, I thank the gentleman for yielding me this time.

I rise in strong opposition to adoption of the conference report on S. 3792, the Export Administration Act Amendments.

When the Banking and Currency Committee brought its version of this bill to the House floor on August 13, 1974, I and several other farm State Congressmen pointed out the dangers inherent in any move which would make it easier to limit farm exports. The important role played by farm exports in our balance of payments and in our entire economy was discussed at length. I do not think I need reiterate to my colleagues the impressive record American agriculture has rolled up in international trade.

The House, very wisely I feel, overwhelmingly voted by 285 yeas to 131 noes to reject the committee bill and to substitute instead a simple 2-year extension of the present law.

Yet, in an extremely brief conference with the Senate, the House conferees agreed to the report before us today, which would have the House recede and concur in language containing several of the objectionable provisions which the House decided not to accept on August 13.

The word "abnormal" has again been stricken from the act. The present law declares it to be this Nation's policy to use "export controls (A) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of abnormal foreign demand." The conference report before us today will allow the use of export controls to fight the inflationary impact of any foreign demand. This would give the Commerce Department greater latitude for embargoing exports and would signal our foreign customers that even their normal demand is not safe from export controls.

The conference report would also give the Department of Commerce new authority to charge license fees and to carry on extraordinarily broad export monitoring and supply analysis programs. Both of these new powers open the door to further tampering with agricultural exports in order to control domestic prices of farm products.

As a believer in the free movement of agricultural products in world trade, I am opposed to this conference report. After the actions taken this past weekend by the White House and the Department of Agriculture to block grain sales to Russia, I am fully convinced that there is already sufficient authority for monitoring and, if necessary, controlling the exportation of farm products.

Therefore, Mr. Speaker, I urge the Members to vote against the conference report.

Mr. PATMAN. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. REES).

Mr. REES. Mr. Speaker, the gentleman from Iowa was eloquent, but that is really not dealing with existing law. As the law reads, with this conference report language added to the Export Administration Act, I suspect the report we have before us here protects agriculture a lot more than the present law.

I would like to point to page 4 to—

Procedures for Hardship Relief From Export Controls.

As the Members know, commodities in many instances are sold on long-term contracts, and one of the problems with export controls is that someone who does have such long-term contracts and who cannot deliver because of controls need an appeal procedure. Here we have a proceeding through the Secretary of Commerce that allows a person who historically has exported such a commodity, may transmit a petition of hardship to the Secretary of Commerce, and the Secretary has to make a finding within 30 days.

I think, frankly, that this bill does more to protect the consistent exportation of agricultural products and other products than the export controls that we have now, because the Export Control Act that we have now is very arbitrary. Here at least we have flexibility where we did not have it before. And I do not think we would, under this new language find the arbitrary embargoes, for example, on soybeans that occurred under the previous act.

I think this is an excellent conference report, and I ask for its approval.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. REES. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Speaker, since it is not correct, and I do not like to see the RECORD indicate in any way that the Commerce Department has more authority now than they had last year. And I would ask the gentleman from California if this is not the historical situation: in 1966, they applied export controls to hides. After that, when this act came up for extension, the paragraph the gentleman read concerning agriculture was inserted into this law, and it has been in the law ever since.

Then when this bill came on the floor a couple of months ago the committee had recommended striking that paragraph, but the amendment offered by the gentleman from California caused that paragraph to be reinstated into the law. So all the restrictions are back into the law, and with regard to agriculture, it is not really weaker in that regard. Is that correct?

Mr. REES. That is correct. And the fact is that we strengthened the ability to export by setting up an appeal procedure.

Mr. SEBELIUS. Mr. Speaker, I want to take this opportunity to express my strong opposition to the conference report on S. 3792, the Export Administration Act amendments. My distinguished Kansas colleagues, Representative SHRIVER, Representative SKUBITZ, and Representative WINN, all have asked to be associated with these remarks in opposition to this proposal.

When this bill was originally considered in the House of Representatives, we adopted a simple 2-year extension of the present law by an overwhelming margin, 258 to 131. A principle consideration in this vote was restoration of the word "abnormal" before foreign demand could be used as a justification for export controls.

After a brief conference, the word "abnormal" has again been stricken from the conference bill. The present law declares it to be this Nation's policy to use "export controls (A) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of abnormal foreign demand." The conference report before us today will allow the use of export controls to fight the inflationary impact of any foreign demand. This would give the Commerce Department greater latitude for embargoing exports and would signal our foreign customers that even normal demand is not safe from export controls.

I realize it is difficult for the American housewife to understand why this country, in a time of rising food prices, should continue a policy of exporting farm products. The reason is that our farm production far exceeds what the consumer uses. I have the privilege of representing the largest wheat-producing district in our Nation and the greatest wheat-producing area in the world. What we use here at home represents only 35 percent of our total supplies. Domestic use of corn accounted for 74 percent and in soybeans only 56 percent.

To put it bluntly, export controls would break the grain markets. If we break the grain markets we put grain producers in a position where he faces a loss of income at the same time he is facing unprecedented production costs and shortages of necessary supplies. The practical effect would be to send wheat prices tumbling just at the time when farmers are holding their grain in the hope the price will reach levels that will enable them to pay for soaring production costs.

In addition, I do not think it is parochial speculation in stating that this bill will not provide answers to the consumer's food price problem. The answer to our food price problem is production and the way to produce is to provide incentive for the farmer to produce.

I am reminded of a statement made by a consumer advocate just after the announcement this past week of the suspension of the Russian grain sale. I am speaking from memory as I recall a news account but the comment was to the effect this decision should mean lower food prices for consumers. I am also reminded of a poll taken by one of the many national pollsters on this particular decision. The results indicated 80 percent of the people across this Nation agreed with the suspension. Moreover, the way this particular issue has been reported in the Nation's media, I would not be surprised if 80 percent of the people favor export controls.

My reply to this unfortunate state of affairs is that most consumers and their advocates simply do not understand basic farm economics or refuse to take the time to learn from past experience. Not too long ago, after wheat had climbed to record price levels, we witnessed a price plunge that cut the wheat market in half. There was no corresponding price decrease in food. Consumers did not pay less. There were no bread bargains. The price stayed the same. The only thing that did not stay the same was the price the farmer received and his plans for next year's wheat crop.

Farmers in my district have reached the point where there is serious talk about cutting back production unless they receive equity at the marketplace. They are bitter. During these past few years of severe inflation, the U.S. Government has directly or indirectly taken action to roll back prices only two times—once in the beef cattle industry and this past week when the grain sale suspension broke the wheat market.

Now that is not fair treatment. The farmer is tired of being the whipping boy in this fight against inflation. He is fed up to the point where we may well see farmers decide not to produce rather than try to raise a crop at a price that may or may not pay for his production costs. I am very much afraid that if we enact this legislation in its present form we will be taken another step toward forcing the farmer to make a decision of that kind.

The laboring man should also be aware of just how closely the future of every American working man is tied to the farmer's future. Approximately 450,000 nonfarm jobs are directly or indirectly related to assembling, processing, and distributing agricultural commodities for export.

In addition, we will be successful in paying for the increased cost of oil imports without bankrupting our Nation only if the farmer has the freedom to market at home and abroad. Simply stated, our farm exports now foot the Nation's oil bill. We not only feed you, we move you as well.

The best answer to the world food problem is production. The farmer will be able to produce only if he receives a fair return at the marketplace. If we make it easier to impose export controls as outlined in S. 3792 and put this decision-making power in the hands of folks who do not represent the farmer, we once again are traveling down the road to Government-controlled markets, depressed prices, and decreased production. Our Nation cannot afford this, we vigorously oppose congressional approval of this legislation.

Mr. PATMAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Speaker announced that the ayes appeared to have it.

Mr. BURLISON of Missouri. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 332, nays 43, not voting 59, as follows:

[Roll No. 600]

YEAS—332

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burton, John
Burton, Phillip
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Collier
Collins, Ill.
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Dellums
Denholm
Derwinski
Diggs
Dingell
Downing
Drinan
Dulski
du Pont
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Fisher
Flood
Flowers
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hansen, Wash.
Harrington
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Hudnut
Hungate
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Preyer
Price, Ill.
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Rinaldo
Robison, N.Y.
Rodino
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Schneebeli
Schroeder
Seiberling
Shoup
Shuster
Sikes
Sisk
Slack
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Stokes
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wolff
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion

NAYS—43

Abdnor
Armstrong
Ashbrook
Bauman
Burlison, Mo.
Butler
Byron
Camp
Crane
Culver
Daniel, Dan
Dennis
Eckhardt
Flynt
Foley
Gross
Harsha
Huber
Hutchinson
Landgrebe
Landrum
McCollister
Mahon
Mayne
Mezvinsky
Mosher
Poage
Price, Tex.
Robinson, Va.
Satterfield
Scherle
Sebelius
Shipley
Shriver
Skubitz
Smith, Iowa
Steiger, Ariz.
Steiger, Wis.
Thomson, Wis.
Thone
Wilson, Charles, Tex.
Winn
Zwach

NOT VOTING—59

Beard
Blackburn
Brasco
Burke, Fla.
Carey, N.Y.
Clawson, Del
Cohen
Collins, Tex.
Conable
Daniel, Robert W., Jr.
de la Garza
Dent
Devine
Dickinson
Donohue
Dorn
Duncan
Findley
Grasso
Hanrahan
Hansen, Idaho
Hawkins
Hébert
Hunt
Johnson, Colo.
Jordan
Luken
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Moakley
Mollohan
Nelsen
Passman
Podell
Powell, Ohio
Pritchard
Rarick
Riegle
Roberts
Roncalio, Wyo.
Rooney, N.Y.
Snyder
Steele
Steelman
Stephens
Stratton
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Veysey
White
Whitehurst
Wiggins
Wright
Young, S.C.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Dorn.

Mr. Hébert with Mrs. Grasso.

Mr. Teague with Mr. Mills.

Mr. Passman with Mr. Rarick.

Mr. Carey of New York with Mr. Stubblefield.

Mr. Dent with Mr. Hansen of Idaho.

Mr. de la Garza with Mr. Del Clawson.

Mr. Hawkins with Mr. Cohen.

Mr. Moakley with Mr. Duncan.

Mr. Wright with Mr. Conable.

Mr. Stuckey with Mr. Beard.

Mr. Mollohan with Mr. Robert W. Daniel, Jr.

Mr. White with Mr. Devine.

Mr. Donohue with Mr. Blackburn.

Ms. Jordan with Mr. Findley.

Mr. Luken with Mr. Hanrahan.

Mr. Riegle with Mr. Collins of Texas.

Mr. Roberts with Mr. Burke of Florida.

Mr. Stephens with Mr. Dickinson.

Mr. Stratton with Mr. Hunt.

Mr. Mathias of California with Mr. Michel.

Mr. Roncalio of Wyoming with Mr. Young of South Carolina.

Mr. Veysey with Mr. Minshall of Ohio.

Mr. Wiggins with Mr. Nelsen.

Mr. Pritchard with Mr. Powell of Ohio.

Mr. Towell of Nevada with Mr. Snyder.

Mr. Whitehurst with Mr. Symms.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the subject of the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING CLERK OF THE HOUSE TO MAKE CERTAIN CORRECTIONS IN H.R. 11510

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 668) relating to the correction of the conference report on H.R. 11510, which passed the House on October 9, 1974.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 668

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives in the enrollment of the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a new Nuclear Regulatory Commission in order to promote more efficient management of such functions is authorized and directed to make the following corrections:

(1) Strike out "(1)" immediately after "(a)" in section 201(a).

(2) Strike out paragraphs (2) and (3) in section 201(a).

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDING FOREIGN INVESTMENT STUDY ACT OF 1974

Mr. CULVER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate bill (S. 2840) to authorize the Secretary of Commerce and the Secretary of the Treasury to conduct a study of foreign direct and portfolio investment in the United States, and for other purposes, with Senate amendments to the House amendment thereto, and concur in the Senate amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendments to the House amendment, as follows:

Page 7, line 5, of the House engrossed amendment, after "studies." insert: "Whenever an order under clause (2) of this subsection requires a person to produce information which can be specifically identified as being part of the records of its customers, the Secretary shall, upon being provided the names and addresses of such customers, send a notice to such customers that information from their records will be disclosed pursuant to this Act; *Provided*, That this requirement shall not apply when such person is directly involved in the ownership or management of assets for the customer as nominee, agent, partner, fiduciary, trustee, or in a similar relationship."

Page 7, line 23, of the House engrossed amendment, strike out "identified." and insert: identified, except for the purposes of a proceeding under section 8.

Page 8, line 12, of the House engrossed amendment, strike out "(b)," and insert: "(b) and without the prior written consent of the customer, where the person maintained or furnished any such report which included information identifiable as being derived from the records of such customer,".

Page 8, line 14, of the House engrossed amendment, strike out "Federal".

Page 9, line 11, of the House engrossed amendment, after "showing" insert: "by such Secretary of the relevance to the purposes of the Act of such rule, regulation, order, or instruction,".

Page 9, lines 13 and 14, of the House engrossed amendment, strike out "such person shall also be subject to the civil penalty provided in subsection (a) of this section." and insert: "such person may also be subject to the civil penalty provided in subsection (a) of this section if the judge finds that such penalty is necessary to obtain compliance with such injunction or restraining order."

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

Mr. GROSS. Mr. Speaker, reserving the right to object, may I inquire of the gentleman from Iowa if the amendments to the bill adopted in conference are germane to the bill?

Mr. CULVER. Yes, they are.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. CULVER. Mr. Speaker, yesterday the Senate accepted major House revision of the Foreign Investment Study Act. It accepted two sections which strengthened an otherwise unenforceable study bill—one section to provide the Departments of Commerce and Treasury with explicit authority to collect the pertinent data and a second section to provide the necessary powers to assure compliance. The Senate further accepted the House reduction of the time for submitting the reports to Congress from 2½ and 1½ years to 1½ and 1 year.

The Senate attached six minor and clarifying amendments to the House changes.

Mr. Speaker, the first Senate amendment provides that notification must be given to the customers of financial institutions that certain information is being provided to the Departments of Treasury and Commerce. Some of the assets being surveyed in the Foreign Investment Study will be on deposit with various financial institutions—banks, brokerage houses, real estate companies—rather than being directly in the hands of the beneficial owners. In those cases where the institution is not acting as manager of those assets—for example, a savings account as compared to a trust account—the customer must be notified by the respective departments that the information is being sought. This will in no way hinder the collection of the data, and will require a simple notification to the customer by the Departments of Commerce and Treasury.

The second amendment is to section 7(c)(2). This section assures the confidentiality of the raw data by providing that no information shall be made available in a manner whereby an individual person can be identified. The Senate amendment appropriately makes an exception to this rule for proceedings under section 8, which sets forth the enforcement powers to assure compliance with the study. In case a person were brought to court for failure to provide the information requested, it would be necessary for the respective department initiating the court action to introduce the report filed by the person in order to demonstrate that all pertinent information had not been provided. The House provided for the same exception to section 7(d) and the intention was that it also apply to this subsection.

Amendments three and four are to section 7(d), which further provides for the confidentiality of the raw data. The second sentence of that subsection provides that no information can "be produced for any Federal judicial or administrative proceeding" without the consent of the person which furnished the information. This sentence was included in the House bill in order to assure the strict confidentiality of the raw data from any possible regulatory proceeding. The clause "without the prior consent of the person" was included in order to provide for an instance in which the person desired the information to be made available. The third Senate amendment takes into account the situation in which a third party, for example a financial institution, is filing the report, and requires that the consent of both the customer of the institution and the institution have to be given. The fourth amendment strikes the word "Federal" from "Federal judicial and administrative proceeding" in order to remove reports from being subject to State court proceedings. This is in keeping wtih practices followed by the Census Bureau. These two amendments further strengthen the confidentiality provisions of the bill and should help insure compliance with the study.

The fifth amendment, to section 8(b), is a clarifying amendment. This subsection provides for court action in the event of failure to cooperate with the study. It states that the court shall act "upon a proper showing," but does not indicate "a proper showing of what." The Senate amendment simply specifies what was intended—a proper showing "by such Secretary of the relevance to the purposes of the act of such rule, regulation, order, or instruction."

Similarly, the sixth amendment is a second clarifying amendment to the same subsection. It spells out the intention that the civil penalty provided in the section should be used at the discretion of the judge and only where the judge determines that it is necessary to assure compliance.

The Senate amendments to the House amendment were concurred in.

A motion to reconsider was laid on the table.

EXPLANATION OF VOTE

Mr. BROWN of Ohio. Mr. Speaker, on rollcall No. 582, the Heinz amendment to the Hansen substitute to the Bolling resolution, House Resolution 988, I am recorded as not voting.

I was present and voted "aye" by electronic device. Apparently the system failed to tally my vote. I voted for the Heinz amendment to establish a Select Committee on the Aging, and make this statement to indicate my vote.

NATIONAL VISITOR CENTER

Mr. MURPHY of Illinois. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1424 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1424

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17027) to amend the National Visitor Center Facilities Act of 1968. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Illinois (Mr. MURPHY) is recognized for 1 hour.

Mr. MURPHY of Illinois. Mr. Speaker, I yield the usual 30 minutes to the distinguished gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1424 provides for an open rule with 1 hour of general debate on H.R. 17027, a bill to amend the National Visitor Center Facilities Act of 1968.

H.R. 17027 was brought up under suspension on Monday, October 7, and received a majority of 185 yeas, 175 nays, 1 present, but did not receive a two-thirds majority. This is the reason for bringing the bill up today.

H.R. 17027 amends the National Visitor Center Act to provide authorization for an additional $12.9 million appropriated funds for essential construction of the facilities of the Visitor Center. The funds will be used to construct quality interpretive and orientation facilities in the Visitor Center as well as exhibits including an orientation well and visual presentation equipment in the main waiting room and a theater on the concourse. Also, a portion of the funds will be used to construct necessary electrical and mechanical elements and provide for extensive rehabilitation of the roof of Union Station.

Mr. Speaker, I must draw the Members' attention to the outstanding job that the gentleman from Illinois (Mr. GRAY) has done on this project and throughout his 10 terms in Congress. The gentleman has been the chairman of the Public Works Subcommittee on Buildings and Grounds for 9 years and as the Members of this body know, has always done a commendable job. Through his retirement at the end of the 93d Congress, the House will lose one of its most dedicated Members.

Mr. Speaker, I urge the adoption of House Resolution 1424 in order that we may discuss, debate, and pass H.R. 17027.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this measure has been amply debated on the floor of the House. It was up Monday, under suspension of the rules, and passed by a majority but failed to receive a two-thirds majority. I see no reason why the membership should not have the opportunity to debate the bill again.

Mr. Speaker, I yield 1 minute to the distinguished gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Speaker, as the gentleman stated, this bill was before the House under suspension of rules. That was the procedure on Monday of this week, 3 days ago. That was the procedure that the gentleman from Illinois elected at that time. There was a 10-vote difference, 185 to 175 vote at that time, far below the two-thirds required to approve the bill.

I am surprised that the gentleman is back here today on this, in the space of 3 days, to try to run this raid on the taxpayers through the House again. I am not going to oppose the rule, but I certainly will oppose the bill under the 5-minute rule.

Mr. QUILLEN. Mr. Speaker, I have no further requests for time.

Mr. MURPHY of Illinois. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. GRAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17027) to amend the National Visitors Center Facilities Act of 1968.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 17027, with Mr. NEDZI in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Illinois (Mr. GRAY) will be recognized for 30 minutes, and the gentleman from Mississippi (Mr. COCHRAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois (Mr. GRAY).

Mr. GRAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I first want to thank my distinguished friend from Iowa for not asking for a rollcall on the rule so that we can expedite the business of the House. There is a large agenda today, and I thank the gentleman very much for that consideration.

Mr. Chairman, as was pointed out earlier, this matter was before the House and debated under suspension of the rules on Monday. The only reason it was brought up under that procedure was to try to expedite the bill and get it through the other body before adjournment tomorrow.

We did have a majority vote 185 for to 175 against. The President of the United States has given this a very high priority. The Director of the Office of Management and Budget has written Congress asking for these funds. The Secretary of the Interior is eagerly awaiting this authorization in order to provide this facility for the 40 million or more people who will be coming here for the Bicentennial. The Bicentennial Administrator, Mr. Warner is waiting for this project.

Therefore, for these reasons, we felt it incumbent upon our Committee on Public Works to ask the House to vote this legislation out favorably today.

I will only take a few minutes, Mr. Chairman, to explain why we are here today. Again, I think I probably could propound three or four questions and put this matter in proper perspective.

First, if we ask ourselves, is there a need for additional parking in the Capitotal area, we undoubtedly would have to answer "Yes." There is a crying need. I am chairman of the Subcommittee on Police of the House Committee and every day we get complaints given to us by some Member or some irate citizen of this Nation who has been ticketed on some of the streets in the area of the Capitol when trying to come and see his Government in operation. It is a disgrace. We do not have adequate parking for the millions of Americans who come here, plus many staff members, our own employees.

Seventy percent of those who come here come by automobile.

The second question: Is there a need for a central place for people to get information? We have 5 million or more schoolchildren coming here every year, with no central place at which to get information. Therefore, the answer to this question is obviously yes. We do need a central place to orientate our American people, our young people who want to learn about democracy and about government. The only logical place is here in the Capitol.

Third, is there a need to have this project finished by the Bicentennial? The answer to that question is very obvious. If we do not have a place to celebrate our Bicentennial, we will have to turn our backs on not only 40 million Americans that are coming here, but also on millions of foreign visitors who will want to help us celebrate this 200th birthday year in our great country.

Last, I want to point out, in case there are any Members here who were among the 175 who voted against this under suspension of the rule—and I certainly would not impugn the motives of any Member—but anyone who voted against this proposition last Monday on the grounds that he was casting an economy vote because this authorizes $12.9 million, should remember this fact: We have already spent almost $3 million which will be lost forever. The railroads have spent $5 million that will be lost forever. That is $8 million, and it will cost approximately $12 million to restore that historic landmark back to its original use, which means a total of $20 million.

For $12.9 million, we can have a parking garage, a brand new train station, and a modern orientation center—for $12.9 million instead of the $20 million that it will cost to stop the project.

Therefore by voting no we are not casting an economy vote in any sense. I say that to those who may have voted against this resolution.

It is important that we finish this project.

My friend, the gentleman from Iowa (Mr. Gross) refers to this as a "boondoggle." As a country boy I read Mr. Webster's dictionary and found out that a "boondoggle" is referred to as a useless project.

I think that if anyone reads the morning Washington Post or last night's Star-News he will see that public opinion is pointing out that it will be a national disgrace if this project is not finished.

We cannot in any manner call it useless or not needed.

Therefore, Mr. Chairman, I would ask for a favorable vote on H.R. 17027.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield to my friend the gentleman from Illinois.

Mr. DERWINSKI. May I say that because it is a matter of pride, I would commend the gentleman for coming back with this bill.

I point out to those who are listening that unless they see fit to pass this legislation, that money already spent will be wasted.

I urge that we follow through and vote for this bill.

Mr. GRAY. The gentleman is correct; the money would be wasted and I thank him for his wise counsel and support.

Mr. DERWINSKI. In fact, a real economy vote is to complete the job and do it properly.

I commend the gentleman for stressing that point. I certainly hope that that argument will prevail and we will not waste this money.

Mr. GRAY. I think the gentleman is eminently correct.

Mr. ANDERSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield to my friend the gentleman from Illinois (Mr. Anderson).

Mr. ANDERSON of Illinois. Mr. Chairman, I thank my friend, the gentleman from Illinois, for yielding.

I am sure that I could not add to the very effective presentation the gentleman has made in favor of this proposition. As the gentleman from Illinois indicated, this matter has been rather thoroughly debated and discussed very recently on the floor of this House.

Mr. Chairman, I think, for all of the reasons that the gentleman has given, and to avoid what would otherwise be a very evident waste of the funds that have been committed to this project to date, that the Members of the House should support the gentleman here this afternoon and pass this legislation.

Mr. GRAY. Mr. Chairman, I thank my distinguished friend for his contribution.

Mr. COCHRAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I wish to indicate my strong support for the passage of this legislation, and I wish to commend the gentleman from Illinois (Mr. Gray) for his diligent and hard-working efforts in trying to keep this visitors center alive. He has devoted a considerable amount of time and energy in trying to reconcile the differences that have arisen between the parties on this construction project. The gentleman has done a great job, and had it not been for his personal efforts, this project would not be alive.

We need to pass this legislation, Mr. Chairman, in order to keep the center alive and to be sure it is constructed and to fulfill the mandate of the Congress when it passed the National Visitors Center Facilities Act in 1968.

Mr. GRAY. Mr. Chairman, I have no further requests for time.

Mr. ANDERSON of California. Mr. Chairman, I rise in support of this necessary piece of legislation in order to facilitate the resumption of construction on the National Visitor Center.

As stated in an editorial in the Washington Post this morning, it is now or never. And I surely agree with the editors of this fine newspaper that we need to "urge the Members of the House to approve the authorization to prevent a costly national embarrassment and to get work resumed on this necessary project."

Much work has already been done to assure that the anticipated 40 to 50 million visitors will have an attractive and convenient focal point to provide not only adequate parking facilities and a coordinate for varied transportation system, but also a place to refresh and receive the sufficient information to become oriented to this great city.

It is indeed unfortunate, as the capable sponsor of this legislation—Kenneth Gray—has mentioned, that so much controversy and complications have clouded this project. But I believe that the prompt passage of this bill—authorizing an additional $12.9 million for building ramps, a parking garage, and renovation of Union Station, along with the other technical changes in present law—will help to alleviate some of the legal and financial problems which have currently halted construction on this worthwhile project.

Mr. Chairman, I want to commend the chairman of the Public Building and Grounds Subcommittee, Mr. Gray, and his hard-working staff for their tremendous efforts in keeping this project alive through their tireless negotiations to resolve the difference between the various parties.

I was pleased that a majority of my colleagues supported H.R. 17027 under suspension of the rules on Monday. And I now would urge that others join them today to prevent any further delays.

I doubt that if we were not to complete this visitors center, that when our visiting constituents come to Washington in less than 2 years and find themselves stranded, without adequate facilities that they will understand or appreciate our dallying—and thereby possibly wasting up to $20 million—just to fill up the hole now existing in the Union Station.

May I urge that my colleagues join me today in passage of this necessary bill in order to provide a functional, attractive, and convenient National Visitor Center of which we can each be proud.

The CHAIRMAN. The Clerk will read.

Mr. GRAY. Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. GROSS. Mr. Chairman, reserving the right to object, I wish to point out that I have taken no time to discuss this bill.

I wonder if the gentleman would withhold his request at this time.

Mr. GRAY. Mr. Chairman, I would be delighted to withhold my request, and I will yield my friend, the gentleman from Iowa, such time as he may consume.

Mr. GROSS. Mr. Chairman, the gentleman just does not have the time to yield.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. GROSS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 102(a)(2) of the National Visitor Center Facilities Act of 1968 (82 Stat. 43), as amended, is further amended by deleting the phrase, "contingent when such facilities are available for public use,".

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I wish the taxpayers of Illinois and Mississippi would agree to take over the financing of this boondoggle. We could solve all the problems right here and now if these gentlemen who have just spoken would assure us that those States and their taxpayers are willing to take over this thing. But I doubt very much that we will get that assurance.

What they want to do is to put the burden of this monstrosity upon all the taxpayers and I assure you that if you vote to approve this additional $13 million it will be only another foot in the door. You will not be through with it.

I am not going to take a great deal of time because I spoke on this subject only 3 days ago, but I want to reemphasize that the gentleman from Illinois (Mr. Gray) promised the House time and time again that the so-called Vistors Center would not cost the taxpayers of this country any money.

Mr. Chairman, on November 27, 1967, the gentleman from Illinois (Mr. Gray) said as follows:

> The Washington Terminal Company, owned 50 percent each by the Pennsylvania Railroad and the Baltimore and Ohio Railroad, has agreed to spend approximately $19.5 million of their own money for this work. They will . . . construct a 4,000-car parking garage . . . at a cost not to exceed $11 million.
>
> I believe that if anyone is fearful we are building a "white elephant" here, which will not be used, all he needs to do is look at the National Park Service statistics, which shows that right now we need 13,000 parking spaces.

The gentleman from Illinois told us that we would get 13,000 parking spaces. Now it is down to what? 1,200 parking spaces? And the revenue to be derived from those 13,000 parking spaces was supposed to eventually pay for this alleged Visitors Center.

Continuing, Mr. GRAY said:

> The revenues certainly from parking alone should be around $2 million a year.

And again he said:

> We are talking about zero expenditures on the part of the Federal Government.

Zero expenditures. That means the taxpayers of your districts and mine were not to be clipped for this deal.

Again in the CONGRESSIONAL RECORD, on December 18, 1973, the gentleman from Illinois (Mr. GRAY) said:

> All this bill says is let us rent that space and make some money on it. What is wrong with that?

Well, there would be nothing wrong with that except that is not the way it has developed.

With the $13 million provided in this bill the Federal contribution will be $21 million-plus—and I say to the Members again, this is not the end of the shell game.

In the debate on that occasion on December 18, 1973, less than a year ago, the gentleman from Ohio (Mr. HARSHA) and I note his strange absence here this afternoon—the ranking minority member of the committee, said:

> There is to be no expenditure of the Federal money on this particular piece of legislation. Quite the contrary, the Federal Government is to realize some revenue. The Department of the Interior, the administration sent the bill up here and they requested it. It will cost the Federal Government nothing.

Nothing.

There are minority views on this bill signed by five members of the committee led by Mr. HARSHA. I was in hopes that some of these minority members who now list themselves as against the bill would be here to give voice to their opposition. I do not see them. Let me read a few exerpts from the minority report:

> The project's evolution from a totally private venture to a major Federal responsibility, the drastic scaling down of its scope and escalation of cost, suggest that enactment of this bill will represent an open-ended commitment by Congress to a project whose costs far outweigh the benefits.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. GROSS was allowed to proceed for 5 additional minutes.)

Mr. GROSS. I would remind the House that the minority report is dated October 3, 1974, and that is only 7 days ago.

Continuing to quote from the minority report, it says:

> On November 27, 1967, the Chairman of the Subcommittee on Public Buildings and Grounds, the Honorable KENNETH J. GRAY, won House approval of this project as one to be financed totally from private funds. "We are pleased to announce to the House that the proposal we bring to you today will not require one cent of the taxpayers' money in the renovation of Union Station, construction of parking, or the construction of a new railroad passenger station to replace Union Station as a transportation terminal".

Mr. GRAY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I will be delighted to yield to the gentleman from Illinois.

Mr. GRAY. Mr. Chairman, would my distinguished friend, the gentleman from Iowa (Mr. GROSS), please tell the Members of this body what the date was on that statement the gentleman is referring to?

Mr. GROSS. Of the report accompanying this bill?

Mr. GRAY. Yes—no, I am talking about the statement the gentleman read that was attributed to the gentleman from Illinois; something about it would not cost any taxpayers' money. Does the gentleman know what year that was?

Mr. GROSS. Yes; that was November 27, 1967.

Mr. GRAY. Eight years ago.

Mr. GROSS. So what?

Mr. GRAY. It was a completely different project that we were talking about 8 years ago.

Mr. GROSS. I hope the gentleman's word is good for a period of 7 years.

Mr. GRAY. Will the gentleman yield further?

Mr. GROSS. I yield to the gentleman from Illinois.

Mr. GRAY. As I explained on Monday, we are back here because of a suit filed by Amtrak pointing out they wanted certain Federal improvements. Amtrak was not even an entity when I made that statement, so we are here taking care of another Government agency's problems. The gentleman's remarks concerning the project I was talking about in 1967 are eminently correct.

Mr. GROSS. If the gentleman wants to make a speech, will he see that I get additional time?

Mr. GRAY. I will.

Mr. GROSS. I will appreciate it.

Mr. GRAY. I thank the gentleman from Iowa for yielding.

Mr. GROSS. Continuing, the minority views:

> While much needed water and sewer projects, highways, and flood control measures go begging, this bill receives priority attention. This project, the minority members assert, "has become afflicted with the Nation's capital syndrome whereby public improvements traditionally are characterized by cost overruns and repeated requests to Congress to bail them out" and so on and so forth, all in opposition to this bill.

I ask again: Where are these gentlemen today in opposition to this boondoggle?

The gentleman from Illinois speaks of the hole in the ground that exists over in Union Station. Yes, it is quite a hole he has caused to be dug. I will say to the gentleman from Illinois, if I may have his attention, that there is one way to fill that hole and that is not to go to the taxpayers of the entire country, but fill it with the broken promises that have been made to Congress with respect to the financing. Or it can be filled with the paper the bureaucracy has used in connection with this project.

Mr. HARSHA, a minority member of the committee, argued in committee that there is no Federal responsibility for the hole that presently exists over in Union Station. The committee counsel, Mr. Richard Sullivan, described the project as a "jigsaw puzzle," and it certainly is.

This bill should be defeated here and now before it becomes a further burden upon the taxpayers of the entire country.

The CHAIRMAN. The time of the gentleman has expired.

The Clerk will read.

The Clerk read as follows:

> SEC. 2. The National Visitor Center Facilities Act of 1968, as amended, is further amended by revising section 102(a)(3) to read as follows:
>
> "(3) The Company, in consultation with the Secretary, shall construct all or part of a parking facility, including necessary approaches and ramps for adequate circulation, to accommodate automobiles, charter buses, and other transportation, as appropriate, in the air space northerly of and adjacent to the existing Union Station Building, and such structure shall be leased to the United States for a term not to exceed twenty-five years commencing upon a date to be mutually agreed upon.".
>
> SEC. 3. Section 102(c) of the National Visitor Center Facilities Act of 1969 is amended by striking out "$8,680,000" and inserting in lieu thereof "$21,580,000".

AMENDMENT OFFERED BY MR. GRAY

Mr. GRAY. Mr. Chairman, I offer an amendment which is a technical amendment.

The Clerk read as follows: Amendment offered by Mr. GRAY: Page 2, line 9, strike out "1969" and insert in lieu thereof "1968."

Mr. GROSS. Mr. Chairman, does the gentleman wish to discuss his amendment?

Mr. GRAY. Mr. Chairman, I will explain the amendment. It only changes the date which is a typographical error on the part of the printer. In referring to the National Visitors Center Facilities Act the printer inserted "1969" instead of "1968." It is a technical error.

AMENDMENT OFFERED BY MR. GROSS AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. GRAY

Mr. GROSS. Mr. Chairman, I offer an amendment as substitute for the amendment.

The Clerk read as follows:

> Amendment oeffred by Mr. GROSS as a substitute for the amendment offered by Mr. GRAY: On page 2, line 10, strike out $21,580,000" and insert in lieu thereof "$8,780,000".

The CHAIRMAN. The Chair will advise the gentleman from Iowa the amendment is not in order as a substitute, but the gentleman can offer it separately.

The question is on the amendment offered by the gentleman from Illinois (Mr. GRAY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. GROSS

Mr. GROSS. Mr. Chairman, I now offer my amendment.

The Clerk read as follows:

> Amendment offered by Mr. GROSS: On page 2, line 10, strike out $21,580,000" and insert in lieu thereof "$8,780,000".

Mr. GROSS. Mr. Chairman, all this amendment does is give the promoters of this boondoggle $100,000 to fill the hole over at Union Station and forget about any more Federal money. I do not know whether it would cost $100,000 or $50,000 or $25,000. I doubt that much material would be need to fill the hole after all the broken promises that this deal would cost the taxpayers nothing are dumped in. This is the cheapest procedure I know of to get out of a very bad deal and I urge adoption of my amendment.

Mr. GRAY. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa.

Mr. Chairman, I will try to be brief. As I pointed out earlier, if the Members will refer to this map, they will see why we must have $12.9 million additional authorization. Amtrak filed a lawsuit in July of this year against the Baltimore & Ohio Railroad and the Penn Central Railroad. That suit brought this project to a screeching halt because the $16 million to be used in what we now know as the Union Station was being put up by New York banks. In order to satisfy Amtrak the Baltimore & Ohio Railroad had agreed to increase their private money commitment from $3 million to $5 million if we will provide access ramps in this area in the brown shading to be ramps for heavy buses and other vehicles from this level we can take escalators down into the train station, or take an escalator into this area if they wanted to use the Visitors Center.

There is no way in the world, I repeat there is no way in the world we can save the taxpayers any money unless we finish this because the money has been commingled with the private funds during construction. We have a big hole in what was the waiting room area, and on the back side in this blue-shaded area, and I ask every Member to go down and look at it, we have concrete and steel pilings coming out of the ground, and there is also a big hole that has been dug to hook up with Metro. The amount of $100,000 would not even get a subcontractor back on the job much less cover up the hole and remove the pilings. It would take $12 million to $15 million to get this area back into use.

Now, if the amendment of the gentleman from Iowa prevails here today, we will have no facility whatsoever for the Bicentennial. We will have no facility whatsoever for the future millions of people, and we have about 25 million people coming every year, we are also going to soak the taxpayers about $20 million for nothing. If we can count that an economy vote please tell me where?

It reminds me of the fellow who was going to swim across a lake a mile wide. He got within about 5 feet of the other shore and decided he could not make it and swam back.

In 1967 Congress authorized a new Visitors Center. Amtrak filed a suit over which we had no control.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I yield to the gentleman.

Mr. ICHORD. Where is the hole we are talking about?

Mr. GRAY. As we go in the front door of the Union Station, there was this big vast waiting room that is all dug out and there is a big hole in the middle of the station.

Immediately behind the station—I am glad the gentleman asked the question—this $5 million train station is going to be built without taxpayers' money. It is going to be built on pilings above the track levels. If we go back in here and fill up the hole, as the gentleman from Iowa stated, we will have to knock out all those concrete and steel pilings.

We were right in the middle of this project and were stopped by Amtrak's lawsuit. It is not the fault of this Congress. We found ourselves between a rock and a hard place. The only thing we can do to resolve this dilemma is furnish this authorization.

I will not be here next year. It is the constituents of the Members of this House that I am concerned about, but anyone that votes against it on the grounds they are saving money for the taxpayer is in error.

Mr. SMITH of New York. Mr. Chairman, I want to ask if the U.S. Treasury can recover the money on the original agreement after the lawsuits are settled?

Mr. GRAY. That is a very good legal question. I have checked with our committee counsel and he feels we have a legal bona fide contract between the Department of the Interior and the railroads to make these improvements. It was a Government agency that caused the B. & O. Railroad to lose their money source. The banks in New York stopped the funds because a cloud was placed, in their opinion, on the title of Union Station. The Union Station was being put up for collateral for the $16 million loan.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the thing that bothers me about this bill is that we are asked to bale out an operation that clearly has been bad from the beginning, in which we had clear promises it would not exceed a certain dollar level; but even further than that, we have another semi-Government agency that brought a stupid suit.

Now, I think Congress has to assume its responsibility to watch the pursestrings and we are not doing it. As I said, we have to send Amtrak a message, why are they in this suit if they are really trying to get the trains running?

And by the way, the trains are still running. They have not stopped, even though there is a hole in the ground.

I think the only way that agencies in this Government can get the message is when we speak decisively. I think we have to speak decisively by saying, "No, you've gone too far."

As I told my colleague, the gentleman from Illinois, before, I supported him the last time because he said then there would be no more money we have to ask for, this is the end of the line.

Now, our taxpayers have enough of this kind of overpromising, underpromising, meddling, bungling, and it has been a Federal agency that did it, Amtrak, a semi-Federal agency.

I think we ought to blow the whistle and blow it now.

Mr. GROSS. Mr. Chairman, will my friend yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from Iowa.

Mr. GROSS. The House was asked to approve this project in 1967 and it did it on the basis of the promise of the gentleman from Illinois (Mr. GRAY) and others that it would not cost the taxpayers of the country a dime.

As late as last year, the ranking minority member of the committee, as I read to the Members from the CONGRESSIONAL RECORD, the gentleman from Ohio (Mr. HARSHA) who then supported it, stated this deal "would cost the Federal Government nothing." This is the point I am trying to make and emphasize—that the members have been led down a blind alley.

Mr. ROUSSELOT. Mr. Chairman, I believe my colleague from Iowa is very reasonable in his approach. He is not saying we should cut off everything. He is merely saying, "Let us fill up the hole until all the suits can be settled, and get Amtrak back on the track by not suing when they should not be suing, and causing this kind of problem."

Also, we should get the various railroads to fulfill their obligations. My colleague from Illinois said one of the problems is that one of the railroads will not fulfill its obigation. Our taxpayers are tired of listening to all this Mickey Mouse stuff. Let us blow the whistle and vote for my colleague's amendment. We can fill up the hole and get on with it.

Mr. GRAY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Illinois.

Mr. GRAY. Mr. Chairman, I know my friend is sincere in what he is saying, but let me set the record straight. If this amendment is adopted and this project fails, and we spend all these millions of dollars to go back to the original station, does the gentleman know what is going to happen?

Amtrak is going to be forced to build its own station.

Mr. ROUSSELOT. Do they have the funds to do it?

Mr. GRAY. Coming right along behind this bill is legislation that gives them a billion and a half dollars to spend like the Postal Corporation, any way they see fit.

They have lost $300 million of our money this year already. I do not believe this Congress wants to spend tax dollars on a new train station in Washington when the railroads are willing to do it with their own money; do you?

Mr. ROUSSELOT. I am aware of the word "boondoggle."

Mr. GRAY. Me, too, but I am not handling Amtrak authorizations.

Mr. ROUSSELOT. Let me say this to my colleague from Illinois: I think he compounds the problem when he backs up Amtrak with this stupid suit by giving them more money than they really should be spending. That is why I think my colleague from Iowa makes a reasonable point in putting it back to where it really belongs as to the allowable funding amount.

Mr. Chairman, I want to conclude by saying that the minority members of this committee—and I again want to read their names—Messrs. HARSHA, DON H. CLAUSEN, BAKER, BAFALIS, and HAMMERSCHMIDT, come from a wide segment of this country, and have said in their minority views, which I hope all the Members read, that this is a lack of fulfilling obligations, and that they believe that this bill is basically wrong because we are funding those mistakes if we support this legislation.

There is an alternative, and that is to support the amendment of my colleague from Iowa to tone down this overspending.

Mr. GROSS. Mr. Chairman, will the gentleman yield further?

Mr. ROUSSELOT. I yield to the gentleman from Iowa.

Mr. GROSS. The question arises as to why the hole was dug before agreement was reached between these people.

Mr. ROUSSELOT. I will answer my colleague. We dig a lot of holes around here without knowing where we are going, and this is another example.

Mr. GROSS. Another question: Why the Department of the Interior has been spending, until recently, $30,000 a day digging holes in the Union Station without knowing where they were going. I wrote to the Secretary of the Interior in September to inquire by what legal authority he was proceeding, and I still have no answer, merely an acknowledgment that my letter had been received.

Mr. ROUSSELOT. Mr. Chairman, I will say to my colleague that maybe the National Association of Hole Diggers, or something, is supporting this, but I would say further that my belief is that we can support his amendment with the knowledge that we are not destroying the Visitor Center; we are merely blowing the whistle on spending.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. GROSS).

The amendment was rejected.

The CHAIRMAN. There being no further amendments, under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. NEDZI, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 17027 to amend the National Visitors Center Facilities Act of 1968, pursuant to House Resolution 1424, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 198, nays 159, answered "present" 1, not voting 76, as follows:

[Roll No. 601]

YEAS—198

Abdnor
Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Annunzio
Arends
Ashley
Aspin
Badillo
Barrett
Bevill
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brooks
Brown, Calif.
Broyhill, Va.
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carney, Ohio
Chamberlain
Chappell
Chisholm
Clark
Clausen, Don H.
Clay
Cochran
Collins, Ill.
Conte
Corman
Cronin
Daniels, Dominick V.
Danielson
Davis, Ga.
Delaney
Dellums
Derwinski
Diggs
Downing
Edwards, Ala.
Edwards, Calif.
Erlenborn
Evans, Colo.
Evins, Tenn.
Fascell
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Frelinghuysen
Froehlich
Fulton
Gettys
Giaimo
Gibbons
Ginn
Gonzalez
Gray
Green, Pa.
Griffiths
Gubser
Gude
Guyer
Hamilton
Hanley
Hansen, Wash.
Harrington
Hawkins
Hechler, W. Va.
Helstoski
Henderson
Hillis
Hogan
Holifield
Holtzman
Horton
Howard
Hudnut
Hungate
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kuykendall
Leggett
Lehman
Litton
Long, La.
McClory
McCloskey
McCormack
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Mahon
Mann
Mathis, Ga.
Matsunaga
Meeds
Melcher
Metcalfe
Mink
Mitchell, Md.
Mizell
Moorhead, Pa.
Morgan
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nelsen
Nix
Obey
O'Neill
Parris
Patten
Pepper
Perkins
Pickle
Poage
Preyer
Price, Ill.
Rangel
Rees
Regula
Reuss
Rhodes
Rodino
Roe
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Ryan
St Germain
Sarbanes
Schroeder
Seiberling
Shipley
Sikes
Sisk
Slack
Smith, N.Y.
Stanton, J. William
Stanton, James V.
Stark
Stokes
Studds
Sullivan
Symington
Talcott
Thompson, N.J.
Tiernan
Treen
Udall
Ullman
Van Deerlin
Vander Veen
Waldie
Whalen
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wyatt
Yates
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zwach

NAYS—159

Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Bell
Bennett
Bergland
Biester
Bray
Brinkley
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Burleson, Tex.
Byron
Camp
Carter
Casey, Tex.
Cederberg
Clancy
Cleveland
Collier
Conlan
Conyers
Cotter
Coughlin
Crane
Culver
Daniel, Dan
Davis, S.C.
Davis, Wis.
Dellenback
Denholm
Dennis
Dingell
Drinan
Dulski
du Pont
Eilberg
Eshleman
Fish
Flynt
Frenzel
Frey
Fuqua
Gaydos
Gilman
Goldwater
Goodling
Green, Oreg.
Gross
Grover
Gunter
Haley
Hammerschmidt
Harsha
Hastings
Heckler, Mass.
Heinz
Hicks
Hinshaw
Holt
Hosmer
Huber
Hutchinson
Jarman
Jones, Okla.
Jones, Tenn.
Kemp
Ketchum
King
Kyros
Lagomarsino
Landgrebe
Landrum
Latta
Lent
Long, Md.
Lott
Lujan
McCollister
McDade
Madigan
Mallary
Martin, Nebr.
Martin, N.C.
Mayne
Mazzoli
Mezvinsky
Milford
Miller
Minish
Mitchell, N.Y.
Montgomery
Moorhead, Calif.
Mosher
Moss
Murtha
Myers
Nichols
O'Brien
O'Hara
Owens
Patman
Pettis
Pike
Price, Tex.
Quie
Quillen
Railsback
Randall
Rinaldo
Robinson, Va.
Robison, N.Y.
Rogers
Roncallo, N.Y.
Rousselot
Roy
Runnels
Ruth
Sarasin
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Skubitz
Smith, Iowa
Spence
Steed
Steiger, Ariz.
Steiger, Wis.
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Thornton
Traxler
Vander Jagt
Vanik
Vigorito
Wampler
Ware
Winn
Wolff
Wydler
Wylie
Wyman
Yatron
Young, Alaska
Young, Fla.
Zion

ANSWERED "PRESENT"—1

Fisher

NOT VOTING—76

Alexander
Andrews, N.C.
Beard
Biaggi
Blackburn
Brasco
Burgener
Burke, Fla.
Carey, N.Y.
Clawson, Del
Cohen
Collins, Tex.
Conable
Daniel, Robert W., Jr.
de la Garza
Dent
Devine
Dickinson
Donohue
Dorn
Duncan
Eckhardt
Esch
Findley
Fraser
Grasso
Hanna
Hanrahan
Hansen, Idaho
Hays
Hébert
Hunt
Ichord
Johnson, Colo.
Jordan
Luken
Madden
Maraziti
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Moakley
Mollohan
Passman
Peyser
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Riegle
Roberts
Roncalio, Wyo.
Rooney, N.Y.
Rose
Sandman
Snyder
Staggers
Steele
Steelman
Stephens
Stratton
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Veysey
Waggonner
Walsh
White
Whitehurst
Wiggins
Wright
Young, S.C.

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Carey of New York for, with Mr. Hébert against.

Mr. Dent for, with Mr. Rarick against.

Mr. Biaggi for, with Mr. de la Garza against.

Mr. Fraser for, with Mr. Ichord against.

Mr. Hanna for, with Mr. White against.

Mr. Hays for, with Mr. Rose against.

Ms. Jordan for, with Mr. Beard against.

Mr. Madden for, with Mr. Burke of Florida against.

Mr. Donohue for, with Mr. Del Clawson against.

Mr. Hanrahan for, with Mr. Collins of Texas against.

Mr. Moakley for, with Mr. Devine against.

Mr. Mollohan for, with Mr. Dickinson against.

Mr. Passman for, with Mr. Duncan against.

Mr. Riegle for, with Mr. Hunt against.

Mr. Waggonner for, with Mr. Esch against.

Mr. Staggers for, with Mr. Maraziti against.

Mr. Stephens for, with Mr. Michel against.

Mr. Rooney of New York for, with Mr. Roncalio of Wyoming against.

Mr. Stratton for, with Mr. Snyder against.

Mr. Teague for, with Mr. Symms against.

Mr. Reid for, with Mr. Towell of Nevada against.

Mr. Wright for, with Mr. Walsh against.

Mr. Alexander for, with Mr. Andrews of North Carolina against.

Until further notice:

Mr. Roberts with Mr. Dorn.

Mr. Eckhardt with Mrs. Grasso.

Mr. Hansen of Idaho with Mr. Burgener.

Mr. Cohen with Mr. Luken.

Mr. Robert W. Daniel, Jr. with Mr. Mathias of California.

Mr. Findley with Mr. Mills.

Mr. Conable with Mr. Minshall of Ohio.

Mr. Peyser with Mr. Powell of Ohio.

Mr. Pritchard with Mr. Young of South Carolina.

Mr. Sandman with Mr. Whitehurst.

Mr. Steelman with Mr. Stubblefield.

Mr. Stuckey with Mr. Snyder.

Mr. Blackburn with Mr. Veysey.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GRAY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill and a concurrent resolution of the House of the following titles:

H.R. 16857. An act to provide for emergency allotment lease and transfer of tobacco allotments or quotas for 1974 in certain disaster areas in North Carolina; and

H. Con. Res. 661. Concurrent resolution to authorize a correction in the enrollment of S. 1769.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15427) entitled "An act to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1769) entitled "An act to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 355) entitled "An act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to promote traffic safety by providing that defects and failures to comply with motor vehicle safety standards shall be remedied without charge to the owner, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13113) entitled "An act to amend the Commodity Exchange Act to strengthen the regulation of futures trading, to bring all agricultural and other commodities traded on exchanges under regulation, and for other purposes."

The message also announced that the Senate had passed a joint and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S.J. Res. 250. Joint resolution to extend the Regional Rail Reorganization Act's reporting date, and for other purposes; and

S. Con. Res. 119. Concurrent resolution directing the Clerk of the House of Representatives to make corrections in the enrollment of H.R. 15427.

RELATING TO OFFICERS AND MEMBERS OF THE UNITED STATES CAPITOL POLICE UNDER THE HOUSE OF REPRESENTATIVES

Mr. GRAY. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged report (Rept. No. 93-1460) on the resolution (H. Res. 1309), relating to officers and members of the U.S. Capitol Police under the House of Representatives, and ask for immediate consideration of the resolution.

The Clerk read the resolution, as follows:

H. Res. 1309

Resolved, That (a) each officer or member of the United States Capitol Police force—

(1) whose pay is disbursed by the Clerk of the House of Representatives; and

(2) who performs duty in addition to the number of hours of his regularly scheduled tour of duty beginning on or after July 1, 1974;

is entitled (subject to such rules and regulations as the Capitol Police Board may prescribe) to receive compensation as a result of performing such duty pursuant to the order of proper authority, or to receive compensatory time off for each such additional hour of duty, except that an officer shall be entitled to receive such compensation only upon a determination of the Capitol Police Board with respect to the additional hours of duty of such officer.

(b) Compensation of an officer or member for each additional hour of duty shall be paid at a rate equal to—

(1) in the case of an officer, his hourly rate of compensation; or

(2) in the case of a member, one and one-half times his hourly rate of compensation.

The hourly rate of compensation of an officer or member shall be determined by dividing the annual rate of compensation of the officer or member by 2,080.

(c) Any officer or member entitled to receive compensation for additional hours of duty shall make an irrevocable written election with respect to his additional hours of duty which shall designate whether such officer or member desires to receive—

(1) compensation for additional hours of duty; or

(2) compensatory time off for additional hours of duty.

(d) Compensation which officers and members are entitled to receive under this section shall be made upon certification by the Chief of the Capitol Police at the end of each calendar quarter to the Capitol Police Board, and upon the transmision of approval from the Capitol Police Board to the Committee on House Administration of the House of Representatives.

(e) No officer or member may, upon the termination of his service as an officer or member of the United States Capitol Police force, transfer accrued compensatory time off for application with respect to his employment by any other department, agency, or establishment of the Federal Government or the District of Columbia. No officer or employee may, upon such termination, receive any lump-sum payment with respect to such accrued compensatory time off.

(f) For purposes of this section—

(1) the term "officer" includes all personnel of the rank of lieutenant or higher, including inspectors; and

(2) the term "member" includes all personnel below the rank of lieutenant, including detectives.

SEC. 2. Effective on the date of the enactment of the provisions of this resolution as permanent law (except the first section of this resolution, which applies only to the Ninety-third Congress to the extent not superseded by other authority), section 3 of H. Res. 449, Ninety-second Congress, relating to overtime pay for officers and members of the United States Capitol Police force under the House of Representatives, adopted June 2, 1971, enacted as permanent law by the Supplemental Appropriations Act, 1972 (85 Stat. 636; Public Law 92-184), and as amended by H. Res. 398, Ninety-third Congress, adopted June 4, 1973, and enacted as permanent law by the Supplemental Appropriations Act, 1974 (87 Stat. 1071; Public Law 93-245), is amended to read as follows:

"SEC. 3. (a) Each officer or member of the United States Capitol Police force—

"(1) whose pay is disbursed by the Clerk of the House of Representatives; and

"(2) who performs duty in addition to the number of hours of his regularly scheduled tour of duty beginning on or after July 1, 1974;

is entitled (subject to such rules and regulations as the Capitol Police Board may prescribe) to receive compensation as a result of performing such duty pursuant to the order of proper authority, or to receive compensatory time off for each such additional hour of duty, except that an officer shall be entitled to receive such compensation only upon a determination of the Capitol Police Board with respect to the additional hours of duty of such officer.

"(b) Compensation of an officer or member for each additional hour of duty shall be paid at a rate equal to—

"(1) in the case of an officer, his hourly rate of compensation; or

"(2) in the case of a member, one and one-half times his hourly rate of compensation.

The hourly rate of compensation of an officer or member shall be determined by dividing the annual rate of compensation of the officer or member by 2,080.

"(c) Any officer or member entitled to receive compensation for additional hours of duty shall make an irrevocable written election with respect to his additional hours of duty which shall designate whether such officer or member desires to receive—

"(1) compensation for additional hours of duty; or

"(2) compensatory time off for additional hours of duty.

"(d) Compensation which officers and members are entitled to receive under this section shall be made upon certification by the Chief of the Capitol Police at the end of each calendar quarter to the Capitol Police Board, and upon the transmission of approval from the Capitol Police Board to the Committee on House Administration of the House of Representatives.

"(e) No officer or member may, upon the termination of his service as an officer or member of the United States Capitol Police force, transfer accrued compensatory time off for application with respect to his employment by any other department, agency, or establishment of the Federal Government or the District of Columbia. No officer or employee may, upon such termination, receive any lump-sum payment with respect to such accrued compensatory time off.

"(f) For purposes of this section—

"(1) the term 'officer' includes all personnel of the rank of lieutenant or higher, including inspectors; and

"(2) the term 'member' includes all personnel below the rank of lieutenant, including detectives.".

SEC. 3. There shall be paid out of the contingent fund of the House of Representatives, until otherwise provided by law, such sums as may be necessary to make payments of overtime pay under the provisions of this resolution.

Mr. GRAY (during the reading). Mr. Speaker, I ask unanimous consent that the remainder of the resolution be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. GROSS. Mr. Speaker, reserving the right to object, what are we here considering?

Mr. GRAY. I will explain it when the unanimous-consent request is granted.

Mr. GROSS. I will yield to the gentleman if he will briefly explain it; if not, I will object.

Mr. GRAY. I am happy to say to my friend, the gentleman from Iowa, that this is one bill that will not cost the taxpayers any money. This bill was reported unanimously by the Committee on House Administration.

Mr. GROSS. The gentleman really means, does he, that this bill carries no cost to the public?

Mr. GRAY. I really mean it. It is a bill brought out of the Committee on House Administration that allows a policeman to receive cash for overtime worked instead of compensatory time off. The reason it will not require any additional funds is because now if we have policemen who have compensatory time coming the chief must hire someone else to take their place. We had hearings on it. It takes effect on July 1, 1974.

If a member of the Capitol Hill Police Force goes to another department, he cannot receive cash due him for his time off.

He must ask in writing for the cash for the time worked overtime in excess of his regular hours. It must be approved by the chief and the Capitol Hill Police Board, composed of the Sergeant at Arms of the House, the Sergeant at Arms of the Senate, and the Architect of the Capitol.

We are going to be very shorthanded if this resolution is not adopted.

Mr. GROSS. There will be no pay increases?

Mr. GRAY. No, none whatsoever.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: On page 2, lines 14 and 15, strike the words "an irrevocable" and insert in lieu thereof "a".

On page 2, line 20, strike the word "duty." and insert "duty subject to approval of the Chief and Capitol Police Board."

On page 5, line 7, strike the words "an irrevocable" and insert in lieu thereof "a".

On page 5, line 14, strike the word "duty." and insert "duty subject to approval of the Chief and the Capitol Police Board."

The committee amendments were agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 8193, ENERGY TRANSPORTATION SECURITY ACT OF 1974

Mrs. SULLIVAN. Mr. Speaker, I call up the conference report on the bill (H.R. 8193) to require that a percentage of United States oil imports be carried on United States-flag vessels, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

POINT OF ORDER

Mr. DU PONT. Mr. Speaker, I make a point of order against section 6 of the conference report under rule 28, clause 4(a), and rule 16, clause 7, the germaneness rule.

Section 6 is not germane because it deals with a different subject matter—the construction requirements of vessels—than the bill which deals with the regulation of oil imports.

The conference report amends section 901 of the Merchant Marine Act of 1936 (46 U.S.C. 1241) which deals with the operation, charter, and cargo of vessels.

Section 6 of the conference report—originally adopted by the Senate and not in the House bill—deals with the construction of vessels and antipollution procedures contained in the Ports and Waterways Safety Act of 1972.

Section 6 has nothing to do with vessel cargoes. It requires construction of vessels with double bottoms for use on certain limited waters of the United States. This is in no way related to the purpose or intent of the bill which is to place cargo preference rules on the importation of oil and oil products.

Under the precedents of the House under rule 16, clause 7, similar amendments have been held nongermane. See precedents V, 5884 and decisions of Chairman Garrett, May 6, 1913 (page 1234) and Speaker Clark, May 8, 1913 (page 1381).

Mrs. SULLIVAN. Mr. Speaker, I desire to be heard against the point of order.

The SPEAKER. The gentlewoman from Missouri is recognized.

Mrs. SULLIVAN. Mr. Speaker, the bill as amended by the Senate, and as modified by the conferees, makes explicit the fact that the U.S.-flag tankers subject to the bill must be constructed and operated using the "best available pollution technology." In any case, this would in all probability be inferred from the term "U.S.-flag commercial vessels" in the House-passed bill—see Public Law 92-340.

In addition, the provision requires that certain tankers have double bottoms, but the requirement in no way changes the thrust of the House bill. In all candor, Mr. Speaker, I cannot see how it can be argued that a provision requiring pollution prevention technology and standards on the vessels carrying the preference cargo mandated by the bill can be considered nongermane. It is abundantly clear to the members of the committee that this amendment is germane to H.R. 8193.

The SPEAKER. The Chair is prepared to rule.

The gentleman from Delaware makes a point of order against section 6 of the conference report on H.R. 8193 on the ground that the section is not germane to the provisions of the bill as passed by the House.

The bill as passed by the House related solely to the requirement that a percentage of U.S. oil imports to be carried on U.S.-flag vessels and provided regulations in relation thereto. Section 7 of the Senate amendment in the nature of a substitute is directed to the construction of vessels transporting oil either in foreign or domestic commerce. As modified by section 6 of the conference report, that portion of the conference report is clearly not related to the subject matter of the House bill, and the Chair sustains the point of order that section 6 of the conference report is not germane to H.R. 8193.

MOTION OFFERED BY MR. DU PONT

Mr. DU PONT. Mr. Speaker I offer a motion.

The Clerk read as follows:

Mr. DU PONT moves that the House reject section 6 of the bill, H.R. 8193, as reported by the committee of conference.

Mr. DU PONT. Mr. Speaker, the Chair has just ruled that section 6 of the bill as reported by the committee of conference is not germane. Let me say to my colleagues what this means. This is not a point of order similar to a point of order made in a regular House procedure. In that case section 6 would simply be stricken from the bill under consideration and that would be the end of it, but that is not the situation we have here.

We are dealing with a conference report and because we are dealing with a conference report we are entitled to a separate vote on the nongermane section, so even though section 6 of the conference report was ruled not germane, the debate now occurs on that section, and at the end of 40 minutes we will have a vote solely on section 6, and then we will go on to consider the rest of the conference report.

Let me address myself briefly to what section 6 does. This was added by the Senate and it was not included in the House bill. The bill deals with cargo preference. It says 30 percent of the oil that comes into the United States must come in in American-flag tankers. The Senate at the insistence of one Member of that body added a provision, a brand new provision that has nothing to do with cargo preference, and it is found on page 4 of the conference report. It is section 6 and it says that vessels serving the west coast of the United States, ports situated on the west coast of the United States on internal waters or straits, and they are talking about Puget Sound and Seattle, must be constructed with double bottoms.

Well, that may help in preventing oil pollution, but let us consider just where we are on the question of double bottoms. First of all, it was never considered by the Committee on Merchant Marine when the bill was marked up. We have not had any substantive hearings on it. We do not know whether it would be good, bad or indifferent.

Second, it is discriminatory. This section of the act applies only to internal waters of the United States on the West Coast. It does not say anything about double bottoms in other ports of the United States.

Third, we do not know what the costs of double bottoms will be in the ships we are building. We do not know what they will do to the cost of oil being transported in them. We do not know whether satisfactory design techniques are available to produce double-bottom ships in a reasonable amount of time.

In short, we really have not considered this question at all.

We have a letter, that I am sure the chairwoman will refer to, from the U.S. Coast Guard—and at this point I ask unanimous consent to insert that letter in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Delaware?

There was no objection.

Mr. du PONT. Mr. Speaker, this is a letter saying that while double bottoms may help with pollution control, that they are not the total answer and that more work is necessary before we commit ourselves to that course of action.

So I would urge the House to reject section 6 in the conference report. Let us have the Committee on Merchant Marine look into it and come up with a separate piece of legislation if we think that is justified and go from there; but on a cargo preference bill, a double-bottom section has no business at all.

I urge rejection of it by the House.

Mrs. SULLIVAN. Mr. Speaker, section 6 is the compromise language agreed upon by the conferees in lieu of the pollution prevention measures originally provided in the Senate amendment as a proviso of proposed section 901(d) (4) (B) set forth in section 2 and section 7. The House bill does not contain comparable provisions.

The Senate insisted upon these pollution prevention provisions, but the conferees could not reach agreement on the effectiveness of double bottoms. Therefore, it was concluded that a pilot project should be instituted so that the effectiveness of double bottoms could be evaluated. Section 6, as agreed upon by the conferees, accomplishes two objectives:

First. Antipollution construction standards are established for general applicability to all self-propelled vessels in excess of 70,000 deadweight tons designed for the carriage of oil in bulk and documented in the United States, including vessels qualifying for cargo under this Act. All U.S. vessels of that category, if contracted for after December 31, 1975, must be constructed using the best available pollution prevention technology. In this regard, the Coast Guard would follow the procedures and criteria contained in the Ports and Waterways Safety Act of 1972, in deciding on the best available pollution prevention technology mentioned in the act.

Second. A pilot project would be established to evaluate, by actual experience, the merits of double-bottom tankers. If a self-propelled vessel of more than 20,000 deadweight tons, documented under the laws of the United States and contracted for after December 13, 1974, is engaged in the transport of oil in bulk to U.S. west coast ports located on straits or internal waters, such vessels must be equipped with a segregated ballast capability to be accomplished in part by a double bottom fitted throughout the cargo length of the vessel. The actual size and configuration of the double bottom would be determined by the Coast Guard which has the technical expertise in this regard.

That is an explanation of what the compromise was, Mr. Speaker.

Mr. MEEDS. Mr. Speaker, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Washington.

Mr. MEEDS. Mr. Speaker, I rise in strong support of section 6 of the conference report. This section, Mr. Speaker, requires self-propelled vessels of 20,000 deadweight tons or more to have segregated ballast capacity and double bottoms when carrying bulk oil in Puget Sound.

This provision was authored and sponsored by Senator MAGNUSON of Washington and is clearly intended to provide the ultimate protection to the waters and shores of Puget Sound. We who live in the Puget Sound are properly proud of its value as a source of marine life and outdoor recreation. One major spill in Puget Sound is one too many. There is really no answer to pollution in the enclosed waters of the sound except prevention.

Senator MAGNUSON sponsored the Ports and Waterways Safety Act of 1972 in the Senate and I sponsored it in the House. It was our hope and expectation that under the provisions of title II of that act the Coast Guard would require double bottoms and other safety aspects. But the adopted regulations contained no such requirements. The action we support today is made necessary because of that omission.

With the provisions of section 6 and other safety factors which we are requiring in Puget Sound maximum protection will be provided for the marine resources and outdoor recreation which we value so highly in the Pacific northwest.

Mr. GROVER. Mr. Speaker, I would like to remind the Members that this bill, at one time, passed the House with a great deal of enthusiasm on the part of many of us. We should be deeply concerned about the thrust of it.

One of the basic thrusts of the bill, which I think should not be permitted to be lost today on a technical motion on nongermaneness is our national security. There are other objectives of the bill. One is to get a favorable balance of payments by reducing these great shipments of oil and crude oil into this country in foreign bottoms. There is another thrust of the bill, to encourage the growth of the American merchant marine, with favorable impact of jobs and on our economy. It is also to stress, to encourage American-flag shipowners to build, purchase, and operate tankers under the American flag.

We can say section 6 is nongermane. But it is not at all inconsistent with the objections of the legislation to have a pilot project on double bottoms, which many people think is the answer to pollution problems associated with the introduction of oil into our waters. It may be nongermane, but to me it is basically relevant that the Committee on Merchant Marine and Fisheries would look favorably on an effort on the part of the Senate to do some research into this problem of oil spills.

What we do is merely to suggest in the bill, in our effort to accommodate the Senate side, that we encourage, as we should do, American shipowners to build American tankers; that they experiment with double bottoms, on certain of the tankers which will be going into our west coast ports.

We could say it is technically nongermane, but we should not lose this bill because the section is entirely relevant. It is totally relevant to the bill, so I urge my colleagues to support the Committee on Merchant Marine and Fisheries in this regard.

Mr. du PONT. Mr. Speaker, I yield 2 minutes to the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Speaker, I rise in strong support of section 6. I am from a State that is going to be very involved in the transportation of oil to the ports in the lower 48. We also are going to be transporting that oil across an area which is one of the highest fishing areas of the United States of America.

As Members know on this floor, I do everything in my power to see that we do everything necessary to eliminate spills. Although I am not really sold on the concept of double bottoms, it is the only concept we have now. I think this part of the bill is directly related to the total bill in utilization of American tankers to transport our oil to our ports, where we can have some control over the transportation, and control over the price of the oil we import.

Mr. du PONT. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. RUPPE).

Mr. RUPPE. Mr. Speaker, there has been a great deal of comment here today concerning the value of the double bottom standard. Let me say that I attended the International Maritime Conference in London earlier this year. During that conference, the pollution convention was developed for all of the countries throughout the world, with participating nations trying to develop policies, standards, and controls for the tanker fleets of all the maritime nations.

The question of double bottoms was brought up. The majority of the nations wanted no part of them. There were a good deal of questions raised as to the value of a double bottom standard, whether this would even be environmentally sound, much less economically sound.

It was the opinion of the majority of the nations at the London conference that there was no value and no need for the double bottom standard. It would simply raise the cost of tankers and make the cost of imported oil and oil products just that much higher for the consumers of this country and throughout the world.

At the same time, however, I think these nations did address themselves to the question of safety and the question of pollution control. They did offer a suggestion for a segregated ballast. The segregated ballast requirement thereby is part of the policy convention. Again, as my colleague has indicated, the double bottom standard is simply far too expensive. It is not reliable and would simply be an extra burden borne by every individual who buys petroleum imports in this country and throughout the world.

For this reason, I ask for a vote on behalf of my colleague from Delaware.

Mr. du PONT. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. Frenzel).

Mr. FRENZEL. Mr. Speaker, I support the gentleman from Delaware, and urge the Members of this House to vote in support of his motion against section 6.

The bill is bad enough by itself because it is going to force consumers of petroleum products to pay more money than they need to for their energy use. But section 6 is doubly pernicious because it raises the cost even higher. In the double-bottomed vessel we apparently have the "seatbelt interlock of the high seas." It is another restriction being foisted upon us. We do not even know whether it will work or not.

Mr. Speaker, I urge that section 6 be rejected.

Mr. du PONT. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Speaker, I know the gentleman from Delaware wants to be completely factual. He said that 30 percent of our crude oil must come into the United States in U.S.-flag ships. I would like to point out that the 30 percent does not apply until after June 30, 1977. Prior to that time we are requiring 20 percent.

Mr. du PONT. Mr. Speaker, I thank the gentleman. Of course, he is correct, as usual. But I would point out that ultimately the 30-percent requirement will be there. This is a bill that is going to cost the American consumer somewhere between 1 and 2 cents on every gallon of gasoline he buys, and that is a penalty we should not put on him in these inflationary times.

Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The SPEAKER. The question is on the motion offered by the gentleman from Delaware (Mr. du Pont).

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. du PONT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 95, nays 261, not voting 78, as follows:

[Roll No. 602]

YEAS—95

Abdnor
Alexander
Archer
Armstrong
Ashbrook
Aspin
Bell
Bennett
Biester
Bray
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Burleson, Tex.
Camp
Chamberlain
Chappell
Clancy
Cleveland
Cochran
Crane
Daniel, Dan
Davis, Wis.
Dellenback
Dennis
du Pont
Erlenborn
Fisher
Forsythe
Fountain
Frelinghuysen
Frenzel
Froehlich
Green, Oreg.
Gross
Haley
Hamilton
Heinz
Hillis
Hosmer
Hudnut
Hutchinson
Jarman
Jones, Okla.
Kazen
Kemp
Ketchum
Landgrebe
Lujan
McClory
McDade
McKinney
Madigan
Mahon
Mallary
Martin, N.C.
Miller
Mosher
Myers
Nelsen
Parris
Patman
Preyer
Price, Tex.
Quie
Regula
Robinson, Va.
Robison, N.Y.
Rogers
Roush
Roy
Runnels
Ruppe
Ruth
Ryan
Schneebeli
Sebelius
Shriver
Shuster
Skubitz
Smith, N.Y.
Steed
Steiger, Ariz.
Steiger, Wis.
Talcott
Thomson, Wis.
Thornton
Vander Jagt
Ware
Whalen
Williams
Winn
Wydler

NAYS—261

Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Arends
Ashley
Badillo
Bafalis
Baker
Barrett
Bauman
Bergland
Bevill
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brooks
Brotzman
Brown, Calif.
Broyhill, Va.
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chisholm
Clark
Clausen, Don H.
Clay
Collier
Collins, Ill.
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellums
Denholm
Derwinski
Diggs
Dingell
Downing
Drinan
Dulski
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Flood
Flowers
Flynt
Foley
Ford
Fraser
Frey
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gray
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Hammerschmidt
Hanley
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hechler, W. Va.
Heckler, Mass.
Helstoski
Henderson
Hicks
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Howard
Huber
Hungate
Ichord
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Karth
Kastenmeier
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landrum
Latta
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
McCollister
McCormack
McEwen
McFall
McKay
McSpadden
Macdonald
Madden
Mann
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Milford
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Patten
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Price, Ill.
Quillen
Railsback
Randall
Rangel
Rees
Reuss
Rhodes
Rinaldo
Rodino
Roe
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Rousselot
Roybal
St Germain
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Seiberling
Shipley
Shoup
Sisk
Slack
Smith, Iowa
Spence
Stanton, J. William
Stanton, James V.
Stark
Stokes
Studds
Sullivan
Symington
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thone
Tiernan
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Wampler
Whitten
Widnall
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wyatt
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion

NOT VOTING—78

Andrews, N.C.
Beard
Biaggi
Blackburn
Blatnik
Brasco
Burgener
Burke, Fla.
Carey, N.Y.
Clawson, Del
Cohen
Collins, Tex.
Conable
Daniel, Robert W., Jr.
de la Garza
Dent
Devine
Dickinson
Donohue
Dorn
Duncan
Esch
Findley
Giaimo
Grasso
Hanna
Hanrahan
Hansen, Idaho
Hays
Hébert
Hunt
Johnson, Colo.
Jordan
King
Leggett
Luken
McCloskey
Maraziti
Martin, Nebr.
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Moakley
Mollohan
Passman
Peyser
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Riegle
Roberts
Roncalio, Wyo.
Rooney, N.Y.
Rose
Sandman
Sikes
Snyder
Staggers
Steele
Steelman
Stephens
Stratton
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Veysey
Walsh
White
Whitehurst
Wiggins
Wright
Young, S.C.
Zwach

So the motion was rejected.

The Clerk announced the following pairs:

Mr. Hébert with Mrs. Grasso.
Mr. Rooney of New York with Mr. Mills.
Mr. Teague with Mr. Stubblefield.
Mr. Carey of New York wth Mr. Powell of Ohio.
Mr. Hays with Mr. Blatnik.
Mr. Dent with Mr. Zwach.
Mr. Giaimo with Mr. Dorn.
Mr. Hanna with Mr. Luken.
Mr. Passman with Mr. King.
Mr. Moakley with Mr. Rarick.
Mr. Mollohan with Mr. Conable.
Mr. Stratton with Mr. Beard.
Mr. Staggers with Mr. Robert Daniel.
Mr. Stuckey with Mr. Collins of Texas.
Mr. Wright with Mr. Devine.
Mr. Leggett with Mr. Blackburn.
Ms. Jordan with Mr. Hansen.
Mr. White with Mr. Hanrahan.
Mr. Sikes with Mr. Dickinson.
Mr. Stephens with Mr. Burke of Florida.
Mr. Biaggi with Mr. Duncan.
Mr. de la Garza with Mr. Esch.
Mr. Donohue with Mr. Del Clawson.
Mr. Riegle with Mr. Mathias of California.
Mr. Roberts with Mr. Findley.
Mr. Rose with Mr. Cohen.
Mr. Andrews of North Carolina with Mr. Hunt.
Mr. Reid with Mr. Maraziti.

Mr. Roncalio of Wyoming with Mr. Martin of Nebraska.

Mr. McCloskey with Mr. Young of South Carolina.

Mr. Peyser with Mr. Snyder.

Mr. Pritchard with Mr. Steele.

Mr. Sandman with Mr. Steelman.

Mr. Walsh with Mr. Symms.

Mr. Towell of Nevada with Mr. Wiggins.

Mr. Veysey with Mr. Whitehurst.

The result of the vote was announced as above recorded.

The SPEAKER. Is there objection to the request of the gentlewoman from Missouri (Mrs. SULLIVAN), that the statement of the managers be read in lieu of the report?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 7, 1974.)

Mrs. SULLIVAN. Mr. Speaker, I urge approval of the conference report on H.R. 8193.

On May 8, 1974, by an overwhelming vote of 266 to to 136, the House of Representatives passed H.R. 8193; appropriately called the Energy Transportation Security Act of 1974. That act would reduce the nearly complete dependence of the United States on foreign-flag vessels for its oil imports by requiring that a percentage be imported on U.S.-flag vessels. As you know, the legislation would generally require that 20 percent of our petroleum imports go on U.S.-flag vessels at fair and reasonable rates, with this percentage figure escalating to 25 percent after June 30, 1975, and 30 percent after June 30, 1977, providing there is adequate existing U.S.-flag tonnage.

H.R. 8193 was overwhelmingly passed by the House for five major reasons:

First, it is essential to our national security that we have the U.S.-flag tankers that would result from the bill, in order to transport desperately needed oil imports.

Second, the bill will result in a substantial balance of payments benefit to the United States, at a time when this is of utmost importance.

Third, the bill will provide many additional jobs for American workers that would otherwise be lost to foreign labor.

Fourth, the bill will result in a cost monitoring system for the ocean transportation of our oil imports, so that for the first time we will be able to determine if the multinational oil companies are overcharging the American consumer for this service.

Fifth, the new U.S.-flag tankers that will result from the bill, will provide badly needed protection for our marine environment.

H.R. 8193 was revised and improved upon in the Senate, where it passed overwhelmingly on September 5, 1974.

Mr. Speaker, the Senate amendments were to the title of the bill, and in the nature of a substitute text. The majority of the Senate amendments were either technical, clarifying, or conforming in nature, and all of these are explained in the conference report. There are, however, a number of changes which I would like to briefly comment on for the benefit of the Members.

The House bill amends section 901 (b)(1) of the Merchant Marine Act of 1936, whereas section 2 of the Senate amendment adds a new subsection (d) to that section, generally containing most of the provisions set forth in the House bill. The Senate approach was adopted in conference as it avoids certain provisions in section 901(b)(1) that should be applicable to Government-generated cargoes subject to that section, but which should not be applicable to oil imports covered by the Energy Transportation Security Act. Acceptance of the Senate approach by the conferees, generally required the acceptance of 13 technical Senate amendments that are explained on pages 5 to 8 of the conference report.

Mr. Speaker, the House bill does not contain the provision set forth in the Senate amendment authorizing the Secretary of Commerce to grant credits toward the fulfillment of the requirements of the act in the case of oil transported by U.S.-flag tankers, over 100,000 deadweight tons between foreign ports, until such time as an oil discharge facility, capable of discharging fully laden vessels of over 200,000 deadweight tons is in operation on any coast of the United States. This is an improvement to the bill that was adopted in conference as there are currently no facilities in the United States capable of discharging such vessels. It should be noted that this provision, set forth in proposed section 901 (d)(3), provides that the Secretary's authority in this regard terminates as soon as the first oil discharge facility capable of discharging fully laden vessels of over 200,000 deadweight tons, is in operation on any of our coasts.

The requirements of "privately owned U.S.-flag commercial vessels" set forth in section 901(d)(4)(B) of the bill adopted by the conference are more stringent than those that would apply to the House bill. The conferees agreed to the Senate amendment which requires that such vessels be constructed in the United States, as the generation of business for domestic shipyards and the employment opportunities and balance-of-payments benefits resulting therefrom are important secondary benefits of the bill. Additionally, the conferees reached agreement on a revised Senate amendment which requires that such vessels "are not beyond their economic lives—as determined by the Secretary of Commerce—and with respect to which the owner or lessee thereof has entered into a capital construction fund agreement with such Secretary pursuant to which such vessel shall be replaced at the end of its economic life and such agreement includes a mandatory deposit schedule to finance such replacement." This provision will insure that U.S.-flag tankers are among the most modern and efficient in the world.

The waiver provision set forth in section 901(d)(7) of the bill, adopted by the conference, is more restrictive than the provision in the House-passed bill. This provision provides that the Energy Transportation Security Act may be temporarily waived by the President upon determination that an emergency exists justifying such a waiver in the national interest. It is intended that the temporary duration of the waiver exactly coincides with the duration of the emergency which triggered the waiver.

The House bill does not contain a comparable provision to section 4 of the Senate amendment, adopted by the conferees, which provides for the remission of certain import fees where U.S.-flag vessels are used to transport imported oil, and the saving is passed on to the American consumer.

Section 6 of the bill is a Senate amendment that was revised by the conferees. The first sentence of that section establishes an antipollution construction standard of general applicability to all self-propelled vessels in excess of 70,000 deadweight tons, designed for the carriage of oil in bulk and documented under the laws of the United States, including vessels qualifying for cargo under this act. All U.S. vessels of this category, if contracted for after December 31, 1975, must be constructed using the best available pollution prevention technology. In this regard, the Coast Guard would generally follow the procedures and criteria contained in the Ports and Waterways Safety Act. The second sentence of section 6 carries out the conferees' desire to establish a pilot project to evaluate, by actual practice, the pros and cons of double bottoms. If a self-propelled vessel of more than 20,000 deadweight tons, documented under the laws of the United States and contracted for after December 31, 1974, is engaged in the transport of oil in bulk to U.S. west coast ports located on straits or internal waters, such vessels must be equipped with a segregated ballast capability to be accomplished in part by a double bottom fitted throughout the cargo length of the vessel. The actual size and configuration of the double bottom is to be determined by the Coast Guard, who possess the technical expertise in this regard.

Mr. Speaker, these amendments that I have just alluded to are refinements of the Energy Transportation Security Act of 1974, that was overwhelmingly passed by the House of Representatives. I strongly urge the House to support the conference report on H.R. 8193.

Mr. GROVER. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, having personally attended the recent summit meeting I know one of the topics for discussion that ran as a thread through that meeting was that one of the principal sources of double digit inflation today is the capacity bottlenecks and the shortages that have confronted the American economy.

Mr. Speaker, having made that observation I must ask this body, what in God's name are we doing at the 11th hour of this session in passing a piece of ill-conceived legislation that runs contrary to everything that should be foremost on our minds in view of the recent summit conference?

The supporters of this measure have wheeled out the same old fatuous arguments about national security, about our prestige, about environmental protection, about new jobs, about safety standards, and about all the others that are perennially associated with protectionist assaults of this kind.

I would suggest that rather than creating another sacred cow, is it not about time that we puncture a few of those myths instead?

This bill is inflationary. It is economically nonsensical. It would sell the consumer and the taxpayer interests down the old gulf stream still another time. In addition to that it is going to be vetoed by the President of the United States.

I wonder where our last week's howls of outrage and professions of support for economy are as well as the expressions of the need to reduce energy costs and avoid gas increases? The Members heard what a storm went up in this country when somebody even talked about a 10-cent or a 20-cent increase in the gasoline tax. This bill potentially could cost the taxpayers of this country $6 to $7 billion a year and it would raise the price of gasoline no less effectively than would an increase in the gas tax.

I wonder if the American people have not had enough hypocrisy and double talk of this kind.

Mr. GROVER. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from New York.

Mr. GROVER. Mr. Speaker, did I understand the gentleman from Illinois to say the President is going to veto the bill?

Mr. ANDERSON of Illinois. It was my understanding that the administration was opposed to any provision that would mandate the carriage of 20 to 30 percent of the oil imports in American tankers.

Mr. GROVER. Permit me to disabuse the gentleman of that. We have been working very closely with the President's advisors and we have taken out the provisions that were objectionable and I think the White House will support the bill.

Mr. ANDERSON of Illinois. I have not been talking to the White House on this bill and that may very well be the case, but does the gentleman undertake to deny what I have said is false, that by mandating the carriage of the petroleum imports in American bottoms we are going to raise the cost to the American consumer, and if the gentleman has evidence to the contrary I would be pleased to hear it.

Mr. GROVER. I will put a detailed report in the RECORD that is totally contrary to that concept and it may well save this.

Mr. ANDERSON of Illinois. One point I would like to make in the brief time I have remaining is that as I have said we talked very much in the summit about the need to eliminate the bottlenecks in the American economy and to do something about the shortages that are plaguing us today. It seems to me, unless my figures are incorrect and I do not think they are, that the American shipyards are experiencing one of the largest backlogs in peacetime history, and they have $3.5 billion in building orders comprising 90 ships averaging 6 million. If we require carriage by U.S. carriers up to 25 or 30 percent, in the targets that are called for in this bill in 1977, I ask anybody here, are we not going to swamp those shipyards even further?

Are we not going to really put them in the position of calling on scarce supplies of steel, scarce supplies of manpower, and bidding up the cost of that manpower and those commodities?

The logic of this bill, I think, is truly amazing, in that it suggests we ought to undertake a crash tanker construction effort in competition for these short supplies that I spoke of that are in competition with other high priority sectors. To me that just does not make sense, because what is going to happen is that, first of all, we will substantially have reduced by 1977, unless Project Independence is a hoax, and I do not think it is, we will have reduced our imports of oil.

Second, because many of the less than supertanker size ships we will be forced to construct to meet the requirements of this bill will be obsolete, and why are they going to be obsolete? Because we are going to develop the superports we have been talking about.

We are going to develop the superior economies of 300,000 tons or more deadweight vessels that are coming on stream in the next decade and we will not need the kind of vessels that are going to be constructed to meet the goals of this legislation.

What about the brave talk on reforming the Government regulatory structure and a mandatory inflation impact statement? This bill is the epitome of the kind of producer group legislation—supported by both business and labor interests in a specialized sector of the economy—that has already strangled the market in surface freight transportation, the dairy industry, financial institutions, and civil aviation. Why create a Commission on Regulatory Reform when we are going to add to its agenda faster than it can even be established?

And finally, what about the need for new incentives for productivity improvement. The taxpayers of this Nation every year shell out $175 million in wage subsidies for the operating subsidy program—$10,000 per American seaman. They lay out 37 percent of the cost of every ship brought out of American shipyards under the construction subsidy program. Now we are proposing to reward the inefficiency and lack of competitiveness implicit in those figures by providing a huge captive market for oil cargo. It has been said that oil and water do not mix; apparently oil and feathers do, because the featherbedding contained in this measure makes the railroad and construction unions look like small-time operators.

We ought to make a start toward curtailing inordinate power of the special interest groups. Yet this legislation represents nothing more than an abject congressional abdication to one of the most notorious special interest lobbies in town: The maritime and shipping interest who already have a $500 million per year subsidy program, 50 percent cargo preference on Government shipments, the Jones Act ban on foreign-flag carriage of coastwise traffic, and tax break and deferral provisions which reduce taxes on shipping companies to levels substantially below the statutory rate. We have already handed them everything in sight to the detriment of the American consumer and taxpayer. Are we now going to throw in the kitchen sink too?

Let us defeat this conference report.

Mrs. SULLIVAN. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. MURPHY).

Mr. MURPHY of New York. Mr. Speaker, in response to some of the remarks just made by my good friend, the gentleman from Illinois, I would like to just clear up one fact or two. No. 1, this place of legislation fits clearly into the Merchant Marine Act of 1970 and the ship construction programs that this Congress overwhelmingly passed and agreed to, to keep the American flagships on our oceans.

It also fits into and dovetails into the offshore ports legislation.

When I questioned the Maritime Administrator and the Secretary of Commerce and the Secretary of Transportation in the hearings on this bill and asked if there would be an increased cost to the American consumer, none of those gentlemen could answer affirmatively and could not state that there would be a 6 or 7 percent per gallon increase or any gallon increase to the American consumer, because as knowledgeable shipping and industry observers agree there will be no increase to the consumer. There may very well be a decrease to the consumer.

This bill will do what the gentleman said. It will give more ships to the American shipyards. It will insist that the United States, for the first time, states to the world and to the American people that we are going to carry some of our commerce in American-flag vessels.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. MURPHY of New York. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. On the point the gentleman makes, giving more work to the shipyards, I am not unsympathetic to the idea of employing more American workers; but my understanding is that those shipyards are bursting at the seams now with orders and this is going to strain the scarce supply of steel and so on to complete the kind of vessels needed to carry out the mandate under the goals of this legislation.

Mr. MURPHY of New York. We have at least seven shipyards in the Port of New York alone that have closed in the last decade. We all know there are seven yards nationally just waiting for orders to fill their capacity once again so that American workmen can be employed in shipbuilding.

I would say that the arguments of the gentleman, although well intentioned, are not supported by the facts that this committee went into in great detail.

I ask for an affirmative vote on this legislation.

I personally do not agree with the double-bottom language inserted by the Senate. I did not, however, vote "aye" on the motion to strike section 6 of the conference report because I feel the overall benefits far outweigh the disadvantages. My feelings about double bottoms are, as I rise to voice my objection, my concern, and my thorough disagreement with section 6 of the bill in the conference report before the House. The language which states that tankers engaged in the carriage of oil to the U.S. west coast shall be equipped with a segregated ballast capacity which shall be achieved in part by fitting, throughout the cargo length, a double bottom is, in my judgment, a travesty on the U.S. merchant marine, a disservice to the United States, and a potential disaster.

As chairman of the Coast Guard Subcommittee of the House Merchant Marine and Fisheries Committee, I have conducted major hearings on the double-bottom proposals, and have concluded that just about everyone who is familiar with the engineering of such vessels has concluded that they are totally unnecessary and potentially a threat to the world's oceans. I would point out that the members of the House Merchant Marine and Fisheries Committee argued in vain against this provision. It was apparently insisted upon by some Members of the other body and their staff people, who have maintained an obstinate attitude toward the findings of the Congress, toward the IMCO Convention, and toward the combined expertise of the bulk of the major maritime nations of the world.

They claim to base their opinions on Coast Guard statements and studies of several years ago that have since been abandoned by the Coast Guard and repudiated by experts in this and other nations. I would like to point out a brief history of the chronology of the double-bottom fad and its quick demise in every sector except in the Senate of the United States.

The U.S. Coast Guard initially reported that double bottoms would eliminate 92 percent of penetration of cargo tanks in a selected number of previous groundings that they studied.

An IMCO study of 78 groundings concluded that 73 percent of such groundings spills would have been prevented with a double bottom.

MARAD reevaluated the original Coast Guard computations and further delimited the Coast Guard figure and stated that 35 percent of the grounding oil loss would be prevented.

Testimony before the Coast Guard Subcommittee brought forth new factors mitigating the effectiveness of double bottoms, and witnesses indicated that the 35 percent would go even lower.

The committee found that there are four serious disadvantages to double-bottom tankers that did not surface in the original studies. These included:

First, an inherent decrease in stability, with a resistance to capsizing;

Second, a loss of buoyancy in a grounded double bottom would impair salvage efforts and increase the potential for losing an entire cargo;

Third, the potential for gas accumulation in the double bottom and the danger of explosion; and

Fourth, the fact that they only work with minor accidents.

At the IMCO meeting in October, the French reported that they ran the Coast Guard figures through their computers and came up with a negative reading: that is, based on the factors outlined, there would actually be more oil spilled with double bottoms than with the single-skin tankers.

This whole reduction from the optimistic Coast Guard figure of 92 percent took place over the 4-month period, July–October 1973, and constituted a dramatic reduction in the supposed efficacy of the double bottoms. This is one of the main reasons the Coast Guard command people have altered their position on these types of ships.

Because the Coast Guard Subcommittee conducted extensive hearings into the problems of operational and accidental tank ship pollution and the recommended alternatives for eliminating such pollution, I and members of my staff were appointed to the IMCO—Intergovernmental Maritime Consultative Organization—delegation which met in London during the months of October–November 1973, and which thoroughly explored the most efficient methods of reducing pollution of the world's oceans and waterways. As a result of this experience, I was asked to testify before the Coast Guard on July 31 of this year on the subject of the efficacy of double-bottom tank ships.

I will recite a portion of my statement before the Coast Guard because of its relevance today:

> As I understand it, none of the people in the legislative branch of government who are advocates of the double bottom system attended the IMCO convention, despite the fact that many were invited. On the other hand, members of the Merchant Marine and Fisheries Committee staff sat day and night for six weeks throughout the debate and the presentation of evidence and I attended similar meetings in excess of a week.
>
> I had assumed in view of the wealth of knowledge and experience that is contained in the hearings of the House and the IMCO conference which overwhelmingly disputes the double bottom concept of pollution control that this issue would have been put to rest for the foreseeable future. I can only assume that the advocates of double bottoms have not read any of the publications or extracts of these meetings.
>
> I found great resentment against the cavalier attitude—the arrogance if you will—on the part of IMCO participants against those people in the United States who think their commitment to clean up the world's oceans and waterways is greater than that of the English, the French, the Norwegians, the Germans, the Danes, the Japanese, and others.
>
> For people who were 3,674 miles distant from the intense IMCO debate to airily dismiss the combined expertise of the greatest maritime nations in the world—including experts from the United States outside of Government—is utterly folly.
>
> The Norwegian delegation in particular, was made up of men of the highest integrity. They were precise, knowledgeable, and persuasive. But above all, they had the facts—engineering-wise and experience-wise—to convince most participants at IMCO.
>
> The Norwegians stated, "We have had experience in Norway with double bottoms on oil and bulk ore carriers. We experienced much more difficulty with double bottoms than single bottom vessels." For example:
>
> 1. Gas would collect in the pipelines and owners found they had to install detectors in the double bottom as a safety measure against explosions.
>
> 2. There would be extensive leakage of oil into the double bottom.
>
> 3. Cracks in the structure always occur and if the double-bottom gets oil in it, without a piping system to remove the oil, it has to be discharged through the bilge and through the engine room, which is exceedingly dangerous to the ship and the crew.
>
> In short, Norway felt that double bottoms are dangerous to safety and pollution citing problems of grounding and sinking, difficulty in mooring, difficulty in salvaging and the constant threat of gas seepage into the double bottom space and explosions.
>
> The British and French, who still shudder at the thought of Torrey Canyon, were also unalterably opposed to double bottom tank ship requirements. The British delegation pointed out that experience with double bottoms found the following negative effects:
>
> 1. Adverse effect on stability.
>
> 2. Adverse effect on stability of intact vessel when loaded.
>
> 3. Poor stability of damaged vessel.
>
> 4. Additional adverse effect when wind loading.
>
> 5. Possibility of leakage into the double bottom.
>
> 6. Added weight to double bottom.
>
> The French delegation suggested at one point that IMCO actually prohibit double bottoms as a threat to the world's oceans.
>
> I would remind you for the record that the original support and engineering data on double bottoms came to the Coast Guard from engineers who have since re-evaluated original data and collected new information. The advocates of double bottoms listened to them before, and I ask, why don't they listen to them now?
>
> I feel it is no secret at this point in time that the Coast Guard advocacy of double bottoms at the IMCO conference was one of a series of acceptable alternatives one of which, segregated ballast, was overwhelmingly adopted.
>
> As it turns out, however, thanks to those advocates whose knowledge and information has remained static since 1970–71, what was once an alternative has become an albatross around the neck of the United States Merchant Marine industry. The vote against the United States official stand on double bottoms at IMCO was much more substantial than the almost 3 to 1 ratio would indicate. Several delegations, including the Canadians, told me their vote for the United States position was a "sympathy vote", that they in no way supported the double bottom concept, and, in fact, if their votes had been crucial, would have voted against.
>
> The evidence is now clear.
>
> The facts are there for all to see, but the advocates refuse to accept—or even worse—they refuse to even acknowledge new evidence.

Mr. Speaker, in view of the mountain of evidence and testimony to which I have been exposed I felt I must state for the RECORD that double bottoms have the highest risk probability of any currently known ship construction configuration of causing more oil to be spilled on more beaches in just one severe accident than all single skin accidents combined in any projected 10-year period.

As I told the Coast Guard, the French took the firmest stand at the IMCO Convention, because they had come to the same conclusion that I have—with one difference—they offered mathematical proof. According to the French presentation, their studies, using the same grounding and accident figures presented by the U.S. delegation, showed that pollution would be increased instead of decreased in double bottoms. They calculated that in the double-bottom ship, there would annually be 235 tons of pollution by accidental outflow. On the other hand, in a non-double-bottom ship, there would be an annual pollution of 123 tons by accidental outflow.

As I said before, Mr. Speaker, my staff and I sat through 6 weeks of the IMCO debate. The people in the other body, who are now laying down the law on this issue, did not deem it worthwhile to show up. One staff person did appear for approximately 20 minutes, but never sat down because the debate "was boring." I understand that these are the same people who insisted that section 6 was included in the bill and report before us or they would not agree to report any bill.

Mr. Speaker, a big mistake has been made here. I have no doubt, however, that this mistake will have to be corrected—either by amendment or in the marketplace. I hope the American people will not pay the price of this mistake because the breakup of just one double-bottom tanker could cause a catastrophic discharge of oil greater than the annual 60,000 tons of spillage from conventional tankers. This would be a terrible price to pay for the temporary political advantage that may have been achieved by this phony maneuver.

Mr. GROVER. Mr. Speaker, I yield to the gentleman from New York (Mr. Fish).

Mr. FISH. Mr. Speaker, today the House considers a measure which would raise the cost of oil for the American consumer.

The Energy Transportation Security Act of 1974 would require that by 1977, 30 percent of oil coming into this country would have to be brought in American-flag ships. Since only 4 percent of oil imports are presently carried by American-flag ships, this bill contemplates an increase of 26 percent in less than 3 years. To meet this required increase would cost $4 billion to build additional tankers which is an expense that could more usefully be invested in an area where the United States is competitive, such as aerospace technology and electronics.

The cost of operating American-flag ship vessels exceeds that of foreign ships. The Maritime Administration estimates that implementation of the provision of this bill could cost the American consumer 2 cents a gallon more for gasoline because of the resulting increase in transportation costs in bringing foreign oil to the United States. This increase could add up nationally to billions of dollars more spent on the retail gasoline product.

While a national security argument has been raised in support of this legislation, I find it difficult to believe that requiring 30 percent of our oil imports to be shipped in American vessels could assure this country a continuous supply of oil. Certainly if the shipping country refuses to ship oil to the United States, the nationality of the tanker is irrelevant. In fact, the State Department, the Federal Energy Office, and the Maritime Administration have indicated opposition to this bill.

Mr. Speaker, with the price of fuel oil derivative products at an all time high, one would think that this Congress would be loath to enact a measure that would cost the consumer over $2 billion a year more by 1985. While the goal of increased employment for American workers is a praiseworthy one, the detriment to our economy here far outweighs the benefits. I urge my colleagues to oppose this bill.

Mr. GROVER. Mr. Speaker, I yield 5 minutes to the gentleman from Delaware (Mr. du Pont).

Mr. du PONT. Mr. Speaker, I expect most of the Members are getting a little tired of hearing me talk against this bill. It has been a long time and we have heard a lot of rhetoric along the way; but it is a bad bill. We ought to talk against it, because there is no way this bill is not going to increase the price of gasoline by 1 to 2 cents a gallon.

How in the devil any of you are going to go home to campaign and explain to our constituents why we are for higher gas prices at this particular time, I do not know.

There are some other arguments against it, also. I have talked about the fact before of the violation of 30 treaties we have signed guaranteeing equal access to our ports to ships of foreign nations. Now, we are saying they cannot have that.

And think of the retaliation problems. It is wonderful to visualize all the imported oil coming from abroad into American ports in American-flag tankers. But we just had an oil embargo last year. Why will not this legislation encourage the Arabs to say, "You are not going to get any oil unless it is shipped in our vessels."

That is exactly what this bill encourages. This is the first time that cargo preference has been extended to nongovernmental cargoes in the history of our country. We are doing something today that is going to touch off another trade war, make our oil more expensive, and in my opinion it is a very foolish step.

Furthermore, the bill is going to impact unfairly on different regions of the country. I would say to some of the Members from the New England States and the Middle Atlantic States, such as I am, that they are going to bear the brunt of this. Out in the Midwest, their oil does not come from tankers. It is going to be cheaper. The oil for New England is going to be more expensive. So is oil in the Mid-Atlantic States. I think that is a tough one to explain to consumers who are already hard pressed.

Let me make two further comments, and then let us get on and have a vote on this. Members received a "Dear Colleague" letter which we sent around the other day. More than 40 newspapers in this country such as the Washington Post, the Washington Star, the Chicago Tribune, Time magazine, the Wall Street Journal have editorialized against this bill. All across the country, newspapers and magazines have editorialized against this bill as a consumer ripoff.

If any Member has not seen them, we have got some copies of them over here. It is a consumer ripoff, and a bad one.

Finally, on Tuesday afternoon, 2 days ago, the President stood in this Chamber and talked to us about the economy and about inflation. He said that he hoped that legislation that the Congress passed would have an inflationary impact statement attached to it. When the proper time comes, I am going to offer a motion to recommit with instructions to the committee to prepare an inflation impact statement on this bill.

The inflation impact of this bill is enormous, and we cannot start off the President's new effort to get inflation under control unless we start off by defeating this conference report, or at the very least recommitting it so that we can get some good figures on what the bill is going to do.

Mr. TREEN. Mr. Speaker, will the gentleman yield?

Mr. du PONT. I yield to the gentleman from Louisiana.

Mr. TREEN. Mr. Speaker, as his colleague on the Committee on Merchant Marine and Fisheries, I share the gentleman's sentiments. I believe he is absolutely correct.

I dislike opposing the chairman of the committee and the ranking minority member, for whom I have the greatest respect, but I believe the gentleman is absolutely correct in his points. I join him in that and ask that the conference report be defeated.

Mr. LAGOMARSINO. Mr. Speaker, will the gentleman yield?

Mr. du PONT. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Speaker, I would like to join the gentleman from Delaware in his opposition to this conference report. I commend him for his leadership, and would like to associate myself with his remarks.

Mrs. SULLIVAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. Clark).

Mr. CLARK. Mr. Speaker, I rise to join the chairman of the Merchant Marine and Fisheries Committee in strong support of the conference report on H.R. 8193.

The chairman of the full committee has concisely stated the reasons why the House should support the proposed legislation. As chairman of the Subcommittee on Merchant Marine, I wish to go on record as being in complete agreement with, and strongly support, her statement.

In the interest of time I ask unanimous consent to revise and extend my remarks.

Our Committee on Merchant Marine and Fisheries held lengthy hearings on this legislation—15 days of hearings and 2 days of markup sessions, and it was passed by the House on May 8, 1974. The Senate held comprehensive hearings before passing this legislation. The differences between these two bills were ironed out in conference. The conference report represents a successful effort to blend the best features of the House and Senate versions of H.R. 8193, and deserves the support of the House.

I think it is important to recognize that the real opponents of this vital legislation are the multinational oil companies. For some time, a number of committees of the Congress have been attempting to formulate a national energy policy that is not dominated by the oil industry. Our Committee on Merchant Marine and Fisheries has concentrated on the ocean transportation of our vital oil imports. The result of our work is the Energy Transportation Security Act of 1974, that is before you today.

Mr. Speaker, this legislation was considered at length by the House earlier this year. At that time, it was overwhelmingly approved by a vote of 266 to 136. I ask the House once again to declare its support for this very vital legislation, and approve the conference report on H.R. 8193.

Mrs. SULLIVAN. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. LEGGETT).

Mr. LEGGETT. Mr. Speaker, there is some controversy over this conference report. It is based not on the action of the conference committee, but on the content of the Energy Transportation Security Act itself.

While I understand the concern of those who oppose the report, and while I respect their reasoning and motivation, I urge the House to reaffirm the decision it made on May 8 when it passed the bill.

If we require 20 percent—increasing to 30 percent by 1977—of the oil imported into the United States to be carried in American ships, we will add approximately 1 cent onto the retail price of a gallon of gasoline. Gasoline prices are astronomical as it is, and I do not enjoy the prospect of a further increase.

I do not enjoy paying my health insurance premiums either. But that it not the point. I pay them because the possible consequences of not paying are even less enjoyable. So it is with this bill.

The Energy Transportation Security Act is the only route whereby we can be sure the United States will acquire the capability to transport 30 percent of our incoming oil, as opposed to the miniscule 5 percent we now carry.

Why do we need this capability? I suggest the answer is given by the events of the past year, in which the oil-producing nations formed a cartel that may well break us if we do not break it first, and in which our NATO allies flatly refused to cooperate with our effort to save Israel.

The world is not as friendly a place as it used to be. We cannot dominate it economically as we used to. And by all the evidence things are going to get worse.

It is becoming increasingly apparent that we can count on only those things which we can do for ourselves. Fortunately, we are blessed with immense natural resources and unparalleled technology; there are a great many things we can do for ourselves. Unfortunately, there are also a number of things we can not do, such as mine copper or chromium; you can not do it if you do not have it.

Oil transport falls into the middle category: we can do this for ourselves, but only if we make a determined long-term effort to give ourselves the capability. I feel we must do this. It is bad enough to be at the mercy of foreign powers that produce raw materials; we must not add to our problems by subjecting ourselves to those who can transport them.

This bill is, in effect, an insurance policy. The premiums are not pleasant. But the consequences of nonparticipation are considerably worse. I urge passage of this report.

Mrs. SULLIVAN. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON of California, Mr. Speaker, I want to commend the gentlewoman for the tremendous job she has done in bringing this legislation before us.

Mr. Speaker, I rise in support of the conference report on H.R. 8193, to require that a certain percentage of U.S. oil imported into the United States be carried on U.S.-flag vessels.

This timely piece of legislation has indeed multibenefits to our Nation, not only by strengthening our merchant marine, but also by stimulating employment, improving our balance of payments, promoting our national security, benefiting the consumer and taxpayer, and helping to improve our marine environment.

One of the lessons I hope we learned this past winter was the folly of our dependence upon foreign sources for our vital energy needs. Now I trust that we will not need a similar shock to demonstrate the flaws in our unnecessary reliance upon foreign-flag tankers for over 95 percent of our petroleum product imports. The passage of this bill will help alter this situation by creating a U.S. fleet capable of carrying at least 30 percent of our oil imports by 1977, thereby greatly improving our self-reliance and our national security.

In addition, the enactment of this bill will greatly improve our vital shipbuilding industry. It has been estimated that 103 new tankers will be needed to fulfill the requirements of this bill by 1985. This naturally will account for numerous new jobs in shipbuilding, ship repairs, and supportive industries. Furthermore, the employment of U.S. seamen to operate these ships would not only be a tremendous boost to our sagging maritime employment, but it would also add billions of dollars to our economy in the form of wages.

While there has been much concern over the effect of this bill upon the cost of oil to the consumer, both the House and Senate committees considering the bill concluded that there should be no increased cost to the consumer; in fact, there is some evidence to suggest a possible savings of 1 cent per gallon.

Mr. Speaker, because of these and other benefits, I support this landmark piece of legislation. I am especially pleased that the conferees retained the exemption for the small refiner, which I fought so hard to obtain.

I urge my colleagues to join me today in the passage of this very beneficial conference report.

Mr. GROVER. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I support the remarks of the gentleman from Delaware (Mr. DU PONT). To vote for this bill is to vote for a gasoline tax on the consumers of every area. If we do that, and at the same time claim to oppose another gas tax, we are indeed brave people.

I remember, and I call the attention of the Members to the history, the last time we employed a policy like this. President Kennedy did it when we were trying to sell grain to the Russians in the early sixties.

I think we all remember what happened. When the Russians found out the real cost of American bottoms, we did not sell any more grain for 10 years. You may say, "That is a good thing." But it was not then. That was a time when we were trying to move the surplus. But not a pound of it moved to Russia because the transportation cost in American bottoms was prohibitive.

The cost will be again prohibitive, but we will have to pay it because we need the oil. If you want to lay this tax on gasoline, go ahead but I am not going to be a part of it.

Mr. GROVER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the actions taken by the committee of conference on H.R. 8193, the Energy Transportation Act of 1974, and urge the adoption of the conference report.

Mr. Speaker, I have heard the arguments on the other side. Heretofore in our hearings, there were contrary arguments and a heavy weight of evidence that indeed this legislation will not increase the cost of gasoline. That claim is a scarecrow; it is a bugbear. In the present conference report, we do not require one single gallon of oil to be carried in an American bottom. It is permissive only and required only where the ships are available. And, by golly, if American bottoms are available and they are lined up, unused, and if there are American sailors available to sail the ships, we should put the oil in those bottoms. Again, it is permissive. It is not required. The President is authorized in this conference report—has absolute discretion—to waive completely every requirement of the legislation in the national interest. If there is going to be an increase in gasoline as a result of this legislation, which I doubt, the President can weigh that impact of the bill in the national interest. This is a good bill, It is economically sound. It is ecologically sound. I urge the support of the conference report.

Mr. Speaker, the legislation as passed by the two bodies did not differ in any fundamental respect, but rather in terms of legislative drafting. The House-passed bill consisted of an amendment to section 901(b) of the Merchant Marine Act of 1936. The Senate-passed bill, on the other hand, established a new subsection (d) to section 901 of the act thereby segregating the provisions of this legislation dealing with the importation of petroleum from the provisions of existing law governing the carriage of Government-sponsored cargoes.

The Senate approach necessitated the adoption of a number of provisions which were not required in the House bill to cover such matters as Presidential waiver and establishment of agency responsibility for administration of the act. The House bill, of course, was able to rely upon existing provisions of section 901 (b) in these regards. The Committee of Conference adopted the Senate approach with only minor revisions dealing principally with the question of Presidential waiver authority.

The waiver language of existing section 901(b), which the House bill would have relied upon, provides for a waiver whenever the Congress by concurrent resolution or otherwise, or the President or the Secretary of Defense declares that an emergency exists justifying a temporary waiver and so notifies the appropriate line agencies of the Government. The Senate-passed bill eliminated the references to congressional action and to the Secretary of Defense as redundant and imposed a 180-day limit on the duration of any waiver. The managers on the part of the House considered such a limitation arbitrary and unwise. After consultation with the President, a new waiver provision was drafted which states that this act may be temporarily waived by the President upon determination that an emergency exists justifying such a waiver in the national interest.

While it is clear that the utilization of this waiver authority by the President must be based upon a specific emergency of a temporary nature, the adoption of the phrase "in the national interest" is intended to vest in the President broad discretion with respect to the nature of the emergency which might justify invoking this authority. It is my understanding that the President is entirely satisfied with the waiver authority conferred upon him by this legislation as reported by the committee of conference.

The Senate-passed bill contained several provisions which amplify this legislation in a constructive manner. These are sections 4, 5 and 6 of the bill, as reported by the committee of conference. Section 4 authorizes a remission of oil import license fees for a 5-year period following enactment of the legislation with respect to oil imported on U.S.-flag vessels. This remission is contingent upon the savings being passed on to the oil consumer, and while there is no guarantee that importers will exercise this option, there should be considerable pressure upon importers to do so thereby reducing the cost of imported oil by 15 cents per barrel and 42 cents per barrel in the case of residual fuel oil.

Section 5 of the bill as reported by the committee of conference amends section 809 of the Merchant Marine Act of 1936 to provide for a fair apportionment of maritime subsidies to insure that sufficient funds are available to serve the foreign trade interests of all our seacoasts. This provision is supplementary to language which was enacted in the Merchant Marine Act of 1970 to place the Great Lakes on the same footing as our ocean seacoasts. Hearings before the Committee on Merchant Marine and Fisheries of the House and Commerce Committee of the other body over the past year have clearly demonstrated that efforts within the Department of Commerce to stimulate trade on the Great Lakes and through the St. Lawrence Seaway are inadequate. It is hoped that the adoption of this provision will send a clear message to the Department of Commerce that Congress expects a more imaginative and constructive approach to Great Lakes shipping problems in the future.

Section 6 of the conference bill addresses the very serious question of ocean pollution from oil. The first paragraph of section 6 requires that tankers of more than 70,000 deadweight tons be constructed and operated with the best available pollution prevention technology. The 70,000-deadweight-ton floor is consonant with the 1973 pollution convention adopted at London by the Intergovernmental Maritime Consultative Organization—IMCO.

As the statement of managers indicates, it is expected that the Coast Guard will utilize the statutory framework of the Ports and Waterways Safety Act in implementing this paragraph. Title II of the Ports and Waterways Safety Act addresses the question of tanker pollution in comprehensive terms, but gives the Coast Guard the option of imposing construction and operating standards unilaterally or of adopting as the United States standards the standards promulgated by IMCO if the IMCO standards meet minimum criteria established by the Secretary of Transportation.

While the 1973 IMCO pollution convention was a giant step forward in upgrading tanker construction standards, that convention has not yet entered into force. Regardless of the fate of international efforts to minimize oil pollution, it is essential that the United States do everything within its power to see that ships operating in U.S. waters or flying the U.S. flag conform to the highest possible standards.

The provisions of section 6 do not apply to foreign-flag vessels. However, if the international standards applicable to foreign-flag vessels fall substantially below those imposed on U.S. vessels, the Secretary of Transportation and the Coast Guard will be under a very severe obligation as set forth in the Ports and Waterways Safety Act to unilaterally impose these higher standards on foreign-flag vessels seeking to enter our waters. We have no intention of placing American-flag vessels at a competitive disadvantage on the world's sea lanes, but the answer is not to lower standards for U.S. vessels but rather to compel foreign shipowners who wish to enter our trades to adhere to our standards of pollution prevention technology.

The second paragraph of section 6 imposes a requirement that tankers of more than 20,000 deadweight tons entering west coast ports be equipped with a segregated ballast system which includes a double bottom. The legislation as passed by the Senate would have imposed this double bottom requirement on U.S.-flag ships generally. Since, however, there is a legitimate difference of opinion among technical experts over the efficacy of double bottoms as a pollution-prevention device, the Committee of Conference agreed to limit this requirement at this time to west coast ports such as Puget Sound and San Francisco Bay.

A large number of tankers are now being built in the United States equipped with double bottoms. These ships are primarily intended for the Government of Alaska North Slope oil from the Port of Valdez, Alaska, to Puget Sound and other west coast ports. It is unlikely that the requirements of this paragraph will result in the imposition of a double bottom requirement on many vessels that would not otherwise be built in this manner. The provision will, however, serve to accelerate both Coast Guard and industry efforts to develop the safest possible segregated ballast systems. The managers on the part of the House intend to follow this very closely with extensive oversight hearings during the 94th Congress.

H.R. 8193 as reported by the committee of conference is a comprehensive approach to the question of carriage of oil by U.S.-flag tankers. I urge adoption of the conference report.

The major oil companies are opposed to H.R. 8193, requiring that a percentage of the oil imported into the United States be carried in U.S.-flag vessels. These companies have sought to generate opposition to the legislation, based on the claim that this legislation will make petroleum products more expensive for the consumer.

No one wants to add to the burden which the current inflation has placed on the consumer.

But analysis shows that the American consumer has long been abused by foreign-flag shipping.

The major oil companies—who oppose this legislation—have a lucrative vested interest in foreign-flag shipping.

The major U.S. oil companies own the foreign subsidiaries who in turn own the foreign-flag ships which bring oil to the United States.

Almost all of the imported oil which comes into the country by ship comes in on foreign-flag ships.

The major, integrated oil companies have both the incentive and control to keep the price the consumer pays for shipping as high as possible.

These vertically integrated international oil companies control the lion's share of crude oil production, refining, and marketing—in the United States and abroad—as well as half of all shipping.

Vertically integrated companies enjoy tremendous flexibility in the assignment of costs and prices to various operations and various countries in the pursuit of maximum aftertax profits.

Profits in foreign shipping are worth nearly twice as much to integrated oil companies as are, for example, profits in domestic refining and marketing.

Oil companies do not disclose the price charged for shipping oil.

Because the oil companies are integrated into field-to-pump operations, the price of shipping is nothing more than an internal entry on the company books.

U.S. tax laws allow foreign shipping profits of American companies to go untaxed.

The more profits that—for bookkeeping purposes—show up as shipping profits, the more profits that the integrated, multinational companies can realize totally free of taxes.

This legislation will result in a benefit to the consumer-taxpayer of approximately 1 cent on each gallon carried on a U.S. ship.

This benefit will come as a result of the elimination of four longctanding abuses, abuses perpetrated on the American consumer and the American taxpayer by the major oil companies, who ship our imported oil on foreign-flag ships.

The abuses which this legislation will eliminate are:

The overcharging of the consumer by the multinational oil companies through the transfer of profits to taxfree shipping operations;

The exemption of shipping profits from U.S. taxation;

The employment of foreign nationals to build, repair, and man ships; and

The outflow of dollars to pay for foreign-flag ships, an outflow which contributes to a deficit balance of payments.

This legislation would remedy these abuses by:

Requiring reporting of costs and prices. The legislation specifies that U.S.-flag shipping will take place at "fair and reasonable rates." The Maritime Administration of the Department of Commerce will have the authority to require full disclosure of the cost of shipping and the prices charged for shipping under this legislation;

Taxing shipping profits at the normal corporate rate;

Providing 7,000 jobs for American workers in 1975 in shipbuilding, ship repair, and support industries, and onboard ship. The number of jobs provided would rise to 31,000 by 1985; and

Reducing the drain of dollars going overseas to pay for foreign shipping. The balance-of-payment benefit has been estimated at $241 million for 1975, rising to $1.8 billion by 1985.

There is a slightly greater cost of shipping oil on American ships than on foreign ships, because American workers earn more than foreign workers. But that higher cost should not translate into a higher price for the American consumer of petroleum products. The benefits listed above, which stem from the elimination of the four longstanding abuses, will more than offset increased costs. On balance, the consumer will save approximately 1 cent per gallon on all oil brought in on U.S.-built ships which are manned with American crews.

Mrs. SULLIVAN. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. DOWNING).

Mr. DOWNING. Mr. Speaker, I rise to join the chairman of the Merchant Marine and Fisheries Committee and the chairman of the Subcommittee on Merchant Marine, to urge that the House support the conference report on H.R. 8193.

As a member of the full committee and the Subcommittee on Merchant Marine, I am aware of the years of work that have gone into the perfection of this legislation. This is a good bill, and I am pleased to have had the opportunity to work with my colleagues on both sides of the aisle on what is before us today—the conference report on the Energy Transportation Security Act of 1974.

The opponents of this legislation have been unsparing in efforts to create confusion as to what H.R. 8193 is all about, so permit me to briefly comment in this regard.

H.R. 8193 will result in American tankers, manned by American seamen, so that our national security will no longer be jeopardized by relying on foreign vessels for over 95 percent of our oil imports.

H.R. 8193 will break the stranglehold that the multinational oil companies now have over the ocean transportation of our oil imports, so that we will be able to determine if the American consumer is being overcharged for this service.

H.R. 8193 will result in jobs for Americans at a time of rapidly rising unemployment.

H.R. 8193 will result in new American tankers, constructed with the best available marine pollution prevention technology.

Finally, H.R. 8193 will provide collateral benefits, such as a substantial balance-of-payments savings at a time when this is becoming of crucial importance.

H.R. 8193 is a sound piece of legislation whose time has come. I strongly urge the House to support the conference report.

MOTION TO RECOMMIT OFFERED BY MR. DU PONT

Mr. DU PONT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. DU PONT. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk reads as follows:

> Mr. DU PONT moves to recommit the conference report on H.R. 8193 with instructions to report back a report to the House containing an inflation impact statement.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. DU PONT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidentally a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 219, nays 140, not voting 75, as follows:

[Roll No. 603]

YEAS—219

Abzug
Adams
Addabbo
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Badillo
Bafalis
Baker
Barrett
Bauman
Bennett
Bergland
Bevill
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Brinkley
Brooks
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Collins, Ill.
Conte
Corman
Cotter
Cronin
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellenback
Dellums
Diggs
Dingell
Downing
Dulski
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Evans, Colo.
Evins, Tenn.
Fascell
Flood
Flowers
Foley
Ford
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Ginn
Gonzalez
Goodling
Green, Pa.
Grover
Gubser
Gude
Haley
Hanley
Hansen, Wash.
Harsha
Hawkins
Heckler, Mass.
Helstoski
Hicks
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Howard
Huber
Hudnut
Hungate
Ichord
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Karth
Kazen
Kemp
Kluczynski
Koch
Kuykendall
Kyros
Landrum
Leggett
Lehman
Lent
Long, La.
Long, Md.
Lott
Lujan
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Mahon
Mann
Mathis, Ga.
Matsunaga
Meeds
Melcher
Metcalfe
Milford
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Montgomery
Moorhead, Pa.
Morgan
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nichols
Nix
O'Hara
O'Neill
Owens
Passman
Patman
Patten
Pepper
Perkins
Pickle
Pike
Price, Ill.
Randall
Rangel
Rees
Rinaldo
Rodino
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Roy
Roybal
St Germain
Sarasin
Sarbanes
Schroeder
Seiberling
Shipley
Shoup
Sisk
Skubitz
Slack
Spence
Stanton, James V.
Stark
Steed
Stokes
Studds
Sullivan
Symington
Thompson, N.J.
Thornton
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Veen
Waggonner
Waldie
Whitten
Widnall
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wyatt
Wydler
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—140

Abdnor
Alexander
Anderson, Ill.
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Bell
Biester
Breckinridge
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Burleson, Tex.
Burlison, Mo.
Butler
Camp
Chamberlain
Cleveland
Cochran
Collier
Conlan
Conyers
Coughlin
Crane
Culver
Davis, Wis.
Denholm
Dennis
Derwinski
Drinan
du Pont
Erlenborn
Esch
Eshleman
Fish
Fisher
Flynt
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Gilman
Goldwater
Griffiths
Gross
Gunter
Guyer
Hamilton
Hammerschmidt
Harrington
Hastings
Hechler, W. Va.
Heinz
Henderson
Hillis
Hosmer
Hutchinson
Jarman
Johnson, Pa.
Jones, Okla.
Kastenmeier
Ketchum
Lagomarsino
Landgrebe
Latta
Litton
McClory
McCollister
McSpadden
Madigan
Mallary
Martin, Nebr.
Martin, N.C.
Mayne
Mazzoli
Mezvinsky
Miller
Mizell
Moorhead, Calif.
Mosher
Moss
Nelsen
Obey
O'Brien
Parris
Pettis
Poage
Preyer
Quie
Quillen
Railsback
Regula
Reuss
Rhodes
Riegle
Robinson, Va.
Robison, N.Y.
Rousselot
Runnels
Ruppe
Ruth
Ryan
Satterfield
Scherle
Schneebeli
Sebelius
Shriver
Shuster
Smith, Iowa
Smith, N.Y.
Stanton, J. William
Steiger, Ariz.
Steiger, Wis.
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Treen
Vander Jagt
Vanik
Vigorito
Wampler
Ware
Whalen
Williams
Winn
Wylie
Wyman
Yates
Young, Ill.
Zion
Zwach

NOT VOTING—75

Andrews, N.C.
Beard
Biaggi
Blackburn
Blatnik
Brasco
Brown, Mich.
Burgener
Burke, Fla.
Carey, N.Y.
Clawson, Del
Cohen
Collins, Tex.
Conable
Daniel, Robert W., Jr.
de la Garza
Dent
Devine
Dickinson
Donohue
Dorn
Duncan
Findley
Grasso
Gray
Green, Oreg.
Hanna
Hanrahan
Hansen, Idaho
Hays
Hébert
Hunt
Johnson, Colo.
Jordan
King
Luken
McCloskey
Maraziti
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Moakley
Mollohan
Peyser
Podell
Powell, Ohio
Price, Tex.
Pritchard
Rarick
Reid
Roberts
Roncalio, Wyo.
Rooney, N.Y.
Rose
Sandman
Sikes
Snyder
Staggers
Steele
Steelman
Stephens
Stratton
Stubblefield
Stuckey
Symms
Teague
Towell, Nev.
Veysey
Walsh
White
Whitehurst
Wiggins
Wright
Young, S.C.

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Beard against.

Mr. Carey of New York for, with Mr. Symms against.

Mr. Rooney of New York for, with Mr. Powell of Ohio against.

Mr. Hunt for, with Mr. Collins of Texas against.

Mr. Sandman for, with Mr. Wiggins against.

Mr. Whitehurst for, with Mr. Young of South Carolina against.

Mr. Pritchard for, with Mr. Price of Texas against.

Mr. Walsh for, with Mr. Devine against.

Mr. King for, with Mr. Brown of Michigan against.

Mr. Biaggi for, with Mrs. Grasso against.

Until further notice:

Mr. Teague with Mr. Blatnik.

Mr. Stephens with Mr. Dorn.

Mr. Dent with Mr. Gray.

Ms. Jordan with Mr. Reid.

Mr. Hays with Mr. de la Garza.

Mr. Roberts with Mrs. Green of Oregon.

Mr. Sikes with Mrs. Hansen of Idaho.

Mr. Staggers with Mr. Blackburn.

Mr. Stratton with Mr. Robert W. Daniel, Jr.

Mr. White with Mr. Conable.

Mr. Wright with Mr. Burke of Florida.

Mr. Stuckey with Mr. Duncan.

Mr. Mollohan with Mr. Findley.

Mr. Moakley with Mr. Hanrahan.

Mr. Donohue with Mr. Luken.

Mr. Andrews of North Carolina with Mr. Maraziti.

Mr. Mathias of California with Mr. Mills.

Mr. McCloskey with Mr. Michel.

Mr. Peyser with Mr. Minshall of Ohio.

Mr. Roncalio of Wyoming with Mr. Rarick.

Mr. Rose with Mr. Synder.

Mr. Dickinson with Mr. Steele.

Mr. Towell of Nevada with Mr. Hanna.

Mr. Steelman with Mr. Stubblefield.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER PROTECTING OUTSTANDING SCENIC, NATURAL, AND SCIENTIFIC VALUES OF THE GRAND CANYON

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1420 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1420

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1296) to further protect the outstanding scenic, natural, and scientific values of the Grand Canyon by enlarging the Grand Canyon National Park in the State of Arizona, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment recommended by the Committee on Interior and Insular Affairs now printed on page 7, line 5 through page 11, line 21 notwithstanding the provisions of clause 7, rule XVI. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The Chair recognizes the gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Tennessee (Mr. QUILLEN), and I yield to myself such time as I may consume.

Mr. Speaker, House Resolution 1420 provides for an open rule with 1 hour of general debate on S. 1296, a bill to further protect the outstanding scenic, natural, and scientific values of the Grand Canyon by enlarging the Grand Canyon Park in the State of Arizona.

House Resolution 1420 provides that it shall be in order to consider the amendment recommended by the Committee on Interior and Insular Affairs now printed on page 7, line 5 through page 11, line 21 notwithstanding the provisions of clause 7, rule XVI—the germaneness provision—of the rules of the House of Representatives.

S. 1296 expands the Grand Canyon National Park from 673,575 to 1,406,500 acres. The expansion program includes the lands within the existing Grand Canyon and Marble Canyon National Monuments; the lands within the present Grand Canyon National Park, as well as certain Federal lands presently in the Glen Canyon and Lake Mead National Recreation Areas and in the Kaibab National Forest.

Mr. Speaker, I urge the adoption of House Resolution 1420 in order that we may discuss, debate and pass S. 1296.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the able gentleman from Florida (Mr. PEPPER) has explained the provisions of the resolution. I think that we all should remember that the Federal Government already owns most of these lands, and there is only an additional cost of a little over $1 million for the entire bill.

Mr. Speaker, I have no requests for time.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. QUILLEN. I yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding.

What is the reason for a waiver of clause 7, rule XVI?

Mr. QUILLEN. I will respond to the gentleman from Iowa by stating that 185,000 acres of land are to be held in trust for the Havasupai Indian Reservation.

Mr. GROSS. Yes; but why waive clause 7 of rule XVI?

Mr. QUILLEN. There was a nongermane amendment.

Mr. GROSS. I see. I thank the gentleman.

Mr. QUILLEN. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. PEPPER. Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. TAYLOR of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill (S. 1296) to further protect the outstanding scenic, natural, and scientific values of the Grand Canyon by enlarging the Grand Canyon National Park in the State of Arizona, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill S. 1296, with Mr. DULSKI in the chair.

The Clerk read the title of the Senate bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from North Carolina (Mr. TAYLOR) will be recognized for 30 minutes, and the gentleman from Arizona (Mr. STEIGER) will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. TAYLOR).

Mr. TAYLOR of North Carolina. Mr. Chairman, the legislation now before the House is S. 1296—a bill to provide for the enlargement of the Grand Canyon National Park.

BACKGROUND AND NEED

I know that all of the Members of this House recognize the Grand Canyon National Park as one of our most outstanding national treasures. For millions of years, the Colorado River has been carving this magnificent canyon through the colorful rock formations of the region. In cutting this canyon, we are told, the Colorado River exposes the most complete picture of geologic history to be found anywhere in the world.

At the present time, the Grand Canyon National Park contains 673,575 acres of land, but it does not include the entire area recognized as the geographic Grand Canyon. If enacted as recommended by the committee, S. 1296 would expand the park from the upper reaches of the Grand Canyon near the mouth of the Paria River to its terminus at the Grand Wash Cliffs.

As recommended, S. 1296 would create a park totaling 1,406,500 acres. Practically all of the lands are already in Federal ownership and some of them are already within designated units of the National Park System. In fact, it is interesting to note that, as the river flows, the new park boundaries would incorporate certain lands from the existing Glen Canyon National Recreation Area, the entire Marble Canyon National Monument, the existing Grand Canyon National Park, the present Grand Canyon National Monument, and a portion of the Lake Mead National Recreation Area.

It is easy to understand why many interested citizens, conservation leaders, and the sponsors of this legislation—Hon. MORRIS K. UDALL and Senator BARRY GOLDWATER—would like to consolidate these interlocking parts of one single geographic feature into one complete national park under one management. It is a grand dream for a Grand Canyon National Park that goes back to the first great promoter of its preservation—President Theodore Roosevelt who said:

> Do nothing to mar its grandeur . . . keep it for your children, your children's children, and all who come after you, as the one great sight which every American should see.

Mr. Chairman, in making a single national park of the entire Grand Canyon we bring all of the present component parts into a sensible administrative framework so that the part of the Grand Canyon that is now technically within the national recreation areas, as well as the lands within the national monuments, will be administered under the same laws and policies that are applicable to the existing Grand Canyon National Park. The enactment of S. 1296 will assure the maximum protection of the national and scenic values of the entire Grand Canyon.

PROBLEM AREAS

Normally, Mr. Chairman, when we bring park bills to the House floor, there is very little controversy. That would undoubtedly be the case in this instance, since the lands are almost entirely federally owned and since the costs are nominal, but there are two major controversies, which I am sure that the House will have to resolve. One involves the Havasupai Tribe of Indians and its desire for an enlarged reservation. The other involves a potential hydroelectric dam in the lower reaches of the proposed enlarged park.

HAVASUPAI ISSUE

On the question involving the Havasupai Indians, let me say that the bill, as recommended by the committee provides that approximately 185,000 acres of national park and national forest land shall be held in trust for the use of the Havasupai Indians. In adding this provision to the bill, the committee recognized the economic problems of this small tribe of Indians, but it included language which will restrict the uses which the tribe can make of the lands.

Mr. Chairman, at the time that the committee approved this language, I reserved my right to oppose this section of the bill. While I support the enactment of S. 1296, and while I want to be fair to the Havasupai Tribe, I do have some serious reservations about the wisdom of including section 10 in this legislation and will support an amendment to delete or modify this section.

I believe that if this proposal has merit—and perhaps it does—it should be thoroughly studied to determine which lands need not be included within the park, which lands can best serve the economic, social, and cultural needs of the tribe, and what other alternatives might reasonably be considered. Once that study is made, then the Congress can make its own decision based on solid information and on full and open discussion of the merits of removing these lands from the national park and national forest system.

The other controversy that arose during our deliberations involved the so-called Haulapai Dam. As everyone knows, in the mid-1960's the Congress heard much opposition to the construction of a Federal dam at this location. Consequently, the Lower Colorado River Basin Act expressly provided that no dams—Federal or federally licensed—could be constructed on the Colorado River between Glen Canyon Dam and Lake Mead. I believe that the mood of the people and mind of the Congress remains unchanged and that no dam should ever be constructed at this site. For that reason, when this amendment is offered I hope that the House will reject it.

LEGISLATIVE CONSIDERATION AND COST

This matter was the subject of public hearings before the Subcommittee on National Parks and Recreation late last year. It was considered in detail by both the subcommittee and the full committee before being recommended to the House.

The costs involved in S. 1296 are relatively nominal. For the acquisition of lands, the bill authorizes the appropriation of $1,250,000. Development in the expanded area is not expected to be extensive so the bill limits this authorization to no more than $804,000.

CONCLUSION

Mr. Chairman, that summarizes the basic thrust of S. 1296 and briefly explains the two major controversial issues that I believe will face the House. I recommend the approval of S. 1296, however, I hope that an amendment with respect to the Havasupai issue will be adopted and that no amendment will be approved which would permit the impoundment of any part of the Colorado River between Glen Canyon Dam and Lake Mead.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of North Carolina. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I would like to associate myself with the remarks of the chairman of the National Parks Subcommittee. I certainly agree with the gentleman that this bill expanding the Grand Canyon National Park and resisting efforts to build another dam in the Grand Canyon is something that deserves the support of every Member.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. TAYLOR of North Carolina. Mr. Chairman, I yield myself 1 additional minute, and I yield to the gentleman from Ohio.

Mr. SEIBERLING. I certainly agree, Mr. Chairman, that we must try to eliminate the provisions for transferring thousands of acres of the present Grand Canyon National Park to the Havasupai Tribe, who have already received a very generous settlement amounting to approximately $10,000 per family on the average from the Indian Claims Commission, who still retain the right to use the lands for tribal purposes and grazing; but if we give title to thousands of acres to the Grand Canyon, it would not only be a bad precedent, because it would encourage other Indian tribes to make similar claims, but it would also open the door to possible commercial exploitation of the Grand Canyon by interests who may not have the same view that we have about the preservation of that tremendous and unique national asset.

Mr. TAYLOR of North Carolina. I thank the gentleman and I concur in his remarks.

Mr. STEIGER of Arizona. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I find myself in substantial agreement with the gentleman from North Carolina, except particularly his last phrasing, which I do not think he meant, in which he urged a vote against the amendment on the Havasupai.

Actually, what the gentleman wants to do is what the gentleman and the Sierra Club types want to do, take this land away from the Havasupai and give it to the park. In the bill we give the land to the Havasupai. Needless to say, there will be arguments pro and con and I suspect we will hear this in the amending process, so I will not belabor it.

The bill itself is a worthy bill. It calls for the expansion and consolidation of the Federal land into a Grand Canyon National Park worthy of the Grand Canyon.

I must tell the Chair and my colleagues that our Arizona colleague, the Senator from Arizona (Mr. GOLDWATER) has considered this one of the most significant pieces of legislation he has worked on. I know in my years of association with him, he has never been more closely involved with a bill than he has this one.

So I want to advise my colleagues, I guess the bottom line is that the bill does not cost any money. It will take a little of the time of the Members this evening; but the bill is in my view well thought out. There will be some amendments in addition to the two of the subcommittee. I am offering some amendments to knock out the land the House added on the north side of the park. This has the support of the Arizona delegation. Otherwise, I hope we will be able to expedite this and engrave it for all time in the law.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from Illinois.

Mr. YATES. I have read the report and I get the impression that the claims of the Havasupai were satisfied, that the claims of the Indians have been paid for land taken from them. Why are we giving the land back to them now?

Mr. STEIGER of Arizona. That is a very interesting question, SIDNEY.

Mr. YATES. Mr. Chairman, under the rules of the House the gentleman is not supposed to refer to me by my first name. I suggest he follow the rules.

Mr. STEIGER of Arizona. I know the gentleman's first name.

Mr. YATES. I know the gentleman does, but he knows the rules, too.

Mr. STEIGER of Arizona. If I have offended the gentleman——

Mr. YATES. The gentleman has not offended me.

Mr. STEIGER of Arizona. I wanted to indicate my warm affection for the gentleman.

Mr. YATES. I thank the gentleman.

Mr. STEIGER of Arizona. I will tell the gentleman that he has oversimplified and overstated the case. We have paid for the grant of millions of acres. The facts are, and I will be happy to respond to the gentleman from Ohio who is feeding the gentleman questions——

Mr. YATES. The gentleman is entirely wrong as usual. The gentleman from Ohio has not been feeding me questions. I have read the report and it says the claims of these Indians were satisfied.

Mr. STEIGER of Arizona. I certainly apologize. If the gentleman would like to have the answer——

Mr. YATES. I would like to have the answer——

Mr. STEIGER of Arizona. I am ready to give him the answer.

Mr. YATES. Let us have the answer.

Mr. STEIGER of Arizona. The Havasupai Indians were awarded a claim for several million acres of aboriginal land. Half of this claim has remained unexpended by the tribe in anticipation of receiving this land in trust, which this bill does. That money continues to remain unexpended by the tribe for that very reason.

I trust that answer satisfies the gentleman.

Mr. Chairman, I yield such time as he may require to the gentleman from California (Mr. HOSMER).

Mr. HOSMER. Mr. Chairman, I think it should be pointed out that this legislation would deprive this tribe of the opportunity to get relief from the activities that might ensue from building the dam at Bridge Canyon. This Bridge Canyon dam is one of these environmental issues that has persisted for the last dozen years at the behest of people who have never seen the Grand Canyon or been anywhere near it.

The dam earlier referred to by, I believe, the gentleman from Ohio, was to be built at Bridge Canyon, and called Hualapai Dam. At that time into the boundaries then existing for the Grand Canyon National Park, only a very small tail end of the lake would have intruded at a location where one either had to take a helicopter, an airplane, or a boat trip down the rapids to see it. As a consequence of the rabid environmentalist campaign which resulted in not building that dam, the people in the utility business were forced, instead of using clean hydropower, to build a bunch of dirty, coal-fired plants which are messing up the atmosphere in the Far West. They were forced to build these at an earlier stage than they would have otherwise built them, and at a time when they did not have the technology to build these plants cleanly as they can do now.

So, I would say to the gentleman from Illinois, these things that are being taken away from the Havasupai Indians, the opportunity to do something besides scrub for bugs and worms out in the wilderness, are worth something to the Nation and to the native people. Certainly, this bill ought to compensate these people for the permanent denial they are going to have of making anything out of themselves from the developments that would come from building Hualapai Dam. These should not be legislated out of their reach.

Mr. STEIGER of Arizona. I would like to point out also, Mr. Chairman, that I planned to offer an amendment which will delete certain areas added by the House to the Senate version. For the purposes of clarification, Mr. Chairman, and no other, I am going to refer to these by name so that anyone who might be concerned would have an opportunity to understand what we are talking about. We are talking about: Kanab Canyon; Whitmore, Parashaunt and Andrus Canyons; Blue Mountain, Mt. Dellenbaugh and Twin Points.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield for a question?

Mr. STEIGER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I believe the gentleman misspoke himself in one respect, and I would like to ask if that is not the case. I understood the gentleman to say that the opponents of the committee amendment with respect to the Havasupai, which is going to be offered when we get to the amendment stage, would take land away from the Havasupai and give it to the Grand Canyon National Park, and I assume the gentleman was not referring to the Havasupai, because the land is already in the National Park, and the committee bill would propose to take it away from the park and give it to the Havasupai; am I not correct?

Mr. STEIGER of Arizona. No. The land has been given to the Havasupai in this bill. The amendment would it away from them.

Mr. SEIBERLING. I think the gentleman is clearly in error.

Mr. STEIGER of Arizona. How am I in error, I would ask the gentleman? Does this bill not give the land to the Havasupai?

Mr. SEIBERLING. The bill would take National Park land and give it to the Havasupai, but they do not now own that land.

Mr. STEIGER of Arizona. Does the bill give the land to the Havasupai?

Mr. SEIBERLING. The bill proposes to give the land to the Havasupai.

Mr. STEIGER of Arizona. Does the bill give the land to the Havasupai?

Mr. SEIBERLING. It would, if enacted.

Mr. STEIGER of Arizona. Does the amendment take that land away from the Havasupai?

Mr. SEIBERLING. The opponents of the committee bill would leave the title to the land where it is now, in the National Park.

Mr. STEIGER of Arizona. Then the gentleman is hung up on rhetoric again.

Mr. SEIBERLING. It is the gentleman's rhetoric.

Mr. STEIGER of Arizona. At this time, Mr. Chairman, I would like to yield 5 minutes to the distinguished minority leader and my colleague, the great and Honorable JOHN RHODES.

Mr. RHODES. Mr. Chairman, this bill does a lot of things. In the first place, I think it protects the great Grand Canyon, one of the wonders of the world, about as well as law can do, and I sincerely hope that the bill will be passed.

Other things which it does, of course, is to give the Havasupai Tribe, which is a tribe living in a small canyon which comes off of the Grand Canyon, a chance to have a viable economy.

Some few years ago it was my good fortune to go down to the Havasupai Canyon with my eldest son. We spent Thanksgiving with the Havasupai. When I came out, I asked various people if they knew what the Havasupai had for Thanksgiving dinner, and, of course, no one did. Well, they had roast turkey, mashed potatoes, cranberry sauce, sweet potatoes and things most other people have for Thanksgiving dinner. It was good, too. The people were friendly, hospital, and interesting.

These are people who understand our way of life, but who would like to have a better economy than they have. The best way for them to have it is through tourism because it is a beautiful area.

I am one of those who believes, however, that it is only beautiful as long as it is kept pretty much the way nature planned it to be. This is also the feeling of the Havasupai Tribe.

All of the talk which we have heard about tramways and all sorts of newfangled ways of getting to the bottom of the canyon are not the idea of the Havasupai. Their idea is to have accommodations for people, certainly; but only accommodations which could be reached in about the way they now are, which is by way of horseback or foot.

The horses we rode down into the canyon are hardly the best examples of horseflesh I have ever seen. In fact, they might very well be described as bags of bones. One reason for that is that at the bottom of the canyon there is very little fodder, there is very little food. The canyon is beautiful. It is not very productive.

It was brought home to me that the thing that needed to be done for the Havasupai was for land to be given to them up on the rim of the canyon so that they could invest funds, to have an irrigated pasture, so they might grow food and fodder for the horses and perhaps some crops for the subsistence of the tribe itself.

This is about all we are trying to do. This is not a steal. This is not an attempt to rape the Grand Canyon. If it were, I would not have anything to do with it. The gentlemen from Arizona (Mr. STEIGER and Mr. UDALL) would not have anything to do with it.

It is not that at all. It is an attempt to do what we think is necessary to help this tribe help itself.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Illinois.

Mr. YATES. Do not the Havasupai tribe have the right to graze on this land now?

Mr. RHODES. They have the right to graze, but they do not have the capability. In fact, by law, they are not allowed to put money into permanent improvements until they are able to irrigate that land, even in the case of mountain goats, let alone horses. Therefore, it is absolutely necessary that some of this land be given to them in fee simple for the purpose of investment.

Therefore, Mr. Chairman, it would be my hope that we could pass this bill and do it without too much delay. The need is there. Certainly the merit is there. These people want to help themselves. The people of the United States of America, to whom the Grand Canyon belongs—we call it the Grand Canyon of the Colorado; many call it the Grand Canyon of Arizona—but it really is the Grand Canyon of the United States. This is a bill to protect it and to protect it for all time.

I certainly hope the bill will pass as it came out of the committee.

Mr. TAYLOR of North Carolina. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I had the great privilege of having grown up in northern Arizona, in the Grand Canyon area. My parents and family have been associated with this area for over 100 years.

A year and a half ago, with the distinguished junior Senator from Arizona, Senator GOLDWATER, I sat down to try to put together a bill once and for all to protect this beautiful area. This bill has now passed the Senate and has been approved by our committee. The House should act favorably tonight.

This bill will for all time lump into a magnificent national park a lot of different areas which have been in national monuments, national recreation areas, forest service lands, et cetera, all under different status of ownership.

I hope that we do not lose sight of the main thrust of this bill in settling a couple of peripheral controversies.

We presented in the committee stage one amendment which relates to the plight of the Havasupai Tribe. I was the author in the committee of the amendment to put that section in the bill.

The Senate simply had a study as to whether to transfer the land to the Havasupai Indians.

I was happy when last spring the administration, having opposed up to that time any enlargement of the Havasupai Reservation, came forward and approved an amendment that is even larger than the Udall amendment in the bill which provides for 185,000 acres. President Nixon and the administration last spring asked that we enlarge it to 250,000 acres.

We are going to have a tough time in choosing up sides between the Sierra Club, which opposes this amendment, and the Indian organizations all over America who think the time has come to give it to the Havasupai Tribe and provide them with a decent reservation.

The Havasupai Tribe already uses the land we propose to give them. They are grazing on it now under a permit, but they cannot get the improvements they need and they cannot reside on the permit area.

This is not a giveaway of national park land. It is simply a protection of this tribe in the legitimate, honorable uses they have had.

I hope the committee will support the committee amendment when we get to that stage.

Mr. Chairman, I am very pleased that the House is today considering S. 1296, the Grand Canyon National Park Enlargement Act. It is, in my opinion, one of the most important national park proposals before the Congress in recent years, and I think this bill deserves consideration by the House during this session.

Let me take just a few minutes to sketch the background and evolution of this legislation.

As long ago as 1886, President Harrison proposed that a national park be created to include the Grand Canyon and its principal side canyons. This proposal, which would have created our largest national park at that time, was not acted upon until 1919, when Congress designated 673,575 acres of the Grand Canyon area as a national park. Although that legislation created our eighth largest national park, even then many recognized that this was inadequate to protect this magnificent natural spectacle.

Down through the years, a number of proposals and suggestions have been made to consolidate the various federally administered areas in and around the Grand Canyon into one comprehensive national park. Senator GOLDWATER introduced such legislation in the 85th and 91st Congresses, and again in the 93d Congress. On March 20, 1973, Senator GOLDWATER introduced S. 1296 and I introduced a companion bill, H.R. 5900. The Senate amended and passed S. 1296 in September of 1973. The House Parks and Recreation Subcommittee of the Interior and Insular Affairs Committee held hearings last November on these measures, and elected to proceed with the Senate-passed version which has now been amended and reported from the Interior and Insular Affairs Committee.

The House Interior Committee accepted most of the Senate's work, but made what I consider to be a number of constructive changes in the legislation which is before you today. First, approximately 230,000 acres of park quality land were added by the committee to the park proposal. These additions are spectacular side canyons and overlooks to the Grand Canyon, which are, in my opinion, worthy of park protection. My idea was to define the Grand Canyon as a geologic entity which would provide park protection from rim to river. When you see these additions from the air as I have, there is no mistaking the fact that they are part of the Grand Canyon and do belong in the national park.

There has been some concern expressed by certain ranchers and hunting organizations over the proposed additions as they affect future grazing rights and also the availability of these areas for sportsmen. The committee did adopt an amendment which authorizes the Secretary of Interior to study two of the areas added to the park by the Interior Committee to see whether the public interest would best be served by deleting these areas from the national park.

The major controversy involved in this legislation, however, regards the Havasupai Indian Reservation enlargement. The original bill introduced by Senator GOLDWATER and myself would have placed in trust for the Havasupai Tribe approximately 170,000 acres which is now within the national park, national monument, and national forest. Right now this tribe of approximately 300 members lives in the bottom of the Grand Canyon on 500 acres of land. They have very serious problems, many of which stem from their isolation and crowded living conditions. Senator GOLDWATER and I both believe that this reservation is inadequate, and that some of the plateau land the tribe has continued to claim for thousands of years should be added to their reservation. The Senate passed bill only included a study provision, thus necessitating separate legislation for a transfer.

The tribe has a unique claim to this land which was recognized in the 1919 act when Congress created the Grand Canyon National Park. At that time, the statute preserved the tribe's right to the use and occupancy of this land. Historically, the tribe has lived in the canyon bottom part of the year and on the plateau land at other times. While the Havasupai have longstanding grazing permits to use with national forest and national park land, there is also a history of friction between the tribe and Park and Forest Service.

The Havasupai have long desired to have approximately 250,000 acres of this land added to the reservation and a number of proposals along these lines have been made by the BIA. It is true that the Havasupai agreed to settle their aboriginal claim to more than 2 million acres of this land in 1972 for $1.2 million and opponents of the land transfer cite this as determinative. They argue that to now grant additional lands to the Havasupai Reservation is to risk upsetting all Indian claims settlements and will open the door for future claims against the public lands by any number of Indian tribes. The Commission considered and rejected these arguments for a number of reasons. Congress has the responsibility and the power to create, add to or abolish Indian reservations as it sees fit. The Indian Claims Commission is not authorized to grant land, only monetary consideration for land taken illegally by the United States or others from Indian tribes. The question here is one of need, and the committee concluded that the tribe indeed needs a larger land base.

Moreover, the amendment approved by the committee retains a number of restrictions on use which are there to assure that there will be no adverse effect on the ecology, wildlife, or scenic quality of the Grand Canyon. These restrictions, I might add, limit the tribe's prerogatives to use this land as other tribes use trust land, a fact which again limits this action as a precedent.

This amendment is an effort to reach a compromise solution to a very difficult problem, and will, in my opinion, address the very real needs of the Havasupai people while preserving and protecting the environment of the Grand Canyon. The tribe's proposal, endorsed by former President Nixon in May of this year, was to transfer over 250,000 acres including areas within the inner gorge of the canyon. Environmentalists, on the other hand, oppose any transfer. While the national conservation organizations are inflexible on this point, there is a great deal of support for this amendment among conservationists in my own State and across the country.

The proposal will transfer approximately 65,000 acres from the national park and national monument, but no land closer than one-fourth mile from the canyon rim nor any land in the main gorge of the Grand Canyon. It also includes approximately 120,000 acres of national forest land contingent to the present reservation. In addition, the proposal allows the tribe traditional uses and access to the area below the canyon rim.

Moreover, the land transferred is to remain "forever wild," except for limited uses for residential, community, and educational purposes as developed under a land use plan approved by the Secretary of Interior. As the committee report states, the clear intent of the language is to preclude any industrial or commercial development which would detract from this area. The committee contemplates that the National Park Service and interested citizens will be involved in developing such a plan.

Again, I cannot agree with those who claim that this provision will set a dangerous precedent by reopening an Indian claims question and also by transferring lands from a national park. I agree with my friend from Washington, LLOYD MEEDS, who, as chairman of the Indian Affairs Subcommittee, has jurisdiction over Indian Claims Commission matters. He certainly does not see this as any kind of threat to the Indian claims system and he supports this amendment. Let me underline the fact again that the land in question here is but a small portion of the Havasupai original claim for which the tribe was compensated by the Claims Commission. Furthermore, Congress has, as in the case of the Taos Blue Lake transfer several years ago, exercised its plenary powers and granted land to Indian tribes who had been through the Indian claims process.

Moreover, while I am a strong defender and vociferous proponent of our National Parks and Wilderness System, I do not see this as any kind of challenge or threat to that system. National Park and National Forest boundaries are not inviolate or sacrosanct and have been changed many times by Congress. The most recent example was a deletion of 12,000 acres from Capitol Reef National Monument in Utah and 10,000 acres from Arches National Monument when Congress created the Arches and Capitol Reef National Parks.

Let me sum up by saying I think the amendment approved by the committee is equitable and the proper solution to a very difficult problem.

Notwithstanding that controversy, I hope this committee will not lose sight of the fact that this legislation is a significant step toward providing the best possible protection for the Grand Canyon and its peripheral areas. This bill will place 1,400,000 acres—almost the entire Grand Canyon from rim to river—under the jurisdiction of the National Park Service. Such status confers the best protection possible for this land.

Our national park system is unique to this world, a truly American concept and a model for many nations to follow. The Grand Canyon is now and will most assuredly continue to be one of our most important national parks. It is probably visited by more people from all over the world than any other single place in the United States. It has been called "the most revealing single page in earth's history open on the face of the globe," and the "world's most wonderful spectacle." As Senator Henry Ashurst of Arizona once said:

> No prose poet has even dipped pen deep enough into the ink of temerity to attempt a complete description.

If the Grand Canyon does defy description, there is certainly no disagreement on the need to preserve this monument to nature's work for all future generations to enjoy. I sincerely hope that this park can be created by the 93d Congress.

Mr. TAYLOR of North Carolina. Mr. Chairman, I yield 6 minutes to the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I think several things should be made clear from the outset.

I was glad that the gentleman from Arizona (Mr. UDALL) a moment ago stated that the Havasupai Tribe now uses the lands. They do indeed.

They have had use of this land for years without cost to the tribe.

What is proposed here is a transfer of those lands from the title of the United States into a trust title for the benefit of the Havasupai Tribe.

For what purpose? So that they can develop these lands for their economic advantage.

How would they do that? By obtaining long-term investment capital to develop grazing.

Mr. Chairman, the lands to be transferred are among the poorest grazing lands in the United States. I do not think anyone from the State of Arizona would consider me unfair to that great State when I say that they are unsuitable, indeed miserable lands for grazing. But scenically they are magnificent.

Senator GOLDWATER has attested to the fact that these lands contain some of the most impressive and beautiful areas in the entire West. They are a national treasure, one which belongs to all the American people. They are now located in a great national park, one of the most important and impressive in the entire world.

The purpose of this act is to enlarge and to regularize the boundaries of the park and to maintain the Grand Canyon for all American generations to come. This act is, unfortunately, in my judgment, marred beyond repair by an extraordinarily ill-advised proposal to transfer 185,000 acres of some of the most beautiful and scenic areas of the park, including portions of the Grand Canyon rim, to the Havasupai Tribe. I can see no way that the tribe can make valid and beneficial economic use of this area beyond what they are doing now without violating the essential purpose and sanctity of these parklands.

If the tribe is given the opportunity to develop tourism, we may see a situation created which would be terribly destucture to the unequalled beauty of this land. I should point out that a draft comprehensive Havasupai development plan financed by an HUD grant, prepared with the cooperation of the Arizona State Office of Economic Development, and participated in by representatives of the Havasupai Tribe, suggested that the use of aerial tramways the construction of lodges and motels and the building of additional roads be considered in such tourist development proposal.

Mr. Chairman, there are other ways in which the Government of the United States can move to help this tribe. It is not a large tribe. There are, as we know, less than 400 Havasupai. It did, however, receive a settlement in 1962 of $1,250,000. This award was in final settlement of all of its claims against the United States for the taking of lands. That was the Aboriginal Land Claims Act which the gentleman mentioned.

Some of the members of the tribe now say that they did not give up their right to come back and seek additional lands. However, the fact of the matter is that the settlement, agreed to be the tribe and their attorneys, provides that the tribe would be forever barred from any other claims. The settlement is beyond question a fully legal settlement, whether the money awarded by the settlement has been completely drawn by the tribe or not. I would like to emphasize that the money has been appropriated by the Congress, it has been partially distributed to the tribe, and the claim is therefore fully and legally settled.

The Congress established the Indian Claims Commission, which made this award, precisely because for a century the Congress was plagued with Indian claims demanding the return of lands to Indian claimants. Therefore, in 1946, Congress decided to make money settlements instead of and in lieu of land settlements on those claims. That was the decision underlying the establishment of the Indian Claims Commission.

Since 1946 almost $500 million has been expended in the Continental United States to pay claims to Indian tribes and there are still some 200 claims that remain unresolved. If we now undertake to transfer the lands in question to the Havasupai Tribe, I will absolutely predict that other tribes will ask for lands in addition to whatever claims have been paid to them or may be paid to them.

Mr. Chairman, much of the entire West, indeed the Nation, was once an area where Indian tribes roamed and

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Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, as I read the report, the Secretary of the Interior and the Secretary of Agriculture are both opposed to giving this land to the Havasupai; is that correct?

Mr. FOLEY. The gentleman from Arizona (Mr. UDALL) I think can give the latest position of the Department on that.

Mr. UDALL. If the gentleman will yield, the answer is yes, when they wrote the report. Then President Nixon last May changed the position of the administration, and now advises giving them more land than we want to give them.

Mr. FOLEY. The President of the United States made a statement in Arizona about this matter without consulting the Departments involved. When he made the statement the Departments immediately reconsidered their position on the question, and now have a new position.

I would hope we can defeat the committee amendment that transfers these lands, and that we then expeditiously move to examine what can be done to assist the Havasupai tribe economically.

Its agency was, for example, closed by the Department of the Interior many years ago and this could be reopened. There are also many possibilities for special programs, if their use is necessary to assist this tribe. But I plead with the members of this committee not to transfer the title of these lands which are now in the ownership of all the American people and which are integral to the most important and dramatic physical monument in this country.

Mr. STEIGER of Arizona. Mr. Chairman, I yield 3 minutes to the gentleman from Oregon, (Mr. DELLENBACK).

Mr. DELLENBACK. Mr. Chairman and colleagues, really, at the moment, we speak for the record because the determination on the issues will be decided when we get to the 5-minute rule, and will be determined by the votes of those Members who are not present on the floor at this moment. But, Mr. Chairman, let me still say for the benefit of those who are present on the floor that my colleague, the gentleman from Washington (Mr. FOLEY) has, in my mind, very cogently spelled out the issues. And his conclusion is correct. It is not a case of whether or not the Grand Canyon is a beautiful area. Of course it is. Anybody who has seen it knows that. It is not a case of whether there should be an enlargement of that area. There should be an enlargement, and that was the basic thrust of this bill. This bill was basically a good piece of legislation until it got to the situation of attempting, in the wrong piece of legislation, to deal with a very important issue. That very important issue is: How do you help the Havasupai Tribe, who are very much in need of help? They are in need of educational help; they are in need of medical help; they are in need of economic help; and they are in need of help right across the board.

They are a small tribe, but they are a tribe which needs and deserves help from us. The unfortunate thing is that the proposal that is in this legislation is not going to help them. It is not going to help with those problems which I just touched very briefly on. Those problems are going to call for special help in other legislation. Even if we were to pass this piece of legislation they would still come back in need of help.

What is it that this will do to them that is bad? This bill proposes to threaten three very important elements in this country:

It proposes to threaten the national forest system. If we were to proceed with the proposed committee amendment and take away 90,000 some acres from the National Forest Service and put them in this particular situation we would be creating a precedent—and it does not matter how many times somebody says "Well, this is not a precedent"—it would be a precedent that would threaten every other claim that has been already adjudicated or that might still be adjudicated as a claim against lands within the National Forest Service system. The National Forest Service estimates that this proposal could affect some 40 million acres throughout the United States.

Second, it threatens to take away from the National Park System some 90,000 acres and, by the same token, the precedent that is established could put in jeopardy millions of acres throughout the country that are in national parks.

Third, it could throw into jeopardy every one of the some 400 decisions already adjudicated by the Indian Claims Commission and the 200-some claims that are pending before the Indian Claims Commission, where there have been, again, millions of acres involved, where the Indian Claims Commission has carefully considered the aboriginal claims and has decided how they should be settled.

Mr. STEIGER of Arizona. Mr. Chairman, I yield 1 additional minute to the gentleman from Oregon.

Mr. DELLENBACK. I appreciate the gentleman's generosity.

Mr. Chairman, it places in jeopardy those 400-some claims which have been carefully worked through, decided, as the Havasupai claim was decided, and it is clear from the record that these issues were considered, and the attorneys on both sides clearly conceded that the judgment, the decision of the Indian Claims Commission, was fair. The tribal council itself considered it and agreed that this was a settlement, and now at this stage of the game it seeks to raise the question all over again.

So when, under the 5-minute rule, we discuss this particular proposed committee amendment, I would urge my colleagues who are present to give careful consideration to the threat that that amendment poses way beyond the structure of this bill.

The bill itself is good. The proposal to give this land to the Havasupai—however great their needs—is a very bad amendment which we should not adopt.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TAYLOR of North Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. I would like to ask the gentleman from Arizona (Mr. UDALL) a couple of questions, if that is agreeable with him.

The bill on page 9, line 5, makes this following statement:

> Following a study to be done by the Secretary, he shall, in consultation with the Havasupai Tribal Council, develop and implement a plan for the use of this land by the tribe. Such plan shall include the selection of areas which may be used for residential, educational, and other community purposes;

I would like to ask the gentleman whether the words "other community purposes" are intended to include possible commercial development such as motels or tourist attractions, or the like.

Mr. UDALL. I thank the gentleman for yielding, because I want to nail this down once and for all. The answer is "No." "Other community purposes," in my judgment, as the author of the amendment, include purposes relating to activities of the community similar to those just mentioned.

If the gentleman will permit me to say so, on that same page—and I wrote this in so there never would be any doubt about it because I do not want tramways, and I do not want commercial development on this reservation—it says:

> except for the uses permitted in paragraphs 1 through 6 of this section—

And those are restrictive sections—

> the lands hereby transferred to the tribe shall remain forever wild and no uses shall be permitted under the plan which detract from the existing scenic and natural values of such lands.

Mr. SEIBERLING. So the HUD financed plan which was prepared some time ago for the Havasupai, which calls for intensive tourist development of the land within the present Grand Canyon Park, including aerial tramways, resort hotels, and rerouting Interstate 40, and the like, is not contemplated and not permitted within the language of this bill; is that the gentleman's interpretation?

Mr. UDALL. Absolutely. If the gentleman will yield to permit me to say this, I have fought a lot of fights with the Sierra Club. I have been with them most of the time, but the tactics they use with this plan are really unfair and are unworthy of their fine organization. This is a preliminary draft made by some people working for the Governor. It has been rejected by the tribe; it has no status; the bill does not permit the things they are talking about anyway; yet they are going through the Halls of the House, waving this plan around as though it will be adopted tomorrow morning if the bill is passed.

Mr. SEIBERLING. If the gentleman will indulge me for one more question, on page 10 of the committee report, the statement is made:

> In short, the uses to be made of these lands by the tribe are to be the traditional uses—agricultural uses, grazing, residential use by members of the tribe, and ceremonial and religious uses. It is apparently not the wish of the tribe—and it is certainly not the intent of the Committee—to allow any construction, development, or other uses which would intrude upon natural and scenic values of the lands transferred. . . .

My question is, Under the present law does not the present national park law covering the land that would be transferred to the tribe under this bill already permit them all of those uses?

Mr. UDALL. Pretty much. We were arguing this great debate, and it is not really an argument of much substance because most of the things, yes, could be done either way. We are arguing mostly about who is going to have the title on the piece of paper in Washington, but then again the argument is they cannot get homes for the Indians, and some schools and some medical clinics and maybe some roads.

Mr. SEIBERLING. Why do we not write the bill so as to permit them to get those benefits instead of transferring the land to the Indians?

Mr. UDALL. That would have been a suitable solution to me. It was the second best solution. It would have achieved much of what we are trying to achieve. But we are saying to the Indians: "This is your aboriginal land. Keep it and use it and preserve it for the future."

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Washington.

Mr. FOLEY. Is it not true that the Department of the Interior and the Department of Agriculture can permit special uses of these lands for the benefit of the Havasupai? We do not have to transfer title to the land in order to accomplish any of the special needs of the tribe described by the gentleman from Arizona.

Mr. SEIBERLING. I do not know the full answer to that question. If the gentleman from Arizona does, I yield.

Mr. UDALL. Mr. Chairman, the gentleman is essentially correct. It is the decent way to do it. It is the open way to do it. We are saying: "This is your land. You may use it but you cannot use it in ways that will destroy the park value."

Mr. FOLEY. Mr. Chairman, if the gentleman will yield further, does the gentleman agree that the whole thrust of the Indian Claims Commission Act was to make money settlements, not land settlements, for the various land claims of the Indian tribes?

Mr. SEIBERLING. I certainly agree.

Mr. FOLEY. And that in this case, we are going completely against that tradition established almost 20 years in paying settlements with money and not with lands.

Mr. SEIBERLING. There is no question about it.

Mr. RHODES. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Arizona.

Mr. RHODES. Mr. Chairman, if what the gentleman from Washington is saying were true, then we would have taken all the land from the Indians and paid them for all of that. We did not do that. We left certain lands in trust for them. All we are saying is this land should be left in trust and we would like to have it go back to them.

Mr. SEIBERLING. Of course we can say much should have been done or should not have been done, but that is water over the dam. This land was incorporated into the national park over 50 years ago.

Mr. Chairman, I would like to make one other point. I think the primary reason for this is the decision of President Nixon made at a political meeting, promising this. It was embarrassing not only to the Departments of Agriculture and Interior, but also to some of the people in Arizona who hold political office. It seems to me since President Nixon is no longer the President we are not bound by his offer. I think we ought to reject this dangerous precedent.

Mr. STEIGER of Arizona. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. Mr. Chairman, I thank the gentleman from Arizona for yielding.

I certainly did not intend to speak on this portion of the bill. It seems we have a great many Indian experts around this place all of a sudden and I certainly do not claim to be one of them, but I did listen very carefully to the testimony offered in the Committee on the Interior on this bill.

There is a great deal of hassle going on about these 459 Indians who have been locked into about 518 acres. We ought to be really proud of that. There are 459 Indians, miserable, poor Indians who are locked into 519 acres of land. This is going to be a big deal. We are going to give them back now approximately 185,000 acres of land.

We are trying to give them back the land, to give them the one thing they do not have right now—pride. We have been talking here tonight about whether we ought to make arrangements to give them medical clinics, we ought to make arrangements to give them this and give them that, and that is precisely what they do not want. These people have pride. They are tired of being referred to as lazy Indians, that all they want is a Government handout. They deserve this land so that they can do the things that the gentleman from Arizona (Mr. UDALL) and the gentleman from Arizona (Mr. STEIGER) and the gentleman from Arizona (Mr. RHODES) have attempted to point out. Give them a little bit of pride. Give them the land. They are not going to ruin the Park Service.

Can we imagine that they will jeopardize the Forest Service and the Park Service of the U.S. Government? Are they going to do this with tomahawks? Are they going to attack the U.S. Government. Is the Indian Commission so bled out that they cannot settle these things the way they ought to be settled? Have we never heard of shyster lawyers convincing these poor individuals they got a tremendous deal, when the lawyer is going to get a piece of the action?

I do not blame the Indians for thinking they were getting some remuneration and they they had not given up their claim to the land.

I ask that we pass this bill. I ask that we reject any amendment to this bill as it applies to these Indians. Give them the land and with it their pride.

Mr. TAYLOR of North Carolina. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Washington (Mr. MEEDS).

Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from North Carolina.

Mr. TAYLOR of North Carolina. In response to a statement made just now by the gentleman from California, let me state there are about 250 Indians living on the 518 acres, but they also have in addition to the reservation some 2,540 acres which is in an entirely different location. They also have the right to use the land for traditional uses, that is, for grazing, hunting, fishing, burying the dead and their burial grounds, 250,000 acres which is part of the Grand Canyon National Park and no one proposes to take this right away from them. We intend to let them have these traditional rights.

If we are setting a precedent let it be that justice is done——

Mr. MEEDS. Mr. Chairman, I would like to address myself to one aspect of this matter at this time, that is what the Havasupai gave up and what they thought they were giving up in the acceptance of the award of the Indian Claims Commission.

The gentleman from Washington (Mr. FOLEY) is absolutely correct. In 1946, when the Indian Claims Commission Act was passed, it was an effort to give money for land and, therefore, the Claims Commission was prevented from giving the Havasupai Indians this land as an award. They, however, relying upon a 1942 Interior Department decision and opinion, felt that their title was not extinguished; but even at that, in their dealings with the people who passed the act under which they took the money for their claim at 50 cents an acre, they depended upon those people to pass special legislation for them which would give them their land. Everyone who had dealt with this matter and who has looked at the record will find very clearly that the intention of Senator FANNIN from the other body and all the other people who worked on that matter at that time clearly intended to come in with special legislation which gave the Havasupai some land, because this could not be done by the Indian Claims Commission. Therefore, the Havasupai took their claim. But what did they do with it? They refused to accept at 50 cents an acre the money which is covered by the land we are here talking about, out of a claim for 2,500,000 acres that they had.

They have refused to accept the money for years now, and that ought to be very clear evidence of their intent that they never intended to lose the title to this land. The record of the hearings in the other body, the record of the markup is very clear that, as soon as that claim was settled and paid, it was the intention of the sponsors of the legislation on the other side to come in with such legislation giving the Havasupai title to the land we are here talking about; land which, incidentally, they have lived on for over 1,000 years; land which they have treated better than most conservationists would treat it; land which is their home.

That is the real crux of this controversy. It is not whether there is a deterioration of park values; it is human values, the values of these peoples' home.

Mr. STEIGER of Arizona. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman and attentive colleagues, I agree with whoever it was—I think the gentleman from Oregon—who said that this matter is going to be decided mostly by people who have not heard the discussion, but I think the record at least ought to have a few of the bottom-line facts in which I am afraid have been ignored up to now.

What we are talking about here is changing title to 459 Indians, title that is now in the National Park Service and National Forest Service, and putting it in trust for this tribe. Now, those Members who are not blessed with very tight connections to the Sierra Club will not understand the sheer horror of this statement. But, they have got to understand that there are people—and they are unique people—the environmental activists—I have a friend on this side who calls them the "Green Bigots," which I think is patently unfair and I want the record to show that. They are not bigoted just things green, they are bigoted about practically everything.

I would like to make the equation, the impossible position this particular bill puts them in, and one frankly which I really delight in. The great number of these environmental activists are people who have a difficult time spelling "canyon," for example or certainly "Havasupai," but they profess a great love for mankind and certainly great concern for the future.

But, here they are, willing to deny 459 impoverished people title to land because the transfer of the title from one agency to a secretarial trust offends them. So, the human values are abandoned and the crocodile tears are found only for the administrative transfer. I will tell the Members that there is no magic in Forest Service administration and none in the Park Service administration. My friend from Oregon told us there were 40 million acres of forest in jeopardy as a result of these 459 avaricious, land-maddened people.

That is not sophistry; that is just baloney. There is no other tribe in the United States that qualifies for this particular situation. They have had the use of these lands continuously from a period prior to the time of the granting of the forest permit, and of course hundreds of years prior to the time of the granting of the award by the Court of Claims.

As a matter of fact, if there were a tribe somewhere in this country—and there is not—that had a Forest Service permit and that had only 518 liveable acres to live on, and were starving to death, and we could help them by transferring the land to that tribe, I would lead the fight to do that, because I do not see any jeopardy at all in trying to help people with a simple administrative transfer.

The fact is, not one single acre is in jeopardy. What is in jeopardy is the prerogatives of the Forest Service, the prerogative of the Park Service. If anybody is in jeopardy here, it is the innate greed and innate blind parochial self-interest of the departments and bureaucrats. I will only tell the Members that if they do not want to give these Indians the land, do not be seduced by the false statements that were made by the Sierra Club people going around today talking about a HUD plan that is really a State plan, that has already been refused by the Indians, by the July 28 resolution.

Do not deny them the land because of the false statement of the Sierra Club, because you think they will jeopardize 48 million acres. That is not a fact. If you do not want to give them the land because you do not like Indians, that is one thing, and in that instance you would be truthful to your convictions. There is an obsession here that really ought to upset you, but I do not think it does. At any rate, the Sierra Club once again has been proven wrong. Those people who would defend the bureaucratic prerogatives at the expense of human values are really out of reach with the times.

Mr. RHODES. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman.

Mr. RHODES. Would that land be held in trust by the Secretary of the Interior?

Mr. STEIGER of Arizona. This land would be held in trust, and the Secretary is mandated in the legislation to approve any plan for any change in the use of the land.

Mr. RHODES. So a tramway, or any device like that, would have to be adopted by the Secretary of the Interior. In other words, this is not in the control of the State of Arizona or the tribe itself. The Secretary of the Interior would have the last word and he would be bound by the legislative record that is being made here tonight.

I agree with what has been said earlier, I do not want any tramways, or anything unsightly.

Mr. DELLENBACK. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman.

Mr. DELLENBACK. The gentleman in the well knows that it is hazardous for almost anyone to trade verbal barbs with him, and I do not intend to get into that particular kind of controversy. While I quite often do not agree with many of the stances taken by many of the people who on occasion lobby us, and while I have certainly disagreed with the stances taken on occasion by the Sierra Club, I think to attempt to take the particular group of people who make up the Sierra Club and whom I know in the main to be sincere, earnest, good people and to categorize them as the gentleman in the well has done is particularly unsound and unfair.

Let me say one thing about his cavalier disregard and his simplistic statement that this does not place in jeopardy any other lands in the national forest. The gentleman in the well has at times made clear that he is glad he is not a lawyer. Let me just say that anybody who understands and deals with the law is aware that every precedent is not a white horse case which is exactly the same as that which comes thereafter. Let me say that it is a legal fact that in this particular instance if we take land away from the Forest Service and the National Parks, we will in so doing have created a precedent which can be used not only in identical cases when they come up in the future, but also in similar cases. That is the fact that exists in this situation, as it applies to the Park Service, the National Forest Service and the Indian Claims Commission.

Mr. STEIGER of Arizona. Mr. Chairman, I would tell the gentleman this record ought to reflect that on 11 previous occasions the Forest Service land has been either granted, purchased or traded for in trust by Indian tribes. The precedent the gentleman is so frightened of has long since been set, and I think the gentleman knows that. As far as my overgenerous description of the Sierra Club, that is purely a judgment call, and I thank the gentleman for defending them. I am sure his record is clear because he has defended them and I cannot think of a group who needed defending more.

Mr. TAYLOR of North Carolina. Mr. Chairman, I yield 2 minutes to the gentleman from Washington (Mr. Foley).

Mr. FOLEY. Mr. Chairman, the gentleman from Arizona (Mr. Steiger) suggested that anyone who does not like Indians should vote against the committee amendment.

I must say that I think such comments degrade this debate. There is an issue here. It is an issue of policy. And an issue of precedent. The issue is how to best protect and preserve the great national treasure that is the Grand Canyon. I believe we must never transfer these lands out of national ownership. The tribe is not going to be helped economically by this land transfer unless it is permitted to use the lands for commercial tourist development. The tribe now enjoys the use of these and other lands for grazing and all traditional uses. A draft economic study by the office of the Governor of Arizona recommends consideration of development projects totally incompatible with park use. It has been said that such proposals were repudiated by resolution of the tribe on July 28. The study is dated August 30. This draft study of the Department of Economic Planning and Development for the State of Arizona, which was done under HUD sponsorship was conducted with Havasupai participation. It suggests at least a possibility of tramways and motels.

The tribe presently has the use of these lands for grazing and other traditional purposes. If special permits, are needed for legitimate tribal purposes in addition to present uses, such permits can be granted under present law.

Of course, the committee of the Congress has authority to give lands in the title of the United States to an Indian tribe. If such a transfer is made however the protection of these unique areas is not assured as it now is.

This tribe has economic problems that call for attention and response. Those who have been in the well opposing the committee amendment will support effective efforts in that direction. This proposed action is not the answer for the tribe.

And especially it is not the answer for the Grand Canyon, the protection and preservation of which is the purpose of this legislation.

Mr. STEIGER of Arizona. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. Regula).

Mr. REGULA. Mr. Chairman, I rise in support of S. 1296. This bill is of great significance to all Americans who appreciate the scenic and natural values of one of our Nation's most majestic areas, the Grand Canyon. But it is of even greater importance to an ancient and honorable native American people who are struggling for survival on their ancestral homelands. I refer to the Havasupai Indian Tribe and those provisions of S. 1296 which transfer in trust for them 185,000 acres of national forest and park land on the canyon plateau, and grant them use of an additional 95,000 acres within the canyon gorge.

It has been stated that the Havasupai are occupying the lands, and this is accurate.

Therefore, why not leave it as is?

I think the real issue is, which department of government should have administration over the land in question—the Forest Service or the BIA. The land is not commercially developed forest.

The logical answer is that the Bureau of Indian Affairs should be responsible for the management of this land, which is presently used and occupied by the Havasupai Tribe. However without trust title as is presently the case, the BIA is not interested in the type of development that would be helpful to the members of the tribe.

By passing this legislation Congress will be granting the Havasupai the security of formal legal title to their aboriginal lands. We will be providing them with an economically viable land base so that they may begin to make a better life for themselves and their children. It is my firm belief that the conditions under which the Havasupai will exercise their right to use and occupy these lands will be such that the scenic and environmental values of the Grand Canyon National Park will not be endangered.

Of the 185,000 acres to be transferred in trust almost all is plateau land outside the main Grand Canyon Gorge, with the reservation boundary stopping one-fourth of a mile from the canyon rim. A strict land use plan, developed by the Secretary of Interior and the tribe, will govern the use of this area. The 95,000 acre "Havasupai use area" will remain forever in the national park but will be available to the tribe for traditional uses.

Mr. Chairman, the Havasupai Tribe has lived in and around the Grand Canyon since about A.D. 700 when their ancestors first settled on the plateau south of the rim. They enjoyed uninterrupted use of the vast areas in and around the Grand Canyon until the 1870's, when the U.S. Army recommended that a reservation be set aside for them to protect them from losing their canyon lands to prospectors. Accordingly, in 1880, President Rutherford B. Hayes issued an Executive order creating a 38,400 acre reservation to protect the canyon lands against mining claims. However, the Army found the terrain too difficult to survey and the mines so unpromising as to pose little threat to the Havasupai, and recommended that for the convenience of the Government the reservation be diminished to 518 acres. This area was enough to protect the Havasupai water supply and could be easily marked off. Acting on the Army's recommendation, President Chester Arthur, by Executive order of August 22, 1882, established the 518-acre reservation that the Havasupai live on today.

The Havasupais' continuous, extensive use and occupancy of the land which S. 1296 proposes to place in trust for them was recognized and confirmed in section 3 of the act of 1919 establishing the Grand Canyon National Park. This act also authorized the Secretary of the Interior to permit individual members of the tribe to continue to use and occupy their land within the park for agricultural purposes. The lack of trust title to the land, however, has discouraged efforts to increase its productivity, and precluded agencies such as the Bureau of Indian Affairs from providing assistance for such purposes as range improvement.

Legislation to grant the tribe the security trust title brings was proposed in 1920, 1931, 1943, 1952, 1957, and 1968. In 1943 the Bureau of Indian Affairs recommended adding to the reservation the more than 264,000 acres exclusively used and occupied by the tribe. BIA made a similar proposal for transfer of 245,760 acres in 1972.

While Congress has failed to act on these proposals, living conditions of the tribe have gotten progressively worse. The 325 members who are living on the 518-acre reservation on the canyon floor face an uncertain future with dire economic, social, and health problems.

They need residential space, educational and health care facilities, and most important, a land base for developing and improving their subsistence agriculture and livestock operations. Their plight is illustrated by grim statistics:

Havasupai life expectancy is 44 years; personal income averages $700 annually; 70 families live in 53 houses, and more than 100 tribal members have had to move away from their families to resettle in towns 75 or more miles away. In addition, there is no school for Havasupai children, who must be boarded more than 350 miles away in order to attend classes.

Enlarging the reservation will by no means solve all the Havasupais' problems. But it is a vital step to preserve the *cultural* identity of the Havasupai Tribe and place them on the road to a better life.

Mr. Chairman, passage of this bill will signal an end to the Congress long period of benign neglect of the Havasupai. Congress has an opportunity to perform a much-delayed act of humane justice while expanding the area of one of our finest national parks. I strongly urge passage of this bill.

What we are talking about in this issue by putting the land in trust would be, in effect, to give the BIA an incentive to provide for the development of this land.

Mr. TAYLOR of North Carolina. Mr. Chairman, I yield one minute to the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I would like to address a question to the gentleman from Ohio (Mr. REGULA).

The Congress has plenary authority over Indian affairs, as the gentleman knows. With this supervision over Indian affairs, we can direct the Department of Interior to take an interest in these problems including grazing matters.

We do not have to transfer title to the Bureau of Indian Affairs in order that they deal with the problems of the Havasupai tribe. We can simply direct them to do it; is that not correct?

Mr. REGULA. If the gentleman will yield, I do not think the BIA would be interested in the type of development for this land that is essential for a viable agricultural community without having the greater sense of responsibility, that will result from transferring the land from the Forest Service to the BIA for management.

Mr. FOLEY. As long as Congress has the control over both the laws and the Bureau of Indian Affairs, we can, without question, direct them to do what we think they should do.

Mr. REGULA. That is why this bill proposes to make the Department of Interior responsible for the land in trust for the Havasupai.

Mr. SKUBITZ. Mr. Chairman, the bill before us was initially designed to further enlarge and better protect the world famous Grand Canyon National Park in Arizona. This bill does in fact enlarge the size of the present park twofold. Nearly all of the new lands comprising the enlarged park are drawn from existing Federal lands which are now administered as national monument, national forest or national recreation areas.

There are various other provisions in the bill which will bring strengthened protection to the newly enlarged park. As this bill moved through the committee, however, there were two principal issues which arose which have become very controversial. One dealt with provisions to authorize the construction of a dam on the Colorado River within the canyon. After vigorous debate in committee, this amendment was not adopted.

The second issue of controversy, which is a part of the bill before us, deals with a provision to grant trust title to the Havasupai Indians for 185,000 acres of land, part of which will come from the park and part of which will come from the adjoining national forest.

When this issue was vigorously debated in committee, there appeared to be meritorious argument on both sides. I know that the strength of concern over this issue still exists and will likely be the subject of vigorous debate again here on the floor.

Mr. Chairman, so that we can get on with the deliberation of this matter, I will make no more comment at this time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Grand Canyon National Park Enlargement Act".

DECLARATION OF POLICY

SEC. 2. It is the object of this Act to provide for the recognition by Congress that the entire Grand Canyon, from Navajo Bridge to the Grand Wash Cliffs, including tributary side canyons and surrounding plateaus, is a natural feature of national and international significance. Congress therefore recognizes the need for, and in this Act provides for, the further protection and interpretation of the Grand Canyon in accordance with its true significance.

ENLARGEMENT OF GRAND CANYON NATIONAL PARK BOUNDARIES

SEC. 3. (a) In order to add to the Grand Canyon National Park certain prime portions of the canyon area possessing unique natural, scientific, and scenic values, the Grand Canyon National Park shall comprise, subject to any valid existing rights under the Navajo Boundary Act of 1934, all those lands, waters, and interests therein, constituting approximately one million two hundred and sixty-eight thousand seven hundred and thirty-nine acres, located within the boundaries as depicted on the drawing entitled "Boundary Map, Grand Canyon National Park," numbered 113-91,005 and dated June 1973, a copy of which shall be on file and available for public inspection in the offices of the National Park Service, Department of the Interior.

(b) For purposes of this Act, the Grand Canyon National Monument and the Marble Canyon National Monument are abolished.

(c) The Secretary of the Interior shall study (1) the lands within the former boundaries of the Grand Canyon National Monument commonly known as the Tuckup Point, Slide Mountain, and Jensen Tank areas, to determine whether any portion of these lands might be unsuitable for park purposes and whether in his judgment the public interest might be better served if they were deleted from the Grand Canyon National Park. The Secretary shall report his findings and recommendations to the Congress no later than one year from the date of enactment of this Act.

ACQUISITION OF LANDS BY DONATION OR EXCHANGE

SEC. 4. (a) Within the boundaries of the Grand Canyon National Park, as enlarged by this Act, the Secretary of the Interior (hereinafter referred to as the "Secretary") may acquire land and interest in land by donation, purchase with donated or appropriated funds, or exchange.

(b) Federal lands within the boundaries of such park are hereby transferred to the jurisdiction of the Secretary for the purposes of this Act.

PROHIBITION AGAINST TAKING OF STATE OR INDIAN LANDS

SEC. 5. Notwithstanding any other provision of this Act (1) land or interest in land owned by the State of Arizona or any political subdivision thereof may be acquired by the Secretary under this Act only by donation or exchange and (2) no land or interest in land, which is held in trust for any Indian tribe or nation, may be transferred to the United States under this Act or for purposes of this Act except after approval by the governing body of the respective Indian tribe or nation.

COOPERATIVE AGREEMENTS FOR UNIFIED INTERPRETATION OF GRAND CANYON

SEC. 6. In the administration of the Grand Canyon National Park, as enlarged by this Act, the Secretary is authorized and encouraged to enter into cooperative agreements with other Federal, State, and local public departments and agencies and with interested Indian tribes providing for the protection and interpretation of the Grand Canyon in its entirety. Such agreements shall include, but not be limited to, authority for the Secretary to develop and operate interpretative facilities and programs on lands and waters outside of the boundaries of such park, with the concurrence of the owner or administrator thereof, to the end that there will be a unified interpretation of the entire Grand Canyon.

PRESERVATION OF EXISTING GRAZING RIGHTS

SEC. 7. Where any Federal lands within the Grand Canyon National Park, as enlarged by this Act, are legally occupied or utilized on the effective date of this Act for grazing purposes, pursuant to a Federal lease, permit, or license, the Secretary shall permit the persons holding such grazing privileges to continue in the exercise thereof during the term of the lease, permit, or license, and periods of renewal thereafter: *Provided*, That no such renewals shall be extended beyond the period ending ten years from the date of enactment of this Act, except that any present lease, permit, or license within the boundaries of the Grand Canyon National Monument as abolished by subsection 3(b) of this Act may be renewed during the life of the present holder which renewals shall terminate upon the death of the present holder. Nothing in this section shall be construed to affect or modify the provisions of section 3 of the Act of February 26, 1919 (40 Stat. 1177).

AIRCRAFT REGULATION

SEC. 8. Whenever the Secretary has reason to believe that any aircraft or helicopter activity or operation may be occurring or about to occur within the Grand Canyon National Park, as enlarged by this Act, including the airspace below the rims of the canyon, which is likely to cause an injury to the health, welfare, or safety of visitors to the park or to cause a significant adverse effect on the natural quiet and experience of the park, the Secretary shall submit to the Federal Aviation Agency, the Environmental Protection Agency pursuant to the Noise Control Act of 1972, or any other responsible agency or agencies such complaints, information, or recommendations for rules and regulations or other actions as he believes appropriate to protect the public health, welfare, and safety or the natural environment within the park. After reviewing the submission of the Secretary, the responsible agency shall consider the matter, and after consultation with the Secretary, shall take appropriate action to protect the park and visitors.

PRESERVATION OF EXISTING RECLAMATION PROVISIONS

SEC. 9. (a) Nothing in this Act shall be construed to alter, amend, repeal, modify, or be in conflict with the provisions of sections 601 to 606 of the Colorado River Basin Project Act, approved September 30, 1968 (82 Stat. 885, 901).

(b) Section 7 of the Act of February 26, 1919 (40 Stat. 1175, 1178), is amended to read as follows:

"Whenever consistent with the primary purposes of such park, the Secretary of the Interior is authorized to permit the utilization of those areas formerly within the Lake Mead National Recreation Area immediately prior to enactment of the Grand Canyon National Park Enlargement Act, and added to the park by such Act, which may be necessary for the development and maintenance of a Government reclamation project."

HAVASUPAI INDIAN RESERVATION

SEC. 10. In recognition of the desire of the Havasupai Tribe of Indians to acquire a greater land base and improved opportunities to sustain its own social and economic life, and with a purpose of assisting the Havasupai people in implementing these goals, the Congress directs that the Secretary and the Secretary of Agriculture jointly shall, within one year of the date of enactment of this Act, conduct a comprehensive study and make detailed recommendations to the Congress and the President concerning proposals for expansion of the Havasupai Reservation. Such study shall (a) be conducted in close consultation with the Tribal Council of the Havasupai Tribe, (b) include recommendations concerning the development of any economic or tourist projects which should accompany the enlargement of the Havasupai Reservation, and (e) include both an evaluation of proposals for the transfer of Federal lands to the reservation and a determination of the feasibility and cost of acquiring any private lands which the tribe may wish to include within the enlarged reservation.

AUTHORIZING OF APPROPRIATIONS

SEC. 11. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act, not to exceed, however, $1,250,000, in the aggregate for the period of the five fiscal years beginning with the fiscal year ending June 30, 1974, for the acquisition of lands and property, and not to exceed $49,000 for the fiscal year ending June 30, 1974, $255,000 for the fiscal year ending June 30, 1975, $265,000 for the fiscal year ending June 30, 1976, and $235,000 for the fiscal year ending June 30, 1977, for development, plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in construction costs as indicated by engineering cost indexes applicable to the types of construction involved herein. The sums authorized in this section shall be available for acquisition and development undertaken subsequent to the date of enactment of this Act.

Mr. TAYLOR of North Carolina (during the reading). Mr. Chairman, I ask unanimous consent that the Senate bill be considered as read, printed in the RECORD, and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 1, line 9, strike out "Navajo Bridge" and insert "the mouth of the Paria River".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, lines 13 and 14, strike out "one million two hundred and sixty-eight thousand seven hundred and thirty-nine acres," and insert in lieu thereof: "one million four hundred six thousand five hundred acres,".

AMENDMENT OFFERED BY MR. STEIGER OF ARIZONA AS A SUBSTITUTE FOR THE COMMITTEE AMENDMENT

Mr. STEIGER of Arizona. Mr. Chairman, I offer an amendment as a substitute for the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. STEIGER of Arizona as a substitute for the committee amendment: Page 2, line 15, strike "one million four hundred and six thousand five hundred", and insert in lieu "one million two hundred and seventy five thousand four hundred and thirty nine".

Mr. STEIGER of Arizona. Mr. Chairman, I rise in support of this amendment.

Mr. Chairman, this is an elimination of those areas that the House added that were not in the Senate version of the bill. I am sorry that we do not have a map here. I intended to have one, and I apologize to my colleagues.

There are those areas north of the canyon, I will advise my colleagues, these locations I refer to. Incidentally, I will tell Mr. McIlvaney, who is looking around here, that these records can be found in the RECORD. They were in the advisory committee, and they will be in today's RECORD.

The areas I am referring to are: Kanab Canyon, Whitmore, Parashaunt and Andrus Canyons, Blue Mountain, Mt. Dellenbaugh and Twin Points.

Mr. Chairman, what I have done in the amendment is simply to reduce the total acreage stated in the first amendment. It will require two subsequent amendments to make it conform to what I have described.

I will simply tell the Members that the reason this has come about is because of the pressure and the advice of the Arizona fish and game people and the many hunters in Arizona and Utah who use this area, and a great many sportsmen and ranchers in the area.

The arguments that we used for the removal on their part was that the land was thought to be inaccessible. Its condition is described as excellent, which means that the current administration is good.

There are some unique features of it, such as big horn sheep preserves, which would be lost, in the minds of the hunters or in the feelings of the hunters at least. The management of those areas would not be suitable to Park Service management.

Mr. Chairman, these lands were not put in on the Senate side, and there were no hearings on the House side in order to add them. So I would hope that the House in its wisdom would support this and return to the Senate version, as far as the north side of the canyon is concerned.

Mr. UDALL. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Arizona to the committee amendment.

Mr. Chairman, the thrust of this amendment would be to remove all of the additions that the House committee made to the Senate bill. It is possible we are going to have to have a conference on this bill with the Senate.

I am certainly flexible about looking at the arguments that might be made for not going as far as the House committee did. But the fact is that the committee found—and I certainly believe it should—that the lands we added by this committee amendment should stay in the park.

On page 3 of the bill we provide for a study of some of these areas and a report back as to whether they really should stay in the park, whether some of the hunting would be damaged, along with some of these other areas.

I want to pledge here and now that if a recommendation is made in consequence of that study to take the lands out and put them back in the status that the gentleman from Arizona (Mr. STEIGER) wants them in. I would be inclined to support such legislation. But I think the wise thing to do here tonight is to defeat the Steiger of Arizona amendment and approve the committee amendment.

Mr. TAYLOR of North Carolina. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I agree with the statement just made by the gentleman from Arizona (Mr. UDALL). The gentleman from Arizona (Mr. STEIGER) would delete some 131,000 acres of land from the park. The subcommittee, however, after careful study, felt that this land should be added. There was no strong objection to this.

The matter was considered 4 months later by the full committee. The gentleman from Arizona (Mr. STEIGER) was there, and submitted several amendments at that time, but did not express any opposition to the inclusion of these lands.

So I hope they can be left in the bill at this time, and be considered when we go to conference, and the Secretary of the Interior and the Secretary of Commerce can consider them further when they make the study which has just been described.

Mr. HOSMER. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from Arizona (Mr. STEIGER).

Mr. Chairman, I think that something about the enormity of what is proposed to be done here tonight ought to be brought to the attention of the Members of the House who will have to vote on the bill.

In 1919 Grand Canyon National Park was created. Before that it was a national monument.

It is wonderful territory. Today it has less than 700,000 acres. The enormous bill is going to more than double—and I repeat, more than double the amount of park acreage to over 1.4 million acres.

The gentleman from Arizona (Mr. Steiger) properly sees that this may be overdoing it, and particularly if there are some kind of uses that some honest people would like to make of this land, then, the thrust of his amendment is that it should not be locked up tight by the likes of the Sierra Club.

What is the matter with that? One hundred and some thousand acres is all he is asking for.

I resent the argument that because his amendment was not dragged through the subcommittee, and because it was not dragged through the full committee, and because it was not dragged all around the Congress in a "Dear Colleague" letter, that the gentleman from Arizona is deprived of the right to offer it here on the floor of the House.

The gentleman from North Carolina (Mr. Taylor) has used that argument time and time again, and it is simply no argument at all. It is, as the saying goes, sophistry.

Mr. STEIGER of Arizona. Mr. Chairman, would the gentleman yield?

Mr. HOSMER. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I would like to point out first to my friend, the gentleman from Arizona (Mr. Udall) that the areas the gentleman mentioned that were to be studied do not include the most controversial parts of this new addition which is the Kanab Creek Canyon, which is 60,000 acres.

So I want to tell my friend, the gentleman from California, that what we are doing here is not only adding, as the gentleman pointed out, to a park that exceeds 1.4 million acres already, an area that nobody has looked at, nobody has examined in terms of committee assignment or staff assignment. We are adding, we are advised, through this map, we are advised by people who were using this, that this is an improper addition, and I am calling the attention of the Members of the House to that fact.

Mr. HOSMER. Of course, the gentleman from Arizona (Mr. Steiger) is right.

I also want to say to the gentleman from Oregon (Mr. Dellenback) who gave that magnificent speech defending the Sierra Club, and to other people from organizations concerned with environmental matters, that what they represent is nothing more than a group of lobbyists who come to the House of Representatives day in and day out, week in and week out, and month in and month out. As soon as there is an environmental bill they come in and lobby. That is what the Sierra Club is. It is an organized lobby consisting of a bunch of people who go out throughout the country and get other people to contribute money to them, and who make fat salaries, as they run around fighting on the so-called environmental issues that they probably dredged up themselves to begin with.

For instance, every time somebody wants to build a dam in this country, the Sierra Club rushes out against it, and raises all kinds of arguments against the nice dam, and pleads for contributions and membership dues to fight it.

Then, in this instance, the bill here, what have they done? They come in and jumped on some poor Indians, less than 500 Indians, who are trying to develop some property so that they can live. They oppose the bill on the grounds these natives of America would spoil the environment. How mixed up have we managed to get? That is the issue here.

Just before this bill was brought up, we had another one come in from the Committee on Merchant Marine and Fisheries on double-bottomed tankers and things like that. This, again, was one of those environmentalists' things that is going to run up the cost of energy and everything else, create additional inflationary pressures in this country, in total disregard of the fact that there are other values besides environmental values. But that does not count anymore. The Sierra Club lobbyests have and have another victory so they can keep themselves in their lush jobs. They go from battle to battle like paid mercenaries, without regard for values other than their own, without regard to the ultimate costs to society from their depredations.

I am not a voice crying in the wilderness. I am a voice crying from downtown America which the environmentalists are trying to lock up and turn into a park for birds and bees and animals first and people last. In the process they are raising the price of everything, causing inflation to worsen day after day, and doing all of these other things that defy the economics upon which this country was founded and by which it became great.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona (Mr. Steiger) as a substitute for the committee amendment.

The substitute amendment for the committee amendment was rejected.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 17, strike out "113-91,005 and dated June 1973," and insert in lieu thereof "113-20,021 and dated July 1974,".

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 23, after the word "study" insert "(i)".

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 1, after the word "areas" insert ", (ii) the area commonly known as the Parashaunt Allotment formerly located primarily within the Lake Mead National Recreation Area, and (iii) those lands within Kanab Canyon formerly under the jurisdiction of the Forest Service and Bureau of Land Management,".

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 22, after "donation" insert "or exchange".

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 6, line 22, through page 7, line 15, strike out all of the text of section 10 and insert in lieu thereof the following:

Sec. 10. (a) For the purpose of enabling the tribe of Indians known as the Havasupai Indians of Arizona (hereinafter referred to as the "Tribe" to improve the social, cultural, and economic life of its members, the lands generally depicted as the "Havasupai Reservation Addition" on the map described in section 3 of this Act, and consisting of approximately 185,000 acres of land and any improvement thereon, are hereby declared to be held by the United States in trust for the Havasupai Tribe. Such map, which shall delineate a boundary line generally one-fourth of a mile from the rim of the outer gorge of the Grand Canyon of the Colorado River and shall traverse Havasu Creek from a point on the rim at Yumska Point to Beaver Falls to a point on the rim at Ukwalla Point, shall be on file and available for public inspection in the Offices of the Secretary, Department of Interior, Washington, D.C.

(b) The lands held in trust pursuant to this section shall be included in the Havasupai Reservation, and shall be administered under the laws and regulations applicable to other trust Indian lands: *Provided*, That

(1) the lands may be used for traditional purposes, including religious purposes and the gathering of, or hunting for, wild or native foods, materials for paints and medicines;

(2) the lands shall be available for use by the Havasupai Tribe for agricultural and grazing purposes, subject to the ability of such lands to sustain such use as determined by the Secretary.

(3) any areas historically used as burial grounds may continue to be so used;

(4) following a study to be done by the Secretary, he shall, in consultation with

the Havasupai Tribal Council, develop and implement a plan for the use of this land by the Tribe. Such plan shall include the selection of areas which may be used for residential, educational and other community purposes;

(5) no commercial timber production, and no commercial mining or mineral production shall be permitted on such lands;

(6) nonmembers of the Tribe shall be permitted to have access across such lands at locations established by the Secretary in consultation with the Tribal Council in order to visit adjacent parklands, and may, with the consent of the Tribe, be permitted to enter and temporarily utilize lands within the reservation (or this addition thereto) for recreation purposes;

(7) except for the uses permitted in paragraphs 1 through 6 of this section, the lands hereby transferred to the Tribe shall remain forever wild and no uses shall be permitted under the plan which detract from the existing scenic and natural values of such lands;

(c) The Secretary shall be responsible for the establishment and maintenance of conservation measures for these lands, including, without limitation, protection from fire, disease, insects or trespass and reasonable prevention or elimination of erosion, damaging land use, overgrazing or pollution. The Secretary of the Interior is authorized to contract with the Secretary of Agriculture for any services or materials deemed necessary to institute or carry out any such measures. Any authorized Federal programs available to any other Indian Tribes to enhance their social, cultural and economic well-being shall be deemed available to the Tribe on these lands so long as such programs or projects are consistent with the purposes of this Act. For these purposes, and for the purpose of managing and preserving the resources of the Grand Canyon National Park, the Secretary shall have the right of access to any lands hereby included in the Havasupai Reservation. Nothing in this Act shall be construed to prohibit access by any members of the Tribe to any sacred or religious places or burial grounds, native foods, paints, materials and medicines located on public lands not otherwise covered in this Act.

(d) The Secretary shall permit any person presently exercising grazing privileges pursuant to Federal permit or lease in that part of the Kaibab National Forest designated as the "Raintank Allotment", and which is included in the Havasupai Reservation by this section, to continue in the exercise thereof, but no permit or renewal shall be extended beyond the period ending 10 years from the date of enactment of this Act, at which time all rights of use and occupancy of the lands will be transferred to the Tribe subject to the same terms and conditions as the other lands included in the Reservation in paragraph (b) of this section.

(e) The Secretary, subject to such reasonable regulations as he may prescribe to protect the scenic, natural and wildlife values thereof, shall permit the Tribe to use lands within the Grand Canyon National Park which are designated as "Havasupai Use Lands" on the Grand Canyon National Park boundary map described in Section 3 of this Act, and consisting of approximately 95,300 acres of land, for grazing and other traditional purposes.

(f) By the enactment of this Act, the Congress recognizes and declares that all right, title and interest in any lands not otherwise declared to be held in trust for the Havasupai Tribe or otherwise covered by this Act is extinguished. Section 3 of the Act of February 26, 1919 (40 Stat. 1177; 16 U.S.C. 223), is hereby repealed.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that reading of the committee amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. DINGELL. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk continued reading the committee amendment.

Mr. TAYLOR of North Carolina (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the committee amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. FOLEY. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, this is the point at which we will be presented with a decision as to whether to adopt the committee amendment, an amendment which actually transfers lands in trust to the Havasu Tribe. This matter has been under discussion during most of the general debate.

I hope the members of the Committee will review this committee amendment. I believe the effect of reviewing it will be to restore in the language of the bill the Senate language, which I would like to read to the Members of the House:

> SEC. 10. In recognition of the desire of the Havasupai Tribe of Indians to acquire a greater land base and improved opportunities to sustain its own social and economic life, and with a purpose of assisting the Havasupai people in implementing these goals, the Congress directs that the Secretary and the Secretary of Agriculture jointly shall, within one year of the date of enactment of this Act, conduct a comprehensive study and make detailed recommendations to the Congress and the President concerning proposals for expansion of the Havasupai Reservation. Such study shall (a) be conducted in close consultation with the Tribal Council of the Havasupai Tribe, (b) include recommendations concerning the development of any economic or tourist projects which should accompany the enlargement of the Havasupai Reservation, and (c) include both an evaluation of proposals for the transfer of Federal lands to the reservation and a determination of the feasibility and cost of acquiring any private lands which the tribe may wish to include within the enlarged reservation.

Mr. DINGELL. Mr. Chairman, I make the point of order a quorum is not present.

The CHAIRMAN. The Chair will count. Fifty-nine Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. FOLEY. Mr. Chairman, the purpose of this committee amendment is to transfer 185,000 acres of national forest lands and national parks lands to the Havasupai Tribe in trust. This issue has been debated now for more than an hour, and I think we have covered most of the points involved.

I plead with the Committee not to accept this amendment, but to reject it. The gentleman from North Carolina, the chairman of the subcommittee, is also asking for its rejection.

If the amendment is rejected, the parliamentary effect will be to return to the bill the language adopted in the Senate. This language will provide for a study, with the involvement of the Havasupai Tribe, concerning their economic needs, including the need to expand the tribe's land base. A study will also give us an opportunity to look at some of the other economic studies that have been advanced, and help us determine more certainly the effect that the proposed lands and transfer of lands might have on the Grand Canyon park and other national parks and forest lands.

It will also give us an opportunity to look at other ways of helping this tribe economically.

The Wallupai Tribe, a neighboring tribe, has a very large reservation and is also in economic difficulties including the many problems associated with poverty. It is my contention, and that of others who oppose this committee amendment, that the only way that these lands can be used by the tribe in an economically beneficial way would very possibly be destructive of the enormous scenic values of this region. As Senator GOLDWATER himself said, it is some of the finest land in the entire world. It would also create a dangerous precedent in terms of other claims on national forest lands.

Whatever the opinion of the other Members might be about eventual transfer of these lands, if the Senate version is maintained in the bill, there will be a time, no more than a year, for a study in which the Havasupais will participate, so that we can make a more considered and accurate judgment of this matter.

Voting down this committee amendment will not end all consideration of this problem. It will direct the Secretary of Agriculture, the Secretary of the Interior, and the Havasupai Tribe to study the problem and come back to the Congress and make a recommendation, both to the President and to the Congress, which we can then separately carefully consider.

I urge the members of the committee to reject this committee amendment, so that this bill can go forward to establish new and firm boundaries for the Grand Canyon National Park which represents perhaps the most important physical monument in the United States.

Mr. STEIGER of Arizona. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I recognize the validity of what our friend from Washington has said. We have been up and down this bill. I, too, hope we do not wring it out again.

I would simply like to point out that the entire Arizona delegation, which very rarely occurs, is in support of the committee amendment. The reason we are is not for any political advantage. The reason is because on both sides of this Capitol, Senators and Members of the House are familiar with the particulars. We know the equities involved.

We are also familiar with the law, in spite of what the Members may hear from those who have passed the bar, in spite of their qualifications, and it is not a question of an absence of rule.

The precedents that we are concerned about here have already been said, the parochial battle between the various agencies, I hope, will not stand in the way of what is best for these people. The Members are going to be asked for a vote on this, and I hope they will vote aye.

I would simply tell them that this is the last chance these people have. Anyone who believes that these people are going to get legislation through here that is not attached to a Grand Canyon bill does not understand legislation. If we throw this into a study situation, we have locked the Havasupai Indians into Havasupai Canyon for eternity—make no mistake about that.

If that is what we want to do, then we should vote no.

If Members wish to support the Arizona ideals, then I hope they vote for it.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to my colleague from Arizona.

Mr. UDALL. Mr. Chairman, the Sierra Club circulated a letter to the Members in opposition to this section of the bill. While I respect their position on this issue, I think it is a very inaccurate and misleading portrayal of the provision and the intent of the language as adopted by the Interior Committee.

Section 10 specifically delineates what uses can be made of this land by the tribe. It states that the land can only be used for traditional purposes such as gathering foods and materials and medicines, for agricultural and grazing, for religious and burial purposes, and, following a study and plan developed in consultation with and approved by the Secretary of the Interior for residential, educational, and other community purposes.

And, except for those uses, the land is to remain forever wild with no uses permitted which detract from "the existing scenic and natural values of such lands."

The language of the bill is clear and it is simply untrue that it can be interpreted to mean that "destructive tourist developments" could be authorized even if the tribe approved of it. The language in section 10 does protect against this eventuality and it does not allow the tribe to select unlimited parcels of land in size and number which will be free from restrictions and with which the tribe can do as it pleases, as the Sierra Club charges.

The intent of this section is fully described in the committee report which certainly should put to rest the allegations made by the Sierra Club. On page 12 of the report, it states:

> The Committee recognizes that tourism is an important source of income for the tribe, and it does not intend to preclude the tribe from continuing its efforts to generate income from such sources, but it does not grant the tribe the right to prohibit access to persons who are not members of the tribe who wish to visit the park. To the extent that such facilities would be compatible with the plan to be developed concerning the use of these lands, some tribal facilities such as campgrounds and modest concession facilities are permitted, but the legislation does not portend to authorize any major economic, commercial or industrial development. Certainly, the language of the section does not permit anything which would have a major impact on the scenic and natural values of the lands, such as condominiums, motels, trainways, observation towers, or other artificial man-made attractions which would detract from the wild character of the area.
>
> The Secretary has the ultimate responsibility for developing the plan, but he is required to consult with the tribal council in preparing it. Naturally, the Secretary is expected to seek the assistance of such agencies as the National Park Service and the Forest Service as he develops the plan, and it would seem advisable to allow the public to have an opportunity to comment on the plan (or any substantial revision of it) before it is finalized. In no event is it contemplated that structures will be allowed, under the plan, to sprawl across the landscape. Instead the Secretary, working with the tribal council, should select limited areas where residential, educational, and community facilities can be located so as to best serve the needs of the members of the tribe and developed so as to blend with the general character of the region.

I do not know how we can make it any more explicit. It is there, in black and white for the Congress, the Secretary, and the Sierra Club to read.

I might add that there is nothing now which prevents the Secretary of Interior from approving a tramway or any other development in this area. Such development is not being approved because it is undesirable. The language in this act will clearly make it more difficult to exploit the natural and scenic qualities of this area than at present. The Secretary of Interior must, if section 10 is adopted, follow the letter and intent of the statute and can be held accountable.

I am sure that no future Secretary will lose sight of the fact that this is the Grand Canyon and therefore any proposed land use affecting land formerly within the national park will be scrutinized for conformity with the provisions of this act. Moreover, as the committee report reflects, the Secretary will certainly be expected to seek public comment and input from the Park Service and Forest Service on the development of the plan.

I do not, as the sponsor of this bill, share the fears of the environmental groups that oppose it. I think the Grand Canyon will be adequately protected under this act. Furthermore, I certainly would not support this bill if I felt that it was any kind of precedent that would jeopardize our national park or national forest system. This is a difficult issue that requires some flexibility and I think the Interior Committee has wisely provided for an equitable solution.

Mr. Chairman, we have had a long legislative day here, and this issue has been lobbied extensively through letters, "Dear Colleague" letters, and outside organizations. We had a good, rousing debate an hour or so ago in which I thought the pros and cons on both sides were ably presented.

There are two reputable, responsible points of view here. I take the view that we will do justice to the tribe today by voting up the committee amendment. The purpose is to protect the legitimate rights of the Indians, and I think the way to do it is to support the committee and vote up the amendment, and then we will shortly be able to finish this bill.

Mr. STEIGER of Arizona. Mr. Chairman, I move to strike the requisite number of words.

Mr. DELLENBACK. Mr. Chairman, I move to strike the requisite number of words.

I join in the basic thought of what has been said before about not needing to plow the ground all over again. It is a rare thing, when a problem is physically located within a given State and the congressional delegation from that State unites in feeling that a certain thing should be done, that we ought to move in and say that their judgment is wrong. But in this particular instance, their judgment is wrong. I would offer to my colleagues in the House that while the physical parameters of the Grand Canyon lie within the State of Arizona, the potential impact of this amendment reaches across the length and breadth of the land.

It reaches into every State where there is a National Forest and Indian claims, it reaches into every State where there is a National Park or monument and a potential for actual claim. It reaches into even the 411 areas of the cases that have come before the Indian Claims Commission which have been settled, agreed in by the Commission and agreed in by the Indians and now placed in jeopardy if we in this particular instance upset what has been decided by the Indian Claims Commission.

So it is with some regret that I urge my colleagues not to yield to the entreaties of the Arizona Members of this body, but to realize that if there is the study which is called for and will be in the bill if we defeat this amendment, the proposed committee amendment can still lead to another resolution of this problem, but it should not be done in this way. We should not move in and in a cavalier fashion—in spite of the hours we have put in on this, it is in relatively a cavalier fashion, compared with the history of the Indian Claims Commission—we should not reject what they have done. There is far too much at stake in this particular instance, and I would urge the defeat of the committee amendment.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. DELLENBACK. I yield to the gentleman.

Mr. KETCHUM. I thank the gentleman for yielding. I know we believe in the committee system, we believe in the majority rule system. I know the whole Arizona delegation does not sit on the Interior Committee. The Subcommittee on National Parks and Recreation approved this bill by a majority vote, the full Interior Committee approved this by a majority vote, and I would submit there are Members from other States on that committee.

Mr. DELLENBACK. I appreciate the interest of the gentleman from California. He, like I, is not from the State directly involved. We disagree in this particular instance and we say this should not be decided by a divided vote of the subcommittee or a divided vote of the full committee. This is in truth a national issue and we should look at the national impact of this decision and not just the local impact, and the major risks are so great that we should reject tonight this proposed committee amendment.

Mr. TAYLOR of North Carolina. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, I have been fortunate enough to see the 518-acre reservation within Cataract Canyon which represents the main residential community of the Havasupai Indian Tribe. It is a beautiful irrigated garden areas, where its residents raise and harvest their crops each year; but it is isolated and impossible to get to except by helicopter and on horseback. There are few of the modern conveniences which most of us have come to expect.

The Havasupai Tribe is a small tribe, as it has always been. There are, perhaps, 400 members of the tribe. About 250 might reside at Serpai—the small village in Cataract Canyon. They once journeyed around the adjoining plateau area to hunt and gather native foods when they were not raising crops in the canyon. As a result of their mode of living, they established a large land base which was recognized by the Indian Claims Commission as their aboriginal lands. In 1880, by Presidential proclamation, a reservation consisting of 38,400 acres was established. Later, in 1882, this reservation was reduced to the present 518 acres. In 1944, the Congress set aside 4 sections—about 2,540 acres—of land as an addition to the Havasupai Reservation.

Since the aboriginal title of the Havasupai Tribe was much larger than the reservation, it was entitled to bring an action before the Indian Claims Commission for payment in just compensation for lands taken by the United States without compensation. It brought the claim and was found to be entitled to compensation for 2,527,727 acres of land. In a settlement stipulation initiated by the Tribe and accepted by the Government, the Havasupai Tribe was paid $1,240,000 for the lands taken.

This was considered to be the fair market value of the lands as of the date of the taking—1880 and 1882. It was, in the terms of the stipulated agreement, to "finally dispose of all rights, claims or demands which the petitioner has asserted. . . ." When the final judgment was entered in 1969, all parties agreed to waive "any and all rights to appeal or otherwise seek review of such final determination. . . ." Notwithstanding this fact, the Tribe now seeks to reopen the settlement and asks the Congress to give it trust title to 250,000 acres of land for its exclusive use and occupancy. The bill before us grants trust title to 185,000 acres. To grant this land would seem to be an easy solution to the needs of this Tribe; however, much more significant issues are involved:

First. Should the Congress, after more than 25 years of trying to equitably resolve claims of its native peoples through the Indian Claims Commission reopen the cases that have been finally adjudicated and now substitute its own sense of equity for that of the judicial process?

Second. Should we, at this late date, change the basic policy decision which the Congress made in 1946 when it decided that Indian tribes should be compensated in cash for lands taken rather than attempting to return all aboriginal lands to their owners?

Third. Should the Havasupai Tribe be given back the land for which the U.S. Government has recently paid them through the Indian Claims Commission judgment?

We must consider the ultimate consequences of our action. Many Indian tribes are poorly situated and the Congress should continue to seek to improve this situation; but the transfer of Federal park and forest lands to the tribes that once used them is not the proper solution. Times have changed. The Indians who once hunted buffalo in vast areas would no longer do so. The Havasupai, who once gathered nuts and berries from the plateau, will not return to that meager subsistence. If all the Indian tribes demand the return of the Federal holdings that they once claimed and the demands are granted, then virtually all of our National Parks, National Forests and Public Domain Lands will disappear because practically all of them were once "used and occupied" by some Indian tribe.

Mr. SEIBERLING. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, I would like to just try to put this in a little perspective.

As a member of the committee, I have been wrestling with this question since the very beginning of the presentation of this bill to the subcommittee.

A few years ago, under a HUD grant, a study was made of this particular part of the Grand Canyon National Park that this bill, the committee amendment, proposes to give to the Havasupai. The HUD-financed study recommended the putting of motels, tramways, and various other tourist attractions in this part of the Grand Canyon National Park.

At about that time the Indian Claims Commission awarded these 400 Indians $1,250,000, which is about $10,000 to $12,000 a family.

I am told that the Indians declined the award. However, it is there in the bank any time they want it.

Naturally, they would not accept it. They have had dangled before their eyes visions of tremendous income from motels and other tourist traps on the rim of the Grand Canyon. So they came to various people in the State of Arizona and elsewhere, and said: "We want title to this land."

They already have the use of it now. They already have all the uses of this national park land that this bill says they are entitled to. The bill, according to the interpretation of the gentleman from Arizona (Mr. UDALL), would not give them anything more except the right to put schools and residences on this land.

Why would they want to put residences on the national parkland? The only fertile, productive land is the land they already have, the land on the bottom of beautiful Havasu Canyon. The plateau land above, which is part of the national park, is a desert. I would be very surprised if there are going to be any residences up on the plateau.

Consequently, it has come down to this, that we have a shibboleth that has been created by various political activities, including that of former President Nixon. The result is that the Indians still say that they want the title, even though this bill is interpreted by its sponsors, the sponsors of the committee amendment, not to give them in substance anything more than they now have. Yet, to give them that naked legal title would mean that we would create a precedent which will be used to open up the national parks to exploitation and commercial development by private interests, using the Indians for stalking horses.

The real question that we as Members of Congress are facing with this particular amendment is whether we want to go back to our constituents and go down in history as having started a process for the dismantling of large parts of the national park system.

Mr. Chairman, I submit that that would be a serious mistake.

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. RHODES. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 180, noes 147, not voting 107, as follows:

[Roll No. 604]

AYES—180

Abdnor
Adams
Addabbo
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Badillo
Bafalis
Baker
Bauman
Bergland
Biester
Bolling
Brademas
Bray
Brinkley
Brooks
Broomfield
Brotzman
Brown, Ohio
Burke, Calif.
Butler
Camp
Carney, Ohio
Carter
Chisholm
Clausen, Don H.
Cleveland
Cochran
Collier
Conyers
Corman
Crane
Cronin
Daniel, Dan
Danielson
Davis, S.C.
Delaney
Denholm
Derwinski
Dickinson
Diggs
Downing
Drinan
Dulski
Edwards, Calif.
Erlenborn
Flood
Flynt
Forsythe
Fraser
Frey
Froehlich
Fulton
Gettys
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gray
Gross
Grover
Gubser
Hamilton
Hammerschmidt
Hanley
Hansen, Wash.
Harsha
Hastings
Hicks
Hillis
Hinshaw
Hogan
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Ichord
Johnson, Calif.
Jones, Okla.
Karth
Kastenmeier
Kemp
Ketchum
Kuykendall
Kyros
Landgrebe
Landrum
Latta
Leggett
Lent
Litton
Lott
McCollister
McCormack
McDade
McEwen
McKay
McSpadden
Madden
Martin, Nebr.
Martin, N.C.
Matsunaga
Mayne
Meeds
Melcher
Milford
Miller
Mink
Mitchell, N.Y.
Mizell
Montgomery
Murphy, N.Y.
Myers
Nix
O'Brien
O'Hara
O'Neill
Owens
Perkins
Pettis
Price, Tex.
Quie
Quillen
Railsback
Rangel
Rees
Regula
Rhodes
Riegle
Robinson, Va
Rodino
Rooney, Pa.
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Satterfield
Scherle
Schneebeli
Schroeder
Shoup
Shriver
Shuster
Smith, N.Y.
Spence
Stanton, J. William
Steed
Steiger, Ariz.
Steiger, Wis.
Stokes
Symington
Taylor, Mo.
Thompson, N.J.
Thone
Thornton
Tiernan
Udall
Ullman
Waggonner
Wampler
Widnall
Williams
Wilson, Bob
Winn
Wydler
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zion

NOES—147

Anderson, Calif.
Anderson, Ill.
Annunzio
Ashley
Aspin
Barrett
Bell
Bennett
Bevill
Bingham
Boggs
Bowen
Breaux
Breckinridge
Brown, Mich.
Broyhill, N.C.
Buchanan
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Collins, Ill.
Conlan
Conte
Cotter
Coughlin
Daniels, Dominick V.
Davis, Wis.
Dellenback
Dellums
Dennis
Dingell
du Pont
Eckhardt
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Flowers
Foley
Fountain
Frenzel
Fuqua
Gaydos
Gonzalez
Green, Pa.
Griffiths
Gude
Gunter
Guyer
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Holifield
Hungate
Hutchinson
Jarman
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Kazen
Kluczynski
Koch
Lagomarsino
Lehman
Long, Md.
Lujan
McClory
McFall
McKinney
Macdonald
Madigan
Mahon
Mallary
Mann
Mathis, Ga.
Mazzoli
Metcalfe
Mezvinsky
Minish
Mitchell, Md.
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Natcher
Nedzi
Nichols
Obey
Parris
Patten
Pickle
Pike
Poage
Preyer
Price, Ill.
Randall
Reuss
Rinaldo
Roe
Rogers
Roncallo, N.Y.
Rosenthal
Rostenkowski
Roush
Sarasin
Sarbanes
Sebelius
Seiberling
Shipley
Sisk
Slack
Smith, Iowa
Stanton, James V.
Studds
Talcott
Taylor, N.C.
Thomson, Wis.
Traxler
Treen
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waldie
Whalen
Wolff
Wylie
Wyman
Yates
Yatron
Young, Ill.
Zablocki
Zwach

NOT VOTING—107

Abzug
Alexander
Andrews, N.C.
Arends
Beard
Biaggi
Blackburn
Blatnik
Boland
Brasco
Brown, Calif.
Broyhill, Va.
Burgener
Burke, Fla.
Carey, N.Y.
Clark
Clawson, Del
Clay
Cohen
Collins, Tex.
Conable
Culver
Daniel, Robert W., Jr.
Davis, Ga.
de la Garza
Dent
Devine
Donohue
Dorn
Duncan
Edwards, Ala.
Eilberg
Findley
Fish
Fisher
Ford
Frelinghuysen
Giaimo
Grasso
Green, Oreg.
Haley
Hanna
Hanrahan
Hansen, Idaho
Harrington
Hawkins
Hays
Hébert
Hunt
Johnson, Colo.
Jones, N.C.
Jordan
King
Long, La.
Luken
McCloskey
Maraziti
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Moakley
Mollohan
Moss
Nelsen
Passman
Patman
Pepper
Peyser
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Roberts
Robison, N.Y.
Roncalio, Wyo.
Rooney, N.Y.
Rose
Sandman
Sikes
Skubitz
Snyder
Staggers
Stark
Steele
Steelman
Stephens
Stratton
Stubblefield
Stuckey
Sullivan
Symms
Teague
Towell, Nev.
Veysey
Walsh
Ware
White
Whitehurst
Whitten
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wright
Wyatt
Young, S.C.

So the committee amendment was agreed to.

The vote was announced as above recorded.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, following line 15, insert a new Section 11 reading as follows and renumber the succeeding section accordingly:

"WILDERNESS STUDY

"SEC. 11. Within two years from the date of enactment of this Act the Secretary of the Interior shall report to the President, in accordance with subsections 3(c) and 3(d) of the Wilderness Act (78 Stat. 890; 16 U.S.C. 1132(c) and (d)), his recommendations as to the suitability or nonsuitability of any area within the national park for preservation as wilderness, and any designation of any such areas as a wilderness shall be accomplished in accordance with said subsections of the Wilderness Act."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. TAYLOR OF NORTH CAROLINA

Mr. TAYLOR of North Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TAYLOR of North Carolina: Page 5, lines 16–18, strike out "Nothing in this section shall be construed to affect or modify the provisions of section 3 of the Act of February 26, 1919 (40 Stat. 1177)."

Mr. TAYLOR of North Carolina. Mr. Chairman, this is a clarifying amendment. It is a conforming amendment. Section 10 of the bill which was added by the full committee and which was approved by the House in the vote a few minutes ago repeals section 3 of the original act, and this is a clarifying amendment making the bill consistent.

Mr. STEIGER of Arizona. Mr. Chairman, we have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. TAYLOR).

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DULSKI, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the Senate bill (S. 1296) to further protect the outstanding scenic, natural, and scientific values of the Grand Canyon by enlarging the Grand Canyon National Park in the State of Arizona, and for other purposes, pursuant to House Resolution 1420, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the Senate bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SCHERLE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. Two hundred and fifty Members are present, a quorum.

Mr. SCHERLE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the Senate bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. TAYLOR of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill (S. 1296) just passed.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

DISTRICT OF COLUMBIA COMMUNITY DEVELOPMENT AND FINANCE CORPORATION ACT OF 1974

Mr. DIGGS. Mr. Speaker, by direction of the Committee on the District of

Columbia, I call up the bill (H.R. 15888) to establish a District of Columbia Community Development and Finance Corporation, and for other purposes, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. LANDGREBE. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. DIGGS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15888) to establish a District of Columbia Community Development and Finance Corporation, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 1 hour, the time to be equally divided and controlled by the gentleman from Maryland (Mr. Gude) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 15888, with Mr. Yates in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous consent agreement, the gentleman from Michigan (Mr. Diggs) will be recognized for 30 minutes, and the gentleman from Maryland (Mr. Gude) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Michigan.

Mr. DIGGS. Mr. Chairman, the purpose of the bill (H.R. 15888) is to establish a public development corporation, using private investment funds, in order to provide housing for low- and moderate-income families, in order to improve employment opportunities, and in order to implement local land use and preservation policies, for the District of Columbia. The bill creates such a corporation, the District of Columbia Community Development and Finance Corporation, and establishes procedures for the operation of the Corporation.

The Corporation is to serve as both a housing finance agency and as a developer of last resort, by assisting private construction or rehabilitation, by undertaking projects which are in the public interest or which are in areas of high risk, and by contracting for, or actually constructing such projects. The proposed Corporation is established to attract private investment to the District of Columbia.

The Corporation will finance its operation largely through the sale of bonds to private investors. The bonds will be backed by the full-faith credit only of the Corporation. The Federal and District governments will have no liability for the bonds. The operations of the Corporation will be subject to General Accounting Office audit. The Corporation will receive no Federal funds, except through the District of Columbia budget, which must be approved by Congress.

NEED FOR LEGISLATION

In January 1975, under the provisions of the District of Columbia Self-Government and Governmental Reorganization Act—Public Law 93-198, 87 Statute 774—the city will have the authority to undertake its reorganized planning, housing, urban renewal, zoning, and development functions previously performed by separate agencies. At the present time, partially as a result of prior agency fragmentation, many areas of development, urban renewal projects, and potential housing complexes have attracted neither private capital nor private developers. Presently, private investors are reluctant to commit funds for such projects because of difficulties in land assembly, inefficient public review processes, the high cost of land for residential or commercial uses, and the high risk of realizing an adequate return on their investment. The establishment of the Development Corporation could aid in alleviating such problems through the use of eminent domain to accomplish land assembly, provision of loans and loan guarantees when unavailable, purchase of mortgages, and through direct construction as a developer of last resort, all of which would serve to attract private investors, and to reduce the costs and risks of private development in the District of Columbia.

The national urban renewal programs, including the neighborhood development program—NDP—will, more than likely, be replaced this year by a new form of Federal financial assistance involving revenue sharing block grants for community development and redevelopment. In order to carry out both existing and new development programs, a new, local development mechanism should be nearly operative by January 1975 so that the District government may receive funds. A development corporation, accountable and responsible to both the Mayor and the City Council, and reflecting local development policies, would be necessary to effectively utilize the development funds.

In addition to the need for timely establishment of a development corporation, the establishment of such a corporation by the City Council may be subject to legal challenges of its authority, creating a potentially unfavorable market for corporation bonds or other obligations. Creation of the development corporation by the Congress could not only aid in providing a favorable market for the corporation bonds, but could also lessen the probability of legal challenges of the corporation's authority.

SUMMARY OF MAJOR PROVISIONS OF THE BILL

TITLE I—GENERAL PROVISIONS

Title I of the bill establishes the District of Columbia Development and Finance Corporation, defines its structure, and both the structure and operation of the Corporation's Board of Directors.

Title I establishes the Community Development and Finance Corporation with a nine-member Board of Directors, appointed by the Mayor with City Council approval to serve 3-year terms. A maximum of three ex officio members are to be District government employees. The Mayor designates the Chairman of the Board. A majority of Board members must be residents of the District of Columbia. Members of the Board who are employees of the District or Federal governments shall not receive additional compensation for their services.

TITLE II—POWERS OF THE CORPORATION

Title II of the bill defines the powers of the Corporation, delineates the approval process for the Corporation's annual programs or its specific projects, and establishes requirements for the sale of projects, relocation, property acquisition, and the award of contracts by the Corporation, to manage property, to borrow funds, and to exercise the right of eminent domain for acquiring property not under the control of the United States or District governments.

In addition, the Corporation is empowered to make, insure, purchase, or sell mortgage loans, to finance projects, to borrow funds, to issue debentures, and to loan or grant moneys.

The Development Corporation is to prepare and submit to the Mayor an annual program of proposed activities, anticipated costs, relocation needs, and specific project plans. If the Mayor approves the program, he submits it to the City Council for approval, following a mandatory public hearing, with 30 days' notice. A procedure is established for revision of the program by the City Council. The City Council adopts the Corporation's annual program, including financing plans and bond issues, by resolution.

The Corporation may, if determined by a majority of its Directors petition the Zoning Commission for an exemption from zoning requirements. The petition for exemption shall be acted upon, within 60 days by the Commission.

The sale of property by the Development Corporation, with the exception of sale to governmental agencies and nonprofit developers, must follow procedures of public notice, including publication of the notice of sale in the local newspapers, and the conduct of a public hearing prior to the sale. Any persons or establishments to be displaced as a result of Corporation activities must receive adequate relocation assistance and benefits, as specified in the Federal Uniform Relocation Act. Corporation projects may not be initiated until adequate provision is made for relocation.

The Corporation is required to procure all goods and services under the most favorable terms available, including the use of competitive bidding. For purposes of this legislation, the Corporation shall qualify for participation in the Small Business Administration set-aside contracting program.

TITLE III—FINANCES OF THE CORPORATION

Title III of the bill establishes the sources of, and regulates the handling of the corporation's funds. An audit of the corporation's activities, by the Comptroller General of the United States, at his discretion, is authorized by this title of the bill.

The Community Development and Finance Corp. may issue a maximum of $75 million in bonds, backed by the full faith and credit of the corporation. A capital reserve fund is required to be established by the corporation, equal to such funds as are required for 1 year's repayment of the corporation's outstanding obligations. In order to enhance the bonds' marketability the Mayor may request, in the District budget, appropriations in instances in which the corporation's reserve fund may be insufficient to meet the annual repayment requirement. No obligations of the corporation are backed by the full faith and credit of the Federal Government, nor of the District government.

The Development and Finance Corp. may establish the terms and conditions under which its bonds may be sold. The bonds may be sold either through competitive bid or through private placement. The corporation may refund bonds or redeem any bonds outstanding.

All real property of the corporation is subject to local and Federal taxes. The Comptroller General of the United States, at any time, and an independent annual audit of the corporation's activities, are authorized. The corporation is required to submit an annual report, by the last day of April, to the District government. The annual report, and other records of the corporation, are public information.

The initial moneys for the corporation are $5 million authorized to be loaned, by the U.S. Treasury, from District of Columbia funds, for repayment within a 5-year period.

HISTORY

Hearings on H.R. 15363, the predecessor of H.R. 15888, were held by the Subcommittee on Business, Commerce, and Taxation on June 19, 1974, and on June 20, 1974. Witnesses included Members of Congress, representatives of the District of Columbia government, the Redevelopment Land Agency, the Metropolitan Washington Board of Trade, the National Corporation of Housing Partnerships, the Washington Board of Realtors, the Anacostia Economic Development Corp., the Metropolitan Washington Planning and Housing Association, the Federal City Council, the Federal City Housing Corp., and private citizens. No testimony was received, nor statements filed, in opposition to the bill.

The subcommittee approved H.R. 15363, as amended, and reported a clean bill, H.R. 15888, to the full committee on July 10, 1974.

COST

Establishment of the development corporation, itself, is not estimated to generate any additional cost to the District of Columbia government. While the bill requires the Mayor to request, in his budget, sufficient funds to insure that the capital reserve fund of the corporation meets the annual repayment requirements of the legislation, neither the Congress nor the District of Columbia City Council is required to appropriate or approve such funds. Nor are the full faith and credit of the Federal or the District governments pledged to support the bond obligations, operations, and debts of the development corporation.

Mr. Chairman, I yield 5 minutes to the Delegate from the District of Columbia (Mr. FAUNTROY).

Mr. FAUNTROY. Mr. Chairman, H.R. 15888 addresses one of the most pressing issues facing the District of Columbia today—how are we to organize the resources of local government and the private sector to combat the severe and pervasive housing and economic development crisis confronting the District of Columbia. The District government now has only limited tools available to it to reverse the tide of deteriorating neighborhoods through the generation of new housing and commercial development. In large measure, private capital has not been provided to meet these urgent needs.

The Community Development and Finance Corporation provides a concrete solution and tenders the hope that strong action can be taken to meet the desperate housing needs of thousands of District residents.

The Community Development and Finance Corporation will bridge the gap between government and private enterprise. The Community Development and Finance Corporation will have the authority to plan, finance, develop, and operate residential, commercial, and related facilities in situations where development is unlikely to be undertaken by private enterprise. The corporation would neither substitute for nor conflict with private action. Rather, it would create the basic conditions necessary to stimulate private involvement. Significantly, this private action would thus be guided by housing and commercial development goals established by local government and the Corporation.

The Corporation will raise its funds by issuing bonds that would be purchased by private investors. The bonds would not be backed by the full faith and credit of either the District or Federal governments except as such Federal guarantees are available to similar corporations around the country under national legislation. The bonds will be backed only by the credit of the Corporation, and would be repaid out of revenues generated by income-producing activities of the Corporation. The over 30 States having similar corporations have found that such bonds can be readily sold without the aid of direct public subsidies. The Corporation would have a Board of Directors which would be appointed by the Mayor and approved by the City Council. This Board of Directors would determine the general policies and procedures of the Corporation.

The Corporation would submit an annual program to the Mayor and City Council describing the activities it proposes to carry out during the subsequent year. The activities must be consistent with the comprehensive planning and community development objectives established by the District government. Each year, the Corporation's proposed annual budget and financial plan, including an estimate of the amount of bonds and debentures to be issued and the projects which are to be undertaken, must be approved by the Mayor and City Council.

The Corporation has two major functions: Community development and housing finance. With respect to community development, the Corporation would provide the vehicle for the construction and management of much needed housing and related support facilities. The Corporation then has the ability to sell its projects which will enable the Corporation to gain the capital with which to develop new projects and thereby stimulate growth to meet the ever-rising and ever-changing housing needs of the community. The rebuilding of the riot corridors has been stalled by the unwillingness or inability of the private investor to undertake higher risk development when more attractive and "safer" investments are readily available. The Corporation can fill the void and offer the development momentum necessary to attract private capital.

As to housing finance, the Corporation will have the power to make, insure, and sell mortgage loans secured by a mortgage lien. The Corporation will thus be able to provide a secondary mortgage market for the higher "risk" property in low income areas. The Corporation's financing powers will be directed to assisting and encouraging housing for rental or purchase by persons of low or moderate income, where private financial institutions or Federal Government programs are unable to do the job.

In order to begin operations, the Corporation is authorized to receive an appropriation made by Congress of $5 million from the District of Columbia budget. The loan must be repaid by the Corporation to the credit of the District of Columbia within 5 years.

The concept of the Community Development and Finance Corporation is neither new nor untested. New York led the way in 1960 with a State housing finance agency and followed with an urban development corporation. In the next decade, 11 States followed New York's example. At present, 30 States have housing finance or development agencies, and another 10 States are considering legislation to establish such agencies. These agencies' primary function has been to provide financial assistance for the construction of low- and moderate-income housing. In general, the State finance agencies have been given a broad range of authority which includes both evaluating housing deficiencies and developing programs to correct these deficiencies. These agencies have been responsible for 20 percent of all the housing developed with the assistance of Federal interest reduction subsidies under the 236 program.

The need for this Community Development and Finance Corporation is acute. I urge your support. The District of Columbia must have a tool to meet the housing needs of its people.

There is one additional matter that I should like to discuss. After H.R. 15888 was reported by the District Committee, several Members approached me with concerns that centered on two issues: First, would this legislation bypass the appropriations procedures set up under the District of Columbia home rule legislation; and second, could the Eisenhower Civic Center be constructed under the legislation without additional congressional authorization?

I have discussed these concerns in some detail with members of the District of Columbia Subcommittee on Appropriations and its chairman, Mr. NATCHER. These discussions have been very useful, and I thank Mr. NATCHER and his committee for the time and thought they have given to helping us put together the strongest possible legislation.

As a result of these discussions, I will be offering an amendment to H.R. 15888 that will: First, require that each project be approved by the Appropriations Committees of the House and Senate before the Corporation can undertake it; and second, make it clear that nothing in H.R. 15888 alters the District of Columbia home rule legislation. While it was never our intention that the Corporation would build the Eisenhower Civic Center, this additional language would clarify the role of Congress in authorizing such construction.

With this solution, it is my understanding that the Corporation may submit its projects to the committees, as those projects are ready for approval, independent of the submission of the District of Columbia budget.

This is particularly important because one factor in our difficulty in building housing here in the city and across the country is the long delays in getting governmental approvals. The procedure set forth in the amendment is designed to expedite housing and related developments and to avoid the delays in hearings in the District of Columbia budget process.

Mr. GUDE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 15888, a bill to establish a District of Columbia Community Development and Finance Corporation.

The purpose of this bill, which is similar to bills introduced in the 92d Congress to establish a public development corporation, using private investment funds, in order to provide housing for low- and moderate-income families, in order to improve employment opportunities, and in order to implement local land use and preservation policies, for the the District of Columbia. The bill creates such a corporation, the District of Columbia Community Development and Finance Corporation, and established procedures for the operations of the corporation.

The corporation is to serve as both a housing finance agency and as a developer of last resort by assisting private construction or rehabilitation, by undertaking projects which are in the public interest or which are in areas of high risk, and by contracting for, or actually constructing such projects. The proposed corporation is established to attract private investment to the District of Columbia.

The corporation will finance its operation largely through the sale of bonds to private investors. The bonds will be backed by the full faith credit only of the corporation. The Federal and District governments will have no liability for the bonds. The operations of the corporation will be subject to General Accounting Office audit. The corporation will receive no Federal funds, except through the District of Columbia budget, which must be approved by Congress.

The establishment of a District of Columbia Community Development and Finance Corporation is an entity that was contemplated when we passed the Housing and Community Development Act of 1974, which was signed into law August 22, 1974. Title VIII of that enactment, among other things, encourages the effective operation of State housing finance agencies and State development agencies, such as that which is being created in this particular bill. Under the Housing and Community Development Act of 1974, such State agencies are eligible for certain specified assistance from the Federal Government in carrying out the purposes of the Federal enactment.

As stated in the report accompanying this bill, at the present time private investors are reluctant to commit funds for the development of certain sectors of the District of Columbia, partially for the reason of difficulties encountered in assembling land and partially because of the high risk for realizing an adequate return on their investment if they must undertake the entire cost of the project, and for other reasons.

The District of Columbia Community Development and Finance Corporation could aid the city and the local government in overcoming some of these problems by working in close cooperation with private investors, the District Government, Federal agencies, and certain nonprofit corporations. The corporation established in this act could, in fact, act as a developer of last resort so as to attract private investors and reduce the costs and risks of private development in the District of Columbia and as such serve as a vital link between the private developers, District government, and the District of Columbia Redevelopment Land Agency, which cannot now under law act as a developer of last resort as provided for in this bill.

The creation of this corporation by the Congress at this time, notwithstanding the fact that home rule will take effect on January 2, 1975, could not only aid in providing a favorable market for the corporation bonds which are contemplated to be marketed, but could also lessen the probability of legal challenges to the corporation's authorities as specified in this bill.

Mr. Chairman, I urge my colleagues to support and vote in favor of this piece of legislation, which I believe will be helpful to the residents of the District of Columbia, the District of Columbia government, and will reflect favorably on all of you, my colleagues, in making our Nation's Capital a model for the Nation when it comes to urban inner-city development.

Mr. DIGGS. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky (Mr. NATCHER).

Mr. NATCHER. Mr. Chairman, as the Members will recall, during the first session of the 93d Congress, the District of Columbia self-government and governmental reorganization bill was passed. This bill is the bill we now call home rule. The District of Columbia is now in the process of electing a mayor and a city council to place this law into effect.

The bill that is now before the House, H.R. 15888, as the members of the committee will recall, was presented to the House several weeks ago by the distinguished chairman of this committee, Mr. DIGGS, and the delegate from the District of Columbia (Mr. FAUNTROY).

At that time, Mr. Chairman, the delegate from the District of Columbia (Mr. FAUNTROY) and a number of us discussed the bill and the provisions in the bill. The question arose as to whether or not there was some conflict between this bill and certain provisions in the home rule legislation. As Members recall, under the home rule legislation, under the leadership of the distinguished gentleman from Michigan, the chairman of the committee, we worked out provisions in the home rule bill whereby all matters pertaining to appropriations and to reprograming would be submitted to the Committee on Appropriations in the House and the Senate for approval.

We joined hands and passed the home rule legislation. The bill was enacted into law, and as I said a few minutes ago, the elections are now being held under the provisions of this law.

The distinguished delegate from the District of Columbia has worked hard on this bill. He has made every attempt to place the bill in line where there would be no conflict, either from the standpoint of constitutionality or from the standpoint of operation of the bill along with the home rule legislation.

I would like the members of the committee to know that before the bill is concluded tonight, amendments will be offered by the members of this committee that place this bill in a position where every member in the committee can vote for the bill.

The amendments will be presented, for approval by this committee. The delegate from the District of Columbia (Mr. FAUNTROY) appeared before the subcommitee on the District of Columbia budget of the Appropriations Committee. He presented this matter, and he has made every effort, Mr. Chairman, to place the bill in such a position that it can be enacted.

After these amendments are presented tonight, there will be no conflict in this legislation with the District of Columbia home rule bill. The amendments will strengthen the corporation. It will strengthen the bill from the standpoint of bonds to be issued and in the operation of the legislation generally.

I commend the Delegate from the District of Columbia (Mr. Fauntroy), I certainly commend my friend, the distinguished chairman of the committee, Mr. Diggs, and I commend all of the members of the Committee on the District of Columbia for the manner in which this legislation has been handled.

Mr. Chairman, when it was presented 3 or 4 weeks ago, there was some question about the legislation, and rather than have some question about this legislation, the committee took it back and worked it out, and the amendments that will be offered tonight will place this bill in such a position that I intend to support it. I hope that every member of the committee will vote for the bill.

Mr. GUDE. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa (Mr. Gross).

Mr. GROSS. Mr. Chairman, I would like to ask the Delegate from the District of Columbia a question or two concerning this bill.

As I read it, the City Council can raise the $75 million bond ceiling to any level without congressional approval. Is that correct?

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the Delegate from the District of Columbia.

Mr. FAUNTROY. That is true. But each project has to be approved by the Committees on Appropriations of the House and the Senate under the amendment which I intend to offer and which we are confident will be approved.

Mr. GROSS. Mr. Chairman, may I ask, who drew this bill in the first place?

Mr. FAUNTROY. Well, I have the responsibility of having introduced the bill, I will tell the gentleman from Iowa (Mr. Gross).

Mr. GROSS. The question was: who wrote the bill? Mr. Chairman, if the Federal Government has to bail out this project, why were there no limits written in the bill?

Mr. FAUNTROY. Mr. Chairman, if the gentleman will yield further, there is a limit of $75 million in bonding authority in this bill. Of course, the bill, once it is passed and once we have the home rule legislation in effect, is subject to a change by the elected government. It is always subject to congressional veto, and as I indicated, it is subject to the approval of the Committees on Appropriations of the House and the Senate, once the amendment I intend to offer is adopted.

Mr. GROSS. Well, with the requirement that funds be included in the District budget, if necessary, to insure the corporation's solvency, what is the meaning of the provision in the report on page 9, section 301, which reads as follows:

> These obligations shall not be backed by the full faith and credit of either the District or Federal Government?

Why do we have this contradictory language?

Mr. FAUNTROY. The fact is that there are no legal obligations of the District or the Federal Government for these bonds. These are moral obligation bonds, following the practice in the 30 or more States which already have this kind of legislation. Our view was that these projects ought to be viable in and of themselves, and they must be indeed if we are to attract the private investment we seek.

Mr. GROSS. In the proposed amendment the language is as follows:

> Notwithstanding any provision of the District of Columbia Self-Government and Governmental Reorganization Act, the District of Columbia Council shall have no authority to modify or amend the provisions in section 303 of this Act.

Page 41 of the bill states as follows:

> POWERS OF THE COUNCIL
>
> Sec. 313. Notwithstanding any other provision of law, or any rule of law, nothing in this Act shall be construed as limiting the authority of the District of Columbia Council to enact any act, resolution, or regulation, after January 2, 1975, pursuant to the District of Columbia Self-Government and Governmental Reorganization Act with respect to any matter covered by this Act.

These two provisions are in conflict and are contradictory.

What does the gentleman propose to do about these provisions since the gentleman apparently is not amending section 313?

Mr. FAUNTROY. We are countermanding it only with respect to the approval process through the Committees on Appropriations. What we are saying is that the council will have its powers, with the exception of the ability to change the law with respect to the approval, which must be given by the Committees on Appropriations of the House and the Senate.

Mr. GROSS. That is a nice, cozy arrangement. The bill does not provide for future authorizations by the full House. He is going only to the Committee on Appropriations. Is that right?

Mr. FAUNTROY. As the gentleman knows, under the home rule legislation, all laws passed by the local government are subject to congressional veto.

Mr. GROSS. I did not understand the gentleman. All of what is subject to veto?

Mr. FAUNTROY. All acts of the local elected government are subject to congressional veto.

Mr. GROSS. Well, that may be, but I should think that the House as a whole would be in on the takeoffs as well as the crash landings.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DIGGS. Mr. Chairman, I have no further requests for time.

Mr. GUDE. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana (Mr. Landgrebe).

Mr. LANDGREBE. Mr. Chairman, this bill is a perfect example of the bad bills that we often deal with at this late hour. I can see no reason for bringing this bill up at 9:30 p.m., when there is other important business pending, that must be disposed of before adjournment, hopefully tomorrow. This is a very complicated bill. It may not sound that way, but it is. Of course, at least the proponents of the bill are trying to make us think that this is another topic on an equal basis with God, motherhood, and country. Well, it is the vital segment of our country—our Capital City.

We have wrangled around for years, about a so-called home rule government for Washington, D.C. This Congress passed a bill authorizing the election, and there will be an election on November 5, of a Mayor and a City Council. These people will have broad powers. They will take up their duties on the first of January, or thereabouts. Those people can do exactly as they please about things of this nature. I really do not understand why we are dealing with this bad bill at this time.

This bill in effect creates an independent government in the District of Columbia. This corporation would have its own bonding power, its own power of eminent domain, its own power to engage in all sorts of real estate transactions. A list of those powers appears on page 6 and 7 of the report. It would be an urban renewal agency. I repeat, it would be an urban renewal agency with a vengeance.

Home rule is really here, on the brink of going into effect.

In conclusion, let me say again that I think that this is a bad bill. I hope that this Congress will exert itself and take one responsible action—we are never responsible in fiscal affairs—I hope that we will accept some responsibilities in our Capital City.

Having voted for home rule, why do we want to set up a new corporation before we have even elected the mayor, who will appoint the directors?

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. LANDGREBE. I will be glad to yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, can the gentleman from Indiana give the House any information as to why this bill provides that the corporation can hire personnel without regard to either Federal or District Civil Service classification laws?

Mr. LANDGREBE. I have already explained that this is a little kingdom within a kingdom, and it really does not have much responsibility to answer to anybody as far as I see it, so why should they not have that authority also?

I urge the defeat of this bill.

Mr. GUDE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we in Congress have given this city home rule. I think this legislation which has been outlined by the Delegate from the District of Columbia and the gentleman from Michigan (Mr. Diggs), who is chairman of the Committee on the District of Columbia, shows that this is a long way from the extension of the home rule bill.

I think this is an extremely modest proposal. The gentleman from Michigan and the gentleman from the District of Columbia have sat down with the chairman of the District of Columbia Appropriations Committee, and have worked out an arrangement which I think is an extremely modest request in this legislation.

I urge that we approve this bill overwhelmingly.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Wisconsin.

Mr. REUSS. I thank the gentleman for yielding.

I simply say that I thoroughly agree with the gentleman that this is sound and well-thought-out legislation. It happens that it gears in perfectly with the landmark Housing Act, which was recently signed into law by the President, and I think the District of Columbia should have the machinery whereby it can gear in with that Federal program for enabling States, and localities like the District, to help themselves. I hope it will be overwhelmingly supported.

Mr. GUDE. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. I thank the gentleman for yielding.

Having had the privilege of serving on this distinguished committee and working on the legislation, I should like to ask a question or two, and I would direct my questions to the Delegate from the District of Columbia (Mr. FAUNTROY). Under the home rule bill we had a 14-percent bonding capacity for general obligation bonds; is that correct?

Mr. FAUNTROY. That is true.

Mr. KETCHUM. Under this bill we have $75 million bonding capacity. That is what is written in the bill; is that correct?

Mr. FAUNTROY. That is correct.

Mr. KETCHUM. But in actuality the District Council could raise that if they so desired; is that not correct?

Mr. FAUNTROY. Yes, but not under its own debt limitation. This is not an obligation of the District government and probably is taken out of that context.

Mr. KETCHUM. In other words, the gentleman is referring to those moral obligation bonds?

Mr. FAUNTROY. Precisely.

Mr. KETCHUM. Whose moral obligation is it going to be to pay them?

Mr. FAUNTROY. It will be the moral obligation of the corporation and the responsibility of the corporation to do that, not the moral obligation of the Government to support the projects which are undertaken. This is something which we dealt with in our Housing Act, recognizing the value of such corporations, corporations which have today built 20 percent of the housing that has been built under our federally assisted program. We have in that bill some $500 million made available for guaranteeing these bonds where it is in the Federal interest and the people's interest to see the project through, which they have undertaken.

Mr. KETCHUM. Hypothetically, then, if there is a default on these moral obligation bonds, who then will pick up the default?

Mr. FAUNTROY. Certainly not the Federal Government.

Mr. KETCHUM. Who will? Somebody has got to.

Mr. FAUNTROY. I suspect that the investors will take into consideration the risk when they make these investments. It is a risk that they take. It is a risk that in the 10 to 12 years that such corporations have been functioning has proven to be nil and with no defaults to speak of. The fact is that in numerous States which have undertaken this sort of approach to attracting private sectors to assist in the area of housing and community development——

Mr. KETCHUM. If there were a default, would not the mayor have to include that default in his budget and bring it to the Congress for approval of the Committee on Appropriations?

Mr. FAUNTROY. The answer to that is "No."

Mr. KETCHUM. I am advised by counsel that the gentleman might, perhaps, be incorrect.

Mr. FAUNTROY. No. The answer to that is that the local government is not required legally to stand behind these bonds.

Mr. KETCHUM. May I ask this one final question, and that is, what, precisely, will the amendment that the gentleman referred to do?

Mr. FAUNTROY. That amendment requires that each project developed by the corporation, with the approval of the elected mayor and city council, must come before the appropriation committees of the House and the Senate for approval.

Mr. KETCHUM. This will be a part of the appropriations process normally undertaken in the District of Columbia budget?

Mr. FAUNTROY. It will not be.

Mr. KETCHUM. It will be a separate item?

Mr. FAUNTROY. It will be an item which will come before the Appropriations Committees as they are developed.

Mr. KETCHUM. The full committees, or is this going to be a letter of approval?

Mr. FAUNTROY. The subcommittees and the full committees.

Mr. KETCHUM. But it will come on a project by project basis rather than as a part of the full budget?

Mr. FAUNTROY. Yes, rather than slow down the process by running it through the annual budget appropriation process of the District of Columbia.

Mr. KETCHUM. I thank the gentleman.

Mr. GUDE. Mr. Chairman, I yield myself such time as I may consume.

I reiterate that I think there is no doubt that the chairman of the Appropriations Subcommittee on the District of Columbia has ample control of this matter both in the Senate and in the House.

I urge the House to approve this legislation.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

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SHORT TITLE

SEC. 101. This Act may be cited as the "District of Columbia Community Development and Finance Corporation Act of 1974".

STATEMENT OF FINDINGS AND PURPOSES

SEC. 102. (a) The Congress hereby finds that—

(1) there is an inadequate supply of decent, safe, and sanitary low- and moderate-income housing in the District of Columbia;

(2) many of the District of Columbia's commercial and industrial buildings and other facilities are obsolete and deteriorated;

(3) many residential, commercial, and industrial areas are substandard in condition and design, development of these areas is arrested, and they are adversely affecting the sound development of surrounding areas;

(4) there is a need for orderly, well-planned development to solve problems of chaotic growth and decline within the District of Columbia, which is inefficient and wasteful of crucial land resources, and adversely affects employment and business opportunities for central city residents, and to increase the District of Columbia's tax base in order to support vital public services for all citizens, especially the poor and disadvantaged;

(5) there is a need for additional cultural, recreational, and other community facilities to meet the demands placed upon the District as the Nation's Capital;

(6) there is a need for additional employment opportunities for District residents;

(7) the conditions outlined above are all detrimental to the health, safety and welfare of the citizens of the District of Columbia; and

(8) private enterprise alone cannot overcome these problems because of the difficulties of assembling suitable building sites, obtaining adequate sources of capital, and coordinating the provisions of appropriate supporting public facilities.

(b) The Congress hereby declares that—

(1) in order to effectively overcome the problems described above, including, but not limited to, the need to: provide primarily housing and related facilities for persons of low and moderate income; promote the sound growth and development of neighborhoods through the revitalization of slum and blighted areas; increase and improve employment opportunities for unemployed and underemployed through the development of industrial, manufacturing, and commercial facilities; and implement the development aspects of local land use and preservation policies, including the advance acquisition of land where it is consistent with such policies, the establishment of a new production-oriented financial and development entity is necessary and desirable;

(2) in order to deal with the wide range of development problems and opportunities which must be addressed, such a governmental entity must be able to act to undertake such development activities as are determined to be necessary to insure and enhance the District of Columbia's physical, economic and social environment, and which would not otherwise be undertaken for lack of appropriate private developer interests or capability;

(3) because the development and financial assistance actions which will have to be undertaken will be predominantly of a business nature, and because this new entity is expected to produce revenue and have the potential to be largely self-sustaining, and because its actions as contemplated by this Act will involve large numbers of business transactions with the public, and because in order to properly undertake all actions contemplated to be necessary under the provisions of this Act, the Congress finds that a public development corporation provides the most appropriate institutional approach to dealing with the problems and needs of the District of Columbia as addressed in the Act; and

(4) the powers conferred by this Act are for public uses and purposes for which public powers may be employed, public funds may be expended, and the granting of such powers is necessary and in the public interest.

DEFINITIONS

SEC. 103. As used in this Act:

(1) The term "corporation" shall mean the District of Columbia Community Development and Finance Corporation created by this Act.

(2) The term "bonds" shall mean and include the notes, bonds, and other evidence of indebtedness of obligations which the corporation is authorized to issue pursuant to section 301.

(3) The term "person" shall mean and include natural persons, firms, associations, corporations, business trusts, partnerships, and public bodies, agencies, or instrumentalities.

(4) The term "project" shall mean a specified work of improvement including land, but not limited to, buildings, improvements, real and personal properties, or any interest therein, acquired, owned, constructed, reconstructed, rehabilitated, or improved by the corporation, including but not limited to residential projects, public use projects, commercial and industrial projects, areas or buildings of special architectural or historic significance, projects involving a mix of such uses, or a "New Town in Town" project. The term as used herein shall include necessary studies, surveys, plans, and specifications. The term shall not include physical improvements in which the corporation's primary action is the provision of financial assistance.

(5) The term "preliminary planning" means necessary preliminary studies, surveys, site plans, and specifications undertaken prior to the resolution of the board of directors approving any project.

(6) The term "site preparation" shall include relocation of occupants, removal of impediments to redevelopment or rehabilitation, and installation of appropriate supporting public facilities.

(7) The term "facility" shall mean and include structures and other physical improvements to real property.

(8) The term "real property" shall mean lands, structures, franchises, and interests in land, including lands under water and riparian rights, space rights and air rights, and any and all other interests in such property less than full title, such as easements, incorporated hereditaments and every estate, interest, or right, legal or equitable, including terms for years and liens thereon by way of judgments, mortgages, or otherwise.

CREATION OF THE CORPORATION

SEC. 104. There is hereby created a body corporate of perpetual succession to be known as the District of Columbia Community Development and Finance Corporation, which shall be an instrumentality of the District of Columbia government.

BOARD OF DIRECTORS

SEC. 105. (a) The business and affairs of the corporation shall be managed by, and the powers herein granted to the corporation shall be exercised by, a Board of Directors (hereinafter in this Act referred to as the "Board").

(b) The Board shall consist of nine directors appointed by the Mayor of the District of Columbia (hereinafter in this Act referred to as the "Mayor"). Three directors shall be ex officio members designated by the Mayor from among officials of the District of Columbia government. The remaining directors, who shall not be employees of the District of Columbia government, shall possess knowledge and experience in fields of endeavor related to the activities of the corporation, including but not limited to planning, real estate development, construction, property management, finance, and community organization. A majority of the directors of the corporation shall be residents of the District of Columbia.

(c) The directors appointed by the Mayor shall assume their duties as directors upon approval of the Council of the District of Columbia (hereinafter in this Act referred to as the "Council") by a majority vote of members present and voting. The Chairman of the Board shall be designated by the Mayor. The directors shall serve for a term of three years except that the initial terms of the directors shall be staggered and shall expire as designated by the Mayor at the time of appointment. Directors shall continue in office until their successors have been appointed by the Mayor and confirmed by the Council. In the event of a vacancy occurring in office of an appointed director by death, resignation, or removal, the Mayor shall appoint a successor to serve for the balance of the unexpired term.

(d) The Board shall determine the general policies and procedures which shall govern the operations of the corporation, and shall have power to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law. The Board shall select and effect the appointment of qualified persons to fill the office of Vice Chairman and such other offices as may be provided for in the bylaws. Members of the Board shall receive compensation for their services; however, any member of the Board who is a full-time officer or employee of the District of Columbia or the Federal Government shall not, as a member, receive compensation for his services.

(e) The Board shall have the power to select and appoint or employ such officers, employees, and agents, to vest them with such powers and duties, and to fix and to cause the corporation to pay such compensation to them for their service, as it may determine; and any such action shall be without regard to the Federal or District Civil Service and classification laws, except that any Federal or District employee who may be employed by the corporation may retain all rights and privileges under the Federal or District Government employees retirement system. Appointments, promotions, and separations so made shall be based on merit and efficiency, and no political tests or qualifications shall be permitted or given consideration. The provisions of subchapter III of chapter 73 of title 5 of the United States Code shall apply to officers and employees of the corporation in the same manner and to the same extent as if they were employees of the District.

(f) The Mayor may remove any director appointed by him for neglect of duty or misconduct in office, after giving him a copy of the charges against him, and an opportunity to be heard, in person or by counsel, in his defense, upon not less than ten days' notice. If any such director shall be removed, the Mayor shall file in the principal office of the corporation a complete statement of the charges made against such director and his findings thereon together with a complete record of the proceeding.

LIMITATION OF LIABILITY

SEC. 106. No officers, directors, or employees of the corporation, while acting within the scope of their authority, shall be subject to any personal liability resulting from the activities of the corporation.

AUDITS AND REPORTS

SEC. 107. The Mayor and the City Auditor may examine and audit the books and financial transactions of the corporation, and he may require the corporation to make such reports on its activities as he deems advisable.

DIRECTORS' CONFLICT OF INTEREST

SEC. 108. When the corporation purchase from, sells to borrows from, loans to, contracts with, or otherwise deals with any corporation, trust, association, partnership, or other entity in which any director of the corporation has a personal or financial interest shall be disclosed in the minutes of the corporation and no director having such an interest may participate in any decision affecting such dealings. Any director who willfully misrepresents or fails to disclose any such interest shall be subject to personal liability for any damage to the corporation resulting therefrom. At the instance of the corporation any transaction approved under circumstances of nondisclosure by a director or directors shall be voidable.

TITLE II—POWER OF THE CORPORATION

GENERAL POWERS OF THE CORPORATION

SEC. 201. (a) Subject to the provisions of this Act, the corporation shall have power to—

(1) sue and be sued;

(2) adopt and use a corporate seal and alter same at pleasure;

(3) make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this Act;

(4) utilize or employ the services of personnel of any agency or instrumentality of the Federal Government or the District of Columbia, with the consent of the agency or instrumentality concerned upon a reimbursable basis, or to utilize voluntary or uncompensated personnel;

(5) invest any funds held in reserve or sinking funds, or any moneys not required for immediate use disbursement, at the discretion of the corporation in obligations of the United States or District of Columbia government or obligations the principal and interest of which are guaranteed by the United States or District of Columbia government;

(6) procure insurance (including surety bonds) against any loss in connection with its property and other assets and operations;

(7) engage the services of consultants on a temporary basis for rendering professional and technical assistance and advice; and to provide compensation thereof in such manner and in such amounts as the Board may find necessary or desirable;

(8) accept, including the right to contract for, any gifts or grants of property or financial or other aid in any form from the Federal Government or any agency or instrumentality thereof or from any source, and to comply, subject to the terms of this Act, with the terms and conditions thereof;

(9) provide loans to the District of Columbia government to carry out functions under the first section of the Act of April 14, 1906 (D.C. Code, sec. 5-313) (relating to authority to correct violations of law on real property) and, to contract with the District government for the corporation to carry out such functions;

(10) carry out its responsibilities and perform its functions, except the issuing of bonds, through the creation of one or more subsidiary corporations;

(11) do any and all things necessary or advisable to carry out the purposes of, and exercise the powers granted by, this Act;

(12) acquire or contract to acquire from any person, firm, corporation, agency, or instrumentality of the United States or the District of Columbia, real, personal, or mixed property or any leasehold or other interest therein, by purchase, gift, condemnation, or devise; to own, hold, clear, construct, reconstruct, rehabilitate, improve, alter, or repair or provide for the clearance, construction, reconstruction, rehabilitation, improvement, alteration, or repair of any property; and to sell, assign, exchange, transfer, convey, lease, mortgage, or otherwise dispose of or encumber the same;

(13) prepare or cause to be prepared, preliminary plans, building plans and specifications, and estimates of cost for site preparation and for the construction, reconstruction, rehabilitation, improvement, alteration, or repair of any project, and from time to time modify such plans, specifications, designs, or estimates;

(14) grant options to purchase any project or renew any leases entered into by it in connection with any of its projects, on such terms and conditions as it may deem advisable;

(15) establish (through covenants, regulations, agreements, or otherwise) such restrictions, standards, and requirements as are deemed appropriate in carrying out the purposes of the Act;

(16) arrange or contract with the District of Columbia for the planning, replanning, opening, or closing of public rights-of-way and the construction or reconstruction of rights-of-way facilities and other public facilities, or for the furnishing of such rights-of-way or facilities by the corporation to the District of Columbia, or for the purchase of such properties or property rights by the District, or for the furnishing of other property or services in connection with the project;

(17) manage any project, owned or leased by the corporation, and to enter into agreements with the District of Columbia government or any agency or instrumentality thereof, or with any person, firm, partnership, or corporation, either public or private, for the purpose of causing any such project to be managed;

(18) construct, manage, or operate any public facility for the District of Columbia government, at its request, and to construct or manage any public facility for any other public body at the request of such body;

(19) have the right of eminent domain over property not under the control of the United States Government or the District of Columbia government;

(20) to borrow from public or private sources for the specific purpose of acquiring land to be held for future development in accordance with the approved comprehensive planning and community development objectives of the District of Columbia government; if use or uses programed for that land are not immediately feasible of attainment, to utilize such land for interim use as would not be inconsistent with the objectives of this Act;

(21) make, insure, purchase, and sell mortgage loans secured by a mortgage lien, including temporary loans or advances, and to make commitments therefor for the purpose of financing the acquisition, construction, or rehabilitation of any property in accordance with the purposes of this Act and under such terms and conditions as it shall establish;

(22) finance or assist in the financing of undertakings in accordance with the purposes of this Act, which financing may be effected through loans made directly or indirectly (including purchase of mortgages, notes, or other securities) to any public, quasi-public, or private corporations, partnership, association, person, or other legal entity;

(23) modify, subject to the provisions of any contract with note-holders or bondholders, with respect to rate of interest, time of payment of any installment of principal or interest, security or any other term of any mortgage, mortgage commitments, contracts or agreements to which the corporation is a party;

(24) in connection with any property on which it has made a mortgage loan, or provided any other form of financial assistance under this Act, to foreclose on any such property and otherwise deal with such property as may be necessary or desirable in order to protect the interest of the corporation therein;

(25) borrow money from private or public sources and to issue debentures including bonds and notes and to provide for the rights of the holders thereof;

(26) as security for the payment of the principal of and the interest on any debentures so issued and any agreements made in connection therewith, to mortgage and pledge any or all of its properties, assets, revenues, or receipts; and

(27) loan or grant moneys to private individuals partnerships, or corporations for the purposes specified in this Act, including the provision of housing for rental or purchase by persons of low or moderate income, as determined by act of the Council.

PROJECT APPROVAL

SEC. 202. (a) In accordance with the comprehensive planning and community development objectives adopted, from time to time, by the District of Columbia government, the corporation shall prepare an annual program setting forth a statement describing—

(1) the activities it proposes to carry out during the subsequent year;

(2) the specific projects to be undertaken by the corporation, including a description of the area within which property may be acquired, rehabilitated, developed, or financial assistance provided, and a description of the nature and intensity of land uses proposed;

(3) the proposed annual budget and financial plan of the corporation indicating the implications of its present proposals on the long-range financial commitments of the corporation;

(4) the amount of bonds and debentures and the conditions under which they are to be issued;

(5) the relocation plan for any residents or business likely to be affected by the corporation's plans;

(6) the ways in which the annual program proposes to meet the housing needs of low- and moderate-income households in the District of Columbia;

(7) its recommendations with respect to improvements in local laws dealing with the building and management of real property; and

(8) the areas in which the corporation requests authority to exercise its power of eminent domain.

In acting upon the annual program, the Mayor and Council shall state the actions proposed to be taken on the corporation's recommendations made under paragraph (7).

(b)(1) The corporation shall submit its annual program to the Mayor who shall, if he approves, submit it to the Council for approval by resolution. The Council shall take action on the program only after public hearing which shall be held only after at least thirty days notice. The corporation is authorized to implement the annual program and issue the notes bonds, and debentures necessary to carry it out upon approval of the annual program.

(2) If the Council disagrees with any item in the annual program, it shall state its proposed revision and resubmit the program to the Mayor for his approval. If the Mayor approves of the revised program proposed by the Council, it shall become effective immediately.

(3) If the Mayor neither approves nor disapproves the revised program within ten calendar days after its submission, the revised program shall become effective.

(4) If the Mayor disapproves the revised program within ten calendar days following the date on which it was submitted to him, he shall return the proposed revised program to the Council. The annual program as initially submitted by the Mayor shall become effective, unless within thirty days after its return by the Mayor to the Council, the Council readopts its proposed revision by two-thirds of its members present and voting, in which case the annual program shall go into effect as revised by the Council.

(c) The corporation may from time to time submit amendments and additions to the annual program. Such amendments and additions shall be approved in the same manner as the annual program.

(d) No property may be taken by eminent domain unless such property is located in an area in which the Mayor and Council have authorized the corporation to exercise its eminent domain authority. The Council shall not designate such areas until notice of intent to exercise eminent domain authority in such area is posted conspicuously throughout the area, and the corporation sends a registered letter to property owners of record within the area notifying them of the proposed action and giving them an opportunity to appear and testify. Such notice shall set forth the time and place of the public hearings to be held by the Council with respect to the proposed action, and shall be in readily understandable language.

(e) In preparing both the annual program, and in the preliminary planning for each specific project plan, the corporation shall consult with those agencies of the District of Columbia government charged with the duty of preparing the annual city budget, and capital improvements program, the comprehensive plan, and the community development program for the District of Columbia, and the corporation shall make a preliminary review of the interest and capacity of the private sector to undertake any portion of the program. In planning and carrying out each project, the corporation shall establish appropriate procedures for informing, involving and providing opportunities for review and comment by interested and affected citizens and organizations including the Advisory Neighborhood Council, if existing for the area within which the project is located.

(f) In order to ensure that the corporation's resources are used to the maximum beneficial extent, before approving the annual program the Mayor and Council shall make a determination whether or not private enterprise is able or willing to accomplish satisfactorily, and in a timely manner, the proposed planning and policy objectives.

COMPLIANCE WITH LOCAL ZONING, BUILDING LAWS, AND REGULATIONS

Sec. 203. (a) In the execution of all projects, the corporation and any of its contractors shall comply with local zoning laws and regulations, with local laws and regulations related to the building and management of real property. With respect to compliance with this subsection, the corporation shall be deemed a private person.

(b) If an absolute majority of the Board determines that strict compliance with zoning standards would prevent construction of any project, the corporation may petition the Zoning Commission for a revision of such zoning standards, setting forth the reasons for such revision and the public benefits to be derived therefrom. The revision petitioned for shall be acted upon by the Zoning Commission within sixty days after it is presented by the corporation.

SALE OF PROJECTS

Sec. 204. (a) The corporation may sell, transfer, or lease for a term not exceeding ninety-nine years, a project, or any portion thereof or interest therein, by resolution of an absolute majority of the board of directors whenever it finds that such sale, transfer, or lease furthers the purposes of this Act. This provision shall not apply to temporary leases of less than one year's duration. Such sale, transfer, or lease may be with or without public bidding or sale and upon such terms and subject to such provisions, limitations, requirements, covenants, and conditions as are necessary to further the purposes of this Act. The corporation shall establish policies and procedures intended to maximize competitive interest in the development of such property, and shall also establish procedures intended to insure that a reasonable value reflecting the purposes of the approved project is placed upon the property to be disposed of.

(b) Except when such sale, lease, or transfer is to a governmental agency or instrumentality or a nonprofit development company, the corporation shall cause to be published in the District of Columbia Register and in at least one newspaper of general circulation in the District of Columbia, a notice which shall include a statement of the identity of the proposed purchaser, or lessee, and his proposed use or reuse of the project, or portion thereof or interest therein, the price or rental to be paid by such purchaser or lessee, all other essential conditions of such sale or lease, and a notice of a public hearing upon such sale or lease before an agent of the corporation at a specified time and place not less than thirty days after such publication. A hearing shall be held pursuant to such notice and prior to the sale, lease, or transfer proposed therein.

ACQUISITION OF REAL PROPERTY

Sec. 205. (a) Subject to the provisions of section 202 whenever the corporation finds that it is necessary or advisable to acquire any real property to carry out its purposes and a price for such real property cannot be agreed upon within a reasonable period of time, with owner or owners thereof, or where such owner or owners cannot be found, it is authorized to acquire real property by eminent domain.

(b) Condemnation proceedings for the acquisition of real property for said purposes shall be conducted in accordance with subchapter II, chapter 13, title 16 of the District of Columbia Code. The title to properties acquired under this Act shall be taken by and in the name of the corporation and proceedings for condemnation or other acquisition of property shall be brought by and in the name of the corporation.

(c) The Federal Government and the District of Columbia government are authorized to convey land to the corporation through sale, lease, or transfer, with or without consideration.

RELOCATION REQUIREMENTS

Sec. 206. (a) The corporation may not commence acquisition, construction, reconstruction, rehabilitation, alteration, or improvement pursuant to any approved project plan unless and until adequate provision as specified in section 202(b) is made for the relocation in decent, safe, and sanitary housing of all persons who will be displaced by the implementation of a proposed project.

(b) Relocation assistance, including payments to individuals, families, and businesses displaced by actions of the corporation shall be furnished by the District of Columbia Central Relocation Office, on a reimbursable basis, in accordance with local law and regulations, provided that the level of such assistance shall not be less than that specified in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Public Law 91–646).

(c) Families and individuals and businesses displaced as a direct result of any activities of the corporation under this Act shall be given a priority of opportunity to purchase or lease, as tenants or buyers in projects undertaken by the corporation, and shall receive a priority equal to that of persons displaced by Government action to fill vacancies occurring in housing owned, leased, or operated within the District of Columbia, by the Federal or District of Columbia governments.

AWARD OF CONTRACTS

Sec. 207. (a) The corporation shall make and publish regulations to assure that all goods, services, and supplies purchased are procured on the most favorable terms available, which shall include provisions for competitive bidding, except that the corporation shall maximize opportunities for participation in all phases of its activities by businesses owned or operated by a majority of persons who are members of a minority group. In this regard, the corporation shall be deemed a Federal agency for purposes of section 8(a) of the Small Business Administration Act.

TITLE III—FINANCES OF THE CORPORATION

PROJECT FUNDS AND BONDS OF THE CORPORATION

Sec. 301. (a) The corporation shall have the power and the authority to meet any project cost through the expenditure of funds appropriated by the Congress; through the expenditure of the proceeds of any government loan; through the issuance of bonds, notes, or other evidences of indebtedness for that purpose; and from any other funds, public or private, which may be available to the corporation for the purposes of the Act from its own operations or from other source or sources, including the District government budget and allocation of general or community development revenue sharing block grants.

(b) The corporation shall have the power and is hereby authorized from time-to-time to issue its negotiable bonds in such principal amount which in the opinion of the board of directors shall be necessary to provide sufficient funds for achieving its purposes. Except as may otherwise be expressly provided by the board of directors, every issue of its bonds shall be general obligations of the corporation payable—

(1) from its revenues generally;

(2) exclusively from income and revenues of the project financed with the proceeds of such bonds; or

(3) exclusively from the income and revenues of certain designated projects whether or not they are financed in whole or part with the proceeds of such bonds; subject only to any agreements with holders of particular bonds pledging any particular revenue or moneys.

(c) Bonds issued under the provisions of this Act shall have all the qualities of negotiable instruments under the negotiable instruments law of the District of Columbia.

(d) The corporation is authorized to enter into any agreement or commitment with any Federal or local agency authorized to guarantee, and enter into commitments to guarantee, in whole or in part, the bonds of the corporation for the purpose of financing its projects and activities.

(e) The corporation is hereby authorized to issue bonds and notes in an aggregate amount of not to exceed $75,000,000, excluding bonds and notes issued to refund outstanding bonds and notes. The notes, bonds, or other obligations of the corporation shall not be a debt or grant or loan of credit from the District of Columbia government, and the District government shall not be liable thereon.

(f) Income derived from the interest paid on the corporation bonds and notes shall be exempted from taxation by the United States and the District of Columbia, except that if, in connection with the extension of financial asistance for any program administered by the corporation, Federal law or regulation requires that such program be financed with obligations which are not exempt from taxation by the United States, the corporation shall have the power to issue bonds or notes which are taxable by the United States, the proceeds of which are to be used for such program.

(g) The corporation shall create and establish one or more special funds (herein referred to as "capital reserve funds") and shall pay into such capital reserve funds (1) any moneys appropriated and made available by private or public sources for the purpose of such funds, (2) any proceeds of sale of notes or bonds, to the extent provided in the resolution or resolutions of the corporation authorizing the issuance thereof, and (3) any other money which may be made available to the corporation for the purpose of such funds from any other source or sources. All moneys held in any capital reresve fund, except as hereinafter provided shall be used, as required, solely for the payment of the principal or bonds or of the sinking fund payment hereinafter mentioned with respect to such bonds, the purchase or redemption of bonds, the payment of interest on bonds or the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity, except moneys in any such funds shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such fund to less than the maximum capital reserve requirement (hereinafter referred to) except for the purpose of making with respect to such bonds payment, when due, of principal, interest, redemption premiums, and the sinking fund payments hereinafter mentioned for the payment of which other moneys of the corporation are not available. Any income or interest earned by, or increment to, any capital reserve fund due to the investment thereof may be transferred by the corporation to other funds or accounts of the corporation to the extent it does not reduce the amount of such capital reserve fund below the maximum capital reserve fund requirement.

(h) The corporation shall not issue bonds at any time if the maximum (herein sometimes called maximum capital reserve fund requirement) of the respective amounts for the then current or any future fiscal year of the corporation of annual debt service with respect to such bonds, such annual debt service for any fiscal year being the amount of money equal to the aggregate of (1) all interest payable during such fiscal year on all such bonds outstanding on the date of computation plus (2) the principal amount of all bonds outstanding on said date of computation which mature during such fiscal year, plus (3) all amounts specified in any resolution of the corporation authorizing any of such bonds as payable during such fiscal year as a sinking fund payment with respect to any of such bonds which mature after such fiscal year, all calculated on the assumption that bonds will after said date of computation cease to be outstanding by reason, but only by reason, of the payment of bonds when due and the payment when due and application in accordance with the resolution authorizing those bonds of all such sinking fund payments payable at or after said date of computation, will exceed the amount of such capital reserve fund at the time of issuance unless the corporation at the time of issuance of such bonds, shall deposit in such fund from the proceeds of the bonds so to be issued, or other sources, an amount which, together with the amount then in such fund, will not be less than the maximum capital reserve fund requirements.

(i) In computing the amount of the capital reserve funds for the purpose of this section; securities in which all or a portion of such funds shall be invested shall be valued at par or if purchased at less than par, at their cost to the corporation.

(j) To assure the continued operation and solvency of the corporation for the carrying out of its corporate purposes, provision is made in subsection (a) for the accumulation in such capital reserve funds of an amount equal to the maximum capital reserve fund requirement.

(k) To assure the continued operation and solvency of the corporation for the carrying out of the public purposes of this Act, provision is made for the accumulation in capital reserve fund of an amount equal to the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on all bonds of the corporation then outstanding. In order further to assure such maintenance of the capital reserve fund, the chairman of the corporation on or before September 30 shall certify to the Mayor such amount, if any, necessary to restore the capital reserve fund to an amount equal to the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on the bonds of the corporation then outstanding. The Mayor shall include in the annual budget of the District of Columbia government the amount so certified by the chairman of the corporation.

(l) The corporation shall create and establish such other fund or funds as may be necessary or desirable for its corporate purposes under the act.

FORM AND SALE OF BONDS

SEC. 302. (a) The bonds shall be authorized by resolution of the board of directors, shall be of such series, bear such date or dates, mature at such time or times, not exceeding forty years from dates of issue, bear interest at such rate or rates, be in such denominations, be in such form, either coupon or fully registered without coupons, carry such registration, exchangeability, and interchangeability privileges, be payable in such medium of payment and at such place or places, be subject to such terms of redemption either with or without premium, as such resolution or resolutions may provide. The bonds shall bear the facsimile signature of the chairman and secretary of the board of directors together with the facsimile seal of the corporation. Coupon bonds shall have attached thereto interest coupons bearing the facsimile signature of the treasurer of the corporation. Any such bonds may be issued and delivered, notwithstanding that one or more officers whose facsimile signatures are upon such bonds and upon the coupons of any such bonds shall have ceased to hold these offices at the time the bonds shall actually be delivered.

(b) The bonds of the corporation may be sold in public or private sale, at such price or prices as the board of directors shall determine. Pending the preparation of the definitive bonds, interim receipts or temporary bonds may be issued to the purchaser or purchasers of such bonds, and may contain such terms and conditions as the board of directors may determine.

(c) Any resolution authorizing any bonds may contain provisions which shall be part of the contract with holders thereof as to—

(1) pledging the full faith and credit of the corporation for such obligations, or restricting the same to all or any of the revenues, rentals, or receipts of the corporation for all or any projects;

(2) the construction, improvement, operation, extension, enlargement, equipping, furnishing, maintenance, and repair of any project or projects and the duties of the corporation with reference thereto;

(3) the terms and provisions of the bands;

(4) limitations on the purposes to which the proceeds of the bonds then or thereafter to be issued, or of any loan or grant, may be applied;

(5) the rate of rentals or other charges for use of the facilities of, or the services rendered by, the corporation, including limitations upon the power of the corporation to modify any leases or other agreements pursuant to which any rentals or other charges are payable;

(6) the setting aside of reserves or sinking funds and the regulation and disposition thereof;

(7) limitations on the issuance of additional bonds;

(8) the terms and provisions of any deed of trust or indenture securing the bonds or under which the same may be issued; and

(9) any other or additional agreements with the holders of the bonds.

(d) The corporation may enter into any deeds of trust, indentures, or other agreements with any bank or trust company or other person or persons in the United States having power to enter into the same, including any Federal agency, as security for such bonds, and may assign and pledge all or any of the revenues, rentals, or receipts of the corporation thereunder. Such deed of trust, indenture, or other agreement may contain such provisions as may be customary in such instruments or as the corporation may authorize, including (but without limitation) provisions regarding—

(1) the construction, improvement, operation, equipping, furnishing, maintenance, and repair of any project or projects and the duties of the corporation with reference thereto;

(2) the application to funds and the safeguarding of funds on hand or on deposit;

(3) the rights and remedies or such trustees and the holders of the bonds (which may include restrictions upon the individual's right of action of such bondholders); and

(4) the terms and provisions of the bonds or the resolutions authorizing the issuance of the same.

REMEDIES OF BONDHOLDERS

SEC. 303. (a) The rights and remedies herein conferred upon or granted to the bondholders shall be in addition to and not in limitation of any rights and remedies lawfully granted to such bondholders by the resolution providing for the issuance of bonds, or by any deed of trust, indenture, or other agreement under which the same may be issued.

(b) In the event that the corporation shall default in the payment of principal or interest on any issue of bonds after the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the corporation shall fail or refuse to comply with the provisions of this Act or shall default in any agreement made with the holders of any issue of bonds, the holders of 25 per centum in aggregate principal amount of the bonds of such issue then outstanding by instrument or instruments filed and proved or acknowledged in the same manner as a deed to be recorded may appoint a trustee to represent the holders of such bonds for the purposes herein provided.

(c) Such trustee, and any trustee under any deed of trust, indenture, or other agreement, may, and upon written request of the holders of 25 per centum (or such other percentages as may be specified in any deed of trust, indenture, or other agreement aforesaid) in principal amount of the bonds then outstanding, shall in his or its own name:

(1) by mandamus or other suit, action, or proceedings at law or in equity enforce all rights of the bondholders, including the right to require the corporation to collect rentals and other charges adequate to carry out any agreement as to, or pledge of, such rentals, and other charges and to require the corporations to carry out any other agreements with the holders of such bonds and to perform its duties under this Act;

(2) to bring suit upon such bonds;

(3) by action or suit, require the corporation to account as if it were the trustee of any express trust for the holders of such bonds; or

(4) by action or suit, enjoin any actions or things which may be unlawful or in violation of the rights of the holders of such bonds;

(5) by notice in writing to the corporation declare all such bonds due and payable, and if all defaults shall be made good, then with the consent of the holders of 25 per centum (or such other percentages as may be specified in any deed of trust, indenture, or other agreement aforesaid) of the principal amount of such bonds then outstanding, to annul such declaration and its consequences.

(d) Any trustee when appointed as aforesaid, or acting under a deed of trust, indenture, or other agreement, and whether or not all bonds have been declared due and payable, shall be entitled as of right to the appointment of a receiver, who may enter and take possession of the facilities of the corporation, or any part or parts thereof, the revenues or receipts from which are or may be applicable, to the payment of the bonds so in default, and operate and maintain the same, and collect and receive all rentals and other revenues thereafter arising therefrom in the same manner as the corporation might do, and shall deposit all moneys in a separate account and apply the same in such manner as the court shall direct. In any suit, action, or proceeding by the trustee, the fees, counsel fees, and expenses of the trustee and of the receiver, if any, and all costs and disbursements allowed by the court shall be a first charge on any revenues and receipts derived from the facilities of the corporation, the revenues or receipts from which are or may be applicable to the payment of the bonds so in default. Said trustee shall, in addition to the foregoing, have and possess all of the powers necessary or appropriate for the exercise of any function specifically set forth herein or incidental to the general representation of the bondholders in the enforcement and protection of their rights.

(e) Nothing in this section or any other section of this Act shall authorize any receiver appointed pursuant to this Act for the purposes of operating and maintaining any facilities of the corporation to sell, assign, mortgage, or otherwise dispose of any of the assets of whatever kind or character belonging to the corporation.

REFUNDING BONDS

Sec. 304. The board of directors is hereby authorized to provide, by resolution, for the issuance of refunding bonds for the purpose of refunding any bonds issued under the provisions of this Act and then outstanding, either by voluntary exchange with the holders of such oustanding bonds, or to provide funds to redeem and retire such outstanding bonds with accrued interest and any premium payable thereon, at maturity or at any call date. The issuance of such refunding bonds, the maturities and other details thereof, the rights of the holders thereof, and the duties of the issuing officials in respect to the same shall be governed by the foregoing provisions of this Act insofar as the same may be applicable. Refunding bonds may be issued by the issuing officials to refund bonds originally issued or to refund bonds previously issued for refunding purposes. The proceeds of the sale of any refunding bonds shall be paid to the treasurer and applied to the payment of the principal of, and the accrued interest and premium, if any, on the bonds for the refunding of which such refunding bonds shall have been issued.

(b) Notwithstanding the foregoing provisions of this section, no refunding bonds shall be issued unless the principal amount thereof plus the interest cost thereon to maturity, as determined by the issuing officials in accordance with accepted financial practice, shall be less than the sum of the principal amount of the bonds to be refunded, plus the interest cost thereon to maturity, determined as aforesaid.

AGREEMENT WITH THE DISTRICT OF COLUMBIA AND THE UNITED STATES

Sec. 305. The District of Columbia and the United States hereby pledge to and agree with the holders of any bonds issued under this Act, that the District of Columbia government and the United States Government will not limit the rights hereby vested in the corporation to fulfill the terms of any agreements made with the bondholders thereof, or in any way impair the rights and remedies of such bondholders until such bonds, together with the interest thereon, are fullv met and discharged. The corporation is authorized to include this pledge and agreement of the District of Columbia government and United States Government in any agreement with the holders of such bonds.

MONEYS OF THE CORPORATION

Sec. 306. (a) All moneys of the corporation, except as otherwise authorized or provided in this Act, shall be paid to the treasurer of the corporation. Such moneys shall be deposited in the first instance by the treasurer in one or more banks or trust companies, in one or more special accounts and each of such special accounts shall be continuously secured by a pledge of direct obligation to the United States of America having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance on deposit in such account. Such securities shall either be deposited with the treasurer or held by a trustee or agent satisfactory to the corporation. All banks and trust companies are authorized to give such security for such deposits. The moneys in said accounts shall be paid out on a warrant or other order of the treasurer of the corporation, or of such other person or persons as the corporation may authorize to execute such warrants or orders.

TAXES AND FEES

Sec. 307. The corporation shall in all respects be subject to the payment of any local or Federal taxes or assessments upon any property acquired or used by it and to the payment of any and all license or inspection fees of the District of Columbia or the United States, except that the Council may waive in whole or in part taxes and fees payable to the District of Columbia.

ANNUAL REPORT

Sec. 308. On or before the last day of April of each year, the corporation shall file with the District of Columbia government, and in its principal office, and shall publish notice of the filing record thereof in the District of Columbia Register, an annual report for the immediately preceding fiscal year which shall include the following:

(1) its operations and accomplishments including all projects approved and their status;

(2) its receipts and expenditures;

(3) its assets and liabilities;

(4) a schedule of outstanding notes and bonds together with a statement of amounts redeemed or incurred; and

(5) a general statement of objectives for the next fiscal year.

AUDITS

Sec. 309. The accounts and operations of the corporation shall be subject to audit by the Comptroller General of the United States in accordance with principles and procedures, in that detail, and under rules as may be prescribed by him.

PUBLIC INFORMATION

Sec. 310. The corporation shall maintain and allow public access to its records, and the records of any subsidiary, at reasonable times and at a place it shall designate, and shall provide facilities for reproducing its records at a reasonable cost. These records shall include: the articles of incorporation; the bylaws; minutes of the board of directors' meetings; resolutions of the board of the directors with a current index thereto, annual reports, copies of all contracts, grants, loans, deeds, mortgages, liens, leases, and insurance policies; investment portfolios; project plans as submitted for public hearing pursuant to section 202 or as finally approved; and any findings required by this Act.

LIABILITY OF THE CORPORATION

Sec. 311. The corporation shall not be immune from suit brought because of a tortious act committed by any of its agents acting within the scope of their authority or because of breach of contract by the corporation or other failure to comply with its legal obligations.

APPROPRIATION AUTHORIZED

Sec. 312 There is authorized to be appropriated out of money in the Treasury of the United States credited to the District of Columbia the sum of $5,000,000, which sum shall be placed to the credit of a special trust fund to be established for the aforementioned purposes of this Act. The special trust fund may be used by the corporation to enable it to commence operations and shall be repaid to the Treasury of the United States within five years after the date of enactment of this Act.

Mr. DIGGS (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: On page 2, in the table of contents, insert "Sec. 309. Audits." immediately following "Sec. 308. Annual report."

On page 2, in the table of contents, strike out "309", "310", and "311" and insert "310", "311", and "312", respectively.

On page 2, insert "Sec. 313. Powers of the council," at the end of the table of contents.

On page 41, after line 19, insert the following:

"POWERS OF THE COUNCIL

"Sec. 313. Notwithstanding any other provision of law, or any rule of law, nothing in this Act shall be construed as limiting the authority of the District of Columbia Council to enact any act, resolution, or regulation, after January 2, 1975, pursuant to the District of Columbia Self-Government and Governmental Reorganization Act with respect to any matter covered by this Act."

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

AMENDMENTS OFFERED BY MR. FAUNTROY

Mr. FAUNTROY. Mr. Chairman, I offer a series of amendments and ask unanimous consent that they may be considered en bloc.

The CHAIRMAN. Is there objection to the request of the Delegate from the District of Columbia?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. Fauntroy: Page 33, after line 21, insert the following:

RESERVATION OF CONGRESSIONAL AUTHORITY

Sec. 303. (a) The corporation shall not undertake any project unless such project, including a cost estimate, has been submitted by the corporation to, and has been approved by, the Committees on Appropriations of the House of Representatives and the Senate.

(b) Nothing in this Act shall be construed as amending or modifying the financing, appropriation, or budget process of the government of the District of Columbia, as established in parts D and E of title IV, and section 603 of the District of Columbia Self-Government and Governmental Reorganization Act.

Page 41, immediately after line 26, insert the following:

(b) Notwithstanding any provision of the District of Columbia Self-Government and Governmental Reorganization Act, the District of Columbia Council shall have no authority to modify or amend the provisions of section 303 of this Act.

TECHNICAL AMENDMENTS

Page 33, line 23, strike out "303." and insert in lieu thereof "304.".

Page 37, line 2, strike out "304." and insert in lieu thereof "305.".

Page 38, line 5, strike out "305." and insert in lieu thereof "306.".

Page 38, line 18, strike out "306." and insert in lieu thereof "307.".

Page 39, line 11, strike out "307." and insert in lieu thereof "308.".

Page 39, line 19, strike out "308." and insert in lieu thereof "309.".

Page 40, line 11, strike out "309." and insert in lieu thereof "310.".

Page 40, line 17, strike out "310." and insert in lieu thereof "311.".

Page 41, line 4, strike out "311." and insert in lieu thereof "312.".

Page 14, line 10, strike out "312." and insert in lieu thereof "313.".

Page 41, line 20, strike out "313." and insert in lieu thereof "314.".

Page 2, amend the table of contents by inserting immediately after "SEC. 302. Form and sale of bonds." the following new item, and renumber the following items accordingly: SEC. 303. Reservation of congressional authority

Page 41, line 20, immediately before "Notwithstanding" insert "(a)".

Mr. FAUNTROY (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from the District of Columbia?

There was no objection.

Mr. FAUNTROY. Mr. Chairman, the amendments will essentially do two things: First, require that each project of the Community Development Finance Corporation be approved by the Appropriations Committees of the House and Senate before the corporation can undertake it; and second, the amendments make it clear that nothing in H.R. 15888 alters the D.C. home rule legislation.

As I discussed earlier, these amendments deal with concerns that several Members expressed to me about the legislation as passed by the committee. These concerns were that the legislation not bypass the appropriations procedure set up under the District of Columbia self-government legislation and that the Eisenhower Civic Center not be constructed under the authority granted to the Corporation by this legislation.

With these amendments, H.R. 15888 is consistent with the appropriations process established under the home rule legislation, and while it was never our intention that the Eisenhower Civic Center be built by the corporation, the congressional role is clarified.

Mr. Chairman, I urge adoption of these amendments en bloc.

Mr. MAZZOLI. Mr. Chairman, I rise reluctantly tonight to oppose this amendment, and to oppose this bill. I am on the Committee of the District of Columbia. I have worked with the delegate from the District of Columbia very closely as well as with the distinguished chairman of the full committee; but after having studied this bill as carefully as I could, I think it is a bad piece of legislation for two main reasons:

First of all, this bill, Mr. Chairman, contains the most plenary power a government can delegate, that is the power to condemn private property, the power to take by eminent domain.

Mr. Chairman, I have from the very beginning of my public service been extremely reluctant to grant this kind of power to any organization, particularly when we are on the eve, the very threshold, of home rule for the District of Columbia. It seems to me only logical that if this power is, in fact, to be delegated to some organizations composed of private people, that that decision should be made by the elected City Council and not by the Congress of the United States.

Second, Mr. Chairman, I oppose the bill because, unfortunately, it seems to me there are other organizations within the District of Columbia which can do the same thing.

I believe that if this measure tonight is adopted, and I expect it shall be, I think what we will have done is to perform a charade. We will have performed a fraud upon the people of the District of Columbia: on the one hand giving these people to believe that home rule is, in fact, theirs, and on the other hand pulling that very power back.

With all due regard to my distinguished colleague from Kentucky, the eminent chairman of the District of Columbia Appropriations Subcommittee, a man of great competence and honor in the House, it seems to me that the judgment of which construction projects are to be undertaken, what homes are to be built, what apartments are to be built, those judgments ought to be made by the people of the District of Columbia through their own elected City Council, a council to be elected less than 1 month from today.

Under those circumstances, Mr. Chairman, with great deference for the distinguished delegate from the District of Columbia and for my distinguished chairman (Mr. DIGGS) I must reluctantly oppose this legislation.

The CHAIRMAN. The question is on the amendments offered by the gentleman from the District of Columbia (Mr. FAUNTROY).

The amendments were agreed to.

AMENDMENTS OFFERED BY MR. PARRIS

Mr. PARRIS. Mr. Chairman, I offer amendments and ask unanimous consent that the amendments be considered en bloc.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. PARRIS: Page 41, at the end of section 313, insert the following:

"(c) Notwithstanding any other provisions of law, the District of Columbia Council (established under Reorganization Plan Numbered 3 of 1967) and, after January 2, 1975, the Council of the District of Columbia established under the District of Columbia Self-Government and Governmental Reorganization Act, shall have no authority to adopt any rule or regulation with respect to the utilization of parking facilities (including on-street and off-street parking) within the District of Columbia which is more restrictive upon nonresidents of the District of Columbia than residents of the District of Columbia. Notwithstanding any provision of the District of Columbia Self-Government and Governmental Reorganization Act, the Council of the District of Columbia shall have no authority to modify or amend the provisions of this subsection."

Page 41, line 21, immediately after "Act" insert ", except the provisions of subsection (c),".

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia that the amendments be considered en bloc?

There was no objection.

Mr. DIGGS. Mr. Chairman, I make a point of order against the amendment on the ground that it is nongermane. The purpose of H.R. 15888 is to accomplish several specific goals, including the development of low- and moderate-income housing, increase employment opportunities for District residents, and the development of substandard and blighted residential, commercial, and industrial areas in our National Capital in time for our Nation's Bicentennial. Clearly, the powers conferred on the proposed corporation are specifically subject to the limited and circumscribed purpose in the provisions of the bill. Accordingly, we must read the powers of the bill contained in section 201 in the context of the purposes and findings contained in section 102. Nowhere do we find a statement that the corporation may engage in establishing parking facilities or the regulation thereof. To argue that the powers are so broad as to allow an amendment which purpose is to restrict the overall powers of the Council is, in my view, outside of the purposes of H.R. 15888 and therefore nongermane.

Further, the committee amendment, a new section 303, is intended to give the Appropriation Committees review authority over proposed projects. This particular amendment is important for it assures congressional review over the project and helps to make the bonds more salable. The new Council is prohibited from deleting or modifying the important procedure.

Section 313 is a provision the committee has included in each bill it has reported to the floor subeequent to self-government. As you know, the grant of legisative authority to the new Council does not take effect until January 2, 1975. This provision is intended to make certain that congressional action during the transition period will not be interpreted as limiting or preempting the Council's new authority. I stress that it is not in any wise intended to grant new authority to the Council. Any new grant of authority could be subject to limitation. This is again not a new grant. The eminent domain and condemnation powers of the corporation which may be exercised only for the limited purpoess of the corporation outlined in section 102 do not include authority over property under the control of the United States or the District of Columbia governments. This is clearly stated in the bill and in the committee report accompanying this legislation at page 3.

Any amendment which seeks to deal with Council authority over parking in areas under the control of the United States or the District of Columbia government, which would include the streets of the District, clearly goes beyond the limited powers granted the corporation under this act. Accordingly, it would be nongermane.

The CHAIRMAN. Does the gentleman from Virginia wish to be heard on the point of order?

Mr. PARRIS. I do, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Michigan reserve a point of order?

Mr. DIGGS. I reserve a point of order.

Mr. PARRIS. Mr. Chairman, the amendment I offer today is a reasonable amendment that reserves to the Congress and to Congress only the right, power, and authority to legislate as respects the authorization of parking facilities, including onstreet and offstreet parking, within the District of Columbia, which is more restrictive on nonresidents of the District of Columbia than its residents of the District of Columbia.

Now I need not tell any of my colleagues in the House the difficulty our constituents have when they come to visit them on Capitol Hill and the difficulty those constituents have in obtaining parking in about the Capitol.

Again, I am sure I need not remind my colleagues here in the House the difficulty your own employees have in your own offices in finding available parking in the Capitol Hill area. Some of these people walk some considerable distance and, quite frankly, assume some considerable risk when they come to work or leave from work when it is dark or nearly dark.

The very same conditions exist with respect to other nonresident employees of the Federal Government in other buildings located here in the District of Columbia. The very same conditions apply when your constituents and mine wish to visit the marine barracks, take a tour of the Federal Bureau of Investigation, or visit friends and relatives here in the District of Columbia where a ban on residential parking is proposed by the District government.

Now a couple of years ago, District government officials lobbied the White House and the Congress and the General Services Administration to get a Federal commitment that would virtually insure that the transfer of Federal agencies from the District of Columbia to the suburbs would be minimized, if not stopped altogether. Now, as I understand it, the District government received such a commitment in one form or the other, and now the local government is about to place a ban on parking for the employees who work for these Federal agencies to make it very difficult for them to drive their automobiles into the District of Columbia from their suburban homes. It seems to me that the District government, having received their commitment from the Federal Government to minimize the transfer of Federal agencies from the District of Columbia to the suburbs, now feels free to impose any kind of conditions that it wishes upon those nonresidents who work and are employed by those Federal agencies.

The earliest date we now have for the operation of the subway in the District of Columbia is August, 1975, and that is only for a very small segment of the subway, as I understand it, going from Union Station up to Farragut Square. The date or the dates when the subway will reach the suburbs is, I think you will all agree, a long, long time in the future. I would not hesitate to say that it will be well into the 1980's before any reasonably operable subway that will aid and assist the nonresident Federal employees, shoppers, out-of-town tourists and visitors who wish to come into the District of Columbia for one reason or the other.

Now, I wish to make one further point. The Federal Government, as you all know, is subsidizing the construction of the subway in the Washington Metropolitan Area, understandably as it will do in other cities hereafter. My point, however, is that probably up to the late 1970's or maybe 1980, the principal beneficiary of the subway system will be the District of Columbia and its residents. It will little benefit the nonresidents who are employees here or your constituents and mine who come here to visit relatives in the suburbs and then have to drive back and forth from the suburbs to downtown Washington to visit your office or my office or any of the national monumental part of the city.

Mr. Chairman, when the home rule bill was passed on the floor of this House and when the House-Senate conference report came back to this House and on several occasions since that time, I have heard many Members of this body, including the chairman of this committee, state that the residents, as well as the government of the District of Columbia, must understand that even under home rule that a partnership exists between the local government and the Federal Government. And, if I recall the words exactly, one remark was to the effect that no one should forget that the Federal Government, that is, the Congress, is and would continue to be the senior partner in that partnership. I submit to you that a vote in favor of my amendment is a vote in favor of your constituents. It is a vote in favor of your senior partnership in upholding the Federal interest that still exists in the District of Columbia.

Mr. BROYHILL of Virginia. Mr. Chairman, will the gentleman yield?

Mr. PARRIS. I yield to my colleague from Virginia.

Mr. BROYHILL of Virginia. Mr. Chairman, I rise in support of the amendment offered by my colleague, Mr. PARRIS, to the bill H.R. 15888. The thrust of this amendment is to nullify the recent outrageous action of the District of Columbia Council which would militate against the thousands of visitors and commuters to our Nation's Capital by forbidding them to park on the streets in certain areas of the city, including Capitol Hill, and also to preclude any such actions by the council in the future.

In the first place, I wish to point out that the streets in the District of Columbia are the property of the Federal Government, and not of the city itself. For this reason, there is certainly no justification for the city's council to assume the authority to forbid parking on these streets by the taxpayers of this country to whom they belong.

Actually, this issue has been brewing for some time, as it was known that the District of Columbia Council was considering taking action to forbid parking on certain streets in the city by anyone but the residents of the affected areas. In anticipation of this possibility, the Congress approved language on page 3 of the conference report on the District of Columbia appropriation bill for fiscal year 1975, which states as follows:

> The conferees are agreed that no residential permit parking program shall be implemented without prior discussion and approval of the appropriate Committees of Congress.

Despite the approval of this language by the Congress contained in House Report 93-1291, however, the District of Columbia Council, in an act of pure defiance, approved on October 1 exactly such a regulation. The measure is presently pending action by the District of Columbia Commissioner, whose approval is necessary for the implementation of the action.

I resent this attitude on the part of the District of Columbia Council, and feel that the $300 million annual Federal payment to the District of Columbia which we in the Congress approved last year entitles the Congress to more courtesy in this matter than the Council has seen fit to extend. Furthermore, I am at a loss to understand this action at all because the government of the District has endeavored by all possible means to obtain more and more Federal agencies within the District of Columbia, in order to augment the city's revenues—and now this action is taken which would seriously hamper the operation of these Federal agencies, and cast considerable doubt as to their continued presence in the District, by making parking for most of their employees virtually impossible.

Finally, I have serious doubts as to the constitutionality of this parking restriction, as I question whether any governing body is entitled to forbid any citizen the use of the public streets for parking purposes, in favor of another citizen. As a matter of fact, the Arlington County Board took exactly such an action recently to apply to certain streets in Arlington, and there is a suit pending at present challenging this very action on the grounds of constitutionality.

Mr. Chairman, I urge the support of my colleagues in this body to reject this unwarranted intrusion on the rightful authority of the Congress by the District of Columbia Council, and to forbid any repetition of such an action in the future.

The CHAIRMAN. Does the gentleman from Virginia desire to be heard on the point of order?

Mr. PARRIS. I do, Mr. Chairman.

Mr. Chairman, my amendment is germane for the following, among other, reasons:

Section 313 of H.R. 15888, as amended by my colleague, Mr. FAUNTROY, providing for a subsection b to section 313, directly and expressly limits and thereby amends the District of Columbia Self-Government and Governmental Reorganization Act, as it relates to provisions of H.R. 15888.

My amendment does no more and goes

no further than does the amendment, submitted by Mr. FAUNTROY.

With respect to the developmental powers that may be exercised by the District of Columbia Community Development and Finance Corporation and according to the provisions of the act and as stated in the report on page 7, that corporation which is an instrumentality of the District government may:

> 18. Construct, manage or operate public facilities for the District government or any other public body, at its request.

As I read this and as any responsible man would read this, the District government, if it wishes, could by enactment or regulation permit this instrumentality of the District of Columbia, the District of Columbia Development and Finance Corporation, to manage and operate parking facilities in the District of Columbia, be they on public property such as those where meters now exist or other public property in residential areas where a ban on nonresidential parking could be imposed.

Item 17 on page 7 of the report indicated that the corporation may:

> Manage its own property, or to enter into agreement with the District of Columbia government or a private entity for the management of property.

Here again, this would certainly permit this corporation to engage in the management of on-street parking in the District of Columbia in either commercial or residential areas at the direction and discretion of the District of Columbia government and this corporation which is its instrumentality.

Moreover, the committee report, page 7, makes clear that the corporation, an instrumentality of the District of Columbia, may:

> 16. Contract with the District of Columbia Government for opening, closing, improvement, purchase or sale of public rights-of-way and other public facilities.

Mr. Chairman, I submit that title II of H.R. 15888 is so broad and so general that it permits this corporation, which it establishes, to perform nearly any function that the District of Columbia government itself could perform, because by and large such powers and authority could be delegated to it if, in fact, title II of the bill does not directly and expressly give those powers to that corporation.

Now, my colleague, Mr. FAUNTROY, will argue that his amendment, which adds a section 303 and a subsection 313(b) to the act does not amend the District of Columbia Self-Government and Governmental Reorganization Act (Public Law 93–198). But, as a practical and legal matter, it does. There is no reservation in the Home Rule Act of congressional authority over such a corporation as would be established by this act. And, more particularly, there is reservation of congressional authority in the Home Rule Act, title IV, part D, sections 441–490, which determines how District of Columbia budget and financial management matters shall be handled as they relate to this corporation, an instrumentality of the District of Columbia government, and title VI, sections 601–604, having to do in the Home Rule Act with reservation of congressional authority.

So I say to you categorically, Mr. Chairman, and I wish to reiterate that as a practical and legal matter that H.R. 15888, as it has now been amended by my colleague from the District of Columbia, does, in fact, amend the Home Rule Act.

Mr. Chairman, once the provisions of the Home Rule Act, title IV, having to do with reservation of congressional authority, are opened up for amendment, as they are in this instance for the Fauntroy amendment, once the provisions of the Home Rule Act in title IV, having to do with the District budget and financial management and borrowing and payments of bonds and notes, are amended as they have been in the amendment to H.R. 15888, which preceded by amendment, then I submit to you my amendment, which I offer, is in order according to precedents established in this Chamber.

Accordingly, Mr. Chairman, it is my position that my amendment is in order, is germane, to the bill we have before us, and I request that the House have the right to vote on this amendment which I offer at this time.

The CHAIRMAN. Does the gentleman from Michigan insist on the point of order?

Mr. DIGGS. Mr. Chairman, I insist on the point of order.

The CHAIRMAN (Mr. YATES). The gentleman from Michigan makes a point of order against the amendment offered by the gentleman from Virginia.

The amendment offered by the gentleman from Virginia directly limits the powers of the present District of Columbia Council, and of the Council to be established under the Home Rule Act, to regulate all parking facilities within the District of Columbia. The bill H.R. 15888, which the gentleman's amendment seeks to amend, establishes a Community Development and Finance Corporation and gives such corporation certain powers. It does not appear to the Chair that the scope of the bill extends to regulation, either by the corporation or by the City Council, of all parking within the District of Columbia.

The amendment offered by the gentleman from Virginia does not even mention the powers of the corporation which is the primary subject of H.R. 15888, but limits instead the powers of the City Council. While a narrowly drawn amendment limiting the power of the Corporation to institute parking regulations over lands within its jurisdiction might be germane, the issue of the overall powers of the District of Columbia Council, as to all areas of regulation, is not comprehended in the bill.

The gentleman from Virginia has argued that the amendment already incorporated into the bill is similar to his amendment, and that his amendment no more limits the powers of the Council or amends the Home Rule Act than does the adopted amendment. The new section 303, added by amendment of the gentleman from the District of Columbia, only limits the powers of the Council as to the requirement that projects which the corporation is authorized to undertake be submitted for approval to congressional committees. The new section 303 directly relates to the financing of projects authorized in the bill, and the section further states that the Council may not change the requirement of submission for congressional approval. It does not appear to the Chair that that provision in any way amends the powers of the Council under the Home Rule Act or that it touches on ony subject not in the bill H.R. 15888.

Section 313, added by committee amendment to specify that the bill does not preempt the legislative authority conferred on the City Council under the Home Rule Act, does not bring the subject of the general powers of the City Council under the Home Rule Act within the purview of the bill, except to the extent that the Council may or may not control the activities of the corporation.

For the reasons stated, the Chair sustains the point of order.

AMENDMENT OFFERED BY MR. KETCHUM

Mr. KETCHUM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. KETCHUM: Page 29, lines 24 and 25, and page 30, lines 1 through 14, strike out subsection 301(k), page 29 lines 24 and 25 and page 30 lines 1 through 14 and redesignate subsection 301(l) accordingly, that appears page 30, lines 15 through 17.

Mr. KETCHUM. Mr. Chairman, I regret very much having to take the time of the body with this amendment, and I am sorry that a bill of this enormity would come to the body at this late hour.

However, I do not make the schedules here. The amendment that I am offering is in response to a question that I asked during the general debate and to which I do not believe I got an absolutely correct answer.

I asked this question: "If there was a default, who picks up the tab?"

I was told that it was a moral obligation bond, and that it would not be the District of Columbia government and it would not be the Federal Government who would pay.

Obviously, somebody has to pick up the tab.

If the Members will read this, and I will read from it; it is very brief: On page 30, line 5, it says:

> In order further to assure such maintenance of the capital reserve fund, the chairman of the corporation on or before September 30 shall certify to the Mayor such amount, if any, necessary to restore the capital reserve fund to an amount equal to the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on the bonds of the corporation then outstanding. The Mayor shall include in the annual budget of the District of Columbia government the amount so certified by the chairman of the corporation.

Mr. Chairman and Members, I submit that when this budget is put together with this default money, it has only one place to go for approval, and that is to the Committees on Appropriations of the

House and the Senate. If they approve that budget, I am telling the Members who is going to pick up the tab. It is going to be the taxpayers in every one of our districts.

Mr. REES. Mr. Chairman, I rise in opposition to the amendment.

What this bill is, is an amendment really to the District of Columbia statutes. This will not be Federal law; it will be part of the District of Columbia statutes. Therefore, it can be amendable at any time after January 1 by the City Council of the District of Columbia.

So if they want to raise the limit or do anything they want, they can.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. REES. I would be glad to yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Chairman, do I understand the gentleman to say that this is only to be acted on by the Council of the District of Columbia and could be amendable only by them? As I understand it, this will be the law of the land if it passes here.

Mr. REES. No. This will be amendable by the District of Columbia Council, that is right, and——

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. REES. Mr. Chairman, I am attempting to answer the gentleman's question, and I decline to yield further.

Mr. Chairman, there is one major exception, and that major exception is that all projects will be approved by the subcommittee chaired by the gentleman from Kentucky (Mr. NATCHER) and by the full Committee on Appropriations and by this House. That is the major exception.

The balance of this bill will become District of Columbia statute as of home rule time.

Members have asked who is going to pay for the bonds if the bonds go in default. If the bonds go in default, they will go in default, and the creditors will be those who are holding the bonds, and they will have to do what any other creditor would do. There is absolutely no backing by the District of Columbia, and there is no backing by the Federal Government of these bonds.

So if a person buys these bonds with the language that is in this bill, that the government of the District of Columbia and the Federal Government do not stand behind them, he is doing that at his own risk, and if the bonds go bad, then the bonds go bad and it is up to the creditors then to figure out what their problem is.

This is basically to establish this corporation within the District of Columbia government, and this will be under the jurisdiction of the District of Columbia government next year when home rule comes about.

Mr. BROYHILL of Virginia. Mr. Chairman, will the gentleman yield?

Mr. REES. I will be glad to yield to the gentleman from Virginia.

Mr. BROYHILL of Virginia. Mr. Chairman, the gentleman says that this will be District of Columbia law, but does this not authorize a loan of $5 million in Federal funds? If it does, it ceases to be District of Columbia law and becomes Federal law.

Mr. REES. Mr. Chairman, the loan is from District of Columbia funds, and again the funds of the District of Columbia are very well kept by my friend, the gentleman from Kentucky (Mr. NATCHER), who is the chairman of the subcommittee.

Mr. BROYHILL of Virginia. But it does authorize $5 million in Federal loans, does it not?

Mr. REES. No. No, this is $5 million of District of Columbia funds, and this has to be appropriated. It has to be appropriated by the subcommittee chaired by the gentleman from Kentucky (Mr. NATCHER).

Mr. BROYHILL of Virginia. It has to be appropriated, so would it not then be Federal funds?

Mr. REES. No. It might well be part of the funds of the taxpayers who pay taxes in the District of Columbia.

Mr. GUDE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

The gentleman from California (Mr. REES) has very well enunciated the case here. We are not dealing with Federal funds here; we are dealing with funds from the budget of the District of Columbia.

Mr. Chairman, this is a reasonable proposition, and these projects are approved by the Subcommittee on Appropriations of the Committee on the District of Columbia on a case-by-case basis.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

I would like to have the attention of the gentleman from California (Mr. REES). I will ask the gentleman this question:

If there is a default in these bonds, where do the creditors go?

Mr. REES. It would be just like the situation that exists if there was a default in Penn Central bonds or in the bonds of any private corporation. The creditors would then form a creditors' committee and see what they can get out of the overall operation.

Mr. GROSS. Mr. Chairman, the provision in the bill tells us where they will go. It is as follows:

> The Mayor shall include in the annual budget of the District of Columbia government the amount so certified by the chairman of the corporation.

They will go through that process to the Committee on Appropriations of the House eventually, and the gentleman knows it. That is the only place they can go.

Mr. Chairman, let me say to the Members of the House that the budget of the District of Columbia has practically tripled to a total of a billion dollars since I have been a Member of the Congress. The population of the District of Columbia is decreasing. The school attendance is decreasing, yet the costs of the District of Columbia government are soaring.

On what basis except that increased Federal aid can this corporation possibly be sustained? I submit the amendment ought to be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. KETCHUM).

The question was taken; and on a division (demanded by Mr. DIGGS) there were—ayes 40, noes 45.

RECORDED VOTE

Mr. KETCHUM. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 146, noes 165, not voting 123, as follows:

[Roll No. 605]

AYES—146

Abdnor
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Baker
Bauman
Bennett
Bevill
Bray
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Burleson, Tex.
Butler
Byron
Camp
Carter
Cederberg
Chamberlain
Clancy
Cleveland
Cochran
Collier
Conlan
Conte
Crane
Daniel, Dan
Davis, Wis.
Dennis
Derwinski
Devine
Dickinson
Downing
du Pont
Erlenborn
Esch
Eshleman
Fountain
Froehlich
Fuqua
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Gross
Grover
Gunter
Hammerschmidt
Harsha
Hastings
Henderson
Hillis
Hinshaw
Holt
Hosmer
Huber
Hudnut
Hutchinson
Ichord
Jarman
Jones, Ala.
Jones, N.C.
Jones, Okla.
Kazen
Kemp
Ketchum
Kuykendall
Lagomarsino
Landgrebe
Latta
Lent
Lott
Lujan
McClory
McCollister
McDade
Madigan
Mahon
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Mayne
Mazzoli
Milford
Miller
Mitchell, N.Y.
Mizell
Moorhead, Calif.
Myers
Nelsen
Nichols
O'Brien
Parris
Pettis
Pike
Poage
Price, Tex.
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Robinson, Va.
Rogers
Roncallo, N.Y.
Rousselot
Runnels
Ruppe
Ruth
Sarasin
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Skubitz
Spence
Stanton, J. William
Steiger, Ariz.
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Treen
Vander Jagt
Waggonner
Wampler
Widnall
Wilson, Bob
Winn
Wyatt
Wylie
Wyman
Young, Fla.
Young, Ill.
Young, Tex.
Zion

NOES—165

Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Annunzio
Badillo
Barrett
Bell
Bergland
Biester
Bingham
Boggs
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney, Ohio
Casey, Tex.
Chappell
Chisholm
Clark
Collins, Ill.
Conyers
Corman
Coughlin
Cronin
Daniels, Dominick V.
Danielson
Davis, S.C.
Delaney
Dellenback
Denholm
Diggs
Dingell
Drinan
Dulski
Eckhardt
Edwards, Calif.
Evans, Colo.
Evins, Tenn.
Fascell
Flood
Flowers
Foley
Forsythe
Fraser
Frelinghuysen
Frenzel
Fulton
Gaydos
Gettys
Giaimo
Ginn
Green, Pa.
Gude
Guyer
Hamilton
Hanley
Hechler, W. Va.
Heinz
Helstoski
Hicks
Holtzman
Horton
Howard
Hungate
Johnson, Calif.
Johnson, Pa.
Jones, Tenn.
Karth
Kastenmeier
Kluczynski
Koch
Kyros
Landrum
Leggett
Lehman
Litton
Long, Md.
McCormack
McEwen
McFall
McKay
McKinney
McSpadden
Madden

Mallary
Mann
Matsunaga
Meeds
Melcher
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Montgomery
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nix
Obey
O'Hara
Owens
Patten
Perkins
Pickle
Preyer
Price, Ill.
Rangel
Rees
Reuss
Riegle
Rinaldo
Rodino
Roe
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ryan
St Germain
Sarbanes
Schroeder
Seiberling
Shipley
Sisk
Smith, Iowa
Smith, N.Y.
Stanton, James V.
Steed
Steiger, Wis.
Stokes
Studds
Symington
Thompson, N.J.
Thornton
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waldie
Whalen
Wolff
Wydler
Yates
Yatron
Young, Ga.
Zablocki

NOT VOTING—123

Abzug
Alexander
Andrews, N.C.
Arends
Ashley
Aspin
Bafalis
Beard
Biaggi
Blackburn
Blatnik
Boland
Bolling
Brasco
Brown, Calif.
Burgener
Burke, Fla.
Carey, N.Y.
Clausen, Don H.
Clawson, Del
Clay
Cohen
Collins, Tex.
Conable
Cotter
Culver
Daniel, Robert W., Jr.
Davis, Ga.
de la Garza
Dellums
Dent
Donohue
Dorn
Duncan
Edwards, Ala.
Eilberg
Findley
Fish
Fisher
Flynt
Ford
Frey
Grasso
Gray
Green, Oreg.
Griffiths
Gubser
Haley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Hawkins
Hays
Hébert
Heckler, Mass.
Hogan
Holifield
Hunt
Johnson, Colo.
Jordan
King
Long, La.
Luken
McCloskey
Macdonald
Maraziti
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Moakley
Mollohan
Moss
O'Neill
Passman
Patman
Pepper
Peyser
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Roberts
Robison, N.Y.
Roncalio, Wyo.
Rooney, N.Y.
Rose
Sandman
Sikes
Slack
Snyder
Staggers
Stark
Steele
Steelman
Stephens
Stratton
Stubblefield
Stuckey
Sullivan
Symms
Teague
Tiernan
Towell, Nev.
Traxler
Udall
Veysey
Walsh
Ware
White
Whitehurst
Whitten
Wiggins
Williams
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wright
Young, Alaska
Young, S.C.
Zwach

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. LANDGREBE

Mr. LANDGREBE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LANDGREBE: Page 41, lines 9 through 18, strike out section 312 of H.R. 15888 and the title of that section.

Mr. LANDGREBE. Mr. Chairman, I will consume less than 1 minute. This is a simple little amendment which strikes $5 million right out of the taxpayers' pocket. That is what this little amendment does.

To this simple farm boy from Indiana, this $5 million represents the total, complete income from five truck lines, such as the one I own, from January 1 to December 31. This is a substantial amount of money.

We have already raised the budget for this new city with its elected officers, starting in 1975, to $240 million; in 1976, to $277 million; in 1977, to $300 million. That is $300 million in grants. They have over a billion dollar budget already. If they want some sort of glamorous renewal program, let them finance it out of their taxation.

I ask the Members to support this simple little amendment. It takes only $5 million out. We can save the taxpayers right here with just an aye vote on this amendment.

Mr. REES. Mr. Chairman, I wish to speak in opposition to the amendment.

This $5 million is an authorization which would be credited to the District of Columbia. This is a $5 million authorization. Under no circumstances would this authorization be appropriated until it had gone through the subcommittee chaired by the gentleman from Kentucky (Mr. NATCHER) on appropriations, and the full Committee on Appropriations.

I think that is very, very sufficient safeguard. I would ask for a no vote on the amendment of the gentleman from Indiana.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana (Mr. LANDGREBE).

The amendment was rejected.

Mr. KOCH. Mr. Chairman, I move to strike the last word.

Mr. Chairman, since I have been in the Congress, I do not think I have ever voted against a District of Columbia bill, but I am going to vote against this one. Let me tell the Members why. Let me tell the Members why I will be voting against this bill, although I do it with great regret.

I come from the city of New York. I know that if, in the city of New York, there was an attempt to create, in effect, a private corporation with the power of eminent domain to destroy homes, to build highways—not the city council or the city of New York doing it, but a corporation with those powers—I would be out in the streets demonstrating against that.

Here we are, when we are 2 months away from our having a city council making such a decision as to whether or not it wants to convey that power or retain it for itself; this Congress is deciding that it will create that power in that corporation so that the City Council which will come into being will not have that opportunity. I think that is wrong, and I want to tell the Members why I think that is wrong in addition to the prior argument.

When there is a constituency that can go to a city councilman and argue the merits of the case and say, "We do not want this corporation to have the power of eminent domain," that constituency can say, "If you are going to do it, you will respond at the polls."

But, here we are, not in any way in direct relationship to the constituency of the District making that decision. People in the District are not going to be able to vote for us in November or the next November. I think we are destroying the home rule that we promised the people of the District when we created home rule.

If the City Council wants to create this corporation, let them do it in January.

I would like to ask the distinguished Delegate from the Disrtict, who is a good friend of mine, this question: What will happen between today and January 1, when the new City Council takes effect, that is so urgent that this Congress should impose this corporation on D.C., as opposed to allowing the D.C. Council to make that decision?

Mr. FAUNTROY. I will answer that question when I tell the gentleman something and when I ask the gentleman a question. What I want to say is about the bill. This bill does not authorize independent eminent domain power for the corporation. If the gentleman will read it, the gentleman will find that that power resides in the elected Mayor and City Council, as it does in every other community around this country. So it is not true for anyone to say that eminent domain resides in this corporation. And, secondly——

Mr. KOCH. May I continue to ask the gentleman whether he can tell me what urgency there is between today, which is the 10th of October, and January 1 that we do for D.C. what its own City Council could do on January 1?

Mr. FAUNTROY. The gentleman has repeated his question. I said I will answer after I ask the gentleman a question.

Mr. KOCH. Will the gentleman please respond to my question?

Mr. FAUNTROY. I will answer the gentleman's question, and I would like to ask the gentleman one. The answer is that the City Council that will be coming into office on January 1, 1975, unlike other communities that will be able to take advantage of the provisions of the Housing Act of 1974, which provide technical assistance in starting up these corporations—it provides bonding authority, backup authority pursuant to that act—will not be able to take advantage of it.

Second, the ability to sell the bonds will be clarified by congressional action now, so that we will not have to go through the delays the Urban Development Corporation in New York and throughout the country have had to go through to satisfy the investors that there is in fact an authority to carry this kind of program out.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. GROSS and by unanimous consent, Mr. KOCH was allowed to proceed for 1 additional minute.)

Mr. KOCH. I do not want to press the gentleman further than he went, but I will respond to him in this way: The Urban Development Corporation of the State of New York which the gentleman alluded to has had some of its powers taken away, with respect to condemnation, and what I continue to say is that everything this Congress is being asked to do tonight we should allow the D.C. Council to do on January 1.

Mr. FAUNTROY. If the gentleman will yield.

Mr. McKINNEY. Mr. Chairman, I move to strike the requisite number of words.

Just very briefly, Mr. Chairman, I am delighted to see the gentleman from New

York would make a speech to talk against this power. If we do not give it to City Council now, they will miss many months, possibly years, on the housing bill we passed, and I will ask the gentleman from New York where he was when the city of New York and the State of New York took on the Triborough Bridge, the Transportation Authority, the Port of New York Authority, all of whom are private corporations, take land, run over cities, and do not pay any attention to who lives there?

Mr. KOCH. Will the gentleman yield on that? I probably was not born at the time some of those authorities came into being. They should never have come into being. They should have been stillborn.

Mr. McKINNEY. We can stop them right here. I would suggest to the gentleman from New York that the Port of New York Authority has not come to one place, the Congress of the United States.

Mr. MAZZOLI. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman and members of the committee, I will not take too much time. I realize it is late in the evening.

I concur wholeheartedly with what the gentleman from New York (Mr. Koch) has just said.

Before many of you Members came back tonight to the Chamber, I spoke on this bill. I am a member of the Committee on the District of Columbia. The gentleman from the District of Columbia has worked very hard with this committee. Nonetheless, I am very much opposed to this bill, for two basic reasons:

One that the gentleman from New York has talked about. The power of eminent domain is the plenary power of any government. It is the arbitrary power; it is the power of the sovereign.

That power should never be delegated under normal circumstances; and certainly if there is a need to delegate that power, Mr. Chairman, that should only be delegated by the edict or the wishes of the people of this District following the home-rule concept.

I would like to point out for the benefit of the gentleman who just a moment ago, in answer to a question of the gentleman from New York, said that the corporation does not have eminent domain powers that page 13 of his bill, at line 8, clearly says that among the powers of this corporation is the power to condemn property, to take property from private people.

Mr. Chairman, point No. 2 that I would bring to the attention of the House is this: In the words of one of our former Members of the House who was so fond of saying it, "This is a cruel hoax." This bill is a cruel hoax because what we have done under the home rule bill is to give home rule, allegedly. What we are doing by this bill is taking that same power back.

Accordingly, Mr. Chairman, I hope that the membership votes down this bill, even though the purposes of the bill are extremely worthwhile and laudable.

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. MAZZOLI. I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. I want to refer the gentleman to page 19 of the bill, beginning with line 13:

> No property may be taken by eminent domain unless such property is located in an area in which the Mayor and Council have authorized the corporation to exercise its eminent domain authority.

The corporation has no independent eminent domain authority, and anyone who says that under this law it does is not right.

Mr. MAZZOLI. Mr. Chairman, I would only say, in answer to my friend, the gentleman from the District of Columbia, that I would like to be shown any opportunity or any time that the District Government, including the Mayor, would turn down this corporation in its condemnation power. I really would like to see that.

If that corporation has the power to condemn by reason of the District of Columbia's elected Council's decision, then the District of Columbia would get exactly what it bargained for.

Mr. DIGGS. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the Chair, Mr. Yates, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 15888) to establish a District of Columbia Community Development and Finance Corporation, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. DIGGS. Mr. Chairman, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. GROSS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 116, noes 191, not voting 127, as follows:

[Roll No. 606]

AYES—116

Adams
Addabbo
Anderson, Calif.
Ashley
Badillo
Barrett
Bell
Bergland
Bingham
Boggs
Brademas
Breckinridge
Brinkley
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney, Ohio
Chappell
Chisholm
Clark
Clay
Collins, Ill.
Conyers
Corman
Daniels, Dominick V.
Davis, S.C.
Diggs
Dingell
Drinan
Eckhardt
Evans, Colo.
Fascell
Flood
Foley
Fraser
Frenzel
Giaimo
Ginn
Gray
Green, Pa.
Gude
Guyer
Hamilton
Helstoski
Hicks
Holtzman
Howard
Johnson, Calif.
Kastenmeier
Kluczynski
Kyros
Leggett
Lehman
McClory
McCormack
McEwen
McFall
McKay
McKinney
Madden
Mann
Matsunaga
Meeds
Melcher
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Hara
Owens
Patten
Perkins
Pickle
Preyer
Price, Ill.
Rangel
Rees
Reuss
Riegle
Rodino
Rooney, Pa.
Roush
Roybal
Ruppe
Sarbanes
Schroeder
Seiberling
Sisk
Smith, Iowa
Smith, N.Y.
Stokes
Studds
Thompson, N.J.
Vander Veen
Vanik
Vigorito
Waldie
Whalen
Yates
Young, Ga.
Zablocki

NOES—191

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Bennett
Bevill
Biester
Bowen
Bray
Breaux
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Burleson, Tex.
Butler
Byron
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Clancy
Cleveland
Cochran
Collier
Conlan
Conte
Coughlin
Crane
Cronin
Daniel, Dan
Danielson
Davis, Wis.
Delaney
Dellenback
Denholm
Dennis
Derwinski
Devine
Dickinson
Downing
Dulski
du Pont
Erlenborn
Esch
Eshleman
Evins, Tenn.
Flowers
Forsythe
Fountain
Frelinghuysen
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Gross
Grover
Gunter
Hammerschmidt
Harsha
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hillis
Hinshaw
Holt
Horton
Hosmer
Huber
Hudnut
Hungate
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kazen
Kemp
Ketchum
Koch
Lagomarsino
Landgrebe
Landrum
Latta
Lent
Litton
Long, Md.
Lott
Lujan
McCollister
McDade
McSpadden
Mahon
Mallary
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Mayne
Mazzoli
Milford
Miller
Mitchell, N.Y.
Mizell
Moorhead, Calif.
Murtha
Nichols
O'Brien
Parris
Pettis
Pike
Poage
Price, Tex.
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Rinaldo
Robinson, Va.
Roe
Rogers
Rostenkowski
Rousselot
Roy
Runnels
Ruth
Ryan
St Germain
Sarasin
Satterfield
Scherle
Schneebeli
Sebelius
Shipley
Shoup
Shriver
Shuster
Skubitz
Spence

Stanton, J. William
Steed
Steiger, Ariz.
Steiger, Wis.
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Thornton
Treen
Ullman
Van Deerlin
Vander Jagt
Waggonner
Wampler
Widnall
Wilson, Bob
Winn
Wolff
Wydler
Wylie
Wyman
Yatron
Young, Fla.
Young, Ill.
Young, Tex.
Zion

NOT VOTING—127

Abzug
Alexander
Andrews, N.C.
Arends
Aspin
Beard
Biaggi
Blackburn
Blatnik
Boland
Bolling
Brasco
Brown, Calif.
Burgener
Burke, Fla.
Carey, N.Y.
Clausen, Don H.
Clawson, Del
Cohen
Collins, Tex.
Conable
Cotter
Culver
Daniel, Robert W., Jr.
Davis, Ga.
de la Garza
Dellums
Dent
Donohue
Dorn
Duncan
Edwards, Ala.
Edwards, Calif.
Eilberg
Findley
Fish
Fisher
Flynt
Ford
Frey
Grasso
Green, Oreg.
Griffiths
Gubser
Haley
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Hawkins
Hays
Hébert
Hogan
Holifield
Hunt
Johnson, Colo.
Jordan
King
Kuykendall
Long, La.
Luken
McCloskey
Macdonald
Madigan
Maraziti
Mathias, Calif.
Michel
Mills
Minshall, Ohio
Moakley
Mollohan
Montgomery
Moss
O'Neill
Passman
Patman
Pepper
Peyser
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Roberts
Robison, N.Y.
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, N.Y.
Rose
Rosenthal
Sandman
Sikes
Slack
Snyder
Staggers
Stanton, James V.
Stark
Steele
Steelman
Stephens
Stratton
Stubblefield
Stuckey
Sullivan
Symms
Teague
Tiernan
Towell, Nev.
Traxler
Udall
Veysey
Walsh
Ware
White
Whitehurst
Whitten
Wiggins
Williams
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wright
Wyatt
Young, Alaska
Young, S.C.
Zwach

So the bill was not passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Hanna.

Mr. Hays with Mrs. Hansen of Washington.

Mr. Rooney of New York with Mr. Rarick.

Mr. Teague with Mr. Reid.

Mr. Eilberg with Mr. Fisher.

Mr. Flynt with Mr. Davis of Georgia.

Mr. O'Neill with Mr. Culver.

Mr. Moss with Mr. Arends.

Mr. Staggers with Mr. Blatnik.

Mr. Rosenthal with Mrs. Grasso.

Mr. Carey of New York with Mr. Del Clawson.

Mr. Boland with Mrs. Green of Oregon.

Mr. Biaggi with Mr. Alexander.

Mr. de la Garza with Mr. Frey.

Mr. Dent with Mr. Don H. Clawsen.

Mr. Mollohan with Mr. Beard.

Mr. Moakley with Mr. Fish.

Mr. Wright with Mr. Findley.

Mr. Chas. H. Wilson of California with Mr. Andrews of North Carolina.

Mr. Holifield with Mr. Hanrahan.

Mr. Jordan with Mr. Dorn.

Mr. Hanley with Mr. Blackburn.

Mr. Harrington with Mr. King.

Ms. Abzug with Mr. Edwards of California.

Mr. Long of Louisiana with Mr. Duncan.

Mr. Macdonald with Mr. Cohen.

Mr. Pepper with Mr. Edwards of Alabama.

Mr. Roberts with Mr. Conable.

Mr. Aspin with Mr. Dellums.

Mr. Hawkins with Mr. Roncalio of Wyoming.

Mr. Sikes with Mr. Hunt.

Mr. Stark with Mr. Kuykendall.

Mr. White with Mr. Burke of Florida.

Mr. Passman with Mr. Collins of Texas.

Mr. Haley with Mr. Madigan.

Mr. Brown of California with Mr. Minshall of Ohio.

Mr. Cotter with Mr. Robert W. Daniel.

Mr. Donohue with Mr. Hogan.

Mr. Ford with Mr. Gubser.

Mr. Luken with Mr. Hansen of Idaho.

Mr. Montgomery with Mr. Powell of Ohio.

Mr. Patman with Mr. Maraziti.

Mr. Rose with Mr. Peyser.

Mr. Slack with Mr. McCloskey.

Mr. James V. Stanton with Mr. Robison of New York.

Mr. Stephens with Mr. Madigan.

Mr. Traxler with Mr. Sandman.

Mr. Whitten with Mr. Snyder.

Mr. Udall with Mr. Pritchard.

Mr. Stratton with Mr. Mathias.

Mr. Charles Wilson of Texas with Mr. Roncallo of New York.

Mr. Steelman with Mr. Steele.

Mr. Stuckey with Mr. Symms.

Mr. Walsh with Mr. Towell of Nevada.

Mr. Williams with Mr. Whitehurst.

Mrs. Sullivan with Mrs. Griffiths.

Mr. Wyatt with Mr. Young of Alaska.

Mr. Zwach with Mr. Young of South Carolina.

Mr. Ware with Mr. Michel.

Mr. Stubblefield with Mr. Veysey.

Mr. Mills with Mr. Tiernan.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DIGGS. Mr. Speaker, I ask unanimous consent that all Members may be permitted to revise and extend their remarks on the bill (H.R. 15888) just under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

TECHNICAL AMENDMENTS TO PUBLIC LAW 93-407

Mr. REES. Mr. Speaker, by direction of the Committee on the District of Columbia I call up the bill (H.R. 16925) to amend the District of Columbia Self-Government and Governmental Reorganization Act to provide for a People's Counsel at the Public Service Commission, to make technical amendments to the act relating to police and firemen's salaries, and for other purposes, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the bill, as follows:

H.R. 16925

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 493 of the District of Columbia Self-Government and Governmental Reorganization Act is amended by adding a new subsection to read as follows:

"(c) There shall be appointed by the Mayor by and with the advice and consent of the Council an additional counsel of the Commission to be known as the People's Counsel, who

"(1) shall represent and appear for the people of the District of Columbia at hearings of the Commission and in judicial proceedings involving the interests of users of the products of or services furnished by public utilities under the jurisdiction of the Commission;

"(2) shall represent and appear for petitioners appearing before the Commission for the purpose of complaining in matters of rates or service; and

"(3) may investigate the service given by, the rates charged by, and the valuation of the properties of, the public utilities under the jurisdiction of the Commission.".

SEC. 2. Part D of title VII of the District of Columbia Self-Government and Governmental Reorganization Act is amended by adding at the end thereof the following:

"PEOPLE'S COUNSEL IN PUBLIC SERVICE COMMISSION

"SEC. 744. There shall be appointed by the Commissioner by and with the advice and consent of the District of Columbia Council, an additional counsel of the Public Service Commission to be known as the People's Counsel, who

"(1) shall represent and appear for the people of the District of Columbia at all hearings of the Commission and in all judicial proceedings involving the interests of users of the products of or services furnished by public utilities under the jurisdiction of the Commission;

"(2) shall represent and appear for petitioners appearing before the Commission for the purpose of complaining in matters of rates or services; and

"(3) may investigate the service given by, the rates charged by, and the valuation of the properties of the public utilities under the jurisdiction of the Commission.".

SEC. 3. (a) The salary schedule in section 101(a) of the District of Columbia Police and Firemen's Salary Act of 1958 (D.C. Code, see 4-823 (a)) is amended by striking out "16,510" in service step 2 of class 4 of such schedule and inserting in lieu thereof "16,540".

SEC. 4. (a) Section 101(a) (5) of the Act of September 3, 1974 (relating to salary increases for District of Columbia police, firemen, and teachers), is amended to read as follows:

"(5) The third sentence of section 302(b) of the Act (D.C. Code sec. 4-828) is amended to read as follows: 'An officer or member described in paragraph (1)(B) shall receive such compensation until the position of dog handler is determined under subsection (a) not to be included in salary class 4 as a technician's position or until he no longer performs the duty of dog handler, whichever first occurs.'."

(b) Section 101(a) (7) of that Act is amended by striking out "subsection (a)" and inserting in lieu thereof "subsection (b)".

(c) Section 103(a) of that Act is amended by striking out "this title" and inserting in lieu thereof "this part".

(d) Section 124(a) of that Act is amended by striking out "subsections (a), (b), and (d)" and inserting in lieu thereof "subsections (a) and (b)".

(e) Section 124(c) of that Act is amended by striking out "Section 122" and inserting in lieu thereof "Sections 122, 123, and 124".

SEC. 5. Effective on the first day of the first pay period beginning on or after September 1, 1974, the salary schedule contained in section 1 of the District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31-1501) is amended by

(1) striking out "$29,900" in service step

5 of class 3 and inserting in lieu thereof "$29,990";

(2) striking out "13,620" in service step 9 of Group A–1 of class 15 and inserting in lieu thereof "13,520";

(3) striking out "Group B, master's degree" in class 15 and inserting in lieu thereof "Group B, bachelor's degree + 30 or master's degree";

(4) striking out "14,780" in service step 8 of Group C of class 15 and inserting in lieu thereof "14,730"; and

(5) striking out "17,180" in service step 12 of Group C of class 15 and inserting in lieu thereof "17,130".

Sec. 6. The amendment made by section 202(2) of the Teachers' Salary Act Amendments of 1974 to the salary schedule contained in section 1 of the District of Columbia Teachers' Salary Act of 1955 is amended (1) by striking out "10,410" in service step 6 of Group A–1 of class 15 and inserting in lieu thereof "12,410"; and (2) by striking out "20,559" in Longevity step Y of Group D of class 15 and inserting in lieu thereof "20,550".

Sec. 7. (a) (1) Subsections (c) and (d) of section 413 of the District of Columbia Real Property Tax Revision Act of 1974 are each amended by striking out "subsection (a)" and inserting in lieu thereof "subsection (b) (3)".

(2) The amendment made by paragraph (1) shall take effect September 3, 1974.

(b) Section 413(e) of that Act is amended by striking out "Act" and inserting in lieu thereof "title".

(c) The first sentence of section 421(a) of that Act is amended by striking out "this part" and inserting in lieu thereof "this subpart".

(d) The first sentence of section 421(f) of that Act is amended by striking out "Act" and inserting in lieu thereof "title".

(e) The first sentence of section 422(b) of that Act is amended by striking out "this title" the first place it appears and inserting in lieu thereof "this subpart".

(f) The last sentence of section 426(f) of that Act is amended by striking out "423" and inserting in lieu thereof "424".

(g) Section 426(i) of that Act is amended by striking out "(D.C. Code, secs. 47–2404, 47–24143)" and inserting in lieu thereof "(D.C. Code, secs. 47–2403, 47–2413)".

Sec. 8. (a) Section 451 of the District of Columbia Real Property Tax Revision Act of 1974 is amended by (1) inserting "of article I" immediately after "title VI", and (2) inserting "Tax" immediately after "Franchise".

(b) Section 7 of title VI of article I of the District of Columbia Income and Franchise Tax Act of 1947, added by section 451 of the District of Columbia Real Property Tax Revision Act of 1974 is amended by striking out "Sec. 7." and inserting in lieu thereof "Sec. 8.".

(c) The table of contents of such article I is amended by adding at the end of the part of such table relating to title VI the following:

"Sec. 8. Credit for property taxes accrued and payable by District of Columbia residents.".

(d) Subsection (f) of section 8 of title VI of such article I (as redesignated by the amendment made by subsection (b)) is amended by striking out "the first section of the Act of September 14, 1965 (D.C. Code, secs. 20–2101 and 20–2102), the claim shall not be allowed." and inserting in lieu thereof "sections 2101 and 2102 of title 20 of the District of Columbia Code, the claim shall not be allowed.".

(c) Subsection (p) of such section 8 is amended by striking out "paragraph (1)" and inserting in lieu thereof "subsection (n) (1)".

(f) Subsection (s) of such section 8 is amended by striking out "section 7(a) of this title" and inserting in lieu thereof "subsection (a) of this section".

Sec. 9. (a) Section 441 of the District of Columbia Real Property Tax Revision Act of 1974 is amended by striking out "(D.C. Code, sec. 47–801(a))" and inserting in lieu thereof "(D.C. Code, sec. 47–801a)".

(b) Section 373 of that Act is amended by striking out "(D.C. Code, sec. 47–2601 (a) (8))" and inserting in lieu thereof "(D.C. Code, sec. 47–2061.14(a) (8))".

(c) Section 474 (b) of that Act is amended by striking out "(D.C. Code, sec. 47–601)" and inserting in lieu thereof "(D.C. Code, sec. 47–301)".

(d) Section 477 of that Act is amended by striking out "this Act" and inserting in lieu thereof "this title".

Sec. 10. Effective June 30, 1975, section 5(a) of the Act of August 17, 1937 (D.C. Code, sec. 47–708—47–709) and section 4 of the Act of July 3, 1926 (D.C. Code, sec. 47–713), are repealed.

Sec. 11. (a) Subsection (f) of the Policemen and Firemen's Retirement and Disability Act (D.C. Code, sec. 4–521) is amended by striking out "basic salary at time of retirement" and inserting in lieu thereof "average pay".

(b) The amendment made by subsection (a) shall apply with respect to any annuity which begins on or after July 1, 1975.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

That effective on the first day of the first pay period beginning on or after July 1, 1974, the salary schedule in section 101(a) of the District of Columbia Police and Firemen's Salary Act of 1958 (D.C. Code, sec. 4–823(a)) is amended by striking out "16,510" in service step 2 of class 4 of such schedule and inserting in lieu thereof "16,540".

Sec. 2. (a) Effective on and after the first day of the first pay period beginning on or after July 1, 1974, subsections (a), (b), (c), and (d) of section 302 of the District of Columbia Police and Firemen's Salary Act of 1958 (D.C. Code, sec. 4–828) are amended to read as follows:

"Sec. 302. (a) The Commissoner of the District of Columbia, in the case of the Metropolitan Police force and the Fire Department of the District of Columbia, the Secretary of the Treasury, in the case of the Executive Protective Service, and the Secretary of the Interior, in the case of the United States Park Police force, are authorized to establish and determine, from time to time, the positions in salary classes 1, 2, and 4 to be included as technicians' positions.

"(b) Each officer or member—

"(1) who immediately prior to the effective date of the District of Columbia Police and Firemen's Salary Act Amendments of 1972—

"(A) was in a position assigned to subclass (b) of salary class 1 or 2 or subclass (c) of salary class 4, or

"(B) was in salary class 4 and was performing the duty of a dog handler, or

"(2) whose position is determined under subsection (a) to be included in salary class 1, 2, or 4 on or after such date as a technician's position,

shall on or after such date receive, in addition to his scheduled rate of basic compensation, $735 per annum. An officer or member described in paragraph (1) (A) or (2) shall receive the additional compensation authorized by this subsection until his position is determined under subsection (a) not to be included in salary class 1, 2, or 4 as a technician's position or until he no longer occupies such position, whichever occurs first. An officer or member described in paragraph (1) (B) shall receive such compensation until the position of dog handler is determined under subsection (a) not to be included in salary class 4 as a technician's position or until he no longer performs the duty of dog handler, whichever first occurs. If the position of dog handler is included under subsection (a) as a technician's position, an officer or member performing the duty of a dog handler may not receive both the additional compensation authorized for an officer or member occupying a technician's position and the additional compensation authorized for officers and members performing the duty of a dog handler.

"(c) Each officer or member who immediately prior to the effective date of the District of Columbia Police and Firemen's Salary Act Amendments of 1972 was assigned as a detective sergeant in subclass (b) of salary class 4 shall on or after such date, receive, in addition to his scheduled rate of basic compensation, $540 per annum so long as he remains in such assignment. Each officer or member who is promoted after such date to the rank of detective sergeant shall receive, in addition to his scheduled rate of basic compensation, $540 per annum so long as he remains in such assignment.

"(d) The additional compensation authorized by subsections (b) and (c) shall be paid to an officer or member in the same manner as he is paid the basic compensation to which he is entitled.".

(b) Effective on and after the first day of the first pay period beginning on or after January 1, 1974, section 302 of that Act is amended by adding at the end thereof the following:

"(e) Whenever any officer or member receiving additional compensation authorized by subsection (b) or (c) is no longer entitled to receive such additional compensation, without a change in salary class, he shall receive, irrespective of any subsequent salary schedule or service step adjustment authorized by this Act, basic compensation equal to the sum of his existing scheduled rate of basic compensation and the amount of such additional compensation until his scheduled rate of basic compensation equals or exceeds such sum.

"(f) The loss of the additional compensation authorized by subsection (b) or (c) shall not constitute an adverse action for the purposes of section 7511 of title 5 of the United States Code.".

(c) Effective on and after the date of enactment of this Act paragraphs (5), (6), and (7) of section 101(a) of the Act of September 3, 1974 (relating to District of Columbia police and firemen's salaries) are repealed.

Sec. 3. (a) Section 103(a) of the Act of September 3, 1974 (relating to salary increases for District of Columbia police, firemen, and teachers), is amended by striking out "this title" and inserting in lieu thereof "this part".

(b) Section 124(a) of that Act is amended by striking out "subsections (a), (b), and (d)" and inserting in lieu thereof "subsections (a) and (b)".

(c) Section 124(c) of that Act is amended by striking out "Section 122" and inserting in lieu thereof "Sections 122, 123, and 124".

(d) The amendments made by this section shall take effect on and after September 3, 1974.

Sec. 4. Effective on the first day of the first pay period beginning on or after September 1, 1974, the salary schedule contained in section 1 of the District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31–1501) is amended by

(1) striking out "29,900" in service step 5 of class 3 and inserting in lieu thereof "$29,990";

(2) striking out "13,620" in service step 9 of Group A–1 of class 15 and inserting in lieu thereof "13,520";

(3) striking out "Group B, master's degree" in class 15 and inserting in lieu there-

of "Group B, bachelor's degree +30 or master's degree";

(4) striking out "14,780" in service step 8 of Group C of class 15 and inserting in lieu thereof "14,730"; and

(5) striking out "17,180" in service step 12 of Group C of class 15 and inserting in lieu thereof "17,130".

SEC. 5. Effective on and after September 3, 1974, the amendment made by section 202(2) of the Teachers' Salary Act Amendments of 1974 to the salary schedule contained in section 1 of the District of Columbia Teachers' Salary Act of 1955 is amended (1) by striking out "10,410" in service step 6 of Group A–1 of class 15 and inserting in lieu thereof "12,410"; and (2) by striking out "20,559" in Longevity step Y of Group D of class 15 and inserting in lieu thereof "20,550".

SEC. 6. (a) (1) Subsections (c) and (d) of section 413 of the District of Columbia Real Property Tax Revision Act of 1974 are each amended by striking out "subsection (a)" and inserting in lieu thereof "subsection (b) (3)".

(2) The amendments made by paragraph (1) shall take effect January 2, 1975.

(b) Section 413(e) of that Act is amended by striking out "Act" and inserting in lieu thereof "title".

(c) The first sentence of section 421(a) of that Act is amended by striking out "this part" and inserting in lieu thereof "this subpart".

(d) The first sentence of section 421(f) of that Act is amended by striking out "Act" and inserting in lieu thereof "title".

(e) The first sentence of section 422(b) of that Act is amended by striking out "this title" the first place it appears and inserting in lieu thereof "this subpart"

(f) The last sentence of section 426(f) of that Act is amended by striking out "423" and inserting in lieu thereof "424".

(g) Section 426(i) of that Act is amended by striking out "(D.C. Code, secs. 47–2404, 47–24143)" and inserting in lieu thereof "(D.C. Code, secs. 47–2403, 47–2413)".

(h) The amendments made by subsections (b), (c), (d), (e), (f), and (g) shall take effect as provided in section 478 of that Act as if the sections (as amended) amended by such subsections had been included in Public Law 93–407 on the date of its enactment.

SEC. 7. (a) (1) Section 451 of the District of Columbia Real Property Tax Revision Act of 1974 is amended by (A) inserting "of article I" immediately after "title VI", and (B) inserting "Tax" immediately after "Franchise".

(2) The amendments made by paragraph (1) shall take effect on and after September 3, 1974.

(b) (1) Section 7 of title VI of article I of the District of Columbia Income and Franchise Tax Act of 1947, added by section 451 of the District of Columbia Real Property Tax Revision Act of 1974, is amended by striking out "SEC. 7." and inserting in lieu thereof "SEC. 8.".

(2) The table of contents of such article I is amended by adding at the end of the part of such table relating to title VI the following:

"Sec. 8. Credit for property taxes accrued and payable by District of Columbia residents.".

(3) The amendments made by paragraphs (1) and (2) shall take effect on and after January 1, 1975.

(c) Subsection (f) of section 8 of title VI of such article I (as redesignated by the amendment made by subsection (b) (1)) is amended by striking out "the first section of the Act of September 14, 1965 (D.C. Code, secs. 20–2101 and 20–2102), the claim shall not be allowed." and inserting in lieu thereof "sections 2101 and 2102 of title 20 of the District of Columbia Code, the claim shall not be allowed.".

(d) Subsection (p) of such section 8 is amended by striking out "paragraph (1)" and inserting in lieu thereof "subsection (n) (1)".

(e) Subsection (s) of such section 8 is amended by striking out "section 7(a) of this title" and inserting in lieu thereof "subsection (a) of this section".

(f) The amendments made by subsections (c), (d), and (e) shall take effect as provided in section 451 of that Act as if the sections (as amended) amended by such subsections had been included in Public Law 93–407 on the date of its enactment.

SEC. 8. (a) Section 441 of the District of Columbia Real Property Tax Revision Act of 1974 is amended by striking "(D.C. Code, sec. 47–801(a))" and inserting in lieu thereof "(D.C. Code, sec. 47–801a.)".

(b) Section 473 of that Act is amended by striking out "(D.C. Code, sec. 47–2601(a) (8))" and inserting in lieu thereof "(D.C. Code, sec. 47–2061.14(a) (8))".

(c) Section 474(b) of that Act is amended by striking out "(D.C. Code, sec. 47–601)" and inserting in lieu thereof "(D.C. Code, sec. 47–301)".

(d) Section 477 of that Act is amended by striking out "this Act" and inserting in lieu thereof "this title".

(e) The amendments made by this section shall take effect on and after September 3, 1974.

SEC. 9. Effective June 30, 1975, section 5(a) of the Act of August 17, 1937 (D.C. Code, sec. 47–709) and section 4 of the Act of July 3, 1926 (D.C. Code, sec. 47–713), are repealed.

SEC. 10. (a) Subsection (f) of the Policemen and Firemen's Retirement and Disability Act (D.C. Code, sec. 4–521) is amended by striking out "basic salary at time of retirement" and inserting in lieu thereof "average pay".

(b) The amendment made by subsection (a) shall apply with respect to any annuity which begins on or after July 1, 1975.

SEC. 11. Effective on and after September 3, 1974, the amendment made by section 202(4) of the Teachers' Salary Act Amendments of 1974 to the schedule of pay rates in section 13(a) of the District of Columbia Teachers' Salary Act of 1955 is amended by striking out "9.61" in step 1 for Teachers in Adult Education Schools and inserting in lieu thereof "9.67".

Mr. REES (during the reading). Mr. Speaker, I ask unanimous consent that the committee amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. REES. Mr. Speaker, the purpose of the bill, H.R. 16925, as amended, is to correct manifest technical errors in several instances in the printing and reporting of the omnibus pay bill, H.R. 15842, thereafter approved on September 3, 1974, and now Public Law 93–407.

These amendments are necessary and reported by the committee so that the law will correctly reflect the salary increases in each class for police, firemen, and teachers, and the committee agreements and approval of other various items in the real property tax revisions referred to and described in the original bill, H.R. 15842.

PROVISIONS OF THE BILL

For the most part, the errors being corrected by this bill were in titles I and II, the pay schedules of Public Law 93–407, which provided increased salaries for police, firemen, and teachers. The new dollar amounts for the various schedules were correctly included in the individual pay bills as approved by the District of Columbia Committee, but in the reporting of same and inclusion thereof in the omnibus bill, H.R. 15842, some dollar amounts were transposed and references to subtitles and the like were erroneously stated.

Other amendments are clarifying ones, as is shown in H.R. 16925, to correctly renumber certain sections or subsections; correct title and section numbers in the D.C. Code; and the like.

Among corrective amendments in H.R. 16925 to the D.C. Real Property Tax Revision Act of 1974—which was title IV of H.R. 15842—is one (Sec. 7(a)) to effectuate the intent of the committee, as reflected in the committee's report (House Report 93–1203), that the real property tax rate for the District—to take effect if the council fails to act within 30 days of the mayor's recommendations—will be the rate calculated to yield the same amount of revenue as was raised in the previous year.

Since the rate setting process under Public Law 93–407 is already underway for this fiscal year, the amendment of section 7(a) has been made applicable beginning with fiscal year 1976.

Section 413(e) of Public Law 93–407 requires that the real property tax rate applicable in the District for fiscal year ending June 30, 1975, shall be applied "to the assessment roll for 1975," which means "to the assessment roll for fiscal year ending June 30, 1975."

DISTRICT GOVERNMENT RECOMMENDATION

These amendments were requested by the District of Columbia government to assist it in the administration of the various provisions of law referred to.

VOTE

The bill, H.R. 16925, as amended, was ordered favorably reported on October 3, 1974, by a voice vote of the committee.

COST

The enactment of this proposed legislation will involve no added cost to the government of the District of Columbia.

Mr. NELSEN. Mr. Speaker, will the gentleman yield?

Mr. REES. I yield to the gentleman from Minnesota.

Mr. NELSEN. Mr. Speaker, this is merely making corrections in the bill that has already been passed by the House. We support the bill.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to make technical amendments to the act of September 3, 1974, relating to salary increases for District of Columbia police, firemen, and teachers, and to the District of Columbia Real Property Tax Revision Act of 1974, and for other purposes."

A motion to reconsider was laid on the table.

EIGHTH ANNUAL REPORT OF NATIONAL ADVISORY COUNCIL ON EXTENSION AND CONTINUING EDUCATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-368)

The Speaker laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Education and Labor and ordered to be printed:

To the Congress of the United States:

I herewith transmit the Eighth Annual Report of the National Advisory Council on Extension and Continuing Education. The Council is authorized by Public Law 89-329.

The Council again this year points to the problems caused by the multiplicity of legislative authorities, funding mechanisms, and responsible departments and agencies involved in the programs it has studied. While I cannot agree with all of the specific program recommendations contained in the Council's eighth report, I would call your attention to the members' support for the objectives and purposes of revenue sharing.

I share the Council's concern on the mechanics of decisionmaking under special revenue sharing. It is of vital importance that legislation be enacted which permits State and local determinations to prevail.

Policymakers at the State and local level are most capable of making decisions which respond to the needs of the people. At the same time, organizations with broad mandates such as the National Foundation on the Arts and the Humanities and the Fund for the Improvement of Postsecondary Education will continue their support of diverse projects in many areas of social, cultural, and educational concern.

GERALD R. FORD.

THE WHITE HOUSE, *October 10, 1974.*

AUTHORITY FOR THE SPEAKER TO DECLARE A RECESS ON FRIDAY, OCTOBER 11, 1974

Mr. McFALL. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Friday, October 11, 1974, for the Speaker to declare a recess pursuant to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. GROSS. Mr. Speaker, reserving the right to object, for what purpose is the recess to be had?

Mr. McFALL. This is the usual last day request so that if we have to declare a recess we would be able to do so while we wait for some Senate action. As I recall, in prior years, I do not know of any particular objection to this.

Mr. GROSS. May we be assured that will terminate at midnight tomorrow night?

Mr. McFALL. I think I can assure the gentleman we will be out of here by midnight tomorrow night.

The SPEAKER. The Chair can assure the House that we will be out by midnight tomorrow night.

Mr. GROSS. I thank the gentleman and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

ADJOURNMENT TO 10 A.M. FRIDAY, OCTOBER 11, 1974

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 a.m. on tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. GROSS. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

MOTION OFFERED BY M'FALL

Mr. McFALL. Mr. Speaker, I move that when the House adjourns today, it adjourn to meet at 10 a.m. on tomorrow.

The SPEAKER. The question is on the motion offered by the gentleman from California?

The question was taken and the Speaker announced that the "ayes" appeared to have it.

Mr. GROSS. Mr. Speaker, on that I demand a recorded vote.

A recorded vote was refused.

So the motion was agreed to.

DELAY IN PROCESSING SOCIAL SECURITY CLAIMS

(Mr. GUDE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUDE. Mr. Speaker, men and women in my district are experiencing hardship and frustration over many months of delay in the processing of social security claims and the problem seems to be worsening. These problems appear to encompass all areas of social security coverage, including retirement checks, disability and survivors' claims, as well as medicare claims and the recently established supplementary security income.

This situation is shocking, especially since it strikes men and women of great need who can least afford to wait the length of time it presently takes to receive a decision and final payment of claims: the elderly, ill, and disabled.

To cite a few examples:

A widower, age 71, whose wife died April 2, 1974, has not received death benefits or survivors' benefits after numerous calls and visits to his local office. However, social security continues to send monthly checks to his deceased wife.

A prisoner of war widow, with four children, 5 months after filing for benefits, has received no word from social security and no benefits.

The family of a mentally handicapped son, applied for benefits 9 months ago. At this date, they are still awaiting a decision.

In a claim involving medicare, the family of a decreased claimant has waited 9 months for a decision and payments from medicare.

In still another medicare claim, one of my constituents has been notified of termination of medicare coverage for nonpayment of premiums, although payments have been made regularly since the initial enrollment in June 1972. Her attempts to correct this situation have resulted in her being sent six medicare health cards, but no correction of the erroneous billing.

On April 15 of this year, I contacted Mr. James Cardwell, Commissioner of Social Security, informing him of these problems.

But the problems have not diminished, but have, in fact, increased.

Therefore, I have today sent a telegram to the Commissioner requesting immediate, personal attention to the correction of this serious situation and speedy action on these five cases.

The situation borders on the irresponsible and raises grave doubt about the reliability of Government and the capabilities of the middle and top management levels of the Social Security Administration.

STRONG CONTROL OVER CIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DELLUMS) is recognized for 15 minutes.

Mr. DELLUMS. Mr. Speaker, we all know that the Central Intelligence Agency, though it operates completely in secret, is a major force influencing the United States' foreign policy. However, I would hope that we all agree that whatever any Government agency does in affecting foreign affairs should reflect directly the will of the people of this country.

Under a guise yet under a blanket of secrecy, the Central Intelligence Agency has been involved in activities that only in the most remote manner and by the wildest stretch of the imagination could be considered as strengthening national security.

When these illegal and ill conceived activities come to light, as some of them recently have, they only serve to present this Nation to the world and to our own people, as a country not really committed to those precepts so self-righteously paraded in the international marketplace as moral justification for our continued worldwide use of power.

If my colleagues believe—as I do—that the will of the American people is not accurately reflected by many actions of the Central Intelligence Agency, then I hope they will be ready to join me in setting up mechanisms to maintain responsible control over the CIA without hampering its legitimate activities. These restraints are contained in the Central Intelligence Control Act which I am introducing today.

ANALYSIS OF THE CIA CONTROL ACT

Basic aim of the CIA Control Act is to provide better accountability of Agency actions, limit Agency activities, and effectively limit the role of the Agency to the legitimate foreign intelligence gathering.

First. Its most critical section precludes any covert operations including military or paramilitary operations, efforts to overthrow governments, and assassinations.

Second. Any domestic police-type activities and operations, any domestic law-enforcement operations, or any internal security operations are prohibited.

Third. The Agency is prevented from engaging in any illegal activities in the United States.

Fourth. Section 102(d) of the National Security Act of 1947 (50 U.S.C. 403(d)) is amended to limit all intelligence activities to the gathering of foreign intelligence.

Fifth. Domestic intelligence gathering becomes disallowed.

Sixth. CIA assistance to other U.S. intelligence agencies—regarding matters of "common concern"—is limited to agencies involved in foreign intelligence and, therefore, excludes domestic intelligence activities which the National Security Agency, under the present law, may construe to be of "common concern." The power to perform functions and duties as the National Security Agency directs, is modified and limited to those activities specifically authorized in writing by the President.

Seventh. The requirement that the Agency report to oversight committees of Congress is clarified and strengthened. The Committees on Armed Services and Foreign Affairs in the House of Representatives and the Committees on Armed Services and Foreign Relations of the Senate, will be able to request an update and analysis of information collected by the Agency within 60 days of the request.

Eighth. Responsibility to report CIA violations of regulations and policies is clearly spelled out.

Ninth. The National Act of 1947 (50 U.S.C. 403 (a)) is amended to insure that the CIA Director and Deputy Director are not both connected with the military.

Those persons nominated to be Director or Deputy Director have not been employed by the Agency during the 5-year period preceding nomination and the directorship will be limited to 8 years.

These measures are meant to insure that the control of the Agency will have civilian direction and, further, that their civilian frame of reference will not be overly influenced by ongoing, inhouse, "old boy" ties.

The bill is as follows:

CIA Control Act

A bill to amend the National Security Act of 1947 and the Central Intelligence Agency Act of 1949 in order to prohibit certain activities by the Central Intelligence Agency and to limit certain other activities by such Agency, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Central Intelligence Agency Control Act".

Sec. 2. (a) Section 102(a) of the National Security Act of 1947 (50 U.S.C. 403(a)) is amended—

(1) by inserting "(1)" immediately after "(a)";

(2) by striking out the proviso and the colon immediately preceding such proviso at the end of the second sentence and inserting in lieu thereof the following: "; except that at no time shall the two positions of the Director and Deputy Director be occupied simultaneously by (A) commissioned officers of the armed services, whether in an active or retired status, or (B) individuals who were in the employ of the Agency for any period of time during the five-year period immediately preceding the date on which they are nominated by the President for such positions."; and

(3) by adding at the end thereof the following new paragraph:

"(2) No individual may serve as the Director for more than a total of eight years."

(b) In the case of the individual who is serving as the Director of Central Intelligence on the date of the enactment of this Act, the eight-year limitation established by the amendment made by subsection (a)(3) of this section shall begin to run on such date of enactment.

Sec. 3. Section 102(d) of the National Security Act of 1947 (50 U.S.C. 403(d)) is amended—

(1) by redesignating clauses (1) through (5) as clauses (A) through (E), respectively;

(2) by inserting "(1)" immediately after "(d)";

(3) by striking out "intelligence" in clauses (A) and (B) (as redesignated by paragraph (1) of this section) thereof and inserting "foreign intelligence";

(4) by striking out "intelligence" the first place it occurs in clause (C) (as redesignated by paragraph (1) of this section) thereof and inserting "foreign intelligence";

(5) by striking out "facilities" in clause (C) (as redesignated by paragraph (1) of this section) and inserting in lieu thereof the following: "facilities; and the Agency shall develop appropriate plans, policies, and regulations to implement such correlation, evaluation, and dissemination and shall report to the Attorney General for appropriate action any information which indicates that any violation of any such plan, policy, or regulation has occurred:";

(6) by inserting "relating to foreign intelligence activities" immediately before "of common concern in clause (D) (as redesignated by paragraph (1) of this section) thereof;

(7) by inserting "foreign" immediately before "intelligence" in clause (E) (as redesignated by paragraph (1) of this section) and by inserting immediately before the period at the end of such clause the following: ": but only if the President specifically authorizes any such function or duty and notifies the Director in writing of his approval and includes in his notice a description of the function or duty authorized to be performed by the Agency, and reports thereon to the Congress in accordance with such procedures as the Congress may establish", and

(8) by adding at the end thereof the following new paragraph:

"(2) Nothing in this Act or any other provision of law may be construed as authorizing the Agency to plan or to implement directly or indirectly any covert operation. For purposes of this paragraph, the term 'covert operation' means any military or paramilitary operation, any effort of any kind to achieve the overthrow of any foreign government, and any assassination or attempt to assassinate."

Sec. 4. The Central Intelligence Agency Act of 1949 (50 U.S.C. 403(a) et seq.) is amended by redesignating sections 11 and 12 as sections 13 and 14, and by adding immediately after section 10 the following new sections:

"Sec. 11. It shall also be the duty of the Agency to inform fully and currently, by means of special reports in response to request made by the Committees on Armed Services and Foreign Affairs of the House of Representatives and the Committee on Armed Services and Foreign Relations of the Senate regarding intelligence information collected by the Agency concerning the relations of the United States to foreign countries and matters of national security, including full and current analysis by the Agency of such information, within sixty days of such request.

"Sec. 12. The Agency may not—

"(1) carry out, directly or indirectly, within the United States, either on its own or in cooperation or conjunction with any other department, agency, organization, or individual any police-type operation or activity, any law enforcement operation or activity, or any internal security operation or activity;

"(2) provide assistance of any kind, directly or indirectly, to any other department or agency of the Federal Government, to any department or agency of any State or local government, or to any officer or employee of any such department or agency engaged in police or police-type operations or activities, law enforcement operations or activities, or internal security operations or activities, within the United States unless such assistance is provided with the prior, specific written approval of the Central Intelligence Agency Oversight Subcommittee of the Committees on Appropriations and the Committees on Armed Services of the Senate and the House of Representatives; or

"(3) participate, directly or indirectly, in any illegal activity within the United States."

THE ROOTS OF THE ECONOMIC PROBLEMS WITHIN THE FREE WORLD NATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Kemp) is recognized for 30 minutes.

Mr. KEMP. Mr. Speaker, the free nations of the world seem to be on a dangerous course toward economic chaos unless steps are taken to reverse unsound economic policies. Inflation. Devaluation. Trade deficits. Unemployment. Inadequate capital. Uncontrolled expenditures. Excessive new money supply. All threaten to bring down the proverbial house of cards which has been the fiscal and monetary policies of most of these nations during the post-World War II era.

Men of note—President Ford as well as West German Chancellor, Helmut Schmidt, that nation's former minister—have indicated that such economic chaos arises from counter-productive economic policies born in the expediencies sought by political leaders to satisfy each and every immediate demand upon government by the people, without regard for the people's longterm best economic interests.

Political permissiveness is, indeed, one of the root causes of inflation. We have sacrificed the stability of our economic future to the appetites for today's material pleasures. And, that far distant future which many political leaders thought they would never live to see—when the ledger books of national progress would have to be balanced by the actualities of what we can and cannot do in a free economy and society—is upon us.

We have come face to face with our economic future, and it is not a promising one. Not unless we, as leaders freely chosen by our people, reconcile ourselves to the inescapable fact that we are going to have to do many things which are politically unpopular in order—whether the people see it right away or not—to salvage our economic future. And, one of those things we must do—which, by definition, will be difficult within our systems of government—is to return the bulk of economic decisionmaking and economic power back to the people themselves and away from Government.

We have two clear choices facing us.

We can continue the present economic policies—excessive Government spending and issuance of new paper money; mortgaging the future by deficit spending; eroding the value of the dollar—the working man's product of his labor; centralization of economic decisionmaking; and reliance upon mandatory Government controls and regulations of producers and consumers alike—on the one hand.

Or, we can take note of history's lessons—that when Government's share of the people's livelihood exceeds roughly one-quarter, economic and political freedom is jeopardized; that internal economic disintegration has always preceded political turmoil; that there has never been an increase in money supply not followed by an increase in prices; that the diversity which arises naturally from the exercise of economic choice by millions produces more wage and price stability than all the government regulations of the world combined ever could; that Government actions—not those of business, labor, or consumer—are the prime causes of our economic ills, and ought, therefore, to bear the full responsibility for the disruption of our lives, earnings, and future which result therefrom; in essence, that freedom and vitality are preferable to regulation and stagnation—and chart our future course accordingly.

As for me, I opt for freedom and economic vitality. And, I do not mean that rhetorically. The people want the whole truth, for only from truthful premises can we make economic decisions—individually and jointly—which will bring forth the predicted results. I will tell the full truth about our economic picture. It is time, as I have said these 4 years I have served in this distinguished House, this crucible of history, to start worrying about the next generation instead of the next election.

AN AWARENESS OF OUR ECONOMIC PROBLEMS: THAT FIRST STEP HAS BEEN TAKEN BY MOST

An awareness of the nature and magnitude of our economic problems is essential for their resolution. There is this awareness, at least on the part of most national leaders.

Because their respective countries are experiencing most of the economic problems we are here in the United States—and because both were finance ministers before acceding to their new, higher posts, I was deeply interested in a recent CBS News interview of France's newly elected President, Valery Giscard d'Estaing, and Chancellor Schmidt, by Charles Collingwood.

Here are some of its highlights:

> COLLINGWOOD. Giscard d'Estaing. . . . He was trained for a career in government, specializing in economics; Minister of Finance by the time he was 35. Now just 48, he has assumed leadership of France at a time when economic issues dominate its relations with its allies, when the French economy . . . is plagued by inflation.
>
> The great problem everywhere in the world now is inflation, deterioration of balance of payments, with the possible exception of West Germany. Your own government has instituted some fairly strict remedial measures which will—well, they'll be difficult. Isn't it possible that they might increase the already taut divisions among the French people?
>
> GISCARD. We have to enforce a rather strong anti-inflation policy. It's needed, and the public opinions knows that it is absolutely needed, because we have now a rate of increase in the consumer prices, which is around 14 percent a year, which is—it's unbelievable; and our aim is to cut it by half in one year, less than one year of time, to move back in the seven to eight area of increase, which is already too high.
>
> COLLINGWOOD. If the universal inflation in most of the developed countries goes unchecked, is there a possibility of a worldwide recession?
>
> GISCARD. Yes.
>
> COLLINGWOOD. And would that have political effects as well as economic effects on the future of democratic institutions?
>
> GISCARD. Very serious effects. . . . For the whole world and all the industrialized world, there will be a very serious political threat.
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> * * * * *
>
> COLLINGWOOD. He (Helmut Schmidt) and Giscard of France have worked closely together. They have much in common: both economic specialists, both former Finance Ministers, though Schmidt's first cabinet post was in charge of defense. Now, at 55, it is Chancellor.
>
> Mr. Chancellor, you are former Finance Minister, as you suggested. Now, in the United States we are going through a period of more than 10 percent inflation a year.
>
> In France and Britain, it's 15, 16, pushing toward 20 percent; inflation in West Germany is seven percent. Now, does that mean that you're doing something that we ought to pay attention to, or that we're doing something wrong?
>
> SCHMIDT. I think the United States have done something wrong in the—in the past years. You were at the same time financing urban reforms, urban programs, and at the same time financing a very costly war in Southeast Asia; and altogether you came up with an enormous deficit in your balance of payment, which at the same time meant a rather small evil to the American economy and a big evil to the economies of your world trade and financial partners. I think the worst year was when you had thirty billion of dollars deficit in your balance of payments, which meant that the world was spilled over with $30-billion in liquidity. This is one of the mechanics behind the world inflation.
>
> COLLINGWOOD. Well, what's the—what's the explanation for West Germany's phenomenal economic performance?
>
> SCHMIDT. Well, we pursued, of course, a very tight money all the time. And, secondly, we didn't lower taxes; we increased taxation in order to put our house in order. And, thirdly, we, not devaluated our currency, but upvaluated our currency.
>
> And I mean, if you have a rate of inflation of seven percent at present in Germany—which, for the time being, is something like one of the best records which you find at present in the world—that just doesn't fall from the sky.
>
> It needs courage. It needs decision by parliament. It needs the courage to do a number of very unpleasant and unpopular things at the time you do it.
>
> COLLINGWOOD. Do you think that other countries are going to have to learn those same lessons?
>
> SCHMIDT. Yes, I think so, basically, yes. Now, I think, for instance, France is trying to do something in the same direction, now since Valery Giscard has become President.
>
> COLLINGWOOD. Now, the problem of inflation, which is worldwide and which inflicts us all, has led to a great many apocalyptic views. Your predecessor, Chancellor Brandt, once said that he was afraid that it might even mean the end of democracy by the end of the century. Do you feel that strongly about it?
>
> SCHMIDT. For the time being, I see great dangers. I see more than just one danger. Let me talk of the first danger, inflation. One of the very important features of the change in the economic fabric of the world is that worldwide inflation has been used to raise prices. The real income of people who have raw materials and can produce them, can sell them to the world markets, the real incomes of those people are rising. The real income of people who don't have raw materials and have to buy them from the world market and have to pay for it by selling their industrial products, their real income will fall tangentially. This is what happens at present on the North American continent.
>
> And, this in itself creates a danger to the democratic structure of your society, because your workers, your employees, are accustomed to the experience that their real income is increasing all the time. And, I think it is going to increase all the time also in the future, but for the next three years, four, five years, much slower than hitherto.
>
> COLLINGWOOD. So, you fear that there will be a political effect of inflation?
>
> SCHMIDT. In the first instance, people will think, well, it's a bad management of my government that my real income doesn't increase. Let me have another government. And, thereby you create domestic political instability.

This last point—the susceptibility of elected political leaders to implement policies which satisfy the immediate economic gratifications of a country, without due regard for the long-term consequences of those policies—was picked up again by Chancellor Schmidt in a subsequent conversation with Joseph C. Harsch, the staff correspondent of the Christian Science Monitor.

During that conversation, Chancellor Schmidt declared that the common denominator of the present world inflation crisis was too much political permissiveness:

> Inflation is not an inevitable feature of our structure of economy. It is the consequence of a lack of will, of too much permissiveness, if too much opportunism, a lack of decision, a lack of consequence. Of courage, whatever you wish to call it.

He continued:

> Many, many countries have contributed to that process of inflation by unsound financing of their public expenditure, by unsound behavior of their banking systems, by letting their banking system step up their volume of credit in a way by no means justified by the increase of production or productivity.
>
> One could find the common denominator in saying that many governments and legislatures all over the world have just been too permissive vis-a-vis different pressure groups within their own societies. They tried

> to satisfy everybody, and in the end they dissatisfied everybody.

To these words of West Germany's and France's new leaders, can be added those of President Ford in his address to the joint session of the Congress upon his accession to office:

> The Nation needs action, not words.
>
> The state of our economy is not so good.
>
> The unanimous concern of Americans is inflation. For once all the polls seem to agree. They also suggest that the people blame government far more than either management or labor for the high cost of everything they have to buy.
>
> Just as escalating Federal spending has been a prime cause of higher prices over many years, it may take some time to stop inflation, but we must begin right now. . . . Whether we like it or not, the American wage-earner and the American housewife are a lot better economists than most economists care to admit. They know that a government big enough to give you everything you want is a government big enough to take from you everything you have.
>
> If we want to restore confidence in ourselves as working politicians, the first thing we all have to do is to learn to say no.

WHY WE MUST BE CONCERNED

The observations of these three leaders must not go unheeded.

While inflation for the year ending May 30, 1974, was 10.7 percent, and "only" 7.2 percent in West Germany, it was much worse elsewhere: 13.5 percent in France, 15.9 percent in Great Britain, 16.1 in Italy and 16.3 in Spain, with 23.2 in Japan. Iceland topped the scales at 32.2 percent. Taken as a whole, the annual rate of inflation for this period among the 24 nations comprising the Organization for Economic Cooperation and Development—OECD—was 12.6 percent, compared with 7.7 percent for fiscal year 1973 and only 4.7 precent for fiscal year 1972.

The consumer price index—how much more one pays for consumer goods—using 1970 as the base of 100.0 has risen sharply in almost every country. At the end of the last computing period, it was 114.4 in the United States, 128.0 in Great Britain, 120.2 in France, 118.8 in West Germany, 122.8 in Italy, 130.6 in Spain, and 123.9 in Japan.

The balance of payments for the OECD nations is expected to run an astonishing $40 billion-plus deficit this calendar year.

When one considers that the most accurate measure of increased prosperity—economic growth—is the per capita increase in national productivity, we should all be concerned by the new statistics—statistics showing that the real output of goods and services by the seven largest OECD member countries fell—not grew, but fell—by 1.25 percent in the first half of this year—with prospects for even great decline during this second half of 1974.

West Germany has experienced four major bank failures during the past few months, evidencing substantial tight credit and inadequate liquidity problems not only in their economy, but in Western Europe. Our own news pages have been telling us—here in the United States—of growing problems in bank solvency

And, unemployment is mounting. It now stands at its highest level since the 1958 recession in the United States, and other countries are experiencing similar problems.

The Dow-Jones average of selected stocks on the New York Stock Exchange slipped below 700—into the 600's—during the Labor Day recess, its lowest point in over 4 years. Foreign markets are doing no—or little—better.

WHAT THESE FACTS TELL US ABOUT WHAT NEEDS TO BE DONE

From this pattern of economic distress emerges, first, a litany of common economic problems within the free world nations, and, second, a possible plan of action to counter them.

What are the common economic problems?

First, a lack of confidence in the economic future. And, without that confidence, everything starts to fall apart. I suggest that if we deal substantially with the problems posed, we will, in the end, restore the confidence essential to restoring our economies.

Second, inflation. An inflation created principally by excessive Government spending beyond revenue—deficits—and too much new money supply unaccompanied by increases in productivity, leading to a significant decline in real income.

Third, a deteriorating balance of payments among the industrialized nations. This has produced enormous trade deficits, and resulting in excessive liquidity in the world's money markets.

Fourth, inadequate capital investment. This has arisen from Government taking more profits in the form of taxes, investors wanting greater shares of earnings, tight money, overextensions of credit, and declining savings.

Fifth, rising unemployment. As shortages, tight money, and inadequate expansion and replacement of equipment result in decreasing production, on a per capita basis, unemployment rises too.

Sixth, the effects of too many years of permissiveness—as Chancellor Schmidt called it—in the political arena. Governments have too long yielded to every demand of special interest groups without adequate regard for the long-term consequences of tax-and-spend-and-tax policies.

Seventh, political instability. This instability has arisen from a belief—an awareness—that government policy has fostered much of the economic dislocation now being experienced by the people.

WHAT CAN BE DONE?

There is much which can be done to alleviate these economic problems. As the elected Representatives of the people—in whom their trust has been placed—we, in this Congress and in the congresses and parliaments of other free world nations, must act, concertedly, to solve these economic problems and to bring prosperity—and confidence—back to the economic climate. Political stability would be restored too.

We should move to control inflation through curbing its root causes. Governments should spend no more than they take in. In other words, deficit spending—except in dire emergencies—ought to be eliminated. Government must learn to balance its books, and care for the overall, long-term health of their respective economies, not yielding to each and every demand upon their treasuries.

The control of spending—the elimination of deficits—would remove the pressure from the central banks—such as our own Federal Reserve System—to cover those deficits by increasing the money supply. And, as we reduce the issuance of new money supply, we help bring inflation under control by matching productivity with that money supply. When we eliminate the crippling inflation we have experienced in the past several years, we will do more to promote new jobs than the adoption of virtually any other policy. Wage rate increases can be coupled directly to increases in productivity, not to attempts to catch up to inflation's new price levels.

We should move to do everything within our economic and political power to force a major reduction in the cost of crude oil. This has been the single largest factor in producing the mammoth balance of payments deficits now being encountered by the major industrial, producing countries. Certainly, we can—given all that we both have and produce which they want—given all the ramifications of a decline in the commitment of the United States and Europe to the Middle East—effect such a change. Reducing crude oil import prices will also help reduce inflation, for the heightened costs of energy and food are its two biggest pressures. As the balance of payments comes into line, so too will the excessive liquidity in the world's money markets.

We should move to insure adequate capital investment. We should all reform our tax laws to create greater incentives to savings and investments, for as long as the drain from financial institutions continues, there will be inadequate funds with which plants can expand and replace outdated equipment. Capital investment must be expanded if we are to maintain our standard of living. Most of the free world countries, as I have indicated, are now running far ahead of the United States in this regard.

Creation of jobs in the private sector is preferable to creation of tax-supported public service jobs. The able Senator from Wisconsin, **WILLIAM PROXMIRE**, has made the point well that more Government spending does not produce more jobs. To the contrary, while Government spending has soared during the past 4 years, so too has unemployment. "If government spending means more jobs, then why has unemployment risen?" he asks, for every dollar spent must first be taken out of the economy—in the form of taxes. It is arguable that a deficit dollar could create more jobs—because it was not taken directly out of the economy but from new money—but a $10 billion deficit could be taken out of a $100 billion budget, instead of a $300 billion one, and still have the same job-producing effect. Thus, that argument too is weak. It also does not take into account its inflation-producing effects—which take jobs out of the economy—which arise from such deficit spending. The best way to create jobs is to move more money within the private sector, and that can best be done through a massive capital infusion in the private sector. Again, other countries are far ahead of the United States in this regard.

THERE IS NO SUCH THING AS A FREE LUNCH

We must also learn, as legislators, to say, "No." There was a time when saying, "Yes," to every constituent demand upon the treasury was the thing to do. But, in my opinion, that was to the detriment of everyone, for it produced an inflation rate which hurt everyone. Only when Government slashes spending, stops running deficits, and cuts back on new money supply will we control inflation, and the control of inflation is what the people want now more than anything else.

These measures, I believe, are called for both here and abroad. We should move to implement them as soon as possible.

FREE CHINA AND LAND REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. MARTIN) is recognized for 5 minutes.

Mr. MARTIN of North Carolina. Mr. Speaker, even the United Nations, which no longer recognizes it, does recognize one thing about the Republic of China—it has carried out the most effective land reform program in the world.

When the Republic of China Government moved to the island of Taiwan in 1949, it determined to return the land to the tillers, to the farmers. Landlords were compensated rather than liquidated, as on the mainland. Farmers, owning the land they tilled, boosted rice and other crop production.

The Republic of China's land reform has inspired other nations and other peoples. An "Asian Land Reform Center" was established in Taipei in 1967. Twice a year 10-week seminars are conducted under the joint sponsorship of Free China and the John C. Lincoln Foundation of Phoenix, Ariz.

The land reform story of the Republic of China proves once again what "miracles" free men and women can perform if given the opportunity.

Mr. Speaker, I am delighted to join with my colleagues in wishing the Republic of China best wishes on this 63d anniversary of its founding, and to express the hope that the people of Free China will keep leading the way for other developing nations in Asia and around the world.

COMMANDER WAGONSELLER'S HOMECOMING MESSAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MILLER) is recognized for 5 minutes.

Mr. MILLER. Mr. Speaker, I recently had the opportunity to join over 1,200 friends, Legionnaires and foreign dignitaries in formally welcoming home to Ohio the New National Commander of the American Legion, James Wagonseller, of Lancaster, Ohio.

This momentous 3-day homecoming gathering included over 300-out-of-State visitors, national and State governmental figures, representatives from allied nations as well as friends and Legion members from posts throughout Ohio. The memorable occasion was jointly sponsored by Commander Wagonseller's home Legion Post, Fairfield Post No. 11, of Lancaster, Ohio, the 8th American Legion District and the American Legion Department of Ohio.

As a personal friend of Jim Wagonseller, I was honored to join his fellow Legionnaires and friends from across the State and Nation, and around the globe in this well deserved salute. I know it was an occasion he will never forget, and it is to the credit of all those who hosted this event that it will long be cherished by Jim and his family.

For the interest of my colleagues in the Congress, I would like permission to enter into the RECORD Commander Wagonseller's homecoming remarks. His public addresses to date have been characterized by meaningful comment from which we can all gain a better understanding of the views of the American Legion on matters relevant to the issues we consider daily in this Chamber.

The remarks follow:

Homecoming Message of James M. Wagonseller, National Commander, the American Legion

The occasion of a National Commander's homecoming is filled with emotion. Friends, relatives and comrades at arms are gathered in friendship and respect for a new National Commander. For me, this gathering is made much more meaningful than others I have attended because you are my friends, you are my family and you are my comrades of the American Legion for a period of some 29 years. For me, and for my fellow Ohioans, this is the impossible dream come true.

I thank all of those assembled who have given so much of their time and vigor and wealth to make this possible. I am honored by the support we have reecived from my post, the 8th District and the Department of Ohio.

In this era of women's liberation, I want to thank Mary for agreeing to become the "man of the house" for this year. Surely I owe a debt of gratitude to many people from other departments who have been so loyal and generous with their support.

This night became possible because God looked with favor upon our efforts and those of a few other responsible people . . . and you gathered here are the other responsible people.

More importantly you are here as interested Legionnaires wondering in your minds, where will this new and untried commander lead? In what new direction will he guide this greatest of all veterans organizations?

Since the formation of the American Legion, it has existed in a world of turmoil. Since its inception by our beloved founders, it has ben nurtured in a country which, having fought the war to end all wars, has been beleaguered by alien isms. Even today, after our members have fought in four major wars in defense of American principles, we exist in a world that knows no peace. Brushfire wars, civil strife, rebellions against governments and potentially explosive small wars continue to plague us.

Here in our homeland we are confronted with unrest of peoples, violent attempts of revolt and sabotage, political kidnapings and disrespect for our flag, and our institutions. We now have large segments of a generation of people disrespectful of—if not completely opposed to—our Armed Forces and violently opposed to serving ones' country. Some say the slackers ran because of their high principles. I say they ran because they had no principles.

As most of you know, within the first two weeks of my term of office I had the opportunity to visit with President Ford at the White House. At that time I made known to him the official position of the American Legion with regard to amnesty for draft dodgers and deserters of the Vietnam era. We told him the American Legion would oppose anything less than a court review of each individual case—that we would consider anything less to be a gross insult to those who served.

We believe the machinery to handle this problem already exists, it has always been available, and it should be used. Regardless of what has happened, or of what may happen, it is the position of the American Legion that special consideration for these people is neither necessary or warranted.

Any special consideration our Government has to offer should be directed to those who served.

In this atmosphere in which we find ourselves and our American Legion, it is so very important that we apply ourselves diligently to our theme "be counted again for America."

If we the veterans of four wars are to be counted again, we must, in strength, demand from our Congress and our Senate the strongest, the most invincible armed forces in the world. Dedicated not to aggression but to peace for all mankind.

We have treaty commitments both east and west in the North Atlantic Treaty Organization (NATO) and the Southeast Asia Treaty Organization (SEATO) and we must remain militarily strong to enable us to fulfill those commitments.

I have just returned from an observation and fact finding trip to the Far East, to the defense perimeter that stretches from South Korea to Southeast Asia, and we have a vast area to be concerned with in that area of the world. Many friends and allies along that perimeter rely heavily on an American presence in the area to help maintain a balance of power and to defend freedom should the defense of freedom be required.

American military strength, both strategic and conventional, must be maintained at levels adequate to deter any would be aggressor, and the American Legion is one of America's strongest advocates of military strength. We will continue to fulfill that role as long as there is a continuing need for such strength.

And we of the American Legion know that the strength of our national defense comes from our Armed Forces. The men and women who serve today so that our children can live free tomorrow.

And I can tell you they are doing a tremendous job. During my visit to South Korea I had the opportunity to observe the 2nd Division in action. I talked with their commander, General Emerson. I talked with General Stilwell and I had lunch with the sergeant majors of the 2nd Division.

The 2nd division is a hard, combat-ready force of American troops. Their morale is high, and they are very good. And what is remarkable about the 2nd Division I feel, is the fact that it is an all volunteer force.

Now if we are to maintain that kind of combat ready force, then we of the American Legion must remain adamant in our insistence on adequate national defense for America.

If we are to be counted for America, we must initiate new humanitarian programs while we continue the most complete and saleable programs in youth citizenship so that each new generation can be instructed in and allied to our form of government.

Being counted again means having the strength and the leadership to demand from the Congress, from the President and from the Administrator of Veterans' Affairs, programs for education of Vietnam veterans on the same basis and priority as the World War II G.I. Bill of Rights.

I would hope that all of you are aware that the G.I. bill has finally gotten out of the Conference Committee. I have every hope that when it gets to the White House the President will sign it. I certainly urge all of you to watch this closely.

I would also like, briefly, to tell you about three other recent actions of the Congress, actions in which the American Legion has a strong interest.

First, the House has strongly endorsed an amendment to an existing resolution that would retain the Internal Security Committee.

Second, the Senate Committee on Judiciary, has agreed to send to the floor a bill which would amend the American Legion charter to reflect the new eligibility dates, recently voted on at the 56th annual convention in Miami Beach.

And third, the Senate Committee on Judiciary has agreed to favorably report a bill which would return Veterans Day back to November 11.

Counted again for America? Yes, by insisting that the Veterans' Administration hospital system be held inviolate for the care of our comrades who have suffered the ravages of wounds and disease through their service to our flag and country.

Shall we be counted again for America? You answer yes . . . but consider what that answer entails.

It requires a constant, emphatic and positive membership effort not only in numbers of individual members but in an increased number of posts to service a greater population of veterans in new and expanded communities throughout our land. It requires a strong, thoughtful leadership, not only from the national commander but from each elected and appointed official of the American Legion. It demands, in short, men who will get out of the wagon and into the mire of complacency that surrounds us—to push, to shove and to pull—until we have the numbers and the strength truly to be counted again for America.

In closing I would like to leave you with this thought. During my visit to the Philippines, I had the distinct pleasure to meet with President Marcos. I was very impressed with a remark he made to me, and I believe that we as American Legionnaires can take it into our hearts and live with it.

I quote President Marcos . . . "to live in freedom's light—is the right of all mankind." . . .

Thank you very much.

REPUBLIC OF CHINA CELEBRATES 63D ANNIVERSARY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. ZION) is recognized for 5 minutes.

Mr. ZION. Mr. Speaker, earlier in this session of the Congress, I, along with over 100 of my colleagues, proudly acted as a cosponsor of a resolution reaffirming America's commitment to the continued freedom of the Republic of China. Today, as the Chinese celebrate the 63d anniversary of the founding of their republic, I believe it appropriate that we reaffirm our friendship with our faithful allies on Taiwan. While so much of the world has been racked with turmoil in recent years, the Republic of China has remained an outstanding example of the kind of stability and progress that can be achieved through the conjunction of political and economic freedom. The United States terminated her foreign aid program to the Republic of China a decade ago and we have now reaped tremendous rewards from this in the form of a mutually beneficial trading relationship. This year the amount of trade between our two countries is expected to surpass the $4 billion mark, or four times our trade with mainland China.

When our other allies in Asia have been threatened with Communist aggression, the Republic of China has always provided us with a vital base for their logistical support. Also, while we seemingly are constantly mystified at what new policies to expect for the Communist rulers in Peking, we know that we can trust and rely upon the words and actions of the leaders of the Republic of China. Thus today we celebrate the continued success not only of the Republic of China but also our own policy of maintaining peace and stability in this vital part of Asia through cooperation with one of our oldest allies.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. McKINNEY) is recognized for 5 minutes.

Mr. McKINNEY. I regret that today a prior commitment delayed my attendance in the House proceedings and I missed the vote on the conference report to S. 3044, Federal Election Campaign Act Amendments of 1974. Had I been here, I must certainly would have cast my vote for passage as this is a long overdue and much needed reform measure.

WHO CAUSES INFLATION?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 15 minutes.

Mr. CRANE. Mr. Speaker, no problem facing the Nation is more serious than that of our mounting inflation.

During the first quarter of 1974 the rate of inflation entered the double digit territory in terms of three important yardsticks: a 10.8-percent annual rate in the gross national product price deflator, which is the broadest measure of price performance; a 12.2-percent annual rate in consumer prices, and a 28.8-percent annual rate in wholesale prices, which is subsequently reflected in higher retail prices.

Since that time, the inflation has continued to mount. The economic consulting firm of Lionel D. Edie & Co. predicts that real growth in the gross national product will decline by 1.6 in the second quarter of 1974. Coupled with a 5.8-percent decline in the first quarter, the economic slowdown this year, according to most economists, clearly rates the title "recession."

While everyone who discusses the subject of inflation declares that he is against it, and while every program which is advanced to ease our economic troubles is promoted as an "anti-inflation" program, it is unfortunate to observe that all too often both the rhetoric and the proposals tend to promote the very inflation against which they are aimed.

President Ford's prescription for fighting inflation, while including some worthy proposals and some appropriate analysis, nevertheless fails to squarely confront the real causes of inflation.

We can never solve the problem of inflation unless we understand what causes inflation.

One Government official who has seen fit to shed much needed light on this subject is Federal Reserve Board Chairman Arthur Burns. Speaking at commencement exercises of Illinois College, Burns declared that "if past experience is any guide, the future of our country is in jeopardy" from inflation. He said that if the "debilitating" inflation continues at anything like present rates, it would "threaten the very foundation of our society."

Mr. Burns took sharp issue with the standard explanation of the main origins of inflation—that is, skyrocketing food and fuel prices outside of the control of Government. He placed more emphasis on "awesome" Federal spending, a response to "individuals who have come to depend less and less on their own initiative and more and more on Government to achieve their economic objectives."

The President has presented 10 proposals for the consideration of the Congress. Several of them are clearly worthwhile and necessary and should be approved.

His proposal that the remaining acreage limitations on rice, peanuts, and cotton be removed to increase production and lower prices, which assured allocations of needed fuel and fertilizer, is something which is necessary and should speedily be initiated.

The creation of a national energy board is similarly necessary as is legislation to increase the investment tax credit from the present 7 percent for industry generally and 4 percent for utilities to 10 percent to stimulate industrial expansion.

The President's desire that Congress agree to his spending target of $300 billion for fiscal 1975 is vital. Only by cutting Government spending, reducing our deficit, and bringing the budget into as much balance as possible, can we hope to reduce the current rate of inflation.

It is unfortunate, since these proposals of the President are aimed at curbing the rate of inflation, that they are coupled with a series of other proposals—a 5-percent surcharge, and legislation to provide public service employment—which work in exactly the opposite direction, namely to provide additional inflationary forces which cannot help but increase the rate of inflation.

Inflation is not produced by a mysterious series of events which no one can understand and which, accordingly, everyone finds it difficult to deal with. Inflation is caused directly by Government—not by food shortages, oil price increases, or a host of other economic changes and alterations.

Economist Hans Senholz notes that—

> Inflation is the creation of new money by the monetary authorities. In more traditional terminology, it is the creation of money that

> visibly raises goods prices and lowers the purchasing power of money. . . It may take the form of "simple inflation," in which case the proceeds of the new money issues accrue to the government for deficit spending. Or it may appear as "credit expansion," in which case the authorities channel the newly created money into the loan market. . . Both forms are inflation in the broader sense and as such as willful and deliberate policies conducted by government.

The fact is that Government alone is strictly accountable for inflation because Government alone determines the money supply. If Government continues to spend more than it has, no amount of "controls" on wages and prices, no tax "surcharges," and no public service employment, which involves the spending of still more money which does not exist, can correct the problem. All such programs simply exacerbate it.

We have, in the recent past been getting a great deal of double talk from public officials about inflation. Speaking on nationwide television, Herbert Stein, formerly chairman of the President's Council of Economic Advisers, declared that the American people themselves, not Government were responsible for inflation. In 1971, the Secretary of the Treasury ridiculed the idea of a balanced budget, and said that he, speaking for the Nixon administration, favored a policy of more and more deficits. This, of course, encouraged still more spending by the even more free-spending Congress. In the six year period of fiscal 1970 through fiscal 1975, the accumulated Federal funds deficit will be $133 million. This is 25 percent of the total national debt of the country. One result of this, of course, are interest rates of 12 percent and the ever-expanding budget.

The budget presented in 1974 by President Nixon was a highly inflationary budget. It called for more funds for a variety of Federal programs and called for the creation of expensive new programs, such as national health insurance. One administration spokesman said that the President was willing to "bust the budget" even further if that were needed.

Government has fueled inflation in other ways as well. For example, at a time when many businessmen must pay interest rates of 15 percent to borrow money, the Government is borrowing from money markets and lending the money to the Soviet Union, which we have loaned hundreds of millions of dollars recently at 6-percent interest, some of it at 5 percent.

When the President discusses the concept of a tax surcharge, he tends to overlook the fact that inflation itself is a major tax imposed by the Government upon the American people—and without ever being voted upon by the elected representatives of the people. Inflation is, in effect, taxation without representation.

This point has been made by economist Milton Friedman. Dr. Friedman notes:

> Inflation . . . is a tax twice over. It is, first, a tax on income because it lowers the real value of personal exemptions, and raises the rate applied to our incomes by pushing us into higher tax brackets. As a result, taxes go up faster than prices, which means that government collects more in real terms. Second, inflation is a tax on cash balances. When prices rise, all of us must add to the number of dollars we hold in order to keep the purchasing power of our cash constant. To get these extra dollars we must give up some real resources, in the form of labor or of the goods we could have purchased instead—just as we must in order to get the dollars that we pay in explicit taxes. To whom do we give up the real resources? To the government from whom we get the extra dollars it prints or makes available indirectly through deposits at the Federal Reserve System; and to the banks that create book entries labeled 'deposits' over and above the amount they hold as currency or as deposits at the Federal Reserve. The total of these extra dollars is the revenue from the tax on cash balances, a revenue that, under our system, is shared between government and the banks.

Inflation is the only tax which can be levied without specific congressional authorization. It can be and is levied by the U.S. Treasury and the Federal Reserve System without any consultation with the elected representatives of the people. This, as Dr. Friedman points out:

> Is what has made inflation such a tempting recourse to governments in need of funds. That is why countries that have their ability to levy and collect explicit taxes destroyed or seriously impaired by defeat in war or by domestic disruption—and only such countries—have experienced hyperinflation that essentially wiped out the value of their money.

Politicians, in order to please a variety of interest groups—veterans, teachers, businessmen, laborers, welfare recipients, et cetera—pass expensive programs of Government subsidization. Since it is unpopular to raise taxes to pay for such programs, they pay for these programs through deficits, which means inflating the existing money supply with newly printed dollars. To stop inflation, the prescription is not difficult to understand. It is to balance the budget by either raising taxes to meet the expenditures, which would be highly unpopular, or to curtail the programs and bring the budget into balance by reducing expenditures. This also is highly unpopular with those groups receiving such subsidies.

Thus, the Ford proposals indicate only that we still believe that we can have it both ways, that we can continue to spend far more money than we have and, at the same time, avoid the inevitable results of such deficits. This, unfortunately, is not possible.

One proposal which President Ford should consider is that of having the Congress adopt a rule to limit the power of monetary authorities, specifying that the money supply should be increased by a fixed percentage year in and year out in order to promote economic stability. Another suggestion which should be seriously considered is that of legislating in advance that the exemptions, the maximum standard deductions, and the tax brackets under the personal income tax shall be adjusted each year for the change in the price level. Most important, we can rigidly enforce a rule which holds that Congress can spend no more money than it raises in tax revenues.

Approaches such as these deal with the causes of inflation. Yet, approaches such as these are not offered. What has been offered—namely the tax surcharge and the proposal for public service employment as well as a willingness to continue huge budget deficits—can only aggravate the problem.

Government make-work employment can never increase the total number of real jobs. Discussing the President's proposal for additional Government jobs, economist Henry Hazlitt notes:

> If the government were to pay for them by borrowing, it would leave less credit available for private business and private employers. If it were to pay for them by imposing higher taxes, it would leave the taxpayers with that much less to spend, so reducing the employment they are providing. All that the program would do would be to encourage and subsidize excessive wage rates and substitute unproductive public jobs for production private ones. It would be a revival of the unlamented (and inflationary) WPA of 1935 to 1941.

The proposed tax-surcharge in no sense affects the rate of inflation, except in a potentially negative manner. If Government spending were cut by the same percentage—or a greater percentage—than any proposed tax increase, the proposal might have a positive effect upon reducing inflation. As it stands, we are only redistributing the tax burden, making the hard-pressed middle class bear an ever greater share of taxation, a share which they can ill afford at this time. The increased tax on corporations would serve not to improve our economic situation, but to make it worse. This would mean a further reduction in the funds available for new investment, as well as a further disincentive for such investment, expansion, and new employment. By discouraging production, the plan would raise prices further.

Equally disturbing is the proposal for a Council on Wage and Price Stability which will allegedly monitor wage and price behavior and hold public hearings. After our recent experience with wage and price controls it should be unnecessary to repeat the evidence of their failure. Some, however, seem not to have adequately learned that lesson.

Under wage and price controls from 1971 to 1973 we saw consumer prices rise 8.4 percent, retail food prices rise 16.5 percent and wholesale prices rise 17.4 percent.

Controls did not correct our inflation problem then, and cannot correct it now. Controls do not deal with the causes of inflation and, as a result, cannot in any way stop it. Prof. Murray Rothbard declares that controls cannot work and that—

> The prime reason why they won't work is that they do not tackle the cause of inflation, but only lash out at the symptoms . . . Every price is simply the terms of an exchange on the market . . . When I buy a newspaper for a dime, 10 cents in money is being exchanged for one newspaper . . . And so the key to what makes prices high or low is the relationship between the supply of goods available and the supply of money . . . Suppose that by some magic process, the quantity of money in the country doubles overnight. The supply of goods remains the same, for nothing has really happened to lower or raise them. But then we will enter the market with twice as many dollars burn-

> ing a hole in our pocket as compared to yesterday . . . we will all have to pay 20 cents for the same newspaper.

As far back as the Roman Empire we can see clearly how wage and price controls fail to stem the tide of inflation. Emperor Diocletian, about the year A.D. 300, was faced with the problem of rising prices in the wake of an increase in the quantity of money and a debasement of its value.

The historian Duray wrote:

> Under the impression that to give to a piece of metal whatever value they liked, it sufficed to engrave the Emperor's name upon it, the Roman Government had ended by putting in circulation pieces of "silver" and "gold" which contained neither silver nor gold . . . Very high prices resulted therefore from the depreciation of the currency.

In his effort to bring prices down to what he considered a normal level. Diocletian did not content himself with such half measures as we in the United States have attempted. Instead, he fixed the maximum prices at which beef, grain, eggs, clothing, and other articles should be sold, and prescribed the penalty of death for anyone who disposed of his wages at a higher figure.

The fact that government control over wages and prices failed in Rome is now clear to all. A contemporary historian, Laetantius, writing within a decade or so of the event. presented the considered verdict on Diocletian:

> After many oppressions which he put in practice had brought a general dearth upon the empire, he set himself to regulate the prices of all vendible things. There was also much blood shed upon very slight and trifling accounts; and the people brought provisions no more to markets, since they could not get a reasonable price for them; and this increased the dearth so much, that at last after many had died by it, the law was laid aside.

The problem with controls, it should now be clear, is not the manner in which they are administered or the level at which they are imposed. The problem is the mistaken concept of a governmentally controlled economy. Henry Hazlitt notes:

> There is no right way of doing it. There is no right way of doing a wrong thing . . . Instead of talking of 'fair' profits, and 'fair' wages, we ought to be talking about functional wages, functional prices, and functional profits. Prices have work to do. What they do in effect is to give the necessary signals to production. They direct production into the things that are most wanted . . . Price fixing destroys the signals on which this ever-changing balance depends.

In his speech, President Ford said that the "acid test" of the Government's determination to defeat inflation is his proposal for a 1-year temporary 5 percent tax surcharge. It seems to me that the "acid test" of the Government's determination to defeat inflation should relate directly to its causes. That acid test should be to reduce Government expenditures, bring the budget into balance, and stop the artificial increase in the money supply.

The President has asked for "sacrifice," but the only ones who will sacrifice under the program which has been presented is the hard working middle class. What we need is "sacrifice" on the part of those who receive money they have not earned, such as the recipients of every variety of government subsidy. Only by cutting government spending can inflation be brought into check. To increase taxes for the middle class in order to continue subsidizing others only makes it impossible for the middle class to pay its own bills and to live the kind of life their hard work should entitle them to enjoy.

Few observers outside of the political arena believe that the anti-inflation program which has been presented will, in any way, stem the tide of inflation. The Wall Street Journal declared that President Ford's program "is unlikely to cure the Nation's economic ills soon and is sure to deflate some high hopes built up as a result of his series of summit meeting." Bernard A. Monaghan, chairman of Vulcan Materials Co., said that he is afraid that the proposed 5-percent surtax on all corporate income and on some of the income of families earning over $15,000 would only tend to reduce savings and investment even further while doing little to reduce the Consumer Price Index. Prof. Richard N. Cooper of Yale University called the proposed surtax a mistake. He said:

> The inflation we have now doesn't derive from excess demand in the economy as a whole. We are on the verge of a contraction of the economy. We have to worry about the recessionary tendencies.

Richard Kjeldsen, economist with Security Pacific National Bank of Los Angeles, said that he was concerned that the 5-percent surcharge "will step up the recession" and not be very effective in reducing inflation.

Even those who generally praised the President's speech were disappointed. Paul Oreffice, for example, vice president of Dow Chemical Co., said that the President gave "basically a very positive speech." But Mr. Oreffice said he was "a little disappointed" that the President had not outlined specific budget cuts. He specifically praised only the proposed increase in the investment tax credit:

> If we are going to curb inflation, the country needs more production, and I think this will help encourage that.

All of us desperately want to see an end to the runaway inflation of the present time. Many in government, however, do not want to alienate the many groups which receive huge payments from Washington and, as a result, seek to control inflation in every possible manner except the one which will work; namely, balancing the budget and stabilizing the money supply.

Unless we take these necessary steps, we cannot help but see inflation continue to increase. I will support all those steps which I believe are necessary to deal with the causes of inflation, but will be forced to oppose those measures which tend simply to exacerbate and continue the current situation at a somewhat lower political cost.

It is time that all of us place partisan politics aside, for in the long run the best politics is that which stabilizes our economy. Any political party or legislator who helps to bring about that result will inevitably be supported by the majority of voters. Good politics and good economics, in the long run, go hand in hand. Many, however, are slow to realize this. Unless they do, the Nation will find itself in more than economic trouble, for an economy in trouble leads to many other negative societal results.

My hope is that we can avoid such results. The best way to do so is for the Congress to assert its own authority, refuse to spend more than it takes in revenues, eliminate the total control over the money supply now in the hands of nonelected officials, and begin to pay off the national debt. A program such as this will produce dramatic results. Unfortunately, things may have to become worse before the majority of legislators appreciate this fact.

SUPPORT FOR "SAFE DRINKING WATER ACT"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ROBISON) is recognized for 10 minutes.

Mr. ROBISON of New York. Mr. Speaker, a few of my colleagues may be interested to know that I intend to support the committee version of the Safe Drinking Water Act, rather than the substitute bill which I proposed a few weeks ago. I want to explain, today, the turn of events which has brought me to abandon H.R. 16760, the substitute proposal I had hoped might find some support within the administration.

Four years ago, September 1970 to be exact, I introduced the Pure Drinking Water Act in the wake of an extensive Public Health Service study of the nation's drinking water systems, which indicated that 40 percent of the 969 systems studied failed to meet one or more of the rudimentary Federal drinking water standards then in effect. Since then, I have devoted more time to this legislation than any other single issue I have been involved with, and much of that time has been spent seeking both the old and the new administration's cooperation in drawing up an acceptable compromise bill.

I think it is fair to say that those within OMB and EPA who are charged with setting the administration line on safe drinking water legislation, agree that a problem exists. We have never come to agree, however, on the best means for Federal participation in solving this problem. It is my observation—and only mine, in the context of these remarks—that administration spokesmen are willing to dismiss the legitimate and documented drinking water quality problem which exists in this country, and which daily contributes to sickness and disease in many parts of the country, in order to defend the theoretical legitimacy of the "New Federalism" doctrine.

Were we all part of a university faculty, we might have the leisure and the social duty to identify the correctness and the shortcomings of the "New Federalism" concept. As a legislator, however, I cannot afford to overlook an obvious and serious national problem for the sake of participating in such an ideological debate which would center inevitably around that always vexing question of whether or not, in attempting to solve a problem such as has been presented here, the several States and their subordinate municipal entities were better equipped, and equally as motivated as an agency of the Federal Government, to take the lead in producing that solution.

My aforementioned substitute proposal would have led to greater dependence on the States and local municipalities in this regard. However, it is necessary to say that I was never fully convinced that this change from the committee bill's provisions was all that necessary or desirable, since its own provisions as now finally in place had moved a substantial distance in the same direction from the enforcement concept the committee—or some of its members—originally had in mind.

In that regard, my colleagues will note that—perhaps out of deference to my own early work on this problem area and in the search for a legislation response—the committee has kindly allowed my name to appear as one of the cosponsors of its final product; a rather unusual but surely, in this instance, a most welcome recognition of my interest and efforts.

The committee members, particularly the gentleman from Florida (Mr. ROGERS) who have been so cooperative with me in such regards, have understood, I am sure, as I wish all my colleagues to similarly understand, that the work I undertook to put together my substitute, along with its recent introduction, was chiefly an effort on my part to draw the spokesmen for the current and the preceding administrations, they being the individual's charged with formulating an administration position on this legislation, into a more-productive discussion of the basic issues involved than had developed during the long months of committee deliberations.

I regret to have to say that, as of this late date even, that effort on my part has yielded nothing. Instead of discussing the basic issues and exhibiting a willingness to seek a viable compromise—if one existed—of whatever differences were present, as between the committee product and the administration viewpoint, representatives of both OMB and the White House Congressional Liaison Office have been lobbying actively against the committee bill both here in Washington and in State capitals around the country.

Further, the threat of a Presidential veto has been raised—something my substitute, if adopted, might have made less threatening although, again to be frank about it, I have had no signal whatsoever from either OMB or the White House that such would be the event.

I am grateful for the Rules Committee's action, this morning, and for its consideration in making my substitute "in order" when the bill comes to the floor.

I sincerely trust that the existence of my substitute and such conversations as I have had about it with some of the Rules Committee members has misled no one as to my basic interests and intentions. If there were substantial support for the substitute—as there is not—I might have gone forward with it in a good faith effort to avoid a Presidential veto.

Absent that support, however, and absent any sort of constructive administration position, I would now state that the committee bill has my full support—and I urge my colleagues to also support it.

It is an acceptable bill. It defines a serious national problem, and it proposes a realistic and reasonable method for arriving at its resolution. I trust that, when President Ford, himself, understands the situation—as, given his other burdens, I doubt he now does—this bill will receive his approval.

MR. ABILIO DE OLIVEIRA AGUAS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Massachusetts (Mrs. HECKLER) is recognized for 5 minutes.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I take this opportunity to call to the attention of my colleagues the outstanding contribution of Mr. Abilio de Oliveira Aguas of Berkley, Mass., to the cause of liberty and freedom.

Mr. Aguas came to the United States in 1925 as Portuguese Vice Consul in Providence, R.I. In protest against the dictatorial policies of the regime of Dr. Antonio Salazar, Mr. Aguas gave up this prestigious post and resigned from Portugal's diplomatic service. Since that time, he has remained in exile from his native Portugal, lecturing and tutoring in the United States.

Recently, Dr. Mario Soares, Foreign Minister of Portugal, traveled to Massachusetts to cite Abilio Aguas for his "unrelenting campaign to restore democracy and dignity to their homeland." In this tribute, Dr. Soares noted that Mr. Aguas had never lost the spark of liberty or his loyalty to the cause of freedom.

It is this meaningful dedication to the principles of liberty and justice which too often go unrecognized, yet it is this same dedication which 200 years ago gave birth to our own Nation.

RECYCLING PETRODOLLARS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, the huge increase in oil bills imposed by the OPEC cartel has raised tremendous problems for every consuming country. As usual, those who are weakest have been hit hardest.

One problem that consuming countries face is simply where to find all the money needed to pay the oil bill. Countries that have very little in the way of hard foreign exchange are weak economically, and what they spend for oil is not coming back to them by way of trade. Even the United States has been put into a trade deficit position because of high oil costs.

The fact is that more and more money is stacking up in the vaults of OPEC members. To put it plainly, if that money does not start moving around—or being recycled, as the economists like to say—some people are just not going to have anything left to buy oil with anymore.

Money is the oil of national economies. If, so to speak, the oil cartel soaks up all the money and stashes it away in their oil barrels, nobody is going to be able to do business any more.

Recycling money is the function of the whole economic system, which moves money from places where it isn't needed to places where it is needed. That is what banking and commerce is all about.

The trouble with oil money is that there has been such a tremendous shift in its amount that nobody is quite certain how to keep the cash flowing to the places where it is needed, so that the world economy can be kept moving at more or less a smooth pace.

Up to now, this recycling business has been done by banks, for the most part. The OPEC members invest their money in one money market or another, so it moves around.

The trouble is that the banks can only make so many loans and accept so much risk. No prudent banker is very excited about the future economic prospects of India or Italy these days, so the oil dollars do not get back to those countries in the same quantities as those countries are spending. In other words, because commercial banks cannot assume the colossal risks of financing the Government of Italy, that country has a harder time of getting the "petrodough" it has to have.

The Italians therefore must find another source of financing.

In their case, the Government of Germany anted up enough marks to keep Italy afloat for a few months—for a stiff price.

Iran has sort of helped India, for the time being.

But these efforts are not enough to get all the oil money into the places where it is desperately needed.

That is why we hear so much talk about a new "oil facility" at the International Monetary Fund, and new lending resources to be developed at the World Bank—to take care of the needs of those countries that are unable to finance their oil supplies through any presently available medium.

If some kind of way can be found to take care of those countries who can not be served by the existing world financing system, why not do it?

One reason not to rush into a recycling scheme is that what it really comes down to is making more and more loans to governments that can afford them less and less. Somebody would have to pull the string one day, and pay the piper. Chances are that a good number of the dollars that we put out into a recycling system would be lost.

Certainly we have humane responsibilities to meet, but we should not allow ourselves to be the underwriter to take all the risks that are involved in sorting out the recycling problem. After all, it is not a problem that we created.

European governments are by and large anxious for the United States to back a big oil recycling machine, but thus far our Government has been prudently cool toward this notion.

Secretary Simon says simply:

A heavy responsibility in this situation lies with the governments of the oil producing countries.

And how right he is. Why should we take the risk of backing a financial mechanism that would simply perpetuate the price gouging of OPEC, and make life easier for the cartel?

By not jumping into the recycling business, our Government is, for a fact, asking the commercial banks to take up a strain that they would rather not have, and asking some of our friends to undergo strains that they would rather avoid—but we are also putting pressure on our friends abroad to cooperate a little with us in trying to mitigate the power of the cartel, and letting the cartel carry some of its own problems. We would be wrong to let the world slip into economic chaos and depression. We would also be wrong to make OPEC any stronger than it is. Somewhere between catastrophe from an economic freezeup and surrendering to OPEC, there is a way for the world to solve its oil financing problems. We have to help find a way to solve those problems, and we have to supply leadership and encouragement to our friends who would rather quit than fight.

CHARGING MORE FOR LESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Montana (Mr. MELCHER), is recognized for 5 minutes.

Mr. MELCHER. Mr. Speaker, my attention has been directed to news articles which have just appeared in Montana papers about a new express mail service instituted in four Montana cities.

For an extra fee, the Postal Service promises to deliver mail within 24 hours to any one of 405 cities in the country—a service I thought all air mail patrons were entitled to get for the regular airmail fee they are being charged.

If the Postal Service fails to deliver in 24 hours, the patron gets back his extra fee.

It is very magnanimous, but that does not help.

You pay the new Postal Service money to do what they are supposed to do—deliver your mail promptly. And if they fail to do what they are supposed to do anyhow, you get your extra money back.

Why should anyone have to pay more than airmail rates to get a mailing from Washington to Billings, Mont., by tomorrow when there are a dozen air flights on which the mail could be transported in 4 to 8 hours? or to San Francisco, Boston, or New Orleans?

Are we going to get a proposition from the Postal Service for a special charge to assure patrons their first-class mail will be delivered in a fortnight, or their fourth-class packages within 30 days after they are mailed?

Will the Postal Service spring a new deal for a double special fee to assure that Christmas packages mailed before December 1 will be delivered by Christmas in the 48 contiguous States, or by next July 4 in Hawaii and Alaska?

I would appreciate the Post Office and Civil Service Committee advising me of the justification of this special fee.

I include in the RECORD the article from the October 8 issue of the Great Falls Tribune announcing this new extra charge for not ditching your mail:

FALLS LINKED TO EXPRESS MAIL SERVICE

Great Falls has been linked to the guaranteed express mail service program of the U.S. Postal Service, Postmaster Richard Dille announced.

The program offers overnight delivery, which is guaranteed under a money-back provision, Dille said. If the delivery requires longer than 24 hours, the customer is refunded his charges.

The express mail service is designed for businesses and others who are able to schedule mail pickup and delivery needs on specific days of the week. A total of 148 cities in the western region of the postal service now offer the service.

Other cities in Montana taking part are Billings, Helena and Missoula. Cities involved nationwide number 405.

Letters, checks and other documents with a time value as well as many products can be sent by programmed express mail. Products already being delivered include medical samples, spare parts, photographs and film, interior decorating supplies and computer tapes.

Businesses interested in the program should contact Ed Landes, customer service representative at the Great Falls Post Office.

EXTENDING VETERANS EDUCATION BENEFITS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 5 minutes.

Mr. WOLFF. Mr. Speaker, I am introducing today, on behalf of myself and my distinguished colleague, Mr. KOCH, a bill to extend the maximum entitlement to educational assistance for eligible veterans from 36 to 45 months. This bill does not restrict the additional 9 months of entitlement to pursuit of an undergraduate degree only; it would enable our young veterans to pursue graduate work if they so desire.

As my colleagues know, the conferees on the Veterans Education and Rehabilitation Amendments Act have submitted a report to the House which would also extend the basic entitlement period from 36 to 45 months. However, the conference report restricts the additional 9 months of entitlement to undergraduate work only. It in effect deprives Vietnam veterans from continuing their studies beyond the undergraduate level. Under the terms of the conference agreement, vets would not be able to use their GI benefits for law school, medical school, or any kind of postgraduate study. I believe this restriction is simply unrealistic in terms of the education and training needed in today's job market. In an increasing number of fields, postgraduate study has become as essential as the initial undergraduate degree.

The original conference report on the veterans education bill and the original Senate measure—S. 2784—extended the basic entitlement period to 45 months without any restrictions on graduate study. It is an injustice to our veterans that this essential provision has been emasculated in its second go-around with the conferees. In addition, it is simply not good sense to try to save money in the short term when an unrestricted extension of entitlement would significantly increase the earnings capability and productivity of the Vietnam vet, and thus meaningfully increase economic growth in the long run.

Mr. Speaker, in line with removing the unnecessary restrictions on the entitlement extension, I believe the House must also address itself to certain of the other shortcomings in the conference agreement. I realize that considering the months of negotiations on the veterans' education bill and the opposition to it from several areas, most notably from the administration, the compromise worked out is the best that could be expected at this time. However, we must not leave the Vietnam vet with the impression that the conference report is the final word on upgrading the GI bill.

I am very much disappointed that the original Senate provision, which I coauthored on the House side, to provide tuition supplements to vets in high cost education areas, was deleted from the conference report. A variable tuition payment is essential if we are to equalize the "real value" of GI benefits in States with differing public education costs. The Education Subcommittee, of which I am a member, is prepared to report such a measure to the full Veterans' Affairs Committee, and I am hopeful that we will move forward on the tuition supplement concept without further delay.

I am also concerned over the disparity in the conference report between the 23-percent increase in educational benefits and the 18-percent increase in vocational rehabilitation and on-the-job-training benefits. I realize that the parliamentary situation which exists in the House necessitated this disparity; however, I believe we now have an obligation to put through a separate measure bringing the 18-percent increase in vocational rehab benefits up to the 23-percent level.

Mr. Speaker, I am hopeful that the President will not veto the veterans' education bill, as has been reported. The time has come for us to take care of the other shortcomings in the GI bill and not to retrace our steps. Again, I want to remind my colleagues that if we can spend $2½ million on South Vietnam, we can certainly come up with the money to help the young Americans who fought there.

I will be asking for cosponsors on my bill to extend the basic entitlement period to 45 months without restrictions. I am also looking forward to working with my colleagues on the Veterans' Affairs Committee to provide the other needed improvements in the GI bill.

CONDOMINIUMS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Mrs. COLLINS) is recognized for 20 minutes.

Mrs. COLLINS of Illinois. Mr. Speaker, this morning I was scheduled to testify before the Senate Housing Subcommittee on the subject of condominiums. However, due to the legislative business of the House Public Works Committee I was unable to personally present my statement. I thank the Senate Subcommittee on Housing, and its very gracious chairman, Senator SPARKMAN, for offering me the opportunity to testify and to share with my colleagues the statement I would have given this morning. It is as follows:

TESTIMONY OF REPRESENTATIVE CARDISS COLLINS

DEAR MR. CHAIRMAN, SENATORS: It is a privilege and honor to be here with you this morning to discuss national condominium regulations which provide certain protections to potential buyers of condominiums newly built and to tenants who live in units that are schedueld for conversion into condominiums. As the author of the first legislation (H.R. 15071), National Condominium Act, introduced on May 29 in the House of Representatives to provide such protections, I applaud the efforts of the Subcommittee in undertaking this task.

In the interest of saving time because I am currently due in a Public Works mark-up session in the House, I will limit my remarks to those regulations which I think might not be covered in either or both of the bills that are before this Subcommittee: S. 3658 introduced by Senator Biden and S. 4047 introduced by Senators Proxmire and Brooke. My main concern is that neither bill directly undertakes to solve the problem of tenant displacements in apartment buildings that are being converted into condominium units. S. 3658 provides that tenants of converted apartments be given a 60-day exclusive option to purchase their unit; S. 4047 requires that the Secretary of HUD make a complete study of the problems associated with condominium conversions and the problems of tenant relocations. On the other hand, my legislation will offer more concrete protections for the tenants by providing that they not only have first priority in purchasing their units, but that they be given six months in which to decide to do so. Furthermore, H.R. 15071 provides in Section 5(c)(3) that "more than half of the tenants in the structure or structures involved will have freely agreed (before the conversion to condominium use can occur) either to purchase their dwelling units or to move from the structure." My reason for including this provision in the bill is this.

We are experiencing a severe housing crisis, not only in metropolitan areas, but throughout the country. It is unethical to literally force people out of their apartments when they have nowhere else to go.

In Chicago, for example, only two out of every one hundred residences are vacant. Consider the predicament of tenants in a 100-apartment complex slated for conversion. If none of these families can afford to buy their "condominium", they are, nevertheless, forced out of their former homes. Only two of these 100 people can expect to find a new residence (let alone a parallel one) in Chicago. The other ninety-eight are left with nothing, given the present 2% vacancy rate.

In our efforts to protect the owner of the apartment complex, we must not ignore the rights of the people living in the apartments. By adopting a bill similar to H.R. 15071, the federal government would not be violating the property rights of the owner, but would be providing greatly needed protection for the all but helpless residents. Certainly, not every interference with property rights is a deprivation of property requiring compensation. [See *N.L.R.B.* v. *Cities Service Oil Co.*, 122 *F. 2nd* 149 (2nd Cir. 1941), *Breard* v. *Alexandria*, 341 *U.S.* 622 (1951), and *Euclid* v. *Ambler Co.*, 272 *U.S.* 365 (1926).]

Further, it must be reemphasized that the federal government does have the power to make regulations with respect to health, welfare and morals, and is thus able to legislate in this manner:

"The Fifth Amendment imposes . . . no greater limitation upon the national power than does the Fourteenth Amendment upon state power. If the nature and conditions of a restriction upon the use or disposition of property are such that a state could, under the police power, impose it consistently with the Fourteenth Amendment, then the United States may for a permitted purpose impose a like restriction consistently with the Fifth Amendment without making compensation." *U.S.* v. *American Bond and Mortgage Co.*, 31 *F. 2nd* 318, affm'd, 52 *F. 2nd* 318, cert. den. 285 *U.S.* 538.

Therefore, if a statute evidences a reasonable exercise of the federal power for the public welfare or public interest (in this case housing), its provisions do not constitute a deprivation of property without due process (a taking) merely because it limits or restricts the use which the owner may make of his property. [See *Bowles* v. *Willingham*, 321 *U.S.* 503 (1944).]

The question that immediately comes to mind, then, is whether or not this provision in H.R. 15071 is a reasonable restriction on the use of property. The Supreme Court reaffirmed, in 1958, that "the mere fact that [such action] deprives the property owner of the most profitable use of his property is not necessarily enough to establish the owner's right to compensation." *U.S.* v. *Central Eureka Mining Co.*, 357 *U.S.* 155, 168: see further, *Mulger* v. *Kansas*, 123 *U.S.* 623, 664, 668, 669.

Finally, Mr. Justice Brandeis wrote for the Court in *Nashville, C. & St. L. Ry.* v. *Walters*, 294 *U.S.* 405, 429 (1935),

"It is true that the police power embraces regulations designed to promote public convenience or the general welfare, and not merely those in the interest of public health, safety and morals * * * But when particular individuals are singled out to bear the cost of advancing the public convenience, that imposition must bear some reasonable relation to the evils to be eradicated or the advantages to be secured."

I believe that the need to insure adequate housing for the people of this Nation during this period of inflationary crisis heavily outweighs any slight imposition to be borne by the property owners in the disposition of their property.

I would like, now, to turn to other areas that I think should be covered in any legislation that this Subcommittee acts upon. First, consider the problems and abuses concerning recreational fees, where such fees are tied directly to the mortgage on the condominium unit. Why should, for example, an elderly couple be forced to pay for the use and upkeep of a swimming pool or tennis court if they are unable to use them, and if the cost of using the facility was not included in the initial purchase price? However, in a number of instances the recreational facility fee—although separate from the initial purchase price and purchase agreement—is tied directly to the mortgage of the unit in the way of the lien on the property. If the owner does not pay the recreational fee, it is considered to be a default on the property; thus, the owner loses everything. This when the developer expects to make a profit on the recreational facilities alone of around 50,000%!

Secondly, many condominium developers have established management companies to run the property for the unit owners. The management contract allows the developer to run the condominium development for "x" number of years (some running anywhere from 2 to 99 years) giving the developer absolute control over how money is spent for repairs, as well as who will be hired or fired to care for the whole development. In other words, the developer retains absolute control over property that he has already sold to other persons.

Both my bill and the Proxmire-Brooke bill provide protections for the condominium unit owners against the two abuses I just mentioned—recreational fees and management contracts. I hope that this Subcommittee will keep these views in mind when it decides what legislation is needed in the area of condominiums.

In closing, I thank you again for giving me the opportunity to present my views on this subject to you. I have attached a copy of H.R. 15071. My introductory remarks on the bill can be found in the May 30 *Congessional Record* pp. 16927–16932. You might be interested in noting that two very excellent articles are included in those remarks: one, an article by Mr. Leonard Downie, from NATION, entitled "Condominiums: New Ripoff", and the other a transcript from a 60 MINUTES News program entitled "Condo Craze". Both of these point out some of the many abuses that have gone on within condominium developments.

I commend all of you for taking an active interest in the problems associated with condominium developments. The Chairman of the Housing Subcommittee in the House of Representatives has promised me that hearings will be held on this same issue early in the first session of the 94th Congress. It is my hope that sometime before the end of the 94th Congress, we, as members of this branch of government, will be able to say to both prospective purchasers of condominiums and tenants of buildings that are to be converted that they will be offered at least minimal protections.

If, after you have had a chance to review this material, you have any questions about what I have said here today or about my bill in general, my office and I will be more than happy to try to answer them for you.

THE PRESIDENT'S ECONOMIC PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 30 minutes.

Mr. REUSS. Mr. Speaker, 10 days before the President's Summit Conference on Inflation, Speaker ALBERT made a public statement setting forth the views of the Democratic majority in the House on what a viable economic program must contain:

STATEMENT OF REPRESENTATIVE CARL ALBERT

We commend the President for calling an economic summit meeting, following preliminary conferences, for September 27–28. The Democratic majority in the House hopes that a spirit of national unity may emerge from the summit. We have already shown our willingness to cooperate by having presented to President Ford within a matter of days legislation to honor his request for a Wage and Price Stability Council.

But we deeply believe that a viable summit economic program must include three recommendations recently approved by the House Democratic Caucus:

1. To help those worst hurt by inflation or by the policies adopted to fight inflation—namely, the nation's almost five million unemployed—a program of *public service employment* with a goal of a job for all able and willing to work, and the prompt creation of 500,000 such jobs.

2. To prevent the limited supply of credit from being misallocated to inflationary rather than productive uses, *a clearly defined system for channeling credit* away from inflationary and speculative uses, both domestic and foreign, and toward sectors particularly hurt by overall monetary restraint,

such as productive capital investment, housing, agriculture, public utilities, small business, and state and local governments.

3. To assist labor and industry in achieving an equitable wage structure for the worker, a *social contract* highlighted by (a) immediate income tax or social security tax relief to low- and middle-income persons, balanced by the elimination of unjustified tax subsidies and by other revenue-raising measures; and (b) equivalent restraint by the business sector in such matters as price behavior and executive compensation.

In a current radio interview program, "Capital Cloakroom" of the Columbia Broadcasting System, I was asked about the President's economic program, and the extent to which the above goals were contained in it. The interview follows:

CBS' Capital Cloakroom Interview of Congressman Henry S. Reuss

CBS. This week, of course, there is the large question of the economic program put forward to the Congress, including a surtax, by President Ford. Do you think, Mr. Reuss, that the Congress will go for the program?

Reuss. Well, I'm glad that President Ford made his program. It's better to have something than nothing. But, to be truthful, the something he offered us is not very much. And my answer is that on the principal element, namely, a five percent surtax on the average lower middle class person and family, no, I don't think the Congress will go for that. And I devoutly hope that we don't, because I think it would be a great mistake. For much of the rest of it, the Congress will go for it. For example, we're going to take action very promptly on his little housing recommendation, a perfectly good recommendation.

CBS. Congressman, is there a need to raise revenue through some means or other whether it is the surtax? Isn't there a need to raise it somewhere?

Reuss. There certainly is.

CBS. How do you do it?

Reuss. In my judgment, that revenue should be raised, and can very easily be raised, by plugging some of the more outrageous tax loopholes which, by a conspiracy of silence between the Administration and the tax-writing committees, have been allowed to go on in this country.

You can get no better evidence of the Swiss cheese-like character of our tax system, of the fact that it is just full of loopholes for wealthy people, and of the fact that the Administration in order to get a surtax which would raise any revenue had to dip so deep, had to tell a $8,000 a year school-marm that she had to pay more in federal taxes. The reason for that is that if you go higher, the system is so full of loopholes that the surtax doesn't raise anything. Five percent of zero is zero.

We learned that in the case of Mr. Ford's Vice-Presidential candidate, Governor Nelson Rockefeller, who in one recent year, according to his own income tax returns, made more than $3 million worth of income, yet paid not a penny of federal income tax—the capital loss adjustment, the tax-exempt bond and similar loopholes or preferences enabled him entirely to escape taxation. Five percent of nothing is nothing so he doesn't pay. That system is unfair.

CBS. Mr. Reuss, since you say that the Congress will not go along with the five percent surtax, will the Congress come up with a program of their own to do something about these loopholes or is it just going to say, you know, . . .

Reuss. The answer to your question depends upon whether we get some fire in our belly.

CBS. Are you going to?

Reuss. If the voters on November 5 will tell us to, we will. And if that happens, then we can do what ought to be done, namely, make the Ways and Means Committee, the tax-writing committee of the Congress, equal in size to all the other important committees. It's now got 25 members, it should have 40 or 42 members if it's going to be equal to any of the other important committees. And if that were done, and you elect to office on November 5 a group of new Congressmen pledged to look out for the people's interest in tax matters, then you're going to have no trouble in getting a Ways and Means Committee which will reflect the great public interest in plugging loopholes. I can think of nothing more important than step number one—a successful election of tax reform-minded people on November 5. Step number two—reform of the Ways and Means Committee immediately after the election. Step number three—prompt enactment of a tax bill necessary to raise what revenues we need, and I would hope balance the budget, and to do that by plugging loopholes on those who are now committing fiscal murder by not paying their taxes.

CBS. What are these loopholes you would close?

Reuss. Oh, I could go on and on. But let's just take three or four which are not only outrageous losers of revenue, but actually hurt the economy. Capital gains at death—if a person bought stock years ago at $10 and it's now selling at $100, and he gives it to somebody, the somebody who gets it has to pay when he sells it a tax on the difference between what was paid for it years ago and what it now sells for. If, however, he gives it at death to his family or friends or whomever, there's no tax due on that. That not only loses billions of dollars of revenue here, but it's one of the things that's ruining the stock market. People are locked into antique buggy-whip company stocks that they are afraid to sell because if they wait a few more years till the grim reaper takes over, they won't have to pay a tax on it. This is insane. The Congress should have done something about it years ago.

Or oil depletion—I don't have to make that case. How ridiculous it is that we give the American companies oil depletion allowances for oil exploration and discovery over in the Middle East, so that the Arabs can stick it to us even more.

Or take the hobby farm loophole, which enables the rich city doctor or lawyer or whatever, to go out and buy up a working farm, make it into a tax loss, and in the process not grow as much food as was grown on it plus bid up the price of real estate so that the city folks have to pay that much more in food.

The whole system in short is insane and should be promptly rectified. And the one, two, three program—an election reform of the tax-writing committee, and then loophole-plugging—this is the only way we are going to do it.

CBS. Isn't the Congressional history of plugging loopholes—everytime you plug one, another one opens up?

Reuss. It is indeed a disgusting history. That's precisely why I think we now need a fundamental cure, and to change the character of the tax-writing committee, which for so many years has misrepresented the public interest, what the majority of these voters want. You're dead right. And the sin, let me hasten to add, falls alike on Democrats and Republicans.

CBS. That's what I was getting to.

Reuss. It's about time . . . you're absolutely right. I'm not going to kid our listeners by saying that Democrats have no part in it. Of course, we have. But I am offering a suggestion which, if adopted, would produce the fundamental changes that we need, and end the hornswoggling of the voter which has taken place for far too long.

CBS. Mr. Reuss, you said that in referring to the President's program, you said that you didn't think that the five percent would pass, but then you said that as for the rest of it the little housing request, I gather that you don't think that there's much to the rest of the program. I mean there really isn't much there is that what you think?

Reuss. No, I think you're right. I don't want to be ungracious to . . .

CBS. Oh, be ungracious.

Reuss. Well, Mr. Ford is trying, and he's a nice man, and our friend. But it really doesn't do much good, frankly, to produce a sort of Mickey Mouse program and then ask everyone to wear a little red pin. That just isn't enough. Morale, community spirit, patriotism play a large party in these things. But in order for morale and patriotism to play their roles, there has to be equality of sacrifice. You can't ask the lower middle class, which is the only group in this country which has had a tax increase of any size in recent years (the increase to 11.7 percent of the payroll tax is murder) to pay a further increase, while with all due respect, the Nelson Rockefellers who can employ the finest lawyers in the country to think up loopholes for them, frequently go scot free or at best pay a tiny fraction of what they ought to be paying.

CBS. Wasn't the President at a disadvantage in delivering his economic message on October 8 when there's an election on November 5? Isn't that what it really boils down to—how tough he should get?

Reuss. On the contrary, I think there was a tremendous chance for President Ford to snatch the Republican chestnuts, now badly singed, from the fire by showing some real courage, showing that he was willing to turn on the corrupting special interests which have been feeding his party for so long.

CBS. You say the President blew an opportunity?

Reuss. I think he blew a great opportunity to be Churchillian and I'm genuinely sorry because I and others had gone to the Summit and said: Mr. President, we will go along with you on fiscal austerity and budget-balancing, even though that doesn't sound much like what Democrats have traditionally thought; Mr. President, we will go along with you on restrictions on the money supply, though that certainly isn't a very populist point of view, if you go along with us on things like credit allocation, and a social contract with working people whereby they get a tax reduction paid for by plugging loopholes on the wealthy, and if you go along with us on a real public service employment program across the board which has as its goal the provision of a job for Americans able and willing to work.

Well, we got the back of his hand on all three of those things. We got nothing. No credit allocation. Instead of giving a tax break to the worker who has suffered so bady in the last three years, he's getting a tax increase. Corporations are given new loopholes, and no loophole-plugging is proposed.

And, finally, while there is a pathetic little 80,000-person program of employment, even that isn't the public service jobs which we envisaged—daycare, an auxiliary police system so as to keep the streets safe, and educational aides, and so on. The President's program is all beautification. Well, this is the very leaf-raking which Mr. Nixon was forever saying we had embedded in our minds. We use to deny it, saying no, no, we don't want leaf-raking, and a tiny little peppercorn of a program.

It is just a great missed opportunity for a true coalition approach. We Democrats were willing to say: "We'll forget about the next election, we'll forget about political advantage, we'll accept the two basic tenets of the Republican old-time religion—stern fiscal policy, stern monetary policy; but humanize it." Instead, the humanizing is for the benefit of the loophole boys and the large corporations.

CBS. Mr. Reuss, do you think that the President's speech and his program in itself now will become an issue in the coming election for the Democrats?

Reuss. Oh, yes.

CBS. In other words, do you think his failure to be Churchillian, his failure to appeal to us in the proper way to come up with harder programs is going to really work against him?

Reuss. Yes, I do. And politics being what it is, it deserves to. On top of the difficulties the President is experiencing with the pardon of Mr. Nixon, it has now come to this, which really strikes at the last best hope the Republicans, namely, the middle class, which ordinarily hasn't been Democratic territory. And now he has told the middle class that the lower middle class is going to have to bear the lion's share of paying for a system which perpetuates the loopholes of the fatcats who have been grubstaking the Republican party. This is arithmetic understandable by everyone. And I think the President made not only a great economic and social mistake, but a political mistake.

CBS. Mr. Reuss, there was some consensus at the economic summit that high oil prices are at the very core of our inflation. The President really in his economic message suggested mostly voluntary things, however, he did say that he would take tougher measures if those didn't work. Is this a matter of waiting, do you think, until after the election to take some sort of stringent measures to control energy consumption and possibly exert a downward influence on world oil prices?

Reuss. I hope it is, because I think this is needed. And let me give a few credit points to the President. What he said about gas-guzzling automobiles, I think was utterly sensible. He said that within four years we are going to have to cut down horsepower and improve mileage by 40 percent and he said, If I can do this by conversation, fine; if not, by law. I absolutely, one hundred percent subscribe to that. I think that's sensible. But I think we need thoroughly heroic measures to cut down on our wasteful oil consumption, in transportation, in industry, and in home heating.

CBS. Do we need rationing?

Reuss. We do need, in my judgment, a system of rationing, yes.

CBS. You don't think voluntarism will do it? That's what the President suggested.

Reuss. No, I, like you, have seen voluntarism on the highways, and if you were pursuing voluntary, patriotic observation of the fifty-five mile per hour speed limit ceiling, you saw the big cars whizzing by you at a much higher rate. It simply doesn't work to ask Americans to undergo sacrifices that are borne only by the good guys, only by the patriots, where the rest of the people, including some people who would have liked to have been good guys, say: Why should I be Mr. Sucker, why should I be the only one observing these restrictions?

Therefore, in order to be fair, you have to have some teeth. And if the President will come forth after the election, or before the election, with that kind of a program, I'll support it whatever the political costs—although I might add, I don't think the political costs are going to be very great, because I have great faith in the American people and if they feel sacrifices and hardships are equitably imposed and evenly borne, they'll go along. A few schlemiels will try to get around it, but 95 percent of the American people will go along.

CBS. Do you think voluntarism is going to work with the automobile manufacturers, or are they not going to have to be told that they are not going to be able to sell these gas-guzzlers?

Reuss. On voluntarism—here, I will pull my age on you. I was around in World War II and before World War II, and we were locked in a death struggle in the Hitler war right before it. The automobile industry wanted to keep on making automobiles as usual; naturally, that's where the profits lay. And they didn't want to convert to tanks, guns and the other implements of war. Well, they didn't get out of making automobiles until the government finally lowered the boom and said: Thou shalt not. So I don't blame an auto manufacturer, one of the four, for refusing to temper its manufacture of gas-guzzling large automobiles; as long as its competition does it, it wants to keep "a full line," that's the word.

Therefore, I think it's got to be done by law, after conversations with the automobile industry, and after adjustment as to let them convert in a sensible manner to small cars. This, I think, is the only thing that a gasoline-short nation can do.

CBS. Mr. Reuss, do I take it from what you have said so far that you would doubt that the President's program, if carried out, would have much effect on slowing the rate of inflation?

Reuss. I think, probably, that it can hardly get any worse. The rate of inflation all by itself is going to get a little better—a little less double-digit—and what nature has done, the Administration will undoubtedly claim as its own, as if it had prayed for rain.

But I don't see anything in these measures outlined by the President that's going to bring inflation down.

I do see in the measures that are proposed by the President some things that will bring unemployment up. For instance, if Congress were so improvident as to sock an additional $2.5 billion tax burden on low and moderate income taxpayers, the $8,000 a year school teacher, the $16,000 a year working family, this would markedly lower their purchasing power, and they would purchase fewer articles of clothing and furniture and refrigerators and other things that are not in short supply than they otherwise would have bought. And that means that somebody working in a clothing plant, or furniture plant, or refrigerator plant, is going to lose his job. So I can't for the life of me figure that it makes any sense for the government to start a tax program which is going to lose somebody a job in the private sector such as I have described, and then set him to leaf-raking in the public sector.

CBS. Congressman, we're talking about simply raising the floor on that surtax, making it say, $25,000 for a family?

Reuss. Yes, that's a nice idea and would certainly lower the swelling of it. But, here is the hitch. The Administration and the tax-writing committees and the Congress have so gummed up our tax system, so festooned it with loopholes, that if you try to impose a surtax just on wealthy people—people making $30,000 or $40,000 a year or more—there isn't enough revenue there to float a snipe. It just won't work, because, as I said, five percent of zero is zero.

CBS. Congressman Reuss, is a Democratically-controlled Congress likely? Is it prepared to give the President standby authority on some stringent measures such as price controls?

Reuss. I would be prepared. But I don't think, to be honest with you, that I speak for the majority of Congress. Let's see what happens after the election.

CBS. Will it be a runaway Congress?

Reuss. No. The runaway Congress concept is dreamed up by those who like things as they are, where they can control Congress.

I'd love to have a Congress that ran away from the special interests and the big money people which now wield an inordinate power in this Congress.

CBS. Thank you very much, Congressman Reuss for being with us on Capital Cloakroom.

DRINAN INTRODUCES LEGISLATION TO COMBAT CIGARETTE-RELATED DISEASES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. Drinan) is recognized for 10 minutes.

Mr. DRINAN. Mr. Speaker, yesterday I introduced legislation to expand medical research into the prevention, treatment, and cure of cigarette-related heart and lung diseases. Congress has finally come to recognize the urgent necessity of finding a cure to cancer. Earlier this year, we enacted the National Cancer Act Amendments of 1974, sharply increasing the authorized funding of the National Cancer Institute. I was pleased to join an overwhelming majority of my colleagues in adopting that legislation.

Unfortunately, Congress has not extended this tangible commitment to other diseases which incapacitate and kill thousands of Americans annually. More Americans die from coronary heart disease each year than from any other cause. Yet our expenditures on research in the area of heart disease remain less than half the amount we devote to cancer research. Chronic bronchopulmonary diseases including bronchitis and emphysema are among the fastest growing killers in the United States. Yet we spent less money researching a cure to these diseases in fiscal 1974 than it will cost to build a single B–1 bomber.

The National Heart and Lung Institute, operating under the auspices of the National Institutes of Health—NIH—has proven its effectiveness in researching the treatment and cure of heart, lung, and blood diseases. Yet the Heart and Lung Institute needs increased funding in order to complete its imposing task. The money appropriated to the Heart and Lung Institute, expressed in constant dollars, actually declined between 1973 and 1974, with a continued decline projected if the President's budget request in this area is adopted by the Congress. It is simply irresponsible to cut back these vital research programs while the incidence of heart and lung disease in the United States continues to grow.

Coronary heart disease, chronic bronchitis, and emphysema are among the diseases linked to cigarette smoking by the Public Health Service and the Surgeon General of the United States. Declared a 1973 Public Health Service publication:

> Recently conducted epidemiological studies from several countries continue to confirm that cigarette smoking is one of the major factors contributing to the development of coronary heart disease.

The death rate from coronary heart disease among smokers is twice the rate among nonsmokers. Coronary heart disease accounts for a greater number of excess deaths among smokers than any other cause, including lung cancer.

The causal relationship between smoking and disease is even more apparent in the case of chronic bronchopulmonary diseases—chronic bronchitis and emphysema. The Public Health Services 1974 publication, "The Health Consequences of Smoking" called cigarette smoking "the primary cause of chronic bronchitis and emphysema." The death rate from these diseases is four to seven times as great among smokers as among nonsmokers. For the bulk of the population, cigarette smoking is far more important in causing bronchopulmonary diseases than atmospheric pollution.

If we are ever going to conquer these cigarette-related diseases, it is fitting that America's cigarette smokers should lead the crusade to find a cure. I am, therefore, proposing that the Federal excise tax on cigarettes be increased by 1 cent per pack with the proceeds from the tax hike going to the research programs of the Heart and Lung Institute. On the basis of the 29.4 billion packs of cigarettes consumed in the United States in 1973, this minute tax increase would generate approximately $294 million in revenue each year. By applying these funds to the programs of the Heart and Lung Institute, we will hasten the day when the threat posed by coronary heart disease, bronchitis, emphysema, and other heart and lung-related diseases to smokers and nonsmokers alike will be greatly reduced. Certainly a penny per pack is a small price to pay to safeguard our public health.

INTRODUCTION OF COMPREHENSIVE OCS LEASING LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

Mr. BINGHAM. Mr. Speaker, one of the keystones of President Ford's economic message is accelerated leasing of Outer Continental Shelf land for exploration and exploitation of oil and gas reserves to increase our domestic energy supply.

According to a Presidential factsheet accompanying the message, the administration hopes to increase OCS leasing fivefold beginning in 1975. This year, the Department of the Interior offered for lease approximately 2 million acres of offshore land to the highest bidder. Next year, if their plan is implemented, some 10 million acres would be offered for lease.

In my view, an accelerated leasing program under the 1953 Outer Continental Shelf Lands Act would be a grave mistake. That act was not designed to marshal the kinds of competing interests that are present today in an intelligent, well-balanced manner that protects the public interest. As pressure builds to implement the administration plan for the OCS it will become increasingly essential that the integrity of the OCS decisionmaking process is able to stand up to the test. In its present state, I am of the view, having studied the problem over the last 6 months, that the 1953 act and its carte blanche delegation of congressional authority to the Secretary of the Interior is unsatisfactory.

An accelerated leasing program will require strict guidelines and controls to insure orderly and safe exploitation of OCS oil and gas. However, there are serious questions about the ability or willingness of the Interior Department to regulate the oil industry. Over the past two decades a confluence of interests and personnel has developed between the Department and the oil industry often resulting in an inadequate consideration of all the issues associated with OCS development. For example, a recent column by Jack Anderson revealed that Interior had requested that the oil industry develop new safety regulations to govern their own operations. This type of relationship necessarily casts doubt on the efficacy of Government regulation and decisionmaking.

The legislation I am introducing today is an attempt to strengthen the OCS Act so that we can increase OCS operations safely, efficiently, without destroying the marine and near offshore environment, and without giving away the public's oil and gas without receiving fair consideration in return.

THE LEASING PLAN

OCS decisions cannot be made in a vacuum. They are dependent on the entire matrix of energy decisions, alternatives, and conservation measures. In the absence of a national energy policy, my bill would insure that OCS decisions would be made only after the OCS matrix has been reviewed properly.

The focal point for policymaking and public debate, under my bill, would be the leasing plan. The Secretary would be directed to prepare a comprehensive plan indicating, as precisely as possible, the size, timing, and location of leasing activity for a 10-year period according to the following principles: First, the orderly development of OCS oil and gas resources within a framework of energy alternatives and conservation measures; second, the protection of the environment and the quality of life in our coastal areas; and, third, the receipt of fair market value for the resources subject to leases.

In addition, the Secretary would have to consider, and make part of a detailed statement accompanying the leasing plan, six variables which make up the matrix of competing factors and interests. These are: First, the role of OCS oil and gas in a comprehensive energy strategy; second, the availability of capital, the necessary technology, equipment, personnel, and other material necessary to support a comprehensive leasing program; third, the ability of the Federal agencies involved to administer the leasing program; fourth, the relationship of potential production from OCS oil and gas reserves to total oil and gas reserves, consumption and energy conservation practices; fifth, the relative environmental risks involved in each of the areas proposed for leasing; and sixth, the onshore environmental, economic, and social impacts of OCS development.

Environmental considerations, always less tangible than barrels of oil or industry profits, have received inadequate consideration in the OCS decisionmaking process. I find it incredible that environmental impact statements are prepared only after an area has been chosen by industry for development, not before, making it impossible for them to be used as effective decisionmaking tools. Instead these statements are treated as obstacles to development to be surmounted not utilized.

So that environmental impact statements may play their proper role in setting policy, my bill would require the Secretary to develop such statements for the entire leasing plan and for each lease sale before the Secretary calls for nominations in a particular area. Only then will policy makers be in a position to compare the relative benefits and risks of all areas before deciding which shall be developed.

The long range view that a 10-year plan represents would aid both industry and Government to plan for and acquire the technology, equipment and personnel needed to develop and oversee OCS tracts once they are leased. However, the leasing plan is not intended to remain static, but rather would evolve, with a revision at least once a year, to incorporate new information, new developments in energy alternatives and conservation measures, and new OCS technology as they become available.

Finally, my bill reaffirms Congress special constitutional responsibility to "make all needful rules and regulations respecting the territory or the property belonging to the United States." Congress must play a more active role in directing the pace of OCS development because these are not simply energy decisions but are uniquely political decisions about the quality and shape of life not only in our coastal areas but in the country as a whole. To institutionalize this active congressional role I have incorporated in my bill provisions giving the Congress a veto by concurrent resolution over the leasing plan if both Houses are dissatisfied with the way in which the plan resolves competing interest and goals.

SURVEY PROGRAM

OCS decisionmaking can only be correct to the extent the data base is accurate, yet our knowledge about the quantity and quality of OCS oil and gas resources and the effects of development on the marine and human environment is extremely limited. For example, in the past year the U.S. Geological Survey's estimates of Atlantic OCS resources suddenly shrank from 48 billion barrels of oil and 220 trillion cubic feet of natural gas to 19–20 billion barrels of oil and 55–110 trillion cubic feet of natural gas. Obviously, this huge discrepancy changes the leasing policy matrix in the Atlantic OCS dramatically, and is but one example of the variance between Government and industry estimates of OCS resources. As the Council on Environmental Quality cautioned in its preliminary statement on the Atlantic and Alaskan OCS in April:

> Whether oil and gas are present in the Atlantic and Gulf of Alaska areas is highly speculative. There may be large commercial reservoirs in these regions exploitable with today's technology or only small, non-commercial reservoirs, or only trace amounts.

The reliance by Government on unverified industry data to catalog the extent and nature of our OCS oil and gas resources places our Government managers at a severe disadvantage when they must determine whether the oil and gas reserves in a particular area are worth the attendant economic, environmental and social risks associated with their exploitation. It seems inevitable that the near total reliance on industry data will aid the oil industry's position, favoring rapid development and deemphasizing environmental concerns, subtly subverting the integrity of the decisionmaking process.

Perhaps even more disturbing than conflicting estimates on reserves is the utter lack of knowledge on the entire range of environmental, economic, and social impacts associated with OCS development. For instance, there has been virtually no geological or detailed geophysical exploratory activity off the Atlantic coast. Similar gaps in our understanding exist with respect to the Gulf of Alaska, the offshore areas adjacent to the Santa Barbara channel, and in parts of the Gulf coast region, particularly off Mississippi, Alabama, and Florida. The Santa Barbara oil spill in 1969 sensitized policymakers to the catastrophic potentialities of huge oil spills, but just as dangerous is our lack of knowledge about the long-term effects of sustained sublethal pollution on the marine environment. Studies such as these, particularly in frontier areas, should occur prior to leasing and not after, when it is too late. Where it is not feasible to follow this procedure, safety regulations must be constantly revised to account for new information so that the environmental costs of development are not too great.

The survey program required by my bill is intended to provide a comprehensive data base for OCS decisionmaking and regulation. The program will provide a basis for: First, the development and revision of the leasing plan; second, greater and better informed competitive interest among potential producers for OCS resources; third, more informed decisions regarding the value of those resources; fourth, a mapping program; fifth, the development of environmental and safety regulations for OCS operations; and sixth, an inventory of OCS resources to be kept current and made a matter of public knowledge.

In fulfilling these functions, the Secretary would be authorized to obtain all the data he needs from public or private sources. The Secretary would also be authorized to conduct or contract for seismic, geomagnetic, and gravitational investigations or drilling in the OCS to gain the maximum possible information for the leasing matrix. All lessees and permittees would be required to supply the information requested, including environmental data, on the area covered by the lease or permit. Further environmental data would be collected as part of the environmental baseline and monitoring studies required by the act.

Of course, all of this information would be useless unless Government officials were able to thoroughly analyze it before leasing decisions are made. Therefore, my bill directs the Secretary to develop and maintain the capacity to analyze all of the data collected under the program. To insure that no leasing occurs in areas for which the data base is insufficient, the Secretary must make a finding that there is adequate data to support the decisions to lease in particular areas. Since the data base creates the parameters for policy setting, the Government must have all available data on OCS oil and gas resources, in conjunction with the capacity to analyze and verify that data.

OPEN DECISIONMAKING

My bill includes provisions which will insure that OCS decisions are made in the open with a maximum number of inputs from all interested parties. Public review of government decisions is an essential component of our political system and this function is particularly appropriate to decisions which affect the use of the people's land.

To perform this function effectively the public must have access to all the information acquired under the survey program. In the past, the Interior Department has treated industry data as proprietary information severely undercutting public review. The Council on Environmental Quality and many others have noted that there is little justification for such a blanket prohibition against public access to information and my bill provides for full public access while at the same time protecting industry's legitimate interests in confidentiality by keeping company data on individual tracts secret until after those tracts are leased.

The public will be involved in all stages of the decisionmaking process. There will be public hearings in coastal areas affected by OCS development, and there will be close coordination between the State and Federal governments in the development of the leasing plan and in the development of coastal zone management plans pursuant to the Coastal Zone Management Act of 1972. To provide an additional method of preventing misuse of the OCS, my bill makes it possible for private citizens to make legitimate challenges to Government decisions in the courts. These measures will go a long way toward insuring a full and fair consideration of all interests and the credibility of the entire process in the eyes of the owners of the OCS, the American people.

FULL AND FAIR COMPETITION

If the public's interests in their land is to be preserved, full and fair competition must be maintained in the leasing and exploitation of the OCS. There has been some question whether the present "bonus bidding" system creates an unnecessary barrier to the entry of so-called independent producers into the OCS market. The high front-end costs involved in making enormous bonus bids clearly inhibit all but the biggest companies from competing successfully for lucrative tracts.

Several alternatives, including the work program bidding system used in the North Sea, have been suggested. My bill retains the bonus bidding and royalty bidding systems contained in the 1953 act but adds a net profitsharing system as a third alternative at the option of the Government. In the interim period before the results of the survey program are completely incorporated into the act but adds a net profit-sharing system would see to it that the Government received fair market value for OCS resources whose quantity and value have not been fully ascertained.

The projected leasing of 10 million acres in fiscal year 1975 under the Project Independence projections, ignores the effect of such a massive leasing program on the rate of return to the American people. The front end capital requirements of the bonus bidding system would result in the diminution of the public's return from its land and in a shortage in the capital necessary for the actual development of OCS tracts. This raises the spectre of a massive transfer of public lands to the private sector without assurance of adequate return or development.

It must be stressed that leasing does not lead inevitably to production. Lack of capital, equipment, and skilled personnel are only some of the constraints that set limits on the maximum feasible number of acres that should be made available for leasing. To insure full competition, receipt of fair market value and adequate production from OCS tracts, the acreage to be leased must be set within these parameters and those of the other factors in the OCS matrix.

SAFETY

Leasing activity in the OCS will expand in the years to come but accelerated leasing will require strict regulation if our coastal environment is to be safeguarded. My bill directs the Secretary to carry out a research and development program including downhole safety devices, improved drilling bits, flaw detection systems for undersea pipelines, and subsea production systems. In addition, the Secretary, with the concurrence of the Administrator of the Environmental Protection Agency, must within 1 year of the enactment of this bill review all existing safety and environmental regulations for OCS operations, equipment, and procedures and promulgate a complete set of new regulations. Since each OCS area will have its own special requirements, these regulations will be tailored, wherever possible, to meet those special requirements based on data gathered in the survey program. At a minimum, they will include requirements to use the best available technology on OCS tracts.

Since regulations are only as good as the degree to which they are observed, the Secretary will be directed to strictly enforce the regulations and conduct a system of regular, and at times unannounced, inspections of OCS operations at every stage.

To protect parties injured by oil spills caused by OCS operations, this legislation imposes strict liability for damage caused by oil spills and requires the total removal of such spills by the offending parties. However, to prevent this section from becoming another barrier to the entry of independents into the OCS market my bill creates an "OCS Liability Fund," fashioned after the Trans-Alaska Pipeline liability fund, to be funded by a 5-cents-a-barrel charge so that damaged parties will be assured compensation, with the costs paid for by a modest charge collected only from productive leases.

Finally, since OCS operations necessarily result in onshore impacts, a portion of the revenues from OCS production would be made available to coastal States for grants, under regulations developed by the Secretary of Commerce, which would aid these States to cope with the onshore implications of offshore development.

THESE ARE ENERGY ALTERNATIVES

It must again be emphasized that there are energy alternatives. The conclusions of Project Independence are by no means self-evident or final. The most glaring weakness of Project Independence is that it was conceived before sufficient supportive data was available.

Only through national debate and discussion based on solid facts will we arrive at a national energy policy. The Ford Foundation's energy policy project has advanced that debate in its booklet, "Expanding Energy Choices." The study outlined three energy growth scenarios which offered an array of energy choices. The decision to lease 10 million acres in fiscal year 1975, though, is based on the assumption that the rate of energy demand will continue to grow at approximately the same rate of growth as that experienced over the past two decades.

However, as the Ford study indicates, if a concerted national effort were undertaken to reduce the growth in demand to about 2 percent a year, our energy options would be greatly increased without economic or social dysfunctions. This would require a concerted effort to put existing energy-saving technology to use particularly in automobiles, space heating and air-conditioning and industrial process heat production. As the report states:

> Domestic oil production would need to grow only about half as much by 1985 and 2000 as it would under the comparable "historical growth" supply scenario. The pace of OCS and onshore Alaskan oil and gas development . . . could be much lower and self-sufficiency could be achieved sooner.

The increased energy flexibility that such conservation measures would provide would enable policymakers to withhold certain OCS frontier areas from leasing if the risks of development were thought to outweigh the quantity of oil and gas reserves to be opened up. Likewise, the same areas might be held in reserve until improved technology brought the risks of development within acceptable bounds.

After a careful analysis of the relative risks and benefits of OCS development, such development may emerge as a more acceptable energy alternative than others, but the hard questions must not be allowed to be answered by default or by bureaucratic inertia. The decisions must be made only after a consideration of all alternatives, and having in mind what kind of society we wish to become. My bill would provide the type of planning and information gathering mechanisms that would enable OCS decisions to be made in the context of all the energy alternatives available to the Nation.

A section-by-section analysis of the bill follows:

SECTION-BY-SECTION ANALYSIS OF OUTER CONTINENTAL SHELF ENERGY POLICY ACT OF 1974

TITLE ONE—FINDINGS

Section 101 short title—same as other bills referred to Interior.

Section 102 considerations that must be taken into account in OCS decision-making.

TITLE TWO—ORDERLY DEVELOPMENT OF OUTER CONTINENTAL SHELF RESOURCES

Section 201 adds ten new sections to the OCS Act. These are:

(1) SEC. 18. Directs the Secretary to develop a projected ten year leasing plan which would indicate the size, timing, and location of leasing activity for that period. The plan shall be designed to insure orderly development, protection of the environment and fair market return for public land. The Secretary in developing the plan must consider six factors which make up the leasing policy matrix. The Secretary must develop regulations which will provide for public hearings in affected coastal areas and for the involvement of state governments in the development of the leasing plan. Environmental impact statements shall be prepared for the entire leasing plan and for each lease sale prior to a call for nominations. The leasing plan must be published in the federal register and submitted to Congress where both houses may disapprove the plan by a concurrent resolution. All leasing activity must follow the plan by January 1, 1976.

(2) SEC. 19 directs the Secretary to undertake a survey program which will be designed to provide a firm basis for decision-making. The Secretary would collect from public and private sources all information on OCS resources and would be authorized to conduct or contract for the results of seismic, geomagnetic, gravitational or geochemical investigations or drilling and for studies of the economic factors associated with OCS development. All the information collected under the survey program would be made available to the public, with company data on individual tracts to be kept secret until those tracts are leased. All lessee's and permittee's shall by regulation be required to provide the Secretary with all the information and data on the area subject to the lease or permit. The Secretary shall conduct a mapping program of the Outer Continental Shelf. The Secretary is also directed to develop the capability to analyze all the data collected under the survey program before decisions to lease are made. In addition, the Secretary must make a finding that there is sufficient data to support a decision to lease in any given area.

(3) SEC. 20 directs the Secretary to undertake a research and development program to improve OCS technology and to, within a year, review all safety and environmental regulations on OCS equipment, operations and procedures and, with the concurrence of the Administrator of the Environmental Protection Agency, promulgate a complete new set of regulations which, where possible, will reflect the specific requirements of particular OCS areas. At a minimum the use of the best available technology will be mandated in all OCS operations.

(4) SEC. 21 imposes more stringent requirements for the enforcement of safety regulations and the regular inspection of OCS operations.

(5) SEC. 22 establishes strict liability for oil spills and requires their total removal by the offending party. It also establishes an "OCS Liability Fund" funded by a 5c per barrel charge which will cover the liabilities of lessee's up to $100 million after they have covered the first $14 million themselves.

(6) SEC. 23 establishes the "Impacted Coastal State Fund" which will be authorized to make available a portion of the revenues from OCS production for grants to states affected by OCS development, under regulations developed by the Secretary of Commerce.

(7) SEC. 24 authorizes citizens' suits to enforce the OCS Act.

(8) SEC. 25 directs the Secretary of the Interior to recommend ways of promoting competition in the leasing and production of OCS tracts.

(9) SEC. 26 establishes criminal and civil penalties for the violation of the Act.

(10) SEC. 27 directs the Secretary to make baseline and monitoring studies of those critical parameters of the outer Continental Shelf environment which may be affected by oil and gas development. These areas shall be monitored after development takes place and the results of the studies and the monitoring shall be made available to the public and to the Administrator of the Environmental Protection Agency for his review and comment,

SEC. 202 amends section 8 of the OCS Act to provide for competitive leasing on the basis of cash bonus and fixed royalty or royalty and fixed cash bonus (present system) or cash bonus with the payment of not less than 30% of net profits to the United States. (New option)

SEC. 203 amends section 8 of the OCS Act to require competitive sale of all federal royalty oil and for the limitation of the participation in those sales where this is necessary to insure an adequate supply to independent refiners or petrochemical producers.

SEC. 204 amends section 15 of the OCS Act to require a more comprehensive annual report of OCS activity.

SEC. 205 amends section 5 of the OCS Act by adding limitations on the extensions of non-productive leases, requirements for development plans which must be adhered to, and a prohibition against flaring of gas from wells on the OCS.

SEC. 206 amends section 11 of the OCS Act to require permits for geological or geophysical exploration on the OCS.

SEC. 207 amends section 5 of the OCS Act to delete provisions made unnecessary by the new enforcement provisions.

SEC. 208 amends section 2 of the OCS Act to define the term 'responsible qualified bidder.'

TITLE THREE—PIPELINE SAFETY

SEC. 301 directs the Secretary of Transportation to review appropriations and staffing needed to monitor adequately pipelines to assure that they meet safety standards and to identify needs for new legislation. It also directs the Interstate Commerce Commission and the Secretary of Transportation to report on the adequacy of transportation facilities for OCS oil and gas.

SEC. 302 directs the Secretary to report within three months of the enactment of the Act on the shut-in oil and gas wells and wells flaring natural gas on OCS leases. Within six months of receipt of the Secretary's report, the Comptroller General shall review and evaluate the reasons for allowing the wells to be shut-in or to flare natural gas and submit his findings and recommendations to the Congress.

MORE FACTS ON THE DAIRYLEA MILK CO-OP FRAUD

The **SPEAKER** pro tempore. Under a previous order of the House the gentleman from New York (Mr. KOCH) is recognized for 5 minutes.

Mr. KOCH. Mr. Speaker, I should like to place in today's RECORD a copy of a letter that I have sent to every member of the Committee on Agriculture. Those interested in the plight of the farmer and that of the consumer will, I think be interested in the subject matter set forth in that letter. I am also appending a letter dated October 7, received today from Assistant Attorney General Petersen on this matter and my response thereto:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 10, 1974.
To: Members of the House Agriculture Committee.

DEAR COLLEAGUE: I would like to keep you informed of what I think is a developing scandal in the State of New York involving the Dairylea Cooperative Inc. You will recall that I outlined to you the consumer milk fraud which took place in New York over a period of more than 5 years and which is now the subject of an investigation by the Attorney General of the State of New York. This week Bronx President Robert Abrams of the City of New York revealed that State Commissioner of Agriculture and Markets, Mr. Lincoln Walkley, who directed the state's investigation last year of Dairylea and levied a relatively minor fine on the co-op for fraud, had been an officer for several years of the Dairylea Cooperative and sold his milk to that co-op. It is alleged that even now Commissioner Walkley remains in the milk business, although not marketing through Dairylea.

Borough President Abrams alleges, "... the Department of Agriculture and Markets failed to discover the widespread milk adulteration for five and a half years, that the department made a highly selective release of the facts in the Dairylea case and that the $150,000 fine levied against Dairylea by Commissioner Walkley for their massive violations of the law was less than 10 percent of the allowable maximum."

There is no question that Diarylea adulterated huge quantities of milk in six plants across the state; it has admitted doing so.

What we are seeing unfolding is a classic situation that those charged with regulating an industry too often are in bed with those they regulate, to the detriment of the consumer public. I am convinced that this is not an isolated situation and if it happened in New York, it is happening elsewhere.

Again I urge your Committee to undertake a national investigation of possible corrupt practices in other milk co-ops similar to what has been uncovered in New York.

If the urban consumer is to support the rural farmer, each must make certain that the other not only understands the other's plight, but also recognizes the obligation to be fair and honest. The New York State Administration and I suspect state administrations elsewhere simply are not capable of pursuing such a matter (it does cross state lines) in a forthright way, with a "let the chips fall where they may" attitude. Congress can and in my judgment must.

Sincerely,

EDWARD I. KOCH.

DEPARTMENT OF JUSTICE,
Washington, D.C., October 7, 1974.
Hon. EDWARD I. KOCH,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: This is in response to your recent telephone call and letter concerning adulteration of milk by the Dairylea Cooperative, Inc., of New York State.

As John L. Murphy, Chief of the Criminal Division's Government Regulations Section informed you by telephone, this Department has discussed this matter with United States Department of Agriculture and New York State officials. We have been advised that the Department of Agriculture of the State of New York has imposed a civil penalty of $150,000, and an injunctive order has been issued against Dairylea. In addition, Dairylea was found liable to the producer-settlement fund under a New York State Milk Marketing Order for approximately $227,933.00, which amount Dairylea has paid. It is our further understanding that the Attorney General of the State of New York is at this time actively considering the possibility of prosecution under that State's criminal statutes.

Since your telephone conversation with Mr. Murphy, a letter has reached this Department from the United States Department of Agriculture concerning possible criminal violations by Dairylea of Section 608c(14) of the Agricultural Marketing Agreement Act of 1937, 7 U.S.C. 601 et seq. We have concluded that this communication contains insufficient information upon which to base a prosecutive determination. Accordingly, we are asking the Department of Agriculture to provide promptly a detailed statement of the available evidence in order that we may make a thorough evaluation of this matter.

We appreciate your concern and you may be assured that we are fully aware of the significance of the charges against Dairylea.

Sincerely,

HENRY E. PETERSEN,
Assistant Attorney General.

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 10, 1974.
HENRY E. PETERSEN,
Assistant Attorney General, Department of Justice, Washington, D.C.

DEAR MR. PETERSEN: Thank you for your letter of October 7. I am appreciative of the fact that you have asked the U.S. Department of Agriculture to provide you with additional material so that you might make a thorough investigation of the matter. I want to bring to your attention the material commented on by Bronx Borough President Robert Abrams relating to a possible conflict of interest on the part of Lincoln Walkley, the New York State Commissioner of Agriculture and Markets who was responsible for the initial investigation of this matter in New York. That alleged conflict of interest is described in my letter to Members of the Agriculture Committee of the House of Representatives, a copy of which I am enclosing.

I believe that your office will never have all the facts if it depends on any agency devoted to farmers' interests, even the U.S. Department of Agriculture. Therefore I urge you to send out your own investigators in this matter.

Sincerely,

EDWARD I. KOCH.

Mr. Speaker, I am angry. It is clear to me that unless U.S. law enforcement agencies enter this matter as they should, we will never get to the bottom of this obvious corrupt operation. We have a State administration which may be in bed with the people who committed the consumer fraud, and, unwilling to irritate the people involved because they are afraid they will be irritating their own voters. The Wilson administration apparently has forgotten that it represents not only milk farmers but the people who drink milk.

With respect to the Department of Justice's response that they are awaiting further information from the U.S. Department of Agriculture, I say it is not reasonable to do so. Mr. Petersen should be sending out his own investigators. If they wait for the U.S. Department of Agriculture to supply the true facts, they will wait until eternity.

TAXATION OF INCOME OF POLITICAL CAMPAIGN COMMITTEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 10 minutes.

Mr. DANIELSON. Mr. Speaker, the Federal Election Campaign Act Amendments of 1974, which we have considered today, make many significant and needed improvements in our Federal laws governing election activities for Federal offices. Unfortunately, there is at least one subject which has not been dealt with and which must be resolved within the near future, namely, the taxation of the income of political campaign committees. I understand, and hope, that the Ways and Means Committee is considering this subject as part of the overall tax reform package which is now before that committee.

The taxation of the income of political campaign committees has always been a gray area in the law, in that it is not specifically provided for. However, the lack of clear guidelines has not been a serious problem until recent years, when statewide and nationwide campaigns began to involve many millions of dollars and began to earn thousands of dollars of income, some of which is ordinary income, usually derived from interest earned on savings deposits, or from dividends, and some of which is derived from gains on appreciated stock which has been contributed to such campaigns.

The problem has been brought to a head by revenue ruling 74-21, which was promulgated by the Internal Revenue Service on January 14, 1974, and which appears in Internal Revenue Bulletin No. 1974-2 at page 6. That revenue ruling is based on the established theory of Federal taxation that any income which is not expressly excluded from taxation by statute, is therefore included. It holds that political campaign committees are subject to taxation on three types of income, as follows:

First, interest income earned on bank accounts;

Second, dividend income from contributed stock; and

Third, gain realized on the sale of securities.

Other types of revenue to the campaign committee, usually if not always, campaign contributions, are not considered as "income" for tax purposes.

The ruling also provides that political campaign committees are to be treated as corporations for purposes of internal revenue taxation regardless of the type of organizational structure of the committees. Although under existing law all corporations must file income tax returns, the IRS has recently held, in revenue ruling 74-475, that campaign committees with less than $100 income need not file.

My understanding of the Ways and Means Committee approach to this problem is that the committee will recommend legislation which will, in effect, provide a statutory basis for the revenue rulings I have referred to, and thereby institutionalize the existing procedures. Such action, in my judgment, would be a serious mistake, because of a number of unforeseen pitfalls and logical inconsistencies which are inherent in revenue ruling 74-21.

I have no objection to the basic concept that political campaign committees should pay tax on their income. Moreover, I firmly believe that political campaign contributions must not be permitted to serve as a conduit for tax avoidance by the rich, as when appreciated stock is contributed to a political campaign, and the capital gains tax otherwise due and payable upon disposition of that stock is thereby avoided.

My recommendation to the Ways and Means Committee to deal with the problems of political campaigns committee taxation is as follows:

First. The tax law should be amended to provide that the contribution of appreciated stock to a political campaign committee will be treated as a "sale or other disposition of property" under section 1001 of the Internal Revenue Code, resulting in immediate recognition of gain to the donor;

Second. Political campaign committees, in computing their adjusted gross income for tax purposes, should be permitted to deduct ordinary and necessary expenses incurred in the course of the campaign; and

Third. Political campaign committees should be treated as trusts for purposes of internal revenue taxation, rather than corporations, unless they are, in fact, corporations.

CONTRIBUTIONS OF APPRECIATED STOCK

To the best of my judgment, there is no logical reason for anybody being permitted to contribute appreciated stock to a political campaign for the purpose of manufacturing a tax avoidance. For example, if an individual contributes stock with a fair market value of $1,000, but with a basis to him of only $100, he will have avoided the capital gain tax on his $900 gain. Multiplied by the maximum permissable number of such donations under the new Federal Campaign Act amendments, which is 25, the fair market value of the contributions becomes $25,000, and the basis for all such stock becomes $2,500. The donor has escaped taxation upon $22,500 of gain. Under revenue ruling 74–21, the burden on paying the tax is shifted to the political campaign committee, which is likely to be in the 22 percent corporate tax bracket. In contrast, the donor could be in a tax bracket as high as 70 percent. The political campaign committee will pay an effective capital gains tax at a rate of 11 percent, with a tax of $2,475, whereas if the gain had been taxed to the donor, the rate could be as high as 35 percent, with a tax of $7,875. The general fund—the American people—will have lost $5,400 in the transaction by this device.

Accordingly, once a taxpayer makes up his mind that he is going to make a political contribution, the tax laws as they presently stand provide the taxpayer with a clear incentive to make his contribution in stock, rather than cash, the end result being that the government loses revenue. Revenue ruling 74–21 mitigates this abuse to the extent that it shifts the tax burden to the political committee, but legislation is clearly needed to close this loophole all the way.

CAMPAIGN EXPENSES DEDUCTION

Section 162(e)(2) of the Internal Revenue Code provides that no taxpayer, individual or corporate, is permitted to deduct from gross income any amount expended for political campaign purposes. The only exception to that flat probition is the limited tax credit, or deduction, allowed by sections 41 and 218 of the Internal Revenue Code, to individual taxpayers, not corporations, for campaign contributions.

The consequence of revenue ruling 74–21, taken together with section 162(e)(2) of the Internal Revenue Code, is that campaign committees will have certain amounts included in their gross income for purposes of internal revenue taxation, but they will not be allowed to take deductions from that income for any amounts which are expended by them for campaign purposes. Inasmuch as political campaign committees have no reason for existence other than to carry on activities on behalf of candidates for public office, the rule forbidding tax deductions for campaign expenditures is an exception to established income tax policies and is harsh, arbitrary, and unreasonable as applied to such committees.

It has been the policy of our Federal tax laws since the year 1913 to permit deductions for ordinary and necessary trade or business expenses. If political campaign committees are to be treated as taxpayers, concepts of equity and fairness, as well as common sense, dictate that they be permitted the same deduction available to all taxpayers, for ordinary and necessary expenses incurred in their trade or business. And their only "trade or business" is that of electing candidates to public office.

The only deductions which are permitted to campaign committees under revenue ruling 74–21, however, are expenses directly attributable to activities undertaken for the production of their interest and dividend income. Such deductions do not include fund raising expenses. Expenses attributable to the sale of securities are to be taken into account only in determining gain or loss realized on the sale.

The harshness of the revenue ruling is best illustrated by example. Suppose that a political campaign committee has received a total of $42,400: $40,000 is from contributions, and $2,400 is from interest on a savings account with a bank. Thereafter, the committee expends the entire $42,400 for bona fide campaign activities. Applying revenue ruling 74–21 to the situation I have just outlined, we find that the $40,000 in contributions is not subject to income tax but the $2,400 in interest income is taxable. However, because the committee has expended all its money, it has nothing left with which to pay its taxes, and accordingly, will have to go out and raise more money.

In contrast, if the committee were a typical business enterprise which expended all of its receipts for ordinary and necessary business expenses, there would be no tax. To put it simply, a business enterprise can offset its taxable income with business expense deductions, but a political campaign committee can not.

TRUST TREATMENT OF POLITICAL COMMITTEES

A corporation is a legal fiction. Corporations are strictly juristic entities that have no existence outside the contemplation of the law. They came into existence for the sole purpose of facilitating commerce. Political committees are not corporations; they do not have shareholders; they do not issue stock or securities or other evidence of indebtedness; they are not operated for a profit; they do not conduct charitable activities; nor do they pay dividends. To treat a campaign committee as a corporation is to use one legal fiction to construe and compound another.

Political campaign committees are actually trusts, and they should be regarded and treated as such. They do not receive contributions of capital in exchange for stock; they do receive gifts, and if the gift is large enough, gift tax must be paid by the donor. The donor is, in effect, the settlor of a trust. The political campaign committee's officers are the trustees.

The beneficiaries of the trust are, in addition to the candidate, the public and the contributors in that they receive whatever benefits result from the committee's activities and purposes, which are the election to office of a candidate who will advocate the point of view generally favored by those who have given their time or money, or worked in other ways, on behalf of the election of the candidate. As such, political committees should be regarded as trusts, rather than corporations engaged in "miscellaneous services," which is the way they are regarded under revenue ruling 74–21.

The treatment of campaign committees as trusts would have more than a philosophical benefit. Under the Internal Revenue Code, only those trusts with incomes in excess of $600 must file a tax return, whereas all corporations must file a tax return regardless of income. Recognizing political committees as trusts would transform the meaningless act of filing a tax return into a meaningful one, and limit it to those circumstances where it is necessary, namely, where the campaign committee has significant income. Moreover, trusts are permitted to deduct from income their ordinary and necessary expenses, which gives further force to the arguments I have made in favor of permitting campaign committees to deduct their ordinary and necessary expenses.

Mr. Speaker, in terms of plugging tax loopholes, in terms of fairness and common sense, in terms of logical and legal consistency, and for the purpose of stripping meaningless filigree from the already confusing picture of campaign financing, I hope that our distinguished colleagues on the Ways and Means Committee, who are considering this important subject, will give serious consideration to the points I seek to make today, and will provide that campaign committees shall be regarded as trusts for the purpose of income taxation, unless they are, in fact, corporations.

POST OFFICE OFFERS GOOD NEWS, BAD NEWS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 5 minutes.

Mr. ALEXANDER. Mr. Speaker, yesterday I received some good news and some bad news regarding a recent decision of the U.S. Postal Service.

First, the good news. The Postal Service is building a new rural post office for the town of Oxford, Ark., which has a population of approximately 300 people, most of whom are retired and elderly.

Now, the bad news. The post office will be built three-quarters of a mile outside the town—out of walking distance—making it inaccessible to most of the community's residents.

COAL SLURRY PIPELINES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Clark) is recognized for 5 minutes.

Mr. CLARK. Mr. Speaker, pipelines are associated, in the thoughts of most people, with flowing substances—liquids or gases. Oil, water, natural gas. Not solid substances—like coal.

Yet technology has provided a way to move coal by pipeline. It is called the coal slurry.

Surely this is an impressive achievement—yet it raises a fundamental question.

Should a thing be done—must it be done—simply because it is possible? More to the point, should it be done if it involves great cost, possible inequities to others, public inconvenience, environmental damage—and if the potential benefits are debatable to say the least.

Proponents of the coal slurry pipeline say it provides a way to move coal efficiently at low cost. However, they say that the building of pipelines will require a power of eminent domain—a power to take private property whether the owner wishes to sell or not.

Moreover, the power sought for the coal slurry is Federal eminent domain—a break with traditional State and local control over this power.

To obtain such power, it seems logical that proponents should do more than simply prove their project is feasible—they should demonstrate that it is necessary, that it would provide benefits that could be obtained in no other way.

Natural gas pipelines, for which Federal eminent domain can be exercised, can be shown to be the only feasible method of transporting natural gas from one State to another. But proponents of the coal slurry cannot make a similar assertion about their project.

At present, coal is being moved by three modes of surface transportation—rail, water, and highway. It cannot reasonably be argued that an additional mode is needed. The transportation requirements of the coal industry are being adequately served at present.

Thus, it seems likely that a coal slurry would provide little in the way of additional coal to consumers. Rather, it would simply transfer the coal presently being moved from existing modes to pipelines—damaging, in the process, the economic health of existing carriers.

In the case of the railroads, the loss of a substantial amount of coal traffic—which represents by far the largest single portion of present railroad traffic—would be extremely damaging. The result would be a net weakening of the national transportation system.

Of course, this could occur only if pipeline rates were set below those of railroads. Indeed, pipeline proponents claim that this would be the case and cite the lowered cost of coal to consumers as a potential benefit of the project.

But would it?

In order to achieve rates lower than those set by railroads, pipeline developers must seek volume movements. They must arrange to transport coal from a few very large mines to a few very large customers—and they must be guaranteed volume through long-term contracts. This raises questions about the fate of small miners and small consumers.

Railroads, in general, are not permitted to do business that way. They are common carriers and must serve all who apply—whether the shipment involves a massive unit train movement or a single carload.

This means that pipelines would, in effect, be private carriers—whatever their legal status—and would skim off the desirable high-volume portions of the coal traffic, leaving the less desirable, low-volume movements to the railroads and other modes.

This would cause substantial damage not only to railroads, but to other interests as well—damage that might well offset the benefits realized by the relatively few producers and consumers served by the pipeline.

Moreover, those who would build pipelines are also those who operate coal mines. In short, what is being urged is that the coal industry be given the Federal right of eminent domain for the building of pipelines. Yet railroads may not, under the law, transport commodities, such as coal, which it owns in whole or in part.

Thus, the pipeline promoters seek the best of the common carrier and private carrier worlds.

The fact is, if the railroads were free to operate as the slurries would—with long-term contracts for high-volume movements, with no requirement to handle less cost-efficient, low-volume movements, with freedom to acquire interests in the mines they serve—they could match or better the low rates claimed for pipelines.

There is another factor about the coal slurries which should be brought to the attention of the public. This is the effect of slurries upon the environment.

In this, a major consideration is the amount of water needed to make a pipeline work. The movement of coal through a pipeline is accomplished by crushing the coal and mixing it with water. At the other end, the water is removed. At 50 percent concentration, each ton of coal requires 250 gallons of water. Thus, great quantities of water—10 million tons of coal a year would mean 7 million gallons a day, or 2.5 billion a year—would be removed from one area and discharged in another, hundreds of miles away.

In sum, those who urge the building of these pipelines have failed to make a convincing case of public necessity for the seizure of private property. They have even failed to demonstrate that the public at large would benefit from granting to pipeline builders the right of Federal eminent domain.

THE ROAD BACK

The SPEAKER pro tempore. Under a previous order of the House, the Delegate from the Virgin Islands (Mr. de Lugo) is recognized for 5 minutes.

Mr. de LUGO. Mr. Speaker, it is a pleasure to insert into the Record at this point an editorial from the St. Croix Avis, entitled "The Road Back." The editorial notes that through the private community efforts of "Project St. Croix," the tide of unfavorable publicity is shifting and travel writers and travel agents are now seeing the island in its proper perspective. Other evidence of the success of this project is seen in the scheduling of both the Celebrity Golf Tournament and the Pro Am Tournament on St. Croix.

The full editorial follows:

[From the St. Croix Avis, Sept. 26, 1974]

The Road Back

In months past we have seen the worst possible publicity St. Croix could receive in national news media, this mainly responsible for the drastic cutoff suffered in its tourism trade. Now, however, the pendulum is swinging sharply in the opposite direction with thousands upon thousands of words printed on "rediscovering" the island.

Spread before us is a montage of over forty clippings representing that number of important newspapers on the U.S. mainland whose circulation is in the millions. All published the same story datelined Christiansted and identified as one on the wires by The Associated Press. With the huge list of clients it services, the forty clippings represent merely a small portion of the reading audience the article reached.

And in this we see the results of a community getting together for positive action. The effort is spearheaded by an organization strictly in the private realm which has been an almost unbelievable motivating force in welding together individual and island businesses big and small to make Project St. Croix the success it is proving to be in having travel writers and travel agents see us in the proper perspective.

And now the workers in this effort can take a deep bow for what is to come in the way of promotional boosts aimed at giving our comeback effort a might boost. Where other resorts would give their eye teeth for the two events, St. Croix has won them. This refers to the upcoming Celebrity Golf Tournament and the Pro Am Tournament, both of which will generate positive publicity on just about an unprecedented scale in national news media both printed and electronic when one considers the "name" personalities who will be participating.

DOMESTIC FOOD RESERVE MUST BE INSURED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Utah (Mr. Owens) is recognized for 5 minutes.

Mr. OWENS. Mr. Speaker, for too long we have preserved the illusion in this Nation that our vast agricultural capacity was invulnerable to natural forces. The tragic draughts and subsequent crop failures in our own Midwest and West this summer were a stark reminder that this Nation, like all other nations, cannot ignore the capriciousness of nature.

I share the pride of all Americans that this Nation is the greatest agricultural factory the world has ever known, that agriculture has become our largest export industry. However, we must also soberly recognize that this unprecedented world demand, which calls forth ever increasing production, has also largely obviated the need for the maintenance of commodity reserves for price support purposes. No longer may we, as a Nation, rely upon the assurance provided by our present domestic food reserves which are currently being depleted.

We must act to insure that no combination of natural disaster and inept Government policy—like the Russian wheat deal—or monopolistic industry practices will ever dangerously deplete our national supply of basic food reserves.

It is from a conscience of this responsibility that I propose the absolute necessity of insuring a domestic food reserve through the process of commodity set-asides. Such reserves would be held solely for the purpose of domestic human consumption and seed purposes. This reserve would be built up in wheat, feed grains, and dried milk products or equivalent quantities of nutritionally equivalent substitutes.

The bill I am introducing this day would amend the Agriculture Act of 1954—68 Stat. 897; 7 United States Code 1741 et seq.—to provide for the maintenance of 610,000,000 bushels of wheat, 18,200,000 short tons of feed grains, and 1,113,000,000 pounds of nonfat dry milk solids. These amounts reflect the approximate domestic human consumption and seed use—where applicable—in these commodities for calendar year 1973. Such reserves would be built up over a 3 year period commencing in 1976. The reserves would only be released when domestic production, or estimated production, and imports fell below these minimums.

The amounts released would be those sufficient to insure the maintenance of these minimum quantities in the marketplace. Because the quantities are the bare minimum required for human survival, the release would only be triggered in the event of massive crop failures or natural emergency when famine was imminent. Once established, the reserve should not create any disequilibrium in the agricultural economy.

I recognize fully the difficulty of establishing reserves in a market of intense demand. I propose this legislation, however, because of the moral imperative of insuring some domestic food reserves for all of the citizens of this country. I have no exception with, indeed I support, the efforts of others who wish to explore the creation of world food reserves or a world food bank. I further realize that there may be a necessity to have some program of commodity set-aside for price maintenance purposes at some future date. Nonetheless, the immediate and primary obligation is to our own citizens to insure an inviolate supply of domestic food reserves. We would have little ability to assist any other nation, if we did not provide for the well-being of our own citizenry in periods of shortage.

I have had experts in the Congressional Reference Service compute a rough approximation of costs, based upon current market prices, for the buildup of these commodities. Based upon such prices the cost of such buildup should be approximately $724,202,000 per year for each of the three accumulation years. This is a total fixed cost of $2,172,908,000 which would not have to be repeated as the amount sold for rotation purposes would be immediately replaced at roughly equivalent costs. Moreover, the benefit of these costs would flow directly to the agricultural sector of our economy which is currently pressed by price squeezes. Total storage rates per year would be roughly $210,600,000 based upon current private storage cost estimates.

Though the costs are substantial, the alternative is unthinkable. We have the responsibility as a legislative body to provide assurance against the spectre of hunger in this Nation. There is only one real insurance in commodities and that is in maintaining a supply of commodities. I would hope this bill will receive the prompt consideration of the Agriculture Committee and the support of every Member of the House who shares my concern for our future well-being. History has too well instructed that a nation which gambles against the vagaries of nature will ultimately lose.

DISPOSITION OF FEDERAL SURPLUS PROPERTY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. O'NEILL), is recognized for 5 minutes.

Mr. O'NEILL. Mr. Speaker, today I and my colleagues in Massachusetts and Rhode Island have filed legislation which has as its prime objective, encouragement of economic development and relief of unnecessary unemployment.

Both Massachusetts and Rhode Island have been severely hit by defense cutbacks in the past few years. As military facilities have been phased out and their work forces cut back in part or in entirety, the reuse of these facilities is a major economic issue for the local community and State involved.

Particularly at this time, when unemployment is high and economic development is in need of incentive, use of surplus property, which could be effective in promoting such development and act as a supplier of jobs, should be encouraged.

The legislation we are filing today will authorize the disposition of Federal surplus property to States and their subdivisions at a reduced price—less than fair market value—for the specific purpose of economic development reuse. Existing Federal statutory authority is not adequate to allow such a transfer to take place. At present, if a community opts for a redevelopment plan focusing on community services, the surplus property may be obtained for substantially less than fair market value. If the property is redesignated for use as an economic resource, however, the community must pay the full fair market value—a price often well beyond the financial means of the community. Due to this stringent finance means of the community development reuse plan is often delayed or scuttled.

The legislation we are filing today, will facilitate the economic adjustment of a State or local government to the severe economic burden it bears because of the closure of a Federal facility. The legislation will also focus the operating responsibility for this legislation on the Secretary of Commerce, so that Federal and local efforts can be better facilitated and coordinated. Since the Economic Development Administration—EDA—is already involved in the redevelopment of base closures in the early stages, it is logical that EDA/Commerce should have central responsibility for disposing of surplus Federal property for economic development reuse purposes.

This legislation is relevant to States across the country which have felt the tight economic squeeze caused by the closedown of a Federal facility. Illinois, Florida, Alabama, Alaska, New York, California, Ohio, Pennsylvania, and Texas are just a few of the States which would benefit by this legislation. In addition, this legislation provides redress for those communities which have suffered hardship under the present law. Mineral Wells, Tex., and Watertown, Mass., are two notable examples of communities which could apply to the Federal Government for a refund of all or any part of the purchase price.

This legislation will go a long way toward aiding an affected community over the period of marked economic instability which marks the closing of a Federal installation. It will also pave the way for boosting the economy of that area and providing employment. After the election recess we will circulate this legislation for further cosponsorship.

PROPOSED SOCIAL SECURITY RIGHTS ACT OF 1974

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. SEIBERLING) is recognized for 5 minutes.

Mr. SEIBERLING. Mr. Speaker, today I am introducing the Social Security Rights Act of 1974, a major bill to perfect the social security disability claims process.

The need for such legislation is known to all Members of the House; namely, the long delays in processing social security disability claims, delays, sometimes as long as 1 year, which cause serious financial hardships for hundreds of thousands of recipients under this program.

Because of the increasing number of complaints my office was receiving about this problem, last May I asked the General Accounting Office to investigate the delays. Shortly after I made the request, the Social Security Commissioner announced establishment of a special internal task force to study the disability claim and benefit payment processing systems. Since this special task force was scheduled to complete its report by the middle of August, the GAO, with my approval, did not proceed with a separate investigation pending the outcome of the task force's report and recommendations.

Two months have now elapsed since the task force was due to report. I understand that the task force has recently submitted a draft report to the Commissioner, but Social Security officials have refused to make a copy of the report, or a summary of its findings, available to me. This attitude, I am sorry to say, is typical of Social Security's response to my repeated attempts over the last 6 months to find out whether the Bureau of Disability Insurance will or can take administrative action to speed up the claims and payment process. In nearly every effort I have made through letters and telephone calls, I have come up against a stone wall of broad generalizations: the Bureau of Disability Insurance recognizes that there are delays in claim and payment processing and the agency is working on the problem. Unfortunately, I have seen little evidence of any easing of these problems, and individuals, who for medical reasons are unable to work, are continuing to be forced into debt or on welfare because the Bureau of Disability Insurance cannot act promptly on their claims. In a speech on the House floor on May 16, 1974, I discussed in more detail the financial catastrophes experienced by some of my constituents because of inordinately long delays in decision on their disability claims.

Social Security Commissioner James Cardwell, in a letter to me on May 20, 1974, stated that—

> For the immediate future it will be extremely difficult to make any significant inroads in the time it takes to process disability claims.

In view of this dire prediction which appears to be confirmed by the apparent failure of the Bureau of Disability Insurance to take any significant actions to reduce the decisionmaking time on disability claims and the processing time for payment problems, I am today introducing the Social Security Rights Act of 1974. The purpose of the bill is to give individuals the right to receive emergency benefit payments under three circumstances: First, if they experience long delays in obtaining decision on their social security claims; second, if they experience long delays in obtaining benefits for claims already approved; or third, if they are already receiving social security benefits and their monthly benefits are interrupted for no apparent reason.

I want to make it very plain that the Social Security Rights Act would not create any loopholes whereby social security recipients could double their benefits for one or more months by obtaining emergency payments. My bill would not change the present law with respect to a social security recipient's obligation to repay overpayments in benefits.

A main factor contributing to the Bureau of Disability Insurance's present dilemma of huge backlogs of pending claims and payment problems was the Black Lung Benefits Act of 1972. This act liberalized black lung eligibility requirements and much of BDI's manpower had to be diverted to reprocess over 200,000 black lung claims. Just when this monumental task was nearing completion, personnel were diverted to prepare for and to implement the new supplemental security income program—SSI—in January 1974. The situation was further complicated by a decision in early 1973 by the Office of Management and Budget and the Department of Health, Education, and Welfare to reduce the number of employees to be hired to administer SSI from 19,000 to 12,000. In addition, the number of disability insurance claims submitted per year has more than doubled in the last 8 years.

While it is understandable that major program changes or the establishment of extensive new programs impose heavy burdens on the administering agency, we must do everything possible to insure that these extra burdens and dislocations do not prevent individuals from receiving the benefits due them under the law. My main concern in introducing the Social Security Rights Act is for disability insurance claimants and disability insurance recipients, but it is conceivable that similar situations could occur in the future in other agencies or divisions of the Social Security Administration. Therefore, the emergency payment rights in this legislation are extended to recipients of retirement and survivors insurance as well.

Section 2 of the Social Security Rights Act would permit individuals, who are already receiving social security benefits whose check does not arrive within 5 days of the date regularly fixed for delivery, to submit a request to the Social Security Administration for a replacement benefit check. The Social Security Administration would be required to provide any individual submitting such a request with a duplicate check, or an explanation as to why he or she is not entitled to receive it, within 10 days.

Interruptions in monthly social security benefits can occur for a variety of reasons, from computer errors at the Bureau of Disability Insurance or other social security agency to mishandling by the U.S. Postal Service. Under present law—section 205q of the Social Security Act—recipients of social security benefits have the right to obtain duplicates of missing checks in 2 months. Through a congressional oversight, this "expedited payment" provision of the law does not apply to recipients of disability benefits. Last spring I introduced a bill, H.R. 14878, to extend this provision to cover disability recipients. I was glad that over 50 other Members shared my concern about this inequity in the law and joined me in sponsoring this legislation.

However, after studying in more detail the interruption-of-payments problem and its disastrous financial effects on people who are totally dependent on social security payments, I feel we must provide stronger assurances to social security recipients that they can depend on their regular monthly benefits. I wonder how easily many of us could manage for 2 months without one or more of our monthly paychecks? Census Bureau records show that 25 percent of families with incomes below the poverty level are social security recipients. According to Social Security Administration statistics, in March 1974, the average retired worker received $179.28 per month and disabled workers $196.66 per month. These people simply cannot and justly should not have to wait 2 months before they have the right to obtain benefits to which they are entitled when an error over which they have no control causes an interruption in their benefits.

Social Security Administration officials have argued that there is no necessity for legislation to provide social security recipients with the right to emergency payments because they have procedures for expediting action in "critical cases" of payment problems. But constituents have contacted my office concerning their payment problems when after 3 or 4 months of "critical" action on their cases, no positive results were forthcoming. Interestingly, none of these individuals had been advised that they could have requested an "expedited payment" under section 205q of the Social Security Act. The "critical case" system has proved to be a fiasco. On more than one occasion, social security officials have contacted my office for assistance when after several months they were unable to get action through their own critical case procedures. Even if this system were effective, it is unfair because social security personnel, not the recipients involved, make the decisions as to whether payment problems are critical.

I am informed by a former civil servant of the Department of Health and Social Security of the United Kingdom that in England, recipients of social security benefits can obtain duplicate benefit checks within 48 hours if their checks do not arrive on time. I am confident that the Social Security Administration has the administrative capability to issue duplicate checks in the 10 days required under section 2 of my bill.

Section 3 of the Social Security Rights Act would place limitations on the amount of time the Social Security Administration can spend in processing social security benefit claims at all levels of the determination and appeal process as follows: initial claims, 90 days; reconsideration requests, 90 days; hearing requests, 120 days; and Appeals Council reviews, 120 days. The act would also give claimants the right to request and to receive emergency payments within 10 days, based on their earnings records, if they have not received notification of decisions on their claims within the specified periods of time, or if their claims have been approved but their benefit payments delayed.

The most recent figures released by the Social Security Administration show that in July 1974, the average processing time for initial disability claims was 105 days for approved claims and 62 days for denied claims. Over the past 8 years however—before the present crisis situation—disability claim processing time averages have fluctuated between 60 and 90 days. Unfortunately, the actual number of days people must wait for decisions on their claims is even higher, as these statistics do not include mailing or transmittal time between the various sections of the Bureau of Disability Insurance involved in claim processing. The length of time spent in processing reconsideration determinations is generally slightly longer than for initial disability determinations.

The average processing time for hearing decisions has jumped in the last 8 years from 93 to 163 days as of April 1974. This figure represents the amount of time elapsed from the date a hearing request is made until the date of the decision. Even more shocking are the statistics for region V. Chicago region, in which my district is located, where the average hearing processing time is 181 days.

A House Ways and Means Committee staff report on the disability insurance program released in July 1974, concluded that because of the extra burden of over 40,000 black lung cases which reached the hearing stage this year, the Bureau of Hearings and Appeals will "be in a real crisis when the full impact of the SSI appeals is felt" later this year and next year. Since the SSI program only got underway in January 1974, few SSI appeals have yet reached the hearing level.

In my opinion, the hearing decision delay situation has already reached crisis proportions. I recently heard from two of my Akron, Ohio, constituents who requested hearings on their disability claims in December 1973 and who have not yet been assigned dates for their hearings. In view of the fact that hearings are assigned in chronological order by the dates of requests, I can only conclude that the Bureau of Hearings and Appeals in my area is 10 months behind in hearing cases.

In spite of the extra burdens imposed on the Bureau of Disability Insurance and the Bureau of Hearings and Appeals because of the black lung and SSI programs, there are a great number of administrative changes the Social Security Administration can make to eliminate the present backlog of claims and speed up and improve the disability determination and appeals process. Some alternatives are discussed in the Ways and Means disability report, and I commend the committee for its initiative in looking into these matters.

Although the disability claim workload has been growing at a staggering rate in recent years, it is apparent that the Bureau of Disability Insurance has been content to continue using antiquated claim processing methods. For example, the Ways and Means report points out that a 1959 GAO study "indicated that the handling of applications for disability benefits by the State agencies is cumbersome and results in unnecessary costs and excessive processing time." The report states that "many of the deficiencies noted in the GAO study will appear to exist" and that "the Ways and Means Committee has not yet received a report on these matters" as recommended by the GAO in 1959.

A GAO report of April 1974 on the Social Security Administration's automated information processing systems concluded that the SSA was using first-generation computer systems on third-generation computer equipment, and that the redesign of these systems would result in more efficient and less costly information processing. Perhaps redesigning these systems could markedly improve the Bureau of Disability Insurance's ability to promptly resolve benefit payment mixups.

It is clear that there is a serious problem within the Bureau of Disability Insurance and the Bureau of Hearings and Appeals. I am not in a position to decide what particular actions the Social Security Administration should take, but they must implement immediate and significant changes in their operations in order to meet their obligations to workers insured under social security.

Congress has established emergency payment procedures for SSI recipients and recently passed legislation to reimburse the States for making payments to individuals presumed to be disabled who are awaiting decisions on their SSI disability claims. A large percentage of social security disability claimants and recipients are in just as dire financial situations as those under SSI. Given the fact that these disability claimants have paid payroll taxes over the years, the Social Security Administration has an even stronger obligation to provide them with emergency assistance when the Government is responsible for long delays in making claim decisions.

In order to provide the income security to disabled or retired workers Congress intended under the Social Security Act, in the case of individuals whose claims are delayed or whose benefit payments are interrupted through no fault of their own, the emergency payment rights and procedures of the proposed Social Security Rights Act are absolutely necessary.

A copy of the bill I have introduced follows these remarks:

H.R. 17244

A bill to amend title II of the Social Security Act to require that procedures be established for the expedited replacement of undelivered benefit checks, to require that decisions on benefit claims be made within specified periods and to require that payment of benefits on approved claims begin promptly

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Rights Act of 1974."

EXPEDITED REPLACEMENT OF LOST, STOLEN, OR UNDELIVERED BENEFIT CHECKS

SEC. 2. (a) Section 205 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"EXPEDITED REPLACEMENT OF LOST, STOLEN, OR UNDELIVERED BENEFIT CHECKS

"(r) In any case in which the check issued to or for an individual in payment of any benefit due him or her under this title is lost or stolen or for any other reason has not reached him or her on the day regularly fixed for delivery of such check or within five days thereafter, such individual may submit to the Secretary a written request (in such manner and form as the Secretary shall prescribe in regulations) for the issuance of a new check in replacement thereof; and the Secretary shall take such action as may be necessary to asure that, within no more than 10 days after such request is submitted, either (1) the replacement check is issued and delivered to such individual as requested or (2) a full and complete explanation of the reasons why the individual is not entitled to the check for which he or she has requested a replacement shall be furnished to the individual in writing."

(b) Section 205(q) of such Act is amended by adding at the end thereof the following new paragraph:

"(6) Nothing in this subsection shall require any individual to utilize the procedures established under paragraph (1) with respect to any allegation or claim, in lieu of the procedures established under subsection (r), if the allegation or claim is one to which subsection (r) is applicable."

TIME LIMITATIONS FOR DECISIONS ON BENEFIT CLAIMS AND FOR PAYMENT OF BENEFITS ON APPROVED CLAIMS

SEC. 3. Section 205(b) of the Social Security Act is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end thereof the following new paragraphs:

"(2) (A) Subject to subparagraph (B)—

"(i) the decision of the Secretary as to the rights of any individual initially applying for a payment under this title shall be made within 90 days after application for such payment is filed;

"(ii) the decision of the Secretary on a reconsideration of any decision described in clause (i) shall be made within 90 days after application for such reconsideration is filed; and

"(iii) the decision of the Secretary upon any hearing held with respect to any decision described in clause (i), whether affirming, modifying, or reversing such decision, shall be made within 120 days after the request for such hearing is filed.

"(iv) the decision of the Secretary upon any Appeals Council review held with respect to any decision described in clause (i), whether affirming, modifying, or reversing such decision, shall be made within 120 days after the request for such a review is filed or after the Appeals Council itself makes a decision to review a decision.

"(B) If any decision with respect to the right of an individual to any monthly benefit under this title is not made within the period specified in the applicable clause of subparagraph (A), such individual shall upon request (and within 10 days of making such request) be paid an amount equal to such monthly benefit as determined solely on the basis of such individual's application and the applicable record of wages and self-employment income; and if such decision remains unmade at the end of any calendar month beginning after the close of such period, such individual shall upon request (and within 10 days of making such request) be paid an additional amount equal to such benefit as so determined.

"(C) Amounts paid to an individual under subparagraph (B) shall in no event be considered overpayments for purposes of section 204.

"(3) Whenever an individual claim to monthly benefits under this title is approved, payment of such benefits shall begin no later than the day regularly fixed for delivery of benefit checks in the second month following the month in which the claim was approved. If the benefit check is not received by such individual on such day or within the succeeeding 5 days thereafter, such individual shall upon request (and within 10 days of making such request) be paid an amount equal to the monthly benefit so approved; and if the benefit check is not received by such individual on the day regularly fixed for delivery of checks in any subsequent months or within 5 days thereafter, such individual shall upon request (and, within 10 days of making such request be paid an additional amount equal to the monthly benefit so approved."

EFFECTIVE DATES

SEC. 4. The amendments made by section 2 shall apply with respect to checks issued in payment of amounts due for months after the month in which this Act is enacted. The amendments made by section 3 shall apply with respect to applications (for payment or reconsideration) and requests (for hearings or Appeals Council review) made, and claims approved, on or after the date of the enactment of this Act.

COMBATING INFLATION

(Mr. ROUSH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROUSH. Mr. Speaker, I am today introducing a concurrent resolution implementing President Ford's request before Congress for a target spending limit to help combat inflation.

This concurrent resolution would establish a traget for budget outlays for fiscal 1975 in the amount of $300 billion, the amount proposed by the President.

I believe that this is a realistic goal to aim toward since the Congress has already in its completed actions to date reduced the President's estimated budget outlays by $1.5 billion.

I believe this resolution is clearly consonant with the expressed will of the Congress when we passed the Congressional Budget and Impoundment Control Act of 1974. That legislation actually provides for a congressionally determined spending target to be voted on a yearly basis. By passing this concurrent resolution we simply acknowledge the fact that although the new procedures envisioned by that legislation are not effective until 1976, the intent of Congress is to henceforth set budget targets and to try to keep budget outlays within those targets.

Asking for the target spending limit President Ford promised that when Congress agreed to set a spending target he would submit a package of budget deferrals and rescissions to meet this goal that—

> He would do the tough job of designating for Congressional action . . . those areas which I believe can and must be reduced. These will be hard choices, but no federal agency, including the Defense Department, will be untouchable.

After the President makes these proproposals it will then be up to the Congress to review these budget deferrals and rescission requests, once again in the spirit of the new reform legislation we passed this year.

The power of the purse is ours alone in the Congress. That authority carries a heavy responsibility. I have opposed any ceilings or targets for spending which were not initiated by the Congress and which did not provide for congressional determination of any cuts to be made. If a target is to be set, and it is needed, let us do it for ourselves responsibly.

Finally, this concurrent resolution while not a binding agreement, certainly funds could be obligated beyond this proposed target ceiling if necessary, is a restraint and a guideline, a goal toward which we can direct ourselves. Passage of this resolution puts the Congress on record as willing and anxious to reduce the inflationary pressures by cutting Federal spending.

SOCIAL SECURITY REFORM

(Mr. MADDEN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MADDEN. Mr. Speaker, while the Congress seems to be in a reform mood and there are so many stories about the actuarial unsoundness of the social security program, we might well cause an in-depth study into the need for reform in the social security system.

Many persons, Mr. Speaker, rely on their social security checks, unfortunately, as their entire retirement income. If the demagogs in our body who for political reasons continuously seek to raise the amount of the benefits without providing the wherewithal to finance them, the "trust fund" could well go bankrupt and create a shambles of the entire system.

I am attaching hereto, Mr. Speaker, an editorial opinion which appeared in the August 19 issue of Business Insurance, entitled "Now Let's Reform Social Security." This editorial first appeared in the August 12 issue of Pensions and Investments and I think it should be read by all Members as well as the general public.

The editorial follows:

NOW LET'S REFORM SOCIAL SECURITY

Now that Congress has almost finished its work on reform legislation for the private pension system, we believe it's time it got down to another major problem: reforming the Social Security system.

In its new pension reform legislation, the Congress has demanded fiscal responsibility of the private pension system, yet it has shown little or no such responsibility with the Social Security system. It has greatly increased the system's benefits, without increasing the taxes to pay for them.

According to one recent estimate, by 1990 the average worker and his employer will each be paying $2,070.45 into the system each year, but the system will be paying out $20 billion more in benefits than it takes in.

And even these figures are based on obsolete assumptions, so the picture is probably far worse. According to the Wall Street Journal, deficits on the order of $20 billion a year could arrive by 1980.

Meanwhile, treasury department figures show that the unfunded liability of the Social Security system is already $2.1 trillion. Will Congress insist that this be funded over 30 years or 40 years as it insists companies fund their pension funds' liabilities?

What does Social Security have to do with the private pension system?

First, as the extent of the troubles of the system grow, the government could well eye the assets of the private pension system as a source of a much needed transfusion of new assets. Some well informed authorities in the private pension system feel that absorption of the private system by Social Security is perhaps less than 10 years away.

Second, if action is taken to put the Social Security system back on a sound financial footing, the taxes will certainly have to rise. This will be an added drain on the corporate treasury. The longer this is delayed, the greater will be the drain.

At the same time, Social Security benefits will have to be held steady or even cut back, so that the private system's benefits will have to carry the load of keeping pace with inflation.

There is no doubt that putting Social Security back on a sound financial basis will hurt the company and the employe through higher contributions. But it is infinitely preferable to absorption of the private system by the government.

As we have pointed out in the past, the costs will rise even more if the private system is swallowed up by the Social Security system. Government bureaucracies are notoriously inefficient compared with private enterprise, and this will certainly be true in the administration of pension assets.

Further, the Social Security system, at least as presently regulated, can't invest in corporate securities, or even treasury bills. It thus misses a chance to grow with the economy, or to earn higher returns.

Companies will have no control over increases in benefits which they now negotiate with their employes. And they will have no say in the timing of the payments into the system.

We believe that the pension industry—that is, pension fund trustees, administrators, managers and actuaries—can act to prevent the demise of the private pension system.

The industry can first of all publicize the disastrous financial condition of the Social Security system to members of the private pension system, and explain what it means to the average worker.

The workers should be told that the Social Security system at present is a giant chain letter which must get more expensive if it is not to break down sometime in the future, since there will be fewer workers to carry the load. Those who will still be working in 1990 should be gravely concerned. This warning could be achieved through corporate communications programs and public relations efforts such as speeches at well-reported conferences.

Further, the industry brought a great deal of pressure to bear in Washington in an effort to influence the shape of the pension reform legislation.

A similar effort should be mounted to influence Congress to take a new look at the Social Security system—from its objectives to its methods and its future. Congress should be exposed to the work of actuaries such as Geoffrey Calvert, a consulting actuary in British Columbia, Robert Kaplan of Carnegie-Mellon University and Roman Weil of the University of Chicago. These men have exposed the Social Security system and the dangers it is presenting.

Getting a member of Congress to vote against a Social Security increase is like asking for a vote against motherhood. Many members of Congress seem to think that such a vote would jeopardize their political futures.

But this can be overcome if the industry can make a sufficient number of workers concerned about the condition of the system and how it could affect them.

When the workers realize that if the company's private pension plan is absorbed by government system, their benefits at some stage will have to be reduced to a level lower then they now expect, Congress will hear about it.

If action is taken immediately to better fund the system, taxes will have to rise by 50 or 75 percent, according to Kaplan and Weil. But that much medicine now is better than a lot more later. And it would probably allow a reserve to be built up. This reserve could be invested in higher-return investments than the flower bonds, and the return might eventually lower costs.

We believe reform of the Social Security system is an urgent matter deserving the attention and efforts of all who are interested in preserving the private pension system.

We also believe that united effort on the part of all on lines suggested above will be effective in influencing Congress to carry out that reform. Let's not leave it until it is too late to act. Last-minute efforts to head off trouble are more often than not doomed to failure.

PRESIDENT'S PROGRAM TO CONTROL INFLATION

(Mr. VANIK asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. VANIK. Mr. Speaker, on Tuesday, the President presented his program to control inflation. While some of the President's proposals received a warm reaction, other portions were received in mild indifference. However, the tax recommendations of the President received an almost cold reaction.

After 2 days of preliminary hearings on President Ford's surtax proposals, these facts became clear.

The 5 percent surtax would effect 28 percent of the individual taxpayers or 63 million Americans who would be called on to provide the $2.6 billion in new taxes. The $2.1 billion raised through the corporate surtax would be redistributed to the corporate sector through increased investment credits to 10 percent.

The increase in the investment credit is economic insanity. The credit is designed to encourage increased demand for producer's durable equipment, but in the first 6 months of this year, the price of this equipment rose at a rate of 21 percent and there are large backlogs of unfilled orders. The investment credit will lengthen the backlogs and increase the price.

In the first year, the President's proposal will have no substantial effect on the budget or the Federal deficit.

However, after the first year, the surtax on individual and corporate income terminates, providing no revenue replacement for the loss of revenue resulting from the 10-percent investment credit which continues in the law until it is modified or changed. Although the President's proposal reduces the allowable depreciation by the amount of the investment credit, it would reduce Federal revenues by $3 billion every year from now on.

The President's proposal is to treat the payment of utility preferred stock dividends as a business deduction, instead of a distribution after taxes. In addition, the President proposes that taxpayer funds be used to pay out to utility companies not earning income, a cash payment equal to 10 percent of the cost of a capital improvement.

The added taxpayer burden of these special programs will range between $100 million to $300 million per year.

At this state of the discussion, I cannot understand how the President's proposal can serve to reduce consumer prices or reverse the tide of inflation. The capital generated for business and industry is transferred from tax revenues. It will create price and demand pressure on industrial goods already in short supply and backlog order.

The reduction of purchasing power in the extraction of $2.6 billion from 28 million taxpayers will create further pressure for wage increases to meet the increased burdens of taxation and inflation on 63 million people.

The tax proposal is ill-conceived. It serves to tax the victims of inflation, instead of the culprits.

FOREIGN INVESTMENTS IN THE UNITED STATES

(Mr. WYMAN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. WYMAN. Mr. Speaker, foreign investment in this country must be controlled. The opportunities for takeover of many important American companies have never been more opportune and money is flowing to oil exporting nations like water. My bill, H.R. 16848, the Foreign Investment and Control Act of 1974, is presently pending before the Commerce Committee. It should be heard and acted upon without delay.

Indicative of the dimensions of this problem is an editorial appearing in today's Washington Post. Action is needed now—and urgently.

The article follows:

Those Foreign Investors

Foreign investment in this country is rising rapidly, but no one knows exactly how much or where. The sudden ballooning of Arab oil funds seems to have incited a kind of anxiety which, when you think about it, lies very much at odds with the American tradition. Americans ought to be the last people in the world to object to investment across national boundaries, for we have done more of it than any other nation. We have benefitted the people of other countries in the process, but we have also very much benefitted ourselves. Now that the process is also running the other way, a hostile political reaction is beginning to be visible here and there in this country. That reaction is mistaken. This country's interest continues to lie in the free flow of international investment.

But that principle does not require us to remain in ignorance regarding the nature of foreign ownership here.

Some of it, obviously, involves control of resources. We are beginning to hear murmurs that this country must not permit its irreplaceable natural resources to go to foreigners—a remark that usually refers to coal shipments. It is an opinion that will be read with interest by Canadians and Venezuleans, whose oil industries are almost entirely owned by Americans and organized largely to feed the U.S. market. Those misguided persons who wish to discourage coal exports to Japan may wish to consider the effects of other countries applying the same principle to us—as, for a time, the Arabs did in the memorable oil embargo last winter. The occasional flickers of indignation at foreign real estate purchases—most recently, Kuwait's purchase of Kiawah, an island on the South Carolina coast, for resort development—needs to be balanced by reflection on the vast American holdings of mines, industrial plants and plantations abroad.

Because foreign investment in the United States has been very small over the years, the government has never bothered to gather accurate statistics on it. There is no legal requirement to report the foreign takeover of an American company and no reliable way to identify foreign owners. The administration estimates foreign direct investment—which means investment carrying control of the enterprise—at a total of about $16 billion, although some economists put the figure much higher. In contrast, American direct investment abroad runs to more than $100 billion. But even those countries that most welcome American companies keep much better track of who owns what than we do. Good information is becoming essential not only for making sound public policy, but as an antidote to the exaggerated apprehensions that each large foreign investment sets off.

Sen. Daniel K. Inouye (D-Ha.), chairman of the Senate Foreign Commerce subcommittee, began to get interested in the subject after a wave of Japanese investment in Hawaiian land and resorts. He drew up a thoroughly sensible bill directing the Treasury and Commerce Departments to carry out a comprehensive count of foreign investment here. His counterpart in the House, John C. Culver (D-Iowa), who had picked up reports of foreign purchases of Midwestern farmland, supported the bill. It has now passed both houses and awaits only minor reconciliation of the two versions before going to the President. There is no great cause for alarm in the current wave of business investment from abroad. But there is a case for the careful and accurate reporting that the Inouye-Culver bill will provide.

SUMMARY OF FEDERAL INCOME TAX RETURN

(Mr. RANDALL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. RANDALL. Mr. Speaker, when I filed for the office of U.S. Representative in January of 1974, I made a commitment to publish in the Congressional Record a summary of my Federal income tax return for 1973.

Publication would have been made earlier except for an error in computation of the Missouri State income tax. The correction of the error was time consuming. Recomputation was required because of an overpayment in a previous year.

A summary of the joint Federal income tax return of Wm. J. Randall and Margaret Randall, Form 1040, for 1973, is as follows: Salary as a Member of Congress, per W-2 form, $42,500. Total allowances for all stationery and supplies for the Washington office and the field office, as verified by the disbursing office, was $5,450. A travel allowance of $2,909.75 was received.

Offsets against the foregoing allowances for stationery, supplies and travel are the following items: Actual travel costs including air and surface as ticketed or vouchered were $5,088.76, which was $2,179.01 greater than the travel allowance of $2,909.75 for a personal expenditure, over the allowance of $2,179.01.

Offsets against the allowances for supplies and stationery were actual expenditures of $5,631.96. All items of the allowance have been vouchered which shows there was $181.96 out-of-pocket expense over the $5,450 allowance not reimbursed through the allowance.

Additional telephone expenses personally paid and not reimbursed were in the amount of $572.94.

The statutory allowance for living expenses for the Washington, D.C. area as provided by law is in the amount of $3,000.

Additional deductions included expenses for books, subscriptions, publications, newspapers, magazines, printing, bulletins, news releases, lease of office equipment, lodging and meals on official business outside of Washington and not in the congressional district, as allowed by law, $2,855.33.

Income other than salary as a Member of Congress amounted to $2,617.95 in interest received from savings and loan accounts and $1,758.56 received from rent and royalties. One honorarium was received in the amount of $160.35. No income was received in 1973 from law practice, nor during any of the years as a Member of Congress. Adjusted gross income was in the amount of $38,247.62.

Itemized deductions are in the amonut of $4,022.35. These deductions are made up of State, county, school and city taxes in the amount of $1,457.44. The real estate tax paid on our home in Independence, Mo., amounted to an additional $380.57. Gasoline taxes were paid in the amount of $50; State sales tax was in the amount of $346.50, including an item of $120 paid at the time of the purchase of a car. Personal property taxes amounted to $48.96. Missouri intangible taxes paid were $29.15.

Interest was paid out in the amount of $463.18. Total charitable contributions amounted to $938.75; miscellaneous deductions were claimed in the amount of $137.50.

Form 1040 shows total Federal income tax paid in the amount of $8,973.01. Withholdings for the year 1973 were $11,870.40. Overpayment from 1972 credited as a prepayment for 1973 was in the amount of $2,000. Prepayments and withholdings for 1973 totaled $13,870.40. This sum amounted to an overpayment of $4,879.39. Of this overpayment, $3,647.39 was credited as an estimated prepayment of 1974 taxes, and a refund was requested for the balance.

The only dependent claimed was my wife, Margaret Randall. The return was prepared by an accountant.

Itemization of all non-Congressional income has also been filed with the Clerk of the House as required by House Rule 44, and is available for reference.

There was no income from dividends on common or preferred stock or interest from corporate bonds.

I did not during 1973, nor during any of the years as a Member of Congress serve as an officer or director of any business entity, corporation, partnership or proprietorship. I did not participate in 1973, nor in any other years while in Congress in decisionmaking of any business entity or enterprise.

I have received no income for services other than my salary as a Member of Congress, except for the $160.35 honorarium previously listed.

HELP FOR CHURCHES AND CHARITIES SHOULD BE INCLUDED IN THE TAX REFORM ACT OF 1974

(Mr. HEINZ asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HEINZ. Mr. Speaker, everyone is aware of the economic impact that inflation has had on the average wage earner. But, as the Ways and Means Committee and the House continue to consider tax reform legislation, little attention has been paid to the social implications of inflation, especially as it affects our religious and charitable institutions.

These traditional American institutions, which have played a major role in the fulfillment of our religious, moral, educational and recreational needs, are in danger from the impact that rapidly rising prices are having on their economic lifeline, voluntary charitable contributions.

My research of the most recent Internal Revenue Service data uncovered that while the average charitable contributions increased by 9.2 percent from 1966 to 1968, the 1968 to 1970 increase was only 3.7 percent. This sharp decline came during a period in which the rate of inflation was less than half of the current rate.

Since virtually all of these groups depend, to a large degree, on the generosity of the American people, there is a real concern that many may not survive our current inflationary spiral.

Therefore, on June 28, 1974, I introduced H.R. 15722, "The Religious and Charitable Donors' Tax Credit Act." This bill would amend the Internal Revenue Code of 1954 to allow each taxpayer to choose either the present deduction for charitable contributions or a tax credit for 50 percent of his or her charitable contributions, whichever is most beneficial. There would be a limit of $500 tax credit per individual return per year, with a $1,000 credit limitation for those filing a joint return.

H.R. 15722 gives hard pressed taxpayers an extra benefit while taking nothing away. It does not repeal or alter the present tax deduction for charitable contributions. What my legislation does do is give taxpayers a choice between something old—the present deduction—and something new, a tax credit of 50 percent of the annual total of his or her charitable contributions, up to a maximum credit of $500 per year on an individual return or $1,000 on a joint return. A tax credit reduces the taxes you owe, dollar for dollar, and so is much better for most taxpayers than a deduction which only reduces the taxable income on which you figure how much you owe in taxes. It is up to the taxpayer to decide what choice helps most.

Under present law, the deduction permitted for charitable donations mainly benefits people in high tax brackets. For example, an individual with a taxable income of $10,000 who gives his church $500 is entitled to a mere $125 tax savings. But the individual who makes $50,000 and also gives his church $500 saves up to $300 in taxes. This is clear discrimination against low and middle income taxpayers.

My tax credit bill, H.R. 15722, will assure those who are not wealthy a tax benefit from charitable contributions as substantial as that already enjoyed by those who are. The tax credit would allow each taxpayer to continue his or her generosity toward the church or other institutions without depriving his or her family of life's basics.

I believe this approach would strong incentives for Americans to increase their religious and charitable donations. By doing so, it would help strengthen this Nation's churches and religious groups, private educational institutions, cultural groups and other entities such as the heart and cancer research organizations which rely entirely on chariable donations.

Because of the bipartisan and interdenominational support I received from many of my colleagues in the House, I reintroduced this bill on September 25, 1974, with cosponsors. Since then I have received many endorsements from a wide variety of religious groups and organizations. For example, the following is a quote from a letter that the Catholic University Alumni Association sent to its members:

> The "Heinz Bill" proposes an effective remedy to the current situation wherein the inflationary spiral has detrimentally affected charitable giving. As such it is of enormous importance to all connected with the Catholic University of America, bearing closely upon the vital source of sustaining income known as the annual fund.
>
> Enactment of H.R. 15722 into law could substantially multiply our potential to contribute to worthy causes such as CUA, while adhering to the limits of budget we all have.

For the benefit of my colleagues, I am enclosing other letters of endorsement. This support is particularly meaningful as the Ways and Means Committee continues to proceed with tax reform legislation. It is my hope that H.R. 15722, or similar legislation, can be included in the Tax Reform Act of 1974 either by the committee or by means of a floor amendment.

I am hopeful that this legislation will be given strong consideration by my colleagues and that the following letters of support will demonstrate the need for such legislation.

THE WHITEHALL CHURCH,
Pittsburgh, Pa., Oct. 1, 1974.

Hon. H. JOHN HEINZ, III
Washington, D.C.

DEAR MR. HEINZ: Thank you for the recent information sent to us concerning HR15722. I have notified our congregation and have urged them to contact you and their other Congressmen.

You deserve commendation for introducing HR15722. The churches are being extremely hard-hit by inflation, and it is encouraging to know that some of our public officials are aware of it.

I totally support you in the "Religious and Charitable Donor's Tax Credit Bill."

Sincerely,
DAVID E. DIETZEL, *Pastor.*

TRINITY EVANGELICAL
LUTHERAN CHURCH OF SHERADEN,
Pittsburgh, Pa., Sept. 25, 1974.

Representative H. JOHN HEINZ III
Pittsburgh, Pa.

DEAR REPRESENTATIVE HEINZ: Thank you for your informative letter regarding HR 15722. Your efforts on behalf of churches and non-profit organizations are greatly appreciated and needed. HR 15722 is a responsible reply to a worthwhile need. Your sensitivity to the delicate balance between individual freedom and various communal responsibilities is admirable. Thank you for helping to preserve this delicate balance through HR 15722.

Your letter and enclosure are posted in our church building. Our congregation has been invited to read both and respond.

Peace and Joy in Christ,
FRED HASECKE, *Pastor.*

JESUIT CONFERENCE,
Washington, D.C., Sept. 23, 1974.
Hon. H. JOHN HEINZ III,
Washington, D.C.

DEAR MR. HEINZ: I applaud and endorse H.R. 15722 as an imaginative and practical response to a national need implicitly acknowledged by Congress and the American people.

Our recent soul-searching has exposed the urgent need for a moral code to guide our public life. Political wisdom advises us to seek this code from a broad constituency informed by those principles of justice and love taught by our churches and practiced by our charitable institutions.

Political reality advises that our churches and charitable institutions can remain viable sources of moral strength only if their nurture derives from a voluntary support. Your bill promises a timely infusion of strength for this system of voluntary support now weakened by inflation and threatened by short-sighted withdrawal of tax provisions favorable to direct citizen support.

The genius of your proposal lies in its appeal to all who subscribe to our honored American tradition of freedom of individual choice. Those who favor the present tax deduction for charitable contributions are not denied that choice. Those who see merit in equalizing to some extent the economic power of high income donors by offering to the citizen of moderate means a limited tax credit for his gifts are afforded their choice.

At what cost to the federal government and the American people is this choice provided? Certainly not a cost reckoned by the effect of the tax credit on tax revenues. For offset against any reduced federal revenue must be placed additional federal expenditures for providing the services of churches and charitable institutions voted necessary by the very citizens who elect the system of voluntary support.

Your personal efforts in this proposed legislation are deeply appreciated.

Sincerely yours,
DAVID E. MEIER, S.J.
Secretary for Finance.

EAST LIBERTY PRESBYTERIAN CHURCH,
Pittsburgh, Pa., Sept. 25, 1975.
Congressman H. J. HEINZ III,
House of Representatives,
Washington, D.C.

DEAR JOHN: May I extend my very sincere congratulations to you on the introduction of H.R. 15722 with regard to a more equitable allocation of tax relief for contributors to churches and charitable organizations.

Your comment that because of the inflationary spiral all of us engaged in religious and charitable work are feeling the somewhat painful consequences, is very much to the point and I wish you all success in the implementation of your proposed Bill which will provide an incentive to those in the lower and middle income brackets to sustain their giving.

I have taken the liberty of drawing your action to the attention of our congregation by means of our weekly Church Bulletin.

With warmest personal regards,

Very sincerely,
CHARLES P. ROBSHAW.

MAYOR FERRE REJECTS CUBAN DÉTENTE

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, you know, I am sure, of my strong opposition to any reconciliation with the Castro regime, which has so bloodily suppressed the freedom of the Cuban people.

My views on this are shared by the mayor of Miami, the Honorable Maurice A. Ferre, who is himself of Latin descent and who was elected mayor with the strong support of Miami's Cuban-American population. Mayor Ferre expressed his views in a letter to President Ford and I request permission to insert that letter in the RECORD at this point:

CITY OF MIAMI, FLA.,
September 30, 1974.
Hon. GERALD R. FORD,
President of the United States,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The Cuban trip of Senators Javits and Pell deserves proper recognition for the disservice it has rendered the United States. I hope that the Administration can, in the future, persuade well intended amateurs from embarrassing our international posture.

The results of Senators Javits and Pell's visit are a major coup for Fidel Castro, the Communist cause and anti-American feelings in the hemisphere. Castro, who is a master tactician and strategist, by creating an illusion, misinterpreted by Pat M. Holt, Chief of Staff of the Senate Foreign Relations Committee, enticed the Pell-Javits visit. The Cuban Prime Minister was able to induce from these naive Senators generous words of praise and commendation for the achievements of Communist Cuba. As was reported in several journalistic versions, the man on the Havana streets' reaction was "A triumph for the revolution". The rest of Spanish America will have a similar opinion.

The sad part is that when the OAS votes to reintegrate Cuba into itself, the U.S. will then look as if either we have been forced to acquiesce or, if we refuse to reinstate Cuba, that we are only willing to follow OAS guidelines when they are parallel to our ends. In either case, it is not only a propaganda loss, but a de facto political loss, no less in its negative world impressions that was the Bay of Pigs fiasco or the shameful and costly stagnation that was Viet Nam.

I recognize the difficulty and complexity of the Cuban dilemma. May I, however, respectfully submit that it is not at all like the recognition of the Soviet Union or Communist China. Obviously, these two mammoth governments who represent a significant portion of the world population are important international entities the U.S. must deal with. Cuba is not. Communist doctrine, unlike our own ethical and moral values, accepts deceit and protracted conflict as a means of advancement. It is very easy to deal with international matters if lying is an acceptable means. The double standards of Communist Cuba, should we encourage them by recognition, will some day come to plague the United States in this hemisphere.

As costly and important as have been the two wars that this country has indulged in since the Second World War, Korea and Viet Nam, their impact on us as a nation is negligible compared to what the loss of any part of Latin America would signify. I subscribe to the premise that the underbelly of the U.S. is Latin America. Once in the OAS along with Peru and others that have shown marked anti-American feelings, Cuba will work unceasingly through every means possible to undermine our postures. Venezuela, now aggressive towards the U.S. because of oil, as witnessed by President Carlos Andrés Pérez' open letter to you of last week, would be easier to influence into anti-American positions.

The Cuban propaganda mill is extremely aware of its potential role in this David and Goliath relationship. The fact that Cuba is the most evident and interested participant in the Honduran relief can not be taken as an act of mercy, but rather, as a masterful propaganda move that will have great impact in the third world, specially in Latin America.

The recent terrorism in the Venezuelan embassy in the Dominican Republic, and the continuing revolutionary terrorism in Argentina and Uruguay can be nothing more than the action of Communist cadres, of which obviously Communist Cuba is an important part.

I recognize that in the aftermath of Watergate it is difficult for the executive to preempt intervention by the legislative branch, but clearly the result, if not the intentions, of Senators Pell and Javits' trip are an intervention into the functions of the Secretary of State.

Certainly, American foreign policy has no room for those that can be easily brainwashed and deceived into accepting fascinating propaganda as reality. The achievements of the totalitarian educational system of Cuba do not compensate for the hundreds of thousands in political prisons and detention work camps. The social achievements of a country at the expense of freedom have historically never been accepted by Americans.

This small voice of an elected official in the community that has in its midst almost 400,000 Cubans and Cuban-Americans, respectfully hopes that your administration move very precautiously in the dangerous and treacherous waters of Cuba.

Sincerely,
MAURICE A. FERRÉ.

HUMAN BEHAVIOR AND PROSPECTS FOR WORLD PEACE

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, I am privileged to bring to the attention of our colleagues a significant address delivered by Dr. Jules H. Masserman as his presidential address to the Fourth World Congress of Social Psychiatry, which was reprinted recently in Social Psychiatry.

In additon to being past president of the International Association of Social Psychiatry, Dr. Masserman is vice president of the American Psychiatric Association and has been honored with many distinguished awards, including the Albert Lasker Award. He is a professor of psychiatry and neurology at Northwestern University and is the author of many articles and textbooks.

In his address, entitled "Man for Humanity: Concordance Over Discord in Human Behavior," Dr. Masserman deals with factors in human neighbor which are pertinent to the hope of all mankind for a world in which men live together in peace. I request permission to include the text of his address in the RECORD at this point:

CONCORDANCE VERSUS DISCORD IN HUMAN BEHAVIOR: PRESIDENTIAL ADDRESS TO THE FOURTH WORLD CONGRESS OF SOCIAL PSYCHIATRY

(By Jules H. Masserman, M.D.)

The privilege you have accorded me of presenting this Plenary Address carried with it the serious obligation to choose a topic of corresponding import. Permit me, therefore, to select no less a theme than "Man for Humanity," with the hopeful subtitle of "Concordance Over Discord in Human Behavior." I shall try to demonstrate that this implied trust in our future need not be based merely on man's eternal optimism, since this is too thin a ledge above an abyss of anxiety. Instead, we must of necessity confront man's inevitable frustrations and uncertainties, trace their role in inducing tragic aberrations of his conduct, and concede their most destructive expressions in mass hatred, rapacity, aggression, and war. Nevertheless, as social scientists, we can likewise explore the antithetic premise, namely, that man also has innate capacities not only for survival, but for universal empathy, peaceful collaboration, and progressive creativity. Let us, therefore, examine the possibilities of human collaboration as derived from man's basic needs, and test them ontologically, comparatively, and clinically.

MAN'S ULTIMATE NEEDS

What, then, are our essential needs from which spring our more or less conscious motivations, drives, desires, wishes—yes, even our fantasies, faiths, and beliefs? I propose that these can be most succinctly assembled under three ultimate parameters.

First, there is our desire for the physical well-being, longevity, and necessary skills with which to manage our material environment sufficiently to assure our survival, vigor, and control. Accordingly, we have developed our multiple sciences and technologies, ranging materially from paleolithic flint axes to today's planetary satellites, and medically from primitive herbalism to modern heart-lung transplants.

Second, since all this required collaborative social effort we have expanded our interpersonal relationships into ever broader systems of hierarchic alliances as these offered greater sexual, familial, and cultural satisfactions.

And third, we have sought recourse to various metapsychologic, philosophic, or theologic beliefs that provided the mirage of cosmic omniscience, omnipotence, and immortality.

All three of these Ur-modalities have always been essential to our physical welfare, cultural hegemony, and existential "health", the latter more comprehensive term being derived with deep philologic wisdom from the Anglo-Saxon root *hal* or *hol*, triply connoting bodily strength or "haleness," the social salutation "hail friend," and the philosophic ideals of "wholesomeness" and "holiness." Conversely, whenever any of these basic Ur-needs were thwarted or even threatened, men have ever developed correspondingly basic Ur-anxieties: the pain of illness and the apprehension of death, the poignant loneliness, the pathetic retreats or rebellious aggressions of social rejection, and the unbearable voids of shattered illusions. Hence the eternally triplicate role of the compleat psychiatrist: to act as a physician who restores physical well-being, to offer himself as a Vergilian friend who guides his patient from an underworld of alienation back to humankind, and who himself is an unassuming exemplar of the veracities, virtues, and values of a life lovingly lived.

VECTORS OF DISCORD

However, we must realize that even our best efforts with individual patients can produce only minuscule effects on the mass discord and violence all about us. Let us, therefore, examine these phenomena also to see what hopes for humanity can be derived from the exploration of broader ontologic, comparative, and research perspectives.

RESEARCH STUDIES

In briefest summary, our data indicate that, in the absence of special stress, actual fighting among animal conspecifics for territorial, feeding, sexual, or other privileges is minimal; chronological, hierarchial, or intellectual primacy manifested merely by signals of preemption are nearly always sufficient to establish relatively peaceful relationships. Indeed, in our rather extensive observations, physical combat appeared *only* under the following special circumstances, all with almost self-evident human analogies:

1. When an individual who had attained a high position in its own group was transferred to one in which he came into direct contact with new rivals themselves accustomed to dominance.

2. When a subdominant female who had acquired increased status and protection by mating with a powerful male celebrated her women's liberation by punishing members of the colony who had previously oppressed her.

3. When any animal, after being subjected to unpredictable environmental stresses, generalized its reactive aggression by attacks on both animate and inanimate objects in its environment.

4. When an excessively tyrannical and preemptive individual finally provoked a concerted rebellion by an alliance of subordinates.

In effect, then, these experimental findings supported the thesis, previously inferred from evolutionary, historic, and comparative data, that destructive violence is not necessarily the expression of an innate vector, but is elicited as an often maladaptive response to deprivations, conflicts, or uncertainties which exceed an organism's adaptive capacities. Such a formulation is quite in accord with observations that baboons kept in captivity attack the weak, the ill, and the aged, abuse females, and may otherwise act in a cruel and destructive manner; for that matter, so do men kept in prisons, concentration camps or "tribal reservations" by barbarous captors. It is also true that feral animals hunt and kill members of other genera for food, that leopards may occasionally engage in mortal combat, and that ant and rat colonies at times make mass assaults on the environs of competing varieties. Nevertheless, since *Homo habilis* is all one species, it is a sad commentary that man, often without distinguishing victim from foe, is the only creature on earth that makes continuous, concerted and ruthless war on his own kind.

CONCORDANCE AND COLLABORATION

And yet, despite his deplorable atavism, there is evidence that man has the potential for developing the collective modus vivendi which, as we shall see, has already been attained by many so-called "lower" social organisms and some "primitive" tribes, such as the Zuni of Arizona or the Tarahumara Indians of Mexico. Let us examine the evolutionary, historic, and experimental data for this antithetic concept.

Obviously, evolving conspecific collaboration had had supreme evolutionary survival, else none of us would be here to philosophize about it. Contrary to previous misinterpretation of the Darwinian phrase "survival of the fittest" to mean the preservation of the most strong and savage, Julian Huxley, Ashley Montague, George Gaylord Simpson, and other paleobiologists have pointed out that, in most instances, the preservation of the individual as well as the species has been due not to violent competition and lethal conflict but rather to empathy and cooperation within and among transacting organisms. Indeed, many of the patterns of group solidarity most important to social psychiatry can be traced through their modern representatives almost to Cambrian paleozoa. Bonner observed that normally free and individualistic monocellular myxamebae, when deprived of food or water, congregate to form a stalk or clone in which many will "voluntarily" perish so that others may sporulate and live. Such primal relationships evolve in complexity and effectiveness through higher orders to what may well be called behavioral altruism in many mammalian phyla. Examples are multiple: antelope vountarily remain endangered as sentinels of the herd; otters and beavers will aid an imperiled conspecific; wounded elephants are helped by their companions to escape to the safety of the jungle; dolphins, with empathetic intelligence, will sustain and nurse an ailing comrade; and even the awesome mountain gorilla is "amiable and decent" to the weak and suffering of its kind. Indeed, such patterns may prevail over those of immediate self-preservation: Male baboons courageously defend a member of the troop attacked by a predator, and females return in the face of lethal danger to rescue the dead bodies of mates or infants.

Moreover, there is ethologic evidence that when the young even of ordinarily inimical species are raised together, congenial relations can be maintained into adulthood—a cogent lesson for prejudiced human parents who insist on transmitting racist, religious, or other hatreds to their children. Forel let newly hatched ants of three ordinarily hostile varieties grow up in one colony and observed that the adults continued to coexist amicably. Pattie observed that chicks raised in the company of baby mice preferred them, as adults, to fowl company. And Kuo conditioned cats to kill rats, to fear them, or to treat them as playmates, depending on their early experience with each other. Lifelong friendships have been observed between a goose, a cat, a goat, and a llama, and even mortal enemies such as rabbits, badgers, and foxes have grown up in mutual tolerance. At a private research zoo in Moscow, I was privileged to witness a chicken, a rabbit, a parrot, a raccoon, a fox, a wolf, and a bear join in acting out a 10-minute playlet taught them with patience and kindness after they had been raised fraternally in peace and mutual security.

Humans can likewise be accepted by feral as well as domesticated friends. By gentle overtures, Jerome Wooley converted savage adult wolves into loyal canine companions, and the Adamsons raised a lioness cub to be an affectionate friend and mentor between them and her kind. Jane Goodall, after spending months with a clan of chimpanzees in the wilds of Tanzania, learned their customs, mimetics, and vocal communications so well that she was treated "almost as another chimpanzee." At her departure, she received from David Graybeard, the patriarch of the tribe, a gentle farewell touch of his hand which, as she wrote, "spoke to me across the barrier of the untold centuries that had grown up during the separate evolution of man and chimpanzee."

EXPERIMENTAL DATA

Other observations in our laboratory also tended to demonstrate what in humans would be called interpersonal empathies and altruisms. Cats, without immediate direct reward, would work mechanical devices to feed each other; obversely, monkeys would refrain from securing food from an apparatus which simultaneously electroshocked a cagemate. As to cross-species relationships, those of us who share our domestic world with other animals need not be reminded of the patient services of our bovine, equine, and other quadruped slaves, the regal grace of cats who tolerate us as moderately useful tenants in their domain, or of the unquestioning loyalty and self-sacrificing devotion of man's canine friends.

Such observations call into serious question Freud's postulate of an elemental "drive to aggression" or "death instinct" within and among species, or the unfortunate popularization of this notion by Lorenz, Ardrey, and others; on the contrary, evolutionary data indicate potent vectors toward both conspecific and extraspecific harmony and cooperation. Cannot man, who has called himself also *Homo sapiens*, justify his claims to wisdom by utilizing this universally innate capacity for empathy, collaboration, and concordance?

HISTORICAL VECTORS

Again, at first sight, human history, as usually recorded, seems to negate this; however, we must remember that contemporary chroniclers, like their modern journalistic counterparts, much preferred to deal sensationally with kings and conquests and other man-made catastrophies rather than with the prolonged periods of quiet and constructive human progress that occurred whenever man's needs were reasonably fulfilled. Among many examples, we may recall the relative tranquility that supervened during some of the providently agrarian, politically well-organized, and theocratically stable Nilotic dynasties of ancient Egypt; the commercially prosperous, culturally eclectic, and religiously tolerant Pax Romana; the economically, juristically, and ethically enlightened regime of one of history's most able and humanitarian princes, King Asoka of India; or even the repressive but socially and religiously integrative feudal systems of medieval Europe. One may well contend that the oppressive impairments of human freedom and progress in the first and fourth of these instances was a high price to pay for their intercurrent quiescence, but the inference remains that men can be relatively content, peaceful, and cooperative when their physical, social, and metapsychologic needs are sufficiently met, and become restless, escapist or violent only when they conceive these essentials to be imperiled. I have advisedly used the relativistic phrase "conceive these essentials to be imperiled," since we must recognize that every man measures his happiness not by what he actually has, but by how closely his possessions and securities approximate what he has come to believe is his due.

APPLICATION TO INTERPERSONAL THERAPY

This principle may also help to clarify the clinical anxieties from which basic aversions, obsessions, regressions, and drug or other escapisms as well as aggression and violence may spring. In essence, patients come to us under the same three adverse contingencies:

1. When their physical welfare seems to them to be in internal or external danger.
2. When their familial or social relationships seem alienated.
3. When their cherished faiths—be they "scientific," philosophic, or religious—seem threatened.

Correspondingly, as already noted, in our conduct of therapy (Greek=therapeien, service) we serve

1. As skillful physicians or other health experts by alleviating our patients' suffering and disabilities insofar as possible, and thus restoring their confidence in their physical well-being.
2. As dedicated humanitarians, by helping our patients regain self-directed and creative participation in their sociocultural milieu.
3. In our implicitly assigned roles as oracles and mentors, in guiding our patients toward renewed credence in some comforting, culturally compatible, benign, and thereby operationally effective system of beliefs—be they, once again, philosophic, metaphysical, or theologic.

I venture to state that all forms of medicopsychiatric treatment—whether those employed by "witch doctors" or as practiced by Western-trained therapists of various persuasions are successful only as they fulfill the physical, social, and philosophical criteria I have outlined; insofar as any mode of therapy does not, it is correspondingly ineffective.

APPLICATION TO SOCIAL PSYCHIATRY

This, then, has been a review of only a few of the evolutionary, historical, experimental, and clinical data indicating that, whereas physical, social, and ideologic frustrations can give rise to aggression and violence, both lower and higher organisms have predominant capacities for collaboration and concordance. Unfortunately, such insights are still of little practical value if we act only as academic theoreticians or individual clinicians, since in these roles alone we cannot possibly counter the devastating effects on three billion human beings of a technologically, culturally, and philosophically disordered world, currently manifest in spreading disease, crime, and ferocity. Somewhat more effective, hopefully, may be our coordinated efforts in organizations such as the International Association of Social Psychiatry and in the educational, fraternal, and inspiring influences of congresses such as these. However, here again we can avoid futility only if we arrange to be heard and respected by, and then cooperate fully with, humanely concerned colleagues in economics, sociology, jurisprudence, and other behavioral disciplines throughout the world. Only with such concerted action can we influence, insofar as reason can prevail, the financiers, politicians, and militarists, some of whom are still, under the banners of racist, nationalistic, or religious supremacy, trying to lead themselves and us toward Armageddon.

Nor need we here surrender to excessive cynicism and pessimism—let us honor Isaiah over Jeremiah. On the material plane, vigorous ecologic counterreactions may yet rescue our world from fatal blight. Interpersonally, it has been my heartwarming experience that, when my colleagues and I travel to scientific meetings in other countries with widely different economic and political convictions, we are rarely stereotyped as "chauvinistic," "capitalist," or "imperialistic Americans." Instead, we are cordially welcomed as fellow scientists and empathetic humanitarians. Adopting broader social horizons, most of our youth are abandoning their mindless militancy in favor of constructive social planning and action; the barbaric conflict in Vietnam has been, however irregularly, wound down by an administration belatedly stricken by trepidation if not by conscience; the recent wars in Biafra and Pakistan, however brutal and unnecessary, have been relatively brief; and reason and statesmanship in the Middle East have thus far also averted a world conflagration.

May I, then, end this homily on its initial note of guarded optimism? True, as scientists we know how fallible our facile formulations may be, but as cherishers of hope we need not surrender to nihilism. Permit me, then, here to modernize a coda to my Plenary addres to the Third World Psychiatric Congres four years ago and, in final review, reconsider in more sanguine terms the triune Ur-aspirations of man as follows.

TECHNICAL

Despite the advanced despoiling of our planet and the fact that we have at hand, with no known defenses against them, enough nuclear devices to kill everyone on earth 30 times over, I believe—I must believe—that with spreading worldwide indignation and concerted effective action, we shall rein in our Frankensteinian technology in time to save our species and, hopefully, others also.

SOCIAL

There is already an increasingly compelling outcry against the insanity of wars, and an urgent recognition of the necessity to reeducate, rehabilitate, and recivilize the thousands of originally decent young men we have plunged into mindless, dehumanizing armed conflicts which have driven many of them to profound misanthropy, mind-drugging nepenthics, futile escapisms, and social vandalisms. And as to our current racist turmoil, since *Homo habilis* is a single, universally fecund species, differences of "race" or color will eventually become about as distinguishable as Lombard, Hittite, or Etruscan strains are in us, their Mediterranean descendants. Men will become progressively more cognizant of the necessities of mutual respect, concord, and cooperation—and thereby move closer to a world community.

PHILOSOPHIC-THEOLOGIC

Finally, when we develop a deeper sense of cosmic identity that will transcend our current ideologic parochialisms and the animistic myths and rituals of our primitive religions, we shall become humbler, kinder, wiser—and perhaps more deserving of a happier future.

MOAKLEY ON SENIOR CITIZENS

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraenous matter.)

Mr. PEPPER. Mr. Speaker, recently our colleague from Massachusetts (Mr. MOAKLEY) addressed the convention of the Legislative Council for Older Americans.

The gentleman has very accurately observed the potential for a "backlash" in a social security taxation structure that pits senior citizens against workers.

He has forcefully answered the charges that have been made against increased spending on behalf of senior citizens and I commend the gentleman's remarks to the attention of my colleagues:

REMARKS OF HON. JOE MOAKLEY

We face today the most perilous economic crisis in a generation. Since Richard Nixon became President consumer prices have risen 38%. Unemployment nationally is at an all time high and, in many major cities, at the highest point since the great depression.

The recent economic summit demonstrated how far we still are from grappling with this problem.

As the hope for quick, easy solutions fades and the problems themselves grow, it is only understandable that a wary and frightened public is casting about for "scapegoats."

And at least two prominent political observers have already offered an unlikely candidate—our senior citizens.

When this year's 11% Social Security increase was signed into law, a Boston Globe columnist said "Robin Hood Ran Amok."

He went on to charge that the Social Security bill boosted taxes "on those least able to pay in order to increase benefits to those least in need."

Perhaps more ominous are the observations of a syndicated Washington Post columnist. He pointed out that when today's wage-earners begin to understand what has happened and who is paying for it . . . there could be a serious backlash "against this belated policy of generosity toward the elderly".

The Post columnist went on to take a close look at the federal budget and said that while senior citizens represent only 10% of the total population, almost one-fourth of the United States budget is earmarked for them.

The charge being made by both men is simply this; senior citizens are getting too big a piece of the pie.

Let's talk about the elderly and then let's take a close look at this "pie". Who are these elderly who are getting too big a piece of the pie?

Are we talking about the Dorchester widow who wrote a letter to me rather than dropping in during my post office hours because she's too weak to get around much since she can only afford to eat once a day?

Are we talking about senior citizens who retired to sunny Florida and were recently found by a visiting Washington reporter combing through Miami garbage cans?

Or are we talking about the upstate New York couple in their 90's who froze to death in each other's arms because they couldn't pay a $28 electric bill to keep the heat on?

But even aside from these shocking cases, what kind of picture faces the average senior citizen here in Massachusetts? For openers, that entire 11% Social Security increase—the one that started columnists banging their typewriters—has been wiped out already, only a few short months after it was given. Food costs alone have risen 12% since last year. Rents and property taxes in the Commonwealth remain among the nation's highest. And, the president's delaying tactics on operating subsidies for mass transit place reduced senior citizen fares in jeopardy.

What, in short, is the economic status of senior citizens today?

Ask the one half of all Americans over 65 who have no income except Social Security or Supplemental Security Income. As you know, Supplemental Security Income is the new federal income maintenance program intended to prevent the elderly, blind and disabled from slipping into poverty. However, both Social Security and S.S.I. are not working.

The Average annual Social Security benefit for a retired couple is fully $2,000 a year below what the Department of Labor considers an intermediate level budget.

S.S.I. payments of $146 a month to an individual and $219 a month to a couple, do not even come close to the poverty level.

In fact a study last year by Congressman Jim Burke revealed that nearly half of all elderly widows in Boston are living in poverty.

Let's take a closer look at how big a slice of the pie is going to senior citizens.

Criticism has centered on the 11% Social Security increase. But, in the past five years, while Social Security has gone up 22%, prices have shot up 38%.

Over the long haul the picture is even bleaker. Jim Burke's study showed that today's Social Security checks buy 30% *less* than the first checks issued during the Depression.

Meanwhile the Social Security Administration's budget has spiralled. This warrants a close examination of how these programs are run.

Dealings between senior citizens and the government have been plagued by false promises and poor management. Somehow every time there is an increase in any benefit there seems to be a way of blocking or delaying it. I'd like to point out a few examples:

First, let's look at Social Security itself. Throughout 1973 those of us seeking an increase in Social Security confronted foot-dragging in Congress and outright opposition from the White House. Finally, last fall, there was an agreement that Social Security should be raised by 11% but not all at once. So the bill which became law gave a 7% increase this January and another 4% in July.

Naturally, there's a small catch in this. Congress and the President can pat each other on the back for the 11% increase everyone mentions. But the blunt truth is this: the actual amount of money social security beneficiaries will have received at the end of this year will be nine percent—not eleven percent—more than they received in 1973.

Second is veterans pensions.

If you are on a V.A. pension and get a notice in the mail of a $20 social security increase you'd be wise not to use it because a few days later you're going to get a notice of a $20 cut in your veteran's pension.

A third example is the S.S.I. program which began this year—possibly the biggest foul-up since the Air Force built a plane that wouldn't fly.

In five states—Massachusetts was one—state agencies had received federal consent to switch from food stamps to a "cash out" program. Through a legal snafu—when S.S.I. checks started coming—this other money disappeared. So we had people in five states receiving less than in the 45 states where food stamps are still being given out. The problem was obvious: the need for swift action was clear. Yet six months later, those of us who represent these five states, got our bill—which untangled the snafu—only by threatening to block another piece of legislation.

At about the same time we were also notified that 6,000 disabled in Massachusetts were about to lose their S.S.I. checks—because the certification procedure couldn't be completed.

We got the deadline moved back but only six days before the benefits would have lapsed.

The fourth example is a program called comfort money. These funds are paid to nursing homes which keep them in an account for patients. They can draw on these accounts to buy little things they need. But there is evidence that much of the money doesn't reach these patients who are supposed to benefit. A Congressional Committee is now investigating this matter.

When a social security recipient in Boston cashed her joint check the month her husband died, I had to step in to prevent the Social Security Administration from cutting off her benefits altogether. But they hand out hundreds of thousands of dollars under the comfort money program with no apparent audits or controls.

The fifth example is the pension reform bill which became law recently.

Newspaper headlines announced that this law protected all pension plan participants. Even if their employer went broke their pension would be insured. But it does nothing for those who have already been hurt. Not one employee of the bankrupt Herald-Traveller will ever see a penny of his pension. In spite of the obvious inadequacy of social security, the new law doesn't require any employer to set up a retirement plan. And it does little to protect a worker who changes jobs.

All of this is particularly disappointing to those of us who worked for a pension reform bill with real teeth—one that reaffirmed our commitment to secure and dignified retirement years. But we were unsuccessful.

The final example is medicare.

Medicare forces people to go to hospitals for illnesses that could be treated at home—at a great morale cost to senior citizens and financial cost to taxpayers. Even when costs are covered, mistakes are common and checks slow.

What all this adds up to is that basic human needs are not being met.

But the charge is made that senior citizens are getting too big a slice of the pie. Let's take a close look at the rest of the pie.

Queen Elizabeth owns a huge tract of land in Mississippi. Last year the Agriculture Department paid her $67,795 not to grow cotton on it.

The Department of Defense built a Chateau in Alaska for vacationing generals. The servants alone cost $170,000 in 1972. The Air Force also spent $670,000 for carpeting three bathrooms and a kitchen complete with trash compactor in a C–135 Aircraft . . . and $375,000 for a study of the Aerodynamics of the Frisbee.

The National Endowment for the Arts funded a project which paid a poet $500 for a poem entitled L-I-G-H-G-H-T. This wouldn't seem quite so extravagant except that the word I've just spelled is the entire poem. That works out to $71 a letter. Charles Dickens was paid about $1.50 a page.

There are plenty of others. But the point is obvious. If we have to cut the Federal budget, we can find better places to start than Senior Citizens.

The whole system is perpetuated by the Have's who sit back and pit the Have-Not's against each other.

I can understand the anger of a hard-pressed factory worker who has seen his social security tax rise to $772.20. But I think we owe it to our Senior Citizens to direct our anger in the right direction. Don't criticize the Senior Citizens this tax keeps from starvation. Take a close look at a system that has a Streetcleaner and J. Paul Getty paying the same amount of social security taxes.

In the budget scramble, the same cruel game is played. Medicare and Housing programs fight each other for the small funding available while the Defense Budget remains almost untouched.

But before making a choice between housing and health care, we could take a closer look at a Defense payroll that includes more lieutenant colonels than second lieutenants.

Those who seek higher S.S.I. payments are told we'll have to cut some programs like Mass Transit.

I'd rather find the extra money by looking at a tax system that enabled Nelson Rockefeller to pay no 1970 taxes on an income of nearly $5 million.

This isn't a new trick or approach—throwing a crust of bread to the crowd and letting them fight over it.

But you haven't fallen for this. I haven't fallen for this and I know many of my colleagues in Congress haven't either.

Congressman Jim Burke is fighting to shift much of the cost of Social Security to general funds through fairer taxes.

I support Congressman Burke.

Senator Kennedy is working for health care legislation that would assure all Americans—regardless of income—high quality health care without any financial worry. Something already taken for granted in many nations far poorer than ours.

I support Senator Kennedy.

Congressman Henry Reuss of Wisconsin is fighting for a bill to close tax loopholes that place the entire burden of financing services to the elderly on the backs of low and middle income workers.

I support Congressman Reuss.

A country on the brink of Depression is asked to worry about the so-called "gains" made by Senior Citizens.

But these gains are not real. They are eaten up by inflation and inefficient administration.

And that message has to come across loud and clear. We cannot allow senior Citizens to become the scapegoat for bureaucratic bungling, ill-conceived economic policies and distorted government spending priorities.

We are all in these hard times together . . . workers and the retired. If one segment of our economy can be tricked into making another a "scapegoat'" none of us can find our way out of this economic crisis. The war against inflation is going to be a tough battle and we have to fight it together. And this means that groups like the Legislative Council of Older Americans are needed more than ever to offer a strong voice in response to our current policies.

GOV. DAN WALKER CONVENES ILLINOIS COAL CONFERENCE

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, on October 1 and 2, the Honorable Dan Walker, Governor of Illinois, convened the Illinois Coal 2 Conference at Carbondale, Ill., the second coal conference held under the auspices of the State of Illinois.

In his welcoming remarks, Governor Walker discussed the problems confronting the conference members who were called upon to consider the "job of getting coal out of the mine and to the market."

In view of the energy challenges facing this country, I call my colleagues' attention to Governor Walker's speech. His remarks, which I include in the Record at this time, on the role of State government in helping to meet these challenges are especially noteworthy.

REMARKS BY GOVERNOR DAN WALKER

Welcome to Illinois Coal 2. It's good to be here in Southern Illinois—where the coal is, and I am pleased that so many of you were able to attend.

We will be talking at this conference about some tough, hard facts and problems that must be solved.

We need more coal. Whether it comes from Illinois or elsewhere, we need more coal.

In Illinois, we have an exciting program to make it possible to turn coal into gas and oil as well as to burn coal as coal without polluting the air. Coal can be used in many ways—proven ways—to help ease the energy problem. But if demand for coal doubles in the next eight years as the experts are saying, then the job of getting coal out of the mine and to market is one of the major, immediate challenges.

It takes a minimum of three years to open a deep shaft mine. Much mining equipment is in short supply. There may soon be a shortage of miners and engineers. There are not enough rail cars. The federal government wants to shut down many of the rail lines over which coal gets shipped. In short, there are problems, but these are not problems of the laboratory. They are battlefront problems, everyday challenges for industry, government, labor, and the education community.

The purpose of Illinois Coal 2 is to start finding solutions to these tough challenges and to make sure the decision-makers know how to put those solutions to work.

This isn't a meeting of scientists and theorists working out esoteric theories of economics or energy distribution. Nor is this a meeting of only technicians. Sure, the technical experts are here—we couldn't get much done without them.

But the real purpose of this conference is to bring together the decision-makers—the leaders of local communities and of private industry and labor and the state legislature and government agencies, those who will have to make the changes and decisions to get the job done.

We have a two-day schedule. And if you have looked at it, you can see it's a full, tight program. It's a start at meeting the challenge of increasing coal production. We don't want this search for answers to stop with the last talk tomorrow, though.

So that the effort will continue, I am today proposing the establishment of a coal extraction center here at Southern Illinois University to be funded jointly by the state and the U.S. Bureau of Mines. It will be the focal point for coal mining research in Illinois. Among its tasks will be to develop training for mining engineers and the new types of scientists and technicians needed for mines of the future.

It will be a center for retraining experienced mining technicians. It will be the place to develop more efficient and safer mining operations.

We need the S.I.U. coal mining research center as a place to house federal mining research efforts in Illinois. We need it to fill the alarming gap between our current knowledge of mining technology and the knowledge it will take to double coal production within eight years. We need it to encourage a much greater federal effort in Illinois—where the coal is.

There is no more logical place for the new coal mining research center than S.I.U. Carbondale is the front line of coal production. That's where the city got its name.

S.I.U. has the resources we will need for the research center and we will bring more people and more resources here when we set up the center.

More important, we will bring in the miners and engineers and bankers and industrialists who have to put the research center's findings to work. This will not be a science lab for tomorrow; it will be a workshop for today.

It will also be another major step in our state energy program. That program has come quite a long way in a short time. Less than a year ago, in January, we started putting together the ideas for a major state effort to develop our coal resources.

The first coal conference was last March, little more than six months ago. By July, with solid bi-partisan support, we had the legislation to finance innovative ways of using coal—both burning it as coal and converting it to other forms.

And now in October, we are already moving on a number of concrete projects.

Illinois has the largest bituminous coal reserves of any state in the nation . . . producing coal for use in more than ten states. As little as fifteen years ago, coal was the primary source of energy in Illinois. But as cheaper fuels became more convenient, and as other circumstances coalesced, the coal market diminished.

Circumstances and economic forces have come together to permit a reversal of that trend. And the sooner we do so, the better it will be for the American energy market and for the economy of Illinois.

Illinois is in an excellent position to accomplish this reversal. Our bituminous coal, although high in sulphur, is also high in heating value. As other formerly cheap fuels become scarcer and more expensive, and as conversion technologies advance, Illinois' coal base broadens and becomes more marketable.

The state has a well-trained labor force which has ably mined Illinois coal for decades.

We also have a remarkably talented university and research community. The junior college systems have taken a strong lead in creating coal programs in their curriculum. Illinois is truly fortunate in having assembled over the year the scientific manpower necessary to chart the way for converting coal to useable clean alternate fuels. And right now, intensive study is going on in all areas of coal conversion, coal and water availability, and possibilities for plant sites. Another essential is our plentiful water . . . there are many locations in Southern Illinois which possess adequate stream flow and ground water to be used in conversion processes.

To live up to the potential of this state's natural resources, this administration has committed our resources to the goal of more coal usage. Burning coal as coal and gasification and liquefaction. We hope the federal commitment will be forthcoming to match the state's efforts such as the seventy million dollar state bond issue.

Obviously when we are talking of such large investment we are also talking of the need for carefully coordinated programs and a strategy to make that investment work to its full potential. We cannot let ourselves plunge into any hastily conceived energy program. We must be certain that any investment will produce net energy gains and advancement of coal science. Coordination and policy guidance will be provided by our two new state energy agencies; the Energy Advisory Council on Coal Development and the Illinois Energy Commission.

We've convened our Energy Advisory Council on Coal Development and it is going to work—training miners and engineers, coal and watermapping, environmental monitoring and cutting red tape that could impede progress on our energy programs. We're not relaxing standards but we're not going to let any project get stalled because a critical decision gets held up on some bureaucrat's desk.

We already have a coal smoke scrubber ready to go—to remove sulphur dioxide from the emissions of coal burned as coal. I'll be starting the scrubber up today right here on the S.I.U. campus. It is a proven, workable method of making high sulphur coal compatible with clean air. And we'll demonstrate that it can work for Illinois coal—so that coal can be burned as coal, and within the toughest air standards.

All this activity on the state level may come as a surprise to those who think that only the federal government is capable of a massive effort—such as Apollo or Manhatten—to achieve the impossible.

The energy problem is not an impossible challenge. But neither is it going to be resolved by the federal government alone.

The goals of Project Independence can only be accomplished with the states and private industry playing important roles.

We in state government can help.

I would like to see more progress made in miner health and safety. Both mine operators and the United Mine Workers Union under Arnold Miller are concerned—sincerely and effectively concerned—about mine safety. Protection of coal miners in this state has to be a major objective. We have seen miner deaths and accidents drop sharply over the last five years. But the risks associated with coal mining are far above those in other types of industry.

In black lung disease we have responsibilities from the past and for the future. We should take care of those who have suffered from our omissions of the past.

Mine subsidence is a problem which Illinois has not addressed sufficiently in the past. We are trying to find out just how severe a problem it is and whether new legislation is called for.

And we must always remember and protect the environment. Developing our coal reserves will require a substantial pledge to maintain and improve our waterways, keep our landscape undefiled, and our air unviolated. A vigorous coal development program does not have to mean forfeiting progress in protecting the environment in order to satisfy our energy needs.

These are a few of the ways the state is helping—capital investment, and vigorous involvement in research, health and safety, manpower training, energy conservation and environmental protection.

Each state in the Union must take on similar roles for a single national purpose: Project Independence. We cannot isolate ourselves completely from foreign sources of fuel but we can—and must—as a nation withstand shortages, minimize our dependence on foreign sources, maintain economic stability and protect ourselves from excessive reliance on any one type of fuel.

What this conference will explore is how to get coal out of the ground quickly, safely and efficiently so that we meet that doubled demand we will soon face.

We will be talking about financing new coal mines, shortening the time it takes to open new mines, training the manpower for increased production, transporting the coal to the users.

There's nothing fancy about these subjects.

That's the nature of this conference: unfancy, hard work. If you don't realize it now, by the end of the conference, you will recognize the tremendous efforts a lot of people are making and will be making to deal with the problems of increased coal production. There's plenty for everyone to do. For government at all levels, for private industry, for the unions, for educators and technicians.

If we combine that hard work with the kind of imagination that has brought us through challenges in the past, we cannot help but lick the mines-to-market challenge and seize the opportunity that coal offers—to the world, to the United States and to our own state of Illinois.

HOW HOT IS HOT?

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, on February 14, 1974, the Natural Resources Defense Council petitioned both the Atomic Energy Commission and the Environmental Protection Agency for a 115,000-fold reduction in radiation protection standards applicable to plutonium. A technical report authored by Arthur Tamplin and Thomas Cochran, entitled, "A Report on the Inadequacy of Existing Radiation Protection Standards Related to Internal Exposure of Man to Insoluble Particles of Plutonium and Other Alpha-emitting Hot Particles" was submitted to the agencies in support of the petition. This is the so-called hot particle report.

An AEC report, WASH-1320, "A Radiobiological Assessment of the Spatial Distribution of Radiation Dose from Inhaled Plutonium" by Drs. W. J. Bair, C. R. Richmond, and B. W. Wachholz, being released today to the public, is a technical response to the substance of the petition. The Commission report was prepared by a group of persons with long experience in radiodosimetry and biological effects of plutonium. It appears to me to be a well written report and, in addition to animal data, draws heavily on the observations of 27 men accidentally exposed to plutonium during the mid-1940's at Los Alamos.

These subjects have been examined periodically since their exposure and, although this is a relatively small group of individuals, there should be some significance attached to the fact that none have shown any evidence of lung damage of any kind, let alone lung cancer. One subject died from coronary heart disease, the others are alive and well.

Clearly the AEC technical report suggests that there are no known data which would support the need for the dramatic change in protection standards recommended by NRDC. It also appears to me that the words of the decision by Judge Arraj in the Rulison case—AEC-industry cooperative gas stimulation experiment by nuclear means—are appropriate in this instance:

> The field of radiation protection is constantly changing with the appearance of new scientific knowledge on the biological effects of ionizing radiation. Careful decisions must be made in the context of contemporaneous knowledge. Such decisions cannot be indefinitely postponed if the potentials of atomic energy are to be fully realized. All that is required to establish reasonableness of the decision setting a standard under the statutory directive to protect the public health and safety is that it be made carefully in light of the best available scientific knowledge. Absolute certainty is neither required nor possible.

In order to assure that I am not misunderstood, let me say the following. I am well aware that plutonium is a highly toxic material. It must be handled with great care. The forerunner of the AEC, the Manhattan project, and the present AEC have devoted a great deal of study and research toward the development of a body of knowledge concerning the uptake of plutonium in animals, including man, and the biological consequences thereof. The present radiation protection standards are soundly based upon the recommendations of our National Council on Radiation Protection and Measurements and the International Commission on Radiological Protection. These protection standards, however, are not sacrosanct. They deserve continuing study and periodic reassessment as the emergence of new scientific data may suggest.

Mr. Speaker, I include in the RECORD at the conclusion of these remarks the summary and conclusions of the AEC study as printed in the WASH-1320 report:

[From the report entitled "A Radiobiological Assessment of the Spatial Distribution of Radioactive Dose from Inhaled Plutonium" by Drs. Bair, Richmond, and Wachholtz]

SUMMARY AND CONCLUSIONS

1. Recognition of the importance of spatial distribution of dose to radiation protection practices by national and international standards setting organizations and the scientific community predates the discovery of plutonium. Continued examination of the radiobiological aspects of the spatial distribution of dose, especially as regards alpha-emitting particles, has not led to major changes in radiation protection standards. However, the problem is and should be continually reassessed.

2. Experimental animal studies clearly indicate that inhaled radioactive particles move from the lung to other organs and may be excreted from the body by several mechanisms. The experimental data also show that truly uniform distributions of inhaled radionuclides in lung seldom, if ever, occur. However, because of the mobility of plutonium within lung, there is some biological justification for averaging the radiation dose to the total tissue.

3. Although particles deposited in lung are dynamic and mobile unless trapped, i.e., in scar tissue, experiments have simulated the static plutonium particle to study the biological effects of truly "hot spots" of radioactivity in lung. These and other comparative experiments of uniform and nonuniform distributions of absorbed energy from radioactive particles suggest a biological sparing effect for both acute and late responses to the nonuniform distribution. Available experimental data indicate that averaging the absorbed alpha radiation dose from plutonium particles in lung is radiobiologically sound.

4. Dosimetric models used to predict lung tumor probability in animals and in human being are biologically deficient, primarily because of the lack of the required biological information. Also, most models are based on studies of tumor induction in irradiated rat skin and on the assumed validity of extropolating to lung tissue. This practice is questionable for several reasons including the fact that the results of studies with rats, i.e., tumor type, vary with rat strains and that the results of comparable studies of irradiated mouse skin have not given results identical to the rat experiments. Thus, use of these models can lead to erroneous predictions of tumor probabilities.

5. Consideration of mechanisms of radiation carcinogenesis suggests that there has been no change in direction or strength of data which would compel departure from the concept that average lung dose for alpha particles provides a reasonable and conservative base for protection.

6. After thirty years experience with plutonium in laboratory and production facilities, there is no evidence that the mean dose lung model on which occupational radiation protection standards for plutonium are based is grossly in error or leads to hazardous practices. Currently available data from occupationally exposed persons indicate that the non-homogeneous dose distribution from inhaled plutonium does not result in demonstrably greater risk than that assumed for a uniform dose distribution. Thus, empirical considerations lead to the conclusion that the nonuniform dose distribution of plutonium particles in the lung is not more hazardous and may be less hazardous than if the plutonium were uniformly distributed and that the mean dose lung model is a radiobiologically sound basis for establishment of plutonium standards.

MRS. KATIE WRIGHT OF EAST ST. LOUIS, ILL., IN "WHO'S WHO OF AMERICAN WOMEN"

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, I am pleased to report that one of my distinguished constituents and my personal friend for many years, Mrs. Katie Wright, 733 North 40th Street, East St. Louis, Ill., has been notified of her inclusion in the ninth edition of "Who's Who of American Women."

This recognition is well deserved and long overdue. Mrs. Wright has been a guiding force in her community and a public citizen in the truest sense of the word.

I include at this point in the RECORD an article from the October 3 edition of the East St. Louis Monitor concerning Mrs. Wright's honor:

MRS. KATIE WRIGHT IN "WHO'S WHO OF AMERICAN WOMEN"

Mrs. Katie Wright, 733 N. 40th Street has been notified by Marquis Who's Who Incorporated that she is to be included in the ninth (1975–76) edition of Who's Who of American Women.

Mrs. Wright, a long-time civic, social and educational leader at the local, state and national levels, is director of the East St. Louis Area Joint Agreement for Special Education. She is president of the East St. Louis Library Board, and is president of the East St. Louis Women's Club. Mrs. Wright is a member of the Illinois Commission of Children and the Board of the Illinois Association of Special Education Administrators. She is a member of the St. Louis Chapter of the Top Ladies of Distinction and is a member and part president of the East St. Louis Alumnae Chapter of Delta Sigma Theta Sorority. She is a member and past president of the Board of Director's of the St. Clair County Mental Health Association and is National Membership chairman of the American Library Trustees Association. She is vice-president of the St. Louis Chapter of the International Mensa Society. Mrs. Wright is a member and immediate past president of the Southern Illinois University Edwardsville Chapter of Kappa Delta Pi Education Honorary. She holds Bachelor and Master's Degree from the University of Illinois at Urbana and is working toward a doctoral degree in Political Science at St. Louis University. She is a member of the St. John AME Zion Church.

In private life Katie Wright is the wife of Marvin Wright, a school principal, and is the mother of a daughter, Virginia (Mrs. Ed) Jordan. She has a grand daughter, Diana Kaye Jordan. Mrs. Wright is a world traveller, having visited England, Russia, Denmark, Sweden, North Africa, France and Spain.

THE MODERN RENAISSANCE

(Mr. ALBERT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ALBERT. Mr. Speaker, Dr. Freeman H. Beets, a native Oklahoman, is Director of Postsecondary Education for Region VII of the U.S. Office of Education. He recently delivered the summer commencement address at Drury College in Springfield, Mo., speaking on the importance of understanding what he calls the "20th century Renaissance."

Dr. Beets stresses the need for educational institutions to meet the challenges of modern life, but he concludes that the opportunity to improve it "does not lie anywhere except within us as individuals."

I am pleased to share his thought-provoking comments with my colleagues:

RENAISSANCE

(Remarks by Dr. Freeman H. Beets)

Many of us think of Renaissance as an architectural style or the historical period of Medieval Europe between the 14th and 16th centuries. The word also means a new birth or revival and I should like to draw upon that meaning today for these remarks.

A renaissance is not always without some negative aspects. Too often the result is what I would label the Pied Piper or Follow-the-Leader syndrome and the pendulum swings too far so that the rhythm of progress and orderly development is distorted. Education, it seems, is particularly vulnerable.

For instance, Title III of the National Defense Education Act of 1958 provided funds for elementary and secondary schools to buy equipment and there was almost an instantaneous demand for "learning machines." These mechanical devices were touted by the new breed of educational consultants—the salesmen of the machines—and many school administrators bought them because a neighboring school had them; but many of the machines were soon quietly forgotten and left to gather dust because either the machines failed to deliver as promised or because trained personnel were not available to make proper use of them.

So, for the most part, the early machine age of education proved to be more of a short-circuit than a generator and the panacea for relieving overcrowded classrooms, solving the teacher shortage, and serving the precocious student in the early 1960's was short lived.

It was almost a decade later when the real instructional value of self-instructional devices—not learning or teaching machines—began to be realized as sophisticated equipment was developed, introduced and orchestrated into the symphony of the classroom.

Similarly, federal funds were made available under the same law for expansion of facilities and purcase of equipment for institutions of higher education so many of them climbed aboard the band wagon to meet the needs of the day and the immediate future and, as a result, greatly expanded dormitory, student union, classroom and laboratory facilities for which some schools are still indebted although the tidal wave of college students which resulted from the post World War II expanded birth rate has long subsided. Today some of these colleges are on the brink of bankruptcy—some have already been forced to close, and others are having to swallow the bitter pill of deficit financing, erosion of endowment funds, and curtailment of programs because the educational forecasters read the birth rate charts in 1945 and 1946 but failed to read them on a continuing basis through 1955 and 1956.

Today, career education is the magic word and again the pendulum is swinging a wide arc and in the minds of many persons carrer education and vocational-technical education is equated. Yet, these are not synonymous and each has its important, vital, and distinctive place in the education structure. Education for life—career education—and vocational-technical education—skill education—are both essential.

Similarly, innovation has become a pied piper word and some of our post-secondary institutions are adopting as innovative programs those which have already proved failures at others, some are experimenting with the University Without Walls and other concepts without really having delved far enough into these educational programs to make a valid determination if these are appropriate and viable programs for the particular institution and its students. Once committed to such innovations, the trap is sprung and the institution which later discovers a costly mistake has been made is like the wild animal caught in the trap and in its frenzy to gain freedom chews off its foot. It is a wise administrator who studies all the angles carefully before taking the step.

We are in the midst of a 20th century Renaissance. We have witnessed within our lifetime the development of a technological revolution never before seen in astro and nuclear physics, molecular biology, automation, cybernation—and the list is endless. We have been a part of what is to be known as the decade of the computer and we have also been a part of the knowledge explosion, the population explosion, the urbanization of America. We have seen revolutions in Civil Rights, Political Rights, Student Rights, and now hopefully, we are witnessing the development of a new political, economic, and international stability.

This 20th century Renaissance has been a change brought about largely by our institutions of higher learning and it in turn is changing and has changed them. Yet, notwithstanding all these remarkable events, there is before us perhaps an even greater challenge and that is learning how to live with that which has been created through the ingenuity of man. It has been observed that we must face the reality that modern knowledge and progress can devastate us unless we harness it for the abundant life for which we all strive.

The challenges are great and we have no choice other than to accept them. You, as college graduates, are given prime opportunities but with these opportunities come sober responsibilities.

On April 16, 1974, the New York Times editorially said "The educational leadership—demoralized by present fiscal problems and terrified by a future of declining enrollments—lacks the spirit and the voice to draw public attention to questions of substance." My own experience tells me this is an unacceptable general statement. I find evidence to the contrary of what the editorial writer concluded.

During this period of turmoil, of indecision, of consternation as to what the present means and the future holds—it is reassuring to those of us who have the opportunity to work very closely with colleges and universities throughout the Midwest to observe that the editorial comment does not apply to most of our Midwestern institutions and that your college—DRURY—is among those which has continued to show the type of leadership, faith in the future, planning, and adjustment to current situations which has kept it at the leading edge of American Higher Education and which has continued it as one of the Nation's prestige institutions. You indeed can be proud to be a graduate of this college.

Successful institutions, like successful businesses, have long range plans and view the horizon to the east as a sunrise rather than to the west as a sunset. This requires a commitment that change is a way of life and that one cannot displace it, nor reject it, but must learn to manage and cope with it.

What are you taking with you from Drury College as a result of the weeks, months, and years of investment of time, energy, and resources? Are you more of a person who is adjustable to change than you were, are you better able to deal with new situations, are you more resilient, do you have a greater sensitivity to your environment, are you less isolated in a sociological sense, are you a better and more useful citizen who is willing to give of your time and energy to make your home, your community, your state, your nation, and indeed the world, a better place for all men? And—do you still have a hunger for knowledge, realizing that your appetite to learn has not been satiated by the work which you accomplished in earning your degree but that you have really established a base camp from which to operate in a learning experience which will last a life time?

Just what does the degree which you have earned really mean? What did President Everheart mean when he was graduated? or Dr. Pardon's or mine? Nothing more than a symbol that you—and that we—completed successfully a set of requirements. What you do with what you learned while you were earning the degree will determine its real value.

In his book, "The Battle of Ideas," Gerald W. Johnson, Baltimore author, journalist, and editor, stated: "If a college doesn't teach a man to think his own thoughts and to speak his own mind, it doesn't teach him anything of prime importance."

Learning is not only the acquisition of knowledge, it is also a restless, unending search for new insights, new understandings, and new meanings.

Do you remember the story in David Copperfield when the little hungry boy had eaten his bowl of soup and the guardian asked "What do you say?" "I want more!" he exclaimed. This is the way it should be with all of us. Although some of you are finishing the formal part of your education, let me implore you to continue applying yourselves because the potential of your education has just begun and I hope you will always be like the little boy at the soup kitchen and that you will want more because when we are still hungry we are not satisfied and we seek more sustenance and this is as true of education as it is of nourishment.

I had an opportunity in 1966 to carry out a special mission for the U.S. Agency for International Development in the Dominican Republic. This was during the time the American Army had troops on the island and there was a great hostility toward Americans. Yet, I met many wonderfully warm and friendly people because my mission was one of assistance to them in education. As one of the Dominican Republic officials was taking me to the hotel, I noticed a large sign scrawled on one of the walls so I asked for an interpretation. I could read the first part because it very clearly said "Yankee Go Home" but my Spanish wasn't quite adequate for me to ascertain the full meaning of "Ye'lleveme contigo" and I was told the graffiti said "Yankee Go Home—and take me with you." We find that in some of the most underdeveloped countries they are spending as much as 40% of their total national income on education. When one of the officials was asked why this was so he immediately replied "we have to spend this much because we are so poor." He was saying that education is the hope of his country to improve itself in this competitive world and that the nation was going to have to lift itself up by its own bootstraps by investing heavily in education at all levels.

In his book, "America Versus America, The Revolution in Middle Class Values" James A. Michener declares that education as a basic principle around which to organize a life is no less viable today than it was in the 1850's when our nation was launching a system of education for all. He goes on to say that he remains convinced that an education is essential for any person who wishes to attain his potential, regardless of how that potential may be expressed. Today's educational dropout is destined to become tomorrow's ineffectual.

Many years ago this was expressed in poetry by Edna St. Vincent Millay:

"The world stands on either side—
No wider than the heart is wide;
Above the world is stretched the sky
No higher than the soul is high.
The heart can push the sea and land
Farther away on either hand;
The soul can split the sky in two;
And let the face of God shine through.
But East and West will pinch the heart—
That cannot keep them pushed apart;
And he whose soul is flat the sky—
Will cave in on him by and by."

One of the tasks which will be left incomplete by my generation but hopefully consumated by yours is the creation of a social and educational system which will provide the maximum individual fulfillment for each American throughout life. In the slums of our urban (and in our rural) communities today, boys and girls who could, if given the opportunity, be brought to a high level of achievement, are left stunted, inarticulate, frustrated, hopeless, and many times angry. There are young people, people of middle age, and members of the older generation whose educational progress has been retarded because of the lack of resources, facilities, and programs geared to their requisites. We need a system of education which will lift people from their bonds of poverty, limitations, and despair. We need schools which will nurture talent, awaken curiosity, develop the eagerness to learn, and provide the opportunity for the undereducated to achieve their worth.

In Washington Irving's delightful story of Rip Van Winkle there is the passage where Rip had just come down to his village from the mountain where he had slept for 20 years. He had been thought dead for two decades, his appearance had changed, so no one recognized him. And Rip, not cognizant that he had slept for 20 years, wished to identify himself to the townspeople and he greeted them; "Alas, gentlemen, I am a poor, quiet man, a native of this place, *and a loyal subject to the King, God Bless Him.*" There was a general outburst from the crowd because Rip did not know that while he had been sleeping for 20 years there had been the American Revolutionary War and a new nation formed and he was not prepared when those who had fought for their liberty from the King cried out "A spy, a Tory—away with him!"

The real tragedy of Rip Van Winkle's 20-year sleep is that during all that time he had been oblivious to progress—here was a man who had slept through the birth of a new nation; yet—how many people do you know who have been sleeping through these past two decades of progress—knowing only that something was happening to change their lives but not knowing exactly what—and how many will sleep through the next two decades?

It was John Mason Brown, the noted critic who wrote in "Words to Live By," "The pitiful people are those who in their living elect to be spectators rather than participants; the tragic ones are those sight-seers who turn their backs deliberately on the procession."

In our political science classes do we discus the writing of the Constitution rather than how the courts are interpreting it and how these interpretations affect our citizens; do we do library research on historical events rather than delving deeply into the issues of Watergate, the hearings of the Judiciary Committee, and the consequences of the past forty-eight hours which resulted in the resignation of the president; in economics do we study the theories of Adam Smith, Keynes, and Galbraith rather than the effects of the Arab oil embargo, the reasons for and effects of the grain sale to Russia, and the economic plight of persons caught up in the spiral of inflation; in our sociology classes do we talk about the social problems of the past rather than being concerned when a super highway is cut through the middle of the inner city and poor people are forced out with no place to move and are we disturbed with the fact that one third of the food sold for domestic animal consumption in some of the metropolitan cities is eaten by humans as they attempt to survive against almost insurmountable odds of inflation? To ignore these current events which are having real meanings in our daily lives is being no less than Rip Van Winkle or letting our souls be flat.

May I relate a story of a boy who, because he failed to find a challenge in school and therefore caused problems, was forced out—and because of this, was rejected by his home. Having no other place to go, he wound up staying at the San Diego zoo, moving from place to place each night to avoid being caught—finding food discarded by the zoo visitors as best he could. He couldn't sleep because he was terribly frightened by the noises made by the animals in the night.

Providentially, he was discovered one day—emaciated and starving and frightened—by a man with compassion for a young boy and with concern for his welfare. He gave the boy the needed encouragement and assistance to enable him to return to school, to complete high school, then college, then the seminary. As a man, the boy became one of the most highly regarded and most influential religious leaders of his denomination. He had been helped to make his way to the pinnacle of success, was highly regarded and respected, happily married with grown children yet, at night, he would awaken frightened again by the noises made by the animals which he had heard so many nights so many years ago while trying to sleep in the zoo. Eventually, his wife persuaded him to consult a psychiatrist who found the solution to those tormented nights. After hearing the man relate his experience of rejection from his home and being frightened by the noises of the animals, the psychiatrist told him, "Your trouble is you are hearing noises that no longer exist—you are fighting battles which you have already won."

Rip Van Winkle's sleep was one of peaceful slumber; the sleep of the boy at the zoo was one of torment. But—what a contrast in their ultimate fate.

Our own personal noises or our own Rip Van Winkles may be the greatest detriment to the full achievement of which we are capable—or they may be the very causes of our greatest success.

The world today is experiencing a Renaissance which will carry man beyond anything he has yet dreamed of in space, in science, in humanities, in the healing arts, and in material and spiritual well being.

And, as this happens, our part in the progress will be as wide as our hearts are wide, as high as our souls are high. We must continue to be hungry, to want more. The life we build and the legacy we leave will depend upon how strong our motivation, our purpose, and our determinations are. The opportunity does not lie anywhere except within us as individuals.

Even as the first great Renaissance was reflected by John F. Kennedy's words that "One man can make a difference, and every man should try," today is the moment of truth and the time of choice. This graduating class should be dedicated to a great upsurge toward creative and imaginative achievement. That being true, there will be no Rip Van Winkle experience or noises in the night for you—only a bright and challenging Renaissance.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Moss (at the request of Mr. O'Neill), from close of business on Friday, October 11, until close of business on Wednesday, November 13, on account of official business.

Mr. Moakley (at the request of Mr. O'Neill), on account of official business in his congressional district in Boston.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Lott) and to revise and extend their remarks and include extraneous matter:)

Mr. Kemp, for 30 minutes, today.

Mr. Martin of North Carolina, for 5 minutes, today.

Mr. Miller, for 5 minutes, today.

Mr. Zion, for 5 minutes, today.

Mr. McKinney, for 5 minutes, today.

Mr. Crane, 15 minutes, today.

Mr. Martin of North Carolina, for 60 minutes, on October 11.

Mr. Robison of New York, for 10 minutes, today.

Mrs. Heckler of Massachusetts, for 5 minutes, today.

(The following Members (at the request of Mr. Murtha) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Melcher, for 5 minutes, today.

Mr. Wolff, for 5 minutes, today.

Mrs. Collins of Illinois, for 20 minutes, today.

Mr. Reuss, for 30 minutes, today.

Mr. Drinan, for 10 minutes, today.

Mr. Bingham, for 5 minutes, today.

Mr. Murphy of New York, for 10 minutes, today.

Mr. Koch, for 5 minutes, today.

Mr. Danielson, for 10 minutes, today.

Mr. Alexander, for 5 minutes, today.

Mr. Clark, for 5 minutes, today.

Mr. de Lugo, for 5 minutes, today.

Mr. Owens, for 5 minutes, today.

Mr. O'Neill, for 5 minutes, today.

Mr. Seiberling, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Gunter, following the remarks of Mr. Dent on the conference report on S. 3044.

Mr. Heinz to revise and extend his remarks following the vote on conference report on H.R. 12628 in the House today.

Mrs. Heckler of Massachusetts, to revise and extend her remarks during debate on H.R. 12628.

Mr. Randall in two instances.

The following Members (at the request of Mr. Lott), and to include extraneous matter:)

Mr. Anderson of Illinois in two instances.

Mr. Hastings.

Mr. Kemp in two instances.

Mr. Broyhill of Virginia.

Mr. Hinshaw.

Mr. Cohen.

Mr. Bob Wilson in two instances.

Mr. Burgener.

Mr. Goodling.

Mr. Gilman.

Mr. Veysey in two instances.

Mr. Lagomarsino.

Mr. Talcott in three instances.

Mr. Cronin.

Mr. Miller in four instances.

Mr. Landgrebe in three instances.

Mr. Hanrahan in three instances.

Mr. Findley in five instances.

Mr. Rousselot in two instances.

Mr. Brotzman.

Mr. Derwinski in three instances.

Mr. Frenzel.

Mr. Hogan.

Mr. Wyman in two instances.

Mr. Conlan.

Mr. Price of Texas.

Mr. Treen in two instances.

Mr. McKinney in two instances.

Mr. Baker.

Mr. Hosmer in two instances.

Mr. Sebelius.

Mr. Young of Illinois in two instances.

Mr. Crane in six instances.

Mr. Conte in two instances.

Mr. Spence.

Mr. Hudnut.

Mr. Young of Florida.

Mr. Steiger of Arizona.

Mr. Biester.

Mr. Bauman.

Mr. Dennis.

Mr. McClory.

(The following Members (at the request of Mr. Murtha) and to include extraneous matter:)

Mr. Young of Georgia.

Mr. Mitchell of Maryland in two instances.

Mr. Patten.

Mr. Murphy of Illinois.

Mr. Roybal.

Mr. Gonzalez in three instances.

Mr. Stuckey.

Ms. Abzug.

Mr. Helstoski in two instances.

Mr. Rarick in three instances.

Mr. Anderson of California in three instances.

Mr. Fraser in five instances.

Mr. Thompson of New Jersey.

Mrs. Grasso.

Mr. Harrington in six instances.

Mr. Ryan.

Mr. Stark in two instances.

Mr. Rooney of New York in two instances.

Mr. Alexander.

Mr. Reid in two instances.

Mr. Waldie.

Mr. Owens in five instances.

Mr. Badillo in two instances.

Mr. Leggett in three instances.

Mr. Roe.

Mr. Murtha.

Mr. Hamilton in six instances.

Mr. Ford.

Mr. Eilberg in two instances.

Mr. de Lugo.

Mr. Vanik in five instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 3514. An act to distinguish Federal grant and cooperative agreement relationships from Federal procurement relationships, and for other purposes; to the committee on Government operations.

S. 3619. An act to provide for emergency relief for small business concerns in connection with fixed price Government contracts; to the Committee on the Judiciary.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3903. An act to direct the Secretary of the Interior to convey certain public land in the State of Michigan to the Wisconsin-Michigan Power Co.;

H.R. 9075. An act to authorize the disposition of certain office equipment and furnishings, and for other purposes;

H.R. 13113. An act to amend the Commodity Exchange Act to strengthen the regulation of futures trading, to bring all agricultural and other commodities traded on exchanges under regulation, and for other purposes.

H.R. 13261. An act to amend the International Claims Settlement Act of 1949, as amended, to provide for the timely determination of certain claims of American nationals settled by the United States-Hungarians Claims Agreement of March 6, 1973, and for other purposes; and

H.J. Res. 898. Joint resolution authorizing the President to proclaim the second full week in October, 1974, as "National Legal Secretaries' Court Observance Week."

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2362. An act granting the consent of Congress to the Cumbres and Toltec Scenic Railroad Compact.

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill and a joint resolution of the House of the following titles:

H.R. 11541. An act to amend the National Wildlife Refuge System Administration Act of 1966 in order to strengthen the standards under which the Secretary of the Interior may permit certain uses to be made of areas within the System and to require payment for the fair market value of rights-of-way or other interests granted in such areas in connection with such uses; and

H.J. Res. 1131. Joint resolution making further continuing appropriations for the fiscal year 1975, and for other purposes.

ADJOURNMENT

Mr. MURTHA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 12 minutes p.m.), under its previous order, the House adjourned until Friday, October 11, 1974, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2845. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Older Americans Act of 1965 to extend the time for the submission of certain studies and recommendations to the Congress; to the Committee on Education and Labor.

2846. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements other than treaties entered into by the United States, pursuant to Public Law 92–403; to the Committee on Foreign Affairs.

2847. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend the Jury Selection and Service Act of 1968, as amended, to clarify the qualification section of that act with regard to service by persons whose civil rights have been restored; to the Committee on the Judiciary.

2848. A letter from the Chairman, U.S. Civil Service Commission, transmitting a report on the administration and operation of chapter 41 of title 5, United States Code, entitled "Employee Training in the Federal Service, fiscal year 1973," pursuant to 5 United States Code 1308(b); to the Committee on Post Office and Civil Service.

2849. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a draft of proposed legislation to amend the Federal Water Pollution Act; to the Committee on Public Works.

2850. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a draft of proposed legislation to amend the Federal Water Pollution Control Act; to the Committee on Public Works.

2851. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting the fiscal year 1975 report on recissions and deferrals for the month of October 1974, pursuant to section 1014 of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344); to the Committee on Appropriations (H. Doc. 93–393). Ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BROOKS: Joint Committee on Congressional Operations. Report on broadcasting House and Senate proceedings (Rept. No. 93–1458). Referred to the Committee of the Whole House on the State of the Union.

Mr. GRAY: Committee on House Administration. H. Res. 1309. Resolution relating to officers and members of the U.S. Capitol Police under the House of Representatives; with amendment (Rept. No. 93–1459). Ordered to be printed.

Mr. MAHON: Committee on Appropriations. House Concurrent Resolution 667. Concurrent Resolution to establish a target for budget outlays for fiscal 1975 in the amount of $300 billion (Rept. No. 93–1460). Referred to the Committee of the Whole House on the State of the Union.

Mr. SISK: Committee on Rules. House Resolution 1437. Resolution providing for the consideration of H. Con. Res. 667. A concurrent resolution to establish a target for budget outlays for fiscal 1975 in the amount of $300 billion. (Rept. No. 93–1461). Referred to the House Calendar.

Mr. YOUNG of Texas: Committee on Rules. House Resolution 1438. Resolution providing for the consideration of S.J. Res. 247. Joint resolution authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act. (Rept. No. 93–1462). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK:

H.R. 17224. A bill to amend the Internal Revenue Code of 1954 to allow certain individuals a deduction for the expenses of operating a motor vehicle to transport their children to public schools; to the Committee on Ways and Means.

By Mr. BURGENER:

H.R. 17225. A bill to transfer jurisdiction over the food stamp program to the Secretary of Health, Education, and Welfare; to the Committee on Agriculture.

By Mr. CEDERBERG (for himself, Mr. Rhodes, Mr. Arends, Mr. Anderson of Illinois, Mr. Minshall of Ohio, Mr. Michel, Mr. Conte, Mr. Davis of Wisconsin, Mr. Robison of New York, Mr. Shriver, Mr. McDade, Mr. Andrews of North Dakota, Mr. Wyman, Mr. Talcott, Mr. Wyatt, Mr. Edwards of Alabama, Mr. Scherle, Mr. McEwen, Mr. Myers, Mr. Robinson of Virginia, Mr. Miller, Mr. Ruth, Mr. Veysey, Mr. Coughlin, and Mr. Young of Florida):

H.R. 17226. A bill to provide for joint action by the executive and legislative branches to limit outlays from budget authority for the fiscal year 1975, and for other purposes; to the Committee on Appropriations.

By Mr. COLLIER:

H.R. 17227. A bill to direct the Federal Trade Commission to conduct a study of the practice whereby supermarket food chains reprice food items after the item has been initially priced and offered for sale; to the Committee on Interstate and Foreign Commerce.

By Mr. ROBERT W. DANIEL, JR.:

H.R. 17228. A bill to provide that certain changes in the loan and purchase program for the 1974–75 peanut crop which the Department of Agriculture is contemplating shall not be made; to the Committee on Agriculture.

By Mr. DELLUMS:

H.R. 17229. A bill to amend the National Security Act of 1947 and the Central Intelligence Agency Act of 1949 in order to prohibit certain activities by the Central Intelligence Agency and to limit certain other activities by such agency, and for other purposes; to the Committee on Armed Services.

By Mr. FROEHLICH:

H.R. 17230. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mrs. GRASSO (for herself, Mr. Fraser, and Mr. Murphy of New York):

H.R. 17231. A bill to make it an unfair practice for any retailer to increase the price of certain consumer commodities once he marks the price on any such consumer commodity, and to permit the Federal Trade Commission to order any such retailer to refund any amount of money obtained by so increasing the price of such consumer commodity; to the Committee on Interstate and Foreign Commerce.

By Mr. HINSHAW:

H.R. 17232. A bill to provide for the conveyance of certain mineral interests of the United States in property in California to the record owners of the surface of that property; to the Committee on Interior and Insular Affairs.

By Mr. MARAZITI (for himself and Mr. Price of Illinois):

H.R. 17233. A bill to prohibit the shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering, or entertainment; to the Committee on the Judiciary.

By Mr. MORGAN (for himself, Mr. Zablocki, Mr. Fascell, Mr. Hamilton, Mr. Wolff, Mr. Bingham, Mr. Frelinghuysen, Mr. Whalen, Mr. Biester, and Mr. Winn):

H.R. 17234. A bill to amend the Foreign Assistance Act of 1961, and for other purposes; to the Committee on Foreign Affairs.

By Mr. OBEY:

H.R. 17235. A bill to require that dairy products which are imported be labeled to disclose such fact; to the Committee on Interstate and Foreign Commerce.

By Mr. OWENS:

H.R. 17236. A bill to postpone for 1 year the effective date of indirect source regulations under the Clean Air Act; to the Committee on Interstate and Foreign Commerce.

By Mr. PARRIS:

H.R. 17237. A bill to prohibit the importation into the United States of any fresh, chilled, or frozen cattle meat during a 180-day period; to the Committee on Ways and Means.

By Mr. PRICE of Texas:

H.R. 17238. A bill the "Energy Revenue and Development Act of 1974"; to the Committee on Ways and Means.

By Mr. QUILLEN:

H.R. 17239. A bill to limit the jurisdiction of the Supreme Court of the United States and of the district courts to enter any judgment, decree, or order, denying or restricting, as unconstitutional, voluntary prayer in any public school; to the Committee on the Judiciary.

By Mr. REGULA:

H.R. 17240. A bill to further enhance and protect the historical values of the Manassas National Battlefield Park; to the Committee on Interior and Insular Affairs.

By Mr. REID:

H.R. 17241. A bill to amend the National Foundation on the Arts and the Humanities Act of 1965 to provide that the chairman of the National Endowment for the Arts may make grants or contracts for the purpose of meeting the operating costs associated with projects and productions in the arts; to the Committee on Education and Labor.

By Mr. ROYBAL:

H.R. 17242. A bill to provide for public ownership of all objects and materials prepared for or by the President or Vice President of the United States in connection with public business; to the Committee on House Administration.

By Mr. SCHERLE:

H.R. 17243. A bill to amend title 38 of the United States Code in order to extend the entitlement of veterans to educational assistance from 36 to 45 months; to the Committee on Veterans' Affairs.

By Mr. SEIBERLING:

H.R. 17244. A bill to amend title II of the Social Security Act to require that procedures be established for the expedited replacement of undelivered benefit checks, to require that decisions on benefit claims be made within specified periods and to require that payment of benefits on approved claims begin promptly; to the Committee on Ways and Means.

By Mr. SEIBERLING (for himself, Ms. Abzug, Mr. Badillo, Mr. Biester, Mr. Brown of California, Mrs. Burke of California, Mrs. Collins of Illinois, Mr. Conyers, Mr. Corman, Mr. Cotter, Mr. Drinan, Mr. Edwards of California, Mr. Harrington, Mr. Hechler of West Virginia, and Mr. Helstoski):

H.R. 17245. A bill to authorize research, development, and demonstration projects relating to new techniques of protein production, fertilizer production, irrigation, and processing vegetable and other nonanimal protein, and an education program to encourage market acceptance of products produced by such methods; to the Committee on Agriculture.

By Mr. SEIBERLING (for himself, Mr. Koch, Mr. Long of Maryland, Mr. Matsunaga, Mr. Mitchell of Maryland, Mr. O'Hara, Mr. Riegle, Mr. Rodino, Mr. Roe, Mr. Roybal, Ms. Schroeder, Mr. Stark, Mr. Stokes, Mr. Tiernan, and Mr. Young of Georgia):

H.R. 17246. A bill to authorize research, development, and demonstration projects relating to new techniques of protein production, fertilizer production, irrigation, and processing vegetable and other nonanimal protein, and an education program to encourage market acceptance of products produced by such methods; to the Committee on Agriculture.

By Mr. SPENCE:

H.R. 17247. A bill to provide an economic incentive for the development, manufacture, distribution, and installation of equipment which utilizes solid wastes as a heat source in the generation of power; to the Committee on Ways and Means.

By Mr. STEELE (for himself, Mr. Burgener, Mr. Carney of Ohio, Mr. Chappell, Mrs. Chisholm, Mr. Conyers, Mr. Coughlin, Mr. Dellenback, Mr. Forsythe, Mr. Luken, Mr. Kyros, Mr. Mayne, Mr. Milford, Mr. Mitchell of New York, and Mr. Nedzi):

H.R. 17248. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

By Mr. STEELE (for himself, Mr. Pepper, Mr. Roybal, Mr. Sarasin, Mr. Sarbanes, Mr. Sikes, Mr. Steelman, Mr. Thone, Mr. Taylor of North Carolina, Mr. Traxler, Mr. Van Deerlin, Mr. Veysey, Mr. Waldie, Mr. Walsh, Mr. Ware, Mr. Charles Wilson of Texas, Mr. Wright, Mr. Wyatt, Mr. Yatron, and Mr. Young of Florida):

H.R. 17249. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

By Mr. STEIGER of Wisconsin:

H.R. 17250. A bill to establish a program for the prevention and control of Dutch elm disease; to the Committee on Agriculture

By Mr. THOMSON of Wisconsin (for himself and Mr. Railsback):

H.R. 17251. A bill to create an Upper Mississippi River recreational area; to the Committee on Interior and Insular Affairs.

By Mr. TIERNAN (for himself and Mr. Long of Maryland):

H.R. 17252. A bill to direct the National Bureau of Standards to prepare building insulation standards; to the Committee on Science and Astronautics.

By Mr. VEYSEY:

H.R. 17253. A bill to provide for joint action by the executive and legislative branches to limit outlays from budget authority for the fiscal year 1975, and for other purposes; to the Committee on Appropriations.

By Mr. WALSH:

H.R. 17254. A bill to designate a national network of essential rail lines; to authorize the States to maintain standards of maintenance of rail lines; to authorize the States to maintain railroad rights-of-way; to establish a Railroad Trust Fund to fund such maintenance; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WOLFF (for himself, Mr. Koch, and Mr. Gilman):

H.R. 17255. A bill to amend title 38, United States Code, to extend the maximum entitlement to educational assistance for eligible veterans and eligible dependents from 36 to 45 months; to the Committee on Veterans' Affairs.

By Mr. BIESTER:

H.R. 17256. A bill to create a Joint Committee on Intelligence Operations; to the Committee on Rules.

By Mr. BINGHAM:

H.R. 17257. A bill to amend the Outer Continental Shelf Lands Act to insure that the Federal Government has available to it reliable information on the nature and extent of energy resources in the undeveloped areas of the Outer Continental Shelf, and that any decision to develop such resources take place within the context of a national energy policy; to the Committee on Interior and Insular Affairs.

H.R. 17258. A bill to provide for the mandatory allocation and pricing of coal in the event of a national disruption in coal production caused by a labor dispute; to the Committee on Interstate and Foreign Commerce.

By Mr. CEDERBERG (for himself, Mr. Guyer, Mrs. Holt, Mr. Latta, Mr. Lujan, Mr. Brown of Ohio, and Mr. McClory):

H.R. 17259. A bill to provide for joint action by the executive and legislative branches to limit outlays from budget authority for the fiscal year 1975, and for other purposes; to the Committee on Appropriations.

By Mr. CLARK:

H.R. 17260. A bill to prohibit the shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering, or entertainment; to the Committee on the Judiciary.

By Mr. DELLENBACK:

H.R. 17261. A bill to extinguish and compensate for valid mining claims in the Three Sisters Wilderness Area, Deschutes and Willamette National Forests, State of Oregon, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DENHOLM:

H.R. 17262. A bill to assure maximum national nutrition with the highest quality and greatest quantity of milk, milk products, red meat, and poultry at the most reasonable cost to consumers with emphasis on people, performance, and production; to achieve a continuing supply of essential food in the national interest; and for other purposes; to the Committee on Agriculture.

H.R. 17263. A bill to amend the Internal Revenue Code of 1954 to increase the excise tax on cigarettes; to the Committee on Ways and Means.

H.R. 17264. A bill to amend the Public Health Service Act to establish a trust fund to be used to fund the research programs of the National Cancer Institute; to the Committee on Interstate and Foreign Commerce.

By Mr. FINDLEY:

H.R. 17265. A bill to improve world food production; to the Committee on Agriculture.

By Mr. FISH:

H.R. 17266. A bill to establish a Capital Markets Advisory Committee; to the Committee on Banking and Currency.

H.R. 17267. A bill to amend chapter 34 of title 38, United States Code, to authorize additional payments to eligible veterans to partially defray the cost of tuition; to the Committee on Veterans' Affairs.

By Mr. FRASER:

H.R. 17268. A bill to amend title 44, United States Code, to require that the date of publication of any material printed by the Government Printing Office, or of any material authorized to be printed under chapter 5 of that title, appear on the first page of the material; to the Committee on House Administration.

By Mr. HAMMERSCHMIDT:

H.R. 17269. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

By Mr. HAYS:

H.R. 17270. A bill to authorize the Secretary of State to collect, analyze, and disseminate information relating to foreign investment in the United States, to require reports and information from foreign investors in the United States, and for other purposes; to the Committee on Foreign Affairs.

By Mrs. HECKLER of Massachusetts:

H.R. 17271. A bill to further the purposes of the Wilderness Act by designating certain lands for inclusion in the National Wilderness Preservation System, to provide for study of certain additional lands for such inclusion, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. KEMP:

H.R. 17272. A bill to exclude from gross income the first $1,000 of interest received from savings account deposits in home lending institutions; to the Committee on Ways and Means.

By Mr. KING:

H.R. 17273. A bill to provide for a county referendum in the case of the construction of a nuclear powerplant; to the Joint Committee on Atomic Energy.

By Mr. KYROS (for himself, Mr. Goodling, Mr. McKinney, Mr. Steele, Mrs. Grasso, and Mr. Davis of Georgia):

H.R. 17274. A bill to amend the act of August 24, 1966, for purposes of prohibiting the shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering, or entertainment; to the Committee on Agriculture.

By Mr. LANDGREBE:

H.R. 17275. A bill to provide for increased benefits with regard to disaster relief under Public Law 93–86 for any farmer who plants wheat, food grains, or cotton in excess of his allotments for the commodity; to the Committee on Agriculture.

By Mr. LATTA:

H.R. 17276. A bill to provide for joint action by the executive and legislative branches to limit outlays from budget authority for the fiscal year 1975, and for other purposes; to the Committee on Appropriations.

By Mr. LUKEN:

H.R. 17277. A bill to authorize the President to reduce Federal expenditures and net lending for fiscal year 1975 to $295 million; to the Committee on Rules.

By Mr. LUKEN (for himself, Mr. Hawkins, Mr. Eilberg, Mr. Gude, Mr. Moss, Mr. Charles Wilson of Texas, Mr. Evans of Colorado, and Mr. Mazzoli):

H.R. 17278. A bill to provide for public ownership of all documents prepared for or by any elected Federal official in connection with the performance of the duties of such official, and for other purposes; to the Committee on House Administration.

By Mr. LUKEN (for himself and Mr. Dingell):

H.R. 17279. A bill to provide for public ownership of all documents prepared for or by any elected Federal official in connection with the performance of the duties of such official, and for other purposes; to the Committee on House Administration.

By Mr. MILLER:

H.R. 17280. A bill to provide for joint action by the executive and legislative branches to limit outlays from budget authority for the fiscal year 1975, and for other purposes; to the Committee on Appropriations.

By Mr. MOSS:

H.R. 17281. A bill to amend section 406 of the Federal Aviation Act of 1958 to limit the authority of the Civil Aeronautics Board with respect to subsidy payments for the transportation of mail; to the Committee on Interstate and Foreign Commerce.

By Mr. O'NEILL (for himself, Mr. Tiernan, Mr. St Germain, Mr. Conte, Mr. Boland, Mr. Drinan, Mr. Donohue, Mr. Cronin, Mr. Harrington, Mr. Macdonald, Mr. Moakley, Mr. Burke of Massachusetts, Mrs. Heckler of Massachusetts, and Mr. Studds):

H.R. 17282. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to provide for the disposal of surplus real property to States and their political subdivisions, agencies, and instrumentalities for economic development purposes; to the Committee on Government Operations.

By Mr. REUSS (for himself, Mr. Widnall, Mrs. Griffiths, Mr. Moorhead of Pennsylvania, Mr. Conable, and Mr. Brown of Ohio):

H.R. 17283. A bill to establish a Commission on Economic Efficiency to study barriers to an efficient market economy; to the Committee on Banking and Currency.

By Mr. ROUSSELOT (for himself and Mr. Veysey):

H.R. 17284. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mr. SCHNEEBELI (by request):

H.R. 17285. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of returns and the disclosure of information with respect thereto, and for other purposes; to the Committee on Ways and Means.

By Mr. SEIBERLING (for himself, Mr. Koch, Mr. Cohen, Mr. Hawkins, Mr. Stokes, and Mr. Wyman):

H.R. 17286. A bill to authorize the Secretary of Labor to make grants for the conduct of older American home repair projects, and for other purposes; to the Committee on Education and Labor.

By Mr. WYMAN:

H.R. 17287. A bill to provide that Federal expenditures shall not exceed Federal revenues, except in time of war or grave national emergency declared by the Congress, and to provide for systematic reduction of the public debt; to the Committee on Ways and Means.

By Mr. YOUNG of Alaska:

H.R. 17288. A bill to revise retirement benefits for certain employees of the Bureau of Indian Affairs and the Indian Health Service not entitled to Indian preference, provide greater opportunity for advancement and employment of Indians, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. YOUNG of Georgia (for himself, Mr. Conyers, Mr. Derwinski, Mr. Reuss, Mr. Bevill, Mr. Riegle, Mr. Moakley, Mr. Chappell, Mr. Brown of California, Mr. Sarbanes, Mr. Dellums, Mr. Moorhead of Pennsylvania, Mr. Litton, Mr. Boland, Mr. Harrington, Mrs. Burke of California, Mr. Mann, Ms. Abzug, Mr. Gonzalez, Mr. Hechler of West Virginia, Mrs. Boggs, Mrs. Chisholm, Mr. Metcalfe, Mr. Studds, and Mr. Price of Illinois):

H.R. 17289. A bill to authorize the establishment of the Chattahoochee River National Recreation Area in the State of Georgia, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. YOUNG of Georgia (for himself, Mr. Waldie, Mr. Preyer, Mr. Conte, Mr. Rees, Mr. Stark, Mr. Cleveland, Mr. Hawkins, and Ms. Holtzman):

H.R. 17290. A bill to authorize the establishment of the Chattahoochee River National Recreation Area in the State of Georgia and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON of Illinois:

H.R. 17291. A bill to amend title 38 of the United States Code, to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitation, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. STOKES:

H.R. 17292. A bill to establish a program providing financial assistance to low- and moderate-income households with regard to utility costs incurred by such households; to the Committee on Interstate and Foreign Commerce.

By Mr. MAHON:

H. Con. Res. 667. Concurrent resolution to establish a target for budget outlays for fiscal 1975 in the amount of $300 billion; to the Committee on Appropriations.

By Mr. BARRETT:

H. Con. Res. 669. Concurrent resolution to establish a target for budget outlays for fiscal 1975 in the amount of $300 billion; to the Committee on Appropriations.

By Mr. CAREY of New York:

H. Con. Res. 670. Concurrent resolution requesting release of two Ukrainian intellectuals; to the Committee on Foreign Affairs.

By Mr. ROUSH:

H. Con. Res. 671. Concurrent resolution to establish a target for budget outlays for fiscal year 1975; to the Committee on Appropriations.

By Mr. MARTIN of North Carolina (for himself, Mr. Rousselot, Mr. Ichord. Mr. Crane, Mr. Baker, Mr. Spence, Mr. Treen, Mr. Froehlich, Mr. Gettys, Mr. Mizell, Mr. Zion, Mr. Gross, Mr. Satterfield, Mr. Dan Daniel, Mr. Ketchum, Mr. Hosmer, Mr. Armstrong, Mr. Bauman, Mr. Brown of Ohio, Mr. Camp, and Mr. Parris):

H. Con. Res. 672. Concurrent resolution to establish a target of $297 billion for budget outlays for fiscal year 1975; to the Committee on Appropriations.

By Mr. MINISH:

H. Con. Res. 673. Concurrent resolution to establish a target for budget outlays during fiscal year 1975; to the Committee on Appropriations.

By Mr. MURTHA:

H. Con. Res. 674. Concurrent resolution to establish a target for budget outlays for fiscal 1975 in the amount of $300 billion; to the Committee on Appropriations.

By Mr. MINISH:

H. Res. 1432. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

By Mr. ST GERMAIN:

H. Res. 1433. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

By Mr. LANDGREBE (for himself, Mr. Gilman, Mr. Kemp, Mr. Symms, Mr. Treen, Mr. Huber, Mr. Satterfield, and Mr. Murphy of New York):

H. Res. 1434. Resolution expressing the sense of the House to support the independence of the Khmer Republic; to the Committee on Foreign Affairs.

By Mr. LUKEN:

H. Res. 1435. Resolution expressing the sense of the House that ceiling prices on crude oil should not be increased; to the Committee on Interstate and Foreign Commerce.

By Mr. ROE (for himself, Mr. Bergland, Mr. Bingham, Mr. Brown of California, Mr. Hanley, Mr. Harrington, Mr. Hanrahan, Mr. Helstoski, Mr. Huber, Mr. Kemp, Mr. Minshall of Ohio, Mr. Moakley, Mr. Mosher, Mr. Murphy of Illinois, Mr. Nedzi, Mr. O'Hara, Mr. Riegle, Mr. Rosenthal, Mr. Sandman, Mr. Sarbanes, Mr. Steiger of Arizona, Mr. Stratton, Mr. Walsh, Mr. Won Pat, and Mr. Yatron):

H. Res. 1436. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

550. The SPEAKER presented a memorial of the Senate of the State of New Jersey, relative to the continued operation of State lotteries; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MITCHELL of Maryland:

H.R. 17293. A bill for the relief of Rosita J. Baclagon; to the Committee on the Judiciary.

By Mr. RANGEL:

H.R. 17294. A bill for the relief of Leon Aggrey Robertson Kendall; to the Committee on the Judiciary.

By Mr. STEIGER of Wisconsin:

H.R. 17295. A bill for the relief of Jong Ho Lee; to the Committee on the Judiciary.

SENATE—*Friday, October 11, 1974*

The Senate met at 8 a.m. and was called to order by Hon. James B. Allen, a Senator from the State of Alabama.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God our help in ages past, our hope for years to come, we thank Thee that in the march of time we live and work now. Let Thy benediction be upon what has been done here. Upon our failures shed Thy corrective light. Perfect our partial successes. Give us wisdom for what must yet be done.

Hallow the memory of our work together. Be in our hearts and in our homes. Lead us from strength to strength.

Guide the Nation in the crucial decisions of the coming days.

And now unto God's gracious care and protection we commit you. The Lord bless you and keep you: The Lord make His face to shine upon you, and be gracious unto you. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., October 11, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. James B. Allen, a Senator from the State of Alabama, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. ALLEN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, October 10, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nominations on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations on the Executive Calendar will be stated.

NATO COUNCIL REPRESENTATIVE

The second assistant legislative clerk read the nomination of David K. E. Bruce, of Virginia, to be the U.S. Permanent Representative on the Council of the North Atlantic Treaty Organization.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF COMMERCE

The second assistant legislative clerk read the nomination of James Leonard Pate, of Ohio, to be an Assistant Secretary of Commerce.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

NATIONAL SCIENCE FOUNDATION

The second assistant legislative clerk read the nomination of William Neill Hubbard, Jr., of Michigan, to be a member of the National Science Board, National Science Foundation.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

NOMINATIONS PLACED ON THE SECRETARY'S DESK—COAST GUARD

The second assistant legislative clerk proceeded to read sundry nominations in the Coast Guard which had been placed on the Secretary's desk.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of these nominations and the nominations which were confirmed on yesterday.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

THE TURKISH AID CUTOFF

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD a commentary by Joseph C. Harsch, entitled "The Turkish Aid Cutoff," published in the Christian Science Monitor of Tuesday, October 8, 1974.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor, Oct. 8, 1974]

THE TURKISH AID CUTOFF

(By Joseph C. Harsch)

The vote in the United States Senate last week on cutting off American aid to Turkey is about as graphic an example as we have had in a long time of the special difficulty a government suffers under in Washington in making foreign policy. No other major country in the world labors under exactly this kind of difficulty.

There was every objective reason for the Senate not voting the way it did vote. And the reasonable leadership of both Republican and Democratic parties did its best to prevent the vote. Yet the Senate did vote by the lopsided score of 57 to 20 against Turkey—and against the wise counsel of the leadership.

Consider first the merits of the matter.

Turkey is vital to the survival of a Western military position in the eastern Mediterranean. Without Turkey in the NATO Alliance there is no flank to NATO. Turkey is the front line of the West against the advance of Soviet influence into the eastern Mediterranean. If Turkey defects to the Soviet side—Moscow gets, free gratis, for nothing, everything Moscow czars and commissars have dreamed of getting on their southern flank for two centuries. Turkey is vital to the alliance.

Greece is also a highly desirable member of the alliance. Withdrawal of Greek units from the NATO military command is a definite and painful loss. But there is still a NATO flank in the eastern Mediterranean because Turkey is still in the alliance.

Turkey has done in Cyprus things which injured the interests of Greek Cypriots and offended mainland Greeks. Washington would have much preferred if Turkey had not sent its troops into Cyprus. But there had been provocation. It was not for Washington to pass judgment on the merits of the fighting in Cyprus which was, in fact, triggered by the folly of the former regime in Greece when it engineered the overthrow of Archbishop Makarios.

Sen. Mike Mansfield of Montana, majority leader of the Senate, did his best for Secretary of State Henry Kissinger in the debate preceding the vote by making the two most important points bearing on the matter.

The vote against Turkey will not get one single Turkish soldier out of Cyprus. On the contrary, it will only weaken Secretary Kissinger's position as a mediator.

So the Senate made it more difficult, not easier, for Dr. Kissinger to work out a solution of the Cyprus problem acceptable to the Greeks. His leverage on the Turks was undermined. The presumed intent of the senators was to help Greece. The effect is to injure Greece.

So why was it done?

Obvious. There are many Greek votes in many congressional constituencies. The Turkish vote in American elections is as negligible as is the Egyptian or Lebonese vote.

So here is a foreign policy decision which injures the net interest of the United States in the Middle East, which burdened American foreign policy unnecessarily, and which fails of its actual purpose. Yet it happened inevitably because Congress inevitably responded to the emotions of organized and emotional minorities.

These minorities, consisting often of people two or three homelands and grossly out of touch with conditions back there, sometimes even dictate to the home government. The professional Irish of America are a case in point—still shouting for policies contrary to those of the government in Dublin.

Vociferous and organized minorities of course exist in other countries and sometimes influence foreign policy. But nowhere else are there so many vigorous ethnic minorities who so often get emotional about matters they really don't understand.

THE WORLDWIDE OIL PROBLEM

Mr. MANSFIELD. Mr. President, the main source of oil imported into the United States is not the Middle East, which together with Africa supplies 92 percent of Western Europe's needs and 83 percent of Japan's.

Incidentally, the Japanese and the People's Republic of China have entered into an agreement under which oil in considerable quantities—I believe 5 million tons a year—is being exported from the People's Republic into Japan.

Just lately the Republic of the Philippines and the People's Republic of China entered into an agreement under which 1 million tons of oil will be exported from the People's Republic to the Philippines.

The principal suppliers of crude oil and petroleum products to the United States are Venezuela and Canada. The U.S. Government's statistics indicate that 29.7 percent of the oil we import comes from Venezuela and 17.7 percent comes from Canada. More than half of the Canadian oil originates in Venezuela, the result being that 40 percent of our imports, directly or indirectly, come from that country. Nine percent of our imports come from Nigeria, plus 3 or 4 percent more due to the fact that additional Nigerian oil is refined in the Caribbean and then shipped to the United States.

The next important supplier is Iran, which exports approximately 10 percent of its oil a year. Following that country comes Saudi Arabia, which exports about 9.5 percent a year. If all the other Arab countries are included, the figures come to somewhat between 24 and 25 percent a year.

The remainder of the 100 percent comes from various countires scattered throughout the globe. The United States now imports approximately 40 percent of its oil and petroleum products, compared to 35 percent last year.

OPEC, the Organization of Petroleum Exporting Countries, was founded in 1959 by Venezuela, which country was the first to raise prices and then to freeze production. So far as the free world's known oil reserves are concerned, Venezuela has approximately 2.7 percent of the total.

These figures aside, there is only one way for the United States to face up to and control—at least to a considerable degree—the import of oil. It is not through threats or waging war, economic or otherwise; it is not by placing the major share of the blame on the Arab countries, as the figures already cited would indicate, but it is through the use of less oil and gasoline by all Americans.

To do that, we could cut down, we could enforce the speed limits which are now on the books, and we could reduce the considerable wastage of energy which is now estimated to be somewhere between 40 percent and 50 percent. We also could impose rationing on an equitable basis. In these simple ways—perhaps they are too simple to understand—we ought to be able to face up to the petroleum shortage which may confront this Nation in the not too distant future, conserve what we have in various ways, reduce wastage, and in this fashion mitigate the difficulties which have confronted us in the past and will confront us in the future if we do not wake up and use commonsense.

The answers will not come from the economists of this Nation, who are always at odds and ends with one another, with their various theories, but will come from the people who can understand simple propositions and who, on the basis of equity, should be considered fairly.

War is not a cure for the economic and social difficulties which confront this Nation and the Western World today. No other way could be more self-defeating, more destructive, and more counterproductive.

I make this statement at this time because I am concerned about the interpretations which have been given to certain speeches made by the President and the Secretary of State during the past several weeks. Any interpretation that they are advocating a war to bring about a settlement of the oil issue is about as far from the realities they speak of as are the interpretations placed upon them. It is true that wars usually halt or decrease inflation and counteract recessions. That is, it used to be true in the past. No longer will wars provide the means of curing inflation or recession. No longer will wars determine who is the victor and the vanquished, because in this day and age, everybody loses.

A way must be found to establish a correct degree of interdependence and greater understanding between all the nations of the world.

To do this will take more than speeches, threats, or implied retaliation. My purpose in making these remarks at this time is to cite the facts as they apply to oil and petroleum imports, and to state my own personal view against the use of force to achieve an economic renaissance. May I say, incidentally, that it is my firm belief that this is also the administration's point of view. My purpose also is to urge that greater cooperative efforts be made, not by the oil-producing nations on the one side and the oil-consuming nations on the other, but by both together, keeping in mind the needs of the poverty-ridden countries of the world, to work out solutions which will insure equity in distribution, equity in prices, and due consideration for all mankind.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. At this time, in accordance with the previous order, the Chair recognizes the distinguished senior Senator from Florida (Mr. GURNEY) for not to exceed 15 minutes.

Mr. GURNEY. Mr. President, I ask unanimous consent that a member of my staff, Peter Brathwaite, have the privilege of the floor at this time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

FREEDOM, LIBERTY, AND DEMOCRACY IN CUBA

Mr. GURNEY. Mr. President, this is probably the earliest that the Senate has convened, at least in this session, 8 a.m., but I do not believe it is too early to discuss freedom, liberty, and democracy and, hopefully, it is never too late. That is the purpose of the discussion this morning, more specifically as they do not exist—freedom, liberty, and democracy—in the Latin American nation closest to the eastern part of the United States, the island of Cuba, now under the Communist dictatorship of Castro.

The United States has a habit, I think, of getting off on fads and kicks on issues from time to time, overemphasizing things. I can remember some years ago, when Russia was just developing its nuclear warheads and ICBM's, and we were all up tight in this country about building bombshelters. Everybody around the Nation was either building one or wanted to build one.

We have had rock music. Not long ago, girls had miniskirts, which the boys liked, too.

For 2 years now we have been obsessed with something called Watergate, to the exclusion of almost every other issue in the country. Watergate was important, but so were other things.

Now that we have put Watergate on the back burner to a certain extent, we finally come around to one of the issues we should have been discussing 2 years ago. That is inflation and recession. I fear that our emphasis there is going to be that we are going to talk ourselves into serious recession and inflation if we do not watch out.

In the foreign policy field, and this is what I have been leading up to, we have been obsessed with something called détente. Beginning about 2 years ago, we first had détente with Russia. Of course, one has to keep a colloquy and communication with one's enemies, but détente means a lot of things to a lot of people.

I do not think that détente means, to some of us, that we ought to make all kinds of concessions to the enemy in an effort, perhaps, to gain their friendship. Now it is in the wind, quite obviously, that we are going to talk about, and this Senator thinks, do something about détente with Cuba.

First, we had a visit by the chief staff member of the Committee on Foreign Relations to Cuba not long ago, and he came back with a glowing report, after having had a staged sightseeing tour of Cuba by Castro. Two of our colleagues were there not long ago under the same circumstances.

A lot of the liberal media in the country are taking up the hue and cry. Papers like the New York Times are telling us about how Castro really is not a revolutionary now, that he is sophisticated, he has grown up, and we ought to welcome him to the family of nations in our hemisphere.

Some of us think that that may lead to very dangerous results as far as the United States is concerned and other Latin American countries. We want to speak up on this, and that is what I am addressing my remarks to this morning, as well as will some of my colleagues.

First, I think it is wise to go back and review a little bit the history of our relations with Castro. It was on January 1, 1959, that Batista and a few of his top people fled Cuba for the Dominican Republic, and Castro and his people took over the reins of government in Cuba. Almost immediately, our relations with Cuba went downhill, even though, in the United States at that time, our feeling toward Castro and his people were friendly.

As a matter of fact, led again by the New York Times and other media in this country, we were told that this was an agrarian revolution, much the same as we were told about the advent of communism to China, and that this new government would, indeed, bring democracy and freedom and liberty to Cuba.

Almost immediately, we found that was not true, and our relations went downhill in a hurry. In June of 1960—that was in the second year of the Castro government—he seized our oil refineries in Cuba. Later in that year, in October, he seized other U.S. property.

In January of 1961, he threw out all but a few of our Embassy personnel. On January 3, 1961, following the dismissal of our Embassy personnel, we broke off diplomatic relations with Cuba. Then came the Bay of Pigs, of course.

Following that, there was the October missile crisis, and following the October missile crisis, on July 26, 1964, the Organization of American States voted to ban all trade except humanitarian shipments between member countries and Cuba and to break diplomatic relations with the Castro government. Then, of course, the airlift began shortly after that, and since the advent of Castro's coming to power in Cuba, some 650,000 Cubans have fled that island and come to America. Many of them live in my home State of Florida, but many of them live in other parts of the country as well.

That is a thumbnail sketch of what has happened between the United States and Latin American countries and Cuba. In recent years, with the advent of Socialist governments in Latin America, and also those that perhaps may not be Socialist but may be friendly to the other side, the Communist nations; we have had some recognition by Castro of some of the governments. At the last meeting of the OAS, there was considerable comment on whether we and the nations in Latin America ought to resume trade with Cuba.

We have another important meeting of the OAS coming up in November of this year. If the signs in the wind can be interpreted correctly, at least as this Senator thinks, there will be a great effort to reestablish diplomatic relations and trade relations among all of the nations of Latin America.

Mr. CURTIS. Mr. President, will the distinguished Senator yield?

Mr. GURNEY. Yes; I am glad to yield to the Senator from Nebraska.

Mr. CURTIS. What are the facts in reference to Castro's treatment of the people in his own country, particularly when he came to power? Were there purges? Were there executions?

Mr. GURNEY. Indeed, there were purges and executions. As a matter of fact, Castro, after having made a triumphant tour around the island after coming to power, and making all kinds of promises about freedom, democracy, and representative government—and I shall say a little more on that later, the difference between what he said and what he did—immediately seized as prisoners all of the opposition people that he could find.

He executed many of these without any trials at all, of course, except kangaroo courts.

Mr. CURTIS. Were not some executed who did not even know what they were charged with?

Mr. GURNEY. Indeed so. As a matter of fact, he abolished the civil courts in the country and set up these revolutionary courts that he created himself—that is, what I call the kangaroo courts—to deny all due process of law, and come up with the foregone conclusion that these so-called political enemies, as viewed by Castro, would be put out of business and executed.

In addition to that, he threw thousands and thousands of people in jail as political prisoners, who are still in jail to this day, 15 years after the advent of Castro to power. There are all kinds of numbers involved here. Twenty thousand is the low figure, and this is a figure that Castro has admitted himself. Other figures go up as high as 50,000 and 60,000, people who are still in jail in Cuba as political prisoners.

Mr. CURTIS. Mr. President, if the Senator will yield, it seems to me that Cuba is a classical illustration of the violation of our Constitution. The Constitution clearly vests in the Executive, the President, the conduct of foreign affairs. It was such forces in America as the New York Times that brought Castro to power.

It is true that Batista was guilty of many sins, but they traded one devil for another that was far worse.

I remember a time, a few months thereafter, when the president of some press association invited Castro to come to the United States, to our Nation's Capital here in Washington—totally contrary to what should have been done, a private individual inviting the head of state of a foreign government to make a visit to our Nation's Capital.

Castro appeared here, dirt and all, and addressed these newspaper people. My recollection is that it was so offensive that President Eisenhower would not receive him, that someone in a lesser position had a private conference with him and gave him a cup of coffee, or something or other.

But it was totally wrong. People without any authority of government maneuvered, set in motion the things, the forces, the actions, and the propaganda that helped change the government of a foreign country, and then afterwards invited him to this country without the clearance of the President of the United States. As a result, we have had a reign of cruelty and death, people being executed without being tried, and thousands kept in jail for a long time.

I say that is a monument to the interference by nongovernment sources in managing the foreign affairs of our Government. There is not any staff member of any committee in this Congress who is vested with the authority to negotiate with a foreign power, and there is not any individual Member of Congress who is vested with the authority to negotiate with a foreign power.

Very naturally, when the United States speaks in foreign matters, we must speak with one voice. We can debate domestic matters. We can even debate foreign matters. But when it comes to speaking for the United States in a way that invites or causes actions to be taken, the authority for the conduct of foreign affairs is in the Executive; and just as outside forces were responsible, at least in part, for bringing about a reign of harshness, cruelty, and persecution in Cuba, just as sure as that happened, there is danger that if the negotiations in reference to Cuba continue to be usurped by those without any authority, grave mistakes will be made.

I happen to believe—and I beg the Senator's pardon for taking so much of his time—that one thing that will attract the people of the world to the United States is if our course is just. But if we tolerate or approve or support actions that are unjust, the people of the world will know.

The ACTING PRESIDENT pro tempore. The time of the Senator from Florida has expired. Does the Senator from Nebraska wish to use his time in further colloquy?

Mr. CURTIS. Mr. President, I ask unanimous consent that my time may be shared with the distinguished Senator from Florida.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. CURTIS. We need to bring a halt to these unauthorized compacts with foreign governments. As I say, I think the course for the United States is not what will bring about trade or what will do this or that, but what is right and what is just. When we do that, the nations of the world will follow.

Perhaps great criticism could be made in connection with many of the things that happened in the Cuban crisis back during the Kennedy administration. But this one thing is true: that for a few hours, for a few days, the United States stood firm and said, "We are going to do thus and so." And overnight, the countries of Central and South America lined up on the side of the United States, because the United States stood for something. They knew where they stood, and they knew what was expected of them. When we waffle, those who look to us for leadership have no other course but to waffle.

I yield back to my friend from Florida.

Mr. GURNEY. I thank the Senator from Nebraska for that contribution, a most able and most telling one. Every point he has made is exactly right.

First of all, he pointed out how governmental forces certainly encouraged the rise of Castro, and after the rise of Castro encouraged his coming to power and entrenching himself in the island of Cuba—forces outside of the foreign policy of the United States. I totally agree with the Senator, and that is why some of us feel so deeply about what is going on now.

The foreign policy of the United States at the moment is not to have diplomatic relations with Castro and his government, and not to have trade. And yet we hear voices in America being raised in opposition to this foreign policy—very subtly, of course, not saying that they are going contrary to our foreign policy, but simply paving the way to say "Now is a time for change."

I totally agree with the Senator that therein lies madness, therein lies folly, and we are going to fall into the very same trap we fell into 15 years ago, when this dictator came to power down there.

The Senator made the point that the United States does try to stand for things that are just, and I think this is true. I think this is a very telling argument of what is going on in this try to change relations with Cuba, because if ever we had not only a dictator but a one-man rule anywhere in the world today it is in the island of Cuba and Castro's government.

As a matter of fact, his dictatorship is far worse, in this Senator's opinion, than even that in Communist Russia because in Russia at least you do not have one man running the entire government. You do have a party called the Communist Party, which we do not agree with, but composed of a whole lot of elements and leaders who run the government.

But down in Cuba there is only one man who sets governmental policy, and that is a man by the name of Fidel Castro. As a matter of fact, he has no parliament, he has no representative government. He does not even have a committee. What he does in his governing is what is done in what he calls town meetings. He has a big rally of thousands of people, like he did the other day when our two U.S. Senators were down there, and that is when he announced to us what the laws were going to be, what the policy of the government was going to be.

If ever there was a one-man rule which mankind has been fighting against all the time we have had civilization, it is there in this island government of Castro's Cuba, total dictatorship.

Mr. CURTIS. Mr. President, will my distinguished friend yield again?

Mr. GURNEY. Yes.

Mr. CURTIS. I would like to point out that so far as our dealings are concerned, and so far as détente is concerned, Cuba is most unlike either Russia or China. Détente was brought about in an effort to create a situation where two or three great military powers could relax a bit from the standpoint of their war potential, for the good of their own economy, and in an effort to avoid and lessen tensions in the world that might lead to armed conflict.

No such situation prevails with Castro. He is not a military power and Cuba is not a military power at all. Castro's total economy is dependent on outside sources. China and Russia are separated from the United States by thousands of miles.

In a sense, that does not make any difference, but in another sense it does. Cuba is on our doorsteps. What happens in Cuba is a festering sore throughout Central and South America.

Cuba is engaged in exporting revolution. Cuba is a place where revolutionaries are trained and sent out to cause trouble in other countries, to seize our property, to destroy our commerce, to deny us from products that we want.

Mr. GURNEY. Will the Senator yield at that point?

Mr. CURTIS. I am happy to.

Mr. GURNEY. Again he makes a very telling argument about the export of revolution from the island of Cuba. As a matter of fact, the Castro government was in power only a few months when it staged its first attempt at exporting revolution.

This actually was a direct attack on the Republic of Panama. It involved only 80 men, Castroites. It was almost like a comic opera that might have been staged in Hollywood; but, as a matter of fact, it showed very clearly what the intentions of this government were.

That failed, of course. But after that Castro has actually meddled in the affairs of Nicaragua, Venezuela, the Dominican Republic, Bolivia—that is where "Che" Guevara, one of the leaders in the Castro revolution, was finally captured and killed by the Bolivian armed forces.

Colombia is another, Brazil is another. There is almost no Latin American country—Chile, of course, received great aid under Allende from the Cuban Government as well as the Russian Government.

Almost no country in Latin America has escaped the attempt of export of revolution from Cuba into Latin America.

One interesting thing that I would like to point out to the Senator is that 3 years ago the Internal Security Subcommittee conducted some hearings. Their chief witness at that particular time was a man who had been the head of the fishing fleet of Cuba. His testimony, to capsulize it—I wish I had the time to read it, it is most interesting and fascinating—was that one of the main objectives of the Cuban fishing fleet under his command—and he had command of it for many years—was to go to Latin America, pick up guerrillas or future guerrillas, bring them back to the island where there were many camps to train these guerrillas and, after they were trained, of course, the fishing fleet again took them back into all parts of Latin America where, of course, they began their guerrilla activities.

This was the man who actually was in charge of the operation who testified after he had fled Cuba. He was the highest official, as far as I know, in the Castro government who has fled that government.

But here was a specific example of what he did. Another thing he testified to also was that Russian freighters would take on launches and carry them where they would rendezvous with a fishing fleet and transfer arms from these fishing fleets near the shores of some Latin American country where they could go into more easily to transfer the guerrillas, pick them up, take them back or deposit arms and ammunition on the shores of some Latin American country to be used by these guerrillas.

This business of exporting revolution to Latin America began immediately after Castro came to power, and it still goes on today in a more subtle fashion. Much of the urban guerrilla activity in Latin America today is not only inspired by Castro, trained by him, but financed by his government.

Mr. CURTIS. Does the Senator agree with the point that so far as détente is concerned, there are very, very impelling reasons why détente can be considered as in the interests of the United States when we are dealing with Russia or China that do not exist at all in reference to Cuba?

Mr. GURNEY. I do indeed agree, and I was one, along with the Senator from Nebraska, who backed the policy of the previous administration and the continued policy of this administration as far as that kind of détente is concerned. It makes all kinds of sense.

But, for the life of me, I cannot see one single argument where it is going to benefit the United States of America or any other Latin American country, as far as that is concerned, to have any kind of a détente with the island of Cuba, with Castro's government, as the Senator from Nebraska has pointed out. They have no power that we need or that we ought to be afraid of as far as getting together with them in an effort to insure peace in the world. They have got a creaky economy that is only propped up, as the Senator well pointed out, by outside sources—as a matter of fact, by only one outside source, and that, of course, is the Russian Government that puts into Castro's coffers daily somewhere between $1.5 to $2 million to keep their economy going.

As a matter of fact, the largest single piece of foreign aid up until the Middle East war that Russia gave to any country went to Cuba. Her foreign aid to Cuba alone is greater than all of the foreign aid of the United States to all of the other Latin American countries. That is how important Russian Communists view this satellite government they have down there in Cuba.

Mr. CURTIS. Is there any evidence to indicate that Castro and his government have reformed since the days when the Bay of Pigs was undertaken and since the days of the missile crisis?

Mr. GURNEY. There is not a single vestige of evidence that they have reformed in any manner at all. They are as close to Russia today as they ever were.

Mr. CURTIS. Does it not follow that if Castro is all right now, and we should make up and endorse him and establish détente with him, that the United States must have been mistaken in these other attempts to liberate the island of Cuba and to restore liberty to the people who live there?

Mr. GURNEY. Well, that certainly is true, and by the same token, it is also true that if Castro's policies have not changed in any respect—and they certainly have not—then we are just as sound today to continue to not have diplomatic relations with this government and not have trade with this government.

I think the interesting thing that we ought to ask ourselves is, Why does Castro's government want relations with the United States, or other governments in Latin America?

Castro is very careful to say, I might add, that he is not all enthusiastic about having relations with us. He says he really does not want relations with us. That really is not true.

What he wants is relations with other Latin American countries and eventually with the United States of America, and one of the reasons why he does is because he needs trade with the Americas to prop up this teetering, tottering economy of his. Also he wants to get away, if he can, from total domination by the Russians of his government.

Mr. CURTIS. Can the distinguished Senator throw any light on the situation with respect to religion on the island of Cuba?

Mr. GURNEY. Well, I must say as far as religion is concerned in Cuba, it is like it is in Russia, there is no freedom of religion. Religion has been put out of business.

The Catholic Church, of course, was very prominent, very powerful. The Cubans were very devout Catholics prior to the coming to power of Castro. All that has gone by the board.

Mr. CURTIS. Have there been any American missionaries who have suffered under the Castro government?

Mr. GURNEY. Yes, in the beginning, but of course, they were all kicked out and they are not permitted to be there now, as neither is any other exponent of any kind of religion.

The only religion they know is communism. That is their religion.

Mr. CURTIS. I want to commend the distinguished Senator from Florida for bringing up this matter and debating it.

I hope that others who read the RECORD will take due notice of this situation and that whatever course is determined by the United States, that it be determined by those who have the constitutional authority and responsibility to determine that policy.

I think that Cuba is a tragic example of usurpers unduly influencing the power of our Government in respect to foreign affairs.

Mr. McCLURE. Mr. President, will the Senator yield?

The ACTING PRESIDENT pro tempore. The time of both the Senator from Florida and the Senator from Nebraska has now expired.

Mr. GURNEY. Mr. President, I think that the next special order was allotted to Senator THURMOND, am I correct about that?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. GURNEY. Senator THURMOND advised me last night that he had to go to the hospital with one of his children this morning and he asked me if I would ask unanimous consent to take over his time, which I do at this time.

The ACTING PRESIDENT pro tempore. Without objection, the 15 minutes allotted to the Senator from South Carolina (Mr. THURMOND) will be assigned to the Senator from Florida (Mr. GURNEY).

Mr. GURNEY. Then, first of all, Mr. President, I ask unanimous consent that there be printed in the RECORD at this point the remarks which the Senator from South Carolina (Mr. THURMOND) would have made had he been here at this time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR THURMOND—U.S. RELATIONS WITH CUBA

Many people are now saying that Communism in Cuba is irreversible and that the United States might as well accept the fact. These persons are calling for the "normalization" of relations with our Communist neighbor, saying that it is in the best interest of world peace to include Cuba under the umbrella of "detente." Interestingly enough, one of the foremost proponents of this conciliatory view is Soviet Chairman Leonid Brezhnev. However, I personally do not consider Chairman Brezhnev to be a very wise or trustworthy spokesman for what is in our best interest here in the United States. For some very clearly established historical reasons, I tend to think that the Soviet Communist Party Chairman may have at heart the interests of the Soviet Union and the objective of world domination by the Communists.

After nearly a decade and a half of Castro rule, there is no doubt about the entrenchment of Castro control over Cuba. However, I hardly think that fact alone justifies resumption of trade or establishing diplomatic relations with this Communist-controlled state. I suggest that we objectively consider some of the recent world events involving Cuba, and I believe the facts clearly reveal that the United States has nothing to gain from extending our benevolence to this Communist neighbor.

In 1972, Soviet Chairman Brezhnev officially directed that Cuba become an "integral part" of the socialist—that is, Communist—community of nations. Cuba is now listed as Number 14 in the socialist community—nations that are intimately connected through economic, military and ideological ties. Once a nation is officially brought into this grouping, it becomes enmeshed in a snare from which it is difficult to extricate itself. Relations with the fourteen nations are handled through special ministries of the Soviet Central Committee, and a procedural distinction is always made between the fourteen which are already "socialist" and others which are merely in transition.

Brezhnev has reiterated this year that Cuba "will never be alone." This is nothing other than the so-called Brezhnev doctrine, which was first enunciated as a justification for the Soviet invasion of Czechoslovakia in 1968.

For the past decade, the Soviets have been working night and day, turning Cuba into a true colony in the most exploitative sense. Cuba exports mainly raw materials—sugar and nickel—to the Communist bloc and depends on the other Communist nations for manufactured goods. The Soviets will not allow Cuba to build up an independent manufacturing capability. That is why there is a current drive to undermine the boycott by the Organization of American States against Cuba.

In return, most of Cuba's foreign exchange has gone to develop the military machine that the Soviets have built on the island. Although Cuba is the only country in the Western Hemisphere where food and clothing are on a strict rationing system, the Cuban armed forces have been reequipped to the tune of some $2.5 billion. Cuba has become an important refueling base for Soviet submarines. The military police and control apparatus is supported by a constant flow of funds and training from the Soviet Union. Cuba's debt to the Soviet Union now reaches approximately $5 billion.

It is quite clear that the upkeep of Cuba is a tremendous economic burden to the Soviet Union. Therefore, it is no surprise at all that the Soviets would like for us to pick up some of the economic load by resuming American trade with Cuba. Mr. James D. Theberge, an associate of the Georgetown Center for Strategic and International Studies, stated this fact very emphatically in his recent book, *The Soviet Presence in Latin America*. Mr. Theberge warned: "The resumption of Cuban-American trade clearly would provide greater benefits to Cuba and the U.S.S.R. than to the United States . . . Russia's economic subsidy of the Castro regime would be substantially reduced."

Mr. President, I firmly believe that the American people do not wish their Government to take any action with respect to Cuba which would ease the Soviet Union's economic burden there. Some will surely point out that resuming trade with Cuba would be worthwhile in reducing the current price of sugar, but I hardly think that is sufficient reason, despite my sincere concern over high sugar prices. I am more inclined to share the opinion of William F. Buckley, Jr., who recently declared: "The only reason I can think of (for recognizing Castro's Cuba) is that it would be easier to find good cigars to smoke."

Nevertheless, the economic disadvantages are not, in my view, the controlling factors with respect to recognition of Cuba. I am far more concerned about the Communist threat which Cuba poses to all of the countries in the Western Hemisphere. This island country is still a source of political infection in the Americas because Castro's regime represents the intrusion of Communism into the free world.

Since Castro's takeover, Cuba has served as a base for revolutionary activity aimed at other Latin Nations. The aggressiveness of Cuban policies in Latin America is measured only by the extent of the interests of the Soviet Union and the amount of funds which the Soviets want to assign to it.

Proof of the effectiveness of this new policy of aggression was brought to light with the overthrow of the Salvador Allende government in Chile. Many people are now criticizing the United States for supporting Chileans who were trying to prevent a Communist takeover in their country. But Allende, himself, destroyed democratic government and bankrupted the economy of Chile long before his overthrow. The principal agent in the destruction of freedom in Chile was Castro, who sent hundreds of trained Cuban agents to Chile to do Allende's bidding. Furthermore, Castro, acting for the Soviet Union, sent not just money, but thousands of automatic weapons and grenades intended for the final takeover of Chile.

Establishment of United States diplomatic ties with Cuba would create pressure for other free nations in the Western Hemisphere to do likewise. Cuban embassies in other countries would then be available as protected centers for Cuban espionage, sabotage, and disruption. Communist infiltration does not depend upon legitimacy or recognition, but there is no sense in making it easier for Castro's subversive agents.

Judging from Fidel Castro's recent speech on the eve of the arrival of Senators Javits and Pell in Havana, he has no interest in "normalization" of relations with this country. The plain truth is that Castro has done nothing but spit in the face of the United States ever since he came to power. There is no indication that he is about to change his tune, and even if he did, I do not think we should lightly brush aside his previous actions.

Thousands of refugees from Cuba can certainly attest to the cruel and bloody tyranny perpetrated by Castro's hands. "Normalization" of diplomatic relations with Cuba would be akin to telling the Cuban people that they have no hope of rebelling or escaping the Communist terror there. Furthermore, if we normalized relations with Castro, the United States could hardly be in a position to grant asylum to refugees from the island or to aid Cubans who want a true restoration of freedom there.

It is my belief that the United States must not give up hope for a return to liberty for this adjacent neighbor, and we should continue to seek a true restoration of freedom in Cuba. The institutions of freedom in our society and in our government must provide the atmosphere for the inspiration of the Cuban people.

These objectives should provide the basis for our policy toward Cuba. We must not give the United States stamp of approval to a Soviet base overlooking our southern coast and commanding the sea lanes leading to the Panama Canal. We must not jeopardize the hopes for freedom which the Cuban people still retain. Recognition of Cuba at this time would not be in their best interests, and it certainly would not be in the best interests of our Nation.

Mr. GURNEY. Again, I would like to go back to tell the Senate, and hopefully the American people, if any of this is reported, which I hope it might be, a little bit something about this man and his promises and then what he did after he came to power in Latin America.

One of the things I have never been able to understand is why people, and we are not the only ones, of course, cannot learn something from history.

If the Governments of Great Britain, France, the United States, and others who were interested at that time, had ever read "Mein Kampf," the autobiography by Adolf Hitler some years ago, they would have seen a blueprint of what was going to happen which, of course, brought on the greatest war in the history of the world, vast devastation not only in Europe but all over the world, the loss of millions of lives, the loss of billions of treasure, and there it was, all spread out in the words of the man who started it.

We read it, but nobody paid any attention to it. They thought he was an idiotic, crazy fool.

If we had read the writings of Lenin and listened to the pronouncements of Lenin and Stalin when they began in Russia, we would have known exactly what was goihg to happen as far as Russian communism was concerned. But, if anybody read it, nobody paid any attention to it.

Well, let me say what Castro has said so that perhaps on the eve of trying to recognize this man, his government, and improve relations with him, we may know something about the man, what he says, and what he does.

Here are some of the things he said before he came to power when he was starting his revolution, and also in the first few days.

He talked about elections. He said, "We want elections, but with one condition: truly free, democratic, impartial elections."

What did he do? Under Castro there have been no elections, not a single one, and no parliament, or any other parliamentary body, exists.

He has this direct democracy where he tells the people what the laws are going to be, out of his mouth, and what the policy of the government is going to be.

He had this to say about political parties.

These are all direct quotes from Mr. Castro:

> Political parties will have the right to mobilize and organize the citizens within the broad framework of our Constitution and to participate in the general elections to be held.

Well, I might say, the constitution was thrown into the wastebasket almost as soon as he came to power.

But as far as political parties are concerned, when the first signs of opposition to his regime began to organize around a Major Hubert Matos, a very popular guerrilla hero, Castro moved quickly and ruthlessly to destroy the movement. Matos was arrested, tried and sentenced to prison as a traitor to the revolution.

Within 1 year, Castro had effectively eliminated political opposition in Cuba. He even outlawed the Communist Party as it existed prior to his coming to power, and there was a Communist Party in Cuba, and he created his own Communist Party.

He had this to say about freedom of the press.

He said there will be an "absolute

guarantee of freedom of information, of the spoken and written press and of all the individual and political rights guaranteed by the Constitution."

If one begins to close down one newspaper, no other newspaper will feel safe.

He had some other remarks.

Well, what did he do about the press?

Editorial criticism began in 1959, like editorial criticism exists in every country in the world where there is a free press, and Castro's government responded by imposing strict regulations which severely curtailed the press and broadcasting information and by the end of 1960, within 2 years after he came to power, a government-controlled Cuban news service was in operation, radio and television stations organized into a state-controlled network.

In other words, there is no free press at all in Cuba. It is all government-owned today.

He said he was going to divorce the army from politics. Of course, what he has done is use the army to maintain himself in power. Also, I might say, he used the army as forced labor in his government.

We hear a lot about compulsory military service in this country. That was one of our burning issues here a while back. Castro said this about military service:

> We will not establish military service because it is not right to force a man to put on a uniform and a helmet, to give him a rifle and force him to march.

Compulsory military service was enacted in Cuba in 1963. It calls for 3 years military service for all Cuban youth and, as I pointed out, it also gives the Cuban Government a cheap militarized labor corps which they put out, especially, in the cane fields and the coffee fields to help them in their agricultural endeavors.

He had something to say about organized labor. Organized labor is a very important part of any free society, as we well know in this country and in other countries that have strong labor unions. Castro said that his government, when it came to power—this was point 8 of his manifesto—that there would be a promotion of free elections in unions in the Federation of Industries. In other words, he was going to encourage the labor movement.

Law 647, and that is one of these laws that comes out of Castro's mouth from time to time—this particular one was decreed in the spring of 1960—vested in the Ministry of Labor the right to intervene in all concerns of labor, including the unions, and charged it with removing all undesirable union leaders. By 1961 the independent labor union movement in Cuba no longer existed.

In Cuba today, free unions have completely disappeared.

I might say that as far as labor is concerned, labor in all free countries, while they like to work, they like to have some control over their hours of work. There is none in Cuba. People are forced to work overtime at Castro's will. City workers are often transported into the countryside on weekends to do the agricultural work that Castro thinks is needed.

When he came to power, he had this to say about his own political ambitions:

> Personally, I do not aspire to any post. I consider that there is sufficient proof that I fight for the good of my people without any personal ambition.

He went on to say that he would never aspire to the Presidency of the Republic.

Well, he is not the President, but since February of 1959—2 months after he came to power—he assumed the role of Premier of the Cuban Revolutionary Government and he has since remained the absolute governing power in Cuba. There is no dictatorship like his anywhere in the Americas, anywhere in the world, except in a few African countries today, where there does exist a one-man rule. But Castro's is one of the few one-man rules left in the world today. In fact, in an address on March 14, 1966, which shows you how arrogant this man is and how he believes in his power, in answering a question about political parties, he said:

> What is the good of a party when everything revolves around one man?

The man who made that statement is the Prime Minister, as I pointed out, the First Secretary of the party, the Commander in Chief of the armed forces, the President of the Central Planning Board, and the Director of the National Agrarian Reform Institute. Those are the main power structures in the Cuban Government.

Then, of course, you know there has always been a great argument about whether Castro is really a Communist. A lot of people, especially those who made the point that he was a nice, fine agrarian revolutionist, claimed he never was a Communist. This is what he had to say in December 1961:

> Do I believe in Marxism? I believe absolutely in Marxism. Did I believe it on 1 January 1959? I believed it on January 1. Did I believe it on July 26, 1953?

That was when he first began his revolutionary attack on the Moncato Barracks out in the boondocks in Cuba.

> I believed it on July 26. We believe in Marxism. We believe it is the most correct, most scientific, the only true theory, the only revolutionary theory. Thus, I say here with complete satisfaction and full confidence I am a Marxist-Leninist, and I shall be a Marxist-Leninist until the last day of my life.

This is the kind of a government about which voices in our country are being raised right now suggesting we should begin to do business with; that we ought to recognize; that we ought to do trade with, that now has come into the nations as a sophisticated government in the Americas.

Well, he is a sophisticated, one-man, dictatorial, communistic government. There is no question about. He has put the press out of business. He has put political parties out of business. He has put labor unions out of business. He has no parliamentary government. He has thousands of political prisoners in prison; 650,000 Cubans have fled his island and come to the United States of America. Other thousands have gone to Spain, to Mexico, and to other parts of Latin America.

As a matter of fact, included among those 650,000 who have come to the United States are practically all of the managerial experts that were in Cuba prior to Castro's advent to power—people in politics, people in business, people in the professions, lawyers, and doctors. As a matter of fact one of the reasons why we have an excellent medical service in Florida these days is the Cuban doctors we have. We have practically the whole medical faculty not only of the University of Havana, but all of the doctors, too, most of them who practiced in Havana. They left Cuba with nothing but their shirts on their backs. Some of them even tried to row across the Straits of Florida, the 90 miles, in rowboats, leaky rowboats, to get off his island; to get away from this one-man rule; to get away from this dictator who murdered people, who threw them in prison, who totally disregarded all liberties, all freedoms, all vestiges of democracy.

And this is the kind of a man of whom voices are being raised—some right here in the Senate—that we ought to do business with. Do we ever learn anything from history? Will we ever learn anything from history? What possible good can come to the United States of America to legitimize this Castro government down in Cuba? Nothing will come of it except trouble, turmoil, and strife. Not so much for the United States of America. We do not have to be afraid of Cuba as far as a military power is concerned. But we do have to fear for her influence in the rest of the Americas.

We have already had the blueprint and the action in almost every Latin American country where this man has tried to export revolution, to subvert governments.

We rescued one government. I did not agree with a lot of the policies of Lyndon Johnson when I was in the House before I came to the Senate. One thing I did totally agree with is what he did in the Dominican Republic when he intervened there with American Marines and saved that government from being taken over by Castro and his revolutionaries.

I just wish—hindsight is always good 20/20 sight, and I was guilty of that along with others—we had devoted more of our time, attention, arms, and money to what was going on in Latin America rather than over on the other side of the world in Vietnam. Had we done that, we would have been far better off as far as the Americas are concerned.

One thing that all of us should have cause for worry over is the influence in Cuba and with Castro of Russian communism. The point has been developed earlier but I would like to point it out again because it is important. The government in Cuba is only shored up by the foreign aid poured into it by the Government of Russia: $2 million a day is the estimate of foreign aid that goes into Cuba to sustain that Government. That is one of the reasons why the Communists are so anxious that Castro be legitimatized in this hemisphere, to relieve Russia of that foreign aid burden.

No one wants to go to war these days. All of us certainly believe that the use of arms is no solution to anything. But certainly one of the uses that we have left to us in the United States today is the power of the economy of the United

States, in economics, which we can use and should use widely and adroitly in helping out with our friends and withdrawing that aid with our enemies. If we legitimize trade with Cuba and encourage other Latin Americans to do this, then we are cutting our own throats and the throats of other Latin American countries, by helping Cuba economically. At the same time, of course, we lift the burden of this economic aid off Russia. I cannot imagine anything more stupid than this kind of action on the part of the U.S. Government.

The PRESIDING OFFICER (Mr. HUGHES). The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, does the Senator need more time? I can yield him some of my time.

The PRESIDING OFFICER. The Senator from Idaho is to be recognized next.

Mr. GURNEY. I thank the majority leader.

The PRESIDING OFFICER. The Senator from Idaho is recognized for not to exceed 15 minutes.

Mr. McCLURE. Mr. President, I join in the statement that has been made by the distinguished Senator from Florida (Mr. GURNEY) in regard to the changes of policy which are now being urged by this Nation with respect to the dictatorship that now controls Cuba.

I also associate myself with and commend the Senator from Nebraska for his clear statement as he joined in the colloquy with the Senator from Florida concerning our actions with respect to Cuba—in the past, in the present, and prospectively.

I could not help note a moment ago, as the Senator from Florida was speaking concerning the fear of the future or the portent for the future if, indeed, we do reapproach our former relationship with the people of Cuba, and the effect that will have upon other Latin American States. South America is very vulnerable to the kind of tactics that Cuba has been exporting for too many years.

Would not the Senator from Florida agree with me that the Organization of American States took the action they did in isolating Cuba from the community of nations in this hemisphere because of the export of revolution from Cuba to each of their countries?

Mr. GURNEY. That is true, indeed. That is why they joined us so enthusiastically after the Cuban missile crisis, in which we received our direct threat. They had already been exposed to this kind of revolution, and what is why they joined us enthusiastically in severing all relations with Cuba.

Mr. McCLURE. The tactic of kidnapping and the threatening of diplomatic missions from various countries throughout Latin America is a tactic that was first engaged in by the Cuban revolutionaries and was exported to these foreign nations. Is that not correct?

Mr. GURNEY. That is true.

As I pointed out earlier, we have direct evidence, which has been taken from time to time not only by Senate committees but also by House committees, about the export of this revolution.

As I also pointed out earlier, almost no country in Latin America has escaped in some fashion the attempt of Castro to subvert its government, sometimes by direct action, as the Che Gueverra was trying to do in Bolivia some years ago, when he was killed; more often by indirect action of guerrilla forces that were picked up by Cuban fishing vessels mainly, taken to Cuba, trained, and then transported back.

Mr. McCLURE. What makes it all the more striking, it seems to me, is that as we are making tentative statements concerning a change of policy by the United States, our President the other day affirmed that we would depend upon the continued action of the Organization of American States.

In that connection, it should be noted that on the occasion of the visit of two of our colleagues to Cuba recently, an occasion which was used shamelessly by dictator Castro to castigate the United States, he again made reference to the OAS in these terms—at least, the Washington Post reported that he made this statement. He said:

> The OAS is a prostitute, shameless and ridiculous.

He went on to say that it was an instrument of the worst form of neocolonialism.

That is the kind of action he takes in trying to heal the wounds of the OAS as, indeed, he tried to meet our approach—when I say "our," I mean the approach by two Members of the Senate—in friendship, an approach which was met by the words of his Foreign Minister, Raul Roa, when he said they were prepared to work toward a more normal relationship with the United States.

Attention was focused on that visit and upon the relationship of the United States with Cuba, but that visit was used by Castro not to normalize relationships, unless normal relationships mean vituperation and castigation, because he delivered himself of a 45-minute tirade against the United States.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. McCLURE. I am happy to yield.

Mr. GURNEY. The Senator makes a very telling point when he refers to the speech of Castro which he delivered on the day that our two Senators arrived. Let me quote exactly what he did say about the OAS, to which the Senator referred, in part. This is a direct quotation from Mr. Castro's speech:

> Can anyone imagine that there remains even an atom of virtue or moral authority or reason for existing for that ridiculous and faint-hearted institution?

Speaking of the Organization of American States.

Mr. McCLURE. This is the organization we are going to follow, according to President Ford, in directing our relationships toward Cuba, an organization which I think might pay some attention to what Castro has said and determine whether or not, indeed, he is correct.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. McCLURE. I yield.

Mr. GURNEY. The "Great Dictator" in Cuba had other choice remarks to make in the speech with which he greeted our Senators. This is what he said about the United States. This is why I said earlier that I do not understand why we cannot read what some of these dictators are saying and learn directly what they have in mind. I read from his speech:

> The United States on the one hand and the Latin American and Caribbean countries on the other are two worlds as different as Europe and Africa. There is no room for both in the same community.

That is how Castro feels about the U.S. Government. What he is saying is that he does not want any part of the United States in the Latin community, in the hemispheric affairs, that there is no room for Castro's kind of government and our kind of government. I might say that I would tend to agree with him on that. So far as I am concerned, he can have his government and keep it there. We do not want any part of it, and I hope that no other free government in Latin America would want any part of it, either; because if they did, they would lose all their freedoms, just exactly as every human being on the island of Cuba has lost his freedom.

Mr. McCLURE. I believe that in the same speech, Castro also took occasion to blame all the world's inflation upon the policies of the United States. He used these words:

> In these deplorable imperialistic policies are the roots of inflation which emerged long before the oil price increases.

This is the kind of gesture of friendship which he has extended to us.

I think the Senator from Florida has very clearly stated what Castro's direction and intention would be if, indeed, the relationship between the United States and Cuba today were changed to the benefit of Cuba, not to the benefit of the United States; to the benefit of Cuba, not to the benefit of the states of the Organization of American States.

While I would agree with President Ford that it is important for us to associate ourselves with the majority opinions as expressed in the Organization of American States, I do not think that our remarks or our actions up to this point should be taken by the OAS as any encouragement to them to revise their stand with respect to the regime in Cuba, a regime which seeks to subvert the legitimate governments throughout all of Latin America.

Mr. GURNEY. Will the Senator yield further?

Mr. McCLURE. I am very happy to yield.

Mr. GURNEY. I certainly agree with what the Senator says in every respect. I should like to expound further on what Castro had to say in that speech as to all of the ills of the world being caused by the United States.

The Senator has mentioned that Castro says that the United States is responsible for all of the inflation in the world. That is about what he said.

He also said, speaking of the United States:

> They blocked and separated the socialist community from international commerce. They began the cold war. They unleashed the armament race. They promoted the war in Vietnam.

Then he went on and on.

I wonder if he ever heard of Russia's being involved in the cold war and sealing off Berlin and access to Berlin from the United States and the rest of the world, subjugating all of the peoples of Eastern Europe after World War II? My understanding of history is that Russia started the cold war, not the United States.

Indeed, we did give battle, and I hope we always give battle when we have an alien force which wants to put liberty, freedom, and democracy out of business.

This, of course, is a typical Communist line, the great big lie which they think, if they repeat it often enough, will be believed by people.

Mr. McCLURE. Mr. President, I thank the Senator from Florida for having taken the lead in restating what should have been so obvious to all of the Members of this body. While I share the desires of many people to normalize our relationships with any of the nations of this hemisphere that are willing to have normal relations with us, it seems to me that we do not serve our own interests well by extending the hand of friendship to some nation which so boastfully rejects it. We do not strengthen the alliance of nations by hinting to the Organization of American States that the United States desires that they make some change in their stated attitude toward Cuba.

I think there is danger that the OAS may misread the mood of this body because of the action of a few, an action which has not yet been fully debated, an action which certainly has had no vote in this body, an action which ought to be directed by this body and not by the action of a few.

I think it was absolutely essential that someone take the lead, as the Senator from Florida has, in again balancing the dialog lest it be thought by some that statements by a few characterize the opinions of this body. This body has not yet seen any reason to change its relationships or direct any change of this Nation's relationships with the godless dictatorship which controls the people of Cuba.

We should be concerned about the welfare of the people of Cuba, certainly. We should not be blind to any legitimate way in which we can assist them in achieving the freedom which we, in our own history, have believed to be vital to the good of any people anywhere.

I think the Senator from Florida does us a singularly great service in taking this time and in setting the record straight, once again, so that we do not get misled as we did once before. I remember well those arguments about whether or not Castro was a Communist. We had many people in the United States saying, "Oh, he is not a Communist, he is not a Communist; there is no evidence that he is a Communist," right up until the time that he seized power. Then, very shortly after that, that argument had to be abandoned, because, as the Senator from Florida has so clearly stated, out of his own mouth came the affirmation of the fact that not only was he then a Communist, but he had for many years been a Communist, in spite of the disavowals by himself and others in this body who would apologize for him.

Mr. GURNEY. Mr. President, will the Senator yield?

Mr. McCLURE. I am very happy to yield.

Mr. GURNEY. The Senator mentioned that we should be concerned about the people of Cuba and their lack of freedom. It seems to me we are about to set a double standard here in the Government of the United States, if we go ahead and establish détente with Cuba, recognize Cuba, and engage in trade with Cuba. The Senator knows as well as I do, and every Member of this body knows, that the Senate has been engaged in a great debate and confrontation with the Executive as far as trade with Russia is concerned. The trade bill has been held up for a long time.

The PRESIDING OFFICER. The Senator's time has expired.

In accordance with the previous order, the Senator from New Mexico (Mr. DOMENICI) is recognized for not to exceed 10 minutes.

Mr. GURNEY. Will the Senator yield 2 minutes to me?

Mr. DOMENICI. Mr. President, I am awaiting Senator HUMPHREY; we are going to share the 20 minutes allotted to us. I yield 2 minutes to the Senator from Florida out of my time.

Mr. GURNEY. I thank the Senator from New Mexico.

I was talking about the double standard. Almost all U.S. Senators have gone on record as opposing this most-favored trade treatment with Russia unless Russia relinquishes her hold on Russian Jews who want to leave the country.

I fully support that doctrine. It is eminently in keeping with the ideals of the United States, its ideals of justice and freedom. But it is a very curious thing to me that some of the voices being raised for our recognition of Cuba and our resumption of trade with Cuba are the very voices that were strongest against our engaging in trade with Russia while she was keeping some of her people subjugated. Yet today there are tens of thousands of political prisoners in Cuba, residing in jail, put there by this Cuban dictator, and they have never been released.

Why are these voices that speak out against Russia and trade with Russia not speaking out against trade with Cuba unless she releases these political prisoners?

On the other hand, they are encouraging trade with Cuba while Cuba has put all of her thousands who disagreed with this regime in political prisons. What kind of a double standard is this for leaders in the Government of the United States of America, supposedly the country that is the greatest bastion and advocate of freedom and democracy and liberty?

I should think that, before we have much more discussion about normalizing relations with Cuba, some of our more eager beavers in pursuit of this course should consider what kind of Government they are encouraging us to do business with—in the opinion of this Senator, and the facts are there to prove it—the worst one-man dictatorship rule that probably exists in the world today.

I thank the Senator for the time.

ORDER OF BUSINESS

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

WORLD FOOD CONFERENCE

Mr. DOMENICI. Mr. President, I am delighted that the Senator is in the chair, because the subject matter of my discussion this morning, hopefully to be joined by Senator HUMPHREY, has to do with the World Food Conference scheduled for Rome, November 5 through 16 of this year.

Mr. President, everyone knows that 140 nations, including the great United States, plan to attend the World Food Conference. The very name, "World Food Conference," sounds like this ought to be a rather historic event and, indeed, in terms of just having it, it is historic. However, the fact that we all know that there are two great crises in the world today, an energy crisis and a food crisis, indicates that this event should be more than historic just because it is being called. It should be historic because it should accomplish something.

It appears to the Senator from New Mexico that at this time in world history, there could be no more important conference than a world food conference.

But it also appears to the Senator from New Mexico that a world food conference attended officially by the United States of America, with a rather large delegation, ought to go there with a sense of commitment, with a policy and program that are indeed American, with a commitment to see if we cannot get something done about the very serious situation in which the world finds itself in terms of food.

What I have said to this point would not justify my wasting the Senate's time. If I were not concerned about whether we were going to accomplish anything in the World Food Conference, it would be almost a waste of time for me just to talk about its significance. But I come to the floor today because I am concerned that the way we are planning and preparing for the International Food Conference to be held in Rome could indeed lead that conference to mean little more than a sham. The way we are preparing the American positions, in my opinion, will lead to positions that we cannot fulfill later, or will lead to positions that are not American positions. So I come here today to say that those who are going as delegates—and the reason that I asked the distinguished Senator from Minnesota (Mr. HUMPHREY) to join me is that he, too, is one of the delegates—as I see it, congressional input, that is, inputs like that of the distinguished Senator from Minnesota and many others who are going to this conference, have not been sought by those who are preparing the American positions.

I do not believe they are going to seek from congressional leaders and others in America inputs into what is the American position, why is it the American position, and what should we seek from other countries by way of equal commitments, if on no other basis on a moral basis, with reference to the food crisis.

The delegates, as I see it, are going there just to be part of a large audience. There will be no participation by the delegates, and there will be no participation, as I see it, in the preparation of the 10 American positions with reference to the International Food Conference. I believe that Senator HUMPHREY will support what I am saying, either by way of a statement submitted later or when he appears on the floor shortly.

Mr. President, there is no question but that America cannot continue to go it alone in terms of the world's food problems. I want to talk about four areas that I think are extremely important in terms of what positions we take and what commitments we attempt to get from other countries.

First, let me say the very basic first fact that the world needs to get on with a game plan is a commitment from all the countries of the world that they will participate in a real fact-gathering information system about crops and food production. But, Mr. President, such a simple proposition as that is indeed in jeopardy of not being resolved at the World Food Conference.

What good does it do for America to advise other countries to divulge their facts with reference to food production, with reference to capacity, if certain other things can be added, if indeed all they have nations, including the Communist bloc, including China and Russia, do not agree that they must be part of a fact information gathering system about food crops and food availability?

We cannot develop a world food commitment unless the facts are known. From talking with the Senator from Minnesota, I am aware that indeed technical people in America have come up with ideas on how we could contribute our technology through ERTS and other kinds of information-gathering mechanisms, but not in a political manner, for if the World Food Conference is used by the State Department as a part of diplomacy, it will fail; and if the Communist bloc uses it in that regard it will fail.

What we are talking about is that there are available ways and means of being able to predict, at least on a yearly basis, what food and crop availability will be, so that any other plan developed can be effective.

I am not sure, based upon what we have seen as delegates, that the American position will provide such leadership and will make such a commitment or, indeed, extract such a commitment from the world.

Secondly, Mr. President, there is no doubt that there is a moral responsibility that the United States recognizes to give to those who need. Two kinds of giving are involved: actual nutrition, food and foodstuffs; and technology, fertilizer and the ability to grow more in those countries that are developing.

I call the first pooling for the poor; and, indeed, if we go to the International Food Conference without a commitment of our own based upon a national policy and a dedication to seek from the other have nations a pooling with us, so that we will really have an international pooling of food for the poor, then I see that aspect of the conference, which is one of the most important, coming out as nothing more than an exchange of verbiage which we could have had at long distance, without calling 140 nations and thousands of people together.

The second part of that is that all the experts say the world can produce much more food, especially the underdeveloped countries, which, although they are undeveloped, seem to have a substantial portion of the land that can produce. What they need is a commitment of technology, fertilizer, and know-how to grow what their culture, their habits, and their nutritional needs demand.

Here again, I am concerned that we are going to this conference more with a unilateral type of commitment, more with a braggadocio type of attitude about what we are doing and can do.

I submit that it is most important that we go there with a position of trying to extract from the have nations a commitment to join in an international pooling of technology and know-how, so that these countries that could produce more food will obtain this technology and know-how from all nations in an orderly manner, so that, indeed, the goal of producing more food for those who do not have it can become a reality.

Third, Mr. President, there is the question, the very vital question, of fertilizer.

The PRESIDING OFFICER (Mr. HUGHES). The Senator's time has expired.

Mr. DOMENICI. Mr. President, I ask unanimous consent that I be allotted a portion of Senator HUMPHREY's time, that amount until he arrives on the floor. I believe that he would concur in this request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The Senator may proceed.

Mr. DOMENICI. Mr. President, perhaps I ought to move to strike that unanimous-consent agreement. He may want to speak. I ask unanimous consent that I be given 3 minutes of the time allotted to the Senator from Michigan.

The PRESIDING OFFICER. Does the Senator first withdraw the previous unanimous-consent request?

Mr. DOMENICI. Yes, I so request.

The PRESIDING OFFICER. Without objection, it is so ordered. What was the Senator's other request?

Mr. DOMENICI. That I be allotted 3 minutes of the time allotted to the Senator from Michigan.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, my concluding remarks have to do with another kind of pooling need. As Senators know, there is indeed a worldwide shortage of fertilizer. Fertilizer is the ingredient we need as a world to help those countries that are not producing produce the maximum, those that are not producing enough, to insure that they produce more.

Now, it appears to me that we must go to this International Food Conference again with a firm American position as to what we are willing to do, and I see no chance of that happening the way the American position is being prepared, for it has no congressional input, no input other than that which comes from the State Department and the U.S. Department of Agriculture.

Now, Mr. President, here again we must seek at this International Food Conference two things: a firm commitment on the part of the United States as to what we will do; but we ought to do everything possible to see that those who can help with that pooling of fertilizer and the world distribution of it to join with us in a game plan that will make it most apt to work.

There is no room for countries going after this problem alone. Any International Food Conference that does not have a firm American position that clearly states what we will do and clearly calls upon those who could help us do it will, indeed, in my opinion, result in a failure and will cause the International Food Conference to end up, as many conferences do, as a huge international talking session. But the poor of the world and the starving of the world will get no beneficial result.

In conclusion, Mr. President, let me state that for myself, in preparation for this food conference, I decided that I had to learn a little bit, so I called in my own State food experts. They advised me. We, indeed, have experts all over this Nation, and I was amazed to find the unanimity shown in their discussions, headed by a very distinguished food expert, Dr. Gerald W. Thomas, who has been written up recently in Vital Speeches of the Day. He is the President of the New Mexico State University and, indeed, the thing that I have spoken of, he and other experts conclude are at the very heart of whether or not we are going to have success at the World Conference.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI. I thank the Chair.

I ask unanimous consent that a statement prepared by Dr. Gerald Thomas, elaborating on the subject matter that I have discussed, be made a part of the RECORD at the conclusion of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CAN THE WORLD AFFORD TO FEED ITSELF?

THE ENVIRONMENTAL COST OF EATING

(By Gerald W. Thomas)

What we eat, where we eat, and how we eat, *does* make a difference. I'm not referring to economics, or politics, or culture, or nutrition. But, I am referring to environmental matters—to the ecology of food production and utilization.

Changes in the diet and food habits of Americans *has resulted in differential use of resources*—both depletable resources and renewable resources. Changes in our diet *has resulted in increasing problems of pollution.* Changes in our diet *has played a substantial role in bringing America into an Energy Crisis*. These changes *must* become a major concern of the Restaurant Association and all other aspects of the Food Industry.

I hope to clarify these statements in this presentation, but first let us look at an even broader question—a question that has *worldwide* implications. This may well be the big question of this century, *"Can The World Afford to Feed Itself?"* Notice that I asked not *"Can the World Feed Itself?"* but rather,

"Can the World *Afford* to Feed Itself?" In other words, *will the world environment withstand the pressure* of the necessary modern technological changes to satisfy man's needs for new processed and balanced foods and the associated packaging and delivery systems?

We are gathered here in this beautiful city surrounded by much evidence of affluence to talk about food and food service. However, most of the presentations that are made here concern new and improved meals, specialized services, more and more exotic restaurants, and more glamorous settings for eating and enjoyment. It *is* "fun to eat out." In this context, then, my assignment may be bleak—out of place. But, I hope you will hear me out.

Much of the recent talk about the environment has been very pessimistic—perhaps *too* pessimistic. The average citizen must think "If the pessimists aren't happy now, chances are they never will be!" Even one of your program planners for this event was heard to say, "Ho boy—It's a good thing things are not always as bad as they are most of the time." For myself, there are only *two* things that bother me, one, that *things may never get "back to normal," and the other, that they already have!*

During the past few years we have witnessed several remarkable changes in the outlook toward world food production. From the very depressing treatment by the Paddock Brothers who predicted "Famine 1975!", we have seen new optimism expressed with the advent of the *"Green-Revolution."*

The "Green-Revolution," as most of you know, refers to the increased production which has resulted from the introduction of the recently-developed, high-yield cereal varieties, mainly rice and wheat, into the less developed countries in Asia, Africa, and Latin America. In November, 1971, a headline in a national magazine stated, "The famine threat is fading in many parts of the world: The reason; scientific breakthroughs—and good weather." A reference to the impact of the "Green-Revolution."

Recently, another dimension has been added to the philosophical debate over the world food problem—another shift back toward pessimism. This comes about as a result of inputs from the science of ecology. As I stated earlier, the new question is not "Can the world feed itself?", but rather "Can the world *afford* to feed itself?" This latter question is a much more serious question—*because a contaminated environment affects the welfare of rich and poor alike*—whether or not we are well nourished *or* hungry. It is also a more difficult question to answer due to lack of research information. And, this latter question could have serious long run implications for all food service industries.

It is apparent from any analysis of this type that we are nearing the upper limits of world population growth. *A massive, world-wide effort must be made to curtail the population explosion and bring people and resources into balance.* Uncontrolled population growth is rapidly eroding away scientific progress, creating unprecedented problems of malnutrition, and reducing the effectiveness of millions of dollars of aid to undeveloped countries. In addition, most of man's activities, whether we realize it or not, have some detrimental effects on our environment. These effects are already very serious, but will reach more critical stages before the world approaches the 6.5 billion people predicted by the year 2000.

Let us look at the food habits of the individual in our society in relation to the basic resources required to sustain that individual. Let us compare American food habits with those of the people in Africa—or Asia—or Latin America. Let us examine the changes in our own food habits and production systems over the past 50 years and relate these changes to the pressure on the environment. In other words, we need to ask, and to answer the following questions:

"(1) How does our diet and our way of life impact on land resources?

"(2) How does our diet and our standard of living impact on our water requirements?

"(3) How does our diet and our approach to food production and food services relate to the energy crisis?

"(4) What is the impact of our food habits on air pollution, waste disposal, and other environmental issues?"

I will examine these questions briefly in order to provide a better basis for the larger question, "Can the world afford to feed itself?"

Throughout man's history, food scarcity has been the accepted way of life. According to recent estimates, this still is a crucial fact for more than half of the world's 3.8 billion people. As recently as 1943, famine took the lives of 3 million people in India and another 3 million in China. Today's headlines still carry depressing stories of widespread hunger in improverished sections of Asia, Africa, and Latin America. In March of this year an article in U.S. News and World Report was headlined, *"Asia's Trouble Returns: Too Many Babies, Too Little Food."* And in this morning's Houston Chronicle headline, *"World Experiencing Greater Peacetime Food Shortage."* Obviously, the Green-Revolution hasn't provided all of the answers.

The first concern of man is for quantity—adequate bulk to dull the pangs of hunger. Where food is available, the total daily intake per person is about 4½ pounds. This total does not change significantly through the years. An American, for example, eats only 100 pounds per year less now than 50 years ago.

Unfortunately, quantity of food is not the only factor in planning for an expanding population. *Balance is also of utmost importance.* There are striking differences in the diets of people in the various parts of the world. Some of these differences are unavoidable because of lack of an adequate or blanced food supply, some adopted by tradition or religious beliefs, some influenced by medical or dietetic advice, some related to economic status, and some guided only by the latest fad.

As we enjoy the luxury of good meals at this conference, let's think for a minute about the food other people in other countries are eating:

Over 2 billion people eat rice as the food energy base while we rely largely on wheat, corn and other cereals. Rice is a good cereal, but rice for every meal could be monotonous.

We consume large quantities of meat, especially beef, which is much too expensive (or unobtainable) for several billions of people in the world. Would you be content to drink fresh blood from live cattle (as a major protein source) with the Masai Tribes in Africa? Or, join with the people of Chad as they celebrate because a recent invasion of grasshoppers has provided a food delicacy for the village? And, have you sampled mutton, in the Mediterranean area, cooked directly over cow chips? And a recent headline from Nairobi, *"Meat shortage spurs Camel sale."*

In my travels in over 40 countries of the world, I find, too often that the exotic foods we read about in Polynesia, or China or South America are only for the exclusive few—or for tourists who can afford proper preparation—while *the masses have poor diets*—sometimes enough bulk but usually inadequate balance. I like fish—but, the steady fish diet of many islanders would be tough on me and most other Americans. And, I thank God for Chili—which saves many a bland meal from unpalatability. *Fire, spice and ice are the great preservers and enhancers of food*—but, even with fire and spice I don't care to sample steaks cut from Mammouth elephants frozen in the ice in Siberia 50,000 years ago. That is too much aging even for a meat lover.

I'm not mentioning these differences in food habits just to remind you how well off you are here in the United States—but rather to support some of my later comments about pressure on the environment.

Let's now look briefly at changes in our own food habits here in the United States. The big change in American diets since the settlement of our Country has not been in total quantity, but in the kind of food eaten. These changes in our diets have placed heavy pressures on our resource base.

Per capita consumption of meat in the U.S. has increased rather consistently (with the exception of lamb). Beef consumption alone has increased from 43 pounds per person, per year in 1930 to over 115 pounds per person per year, today. Each person consumes more fruit—a shift from apples to more citrus and processed fruits. We eat few eggs and less dairy products. Sugar consumption per capita is up.

Two rather significant changes deserve special comment. First, direct consumption of cereal grains is down. However, this figure is misleading, because *the grains are going into meat production and into highly refined packaged products.* The U.S. and Canada still utilize over 1600 pounds of grain per person per year, compared with 400 pounds in Iran, Morocco, Japan, U.A.R., Pakistan, Thailand and India. This difference in grain use is four-fold, but, if the world's 3.7 billion people consumed grains at the U.S.-Canadian levels, the total world production would have to be increased 8 times.

Secondly, I want to mention potatoes. I once wrote a paper entitled "Power, Politics and Peal of the Potato." This important food product has shaped the lives and destiny of nations. While Idaho has become nationally known as the potato state, the potato is not native to Idaho. Neither did the "Irish potato" originate in Ireland. Rather, the wild forms of potato originated, and were first collected and cultivated, by the native Indians in the Andes Mountains of South America near Lake Titicaca. Early Spanish explorers brought the first small potatoes or "earth nuts" to Europe about 1570.

The potato became, in time, such a popular article of the diet of the Irish that it eventually was grown almost to the exclusion of other crops. The superabundance of an easily produced food also caused a population explosion on the Island. These two factors, working together, led to the disastrous famines of 1845–1846, when a blight killed the potato crop. One million people in Ireland died of starvation during this "potato famine" and many more migrated out of the country.

At the time the potato reached Europe the Spanish Conquistadores were intensely preoccupied with the "rape of South America." In spite of their over-riding concern for precious metals, *in all likelihood they introduced the "real" treasure to the rest of the world in the "potato"*—because, the value of the world's annual yield of potatoes—some 6.5 billion hundred weight—far exceeds the value of all the gold and silver that was ravaged from the South American Continent during the centuries of conquest. Today, the average American consumes about 112 pounds of potatoes per year—only about half the level of consumption reached in the early 1900's. And, ecologically, the substitutes for potatoes as well as for cereals, have placed increased pressure on the environment.

To understand the pressure of man's food needs on the land resource it will be necessary to examine a few basic statistics. Only about 29 per cent of the earth's surface is land area—water covers 71 per cent of the earth. And, *much of the land area is cold, too hot, too dry or too high for traditional agricultural use.* If we study more closely that important portion of the land which is "arable" (land suited for cultivation) we find a critical world picture. I want to do this in the simplest way possible—by looking at the world's cultivated land base in relation to our individual needs for food.

It is estimated that, with the present technology of the developed countries, about one acre of cultivated land per person is desirable to produce enough food for an adequate standard of living. This means that your food needs—and mine—regardless of whether we live in the city or in the country, are related back to this one acre requirement. At the present time, the Far East has only 0.8 acres per person. Communist Asia has 0.4 acres per person. Is it any wonder that there are still conflicts over land? The amount of arable land per person in Latin America is about 1.3 acres; Africa and West Asia, about 2.3 acres. These latter areas now have a surplus in relation to land needs for food.

The United States has over 2 acres of cultivated land per capita and a maximum potential of about 3 acres per capita using present levels of population.

For the world, the cultivated acreage now stands at 3.5 billion acres, or 11 per cent of the earth's land surface. The area actually harvested for crops in a given year is considerably less, due to fallow practices and crop failures—usually about 2.4 billion acres, *This means that we now have only 0.65 acres of usable land per person in the world compared with our need for one acre per person.*

Perhaps here we can bring in some comparisons. When I was working for the Soil Conseravtion Service right after World War II we made an estimate of cultivated land needs for a "desirable standard of living." At that time it appeared that each person required about 2½ acres of cultivated land. At that time also, the U.S. had surplus land but the world average fell way short of minimum needs. Since World War II, due to increased yields and improved production technology we have reduced the 2½ acres requirement to about 1 acre. This represents fantastic progress at the farm and ranch level. But, our population continues to grow. *To meet the basic needs of 6.5 billion people by the year 2000 we will need to expand cultivated acreage by 50 per cent and double our yields once more.* This is technologically possible but politically and socially unrealistic.

The history and ecology of "man and land" permits some broad generalizations:

(1) Improved genetic material in crops, proper use of agricultural chemicals, and improved farm technology *reduces* the land requirement per capita.

(2) Organic farming and the production of "natural" foods, if practiced on a broad scale, will *increase* the land requirement per capita. This implies the elimination of agricultural chemicals (synthetic fertilizers, pesticides, etc.) and certain other changes in production practices which likely will reduce per acre yields.

(3) A "vegetarian" diet requires a *smaller* land base than a diet heavily dependent upon meat products. Ecologically, this moves man closer to the "producer" organisms where photosynthesis takes place.

(4) The substitution of many foods in our diet for the basic cereals and potatoes has *increased* our land requirements.

(5) Unnecessary "waste" and unnecessary "processing" *increase* the pressure on land and other resources. For example, in India, 25 per cent of the production on farms never reaches the consumer due to losses by rodents, insects and waste. *We* waste *food* at all levels in the U.S.—and particularly when we *leave* the table.

(6) Wealthy people, because of their demand for variety in food, for quality, for more highly-processed and refined foods, and for built-in maid service place *more pressure on the land resource base* than poor people. An affluent society also demands more land for recreation, for housing and for many other uses which compete with farming. If you think China has problems with 630 million *poor* people—what would 630 million *affluent* Chinese do to the environment?—or 550 million *wealthy* people in India? According to our standards, China has less than half of the minimum productive land requirement per person.

How much water is required per capita for food production and for man's other needs? We know that we need only about 2 quarts daily for drinking, but, even in the early 1900's, our home use of water was about 10 gallons per day for home use. In addition, we need water to produce food, to refine oil, to manufacture automobiles and to operate our growing metropolis. *Our total withdrawals in the U.S. now amount to about 1270 gallons of water per person per day.*

Let's approach the question in a different way. *What standard of living are we willing to accept?* A recent study in California will serve to illustrate the general relationship between standard of living and water use. This study showed that the residents of Beverly Hills, California used an average of 313 gallons of water per day for home use, compared with 89 gallons per person per day in Compton where the per capita income is much lower. Should we be satisfied with 89 or go to 313 gallons per person per day for home use, or should we get by with the 20 or 30 gallons common to most people of the world in metropolitan areas?

It should be fairly simple to calculate the per capita water requirements for business, industry and municipalities, but what about water for food production? To grow a pound of wheat in the field will require about 1,500 pounds of water. If we follow this wheat on through the milling processes, with average losses, and to the completed bread, we find that *over 2,500 pounds of water are used to produce 1 pound of bread*—over a ton of water for a pound of bread!

As we introduce animal protein or other essentials for a balanced diet, the water requirements are increased correspondingly. For example, on some brush infested semi-arid rangelands in the West, my calculations indicate that from 100 to over 500 tons of water are "involved" in the process of producing 1 pound of beef—measured at the supermarket level.

This does not mean that 100 tons of water are "required" to produce a pound of beef—but it does mean that this much water is "involved in" or "associated with" the production of a pound of beef. Much of the water involved in range beef production is dissipated by undesirable weeds and brush or evaporates from the unprotected soil surface. Also, most of the water necessary to the process of photosynthesis in range plants is transpired through the plant and returned to the atmosphere.

Purely from a water efficiency standpoint, we can increase the effectiveness of water use for beef production at least 10 times by producing animal feeds on irrigated lands and confining the animals to a dry-lot during the production period. But this is only part of the story. A "quality" environment involves considerations other than efficiency or economy of water use.

I would like to go back and enlarge on a statement that I made earlier—namely, that *more units of water are required per person as our standard of living rises.* Canada and the United States utilize over 1600 pounds of grain per person per year, compared with 400 pounds for Iran, Morocco, Japan, UAR, Pakistan, Thailand, and India. This difference in grain use is four-fold, but if the U.S.-Canadian levels were projected across the world's population, the grain use would be nearly 8 times the present world production. In terms of water use, Canada and the U.S. would require 1600 tons of water per person per year to produce their grain needs, but India and Pakistan must get by with 400 tons of water per year—assuming the same level of efficiency.

The U.S. has increased its beef consumption from 48 pounds per person per year in 1930 to over 115 pounds per person in 1970. Japan gets by on about 16 pounds. Even with good efficiency, our water requirements for beef consumption per capita would be over 1100 tons compared with 160 tons per year for the average Japanese.

As one water expert stated, the good news about the water situation in the U.S. is that "By 1980 we will be drinking sewer water" and the bad news is that "By 1985 there won't be enough to go around."

Time will not permit an adequate examination of our individual diets as related to water use. However, I believe you understand from the statistics I have already presented that *different diets are associated with different pressures on the water resources.* This applies to both *water quantity* and to *water quality* as we look back to the use of chemicals, to other production practices, to problems of pollution, and to our technology in processing and delivering foods to the table.

The recent publicity in the U.S. energy crisis has, for the most part, ignored the interdependence of agriculture and energy resources and the impact of an energy shortage on food services.

Presently, the *gigantic Food Industry is the largest single user of petroleum products of any single industry in this country.* Large amounts of energy are consumed in the "Supply Sector" to provide the farmer and rancher with fertilizers, pesticides, machinery and other inputs; large amounts of energy are consumed in the "Production Sector" for planting, cultivation, irrigation, care and harvesting of crops and livestock; and large amounts of energy are consumed in the "Storage, Processing, Packaging and Distribution Sector" of the food industry.

Through the use of relatively economical energy supplies, combined with other improvements in technology, *the American consumer has bad substantial benefits in quantity, quality and costs of food.* For example, average expenditures for food in the United States have dropped from 40 per cent of annual income in 1900, to 26 per cent of annual income in 1947, and to only about 16 per cent of annual income in 1973. In contrast, peoples in many countries of the world spend 30, 40, or even 50 per cent of their income for food. *As energy prices increase, cost of food to the consumer—whether he goes to the supermarket or whether he eats at a restaurant—will inevitably rise.* Furthermore, a severe shortage of fuel, or even a seasonal limitation at a critical time, may lead to actual food shortages both in this country and abroad.

Two fellows were talking recently about the energy crisis and one asked, "Which of America's resources do you think will be the first to be completely exhausted?" and the other answered, "There is no question in my mind. The Taxpayer!"

Two aspects of energy flow patterns must be considered of vital importance to the food industry:

(1) The capture, conservation and utilization of photosynthetic energy produced by vegetation which ends up as food on the table, and

(2) Energy subsidies (largely fossil fuels) to run the food and agriculture systems.

All life on earth is supported by the solar energy in food, captured primarily by vegetation in the process of photosynthesis. *This chemical reaction involving carbon dioxide, water, and sunlight energy to produce food and release oxygen plus water (through transpiration) is the most important chemical reaction in the world.*

Primitive man harvested wildlife, insects and wild plants for food energy as they became seasonally available. Under these conditions the carrying capacity for the earth has been estimated as 10 million, a population smaller than that of London or Tokyo today. As man learned to harvest surplus food, domesticate animals and cultivate crops, the carrying capacity of the land (for man) increased. The first major increase in carrying capacity resulted from the diversion of "surplus" photosynthetic energy directly to man from other biological organisms. The next major breakthrough in carrying capacity came about when man found that he could "subsidize" the system with fossil fuels and thus increase the effective harvest of food and fiber. Through *fossil fuel subsidies, and by other technological innovations, total food production on the earth has been increased manyfold.*

There are still, however, striking differences in food energy levels among the various peoples of the world. The average daily per capita consumption of K-calories in food now ranges from about 2,000 in the Far East to over 3,200 in North America. A daily diet of less than 1,500 K-calories is not uncommon for some of the world's 3.7 billion people. Yet, a desirable standard should be about 3,000 K-calories per person per day with some variation for age and size of the individual. Most of us in this room, as you well know, should reduce our calorie intake to about 2,000.

If we look at the production of food energy for man on uncultivated lands we find the present process rather inefficient. On the average, less than 1 per cent of the sunlight energy falling on a given area of range land is captured by the vegetation in the process of photosynthesis. Less than one-half of this vegetation can be safely consumed by grazing animals. Further reductions take place in the process of digestion, slaughter, and processing. A study in California showed that 1/1,000 of the radiant energy falling on an area was available to cattle and *1/40,000 of the original energy reaches the food product, meat.* However, *it is significant to note that the fossil fuel input for livestock production on range lands is relatively small* because there is little energy required for supplies and production. Mechanized equipment on the ranch consists primarily of motor vehicles, tractors, or aircraft used for brush control, mechanical equipment for stock pond construction, etc. There are, however, higher energy costs in the feed lots, for meat processing and for distribution to the consumer. Few reliable estimates of these energy values are available although it appears that for a yield of 40 calories of meat at least 50 calories of fossil fuel subsidy are needed. Thus, *it is evident that even extensive grazing systems require outside energy to place the animal products on the table at the consumer level.* As the intensity of grazing increases, and as more livestock move through the feed lot and packing plants, higher levels of fossil fuel subsidy are required.

A significant breakthrough in the efficiency of sunlight energy diversion to man was made when crop cultivation was developed. Thus, man could select and develop crop plants for his specific needs and concentrate cultural practices on maximum production. *Under some modern* intensive cultivation systems, *the efficiency of sunlight energy capture has exceeded 3 per cent* while the theoretical efficiencies of conversion have been calculated at 5.3 per cent of total energy and 12 per cent for visable light radiant energy.

An examination of energy flow patterns on cultivated lands reveals some interesting historical trends. In some of the developing countries of the world about 30–40 per cent of the energy input to run the systems comes from manpower and/or oxen power, and the net yields are small. This was also true early in the history of the United States. For example, in the early 1900's there were about 27 million horses and mules on farms and ranches in the U.S. Through the years, farmers have steadily mechanized and have substituted 5 million tractors and many other forms of power equipment for about 22 million of these horses and mules. As a measure of progress we can point with pride to the fact that, in so doing, we have released about 72 million acres of land, that would have been required to feed the horses and mules, for direct food production for humans. In addition, we have increased efficiency and output per acre. However, *as a result of this increase in efficiency on croplands in the U.S., energy cycling patterns have been significantly changed.* Horsepower, mulepower, oxenpower and manpower operate on solar energy—an infinite resource for all practical purposes. Tractors and machinery utilize fossil fuel—a depletable resource.

Although solar energy capture takes place only at the farm and ranch level, fossil fuel energy subsidies are required throughout the system. Energy is consumed in the preparation of agricultural chemicals, fertilizers, farm machinery, seed, and other supplies; energy is consumed in the process of planting, cultivation, and harvesting; and large amounts of energy are consumed in processing, storage, packaging and transportation before the finished product reaches the consumer level. At the consumer level large amounts of energy are also used in cafes, restaurants, and homes to put the food on the table and to clean up for the next meal. *In the United States, my estimates indicate over 10,000 calories of fuel are required to help capture 3,000 calories of food and place it before the consumer.* Other estimates of fossil fuel subsidy range up to 10 or more calories of fossil fuel for each food calorie produced. From an ecological viewpoint, these ecosystems cannot be sustained unless adequate substitutes for fossil fuel can be found.

Again, I am not going to take the time, but we could analyze each food product and each individual's food habits as they relate to the energy situation. It should be obvious, that as energy becomes a more critical concern of man, certain changes could and should be made in our food systems and in our food habits.

(1) We should increase our research on photosynthesis to "capture" more sunlight energy with food crops.

(2) we should conserve this photosynthetic energy as it moves through the gigantic food industry to maximize the percentage that reaches the table of the consumer. This means the elimination of unnecessary waste and the reduction of unnecessary processing and packaging.

(3) We should examine our fossil fuel "energy subsidies" going to the agricultural industry and conserve energy in the "Supply" sector in the "Production" sector on farms and ranches, and in all aspects of Storage, Processing, Service, and Delivery.

(4) We should examine our own diets and food habits as they impact on the two major energy sources—photosynthesis and outside "energy subsidies."

(5) We must find a substitute for "depletable" resource fuels—Ultimately, our ecosystems must be designed to "run" on "renewable" resources.

In summary, if the question is: "Can the world feed itself with a satisfactory standard of living?" The answer is *yes—it is technogically possible with the present population and maybe by the year 2000.* But, if the question is, "From an ecological viewpoint, can the world *afford* to feed itself?" The answer is a resounding *no, unless,*

Unless we bring population growth under control

Unless we compromise the standard of living and/or level of nutrition for millions of people

Unless we develop new cultivated lands and increase crop yields

Unless we reduce our demands for recreation and open space and reduce the encroachment of cities and industries on good farmland

Unless we find better ways to conserve and recycle water

Unless we find better ways to reduce pollution and recycle solid wastes

Unless we find adequate substitutes for fossil fuels and,

Unless we do a better job of conserving and utilizing the food made available through nature's magic formula—photosynthesis.

Food is your business and mine. Indeed, *what* we eat, *where* we eat, and *how* we eat *does* make a difference.

The PRESIDING OFFICER. The Chair notices the Senator from Delaware is on the floor and inquires whether he would care to proceed out of order, without prejudice.

Mr. ROTH. Without prejudice to the other Senators.

The PRESIDING OFFICER. The Chair recognizes Senator Roth for not to exceed 15 minutes, without prejudice to the rights of other Senators for their time.

THE COUNTRY'S ECONOMIC PROBLEMS

Mr. ROTH. Mr. President, the gravity of this country's economic problems can, of course, no longer be ignored, passed over, or argued about.

For the past year this country has been developing a situation that is without precedent in our history. Prices are increasing at a rate of 15 to 20 percent a year; unemployment is rising, and our stock market is performing dismally.

Our elderly citizens and people in the lower income brackets are facing unprecedented economic problems, and the middle income people, the backbone of this country, are seeing their dreams and futures eroding in the face of the rising cost of living.

After an extraordinary series of economic summit conferences involving representatives from the entire spectrum of our economy, President Ford has delivered his economic address to Congress.

I commend the President for developing a comprehensive program to fight the twin problems of inflation and recession. Much of it I support. Other parts, in my judgment, need to be strengthened; and still further parts I want to study before I take a position on them.

I think that this is Congress responsibility. I think we have a responsibility to develop an alternative program when we disagree with the President, and we cannot just sit back and wait for him to take the initiative. It is time for this Chamber as well as the House of Representatives to provide some strong leadership in combating the problem of inflation.

Now, the President's proposal to create a National Energy Board to develop a comprehensive policy to reduce imports and increase domestic production of oil, is essential if we are to reduce our reliance on high-priced foreign oil. Similarly, his call for an energy conservation ethic, coupled with his call for an increase in gasoline mileage, should start us on the road to eventual independence of foreign oil supplies.

I hope voluntary methods will work. There is nothing more important, in my judgment, than that every citizen in this country does become aware of our energy crisis and take in his own personal life the steps that are necessary to conserve energy so that we can become truly independent.

I also applaud the President's call for vigorous enforcement of the antitrust laws, and increased penalties for violations of the antitrust laws.

I have always believed that a firm antitrust policy is one of the most effective methods of reducing the anticompetitive, inflationary pressures in our economy.

The President's call for the establishment of a National Commission on Regulatory Reform to study and recommend changes in the inflationary rules and regulations of the Federal Government should result in the repeal of many archaic special interest protective laws which have encouraged inefficiency and thereby promoted inflation.

The enactment of the trade reform bill, on which I have spent many hours in the past few months, will enable the United States to deal effectively in the world trade markets.

Upon the return of Congress, I think the first order of business of the Committee on Finance, as well as Congress, is to move in the direction of a tax reform, review the proposals of the President as well as such other matters as the oil depletion allowance and tax credits.

But, Mr. President, I do have serious reservations about the President's most publicized proposal to impose a 5 percent surtax on incomes above $15,000. The President has asked Congress to limit Federal spending to $300 billion and to enact a tax increase to cover the cost of our deficit spending policies.

Once again the middle-income people of America, the group which receives the least amount of Government benefits, are being asked to pay for excessive Government spending.

Over the past 15 years the lower income groups have had their taxes continually reduced while the middle-income groups have been pushed into higher and higher tax brackets to pay for more and more Federal spending. I believe that every taxpayer in this country should pay his or her fair share. But, it seems to me, the middle-income taxpayer is being asked to pay a larger and larger share.

I do not blame the President for his tax increase proposal. He has asked Congress to enact a 5-percent surcharge in order to raise $5 billion because Congress has not had the guts to cut Federal spending. If Congress could reduce Federal spending, not just to $300 billion but to $295 billion, there would not be need to impose a tax increase on the already suffering American people.

The day after the President's speech I introduced a bill, which was cosponsored by Senator Buckley, Senator Harry F. Byrd, Jr., Senator Proxmire, Senator McClure, Senator Curtis, Senator Bartlett, and Senator Dominick to authorize the President to set a firm $295 billion spending ceiling. This morning Senators Fannin, Hruska, and Hansen will introduce legislation which would also cut Federal spending in order to avoid the need for the tax surtax.

Mr. President, this Congress, this Senate, has agreed several times on a budget level of $295 billion. I think it is time that we face up to the problem of whether we mean what we say. Congress can either continue to spend at deficit levels and impose a tax increase or it can make some very hard end choices, reduce spending and, thereby, help restrain inflation.

I admit, Mr. President, that my proposal is tough. I admit that, if we are going to cut back to these levels that it is going to hurt many Federal programs. But, if there is one feeling or reaction I am getting from the people back home in Delaware, and it makes no difference to whom one talks, there is an agreement to hold down Federal spending.

Proponents of Federal spending programs claim that substantial cuts cannot be made in the budget without eliminating many favorite programs.

Perhaps this is true in some cases, but it does seem to me that there are savings that can be made that would not hurt the programs, would not hurt the goals of the programs, and that would make for a much more efficient executive branch.

Just let me give you a couple of illustrations of what I speak.

Recently, I was successful in eliminating from a defense appropriation bill $100 million for air-conditioning in military homes in Hawaii.

Paradoxically, the military commands in Hawaii did not favor it, but when it got to the Pentagon they insisted that because they had a certain policy this air-conditioning should be made available, even though very few private homes in Hawaii are so air-conditioned.

That is only $100 million, but let me give another illustration.

This year it is proposed we spend something like $2 billion for transportation on the part of Federal employees. In my judgment, $2 billion is a mighty big sum. I had hoped yesterday to offer an amendment to cut that by 25 percent. Because of the time restraints I was unable to, but I intend to offer my amendment when the supplemental appropriation bill is brought up again.

If we could just reduce Federal traveling by 25 percent, we could save nearly $500 million.

I admit and agree that there are many times where travel is essential, that face-to-face meetings are superior to a letter or a telephone, but in these days I think that a $1.5 billion budget for travel is more than adequate.

I am of the firm conviction, Mr. President, that by savings of this kind we can improve the efficiency of the Government.

Mr. President, some people are saying that $295 billion is too low, that we should accept the President's figure of $300 billion.

I disagree. I think we should try for a lower figure. I think we have no right to ask the American people to pay higher taxes until we have been successful in eliminating every drop of waste and nonessential programs in the Federal budget.

Mr. McCLURE. Will the Senator yield?

Mr. ROTH. I am happy to yield to the Senator.

Mr. McCLURE. I am very happy to join with my distinguished colleague from Delaware in his continuing battle to reduce Federal expenditures.

I think the point must be made and made strongly, first, that the Senate has already not once, but twice, affirmed its own conviction that a ceiling ought to be established of $295 billion.

True, we have not matched that rhetoric with actions yet, and indeed, we must, but the second point that the Senator makes and makes well must be underscored, that an increase in taxes requires a sacrifice on the part of millions of Americans.

The Government itself should be in a position to make some sacrifice before imposing that kind of a burden upon the people of this country.

I commend the Senator for his leadership in this field. I join with him in that resolution. I will join with any other constructive efforts that might be brought up in this body to trim government spending and avoid the necessity for the tax increase that is impelled only by the irresponsibility of Congress in spending more money than we have, as, indeed, inflation has been caused in exactly that same way.

But I thank the Senator for his leadership, commend him for that, the dedication he has shown, and pledge my continued support for his efforts.

Mr. President, I hear a great deal of talk about economic responsibility and the need to cut spending. But I see very little action in that direction. I am afraid that there are too many in Congress who think that the talk is a good substitute for the act. But inflation is not the kind of monster which is easily scared. Not even loud noises will have any effect at all.

Mr. President, while at the recent Summit Conference many people were busy explaining that inflation was indeed an evil, others concentrated on their own special concerns and ways to keep their own groups solvent. It is interesting to note that those closest to the money markets were unanimous in requesting a balanced budget. The Federal Reserve report, after its remarks on the monetary situation added:

> We also hope that fiscal policy will soon actively join in the struggle against inflation. A fiscal policy that is tilted toward surpluses instead of deficits can make an enormous contribution to curbing inflation and to lowering interest rates.

Mr. President, I ask unanimous consent that some of the statements on fiscal responsibility made at the Summit Conference be included in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Statement by Mr. Gilbert R. Ellis, Chairman and President, Household Finance Corp.

Confidence in the future of this economy and its monetary system is absolutely essential to the successful implementation of a program to control inflation. This confidence can only come about as a result of a total priority commitment on the part of *both* the Executive and Legislative branches of the Federal Government to a balanced budget and continued, although less severe, monetary restraint. In order to demonstrate earnestness of commitment, there should be an across-the-board cut in all expenditures, followed by selective cuts of greater amounts. Cuts in federal spending must include so-called entitlement programs and in view of the critical nature of our situation, there should be a moratorium on new spending programs.

Control over the expenditures and borrowings of federally sponsored credit agencies is necessary. These agency borrowings along with government guaranteed debt have an inflationary impact on the economy and seriously affect the availability and cost of funds for the private sector.

Statement By Dr. Grover W. Ensley, Executive Vice President, National Association of Mutual Savings Banks

The underlying and most pervasive inflationary force in the United States in the past decade has been federal budget deficits and expansive federal credit programs outside the budget. Unless the rate of inflation abates more rapidly than anticipated or serious unemployment develops, a budget surplus—or at least a balance—should be the objective of public policy. Ideally it would be desirable to create a federal budget surplus to offset, at least in part, the stimulative effect of heavy borrowings by the federal agencies that operate outside the budget. This would reduce the intolerable burden currently placed on monetary policy which has resulted in inadequate private credit and excessively high interest rates. Major victims have been thrift institutions and their depositors, home mortgage borrowers, and the housing industry.

To achieve a more neutral federal fiscal policy, expenditures should be reduced to less than $300 billion in fiscal 1975. With respect to specific programs, we do not have the expertise to weigh the relative merits of the wide range of existing federal national security, social welfare and other programs, which may all be desirable in their own right. We believe, however, that inflation is of emergency proportions, and that no federal program should be immune to the strictest scrutiny.

The need for stringent expenditure control is all the more necessary since, in at least one area, increased spending may be necessary to alleviate inequities resulting from a vigorous anti-inflation effort. In this regard, consideration must be given to a lengthened period of unemployment compensation, manpower retraining, and public service employment which would enable government at all levels to act as "employer of last resort" in areas where unemployment is intolerably high.

Reductions in expenditures should have top priority in achieving fiscal restraint. If expenditures are not reduced sufficiently, however, then a tax increase may be necessary if inflation is to be controlled and if continued over-reliance on monetary restraint is to be avoided. Any tax change should be structured so as: (1) to encourage private saving and productive investment; and (2) to restrain consumption of items which are in particularly short supply, as for example, selective excise taxes designed to encourage production of low-power, fuel-saving automobiles.

The most effective action that could be taken quickly would be to provide tax exemption or a tax credit for interest earned on savings accounts. While it is important not to impair federal revenues at this time, this kind of tax relief provides several overriding advantages. It would stimulate saving, essential in the projected period of capital shortage. In particular, it would alleviate disintermediation at mortagage-oriented thrift institutions, and provide funds for credit-starved housing markets. And finally, the estimated revenue loss—about $2 billion in the case of a $1,000 exemption—is probably less than the cost of direct subsidy programs to housing, through an expanded GNMA/FNMA tandem plan, subsidized FHLB advances to savings institutions and/or other direct subsidy programs which may be adopted if the housing crisis worsens.

It is the responsibility of the federal government to serve as the economic balance wheel in our private enterprise system, offsetting excesses in the private sector and cushioning the impact of external inflationary forces. This essential function should be restored through a determined policy of fiscal restraint, shaped in a manner to promote equity among income groups and to promote private saving, the basic source of funds for noninflationary capital formation and increases in productive capacity.

Statement of Gaylord Freeman, Chairman, The First National Bank of Chicago

In the face of inflation, stagnation and an inadequate savings stream to meet our overwhelming capital needs, if fiscal policy is to adequately finance the government in a noninflationary way, it should be designed to—

1. Stimulate Productivity;
2. Moderate Consumption; and
3. Equalize the Burdens of the Anti-Inflationary Program.

1. American labor needs more and better tools if it is to produce more and enjoy more. One of the major causes of our inflation has been inadequate productivity due to insufficient investment in more productive equipment. Inflation further discourages needed investment. Significant tax incentives should be employed to increase investment, perhaps by relating depreciation of new plant, equipment and energy sources to future replacement cost or a governmentally-determined equivalent formula rather than to historical cost.

2. Fiscal policy should moderate both private consumption and government expenditures. While it may not be necessary to limit the rise in consumption at this time, the program should seek to avoid any too-rapid expansion in the future. Savings should be encouraged perhaps by an interest credit similar to the dividend credit (but applied only to increases in savings). Incidentally, this should be helpful to the thrift institutions.

Balancing the overall budget (including the federal agencies) would be most helpful. Although the manner of financing determines the extent thereof, any budget deficit tends to expand the money supply. While monetary expansion from this cause may have no economic result different from other elements increasing the money supply, a balanced budget would be understood by the citizenry as an acceptance by the government of disciplines comparable to those to which they are to be subjected. Hence, it would have desirable political significance. It would have added economic expenditures rather than higher taxes as this would permit increased savings and investment.

3. To be effective, an anti-inflationary program must be sustained for several years. To make this possible the program must have the support of the people. That support requires both (a) more accurate profit reporting and (b) an equitable distribution of the burden resulting from the anti-inflationary program.

Statement by M. R. Hellie, President, Credit Union National Association, Inc.

Persistent and substantial growth in Federal Government spending without corresponding tax increases has been a notable aspect of fiscal policy during the past 10 years. The resulting monetization of the Federal debt has been one of the major causes of present inflation and high interest rates. Therefore, any anti-inflation fiscal policy must set Government and agency spending at a level which will have minimal impact on financial markets. Failure to achieve such a revenue-expenditure balance will, in large part, offset any gains which could be made from the easing of monetary policy.

A positive factor for the long run is the development of the new Congressional budget process. The use of this process, developing a closer relationship between Congress and the executive on budget matters, will allow for greater discussion and better understanding of the impact of Federal spending on the level of economic activity.

At this time it would be unwise to commit the 1976 budget to any particular level of spending of surplus/deficit position. In light of the many economic problems facing the Nation, it would be well to maintain maximum flexibility and adjust spending in response to the changing economic circumstances of the intervening months. Excessive focus on the Federal budget carries the danger of oversimplifying the problem.

Statement by Mr. Donald T. Regan, Chairman of the Board, Merrill Lynch, Pierce, Fenner and Smith, Inc.

Leadership in the war against inflation must come from the Federal Government. It must come now. Every weapon, fiscal, monetary or otherwise, must be employed. Sound fiscal policies at all levels of government are the most potent weapon in our arsenal to combat inflation.

As a first step, there should be an immediate reduction in the level of expenditures budgeted for fiscal 1975. An effective way to accomplish this and to avoid prolonged debate about particular programs would be to insist upon moderate reductions across-the-board. I recommend a two-to-three percent reduction for every branch, department, agency. Such an action would avoid serious damage to any single program. But it would have the effect of reducing fiscal 1975 spending to around $300 billion. State and local governments should be urged to follow the leadership of the Federal Government.

As we look ahead to fiscal 1976 and beyond, every effort should be made to balance the budgets at all levels of government. Such near and longer-term restraints by all governments would relieve the demand pressures that are fueling inflation and are straining our economy beyond its capacity.

Fiscal policy should be aimed at expanding the nation's industrial capacity to meet future needs, particularly in areas where shortages exist. And investors, who are the source of funds for this expansion, must be attracted back into the capital markets.

Investment must be encouraged by changes in our tax and other laws. The investment tax credit should be increased, particularly for energy development. Capital gains taxation should be reformed to encourage equity investment. Withholding taxes on dividends and interest to foreign investors should be eliminated. These fiscal policies combined with similar vigorous actions in monetary and other policies should enable our nation to get a handle on inflation.

Mr. ROTH. I thank the distinguished Senator from Idaho, who has been a leader in this field of trying to bring fiscal responsibility into the Government picture.

The Senator is perfectly correct in pointing out that already this Senate has twice shown it is firmly on record of holding the Federal budget of $295 billion.

I cannot stress too much that I think it is of complete importance that we mean what we say and that we do not do as one Member of Congress once told me, that he voted for every spending program and for every tax cut and got elected by the biggest majority that year in Congress.

This is not going to make for fiscal responsibility. We have to set a ceiling, then we have to have the courage by our votes to live by it, and this is where the Senate has failed. It has set a target, but it has not had the courage to live up to that target.

Mr. DOMENICI. Will the Senator yield?

Mr. ROTH. I am happy to yield to the Senator.

Mr. DOMENICI. Although I do not join in the Senator's specific resolution, I think what I have to add to the discussion would be germane to what the Senator says.

At the mini summit on local governments, facts were discussed at length about categorical grant programs.

I am aware of the distinguished Senator's efforts at trying to put some perspective on the categorical grant programs when he was a Member of the House. But the facts came out. There are still 1,086 categorical grants to city, county, State and units of the Government, that require $43 billion worth of expenditures to fund them. Everyone there agreed, as representatives of Governors, counties, and cities——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DOMENICI. I ask unanimous consent that I have 1 minute of Senator GRIFFIN's time to finish this statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Everyone there agreed that if those local units of government were given the privilege, that is, the permission to collect these categorical grants, that they would take 10 or 15 percent less than what they are getting now.

I think it is easy to use arithmetic and find that would be $4 billion to $5 billion just on that score.

I thank the distinguished Senator for yielding.

Mr. ROTH. I would just like to reemphasize what the Senator from New Mexico has said.

In my contacts with people all over the country and particularly in my State of Delaware, they are gravely concerned about this mish-mash of hundreds of categorical programs, the cost of administering them, the cost of securing the funds, with a relatively small percentage of the funds going to those we are seeking to aid.

(Later in the day the following proceedings occurred:)

Mr. HANSEN. Mr. President, will the distinguished Senator from Delaware yield?

Mr. ROTH. I am happy to yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I want to joint in expressing appreciation to the senior Senator from Delaware for the continuing important contributions he makes to the deliberations of this body. He has been in the forefront in urging actions by the Senate which will right America's course, which will result in our being able ultimately to see the light at the end of the tunnel.

The great difficulties into which we have gotten were not brought about by accident. They did not occur overnight. They result from a long policy that no longer will work in this country, that seems based on belief that we can spend and spend and expand new programs, seemingly trying ever to do more things in all facets of life for more Americans.

I believe, as I know the Senator from Delaware does, that government cannot do everything for people, and it should not try to. It should encourage industry, efforts, work, and thrift, and it should encourage those things, among other ways, by example. So I applaud the Senator for proposing that we cut the budget and that we restrict spending.

There are many ways in which we can attempt to meet the problems of these times, and certainly one is to cut back on spending, to slow down on the money that is poured into programs by Government, delay the implementation of new programs, and stretch out efforts that have already been authorized by law.

The Senator from Delaware mentioned earlier that there was introduced yesterday a Senate resolution urging that not more than $297 billion be spent in this fiscal year, which will end June 30, 1975. The Senator mentioned that the Senate joint resolution had been introduced yesterday. I had intended, on behalf of the Senator from Arizona (Mr. FANNIN) and others, to introduce it yesterday; actually, it was not until this morning that I really introduced it.

But I think the thrust of it conforms quite closely to the overall philosophy that I so admire in the Senator from Delaware, who has exhibited so much fiscal responsibility and leadership. Not only does the resolution call for a $297 billion spending limitation, but it proposes that if Congress fails to exercise the necessary restraint and as a consequence expenditures go beyond that amount, then there shall be brought into effect immediately a surtax of 5 percent on all income-tax payers for the taxable year 1975.

The purpose of this, of course, is to let us know that it is our responsibility to take the lead in cutting back on expenditures, and if we fail to take those actions that the Congress of the United States can take, then the surtax that we believe is necessary will be the direct result of our excessive spending habits. I would urge that all Senators give serious consideration to the logic which is contained in this proposal first put together by the senior Senator from Arizona (Mr. FANNIN). It has real merit.

I think that there are many things we need to do. I happened to hear Mrs. Lawrence speak at the summit conference in Washington here following the series of mini-summit conferences around the country, and of all the presentations made down there, hers was the most impressive so far as I was concerned.

She pointed out that the businessman is the person who is responsible for the jobs that account for the great productivity of America, and that those jobs, which are directly related to the high standard of living we are privileged to enjoy in this country, come about because of business activity; that 80 percent of all of the taxes paid are paid because of the generation of income that comes directly from business. She said that it was high time that we stopped trying to harass business, as so many of us seem ever inclined to do; that we pass bill after bill after bill, we impose law after law after law, and administrative regulations are put on that simply make it tougher every year for people to continue in business.

I am not suggesting, nor was she, by any means, that there should be no laws in this country, that there should be no regulations in this country, but rather, by implication, I think, she made the point that more and more businessmen are concluding that it really is not worthwhile trying to comply with an ever-increasing cascade of regulations and laws that make it almost impossible to engage in business activity. The average businessman finds that more and more of his time and more and more of the time of employees whose pay comes from his profit, if there is any profit, is given over to filling in Government reports, trying to read Government regulations, making certain that the activities are in conformance with the latest laws of the land. This is the sort of thing that Mrs. Lawrence said people should know about and should be aware of.

She said further that most of us do not really understand what Government costs. We see new laws passed, and we think they may be helpful, and we do not ask ourselves to balance them out, to see if the advantages that might result from them are worth the cost and the harassment to business that result from them.

She put the issue this way, which I thought stated it very well: She said,

> You know, the average person probably accepts consumer protection concepts and all of the other ideas that we have had. We all want to clean up the landscape, the air, and the water.

And though she did not mention this precisely, I mention it now because I think it is relevant: we all want to do these things, but it is not until we start paying the bills that we may seriously ask ourselves, how much and how quickly do we want to accomplish?

Mrs. Lawrence said if you were to give the average American taxpayer $100 and then say to him, "How much of this $100 that has been given to you are you willing to pay out for new laws that are intended to protect or guarantee or enhance your rights or privileges as a citizen," it is likely that there would be far fewer laws passed and imposed at the taxpayer's cost and expense than is the case presently.

I think that Senators would find it extremely instructive and worthwhile to read the very short speech that Mrs. Lawrence made at the Summit Conference. I put it in the RECORD today in order that they could have an opportunity to do so, those who may not have been in attendance down there. I am certain that all of us would recognize her very unique and unusual talent in being able to focus on a problem with few words in a manner that graphically demonstrates the problem.

I want to say to my friend, the Senator from Delaware, that I hope the Congress of the United States will be responsive to what the people of America want. The concerns in this country are the concerns of inflation. They are concerns that deal with unemployment, with loss of jobs, with shortages. All of these things, I think, can better be served if we give business a better opportunity, a little fairer break in being able to get back into production, to employ people, to generate incomes so that people, employees, as well as business, can have the taxes necessary to bring this Federal budget more nearly in balance.

That has been a repeated theme that

I have heard expressed many times by my good friend, the Senator from Delaware, and I join him in his leadership and I salute him for his perceptiveness and courage, and I wish him well in his endeavors. I thank him.

Mr. ROTH. Mr. President, will the Senator yield for a question?

Mr. HANSEN. I would be very happy to.

Mr. ROTH. As I understand the Senator's legislative proposal—his and that of the senior Senator from Arizona—it is his intent to give the Members of the Senate, Congress, a choice. Either they can vote for holding down spending—and even that is going to take some tough decisions, we all agree—or if they want to increase the spending then they are going to have to bite the bullet and support the surtax.

Mr. HANSEN. That is the idea of this resolution, and it is to place the responsibility very clearly and unequivocally where it needs to be placed, and it would place it right here in Congress.

I think there should be no doubt at all that we have the ability, we have the opportunity, to do something about inflation. And if, on the one hand, we fail to take those steps which can result in the budget being cut back, then we ought to know, and the people of the country ought to know, that it is we who have made necessary the imposition of a surtax on incomes.

Mr. ROTH. Will the Senator agree that the lack of confidence that has been reflected in recent studies of the American public as far as Congress is concerned is partly, at least partly, based on the fact that Congress will vote for a particular spending limitation but subsequently in votes on spending they will violate this ceiling time after time so that they have the best of both worlds. They can claim that they supported reduced spending because they voted for an overall spending limitation. But when the hard votes came up, when the spending votes came up, they were on the other side, but nobody ever added them up to see where they stood.

Mr. HANSEN. I could not agree more with my distinguished colleague, the Senator from Delaware.

I remember his great predecessor, Senator John Williams, the former Senator from Delaware, the First State, when he, along with Senator Smathers of Florida, introduced the Williams-Smathers amendment which was intended precisely to limit the overall spending authority of Congress.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HANSEN. Mr. President, I ask unanimous consent that I may have one-half minute.

Mr. ROBERT C. BYRD. Mr. President, such unanimous-consent requests are unheard of anymore. I ask unanimous consent that 2 minutes from the time allotted——

Mr. ROTH. Mr. President, there is time remaining——

Mr. ROBERT C. BYRD. If the Senator will allow me, I ask unanimous consent that 3 minutes of the time allotted to the distinguished majority leader may be allotted to the distinguished Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. I thank my distinguished colleague on the other side very, very much.

Mr. President, let me conclude by saying that after the passage of the Williams-Smathers amendment we went right along pursuing our merry course as we always had done. The only thing we had to do differently was to provide with each appropriation that the limitation imposed by the Williams-Smathers amendment would not apply to this particular appropriation. So really I think it does bear out the point that my colleague from Delaware makes when he says that this attitude, this cavalier disregard for what we say, on the one hand, as we do something else, on the other, does, indeed, finds reflection in the growing distrust and disgust that is evidenced by more and more Americans toward Members of Congress.

Mr. ROTH. I would like to thank the Senator for his very able leadership in this area. I know of no one in Congress who has been more concerned, who has been willing to put his vote where his voice is in holding down Federal spending and be fiscally responsible, and I thank him for his contributions.

I yield back the remainder of my time.

ORDER OF BUSINESS

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. HUMPHREY. I yield 3 minutes of my time to the distinguished Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for not to exceed 3 minutes.

GROUND TRANSPORT REORGANIZATION ACT OF 1974

Mr. KENNEDY. Mr. President, we stand today on the brink of an economic depression generated in part by our almost total reliance on petroleum-powered cars and trucks for virtually all of our transport needs. At a time of mounting concern over inflation, we are spending more than $50 billion a year to fuel our cars and trucks. That figure will increase with the rise in world oil prices.

It is becoming increasingly clear that we can no longer afford to use automobiles for everything. And yet, alone among the industrialized countries of the world, we have no real alternatives: No high-speed trains; no modern, attractive fume-free buses; and very little rapid rail transit. If we could use trains and mass transit for half of our transport needs, we would save an estimated billions barrels of oil each year—enough to cool the hottest flames of our inflation.

America was once the leader in ground transportation. We built the largest subway, and we established rail and bus systems in every major city. We spanned the continent, from Connecticut to California, with a network of railroads and highways which became the envy of the entire world.

Now, in 1974, we have fallen behind. Our subways are overcrowded and outmoded. Our railroads, with their rusting locomotives and dilapidated roadbeds, are being dismantled. Our rattle-bang, smoke-belching buses bog down in traffic with cars and trucks which creep along our Nation's expressways at an average speed of from 5 to 12 miles per hour. Long gone are the days when we can travel to work and back in relative comfort and at a reasonable speed.

First in space flight, America has become a second-rate nation in ground travel. Ask travelers returning from Europe how this country compares. They tell you there is a "bus gap." Even in Moscow, where I visited earlier this year, the buses and subways and trains look better than anything built in the United States. Or ask Americans home from Japan what they think of this country's rail system. Having ridden on 150-mile-per-hour "bullet trains" they invariably respond by asking, "What ever became of America's railroads?" The 93d Congress has spent a lot of time asking that same question.

In recent hearings before the Senate Subcommittee on Antitrust and Monopoly, testimony brought out one major cause of our transportation dilemma: Control over the production of public transport equipment has passed into the hands of those least interested in its development. General Motors, for example, dominates the production not only of cars and trucks, but also of buses and locomotives. Last year, GM manufactured roughly half of the Nation's cars and trucks, most of its city buses, and 90 percent of all bus engines. In addition, it produced 8 out of every 10 rail locomotives.

During the course of the subcommittee's hearings, an impressive amount of evidence produced strongly indicated that General Motor's interlocking control of these competing methods of travel constitutes a serious conflict of interest. By virtue of its unique monopoly, GM is able to orchestrate our transport industries to promote the sale of its cars and trucks. The economics are obvious: 1 bus can eliminate 35 automobiles; 1 streetcar, subway, or rail transit vehicle can supplant 50 passenger cars; 1 train can displace 1,000 cars or a fleet of 150 cargo-laden trucks. Due to the volume of units displaced, GM's gross revenues are 10 times greater if it sells cars rather than buses, and 25 to 35 times greater if it sells cars and trucks rather than train locomotives. The result has been inevitable: A drive by GM to maximize motor vehicle profits at the expense of mass transit.

Several witnesses testified more specifically that this corporation converted electric railway systems to GM buses in 56 cities throughout the country including New York, Philadelphia, Baltimore, St. Louis, Oakland, Salt Lake City, and Los Angeles. The simple and lasting effect of replacing pollution-free urban rail networks with smoke-belching buses, according to these witnesses, was to divert patrons to automobiles.

In addition, GM used its leverage as the Nation's largest shipper to convert America's railroads to GM diesel locomotives. The effect of this conversion was to eliminate an important technological alternative, electric trains, which might have helped the railroads compete more effectively with the cars and trucks GM was fundamentally interested in selling. Today, when virtually every other advanced nation has electrified its trains, America and what is left of America's railroads are locked in to GM diesel locomotives.

General Motors has had an opportunity to present its views to the antitrust subcommittee on the issue, and the hearing record contains the testimony of its several witnesses, voluminous studies, appendices, charts, tables, illustrations, and economic data. But the essential charge of interlocking control remains unrefuted. Today, this corporation is the dominant force shaping American ground transportation. And the shape which it has vigorously promoted—a civilization clogged with hundreds of millions of cars and trucks, choked from clouds of automotive exhausts, and deprived of access to public transport of any kind—although good for General Motors, is disastrous for the country.

Mr. President, I believe that America can build a better transportation system for all its inhabitants. I believe that we can provide attractive alternatives to cars for those millions of Americans who desperately need them, including the older Americans, who live in many of our industrial cities and who lack the opportunities to move around safely, efficiently, and cheaply; the young, who are unable to purchase vehicles or afford the insurance costs; and the disabled, who find auto travel difficult and public transit unavailable; as well as those who prefer modern buses and high-speed trains to the tedium and expense of automobile travel. The Ground Transportation Act of 1974, which I am introducing today, is a step in that direction.

In recent weeks, President Ford has urged that both expanded mass transit and vigorous antitrust enforcement be employed in the battle against inflation. The Ground Transport Reorganization Act would respond on both of these fronts.

Title I of the bill would prohibit interlocking control by automobile manufacturers of rival transport equipment industries. It would compel General Motors, for example, to divest control over bus and rail production. Title II would provide for a short-term Government-sponsored reorganization of the rail and bus equipment industries. To expand capacity, a special office of ground transport with a 15-year lifespan would construct new rail and bus manufacturing facilities and then sell them off to private investors. In short, this bill would create a public transport manufacturing interest in a country which for half a century has been dominated by automakers and highwaymen.

There is ample precedent for this type of legislation. In 1934, Congress passed the McKellar-Black Air Mail Act, which had the effect of divesting General Motors of its control of air transportation. On the Senate floor, 40 years ago, Senator Hugo Black warned that unless the proposed legislation were enacted, "our aviation industry is definitely headed for General Motors' control." At the time, GM held substantial interests in both aircraft manufacturing and air transport companies, including Eastern Air Lines, Western Air Lines, TWA, and United Air Lines, Douglas Aircraft, and General Aviation Manufacturing Co. Pursuant to the mandate of the 1934 act, GM substantially disposed of its airline interests.

After that legislation was enacted, GM Chairman Sloan suggested that it has entered the aviation industry to protect its interests in the promotion of automobiles. He said:

> We got into aviation because we thought the airplane would be an important competitor of the automobile and we felt that we had to gain some protection by "declaring ourselves in" the aviation industry.

Mr. President, General Motors has "declared itself in" the bus and locomotive industry, too, and it has taken over. Had it not done so, perhaps these modes of transportation would have been an important competitor of the automobile, also. We must do again what we did in 1934; prohibit GM's interlocking control of rival forms of transportation. That prohibition, and the promotion of viable competitors, is the objective of the bill I am introducing today.

I think it is important to go the step beyond simple divestiture, to the creation of a viable competitive industry. I do not want the Federal Government to get into the manufacturing business for the long run, but it has got to get in temporarily to insure that multiple pitfalls of any private sale of such a massive portion will be avoided. A precedent for this approach is provided by the Government's efforts to expand aluminum capacity during the 1940's. Initially the Federal Government provided a loan to enable a potential competitor of the then sole producer of aluminum to construct production facilities. Later the Government-owned defense plant corporation constructed numerous facilities of its own which it subsequently distributed through lease and sale to enhance competition in the aluminum industry. Although wartime provided the basic incentive for the Government's action then, the presently unacceptable quality of ground transportation in our country today provides ample justification for revisiting this innovative and workable solution to the basic problem of concentration in the ground transport industry.

Mr. President, when this overall matter first came to my attention I wrote former Attorney General Kleindienst asking that the Justice Department look into it. Although the Assistant Attorney General last winter indicated that the department had the problem under consideration, 2 years have now passed without any indication that antitrust litigation would be forthcoming or could in any event provide the appropriate remedies to this problem. In that time, the antitrust subcommittee has compiled a full record of its dimensions.

Forty years ago Senator Black offered legislation to respond to one of the basic problems facing the future of our aviation industry. And Congress acted boldly. Today the future of our Nation's ground transport industry is threatened. This Congress must not fail to respond again. I ask unanimous consent that the bill and a detailed analysis of the bill be included in the RECORD at this point.

There being no objection, the bill and the analysis were ordered to be printed in the RECORD, as follows:

S. 4131

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Ground Transport Reorganization Act".

FINDINGS OF FACT; DECLARATION OF PURPOSE

SEC. 2. The Congress finds and declares—

(1) the United States is committed to providing its citizens with a balanced and competitive system of ground transportation which includes high-speed rail systems to move people and goods within and between cities; attractive, fume-free buses to supplement rail transit systems and to provide small towns with a practical alternative to automobiles; and smaller, more energy-efficient cars that use pollution-free engines;

(2) interlocking control by automobile manufacturers of bus and rail vehicle production facilities amounts to a serious conflict of interest which has contributed to the decline and will impair the future of this Nation's rail and bus systems, and

(3) the achievement of a balanced system of ground transportation in the United States requires legislation to prohibit interlocking control by automobile manufacturers of rival transport equipment industries and to enhance the attractiveness of public transportation as an alternative to private automobiles through a program of industrial reorganization.

(b) It is the purpose of this Act to promote a balanced and competitive ground transpotation system by securing a balanced and competitive ground transport manufacturing industry, in which firms are free to encourage the sale of bus, rail, and other ground transport vehicles without regard to the conflicting interests of automobile manufacturers.

TITLE I—PROHIBITION OF INTERLOCKING CONTROL DEFINITIONS

SEC. 101. As used in this Act, the term—

(1) "ground passenger transport vehicle" means a vehicle used for the transportation of passengers on or beneath the land including, but not limited to, any automobile, bus, railcar, subway, other rail transit vehicle, and rail locomotive (regardless of the form of motive power utilized);

(2) "ground freight transport vehicle" means a vehicle used in the movement of freight on or beneath the land, including but not limited to, any highway truck, rail freight car, and rail locomotive (regardless of the form of motive power utilized);

(3) "person" includes any partnership, corporation, or other business association existing under or authorized by the laws of either the United States, the laws of any State, or the laws of any foreign country; and

(4) "State" means each of the several States of the United States, the Commonwealth of Puerto Rico, the District of Columbia, and the Virgin Islands.

PROHIBITED INTERESTS, ACTIVITIES, AND INTERLOCKING RELATIONSHIPS

SEC. 102. (a)(1) After June 30, 1975, it shall be unlawful for any person engaged in commerce who manufactures for sale in the United States 10 per centum or more of the total number of automobiles sold within the United States—

(A) to manufacture or sell for use in the United States any other type of ground passenger transport vehicle or any component used in the manufacture of any such vehicle;

(B) to buy, acquire, hold, own, or control in any manner whatsoever any facility, or any of the assets, shares of stock, or other interest in any other person, engaged in the manufacture or sale for use in the United States of any other type of ground passenger transport vehicle or of any component used in the manufacture of any such vehicle;

(C) to have and retain any officer or director who is an officer, director, or member, or who as a stockholder holds a controlling interest in any other person engaged in the manufacture or sale for use in the United States of any other type of ground passenger transport vehicle or of any component used in the manufacture of any such vehicle; or

(D) to ship into the United States directly or indirectly by means of any other person (including a wholly or partly owned subsidiary) any other type of ground passenger transport vehicle or any component used in the manufacture of any such vehicle.

(2) After June 30, 1975, it shall be unlawful for any person engaged in commerce who manufactures for sale in the United States 10 per centum or more of the total number of trucks sold within the United States—

(A) to manufacture or sell for use in the United States any other type of ground freight transport vehicle or any component used in the manufacture of any such vehicle;

(B) to buy, acquire, hold, own, or control in any manner whatsoever any facility, or any of the assets, shares of stock, or other interest in any other person, engaged in the manufacture or sale for use in the United States of any other type of ground freight transport vehicle or of any component used in the manufacture of any such vehicle;

(B) to have and retain any officer or director who is an officer, director, or member, or who as a stockholder holds a controlling interest in any other person engaged in the manufacture or sale for use in the United States of any other type of ground freight transport vehicle or of any component used in the manufacture of any such vehicle; or

(C) to ship into the United States directly or indirectly by means of any other person (including a wholly or partly owned subsidiary) any other type of ground freight transport vehicle or any component used in the manufacture of any such vehicle.

(b) Any person who, on the date of the enactment of this Act, owns, holds, or controls any facility, asset or any other interest which that person is prohibited, under subsection (a) of this section, from acquiring, after June 30, 1975, shall, within ninety days after such date, file with the Director of the Office of Ground Transport Reorganization, established in title II of this Act, such reports relating to those facilities, assets or other interest as the Director may require, and shall, from time to time, file such additional reports relating to those interests as the Director may require.

(c) It shall be the duty of the Director to commence a civil action for appropriate relief, including a permanent or temporary injunction, whenever any person violates subsection (a) or (b) of this section. Any action under this subsection may be brought in the district court of the United States for the district in which the defendant is located or resides or is doing business, and such court shall have jurisdiction to restrain such violation and to require compliance.

TITLE II—GROUND TRANSPORT REORGANIZATION OFFICE; ESTABLISHMENT OF OFFICE

SEC. 201. (a) There is established in the Executive Office of the President the Ground Transport Reorganization Office (hereinafter referred to as the "Office") under the direction and supervision of a Director, who shall be appointed by the President, by and with the advice and consent of the Senate. There shall be in the Office a Deputy Director who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy Director shall perform such duties as the Director may require.

(b) The Director and Deputy Director shall not engage in any other activity while holding office.

FUNCTIONS

SEC. 202. (a) (1) After notice and opportunity for hearing, the Director shall acquire on behalf of the United States, upon payment of just compensation, all of the plants, facilities, assets, tools, patents, designs, drawings, and know-how related directly or indirectly to or arising out of the production, in violation of title I of this Act, of rival forms of ground transport equipment by automobile and truck manufacturers.

(2) Nothing in this subsection shall be construed as a limitation on the power of the Director to acquire combined production facilities where it is impractical to separate the interests related to the production of equipment in violation of title I of this Act.

(b) For the expansion of capacity and the development of technological processes in bus and rail transport production, the Director is authorized—

(1) to negotiate for the acquisition at a reasonable cost of plants and facilities with unused or excess capacity in the automotive, aerospace and other heavy equipment industries;

(2) to provide loans to private business enterprises for the development of technological processes and the construction of new capacity in bus and rail transport production;

(3) to construct new bus and rail production facilities;

(4) to lease bus and rail production facilities to domestic or foreign enterprises; and

(5) to undertake such other measures as may be necessary to carry out the purposes of this Act.

(c) (1) As soon as is economically feasible, the Director shall dispose by lease and/or sale of all interests acquired or otherwise held pursuant to subsections (a) and (b) with a view toward fostering new, viable, and independent enterprises in bus and rail production, and promoting competition and balance among rival forms of ground passenger and freight transport, and in no case shall any interest be retained by the Director for a period exceeding ten years.

(2) Any interest acquired by the Director under subsection (a) which relates to the production of automobiles or motor trucks shall be disposed of in such a manner as to foster competition in the automobile and motor truck industries in furtherance of the purposes of title I of this Act.

ENFORCEMENT

SEC. 203. The Director may apply to the appropriate district court of the United States to enforce compliance with any order issued under this title and such court shall have jurisdiction to require compliance.

GROUND TRANSPORT STUDIES

SEC. 204. The Director is authorized to coordinate with the Secretary of Transportation in the initiation and completion of studies relating to any aspect of ground transportation including but not limited to the merits of railway electrification, government acquisition and maintenance of railroad rights-of-way, and the development of alternative power sources for buses.

AIR QUALITY AND TRANSPORT PRIORITIES

SEC. 205. It is the sense of Congress that the Secretary of Transportation will give priority to rail rather than highway modes and to electric rather than diesel or gasoline motive power in the allocation of Federal funds for public transport in metropolitan areas which fail to meet national ambient air quality standards.

ADMINISTRATIVE PROVISIONS

SEC. 206. (a) The Director shall appoint and fix the compensation of such personnel as may be necessary to carry out the duties of the Office.

(b) The Office shall have an official seal which shall be judicially noticed.

(c) (1) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following:

"(60) Director, Office of Ground Transport Reorganization.".

(2) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following:

"(98) Deputy Director, Office of Ground Transport Reorganization.".

(d) The Office of Management and Budget shall not inspect, examine, audit, or review the records or work of the Office or comment on any budget request made by the Office. The Comptroller General shall conduct such reviews, audits, and evaluations of the Office as he deems necessary. All accounts, budgets, and records of the Office shall be submitted to the General Accounting Office from time to time as the Comptroller General may require, and the Office shall maintain, preserve, and make available for inspection by the General Accounting Office such records as the Comptroller General may require.

(e) Section 3502 of title 44, United States Code, is amended by inserting in the first paragraph immediately after "the General Accounting Office" (relating to the definition of a Federal agency), the following: ", Office of Ground Transport Reorganization".

TERMINATION

SEC. 207. The Office shall terminate its operations fifteen years after the date of enactment of this Act, and the functions, jurisdiction, powers, and duties of the Office shall be transferred to the Federal Trade Commission. Upon transfer, the Federal Trade Commission shall succeed the Office as a party in any legal proceedings, and any judgment or decree of any court of the United States applicable to the Office shall, at the discretion of that court, be applicable to the Federal Trade Commission.

AUTHORIZATION OF APPROPRIATIONS

SEC. 208. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

SECTION-BY-SECTION ANALYSIS: GROUND TRANSPORT REORGANIZATION ACT

TITLE I—PROHIBITION OF INTERLOCKING CONTROL

Definitions

Sec. 101(1). The term "ground pasenger transport vehicle" is intended to include advanced as well as conventional forms of passenger equipment. It encompasses, therefore, magnetic levitation vehicles, people-movers (horizontal elevators), and turbotrains as well as automobiles (including light-duty passenger trucks), streetcars, buses, trains and rail transit (subway) cars. It does not include equipment operated primarily in the air or in water (e.g. aircraft, ships, ferries), or two-wheeled land vehicles designed primarily for recreational use (*e.g.* bicycles, motorcycles).

Sec. 101(2). The term "ground freight transport vehicle" also includes advanced as well as conventional forms of freight delivery. It encompasses, therefore, urban rail freight systems (cargo subways), as well as railroad freight cars, freight locomotives, delivery vans and highway trucks. It does not include equipment operated primarily in the air or in water.

Sec. 101(3). The term "person" includes foreign as well as domestic corporations. As a result, foreign-based motor vehicle manufacturers accounting for 10 per cent or more of auto or truck sales in the United States would be subject to the prohibitions contained in title I, sec. 101(4).

Prohibited interests, activities, and interlocking relationships

Sec. 102(a) (1) and (2). These subsections constitute an express prohibition against interlocking control by auto and truck manufacturers of rival ground transport equipment. The prohibition applies only to firms accounting for 10 per cent or more of auto or truck sales in the United States, on the assumption, that a company accounting for less than 10 per cent of auto or truck sales would lack both the power and the incentive to maximize motor vehicle sales at the expense of mass transit or rail freight. It would not, therefore, prohibit American Motors, for example, from engaging in the manufacture of buses, trains or other rival passenger equipment as long as that company's share of U.S. auto sales did not amount to 10 per cent or more.

Subsections (A) through (D) of the separate automobile and truck prohibitions specify with particularity proscribed activities and interlocks with rival ground transport vehicle and components firms. Subsection (A) proscribes the manufacture or sale of rival transport equipment by auto or truck manufacturers. Subsection (B) proscribes stock and other economic interlocks. Subsection (C) proscribes interlocking directors, officers and controlling stockholders. Subsection (D) proscribes shipment into the United States by auto or truck manufacturers of rival transport equipment produced abroad. This would preclude General Motors, for example, from shipping buses into the United States from its Canadian and overseas bus production facilities.

Effective date of prohibitions delayed

The effective date of the prohibitions contained in Sec. 102 is delayed until June 30, 1975 in order to give the Director of the Office of Ground Transportation Reorganization, established in Title II, sufficient time to survey the structure of the ground transport industry and to prepare an appropriate plan of reorganization. Subsection 102(b) is designed to provide the Director with data necessary for the formulation of such a plan. Subsection 102(c) enables the Director to curb in their incipiency acquisitions and other prospective activities which would violate subsections (a) and to obtain compliance with the reporting provisions of subsection (b) of this section.

TITLE II—GROUND TRANSPORT REORGANIZATION OFFICE

Establishment of office

Sec. 201 establishes the Ground Transport Reorganization Office. It is placed in the Executive Office of the President in order to facilitate coordination and cooperation with the other Executive agencies. It is under the direction and supervision of a single Director, who shall be appointed by the President, by and with the advice and consent of the Senate.

Acquisition, construction and disposition of ground transport production plants

Sec. 202 sets forth the primary function of the Director of the Ground Transport Reorganization Office: to promote a balanced, competitive, and progressive ground transportation system by securing a balanced, competitive, and progressive ground transport manufacturing industry. To accomplish this task, the Director is ordered to undertake three interrelated functions: acquire from automobile and truck manufacturers ground transport facilities operated in violation of title I of this Act; construct new ground transport facilities; dispose of all facilities in a manner which fosters new, viable, and independent ground transport enterprises which will be able to compete effectively with automobile and truck manufacturers.

Acquisition of prohibited facilities

Sec. 202(a)(1) requires the Director, after notice and opportunity for hearing, to aquire on behalf of the United States and upon payment of just compensation, all of the ground transport facilities and other interests held by automobile and truck manufacturers in violation of title I. This provision is designed to facilitate the transfer of these facilities from prohibited hands to independent investors, avoiding the shortcomings of relying upon private sale by original owners of properties ordered to be divested. Generally the interests of the original owner in delay and frustration of sale conflicts with the public interest in speedy and effective divestiture. Acquisition by the Director, with a view toward immediate disposal to appropriate purchasers, avoids the pitfalls of private sale.

Sec. 202(a)(2). This provision is essential to the successful reorganization of the ground transport equipment industry. It empowers the Director to acquire facilities engaged in the production of two or more ground transport vehicles or components used in the production thereof, where it is impractical to separate the interests related to the production of equipment in violation of title I. This would enable the Director to bypass a problem which precluded the Department of Justice from formulating a divestiture proposal in their nine years of litigation of the *GM Bus* antimonopoly case—that bus and truck production were largely combined in the same facilities. Divestiture of GM bus production, therefore, would necessarily have entailed divestiture of GM truck production as well. This was beyond the scope of the Department's complaint and, as a result, outside the jurisdiction of the court. By contrast, subsection (b)(2) would permit the Director to acquire combined bus and truck facilities for example, with a view, as provided in subsections (c)(1) and (2), to the disposition of both in a manner which promotes balance and enhances competition in the respective bus and truck industries.

In addition, this provision would enable the Director to acquire facilities engaged in the production of components, a portion of which are used in the manufacture of vehicles in violation of title I. GM's Detroit Diesel Allison facilities, for example, produce diesel engines and transmissions for trucks as well as more than 90 per cent of all buses made in the United States. The successful reorganization of bus production, therefore, might necessitate acquisition and appropriate disposition of these combined facilites.

Construction of new facilities

Sec. 202(b). Interlocking control by automobile and truck manufacturers of rival ground transport industries has resulted in a decline in production capacity and in the rate of technological development. This subsection authorizes the Director to remedy these deficiencies through a variety of means: acquisition of facilities with excess capacity in related industries; loans to private firms for the constructon of new productive facilities and the development of technological processes; Government-financed construction of new bus and rail transport plants; lease of production facilities to domestic or foreign firms; and such other measures as may be necessary.

Disposition of facilities

Sec. 202(c)(1). This subsection requires the Director to dispose of all ground transport interests acquired pursuant to subsection (a) or held through lease or ownership pursuant to subsection (b) with a view toward the creation of new, viable enterprises which would be free to promote the sale of bus, rail, and other public transport vehicles without regard for the conflicting interests of a parent automobile or truck corporation. In this manner, the Director would be able to reorganize and to expand the entire public transport production section while transferring its control from automobile and truck manufacturers to independent companies.

Sec. 202(c)(2). As described in Sec. 202(a)(2), the Director is authorized to acquire combined production facilities which may relate in part to the production of automobiles or motor trucks. This subsection provides for their disposition in such manner as to promote balance among the rival ground transport industries as well as to enhance competition in the automobile and truck industries. This provision would apply, for example, to the disposition of GM's combined bus and truck production facilities. As buses do not compete with trucks, the disposal of a combind GM bus and truck facility to a qualified manufacturer of products other than ground transport vehicles would promote balance in the ground transport sector as well as competition in truck production. Disposal to a truck manufacturer which is not engaged in a rival form of ground passenger transport production would promote balance in ground transport but might not add appreciably to competition in the truck industry. In any case, the Director would be guided by this provision in disposing of combined facilities.

Enforcement: Ground transport studies

Sec. 203, an enforcement provision, is self-explanatory. Sec. 204 authorizes the Director to coordinate with the Secretary of Transportation in undertaking studies which might facilitate reorganization of the bus and rail transport industries.

Air quality and ground transport priorities

Sec. 205. There is mounting evidence that motor vehicle generated air pollution is seriously detrimental to public health. In Los Angeles alone, more than 500 persons die each year of ailments attributable to motor vehicle pollutants. The hazards of carbon monoxide and hydrocarbon emissions from automobiles have been widely acknowledged. Less well known are the potentially more serious effects of oxides of nitrogen produced not only by cars but especially by diesel trucks and diesel buses in high concentrations on congested city streets. When inhaled, these oxides combine with moisture in the lungs to form corrosive nitric acid which permanently damages lung tissues and accelerates death by slowly destroying the body's ability to resist heart and lung diseases. By contrast, if electric rail and electric bus transportation were substituted in cities for motor vehicles, urban air pollution might be reduced substantially. Although the burning of fuels to generate this increased electrical energy would produce some pollution, it would pose a substantially less serious hazard to public health. Electric powerplants can often be located in areas remote from population centers. Moreover, the increased pollution by generating facilities would be offset by a reduction in pollution due to oil refinery operations. Furthermore, the abatement of air pollution at a relatively small number of stationary powerplants would represent a far easier task than attempting to install and monitor devices on 100 million transient motor vehicles.

This section declares as a sense of Congress that the Secretary of Transportation give priority in federal funding to rail rather than highway modes and electric rather than diesel or gasoline motive power in order to decrease air pollution and related adverse health effects in our metropolitan areas. The national ambient air quality standards are provided as a guide in such determinations.

Bypassing OMB

Sec. 206. This section contains administrative provisions pertaining to the Office of Ground Transport Reorganization. Subsections (c) (1) and (2) provide that the Director and Deputy Director may be compensated at levels 3 and 4, respectively, of the executive pay schedule. Subsection (d) is designed to permit the Office to submit its budget request directly to the appropriate committees of Congress without the supervision of the Office of Management and Budget. All accounts, budgets, and records of the Office are subject to review and audit of the Comptroller General and the General Accounting Office. Subsection (e) is designed to exclude the Office from the supervision of the Office of Management and Budget with respect to information needed by the Office from business enterprises.

Fifteen-year life span

Sec. 207. Under this section, the Office shall terminate its operations fifteen years after the date of enactment and its functions shall then be transferred to the Federal Trade Commission. This provision reflects the belief that the Office exists to solve a specific problem, namely, interlocking control of ground transport production, by acquiring prohibited interests, constructing new bus and rail facilities, and disposing of such interests and facilities in a manner which promotes balance in ground transport manufacturing. The Office is not intended to be a regulatory body and, when the problem of interlocking control is solved, it should cease to exist.

Authorization of appropriations

Sec. 208. It is difficult to specify with exactness the amount of funds necessary to carry out the provisions of this title. The Federal government spent more than $700 million to construct new aluminum plants during World War II. To further space exploration, NASA, since its inception 15 years ago, has expended more than $50 billion. By comparison, it is estimated that the proposed Office of Ground Transport Reorganization would require over its 15 year life on the order of $1–2 billion, much of which would be recaptured through the sale of new rail and bus facilities to the private sector, and through a reduction in the price of rail and bus equipment following the rebirth of competition in these industries. In short, the program should ultimately pay for itself.

WORLD FOOD CONFERENCE PREPARATIONS

Mr. HUMPHREY. Mr. President, on October 9 a briefing session was held for Members of Congress who will be attending the World Food Conference.

While there have been several preparatory sessions since early 1974, it appears that there are still many unresolved issues. In fact, some participants who attended the recent preparatory session voiced a complaint heard in many places: the United States has little in the way of hopes or plans for the World Food Conference.

Ambassador Martin and his staff have put a great deal of effort into getting ready for the conference.

However, neither Secretary Butz nor Secretary Kissinger has seized this opportunity to address the food issue and demonstrate U.S. leadership.

The main interest of the Secretary of Agriculture has been in stimulating commercial exports. He concedes that he is strongly opposed to domestic and international food reserves.

It has been quite clear that this administration is not prepared to place any priority on increasing our food aid. As the anticipated level of our crops declined for this year, it became clear that there would be no decision at all.

At the U.N., President Ford indicated that the United States would spend more on food aid during the coming year. But what he neglected to indicate was whether we would increase the quantity of our food aid which has declined sharply since 1972.

The food aid budget for this year will be higher, but, because of inflation, we have no idea whether we will ever match last year's level of commodities. In fact, we are limping along now on a quarter by quarter method of allocating food.

This is hardly a sensible way to run a program. Many of the feeding programs are established for nursing mothers and children. How can our voluntary agencies such as CARE, CRS, Lutheran Relief, and others run a program of this nature on a month to month basis? It demonstrates a total insensitivity to the dimension of the problem.

We continue to see stories such as the October 11 one in the New York Times, "Bangladesh Is Faced With Large-Scale Deaths From Starvation." The need for food aid is not diminishing.

I call on this administration to make a firm decision on food aid and announce it publicly before the World Food Conference.

The prices we receive for food on the world market have gone up sharply in the last 2 years, thereby placing greater strain on the economies and the hard currency reserves of the poorest nations.

At the same time, increased prices for petroleum products, fertilizer shortages, and bad weather combined to reduce food production in the developing countries.

While Secretary Kissinger offered some hope of a more forward-looking policy for the United States in his United Nations address of April 15, there has not been any solid effort to build on this statement.

Secretary Kissinger is slated to appear only briefly in Rome on November 5 to give the World Food Conference address for the U.S. delegation. And then he will be on his way.

There also is a fear on the part of many people that any additional food aid would be programed by Secretary Kissinger for the purposes of power politics rather than humanitarian needs.

The bloated levels of military, food, fertilizer, and technical aid provided to Southeast Asia are reminders of the potential for distorting these programs.

We need to face up to the need for a long-range development effort which addresses basic problems such as food production.

This is what led me to suggest in a letter to President Nixon in August 1973, that such a conference was needed. At the confirmation hearings of Secretary Kissinger, I again raised the same suggestion which led eventually to the calling of the World Food Conference.

There has been little interest on the part of the administration in receiving ideas from private or congressional sources in preparing for the World Food Conference. In fact, the message has been given to the congressional delegates that they are to be observers rather than active participants.

In light of the lack of a food policy on the part of this administration and its paucity of ideas, one would expect that help from any direction would be welcomed.

A very active private organization, the World Hunger Action Coalition, has held extensive hearings throughout the country in preparation for the World Food Conference.

Composed of a wide variety of citizen groups, this organization aroused interest and support throughout the Nation. However, it will be allowed to play only a liaison role between the U.S. delegation and nongovernmental organizations.

While the prospects for the conference are bleak, there is still time to salvage some solid results. But the administration must be willing to give it priority attention.

Our greatest contribution should be in sharing our know-how and information, and we have a great stake in the future shape of the world. And yet our Government behaves as if it does not want to get too actively involved.

The New York Times on October 11 featured an outstanding article, "Search for Protein Crucial in Struggle Against Hunger." We can make a great contribution in these areas if we show some imagination and courage.

Mr. President, I would like to point out a number of worthwhile statements related to the World Food Conference and the preparation for it.

"Why a World Food Conference," by Daniel Shaughnessy in War on Hunger describes some of the background of the Conference and the world food situation.

Mr. Herbert J. Waters—in a moving address, "Someone Has To Care," delivered before the Lincoln Memorial during the National Week of Concern—describes why all Americans should be concerned about hunger.

The Wall Street Journal of October 8 included a worthwhile article, "The U.S. Response to Hunger Elsewhere Is Likely To Be Modest." In it we get a clearer idea of the Department of Agriculture's notions on food aid.

Mr. President, I ask unanimous consent that these articles and statements be included in the Record.

There being no objection, the articles and statements were ordered to be printed in the Record, as follows:

[From the Wall Street Journal, Oct. 8, 1974]

The U.S. Response to Hunger Elsewhere Is Likely To Be Modest; Sharp Policy Differences and Poor Harvests Are Factors in Equivocation; Arguments About Reserves

(By Robert Keatley)

Washington.—Many hunger fighters like to say that the proper governmental policy emerged near the very beginning. That's when Joseph told the Pharaoh, according to the Book of Genesis, to "gather all the food of those good years that come (which) shall be store to the land against the seven years of famine . . . that the land perish not through the famine."

That seems wise advice to Henry Kissinger and his diplomats at the State Department, now that food problems sometimes lead to foreign-policy problems. They promise that the United States will help create a new system of world food reserves so that post-pharaoh Egypt, or any other land, shall "perish not through the famine."

But such Biblical wisdom doesn't make good sense to Earl Butz and his colleagues at the Agriculture Department. They fear huge food stockpiles would depress prices and production for American farmers. So they're against all grandiose reserve schemes, and they don't want massive food-aid programs, either. "International dialogue . . . centers too much on aid and reserve programs and not enough on opportunities to enhance production," argues Secretary Butz, who wants to emphasize bigger harvests, particularly of products that U.S. farmers can sell abroad.

All of which indicates the U.S. response to world food problems will be equivocal, substituting words for wheat to some extent. In effect, Washington has no clear-cut policy on food aid. Differences within the government, budget constraints and poor harvests combine to prevent the U.S. from offering dramatic action on the food front this year. Instead, the Ford administration pledges to join other countries if they devise a modest reserve system (though expecting that they won't be able to), while providing emergency aid for the neediest and friendliest (but little for other countries that could use more basic foodstuffs).

To help it honor its food-aid promises, the administration yesterday set forth a plan designed to prevent foreign buyers from unexpectedly cleaning out U.S. grain stocks. That's what last week's $500 million Russian order for 2.4 million tons of corn and one million tons of wheat threatened to do. That order was cancelled at the urging of the White House. The Agriculture Department yesterday proposed a voluntary system for clearing grain exports; exporters would have to obtain advance approval for any sizable sales. But this plan, of course, won't actually funnel more food to hungry foreigners.

"LITTLE MARGIN OF SAFETY"

The need for an American food-aid policy arises from shortages in many countries, plus erratic production in key places such as the Soviet Union. Mass starvation looms perpetually in such nations as Bangladesh and India, while unusual weather conditions in other places—such as drought in Africa—create extraordinary needs for help. Occasional big buying by Russia and other producing nations, due to their own weather problems, can upset normal trade, supply and price patterns, leaving little grain available for the poorest and hungriest.

In particular, there's fear that events of 1972 may be repeated. That's when the Soviet Union stormed through world grain markets, buying 30 million tons of cereals because of poor harvests at home. At the same time, total world production dropped. As a result, Health, Education and Welfare Secretary Caspar Weinberger has noted, "world food reserves have been cut to about one months' supply, the lowest in decades, and prices of basic foods have risen sharply. All U.S. farmland formerly held out of production has been returned to production. There is little margin of safety anywhere."

For political and humanitarian reasons, the U.S. feels obliged to try to help the earth's hungriest people. It also seeks to stabilize international markets, easing temporary shortages and abnormal price swings.

But times have changed, and giving food aid isn't as easy as it used to be. In past years, the U.S. had mountains of grain and handed it out as much for surplus disposal as humanitarian relief. Now these stocks are gone and prices have soared. Not only have big food-aid programs become costlier than ever, but shipping scarce supplies abroad can drive up food prices in the U.S., where inflation already is the dominant political issue.

A NONCRITICAL CRISIS?

"Congress just won't support high levels of aid," a senior Agriculture Department official warns. In addition, that department doesn't think the "food crisis" is all that critical anyway. World food production has increased in 18 of the past 20 years, farm officials note, with per-capita consumption increasing in 15 of those years; the setback in 1972 was an aberration, they say.

"Objective, analytical evidence seems to indicate that over the near term, say 10 to 15 years, the likelihood is that sons will eat better than their fathers all around the world," Don Paarlberg, the department's senior economist, says.

Nonetheless, the U.S. will continue important food assistance programs. Under Public Law 480, passed back in 1954, the U.S. gives or sells on easy credit terms large amounts of grain and other commodities to the world's needy—$25 billion worth to date. That program will continue in the current fiscal year but its size is uncertain.

Originally, the plan called for sending abroad some 4.5 million tons of assorted grains at a cost of $996 million. But now, says Andrew J. Mair, coordinator of the Office of Food for Peace at the Agency for International Development (AID), soaring grain prices mean the cost of that tonnage has increased by at least $200 million, and perhaps by $300 million. President Ford promised the United Nations recently that U.S. food-aid spending will be increased, but this seems a bit deceptive. It's expected that new money will be enough only to maintain the shipments' size.

In a budget-cutting year, at a time when U.S. harvests are disappointing and are suffering from early frosts, chances of actually increasing the quantity seem slight—though some AID officials and members of Congress want bigger shipments.

Democratic Sen. Hubert Humphrey of Minnesota, among other legislators, supports bills to increase tonnages of food aid. And according to Democrat George McGovern of South Dakota, chairman of the Senate's Select Committee on Nutrition and Human Needs, existing aid plans are wholly inadequate.

"U.S. food aid over the past several years has not only been shrinking but . . . in the struggle over short supplies political concerns have received a high priority," Sen. McGovern complains. He says that more than half of last year's Food for Peace shipments went to such states as South Vietnam and Cambodia, which aren't necessarily the hungriest.

The other main aspect of American food aid policy is even more controversial, and the possibility of strong U.S. leadership even more remote. That concerns a proposed world food-reserve system and related programs to be discussed at a 130-nation world food conference beginning Nov. 5 in Rome.

The idea is largely American-born. "We are prepared to join with other governments in a major world-wide effort to rebuild world food reserves" Secretary Kissinger announced at a special session of the United Nations General Assembly last April. "A central objective of the world food conference must be to restore the world's capacity to deal with famine and other emergencies."

The Rome conference will start with a publicity bang. Mr. Kissinger has promised to speak on opening day, and this diplomatic superstar will probably make an impassioned, if somewhat generalized, plea for action to aid the world's hungry. But then he will go away to pursue Mideast peace and arms control wtih the Russians—subjects more to his liking. And the skeptical Earl Butz will stay behind as chairman of the U.S. delegation at the 12-day conference.

Secretary Butz and his colleagues envision a world reserve as a sinister force depressing prices for American farmers and discouraging them (and growers elsewhere) from raising bigger crops.

"First we should meet immediate food needs, then deal with reserves," a farm official says. Let us not get diverted from our main problem."

It now appears, therefore, that much of the American performance at the Rome conference will be rhetorical. Washington bureaucrats promise that the U.S. will "do its share" in any stockpile system that evolves, but they make clear that they don't expect much to be settled there or in follow-up conferences.

The Rome meeting will probably lead to a modest reserve system at most. The concept of large internationally owned stocks that poor states could draw upon as the need arises already has been dropped. The present talk contemplates nationally held reserves governed by broad international guidelines but remaining under control of the nations that hold them. If the U.S. supplied a third of total world stocks of 50 million tons (figures commonly used), it would not actually surrender ownership nor give up the right to determine who could get the grain and on what terms. This concept is far short of the world food bank that some experts advocate, and it envisions American reserves much smaller than those held years ago when farm surpluses piled up.

But even this arrangement may not emerge. "The international community has no way to make such decisions," contends one old hand at conferences. "It won't happen at Rome or after. The main questions about a reserve system are: Who produces the grain? Who pays for it? Who stores it? And who has the key to the stockpile? These won't be answered."

So far there isn't any agreed U.S. government position on these issues, though bureaucrats say it would be "useful" to have one by the opening day of the food conference. But there are international food policies that the U.S. surely will push at the Rome conference and elsewhere. These include new measures to stabilize normal grain trade by building up stocks held by consuming nations.

Proponents note that one major importer. Japan, usually stocks only six weeks' supply of basic cereal grains; a shipping strike or some other cutoff could quickly give it a major crisis. In fact, this happened last year when the U.S. shut off soybean exports, depriving Japan of its main source of supply. Therefore, both the State and Agriculture departments want Japan to increase stockpiles for its own use, thus eliminating some abrupt market lurches. The U.S. contends that many other nations could do likewise.

In addition, Washington will push hard for broader exchanges of information about harvests and import needs as additional stabilization measures. Whether two main buyers—the Soviet Union and China, which treat figures on grain stocks as military secrets—will cooperate seems doubtful.

Finally, the U.S. is supporting other food-aid measures. It wants to raise farm production assistance to poor countries with food deficits from $258 million last fiscal year to $675 million this year. (However, a Senate committee has pared $55 million from this request and more congressional cuts may follow.) The U.S. supports creation of an international fertilizer institute to make chemical farm aids cheaper and more effective. And it promises to increase grain sales on easy credit terms whenever larger harvests permit.

But there is some skepticism about another item on the Rome agenda—that of creating a new $1 billion agriculture-development fund. Proposed by the conference's Egyptian secretary-general, the fund would be raised half from rich oil-exporting countries, half from industrialized nations. The U.S. share could be $200 million or so. American officials are ready to talk about the idea, but not so eager to pay.

Taken together, these prospects add up to a somewhat modest American response to world food problems. As one senior State Department official puts it, with traditional diplomatic caution: "It is up to each country to meet its obligations; we will meet ours whatever they prove to be."

[From the New York Times, Oct. 11, 1974]

BANGLADESH IS FACED WITH LARGE-SCALE DEATHS FROM STARVATION

(By Kasturi Rangan)

DACCA, BANGLADESH, October 7.—The people who survived months of floods in Bangladesh are now facing starvation.

According to final official estimates, more than half of the country was inundated by floods affecting 35 million people, or nearly half the population. During the worst flooding in August at least 2,000 people were killed, but officials say that they do not have reports of all deaths from distant villages.

What is worrying the nation now is the specter of famine and large numbers of deaths from starvation.

Although the flood water has receded from the stricken villages and towns, the bulk of the arable land remains submerged and unfit for new sowing. Even if planting can be done in the next few weeks, harvesting will not take place before the end of December.

Until then 15 million people, mostly peasants who have lost their homes, food and jobs because of the floods, will have to be looked after.

GRUEL KITCHENS IN DACCA

In this capital city three gruel kitchens have been opened to meet the needs of the hungry, who are pouring in by the hundreds every day. In the last two weeks the city's population of two million has been increased at least 15 per cent.

At a typical gruel suburb of the city, 1,000 people line up for one piece of roti, or unleavened bread, made of wheat flour. The ration is supplemented by one protein biscuit and three ounces of milk donated by the Red Cross. This food is served only once a day in the afternoon. There is so much scrambling and fighting that the supervisors have used canes to keep order in the crowd, made up mainly of old men, women and children who look shockingly famished.

Hashim Moha, a 50-year-old villager from the northern Mymensingh district, said that he had come to Dacca eight days ago in search of a job but could not find one. He began begging and the policemen brought him to the feeding center.

"I've lost everything," he said. "My family is in my village waiting for money from me. What can I send them? I'm myself starving."

The feeding center here also serves as a home for destitute people. Eight hundred people live in three sheds, and many of them are sick and hungry.

MEDICAL CARE IS POOR

Mohammed Ishaque, the Government official in charge of the center, said that eight people had died there in the last three weeks. Medical care is poor, although the destitute people have been inoculated against cholera and smallpox.

Many of the indigent wander around the city begging. According to reports in the local Bengali newspapers, municipal authorities and Moslem social welfare organizations in Dacca pick up at least 25 bodies from the streets daily. The three burial grounds in the city area are already full.

The condition of the destitutes in places just outside the city is much worse.

In Munshiganj, 15 miles southeast of here, there are thousands of people too poor to pay for the boat that they must take to cross the wide Burhganga River to reach Dacca.

Eighty persons have died of starvation there in the last two weeks, according to local authorities. Only one of the two gruel kitchens there is functioning and grain supplies are erratic and inadequate.

Even the kitchen that serves food gets enough wheat flour to make only 500 roties, but there always are more than 1,000 persons in the queue.

The destitutes begin coming to the feeding center in the early morning for half a piece of roti that will be handed out in the late afternoon. No milk or lentils are supplied.

"For every person coming here there are at least three or four left at home," said Mohammed Jehuruddin, who is supervising the distribution. "They are all old people or children too young to come."

"There are 25,000 people in this place," he said. "At least 10,000 are starving. Half of them will die."

"DYING IN DOZENS"

As road and rail communications have been opened, hundreds of thousands of hungry people have begun to move from the villages to the towns seeking jobs and food. Many others are too weak or diseased to travel.

"People are dying in dozens," said Dr. E. S. Hain, the acting chief of the World Health Organization in Dacca. "Cholera has broken out in epidemic form in many places. After two months of isolation and hunger, the poor villagers are left with no resistance to infection."

He said it would not be an overestimate to say that at least 100,000 people would have died before December. However, he conceded there was no way of supporting any such figures because no proper official information was available.

"It will be difficult for people outside the country to comprehend the situation here," Dr. Hain said. "The tragedy here is not going to be as dramatic as a typhoon or an earthquake. Already world attention is diverted to Honduras and Chile."

Food Minister Abdul Momen has estimated that starvation deaths so far are fewer than 5,000. He has pledged that the Government will "spare no efforts" to prevent further deaths from lack of food.

But the efforts are hampered by huge problems. The Government needs 600,000 tons of foods in the next two months to meet a feeding program begun only recently. More than 3,000 gruel kitchens or feeding centers have been opened throughout the country but grain stocks are insufficient to supply even half.

"SHIP-TO-MOUTH EXISTENCE"

Another 15 milion people have to be supplied with grain through fair-price shops, because the price of rice and wheat has increased so much in the open market that the average family cannot afford to buy grain.

"I wish friendly countries who want to help us now had responded to our appeals more urgently and more generously," said Food Secretary A. M. Khan.

He said the first shipments of aid pledged by the United States and the European Economic Community nations would not arrive until November.

"Our most critical period is this month and we practically have a ship-to-mouth existence," he said.

Under an agreement signed here last week that the United States has offered 150,000 tons of wheat and rice on concessional terms. Pledges from other nations, including a gift of 5,000 tons each from Pakistan and Communist China, and purchases from the Government's own resources will total 900,000 tons, this will still leave a gap of 1.2-million tons this year.

Mr. Khan said the Government was hopeful that the United States would fill a substantial part of this gap, especially after the visit of Secretary of State Kissinger to Bangladesh scheduled for the end of this month.

"But what are we going to do for our immediate needs?" asked Mr. Khan. He said that some nations such as Saudi Arabia and Iraq had pledged cash grants for the purchase of food. But such purchases, even if they are made immediately, will take weeks or months to reach Bangladesh because of shipping and communications problems, Mr. Khan said.

By all indications the Government appears to be resigned to the inevitability of large-scale starvation deaths.

[From the New York Times, Oct. 11, 1974]

SEARCH FOR PROTEIN CRUCIAL IN STRUGGLE AGAINST HUNGER

(By Jane E. Brody)

Scientists are juggling plant genes, squeezing juice out of leaves and growing microorganisms on manure in a wide-ranging assault on one of the most fundamental problems of the world's food shortage—how to get more protein for more people.

The push for protein is a major part of the worldwide effort to fight the growing specter of hunger aggravated in recent years by unbridled population growth in already food-poor countries, crop failures caused by droughts and floods, fertilizer shortages and the energy crunch.

As a result, malnutrition is now epidemic in many countries. Experts estimate that nearly a third of the world's people are suffering from hunger and its consequences and that the diets of half the world's children lack adequate protein, the nutrient most essential to proper physical and mental development.

While carbohydrates and fats are most important as energy sources, protein is the core substance of the body's vital organs, including the brain. If a child's diet lacks sufficient protein during critical growth periods, body and mind may be permanently stunted. In adults, protein deficits prevent the proper rebuilding of body tissues.

Protein deficiency also increases susceptibility to infections which, combined with the stress of malnutrition, is the main cause of death among young children in developing countries.

Thus, in laboratories and farm fields throughout the world, scientists from government, industry and the universities are seeking to improve the protein quantity and quality of conventional foods as well as to develop novel sources of protein nutrition.

The approaches, besides extracting protein from leaves, using protein-rich wastes and breeding crops with more and better protein, include fortifying traditional foods and developing new foods from under-utilized proteins.

The United States, the world's major breadbasket, is the leading center for this research and the main source of funds for projects abroad. But the effort is worldwide, with considerable work underway in such industrialized countries as Japan, Scandinavia and England and at internationally supported research centers in Mexico, the Philippines, India, Nigeria and other developing areas.

Proteins [from the Greek for first or primary] are constructed out of about 20 different chemical building blocks called amino acids, all of which contain nitrogen. The human body is able to manufacture 12 of these amino acids from various sources of dietary nitrogen—proteins or parts of proteins that the body digests into molecules called amino groups.

But the remaining eight building blocks, called essential amino acids, cannot be made by human beings and must be supplied as such in the diet. In addition, in order for the body to make the proteins it needs, all the essential amino acids must be consumed in balanced amounts at approximately the same time.

MOST BALANCED PROTEINS

The most balanced proteins (that is, those that supply all eight essential amino acids in adequate amounts) come from animals—meat, fish and dairy products—but they provide less than a third of the world's protein.

Plants, which supply about 80 per cent of the protein for people in developing countries, are normally deficient in one or another essential amino acid. In order to obtain usable protein from vegetarian sources then, two different kinds of plant proteins that make up for each other's deficiencies, cereals and beans—must be eaten in the same meal.

Most of the current research has centered on plant proteins, which have the potential of adequately nourishing more people at less cost than meat proteins.

For a steer in this country to produce one pound of beef requires the average consumption over its lifetime of four to five pounds of grain. The pound of beef could provide protein for two persons a day, but the grain the animal consumed to produce that meat could theoretically feed four.

Despite all the research, science has not yet had significant impact on the world's protein deficiency. The complexities of the problems are such that new protein foods can take years, even decades to move from the laboratory bench to the mouths of the hungry. Such factors as tastes, habits, incentives and price as well as the lack of technical and agricultural resources and adequate number of trained personnel all make for delay.

Nonetheless, the scientists are hopeful. Their efforts are founded on the premise that if the earth's resources were optimally used, it should be possible to provide adequate nutrition for the present world population and the more than six billion people who are expected to inhabit the earth in the year 2000.

A survey of scientific results to date has revealed a wide range of promising prospects—some that are now ready for application, others that need minor further development and many that will require years more research.

Plant breeders, who by increasing productivity of crops have thus far kept the world from mass starvation, are now re-engineering some of the most fundamental characteristics of plants to improve their protein yield and quality. Breeding for better protein is one of the key efforts in the current protein thrust and one that is most likely to pay off in the near future.

Plant breeding is painstaking, prolonged and somewhat unpredictable task of attempting to change the genes of one kind of plant by crossing it with close relatives that contain the desired genetic characteristics.

Perhaps the best known success of plant breeding toward boosting the world's protein supply is the development of the so-called miracle seed of the Green Revolution. These were semidwarf varieties of wheat (an achievement for which Dr. Norman Borlaug received the Nobel Peace Prize in 1970) and rice that, when properly cultivated with adequate fertilizer and water, can double the yield of grain per acre.

But the grain of the Green Revolution is still deficient in certain essential amino acids, and the emphasis of most of the current breeding work is on improving the amino acid balance of cereal crops.

STUDIED PROTEIN IN CORN

Twenty-eight years ago, when American grain elevators were bursting at the seams with excess grain, Dr. Edwin T. Mertz of Purdue University received a state grant "to figure out some way to use up all this surplus food in a nonfood manner." Since Dr. Mertz was a protein chemist, he began by studying the protein in corn.

Seventeen years later, this low-key effort led to an unexpected success—the discovery, with the plant geneticist Oliver E. Nelson (now at the University of Wisconsin), that certain varieties of corn contained twice as much of the amino acids lysine and trytophan as are found in ordinary corn varieties.

Since these are the two deficient, or limiting, amino acids in corn, the discovery held the prospect of greatly improving the nutritive value of this grain, the principal staple in many countries of Latin America and Black Africa. Indeed, when young rats were raised on high-lysine corn, they grew nearly as well as rats raised on milk protein.

Piglets fed the new variety grew three and a half times faster than piglets fed ordinary corn. In fact, in Colombia a high-lysine corn diet was able to cure children of the severe protein deficiency disease, kwashiorkor, which they had developed from living on a diet of ordinary corn.

But the discovery of high-lysine corn was only the beginning. An incredible amount of work lay ahead to breed the high-lysine gene into otherwise successful native varities without adversely affecting the desirable characteristics of those varieties.

The high-lysine gene changed the corn kernel from hard to soft, which affected milling characteristics. In addition, explained Dr. Loval (Pete) Bauman, who heads the breeding work at Purdue, the softer kernels were more susceptible to ear-rot and, because the kernels weighed less, the yield per acre was lower.

YIELDS ALMOST NORMAL

Ten years of "backcrossing" have virtually solved the ear-rot problem and yields are now up to 90 per cent of normal. Dr. Bauman said. In backcrossing, the original high-lysine corn was crossed with standard high-quality varieties. The resulting new high-lysine hybrid was then repeatedly crossed with the original standard variety to breed out unwanted genetic characteristics while preserving the high level of lysine.

In each area where corn is grown, the breeding work must be repeated with local varieties in order to preserve the disease resistance and other agronomic characteristics necessary in those regions. High lysine corn is now being tested in many countries around the world, and American farmers grew some 200,000 acres of it last year for animal feed.

Purdue scientists have calculated that by eating only high-lysine corn plus a vitamin-mineral supplement, an adult could eat adequately on 10 cents a day.

As Dr. Mertz put it, the discovery of high-lysine corn "upset the apple cart of plant genetics," which had previously assumed that plant protein could not be changed by breeding. This inspired a search for better quality protein in other cereals.

Thus far, the search has paid off for barley, used mainly as animal feed in this country but an important food grain for about 200 million of the world's disadvantaged people in Eastern and Northern Europe, the Mediterranean and Near East, India and the Andean countries of South America. A high-protein, high-lysine barley strain from Ethiopia was found in screening 1,000 varieties in the World Barley Collection in Beltsville, Md.

Similar success has been achieved for sorghum, the world's fourth most important grain (after wheat, rice and corn), on which some 300 million of the very poorest people in the developing countries of Africa, East Asia and Indian depend.

HIGH-LYSINE SORGHUM

Sorghum grows in towering stands, with heavy heads of edible seeds produced atop tall, thick stalks.

High-lysine sorghum was discovered last year at Purdue by Drs. John D. Axtell, Dallas L. Oswalt and Rameshaw Singh. In six years of analyzing the protein of some 10,000 varieties of sorghum from all over the world under a grant from the Agency for International Development, the Purdue scientists found two varieties from Ethiopia that contain nearly a third more protein and twice as much lysine as other sorghum strains.

Tenant farmers of Ethiopia like to roast the nutty-flavored seeds of these two strains and eat them like nuts, Dr. Axtell discovered on a recent visit there. But only small amounts of these strains are grown because landlords, who get a share of what the farmer sells but not of what he eats, discourage their cultivation.

The varieties have been maintained largely because the tenant farmers plant them hidden in the middle of stands of other sorghum varieties so that landlords would be less likely to notice them, Dr. Axtell said.

Dr. Axtell, an enthusiastic but realistic scientist, estimates that a decade of work lies ahead to breed the high protein quality into native sorghums. Work is already under way toward this end in India, Lebanon and Mexico.

Once the scientists have completed their work, the task remains to convince farmers to grow the new varieties. "It's extremely difficult to get farmers to grow something you tell them is nutritionally superior when they've never even heard of nutrition," Dr. Axtell noted. "In Brazil, with high-lysine corn, they're telling farmers to feed it to their hogs. Once the farmers see how well the hogs thrive, it's easy to convince them that the corn is good for their children, too."

PROTEIN IN OATS STUDIED

A push is also on now to increase the protein content of oats, which have an exceptionally good balance of amino acids and already contain more protein than most cereals, said Dr. Vernon Youngs, a chemist who heads the Agriculture Department's National Oat Quality Laboratory at the University of Wisconsin. Last year, his laboratory analyzed the protein in 28,000 oat samples sent in by breeders throughout the country.

Until now, oat breeding emphasized larger kernels—which gives farmers bigger yields—but larger kernels meant a lower percentage of protein, Dr. Youngs said.

As a result of the new emphasis on protein, two new oat varieties containing about 22 percent protein have already been released. Their protein content compares to the 17 per cent average of the World Oat Collection and rivals that of meat, which ranges from 20 to 30 percent.

"Right now, even though oats are such a good food, only 5 to 10 per cent of the U.S. production goes into human foods," Dr. Youngs remarked. "We'd like to change this We're feeding our animals better than our people."

Another cereal grain that has attracted much research interest is triticale (pronounced trit-i-kaley), a man-made hybrid of wheat and rye that surpasses wheat—the world's main cereal—in both total protein and lysine content. Its main drawback is that its hybrid genes are somewhat unstable, making it an unreliable producer of quality seed, according to Dr. Kenneth Lebsock, an Agriculture Department scientist who is overseeing Government-sponsored work on triticale in India.

Wheat itself appears to be resistant to much change in its protein quantity or quality. Thus far, 15,000 lines in the World Wheat Collection, also housed in Beltsville, have been analyzed but nothing yet has come near the improvement in high-lysine corn.

However, steady progress has been made in developing hybrid wheat, which holds the promise of considerable increases in yield per acre. Scientists at Cargill Wheat Research Farms in Fort Collins, Colo., have just harvested their first crop of hybrid wheat, the seeds of which derived from two high-quality inbred lines.

HYBRID VIGOR CONCEPT

Theoretically, according to the concept of hybrid vigor, the hybrid seed should produce a crop better than either of its parents. The achievement depends on the development of one line in which the male part of the plant is sterile, preventing self-pollination, and a second line containing fertility-restoring genes so that fertile seeds will result from a cross with the male-sterile plant.

Beans, which Americans look upon as a source of carbohydrate but which much of the world uses for protein, have also begun to attract the interest of plant breeders. Although higher in total protein content than the cereal grains and adequately endowed with lysine, most beans are deficient in other essential amino acids, mainly methionine and cysteine.

At the University of Ife in Nigeria, Dr. Frederick Bliss, a University of Wisconsin plant breeder, helped develop a high-protein (30 per cent) cowpea (also known as black-eyed or southern pea), an important protein source in many tropical and subtropical areas. According to what he calls his "skyscraper" philosophy, he is now trying to improve the productivity of the African pea, in part by changing it from a viney plant that grows along the ground to an upright one.

Dr. M. Wayne Adams at Michigan State University estimates that by changing the architecture of the field bean from a short bushy plant with lots of branches to a taller, nonbranching type that can produce the same number of pods in less space, the protein yield per acre could be increased by a third.

This season, Dr. Adams, who works under a grant from the Rockefeller Foundation, will examine "one by one" some 22,000 plants—the results of crosses he made last year—to select for those that grow tall and narrow.

Cross-pollinating bean plants is in itself an arduous, backbreaking task that requires the dissection and emasculation of flower buds one-sixteenth of an inch wide. Theodore Hymowitz, a plant geneticist at the University of Illinois, has enlisted bees to do the pollination for him. A table of soybean plants in a greenhouse is covered with a screened cage that is home for a hive of bees, whose diet of nectar and pollen from soybean flowers is supplemented with synthetic pollen. The result is thousands of hybrid seeds all year round, Dr. Hymowitz said.

SOYBEAN SEED FROM CHINA

He is seeking, among other things, to breed out some of the plant sugars that humans have difficulty digesting, resulting in the classic "gassiness" of beans. In the search for better soybeans, Dr. Hymowitz had been disturbed that no breeding material was available from the Chinese mainland, where the soybean originated. Last week, however, American scientists returned from China with many native soybean seeds, including some wild soybeans, to test in American breeding programs.

Soybeans, with an average of 40 percent protein (nearly twice that of most meats), contain more and better protein than any other edible plant. But like all beans, its yields are low compared to cereal crops such as corn and wheat, a fact that Richard Cooper, an Agriculture Department researcher in Urbana, Ill., is trying to change by developing a more efficient, semidwarf soybean plant.

As he explained it, when a lot of fertilizer is used to increase the yield of ordinary soybeans, they get so tall that they fall over, or "lodge," which diminishes yield. Using the approach that produced the greatly increased yields of miracle rice and wheat, Mr. Cooper has bred a 22-inch plant that produces as many beans per acre as the 44-inch plant. This year he has planted the short variety closer together to see if yields will increase.

Other scientists at the Regional Soybean Laboratory are trying to create soybeans that will bloom regardless of how long the day or night is, a characteristic that would allow the soybean to spread into the food-short tropics. One such "day-neutral" variety is now being tested in Puerto Rico.

Rather than wait for desired genetic variants to occur naturally and, following their discovery, breed them into native crops, some scientists are attempting to induce genetic change in existing crops with radiation or chemicals. This approach, which has already succeeded in producing a high-lysine barley and a high-yielding semidwarf rice, can potentially save the plant breeder much time and effort.

Why a World Food Conference?

(By Daniel E. Shaughnessy)

Food is everyone's concern. It is, after all, one of the basic requirements of life. It may sometimes be taken for granted by those who are fortunate enough to be able to obtain and afford whatever quantity and quality of food they desire, but for the great majority of mankind the cost and availability of food are factors to be reckoned with daily.

In November of this year a World Food Conference will be convened in Rome, Italy, by the United Nations. The reasons for the conference range from concern over prices in the supermarket to the need for international agreements on food policy. They include a wide spectrum of interests in between: production problems, consumption levels, the need for food aid, and the growing importance of commercial trade agreements.

Why the concern?

The stark truth is that man's ability to produce food is not keeping pace with his need. Despite efforts by governments and the international community to solve world food problems, more people are hungry today than ever before. Hundreds of millions of the world's peoples are undernourished—now.

Population growth is putting 70 to 75 million more people on the planet Earth yearly, about 200,000 each day. These figures translate into a demand of millions of more tons of grain each year.

Yet man is still at the mercy of the vagaries of weather in determining whether the world will have enough food for this year, or next year—let alone for the vastly increased populations of the future.

In 1973–74, the world witnessed a deterioration in the global food situation with a precarious balance between worldwide supply and demand. Food prices presently are at unprecedented levels and highlight the inability of many developing countries to increase food production fast enough to keep pace with rapidly rising productions, and with the economic scale. These long-term trends were aggravated by widespread crop failure in 1972 and a worldwide shortage of fertilizer.

This dangerously unstable world food picture when seen against world population increase, has created a sense of urgency. The dangers of food shortages could remain a threat for the rest of this century—even if, hopefully, bumper crops in some years create temporary surpluses and even if the trend toward reduced birth-rates becomes general throughout the world.

Although drought has caused a reduction in this year's harvests, U.S. farmers still produce more than enough to supply all Americans with an adequate diet. If serious shortages should ever occur, the United States would be able to pay for imports from abroad. We know what diet changes are required to make the best use of the foods available; we have the educational institutions and informational media to tell everyone what they should eat; and we have a per capita national income large enough to finance adequate food for all.

But in a great many countries none of these conditions exist. Not nearly enough food is produced to provide a minimum energy diet for their people; foreign exchange, especially with recent increases in the cost of food, fuel, and fertilizer, is not available to pay for the imports needed to provide such a diet. Further, there is only limited knowledge in many countries of the nature of nutritional deficiencies and how best they can be corrected; educational and media facilities for conducting nutrition education programs can reach only a small percentage of the population; and national incomes are too low to cover the costs of subsidized food for those with below subsistence incomes.

The global perspective may be more easily understood if the huge statistics of world population are boiled down to those of a village or small town with a population of 1,000. This is what it would be like:

About 570 of the villagers are Asian; 190 European; 100 African; 90 North American (60 United States); and 50 are South American. Seven hundred of these villagers are non-white. Five hundred are hungry all the time, half that number in such a condition of malnutrition that their health is deteriorating day-to-day. Eight hundred live in shacks or mud huts, mostly in quarters less adequate than those usually provided for farm animals in the United States.

The 60 citizens of the United States receive approximately one half of the total income of the village each year. The rest is divided quite unequally among the other 940. Many of them, especially those from the industrialized countries of Europe and Japan, do quite well. As a result, the amount of income is so low as to be inadequate from any standpoint, particularly regarding food.

CURRENT LIMITATIONS

There are several aspects of the world food problem which currently limit our ability to deal with it, no matter how commited we may be to solve it, and these limitations must be dealt with.

Unlike most other kinds of productive activity, food output is still almost entirely at the mercy of the weather.

Food cannot be produced, except for fish, without land and fresh water. Most of the best land and the most accessible water are now being used for one or another human purpose. Increased output depends on more intensive and efficient use of available land or water.

While over the past few decades there has been a steady flow of improved technology which has resulted in an increase in food output each year, one can never be sure at what rate in the future the new technology will be forthcoming.

Even if the new technologies we need so badly should be produced by the impressive network of international and national agricultural research centers which have been organized over the past decade, experience to date emphasizes the difficulties of translating research results into farming systems which are economically attractive and socially acceptable to farmers.

Until recently, top priority in development activity has been given to economic growth and to expansion of industry as the quickest way to achieve it. Anyone with initiative or education is headed for the nearest city. As a result, rural populations have nearly everywhere received less than a proportionate share of needed attention. This has impeded development of rural areas and slowed agricultural productivity.

While these obstacles currently limit our ability to solve the world's food problem, the difficulties they pose are not insurmountable. Indeed, they are the basis for the critical first action items on the agenda of the World Food Conference. They deal with the urgent need for greater international cooperation in raising the level of food production and consumption in developing countries. The objective, of course, is not merely to produce more, necessary as that is. If farmers' incomes are to improve at the same time that prices to consumers decline, it is essential that the whole food production and delivery system be operated more efficiently.

It was with these concerns in mind that Secretary Kissinger proposed the World Food Conference in his first speech at the United Nations in the fall of 1973.

Secretary Kissinger's suggestion was endorsed by the biennial meeting of the U.N. Food and Agriculture Organization held in Rome shortly thereafter, and in December the United Nations General Assembly formally adopted a resolution calling for a World Food Conference of member governments of the United Nations and other states of the world to be held in Rome during November 1974.

CONSIDERATION OF PRIORITIES

The tasks of the World Food Conference will include consideration of the priorities which must be urged on each country for nutrition education, for food fortification, for breeding higher nutritional quality into common foods, and for special food availability for vulnerable groups. In most countries, nutrition has not had a high place in government decision making. It is abundantly clear that income increases will come too slowly and be distributed too unevenly to solve the malnutrition problem as fast as both humanitarian and economic factors require. If the World Food Conference can bring this issue to the forefront of political attention, it will have justified itself.

Even the most successful U.N. conference, however, cannot produce rapid, visible results in these matters. A revolution is involved. It is a peaceful revolution to be sure, but nevertheless a radical change in social and economic institutions, and in levels of technology used by hundreds of millions of small farmers. It requires complex coordination of government initiatives at various levels of government, as well as action by the private sector.

The job to be done thus involves a rather long look and a patient commitment to its pursuit.

But it would be an evasion of its responsibilities if the World Food Conference were to confine its recommendations to desirable but rather long-term issues. There are more immediate challenges. With supply and demand for food coming into closer balance as population spurts ahead, with weather still defying us, and with U.S. farm policy no longer producing the huge reserves of grains on which the world was able to rely for the past 20 years, it is essential to agree on an international system of national food reserves. This would prevent us from being dependent on the luck of good weather to prevent widespread famine, as has been the case these last two years. Agreeing to adopt such a system and arranging for the negotiation of detailed agreements would be a major achievement for the World Food Conference.

REVIEW OF FOOD ASSISTANCE POLICIES

But this again will not solve immediate threats of famine. As a second aspect of "food security", the World Food Conference will review food assistance policies. Up to now, food aid has been largely given by the United States, which has had a domestic farm policy that accumulated unwanted surpluses. This being no longer the situation, food aid needs a new rationale. Large concessional sales of food, as an instrument of assistance, can be useful but our objective over the years should be to provide massive food aid cautiously.

However, lesser amounts of donated food aid usually go to special groups who are not able to buy the food they need. Included are school feeding programs, food for work projects, disaster relief, and, increasingly, supplementary food programs for the vulnerable groups—pregnant and nursing mothers and pre-school children. All we know about nutrition deficiencies points to the need for the world community to increase this kind of food aid as rapidly as the donor and recipient administrative apparatus can handle it.

Two meetings preparatory to the World Food Conference have been held, the first in New York in early February attended by representatives of more than 70 countries. Its function was to select officers, discuss the provisional agenda for the November conference, cover various other procedural matters, and agree in general on the scope of relevant background and assessment papers to be prepared by the Food and Agriculture Organization.

The second preparatory meeting took place during June in Geneva. It agreed upon the rules of procedure for the Conference, approved the formal agenda, and reviewed the FAO assessments of the world food situation.

A third and final preparatory meeting is being held in late September in Rome. At this meeting, member governments will begin the actual consideration of major issues and complete procedural matters.

ASSESSMENT AND ACTION

The Conference agenda includes, first, an assessment of the global food situation and second, and most important, a consideration of national and international *actions* that might be taken to address the problem.

Assessment papers for the WFC have been prepared for governments on the present food situation as it relates to world hunger and malnutrition; and secondly, the magnitude of the food problem and possible solutions that might be considered.

The five action items which will be discussed are:

Potential measures for increasing food production.

Programs to improve food consumption patterns.

The need to strengthen world food security including the vital subjects of food reserves and food aid.

The potential for agreement on international trade and agricultural adjustment matters as they affect basic foods.

A consideration of appropriate follow-up measures to implement Conference resolutions or decisions.

Though these agenda items appear simple in presentation, they are complicated and difficult matters when broken down into their many subparts.

For example, the third major action item on the WFC agenda is labelled "Food Security." Under it, governments will be seeking agreement on general guidelines for a new system of food reserves and for new, better coordinated programs of food aid. Progress on the reserve issue is important since a major reason for calling the Conference was the realization that last year and this year the world has been without its traditional grain reserves, and thus at the mercy of the weather.

Also, the subject of food security raises the question of just how serious governments are when it comes to making firm commitments on food aid and setting food aside in reserves or stockpiles. These two items will be of particular concern, as they raise some basic questions of intention. Will the producing countries of the world be prepared to commit themselves to firm, continuing levels of food aid and to some system of maintaining food reserves? The answers to these questions will be one of the major factors contributing to either substantial or superficial participation in the World Food Conference by many of the world's governments.

It would be a grave error to think the world's food problems can be solved in isolation. Our objectives for better food production and consumption in developing countries can only be achieved in the context of general economic and social progress. Globally, our efforts will be largely frustrated if we do not succeed in organizing a new and stable structure of world trade and finance. Failure to bring world inflation under better control will represent a disaster for all economic programs. Progress in cheapening and conserving energy and in international rules for exploitation of the sea are both directly relevant to our goals.

This is undoubtedly a pivotal year in a wide variety of interrelated endeavors to see the world society as interdependent, requiring global solutions, negotiated and accepted by all nations. The World Food Conference hopefully will make a substantial contribution to this urgently needed new vision of the world.

SOMEBODY HAS TO CARE

(By Herbert J. Waters)

We are here, all of us, because we care—we care about people, and we care about hungry people—whatever the cause, wherever they may be.

We care about the hungry children and families down in Mississippi, and elsewhere in the United States.

We care about hungry children and families in the Sahel, in India, in Bangladesh, in Honduras—yes, about hungry people anywhere and everywhere.

We care not just because there appears to be a shortage of food in the world this year; we care because we know the social injustice of the distribution and availability of whatever level of food is available in the world—and everybody must eat, to survive.

Your appearance here as "Hunger Witnesses" coincides with similar concern throughout many states and many cities of the United States in this Week of Concern for World Hunger, sponsored by the American Freedom from Hunger Foundation and the affiliated organizations combined into the World Hunger Action Coalition.

It is an appropriate site, to express our concern.

Behind me is the impressive statue of the Great Emancipator, who had the vision to foresee that our nation could not survive half slave, half free.

But there are other forms of slavery—that still exist in the world. And the world, not just the U.S., cannot continue to exist with one third well-fed, and two-thirds undernourished and malnourished.

That's what it is all about.

That's why an array of more than seventy-five organizations sharing our concern and our convictions have mobilized over this year to awaken public consciousness to the urgent problem of world hunger now—and the growing threat of mass tragedy in the years ahead, unless we face up to the greatest moral challenge of our times.

While we are gathered here, representatives of the world's governments are holding the third in a series of preparatory commission meetings in Rome in final preparation for the UN-sponsored World Food Conference scheduled for November 6 to 16.

For six months we have been making a determined drive to influence and shape U.S. Government policies for that conference that really reflect the concern of the American people. We have won support from millions of American church people of all faiths. We have won support from young people all over the nation. We have awakened the interest—and, we hope, the consciousness, if not the conscience, of the media—press, magazine, and television.

We have helped mobilize the support that led to overwhelming acceptance by the United States Senate of a "Sense of the Congress" resolution of instructions to our official government delegation to Rome—and we have more than 70 co-signers of a similar resolution in the House.

Just two weeks ago we filled a State Department auditorium with more than 350 representatives of non-governmental organizations from all over the U.S., carrying our message—but getting little in way of commitment, in return.

We feel we have made at least *some* impression on our new President, something we were unable to do with our last President.

We are pleased, naturally, that the President felt concerned enough to make the world food issue the major thrust of his opening address before the United Nations—

and that he appeared to commit the United States to more outgoing policies than we have seen to date.

I say *appeared* to commit, advisedly. We are still waiting to read the fine print, when the U.S. takes its positions before the world in Rome.

I think we have a compassionate President, but an uncertain President talked into timid answers at a time when bold answers and bold vision are called for to meet the magnitude of the challenge.

From all we can gather, the decision on likely level of international food aid leading up to the President's United Nations address was made at a conference between the President, Secretary of State Kissinger, Secretary of Agriculture Butz, and Director of the Office of Management and Budget Ashe.

I can only conclude that the President must be a compassionate man, to win agreement for *any* commitment—because there was no one else there to speak out for hungry people. Secretary Kissinger, with all his international political success, has only shown concern for food as one more weapon of power in his political jockeying of power politics. However worthy his peace objectives, he doesn't reflect the moral, humanitarian concern of the American people in their willingness to sacrifice and share—for people who need it the most.

Secretary Butz, who is heading the U.S. delegation to the World Food Conference, is more concerned with the dollars food can earn in trade, than with how many lives the food can save.

Director Ashe, a Nixon-holdover that President Ford would be well rid of, objects to increasing expenditures for food for humans because it might compel a cut in bloated defense expenditures to maintain the sanctity of his balanced budget.

Before we start resting on our laurels and patting ourselves on the back for success as a result of the President's public commitment, we have a few more questions to ask.

The President's pledged "increased expenditures" for food aid. Does he mean we are actually going to share any more food with the world, or just pay a higher cost for the same level—or an even smaller level—of food assistance that we are now providing? We are told three levels of "budget" figures were considered at the "food summit"—a maximum, a middle-of-the-road, and a minimum level.

Even the maximum level, as proposed, would do little more than meet the added costs of already-projected food aid commitments, allowing no new initiatives.

Yet the same day the President was indicating to the U.N. our "expanded" commitment, Ashe was advising government agencies in Washington to try and keep commitments to the middle-of-the-road estimates, and even keep them under quarterly review rather than authorize firm program commitments for the year.

The President pledged that we wouldn't "play politics" with food. Then let me ask, respectfully, what proportion of the expanded food aid budget is going to be actually allocated on the basis of human need, and what proportion is already earmarked for Secretary Kissinger's political commitments to South Vietnam, to Cambodia, to Chile, and to Egypt as part of political negotiations?

The President indicated compassionate concern for the hungry and disadvantaged, for the victims of drouth and disaster. Then let me ask, respectfully, why the largest proposed increase in the expanded budget is for concessional sales to governments for food going into commercial channels, and the smallest increase allowed for humanitarian food donations—the share of the Food for Peace program out of which must come *all* our contributions to the Sahel, to the World Food Program of the UN and FAO, and the programs of American voluntary agencies devoting their own money and manpower to organizing food-for-work projects and maternal-child-health care projects and school lunch projects reaching the poorest of the poor, and even then only the most vulnerable groups among them?

These are the questions we want you to answer, Mr. President. These are the questions the American people want to hear answered about the U.S. position for the World Food Conference in Rome.

We know much of the Conference will be devoted to expanding food production, worldwide. We know increased economic development commitments will be needed. We know increased research will be needed. But hunger action is needed—now. People are hungry—now.

And as one American, I cannot in good conscience help assure the developing world we are going to help them to help themselves in the future—if we are unwilling to share whatever we have with them now.

That's why when I addressed our Government and non-government officials in the State Department earlier this month, I insisted that hunger action was needed *now*.

What I am afraid we are going to get, instead, is too little, too late.

Despite all that we have done, and all that the media has done, to try and educate our people—and our government—we still fail to visualize both the magnitude and the nature of the misery.

The poor, hungry world is so badly out of focus, and our images of it so blurred, that we are still thinking in terms of temporary expedients of "emergency" help in disasters, or charity handouts out of just whatever we have left over from our tables.

Most of us have been so concerned, for so long, about fighting for rights of minorities, that even we forget that in this instance—we are speaking out for the world's majority.

Professor George Borgstrom of Michigan State University described it well recently in saying:

"Few realize that we actually live in a world where poverty is the *rule*, relative wealth an *exception*, and affluence belongs to a *tiny minority*".

Don't think for a moment that any of us, in this country, are going to escape the global consequences of the world's failure to find better answers to the problems of hunger.

Social justice, coupled with meaningful revitalization of emergency actions, as the *only* road to survival of mankind, has never *really* left the stage of pious declarations.

Yet world poverty, with its shadow phenomena of hunger and abject living conditions, will presumably, within less than one decade, force itself to the top position on the agenda of most nations of the world, whether categorized as belonging to the Third World, or to the two major blocs.

Tonight, we are showing *our* choice—*our* commitment.

Tomorrow, we must do still more. A Week of Concern is a start. A Year of Concern is needed. A Lifetime of Concern will be the only true answer.

The UN Conference in Rome can't solve all the problems, but it can give us a rallying point for mobilizing for greater action.

I hope, by Thanksgiving—after the Conference—the U.S. and the world will have something to be thankful for. But whatever the outcome at Rome, our work must go on. Our concern must go on. Somebody has to care—for the world to survive.

Mr. HUMPHREY. Mr. President, earlier this morning the distinguished Senator from New Mexico (Mr. DOMENICI) spoke about the World Food Conference which is to take place in Rome starting on the 5th day of November and running through November 15. He addressed himself to the role that the delegates from Congress might play in this particular conference.

As a matter of fact, it is very unclear, as has been stated by the Senator, as to what role, if any, the Members of Congress will have.

I rise today to urge upon those who are planning this conference, those who are planning America's participation, to give specific assignments to the congressional delegation so that there can be satisfaction and adequate input from the congressional level.

There are those in this body and in the House of Representatives who have an intimate knowledge of the world food problems, and particularly information and knowledge about the American agricultural system.

Therefore, I wish to raise a word of caution and of friendly, gentle advice to the President, the Secretary of State, the Secretary of Agriculture, and others who will be representing the United States at the Rome conference on the world food problems.

It appears to me that, prior to our going to Rome, there should be close collaboration with Members of Congress who have been selected to participate in the World Food Conference.

At the conference itself the members of the congressional delegation should participate in the debates, the discussions, and in whatever decisionmaking may take place at that conference.

I also am disturbed over the fact that as yet we do not seem to have a clear-cut policy, or a clear-cut set of policies, relating to what we will advance as the American position.

For example, just how much food aid is the United States prepared to offer to meet the conditions of hunger and malnutrition that afflict several parts of the world?

Next, what will be our position on increasing fertilizer production, and how can we best participate in the expansion of fertilizer production?

Should it be done through an international consortium? Should it be done by assistance under foreign aid? Should it be done through the offices or good auspices of the World Bank?

I think it is important that we have a position or that we come prepared to at least support certain options. I am hopeful that the United States will be able to use its position to encourage the oil-producing exporting countries to generously share in the payment for the world food program, the construction and financing of new fertilizer plants, and to contribute generously to whatever activities or actions may be necessary.

We did have a briefing this past week from Ambassador Martin, who has been designated by Secretary of State Kissinger to coordinate American efforts for the World Food Conference.

I want to say that Ambassador Martin is an exceedingly able man, and he has done a good job. But he is an ambassador, and I say that with great respect. He does not make policy. The policy must come from the President, the Secretary of State, and the Secretary of Agriculture.

Finally, let me say that I would hope that the Secretary of State would play a very important role in this conference. There is no subject matter that is more important today than that of world food, or the availability of food for the planet's growing population.

Food and energy are literally the key international issues. The availability of food at prices that people can afford to pay and the availability of oil at prices that people can afford to pay, are of critical importance.

These issues must be met together. At the World Food Conference we will not only be discussing the production of food and fiber, but we will also have to discuss energy and its relationship to the production of food and fiber.

I want to commend the Senator from New Mexico for his keen interest in these matters.

Might I conclude by saying that it was a little over a year ago that I addressed a letter to the former President, Mr. Nixon, asking that the United States call upon the United Nations to convene a world food conference. Following that letter, during the time of the confirmation hearings of Mr. Kissinger for the position of Secretary of State, I pressed upon him my interest in and my concern with the world food situation. I urged that he, as Secretary of State, take the lead in getting America out in front in calling for a world food conference.

I am pleased to say that the conference was called. But I would also have to say today that we still do not have what I consider a clear-cut, ascertainable, visible food policy.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time allotted Mr. Kennedy may be allotted to Mr. Humphrey, or such time thereof as he may desire.

Mr. HUMPHREY. I would like about 3 minutes more.

Mr. ROBERT C. BYRD. Mr. Kennedy has 15 minutes.

Mr. HUMPHREY. Five minutes, if I may.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Later in the day the following proceedings occurred:)

Mr. HUGHES. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HUGHES. Mr. President, I should like to refer to what the Senator said at the beginning of his statement. Does the Senator recall what the estimate is of the world population in the year 2000?

Mr. HUMPHREY. Over 6 billion.

Mr. HUGHES. In other words, it is going to almost double in the next 25 years, at least.

Mr. HUMPHREY. That is what they predict, yes.

Mr. HUGHES. And the estimate of world production capacity is going to go up how much in that same period? The Senator is probably the most able man I know in the field of agriculture.

Mr. HUMPHREY. That is difficult to answer. Food production has kept up with population growth, or even slightly ahead until very recently. It is hard to predict that we can do as well in the future, but we must try to at least double our food supply by the year 2000. We could face a widening gap which would get worse each decade.

Mr. HUGHES. The ability to handle the absolute starvation and famine in various areas of the world right now is almost nil, is it not, as far as transportation is concerned?

Mr. HUMPHREY. The Senator is so right. Even if we could produce the food, the ability to distribute it, transport it, and process it would limit our ability to respond.

Mr. HUGHES. As far as I know, there is no agreement or plan among the nations for stockpiling of commodities.

Mr. HUMPHREY. Not at this time.

I should say that this idea is now being discussed, and a food and agriculture organization proposal will be discussed at the World Food Conference. But we are strictly at the discussion stage.

Mr. HUGHES. What will be done to establish the commodity prices in relation to stockpiling? In the future, stockpiling is going to be an absolute essential because of the incapacity even to transport the commodities to the areas of the world where they are needed. In addition, we need commodity reserve stockpiles in the areas of other types of tragedy, such as earthquake, flood, and so on, that occur in certain areas of the world, even though they have productive capacity, and destroy their producing capability, wreck their economy, and so on. What about the world transportation system in relation to these problems? As far as I know, there is no international cooperative venture to transport food and commodities to regions where they are needed anywhere in the world.

Mr. HUMPHREY. The Senator is absolutely right. This is the sort of problem we ought to be focusing on at the World Food Conference, along with an international information system which would provide accurate information on what is being produced in the world, and where the available stocks are.

Let me add that right now we get little or no information from either the People's Republic of China or the Soviet Union, two of the large producers and two of the big consumers. This is a serious problem in a tight food situation.

We never know how to ascertain what the production of feed grain may be in the world because of the lack of information from those two great countries.

Mr. HUGHES. The Senator, early in his comments, called on the oil cartel nations to be generous to these nations that are suffering and to use their economic resources, which are now piling up—in other words, they are stockpiling money while the other countries need to be stockpiling food and commodities—for the benefit of the hungry millions of the world and the other hundreds of millions that are suffering from malnutrition.

It is a wonderful opportunity, since we are paying through the nose, to try to use what influence we have with those nations.

I was encouraged by the Senator's statement and, apparently, his commitment to do everything in his power to attempt to get these nations to accept their moral responsibility in relation to the underprivileged of the world.

Mr. HUMPHREY. Absolutely, Senator. Not only do they have a moral responsibility, they have the ability and capacity to be of help. But what has happened that is so tragic is that the cost of oil is so high for the less developed countries, the poorer countries, that they have not had the fuel, believe me, even to operate their irrigation pumps. In a country like India, the water wells and the pumps are vital to their irrigation system. Thus we saw, last year, parts of the world that were facing famine conditions, unable to purchase the oil that was necessary to operate their irrigation facilities.

We have two or three problems here at once. We have, first, the food shortage for whatever reason—population growth that is faster than food production, bad weather, poor transportation, lack of adequate distribution. Then we have the oil prices going up that have literally bankrupted a large number of the less developed countries of the world—the developing countries, the poorer countries.

Even then, may I say, if we could get some oil—if we could get it—insofar as the individual consumer is concerned, the farmer out there, in whatever part of the world he lives, has such limited money that he cannot buy and pay for the fuel oil.

The PRESIDING OFFICER. (Mr. Inouye). The Senator's time has expired.

THE NEED FOR A FEED GRAIN RESERVE

Mr. HUMPHREY. Mr. President, yesterday, the Department of Agriculture gave us the crop estimate as of the first of October. I placed in the Record yesterday my analysis of that crop estimate.

I simply want to point out that, based on the October 1 surveys, we see that our corn crop harvest is down to 4,717,600,000 bushels. That is down 277 million, or 6 percent, from the September estimate. The 1973 crop was more than 5,640,000,000 bushels.

This simply says, in blunt terms, that we have had a very serious crop failure. This crop failure is due to bad weather, a late planting season, an unusually dry summer, and a wet and cold fall.

It should be noted that, while the Department of Agriculture takes some pleasure in citing that this year's wheat crop was larger than last year, the fact is that all grains are interchangeable. Thus, when you have a corn crop which is almost a billion bushels less than a year ago, we will find that wheat is used as an alternate feed. The result will be a heavy drawdown on our wheat supplies for domestic consumption.

Simply put, it means that the producers of cattle, dairy cows, hogs, chickens, turkeys, and eggs will pay very, very high prices for their feed.

Contrary to what we call common knowledge, most of our agricultural income is not derived from grains, but from animals and animal products.

Our producers of cattle, hogs, other animals, and poultry, are going to be in very serious trouble. I have long pleaded for a reserve of feed grains. If there ever was a time to pass legislation for a feed grain reserve, it is now.

We should have learned our lesson. We sold off our reserves, and today we pay billions of dollars extra in prices for groceries at the supermarket. We talk about a free market which the Russians have twice taken advantage of to buy up our reserves. And we have found out that the private traders are perfectly willing to sell regardless of the supply situation.

Secretary Butz has told me time after time that we could rely upon the private grain trade to maintain a reserve. This past weekend, two of these great grain companies were willing to sell out large quantities of our corn supply, which is in short supply, because there was a profit in it. This was considered a normal commercial transaction.

I believe that these developments point up the necessity for a grain reserve. I am not going on any theory or philosophy but on what has transpired within the past week.

If we do not establish a sound reserve, we are going to wake up one of these days and find that we have exorbitant prices. This will not only affect the city consumer at the supermarket, but also the largest consumer of food and fiber—the farmer, himself.

THE OIL RIPOFF

Mr. HUMPHREY. Mr. President, I realize that on these mornings very few people are here to listen, but let me serve a warning.

The headline today in the morning newspaper, and yesterday in the Washington Star, is that President Ford seeks to decontrol all oil prices. The article is captioned "Ford Shifts, Opposes Oil Benefit Halt."

First of all, the President said he wanted to back a bill that would do away with the depletion allowance. Yesterday, his press secretary said no, that the depletion allowance should stay on as long as there are controlled prices from old oil. Then he went on to say:

> As long as the price of oil continues to be controlled, the President believes that elimination of the percentage depletion allowance on domestic oil production would be a mistake. The President thinks that oil should be sold on a free-market basis, and he thinks that many oil producers would be glad to trade the percentage depletion in order to achieve the important result of the free market for oil.

Mr. President, if we take off the oil price controls which are provided for under the Emergency Petroleum Allocation Act, we can rest assured that gasoline will sell for 10 cents a gallon more, fuel oil at 5 cents to 10 cents a gallon more, and that the oil companies will make a couple of billion dollars in windfall profits.

How in the name of commonsense can we fight inflation and let the price of oil in Texas be determined by what the people in Saudi Arabia or in Iran want us to pay for oil?

In other words, the President appears to be suggesting that American oil prices be set by the Arabs. He appears to be saying that we ought to pay $11 a barrel.

I am here to say that American oil, domestically produced oil, is making billions of dollars for those who own it. In fact, despite all they said about getting the controls off of new oil and stripper wells, there is less oil produced in America today by 5 percent than there was a year ago.

I am here to raise my voice in opposition to any proposal to decontrol the price of oil. To do so will send the price of crude oil in the United States up to over $11 a barrel, as compared to the present average of about $7. How do you control inflation under that kind of policy.

Once again we see an administration that bends over backward to be accommodating to the oil industry. The oil industry has been robbing the American people. The oil industry is guilty of incredible profits. Yes, we see from the highest offices in the land the constant suggestion of two things—decontrol of oil and decontrol of natural gas.

Mr. President, before any of that is done, there will be the fight of your life in this body. I want to put the administration officials who have this in mind on notice that there will be a debate in this body the likes of which Congress has not seen for years. I do not intend to stand by and let the American people be ripped off by the oil companies, simply because some officials worship at the shrine of the free market.

What is free about a market in which prices are set in Venezuela, in Saudi Arabia, and in Indonesia? What is free about that? They just set the price. That is not a free market at all. Yet, we have people today who say they want the free market to work. If everybody else had a free market, fine, but they do not. The Arab oil countries are putting on a price that they want us to pay; and if we keep paying that price, this country's economy is going to go down the drain. If we keep having to import oil at prices they demand, we are going to go broke. If we let the American oil companies have the price of oil set by the OPEC cartel—and that is what it means if you decontrol American oil—if we let that happen, the American consumer will be victimized beyond anything we have ever seen before.

There is going to be no economic ripoff if I have anything to say about it, and I am going to have something to say about it. I have 2 more years, at least, in this body, Lord willing, and I am here to say that I am going to do everything that my physical powers, intellectual capabilities, and political skill will permit, to prevent this kind of economic rape of the American economy.

Mr. President, I ask unanimous consent that the article to which I referred be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FORD SHIFTS, OPPOSES OIL BENEFIT HALT

(By Lou Cannon and Peter Millius)

President Ford yesterday reversed an unequivocal declaration of the day before and said he opposes phasing out the domestic oil depletion allowance as long as domestic oil prices are controlled.

The hugely controversial depletion allowance saves the oil industry more than $2 billion a year in federal taxes.

One day after Mr. Ford said at a news conference that he favored phasing out the depletion allowance, his press secretary, Ron Nessen, read reporters a statement that said:

"As long as the price of oil continues to be controlled, the President believes that elimination of the percentage depletion allowance on domestic oil production would be a mistake. The President thinks that oil should be sold on a free-market basis, and he thinks that many oil producers would be glad to trade the percentage depletion in order to achieve the important result of the free market for oil."

Later yesterday, however, Treasury Secretary William E. Simon told reporters at another news conference that, while the President would like to see oil prices decontrolled, there are no present plans to do so and "there is no economic justification" to do so at present.

Oil prices would increase sharply if decontrolled—and oil company profits would go up with them. Under present law the price of about three fifths of all domestic oil is being held at $5.25 a barrel. This is what the government calls "old oil"—essentially the oil that was being produced before controls were put in effect.

There are no controls on the other two-fifths, which includes "new oil" and oil from marginal wells. This oil is selling at the world price of $10 to $11 a barrel. The idea of leaving it uncontrolled was to encourage increased production.

If decontrolled, the old oil also would rise toward the world price. Among other things, that would add appreciably to inflation.

The oil controls legislation will expire in February unless Congress extends.

The President issued yesterday's depletion statement, which Nessen called "a clarification," after an unknown number of calls Wednesday night from members of Congress from oil states. Asked whether there were "complaints," Nessen said with a smile: "Some people called up to find out what he actually said."

What Mr. Ford actually said at his Rose Garden news conference Wednesday, when asked directly, "Is it your view that the oil depletion allowance should be phased out?" was:

"The answer is yes."

Nessen at one point in yesterday's briefing called this answer "imprecise."

The depletion issue arose earlier this week when Mr. Ford announced his new economic program. Aides had said beforehand that he would propose some tax reductions for the poor, to compensate them for inflation.

What the President actually did was endorse a tax bill pending in the House Ways and Means Committee. That bill would, among many other things, provide some limited tax reductions for the poor. But to pay for them and other tax concessions without further unbalancing the budget, it would phase out the depletion allowance over the next three years.

On Wednesday, however, Secretary Simon said at Ways and Means that, while Mr. Ford had endorsed the bill in general, he still did not favor the phase-out of depletion. The administration has been supporting a temporary "windfall profit tax" as an alternative.

Simon's appearance at Ways and Means, in which he appeared to back off from the committee bill, prompted the question to the President at the news conference.

Congress has been arguing it for a year. Essentially, the argument has been whether to roll back prices, tax away some profits by such steps as phasing out the depletion allowance, or do nothing. Some have argued that letting prices rise is a means of rationing, in that it will presumably cut consumption.

The tax-writing Ways and Means Committee, after months of indecision, finally voted earlier this year for the three-year depletion phase-out.

A majority of House Democrats then demanded the right to vote on the floor on an amendment to wipe out the allowance altogether right away, and Chairman Wilbur D. Mills (D-Ark.), who opposed that step, simply declined to bring the bill to the floor.

While apparently not in favor of total decontrol of oil right now, the President did ask for partial decontrol as part of his economic program. He has also asked for the deregulation of natural gas prices.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from Michigan (Mr. GRIFFIN) is recognized for not to exceed 15 minutes.

Mr. BEALL. Mr. President, I ask unanimous consent that the time allocated to Senator GRIFFIN be allocated to me.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF CONGRESSIONAL BUDGET ACT OF 1974

Mr. BEALL. Mr. President, I am today introducing legislation to amend the Congressional Budget Act of 1974 so as to require the Director of the Congressional Budget Office to prepare an estimate of the costs which would be incurred by the Federal Government, by State and local governments, and by nongovernmental entities for a 5-year period for each authorization bill reported to the Senate or House of Representatives.

As my colleagues know, the act already requires an estimate to reflect the costs to the Federal Government during a 5-year period. However, I do not believe those provisions go far enough. In addition to measuring Federal costs, we must also project what a bill is going to mean, costwise, to State and local governments and to the private sector.

Mr. President, I was pleased to participate in the just concluded Summit Conferences on Inflation, serving as a cohost at the business and industry meeting held in Pittsburgh on September 16. One of the strongest points made at that gathering was that government far too often passes legislation without considering its inflationary impact on the private sector of the economy. For instance, implementation of the Clean Air Act will cost billions of dollars. That expenditure is probably desirable but the speed of implementation of regulations requires the utilization of vast amounts of capital for purposes that do not increase production capacity and thus the rate of production is adversely affected.

I believe the Congress ought to have projections in front of it before we pass legislation, so that the costs and the benefits can be accurately weighed. Ultimately the consumer pays the bill through increased prices.

In the public sector, we have seen programs which started off as low expenditure items skyrocket in cost to the American people. One example is the federal food stamp program. It started in the Kennedy administration as a less than $1 million activity. And was so advertised, as being of minimal cost. Now, that same program is costing us over $4 billion.

There is a great deal of talk, in this Chamber and throughout the country, about cutting the budget. Surely, they say, in a $305 billion budget, there is plenty of room for cuts. But what is not pointed out is that over $225 billion is in the category of "mandatory" spending. Included in this heading are such items as net interest on the national debt, subsidies, prior year obligations and entitlement programs. In fact, the last category, entitlement programs, costs us over $142 billion a year.

Discretionary spending, too, is often not so discretionary. Of the $92 billion which is categorized as discretionary, $57 billion is personnel costs, both defense and nondefense. The only way to cut this area is to either reduce Federal salaries and benefits, or remove people from the employment rolls and the military. I doubt such will happen in wholesale numbers.

Mr. President, at this point I ask unanimous consent that three charts, prepared by the Office of Management and Budget, dealing with Federal outlays be printed in the RECORD.

There being no objection, the charts were ordered to be printed in the RECORD, as follows:

FY 1975 BUDGET—COMPOSITION OF OUTLAYS

[in billions of dollars]

Mandatory spending	
Contractual obligations:	
Net interest	$23.0
Housing subsidies and insurance, farm supports, etc	5.8
Other prior-year obligations	53.1
Defense	(23.0)
Nondefense	(30.1)
Subtotal contractual obligations	81.9
Entitlement programs	142.1
Legislative and judiciary	1.1
Total, mandatory spending	225.1
Discretionary spending	
Defense:	57.1
Personnel	(37.0)
All other	(20.1)
Nondefense:	35.1
Personnel	(20.0)
All other	(15.1)
Total discretionary spending	92.2
Offset (offshore oil and receipts and contributions to employee retirement fund)	−$11.8
Total	305.4

DISCRETIONARY NONDEFENSE OUTLAYS, 1975 (EXCLUDING PERSONNEL COSTS)

[In billions]

Health (largely research and training)	$2.2
NASA research and development	1.5
Foreign aid (largely P.L. 480 and Indochina reconstruction)	1.3
Atomic energy	1.2
Child nutrition program	1.2
Education programs	1.1
Comprehensive manpower assistance	.9
Extended unemployment benefits (proposed legislation)	.8
Veterans medical care	.8
Federal aid highways	.7
Housing and Community Development Act	.6
Coast Guard operating expenses	.5
Corps of Engineers and reclamation construction	.5
Department of Justice	.4
Payments and loans to the District of Columbia	.4
All other	1.0
Total, discretionary nondefense outlays	15.1

ENTITLEMENT PROGRAMS, FISCAL YEAR 1975

	Outlays (billions)	Beneficiaries[1] (millions)
Benefit payments for individuals:		
Direct Federal:		
Social security (OASDI) and railroad retirement	$65.1	32.1
Civil service and military retirement	13.1	2.3
Medicare	14.2	12.2
Veterans benefit	10.1	7.3
Supplemental security income	4.8	5.0
Food stamps	4.0	15.8
Disabled coal miners	.9	.5
Grants to States:		
Public assistance (AFDC)	4.6	11.5
Rehabilitation and social services	3.1	10.0
Medicaid	6.3	28.6
Unemployment insurances	8.3	[2] 1.9
Subtotal, payments for individuals	134.4	
Other:		
General revenue sharing	6.2	
Postal Service	1.6	
Legislative and judiciary	1.1	
Subtotal, other	8.8	
Total	143.2	

[1] Substantial overlap between programs.
[2] Average number of beneficiaries per week.

Mr. BEALL. Mr. President, what all this proves is that, unless Congress measures better the long-term fiscal impact of its actions, we will soon be faced, in the public sector, with a wildly inflationary budget which Congress cannot reduce, and in the private sector with escalating Government-imposed costs which fuel the fires of inflation and cause dramatic increases in the price of goods and services which must be paid by the consumer.

President Ford, in his economic message to the Congress on October 8, announced that he would hereafter require that all major legislative proposals, regulations, and rules emanating from the executive branch to contain an inflationary impact statement. He further called on the Congress to follow this example.

My legislation will do just that. It will require the Congress to measure the impact of its work in a concrete way prior to action, and I urge the prompt consideration by the Senate of this proposal.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator's time has expired.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from Pennsylvania (Mr. HUGH SCOTT) is recognized for a period not to exceed 15 minutes.

Mr. BEALL. Mr. President, I ask unanimous consent to reserve the time of Senator SCOTT.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR—WATER RECLAMATION ACT

Mr. ABOUREZK. Mr. President, I ask unanimous consent that a member of my staff, Robert Alvarez, be granted the privilege of the floor during the debate and consideration of the Water Reclamation Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from Montana (Mr. MANSFIELD) is recognized for a period not to exceed 12 minutes.

Mr. ROBERT C. BYRD. Mr. President, on behalf of the majority leader, I yield back the remainder of his time.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of routine morning business not to exceed 15 minutes, with statements therein limited to 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MONTOYA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR—H.R. 15736

Mr. MONTOYA. Mr. President, I ask unanimous consent that Mike Daly of my staff and Larry Meyers of Senator BENTSEN's staff may have the privileges of the floor during the consideration of the measure H.R. 15736.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask that Darla West of my staff be granted the privilege of the floor during the consideration of the measure referred to by the senior Senator from New Mexico.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MONTOYA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, I ask unanimous consent that Mr. Willis Smith from the Interior Committee be permitted here on the floor during pendency of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONTOYA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE RESOLUTION 430—EXPRESSING THE SENSE OF THE SENATE THAT THE DOMESTIC PRICE OF OIL NOT BE DECONTROLLED

Mr. CHILES. Mr. President, I send to the desk a resolution and request its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated. The legislative clerk read as follows:

S. RES. 430

Whereas the tremendous increase in the price of oil has been one of the principal causes of the current inflation in the United States;

Whereas oil companies have continued to make excessive profits since the energy crisis;

Whereas only a few corporations dominate the market so that competitive conditions do not exist for the price of oil to be set by the free market;

Whereas further increases in the price of gasoline, fuel oil and electricity would have an outrageous effect on all consumers;

Whereas the nation looks to the government for leadership and action in the fight against inflation; and

Whereas President Ford has advocated the elimination of price controls on domestic oil.

Now, therefore be it resolved that it is the strongest sense of the Senate that the price of domestic oil shall not be decontrolled.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object——

Mr. President, I have no objection.

The PRESIDING OFFICER. Is there objection?

Mr. ROTH. I object.

Mr. AIKEN. Objection.

The PRESIDING OFFICER. Objection having been heard, the resolution will go over under the rule.

Mr. CHILES. Mr. President, with objection being heard, what happens to the resolution?

The PRESIDING OFFICER. The resolution will go over under the rule.

Mr. CHILES. Mr. President, we still have morning business, do we not?

The PRESIDING OFFICER. The Senator is correct.

Mr. CHILES. Mr. President, the purpose of offering the resolution today is to give the Senate a chance to express itself on the recent news reports that have the President calling for the decontrol, the removal of all controls governing oil, on the price of oil.

I think the Senate has expressed itself a number of times on this. I believe the Senator from Washington has introduced a resolution which a number of us have cosponsored dealing with controls. The purpose of this resolution was to express the strong sense of the Senate that we should not, at this time, decontrol the price of oil; that it would cause an immediate increase, almost doubling, in the cost of oil; that it would serve no great purpose for the country.

Presently, there are tremendous and large profits being reaped by the oil companies, giving them every incentive to seek additional sources of oil.

There is nothing to be gained from this other than to add tremendously to the fires of inflation that are already being fired up by the cost of oil.

This would give the Senate a chance, by a sense of the Senate resolution, to express our feelings to the American people that we should not decontrol the price of oil, and would call upon the President to reverse himself in this matter.

Mr. President, at this time I request unanimous consent to have printed in the RECORD an article that was in the Washington Star-News as of yesterday, and other newspaper stories in this regard in the New York Times and the Washington Post.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Star, Oct. 10, 1974]

MOVE COULD DOUBLE COST—FORD: END OIL PRICE CONTROLS

(By Norman Kempster)

President Ford advocates elimination of price controls on domestic oil production, the White House said today. The move probably would more than double the price of domestic crude.

Press Secretary Ronald Nessen read a statement in which Ford advocated a "free market price" for oil.

Domestically produced oil currently is selling under price controls for a little more than $5 a barrel. The world free market price is more than $11 a barrel.

Nessen issued the President's position as what he called a "clarification" of Ford's statement at a press conference yesterday that he favors elimination of the oil depletion allowance.

"As long as the price of oil continues to be controlled, the President believes that the elimination of the percentage depletion on domestic oil production would be a mistake," Nessen said.

"The President feels that oil should be sold on a free market basis and he thinks that many oil producers would be glad to trade percentage depletion in order to achieve the important result of a free market for oil," he said.

"As for the foreign oil depletion allowance, the President believes that should be phased out immediately and fully."

At his press conference yesterday Ford said he supports a comprehensive tax bill now under consideration by the House Ways and Means Committee which would eliminate the depletion allowance together with a number of other changes in the tax law.

But when the questioner pressed Ford to say if he favored elimination of the depletion allowance, the President replied that he did.

Nessen said today the President may have been confused into thinking the question concerned only the depletion allowance on foreign oil production although the questioner said nothing about foreign production.

"This is not an overnight change of mind, I can assure you of that," Nessen said.

Nessen repeated Ford's position that he would accept elimination of depletion as part of the bill now before Ways and Means because he supports the overall bill "on balance."

At his press conference, Ford also defended his income surtax proposal with an argument that it will not hurt very much.

He said the tax would affect only the most affluent 28 percent of the nation's taxpayers. Nessen corrected that today to be 28 percent of total tax returns. It would affect more than 28 percent of total taxpayers.

The President said a family of four with $20,000 income from wages would pay only $42 in surtax. Nessen issued a series of surtax figures which included the $42 for $20,000. Other samples included $3 for $16,000 annual income; $97 for $25,000 and $482 for $50,000.

The President brushed aside criticism that his economic proposals are not up to the task of stopping the worst inflation in a generation.

If all 31 points of the program he outlined Tuesday are put into effect and if the public extends its voluntary cooperation, Ford said, the nation can expect "some meaningful reduction in the rate of inflation" by early next year.

The President's latest analysis is vastly more optimistic than that of his economic strategists. Chairman Alan Greenspan of the Council of Economic Advisers has predicted it will take from 18 months to three years to bring inflation under control, a forecast which Ford endorsed last week.

On other subjects covered during the press conference in the White House rose garden, Ford:

Said neither the protests against his pardon of former President Richard M. Nixon nor his wife's breast cancer surgery have caused him to change his decision that he probably will run for a term of his own in 1976.

Renewed his praise of Kissinger in the face of continuing criticism of the secretary of state. The President said the secretary "deserves whatever good and appropriate things I can say about him . . . to show my appreciation."

Declined to discuss any aspects of the Nixon pardon prior to his testimony—scheduled for Oct. 17—before a House Judiciary subcommittee.

Announced that he would discuss U.S.-Mexican relations with President Luis Echeverria of Mexico during a meeting on the border between the two nations Oct. 21.

Said he is willing to consider a meeting with Soviet Communist party leader Leonid I. Brezhnev prior to the summit scheduled for Washington next summer if one becomes necessary. White House officials have said the possibility of a "get-acquainted" meeting before the end of this year is being discussed with the Russians.

Indicated he will not spend any of his own political capital in an effort to reverse congressional cuts in the funds he requested to ease Nixon's return to private life. He explained, "I will let the Congress make its decision, right or wrong."

Ford called the press conference for one day following the announcement of his economic proposals to give himself a chance to reply to questions about them.

The President provided little in the way of new information about the troubled economy, however.

[From the Washington Post, Oct. 11, 1974]

Ford Shifts, Opposes Oil Benefit Halt

(By Lou Cannon and Peter Mills)

President Ford yesterday reversed an unequivocal declaration of the day before and said he opposes phasing out the domestic oil depletion allowance as long as domestic oil prices are controlled.

The hugely controversial depletion allowance saves the oil industry more than $2 billion a year in federal taxes.

One day after Mr. Ford said at a news conference that he favored phasing out the depletion allowance, his press secretary, Ron Nessen, read reporters a statement that said:

"As long as the price of oil continues to be controlled, the President believes that elimination of the percentage depletion allowance on domestic oil production would be a mistake. The President thinks that oil should be sold on a free-market basis, and he thinks that many oil producers would be glad to trade the percentage depletion in order to achieve the important result of the free market for oil."

Later yesterday, however, Treasury Secretary William E. Simon told reporters at another news conference that, while the President would like to see oil prices decontrolled, there are no present plans to do so and "there is no economic justification" to do so at present.

Oil prices would increase sharply if decontrolled—and oil company profits would go up with them. Under present law the price of about three fifths of all domestic oil is being held at $5.25 a barrel. This is what the government calls "old oil"—essentially the oil that was being produced before controls were put in effect.

There are no controls on the other two-fifths, which includes "new oil" and oil from marginal wells. This oil is selling at the world price of $10 to $11 a barrel. The idea of leaving it uncontrolled was to encourage increased production.

If decontrolled, the old oil also would rise toward the world price. Among other things, that would add appreciably to inflation.

The oil controls legislation will expire in February unless Congress extends it.

The President issued yesterday's depletion statement, which Nessen called "a clarification," after an unknown number of calls Wednesday night from members of Congress from oil states. Asked whether there were "complaints," Nessen said with a smile: "Some people called up to find out what he actually said."

What Mr. Ford actually said at his Rose Garden news conference Wednesday, when asked directly, "Is it your view that the oil depletion allowance should be phased out?" was:

"The answer is yes."

Nessen at one point in yesterday's briefing called this answer "imprecise."

The depletion issue arose earlier this week when Mr. Ford announced his new economic program. Aides had said beforehand that he would propose some tax reductions for the poor, to compensate them for inflation.

What the President actually did was endorse a tax bill pending in the House Ways and Means Committee. That bill would, among many other things, provide some limited tax reductions for the poor. But to pay for them and other tax concessions without further unbalancing the budget, it would phase out the depletion allowance over the next three years.

On Wednesday, however, Secretary Simon said at Ways and Means that, while Mr. Ford had endorsed the bill in general, he still did not favor the phase-out of depletion. The administration has been supporting a temporary "windfall profits tax" as an alternative.

Simon's appearance at Ways and Means, in which he appeared to back off from the committee bill, prompted the question to the President at the news conference.

Congress has been arguing it for a year. Essentially, the argument has been whether to roll back prices, tax away some profits by such steps as phasing out the depletion allowance, or do nothing. Some have argued that letting prices rise is a means of rationing, in that it will presumably cut consumption.

The tax-writing Ways and Means Committee, after months of indecision, finally voted earlier this year for the three-year depletion phase-out.

A majority of House Democrats then demanded the right to vote on the floor on an amendment to wipe out the allowance altogether right away, and Chairman Wilbur D. Mills (D-Ark.), who opposed that step, simply declined to bring the bill to the floor.

While apparently not in favor of total decontrol of oil right now, the President did ask for partial decontrol as part of his economic program. He has also asked for the deregulation of natural gas prices.

MESSAGES FROM THE HOUSE

At 1:33 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3473) to authorize appropriations for the Department of State and the U.S. Information Agency, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker has affixed his signature to the enrolled bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a new Nuclear Regulatory Commission in order to promote more efficient management of such functions.

At 3:02 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the bill (H.R. 17027) to amend the National Visitor Center Facilities Act of 1968, in which it requests the concurrence of the Senate.

ENROLLED BILLS SIGNED

At 4 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

S. 605. An act to amend the Act of June 30, 1944, an Act "To provide for the establishment of the Harpers Ferry National Monument", and for other purposes;

S. 1769. An act to reduce losses of life and property, through better fire prevention and control, and for other purposes;

S. 2348. An act to amend the Canal Zone Code to transfer the functions of the Clerk of the United States District Court for the District of the Canal Zone with respect to the issuance and recording of marriage licenses, and related activities, to the civil affairs director of the Canal Zone Government, and for other purposes;

S. 3044. An act to impose overall limitations on campaign expenditures and political contributions; to provide that each candidate for Federal office shall designate a principal campaign committee; to provide for a single reporting responsibility with respect to receipts and expenditures by certain political committees; to change the times for the filing of reports regarding campaign expenditures and political contributions; to provide for public financing of Presidential nominating conventions and Presidential primary elections, and for other purposes.

S. 3698. An act to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in or disapprove international agreements for cooperation in regard to certain nuclear technology;

H.R. 11221. An act to increase deposit insurance from $20,000 to $40,000, to provide full insurance for public unit deposits of $100,000 per account, to establish a National Commission on Electronic Fund Transfers, and for other purposes;

H.R. 15427. An act to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. ALLEN) laid before the Senate the following letters, which were referred as indicated:

REPORT OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

A letter from the Administrator of the National Aeronautics and Space Administration transmitting, pursuant to law, a report on plans to use in the fiscal year 1975 in the lunar and planetary exploration program funds appropriated pursuant to the National Aeronautics and Space Administration Authorization Act of 1974 (with an accompanying report). Referred to the Committee on Aeronautical and Space Sciences.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HRUSKA, from the Committee on the Judiciary, with amendments:

H.R. 5463. An act to establish rules of evidence for certain courts and proceedings (Rept. No. 93–1277).

By Mr. INOUYE, from the Committee on Commerce, with an amendment:

S. 3173. A bill to amend the Intercoastal Shipping Act, 1933 (Rept. No. 93–1278).

By Mr. MAGNUSON, from the Committee on Commerce, with amendment:

H.R. 15540. An act to extend for 1 year the authorization for appropriations to implement title I of the Marine Protection, Research, and Sanctuaries Act of 1972 (Rept. No. 93–1279).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

Mr. RANDOLPH. Mr. President, as in executive session, I report favorably from the Committee on Labor and Public Welfare sundry nominations in the Public Health Service which have previously appeared in the CONGRESSIONAL RECORD and to save the expense of printing them on the executive calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the CONGRESSIONAL RECORD of September 23, 1974, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. KENNEDY:

S. 4131. A bill to supplement the antitrust laws and promote a more balanced, efficient and progressive system of ground transportation by prohibiting interlocking control by automobile manufacturers of rival transport equipment industries, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. BEALL:

S. 4132. A bill to amend section 403 of the Congressional Budget Act of 1974 to require cost estimates of proposed legislation covering a 5-year period and to include costs to be incurred by nongovernmental entities. Referred to the Committee on Government Operations.

By Mr. BENNETT:

S. 4133. A bill for the relief of Kenji Okuma. Referred to the Committee on the Judiciary.

By Mr. SCHWEIKER (for himself and Mr. HUGH SCOTT):

S. 4134. A bill to amend the Internal Revenue Code of 1954 to provide that an individual who suffers a casualty loss as a result of a major disaster may disregard the amount of any grant or cancellation of loan under a State disaster assistance program for purposes of determining the amount of that individual's casualty loss deduction and of determining his gross income. Referred to the Committee on Finance.

By Mr. MUSKIE (for himself, Mr. BROCK, Mr. CHILES, and Mr. METCALF):

S. 4135. A bill to amend the Intergovernmental Personnel Act of 1970 to provide more effective means to improve personnel administration in State and local governments; to correct certain inequities in the law; and to extend coverage under the law to Indian tribes and the Trust Territory of the Pacific Islands. Referred to the Committee on Government Operations.

By Mr. HUMPHREY:

S. 4136. A bill to amend the Internal Revenue Code of 1954 to provide tax relief to low and middle income taxpayers and to increase revenues from other tax sources. Referred to the Committee on Finance.

By Mr. HANSEN:

S. 4137. A bill to amend Part B of Title XI of the Social Security Act, Professional Standards Reviews, to provide for the review of dental services by dentists. Referred to the Committee on Finance.

By Mr. BEALL (for himself, Mr. BIBLE, Mr. BROCK, Mr. BROOKE, Mr. DOMENICI, Mr. DOMINICK, Mr. EAGLETON, Mr. FONG, Mr. HANSEN, Mr. JAVITS, Mr. MOSS, Mr. PERCY, Mr. SCHWEIKER, Mr. TAFT, and Mr. WILLIAMS):

S. 4138. A bill to amend the Older Americans Act of 1965 to extend the time for the submission of certain studies and recommendations to the Congress. Referred to the Committee on Labor and Public Welfare.

By Mr. CRANSTON (for himself, Mr. HARTKE, Mr. MATHIAS, Mr. BAYH, Mr. CLARK, Mr. CASE, Mr. WILLIAMS, and Mr. JAVITS):

S. 4139. A bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months. Referred to the Committee on Veterans' Affairs.

By Mr. HUMPHREY:

S. 4140. A bill to establish a Task Force on Petrodollars, and for other purposes. Referred to the Committee on Government Operations.

By Mr. HANSEN (for Mr. FANNIN, Mr. MCCLURE, Mr. THURMOND, Mr. GURNEY, and Mr. CURTIS):

S.J. Res. 252. A joint resolution to limit expenditures of the United States Government during the fiscal year ending June 30, 1975. Referred to the Committee on Finance.

By Mr. HART (for Mr. MAGNUSON):

S.J. Res. 253. A joint resolution to establish a National Commission to study and report on the Impact of the Independent Regulatory Agencies upon Commerce. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. KENNEDY:

S. 4131. A bill to supplement the antitrust laws and promote a more balanced, efficient, and progressive system of ground transportation by prohibiting interlocking control by automobile manufacturers of rival transport equipment industries, and for other purposes. Referred to the Committee on the Judiciary.

GROUND TRANSPORT REORGANIZATION ACT

(Mr. KENNEDY's remarks on the Ground Transport Reorganization Act are printed earlier in today's RECORD.)

By Mr. BEALL:

S. 4132. A bill to amend section 403 of the Congressional Budget Act of 1974 to require cost estimates of proposed legislation covering a 5-year period and to include costs to be incurred by nongovernmental entities. Referred to the Committee on Government Operations.

(Mr. BEALL's remarks on the introduction of the above bill are printed earlier in today's RECORD.)

By Mr. SCHWEIKER (for himself and Mr. HUGH SCOTT):

S. 4134. A bill to amend the Internal Revenue Code of 1954 to provide that an individual who suffers a casualty loss as a result of a major disaster may disregard the amount of any grant or cancellation of loan under a State disaster assistance program for purposes of determining the amount of that individual's casualty loss deduction and of determining his gross income. Referred to the Committee on Finance.

TREATMENT OF STATE DISASTER ASSISTANCE PAYMENTS

Mr. SCHWEIKER. Mr. President, on behalf of the senior Senator from Pennsylvania (Mr. HUGH SCOTT) and myself, I send to the desk a bill to amend the Internal Revenue Code to eliminate Federal taxation of State disaster assistance grants.

Senator SCOTT and I have jointly introduced a number of disaster relief measures. The devastation caused by Hurricane Agnes in Pennsylvania in 1972 demonstrated the glaring inadequacy of much of our disaster relief machinery. Fortunately, some of the previous shortcomings in this area have now been corrected, and the increased availability of flood insurance, plus greater coordination between various Federal relief agencies, should alleviate future catastrophies.

But much remains to be done. The bill we introduce today would insure that Federal taxing authorities do not take away relief granted to disaster victims by State governments. At present, many Pennsylvania disaster victims have had their hopes for recovery raised by the action of the Pennsylvania Legislature in approving Act 13 disaster relief grants—only to have these hopes dashed by receiving a Federal tax bill that eats up much of the State grant.

Our bill will eliminate this Federal taxation of State disaster relief grants. It applies retroactively, to tax years beginning after December 31, 1971, so the victims of Hurricane Agnes are covered. And I am sure my colleagues recognize that in the period since December 31, 1971, dozens of our States have been crippled by natural disasters—so this legislation is vitally needed, not only for Pennsylvania, but for disaster victims throughout the United States.

In conclusion, let me emphasize the basic irrationality of taxing State disaster relief assistance. The State relief payments come from State taxpayers—or from Federal funds collected from taxpayers across the Nation. To reduce these relief payments for the purpose of increasing tax revenues simply does not make sense—and it leaves disaster victims with a strong taste of cynical disillusionment about their Government's commitment to meaningful relief efforts.

I ask unanimous consent that the full text of this bill be reprinted at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 4134

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 124 as 125, and by inserting after section 123 the following new section:

"Sec. 124. Certain State Disaster Assistance.

"Gross income does not include amounts furnished by a State to an individual by way of grant, loan cancellation, or otherwise as financial assistance on account of losses suffered by that individual in connection with a disaster occurring in an area subsequently determined by the President to warrant assistance by the Federal Government under the Disaster Relief Act of 1970.".

(b) Section 165(h) of such Code (relating to losses) is amended by adding at the end thereof the following: "For purposes of determining the amount deductible under this section in connection with a loss attributable to such a disaster, amounts received by an individual which are excludible from gross income under the provisions of section 124 shall not be taken into account as compensation for such loss under the provisions of subsection (a) of this setcion.".

(c) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 124. Certain State disaster assistance.
"Sec. 125. Cross references to other Acts.".

Sec. 2. The amendments made by the first section of this Act apply to taxable years beginning after December 31, 1971.

Mr. HUGH SCOTT. Mr. President, I am delighted to sponsor this important legislation with Senator Schweiker.

The bill would amend a portion of the Internal Revenue Code so an individual who suffers a casualty loss from a major disaster may be entitled to additional relief. Specifically, it would allow an individual, for Federal tax purposes, to disregard the amount of any grant or cancellation of a loan under a State disaster assistance program for purposes of determining the amount of the individual's casualty loss deduction and his gross income for the year.

Hurricane Agnes caused a tremendous amount of damage in Pennsylvania in 1972. Because of the way the law is now interpreted, those victims of Agnes who received State aid via direct grant or forgiveness of a loan from the State were taxed on the proceeds. In a time of disaster, loans and grants are given by a State so people can continue to live and rebuild their shattered lives. To tax these lifesaving funds is wrong.

Although many of my colleagues come from States which have not recently been visited by disasters like Hurricane Agnes, they should be no less interested in supporting this bill. As we know, when a catastrophe occurs, every bit of aid, whether State or Federal, is needed to encourage rebirth of devastated communities.

I ask my fellow Senators to join with Senator Schweiker and me in sponsoring this terribly vital legislation.

By Mr. MUSKIE (for himself, Mr. Brock, Mr. Chiles, and Mr. Metcalf):

S. 4135. A bill to amend the Intergovernmental Personnel Act of 1970 to provide more effective means to improve personnel administration in State and local governments; to correct certain inequities in the law; and to extend coverage under the law to Indian tribes and the Trust Territory of the Pacific Islands. Referred to the Committee on Government Operations.

INTERGOVERNMENTAL PERSONNEL ACT AMENDMENTS OF 1974

Mr. MUSKIE. Mr. President, on behalf of myself and Senators Brock, Chiles, Metcalf I introduce, for appropriate reference, a bill to amend the Intergovernmental Personnel Act of 1970 to provide more effective means to improve personnel administration in State and local governments; to correct certain inequities in the law; and to extend coverage under the law to Indian tribes and the Trust Territory of the Pacific Islands.

The Intergovernmental Personnel Act is an example of a relatively small, highly popular program which has achieved important results in 4 years at a modest cost to the Federal Government. It has four basic features, all aimed at strengthening personnel management and training in State and local government:

First. Federal grants of up to 75 percent to State and local governments to cover the costs of programs designed to upgrade and improve personnel systems;

Second. Federal grants of up to 75 percent for State and local personnel training programs;

Third. A Government service fellowship program; and

Fourth. Authorization for Federal, State, and local employees, as well as university representatives, to accept temporary positions in another level of government under intergovernmental personnel mobility assignments.

Since the IPA program became fully operational in 1971, it has provided more than $36 million of Federal funds in 650 grants to State and local chief executives to help strengthen personnel management and to train employees. Including matching contributions, this has amounted to an overall Federal-State-local effort of about $50 million.

Since 1971, more than 1,400 persons in the Federal, State, and local governments and universities have accepted intergovernmental mobility assignments. Eighteen intergovernmental job information centers now operate throughout the country offering single-source information for State, county, municipal, and Federal jobs. And, more than 35,000 State and local employees have attended training workshops sponsored under the IPA by the U.S. Civil Service Commission.

Mr. President, the amendments I offer today have been suggested by the U.S. Civil Service Commission and do not represent a major substantive change in the basic thrust of the Intergovernmental Personnel Act. They are designed primarily to build on the momentum and experience gained during the act's formative years. They would permit the Federal Government to continue making technical assistance grants of up to 75 percent for 3 more years, until July 1, 1978. They would make Indian tribal governments and the Pacific Trust Territory eligible to participate in the act for the first time. Finally, they would clarify and amend certain adjustments relating to the intergovernmental mobility assignment features of the act.

I ask unanimous consent that the text of the legislation, a statement of its purposes and justification, and a letter from the Chairman of the Civil Service Commission to the President of the Senate be included in the Record at this point.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 4135

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That the Intergovernmental Personnel Act of 1970 (84 Stat. 1909–1929) is ammended as follows:

(1) Section 202(a), section 203(a), section 303(a), and section 304(a), relating to grants to State and local governments and other organizations, are amended by striking out

"after the expiration of three years following the effective date of the grant provisions of this Act," and substituting therefor "on July 1, 1978."

(2) Section 305, relating to Government Service Fellowships, is amended—

(1) by striking out from paragraph (2) of subsection (a) "one-fourth", and inserting "75 per centum" in place thereof;

(2) by renumbering paragraph (3) of subsection (c) as paragraph (4) and deleting therefrom the words "and continuation";

(3) by striking the word "and" at the end of paragraph (2) of subsection (c); and

(4) by inserting in subparagraph (c) a new paragraph (c) as follows:

"(3) require, as a condition for the award of such fellowships, that the recipients enter into a written agreement, enforceable by the government concerned, to serve with such jurisdiction upon the completion of the fellowship, for a period equal to the length of the fellowship. Such agreement shall provide that in the event the recipient fails (except for good and sufficient reason, as determined by the jurisdiction concerned) to carry out such agreement, he shall be liable for payment of all expenses (excluding salary) of such fellowship. Any amount for which a recipient becomes liable shall be paid to the jurisdiction concerned within the three-year period beginning on the date he becomes so liable; and shall be available for use by such jurisdiction for advanced education of its employees; and"

(3) Section 502, relating to the definitions of eligible jurisdictions, is amended—

(1) by inserting in paragraph (c) "the Trust Territory of the Pacific Islands," immediately before "and a territory or possession of the United,"

(2) by striking out "and" after paragraph (3);

(3) by striking out the period and inserting "; and" after paragraph (4); and

(4) by adding the following: "(5) Notwithstanding the population requirements of sections 203(a) and 303(c) of this Act a 'local government' and a 'general local government' also mean the recognized governing body of an Indian tribe, band, pueblo, or other organized group or community, including any Alaska native village, as defined in the Alaska Native Claims Settlement Act (85 Stat. 688), which performs substantial governmental functions. The requirements of sections 203(c) and 303(d) of this Act, relating to reviews by the Governor of a State, do not apply to grant applications from the governing body of an Indian tribe, although nothing in this Act is intended to discourage or prohibit voluntary communication and cooperation between Indian tribes and State and local governments."

(4) Section 506, relating to the distribution of grants, is amended—

(1) by striking out of section 506(b)(5) "and the District of Columbia." and by inserting in place thereof: ", the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, and the Virgin Islands.";

(2) by adding the following subsection: "(d) This section does not apply to funds specifically appropriated to carry out the purposes of section 305 of this Act."

Sec. 2. Title 5, United States Code, is amended as follows:

(1) Section 3371, relating to definitions of eligible jurisdictions for the purpose of intergovernmental mobility assignments, is amended—

(1) by inserting the "Trust Territory of the Pacific Islands" after "Puerto Rico," in paragraph (1);

(2) by amending paragraph (2) by striking out "and" after subparagraph (A), by inserting "; and" in place of the period after subparagraph (B), and by adding the following: "(C) the recognized governing body of an Indian tribe, band, pueblo, or other organized group or community, including any Alaska native village, as defined in the Alaska Native Claims Settlement Act (85 Stat. 688); which performs substantial governmental functions."

(2) Section 3373, relating to the assignment of Federal employees to State and local governments, is amended by adding the following at the end thereof: "(e) Notwithstanding the provisions of sections 203 and 205 of title 18, an employee of an executive agency assigned under this subchapter to a State or local government, or institution of higher education may act as an agent or attorney on behalf of that State or local government, or institution of higher education before any other agency, other than his employing agency or an agency with which he was employed during the one year period previous to his assignment under this subchapter, in connection with a proceeding, application, contract, claim, or controversy in which the United States is a party or has a direct and substantial interest."

(3) Section 3374, relating to assignments of employees from State or local governments, is amended—

(1) by striking out the period at the end of paragraph (3) of subsection (b), inserting ";and" in place of the period, and by adding the following: "(4) However, the above exceptions shall not apply to employees who are subject to coverage under chapters 83, 87, and 89 of this title by virtue of employment immediately prior to assignment and appointment under this section."

(2) by striking out the semi-colon at the end of paragraph (1) of subsection (c), and by adding the following: "except to the extent that the compensation received from the State or local government is less than the appropriate rate of pay which the duties would warrant under the provisions of chapter 51 and subchapter III of chapter 53 of this title, or other applicable authority;" and

(3) by striking out the period at the end of subsection (c) and adding the following: ", or for the employer's contributions, or a part thereof, to employee benefit systems."

(4) Section 3375(a), relating to the travel expenses of a Federal, State, or local government employee while on a mobility assignment is amended by striking out "and" after paragraph (4); renumbering paragraph (5) as paragraph "(6)"; and inserting the following: "(5) Section 572a(b) of this title for miscellaneous expenses related to change of station where movement or storage of household goods is involved; and"

Sec. 3. The amendments made by this Act shall take effect after the 90th day following its enactment or any earlier date following the date of enactment that the Commission may prescribe.

Statement of Purpose and Justification of a Draft Bill To Amend the Intergovernmental Personnel Act of 1970

PURPOSE

To provide more effective means to improve personnel administration in State and local governments; to correct certain inequities in the law; and to extend coverage under the law to the Trust Territory of the Pacific Islands, Indian Tribes, and Alaskan native villages.

JUSTIFICATION

Section 202(a), 203(a), 303(a) and 304(a) of the Intergovernmental Personnel Act of 1970 provide that grants may be made for up to 75 percent of the costs of programs and projects for strengthening personnel administration in State and local governments and for training State and local government employees. Under the current law, the Federal share will be reduced to 50 percent on July 1, 1975. We recommend the continuation for three more years, to July 1, 1978, of the present authority to fund up to 75 percent of the costs of grant-aided programs and projects. This will provide further demonstration of the value of these programs to State and local governments.

The proposed amendments would authorize grants to State and local governments for up to 75 percent of the salary of recipients of Government Service Fellowships for State and local personnel. Currently, these grants may cover reimbursement to State and local governments not to exceed one-fourth (25 percent) of the salary of each fellow during the period of the fellowship. We recommend raising this level to 75 percent. As further incentive to intergovernmental education and to provide maximum administrative flexibility for such programs, the amendments would exempt funds specifically appropriated for Government Service Fellowship grants from allocation requirements and would create a separate authorization for such funds. In addition, the amendments would establish an obligated service requirement for recipients of Government Service Fellowship grants. This provision would assure State and local governments of a return on investment in these grants through benefiting from the service of grant recipients.

The Government Service Fellowship feature of the IPA has been used very little by State and local governments, primarily because it is a financial burden which State and local governments are unable or unwilling to absorb. The Advisory Council on Intergovernmental Personnel Policy, in its January 1973 report to the President and the Congress, recommended that the Federal portion of the funding for salary costs of Government Service Fellowships be increased to 75 percent. The Advisory Council also noted that "at no time, however, should the Federal Government assume the full cost of the program."

Next, the proposed amendments provide for several technical changes in the intergovernmental mobility provisions of the IPA. These amendments will provide greater flexibility to Federal, State and local agencies and help to assure fairness and equity for mobility assignees.

The Intergovernmental Personnel Act (5 U.S.C. 3371–3376) does not exempt Federal employees from Federal conflict of interest statutes (18 U.S.C. 203 and 205) while they are on mobility assignments. This has been a problem in some cases. At issue is the possible conflict of interest in cases where the Federal employee would act on behalf of a State or local government in representations before a Federal agency. Currently, conflict of interest statutes prohibit an employee from acting as an agent or attorney or in a representational capacity on behalf of a State or local government or an institution of higher education before any Federal agency.

We believe a conflict of interest does exist if the Federal assignee represents a State or local government in matters pending before his employing agency. However, we believe a conflict of interest does not exist if the Federal assignee represents the State or local government in matters pending before an agency *other than his employing agency*. We have proposed an amendment to the IPA which would allow a Federal mobility assignee to act on behalf of the organization to which assigned on matters pending before any Federal agency, other than his own agency in which he was employed during the preceding year.

To prohibit the temporary assignment of a Federal employee to a position involving representational duties would be an unfortunate and unnecessary limitation on the intergovernmental mobility program. It is in such a position that the Federal employee can probably make the greatest contributions in terms of improved public services and better intergovernmental cooperation. In addition, a mobility assignment to such a position would be an invaluable experience to the Federal employee, his employing agency, and the State or local jurisdiction. It would provide knowledge and insights into the complexities of intergovernmental relations which cannot be duplicated in any other setting.

We have also recommended amendment of 5 U.S.C. 3374(b) to prevent the potential loss of Federal employee benefits (e.g., retirement, health insurance, etc.) in the rare case where such benefits apply to non-Federal employment, by certain employees (Cooperative Extension Service employees in the States and employees of the District of Columbia) while they are on mobility assignments to Federal positions. Under current law these benefits would be lost, since Federal benefits do not apply to employees on mobility assignment, under temporary appointment to Federal agencies.

We have proposed a change in 5 U.S.C. 3374(C)(1) to permit agencies to supplement the pay of some State and local government employees assigned to Federal positions, to bring this pay in line with Federal compensation for work of equal responsibility. State and local employees may be assigned to Federal agencies on a leave without pay basis (LWOP) or on detail from their jurisdiction. In some jurisdictions, LWOP jeopardizes tenure and other employee rights, and only the detail process is feasible. Detailed employees continue to receive their salaries, however, directly from their jurisdiction. These salaries are usually different from the salaries received by assignees on LWOP, who receive Federal appointments and are paid according to Federal pay schedules. This proposed change would permit State and local employees doing work of equal responsibility on mobility assignments to be paid the same, irrespective of employment practices in their jurisdiction.

We are also proposing an amendment to permit Federal agencies to reimburse State and local governments for costs of fringe benefits (e.g., health and life insurance, retirement, etc.) of employees on temporary details to Federal agencies. Executive agencies are authorized to pay such costs for State and local employees receiving temporary appointments to Federal positions, but not for State and local employees on detail. This restriction has reduced a mobility assignment's attractiveness to a State or local government or institution of higher education. It has been the deciding factor in whether or not a State or local government or university will permit an employee to accept a mobility assignment.

An additional amendment would permit the payment of miscellaneous expenses related to a geographic move for the purpose of a mobility assignment. These payments would be in line with expenses now paid by the Federal government in connection with permanent changes in duty stations. It would not extend reimbursement for real estate fees. The incidental expenses, now provided in regulations on permanent changes of station, cover such costs as automobile registrations, drivers' licenses, and similar miscellaneous expenses. An employee who accepts an extended temporary assignment which involves obtaining a place of residence incurs these expenses. In fairness, he or she should be able to claim them.

The Intergovernmental Personnel Act does not provide for participation in any way by Indian tribes and the Trust Territory of the Pacific Islands. Full coverage under the IPA is recommended to provide comparable benefits that are now available only to State and local governments, and territories and possessions of the United States. By comparable benefits, we mean the opportunity for these governments to fully participate in IPA grants, technical assistance, training and intergovernmental mobility. Such participation would enable these jurisdictions to improve their personnel resources and strengthen their systems of personnel administration.

IPA grants could be used by Indian tribes and the Trust Territory of the Pacific Islands to establish or improve personnel management systems, and to train and develop employees to better plan and manage their own programs. As increasing amounts of Federal "no-strings" resources are provided to Indian tribes, effective and modern management by Indian tribes becomes even more important. Because of their special needs, Indian tribes would be excepted from the population requirements for IPA grants, and from State review of grant applications.

Through use of the intergovernmental mobility provisions of the IPA, Indian tribes and the Trust Territory would be able to capitalize on the talents of experienced Federal employees through temporary assignments of personnel between Federal agencies and such jurisdictions. The expertise of Federal employees could be applied directly to a wide variety of problem areas (e.g., health, welfare, housing, law enforcement, economic development, etc.). Similarly, Federal agencies which serve these entities would be able to obtain the temporary services of Indian tribe and Trust Territory employees to improve the delivery and effectiveness of Federal assistance.

Finally, we propose amendment of the IPA to include the Commonwealth of Puerto Rico, Guam, American Samoa, and the Virgin Islands in the allocation of formula grant funds (80 percent of grant appropriations). Section 506(b)(5) of the IPA defines "State" for the purpose of allocating formula grant funds as "the several States of the United States and the District of Columbia." As a result, awards to the territories and possessions of the United States in FY 1972 (about $300,000) and FY 1973 (about $330,000) came from the allocation of discretionary grant funds (20 percent of the grants appropriations). The net effect has been to limit the opportunity to fund additional worthy State and local government projects. In addition, if grants are to be made to the Trust Territory of the Pacific Islands and Indian tribes as we have proposed, we will need to provide some funds for these governments from the allocation of discretionary grant funds.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 26, 1974.

Hon. GERALD R. FORD,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: The Commission is submitting for the consideration of the Congress proposed legislation "To amend the Intergovernmental Personnel Act of 1970 to provide more effective means to improve personnel administration in State and local governments; to correct certain inequities in the law; and to extend coverage under the law to Indian tribes and the Trust Territory of the Pacific Islands." There are enclosed: (1) a draft bill; (2) a section analysis of the proposed bill; and (3) a statement of purpose and justification.

The proposed bill would continue for three more years, to July 1, 1978, the Commission's authority to make grants for up to 75 percent of the costs of programs and projects to improve personnel administration in State and local governments. Under the current law, the Federal share will be reduced to 50 percent on July 1, 1975.

Also, this bill would authorize reimbursements to State and local governments and Indian tribes for up to 75 percent of the salary of a recipient of a Government Service Fellowship. Currently, such reimbursements may not exceed 25 percent of the recipient's salary. This feature of the IPA has been used very little, primarily because it is a financial burden which State and local governments are reluctant to absorb. Increasing the Federal share to 75 percent was recommended by the Advisory Council on Intergovernmental Personnel Policy in its January 1973 report to the President and the Congress.

The legislative proposal also includes several amendments to the IPA mobility provisions. These amendments, for the purpose of providing greater flexibility and assuring fairness and equity, are discussed in the four paragraphs which follow.

The IPA does not exempt Federal employees from Federal conflict of interest statutes while they are on mobility assignments. This has become a real problem in some cases. At issue is the possible conflict of interest in cases where the Federal employee would act on behalf of a State or local government in representations before a Federal agency. To prohibit such assignments would be an unfortunate and unnecessary limitation on the intergovernmental mobility program. It is in such positions that a Federal employee can probably make the greatest contribution to improved public services and better intergovernmental relations. Therefore, the IPA should be amended to permit a Federal mobility assignee to act on behalf of the organization to which assigned on matters pending before a Federal agency, other than his employing agency.

State employees in Cooperative Extension work and employees of the District of Columbia are entitled to Federal employee benefits (e.g., retirement, health insurance, etc.) even though they are not Federal employees. However, if they are temporarily appointed to Federal service on mobility assignments, they forfeit those benefits while so serving. The legislative proposal prevents forfeiture in such cases.

Another proposed amendment to the mobility provisions would permit agencies to supplement the pay of some State and local government employees assigned to Federal positions, to bring this pay in line with Federal compensation for work of equal responsibility. State and local employees may be assigned to Federal agencies on a leave without pay basis (LWOP) or on detail from their jurisdiction. In some jurisdictions, LWOP jeopardizes tenure and other employee rights, and only the detail process is feasible. Detailed employees continue to receive their salaries, however, directly from their jurisdiction. These salaries are usually different from the salaries received by assignees on LWOP, who receive Federal appointments and are paid according to Federal pay schedules. This proposed change would permit State and local employees doing work of equal responsibilty on mobility assignments to be paid the same, irrespective of employment practices in their jurisdictions.

Another problem is that Executive agencies may not make reimbursements to State and local governments covering the various fringe benefits (e.g., retirement and life and health insurance benefits) for State and local employees detailed to Federal agencies. This limitation reduces the attractiveness of a mobility assignment. It can be the deciding factor in whether or not a State or local government or university will permit an employee to accept a mobility assignment. We are proposing that Federal agencies be given the flexibility to reimburse State and local governments for those costs. Under the current law, Federal agencies can make such reimbursements for State and local employees who accept temporary appointments to a Federal position, but not for employees who are on detail.

The legislative proposal would exempt from the formula grant appropriation, funds specifically appropriated for Government Service Fellowships. It would also establish an obligated service requirement for Government Service Fellowship recipients. It would

also include the Commonwealth of Puerto Rico, Guam, American Samoa, and the Virgin Islands in the allocation of formula grant funds (80 percent of the appropriated grant funds). The current law defines "States" for the purpose of allocating formula grant funds as "the several States of the United States and the District of Columbia." As a result, awards to Puerto Rico, Guam, and American Samoa and the Virgin Islands have come from the 20 percent (discretionary) allocation of grant funds. The net effect has been to limit the opportunity to fund additional worthy State and local government projects that may have had a substantial impact on improved personnel administration. In addition, we will need to provide for grants to Indian tribes and the Trust Territory of the Pacific Islands from the 20 percent allocation of discretionary grant funds should they become eligible recipients under the IPA as we have proposed.

Financially, the proposed bill would provide, for the first time, full coverage under the Intergovernmental Personnel Act to Indian tribes and the Trust Territory of the Pacific Islands. These governmental entities would have the opportunity to obtain benefits which are now only available to State and local governments and the territories and possessions of the United States. These benefits include: grants-in-aid to strenghten personnel management systems and to train employes; direct participation in Federal training programs; comprehensive technical assistance to strengthen personnel systems; and participation in intergovernmental mobility assignments.

IPA assistance could be used by Indian tribes and the Trust Territory to improve their ability to plan and manage programs for economic, educational and social development.

The Office of Management and Budget advises that there would be no objection from the standpoint of the Administration's program to the submission of this proposal.

A similar letter is being sent to the Speaker of the House.

By Direction of the Commission:

Sincerely yours,

Robert E. Hampton,
Chairman.

By Mr. HUMPHREY:

S. 4136. A bill to amend the Internal Revenue Code of 1954 to provide tax relief to low- and middle-income taxpayers and to increase revenues from other tax sources. Referred to the Committee on Finance.

(Mr. HUMPHREY'S remarks on the introduction of the Tax Equity Act of 1974 are printed later in today's Record.)

By Mr. HANSEN:

S. 4137. A bill to amend part B of title XI of the Social Security Act, Professional Standards Review, to provide for the review of dental services by dentists. Referred to the Committee on Finance.

Mr. HANSEN. Mr. President, the American Dental Association have a rightful interest in the Professional Standards Review Organizations procedures under terms of the Social Security Act.

Because of that interest and concern, I am introducing legislation today addressed to that problem.

Representatives of the American Dental Association testified before the Senate Finance Committee that while the law establishing Professional Standards Review Organizations applies to "health care services for which payment may be made, in whole or in part" under the Social Security Act, it excludes members of the dental profession from any meaningful participation in the program.

The concern of the association is serious and substantive since a significant number of its members are providing several hundreds of millions of dollars in dental services under title V, XIX, and XVIII.

With respect to institutional services, inpatient hospital admissions for dental care are well over a million per year.

Additionally, as my colleagues know, the law contemplates and permits expansion of PSROs to ambulatory services which eventually will involve all of the Nation's 100,000 practicing dentists in the PSRO program.

The direct effect upon the dental profession would increase manifold if any of the major pending national health insurance bills should be enacted since all of them have a tie-in with the PSRO provisions of title XI.

It does not seem reasonable or sensible that the dental profession should be subjected to this highly complicated and exacting "peer" review system without having any representation in its development, operation, and adjudicatory functions.

The report of the Senate Finance Committee on the original PSRO bill clearly indicates an intent that only dentists should review the work of dentists, but unfortunately this was not carried over into the language of the law.

In order to remedy this problem, the ADA has proposed a suggested amendment which would provide: First, that in order to be approved a PSRO would be required to have a formal arrangement with dentists in a given area that is coextensive in all respects with the requirements relating to medical services; second, that dentists be appointed to the statewide councils and the national council; and third, that dentists be included in the limitation of liability section of the law.

Mr. President, I am introducing the proposed amendment because it is essential if dentists are to be required to meet the requirements of the law.

The American Dental Association's 115th annual session will be held here in Washington during the week of November 10–13, at which more than 20,000 dentists and their families will be in attendance.

I am pleased to introduced this proposed amendment to PSRO language to provide for the review of dental services by dentists and I urge its timely consideration.

By Mr. BEALL (for himself, Mr. Bible, Mr. Brock, Mr. Brooke, Mr. Domenici, Mr. Dominick, Mr. Eagleton, Mr. Fong, Mr. Hansen, Mr. Javits, Mr. Moss, Mr. Percy, Mr. Schweiker, Mr. Taft, and Mr. Williams):

S. 4138. A bill to amend the Older Americans Act of 1965 to extend the time for the submission of certain studies and recommendations to the Congress. Referred to the Committee on Labor and Public Welfare.

Mr. BEALL. Mr. President, I am sending to the desk legislation that would amend the Older Americans Act of 1965 to extend the time for the submission of certain studies and recommendations of the Federal Council on the Aging to the Congress.

In Public Law 93–29 which was signed into law on May 3, 1973, the 15 member Federal Council on the Aging was established to advise the President, the Congress, the Secretary of Health, Education, and Welfare, and the Commissioner on Aging on matters relating to or affecting the well-being of our Nation's senior citizens. In addition to its general oversight responsibilities, the Federal Council on the Aging was mandated by the law to conduct a series of special studies which are to be submitted to the President and/or Congress within a specific time span.

Two of these studies were to be completed "no later than 18 months after enactment of this act." However, the nominees for the Federal Council on the Aging were not submitted to the Senate until March 27, 1974. Senate confirmation occurred on June 5 and the Council members were sworn in on June 25. The first meeting of the Council occurred in August and they have been confronted by a number of matters that have required their immediate attention. Thus it will not be possible for them to complete the studies on the interrelationship of benefit programs for the elderly and the impact of taxes on the elderly by November 3, 1974.

Mr. President, the legislation I am sending to the desk would amend section 205(g) and 205(h) to extend the due date for these reports from November 3, 1974, to December 1, 1975.

Mr. President, I am delighted to be joined in cosponsoring this legislation by my distinguished colleagues Senators Bible, Brock, Brooke, Domenici, Dominick, Eagleton, Fong, Hansen, Javits, Moss, Percy, Schweiker, Taft, and Williams.

Mr. President, I ask unanimous consent that section 205(g) and section 205(h) of Public Law 93–29, the text of S. 4138, and the letter from Secretary Weinberger transmitting this proposed legislation to the Congress be printed in the Record at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the Record, as follows:

"(g) The Council shall undertake a study of the interrelationships of benefit programs for the elderly operated by Federal, State, and local government agencies. Following the completion of this study, but no later than eighteen months after enactment of this Act, the President shall submit to Congress recommendations for bringing about greater uniformity of eligibility standards, and for eliminating the negative impact that one program's standards may have on another.

"(h) The Council shall undertake a study of the combined impact of all taxes on the elderly—including but not limited to income, property, sales, social security taxes. Upon

completion of this study, but no later than eighteen months after enactment of this Act, the President shall submit to Congress and to the Governor and legislatures of the States, the results thereof and such recommendations as he deems necessary.

Department of Health, Education,
and Welfare,
Washington, D.C., October 9, 1974.

Hon. Carl Albert,
Speaker of the House of Representatives,
Washington, D.C.

Dear Mr. Speaker: Enclosed for the consideration of the Congress is a draft bill, "To amend the Older Americans Act of 1965 to extend the time for the submission of certain studies and recommendations to the Congress".

Section 205(g) of the Older Americans Act of 1965 directs the Federal Council on the Aging to undertake a study of the interrelationships of Federal, State, and local benefit programs for the elderly. The President is directed to submit recommendations for bringing about greater uniformity of eligibility standards and eliminating the negative impact one program's standards may have on another by November 3, 1974. Section 205(h) of that Act directs the Council to study the combined impact of Federal, State, and local taxes on the elderly. The President is directed to submit the results of the study to the Congress and the States by November 3, 1974, with such recommendations as he deems necessary.

It has now become apparent that the Council cannot complete these two studies until the latter part of 1975. The draft bill would therefore extend until December 1, 1975, the deadline for submission by the President of the results of the tax study and his recommendations based on the two studies.

I urge that the bill receive speedy and favorable consideration.

We are advised by the Office of Management and Budget that there is no objection to the submission of this legislation from the standpoint of the Administration's program.

Sincerely,
Caspar W. Weinberger,
Secretary.

A bill to amend the Older Americans Act of 1965 to extend the time for the submission of certain studies and recommendations to the Congress

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsections (g) and (h) of section 205 of the Older Americans Act of 1965 are each amended by striking out "eighteen months after enactment of this Act" and inserting "December 1, 1975" in lieu thereof.

S. 4138

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsections (g) and (h) of section 205 of the Older Americans Act of 1965 are each amended by striking out "eighteen months after enactment of this Act" and inserting "December 1, 1975" in lieu thereof.

By Mr. CRANSTON (for himself, Mr. Hartke, Mr. Mathias, Mr. Bayh, Mr. Clark, Mr. Case, Mr. Williams, and Mr. Javits):

S. 4139. A bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months. Referred to the Committee on Veterans' Affairs.

S. 4139: UNRESTRICTED 9 ADDITIONAL MONTHS OF GI BILL ELIGIBILITY

Mr. CRANSTON. Mr. President, I am introducing today, on behalf of myself, the distinguished chairman of the Senate Veterans' Affairs Committee (Mr. Hartke), my colleague from Maryland (Mr. Mathias), Mr. Bayh, Mr. Clark, Mr. Case, Mr. Williams, and Mr. Javits, for appropriate reference, a bill to extend the basic eligibility for GI bill educational assistance under chapter 34, of title 38, United States Code, from 36 to 45 months.

BACKGROUND

Mr. President, during the Senate Veterans' Affairs Committee's consideration of S. 2784, the Vietnam Era Veterans Readjustment Assistance Act of 1974 last June, I proposed an amendment to increase the total GI bill entitlement period by 9 months, from the present 36-month period to 45 months. I was especially gratified that this amendment was accepted by the committee and retained in the first conference report on H.R. 12628—which contained almost all the provisions of S. 2784—as I believed it improved significantly the overall educational assistance program.

As my colleagues will recall, the Senate unanimously passed S. 2784 on June 19, 1974, and the first conference report on H.R. 12628 was unanimously approved by the Senate on August 21, 1974.

So I point out, Mr. President, the bill which I am introducing today, is not raising a new issue. The full Senate has on two occasions overwhelmingly approved a measure containing precisely this provision.

Unfortunately, however, this provision, which had previously received such strong support, was amended in the second conference agreement that was unanimously passed in both the Senate and the House yesterday. The conference agreement restricts the additional 9 months of entitlement for use only by GI bill trainees who are pursuing a program of education leading to a standard undergraduate college degree.

Mr. President, just prior to the second House-Senate conference on H.R. 12628 on October 2, 1974, I wrote to Chairman Hartke and all the members of the Senate Veterans' Affairs Committee, urging that this restriction, which had been adopted by the Senate committee prior to the conference, be eliminated in the conference agreement.

UNWISE AND INEQUITABLE RESTRICTION

Mr. President, for numerous reasons I feel very strongly that such a baccalaureate restriction on an extension of educational assistance eligibility would be most unwise and inequitable.

DUAL PURPOSE OF NEW 9 MONTHS ENTITLEMENT

As stated in the Senate committee report—(No. 93-907, page 61)—the 9-month provision had two principal purposes: "to insure that veterans—taking reduced credit loads, forced to work, and facing technical and administrative bottlenecks—will be able to complete their undergraduate degrees" and to meet "the increasing periods of higher education" demanded by "the educational requirements imposed by employers, State licensing agencies, and professional certification boards." A baccalaureate restriction will remove the second purpose regarding the need for advanced degrees in order for veterans to be competitive in a job market which more and more requires a master's degree rather than just a bachelor's degree.

This trend is set forth in a recent report of the Carnegie Commission on Higher Education, which points out that educational requirements imposed by employers, State licensing agencies, and professional certification boards demand increasing periods of higher education. In plain terms, what a bachelor's degree would qualify a veteran for in 1948 or 1955 in terms of salary and job responsibility may very well require a master's degree in 1974.

INEQUITIES AND ADMINISTRATIVE PROBLEMS

Mr. President, a baccalaureate restriction will create gross inequities and administrative difficulties in the overall educational assistance program. Specifically, I have the following concerns:

UNPRECEDENTED POLICY DECISION

Never in the history of GI bill readjustment assistance programs, beginning with the World War II GI bill which provided for 48 months of unrestricted entitlement in certain cases, and including both the Korean-conflict GI bill and the present program, has there ever been any stipulation as to the level of training—undergraduate or graduate—for which GI bill educational assistance must be used. Nor am I aware, Mr. President, that there has ever been such an underlying policy. A baccalaureate restriction on any additional period of entitlement will serve only to widen further the gap between the educational benefits available to veterans after World War II and the benefits currently available to Vietnam-era and post-Korean-conflict veterans.

DISCRIMINATES AGAINST VETERANS WITH LEAST PRIOR EDUCATION

A baccalaureate restriction would also be highly discriminatory as applied in the case of veterans leaving service without any college-level training. Data on post-Korean-conflict GI bill trainees through April of 1974, reveal that 21 percent have had one or more years of college. No restriction is placed, nor is any proposed, on these veterans using their GI bill entitlement for study toward advanced degrees beyond a bachelor's degree. No such restriction has ever been statutorily or administratively imposed under the GI Bill. Numerous veterans—including a number of distinguished Members of Congress—have been supported by the GI bill through medical or law school. Yet, under a baccalaureate restriction, the 79 percent of GI bill trainees leaving service without any college-level training—those who obviously need the greatest education and training assistance to compete effectively in this tight, selective job market—would be denied this same advantage.

UNEQUAL BENEFITS FOR EQUAL SERVICE

In the same way, Mr. President, the proposed restriction would violate the principle of "equal benefits for equal service," which has for so long been a touchstone of the GI bill. Those veterans who were able to finish college with 36 months of entitlement and those who left service with some or all their college training completed would get no added benefit for their equal service contribution. Whereas other veterans needing extra time to finish college could obtain a monetary benefit of up to $2,430—9 months by $270—plus eligibility for a $600 low-interest loan.

ADMINISTRATIVE DIFFICULTIES AND INEQUITIES

A baccalaureate restriction would also result in numerous difficulties and inequities in administration by the VA. For example, joint degree or combined degree programs have become increasingly popular. These are programs in which the student enrolls for more than the traditional 4 years of college study and at the end of which receives both a B.A. and an advanced degree. Such programs have been created in engineering, law, medicine, business administration and other fields, and section 1652(b) of title 38 was specifically amended in 1970 by Public Law 91–219 to authorize such programs under the term "program of education." A baccalaureate restriction on the 9-month extension of benefits will give veterans enrolled in joint degree programs undue advantage since they generally receive both their bachelor's degree and their advanced degree at the end of the extended course of study, not after the traditional 4 years, and thus, presumably could utilize the additional 9 months' entitlement under the proposed amendment.

Mr. President, I also understand that the Senate Veterans' Affairs Committee's general counsel was advised by the Veterans' Administration that such a baccalaureate restriction would pose additional serious administrative difficulties in terms of implementation.

BROAD SUPPORT FOR UNRESTRICTED EXTENSION

Mr. President, in my opinion, there is no question about the need to enact a measure which would extend the period of eligibility with no restriction. In addition to the thousands of letters, calls, and telegrams my office has been receiving over the past several months—the great majority of which specifically have been in support of the original version of the 9-month extension provision—my offices, both here in Washington and in California, have been swamped with phone calls, protesting the provision, since the restriction was adopted in conference.

The Veterans of Foreign Wars, in an October 2, 1974, letter to me urged the elimination of the "unwise, unjustified" restriction on the additional 9-months entitlement. The National Association of Concerned Veterans has also stressed its strong disapproval of any limitation on additional months of entitlement.

CONCLUSION

Mr. President, in closing, I would like to stress, once again, the dual purpose of the 9-month entitlement provision. In addition to providing a means of insuring that all veterans may obtain at least an undergraduate degree, it clearly was meant to enhance the ability of many veterans to be economically and educationally competitive with their nonveteran peers. Limiting these additional months of entitlement to undergraduate courses will prevent many veterans from having the opportunity to compete for the increasing number of jobs which require advanced courses of education.

Mr. President, I ask unanimous consent that the full text of the bill and my October 2, 1974, letter to Chairman HARTKE, and the VFW's October 2, 1974, letter to me, be set forth at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 1, 2, and 3.)

Mr. CRANSTON. Finally, Mr. President, I want to stress that my view of the inequities that will be created by the limited 9-month extension in the conference report on H.R. 12628 which both Houses passed yesterday, in no way means I believe that bill is not deserving of speedy enactment. As I said yesterday to my colleagues, that bill on the whole is a good one and I continue to urge President Ford to sign it into law immediately.

EXHIBIT 1

S. 4139

A bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 1661 of title 38, United States Code, is amended by striking out in the second sentence all after "period of" the second time it appears and inserting in lieu thereof "45 months (or the equivalent thereof in part-time educational assistance).".

(b) Subsection (c) of such section is amended to read as follows:

"(c) Except as provided in subsection (b) and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of 45 months."

SEC. 2. Subsection (a) of section 1711 of title 38, United States Code, is amended by striking out "thirty-six" and inserting in lieu thereof "45".

EXHIBIT 2

COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., October 2, 1974.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
Washington, D.C.

DEAR MR. CHAIRMAN: I understand that at the Executive Session of the Veterans' Affairs Committee last Thursday, September 26, there was a discussion of an amendment which would restrict the availability of the additional nine months of G.I. Bill entitlement contained both in the Conference report on H.R. 12628 and in the original Senate amendment to that bill. As I understand it, the proposed amendment would permit the additional nine months of entitlement to be used only by G.I. Bill trainees who had not yet obtained their baccalaureate degrees.

Unfortunately, I was managing a bill of vital importance to California on the Senate floor at the time of this Executive Session and could not be present. I know that you called to the attention of the Committee my strong interest in the nine-months extension provision, which I had authored during consideration of S. 2784 in June. I believe that a restriction on the nine-months additional entitlement would be unwise and inequitable. I am writing to bring to the attention of you and our fellow Committee members my reasons for reaching this conclusion.

1. *Dual Purpose of New Nine Months Entitlement:* As stated in our Committee Report (No. 93–907, page 61), the nine-month provision had two principal purposes: ". . . to insure that veterans—taking reduced credit loans, forced to work, and facing technical and administrative bottlenecks—will be able to complete their undergraduate degrees . . ." and to meet "the increasing periods of higher education" demanded by "the educational requirements imposed by employers, state licensing agencies, and professional certification boards . . ." The proposed restriction clearly removes the second purpose regarding the need for advanced degrees in order for veterans to be competitive in a job market which more and more requires a master's degree rather than just a bachelor's degree. This trend is set forth in a recent report of the Carnegie Commission on Higher Education.

2. *Inequities and Administrative Problems:* The proposed restriction, if enacted into law, would create gross inequities and administrative difficulties in the overall educational assistance program. Specifically, I have the following concerns:

(a) *Unprecedented policy decision.*—Never in the history of G.I. Bill readjustment assistance programs, beginning with the World War II G.I. Bill, and including both the Korean-Conflict G.I. Bill and the present program, has there ever been any stipulation as to the level of training—undergraduate or graduate—for which G.I. Bill educational assistance must be used. Nor am I aware that there has ever been such an underlying policy. Such a baccalaureate restriction on any additional period of entitlement would serve only to further widen the gap between the educational benefits available to veterans after World War II and the benefits currently available to Vietnam-era and post-Korean-Conflict veterans.

(b) *Discriminates against veterans with least prior education.*—Such a baccalaureate restriction would also be highly discriminatory as applied in the case of veterans leaving service without any college-level training. Data on post-Korean-Conflict G.I. Bill trainees through April of 1974 reveal that 21 percent have had one or more years of college. No restriction is placed, nor is any proposed, on these veterans using their G.I. Bill entitlement for study toward advanced degrees beyond a bachelor's degree. No such restriction has ever been statutorily or administratively imposed under the G.I. Bill. Numerous veterans—including a number of distinguished members of Congress—have been supported by the G.I. Bill through medical or law school. Yet, under the proposed restriction, the 79 percent of G.I. Bill trainees leaving service *without* any college-level training—those who obviously need the greatest education and training assistance to compete effectively in this tight. selective job market—would be denied this same advantage.

(c) *Unequal benefits for equal service.*—In the same way, the proposed restriction would violate the principle of "equal benefits for equal service", which has for so long been a touchstone of the G.I. Bill. Those veterans who *were* able to finish college with 36 months of entitlement and those who left service with some or all their college training completed would get no added benefit for their equal service contribution. Whereas other veterans needing extra time to finish college could obtain a monetary benefit of up to $2430 (9 mos. x $270) plus (possibly) eligibility for as much as a $2000 low-interest loan.

(d) *Administrative difficulties and inequities.*—The proposed restriction would also result in numerous difficulties and inequities in administration by the V.A. For example, joint degree or combined degree programs have become increasingly popular. (These are programs in which the student enrolls for more than the traditional four years of college study and at the end of which receives both a B.A. and an advanced degree.) Such programs have been created in engineering, law, medicine, business administration and other fields, and section 1652(b) of title 38 was specifically amended in 1970 by Public Law 91–219 to authorize such programs under the term "program of education". Any baccalaureate restriction on the nine-month extension of benefits would give veterans enrolled in joint degree programs undue advantage since they generally receive both their bachelor's degree and their advanced degree at the end of the extended course of study, not after the traditional four years, and thus, presumably could utilize the additional nine months' entitlement under the proposed amendment.

I also understand that the Committee General Counsel has been advised by the V.A. of additional serious administrative difficulties in implementing such a restrictive provision.

For the above reasons, I respectfully request your reconsideration of this question and that you give your strongest support to sustaining the Senate nine-month provision intact in the Conference report.

Sincerely,

ALAN CRANSTON.

EXHIBIT 3

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., October 2, 1974.

Hon. ALAN CRANSTON,
Member,
Committee on Veterans' Affairs,
Washington, D.C.

DEAR SENATOR CRANSTON: The membership of the Veterans of Foreign Wars was literally shocked to learn that the previous Veterans Education Bill, agreed to by the House and Senate conferees, was rejected by the House, which resulted in the failure of the Congress to pass a Veterans Education Bill before the fall school term began this September.

If time was of the essence last August, it is that much more urgent today that the Congress act to approve a bill to improve and liberalize veterans education and readjustment assistance for the millions of veterans who served during the Vietnam war.

On September 26, the Senate Veterans Committee agreed to a compromise bill which provided: (1) a 20 per cent increase in VA education rates retroactive to August 1, 1974; (2) extending entitlement from 36 to 45 months, with certain restrictions; and (3) authorizing a $600 a year VA education loan program for veterans attending high-cost schools.

The imposition of restrictions on the use of the extended nine months entitlement proposed by the Senate Veterans' Committee on September 26 is novel and alien to the concept of GI Bill assistance. The nine months' extension is extremely important to hundreds of thousands of veterans who realize in today's world a graduate degree is imperative for making a success in civilian life. To restrict the nine months' entitlement to certain veterans would be unwise, unjustified, and do grievous, possible lifetime injury to hundreds of thousands of veterans who would be otherwise entitled to such assistance at a crucial stage in their lives.

The Veterans of Foreign Wars is mindful of the President's request to trim the Veterans Education Bill along the lines of the substitute bill passed by the House last August. The Veterans of Foreign Wars believes that the version agreed to by the Senate Veterans' Committee on September 26 represents a reasonable compromise in response to the President's request.

It is the recommendation, therefore, of the Veterans of Foreign Wars that the Conference Committee work for a finally-agreed Veterans Education Bill which will include not less than a 20 per cent increase in the rates, and extending maximum entitlement, with no restriction, from 36 to 45 months, effective no later than September 1, 1974.

The Veterans of Foreign Wars is confident that the President will not reject such a compromise bill which will do justice to the Vietnam veteran and carry out a longstanding V.F.W. legislative goal of comparable GI Bill assistance to the Vietnam veteran as was provided the veteran of World War II.

Your support and vote in favor of this V.F.W. recommendation will be deeply appreciated by the more than 1.8 million members of the Veterans of Foreign Wars.

With kind personal regards, I am

Sincerely,

JOHN J. STANG,
Commander-in-Chief.

By Mr. HUMPHREY:

S. 4140. A bill to establish a Task Force on Petrodollars, and for other purposes. Referred to the Committee on Government Operations.

THE PETRODOLLAR REPORTING ACT OF 1974

Mr. HUMPHREY. Mr. President, on October 4, 1974, in a letter to President Ford, I expressed my great alarm with the massive and unprecedented flow of capital that is taking place between the United States, Western Europe, and Japan, and the oil exporting nations which are members of the Organization of Petroleum Exporting Countries—OPEC. It is estimated by reliable sources that between $80 billion and $100 billion in revenue will be transferred to OPEC nations this year from oil importing nations. The United States alone will be shipping in excess of $100 billion to these nations during the next 5 years. To look at this amount in other terms, it is comparable to the United States sending to the OPEC nations each year, twice the amount of gold now held in Fort Knox.

The implications of these massive flows for our Nation and the world economy are many and serious. Of particular importance, in my opinion, is the destabilizing effect on the international monetary system and on our domestic banking system of these massive capital transfers. The administration must promptly take firm action to develop a comprehensive energy policy, including specific directions which our international oil policy should take. Before that effort can be made, however, it is vital that we have complete information on the dimensions of the problem, including the massive flow of oil revenues to the OPEC nations.

Press reports have emphasized that these oil revenues—commonly referred to as "petrodollars"—are being reinvested largely in the United States. But these reports also emphasize that a large portion of these "petrodollars" cannot be traced. The Treasury Department admits, for example, that up to 40 percent of some $28 billion in "petrodollars," now in circulation, cannot be found. These funds are invested somewhere, and we need to know the nature and amounts of such investments.

If we are to develop the policies that are needed to deal effectively with the implications of the "petrodollar" flows, we must know where these flows are going.

For this reason, I have introduced the Petrodollar Reporting Act of 1974. It establishes a special organization under the Secretary of the Treasury to track "petrodollars" as they are invested and transferred around the world. Specifically, the Task Force will:

Collect and analyze specific and detailed data on the short-run and long-run use, transfer, and investment of petrodollars;

Examine the implications of the flow of revenue received by OPEC nations as it affects the United States and the world and consider appropriate action to deal effectively with such implications;

Report to the President and the Congress, not less than 4 times in each fiscal year, on the findings of the Task Force together with such recommendations, including recommendations for additional legislation, as the Task Force determines necessary and appropriate.

The Task Force is given authority to hold public hearings and to issue subpenas.

Mr. President, I ask unanimous consent that my letter to President Ford be printed in the RECORD, along with the text of the Petrodollar Reporting Act of 1974.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 4140

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. (a) There is established in the Department of the Treasury in the Office of the Secretary a Task Force on Petrodollars (hereinafter in this Act referred to as the "Task Force").

(b) The Task Force shall be composed of—

(1) the Secretary of the Treasury, who shall be Chairman;

(2) the Secretary of State;

(3) the Secretary of Defense;

(4) the Secretary of Commerce;

(5) the Director of the Central Intelligence Agency;

(6) the Director of the Defense Intelligence Agency;

(7) the Chairman of the Council of Economic Advisors;

(8) the Chairman of the Federal Reserve System; and

(9) such other officers of the Federal Government as may be designated by the President or the Chairman.

(c) The Task Force shall meet at the call of the Chairman. Task Force members shall attend such meetings whenever possible. When unable to attend, a Task Force member shall appoint an appropriate alternate from his department or agency to represent him for that meeting.

SEC. 2. The Task Force shall—

(1) collect and analyze specific and detailed data on the short run and the long run use, transfer, and investment of foreign exchange earnings by oil exporting nations, particularly nations comprising the Organization of Petroleum Exporting Countries,

(2) examine the implications of the flow of revenue received from abroad by oil exporting nations from the sale of oil produced by such nations who are members of the Organization of Petroleum Exporting Countries, as the flow of such revenue affects the United States and the world and consider appropriate action to deal effectively with such implications;

(3) report to the President and the Congress not less than 4 times in each fiscal year on the findings of the Task Force together with such recommendations, including recommendations for additional legislation, as the Task Force determines necessary and appropriate.

Sec. 4. (a) (1) The Task Force may, for the purpose of carrying out the provisions of this Act, hold such hearings as may be required for the performance of its functions under this Act, administer oaths for the purpose of taking evidence in any such hearings and issue subpoenas to compel witnesses to appear and testify and to compel the production of documentary evidence in any such hearing. Any member authorized by the Task Force may administer oaths or affirmations to witnesses appearing before the Task Force.

(2) Subpoenas issued pursuant to subsection (a) of this section shall bear the signature of the Chairman of the Task Force and may be served by any person designated by the Chairman of the Task Force for that purpose.

(3) The provisions of section 1821 of title 28, United States Code, shall apply to witnesses summoned to appear at any such hearing. The per diem and mileage allowances of witnesses so summoned under authority conferred by this section shall be paid from funds appropriated to the Task Force.

(4) Any person who willfully neglects or refuses to appear, or refuses to qualify as a witness or to testify, or to produce any evidence in obedience to any subpoena duly issued under authority of this section shall be fined not more than $500, or imprisoned for not more than six months, or both. Upon the certification by the Chairman of the Task Force of the facts concerning any such willful disobedience by any person to the United States Attorney for any judicial district in which such person resides or is found, such Attorney shall proceed by information for the prosecution of such person for such offense.

(b) In order to carry out the functions of the Task Force under this Act, the Chairman is authorized to—

(1) establish, rescind, and amend such rules and regulations as may be necessary;

(2) appoint and fix the compensation of such employees as may be necessary;

(3) procure temporary and intermittent services to the same extent as authorized by section 3109 of title 5, United States Code;

(4) secure from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the United States Government (including intelligence gathering agencies), or of any State, or political subdivision thereof, information, estimates, and statistics required in the performance of the functions of the task force under this Act;

(5) enter into and perform such contracts, leases, cooperative agreements or other arrangements as may be advisable without regard to section 3709 of the Revised Statutes (41 U.S.C. 5) and other provisions of law relating to competitive bidding; and

(6) accept and use with their consent, with reimbursement, such services, equipment and facilities of other Federal agencies as are necessary to carry out such functions efficiently, and such agencies are authorized to loan, with reimbursement, such services, equipment and facilities to the task force.

(b) Each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality (including intelligence gathering agencies) is authorized and directed to furnish such information, estimates, and statistics directly to the task force upon written request made by the Chairman.

Sec. 5. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Sec. 6. This Act may be cited as the "Petrodollar Reporting Act".

October 4, 1974.

The President,
White House,
Washington, D.C.

Dear Mr. President: I am deeply concerned, as I know you are, over the tremendous increase in the financial reserves of a handful of oil producing nations and their profund implications. This concentration of capital, and its flow in and out of world money markets on a moment's notice as so-called "petrodollars," pose serious threats to the stability and growth of the world economic system and to the well-being of people everywhere.

The most reliable estimate is that oil exporting nations will receive up to $80 billion in foreign exchange earnings this year, largely as a result of the oil cartel's extraordinary price increases. These earnings could reach $90 billion next year and, according to reliable sources, may total $500 billion by 1980—enough money to purchase every single share of stock on the New York exchange.

Capital movements of this magnitude—currently equal to our entire annual defense budget—are totally unprecedented in world history. On an annual basis, this movement is the equivalent of shipping seven Fort Knoxes to the oil exporting nations each year. If not controlled, such an enormous flow of funds will obviously create chaos and havoc around the world. It could force the closing of foreign exchange markets, cause the bankruptcy of corporations and even nations, prevent many food importing nations from feeding hundreds of millions of people, and result in a major world depression with mass starvation and untold human suffering.

The threat to our people and to the entire world from this drastic shift in world resources must not be allowed to materialize and its seriousness must not be underestimated.

There are, for example, indications already that petrodollars are financing the acquisition of real property by Arab nations in the more prosperous industrialized nations, including resort holdings in South Carolina, apartment buildings in New York City, and office buildings in Paris. Little of this capital appears to be returning to those nations which have been most crippled by the staggering rise in oil prices. Just as alarming are rumors that 15 billion petrodollars are sloshing around the world in a-potentially very dangerous manner. Those funds, capable of being quickly shifted from one country to another in search of ever higher returns and ever greater security, are a clear and present threat to world economic stability.

With these facts in mind, it is absolutely imperative that oil importing and exporting nations jointly develop a long-term, comprehensive plan to minimize the destabilizing impact and economic damage to people of petrodollar movements. I believe that an essential first step is for the United States to mount an immediate emergency effort to track the flow of petrodollars around the world. It has been reported that we have lost track of as much as 40 percent of the petrodollars invested since January by the oil exporting nations. From $10 to $13 billion of the $25 to $28 billion in highly liquid OPEC nation assets cannot be accounted for at this time.

We cannot develop a realistic effort to minimize the impact of this capital flow until we have clearly identified the volume of these funds and how they are being used. Recent policy towards the OPEC nations reflects most clearly the urgent need for sound information on these flows and for a detailed analysis of their implications. At best, most of our information on petrodollar flow is based on educated guesses. Surely on a matter so vital to the national welfare, this is inadequate.

I believe that the Department of the Treasury, building on its expertise in gathering international capital flow information involving domestic corporations, should urgently expand its activities at once.

Specifically, I respectfully urge you to take the following steps now:

First, immediately create a Petrodollar Task Force as an adjunct to the Office of the Secretary of the Treasury and directly responsible to the Secretary. The Task Force would include the Secretary of the Treasury, the Secretary of State, the Secretary of Defense, the Secretary of Commerce, the Director of the Central Intelligence Agency, the Director of the Defense Intelligence Agency, the Chairman of the President's Council of Economic Advisors, and the Chairman of the Federal Reserve System. The Task Force staff would be under the direction of the Secretary of the Treasury and drawn from the various agencies represented on the Task Force.

Second, instruct the Secretary of the Treasury to direct the Task Force to gather specific, detailed data on the short run and long run use, transfer and investment of foreign exchange earnings by oil exporting nations throughout the world and to examine the implications of petrodollar flows for the United States and the world and consider appropriate action to deal with these implications.

Third, require that the Secretary of the Treasury direct the Task Force to report periodically on the status of petrodollar flows, the implications thereof, and recommendations for dealing with their effects to you, and to the Congress.

Finally, I urge you to recommend that the Task Force fully utilize the tremendous information gathering resources of the American intelligence community, including the Central Intelligence Agency and the Defense Intelligence Agency.

In view of the long-term nature and critical importance of petrodollar flows, I will shortly introduce legislation to establish the Petrodollar Task Force as a permanent part of the Office of the Secretary of the Treasury. In the meantime, I respectfully urge you to immediately establish this much needed program by Executive Order.

Sincerely,

Hubert H. Humphrey.

By Mr. HART (for Mr. Magnuson):

S.J. Res. 253. A joint resolution to establish a National Commission To Study and Report on the Impact of the Independent Regulatory Agencies upon Commerce. Referred to the Committee on Commerce.

Mr. HART. Mr. President, at the requent of the distinguished chairman of the Senate Commerce Committee (Mr. Magnuson) I send to the desk a Senate Joint Resolution to establish a National Commission To Study and Report on the Impact of the Independent Regulatory Agencies upon Commerce. I ask unanimous consent that Senator Magnuson's introductory remarks and text of the resolution be printed in the Record at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Magnuson

Mr. President, on Tuesday, President Ford urged a "new mobilization" against inflation and proposed, among other things, the establishment of a National Commission on Regulatory Reform to undertake an examination of the independent regulatory agencies. He proposed that this Commission be composed of members of the Congress, the Executive Branch and the private sector and that it attempt to identify and eliminate existing Federal rules and regulations which increase costs to the consumer but do not give the consumer any equivalent regulatory benefits.

In response to the President's request, I am introducing today a bill in the form of a joint Resolution to create a National Commission to examine and report on the impact of the independent regulatory agencies on commerce, to be known as the National Commission on Regulatory Reform. It is of the highest importance that this Commission approach its tasks with care and the highest standards of accuracy and thoroughness. The job of establishing the Commission, the process of appointing its members, and the Commission's operations should not be regarded as a "political football" game between the forces of regulation and the forces of deregulation.

It is just not that simple. For that reason, it is important that the duly authorized Committees of the Congress which exercise oversight over the independent regulatory agencies, hold hearings and report this legislation, and perform the oversight on the work of the National Commission.

The basic duties of the National Commission would be twofold. First, the Commission, within one year, would be required to report to the President and Congress on the economic and other impacts of regulation by the independent regulatory agencies. The Commission would be required to investigate the impact of the agency's regulations upon market structures, competition, inflation, employment, prices, health, and safety. The Commission would have the duty of recommending to Congress and the President areas where it believes that regulation places an undue burden upon commerce in relation to the benefits derived from such regulation.

Second, the Commission would be required to investigate and make recommendations within two years to the Congress and the President on methods of improving the independent regulatory agencies and the regulatory structure. The Commission would be required to make specific legislative recommendations for agency reform. The Commission would be required to make a third comprehensive report within three years, at the end of its term of existence, on the progress made in implementing its conclusions and recommendations. There have been too many excellent National Commission Reports which have died because of lack of follow up. Regulatory reform is too important to permit that to happen with these Commission recommendations.

This Commission would be composed of twelve members, three from the executive branch, six from the Congress and three from the private sector.

S.J. Res. 253

Whereas the American consumer is entitled to the lowest possible prices consistent with a stable and productive economy;

Whereas there is a need to regulate commerce to insure the free movement and equitable distribution of safe and environmentally sound goods and services to protect the consumer against fraudulent, discriminatory, dangerous, unjust and unreasonable commercial practices or unnecessary injury;

Whereas the Congress has established independent regulatory agencies from time to time since 1887, "to regulate commerce with foreign nations, and among the several states" by creating independent regulatory entities as arms of the Congress with the authority to exercise legislative and adjudicatory authority within a broad framework of Congressional standards and declaration of policies.

Whereas such independent regulatory agencies may be imposing certain unnecessary burdens upon commerce which are contrary to the purposes of establishing such agencies;

Whereas the President of the United States, in an address to a Joint Session of the Congress, has called for a comprehensive study of the independent regulatory agencies to identify and eliminate existing Federal rules and regulations that unnecessarily increase costs to the consumer by protecting the least efficient companies subject to their regulation and by legitimizing restrictive and anticompetitive trade practices that have the effect of increasing prices to the consumer; and

Whereas, the President's recognition of the need for the establishment of a National Commission to examine the operation of the independent regulatory agencies and to examine the premises upon which some or all of them were created is well substantiated by testimony received by the Congress, the efficacy of these agencies, the accountability of these agencies to the public interest, and the public policy justification of these agencies should be studied and reviewed by qualified and impartial individuals on a bipartisan basis,

Now Therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress Assembled,

(a) Establishment—There is established for a term of 3 years a National Commission on Regulatory Reform (hereinafter referred to as the "Commission").

(b) Structure—(1) The Commission shall consist of twelve members, as follows:

(A) Three who shall be appointed by the Majority Leader of the Senate, of whom not more than two shall be affiliated with the same political party;

(B) Three who shall be appointed by the Speaker of the House of Representatives, of whom not more than two shall be affiliated with the same political party;

(C) Three who shall be appointed by the President, with the advice and consent of the Senate, from the personnel of independent Federal regulatory agencies;

(D) Three who shall be appointed by the President, with the advice and consent of the Senate, from lists of qualified individuals on the basis of their special training, experience, or qualifications, of whom not more than two shall be affiliated with the same political party.

(2) Members of the Commission shall be appointed for a term of 3 years, except that any individual appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term and in the same manner in which such predecessor was appointed.

(3) The members of the Commission shall elect one of their number to serve as Chairman thereof.

(4) Twelve members of the Commission shall constitute a quorum for the purpose of electing a chairman or approving any final reports required by this resolution. Six members of the Commission shall constitute a quorum at any meeting for the performance of any other function of the Commission: *Provided,* That notice in writing of the dates, time, and location of such meeting is given or sent by certified mail to each of the members of the Commission at least 30 days prior to the date thereof.

(c) Duties.—The Commission shall—

(1) Within 12 months after its establishment, prepare a comprehensive report to the Congress and the President containing its conclusions and recommendations, together with the criteria, standards, data, and findings upon which such conclusions and recommendations are based, with respect to—

(A) the consequences to the Nation of regulation by independent regulatory agencies;

(B) the economic costs, including any inflationary impact upon the price of goods and services affected by such regulation, and any economic benefits, of regulation by the independent regulatory agencies, including an analysis of the relationship, if any, between such regulation and the degree of market concentration, the amount of competition, and the performance characteristics of industries, subject thereto, of regulation by the independent regulatory agencies, considered collectively and individually;

(C) any noneconomic costs and benefits of such regulation, taking into account reliability of service, protection of the environment, protection of low- and middle-income consumers, demographic impact, quality of life, and other relevant factors and National goals and purposes as set forth in Acts of Congress;

(D) evaluation of the benefits to the Nation of continuing regulation by independent regulatory agencies, considered collectively and individually, and costs thereof in comparison with the benefits to the Nation of discontinuing such regulation in whole or in part, and costs thereof;

(E) the consequences to the Nation of discontinuing regulation by independent regulatory agencies, on the same bases as set forth in subparagraphs (B) and (C) hereof; and

(F) the extent to which regulation by such agencies should be continued, discontinued, or modified to attain the maximum economic and other benefits to the Nation at the minimum economic and other costs to the Nation and its citizens, including identification of the regulation which should be continued and which should be discontinued and on what basis;

(2) Within 24 months after its establishment prepare a second such comprehensive report to the Congress and the President, with respect to—

(A) changes in the structure, operations, procedures, mechanisms, and philosophy of the independent regulatory agencies, considered collectively and individually, which would decrease any negative consequences of regulation to the Nation without impairing the affirmative consequences thereof;

(B) the extent to which such changes and any other modifications (by statute, regulation, rule, or practice) could improve the effectuation by such agencies, considered collectively and individually, of their statutory purposes and duties;

(C) all reasonable proposals for administering the independent regulatory agencies and for improving the efficiency, effectiveness, responsiveness, and accountability of such agencies, considered collectively and individually, including, but not limited to an evaluation of proposals for (i) merging or otherwise restructuring existing independent regulatory agencies; (ii) providing for tenure in the office of the Chairman of each such agency; (iii) providing for some form of merit selection recommendation prior to nomination of members of such agencies, such as that provided in section 202(d) of Public Law 93–236; (iv) reducing the number of members or commissioners of such agencies and defining areas of responsibility for each; (v) authorizing each agency to appoint a certain number of employees without regard to the provisions of the civil service laws applicable to officers and employees of the United States for the transaction of business which involves policy or other special responsibilities and who may be removed at the discretion of the agency; (vi) authorizing the Senate to withdraw its advice and consent to an appointment of a member of such an agency; (vii) limiting the authority of the President to remove a member of such an agency or establishing an impartial procedure for investigation and hearing prior to mandatory removal by the President, such as that established by California and other States for the removal of unfit Judges upon a finding by an independent removal commission; (viii) prohibiting members of such agencies and employees thereof of grade GS–14 and above from accepting employment or direct or indirect compensation from any person subject to regulation by their agency for a fixed period of time after they leave the employ of such agency; (ix) granting each such agency independent control of its litigation in the Federal courts; (x) directing that each such agency transmit legislative recommendations and budget requests directly to the appropriate committees of the Congress simultaneous with any submission to any official in the executive branch and without prior approval by any person outside such agency; (xi) better means of enforcement of determination by such agencies and faster ways of investigating and reaching such determinations, including the establishing of semiautonomous regional and district offices; and (xii) expanding the responsibility of the Comptroller General of the United States, on behalf of the Congress, for regular performance auditing of each such agency, authorizing the duly authorized committees of the Congress to appoint hearing examiners to conduct regular hearings into the actions and inactions of each such agency, and other ways of making such agencies more accountable to the Congress.

(3) Within 36 months after the date of its establishment, prepare a third such comprehensive report to the Congress and the President detailing steps taken or underway to carry out the recommendations set forth in the first and second comprehensive report together with any additions, modifications, or further refinements of such earlier conclusions and recommendations.

(d) DEFINITIONS.—As used in this section, "independent regulatory agency" means the Consumer Product Safety Commission, the Civil Aeronautics Board, the Federal Communications Commission, the Federal Maritime Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, and any other office, agency, or entity of the Federal Government which was or is in the future established by law to exercise independent investigatory, regulatory, or oversight responsibilities of importance to the protection of public health, safety, or consumers.

(e) ADVISORY COMMITTEES.—To assist it in carrying out its duties, the Commission is authorized to appoint such advisory committees as it deems necessary or appropriate, consisting of qualified administrative law experts, political scientists, economists, management specialists, consumer representatives, environmentalists, social scientists, and other individuals, pursuant to the Federal Advisory Committee Act (5 U.S.C. App.)

(f) POWERS.—(1) The Commission or any member thereof may, for the purpose of carrying out the provisions of this section, hold such hearings, sit and act at such times and places, administer such oaths, and require by subpoena or other order the attendance and testimony of such witnesses and the production of such evidence as the Commission or member deems advisable. Subpoenas may be issued under the signature of the Chairman or any duly designated member of the Commission, and may be served by any person designated for such purpose by the Chairman. Witnesses summoned shall be paid the same fees and mileage that are paid witnesses in the courts of the United States. Such attendance of witnesses and production may be required from any place in the United States to any place designated for such hearing.

(2) In case of refusal to obey subpoena or other order issued under paragraph (1) of this subsection, by any person who resides, is found, or transacts business within any judicial district of the United States, the district court of the United States for any such district shall have jurisdiction and shall upon the request of the Chairman of the Commission issue to such person an order to appear and produce evidence. Any failure to obey such an order shall be punishable by such court as a contempt of court.

(3) The Administrator of General Services shall furnish the Commission with such offices, equipment, supplies, and services as he is authorized to furnish to any other agency or instrumentality of the United States.

(4) Each Federal agency is authorized and directed to furnish to the Commission, upon written request by the Chairman thereof, on a reimbursable basis or otherwise, such assistance as the Commission deems necessary to carry out its duties.

(5) The Commission may enter into such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of its duties, with any person.

(g) COMPENSATION AND PERSONNEL.—(1) A member of the Commission shall receive compensation only if not otherwise employed in any capacity by the Federal Government. Such a member shall receive $300 per diem when engaged in the actual performance of duties vested in the Commission. All members of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of such duties.

(2) Subject to such rules and regulations as the Commission may adopt, the Chairman of the Commission shall have the power to (A) appoint, fix the compensation, and assign the duties of an Executive Director and such additional staff personnel as are deemed necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, except that no individual shall be paid at rates in excess of the maximum rate for GS–18 of the General Schedule as set forth under section 5332 of such title; and (B) procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code, but at rates not to exceed $150 a day for persons performing such services.

(h) AUTHORIZATION FOR APPROPRIATIONS.—There are authorized to be appropriated to the Commisison such sums as are necessary, not to exceed $1,000,000 for each of the years of its establishment, such sums to remain available until expended.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 32

At the request of Mr. KENNEDY, the Senator from Maine (Mr. HATHAWAY) and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of S. 32, the National Science Policy and Priorities Act.

S. 2499

At his own request, the Senator from New Mexico Mr. DOMENICI was added as a cosponsor of S. 2499, a bill to prevent job discrimination against persons age 65 and over.

S. 3975

At the request of Mr. RANDOLPH, the Senator from West Virginia (Mr. ROBERT C. BYRD) was added as a cosponsor of S. 3975, a bill to provide for the establishment of the New River Gorge National Park in the State of West Virginia, and for other purposes.

S. 3982

At the request of Mr. WEICKER, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 3982, a bill to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes.

S. 4064

At the request of Mr. MANSFIELD (for Mr. MAGNUSON), the Senator from Illinois (Mr. STEVENSON) and the Senator from Minnesota (Mr. HUMPHREY) were added as cosponsors of S. 4064, a bill to amend the Act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes.

S. 4065

At the request of Mr. MANSFIELD (for Mr. MAGNUSON), the Senator from Illinois (Mr. STEVENSON) and the Senator from Minnesota (Mr. HUMPHREY) were added as cosponsors of S. 4065, a bill to prohibit the shipment in interstate commerce of dogs and other animals intended to be used to fight dogs or other animals for purposes of sport, wagering, or entertainment.

S. 4093

At the request of Mr. RIBICOFF, the Senator from Pennsylvania (Mr. SCHWEIKER) was added as a cosponsor of S. 4093, a bill to freeze medicare deductibles.

SENATE RESOLUTION 432—SUBMISSION OF A RESOLUTION FOR THE RELIEF OF CDR. EDWARD WHITE RAWLINS

(Referred to the Committee on the Judiciary.)

Mr. MATHIAS submitted the following resolution:

S. RES. 432

Resolved,

Whereas S. 881, ninety-first Congress, for the relief of Commander Edward White Rawlins, United States Navy (Retired), was referred to the Chief Commissioner of the U.S. Court of Claims by Senate Resolution No. 96 of the same Congress, approved by the Senate on September 3, 1969; and

Whereas the Chief Commisisoner, pursuant to said S. Res. 96, and following detailed, adversary proceedings, reported favorably to the Senate on February 24, 1972, "that Commander Edward White Rawlins, the plaintiff, has an equitable—but not a legal—claim against the United States," and that "there is equitably due the plaintiff" a retroactive promotion to the grade of captain on the active list of the Regular Navy as of July 1, 1947, and a retroactive retirement in that grade as of "(a date yet finally to be determined by currently pending litigation still before the Chief Commissioner)"; and

Whereas determination of the correct retirement date is unlikely to be made prior to final adjournment of the Ninety-third Congress; and

Whereas Commander Rawlins' advancing age—seventy-two years on October 11, 1974—clearly warrants some immediate remedial action without further aggravating the injustice of delay:

Now, therefore, be it

Resolved, That as an interim measure in in the name of partial equity and justice, and pending a final determination by the Chief Commissioner of the full and final remedies warranted in the case, it is the sense of the Senate that by executive appointment of the President the said Commander Rawlins should be deemed to have been advanced to the grade of captain on the active list of the Regular Navy for all purposes effective from July 1, 1947; and be it further

Resolved, that this action shall in no way prejudice full retroactive, compensatory determinations yet to be made by the Chief Commissioner.

ADDITIONAL COSPONSOR OF A RESOLUTION

SENATE RESOLUTION 424

At the request of Mr. Eagleton, the Senator from Kentucky (Mr. Huddleston) was added as a cosponsor of Senate Resolution 424, relating to proposed increases in the price of propane gas.

AMENDMENTS SUBMITTED FOR PRINTING

SUPPLEMENTAL APPROPRIATIONS—H.R. 16900

AMENDMENT NO. 1976

(Ordered to be printed and to lie on the table.)

Mr. BEALL (for himself and Mr. Eagleton) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 16900) making supplemental appropriations for the fiscal year ending June 30, 1975, and for other purposes.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 1959

At the request of Mr. Tunney, the Senator from Montana (Mr. Metcalf) was added as a cosponsor of amendment No. 1959, proposed to the joint resolution (S.J. Res. 237) to authorize the continued use of certain lands within the Sequoia National Park by portions of an existing hydroelectric project.

NOTICE OF HEARINGS ON BILLS RELATING TO STATE LOTTERIES

Mr. McCLELLAN. Mr. President, I wish to announce that the Subcommittee on Criminal Laws and Procedures of the Committee on the Judiciary will conduct hearings on the bills S. 544, Senators Hart and Griffin, S. 547, Senators Williams and Ribicoff, S. 1186, Senator Schweiker, and S. 3524, Senator Hugh Scott, dealing with the mailing, broadcasting or televising of lottery information concerning lawful State lotteries.

The hearings will be held on November 20 and 21, 1974, beginning at 10 a.m., in room 2228, Dirksen Senate Office Building.

Additional information on the hearings may be obtained by calling the Subcommittee on Criminal Laws and Procedures, 202-225-3281.

NOTICE OF WITNESSES TO TESTIFY AT HEARINGS ON OPEN GOVERNMENT LEGISLATION

Mr. RIBICOFF. Mr. President, the Subcommittee on Reorganization, Research and International Organizations of the Committee on Government Operations will hold hearings on S. 260, Government in the Sunshine Act, which provides for open meetings of Government agencies and congressional committees. I have asked Senator Chiles, the chief sponsor of the "sunshine" bill, to chair these hearings.

The hearings will begin at 10 a.m., Tuesday, October 15, in room 3300, Dirksen Senate Office Building.

The witnesses are as follows: George M. Stafford, Chairman of the ICC; Whitney Gillilland, Vice Chairman of the CAB and Thomas Heye, General Counsel of the CAB; Ray Garrett, Chairman of the SEC; Henry Geller, Rand Corp.; Richard Berg, executive secretary of the Administrative Conference and Preble Stolz, research director of the Administrative Conference; Douglas O. Wickham, University of Tennessee Law School; Theodore Koop, director of the Washington office of Radio-Television News Directors Association and Alex Chadwick, the manager of the Washington office; John B. Adams, dean of the University of North Carolina Journalism School.

ADDITIONAL STATEMENTS

COLUMBUS DAY

Mr. MOSS. Mr. President, in a few days the Nation will pay tribute to a truly courageous explorer—Christopher Columbus.

Congress has given special recognition to Columbus by declaring Columbus Day a national holiday, as well it should. As this day approaches I want to give special recognition to a dedicated American, Fortunato Anselmo. Over 60 years ago Mr. Anselmo fully understood the great contribution that Columbus had made to the world. Through Mr. Anselmo's efforts, Utah became one of the first States to declare a State holiday in honor of Columbus. Mr. Anselmo's efforts did not stop there. He turned his attention to getting a national holiday to honor Columbus. For the next 30 years this goal was diligently pursued.

Therefore, it is with honor that I direct public attention to a great American who was so instrumental in persuading the Congress to declare a national holiday in honor of Columbus.

THE TURKISH AID CUTOFF

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that an article from the Christian Science Monitor be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

THE TURKISH AID CUTOFF

(By Joseph C. Harsch)

The vote in the United States Senate last week on cutting off American aid to Turkey is about as graphic an example as we have had in a long time of the special difficulty a government suffers under in Washington in making foreign policy. No other major country in the world labors under exactly this kind of difficulty.

There was every objective reason for the Senate not voting the way it did vote. And the reasonable leadership of both Republican and Democratic parties did its best to prevent the vote. Yet the Senate did vote by the lopsided score of 57 to 20 against Turkey—and against the wise council of the leadership.

Consider first the merits of the matter.

Turkey is vital to the survival of a Western military position in the eastern Mediterranean. Without Turkey in the NATO Alliance there is no flank to NATO. Turkey is the front line of the West against the advance of Soviet influence into the eastern Mediterranean. If Turkey defects to the Soviet side—Moscow gets free, gratis, for nothing, everything Moscow's czars and commissars have dreamed of getting on their southern flank for two centuries. Turkey is vital to the alliance.

Greece also is a highly desirable member of the alliance. Withdrawal of Greek units from the NATO military command is a definite and painful loss. But there is still a NATO flank in the eastern Mediterranean because Turkey is still in the alliance.

Turkey has done in Cyprus things which injured the interests of Greek Cypriots and offended mainland Greeks. Washington would have much preferred if Turkey had not sent its troops into Cyprus. But there had been provocation. It was not for Washington to pass judgment on the merits of the fighting in Cyprus which was, in fact, triggered by the folly of the former regime in Greece when it engineered the overthrow of Archbishop Makarios.

Sen. Mike Mansfield of Montana, majority leader of the Senate, did his best for Secretary of State Henry Kissinger in the debate preceding the vote by making the two most important points bearing on the matter.

The vote against Turkey will not get one single Turkish soldier out of Cyprus. On the contrary, it will only weaken Secretary Kissinger's position as a mediator.

So the Senate made it more difficult, not easier, for Dr. Kissinger to work out a solution of the Cyprus problem acceptable to the Greeks. His leverage on the Turks was undermined. The presumed intent of the senators was to help Greece. The effect is to injure Greece.

So why was it done?

Obvious. There are many Greek votes in many congressional constituencies. The Turkish vote in American elections is as negligible as is the Egyptian or Lebanese vote.

So here is a foreign policy decision which injuries the net interests of the United States in the Middle East, which burdens American foreign policy unnecessarily, and which fails of its actual purpose. Yet it happened inevitably because Congress inevitably responds to the emotions of organized and emotional minorities.

These minorities, consisting often of people two or three generations removed from their homelands and grossly out of touch with conditions back there, sometimes even dictate to the home government. The professional Irish of America are a case in point—still shouting for policies contrary to those of the government in Dublin.

Vociferous and organized minorities of course exist in other countries and sometimes influence foreign policy. But nowhere else are there so many vigorous ethnic minorities who so often get emotional about matters they really don't understand.

FERTILIZER PRODUCTION INCREASE NEEDED TO CURB FARM, FOOD PRICE SPIRALS

Mr. SYMINGTON. Mr. President, Missouri farmers are deeply concerned about the availability of fertilizer at prices that will permit them to continue producing food and fiber for the American people and for export. I share their concern and have today written the President urging that steps be taken to help assure adequate future supplies of fertilizer at reasonable prices.

Just today we were told by the representative of a group of Missouri farmers that in 1973 anhydrous ammonia fertilizer cost them $72 per ton. This year, the average price increased 94 percent to $140 per ton, and for the 1975 crop year they have been quoted prices of $200 and up. Even with prices three times those of 2 years ago, they have not been able to get a firm commitment for any part of the 300 tons of fertilizer they will need next year.

If we expect the farmers of America to meet the need for food and fiber, this situation cannot continue. A more adequate supply of fertilizer must be assured or the inflationary spiral can only worsen either because of food and fiber shortages or because of skyrocketing costs of production.

In his address earlier this week, the President assured farmers that fertilizer would be allocated for their use. Effective and fair allocation regulations would help provide the necessary short term mechanism to deal with shortages, and experts agree that we will have fertilizer shortages at least for a few more years regardless of new efforts to increase production.

Better management of continuing shortages is not enough, however. Steps need to be initiated now to assure production of additional fertilizer, and that is what I have recommended to the President today.

I ask unanimous consent that the text of my letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., October 10, 1974.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Missouri farmers approve the spirit of your efforts to assure adequate food for American consumers by monitoring exports. But farmers in my State and throughout the grain belt are deeply concerned that while the Administration is restricting certain exports and thereby reducing prices farmers could get for their commodities, effective measures have not been taken by the Administration to stabilize skyrocketing fertilizer prices and increase fertilizer supplies necessary to produce food and fiber for domestic consumption and export next year.

According to U.S. Department of Agriculture figures from September 1973 and September 1974, fertilizer prices per ton have increased as follows:

Potash: $63.60 in September 1973 to $91 in September 1974, a 43 percent increase.

Diammonium phosphate: $119 to $228 a ton, 91.6 percent.

Concentrated superphosphate: $94 to $188 a ton, 100 percent.

Ammonia: $92.50 to $229, 147.6 percent.

Because it is the primary component necessary for the production of nitrogen, the dramatic increase in the price of ammonia is most costly to the farmers. Knowledgeable observers forecast that prices for most types of fertilizer will increase another 10 to 20 percent by next spring.

In your October 8 message to the Congress you assured the American farmer that fertilizer allocation would be adequate to meet their needs.

But allocation of available supplies is not enough; administrative action is needed to insure that more fertilizer plants are built. Otherwise, short supplies are likely to continue for the rest of the decade.

Kindly reply at your convenience.

Sincerely,

STUART SYMINGTON.

INTERNATIONAL AIR TRANSPORTATION FAIR COMPETITIVE PRACTICES ACT OF 1974

Mr. CHILES. Mr. President, I was very pleased to support the passage of S. 3841, the International Air Transportation Fair Competitive Practices Act of 1974. I feel this is much needed legislation which will lead to relief from the unfair and discriminatory competitive practices to which U.S. international air carriers have been subjected in competing with foreign air carriers.

U.S.-flag airlines have for too long suffered from discriminatory policies that have proven a serious economic hardship and have led directly to the current very poor financial situation of the U.S.-flag carriers, most notably Pan American World Airways. Unfortunately, these airlines have had to contend not only with discriminatory policies and practices by foreign governments that favor nationally owned or subsidized airlines but also with actions on the part of the U.S. Government that have contributed substantially to their economic problems. A very telling example of this is the fact that the Export-Import Bank now gives favorable rates of interest for the purchase of aircraft by foreign airlines that are in direct competition with U.S.-flag airlines. These rates of interest are much lower than what can be obtained by U.S. carriers for purchase of equipment.

S. 3481 outlines a number of actions that the U.S. Government can undertake to improve the competitive situation of U.S. international air carriers. Relevant agencies would be directed to review unfair and discriminatory competitive practices and act to eliminate them. Primary among the areas to be addressed are the inequitable rates paid to U.S.-flag airlines for the carriage of international mail; the requiring that U.S.-financed travel and shipments be on U.S. carriers; the encouragement of travel on U.S.-flag carriers by Americans; and arming the United States with retaliatory power in the case of exorbitant charges being levied on our airlines.

Mr. President, the time for action to insure a fair treatment of U.S.-flag carriers is long overdue and I am hopeful we will now see forthright action to accomplish that goal. These airlines have played a major role in developing new air routes throughout the world; they are an important aspect of our economy and a significant source of jobs for Americans. I think we have a responsibility to insure that our airlines can compete in an atmosphere of equitable treatment and I think this legislation represents an important step in the right direction.

THE PUBLIC UNDERSTANDS THE CAUSES OF INFLATION

Mr. HRUSKA. Mr. President, there is a prevailing view among some that the workings of our economy, particularly as regards to inflation, are too complex for the average American to understand.

I strongly dispute this notion as is amply evidenced by the many excellent and informed letters I have received concerning the causes of inflation and proposed remedies.

An excellent example of this correspondence is a letter I received from a constituent from Omaha, Nebr. (Mr. Robert S. Walker, a small businessman engaged in the dry cleaning business, who sent me a copy of a letter he transmitted to President Ford.

He begins by indicating that:

> In freshman economics at the old University of Omaha, in 1932, we were taught that no family or larger unit of people could for long consume more than they could or would produce. In the last decade, the federal government has spent $102.9 billion more than its income, which obviously distorts the comparison of equal production to consumption. Politicians can no more change this law than they can change the law of gravity.

Is it not remarkable that we in the Congress have taken over 40 years to understand that if you spend more than you take in, you ultimately tax the citizen through inflation.

He goes on to state:

> It seems quite obvious that political expediency is more important to many politicians than is the future of the country and its people.

Was not this a clear message that emanated from the various economic summits? We overspent on wasteful programs in the 1960's and 1970's that ultimately generated our current inflation.

He goes on to point out the harmful effect of the growth of government at all levels particularly the Federal Government:

> One of our crucial problems is too much government at all levels, that each of us must support and pay for with our production. Many consumers apparently do not realize this and do not know that this cost is part of each and every product or service that they buy . . . I was in school in our Capital in 1934. What I see today in Washington, D.C., in government buildings, and people creating nothing like a drone bee while the product of the worker bees is consumed, is almost unbelievable; and this all happened in the last 40 years of the approximate 200 years of our government.

As for welfare and unemployment, he states:

> In addition to too much government, the welfare system is making it possible or desirable for employees to leave work in our business because ADC, food stamps, and other forms of relief, not taxable, make it more profitable not to work than to work. It is so bad that we cannot hire laundry and drycleaning workers in the Omaha labor market that is supposed to have a 6 percent unemployment rate.

Does this not indicate that not only are our constituents acutely aware of what is plaguing our Nation but also that we might be well advised to spend more time with them discussing the true impacts of our programs rather than speculating and pontificating on what would make them "better off."

Mr. President, I ask unanimous consent that the entire text of his letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WALKERS, INC.,
September 25, 1974.

Hon. GERALD R. FORD,
President of the United States,
White House,
Washington, D.C.

DEAR PRESIDENT FORD: After laying awake more than an hour in thought I am up at 4:00 a.m. dictating this letter that you will probably never have an opportunity to see or read.

In freshman economics at the old University of Omaha, in 1932, we were taught that no family or larger unit of people could for long consume more than they could or would produce. In the last decade the federal government has spent $102.9 billion more than its income, which obviously distorts the comparison of equal production to consumption. Politicians can no more change this law than they can change the law of gravity. I must believe that our senators and representatives have enough intelligence to be aware of these laws of economics for them to have been able to be elected from their various districts.

It would seem quite obvious that political expediency is more important to many of them than is the future of the country and its people. Business large or small is no more than a conduit for each worker, furnishing him with tools and methods of orderly selling and/or distribution of what each worker produces. The percentage of profit or return on investment in small business has gone down each year since the end of the 30's. The percentage of per capita income and government at all levels has grown each year during the same period. Contrary to what most media would like to have us believe the (Sunday, September 22nd CBS program "What's Going On Here? The World-Wide Economy", is an example of their half reporting,) the per capita disposable income is up 76% from 1965 to 1974 while consumer prices wene up 40%. These figures are from the U.S. Department of Commerce.

One of our crucial problems is too much government at all levels, that each of us must support and pay for with our production. Many consumers apparently do not realize this and do not know that this cost is part of each and every product or service that they buy. The proposed federal health insurance program, for instance, would mean an increase in our prices of more than ten percent. Why can't government and the media be honest and tell citizens that all these many additional costs are in the end paid for by them and not business?

If all personal income over $100,000.00 and corporate profits in the nation were taken, they would pay for the operation of federal government for only a short period of the year. I was in school in our capital in 1934. What I see today when in Washington, D.C., in government buildings, and people creating nothing like a drone bee while the product of the worker bees is consumed, is almost unbelievable and this has all happened in the last 40 years of the approximate 200 years of our government.

In addition to too much government, the welfare system is making it possible or desirable for employees to leave work in our business because A.D.C., food stamps, and other forms of relief, not taxable, make it more profitable not to work than to work. It is so bad that we cannot hire laundry and drycleaning workers in the Omaha labor market that is supposed to have a 6-percent unemployment rate.

Now, let's look at the vast disparity in income in the country, for the same levels of skill and knowledge.

Construction jobs, because of the licensing of the building industry which makes possible union control, is a point at hand. Construction laborers in the Omaha market are making more than twice what similar skills could make in other non-controlled businesses. A new home in Omaha will cost $50.00 a square foot to build, up from $25.00 a square foot three years ago, and approximately $10.00 a square foot 25 years ago. If our Nebraska farm hands were to be paid $6.00 an hour, plus $3.00 an hour for fringe benefits, as a new blue-collar auto worker contract calls for, Mrs. Housewife would have something to cry about.

If the politicians cannot see it, a lot of small businessmen can. We have come to the point that so many non-producers can no longer ride on the back of those who are willing to work and produce a tangible usable product or service.

Respectfully yours,
ROBERT S. WALKER, Sr.,
President, Walker's Inc.

S. 4130—NATIONAL PRODUCTIVITY ACT

Mr. NUNN. Mr. President, yesterday I introduced the National Productivity Act of 1974. I ask unanimous consent that a brief summary of that bill, S. 4130, and the complete text of the bill be printed in today's RECORD.

There being no objection, the summary and bill were ordered to be printed in the RECORD, as follows:

THE NATIONAL PRODUCTIVITY ACT

SUMMARY

The National Productivity Act of 1974 provides a set of Congressional findings and a declaration of national policy with respect to productivity and the need to encourage productivity growth. It requires all Federal agencies and courts to interpret the Act in such a way as to give effect to the intent of Congress to encourage productivity growth consistent with economically efficient application of capital and environmental and workforce protection.

The Act requires a detailed productivity impact statement for every major legislative proposal, major program recommendation contained in the President's budget, and other major Federal actions significantly affecting productivity.

The Act requires a review by all Federal agencies of current statutory authority, administrative regulations, policy and procedures to insure these are consistent with the purposes, policies, and goals of the Act. A continuing review and a comprehensive review every four years are also required.

The Act establishes a National Productivity Center under the supervision of the Secretary of Commerce to carry out the Act. The NPC is headed by a Director and one Deputy Director, both appointed by the President. The role of the NPC is to encourage research and development; collect, analyze, and disseminate productivity information; administer the two grant programs; submit reports to the Secretary, President, and the Congress; and conduct a National Conference on Productivity.

A grant program is established to provide for research, projects, and information gathering and dissemination under the guidance of the NPC. The NPC is directed to work with the National Science Foundation on the research and development programs. Funding of these grants is at 100 percent.

A grant program is established to provide grants to institutions of higher education to establish productivity centers and technical assistance programs similar to an "extension service." State and local programs similar to the federal program are also encouraged through the grant program. This program would use the majority of the funds authorized and would require grantees to provide matching funds—federal grant 65 percent, grantee 35 percent.

The National Commission on Productivity and Work Quality is retained in its present capacity.

The Act authorizes the President to award a National Productivity Award as appropriate.

Funding is authorized by the Act at the following levels:

FY–1975=$10 million.
FY–1976=$20 million.
FY–1977=$25 million.

S. 4130

A bill to establish a Federal productivity policy; to provide for a review of Federal laws, regulations, and policies; to establish a National Productivity Center within the Department of Commerce; to authorize a program of grants; in order to promote productivity growth in all sectors of the economy; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Productivity Act of 1974".

TITLE I—STATEMENT OF FINDINGS AND PURPOSES

SEC. 101. The Congress finds that:

(1) the decline in the rate of productivity growth in the United States has contributed to inflation and adversely affected the competitive position of the United States in world markets;

(2) the accumulation of laws, regulations, and procedures over the years has in the aggregate adversely affected productivity growth;

(3) the production base of the United States has not improved nor implemented new technology at a pace consistent with increased productivity growth;

(4) industry, services, and government have all suffered a decline in productivity growth;

(5) failure to consider the impact of proposed governmental action on productivity has been a significant factor in the decline in productivity.

(6) productivity and its effect on the economy, inflation, and the competitive position of the United States in world markets is little understood by all elements of American society and information on productivity improvement difficult to obtain.

SEC. 102. The purposes of this Act are:

(1) to establish a national policy which will encourage productivity growth consistent with economic needs and the needs to protect the environment and the workforce;

(2) to promote efforts which will stimulate the adoption of new methods and technology by all sectors of the economy, indus-

try, services, and government; to promote efforts to continuously review and improve the efficiency and morale within all sectors of the economy;

(3) to increase the understanding of the role of productivity and its importance to the Nation; and

(4) to establish a National Productivity Center within the Department of Commerce.

Sec. 103. The Congress, recognizing the importance of productivity to all sectors of the Nation's economy, particularly the importance of new technology, better management, improved labor relations, governmental regulation, and efficient allocation of capital; and recognizing further the importance of coordinating the need to promote a high rate of productivity growth with the need to preserve the environment and promote the health and safety of the workforce, declares that it is the continuing policy of the Federal Government, in cooperation with State and local governments, and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to foster and promote the general economic welfare, to provide the stimulus to a high rate of productivity growth, and fulfill the social, economic, and other needs of all Americans, present and future.

Sec. 104. In order to carry out the policy set forth in this Act, it is the continuing responsibility of the Federal Government to use all practicable means, consistent with other essential considerations of national policy, to improve the coordinate Federal plans, functions, programs, and resources to the end that the Nation may:

(1) assure for all Americans a sound and productive economy;

(2) provide for a sustained, high rate of productivity growth in all sectors of the Nation's economy;

(3) achieve a balance between the need to preserve the environment and provide for the safety of the workforce and the need to insure a high rate of productivity growth;

(4) provide for the most efficient application of capital to achieve the balance cited in clause (3);

(5) achieve a balance between the need for new technology and the need of the workforce for stability and utilization of existing skills or acquisition of new, upgraded skills;

(6) enhance industrial capacity to provide the most efficient production base, insure the quality and supply of renewable resources and promote the maximum reuse of depletable resources.

Sec. 105. The Congress recognizes that a high rate of productivity growth is essential to a stable, sound economy capable of providing for the general welfare, health, and happiness of all Americans.

TITLE II—COOPERATION OF AGENCIES; REPORTS; AVAILABILITY OF INFORMATION; RECOMMENDATIONS; INTERNATIONAL AND NATIONAL COORDINATION OF EFFORTS

Sec. 201. The Congress authorizes and directs that, to the fullest extent possible:

(1) the policies, regulations, and public laws of the United States shall be interpreted and administered in accordance with the policies set forth in the Act, and

(2) all agencies of the Federal Government shall:

(A) use of systematic, interdisciplinary approach which will insure the integrated use of the natural and social sciences, engineering disciplines, safety and environmental design arts in planning and decision making which may have an impact on productivity;

(B) identify and develop methods and procedures, in consultation with the National Productivity Center established by title III of this Act, which will provide for the standards and measurements to be used in assessing the impact of proposed actions on productivity;

(C) include in every recommendation or report on proposals for legislation, in every major program recommendation contained in the President's budget and other major Federal actions significantly affecting productivity, a detailed statement by the responsible official on:

(i) the impact on productivity of the proposed action,

(ii) any adverse economic effects which cannot be avoided should the proposal be implemented,

(iii) alternatives to the proposed action,

(iv) the relationship between the maintenance and enhancement of long-term productivity and effects on the environment,

(v) the efforts made to provide a systematic and comprehensive approach incorporating all relevant considerations including efficiency, energy, environment, and safety considerations,

(vi) the benefits to be gained by the proposed action versus the cost of implementation, the anticipated short-term capital requirements versus the anticipated life of the proposed action, and the expected life of the proposed action versus the expected initiation of successor action,

(vii) prior to making any detailed statement, the responsible Federal official shall consult with and obtain the comments of any Federal agency which has jurisdiction by law or special expertise with respect to any productivity impact involved. Copies of such statement and the comments and views of the appropriate Federal, State, and local agencies which are authorized to develop and promote productivity growth, shall be made available to the President, the Secretary of Commerce, the National Productivity Center, and to the public as provided by section 552 of title 5, and shall accompany the proposal through the existing agency review processes. In the case of proposed legislation, said statement shall accompany the legislation when submitted to the Congress.

(D) study, develop, and describe appropriate alternatives to recommended courses of action in any proposal which involves unresolved conflicts concerning the impact on productivity of proposed actions;

(E) recognize the importance of productivity in any proposed long-term solution to the economic crisis facing the world and, where consistent with the interests of the United States, provide appropriate support to initiatives, resolutions, and programs designed to maximize regional and international cooperation in anticipating and preventing adverse actions affecting productivity;

(F) make available to States, counties, municipalities, institutions, industry, and individuals, advice and information useful in maintaining, enhancing and promoting sustained productivity growth;

(G) generate and use productivity information in the planning and development of projects and programs to enhance internal productivity;

(H) assist the National Productivity Center established by title III of this Act;

(I) establish a small, directorate level staff to promote internal productivity, study present organization to improve operations, review and reinvigorate present incentive, suggestion, safety and other programs designed to enhance internal productivity and provide for improved operations, maintain a current awareness program on productivity improvement in general as well as Federal level studies to improve governmental efficiency undertaken in accordance with legislation or Presidential direction and provide for the adoption and implementation of those recommendations of such studies which are applicable to the agency.

Sec. 202. All agencies of the Federal Government shall review their present statutory authority, administrative regulations, and current policies and procedures for the purpose of determining whether there are any deficiencies or inconsistencies therein which prohibit full compliance with the purposes and provisions of this Act and shall propose to the President not later than July 1, 1975, such measures as may be necessary to bring their authority and policies into conformity with the intent, purposes, and procedures set forth in this Act. Thereafter all agencies shall provide for continuous review and shall propose to the President at least once every four years such measures as may be necessary to bring their authority and policies into conformity with the intent, purposes, and procedures set forth in this Act and determined to be appropriate in light of the most recent advances in areas affecting productivity.

Sec. 203. Nothing in this title shall in any way affect the specific statutory obligations of any Federal agency (1) to comply with productivity policy, (2) to coordinate or consult with any other Federal or State agency, or (3) to act, or refrain from acting contingent upon the recommendations or certification of any other Federal or State agency.

TITLE III—NATIONAL PRODUCTIVITY CENTER

Sec. 301. The President shall transmit to the Congress annually beginning July 1, 1975, a Productivity Report (hereinafter referred to as the "report") which shall set forth (1) the status and condition of the major factors affecting productivity, including, but not limited to, capital investments, technological advances, structure of private industry, labor programs, management programs, government programs; (2) current and foreseeable trends in the quality, quantity, management and use of these elements and the effects of these trends on the economic and other requirements of the Nation; (3) the adequacy of the productive base of the Nation for fulfilling the economic requirements of the Nation in the light of anticipated growth and available resources; (4) a review of the programs and activities (including regulatory activities) of the Federal Government, the state and local governments, industry, labor and other non-governmental entities or individuals, with particular reference to their effect on productivity; and (5) a program for remedying the deficiencies of existing programs and activities, together with recommendations for legislation.

Sec. 302. (a) There is established within the Department of Commerce the National Productivity Center (hereinafter referred to as the "Center"). The Center shall be headed by a Director, who shall be appointed from civilian life by the President by and with the advice and consent of the Senate. Under the supervision and direction of the Secretary of Commerce, the Director shall be responsible for the exercise of all powers and the discharge of all duties of the Center, and shall have authority and control over all personnel and activities thereof.

(2) There shall be in the Center a Deputy Director, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate and shall perform such duties and exercise such powers as the Director may prescribe. The Deputy Director shall act for, and exercise the powers of, the Director during his absence or disability.

(3) In carrying out his functions the Director shall assist and advise the Secretary of Commerce and the President on policies and programs of the Federal Government affecting productivity by—

(A) assisting the Federal agencies and departments in appraising the effectiveness of existing and proposed programs, policies, and activities of the Federal Government and those specific major projects designated by the President which do not require individual project authorization by Congress, which affect productivity;

(B) reviewing the adequacy of existing standards and measures for productivity and providing for the monitoring of productivity consistent with those standards and measures in order to achieve effective coverage and efficient use of research facilities and other resources;

(C) promoting the advancement of scientific knowledge of the effects of actions and technology on productivity and encourage the development of new techniques and technology to improve productivity;

(D) assisting in coordinating among the Federal departments, and agencies those programs and activities which affect, promote, and improve productivity;

(E) collecting, collating, analyzing, interpreting and disseminating data and information on productivity;

(F) administering grants to states and localities in accordance with section 307 of this Act;

(G) conducting an annual National Conference on Productivity; and

(H) preparing the annual report required in section 301 of this title.

Sec. 303. In exercising his powers, functions and duties under this title, the Director shall—

(1) consult with the National Commission on Productivity and Work Quality;

(2) use, to the fullest extent possible, the services, facilities, and information (including statistical information) of public and private agencies and organizations, and individuals, in order that duplication of effort and expense may be avoided, and assuring that the Agency's activities will not unnecessarily overlap or conflict with similar activities authorized by law and performed by other established agencies.

Sec. 304. Unless otherwise provided by law, the Director is authorized to employ no more than one hundred personnel, including consultants and experts, to carry out the functions of the Agency as provided by this Act.

Sec. 305. Each Productivity Report required by this title shall, upon transmittal to Congress, be referred to each standing committee having jurisdiction over any part of the subject matter of the Report.

Sec. 306. (a) It is the purpose of this section to provide for and encourage research and development for the purpose of improving productivity, adoption of new technology and dissemination of information concerning new developments and technology associated with productivity improvement.

(b) The National Productivity Center, is authorized—

(1) to make grants to, or enter into contracts with, public agencies, institutions of higher education, or private organizations, to conduct research, demonstrations, or special projects pertaining to the purposes described in this title, including the development of new or improved methods, techniques, systems, equipment, and devices to improve and stimulate productivity growth;

(2) to make continuing studies and to establish with the National Science Foundation programs of research to develop new or improved methods, techniques, systems, equipment, and devices to improve and stimulate productivity growth, including, but not limited to, the effectiveness of projects or programs carried out under this title;

(3) to make recommendations for action which can be taken by Federal, State, and local governments, industry, labor, and other private organizations and persons to improve and stimulate productivity growth;

(4) to conduct special workshops, conferences, and other forums for the presentation and dissemination of information resulting from research, demonstrations, and special projects authorized by this title;

(5) to carry out a program of collection and dissemination of information obtained by the Center or other Federal agencies, public agencies, institutions of higher education, or private organizations engaged in projects under this title, including information related to new or improved methods, techniques, systems, equipment, and devices to improve and stimulate productivity growth.

(c) A grant authorized under this section may be up to 100 per centum of the total cost of each project for which such grant is made. The Center shall require, whenever feasible, as a condition of approval of a grant under this subtitle, that the recipient contribute money, facilities, or services to carry out the purposes for which the grant is sought.

Sec. 307. (a) It is the purpose of this section to encourage States, units of general local government, and institutions of higher education, to develop and implement centers, programs and projects to improve and stimulate productivity growth, dissemination of information, and make available technical assistance to government, labor, industry and other organizations and persons to improve and stimulate productivity growth.

(b) (1) A State, unit of general local government, or institution of higher education, desiring to receive a grant under this section for any fiscal year shall, consistent with the basic criteria which the Center establishes under this title, incorporate its application for such grant in a comprehensive plan consistent with the purposes, policies and goals of this Act.

(2) The Center shall, after consultation with appropriate elements of the federal government, state and local governments, by regulation prescribe basic criteria for applicants and grantees under this title. In prescribing these basic criteria, the Center shall place special emphasis on the use of institutions of higher education, especially those possessing engineering schools, engineering experiment stations, business schools, or schools of public administration, to provide centers to plan, demonstrate and carry out projects and programs consistent with the purposes, policies and goals of this Act. The use of post-high school technical and vocational schools enjoying accreditation from recognized authorities is also encouraged.

(c) The funds available in each fiscal year to make grants under this section shall be allocated by the Center as follows:

(1) 35 percent of the funds shall be available for grants to institutions of higher education possessing schools, stations, or similar departments as described in subsection (b) (2) of this section which agree to establish a productivity center to carry out the purposes described in subsection (b) (2); and

(2) 65 per centum of the funds may be made available, as the Center may determine, to appropriate State agencies qualifying as a State Productivity Center, units of general local government, institutions of higher education, or combinations of such units, according to the criteria and on the terms and conditions the Center determines consistent with this title.

(d) Any grant made from funds available under this section may be up to 65 per centum of the cost of the program or project for which such grant is made. No funds awarded under this title may be used for building construction or land acquisition.

(e) A State Productivity Center is an agency established or designated by a State for the purposes of establishing productivity centers, carrying out plans, demonstrations, programs, projects, and technical assistance consistent with the purposes, policies and goals of this Act.

(f) If the Center determines, on the basis of information available to it during any fiscal year, that a portion of the funds granted to an applicant for that fiscal year will not be required by the applicant or will become available by virtue of the application of regulations established by the Center to govern noncompliance by an applicant or grantee, that portion shall be available for reallocation under this section.

(g) The Center shall by regulation prescribe the basic criteria for determination of noncompliance by grantees and applicants including appropriate provisions for notice and hearing with respect to such determination.

Sec. 308. Unless otherwise provided in this title, the Center shall carry out the programs provided for in this section during the fiscal year ending June 30, 1975, and the three succeeding fiscal years.

Sec. 309. Not later than December 31 of each year, the Center shall report to the President and to the Congress on activities pursuant to the provisions of this title during the preceding fiscal year.

Sec. 310. There are authorized to be appropriated such sums as are necessary to carry out the purposes of this Act, but such sums in the aggregate shall not exceed $10 million for the fiscal year ending June 30, 1975; $20 million for the fiscal year ending June 30, 1976; $25 million for the fiscal year ending June 30, 1977. Funds appropriated for any fiscal year shall remain available for obligation until expended.

TITLE IV—NATIONAL PRODUCTIVITY AWARD, APPROPRIATIONS

Sec. 401. The President may award, and present in the name of Congress, an award of appropriate design, which shall be known as the National Productivity Award, to any public or private organization, governmental unit, or individual, which in its performance, has distinguished itself by exceptional efforts and contributions to the growth of the Nation's productivity.

"ONE MAN'S OPINION" ON THE DANGERS OF NUCLEAR PROLIFERATION

Mr. SYMINGTON. Mr. President, further with respect to the ever growing importance of the continuing proliferation of nuclear weapons and the materials to make them, I am certain that three radio commentaries and one television commentary by Edward P. Morgan of the American Broadcasting Co. will be of interest to my colleagues.

Mr. Morgan has very ably highlighted a number of very telling points concerning the dangers inherent in the spread of nuclear weapons and materials in these network commentaries called "The Shape of One Man's Opinion."

I ask unanimous consent that the scripts for these four commentaries be printed in the Record.

There being no objection, the commentaries were ordered to be printed in the Record, as follows:

[Radio Commentaries]

Shape of One Man's Opinion

(By Edward P. Morgan)

October 9, 1974.

This is Edward P. Morgan, ABC News Washington with the Shape of One Man's Opinion. A look at our nuclear weapons glut after this word.

While we absorb President Ford's new rules and recommendations on the economy, we ought to cast a glance at another area where we can economize: our arsenal of nuclear weapons. It's a colossal glut on the market of extravagant security.

A freshly focused rundown of figures on runaway proliferation of "nukes" is available thanks to a hearing last month by the military applications subcommittee of the Joint Atomic Energy Committee. The subcommittee's chairman, Missouri's Stuart Symington, noted it was the first open hearing Congress has ever held on nuclear weapons. Testimony, just released in printed form, calls for several encores. It shows, among other things, how dangerously ignorant almost everybody but the so-called experts have been kept on this dark art.

The principal witness was a retired admiral, Gene R. La Rocque, now head of the Center for Defense Information, a fact and analysis collecting outfit which the Pentagon would dearly love to sink without a trace. Admiral LaRocque began with a devastating summary of points:

1. The U.S. has three times as many strategic nuclear weapons as the Soviet Union: 7,940 to 2,600.

2. The U.S. now has enough strategic nuclear weapons to hit every Soviet city of more than 100,000 inhabitants with 36 separate nuclear strikes. The Soviet Union could do the same to every U.S. city over 100,000 11 separate times. "Obviously," the admiral said, "this is a high measure of overkill on both sides."

3. Because we have more of these weapons, we can destroy more individual targets in the Soviet Union than the Russians can in the United States.

4. Soviet missiles and bombers can carry about twice as much raw megatonnage as ours but the destructive power of each country is about equal.

5. American and Russian nuclear arsenals have reached an absurd level—4,400 megatons for the U.S. 3,900 megatons for the USSR. Our stockpile alone measures more than 615,000 times the strength of the bomb we dropped on Hiroshima.

6. Since the 1972 SALT agreement, the U.S. has added 2,190 strategic nuclear weapons, and the rate now is about four a day; the Soviets have added 400 strategic "nukes" since SALT and are increasing by about one a day.

7. This proliferation of nuclear weapons in the world, led by the United States and the Soviet Union, endangers the continuance of human life on this planet. (And, subsequent testimony indicated, we both are in violation of the nonproliferation treaty "which very clearly states that both the United States and the Soviet Union will take steps to limit and reduce their nuclear weapons. This we have not done.")

8. "In the more immediate time frame we are wasting our natural resources and adding unnecessarily to our growing problem of inflation."

Thus spake Admiral Gene La Rocque before Senator Symington's subcommittee.

Wrestling with the figures of overkill in exasperation, Secretary Kissinger once said, "what in the name of God is strategic superiority: What is the significance of it politically, militarily, operationally, at these levels of numbers? What do you do with it?" What indeed?

This is Edward P. Morgan ABC News Washington with the Shape of one Man's Opinion.

October 10, 1974.

This is Edward P. Morgan ABC News Washington with the Shape of One Man's Opinion. A look at nuclear recklessness after this word.

While our backs were turned, our attention set on simpler, human things, like the price of hamburger, the Pentagon has been playing fast and loose with nuclear weapons and nuclear strategy, the damage of which could be beyond price.

If that sounds like a reckless statement, regard the recent testimony of Admiral Gene La Rocque, retired, before Senator Symington's military applications subcommittee of the Joint Atomic Energy Committee. Admiral La Rocque drew his data not only from long and distinguished service at sea and in the Pentagon, but from the Center for Defense Information, which he now heads—to the repeated embarrassment of the military brass.

Item: A number of naval vessels besides aircraft carriers are "capable" of carrying nuclear weapons and his experience is they do carry them and "they do not offload them when they go into foreign ports such as Japan or other countries." This revelation has already created a furor in Tokyo because it appears to violate an agreement banning such weapons from Japan.

Item: The Navy's aircraft carriers all but became a total nuclear fleet almost by stealth. La Rocque related how during the trouble over the islands of Quemoy and Matsu, off China, in the late 1950's the naval commander in chief in the Pacific was ordered to ready possible bomb attacks on China with conventional weapons. He radioed back he had none—all his carriers had only nuclear weapons. We asked ourselves, the admiral recalled, ". . . My God, how has this happened?" From queries all over the world, the Pentagon found in its whole attack carrier force, only about a carrier-and-a-half's worth of conventional weapons.

No policy had proclaimed a conversion to "nukes," but noting their importance to our strategic position carriers simply added nuclear armament every time they went into a shipyard. The Navy has taken steps to reverse the situation and give the carrier force more "flexibility."

Item: While the military brass and the Atomic Energy Commission have consistently pooh-poohed the possibility of nuclear accident, Admiral La Rocque cited two instances of near disaster. Once when he commanded the guided missile cruiser Providence, they were preparing to shoot a missile at a practice plane. Everything was computerized. Nothing, supposedly, could go wrong. But it did. From the bridge, the admiral spotted not a conventional but a red-tipped nuclear missile on target. Somehow they managed to break the chain and stow it below again. Another time at Malta a merchant ship rammed a U.S. destroyer-type, just where her nuclear weapons were stored. Nothing happened but the word spread nervously across the island. La Rocque said such incidents "happened all the time."

Item: Each of the projected new Trident submarines—price tag upwards of a billion each—will carry 408 nuclear weapons. Admiral La Rocque worries about what would happen if one were lost and broken up in the Gulf Stream.

So far, the Pentagon refuses to file an environmental impact statement on Trident operations—though the impact of that arrogance may turn the brass around.

This is Edward P. Morgan ABC News Washington with the Shape of One Man's Opinion.

October 11, 1974.

This is Edward P. Morgan, ABC News Washington, with the Shape of One Man's Opinion. A look at nuclear blackmail and other things after this word.

The word overkill defines the capability of the United States and the Soviet Union, once their nuclear arsenals reached a certain capacity, to demolish each other many times over. That capacity was reached by both sides years ago. We now have such a mighty stockpile, according to the director of the Center for Defense Information, Admiral Gene La Rocque, retired, we can hit each major Soviet city 36 times over (once would be enough) and the Russians can do the same to our cities over 100,000 population 11 separate times. Still, despite this ghastly punch, despite so called arms control agreements, both superpowers go feverishly on arming with new nuclear weapons systems costing billions.

This apparently extravagant and dangerous folly has long troubled Missouri's Senator Stuart Symington, former Secretary of the Air Force, and one of the leading experts in Congress on the military, and its many strengths and weaknesses.

Last month, chairing a Joint Atomic Energy subcommittee hearing, Symington asked Admiral La Rocque why the Pentagon persisted in escalating the overkill.

Partly, La Rocque thought, because of ignorance of the capability of U.S. and Soviet forces, an unwillingness to sit down and look at the numbers of "nukes" both sides have.

"It is the old bomber mentality," he added. "You had to have 600 bombers . . . to get 100 of them through . . . That doesn't exist any more. They don't have any defense against ballistic missiles in the Soviet Union nor do we in the United States. We have a treaty which insures that neither side will have them . . .

". . . Now all of our offensive missiles get a free ride. So you can count every one of them. But many people have forgotten that."

And many have forgotten—if indeed they ever knew—how almost indiscriminately the Pentagon has scattered nuclear stockpiles around the world which, according to Admiral La Rocque and other experts, far from strengthening security, undermine it by making the U.S. hostage to local crises. For instance, we have nuclear war heads not only in Turkey and Greece but South Korea—all of them possible flash points. Turkey and Greece have already flared up at each other. How do we extricate our troops and "nukes" to avoid the lethal ridiculousness of nuclear involvement in a local rumble?

Admiral La Rocque scored as "very shortsighted" the U.S. policy to put nuclear weapons in foreign countries when they might become unfriendly because when that happens we virtually lose control of our weapons. Foreign policy based on such potentially explosive strategy seems patently absurd.

There is the added danger of other countries proliferating with "nukes," following the U.S.-Russian example, like India and possibly Israel, Egypt and even Argentina, not to mention terrorists bent on nuclear blackmail.

Then there is the eloquent and perilous inconsistency of our edging nuclear weapons up to the very borders of the Soviet Union, in Turkey and elsewhere, while risking war to get Soviet missiles out of Cuba. Logic would indicate it's our turn to withdraw, but nuclear madness does not suffer logic gladly.

This is Edward P. Morgan ABC News Washington with the Shape of One Man's Opinion.

October 11, 1974.

A retired admiral and a senator from Missouri have done the country a monumental service but the news media seem to have been out to lunch.

Last month Admiral Gene La Rocque, now head of the Center for Defense Information, gave a Joint Atomic Energy Subcommittee hearing chaired by Senator Symington one of the most complete earfuls on our glut of nuclear weapons and dangers springing from our nuclear "policy" ever put on the public record.

The admiral spelled out the ridiculousness of overkill: We now have so many nuclear warheads we could hit every Russian city with 100,000 inhabitants or more, 36 separate times. One would be enough. The Soviets could do the same to us 11 times over.

There is a growing danger of nuclear disaster by accident. What, for instance, would happen if the projected billion-dollar Trident submarine—carrying 406 nuclear warheads—were lost in the Gulf Stream?

Admiral La Rocque hit the placing of nuclear weapons in such unstable lands as Korea, Turkey and Greece, where an explosive local emergency might block our control of the "nukes."

Senator Symington, an arms expert himself, noted this was the first open hearings Congress had ever held on nuclear weapons. Maybe if he labels the next one "secret" we'll pay more attention.

This is Edward P. Morgan in Washington.

CALLING ALL SCIENTISTS

Mr. MATHIAS. Mr. President, a wise and thoughtful man once said to me that the only way to solve the problems created by technology is with more technology. My own experience confirms this observation.

The Senate today also acknowledged this principle by passing S. 32, a bill which I cosponsored and which, as noted by Senator Kennedy, took into account legislation I introduced, S. 3980, which would have created a science and technology board. I view those provisions of S. 32 which would establish priorities in spending for national scientific research and development as crucial to the future well-being of this great Nation.

I ask unanimous consent that an article which appeared today in the New York Times, by James Reston, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Oct. 11, 1974]

Calling All Scientists

(By James Reston)

Washington, October 10—If ever there was a time when the President of the United States needed the help of the best objective scientific minds to help him grapple with the problems of food, fuel, transportation, housing and many other things, it is now; but he is a little short-handed.

Early in 1973, President Nixon abolished the post of Presidential science adviser at the White House, and disbanded the Government's Office of Science and Technology. It was decided then that men like James Killian and Jerry Wiesner of the Massachusetts Institute of Technology, who had helped guide the country through the mysteries of nuclear energy and space, among many other things, were no longer essential on the White House staff.

Roy L. Ash, director of the Office of Management and Budget, explained the reasons. During the Eisenhower Administration, he said, when the Russians pushed ahead into space with their Sputnik, "there was a need to bring science right to the top of the White House."

But after that, he added, science and scientific points of view were represented throughout the Government, so "there isn't a need to bring the scientific point of view directly into the President's office. It gets there every day."

Well, maybe so. There is, however, another view that Mr. Nixon didn't like the advice he was getting from the scientists about some of his programs, like the development of the supersonic planes, and the dangers of modern technology on the environment of the human race. And there was another conflict. Mr. Nixon sensed, quite accurately, that his official scientists were not very enthusiastic about his chances of winning the Vietnam war. They were not part of "the Nixon team," but had become sort of a "special interest" group of scientific lobby within the White House family, with strong political views hostile to his own.

Maybe he was right about this and maybe he was wrong, but the fact is that he wiped them out, and transferred the responsibility for scientific advice to the director of the National Science Foundation, H. Guyford Stever, an able and talented man, who is not at the center of policy-making at a time when science is central to the problem of the nation's and the world's problems.

Roy Ash is probably right that "science and scientific points of view are now represented throughout the Government," but he is probably wrong in thinking that their information about present problems and their suggestions about what might be done about increasing the food and the fuel of the world get to the White House "every day" or even on time to influence President Ford's decisions.

The truth is, as Roy Ash indicated, that the Federal Government has a remarkable reservoir of scientific knowledge in Washington, scattered through the departments and agencies—on atomic and solar energy, on increasing the production of food by seeding and salting the waters of the world, on geologic survey of new sources of petroleum—one of which is now coming to the fore in Mexico—but all of this information is dispersed in the departments of the Government and in the universities and laboratories of America.

It is not brought together, with all its potentialities for the future, and put before the President as a vision of the possible and the basis of his policies, which is too bad, because we now have a President who is listening.

It is fortunate, and accidental, that Nelson Rockefeller, Mr. Ford's nominee for Vice President, has spent the last few months presiding over a study of the "critical choices" before America—many of them on precisely this question about what science can contribute to the solution of our national and world problems.

One of the studies in the Rockefeller analysis, for example, has to do with the role of scientific research and development on the world's economic problems. It indicates that a bold investment of $40 billion in fertilizer plants could produce within a few years enough additional food to maintain three million of the world's increasing population.

George Woods, former head of the World Bank, is working on a plan to bring the Arabs—the new capitalists of the world—the United Nations, and the banking and technological skills of the Western world together to build and distribute this new fertilizer capacity.

Likewise, Rockefeller money and other foundation money is going to exploit new and cheaper means of producing essential raw materials to manufacture aluminum, to find food in the seas, to restore the ancient granaries of the Middle East, and to find new and cheaper engines of transportation.

For the moment, the pessimism and shortages of the world are dominating the possibilities and dampening the natural optimism of America, and this is the frustration of the scientists in Washington, in the universities, and in the laboratories.

They are dispersed and many of them feel abandoned. They are a great natural resource of America, and know much about the unused resources of the world. But they have to be given a chance to help the nation, and only the President can call them all back together.

THE GENOCIDE TREATY: DISPLAYING THE BASIC IDEALS SET FORTH IN THE DECLARATION OF INDEPENDENCE

Mr. PROXMIRE. Mr. President, the founders of this great land were very concerned with the individual rights afforded to each member and each group within our society. This can be shown in the Declaration of Independence. Thomas Jefferson wrote of these very basic rights—

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain inalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness.

These words set a precedent that has been carried on to the United Nations, taking the principles of our Government and adopting them on the international level. The preamble of the Universal Declaration of the United Nations begins as follows:

> Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world.

These two related statements formed the basis for the Genocide Treaty, the first direct international attack on the practice of wholesale destruction, or attempted destruction, of an entire people. Seventy-eight nations of the world, impressed with the ideas behind the treaty, found their way to signing this important document. Ironically, the very country who has for 200 years fought for these ideals refuses to go on record as opposed to genocide.

I believe in the integrity and good faith of this country. It would only seem natural that the United States, the founder of these high ideals, would ratify this treaty, thereby reaffirming its integrity with the nations of the world.

However, in the 25 years of the treaty's existence, this body has failed to ratify that document. I urge my colleagues, in the spirit of the Declaration of Independence, the Universal Document of the United Nations, and the very ideals that this Nation was founded upon, to ratify the Genocide Convention Accords of 1949 without further delay.

ENERGY CONSERVATION

Mr. HART. Mr. President, I ask unanimous consent to have printed in the Record a statement by the Senator from Washington (Mr. Magnuson), together with an article from the Sierra Club Bulletin.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Magnuson

As Chairman of the Senate Commerce Committee, I am deeply concerned about the energy problems that face our country. The Commerce Committee has been actively investigating the energy dilemma and numerous pieces of legislation aimed at forestalling another energy crisis. In a recent article for the Sierra Club Bulletin, Senator Tunney addressed the intricacies of the energy problem, some of the activities undertaken by the Commerce Committee and the Congress to develop and conserve our energy supplies, and the need for a continuing search to discover new ways to find and utilize our energy resources. As a member of the Commerce Committee and Chairman of the Subcommittee on Science, Technology and Commerce, Senator Tunney has been an effective leader in the development of energy conservation legislation, and I heartily commend this article to the attention of my colleagues in the Senate.

IN TIME TO STOP

(By John Tunney)

The energy crisis is not over, though it seems to have been forgotten as once again we can fill up at our local gas station. Unfortunately, the problem of matching our ever-increasing rate of energy consumption to rapidly decreasing energy reserves is not one that promises to disappear in the next few months, or even years, though specific shortages may come and go. And surely, we should not forget that the Arab nations can turn off the spigot, as they did last year, whenever they choose to do so.

Yet since the annoying gas lines of last January, there are signs of a rapid relaxation—if not outright abandonment—of essential energy conservation measures:

The nationwide 55 mph speed limit is being ignored.

Bus ridership, which had rapidly increased last winter, has begun to return to pre-embargo levels.

Carpool programs are floundering for lack of participation.

Everywhere people are beginning to act as if the shortage of last winter was an unfortunate fluke. Their complacency has not been discouraged by the brave rhetoric of Project Independence, the Administration's plan for energy self-sufficiency by 1980. The plan is proceeding rapidly apace, though it is now clear that insofar as the likelihood of fulfilling its promise is concerned it is but another puff of hot air. For example, in a recent report the National Academy of Engineering raised serious questions as to whether, even with maximum effort, self-sufficiency is possible even by 1985. The report states that self-sufficiency would require capital expenditures of about $600 billion and would collide with nearly insurmountable technical and manpower problems. Meanwhile, Project Independence is serving as an effective rationale for government programs to increase offshore drilling, strip mining, and oil-shale development, all before sufficient environmental safeguards have been insured.

So-called easy solutions to our energy problems are also fraught with difficulties. For example, optimism concerning the amounts of coal, uranium, or even oil that remain in the ground may be unfounded, since the statistics concerning the size of our remaining energy reserves are misleading. For as we utilize more and more sophisticated and complicated means of extraction—which we will be forced increasingly to do—the energy required to produce the fuels will increase rapidly, perhaps to the point where input could well exceed production. For example, it is estimated that oil-shale deposits in Colorado, Wyoming, and Utah contain 1.8 trillion barrels of oil—more than four times the crude oil discovered to date in this country. Yet *Business Week* recently reported that one major oil company *had already* declined to bid on oil-shale leases because "after developing the necessary technology, buying massive new machinery, moving tons of earth, reclaiming acres of land, and processing the shale oil for market, the BTU's produced would barely make up for the BTU's consumed." This situation is likely to become increasingly true as the easiest of the new reserves are tapped and only the more difficult ones remain.

In short, we could end up chasing ourselves in circles, utilizing enormous amounts of energy to develop new energy supplies.

The point is that there is no easy answer to our energy crisis save by conserving what resources we have and by eliminating, at least, the enormous waste of energy that now pushes our rate of consumption far higher than it needs to be. It has been estimated that only 40 percent of the energy consumed in this country is actually used for productive purposes, while a significant amount of the remaining 60 percent is wasted because of present industrial and commercial inefficiencies. According to a recent study by the Ford Foundation, a major energy-conservation effort can reduce requirements by 46 percent in the year 2000, in comparison to the needs as based on present trends. More important, the Ford Foundation study concludes that these savings can be achieved without sacrificing economic growth or personal freedom. Unfortunately, for the most part, this challenging opportunity for energy savings has not yet been acted upon either by the Administration or the Congress.

That we should begin such a program now is obvious. Even in the short run we can no longer allow our energy utilization to spiral continually upward or it will force us into an ever growing and debilitating dependency on foreign fuels, which could threaten both our balance of trade and national security. Already, the World Bank, in a private report, has projected that the Arab oil-producing bloc could control over one trillion dollars by 1985. This staggering sum, more than ten times the current American investment overseas and 100 times the gold held by the United States Government, could cripple our economy and give these countries more power than armies can provide. According to the World Bank, the resources and wealth of the Arab States "make their decisions very critical since they can effect the rate of growth of the world economy, world-wide income distribution, the level and allocation of investments, world money and capital markets, as well as the pattern of development in their countries."

In the face of these disturbing trends, it is necessary to ask ourselves what alternatives we have. Project Independence won't work, and the widespread utilization of the vast energy potential of fusion, solar power, geothermal power, coal gasification, and wind power are still a decade or more away. Therefore, in my opinion, our only acceptable short-term answer is energy conservation on a major scale. Without such an all-out effort, any program aimed at self-sufficiency seems doomed to failure.

Unfortunately, so far the government's energy-conservation programs have focused on the curtailment of activities by the individual consumer. Although voluntary energy-conservation measures such as adjusting thermostats, forming carpools, and forsaking weekend trips can diminish our energy demand, significant, long-lasting savings can only be achieved by such measures an improved design of energy-consuming products, improved efficiency in the operation of factories and buildings, and development of new, less energy-consuming equipment and processes in major industry.

While we have not yet begun seriously to implement such a comprehensive energy-conservation program, there are a number of promising proposals before the Congress that begin to tackle the problem, and therefore deserve widespread support. They represent a small, but hopeful, beginning on the road to instituting truly comprehensive energy-conservation measures.

During the height of the oil crisis, the Senate passed S. 2176, the National Fuels and Energy Conservation Act. This bill, an outgrowth of joint efforts by the Senate Commerce, Public Works, and Interior Committees, is the most extensive energy-conservation measure yet considered by the Congress, and is now pending in the House Interstate and Foreign Commerce Committee.

Senator Magnuson joined me in introducing an important provision of this legislation, which calls for a four-year, $340-million, Apollo-like program to develop an energy-efficient and nonpolluting alternative to the internal combustion engine. This provision, coupled with one by Senator Hollings, which mandates a 50-percent improvement in the average fuel economy for automobiles over a ten-year period, could, based on pre-embargo projections, save an amount of oil equal to half the imports from the Middle East. This dual approach of establishing a goal for achievement, while simultaneously developing the needed technology represents, in my opinion, a rational approach toward truly astounding savings in energy consumption in all sectors of the economy.

S. 2176 also requires that major household appliances be labeled in accordance with their estimated annual operating costs. A recent MIT study estimated that the typical $300 refrigerator will consume about $350 worth of energy in its lifetime. With the operating cost attached to the label, consumers can select better buys in terms of operating costs, thus forcing manufacturers to produce ever more energy-efficient appliances. They would be forced to compete on the basis of efficiency, dusting off plans for technological improvement that may have been shelved by cost cutters. A similar provision mandating operating-cost labeling for cars is also included in the bill.

Two other important energy measures now before the Congress are a comprehensive resource recovery and energy recycling bill, which, for the first time, offers a total approach to the country's management of its solid wastes, and a solar energy bill, which aims to increase demand for solar heating and cooling units. Both could have substantial beneficial impacts on the pattern and quantity of energy consumption in this country.

The resource recovery and energy recycling bill proposes a set of economic and other incentives for improving sold-waste disposal and for the rapid acceleration of new techniques for recycling and generating energy from solid waste. The provision in the bill mandating a program for major demonstrations through development of energy-recovery facilities is the outgrowth of the two days of hearings of my Science and Technology Subcommittee of the Senate Commerce Committee. This legislation is crucial if America is to do more with its junk than be smothered in it.

To get some idea of the possibilities inherent in this legislation, we need only more the example provided by Europe, where garbage has been successfully used for years as a fuel to generate energy. The City of Frankfurt gets seven percent of its electrical energy from a garbage-burning installation; Amsterdam gets six percent. It has been estimated that solid waste could generate enough energy to light every home and factory in the country. At the same time, using garbage for energy would relieve the enormous problem of finding enough land to dump it on.

Furthermore, recycling uses much less energy to produce materials than do traditional methods of extraction and refinement. For instance, steel can be made from scrap with 25 percent less energy than from virgin ores. For aluminum, recycling would save 95 percent of the energy required for original production. Yet at present, our major cities dispose of metal worth $5 billion a year, including 12 million pounds of steel and more aluminum and tin than we now produce.

The solar-energy bill, which is now in Senate-House conference, envisions that existing technology will be utilized increasingly over the next few years to provide solar heating and cooling for several hundred houses and other buildings in various parts of the country. Most of the technology is already available; the obstacle is cost. This bill will provide for a thorough evaluation of various solar heating and cooling units, and hopefully, will encourage a sufficiently large demand so that the costs can be reduced through mass production.

If the three bills discussed above pass both houses of Congress and are signed by the President, we will have made an important, if modest, start toward truly achieving energy self-sufficiency without paying the high price of environmental degradation. The individual citizen can promote this and similar legislation in the future by stressing the importance of such programs in letters to senators, representatives, and other elected officials.

Action on the local level is equally important. For example, a number of states, in the absence of federal action, are beginning to consider their own labeling requirements for household appliances. A groundswell of such actions along a broad front will prod federal action on further, even more comprehensive, energy-conservation measures. Local actions such as working for the reform of outmoded building codes, encouraging carpools, and lobbying to assure that utilities conserve energy as a prerequisite to rate increases will also contribute to the eventual implementation of comprehensive energy-conservation programs. Additionally, stockholders may compel their companies to institute conservation programs. Many companies have shown that they significantly conserve energy without increasing costs of operation.

The Sierra Cub has always led the fight to preserve our environment. The billions of barrels of oil and the millions of tons of coal that can be saved through energy conservation will greatly lessen the pressure for strip mining and other depredations of our environment. Therefore, I hope each of you in the Sierra Club will continue vigorously to take up this challenge and join with those of us in Congress who believe that only the institution of an ever-broadening energy-conservation program in this nation can prevent a future of disastrous shortage and pollution.

FARMERS NOT RESPONSIBLE FOR RISING FOOD PRICES

Mr. HRUSKA. Mr. President, President Ford deserves much credit for indicating the critical role that agriculture plays in our Nation's economy and its potential for combating inflation. He correctly pointed out that the American farmer is the most efficient and industrious in the world today. It is his initiative and personal investment that has made agriculture the most productive sector of our entire economy. Agriculture has far outstripped any other sector of the economy in productivity gains since the turn of the century. This progress has enabled Americans to consistently spend less of their total income on food while receiving more nutritional value.

This past weekend, the administration intervened in a large grain sale because it was seriously concerned that large purchases of American grain might be concluded before the entire market situation is known. Their concerns were prompted by the fact that one or more significant buyers, in part acting as speculators, could "corner" the short-term market in grain to the ultimate detriment of producers as well as consumers.

Let me emphatically indicate, despite certain reports to the contrary, that the Ford administration has not instituted either formal, explicit or implicit export controls. What has been done is the creation of a monitoring process whereby the Government, potential sellers and buyers, are continually made aware of demand and supply conditions in the market for grain. Clearly, it would not serve our purposes, either politically or economically, to allow foreign buyers to take excessive advantage of a current, uncertain market to gain excessive leverage and profits at the expense of both American producers and consumers.

I candidly admit that such monitoring activities may be perceived by some as implicit export controls. This is simply not accurate. Based on testimony given at numerous congressional committees including Government Operations and the Antitrust and Monopoly Subcommittee, where I serve as the ranking minority member, we in the Congress have repeatedly been urged to monitor large foreign government purchases of grain because it is felt that these dealings represent an entirely new and unknown element into the normal, orderly process of the market.

This uniqueness stems not only from the size of such purchases but also because of the short time within which they occur. The administration, therefore, does not necessarily seek to curb or eliminate such sales but rather seeks to more carefully estimate their entire impact on the market both for producers and consumers.

This caution is based on a perception that such dealings are relatively unique and present enough significant potential hazards that they should be carefully scrutinized. It certainly does not imply that such sales will be curtailed; it only implies that such sales, because of their uniqueness and dimension, will be carefully examined for any harm they might produce for the American economy.

I have no qualms about this concern, in fact, I applaud it. I feel that our markets and our potential customers for grain products have changed so dramatically in the last 5 years that we, of necessity, must move cautiously and, at times, slowly if we are to avoid major errors as are alleged to have occurred in our most recent major wheat contract with the Soviet Union.

My potential concern is that this monitoring procedure could evolve, as it has not formally done to date, into either an explicit or implicit export controls or embargo programs under the mistaken concept that such a program would help stem inflation.

If such a program of implicit or explicit controls were instituted, it would amount to a "discriminatory tax" on farmer's grain income.

What is the nature of this tax? Nothing more than the explicit or implicit export controls that would be imposed on grain sales. What would be the extent of the tax? If the fall of 15 percent in recent grain futures is any preliminary indication, this tax would certainly exceed the 5-percent surtax that President Ford has proposed as a general anti-inflationary burden for all.

Who voted this tax?

Certainly, the Congress has not nor would likely tax farmers to stem inflation.

Nor has anyone suggested or demonstrated conclusively how such a discriminatory tax will lower inflation. Yet the mistaken notion is continually repeated that farm exports cause inflation. If this were valid, the proper solution would be to end all exports. However, it is agreed that overall export controls would prompt an immediate response from our trading partners, which would set off a series of protectionist and retaliatory trade restrictions that helped plunge the world into depression during the 1930's. Since it is agreed that this would be disastrous, shortsighted, and counterproductive, I do not comprehend why we might single out farmers for such a bad policy.

It is not without precedent, however. Last year an embargo on soybean exports was imposed which was an unmitigated disaster.

Clayton Yeutter, Assistant Secretary of Agriculture, in his address to the American Soybean Association on August 12, 1974, said of this policy:

> We are hearing talk again of export controls on soybeans and grains. I realize that our crops are not turning out as large as we had expected due to weather problems. I realize that inflation continues to be our most serious problem. However, we have learned our lesson on export controls . . . and we have learned that we cannot afford them.
>
> We didn't help our consumers with that embargo—but we certainly succeeded in scaring the daylights out of good customers around the world.

I commend Secretary Yeutter for so accurately indicating that export controls on grains do not help the American consumer and do not stem inflation. He also is to be praised for so forthrightly indicating that export controls are a mistake. Fortunately, the administration has, so far, decided to forego such controls. Let me now directly address the issue of farm exports and inflation so that the record may be set straight on this controversial issue.

FARMERS AS VICTIMS OF INFLATION

Mr. President, it seems rather obvious that inflation is the direct result of too much money chasing too few goods. Farmers produce grain crops, vegetables and fruits; they raise cattle, they grow natural fibers: They do not produce, raise, plant, generate or fertilize the Nation's money supply. That is the function of the Federal Reserve System. In a desire to help finance our budget deficits, the Fed apparently printed too many dollars relative to the amount of goods and services that could be generated.

Farm prices are the end result of monetary inflation. The relationship between prices simply reflects the manner in which independent, sovereign consumers decide to spend their inflationary dollars. The prior rise in farm prices, which has been now temporarily reversed, reflects the fact that food is a very critical input for consumers. Accordingly, they spend more on food—relative to other goods—for which prices did not rise quite so fast.

However, the point to be made is that farmers are not the cause of inflation, but are its victims. In fact, very few groups have been hurt more by inflation than our Nation's farmers.

In the last year alone, according to statistics compiled by the Joint Economic Committee, farm incomes have fallen by more than 30 percent in real terms. The major factor producing this change is a combination of falling prices and rapidly rising costs. Costs have risen more than 20 percent in the first 6 months of 1974, a figure double the Consumer Price Index. This has occurred while cash receipts to farmers were falling 10 percent from a year ago.

In the face of this enormous cost squeeze, will we now perhaps ask the farmer to potentially forego the fair market price for his crops by squeezing his inflation-undermined income? I sincerely hope not.

There is talk of equitably sharing the inflation-curing burden while simultaneously farmers could be denied their rightful income. This is a very uninspiring example of social justice.

FARMERS DO NOT PRODUCE HAMBURGER OR BREAD

It is quite disconcerting to hear that farmers produce and sell, and hence are responsible for the prices of such diverse products as bread, hamburgers, steaks, hotdogs, cookies, popcorn and soybeans. It is as if we are stating that when the farmer plants his wheat in the spring, he harvests not only loaves of bread, but wrapped and vitamin enriched loaves as well. There have been great strides made in the improvement of the basic seed used in planting, but I was not aware that we had gone quite that far.

It is a gross inaccuracy to state that a percentage increase in farm prices translates into the same percentage price rise in retail food prices. On average, the farm share of the retail price of farm goods is 40 percent. For bread, it is only 20 percent and falling.

Don Paarlberg, Director of Agricultural Economics, USDA, in testimony before the Consumer Subcommittee, U.S. Senate Commerce Committee, on June 24, 1974, addressed the problem well:

> Between 1952 and 1971, retail prices of U.S. farm foods increased 27%, reflecting only a 4% in farm prices and 46% increase in farm-retail spreads. Thus during this period 94% of the rise in retail prices of farm foods was due to the rise in farm-retail spreads. The remaining 6% was due to the rise in farm values.
>
> Thus, the long-term rise in the level of food prices was due to persistently and rising market margins. Marketing margins have risen nearly every year in the last twenty years.
>
> On the other hand, farm prices have moved up and down and have only recently achieved the level of 1952. Interim years have seen the farmer's share of the consumer's dollar decline from about 50¢ to as little as 37¢. The farmer's share ranged between 37¢ and 41¢ for most years during the last decade. This past year it rose significantly to an average of 46¢, up from 40¢ in 1972. The farmer's share reached 52¢ last August, dropped to 42¢ by this April, and may now be closer to 40¢.

Of course, the farm share of a particular product may vary greatly from one product to another. However, the major point remains: the farmer is not responsible for rising food prices. It is the marketing component of the retail price that is the villain.

Specifically, it is the labor, transportation, packaging and distribution costs that are inflating food prices.

Using bread as an example, farm costs account for only 20 percent of the retail price. At this point I ask unanimous consent that the table illustrating the marketing margin of bread costs be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Breakdown of average retail price of bread 1964–1973

Marketing margin:	*Percent*
Labor	40
Buildings and equipment	6.5
Containers and supplies	6.5
Advertising and promotion	5
Transportation	3
Administrative	14
Profits before taxes	5
Total	80
Farm Production	20
Total	100

Mr. HRUSKA. If this trend continues, or if the farmer's share declines—which seems likely, as Don Paarlberg stated:

> Rising wage rates, energy, and material costs, and transportation charges are expected to continue the upward push on marketing margins during the remainder of 1974.

Then a forced 10 to 15 percent fall in the farm price of wheat will only result in a 2-percent relative decline in the retail price of bread or about a penny a loaf.

To generate this saving for bread, farmers are being asked to give up 10 to 15 percent of their declining incomes from the sale of grain products. This translates into an overall decline of 30 percent in farm income because grain crops currently account for approximately 20 percent of farm income. In dollar terms, we are potentially asking farmers to give up over $2 billion in lost receipts.

EXPORTS AND INFLATION

Another myth being used to justify potential export controls is that the exports will increase inflation. If this was valid, trade itself would, by definition, be inflationary. This of course is ridiculous since the major motivation for trade is to enable trading partners to increase the total amount of goods available to their consumers, thus reducing the overall impact of inflation.

However, rather than dealing in the abstract by pointing out that trade is a two way street, meaning we always get something in return for what we trade, I will present a graphic and realistic example to demonstrate that trade or exports reduce rather than increase inflation.

Let us assume that we had sold grain or would ultimately sell grain to the Soviet Union and earned $500 million in credits. Let us further assume that we used the trade credits to purchase $500 million of Moroccan fertilizer.

What would be the result of such a transaction?

In the short run, the price of wheat would certainly rise with perhaps a penny increase in a loaf of bread. However, the price of fertilizer would fall, enabling farmers to produce more wheat at a lower cost next year. This would translate into a fall in the price of bread of more than one cent per loaf. In short, both the American farmer and the American consumer are better off without any form of export controls.

To illustrate the point, I quote Clayton Yeutter's address before a farm gathering in Champaign County, Ill. He said:

> The United States should not seriously consider export controls on grain. Export controls would penalize the American people in the long run. In the first place, they set a terrible precedent, our export controls on soybeans last year were no more defensible than the Arab oil embargo. Both embargoes cut people off from the opportunity to bid for vital economic necessities. In the second place, our consumers would get no benefit in terms of a lower cost of living; food prices would be forced down temporarily, but the prices of our other imports would go up. Agriculture is our largest single export industry, providing a full quarter of our export earnings. Another export embargo would totally destroy the world's confidence in the United States as a reliable source of farm products. This would penalize our economy, farmers, and our balance of payments for years to come.

I would be remiss if I did not turn my attention to the special concerns we have in my home State of Nebraska.

NEBRASKA CONCERNS

Nebraska is one of the country's great agricultural States. In 1973, Nebraska accounted for $4.2 billion in agricultural output, which is approximately 5 percent of the Nation's total. For corn for feed grain, the total value of production was more than $1.2 billion; for wheat it was $345 million; oats $25 million; $192 million for soybeans; and for sorghum $280 million. This represents approximately 10 percent of all U.S. corn for grain, more than 5 percent of the wheat, 2 percent of all sorghum for grain, and approximately 2 percent of all soybean production.

This year, Nebraska, as well as other Midwestern States, has been hurt by a disastrous summer drought. The initial cost of crop losses may amount to more than $1.5 billion and some estimates run as high as $2 billion. The only compensating factor has been the projected rise in the price of corn from last year's average price of $2.25 per bushel to an estimated $3.25 per bushel this year. Any imposition of explicit or implicit export controls would seriously deteriorate even this rise, by lowering the true or fair market price for corn grain.

Using the Nebraska Department of Agriculture estimates, this year's corn grain crop will be 348,750,000 bushels. If the price of this corn would be held to 10- to 15-percent below its fair market price, it would result in a direct loss of income of between $105 to $155 million. Since this is primary income which generates other income through the purchase of farm inputs, farmer consumer purchases and taxes, the total loss of income will be in the neighborhood of $210 to $310 million for corn grain alone. For wheat, the estimated output for Nebraska is 101,500,000 bushels with an estimated price of $3.87 a bushel. If this price would fall by 10 percent, or would not rise an additional 10- to 15-percent due to increased international demand, the primary income loss to Nebraska would be approximately $50 to $60 million, with a total income loss of $80 to $120 million.

Therefore, the use of implicit or explicit export controls could directly cost Nebraska farmers from $145 to $215 million, with a total income loss for Nebraska of $290 to $430 million.

I would be the first to say that predicting grain prices is a hazardous undertaking. However, in this instance, it seems obvious that any shutting off major customers will conservatively generate either a 10- to 15-percent fall in current estimates or prevent what would be a 10- to 15-percent rise over current estimates if a true, free, unrestrained, uncontrolled market were to prevail. Therefore, these implicit export controls are tantamount to levying a $300- to $400-million tax on the residents of Nebraska.

This would be neither fair, anti-inflationary or an efficient or sensible manner in which to conduct one's economy.

SUMMARY AND POLITICAL IMPLICATIONS

In addition to the obvious inequities of any form of export controls, and the fact that they increase, rather than reduce inflation, there are serious political implications of the erratic employment of these controls.

Certainly, there are few events that have done more damage to our credibility—particularly with Japan—than the single, arbitrary, misguided decision to stop soybean exports in 1973. How can we realistically expect other major oil consuming nations to trust and support us in any joint petroleum policy when we might so dramatically indicate a selfish and arbitrary manner of action such as this?

How can we expect to encourage our farmers to plant more to help feed the world in expectation of their obtaining a fair market price when our Government might act in such a capricious manner?

Clearly, we risk the permanent loss of international markets to Canada and Australia—as was the case with soybeans and Japan—when we act in such an imprudent manner.

The loss of such markets would not only cripple farmers because of lost income, but also hurt the American consumer. History and economics tell us that the more we produce, the less is the price for all. This is a direct benefit of serving the largest market possible so the most modern and efficient production methods can be employed. This loss of economies of scale in agriculture and the resulting lower costs and prices is further evidence that controls enhance rather than decrease inflation.

What damage will we do to the whole process of détente—which is essentially one of mutual trust and cooperation—when economic affairs are threatened to be conducted in a political vacuum?

I have heard that the sale of grain to the Soviet Union was at least temporarily cancelled not because of any direct harm it would cause in and of itself, but because it created a rationale for not making a $500 million grain deal with Iran. This, because Iran is a member of the Organization of Petroleum Exporting Countries (OPEC), and because the combination would threaten to seriously disrupt orderly marketing processes to the detriment of all.

However, if the United States is to have any leverage with the OPEC cartel, our food exports are certainly a desirable fulcrum.

If the American balance of payments is, or will be, a serious problem due to oil payments, does it not make eminent sense to trade our most efficient product, food, for theirs, which is the whole purpose of trade?

Let us not ever ask the American farmer to pay for our foreign policy decisions.

Let us use our food exports, not as a weapon, but as a partial cure for inflation and our oil payment difficulties.

Mr. President, let me summarize by stating that any export controls on grain and other food-related products are discriminatory, effectively impose a tax on farmers, heighten rather than lower inflation and do permanent damage to our international credibility. This undermines our attempts to achieve a true cooperative oil policy and meaningful détente with the Soviets.

However, as I stated previously, despite certain claims to the contrary, the administration has not imposed either export controls or embargoes, it is monitoring these sales in an effort to preclude any currently unforseen damages to consumers or producers that could be generated by massive, rapid, grain contracts. My speech today is intended to emphatically make this point as well as indicating the dangers of any form of export controls, with particular emphasis on the effects on Nebraska.

WHOLESALE PRICE INDEX STATISTICS REVEAL DIRE ECONOMIC FUTURE

Mr. ABOUREZK. Mr. President, yesterday's publication of the Wholesale Price Index for September has given some people cause for hope with regard to the Nation's faltering economy. But, before we dance circles in front of the White House singing our praise and adulation for the administration's economic decisions, a closer look at the wholesale price index statistics reveals a more dire, rather than more hopeful, economic future.

The following statistics reveal the increases in price in certain major industrial categories, the total consequences of which have yet to be felt: September 1974 against September 1973.

	Percent
Refined petroleum products	up 85.2
Industrial chemicals	up 67.2
Agricultural chemicals	up 51.5
Plastic resins and materials	up 87.5
Iron and steel	up 45.1
Nonferrous metals	up 42.2
Crude oil (domestic)	up 69.1
Coal	up 67.0

Recent reports indicate that in secondary industries, textile manufacturers, for example, which depend on petroleum for feedstock, cutbacks have begun to occur.

Economist Matthew J. Kerbec has, in a recent letter to President Ford, described what will happen to our economy unless prices in petroleum and other raw materials are rolled back. He calls it superinflation recession, a phenomenon with which we must deal swiftly. Mr. President, I ask unanimous consent that Mr. Kerbec's letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Output Systems Corp.,
Arlington, Va., Oct. 2, 1974.

The President
The White House
Washington, D.C.

Dear Mr. President: This is our fifth economic report to the Office of the President. During the Economic Summit meeting on September 28, 1974, I asked the question—Are we heading for a 20% rate of inflation similar to the experiences now being felt by Japan, Italy and Great Britain? There was no answer. I can state categorically that when prices for all products produced in the basic industries increase by an average of over 59% in one year, we are headed for unprecedented inflation that will only be cured by massive unemployment if decisive government economic actions are not implemented in the near future.

Most of the following information was taken from the study, Superinflation/Recession—Causes, Effects and Cures, published by Output Systems Corporation, Arlington, Virginia. To put the inflation/recession of September 1974 in perspective, think of the Nation's economy as a multi-layered pyramid with the apex representing energy in all its forms. We know that without some minimum supply of energy all biological and human activity will stop. Let the first layer of the pyramid represent the basic industries such as farm products, steel, copper, aluminum, and chemicals. The second layer represents intermediate industries which include machine tools, industrial products, motors, and roller bearings. The third layer includes the finished goods industries such as processed foods, appliances, home entertainment products, cars, airplanes, clothes and non-durable goods. Finally, the fourth and fifth layers represent the wholesale and retail sectors of the economy. Conceptually, each company in each layer is linked to other companies in the same and other layers via communications and transportation networks.

Now let us start at the top of the pyramid and use the best numbers available. It is estimated that the Nation will absorb about $105 billion worth of coal, natural gas and refined petroleum products in 1974. This is approximately $60 billion higher than in 1973. Perhaps the greatest single management mistake to date was in not evaluating the huge effects this $60 billion in price increases at the top of the pyramid would have as they ripple down through the economic network distorting cost, price and profit relationships every step of the way. Cumulative Price Ripple Effects could amplify the

$60 billion into $100 billion at the consumer and government buying level with the overall effect being that little of this buying power will be recycled back into the buying power pool in terms of wage increases and dividends in the short term. In the long term there may be some productive benefits in expanded plant capacity. However this is not a primary concern in a recession period.

It is generally agreed that inventories are building up in the retail, wholesale and finished goods manufacturing levels of the economy. Some analysts take comfort from the fact that the basic industries are still booming and do not realize that in a Cost-Push inflation-recession episode, when the economy is switching from a boom into a recession, the basic industries are among the last to feel the effects of consumer buying resistance. This assertion is easily checked by reviewing the earnings of the companies producing basic products and comparing them with earnings in the finished goods industries and some wholesale and retail operations.

Let us examine prices in all the basic industries which consume relative large amounts of energy in all forms. For example, energy consists of about 43% of the raw material costs for producing fertilizer and farms used an estimated 6.5 billion gallons of fuel in 1973. Thus, a 15 cent increase in the price of fuels adds $975 million dollars to the farm bill. Energy represents about 20% of material costs for producing steel. About 25% of total steel production is used in the construction industry and 20% in the automotive industry. Many of us do not realize that gasoline represents less than 50% of all refined petroleum products and much of this is used in the commercial transportation sectors of the economy, which gives rise to pervasive independent price ripple effects. In addition, the cost of electricity has increased over 55% in the last year and is creating and propagating new price ripple effects in all industries.

There is an alarming misconception among some government analysts concerning Cost-Push induced inflation and recession. Some of them believe that large energy price increases are passed directly through a refinery or a company without being marked up to maintain profit margins. The Wholesale Price Index for August 1974 shows that the price of crude petroleum went up by 79% in one year. According to the 1972 Census of Manufacturers for Petroleum Refining issued in January 1974, the cost for crude petroleum was $15.523 billion in 1972 and the value of industry shipments for refined petroleum products amounted to $26,580 billion. That is, crude petroleum represents about 58% of the selling price of refined petroleum products. If this was a straight pass through, the selling price would be expected to go up by 45.82% (0.79 x 58). However, the same Index shows that refined petroleum product went up, not by 45.82 but 87.2%. Thus, the selling price for refined petroleum products had a Cost-Push increase due to raw materials of 45.82% and a Profit Margin-Push of 31.4%. This is only one example of Price Ripple Effects and their explosive effects on selling prices. In the past year prices for products produced in the basic industries have gone up more than any other time in the history of the United States. Specifically, in the *past two months* coal increased by 11% (66.8% for the year); refined petroleum products up 5% (87.2% for the year); industrial chemicals up 13.8% (*62.1%* for the year); agricultural chemicals up 17.4% (48.1% for the year); plastic resins up 13.7% (72.2% for the year); non-ferrous metals up 45.3% for the year; farm products up 11.8% (−11.3% for the year) and grains up 22.6% (4.2% for the year).

It is not necessary to be a professional economist to know that a profit-oriented economic system cannot endure in any predictable manner with pricing pressures of this magnitude. As these increases spread throughout all levels of the economy there will be a number of damaging effects. Companies producing essential items will be able to raise selling prices to cover these massive cost increases and this will contribute to inflation. Companies producing non-essential goods will, in many cases, find it difficult to pass on the inflated costs in the form of lower profit margins, strikes, potential bankruptcies, production cutbacks, bank failures and unemployment.

The comments by Senator James Abourezk appearing on Page 32525 of the September 25, 1974 CONGRESSIONAL RECORD, shows the growing awareness of Members of Congress to the massive consequences of energy induced inflation. Senator Abourezk said, "While the price of OPEC oil increased 225% since last October we import only 15% of our total energy needs from the OPEC cartel. The other 85% is furnished by domestic States." He commented that by not publicizing this fact, it was equivalent to creating a smoke screen for the domestic oil industry.

One of the fundamental questions concerning government management is—Why was the coal, natural gas and crude oil produced in the United States allowed to increase in the same massive proportions as the imported oil? These energy price increases have been a primary cause in raising prices in the basic industries which are heavy users of energy in all forms.

The tragedy in September 1974 is that we are still treating the inflation/recession as a Demand Pull situation rather than a Cost Push episode created and propagated from the top of the pyramid. There have been reports that some government advisers have advocated a 10 cent increase in the cost of a gallon of gasoline. This will siphon another $10 billion out of the buying power pool and will further aggravate recession and unemployment. Also, if old domestically produced crude oil and natural gas are completely deregulated it will add another $40 to $50 billion to inflation.

It is not possible to overemphasize the adverse effects these price increases will have in terms of inflation, wages, production cutbacks, recession and unemployment. The price increases stemming from the basic industries are events that had their counterpart in Japan, Italy and Great Britain. The United States is not far behind and will catch up faster if the Ford Administration forces up the prices for energy still further.

In the foregoing discussion it was emphasized that the price increases in basic industries and price ripple effects had the potential to add $100 billion to consumer prices. At an annual average wage rate of $10,000 each $10 billion of lost buying power has the potential, at some point, to wipe out one million jobs which will add one more percentage point to the unemployment rate. If the trend in price increases is allowed to continue unemployment can easily reach 10 or 11% within a year. The ultimate danger in this situation is that inflation, as bad as it is, is still a problem in which most people have choices of action—on the other hand, massive unemployment is a problem in survival. There is no one that can predict individual behavior under conditions of mass unemployment, particularly when much of the economic disruptions could have been avoided.

Mr. President, I sincerely hope that there are no more proposals for price deregulation of natural gas or crude oil or massive increases in gasoline taxes without an in depth economic impact analysis of how these increases will affect prices, inflation, wages, recession, interest rates and unemployment. Price increases in the past were allowed without this type of analysis and this is a primary reason for today's economic crisis. I would like to again emphasize that the overriding economic problem is not one of excess profits or return on investment—it is the survival of our economic system in some predictable form.

Sincerely,

MATTHEW J. KERBEC,
President.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Mr. MOSS. Mr. President, the Congress has now passed H.R. 11510, the energy reorganization act. The purpose of this act is to reorganize and consolidate certain functions in the Federal Government into a new Energy Research and Development Administration and to provide for a nuclear energy commission to promote the more efficient management and regulation of nuclear matters.

The Energy Research and Development Administration, commonly referred to as ERDA, is to be an independent agency with the broad function of doing research and development in all possible sources of energy. Its objective is to develop those energy technologies necessary to give our country the capability to attain energy self-sufficiency at an early date while at the same time insuring the quality of our environment. The act also establishes the Nuclear Regulatory Commission as an independent regulatory commission to promote a well balanced, but closely supervised, regulation of the rapidly expanding nuclear power industry.

Mr. President, the 93d Congress has not passed any legislation more important than the Energy Reorganization Act (H.R. 11510). The health, welfare, and, indeed, the very high standard of living we enjoy in this country, are directly dependent on continued economical supplies of energy. Inexpensive supplies of energy are necessary to produce the food we eat, to move the vehicles we use for transportation, for heating and cooling our homes and buildings, for producing fiber for clothing and other purposes, and for our recreation.

Without sufficient economically sound supplies of energy, unemployment will skyrocket and there will be no hope of halting inflation. Further, we will see our international balance of payments continue to become increasingly unfavorable because we will have to import huge amounts of oil, gas, and other raw materials and will be unable to produce and export enough products to balance the books.

Oil is getting more expensive. Only a short time ago the consortium of oil countries announced a 12 percent increase in the price of crude oil to be effective in December. Our trade balance in the month of August alone was negative by $1.13 billion, largely because of the enormous quantities of oil we must import; that negative balance is due to get larger. It is imperative for this country to become energy independent as soon as possible; but Project Independence will achieve the same effective results as Project Apollo only through an aggressive, sustained research and development effort.

There are no short term solutions to the energy crisis the Nation is facing. For the short term, conservation stemming from an energy consciousness is necessary. But, our people must know that their Government is doing all that can be done to provide for future energy needs at reasonable costs. And it is the Congress that must provide the necessary leadership for that consciousness and hope. Mr. President, no single act better demonstrates that leadership than our enactment of H.R. 11510, which will now get our energy research and development activities organized and accelerated. This act is a major step toward the long term prosperity, comfort and happiness of the people of the United States.

HARASSMENT OF AMERICAN BUSINESS BY GOVERNMENT

Mr. HANSEN. Mr. President, the seriousness of these times, characterized by rising prices, loss of purchasing power, fear of increasing unemployment, flight of American dollars abroad as our balance of payments deficit grows all underscore one stark fact: unrelenting and increasing harassment of American business by Government.

The President of the United States has given first priority to this pervasive, frightening problem. He has called in leaders and representatives of all groups to attend conferences across this land. Labor, industry, manufacturers, professionals, scientists, economists, farmers, governors, mayors, and special consumer groups testified at length.

But one person, Mary Lawrence, distilled the important facts best.

Americans would do well to ponder and heed her warning. I ask unanimous consent that her remarks to be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Speech by Mary Lawrence

Mr. President, Mr. Secretary, ladies and gentlemen,

In the advertising business, you get an inside view of a wide variety of consumers, businesses—and government—which is the biggest business of them all.

Since 1960, government has increased spending on programs other than defense 309%.

In the same period, I've seen anti-business feeling grow in almost direct proportion to increased government spending.

Yesterday some Congressmen and labor leaders spoke as though a socialized state and nationalization of business were their goal.

This anti-business trend is surprising when you consider that over 80% of all taxes are generated by business—through corporate profits, social security taxes, taxes paid by people employed by business, and other business taxes.

It's also surprising when you consider that people need business to prosper so that they can work in confidence—increase their wages—and improve their standards of living.

It's surprising, too, when we can see the problems Italy has and England has as warnings.

The United States' first national priority should be to help its businesses succeed in world markets and to nourish them so they can provide high employment and higher salaries.

In this regard, I'll speak to the regulatory fever in government.

It has created so many restrictions and controls, a great many businessmen operate defensively rather than aggressively.

With the Consumer Product Safety Commission and line-of-business reporting, government has gone too far in its obvious passion to run business itself.

There is so much uncertainty—and even fear—of government in business, many businessmen are less willing to innovate or risk very much on the future.

Americans will end up paying a high price for this time of withdrawal.

A lot of government controls are created in the name of the consumer.

They may be noble in intent—but I've watched government controlling business on an everyday, working level.

And a lot of regulations deal with trivia;

A lot are confusing;

A lot are impossible;

And the waste of time and energies is enormous.

If you added up the cost of the efforts of government regulations in all industries, it would prove to be one of the major factors in higher prices.

Business can't possibly absorb the entire cost. So the consumer is paying for it, too.

In research we do, I've seen that the consumer does not want to pay for so much government in the way of higher prices.

For example, most people resented the presumptuousness of government attempting to force them to use seat belts. They were bitter when they had to pay for those belts.

There are thousands of government regulations that are more hidden than seat belts, gobbling up consumer dollars and choking business.

I urge you and Congress to stop—don't add any more agencies and controls for at least two years.

And I urge you to charge the Wage and Price Committee with the responsibility to recommend eliminating legislation and agencies that are obsolete or are a mistake and are adding to costs.

I've also seen signs that many people feel they are paying too many taxes for too many government programs. They feel nobody in government—Republican or Democrat—is listening to them.

You are listening to many experts here, but any program you create depends on the cooperation of the people. I think you should find a new way to listen to them, too.

You can listen to them through a poll. But the *average* poll would be too simple.

For example, if you were to ask someone if he or she is in favor of a consumer or social program that sounds good, he or she would say "Yes".

But if you gave that same person $100 and then asked him to either pay for the programs he wanted—or to keep the $100 for himself—the replies would be more illuminating.

I recommend that you employ Yankelovich or Gallup to conduct a National Study for the President and Congress. It is possible to create a study that presents alternatives and hears just how much government involvement people really want to pay for in prices and taxes.

On my experience, I'd stake a bet you'll find they don't want to pay as much for government as they are now paying.

KELLY AIR FORCE BASE, SAN ANTONIO, TEX., AIDS HONDURAS

Mr. MONTOYA. Mr. President, I ask unanimous consent to have printed in the Record a statement by the Senator from Texas (Mr. Bentsen) together with a letter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Bentsen

Texans always respond to the plight of those struck by natural disaster as was the case following the hurricane which devastated much of Honduras. With the help of the Air Force, a great many donated supplies from San Antonio were flown to the victims of the recent hurricane. The effort was well organized and efficient and to show the appreciation that was felt for the military's help, I recently wrote the Secretary of the Air Force.

I include a copy of that letter in the Record at this point:

U.S. Senate,
Washington, D.C., October 10, 1947.

Hon. John L. McLucas,
Secretary of the Air Force, Department of the Air Force, The Pentagon, Washington, D.C.

Dear Mr. Secretary: Following the recent tragic hurricane in Honduras the civic minded citizens of San Antonio, Texas, undertook a project to provide relief supplies to the victims of that disaster.

Military and civilian personnel at Kelly Air Force Base joined in to provide the necessary know-how and assistance to prepare these supplies for shipment while members of the Kelly, Air Force Logistics Command, and Air Force Headquarters staff secured approval for an emergency airlift of some of the most critically needed supplies to Honduras.

As a Senator from Texas, I take great pride in this outstanding cooperative effort and humanitarian gesture.

Please extend my sincere thanks to those members of the Air Force team, both military and civilian, for their great service in this time of need.

Sincerely,

Lloyd Bentsen.

THE DEPARTMENT OF DEFENSE AND THE INFLATIONARY SPIRAL—OPPORTUNITY FOR COST CUTTING

Mr. HUMPHREY. Mr. President, there have been several news articles in the past few days concerning the future size of the Defense Department's budget for fiscal 1976. Apparently, there is a debate of considerable magnitude now occurring within the administration on this issue.

The Congress is rarely consulted on such budgetary questions in advance of the final submission of the President's budget in January. However, I want to take this opportunity to let President Ford and the Secretary of Defense know of my general thinking on this matter.

I believe that this Nation's very tragic and unfortunate economic crisis now offers the Defense Department an extraordinary opportunity. While I recognize the tremendous toll that inflation takes on the purchasing power of families as well as on governmental agencies, the Nation's inflationary spiral should be permitted to force the Department of Defense to take a critical look at its programs and policies in light of reduced budgetary levels and sharply declining purchasing power.

If the President grants the Defense Department the large budgetary increase many military policymakers believe are needed to cushion the impact of inflation, then the profligate waste which we all know exists in the Defense Department will continue.

Why should the Defense Department be allowed to escape the close examination of its programs and budgetary allocations that inflation now forces upon other agencies and American families? I see no reason why an opportunity for cost cutting, an opportunity for belt-tightening, an opportunity for policy review should be lost at the Pentagon during these tough times.

While I recognize that inflation may take a toll on certain programs and projects which our military leaders consider important, I believe that inflation will not weaken our national security if the Pentagon is willing to conduct a proper and thorough review of its procurement programs and personnel policies.

In granting the Defense Department large increases in its proposed fiscal 1976 budget, the President would be making a serious error. He would be retreating on his public statement that no budget was sacrosanct. And he would be allowing our military policymakers to avoid making the critical choices which must be made in the area of defense spending when our national policy is one of fiscal restraint.

I and other interested Members of the Congress stand ready to cooperate and help the Secretary of Defense in this effort during the coming months. But I and many other Members will oppose budgetary increases in the name of national security if the Department of Defense fails to conduct an intensive cost reduction operation of its programs and priorities.

CYPRUS

Mr. SCHWEIKER. Mr. President, I would like to take this opportunity to express my deep concern about the Senate adoption of Senate Joint Resolution 247, authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act.

These statutes positively state that a nation violating the conditions upon which the United States provides military assistance shall not be eligible for further assistance. Turkey has clearly violated these conditions, and a suspension of the law in this regard could set a dangerous precedent in the future when other U.S. aid recipients contemplate acts of aggression. This should have been a clear-cut issue. The U.S. Government, in carrying out its laws, should have warned the Turkish Government, as it had in the past, that an invasion of Cyprus would be a violation of the conditions on which the aid agreement was reached and that, on violation of these conditions, aid would be discontinued.

Not only am I concerned about the dangerous precedent set by this blatant disregard of our laws, I regret that this suspension of the law comes at a time when the Turkish Army is in need of additional arms and supplies. A cutoff of U.S. aid now, the principal source of supply for the Turks, would make it difficult for the Turks to continue to hold 40 percent of Cyprus and consequently, encourage them to withdraw forces.

As a cosponsor of Senator EAGLETON'S amendments to immediately cut off aid to Turkey, I deeply regret that Senate Joint Resolution 247 was adopted, particularly after both the House and Senate overwhelmingly voted to cut off aid to Turkey. I firmly believe that a strong stand now against aggression and for a fair settlement that would recognize the full rights of the Greek Cypriots is most important to stability in the Eastern Mediterranean area.

THE ECONOMY BELONGS TO THE PEOPLE

Mr. MUSKIE. Mr. President, last week I had the pleasure of participating in a special session of the 60th Annual Meeting of the National Conference of Catholic Charities in Boston.

The purpose of the special session was to discuss and to debate the President's Economic Summit Conference, held a few days earlier. The universal concern of those attending was that the human element of inflation—the personal tragedies caused by the effects of inflation on the poor, the sick and the elderly—not be ignored as the President and his economic advisers look for opportunities to reduce federal spending.

It was a valuable and, for me, a rewarding discussion. I would like to share with my colleagues the formal statement which was adopted at the conclusion of the session.

Mr. President, I ask unanimous consent that the response of the National Conference of Catholic Charities to the White House Economic Summit Conference, "The Economy Belongs to the People," be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE ECONOMY BELONGS TO THE PEOPLE

President Gerald Ford has recognized that the economy of the United States belongs to *all* of the people of the United States, not just to certain special interests. Thus he invited a range of public interest groups to join in the recent discussion on inflation and the devastating recession and growing unemployment hitting our country. The National Conference of Catholic Charities was invited and took part in the President's "economic summit" meeting.

The Conference disagreed with the Administration's identification of federal spending as the root cause of the inflation and its push to cut the budget as the solution. We particularly disagree with the emphasis on cutting appropriations for domestic social programs which are designed to serve the very people who are already bearing more than their share of the burden of inflation. The Conference is concerned for the victims of both the inflation and the *recession*: the worker, the elderly, the needy, those on fixed incomes. The Conference is concerned for the health of the *whole* economy, because the economy belongs to the people.

We wish to call attention to some basic facts about the economy which have been obscured in the White House summit conference and by the Administration's economic planners. We suggest some practical steps President Ford can take *now* and in the near future to combat inflation and to protect the people from the ravages of recession.

Below we outline why the Federal budget for social programs should *not* be cut though we do agree that "not all Federal programs are sacrosanct." Rather, we urge a necessary increase in appropriations for the social programs for the worker, the elderly, the children and the needy, not only to overcome the inflationary impact which has cut these programs, but to protect the most vulnerable people in our country against the consequences of the recession. In addition we outline what the President can do *now* about oil costs, about food costs, about housing, interest and utility costs. We also state how we believe the tax system should be corrected to increase revenues to meet the social costs of inflation and to ease the burden of inflation on the average worker and the poor.

The mean income of 95% of our country's families has leveled off and declined since 1969,[1] and that doesn't even count the added burden of inflation. Nearly 6% of our workers are unemployed. The people want President Ford to take *action* on the problems in our economy now.

What are the problems and what can the President do about them?

UNEMPLOYMENT AND WAGES

The unemployment rate is approaching the 6% figure.[2] One of the notable aspects of the present unemployment is that it is not only the unskilled but the skilled craftsman who is suffering, and particularly Blacks, Mexican Americans and Puerto Ricans.

The Administration suggests acceptance of high unemployment to cut demand for goods and services as the cost of controlling inflation. But such a proposal is literally exploitation of workers and their families. It is based on the highly questionable assumption that inflation in the United States today is due to excessive demand, an assumption questioned by many of the nation's leading economists.[3]

A more realistic analysis of our present inflation would note the general lack of confidence in government, the role of world wide hunger and consequent need and demand for goods, increased oil costs, and profiteering in some industries.

President Ford can respond to the problem of unemployment. The Comprehensive Employment and Training Act of 1973 provides a very limited $350 million for public service jobs in communities with unemployment rates if 6½%. This could perhaps provide jobs for 40,000 people. There are over 5,000,000 unemployed in the United States looking for work,[4] and countless more who have been demoralized and given up the search.

Senator Javits has proposed amending the Act to provide $4 billion for public employment. President Ford should use his influence to obtain passage of this amendment before the election, and thereby seek to lower the unemployment rate. He should not accept the advice of his economic counsellor, Mr. Greenspan, who thinks that a 5% unemployment rate should be accepted as normal and healthy because it "increases the worker's freedom to search for better jobs."

The President should also urge quick Congressional action to improve the unemployment insurance system. In 1973, for example, the average weekly benefit was only $58.50, less than the poverty standard for a family of four, and unemployment insurance covered only 38% of the total number of unemployed workers.[5]

Finally, some have been calling for wage and price controls. We want to say that a return to the kind of wage and price controls we recently had is completely unacceptable. Those were only wage controls, with no one to enforce controls on galloping prices.

Footnotes at end of article.

While public service employment is essential now to protect the families of the worker, it seems obvious to us that as old jobs in our economy disappear, new forms of work in the service field must be created. In addition a fair income program designed to guarantee an adequate standard of living for all workers and for those who cannot work because of disability, dislocation or social needs is long overdue.

ENERGY COSTS

The steep increases in gas, oil and coal prices permeate the economy. 40% increases in gas and oil costs and 60% in fuel oil and coal affect families directly as they attempt to light and heat their homes and operate their cars.[6]

Action must be taken now to control energy and fuel prices, and where appropriate, roll them back. Profits of 22 of the largest U.S. oil companies increased over 50% in 1973 and could reach twice this level in 1974.[7] If this should happen, after-tax profit rates, on equity, of large oil companies would reach almost 30%, roughly triple the rates for other industries.

President Ford has means at his disposal to avert such profiteering and he should use them.

In this context a staff paper of the Federal Energy Administration recently urged utility commissions to permit rate increases that would provide a return on common stock equity of 15%.[8] Such action brings into question the sincerity of the Administration's desire to combat inflation.

FOOD COSTS [9]

Food prices have risen about 14% in the past year. And the government's own statistics show that the cost of living for the poor has climbed nearly 20% higher than for the rest of the nation. Since food is a substantial part of the budget of the average family, the increase here accounts for 30% of the total increase in living costs. Yet the farmer's share of the consumer's retail food dollar, after increasing briefly to $.52 has dropped to about $.39. Food processors and retailers have not passed on these lower farm prices to the consumer, but have kept prices up to maximize their profits. In many food lines—for example, bread, cereal, meat—three of four corporations or conglomerates dominate the market, controlling over 60% and as high as 87% of the product. With such control they can fix prices artificially high.

These same mammoth corporations also have the buying power to force farmers to accept depressed prices, hurting especially the small and medium size farmer—but they do not share such lower costs with the consumer. In addition they have been quietly buying up huge chunks of the nation's agricultural land.

President Ford should press detailed investigation of the dominant food corporations and pursue vigorous anti-trust action where indicated if meaningful competition is to be restored to the food industry. For several years the Department of Justice has seemed ready to pursue fair and vigorous anti-trust enforcement against the conglomerates, and we strongly urge that the Department not be held back any longer.

HIGH INTEREST RATES

High interest rates, encouraged by the Federal Reserve Board have seriously hurt many families, small businesses and local governments seeking to raise funds. They have especially hurt the housing industry which is in a serious depression. The increase in the cost of buying a $25,000 house at 10% interest rather than 6% is $19,800 over the 25 year life of a mortgage.[10] How many families with children can afford that increase?

A combination of the highest interest rates since the Civil War plus other building costs have virtually excluded three out of four families from the home buying market and led to high rates of unemployment in the building trades—up to 30% or more in some major cities.[11]

President Ford should not wait to urge the Federal Reserve Board to ease further its restraint on credit, especially for the housing industry. And the President can give leadership to require banks to channel a meaningful share of their loans to finance low and middle income housing at reasonable interest rates. The Nixon Administration's action which shifted interest subsidies to upper income people must be rolled back to aid those hurting most.

THE FEDERAL BUDGET

The above subjects represent major problems in the economy today. The solutions we have proposed for them are designed to begin to reduce inflation without increasing unemployment and without reducing Federal programs specially designed to help the needy or the unemployed. We vigorously oppose wholesale trimming of Federal spending, and in fact see as necessary appropriate increase in Federal spending to protect the people most vulnerable in our economy.

The Administration's spokesmen have recommended cutting the Federal budget to slow down inflation. Such action seems ill advised for a number of reasons.

Government budgets, combining federal, state and local, are not in deficit.[12] In calendar 1973, all governments ran a surplus of $3.5 billion, made up of surpluses at the State and local level of close to $9 billion offset by a $5 billion-plus deficit at the Federal level, just about the amount turned back to the states and local government by general revenue sharing. In other words all public spending together was lower than revenue and actually deflationary.

At present with rising prices and a recession the gross national product actually declined in the first two quarters of 1974, and the federal budget in a deficit position helps offset further economic decline. A federal surplus now would magnify the recession and contribute to higher unemployment and even less production.

In addition the proportion of public spending in relation to the total gross national product has been decreasing since 1968. It is presently at approximately the same ratio to the gross national product as it was in 1958. Government spending is not outpacing all other spending as many opponents of social programs argue.

Agreement is spreading among non-government economists that the federal budget should not shoulder the major responsibility for inflation. Many other far more important causes have produced the present situation. OMB Director Ash had to admit, at the summit kick-off meeting of economists, that a $4–$5 billion budget cut would affect overall price movements only to a minimum extent.

So we think the arguments against many of the budget cuts the Administration has in mind are sound and we believe the arguments justify increased spending in carefully selected programs which would reduce the effect of inflation and recession on the workers, the children, the needy, the elderly.

To do this and keep the budget in balance the Administration should ask Congress for sensible adjustments in the tax law by reforming the regressive social security tax which places an unfair burden on low income workers, by providing tax relief for modest income earners, by increasing revenues through plugging loopholes such as oil depletion and capital gains, and by placing a temporary, modest surcharge on high incomes and excess corporate profits.

HEALTH CARE

Finally, we are convinced that the push to adopt catastrophic health insurance and federalized medicaid this Fall will not control rapidly increasing health costs. The cost control necessary in the health field can come only through rationalizing the health delivery system and retaining top quality health care under a comprehensive health insurance program covering the total population—and with a strong emphasis on preventive care. We so testified before the Ways and Means Committee on July 2, 1974.

CONCLUSION

Through his summit conference and the mini-summits which preceded it, President Ford and his officials gave and got a lot of talk. But the country needs more than talk. It needs more action now.

The meetings of the last few weeks were mostly stacked with special interests: they were stacked against the worker, against the elderly, against the children, against the women, against the consumer, against the needy and against those on fixed incomes.

The people, comprising some 95% of the population of the country whose incomes have leveled off or have begun to decline since 1969, and those experiencing unemployment, don't need talk. At the supper table, the people know what is wrong with the economy.

We think that President Ford sincerely wants to do something about our economic problems and we support him in this. But we don't think he is getting the kind of advice he should have at this time. The economic advisors and spokesmen selected by his predecessor still are the advisors to President Ford today. They have demonstrated their insensitivity to the worker and the needy in our society. Therefore, we call upon the President to form his own team of economic advisors. In this way Mr. Ford can exercise his own leadership in serving the country and in serving the economy which belongs to the people.

FOOTNOTES

[1] *Monthly Labor Review,* 9/74, p. 94 "Spendable Weekly Earnings of Non-Farm Workers"; also *Social Indicators,* Office of Management and Budget, 1974.

[2] Bureau of Labor Statistics, Employment Situation 8/74.

[3] "Three Types of Inflation," James Tobin, New York Times, 9/6/74.

[4] *Economic Indicators* (8/74)—Council of Economic Advisors; 4.9 million fully unemployed, plus 3 million on part time for economic reasons.

[5] *Monthly Labor Review* 9/74, p. 84.

[6] Bureau of Labor Statistics—Consumer Price Index.

[7] *Survey of Current Business*—Department of Commerce 7/74, p. S20.

[8] Federal Energy Administration—Staff paper, Electric Utilities & Project Independence 9/4/74.

[9] B.L.S.—Consumer Price Index.

Shepherd, William G.—*Market Power and Economic Welfare,* New York, Random House, 1970. Appendix Table 8, p. 263.

U.S. Department of Agriculture—Marketing & Transportation Situation 8/74.

From January to June 1974, farm prices declined 10.8%. During the same period consumer food prices were up 4.4%. Professor Willard Mueller, Economist, University of Wisconsin; *The Washington Post,* September 16, 1974, p. D 12.

[10] Interest on a $25,000 mortgage, payable in 25 years, at 6%, is $23,300; at 10%, $43,100.

[11] *AFL–CIO News,* 8/17/74.

[12] Figures on budget surplus and deficit from *Survey of Current Business,* 6/74, p. 10.

SENATOR HUMPHREY'S STATEMENT ON REOPENING OF U.S. CONSULATE AT GOTHENBURG, SWEDEN

Mr. MAGNUSON. Mr. President, I would like to commend Senator HUMPHREY for the leadership he has displayed in support of the reopening of the American consulate at Gothenburg, Sweden, and I wish to associate myself with the views he has expressed.

Having visited Gothenburg on several occasions, I am well aware of the commercial importance of this city. I understand that Gothenburg handles more foreign trade than any other Swedish port and that it is a principal shipbuilding center of Europe. Yet, we have no American consul to represent our commercial interest there.

At the time of the closure of the consulate in 1970, I urged the Department of State to keep the office open so that this very important seaport would have a U.S. representative on hand to assist our businessmen. Subsequently, I learned how slighted the people of Gothenburg felt when this historic consulate was closed. I deeply value the long, cordial relationship that has always existed between the people of Sweden and the United States. Accordingly, I believe that in order to promote good will, as well as commerce, between our two countries, we should reestablish our consulate at Gothenburg.

PUEBLO RENAISSANCE

Mr. DOMENICI. Mr. President, the concept of Indian self-determination has too frequently been defined in limited management and administrative terms that have led to the premature dismantling of critically needed programs in some circumstances and, in others, to be weakening rather than the strengthening, of capability among Indian tribes to administer, direct and control their own programs and to provide needed services for their own communities. It is important, therefore, to look at, and to learn from, the successful experiences of Indian groups who have demonstrated a willingness to function and to progress to the extent of their individual and collective capabilities. The Eight Northern Indian Pueblos Council is one such group.

The Eight Northern Indian Pueblos Council, comprised of San Juan, Tesuque, Nambé, San Ildefonso, Pojoaque, Santa Clara, Taos and Picuris Pueblos, consolidated their resources and energies in 1965 and initiated joint efforts to investigate and obtain funds and technical assistance for the planning, development, and implementation of much needed programs. Since 1965, the northern Pueblos have implemented programs in economic and industrial development, in employment, in manpower training programs, in education, in housing, in recreation and tourism, in historic and cultural preservation, in health planning and alcoholism rehabilitation, and in the promotion of native arts and crafts. Much of this has been accomplished with Federal financial support. The achievements and the growth of these eight New Mexico Indian communities, however, should be credited to the progressive, futuristic leadership of the Eight Northern Indian Pueblos Council of New Mexico.

Mr. President, I ask unanimous consent that the article "Pueblo Renaissance," as published in Americas, June–July, 1972, which describes in depth the history and progress of the Eight Northern Indian Pueblos Council, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Pueblo Renaissance

(By Scottie King)

In the United States today, Indian Renaissance is an expression heard across the land. Never in all the years since the late nineteenth century, when the Federal Government reduced Indian tribal lands to the limits of reservations under the Bureau of Indian Affairs, has there been such a stirring of life among the Indian people. Under the reservation system as administered, they suffered extreme economic and cultural attrition. But today Indians from coast to coast are finding among themselves the qualities of perception, initiative, inventiveness, and sustained energy that go into self-determination.

One of the more notable achievements among Indian efforts to gain control of their own destinies is the self-help program begun in 1965 by the *united* efforts of the eight northernmost and poorest of what are locally called the Rio Grande Pueblos of New Mexico. That word "united" is important. In the past, Indian tribes have formed political alliances, such as that of the Iroquois Nation, but in general they are not noted for uniting with one another, and never for mutual economic benefit. And each Pueblo, though similar in culture to the others, has throughout history considered itself a separate tribe with its own tribal council, and they so regard themselves today. Not since 1680, when they allied to drive the Spanish out of New Mexico and keep them out for twelve years, have they united so successfully. Their leader at that time was a man from San Juan Pueblo named Popé. In their fight today for economic and cultural survival, their leader is again a man from San Juan.

But first, a simplified history. Historians disagree on the date of origin of the Pueblo Indians, but all concur that they are descendants of the Basketmakers, the people of the ancient Anasazi culture, believed by some scholars to have evolved around 350 A.D. In any case, the Pueblos are one of the oldest peoples in the United States. The Classic Age of the Great Pueblos, huge honeycombs of stone community houses, some of them sheltering upwards of one thousand persons, may have been around A.D. 1100–1300, toward the end of which the sites of today were settled. The Pueblo people have survi7ed much: drought so severe it should have killed them off, Apache, Navajo, and Comanche raiders, and Spanish and U.S. conquerors. It is an awesome record.

Their strength has served them well. For unlike many other North American Indian tribes, who are forced to migrate long distances to strange country, the Pueblos still live in their native land, even if on reservations. Their land, based on seventeenth century Spanish grants, is rugged and starkly beautiful, a semidesert, where giant mesas stripped the colors of Indian corn and high, dramatic, blue mountains seem only to emphasize the immense space around them rather than to fill it. In summer, the fields and cottonwood trees along the Rio Grande draw a broad deep green line north-south through the center of the landscape.

Because of their early and continued civilization, the Pueblo's cultural heritage is unusually rich in the craft arts and religious ceremonials. They excelled at pottery, and still do, wove colored cotton cloth, fashioned turquoise necklaces containing thousands of stones, grew corn, beans, squash, and cotton, spent much time in religious observances, and organized their society so that no one was oppressed and everyone had enough to eat and wear.

Their situation in modern times has been very different. Unskilled at the white man's technology, many have been unable to find steady employment. In 1965, when the present program began, the combined resident population of the eight pueblos totaled 4,304. The unemployment level stood at 50 percent, and 78 percent of the families had incomes averaging less than the $3,000 a year considered to be the poverty level in the United States. The majority of the old traditional adobe houses, although sometimes in pleasant locations, were in dire need of repair and modernization. "Substandard" is the word.

All this means that skilled or ambitious young people tended to go away and stay away. As a result, the religious lore and ceremonies were not being taught to younger apprentices by the tribal elders. Silversmiths and weavers had ceased to practice their arts. Among young people who did stay, the dominant society has had such an impact that the young grew up ignorant of their Indian culture.

But attrition is being reversed, and new interest enlivens the Pueblo people.

While divergent segments of the outside culture bewailed the plight of the poor Indian and did nothing about it, or bemoaned the misuse of government money in poverty programs, the eight northern Pueblos began to apply for grants of that government money, hired technical assistance leadership, and put it all to good use. The tribal councils of San Juan, Tesuque, Nambé, San Idelfonso, Pojoaque, Santa Clara, Taos, and Picris united for the first time in modern history to form the Eight Northern Indian Pueblos Council (ENIPC(. The native language of the first six is Tewa, of the latter two, Tiwa.

Today they have a united Community Action Program (CAP), funded primarily by the Office of Economic Opportunity, but also by the Department of Health, Education, and Welfare, the Economic Development Administration, the Bureau of Indian Affairs, and other agencies of the same government that got the Indian into his present predicament. ENIPC-CAP is the prototype and was the source of technical assistance for the program of six of the Southern Pueblos, which have since united.

ENIPC-CAP's purpose is to restore the quality and wholeness of life in the Pueblos. Several programs are aimed at getting young people involved in their communities. Others work to improve economic opportunity and just plain physical comfort for adults as soon as possible. Long-range economic development to provide jobs on the reservations will also enhance Indian well-being.

An outstanding economic result of the CAP approach is Northern Pueblos Enterprises, Inc. Incorporated in May 1971 by ENIPC with one thousand shares at one dollar a share, and funded in June 1971 with a $65,000 business development grant from the Bureau of Indian Affairs and $10,000 from ENIPC-CAP, the Enterprises began producing adobe blocks almost at once, began a training program for Indian construction workers, who put up the ten greenhouses in which the hydroponics vegetable-growing industry is getting into full swing, and originated a tourist program that has attracted international attention.

Many people have had a part in this development, but the prime mover is the man who is now executive director of the Eight Northern Indian Pueblos Community Action Program, Herman Agoyo. From San Juan Pueblo, he is a tall, lean, serious young man in his thirties, whose administrative style is relaxed and understated. He is remarkably unassuming and tends to divert credit to others rather than to take it himself. One has to ask around to learn what an influence he is in Pueblo Indian affairs and how many advisory boards he sits on. When he answers the phone in CAP headquarters at San Juan Pueblo, he may converse in English, his native Tewa, or some combination. Like most Indian leaders in New Mexico he is bilingual (some add Spanish and are trilingual). And like many young men, Indian or not, he tends to dress in a casual mod fashion.

He did not set out to be the technical assistance expert he has become. An athlete, he went to Manhattan College in New York to play on the baseball and basketball teams and major in physical education. After graduating in 1958, he returned to San Juan, coached and played on the Pueblo baseball team (he's a pitcher), and became well known in the All Indian Pueblo Baseball League. For the next seven years, he worked at several jobs—a Pueblo recreation program, selling encyclopedias, teaching—got drafted out of graduate school, and served a hitch in the army.

He also participated in tribal government and served as lieutenant governor of San Juan. More important, he perceived that if Indians were ever to improve their lot, they had to help themselves. In 1965, he was invited to join the Arizona State University Indian Community Project, which offered technical assistance to Indians, teaching them how to apply for government grants and set up programs. After training, Agoyo worked with all nineteen Pueblos and the two Apache groups (Jicarilla and Mescalero) in New Mexico.

By the time the governors of the eight northern Pueblos had established the precedent of meeting regularly to talk over their problems, a Head Start school had been opened at Tesuque, and Santa Clara had hired an Anglo (the usual term for English-speaking Caucasians in New Mexico) named Bill Williams as a program development officer. Under his direction, six Pueblos got Department of Labor grants for Neighborhood Youth Corps programs, getting high school students out-of-school jobs such as working on community projects or training with public agencies. Agoyo gives Williams a great deal of credit for recognizing that before any program could be truly effective, all eight Pueblos had to be involved. Williams and Agoyo together set up the eight northern Pueblos organization in 1965 while Agoyo was with the Indian Action Agency.

Since then, ENIPC has controlled the whole effort. From 1965 to 1967, it employed Williams as the first CAP director. James Hena of Tesuque, now executive assistant to Louis Bruce, Commissioner of Indian Affairs in Washington, D.C., succeeded Williams, followed by Edward Cata of San Juan, and then Agoyo in 1970. At the time, Agoyo lived in Albuquerque to allow his wife to finish her master's degree at the University of New Mexico and drove the seventy-five miles to Pojoaque every day. They have now moved back to San Juan.

Like the measures taken by many other Indians, the Pueblo people's "tribal solutions to tribal problems" are far removed from the sweeping panaceas projected by the progenitors of the Great Society. Programs are small, and each tribal council decides which one it wants and how it wants to implement them. Each Pueblo has its own CAP office, but all programs are administered at the top by CAP headquarters.

To begin with, the Head Start schools familiarize preschoolers not only with books and the idea of going to school, but also with Indian culture. "The mainstream culture has made such inroads that our big problem is to bring Indianness back into the Pueblos," said pretty young Malinda Pekarcik of Santa Clara, who directs the Head Start program. Teachers are salaried but not necessarily accredited; good teaching is the premium value. During their month's training each summer in Sante Fe, teachers, teacher aides, and cooks learn about dolls and puppetry, beadwork, weaving, pottery and other crafts, and nutrition. Silk-screen printing using Indian designs has been one of the crafts. Teachers must speak Tewa or Tiwa. Both languages are being introduced in Pueblo elementary schools, which children attend until junior high school.

Pueblo junior high and high school students are bused to public schools in nearby communities. Under youth development, CAP sponsors a work-study program for them, offering jobs at school or in the community. They might help grade papers, work with their Pueblo's community action director, or in the home improvement program. They produce the CAP newsletter *Indian Forerunner*. In summer, college students join them; last summer seventy-seven young people were enrolled in the program. They are paid $1.45 an hour.

After-school tutoring is also available in study centers in each Pueblo. Begun as an Office of Economic Opportunity program, the sessions are open to anyone, local teachers are the tutors, and the centers are now being carried by the schools.

To find and advise young Indians who can and want to go to college the talent search director, Ramos Sánchez, sends four counselors into public vocational and high schools to work with existing services. Now in its second year, the talent search has expanded from the eight Pueblos to serve all the Pueblos and the Apaches. Agoyo's off-the-cuff estimate is that 40 per cent of the Indian high school graduates they contact now go to college. The staff operates out of two offices, one in San Juan and one in Albuquerque.

Training adults in skills that prepare them for jobs near home is a major goal. Rather than pay them a lot of money and send them to school in big cities as the Bureau of Indian Affairs has done, CAP's vocational educational program pays them stipends of $128 a month, sends them to business and vocational schools in nearby Española and Santa Fe. For on-the-job training, CAP pays half the training expense, the participating business the other half. A full-time counselor both recruits people to take courses and helps them find jobs afterward. Most trainees are in their thirties. Now in its secand year, the program has helped 174 people. They work in Los Alamos, Santa Fe, or Albuquerque. Northern Pueblos Enterprises has picked up some of them.

Alcoholism, a problem with nearly all Indian groups, plagues the Pueblos, too. CAP's counselors are themselves ex-alcoholics who have been both patients and counselor trainees in a treatment center for alcoholics. People who know how it feels meet with clients in their homes and try to persuade them to go to a treatment center. When they return home, the counselors try to find them jobs.

One of the most enthusiastically received projects has been home improvement. Even though the Bureau of Indian Affairs furnished the materials, a few individuals were so eager for work to begin, they bought the materials themselves rather than wait. The project provided job experience as well as roof repairs, bathrooms, plastering for outside walls, and many other things that make a house liveable. But much more remains to be done in all the Pueblos.

Results sometimes are not the one CAP had in mind. For example, adult education offered people a chance to earn their high school equivalency diplomas. To attract them to register, arts and crafts courses were given in addition to academic courses. As it turned out, not many completed their diplomas—but they opened three arts and crafts cooperatives. In Taos, Nambé, and San Juan, artists bring their work in, price it, the co-op gets 15 or 20 per cent for handling it, the creator receives the rest. It is a far advance over the outside world, where the Indian craftsman is still paid only a small amount of the price his often excellent art commands on the commercial market.

San Juan Co-op has started a silversmith's class and has the money for its own building. Taos weaving classes are reviving the ancient art of making cloth from rabbit hair. Feared to be a lost art among the Pueblos, weaving has also sprung alive at Santa Clara. Pueblo pottery, superb for centuries, continues to flourish and ranks among the collector's items in contemporary Indian art.

Offers of gifts and assistance come to CAP from unexpected sources. An affiliation with the Los Angeles YMCA brought a gift of forty Honda Minibikes, which were divided among the Pueblos and integrated into the youth program. A Santa Fe architect has donated a thousand hours of his time.

Volunteers from the VISTA (Volunteers in Service to America) division of the U.S. Government agency ACTION are a help. At San Ildefonso, the instructors are VISTA volunteers who are members of the tribe. Another part of their diverse task is to learn to read and write Tewa, much more widely spoken than read and written, for which they earn credits at the College of Santa Fe. They may subsequently teach it to others. The VISTA-manned Design Center affiliated with the University of New Mexico Department of Architecture has designed several projected buildings, including a new CAP headquarters to be constructed in Pueblo style in San Juan.

This is only the beginning. Plans for major economic development on the eight reservations are headed by Edward W. Smith, an Anglo, whose excitement over the many development possibilities is contagious. His highest priority is the necessary comprehensive planning to determine which lands can best be used for agriculture, industry, recreation, and so on, to ascertain community needs, such as restoration of the Pueblos, and to draw up a master plan for utilities. The aim is to develop a viable Pueblo economy with completely Indian-owned and operated businesses and industry.

Scenic areas are found on nearly all the reservations. Recreation spots for picnicking, fishing, and sometimes camping are a popular and fairly quick method of gaining income. Tesuque's plans for its campground near the main highway at Camel Rock, built at what was already a well-used tourist stop, include preserving the unusual but crumbling rock. Recreation sites are planned for Nambé Falls at Nambé, for the cottonwood grove along the Rio Grande at San Juan, and in Santa Clara Canyon.

A museum is projected for picturesque Puyé, where the ancestors of the Santa Clara people lived as cliff dwellers long ago. Picuris is already establishing a museum. The eight Pueblos would like to put a youth camp on that reservation when they can find funding. A fish hatchery or trout farm would be a natural for that area, Smith said. San Juan plans a tree and plant nursery to include a Christmas tree farm and landscaping service.

Many companies show interest in locating on Pueblo Indian land, but the tribal councils are taking their time about accepting any. About half a dozen small industries—boat building, precision machine parts, lumber, tableware, mica and pumice processing—are already in operation.

"A computer industry, maybe, would be good," said Smith. "But we don't want time-clock-punching, indoor, noisy industries for Indians. Outdoor kinds of industry are best. Arts and crafts, of course, are to be built up strongly."

Tiny Pojoaque Pueblo, led by its former director of development, Tony Gutiérrez, has become the center of ENIPC's own fledging industrial park, called Pueblo Plaza, where

Northern Pueblos Enterprises has its headquarters. The Pojoaque Tribal Council leases the land to Enterprises for 1 per cent of the profit.

Enterprises' general manager is Harold Martínez, a witty, outspoken, young (thirties) Spanish-American from Española. Like Herman Agoyo, his original life plan was far different from the way it worked out. He majored in foreign affairs at the University of New Mexico, but almost immediately after graduating he got involved in administration and planning in local government, industry, and government-funded self-help programs, some of the latter including Indians.

When Martinez was hired in June 1971 he figured the Enterprises had only a 3 per cent chance of success based on conventional economic indicators. "We had to make it or break it in ninety days," he said "That's all we had the money for." Today it looks as if they've made it. They will need outside funding for some time yet, but they already have some income, and their goal of becoming a profit-making business is in sight.

Their Indian Action Team provides an eighteen-month course to teach Indians construction trades. In classes, on-site instruction, and on-the-job training they learn about heavy equipment, mechanics, masonry, steel work, carpentry, electrical work—whatever they need to know. Trainees built Enterprises headquarters out of adobe blocks made by their own Native Products Division. Trainees also put up the greenhouses for Hydroponics, Inc.

Native Products turns out vigas (wooden poles) for roof supports and about ten thousand adobe blocks a day for Enterprises' use and for sale to the general public. In eight of its greenhouses, Hydroponics, Inc., is growing tomatoes, aiming for three hundred thousand pounds a year. In the two others they will experiment with other crops—melons, chili, cabbage, lettuce, corn—to see which grow best in a hydroponic mix and which can be marketed successfully. Magic Indian Gardens is their trade mark. They sell greenhouses as well as vegetables. When the fertile liquid that grows the crops needs to be changed, it will be used to landscape the grounds or sold.

The Enterprises construction company does much of the building on the Pueblos and will do more when a projected 125 badly needed new houses are funded. They will, of course, be built of the Enterprises' own adobe blocks by Indian workers.

Enterprises' most publicized venture is the tour program. Directed by Rita Dickey, a striking Anglo woman of endless energy, the tourism division offers several ways to tour New Mexico with Indians as guides. There is the six-day tour by ten-passenger limousine from Albuquerque, a two-day tour, and guide service by the hour for travelers who bring their own cars. The six-day offering is unique in the United States. Guests are transported through one of the most picturesque parts of New Mexico. They stop in interesting hostelries and restaurants and partake of all three of New Mexico's major cultures, Anglo, Spanish, and Indian, sometimes in private homes.

Begun with a $55,000 grant from the Four Corners Regional Commission, the tour program has caught the imagination of travel agents and airlines, and inquiries have poured in from all over the United States and foreign countries. Travel agents or the New Mexico State Tourism Division can supply detailed information.

Obviously, the new Pueblo alliance is well on its way to stimulating a renaissance along the Rio Grande. There is no lack of ideas, energy, or concrete results. Dedication and enthusiasm are rampant among the staff, both Indian and non-Indian. They and ENIPC together have cut unemployment to 22 per cent, reduced the number of family incomes under $3,000 a year to 47 per cent, and revived arts and crafts. Possibly best of all, they have inspired hope in the people and a new pride in Indian life. Key religious leaders still have few apprentices, but some of them are resorting to tape recordings to preserve their knowledge. The resident population has increased to 5,464, only part of it through birthrate. More young people are staying, and some of those who left have come back.

Herman Agoyo just this year decided to give up the last name Cata, by which he has always been known, in favor of his grandfather's Tewa name, Agoyo (Star). It is a small gesture, but a significant one, and helps to illustrate his own personal commitment to the restoration of Indian life. His feeling becomes even more apparent when, speaking of the ENIPCCAP approach, he says, "a program like ours places Red Power where it belongs—in the hands of the tribal councils."

MILITARY SURVEILLANCE: SOME GOOD NEWS AND SOME BAD NEWS

Mr. ERVIN. Mr. President, I have some good news and plenty of bad news with respect to political surveillance by the military.

First, the good news. On September 30, 1974, the Department of the Army promulgated new regulations governing the acquisition and storage of information on civilians. For the first time, these regulations apply overseas.

Until now, the Army's regulations had prohibited military spying only in domestic contexts—Army intelligence units operating abroad had carte blanche to undertake whatever sort of spying they pleased against Americans living and traveling abroad. I am reminded of the reports received by the Subcommittee on Constitutional Rights that Army personnel in West Germany tapped telephones, opened mail, penetrated meetings, and conducted physical surveillance of suspected American dissidents in West Berlin and Heidelberg. One of the groups under surveillance, I recall, had adopted the American Bill of Rights as its constitution.

I might say at this point that what took place in West Germany is now the subject of an intensive investigation being carried out by the Defense Department. In a civil suit which arose as a result of the West German operations, the Department at first defended its counterintelligence activities in the district court for the District of Columbia. Then, several weeks ago, the Department told the court that there had been "inaccuracies" in its pleading. The court and the subcommittee are now awaiting further explanation.

Whatever the outcome of the suit, however, it is my hope that the new Army regulation will put an end to these repulsive activities being carried out abroad. The Department of the Army deserves credit—even at this rather late date—for taking the initiative to bring its overseas operations in line with the Constitution. The Defense Department should follow suit. I have long held that Americans do not lose their rights of citizenship simply because they decide to travel or live abroad—the Constitution belongs to them as well as those who remain within our geographic borders.

I also must express my profound regret, Mr. President, that until now Congress has enacted no law to insure that military surveillance is never begun again. I introduced a bill in the first session, S. 2318, to do just that. It was cosponsored by 37 Senators. A companion bill in the House claims nearly 70 Congressmen as sponsors. Despite this substantial support in Congress, however, the Senate bill is languishing in the Judiciary Committee, and no action has been taken by the House.

Frankly, I am at a loss to understand. To my mind, the bill is a reasonable and workable one, which is imminently in keeping with the traditional subordination of the military to civilian control. The military agrees in principle that it does not want or need to conduct surveillance of civilian political activity. But, be that as it may, the Defense Department continues to balk at the adoption of my bill, and the vaunted Presidential privacy panel cannot bring itself to support even this simplest and most basic of privacy measures. For months we have heard that the military cannot support the bill because it applies to overseas operations. Now we have the Army imposing its own regulations overseas. How can the military object to a bill which has the same scope?

Mr. President, I firmly believe that we need legislation on this subject. In the final analysis, we have only the assurances of the military that surveillance of civilian dissenters will not be resumed. The past belies these assurances; the abuses have been shown.

It is my hope that even if the bill is not enacted this session—and the time is relatively short—that the 94th Congress will not let the matter rest on promises. We can successfully cope with the future only if we have learned from the past.

CASIMIR PULASKI

Mr. MATHIAS. Mr. President, on this day, 195 years ago, the United States was still struggling toward freedom, yet on that date we lost one of the early patriots attracted from other lands to join our fight for independence.

Casimir Pulaski, son of a Polish count, had already battled against foreign domination of his homeland as part of the Confederation of the Bar, a movement founded by his father. His estates confiscated, he fled to Turkey in 1772, at the time of the partition of Poland. It was not until August of 1775 that he met with Gen. George Washington and became a volunteer member of his staff.

The new officer distinguished himself at the Battle of Brandywine, 1 month later, and was given command of a new cavalry troops. He led his men at Trenton, Flemington, and at Valley Forge.

In March of 1778, the Continental Congress authorized Pulaski to raise a new independent cavalry corps in the Baltimore area. After action in New Jersey, and a role in the siege of Charleston, he was mortally wounded near Savannah, while leading a heroic charge. He died on board the American ship *Wasp*, October 11, 1779.

Casimir Pulaski, who gave his life for an adopted country, was not unique. The Marquis de Lafayette and Baron Steuben showed that the birth struggle of our Nation was a powerful magnet for the adventurous young men of that era. The name of Pulaski is well known and honored in my own State, and not only by our large Polish-American community. His countrymen who followed have made a valuable contribution to the building of our Nation and the pursuit of our greatness.

HOUSING AID

Mr. MUSKIE. Mr. President, I would like to express my qualified support for the Home Purchase Assistance Act. Compromise with the administration has produced legislation which will provide only limited relief for our struggling housing industry, and for the hundreds of thousands of American families now trapped in inadequate housing by the state of our economy.

However, the bill will provide some easing of the credit crunch which has severely limited the housing opportunities of the working family which makes a good living by traditional standards, or which hopes to preserve the equity it has already invested in housing.

A glance at the statistics demonstrates that any help we can give our construction industry will be most welcome. Building permits in August were at a 7½ year low. Housing starts are expected to be about 1.4 million this year, compared to nearly 2.4 million just 2 years ago. Unemployment in the construction trades is nearly twice the national average—and the statistics represent a half million men out of work.

Bankruptcies and business closings in the homebuilding industry nationally are expected to reach record levels this year, and have already reached record levels in Maine. And the housing recession has a negative effect on suppliers such as wood products firms, and on service industries as well.

The woes of the housing industry tell only half the story. For the estimated 1.5 million households that are formed each year, these figures mean that adequate housing is simply beyond their reach.

There has been some relief through various housing programs. In my home State of Maine, for example, a $30 million mortgage purchase this year by the Maine State Housing Authority has been a substantial aid to middle-income and lower middle-income families in the State. And, at the upper end of the economic scale, families in high-income ranges can often find mortgage money from conventional sources.

It has been the middle- and upper middle-income family which has been hurt worst by the current credit squeeze. In Maine, mortgage rates of 10 percent are not uncommon, and some banks are charging more—or have no money to lend at all.

This bill will provide some relief for those families by infusing $3 billion this year into the money-starved residential mortgage market.

The legislation we have adopted represents but a small beginning in our efforts to help homebuyers and the homebuilding industry. The real answer to their problem is returning stability to our economy. There is much more work ahead of us.

Mr. President, I would like to make one further point regarding the housing situation in my home State.

At the lower end of the economic scale in Maine, there is no such thing as available housing. Low-income Maine residents simply cannot afford housing at today's costs, not because the banks do not have money available, but because the people do not have the kind of money needed in today's market. The only housing within the reach of these people is housing subsidized by Federal housing programs. And subsidized housing for low-income people has been unavailable in Maine since January 5, 1973, when the administration imposed its housing moratorium. Subsidized housing in Maine this year will be at only one-tenth the level of 1972.

Thus the housing industry in my State has suffered the effects of Government policy as well as economic conditions.

Mr. President, to dramatize some of the concerns of the people affected by the housing freeze, I ask unanimous consent that several letters from constituents be printed in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Augusta, Maine, *October 4, 1974.*

Hon. Edmund Muskie,
U.S. Senate,
Washington, D.C.

Dear Senator Muskie: I am the bookkeeper/secretary for a home building firm in the City of Augusta. I have been employed in this capacity for over six years now, on a part-time basis, that has steadily grown into more nearly a full-time job as the business has grown and prospered.

These past few months, however, as the state of the economy, and the plight of the home building industry in particular has steadily worsened, has become a time of increased concern for all of us involved in any capacity with the industry.

I am in the position to know our problems now in obtaining bank financing to continue with our business, and we are presently in the situation of working on our last house, afraid to begin another for which we cannot obtain bank financing, have laid off 30% of our crew, and anticipate further lay-offs soon.

Unless the home building industry receives some help, and very soon, this firm, as well as a great many others, will be forced out of business. My job, of course, is in jeopardy too, and it is one that means a great deal to me and to my family, with two children in college here in Maine, and another two in high school—and the cost of living in general going up steadily.

My plea for assistance to the home building industry from the Federal Government is made for myself, personally; for a firm that I should like to see continue in business filling a great local need: for a fine crew of workmen whom I hate to see out of work—to say nothing of a good boss, whose business has been built up through fourteen years of hard work and careful planning and who also has a family dependent on this business.

Yours very truly,

Mary Jean Doyle.

October 4, 1974.

Dear Senator Muskie: I work for a home builder in Augusta, Maine, and my job is in jeopardy. Several men have already been laid off and I'm the next in line. With the way the money situation is up here in the building business, a lot of men—voters and their families are going to be in trouble. I've only been married for 2 weeks now and the wife and I haven't much money saved up for this winter.

Sincerely,

James S. Dalbeck.

Stevens Homes, Inc.,
October 4, 1974.

Hon. Edmund Muskie,
U.S. Senate,
Washington, D.C.

Dear Senator Muskie: I have been in the building business approx. 3½ years. Because we cannot get mortgage money—we have just laid off 7 persons and will look to lay off the remaining (3) in about 3 weeks.

I am pleading (begging) "if you will" to keep myself off welfare.

I have always admired your work and intelligence. Let's see you tackle this one. Please don't let the building industry go bankrupt.

Respectfully yours,

Dean F. Stevens.

Dear Senator Muskie: My name is David Allen Falenski and I am employed by Dean Stevens of Stevens' Homes Inc. as a carpenter in North Windam, Maine. He tells me he is about to the end of building homes because people cannot get a mortgage. I don't want to lose my job and draw unemployment, but there won't be much choice unless something is done very soon.

I urge you to work for the passage of either S. 3979 or H.R. 16767.

Please help us.

Sincerely yours,

David A. Falenski.

Ron Allaire Construction,
Springvale, Maine, October 4, 1974.

Hon. Edmund Muskie,
U.S. Senate,
Washington, D.C.

Dear Sir: I am in the building industry and in the past month have had to lay off 3 men for lack of work. The contractors that I supply just can't sell their houses because they cannot find customers who can get mortgage money from the banks.

I sincerely urge you to work for the passage of either S 3979 or H 16,767, as both permit GNMA to get involved with conventional mortgages.

It is imperative that the present administration changes its' policy towards the building industry or the next generation will have to do without homes.

We will see you at the poll.

Very truly yours,

Ron Allaire.

N. P. Scontras Gallery of Homes,
Saco, Maine, October 4, 1974.

Hon. Edmund Muskie,
U.S. Senate,
Washington, D.C.

Dear Senator Muskie: I am in the business of building homes and fear for my livelihood. The current policy in Washington makes it impossible for me to predict when business will be back to a safe level. I am being eaten up by homes that I have built but can't sell.

There must be something you can do to save people like me from the welfare roles.

You must support S 3979—tax exemptions for savings and an easing of interest.

Sincerely yours,

Nicholas P. Scontras.

Coastal Structures, Inc.,
October 4, 1974.

Hon. Edmund Muskie,
U.S. Senate,
Washington, D.C.

Dear Senator Muskie: Coastal Structures, Inc., is engaged in the manufacture of panelized buildings and homes. Our product is such that we supply builders throughout New England in wood frame construction business. The whole effort is to build less expensive homes.

However, this is not enough. The building business needs funds. Those citizens needing adequate housing need funds to purchase. Senate Bill 3979 will help us all. The availability of mortgage money has been lacking for some time and the passage of this bill will ease this situation. I am also writing to our Representatives urging positive action on House Bill 16767.

We also feel that by making the first $1,000 of interest that is earned on savings in banking institutions tax exempt would help to keep savings in the banks and thus make even more money available for home mortgages.

Please cast your vote in favor of this bill. The housing industry is in serious trouble.

Very truly yours,
Robert C. Wellman,
President.

Biddeford, Maine,
October 5, 1974.

Re: Brooke-Cranston bill (S. 3979), Steele bill (H.R. 16767)

Hon. Edmund Muskie,
U.S. Senate,
Washington, D.C.

Dear Senator Muskie: The above bills are to be acted on in the near future, and I strongly urge that you give them your wholehearted support. Being employed in a financial institution it is evident to me that something will have to be done, and soon, to boost the building industry through the availability of funds, and at rates conducive to lending.

Our financial institutions are dependent on deposits to provide a flow of money for mortgage lending, but the tax imposed on earned interest (from the first dollar) does not encourage savings for the simple reason that the middle-class worker's income is boosted by interest on deposit and taxable. A tax incentive in my opinion, would serve a dual purpose (1) slowdown the economy (saving rather than spending) and (2) provide savings institutions with mortgage funds which can be put out at reasonable rates. Everyone involved in the building industry would automatically benefit by reasonable lending rates, starting with the contractor down to the consumer, and people with moderate savings would be encouraged to save just a "little bit more" if just a "little bit less" is taxed.

I sincerely hope that you and everyone involved in trying to straighten out the economy will take a long look and listen to the "voice of the people" rather than the "private interest". If there are reforms made (and I hope there will be) in the financing of political campaigns, the "people" rather than "private interest" will again elect our Senators, Congressmen on up to the President, and "people" are fed up with being the fall-guy paying thru the nose and will express themselves at the polls.

Sincerely,
Blanch A. Ryan.

Naples, Maine,
October 5, 1974.

Hon. Edmund Muskie,
U.S. Senate,
Washington, D.C.

Dear Senator Muskie: I am employed by Stevens' Homes, Inc. of South Portland, Maine. I am a foreman for Mr. Stevens; engaged in the construction of residential homes in the southern Maine area. Mr. Stevens has informed me that this may no longer be because people can not get mortgages to buy his homes.

This is truly a sad state of affairs for my employer, myself, and many prospective buyers.

Senator, it is within your powers to do something about this situation. Please support Senate 3979 to increase mortgage money so that hundreds of people here can stay employed and our great state of Maine may continue to grow.

Thank you for your help and interest.

Sincerely yours,
Donald R. Bushell.

NATIONAL 4–H WEEK

Mr. THURMOND. Mr. President, 4–H is one of the very finest youth organizations in America, and I would like to join in saluting 4–H youth and adult leaders throughout the Nation during this National 4–H Week, October 6–12.

For over half a century, 4–H has provided opportunities for young people to develop their leadership and citizenship potential. The 4–H motto, "To Make the Best Better," has become much more than a noble slogan for millions of 4–H participants. It has become an enduring, real-life objective applied to everyday decisions and actions faced by present and former 4–H'ers.

Today, all across the United States and in Puerto Rico, some 5.3 million youths and 560,000 volunteer adult leaders are actively participating in 4–H club projects and activities. They promote self-development in a context of community improvement, and under the expanded, modern-day 4–H program, both rural and urban communities benefit from the actions of 4–H youth.

Four–H'ers, be they from rural or urban settings, can choose from among some 60 project areas. Whatever their choice of project—and many outstanding 4–H'ers carry on several projects in the same year—4–H'ers are always striving to make their best even better.

The Cooperative Extension Service continues to provide support, information, and leadership to the 4–H programs at the Federal, State and local levels. Especially instrumental in guiding 4–H programs are the staff members of the county extension offices throughout the Nation. These dedicated public servants carry many hats, including those of coordinators and educators in the 4–H programs. There is no better time to commend the many fine employees of the Cooperative Extension Service than during National 4–H Week.

I am especially pleased that 4–H has added so much to the great State of South Carolina. At present, some 90,000 South Carolina youths participate in 4–H through school, community, and special interest clubs, and through educational 4–H television programs such as the "Mulligan Stew" series on nutrition. Over 1,700 volunteer adult leaders assist personnel of the Cooperative Extension Service in carrying out South Carolina 4–H programs. Many private companies annually sponsor awards, scholarships, and educational trips for 4–H'ers who have done outstanding work in their 4–H projects and activities.

Indicative of the prominence which 4–H enjoys in our State is the selection of 4–H to serve as the pilot youth organization in helping celebrate South Carolina's role in the approaching Bicentennial. South Carolina has chosen "Achievement '76" as the State slogan for the Bicentennial celebration, and 4–H'ers throughout the State will be working through their usual activities to make their contributions even better and of more lasting value.

Mr. President, the theme for this year's National 4–H Week is "We Can Make It Happen." A more fitting slogan could not have been chosen at a time when President Ford has urged all Americans to work together to "WIN" the battle against inflation. Four–H has long been at the forefront of conservation programs, and I am sure that 4–H'ers will be ready and willing to help make things happen with respect to conservation, so that America can win this critical campaign against inflation and energy shortages.

Again, I congratulate the millions of youths and adults throughout America who give their time and energy to 4–H programs, and I feel sure they gain much in return. I ask unanimous consent that an editorial on 4–H entitled "We Can Make It Happen," which was recently carried in the October 5 issue of the Union Daily Times, be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

We Can Make It Happen

With the many problems we face as a nation, it is refreshing to see our young people ready and willing to help bring about solutions to these pressing concerns. Enthusiasm and optimism has always been an admirable quality of American youth. Their vigor inspires all of us to do a better job in coping with our problems.

Youthful exuberance, combined with the guidance and experience of adults provides an unbeatable combination. The results of that cooperation are evident in the 4–H program.

We salute the combined efforts of 4-H'ers and their leaders "to make the best better" on the occasion of 1974 National 4-H Week, October 6–12.

The theme of the annual observance is "We Can Make It Happen." Those five words emphasize the commitment and cooperation of nearly 5.3 million youths and 560,000 volunteer leaders working together to solve common problems. With their enthusiasm and energy, in all 50 states, Puerto Rico and Washington, D.C. 4-H'ers from all economic, ethnic and social backgrounds are helping clean-up and protect the environment and natural resources.

Youthful enthusiasm and energy, combined with adult guidance and support and working together in a common purpose—that's the 4-H story in 1974. And we support the efforts of 4-H'ers, their parents, their leaders and alumni "to make the best better."

Information on 4-H programs and activities in the area can be obtained from the county extension service office or state 4-H office.

U.S. CONSULATE AT GOTHENBURG, SWEDEN, SHOULD BE REOPENED

Mr. HUMPHREY. Mr. President, with the recent exchange of new ambassadors, official American bilateral relations with

Sweden have improved greatly. Our informal, friendly ties never really diminished the exchange of ideas and relationships formed since the beginning of our country. But it is good to rebuild old contacts which may have fallen into disrepair during the period when "official" relationships were held to a minimum over differences on our policies concerning the war in Vietnam.

For this reason, I have a modest proposal to make. I suggest that our Government start immediate efforts toward the reopening of the American consulate in Gothenburg which was closed for "economic" reasons in 1970 when our "official" relations with Sweden were in the process of deteriorating.

While I am sure that this action resulted in some small savings to the State Department budget, it would be difficult to calculate in dollars and cents the dismay and bewilderment felt at the time by those familiar with the consulate's work and historical importance.

Until 1970, the Gothenburg consulate claimed the record of being the first and oldest American consulate in Western Europe, having established ties with a struggling and fledging United States of America in 1797. Moreover, it served as the port where hundreds of thousands of Swedes emigrated to the "New Land." With a sense of historical reawakening in our country as we approach the American Bicentennial, it is ironic that we have no regular, official presence in Gothenburg.

While I have stated some historical and cultural imperatives for the reopening of the consulate—having strong emotional ties to Scandinavia—I also would like to point to a strong case that can be made for economic and political reasons.

Gothenburg is the largest, centrally located ice-free port in Scandinavia. By any standards, it is in the "big league" of world shipping and trade that American companies are trying so hard to expand abroad. It is the location of many large and internationally known industries such as SKF, Volvo, ESAB, and Hasselblad, the large shipyards of Eriksberg and Götaverken, and also shipping companies such as Broströms and the Stena Line. In addition, the well-equipped and commodious facilities of the Svenska Mässan—Swedish Trade Fair—make Gothenburg a truly international trade center where new machines and technical exhibitions are on display for businesses throughout the world.

It also is important to note that many American corporations are making use of Gothenburg's facilities. But, unlike 45 other countries, the United States has no consulate general on hand to assist on any problems and provide useful information to our businessmen.

More importantly, I learned last week in a discussion with Eric Ehrengren, Director General of the Swedish Trade Foundation, that a small office in Gothenburg set up to assist many of the young people traveling in Sweden and a clearinghouse for exchange students had closed. In the past, it has been a focal point where young people could go and get information, look at books, magazines and meet new friends. I do not believe the interests of either country are served when barriers to free exchange of ideas and debate are put up. I am hopeful that through cooperation with the USIA and volunteer organizations in Sweden this situation can be rectified. It is time to show our friends in Western Sweden that the United States really wants to continue the warm relationships we have had in times past.

For these and several other reasons, I am making this proposal that will cost very little in time and effort, but will return goodwill and friendship far beyond any economic costs for those persons on both sides of the ocean. And, it will in a major way reestablish an historical link that has been present in Swedish-American relations since colonial times. Approaching our 200th birthday, the reopening of the Gothenburg consulate, symbolic as it may be, will send a message that the United States remembers and treasures its oldest friends. For second and third generation Americans of Swedish descent it will serve to reemphasize ties with a city and country that their forebearers left to seek the promise of a new land.

Mr. President, on September 30, I wrote Secretary of State Kissinger and suggested that the United States consider reopening the Gothenburg consulate. I ask unanimous consent that the text of my letter to the Secretary be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

September 30, 1974.

Hon. Henry A. Kissinger,
Secretary of State,
Washington, D.C.

Dear Henry: I would like to continue the efforts which we began recently to improve American biblical relations with Sweden. I have an idea which I would like you to pursue.

About two year ago, when our relations with Sweden were in the process of deteriorating, we closed the American Consulate in Gothenburg for "economic reasons." I understand that this was a small consulate in a port city of 600,000. Apparently, the Swedes considered our closing of the Gothenburg Consulate as an unfortunate move and one which only exacerbated our chilled relations. Apparently, our Consulate in Gothenburg is one of the oldest American consulates in the world, dating back to the time of George Washington. It was an active consulate, handling visa and trade matters.

I would like to suggest that we consider reopening the Gothenburg consulate at a time or improving Swedish-American relations on the eve of the American Bicentennial. This would be a significant move and one which could be of great benefit to bettering our relations with Sweden.

Please let me know of your reaction to this idea, Henry.

Sincerely,

Hubert H. Humphrey.

NARUC STUDYING UTILITY EFFICIENCY

Mr. METCALF. Mr. President, I am pleased to note that the association of State utility regulators has launched a study of the management efficiency of the Nation's electric utilities.

The National Association of Regulatory Utility Commissioners has advised me that it will welcome suggestions from interested parties as it begins this comprehensive study. So that those who wish to work with NARUC in this matter can conveniently read about this project, I ask unanimous consent that the NARUC press release be printed in the Record immediately following these remarks.

NARUC is located at 1102 ICC Building, Box 684, Washington, D.C. 20044. The phone number is 202–628–7324.

There being no objection, the press release was ordered to be printed in the Record, as follows:

State Regulators Launch Study of Management Efficiency in Nation's Electric Utilities To Insure Consumers Get Their Money's Worth

The association of State regulators has launched a comprehensive study to assess the management efficiency of the nation's electric utility companies.

The purpose of the study is to help the regulators make sure that the consuming public get their money's worth in light of the current, heavy demand for rate increases.

Many electric utilities have complained recently that they are urgently in need of substantial rate increases if they are to continue to be able to meet the demand the public places upon their facilities.

The utilities have stated they are in financial difficulties because of a combination of factors including inflation and higher interest rates levied against money borrowed to finance capital construction projects.

Top officials of the Federal Government including Treasury Secretary William Simon and Federal Administrator John Sawhill have recently urged State regulators to help the electric utilities out of their financial difficulties by granting them speedy and substantial increases in the rates they charge the consuming public.

The pattern in such matters has been for the States to keep rates charged consumers within reason consistent with the need to maintain efficient service.

In response to the Federal pressure the members of the Executive Committee of the National Association of Regulatory Utility Commissioners (NARUC) meeting recently in Hershey, Pennsylvania, authorized the efficiency study.

The State regulators have a continuing responsibility to see that the utilities they regulate are being operated at maximum efficiency so that the public is not obliged to pay higher rates than necessary because of lax or inefficient management.

With the current whirlpool of rising costs, higher interest rates and deepening energy problems it is more important than ever before that the regulators ensure the public is receiving the efficient utility management it deserves and is paying for.

The NARUC study will be nation-wide in scope and will be conducted under the direction of J. Edward Smith, Jr., the NARUC's Director of Economics.

Mr. Smith is currently at the stage of formulating a research methodology for the study and gathering preliminary data. He has solicited information and assistance from staff of the NARUC's standing Committees on Electricity and Economics. He has also sent letters asking for pertinent data to the heads of approximately 20 of the largest electric utilities by sales volume in the country.

It is anticipated that the first stage of the study will be completed by early December of this year. The completed study will take the form of a written report and will be made available to the public.

The NARUC intends to conduct this study with great deliberation and thoroughness and for this reason it actively solicits the cooperation and assistance of all interested persons and organizations.

The NARUC is a quasi-governmental nonprofit organization founded in 1889. Within its membership are the governmental bodies of the 50 States and of the District of Columbia, Jamaica, Puerto Rico and the Virgin Islands engaged in the regulation of carriers and utilities.

THE FUTURE OF REVENUE SHARING

Mr. BROCK. Mr. President, on September 26, 1974, my colleague from Tennessee (Mr. BAKER) addressed the members of the Kentucky Municipal League at a meeting in Covington.

Senator BAKER made a particularly thoughtful and persuasive presentation in support of the extension of the revenue sharing program. I was happy to join Senator BAKER and the distinguished senior Senator from Kentucky (Mr. COOK) in introducing legislation to achieve that goal.

Mr. President, I ask unanimous consent that Senator BAKER's remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

THE FUTURE OF REVENUE SHARING

(By U.S. Senator HOWARD BAKER)

It is a particular pleasure to be with you at this meeting of the Kentucky Municipal League. I consider it a special honor to represent Kentucky's senior Senator, Marlow Cook, whose work as a member of the Senate Rules Committee required that he remain in Washington today.

During the past six years, Senator Cook and I have often worked together on projects of mutual benefit to the citizens of Kentucky and Tennessee. Perhaps the most important such cooperative effort has been a program which has long had the support of the Kentucky Municipal League and organizations of local governments in my home State of Tennessee and throughout our country. That program is revenue sharing, a $30 billion investment in returning tax dollars and decision-making power to those units of government closest and most responsive to the people. Last month, Senator Cook, my colleague Senator Brock, and I joined as primary co-sponsor to introduce a bill to extend revenue sharing for seven years.

In the next few minutes. I would like to talk with you about the progress of the revenue sharing program—why it was enacted, how it is working, and why we strongly feel it must be continued.

General revenue sharing is the most substantial domestic program ever enacted at one time by any Congress. It represents the largest single instance of the voluntary transfer of power from the Federal Government to State and local governments in the nearly 200 years of our nation's history. Its goals are as diverse as the aspirations and imaginations of the citizens of the more than 38,000 governmental jurisdictions of this country.

Although revenue sharing has only become reality in the 1970's, it is based on that Jeffersonian concept of democracy that the best government is that government closest to the people. This is the sentiment which most Americans have shared since the earliest days of our Republic. It was the feeling the French writer de Tocqueville noted during his tour of America in the early 1800's: "I heard citizens attribute the power and prosperity of their country to a multitude of reasons," he said. "But, they all place the advantages of local government in the foremost rank."

I think that observation has remained valid, even as the years have been characterized by the tremendous expansion of the nation and its transformation from a rather isolated rural country to the world's leading urban and industrial power. Paralleling this experience has been the increasing expansion and centralization of the national government. As the years went on, more and more of the functions of goverment became collected in Washington. The World Wars and the Depression, especially, accelerated this trend. But concentration of power has brought concentration of problems as well, problems of the 60's and the 70's for which the institutionalized responses of the 30's and 40's have too often proved inflexible or inadequate.

In reviewing some of these problems, one of the most pressing is what has rightly been called the fiscal crisis of State and local government. I do not know if you would define this situation of rising demands for goods and services and rising costs for goods and services as a crisis in your own locality. But, nationwide, I do not think the use of this term is too melodramatic.

Consider that the expenditures of the state and local governments have increased from just over $10 billion in the year after World War II, to well over $130 billion at the start of this decade. State and local taxes have risen per capita about 50 percent in the same time period. State governments have raised taxes or instituted new taxes on some 450 occasions during these years. Yet, growth in revenue from the two principal sources, the property tax and sales tax, has lagged 40 to 50 percent behind expenditures. Since 1966, the prices paid by state and local governments for goods and services have risen by more than one-third.

The commanding income tax position enjoyed by the Federal Government has helped insulate Federal policy makers from irate taxpayers. Despite any personal misgivings we may express on or about each April 15, we have to admit that the Federal income tax is the effective key to the high growth federal tax base. For every 1 percent growth in our Gross National Product, federal revenues increase 1½ percent. In addition to its preemptive graduated collection system, the Federal Government also enjoys freedom from fears of inter-local and interstate tax competition.

What we have been talking about has become known as a "fiscal mismatch" in which needs grow most rapidly at the state and local level, while revenues grow fastest at the federal level. This problem is further complicated by an "efficiency mismatch," wherein revenues are collected with the greatest efficiency at the federal level but used most efficiently at the state and local levels.

For a good many years, Washington has had a handy, all-purpose answer to most any problem, assuming, of course, you could get somebody to pay attention to the problem. That answer, of course, has been the categorical grant-in-aid program. Especially since the beginning of the 1960's, federal programs have been the District of Columbia's number one export. A perhaps conservative figure on the proliferation of often-duplicatory programs estimates that the number of major programs grew from 200 to 1,060 during the past decade.

Categorical aid programs have brought about benefits, and I believe that a number of effective projects must be continued. As you have discovered from dealing with them, however, the programs themselves have often brought new problems. Rigid categorical requirements associated with such grants have actually limited the flexibility of states and localities to meet local needs; and in a number of instances, officials have felt forced into decisions to "go where the money is" instead of following their own priorities. The unwieldy procedures, delays, and snarls of red tape involved in "grantsmanship" have also acted to limit the effectiveness of such programs.

Another important factor is accountability. As concerned local officials, you know that word well. You are held accountable for your performance of your public responsibilities by your fellow citizens. It is a challenge each of you has accepted. Yet, accountability to the people is conspicuous by its absence as you turn your attention to the Federal bureaucracy. Within their jurisdictions, federal administrators might well exercise more authority in a local area than a county judge or a mayor. But, you cannot vote for them, you cannot vote against them, often you cannot even find them.

Thinking back to the fiscal crisis of state and local governments, and considering the consequences of an endlessly increasing federal grant program, it became clear that the problem involved much more than money. The Federal Government could have given fiscal relief simply by absorbing even more than it already has the many responsibilities of government on the state and local levels. But to do so would have serious administrative and political repercussions. In short, our whole system of federalism would have been placed in extreme jeopardy. Instead, the need has been to respond to the nation's changing needs by searching for innovative ideas that would work, that would not just sustain local government at a time of crisis, but would revitalize and restore the federal partnership through decentralization and diversity.

I believe that a good start has been made through federal revenue sharing. Your support as individual officeholders and as members of the Kentucky Municipal League has been important in the implementation of this program. Your leadership and your support will be essential to its continuation.

Some $14.3 billion has already been distributed to state and local units of government as we have begun to test and practice what appeared attractive in theory. I have been most impressed and encouraged by the wise and responsible expenditures of revenue sharing funds by the vast majority of elected officials at all levels of government. I think it is significant, too, that in oversight hearings before the Senate Intergovernmental Relations Subcommittee, all elected officials testifying expressed agreement that revenue sharing is working and ought to be extended beyond its initial five-year period.

More than half the revenue sharing funds committed to specific purposes at the state level have gone to education. A good portion of this sum of $551 million has been allocated by the states to local school districts. About 39 percent of the state level funds has been used for capital expenditures.

On the local level, one survey showed that about a third of revenue sharing funds are being used for capital expenditures, mainly for public safety, recreation, schools and other public buildings, highways, and environmental protection. Operating and maintenance functions have accounted for major revenue sharing expenditures in such additional areas as health programs and public transportation. A survey by the Intergovernmental Relations Subcommittee has also indicated that "in clear-cut terms, revenue sharing has managed at least to stabilize taxes" among the majority of the states, counties, and cities responding. The Comptroller General reported in June the results of a Government Accounting Office survey which showed that three-fourths of local governments "were using the funds in a manner which had reduced, or was expected to reduce, local tax pressures."

These findings, however, have not met with universal acclaim. Just as we had a long and difficult fight to make revenue sharing a reality, it appears we may have another struggle to extend the program with few strings attached. The old assumption that there is somehow more wisdom or more virtue in the solving of local problems from Washington dies hard among some members of Congress and bureaucracy. A number of criticisms have been leveled at revenue sharing. Some, I feel, are legitimate concerns. Others appear to be rationalizations for regaining greater centralized control.

One criticism has been the use of revenue sharing funds to avoid new taxes rather than to initiate new spending in presumably desirable but neglected areas of government service. In response, I think it is important to keep in mind that holding down regressive local property taxes is not an abrogation of purpose, but one of the potential uses for revenue sharing funds originally envisioned under the program. While tax stabilization has been achieved in a number of instances, there have been few instances of tax rebating. I think state and local governments are continuing to do their job. Perhaps the most often repeated criticism is the charge that revenue sharing funds are being disproportionately used in nonrecurring capital programs, rather than continuing social programs. This, I believe, is easily and logically explained. Very few units of government at any level are going to make substantial budget obligations when there is at least a possibility that the revenue sharing program may be radically altered or even discontinued within a few years.

This is not an alarmist fear. At this year's Governors' conference, for example, a member of the House Majority Leadership issued a rather ominous warning that the election of a veto-proof Congress, which he advocated, could be expected to bring about a major overhaul in the operation of revenue sharing. I am not trying to raise this as a partisan spector; revenue sharing still enjoys broad bipartisan support at the local level. As Democratic Mayor Moon Landrieu, of New Orleans, has testified: "The nation's cities continue to be 100 percent united in their support of the general revenue sharing program. Revenue sharing cannot be terminated without a devastating impact on this fiscal viability of municipal government."

For these reasons, Senator Cook, Senator Brock, and I introduced the legislation for immediate extension of revenue sharing. We believe revenue sharing must continue without interruption, and it must be extended as rapidly as is reasonably possible to allow adequate lead time for budget preparation.

No matter how much is done by proponents in Washington, however, positive performance at the local level will ultimately determine the success of efforts to extend revenue sharing. The critics will be watching closely. You can expect even greater citizen input into the process of deciding how revenue sharing funds are to be used. I suspect that a substantial number of members of Congress will join your own citizens in making unofficial audits of your published revenue sharing expenditures in the next few months.

This is how it should be. As Henry Clay observed in a speech at Ashland, both the trust and the trustees of government are created for the benefit of the people. Revenue sharing was conceived as a means of assuring increases in both the accounts and the accountability of local government. As the extension of revenue sharing is considered in Congress, I believe you as the trustees will welcome the continuing opportunity to reaffirm in principle and practice the success of government closest to the people.

SENATOR HELMS ASKS FOR FULL DISCLOSURE OF GOVERNOR ROCKEFELLER'S GIFT TAXES, BUSINESS EXPENSES, AND PERSONAL EMPLOYEE COMPENSATION

Mr. HELMS. Mr. President, the disclosure in many newspapers over the past few days of information from Governor Rockefeller's tax returns have raised, in the minds of many, questions of propriety about the Governor's actions. This has resulted in a considerable public debate based upon partial information and incomplete facts.

This incomplete debate has done a disservice to the imperative need for public understanding and confidence, since the context of the leaked information is missing. My position has always been that the Senate and the public needs to have all the facts upon which to base their judgments. I repeat that I am not raising any accusations. My only intention is to urge that all the facts be brought out. It is only fair to the Governor that judgments be based upon the whole picture.

I have, therefore, written to the distinguished senior Senator from Louisiana, Mr. LONG, in his capacity as chairman of the Joint Committee on Internal Revenue Taxation, to request respectfully that the joint committee release the full information on the committee's possession relating to Governor Rockefeller's gift taxes, business expenses, and compensation of personal employees.

Mr. President, I ask unanimous consent that my letter to the chairman be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., October 10, 1974.

Hon. RUSSELL LONG,
Chairman, Joint Committee on Internal Revenue Taxation, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In the past few days, various newspaper accounts have reported certain information concerning Federal taxes paid by Governor Nelson Rockefeller over the past ten years. The reported source of this information is the Governor's tax returns which he submitted to the Joint Committee in connection with his nomination to be Vice President of the United States under the Twenty-Fifth Amendment.

I deplore the selective leaking of this information, even though most of the items published have been confirmed as true by the Governor's spokesmen. At the same time, the nature of the information has been such as to raise, in the minds of many, questions of propriety about the Governor's actions, resulting, as you know, in considerable public debate about the relevance of these actions to his nomination.

In my judgment, the selective leaking to the press of such information, out of context, is unfair to the Governor, and provides an inadequate foundation for the current debate. In the present situation, however, the only remedy left is to give all the facts to the public, and let the public assess the nomination on the basis of full information.

I therefore respectfully request that the Joint Committee on Internal Revenue Taxation immediately release the full information in the Committee's possession relating to Governor Rockefeller's gift taxes, business expenses, and compensation of personal employees. While this would normally be considered confidential information, confidentiality must give way to the higher public good of satisfying the doubts which have already been raised. The times demand no less.

Sincerely,

JESSE HELMS.

THE 199TH ANNIVERSARY OF THE FOUNDING OF THE U.S. NAVY

Mr. THURMOND. Mr. President, I wish to bring to the attention of my distinguished colleagues the 199th anniversary of the founding of the U.S. Navy, which will be observed Sunday, October 13. For nearly two centuries the Navy has established a proud tradition of service to our country. In time of war, the Navy has a heritage of victory against all odds; in time of peace, a record of service unsurpassed. This tradition has been made possible by the caliber of its members; active duty men and women, naval reservists, civilian employees, retired Navy personnel and dependents—the Navy family. I have here a Navy birthday message from Adm. J. L. Holloway III, the Chief of Naval Operations, to the Navy family, and I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks.

There being no objection, the message was ordered to be printed in the RECORD, as follows:

NAVY BIRTHDAY 1974: A PROUD TRADITION

Tradition has always been the enduring strength of the Naval Service because tradition has its roots in the actions of people. Throughout the Navy's nearly two centuries of growth, the individual deeds that have given birth to naval traditions have, at times, fired the imagination of the entire world and settled forever in the pages of our nation's history. On other occasions, far more numerous over the years, countless individual acts of courage and sacrifice have often remained unrecorded, perhaps even unnoticed, but have been no less a vital part of the Navy's tradition-making process.

In each instance the motivating force has been the same—the professional commitment to duty by a Navy man or woman, military or civilian, in a spirit of pride in self, pride in the Naval Service and pride in our country. It is that heritage of commitment, of course, that is the very cornerstone of tradition. Time and again since our birth on 13 October 1775, our Navy's progress has re-affirmed that professional commitment is our proudest achievement.

Navy Birthday 1974 is both a celebration of the Navy's commitment to its own people and a pledge of continued commitment to the people of our nation. It is also a time of reflection and expectation as we pause to honor the Navy's tradition-makers of the past and present, and dedicate ourselves, in a spirit of camaraderie and unity, to the tradition-makers of the future.

J. L. HOLLOWAY III,
Admiral, U.S. Navy.

UNITED CALIFORNIA BANK SETS EDUCATION AID PROGRAM

Mr. CRANSTON. Mr. President, the United California Bank has begun a new program to provide direct educational aid to California students from average-income families. These students, as Allan W. Ostar of the American Association of State Colleges and Universities points out, are especially hard hit in our inflation climate when it comes to meeting rising education costs.

I ask unanimous consent that a description of UCB's new scholarship and work-study assistance program—SWAP—be printed in the RECORD, so that Senators may call it to the attention of private lending institutions in their own States.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LOS ANGELES.—A pilot program of educational aid for the neglected middle-income student and the private college has been launched by a major California bank.

United California Bank (UCB) said the Scholarship and Work-study Assistance Program (SWAP) awards, already given to three students, will assist financially-pressed middle-income families in the education of their college-bound children.

Financial assistance for middle income, as defined by the bank, would go to families with incomes from $8,000 to $30,000, depending upon family size.

The awards to students consist of grants, loans, and part-time employment with the bank, for up to two years, or until graduation.

Dan Smith, UCB's program coordinator, said that SWAP will enable students to acquire an education at a private college while gaining invaluable experience in an area directly related to tthe student's career objective.

The awards to students consist of half-tuition grants, quarter-tuition loans, and bank employment to earn the remaining tuition and living expenses. Scholars will receive an average of $6,250 a year from this combination.

SWAP's advantage to the college, Smith said, will be that the institution can have a better representation of middle-income students in its student body without having to spend additional scarce scholarship monies.

UCB realizes that no one institution, no matter how large and resourceful, can solve this problem alone. Smith said "the monies set aside in this program are insignificant in terms of the total sum of the problem. What is significant is that they will represent the first bold new action in an area that has thus far eluded rational solutions and vanguard ideas."

UCB's program was conceived as a result of the awareness that there is no direct, substantive scholastic financial aid for middle-income families and that private colleges and universities caught in an inflationary and budget squeeze, are having difficulty meeting their budgets.

The problem is brought into focus by Allan W. Ostar, executive director of the American Association of State Colleges and Universities, who said "The plain fact is that the rising costs of higher education and the increasing tendency to push higher portions of those costs off onto students through tuition and fees have created a financial crisis for average-income families for which no practical solution yet exists. Circumstances today threaten to bring about a situation in which higher education will become limited to the very rich, the very brilliant, and the very poor."

UCB has had assistance programs for low-income students for years, and by this fall will be providing aid in the form of grants and employment to 49 students, including 20 in college.

Here's how the UCB scholarship and work study assistance program works:

Each fall the bank will provide each SWAP scholar with a voucher to cover the full cost of the fall semester's tuition.

At the beginning of the spring semester the scholar will be given a loan voucher to cover half of that semester's tuition. (The student will have been employed up to 25 hours a week at a local UCB branch, thus providing funds for the other half of the spring tuition.)

Qualifications for the scholars include completion of lower division transfer requirements to a four-year institution; acceptance in a four-year private institution in California; a demonstrated aptitude for a business career; be a citizen or permanent resident of the U.S.; come from a family with a net income ranging from $8,000 to $30,000, depending upon family size; and does not receive more than $500 in education assistance from other than family sources.

Applicants are screened by the school's financial aid office, and final selection is made by a UCB committee.

Graduating SWAP students will be encouraged to work for UCB, but are under no obligation to as a result of their SWAP scholarship.

The second-semester tuition loan granted the student will be made at a 7 percent interest rate. The student would be expected to pay the interest on the loan while he is in school, but the principal payment would be deferred until nine months after graduation.

Once students are selected, arrangements are made for employment in a local UCB office. The program is tailored to give students an in-depth experience in as many facets of the banking business as possible within the restrictions of time and the students' academic obligations.

"The imminent, divisive struggle for educational funds between low and middle-income families can be avoided if the SWAP concept is embraced by the business community," Smith explains.

He said that if other companies follow the lead of UCB, a vast new resource of educational support for middle-income families would become available.

THE SOVIET GRAIN DEALS AND AN EXPORT POLICY

Mr. HUMPHREY. Mr. President, one of the major lessons of the recent grain deal fiasco is the need for a sound, balanced program to monitor our export sales with special care required when we are in a short supply situation.

I have referred to this as "short supply management." We also have to be prepared to institute licensing procedures to make certain that we have accurate and up-to-date information on our food stock situation.

The Department of Agriculture has now conceded, as I had warned over many months, that we cannot assume that state trading companies will operate on the basis of supply and demand. These companies can come into our market and buy up large quantities of our grains, thereby upsetting our market and the economy.

These companies make decisions on political as well as economic grounds. To speak of the free market in this situation is to deceive ourselves.

The suspension of the grain sales also points up the importance of having good information on crop and weather trends. Close cooperation is vital if misunderstandings are to be avoided.

It is clear that this cooperation was lacking in this instance. It also is clear that the absence of a cooperative sharing of crop information makes the monitoring of export sales even more important.

Mr. President, I would like to point out two articles in the New York Times on October 9, "Panel Told Why Ford Halted Grain Deal," and "Collapse of Soviet Crop-Data Pact Seen." These articles provide further information on what happened in these grain deals and what may have motivated the Soviet purchases.

I ask unanimous consent that these informative articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 9, 1974]

PANEL TOLD WHY FORD HALTED GRAIN DEAL

(By William Robbins)

WASHINGTON, Otober 8.—President Ford cited "a political problem with Congress and a political problem with the people" in demanding cancellation of two large grain deals with the Soviet Union, the Senate permanent subcommittee on investigations was told today.

Protesting that he felt "uncomfortable" about reporting on the President's words, Edward W. Cook, chairman of Cook Industries, Inc., a large exporting company, testified:

"He said that there was a political problem with Congress and a political problem with the people, who would be irate at sales to Russia of this magnitude."

Mr. Cook was one of two grain company executives, testifying under oath, who gave the Senators detailed accounts of events leading up to and following sales of 3.4 million tons of grain to the Soviet Union, which were canceled after a White House meeting Saturday.

POLITICAL CONSIDERATIONS

His report that political considerations were mentioned was supported by Bernard Steinweg, executive vice president of the Continental Grain Company.

Secretary of Agriculture Earl L. Butz, who also testified along with several other Administration officials, said political reasons had been mentioned by the President "only in a general sense, not in the sense of partisan politics."

He said a principal concern was that political pressures would lead to mandatory export controls, a system that the Administration and most of the agricultural economy has opposed.

Cancellation of the sales by Cook Industries and Continental Grain was followed yesterday, however, by a new system of limited controls, under which exporters must obtain prior approval for any sale exceeding 50,000 tons of corn, wheat, sorghum, soybeans, or soybean meal of for sales of more than 100,000 tons within a week to any one country.

Mr. Cook also said that Congressional action appeared to be a principal concern.

CONTROLS LOOMED

"We were told by the President that the sales could not go forward," he said. "The reason was that if we didn't cancel the sales, Congress would impose controls."

All the testimony made clear that the grain companies involved had been in regular contact with the Agriculture Department during their negotiations with Soviet Union traders and immediately after the closing of the deals.

Much of the testimony—as well as comments of the Senators—also focused on the difficulties created in commercial markets when a state-controlled economy such as the Soviet Union deals secretly for limited supplies with individual traders without making its over-all intentions clear.

Grain sales to the Russians have been a sensitive issue since 1972, when Soviet traders dealing secretly with six large grain corporations bought up about one-fourth of the United States wheat crop and large quantities of corn while keeping officials here in the dark about their activities.

Those Russian deals, supported by Federal subsidies and credits, have been blamed for much of the food-price inflation of the last two years.

CORN CROP SMALLER

The issue has become more sensitive this year because of harvest disappointments in the Middle West. While this country has its largest wheat crop in history, corn production is estimated at more than a billion bushels below earlier expectations.

After late spring rains delayed planting of corn and soybeans and drought slowed their development, early frosts are expected to cause still further deterioration.

Secretary Butz said today that the actual amount of grain involved in the canceled sales had been less of a problem for United States markets than indications of Russian intentions to buy about two million tons more.

"There were six million tons visible," Mr. Butz said. He did not say what the source of those indications were, but Mr. Steinweg had testified that the Russian traders had sought two million tons more wheat than they were finally offered.

In Mr. Butz' testimony and that of Assistant Secretary of State Thomas O. Enders, the officials detailed attempts to persuade the Soviet Union to exercise restraint in their purchases here and to let the United States know in advance what their needs would be.

Secretary Butz had met with the Soviet Ambassador, Anatoly Dobrynin, here emphasizing the need for restraint and seeking information on Soviet needs, Mr. Enders said.

MESSAGE SENT TO EMBASSY

The same message was sent to the Moscow Embassy to be conveyed to Soviet authorities, he said.

Then, on Sept. 26, Ambassador Dobrynin told Secretary Butz that the Russian needs would be "modest" and inquired about the availability. On Oct. 1 they were said to have talked again and Mr. Butz suggested to the Ambassador that any purchases should be delayed because of an upcoming crop report that was expected to show further deterioration of corn and soybean crops.

On Oct. 3 and 4 Secretary of State Kissinger was said to have complained to the Ambassador that the purchases were too large, whereup Mr. Dobrynin said they were in accord with the understanding that the buying would be modest.

Secretary Butz said he had never been able to obtain a definition of the word "modest" as used by the Russian.

"The Soviets clearly had a different concept of what would be a modest quantity in the U.S. market," Mr. Enders said.

Senator Henry Jackson, Democrat of Washington, who is chairman of the subcommittee repeatedly expressed irritation at continued dealings in which United States officials were thus left in the dark.

[From the New York Times, Oct. 9, 1974]

COLLAPSE OF SOVIET CROP-DATA PACT SEEN

(By Hendrick Smith)

Moscow, October 8.—The surprise Soviet attempt to purchase 3.4 million tons of American corn and wheat represents a breakdown in an agreement between former president Richard M. Nixon and Leonid I. Brezhnev the Soviet leader, in June, 1973, for an exchange of agricultural information. At the behest of President Ford the Continental Grain Company and Cook Industries agreed on Saturday to cancel the $500-million sale to the Russians.

The Russian bid is also causing some doubts here about the degree of optimism previously expressed by Moscow—and foreign experts—about this year's Soviet farm crop.

Under the Nixon-Brezhnev agreement and a follow-up accord signed last November, the Soviet Union promised to give Washington advanced and detailed information on current harvest prospects to help the United States Agriculture Department monitor world supply and demand and thus anticipate any big purchases.

Although several American agricultural working groups have come to Russia and have been allowed to tour farming areas—one is here even now—American officials report only a token improvement in the flow of agricultural information that the Russians provide the United States.

For example, the American Embassy here still has not received production statistics on the Soviet winter wheat crop harvested in June and does not expect to get them until the annual production figures are made available some time early next year.

It is the lack of such basic and vital information that caused the Agriculture department to be caught so much by surprise in 1972 and again this year.

American officials had expected that the Russians might buy up to one million tons of corn and a modest amount of wheat, say 200,000 tons. But the Soviet attempt to buy 2.4 million tons of corn and one million tons of wheat, though still modest compared to the huge 1972 grain deals, came as a jolt.

"The trouble is that the Russians still operate on the same old basis," commented one Western specialist on Soviet trade. "They operate in a secretive way."

DOWN FROM RECORD

Another reason that Washington was caught unprepared was that the Americans had accepted the optimistic Soviet forecasts about this year's grain crop. The Agriculture Department put out its own figures estimating a harvest of from 200 to 205 million tons on grain, down a bit from the record level reported last year but well above any other Soviet harvest.

Moreover, only 10 days ago, some American officials were saying that world grain prices were unattractively high for Moscow—too high for the Russians to go into the market merely to replenish stocks. At that time the Americans saw a pressing Soviet need for grain this year.

Now, American and other western grain specialists are reaching for some explanation as to why the Russians unexpectedly went into the market so heavily. Some are beginning to reasses their own estimates of the likely Soviet harvest this year.

They note, for example, that this year the Soviet press has been considerably less triumphant and more modest than a year ago in the tone of its descriptions of the harvesting.

UNFAVORABLE FOR CORN

Moreover, it is said, the weather has been unfavorable for corn. The Russian planting came late and then the weather turned cool in late spring, slowing growth, so that in summer, when the corn should have been ripening, it was still growing. Random comments in the Soviet press have hinted that the late-ripening corn was being cut for silage rather than for animal fodder.

As for wheat, the growing regions in western Siberia and Kazakhstan—which gave such a lift to last year's production—had light snow and little moisture to help this year's summer wheat crop develop. Harvesting is still under way in those areas.

But the real problem for Moscow has been its own drive to improve the diet of the Soviet people by increasing their intake of meat, which has entailed an ambitious campaign to increase and improve livestock herds.

The Soviet success has been considerable in this area. As of Aug. 1, Soviet farms reported herds of 84 million cattle, 56.7 million hogs, 142.6 million sheep and goats, and 534.6 million poultry. By official statistics, cattle were up 3 percent, hogs up 5 percent, sheep and goats up 4 percent, and poultry up 8 percent over the year before. Meat and poultry production over-all was up 10 percent.

The expansion of livestock herds requires rapid expansion of output of corn and other feed grains. One theory among American officials is that livestock growth has outstripped growth of corn production and thus forced the Soviet Union to go into the American market, even at high prices, to avoid having to slaughter part of its growing herds.

Another current hypothesis is that last year's harvest figure of 222.5 million tons of grain contained so much water from heavy rainfall in the late harvesting period that Moscow actually got only about 180 million tons of usable grain.

If so, Western specialists suggest, Moscow might have had good reason to buy grain this year to replenish its stock, fearing that next year's Soviet harvest might be worse than this year's and world grain prices might be even higher, given the inflation in the West.

The problem is, Western officials comment bitterly, no one can be sure what motivated Moscow or what this year's harvest prospects are unless the current incident causes Moscow to be more forthcoming with agricultural information as promised.

NIE SUPPORTS FOLLOWUP OF HYPERACTIVITY STUDY

Mr. BEALL. Mr. President, as my colleagues know, I have been interested in the research of Dr. Ben Feingold in connection with the problem of hyperactivity. Dr. Feingold, through diet changes has brought about dramatic improvements in hyperactive children.

I was one of those who strongly urged the National Institute of Education to fund a followup of his research activities. In the recent quarterly newsletter, "Information" of NIE, they have a report on the followup study done by Dr. C. Keith Conners. I ask unanimous consent that this article be printed in the RECORD.

Also, Mr. President, I believe this points out the need for continued funding of NIE and I hope that the Conference Committee will provide the amount authorized by the House.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HYPERACTIVITY IS FOCUS OF STUDY

Hyperactivity: What causes it? How can it be cured? Is it a behavioral problem, or is it the symptom of some underlying chemical imbalance? Can it be cured or prevented or can it only be controlled? No one knows. Yet an estimated five million children in the United States are hyperactive.

A new NIE-sponsored research project, directed by Dr. C. Keith Connors of the Human Resources Institute in Boston may provide some answers to questions about hyperactivity.

> Characterized by their constant, unorganized activity, short attention spans, and usually aggressive behavior, hyperactive children usually achieve little social or academic success. No one knows why some children are hyperactive and others are not, or why medication can help some, yet has no effect on others.
>
> Correlations between chemical imbalances and hyperactivity have been noted but not proven. Several studies have shown that some hyperactive children have unusually high levels of lead in their blood and urine; one investigation found that many of these children live near major highways, where there are high concentrations of airborne lead from car exhausts.
>
> Some hyperactive children do appear to be helped by taking amphetamines and other stimulants, such as Ritalin. Knowing a partial remedy for some hyperactive children, however, does not explain the causes of the problem or suggest ways to prevent it.
>
> A leading California allergist, Dr. Ben Feingold, has noted marked improvements in hyperactive children when they avoid eating foods containing artificial flavoring or coloring.
>
> Through an NIE contract for $59,896, Dr. Connors is further testing Dr. Feingold's theory. He has put two groups of hyperactive children on diets that differ in only one respect: One will be free of food additives while the other will not. (Food additives are found in such common foods as bread, frankfurters, and ice cream.)
>
> Approximately 100 hyperactive children will follow each diet in turn for a month. Their parents, teachers, and doctors will rate any changes in the children's behavior.
>
> This project could lead to the first sound suggestion of what causes hyperactivity and could demonstrate a possible remedy that does not depend solely on drugs.

THE ROLLBACK OF OIL PRICES AND CONTINUED MIDEAST TENSIONS ARE UNRELATED

Mr. METZENBAUM. Mr. President, on Wednesday of this week, the Senator from Arkansas (Mr. FULBRIGHT) stated,

> An Arab-Israel settlement will not put an end to the energy crisis. Nor could it be counted upon to bring about an immediate substantial reduction of oil prices.

It is regrettable that the distinguished Senator from Arkansas did not follow this statement to its logical conclusion when he proposed an amendment to Senate Resolution 410. The Arab-Israel conflict is wholly irrelevant to the conflict between the oil consuming nations and the OPEC States. It is a matter of record that when OPEC began its drive for higher prices in 1970, the oil companies, not Israel, were the target. The 1971 Teheran agreements, which set the pattern for future OPEC price-rises-by-fiat, were designed to maximize the profits of the producing states. This economic rationale held true 1 year ago, when the OPEC States quadrupled the price of oil. Since 1970, OPEC had gradually filled a vacuum created by the disunity of the consuming states and the collusion of the oil companies. The October war provided the appropriate political smokescreen which enabled the OPEC States to abruptly complete an ongoing economic change which had begun 3 years before—the transfer of control of the international oil market from the consuming states and the oil companies to the producing states.

Given the paralysis of the consuming countries, this transfer of economic power would have inevitably occurred—complete with huge price rises—whether there had been an Arab-Israel war or not. Even if the Arab-Israel conflict were settled tomorrow, the OPEC States would not reduce oil prices. In their disarray, the consuming nations presented OPEC with a blank check for economic and political power. Only the President of the United States has said "No" to the OPEC nations, and 70 members of the Senate have joined him in taking this position by their support of Senate Resolution 410. Senator FULBRIGHT fails to explain why Venezuela, Nigeria, or Iran would abandon their goldmine now if the Arab-Israel conflict were settled.

Nor would the United tates be immune to embargos or high prices if our Government reversed its longstanding policy in the Middle East. As the Senator himself noted:

> There is the imminent threat of famine in poor countries as a result of nitrogen fertilizer shortages caused by soaring petroleum costs.

Almost all of those poor countries so stricken gave complete support to the Arab States during the October war; most African nations broke diplomatic relations with Israel. Yet, today, they pay the price of ruinous inflation and the specter of famine and economic turmoil.

In his proposed amendment to Senate Resolution 410, the Senator from Arkansas sought to reaffirm "the justice and validity" of United Nations Security Council Resolution 242, particularly the clause on the "inadmissibility of the acquisition of territory by war." To provide a broader understanding of this clause in the larger context of United Nations Security Council Resolution 242, I ask unanimous consent to have printed in the RECORD the article, "Withdrawal Needn't be Total: An Interpretation of Resolution 242" by former Associate Justice of the Supreme Court and Ambassador to the United Nations, Arthur J. Goldberg.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. METZENBAUM. Mr. President, Security Council Resolution 242 not only emphasizes the inadmissibility of the acquisition of territory by war, but also calls for the "termination of all claims or states of belligerency and respect for and acknowledgment of the sovereignty, territorial integrity, and political independence of every State in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force."

United Nations Security Council Resolution 338, adopted after the October war, makes it clear in its paragraphs 2 and 3 that Resolution 242 should be implemented via negotiations:

> The Security Conncil . . . 2) Calls on the parties concerned to start immediately after the cease-fire the implementation of Security Council Resolution 242 in all its parts;
>
> 3) Decides that immediately and concurrently with the cease-fire, negotiations start between the parties concerned under appropriate auspices aimed at establishing a just and durable peace in the Middle East.

The renewed aggression of the Arab States against Israel 1 year ago—in clear violation of Resolution 242, their continued refusal to end the state of belligerency against Israel; their insistence upon maximalist demands which fail to acknowledge the sovereignty, territorial integrity and political independence of Israel all place the onus of failing to reach a peaceful resolution of the Middle East conflict upon the Arab States. From the first, Israel has demonstrated its desire to implement the provisions of Resolution 242, but has repeatedly run into a wall of Arab irredentism and revanchism.

It is regrettable that the distinguished Senator from Arkansas should imply that Israel's presence in Jerusalem blocks a "fair solution." It is ironic that the United Nations General Assembly Resolution—181 of November 29, 1947—which the Senator chose to buttress his argument was fought bitterly by the Arab States. The Jewish Agency, representing the yet-undeclared Jewish state, supported the resolution. After 1948, when Jordan seized Old Jerusalem, Israel continued to support the efforts of the Trusteeship Council to Internationalize Jerusalem. Having lost their attempt to absorb all of Palestine through their May 15, 1948 invasion of both Israel and the stillborn Palestine, the Arab States reversed their opposition to internationalization, with one major exception. Jordan, the master of the Old City, rejected the U.N.'s internationalization proposal and blocked the efforts of the Trusteeship Council: Jordan refused to permit any U.N. supervision of any character—functional or territorial; it declined to appear at the Council's 1950 sessions on the subject in Geneva. The Trusteeship Council transmitted Jordan's refusal and Israel's offers in the Special Report of the Trusteeship Council, June 14, 1950.

The issue of Jerusalem's internationalization became a dead letter after 1951. There were no protests when Jews were barred from their most holy sites in the Old City, when Jordan destroyed 34 of 35 synagogues in the Old City, when Jordanian soldiers quarried the gravestones from the ancient Mount of Olives Cemetery to pave their latrines. Only after 1967, when Israel opened the city and guaranteed by law the rights and perquisites of every religious community in Jerusalem was an outcry raised by a hypocritical and cynical world.

The distinguished Senator's remarks fail to recognize the historic attachment which Jews have for Jerusalem, the unparalleled religious freedom instituted since 1967 by Israel in the city, and the recent and terrible abuses which were visited upon Jewish sites after 1948 when Israel had no influence over the stewardship of the Old City.

Senate Resolution 410 supporting the President's position articulates an effective approach to the international problem of ruinous oil prices dictated by the OPEC nations. The amendment proposed by my colleague injects an extraneous issue. Only when the consuming states look past the peripheral political rhetoric and focus on the hard economic issues of cartel power and the threat of economic disaster will we be able to achieve stability in the international oil market.

EXHIBIT 1

[From the Washington Star-News, Dec. 9, 1973]

WITHDRAWAL NEEDN'T BE TOTAL

RESOLUTION 242 (1967)

[Adopted by the Security Council at its 1382nd Meeting, on 22 November 1967]

The Security Council,

Expressing its continuing concern with the grave situation in the Middle East,

Emphasizing the inadmissibility of the acquisition of territory by war and the need to work for a just and lasting peace in which every State in the area can live in security,

Emphasizing further that all Member States in their acceptance of the Charter of the United Nations have undertaken a commitment to act in accordance with Article 2 of the Charter,

1. Affirms that the fulfillment of Charter principles requires the establishment of a just and lasting peace in the Middle East which should include the application of both the following principles:

(i) Withdrawal of Israeli armed forces from territories occupied in the recent conflict;

(ii) Termination of all claims or states of belligerency and respect for and acknowledgement of the sovereighty, territorial integrity and political independence of every State in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force;

2. Affirms further the necessity

(a) For guaranteeing freedom of navigation through international waterways in the area;

(b) For achieving a just settlement of the refugee problem;

(c) For guaranteeing the territorial inviolability and political independence of every State in the area, through measures including the establishment of demilitarized zones;

3. Requests the Secretary-General to designate a Special Representative to proceed to the Middle East to establish and maintain contacts with the States concerned in order to promote agreement and assist efforts to achieve a peaceful and accepted settlement in accordance with the provisions and principles in this resolution;

4. Requests the Secretary-General to report to the Security Council on the progress of the efforts of the Special Representative as soon as possible.

AN INTERPRETATION OF RESOLUTION 242

(By Arthur J. Goldberg)

Peace in the Middle East is not at hand, but it may be achievable if a common will to peace is shared by the parties and if the superpowers, acting as "honest brokers," do not over-play their hands.

Perhaps a good way to start is to recall the rationale that guided the United States and many other governments at the United Nations, during the long period of debate and negotiations following the Six-Day War and culminating in the unanimous adoption of the critically important Resolution 242 by the Security Council on Nov. 22, 1967. This principle was often stated by me in these words: "To return to the situation as it was on June 5, 1967, is not a prescription for peace, but for renewed hostilities."

I believe that this principle was sound then. I believe it is sound now.

I think it is appropriate to recall also what the United States, immediately after the June war, said, at the highest level, about the nature of a peace settlement in the Middle East:

"But who will make this peace where all others have failed for 20 years or more? Clearly the parties to the conflict must be the parties to the peace . . . It is hard to see how it is possible for nations to live together in peace if they cannot learn to reason together . . . The nations of the region have had only fragile and violated truce lines for 20 years. What they now need are recognized boundaries and other arrangements that will give them security against terror, destruction and war."

Again, I believe that this insight was right then. I believe it is right now, though others can and should assist in the efforts to achieve settlement.

United Nations resolutions, particularly in recent times, are more honored in the breach than in the observance. Notwithstanding, there are several reasons why Resolution 242 may prove to be the framework for the settlement of the Middle East impasse.

The resolution has been "accepted" by the principal contending parties, although their respective interpretations of the Resolution widely differ. It is the only substantive resolution (excluding calls for a cease-fire) relating to the Middle East accepted both by the parties and the Security Council since the Six-Day War and virtually even before. And, despite recurring threats by both sides to repudiate Resolution 242, their acceptances have never been withdrawn. Notwithstanding pejorative expressions and resolutions in recent times by the General Assembly and other organs generally critical of Israel, and a resolution proposed to the Security Council but vetoed by the United States, seeking to re-interpret Resolution 242, the resolution continues to command the support of the great powers, the United States and the Soviet Union.

If I am correct in my postulate that the forthcoming peace negotiations will be based on Resolution 242, as Secretary of State Kissinger said last week and as this fall's U.N. Resolution 338 contemplates, it becomes important to examine both the test and the legislative history of this Resolution.

Resolution 242 is a carefully—some would say artfully—drafted set of guidelines designed to promote agreement and to assist the parties to achieve a peaceful and accepted settlement. The stated goal is the establishment of a just and lasting peace in which every state in the area can live in security.

The resolution expressly and by implication repudiates the concept of an imposed peace and opts for "agreement" and "accepted settlement" by and between the parties. Thus, the experience of the 1957 imposed settlement, following the 1956 war, is not to be repeated.

Resolution 242, in most explicit terms, rejects the long-asserted claim of the Arab countries of the existence of a state of belligerency against Israel. The resolution recognizes that belligerency cannot coexist with peace.

The resolution calls for respect and acknowledgment of the sovereignty of every state in the area. Since Israel never denied the sovereignty of its neighboring countries, this language obviously requires these countries to acknowledge the sovereignty of Israel. The legislative history of 242, as reflected in the debates and votes in the Security Council and Special Session of the General Assembly held in 1967, shows that there was little support in the U.N. community at the time for the view that, after two decades, Israel's very existence could be denied by its Arab neighbors.

In dealing with the withdrawal of Israel's forces, the resolution does not explicitly require that Israel withdraw to the lines occupied by it on June 5, 1967, before the outbreak of the war. The Arab States urged such language; the Soviet Union proposed this to the Security Council in June of 1967, and Yugoslavia and some other nations to the Special Session of the General Assembly which followed the adjournment of the Security Council. But such withdrawal language did not receive the requisite support either in the Security Council or in the Assembly.

Indeed, Resolution 242 simply endorses the principle of "withdrawal of Israel's armed forces from territories occupied in the recent conflict," and interrelates this with the principle that every state in the area is entitled to live in peace within "secure and recognized boundaries." In light of Arab unwillingness to acknowledge Israel's right to sovereign existence, this language, though speaking in terms of all states, is designed primarily to assure Israel's right to secure boundaries recognized by its Arab neighbors.

The notable omissions in regard to withdrawal are the words *the* and *all* and *the June 5, 1967 lines* (according to the English language text, the version actually voted on by the Security Council). In other words, there is lacking a declaration requiring Israel to withdraw from *the* or *all* the territories occupied by it on and after June 5, 1967. Rather, the resolution speaks of withdrawal from occupied territories, without defining the extent of withdrawal. And the notable presence of the words "secure and recognized boundaries," by implication contemplates that the parties could make territorial adjustments in their peace settlement encompassing less than a complete withdrawal of Israeli forces from occupied territories.

The Arab nations, to buttress their claim that the resolution calls for a complete Israeli withdrawal, say the Israeli interpretation of the resolution's withdrawal language is overly restrictive. They point to the language of the resolution emphasizing "the inadmissibility of the acquisition of territory by war." This language, the Arab states argue, in effect, calls for complete withdrawal of Israeli forces from all the territories occupied by them in the Six Day War. Further, the Arab states contend that the U.N. charter itself, in spirit, supports their contention that military conquest of territory is inadmissible.

It is passing strange that the concept of the inadmissibility of acquisition of territory by war is insisted and relied upon by the Arab states and the Soviet Union. The Arab states acquired territory as a consequence of the 1948 war, contrary to the U.N. Partition Resolution. The Israelis also acquired additional territory in the aftermath of this war, which they justify on the basis that they were willing to abide by the partition lines but were forced to war and acquired territory as a result of the attack upon them by the Arab states.

More surprising is the Soviet support of the principle of the inadmissibility of the acquisition of territory by war. The Soviet Union holds territory in its firm grasp acquired in recent times by war from Finland, Poland, Romania, Japan and other states. Even our own country, some time ago, acquired territory by war from Mexico and Spain, and numerous other examples involving many nations could be cited.

The Resolution speaks of "respect and acknowledgment of . . . the territory integrity of every state in the area." This, too, is much relied upon in support of the demand for complete withdrawal of Israeli forces from all of the Arab territories. It is rather ironic that, for many years, it was the Israelis who sought respect for their territorial integrity which was denied them by the Arab States.

But the territorial language of the resolution is qualified by other language declaring the right of all states "to live within secure and recognized boundaries free from threats and acts of force." The secure and recognized boundaries language, the legislative history shows, represents a major concession to Israel which, as I have pointed out, found the armistice lines often violated and insecure.

The logic of coupling the territorial and secure boundaries concept is that both territorial integrity and secure and recognized boundaries are to be reconciled in the give and take of negotiations between Israel and the Arab States culminating in peace agreements.

The most that can be said of the withdrawal and related language of Resolution 242, in light of its legislative history, is that it neither commands nor prohibits territorial adjustment in the peace agreements contemplated by the resolution, although it "tilts" in favor of adjustments to ensure secure boundaries for Israel. This is not to say that the resolution contemplates a complete redrawing of the map of the Middle East. Further, the withdrawal language of the resolution would seem to indicate that its patent ambiguities, and the differing interpretations of the parties, can only be resolved by an accepted and agreed upon settlement concluded after negotiation between the parties.

On certain aspects, the resolution is less ambiguous than its withdrawal language. Resolution 242 specifically deals with free passage through international waterways. In precise language it affirms "the necessity for guaranteeing freedom of navigation through international waterways in the area." This language demonstrates the lack of sympathy of the powers, big and small, against interference with free passage in international waterways. With an end of belligerency, no good reason should exist under international law for denial to Israel of access to the Suez Canal and, particularly, the Straits of Tiran—the closing of which by President Nassar of Egypt was universally recognized and forewarned by Israel to be a causus bellum. The resolution similarly would preclude a blockage of Bab el Mandeb. The Israelis have made it crystal clear that, whatever the pressures, they will continue to insist upon direct contractual assurances on these points from Egypt.

The resolution by its very words, the action of the Security Council and the legislative history also recognizes that Israel, the Arab States and the world community jointly share responsibility to afford better justice to the refugees—the casualties of the 1948, 1956 and 1967 wars. The resolution does not reiterate the language of prior U.N. resolutions calling for total repatriation or optional compensation for these refugees, a concept long resisted by Israel. Rather, it implicitly recognizes that all must participate in solving this problem—Israel by a more generous policy of repatriation and compensation, the Arab states by ceasing to utilize refugees as political pawns and their camps as breeding grounds for hate and despair, and the world community both by more generous financial assistance and liberal immigration policies.

The resolution refers to the utility of the establishment of demilitarized zones in assuring peace and guaranteeing territorial inviolability. The location of the demilitarized zones is left, obviously, to the parties to negotiate.

A notable and purposeful omission in the resolution is any specific reference to the status of Jerusalem and its failure to reaffirm past U.N. resolutions for the internationalization of the city. Resolution 242 thus realistically recognizes the desuetude of the internationalization resolutions. It further reflects the belief, at that time, on the part of a considerable number of U.N. members that King Hussein, having rejected Israel's offer not to engage in war and having been ousted from East Jerusalem by force of arms, cannot now hope to partition Jerusalem again, but, at best, might in a peace agreement negotiate with the Israelis for some special status for Jordan with regard to Moslem holy places—a status compatible with the unity of Jerusalem under Israeli sovereignty and administration. However, resolution of status of Jerusalem is complicated by the strong position of Saudi Arabia and by the oil embargo.

There is further light on the ambiguities and meaning of Resolution 242 in its legislative history.

The cease-fire resolutions which were adopted during and following the Six-Day War differed dramatically from previous resolutions of the council in the Israeli-Arab wars of the preceding 19 years. In the earlier resolutions, the call for a cease-fire was usually accompanied by a demand for a withdrawal of troops to the positions held before the conflict erupted. In June of 1967, however, no withdrawal provisions were incorporated as part of the cease-fire resolutions. This was not by accident but rather as a result of the reaction by a majority of the Security Council to what had occurred.

As the debates revealed, the requisite majority of the council was unwilling to vote forthwith withdrawal of Israeli forces because of their conviction that to return to the prior armistice regime would not serve the goal of a just and lasting peace between the parties. Proof that this was so is provided by the action of the Security Council with respect to a resolution pressed at the time by the Soviet Union. The Soviet delegate offered a specific resolution not only reaffirming the council's call for a cease-fire, but, additionally, condemning Israel as the aggressor and demanding a withdrawal of its forces to the positions held on June 5, 1967, before the conflict erupted. But this resolution of the Soviet Union, although put to a vote, did not command the support of the requisite nine members of the Security Council.

Israel was not condemned as an aggressor because of the conviction of a majority of the Security Council, shared by world opinion, that President Nasser's actions, particularly the eviction of the U.N. peacekeeping forces, the substantial movement of his troops into the Sinai, and the blockade of shopping in the Straits of Tiran, were the causes of the war, regardless of who fired the first shot.

But even more fundamentally, the debates in the council made it clear that a majority of members felt strongly that something more was needed to assure peace than the fragile armistice agreements that had prevailed for the previous 19 years and had frequently been breached.

In short, the unwillingness to support the Soviet resolution for a withdrawal of Israeli forces to the positions they held before June 5, 1967, was based upon the conviction of this substantial number of the Security Council members that, whatever the extent of withdrawal of Israeli troops, it should this time be in the context of accepted and agreed upon peace settlements, ensuring secure and recognized boundaries for Israel.

Why did the Arab States accept Resolution 242, and why do they still profess acceptance of it? Why did Israel accept, and why does it still adhere to its acceptance?

Having been rebuffed both in the Security Council and in the Assembly, the Arab States belatedly came to the conclusion that the language of Resolution 242 was the best they could hope for from the U.N. They obviously counted on the resolution's ambiquities to permit them to assert their own interpretation of the resolution. They also heavily relied upon major Soviet support both diplomatically and militarily. Further, they conceived that the passage of time would erode the support of the United States and like-minded states for Israel.

To a certain extent, Arab calculations have been realized. World opinion overwhelmingly supportive of Israel as the "underdog" at the time of the war has, in some degree, shifted to a measure of sympathy for the defeated and now "underdog" Arab States. Some countries have watered down their prior support of the resolution's principles—witness the recent resolution proposed to the Security Council and vetoed by the United States which sought to re-interpret Resolution 242, although purporting to adhere to it. Witness also the abject attitudes of many nations to the Arab oil "blackmail."

But I trust that the United States has not departed from its support of 242, as interpreted by the United States at the time of its adoption. It should still remain the position of the United States that the way to peace in the Middle East is a negotiated peace agreement by and between the parties, based on the real meaning of Resolution 242, rather than the restoration of the prior and often breached Armistice Agreement through embodiment in a peace agreement.

The Israelis accepted Resolution 242, interestingly enough, for some of the same reasons as their Arab antagonists. It was the best Israel could hope to get from the U.N. under the given circumstances. They were rightly fearful that their diplomatic support would erode if Israel proved to be intransigent. Like the Arab States, the Israelis concluded that the resolution's ambiguities permitted them to assert their own interpretation of the resolution. The Israelis also were unwilling to unduly provoke the Soviets, fearing greater involvement by them in the area—a fear justified by recent events. Most important, Israel, rightly or wrongly, recognized the danger of alienating the United States government and American public opinion by an overly-inflexible position in light of Israel's need for military hardware and economic assistance which has been forthcoming.

Despite the passage of time since the adoption of Resolution 242 and the recent war and, perhaps, because of these events, I adhere to the view that the resolution does provide the basis to achieve a peaceful and accepted settlement between the parties, provided they will come to share the will and courage to achieve a just and lasting peace, which is the goal of the resolution. Perhaps my "optimism" is based on the fact that the resolution gives something to both sides.

I do not, however, wish to minimize the difficulties in achieving a peace agreement. Only strong and secure leaders, buttressed by popular support, can consummate a peace settlement; for peace, if it is to be lasting, necessarily involves compromise and political risks. It is an historical truth that the making of peace often calls for greater courage than the making of war.

OPEN GOVERNMENT—PUBLIC ACCESS TO INTERNAL DEBATE

Mr. HART. Mr. President, I ask unanimous consent to have printed in the Record a statement by the Senator from Washington (Mr. Magnuson), together with accompanying material.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Magnuson

In a recent speech before the Seventh Annual Transportation Law Institute of the University of Denver College of Law and the Motor Carrier Lawyers Association, entitled "Open Government—Public Access to Internal Debate," Commissioner Daniel O'Neal of the Interstate Commerce Commission proposed that the regulatory agencies adopt rules in accordance with the spirit of open government expressed in the Freedom of Information Act.

Commissioner O'Neal advocated that the Interstate Commerce Commission should have a regular procedure for releasing and publishing separate expressions of Commissioners related to any kind of Commission action. He noted that it was especially important to air differing opinions on America's transportation needs in order to insure that the Commission's considerations of transportation problems are dynamic and reflect the many diverse views on transportation policy.

I strongly endorse the general tenor of the Commissioner's speech. It is indeed time for the government agencies to make the public's business public and I, along with Commissioner O'Neal, hope that the ICC will begin to take positive steps to more fully realize the concept of open government. To encourage these steps and encourage public debate on this issue, I would seek unanimous consent to have Commissioner O'Neal's speech printed in the Record at this time.

Open Government—Public Access to Internal Debate

(Remarks of A. Daniel O'Neal, Commissioner Interstate Commerce Commission)

The new President of the United States made some highly significant remarks concerning his attitude about government in his very first statement after being sworn in on Friday, August 9. One of his principal themes was the need for, and his commitment to, openness in government. He said:

"I believe that truth is the glue that holds Government together, not only our Government, but civilization itself. . . .

"In all my public and private acts as your President, I expect to follow my instincts of openness and candor with full confidence that honesty is always the best policy in the end."

In his first meeting with the cabinet, the President immediately followed up on that commitment by directing that a more open posture be adopted by the executive departments forthwith. In his first message to Congress, he again stressed the need for communication and reiterated his intention to keep his office door open to Congressmen representing every view and persuasion.

Today, perhaps more than at any other time in the nation's history, the President's reaffirmation of his support for openness in government has special meaning to the American people. The whole Watergate fiasco brought home the danger of isolation and the need for open interchange of views. Recent history at the White House has reminded us that the public interest is best served when government affairs are open to the fullest extent possible. It is clear that the new President wants to render "stonewalling" an inoperative technique in his Administration.

I find in the President's statements and actions much more than a desire to negate the past. He seems firmly committed for the future.

The independence of regulatory agencies from the Executive Branch should not prevent them from taking notice of the President's message. We need no Presidential directive to recognize the truth of what he has said. The very fibre of our form of government depends upon the free flowing exchange of views and ideas—the right of the people to be informed not only of government action but also how government decisions are reached, sets us apart from totalitarian governments.

Senator Sam Ervin noted in support of the Freedom of Information Act: [1]

"Access to information about the activities of Government is crucial to the citizen's ability to cope with the bigness and complexity of Government today. His grasp of the facts about those government activities which affect not only the general welfare, but his particular interest as well, is the counterweight which tips the scale in his favor." [2]

In 1965 the U.S. Chamber of Commerce spokesman testified in the Senate:

"A free flow of information from and concerning all branches of government at all levels is a right of the public and is essential to our democratic society. The freedom of the Nation depends on an electorate well informed by a free press, as guaranteed by the Constitution. It is a responsibility of Government to protect and preserve this constitutional guarantee by a policy of full disclosure of information. Except for matters clearly affecting national security or otherwise covered by statute, all business of Government should be fully disclosed to the public and the burden of proof must rest with the Government in every instance to justify withholding any information." [3]

It is interesting that the spokesman for the Chamber at that time was Dale Hardin, now of course a member of the Interstate Commerce Commission.

A democratic society requires an informed electorate. The right to choose is predicated upon the right to know the alternatives. The fact that members of regulatory agencies, are appointed rather than directly elected makes it even more imperative that accountability through public awareness of the agency action be encouraged.

In 1966, Congress passed the Freedom of Information Act as the keystone to its efforts to reform administrative procedure. The Act was designed to turn around Section 3 of The Administrative Procedures Act of 1946 which many government agencies had misconstrued as authority for withholding information. The Freedom of Information Act is a positive law that encourages the dissemination of information and requires the withholding of information to be the exception instead of the rule.

Being Lawyers, many of you are well aware of the spirit with which the courts have interpreted the Freedom of Information Act. Judge Bazelon of the Court of Appeals of the District of Columbia wrote:

"Congress passed the Freedom of Information Act in response to a persistent problem of legislators and citizens, the problem of obtaining adequate information to evaluate federal programs and formulate wise policies. Congress recognized that the public cannot make intelligent decisions without such information and that government institutions become unresponsive to public needs if knowledge of their activities is denied to the people and their representatives. The touchstone of any proceedings under the Act must be the clear legislative intent to assure public access to all governmental records whose disclosure would not significantly harm specific governmental interests. The policy of the Act requires that the disclosure requirement be construed broadly, the exemptions narrowly." [4]

In another Federal court decision Judge William E. Miller ruled:

"Generally, anonymity is not the privilege of individuals charged with transacting the business of government . . . That knowledge on the part of the public of the names and activities of public officials may influence their conduct is precisely the reason that we have deemed the possibility of public exposure to be so important." [5]

It is obvious that the Freedom of Information Act was designed to foster accountability and to create an atmosphere conducive to a full public hearing of all the issues in important matters before each government agency.

The spirit of the Freedom of Information Act and President Ford's policy of open government should be of special interest to everyone who must deal with a government agency in a professional capacity. As Motor Carrier Lawyers representing your client's position before the Interstate Commerce Commission, you know that the availability of information vitally affects the quality of your participation in our proceedings. The quality of your participation in our decision-making process, in turn, helps determine the quality of our decisions. A full and effective hearing of all pertinent information encourages the development of sound policy and the thorough testing of all regulatory policies.

Examining the need for the Freedom of Information Act, the House Government Operations Committee discovered that:

Historically, Government agencies whose mistakes cannot bear public scrutiny have found "good cause" for secrecy. A recurring example is the refusal by regulatory boards and commissions which are composed of more than one member to make public their views on issues or to publicize the views of dissenting members.[6]

One of the reasons for the Freedom of Information Act is to promote better policy by requiring government to function under the hard light of public scrutiny. The actions of regulatory agencies should constantly be measured in public against every alternative at each stage in their development and application.

In approving the Act, the Congress had among its objectives the publishing of regulatory agency members' votes. This objective is achieved to a substantial extent. For example, at the ICC, Commissioners can, and do, include dissents and separate concurring statements with ICC reports.

The publishing of separate expressions with orders has been viewed as a different matter principally, I think, for administrative convenience reasons.

Current Commission policy maintains that since the votes of members are internal memorandum they should not be released. They are seen by some to be subject to a subsection of the Freedom of Information Act which excepts "interagency memorandums or letters which would not be available by law to a private party in litigation with the agency".[7]

Congress included this exemption to avoid the very real danger that disclosures of internal staff memorandum might destroy the candor essential to complete consideration of the issues. President Johnson noted when he signed the Freedom of Information Act on July 4, 1966:

"Officials within government must be able to communicate with one another fully and frankly without publicity. They cannot operate effectively if required to disclose information prematurely or to make public investigative files and internal instructions that guide them in arriving at their decisions." [8]

Clearly, there is a need to balance legitimate needs for confidentiality and the principal of full freedom of information. President Ford's reaffirmation of the need for open government makes this an opportune time for all of us in government to reconsider policies affecting the dissemination of information.

In my view the tendency now is to weigh the need for confidentiality or administrative convenience far too heavily to the detriment of a traditional preference that has existed at ICC for complete disclosure of information to the public. A Commissioner's inherent right to advise the parties and the public of his position and the public's fundamental right of access to government records often outweights many other considerations. And in my mind this inherent right cannot be abridged. What we are really concerned with is whether there should not be an orderly, agency sanctioned, systemized procedure for making such views known. Otherwise an individual member may be less inclined to take independent steps to assert his different conclusions and thus the lack of an official procedure could be destructive of the public's overriding right to know what

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Footnotes at end of article.

the issues are and what difference of views exist with respect to those issues.

When the Freedom of Information Act was first considered in 1963 Congress discussed the provision which requires agencies having more than one member to make public a record of the final votes of every member in every agency proceeding.[9] One Senator explained:

"It was added in the belief that the people are entitled to be informed as to how these highly placed persons discharge their obligations to the public . . . Public access to agency votes is especially important on close issues. An agency speaking in one voice does not demonstrate the autonomous nature of its membership nor does it present for airing what members believe to be both sides of the issue."[10]

The public should have access to the knowledge and expertise of every regulatory Commissioner rather than just the opinions of those Commissioners who join in the majority order. The Act would seem to include information about individual votes and separate expressions, but it seems doubtful that it would require publishing the internal arguments supporting members' votes since that might tend to derogate from the full and frank discussion of which President Johnson spoke.

Senator Sam Ervin specifically addressed the question of separate expressions to orders during hearings on the Freedom of Information Act. He said,

"Not only orders, but dissenting opinions as well must be made available for public inspection and published. The public therefore, can be apprised of the decision-making process as well as the actual decisions made. People thus will know what officials are responsible for what decisions and can act on this information accordingly."[11]

The clear message from Senator Ervin's remarks and others is that Congress hoped to encourage the dissemination of differing views concerning agency actions.

The Freedom of Information Act was also meant to facilitate a discussion of the rationale for all agency decisions. In one test of the Freedom of Information Act, a United States District Court noted:

"What the Court considers a final opinion is that document which states conclusions and reasons upon which the Board has acted as well as any dissents and concurrence thereto.

". . . A clearance notice by itself is meaningless. In order for the public to be fully informed, the reasons behind the clearance notice must be made available."[12]

As the Court discovered, bureaucracies have a tendency to explain their decisions by a general statement that the proposed action is in the public interest. But the public and practitioners before a government agency have a right to more specific statements of facts and reasons. It should also be kept in mind as one court put it:

"The Freedom of Information Act was not designed to increase administrative efficiency, but to guarantee the public's right to know how the government is discharging its duty to protect the public interest."[13]

Of course this places agencies such as the ICC in an especially difficult position. The Congress regularly chastises the Commission for delay in its decision making process, for a lack of efficiency; and the usual and appropriate agency response is that the requirements of due process place a significant burden on the agency which tends to reduce efficiency but is nonetheless a mandatory as well as desirable consideration. The balancing which takes place becomes even more complicated as greater stress is placed upon making more information public.

The Courts and Congress have made it clear that the Freedom of Information Act calls for an attitude of open government. It is encumbent upon us to embrace that philosophy. The fact that nearly every major Federal regulatory agency does have a procedure for publishing and releasing separate expressions which Commissioners or Board Members wish to include with any official agency action demonstrates that the practice is not incompatible with an agency's capacity to function.

There should be a regular procedure for releasing and publishing separate expressions to any kind of Commission action. Reports, which already allow separate expressions, are used only with respect to a small part of the Commission's workload. The vast number of undramatic decisions without reports lie at the heart of the regulatory process. Although the reasons for a divided vote in many instances are obvious, this is not always true. Furthermore, many of the Commission's most important achievements represent the culmination of a large number of daily decisions. Since much policy evolves on a case-by-case basis, it is desirable that sufficient information be made available to support those decisions and that the votes and separate views of members be routinely issued with or without a majority report. It is often not enough to inform the public and those involved in the cases of little more than a count of "ayes" and "nays".

It is especially important to air differing opinions because America's transportation needs change continuously. The Commission's decisions must be understood. Far from threatening an agency's role, individual views can show the ICC to be dynamic by indicating to the public the fact that debate and discussion has taken place.

Supreme Court Justice Charles Evans Hughes said:

"A dissent in a court of last resort is an appeal to the brooding spirit of the law, to the intelligence of a future day, when a later decision may possibly correct the error into which the dissenting judge believes the court to have been betrayed."[14]

And indeed, some of the Supreme Court's most important rulings have reversed earlier decisions made by different judges in different times.[15] How much more important it is to air dissenting views within a decisional body such as the ICC which may not only later reverse its decision but which reaches decisions which are ultimately subject to policy review by the Congress and judicial review in the Courts.

This is not to say that every agency dissent is of great importance or that dissents even usually foreshadow a needed change in regulatory policy or application of the law. Every dissenting member must recognize that he very well could be wrong in his approach to the particular decision before him. Nonetheless, he often has the responsibility to enunciate his differences—particularly in those instances where there is more at issue than the weight to be given to competing facts.

If the majority opinion is correct, full disclosure of opposing opinions should make that obvious. If, on the other hand, there are valid reasons for disagreement the bright light of public scrutiny may help produce a better solution in the future to the particular transportation problem. Full disclosure thus will only aid the Commission and the public.

Commission policy will also be better understood and more readily accepted if more information is made available. Congressman Brock Adams recently observed:

"It is ironic that a regulatory system which is based on a system of published rates and tariffs somehow does not permit the publication of the comments of a dissenting member of the rate-making agency."[16]

Congressman Adams' point is well taken. There *is* a danger that the lack of a procedure for facilitating an individual Commissioner's expression of separate views might undercut confidence in the ICC.

Everyone in government must prevent further erosion of public confidence. Government agencies must make the public's business public. That was the Congress intent when it passed the Freedom of Information Act. That is a clear application of President Ford's instruction when he called for a new emphasis on open government. With such near unanimous concern, I hope we will proceed to put the concept of open government more fully into practice soon. The Motor Carrier Lawyers Association's traditional active and constructive role before the Interstate Commerce Commission may cause you to pursue this matter with appropriate committee studies, recommendations and suggestions; if so it is especially appropriate in this context that any dissenting views you may have with respect to ICC disclosure policies also be aired.

FOOTNOTES

[1] Public Law 89–487; 80 Stat. 250.

[2] U.S. Congress. Senate Committee on the Judiciary Subcommittee on Administrative Practice and Procedure. *Administrative Procedure Act*. 89th Cong., 1st Sess. (1965) p. 4.

[3] Ibid, p. 313.

[4] *Soucie* v. *David*, USCADC, 1971, 448 F2d 1067, 1080.

[5] *Tennessean Newspapers, Inc.* v. *Federal Housing Administration* CA Tenn. 1972. 464 F 2d. 657.

[6] U.S. Congress. House. *House Report No. 1497*. May 9, 1966.

[7] 5 U.S.C. 552(e) (5).

[8] Statement of President Johnson upon signing P.L. 89–487 on July 4, 1966.

[9] 5 U.S.C. § 552(4).

[10] U.S. Congress. Senate Committee on the Judiciary. Subcommittee on Administrative Practice and Procedure. *Freedom of Information* 88th Congress, 1st Sess. (1963) p. 6.

[11] Ibid, p. 36

[12] *Grumman Aircraft Engineering Corporation* v. *The Renegotiation Board*. District Court for D.C., 1971: 325 F 2d. 1146.

[13] *Wellford* v. *Hardin*. USCA Md. 1971 444 F. 2d. 21

[14] Hughes, Charles Evans, *The Supreme Court of The United States*. N.Y.: Columbia University Press, 1928, p. 68.

[15] See *Prophets with Honor: Great Dissents and Great Dissenters in the Supreme Court*. Alan Barth. Knopf. 1974.

[16] Daily Congressional Record. June 21, 1974. p. E4120.

PAUL G. HOFFMAN, 1891–1974

Mr. PERCY. Mr. President, it was with great sadness that I learned of the passing of a very great man and a good friend, Paul G. Hoffman, who served his country and then the cause of peace in the world through the United Nations for so many years.

As a businessman, as Administrator of the Marshall plan, as president of the Ford Foundation, as head of the United Nations Special Fund and subsequently the United Nations Development Program, Paul Hoffman made immense contributions of wisdom, energy, and talent to economic and social progress.

My deepest heartfelt sympathy goes to my beloved friend, and Paul's widow, Anna Rosenberg.

I ask unanimous consent that an article published in today's New York Times be printed in the RECORD at this point. It provides a concise record of a constructive life.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PAUL G. HOFFMAN IS DEAD AT 83; LED MARSHALL PLAN AND U.N. AID

(By Alden Whitman)

Paul G. Hoffman, the automobile executive who headed the United Nations Development Program and who was the first administrator of the Marshall Plan after World War II, died yesterday in his sleep.

Mr. Hoffman, who was also the first president of the Ford Foundation, had been in failing health for two years after having suffered a stroke and a heart attack. He was 83 years old and lived at 2 East 88th Street.

For his Marshall Plan role he received the Medal of Freedom, the nation's highest civilian award, last year. The citation praised Mr. Hoffman for "moving the world out of the devastation of World War II and through a difficult period of decolonization and emergent nationhood."

Mr. Hoffman was a "visionary and a pragmatist at the same time," Rudolph A. Peterson, the administrator of the United Nations Development Program, said yesterday. He added that his predecessor "could—and did—work with anyone, anywhere, any time to help further the goals of world peace and human progress which he embraced so fully."

The United Nations General Assembly met yesterday to hear eulogies of Mr. Hoffman. In his tribute, Secretary General Kurt Waldheim said that Mr. Hoffman had been "a friend to many around the world."

Selling, Paul Gray Hoffman once said, is "the process of transferring a conviction from the mind of the seller to that of the buyer." It was an apothegm he practiced all his adult life as an automobile salesman, head of Studebaker Corporation, administrator of the Marshall Plan, president of the Ford Foundation and, lastly, as administrator of the United Nations Development Program.

Low-key, affable, enormously energetic, Mr. Hoffman couched his enthusiasms in an agreeable middle-register voice that was not so much an importunity to buy his product as it was an orderly presentation of reasons for doing so. His soft-sell approach won him friends in both the American and the world communities.

Mr. Hoffman's persuasiveness as a salesman was nowhere better exhibited than in his United Nations post, which required him to raise $250-million a year through voluntary contributions from member-states. His program was the major source of multilateral technical and preinvestment aid to poorer countries. It accomplished this by conducting surveys of mineral, land and power resources and by providing training and aid to industry and agriculture. The objective was to stimulate further financing from the World Bank and private sources.

SPONSORED 1,430 PROJECTS

In addition to insisting that his program's fund be employed as "seed money," Mr. Hoffman saw to it that recipient countries shared some of the cost of the project. Over 13 years the Development Program and its predecessor, the United Nations Special Fund, spent $3.4 million on 1,430 projects, including a survey for a dam site in Nigeria, the identification of mineral lodes in Argentina, Panama, Chile and Somalia, and forestry studies in many countries.

One of Mr. Hoffman's more spectacular contributions to the quality of life in the underdeveloped world was a project to rid North Africa of locust plagues by means of cross-border air patrols and insecticide raids.

About a third of the money Mr. Hoffman cajoled from well-to-do nations went to Africa and more than a quarter to Asia. In the beginning Mr. Hoffman had hoped to increase the per capita gross national project of beneficiary countries by 5 per cent over a decade, but the results fell short of that projection.

THREE BASIC INSIGHTS

When Mr. Hoffman stepped down this year, the actual increase was calculated at 2.5 per cent. This figure, observers said, could have been higher except for population growth in the aided countries and the lack of support from the richer countries. The United States contributed $86-million to the program, it was pointed out, ranking 27th among donors in relation to its gross national product.

"It is all unfinished business," Mr. Hoffman commented, "We have made only a feeble start." Many at the United Nations felt that Mr. Hoffman was being overly modest about the practical results of his work, which involved at least 150,000 miles of travel a year and endless conversations and negotiations and which caused him to say that his United Nations assignment constituted "the most fascinating 13 years of my career."

Out of these years came three basic insights into economic aid expressed by Mr. Hoffman:

"One illusion is that you can industrialize a country by building factories. You don't. You industrialize it by building markets."

"Our whole thinking has been clouded and obscured by the term 'foreign aid.' If you try deliberately to use aid to win friends and influence people, you won't win any friends and you won't influence any people. On the contrary you will make bad friends."

"All countries tend to make better use of their physical resources than of their human resources. It is hard to conceive of a nation neglecting its diamond mines or overlooking its petroleum deposits. Yet human potentials of an immeasurably greater worth are wasted and frequently for the most unreasonable reasons."

One of the qualities that sustained Mr. Hoffman was his good humor. Another was his capacity for listening. And a third was his willingness to concede that he did not possess the ultimate answers to all problems. His sentences were sprinkled with such phrases as "in my opinion," "as I see it" and "from our point of view."

Despite his fortune, Mr. Hoffman dressed in quite simple double-breasted suits, soft-hued shirts and a wrinkled gray felt hat. Although he could be at home at a formal banquet, he much preferred to eat a cheeseburger in a drugstore or dine from a cafeteria tray. In conferences, he sat with his legs dangling over the side of his chair and there was usually a look of contained amusement in his dark blue eyes.

GO-GETTING CAR SALESMAN

One of five children, Paul Gray Hoffman was born in Western Springs, Ill., near Chicago on April 26, 1891, the son of a moderately successful inventor. Hoping to become a lawyer, he enrolled at the University of Chicago when he was 17. His father's financial reverses obliged him to leave after a year; but he later served as a university trustee for 17 years. Interested in automobiles as an adolescent (he had reconditioned a second-hand Pope-Toledo), he got a job as a salesman for Halladay cars in the Chicago suburbs.

His sales technique was to invite the local banker for a drive, an invitation eagerly accepted, since motor cars then were a novelty. Rather than trying to sell the banker, Mr. Hoffman plied him with questions about friends or acquaintances who might afford a Halladay. In many cases the banker and his prospects all bought automobiles.

Mr. Hoffman moved to Los Angeles in 1911 and four years later he was named manager of the Studebaker Corporation's retail and wholesale division there. After service in World War I—he joined the Army as a private and emerged as a first lieutenant—he returned to automobile salesmanship in California and purchased the Los Angeles retail branch of Studebaker in 1919.

In six years the Paul G. Hoffman Company was doing a business of $7-million annually, having not only sold cars through his agency but also having led civic campaigns for safer and better roads. Mr. Hoffman had also made his first million.

His record as "a boy wonder" impressed the president of Studebaker, who brought Mr. Hoffman to South Bend, Ind., to help redesign the Studebaker body and to become vice president in charge of sales.

Despite Mr. Hoffman's efforts, the car's marketability declined in the Depression and the manufacturer went into receivership in 1933. As one of the receivers, Mr. Hoffman put on a sales campaign with two slogans—"Studebaker Carries On?" and "Studebaker, the Friendliest Factory." Dealers were invited to bring their complaints directly to him. The receivers also sold their Pierce-Arrow line for $1-million.

Studebaker came out of receivership in 1935 with Mr. Hoffman as president, a post he held for 13 years. In 1938 the company entered the low-price field with the Studebaker Champion, a car that helped put the company well into the black. Its net for 1939 was estimated at $2.75-million, a heady sum in those days.

In World War II, Studebaker devoted itself to manufacturing airplane engines and heavy duty military trucks, including the Weasel, an amphibious personnel and cargo carrier. At the close of the war, the company was recognized as among the leading carmakers.

Meantime, Mr. Hoffman had organized a $10-million drive for United China Relief and had helped to establish the Committee for Economic Development. The purpose of this privately financed, nonprofit organization, of which he was board chairman, was to stimulate American business to the audacious planning deemed necessary for high postwar employment.

The group suggested that up to 56 million civilian jobs would be needed to provide abundant peacetime employment—about 10 million more jobs than existed in 1940. Many economists thought the figure visionary, but Mr. Hoffman disagreed, asserting:

"These new jobs can be created only through an increase in our national output of goods and services to a level of 30 per cent to 45 per cent above that of 1940. I think it the quintessence of horse sense to accept and strive for a goal high enough to meet our social and fiscal needs."

Mr. Hoffman's ceaseless evangelical prodding of business is often credited with spurring industry to expand its rights.

PUT TO WORK BY TRUMAN

His reputation as a salesman of business foresight recommended him to President Harry S. Truman, who drafted him in 1948 as Economic Cooperation Administrator under the Marshall Plan of assistance to European recovery. His job was "to sustain and strengthen principles of individual liberty, free institutions and genuine independence in Europe." It involved cooperation with 20 foreign govenments and more than a score of Federal agencies.

Studying the agency's responsibilities, one of Mr. Hoffman's aides remarked, "It just can't work," Mr. Hoffman's quiet reply was, "Let's try it for a while."

His style in Washington was to employ candor and a ready supply of information. The result, according to one observer, was that he was able to get "a whole roomful of Senators working like mad to help Paul Hoffman solve his problems." Abroad, he stumped for productivity and continuous planning of improved production techniques. "Make no small plans for they have no magic to stir the imagination of men," he told his associates.

Mr. Hoffman's energetic moves to implement the Marshall Plan showed initial results despite an unwillingness on the part of a number of European industrialists to adopt supranational planning and production. Nonetheless, he supervised the spending of $10-billion in his two-and-a-half years in office and laid the foundation for much of the subsequent economic growth of France and West Germany.

In overseeing the allocation of millions of dollars in Europe, Mr. Hoffman said that anti-Communism, not philanthropy, was the chief aim of the Marshall Plan. Later, however, when he was dispensing United Nations assistance, he said that the disbursement of development aid "must be completely independent of, and completely unrelated to, any political or ideological considerations."

Retiring from Federal service in 1950, Mr. Hoffman was named president of the Ford Foundation, a position he filled for three years, and then returned to industry as board chairman of Studebaker. The company experienced difficult times, first merging with Packard and then having trouble raising money. Mr. Hoffman resigned in 1956. Later, Studebaker discontinued automobile production and the company is now Studebaker-Worthington, Inc., makers of automobile parts and other machinery.

Before becoming an international civil servant, Mr. Hoffman was a member of the United States delegation to the United Nations General Assembly and an executive of the Fund for the Republic, a civil libertarian educational group.

Mr. Hoffman was 68 when he was prevailed upon to become managing director of the United Nations Special Fund in 1959. He had retired at 65, he explained, but "I found retirement hard to take." He remained with the United Nations until January, 1972. "He was November in age, March in spirit," a colleague said of his world organization service. When he left office, his staff gave him a charcoal portrait, saying that it was a selfish gift since a print had been made for each of his aides.

In transforming himself from car salesman to world statesman, Mr. Hoffman retained to a remarkable degree his freshness and optimism and his openness in dealing with others.

Summing him up a few years ago, Walter Lippmann, the columnist, said.

"Men found the worst they could do was disagree with him. He was patently not angry and not frightened, not envious and not scheming, not playing a game and not hiding his meaning. The air was fresh and clean, as if the windows had been opened."

Mr. Hoffman's life was also recounted in his writings, ranging from his first book in 1930, "Marketing Used Cars," to "Peace Can Be Won" in 1951 and "World Without Want" in 1962.

Mr. Hoffman's first wife was Dorothy Brown, whom he married in 1915. After her death in 1961, he married Mrs. Anna M. Rosenberg, a former Assistant Secretary of Defense, in 1967.

In addition to his wife, Mr. Hoffman leaves seven children of his first marriage, Hallock, Peter, Donald, Robert and Lathrop and two adopted daughters, Barbara Greatrake and Kiriki Metzo. Twenty-five grandchildren and two sisters, Margery Bowles and Virginia Germond, also survive.

There will be a memorial service Oct. 22 at 11 A.M. at the Unitarian Church of All Souls, Lexington Avenue and 80th Street.

A MOTHER'S ADVICE ON RESPECT FOR OTHERS

Mr. HUMPHREY. Mr. President, during his appearance before the Senate Committee on Rules and Administration on his confirmation to serve as Vice President of the United States, Gov. Nelson Rockefeller made a number of important and commendable statements about our country, its problems and its promises for the future.

One of the most heartwarming, uplifting, and inspiring portions of Governor Rockefeller's statement came when he read to the committee a letter received by him and his brothers as youngsters from their mother. This letter deserves wide circulation and special recognition for the essential spirit of democracy which it contains. Those of us who over the years have known Nelson Rockefeller and his family have now learned the identity of the person who deserves the most credit. It is not the Governor or his brothers—it is their mother who is the true heroine and inspiration in that family.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INFLUENCE OF MY MOTHER

(Letter from Mrs. John D. Rockefeller, Jr. to Three of her Sons Excerpted from testimony of Nelson A. Rockefeller, September 23, 1974, before the Senate Rules Committee)

My mother devoted her life to her husband and family and was an active leader in the Young Women's Christian Association and in the field of the arts.

Like my father, mother also was deeply motivated in an ethical and spiritual sense—witness the following letter she wrote to three of her sons:

"Dear John, Nelson and Laurance:

"For a long time I have had very much on my mind and heart a certain subject. I meant to bring it up at prayers and then later have it for a question to be discussed at a family council; but the right time, because of your father's illness, has never seemed to come.

"Out of my experience and observation has grown the earnest conviction that one of the greatest causes of evil in the world is race hatred or race prejudice; in other words, the feeling of dislike that a person or a nation has against another person or nation without just cause, an unreasoning aversion is another way to express it. The two peoples or races who suffer most from this treatment are the Jews and the Negroes; but some people 'hate' the Italians, who in turn hate the Jugoslavs, who hate the Austrians, who hate the Czechoslovaks, and so it goes endlessly.

"You boys are still young. No group of people has ever done you a personal injury; you have no inherited dislikes. I want to make an appeal to your sense of fair play and to beseech you to begin your lives as young men by giving the other fellow, be he Jew or Negro or of whatever race, a fair chance and a square deal.

"It is to the disgrace of America that horrible lynchings and race riots frequently occur in our midst. The social ostracism of the Jew is less brutal, and yet it often causes cruel injustice and must engender in the Jews a smoldering fire of resentment.

"Put yourselves in the place of an honest, poor man who happens to belong to one of the so-called 'despised' races. Think of having no friendly hand held out to you, no kindly look, no pleasant, encouraging word spoken to you. What I would like you always to do is what I try humbly to do myself: that is, never to say or to do anything which would wound the feelings or the self-respect of any human being, and to give special consideration to all who are in any way repressed. This is what your father does naturally from the fineness of his nature and the kindness of his heart.

"I long to have our family stand firmly for what is best and highest in life. It isn't always easy, but it is worth while.

YOUR MOTHER."

And so we as children grew up in a closely-knit, religious family, involved in human concerns, influenced by cultural forces, and inspired by father's credo that, "Every right implies a responsibility; every opportunity an obligation; every possession a duty."

PLUTONIUM IN THE FOOD CYCLE

Mr. RIBICOFF. Mr. President, the New York Times reports this morning that plutonium, the most toxic substance known to man and a byproduct of nuclear power reactors, has been found by researchers to be capable of being picked up by plant roots from the soil and thereby make its way into foods.

This is an extremely disturbing finding because in the next few years plutonium is going to be extracted as a byproduct from the spent fuel of nuclear power reactors so that it can be reused as a fuel for these reactors. In addition to being the most explosive element known to man—it is the stuff that atomic bombs are made of—plutonium is also the most poisonous. One thirty-millionth of an ounce, less than a pollen grain, will cause cancer if inhaled or swallowed. According to current AEC projections, by 1985, civilian nuclear reactors will be generating 59,000 pounds of plutonium a year—more than the 49,000 pounds that will be generated by the Government weapons program. By the year 2000, some 1,000 reactors in the United States will be generating 660,000 pounds of plutonium a year. Worldwide, there will be 2.2 million pounds of plutonium a year generated by some 2,000 reactors by the turn of the century.

Over the past year, Mr. President, I have been deeply concerned with the problem of safeguarding plutonium and other weapons-grade nuclear materials from theft and subsequent manufacture into homemade atomic bombs by terrorists. In April, I released an internal AEC study—the so-called Rosenbaum report—which found that present safeguards in the licensed nuclear industry were "entirely inadequate" to prevent nuclear theft and fashioning of terrorists' bombs. Another AEC study, on the environmental impact of the plutonium fuel recycling program, found that safeguards in the licensed industry must be upgraded within a year before we can safely proceed with the program. This upgrading may not be possible now because the Office of Management and Budget slashed the entire $13 million supplemental appropriation request made by the AEC for its regulatory division to carry out this upgrading of safeguards.

Now Mr. President, we read in the New York Times of another reason to upgrade safeguards in the licensed nuclear industry. Researchers have found that even small amounts of plutonium are taken up from the soil by plant roots with surprising efficiency. This raises the question of whether such root crops as potatoes, carrots, beets and onions are particularly susceptible to plutonium contamination. Furthermore, the plutonium may be carried by the plants in a highly soluble form, making ingestion by humans all the more likely to result in cancer.

Because of the serious implications of these research findings, particularly as they apply to the inadequacy of present safeguards, I will write Dr. Dixy Lee Ray, chairman of the Atomic Energy Commission, asking for the commission's response, including steps being taken to prevent the leaking of plutonium into the soil. Such a leakage occurred at the AEC's Mound Laboratory in Miamisburg, Ohio, earlier this year.

I ask unanimous consent that he article, "Plutonium Found in Plants' Roots," from the New York Times of October 11, 1974, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIBICOFF. Mr. President, I am hopeful that the establishment of the new Nuclear Regulatory Commission, in which there will be a separate Office of Nuclear Material Safety and Safeguards, will help make the plutonium problem manageable in a very short period of time. I was the author of this legislation, and it is being signed by the President today. I believe we must look to nuclear power as an energy option, especially in our current situation of being so heavily dependent on foreign oil, but I also believe that we can only afford to proceed further with the nuclear option if it can be shown to be safe and secure in the best interest of public health and safety.

EXHIBIT I

PLUTONIUM FOUND IN PLANTS' ROOTS

(By Walter Sullivan)

Researchers near the plant where plutonium was first produced as atomic bomb fuel have discovered that, with surprising efficiency, this highly toxic element is picked up from the soil by plant roots.

The finding is of concern because of the fear that plutonium, in this manner, may make its way into foods. By the end of the century, according to current projections, thousands of tons of this element will be cycling through the world's atomic power industry. Fears have been expressed that the release of even small amounts to the environment would have serious effects.

The researchers said that plutonium "is among the most toxic substances known to man." They suggested that its uptake by roots might have gone so long unobserved because of reluctance to work with such dangerous material.

ASSUMPTION CHALLENGED

It had been thought that the uptake of plutonium by crops was slight, particularly at the low concentrations expected from a typical reactor accident. From the new findings, it appears that the percentage of uptake is greatest when only very small amounts of plutonium are present in the soil.

The earlier, more reassuring tests were done with heavier levels of contamination, and the percentage of plutonium picked up by plants in those circumstances was low. Hence, it had been assumed that, when only trace amounts were present, the percentage of uptake would be comparably small. This assumption has now been challenged.

The new findings are reported by Dr. Raymond R. Wildung and Thomas R. Garland of Battelle Pacific Northwest Laboratories in the September-October issue of the Journal of Agricultural and Food Chemistry. The laboratories are at Richland, Wash., near the plutonium-producing works at Hanford.

CLOVER CROPS CITED

The authors said that, with the increasing worldwide dependence on nuclear energy, "the potential for environmental dispersion of Pu [plutonium] isotopes may increase."

"It is, therefore, essential that the potential for Pu entrance into the food web at soil-plant level be assessed," they added.

Their experiments, made with barley, may also explain earlier findings that successive clover crops become increasingly contaminated with plutonium. The concentration in barley is largely in the roots, raising the question whether other root crops, such as potatoes, carrots, beets and onions, are also affected.

In the past, it had also been assumed that plutonium did not spread rapidly through the soil because, being relatively insoluble, it was not readily transported by water. The Battelle researchers propose that their findings may modify this in these respects:

As the roots grow downward they carry with them plutonium picked up near the surface. Then, when they die, their plutonium-laden decay products may be souble and thus subject to long-range transport.

ROOTS AFFECTED MOST

This, the researchers said, could explain why, in an earlier study, it was found that successive clover crops, grown in soil contaminated by plutonium fallout, become increasingly laden with the substance. The decaying roots of each crop may add soluble material to the soil that is more readily taken up than is the raw plutonium.

According to the Atomic Energy Commission, most plutonium in the environment has come from atmospheric weapons tests, although there have been some accidents in which small amounts were released from atomic plants.

OUR DEPENDENCE ON IMPORTED MATERIALS

Mr. METCALF. Mr. President, the October 7, 1974, issue of Industry Week was devoted largely to the increasing dependence of the United States on the import of minerals basic to our economy. The cover picture was one of Uncle Sam with his hand out as a beggar. The lead editorial was entitled: "A Goliath's Fate?" And a major article was headed: "Our Dependence on Imported Materials."

I commend these articles to the attention of those sincerely interested in a national crisis which is approaching, if not already here, and ask unanimous consent that this material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

A GOLIATH'S FATE?

The United States is still a Goliath among nations. But it no longer stands alone as *the* giant of industrialized countries. And increasingly, the lesser-developed but raw-materials rich "Davids" of the world are finding that their supplies make effective slingshot ammunition.

This newfound leverage of Third World nations, which became apparent when the Arabs cut off oil supplies, is further multiplied by our growing consumption of materials and energy. Our ability to produce raw materials has been far outstripped by our use of them.

For example, at the end of World War II we produced 25 million lb of nickel a year, which then equaled 25 percent of our need. Today, we consume 400 million lb of nickel, but meet only 5 percent of that need domestically.

In that respect we moved from the world position of being a rich uncle to that of being a hungry second cousin. Unfortunately, too many people have not recognized this shift in position. Even more people fail to understand its ramifications.

In many areas, the U.S. is still acting like a domineering rich uncle in trying to impose its will on other countries and influence their internal affairs. For instance, Congress is hung up on a trade bill because of emigration policies in Russia. A bill to embargo Rhodesian chrome ore as a protest against apartheid has been passed by the Senate and is waiting consideration in the House.

Allegheny Ludlum Industries Inc., a leading producer of stainless steel, makes an alarming point: either it imports Rhodesian or USSR chrome ore or ferrochrome or it does not make stainless steel.

Nobody can argue with the goal of improving and protecting the human rights of all people, but there are times when we feel we must question the means.

No longer can the U.S. play the international game as it once did, with the air of confidence of a man holding all the aces. Unless we recognize that it's a new game and start implementing new rules, we may end up like Goliath.

STANLEY J. MODIC,
Editor.

OUR DEPENDENCE ON IMPORTED MATERIALS

(By Donald B. Thompson)

In a raw materials sense, the era finally has dawned when the U.S. is more dependent on what it can buy than on what it can sell.

There is an increasing number of raw materials authorities in industry who conclude that our position is:

We are rich, but perhaps not rich enough to pay the price now being demanded or contemplated by those so-called Third World nations who are major sources of the raw materials we need.

We are strong, but perhaps not strong enough to avert being brought to our knees by a lack of certain basic and unsubstitutable raw materials.

We are smart, but not yet fully aware of or sufficiently alarmed by the fact that the rest of the world not only is playing a new game but also holds many an ace in the bargain.

"We should get down on our knees in thanks to the Arabs," says E. F. Andrews, vice president-materials and services, Allegheny Ludlum Industries Inc., Pittsburgh, who perceived—and predicted—the new raw materials "game" many months ago.

Mr. Andrews refers, of course, to the petroleum embargo and the awareness that came like a thunderclap to Congress and citizens alike that Uncle Sam is, indeed, a dependent. And for a number of critical mineral and other raw materials, he is nearly 100% dependent on foreign sources.

Then came the government of Jamaica's power play against North American aluminum companies to boost bauxite revenues sixfold and signal the start, Prime Minister Michael Manley says, of a "new structure of partnership."

The vital questions now seem to be whether there is, in reality, a new game in world raw materials and, if so, whether we are ready to sit in.

It may be a more immediate crisis than we think, because how we handle both the petroleum and the bauxite situations could be of prime importance.

They are the first big tests, and the world is watching.

In both cases, we have the strategy of alternative materials. But that's not true of many other critical import items.

So what should our responses be in the future? Do we need a plan for protection, a new program to place us in a position of advantage in the world raw materials game? What should it be?

CAUSE FOR ALARM

First, let's look at where we stand.

Prior to Jamaica's action, there were those in industry who were optimistic regarding the possibility of source countries' applying embargoes, or something similar. Some examples:

In March, Donald A. Gaudion, chairman of Sybron Corp., Rochester, N.Y., and now also chairman of the National Assn. of Manufacturers, just back from a tour abroad, said he'd found "no real sense of adopting the embargo concept as a strategy for other materials."

John D. Harper, chairman and chief executive officer, Aluminum Co. of America (Alcoa), Pittsburgh, said in response to a question at a press conference at the firm's April annual meeting that he found "no indication of such."

In the same month, Z. D. Bonner, president, Gulf Oil Co.-U.S., said he was "not too worried about the prospect."

Their reasoning was echoed at the time by others: source countries for raw materials other than oil would have a difficult time making a shutoff threat stick because, unlike the Arab situation, they do not have but rather need the money, many of their materials do not have as many customers as does petroleum, and there does not exist in the Third World the same community of interest that prevails among Arab countries.

But Jamaica added another lesson—that Third World countries see things quite differently, may well ignore that reasoning, accept the risks, and even act unilaterally. And contracts with a government may be no protection. Mr. Harper has said that Jamaica's action in effect "breached its existing long-term contract with Alcoa."

You can call it economic blackmail. Or you can agree it's a justified determination not to be "exploited" and not to merely sell raw materials but to share fully in value as reflected in end use.

In any case, the evidence of a trend, whether in a Jamaica-like or cartel action, seems apparent:

On the bauxite front, the International Bauxite Assn. of seven nations already had been informed when Jamaica took action. Later, the Dominican Republic moved to renegotiate its contracts with Alcoa, the only firm mining Dominican bauxite. In addition, Surinam has announced its intention to seek renegotiation, and Guyana has said it will take over Reynolds Metals Corp.'s mining operations, absorbing them into a state-owned company it expropriated earlier from Alcan Aluminum, Jamaica, Guayana, and Trinidad announced an agreement to build a pair of aluminum smelters.

The copper-source countries of Chile, Peru, Zaire, and Zambia, members of the Intergovernmental Council of Copper Exporting Nations, met in Zambia to discuss copper pricing and hinted at future concerted action.

The political leadership of Venezuela announced its desire to nationalize foreign-owned iron ore mining facilities, which are big tonnage sources for U.S. Steel Corp. and others. This happened in 1971 in Chile to Bethlehem Steel Corp., and Lewis W. Foy, president, comments that U.S. steel firms are not about to count "too heavily on foreign suppliers" because "the Arabs taught everybody a lesson and we're never going to forget it."

Nonmineral items are not immune, as Brazil, for instance, is demonstrating in its attempt to control the international coffee market. Brazil, Colombia, the Ivory Coast, and Angola, controlling 60% of all coffee production, have organized a Paris-based international company to make key large-volume purchases, stockpile coffee, and keep world prices high.

Even the friendly nations of Canada and Australia, major sources of some mineral imports, are getting into the act, exhibiting an increasing nationalism and a growing opposition to foreign participation.

HOW THE GAME CHANGED

As the more optimistic continue to point out, we import only 15% of our materials and remain more self-sufficient than anyone except the USSR.

But in 1972 our estimated balance of trade for minerals and processed materials of mineral origin was a $6 billion deficit. In 1973, it was $8 billion, says the U.S. Bureau of Mines (imports of $19 billion, including $7 billion of nonfuel mineral raw materials, and exports of $11 billion).

Dept. of Interior studies indicate that nonfuel mineral imports will hit $20 billion by 1985 and $52 billion by the year 2000.

We are forced to import more than half of 20 nonfuel minerals, including key materials such as chrome ore, bauxite, nickel, zinc, and tin, for many of which there is no substitute.

That situation, of course, has been with us all along. The elements which are changing the game:

Growth of consumption. The U.S., with the most voracious appetite of any one nation, now requires 4 billion tons of new mineral supplies a year, the Bureau of Mines reports. And the Dept. of Interior says, by the year 2000, the value of U.S. primary mineral requirements will exceed supplies by $100 billion. But our own rising consumption now, unlike earlier years, is far outstripped by the growth rate in world demand. It's said that while ours doubles, the world rate will grow five times.

Growth of competition. Our industrial complex requires some 40 key minerals, 31 of which must be imported. In that regard, we no longer are alone; in the same situation are a growing number of equally industrialized nations such as Japan and the Common Market countries, and the competition is intense.

Growth of determination among Third World nations to get what they consider a full share, either by value-added prior to shipment (through new processing facilities) or by a new formula paying off, not on the value of the material as extracted, but on its value to the final product, or both.

As Robert J. Buckley, president, Allegheny Ludlum, pointed out in a recent speech, this is a new experience for Americans who are beginning to ask: "Are we now going to be at the economic mercy of the sheiks and shahs and commissars?"

Allegheny Ludlum, perhaps, has pursued the subject more deeply than many. As a stainless steel producer, its contention is simply put: either we import Rhodesian or USSR chrome ore or ferrochrome or we do not make stainless steel.

We've developed a tremendous capacity to consume—otherwise known as our standard of living.

But, Allegheny Ludlum's Mr. Andrews argues, "our capability of producing, our practices, and policies are not in keeping with our continuing stimulus to increasing consumption."

Examples: at the end of World War II, we produced 25 million lb of nickel a year, which was 25% of our needs. Now we use 400 million lb and still produce 25 million, which is 5% of our needs. We were totally self-sufficient in iron ore at the end of that war; now we're 60% self-sufficient.

To consumption growth, add this: we are consuming more and more sophisticated products, making us more dependent on imports. Our kitchen sinks are stainless steel, not cast iron. And how do you build a hospital or nuclear powerplant today without that product?

Then crank in the fact that much of the rest of the world is undergoing the consumption explosion we did 25 years ago. And then add to that the emergence of underdeveloped countries.

To some, the danger is immediate.

The oil embargo, Mr. Andrews says, "was just an easy lesson," considering that two countries can shut us out on chrome ore, one on titanium, two on asbestos, three on tin—and the list goes on.

To others, and perhaps a majority, the problem is serious but not of No. 1 priority.

A widely held viewpoint is enunciated by William W. Crawford, vice president-purchasing, U.S. Steel: We can expect serious, short-range "spot trouble" but in the long range "goods will find their way to the marketplace," although perhaps not without a policy change on the part of the U.S.

Still others—in government, industry, and the public sector—experience no sense of urgency at all. In a recent speech, Allegheny Lulum's Mr. Buckley took note of the United Nation's special session in April of the General Assembly on raw materials supplies and development, and of New York Times columnist James Reston's comment:

"The nations of the world are gathered here at the big peace palace on the East River to discuss one of the most fundamental questions of the future: the supply, price, and distribution of food, oil, and other essential raw materials of life—and the odd and tragic thing about it is that very few people, newspapers, or networks are paying any attention to the debate."

Some have been paying attention.

And some have concluded: if the U.S. continues to play in this new game with fewer and fewer aces and no redeal, we aren't going to win much.

We need, they find, to quit reacting and start planning for protection, even if it requires a radical departure from present policies and practices.

"We [as a country] tend to react to crises," says C. W. Parry, Alcoa's vice president of corporate planning, "rather than plan in advance. We act when the nation perceives there is a problem. At the moment, for example, there is no one government agency charged with the responsibility of worrying about raw materials supply."

The alarming truth, to many, is that our industrial and national policies are not speaking to the problems and not solving the problems.

Addressing himself to the problem in general in a talk before the April UN conference, Secretary of State Kissinger said that, amid growing fears of global shortages of natural resources, "the great issues of development cannot any longer be realistically perceived in terms of confrontation between the haves and have-nots or as a struggle over the distribution of static wealth." In a world of growing interdependence, he submits, economic cooperation between nations is a fundamental essential to future progress.

A TERRIBLY DEPRESSING FACT

Despite the billions this country has spread around the world, Mr. Parry notes, the gap in distribution of wealth between the haves and havenots has widened, not narrowed.

"And that's a terribly depressing fact."

And so is the fact that Americans discussing the problems with underdeveloped countries continue to lack credibility.

The point is, say those who have been paying attention, that while we work to promote "interdependence between nations" we should also be implementing a plan for protection at home.

And its elements should include:

A new and fundamental materials policy to fit the international raw materials situation as it exists today. Our system worked well when everyone needed us and we were the only big buyer, but it doesn't work anymore. There must be acceptance on the part of government that economic considerations must be as much a part of international policies as are social and political considerations.

Creation of a national materials policy body to monitor and direct supply and usage, operating the way the Federal Reserve Board does with respect to the monetary system.

Creation of a data base for a new materials policy. Reason: we don't actually know how bad off we are. Such data would permit sophisticated computer forecasts on consumption versus domestic production, import requirements, availability of world resources, substitutability of materials, criticalness of materials, and the economic feasibility of expanding the U.S.'s resources.

Merely accumulating the data would be a monumental task, but it could be done. And other problems would arise. Mr. Parry questions whether a national materials body could plan without requiring data from industrial companies which would be proprietary. Such exposure of company plans could, he fears, lead to a breakdown in the competitive structure.

Reexamination of applicable domestic laws and of the absence of appropriate international laws. A U.S. company dealing abroad finds itself dealing not only with a company but with a country. There is no law protecting a company from a sovereign government. But firms in other countries form consortiums with their governments as partners. They can, in effect, go eyeball-to-eyeball with another government. We do not—and cannot.

Reexamination of our tax structure as it affects international business and capital formation. One idea: encourage by tax policy new capital investment which would add capacity; if it can be established that the new capacity adds to our supply base and eases the import problem and unemployment there would be, say, a 10% investment credit. If our resource base were doubled, what would happen to inflation?

Conversion of the strategic materials stockpile to an economic stockpile, a suggestion that's already the subject of some debate. Purposes: protection against economic pressures from abroad and to buy time while a comprehensive materials policy is put in place.

It's also suggested that we establish an Office of Economic Preparedness to administer such a stockpile.

"Look at the kind of economic leverage we'd have then," Mr. Andrews says. "No one would be pushing us around. If they try, we could say, 'We've got a ten-year supply of your stuff; you can try coming back then but maybe we won't want anything.' Or we could say to [Prime Minister] Manley, 'Do you want to get rich quick or grow later?' "

PROGRESS ON PREPAREDNESS

The oil embargo, if nothing else, did spring loose some programs aimed at making us self-sufficient in energy—if not by 1980, then eventually.

Events also have spurred some action on reconsideration of our raw materials situation.

One bill before Congress (but buried in committee), cosponsored by Sen. Warren Magnuson (D, Wash.) and Sen. John Tunney (D., Calif.), proposes a domestic supply information act setting up a federal agency to monitor the supply picture.

The Senate is considering an amendment to the proposed Defense Production Act which would have Congress create a national temporary commission on supplies and shortages to study our situation.

The House version of the defense production bill has an amendment which, instead of establishing a commission, calls for the Office of Management & Budget to review shortages and report to Congress by Mar. 1 of next year. The House has passed its version, and after a Senate vote a conference committee presumably would resolve the differences. It should be clear by the end of October which way Congress will go.

In the Senate, the proposed Export Administration Act contains an amendment that would require the Controller General to monitor and assess supply shortages of certain commodities, their domestic prices, and the level of exports. Mentioned specifically are wheat, scrap iron and steel, petrochemicals, and soybeans.

Former President Nixon, in both his State of the Union and budget messages this year, noted that "a comprehensive study on supplies of metal ores and other basic resources and our needs" is underway to "help ensure that our policies properly anticipate potential problems".

A number of federal agencies are cooperating in preparing that report, and one source says the study is just about completed.

Legislation also has been introduced in the House to amend the stockpile law and create an economic stockpile.

There are reports also that the so-called Tokyo Round of negotiations under the General Agreement on Tariffs & Trade (GATT) is going to provide a forum for discussing issues arising from the world's new raw materials game.

It's logical to ask where we will be if, out of all the new awareness and activity, there does not come a plan for protection

The Brookings Institution has projected that by the year 2000 the U.S. will be totally dependent on foreign sources for 12 of the 13 basic raw materials: bauxite, chrome ore, copper, lead, manganese, nickel, sulfur, tin, tungsten, zinc, phosphorus, and potassium.

The route of substitution is, for all practical purposes, open only to bauxite. Aluminum companies say they are past the pilot stage on the technology for extracting alumina from clay, anorthosite, or laterite ore, which we have in abundance.

We could, of course, play the new game with the hand we hold and hope for the best, in the belief that goods actually will find, their way to the marketplace.

"It could only escalate prices and leave us either trying to buy our way in or lowering our standard of living," Mr. Andrews says of that strategy. "And does the price for the rest of the world attaining our type of consumption have to be a lower standard of living for ourselves?"

Mr. METCALF. Mr. President, in the context of this issue of Industry Week, I call the attention of my colleagues to S. 1134, the Deep Seabed Hard Minerals Act, reported August 21, 1974, by the Committee on Interior and Insular Affairs—Senate report 93–1116. The bill, a successor to one (S. 2801) introduced in 1971, is an attempt to encourage U.S. citizens to move seaward in the search for the mineral resources we must have, and to subject their activities to some control pending international agreement. This bill is now pending before the Committee on Foreign Relations.

TAX CREDIT ON SAVINGS INTEREST

Mr. DOMENICI. Mr. President, yesterday I announced my decision to cosponsor S. 4021, a bill which would exempt from income taxation the interest earned by individuals on savings accounts or similar deposits not in excess of $20,000. I continue to endorse S. 4021 as an effective method of attracting money to our thrift institutions which will then be able to make such money available for home mortgages and similar investment.

Early this week, however, a bill was introduced which, although similar to S. 4021, contains certain features which I believe make it a bill superior to S. 4021. I refer to S. 4094, of which I am also a cosponsor.

S. 4094 is a bill to provide a tax credit or an exclusion from gross income for certain interest on savings received by individuals. The amount of interest eligible for such special tax treatment is not to exceed $1,000, which is approximately the same as in S. 4021. The major difference in the two bills is that S. 4094 would permit a taxpayer to either exclude from gross income the first $1,000 in interest earned or to elect the alternative or taking a tax credit equal to one-third or all qualifying interest or dividends up to a maximum credit of $260. Whether or not a taxpayer would elect the alternative tax credit in lieu of the exclusion from gross income would, of course, depend upon the taxpayer's total interest income from qualifying financial institutions as well as the taxpayer's marginal tax rate.

For example, assume that a single taxpayer has taxable income of $9,500 of which $1,000 is interest eligible for special tax treatment under S. 4094. That taxpayer's marginal rate under present law is 25 percent. If that taxpayer excludes the $1,000 of interest from his income he will reduce his tax liability by $250—.25 x $1,000. Such a taxpayer would likely elect the tax credit of $260 in lieu of the exclusion and thus would be able to reduce his tax liability an additional $10. For taxpayers at lower marginal rates the tax credit election would mean even greater tax savings.

Under S. 4094, the small saver has a chance to enjoy tax planning opportunities which are now primarily limited to wealthy individuals. It is that small saver who currently has no real incentive to save and, therefore, it is the small saver which S. 4094 has been designed to aid. A very important limitation contained in S. 4094 would deny the exclusion from gross income of savings interest or dividends in the case where an individual has taxable income high enough to incur a tax rate of 50 percent or more. This critical limitation is not a feature contained in S. 4021 and that is another reason why I see S. 4094 as necessary.

Of course, one major object to this type of proposal is the revenue loss which would occur should the proposal be adopted. A complete analysis should be requested from the Treasury Department so that provisions may be made to offset any revenue loss. I suggest that more than adequate balancing revenue could be acquired by closing current tax loopholes or by reduction of Federal spending. It is likely that a significant portion of any revenue loss would be offset by the increased Federal tax revenues that will flow from the economy as a whole because of the "ripple effect" or multiplier effect of a revived and growing housing industry.

A bill such as S. 4094 should be adopted as a part of our overall efforts to direct savings into those institutions which provide capital for housing, expansion of plant and equipment, and energy production. The unavailability of capital which is needed to increase productivity is frequently cited as one of our major economic problems and S. 4094 offers a very direct solution to part of that problem as does S. 4021.

I wish to emphasize the stimulating effect which this bill could have on a large part of our economy by increasing the supply of home mortgage money. President Ford told us recently that this country "is suffering the longest and most severe housing recession since the end of World War II." That recession has resulted in the loss of jobs not only in the building trades but also in the numerous support industries which make up the housing sector of our economy. A revitalization of the housing industry is essential and in order to do that we must insure the immediate availability of credit which has been called the "lifeblood" of that industry.

Finally, I endorse the anti-inflationary aspect of S. 4094. Because the bill encourages saving it discourages spending which is a major factor contributing to inflation. I strongly urge the Committee on Finance to hold hearings on bills such as S. 4094 as soon as possible. I recognize that the problems in the housing industry are extremely complex and while I do not believe S. 4094 can solve all of the problems I do believe it offers a direct solution to one of the major problems.

STATE OF THE AMERICAN ECONOMY

Mr. ROBERT C. BYRD. Mr. President, our colleague from Indiana (Mr. BAYH) addressed himself to the state of the American economy, and specifically to the economic program announced by the President on Tuesday, in a speech earlier today to the Board of Directors of the Indiana State Chamber of Commerce.

Because the Senator from Indiana has made a number of constructive suggestions regarding the congressional initiative in developing more effective economic policies, I request unanimous consent to have the text of his speech printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

SPEECH BY SENATOR BIRCH BAYH

As I listened to the President's speech on the economy to our Joint Session with the House Tuesday afternoon, and as I have thought more and more about what he said, I find myself inclining to agree with the columnist who wrote that the President didn't really bite the bullet. Rather he just nibbled at it.

To say it another way, I concur with the President's diagnosis of the problem of inflation, but I have serious reservations as to whether he proposed the right medicine for what ails us.

Let me emphasize, I think the great stress the President has placed, since taking office, on the insidious way in which double-digit inflation eats at the infrastructure of the American economy is justified. The President is to be congratulated for using the prestige of the White House to focus national attention on the imperative need to reverse the inflationary trend which has the wholesale price index rising during the last three months at an annual compounded rate of about 50 percent.

Indeed, I wish the President would place a similar stress on the other grave economic ill that plagues us—recession. I don't have to review the individual balance sheets of all your businesses to know that if you are a representative sample of Hoosier industry and business, that on balance you are not having a good year. We know about the real drop in GNP during the first half of the year.

We know about the steadily climbing unemployment—now up to 5.8 percent and certain to move higher. We know about the stock market dropping in less than two years to almost 50 percent of its all-time high. We know about the severely depressed home building industry, perhaps the greatest victim of restrictive monetary policy which isn't doing anybody any good.

We know about all this and more. And yet the President said at his press conference on Wednesday that we weren't in a recession. Let him call it what he prefers; I say it's a recession and I base that on what I hear from business and labor groups as a I travel throughout Indiana. I also base that on the fact that we have had a decline in GNP for two successive quarters.

In fact, Arthur Burns, Chairman of the Federal Reserve Board, testifying before the Joint Economic Committee yesterday said, and I quote, "We have a recession." Burns also said, as I have been saying for a long time, that this is a most unusual recession, a recession accompanied with "galloping inflation."

But recognizing the gravity of our combined economic problems of inflation and recession is scarcely enough. We must move to solve these problems, with tough-short term action to ease the problems quickly and with thoughtful long-term programs to prevent a recurrence of the unfortunate situation in which we find ourselves.

It is in both of these areas that I must say I find the President's program deficient.

Certainly the most newsworthy, and no doubt the most controversial, of the President's proposals, is the recommended five percent surcharge on corporate and personal income taxes above the minimum levels.

While I agree fully with the President on the need to increase Federal revenues, I say the tax surcharge is a totally wrong way to go about achieving this necessary objective. Small businessmen and middle income individuals are extremely hard hit by inflation, they are already bearing a substantial local, state and Federal tax burden, and it is grossly unfair to levy more taxes on these businesses and families while leaving large tax loopholes open.

Earlier this year I was the main sponsor of a four-part tax reform package designed to raise almost as much revenue as the President's tax surcharge. But we didn't plan to take the money from middle-income individuals and small businessmen. Rather we proposed to raise these funds by shutting tax loopholes exploited by large multi-national corporations and a small number of super-rich individuals.

Increasing the tax burden of the average American family and average businessman before we require the oil companies, giant corporations and the very wealthy to pay their fair share of taxes is wrong. I am going to oppose the tax surcharge, and I am going to place your interest—and the interest of the overwhelming majority of Hoosiers—ahead of the special interests for whom tax loopholes are written and protected.

Another ingredient in the President's package was the proposal to bring Federal spending down to $300 billion in the current fiscal year. That is $4.5 billion below the President Nixon's original budget request. But it is $5 billion MORE that the spending ceiling for which I and a large Senate majority voted several months ago.

Another place where the President correctly identified a problem but then refused to prescribe the correct medicine was the problem of oil prices.

You don't need anyone to belabor the obvious. Although my opponent has not opened his eyes to what the oil companies are doing to the American people, you are reminded of this travesty with every fuel bill you receive for your business and for your home. Obviously a large part of the problem is the cartel pricing of the oil exporting countries, and I applaud the President's goal of reducing our dependency on imported oil.

But I can't help but note the irony of the President's stated objective of improving automobile efficiency by 40 percent in four years. I offered an almost identical amendment to legislation just about a year ago, but the amendment—opposed by the oil companies and the Administration then in office—was shouted down. But better late than never, and I welcome the President's support of my proposal.

But we must not fool ourselves by blaming all of the oil price problem on some greedy Arabs. The fact is that the approximately 40 percent of domestic oil production not under price control costs about 300 percent of what it cost in the spring of 1973. And even the so-called controlled oil is 60 percent higher that it was 18 months ago, including a $1 a barrel price boost granted last December. Recently we learned from a General Accounting Office survey that the $1 a barrel price rise on this controlled oil was not justified by increased costs, but rather was a blatant giveaway to the large, multinational oil companies.

So the President is correct in talking about the impact of oil prices as a main source of inflation. Where he is wrong in failing to endorse the right cure for the problem—a 20 percent rollback in oil prices. Now that is a tough bullet to bite, but it is essential if we are to have any real short-term relief from inflation.

In another area the President acknowledged the seriousness of the problem in the capital and equity markets as a result of the most restrictive monetary policy and highest interest rates in more than a century. But instead of talking tough to the Federal Reserve to provide immediate reductions in interest rates, the President had for us some casual promise from Arthur Burns to do something sometime.

That's just not good enough. Interest rates must come down now; they should have come down many months ago.

All of you know what the cost of borrowing is doing to your business. And all of you know that you have to pass that cost along to your customers. And we all know, that's just plain inflationary. But it's not your fault and the lack of more positive signs that interest rates will be reduced concerns me greatly, as I know it concerns you.

Oh, the President did have a business tax deduction proposal for preferred stock dividends. That might help the equity position of those widely traded companies that issue preferred stock. But look around the room, and think about the businessmen in your cities and towns throughout Indiana, and then ask yourself, what kind of assistance is that deduction for preferred stock dividends going to provide you and your fellow Indiana businessmen.

Still another example of how the President saw a problem, but failed to propose a solution, can be found in his proposal for increasing the investment tax credit. I support an increase in the investment tax credit. But it is important to tie that increased write-off to the desperately needed increase in productive capacity.

Our steel mills, our utilities and many other sectors of our economy have a crying need for expansion. Even many small manufacturers in Indiana and across the country can help in the fight against inflation by increasing capacity and productivity. To provide an increased investment tax credit for those kind of investments make sense. But to provide a blanket increase in the credit, without assurances that it will be used for the purpose for which it exists, stops short of the kind of tough medicine we need.

Finally, no a short-term basis, I think the President's inadequate jobs program reflects his lack of appropriate emphasis on the recessionary problem. Proposing a one-year public service employment program to go into effect when unemployment hits six or six and a half percent is to preordain that unemployment shall rise to at least six and a half percent.

Right now, five million Americans are out of work, and the number is climbing daily. We need to provide useful, constructive and most of all productive jobs for these people now. Relying on unemployment compensation or welfare payments to fill the gap not only is demeaning to good citizens who are out of work through no fault of their own. Relying on unemployment compensation and welfare to fill the gap is itself ultimately inflationary since it involves significant expenditures without balancing productivity. Since government is going to spend money to help the unemployed—as we should—we should spend the money by putting people to work. And we should not wait until unemployment goes even higher, because that will make it that much harder to bring unemployment back down.

Eric Sevareid said the other evening that the President, in his economic package, either nibbled at the bullet or bit down hard on a marshmallow. I am afraid I must agree that the foregoing bears this out on the short-term.

Looking farther down the road, I see similar problems.

A key to cooling inflation in the long run, and preventing our annual balance of payments deficit from rising to $25 billion by 1980, is to significantly reduce energy demand. There are many ways this can be done without imposing hardships on the American people, and without slowing the economy.

The President aimed at one of those targets with his proposal to improve automobile efficiency.

But we need do much more.

What about improving insulation in all new buildings, residential and commercial. Up to a third of the fuel used for heating could be saved by upgrading insulation standards. Such a requirement, which could be tied to mortgages insured by the Federal government or from institutions themselves insured by an agency of the government, could cover virtually all new construction. The increased cost would be more than saved in a short period by reduced fuel bills, and such a measure would be a spur to the economy, rather than a regulatory depressant.

On automobiles we need not only to improve average efficiency, but to set a minimum standard to simply and effectively do away with the worst gas guzzlers. We can build every kind of auto, from compact to luxury. without letting mileage fall below 15 miles per gallon. This is another economically wise expenditure, where minimal cost increases are more than justified by real savings.

Turning to electrical generation, the President's notion of doing away with oil and gas fired generating plants makes sense. I have said for years that we must make more efficient use of our abundant coal reserves. But there has been, and continues to be, a serious lag in the government's commitment to coal research.

If we are truly going to declare our independence from the arrogant, cartel of oil exporting countries, we must do much better in developing efficient, clean ways to use coal. Indiana has enough coal itself to supply our own needs for 300 years; our national supply is as substantial. We can use coal in its primary form, as a gas and as a liquid; we can use it cleanly and safely. We can do all of these things if only we put our know-how to work. Yet the bill I sponsored 18 months ago to launch a massive energy research and development program has never received proper support from this or the previous Administration, and although it passed the Senate last year still has not been enacted.

To tie this together, what the President has given us is a beginning only. I am not satisfied, and I don't think the people of Indiana—businessmen, consumers, farmers—are satisfied, that the President's program has sufficient strength to deal with the immediate pressures of inflation and recession. I do know the program is not as equitable as it should be, most conspicuously in the attempt to increase your taxes before making the oil companies, other multinational corporations and the super-rich pay their fair share. And I am seriously concerned that the President has yet to unveil the kind of long range program that will set us back on the path of a growing economy in which productivity, the number of jobs, wages, and the profits of Indiana businessmen, all achieve real growth, rather than losing ground to inflation month after month.

JAPANESE INVESTMENT IN THE UNITED STATES

Mr. INOUYE. Mr. President, during the past year one of the subjects which stirred a vast amount of public interest was the rapid growth of foreign direct investment in the United States. In 1973 approximately $3.5 billion was invested in the United States, an amount far in excess of previous figures.

The public debate on the merits of foreign investment in the United States is a matter of particular interest to me. My own State of Hawaii was one of the first to feel the impact of the inflow of foreign capital. In our case the source of most—though not all—of the funds was Japan.

Recently Mr. William L. Givens, president of Twain Associates and formerly of the Boston Consulting Group, spoke about Japanese investment in the United States. Mr. Givens is a well-known management consultant who is very familiar with Japan. I believe his remarks are most interesting and deserve the attention of the Senate. I ask unanimous consent that his statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE CHALLENGE OF JAPANESE INVESTMENT IN THE UNITED STATES

I have spent a good deal of time over the past eighteen months trying to learn something about a rather complex and elusive phenomenon: the advent of and prospect for Japanese capital investment in the United States. The effort has been time consuming and often frustrating, but in the end I feel it has been worthwhile, for I have gained some insights which I believe can be of considerable value to both sides as the pattern of Japanese investment in this country continues to form and grow. I am very pleased to have this opportunity to pass on some of these observations to you today, with the thought that they may be of some use to you in your own dealings with prospective Japanese investors.

Let me begin with what we might call a negative definition—that is, by noting some things which Japanese investment is not. There are a number of rather common misconceptions in the United States and Europe, not only with regard to the foreign investment activities of Japanese enterprises, but, even more fundamentally, about the nature of the Japanese economy itself. There is still, for example, a tendency on the part of many Western observers to see the Japanese industrial and business system as an economic house of cards, a speculative and unstable arrangement based on short-range goals, the exploitation of low-cost labor, a dangerously extensive use of debt, and an apparent indifference to corporate profits. We keep waiting for this jerrybuilt structure to collapse, and it is almost conventional wisdom that in any prolonged period of world economic stress the Japanese economy will be the first and hardest hit.

It is hardly surprising, then, that many Americans have tended to see Japanese overseas investment as a transitory, fair-weather phenomenon based primarily on the need to reduce an embarrassingly large foreign exchange surplus. This perception has led to two additional assumptions: First, that Japanese investment in the United States would be essentially venture capital by *nouveau riche* Japanese interests shopping almost indiscriminately for a piece of the U.S. action—an impression which, unfortunately, has been reinforced by a few highly publicized acquisitions—movie stars' homes, art objects, race horses, and the like. The second impression has been that the oil crisis and its repercussions have effectively eliminated—or at any rate drastically reduced—the prospect for Japanese investments in the United States.

I would argue otherwise. In fact, if I could make only a single point here, it would be that Japanese investment is a far more rational and permanent phenomenon than it has commonly been perceived to be.

It is *not* transitory, but an integral, permanent part of the world's third largest economy. To suppose that an economic system of that scale, variety, sophistication, and dynamism is not going to be increasingly active and influential abroad—and most particularly in the world's largest economy—is simply not realistic.

It is *not* venture capital; overwhelmingly, it is *corporate* investment. It is essentially an extension of Japanese domestic economic activity, with identifiable, industry-specific corporate objectives. It does not involve simply an influx of capital, but also the investment into the U.S. economy of new management talent, technology, experience, and competitive assets.

It is *not* primarily dependent on a large foreign exchange surplus. Although it was facilitated—and, to a degree, catalyzed and accelerated—by Japan's foreign exchange situation, the outward movement of Japanese investment activity was much more fundamentally a product of growth and macro-economic pressures—an activity, as it were, whose time had come. The balance of payments situation was, if not coincidental, certainly only one of a number of factors in the equation.

Finally, it is not "foreign" investment in the sense that it can be lumped indiscriminately in our thinking with European and Middle Eastern investment. Japan is not a modular Country "X"; it is Country "J", with its own set of interests, strengths, and vulnerabilities. These apply to Japanese investment, as well, and we ignore them at some hazard.

Let me elaborate on a few of these points.

In the broadest sense, Japan's economic capabilities have expanded over the past two decades from those of a second-rank exporter of labor-intensive manufactured products to those of a major industrial power. During this period, and, indeed, historically, Japan's external economic activity has been centered almost exclusively on its export-import trade. The central objective of Japanese economic policy has been and remains the lifting of the living standards of the Japanese people to Western levels through industrialization on the pattern of the U.S. and Western Europe, systematically reallocating human and capital resources forward as rapidly as possible into increasingly higher levels of technology, capital intensity and productivity.

The emphasis has been on building industries in which Japan could most readily develop and maintain international comparative advantage. The essential pattern has been one of concentrating production almost entirely in the domestic economy, producing not only for rapidly rising domestic demand, but also for export, in order to generate the foreign exchange necessary to satisfy Japan's critical import needs, most notably, food, raw materials, energy, and technology. Virtually without natural resources, Japan has functioned essentially as an increasingly sophisticated and efficient factory, trading finished goods abroad for the resources and technology needed to continue the program of economic development and industrialization in Japan itself.

The remarkable success of this system has fundamentally transformed the character of the Japanese economy, creating new sets of needs and opportunities. Japan now has a solidly established base of sophisticated, capital intensive industries, competitive on an international basis. As productivity has increased, so have wages, living standards, and consumer purchasing power, creating different demands for both imports and domestically produced goods. Export success has generated a favorable trade position and a large foreign exchange reserve which, together with a substantial appreciation of the yen, have in recent years opened up to Japan a far wider range of international economic alternatives than were available in the past.

Success has also created a steadily intensifying need to exercise these options. With industrial development and growth have come nearly intolerable levels of pollution, escalating land prices, labor shortages, and rising energy consumption in the face of mounting global demands. The economics of domestic production have rapidly become unfavorable in many light industries in which Japan has heretofore enjoyed a leading export position. Yen revaluations and increases in labor and land costs make Japanese production in garments, light assembly, and crafts increasingly uncompetitive. The future prospect is for more of the same. Hence, to maintain and expand its overseas markets for those products, Japanese producers in these fields must move offshore. This has, in fact, already occurred in garments, sewing machines, typewriters, bearings, and other light manufactured goods.

Recurrent protectionist tendencies in the United States and Europe remain a factor, and Japanese export growth will be increasingly difficult to absorb abroad. Japan's share of world export trade doubled between 1960 and 1970, rising from 3.2 percent to 6.2 percent, and will perhaps amount to 10 percent by 1980. With rising factor costs in Japan reinforcing this trend, Japanese producers of major export products will unquestionably move to neutralize protectionist influences by shifting production forward into the market of destination whenever it is economically feasible.

Expanding raw material and energy demands in Japan, combined with international commodity shortages, are already exacerbating Japan's inherent inadequacies and intensifying the search for secure long-range supplies of key natural resources, through not only purchase arrangements but also exploration and development activities, as well. They will also tend to accelerate offshore migration of energy intensive industries and those heavily dependent on scarce raw materials, as a means of increasing access, lowering factor costs, and diffusing the impact of Japan's increasing use of these commodities.

Japan's rising prominence and economic strength have served to highlight another vulnerability, that of Japan's continued dependence on foreign technology. Japanese industrial development over the past twenty years has been based heavily on the use of technology imported from abroad, most of it licensed under very favorable terms. This arrangement has served exceedingly well, and has enabled Japan to attain a position in the forefront of world industrial development at minimal cost. In large measure it seems likely to be effective in the future, as well.

However, Japan's status, self-image and aspirations are changing also, and it seems likely that both the Japanese Government and the Japanese business community will wish to reduce as quickly and as much as possible Japan's dependence on technology developed and owned by others. Although efforts have been made to establish a strong domestic research and development base, there is still a marked disparity between Japan's overall economic position and its technological capability; its technology trade account remains overwhelmingly deficit. One means of enhancing this capability is through joint development programs with, or equity participation in, foreign companies with promising technologies in the areas of Japan's greatest needs, such as energy, pollution control, advanced transportation systems, housing, and information processing.

Finally the growth, maturation, and sheer size of the Japanese economy itself have created needs, both economic and psychic, to expand Japanese economic activity beyond the confines of the Japanese homeland. For many industries, including several in which Japan has achieved a leading position, the world has become a single marketplace in which competitive positions based on nationally-oriented strategies are no longer viable. These include steel, consumer electronics, textiles, automobiles, and a broadening range of other manufactured products. The leading producers of these products, whether they be Japanese, American or European, are moving steadily to organize and compete on a global scale, concentrating sourcing, production, assembly, distribution, and marketing operations in the most efficient ways to achieve worldwide competitive advantage. For many Japanese companies, the time has arrived for multinationalization in the true sense of the word: a systematic pattern of investments and activities, coordinated on a global basis.

In nonmanufacturing sectors, as well—real estate and commercial development, banking and finance, construction, retailing, and other service activities—Japanese business has reached a point where advancement abroad is not only feasible, but is essential if these industries are to realize their full potential. Japan now has the resources, the experience, and the confidence to operate internationally in these fields, and will undoubtedly do so. Indeed, the growing Japanese banking presence and recent Japanese investment in hotels, industrial parks, golf courses, restaurants, and even a girlie magazine in the United States would indicate that this activity is already underway. This phenomenon, in a sense, amounts to diversification on a national scale, a general broadening of Japanese corporate activity into the international arena and the establishment of a Japanese presence in a variety of new places, products, and markets. It represents, in short, a new export, that of Japanese managerial and entrepreneurial capacity outside the bounds of Japan's existing export-import trade.

As a consequence of all these factors, Japan now appears to be entering a new period of its economic development in which the Japanese homeland will be less exclusively a production center and will begin to function increasingly as the headquarters of a global economic system. Foreign investment will be the principal vehicle for this transition, and will flow in a general pattern dictated by Japan's changing needs.

Specifically, these are:

The need to shift an increasing portion of production offshore in response to mounting domestic shortages, a chronic trade surplus, and protectionist pressures in Japan's principal overseas markets;

The need to maintain a secure base for the long-term sourcing of critical resources in the face of prospective worldwide shortages;

The need to establish an independent position in the development of advanced technologies; and

The need to expand and diversify Japanese external economic activity beyond the existing pattern of export-import trade.

I would submit that none of these needs is transitory; indeed, they seem likely to grow apace with the size, complexity, and sophistication of Japan's economy. I would further suggest that, at least with respect to the United States, the Japanese economy appears easily capable of generating the levels of investment necessary to meet its requirements here. Two points are worth noting in this respect.

First, the Japanese economy is far from the fragile blossom it is often pictured to be. It is exceedingly efficient and well-managed, at both the industry and policy levels. All of the basic factors which indicate economic strength, resiliency, and growth potential—factors such as productivity gains, employment rates, savings and investment rates, and the like—have been remarkably and consistently strong and seem likely to continue so for the foreseeable future. Japan apparently has seen the worst of its inflation, and the Japanese economic analysts—characteristically conservative in their estimates—are already projecting *real* growth of 7–9% for FY 75. Ten-year growth projections are for an average annual GNP growth of 7–8%, real, for the decade ahead—down from 8–10 percent being projected prior to the oil crisis, but highly respectable nonetheless. The Japanese Ministry of International Trade and Industry, in March of this year, projected Japanese direct foreign investment would grow from the current $8.6 billion, worldwide, to $45 billion by 1980 and on to $100 billion by 1985.

The second point is that the actual capital input (and thus the foreign exchange burden on Japan) of Japanese investments here will be only a fraction of their asset value, owing to debt leverage in the United States. Virtually all investments are levered by debt to some degree, some more than others. A new manufacturing facility may be levered 2:1, that is, two parts debt to one part direct capital input by the investor; one third of the asset value is cash investment. An industrial or commercial real estate investment may be levered 3:1 or 4:1. Some industrial investments are levered a full 100 percent, through the use of industrial development bonds. You will recall that Servan-Schreiber, in his study on American investment in Europe, "The American Challenge", included a chapter entitled: "Not a Question of Money", in which he noted that nine-tenths of American investment in Europe was financed from European sources. Similarly, we must anticipate that a substantial portion of Japanese investment in the United States will be supplied by American financial institutions and municipal sources.

A study in which I was recently involved concerning the prospect for Japanese investment in the U.S. projected those investments at a level of around $6–7 billion, asset value, by 1980. This was an order-of-magnitude projection, intended to establish a general scale rather than the precise level of those investments. It was deliberately made slightly on the generous side, and I would expect the actual levels are more likely to be somewhat lower than they are to be higher. If we assume the full $7 billion level, however, (or roughly a $5.5 billion increase over the estimated 1973 level), and if we further assume only a 2:1 leverage, an average of around $300 million per year in capital input from Japan will be required. That is hardly a prohibitive foreign exchange burden in an economy projected to approach one trillion dollars by 1980.

Accordingly, I believe we can realistically expect that Japanese investment in this country will continue to rise to a rather substantial level, and that its growth will be determined much less by the availability of capital than by the number and scale of the opportunities for competitive success and growth which Japanese corporations perceive for themselves in our economy.

What does all of this imply for those Americans who are interested in collaborating with Japanese investors? First, it suggests that Japanese investment in the United States is potentially large enough to be taken quite seriously, and sufficiently unique to be considered a separate and distinct type of activity.

Second, it suggests that the pattern of Japanese investment here will be complex and varied, reflecting a broad spectrum of industry-specific and often highly technical interests. This in turn implies a far more systematic and sophisticated approach than many Americans have taken toward this activity so far.

Generally speaking, the American approach to Japanese investment to this point has been casual and, in some cases, remarkably naive. In both the private sector and all levels of government, the focus has been principally on the needs and desires of the U.S. side, rather than on the interests of the prospective Japanese investor. Very little effort has been made to learn the relevant facts about the Japanese economy, the competitive environment in Japan, and the various Japanese interests involved. Without this knowledge it is of course, impossible to make any sort of useful evaluation as to which Japanese corporations are, in fact, prospective investors, the relative merits of one prospective investor versus another, or what features in the U.S. local environment are likely to appeal to which Japanese investor. Yet, a number of local and state economic development officials have told me with some pride that their policy is to treat all foreign investors alike.

Without an adequate understanding of these factors it is also impossible for the American side to maintain any semblance of initiative in developing Japanese investment, or effectively to influence Japanese investment patterns or decisions. It is also impossible for an individual American corporation, state, or municipality to compete effectively with other like entities for the more desirable Japanese investments. There is simply no basis for rational planning, discourse, or competitive action.

Last winter, an acquaintance of mine who is a senior executive in a large American corporation described to me the experience his firm had had in trying to arrange a venture with a Japanese investor. The American firm was seeking a Japanese affiliate to invest jointly in a large-scale manufacturing facility in this hemsiphere; the level of investment involved was several tens of millions of dollars. The U.S. company had been discussing the project with one or more Japanese firms for several months with no concrete results and little sense of progress. The Japanese side had shown sporadic interest, but at the time of our conversation had been out of contact for several weeks. The American company had concluded that the Japanese economy had been so hard hit by the oil crisis that their Japanese contacts were no longer candidates for the project.

In the course of the discussion, I learned that the American company had done no systematic screening or evaluation of prospective Japanese associates, and had, in fact, approached none of them directly. They had simply, as my friend put it, "Let it be known" in their industry (presumably by word of mouth) that they were interested in a joint venture of a certain nature, and then waited for the Japanese to come to them. They dealt with only those Japanese firms which approached them, and remained in an essential passive posture throughout the discussions. Finally, lacking sufficient information to evaluate the impact of the oil crisis on Japanese investment plans in their industry, they accepted at face value the popular view that the prospect had been suddenly and drastically curtailed. Within six months of the conversation I have described, a Japanese group in that industry had consummated two similar projects, of somewhat larger scale, with another U.S. firm.

This is by no means a unique example. Many American firms are interested in collaboration with Japanese corporations in the United States, Japan, and third countries, but are not taking the proper steps to identify and exploit specific opportunities. They are waiting, all too patiently, for the Japanese side to come and find them.

U.S. states and municipal governments, on the other hand, have been somewhat more energetic and aggressive, but even less focused. Many of our states have sent economic development missions to Japan for the purpose of stimulating Japanese investment in their respective economies. Very few of them, however, have developed sufficient knowledge beforehand to be able to locate and concentrate on areas of real promise once they arrive in Japan. They tend to make generalized presentations to generalized audiences and, unfortunately, many of them sound very much alike.

The point is the same in both cases, however, and is obvious. Success in dealing with Japanese investment in the United States will depend directly on the extent to which the American entity is able to identify specific opportunities, screen and compare prospective Japanese investors, and demonstrate comparative advantage in terms of the interests of the Japanese investor.

States and municipalities, for example, should determine as a basic step the industries and activities in which they offer better prospects for Japanese investments than do other U.S. locations, and concentrate their efforts in those fields. They should then identify and seek out specific Japanese corporations in those industries which are the major prospective investors—the rifle shot versus the shotgun approach. Corporations of all types and governmental entities at all levels should acquire sufficient knowledge of the Japanese industries relevant to their interests to be able to take the initiative in screening and approaching prospective investors and associates—or in any case, to avoid the pitfalls of a bland and passive approach.

In summary, attracting Japanese investment is not fundamentally different from any other field of competitive business activity: the competent, informed, and aggressive competitor is the more likely to succeed. Although the broad pattern of Japanese investment in the United States will be determined more by other factors, I believe that the quality and success of that pattern, and its value to us and our economy, can be enhanced considerably by a deliberate and sophisticated approach at the corporate, state, and local levels. I feel the rewards will be well worthwhile to those who make the effort.

COMPREHENSIVE TEST-BAN TREATY

Mr. KENNEDY. Mr. President, as the Strategic Arms Limitation Talks resume, we must be deeply concerned about efforts to bring the United States-Soviet nuclear arms race firmly under control.

For several years, many of us in the Senate have believed that an important step in reaching this goal should be the conclusion of a Comprehensive Test-Ban Treaty, to ban all nuclear tests. Senate Resolution 67, cosponsored by 37 Senators, has been favorably reported by the Foreign Relations Committee. It calls upon the President to propose a suspension of nuclear tests, and to negotiate a comprehensive ban. And last June, prior to the Moscow summit meeting, 37 Senators wrote to President Nixon, urging him to go beyond a threshold test-ban treaty and seek a progressive reduction of tests of zero.

The treaty actually concluded at Moscow is disappointing. It would not go into effect until March 1976, even if it were promptly submitted to, and ratified by, the Senate. It provides for a threshold of 150 kilotons, which most informed opinion concurs is far too high—certaintly too high to have an inhibiting effect upon other countries that maybe contemplating the building of nuclear weapons of their own. The administration has actually requested funds to step up testing, not slow it down. The Threshold Test-Ban Treaty does not carry any clear commitment to further action on reaching a comprehensive ban. And it does not restrict the detonation of so-called "peaceful nuclear explosives."

Negotiations on a protocol to deal with such peaceful nuclear explosives are now beginning. Unfortunately, these negotiations do not promise to go far enough, in leading both the United States and the Soviet Union in the direction of a complete halt to nuclear testing. Yet if the two superpowers do not proceed in this direction—rapidly and forthrightly—this whole process will have the effect of stimulating the spread of nuclear weapons, not of slowing it down.

Today, the Washington Post has published an editorial on this subject, arguing that "the draft treaty left over from the Nixon-Brezhnev summit needs to be improved." I agree, and urge the administration to listen seriously to the Post's thoughtful analysis.

Mr. President, I ask unanimous consent to print in the Record today's Washington Post editorial on the Threshold Test-Ban Treaty.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The Threshold Test-Ban Treaty

In 1963 the United States and the Soviet Union abandoned all nuclear testing except for tests conducted underground. But to the dismay of those who had hoped that restrictions on testing in the atmosphere and under water would hobble the arms race, both countries found that underground nuclear tests gave the arms race new impetus. Only last summer, at the third Nixon-Brezhnev summit, did the two countries finally agree to limit underground testing. We and the Soviets signed a treaty to halt big weapons tests—of a force over 150 kilotons—in 1976. Tests for "peaceful purposes" of any size, however, were not covered. The Russians, who apparently have some large excavations in mind, insisted on leaving the issue open. But the Americans, less sanguine about so-called "peaceful" explosions, wrote into the text a requirement that the two sides make an agreement on such explosions "at the earliest possible time." Talks to honor that requirement began this week in Moscow.

Now, there is a body of expert opinion—which we find persuasive—which holds that the threshold of 150 kilotons (10 times the size of the Hiroshima bomb) is far too high. Such a threshold would not perform the basic arms-control function of dampening down the arms race. Once set, it would be hard to lower and would probably hinder efforts to move toward ending *all* tests in a "comprehensive test ban." Since there are enough senators (37) on record in favor of a comprehensive ban to block ratification of a high-threshold treaty, it is plain that this treaty would have been in political jeopardy even if it had made adequate provision for peaceful explosions.

Mr. Ford's attitude toward the threshold treaty, which his predecessor signed, seems a good deal more restrained—at least as reflected in the comments the other day of Secretary of State Kissinger. Dr. Kissinger raised the possibility that Soviet-American agreement on peaceful blasts might *not* be forthcoming. He tightened considerably the previously loose condition that such an agreement must be reached before the treaty is submitted for Senate ratification. He conceded that, in tests by advanced nuclear countries, there are "at least some cases" in which military and non-military explosions can be distinguished; the clear implication was that in other cases they cannot.

The Ford administration's skepticism does it credit. The new President would be doing less than his duty if he did not discreetly take into account that his predecesor may have signed an inadequate agreement because of his own political distress. And an agreement which would permit tests of *any* size, if the tester characterized them as "peaceful," *is* inadequate. The flaw is not so much that either great power would gain a military advantage over the other as that they both would lose standing to persuade third countries not to create or expand nuclear forces of their own. How can the great powers persuade third countries not to go nuclear if they are blithely conducting "peaceful" explosions themselves? The Russians have a special responsibility to address this question since, unlike the Americans, they still profess to see a great potential for "peaceful" nuclear blasts.

On two counts, then—the excessive height of the weapons testing threshold and the inadequacy of the provision for "peaceful" testing—the draft treaty left over from the Nixon-Brezhnev summit needs to be improved. Controls on weapons testing obviously must be related to the emerging size and shape of the two great powers' strategic forces, as they are further discussed at the SALT talks. The control of "peaceful" tests must be related in turn to broader Soviet-American efforts to limit the proliferation of nuclear arms. We trust that these considerations are on the table at the threshold treaty talks being quietly conducted in Moscow now.

MONTHLY LIST OF GAO REPORTS

Mr. METCALF. Mr. President, the General Accounting Office is circulating a list of reports which the GAO staff has prepared for Government use. One report of particular interest is entitled "Information Concerning Reports of a Possible Wheat Shortage." For the benefit of Members who may want to read a complete copy of any of the material described in this list, I ask that the complete Monthly List of GAO Reports for September 1974, be printed in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

Monthly List of GAO Reports—Comptroller General of the United States

AGRICULTURE AND RURAL DEVELOPMENT

Information Concerning Reports of a Possible Wheat Shortage. Department of Agriculture, July 30, released August 28 by Representatives Charles A. Vanik. P–74–RED–252.

Congressman Vanik asked GAO for information on a number of questions about reports of a possible wheat shortage. His questions and GAO's responses cover the following matters:

Supply and demand situation as of Feburary 15, 1974 including GAO's evaluation of the Department's Exports report and recommendations to the Secretary of Agriculture.

GAO views on exports.

Impact of weather and floods on supply including wheat supply from January 1 to June 30, 1974; wheat supply for the 1974–75 crop year; weather predictions; and flooding effect on wheat supply predictions.

Wheat imports.

Wheat production including actions to increase production and build reserves, plus effect of production buildup on supply and prices.

Disaster reserves.

Reporting wheat export sales.

Concept of truthful reporting.

Confidentiality of exporters' reports.

Possible effect of House bill 10844.

COMMERCE AND TRANSPORTATION

Need to Improve Benefit-Cost Analyses in Setting Motor Vehicle Safety Standards. National Highway Traffic Safety Administration, Department of Transportation. July 22, released August 12 by the Chairman, Senate Committee on Commerce. P–74–RED–251.

The Safety Administration uses benefit-cost analyses to evaluate merits of proposed highway safety standards.

An analysis estimates the dollar benefits from establishing a standard and the cost to comply with the standard. The Administration measures benefits by estimating how much accidents will cost society and by evaluating a standard's effectiveness in reducing costs.

Administration estimates of accident costs yearly ($46 billion) was significantly higher than the National Safety Council's ($15 billion) and the Office of Science and Technology's ($18.7 billion) because data sources, statistical bases, assumptions, and calculations of costs varied.

The Senate committee should give the Safety Administration an opportunity to seek manufacturers' cooperation in providing costs and leadtime data. If these efforts fail, the Committee should consider legislation requiring the industry to furnish such data.

COMMUNITY DEVELOPMENT AND HOUSING

Activities of the Emergency Food and Medical Services Project, Alabama Council on Human Relations, Lee County, Alabama. Office of Economic Opportunity. March 1, 1973, released August 14, by Senator James B. Allen. B–130515.

OEO in June 1970 granted the council $40,000 to provide relief to persons in Lee County suffering from hunger and disease due to malnutrition.

One of the project's activities was locating persons eligible for the commodity food distribution program—operated by the Alabama Department of Pensions and Security—and assisting them in obtaining eligibility certification.

The director of the Alabama Department of Pensions and Security in Lee County, responsible for the county's commodity food distribution program, believed that:

The County did not need an emergency food project;

It misinformed the county's poor about their eligibility in the commodity program; and

Changes in the program did not result from the project's efforts.

EDUCATION AND MANPOWER

Role of Three Consultants in Award of Emergency School Assistance Program/Community Groups Grants. Office of Education, Department of Health, Education, and Welfare. September 21, 1973, released August 20 by Senator Thomas F. Eagleton. P–73–170.

Because of either weak or indifferent program management, the three consultants were in a position where, because they could, and likely did, exert strong, and in some instances questionable, influence in the soliciting, reviewing and approving of grant applications, and suggesting that grantees use consultative services.

In each of six cases GAO examined, either the firm chosen was affiliated with one of the consultants or an officer of the firm was a friend, acquaintance, business associate, or former business associate of one of the consultants.

GENERAL GOVERNMENT

How Criminal Justice Agencies Use Criminal History Information. (To the Chairman, Subcommittee on Constituitonal Rights, Senate Committee on the Judiciary.) August 19. P–75–GGD–6.

This is a report on (1) the extent that information in criminal histories was used by Federal, State and local agencies for pre as compared to post arrest purposes; and (2) the extent that law enforcement, judicial. and corrections agencies used the information.

Requests for information by law enforcement agencies in Justice, Treasury, Interior, DOD, Postal Service, and the Administrative Office of the U.S. Courts showed that most Federal requests were for post-arrest purposes.

Similarly, State and local agencies primarily used criminal history information after a person was arrested.

The greatest percentage of requests for information in FBI and State files (51 percent) were by fingerprint cards submitted by law enforcement agencies, usually as a matter of routine at the time of arrest.

Federal Claims Collection Act of 1966: Progress and Problems. August 22. P–74–TCD–6.

From July 1, 1969, to December 31, 1972, Government agencies collected or compromised debts totaling over $2 billion. While the number of debt claims was steadily increasing, the number of debts collected in full also was increasing. This is a welcome trend in agencies' debt collection operations.

Since the 1966 act was enacted, the number of claims referred to Justice has been declining and the Department's collection rate has been increasing. The act has been effective both in reducing the Department's caseload and in increasing agencies' ability to collect debts.

From July 1, 1969, to December 31, 1972, Government agencies suspended or terminated collection actions on debts totaling almost $273 million. Some agencies may be terminating collection actions on debts which could be compromised or referred to GAO for further collection action.

Procuring Equipment for St. Louis Postal Data Center. United States Postal Service. July 17, released August 12 by the Chairman, House Committee on Post Office and Civil Service. P–74–GGD–98.

Deficiencies in the request for proposal for ADP equipment and in the evaluation procedures worked to the advantage of the vendor awarded the contract.

The request did not describe adequately the workload to be processed on vendor equipment and did not provide information on the criteria that would be used to evaluate proposals.

Although the Service made the hardware, software, vendor support, and benchmark evaluations adequately, it did not use the best acquisition method available, nor did it consider all potential savings.

Procuring Equipment for New York Postal Data Center. United States Postal Service. July 19, released August 12 by the Chairman, House Committee on Post Office and Civil Service. P–74–GGD–99.

The Postal Service's request for proposal did not (1) describe adequately the workload requirements of its ADP equipment or (2) provide information on the criteria to be used to evaluate vendor proposals.

The Service did, however, make the hardware, software, vendor support, benchmark, and cost analysis evaluations adequately.

HEALTH

Need to More Consistently Reimburse Health Facilities Under Medicare and Medicaid. Department of Health, Education, and Welfare, August 16. P–74–MWD–177.

From July 1966 through June 1973 about $33.6 billion in Medicare benefits were paid for care provided in hospitals and skilled nursing facilities (SNF). Medicaid payments for hospital and SNF care from January 1966 through June 1973 totaled $22 billion, including a Federal share of about $11.3 billion.

Most Medicare payments were made by 10 private organizations (or intermediaries) under contracts with HEW, including Blue Cross and 73 Blue Cross plan subcontractors. Medicaid payments were made by 49 States, 4 other governmental jurisdictions, or their subcontractors (fiscal agents.)

Overpayments had occurred for a variety of reasons. Instances were noted where overpayments might have been avoided or discovered earlier by an intermediary had HEW's advice to one intermediary on a specific reimbursement question been made available to others.

As of September 30, 1973, Medicare overpayments not recovered amounted to about $105 million.

Need for More Effective Management of Community Mental Health Centers Program. National Institute of Mental Health, Department of Health, Education, and Welfare. August 27. P–75–MWD–151.

Through August 1973, 392 Community Mental Health Centers were operating and 148 were being developed. $793 million of Federal funds were obligated for the program.

Centers have increased the accessibility, quantity, and type of community services available and have improved the responsiveness of mental health services to individual needs. Some success also has been realized in mobilizing State and local resources to support the program.

The 12 centers GAO reviewed have established the five services the National Institute of Mental Health considers essential: inpatient, outpatient, partial hospitalization, emergency, and consultation and education.

Areas that should be improved include:

Planning for the area to be served and services provided,

Centers' ability to operate without continued Federal assistance,

Monitoring and evaluation,

Coordination of center activities, and

Use of construction resources.

Department of Human Resources' Administration of the Medicaid Program. District of Columbia. (To the Commissioner of the District of Columbia.) August 22. P–75–GGD–11.

In the District of Columbia, the Medicaid program either is not covering many people intended to be included or is requiring them to spend more of their own income on medical expenses than intended before becoming eligible for Medicaid.

GAO also reported that Washington's Department of Human Resources:

Current practices may permit drugstores in major chains to receive higher payments for prescriptions from Medicaid than they receive from the general public.

Has not been able to implement HEW's utilization review regulations fully because (1) its plan does not meet HEW requirements, (2) it lacks sufficient staff, and (3) adequate statistics are currently not accumulated.

Failed to obtain maximum Federal reimbursement for its home health care unit's visits to patients' homes until GAO brought this matter to its attention.

INTERNATIONAL AFFAIRS AND FINANCE

Actions Recommended to Alleviate Serious Financial Problems Facing United Nations. Department of State. August 2. P–74–ID–57.

Many U.N. member States have not contributed their assessed share toward U.N. expenses. Outdated budgeting practices and inadequate budget review procedures have added to the U.N.'s financial problems. Finally, members are provided only limited critical analyses of U.N. operations.

State has not dealt with these problems effectively, nor has it performed adequate in-depth and comprehensive reviews of U.N. budget proposals.

State should resolve problems such as lack of adequate information on U.N. activities, inadequate staffing at the U.S. Mission to the United Nations, and absence of clearly defined U.S. priorities for the United Nations.

The Brazilian Economic Boom: How Should the United States Relate To It? Multiagency. August 26. P–74–ID–55.

Since 1962 the U.S. has provided Brazil with over $4.3 *billion* in assistance through country-to-country or international programs. Today Brazil has one of the world's fastest growing economies.

State and AID recognize, the report says, that Brazil has less need for economic assistance.

They should end this assistance expeditiously, GAO said.

State should shift responsibilities for uncompleted AID projects to Brazilian agencies and reduce staff until AID can be phased out.

State and AID should try to renegotiate terms of AID loans to accelerate loan repayments or to increase the interest rates to cover U.S. costs for servicing these loans. This would save over $94 million in debt-service costs for 14 loans made to Brazil since 1970.

NATIONAL DEFENSE

Improvements Still Needed in Negotiating Prices of Noncompetitive Contracts Over $100,000. Department of Defense, August 5, P–74–PSAD–82.

DOD contracts over $100,000 for fiscal years 1972 and 1973, negotiated on a noncompetitive basis, totaled about $19.4 *billion* and $17.7 *billion*, respectively, about 54 and 53 percent of total awards.

Although DOD generally is effective in negotiating noncompetitive contracts, improvements are needed in obtaining cost or pricing data, in advisory reports on contractors' proposals, in price negotiations, in more effective procurement office reviews, and in management controls.

Industrial Management Review of Puget Sound Naval Shipyard. Department of the Navy. (To the Secretary of Defense.) August 5. P–74–LCD–406.

Managing a naval shipyard efficiently and economically is difficult because management has no control over most of its workload and short-range workload, especially, is unpredictable and subject to frequent change.

At Puget Sound, this resulted in shipyard facilities and equipment being greatly underused, manpower not being readily adjusted for changes in workload, and the direct labor force becoming less productive.

GAO recommended that Navy:

Develop a more systematic means to forecast manpower requirements for projected and actual workloads of its shipyards; and,

Reevaluate existing criteria for labor standards to make sure that their application at the shipyards contributes to more efficient management.

Audit of Payments from Special Bank Account to Lockheed Aircraft Corp. for the C–5A Aircraft Program During the Quarter Ended June 30, 1974. Department of Defense. August 9. P–75–PSAD–8.

This is GAO's 13th report on the audit of payments to Lockheed Aircraft for the C–5A aircraft program and covers the quarter ended June 30, 1974.

Since June 16, 1971, the Air Force has paid Lockheed $653,830,529 from the special bank account against the total appropriated amount of $657.5 million. Based on the weekly average of payments in this quarter, the remaining $3.67 million presumably would have been paid to Lockheed in July.

Partial Report-In-Depth Investigation into Independent Research and Development and Bid and Proposal Programs. Department of Defense. (To the Chairman, Subcommittee on Research and Development, Senate Committee on Armed Services, and the Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee.) August 16. P–74–PSAD–87.

This study reports on the underlying assumptions and overall justification of DOD's independent research and development (IR&D) and bid and proposal (B&P) programs.

This partial report:

Analyzed and reconciled costs of IR&D and B&P programs reported by DOD for 1968 through 1973;

Explored availability of information on the costs of administering the programs;

Considered whether certain types of costs (directed toward new business, promotional and nontechnical services, etc.) are allowed and reimbursed as IR&D and B&P under DOD's regulations; and

Evaluated procedures implemented by DOD for contractors not meeting the $2 million requirement prescribed by section 203 for advance agreements and technical reviews.

Department of Defense Stockpiling of War Reserve Materials for Use by United States Allies. Department of Defense. July 17, released August 2 by the Chairman, Senate Committee on Foreign Relations. P–74–ID–68.

This study reports on stockpiling of war reserve materials by DOD for possible future use by Asian allies. The review concentrated on the program's scope, DOD's statutory authority for stockpiling these materials, and authority under which they could be turned over to allied forces.

DOD allocated $23 million of its reserve assets toward total allied requirements for fiscal 1973; and $494 million was allocated for fiscal 1974. For fiscal 1975, $529 million of the procurement request has been proposed for allied requirements.

The President and DOD at present have statutory authority to transfer reserve materials to allies if needed. Authority to transfer U.S. defense stocks applies to any defense item in the inventory, whether planned for future use by allies or U.S. Forces.

Controls over Importing and Exporting Munitions Items. Departments of the Treasury, Commerce, State, and Defense. April 12, released August 19 by the Chairman, Permanent Subcommittee on Investigations, Senate Committee on Government Operations. B-158368.

No single law fully covers controls over importing and exporting munitions. Responsibility for controlling these items is fragmented among Federal agencies.

Agencies have prescribed what appear to be reasonable procedures for controlling imports and exports. Full, consistent applications of these procedures probably would be effective. Actually, practices vary and improvements are needed.

For example:

The program for licensing and approving importers' requests to bring munitions items into the U.S. falls short of providing the information needed by decisionmakers for effective control.

Although manpower limitations restrict the number and scope of physical inspections by U.S. Customs, some of the weaknesses in control could be overcome through more effective management.

Treasury and Commerce should determine which agency should inspect export cargo and obtain the most effective, enonomical organization and staffing necessary for increasing the scope of physical inspections of export shipments.

Controls Over Small Arms in Europe Need Strengthening. Department of the Army, October 3, 1972, released August 19, 1974 by the Chairman, Permanent Subcommittee on Investigations, Senate Committee on Government Operations. B-161507.

There were over 130,000 small arms valued at $25 million in European Army depots in February 1972 according to accountable records.

Reliability of supply records was measured by a faulty standard which permitted errors in the records to be eliminated before the accuracy of the records was determined.

Because controls were not adequate, the Army in Europe was unable to determine what weapons were available for the troops.

NATURAL RESOURCES AND ENVIRONMENT

Survey of Federal and Electric Utility Procurement of Power Equipment. August 1, released August 7 by the Chairman, Subcommittee on Reorganization, Research, and International Organizations, Senate Committee on Government Operations. P-75-OESP-2.

GAO was prevented from determining reasonableness and comparableness of prices paid by the Federal Government and by electric utilities due to:

Lack of authority to examine suppliers' and manufacturers' records;

The many complex and technical equipment specifications involved; and

Lack of criteria on how to measure necessary economic considerations, such as contract terms and conditions and the manufacturers' need for business.

Neither the Federal Power Commission nor many—if any—State regulatory commissions have authority to review records of equipment suppliers and manufacturers. They cannot determine that utilities purchase power equipment at prices, terms, and conditions which are reasonable and the best obtainable.

Little attention—Federal or State—is given to individual purchases of power equipment. Utilities are generally not required to obtain competitive bids for equipment they buy.

Increasing foreign competition in power equipment and increasing standardization of equipment, plant siting, and plant design seem to hold promise for reducing U.S. costs.

Need for a National Weather Modification Research Program. Multiagency. August 23, P-74-MWD-176.

Studies of the administration of Federal weather modification research have identified common problems hindering progress such as:

No central authority to direct departments' efforts.

Ineffective coordination.

Insufficient resources to achieve timely, effective results.

Estimated cost for this research increased from about $3 million in fiscal year 1959 to about $17.4 million in fiscal year 1974.

A national program is needed to administer fragmented Federal weather modification research activities effectively. The program should include goals, priorities, and plans for allocating resources to meet priority objectives.

Automobile Fuel Economy Testing and Labeling Program. Environmental Protection Agency, August 15, released August 25 by the Chairman, Subcommittee on Conservation and Natural Resources, House Committee on Government Operations. P-74-RED-256.

Critics contend EPA's testing procedures and data presentations do not give a realistic and understandable representation of automobile fuel economy. OMB believes there is a need for a coordinated effort to determine and label the energy efficiency of motor vehicles.

OMB has directed the National Bureau of Standards to develop acceptable test procedures for determining fuel economy. EPA will continue to conduct fuel economy testing for 1975 and possibly 1976 model year vehicles depending on availability of the Bureau's test procedures.

Domestic Crude Oil Pricing Policy and Related Production. Federal Energy Administration. August 19, released August 22 by Representative Donald M. Fraser. P-75-OESP-3.

The 1973 dollar increase in the price of old oil was not tied to increased production costs.

No detailed studies or analyses were made to justify the increase.

Primary reasons for the increase were to:

Reduce the gap between domestic and higher world oil prices and

Stimulate increased production through second and third-stage recovery methods.

An FEA official confirmed that documentation supporting the decision was not complete and that it would have been preferable to have had detailed analytic studies on costs, yields, and other methods of recovery as well as overall cost information.

Responses to questions asked why GAO showed that—

New oil production costs could not be provided because they are not separately maintained by the major oil companies.

Rapid changes in petroleum pricing policies made it difficult to single out effects on oil production.

There are no indications that oil companies are withholding production of oil.

Managing Recreation Facilities at Bureau of Reclamation Reservoirs. Department of the Interior. July 29, released August 7 by the Chairman, Conservation and Natural Resources Subcommittee, House Committee on Government Operations. P-74-RED-235.

Because the Bureau lacks authority and funds to provide recreational facilities at its reservoirs, it has for years transferred management of reservoir recreational areas to other agencies.

Management of reservoirs in or adjacent to national forests has been transferred to the Forest Service. Reservoirs in national recreation areas are managed by the National Park Service. For the remaining reservoirs, the Bureau encourages State and local agencies to assume management.

GAO's review of 15 Bureau reservoirs in California, Oregon, Washington, Colorado, Wyoming, and Nebraska, showed that recreational facilities were adequate at non-Federal agencies. At several Bureau reservoirs, however, GAO found problems.

Problems in the Federal Energy Office's Implementation of Emergency Petroleum Allocation Programs at Regional and State Levels. Federal Energy Administration. July 23, released August 3 by the Chairman, Subcommittee on Reorganization, Research, and International Organizations, Senate Committee on Government Operations. P-74-OESP-15.

This study reports on:

How FEA is adopting and administering regulations.

How FEA detects and stops violators to insure compliance; and

The extent and effectiveness of State and local participation in its programs.

GAO's study showed that:

FEA's regional offices were not processing applications for allocations promptly or correctly.

The management information system designed to keep track of allocation cases was ineffective.

The enforcement and compliance effort was rather limited and may have been misdirected.

Environmental and Economic Issues of Planned Construction of Spewrell Bluff Dam in Georgia. Corps of Engineers (Civil Functions), Department of the Army, June 13, released August 28 by Senator Herman E. Talmadge. P-74-RED-238.

At the request of Senator Talmadge, GAO reviewed the environmental and economic issues of the Corps of Engineers' proposed Spewrell Bluff Dam on the Flint River near Thomaston, Georgia.

VETERANS BENEFITS AND SERVICES

Examinations of Financial Statements of Disabled American Veterans National Headquarters, Service Foundation, and Life Membership Fund for Year Ended December 31, 1973. (To the National Commander.) August 23. P-75-FOD-3.

Except for the direct charge to the operating fund for payment of the amended retirement plan past service cost, the financial statements and supplemental schedules present fairly the financial position of the National Headquarters, the Service Foundation, and the Life Membership Fund at December 31, 1973, and results of their operations and changes in financial position and fund balances for the year then ended.

LETTER REPORTS

To Senator Alan Cranston, concerning the award of Postal Service contracts to the Burnaford Company. June 12, released August 12. P-74-GGD-96.

To the Chairman, Select Subcommittee on Education, House Committee on Education and Labor, on approval by the Administration on Aging, HEW, of State and area-wide programs for the elderly. May 14, released August 6. P–74–MWD–170.

To Representative J. Kenneth Robinson, on whether it is possible to develop information on costs to Federal agencies of preparing environmental impact statements. April 23, released August 7. P–74–RED–231.

To Representative Ralph H. Metcalfe, pointing out problems in the implementation of the Early Periodic Screening, Diagnostic, and Treatment program under Medicaid. March 12, released August 1. P–74–MWD–134.

To the Chairman, Subcommittee on Indian Affairs, Senate Committee on Interior and Insular Affairs, on Federal funds provided to the National Tribal Chairmen's Association. January 18, released August 7. P–74–309.

To the Chairman, House Committee on Post Office and Civil Service, on the Office of Management and Budget's decision to phase the Corps of Engineers out of the Postal Service construction program. October 2, 1973, released August 5. P–73–162.

To Representative Henry S. Reuss, on leasing of foreign-made vehicles by the Postal Service. September 5, 1973, released April 11. P–73–125.

To Senator William Proxmire, on use of computers in Naval laboratories, August 31, 1973, released August 15. P–73–118.

To Senator William V. Roth, on Department of the Interior regulations for development of oil and gas leases. July 12, released August 22. P–74–RED–250.

To the Chairman, House Committee on Appropriations, pointing out significant technical changes in DOD's Selected Acquisition Report on the B–1, B–163058 of April 25, released August 28.

To the Chairman, House Committee on Appropriations, pointing out testing problems in the Advanced Technology Component program which might impact adversely on the Heavy Lift Helicopter program. B–163058 of May 22, released August 28.

To the Chairman, Subcommittee on Postal Facilities and Mail, House Committee on Post Office and Civil Service, on the Postal Service's decision to purchase the L'Enfant Plaza West Building for its headquarters. B–114874 of January 5, 1973, released August 28.

To the Secretary of the Army, on possible improvements in Army practices of protecting information in personnel files from unauthorized disclosure and problems in correcting personnel information. August 5. P–74–FPCD–101.

To the Secretary of Housing and Urban Development, on the need for an environmental impact statement for the planned water system for Leesburg, Virginia. August 7. P–75–RED–261.

To the Secretary of Defense, citing improvements in Bell Helicopter Company's material accounting and control system, resulting from earlier GAO recommendations. August 8. P–75–PSAD–10.

To the Administrator, Federal Energy Administration, on energy conservation practices being encouraged by State utility commissions and public utilities. August 15. P–74–RED–253.

To the Secretary of the Army, on payment of parachute pay to Army members being transferred to nonparachute duty. August 27.

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ENERGY CONSERVATION

Mr. MATHIAS. Mr. President, one of the stark facts of modern life is the chronic shortage of energy that confronts us today and beclouds our future as far as we can discern it. In a Nation to which energy is a major ingredient in our economy, the fact that energy is no longer either cheap or abundant has a fundamental impact. To fail to take it seriously, is to risk the danger of increasing inflation, joblessness, cold houses, and gas lines.

The Senate has already acted on a wide variety of programs to expand the sources of energy. Not only is exploration for fossil fuels being encouraged, but new sources of energy are being sought. It is already apparent, however, that even if we dig, dam, and drill wherever and whenever we can, there will not be enough energy to meet growing demands.

We must, therefore, develop a new standard of efficiency and a new policy of conservation. It is trite to say that this will demand sacrifice of everyone. What should be kept in mind, however, is that the sacrifices can be shared, equalized and minimized if we anticipate the problem, analyze it accurately and agree on a solution. If we do so successfully, we need not be turned away from silent factories, to return to cold homes, and the cost may be only reasonable restraint in the speed at which we propel ourselves across the countryside.

Fortunately, we have great scientific institutions that are already far advanced in the study of this problem. Among them is the Applied Physics Laboratory of the Johns Hopkins University. I have the greatest confidence that the Applied Physics Laboratory will continue to make major contributions in this field in the days immediately ahead.

When the President of the United States announced a national goal of achieving a 40-percent increase in gasoline mileage for automobiles within 4 years, he gave practical expression to one aspect of this problem. And the Applied Physics Laboratory is in a position to respond.

On the day following the President's address to the joint session of the Congress, I wrote to Dr. Alexander Kossiakoff, director of the Applied Physics Laboratory, to ask his advice and his help in solving this national problem.

Because of the critical nature of the problem, and because we shall be engaged in solving for a long time and because the shape of the solution will be of personal importance to every American, I ask unanimous consent to have printed in the Record a copy of my letter to Dr. Kossiakoff. I shall keep the Senate informed of proposals and programs that may help the Nation reach its goal.

There being no objection, the letter was ordered to be printed in the Record, as follows:

October 9, 1974.

Dr. Alexander Kossiakoff,
Director, Applied Physics Laboratory,
The Johns Hopkins University,
Silver Spring, Md.

Dear Dr. Kossiakoff: As you know, President Ford, in an address to a Joint Session of Congress, announced that it shall be the Administration's policy to obtain by persuasion or law 40% greater gas mileage from automobiles within 4 years.

I strongly support the President's proposal and believe that the Congress will take whatever action is necessary to accomplish this reduction in fuel consumption. In fact, I would hope that even greater savings are possible within a shorter period of time.

My recent tour of the Applied Physics Lab convinced me of the important role which APL can play. I have been apprised of work going on at your Laboratory to estimate the fuel savings associated with drastically reducing horsepower in automobiles. This is a proposal which is not only exciting, but exceedingly timely. I hope that you can determine what horsepower limitations are feasible within 4 years and what further reductions or modifications would be proper thereafter. I am also extremely interested in determining how such a program should be phased into our present transportation system. Specifically, how small cars would relate for safety purposes with larger automobiles. The national interest would be well served, I believe, if APL would immediately undertake a detailed investigation of the questions I have propounded and any others which seem relevant to sharply reducing fuel consumption by automobiles.

I am available at any time to discuss this proposal in greater detail. This is an issue where it is critically important that the best scientific talent be brought to bear.

With best wishes,

Sincerely,

Charles McC. Mathias, Jr.,
U.S. Senator.

ADVISORY COMMITTEE ON REACTOR SAFEGUARDS

Mr. RIBICOFF. Mr. President, the conference report on H.R. 11510, the Energy Reorganization Act of 1974, inadvertently omitted the transfer of the Advisory Committee on Reactor Safeguards from the Atomic Energy Commission to the new Nuclear Regulatory Commission. This transfer was agreed to by the conferees, but because of an oversight it was omitted from subsection 201(g)(1) of the act.

I have been advised by both Senate legislative counsel and by counsel for the AEC that the general transfer provision of the act relating to the new NRC, subsection 201(f), is sufficient to provide for the transfer of the Advisory Committee on Reactor Safeguards to the NRC. Also, both the Senate and House reports on this reorganization legislation specifically stated that the Advisory Committee, established by section 29 of the Atomic Energy Act, would go to the new Regulatory Commission.

In view of the fact that the President is scheduled to sign this important legislation at 3:30 p.m. today, I am not offering a concurrent resolution to make the necessary technical correction, which could delay enactment. But I do want to make clear that the legislative intent is to preserve the Advisory Committee on Reactor Safeguards and to transfer it to the Nuclear Regulatory Commission.

THE WORLD FOOD CRISIS

Mr. CLARK. Mr. President, on October 7–8, the American University hosted a symposium on world food and population, entitled "To Nourish Humanity." Under the direction of Dr. Darrell Randall, director, International Administration for World Human Needs, the American University, and cochaired by Dr. Howard R. Cottam, visiting professor, the American University, 60 experts and concerned individuals gathered to give their views on the world food crisis and what they hoped would be accomplished at the World Food Conference in Rome, November 5-16. These opinions represented a variety of background and expertise.

Today we are faced with food shortages and an increasing number of people who are malnourished or starving. Each week the world must feed 1.4 million more people. And each week the cost of increasing worldwide agricultural production becomes greater and the resources needed to do this become more scarce. In an increasingly interdependent world, international solutions must be developed to deal with these problems. The World Food Conference provides an opportunity to do this.

The American University has performed a great public service in focusing attention on this problem and thereby better informing all of us. I commend the summary proceedings to my colleagues. Mr. President, I ask unanimous consent that they be printed in the RECORD.

There being no objection, the summary proceedings were ordered to be printed in the RECORD, as follows:

TO NOURISH HUMANITY

(Summary proceedings of a Symposium on World Food and Population, the American University Campus, Oct. 7–8, 1974)

INTRODUCTION

With increasing clarity there is a global focus on the modalities of nourishing humanity. The theme and format of this symposium "To Nourish Humanity" reflects the purpose and the agenda of the forthcoming World Food Conference: To increase food production where there are scarcities, to improve nutrition of the neediest and to provide food security for everyone. The Plan of Action of the recent World Population Conference emphasized nutrition and development.

The crux of the world food problem is limited resources unevenly accessible to a burgeoning population in a world divided by jealously guarded sovereign rights and boundaries. Notwithstanding decades of concerted effort there are more malnourished people than ever before, nearly a half-billion by conservative criteria. Something is out of focus.

Governments will debate and decide on appropriate action in November on the basis of an agreed assessment of the world food situation. American University arranged this Symposium to analyze the U.S. role "To Nourish Humanity." Sixty concerned and informed professionals presented addresses in four plenary sessions, ten panels and one technical presentation. More than 500 individuals registered for the Symposium and many participated actively in discussion and debate.

In a welcoming address to the Symposium participants, Dean Morris W. H. Collins, Jr., of the College of Public Affairs of The American University, declared that a modern university can not sit idly by while millions of persons starve. "A university, with all its vitality and resources," he says, "has much to contribute toward answers to world problems. We intend to work with others in the intellectual field with technical assistance . . . Our School is called a School of International *Service* and we make no apologies for that name. A university in a modern society has a service role to play."

In order that the Symposium presentations—and reaction inspired among other Symposium participants—might be widely shared before the World Food Conference next month, this summary of proceedings has been compiled by a group of experienced rapporteurs and quickly, if modestly, reproduced.

As would be the case in any such selective process, one might argue the validity of some Symposium themes identified as highlights here. Our purpose, however, was not to produce a definitive record of proceedings but to carry one step further, now, the process of debate and dialogue so vital to formulating U.S. policy responsive to the global challenge of nourishing humanity.

Monday, October 7

9:30 a.m.—"To Nourish Humanity: World Perspective"

Chairman: Darrell Randall, Professor and Director, World Human Needs Program, The American University.

Welcome: Morris W. H. Collins, Jr., Dean, College of Public Affairs, The American University.

Presiding: Howard R. Cottam, Visiting Professor, The American University, former U.S. Ambassador and former North American Representative, FAO/UN.

Invited speakers: Lester R. Brown, Senior Fellow, Overseas Development Council. William H. Draper, U.S. Delegate to the UN World Population Conference, Honorary Chairman, Population Crisis Committee. Roy I. Jackson, Deputy Director-General, FAO/UN.

1:30 p.m.—Post-luncheon Address

Presiding: Juanita Eagles, Former Adjunct Professor and Author, Columbia University.

Speaker: Frederick J. Stare, Professor and Chairman, Department of Nutrition, Harvard School of Public Health.

Respondent: Martin J. Forman, Director, Office of Nutrition, U.S. Agency for International Development.

2:30 p.m.—"Nutrition Factors in the World/Food Population Equation"

Presiding: Marianna Beck Sewell, Associate Professor, Human Nutrition and Food, Howard University. Kandiah Kanagaratnam, Director, Population and Nutrition Department, World Bank. Frederick J. Stare, Professor and Chairman, Department of Nutrition, Harvard School of Public Health.

2:30 p.m.—"World Food Aid and Reserves"

Presiding: Jimmye S. Hillman, Professor, Agricultural Economics, University of Arizona. Andrew Mair, Coordinator, Office of Food for Peace, U.S. Agency for International Development. Fred R. Sandersen, Senior Fellow, The Brookings Institution. Joseph W. Willett, Director, Foreign Demand, Economic Research Service, U.S. Department of Agriculture.

2:30 p.m.—"Agro-Industries and the World Food Conference"

Presiding: Roy K. Kelley, Vice-President, Nabisco. M. R. Bandle, President, A/R/A World Food Systems, Inc. Richard Reuter, Vice-President, Kraftco Foods. Neal Schenet, Vice-President, International Minerals and Chemicals Corporation. Walter Simons, Deputy Executive Secretary, Industry Cooperative Program, FAO/UN.

4:30 p.m.—"World Population Growth and Food Needs"

Presiding: Charles M. Cargille, President, World Population Society. Phyllis Piotrow, Director, Population Information Center, George Washington University. S. R. Sen, Executive Director—India World Bank, President, International Association of Agricultural Economists. Conrad Taeuber, Director, Population Research Center, Kennedy Institute, Georgetown University.

4:30 p.m.—"U.S. Farmers and the World Food Conference"

Presiding: Thomas E. Street, International Federation of Agricultural Producers. Robert G. Lewis, National Secretary, Farmers Union. Seeley G. Lodwick, Director, Government Relations, American Farm Bureau Federation.

Tuesday, October 8

9:30 a.m.—"To nourish Humanity: U.S. Role"

Chairman: Darrell Randall, Professor and Director, World Human Needs Program, The American University.

Presiding: Pushpa N. Schwartz, Professional Associate, COPEP, National Academy of Engineering—National Research Council.

Invited speakers: Don C. Paarlberg, Chief Economist, U.S. Department of Agriculture Philander T. Claxton, Jr., Special Assistant to the Secretary of State for Population. Edwin M. Martin, Ambassador and U.S. Coordinator, U.N. World Food Conference. Herbert J. Waters, Chairman, World Hunger Action Coalition.

12:30 p.m.—Post-luncheon Address

Presiding: Robert C. Tetro, Senior Economist, FAO/UN.

Speaker: Clayton K. Yeutter, Assistant Secretary for Commodities and International Affairs, U.S. Department of Agriculture. (Speech delivered by:) David Hume, Administrator, Foreign Agricultural Service, U.S. Department of Agriculture.

Respondent: C. Fred Bergsten, Senior Fellow, Brookings Institution.

2:30 p.m.—"Increased Production in Less Developed Countries"

Presiding: James P. Grant, President, Overseas Development Council. Guy Baird, Associate Director for Research, Office of Agriculture, U.S. Agency for International Development. Burdick H. Brittin, Advisor on Fisheries, U.S. Department of State, Shahid Javed Burki, Senior Economist, World Bank. Patti Okura-Leiberg, Economist, FAO/UN. Montague Yudelman, Director, Agriculture and Development, World Bank.

2:30 p.m.—"African Drought and Development Needs"

Presiding: J. C. Hayward, WTOP-TV, Channel 9. C. Payne Lucas, Executive Director, Africare. Norman H. MacLeod, Director, Drought Analysis, Laboratory, The American University. Moussa Dourfaye, First Secretary, Embassy of the Republic of Niger. David Shear, Director, Central/West Africa, U.S. Agency for International Development.

2:30 p.m.—"Ethical Imperatives of World Hunger"

Presiding: Bishop John T. Walker, Protestant Episcopal Church. Peter J. Henriot, Staff Associate, Center of Concern. Martin M. McLaughlin, Executive Secretary, World Hunger Action Coalition. Brady Tyson, Associate Professor, School of International Service, The American University. Thomas Wilson, Director, Aspen Institute Program on Environment and Quality of Life.

2:30 p.m.—"Communication and Information for World Action"

Presiding: Hamid Mowlana, Director, International Communications Program, The American University. Peter Hendry, Information Officer, FAO/UN. Oris V. Wells, Consultant, Ford Foundation, Former Deputy Director-General, FAO–UN. Walter Wilcox, Visiting Professor, Agricultural Economics, Michigan State University, Glynn Wood, Associate Professor, School of Government and Public Administration, The American University.

4:30 p.m.—"Special Problems of South Sea"

Presiding: C. Herbert Rees, Director, South Asian Affairs, U.S. Agency for International Development. Basil G. Kavalsky, Senior Economist, South Asian Affairs, World Bank. A. M. Nurul Islam, First Secretary, Economic Affairs, Embassy of Bangladesh. Surjit Mansingh, Professorial Lecturer, The American University.

4:45 p.m.—Special Presentation: "Use of a Computer-Based Planning and Decision-Making Tool for the Analysis of World Food Problems"

Speaker: John M. Richardson, Jr., Associate Professor of Systems, Science and Director, Systems Research Center, Computing Laboratory, Case Western Reserve University.

To Nourish Humanity

PART I: THE WORLD PERSPECTIVE

A. An overview

The world is facing a food crisis. This is the consensus today among international agricultural, economic, nutrition, and development assistance experts. And it is the reason why more than 120 member countries of the United Nations will meet in Rome 5–16 November for a World Food Conference.

Why a Crisis?

Dr. Lester R. Brown, Senior Fellow of the Overseas Development Council in Washington, D.C., points out that while the demand for food has grown steadily as a result of population growth and rising affluence, food production has been hard pressed to keep pace. The margin between food production and population growth narrowed during the 1960s and in recent years unfavorable weather conditions have slowed increases in food production or even caused a decline in total production, as occurred in 1972. The resulting deficit of 58 million tons of grain in 1972 was covered from food reserves, largely held in the United States. But these stockpiles have now been greatly depleted, meaning that the world can no longer be assured of adequate food supplies to feed everyone without being dependent on each year's weather.

Yet the world demand for food and feed grains is presently growing at 25 million tons a year and recent estimates by a preparatory meeting for the World Food Conference indicate that by 1985 the world could be confronted with the need to produce an additional 85–100 million tons of grain annually.

The Threat to Humanity

In human terms, food shortages threaten millions of the world's population with malnutrition, some even with starvation. Ambassador Howard R. Cottam, former North American Representative of the U.N. Food and Agriculture Organization, cites FAO studies which indicate that there are more malnourished people in the world now than ever before, as many as 500 million persons. Dr. Brown notes that higher food costs which result from shortages are particularly critical for the large numbers of people in the less developed countries who must spend most of their income on food. There is no way that they can adjust to the higher food prices, he asserts, pointing to a new trend of rising death rates in as many as 20 countries as a result.

The effects of food shortages, however, are not restricted to the developing countries alone for the present world food crisis is also reflected in escalating food prices and higher rates of inflation in the developed countries.

Contributing Causes

The basic resources needed for food production—land, water, energy, fertilizer, pesticides—are not abundant. Dr. Brown emphasizes that "since 1950 most of the increases in world food production have come from intensifying cultivation on existing land areas." Water is in short supply, and it "may be the major constraint on food production in the future." While U.S. motorists fretted in line waiting to fill up their automobiles at gas stations last year, farmers in India also had to take their turn in long lines, but the fuel they waited for, sometimes in vain, was for their tubewell pumps to irrigate their crops. In addition, shortages of fertilizer, partly the result of high petroleum prices, "contributed more than anything else to a shortfall in Asia's food production this year," says Dr. Brown.

Roy I. Jackson, Deputy Director-General of the FAO, also warns that "the world shortage of pesticides next year may be 20 to 30 percent of demand."

Changes in government policies have affected the world food situation as well. Crop shortfalls in 1972 in the Soviet Union, for example, led to their massive purchases of grain in the international market, a departure from their past policy of belt tightening in short years. In the United States, agricultural policies which had permitted the build-up of large grain reserves have been revised in recent years to draw down these stockpiles.

The other side of the world food supply and demand situation is population growth. William H. Draper, a U.S. delegate to the World Population Conference at Bucharest in August this year, points out that no long term solution to the world food problem is possible without progress in limiting population growth. Population problems, especially in the less developed countries, are compounded by a world food situation in which "the United States, Canada, and Australia are the only major exporters of food." He adds: "We can't feed the world—the only answer is for every country that has a food deficit to produce more food." Progress is being made on the population front, however, as evidenced by the success of population programs in a number of countries (Venezuela, Brazil, Mexico) and the affirmative nature of the World Population Conference's Plan of Action—"a tremendous improvement over the past considering that 20 years ago no government was doing anything about population."

Dr. Brown also warns that past population growth trends will have to be changed and he stresses the need to "put on the demographic brakes." However, "we will not know what we can do to slow population growth until we try, and most governments haven't tried." He suggests that expansion of family planning services and reshaped economic and social policies which would encourage smaller family sizes should be priority objectives.

Countermeasures

The World Food Conference will give particular attention to the problems of 1) increasing food production, especially in the developing countries; 2) improving nutritional levels; and 3) providing food security for people everywhere.

Roy Jackson estimates that the developing countries will need to improve their current rate of increase in food production of 2.6 percent a year to 3.6 percent a year over the next 12 years if they are to meet the greater demand for food created by additional population and rising affluence. The higher rate of increase in food production would require greater availability of agricultural inputs, more intensive research, better integrated programs of rural development, and "vastly increased investment in all aspects of agricultural development." Among the agricultural inputs most urgently needed at present are fertilizer and pesticides. Increasing agricultural production alone, however, will not suffice to overcome nutritional problems, Mr. Jackson points out, since efforts will also have to be made to achieve more equitable distribution of food, especially among disadvantaged and vulnerable groups.

Insuring world food security will require food reserves, probably in the form of nationally-held stockpiles. An international system of food reserves would assure all countries that they can meet emergency needs, would help guarantee the availability of food supplies on either commercial or concessional terms, and would promote stability in world food trade and market relationships.

Mr. Jackson cites "four practical steps which can lead toward the realization of a system of world food security." These include a worldwide information and early warning system on weather and food production, a coordinated system of national stock policies, an international policy that would earmark emergency food stocks for disaster needs, and a predictable, continuing basis for food aid, which will be necessary to support nutritional programs in particular.

Who Contributes?

Without international cooperation, there can be no solution to the world food crisis. Noting the "interdependence of all countries in the world in the face of scarcities," Dr. Brown asserts: "We can no longer seek national solutions to food, population, or resource scarcity problems." Roy Jackson points out that any world food security system will require the cooperation of all countries. "The cost of food aid," he adds, "should be equitably shared between food exporting and other high income countries."

The developing countries will require assistance in their efforts to accelerate food production. The required investment in agriculture alone may be as high as $5 billion annually, an amount, Mr. Jackson notes, that is "double the foreseeable funding from the traditional sources."

B. Population growth and food needs

In looking at world food needs, demand is the other side of the equation. If we reduce the rate of increase in population, points out Philander T. Claxton, Jr., Special Assistant for Population to the Secretary of State, we reduce the rate of demand. He believes the World Population Conference was a step in that direction. While it may not have achieved all that some hoped, it caused more countries to review their population policies than ever before. Brazil, for example, established a population policy for the first time.

Overrapid population growth is one of the cohorts of four destructive forces likely to lead to world disaster (the others being nuclear weapon spread, environmental stress and science and technology). Dr. Charles Cargille, President of the World Population Society, cites this gloomy view of Heilbruner to underscore the relationship between population growth and food needs.

Dr. Conrad Taueber, Director of the Population Research Center at Georgetown University, sketches a well-known picture, taking 1950 as the turning point. Since then population has doubled: it is projected to double again in 35 years. The developing countries with 70 percent of the population are estimated to grow at 2.4 percent a year and the developed countries at one percent. Continued growth is insured by the "demographic inertia" of the 45 percent of existing population under 15, with 300 million reaching productive and reproductive ages for every 100 million leaving the labor force.

How to Define the Population Problem

Although not just a matter of numbers, the very prospect of another world on top of the present one in 35 years states the global problem, Dr. Phyllis Piotrow, Director of the George Washington University Population Information Center, points out. But, the problem is peculiar to each country. The key is not numbers, says Dr. S. R. Sen, India's Executive Director at the World Bank, but the impact of population on production, on consumption, on the quality of life. Dr. Piotrow points out that the population problem is an iceberg, only the tip of which is discernible as such. It is more visible as a food problem, or distribution problem. Yet it underlies all others and the ship of the world may be the Titanic.

Prospects for Population Growth Reduction Uncertain

Will it indeed take the disaster of 75 millions of deaths from starvation to bring about a population-food balance, as one observer has suggested, queries Dr. Taueber? Whether the demographic inertia can be overcome and the growth rate reduced in time depends on whether countries see the problem as relevant and action as both urgent and feasible, in Dr. Piotrow's opinion. In her view it was disturbing that at the World Population Conference many did not see the relevance of the growth rate to other problems or action to reduce that rate as likely to be effective.

The U.N. World Population Conference

After long and intensive debate the political representatives of 135 nations adopted the Population Plan of Action by acclamation. Philander T. Claxton, Jr., Special Assistant to the Secretary of State for Population, reports that the Conference did not achieve all that the United States delegation wanted, but it could be considered a significant achievement.

A five pronged attack, mounted by Algeria (with other African nations), Argentina (and other South American nations), Eastern Europe, China, and the Holy See, expressed a preference for strengthening the concepts of social and economic development as related to population rather than emphasizing family planning.

The 135 nations attending the Conference agreed to expand and deepen their capacity to deal with population problems within the context of economic and social development. The sovereign right of nations to set their own policy on population was stressed. The clearest statement yet of the right of the people to decide number and spacing of their children was made together with the statement that child bearers also have a responsibility to the community.

C. Nutritional factors

Malnutrition is a problem of substantial proportions with significant and wide-ranging developmental consequences. Dr. Kandiah Kanagaratnam, Director, Population and Nutrition Department of the World Bank points out that nutritional deficiencies affect not only mortality and morbidity but cause under-utilization of education opportunities and reduced productivity of the working population. Yet only about $20 million a year is spent on nutrition research and education directly.

Dr. Kanagaratnam reports that in Latin America the Pan American Health Organization identified malnutrition as a primary or contributory cause in 57 percent of all deaths in 1–4 year olds. FAO estimates that as many as 30 percent of pre-school age children in developing countries suffer from second and third degree malnutrition (below 75 percent and 60 percent respectively of standard body weight per age). An additional 40-45 percent of the children have first degree malnutrition (75–90 percent of the norm). In many countries pregnant and lactating mothers and young children are the most vulnerable to nutrition deficiencies.

Better nutrition in developing countries, says Dr. Kanagaratnam, could have four favorable effects:

a) Investment in education would be enhanced if school age children were better nourished and more capable of learning.

b) The reduction of high infant mortality rates in many countries could enhance interest in family planning. If couples could be assured that their present children would survive, they might be more willing to consider family planning.

c) Adequate nutrition in many areas would increase labor productivity.

d) Nutrition programs which, by their very nature, are addressed to large groups of people can have a beneficial effect on health, wealth and opportunity for low income groups.

Dr. Kanagaratnam cited the experience of the World Bank which links agricultural and world development programs to improvements in health services, nutrition, educational opportunities and other areas. To approximately one-half billion undernourished people in the world today, another 250 million people will be added by 1985 if current rates of population growth and consumption are continued.

If the world is short of food and getting shorter, it makes sense to increase the production and consumption of the most efficient and cheapest source of calories, not because we can live solely on calories, but because we cannot live without sufficient calories.

A generation ago when protein malnutrition in the form of kwashiorkor began to make news, most nutritionists and world food planners thought increased protein supply was the key to world nutrition problems. But it is now recognized that if calories in a diet are deficient, much protein consumed is diverted for energy purposes. Recently nutritionists have begun using the term "protein-calorie deficiency", and more recently, have turned it around to "calorie-protein deficiency", emphasizing the prime importance of calories.

A role for sugar

Dr. Frederick J. Stare, Chairman of the Department of Nutrition, Harvard School of Public Health, believes that sugar is the most efficient source of calories in terms of land use, and even though its price has increased, it remains the least expensive source of calories. Dr. Stare argues that one acre of fertile land can produce approximately 7 million calories if planted in sugar cane or beets, 2.3 million calories in potatoes, 1.1 calories in wheat or corn, and only 60,000 calories in beef.

Typical American diets average 45 percent of total calories from carbohydrates, 40 percent from fat and 15 percent from protein. In most of the developing areas of the world the percentage of calories from carbohydrates is much higher, in some cases as high as 90 percent with fat and protein obviously being very low. But the really big hazard is an inadequate total calorie intake in much of the developing world.

Dr. Stare acknowledges that sugar does not contribute minerals, vitamins and protein to the diet. But he suggests it might be worthwhile investigating the possibilities of fortifying sugar with some of the essential nutrients available from cheap sources. For example, in Guatemala and Costa Rica, sugar has been fortified with Vitamin A.

The chemist, Dr. Stare argues, can improve certain basic foods nutritionally at far less cost than the farmer can provide other foods to lessen nutritional deficiencies. Perhaps most importantly, with fortification, food habits do not have to be changed. And this avoids a very difficult and time-consuming task.

Dr. Stare concedes that non-nutritionists, consumer activists, most dentists, and some physicians object to the singling out of sugar as a cheap, efficient source of calories. But he believes there is no compelling evidence to suggest that sugar has negative health effects.

Sugar is not the only important element in the food scene to come under attack recently. Pesticides and food additives have also suffered attacks. As Dr. Stare points out, the World Plan of Action, adopted at the Bucharest Conference on World Population mentioned not one word about the importance of pesticides and food additives in expanding food production. He feels we cannot feed our world without the responsible use of pesticides and many food additives, and he wonders whether the World Food Conference will have the "intelligence and the courage" to mention the importance of sugar as the most efficient source of calories and the absolute necessity of pesticides and food additives in feeding the world.

Dr. Martin Forman, Director, Office of Nutrition, Agency for International Development, discussed the feasibility of the proposal. He said that the basic question in examining any proposal to deal with the world's calorie/protein deficiency is whether the proposal is feasible. He believes that the feasibility of Dr. Stare's proposal rests on the basic questions: Can we increase the use of sugar with the intended effect of increasing the caloric intake of those who need more calories? Would the price of sugar enable those who need the calories to buy it? Would those with calorie/protein deficiencies increase their intake of sugar but decrease their consumption of items with vitamins and minerals? Will it be possible to modify eating behavior to the extent that there is a shift to increased sugar consumption?

There would be a need in any program to tailor the recommendations to the local people and their conditions, Dr. Forman comments. In some situations it might be desirable and feasible to increase the amount of sugar consumed; this seems only true where people can grow more sugar or import sugar at a low price.

D. Potential for increased production in developing countries

The world demand for food is increasing rapidly with the growth of populations and incomes according to James Grant, President of the Overseas Development Council. The annual increments in demand are currently about seven times what they were in 1900 and will reach 300 million tons by 1985. Population growth in the developing countries is about 2.5 percent a year (compared to 0.5 percent in industrial countries), and with the projected increase in incomes their demand for food will grow by an estimated 3.6 percent a year over the next decade. However, FAO's projection for increase in their production over 1975–85, based on past trends, is only 2.6 percent a year. This would leave an annual deficit of 85 million tons by 1985, five times the current level; at $200 per ton, this would cost $17 billion per year for imports—a nearly impossible burden.

The industrial countries have the resource capability for producing that 85 million ton export surplus, but at a mounting cost due to increasing technical inputs; if they did this, the $17 billion plus in incomes would go to their farmers, not to those of poor countries. A far better solution would be to accelerate food production in the developing countries, at lower input cost. Given the low yields in these countries, acceleration should be possible using known methods not yet widely enough practiced. For example, the U.S. currently produces some 2.5 times the food produced in India on about the same land area. In Japan, Taiwan and South Korea, land productivities are much higher than in the U.S.; where land rather than manpower is the scarce factor, this kind of efficiency needs emphasis.

The Urgency of the Fertilizer Situation

At the present state of agricultural technology, says Roy Jackson, no single element is more critical to increased food production than chemical fertilizers. Their increased use, especially with new, fertilizer-responsive varieties of wheat and rice, has accounted for most of the improved agricultural productivity achieved recently in developing countries. Even at prices three to four times the admittedly low levels of 1971, world supply is markedly less than world demand and this shortage has become a major impediment to increasing food production in many developing countries.

Land Settlement and Water Resources

Some 700 million people are now eating enough to stay alive and reproduce, but not to work very productively, Shahid Javed Burki of the World Bank points out. This group is increasing by about 3 percent a year; much of it is concentrated in India, Pakistan, Bangladesh and Indonesia, where land and fresh water resources cannot be expanded very much further. There are land settlement and water resource capacities in the developing world, but the bulk of these are in Africa or Latin America; South and Southeast Asia present the massive, urgent problems for the long run.

The impact of droughts, floods, etc. in 1972 produced the first decrease in world food output in 20 years and aroused widespread concern. Bad weather coincided with a fertilizer shortage resulting from a cyclical lag in investment (over-building of capacity in the late 1960s had driven down prices) which is now being remedied. The low probability of all these adverse factors recurring in the same year has led some to advocate a crash program of aid to overcome a presumably temporary food crisis; but the long run factors will not go away, and short run food relief is no solution. Productivity in South-Southeast Asia must be raised and birth rates reduced: the former can contribute to the latter. Since about half the 700 million are small landowners, and one third are tenants or sharecroppers, some 80 percent can be helped by improved technology. The largest obstacle is not technical but institutional: land reforms are resisted in countries where large landowners and agribusiness interests are strong; even where it occurs, poor farmers lack access to technology and credit.

Agricultural Research a Key

Agricultural research is a key ingredient for production increase, but until recently almost all of it was done in and for the temperate zones, says Guy Baird, Agency for International Development (AID). Applications to tropical or arid zones, where most developing countries' peoples live, were limited because crops and problems are different. Investments in research are profitable, as has been abundantly demonstrated.

Since the Rockefeller Foundation began its studies in Mexico in the 1940s, new research institutions in developing areas have been started with an international focus on important products. The International Rice Research Institute in the Philippines was founded in 1962, then the CIMMYT for wheat and corn in Mexico. Now there are eight institutions, each has become a nucleus for networks of national institutions in countries where particular crops or conditions are important, so the discoveries can be coordinated and then propagated as never before. In 1971 the World Bank and FAO formed a Consultative Group on Agricultural Research which took on responsibility for financing the work of the eight international institutes; from support of $17 million in 1971, the total has grown to $30 million this year and may be over $40 million in 1975. AID supplies about 25 percent of this support. The result has been a major increase in scientific attention to the right problems for developing areas, not only improved seeds but fortification (e.g. lysine in corn), drought resistance, livestock, tropical soils, and others.

Seafood a Major Resource

Food from the sea is a major resource with a large potential for further increase, Burdick H. Brittin of the U.S. State Department told the symposium. The world fish catch rose from 20 million tons in 1950 to over 60 million; recently the total has dropped, largely because of migration of the Peruvian anchoveta (they seem now to be returning). However, the developed countries get most of it. Most developing countries have plans for fishery development, but they lack technology, or sometimes people don't like to go to sea, or fish may be an unpopular food. Fish concentrations in the ocean vary widely: for example, on the west side of Africa fish are abundant off Angola and to the south; scarce from Zaire up to Sierra Leone but plentiful off northern Africa. Ghanaian and Senegalese fishermen go long distances to find their catches.

At the 1974 Law of the Sea Conference in Caracas, the idea of a 200 mile zone offshore for national control of economic resources has been gaining strength among coastal countries, especially in view of undersea oil. This would help some countries but would be disastrous for those such as Ghana or Senegal. Argentina, with abundant fish and a long coastline, has long claimed a 200 mile zone but does very little fishing. Any international regime to help food supplies should: 1. Apply strict conservation rules; but 2. Harvesting ought to be encouraged, not inhibited, for the benefit of non-coastal populations.

Re-thinking Investment Priorities

Montague Yudelman, Director of Agriculture and Development of the World Bank, cites the evolution of thinking in his organization which has taken the following directions:

1. While transport, power and industry used to have priority, lending for agriculture has grown to be the largest sector and is now almost one third of the Bank total.

2. Agricultural lending first concentrated on irrigation projects, but these are down to 40 percent; credit, marketing, and technical assistance have increased.

3. Instead of focusing on large farm enterprises, the emphasis is on reaching more small farmers directly than by a trickle-down process.

4. The new style of project, replacing the large dam or ranch, is to select a target group of lower income farmers and develop packages of activities for them, trying to reach large numbers. A reasonable rate of return on investments, and low costs, continue to be emphasized.

All this represents a substantial shift for the Bank, which is now the largest international donor to agriculture. It has taken time to recognize that small farmers are economically rational, can respond to incentives to adopt new methods, and can raise yields in many cases more efficiently than large farmers. But they are conservative in taking risks, and delivery systems to reach them are higher in cost. Low cost access by grouping farmers into organizations like cooperatives is getting increased attention.

E. Special regional problems

There are common elements to food production problems in all parts of the world; but each region has its peculiar characteristics as well, determined by geography, culture, or other considerations. In panel discussions the Symposium looked in some detail at two selected regions—South Asia and the Sahel—in order to examine the applicability to specific of proposed general solutions.

E. (1) The Sahel

The Sahelian region is also beset by complexities of population, growth, introduction of commercial and scientific agriculture which competes with traditional subsistence agriculture for arable land, and social instabilities introduced through formation of modern political institutions.

These factors says Norman H. MacLeod, director of the American University's Drought Analyses Laboratory, have resulted in removal of vegetation from very large areas throughout West Africa, loss of soil productivity, deterioration of local climate and substantial changes in surface water characteristics. MacLeod argues for adjustment of livestock and crop management to develop and maintain a continuous cover of vegetation on the soil surface. He presents the concept of potential agricultural zones developed through discovery of those climatic, soil and plant factors which sustain maximum biological productivity.

As an example, he cites the case of Niger, where a wooded savannah environment is being reconstructed through re-introduction of trees in millet fields, a recreation of the original plant community, resulting in far more productive millet yields.

The northern part of Sahel is an area that can be used for livestock production but heavy capital and fertilizer requirements may delay its development.

The Immediate Problems of Survival

Over the last two years the United States has provided 606,000 tons of food despite transportation bottlenecks which necessitate airlifts of food costing $300 per ton. Under FAO leadership the entire international community is helping with emergency food supplies, according to David Shear, US AID director for West Central Africa. U.S. and five other nations will soon assess the prospects for 1975. At present near average rainfall in some areas has improved prospects for good crops of sorghum and millet.

US Congress has provided $110,000,000 over and above its normal aid appropriations. About half of this has been used for emergency requirements, ie, rebuilding of roads, bridges, and getting people and herds to survive. The other half of U.S. special assistance, approximately $45,000,000, is going directly into food production programs in the six states of the Sahel in a three to five year time frame to correct a chronic food deficit area of the past ten years. Shear estimates it will take ten to 15 years to fully rehabilitate the Sahelian area.

The Future of Sahel

In spite of tremendous relief effort, says C. Payne Lucas, Executive Director, AFRICARE, there are no operational long-term programs of development for the Sahel. The world has raised its level of awareness about conditions in the Sahel where average annual income was $100 per capita prior to drought years. This is an area which has tremendous agricultural potential for food production.

The tax base of the Sahel is completely eroded to the extent that the countries cannot meet their payrolls, much less build an infrastructure for long term development.

International Community

The international community, including Moslem peoples from Arab countries must have a much larger commitment, especially in midst of inflation and anticipated depression. The Germans, Chinese, Russians and Arabs must all become involved. There is no competition for the minds of these people in the Sahel.

Situation in Niger

Moussa Doursaye, First Secretary, Nigerian Embassy in Washington, reports that currently things look better in his country thanks to rain and international aid. Last April, Niger actually began a program "return to your villages". This was to offset an influx of people into the major centers which had resulted in health and housing problems.

E. (2) South Asia

In spite of all the emphasis being given to the necessity for increasing agricultural production the realistic prospect for South Asia is for malnutrition, famine, and starvation for the next decades *unless* there is a massive flow of foods to these countries from other regions of the world.

South Asia now faces a critical situation in securing adequate food for the next 12 months and for the foreseeable future. In cereal grains alone there is a need for the importation of 10 million tons annually. Bangladesh is on all lists of the "most severely affected" nations from the energy-fertilizer-inflation problems; India is faced with widespread malnutrition; Sri Lanka—in spite of emergency measures—has large shortages, and Pakistan is hard hit by increased oil costs.

Priorities on Food Problems

A. M. Nural Islam, First Secretary of the Embassy of Bangladesh, reported that all governments in South Asia are now forced to give the problem of adequate food supplies their top priority. This so occupies their time and energies that many other important matters are suffering from lack of attenion. Foreign exchange reserves which could be used to buy essential ingredients in the development process must now be used for food imports, thereby slowing down perceptibly the economic and social progress of the region.

According to Herbert Rees, US AID's Director for South Asia, South Asia was for many years until recently an exporter of food to the world. The sub-continent is rich in natural resources but influenced to an unusual degree by severe droughts.

Linkage of Food and Population

Historically the problem of adequate food for the peoples of South Asia seemed to be primarily one of distribution. Surpluses existed in some areas simultaneously with shortages in others. Now, however, there is a growing realization of the overall pressure of population on existing and potential supplies of food produced in the region. With production increasing at about 2 percent annually and population growing at a 2½-percent rate a great deal of misery lies ahead for South Asia. At these rates four countries, India, Pakistan, Bangladesh and Sri Lanka, will require the importation of three billion dollars worth of food during the next ten years.

In Basil Kavalsky's view, the potential for increasing the production of food during the next decade is limited. Therefore, reduction of the rate of population growth is crucial and, as a national policy, population control programs must be a central part of the strategy for each of the South Asian nations.

The Prospects for South Asia

The national plans of the countries of South Asia all call for the achievement of self-sufficiency in food production and the total discontinuation of imports. Meanwhile all spend unprecedented amounts of foreign exchange earnings on imports.

The technology exists to provide adequate supplies of food for South Asia with its natural resources. But the governments have not been able effectively to educate, to organize, and to implement the use of these resources.

India needs a 4 percent increase in grain production this year. This has never been done there, except in the Punjab. A 3 percent increase is needed in Bangladesh but is unlikely. The 75 million people of Bangladesh are about 90 percent rural. Of these rural inhabitants over 80 percent are directly involved in agricultural production. Twenty-two million acres in the total country of 54,000 square miles are in production. In 1970 Bangladesh needed 2 million tons of grain imports alone. In 1974 this need has increased to 2.4 million tons. Food grains which formerly cost $70 per ton now cost $200 per ton.

Efforts To Achieve Self-Sufficiency

Nural Islam described the efforts Bangladesh is making to achieve self-sufficiency in food by 1978. A five-year plan involves promotion of extensive double-cropping, experiments with new strains of grains, and innovations in the use of the very large water supply which is a feature of the country. Instead of huge dams which require much capital and long-time delays, the nation is developing small irrigation schemes utilizing available manpower.

Although Islam doesn't question the potential of self-sufficiency, he admits that there is a special drawback to achieving in the lack of an institutional structure to implement plans for development. The famous Comilla community development model offers some hope that other communities can begin to provide the necessary institutions along these lines. But institution-building is a slow process and the goal of self-sufficiency by 1978 is a serious doubt.

Sri Lanka Emphasizes Social Justice

In Sri Lanka great emphasis has been put on social justice. Extraordinary efforts have been made to improve the lot of common people, but subsidized public consumption has severely strained the national budget. The economy was already in desperate straits before the oil price increases and the recent price rises of essential imports. Now cutbacks in food supplies have reduced the diets to low levels. Sri Lanka needs but cannot afford to import $25 per capita worth of food grains this year.

F. Food reserves and food aid

Dr. Joseph W. Willett of the U.S. Department of Agriculture's Economic Research Service emphasizes that supply and demand for food do not operate under the same conditions. The demand for food supplies is generally inelastic because diets to a large extent are habitual, but the supply of food is quite elastic, as recent world food supply situations have demonstrated.

In a national sense, the domestic demand for food in the United States has shown an upward, but steady, trend. However, export demand has fluctuated to a considerable degree, an important factor since the United States has not previously exercised export controls over food. Because of this, and the fact that in international trade food stocks and prices act as shock absorbers for changes in the food situation, the United States has been the leading shock absorber for such changes in the past. Today, however, the United States lacks the "shock absorbing" reserves that it formerly held.

Who should hold stocks?

Dr. Fred R. Sandersen of the Brookings Institution, also points to the United States, along with Canada, as the countries which helped maintain the stability of world grain prices in the 1960s by holding stocks adequate to meet world grain shortfalls. But he adds: "Now we have gotten ourselves into a bad situation and the question is 'How did we get ourselves into this predicament?'." In the United States, he says, we have "run our stocks down to a dangerously low level" because of "a disastrous single-mindedness to get government out of the food business." This effort has been "all too successful" and it threatens to "dry up the flow of food aid." Moreover, "the boost to inflation is an effect which will probably be permanent, even if farm prices fall."

Clayton Yeutter agrees that world food reserves are essential; the question is how big they should be and who should hold them. He believes that reserves usually hold down farm prices, especially where they are held by governments who tend to build reserves too quickly and too large, and let them loose the same way. Each nation, however, must choose the system best for it, says Yeutter.

Dr. Willett and Dr. Sandersen agree that unless food stocks can be built up again, the world will be dependent upon each year's crop. Yet the world must be prepared to deal with a situation in which there would be simultaneous or successive crop failures in the United States and other parts of the world, Dr. Sandersen points out. He adds that another factor in the present world food situation is that there is now "greater resistance to belt tightening in both the affluent and the poor countries."

Advantages of world reserve cited

Commercial holdings of national food stocks would be unrealistic, Dr. Sandersen believes, because the cost would be prohibitive and some government control over the stocks would still be required. An international food reserve system with nationally held stocks would have to operate under strict criteria for the release of food reserves. He suggests that stocks would not be released until (1) world food prices became abnormally high, or (2) crisis conditions existed, such as those in India during the mid-1960s. The advantages of such world reserves would include promoting the stability of world markets, rather than interfering with normal market operations. Moreover, the reserves would help to reassure food importing countries that grain would be available in short years and the system would also give a measure of stability to food aid programs.

Professor Jimmye S. Hillman of the University of Arizona agrees that an international food reserve system is needed to meet world food emergencies, such as those caused by disasters or by food production shortfalls. Several key issues must be worked out, however, before such a system can operate and these relate largely to who would control reserve stocks, how these stocks would be acquired, and at what price on the commercial level they would be released.

G. Food information systems

Food intelligence is more important than statistics because it can take ten years to produce final statistics, Oris Wells, Consultant, Ford Foundation and Former Deputy Director-General FAO/UN points out. Improving statistical reporting should be the work of national governments and international organizations and Wells hopes that pressure will be put on nations attending the World Food Conference to improve both the promptness and objectivity in the food statistics delivery system.

Wells says there are no problems in transmitting data—there are sophisticated technical means for this. The problem lies in each individual country's gathering system or the control of the data. "You must assume you won't get all the data needed from certain countries," he says. "There have been more mistakes in analysis of data than in the veracity of the data in 1972, 1973 and probably in 1974." He believes decisions on food production in the developing world should come not from the big powers but from the developing nations themselves. These are decisions on the national level, not the international level, he stresses.

Speeding Analysis of Data

There is no information system in the true sense of the word until there is an analysis of what is gathered, says Walter Wilcox, Visiting Professor, Agricultural Economics, Michigan State University. "It is just data until it is organized. The main benefit of the present system is a historical one since it can take as much as six months to one year for data to be assembled at FAO in Rome. By this time, the issues have often changed."

Not All Results Are Positive

The result of technical communication to developing countries may not be positive, Glynn Wood, Associate Professor, School of Government and Public Administration, The American University says. He points to India as a country where many changes in food technology have occurred. "But the use of Western technology in a system without an adequate infrastructure has resulted in a highly unstable situation. The application of agricultural technology has weakened the decentralized decision maker, the peasant and placed the technology in the hands of people who don't have a very good idea of the cost of information.

PART II: THE U.S. ROLE

A. The Overview

In a year and a half, public awareness in the United States of world food problems has surged upward, partly because of the attention focused on drought-stricken areas like the Sahel, partly because of soaring food prices at home.

The question arises: will this level of awareness be maintained? Will it provide a mandate for changes in U.S. policy toward food and population problems? Or does it run the risk of becoming just another flash-in-the-pan concern?

Herbert J. Waters, who is chairman of the World Hunger Action Coalition, believes that symposiums like this one at American University should become an annual event, a countdown on world food supplies. He is convinced that U.S. people care deeply about the problem and that they are discussing it more than any other since the Vietnam war.

Will this concern be translated to an official U.S. position at the UN World Food Conference?

Seeking a Flexible Policy

Ambassador Edwin Martin, who is coordinating the U.S. position, says that the U.S. government is working as a team with a common purpose. He rejects reports of differences between the Departments of State and Agriculture. He acknowledges that the United States is hesitant to include specific goals for the Conference sought by some developing nations such as increases in production and levels of aid. The U.S. does not have a fixed position for the Conference, but prefers to be able to negotiate freely.

A parallel might be drawn to U.S. experience at the UN Population Conference last August. The United States delegation went to Bucharest with high expectations says Philander T. Claxton, Jr., special assistant for Population to the Secretary of State. This was partly because U.S. experts have sophisticated means for following population trends and partly because "we now are the Court of the Last Resort for food and if we are unable to supply food because of population growth then we suffer a severe moral problem."

The United States wanted to focus on the population issue per se but recognized the importance of social and economic development on population growth. The U.S. urged a 1980 or 1985 target date for nations to provide education and means for family planning to their population. While a specific target date was ruled out, all nations did agree to providing the necessary information and means.

Freshly returned from the Third Session of the World Food Conference Preparatory Committee Ambassador Martin is encouraged by "substantial" progress achieved. There was, he said, a remarkable convergence of view, with very little "bloc confrontation." He cites agreement to condense the heavy load of 85 recommendations down to 10 basic ones and to draft in readable, narrative form a declaration on world food policy.

Ambassador Martin underscores the close relationship between major world problems. "We can't deal separately with any of these," he says. "We need to develop a policy on population control. Law-of-the-sea can make an important contribution. We need satisfactory global energy policy. We must go forward on long-term basis on all these problems if any one of them is to be overcome."

The Spectre of Inflation

C. Fred Bergsten, of The Brookings Institution, sees another problem expressing concern about national efforts to export inflation by limiting exports, as nations in the past have tried to export unemployment by limiting imports. He warns that this could broaden and deepen a great depression throughout the world.

He contended that political pressures seem to favor cash customers to stem inflation at home rather than strengthening support for food aid or food reserves. If we stimulate world-wide inflationary pressures with our actions, he contends we are likely to face reprisals and make the general world economic problems more dangerous.

The Range of the Dialogue

The dialogue concerning U.S. policy on world food problems ranges not only over the practical proposals for alleviating hunger, but also covers U.S. capabilities to respond, examines the ethical issues involved, and probes the factors influencing public opinion.

The World Hunger Action Coalition is planning for a year of concern for implementation of the World Food Conference objectives. Coalition Chairman Herbert Waters believes a lifetime of concern may be necessary to see the results of the work. But even if it takes a lifetime, we are in for the duration. Poverty is the rule in the world, wealth the exception. When we fight for a decent life for the poor, we fight for the majority. The United States, he points out, has a history of service and caring. "We don't like to see an image of ourselves as a bloated corporation," says Waters. "We are overspending on defense, and underspending on food assistance. But we still hope that the U.S. will take a moral position."

B. Our agricultural endowment

The United States possesses the largest area in the world with good climate, the right topography and soil for growing crops. Don Paarlberg, Director of Agricultural Economics, U.S. Department of Agriculture, believes U.S. institutions, especially in land ownership, have furthered productive capability. Early settlement through the homestead plan avoided a landed aristocracy, but evolved into units large enough to maintain efficiency. Educational institutions, in particular the land grant college system, have furthered agricultural productivity and modern experiment stations and extension services have served to create an educated rural population, far different from the farmer-peasant level in many other nations. Credit institutions have enabled the farmer to be market-oriented, providing a framework for his own decision-making.

Potential for Increasing Production

But even with today's high level of production, we have great capacity for expansion, Dr. Paarlberg believes. Looking to the next 10–12 years, he estimates that with sufficient price incentives and adequate availability of inputs, corn production could be increased 50 percent, wheat 40 percent, soybeans up a third. Moreover, we could add another 100 million acres to the 300 million we farm today.

The shortfall in this year's crop output is an exception, Dr. Paarlberg believes, attributable as in 1934, 1936 and 1946, to weather conditions. This is an average of only one shortfall every 10 years.

Clayton K. Yeutter, Assistant Secretary for Commodities and International Affairs, U.S. Department of Agriculture, whose speech was delivered by David Hume, Administrator of USDA's Foreign Agriculture Service, believes the world can meet the challenge of food production both in the next twenty years and in the longer term. He notes that the U.S. has shifted in farm policy, freeing farmers from restraints and moving toward maximum production. This year's tightness is due to abnormal weather. However, the trend is for increased production—averaging about 1½ percent per capita each year in the developed world, and ½ percent per capita in the developing world.

C. Development assistance

U.S. government spokesmen agree that the problem over the next 25 years is to assure not only that enough food is produced, but that the increase comes from the developing countries themselves. This is where the potential for increased production is greatest, but Ambassador Martin believes it may take from five to 15 years to obtain significant results. They will require additional resources in technical assistance.

Don Paarlberg sees our major contribution as the body of skills and technical knowledge we have developed—research, credit, education, and land tenure. It has helped keep the world a half step ahead of population growth. In retrospect, Paarlberg feels U.S. assistance programs have been successful. Some had hopes which were too high, or else wanted results too quickly. But agriculture takes time. "We are learning to adapt," he says. We are transforming programs, not transferring them."

D. Food Reserves—U.S. attitudes

One of the key questions raised by proposals for national food stockholding policies, Dr. Willett observes, is what kind of reserves will be held. If they are reserves intended to meet specific emergency needs, the cost to the United States for the amount it would hold—approximately 12 million tons—would be relatively small. But if U.S. stocks would have to be sufficient to meet general world contingency needs resulting from large scale crop shortfalls, the United States would have to hold 50-60 million tons of grain in reserve, an expensive proposition. The desirable level of U.S. stocks, he believes, will depend to a large extent on the policies adopted by other countris.

Dr. Sandersen points out that the United States cannot bear the responsibility alone for holding world grain reserves. The burden will have to be shared by all affluent countries. The Soviet Union, for example, would have to participate fully in any international food security system or possibly be subject to controls and surcharges on its purchases in the world market.

Responding to questions about whether the U.S. Government is serious in seeing that food reserves are established, Ambassador Martin affirms that he has been authorized by the U.S. Government to answer that the United States will take whatever steps are necessary "to fill our role in maintaining an adequate reserve system."

E. Food aid—U.S. capability

U.S. food aid goes back as far as the period immediately following World War I, points out Andrew Mair, Coordinator of the U.S. Agency for International Development's Office of Food for Peace. At that time, the United States shipped food to Europe to prevent hunger on the continent, as it did again following World War II. However, after food aid to Europe ended in the late 1940s, the U.S. Government launched farm commodity purchase programs to soak up domestic surpluses and these programs were eventually linked with agricultural policies designed to take some crop land out of production. Since 1955, the United States has used some $24 billion worth of these food surpluses for food aid.

Mr. Mair notes that although the United States does not now have the food reserves it formerly held, "the need for food aid will be much greater in the next 10 years than in the past 10 years." He adds that as a major food exporter, "the United States has a vital role to play in dealing with the present world food situation."

Food aid is only "a holding pattern" in the view of Assistant Secretary of Agriculture Clayton Yeutter because the logistics of having to move large amounts of aid are overwhelming. He cites a case in which the U.S. had 50 ships backed into Bombay harbor while people starved in Kerala State.

F. The ethical imperatives

Ethical issues form an integral and pervasive part of the world food problem. This point is made explicitly by Martin McLaughlin, Executive Secretary of the World Hunger Action Coalition, a view that appears to find general agreement.

These issues are part and parcel of a larger requirement for a new relationship and division of labor among rich and poor nations. The concept of "partners in development" which provided a viable basis for rich-poor relations for a quarter of a century has been overtaken and the current dialogue is running downhill toward a divisive confrontation. The food emergency should be seen in this context.

Peter J. Henriot, Staff Associate of the Center for Concern, outlines four sets of ideas in current discussions of the world food problem.

a) The idea of being "ethically hardheaded." This leads to advocacy of helping only those who have a good chance of meeting their food needs and ignoring those who are assured to be beyond effective assistance. This fails to address the existence of overconsumption or structural economic relationships.

b) The idea that food policy should be designed to preserve the market system.

c) The idea that consumption patterns are at the heart of the problem.

d) The idea that an image of concern is important. In this connection, declares Henriot, the appointment of Secretary Butz to head the United States delegation to the World Food Conference is itself an ethical issue.

The most urgent moral imperative for the U.S. Government, says Thomas Wilson, Jr., Director of the Aspen Institute, Program of Environment and Quality of Life, is to renounce the use of its special position in the world food picture for political or strategic advantage regardless of the behavior of other nations. This should be done explicitly, emphatically, and unconditionally by the U.S. at the World Food Conference for the psychological-political-moral purpose of clearing the air of suspicions about motivations.

A Matter of Distribution

The ethical issue, as Peter Henriot sees it, is primarily a matter of distribution. The question is: when people are hungry, who shall be fed? Henriot believes a distinction should be made between famine, when no food is available, and starvation, when there is not enough to meet nutritional needs. Starvation is the dominant problem and distribution therefore raises structural problems which in essence are ethical. Brady Tyson, Associate Professor at the American University School of International Service believes there is a lack of will to condemn over-consumption and a lack of courage to institute change. What is needed is the "ethical imagination" to invent something better than individualism, competitiveness, and gratification through consumption. People will change cultural values if there is leadership, but the change must come from below.

Many comments at the Symposium reflect agreement that the international economic order needs to be reformed. Many participants feel that if this is not undertaken urgently, the world may not survive the final quarter of the twentieth century.

G. Information and public opinion

The stimulation of public awareness of food problems by press coverage of events in the Sahel and in India may have evoked more interest in the world food problems than all conferences on food in the past 20 years, believes Peter Hendry, an FAO Information Officer.

"There exists a new form of communication—an empty shelf at the supermarket or a higher price tag on food that is making people aware that what and how they eat is related to dietary standards in other parts of the world," says Hendry.

Hendry states that 20 percent of the FAO information budget is now geared to development support information, a component built into development projects which allows for extension-type activities. The philosophy here is that people affected by a project should be made aware of the development process.

Some problems of communication are less technical than perceptual, Hamid Mowlana, Director, International Communication Program, The American University, believes. The receiver of information must be motivated to use it.

ONE EXAMPLE OF PUBLIC RESPONSE

On the question of public response Herbert Waters of the World Hunger Action Coalition reports that a petition drive, sponsored by his organizations, calling for increased food aid and "for a U.S. delegation that cares about the World Food Conference" had collected at least 250,000 signed petitions.

There are now 75 organized groups as members of the Coalition. During a National Week of Concern in September state and regional meetings were held in the mid-West, and up along both the east and west coast. The week was officially recognized by numerous state governors, and twenty mayors of key cities. The impact says Waters, reached even to the top levels of Government. "But much as we have done to raise the level of the public's conscience, the real work is still to be done," says Waters. "Our Government response is still too little, too late. It is aimed at expediency and face-saving. The real mandate is to insist on compassionate service now."

H. Special U.S. roles

Agribusiness

A Symposium panel representing agro-industries reported on planned participation in the World Food Conference and stressed the need for greatly expanded cooperation between government, industry and international organizations.

In the view of Richard Reuter, a Vice-President of Kraftco Foods, forty countries, "the have-not nations" cannot today afford to buy energy and food in an inflated world economy because they do not have enough exportable resources to trade for these expensive requisites. Says Reuter: "This probably is the basic political and moral issue behind the economic one to be faced at the Rome Conference."

Reuter believes that if business is to be part of an internatioanl support effort, it will have to follow specific invitations from the host country and that host country must be prepared to give agricultural growth a high priority. Stockholding and aid shipments are no substitute for an effective agriculture programs in the country involved. Management skills may be one of the most acute shortages in agriculture and food distribuiton in developing countries.

Industry's role in finding new resources for agricultural development must not only be understood by the politicians, "but welcomed and integrated into the dynamic aspects of any new food policy," says Walter Simons, Deputy Director of the FAO/UN Industry Cooperative Program.

THE NEED FOR INCENTIVES

Roy K. Kelley, Vice-President of Nabisco, believes that the "push-pull" dynamics of a free market are "far more desirable and will do more to ensure a better independent/interdependence within society, including the less developed countries, than a controlled economy which requires a rigid Czar-like administration if it is to succeed at all."

He urges that pricing mechanisms should be sensitive to productivity, reflecting the need for an incentive for the producer/processor and carrying a price that can be considered fair by the purchaser/user. Such a formula would contribute to price and supply stability, give added impetus to the planning process and facilitate efforts to control inflation.

For Melvin R. Bandle, President of A/R/A World Food Systems Inc., agro-industries knowledge of food processing and marketing is one expertise whose implementation into positive action programs in developing nations can be put to work immediately. However, a clear understanding must be made with developing countries who receive food processing and marketing assistance from agro-business that the commercial private sector must achieve reasonable return on their investment.

Waste, says Bandle, is the "most overlooked area" in food handling and production in many countries. "If 25 to 50 percent of all food produced within developing nations is wasted, then assistance with preservation and processing is one of the quickest ways to turn the thing around."

Questions to the Agro-industry panel reflect moral concerns about the need to reduce American consumption of food and also the ability of agro-industry actually to help developing countries improve their agricultural "delivery systems." Although panelists were skeptical about "cutting down consumption here when we have no clear determination of what role we will be playing in world supply" they were more positive about help to agriculture in developing countries. Noting inequities in profit division due to many changes of ownership between grower and consumer, they suggest cutting down on the number of men in the middle. By giving top priority to the farmer, underdeveloped countries could improve his status and his economic return. Roy K. Kelley proposed an "Agriculture Corps" similar to the Peace Corps, made up of agricultural graduates, people with experience in food companies and practical farmers.

H. Special Roles

U.S. Farmers

Representatives of the two largest U.S. farm organizations stressed that U.S. farmers are not johnnies-come-lately in their concern over the problems on which this symposium is focussing, but they have for at least a generation sought solutions to the agonizing problems of wide-scale malnutrition in some areas and surpluses of some commodities in others which have acted to depress farm prices. Farmers thereby reduce the rewards of their labor and their incentive to produce.

The major U.S. farm organizations have been members of the International Federation of Agricultural Producers, which coordinates views of national organizations from 48 countries to place before such appropriate international body, such as the U.N. and FAO.

Farmer spokesmen were agreed that the immediate requirement for increasing production is to end the policy of cheap food. Getting more food will require paying more per unit, since additional land to be brought into production may be less productive than some of that now being harvested.

Economic rewards to primary producers were vital to increasing food production in developing countries. The World Food Conference should encourage these nations to provide incentives for increased-productivity, as well as education, research, credit, land ownership by producers, and efficient transportation and marketing systems.

One panelist warned that many farmers in developing countries were naturally resistant to change because they recognize the risks involved in changing to new varieties and new methods. He cited the U.S. corn blight as an example of the risks of highly specialized agriculture.

Robert Lewis of the National Farmers Union argued that the world trading system needs reform so that the unemployed labor in developing countries can be employed on labor intensive activities producing through economic development products which can be imported by developed countries without trade barriers such as tariffs or quantitative restrictions, thereby enabling developing countries to purchase food requirements both from their own producers or from other countries. Food aid could be used to stimulate the needed economic development while the trade flow is being achieved.

Sacrifices on the part of the United States to help provide food, fertilizer and pesticides would be ineffective, in Mr. Lewis' opinion, and would not deal with the realities of the situation. The cost of these items is so great that they cannot be provided by charity. They can be provided only through returns to producers that recognize the costs of the inputs and the capital intensive nature of agriculture. Food aid concern in the United States is well expressed by private citizens working through volunteer agencies such as CROP—Christian Rural Overseas Program.

I. Special approaches

John M. Richardson (Case University) provided a summary description of some aspects of a computer-based world simulation model comprising economic, demographic and social variables. This model, to be presented to the Club of Rome, represents a refinement of the one described in *The Limits to Growth* by the MIT team headed by Dennis Meadows. Its authors emphasize its use as a planning and decision-making tool, as a way of trying out the results of proposed policy "scenarios" by computer runs, rather than a source of predictions or generalized conclusions.

Two important differences from the Meadows model are its division of the world into ten regions, each with its own parameters, which can be treated separately (or in combination), as opposed to a single global entity; and the disaggregation of economic output into a considerably larger number of products. Other differences in the functional relationships employed were apparent, but cannot be described here with any accuracy.

As an example of how the model might be used, Richardson cited the procedures to be employed in posing the question: how to prevent starvation in Region 9, composed of South and Southeast Asia plus Taiwan and Korea? Some of the major policy options to be explored would be: population control, shifts of investment in or out of agriculture, food import levels, and others. Steps to be taken for fitting the questions and assumptions to the computer categories were described, but without reference to possible results of policies.

RECOMPUTATION OF RETIRED MILITARY PAY

Mr. MATHIAS. Mr. President, in recent years, I have sought on several occasions to redress an unfair and discriminatory aspect of our military retirement system which does great disservice to our oldest military retirees. In the Senate, we have passed corrective legislation on three occasions in this session alone, only to see it blocked in the House of Representatives without ever coming to a vote before the full House.

I am pleased to note, therefore, that a subcommittee of the House Committee on Armed Services has recently held hearings on this issue, the recomputation of military retirement compensation.

The proposal under consideration would provide for a one-time recomputation of retired military pay to correct a basic inequity now present in the program. The military pay adjustments we enacted effective January 1, 1972, were certainly well justified and much needed by recent retirees and active duty personnel. However, it left the older, and often more needy, retirees with compensation amounting to as little as half that of their younger counterparts.

I am glad to have had the opportunity to submit testimony to the House subcommittee on this issue, expressing my deep concern and interest in this legislation and strongly urging the committee to report this bill to the full House favorably.

I ask unanimous consent that a copy of my testimony on this issue be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR CHARLES McC. MATHIAS, JR.

Mr. Chairman, I would like to thank the members of this committee for the opportunity to express my support for the amendment proposed by my colleague in the Senate, the Honorable Vance Hartke, on the subject of military recomputation for service retirees.

The legislation proposed by the Senate Committee on Veterans Affairs, chaired by Senator Hartke, Amendment 1377 to S. 3000, would draw all military retirees under the same payment program and achieve parity in actual benefits received by retirees and survivors.

This is a much needed well-precedented measure. It is intended to correct as oversight in the last recomputation act enacted effective January 1, 1972. In past years, the Congress has determined that it did indeed intend some overall comparability in salary and benefits for military personnel with the private sector—including active, reserve, and retired personnel. Therefore, while our decision to provide the 1972 adjustments was a great advance in equitable treatment for the military with the private sector, we created a great disparity within the military retirement establishment at the expense of the eldest, and often most needful, retirees. This amendment would correct that oversight and I feel we have an obligation to do so as soon as possible.

At the present time, the military retiree who retired since the 1972 pay adjustments may very well be receiving twice the retirement compensation of the retiree of 1950.

For example, according to present available data, a Staff Sergeant, grade E–6, who retired after June 1, 1958, with 20 years of service, now receives $230.13 per month. His widow would conceivably receive an amount of about $115 per month. This bill would merely increase that retiree's monthly income to $330, bringing it up to par with the identically qualified retiree of 1972. The 20-year, E–6 retiree of 1965 now receives $271.90 and his counterpart retiring in 1970 receives $317.11. Certainly, it costs the 1970 retiree no more to live than those of 1965 or of 1958; but our most recent retirees do receive the greatest benefit. Yet, most tragically, it would seem that the older the person, perhaps the greater his need and dependence on this compensation might be, especially considering his decreasing ability to maintain other employment.

There is only one answer to this discriminatory, difficult situation, and that is to bring all retiree benefits into line. Under this legislation, all E–6s with 20 years of service would receive $330.00 per month.

In addition, we must remember that the beneficiaries of this bill are those who served our country when military base pay did not offer the primary career incentive, since military pay grades were then among the lowest in our economy. I do not believe it was the intent of the Congress that one age group should be victimized by the very legislation that was meant to better the conditions of all the military.

On the basis that military retirement is non-contributory, the charge has been made that this is already the most generous system in our country. That fact does not make this pension charity—there is no question that the promises of retirement, pension, and medical care have been the prime incentives for career military service. While it is not a contractual matter, per se, those benefits are, in fact, promised and have always been presented as a compensatory factor in the entire basepay structure.

The basic issue before us now is discrimination within this overall program. When increases in Social Security were legislated, we did not consider excluding those who retired before any particular date and it is truly regrettable that our discussions today must occur at all.

In my own State of Maryland, there are more than 25,000 military personnel receiving retired or retainer pay. Many of them retired before January 1, 1972, and must face their later years with incomes near or below the national poverty level.

In conclusion, Mr. Chairman, I feel that this proposal is most warranted; that the principle of equal benefits under equal standards and qualifications gives it highest priority. Above all, I believe we owe at least this much to servicemen of earlier eras who have served our country and have grown older only to feel rejected by the very legislation which was intended to help all military personnel and has indeed helped their younger counterparts. As we continue to work for the betterment of all our elderly citizens, this bill would help to fill the promise made to all military personnel for a decent standard of living during those precious retirement years.

Therefore, I strongly urge the committee to consider the merits of this legislation, which, I reiterate, is not in itself a new or increased program, but simply an umbrella—to bring the military retirement payments into parity and to end the present situation of greatest hardship resting on the neediest and oldest.

While we in the Senate have approved three such amendments, the Members of the House have not yet had the privilege of making their judgments. I hope this committee will see fit to allow the House to vote on this issue.

Thank you again for your consideration of my views on this urgent matter.

GOVERNOR SHAPP PROPOSES MODERN FEDERAL BUDGETING AS ECONOMIC CURE

Mr. HUMPHREY. Mr. President, repeatedly I have spoken out about "double digit inflation," deepening recession, and dangerously high unemployment, all serious ills affecting our economy and our people. I have suggested as have others, that while no quick and easy cures are likely, every approach must be carefully evaluated.

Last month Gov. Milton J. Shapp made a very creative and thoughtful proposal for dealing with our economic problems that warrants our most serious attention. Fundamentally, he proposes a complete modernization of our public budgeting concepts. He observes that today's public budgeting must become more than "cash flow" budgeting, if we are to build for the future in this country.

In his speech to the security analysts in New York, Governor Shapp noted that the separation of the capital budget from the operating budget by private business made productive growth and profit generating investment possible. Likewise, he believes that such a separation must be made in public budgeting, if we are to meet our long terms needs.

To illustrate his proposal in hard terms, Governor Shapp describes his proposal for a "rail trust fund." This capital budgeting device would provide the means for investing about $12.9 billion over the next 6 years to rehabilitate and modernize our railroads. This would be accomplished by the railroads' collecting and paying into the fund a 5-percent surcharge on freight revenues. The fund would finance its operation by selling 30-year Government backed obligations which would be serviced with the surcharge collections. All railroads would be entitled to trust fund grants in proportion to their surcharge collections. Also a revolving loan fund would be available to finance rolling stock purchases.

Mr. President, we must begin now to bring down prices, create jobs, and get the economy moving ahead. We have tried the old remedies and they have failed. It is time we gave serious attention to ideas like those suggested by Governor Shapp. Mr. President, I ask unanimous consent that Governor Shapp's remarks to the security analysts in New York be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF GOV. MILTON J. SHAPP AT THE NEW YORK SECURITY ANALYSTS LUNCHEON

New York, Miss Benham—Ladies and gentlemen, I have come to the nerve center of domestic and international finance today to talk about money.

Money and fiscal policy.
Money and government.
Money and budgets.
Money and values.
Money and people.

And basically, how to invest money in the public sector most effectively to give maximum stimulation to the private sector in order to increase productivity and profits, improve life standards for our people while restraining inflation.

Like all of you, I have been monitoring the information being supplied to President Ford from all areas of the country on how to deal with the nation's grave economic crisis. Almost everyone is aware that our situation is extremely serious, but to date, most of the solutions advanced have been rehashes of unsuccessful programs of the past.

Something new is needed and I don't mean Phase V.

It's time that we recognize that the engine that has been pulling the American economic system is completely outdated, and no amount of tinkering, tuning or adjusting can possibly provide adequate power to meet the needs of our modern society.

I urge that those who still strive to tinker, to tune, adjust, accelerate or brake our economic engine, or who seek to reinstitute controls or to tighten or restrict money supplies, or to cut back employment to fight inflation, stop, look and analyze the negative impact these types of actions have had during the past decades ever since the Federal Reserve raised its rediscount rates in November 1965.

The plain fact is that these methods have not worked and they will prove even less effective in the future.

Of outstanding importance, we must drop the time encrusted concept that in preparing government budgets, in effect cash is treated as our only asset. We worry about our national debt, 475 billion dollars, but ignore the fact that the government possesses physical assets that are worth many many trillions of dollars.

A balance sheet of a business firm lists many assets of far greater importance to the potential earning power of the company than its cash-on-hand. Money is invested in programs of research to develop new products and in capital equipment with which to produce these items. Raw inventory is purchased, labor hired and trained and goods produced. Marketing programs are developed. The sale of finished inventory creates receivables. These, in turn, convert to cash, and the process repeats itself over and over again. Money is used in business merely as a tool to create and increase wealth.

A business firm normally prepares two separate budgets—one for capital investments and the other for operating expenditures. In addition, as another tool to insure effective fiscal control, most firms compile a cash-flow sheet.

The capital budget deals normally with long term investments needed to insure growth of the company, and often necessitates borrowing. In business this is considered good practice if it can be shown that the potential return on investment exceeds its cost.

Operating budgets cover current expenses of doing business and must be minimized if the business is to show a profit.

The cash-flow sheet simply compares cash-in with cash-out for the period covered. If a company were to consider cash as its only asset, it could never grow. It would never show a real profit. Capital investments made to insure long-term profitable growth would have to be written off each year as ordinary expenses rather than depreciated over a period of years in accordance with the usefulness of the capital equipment. To make progress, a business must convert its cash into other assets to stimulate the forces of production.

Yet today we ignore this basic principle in handling the fiscal affairs of our government. Actually, state and federal governments and most cities do not have budgets in the real sense—only cash flow sheets. If more revenue is collected each year than is paid out, this is called surplus. If more cash is paid out than collected, this is called a deficit—regardless of whether the money is used for secretarial salaries and paper clips or invested in new schools, transportation, water supply systems, housing or other capital improvements vitally needed to increase the wealth potential of our country.

Since budgeting lies at the center of all financial planning, this false concept of measuring only cash-input against cash-output in the preparation of government budgets lies at the very core of our national economic illness today. Until we alter this concept, we can make but little progress in resolving our economic problems.

On the other hand, once we adopt modern business principles in the treatment of governmental budgets, new vistas open and many practical methods of resolving our economic and social problems emerge.

To stimulate new growth, new jobs and greater productivity in America, we must use our "liquid assets" in effective programs to increase our total wealth.

If we consider our economy as a public address system, this becomes clearer. A child speaks into a microphone and the voice resounds throughout a large auditorium. The function of an amplifier system is to accept low level signals and transform these into more useful high level signals.

Our capital, properly utilized to stimulate the forces of production, can accomplish the same function for our economy.

Some of these programs involve the public sector of our economy—others the private. What is of vital importance, especially to the business community, is that unless proper investments are made in the public sector, the return on private investments is not maximized—industry suffers and employment possibilities are reduced; productivity is diminished and therefore our attempts to restrain inflation are hampered.

Now, let's get specific.

My basic recommendation is that Washington adopt the same principles of capital budgeting and accrual accounting that are used by virtually every major corporation in the world, and segregate into separate accounts those funds used for meeting the operating costs of government from those that are invested in programs to generate future growth.

It matters little whether we set up separate trust funds as has been done in the area of highway construction which is our federal government's greatest effort in this direction, or simply segregate accounts in a single capital budget presentation.

The argument may be raised that I am proposing that the public sector replace the private sector in our economy. This is far from the case. I seek to strengthen the private sector by maximizing those public sector investments that will stimulate the private sector.

I do not advocate a program of government spending. I believe that proper public investment will, in fact, reduce the operating cost of government just as it does for business.

Specifically, if this nation is to grow, if business and individuals are to prosper, and if inflation is to be brought under control, we must make needed investments to improve our people, our transportation systems, our supply of housing and to develop our natural resources.

Let me be more specific and deal with a program for financing the rebuilding of our antiquated rail transportation system. And subsequently I want to touch on a program for financing the education system in the United States, utilizing capital budgeting techniques.

First let me deal with a plan to solve our grave rail transportation problem.

That this Nation's economic health depends upon an efficient rail transportation system is undeniable. Unfortunately, in the major industrial region of the nation—the northeast quadrant that extends from Boston and Washington to Chicago and St. Louis—most of the carriers are in bankruptcy, track and rolling stock are outdated and service in many areas is virtually nonexistent.

The Regional Rail Reorganization Act recently passed by Congress is totally inadequate, in fact this legislation heads in the wrong direction by placing emphasis on abandonment of vital trackage that serves thousands of shippers, and provides virtually no funds for financing urgent rail improvements.

Incidentally, just as I was the only person to carry the fight against the Penn-Central merger all the way to the U.S. Supreme Court, I was the only official to testify before the Magnuson Committee in the Senate and predict in advance that the U.S.R.A. bill would lay an egg.

There is too little money in the U.S.R.A. Act to achieve the level of rail rehabilitation and modernization needed: The law is unfair to creditors in that it forces them to exchange their credit position for stock in a corporation that is expected to run out of cash in three to five years: It is grossly unfair to branch line rail users and communities by threatening the elimination of rail service.

Establishing Conrail is the exact opposite to what a thriving American economy needs and must have.

The Act is an abominable compromise in which everyone loses, especially the Nation.

The U.S.R.A. is supposed to be a solution on the cheap side, which the courts have said is too cheap. I might add, it is also no solution.

In place of Conrail and the U.S.R.A. plan we need a national commitment by both government and the private sector to develop a truly modern rail system throughout the Nation. That commitment can be fulfilled in a rational way by establishing a National Rail Trust Fund.

Unless we revitalize our railroads so they can be competitive, be of real service to the shipping public and self-supporting, our Nation will be forced into a program of massive public subsidy or even outright public ownership.

I'm sure this is what most of us wish to avoid.

The proposed Rail Trust Fund, prepared by the Pennsylvania Office of State Planning and Development, calls for joint government-industry cooperation to overcome decades of neglect of America's railroads. It is our proposal to finance modernization of our railroads so they can furnish the high quality of service rail users must have.

The Rail Trust Fund is not a proposal to nationalize railroads. It is not a government takeover of management or operations.

The Rail Trust Fund is not a device to restructure, merge, splinter or abandon trackage of any existing railroads.

The Rail Trust Fund is neutral of the subject of Conrail, the United States Railway Association, and the Regional Rail Reorganization Act. It can work whether or not there is a Conrail, but it most certainly does not need Conrail to work.

The Rail Trust Fund is *not* a subsidy program for railroads.

Rather, it provides the means of investing about $12.9 billion over the next six years to rehabilitate track, make roadway and yard improvements, and electrify our railroads, plus there would be money to purchase new rolling stock.

Here is how the Rail Trust Fund would operate:

1. All railroads would collect and pay into the Fund a five percent surcharge on freight revenues.

2. Trust Fund outlays would be funded by issuing government-backed obligations and would be financed over 30 years via the surcharge.

3. All railroads would be entitled to Trust Fund grants for rehabilitation and modernization projects in proportion to their surcharge collections.

4. A revolving loan fund would be available to finance rolling stock purchases.

The surcharge would be sufficient to finance these outlays, related administrative costs, and make the Fund self-sustaining. At the end of the six-year period, additional modernization projects could be scheduled.

This surcharge would not be an additional burden on shippers. Rather half of the temporary ten percent surcharge approved by the ICC last June, could be redirected to the Fund. This would be consistent with the original intent of the ICC surcharge to provide money for capital improvements and deferred maintenance. But the Rail Trust Fund would not contain the ICC's restrictions about which projects would qualify for funding.

Railroads would establish their own priorities for rehabilitation, modernization, electrification, terminal and yard construction, communications and signalization, and related betterments. Grants would be made to these projects subject only to normal auditing and accounting limitations to insure that the money goes for these purposes.

Because the Trust Fund investments would be financed over a 30-year period, the five-percent surcharge would provide billions of dollars for railroad improvements *now* when they are urgently needed. The ICC freight rate increases can never have this kind of positive impact.

In addition, freight rate increases are subject to taxes and must appear on railroad balance sheets. The surcharge would be tax free and the grants would be a contribution to capital and should not be subject to taxes.

This is a program in which everyone wins. Yes, shippers will pay the bill. They should because they will enjoy the benefits of improved service and greater productivity.

The benefits to the railroads should be self-evident. For the first time in decades they will have access to the capital they need to modernize and expand their plants, to increase productivity and reduce unnecessary operating costs.

Shippers will benefit and ultimately many of these benefits will be shared by the consumers.

A revitalized rail system will end the threats of massive branch line abandonments. There will be no need for orange lines (the term made so notorious by the U.S. Department of Transportation report issued last February which claimed 25 percent of the tracks in the northeast-midwest region were "potentially excess" and indicated them with orange lines on a map.)

It should be self-evident that if the trust fund has money for tie and rail replacement, this heavy cost to railroads is no longer a justification for branch line abandonments. Therefore, there should be a moratorium on abandonments until the railroads have completed system-wide rehabilitation with rail trust funds. Once rail systems begin their recovery from the decades of neglected maintenance, these light density lines can be analyzed anew.

Why do we need a rail trust fund? We have amply documented the situation faced by American railroads in a rail trust fund detailed study, copies of which are available to you.

The establishment of a rail trust fund deals with the basic rather than peripheral problems of our railroads.

Railroads suffer from a chronic shortage of capital because their rate of return on investment is so low—lower since 1956 than the average return on U.S. Government bonds.

Insufficient return has largely locked railroads out of the long term capital markets. As a result, their outlays for maintenance of way, for improving yards and roadway, and for upgrading rolling stock have shrunken to dangerously low levels.

This neglect has been reflected in the increase in accidents caused by deficiencies in maintenance of way and also increased in cost. Damage to the contents of cars traceable to defective units and train accidents has also been on the rise.

Neglect of track and equipment has resulted in reducing speed limits which has contributed substantially to the problem of rail car shortages, to the lower utilization of cars, and to the rising per diem and leasing charges.

As all analysis of the Penn Central know equipment rentals exceeded net revenues in 1970 and 1971. It was the most extreme case, but across the nation payments for car hire have risen substantially, effectively draining off possible income.

Acquisition of new rolling stock is a must, and in its first two years, the Rail Trust Fund will include a $1 billion revolving loan fund to help purchase between 20 and 40,000 cars and somewhere between 750 and 2,000 new locomotives. This fund could be doubled in future years.

Truly modernized rail service should include electrification of heavy density lines. We assume that 14,300 miles of heavily used lines could benefit from the savings of electrification and we have allowed $3.1 billion for these improvements through grants from the Trust Fund over a six-year period.

For terminal and yard modernization, for communications and signal improvements, and for a variety of other betterments of roadway and structures that lead to better service, there is an allowance of $2.9 billion.

Thus, in its first six years the Rail Trust Fund could finance the following needs:

[In billions]

Rail and ties	$6.9
Electrification	3.2
Yards and terminals	.9
Other roadway and structures	1.9
Total	12.9

None of these categories is rigid. We may have overestimated the cost in some areas and underestimated it elsewhere.

No problem. Railroads can use the money for any of these other investments. The only restriction should be that the money goes for long-term improvements. This includes rail and ties despite the ICC's accounting procedures which treats installation of 35-year ties and 60-year rail as an operating expense which is asinine, but has tax advantages.

The greater productivity made possible through investments in our railroads can reduce unnecessary transportation costs. This will work to slow price rises throughout the economy.

Finally, the Rail Trust Fund represents a commitment to the philosophy of investment as a remedy for our economic ills. And it represents national commitment to invest in the future so that we and our children can enjoy prosperity in years to come.

Will it work?

Actually, the Highway Trust Fund established by President Eisenhower, is a good example of the benefits that accrue to industry and to private citizens alike when needed public sector investments are made.

And incidentally, the highways built under this program not only are paid for, but they brought a renaissance to many depressed areas of the Nation. I can refer directly to the anthracite region of Pennsylvania as a clear example of this great benefit.

Through collection of special user taxes on gasoline, tires and other automobile accessories, during the first 18 years of operation, the Highway Trust Fund has already collected $58.7 billion, and income is now coming in at a rate of $5.6 billion per year. Thus, the original $55 billion investment in the Interstate Highway System is already paid off. The income still being received will enable the system to be expanded and more importantly, thousands of new industries employing several millions of people who pay state, local and Federal taxes, have come into being.

Development of people and their environment, particularly education and housing, should also be considered as an investment in our budgetary process. My Office of State Planning and Development has already prepared the data for financing education from kindergarten through post-graduate studies, and the return on investment is so fabulous we should waste no time in getting this program under way. A copy of our booklet on "The National Education Trust Fund" is available for your study.

We are now working to develop similar data on the cost benefits of a major housing investment program.

I should like to end this presentation with this footnote. There has been only one decade in the 20th Century in which the Federal budget was in balance each year—that was the decade of the 20's. It is my strong belief that the lack of public sector investment during that decade was the major reason for the great depression of the 30's.

The key word to stimulate the American economy, provide better jobs for more people, to increase business profits and to restrain inflation is investment.

The Rail Trust Fund and the National Education Trust Fund epitomize the government-private sector investment partnership which can restore our Nation's economic health. They are an extension of the investment philosophy we have been developing in Pennsylvania under our Pennsylvania Economic Program for Balanced Growth (PEP).

Virtually, since the end of World War I, Pennsylvania has suffered from a lack of major investments to build its infrastructure. This has been a prime factor in the stagnation that affected the State for almost 50 years.

In 1962, Dr. Ernest Jurkat, my chief economic advisor, and I published a book entitled New Growth . . . New Jobs for Pennsylvania, in which we trace the economic history of the Keystone State from the turn of the century through to 1960.

In this book, we calculated that $1.00 of public sector investment stimulated $2.40 worth of private sector investment, and the combined public and private investments of $3.40 would increase GNP by $10.00.

These figures undoubtedly may have shifted somewhat by this time. But nonetheless, the analysis demonstrates very clearly the need and power of public investment to help stimulate the private sector and offer greater opportunity for all our citizens.

In recent months, Pennsylvania has developed a plan to remedy the under-investment of the past—a plan which evisions a joint government-private sector partnership to achieve sustained growth in the future.

The Pennsylvania Economic Program for Balanced Growth (PEP) sets economic and social development targets for the State and for each of its 10 sub-state regions.

These targets encompass the economy, physical resource development, and human resource development.

With these targets as our objective, economists estimate the public and private sector investments needed to reach them. In each region, the Program has proposed the optimum level of government investment which would stimulate investment by the private sector.

A major advantage of the PEP program is that it is developed not only for the State as an entity, but also for the ten sub-state regions within Pennsylvania. PEP is a cooperative effort with the regions. It is a State plan and program—not simply the plan and program of state government.

I am confident that as we start implementing the PEP Program it will yield long term dividends to our people and their children.

But Pennsylvania is only one state out of 50. Our economy is inseparable from that of the rest of the Nation. So what is obvious is the need for a National Investment Policy, a National Investment Plan, a national commitment to balanced development. One state cannot do it all for itself. I believe we have worked out in Pennsylvania the economic basis for establishing a National Investment Program. We have the ability to identify and project the types of investments that will result in the maximum yield.

So let's put the power of industry and the foundation of our American Capitalist System—"Investment"—back into the mainstream of our National economy, and let's take this action before double digit inflation becomes rigid.

The principles of capital investment, accrued accounting, amortization, yield projections and handling balanced debt structure are not new either to government or to industry. Basically, all I'm suggesting today is that we start at once to use these principles in our federal budget practices. This is the way to resolve our serious economic problems, and to get this Nation moving. It has been our failure to apply these principles in our Federal budget. That is the root cause of our present crisis.

Thank you.

VIETNAM VETERANS EDUCATION ASSISTANCE

Mr. CLARK. Mr. President, I was pleased that the Senate passed the Vietnam-Era Veterans' Readjustment Assistance Act of 1974 yesterday. This legislation is extremely important for Vietnam-era veterans who already have been waiting for adequate GI benefits for too long.

Many veterans hoped to start school this fall in the knowledge that they would receive substantial Government support for their efforts to improve their education. They did not have that security because Congress had not completed work on this legislation. They were frustrated and angered by the Federal Government's slowness in assuring them that they—like the veterans of earlier eras—would receive help in achieving their educational goals.

Now the delay is almost over. The legislation has been passed by both the House and Senate. I think that the Senate can be proud of its role in achieving this legislation. But I have heard that the President may veto it. I hope he will reconsider that position. I agree that the budget must be cut and cut sharply, but I do not believe that this is the place to do it. I think we have the same responsibility to Vietnam veterans that we had to veterans of World War II.

World War II veterans could receive 4 years of education at a wide range of institutions at Federal expense, but veterans of Vietnam—this most unpopular war—only receive enough money for 4 years of education if they attend a public college with a tuition equal or below the national average. And even in that case, they are left with little money to live on.

We have a responsibility to provide more adequate aid to these veterans. By passing this bill providing for a 23-percent increase in monthly educational assistance allowances, a low-interest loan program, an extension from 8 to 10 years of the period in which veterans and eligible wives and widows can complete their educational program, and an extension of the maximum entitlement of educational benefits from 36 to 45 months for baccalaureate degrees, the Congress has accepted that responsibility. I am disappointed in some sections of the bill. I do not think they go far enough. The additional 9 months of education, for example, should be available for graduate studies as well as undergraduate. But, in spite of some deficiencies, the benefits in this bill are much better than those available now, and I am glad that it was possible to reach an agreement with the House. I hope we can continue to improve the Vietnam-era veterans educational assistance program during the next Congress.

THE WORLD FOOD CONFERENCE: A NEW MEXICO OUTLOOK

Mr. DOMENICI. Mr. President, on Sunday, October 6, 1974, I sponsored a food seminar in Albuquerque, N. Mex., entitled, "The World Food Conference—A New Mexico Outlook."

Dr. Gerald Thomas, president of New Mexico State University and one of the world's foremost food production experts, was the moderator for the meeting. I was also privileged to receive statements and views from New Mexico food producers, consumers, nutritional experts and agricultural specialists from throughout the State.

Mr. President, I would like to take this opportunity to thank the participants in this meeting for sharing with me their knowledge and expertise in their respective area and would like to share it with my friends in the Congress. I ask unanimous consent the written statements presented by the participants be printed in the Record.

There being no objection, the written statements were ordered to be printed in the Record, as follows:

Statement by Senator Pete Domenici, October 6, 1974, at the New Mexico Food Conference

As a member of the U.S. delegation to the World Food Conference, I have called this meeting to get as wide a range of views as possible from experts in this state. We are privileged to have had the help of Dr. Gerald Thomas, president of New Mexico State University and one of the world's experts in food production. His assistance, and that of his staff, has been invaluable.

The issues to be confronted at the World Food Conference in Rome in November are complex. Their resolution may have as profound an impact on mankind's future as any decision we make this decade. New Mexico is a prime food-producing state in the world's most productive agricultural nation. As such we have special interest in, and special responsibilities for, food production and food availability.

Father Theodore Hesburgh, president of the Univerity of Notre Dame and chairman of the Overseas Development Council, says that the food crisis we see unfolding now "will make the energy crisis look like a picnic." I agree. Not only do millions face starvation, but literally tens of millions face severe malnutrition. Not only does such a crisis have profound moral implications for the richest nation on earth, but adverse weather has brought the problem home to those millions of Americans who go to bed at night without sufficient nourishment. We are not immune, in our wealth, from the immediacy of the problem.

Complicating the entire picture is the energy crisis. Fertilizers are costly and in short supply. India will lose, for example, about 10 million tons of wheat this year because she cannot buy sufficient fertilizer for her crops. This means that 50 million Indians will go short of wheat.

India, the sub-Sahara, and other developing nations are not alone. Many developed nations face tremendous strains on their treasuries to meet the energy-food cost squeeze. Unprecedented demand during the past two years from these nations has brought worldwide grain reserves down from 95 days' worth in 1961 to a mere 27 days in 1974.

These problems, compounded by bad weather at home, have delayed the formal creation of the United States' position on food and food aid for the World Food Conference. That paper is still in preparation. It will focus on several of the serious questions to be raised, assuredly, at the conference in November:

How do the nations cooperate in re-building the world's depleted food stocks?

How much food aid will America provide to other countries this year?

What policy regarding food exports will this nation devise for the future?

How do we keep our aid program up-to-date with inflation eating away at the food basket almost daily? Cost increases have meant that this nation will provide $1.2 billion worth of food aid in 1975, but this amount of food could have been purchased this Spring for only $742 million. Inflation has eaten away almost a half-billion dollars worth of food aid.

Will we have a food reserves policy between that of Sec. Butz and that of Sen. Humphrey, or will this nation insist on food reserves holding by other nations and in what amount?

This Senator is going to the Rome conference with an open mind. I have not yet developed a concrete position on several of the issues to be raised at the Rome meeting. However, at this time it is reasonable to assume, as the United Nations Preliminary Assessment Paper on Food said, "it is doubtful whether such a critical food situation has ever been so worldwide in man's recorded history." I am going to keep that fact in mind at all times.

In light of this crisis, and the enormous importance of this nation in food production in the world, we must all balance our nation's legitimate interests with the moral imperatives governing our conduct toward the rest of the world.

The United States has been a generous nation, historically, and I believe that we should continue to be so. We have provided about 70 per cent of all food assistance to developing nations during the past decade. We have sent overseas $25 billion in food aid under the P.L. 480 program in its 20 years. And we have given $40 billion in food help to other countries under various other programs since World War II. That is a good record and one that we must maintain.

But, the cries for more food at home from our needy and our elderly, and the tremendous market problems facing our food producers, demand a complete re-evaluation of the entire world food situation. These pressures will also require an educational effort of historical proportions so that all Americans will know what the food situation in our world is and what our role must be. I hope that our meeting today and the World Food Conference in Rome will be parts of that educational process.

THE WORLD FOOD PROBLEM [1]

(By George D. Dawson [2])

INTRODUCTION

Food shortages are as old as history. Our purpose today is not to herald the current concerns over food as a new phenomenon, rather, it is to assess its present dimensions, review important trends, identify, in part, the magnitude of the problem and to suggest alternatives for action. Our present concerns are intensified because of the simultaneous occurrence of a number of factors which have upset the "normal" levels of world food grain production.

My assignment is to focus on just a few of those factors but by no means can I review all of the complex dimensions of the current world food situation. My remarks and visual aids used will have the purpose of illustrating those components of the current food problem which I believe to be a sampling of the significant indicators of the real issues of concern.

Wide disagreement prevails as to just how serious the world food problem really is, and whether it is a condition resolvable in the short-run or one of long-term persistence.

Our challenge is to carefully examine the overall problem, which is reflected in so many specific ways, both at home and abroad and to chart a proper course for the future.

The people of the United States have taken food abundance for granted—especially in the last three decades. We had developed negative attitudes toward surpluses of farm products but are now reevaluating that attitude in terms of a concern for a safe food reserve.

In the past decade, we developed institutions for handling abundance. Our expertise and experience in handling scarcity is considerably less. Production agriculture, is the initial link to an ample food supply, be it in the U.S. or anywhere in the world. Regional differences in production capability, population pressures and political environments provide ample foundations for our concerns and for the coming assembly of nations to examine the world food situation with a purpose aimed at change.

POPULATION

The rapid rate of growth in the world's population is a major component of the world food problem. A world growth rate of about two percent per year produces a doubling of total population in about 35 years. However, there are rates of growth in large geographic regions of 3.5 percent which doubles a population in twenty years. Ironically these rapidly growing populations are in regions generally identified as the less developed countries (LDC's) where food production capability has not been keeping up with population growth. In general, these problem regions have about 65 percent of the world's people but produce only 20 percent of the world's food. This condition vividly illustrates the fact that food must be imported. Current food intake in these regions is below minimum requirements to sustain a healthy life, thus providing grave implications for the future as we face yet greater population growth.

Nearly 85 percent of the world's births occur in the less developed countries of the three continents of Asia, Latin America and Africa. Combined, they have 75 percent of the world's people today and will have 80 percent by the year 2000.

The net effect of changing birth and death rates on population growth illustrate the problem (Table 1.) We have been more effective in achieving acceptance of medical technology, etc. that produce reduced death rates than we have of reducing birth rates.

The difficulty of getting a political recognition of this component of the problem as it impacts on food supplies was apparent to all who followed the world population conference proceedings. Many countries made it clear that they do not want to limit population growth because they believe population growth is synonymous with progress.

In countries where low economic development exists, we have both a high birth and death rate, such that the net growth rate may be 1.5 percent. As development occurs, death rates fall, relatively faster than birth rates resulting in increasing rates of population growth, say up to three percent or more (such as we now observe in most of Africa and Latin America). Over a long time span, birth rates adjust downward and the rate of growth slows to say one percent, such as in the U.S. or Europe.

Thus, there is strong argument for economic development as a means to slowing population growth. Our major need at this time may well be to achieve a slower population growth rate more quickly than this prescription allows.

DEMAND

The biological demand or "want" for food has always exceeded the "effective demand" which simply translates as the relationship of "wants" to the "ability" to pay. The two major push factors increasing food demand are growth in numbers of people and rising levels of income.

The income effect then is one of major importance in understanding the recent increases in food demand (Table 2.) The increase in real income in a developed country has a much lower impact on food demand than in a less developed country. A much larger proportion of any increase in income will be spent for food in the less developed country. With the population of those countries now in need of more food, an increase in real personal income there creates an additional impact on food demand—or put another way, a pressure against available supply. If production does not increase in proportion to the increased demand, prices rise. This was vividly demonstrated in 1972–73–74 when production short-falls prompted a rapid rise in prices and new public concerns.

Thus, the recent price increases were results of an increase in the amount of money available (rising personal incomes) to purchase a relatively fixed supply. In the short-run, food supplies are relatively fixed and is the past two years, several events occurred causing the rapid rise in prices. Some of these events were:

1. Diet changes resulting from rising incomes and new taste preferences.

2. The Russian grain purchase where they chose to import feed to maintain their growing livestock industry—again a reflection of diet change.

3. Aid programs for areas in special need; a humanitarian thrust with affects on supplies.

4. A general knowledge that the "surpluses" were being depleted and thus, a move on many fronts to purchase to assure future supplies.

5. An 18 percent devaluation of the U.S. dollar which literally meant that now our food was cheaper and easier to buy.

6. The effect of oil embargoes limiting our ability to produce and the resulting rise in costs of production.

7. Shortages of fishmeal for livestock feed increasing demand for soybeans as a feed concentrate.

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[1] Speech given at "The World Food Problem: A New Mexico Outlook" conference, New Mexico, October 6, 1974.

[2] Professor and Head, Department of Agricultural Economics and Agricultural Business, New Mexico State University, Las Cruces, New Mexico.

8. The overall impacts of the continuing wage price spiral resulting from escalator clauses in labor contracts, etc. and a general move by all to try to "keep up." The result being a built-in inflationary effect on food.

DIETARY DIFFERENCES

There is a difference of tremendous magnitude in the current average grain consumption levels between the "wealthy" and "poorer" nations (Table 3.) Grain consumption in the U.S. is five times that of the poorer nations where over 90 percent is used to produce livestock products as compared to 10 percent in the poorer nations. As a result, almost five times as much land, water and fertilizer is required to feed an average North American as it does an average Colombian, Nigerian or Indian. This difference is receiving wide publicity and is a central issue in the debates around the world as solutions to the world food problem are sought.

INCOME LEVEL AND DISTRIBUTION

The differences in per capita income among regions of the world are paralleled by extreme differences among individuals and households within countries. These inequalities in income are more pronounced in the developing countries.

Income distribution then is a major component in the world food problem. The effects of price rises are especially severe on the poor since they must spend a larger share of their income on necessities such as food and shelter.

PRODUCTION

The outlook for future world food production must be, at best, only an estimate arrived at by considering available facts and projecting existing trends. Two kinds of evidence are particularly important to such an estimate: (1) recent trends in the production of various crops; and (2) known or possible constraints on production imposed by nature and by man.

On the whole, the trend has been upward for food production as illustrated for wheat, rice and for coarse grains. The rates of increases, however, vary between commodities and definitely between regions of the world. The production gains have resulted directly from two sources: yield increases and added acres.

While the trend in total production has been upward and there are valid reasons to conclude that there is a capability to continue or even accelerate that trend, the relationship of production to people is disturbing. The compounding result of recent occurring events, which have affected total production, points toward a continued decline in production per capita (at least in the short-run) in regions where population is growing the fastest and where incomes are low.

The outlook for future world food production depends to a substantial degree on what happens to seven major crops: wheat, rice, maize, soybeans, sugar, potatoes, and pulses.

Within the limits of physical, economic, and cultural constraints, future world-wide production of the seven major crops will be determined largely by trends in yield per hectare and in cropland area. The area of cropland can be increased to some extent by multiple cropping where resources, technology, and climate allows.

The Green Revolution, while lauded as the salvation for increasing wheat and rice production, has in recent months been thwarted by fertilizer shortages and price increases. This has been and will be a major production setback unless fertilizer becomes more readily available and at prices the world's farmers can pay. Also, new fears of disease problems from the Green Revolution seed varieties have developed. Increasing the intensity of production nearly always brings added pest and disease problems.

A more sobering picture of the world agricultural situation is emerging than was projected last spring when "abundance" was the byword. Instead of producing record crops, 1974–75 may be disappointing. There is a real potential for less total production this year than last in the U.S. and the world.

Production projections have normally been made based on the following kinds of assumptions:

1. Normal weather,
2. No wars or threats of war,
3. Prices high enough to encourage farm investments,
4. Sufficient supplies of fossil fuels, and fertilizer at reasonable prices, and
5. A continuous flow of new production technology.

These assumptions do not always hold, and realistically, we do not have methods to project the short-run production variations. Note the annual variation in cereal production in Russia.

Production potential in the LDC's is promising if know-how can be disseminated and adopted in such areas as plant breeding, fertilization, pest and disease control, irrigation, double and triple cropping. Barriers to these achievements are huge and must be addressed. Moreover, production increases can be thwarted by the lack of marketing institutions to handle the increased production.

RESOURCES

Limits on crop production are set at any one time by the quantity and quality of natural resources—chiefly land, water and weather. Capital resources, of which fertilizer and energy are of prime importance, are particularly highlighted today. Obtaining data for measuring these factors of production is difficult, but we do have reasonable estimates.

The variation in acres of cultivated land per capita in 1970 ranged from about 0.4 acres in Communist Asia to 2.3 acres in Africa (Table 4.) In the U.S., there are about two acres per capita.

Projections for additional crop acres by 1985 in different parts of the world are based on the availability of capital for such development, and prices that would induce farmers to plant those acres.

WEATHER

Two kinds of climatic changes may influence world food production: (1) long-term temperature change, and (2) short-term climatic variations. Much more research information is needed in evaluating the weather factor and its long- or short-run implications for production.

FERTILIZER

Increased use of fertilizer is one of the most efficient ways to increase production, especially accompanied by irrigation and a complete technology package. Fertilizer has increased five fold in 20 years, mostly in the developed nations. The potential for increased production in the developing countries, where lands are currently lacking in required plant nutrients, offers a great hope for the needed production gains. Yet, availability and price factors currently limit that hope for realizing the potential. Prices have in many cases tripled.

The important relationship then, of fossil fuel policies to food policies, is highlighted at this time when oil embargoes, etc. impact the hardest on the poorer nations where ability to produce or buy fertilizer is already extremely limited.

Various oil-producing nations are "flaring"—burning as waste—4.5 trillion cubic feet of natural gas each year. That is ten times more natural gas than the U.S. uses each year to produce nitrogen fertilizer, and it is enough to produce double the current world consumption of nitrogen fertilizer.

The fertilizer crisis is a petroleum crisis "fallout" affecting the world's farmers ability to produce. In economic terms, developing nations imported about 8.2 million tons of fertilizer nutrients costing $1.6 billion last year. Next year, 8.6 million tons will cost over five billion dollars. At higher prices, less fertilizer will be applied and production will likely fall.

ENERGY

Energy is a crucial resource and prices impact on all economic sectors—including food production, processing and distribution. From 1950 to 1970, world energy consumption increased 175 percent. This is projected to double by 1985 and more than double again by 2000.

About three-fourths of the world's energy comes from non-renewable sources—coal, oil and natural gas. Oil and nuclear sources for energy are projected to be the most important in 2000.

RESEARCH

The requirement to more than double production in 25 years over what is produced world-wide today represents an unprecedented challenge for mankind.

The task of learning through research, and the extension of that knowledge on a global basis, requires a world-wide commitment. This research must develop more efficient production, marketing and distribution systems.

If the industrialized nations are sincere about increasing food supply in developing countries, they will export a major expansion in agricultural research and extension education programs to the developing countries where the work must be done and the plants will and should be grown.

World leaders must recognize this need and the potential for such effort and provide the financial support. But—long-term commitment must be made.

EXPORTS AND TRADE

The importance of trade in helping balance world food supply and demand warrants lengthy review. However, let us look quickly at some trade facts without elaboration.

Patterns of world grain trade have shifted significantly such that North America exported 88 million metric tons in 1973, while all developing countries plus Europe and Russia were net importers (Table 5).

Marked increases in U.S. exports occurred in 1972-73.

A greater world dependency reflected by the upward trend on imports for wheat and coarse grains will prevail.

Imports by LDC's of cereal grains more than doubled in the period 1960–72.

The U.S. exports the production from about one of every four acres harvested.

U.S. exports of wheat, soybeans, and feed grains more than doubled between 1972 and 1973.

Trade is vital to U.S. agriculture. Wheat, rice, soybeans, corn and grain sorghum are major agricultural export commodities and make important contributions to our balance of payments problem.

Stocks of cereal grains have been declining.

WORLD FOOD SECURITY

U.S. reserve stocks have declined markedly since 1961 (Table 6). It is important to note the following:

1. Reserve stocks of grain combined with grain equivalent of idled U.S. cropland (now at near zero) has dropped from 222 million metric tons to 89,

2. Reserves as a percent of annual consumption have fallen from 26 to 7 percent, and

3. Reserves in terms of number of days have declined from 95 to 27 (later figures report fewer days).

This change in reserves has been rather dramatic and has prompted many proposals for establishment of a world food bank or reserve system (Table 7).

The World Food Conference will address such food reserve questions as:

1. How should reserves be accumulated?
2. When should they be accumulated?
3. Who should own the stocks?
4. Who should control disposition?
5. How large is a safe reserve?

All of these and other questions must be answered as to how reserves would be handled in cases of catastrophies or routine shortages (measured by effective or biological demand). Where will economic and humanitarian policies interact with respect to a food reserve policy?

SUMMARY

Population pressures will continue to be severe.

Fertilizer and energy supplies with a high price structure will be major obstacles to production increases or maintaining production.

Exports of grains are essential in attempting to balance supplies and demand around the world.

Income distributions will place major burdens on the world's poor as inflation continues to rise.

Real food prices will continue to rise.

Reserve stocks will likely be further depleted in 1974–75.

The world food problem will continue to have both quantity and quality dimensions—the latter being more serious.

The "have-not" nations will expect the "have" nations to share their food.

Programs to stimulate production abroad should receive priority attention of all governments.

Potential for increased production will be difficult to realize because of cultural, economic, and political barriers.

Without the exchange of reasonably valid information, handling of food reserves in the "international interest" will be difficult.

International policies make all projections of the future difficult and could cause dramatic shifts from present trends or predictions.

CONCLUSION

The World Food Problem, like inflation and population problems, did not develop in a year, two, or three and will not be resolved by any quick, easy solution. It will be a tormented path; for many starvation, and others, bitter medicine. Although there are realities of an increased production capability in a biological sense, they are not as real in the cultural, economic, and political sense. A food problem will be with us for a long time, if not forever.

TABLE 1.—BIRTH AND DEATH RATES

[Per 1,000 population]

	World	United States	Guatemala
Birth rate	32	16	50
Death rate	12	10	15
Net increase	20	6	35
Annual percent increase	2	0.6	3.5
Years to double	35	100+	20

TABLE 2.—NATURE OF FOOD DEMAND INCREASES

[In percent]

	United States	Japan	Less developed country
Income growth rate	3	8	3
Part of increase spent on food	5	20	80
Increase in effective demand from income	.15	1.6	2.4
Plus population effect	.60	1.0	2.6
Total impact on food demand	.75	2.6	5.0

TABLE 3.—DIETARY DIFFERENCES AND ISSUES

	Grain equivalent consumed per year (pounds)		
	Total	As grain	As meat
United States[1]	2,000	150	1,850
Poorer nations	400	360	40

[1] Requires almost 5 times as much land, water, and fertilizer to feed an average North American as it does an average Colombian, Nigerian, or Indian.

TABLE 4.—*Cultivated land*

Acres per capita, 1970:

United States	2.0+
Far East	.8
Communist Asia	.4
Latin America	1.3
Africa	2.3

TABLE 5.—CHANGING PATTERN OF WORLD GRAIN TRADE

[Millions of metric tons]

Region	1934–38	1948–52	1960	1966	1973
North America	+5	+23	+39	+59	+88
Latin America	+9	+1	0	+5	−4
Western Europe	−24	−22	−25	−27	−21
Eastern Europe and the U.S.S.R.	+5	--------	0	−4	−27
Africa	+1	0	−2	−7	−4
Asia	+2	−6	−17	−34	−39
Australia and New Zealand	+3	+3	+6	+8	+7

TABLE 6.—INDEX OF WORLD FOOD SECURITY

	Millions of metric tons			Reserves as share of annual grain consumption	
Year	Reserve stocks of grain	Grain equivalent of idled U.S. cropland	Total reserves	Percent	Number of days
1961	154	68	222	26	95
1965	113	71	184	19	69
1970	146	71	217	19	69
1971	120	41	161	14	51
1972	131	78	209	18	66
1973	105	20	125	10	37
1974[1]	89	0	89	7	27

[1] Projection.

TABLE 7.—World food reserves

Purpose? (Alleviate Famines—Reduce price instability)?

1. How to accumulate?
2. When to accumulate?
3. Who should own the stocks?
4. Who should control their disposition?
5. How "large" is a "safe" reserve?

Catastrophe *vs.* Shortage?

FOOD SUPPLY AND WORLD POPULATION

(By Dr. Grace Olivarez, Director, Institute for Social Research and Development, University of New Mexico)

As is the case with most problems which affect society, policymakers, bureaucrats, and those individuals and groups charged with devising corresponding solutions are frequently criticized for either talking about the problems and not acting, or suggesting either too complex and costly or too simple and ineffective solutions. While there is much merit in such judgments, the critics themselves tend to simplify their attacks without in turn presenting alternatives. In the brief statement that follows, then, I will try to limit my remarks to more than just talk about something we all know is a problem which has severe global repercussions. And, I will also attempt not to present any easy answers or highly convoluted solutions. Rather, I will suggest areas to which we should be directing our minds and energies as one step along a long road to insuring the provision of nutritional and adequate food supplies for the world's population.

Scientists have developed a comprehensive literature on the agricultural, economic, environmental, and demographic aspects of the "food crisis," although, admittedly, much more still needs to be learned. Still, it is a long way from understanding the science, economics, and environment of food production and distribution to the formulating and implementing policies which will guarantee more than just subsistence or sub-subsistence diets for the people of the world. Indeed, several critical variables must be examined and included in any eventual "solution" or series of solutions to food shortages.

While the dilemma is international in scope and should be dealt with partly on a worldwide basis, cultural and national values and limitations must be given credence in the formation of programmatic efforts to confront this crisis. More specifically, I would suggest that you and other policymakers take into account the following:

1. The Culture of Diet. Different nations and cultures within those countries determine dietary patterns which doubtless have an effect on the types of food which are and can be consumed, grown and produced, or rejected for consumption and production. Common examples of restricted diet patterns are most frequently associated with the developing nations such as India and other less modern societies found in Africa, Asia, and Latin America. But we, too, in the United States and all industrial nations have similar food taboos, though perhaps not as debilitating. Nevertheless, we need first to identify eating habits, understand what has produced and sustains them, and match this knowledge with production of the "appropriate" foods on a mass basis through current and future agricultural, pastoral, and scientific technology. In other words, the selection of foods for production must depend not only on economic and agricultural imperatives, but to be successful must also account for cultural needs and demands of answers.

2. The Propaganda of Diet. Scholars have long documented the effect of external stimuli of behavioral and attitudinal change. In mediocre testimony to their studies, the food and advertising industries have surfeited us with a constant diet of advertising campaigns exhorting us to buy this candy bar or that soft drink; this cereal or that bread; this superduper deluxe fantastic burger or that box of greasy chicken like mom used to make. It is time to use our technology and knowledge to more positive ends. Rather than promoting the consumption of fad foods of little, or doubtful nutritional value, we should embark on a campaign of public education informing people of the benefits of balanced diets, the economics of rational food selection, and the need of nutritional improvement for better health.

And this could be accomplished within the limits of our own dietary culture, and others as well. Perhaps the issue is not so much the need for more food—although that does seem unquestionable—as it is one of more nutritional food, improved dietary habits, and rational allocation of resources.

3. The Politics of Diet. Even if we take into account cultural influences on diet, improved allocation of food resources, and convince people to eat more nutritional food, other obstacles still loom. The mundane but vital mechanics of policy implementation through established institutions have proven in the past to impede goals set forth by policymakers. This has been especially true of international arrangements. It is clearly unrealistic and self-deceiving to consider that institutions, as deifications, will or can be changed overnight. On the contrary, the best way to deal with this kind of problem is to admit its existence, describe it, and try either to bypass the more formidable ob-

stacles or neutralize them through compromise or, if necessary, pressure.

In the United States we can begin to deal with our institutions and even recruit them in an effort to promote better nutrition and more economic uses of food. Appropriate federally supported agencies, programs, and institutions, for example, could be required legislatively to initiate changes in present patterns of menus and purchase the most nutritional foods possible, eliminating wasteful and "junk food" as much as feasible.

4. The Administration of Diet. We have an unfortunate history of social and economic programs which have failed or been of minimal value. (We also, not to be entirely negative, have achieved some stunning successes.) Many of these failures may be attributed to: 1. the absence of an adequate knowledge base as the result of little or poor quality research; 2. programs constructed on this shaky knowledge foundation, were tragically ineffectual; 3. vested institutional interest at the expense of program clientele; 4. partisan political intervention. Then, too, our efforts were massive, and did not all start more modestly, empirically, and rationally. We need to begin, but begin in a manner which will produce the most useful results. Santyana said that "Those who do not study history, are doomed to repeat it." Let us listen carefully to Santyana's admonition and not repeat the mistakes of the past but learn from them. In a more practical or specific sense, let us conduct a proper amount of research—but not until it is too late to treat the problem. Let us use the knowledge gained from this investigation as the foundation for any programatic solutions to hunger and malnutrition. Let us coopt institutions with vested interests and make certain not to create new ones. And let us enlist partisan forces in a common battle whose victory will be a triumph for all.

STATEMENT OF A. W. LAGENEGGER, PRESIDENT OF THE NEW MEXICO FARM AND LIVESTOCK BUREAU

I am here representing the New Mexico Farm and Livestock Bureau, to comment on the issues to be considered at the forthcoming World Food Conference. We appreciate the opportunity to present our views at this meeting. The issues are of vital concern to all farmers and ranchers of the United States, who produce 25 percent of the agricultural commodities that move in international trade and whose productive efforts are basic to any solution of international food problems.

The world is experiencing a temporary period of relatively tight food supplies, which basically has been brought on by increasing affluence in many countries around the world, relatively short crops in 1972, and a shift in the Humboldt Current which reduced the production of fish meal. This situation was prolonged by adverse weather in the United States in 1973 and 1974 but the world, as a whole, is not now in an emergency situation as far as food is concerned.

The problem before the World Food Conference is more serious and requires a long-range approach. This problem is how to produce and distribute enough food to meet the needs of a rapidly growing world population, particularly in the less-developed countries. Foreign aid can help to meet this problem—but only on a temporary basis and in emergency situations. A long-run solution requires effective measures to limit population growth, to increase production—including food production—substantially in the poorer countries, and to expand mutually advantageous international trade.

No system of rationing short supplies will solve this problem. What is required is expanded production of food—particularly in those nations that have a comparative advantage as current or potential producers.

To increase food production in developing nations, the World Food Conference should encourage these nations to provide:

Economic rewards to food producers designed to provide incentives for increased productivity.

Education to help producers to increase their output.

Credit to help them make necessary investments in machinery, fertilizer, and other inputs that can increase productivity.

Research to discover improved varieties of crops and more efficient methods of production.

A system of land tenure that encourages producers to own and manage efficient food production operations.

Transportation to marketing systems to handle increasing quantities of food efficiently.

Government managed reserve stocks of farm commodities are both unnecessary and undesirable. The costs of a reserve managed by the U.S. government—either independently or as a part of an international program—almost certainly would exceed the benefits.

A reserve inevitably becomes a part of the supply-demand equation, and buyers know that rules established to protect market prices are always subject to change. Thus, reserves tend to depress average farm prices and they can have adverse effects on consumers by delaying needed increases in production. To combine a reserve program with higher government support prices in an effort to offset the price-depressing effects of reserve stocks would be a step backward towards a government-managed agriculture.

Farmers and the trade have demonstrated that they will maintain larger reserves if the U.S. government does not take over this function. Domestic processors and foreign buyers also can protect their needs through advance contracts. Importing countries are free to maintain their own reserves and should be encouraged to do so.

Food aid can be made available to less-developed countries through purchases in the open market, either here or abroad, without adopting an approach that inevitably would lead to a government-managed agriculture. One possibility is the establishment of a fund to which all affluent nations could contribute and from which needy nations could seek grants of money which could be used to purchase needed agricultural commodities from whomever makes the most attractive offer.

Any national or international food aid program should be administered with care to avoid discouraging needed increases in production in the recipient countries. We appreciate the fine work volunteer agencies have done in distributing food to needy countries—particularly in emergency situations. We support the continuation of these constructive activities.

In summary, the New Mexico Farm and Livestock Bureau believes in a market-oriented agriculture. The market system is more effective as a solution of economic problems than any system of government intervention. The really serious aspects of the world food situation involve overpopulation and inadequate incentives for economic development. The United States can, and should, help the poorer nations of the world, but this should be done in ways that will not affect domestic producers adversely.

STATEMENT BY LEAGUE OF WOMEN VOTERS OF GREATER LAS CRUCES

(By Sallie Kirby)

I am presenting the position of the League of Women Voters[1] on international trade as well as developmental aid to needy countries, as these positions may relate to the World Food Conference.

The League has championed liberal trade policies for close to 40 years. The destructive effects of the Smoot-Hawley Tariff Act of 1930 with its high tariff walls intensified the League's awareness of world economic interdependence. The League backed each renewal of the 1934 reciprocal trade agreements act which set U.S. trade policy for nearly three decades. We presently support passage of the International Trade Bill now being considered by Congress.

The League of Women Voters has a similar history in support of development aid to other countries. We take the view that the impact of most trade policies should be evaluated in conjunction with aid policies. Developed countries should give temporary preferential tariff treatment to Lesser Developed Countries and be willing to accept a wider range of imports from LDCs.

Contrary to the views of the Stephenville livestock men, the League is against protectionism, though it does look for constructive alternatives such as government assistance to persons injured by import competition, with possible temporary trade restrictions to allow time for adjustments. A public opinion poll sponsored by the Overseas Development Council suggests that if adequate programs of adjustment assistance were established, two out of three Americans would favor granting poor country exports freer access to the U.S. market.[2] The League hasn't contemplated the damage that might be done to the livestock industry by exporting our feed grains.

The League believes military aid should be kept entirely separate from development aid in both legislation and administration.

Recognizing, as does Dr. Dawson, the effect of population pressure on developing countries, we support U.S. efforts to assist other nations in their population planning programs.

The League actively supported passage of the International Development Association Bill (H.R. 15465) and it was passed July 2, 1974, authorizing U.S. contributions of four annual installments of $375,000,000 each to the Fourth Replenishment.

The LWV/US has agreed to join the World Hunger Action Coalition established to "focus public and official attention on the world food problem and the World Food Conference" that takes place under U.N. auspices in Rome next month. Among organizations in the coalition are CARE, Catholic Relief Services, National Farmers Union, Overseas Development Council, YWCA, Church Women United, National Council of Churches Crusade against Hunger, American Friends Service Committee and American Freedom from Hunger Foundation.

Just as the poorest individuals in any country are the first to suffer when there are economic problems, when inflation spreads the poorest countries are hurt the most. Bangladesh is one of the most horrifying examples.[3] Their export earnings are so low no one knows where the money will come from for fertilizer and food grains that must be imported leaving them little if any margin for internal development.

Our shrinking globe has the effect of the poorer nations looking over our shoulder as we eat our supper. And though, as Dr. Dawson pointed out, we may not all eat the same foods, we are all devoted to eating.

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[1] The League of Women Voters arrives at its positions by careful study of the issue, then consensus of opinion in the local Leagues. These local League consensuses are then compiled by the LWV National Board into a position of the National LWV.

[2] Guy F. Erb, *U.S. Trade Goals and Poor Countries*, published by Overseas Development Council.

[3] *The Atlantic Monthly*, September, 1974, p. 4.

Statement by Paul Hudson, Director, Rocky Mountain Farmers Union

This is a time in which we face a very serious and continuing food situation, and when the producer and the consumer of the United States must join hands in developing a national food policy which will assure our citizens of an ample supply of nutritious food at fair prices. At the same time, I feel we must assure the world the United States will do all that it can to produce and provide food and feed grains to help prevent mass starvation. We should supply our full share of grains and oil seeds for the world's market to prevent further run-away inflation, which if allowed to continue will destroy peace and trigger revolutions in the nations where mass hunger and starvation exist. Run-away inflation of food prices will go far to create chaos and instability in the developed countries of the world. Our present food crisis arises out of the gap between the amount of food produced in the world and the rapidly increasing number of people to be fed—more than half of whom are born into a world of continual hunger and starvation. World-wide inflation, spiraling costs of production, rising food prices, the energy crisis, inadequate forward planning, the lack of will on the part of governments to plan ahead and to act by providing reserves of food and adequate incentive for the farmers of the world, have brought us to a world-wide crisis which literally threatens world order and the survival of some nations as workable effective governments.

Much concern has been caused in the United States by the actions of the government and the lack of a sound food policy. (We have had commodity policies.)

Not withstanding its weaknesses and inconsistancies, the United States has had a national food production and distribution policy since 1929 when the first major farm bill was adopted. Since then many new laws and agencies relating to production, distribution, and credit have come into being. The basic thrust of these many laws and agencies has been to provide the American farmer with some income protection against the hazards of the so called free market. The second aspect of our national food policy has been to provide the American consumer with an ample supply of foods at relatively low costs. The third aspect of our national food policy has been to provide food for emergency hunger situations around the world and to feed the hungry and starving in war torn areas. In more recent years the fourth aspect of our national food policy has been to use agricultural commodities to earn dollars to lessen our deficit in trade balance. In recent years our food and fiber exports have been our largest dollar earners.

Because we have not had an adequate food policy domestically nor internationally, we have not maintained adequate reserves of food, fiber, petroleum, fertilizer and other production supplies. Suddenly, so it seems, we find the abundance that we thought we had, is vanishing. Now we are facing the question of whether we will share our supplies with the less fortunate nations, their farmers and their millions of hungry people. The moral, social and political issues are many and are difficult to meet.

Hunger raises the social issue of adequate incentives and compensation for the farmers of the world who must produce an increasing amount of food from a limited amount of farm land. It also raises the issue of unemployment and low income, or purchasing power, in rural and urban areas.

The question of equitable distribution of scarce resources, such as energy, minerals, land and water is a major one which cannot be solved by any single nation. The day of going it alone as a nation, group, or individual is over. All the world's people are in this together.

Food is an end product of land, water, energy, human labor and capital. The equitable distribution and wise use of the land is a major issue around the world. We are haggling and struggling to develop land use policies that make it possible to preserve our resources of land and water.

Irrevocably tied to increasing production of food and adequate land policy is the issue of adequate income to farmers the world over. If we are going to maintain family farming, preserve and improve our land and at the same time produce enough food and fiber, then we must provide income for farmers comparable to other businesses and professions which require equal investments, skills, management and labor. As a beginning we should amend the 1973 Farm Act to assure such income.

We should enter into international commodity agreements which will create adequate national and international reserves to stabilize prices and supplies for consumers and producers.

The U.S. delegation to the World Food Conference should keep in mind that a sound world food policy must be founded on a sound, strong farm policy for this country. Farmers should not be asked to produce enough for this nation and to feed starving people around the world unless they have adequate price and income protection. Without such a farm policy your efforts will likely be fruitless.

Senator Domenici. Thank you for this conference. I hope this statement and the position papers of Farmers Union enclosed, will be of value in your efforts in Rome.

Statement by Mr. Howard Cooper, Executive Director, New Mexico Restaurant Association

The main concern of the food service industry in New Mexico is food costs. While the free enterprise system is a great institution, we wonder if the emphasies has been placed TOO heavily on THE SYSTEM.

For example, we would really like to know why sugar—beet or cane—has risen from $9.00 a 100 pound to $43.00 a 100 pound in a 12 month period. We would like to know why the $43.00 delivered to Albuquerque price is EXACTLY THE SAME if sugar purchases are made from processing plants in Utah, Texas, Arizona or Los Angeles. We would like to know why the price is exactly the same regardless of the company—why the price is exactly the same on cane sugar grown in Hawaii. shipped to the coast, unloaded etc. Why is beet sugar and cane sugar exactly the same price??

We know that there will be a shortage of canned vegetables and fruits over the next 12 months. We are told by the canners that crop failures AND the shortage of tin will equally contribute to the problem. Why the shortage of tin? It has to be imported from Malaysia, Bolivia, China, USSR—a good question for a United Nations Conference.

We are told that a shortage of potatoes will hit us near the end of the year. Growers were paid, on a contract basis, 4 cents a pound this year compared with 2 cents a pound last year. Is it still more profitable to grow wheat instead of potatoes??

While it is undoubtedly true that we will have to change our eating habits, we in the food service industry believe that questions such as these regarding sugar prices should be completely answered before we are forced to eliminate our sweet tooth.

New Mexico Grain &
Feed Association, Inc.,
Portales, N. Mex., October 6, 1974.

World Food Conference—A New Mexico Outlook

For always, the man in agriculture has had to battle the natural enemies of wind, drought, flood, insects, and taxes. Now added to these are rapidly rising costs, shortages, environmentalists, land use planning groups, and government demands for more and more reports and paper work. At this rate, why is it not conceivable that there won't be enough food to feed our own nation—let alone share with the rest of the world—simply because this man in agriculture does not have the time, energy, or motivation left to get into the field to actually get the job done of growing the food?

A mass of extremes seems to be the order of the day. Too many outside forces are now influencing wide swings from the very top to the very bottom of the agricultural economy. Excessive fluctuation can be a moneymaker, but it is not a factor in a healthy system. There will always be cycles, but extremes should be minimized for the sake of economic health.

One basic reason for today's air of confusion and pendulous swing of extremes is that correct information concerning the status of agriculture is not being disseminated and passed to the public. Consequently, as with all misunderstandings, people jump to conclusions—thereby setting the stage for a real whirlwind of frustrating events. Today's problems have made it apparent that one industry is directly linked to another. When one flounders and falls, it is like a set of dominoes—one has a direct effect on another.

We should be careful not to interfere with the potential of our great agricultural production when this production is in such demand for our own economy as well as for the rest of the world. All agricultural products are a matter of supply and demand. We should not hinder the production to the extent that it is unable to meet the demand.

As to the world's processing, producing, and handling of food, we feel that exports are beneficial to our farmers and nation in general only when there is a high level of integrity maintained in the process. We should not sell off tremendous quantities of our produce to other countries to the detriment of our own country. We certainly should not give away quantities of food because it has a devastating effect on the overall national economy. We are not in favor of making loans to other countries to enable them to purchase large supplies of our agricultural products. In the same token we are against other countries dumping their surpluses in the United States. This action does serious damage to our own producers. We do favor a normal trade relationship between countries.

Most importantly, this nation should be laying the firm foundations for helping other nations to begin producing enough to feed themselves. Our land grant universities have the capabilities to educate and organize programs to aid countries in need. Business has the expertise, facilities, and practical knowhow to conduct agricultural business support in foreign countries. With all of this available assistance, why should the whole burden be on the producer in the United States to feed other nations of the world?

In conclusion, I wish to emphasize four points:

1. Minimize the interference that could hinder agricultural production;
2. Strive for an orderly marketing system—exports of agricultural commodities are beneficial to the United States when there is a high level of integrity maintained; we are against giving away our produce;
3. Disseminate correct information, and interpret it into useable information;
4. We favor helping other countries to learn to feed themselves.

Respectfully submitted,
John W. Ochterbeck,
President, New Mexico Grain and Feed Association, Inc.

Principle Issues of Concern in Terms of World Food Problems Versus Local Food Problems as Perceived by Dona Ana County Residents

(By Priscilla Grijalva)

Thank you for inviting me to participate in this seminar and present in brief the food problem concerns of middle and low income family members served by the Expanded Food and Nutrition Education Program in Dona Ana County. Many of these families are caught between the vise of fixed incomes and rising food and living costs. Not all low income families receive, or are eligible for food stamps.

1. Homemakers fear that existing high food prices that are promised to go higher here at home will escalate with increased international food distribution via the World Food Bank, therefore adding stress to the finances of low-income families who already spend up to 50% of total income for food.

2. There is belief that staple foods once considered low-cost will become scarce and more difficult to obtain than they already are if that which is available is shared with other countries. Example: Pinto Beans.

3. Families worried about future costs and availability of food and can now afford such costs are buying large quantities of food resulting in hoarding and possibly creating a false scarcity.

4. People question why protein substitutes usually considered inexpensive, have risen in price almost simultaneously with the meats for which they should substitute.

5. At present, those on fixed or low incomes are having to buy foods which are low priced and filling without consideration or regard to quality or nutritional value. This could result in serious dietary deficiencies if these practices continue.

6. There is concern that recent crop failures will soon create additional domestic hardships causing higher prices and decreased supply. How then can America attempt to feed others on an already limited supply. There is no guarantee that there won't be other crop failures due to natural disasters.

7. As food prices continue to climb, food stuffs once universially bought by homemakers are left at the grocery store or bought in smaller quantities resulting in increasing food spoilage at the food market and less quality food being made available to the consumer. This is particularly true of fresh produce.

8. The people of Dona Ana County are sympathetic to the needs of the hungry in other lands; however, they feel America's responsibility for an adequate food supply belongs first to its citizens and secondly to others.

9. It is felt that assistance to other countries be in the form of scientific and technical agricultural assistance which will involve the people themselves in the choice of crops and/or methodology best suited to the climate, terrain, culture, etc. Each country can then develop and improve its own food production and accept the responsibility for feeding its own according to its acceptable food patterns.

10. If food is sent overseas, in order that the food be accepted and more likely to be used, it needs to fit in with the cultural and ethnic food habits of those who receive it, otherwise that food will not be used for human consumption.

11. Some type control must be built-in to any overseas food program to assure that the needy are the ones who receive all benefits from food, economic aid, equipment, or supplies that may be provided to each country and prevent selfish politicos or bureaucrats from using this program for personal self-gain or profit.

12. Precautions for proper food storage and pest control need to be provided to prevent the tremendous food losses which have previously occurred with other food distribution programs which have resulted in waste of precious food that otherwise would have been utilized according to the plan and intent.

13. Food storage, information and distribution centers located at easily accessible sites, will provide proper distribution of food to those who need it rather than as has happened in former programs where food has been stored away from population centers.

I have presented these statements as expressed by the people I work with, and as I see them in Dona Ana County. The Senator is much more aware of the complexities of the world food problems from a national viewpoint.

Hatch, N. Mex., *October 6, 1974.*

Hon. Senator Domenici,
U.S. Senate,
Washington, D.C.

Sir: In reply to your correspondence dated September 25 concerning the United Nations World Food Conference, I respectfully submit the following:

This presentation will be twofold: The first will be from the International viewpoint and second from the local viewpoint.

First: The furnishing of food for the world is certainly a must for the United States but with this reservation—it must be in some form of trade. Agricultural products today are one of the few exports that give us a favorable balance of trade. By trading, the economy of the foreign country is improved, creating more employment for their labor force, which in turn creates a larger demand for our products and stabilizes the market. This should also tend to deliver the food into the hands of the people most deserving it and would remove from the taxpayer the expense of maintaining the "Aid" operations established around the world.

The stabilization of the American dollar in foreign exchange is a must. It is the only way that fair and equitable trades can be made. For example: With an unstable dollar the producer sells a commodity for a given amount on contract. If before delivery is made, the dollar has been devalued and its purchasing power lowered, the producer in reality sold for a lesser price. In the world of trade or barter this means you receive less commodities than was in the original bargain.

We must get away from "give away" programs and become educated in the world of international trade. Our imbalance of trade (financially) certainly must prove that we are naive in this field. Our buying of oil for money instead of trading has moved the money market (banks) from the United States to England.

Second: Locally the supplying of food to the world on a trade basis would supply a steady market and a fair price to the producer. It would also keep the producer competitive with foreign production.

To supply this food the producer must know in advance what he can expect to receive for the commodity. This can be achieved by either guarantees from the government or by advance contracting. The day has come when it is unfeasible for a farmer to produce a commodity, dump it on the market, and hope for a fair price.

It is very discouraging to the farmer to have the United States Department of Agriculture advise him that there will be a shortage of a commodity and to produce all he can, only to find at the end of the production year that there really is a surplus of that commodity and as a result there is no market. He then must put his commodity into government storage or sell at the buyer's price. Beef finds itself in the above condition. Under Johnson's Administration we were going to feed the world. Grain growers overproduced and the grain went into Government storage from that time until about a year ago. This was at the taxpayer's expense. This year cotton growers were encouraged to raise thirteen to fourteen million bales of cotton with no forward contracts or any cost of operation guarantees. Today the production is less than an estimated eleven million bales, there is a surplus and the market is dead. The price is from five to ten cents below the cost of production.

To approach the food-supply needs of the world and to encourage its production a price must be established to the producer. With inflation increasing the cost of production, it may become necessary to have a base price with a sliding scale similar to the cost of living scale used by labor. The supply must equal the needs. To oversupply a food market creates a hazard in the form of waste of food and energy. To undersupply creates hardships in the form of starvation.

Respectfull yours,
Woodrow O. Gary,
National Farmers Organization.

Statement by S. E. Reynolds, State Engineer

At this time we are diverting about 3.5 million acre-feet of water annually in New Mexico. Of this amount, about 90% is used for the irrigation of roughly a million acres of land; most of the balance is used for municipal and industrial purposes. All but about 150,000 acre-feet of the surface water that we are entitled to under interstate compacts and court decrees is already committed to existing uses or to projects that are soon to be completed, such as the Bureau of Reclamation's San Juan-Chama, Navajo and Animas-La Plata projects.

Completion of the 110,630 acre Navajo Indian Irrigation Project will substantially increase the state's capability to produce food and fiber, but other projects authorized will not substantially increase the irrigated acreage in the state. Furthermore, after the turn of the century there will most likely be a decline in total acreage irrigated in the state as our aquifers are mined out.

New Mexico's capability is of relatively little consequence in considering the total world food and fiber requirements, but the situation in New Mexico is typical of the situation in most of the other seventeen western states and a total of 35 million acres is irrigated in those states.

In 1950 New Mexico's population was about 680,000. In 1960 our population was 951,000 and the 1970 census shows a population of just over 1 million. Some experts tell us that we may have to accommodate a population of over 4 million by the year 2020. Of course, all these people are going to want water for their economic enterprise and for their pursuit of pleasure.

If we cannot effectively augment our water supply by weather modification, desalting, improvements in irrigation technology, or importation from other states—and at this time we must have some doubt that any of these things can be done; and if we have to accommodate more people in the Land of Enchantment—and this seems fairly certain—there will need to be a change in the pattern of water use in New Mexico.

A key element of the problem is the fact that agricultural pursuits provide relatively little opportunity for increased employment. For example, it is estimated that a project such as the Navajo Irrigation Project will consume about 7 acre-feet of water per person supported directly or indirectly by the project, while in an urban industrial culture such as that existing in the Albuquerque area, the depletion requirement is only about a tenth of an acre-foot per person. So, if the problem is to support an increasing population on a fixed supply of fully appropriated water, the answer is to use a progressively larger portion of the state's water supply for municipal and industrial purposes.

Our water law encourages economic competition for the available water supply. Currently the value added to our economy by an acre-foot of water applied to municipal and industrial purposes greatly exceeds the value added by the same amount used for irrigation. Thus, industries and municipalities are favored in economic competition for water. Irrigation water rights can be purchased and, under conditions set to avoid impairment of any other water right, the point of diversion and purpose for use can be changed to meet industrial or municipal requirements. By this mechanism, our municipal and industrial economy could be approximately doubled with a reduction of 10% in irrigation usage.

Implicit in this approach to meeting the requirements of a growing population is the assumption that the value of water used for irrigation will be less than the value of the same amount of water applied to municipal and industrial purposes. This is the case today, but the assumption may be invalid under conditions that could prevail 50 years from now.

The drying up of irrigation to meet the requirements of a growing population would, of course, contribute to current and projected serious world shortages of food and fiber. Furthermore, the drying up of vast acreages of irrigated land by the transfer of water rights to municipal, industrial and other uses and by the unrelieved exhaustion of available ground water resources would have, in my opinion, serious adverse impact on the environment of a large number of people.

For these reasons it is important that we continue to direct our thoughts and efforts to the augmentation of our usable water supply by importation, weather modification, desalting and conservation, including improvements in irrigation technology.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

RECLAMATION DEVELOPMENT ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to consider Calendar No. 1148.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 15736) to authorize, enlarge, and repair various Federal reclamation projects and programs, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

There being no objection, the Senate proceeded to consider the bill.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time not be charged to either side.

Mr. JACKSON. Mr. President, before the Senator suggests the absence of a quorum, I wonder if I can bring up a conference report.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time consumed in the bringing up of the conference report not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOLAR ENERGY—CONFERENCE REPORT

Mr. JACKSON. Mr. President, I submit a report of the committee of conference on S. 3234, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Inouye). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3234) to authorize a vigorous Federal program of research, development, and demonstration to assure the utilization of solar energy as a viable source for our national energy needs, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of October 4, 1974, at pp. 33983–33989.)

Mr. JACKSON. Mr. President, the Senate and House versions of this bill were very similar in their intents and purposes. The primary differences between the two bills was in the appropriations section.

The conferees adopted a House amendment for a $2,000,000 supplemental authorization for the fiscal year ending June 30, 1975, to a comprehensive program definition. The Senate bill authorized $100,000,000 for the fiscal year 1976 while the House amendment specified only such sums as the Congress might authorize. The conferees arrived at a compromise figure of $75,000,000 for fiscal year 1976 which reflects the administration's view of the amount which can be effectively utilized based on current program definition. In addition to the formal authorization of appropriations, it is estimated in the findings section of the bill that to achieve the objectives of the act may require a Federal financial outlay which may ". . . reach or exceed $1 billion. . . ."

In the conference report, the conferees agreed that if additional funds are needed to implement the provisions of this legislation during fiscal year 1975, authorization of additional funds through the appropriate committees would be considered on the basis of the results of the program definition.

It is the understanding of the conferees that authorizations for appropriations provided by this legislation are separate from the authorizations provided the Solar Heating and Cooling Demonstration Act of 1974.

The conference substitute requires the final report on the program definition shall be transmitted to Congress by June 30, 1975, with an interim report on March 1, 1975.

The Senate conferees accepted three House amendments for which there was no Senate equivalent. These amendments called for: First, a determination of the most promising areas for commercial development of the solar technologies; second, the chairman to prescribe such regulations as may be necessary to implement the legislation; and third, the chairman to inform the appropriate congressional committee on a current basis with respect to activities under this legislation.

S. 3234, as it has been reported from conference, calls for an intensive and adequately funded national program of research, development, and demonstration to advance the commercial viability of solar energy.

ERDA will be responsible for the initiation of solar energy research and development programs aimed at identifying and resolving the major technical problems presently inhibiting commercial utilization of solar energy in the United States. The specific technologies to be addressed will include:

First, direct solar heat as a source of industrial processes;

Second, thermal energy conversion;

Third, bioconversion of organic materials to useful energy or fuels;

Fourth, photovoltaic and other direct conversion processes;

Fifth, ocean thermal power conversion;

Sixth, wind power conversion;

Seventh, solar heating and cooling of buildings; and

Eighth, energy storage.

When the chairman of the project determines that a technology is adequately developed and that certain other criteria, involving economic, social, and environmental considerations, have been met, he is authorized to proceed with the construction and operation of facilities or powerplants which may demonstrate the commercial feasibility of the specific technology. If the projected Federal outlay for a demonstration plant exceeds $20 million, the chairman will be required to make a special request for congressional authorization of the necessary funds. The chairman is directed to act through the appropriate Federal agencies in investigating and entering into cooperative agreements for the design, construction and operation of the demonstration facilities. The specific agency involved in such agreements is to be responsible for the disposition of electricity, synthetic fuels and other byproducts of the project administered by that agency.

The bill provides for the collection and dissemination of information and data relating to the application of the various solar energy technologies and offers support for education programs which will provide the necessary trained personnel to perform the solar energy activities required under the legislation. The chairman is directed to perform studies and research on incentives to promote broader use and consumer acceptance of solar energy technologies.

A Solar Energy Research Institute is to be established to perform research, development, and related functions, as deemed necessary by the chairman. It may be located at any new or existing Federal laboratory.

The conference bill contains a separate provision directing the cooperation of the project with other nations in the research projects established by the act and in the mutual exchange of information and data.

A comprehensive program definition is to be prepared by the chairman, in consultation with the appropriate Federal agencies, which will set forth a comprehensive and integrated plan for effectively developing solar energy resources. This report, in finalized form is to be submitted to the Congress and to the President no later than June 30, 1975.

Mr. President, I am very pleased at this time to recommend the adoption of the conference report on S. 3234, the Solar Energy, Research, Development and Demonstration Act of 1974. In doing so, I wish to offer my special congratulations to the original sponsor of this legislation, the distinguished junior Senator from Minnesota [Mr. Humphrey]. He has been an enthusiastic advocate of solar energy for many years now, having sponsored a bill to promote its development and practical application as early as 1962. I am happy to share today in what must be his great satisfaction at seeing his legislative efforts finally coming to fruition.

Mr. President, it is now commonly acknowledged by those Federal officials who are responsible for the formulation and implementation of our energy policies that, provided with the appropriate amount of Federal participation and financial support, solar energy could well make a significant contribution to our national energy needs.

It is my belief, as a cosponsor and strong supporter of this measure, that S. 3234 establishes just the program required to realize such a goal. Testimony received at the June 27 Senate Interior Committee hearings on this bill well confirm that the legislation combines the scientific expertise, managerial capabilities, comprehensive planning, and funding needed to insure the commercial success and environmental acceptability of solar energy technologies. It also promotes international cooperation in a manner that may serve to eliminate needless duplication of efforts by U.S. scientists, thereby significantly enhancing our efforts to accelerate the development of this clean and renewable energy source. Although the Senate authorization figure of $100 million for fiscal year 1976 was reduced in conference to $75 million—to be more in line with the projected budget figure under consideration by the administration—I am strongly convinced that the project will have access to the financial resources necessary for carrying out the vigorous program established by the act. The statement of the managers, which accompanies the conference report, emphasizes that if additional funds are required during fiscal year 1976, their authorization through the appropriate committees of the Congress may be warranted and in order.

Before concluding my remarks, I would like to again extend my appreciation to my distinguished colleague from Minnesota (Mr. Humphrey) for his leadership in initiating this timely legislation. Also, I wish to commend the senior minority member of the Interior Committee and other members, Senators Haskell, Fannin, Johnston, and Metcalf, for their special active interest in the progress of this legislation on behalf of the committee.

It is my firm conviction that a major factor contributing to our present energy crisis is that the necessary research, development and demonstration efforts, which would have provided us with the technological options and capabilities we now need so desperately, were not undertaken in the past. Though not a panacea, the implementation of the solar energy program set forth in S. 3234 could well serve as a positive step in the efforts to remedy this unfortunate lack of foresight.

I am grateful for the bipartisan efforts which enabled this legislation to proceed so expeditiously through both Houses and which contributed to the quick and amenable resolution in conference of the Senate and House difference regarding this measure. I am optimistic that it is this determined spirit which will prevail as we vote today for the final adoption of the conference report on S. 3234, and that final Presidential enactment of the Solar Energy Research, Development, and Demonstration Act will follow soon thereafter.

Mr. HANSEN. Will the Senator yield?

Mr. JACKSON. I yield.

Mr. HANSEN. I know how keenly interested the Senator from Arizona (Mr. Fannin) is in this particular legislation. It is my understanding that he and all of the Senate conferees are in agreement on this conference report. Is that not right?

Mr. JACKSON. The Senator is correct. The senior Senator from Arizona (Mr. Fannin) was extremely helpful. He played a major part not only in moving the legislation through the Senate, but in the conference. We are most grateful to him and to the junior Senator from Louisiana (Mr. Johnston). We are most grateful for their support. The conferees were unanimous.

Mr. HANSEN. Mr. President, I am certain if the Senator from Arizona were here, he would pay his respects and express his appreciation to the Senator from Washington (Mr. Jackson), the chairman of the Interior and Insular Affairs Committee, for the leadership he has exhibited in this very vital and worthwhile piece of legislation.

As this country finds increasingly difficult obtaining sufficient energy to do the job that must be done for America, the prospect of using the limitless power from the sun certainly is most appealing.

I know how keenly interested Senator Fannin has been in seeing that this program goes forward. With no hesitation at all I say that were he here, he would want to express his appreciation and pay his tribute to Senator Jackson and the other Senate conferees for having pushed hard on this very important piece of legislation.

I thank my colleague from Washington.

Mr. JACKSON. I thank the distinguished Senator from Wyoming.

Also, Mr. President, I want to express our deep appreciation to the many who contributed to this effort.

The bill actually was authored by the distinguished Senator from Minnesota (Mr. Humphrey) who has long been concerned with the possible development of solar energy. I believe this is a good beginning. I am satisfied that the agreement that we reached in conference was a reasonable compromise.

Mr. President, I move that the conference report be agreed to.

The conference report was agreed to.

THE SOLAR ENERGY RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1974

Mr. HUMPHREY. Mr. President, today we have passed and sent to the President the Solar Energy Research, Development, and Demonstration Act of 1974—S. 3234—which I authored.

Under the strong congressional leadership of Senators Jackson, Haskell, Johnston, and Fannin, and of my good friend Congressman Mike McCormack, we have committed the Federal Government to a solar energy development program of at least $1 billion. The $1 billion program called for in this act is more than 10 times the total of all federally supported solar energy activity in the last 5 years.

Mr. President, I believe that passage of this bill is the most important concrete step taken to date by our Government to achieve energy self-sufficiency for America. There has been a lot of talk about a "Project Independence" and its noble goals, but it is Congress that has taken the first step toward that goal by establishing a solar development policy and authorizing money to be spent to carry it out.

Mr. President, there is little question that solar energy can make a substantial contribution to meeting the Nation's energy needs in the years ahead. And, the small step we take today will, I am convinced, be built upon and make the promise of solar power a fact in our lifetime.

When the President signs the bill we have passed today, a new era of Federal support of solar energy development will have opened. Every American who is concerned with the future standard of living in our energy-reliant economy; every American who wants to preserve the integrity of our Nation's environment; and every American who desires that his country be immune to energy blackmail in the years ahead; can take great hope from the action taken by the Congress today.

Mr. President, the funds provided under this act will be made available to universities and private research organizations to undertake solar research and development work. The major demonstration projects will be carried out under contract with a variety of business enterprises.

All of the funds that will be appropriated to implement the commitment in this bill in the years to come will be used to hasten the day when eight specific advanced solar technologies will be available to benefit our Nation and the world.

These technologies are:

Direct solar heat for industrial process use;

Thermal energy conversion, and other methods for the generation of electricity and the conversion of chemical fuels;

Waste and organic materials conversion;

Photovoltaic and other direct solar conversion processes;

Sea thermal gradient conversion;

Windpower conversion;

Solar energy storage; and

Space heating and cooling.

Mr. President, the Solar Energy Research, Development, and Demonstration Act of 1974—S. 3234—will, for the first time in our Nation's history, provide a comprehensive Federal policy regarding the development of these advanced solar energy technologies and their utilization.

The $77 million specifically authorized for the first year of the new solar energy program, not to mention the additional funds that shall be authorized for major demonstration projects, is itself more than 50 percent above the total level of funding for all Federal solar energy development activities this year.

Despite this rise in the level of support, however, I am convinced that it will be inadequate to do the job, unless it is followed by much larger authorizations in the future. I am very hopeful that these commitments will be forthcoming.

Mr. President, as I see it, the most economical investment for America today, is a massive investment in solar energy for tomorrow.

As an advocate in the Senate of an expanded solar energy development program since 1962, I find today's action most welcome.

ORDER OF BUSINESS

The PRESIDING OFFICER. Who yields time?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, with the approval of the distinguished Senator from Washington, that the distinguished Senator from Illinois (Mr. PERCY) be recognized for not to exceed 5 minutes at this time, to speak out of order, without the time being charged to either side of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE CONCURRENT RESOLUTION 118—ESTABLISHMENT OF A CEILING ON FISCAL YEAR 1975 EXPENDITURES

Mr. PERCY. Mr. President, at the desk is a concurrent resolution, which I submitted.

The PRESIDING OFFICER. The concurrent resolution will be stated by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 118) to establish a ceiling on fiscal year 1975 expenditures.

Mr. PERCY. Mr. President, it is not my intention to ask for immediate consideration, because, as I understand it, that would be objected to by the distinguished Senator from Delaware unless he were permitted to amend the concurrent resolution. I would simply like to state that the resolution is introduced in accordance with the President's request of October 8, in which he asked Congress to establish a target for budgeted outlays during the fiscal year beginning July 1, 1974, of $300 billion.

I am fully familiar with the fact that the Senate has previously adopted measures setting outlays for the fiscal year beginning July 1, 1974, at $295 billion.

The Senator from Illinois has voted for those. It was the belief of the Senator from Illinois that it would be possible for OMB to resubmit the fiscal 1975 budget in such a way that it could reflect expenditure cuts to $295 billion.

I know the distinguished Senator from Delaware, the distinguished Senator from Nebraska, and the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) have had strong like feelings. The only difference is that now 3½ months have passed. We are deep into the present fiscal year. As we well know, a tremendous amount of this budget is uncontrollable. In fact, the large part of it is uncontrollable.

Funds have been committed and we are a long way down the road.

The Senator from Illinois and the members of his staff have spent many hours with the Director of OMB, Mr. Roy Ash, and his force.

A task force has been set up between our respective offices to go over detail by detail, item by item, where it will be possible to cut this budget, with the objective of cutting it as deeply as possible.

The Senator from Illinois is convinced at this time that, because of the passage of time, because of the present condition termed a recession by the Chairman of the Board of Governors of the Federal Reserve System, and new programs that have been introduced or will be introduced by the President, that the goal of $300 billion is going to be difficult to achieve, but at least it is a goal that a great many Members of the Senate and the House feel can be achieved, and that the President has committed he will achieve if the Congress will ask him to put this kind of a spending ceiling on.

The fact is that the Chairman of the Budget Committee (Mr. MUSKIE), its ranking minority member (Mr. DOMINICK), the leadership, (Mr. MANSFIELD and Mr. HUGH SCOTT), the assistant majority leader (Mr. ROBERT C. BYRD); Senator ERVIN, the chairman of the Government Operations Committee, and myself, as ranking member of the Government Operations Committee; Senator MCCLELLAN, chairman of the Appropriations Committee, all have concurred now and are cosponsors of this concurrent resolution that a $300 billion spending ceiling level should be established and the President requested to resubmit the fiscal 1975 budget.

I simply turn to my colleague from Delaware and ask whether or not it is better to have a bird in the hand than to ask for pie in the sky that we may or may not get.

Before the Senator responds to that, I should like simply to report to him, though I am deeply sympathetic with his objectives——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PERCY. May I have 1 additional minute?

Mr. ROBERT C. BYRD. I yield to the Senator.

Mr. PERCY. This morning, the Chairman of the Economic Policy Board, Secretary of the Treasury Simon, was asked this question: Is it possible now to go for the $300 billion level, and if we did set that as a spending level, would there be any reason, in his judgment, that the administration could not submit a budget lower than that, if it were feasible and practical? I asked the man who has been most adamant in the administration in cutting the budget. It was his judgment that this is the best approach.

I ask the Senator from Delaware if, after reflection, he would let us take up this matter for immediate consideration, so that we could have the $300 billion level and he would be on record that he feels that it should be $295 billion. The Senator from Illinois would amend the resolution to provide that the administration send the $295 billion budget as well as the $300 billion budget, if we have concurrence.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I would like to have the opportunity to respond to the question.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator have 2 minutes, out of order. We have had morning business, and all of this could have occurred during morning business. But I understand the situation, and I ask unanimous consent that Mr. ROTH have 2 minutes to speak, out of order, without the time being charged against anyone.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. First, I think that if this legislation is going to be brought up, the Senate should have the opportunity to work its will. I would not object to it being brought up if we had an opportunity to offer an amendment. I believe the Senate should have an opportunity to vote on the lower figure.

I point out that all that is done by the proposal of the distinguished Senator from Illinois—who has been a leader in the area of trying to bring some fiscal sense into the picture—is to create a target. There is nothing to prevent the President or the administration now from trying to develop a budget of $295 billion or $300 billion.

If we are going to bring up this proposal, then the Senate should work its will. Those of us who support a lower figure should have our opportunity. Unless the leadership is willing to agree to that, I would have to object.

I point out, also, that the House is working on a similar proposal, and we may have the opportunity to work on that this afternoon.

Mr. PERCY. It is the hope of the Senator from Illinois that if the House does pass the concurrent resolution this afternoon, as submitted by Mr. MAHON, it would be brought up by the leadership and that the Senate could act today, so that the 30 days of our recess would not be lost.

Mr. President, I thank the distinguished acting majority leader for his kindness.

RECLAMATION DEVELOPMENT ACT OF 1974

The Senate continued with the consideration of the bill (H.R. 15736) to authorize, enlarge, and repair various Federal reclamation projects and programs, and for other purposes.

The PRESIDING OFFICER. Who yields time?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. I ask unanimous consent that the time be charged equally against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I move that the Senate proceed to the consideration of the Reclamation Development Act of 1974.

Mr. President, this measure, as reported by the Senate Committee on Interior and Insular Affairs, includes 13 titles dealing with various reclamation program activities. Each of the titles has a separable purpose and each corresponds to individual bills which were pending before the Senate. Similar individual measures were originally introduced in the House by the House Committee on Interior and Insular Affairs and consolidated by the Committee into H.R. 15736. The Senate Interior Committee, in markup session, amended H.R. 15736 to delete a title having to do with the operation of an existing dam in New Mexico. The remaining titles cover the following programs and activities:

Title I provides the necessary authorities for incorporation of the town of Page, Ariz., which is presently administered by the Department of the Interior as a reclamation townsite.

Title II authorizes the Secretary of the Interior to construct a dam and reservoir on Cibolo Creek in Texas for the primary purpose of providing municipal and industrial water to San Antonio and other cities.

Title III increases the amount of appropriations for the Mountain Park project, which is presently under construction in Oklahoma.

Title IV authorizes the Secretary of the Interior to acquire lands for recreation, fish and wildlife, and water quality control at the existing Casitas Reservoir in California.

Title V provides for the conveyance of lands at the Klamath Falls project in California.

Title VI authorizes a program of public recreation at Lake Berryessa, a reclamation reservoir of the Solano project in California.

Title VII authorizes the construction of drainage facilities for the existing Vernal Unit and Emery County project in Utah.

Title VIII authorizes the rehabilitation of the Belle Fourche Dam in South Dakota.

Title IX authorizes the reconstruction of a section of road at the existing Glendo Dam in Wyoming.

Title X authorizes the construction, operation, and maintenance of the Nueces River project for the principal purpose of water supply for the Corpus Christi area in Texas.

Title XI increases the authorized amount for appropriations for the Fryingpan-Arkansas project which is under construction in Colorado.

Title XII authorizes the construction of fish passage facilities for the existing Savage Rapids Dam in Oregon.

Title XIII authorizes the Secretary of the Interior to conduct feasibility investigations of three potential reclamation projects in California, Arizona, and North Dakota.

Mr. President, I ask unanimous consent that the sections of the committee report on background and legislative history, committee amendments, and a more detailed analysis of the provisions of the bill be printed in the RECORD at the conclusion of my remarks. The total amount of appropriations which would be authorized by this measure is $191,972,000.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPTS FROM SENATE REPORT No. 93-1208, THE RECLAMATION DEVELOPMENT ACT OF 1974

II. BACKGROUND AND LEGISLATIVE HISTORY

The Senate measures which correspond to the Titles of H.R. 15736 as amended and the sponsors of each Senate measure have been noted above. The Subcommittee on Water and Power Resources held hearings on several of these measures as follows:

Title, Location, and Date

Title I (S. 767 and S. 1261), Page, Ariz., June 10, 1974.

Title II (S. 3568), Cibolo project, Tex., July 18, 1974.

Title III (S. 3704), Mountain Park, Okla., July 19, 1974.

Title V (S. 1582), Klamath Falls, Oreg., Oct. 10, 1973.

Title VII (S. 2779), Vernal unit, Utah, June 18, 1974.

Title VIII (S. 2403), Belle Fourche Dam, S. Dak., June 13, 1974.

Title IX (S. 3223), Glendo Dam, Wyo., Do.

Title X (S. 3513), Nueces River, Tex., July 19, 1974.

Title XI (S. 3740), Fryingpan-Arkansas, Colo., July 18, 1974.

Title XII (S. 3529), Savage Rapids Dam, Oreg., June 18, 1974.

Two of the measures, S. 3813 dealing with Lake Casitas, California, and S. 1740 dealing with Lake Berryessa, California, were referred to the Subcommittee on Parks and Recreation which held a hearing on August 20, 1974.

Hearings were not considered to be necessary on S. 1896 and S. 3565 which would authorize the Secretary of the Interior to engage in feasibility studies of two potential Reclamation projects.

The Committee reviewed the previous studies of these developments to determine that there is a reasonable probability that the studies will result in feasible plans. Construction of the projects must subsequently be authorized by the Congress based upon the findings of the feasibility studies. These measures correspond to Title XIII of H.R. 15736 as amended.

No action was taken by the Committee on the Senate measures. Instead, the omnibus measure, H.R. 15736, which passed the House of Representatives on August 2, 1974, was considered by the full Senate Committee on Interior and Insular Affairs in open markup session on September 18, 1974, and ordered reported to the Senate with amendments.

III. COMMITTEE AMENDMENTS

The Committee on Interior and Insular Affairs adopted three amendments.

The first amendment, page 11, line 21, of the House approved version would permit the Town of Page to obtain funds to support municipal operations through the sale of CRSP power at a profit without involving it in municipal ownership or operation of an electric distribution system. The date of August 1, 1976 is the extended expiration date of the current agreement between the United States and the utility serving the Town.

The second amendment, page 12, line 8, of the House approved version would trigger the appropriation in the event the municipality decides to exercise its powers of eminent domain within the time prescribed in order to acquire the electric distribution system from the utility in lieu of exercising the option to purchase contained in the contract with the utility supplying the electricity.

The third amendment, page 31, line 20, deletes Title XI, Elephant Butte Recreation Pool, New Mexico, from the House version of the measure.

The Committee deleted Title XI pending a further review and subsequent report to the Committee by the Department of the Interior.

An explanation of Title XI of the House version is as follows:

Title XI—Elephant Butte Recreation Pool, New Mexico

Background

The Elephant Butte Reservoir is a feature of the Rio Grande project in southern New Mexico. The Elephant Butte Dam was completed in 1908. The dam and reservoir are located on the main stem of the Rio Grande near the town of Truth or Consequences. The reservoir is primarily operated for irrigation water supply and hydroelectric power generation. The reservoir, however, is located between Albuquerque and El Paso in a scenic area and is a popular regional recreational attraction.

The inflow to the reservoir has been decreasing in recent years as a result of changes in the watershed. The reservoir has had to be drawn down in the summer with a detriment to its recreational values.

The San Juan-Chama Project, which was recently completed, diverts water from tributaries of the San Juan River into the headwaters of the Rio Grande. The Heron Reservoir of the San Juan-Chama Project is presently filling and contains water which is allotted to the City of Albuquerque, but which will not be required by the City for about ten years.

Major provisions

Section 1101 authorizes the Secretary of the Interior to make releases of water from the Heron Reservoir of the San Juan-Chama Project into the Rio Grande to provide 50,000 acre feet of water for an initial recreation pool in Elephant Butte Reservoir and to provide 6,000 acre-feet annually for not more than ten years to replace evaporation and other losses. The releases are subordinated to any obligations of the San Juan-Chama Project. The releases are also contingent upon a resolution of the Rio Grande Compact Commission defining the status of the releases in the interpretation of the Compact. The Commission has already agreed to an appropriate resolution.

Fifty percent of any costs which may be incurred by the Secretary in carrying out the provisions of this title would be required to be repaid by a non-Federal entity, consistent with general Federal repayment policy for recreational aspects of water resources development.

Section 1102 states that the title does not increase the appropriations authorized for construction of the authorized reclamation projects involved.

Section 1103 preserves the provisions of the Rio Grande Compact.

IV. ANALYSIS OF PROVISIONS

Title I—Incorporation of Page, Arizona

Background

Page, Arizona, was established in 1958 on public lands to house workers and their families during the construction of the Glen Canyon Dam, a feature of the Federal Upper Colorado River Storage Project. The town is administered by the Bureau of Reclamation, which provides police and fire protection; water supply and sewerage; hospital services; maintenance of the roads and airport, and other municipal services.

The town is now a viable community with most residential and commercial property in private ownership. The area of the townsite is 16.7 square miles and the assessed value of the private property is about $5.5 million. The population is about 9,000. The town has become a recreation center for the Lake Powell National Recreation Area.

The purpose of Title I is to make the appropriate transfers of title to property and legal authorities to the municipality and to provide initial financial assistance for the organization of a municipal government.

Major provisions

Section 101 states the purpose of the measure to be facilitating the establishment of a municipal corporation under the laws of the State of Arizona.

Section 102 defines certain terms used in the measure and describes the area referred to as Page, Arizona, for purposes of the bill.

Section 103 authorizes and directs the Secretary of the Interior to transfer certain rights and titles to the municipality of Page as follows:

(a) all improved lands owned by the United States;

(b) lands presently being used for school purposes;

(c) rights and interests in lands which may be covered by reversionary clauses in previous deeds or conveyances;

(d) functions of a municipal character being performed by the United States;

(e) municipal facilities; and

(f) contracts to which the United States is a party and which involve municipal services.

Section 104 makes a reservation for the Glen Canyon Unit for consumptive use not to exceed 3,000 acre feet of water per year from Lake Powell. Of this amount, 2,740 acre feet are assigned to the municipality, provided that the municipality enter into a repayment contract satisfactory to the Secretary. This assignment of water is required to be consistent with the 1969 Resolution of the Navajo Tribal Council. The resolution referred to requires that certain lands of the Glen Canyon Unit be transferred to the Navajo Reservation to be held in trust and that the Secretary assure that the Navajo Tribe receives entitlement to the first 34,100 acre feet of water imported into the Colorado River Basin if and when such importation occurs. In return, the Navajo Tribe waives rights to the 3,000 acre feet of water committed in this section. This section further sets forth several specific conditions of the contract between the Secretary and the municipality.

Section 105 authorizes the Secretary to complete a number of municipal services, including street improvements which may not be completed prior to the incorporation of Page.

Section 106: This section:

(a) authorizes the Secretary to make a lump sum payment of $500,000 to assist in the provision of municipal services pending the establishment of a municipal tax system; and

(b) authorizes the Secretary to make a lump sum payment of $50,000 to the municipality for improvements to the community hospital.

Section 107 authorizes the Secretary to provide the services of up to ten Federal employees for a maximum of six months following the date of incorporation to assist in the transition of community administration.

Section 108 authorizes the Secretary to transfer funds appropriated from the Upper Colorado River Basin Fund to the City for purchase of the electrical distribution system from its private owners. If the City should exercise its option under contract transferred to it, the municipality would agree to repay within twenty years, with interest, the amount of funds transferred and the funds so repaid would be credited to the fund.

Section 109 authorizes the Secretary of the Interior to transfer lands to be held in trust for the Navajo Tribe. This transfer relates to the agreement contained in the Navajo Tribal Council Resolution previously mentioned.

Section 110 directs the Secretary to facilitate the effectuation of two Návajo Tribal Council Resolutions subject to the provisions of the Colorado River Basin Project Act (82 Stat. 885). The purpose of the section is to clarify the intent of Congress that the provisions of the Colorado River Basin Project Act shall remain in force regarding acts taken by the Secretary to effectuate the Resolutions.

Section 111 authorizes the Secretary to promulgate rules and regulations as required to carry out the intent of the title.

Section 112 provides that the expenditures necessary to carry out the provisions of the title shall be appropriated from the Upper Colorado Basin Fund and that the total amount shall not exceed $4 million.

Section 113 provides that the authorization shall terminate five years after enactment if incorporation has not occurred by that date.

Section 114 provides a short title.

Title II_Cibolo project, Texas

Background

The proposed Cibolo project was first examined as part of an overall Texas Basin Project Investigation by the Bureau of Reclamation in 1954. On the basis of reconnaissance studies, the Cibolo Project was recommended for approval as part of the Texas Basins Project plan. The project was next included in the 1962 report of the U.S. Study Commission—Texas, and in the Texas Water Plan published by the Texas Water Development Board in November, 1968. The Bureau of Reclamation was authorized to undertake a feasibility study of the Cibolo project by P.L. 89-561 (80 Stat. 707) September 7, 1966. The report by the Bureau on the project was transmitted to the Congress on March 29, 1974, and recommended construction of the project as described in the report.

The three cities to be served by the project presently receive their water supply from ground water; San Antonio being the largest metropolitan area in the United States depending exclusively on ground water for its municipal and industrial water supply. Karnes City and Kenedy desire water supplies of better quality and San Antonio wishes to diversify its sources of water.

Construction of the project would require the acquisition of 22,220 acres, the relocation of 75 families, protection and improvement of the city of Stockdale's sewage plant, and relocation of a highway, powerlines, and other facilities.

The San Antonio River Authority has indicated a willingness to advance funds pursuant to a contract with the Secretary of the Interior for post authorization planning and construction of the Cibolo project. The amount of funds to be advanced annually would be in proportion to the total annual fund requirements for the project as the construction cost allocated to M & I water is to the total cost of the project, thereby negating the need for initial total Federal financing the project.

Major provisions

Section 201 authorizes construction of the Cibolo project.

Section 202 establishes that the interest rate for the return of reimbursable costs shall be determined by the Secretary of the Treasury in accordance with a formula which was first set forth in the Water Supply Act of 1958.

Section 203 authorizes the Secretary of the Interior to enter a contract for delivery of water and repayment of reimbursable costs. In addition, the Secretary shall, upon execution of the aforementioned contract and completion of the project, the contracting entity shall have a permanent right to the use of the reservoir.

Section 204 provides that fish and wildlife and recreation development and enhancement will be in accord with the Federal Water Project Recreation Act.

Section 205 authorizes expenditure of $24,160,000 for Federally related costs of the project subject to the agreement by the San Antonio River Authority to advance funds for allocated municipal and industrial water supply costs.

Title III—Mountain Park Project, Oklahoma

Background

Construction of the Mountain Park Project was authorized by the Act of September 21, 1968.

The project is located in Jackson and Kiowa Counties in southwestern Oklahoma. It will develop the waters of tributaries of the Red River. The purposes of the project are provision of a municipal and industrial water supply for the Cities of Altus and Snyder and the Altus Air Force Base, and recreation and fish and wildlife conservation. Project features include the Mountain Park Dam and Reservoir on Otter Creek, a diversion dam on Elk Creek with a feeder canal to the reservoir. The Act authorized appropriations in the amount of $19,978,000 (1965 prices) for construction of the project with provision for cost increases due to inflation.

The Mountain Park Dam is presently under construction, and is scheduled to be completed in 1975. The pipelines to Altus and Snyder are scheduled to be completed in 1976.

At the time of the authorization of the Mountain Park Project, the City of Frederick withdrew its interest in participation. The cost of water to the City was considered to be too high, principally because of the requirement for a 13-mile pipeline. The City expected to meet projected demands for water by developing ground water supplies and other surface sources. Development of ground water supplies by the City has been restricted by the Oklahoma Supreme Court causing the City to review its position regarding participation in the Mountain Park Project.

Major provisions

Section 301 amends Public Law 90-503 to include the City of Frederick among those municipalities to be served by the project.

Section 302 increases the authorization of the original Act by $6,057,000 of which $4,734,000 is for construction of the water supply facilities for the City of Frederick and $1,323,000 is to complete the originally authorized features of the project.

Title IV—Casitas Reservoir Open Space, California

Background

The Act of March 1, 1956 authorized the construction of Casitas Dam on Coyote Creek in Ventura, California. Lake Casitas, formed behind Casitas Dam, has a surface area of approximately 2,700 acres and is an important recreational feature of the area as well as a vital source of municipal and industrial water for the City of Ventura.

Approximately 1,600 acres of land adjacent to Lake Casitas were acquired at project expenses to provide for recreational opportunities and, in effect, have served to preserve the quality of the reservoir waters. Increased recreational and residential development within the Lake Casitas watershed threaten to degrade the quality of the waters of Lake Casitas so as to limit recreational use and preclude its use as a source of water for the City of Ventura. Acquisition of the privately owned lands within the watershed would assure additional public recreational opportunities and the preservation of the high degree of water quality presently found in the reservoir.

Major provisions

Section 401 authorizes the acquisition of certain lands in the watershed by the Secretary of the Interior.

Section 402 authorizes the Secretary to acquire the lands by donation, purchase, or exchange. State or local governmentally owned lands may be acquired by donation only.

This section also provides that occupants of single family residences so acquired may retain their use for 25 years or life estate if such occupancy is determined by the Secretary to be without undue interference with administration and public use of the area.

Section 403 authorizes the Secretary to contract with a non-Federal public body for administration of the open space area.

Section 404 authorizes appropriations in the amount of $10,000,000.

Title V—Klamath Project Right-of-Way, Oregon

Background

The Klamath Project in Oregon was authorized in 1905 and construction began in 1906. In 1912, additional lands were acquired for the project as right-of-way for a canal and drain which were never constructed. During the 60 years since the land was acquired, developments have encroached upon the right-of-way. Approximately 3.0 acres of the right-of-way remain in Federal ownership and have been encroached upon by approximately 20 separate holdings.

Conveyance of the property would benefit adjacent land owners for titling purposes and would also reduce Federal administrative costs associated with responsibility for the land.

Major provisions

Section 501 authorizes and directs the Secretary of the Interior to convey certain identified lands to contiguous land owners requiring a payment of not more than $100 per parcel in addition to conveyance costs.

Section 502 acceptance of the conveyance would constitute a waiver of any and all claims against the United States arising from use of the land.

Title VI—Solano project recreational facilities, California

Background

This Title would authorize the development of recreation facilities associated with Lake Berryessa, a feature of the Solano Project in California. When originally authorized in 1948, recreation was not included as a project purpose and funds were not available for a Federal role for development and management of recreation facilities. Subsequent development was undertaken by Napa County under agreement with the Secretary of the Interior and long-term leases were granted to concessioners to develop and manage the major resort areas adjacent to the reservoir. Facilities for use by the general public are limited as emphasis was placed on leasing the land areas for use as mobile home sites.

The County of Napa intends to terminate the agreement with the Federal Government for development and management of the area for recreation use in 1975. This Title would provide the authority for the Secretary of the Interior to assume related responsibilities when this occurs.

The Committee recognizes the interest in a long-term solution to providing recreational facilities and opportunities at Lake Berryessa such as is expressed in S. 1740, legislation sponsored by Senators Tunney and Cranston to create a Lake Berryessa National Recreation Area. Therefore, the Committee expects that any activities which may be undertaken pursuant to the authorities granted to the Secretary by Sec. 601 of H.R. 15736 will be consistent to the extent practicable with plans for more extensive recreation development which may be authorized in the future.

Major provisions

Section 601 would authorize the construction and operation of day-use facilities and a review of all existing uses on Federal lands at Lake Berryessa.

Section 602 provides for rule making to carry out the provisions of Section 1 and also includes authority for entry into management agreement with an appropriate authority.

Section 603 authorizes the appropriation of $3,000,000 for construction and such sums as may be necessary for administration of existing facilities and for operation and maintenance of facilities authorized by the Title.

Section 604 provides that all funds authorized by this Title would be nonreimbursable.

Title VII—Miscellaneous drainage construction, Utah

Background

Participation by the Vernal Unit and the Emery County Project in the Colorado River Storage Project was authorized by the Act of April 11, 1956. Construction of the Vernal Unit began in 1959 with the first water deliveries taking place in 1962. The Emery County Project was begun in 1962 with water deliveries commencing in 1966. Subsequent to water delivery, acreage needing drainage has increased and related construction costs have also increased. Agricultural production is now and will be further jeopardized by the lack of drainage facilities with a resultant inability for water users to continue making full payments under existing contracts. Ceilings on expenditures for drainage facilities have already been reached and further efforts are precluded unless the original contracts are amended.

Often the full extent of drainage works required for a project can only be determined after water has been delivered to the acreage in question. In the case of the Vernal Unit and the Emery County Project, investigation indicates that without the additional drainage facilities, the farming operations associated with the projects may fail.

Major provisions

Section 701 authorizes the construction of additional drainage facilities for the Vernal Unit and the Emery County Project and amending of the repayment contracts with repayment based on the ability of irrigation water users to repay, as determined by the Secretary. Such costs as the Secretary may determine are beyond the ability of water users to repay shall be repayed from the Colorado River Storage Project Basin Fund.

Title VIII—Belle Fourche Dam Rehabilitation, South Dakota

Background

The Belle Fourche Reclamation project in western South Dakota was an early reclamation development authorized for construction by the Secretary of the Interior in 1904. Construction of the original project was completed in 1914.

The Belle Fourche dam on Owl Creek near the town of Belle Fourche, is an earthfill structure 122 feet high, protected on its upstream slope by precast concrete slabs. The spillway is an uncontrolled concrete overflow section.

The availability of additional hydrologic records since completion of the dam and experience with the spillway have indicated that it is unsafe. Its capacity by modern design standards is only 20 percent of the design flood discharge. Furthermore, extreme wave action during high winds has damaged the embankment of the dam on many occasions. The Bureau of Reclamation has stated that either of these conditions could result in catastrophic failure of the structure with extreme danger to life and property downstream. Two Indian communities and several ranches are endangered by this situation.

Major Provisions

Section 801 authorizes the Secretary of the Interior to rehabilitate the spillway and undertake protection of the upstream slope of Belle Fourche Dam.

Section 802 states that the work to be undertaken is for the purpose of the safety of Belle Fourche Dam.

Section 803 authorizes amendment of the repayment contract with the Belle Fourche Irrigation District to provide for the reimbursement at costs associated with the improvement of upstream slope protection equal to the estimated annual operation and maintenance costs savings resulting from such work.

Section 804 authorizes the appropriation of $3,620,000 for the work to be undertaken.

Title IX—Glendo unit, road reconstruction, Wyoming

Background

The Glendo Unit of the Pick-Sloan Missouri Basin program was reauthorized for construction in 1954. The road referred to in this title to replace a county road which was inundated by the Glendo Reservoir. Construction of the road relocation was completed by the Bureau of Reclamation in 1958. The county assumed the responsibility for maintenance of the relocated road upon completion of construction.

Since the road has been in service, about 1,000 feet near the left abutment of the Glendo Dam has been affected by slides. Repairs have been required on several occasions. In 1966 and 1967, major work was done by the Bureau at Federal expense with the approval of the Comptroller General.

The Wyoming Highway Department has now proposed a permanent solution to the problem.

Major provisions

Section 901 would authorize the Secretary of the Interior to proceed with the permanent repair of the defective section of the road. It is contemplated that the Secretary would transfer the funds to an appropriate State agency which would carry out the repair.

Section 902 would authorize appropriations in the amount of $284,000 to fund the repair work. The costs would be treated as project costs of the Glendo Unit and repaid accordingly.

Title X—Nueces River Project, Texas

Background

The proposed Nueces River Project is located along the Frio River, a tributary of the Nueces River, in southeastern Texas. The project plan includes the proposed Choke

Canyon Dam and Reservoir on the Frio River and development at the reservoir for sport fishing and outdoor recreation including land acquisition for the latter purposes.

The principal purpose of the project is municipal and industrial water supply for the "Coastal Bend" area of Texas, primarily the City of Corpus Christi. The reservoir will also provide fish and wildlife conservation and outdoor recreation benefits and some incidental flood control.

The total estimated construction cost of the Nueces River Project is $64,330,000 (January 1974 prices), of which $4,596,000 would be deferred costs associated with second stage recreation facilities. The allocation of project costs among the project purposes is as follows:

	Amount	*Percent*
Municipal and industrial water supply	$35,959,000	56
Recreation	26,347,000	41
Fish and wildlife conservation	2,024,000	3
Total	64,330,000	100

Annual operation and maintenance costs are estimated to be $79,700.

The financing program proposed in S. 3513 is an unusual arrangement which has been negotiated with local interests. Prior to the appropriation of any Federal funds, a qualified local entity must agree to advance not less than $15 million under arrangements approved by the Secretary of the Interior. This amount would be credited against the project repayment obligations. Costs allocated to municipal and industrial water supply would be repaid by water users within 40 years with interest. Costs allocated to fish and wildlife conservation and outdoor recreation would be repaid under the provisions of the Federal Water Projects Recreation Act.

Based upon a 100-year period of analysis and a discount rate of 5.625 percent, the Nueces River Project has a ratio of benefits to costs of 1.48 to 1.00.

Project data

Choke Canyon Dam:	
Type: Rolled earthfill.	
Maximum height (feet)	116
Crest length (miles)	3.5
Choke Canyon Reservior:	
Capacity (acre-feet):	
Conservation storage	677,300
Sediment storage	22,700
Subtotal	700,000
Surcharge	383,000
Total	1,083,000
Area (top of conservation pool) (acres)	26,000
River length (miles)	34
Average water surface fluctuation (feet)	8.5

Project land acquisition (acres):	
Dam and reservoir	30,500
Recreation taking	2,360
Total	32,860

Water service—Maximum annual water supply (after year 17). Cost—139,000 acre-feet ($16.72 per acre-foot; 5.1 cents per 1,000 gal.)

Major provisions

Section 1001 authorizes the Secretary to construct, operate, and maintain the project and describes its purposes.

Section 1002 provides for the repayment of the project water supply costs under conventional reclamation policies.

Section 1003 outlines the terms of the repayment contract to be entered into between the Secretary and the local contracting entity representing the water users.

Section 1004 provides for the repayment of project costs allocated to fish and wildlife conservation and outdoor recreation in conformance with conventional policy.

Section 1005 authorizes an appropriation of $50 million for the construction of the project with the proviso that local entities must agree to advance not less than $15 million toward the cost of the project. The section also provides for termination of activities on the project at the request of the local contracting entity. The Committee understands, however, that the contract would not provide a unilateral right of termination to the local entity after Federal funds are expended on the project.

Title XI—Fryingpan-Arkansas project, Colorado

Background

The Fryingpan-Arkansas project was authorized by the Act of August 16, 1962 (76 Stat. 389). The project consists of a water collection system in the Colorado River Basin on the west side of the Continental Divide with a diversion tunnel to Turquoise Lake behind Sugar Loaf Dam in the Arkansas River Basin on the east side of the divide. The water is transported via the Mount Elbert Canal to the Mount Elbert Forebay where it enters the intake for the Mount Elbert pumped storage powerplant located on Twin Lakes Reservoir. From Twin Lakes Reservoir, the water flows through the Otero Canal and powerplant into Clear Creek Reservoir where it is returned to the Arkanas River. Downstream, the Fountain Valley Conduit diverts flows to the City of Colorado Springs and nearby communities and the Arkansas Valley conduit diverts water from below Pueblo Dam and reservoir to serve several communities downstream. The project purposes are municipal and industrial water supply, supplemental irrigation water, flood control, electrical power and recreation and fish and wildlife enhancement. At the time of authorization, the project plan included seven powerplants; the Mount Elbert Plant, the Otero Plant; four additional small plants served by canals flowing from Clear Creek Reservoir, and a powerplant at Pueblo Dam with a total installed capacity for the system estimated at 123,900 kilowatts. It was originally estimated that about 59,000 acre feet of project water would be devoted to supplemental irrigation and about 20,500 acre feet would be for municipal and industrial water supply.

Post authorization studies indicated the advisability of consolidating power production at the Mount Elbert site with provision for a second 100 megawatt pumped storage unit at the Mount Elbert powerplant. Increased needs for municipal and industrial water have also developed.

The Act of August 16, 1962, authorized an amount of $170 million for the construction of the Fryingpan-Arkansas project based on June 1961 prices. Application of the cost index factor for January 1974, price levels raises the total authorized appropriations to $342 million. The installation of the second 100 megawatt unit at Mount Elbert and construction of an expanded municipal and industrial water supply system would require an additional increase in the authorization of $90 million for a total authorized cost of $432 million. The allocation of project costs affected by Title XI are as follows:

Installation of the second 100 megawatt unit	$28,000,000
Construction of M & I system	62,000,000
Total	90,000,000

Costs allocated to the municipal and industrial water supply portion of the project are reimbursable with operation and maintenance costs to be assumed by the contracting authority. Operation, maintenance and replacement costs for the second 100 megawatt unit are estimated to be $323,000 (June 1973 prices).

The original benefit/cost ratio for the project was 1.48 to 1.0. Adding power features alone, the new benefit/cost ratio would be 1.57 to 1.0. If the expanded municipal and industrial water supply facilities are included, the benefit/cost ratio would be 1.49 to 1.0.

A summary of the physical features related to Title XI is as follows:

- Mount Elbert Second Unit:
  - Installed capacity, 100 megawatts.
  - Rated head, 390 feet.
  - Length of penstock, 3,000 feet.
  - Penstock diameter, 15 feet.
- Fountain Valley Conduit:
  - Trunkline, 38 miles.
  - Diameter, 54 to 33 inches.
  - Type, pipe.
  - Capacity, 36,000 acre-feet.
  - Laterals, 10 miles.
- Arkansas Valley Conduit:
  - Trunkline, 110 miles.
  - Diameter, 42 to 21 inches.
  - Type, Pipe.
  - Capacity, 18,000 acre-feet.
  - Laterals, 108 miles.

Major Provisions

Section 1101 amends the Act of August 16, 1962, which authorized the construction of the Fryingpan-Arkansas project to increase the amount of the appropriations authorized by that Act from $170 million based upon June 1961 price levels to $432 million based upon January 1974 price levels.

The existing authorized appropriation ceiling, if indexed to January 1974 price levels using applicable construction costs indices, as is authorized by the provisions of the 1962 Act, would result in a ceiling $342 million. The addition of the authority of $90 million results in the new total of $432 million.

Section 1102 provides authority to include a second 100 megawatt unit in the Mount Elbert powerplant.

Title XII—Savage Rapids Fishway, Oregon

Background

Savage Rapids Dam was built in 1921 and included fish passage facilities. However, the facilities have proven to be inadequate. The Rogue River is world reknowned for its anadromous fishery resources. The inadequacy of present facilities at the Dam for fish passage has a significant adverse impact on fishery resources. In addition, two Corps of Engineers impoundments are under construction upstream from Savage Rapids Dam which have been designed to conserve and enhance the fishery resources of the river. The improvement of fish passage facilites at Savage Rapids Dam would be complementary to the ongoing Federal investment at the two Corps' projects.

Public Law 92-199 authorized the Bureau of Sport Fisheries and Wildlife and the Bureau of Reclamation to conduct a feasibility study of the problems associated with fish passage at Savage Rapids Dam. The suggested interim fish passage facilities are the result of phase one of the study with phase two of the study to consider a more permanent solution to the problem.

Major Provisions

Section 1201 authorizes the Secretary of the Interior to construct the fish passage facilities at the Savage Rapids Dam which were recommended in the joint technical report of the Bureau of Reclamation and Sport Fisheries and Wildlife. Operation and maintenance of the facilities are to be performed by non-Federal agencies.

Section 1202 authorizes an appropriation of $851,000 to carry out the construction.

Title XIII—Feasibility study authorities

Background

Section 8 of the Federal Water Project Recreation Act (Public Law 89-72, 79 Stat. 213) provides:

SEC. 8. Effective on and after July 1, 1966, neither the Secretary of the Interior nor any bureau nor any person acting under his authority shall engage in the preparation of any feasibility report under reclamation law with respect to any water resource project unless the preparation of such feasibility report has been specifically authorized by law, any other provision of law to the contrary notwithstanding.

Title XIII authorizes the Secretary of the Interior to engage in feasibility studies of three potential reclamation undertakings as follows:

Water Management Plan—Solano County, California.—This study will result in a total water management plan for Solano County. It will involve analysis and definition of water needs to meeting changing patterns of land use and water requirements for all water resource purposes. All sources of potential water supply, including reclamation of waste water will be considered to meet growing municipal and industrial requirements and to preserve wetlands and other wildlife habitat such as the Suisun Marsh—an important element of the migratory waterfowl flyway in California.

Municipal Water Supply Delivery System, Yuma, Arizona.—This study will investigate a plan for delivering Yuma's contracted water supply from the Colorado River to the City. Salinity intrusion and channel losses make the Colorado River channel unusable as a conveyance for delivering the water to Yuma. Alternative measures that have been studied preliminarily are the use of the Yuma Main Canal on a cooperative basis with the irrigators and the construction of a connecting aqueduct from the All-American Canal to the City.

Apple Creek Project, North Dakota.—This study will examine the potential for irrigation of an area lying southerly from the McCluskey Canal of the Garrison Diversion unit in Burleigh, Emmons and Kidder Counties, North Dakota. There are several hundred thousand acres of land that can be served with relift pumping of varying amounts. The return flows from this development would return to the Missouri River system for subsequent reuse in the United States.

Adequate reconnaissance level studies of these projects have been made and indicate that feasibility investigations are warranted. The total cost of the studies is estimated to be $1,100,000. The appropriation of funds would be made pursuant to general authority for the investigation program.

Major provisions

Section 1301 provides the authority to engage in the studies named.

On page 36 after line 13 add a new section XIV to read as follows:

TITLE XIV

ELEPHANT BUTTE RECREATION POOL, NEW MEXICO

Sec. 1401. (a) Pending the negotiation of contracts and completion of construction for furnishing water supplies for tributary irrigation units as authorized by section 8 of the Act of Congress dated June 13, 1962 (Public Law 87–483; 76 Stat. 96), and subject to the availability of stored water in Heron Reservoir in excess of one hundred thousand acre-feet, which water is not required for existing authorized uses, the Secretary of the Interior is authorized to permit releases from the Heron Reservoir of the San Juan-Chama project to provide storage and establish a minimum recreation pool in Elephant Butte Reservoir. Such releases, to the extent of the available supply, shall be limited to providing fifty thousand acre-feet for the initial recreation pool and up to six thousand acre-feet of water delivered to Elephant Butte Reservoir annually, for a period not exceeding ten years from establishment of the recreation pool, to replace loss by evaporation and other causes. Authorized releases, as provided above, are subject to and subordinated to any obligations under contracts for San Juan-Chama project water now or hereafter in force for filling and maintaining a pool in Cochiti Reservoir under the Act of Congress dated March 26, 1964 (Public Law 88–293; 78 Stat. 171). The provisions of section 11(a) of the Act of June 13, 1962 (76 Stat. 96), requiring a contract satisfactory to the Secretary for the use of any water of the San Juan River are hereby expressly waived with respect to the use of water required to establish and maintain a permanent pool in Elephant Butte Reservoir.

Provided, however, That nothing in this Act shall be construed to diminish, abridge or impair any water rights of the Jicarilla, Southern Ute, Navajo and Ute mountain Indians. Releases, as authorized by this title, shall be discontinued or reduced upon a finding by a court of competent jurisdiction that such releases are detrimental to such Indian water rights.

(b) The releases of water from Heron Reservoir authorized herein shall not be permitted unless and until the Rio Grande Compact Commission agrees by resolution that—

(1) the term "usable water" as defined in article I of the Rio Grande Compact shall not include San Juan-Chama project water stored in Elephant Butte Reservoir;

(2) in the determination of "actual spill" as that term is defined in article I of the Rio Grande Compact, neither the spill of "credit water", as that term is defined in article I of the Rio Grande Compact, shall not occur until all San Juan-Chama project water *stored* in Elephant Butte Reservoir shall have been spilled; and

(3) the amount of evaporation loss chargeable to San Juan-Chama project water stored in Elephant Butte Reservoir shall be that increment of evaporation loss from the storage of San Juan-Chama project water; the evaporation loss from the reservoir shall be taken as the difference between the gross evaporation from the water surface of Elephant Butte Reservoir and the rainfall on the same surface.

(c) Fifty per centum of any incremental costs incurred by the Secretary in the implementation of this title shall be borne by a non-Federal entity pursuant to arrangements satisfactory to the Secretary.

Sec. 1402. Nothing contained in this title shall be construed to increase the amount of money heretofore authorized to be appropriated for construction of the Colorado River storage project, any of its units, or of the Rio Grande project.

Sec. 1403. Nothing herein shall be construed to alter, amend, repeal, modify, or be in conflict with the provisions of the Rio Grande Compact.

Mr. JACKSON. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc and that the bill as thus amended be considered as original text for the purpose of further amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 11, in line 21, strike out the word "There" and insert in lieu thereof the following new language:

At the election of the municipality, the United States shall make electric power and associated energy available to the municipality from the Colorado River storage project at the 69 kilovolt bus of the existing power substation at scheduled rates effective from time to time for resale by the municipality to an electric utility: *Provided*, That the sale agreement between the municipality and such utility is completed before August 1, 1976: *And provided further*, That in lieu of such purchase and resale, there

On page 12, in line 8, after the word "in" at the end of the line, insert the following new language: the event the municipality decides before August 1, 1976, to acquire said facilities through the exercise of its powers of eminent domain or the amount necessary for the municipality to acquire such facilities in

On page 31, beginning at line 20, strike out the following language:

TITLE XI

ELEPHANT BUTTE RECREATION POOL, NEW MEXICO

Sec. 1101. (a) Pending the negotiation of contracts and completion of construction for furnishing water supplies for tributary irrigation units as authorized by section 8 of the Act of Congress dated June 13, 1962 (Public Law 87–483; 76 Stat. 96), and subject to the availability of stored water in Heron Reservoir in excess of one hundred thousand acre-feet, which water is not required for existing authorized uses, the Secretary of the Interior is authorized to permit releases from the Heron Reservoir or the San Juan Chama project to provide storage and establish a minimum recreation pool in Elephant Butte Reservoir. Such releases, to the extent of the available supply, shall be limited to providing fifty thousand acre feet for the initial recreation pool and up to six thousand acre-feet of water delivered to Elephant Butte Reservoir annually, for a period not exceeding ten years from establishment of the recreation pool, to replace loss by evaporation and other causes. Authorized releases, as provided above, are subject to and subordinated to any obligations under contracts for San Juan Chama project water now or hereafter in force and for filling and maintaining a pool in Cochiti Reservoir under the Act of Congress dated March 26, 1964 (Public Law 88–293; 78 Stat. 171). The provisions of section 11(a) of the Act of June 13, 1962 (76 Stat. 96), requiring a contract satisfactory to the Secretary for the use of any water of the San Juan River are hereby expressly waived with respect to the use of water required to establish and maintain a permanent pool in Elephant Butte Reservoir.

(b) The releases of water from Heron Reservoir authorized herein shall not be permitted unless and until the Rio Grande Compact Commission agrees by resolution that—

(1) the term "usable water" as defined in article I of the Rio Grande Compact shall not include San Juan Chama project water store in Elephant Butte Reservoir;

(2) in the determination of "actual spill" as that term is defined in article I of the Rio Grande Compact, neither the spill of "credit water", as that term is defined in article I of the Rio Grande Compact, nor "actual spill' shall occur until all San Juan Chama project water in Elephant Butte Reservoir shall have been spilled; and

(3) the amount of evaporation loss chargeable to San Juan Chama project water stored in Elephant Butte Reservoir shall be that increment of the evaporation loss from the reservoir resulting from the storage of San Juan Chama project water; the evaporation loss from the reservoir shall be taken as the difference between the gross evaporation from the water surface of Elephant Butte Reservoir and the rainfall on the same surface.

(c) Fifty per centum of any incremental costs incurred by the Secretary in the implementation of this title shall be borne by a non-Federal entity pursuant to arrangements satisfactory to the Secretary.

Sec. 1102. Nothing contained in this title shall be construed to increase the amount of money heretofore authorized to be appropriated for construction of the Colorado River storage project, any of its units, or of the Rio Grande project.

Sec. 1103. Nothing herein shall be construed to alter, amend, repeal, modify, or be in conflict with the provisions of the Rio Grande Compact.

On page 34, in line 8, strike out the number "XII" and insert in lieu thereof "XI".

On page 34, in line 10, strike out the number "1201." and insert in lieu thereof "1101.".

On page 34, in line 17, strike out the number "1202." and insert in lieu thereof "1202.".

On page 34, in line 24, strike out the number "1201" and insert in lieu thereof "1101".

On page 35, in line 1, strike out the number "XIII" and insert in lieu thereof "XII".

On page 35, in line 3, strike out the number "1301." and insert in lieu thereof "1201.".

On page 35, in line 16, strike out the number "1302." and insert in lieu thereof "1202.".

On page 35, in line 23, strike out the number "1303." and insert in lieu thereof "1203.".

On page 36, in line 1, strike out the number "XIV" and insert in lieu thereof "XIII".

On page 36, in line 3, strike out the number "1401." and insert in lieu thereof "1301.".

Mr. JACKSON. Mr. President, I yield to the distinguished Senator from New Mexico.

AMENDMENT NO. 1967

Mr. MONTOYA. Mr. President, I call up a printed amendment submitted by myself and my colleague from New Mexico (Mr. DOMENICI), No. 1967.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MONTOYA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is sc ordered.

The amendment is as follows:

TITLE XIV

ELEPHANT BUTTE RECREATION POOL, NEW MEXICO

SEC. 1401. (a) Pending the negotiation of contracts and completion of construction for furnishing water supplies for tributary irrigation units as authorized by section 8 of the Act of Congress dated June 13, 1962 (Public Law 87–483; 76 Stat. 96), and subject to the availability of stored water in Heron Reservoir in excess of one hundred thousand acre-feet, which water is not required for existing authorized uses, the Secretary of the Interior is authorized to permit releases from the Heron Reservoir on the San Juan-Chama project to provide storage and establish a minimum recreation pool in Elephant Butte Reservoir. Such releases, to the extent of the available supply, shall be limited to providing fifty thousand acre-feet for the initial recreation pool and up to six thousand acre-feet of water delivered to Elephant Butte Reservoir annually, for a period not exceeding ten years from establishment of the recreation pool, to replace loss by evaporation and other causes. Authorized releases, as provided above, are subject to and subordinated to any obligations under contracts for San Juan-Chama project water now or hereafter in force and for filling and maintaining a pool in Cochiti Reservoir under the Act of Congress dated March 26, 1964 (Public Law 88–293; 78 Stat. 171). The provisions of section 11(a) of the Act of June 13, 1962 (76 Stat. 96), requiring a contract satisfactory to the Secretary for the use of any water of the San Juan River are hereby expressly waived with respect to the use of water required to establish and maintain a permanent pool in Elephant Butte Reservoir: *Provided, however,* That nothing in this Act shall be construed to diminish, abridge, or impair any water rights of the Jicarilla, Southern Ute, Navajo and Ute Mountain Indians. Releases, as authorized by this title, shall be discontinued or reduced upon a finding by a court of competent jurisdiction that such releases are detrimental to such Indian water rights.

(b) The releases of water from Heron Reservoir authorized herein shall not be permitted unless and until the Rio Grande Compact Commission agrees by resolution that—

(1) the term "usable water" as defined in article I of the Rio Grande Compact shall not include San Juan-Chama project water stored in Elephant Butte Reservoir;

(2) in the determination of "actual spill" as that term is defined in article I of the Rio Grande Compact, neither the spill of "credit water", as the term is defined in article I of the Rio Grande Compact, shall not occur until all San Juan-Chama project water stored in Elephant Butte Reservoir shall have been spilled; and

(3) the amount of evaporation loss chargeable to San Juan-Chama project water stored in Elephant Butte Reservoir shall be that increment of the evaporation loss from the storage of San Juan-Chama project water; the evaporation loss from the reservoir shall be taken as the difference between the gross evaporation from the water surface of Elephant Butte Reservoir and the rainfall on the same surface.

(c) Fifty per centum of any incremental costs incurred by the Secretary in the implementation of this title shall be borne by a non-Federal entity pursuant to arrangements satisfactory to the Secretary.

SEC. 1402. Nothing contained in this title shall be construed to increase the amount of money heretofore authorized to be appropriated for construction of the Colorado River storage project, any of its units, or of the Rio Grande project.

SEC. 1403. Nothing herein shall be construed to alter, amend, repeal, modify, or be in conflict with the provisions of the Rio Grande compact.

Mr. MONTOYA. Mr. President, the purpose of this amendment is very simple. It is to authorize the transfer of 50,000 acre-feet of water from one reservoir in northern New Mexico to another reservoir in southern New Mexico, and then to provide up to 6,000 acre-feet of water annually for a period not to exceed 10 years to replenish evaporation losses.

This water will be used to establish and maintain a permanent recreation pool which will be used by upward of 1.5 million people annually.

The authorization to establish and maintain the minimum recreation pool is subject to the availability in Heron Reservoir of 100,000 acre-feet of water not required for existing authorized uses, any obligation under contracts for San Juan-Chama project water now or hereafter in force and the Secretary's obligation to fill and maintain a recreation pool in Cochiti Reservoir pursuant to Public Law 88–293. These conditions on the Secretary's authority give assurance that the pool will be established and maintained at no cost to the Government.

Mr. President, the reason Senator DOMENICI and I are offering this amendment is that a small controversy has arisen as to whether this amendment represents a taking of water rights properly belonging to the Jicarilla Apaches or other Indians. On this point, I should like to show two things. First, that the water in question has been allocated under the provisions of Public Law 87–483 for over a decade and cannot, therefore, be construed in any way to be a taking of Jicarilla rights. Second, I want to show that killing this amendment will not resolve in any way the complaints which the Jicarillas have made concerning the amount of water in the Navajo River as it flows through their reservation.

Going to the first point, the question of ownership of the water rights, let me cite at the outset the report of the Department of the Interior on the proposal embodied in our amendment. In a letter to Senator JACKSON dated September 19, 1974, Under Secretary Whitaker said that Indian water rights "are not affected" by this proposal.

To understand the manner in which water involved in this project is allocated and to understand to whom it is allocated, it is necessary first to have some understanding of the San Juan-Chama project. This project, authorized in 1962, and now substantially complete, takes a yearly average of 135,000 acre-feet of water from the Blanco and Navajo Rivers in Colorado and transfers it, by means of a tunnel beneath the mountains, into the Rio Grande Basin in New Mexico.

Once it is in New Mexico, it is allocated under the provisions of the 1962 act.

Three principal uses are to be made of the 135,000 acre-feet. One portion of the water, 27,700 acre-feet, will be used by four tributary irrigation units in northern New Mexico to irrigate 120,900 acres of land, of which some 18,000 acres are Pueblo Indian land.

Another portion, approximately 20,900 acre-feet, will be used by the Middle Rio Grande Conservancy District for more irrigation farther downstream.

The final portion, 48,200 acre-feet, will go to the city of Albuquerque which has contracted to buy it to meet that city's municipal and industrial needs.

That is the essence of the San Juan-Chama diversion project.

Mr. President, I think it is very important to point out very clearly that the water which is to be transferred from Heron reservoir in the north to Elephant Butte reservoir in the south is water which is part of this 135,000 acre feet. It is water which has been allocated and contracted for since 1962. It is water the allocation of which has been approved by both Houses of Congress, by the Department of the Interior, and by the President when he signed this legislation.

The reason we can use some of this water to form a permanent pool is that those who now have contracts for San Juan-Chama water, namely the four irrigation units, the Middle Rio Grande Conservancy District, and the city of Albuquerque, do not presently require all the water which has been allocated by law to them. The irrigation units are still under construction and Albuquerque now uses only 17,700 acre-feet of water. Thus, there is a temporary surplus of water available for the creation of the permanent pool. In the next decade, as the water demands of Albuquerque grow and the tributary units are built, this water will be used as intended.

Mr. President, just as the water which is diverted is allocated under the law, so does the law provide safeguards to protect the interests of those on the Navajo and San Juan Rivers below the diversion points. Minimum flow requirements have been established, and unless these minimum flows are present on any given day, no water may be diverted from the rivers into the diversion project.

There are also specific provisions already in the law to protect the fish and aquatic life of the Navajo and Blanco Rivers, about which the Jicarilla are concerned. I refer specifically to section 8(f) of the 1962 act, which states—

> The Secretary shall operate the project so that for the preservation of fish and aquatic life the flow of the Navajo River and the flow of the Blanco River shall not be depleted at the project diversion points below the values set forth at page D2-7 of appdendix I of the United States Bureau of Reclamation report entitled "San Juan-Chama Project, Colorado-New Mexico," dated November 1955.

I emphasize that these are provisions of the law, and, as such, must be obeyed. If properly enforced, they should be sufficient to protect the rights of downstream water users which the Congress recognized 12 years ago.

Mr. President, I have attempted to show that the use of water for the Elephant Butte permanent pool is water which is already allocated by law and that it does not represent a new taking of water. I have also discussed the protection features currently in the law.

Still, however, the Jicarillas are concerned. They have objected to this project on a number of grounds which were set out in their resolution 75 to 18, which was printed yesterday in the CONGRESSIONAL RECORD. In my conversations with their President and attorney, however, I find that they are actually concerned about two matters which are largely unrelated to the provisions of this amendment. They are concerned, first, with the manner in which the San Juan project has been operated. They charge that water flows below the statutorial minimum have occurred, causing damage to their fisheries. They are also concerned with the larger question of the availability of water in the San Juan basin to meet all anticipated future demands. Specifically, they look ahead to a request which will be before the Congress next year to allocate some 28,250 acre-feet of San Juan River to the El Paso Natural Gas Co. They are fearful that congressional approval of their requests is inevitable and that the result will be a further depletion of flows through their reservations. While I sympathize with these concerns, I suggest that holding this amendment in abeyance would do nothing to resolve either of them.

With regard to the operation of the San Juan project and the consequent depleted river flows, I have already discussed how Public Law 87-483 clearly establishes the amount of water to which the Jicarilla and other downstream users are entitled, and also provides that water may not be diverted into the San Juan project until sufficient water to meet these demands is available. If the project is being operated in violation of the law and, as a result, the Jicarilla are suffering, corrective action must be taken. To settle the point, I believe it would be entirely appropriate for the Interior Committee to request a report from the Department of the Interior or from GAO regarding the project's operation, and if they do not wish to do so, I will.

With regard to the supply of water in the San Juan Basin over the next few years, this is a matter which Congress will grapple with next year when the request by El Paso Natural Gas Co. for an allocation of water from the San Juan comes before the Congress. I want to emphasize that the amendment we are debating today does not involve any taking of water beyond that provided for in the San Juan-Chama Act. I therefore think that it is unnecessary and untimely to question the San Juan Basin water supply today. It has nothing to do with the amendment and we will be considering the issue separately in the very next Congress.

I do not wish to imply, however, Mr. President, that the question of Indian water rights is in any sense inconsequential or that we should rush lightly over it, and for that reason, we have included in our amendment a special proviso. This is very important. This is the most important part of the amendment insofar as Indian water rights are concerned. It reads as follows:

> Nothing in this act shall be construed to diminish, abridge, or impair any water rights of the Jicarilla, Southern Ute, Navajo and Ute Mountain Indians and releases, as authorized by this title, shall be discontinued or reduced upon a finding of a court of competent jurisdiction that such releases are detrimental to such Indian water rights.

This is an amendment which was suggested to us by the Department of the Interior as a means of insuring absolutely that our amendment does not interfere with already established Indian water rights, and we are happy to include it as part of our amendment.

Other interested parties have raised additional objections characterized, for the most part, by a claim that Winter's doctrine rights in the San Juan Basin have not been and are not now being recognized. Whether this is true or false is not for the Congress to decide, however, because a judicial determination of the meaning and the application of the Winter's doctrine is now being made as the case of Aamodt against United States works its way through the Federal courts. This case is widely viewed as a landmark case in western water law, and it is expected eventually to go to the Supreme Court. If the decision requires changes in the method by which we now allocate water, we shall abide by it, but until that happens, I see no reason to hold this project hostage.

Viewing the matter in its entirety, I believe that what the Senate faces is a larger question than whether or not to approve the water transfer contemplated by our amendment. We are also deciding whether every water project in the country which is clouded by a Winter's doctrine claim, however valid or invalid, will be suspended until a final determination of these claims can be made. If the Senate makes this decision in this particular case, I believe it could apply with equal force to half the other projects in H.R. 15736 and to many other projects under construction or already in operation. I urge the Senate to reject this policy.

In conclusion, Mr. President, let me say that the principal objections which have been raised against this amendment are largely irrelevant. First, this project does not involve the taking of new water rights. Second, if the Jicarilla Indians are not now getting the water to which they are entitled by law, the resolution of their problem lies in a correction of the operation of the project. Third, the question of whether water will be available for future projects is also irrelevant to this amendment. Finally, the question of extensive Winter's doctrine rights is being determined in the courts and not by this amendment.

Mr. President, this is a modest proposal for the establishment of a permanent pool for a recreation industry in New Mexico, which involves the visits of approximately 1.5 million people annually. The permanent pool will be in a reservoir owned exclusively by the Federal Government, Elephant Butte Reservoir, constructed many years ago.

So I hope that the amendment will be agreed to.

I now yield to my junior colleague from New Mexico.

Mr. DOMENICI. Mr. President, how much of our time has expired?

The PRESIDING OFFICER (Mr. HUDDLESTON). The Senator has used 10 minutes; 20 minutes remain.

Mr. DOMENICI. I yield myself 5 minutes at this point.

Let me first compliment my distinguished senior colleague for the history that he has given here today of this project.

Second, let me make this point very clear, if it has not already been, for the senior Senator from New Mexico and myself: when we introduced this bill, we had no intention, nor do we have any intention today, to deny to the Jicarilla Apaches or Northern Utes or any Indians in Colorado or New Mexico any water that they are entitled to.

The facts of the matter are that in 1962 the Congress of the United States, at least the Senate, under the leadership of Senator Clinton P. Anderson, passed a Reclamation Act. In that act, the San Juan-Chama Diversion project was created. In that act certain water rights that flow from the San Juan-Chama were adjudicated by the Congress between the States of Colorado, New Mexico, and Texas; and in that act, a diversion project was implemented that took water, according to the will of Congress, out of the San Juan and shipped it across the mountains into a basin called the Middle Rio Grande Basin. In that basin the four districts the Senator has referred to and the thriving city of Albuquerque exist.

At that point in time, it was determined by the Congress of the United States that a certain quantity of water would be diverted, and that these entities would have access to that water.

For anyone interested, the point my senior colleague and I want to make is that we are not asking that 1 additional foot of water be added to that 1962 law. We are really saying when that water crosses the mountains and gets into the middle Rio Grande entitlement pool, there are a certain number of acre-feet of water to be used by the entities there. One of the entities is the city of Albuquerque.

It was intended by Congress when that bill was passed that there be an entitlement for the Middle Rio Grande Valley. The city of Albuquerque, in that particular bill, purchased water from that entitlement, and then they had the right to use it over an extended period of time. They have decided, as my senior colleague indicated, that at this point in time they would let Elephant Butte use a portion of that water to create a 10-year permanent pool.

We are not asking Congress to allocate 1 additional foot of water out of the San Juan to cross the transmountain diversion canal into the Middle Rio Grande Basin, not 1 additional foot. We are merely asking that, as to Albuquerque's water, they be permitted to change its point of use to a few miles downstream at an established recreation area.

I ask this question, and I think my senior colleague would agree: What if the city of Albuquerque wanted to use its entire 48,000 acre-feet? I do not think anyone could object. They are entitled to use it now. They have determined that they do not want to use it now, and would like to let it flow downstream, if flow is available, to the Elephant Butte Reservoir.

It would appear to me that those who are objecting are objecting to the 1962 law, which has already been passed, under which the water is allocated. It appears to me that they are saying that the doctrine Congress adopted in 1962 they do not like, or perhaps that it is invalid. If it is, it has not been so adjudicated. If it is adjudicated to be a proper doctrine my senior colleague has adequately explained that we are not trying to deny their rights, if in fact the Winter's doctrine is found to be the law of this land.

In conclusion, it seems to me that all we are asking Congress to do here is permit the city of Albuquerque to move the point of use in terms of water they have already bought and are paying for under an established Bureau of Reclamation policy to a point downstream, so that it can be stored in an established reservoir for recreation purposes, and for a thriving community that is there. I cannot believe that anyone is saying that Senator MONTOYA's and my bill is taking water rights from anyone under those rights established by the 1962 law.

I yield back the remainder of my time.

The PRESIDING OFFICER. Do Senators wish to ask for the yeas and nays at this time on the amendment?

Mr. MONTOYA. I ask for the yeas and nays.

For want of a sufficient second, the yeas and nays were not ordered.

Mr. MONTOYA. Mr. President, I ask unanimous consent that a statement by the Senator from Texas (Mr. BENTSEN) be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. BENTSEN

I wish to associate myself with the two distinguished Senators from New Mexico in their efforts to pass this bill in the same form as it passed the House.

I understand the reservations that have been expressed in regards to including the Elephant Butte Project in this bill. And I think it was good that these reservations were put forward. They caused all of us to review the project with more care and this is always helpful in seeing that this body passes proper legislation.

I have carefully reviewed the concerns that have been expressed, and have concluded that the amendment my good friends from New Mexico have proposed more than meets those concerns. It is important that Indian Rights are not affected by the construction of Elephant Butte, and it is good that we have paid special attention to the question. That special attention has generated a special opinion from under Secretary John Whitaker that the project will not abridge Indian water rights. In addition, my Colleagues from New Mexico have included in their amendment a provision that, if in the future, Indian rights are affected, the project will be discontinued.

I would hope that this generous amendment would remove all opposition to both Elephant Butte and H.R. 15736. And I would hope that the Congress would move expeditiously in moving the bill to the President for his signature.

Mr. President, I believe that this bill is a good package for the proper utilization of water in the states it affects. These projects are investments in the future, and the two Texas projects contained in the bill are excellent examples of wise and timely investments.

The Nueces River Project in Corpus Christi and the Cibolo Project in San Antonio are both contained in this bill.

The Nueces River Project is to provide municipal and industrial water for Corpus Christi and other cities of the coastal Bend area of Texas. The need for this Project is critical because the present water supply, Lake Corpus Christi, is silting rapidly and promises to fall short of the area's water needs within the next seven years.

This area of Texas, Mr. President, is important to the entire Nation because of its petroleum refining capacity, and it is to the Nation's best interests to help insure an adequate water supply. I feel it is for this reason that the Interior Department has commented on the project in this manner:

"The multi-purpose Nueces River Project would insure a dependable annual water supply to support the fast-growing industrialization of the Coastal Bend area, one of the principal manufacturing areas of the Nation. This would support President Nixon's program to increase and upgrade water supplies for municipal and industrial use in both urban and rural sections of the Nation."

In addition, the project enjoys strong local support. During the Senate hearings, a petition was presented which contained the signatures of 32,000 Corpus Chisti area citizens. This display of public support is impressive, particularly in light of the fact that the signatures were gathered in only an eight week period. One would have to conclude that this is an excellent example of popular support for the Nueces River Project.

Mr. President, the other important Texas project, the Cibolo Project, is located in Wilson County, Texas near the City of San Antonio. The project's plan of development provides for construction of Cibolo Dam and Reservoir on Cibolo Creek to regulate its flows for flood control, and for municipal and industrial water supply. The plan includes recreation and sport fishing facilities at the reservoir and would provide major fish and wildlife benefits.

The project has undergone a thorough seven year Federal and State investigation which revealed that the project would contribute greatly to the capacity of the municipal and industrial water supply systems for the growing communities of San Antonio, Karnes City and Kenedy.

Most of the Cibolo Project region depends solely on the Edwards and Carrizo-Wilcox aquifers for water supply. Continued dependence upon these aquifers by the region's competing water users portends serious consequences for the area and particularly for the estuaries of the Gulf of Mexico where the biological and economic productivity are reliant upon fresh water and its nutrient materials. The region urgently requires a supplementary surface water supply system in order that progress may be made toward implementation of a surface water, ground water conjunctive use program for the area. The multi-purpose Cibolo Project represents the first phase of such a planned supplementary surface water supply system, and it will also provide much needed flood control storage to mitigate flood hazards in the lower San Antonio River Basin.

Currently, the Edwards aquifer is the sole water supply source for the City of San Antonio. In turn, the City is the largest metropolitan area in the Nation whose municipal requirements are met entirely with groundwater. In recent years, regional water-supply and water-management studies have clearly shown that the dependable yield of the Edwards aquifer is rapidly being approached and that development of surface water supplies for the region is absolutely essential.

In addition to the Project's importance in providing the City of San Antonio a supplementary water supply source and in reducing demands being imposed on the Edwards aquifer, the Project is of considerable importance to the Cities of Kenedy and Karnes City because these communities must now use groundwater that is very undesirable because of excessive salt concentrations.

However, Mr. President, these two Texas projects are only a part of the measure we consider today. The bill contains other important projects which must not be further delayed. Therefore, I strongly urge the passage of this bill.

Mr. JACKSON. Mr. President, the objections raised by the Indians concern the diversions of water from the tributaries of the San Juan River which are currently being made for the San Juan-Chama project which was authorized by the Congress in 1962. I believe these objections warrant investigation and I intend to have the Senate Interior Committee review the operation and the impacts of the San Juan-Chama diversions.

The amendment being proposed by the Senator from New Mexico, however, would not increase the diversions authorized by the Congress in 1962 nor would it impair any existing rights of parties entitled to San Juan River water. If either the Congress or the courts sought to direct a change in the operations of the San Juan-Chama project in the future, the proposed amendment would in no way constitute a barrier to such action.

Therefore, although I am making no determination about the situation on the San Juan River until the committee has thoroughly reviewed the operation of the San Juan-Chama project, I am prepared to support the amendment proposed by the Senator from New Mexico.

The PRESIDING OFFICER. Who yields time?

Mr. ABOUREZK. Mr. President——

The PRESIDING OFFICER. Is time yielded to the Senator from South Dakota?

Mr. ABOUREZK. Mr. President, I will control the time in opposition to the amendment, since the chairman has indicated his support.

The PRESIDING OFFICER. The Senator may proceed.

Mr. ABOUREZK. I yield myself whatever time I may use, up to the limit.

Mr. President, I want, first of all, to say that the Senators from New Mexico, both of whom I consider good friends and very able Senators, are not willingly trying to do anything to the detriment of the Jicarilla Apache Indians.

When I say willingly, I then want to turn to another description of what is being done, and that is if water is allowed to be dumped from the Heron Reservoir down to Elephant Butte, under the best of intentions of the people of New Mexico and their representatives here in the Senate, the act will have accomplished only one thing, that the Indians will be estopped from—using legal terminology—ever saying that they had rights, Winter's doctrine rights, to the water taken out of the Navajo River which goes through their reservation and put into the Heron Reservoir under the San Juan-Chama project.

So what I am saying is this: That the project itself, I think, is highly questionable. I know that it was passed in 1962. But, so far as protecting water rights which legally belong to the Jicarilla Apaches, it has done nothing and, technically, it probably does not take away their water rights. But, in fact, that is exactly what an irrigation or diversion project does, it takes water, of which there is not a sufficient quantity in the Southwest, belonging to the Indian people, and puts it to other uses which are determined without really the permission of the Indian people. So that is the only thing I am saying with regard to the amendment proposed by the two Senators from New Mexico.

The Indian people have not been heard on this issue. They were not present at any hearings which determined this amendment.

I want to say the legislative history of this amendment is that it was included as a separate title in the Water Reclamation Act which we are considering. By unanimous vote the Interior Committee of the Senate voted to strike this title out and to report out the rest of the bill.

The reason is that the Jicarilla Apaches have raised an objection to the dumping of this water into the Elephant Butte Reservoir.

Now, the water dumping is to be used by the city of Albuquerque for recreation. In fact, what has happened is that the Interior Department cannot contract out the full 110,000 acre-feet that they are entitled to contract out under the San Juan-Chama project. So what they are doing is looking around for uses to put that water to, and that is why they are dumping it from Heron Reservoir into Elephant Butte.

My point is this: That we ought to have full hearings where the Indian people are represented by their own attorneys and water rights experts so that they can state whatever their objections are on the record. They have not yet been able to do that.

I understand there was an Indian representative on his way to the hearings on this reclamation project and, for some reason, there was a foul-up in the transportation and he did not make it, and there never were any other hearings set.

So that is all I am asking for. This may be a perfectly valid amendment, but we do not know yet because the Indian people have not had a chance to be heard, and I think they are entitled to it because they are entitled under the 1881 Executive Order which established the Jicarilla Reservation, are entitled to water rights out of the Navajo River, the first and prior water rights, I might say.

So we may be deliberating and even passing this amendment next year, but I think we ought to do it only after the Indians have had an opportunity to state their objection and to provide the legal basis for their objection.

So I am asking that the Senate reject this amendment only on that basis and understanding, with the understanding that the Senators from New Mexico, who are doing their highest duty, and that is representing their constituency, will have the opportunity to be heard as well when the Interior Committee holds hearings on this Elephant Butte project.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. MONTOYA. I am prepared to yield back my time if the Senator is.

Mr. ABOUREZK. If we may get the yeas and nays at this point.

The PRESIDING OFFICER. Is all time yielded back?

Mr. ABOUREZK. No, I will not yield back my time until we get the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. Mr. President, I want to indicate my opposition to adopting the amendment proposed by the Senator from New Mexico before there has been a full hearing at which the Indian tribes, which may be adversely affected by the amendment, have had an opportunity to testify. Too often Congress goes forward with legislation of this kind without knowing the full impact of its actions. This, I believe, is one of those instances.

The water rights of the Jicarilla Apache Tribe and other Indian tribes in the area have never been fully determined. Although, in the case of the Jicarillas, a water rights inventory was initiated, it has not been completed. Thus we do not know what their full rights are, much less how those rights may be affected. And although the amendment provides that the diversion of water authorized shall cease if a court finds it to be in violation of an Indian water right, water rights litigation of that kind can take decades.

In fact, water diversions often begin as something temporary and wind up irreversible. Recreation developments grow, and in the end the Indians are told that they can go to the court of claims rather than getting their water back.

The Jicarilla Tribe has already been injured by the reclamation work in their area. We should not ask them to await some possible future court decision before they can regain what is legally theirs.

I do think that it is important that this amendment recognizes that it is not intended to—nor could it constitutionally—diminish the historic water rights of any Indian tribes. I do not think that this is enough, however. That is why I am joining the Senator from South Dakota in suggesting that we wait until full hearings with testimony from affected Indian tribes before irretrievably allocating this valuable natural resource.

The PRESIDING OFFICER. Is all time yielded back?

Mr. DOMENICI. Before I yield back my time, might I make one statement. Senator FANNIN, the ranking Republican, is not present. But he authorized me to say that he had no objection to the amendment either. I just wanted to make sure the record was correct.

The PRESIDING OFFICER. Is all time yielded back?

Mr. MONTOYA. Before I yield back my time, I would like to announce that the distinguished Senator from Texas (Mr. BENTSEN) has indicated to me that I should say here on the floor that he supports this amendment wholeheartedly.

The PRESIDING OFFICER. All time is yielded back.

Mr. DOMENICI. Mr. President, I suggest the absence of a quarum, and that it be charged to our side. I want to confer with the Senator for a moment.

Mr. MONTOYA. Mr. President, I suggest the absence of a quorum on my time.

The PRESIDING OFFICER. The Chair would advise the Senator from New Mexico does not have enough time.

Mr. JACKSON. Mr. President, I yield time on the bill for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK. Mr. President, I am prepared to yield back the remainder of my time, if the other side does.

Mr. MONTOYA. Mr. President, I yield back the remainder of my time.

Mr. HATFIELD. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico (Mr. MONTOYA). On this question, the yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Nevada (Mr.

BIBLE), the Senator from Delaware (Mr. BIDEN), the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Minnesota (Mr. MONDALE), the Senator from Alabama (Mr. SPARKMAN), the Senator from Illinois (Mr. STEVENSON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Georgia (Mr. TALMADGE) are absent on official business.

I further announce that, if present and voting, the Senator from Texas (Mr. BENTSEN) and the Senator from Illinois (Mr. STEVENSON) would each vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BELLMON), the Senator from Tennessee (Mr. BROCK), the Senator from New York (Mr. BUCKLEY), the Senator from Kentucky (Mr. COOK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. FANNIN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Florida (Mr. GURNEY), the Senator from Wyoming (Mr. HANSEN), the Senator from North Carolina (Mr. HELMS), the Senator from Nebraska (Mr. HRUSKA), the Senator from New York (Mr. JAVITS), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. MCCLURE), the Senator from Oregon (Mr. PACKWOOD), the Senator from Kansas (Mr. PEARSON), the Senator from Ohio (Mr. TAFT), the Senator from South Carolina (Mr. THURMOND), the Senator from Texas (Mr. TOWER), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) and the Senator from Texas (Mr. TOWER) would each vote "yea."

I further announce that the Senator from Hawaii (Mr. FONG), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Vermont (Mr. STAFFORD) are absent on official business.

The result was announced—yeas 40, nays 11, as follows:

[No. 478 Leg.]

YEAS—40

Aiken
Allen
Bartlett
Beall
Bennett
Brooke
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Case
Domenici
Eagleton
Ervin
Hatfield
Hathaway
Huddleston
Hughes
Humphrey
Inouye
Jackson
Long
Magnuson
McClellan
McIntyre
Metcalf
Montoya
Moss
Muskie
Nunn
Pastore
Pell
Percy
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stennis
Stevens
Symington
Weicker

NAYS—11

Abourezk
Clark
Fulbright
Haskell
Kennedy
Mansfield
Metzenbaum
Nelson
Proxmire
Roth
Tunney

NOT VOTING—49

Baker
Bayh
Bellmon
Bentsen
Bible
Biden
Brock
Buckley
Cannon
Chiles
Church
Cook
Cotton
Cranston
Curtis
Dole
Dominick
Eastland
Fannin
Fong
Goldwater
Gravel
Griffin
Gurney
Hansen
Hart
Hartke
Helms
Hollings
Hruska
Javits
Johnston
Mathias
McClure
McGee
McGovern
Mondale
Packwood
Pearson
Scott,
  William L.
Sparkman
Stafford
Stevenson
Taft
Talmadge
Thurmond
Tower
Williams
Young

So Mr. MONTOYA's amendment (No. 1967) was agreed to.

Mr. CURTIS subsequently said: Mr. President, I wish to have the RECORD show that at the time the Montoya amendment No. 1967 to H.R.15736 was voted upon during the noon hour, Senators HRUSKA, THURMOND, HANSEN, GURNEY, BUCKLEY, HELMS, MCCLURE, and the junior Senator from Nebraska, now speaking, were at the White House conferring with the President of the United States on official matters and could not return to have our votes recorded.

LAKE BERRYESSA

Mr. TUNNEY. Mr. President, the Senate is today considering H.R. 15736, the Reclamation Development Act of 1974. Title 6 of this act authorizes $3 million for the development of recreation facilities at Lake Berryessa in Napa County, Calif.

While I am delighted that the Interior Committee has approved interim funding for the construction and operation of day use facilities, I am still committed to the establishment of a National Recreation Area at Lake Berryessa and expect that these funds will be expended in a manner that is consistent with the future acquisition of the lake for that purpose. The committee, in its report, recognizes the—

> Interest in a long-term solution to providing recreational facilities and opportunities at Lake Berryessa such as is expressed in S. 1740, legislation sponsored by Senators Tunney and Cranston to create a Lake Berryessa National Recreation Area. Therefore, the Committee expects that any activities which may be undertaken pursuant to the authorities granted to the Secretary by Sec. 601 of H.R. 15736 will be consistent to the extent practicable with plans for more extensive recreation development which may be authorized in the future.

Lake Berryessa is a large and beautiful body of water which was created when the U.S. Bureau of Reclamation built Monticello Dam. It was designed as a flood control and irrigation project, not for recreational purposes. Nevertheless, once the dam was completed the lake quickly became a popular place for northern Californians to visit to take part in various recreational activities.

Unfortunately, no funds were provided by the Federal Government for even minimum basic public use facilities, roads, or parking areas of any kind. Therefore, Napa County was forced to contract with seven private concessionaires who agreed to develop the lake for recreational day use with their own funds, at no cost to Napa taxpayers.

However, instead of providing for the full recreational development of the lake, we today see an example of inexcusable mismanagement. The concessionaires have violated the obligations spelled out in the management agreement and contracts. Instead of picnic tables, campsites, public beaches, and public restrooms, the visitor finds gates, fences, private trailers and prefabricated homes, private security police, and so on. In short, the lake has become a private residential area complete with sleazy developments instead of a public recreational center as intended by the original public use plan prepared by the National Park Service. Two thousand mobile homes have been moved onto the Federal land, and despite clear language in the management agreements to the contrary, some of these "mobile" homes have not been moved for as long as 10 years.

By late 1970 conditions at the lake had reached such a state that the Bureau of Reclamation at last put out a moratorium on all further developments by concessionaires until the management agreement could be reevaluated. The National Park Service was asked to study the Berryessa area and draft a new plan for recreational development, one which would guarantee the public access to the $50 million resource.

The moratorium on development of mobile home parks was relaxed in April 1973 by the Bureau of Reclamation, an action which only serves to further complicate the problems of restricted public access to the land and increase the pollution visible in many areas along the shoreline.

Mr. President, I feel that the Federal Government must assume responsibility for the entire area as soon as possible. As the local government has indicated its intention to withdraw from management of the lake and to return responsibility to the Bureau of Reclamation in 1975, the interim funding provided in H.R. 15736 is essential in order to carry out the improvements recommended by the National Park Service before the lake can be managed as a public recreational resource.

The PRESIDING OFFICER (Mr. TUNNEY). The bill is open for amendment. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. HATFIELD. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is, Shall the bill pass? (Putting the question.)

The bill (H.R. 15736) was passed.

Mr. MONTOYA. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

APPOINTMENT BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER (Mr. TUNNEY). The Chair, on behalf of the President pro tempore of the Senate, pursuant to Public Law 93-379, appoints Stephen S. Boynton to the District of Columbia Law Revision Commission.

PROPOSED INCREASES IN THE PRICE OF PROPANE GAS (S. RES. 424)

Mr. EAGLETON. Mr. President, I ask unanimous consent that the name of the distinguished Senator from Kentucky (Mr. HUDDLESTON) be added as an additional cosponsor to Senate Resolution 424.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, this important resolution which would express the sense of the Senate that the Federal Energy Administration's proposed 3 to 5 cent per gallon increase in the price of propane should be withdrawn is sponsored by a total of 25 Senators. In addition to myself, there are Senators SYMINGTON, MCGEE, BAYH, MCINTYRE, ROBERT BYRD, EASTLAND, SPARKMAN, ABOUREZK, JACKSON, HART, ALLEN, HASKELL, DOMINICK, PROXMIRE, HATHAWAY, MCGOVERN, STEVENSON, CLARK, NELSON, HUGHES, HUMPHREY, METZENBAUM, STENNIS, and HUDDLESTON.

Mr. President, in view of the importance of this measure in preventing a further inflationary propane price increase, and in view of the obvious strong support for the measure, I find it unfortunate and regrettable that a hold has been placed on this bill by a Member from the Republican side. If the Federal Energy Administration, as expected, goes ahead with this proposed price increase, millions of American families will find the cost of propane increasing this winter by a minimum of 35 percent. This will come on top of the 200 to 300 percent increases they experienced last winter. Propane is widely used, in addition, in the drying of crops which are only now being harvested. An increase of 5 cents per gallon for this fuel will have a serious impact on farm income and food prices.

I believe the record should show that members on this side of the aisle strongly support my resolution calling for a withdrawal of this proposed price increase and that they have made every effort to bring the matter before the Senate prior to the election recess.

Some Members on the other side of the aisle apparently do not share our concern over this matter and I believe the American people should know who is responsible for blocking action on this resolution.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. EAGLETON. I am pleased to yield.

Mr. SYMINGTON. Will this not result in further serious problems incident to inflation for the poor people of this country?

Mr. EAGLETON. Inescapably so because a 3 to 5 cent per gallon increase in propane is, by its very nature, inflationary.

Mr. SYMINGTON. Is not in our State propane widely used in the rural areas of the State?

Mr. EAGLETON. Propane is used in rural Missouri for not only drying crops coming into harvest, soybeans and cotton and other late harvest crops, but it is used widely in rural Missouri to heat homes, mobile homes, trailers, and the like. It is not a luxury item, it is an item of inescapable and fundamental necessity to life.

Mr. SYMINGTON. Is that not true of many other States of the Union?

Mr. EAGLETON. Indeed it is. For example, propane is being increasingly used for home heating.

Mr. SYMINGTON. How would the able Senator think that the people would think the person responsible for this hold was justified, based on the administration's position incident to the importance of controlling inflation?

Mr. EAGLETON. Well, of course, I cannot speak for the Senator who did place the hold, the distinguished Senator from Arizona (Mr. FANNIN). He would have to speak for himself. I cannot really speculate as to how one could answer the question that the distinguished senior Senator from Missouri has posed. At a time when the President of the United States has declared inflation to be public enemy No. 1, I do not know how you can justify that his Federal Energy Administrator, Mr. Sawhill, his own appointee, proceeded to let propane prices go up from 3 to 5 cents a gallon. I do not know how you square the President's pronouncement on inflation with this policly of the Federal Energy Administrator.

Mr. SYMINGTON. Mr. President, I commend my able colleague for bringing this matter to the attention of the Senate and the people. I fully agree with him it is a most unfortunate development.

Mr. EAGLETON. I thank my distinguished colleague from Missouri.

I yield to the Senator from Minnesota.

Mr. HUMPHREY. The Senator from Missouri (Mr. EAGLETON) is not only defending what are the legitimate interests of the American consumer, in the instance of the use of propane, but he is also advancing in this sense-of-the-Senate resolution a very important part of our agricultural program as he has alluded to here in his comments.

Yesterday the crop report came out. That crop report shows the corn yield this year down to about 4.7 billion bushels. That compares to the Department of Agriculture's midsummer estimate of 6.7 billion bushels. Obviously this means a very serious reduction. Let me also make it clear that this 4.7 billion projection means a billion bushels less in 1974 than in 1973. But the more important part of the crop announcement was the condition of the corn; that the corn is wet, much of it not fully matured; that it had been injured by early frosts, and that the only way that you are going to make some of that corn crop at all usable is by drying it.

Now, to dry the corn you need natural gas or propane, and in most of the corn belt it is propane. And, if you increase the price of that propane, all you are doing is adding another cost to farm people who have already suffered crop failures. You are adding another cost to the consumer who will have to pay a higher price for whatever corn is used. And, the consumers of most of the corn crop, are the farmers themselves. These are the cattle farmers, the hog farmers, the poultry raisers, the people in the dairy industry. All you are doing is adding more costs, more inflation.

Besides that, it is a "ripoff"; it is a sheer economic "ripoff." Propane prices were held sky high a year ago, and what did Mr. Sawhill and Mr. Simon testify to before the Joint Economic Committee? They testified that the propane companies were holding back huge quantities of propane to keep that price up. Finally, the Federal Energy Agency woke up to what was happening and went in and said, "You ought to reduce the price."

Now, we have an instance again where they are holding back the propane and wanting the price to go up. Well, I come from a part of the country that uses vast amounts of propane for our agricultural production, for our home heating in rural Minnesota and for many of our shops and factories. Mr. President, to have this increase that is being contemplated, without any cost justification, is unpardonable.

I want to say to my good friend, the Senator from Missouri, that we are indebted to him once again for his alertness, for his constant concern about the economic well-being of our people.

Now, if any propane company can come in and clearly demonstrate, on a cost basis, the cost of production, the cost of distribution, and other costs, including a reasonable profit, that they ought to get another 5 cents a gallon, let me say they can have it. They have failed to do so up to now. We have had study after study made of this, and it is sheer unlimited profiteering that is going on.

I want Mr. Sawhill, whom I know and respect, and Mr. Simon to read this RECORD. I want them to understand that if they permit this kind of a price increase, or authorize it, that it is nothing more or less than an economic "ripoff," which is the new language that we use to describe what is happening to hundreds of thousands of farm families and millions of homeowners throughout America.

I saw this morning where the President said that he may very well want to advocate decontrol of old crude oil.

Now, we have decontrol on strip wells and new crude and if we have it on old crude, plus this, we are going to have inflation plus, in neon lights, in capital letters.

So I rise to join my colleague, our good friend from Missouri, in sharp protest to what is being contemplated. I do not know for the life of me why we do not pass this resolution. I want to find out if there is any parliamentary way we can bring it up to pass it.

I know there is a hold on it, but how long is the hold?

Mr. EAGLETON. Well, may I respond to my distinguished colleague, I do not know how long a hold endures. We do not know as to its permanency.

Mr. HUMPHREY. We can debate it.

Mr. EAGLETON. We can debate its irrevocability, but it is on hold by the distinguished Senator from Arizona (Mr. FANNIN).

May I just respond in brief to the Senator from Minnesota, who I think made a very cogent, persuasive argument. Did I hear the figure correctly on the crop reports, that the anticipated Earl Butz prediction for corn harvest was 6.7 billion?

Mr. HUMPHREY. That is correct.

Mr. EAGLETON. And that the actual yield was 4.7 billion?

Mr. HUMPHREY. That is correct.

Mr. EAGLETON. Which is, by a rough computation, about 30 percent or so, about a 30-percent miss on his target estimate.

Mr. HUMPHREY. A 2 billion bushel miss.

Mr. EAGLETON. A miss off market.

Mr. HUMPHREY. Yes.

Mr. EAGLETON. A propane price increase will add to the price of corn, which is already going to be high due to a corn shortage. Higher propane prices will add to that shortage and price increase. I think that the Senator from Minnesota can predict that. A 5-cents-a-gallon increase in propane will also add to the price of beef and pork about next February, March, or April when all this precious corn is dried out, with exorbitantly high-priced propane, and fed to hogs and beef cattle. What will be the price to Mr. and Mrs. Consumer next spring?

Mr. HUMPHREY. Well I think the Senator should know the administration this morning told us we should prepare for higher prices. That is the good news that comes out.

If we are going to fight inflation, we should look at these prices and see whether or not there is an actual economic need for a cost increase. If there is a need, then it should be granted.

Mr. EAGLETON. Absolutely.

Mr. HUMPHREY. But I want to say on this floor that a staff of the Joint Economic Committee, made up of competent economists, has looked into this matter.

There is no justification for it and I am weary of having some Federal agencies sit over here without any consultation with Congress and decide they are going to pass a price increase.

I think we should get an agency here to find if we cannot get a price decrease. It would not be a bad idea.

I was looking for the crop report figures, might I say to the Senator, which I placed in the RECORD yesterday.

I simply want to point out, not only is the corn crop down, but the soybeans, grain sorghum, and the wheat crop is lower than the earlier estimates.

When we look at all that, it spells high-priced food and it spells trouble. There is trouble in the river town today, I will tell the Senator, and there will be trouble across this land.

That is why we cannot have another 5 cents added on the propane. That is only the beginning. Next it will be fuel prices, then diesel fuel, and following that it will be on gasoline. This is the most amazing kind of formula for controlling inflation. The administration has a program to control inflation by adding costs.

Now, how that works is beyond me. But they have done some miraculous things in the past. They have both inflation and recession at the same time, which is, within itself, not a minor achievement. It has only been done, I think, once before in the history of the world.

Mr. EAGLETON. Well, I thank the distinguished Senator from Minnesota. He is, I believe, eminently correct in his analysis.

I yield the floor.

Mr. LONG. Will the Senator yield?

Mr. EAGLETON. Yes, I am happy to yield to the distinguished Senator from Louisiana.

Mr. LONG. Mr. President, I think we should have a little balance in this debate. After all, speaking as one who represents the State that produces a great amount of oil and gas, my understanding is that the energy we are importing from these foreign nations is coming in at a price, the last time I looked, around $13 a barrel, our producers are getting an average under controls of about $7 a barrel, or about half of what our people are paying the foreigners to produce the energy whose production cost is far below the American cost. The producers of natural gas account for about one-third of our energy.

All that gas going into interstate commerce, the last I heard, it was about 25 cents a gallon, which, if equated with the control price of about $7, which averages out to about what the oil producers are getting for oil, works out to be about one-fifth of what they are getting for the oil.

So, in effect, an average, one-half what this Nation is paying all the foreigners for their oil.

The gas producers are selling it for about 10 percent for energy we are importing, and the industry is under controls.

I do not know of any other industry that is, and I am not complaining about the controls, in fact I think we ought to continue controls, but in fairness I think it is our right to ask the Senator in good conscience, what do people produce up there in Missouri that is under controls at all?

We are under severe controls in our State and it is impending, there is difficulty raising the funds we need to try to find more energy.

Mr. EAGLETON. The Senator from Louisiana is correct in his statement that energy, meaning petroleum and related products, including propane, is under control, and, of course, some natural gas is under control of the Federal Power Commission.

I think that the Senator from Minnesota is correct in regard to what is a fair price for propane.

In determining that price, we must of course consider the costs of doing business, the necessary costs of labor, the cost of advertising and distribution, reasonable profits, and everything else that contributes to the price of a product. We do believe that the propane companies ought to make a reasonable profit, but we are opposing, as I think the Senator from Louisiana will appreciate, a gouging profit. As the Senator knows, retail propane prices in Missouri have gone up 250 percent from October 1973 to October 1974; 250 percent in 1 year.

Mr. HUMPHREY. It is the same in Minnesota, from 17 to 42 cents.

Mr. EAGLETON. That is about the same, 250 percent.

Now, I do not think we need this study by the Joint Economic Committee staff. It has already been made. I do not have to look at it to know on a good, commonsense basis, that this 250-percent increase in 1 year is a pretty stiff price increase. They must be making one heck of a profit.

Mr. LONG. That makes a good case if we just look at that time period, but that is not an unusual price increase compared to a great number of other products over a longer period of time.

Gold, for example, has gone up fivefold over the last 5-year period. Agricultural products.

In fact, the Arabs are making the case themselves on that, $13 oil when it landed here, about $10 over there, that their increase in the price of oil is no more than this Nation advanced on the price of wheat.

Our producers are only getting half that much. The producers of natural gas which is going into the interstate market are only getting one-fifth what the price is worth on a British thermal unit basis compared to the oil producers.

I do not favor decontrol of the oil and gas industry, even though we in Louisiana probably produce more in our State than any other State in the Union. I do not favor it because we, in good conscience, are asking this Nation to help us keep an oil and gas industry. It is there to see this Nation through emergencies, if we can. We are doing the best we can to do just that. I think we should.

I would point out, to be fair about it, that all of our people producing this energy have had to sustain price increases of everything they buy.

All the other fellow selling to us has to sustain is jawboning. For a while they were not jawboning, but letting everything go straight up, as far as the expenses of our producers are concerned.

I suspect particularly if you compare over a 5-year period what they are having to pay for the things that they buy, especially if you look at the overall rather than one selected product, the cost of their product has not gone up any more than the cost that they are having to pay.

Mr. EAGLETON. I thank the Senator for his comments. I know costs for all producers have gone up. Labor rates have gone up; interest rates have gone up. However, I find it hard to believe that they have gone up 250 percent in 1 year. That is where the Senator and I basically disagree.

Mr. LONG. But if you look at their total income, it is not quite the picture that would lead one to believe that.

My figures may be outdated, but I think they are correct as of 3 months ago.

If you add in on a British thermal unit basis the natural gas that is being produced, which accounts for almost as much energy as the oil that is being produced in this country, if you add those together, add the controlled oil to the new oil which is not controlled, it works out to an average that would equate with the price of $4 for a barrel of oil. That is one-third of what we are paying for oil being imported into this country, and it is less than one-third of what we have paid during last winter for oil that was imported into this country.

I would hope when the Senator complains about the fact that they are paying a higher price for propane, he will keep in mind that were it not for the producers of oil and gas, the only people so far as I know being controlled by any firm Federal law at all, he would be paying a great deal more for energy.

Once in a while I wish the Senator would find it in his heart to thank our producers that he is getting energy on the whole for one-third what people elsewhere around the world are paying for it, and one-third of what we are paying the foreigners who created the energy crisis, and who are in a position to do so because this Nation made the mistake of relying upon those foreigners for our oil, for our essential supplies, to the extent that the domestic industry will be years before they are able to provide our needs.

I have one hopeful sign that I might inject into this debate. I hear from Louisiana that people think they have invented a more effective method of using gasoline in automobiles which they believe would cause the automobiles to get about four times as much mileage. If that works out, maybe we will have solved the energy crisis.

Mr. JACKSON. Mr. President, last April the Permanent Subcommittee on Investigations, which I chair, conducted an investigation and held hearings on the serious hardships created for propane consumers, primarily rural families, by unconscionable profiteering practices in the propane marketing field. As a result of those hearings, with the cooperation of the Internal Revenue Service, over $1 million in refunds from one company, to propane consumers was made. Several comments which I made at the time of the hearings vividly demonstrate the hardships placed on our rural families by absolutely unwarranted profiteering prices. I stated then:

> The tragedy of the propane issue is that the very people who could least afford higher prices for propane are the very people who have been hardest hit by increased costs.
>
> Many people who rely on prepane to heat their homes are poor and rural families often living in the Southern United States. In the last six or seven months many of these families have had to suffer increased propane costs of 300 percent to 400 percent.
>
> Many of these families are on Social Security retirement. Others are barely above the poverty line. Yet, for them to keep their homes warm this winter, they had to pay monthly propane heating bills of $100 and more. Previously they paid about $25 or $30 a month.

At the time the refunds were directed, I also commented on the impact of these profiteering activities on small distributors and dealers in propane:

> In addition, Subcommittee investigation established that these circumstances worked a hardship on local distributors of propane gas. These small businesses were often left with no choice but to literally loan many of their customers enough propane to see them through the winter. For the local propane distributor, it was a matter of extending credit for propane purchases or letting those customers suffer through the winter season with no heat.
>
> But some of the bigger companies which sold the local dealers the propane were unwilling to be so charitable. As one local propane dealer explained to a Subcommittee investigator:
>
> "We are given this alternative: 'Pay up immediately—or you don't get anymore propane.' So we pay up immediately. Then we hope our customers can pay us in turn. Unfortunately, many of them are poor. They can't pay."

In view of this very recent experience one would think that the lessons would have been learned. Increases in propane prices hurt those with the least, the most.

Based on a demonstrated record of gross abuses in the marketing of propane I would hope close examination would be given to insure that propane consumers are not abused again.

I wish to commend the junior Senator from Missouri, Senator EAGLETON, for introducing this sense of the Senate resolution and I am pleased to join with him in urging its adoption.

FURTHER PROPANE PRICE RISE UNJUSTIFIED

Mr. SYMINGTON. Mr. President, earlier this week, the President called upon the Congress and the American people to work to reduce inflation. We all support that goal and realize it must be achieved. No action could be more effective than to stop unnecessary price increases.

The resolution introduced by my able colleague from Missouri, Senator EAGLETON, would stop one such increase. It would put the Senate on record in opposition to the Federal Energy Administration's proposal to permit an increase of 3 to 5 cents a gallon in the price of propane gas. That will help to hold down inflation in one of the areas in which President Ford emphasized, and we all know, inflation is most critical—energy.

In my state and elsewhere, tens of thousands of families, mostly in smaller towns and rural areas, depend on propane for cooking, heating, and crop drying. Many of those dependent on propane are farmers whose costs have been skyrocketing while they have been encountering difficulties in securing a fair price on their produce in markets which have been fluctuating and uncertain.

Pricing regulation loopholes last winter permitted disproportionate increases in propane prices. In some instances, prices doubled and tripled to as much as 40.5 cents per gallon.

The Federal Energy Administration revised its regulations to correct some of the inequities, but it is not yet sure that the prices have been brought into compliance with the intent of relevant provisions of the Federal Energy Administration Act.

In fact, a letter from Federal Energy Administrator Sawhill dated September 25 advised me that an investigation of propane pricing practices was at that time underway in Missouri. That was 15 days after the FEA had published in the Federal Register the proposed revisions in its regulations to permit increases in the propane price.

It does not appear logical to permit further increases when the FEA is not yet certain that earlier unjustified increases have been corrected.

Therefore, I urge that Senate Resolution 424 be approved and that the Federal Energy Administration thereupon follow the recommendation of that resolution.

FURTHER ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, with statements therein limited to 15 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX EQUITY ACT OF 1974

Mr. HUMPHREY. Mr. President, because of the crushing burden on consumers of inflation and high taxes—and the proposal of the President to impose still higher taxes—I am today introducing the Tax Equity Act of 1974. This bill would cut taxes for low- and middle-income people by about $3.2 billion, and pay for that tax cut by closing some of the most glaring tax loopholes now available to big business, particularly the oil industry.

The President has just proposed that we raise taxes on consumers and lower taxes for business. This follows from the view that capitalism today is best served by subsidizing producers to expand supplies. I reject that discredited trickle-down view of economics for several reasons.

First, the proposal is unfair. It takes money away from the individual, who has already lost purchasing power because of high taxes and inflation. As a result of these forces, the take-home pay of the average worker has declined month after month and is down about 7 percent in the last 18 months.

Second, taxing consumers by a billion dollars this year, and then again next, could well throw us deeper into recession. Yesterday Arthur Burns told the Joint Economic Committee that "we are now in a recession"—and I think this recession could get much worse next year. I would, in fact, not be surprised if economic growth declined further next year.

Third, I cannot support the President's tax proposal to further increase business subsidies at this time. The average after tax profits for corporations were up 18 percent in the second quarter of this year, while certain industries had increases in profits that were much higher: airlines up 92 percent; metals and mining up 91 percent; fuel and petroleum up 83 percent; steel up 80 percent; and chemicals up 62 percent. I find these figures to be in striking contrast to what has happened to the real wages of workers.

For these reasons, I believe Congress should steer a different course on tax policy—cutting taxes for individuals—and raising the revenue to pay for this tax cut by increasing the taxes that oil companies pay. The proposal that makes the most sense to me is the bill I am offering today, the Tax Equity Act of 1974.

TAX RELIEF

In the first place, the bill would provide $2.5 billion in tax relief for low- and moderate-income taxpayers through a $170 optional tax credit. Instead of the present tax exemption, taxpayers could file for a $170-tax credit. Such a tax credit would amount to a tax reduction for taxpayers under $15,000 of income, with the amount cf the tax cut increasing at lower levels of income. For a family of four earning $10,000 a year, taxes would be reduced about $100, while a family earning $6,000 a year would save about $150 in taxes. This tax credit would be made effective January 1, 1974, so that it could replace some of the income consumers have lost this year as a result of inflation.

A second tax relief provision of the bill would provide for a refund of a portion of social security taxes to low-income families with children through a tax credit equal to 10 percent of wages up to $4,000 in income. For incomes over $4,000, the tax credit is phased out at a rate of 25 cents per dollar, so that the credit ends when income reaches $5,600. This tax credit against social security payments would target tax relief for those taxpayers who are at the bottom of the income ladder.

These tax relief proposals are urgently needed, they are needed right now, and it is unfortunate that the President did not advance such proposals in his new package of economic policies. The fact is that the President did not provide any significant tax relief for low- and moderate-income taxpayers.

TAX REFORM

To gain the revenues to pay for the tax cut for individuals I have proposed, the bill I am introducing today would also close several major loopholes in the tax law that benefit the giant corporations and the oil industry. In some cases, the tax subsidies I propose repealing also have perverse economic effects.

In the case of the Domestic International Sales Corporation, DISC, system of tax subsidies for exports, for example, the tax law encourages exports abroad at a time when it is not in the national interest to continue such subsidization. We have many items in critical supply and we should allow them to be exported abroad only if we receive full price and value for them. My bill would therefore repeal the DISC subsidy effective January 1, 1974, a move that would save the Federal Treasury about $815 million in revenues in 1974.

A second provision of the tax reform section of this bill would repeal the percentage depletion for foreign oil and gas wells, effective January 1, 1974. We should no longer continue to subsidize oil production abroad when we are trying to develop domestic oil independence. The reform of this provision would yield $40 million in additional revenues in 1974 and in each of the next 5 years.

The bill I am introducing today would also limit the use of the foreign tax credit by U.S. petroleum companies. This is another case where the U.S. Treasury subsidizes oil production abroad and it is no longer in our interest to do so. The bill would limit tax credits for foreign taxes paid as an offset to U.S. taxes to no more than 10 percent above U.S. taxes and would save revenues of about $300 million in 1974.

In addition to repealing foreign oil and gas depletion, I think now is the time to phase out domestic oil and gas depletion. The profits of the oil industry have been enormous in the last year—far greater than what is necessary to expand future production. And with oil prices quadrupling in the last year, there is no longer any justification for the depletion allowance. The bill I am introducing today would phase out percentage depletion for domesitc oil and gas production over 2 years, and would generate $1.3 billion of additional revenues in 1974.

Finally, the bill would strengthen the minimum tax by eliminating two important deductions that prevent the minimum tax from being truly effective in achieving its objective of ensuring that all wealthy individuals pay some reasonable level of taxes. The bill would reduce the current income exclusion from $30,000 to $10,000 and it would eliminate the current deduction for taxes paid, with both of these reforms effective January 1, 1974. Such actions would generate $860 million in additional revenue.

The Tax Equity Act of 1974 draws on several tax reform ideas I have advanced over the years, as well as the ideas of some of my colleagues such as Senator MONDALE, Senator LONG, Senator KENNEDY, and some of the fine work done by the House Ways and Means Committee with respect to reforming tax loopholes provided to the oil industry. I believe it is a realistic and fair tax package. Most importantly, it reduces taxes for low- and moderate-income consumers, and it raises taxes on those who have not been paying their fair share.

Mr. President, I ask unanimous consent that the text of the Tax Equity Act of 1974 be included in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Tax Equity Act of 1974"

OPTIONAL CREDIT AGAINST TAX FOR PERSONAL EXEMPTIONS; TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

SEC. 2. (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by renumbering section 42 as section 44 and by inserting after section 41 the following new sections:

"SEC. 42. PERSONAL EXEMPTIONS.

"(a) GENERAL RULE.—At the election of the taxpayer, there shall be allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to $170 multiplied by the number of exemptions to which the taxpayer is entitled under section 151. Such credit shall not exceed the tax imposed by this chapter for the taxable year.

"(b) ELECTION.—An election under subsection (a) for a taxable year may be made at any time before the expiration of the period for filing a claim for a refund or credit of an overpayment of tax for such taxable year and shall be made in such form and manner as the Secretary or his delegate prescribes by regulations.

"(c) DENIAL OF DEDUCTION.—If a taxpayer elects the credit provided by subsection (a) for a taxable year, no deduction shall be allowed under section 151 for any exemption to which he is entitled under such section.

"SEC. 43. TAX CREDIT FOR LOW-INCOME WORKERS WITH FAMILIES

"(a) IN GENERAL—

"(1) ALLOWANCE OF CREDIT.—There shall be allowed to a taxpayer who is an eligible individual as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his employer with respect to wages received by the taxpayer during that year. In the case of a taxpayer who is married (as determined under section 143) and who files a joint return of tax with his spouse under section 6013 of the taxable year, the amount of the credit allowable by this subsection shall be an amount equal to the applicable percentage (as determined under paragraph (2)) of the social security taxes imposed on him and his spouse, and their employers, with respect to wages received by the taxpayer and his spouse during that year.

"(2) APPLICABLE PERCENTAGE.—The percentage under paragraph (1) applicable to the social security taxes is—

"(A) 86 percent for calendar years 1974 through 1977,

"(B) 83 percent for calendar years 1978 through 1980,

"(C) 80 percent for calendar years 1981 through 1985,

"(D) 78 percent for calendar years 1986 through 2010, and

"(E) 68 percent for calendar years beginning after December 31, 2010.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The amount of the credit allowable to a taxpayer (or to a taxpayer and his spouse in the case of a joint return of tax under section 6013) for any taxable year under subsection (a) shall not exceed an amount equal to 10 percent of so much of the wages (as defined in section 3121(a)) as does not exceed $4,000 received by that individual (or by that individual and his spouse in the case of a joint return of tax) during that year with respect to employment (as defined in section 3121(b) without regard to the exclusion set forth in paragraph (9) of that section).

"(2) REDUCTION FOR ADDITIONAL INCOME.—The amount of the credit allowable under subsection (a) for any taxable year (after the application of paragraph (1)) shall be reduced by one-fourth of the amount by which a taxpayer's income, or, if he is married (as determined under section 143), the total of his income and his spouse's income, for the taxable year exceeds $4,000. For purposes of this paragraph, the term 'income' means adjusted gross income (as defined in section 62 but without regard to paragraph (3) (relating to long-term capital gains)) plus—

"(A) any amount described in section 71 (b) (relating to payments to support minor children), 71(c) (relating to alimony and separate maintenance payments paid as a principal sum paid in installments), or 74 (b) (relating to certain prizes and awards),

"(B) any amount excluded from income under section 101 (relating to certain death benefits), 102 (relating to gifts and inheritances), 103 (relating to interest on certain governmental obligations), 105(d) (relating to amounts received under wage continuation accident and health plans), 107 (relating to rental value of parsonages), 112 (relating to certain combat pay of members of the Armed Forces), 113 (relating to mustering-out payments for members of the Armed Forces), 116 (relating to partial exclusion of dividends received by individuals), 117 (relating to scholarships and fellowship grants), 119 (relating to meals or lodging furnished for the convenience of the employer), 121 (relating to gain from sale or exchange of residence by individual who has attained age 65), 911 (relating to earned income from sources without the United States), or 931 (relating to income from sources within possessions of the United States),

"(C) any amount received as a payment from a public agency based upon need, age, blindness, or disability, or as a payment from a public agency for the general support of the taxpayer and his family (as determined by the Secretary or his delegate), other than any payment for the purchase of prosthetic devices or medical services, and

"(D) any amount received as an annuity, pension, retirement, or disability benefit (including veterans' compensation and pensions, workmen's compensation payments, monthly insurance payments under title II of the Social Security Act, railroad retirement annuities and pensions, and benefits under any Federal or State unemployment compensation law).

"(3) Application with section 6428.—The amount allowable to a taxpayer, or to a taxpayer and his spouse, as a credit under subsection (a) for any taxable year (after the application of paragraphs (1) and (2)) shall be reduced by the sum of any amounts received under section 6428 during that year.

"(c) Definitions.—For purposes of this section—

"(1) Eligible individual.—The term 'eligible individual' means an individual who maintains a household (within the meaning of section 214(b)(3)) in the United States which is the principal place of abode of the individual and a child of that individual with respect to whom he is entitled to a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents).

"(2) Social security taxes.—The term 'social security taxes' means the aggregate amount of taxes imposed by sections 3101 (relating to rate of tax on employees under the Federal Insurance Contributions Act) and 3111 (relating to rate of tax on employers under such Act) with respect to the wages (as defined in section 3121(a)) received by an individual and his spouse with respect to employment (as defined in section 3121(b)), or which would be imposed with respect to such wages by such sections if the definition of the term 'employment' (as defined in section 3121(b)) did not contain the exclusion set forth in paragraph (9) of such section.".

(b) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Personal exemptions.
"Sec. 43. Tax credit for low-income workers with families.
"Sec. 44. Overpayments of tax.".

(c) Section 41(b)(2) of such Code (relating to contributions to candidates for public office) is amended by striking out "and" before "section 38" and by inserting before the period at the end thereo ", and section 42 (relating to personal exemptions)".

(d) Section 46(a)(3) of such Code (relating to the investment credit) is amended—

(1) by striking out "and" at the end of subparagraph (B),

(2) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ", and", and

(3) by inserting after subparagraph (C) the following new subparagraph:

"(D) section 42 (relating to personal exemptions)."

(e) Section 50A(a)(3) of such Code (relating to credit for expenses of work incentive programs) is amended—

(1) by striking out "and" at the end of subparagraph (D),

(2) by striking out the period at the end of subparagraph (E) and inserting in lieu thereof ", and", and

(3) by inserting after subparagraph (E) the following new subparagraph:

"(F) section 42 (relating to personal exemptions).".

(f) Section 6401(b) of such Code (relating to excessive credits) is amended by—

(1) inserting after "lubricating oil)" the following: ", 43 (relating to tax credit for low-income workers with families),"; and

(2) striking out "sections 31 and 39" and inserting in lieu thereof "sections 31, 39, and 43".

(g) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(1) inserting "or 43" after "section 39" in the caption of such section; and

(2) striking out "oil)," and inserting in lieu thereof "oil) or section 43 (relating to tax credit for low-income workers with families),".

(h)(1) Subchapter B of chapter 65 of such Code (relating to rules of special application) is amended by adding at the end thereof the following new section:

"Sec. 6428. Advance refund of section 43 credit.

"(a) In General.—A taxpayer may receive an advance refund of the credit allowable to him under section 43 (relating to tax credit for low-income workers with families) not more frequently than quarterly by filing an election for such refund with the Secretary or his delegate at such time and in such form as the Secretary or his delegate may prescribe. If the taxpayer elects to base his claim for refund on social security taxes imposed on him, his spouse, and their employers, the election shall be a joint election signed by the taxpayer and his spouse. An election may not be made under this subsection with respect to the last quarter of the calendar year, and any other election shall specify the quarter or quarters to which it relates and shall be made not later than the fifteenth day of the eleventh month of the taxable year to which it relates. The Secretary or his delegate shall pay any advance refund for which a proper election is made without regard to any liability, or potential liability, for tax under chapter 1 which has accrued, or may be expected to accrue, to the taxpayer for the taxable year to which the election relates.

"(b) Limitations.—

"(1) Amount of refund.—The amount of any refund for which a taxpayer files an election under subsection (a) shall be an amount equal to the amount of the credit allowable under section 43 with respect to social security taxes payable with respect to that taxpayer (or, in the case of a joint election, social security taxes payable with respect to that taxpayer and his spouse) for the quarter or quarters to which the election relates.

"(2) Ineligible for credit.—No advance refund may be made under this section for any quarter to a taxpayer who, on the basis of the income the taxpayer and his spouse reasonably may expect to receive during the taxable year, will not be entitled to claim any amount as a credit under section 43 for that year.

"(3) Minimum payment.—No payment may be made under this section in an amount less than $30.

"(c) Collection of Excess Payments.—In addition to any other method of collection available to him, if the Secretary or his delegate determines that any part of any amount paid to a taxpayer for any quarter under this section was in excess of the amount to which that taxpayer was entitled for that quarter, the Secretary or his delegate shall notify that taxpayer of the excess payment and may withhold from any amounts which that taxpayer elects to receive under this section in any subsequent quarter, amounts totaling not more than the amount of that excess.".

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6428. Advance refund of section 43 credit.".

(i) Section 6011(d) of such Code (relating to interest equalization returns, etc.) is amended by adding at the end thereof the following new paragraph:

"(4) Returns of taxpayers receiving advance refund of section 43 credit.—Every taxpayer who elects to receive an advance refund of the credit allowed by section 43 (relating to tax credit for low-income workers with families) during the taxable year shall file a return for that year, together with such additional information as the Secretary or his delegate may require.".

(j)(1) The Secretary of the Treasury shall develop simple and expedient application forms and procedures for use by taxpayers who wish to receive an advance refund under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 43 credit), arrange for distributing such forms and making them easily available to taxpayers, and prescribe such regulations as may be necessary to carry out the provisions of sections 43 and 6428 of such Code. Each such application form shall contain a warning that the making of a false or fraudulent statement thereon is a Federal crime.

(2) The Secretary of the Treasury is authorized to obtain from any agency or department of the United States Government or of any State or political subdivision thereof such information with respect to any taxpayer applying for or receiving benefits under section 6428 of the Internal Revenue Code of 1954 (relating to advance refund of section 43 credit), or his spouse, as may be necessary for the proper administration of section 43 of the Internal Revenue Code of 1954 (relating to tax credit for low-income workers with families) and of section 6428 of such Code (relating to advance refund of section 43 credit). Notwithstanding any other provision of law, each agency and department of the United States Government is authorized and directed to furnish to the Secretary such information upon request.

(k) Section 402(a)(7) of the Social Security Act is amended by inserting after "other income" the following: "(including any amounts derived from application of the tax credit established by section 43 of the Internal Revenue Code of 1954)".

(l) The amendments made by this section (other than by subsection (f)) shall apply with respect to taxable years beginning after December 31, 1974. The amendment made by subsection (f) shall appy with respect to wages paid on or after the 30th day after the date of the enactment of this Act. No advance refund payment under section 6428 of the Internal Revenue Code of 1954 shall be made before April 1, 1975.

TERMINATION OF SPECIAL TAX TREATMENT FOR DOMESTIC INTERNATIONAL SALES CORPORATIONS

Sec. 3. (a) Termination of Exemption Provisions.—Section 991 of the Internal Revenue Code of 1954 (relating to tax exemption of a DISC) is amended by adding at the end thereof the following: "This section shall not apply to any taxable year beginning after December 31, 1973.".

(b) TERMINATION OF DISCs.—Section 992 (a) of the Internal Revenue Code of 1954 (relating to definition of a DISC) is amended by adding at the end thereof the following new paragraph:

"(4) TERMINATION.—Notwithstanding any other provision of this part, no corporation shall be treated as a DISC or former DISC for any taxable year beginning after December 31, 1973.".

(c) DISTRIBUTIONS BY DISCs TERMINATED.—Section 995(b) of the Internal Revenue Code of 1954 (relating to deemed distributions of DISC income) is amended by adding at the end thereof the following new paragraph:

"(3) DISTRIBUTIONS UPON TERMINATION—

"(A) In the case of a corporation which was a DISC, or former DISC, for a taxable year ending after December 31, 1972, and before January 1, 1974, and to which the provisions of paragraph (2) do not apply for the succeeding taxable year, a shareholder of the corporation shall be deemed to have received (at the time specified in subparagraph (B)) a distribution taxable as a dividend equal to his pro rata share of the DISC income of such corporation accumulated during the immediately preceding consecutive taxable years for which the corporation was a DISC.

"(B) Distributions described in subparagraph (A) shall be deemed to be received in equal installments on the last day of each of the 10 taxable years of the corporation following the taxable year ending before January 1, 1974.".

REPEAL OF PERCENTAGE DEPLETION IN CASE OF FOREIGN OIL AND GAS WELLS

SEC. 4. (a) Amendment to Section 613.—Section 613(d) of the Internal Revenue Code of 1954 (relating to percentage depletion) is amended to read as follows:

"(d) DENIAL OF PERCENTAGE DEPLETION IN CASE OF FOREIGN OIL OR GAS WELL.—

"(1) IN GENERAL.—In the case of any foreign oil or gas well, the allowance for depletion under section 611 shall be computed without reference to this section.

"(2) FOREIGN OIL OR GAS WELL.—For purposes of this subsection, the term 'foreign oil or gas well' means any oil or gas well which is not located in the United States or in a possession of the United States."

(b) TREATMENT OF INTANGIBLE DRILLING AND DEVELOPMENT EXPENSES IN THE CASE OF FOREIGN OIL AND GAS WELLS.—Section 263(c) of such Code (relating to intangible drilling and development costs in the case of oil and gas wells), as amended by section 102(c) of this Act, is further amended by adding at the end thereof the following new paragraph:

"(3) FOREIGN OIL AND GAS WELLS.—

"(A) IN GENERAL.—The regulations prescribed under this subsection shall be applied separately—

"(i) with respect to domestic oil and gas wells, and

"(ii) with respect to foreign oil and gas wells.

"(B) REVOCATION, WITH RESPECT TO FOREIGN OIL AND GAS WELLS, OF ELECTION TO EXPENSE.—In the case of any taxpayer with respect to whom there is in effect for his last taxable year ending before January 1, 1974, an option to deduct as expenses intangible drilling and development costs in the case of oil and gas wells—

"(i) such option shall continue to apply to domestic oil and gas wells, but

"(ii) the taxpayer may revoke such option with respect to foreign oil and gas wells, effective for his first or second taxable year ending after December 31, 1973, and for all taxable years thereafter.

Any revocation referred to in clause (ii) of the preceding sentence shall be made before the expiration of the time for filing claim for credit or refund of any overpayment of tax imposed by this chapter with respect to such first taxable year or such second taxable year, as the case may be. Any such revocation may be revoked at any time before the expiration of the time referred to in the preceding sentence, but after the expiration of such time may not be revoked.

"(C) DEFINITIONS.—For purposes of this paragraph—

"(i) The term 'domestic oil and gas wells' means oil and gas wells located in the United States or a possession of the United States.

"(ii) The term "foreign oil and gas wells' means oil and gas wells other than domestic oil and gas wells."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1973.

LIMITATION ON FOREIGN TAXES ATTRIBUTABLE TO FOREIGN OIL AND GAS EXTRACTION INCOME; SEPARATE COMPUTATION OF FOREIGN TAX CREDIT FOR OIL AND GAS RELATED INCOME

SEC. 5. (a) IN GENERAL.—Subpart A of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to foreign tax credit) is amended by adding at the end thereof the following new section:

"SEC. 997. SPECIAL RULES IN CASE OF FOREIGN OIL AND GAS INCOME

"(a) REDUCTION IN AMOUNT ALLOWED AS FOREIGN TAX UNDER SECTION 901.—In applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this subsection) be taken into account for purposes of section 901 shall be reduced by the amount (if any) by which the amount of such taxes exceeds the product of—

"(1) the amount of the foreign oil and gas extraction income for the taxable year, multiplied by

"(2) the percentage which is 110 percent of the sum of the normal tax rate and the surtax rate for the taxable year specified in section 11.

"(b) APPLICATION OF SECTION 904 LIMITATION.—The provisions of section 904 shall be applied separately with respect to—

"(1) foreign oil related income, and

"(2) other taxable income.

With respect to foreign oil related income, the overall limitation provided by section 904(a)(2) shall apply and the per country limitation provided by section 904(a)(1) shall not apply.

"(c) FOREIGN INCOME DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) FOREIGN OIL AND GAS EXTRACTION INCOME.—The term 'foreign oil and gas extraction income' means the taxable income derived from sources without the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells, or

"(B) the sale or exchange of assets used in the trade or business described in subparagraph (A).

"(2) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(B) the processing of such minerals into their primary products,

"(C) the transportation of such minerals or primary products,

"(D) the distribution or sale of such minerals or primary products, or

"(E) the sale or exchange of assets used in the trade or business described in subparagraph (A), (B), (C), or (D).

"(3) DIVIDENDS, PARTNERSHIP DISTRIBUTIONS, ETC.—The term 'foreign oil and gas extraction income' and the term 'foreign oil related income' include—

"(A) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(B) amounts with respect to which taxes are deemed paid under section 960(a), and

"(C) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil and gas extraction income, or to foreign oil related income, as the case may be.

"(4) CERTAIN LOSSES.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items—

"(A) shall not be taken into account in computing foreign oil and gas extraction income for such year, but

"(B) shall be taken into account in computing foreign oil related income for such year.

"(d) DISREGARD OF CERTAIN POSTED PRICES, ETC.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement).

"(e) TRANSITIONAL RULES.—

"(1) TAXABLE YEARS ENDING AFTER DECEMBER 31, 1973.—In applying subsection (d) and (e) of section 904 for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1974, to any taxable year ending after December 31, 1973—

"(A) subsection (a) of this section shall be deemed to have been in effect for such prior taxable year and for all taxable years thereafter, and

"(B) the carryover from such prior year shall be divided (effective as of the first day of the first taxable year ending after December 31, 1973) into—

"(i) a foreign oil related carryover, and

"(ii) another carryover,

on the basis of the proportionate share of the foreign oil related income, or the other taxable income, as the case may be, of the total taxable income taken into account in computing the amount of such carryover.

"(2) TAXABLE YEARS ENDING AFTER DECEMBER 31, 1974.—In applying subsections (d) and (e) of section 904 for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1975, to any taxable year ending after December 31, 1974, if the per country limitation provided by section 904(a)(1) applied to such prior taxable year and to the taxpayer's last taxable year ending before January 1, 1975, then in the case of any foreign oil related carryover—

"(A) the first sentence of section 904(e) (2) shall not apply, but

"(B) such amount may not exceed the amount which could have been used in such succeeding taxable year if the per-country limitation continued to apply.

"(f) RECAPTURE OF FOREIGN OIL RELATED LOSS.—

"(1) GENERAL RULE.—For purposes of this subpart, in the case of any taxpayer who sustains a foreign oil related loss for any taxable year—

"(A) that portion of the foreign oil related income for each succeeding taxable year which is equal to the lesser of—

"(i) the amount of such loss (to the extent not used under this paragraph in prior years), or

"(ii) 50 percent of the foreign oil related income for such succeeding taxable year,

shall be treated as income from sources within the United States (and not as income from sources without the United States), and

"(B) the amount of the income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) to a foreign country for such succeeding taxable year with respect to foreign oil related income shall be reduced by an amount which bears the same proportion to the total amount of such foreign taxes as the amount treated as income from sources within the United States under subparagraph (A) bears to the total foreign oil related income for such succeeding taxable year.

For purposes of this chapter, the amount of any foreign taxes for which credit is denied under subparagraph (B) of the preceding sentence shall not be allowed as a deduction for any taxable year. For purposes of this subsection, foreign oil related income shall be determined without regard to this subsection.

"(2) FOREIGN OIL RELATED LOSS DEFINED.—For purposes of this subsection, the term 'foreign oil related loss' means the amount by which the gross income for the taxable year from sources without the United States and its possessions (whether or not the taxpayer chooses the benefits of this subpart for such taxable year) taken into account in determining the foreign oil related income for such year is exceeded by the sum of the deductions properly apportioned or allocated thereto, except that there shall not be taken into account—

"(A) any net operating loss deduction allowable for such year under section 172(a) or any capital loss carrybacks and carryovers to such year under section 1212, and

"(B) any—

"(i) foreign expropriation loss for such year, as defined in section 172(k)(1), or

"(ii) loss for such year which arises from fire, storm, shipwreck, or other casualty, or from theft,

to the extent such loss is not compensated for by insurance or otherwise.

"(3) DEFINITIONS.—

"(A) IN GENERAL.—For purposes of this chapter, if property used in a trade or business described in subparagraph (A), (B), (C), or (D) of subsection (c)(2) is disposed of during any taxableyear—

"(i) the taxpayer notwithstanding any other provision of this chapter (other than paragraph (1)) shall be deemed to have received and recognized foreign oil related income in the taxable year of the disposition, by reason of such disposition, in an amount equal to the lesser of the excess of the fair market value of such property over the taxpayer's adjusted basis in such property or the remaining amount of the foreign oil related losses which were not used under paragraph (1) for such taxable year or any prior taxable year, and

"(ii) paragraph (1) shall be applied with respect to such income by substituting '100 percent' for '50 percent'.

"(B) DISPOSITION DEFINED.—For purposes of this subsection, the term 'disposition' includes a sale, exchange, distribution, or gift of property, whether or not gain or loss is recognized on the transfer.

"(C) EXCEPTIONS.—Notwithstanding subparagraph (B), the term 'disposition' does not include—

"(i) a disposition of property which is not a material factor in the realization of income by the taxpayer, or

"(ii) a disposition of property to a domestic coporation in a distribution or transfer described in section 381(a).

"(g) WESTERN HEMISPHERE TRADE CORPORATIONS WHICH ARE MEMBERS OF AN AFFILIATED GROUP.—If a Western Hemisphere trade corporation is a member of an affiliated group for the taxable year, then in applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this section and section 1503(b)) be taken into account for purposes of section 901 shall be reduced by the greater of—

"(1) the reduction with respect to such taxes provided by subsection (a) of this section, or

"(2) the reduction determined under section 1503(b) by applying section 1503(b) separately with respect to such taxes, but not by both such reductions."

(b) CARRYBACKS FROM 1977, 1978, OR 1979 OF FOREIGN TAXES ATTRIBUTABLE TO FOREIGN OIL RELATED INCOME.—If the taxpayer has a carryback of foreign taxes attributable to foreign oil related income (within the meaning of section 907(c)(2) of the Internal Revenue Code of 1954) paid or accrued for a taxable year ending in 1977, 1978, or 1979, then in applying section 904(d) of the Internal Revenue Code of 1954 such carryback (in lieu of being a 2-year carryback) shall be—

(1) if the carryback arises in a taxable year ending in 1977, a 3-year carryback, or

(2) if the carryback arises in a taxable year ending in 1978 or 1979, a 4-year carryback.

(c) TECHNICAL AMENDMENTS.—

(1) Section 901(e)(2) of the Internal Revenue Code of 1954 (relating to foreign taxes on mineral income) is amended by striking out "extraction of minerals" and inserting in lieu thereof "extraction of minerals (other than minerals extracted from oil or gas wells)".

(2) Section 963(d) of such Code (relating to effective foreign tax rate for purposes of subpart F) is amended by adding at the end thereof the following new sentence:

"For purposes of this subsection, the income, war profits, or excess profits taxes paid or accrued to any foreign country by any controlled foreign corporation or corporations shall be reduced as provided in subsections (a) and (f) of section 907."

(3) The table of sections for subpart A of part III of subchapter N of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 907. Special rules in case of foreign oil and gas income."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1973; except that—

(1) the second sentence of section 907(b) shall apply to taxable years ending after December 31, 1974, and

(2) the provisions of section 907(f) shall apply to losses sustained in taxable years ending after December 31, 1974.

PHASEOUT OF PERCENTAGE DEPLETION FOR DOMESTIC OIL AND GAS PRODUCTION

SEC. 6. (a) Adjustment of Rates.—

(1) Amendment of subchapter I.—Part I of subchapter I of chapter 1 of the Internal Revenue Code of 1954 (relating to natural resources) is amended by inserting after section 613 the following new section:

"SEC. 613A. PHASEOUT OF PERCENTAGE DEPLETION FOR DOMESTIC OIL AND GAS PRODUCTION.

"(a) REDUCTION IN 22 PERCENT RATE.—Except as otherwise provided in this section, in the case of domestic oil and gas wells the percentage referred to in section 613(a) shall be (in lieu of the 22 percent specified in section 613(b)(1)) the percentage determined in accordance with the following table:

"In the case of gross income from the property for the following calendar years:	*The percentage shall be*
1974	8
1975 and thereafter	0

"(b) 3,000 BARREL-A-DAY EXEMPTION.—

"(1) IN GENERAL.—If the taxpayer elects the application of this subsection for the taxable year, then with respect to so much of his average daily production of domestic crude oil as does not exceed 3,000 barrels, the percentage referred to in section 613(a) shall be 15 percent in the case of gross income from the property before January 1, 1979.

"(2) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (1), the taxpayer's average daily production of domestic crude oil shall be determined by dividing his aggregate production of domestic crude oil during the taxable year by the number of days in such taxable year.

"(3) BARRELS WITHIN EXEMPTION TO BE DETERMINED ON A PROPORTIONATE BASIS.—If the taxpayer's average daily production of domestic crude oil exceeds 3,000 barrels, the barrels to which paragraph (1) applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the taxpayer for such year from such property as 3,000 barrels bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the taxpayer for such year.

"(4) BUSINESSES UNDER COMMON CONTROL; MEMBERS OF THE SAME FAMILY.—

"(A) COMPONENT MEMBERS OF CONTROLLED GROUP TREATED AS ONE TAXPAYER.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

"(B) AGGREGATION OF BUSINESS ENTITIES UNDER COMMON CONTROL.—If 50 percent or more of the beneficial interest in two or more corporations, partnerships, trusts, estates, or other entities is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the 3,000 barrel per day exemption provided by this subsection shall be allocated among all such entities in proportion to the respective production of domestic crude oil during the period in question by such entities.

"(C) ALLOCATION AMONG MEMBERS OF THE SAME FAMILY.—In the case of individuals who are members of the same family, the 3,000 barrel per day exemption provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil during the period in question by such individuals.

"(D) DEFINITION AND SPECIAL RULES.—For purposes of this paragraph—

"(i) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that section 1563(b)(2) shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(ii) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(iii) the family of an individual includes only his spouse and minor children.

"(c) STRIPPER WELL EXEMPTION.—In the case of any well located in the United States or in a possession of the United States which is a stripper well (as defined in subsection (h)(4)) for any calendar month ending before January 1, 1979, if the taxpayer elects the application of this subsection for the taxable year, then with respect to the gross income for such month from crude oil produced from such well the percentage referred to in section 613(a) shall be 15 percent.

"(d) Election.—The taxpayer may elect for any taxable year to have subsection (b) or subsection (c) (but not both) apply. Any such election may be made on the taxpayer's return for the taxable year. Any such election may be made or changed at any time thereafter before the expiration of the time for filling a claim for credit or refund of an overpayment of the tax imposed by this chapter for such taxable year.

"(e) Exemption for Regulated Natural Gas and Natural Gas Sold Under Fixed Contract.—

"(1) In general.—

"(A) Regulated natural gas.—Except as provided in paragraph (2), in the case of regulated natural gas, the percentage referred to in section 613(a) shall be 22 percent and the provisions of this section (other than this subsection) shall not apply.

"(B) Natural gas sold under fixed contract.—In the case of natural gas sold under a fixed contract, the percentage referred to in section 613(a) shall be 22 percent and the provisions of this section (other than this subsection) shall not apply.

"(2) Termination of regulated natural gas exemption.—In the case of regulated natural gas, if the summary of prices published pursuant to paragraph (3) for any calendar year shows—

"(A) an average price per 1,000 cubic feet of regulated natural gas which equals or exceeds

"(B) one-sixth of the average price per barrel of domestic crude oil not subject to Federal price control,

then the allowance for depletion shall be computed for all periods after December 31 of such calendar year without reference to paragraph (1)(A).

"(3) Compilation of data with respect to prices of regulated natural gas and domestic crude oil.—For each calendar year beginning after December 31, 1974, the Secretary or his delegate shall compile data establishing—

"(A) the average sales price per 1,000 cubic feet of regulated natural gas sold during such year, and

"(B) the average sales price per barrel of domestic crude oil not subject to Federal price control which is sold during such year. Within 90 days after the close of any such calendar year, the Secretary or his delegate shall publish a summary of such data in the Federal Register. Any such summary so published shall be final and conclusive.

"(4) Authorization to compile data.—

"(A) Data from executive agencies.—In compiling the data required under paragraph (3), the Secretary or his delegate is authorized to receive directly from any other executive department or agency of the United States information and statistics necessary for the compilation of such data. Such other executive department or agency shall furnish any such requested information and statistics directly to the Secretary or his delegate.

"(B) Purchasers and sellers to furnish information.—If no other executive department or agency of the United States is able to furnish the Secretary or his delegate the information and statistics from which the data required under paragraph (3) can be compiled, the Secretary or his delegate may by regulation require purchasers and sellers of domestic crude oil and regulated natural gas to make such reports of sales, volumes, prices, and related information as may be necessary to compile the data required under paragraph (3).

"(f) Geothermal Energy.—In the case of any geothermal deposit which is determined to be referred to in section 613(b)(1)(A), the percentage referred to in section 613(a) shall be 22 percent and the provisions of this section (other than this subsection) shall not apply.

"(g) Definitions.—For purposes of this section—

"(1) Crude oil.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) Natural gas.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction or depletion is allowable under section 611 with respect to such product.

"(3) Domestic.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) Stripper well.—A well shall be treated as a stripper well for any calendar month for which its production of crude oil averaged 10 barrels or less per day.

"(5) Barrel.—The term 'barrel' means 42 United States gallons.

"(6) Regulated natural gas.—The term 'regulated natural gas' means natural gas subject to the jurisdiction of the Federal Power Commission with respect to the sale or transportation of which an order or certificate of the Federal Power Commission is in effect (or a proceeding for the issuance of such an order or certificate has been instituted), if price is taken into account directly or indirectly in the issuance of such order or certificate.

"(7) Natural gas sold under a fixed contract.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on April 10, 1974, and all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liability of the seller for tax under this chapter by reason of the phaseout of percentage depletion under this section."

(2) The table of sections for part I of subchapter I of chapter 1 is amended by inserting after the item relating to section 613 the following new item:

"Sec. 613A. Phaseout of percentage depletion for domestic oil and gas production."

(b) Effective Dates.—The amendments made by subsection (a) shall take effect on January 1, 1975, and shall apply to taxable years ending on or after such date.

INCREASE IN MINIMUM TAX FOR TAX PREFERENCES

Sec. 7. (a) Section 56(a) of the Internal Revenue Code of 1954 (relating to imposition of tax) is amended—

(1) by striking out the figure "$30,000" in paragraph (1) and inserting in lieu thereof "$10,000," and

(2) amending paragraph (2) to read as follows:

"(2) the sum of the tax carry overs to the taxable year.".

(b)(1) Section 56(b)(1)(B) is amended by striking out "$30,000" and inserting in lieu thereof "$10,000".

(2) Section 56(c)(2) is amended by striking out "$30,000" and inserting in lieu thereof "$10,000".

(3) Section 58 of such Code relating to rules for application of this part, is amended by—

(A) striking out "$30,000" each place it appears therein and inserting in lieu thereof "$10,000"; and

(B) striking out "$15,000" in subsection (a) and inserting in lieu thereof "$5,000".

(c) The amendments made by this section apply to taxable years beginning after December 31, 1973.

Mr. HUMPHREY. Mr. President, I am pleased to see the chairman of the Committee on Finance here, because I know the committee is now looking into tax proposals. I do believe it is important, as has been said in other debates, that any of our amendments and proposals get in on time so that there can be thoughtful discussion and thoughtful study of what we recommend.

I am not at all sure of what the House Ways and Means Committee or the Senate Finance Committee will do when we return after November 12.

Mr. LONG. Will the Senator yield?

Mr. HUMPHREY. Yes.

Mr. LONG. Would the Senator consider changing the title of that bill to the Tax Equity Act of 1975? The House is about to send us a tax reform bill of almost 800 pages the way it is now. There is merit and substance to practically everything that is in that bill. By the time we get through with a trade bill, a tax reform bill, a health bill—I hope we will act on the health bill this year—I just do not believe it is going to be within our power to do justice to this tax equity law this year.

I wish the Senator would give us a few months next year to work on this.

Mr. HUMPHREY. Mr. President, I appreciate very much the kind remarks of my distinguished friend from Louisiana. He is distinguished, he is my friend, and he is a great Senator.

This bill, I am happy to tell him, is only 33 pages long, so it will not consume the same amount of time. It is limited to a few provisions.

I am fully aware that on legislative matters one does not always get all he wants. I did not think it would be proper, in light of the complexity of tax law, however, to advance an amendment here without having at least had some chance for it to be looked over by the staff and members of the Senate Finance Committee.

Mr. President, I take note of the fact that the President has made proposals on taxes. I disagree with some of those proposals. I have outlined those disagreements. I do believe the need is here, now, for tax reform and for tax relief for some low- and middle-income groups.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Orders numbered 1184, 1187, 1206, 1207, and 1210.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL ATTACK ON ARTHRITIS

The Senate proceeded to consider the bill (S. 2854) to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance a national attack on arthritis, which had been reported from the Committee on Labor and Public Welfare with amendments on page 4, in line 15, strike out "after section 434" and insert in lieu thereof "at the end thereof".

On page 4, in line 18, strike out "435" and insert in lieu thereof "437".

On page 5, in line 21, strike out "eyes." and insert "eyes;".

On page 7, in line 4, after "bioengineers," insert "primary care physicians,".

On page 7, in line 14, strike out "arthritis;" and insert:

Arthritis, including periodic public information programs on the most current developments in diagnostic and treatment procedures with a view to discouraging the promotion and utilization of unapproved and ineffective diagnostic, prevention, treatment, and control methods and unapproved and ineffective therapeutic drugs and devices;

On page 7, in line 22, after "severity", insert "and rehabilitative responsiveness".

On page 8, in line 19, strike out "sixteen" and insert in lieu thereof "seventeen".

On page 8, in line 19, strike out "436" and insert "438".

On page 8, in line 19, after the comma, insert "the Director of the National Institute of General Medical Sciences or his designee."

On page 9, in line 2, strike out "rheumatalogists;" and insert "rheumatologists and one is an othopedic surgeon;".

On page 11, in line 16, strike out "1974" and insert "1975".

On page 11, in line 16, strike out "1975" and insert "1976".

On page 11, in line 21, strike out "436" and insert "438".

On page 12, beginning with line 16, insert:

"(c) In order to improve coordination of all activities in the Department of Health, Education, and Welfare relating to arthritis, the Secretary shall establish an Intradepartmental Arthritis Coordinating Committee to be composed of representatives who can make policy commitments for each of the administrations, agencies, and divisions within the Department involved in research (including approval of drugs and devices), health services, or rehabilitation programs affecting arthritis, the committee will be chaired by the Associate Director and will prepare a report, as soon (but not later than sixty days) after the end of each fiscal year as possible, for the Secretary detailing the work of the committee in seeking to improve coordination of departmental activities relating to arthritis during the preceding fiscal year.

On page 13, in line 7, strike out "(c) (1)" and insert "(d) (1)".

On page 14, in line 3, strike out "437" and insert "439A".

On page 14, in line 3, strike out "Institute" and insert "Institute,".

On page 14, at the end of line 11, strike out "diagnostic and treatment".

On page 14, in line 12, strike out "for arthritis".

On page 15, in line 6, strike out "and".

On page 15, in line 9, strike out "recordkeeping." and insert:

Recordkeeping; and

"(6) programs (A) to educate the general public and persons suffering from arthritis, which shall include the dissemination of information on the importance of early detection and recognition of signs and symptoms and of seeking prompt followup treatment, on the importance of self-discipline and on compliance with medical directives, and (B) to discourage the promotion and utilization of unapproved and ineffective diagnostic, prevention, treatment, and control methods and unapproved and ineffective therapeutic drugs and devices.

On page 16, beginning with line 6, insert:

(e) (1) As soon as practicable after the date of enactment of this section, the Director of the Institute shall establish the Arthritis Screening and Detection Data Bank for the collection, storage, analysis, retrieval, and dissemination of all data useful in screening, prevention, control, and early detection for patient populations and asymptomatic and symptomatic types of arthritis, including, where possible, data involving general populations collected for the purpose of detection of individuals with a risk of developing arthritis.

"(2) The Secretary shall provide for standardization of patient data and recordkeeping for the collection, storage, analysis, retrieval, and dissemination of such data in cooperation with the centers and programs established or supported under section 439B and this section and with other persons engaged in arthritis programs.

On page 16, in line 23, strike out "438" and insert "439B".

On page 17, in line 13, after "detection," insert "treatment,".

On page 17, in line 15, strike out "437" and insert "439A".

On page 18, beginning with line 12, insert:

"(d) The Director of the Institute shall, insofar as practicable, provide for an equitable geographical distribution of centers developed under this section with appropriate attention to the need for centers having the capability of conducting research, training, treatment, and rehabilitation programs especially suited to meeting the needs of children affected by arthritis.

On page 18, in line 19, strike out "(d)" and insert "(e)".

On page 19, in line 2, strike out "439" and insert "439C", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Arthritis Act".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) The Congress hereby finds and declares that—

(1) arthritis and related musculoskeletal and other related diseases represent one of the most serious and widespread health problems in the United States in that they afflict more than twenty million Americans;

(2) arthritis is the greatest single cause of chronic pain and disability;

(3) the complications of arthritis lead to many other serious health problems;

(4) uncontrolled arthritis significantly decreases the quality of life and has a major negative economic, social, and psychological impact on the families of its victims and society generally;

(5) the severity of arthritis in children and most adolescents is greater than in adults and this involves greater problems in the management of the disease;

(6) athletic and other types of joint injuries can lead to arthritis;

(7) the annual cost to the national economy in 1970 due to arthritis, in medical care bills and lost wages, was $9,200,000,000;

(8) the workdays lost due to disability caused by arthritis totaled over 14,500,000 in 1970;

(9) although today's currently available therapy and surgical techniques for improving the functional state of millions of arthritics are significantly more effective than those of a decade ago, they remain stopgap measures which neither prevent nor cure the disease; and therefore the attainment of better methods of diagnosis and treatment of arthritis through research and through education of health professionals and allied health professionals deserves the highest national priority;

(10) there are inadequate numbers of medical facilities and of properly trained personnel to provide treatment and rehabilitation for persons suffering from arthritis, and inadequate numbers of properly trained personnel to train other health personnel interested in pursuing either a research or clinical career in rheumatology;

(11) the citizens of the United States should have a full understanding of the nature of the human, social, and economic impact of arthritis and should be encouraged to seek early diagnosis and treatment to prevent or lessen disability resulting from arthritis; and

(12) there is great potential for making major advances against arthritis in the National Institute of Arthritis, Metabolism, and Digestive Diseases, in concert with other Institutes of the National Institutes of Health, and public and private organizations capable of necessary research and public education in arthritis.

(b) It is therefore the purpose of this Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance a national attack on arthritis.

NATIONAL ARTHRITIS PROGRAM

SEC. 3. Part D of title IV of the Public Health Service Act is amended by adding at the end thereof the following new sections:

"NATIONAL TASK FORCE ON ARTHRITIS

"SEC. 437. (a) The Secretary, within sixty days after the date of enactment of this section, shall establish a National Task Force on Arthritis (hereinafter in this part referred to as the 'Task Force') to formulate a long-range plan (hereinafter in this part referred to as the 'Arthritis Plan') to combat arthritis and related musculoskeletal and other related diseases (hereinafter in this part referred to as 'arthritis'). The Arthritis Plan shall include recommendations for the utilization and organization of national resources for the campaign against arthritis, and a program for the National Institute of Arthritis, Metalobism, and Digestive Diseases (hereinafter in this part referred to as the 'Institute') as a major participant in the campaign against arthritis.

"(b) The Arthritis Plan developed by the Task Force shall provide for—

"(1) programs for investigation into the epidemiology, etiology, and prevention and control of arthritis, including investigation into the social, environmental, behavioral, nutritional, biological, and genetic determinants and influences involved in the epidemiology, etiology, prevention, and control of arthritis;

"(2) studies and research into the basic biological processes and mechanisms involved in the underlying normal and abnormal phenomena associated with arthritis, including, but not limited to, abnormalities of the immune, musculoskeletal, cardiovascular, and nervous systems, the skin, the gastrointestinal tract, the kidneys, the lungs, and the eyes;

"(3) research into the development, trial, and evaluation of techniques, including surgical procedures and drugs, used in, and approaches to, the diagnosis, early detection, treatment, prevention, and control of arthritis;

"(4) establishment of programs that will focus and apply scientific and technological methodologies and processes involving biological, physical, and engineering science to deal with all facets of arthritis, including traumatic arthritis;

"(5) establishment of programs for the

conduct and direction of field studies, large-scale testing, evaluation, and demonstration of preventive, diagnostic, therapeutic, rehabilitative, and control approaches to arthritis, including studies of the effectiveness of home-care programs, the use of mobile care units, community rehabilitation facilities, and other appropriate community public health and social services;

"(6) studies of the feasibility and possible benefits accruing from team training of health and allied health professionals in the treatment and rehabilitation of individuals suffering from arthritis;

"(7) programs to evaluate the current resources for the rehabilitation of the arthritis patient and establish criteria for the potential for rehabilitation of the patient;

"(8) programs to investigate alternative screening possibilities to define more adequately the arthritis population and to detect early cases of rehabilitative arthritis;

"(9) programs for the education and training of scientists, bioengineers, primary care physicians, clinicians, surgeons, including orthopedic surgeons, and other health and allied health professionals and educators in the fields and specialties requisite to the conduct of programs regarding arthritis;

"(10) programs for the continuing education of health and allied health professionals in the diagnosis, treatment, and rehabilitation of individuals suffering from arthritis;

"(11) programs for public education relating to all aspects of arthritis, including periodic public information programs on the most current developments in diagnostic and treatment procedures with a view to discouraging the promotion and utilization of unapproved and ineffective diagnostic, prevention, treatment, and control methods and unapproved and ineffective therapeutic drugs and devices;

"(12) programs to establish standards of measurement of the severity and rehabilitative responsiveness of disabilities resulting from arthritis;

"(13) the development of a common descriptive vocabulary in basic and clinical research in arthritis for the purpose of standardizing collection, storage, and retrieval of research and treatment data to facilitate collaborative and comparative studies of large patient populations;

"(14) the development of a national data storage bank on arthritis research, diagnosis, prevention, control and treatment, to collect and make available information as to the practical application of research and other activities pursuant to this part; and

"(15) a plan for international cooperation in and exchange of knowledge on all aspects of research, diagnosis, treatment, prevention, and control of arthritis.

"(c) The Task Force shall be composed of seventeen members who are eminently qualified to serve on such Task Force, as follows:

"(1) the Secretary or his designee, the Director of the National Institutes of Health or his designee, the Associate Director for Arthritis of the Institute (as established by section 438), the Director of the National Institute of General Medical Sciences or his designee, the Chief Medical Director of the Veterans Administration, and the Secretary of Defense or his designee, who shall serve as ex officio members;

"(2) seven members who shall be scientists or physicians representing the various specialties and disciplines pertinent to arthritis, of whom at least two are practicing clinical rheumatologists and one is an orthopedic surgeon;

"(3) three members from the general public, of whom at least two are arthritis sufferers; and

"(4) one member of the National Arthritis, Metabolism, and Digestive Diseases Advisory Council (hereinafter referred to as the National Advisory Council) whose primary interest is in the field of rheumatology.

"(d) The Secretary shall designate one member of the Task Force as Chairman of the Task Force. The Task Force shall first meet at the call of the Secretary, and thereafter at the call of the Chairman of the Task Force, and shall meet not less than three times.

"(e)(1) The Task Force shall publish and transmit to the Director of the Institute the Arthritis Plan not later than nine months after the date of enactment of this section.

"(2) No later than sixty days after the Task Force transmits the Arthritis Plan to the Director of the Institute, the Director shall submit to Congress the Arthritis Plan, his proposals for Institute activities under this part for the first five years under the Arthritis Plan, and an estimate of such additional staff positions and appropriations (including increased appropriations authorizations) as may be required to carry out such activities. If the plan and subsequent reports to be submitted pursuant to subsection (e) (1) and (2) of this section are submitted, prior to submission to the Congress, for review by the Office of Management and Budget or any other Federal department or agency or official thereof, (1) the plan or report submitted to the Congress shall specify the changes and the reasons therefor made during any such review process, and (2) if any such review process delays the submission of such plan or report to the Congress beyond the date established for such submission by this section, the Director shall immediately on such date submit to the Congress the plan or report in exactly the form it was submitted to such review process.

"(f) The Task Force may hold such hearings, take such testimony, and sit and act at such times and places as the Task Force deems advisable to develop the Arthritis Plan.

"(g) The Director of the Institute shall—

"(1) designate a member of the staff of such Institute to act as Executive Secretary of the Task Force; and

"(2) provide the Task Force with such full-time professional and clerical staff, such information, and the services of such consultants as may be necessary to assist the Task Force to carry out effectively its functions under this section.

"(h) Members of the Task Force who are not officers or employees of the United States shall receive for each day they are engaged in the performance of the functions of the Task Force compensation at rates not to exceed the daily equivalent of the annual rate in effect for grade GS-18 of the General Schedule, including traveltime; and all members, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as such expenses are authorized by section 5703, title 5, United States Code, for persons in the Government service employed intermittently.

"(i) In addition to sums appropriated pursuant to section 301 and other sums appropriated for research on arthritis pursuant to title IV, part D, there is authorized to be appropriated $500,000 for the fiscal years ending June 30, 1975, and June 30, 1976, to carry out the purposes of this section, and such sums shall remain available until expended.

"ASSOCIATE DIRECTOR FOR ARTHRITIS AND ESTABLISHMENT OF COMMITTEES

"SEC. 438. (a) There is established within the Institute the position of Associate Director for Arthritis (hereinafter in this part referred to as the 'Associate Director'), who shall report directly to the Director of such Institute and who, under the supervision of the Director of such Institute, shall be responsible for programs regarding arthritis within such Institute.

"(b) In order to improve coordination of the total National Institutes of Health research activities relating to arthritis, the Director of the National Institutes of Health shall establish an Inter-Institute Arthritis Coordinating Committee to be composed of representatives who can make policy commitments for each of the Institutes and divisions involved in arthritis-related research. The committee will be chaired by the Associate Director and will prepare a report as soon (but not later than sixty days) after the end of each fiscal year as possible for the Director of the National Institutes of Health detailing the work of the committee in coordinating the research activities of the National Institutes of Health relating to arthritis during the preceding year.

"(c) In order to improve coordination of all activities in the Department of Health, Education, and Welfare relating to arthritis, the Secretary shall establish an Intradepartmental Arthritis Coordinating Committee to be composed of representatives who can make policy commitments for each of the administrations, agencies, and divisions within the Department involved in research (including approval of drugs and devices), health services, or rehabilitation programs affecting arthritis. The committee will be chaired by the Associate Director and will prepare a report, as soon (but not later than sixty days) after the end of each fiscal year as possible, for the Secretary detailing the work of the committee in seeking to improve coordination of departmental activities relating to arthritis during the preceding fiscal year.

"(d)(1) There is established within the Federal Government an Interagency Technical Committee on Arthritis which shall be responsible for promoting the coordination of those aspects of all Federal health programs and activities relating to arthritis to assure the adequacy and technical soundness of such programs and activities and to provide for the full communication and exchange of information necessary to maintain adequate coordination of such programs and activities.

"(2) The Director and Associate Director for Arthritis of the Institute shall serve as chairman and co-chairman respectively, of such Committee, and such Committee shall include representation from the Veterans Administration, the Department of Defense, and all other Federal departments and agencies administering programs involving health functions or responsibilities as determined by the Secretary.

"(3) The Committee shall meet at the call of the chairman, but not less often than four times a year.

"ARTHRITIS SCREENING, EARLY DETECTION, PREVENTION, AND CONTROL PROGRAMS

"SEC. 439A. (a) The Director of the Institute, under policies established by the Director of the National Institutes of Health, and after consultation with the National Advisory Council and consistent with the Arthritis Plan, shall establish programs as necessary for cooperation with other Federal health agencies, State, local, and regional public health agencies, and nonprofit private health agencies, in the screening, detection, prevention, and control of arthritis which emphasize the development of new methods and the dissemination of the knowledge about these methods to the health professions.

"(b) Screening, detection, prevention, and control programs under this part shall include—

"(1) programs to develop improved methods of detecting individuals with a risk of developing arthritis;

"(2) programs to develop improved methods of intervention against those factors which cause individuals to have a high risk of developing arthritis;

"(3) programs to develop health professions and allied health professions personnel highly skilled in the control of arthritis, including continuing education of such personnel;

"(4) community consultative services to facilitate new and problem patient referral from local hospitals and physicians to Arthritis Consultation Boards of the centers for diagnostic workup, including laboratory analyses, and consultations with primary physicians on preferred rehabilitation management;

"(5) programs to disseminate the results of research and to develop means of standardizing patient data and recordkeeping; and

"(6) programs (A) to educate the general public and persons suffering from arthritis, which shall include the dissemination of information on the importance of early detection and recognition of signs and symptoms and of seeking prompt followup treatment, on the importance of self-discipline and on compliance with medical directives, and (B) to discourage the promotion and utilization of unapproved and ineffective diagnostic, prevention, treatment, and control methods and unapproved and ineffective therapeutic drugs and devices.

"(c) The programs supported under this section may also carry out projects and programs funded under other provisions of law related to the programs and projects authorized under this section.

"(d) In addition to sums appropriated pursuant to section 301 and other sums appropriated for research on arthritis pursuant to title IV, part D, there are authorized to be appropriated to carry out this section $5,000,000 for the fiscal year ending June 30, 1975, $10,000,000 for the fiscal year ending June 30, 1976, and $15,000,000 for the fiscal year ending June 30, 1977.

"(e)(1) As soon as practicable after the date of enactment of this section, the Director of the Institute shall establish the Arthritis Screening and Detection Data Bank for the collection, storage, analysis, retrieval, and dissemination of all data useful in screening, prevention, control, and early detection for patient populations with asymptomatic and symptomatic types of arthritis, including, where possible, data involving general populations collected for the purpose of detection of individuals with a risk of developing arthritis.

"(2) The Secretary shall provide for standardization of patient data and recordkeeping for the collection, storage, analysis, retrieval, and dissemination of such data in cooperation with the centers and programs established or supported under section 439B and this section and with other persons engaged in arthritis programs.

"NATIONAL ARTHRITIS RESEARCH AND DEMONSTRATION CENTERS

"Sec. 439B. (a) The Director of the Institute, under policies established by the Director of the National Institutes of Health, and after consultation with the National Advisory Council and consistent with the Arthritis Plan, will provide for the development of centers for basic and clinical research into, training in, and demonstration of, advanced diagnostic, prevention, control, and treatment methods for arthritis, including research into implantable biomaterials and orthopedic procedures; and may enter into cooperative agreements with public or nonprofit private agencies or institutions to pay all or part of the cost of planning, establishing or strengthening, and providing basic operating support for, existing or new such centers.

"(b) The centers developed under this section shall, in addition to carrying out research, training, and demonstration projects, carry out screening, detection, treatment, prevention, and control programs, as described under subsection (b) of section 439A. Funds paid to centers under this section may be used for—

"(1) staffing and other basic operating costs, including such patient care costs as are required for research;

"(2) training, including training for allied health professions personnel;

"(3) demonstration purposes; and

"(4) the extension, alteration, remodeling, improvement, or repair of buildings and structures (including the provision of equipment) to the extent necessary to make them suitable for use as research and demonstration centers.

Support of a center under this subsection may be for a period of not to exceed three years and may be extended by the Director of the Institute, with the approval of the National Advisory Council, for additional periods of up to three years each.

"(c) The centers supported under this section may also carry out projects and programs funded under other provisions of law related to the programs and projects authorized under this section.

"(d) The Director of the Institute shall, insofar as practicable, provide for an equitable geographical distribution of centers developed under this section with appropriate attention to the need for centers having the capability of conducting research, training, treatment, and rehabilitation programs especially suited to meeting the needs of children affected by arthritis.

(e) In addition to sums appropriated pursuant to section 301 and other sums appropriated for research on arthritis pursuant to title IV, part D, there is authorized to be appropriated to carry out this section $10,000,000 for the fiscal year ending June 30, 1975, $15,000,000 for the fiscal year ending June 30, 1976, and $20,000,000 for the fiscal year ending June 30, 1977.

"ANNUAL REPORTS

"Sec. 439C. The Director of the Institute shall, as soon as practicable, but not later than sixty days, after the end of each calendar year, prepare, in consultation with the National Advisory Council, and submit to the President and to the Congress a report. Such report shall include (1) a proposal for the Institute's activities under the Arthritis Plan under this part and other provisions of law during the next five years, with an estimate for such additional staff positions and appropriations (including increased appropriations authorizations) as may be required to pursue such activities, and (2) a program evaluation section, wherein the activities and accomplishments of the Institute during the preceding calendar year shall be measured against the Director's proposal for that year for activities under the Arthritis Plan.".

Mr. CRANSTON. Mr. President, the bill before us today offers a means of developing a concerted attack against a disease which is, unfortunately, too familiar to too many of us. It is estimated that some 50 million Americans have some form of arthritis. It is known that 20 million Americans suffer from arthritis severe enough that they seek a physician's help.

Arthritis afflicts all ages and all income levels—although it hits hardest those with low income. It also strikes women twice as frequently as men. Over one-third of retired persons, and over 10 percent of those working suffer from arthritis.

But arthritis also takes its toll among the very young. Some quarter of a million children suffer from juvenile rheumatoid arthritis, the most devastating form of arthritis.

Mr. President, despite the prevalence of this disease, it is little understood. We do not now have the capability to cure it, nor do we know how to prevent it. This is because we do not know what causes it.

The toll of arthritis in human suffering and pain is great. In economic terms the cost to the Nation in medical bills and lost wages is estimated at $9.2 billion.

The proportions of the impact of arthritis on the Nation's health, social, and economic programs are sufficient to require a planned strategy to counter this disease.

S. 2854 presents a means of developing this strategy. Since the time when the distinguished Senator from New York (Mr. Javits) and the distinguished Senator from New Jersey (Mr. Williams) joined me in introducing this legislation, an additional 75 Members of the Senate have asked to be added as cosponsors. Mr. President, I ask unanimous consent that a list of all the sponsors of this legislation be included in the Record at the close of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I am thus delighted to bring this bill to the floor today. In light of the bipartisan and overwhelming support for this bill in the Senate, I am hopeful there will be favorable action in the House before the end of this Congress.

DISCUSSION

LONG-RANGE ARTHRITIS RESEARCH PLAN

Mr. President, S. 2854 provides for the establishment of a task force to develop a long-range plan to combat arthritis and makes certain minor organizational refinements in the administration of HEW programs in order to place appropriate emphasis on research in arthritis and to insure that there is coordination among all programs related to arthritis so that each can benefit from the breakthroughs of the other.

A report developed 2 years ago by a prestigious group of rheumatologists, orthopedic surgeons, and other leaders in the medical profession, developed a list of major research goals in the study of arthritis and related diseases.

These goals were:

Determination of whether a viral agent is the cause of arthritis and, if so, its identification;

Clarification of the involvement of the immune system in the development of rheumatoid arthritis;

Identification of the mechanisms of inflammation, the early manifestation of most forms of arthritis;

Improvement of techniques for replacement of hips and other joints; and

Statistical surveys of arthritis incidence.

Achievement of these goals would help us find the causes and the cures of arthritis, Mr. President.

Mr. President, in addition, another major target of research is effective treatment of arthritis. Because there is no successful form of treatment, many arthritis sufferers become victims of false cures, quack remedies, and exploitation by the unscrupulous.

EFFORTS TO PREVENT QUACK ARTHRITIS CURES

The bill as reported would require the establishment of regular public information programs to disseminate information on the status of diagnostic and treatment procedures in order to discourage the promotion of such "quack" remedies. It also encourages the dissemination of information on unapproved and ineffective diagnostic and treatment methods and ineffective drugs or devices.

One way in which this information could be disseminated is through doctors' offices. The average patient has full faith in his doctor and if the doctor warns him of the danger of ineffective "cures" the patient will be much less receptive to trying something new without talking it over with his doctor. A pamphlet placed in the primary-care physician's office waiting room would carry with it the weight of the doctor's approval, and could dissuade the patient from experimenting with unapproved "cures."

When the distinguished chairman of the Committee on Labor and Public Welfare, Senator WILLIAMS, was chairman of the Subcommittee on Frauds and Misrepresentations Affecting the Elderly, of the Committee on Aging, that subcommittee conducted intensive hearings on frauds against the elderly. One of the findings of these hearings was that there are a large number of frauds perpetrated against the aging citizen who suffers from arthritis. The provisions in S. 2854 as reported reflect the commitment which we share with the distinguished Senator from New Jersey (Mr. WILLIAMS) to provide protection to arthritis victims. The distinguished Senator from New York (Mr. JAVITS) also has a keen interest in this problem and, during the hearings on S. 2854, suggested the broad outlines of the language pertaining to this protection which has been accepted in committee as an amendment to S. 2854 and is included in the bill as reported.

ARTHRITIS SCREENING EARLY DETECTION, PREVENTION, AND CONTROL PROGRAMS

Mr. President, the proposed National Arthritis Act also provides for the establishment of an arthritis screening, early detection, prevention and control programs, which, consistent with the task force's plan, can be provided through State, local, and other public or private nonprofit agencies. I believe the establishment of these programs directed at improved diagnostic and treatment techniques is crucial since early detection of arthritis can save years of pain and disability.

RESEARCH AND DEMONSTRATION CENTERS

The proposed legislation would also authorize the establishment, again consistent with the task force's plan, of research and demonstration centers to provide an opportunity for intensive, interdisciplinary basic and clinical research in arthritis. These centers would also offer a unique opportunity for training in, and demonstration of, advanced diagnostic, prevention, treatment, and control programs for arthritis.

The Arthritis foundation in its report, entilted "Professional Manpower in Rheumatology" states:

> Most physicians who care for rheumatic disease patients are not specifically trained for the task. . . . Specialists in rheumatology treat only 3.1 percent of those afflicted with rheumatic diseases. Other specialists and primary-care physicians see about seven million rheumatic disease patients—yet more than 70 percent of these physicians have little or no formal education in the complexities of distinguishing among various rheumatic diseases and instituting appropriate modern modes of treatment.

Mr. President, the centers proposed by S. 2854 could serve as a locale for continuing education programs for primary-care physicians who are the normal entry point into the health care system for arthritis sufferers. Better knowledge of the symptoms of the various forms of arthritis can mean great savings in time lost in applying early treatment of the disease, and in early detection of the more severe forms of arthritis which require the care of a specialist.

These centers can also provide opportunities for interdisciplinary training in the treatment of arthritis patients and, through such training, the more efficient utilization of the skills of the specialist, the nurse, the physical therapist, and health support personnel in long term treatment and rehabilitation programs.

Treatment of arthritis cannot be confined only to the patient, but because of the pervasive nature of the disease in its pronounced stages, counseling must be provided to the family as well. The successful treatment of arthritis results from a joint enterprise of family, patient, and health care personnel. It can best be fostered by an organized, interdisciplinary program such as that which would be created by S. 2854.

DATA BANK

The bill as reported also provides for the establishment of an arthritis screening and detection data bank, and for the dissemination of the data collected and processed in cooperation with the centers and programs developed under the authorities of S. 2854 or through other appropriate means. Testimony presented to the committee by Dr. Evelyn Hess of the University of Cincinnati, was very convincing as to the need for an organized system for data collection and dissemination on all aspects of arthritis. Existence of such a system would add substantially to the dissemination of information on new treatment methods, as well as the body of epidemiologic information.

AUTHORIZATION OF APPROPRIATIONS

Over a 3-year period the reported bill authorizes the appropriation of $75.5 million for support of screening, detection, prevention, and control programs, and of the research and demonstration centers.

Mr. President, I ask unanimous consent that excerpts from the committee report be printed in the RECORD at the close of my remarks, along with a statement prepared by the distinguished Senator from Idaho (Mr. CHURCH) who is necessarily absent today. Senator CHURCH, as chairman of the Committee on Aging has done an outstanding job of alerting the Nation to the special needs of the aging Americans and in developing legislative initiatives to meet their needs.

Mr. President, the distinguished Senator from New York (Mr. JAVITS), who is ranking minority member of the Committee on Labor and Public Welfare and an original cosponsor of the National Arthritis Act, is also necessarily absent from the Senate today. I ask unanimous consent that the statement he would have given be printed in the RECORD at the conclusion of Senator CHURCH's statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

CONCLUSION

Mr. CRANSTON. Mr. President, I believe S. 2854 will give the necessary support and the mechanisms to mount an effective attack on arthritis. As Mrs. Minette Wheeler, president of the Mount Moriah Community Club, branch of the Greater Washington Council for Senior Citizens, said in her testimony to the committee:

> It seems strange to me that so many cures and helps are found for so many diseases. Why do we have to learn to live with arthritis?

I believe it is time to focus our attention on this crippling disease and save future generations from its chronic pain and sometimes lasting disability.

Mr. President, I urge the Members of the Senate to support S. 2854.

EXHIBIT 1

EXCERPTS, COMMITTEE REPORT NO. 93–1251

SUMMARY OF BILL AS REPORTED

S. 2854 provides for the establishment of a National Task Force on Arthritis to formulate a long-range "Arthritis Plan" to combat arthritis and related musculoskeletal and other related diseases. The Plan includes recommendations for the utilization and organization of appropriate national resources in a campaign against arthritis as well as a program, specifically to be carried out by the National Institute of Arthritis, Metabolism, and Digestive Diseases, as a major focal point for a concerted attack against arthritis.

S. 2854 also provides for the establishment, insofar as it is consistent with the Arthritis Plan, of screening, early detection, prevention, and control programs in cooperation with other federal health agencies, and state, local, and regional public health agencies and entities. The bill also provides for the development, again consistent with the Arthritis Plan, of research and demonstration centers, to provide an opportunity for intensive, interdisciplinary arthritis research and training in and demonstration of advanced diagnostic, prevention, treatment, and control methods for arthritis.

In addition, certain provisions in the bill would establish administrative mechanisms within the Department of Health, Education, and Welfare, to ensure the interaction and coordination of all programs related to arthritis. S. 2854 establishes the position of Associate Director for Arthritis within the National Institute for Arthritis, Metabolism, and Digestive Diseases, who, under the supervision of the Director of the Institute is given responsibility for administering programs regarding arthritis within that Institute.

To provide greater coordination of programs within the National Institutes of Health, an Inter-Institute Arthritis Coordinating Committee is established composed of representatives of each of the Institutes and divisions involved in arthritis-related research; and an Intra-departmental Arthritis Coordinating Committee is established to coordinate programs within the Department which would impact upon the research, including approval of drugs and devices, health services, or rehabilitation programs affecting arthritis.

To achieve the optimum advantage of all Federal programs affecting arthritis research, treatment, or rehabilitation, an Interagency Technical Committee on Arthritis is established with representatives of all federal departments and agencies having health functions or responsibilities related to such functions.

NEED FOR LEGISLATION

Impact of Arthritis on the Population

Arthritis is a blanket term covering more than 100 forms of diseases that attack the body's moveable joints and connective tissues of the body sometimes resulting in systemic complications with critical damage to major organs. Over 50 million Americans have some form of arthritis. Twenty million suffer from arthritis severe enough that they seek a physician's help.

The following charts indicate the impact of arthritis by age group and sex and by age group and family income.

TABLE 1.—ESTIMATES OF ARTHRITIS BY AGE AND SEX

[U.S. Public Health Interview Survey: 1969–70]

Age	Total	Male	Female
All ages	20, 230, 000	7, 188, 000	13, 042, 000
Under 17	75, 000	[1] 36, 000	[1] 39, 000
17 to 24	374, 000	128, 000	246, 000
25 to 44	2, 941, 000	1, 048, 000	1, 893, 000
45 to 64	9, 184, 000	3, 362, 000	5, 822, 000
65 to 74	4, 536, 000	1, 636, 000	2, 900, 000
75 plus	3, 120, 000	978, 000	2, 142, 000

[1] Estimate.

TABLE 11.—ARTHRITIS PREVALENCE RATES PER 1,000 CIVILIAN NONINSTITUTIONAL POPULATION BY FAMILY INCOME AND AGE, 1969

[Rate per 1,000 population]

Age	Income		
	Under $5,000	$5,000 to $9,999	$10,000 plus
0 to 25	7. 5	5. 4	2. 9
25 to 44	90. 1	60. 5	58. 6
45 to 54	254. 5	178. 2	157. 9
55 to 64	369. 6	276. 2	227. 8
65 to 74	426. 0	369. 0	308. 2
75 plus	478. 3	393. 0	376. 5

Mr. CRANSTON. Mr. Walter Jones, a member of the executive board of the National Council of Senior Citizens, expressed the view of the millions of Americans who are afflicted with arthritis in his testimony to the committee. He said:

> Doctors helplessly prescribe aspirin. It may not help or it helps very little—but what else is there? So many days, I sit at home depending on the service of others when, in my soul, I wish to be doing the serving.
>
> In my mind I feel I could render many useful services to other people or organizations, such as the good National Council of Senior Citizens, but just getting down here today was not easy.
>
> If we are ever to provide some relief for arthritic people, we must begin now. I hope that as my children and grandchildren reach my age that they will not have to bear the onset of arthritis as I have.
>
> If we begin now, a cure and means of prevention could help the generations yet to come.

The two most common forms of arthritis are rheumatoid arthritis and osteoarthritis.

RHEUMATOID ARTHRITIS

Rheumatoid arthritis affects about 5 million people in the United States today, and is the most devastating and crippling form of arthritis.

It is a chronic disease that leads to permanent joint deformities and lifelong disability. Rheumatoid arthritis is especially insidious because it can also damage other organs, such as the eyes, heart, and lungs.

The majority of the victims of rheumatoid arthritis are young and middle-aged adults in their most productive years, between 20 and 45 years of age. Women, particularly, are victims of this disease, with an incidence triple that of men.

The cause of rheumatoid arthritis is unknown. Although currently available therapy and surgical techniques for improving the functional state of millions of arthritics are significantly more effective than those of a decade ago, they remain stopgap measures which neither prevent nor cure the disease.

Children are also a major and often overlooked factor in arthritis. Juvenile rheumatoid arthritis is estimated to afflict about 250,000 children in the United States. As in the case of cancer and heart conditions, when the chronic disease of arthritis strikes a child it can often be much more severe than an adult case. Juvenile rheumatoid arthritis can stunt growth, blind, cripple, deform, and disable, and, of course, it can kill since it is a systemic disease.

In addition to the 250,000 children suffering from juvenile rheumatoid arthritis, there are probably an equal number of children who develop arthritis from other causes, such as rheumatic fever, lupus erythematosus, dermatomyositis, and many others. Many of these diseases are closely related to juvenile rheumatoid arthritis and crippling may result from these diseases as well.

Dr. Virgin Hanson of Children's Hospital, Los Angeles, advised the committee that about 30 percent of the children that develop rheumatoid arthritis will reach adult life with severe to very severe crippling. Many of these are affected by an unrelenting rapidly progressive destruction of the bone and joint tissue.

OSTEOARTHRITIS

Osteoarthritis is the most common form of arthritis. About 13 million Americans have osteoarthritis severe enough to cause painful problems affecting their ability to function comfortably and actively. Osteoarthritis is associated with aging and degeneration of joint tissues. X-ray surveys have shown some degenerative joint disease in most cases of osteoarthritis, in over half of all Americans aged 55 to 64. It usually develops more slowly and, in comparison to the severity of rheumatoid arthritis, is milder and less painful, although it can in its later stages produce extreme pain and disability.

GOUTY ARTHRITIS

About 1 million Americans, most of them men, suffer from gout, and acute and very painful and sometimes destructive form of arthritis. This type of arthritis is an inherited metabolic disorder resulting from the body's failure to secrete adequately excess uric acid, which, as it accumulates in the body, deposits a byproduct, sodium salt, under the skin or in and around joints resulting in severe inflammation, pain, and eventually if untreated, leading to destruction of the joints with accompanying crippling. Destruction of the kidneys can also result.

Research has led to the development of drugs which are highly effective in controlling gout. This is one of the few real successes to date in arthritis research.

OTHER FORMS OF ARTHRITIS

Systemic lupus erythematosus—SLE—like rheumatoid arthritis, affects the connective tissue. About 50,000 new patients fall victim to SLE each year, most frequently people in the 20 to 40-year-old age group. Women are particularly susceptible to this very destructive form of arthritis.

Although there is no known specific curative agent available at the moment, there is a high rate of spontaneous remission, and many critically ill patients can be successfully treated with recently developed drug therapy if the therapy is provided at the onset of the disease before irreparable damage has occurred to the kidneys. The pessimistic prognosis of a decade ago of a 20 to 30 percent survival rate is now much improved.

From 8 to 10 percent of patients with psoriasis, a fairly common skin disease, are also affected by arthritis. While the cause of psoriasis is not known, there is some evidence that it may be hereditary as well as evidence that it may be a metabolic disorder.

Ankylosing apondylitis is a form of arthritis affecting men in their late adolescent or early adult years. It centers on the spinal joints leading to a progressive loss of function.

IMPACT OF ARTHRITIS ON THE ECONOMY

While the cost in human pain and suffering is great, the cost in economic terms to the Nation in medical and lost wages is estimated at over $9.2 billion. Following is a breakdown of this figure:

Table III.—The annual cost of arthritis

Wages lost due to inability to be employed through disability	$2, 981, 166, 750
Wages lost due to activity limitations	530, 867, 808
Homemakers services lost	974, 051, 130
Loss to Federal, State, and local governments of income taxes	772, 647, 000
Disability Insurance Payments	316, 000, 000
Aid to the permanently and totally Disabled	132, 000, 000
Hospitalization (255,000 cases)	854, 000, 000
Physicians office visits (32.9 million)	493, 500, 000
Amount spent on quackery products (estimated)	435, 000, 000
Amount spent on non-prescription drugs (est.)	500, 000, 000
Amount spent on prescription drugs (est.)	600, 000, 000
Earnings loss due to premature death	194, 000, 000
Other than physician services	50, 000, 000
VA compensation and disability	394, 430, 000
Federal and private programs for arthritis	26, 000, 000
Total	9, 253, 662, 688

ARTHRITIS RESEARCH

Mr. President, the cause of arthritis is not known.

A national committee composed of leading rheumatologists, orthopedic surgeons, and other leaders in the medical professions, developed a list of major research goals in the study of arthritis and related diseases, in a report made to the Arthritis Foundation in 1972.

The report began by stating that the initial step must be to find the underlying mechanisms which cause the disease, and recommended six major targets in accomplishing this. They are:

1972 ARTHRITIS REPORT RECOMMENDATIONS

First, identification of a possible viral agent as the cause of arthritis;

Second, pinpointing of the involvement of the immune system in the chain reaction process which leads to rheumatoid arthritis;

Third, clarification of the mechanisms of inflammation, the first major manifestation of most forms of arthritis;

Fourth, broadening of joint replacement by design of joints other than the hip, experimentation with new materials, and development of improved anchorage techniques;

Fifth, a definitive definition of cartilage, especially its mechanical structure and the manner in which articular cartilage repairs itself; and

Sixth, epidemiological studies of rheumatoid arthritis, systemic lupus, and osteoarthritis to compare characteristics of arthritis population to those of nonarthritics, and to explain higher mortality rates of rheumatoid arthritis population.

REPORT JUSTIFICATION

The report submitted the following justification for its recommendations:

First, identification of viral agent. One of the most important lines of further study in arthritis research should be directed toward identification of a possible viral agent. Identification of an infectious agent as the cause of arthritis—an infection that might be then treated by means of a simply developed antibiotic or warded off by means of a vaccine—would result in one of the biggest payoffs in research. It is essential, therefore, to expand immediately the study of rheumatoid joint material, the use of tissue culture methods, and the application of all the techniques in modern virological research, including viral rescue and identification of neoantigens.

Second, pinpointing malfunction of immune defense system. Closely allied to the possibility that an infectious agent is involved in arthritis is the now virtual certainty that a malfunction of the immune defense system of the body takes place in the chain reaction which leads to an arthritic condition. The pinpointing of this involvement should be regarded as a major research goal possible of being attained within the next 5 years, provided that adequate funding is made available. Major efforts should also be directed at clarifying the precise mechanisms for localization of immune complexes in the kidney and small blood vessels. This knowledge could provide therapeutic opportunities to block the processes of renal vascular injury and thereby reduce fatalities and body impairment.

Third, clarification of the mechanisms of inflammation—the first major manifestation of most forms of arthritis—could lead to the discovery of chemical substances capable of inhibiting degenerative or osteoarthritis. Emphasis should be placed on: Continued elaboration of the relationships between prostaglandins and cyclic AMP, a new "family of hormones" which can reveal a great deal about inflammation and how to treat it; identifying the enzymes responsible for destruction of cartilage; and an expanded probing of the inflammatory process in both animal models and tissue culture systems.

Fourth, expand joint replacement technique. The concept of total hip replacement must be broadened to other joints—knee, shoulder, and elbow in particular. This entails design of replacement joints based on a clear understanding of normal joint mechanics experimentation in the use of new materials, and development of improved anchorage techniques. As a specific example, the methylmethacrylate cement now used in hip replacements should be replaced by polymers which have a porous undersurface, thereby permitting ingrowth of bone-forming tissue into the implant and insuring permanent anchorage.

Fifth, analysis of cartilage. A definitive analysis of cartilage, its mechanical structure, the effect of aging, of trauma, of weight, the lubrication mechanisms of joints, and low articular cartilage repairs itself could lead to drugs which would stimulate cartilage repair.

Sixth, epidemiologic studies. Epidemiologic studies are desperately needed in rheumatoid arthritis, both adult and juvenile, in systemic lupus, and in osteoarthritis.

Follow-up studies of rheumatoid case populations have revealed an increased mortality which cannot be attributed to complications of treatment and indicate again the general constitutional effects of this disease. Adults with early rheumatoid arthritis, and children with juvenile rheumatoid arthritis should be followed in research protocols to determine those characteristics which distinguish rheumatoid arthritis patients from persons without arthritis as well as those factors which influence the course and prognosis of rheumatoid arthritis.

Explanation should be sought for the anomalous distribution of females to males in systemic lupus—5 to 1 as an average, increasing to 15 to 1 during the childbearing ages, and decreasing to about 2 to 1 among older age groups—and why black women are three times as susceptible than the white female.

In osteoarthritis, factors should be searched for which contribute to this widespread disease, other than age, sex, and occupation. The question remains unanswered as to why two of every five Americans over 65 have moderate to severe osteoarthritis, while three of every five have only minor symptoms or none at all.

BACKGROUND ON REPORT RECOMMENDATIONS

First, infectious nature of arthritis. Rheumatoid arthritis has long been regarded as an infectious disease. However, after the failure of many attempts to isolate bacteria as a causative factor of arthritis in the early 1920's and 1930's, and the inability of ordinary antibiotic therapy to ameliorate the disease, interest in the microbiological hypothesis waned. Today, however, the emergence of new findings and new ideas brought into being by a concentrated effort in virological research has once again raised the investigation of infection as a major factor in arthritis to the forefront. This renewed interest in the possible infectious nature of arthritis is attributable to the following five factors:

Factor 1—rheumatic fever, which used to maim and kill thousands of children annually, chiefly by attacking heart valves, was discovered to be a complication of a simple streptococcal infection. Today, rheumatic fever is a relatively minor problem because a causative agent—a streptococcus—responded to antibiotics. This is a tangible example of the dramatic fruits which basic research can bear, provided that research is properly and adequately nourished.

Factor 2—chronic infections have been discovered to result often in the appearance of rheumatoid factor, a blood substance believed to be specifically associated with rheumatoid disease.

Factor 3—today, there is a much better understanding of "slow viruses" that "hide" inside the cells of the body in a dormant state before causing damage.

Factor 4—animal diseases that resemble human rheumatic diseases and that are known to be associated with infectious agents have recently been discovered. The most striking of these are the various forms of arthritis in swine, which are a late consequence of a bacterial or mycroplasmic infection; a systemic lupus-like disease developed by a species of New Zealand black mice and Aleutian mink disease.

Factor 5—the unsophisticated techniques used by the previous generation of microbe hunters have been replaced with the marvels of our new age of technology in microbiology research which has attracted a new group of young and talented researchers.

Second, immunity factors. The immune system, which is supposed to react each time a foreign substance invades the body, is very complex. In the past, immunity was believed to have only positive results, but it has now been learned that as in the case of water used to extinguish a fire, the immune system can sometimes cause extensive damage.

Recent investigation indicates the immune system to be divided into two subsystems: cellular immunity and humoral immunity, both of which play a role in the rheumatic diseases. Humoral immunity is the name given to the system of antibodies created by the immune system to fight off a foreign invader known as an antigen. When reacting normally, antibodies capture and immobilize antigens and the battle field is then cleaned up by specialized white blood cells. However, in certain forms of arthritis, as well as in other related diseases, this cleaning up process does not proceed according to plan and the antibody—antigen aggregates, which are called "immune complexes", damage the small tubules of the kidney and small blood vessels. This damage then triggers a series of irreversible events including destruction of connective tissue of the joints which is a major debilitating process of arthritis.

RESEARCH IN TREATMENT METHODOLOGIES

Another major target of research is that of treatment of arthritis. Drugs are presently available to block the immune response and the inflammatory reaction in rheumatoid arthritis, but each of the potent agents has serious toxic reactions. A major effort needs to be undertaken in finding a successful drug therapy, as well as further research into surgical procedures which can reconstruct joints damaged by arthritis.

Despite the widespread incidence of arthritis and our current inability to alleviate its pain and crippling effects, there have been a few plusses in treatment of arthritic conditions. One is successful treatment of gout. Another is the promise held out by surgical procedures.

Dr. Harlan C. Amstutz, chief of the division of orthopedic surgery at the University of California at Los Angeles, School of Medicine, testified before the committee on the great promise of orthopedic research in correcting disabilities caused by arthritis. He said:

> As the senior citizen population increases, so does the number of individuals within this group whose function is impaired or limited by arthritis. Not all of these suffer such severe pain or loss of function as to need surgery, yet because the disease is degenerative, millions of people suffer its ultimate course and effects of pain and total joint destruction. More than 135,120 total hip joint replacements have been performed in the last two years [1972 and 1973].
>
> It is too early to determine whether a plateau in number of implanted prostheses has been reached, but even if the population of aged arthritic patients stabilizes, increased success with hip replacements will certainly encourage their use in younger patients who have limited joint function.
>
> The population of young people who have received joint replacements is growing. The increased stresses which this group applies to the total joint replacements will result in new problems of prosthesis durability, structural integrity, and wear characteristics. . . .
>
> . . . The prospect of rehabilitating those not able to work towards a level of near-normal physical function and independence is a reasonable goal. However, in addition, it is within the reach of our technology to return many of our patients to gainful employment. With the exception of the hip joints and that on a short term basis, present reconstructive procedures are not satisfactory at restoring anatomy and physiology for the joint to such an extent as to permit job performance which demands either heavy activity, lifting, or full weight bearing for the working day.
>
> Additional research, suitably organized and completed is needed to improve existing surgical techniques as well as to expand the function and life expectancy of implants. . . .

Mr. President, major advances have also been made in diagnosis of arthritis. And acupuncture for certain types of arthritis offers considerable potential as a therapy.

Much more needs to be done, however. The effects of physical measures and corrective exercises in interrupting the development of deformities and in correcting those already present must be evaluated in a systematic manner.

New scientific developments bring promise of effective screening programs to identify individuals with a susceptibility to developing arthritis. Early intervention in some forms of arthritis can alleviate the damage done by this disease. One disease affecting children is associated with antinuclear antibodies and chronic inflammation of the eyes. With early detection and early treatment, prevention of blindness can be achieved. Better methods of identifying high risk individuals will result in more patients entering treatment programs, and providing a broader data base upon which to record remissions and exacerbations. This data can provide critically needed information on the natural history of these diseases and enable the medical community to evaluate the results of various treatment regiments.

FUNDING OF ARTHRITIS RESEARCH

Support for research and research training in arthritis and related diseases has remained at the same level in dollar amounts over the past 4 years. However, when the inflation factor is taken into consideration, the actual level in terms of value, has been considerably reduced. Concurrently, the support of arthritis training grants has been severely reduced as the Department of Health, Education, and Welfare has put into implementation its plan to phase out support for all training grants. This reduction in the level of arthritis research support comes at a time when important breakthroughs seem most likely.

The committee wishes to emphasize that the programs provided in the reported bill are not intended to replace the existing basic research support provided by the Institute, nor to replace the peer review mechanisms which have been developed in evaluating the quality of research proposals. It is hoped the report of the task force would seek to preserve that system.

Rather the programs authorized by S. 2854 are intended to expand or enlarge existing efforts against arthritis.

The committee does not believe this expansion should be at the expense of support provided other research areas, but intends it to be in addition to or supplementary and complementary to existing programs.

The 1972 Arthritis Foundation Committee report expressed the importance of an increased and better organized research program in the field of arthritis. The panel reported:

> The field of rheumatic disease seems to be gaining in pace and momentum at the same time that other important fields of biomedical research show encouraging signs of progress. Because, however, of the biological complexity of the field of rheumatic diseases, there exists a surprising number of apparently separate and distinct lines of research approaches, each of which offers some prospect of clarifying important aspects of disease mechanisms. Breakthroughs seem imminent in future lines of rheumatic disease research, particularly those concerning rheumatoid arthritis and systemic lupus. This research must by necessity cover many of the disciplines of general biological research and will follow or parallel lines of research used in many other specialties. There is no doubt that rheumatology will derive benefit from basic research in areas other than those directly related to the rheumatic diseases, but as has been the case in the past, in which a significant part of the original impetus for the launching of today's advances in the broad areas of immunology and immunopathology derived from research on the rheumatic diseases, so too will advances in our field continue to contribute to solutions or better understanding of problems in other biomedical research areas.

NEED FOR TRAINING OF HEALTH PROFESSIONALS

Mr. President, to carry out these programs effectively, a broad range of health professionals need to be trained in the various disciplines involved in total treatment and rehabilitation programs for the arthritic patient. During training in the schools of the health professions, medical students should be made more aware of the symptoms and treatment of arthritis and of the effectiveness of early treatment and therapy; postgraduate physicians should be trained in rheumatology, orthopedics, and rehabilitation.

Complex emotional and vocational problems, resulting from chronic disability, often require the attention of psychologists, social workers, vocational specialists, and, of course, there is a great need for physical therapists and occupational therapists in a comprehensive treatment program of an arthritic patient. In addition the family physician should be kept up to date on new treatment procedures and screening devices through continuing education programs.

In the overall management of the disease, all these specialists must work in close cooperation with each other if best results are to be achieved.

DISCUSSION OF BILL AS REPORTED

NEED FOR PRIORTY FOCUS ON ARTHRITIS

The committee feels there is full justification for singling out arthritis as a disease to which special efforts should be directed to find its causes, its cure, and, if possible, a means of preventing its occurrence in the first place.

The large numbers of individuals affected by arthritis, as well as the long term crippling effects of the disease and its impact on the quality of the life of those who must live with its pain and disability, make a concerted effort to reduce its incidence and its effects a high priority.

Recognition of this priority was given in 1964 when the Surgeon General of the United States summoned a special workshop on prevention of disability from arthritis, stating "arthritis is the Nation's No. 1 crippler."

The recommendations of that workshop were:

> 1. That the Surgeon General designate arthritis a major health threat that must be surmounted.
>
> 2. That facilities for the diagnosis and treatment of arthritis be maintained, improved, and created according to geographic, population, and community needs.
>
> 3. That recruitment programs and undergraduate, graduate, and continuing education programs for the physician and for associated health personnel be improved and expanded in the area of the rheumatic diseases.

> 4. That training for and support of better clinical investigation be encouraged by all available means.
>
> 5. That all agencies that are concerned with crippling arthritis dramatically improve and expand programs of public education and information.
>
> 6. That a substantial portion of Federal grants for the chronically ill and aged be earmarked for comprehensive community service programs for the arthritic.

Mr. President, in 1966 arthritis was selected by the Department of Health, Education, and Welfare, as one of the five diseases subjected to intensive analysis to determine a quantitative basis for making judgments of fund allocations among competing disease control programs. The other four were motor vehicle safety, syphilis, cancer, and tuberculosis. That study indicated that in terms of benefit/cost ratios, an arthritis control program would have been the second in effectiveness, falling below only a motor vehicle safety campaign.

Furthermore, the areas in research which current knowledge indicates offer the most promise in combating arthritis, also are areas of great promise in other diseases. These areas fall well within the areas of basic research which can be applied to other critical research needs.

Dr. Frank Austen, physician-in-chief of Robert Breck-Brigham Hospital in Boston, Mass., has advised the committee:

> I should also point out that rheumatologists who are concerned with the clinical application of new knowledge have made important contributions to the basic science of immunoglobulins, that is, the proteins which represent antibodies, came from the rheumatology laboratories. Workers interested in arthritis and related problems played a major role in developing an understanding of the mechanisms by which antigen-antibody complexes produce disease and activate those protein sequences such as the complement system which contribute to tissue injury. The exciting new developments in immunogenetics with considerable implications for understanding our susceptibility to a variety of diseases including neurologic, dermatologic and oncologic disorders have evolved from rheumatology divisions within departments of medicine.
>
> There has not only been significant progress in our unedrstanding of arthritis diseases in terms of basic and applied knowledge, but the workers concerned with developing such understanding have contributed to basic science and clinical medicine on a broad front. There is thus every reason to be optimistic about future significant progress through implementation of the National Arthritis Act.

The training of sufficient personnel to provide the full range of care—from early detection through prevention, treatment, and control, to rehabilitation—so vitally needed to provide total care for the arthritis victim is an important objective. Without a targeted strategy in training, this objective will not be attained.

NATIONAL TASK FORCE ON ARTHRITIS; LONG-RANGE PLAN

To encourage the best use of national resources in combating arthritis from all aspects, the bill as reported requires the establishment of a national task force on arthritis to develop a long-range plan to combat arthritis and related muskuloskeletal and other related diseases. The committee believes the plan should define an orderly progression towards attaining specific goals within the limits of existing knowledge, point out the areas holding most promise of being pursued, the existing resources with which such areas can be explored, and the additional resources which are needed to follow through on such promises.

The committee believes the task force should, within the scope of the plan, provide for epidemiological studies; biomedical research, both basic and clinical; research into improved means of arthritis detection, treatment, prevention, and control; programs to determine how best to train the personnel needed to treat and rehabilitate individuals suffering from arthritis, including continuing education; programs to identify the maximum potential which exists in rehabilitation programs and how best to apply rehabilitation programs to achieve these maximum benefits; programs for public information and education; and programs which would develop a common descriptive vocabulary for the purpose of standardizing collection, storage, and retrieval of research and treatment data in order to facilitate collaborative and comparative studies of large patient populations.

SCREENING EARLY DETECTION, PREVENTION, AND CONTROL PROGRAMS

Testimony presented to the committee substantiated the need for incentives for the development of arthritis screening, detection, prevention, and control programs.

Early detection of arthritis, followed by appropriate treatment procedures can save years of disability and pain.

Dr. Ephraim Engleman of the University of California Medical School in San Francisco, Calif., advised the committee that:

> Improper or delayed diagnosis and treatment usually leads to crippling with serious disability. In many instances the damage to internal organs may be equally disabling. And yet as many as 12 million of the 20 million individuals with arthritis in the country make little or no effort to obtain medical attention.

Dr. Roland Moskowitz of the Case Western Reserve University School of Medicine, Cleveland, Ohio, testified before the Subcommittee on Health:

> New scientific discoveries now make possible the development and testing of effective screening programs to identify not only those persons with early arthritis, but also those with a susceptibility to the development of arthritis. Detection of these persons will then allow early intervention with therapy, and alleviation of damage done by these diseases. Identification of the high risk individuals will result in more patients entering treatment programs at the earliest possible stage of the disease which can curb the progressive nature of arthritis by taking advantage of improvements in disease therapy.

In addition, the epidemiologic information which would result from an organized screening, detection, prevention, and control program would provide the medical community with invaluable data on the natural history of the arthritic disorders and enable that community to evaluate the effectiveness of various treatment programs.

This epidemiologic information would also provide a valuable base of research information in efforts to improve the classification of arthritic diseases, and, in addition, provide guidance in the direction of research efforts.

The bill as reported provides for the establishment of programs, as necessary, for cooperation with other Federal health agencies, State, local, and regional public health agencies, and nonprofit private health agencies in the screening, detection, prevention, and control of arthritis. The committee views these programs as serving as a catalyst in disseminating knowledge about new diagnostic and treatment methods for arthritis, in addition to providing needed screening and detection programs in the community.

The committee has been dissatisfied with the performance of the National Institutes of Health in implementing the screening and detection programs mandated by the National Sickle Cell Anemia Control Act, Public Law 92-294, and hopes that the following statement by the administration does not indicate a similar lack of commitment to implementing the new authority contained in the reported bill:

> We are generally concerned with increasing the categorical disease control programs as part of the mandated mission of the NIH. The Department is concerned that these activities may detract from the basic research mission of the NIH.

The committee intends to provide continuing oversight to the Department's support of screening, detection, prevention, and control program authorized by S. 2854.

DATA BANK

The reported bill directs the establishment of an arthritis screening and detection data bank for the collection and dissemination of information useful in developing improved screening, prevention, and control programs. This program would be carried out in cooperation with the programs for screening and prevention authorized by the reported bill as well as in cooperation with the research and demonstration centers authorized by the reported bill.

EFFORTS TO PREVENT QUACKERY

The committee is particularly concerned by data indicating that $435 million is spent each year on arthritis quackery. This figure is merely the visible measure of the magnitude of this problem. Unfortunately, the serious effects of the use of ineffective and potentially harmful remedies can exacerbate arthritis or cause increased and unnecessary disabilities as well as death.

In 1964, as chairman of the Subcommittee on Frauds and Misrepresentations Affecting the Elderly of the Committee on Aging, Chairman WILLIAMS conducted intensive hearings on frauds perpetrated against the elderly. Those hearings demonstrated that frauds related to arthritis cures were among the most prevalent types of frauds experienced by aging Americans.

Arthritis education programs conducted under the auspices of the National Retired Teachers Association and the American Association of Retired Persons have been developed to bring accurate information about cures and treatments of arthritis to older persons. The enthusiastic reception this program has received is an indication of the need for additional education programs.

The bill as reported thus requires that screening, detection, prevention, and control programs shall include public information programs to discourage the promotion and utilization of unapproved and ineffective diagnostic or treatment procedures, including ineffective drugs and devices. In addition, the National Arthritis Task Force is directed to develop a program of periodic dissemination of information on the state of arthritis treatment and control procedures with a view toward discouraging the exploitation of the arthritis victim by unscrupulous promoters of false remedies.

The committee believes it is essential in combating arthritis quackery for organized medicine to become an advocate in the legislative process to defuse the false hopes offered by ineffective and possibly dangerous remedies and not to leave the responsibility to protect the public solely to public officials who do not have the medical expertise to evaluate alleged "cures."

NATIONAL ARTHRITIS RESEARCH AND DEMONSTRATION CENTERS

The reported bill authorizes the establishment of national arthritis research and demonstration centers which would serve as focal points within a geographical area to increase the application of the available knowledge about arthritis, to serve as training centers, and to provide an opportunity for collaboration between the basic researcher and the clinical researcher, and to demonstrate innovations in patient care on both an inpatient and outpatient basis.

The limited capacity of medical schools to train medical students, interns, and house staff in rheumatology, the brief encounter with arthritis of the orthopedic surgeon during his residency training, and the lack of on-the-job training programs for allied health personnel, calls for a focal point for the interdisciplinary training of health personnel to treat arthritis sufferers. The committee believes the center concept offers an excellent opportunity for such training. Dr. Clement B. Sledge, orthopedic surgeon in chief at the Robert Breck Brigham Hospital, the only arthritis teaching hospital in the country. testified before the subcommittee:

> I stress the need for arthritis centers on two counts: The nature of rheumatoid arthritis, which involves all ages, all body systems, and all anatomical areas, and the fact that it is a uniquely human disease.
>
> The protean manifestations of rheumatoid arthritis demand the services of rheumatologists, internists, cardiologists, neurologists, pediatricians, orthopedic surgeons, physical therapists, occupational therapists and rehabilitation nurses. All must have particular knowledge of the disease and its manifestations as well as a knowledge of what the other members of the team have to offer to the patient with a chronic disabling disease. This special kind of knowledge and team work lie outside the usual training format of these specialties. It becomes a specialty in and of itself and must be perpetuated through education of succeeding generations. Medical students and residents in training must be exposed to this integrated team approach to the arthritic, carried out in centers which are large enough to bring together a critical mass of educators in the respective fields involved. These health care professionals can interact most effectively in the format of a center, where all parties have a common interest in taking care of people with arthritis; where the facility is designed to make their care most effective; and where clinicians and investigators can interact at all levels for the benefit of these patients.

Mr. President, these centers can provide the locale for specialized inpatient care, but, because arthritis is a long-term chronic disease, the centers would also have to be oriented toward outpatient care. Convincing testimony was presented to the subcommittee as to the excellent opportunity such centers would provide for continuing education programs for physicians in the community, as well as for general public information and education programs for the community at large.

Dr. Harlan C. Amstutz, chief of the division of orthopedic surgery at the University of California at Los Angeles School of Medicine, testified to the great value to orthopedic and prosthetic research of a large number of patients such as could be amassed in arthritic centers. Further, he stated:

> Total joint replacement research must be an interdiscplinary effort such as could be accomplished in arthritis centers bringing together the skills and experience of clinicians, pathologists, materials engineers, mechanical engineers and electrical engineers to define problem areas and develop specific projects to study them.
>
> All disciplines are necessary to observe the progress of a program from its inception through all development stages including facilities and personnel to examine the materials available, study the appropriate design, verify the structural integrity of the device, apply it under controlled clinical conditions to the patient, and finally, maintain careful follow-up procedures to determine the long-term characteristics of the implant.
>
> Although some of these individual steps in the development of implant design could possibly be performed in an institution without all the resources, the effectiveness of such a program would be minimal without continuous interplay and testing of ideas. This integration can occur only in an organization which provides the disciplines and facilites needed to investigate problems relevant to the whole design and implantation.

The centers also, through contact with large numbers of patients, would be presented with an excellent opportunity for cooperative studies on a broad range of treatment procedures. These cooperative studies would be facilitated by the data bank established by the reported bill.

Dr. Virgil Hanson, the American Academy of Pediatrics stated:

> It is important that research be an integral part of the program of the arthritis centers and particularly is this true in childhood arthritis. Many of the childhood syndromes of arthritis remain to be thoroughly defined and the physiology of the growing human organism gives risk to problems distinct from those seen in the mature state. Furthermore, the discipline of research provides the needed critical approach required for the development and evaluation of new modes of therapy.

The committee believes research in and treatment of those arthritis disorders affecting children is essential and included in the bill a direction to give appropriate attention to the development of centers capable of answering to their special needs.

INSTITUTE ASSOCIATE DIRECTOR FOR ARTHRITIS

The reported bill provides for the establishment of the position of Associate Director for Arthritis within the National Institute of Arthritis, Metabolism, and Digestive Diseases. Both the House—No. 93–1140—and the Senate—No. 93–1146—committee reports on H.R. 15580, the fiscal year 1975 Labor-HEW Appropriations Act, urged the establishment of such an Associate Director position—Senate Report, page 49.

The reported bill gives the Associate Director, under the supervision of the Director of the Institute, the responsibility for programs regarding arthritis within that Institute.

The committee urges the Director and the Associate Director to give full consideration to the need to place an appropriate emphasis on orthopedic research and orthopedic procedures in the implementation of programs authorized by S. 2854, as well as in programs authorized under the Public Health Service Act general research authorities of the Institute. The committee believes that orthopedic research is a very important component of arthritis research and is concerned with the minimum support given orthopedic research as it relates to arthritis in the Institute.

COORDINATING COMMITTEES

The committee also believes that formal mechanisms to insure the coordination of programs related to arthritis within the National Institutes of Health and the Department of Health, Education, and Welfare, as well as within the Federal Government in general, are essential. For that reason, the bill as reported provides for coordinating committees at each level.

The committee believes programs supported by other Federal agencies would impact substantially on the expanded mission of the Institute which will result from enactment of S. 2854. The mechanism—an Interagency Technical Committee on Arthritis—for routine and periodic exchange of information authorized by the reported bill will facilitate coordination of related programs.

VETERANS' ADMINISTRATION ACTIVITY IN ARTHRITIS

The programs conducted by the Veterans' Administration provide a unique opportunity to share the results of basic and clinical research as well as the effectiveness of new treatment methods.

Arthritis is a common problem among the patients of the Veterans' Administration. In fiscal year 1973, arthritis was the prinicipal diagnosis of 15,323 hospitalized patients and an associated diagnosis in 30,674 other cases. Of the total, about 33,000 suffered from osteoarthritis, some 8,000 from rheumatoid arthritis and allied conditions, and 5,000 from other forms of arthritis. An even larger number of arthritic patients were seen in VA clinics.

As the veterans population ages, arthritis will become an even larger problem. The Department of Medicine and Surgery for many years has conducted research on various aspects of arthritis. At present, 56 projects are related to some aspect of rheumatoid arthritis, 15 to osteoarthritis, 19 to gout and pseudogout, and 9 to other forms of arthritis.

The current research ranges from study of the fundamental changes in bone, cartilage, and immunological mechanisms to evaluation of treatment methods. Not all of these projects deal exclusively with arthritis so that it is impossible to assign an absolute figure for VA research expenditures in the field; it is estimated, however, that about $500,000 annually can be ascribed to VA arthritis research.

The increasing emphasis on aging by the VA research program will include arthritis studies. This disease group is recognized as especially important since the VA is interested in improving the quality of life—rather than simply prolonging the life—of the elderly veterans.

* * * * *

SECTION-BY-SECTION ANALYSIS

Section 1. Establishes the title of the proposed Act as the "National Arthritis Act".

Section 2. Sets forth twelve findings and declarations by the Congress with respect to: the severity and prevalence of arthritis; the cost of arthritis to the national economy; the need for improved treatment, diagnostic procedures, training, and research in arthritis; the need for facilities with properly trained personnel to provide treatment and rehabilitation for persons suffering from arthritis; the need for public education programs; and the special potential and unique ability of the National Institute of Arthritis, Metabolism, and Diseases (NIAMDD) to play a major role in a national attack on arthritis.

Section 3. Amends Part D of title IV of the Public Health Service Act by adding new sections 437 through 439C.

New Section 437: Subsection (a) directs the Secretary of Health, Education, and Welfare, to establish, within 60 days of enactment of the proposed National Arthritis Act, a National Task Force on Arthritis to formulate a long-range Arthritis Plan to combat arthritis; and specifies that the Plan shall include recommendations for the utilization and organization of national resources for the campaign against arthritis and a program for the NIAMDD to act as a major participant in the campaign against arthritis.

Subsection (b) of the new section 437 directs that the Arthritis Plan shall provide for investigation in the epidemiology and etiology of arthritis; research in the basic biological processes and mechanisms underlying arthritis, and in techniques of diagnosis, early detection, treatment, and prevention of arthritis; programs to evaculate and demonstrate preventive, diagnostic, therapeutic, rehabilitative, and control approaches to arthritis; programs for the education and continuing education of scientists, bioengineers, primary care physicians, clinicians, other health and allied health professionals, and educators in the fields and specialties relating to arthritis; programs for public education relating to arthritis (including periodic public information programs on the most current developments in diagnostic and treatment procedures to discourage the promotion of unapproved and ineffective treatment methods); the development of a common descriptive vocabulary in basic and clinical arthritis research; the development of a national data storage bank on arthritis research, diagnosis, prevention control, and treatment; and a plan for international cooperation in and exchange of knowledge on all aspects of research, diagnosis, treatment, prevention, and control of arthritis.

Subsection (c) of the new section 437 provides that the membership of the Task Force shall consist of the Secretary or his designee, the Director of the National Institutes of Health or his designee, the Associate Director for Arthritis (established by the proposed Act), the director of the National Institute of General Medical Sciences, the Chief Director of the Veterans Administration, and the Secretary of Defense or his designee, as ex officio members, and seven arthrtis-oriented scientists or physicians (of whom at least 2 shall be practicing clinical rheumatologists and one an orthopedic surgeon), three representatives of the general public (of whom at least two are arthritis sufferers); and one member of the National Advisory Council of the NIAMDD.

Subsection (d) of the new section 437 directs the Secretary to designate one member of the Task Force as Chairman, provides that the Task Force shall first meet at the call of the Secretary and thereafter at the call of the Chairman, and directs that the Task Force shall meet not less than three times.

Subsection (e)(1) of the new section 437 requires the Task Force to publish and transmit the Arthritis Plan to the Director of the Institute not later than nine months after the date of enactment of the proposed National Arthritis Act.

Subsection (e)(2) of the new section 437 requires that, not later than 60 days after the Task Force transmits the Arthritis Plan to the Director, the Director shall submit the Plan to Congress with his proposals for Institute activities for the first five years under the Arthritis Plan, and an estimate of the additional staff and appropriations needed to carry out such activities. Provision is included that if the Plan is submitted for review by any Federal agency, the plan or report submitted to Congress shall specify any changes and the reasons for them made during any such review process, and, if review of the Plan delays its submission to Congress, the plan shall be submitted to Congress in the form it was submitted to such review process by the time specified in the new section 437.

Subsection (f) of the new section 437 authorizes the Task Force to hold hearings, take testimony, and sit and act at such times and places as the Task Force deems advisable in order to develop the Arthritis Plan.

Subsection (g) of the new section 437 directs the Director of the Institute to designate a member of the staff of the Institute to act as Executive Secretary of the Task Force and to provide the Task Force with such staff and information and the services of consultants as may be necessary to assist the Task Force to carry out its functions.

Subsection (h) of the new section 437 authorizes appropriate travel and a GS-18 rate of per diem compensation for members of the Task Force who are not officers or employees of the Federal Government.

Subsection (i) of the new section 437 authorizes the appropriation of $500,000 for FY 1975 and FY 1976 to carry out the purposes of new section 437 and specifies that the sums shall remain available until expended and are in addition to amounts appropriated for arthritis research pursuant to the general appropriation to the NIAMDD.

New section 438: Subsection (a) establishes, in the Institute, the position of Associate Director for Arthritis, who shall report to the Director of the Institute and be responsible for programs with regard to arthritis within such Institute (including those carried out under preexisting NIAMDD authority).

Subsection (b) of the new section 438 directs the establishment of an Inter-Institute Arthritis Coordinating Committee composed of representatives of each of the Institutes and divisions involved in arthritis-related research, to be chaired by the Associate Director for Arthritis. The Committee is to prepare an annual report for the Director of the National Institutes of Health detailing the work of the committee in coordinating the research activities of NIH relating to arthritis during the preceding year.

Subsection (c) of the new section 438 establishes an Intradepartmental Arthritis Coordinating Committee composed of representatives of each of the DHEW agencies involved in research services, or rehabilitation programs affecting arthritis to be chaired by the Associate Director for Arthritis. The Committee is to prepare an annual report for the Secretary describing the Committee's work in coordinating programs during the preceding year.

Subsection (d)(1) of the new section 438 establishes an Interagency Technical Committee on Arthritis which shall be responsible for promoting the coordination of Federal health programs and activities relating to arthritis.

Subsection (d)(2) of the new section 438 provides that the Director of the Institute and the Associate Director for Arthritis shall serve as chairman and cochairman respectively of the Committee and that the Committee shall include appropriate health official representation from the Veterans Administration, the Department of Defense, and all other Federal agencies with programs involving health functions or responsibilities, as determined by the Secretary.

Subsection (d)(3) of the new section 438 provides that the Interagency Technical Committee shall meet at the call of the Chairman, but not less often than four times a year.

New section 439A: Subsection (a) provides for the establishment of arthritis screening, early detection, prevention, and control programs, in cooperation with other Federal health agencies, State, local, and regional public health agencies, and non-profit private health agencies.

Subsection (b) of the new section 439A specifies the activities which may be included under such programs.

These include:

(1) programs to develop improved methods of detecting individuals with a risk of developing arthritis;

(2) programs to develop improved methods of intervention against those factors which cause individuals to have a high risk of developing arthritis;

(3) programs to develop health professions and allied health professions personnel highly skilled in the control of arthritis including continuing education of such personnel;

(4) community consultative services to facilitate new and problem patient referral from local hospitals and physicians to Arthritis Consultation Boards of the centers for diagnostic workup, including laboratory analyses and consultations with primary physicians on preferred rehabilitation management;

(5) programs to disseminate the results of research and to develop means of standardizing patient data and recordkeeping; and

(6) public information programs to include the dissemination of information on the importance of early detection of signs and symptoms and of seeking prompt treatment, and to discourage the promotion and utilization of unapproved and ineffective treatment methods.

Subsection (c) of the new section 439A provides that programs supported under new section 439A may also carry out projects and programs funded under other provisions of law related to programs and projects authorized under new section 439A.

Subsection (d) of the new section 439A authorizes the appropriation of $5,000,000 for fiscal year 1975, $10,000,000 for fiscal year 1976, and $15,000,000 for fiscal year 1977 to carry out section 439A, and specifies that such authorizations are in addition to sums appropriated for arthritis research pursuant to the general appropriation to the NIAMDD.

New section 439B. Subsection (a) directs the development of centers for basic and clinical research into, training in, and demonstration of advanced diagnostic, prevention, control, and treatment methods for arthritis, including research into implantable biomaterials and orthopedic procedures; and authorizes cooperative agreements with public or non-profit private agencies or institutions to pay all or part of the cost of planning, establishing or strengthening, and providing basic operating support for, existing or new such centers.

Subsection (b) of new section 439B directs that centers developed under new section 439B, in addition to carrying out research, training, and demonstration projects, shall carry out screening, detection, prevention, and control programs, as described in new section 439A, and specifies that funds under new section 439B may be used for staffing and other basic operating costs, including such patient care costs as are required for research training; training for allied health professions personnel; demonstration purposes; and certain renovation of buildings and structures to the extent necessary to make them suitable for use as research and demonstration centers. Specifies that support may be for a period of not to exceed three years and may be extended for additional periods of up to three years each.

Subsection (c) of the new section 439B provides that centers supported under new section 439B may also carry out projects and programs funded under other provisions of law related to programs and projects authorized under the new section 439B.

Subsection (d) of the new section 439B directs that, insofar as practicable, the Director shall provide for an equitable geographic distribution of centers with appropriate attention to the need for centers having the capability to respond to the special needs of children affected by arthritis.

Subsection (e) of the new section 439B authorizes the appropriation of $10,000,000 for fiscal year 1975, $15,000,000 for fiscal year 1976, and $20,000,000 for fiscal year 1977 to carry out section 439B, and specifies that such authorizations are in addition to sums appropriated for arthritis research pursuant to existing research authorities of the Public Health Service Act.

New section 439C directs the Director of the Institute to submit an annual report to the President and to Congress which report shall include a proposal for the Institute's activities under the Arthritis Plan for the succeeding five years with an estimate of additional appropriations and staff positions, including increased appropriations authorizations, as may be required to pursue activities and a program evaluation of the activities of the Institute during the preceding calendar year, as measured against the proposal for that year for activities under the Arthritis Plan.

Members of the Senate Who Are Cosponsors of S. 2854, National Arthritis Act Introduced by Senators Cranston, Javits, and Williams

James Abourezk, James B. Allen, Howard H. Baker, Birch Bayh, J. Glenn Beall, Jr., Henry Bellmon, Wallace F. Bennett, Lloyd Bentsen, Alan Bible, Joseph R. Biden.

Bill Brock, Edward W. Brooke, Quentin N. Burdick, Robert C. Byrd, Howard W. Cannon, Clifford P. Case, Lawton Chiles, Frank Church, Dick Clark, Marlow W. Cook, Norris Cotton, Alan Cranston.

Robert Dole, Pete V. Domenici, Peter H. Dominick, Thomas F. Eagleton, Paul J. Fannin, Hiram L. Fong, J. W. Fulbright, Barry Goldwater, Mike Gravel.

Robert P. Griffin, Edward J. Gurney, Clifford P. Hansen, Philip A. Hart, Vance Hartke, Floyd K. Haskell, Mark O. Hatfield, William D. Hathaway.

Ernest F. Hollings, Harold E. Hughes, Hubert H. Humphrey, Daniel K. Inouye, Henry M. Jackson, Jacob K. Javits, J. Bennett Johnston, Jr., Edward M. Kennedy.

Warren G. Magnuson, Charles McC. Mathias, Jr., Gale W. McGee, George S. McGovern, Thomas J. McIntyre, Lee Metcalf, Howard M. Metzenbaum, Walter F. Mondale.

Joseph M. Montoya, Frank E. Moss, Edmund S. Muskie, Gaylord Nelson, Sam Nunn, James B. Pearson, Claiborne Pell, Charles H. Percy.

Jennings Randolph, Abraham Ribicoff, William V. Roth, Jr., Richard S. Schweiker, Hugh Scott, John Sparkman, Robert T. Stafford.

Ted Stevens, Adlai E. Stevenson, Robert Taft, Jr., John Tower, John V. Tunney, Lowell P. Weicker, Jr., Harrison A. Williams, Jr., Milton R. Young.

Mr. CHURCH. Mr. President, I rise in support of S. 2854 for many reasons. I believe it offers a balanced program intended to help our Nation deal more effectively with one of the most pervasive and destructive of all diseases, those ailments grouped under the overall heading of "Arthritis."

But the point I particularly want to make today is that S. 2854 has special importance for older Americans.

As chairman of the Senate Committee on Aging, I will limit myself to comments about that age group, even though I recognize—of course—that arthritis afflicts the young as well as the elderly.

Information provided to me by the Arthritis Foundation indicates that:

In the over-65 age group, 44.9 percent of women suffer from some form of arthritis, as do 28.7 percent of the men.

Rheumatism, a disease related to arthritis, affects 41 out of every 100 persons 65 years or over, as compared to 22.5 per 100 between 45 and 64.

Restricting activity days due to arthritis stands at about 15.6 per year for 65-plus persons, compared to 10.9 for 45 to 65, but this estimate is probably low.

One of the major problems related to arthritis among older Americans is the widespread assumption that the disease is an inevitable concomitant of aging. But, this is certainly not the case. In the words of the Arthritis Foundation, osteoarthritis "may develop as a result of various biochemical and biomechanical processes capable of being interrupted by therapy."

Clearly, the research needs in this area alone are great, and so is the need for specialized training which will deal more realistically with rehabilitation and prevention of osteoarthritis and related ailments among persons in the upper age brackets.

I am sure that passage of S. 2854 would encourage such efforts, and I am convinced, too, that enactment of that bill would also lead to much more effective action at the community level. In calling for development of research and demonstration centers, S. 2854 would enable application of new knowledge and practices, with the help and awareness and the full understanding of the public for whom the new knowledge and techniques would be put to work.

Such has been the case in Lewiston, Idaho, since 1971, when an Arthritis Clinic was established there in conjunction with St. Joseph's Hospital. The clinic draws upon the staff and facilities of the hospital, the Idaho Arthritis Foundation, the United Fund, the Idaho Board of Health, and the volunteer services of local physicians and two internists who come from Seattle as consultants.

This example deserves broader support and emulation in other parts of the Nation. I believe that S. 2854 would encourage such action, and I join Senator Cranston in asking for favorable action by the Senate.

Mr. JAVITS. Mr. President, since I joined with Senators Cranston and Williams in the introduction of the National Arthritis Act—S. 2854—the measure has gained the sponsorship of 75 Senators—a tribute to the deep public concern about the need to establish a national commitment to launch an attack on arthritis, the Nation's No. 1 crippling disease.

Arthritis is a major health problem in the United States—estimated to affect more than 20 million Americans, and 1 out of every 4 families.

In addition to its toll in terms of the human pain and suffering and chronic disability caused by arthritis its economic dimensions are staggering. The annual cost to the Nation due to medical care bills and lost wages caused by arthritis is $9.2 billion and it is rising steadily.

I am concerned that the needs of victims of arthritis—1 out of every 10 Americans are afflicted with arthritis severe enough to require medical care—are not being met at the present time and I believe these needs cannot be met in the future unless the Federal Government expands its leadership role in this area. We must provide the financial support that is essential to combating arthritis and unnecessary crippling.

I believe the bill we are now considering—in great measure reflecting the dynamic leadership of the chairman of the Health Subcommittee, Senator Kennedy—will assure the Federal Government mounts an effective attack on arthritis.

A unique facet of the bill is its approach to the problem—presented to the committee during hearings on the measure in which I participated—with respect to data indicating that $435 million is spent each year on arthritis quackery. This figure is merely the visible measure of the magnitude of this problem. Unfortunately, the serious effects of the use of ineffective and potentially harmful remedies can exacerbate arthritis or cause increased and unnecessary disabilities as well as death.

The bill as reported requires that screening, detection, prevention, and control programs shall include public information programs to discourage the promotion and utilization of unapproved and ineffective diagnostic or treatment procedures, including ineffective drugs and devices. In addition, the National Arthritis Task Force is directed to develop a program of periodic dissemination of information on the status of arthritis treatment and control procedures with a view toward discouraging the exploitation of the arthritis victim by unscrupulous promoters of false remedies.

I believe it is essential in combating arthritis quackery for organized medicine to become an advocate in the legislative process to defuse the false hopes offered by ineffective and possibly dangerous remedies and not to leave the responsibility to protect the public solely to public officials who do not have the medical expertise to evaluate alleged "cures."

In closing, I believe it is important to point out that New York was at the forefront of the funding of the national movement against arthritis.

Since nearly 26 years ago, when the Arthritis Foundation was founded, the foundation's chapter in New York City has led the way in every aspect of arthritis research, patient care and information on the disease in the years that followed. The first vocational rehabilitation programs for arthritis sufferers were begun in New York, and these programs were adopted by other organizations as model programs to assist victims of other diseases. New York also initiated homecare programs for arthritis sufferers which have served as national models, and is responsible for launching the nationwide movement to combat quackery in arthritis—a $403 million health problem.

Today, the chapter and the foundation's national headquarters—also located in New York—support a total of 11 arthritis clinical research centers in New York, all of which are deeply involved in major research and its application to improved patient care to people of all ages afflicted with the disease.

Yet the foundation alone cannot meet the total needs of arthritis sufferers in New York State. The arthritic victims steadily increase from year to year—there are an estimated 1.6 million New Yorkers afflicted with this crippling disease and hundreds of thousands of New Yorkers who will be added to the arthritis "roster of human pain and suffering"—yet unfortunately Federal allocations to find an answer to this crippling disease are at a standstill, having leveled off from 1972 to date.

Senior citizens—700,000 have a moderate to severe form of arthritis—are not alone, however, when it comes to the disease. Wage-earning women and men are particularly hit by rheumatoid arthritis; children, including the newborn, are victimized by the juvenile form of the disease. In New York State, children suffering with arthritis number an alarming 20,000.

But arthritis is not solely New York's problem, and I urge my colleagues to support the National Arthritis Act.

Mr. KENNEDY. Mr. President, as the Senate Health Subcommittee has studied the health system of this country, it has become evident that there is still an enormous gap between our ability to meet medical emergencies and deal with acute diseases over the short term, and how we treat the nearly 50 percent of our population afflicted with chronic diseases, such as arthritis. These latter individuals are being shortchanged from the start—from their usually futile search for a physician adequately trained in the diagnostic criteria established for these diseases—to the lack of a coordination among the various medical resources.

The bill that is before the Senate, S. 2854, the "National Arthritis Act", introduced by my esteemed colleague, Senator CRANSTON of California, affects the future of 50 million Americans who have arthritis and the hundreds of millions yet unborn who are likely to have it. I want to compliment him on the leadership he has demonstrated in this crucial area.

Arthritis affects over 20 million Americans, so severely, that they require medical care. It is little wonder then that arthritis reportedly accounts for 10 percent of all visits to physicians, for up to $600 million annually in prescription drugs, for one-half of all the aspirin consumed, and for disability payments second only to heart disease.

Arthritis strikes both the young and the elderly. For reasons we do not yet understand, it strikes women twice as frequently as men. The overall economic impact of this dread disease is more than $9 billion a year.

I am familiar with the work of the Brigham Hospital in Boston, the only university-affiliated hospital in the country which specializes solely in the rheumatic diseases, and I can see, why they are so effective as a research-teaching-and-caring institution, because they have achieved procedures which encourage the free flow and interfacing of a variety of medical disciplines.

I want every American who needs this kind of superb medical care to be able to receive it.

I understand that the Arthritis Foundation has already made a start in trying to create rheumatic disease units in our teaching hospitals, and that since 1965 it has supported some 42 of these units at a very modest level of funding.

I believe the time has come to expand these efforts.

S. 2854 provides for the establishment of a national task force to formulate a long-range "arthritis plan" to combat arthritis and related musculoskeletal and other related diseases. The plan includes recommendations for the utilization and organization of appropriate national resources in a campaign against arthritis as well as a program, specifically to be carried out by the National Institute of Arthritis, Metabolic, and Digestive Diseases, as a major focal point for a concerted attack against arthritis.

In addition, certain provisions in the bill would establish administrative mechanisms within the Department of Health, Education, and Welfare, to ensure the interaction and coordination of all programs related to arthritis. S. 2854 establishes the position of Associate Director for Arthritis within the National Institute for Arthritis, Metabolic, and Digestive Diseases, who, under the supervision of the Director of the Institute is given responsibility for administering programs regarding arthritis within that Institute.

The bill also provides greater coordination of programs within the National Institutes of Health, an Interinstitute arthritis coordinating committee is established composed of representatives of each of the institutes and divisions involved in arthritis-related research: and an intra-departmental arthritis coordinating committee is established to coordinate programs within the Department which would impact upon the research, including approval of drugs and devices, health services, or rehabilitation programs affecting arthritis.

To achieve the optimum advantage of all Federal programs affecting arthritis research, treatment, or rehabilitation, an interagency technical committee on arthritis is established with representatives of all Federal Departments and Agencies involving health functions or responsibilities related to such functions.

S. 2854 also provides for the establishment, insofar as it is consistent with the arthritis plan, of screening, early detection, prevention, and control programs in cooperation with other Federal health agencies, and State, local, and regional public health agencies and entities. The bill also provides for the development, again consistent with the arthritis plan, of research and demonstration centers, to provide an opportunity for intensive, interdisciplinary arthritis research and training in and demonstration of advanced diagnostic, prevention, treatment, and control methods for arthritis.

Finally, Mr. President, I want to draw attention to the excellent bipartisan cooperation within our committee regarding this legislation. I specifically want to compliment the very distinguished ranking minority member of the committee, Senator JAVITS of New York. He has consistently and enthusiastically brought his expertise and wisdom to the crucial health legislation on which the committee acts. As chairman of the Health Subcommittee, I want to congratulate him on his sustained record of excellence on health legislation.

Mr. President, I urge my colleagues to support S. 2854.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NATIONAL SCIENCE POLICY AND PRIORITIES ACT

The Senate proceeded to consider the bill (S. 32) to amend the National Science Foundation Act of 1950 in order to establish a framework of national science policy and to focus the Nation's scientific talent and resources on its priority problems, and for other purposes, which had been reported from the Committee on Labor and Public Welfare with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "National Policy and Priorities for Science and Technology Act of 1974".

STATEMENT OF FINDINGS AND DECLARATION OF POLICY

SEC. 2. (a) The Congress, recognizing the profound impact of science and technology on society, and the interrelations of scientific, technological, economic, social, political, and institutional factors, hereby finds that—

(1) Federal funding for science and technology represents an investment in the future, which is indispensable to sustained national progress;

(2) the manpower pool of scientists and engineers constitutes an invaluable national resource which should be utilized to the maximum extent possible at all times;

(3) the scientific and technological capabilities within the United States, if properly applied and directed, could effectively assist in improving the quality of life and in anticipating and resolving many critical and emerging national problems;

(4) strong participation by State and local governments is essential to the successful solution of many civilian problems, and in developing programs for the application of science and technology to civilian needs and to setting civilian research and development activities priorities;

(5) the maintenance and strengthening of diversified scientific and technological capabilities in government, industry and the universities, and the encouragement of independent initiatives based on such capabilities, are essential to the most effective use of science and technology in resolving critical and emerging national problems;

(6) a more systematic approach is needed to identify critical and emerging national problems and to analyze, plan, and coordinate Federal science and technology programs, policies, and activities intended to contribute to the resolution of such problems; and

(7) the effectiveness of scientific and technological contributions to improvements in the quality of life and the resolution of critical and emerging national problems depends on the maintenance of a strong base of knowledge in science and advanced technology together with a resource of highly qualified scientists and engineers.

(b) The Congress declares that it is the continuing policy and responsibility of the Federal Government to take appropriate measures directed toward achieving the following goals—

(1) there must be a continuing Federal investment in science and technology adequate to the needs of the Nation;

(2) the level of this investment must be adjusted annually with regard to particular needs and opportunities and the prevalent economic situation;

(3) the Federal investment in science and technology must be allocated annually among the priority needs of the Nation, including the need to maintain the Nation's strength in basic research and education in science and engineering;

(4) scientists, engineers, and technicians must have continuing opportunities for socially useful employment in positions commensurate with their professional, technical capabilities; and

(5) the National capabilities for technological planning and policy formulation must be strengthened.

(c) Therefore, it is declared to be the purpose of this Act to promote the effective application of science and technology to the furtherance of national goals by—

(1) establishing a Council of Advisers on Science and Technology in the Executive Office of the President to provide a source of scientific ad technological analysis and judgment to the President;

(2) establishing an Intergovernmental Science and Technology Advisory Committee to foster the application of science and technology to State and regional needs;

(3) establishing an Interagency Federal Coordinating Committee on Science and Technology to coordinate agency research and development efforts; and

(4) having the President submit an annual Science and Technology Report to the Congress.

TITLE I—COUNCIL OF ADVISERS ON SCIENCE AND TECHNOLOGY

ESTABLISHMENT OF COUNCIL

SEC. 101. (a) There is established in the Executive Office of the President a Council of Advisers on Science and Technology (hereinafter referred to as the "Council"). The Council shall be composed of three Members who shall be appointed by the President, by and with the advice and consent of the Senate from among individuals who, by reason of their training, experience, and attainments, are exceptionally qualified to analyze and interpret scientific and technological developments; to appraise and recommend programs, policies, and activities of the Federal Government in the light of the policy declared in section 2; and are sensitive to the economic, social, esthetic, and cultural needs and interests of the Nation.

(b) The President shall dseignate one of the members of the Council as Chairman and one as Vice Chairman, who shall act as Chairman in the absence of the Chairman.

(c) Members of the Council shall serve full time and the Chairman of the Council shall be compensated at the rate provided for level II of the Executive Schedule (5 U.S.C. 5313). The other members of the Council shall be compensated at the rate provided for level IV of the Executive Schedule (5 U.S.C. 5315).

(d) The Council may employ such officers and employees as may be necessary to carry out its functions under this Act. In addition, the Council may employ and fix the compensation of such experts and consultants as may be necessary for the carrying out of its functions under this Act, in accordance with section 3109 of title 5, United States Code (but without regard to the last sentence thereof).

(e) The Council shall have the authority, within the limits of available appropriations, to enter into contracts or other arrangements for the carrying out by organizations or individuals, including other Government agencies, of such activities as the Council deems necessary to carry out the purposes of this Act.

FEDERAL INVESTMENT IN SCIENCE AND TECHNOLOGY

SEC. 102. (a) The Council shall annually appraise progress in science and technology in relation to the needs of the Nation and, taking account of the state of the economy through consultation with the Council of Economic Advisers, shall determine the desired level of Federal investment in science and technology for the fiscal year immediately following the fiscal year in which such determination is made.

(b) On the basis of such determination, the Council shall make appropriate recommendations to the President and the Congress regarding the desired level of Federal investment in science and technology for the fiscal year immediately following the fiscal year in which such recommendations are made.

SCIENCE AND TECHNOLOGY PRIORITIES

SEC. 103. (a) The Council shall annually assess alternative uses of Federal funds for science and technology in relation to scientific and technical opportunities and national needs, and on the basis thereof shall determine a set of priorities for allocating Federal funds among major expenditure areas in science and technology, which pertain to the fiscal year immediately following the fiscal year in which such determination is made.

(b) On the basis of such determination, the Council shall make appropriate recommendations to the President and the Congress regarding such priorities.

SCIENCE AND TECHNOLOGY POLICY ANALYSIS AND PLANNING

SEC. 104. (a) The Council shall serve as a source of scientific and technological analysis and judgment for the President with respect to major policies, plans, and programs of science and technology of the Federal Government. In carrying out this function, the Council shall—

(1) seek to define a coherent approach for applying science and technology to critical and emerging national problems and for coordinating the scientific and technological responsibilities and programs of the Federal departments and agencies in the resolution of such problems;

(2) assist and advise the President in the preparation of the Science and Technology Report, in accordance with section 108 of this title;

(3) gather timely and authoritative information concerning significant developments and trends in science, technology, and in national priorities, both current and prospective, to analyze and interpret such information for the purpose of determining whether such developments and trends are interfering, or are likely to interefere, with the achievement of the policy set forth in section 2 of this Act;

(4) initiate studies and analyses, including systems analyses and technology assessments of alternatives available for the resolution of critical and emerging national problems amenable to the contributions of science and technology and, insofar as possible, determine and compare probable costs, benefits, and impacts of these alternatives;

(5) review and appraise the various programs, policies, and activities of the Federal Government in the light of the policy set forth in section 2 of this Act for the purpose of determining the extent to which such programs, policies, and activities are contributing to the achievement of such policy, and to make recommendations to the President with respect thereto;

(6) report at least once each year to the President on the overall activities and accomplishments of the Council, pursuant to section 108 of this title; and

(7) perform other duties and functions and make and furnish such studies, reports thereon, and recommendations with respect to matters of policy and legislation as the President may request.

FUNCTIONS OF THE CHAIRMAN

SEC. 105. The Chairman of the Council shall, in addition to the other duties and functions set forth in this title—

(1) serve as the Science and Technology Adviser to the President;

(2) serve as Chairman of the Federal Coordinating Committee for Science and Technology established under title II of this Act;

(3) appoint, assign the duties, and fix the compensation of personnel without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates, at rates not in excess of the rate prescribed for GS–18 of the General Schedule under section 5332 of such title; and

(4) perform such other duties and functions as the President may request.

COORDINATION WITH OTHER ORGANIZATIONS

SEC. 106. (a) In exercising its powers, functions, and duties under this title, the Council shall—

(1) work in close consultation and cooperation with the heads of the Federal departments and agencies;

(2) utilize the services of consultants, establish such advisory committees, and, to the extent practicable, consult with State and local governmental agencies, with appropriate professional groups, and with such representatives of industry, the universities, agriculture, labor, consumers, conservation organizations, and other groups, organizations and individuals as it may deem advisable;

(3) hold such hearings in various parts of the Nation as the Council deems necessary, to determine the views of such agencies, groups, and organizations referred to in paragraph (2) of this subsection and of the general public, concerning trends in science and technology; and

(4) utilize to the fullest extent possible the existing services, facilities, and information (including statistical information) of public and private agencies and organizations, and individuals, in order that duplication of effort and expense may be avoided.

(b) Each department, agency, and instrumentality of the executive branch of the Government, including any independent agency, is authorized to furnish the Council such information as the Council deems necessary to carry out its function under this title.

(c) Upon request, the Administrator of the National Aeronautics and Space Administration is authorized to assist the Council with respect to carrying out its activities conducted under paragraph (4) of subsection 104(a) of this title.

STUDY OF FEDERAL ORGANIZATION FOR SCIENCE AND TECHNOLOGY

SEC. 107. (a) Not later than ninety days following appointment of the Council members, the Council shall contract with the National Academy of Sciences to conduct a study in order to recommend improvements in the Federal organization for civilian science and technology.

(b) Such contract shall contain provisions to assure that the study takes adequate account of the impact of Federal scientific and technical programs on—

(1) the generation of scientific and technical knowledge;

(2) the utilization of such knowledge in dealing with economic and social problems and opportunities;

(3) the utilization and enhancement of the Nation's scientific and technical manpower and resources;

(4) the strength of the economy, both domestically and internationally;

(5) the quality of the environment; and

(6) the interests of individuals and groups that may be affected by Federal scientific and technical programs.

(c) The study shall include, without being limited to—

(1) examination and appraisal of the existing Federal organization for civilian science and technology;

(2) consideration of possible improvements in such organization; and

(3) consideration of the establishment of such new departments, agencies, offices, or other organizations as may serve to strengthen the Nation's scientific and technical enterprise and increase the effectiveness of its application to the solution of national problems.

(d) In conducting its study, the Academy shall make maximum feasible use of related investigations and studies conducted by public and private agencies, including congressional hearings and reports.

(e) The Academy shall transmit to the Council not later than eighteen months after the starting date of the contract, a final report, containing detailed statements of the findings and conclusions of the Academy, together with its recommendations for improvements in the Federal organization for civilian science and technology.

SCIENCE AND TECHNOLOGY REPORT

SEC. 108. (a) The President shall transmit annually to the Congress, beginning October 15, 1975, a Science and Technology Report (hereinafter referred to as the "Report") which shall set forth—

(1) a review of developments of national significance in science and technology, including but not limited to, the mathematical, physical, social, and life sciences, and civil, chemical, electrical, and mechanical engineering, and other technologies;

(2) the significant effects of current and foreseeable trends in science and technology on the social, economic, and other requirements of the Nation;

(3) a review and appraisal of selected science and technology-related programs, policies, and activities of the Federal Government;

(4) an inventory and projection of critical and emerging national problems the resolution of which might be substantially assisted by the application of science and technology;

(5) the identification and assessment of scientific and technological measures that can contribute to the resolution of such problems, in light of the related social, economic, political, and institutional considerations;

(6) the existing and projected scientific and technological resources, including specialized manpower, that could contribute to the resolution of such problems;

(7) recommendations for legislation on science and technology-related programs and policies that will contribute to the resolution of such problems,

(8) recommendations with regard to Federal investment level and priorities in science and technology, as made by the Council pursuant to sections 102 and 103 of this title.

(b) The Council shall insure that the report is printed and made available as a public document.

(c) If the recommendations in the report regarding Federal investment level and priorities in science and technology are substantially different from those submitted by the Council to the President, then the report shall include an appendix containing the original recommendations of the Council to the President, along with the Council's supporting justification and the reasons why the President did not accept the recommendations as submitted.

TITLE II—FEDERAL COORDINATING COMMITTEE FOR SCIENCE AND TECHNOLOGY

ESTABLISHMENT AND FUNCTIONS OF FEDERAL COORDINATING COMMITTEE FOR SCIENCE AND TECHNOLOGY

SEC. 201. (a) There is established the Federal Coordinating Committee for Science and Technology (hereinafter referred to as the "Committee").

(b) The Committee shall be composed of the Chairman of the Council of Advisers on Science and Technology and one representative of each of the following: Department of Agriculture, Department of Commerce, Department of Defense, Department of Health, Education, and Welfare, Department of Housing and Urban Development, Department of the Interior, Department of State, Department of Transportation, Veterans Administration, Atomic Energy Commission, National Aeronautics and Space Administration, National Science Foundation, Environmental Protection Agency, and Energy Research and Development Agency. Each such representative shall be an official of policy rank designated by the head of the Federal agency concerned.

(c) The Chairman of the Council of Advisers on Science and Technology shall serve as Chairman of the Committee. The Chairman may make provision for another member of the Council, to act temporarily as Chairman of the Committee.

(d) The Chairman (1) may request the head of any Federal agency not named in subsection (b) of this section to designate a representative to participate in meetings or parts of meetings of the Committee concerned with matters of substantial interest to such agency, and (2) may invite other persons to attend meetings of the Committee.

(e) The Committee shall consider problems and developments in the fields of science and technology and related activities affecting more than one Federal agency, and shall recommend policies and other measures—

(1) to provide more effective planning and administration of Federal scientific and technological programs,

(2) to identify research needs including areas of research requiring additional emphasis.

(3) to achieve more effective utilization of the scientific and technological resources and facilities of Federal agencies, including the elimination of unnecessary duplication, and

(4) to further international cooperation in science and technology.

(f) The Committee shall perform such other related duties as shall be assigned, consonant with law, by the President or by the Chairman.

(g) For the purpose of effectuating this section, each Federal agency represented on the Committee shall furnish necessary assistance to the Committee in accordance with section 214 of the Act of May 3, 1945 (59 Stat. 134; 31 U.S.C. 691). Such assistance may include—

(1) detailing employees to the Committee to perform such functions, consistent with the purposes of this section, as the Chairman may assign to them, and

(2) undertaking, upon request of the Chairman, such special studies for the Committee as come within the functions herein assigned to the Committee.

(h) For the purpose of conducting studies and making reports as directed by the Chairman, standing subcommittees and panels of the Committee may be established in consonance with the provisions of section 214 of the Act of May 3, 1945 (59 Stat. 134; 31 U.S.C. 691).

ABOLITION OF FEDERAL COUNCIL FOR SCIENCE AND TECHNOLOGY

SEC. 202. The Federal Council for Science and Technology established pursuant to Executive Order 10807, dated March 13, 1959, as amended by Executive Order 11381, dated November 8, 1967, is hereby abolished.

TITLE III—NATIONAL SCIENCE FOUNDATION

NATIONAL SCIENCE POLICY

SEC. 301. Section 3(d) of the National Science Foundation Act of 1950 is amended to read as follows:

"(d) The foundation shall recommend and encourage the pursuit of national policies designed to foster research and education in science and engineering, and the application of scientific and technical knowledge to the solution of national problems."

NATIONAL SCIENCE BOARD

SEC. 302. Section 4 of the National Science Foundation Act of 1950 is amended—

(1) by inserting before the period at the end of subsection (a) a comma and the following: "within the framework of applicable national policies as set forth by the President and the Congress" and

(2) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) The persons nominated for appointment as members of the Board (1) shall be eminent in the fields of science, social science, engineering, agriculture, industry, education, or public affairs, (2) shall be selected solely on the basis of established records of distinguished service, and (3) shall be so selected as to provide representation of the views of leaders from a diversity of fields from all areas of the Nation. The President is requested, in the making of nominations of persons for appointment as members, to give due consideration to any recommendations for nomination which may be submitted to him by the National Academy of Sciences, the National Academy of Engineering, the National Association of State Universities and Land-Grant Colleges, the Sea Grant Association, the Association of American Universities, the Association of American Colleges and Universities, or by other scientific, technical, public interest or educational associations."

ASSISTANCE TO COUNCIL

SEC. 303. In order to carry out the purposes of this Act, the National Science Foundation is authorized to—

(1) gather and analyze information regarding Federal expenditures for research and engineering activities, and the employment and availability of scientific, engineering, and technical manpower, which the Foundation has assembled pursuant to paragraphs (1), (5), (6), and (7) of section 3(a) of the National Science Foundation Act of 1950 in order to appraise the implementation of the policies set forth in section 2 of this Act;

(2) provide such information and appraisals to the Council of Advisers on Science and Technology; and

(3) provide such additional information and staff assistance to the Council of Advisers on Science and Technology as the Council may request.

CONTINUING EDUCATION IN SCIENCE AND ENGINEERING

SEC. 304. (a) Not later than ninety days following enactment of this Act, the National Science Foundation shall initiate an educational program of continuing education in science and engineering in order to enable scientists and engineers who have been engaged in their careers for at least five years to pursue courses of study designed to—

(1) provide them with new knowledge, techniques, and skills in their special fields; or

(2) acquire new knowledge, techniques, and skills in other fields which will enable them to render more valuable contributions to the Nation.

(b) The program developed under this section shall include, but not be limited to—

(1) the development of special curriculums and educational techniques for continuing education in science and technology; and

(2) the award of fellowships to scientists and engineers to enable them to pursue courses of study which provide continuing education in science and engineering.

(c) From funds available pursuant to section 502, the Foundation is authorized to make grants to, and to enter into contracts with, institutions of higher education and other academic institutions, nonprofit institutes and organizations, and private business firms, for the purpose of developing courses and curriculums specially designed for continuing education in science and technology under this section.

(d) (1) From funds available pursuant to section 502 the Foundation is authorized to award continuing education fellowships to scientists and engineers to enable them to pursue appropriate courses of study.

(2) The Foundation shall allocate fellowships under this subsection in such manner, insofar as practicable, as will—

(A) attract highly qualified applicants; and

(B) provide an equitable distribution of such fellowships throughout the United States.

(3) The Foundation shall pay to persons awarded fellowships under this section such stipends (including such allowances for subsistence, health insurance, relocation expenses, for such persons and their dependents) as it may prescribe by regulation designed to accomplish the purposes of this Act.

(4) Fellowships shall be awarded under this section upon application made at such times and containing such information as the Foundation shall by regulation require.

TITLE IV—STATE AND REGIONAL SCIENCE AND TECHNOLOGY PROGRAMS

ESTABLISHMENT OF INTERGOVERNMENTAL SCIENCE AND TECHNOLOGY ADVISORY COMMITTEE

SEC. 401. (a) There is established in the National Science Foundation an Intergovernmental Science and Technology Advisory Committee.

(b) The Committee shall be composed of twenty-two members to be appointed as follows:

(1) Twenty members, two from each of the standard Federal regions, shall be appointed by the President, by and with the advice and consent of the Senate;

(2) A member of the Council selected by the Chairman of the Council; and

(3) The Director of the Foundation.

In making appointments under clause (1) of this subsection, the President is requested to consider the appointment of individuals who, by reason of education, experience, or interest, are especially qualified to serve on the Committee and to give due consideration to nominations received from the Council of State Governments, National Governors' Conference, National Conference of State Legislatures, International City Management Association, National League of Cities/United States Conference of Mayors, National Association of County Officials, and other public interest organizations.

(c) The term of office of each member of the Committee appointed under clause (1) of subsection (b) shall be three years; except that—

(1) the members first taking office shall serve as designated by the President, six for a term of one year, eight for a term of two years, and six for a term of three years; and

(2) any member appointed to fill a vacancy occurring prior to the expiration of the term to which his predecessor was appointed shall be appointed for the remainder of such term.

(3) Each appointed member of the Committee shall, while serving on business of the Committee, be entitled to receive compensation at a rate not to exceed the daily rate prescribed for GS–18 of the General Schedule under section 5332 of title 5, United States Code, including traveltime, and while so serving away from his home or regular place of business he may be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as the expenses authorized by section 5703(b) of title 5, United States Code, for persons in Government service employed intermittently.

FUNCTIONS OF THE COMMITTEE

SEC. 402. (a) The Committee shall advise and assist the Foundation in—

(1) identifying and defining civilian problems at the State, regional, and local levels and the environment in which solutions to these problems ought to be provided;

(2) identifying areas of highest priority for study, assessment, and development of policy alternatives by the Foundation under this title; and

(3) identifying and fostering ways to facilitate the transfer and utilization of results of civilian research and development activities so as to maximize the application of science and technology to civilian needs.

(b) The Committee is authorized to—

(1) assist the Director of the Foundation, as appropriate, in taking account of State and regional needs and opportunities in the formulation of the Foundation's plans and programs;

(2) assist the States, including the furnishing of technical assistance, in establishing State science advisory programs pursuant to section 404;

(3) develop and furnish to the States, at their request, advisory guidelines for the formulation of civilian research and development priorities within each State and within each standard Federal region;

(4) review and evaluate the effectiveness of programs and activities assisted under this title; and

(5) prepare and furnish to the Director of the Foundation for incorporation into the annual report of the Foundation to the Congress, a report of the activities of the Committee under this title, together with such recommendations, including recommendations for additional legislation, as the Committee deems appropriate.

(c) (1) The Committee shall annually elect a Chairman from among its regional members.

(2) The Committee shall meet at the call of the Chairman, but not less than four times a year.

(3) The Foundation shall make available to the Committee such information and assistance as may be required to carry out its functions under this section.

ADMINISTRATIVE PROVISIONS

SEC. 403. (a) Subject to such rules and regulations as may be adopted by the Committee, the Chairman shall have the power to—

(1) appoint and fix the compensation of an executive director, and such additional staff personnel as he deems necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at rates not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of such title, and

(2) procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5 United States Code.

(b) Each department, agency, and instrumentality of the executive branch of the Government, including independent agencies, is authorized and directed to furnish to the Committee, upon request made by the Chairman or Vice Chairman, such information as the Committee deems necessary to carry out its functions under this title.

GRANTS FOR STATE SCIENCE AND TECHNOLOGY PROGRAMS

SEC. 404. (a) The Director of the National Science Foundation, after consultation with the Intergovernmental Science and Technology Advisory Committee, is authorized to make grants of not to exceed $100,000 to any State to pay a part of the cost of establishing an Office of State Science and Technology.

(b) No grant may be made under this section unless an application is submitted at such time in such manner and containing or accompanied by such information as the Director after consultation with the Committee requires. Each such application shall contain provisions to assure that—

(1) the office for which assistance is sought under the application will (A) be headed by an official who by reason of education and experience is qualified to advise the chief executive of the State and other State and local public officials on the application of science and technology to civilian needs relating to that State or locality and (B) have sufficient authority consistent with State law

to carry out any functions assigned to that office pursuant to this title; and

(2) the State will assume the cost of the office established pursuant to this title no later than two years after the year in which the application is made.

(c) The Director shall approve any application which meets the requirements of subsection (b), and shall not disapprove any application without affording an opportunity for a hearing.

TITLE V—GENERAL PROVISIONS

DEFINITIONS

SEC. 501. As used in this Act:

(1) The term "Council" means the Council of Advisers on Science and Technology.

(2) The term "Foundation" means the National Science Foundation.

(3) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

(4) The term "standard Federal region" means each of the following regions:

(A) Region I: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

(B) Region II: the Commonwealth of Puerto Rico, New Jersey, New York, and the Virgin Islands.

(C) Region III: Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia.

(D) Region IV: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

(E) Region V: Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin.

(F) Region VI: Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

(G) Region VII: Iowa, Kansas, Missouri, and Nebraska.

(H) Region VIII: Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming.

(I) Region IX: Arizona, California, Hawaii, and Nevada.

(J) Region X: Alaska, Idaho, Oregon, and Washington.

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 502. (a) There are authorized to be appropriated $8,000,000 for the fiscal year ending June 30, 1975, of which $1,500,000 shall be available to carry out the provisions of section 107 of title I, $2,500,000 shall be available to carry out the other provisions of title I, $1,500,000 shall be available to carry out the provisions of title III, and $2,500,000 shall be available to carry out the provisions of title IV; and $14,000,000 for the fiscal year ending June 30, 1976, of which $5,000,000 shall be available to carry out the provisions of title I, $3,500,000 shall be available to carry out the provisions of title III, and $5,500,000 shall be available to carry out the provisions of title IV.

(b) Funds appropriated pursuant to subsection (a) of this section shall remain available for obligation, for expenditure, or for obligation and expenditure, for such period or periods as may be specified in Acts making such appropriations.

Amend the title so as to read: "A bill to establish a framework for the formulation of national policy and priorities for science and technology, and for other purposes."

Mr. KENNEDY. Mr. President, I rise in support of S. 32, the National Policy and Priorities for Science and Technology Act of 1974. This bill establishes a framework for national policy and priorities for science and technology.

The Nation needs sound policies and priorities for science and technology, and it needs them now. For the past 6 years there has been a depressing decline in the strength of the Nation's scientific and technical enterprise—measured against other advanced nations, against the increasing inflation, and against the magnitude of the problems to which these resources should be applied. For example, the proportion of the Russian gross national product—GNP—allocated to research and development—R. & D.—in 1971 was 15 percent higher than the proportion of the U.S. GNP allocated to R. & D. The number of scientists and engineers per 10,000 population was 37 for the U.S.S.R. compared to 25 for the United States. And the U.S. "patent balance" has declined in recent years, indicating fewer U.S. patents filed in foreign countries versus the increased rate of foreign patents filed in the United States.

Moreover, national expenditures for R. & D.—expressed in constant 1958 dollars—declined 6 percent between 1968 and 1971. Total R. & D. expenditures as a proportion of the GNP declined to 2.5 percent in 1972 from a high of 3 percent in 1964. The number of scientists and engineers engaged in R. & D. reached a peak of almost 560,000 in 1969 and declined each year thereafter for a total reduction of 35,000 by 1972. Federal funds for industrial R. & D. declined in current dollars after 1969. And the fraction of Federal outlays devoted to R. & D. fell from 12 to 7 percent between 1965 and 1972. As of 1972, 73 percent of all Federal R. & D. expenditures went for national defense and space and only 27 percent for civilian needs.

The impact of these indicators can best be seen in the slow rate of growth in U.S. productivity. Thus U.S. productivity gained only 39 percent over the last decade compared to 210 percent for Japan, 86 percent for West Germany, 81 percent for France, and 50 percent for the United Kingdom. And from 1966 to 1971, productivity gains in the United States were outpaced by increasing labor costs.

At the same time that the United States was shortchanging its resources for science and technology, the problems to which those resources should be applied were multiplying by leaps and bounds. The present energy crisis is, of course, the prime example.

Science gives us the knowledge to draw energy from the Sun, the wind, and the tides—all environmentally clean sources. Yet we find ourselves mortgaged to the modern robber barons of the Mideast for energy to heat our homes and move our people and goods. And the alternative offered by the administration is to lower our environmental standards and use higher pollutant coal.

Ever since I assumed the chairmanship of the Subcommittee on the National Science Foundation in 1969, I have urged a greater effort in solar, geothermal, and other nonconventional, environmentally sound energy sources. But in fiscal year 1973 the administration impounded a substantial portion of the solar research funds provided by the Congress and only during that past year has there been a grudging recognition by the administration of the need to put increasing resources into solar energy. Thus while the Solar Home Heating and Cooling Act which I cosponsored authorized $10 million for the current fiscal year, the administration requested an appropriation of only $5 million.

Why has the administration in recent years lagged behind the scientific community in recognizing the opportunities presented by science for the solution of many of our pressing economic and social problems?

The reason I submit is the lack of an adequate framework for the formulation of national policy and priorities for science and technology. Indeed, the President's reorganization plan No. 1 of 1973 abolished the White House Office of Science and Technology—at the very time when the advice of our scientific and technical community was most sorely needed.

We now have a new administration and the opportunity to make a new beginning. We in the Congress who have closely followed the Nation's allocation of scientific and technical resources know how necessary and how urgent it is to bring an adequate scientific advisory apparatus into being.

In 1969 I introduced the Conversion Research and Education Act, aimed at turning the talents of our scientists and engineers to urgent civilian needs. In January 1971 the bill was reshaped and reintroduced as S. 32, which became known as the National Science Policy and Priorities Act. In August 1972 we passed that bill in the Senate, but unfortunately the House was not able to act on it before adjournment.

In January 1973 I reintroduced the National Science Policy and Priorities Act, and since then have been working on reshaping this measure to meet changing national needs. The energy crisis, the abolition of the White House Office of Science and Technology, and the reabsorption of a large number of the unemployed technical personnel—all led to a changed national situation which had to be taken into account in shaping legislation in this area.

At the same time that the Committee on Labor and Public Welfare was working on these problems through my Subcommittee on the National Science Foundation, related efforts were moving ahead in the Senate Commerce and Space Committees under the leadership of Senators MAGNUSON, MOSS, and TUNNEY.

In the past few months we have joined efforts and worked together in shaping a piece of legislation, which has now been unanimously reported to the Senate by the Committee on Labor and Public Welfare as S. 32, the National Policy and Priorities for Science and Technology Act of 1974. The provisions of this act as reported to the Senate are as follows:

GENERAL

This Act establishes a framework for the formulation of national policy and priorities for science and technology.

DECLARATION OF POLICY

This Act establishes as national policy that: (1) there must be a continuing Federal investment in science and technology which is annually set as to overall level and allocation among priority areas; (2) scientists, engineers, and technicians must have continuing opportunities for socially useful employment in positions commensurate with their professional, technical capabilities; and (3) national capabilities for technological planning and policy formulation must be strengthened.

COUNCIL OF ADVISERS ON SCIENCE AND TECHNOLOGY

A White House Council of Advisers on Science and Technology is established to advise the President with respect to Federal policies, plans, and programs in science and technology. The Council will annually make recommendations to the President and Congress regarding the level of Federal investment in science and technology and the priorities for allocating that investment among major program areas.

COMPREHENSIVE STUDY OF FEDERAL ORGANIZATION FOR SCIENCE AND TECHNOLOGY

The Council will contract with the National Academy of Sciences for a comprehensive, eighteen-month study of the Federal organization for civilian science and technology. The study will take account of the impact of Federal science and technology programs on the economy, the environment, and individuals and groups that may be affected by such programs, as well as on the Nation's strength in science and technology and its application to the resolution of our social problems.

FEDERAL COORDINATING COMMITTEE FOR SCIENCE AND TECHNOLOGY

This Act redesignates the Federal Council for Science and Technology as the Federal Coordinating Committee for Science and Technology, and gives it the statutory authority to coordinate Federal plans and programs in science and technology. The Chairman of the Council is designated as Chairman of this Committee.

NATIONAL SCIENCE FOUNDATION

The National Science Foundation Act is amended to: (1) require that the Foundation aid in the development of national policies to foster the application of scientific and technical knowledge to the solution of national problems; and (2) clarify the policy-making role of the National Science Board and broaden the membership of the National Science Board to emphasize more industrial, technical, and public membership. The Foundation is authorized to provide information and assistance to the Council. The Foundation is also required to develop an educational program of continuing education in science and engineering to enable scientists and engineers to render more valuable contributions to the Nation. The program will include the development of special curriculums and educational techniques, as well as the award of fellowships.

STATE AND REGIONAL SCIENCE AND TECHNOLOGY PROGRAMS

This Act establishes an Intergovernmental Science and Technology Advisory Committee to advise the Foundation, and the States on the application of science and technology throughout the Nation. The Foundation will make grants of up to $100,000 to any State to enable it to establish a State Office of Science and Technology.

APPROPRIATIONS

This Act authorizes $8 million in fiscal year 1975 and $14 million in fiscal year 1976. In FY 1975, $2.5 million is for the Council, $1.5 million for the Academy study, $1.5 million for Continuing Education, and $2.5 million for the State Science Program. In FY 1976, $5 million is for the Council, $3.5 million for Continuing Education, and $5.5 million for the State Science Program.

Mr. KENNEDY. Mr. President, at the request of the Senator from Wisconsin (Mr. PROXMIRE), I would like to clarify the intent of one section of this bill. This is section 304 of title III, continuing education in science and engineering. The purpose of this section is to enable selected scientists and engineers employed in industry or Government to take leaves of absence from their jobs to pursue courses of study designed to bring them up to date on new knowledge and techniques in their fields, or to enable them to acquire skills in other fields such that they will then be in a position to make a greater contribution to aiding in the solution of national problems. This section is not intended as a WPA for unemployed technical personnel; nor is it intended to be used by scientists and engineers who are already engaged in educational activities, either as teachers or students. But continuing education is a particularly important concept in science and engineering—where new knowledge and techniques are continually being generated—and I believe this program would help assure that America's scientific and technical talent is as productive as possible.

Mr. President, if enacted this bill will provide the Nation with the framework of national policy and priorities for science and technology which we so desperately need. The decisions we make on these policies and priorities will shape the future of our Nation for generations to come. Science and technology impact on every sector of our economy, every segment of our society.

The problems we face with energy, the environment, transportation, our cities, our food supply—all could be ameliorated by the proper application of our magnificent scientific and technical talent.

But to apply those resources to our current problems, and to continue generating new technical resources for the solution of future problems means that we must set our priorities for science and technology which meet our real needs.

We need institutions at the national level, and also at the State and regional level, which can size up the problems we face and determine the best way to apply our scientific knowledge to their solution.

This we do not presently have. The abolition of the White House Office of Science and Technology left a void in science policy formulation which has not yet been filled. I know that the Director of the National Science Foundation (who also serves as science adviser to the executive branch) has done his best to fill the gap singlehandedly. But the consensus of informed opinion in the scientific community is that it is not possible for the head of one Government agency to discharge the coordinating, oversight role over other agencies which a White House office could accomplish.

Similarly we do not have strong enough science and technology programs at the State, regional, and local level, where the real problems of our citizens must be confronted and solved. The National Science Foundation has again been trying to make a contribution in this area in recent years, under prodding from this committee. But two-tenths of 1 percent of the Foundation budget is not an adequate amount for stimulating State science policy programs throughout the Nation.

In short, the National Science Foundation has tried to do the job, with the limited resources and leverage which the Foundation has. But the time has come for Congress to enact legislation which can provide the Nation with the institutions needed to formulate effective national policy and priorities for science and technology.

Thirty-eight other Senators, on a bipartisan basis, have joined with me, as cosponsors of this bill. I reported S. 32 to the Senate on behalf of a unanimous Committee on Labor and Public Welfare. And portions of the bill were also considered earlier and favorably reported to the Labor Committee by the Committees on Commerce and Aeronautical and Space Sciences, in the form of S. 2495, the Technology Resources Survey and Applications Act, which had been introduced by Senators MAGNUSON, MOSS, and TUNNEY. In addition, the Committee on Labor and Public Welfare benefited greatly in its deliberations from study of the concepts and provisions set forth in S. 3980, the U.S. Science and Technology Board Act which was introduced by Senator MATHIAS.

Mr. President, I believe this bill is of the utmost importance to the well-being of our citizens today and for generations to come. I strongly urge each Senator to support this measure.

I ask unanimous consent that selected portions of the Report of the Committee on Labor and Public Welfare be printed in the RECORD. I also ask unanimous consent that the letter and attachment to me from the Committee of Scientific Society Presidents (dated October 3, 1974) be printed in the RECORD following the excerpts from the committee report.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS

Section 1.—This section states that this Act may be cited as the "National Policy and Priorities for Science and Technology Act of 1974".

Statement of findings and declaration of policy

Section 2. This section declares as national policy that: (1) there must be a continuing Federal investment in science and technology adequate to the needs of the Nation; (2) the level of this investment must be adjusted annually with regard to particular needs and opportunities and the prevalent economic situation; (3) the Federal investment in science and technology must be allocated annually among the priority needs of the Nation, including the need to maintain the Nation's strength in basic research and education in science and engineering; (4) scientists, engineers, and technicians must have continuing opportunities for socially useful employment in positions commensurate with their professional, technical capabilities; and (5) the National capabilities for technological planning and policy formulation must be strengthened.

TITLE I—COUNCIL OF ADVISERS ON SCIENCE AND TECHNOLOGY

Establishment of council

Section 101. This section establishes in the Executive Office of the President a three-member Council of Advisers on Science and Technology, to be appointed by the President, by and with the advice and consent of the Senate.

Federal investment in science and technology

Section 102. This section requires that the Council annually make recommendations to the President and the Congress regarding the desired level of Federal investment in science and technology for the following fiscal year.

Science and technology priorities

Section 103. This section requires that the Council annually make recommendations to the President and the Congress regarding priorities for allocating Federal funds among major expenditure areas in science and technology for the following fiscal year.

Science and technology policy analysis and planning

Section 104. This section states that the Council shall serve as a source of scientific and technological analysis and judgment for the President with respect to major policies, plans, and programs in science and technology of the Federal Government.

Functions of the chairman

Section 105. This section states that the Chairman of the Council shall serve as Science and Technology Adviser to the President and as Chairman of the Federal Coordinating Committee for Science and Technology; and that he shall appoint staff to the Council and perform such other duties as the President may request.

Coordination with other organizations

Section 106. This section states that the Council shall cooperate with other government agencies, hold hearings when necessary, utilize consultants, and avoid duplication of effort. This section also requires agencies of the Executive Branch to furnish information to the Council. This section further states that the National Aeronautics and Space Administration is authorized to assist the Council with regard to systems analyses comparing costs, benefits and impacts of technological alternatives in the resolution of national problems.

Study of Federal organization for science and technology

Section 107. This section requires that the Council contract with the National Academy of Sciences to conduct a comprehensive, eighteen month study designed to recommend improvements in the Federal organization for civilian science and technology. This section requires that the study consider the impact of Federal scientific and technical programs on the economy, the environment, and on individuals and groups that may be affected by such programs, as well as on the maintenance of the Nation's strength in science and technology and its application to the resolution of our social problems.

Science and technology report

Section 108. This section requires that the President annually transmit a Science and Technology Report to the Congress, including recommendations regarding the level of Federal investment and priorities in science and technology. This section requires that any substantial differences between the Council's recommendations to the President and the President's recommendations to the Congress be elucidated in an appendix to the report.

TITLE II—FEDERAL COORDINATING COMMITTEE FOR SCIENCE AND TECHNOLOGY

Section 201. This section establishes a Federal Coordinating Committee for Science and Technology and assigns the same functions to the Committee previously fulfilled by the Federal Council for Science and Technology.

Section 202. This section abolishes the Federal Council for Science and Technology.

TITLE III—NATIONAL SCIENCE FOUNDATION

National science policy

Section 301. This section amends section 3 of the National Science Foundation Act of 1950 to require that the Foundation develop national policies to foster the application of scientific and technical knowledge to the solution of national problems.

Section 302. This section clarifies the policy making role of the National Science Board and broadens the membership of the National Science Board to emphasize more industrial, technical and public representation.

Assistance to council

Section 303. This section requires that the National Science Foundation collect and analyze data on science and technology and provide the results of its analyses to the Council of Advisers on Science and Technology. In addition, the Foundation is authorized to provide such additional information and staff assistance that the Council may request.

Continuing education in science and engineering

Section 304. This section requires that the National Science Foundation develop an educational program of continuing education in science and engineering in order to permit scientists and engineers to acquire new knowledge, techniques, and skills in their special fields or in other fields which will enable them to render more valuable contributions to the Nation. The program shall include special curriculums and techniques for continuing education in science and technology and the award of continuing education fellowships to scientists and engineers.

TITLE IV—STATE AND REGIONAL SCIENCE AND TECHNOLOGY PROGRAMS

Establishment of Intergovernmental Science and Technology Advisory Committee

Section 401. This section establishes, within the National Science Foundation, an Intergovernmental Science and Technology Advisory Committee, consisting of a member of the Council of Advisors on Science and Technology, the Director of the Foundation, and twenty public members from all parts of the Nation.

Functions of the committee

Section 402. This section requires that the Committee: (a) advise and assist the Director in the development of policy alternatives regarding the application of science and technology to civilian needs throughout the various states and regions of the Nation; (b) assist the Foundation in taking account of State and regional needs and opportunities in the formulation of the Foundation's plans and programs; (c) assist the States in establishing State advisory programs in science and technology; (d) advise the States on the formulation of civilian research and development priorities within each State and standard Federal region; (e) evaluate programs assisted under this title; and (f) annually report on the recommendations as the committee deems appropriate.

Administrative provisions

Section 403. This section sets forth the administrative provisions required for the Council to fulfill its responsibilities.

Grants for State science and technology programs

Section 404. This section authorizes the National Science Foundation to make grants of not to exceed $100,000 to any State to pay a part of the cost of establishing a State office of Science and Technology.

TITLE V—GENERAL PROVISIONS

Definitions

Section 501. This section defines terms used in this Act.

Section 502. This section authorizes $8,000,000 to carry out the provisions of this Act in fiscal year 1975, and $14,000,000 to carry out the provisions of this Act in fiscal year 1976.

Title amendment

This amendment amends the title so as to read "A bill to establish a framework for the formulation of national policy and priorities for science and technology, and for other purposes."

COMMITTEE OF SCIENTIFIC
SOCIETY PRESIDENTS,
October 9, 1974.

Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: This is to express our pleasure and satisfaction with having the opportunity to meet with you today and to discuss the important issues pertaining to the role of science and technology in government and to the life of our nation.

We were particularly interested in the discussion of the possibility of improving the system of providing scientific and technological advice to the White House. In this regard you may be interested in the attached document prepared by the committee which is entitled "Arguments for Scientific and Technological Counsel at the Executive Office Level."

Sincerely,

ALAN C. NIXON.

ARGUMENTS FOR SCIENTIFIC AND TECHNOLOGICAL COUNSEL AT THE EXECUTIVE OFFICE LEVEL

1. Limits on the national budget and natural resources require many tradeoffs which necessitate decisions at the Presidential level.

A. Competing Federal programs require critical analysis at an independent level above sponsoring agencies. Science and technology considerations are becoming increasing components of such decisions. Almost all major program decisions have both national and international impact, and frequently science and technology aspects are involved in that consideration.

B. Many program decisions involve competition between social, economic, political, and other goals and also require a balance between long-range and short-range objectives. Separate agencies cannot be expected to evaluate these competing goals satisfactorily. Science and technology have been the source of many new options for the future and therefore advice from a science and technology body at the Executive Office level may not only help in choosing among competing proposals made by the agencies, but may identify an alternate course.

C. The Office of Management and Budget balances program expenditures within policy constraints but major policy departures and initiatives have to originate elsewhere. Therefore science and technology competence should be available both to OMB and also independently to the Executive Office.

2. Agencies and departments necessarily have special interests which lead to conflicts which must be resolved at the Executive Office level. A substantial fraction of such conflicts involves matters of science and technology.

A. Decentralization of initiative centers is highly desirable in that new ideas can flow from many sources. However, such decentralization makes it impossible to resolve conflicts in a manner most beneficial to all. Such conflicts cannot be resolved at the level of any one agency (such as the National Science Foundation) but must be resolved at the level of the President's Office. Many of such conflicts involve technical issues. Problems of finite resources, environmental impact, and international complications may arise in issues which originate as programs, for instance, of the Defense Department or Department of Agriculture. A concrete example of such a problem is the longstanding and futile attempt to establish a mechanism to achieve a centralized national weather modification research program.

B. In order to evaluate the program options offered by agencies and departments in view of broader considerations, it is necessary to collect factual data and analyze the assumptions underlying (or ignored by) the agency policies and programs. Such data and analyses are often scientific and technical. Although such information can be collected by agencies, their evaluation as it concerns inter-agency problems must take place at the Executive Office level.

C. If scientific and technical advice is not available at the level of the Executive Office of the President, then the President will not have the fullest possible independence in following alternate options. If scientific or technical information reaches the President only after it is filtered through the policy objectives of existing agencies and departments, then the available choices will appear to the President to be much more limited on technical grounds than they in fact are. This situation is particularly apparent with regard to the energy problem: For example, one cannot expect the Atomic Energy Commission (or even ERDA) to be a fully balanced source of advice concerning the long-range future for alternate sources of energy.

3. Some decisions are so important to the long-range national (or international) interest that independent critical analysis is needed before a decision becomes final. Since so many of such all-important decisions have technical and scientific components, the President needs competent independent assistance in this respect.

There are many examples of this type of far-reaching decision. For instance, the question of peaceful uses of nuclear explosions has many long-range implications involving environmental impact, relations to arms control, competition with other means of attaining similar goals, atomic weapons policy, etc. Such other problems as weather modification. reactor safety, and research on modifications of heredity may have very far-reaching implications.

4. Few national problems of a technical or scientific nature can be solved by "throwing money" at their solution.

There has been a tendency (cancer research, heart disease studies, energy research and development) to appropriate large amounts of money for the solution of an urgent national problem without adequately analyzing the storehouse of fundamental knowledge available for its solution or without adequately studying the source of the scientifically or technically trained manpower which can be diverted into the desired direction. There must be an organic relationship between basic research, applied research and development directed to national goals and the health of the institutions which can provide solutions to those technical problems which are of broad national interest.

5. Any system of advice on science and technology at the Executive Office level (such as the Council on Science and Technology suggested by the recent report of the National Academy of Sciences) must be selective—it should not be an in-line organization which must review all programmatic or budget decisions involving science and technology.

A. If science advice on the Executive Office level were to become just another stage of review, it would require a large compartmentalized staff and each staff group would become a representative or advocate of specific programs. Thus little would be gained other than adding another layer of bureaucracy. Any advisory system must remain a staff rather than a line function.

B. A science advisory system on the Executive Office level should preserve continuing competence of a standing body of independent advisors. Acquaintance with current programs within the government is usually restricted to those active within those programs. On the other hand, outsiders find it difficult to keep current and to obtain adequate access. A body of full-time staff members at the Executive Office level, backed by a larger group of outside consultants, could provide both independent and competent counsel; since such group would have access to the President it would be easier for them to obtain access to current information in connection with agency programs.

C. The selection of personnel for an advisory system on the Executive level is a matter of considerable difficulty. They should have the best combination of the following "virtues":

1. Good judgment and wide scientific experience.
2. Minimum conflict of interest (in terms of either financial or program commitments).
3. Visibility and prestige.
4. Ability to analyze complex issues.
5. Ability to collect factual material.
6. Available time.

D. A science and technology advisory system in the White House would also provide a resource to the President in connection with the selection of scientists and engineers for key appointments to positions within the government departments, agencies, and laboratories which would be independent of the managements of such entities.

6. The nation's long-term investments in technological development and basic research should be sustained and protected. The returns on such investments are very broad, spread across all sectors of the economy and throughout the agencies and departments of government. However, the returns on specific research programs sponsored by individual agencies will not always appear cost-effective when viewed in the context of the limited policy goals of the given agency. Thus budgetary pressures and short-term policy objectives in each agency will tend to squeeze out long-range basic research and technological development programs, to the ultimate detriment of the nation. Recognition at the highest levels of the wider implications and importance of such programs would do much to insure balance and improved long-term technological opportunities.

Mr. MOSS. Mr. President, in passing S. 32 today, the Senate is taking an important step toward reinvigorating and strengthening the science and technology policy apparatus of the executive branch. Since the provisions of S. 2495, which Senator MAGNUSON, Senator TUNNEY, and I introduced last year, have been incorporated into S. 32, I want to review the history of that bill briefly.

During its consideration by the Committees on Aeronautical and Space Sciences and Commerce, S. 2495 had evolved into a bill to create a Council of Advisers on Science and Technology, thus closely paralleling the recommendations of the National Academy of Sciences. The academy report, "Science and Technology in Presidential Policymaking," released last June, reflects the sincere and considered belief in the scientific and technological community that existing mechanisms for formulating science and technology policy in the executive branch are simply inadequate. I very much agree. On the basis of this report, and of the testimony of the many distinguished witnesses who appeared before the two committees, we jointly and unanimously reported S. 2495 last month. Pursuant to a previous agreement, the bill was then rereferred to the Committee on Labor and Public Welfare.

As the joint report of our committees (Report No. 93–1155) makes clear, we concluded that there were four basic needs which S. 2495 could serve:

First. A permanent, continuing, high level body to provide long-range planning and policy assistance on science and technology policy matters;

Second. Objective, credible policy assistance on science and technology;

Third. Long-range policy implications of scientific and technological developments need to be discussed in an open forum; and

Fourth. More effective coordination of existing Federal research and development efforts.

S. 2495 was accordingly amended to meet those needs in the following ways:

First. S. 2495 establishes a Council of Advisers on Science and Technology to serve as a source of scientific and technological analysis and judgment for the President with respect to major science and technology policies and plans of the Federal Government;

Second. S. 2495 provides for high-level, objective policy advice and assistance to the President;

Third. S. 2495 establishes a Council of Advisers on Science and Technology which will be accountable and whose efforts will be subject to public scrutiny; and

Fourth. S. 2495 strengthens the existing mechanisms for coordinating Federal research and development programs.

I believe that the distinguished Senator from Massachusetts has further strengthened this legislation. He and his colleagues on the ad hoc subcommittee on the National Science Foundation are to be commended for their prompt and favorable consideration of S. 2495. I urge my colleagues to support S. 32, as amended, and although we are late in the session, I hope that the House will be able to act on this important legislation this year.

Mr. HATHAWAY. Mr. President, I am in full agreement with the goals and policy of S. 32, which amends the National Science Foundation Act. Of particular interest to me is the bill's emphasis on the application of scientific and technological developments to the resolution of critical national problems, and increased coordination of these developments with legislative and executive policymaking.

There can be no doubt that the most critical problems facing us all are those of inflation and economic instability. As John von Neumann and Oskar Morgenstern pointed out several years ago in their classic work. "Theory of Games and Economic Behavior," the full development and utilization of mathematical models and concepts in the field of economics is essential to rational economic analysis. Although much useful work in this area has been done, including work through National Science Foundation projects, experts agree that further development of such analytical tools in the field of economics is necessary. Only through rational analysis can we hope to have a complete understanding of the economic factors which affect all aspects of our daily lives, and only through application of our knowledge to the legislative process can we expect our technological development to reap human benefits. I hope that the passage of S. 32 will result in a revitalized commitment on the part of the National Science Foundation to meritorious projects in the field of economics, and I intend fully to support such projects in the future.

Mr. HUMPHREY. Mr. President, today we are acting on a major piece of legislation, "The National Policy and Priorities for Science and Technology Act of 1974," S. 32. As one of the original cosponsors of this bill, I urge the Senate to give the strongest endorsement to it in the vote on final passage.

It was my privilege, as Vice President, to be directly involved in the formulation of Federal policies and priorities on scientific research. I continue to believe that this vital area of our national resources requires close attention and ongoing encouragement by Government for the betterment of our society.

This legislation will correct a policy failure by the present administration which has had serious adverse effects. The executive branch of the Government has not had an official science advisor since the White House Office of Science and Technology was abolished.

The National Policy and Priorities for Science and Technology Act will establish a Council of Advisers on Science and Technology in the Executive office of the President to provide a source of scientific and technological analysis and judgment to the President. It will establish an Intergovernmental Science and Technology Advisory Committee to foster the application of science and technology to State and regional needs. It will establish an Interagency Federal Coordinating Committee on Science and Technology to coordinate agency research and development efforts. And, it requires that the President submit an annual science and technology report to Congress.

One of the major functions of the council of advisers will be to gather timely and authoritative information concerning significant developments and trends in science, technology, and in national priorities, both current and prospective, and to analyze and interpret such information. The council will be making studies and analyses, including systems analyses and technological assessments, of alternatives available for the resolution of critical national problems by the contributions of science and technology. These studies also will determine and compare probable costs, benefits and impacts of these alternatives.

Last year the Congress established an Office of Technology Assessment, and I am proud to serve on the Board of Directors. OTA was set up to study the impact of technology on society, and to advise Congress. The OTA has been operating for less than a year, but they are making significant contributions to our knowledge in the food, energy, urban mass transit, and health fields. I expect that the committees set up by this act will do the same fine work for the executive branch that OTA is doing for the legislative branch, and I urge that these agencies undertake a cooperative working relationship from the outset.

Mr. President, this is timely legislation. The time has long passed when we can avoid the hard decisions about science and technology and their impact on man and his environment. It is time the Government began to use effectively the fruits of science and technology for the benefit of present and future generations of our people.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to establish a framework for the formulation of national policy and priorities for science and technology, and for other purposes."

DAVID G. AND PATRICIA A. CHRISTIAN

The resolution (S. Res. 429) to pay a gratuity to David G. and Patricia A. Christian was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to David G. and Patricia A. Christian, parents of Archer N. Christian, an employee of the Senate at the time of his death, a sum to each equal to one month's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

SNOW MOUNTAIN WILDERNESS, CALIF.

The Senate proceeded to consider the bill (S. 114) to designate certain lands in the Mendocino National Forest, Calif., as the "Snow Mountain Wilderness" for inclusion in the national wilderness preservation system which had been reported from the Committee on Interior and Insular Affairs with an amendment to strike out all after the enacting clause and insert:

That the Secretary of Agriculture, in accordance with the provisions of subsection 3(d) of the Wilderness Act (78 Stat. 890, 892), relating to public notice, public hearings, and review by State and other agencies, shall review, as to its suitability or nonsuitability for preservation as wilderness, certain lands in the Mendocino National Forest, California, which comprise approximately thirty-seven thousand acres, and which are generally depicted on a map entitled "Snow Mountain DeFacto Wilderness Area", dated June 21, 1971. The Secretary shall report his findings to the President on or before the expiration of the two-year period following the date of the enactment of this Act. The President shall submit promptly thereafter to the United States Senate and House of Representatives his recommendations with respect to the designation of such area or portion thereof as wilderness. Any recommendation of the President that such area or portion thereof shall be designated as wilderness and, therefore, as a component of the national wilderness preservation system shall become effective only if so provided by an Act of Congress.

SEC. 2. During the review period provided by this Act and for a period of four years after the recommendations of the President are submitted to the Congress, the Secretary of Agriculture shall manage and protect the resources of the lands depicted on such map in such a manner as to assure that their suitability for potential wilderness designation is not impaired.

SEC. 3. The review required by this Act, including any reports and recommendations with respect thereto, shall, except to the extent otherwise provided in this Act, be conducted in accordance with the applicable provisions of the Wilderness Act.

SEC. 4. There is hereby authorized to be appropriated such amount as may be necessary to carry out the provisions of this Act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to direct the Secretary of Agriculture to review as to its suitability for preservation as wilderness the area commonly known as the Snow Mountain De Facto Wilderness Area in the State of California."

AUTOMOBILES FOR CERTAIN DISABLED VETERANS

The Senate proceeded to consider the bill (S. 2363) to amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces, which had been reported from the Committee on Veterans' Affairs with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Disabled Veterans' and Servicemen's Automobile and Adaptive Equipment Amendments of 1974".

SEC. 2. Section 1901 of title 38, United States Code, is amended as follows:

(1) by striking out in paragraph (1) all of that part of clause (A) beginning with "World War II," down through the end of such clause, and inserting in lieu thereof "World War II or thereafter:";

(2) by striking out in paragraph (1) all of that part of clause (B) beginning with "World War II," down through the end of such clause, and inserting in lieu thereof "World War II or thereafter."; and

(3) by amending paragraph (2) to read as follows:

"(2) The term 'adaptive equipment' includes, but is not limited to, power steering, power brakes, power window lifts, power seats, and special equipment necessary to assist the eligible person into and out of the automobile or other conveyance. Such term also includes (A) air-conditioning equipment when such equipment is necessary to the health and safety of the veteran and to the safety of others, regardless of whether the automobile or other conveyance is to be operated by the eligible person or is to be operated for such person by another person; and (B) any modification of the size of the interior space of the automobile or other conveyance if needed because of the physical condition of such person in order for such person to enter or operate the vehicle.".

SEC. 3. Section 1902 of such title is amended as follows:

(1) by inserting in subsection (a) "(including all State, local, and other taxes)" after "conveyance" the second time it appears;

(2) by striking out in subsection (a) "$2,800," and inserting in lieu thereof "$3,300,"; and

(3) by inserting in subsection (c) (2) "previously or" after "may".

SEC. 4. (a) Section 1903 of such title is amended by adding at the end thereof the following new subsection:

"(e)(1) The Administrator shall provide, directly or by contract, for the conduct of special driver training courses at every hospital and, where appropriate, at regional offices and other medical facilities, of the Veterans' Administration to instruct such eligible person to operate the type of automobile or other conveyance such person wishes to obtain with assistance under this chapter, and may make such courses available to any veteran or member of the Armed Forces, eligible for care under chapter 17 of this title, who is determined by the Administrator to need the special training provided in such courses even though such veteran or member is not eligible for the assistance provided under this chapter.

"(2) The Administrator is authorized to obtain insurance on automobiles and other conveyances (not owned by the Government) used in conducting the special driver training courses provided under this subsection and to obtain, at Government expense, personal liability and property damage insurance for all persons taking such courses without regard to whether such persons are taking the course on an in-patient or out-patient basis.".

(b) The catchline of such section is amended by adding at the end thereof a semicolon and "special training courses".

(c) The table of sections at the beginning of chapter 39 of such title is amended by striking out

"1903. Limitations on assistance."

and inserting in lieu thereof

"1903. Limitations on assistance; special training courses.".

SEC. 5. (a) Chapter 39 of such title is further amended by adding at the end thereof the following new section:

"§ 1904. Research and development; coordination with other Federal programs

"(a) In carrying out prosthetic and orthopedic appliance research under section 216 and medical research under section 4101 of this title, the Administrator, through the Chief Medical Director, shall provide for special emphasis on the research and development of adaptive equipment and adapted conveyances (including vans) meeting standards of safety and quality prescribed under subsection (d) of section 1903, including support for the production and distribution of devices and conveyances so developed.

"(b) In carrying out subsection (a) of this section, the Administrator, through the Chief Medical Director, shall consult and cooperate with the Secretary of Health, Education, and Welfare and the Commissioner of the Rehabilitation Services Administration, Department of Health, Education, and Welfare, in connection with programs carried out under section 3(b) of the Rehabilitation Act of 1973 (Public Law 93–112; 87 Stat. 357) (relating to the development and support, and the stimulation of the development and utilization, including production and distribution of new and existing devices, of innovative methods of applying advanced medical technology, scientific achievement, and psychological and social knowledge to solve rehabilitation problems), section 202(b)(2) of such Act (relating to the establishment and support of Rehabilitation Engineering Research Centers), and section 405 of such Act (relating to the Secretarial responsibilities for planning, analysis, promoting utilization of scientific advances, and information clearinghouse activities).".

(b) The table of sections at the beginning of such chapter 39 is amended by inserting at the end thereof:

"1904. Research and development; coordination with other Federal programs.".

SEC. 6. The provisions of this Act shall become effective on the first day of the second calendar month following the date of enactment, except that clause (3) of section 3 shall take effect on January 11, 1971.

Mr. CRANSTON. Mr. President, I am pleased today that the Senate is taking up S. 2363, my bill to amend the provisions of chapter 39 of title 38, United States Code, entitled "Automobile and Adaptive Equipment for Certain Disabled Veterans and Members of the Armed Forces." The purpose of the bill which we are considering today is to clarify some aspects of chapter 39 and to expand the eligibility to certain other seriously disabled service connected veterans not previously eligible for chapter 39 eligibility, and to assure that the adaptive equipment provided will include all those necessary devices to assure the safe and healthful operation of the vehicle by the eligible veteran. This bill will improve and expand on Public Law 91–666, which I authored in the Senate in the 91st Congress when I was chairman of the former Subcommittee on Veterans' Affairs of the Committee on Labor and Public Welfare. The reported bill also incorporates a technical provision of a House-passed bill, H.R. 12367.

Mr. President, I am pleased to be joined in this effort by the chairman, Mr. HARTKE, and the entire membership of the Committee on Veterans' Affairs as well as the Senator from New Jersey (Mr. WILLIAMS) and the Senator from Indiana (Mr. BAYH).

INTRODUCTION

Mr. President, on August 3, 1973, I introduced S. 2363 in which I was joined by Chairman HARTKE and the Senator from West Virginia (Mr. RANDOLPH), and I introduced its printed amendments Nos. 512 and 1006 on September 19, 1973, and March 8, 1974, respectively.

On March 13, 1974, hearings were held on S. 2363 and the printed amendments. Testimony was received from administration spokesmen including Odell Vaugh, Chief Benefits Director of the Veterans' Administration; the Disabled American Veterans; the American Legion; the Veterans of Foreign Wars; the Paralyzed Veterans of America; the Blinded Veterans Association; the American Veterans of World War II, Korea, and Vietnam; the Disabled Officer's Association; the Fleet Reserve Association; the National Association for Uniformed Services; and the Retired Officers Association. Testimony was also submitted by the Veterans of World War I of the U.S.A.; the Gold Star Wives of America; the Military Widows; and the Non-Commissioned Officers Association of the United States.

S. 2363 was ordered favorably reported to the Senate by the full Committee on Veterans' Affairs on May 1, 1974, with an amendment in the nature of a substitute.

SUMMARY OF S. 2363, AS REPORTED

Mr. President, the reported bill would amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain service-connected seriously disabled veterans and members of the Armed Forces, by raising from $2,800 to $3,300 the maximum allowance for the purchase of specially equipped automobiles for eligible disabled veterans and servicemen; by extending benefits under this chapter to certain persons not previously eligible; and by improving a number of aspects of the program relating to the definition and provision of adaptive equipment; the provision of driver training by the Veterans' Administration; and coordination of VA medical and engineering research activities and related activities of the Rehabilitation Services Administration in the Department of Health, Education, and Welfare pursuant to Public Law 93–112, the Rehabilitation Act of 1973.

BACKGROUND

VETERANS' ADMINISTRATION AUTOMOBILE ASSISTANCE GRANT PROGRAM

Mr. President, the program of basic automobile assistance grants—now chapter 39 of title 38—was established by the Congress in Public Law 79–663, enacted on August 8, 1946. Under that law, certain disabled veterans of World War II—with service between December 7, 1941 and December 31, 1946—were provided with, or assisted in the purchase of, an automobile or other conveyance. Public Law 82–187, enacted on October 20, 1951, extended these benefits to veterans of the Korean conflict—with service between June 27, 1950 and January 31, 1955. Public Law 90–77, effective October 1, 1967, further extended these benefits to any veteran with service after January 31, 1955, who met eligibility requirements under a more restrictive criterion of having a disability incurred in line of duty as a direct result of performance of military duty, rather than under the standard service-connection criterion applied to World War II and Korean conflict veterans of having a disability resulting from an illness or injury sustained or aggravated in service in the line of duty.

Public Law 91–666, enacted December 31, 1970 and effective on January 11, 1971, which I authored in the Senate, increased the maximum amount payable toward the purchase of an automobile or other conveyance from $1,600 to the present level of $2,800. The law also provided for the first time for VA payment, in addition to the dollar grant, for necessary adaptive equipment, as well as for the maintenance, replacement, and installation thereof. The 1971 act also mandated that the VA establish safety standards for that equipment in order to assure the safe operation of the automobile or other conveyance and satisfy the applicable standards of licensure by the proper licensing authority.

Table 1 in the committee report shows the costs and number of veterans served by the program and total dollar expenditures since its inception through fiscal year 1973.

Mr. President, I ask unanimous consent that this table be set forth in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—AUTOMOBILES AND OTHER CONVEYANCES FOR DISABLED VETERANS—TRENDS FROM PROGRAM INCEPTION TO THE PRESENT

Fiscal year	Benefit costs		Number of beneficiaries	
	Annual	Cumulative	Annual	Cumulative
1947	$21,798,248	$21,798,248	13,717	13,717
1948	9,898,579	31,696,827	6,206	19,923
1949	6,620,036	38,316,863	4,150	24,073
1950	2,174,352	40,491,215	1,363	25,436
1951	579,402	41,070,617	363	25,799
1952	1,530,363	42,600,980	959	26,758
1953	18,223,614	60,824,594	11,415	38,173
1954	4,963,237	65,787,831	3,103	41,281
1955	2,856,107	68,643,938	1,788	43,069
1956	1,933,019	70,576,957	1,210	44,279
1957	1,006,387	71,583,344	630	44,909
1958	766,973	72,330,317	480	45,389
1959	701,355	73,051,672	439	45,828
1960	624,313	73,675,985	391	46,219
1961	706,224	74,382,209	442	46,661
1962	668,837	75,051,046	419	47,080
1963	1,017,823	76,068,869	637	47,717
1964	1,287,528	77,356,397	807	48,524
1965	1,114,004	78,500,401	716	49,240
1966	929,755	79,430,156	582	49,822
1967	827,998	80,253,154	518	50,340
1968	3,467,763	83,725,917	2,170	52,510
1969	4,931,648	88,657,565	3,086	55,595
1970	5,856,799	94,514,364	3,665	59,261
1971	6,642,228	101,156,592	2,969	62,230
1972	10,539,775	111,696,367	3,265	65,495
1973	[1] 6,809,081	118,505,448	1,705	67,200

[1] Includes $19,503 for research safety standards.

Mr. CRANSTON. Mr. President, since passage of Public Law 91–666, a number of difficulties have arisen in the administration of the provisions of chapter 39 other than the basic grant authority. S. 2363 and its amendments, now embodied in the reported bill, were introduced in order to seek to rectify those difficulties, which are enumerated and discussed below, as well as to provide a cost-of-living increase in the basic grant and equalize eligibility and the service-connection criterion among all veterans of all periods of service since World War II.

DISCUSSION OF PROVISIONS

BASIC GRANT INCREASE

The reported bill, first, provides for an increase in the basic automobile grant allowance from $2,800 to $3,300. This allowance is awarded on a one-time basis to those veterans eligible under this chapter. This increase is designed to match the rise in the cost of automobiles since passage of the last increase in 1970. In fact, Mr. President, the Senate originally passed a $3,000 figure that year which was lowered to the $2,800 level—a compromise with the House figure of $2,500.

Mr. President, the increase we proposed in the Senate in 1970 was based on the fact that the cost of the average-sized American automobile in 1970 was between $3,000 and $4,000. The figures provided to the committee by the Chevrolet Division of General Motors show that the list price of a 1974 standard two-door model of automobile with power steering, power brakes, automatic transmission, and air conditioning was over $4,000. The percentage increase in this bill above the 1970 Senate-passed $3,000 figure is a modest 10 percent, while automobile prices have actually increased for this size car from 1970 to 1974 by about 15 percent. Even with an adjustment for the removal of the automobile excise tax in effect in 1971, this is certainly a fully justifiable raise in the grant.

SERVICE-CONNECTION ELIGIBILITY STANDARD

Second, Mr. President, the reported bill would remove the inequitable limitation now governing the eligibility of Vietnam-era veterans for chapter 39 assistance. Presently, Vietnam-era veterans must meet more stringent service-connection criterion than World War II and Korean conflict veterans in order to be eligible for benefits under this chapter. That is, they must have been injured both in the line of duty as well as in the direct performance of duty. World War II and Korean conflict veterans who were similarly injured are eligible for automobile grants on the same one-time basis and adaptive equipment assistance for all their vehicles if they satisfy the more simple line-of-duty service connection criterion.

Mr. President, this basic inequity should be removed in order to allow equal access to chapter 39 benefits for veterans of all wars. I might add that the administration has also proposed legislation to correct this inequity.

The reported bill will also provide for the same service-connection criterion for those who served between the Korean conflict and prior to August 4, 1964, the beginning of the Vietnam era—treating all post-Korean conflict veterans alike. It would also make eligible for the first time for chapter 39 benefits—on the same service-connection criterion—those veterans who served between the end of World War II and the Korean conflict; and would remove the distinction for servicemen eligible for the program by applying to those servicemen injured during the post-Korean conflict period before the beginning of the Vietnam era the same single service-connection criterion now applicable to servicemen injured during the Vietnam era.

ADAPTIVE EQUIPMENT

Mr. President, in implementing Public Law 91–666, the VA was unable to define clearly the meaning and scope of the term "adaptive equipment" which it was directed to provide to eligible persons under the revised chapter 39. The implementing instructions that were initially issued by the VA did not make clear to the regional offices exactly who was eligible, and for what equipment. Cases were brought to the attention of the committee where World War II veterans who applied for adaptive equipment were told that since they had already used their grant; they were not eligible for reimbursement of costs and maintenance of adaptive equipment—an interpretation clearly at variance with section 1902(b).

Compounding the difficulty in administration of the chapter, as revised by Public Law 91–666, was the VA's apparent indecision as to whether the Department of Veterans' Benefits or the Department of Medicine and Surgery would decide upon chapter 39 eligibility for adaptive equipment. Problems arose due to the medical determination which needed to be made as to whether a particular person indeed needed certain equipment in order to operate the automobile safely. These difficulties were further compounded when several regional offices interpreted eligibility requirements differently and also issued different equipment under chapter 39 than did others.

Thus, although many of these irregularities seemed eventually to have been administratively clarified, we feel there is a definite need for a more precise statutory definition of "adaptive equipment" under chapter 39. Thus, third, Mr. President, the reported bill specifically directs the payment for certain power assist equipment should it be required for the safe operation of the vehicle—including air-conditioning, power seats, and power window lifts.

The reported bill also specifies that "adaptive equipment" includes such equipment as an eligible person may need to get in or out of a vehicle purchased with chapter 39 funds, or of vehicles previously or subsequently acquired. The definition was expanded to include equipment necessary to enter and leave the vehicle as well as increase the interior space so as to allow, for example, a person to enter and drive the vehicle or other conveyance while seated in a wheelchair.

Mr. President, on this subject I believe that the committee report (No. 93–1276) on S. 2363 makes quite clear the history of eligibility, and I ask unanimous consent, Mr. President, that excerpts from that report be inserted in the RECORD at the conclusion of my remarks.

DRIVER TRAINING

Fourth, Mr. President, the reported bill requires the Administrator of Veterans' Affairs to assure that proper driver training is available at every VA hospital and, where appropriate, at VA regional offices and other medical facilities to those service-connected disabled individuals eligible for assistance provided by this chapter. It also includes express authority for the Administrator to provide driver training for those who may not be eligible for chapter 39 assistance but who may need such training as part of their total rehabilitation in a VA hospital under the authority provided in chapter 17 of title 38, United States Code.

Mr. President, it is my understanding that the VA now has 13 to 15 such programs throughout the Nation, and I further understand that another 100 programs are under consideration. These efforts will be expedited and expanded by the express statutory authority which we seek to provide in S. 2363. In this way we hope to assure that the driver training given these severely disabled veterans will be of first-rate quality—the only type of training that they deserve.

The bill also authorizes the Administrator to pay for liability insurance for an eligible veteran during a period in which he is taking such training, whether he is an inpatient or an outpatient, and to provide property damage and personal liability insurance—except on Government-owned vehicles—where that is necessary in order to assure that the veteran will receive training.

RESEARCH AND DEVELOPMENT

Fifth, Mr. President, I want to point out and make very clear that the section of S. 2363 under consideration which requires the Administrator to coordinate research efforts with the Department of Health, Education, and Welfare through the Chief Medical Director and the Rehabilitation Service Administration in HEW is being included in order to insure that the VA is a full and equal partner in the research and technology field and in no way an indication of an abdication of authority on the part of the VA to the Department of Health, Education, and Welfare.

IMPLEMENTATION OF PUBLIC LAW 91-666

Mr. President, there have been great difficulties in the implementation of Public Law 91-666 since its enactment. Despite repeated urgings on my part, the VA has yet to finalize publication of adaptive device safety standards as required in section 1902 of chapter 39. It is my understanding that as of this week final review has been completed and that the standards will now be published. Certainly, this is not the expeditious action which I expected when the bill was signed in January of 1971. An exchange of correspondence I had as chairman of the Subcommittee on Health and Hospitals of the Committee on Veterans' Affairs, with the then Administrator of the Veterans' Affairs, and as the chief medical director's memorandum setting up the intraagency committee I suggested to coordinate implementation of the adaptive provisions of Public Law 91-666, are included in S. 2363. I ask unanimous consent that the committee report excerpts be printed in the RECORD at the conclusion of my remarks.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **CRANSTON**. Mr. President, I urge the Senate to give its overwhelming approval to S. 2363 today and that the program be implemented by the VA as expeditiously as possible, certainly more expeditiously than the 1970 law. The Veterans' Administration has submitted a favorable report on all portions of the bill except the grant increase.

At this point, Mr. President, I would like to thank the Veterans of Foreign Wars, the Disabled American Veterans, and the Paralyized Veterans of America for their strong support of S. 2363 and the assistance they have given me and my staff in developing the provisions of the bill. I would also like particularly to note the outstanding contribution to the committee's work on this measure by Michael Burns.

EXHIBIT 1

Excerpts From Committee Report

INTRODUCTION AND SUMMARY OF S. 2363, AS REPORTED

S. 2363, was introduced on August 3, 1973, and its printed Amendment Nos. 512 and 1006 were introduced on September 19, 1973 and March 8, 1974, respectively.

On March 13, 1974, the Subcommittee on Compensation and Pensions, chaired by Senator Herman E. Talmadge, conducted hearings covering S. 2363 and printed Amendment Nos. 512 and 1006.

The Subcommittee received testimony from Administration spokesmen including Odell Vaughn, Chief Benefits Director, Veterans' Administration. Testimony was also received from the Disabled American Veterans, American Legion, Veterans of Foreign Wars, Paralyzed Veterans of America, Blinded Veterans Association, the American Veterans of World War II, Korea and Vietnam, the Disabled Officer's Association, the Fleet Reserve Association, National Association for Uniformed Services, and the Retired Officers Association. Submitted testimony was received from the Veterans of World War I of the U.S.A., the Gold Star Wives of America, the Military Widows, and the Non-Commissioned Officers Association of the United States.

By agreement of the Subcommittee on Compensation and Pensions, S. 2363, as amended, was reported without recommendation to the full Committee for its consideration. Subsequently, the full Committee on Veterans' Affairs met in executive session and unanimously approved and ordered favorably reported S. 2363, with an amendment in the nature of a substitute, to the Senate.

The reported bill would amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain service-connected seriously disabled veterans and members of the Armed Forces, by raising from $2,800 to $3,300 the maximum allowance for the purchase of specially equipped automobiles for eligible disabled veterans and servicemen; by extending benefits under this chapter to certain persons not previously eligible; by improving a number of aspects of the program relating to the definition of adaptive equipment; the provision of driver training by the Veterans' Administration; and coordination of VA medical and engineering research activities with related activities of the Rehabilitation Services Administration in the Department of Health, Education, and Welfare pursuant to Public Law 93-112, the Rehabilitation Act of 1973.

BACKGROUND

Veterans' Administration automobile assistance grant program

The program of basic automobiles assistance grants—now chapter 39 of title 38—was established by the Congress in Public Law 76-663, enacted on August 8, 1946. Under that law, certain disabled veterans of World War II—with service between December 7, 1941 and December 31, 1946—were provided with, or assisted in the purchase of, an automobile or other conveyance. Public Law 82-187, enacted on October 20, 1951, extended these benefits to veterans of the Korean conflict—with service between June 27, 1950 and January 31, 1955, Public Law 90-77, effective October 1, 1967, further extended these benefits to any veteran with service after January 31, 1955, who met eligibility requirements under a more restrictive criterion of having a disability incurred in line of duty as a direct result of performance of military duty, rather than under the standard service-connection criterion applied to World War II and Korean conflict veterans of having a disability resulting from an illness or injury sustained or aggravated in service in the line of duty.

Public Law 91-666, enacted December 31, 1970, effective on January 11, 1971, increased the maximum amount payable toward the purchase of an automobile or other conveyance from $1,600 to the present level of $2,800. The law, also provided for the first time for VA payment, in addition to the dollar grant, for necessary adaptive equipment, as well as for the maintenance, replacement, and installation thereof. The 1971 Act also mandated that the VA establish safety standards for that equipment in order to assure the safe operation of the automobile or other conveyance and satisfy the applicable standards of licensure by the proper licensing authority.

The following table shows the costs and number of veterans served by the program and total dollar expenditures since its inception through fiscal year 1973.

TABLE 1.—AUTOMOBILES AND OTHER CONVEYANCES FOR DISABLED VETERANS—TRENDS FROM PROGRAM INCEPTION TO THE PRESENT

Fiscal year	Benefit costs		Number of beneficiaries	
	Annual	Cumulative	Annual	Cumulative
1947	$21, 798, 248	$21, 798, 248	13, 717	13, 717
1948	9, 898, 579	31, 696, 827	6, 206	19, 923
1949	6, 620, 036	38, 316, 863	4, 150	24, 073
1950	2, 174, 352	40, 491, 215	1, 363	25, 436
1951	579, 402	41, 070, 617	363	25, 799
1952	1, 530, 363	42, 600, 980	959	26, 758
1953	18, 223, 614	60, 824, 594	11, 415	38, 173
1954	4, 963, 237	65, 787, 831	3, 103	41, 281
1955	2, 856, 107	68, 643, 938	1, 788	43, 069
1956	1, 933, 019	07, 576, 957	1, 210	44, 279
1957	1, 006, 387	71, 583, 344	630	44, 909
1958	766, 973	72, 330, 317	480	45, 389
1959	701, 355	73, 051, 672	439	45, 828
1960	624, 313	73, 675, 985	391	46, 219
1961	706, 224	74, 382, 209	442	46, 661
1962	668, 837	75, 051, 046	419	47, 080
1963	1, 017, 823	76, 068, 869	637	47, 717
1964	1, 287, 528	77, 356, 397	807	48, 524
1965	1, 114, 004	78, 500, 401	716	49, 240
1966	929, 755	79, 430, 156	582	49, 822
1967	827, 998	80, 253, 154	518	50, 340
1968	3, 467, 763	83, 725, 917	2, 170	52, 510
1969	4, 931, 648	88, 657, 565	3, 086	55, 595
1970	5, 856, 799	94, 514, 364	3, 665	59, 261
1971	6, 642, 228	101, 156, 592	2, 969	62, 230
1972	10, 539, 775	111, 696, 367	3, 265	65, 495
1973	[1] 6, 809, 081	118, 505, 448	1, 705	67. 200

[1] Includes $19,503 for research safety standards.

Since passage of Public Law 91-666, a number of difficulties have arisen in the administration of the provisions of chapter 39 other than the basic grant authority. S. 2363 and its amendments, now embodied in the reported bill, were introduced in order to seek to rectify those difficulties, which are enumerated and discussed below, as well as to provide a cost-of-living increase in the basic grant and equalize eligibility and the service-connection criteria among all veterans of all periods of service since World War II.

Basic grant increase

In the reported bill, the amount of the grant is increased from $2,800 to $3,300. In the 1970 Senate-passed bill, the amount approved was $3,000, which was based on the cost of the average size American automobile in 1970 which was between $3,000 and $4,000. The increased amount proposed in the reported bill, based on the same data, amounts to only a ten-percent increase over the 1970 Senate-approved amount. The Administration, in opposing this provision of the bill while generally supporting the rest of S. 2363, as reported, asserts that average automobile prices have risen in the last three to four years. The Committee finds this position unacceptable, however, because the type of vehicle the disabled veteran needs must be the crucial question and not the cost of the average automobile to the average consumer. Figures provided to the Committee by the Chevrolet Division of the General Motors Corporation show that the list price of a 1974 standard two-door model of automobile with power steering, power brakes, automatic transmission, and air-conditioning was over $4,000. This generally is the type of vehicle needed by those eligible under chapter 39 and includes the most basic adaptive equipment as newly defined in the reported bill. The Committee believes that, even when adjusted for the removal of the excise tax which was in effect in 1971, the $500 increase proposed in S. 2363 is fully justified.

Adaptive equipment

In implementing Public Law 91-666, the VA was unable to define clearly the meaning and scope of the term "adaptive equipment" which it was directed to provide to eligible persons under the revised chapter 39. The implementing instructions that were initially issued by the VA did not make clear to the regional offices exactly who was eligible, and for what equipment. Cases were brought to the attention of the Committee where World War II veterans who applied for adaptive equipment were told that since they had already used their grant they were not eligible for reimbursement of costs and maintenance of adaptive equipment—an interpretation clearly at variance with section 1902(b).

Compounding the difficulty in administration of the chapter, as revised by Public Law 91-666, was the VA's apparent indecision as to whether the Department of Veterans' Benefits or the Department of Medicine and Surgery would decide upon chapter 39 eligibility for adaptive equipment. Problems arose due to the medical determinations which needed to be made as to whether a particular person indeed needed certain equipment in order to operate the automobile safely. These difficulties were further compounded when several regional offices interpreted eligibility requirements differently and also issued different equipment under chapter 39 than did others. Illustrating that difficulty is the following table, compiled by a survey of three regional offices of the VA conducted by the Paralyzed Veterans of America in January of 1972, one year after enactment of Public Law 91-666:

TABLE 2.—VARIANCE OF VA REGIONAL OFFICE INTERPRETATIONS OF ADAPTIVE EQUIPMENT TO BE PROVIDED BY THE VETERAN'S ADMINISTRATION UNDER PUBLIC LAW 91-666

The following adaptive equipment is/is not being granted under the adaptive equipment section of Public Law 91-666, as the VA regional offices noted, according to a survey conducted by the Paralyzed Veterans of America:

Type of equipment	New York	Los Angeles	Miami
Automatic transmission	Yes	Yes	Yes.
Power brakes	Yes	Yes	Yes.
Power steering	Yes	Yes	Yes.
Power seats	Yes	Yes	Yes.
Tilt steering wheel	Yes	Yes	Yes.
Hand controls	Yes	Yes	Yes.
Air-conditioning	Yes [1]	No	Yes.[1]
Power windows	Some quadriplegics.	Yes	Yes.[2]
Rear window defogger	Yes	No	No.
Power door locks	No	No	No.

[1] Must be proven to be necessity.

[2] Only have quadriplegics as example. January 1972.

Thus, the Committee believed that, although many of these irregularities seemed eventually to have been administratively clarified, there was a definite need for a more precise statutory definition of "adaptive equipment" under chapter 39. Specifically, the reported bill authorizes the payment for certain power assist equipment should it be required for the safe operation of the vehicle. This includes air-conditioning, power seats, and power window lifts.

The Committee is also convinced that it is necessary to specify that "adaptive equipment" is to include such equipment as an eligible person may need to get in or out of a vehicle purchased with chapter 39 funds, or vehicles previously or subsequently acquired. The definition was expanded to include equipment necessary to enter and leave the vehicle as well as increase the interior space, so as to allow, for example, a person to enter and drive the vehicle or other conveyance while seated in a wheelchair.

A VA General Counsel's opinion, dated December 5, 1972, issued after enactment of Public Law 91-666 and upon request of the Chief Medical Director for clarification, had indicated in part:

> . . . [A]lthough a powered lifter may be useful and necessary to get into an automobile, it is not directly related to actual operation of the automobile. . . .
>
> For the foregoing reasons, it is my opinion that section 1902(b) does not encompass authority to furnish the equipment described in your [the Chief Medical Director's] memorandum. We should emphasize, however, that the holding that the powered lifters in question may not be provided under section 1902(b) in no way limits the Administrator's authority to provide such lifters to eligible veterans in appropriate cases under chapter 17 of title 38 [as medical care].

The Committee finds this most restrictive opinion unacceptable and of dubious merit. Why should an automobile and all adaptive equipment be provided to a veteran, only to deny him the necessary equipment to enter and leave the vehicle? As an answer to this rhetorical question, the Committee has adopted the language which would mandate that such equipment be provided under chapter 39 when necessary to assist the eligible person into and out of the conveyance.

Eligibility

The reported bill would remove the more restrictive line-of-duty/direct-performance-of-duty criterion presently imposed on the Vietnam era veteran after he is discharged from active duty in the Armed Forces (as well as any post-Korean conflict veteran). The Senate version of the bill which later became Public Law 91-666 had eliminated this more restrictive criterion when passed in 1970 for veterans of the Vietnam era. The administration has proposed legislation which would remove this distinction as well. (That draft proposal is set forth later in this report with the other agency reports submitted to the Committee on this legislation.)

Presently, a veteran who served after January 31, 1955—the end of the Korean conflict service period—must have been injured or sustained an illness in the direct performance of duty in order to qualify for chapter 39 benefits. Those who served during World War II and the Korean conflict need only satisfy a normal service-connection criterion as to the time of the onset of the condition producing the disability. This inequity as to post-Korean conflict *veterans* is made the more inexplicable since those with post-August 4, 1964 service (that is, Vietnam era) who apply for the grant prior to being discharged from the service need only meet the service-connection requirement, while those with the same service period who apply after they are discharged must meet the strict performance-of-duty requirement. The Committee believes that these variations are inequitable, and has amended the law consistent with recent congressional action to equalize benefits for similarly circumstanced disabled veterans.

The Committee made it very clear when the legislation which was ultimately enacted as Public Law 91-666 passed the Senate that it expected the VA to make every effort to have active duty servicemen apply for their chapter 39 benefits prior to being discharged. The statistics provided to the Committee, showing increased expenditures which appear in the following table, seem to indicate that this effort has been made and proven productive. However, this does not rectify the discrimination against those who were either not reached by the VA prior to discharge, or were discharged prior to the effective date of the 1971 Act, including all those post-Korean conflict veterans discharged prior to August 5, 1964.

TABLE 3.—AUTOMOBILE EXPENDITURES UNDER PUBLIC LAW 91-666

Automobiles	Fiscal year— 1971	1972	1973	1974
Autos-veterans	$5,829,609.94	$7,072,136.92	$4,275,052.51	$2,849,935
Adaptive equipment-veterans	38,244.34	1,269,256.64	1,685,312.69	1,471,177
Maintenance and repair-veterans		234,086.27	415,651.83	439,427
Servicemen	758,480.96	1,787,742.84	365,896.43	197,583
Adaptive equipment-servicemen	15,892.70	176,290.04	47,645.14	32,028
Maintenance and repair-servicemen		262.60	20.00	1,451
Total	6,642,227.94	10,539,775.31	6,789,578.60	4,991,601
Autos purchased	2,969	3,265	1,705	676
Autos maintained and/or equipped	191	4,378	4,696	3,559

The reported bill would thus specify only one service-connection criterion and would make it applicable both as to all veterans regardless of whether they served during or after World II, and as to all active-duty servicemen seeking chapter 39 benefits while on active duty. Specifically, the reported bill would make chapter 39 eligibility for veterans who served during the so-called "peacetime" period between February 1, 1955 and August 4, 1964, dependent on the same standard service-connection criterion as for "wartime" service during World War II and the Korean conflict and, as applied to active-duty servicemen, serving during the Vietnam era. Moreover, for the first time chapter 39 eligibility would be provided to veterans (as well as servicemen) whose service was in the "peace-time" period between World War II and the Korean conflict—from January 1, 1947 to June 26, 1950.

These amendments are consistent with past congressional action concerning other Veterans' Administration programs which have abandoned a wartime/peacetime distinction. Following extensive study, Congress adopted a new program of dependency and indemnity compensation, the Servicemen and Veterans Service Benefits Act of 1956 (Public Law 84-881) in which no distinction is made between wartime or peacetime service for the payment of compensation for service-connected deaths. In Public Law 91-101. Congress also voted to expand medical benefits to make any veteran—wartime or peacetime—over 65 years of age eligible for Veterans' Administration hospital care and related outpatient care for non-service-connected disabilities without having to show financial inability.

Then, in Public Law 93-82, the Veterans' Health Care Expansion Act of 1973, the Congress removed the peactime/wartime distinction for purposes of basic eligibility for VA health care under Chapter 17.

In the 92d Congress, peacetime/wartime rates of compensation for service-connected disabled veterans were equalized by Public Law 92-328. And, in the 93d Congress, Public Law 93-295 eliminated the wartime/peacetime distinctions for death compensation cases.

Finally, the Committee also notes that amendments to the educational assistance program twice passed by both Houses of Congress, would equalize disability criteria for the purposes of chapter 31 vocational rehabilitation eligibility.

Accordingly, the Committee believes that to retain a wartime/peacetime distinction or to apply different criteria for the purposes of determining eligibility for benefits under chapter 39 would be both arbitrary and inequitable.

Adaptive equipment for vehicles previously acquired

In Public Law 91-666, the Congress liberalized the authority of the Administrator of Veterans Affairs with respect to the repair, replacement and reinstallation of adaptive equipment deemed necessary for the operation of an automobile purchased by certain disabled veterans with monetary assistance from the VA. The amendment added by that law authorized the Administrator to "provide, repair, replace or reinstall such adaptive equipment for any automobile or other conveyance which an eligible person may *subsequently* have acquired." (emphasis added). H.R. 12367 would further extend this authority to an automobile or other conveyance *previously* or subsequently acquired.

Recently a case came to the Committee's attention in which the veteran bought a 1970 automobile and received the appropriate assistance and equipment; however, it did not prove satisfactory in operation and he therefore sold it and returned to driving an earlier automobile he bought in 1964. In order to properly operate that automobile he had adaptive equipment placed on it and sought reimbursement from the VA. Unfortunately, in view of the literal language of the law, the VA had no choice but to deny his request for reimbursement because he did not buy this first car *subsequent* to his automobile grant.

In reporting to the Committee on this provision in the House bill, H.R. 12367, the VA indicated it is aware of the specific case involved and made the following observation:

"In contemplation of the situation, such as in the above case, we feel that enactment of the proposed measure would be beneficial to veterans in similar circumstances and equitable. Therefore, we discern no reasonable basis for objecting thereto."

The Veterans Administration in its report also stated that there is no data readily available upon which to base an estimate of the cost of the measure if enacted. The Committee accepts this statement but feels that it is obvious that, by the very nature of the limited type of cases it would affect, the cost would be relatively insignificant.

Driver training

In its testimony, the VA indicated that it presently was operating driver training programs at only 18 of its 170 (now 172) hospitals. The Committee understands that there are presently plans to activate 100 more programs in the near future. Consistent with the Committee's intent to make such training reasonably accessible to all those eligible under the program, the reported bill would require the availability of a driver training program at all VA hospitals, and, where appropriate, at VA regional offices and other medical facilities. These programs could be either directly run by the VA, or contracted for with approved driver training schools. The reported bill provides sufficient flexibility to the VA by allowing the Administrator the ability to contract for driver training and to arrange for areawide sharing of driver training personnel and equipment.

The Committee strongly believes that those who are so seriously disabled as to require an automobile to be operated with adaptive eqiupment must receive the best possible driver training including use of all necessary adaptive equipment they may or will need when training is completed.

Safety standards for adaptive equipment

Despite repeated urging and requests from the Committee, to date—three and a half years after enactment of Public Law 91-666—the adaptive equipment safety standards mandated in that Act to be established by the VA have yet to be published.

As early as September 10, 1971, Senator Cranston, as Chairman of the Subcommittee on Health and Hospitals, wrote the Administrator expressing concern over the lack of compliance with the new law. His letter stated in part:

"I respectfully urge that you establish an intra-agency committee [under the Chief Medical Director] reporting directly to you or the Deputy Administrator to establish policies with respect to the implementation of the new devices, provisions and to insure their effective implementation."

In his response on October 28, 1971, the Administrator set forth some of the difficulties the VA had been experiencing with the new law, and agreed with the proposed intra-agency committee concept. The complete exchange of correspondence is set forth in this report under the section entitled "Agency Reports", *infra.*

On November 22, 1971, this intra-agency committee was established under the chairmanship of Dr. John D. Chase, then Associate Deputy Chief Medical Director, and now Chief Medical Director. On April 26, 1974, the Committee received a letter from the VA stating that these standards of quality and safety are now ready for review by the manufacturers, the States, and Federal agencies, and inviting participation and suggestions by the Congressional Committee. (This letter and the Chief Medical Director's Memorandum of November 22, 1971, are set forth in an appendix to this report.) These proposed standards are still pending in this review more than five months later.

While appreciating the difficulties encountered in setting forth such standards, the Committee is deeply concerned that it has taken the VA so long to start to move toward compliance with the section 1903(d) requirement of establishing minimum standards of safety and quality for adaptive equipment provided under the chapter. It can only be assumed, since VA witnesses indicated that no chapter 39 payments had been disallowed to date because of the substandard nature of equipment requested, that many veterans were reimbursed, for example, for hand controls which will not meet the VA's criteria for safety when they are ultimately established. Figures supplied by the VA indicate that only $19,503 has been spent in research for safety standards, and all of that in FY 1973. The Committee strongly urges the VA to request and expend all the funds necessary to achieve compliance with this requirement to establish adaptive equipment standards, written into law in 1971—within the next few months.

Research and development

The reported bill also contains new authority under chapter 39 for the VA to carry out an expanded program of research and development in the field of adaptive equipment, adapted conveyances, and rehabilitation devices generally.

In testimony before the Subcommittee on March 13, the VA stated that no funds had been expended in coordination with the Rehabilitation Services Administration (RSA) or the Social and Rehabilitation Services Administration (SRS) in HEW over the last three fiscal years. The VA, however, has itself expended the following amounts for rehabilitation R&D during that period:

TABLE 4.—VA REHABILITATION RESEARCH AND DEVELOPMENT EXPENDITURES

	Fiscal year—		
	1972	1973	1974 projected costs
Hardware	[1] $14,555	[1] $6,266	[1] $60,595
Vehicles	22,955	16,387	20,792
Service agreements and contracts		2,500	3,250
Personnel costs	8,240	28,727	39,919
Travel costs	910	100	280
Total	46,660	53,940	124,836
Grand total	225,436		

[1] Includes adaptive equipment, driving simulators, and a highly specialized Instron testing machine.

The Committee feels strongly that these kinds of expenditures should be coordinated with other relevant Federal agency programs to assure that duplication of effort is avoided and that a full sharing of information is achieved to the benefit of disabled veterans and others who can benefit from rehabilitation equipment and devices.

Major new authority was granted last year in the Rehabilitation Act of 1973 (P.L. 92-112) to RSA in the Department of Health, Education, and Welfare to mount a large rehabilitation research and development program and to coordinate with the activities of other Federal agencies in the field of research and development and in rehabilitation technology. The new section 1904 which the reported bill proposes to add to chapter 39 is intended to provide the VA with the necessary statutory authority to make it a full and equal partner in such development efforts.

The Committee feels strongly that much needs to be done in the field of research and development in rehabilitation technology in order to develop the types of equipment, devices, and vehicles which will help handicapped veterans and other persons to become as independent as possible, so they may fully participate in family and community life. Certainly, the seriously disabled veteran deserves that chance, and only through the fullest cooperation and efforts of all agencies in the Federal Government will the maximum potential for research and development in rehabilitation technology be realized. It is thus vitally important that the VA participate and cooperate with HEW's program efforts in this field by bringing to bear the expertise it has already gained and the facilities for testing it has already developed, a cooperative interchange which the Committee is convinced will be of great value for handicapped veterans and all handicapped persons in the Nation.

COST ESTIMATES OF S. 2363, AS REPORTED

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91-510), the Committee estimates, based on figures supplied by the Veterans' Administration, that S. 363, as reported, will cost $28.2 million in the first year, decreasing to $5.2 million in the fifth year.

The full five-year costs are set forth in the table below:

TABLE 5.—*VA estimates of 5-year cost of S. 2363, as reported*

Fiscal year:	*Cost (millions)*
1975	$28.2
1976	3.1
1977	3.2
1978	4.9
1979	5.2
Total, 5-year cost	44.6

* * * * *

SECTION-BY-SECTION ANALYSIS AND EXPLANATION OF S. 2363, AS REPORTED

SECTION 1

This section provides that the proposed Act may be cited as the "Disabled Veterans' and Servicemen's Automobile and Adaptive Equipment Amendments of 1974".

SECTION 2

Clause (*1*) amends that part of the definition of "eligible person" contained in clause (A) of paragraph (1) of section 1901 of title 38, relating to the definition of eligible veterans under chapter 39, to include within that definition (in addition to veterans of service during World War II) any veteran of service thereafter. The effect of the amendment is, first, to extend eligibility or benefits under chapter 39 to veterans of service between the date of termination of World War II (December 31, 1946, as set forth in section 101(8)) and the date of the beginning of the Korean conflict (June 27, 1950, as set forth in section 101(9)). Second, the amendment would provide that all eligibility under chapter 39 for veterans will be determined based on a single service-connection standard (the disability is the result of an injury incurred or a disease contracted in or aggravated by active service) rather than the more restrictive criterion presently applied to post-Korean conflict veterans or veterans of the Vietnam era (the injury was incurred or the disease was contracted in line of duty as a direct result of the performance of military duty).

Clause (*2*) amends that part of the definition of "eligible person" contained in clause (B) of paragraph (1) of section 1901 to make eligibility for chapter 39 benefits for active duty members of the Armed Forces identical to the eligibility under clause (A), as revised by the reported bill, upon their discharge as veterans. That is, first, eligibility will extend to veterans of service during World War II or thereafter without regard to any war or peacetime distinction; and second, post-Korean conflict veterans who served prior to the beginning of the Vietnam era (August 5, 1964, as set forth in section 101 (29)) would have the same eligibility criterion (i.e. "service connected" rather than "line-of-duty") as servicemen and veterans who served during the Vietnam era.

Clause (*3*) deletes entirely present paragraph (2) of section 1901 which established a special additional period of eligibility (approximately 7 months) for chapter 39 benefits for veterans with service immediately following World War II. This additional eligibility extension is unnecessary in view of the amendment made by clause (1) of this section of the reported bill, described above. This clause adds a replacement paragraph (2) in order to define the term "adaptive equipment" to include, but not be limited to, power steering, power brakes, power windows, power seats, and other special equipment necessary to assist the eligible person into and out of the vehicle; as well as air-conditioning equipment necessary to the health and safety of the veteran and of the safety of others, regardless of whether or not the eligible person is operating the vehicle or the vehicle is being operated for such person by another person, and any modification of the interior space of the vehicle necessary because of the physical condition of the eligible person as necessary for such person to enter or operate the vehicle.

SECTION 3

This section amends section 1902, relating to automobile and adaptive equipment assistance.

Clause (*1*) specifies in subsection (a) that the automobile assistance payment specified in that subsection shall include all State, local, and other taxes.

Clause (*2*) raises the maximum amount of that payment in subsection (a) from the present $2,800 to $3,300, an increase dictated by the increase in the cost of the average size vehicle appropriate for use by persons eligible for assistance under chapter 39 since the last increase in the maximum payment amount, enacted in Public Law 91–666 in 1970.

SECTION 4

Subsection (*a*) amends section 1903, relating to limitations on assistance under chapter 39, by adding a new subsection (e) at the end thereof. The new subsection directs the Administrator to provide, directly or by contract, for the conduct of special driver training courses at every VA hospital and, where it is deemed appropriate, at VA regional offices and VA medical facilities other than hospitals, for the purpose of instructing each person eligible for chapter 39 assistance to operate the type of automobile or conveyance which such person wishes to obtain with chapter 39 assistance. The section further authorizes the Administrator to make such courses available to any veteran or member of the Armed Forces who requires such special training even though the particular veteran or member does not qualify for chapter 39 assistance. New subsection (e) also provides authority to the Administrator (1) to purchase insurance on automobiles and other conveyances which are not owned by the Government and which are to be used in conducting the special driver training courses provided for under the first paragraph of the new subsection, and (2) to obtain, at Government expense, personal liability and property damage insurance for all persons taking such courses, whether on an in-patient or out-patient basis. This latter authority does not extend to conveyances owned by the Government consistent with the traditional Government policy that the Government acts as its own insuror in the case of its own vehicles.

Clause (*3*) amends subsection (c) to provide for, as to vehicles previously required as well as replacement vehicles for vehicles acquired using a chapter 39 grant, the provision, repair, replacement, or reinstallation by the Veterans' Administration of adaptive equipment for an automobile or other conveyance.

Subsections (*b*) *and* (*c*) amend the catchline of such section 1903 as well as the table of sections at the beginning of chapter 39 to reflect the inclusion of the authority for "special training courses", as provided for in the new subsection (e), added by section 4(a) of the reported bill.

SECTION 5

Subsection (*a*) adds at the end of chapter 39 a new section 1904, which is described below:

§ 1904. Research and development; coordination with other Federal programs

Subsection (a). Provides that the Administrator, in carrying out prosthetic and orthopedic appliance research under section 216 and medical research under section 4101, shall, through the Chief Medical Director, provide for special emphasis on the research and development of adaptive equipment and adapted conveyances (including vans) which meet standards of safety and quality prescribed by the Administrator under subsection (d) of present section 1903. This subsection (a) further specifies that such activities shall include support for the production and distribution of devices and conveyances developed as a result of such research activities.

Subsection (b). Provides that the Administrator, in carrying out the research and development activities required under subsection (a) of the new section, shall, through the Chief Medical Director, consult and cooperate with the Secretary of Health, Education, and Welfare and the Commissioner of the Rehabilitation Services Administration (a position specified in section 3 of the Rehabilitation Act of 1973, Public Law 93–112), in connection with (1) programs carried out under section 3(b) of that Public Law (programs designed to develop and support, and stimulate the development and utilization of, including production and distribution of new and existing devices, innovative methods of applying advanced medical technology, scientific achievement, and psychological and social knowledge for the purpose of solving rehabilitation problems); (2) programs carried out under section 202(b)(2) of such Act (programs for the establishment and support of Rehabilitation Engineering Research Centers); as well as activities carried out under section 405 of that Act (imposing upon the Secretary of Health, Education, and Welfare a special responsibility for planning, analyzing, promoting utilization of scientific advances, and carrying out information clearinghouse activities). The Committee believes that activities carried out by the Secretary and the Commissioner are extremely relevant to the appropriate research and development activities required under subsection (a) of the new section and that the Veterans' Administration can both contribute to, and profit from, programs carried out under the authorities in the Rehabilitation Act of 1973, particularly those cited in the provision itself.

Subsection (*b*) amends the table of sections at the beginning of chapter 39 to reflect the addition of new section 1904.

SECTION 6

This section provides that the provisions of the reported bill shall become effective on the first day of the second calendar month following the date of enactment, except for the amendment to section 1902(c) with respect to adoptive equipment for vehicles previously acquired, which is made effective on January 11, 1971, the effective date of Public Law 91–666.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS ON OCTOBER 25 AND NOVEMBER 12, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees, including the committees of conference, be authorized to file reports with the Secretary of the Senate on October 25 and November 12, 1974.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider routine nominations placed on the Secretary's desk, which were reported earlier today.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nominations will be stated.

ROUTINE NOMINATIONS PLACED ON THE SECRETARY'S DESK—PUBLIC HEALTH SERVICE

The second assistant legislative clerk proceeded to read routine nominations in the Public Health Service which had been placed on the Secretary's desk.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

SENATE RESOLUTION 431—AUTHORIZING CERTAIN EMPLOYEES OF THE SENATE TO APPEAR AS WITNESSES

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. TUNNEY). The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 431) to authorize James Estep, Manager, Computer Services, Harold W. Needham, Superintendent, Senate Service Department and Joseph J. Fahey, Supervisor, Senate Folding Room, employees of the United States Senate, to appear as witnesses in the case of Common Cause, et al against E. T. Klassen, et al.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The resolution (S. Res. 431) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 431

Whereas in the case Common Cause, et al v. E. T. Klassen et al, Civil Action No. 1887-73, United States District Court for the District of Columbia, subpoenas duces tecum have been issued upon the application of Kenneth J. Guido, attorney for the plaintiffs, and addressed to James Estep, Manager, Computer Services, United States Senate; Harold W. Needham, Superintendent, Senate Service Department, United States Senate; and Joseph J. Fahey, Supervisor, Senate Folding Room, United States Senate, directing them to appear as witnesses before the said court and give a deposition on October 29, November 1 and November 4, 1974, respectively, and to bring with them certain papers in the possession and under the control of the Senate of the United States: Therefore be it

Resolved, That by the privileges of the Senate no evidence of a documentary character under the control and in the possession of the Senate can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That James Estep, Manager of Computer Services, Harold W. Needham, Superintendent, Senate Service Department and Joseph J. Fahey, Supervisor, Senate Folding Room, be authorized to appear at the place and before the court named in the respective subpoenas duces tecum before mentioned, but shall not take with them any papers or documents on file in their offices or under their control or in their possession; be it further

Resolved, That when said court determines that any of the documents, papers, communications, and memoranda called for in the subpoenas duces tecum have become part of the official transcripts of public proceedings of the Senate by virtue of their inclusion in the official minutes and official transcripts of such proceedings for dissemination to the public upon order of the Senate or pursuant to the Rules of the Senate, and, further, that such documents, papers, communications, and memoranda are material and relevant to the issues pending before said court, then the said court, through any of its officers or agents, have full permission to attend with all proper parties to the proceeding, and then always at any place under the orders and control of the Senate, and take copies of such documents, papers, communications, and memoranda in possession or control of James Estep, Harold W. Needham and Joseph J. Fahey, which the court has found to be part of the official transcripts of public proceedings of the Senate by virtue of their inclusion in the official minutes and official transcripts of such proceedings for dissemination to the public upon order of the Senate or pursuant to the Rules of the Senate, and, further, that such documents, papers, communications, and memoranda are material and relevant to the issues pending before said court, excepting any other documents, papers, communications, and memoranda including, but not limited to, minutes and transcripts of executive sessions and any evidence of witnesses in respect thereto which the court or other proper office thereof shall desire as such matters are within the privileges of the Senate; and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpoenas aforementioned.

THIRTY-MINUTE RECESS

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess for 30 minutes.

The motion was agreed to; and at 1:03 p.m. the Senate took a recess until 1:33 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HARRY F. BYRD, JR.).

FURTHER ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a resumption of the period for routine morning business with statements limited therein to 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ABOUREZK). Without objection, it is so ordered.

FINAL SPENDING SPEECH

Mr. HARRY F. BYRD, JR. Mr. President, since the first day of this month I have been reporting to the Senate, each day that it has been in session, on examples of wasteful or inappropriate Federal spending which my staff uncovered by research during the summer months.

Today I am delivering my ninth report in this series.

I want to begin by outlining the reasons why an inquiry into the use of tax funds is particularly appropriate, in my view, at this time.

Inflation is running wild in this country. It eats into the paycheck of every working man and woman. It hits hard those on fixed incomes, especially the elderly.

I believe—and a large number of economists are in agreement on this point—that the enormous deficits which the Federal Government has been running are a major cause, if not the major cause, of our inflation.

During the 6-year period ending next June 30, the Government will have accumulated a deficit in Federal funds of $133 billion. That is more than one-fourth of the entire national debt, piled up through all our history, through all our wars, large and small.

It is a staggering debt that we have accumulated. It will reach the unbelievable total of a half-trillion dollars before next summer.

Just to pay the interest on this debt, 17 cents of every individual and corporate income tax dollar is required.

To finance our enormous debt, the Government must go into the money market—and it does, with a vengeance. Sixty-two percent of all the lendable funds in this country are borrowed by the Federal Government.

That drives interest rates even higher, and it makes it more and more difficult for the home buyer, the consumer, or the businessman to find credit. The young are forced out of the housing market.

So the huge deficits of the Government overheat the economy, drive up interest rates and make credit scarce. In every way, these deficits are inflationary.

Obviously, we must get Federal spending under control.

But as we seek ways to accomplish this objective, we are constantly told that most of the Federal budget is "uncontrollable"—that ever-growing spending is so ingrained in our system that we will never effectively check it.

I admit that the Government has been unwise in establishing a number of open-ended programs, which will require drastic revision if we are to control the outlays which they have grown to demand.

I want to see that kind of revision. I want to see open-ended programs brought under control.

But I also want to see more vigilance on the part of both the executive branch and the legislative branch in policing the programs that are "controllable."

That is the purpose of the series of speeches which I have been delivering in the Senate since October 1.

Reviewing the examples of wasteful or inappropriate spending which I have discussed since October 1, I find that most of them fall into four major categories. Today I want to examine those four categories and discuss a fifth one which I have not previously mentioned.

The first is inappropriate use of tax funds.

In this category I would include the spending of the hard-earned tax dollars of our citizens for programs and studies with no discernible relationship to the welfare of the taxpayer.

The Government has spent $18,500 to hire a German national to set up a nationwide soccer program in South Vietnam. It has paid a Yale University scholar $46,600 to investigate the influence of dyadic relationships on adherence to stressful decisions.

I do not maintain that the South Vietnamese should not play soccer and enjoy it. I do not question the academic value of the Yale scholar's inquiry.

But I do question—in fact, I deny—the appropriateness of forcing the American taxpayer, caught in the iron jaws of inflation, to bear the cost of such enterprises.

The second category I have found is mismanagement.

Under this heading I would place a number of Federal programs which have not been properly monitored. One good example: The spending of $16 million by the Navy for submarine emergency buoys which are too big to fit on the submarines.

A third category is overpayment.

The Federal Government is sometimes an overly generous paymaster.

For example, we found that principal researchers on some projects funded by the National Science Foundation were compensated at annual pay rates up to $45,000—higher than the salaries of Members of the Congress, or all but the highest officials of the executive and judicial branches.

A fourth category—and a very important one—is excessive appropriation.

I devoted one of my reports to the Senate to the subject of spending for foreign aid, which in my opinion is one of the foremost examples of excessive appropriation.

This year we are being asked to spend $8.8 billion for foreign aid, sending it to 100 nations all around the world—at a time when our own economy is very nearly in a state of shock.

I believe this is excessive appropriation—hardly a new practice, since we have spent $153 billion on foreign aid since the end of World War II.

Today I want to add a fifth category of excessive Federal spending—namely, the mushrooming of small programs into major burdens on the taxpayer.

In 1967, an apparently modest program to assist the States in improving various kinds of "social services" was approved. Its sponsor said it would cost about $40 million a year.

But the States soon discovered there was no ceiling on the sums they could get if they could devise projects to fit under the umbrella of "social services."

By 1972, the cost of this program was approaching $5 billion. A drastic revision in the program cut the outlay to about $1.5 billion for the current year—but that is still 37 times the sponsor's original estimate.

Let us look at another program.

In 1966, the Government began a program of distributing food stamps. The cost was $34 million.

This year, the food stamp program will cost about $4 billion, an increase of 33 percent over last year. The cost for administration—for salaries, pencils, and papers clips—will be greater than the entire program cost in 1966.

This program clearly has gone far beyond its intended purpose.

A study by the Joint Economic Committee discloses that by 1977, the cost of food stamps may top $10 billion. Among its present beneficiaries are strikers and college students, and by 1977 the committee estimated that every fourth American—60 million people—may be obtaining food stamps.

These are two examples of programs which began as seedlings but now are tall pines in the budgetary forest.

What we must do is to write into the provisions authorizing new programs some kind of reasonable limit on their ultimate outlays, and watch the growth of existing programs to see that they do not become budgetary monsters.

I make no exaggerated claims for the findings I have reported to the Senate on patterns of Federal spending.

I recognize that the examples I have cited only scratch the surface of the problem of excessive spending.

But I hope that these reports I have made to the Senate will serve to help alert the Government and the people to the enormity of the task we face in getting control of the Government's fiscal folly.

I am sure of this: we will not get the cost of living under control until we get the cost of Government under control.

Let us begin.

PERMISSION TO FILE REPORT ON H.R. 5463

Mr. HRUSKA. Mr. President, I ask unanimous consent that the Committee on the Judiciary have until midnight Friday, October 18, 1974, to file a report on H.R. 5463, an act to establish rules of evidence for certain courts and proceedings.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS FOR 30 MINUTES

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the Senate stand in recess for a period of 30 minutes. There being no objection, at 1:44 p.m., the Senate recessed for 30 minutes; whereupon, the Senate reassembled at 2:14 p.m., when called to order by the Presiding Officer (Mr. DOMENICI).

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BEALL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DOMENICI). Without objection, it is so ordered.

RECESS UNTIL 3:01 P.M.

Mr. BEALL. Mr. President, I move that the Senate stand in recess for 30 minutes.

The motion was agreed to; and at 2:31 p.m. the Senate recessed until 3:01 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. DOMENICI).

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess subject to the call of the Chair.

The motion was agreed to; and at 3:02 p.m. the Senate took a recess, subject to the call of the Chair.

The Senate reassembled at 3:10 p.m. when called to order by the Presiding Officer (Mr. DOMENICI).

NATIONAL VISITORS CENTER FACILITIES ACT OF 1968

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 17027.

The PRESIDING OFFICER laid before the Senate H.R. 17027, to amend the National Visitors Center Facilities Act of 1968, which was read twice by its title.

Mr. MANSFIELD. I ask unanimous consent that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, so far as the joint leadership knows, this bill meets with the approval of all concerned, and I ask for its passage.

The bill was ordered to a third reading, was read the third time and passed.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BEALL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. BEALL. Mr. President, I move that the Senate stand in recess subject to the call of the Chair.

The motion was agreed to; and at 3:27 p.m. the Senate took a recess, subject to the call of the Chair.

The Senate reassembled at 3:53 p.m., when called to order by the Presiding Officer (Mr. DOMENICI).

ORDER FOR ADJOURNMENT TO TUESDAY, OCTOBER 15, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 12 o'clock noon on Tuesday next.

The PRESIDING OFFICER (Mr. DOMENICI). Without objection, it is so ordered.

AUTHORITY FOR THE SECRETARY OF THE SENATE TO RECEIVE MESSAGES FROM THE HOUSE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the interim, during the adjournment of Congress over until 12 noon on Tuesday next, the Secretary of the Senate be authorized to receive messages from the House of Representatives.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR THE PRESIDENT PRO TEMPORE AND ACTING PRESIDENT PRO TEMPORE TO SIGN NEWLY ENROLLED BILLS AND JOINT RESOLUTIONS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the adjournment over to Tuesday next, the President pro tempore and the Acting President pro tempore be authorized to sign duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR GRIFFIN AND SENATOR ROBERT C. BYRD AND FOR THE TRANSACTION OF ROUTINE BUSINESS ON TUESDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday next, after the two leaders have been recognized under the standing order, the Senator from Michigan (Mr. GRIFFIN) and the junior Senator from West Virginia (Mr. ROBERT C. BYRD) be recognized each for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

LANDS IN TRUST FOR THE SISSETON-WAHPETON SIOUX TRIBE OF INDIANS

Mr. ABOUREZK. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1412.

The PRESIDING OFFICER (Mr. DOMENICI) laid before the Senate the amendment of the House of Representatives to the bill (S. 1412) to declare that certain federally owned lands are held by the United States in trust for the Sisseton-Wahpeton Sioux Tribe of the Lake Traverse Indian Reservation in North and South Dakota, as follows:

Strike out all after the enacting clause, and insert:

That all right, title, and interest of the United States in and to land on the Lake Traverse Indian Reservation in North and South Dakota is hereby declared to be held by the United States in trust for the Sisseton-Wahpeton Sioux Tribe described as follows, to wit:

(1) the southeast quarter of the southeast quarter of section 16, township 123 north, range 53 west of the fifth principal meridian, county of Day, State of South Dakota, containing 40 acres, more or less, and

(2) the northwest quarter of the southeast quarter of section 4, township 123 north, range 51 west of the fifth principal meridian, county of Roberts, State of South Dakota, containing 40 acres, more or less, and

(3) the southwest quarter of the southwest quarter of the southwest quarter of section 15, township 126 north, range 52 west of the fifth principal meridian, county of Roberts, State of South Dakota, containing 10 acres, more or less, and

(4) lots 13, 14, 15, and 16 of block 26, original plat of the town of Sisseton, county of Roberts, State of South Dakota, containing 0.24 acre, more or less.

This conveyance is subject to all valid existing rights-of-way of record.

SEC. 2. This conveyance is subject to the right of the United States to use and improve such portions of tracts numbered 1 and 2 as the Secretary of the Interior may determine for so long as may be necessary, but in no event to exceed 3 years.

SEC. 3. The Indian Claims Commission is directed to determine in accordance with the provisions of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any claim against the United States determined by the Commission.

Mr. ABOUREZK. Mr. President, the changes made by the House amendment to S. 1412, Mr. President, are mainly technical in nature, do not alter the substance of the Senate bill, and in fact clarify and improve the language of the Senate version.

The provisions of the House-passed bill are acceptable to the sponsors of the legislation as well as the members of the Committee on Interior and Insular Affairs, and therefore, Mr. President, I move that the Senate concur in the amendment of the House to S. 1412.

The motion was agreed to.

Mr. BEALL. It is my understanding that this matter has been cleared with the minority members of the committee.

Mr. ABOUREZK. Yes.

CONSOLIDATION OF LANDHOLDINGS OF THE SISSETON AND WAHPETON SIOUX TRIBE OF INDIANS

Mr. ABOUREZK. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1411.

The PRESIDING OFFICER (Mr. DOMENICI) laid before the Senate the amendment of the House of Representatives to the bill (S. 1411) to authorize the Sisseton and Wahpeton Sioux Tribe of the Lake Traverse Reservation to consolidate its landholdings in North Dakota and South Dakota, and for other purposes, as follows:

Strike out all after the enacting clause, and insert:

That the Secretary of the Interior is authorized, at his discretion and upon the request of the Sisseton and Wahpeton Sioux Tribe of the Lake Traverse Reservation or its designated agent in the States of North Dakota and South Dakota, to acquire through purchase, gift, or exchange any lands or interest in lands within the boundaries of the Lake Traverse Reservation in North Dakota and South Dakota for the purpose of consolidating landholdings, eliminating fractionated heirship interests in Indian trust lands, providing land for any tribal program for the improvement of the economy of the tribe and its members through the development of industry, recreational facilities, housing projects, and the general rehabilitation and enhancement of the total resource potential of the reservation. For the purchase of such lands or interests in lands the use of any funds available to the tribe from any source is authorized and title to any land acquired under the authority of this Act shall be taken in the name of the United States in trust for the Sisseton and Wahpeton Sioux Tribe of the Lake Traverse Reservation in North Dakota and South Dakota.

SEC. 2. (a) Notwithstanding any other provision of law, the Sisseton and Wahpeton Sioux Tribe of the Lake Traverse Reservation, acting through its governing body or its designated agent, is authorized with the approval of the Secretary of the Interior to exchange or sell any tribal real property not needed or suitable for use by the tribe or so situated or located that it would be to the economic advantage of the tribe to sell or exchange the property; except that (1) any such sale shall be by competitive sealed bidding, and a preference shall be given to enrolled members of the Sisseton Wahpeton Sioux Tribe of the Lake Traverse Reservation to match the high bid; (2) the amount or exchange value received for the property shall not be less than the fair market value thereof as determined by the Secretary of the Interior or his duly authorized representative; (3) if lands involved in an exchange are not of equal value, the difference in value shall be paid in money; (4) any proceeds from the sale of land under this authority or money received to equalize an exchange shall be used exclusively for the purchase of other land on the reservation; (5) title to any land acquired for the tribe under this authority shall be taken in the name of the United States in trust for the tribe; and (6) if an enrolled member of the Sisseton and Wahpeton Sioux Tribe of the Lake Traverse Reservation acquires land from the tribe under this Act, title may, with the approval of the Secretary of the Interior, be taken in the name of the United States in trust for the use and benefit of such member.

(b) All of the foregoing provisions of this Act shall be construed to be exclusive to resident United States citizens enrolled as members of the Sisseton Wahpeton Sioux Tribe of the Lake Traverse Reservation.

SEC. 3. All lands acquired by the United States in trust for the tribe or members thereof under the authority of this Act shall be exempt from State and local taxation.

SEC. 4. Any tribal land may, with the approval of the Secretary of the Interior, be encumbered by a mortgage or deed of trust, and shall be subject to foreclosure or sale pursuant to the terms of such mortgage or deed of trust in accordance with the laws of the State in which the land is located. For the purpose of the foreclosure or sale proceeding, the Sisseton and Wahpeton Sioux Tribe of the Lake Traverse Reservation shall be regarded as vested with an unrestricted fee simple title to the land. The United States shall not be a necessary party to the foreclosure or sale proceeding, and any conveyance of the land pursuant to such proceeding shall divest the United States of title to the land. Title to any land redeemed or acquired by the tribe at such foreclosure or sale proceeding shall be taken in the name of the United States in trust for the tribe, and title to any land purchased by an individual member of the tribe at such proceeding may, with the approval of the Secretary of the Interior, be taken in the name of the United States in trust for the use and benefit of the individual Indian purchaser.

SEC. 5. The Secretary of the Interior is authorized to take such action as may be necessary to carry out the purposes of this Act.

Mr. ABOUREZK. Mr. President, the amendment of the House to S. 1411 contains two minor corrections which are completely technical in nature and in no way change the substance of the bill.

Therefore, Mr. President, I move that the Senate concur in the amendment of the House to S. 1411.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Dakota.

The motion was agreed to.

CAMPAIGN REFORM BILL

Mr. ROBERT C. BYRD. Mr. President, the distinguished majority leader asked me to state that a representative of the White House has indicated that the President will not veto the campaign reform bill. Therefore, that bill will be sent to the White House on Tuesday next.

ADJOURNMENT TO TUESDAY, OCTOBER 15, 1974

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 12 o'clock noon on Tuesday next.

The motion was agreed to; and at 4:10 p.m., the Senate adjourned until Tuesday, October 15, 1974, at 12 noon.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 11, 1974:

NATO COUNCIL REPRESENTATIVE

David K. E. Bruce, of Virginia, to be the U.S. permanent representative on the Council of the North Atlantic Treaty Organization, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

DEPARTMENT OF COMMERCE

James Leonard Pate, of Ohio, to be an Assistant Secretary of Commerce.

NATIONAL SCIENCE FOUNDATION

William Neill Hubbard, Jr., of Michigan, to be a member of the National Science Board, National Science Foundation, for a term expiring May 10, 1980.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE COAST GUARD

Coast Guard nominations beginning Marshall K. Phillips, to be captain, and ending John B. Friel, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on October 7, 1974.

IN THE PUBLIC HEALTH SERVICE

Public Health Service nominations beginning George W. Gaffney, to be senior surgeon, and ending Gary B. Utter, to be assistant health services officer, which nominations were received by the Senate and appeared in the Congressional Record on September 23, 1974.

HOUSE OF REPRESENTATIVES—*Friday, October 11, 1974*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch offered the following prayer:

Where there is no vision, the people perish: but he that keepeth the law, happy is he.—Proverbs 29: 18.

Eternal Spirit, from whom cometh all things good in life and who dost strengthen the good in every life, lift us up to new heights of vision and valor that all that is good may come to new life in us. When we walk through dark hours grant us the light of Thy presence. When we would give way to doubt grant us a deeper faith in Thee. When we tend to become cynical help us to look up to Thee and then with courage face the days ahead.

Give to our people a fresh sense of mission. Save them from complacency, deliver them from trivial concerns, and set them on fire with a new vision of what our country can be. Then by Thy grace and our good works may we labor to make her great in goodness and good in her greatness.

May the Lord bless us, keep us, and guide us until our life's end. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 6624. An act for the relief of Alvin V. Burt, Jr., Eileen Wallace Kennedy Pope, and David Douglas Kennedy, a minor;

H.R. 7768. An act for the relief of Nolan Sharp; and

H.R. 15148. An act to extend the time limit for the award of certain military decorations.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 10701. An act to amend the act of October 27, 1965, relating to public works on rivers and harbors to provide for construction and operation of certain port facilities; and

H.R. 15643. An act to reorganize public postsecondary education in the District of Columbia, establish a Board of Trustees, authorize and direct the Board of Trustees to coordinate the existing local institutions of public postsecondary education into a single Land-Grant University of the District of Columbia, direct the Board of Trustees to administer the University of the District of Columbia, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3234) entitled "An act to authorize a vigorous Federal program of research, development, and demonstration to assure the utilization of solar energy as a viable source for our national energy needs, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12628) entitled "An act to increase training benefits and to improve educational programs for Vietnam era veterans."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3698) entitled "An act to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in or disapprove international agreements for cooperation in regard to certain nuclear technology."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3792) entitled "An act to amend and extend the Export Administration Act of 1969."

The message also announced that the Senate had passed bills and joint and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 2859. An act for the relief of Marian Law Shale Holloway;

S. 3481. An act to amend the Federal Aviation Act of 1958 to deal with discriminatory and unfair competitive practices in international air transportation, and for other purposes;

S. 3871. An act to authorize the Administrator of the Federal Energy Administration to conduct a study of the energy needs of the United States and the methods by which such needs can be met, and for other purposes;

S. 3979. An act to increase on an emergency basis the availability of reasonably priced mortgage credit for housing; and

S. 4081. An act to redesignate November 11 of each year as Veterans Day and to make such a day a legal public holiday.

S.J. Res. 236. Joint resolution to provide for the indemnification of the Metropolitan Museum of New York for loss or damage suffered by objects on exhibition in the Union of Soviet Socialist Republics;

S.J. Res. 251. Joint resolution to extend the authority of the Export-Import Bank of the United States;

S. Con. Res. 99. Concurrent resolution authorizing the printing of additional copies of the National Nutrition Policy Study hearings and panel reports of the Senate Select Committee on Nutrition and Human Needs; and

S. Con. Res. 116. Concurrent resolution authorizing the printing of additional copies of Senate hearings on the marihuana-hashish epidemic and its impact on U.S. security.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 607]

Alexander
Anderson, Calif.
Ashley
Aspin
Badillo
Baker
Beard
Biaggi
Blackburn
Blatnik
Bolling
Brasco
Breaux
Brown, Calif.
Brown, Ohio
Burgener
Burke, Calif.
Burke, Fla.
Byron
Carey, N.Y.
Chappell
Chisholm
Clark
Clawson, Del
Clay
Cohen
Collins, Tex.
Conable
Conyers
Corman
Daniel, Robert W., Jr.
Davis, Ga.
de la Garza
Dellenback
Dellums
Denholm
Diggs
Dingell
Donohue
Dorn
Drinan
Duncan
Eckhardt
Edwards, Ala.
Eilberg
Esch
Findley
Fish
Flowers
Flynt
Ford
Froehlich
Fulton
Gibbons
Gilman
Goldwater
Grasso
Gray
Green, Oreg.
Griffiths
Gubser
Haley
Hammerschmidt
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hébert
Heckler, Mass.
Helstoski
Hogan
Holifield
Horton
Huber
Hudnut
Hunt
Jarman
Johnson, Calif.
Johnson, Colo.
Jones, Tenn.
Kemp
King
Kuykendall
Kyros
Landgrebe
Landrum
Litton
Long, Md.
McCloskey
McCormack
McDade
McEwen
McKay
Macdonald
Madden
Madigan
Maraziti
Martin, Nebr.
Mathias, Calif.
Matsunaga
Michel
Mills
Minshall, Ohio
Mitchell, Md.
Moakley
Moorhead, Calif.
Moss
Murphy, N.Y.
Nelsen
Obey
Owens
Peyser
Poage
Podell
Powell, Ohio
Price, Tex.
Pritchard
Quie
Rarick
Rees
Reid
Riegle
Roberts
Robison, N.Y.
Roncalio, Wyo.
Rooney, N.Y.
Ruppe
Sandman
Satterfield
Sisk
Skubitz
Smith, N.Y.
Snyder
Stark
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stubblefield
Stuckey
Sullivan
Symms
Thompson, N.J.
Thomson, Wis.
Tiernan
Towell, Nev.
Treen
Udall
Vander Veen
Vanik
Veysey
Waggonner
Waldie
Wampler
Ware
White
Whitehurst
Wiggins
Williams
Wilson, Charles, Tex.
Young, Alaska
Young, S.C.

The SPEAKER. On this rollcall 269 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN AID TO TURKEY

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 1438 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1438

Resolved, That upon the adoption of this resolution it shall be in order in the House to consider the joint resolution (S.J. Res. 247) authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act. After general debate the previous questions shall be considered as ordered on the joint resolution to final passage without intervening motion except one motion to recommit.

The SPEAKER. The Chair recognizes the gentleman from Texas (Mr. YOUNG) for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Illinois (Mr. ANDERSON), pending which I yield myself such time as I may require.

Mr. Speaker, House Resolution 1438 provides for the consideration by the House of Senate Joint Resolution 247, authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act. The joint resolution, as passed by the Senate, also authorizes the President to suspend the prohibition of House Joint Resolution 1131 in the case of Turkey. The President may suspend these provisions during the period beginning on the date of the enactment of Senate Joint Resolution 247 and ending on December 15, 1974, if he determines that such suspension will further negotiations for a peaceful resolution of the Cyprus conflict.

After general debate the previous question shall be considered as ordered on the joint resolution.

Mr. Speaker, I urge the adoption of House Resolution 1438 in order that the House may consider Senate Joint Resolution 247.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. CEDERBERG).

Mr. CEDERBERG. Mr. Speaker, we are faced with a situation this morning as to whether or not we are going to enter into successful negotiations with the executive branch on a very, very difficult problem. As we know, the other body has already enacted the resolution that we are about to consider under this rule. We send our negotiators all over the world to try to bring about successful negotiations between adversaries in various parts of the world. Our Secretary of State is at the present time in the Middle East trying to negotiate settlements in that area. We are very hopeful, given the proper time, that our negotiators can bring about some kind of a movement toward settlement in the tragic, difficult problems in Cyprus.

The question, as I see it, before the House is, are we as a Congress, as a House of Representatives, going to be willing to negotiate with the executive to allow them to have the flexibility that is going to be necessary if we are going to achieve some kind of peace in Cyprus? So I ask my colleagues today, and I urge them, to allow the House of Representatives to work its will in making this determination. If we cannot negotiate some kind of a settlement between the executive branch and the House of Representatives in this situation, how in the wide world can we expect successful negotiations between two countries that have very deep feelings in this area?

So all I am asking the Members here and now is to support this rule giving the House an opportunity to work its will in this request of the administration for 60 days in which to try to bring the parties together. Is there anything unreasonable about that kind of a request? Can we not, as a legislative body, as I say, enter into a negotiation ourselves with the executive branch which would allow them 60 days in which to try—to try desperately—to bring about a solution in this troubled area?

Mr. BROOMFIELD. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Speaker, I would like to compliment my colleague from Michigan on a very important statement. I certainly hope today that the House will go along and give the President the 60 days he has asked for in this matter.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, my purpose in taking the floor at this time is not to oppose the rule, but merely to raise a few points I think are necessary. May I point out that this resolution is so concise that it is not subject to any amendments so we will only have a 1-hour debate. Therefore, there are a few questions I raise at this point and ask that we give them consideration before we get to a vote on the resolution itself. One is that the House and the Senate have by rather clear-cut votes emphasized their view that until there is progress in solving the Cyprus situation, and progress there means withdrawal of occupying troops and the return of all refugees to their homes, that the Congress felt without this progress military aid to Turkey had to be cut off.

The argument of the executive branch is that it ties their hands; but I raise this question. The House and the Senate, have twice emphatically voted for this position. Now, in the closing hours of the session we are asked to retreat from that position.

Will the thought occur that come December 15 if progress through diplomatic channels is not achieved, will the Congress again give a 60- or 90-day extension? Will the Congress stand firm? I raise the question whether the use by the State Department of the threat of congressional action will, in fact, ever be taken seriously by foreign diplomats, since the Congress will evidently show itself at the last moment to be adjustable.

The other point I raise, and I think of necessity it should be discussed here rather than in the debate on the resolution itself, is the procedure that we are to follow. I would have hoped that this resolution would properly be referred to the Committee on Foreign Affairs. Certainly, even in the rush to adjournment there should be time for committee consideration.

I cannot help but think that we find ourselves in a rather indelicate situation. I am not positive that the best political judgment has been used at any point in this strategy. I am not convinced that the solution to the problem is a congressional retreat from a ban against military aid to Turkey, unless the conditions we hope for are achieved.

I would also suggest that the Members please keep in mind that this issue was developing long before the Cyprus crisis. I am sure we all recall the considerable momentum, at least in the House, which was developed because of the decision by the Turkish Government to resume opium poppy production. That issue is still unresolved.

I would hope that we can in the next hour debate the resolution very objectively and thoughtfully analyze the current conditions on Cyprus and keep in mind the plight of 200,000 refugees. The goal of returning these refugees to their homes can be achieved only by the most intense negotiations.

I do not oppose the rule, but I hope we do not accept this resolution.

Mr. Speaker, NATO is threatened by the continuing Cyprus crisis. We must acknowledge that the U.N. peace-keeping forces have been inadequate in their operations, yet the U.N. resolutions calling for return of all refugees to their home and withdrawal of all foreign troops must be negotiated. Congress has waited for diplomatic progress. None seems to have developed. Do we have any other choice but to maintain our position so that the Turkish Government truly understands the strength of this congressional resolve?

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I would like to point out that I happen to be one who supports the resolution, and I support this rule I support it because lines 8 and 9 of the joint resolution state specifically that the President must determine that such suspension will further negotiations for a peaceful resolution of the Cyprus conflict.

That is what I want to see, and I think that is what the people in Cyprus want to see. That is the only question involved at this time—not who is or is not to blame for the fighting on Cyprus. This is the reason I support the rule.

Mr. YOUNG of Texas. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Indiana (Mr. BRADEMAS).

Mr. BRADEMAS. Mr. Speaker, I take this time to speak not in opposition to the rule but rather to express the hope that the House will, by an overwhelming majority, reject Senate Joint Resolution 247.

I urge defeat of this resolution for several reasons:

First, the House has twice considered this issue of a halt to further U.S. military aid to Turkey and has twice come to a judgment, with overwhelming majorities of both Democrats and Republicans in each instance—307 to 90 and 291 to 69.

This last minute effort by the State Department and White House to overturn, by legislative sleight of hand, this clearly expressed view really demeans the House by suggesting that all of us are nothing but puppets on a string, to be manipulated at the whim of the Department of State, and that we are somehow not competent to make our own judgments.

Second, adoption of this resolution would put Congress on public record as condoning the continued violation of the law of the land.

Both the Foreign Aid Act and the Foreign Military Sales Act provide a mandatory cutoff in U.S. military aid to any recipient nation that uses our assistance for aggressive purposes.

The U.S. State Department is therefore now in clear violation of the law, and even proponents of this resolution explicitly admit that we are violating the law.

Are we now in the House of Representatives, after a year of Watergate, to go on public record as endorsing continued violation of the law of the land?

Is this to be the response of the Congress of the United States to the sense of outrage of the American people at the events of recent months?

Third, passage of this resolution would be a clear signal to Turkey—and to other countries of the world—that the Congress of the United States is simply not to be taken seriously on so grave a matter as the illegal use of American weapons.

We would make a laughing stock of ourselves by voting overwhelmingly to halt aid to Turkey and then, only days later, reversing ourselves.

Fourth, passage of this resolution would allow, indeed, invite, Turkey, now running out of arms, to rearm itself and dig in still more solidly on Cyprus.

And, fifth, passage of this resolution would make the prospect of progress on serious negotiations for a peaceful settlement in Cyprus almost impossible.

The United States would have clearly told the Turks that we condone and acquiesce in their violation of law and their occupation of Cyprus and we would have told the people of Greece that they are no friends of ours.

Mr. SARBANES. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Maryland.

Mr. SARBANES. Mr. Speaker, shortly we will be in debate on the resolution itself, but I think it important to underscore to the Members of the House the extraordinary circumstances by which Senate Joint Resolution 247 even comes before us.

It is being taken directly from the Speaker's desk by a rule passed by the slimmest of margins in the Rules Committee, 8 to 6, in order to bring it before this body this morning. I concur strongly in the substantive remarks made by the distinguished gentleman from Indiana. He has clearly set out basic considerations which will be more fully developed in the course of the hour of debate on the substance of the resolution itself.

I only wish to emphasize at this point the extraordinary procedures that are being used in order to bring this matter once again, for yet a third time, before the Members of the House after they have twice, by overwhelming majority, expressed their clear opinion on the subject.

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Speaker, I thank the gentleman for yielding. I would like to further comment on the point just made by the gentleman from Maryland. I know in the years the distinguished gentleman from Indiana and I have been here we have seen repeated efforts, time and time again, to bring back basically the same issue on the theory that the will of the Members of this body would be worn down. I know there are different opinions, but on the idea that the Congress should have a position and opinion, I would hope the Members would not allow themselves to fall into their failure in the past to be worn down by repeated efforts to bring back the same issue, and I would suggest we should stand firm.

Mr. BRADEMAS. I am very grateful to my colleague from Ohio for his remarks. I shall speak no more now, Mr. Speaker but, to reiterate, I urge strong opposition to the passage of Senate Joint Resolution 247.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana (Mr. DENNIS).

Mr. DENNIS. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I have asked for this brief time because I happen to sincerely believe that this is one of these relatively few occasions on which this body has an opportunity to decide whether it is going to act in a statesmanlike manner or in a purely political and parochial fashion. I am not concerned here with the merits of the dispute on Cyprus. I do not think that is before us. The question is: What is the wisest thing to do at this juncture for the cause of this nation, as a nation, and for the cause of world peace? That is a question of judgment, and the question is of whose judgment? Should we take the judgment of 435 Members of this House, each running for re-election and concerned with the various minorities and other special interests in his own district—and that includes me, as well as anyone else—or should we take the judgment of the President of the United States and the Secretary of State who are charged by law with exercising that very judgment?

I suggest to the Members that the idea of the Founding Fathers in this situation was that we defer to the judgment of the executive branch, which is charged with that duty, and not try to second-guess it here on the floor of this body.

The fact that we have made a mistake twice is no reason for making it a third time. Maybe we ought to step back, look at what we are doing and think it over.

All we are doing in this resolution I think the language of the acts in question is fairly broad and subject to interpretation, but we are assuming here that the acts may be violated, and we are saying, by the act of this body, by a legal act of this body, that we will suspend the existing law for 60 days and give the Secretary of State a chance to try to work it out, which is his job, if he can do it; and which is a very important job to every person we represent, because if general war begins in that part of the world, you and I may be voting whether or not to send American troops there.

I say we can afford to give the executive branch 60 days to try to perform the constitutional functions which the framers of this Government entrusted to them, and I urge the House to do it, no matter how many mistakes we may have made the other day.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself 8 minutes.

Mr. Speaker and Members of the House, I think perhaps it is important before we vote on the rule that we understand that we are, in fact, involved in what to too many Members is a very uncomfortable dilemma. That dilemma is that the conference report and action on House Joint Resolution 1131, which is the continuing resolution of fiscal year 1975, as it now stands, is simply unacceptable to the administration because of the insistence by this body earlier this week on returning to the originally passed House language requiring immediate cutoff of aid to Turkey.

The fact is that this continuing resolution, as it now stands, is going to be vetoed. This means that no funds would be available to fund the Government departments and agencies that are mentioned in that continuing resolution, and that no funds would be possible, therefore, until the Congress reconvenes after the November elections.

I had not intended to speak on the substantive features of Senate Joint Resolution 247, but I think that I cannot leave the record in the present form that it is, in view of some of the statements that have been made—and I know very sincerely—by those who preceded me in the well.

The statement was made by the gentleman from Indiana (Mr. BRADEMAS) that Senate Joint Resolution 247 is somehow legislative sleight of hand and that we in this House become puppets on a string if we adopt this resolution.

I think it is no secret that this resolution was drafted by the distinguished majority leader of the other body, the senior Senator from the State of Montana, the leader of the opposition party in the other body. It was a compromise that he conceived without consulting or consorting with anyone in the administration, and he took the action that he did and he persuaded the Members of the other body to reverse their position and to adopt this very sensible compromise because I think he had a concern and a very valid concern about the manner in which we conduct foreign policy in this country.

I think that when we take into consideration some of the issues that hang in the balance, the fact that we are talking, perhaps, about the future of the NATO alliance itself, that we are seeking not to tilt in either direction, either for or against the parties to this tragic dispute, but, rather, to give our President, who last night, in an address in the State of Michigan, once again called upon Congress to act responsibly with respect to this matter and asked us to give him and his chief negotiator just 60 days until the 15th of December to carry out an attempted compromise of this whole matter.

I do not think that is asking too much of this body.

With respect to the question that was posed by the gentleman from Illinois (Mr. DERWINSKI), where he raised the possibility that perhaps the 15th of December would come and go and that we would have no solution, I do not pretend that anyone, least of all myself, can stand in this well and tell the Members that we are going to have a definitive settlement of the Cypriot issue on the 15th of December.

We do know that on the 17th of November there is a very important election taking place in Greece. The Karamanlis government is depending on the results of that election to continue in power.

We do know that the Ecevit government in Turkey is trying to form a new government that would be broadly representative of the various political elements in that country.

So we are in a very difficult and critical period as far as both of the major participants in this dispute are concerned. Once those elections are out of the way and once they have stabilized their own political situation in Turkey, I think it is reasonable to assume that our Government can contribute in a mediatorial role toward a solution of that very difficult problem.

So, Mr. Speaker, I hope the Members will adopt the rule which makes in order the Mansfield compromise, and I hope they will then go on and vote approval of that compromise resolution staying the resolution of the cutoff.

The argument has been made, Mr. Speaker, that we are somehow, if we adopt the Mansfield compromise resolution, repudiating our support for the Rosenthal amendment. That simply is not so. That amendment has passed this House, as was pointed out twice already. It would continue, I think, in effect if we adopt this Senate joint resolution.

All it does is to give the President the option to keep the door open for an additional 60 days, thereby giving him that additional time and also to help contribute to a peaceful resolution of the Cypriot issue.

We have made the point; it was a valid point, it was an important point. We accept it. But let us not now deprive the President of the opportunity that he has asked for to have this additional time.

Mr. BELL. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from California.

Mr. BELL. Mr. Speaker, I wish to commend the gentleman from Illinois for his statement, and I rise in support of this Senate joint resolution.

I think we must realize that the foreign policy of this Nation, as far as its leadership is concerned, must be carried on by the executive branch and not the legislative branch of Government; the President and Secretary of State must have the time and flexibility to negotiate in Cyprus.

Mr. ANDERSON of Illinois. Mr. Speaker, I thank the gentleman from California for his contribution.

When this matter was first before us on September 24, I asked a staff member to contact the Department of State to request their position on this legal question. He was informed that the departmental legal people had not yet completed their legal analysis of this issue. To the best of my knowledge there has still been no legal opinion issued by the Department of State to justify or explain why aid should not have been terminated. One can only conclude that the Congress is on very sound legal ground in the action it has taken, the diplomatic and security implications of that action notwithstanding.

Senator MANSFIELD acknowledged as much in defending his resolution two days ago when he said:

> These laws as applied to the hostilities on Cyprus require a cutoff of aid to Turkey. The foundation of this judgment is incontrovertible: This is a Nation of laws and not of men and when the law is clear, it must be followed whether it seems expedient or not at the time.

Senator MANSFIELD went on to observe, and again I quote:

> The only remedy is for the law to be changed and only Congress can constitutionally accomplish such a change. The executive branch cannot, for reasons of expediency, replace its wisdom for the collective wisdom of the Congress in making the laws of the Nation.

Mr. Speaker, obviously the Congress could simply let things stand as they now are and go home, leaving this entire burden on the shoulders of the President. We would be telling the President, in effect, veto this at your own peril; we will not be around to bail you out when part of the Government will be closed down for lack of funds; and, in the meantime, you will continue to be in violation of the law for refusing to cut off arms aid to Turkey.

Mr. Speaker, I frankly do not see that as a very responsible or realistic approach to our present dilemma. We cannot just say, "do it our way, or our Government and foreign policy be damned." This is not what our Founding Fathers had in mind when they established three coequal branches of Government bound by comity and cooperation; and that is not what President Ford had in mind when he talked about making Pennsylvania Avenue a two-way street.

What about our foreign policy when it comes to the Cyprus situation? There are some very sincere persons who will argue that so long as we continue to maintain our longstanding commitments to Turkey, despite the intervening circumstances, we are in effect tilting toward Turkey and away from Greece. I, for one, cannot buy that argument for the very simple reason that the President could, if he wanted, exercise his waiver authority under section 614(a) of the Foreign Assistance Act and thus circumvent the prohibitions on aid which are at the very heart of this controversy. And yet, the President has refused to exercise that authority for the very simple reason that such a waiver would indeed appear to be a tilt toward Turkey. Instead, the administration has opted for a policy of continued good relations with both Greece and Turkey despite the intervening Cyprus crisis, and that means not turning our backs on either country. Why this seeming status quo policy despite the extraordinary circumstances?

I would suggest that the reasons are twofold: First, because our NATO alliance, which is central to our national security interests, hangs in a very precarious balance with these two partners at odds with each other; and second, because if we seemingly forsake one for the other in this dispute we will lose any bargaining language we might have in promoting negotiations and a peaceful settlement.

The argument will be made that the debate we are conducting today on Cyprus is reminiscent of previous debates we have had on various Vietnam cutoff amendments and resolutions. That is, do not rock the boat now, we are engaged in very delicate negotiations, just give us a little more time, et cetera. But I would submit that this is not an analogous situation and that we must recognize the very important distinctions which do exist. First, this is not a dispute in which we are directly involved, and the termination of what indirect role we now play will not automatically bring about a resolution of the problem. If anything, it will only further remove us from any possible role in effecting a solution. Second, the terms of the Mansfield resolution are narrowly proscribed; that is, we are allowing only a 60-day grace period in suspending the aid termination provisions of other laws for the purpose of furthering negotiations. When those 60 days have expired, there will be an automatic cutoff of aid to Turkey if there has not been substantial movement toward a negotiated settlement.

At this point, Mr. Speaker, I think it is extremely important to emphasize that by signing this resolution along with the continuing appropriations resolution, the President will be giving official recognition to the validity and applicability of section 505(d) of the Foreign Assistance Act and section 3(c) of the Foreign Military Sales Act in the present circumstances. That is to say, the President will be ratifying the congressional finding that those sections do indeed apply to Turkey in the Cyprus situation. This important legal finding will be doubly affirmed in the signing of these two resolutions—something which to date has not been acknowledged formally by the administration—and thus the administration will be precluded in the future from resorting to delays in complying with the law by arguing that the legal question is somehow ambiguous. The enactment of these two resolutions will once and for all clear up those ambiguities, be they real or convenient.

Mr. Speaker, I apologize for having personally taken so much of the time allotted the minority on this rule. I have done so because I have been torn on this issue from the time it first emerged and have ended up voting with a minority on two previous occasions. It pains me deeply that these votes have been interpreted in some quarters as being anti-Greece. Nothing could be further from the truth as far as I am concerned for I have long felt a special affection for the Greek people and a special admiration for their magnificent civilization and democratic tradition. I have voted in what I have sincerely considered to be the best interests of achieving a Cyprus settlement and of restoring our strong and friendly ties with these two NATO allies.

Moreover, Mr. Speaker, I have taken this extra time on the rule because I strongly feel that the Mansfield compromise is more than just a political compromise in the best sense of that term, as important as it is. It is also a statesmanlike compromise in the best sense of that term, for it clearly preserves the integrity and prerogatives of the Congress while maintaining for the President a maximum amount of flexibility in the conduct of our foreign policy. And as I read that policy, it is not one aimed at tilting toward this country or that, but rather as one which tilts toward peace and stability in a very troubled part of the world.

Mr. Speaker, like other Members of this body, I have received countless telegrams, telephone calls and letters in opposition to this resolution. I fully understand the sincere motivations of those who do oppose this resolution, and I understand the pressures which are on Members in view of this situation. I feel them too. But I would merely submit in conclusion that the resolution before us today is not a sellout or a copout; rather, in my considered opinion, it is an honest and practical attempt to bring about that negotiated settlement in Cyprus which we all desire and to once again make possible the normalization of relations with both Greece and Turkey. That is our country's policy. Our President, who is charged with implementing that policy must be permitted reasonable time and flexibility to carry out his responsibilities. Senate Joint Resolution 247 grants him this time and latitude within narrowly proscribed limits. This is, in my opinion, the most responsible and reasonable course to follow. I therefore urge adoption of this rule and passage of the resolution.

Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. FRELINGHUYSEN).

Mr. FRELINGHUYSEN. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, about 7 minutes ago the President of the United States called me to the telephone. He said he had discussed the importance of this resolution with a number of Members of Congress in the last 24 hours, and he reiterated in the strongest terms the importance of passage by the House of Senate Joint Resolution 247.

It is needed, he said, to give both the Secretary of State and himself an opportunity to continue their efforts to help the Greeks, to maintain the strength of NATO, and to keep Turkey in NATO. The result of a refusal to approve this resolution, he continued, will be to hurt the Greeks and to reduce the likelihood of progress toward a settlement.

The President pointed out that the United States is the only nation with significant leverage on the Turks, and he strongly emphasized the importance of having this brief period to continue to press for a settlement.

Mr. YOUNG of Texas. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana (Mr. MADDEN).

Mr. MADDEN. Mr. Speaker, this is the third time in 2 months that the controversial problem of our Government sending military aid to Turkey has come before the Congress. On September 24, I supported and was one of the cosponsors of the Congressman ROSENTHAL resolution, H.R. 1131, which passed the House of Representatives by a substantial majority, to discontinue any further aid to Turkey. Again, on October 7, when the appropriations bill has been considered I supported the amendment which called for striking out in the 1975 appropriations bill any further aid to Turkey.

Both the Foreign Aid Act and the Foreign Military Sales Act provide a mandatory cutoff of Federal money to be used as military aid to any recipient nation that uses our military assistance for the purpose of aggression. The United States is a peace-loving nation and the world in trying to assist nations which have been unjustly attacked by outside forces, and any use of American military equipment can be only for defense purposes, according to our contractual agreement with recipient nations.

The Congress of the United States, by an overwhelming majority, on two occasions has expressed the sense of outrage of the American people toward the inexcusable and treacherous attacks by Turkey upon its neighbor nation, Cyprus. I know President Ford and the Secretary of State, along with the Congress, have been surprised and shocked by the reprehensible and unjustified actions of the Turkish nation, using American military material, including napalm bombs, jet planes, and other equipment to massacre thousands of residents of the defenseless island of Cyprus. The Soviet Siberian troops who fought the Nazis in East Prussia back in World War II were more civilized and disciplined than the present-day Turkish invaders of this small neighbor nation. The Turkish-piloted American planes brought their share of destruction to Cypriot civilian homes and military installations.

It is indeed unfortunate that when this vicious attack was launched several months ago our Government did not step in immediately and use all the threats and persuasion necessary to terminate this unlawful and unwarranted aggression.

The Secretary of State has departed this week in an effort to bring about a permanent termination of the Turkish aggression, and our Nation and other nations of the world all hope that a peaceful withdrawal can be brought about and restitution arrived at for the unfortunate victims on the island of Cyprus, so that there will be an end to the killing, massacre, and starvation of Cypriot citizens and other nationalities living on Cyprus.

When next year's budget was voted upon a few weeks ago, I, along with other Members, by a substantial majority, voted to terminate any further aid, military or otherwise, to the Turkish nation.

On Wednesday of this week, after the departure of Secretary Kissinger on his mission to negotiate a permanent peace in this area, the Senate passed a resolution extending for a 60-day period the terminated agreement on aid to Turkey.

That resolution was sent over to the House yesterday, and, of course, under parliamentary procedure it had to be considered by the Rules Committee, in compliance with House rules, on hours of debate, proposed amendments, and other considerations previous to debate on the floor of the House. By a majority of its 15 members, the Rules Committee passed the Senate resolution so that it could be debated and acted upon by the House today. By this action, the Rules Committee desired to have the other 420 Members of the House of Representatives debate and vote on this highly important resolution which the President and the administration wanted to have enacted in order to aid the Secretary of State in his present peace-seeking mission.

President Ford, in his speech last night in Detroit, reiterated the administration's decision that a 2-month extension of aid to Turkey at this time would greatly enhance our chances of bringing about a just peace agreement in the Cyprus situation.

When I was home a few weeks ago, I spoke with over 1,000 of our Greek citizens in the Calumet region and they were unanimously against any further aid to the unspeakable, tyrannical, and murderous tactics of the Turkish aggressors. On this legislation I expect to follow the desires of my Greek constituents and many other citizens of the First Congressional District of Indiana in curtailing and abandoning any further aid to a nation which believes in aggression, mass murder, genocide, and enslavement of peaceful neighbors.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. ZABLOCKI. Mr. Speaker, pursuant to the rule just adopted I call up the Senate joint resolution (S.J. Res. 247), authorizing the President to suspend, in the case of Turkey, the application of the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act.

The Clerk read the title of the Senate joint resolution.

The Clerk read the Senate joint resolution as follows:

S.J. RES. 247

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, **That the President is authorized to suspend the provisions of section 505(d) of the Foreign Assistance Act of 1961 and section 3(c) of the Foreign Military Sales Act and the prohibition of House Joint Resolution 1131 in the case of Turkey during the period beginning on the date of the enactment of this joint resolution and ending on December 15, 1974, if he determines that such suspension will further negotiations for a peaceful resolution of the Cyprus conflict.**

The SPEAKER pro tempore (Mr. BROOKS). The gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 1 hour.

Mr. ZABLOCKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, during my 26 years in Congress I cannot recall having a more difficult task than the one before me today. I take up the consideration of Senate Joint Resolution 247 admittedly with mixed emotions. I understand the position of my colleagues who are opposed to this resolution. I understand their sincerity and, indeed, their eagerness to have the resolution defeated. Certainly I also understand that there may be a misunderstanding by my Greek friends here at home and abroad. But we must ask ourselves what is the issue here? What is the long-range impact of what we do today? We must understand the issue. My task is to present the reasons why it is necessary for the House of Representatives to vote favorably for Senate Joint Resolution 247.

Briefly, this resolution would allow the President to continue all our relations and programs with Turkey for 60 days, on one condition: the condition that the President finds this course of action, the 60-day suspension, to be in the interest of a peaceful resolution of the Cypriot crisis.

Why should we do this when the House of Representatives has twice gone on record condemning Turkish military action in Cyprus and demanding immediate suspension of American military aid and sales to Turkey? Admittedly, the answer to that question is very difficult because it goes beyond the realm of fact and law. We know why the laws are made, the reasoning and purposes of law, and why on occasion application of the law is suspended. Today we are seeking a suspension of 60 days of the law. True, the Congress has overwhelmingly voted to halt military aid to Turkey by a vote of 370 to 9, and 291 to 69 in the House. True, provisions of law were violated: The Foreign Assistance Act of 1961, section 505, and the Military Sales Act, section 3, subsection (c). These sections clearly were violated.

It also is true that the executive branch did not handle the Cypriot issue in the most desirable manner. No one can stand on this floor and deny that Turkey has taken action on Cyprus which has resulted in the deaths of many people and in the continuing misery of hundreds of thousands of Cypriots. No one can stand here and maintain that in taking those actions Turkey did not violate one or more agreements with the United States under which we have furnished or sold military equipment to that country. And no one can stand here and maintain that, being aware of this violation, the President of the United States was not required by our law to suspend further aid to that country. The law is clear on that point.

If an agreement is violated, if military aid is used for a purpose which is not intended, then our President, indeed, has a responsibility to stop further aid. By the action of Congress we insist that this should be. Today, however, I hope we will give the President a little elbow room and put a target date of December 15 to meet the responsibility of that law. The responsibility for upholding the law lies with the executive branch of our own Government, and I will not attempt to rationalize the reasons for their failure to abide by the law.

I want to turn now to another subject. The reason why we in the Congress are sent here by the people we represent is to make laws, to repeal them, to change them, and when necessary, to suspend them. The whole purpose of law is justice and peace. If the law promotes justice and peace, it is a good law. If it violates justice and promotes disorder and violence, then it is not a good law.

We make laws, but we also have the power to change existing laws and to suspend them, but only in the interest of peace, justice, and the greater good of our society. The resolution before us, as I said before, proposes that we suspend the application of law in one instance for 60 days, but only if it serves the cause of peace and ultimate justice. This is the judgment upon which we are called to make a decision today. We are not here to say that Turkey was wrong or that Greece was right or that our President ignored the law. The House has already spoken to those issues. The House has made its position known on two separate occasions, as I said earlier, so there is no question about where the House stands on those issues. But we are dealing today with a different issue.

The President believes that the cause of peace and justice and the resolution of the Cyprus problem can be advanced and enhanced if we suspend the provisions of law for 60 days, and believes that cutting off our military aid and sales to Turkey will do damage to those negotiations and endanger the possibility of peace and justice on Cyprus. If we accept his assessments, then we should vote for the Senate joint resolution.

We in the House have made similar decisions in the past. We have allowed our former President 45 days to put an end to the bombing of Cambodia. When, in 1967, Israel invaded the territory of Egypt and Jordan, and when the United Nations passed resolutions demanding withdrawal of Israeli forces from those occupied lands, we did not cut off our military sales or other relations with Israel; we continued to provide Israel with military assistance necessary to sustain their existence. I supported that position because then we believed it to be right and in the interest of justice and peace. When we passed the War Powers Act over the President's veto, we also allowed him 60 days to act before congressional concurrence was required. We have taken those actions in its wisdom the Congress decided that that particular course of action would serve the ultimate purpose of law, peace, and justice. That is the issue before us today.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. ZABLOCKI. I yield to our distinguished Speaker.

Mr. ALBERT. I thank the gentleman for yielding, and I congratulate him upon his statement.

First of all, the gentleman needs no accolades from me on the question of where he stands on the demarcation between executive and legislative powers. He was the author and chief sponsor of the War Powers Act. He has done more to reinstate the authority of Congress, in my opinon, than anyone in Congress by leading the fight for the War Powers Act, which the Congress enacted over the veto of the President of the United States. The gentleman has proved that he is an advocate of the Congress.

May I say I have heard this morning on the floor that Congressmen have been called by various administrative agencies. I have not had one call from the President.

I have not had one call from the Secretary of State. I have not discussed this matter with the President or the Secretary of State since before the continuing resolution was passed.

I have been told from friends on the other side of the Capitol that this was a congressional initiative, that the author was the majority leader of our coequal body on the other side of the Capitol, that he did it as a way out.

Now, it has been said that what we are doing here is condoning the violation of law. Well, I, for one, cannot subscribe to that theory. I, for one, am prepared to insist that we require the President of the United States, insofar as we have the power to do so, observe the laws passed by Congress; but the Congress has an authority, not only as the gentleman, I think, has pointed out, to enact laws, but to suspend laws either for a limited purpose, for a limited period, and both the purpose and the period are limited in the resolution which was sent over here by the Senate, because the time limit on it is December 15 and it contains a provision admonishing the President to implement it only if he determines that such implementation will further the peaceful solution to the Cyprus conflict.

I have no brief for what has been done in Cyprus by the Turks. I do have a brief for peace in the eastern Mediterranean. I do have a brief, and I think all of us in the House do, for the interests of the United States in that area which probably concerns us as much as any area that remote from us in the world.

I am willing to try this. I do not like this method, but I do not know an alternative method that gives us a chance. If the administration fails, I for one am willing to hold them responsible.

I, therefore, commend the gentleman from Wisconsin (Mr. ZABLOCKI). He has a very difficult and a thankless task to do, because we do know that twice we have gone to the water and twice we have been turned down.

I do think that if we have a chance to settle this issue in the Mediterranean and perhaps to preserve NATO in that part of Europe, the venture will be worthwhile.

Mr. ZABLOCKI. I thank the Speaker for his eloquent remarks. I also want to thank him for his kind and sincere statements about the gentleman from Wisconsin.

Mr. MAHON. Mr. Speaker, will the gentleman yield?

Mr. ZABLOCKI. Very briefly.

Mr. MAHON. I just want to say that we would not be going through this agony, this unnecessary agony, if we had not worked all that mischief on the continuing resolution. I hope that this will be a lesson to us not to get ourselves in this sort of intolerable position again.

My point is that the issues involved with respect to Greece, Turkey, and Cyprus are valid and legitimate and appropriate for the consideration and attention of the Congress. What I am trying to emphasize is that legislation of this type should not be tied as a rider to a continuing resolution.

The President has asked for some flexibility in dealing with the Greece-Turkey situation. I think we should give him the flexibility recommended in the pending measure. I do not think Congress should intrude by assuming the responsibility for solving this explosive situation.

Congress has no mechanism for negotiating a settlement. It must be left to the Executive. If negotiations fail, it will be the responsibility of the Executive and not the Congress. But if we intrude with unwise actions, it is likely to be said that Congress is responsible for any failure.

I wish to express my support for the pending measure.

Mr. ZABLOCKI. I thank the gentleman. I want to point out, whether it was mischievous or not, what the House has done. This resolution does not nullify the earlier votes and a vote for the resolution is not a repudiation of the previous support for the Rosenthal amendment.

I urge the House to vote favorably on this Senate joint resolution.

Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. ROSENTHAL).

Mr. ROSENTHAL. Mr. Speaker, I want to comment very briefly, if I can, on the remarks made by the distinguished chairman of the Appropriations Committee, the gentleman from Texas. He described the work done on the continuing resolution as mischievous. It would seem to me that the distinguished chairman had not been around here for the past 10 years and does not realize the role and responsibility Congress has in asserting itself against the misconduct and misguidance of the executive branch of any administration.

What we did in passing the continuing resolution, as amended, was in the highest sense of the responsibility which Congress bears and which the role that our constituents assigned to us demands of us.

I am unalterably opposed to this resolution here today. I think it does serious disservice and violence to the integrity of the Congress.

I do not think that is the principal issue, because I do not think we should be petulant or have pride of authorship in what we have done, but the fact of the matter is that this House voted twice to sustain the position that was annexed to the continuing resolution by votes of 307 to 90 and 291 to 69.

Then, somebody pulled the yo-yo string and wants to bring this resolution out like a little red and black yo-yo, up and down the string. The word should not go out to the nations of the world and to the Turkish Government that we can have all the congressional exercises we want, but when someone pulls the yo-yo up and down, they can turn us around any time they want to.

I would hope we do not do that today, because of our sensitivity to that kind of tactic—and I am convinced we will not do that.

The important issues are section 505 of the Foreign Assistance Act; chapter 1, section 4, of the Foreign Military Sales Act and section 3(c) of the Foreign Military Sales Act. All say that weapons that are given to client states, friendly countries, members of NATO, cannot be used for other than defensive purposes—defensive purposes. Turkey signed a separate agreement in July 1947 that said the military assistance that was given to that Government would be in conformity with the legislation passed by the Congress and would be used only for defensive purposes.

Cyprus is, indeed, an independent nation. It has been an independent nation since 1960. It was a British dependency prior to that. They have about 600,000 people, 18 percent of Turkish origin, 80 percent of Greek origin, and 2 percent of Armenian origin. They have problems, and there are a lot of ethnic emotions, a lot of inability to work together, but does that justify an invasion? An invasion sustained by 35,000 to 40,000 men; an invasion which used 320 American tanks; an invasion which used 144 large American artillery pieces; an invasion which was supported by the American F-4's and F-5's which bombed hotels all over Cyprus, school buildings, and other civilian domiciles; an invasion that killed 5,000 people; an invasion that leaves 200,000 refugees; an invasion that has totally destroyed the economy of that island.

Let me tell the Members what the President of the United States should have done in this case. He should have done what President Johnson did in 1964 when the same kind of situation was threatening. Then, Mr. Johnson sent a letter to the Prime Minister of Turkey which said as follows:

> I must tell you in all candor that the United States cannot agree to the use of any United States-supplied military equipment for a Turkish intervention in Cyprus.

He continued, and said:

> You have your responsibilities as chief of the Government of Turkey. I also have mine as President of the United States.

As a result of that letter, the Turkish Government did not proceed with the intervention or invasion of Cyprus. In 1967, the same thing happened, and President Johnson again sent a note via Cyrus Vance, and again the intervention was stalled.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. ZABLOCKI. Mr. Speaker, I yield 1 additional minute to the gentleman from New York.

Mr. ROSENTHAL. Mr. Speaker, there is not any question that Senator MANSFIELD, the author of the resolution in the Senate, has agreed that what Turkey has done in Cyprus is illegal.

They are asking us to set aside that illegality. For how long? Sixty days? How long do we waive the laws of the land? How long do we set aside the criminal laws to try to bring someone back in line—a day? An hour? A month? How do we condone this consideration here today? If we pass this resolution, which I am convinced we will not, we will be assigning to the Secretary of State a role he should not have. All we are trying to see is that American weapons are not used for aggressive purposes. We have the absolutely clear-cut responsibility under the law. The law does not say the Secretary of State is a negotiator in this situation. Why burden the United States? There are three great powers in Cyprus, Great Britain, Greece and Turkey. It is up to them to reach an agreement. The only thing we are not permitted under the law to do is to fuel the fires of aggression. If this resolution passes today, we will permit the Turks 60 more days to rearm. There is $6 million worth of equipment in the pipeline right now to replace ammunition they lost. We would be confirming the intransigent position of Turkey from which they can never negotiate. They occupy one-third of that island, 70 percent of agriculture. We will be frozen into a situation ad nauseum. Let us do what the law says, cut off military assistance to Turkey by voting against this resolution today.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. FRELINGHUYSEN).

Mr. YOUNG of Illinois. Mr. Speaker, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman briefly.

Mr. YOUNG of Illinois. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of Senate Joint Resolution 247. I support this resolution since it is a reasonable request made by the President of the United States, who is charged under law with the responsibility of conducting foreign policy. I also support the resolution since I think it is in the interest of peace and is in the interest of the various parties surrounding the Cyprus dispute.

I have strongly criticized the action of Turkey in invading Cyprus and using U.S. arms to do so. I strongly supported the House position on two previous occasions which would have required a cutoff of aid to Turkey unless substantial progress is made toward a peaceful settlement of that dispute. My support of the authority to give the President 60 days to continue negotiations in no way is contradictory to the need to advise Turkey in the most plain manner that its actions have been wrongful in the Cyprus situation.

I must also point out that Turkey, as well as Greece, has been our strong ally in a very sensitive part of the world and, because of our long friendship with Turkey, I think that the President believes that he can persuade Turkey to make "substantial progress" during the next 60-day period.

I continue to support the House position as set forth in the continuing resolution which cuts off aid to Turkey until the President certifies that Turkey is in compliance with the Foreign Assistance Act of 1961 and the Foreign Military Sales Act. However, I do believe that the chances of obtaining "substantial progress" are greatly enhanced if we accede to the President's reasonable request for a 60-day suspension, as provided in Senate Joint Resolution 247.

Mr. FRELINGHUYSEN. Mr. Speaker, I do hope the House today will not demand its pound of flesh. There has been considerable discussion about the position that the House has taken on two other occasions. I would like to say we are not today rearguing that issue. Approval of this resolution would not be a repudiation of positions which the House has taken. The House has already made its point loud and clear. The continuing resolution with the so-called Rosenthal amendment is sitting on the President's desk. We are not proposing to nullify that resolution. We are seeking merely to suspend its operation until the 15th of December.

The issue, basically, is quite simple, and our basic interests should be clear. What is the wise role for Congress and the administration if we are seeking a solution to the problem in Cyprus? It is not going to be resolved by endeavoring to force Turkey to reduce its troops on Cyprus, which is the problem that the Rosenthal amendment specifically addressed. What is needed is progress toward settlement. As I just indicated in the debate on the rule, the President has reiterated most strongly the importance of giving the executive branch this brief time to use its leverage on Turkey to bring progress toward a settlement. No one has suggested that it will be easy to resolve the whole situation, but let me say that if we reject the Mansfield resolution, this would not take the Turkish troops off Cyprus nor would it do anything about the 200,000 refugees on Cyprus.

I strongly support the statement made by the Speaker that if we are looking for peace in the Mediterranean, we should give this a try.

Mr. ZABLOCKI. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Florida (Mr. FASCELL).

Mr. FASCELL. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I do not often find myself in disagreement with the distinguished gentleman from Wisconsin, but at this time I am in very strong disagreement on this resolution. All the pending resolution means is that for whatever reason the executive has painted itself into a corner and is trying to get itself out.

The truth of the matter is that in this situation we have already, as a nation, tilted toward Turkey. If we pass this resolution today as presented, we are not just going to tilt; we are going to lie down.

The whole purpose of the Rosenthal amendment which was adopted in this House on the continuing resolution was an effort to say as nicely as anyone could say it that we in the Congress think we should have had a more balanced position between our two friends, Greece and Turkey on the issue of Cyprus.

Furthermore, we said that the law of the United States had been violated by Turkey and the requirements of the law for U.S. action on the violation should be upheld.

Under the Rosenthal language in the continuing resolution we say that with Presidential determination that substantial progress toward agreement is made funds under the continuing resolution would be available for military assistance to Turkey under the fiscal year 1975 program. However, what we are saying under the pending resolution is that a violation of U.S. law has occurred, but let us suspend the sentence until November 30, and then we will decide whether the fiscal year 1975 program shall be affected. But the issue of substance is policy not projected military assistance for Turkey during fiscal year 1975.

Let us examine where we are on this issue and why it is important to stick with the policy decision that was made under the continuing resolution with the adoption of the Rosenthal amendment.

What is in the present program of aid to Turkey? For military assistance in fiscal year 1975 we are talking about $200 million. What has been delivered so far under fiscal year 1975, starting July 1? Answer: No new commitments have been made under the continuing resolution. Furthermore the President has not signed it.

If the United States had to make a commitment under the authority of the continuing resolution, how long would it take? Answer: Months, unless commitments under the fiscal year 1974 are completed or insufficient and it is determined that an emergency lift is necessary under fiscal year 1975 authority carried in the continuing resolution.

Is that what we want? Is that the kind of tilt we really want to signal? I think that signal embodied in Senate Joint Resolution 247 goes too far.

Fiscal year 1974 deliveries for military assistance to Turkey under either resolution are not cut off. The fiscal year 1974 program is about $176 million, with deliveries still continuing to Turkey. There was on June 30 approximately $120 million in the pipeline and it is estimated that about 60 percent of that is still to be delivered in fiscal year 1975. So in any event, the United States can continue to provide military assistance under completed contracts. The prohibition in the continuing resolution in no way endangers Turkey by adversely affecting either Turkey's national security or her position on Cyprus.

So what are we talking about? The pending resolution is more than an additional tilt toward Turkey, it amounts to choosing up sides between Greece and Turkey. But at this time Turkey has all the advantage on the Cyprus issue. The United States should not act to make it seem that we are trying to increase that advantage.

The truth of the matter is that we provided the greatest possible flexibility for this administration under the language in the continuing resolution. The fiscal year 1974 program is ongoing. In the continuing resolution we authorized availability of funds for fiscal year 1975 military assistance to Turkey when the President certifies that substantial progress toward agreement has been reached regarding military forces in Cyprus which is acceptable to the parties concerned.

The administration overreacted or was misinformed regarding the impact on Turkey of the congressional message contained in the continuing resolution.

Mr. Speaker, I urge the defeat of Senate Joint Resolution 247. Turkey does not need it. Turkey is in strong position both at home and in Cyprus. Greece does not need it because it does not help her either at home or abroad. But Greece does need the strength and moral encouragement of the U.S. position as embodied in the language contained in the continuing resolution and now on the President's desk. He should sign it and we should defeat the pending resolution.

Mr. ZABLOCKI. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. WHALEN).

Mr. WHALEN. Mr. Speaker, I rise in support of Senate Joint Resolution 247.

Mr. Speaker, my position is clear on whether I support cutting off military aid to Turkey. On two occasions in the last 3 weeks, I have joined a majority of my colleagues in voting for the Rosenthal amendments. I did so for several reasons.

First, I do not believe that our Government should continue to provide military equipment to a nation that has violated two U.N. Security Council resolutions.

Second, I am greatly concerned about the continuance of U.S. aid when the limitations placed on it by Congress are ignored by the recipient nation.

Nevertheless, I will vote for the resolution before us today. Two assurances offered to us persuade me to support it.

First, it is argued that the 60-day suspension of the cutoff will provide the necessary time in which to achieve an accord in Cyprus.

Second, the administration has stated that there will be no significant arms shipments to Turkey between now and December 15.

Mr. Speaker, my vote this afternoon does not repudiate my earlier position. It does not diminish my concerns. Rather, it expresses my hope that a just solution can be achieved within the next 2 months.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. WAGGONNER).

Mr. WAGGONNER. Mr. Speaker, having voted on two previous occasions in recent days for the Rosenthal amendment, it is a little difficult to stand before the Members today and say to them that I am going to support this resolution, but it is easy for me to do and to explain. All factors considered it is the best of the all bad alternatives.

The gentleman from Wisconsin (Mr. ZABLOCKI) has said to you that the law has been violated. I make no effort to justify that violation. It was and is wrong.

But I am afraid, I will say to my colleagues in the House, that we have placed ourselves in the position that we are in by not viewing the matter as something that is more symbolic than it is substantive. I believe that the question we are thinking about is symbolic and not substantive.

I have heard it said that this is going to affect the Greek elections.

I will say to my friends in the House that the United States cannot conduct foreign affairs on the basis of how elections might be affected worldwide, make no mistake about that. If we do we will never accomplish anything because we will never do anything.

The gentleman from Florida (Mr. FASCELL) just said we are choosing sides. I do not think this is so. I say to you sincerely that my personal sympathies are with the Greeks and if we are, and I do not think we are, I choose the Greeks. However, let us look at what the foreign policy thrust has been with our country in recent years.

It is by negotiation, the result of negotiation on our part, that we have the fragile peace that exists today in Southeast Asia. Because of negotiation, fragile though it be, we have provided whatever peace exists in the Middle East today. Because of negotiation, fragile though it be, we have détente with Communist Russia today.

Mr. Speaker, I am standing before the Members today and saying to them that the Greeks lack, sadly enough, the power to persuade or to remove militarily the 60,000 troops who are on Cyprus. They are at the mercy of the Turks. If they are going to be removed, they are going to be removed by negotiation, and the United States is going to do it. And we are not going to do it militarily either.

Mr. Speaker, this is a reasonable proposition. It is first and foremost in the best interest of peace and will serve the cause of peace. It is in the best interest of the people of the United States. The Greeks will benefit more than anyone, believe me they will. The Turks, NATO, and anybody we could name will benefit. Let us serve the cause of peace. Let us really help our Greek friends, and some of my very closest personal friends are Greeks and I know will understand our purpose. If this matter is not resolved we all lose. Surely it is worth a try. Give the President a chance. An "aye" vote is a vote for peace and Greece.

Mr. ZABLOCKI. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Maryland (Mr. SARBANES).

Mr. ASHBROOK. Mr. Speaker, will the gentleman yield?

Mr. SARBANES. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Speaker, I will not take much of the gentleman's time. I do thank him for yielding. I am sorry my friend, the gentleman from Louisiana (Mr. WAGGONNER) did not have enough time to yield to me.

I would say that the Members of this body have a responsibility and a right to question many of the negotiations in the past, and this is the way in which we can bring about some congressional input and some congressional intent. I will say to my friend, the gentleman from Louisiana (Mr. WAGGONNER), that I do not know that the negotiations have gone all that well in the past.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. SARBANES. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, there is one fact we ought to get into the discussion here, and that is the fact that the United Nations three times has directed a cease-fire ending a military activity, and as a member of the United Nations we have an obligation to cooperate and to implement their decision.

We seem to have forgotten the period before World War II, when in the case of Ethiopia and in the case of neutrality in Spain, the League of Nations mandate was ignored. The British and the other nations who were supposedly upholding international principles finally caved in, and this encouraged the aggressors.

We have aggression here in Cyprus, and this would encourage other people involved in other parts of the world to think they could get away with it.

Mr. Speaker, I think we would make a very serious mistake if we abandon our principles here and go the way the great powers did back before World War II.

Mr. SARBANES. Mr. Speaker, I first want to place this matter within its very important legal perspective. The Government of Turkey invaded the independent nation of Cyprus on the 20th of July. Subsequent to that military action, a truce was negotiated, and the parties involved went to Geneva for talks.

On the 14 of August the Government of Turkey, not having negotiated in good faith in Geneva, embarked upon further major military actions on the island of Cyprus. By these acts of sheer aggression Turkish troops overran 40 percent of the land area of the island encompassing 75 percent of its economy, caused death and injury to thousands, created 200,000 refugees and wreaked untold economic havoc and destruction.

Now, those acts of aggression were in clear violation of American law governing military assistance and sales and required an immediate cutoff of aid to Turkey. Despite a clear statutory requirement the Secretary of State did not implement the law. In fact he has consistently ignored it.

On the 19th of August the Secretary of State was asked in a press conference: Was that not a violation of law, and how could he continue aid? He indicated then that he would be getting a legal opinion on this subject.

On the 29 of August the gentleman from Indiana (Mr. BRADEMAS), the gentleman from Maine (Mr. KYROS), and I wrote to the Secretary of State pointing out that the policy followed by the State Department in continuing to provide military assistance to Turkey was in direct violation of applicable provisions of law. We asked the Secretary to respond promptly to the critical legal questions raised by our Government's policy. To this day we have yet to receive a legal opinion from the Department of State in reply to our inquiries.

In view of this cavalier attitude toward clear legal obligations what was the Congress to do to require the Department of State to follow the law? The first opportunity to seek to implement the law was by an amendment to the continuing resolution. That having been done, an effort is now made with the joint resolution before us to negate the action of this House and the Senate on prior occasions. We have marched up the hill twice, and now we are being asked to abdicate our judgment and to turn and slink away.

This is not an instance in which the Secretary of State complied with the law at the time the violation occurred, and then came to the Congress and said, "We need a change in the law; we need a suspension of the law." This is an instance in which the Secretary of State for month after month ignored and ignored the clear demands of the existing statute. And when the Congress took action, resolute action, to require him to comply, yet another effort is made to subvert the prior judgment of the Congress—a judgment made by overwhelming majorities not once but twice and as recent as earlier this week.

I say the self-respect of the Members of this body and the integrity of this institution are at stake in the vote on this resolution. I strongly urge a vote against it.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. STRATTON).

Mr. STRATTON. Mr. Speaker, I am deeply troubled by the decision presented by this resolution. I am one of those who voted twice for the Rosenthal amendment. I have always supported Greece, and I have many friends in Greece. But I am also a supporter of our NATO alliance. And so I have come finally to the conclusion that the only proper thing for this House to do is to support this resolution.

Maybe what I am saying is not politically wise. Certainly there are many more Greek Americans in my district than there are Turkish Americans. But there are times when we have to do what we believe is right, even if it may involve some loss at the ballot box.

This is not really a question of whether Turkey has violated the law, for she has indeed violated the law; there is no question about that. But you cannot put countries in jail. The important thing at this juncture is how do we put the eggs back together again? How do we restore a peaceful situation in the Eastern Mediterranean. How do we get the Turks out of Cyprus? And how, hopefully, do we get our NATO alliance back together, with Greece and Turkey both in it on the strategic southern flank.

The House supported this resolution, and I supported it too originally, because we believed that some firm indication on the part of the House of Representatives would be helpful in getting the Turks to negotiate more readily than they would otherwise have done.

But this House of Representatives after all does not do the actual negotiating. We found that out with respect to Vietnam. Under the Constitution only the President and his representatives negotiate. And today they tell us that the Rosenthal amendment will not aid successful negotiations over Cyprus; it will actually hamper them, and might even drive Turkey as well as Greece out of the NATO alliance. The negotiators indicate they need 60 days' additional time; and I think that we ought, in all fairness, to give our negotiators that time to work out a satisfactory agreement. If such an agreement cannot be worked out in 60 days, then probably no such agreement can be worked out and the Rosenthal amendment should be allowed to go into effect.

We want to get a workable arrangement that will be of benefit to the Greeks, and we want a workable arrangement that will restore the NATO structure. I believe we have to give the President of the United States the time he believes he needs to work that out. It is only 60 days. I think we should give him these 60 days.

Incidentally, let us remember that this resolution is not coming from some wild-eyed "hawk"; it has come from the Senator from Montana, Senator MANSFIELD. As the House knows, I have frankly disagreed with Senator MANSFIELD on NATO and on Vietnam in the past. But he is absolutely right here. He is endeavoring here to allow our NATO structure to survive by giving our negotiators time to work out a successful agreement. I believe we ought to back Senator MANSFIELD up.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama (Mr. BUCHANAN) for the purposes of debate only.

Mr. DU PONT. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Delaware.

Mr. DU PONT. Mr. Speaker, as a sponsor of the original amendment to cut off military aid to Turkey, I cannot agree that we should pass this revised amendment today.

It is true that by adoption of this amendment, we insure the approval of the President of the permanent revocation of aid to Turkey that we passed previously, to be waived only if the Cyprus situation is resolved. This is a most important point—for the first time there will be recognition that there has been a violation of the Foreign Assistance Act of 1961. And, of course, this amendment we are debating today only suspends our decision of a few weeks ago for 60 days—to allow one last effort to resolve the Cyprus question.

But the fact is, arms deliveries to Turkey are continuing, and Turkey is still in violation of our law by continuing to occupy the territory of Cyprus with the support of U.S. arms. Under those circumstances, I do not see how we can vote to allow military aid to continue. I am informed that there is some $6 million in military aid to Turkey still in the pipeline—so it is possible that guns and bullets, paid for by the United States, are this very day being delivered to the occupying Turkish forces in Cyprus. I cannot agree to condone this action. If arms deliveries had been delayed, or if there were no shipments in the offing, we would have a different case. But that is not the case, and so I believe we must vote "no," and stop military aid to Turkey until the Foreign Assistance Act of 1961 is fully respected.

Mr. BUCHANAN. Mr. Speaker, I rise in support of this resolution, but I do so reluctantly and with a divided heart. I believe that we should support this resolution as an act of faith in the President of the United States and the Secretary of State, to give them more time to negotiate to the best of their ability for a just settlement on Cyprus that will protect human rights there.

I do so, believing it to be an act of friendship to the Greek Government and the Greek people. I do so because the leadership on both sides in the Senate and in the House have urged this position, and I believe they are sincere in their belief that this is an act in support of human rights on Cyprus and of the Greek people and the Greek Government that may succeed in bringing a resolution to this conflict. But I do so with a divided heart, because I believe our country gave too much aid and comfort to the former junta that controlled the Government of Greece—the colonels who mutinied against their NATO-trained generals to take over the country and suspend human rights and democratic government there. I believe we stood idly by in error when that junta sought an adventure in Cyprus that has proven disastrous. I believe we erred in our judgment of what the Turks would do. Needless to say, I regret and deplore the resultant Turkish aggression.

I take this action in the sincere hope that the President and the Secretary of State will set our country down firmly on the side of the right, on the side of human rights in foreign policy, on the side of democratic government in Greece, and on the side of a restoration not only of stability in Cyprus but a solution that is sensitive to the rights of all of the people there.

Mr. Speaker, this is a very hard decision for me to make, because, like the gentleman who preceded me in the well, I have no finer constituents than the large Greek community in my district. They have been angered by the Turkish aggression and very concerned about our country's response, and rightly so. I would be wronging them as well as morality itself to fail to support their just insistence that justice be done and the rights of the people on Cyprus protected. Toward this end, I have twice voted for the Rosenthal amendment and the cutoff of aid to Turkey.

Mr. Speaker, the passage of this resolution appears to be the best way to achieve successful negotiations toward an end to the Cypriot crisis. It is on this basis that I support its passage.

The SPEAKER. The time of the gentleman has expired.

Mr. ZABLOCKI. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. BRADEMAS).

Mr. BRADEMAS. Mr. Speaker, a vote for this resolution is a vote for continued Turkish occupation of Cyprus, a vote to undermine the first civilian government in Greece in 7 years, a vote to endorse the present pattern of violation of law by the U.S. State Department, and a vote against any prospect of serious negotiations for peace in Cyprus in the immediate future.

We hear the argument that Secretary Kissinger needs just 60 days more to settle this matter, but "a few more days" is the same line that the Secretary has been putting out since the start of the Cyprus crisis.

Several of us went down to talk to him on the 15th of August, nearly 1 month after the massive invasion of Cyprus by the Turks, when ships and planes and bombs supplied by us—by us, the Representatives of the taxpayers of the United States—were used to bomb and wound and kill the innocent people of a small, friendly, foreign country.

Next Monday, Mr. Speaker, marks an anniversary, the 60th day since our talk with Secretary Kissinger in his office. And what has happened to advance a peaceful settlement during the last 60 days? Nothing whatsoever.

Only if the Congress of the United States insists that the law be obeyed, our law, which we in Congress wrote, and military aid to Turkey is stopped, will there be any chance of serious negotiations.

Mr. Speaker, I would in conclusion make but one other observation. All of us are aware—and if we are not, the public opinion polls tell us—that the people of the United States are experiencing a sharp decline in their respect for the institutions of American Government. If we pass this resolution today, indicating our own contempt for the law of the land, there should be no question in the mind of any Member of the House of Representatives why the public opinion polls show us in the House of Representatives and in the Senate of the United States to be where we are.

Mr. Speaker, the integrity of the House of Representatives is at stake in this matter; the integrity of the Congress of the United States is at stake in this matter; the integrity of the rule of law is at stake in this matter. If any Member of the House of Representatives has respect for the office to which the people have elected him, respect for the Constitution of our country, respect for the rule of law, I urge a vote to defeat this resolution.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Massachusetts.

Mr. BOLAND. I thank the gentleman for yielding. I commend the gentleman from Indiana for his forceful and factual appeal. I associate myself with his remarks.

Mr. Speaker, I rise in opposition to the resolution. I do so, I think, fully cognizant of all the arguments pro and con. I am not one to suggest that the issue before us is a simple one. It is not, and that is why many Members may well be considering voting for it despite their earlier support for the Rosenthal-du Pont amendment.

Everyone in this chamber today wishes to see an early and amiable settlement of the Cyprus situation. And, in the ordinary course of events, no one of us would want to unduly tie the hands of our own Secretary of State and his negotiators in assisting the parties involved in reaching such a settlement. But the circumstances of heavy Turkish military superiority and their occupation of the most part of this island nation have created an impossible situation of strength on the Turkish side. They have been encouraged in their strength so that they refuse to negotiate seriously on the issues of Cypriot national determination or the withdrawal of Turkish forces.

Mr. Speaker, it is an undeniable fact that Turkish military superiority over the disorganized Greek Cypriot forces stems directly from Turkish reliance on U.S. military aid. The U.S. Government provides the guns and the ammunition which they have used to subjugate Cyprus. We continue to do so in direct violation of the laws of this country.

Mr. Speaker, violations by the Turkish Government of the Foreign Assistance Act and the Foreign Military Sales Act ought to have triggered immediate cutoff of our assistance to Turkey under these laws. Yet, since July 20, the Department of State and Defense have continued military shipments to Turkey. In so doing, our Government has directly fueled the Turkish invasion force that now occupies more than 60 percent of the island of Cyprus.

Even granting the fact of Turkish violations of our foreign assistance laws, many Members would perhaps have been swayed by pleas from the administration for more time during which to negotiate to persuade the parties involved to negotiate a settlement that will be fair to all Cypriots. Indeed, President Ford made just such a statement in a speech yesterday.

Our diplomats, led by Dr. Kissinger, have had ample opportunity to get their message across to the Turkish and Greek Governments. They have been on the job since before the Turks invaded Cyprus in late July. The results have been uniform—increased Turkish insensitivity to our notes.

There is no longer any question of tying our Government's hands. They have done that to themselves. The administration has steadfastly refused to impose the only real sanction we possess against the Turks—that is the violation of the laws of this country.

Mr. Speaker, I urge the rejection of the pending resolution.

Mr. KYROS. Mr. Speaker, will the gentleman yield

Mr. BRADEMAS. I yield to the gentleman from Maine.

Mr. KYROS. I thank the gentleman for yielding.

Mr. Speaker, have there not been remarks here today, patronizing remarks, talking about friendship between the Greeks and the Turks? Is not a central issue to the national security of this country that we have armed forces in Turkey today, armed with our weapons, and that we are possibly losing all of the lifelines in the Mediterranean by losing two good friends, both the Greeks and the Turks?

Is it not unseemly to discuss this in terms of what motivations there are in this country? The central issue is that we are not establishing peace in the Mediterranean today and our policies are faulty. Is that not so?

Mr. BRADEMAS. I agree with the gentleman from Maine and I thank him for his contribution.

Mr. ECKHARDT. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Speaker, will the gentleman in the well agree with me on this? I see no way in the world that we are strengthening our hand by weakening the force of law. I am going to vote against this resolution because I think it in fact weakens the United States in its negotiating position.

Mr. BRADEMAS. I thoroughly agree with the gentleman from Texas. I find it difficult to understand that it is somehow "mischievous" that we in the Congress insist that the law of the land be obeyed.

Mr. WYMAN. Mr. Speaker, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from New Hampshire.

Mr. WYMAN. Mr. Speaker, if the Rosenthal amendment prevails, if that becomes the law, what is cut off? Is it everything in the pipeline to Turkey? Is there nothing more to go to Turkey as of the effective date?

Mr. BRADEMAS. The provisions of the Military Sales Act and Foreign Assistance Act say that any nation which receives our military assistance and uses that assistance for aggressive, as distinct from defensive, purposes becomes immediately ineligible for military assistance.

Mr. ZABLOCKI. Mr. Speaker, I yield to the gentlewoman from New York (Ms. ABZUG) such time as she may consume.

Ms. ABZUG. Mr. Speaker, the debate taking place today is but another indication of the willingness with which the Congress abdicates its responsibilities to the Executive.

There is no question whatever that continuing aid to Turkey is illegal. Every day it goes on we are violating the Foreign Assistance Act of 1961, which prohibits the use of U.S. military aid for offensive purposes. Both the House and the Senate voted overwhelmingly to cut off such aid until the President certifies to Congress that substantial progress has been made toward a settlement of the tragic dispute over Cyprus. Then the White House stepped in and reversed the vote in the other body. Is this House going to cave in also?

Theoretically, the postponement is to give Secretary Kissinger time to resolve the problems. Actually, he has had plenty of time already. There is every indication that he has no intention of solving the problem in a way that will meet the needs of the Turkish and Greek communities on Cyprus—or the 200,000 human beings now homeless and hungry as a result of the Turkish invasion. Turkey is more important to our military strategists than Greece; and every other consideration must be subordinated to military strategy.

I do not believe that this country should be playing war games with people's lives. I believe that the Secretary should be using his good offices to see that all foreign troops are withdrawn from Cypriot soil to enable the parties to work out a political settlement on their terms. To this end, we should not help to maintain Turkish troops on that unhappy island for another day.

If the President wants to veto the bill, let the responsibility rest on his shoulders. But let this House at least have the courage of its convictions and sustain the cutoff of aid to Turkey.

Mr. ZABLOCKI. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. SIKES).

Mr. SIKES. Mr. Speaker, the problem of Cyprus is a difficult one for Congress and a difficult one for the administration. The resolution now before us is to help the administration to work out a solution to the problem. It is not a resolution to help Turkey. It is a resolution to help Greece. This resolution is to help Greece. It will also help the United States to maintain a balance in the Mediterrean which NATO desperately needs.

Think back on the way in which the present situation came about. There was a relatively stable situation in Cyprus until Greek supporters staged a coup, seized control and established a new government. Then the Turks reacted. They sent in military forces which overran a substantial part of Cyprus. The Greeks were unable to prevent this; the U.N. forces did nothing.

The United States and Great Britain have been attempting to persuade the Turks to withdraw their military forces. The Turks are in control, at least temporarily, and they know it. But they have been willing to listen and negotiations are in progress.

In the meantime, Congress reacted very vigorously with language hostile to the Turks. This is a natural reaction. Most of us here have many more Greek-American constituents than Turkish-American constituents. The Greek-American constituents are among the best friends that a man in public office can have. The point to remember is that language which does harm to the negotiations of progress with the Turks—language which helps to set the Turkish stand in concrete and to close their ears to the administration's arguments does not help Greece or our Greek-American friends.

The people of Greece are unhappy with us. Yet, other than to negotiate with the Turks, we have had no recourse except to use force of arms to keep the Turks out of Cyprus or to push them out. Congress is not ready to authorize that course of action.

The only possible cure is through negotiation. Congress has gone far toward closing the door on negotiations with the Turks. The United States is in the unenviable position where we will have both the Greeks and the Turks angry with us if Congress persist on the present course.

What this situation can do to NATO is much more serious. We and the NATO forces have base rights in Greece and Turkey which are extremely important to the interests of the free world. The Mediterranean has become more and more a Russian lake. If NATO continues to be weakened and if our base structure is threatened in that important part of the world, almost the entire southern flank of NATO and the free world will be exposed and dangerously weakened.

The administration has recognized the temper of Congress and now is asking for only 60 days—60 days only—to bring order out of the chaos; 60 days in which to persuade the Turks to adopt a more reasonable attitude toward Cyprus. We will help our friends in Greece and our Greek-American friends at home if we vote to give the administration this opportunity to negotiate for an acceptable solution to the problem of Cyprus.

Mr. ZABLOCKI. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. FRASER) for purposes of debate only.

Mr. FRASER. Mr. Speaker, perhaps the most important point to keep in mind is that if we do not pass this resolution, we only require the suspension of aid until the President certifies that substantial progress is being made in removing Turkish arms from the island of Cyprus. In other words, if we defeat this resolution we are not forcing an absolute cutoff of aid to Turkey. We are simply, in effect, telling the President that he can continue to supply arms or he can resume the shipment of arms when substantial progress is being made on the question of Turkish military forces on the island of Cyprus.

If we pass this resolution, in effect we have taken away any incentive on the part of the Turkish Government to do anything constructive about withdrawing from the 40 percent of the island which they illegally occupy today. The Turkish forces, the Turkish military presence is overwhelming. There is absolutely nothing that the Greeks can do today to try to persuade the Turks to move back.

If we pass this resolution we are confirming and affirming what the Turks have done. We are saying that, despite the fact they have violated the laws of the United States by using these arms for other than defense purposes, we condone and endorse and confirm their position on Cyprus. Then, we say to them, "See if you can get the Greeks to negotiate."

It is very clear that the Greek Government, without a sense of deep humiliation under these circumstances, has no opportunity for any meaningful negotiations or agreement at all.

So I would urge we defeat this resolution, give the President the authority to certify to the Congress that substantial progress has been made on the subject of the Turkish military presence, and let the political issues be settled by the Cypriots themselves. Cyprus is an independent nation. We ought not to be dictating a political settlement. We ought to be dealing only with a military presence and that is what this issue is all about.

I would urge we not ignore the law that this Congress has passed, that we do not condone what the Turks have done and, instead, try to bring some kind of parity, some kind of better balance to lead to negotiations to maintain peace in the eastern Mediterranean.

Mr. WYMAN. Mr. Speaker, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from New Hampshire.

Mr. WYMAN. What difference does it make in the flow of military supplies starting with the effective date of the passage of what we are debating here, between giving the extension and passing the Rosenthal amendment, what difference does it make?

Mr. FRASER. Because what is happening is that the United States has not even made a gesture in slowing down deliveries of arms. They have not curtailed new commitments for arms. That is the problem.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. HAYS) for purposes of debate only.

Mr. HAYS. Mr. Speaker, I voted for the Rosenthal resolution the last time around. I think we have gone down to the stage where this can be analyzed rather simply. The Greeks do not have the military power to put the Turks out of Cyprus. The United States is not going to use its military power for that purpose; so the only hope that is left, and maybe it is a forlorn hope, is negotiations.

I think we ought to give the Secretary the 60 days to see what he can do. He has done a lot of good negotiating. He has saved a lot of potential wars from happening.

Now, the reason this happened, and I have some Greeks in my district and I have talked to them and they are reasonable, is because Gerald Ioannidis, who was the power behind the junta, and I offered an amendment to bar aid to Greece until they had a democratic election, Gerald Ioannidis ordered the Archbishop of Cyprus and the President of Cyprus not only to be deposed, but to be assassinated, and it blew up in his face.

We are not going to get the Turks out by threatening them. I know them well enough.

Now, I will vote at the end of 60 days, if the negotiations get nowhere, to cut aid to Turkey off, but I think we will be totally unreasonable if we did not give Dr. Kissinger, as busy as he is and as hard as he works and as much as he has done, this 60-day period to see if he can do anything to settle this crisis.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. BIAGGI), for debate purposes only.

Mr. BIAGGI. Mr. Speaker, unlike some of my colleagues. I voted for the Rosenthal amendment on two occasions and intend to vote against this attempt to delay suspension of military aid for 60 days. The reasons that compelled me on those occasions still prevail. The morality and justice of the issue have not diminished. The arguments brought forth to sustain this are specious and irrelevant.

Turkey invaded Cyprus on July 20, fully armed with American weapons. A cease-fire was declared there in early August. Since that time—13 days—no progress has been made toward a settlement. Why should another 60 days make a difference? In fact, the only benefit will be to Turkey who will be prepared to enforce a de facto partition of Cyprus for a long time to come.

The law of the United States is clear. All aid to Turkey should have been cut off on July 20 when the invasion first began. Yet, the administration delayed hoping to reach a settlement. The arms to Turkey flowed to permit their takeover of the island.

Aid should certainly have been cut off in August, when Turkey clearly indicated no willingness to withdraw from the occupied lands. Yet, the administration delayed once again in hopes of finding an agreement. And the arms to Turkey flowed permitting the torture of Greek Cypriot citizens and the occupation and destruction of their homeland.

But more assuredly, aid should be cutoff now. The Congress has voted overwhelmingly to stop the delay: To stop the continued flow of arms to Turkey. And by so doing, it is my firm belief that a final settlement will be quick in coming.

The law has been violated. Let us talk in terms of the possibility of peace. What type of peace are we talking about? Tranquillity exists today on Cyprus, but at what cost?

Let us look to history. When we negotiate, we wind up with partition. We had it in Vietnam; we had it in Korea; we had it in Ireland. If history is telling us anything, we will have it in Cyprus. That is not an independent nation as you and I know it.

But, let us go back. We are asking for 60 days so that the Secretary of State, who has Svengalied his way through this situation like no man in history, a man who in my judgment has been part and parcel of the tilting towards Turkey as my colleague from Florida (Mr. FASCELL) has stated, a man who I suspect very strongly was conversant with the Turkish plan and by his silence condoned it. It has been 113 days since that fully armed invasion with American weaponry at that point violated the law. No conciliation has been made, no compromise.

We have not reached the point where we can even hope for a compromise. Someone suggested, I think the gentleman from Louisiana, that we negotiated our way in Vietnam, but only after we cut off arms, only after we cut off assistance.

I would hope that the threat of a Presidential veto and a continuing preelection Congress will not deter my colleagues from voting against this misguided resolution. Have not the tragic events of Watergate gained any new respect for the law in this country? Must the power of the Executive remain virtually absolute?

What reason is there for Congress to pass laws if they are to be superseded by a Secretary of State who views the conduct of foreign policy differently?

The 250,000 homeless Greek Cypriot citizens—refugees from their ancient lands—are looking toward this body for support. A "no" vote will make it clear to Turkey that continued military aggression will not be tolerated by the United States. A "no" vote will send out the message that military conquest will not be tolerated by allies or enemies alike. A "no" vote will tell those Greek Cypriot refugees that America still stands as the guiding light for world freedom and the protector of the weak and oppressed the world over. Let that "no" vote resound today in this Chamber!

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Speaker, I would just like to associate myself with the gentleman's remarks. I, for one, would like to give Dr. Kissinger another 60 days to find another job. I think he has outlived his purpose as Secretary of State.

Mr. ZABLOCKI. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. ROSENTHAL) for debate purposes only.

Mr. ROSENTHAL. Mr. Speaker, I merely want to try to respond to the very thoughtful question of the gentleman from New Hampshire. If this resolution is defeated, and if the President were to sign the continuing resolution, as of that moment all military assistance to Turkey would stop. The President could renew military assistance to Turkey 24 hours later or 3 hours later, if he certified to the Congress that substantial progress was being made toward a settlement of the removal of Turkish troops on Cyprus.

If they get together tomorrow and the Turks say, "We will start to remove 5,000 troops next week and 5,000 troops the week after," the President could reinstate military assistance.

Mr. WYMAN. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from New Hampshire.

Mr. WYMAN. Mr. Speaker, I thank the gentleman for yielding to me.

What I want to know is, what is presently in the supply line that will be stopped? What are we talking about here that is going to be such a handicap to conducting negotiations? I continue to find it difficult to see how the cutoff you have proposed ties any negotiator's hands.

Mr. ROSENTHAL. Immediately under shipment is $6 million of military equipment, much of it small arms ammunition to replace what they lost in the invasion.

Mr. ZABLOCKI. Mr. Speaker, I yield myself 30 seconds in order to reply to the gentleman from New Hampshire (Mr. WYMAN).

It is my understanding that there is $6 million in transit within the next 2 months, the next 60 days, during the period before December 5; I am told there are two ships en route carrying trucks; one ship with general cargo, including some ammunition. That is all the material en route for the next 2 months.

Mr. WYMAN. If we do not adopt the Mansfield resolution, will those shipments be turned around?

Mr. ZABLOCKI. Very unlikely.

Mr. Speaker, I yield 1 minute to the gentlewoman from New York (Ms. HOLTZMAN) for debate purposes only.

Ms. HOLTZMAN. Mr. Speaker, I want to speak very firmly in opposition to the Mansfield resolution. I am absolutely flabbergasted by this request that comes to us to suspend the laws of this country for the purpose of allowing the Secretary of State to negotiate over Cyprus.

I cannot recall in all the time I have been in the Congress that we have ever had the Secretary of State and the President come to us and seek to suspend the laws that got in their way and prevented them from doing whatever they pleased. Instead, they would go right ahead without consulting the Congress, and sidestep the Constitution, laws or principles of international justice whenever they felt it served their purposes.

Now, however, that the President is coming before the Congress for permission to engage in acts that are prohibited by law, I would like to say no. The administration never came to us when they first supported the military junta in Greece, and we did not have a chance to say no at that time. They did not come to us before they engaged in the illegal bombing of Cambodia. I think now that we have a chance to say no beforehand to a proposed violation of law, we ought to do it, and do it today.

Congress must continue to insist that the President and Secretary of State conduct foreign policy within the boundaries of the law.

Mr. ZABLOCKI. Mr. Speaker, I yield to the gentleman from Ohio (Mr. SEIBERLING) 1 minute for debate purposes.

Mr. SEIBERLING. Mr. Speaker, I thank the gentleman for yielding. Suppose we agree to this amendment, and 60 days from now there is still no progress on Cyprus, so that at that time we are still in the same position we are now and the Secretary of State comes in and says, "I need another 60 days," or whatever. Having abandoned principle at this point, we will be in no position to reassert it at that time, and this can go on ad infinitum. Is it not time to insist that our State Department stand for principle and uphold the laws of this land, uphold the United Nations Charter, and uphold the principles of democracy that we are supposed to be committed to? Should not the departure of Greece from NATO tell us something? Is it not time that we stood for the things we proclaim we stand for instead of caving in every time the Secretary of State says, "I need a little room for manipulation"? We heard that for many long years in the case of Vietnam, yet when the Congress finally stood on principle, we got an end to the war.

Mr. ZABLOCKI. Mr. Speaker, I yield 5 minutes to the distinguished minority leader (Mr. RHODES) for debate purposes only.

Mr. RHODES. Mr. Speaker, I am authorized to say two things. The first is that there will be no new obligations for hardware from this Government to Turkey between now and December 15 if this measure is adopted. As far as I know, the Rosenthal amendment does not apply to material which is in the pipeline. The gentleman from Wisconsin has just told us what is in the pipeline. That is all that will be delivered to Turkey.

What this resolution provides, and all that the administration is asking for, is for a period of 60 days in which to save NATO.

We have been talking about our Greek constituents and our Turkish constituents, and their concerns are important. I have many good Greek constituents. I played golf with many of them, and they have helped me in many endeavors. They are very dear friends, and will continue to be. We are not talking about Greece and Turkey here. We are talking about NATO. And, believe me, if we are not able to save the NATO alliance, the southern flank of NATO, it will be utterly impossible, in my opinion, to keep the Sixth Fleet in the Mediterranean. My colleagues can look around the Mediterranean and they will see what I mean. North Africa is either hostile or, at best, neutral. No one knows exactly where the new Government of Portugal will stand. As far as Spain is concerned, it is stanch, but when one says that, one can just about let his voice drop if we lose Greece and Turkey.

The Turks are a proud people. Mention has been made that this will help in the negotiations with the Turks. Believe me, it will not. They will not negotiate under a gun point. If we do not adopt this resolution and give the Government of the United States a chance to save this situation between now and December 15, I think the consequences will weigh heavily on the conscience of every Member of this body. The consequences are unacceptable, and something we do not even want to think about.

I am also authorized to say that if this resolution is not adopted, the President of the United States will definitely veto the continuing resolution.

Perhaps the President will veto the continuing resolution immediately; perhaps he will not. I am not authorized to say and do not know. Perhaps he will take 10 days to veto it. I do not think that anybody here needs to speculate or comment any further on the hardship this situation would cause some of the Members of the body. I say that not as a threat, but as a matter of exploring the situation we are in right now.

As far as this body is concerned, I think it behooves us to think what will happen if we do pass the resolution. If we do pass it, the President signs a continuing resolution with the Rosenthal amendment, and the Rosenthal amendment then becomes part of the law of the land. It very effectively shuts off foreign aid to Turkey after December 15 if there is not progress toward a settlement in Cyprus.

Believe me, the best possible deal, the best thing that we can do here, it seems to me, is to go ahead and adopt this resolution, which, after all, was introduced by the gentleman from Montana, the majority leader of the other body, who certainly has never been known as an individual who does things vainly or from a sense of heat. Nor does he go off half-cocked.

We in the House and Senate have been playing with foreign relations in the last several weeks, and it is a dangerous game. This is a dangerous world in which we play it, and it is not a world entirely friendly to us.

I would suggest that it is very important and very necessary right here today, right now, that we once again reaffirm our faith in probably the finest Secretary of State this country has had by enabling him to conduct the negotiations which will do what we all want to do: No. 1, to restore the status quo in Cyprus, and No. 2, to regain the friendship of those stanch allies which we have had for all these years, Greece and Turkey. We need them both. We cannot afford to lose one in order to take the other. We need them both.

Therefore, Mr. Speaker, it would be my hope that in voting, we vote for the Mansfield resolution and that we get this rather sorry chapter in the history of the Congress behind us.

Mr. ZABLOCKI. Mr. Speaker, I yield to the gentleman from California (Mr. Bell) one-half minute for debate purposes only.

Mr. BELL. Mr. Speaker, I would like to point out that it is a little hard for 435 Members of Congress to negotiate a matter as delicate as this in Cyprus.

We must have a very short memory. We have one of the finest Secretaries of State in history. We thought he would not be successful in Vietnam. Yet, he negotiated in Vietnam and got us out of the war.

We thought he would never be able to work out the Middle-East cease-fire. Yet, there again, he was successful.

I, for one, would like to give him the 60 days to try to work something out in Cyprus.

Mr. ZABLOCKI. Mr. Speaker, I yield one-half minute to the gentleman from Mississippi (Mr. Montgomery) for debate purposes only.

Mr. MONTGOMERY. Mr. Speaker, I thank the gentleman for yielding.

I think this request of 60 days is certainly reasonable, and I fully support this resolution.

The Congress cannot negotiate in this serious situation; it has got to be done by the President. If he asks for this time we ought to give it to him.

Mr. PEYSER. Mr. Speaker, today the House faces a difficult question which will have great bearing upon our foreign policy. We must decide whether or not we will permit the continued violation of the basic provisions of the Foreign Assistance Act and Foreign Military Sales Act or whether we will halt military aid to Turkey.

There is no question that we should halt aid to Turkey. The House has already voted overwhelmingly on two occasions to stop this aid. If we are to have integrity as a body, and if we are interested in seeing a negotiated settlement of the Cyprus situation, then we must continue the ban on aid to Turkey.

Mr. FRENZEL. Mr. Speaker, twice I have voted with the sponsors of the resolution to cut off all aid to Turkey until the troops are removed from Cyprus. I strongly believe that the landing of those troops was an act of aggression, and I believe the United States was not firm enough in trying to prevent that act. I believe that no more aid should go to Turkey if it is not able to demonstrate more progress in negotiations for troop withdrawals.

Nevertheless, I am going to vote for the Mansfield substitute. Since we have twice given dramatic testimony about our feelings, there can be no misinterpretation of our intent. There must be a time and a process to negotiate for the troop withdrawals. If we reject the Mansfield amendment, it seems as though we are slamming the door. I believe the door to negotiation should be open as wide as we can make it.

What we have done previously has not removed Turkish troops. The President and the Secretary of State have asked for 60 days to negotiate some sort of agreement, and I believe that the granting of that request is the only reasonable way we can handle the problem. If the House votes again for a total cutoff, we will be back in the situation where we still have troops in Turkey and no means to negotiate them off. I expect to vote for the Mansfield substitute allowing a 60-day period for negotiations, and I hope the rest will do likewise.

Mr. BADILLO. Mr. Speaker, I rise in opposition to this ill-conceived legislation and urge its defeat. Although I can appreciate the fact that Senator Mansfield has made an honest attempt to reach a compromise on the very complex and troublesome issue of Cyprus, I do not believe that the laws of this Nation should be compromised.

Over a decade ago the Congress enacted legislation imposing strict controls over American military assistance. The limitations contained in the Foreign Assistance Act of 1961 and the Foreign Military Sales Act barring the use of American military equipment in the invasion or subjugation of neutral nations are as valid now as they were when first established.

We must recall that 10 years ago Turkey was reportedly considering the invasion of Cyprus. At that time Under Secretary of State George Ball—at President Johnson's direction—informed Turkish authorities that American aid would be terminated if an invasion were undertaken and U.S. military equipment utilized. This position was reiterated 3 years later by Cyrus Vance when Turkey was again contemplating an invasion. Thus, the Government of Turkey was clearly on notice that this country would halt its assistance should it invade Cyprus and use American military materiel. Unfortunately, the previous administration failed to take affirmative steps to implement this policy—or to enforce the law itself—and it became necessary for the Congress to take the initiative.

Not only has the House overwhelmingly voted to halt military aid to Turkey on two earlier occasions but the measure now before us would permit the continued violation of certain basic provisions of the Foreign Assistance Act and the Foreign Military Sales Act and would also enable Turkey to further rearm. In addition, by backing down from our previous position we will simply encourage Turkey to pursue its military misadventure on Cyprus.

Mr. Speaker, the administration cannot be permitted to continue to ignore the letter of the law and the clear intent of the Congress. We must affirm our belief that the laws should not be waived and that Turkish violations of bilateral agreements must be handled in the prescribed manner. To do otherwise will, I fear, seriously damage the possibility of progress on negotiations to secure a peaceful and meaningful settlement in Cyprus.

Mr. ZABLOCKI. Mr. Speaker, pursuant to the rule, I move the previous question on the Senate joint resolution.

The previous question was ordered.

The SPEAKER. The question is on the third reading of the Senate joint resolution.

The Senate joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the Senate joint resolution.

The question was taken; and the Speaker announced that the noes appeared to have it.

RECORDED VOTE

Mr. ZABLOCKI. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 171, noes 187, not voting 76, as follows:

[Roll No. 608]

AYES—171

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Arends
Ashley
Beard
Bell
Bevill
Biester
Bingham
Bowen
Bray
Breaux
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burleson, Tex.
Burlison, Mo.
Butler
Camp
Carter
Cederberg
Chamberlain
Chappell
Clausen, Don H.
Cochran
Collier
Coughlin
Culver
Daniel, Dan
Davis, Wis.
Dellenback
Dennis
Devine
Dickinson
Dulski
Erlenborn
Eshleman
Evins, Tenn.
Fisher
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Froehlich
Gettys
Goodling
Griffiths
Gross
Gubser
Guyer
Hamilton
Hanna
Hastings
Hays
Heinz
Henderson
Hinshaw
Hogan
Holifield
Hosmer
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kemp
Ketchum
Kuykendall
Landrum
Latta
Leggett
Litton
Lott
McClory
McCloskey
McDade
McEwen
McFall
Madigan
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Mayne
Mazzoli
Melcher
Michel
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Morgan
Murtha
Myers
Nelsen
Nichols
Obey
O'Hara
Parris
Passman
Perkins
Pettis
Pickle
Poage
Preyer
Price, Tex.
Quie
Quillen
Railsback
Rees
Rhodes
Robinson, Va.
Robison, N.Y.
Rousselot
Runnels
Ruppe
Ruth
Ryan
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Sikes
Skubitz
Smith, N.Y.
Stanton, J. William
Steed
Steiger, Ariz.
Steiger, Wis.
Stratton
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Thornton
Treen
Ullman
Vander Jagt
Waggonner
Walsh
Wampler
Whalen
Whitten
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wyatt
Young, Fla.
Young, Ga.
Young, Ill.
Zablocki
Zion
Zwach

NOES—187

Abzug
Adams
Addabbo
Andrews, N.C.
Annunzio
Armstrong
Ashbrook
Aspin
Badillo
Bafalis
Barrett
Bauman
Bennett
Bergland
Biaggi
Boggs
Boland
Brademas
Breckinridge
Brooks
Brotzman
Broyhill, Va.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Byron
Carney, Ohio
Casey, Tex.
Chisholm
Clancy
Clark
Clay
Cleveland
Collins, Ill.
Conlan
Conte
Conyers
Corman
Cotter
Crane
Cronin
Daniels, Dominick V.
Danielson
Davis, S.C.
Delaney
Dellums
Dent
Derwinski
Diggs
Dingell
Downing
Drinan
du Pont
Eckhardt
Edwards, Calif.
Esch
Evans, Colo.
Fascell
Fish
Flood
Flynt
Foley
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Green, Pa.
Grover
Gude
Gunter
Haley
Hanley
Hansen, Wash.
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Hicks
Hillis
Holt
Holtzman
Horton
Howard
Huber
Hungate
Jones, Ala.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Lagomarsino
Landgrebe
Lehman
Lent
Long, La.
Long, Md.
Lujan
Luken
McCollister
McCormack
McKinney
McSpadden
Macdonald
Madden
Matsunaga
Meeds
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Mosher
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nix
O'Brien
O'Neill
Owens
Patten
Pepper
Pike
Price, Ill.
Randall
Rangel
Regula
Reuss
Riegle
Rinaldo
Rodino
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
St Germain
Sarasin
Sarbanes
Schroeder
Seiberling
Shipley
Sisk
Slack
Smith, Iowa
Spence
Staggers
Stanton, James V.
Stark
Stokes
Studds
Sullivan
Symington
Teague
Thompson, N.J.
Traxler
Udall
Van Deerlin
Vanik
Vigorito
Widnall
Wolff
Wright
Wydler
Wylie
Wyman
Yates
Yatron
Young, Tex.

NOT VOTING—76

Alexander
Anderson, Calif.
Baker
Blackburn
Blatnik
Bolling
Brasco
Brown, Calif.
Burgener
Burke, Fla.
Carey, N.Y.
Clawson, Del
Cohen
Collins, Tex.
Conable
Daniel, Robert W., Jr.
Davis, Ga.
de la Garza
Denholm
Donohue
Dorn
Duncan
Edwards, Ala.
Eilberg
Findley
Flowers
Ford
Gilman
Goldwater
Grasso
Gray
Green, Oreg.
Hammerschmidt
Hanrahan
Hansen, Idaho
Harrington
Hébert
Helstoski
Hudnut
Hunt
Johnson, Colo.
King
McKay
Maraziti
Mathias, Calif.
Mills
Minshall, Ohio
Moss
Patman
Peyser
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Roberts
Roncalio, Wyo.
Rooney, N.Y.
Sandman
Snyder
Steele
Steelman
Stephens
Stubblefield
Stuckey
Symms
Tiernan
Towell, Nev.
Vander Veen
Veysey
Waldie
Ware
White
Whitehurst
Young, Alaska
Young, S.C.

So the Senate joint resolution was not passed.

The Clerk announced the following pairs:

On this vote:

Mr. de la Garza for, with Mr. Eilberg against.

Mrs. Green of Oregon for, with Mr. Roncalio of Wyoming against.

Mr. Rarick for, with Mr. Carey of New York against.

Mr. White for, with Mr. Denholm against.

Until further notice:

Mr. Hébert with Mr. Davis of Georgia.
Mr. Moss with Mrs. Grasso.
Mr. Helstoski with Mr. Mills.
Mr. Stephens with Mr. Stubblefield.
Mr. Reid with Mr. Tiernan.
Mr. McKay with Mr. Baker.
Mr. Waldie with Mr. Peyser.
Mr. Stuckey with Mr. Blackburn.
Mr. Rooney of New York with Mr. Cohen.
Mr. Roberts with Mr. Conable.
Mr. Alexander with Mr. Robert W. Daniel, Jr.
Mr. Anderson of California with Mr. Edwards of Alabama.
Mr. Gray with Mr. Hunt.
Mr Flowers with Mr. Del Clawson.
Mr. Donohue with Mr. Maraziti.
Mr. Dorn with Mr. Collins of Texas.
Mr. Blatnik with Mr. Burke of Florida.
Mr. Brown of California with Mr. Duncan.
Mr. Ford with Mr. Findley.
Mr. Hansen of Idaho with Mr. Gilman.
Mr. King with Mr. Goldwater.
Mr. Mathias of California with Mr. Hammerschmidt.
Mr. Minshall of Ohio with Mr. Hanrahan.
Mr. Patman with Mr. Hudnut.
Mr. Powell of Ohio with Mr. Pritchard.
Mr. Snyder with Mr. Sandman.
Mr Steele with Mr. Steelman.
Mr. Symms with Mr. Towell of Nevada.
Mr. Vander Veen with Mr. Whitehurst.
Mr. Ware with Mr. Young of Alaska.

The result of the vote was announced as above recorded. A motion to reconsider was laid on the tabled.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on Senate Joint Resolution 247.

The SPEAKER pro tempore (Mr. BROOKS). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERSONAL EXPLANATION

Ms. ABZUG. Mr. Speaker, due to a matter in my district and city which required my personal attention I was unable to be present last evening when the bill H.R. 15888, District of Columbia Community Development and Finance Corporation Act of 1974, was considered. However, had I been present I would have voted in favor of the bill.

CONFERENCE REPORT ON S. 3473, STATE DEPARTMENT, USIA AUTHORIZATIONS

Mr. HAYS. Mr. Speaker, I call up the conference report on the Senate bill (S. 3473) to authorize appropriations for the Department of State and the U.S. Information Agency, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The **SPEAKER**. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 8, 1974.)

Mr. **HAYS** (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with, and I will attempt to explain what is in the conference report.

The **SPEAKER**. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. **HAYS**. Mr. Speaker, the conference report on S. 3473 dealing with authorizations for the Department of State and the U.S. Information Agency is a reconciliation of differences between a Senate bill that had 18 sections and a House amendment that had only eight sections.

The total authorizations in the Senate bill were $979,924,000 while those in the House amendment were $987,929,000. We agreed on $981,439,000 which means that the House came down $6,490,000 while the Senate went up $1,515,000. We cut out the language in the Senate bill that would permit a 5-percent transfer between line items in the authorizations for each of the two agencies covered by the bill. If the going gets tough in any one of their programs, they can come back to Congress and explain why there should be an adjustment.

The agreement also contains $40 million to assist Israel in the settlement of Soviet refugees. This modest sum is intended to take some of the strain off Israel's economy during this difficult period in its history.

Reaching an agreement on amounts proved to be the easiest part of the conference. The Senate bill included a number of substantive provisions unrelated to the matter of authorizations for the State Department and USIA. Some of them were clearly subject to a point of order. While they may have some merit, they were beyond the scope of the committee of conference.

Among those rejected by the conferees were provisions dealing with prior congressional approval of military base agreements, a specific requirement that Congress give its approval to any agreement relating to Diego Garcia, and a provision calling for an exhaustive review of our policy toward Cuba. Another Senate section that was omitted would have reorganized foreign affairs legislation into three major bills instead of the several bills now brought to Congress. One of our main objections to that proposal was that it intruded upon the jurisdiction of other House committees.

Other Senate provisions that we thought went too far were reduced from a legislative mandate to a sense of Congress expression. Among those was the one that would establish an International Materials Bureau in the Department of State. That broad issue is now a matter of intense study and a report is expected in a few months. It will be time enough then to consider how best to handle this matter.

The Senate bill called for a detailed 5-year plan for future U.S. military and economic assistance to South Vietnam. I think all of us would be happy to have such a plan. But there are large political considerations as well as economic and military factors that must be ground into any such plan. So we changed it from a mandate to a sense of Congress expression and asked for a report on progress within 6 months.

The Senate bill also called for a reduction of 2 percent of the total civilian agency personnel assigned abroad except the principal foreign affairs agencies and a reduction of 10 percent in the total strength of military aid missions. Again I found myself in sympathy with that objective. It has always been my contention that we simply had too many people scattered around the world. But the acceptance of the Senate language would have brought us into a head-on collision with committees that have jurisdiction over the activities of other agencies. We therefore reduced the issue to one of an expression of Congress that such reductions be made and reported to Congress.

The conferees accepted the Senate language that repealed the Formosa resolution of 1955. That resolution authorizes the President to employ the Armed Forces of the United States as he deems necessary to protect Formosa and the Pescadores islands. Without belittling the importance of the Republic of China, it was thought that that resolution no longer serves as a legal or constitutional authority for either contingency planning or the actual conduct of our foreign relations in that area.

We followed up last year's action on the disclosure of political contributions by nominees for ambassadorships by requiring that these contributions must now be printed in the Congressional Record.

The Senate bill required that all Foreign Service officers between their 8th and 15th year of service must have a 2-year tour of duty with state or local government, public schools, or other public organizations. This meant that about 250 officers would be assigned annually. The conferees were of the opinion that this constituted too large a number who would be detached from their regular duties at any one time. On the other hand, they were mindful of the fact that diplomats-in-residence program had been successful. They agreed, therefore, to require a minimum of 50 officers a year to serve a 1-year tour in such positions as the Senate bill identified.

The Senate bill delineated the authority and the responsibility of ambassadors basing its language upon letters that President Kennedy and President Nixon had sent to their ambassadors during their Presidency. We thought that the Senate language, however, intruded upon the constitutional role of the President. We insisted, and the Senate conferees agreed, that all powers exercised by an ambassador were to be under the direction of the President.

Under existing law a high school or college student whose parents are serving abroad is entitled to one round trip in each of 4 years to the place where his family is posted. The provision of law is applicable not only to Foreign Service personnel but also to other civilian employees. This prolonged absence has often produced strains and emotional concerns both by the parents and the student. We did not feel we could intrude upon the jurisdiction of the Post Office and Civil Service Committee. The amendment made in the conference bill permits one round trip each year but is limited to Foreign Service personnel of the State Department, AID, and USIA.

I am pleased that the Senate conferees took the provision in the House bill that authorizes an ex-gratia payment of 1 year's salary to the immediate dependents of those Foreign Service personnel who die abroad in the line of duty. That provision is effective with January 1, 1973. Since that date there have been seven tragic deaths, the most recent being that of our Ambassador to Cyprus.

We also retained in the conference agreement the House provision that prohibits the Department of State from making an annual payment of $15.6 million to the Foreign Service retirement fund to cover the additional unfunded liability arising from the transfer of AID personnel to that retirement system from the civil service retirement system. That is an item that should be included in the AID legislation.

Mr. Speaker, I take this opportunity to express my appreciation to my House colleagues who served with me on the committee of conference: Mr. Morgan, Mr. Zablocki, Mr. Frelinghuysen, and Mr. Thomson of Wisconsin. I think we held the line—and where had to bend it, we moved it in the right direction.

I urge the adoption of the conference report.

Mr. **GROSS**. Mr. Speaker, will the gentleman yield?

Mr. **HAYS**. I yield to the gentleman from Iowa.

Mr. **GROSS**. I understand that the bill is less than the figure as it left the House.

Mr. **HAYS**. $6,490,000 less.

Mr. **GROSS**. I would ask the gentleman if all amendments are germane to the subject matter?

Mr. **HAYS**. Well, all but one, I think, and that is the one repealing the Formosa resolution; but the State Department and the executive said they had no feelings on it and it did not seem to be worth arguing about. By accepting it we got rid of an awful lot of nongermane amendments that the other body put in.

Mr. **GROSS**. I thank the gentleman.

Mr. **THOMSON** of Wisconsin. Mr. Speaker, I strongly support the conference report on S. 3473, to provide authorizations for the Department of State and the U.S. Information Agency.

The subcommittee chairman, the gentleman from Ohio, has already provided an informative report on the action of the conferees. But I would like to emphasize the success of the House conferees in sustaining the House position and in rejecting or modifying certain provisions of the Senate bill.

For example, the conferees agreed to drop the Case amendment which prohibited the obligation or expenditure of funds "under any provision of law" to carry out an executive agreement not submitted to the Congress or to the Senate. This was similar to a provision in last year's conference report, which on a point of order was held by the Speaker to be nongermane.

The conferees also dropped a Senate provision that Congress must approve any new agreement with the United Kingdom concerning the U.S. base on Diego Garcia before funds can be expended to carry out the agreement.

In addition, the Senate conferees agreed to drop language from the Senate bill reorganizing foreign affairs legislation into three categories. This proposal would have created jurisdictional problems in the House.

The dollar amounts agreed to reflect our best judgment of the needs of the State Department and USIA, including the impact of inflation upon agency costs.

This is a good conference agreement, and I urge its approval.

Mr. HAYS. Mr. Speaker, I yield to the gentleman from Florida (Mr. SIKES) such time as he may consume.

Mr. SIKES. Mr. Speaker, I appreciate the courtesy of the distinguished chairman in yielding to me. I have noted with considerable apprehension that the conference report now before us contains a repeal of the Formosa resolution. This resolution, approved in 1955, authorized the President to employ Armed Forces of the United States for protecting the security of Formosa, the Pescadores, and related possessions and territories in that area. I am convinced that this is nongermane language, but it was added in the Senate and accepted by the House conferees.

The point of my inquiry is to determine the actual effect of the repeal of the resolution. It is my understanding, and I believe it also is the understanding of the administration and the State Department, that the proposed repeal of the Formosa resolution does not—I repeat, not—set aside or weaken any covenent or commitment of the United States to Formosa and to the interests of the United States in that area. I request the distinguished chairman to comment on this situation.

Mr. HAYS. I will say to the gentleman that the repeal of the Formosa resolution does not prohibit the administration from taking any action it may care to in regard to the defense of Formosa. It is perfectly free. We do not say, "You cannot defend Formosa." All we do is repeal this resolution which authorizes the use of Armed Forces to defend Formosa or Taiwan.

Mr. SIKES. Mr. Speaker, I feel that it would be very unfortunate if there were not a clear understanding that the Congress does respect our commitments to our friends in the Far Pacific and that Taiwan, which is a true friend and staunch ally, will continue to enjoy substantially the same status in the future that it has been accorded in past years.

Mr. DENT. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Pennsylvania.

Mr. DENT. I had the same apprehension as did the gentleman from Florida and I am assured by the remarks just made by the chairman. I feel the country will keep all its past covenants and do what is best and timely when the need is there.

Mr. HAYS. I thank the gentleman. This does not repeal any covenants existing between us and Taiwan.

As I said to the gentleman from Florida (Mr. SIKES), the administration would have full power with the President as Commander in Chief to take any action he saw fit to take.

Mr. DENT. That is about the best we can get.

Mr. HAYS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR THE COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. SISK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER pro tempore (Mr. BRADEMAS). Is there objection to the request of the gentleman from California?

There was no objection.

TO ESTABLISH A TARGET FOR BUDGET OUTLAYS FOR FISCAL YEAR 1975

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1437 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1437

Resolved, That upon the adoption of this resolution it shall be in order in the House to consider the concurrent resolution (H. Con. Res. 667) to establish a target for budget outlays for fiscal year 1975 in the amount of $300,000,000,000.

The SPEAKER. The gentleman from California (Mr. SISK) is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Nebraska (Mr. MARTIN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1437 provides that it shall be in order for the House to consider the concurrent resolution, House Concurrent Resolution 667, to establish a target for budget outlays for fiscal year 1975 in the amount of $300 billion.

Mr. Speaker, in his address before a joint session of Congress on Wednesday, October 8, 1974, the President proposed that the Congress set this target spending limit of $300 billion for the fiscal year 1975 budget.

This concurrent resolution is a sense of the Congress resolution. It does not place an enacted spending ceiling on the budget.

Mr. Speaker, I urge the adoption of House Resolution 1437 in order that we may discuss and debate House Concurrent Resolution 667.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, are there no copies of this rule?

Mr. SISK. I would assume that there might very well be. The resolution is in print and is available, so far as I know. Has the gentleman a copy of the resolution?

Mr. GROSS. It has just been handed to me. It is unobtainable at the desk.

What are the provisions of this rule? How much debate is permitted under the rule, and how is the debate time handled? Is there an opportunity for amendment?

Mr. SISK. The debate, if we adopt this rule, will be handled by the gentleman from Texas (Mr. MAHON) on behalf of the Appropriations Committee. It is a House concurrent resolution, and there will be 1 hour on the resolution.

It is my understanding in the normal procedure, as I am sure my colleague from Iowa knows, that it will be up to the chairman as to whether or not he might yield for any kind or type of amendment. He will control the time and he will control the resolution. To that extent it is closed. It is a matter of actually being voted up or down, unless the chairman of the Appropriations Committee wishes to yield for purposes of amendment.

Mr. GROSS. Then, for all practical purposes, the House cannot fully work its will on the resolution, as it was unable to do by the preceding legislation.

Mr. SISK. I say to my friend from Iowa that I recognize the concern he has. I, too, have some concerns about this ceiling and about what actually or exactly its meaning is. I am not sure whether it is anything really more than a so-called sense of Congress resolution. That would be my interpretation of it as it was explained before the Committee on Rules.

It basically sets a target, as I understand, in which the President will make suggestions as to changes in existing expenditures in order to comply with the $300 billion ceiling, and then submit them back to the Congress for it to work its will, and make such recommendations as he sees fit in order to fit the expenditure budget into the $300 billion.

This, of course, will be explained more fully by the Committee on Appropriations; and, as the gentleman from Iowa says, we will be faced with the matter of voting this resolution up or down.

Mr. GROSS. Mr. Speaker, will the gentleman yield further?

Mr. SISK. Yes, I yield to the gentleman.

Mr. GROSS. It seems to me, in view of the fact that the House has already established a super-duper, hooper-dooper budget control committee of some 23 members, almost a young army, it is claimed those members will resolve all things with respect to the budget. It seems to me this resolution is in the nature of window dressing, in other words, something to be passed so the Members can go back to their districts and brag about how they butchered a fat hog in the name of economy.

Mr. SISK. If I can explain to the gentleman from Iowa, of course, we are dealing here with the budget for fiscal year 1975, which we are already into to the tune of at least one-quarter having passed. Our new Budget Control Committee, which I supported, and have high hopes for, however successful that committee is going to be depends on how much courage we as Members of this House have in backing them up in the steps they take. They will be dealing for the first time with the fiscal year 1976 budget. Nothing that that committee now can do or will be doing or are already actively engaged in can have any bearing in connection with fiscal 1975. I hope my colleague from Iowa realizes we are dealing here with an attempt in the immediate future to reduce expenditures and try to stop as much inflation, of course, as we can. That, basically, is the desire of the President. Hopefully, this will have some impact. That Budget Committee is very hopeful of its achievements in the future. It will be dealing with a new budget submitted in January for fiscal 1976 for the first time.

Mr. GROSS. Is it not the fact that practically all of the appropriation bills have been approved for fiscal 1975? In the main, the appropriation bills for this fiscal year have been passed so the effect of this resolution on this year's appropriations will be little. It takes resolution on the part of the Members of the House, and that is all it takes if Federal spending is to be cut. It does not take a legislative proposal of this kind. You can pass a hundred of these resolutions and they will be meaningless unless the Members of the House resolve to stop deficit spending.

Mr. SISK. The gentleman is exactly right. I do not disagree with all that my friend from Iowa says. Frankly, at this moment, of course, let me say to my friend from Iowa, we seek to adopt a resolution which will permit the Appropriations Committee to discuss in detail their ideas and their concern in connection with this matter. I would hope that they would be given that opportunity.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. SISK. I will be happy to yield to the gentleman from Ohio.

Mr. WYLIE. I thank the gentleman for yielding. In his address to the U.S. Congress, the President urged the Congress to vote a set spending target of $300 billion for Federal fiscal year 1975.

House Concurrent Resolution 667 is a so-called sense of Congress resolution, which really has no force and effect of law.

I thought the President was encouraging us to pass a bill which could be sent to his desk which he could sign and establish a spending limit by law. Really, when you get right down to it, this resolution which we are considering now does not mean anything and has no effect, does it?

Mr. SISK. Well, let me say that my terminology in connection with referring to the sense of Congress was not entirely correct.

As the gentleman knows, this reads:

> Resolved by the House of Representatives (the Senate concurring), that a target for budget outlays during the fiscal year ending June 30, 1975, under the Budget of the United States Government is hereby established at $300 billion.

As I said, maybe my reference to the so-called sense of Congress was not, perhaps, as it should have been. However, the reason that I used that terminology, even though ill-timed as it may be, is the fact that the President will, if we pass this, according to his own statement, submit back to us his recommendation as to those areas in which he will recommend cuts or in which he will want us to hold off for a period of time certain expenditures in order to reduce inflation.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Ohio.

Mr. WYLIE. It says here on page 2 of the report, however, and this is where I got the idea that it was really a sense of Congress resolution, as follows:

> House Con. Res. 659, sic. 667, does not in any way delegate or compromise the constitutional authority and power of the Congress over the purse. It is a sense of Congress Resolution. It in no way resembles any spending ceiling legislation proposed to be enacted into law which has been considered from time to time by Congress in the past.

The second sentence is italicized. So I say to the gentleman that I think really we are considering only a sense of Congress resolution.

I agree with the gentleman from Iowa (Mr. GROSS) that it is purely window dressing. If we really want to address ourselves to problem of inflation, we should pass a bill, send it down to the President, and put a legal ceiling on our spending. As a matter of fact, we ought to establish a ceiling to reduce the Federal deficit. I think management of our debt is where the real pressure comes as far as inflation is concerned.

Mr. SISK. Mr. Speaker, I yield to the gentleman from Indiana (Mr. DENNIS).

Mr. DENNIS. Mr. Speaker, I thank the gentleman for yielding.

I would like to state that I support the resolution because, while it may not accomplish very much, as my friend, the gentleman from Ohio, said, I think it is useful that Congress go on record as stating that it believes that it is necessary to the stability of the economy to pursue a policy of prudence and fiscal restraint. I think everybody will agree that that is a useful thing.

However, I would like to disassociate myself personally from the self-serving paragraph at the bottom of page 1 where we pat ourselves on the back by saying that the Congress, has demonstrated its concern about inflation in completed actions to date on all bills, et cetera, because my personal judgment is that that is the last thing in the world we have demonstrated, any concern for inflation in completed actions to date.

Mr. SISK. Mr. Speaker, I appreciate the comments of my friend, the gentleman from Indiana (Mr. DENNIS) about our having completed action. However, the Committee on Rules has, on its own, moved for this, and that is the way the resolution reads and that is the way, of course, that it is now.

Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I thank the gentleman for yielding.

With respect to or particularly in response to the point made by the gentleman from Ohio (Mr. WYLIE) that this establishes only a target rather than an absolute ceiling, I think that if the gentleman will refer to the President's address to us, he will discover that this is precisely what the President asked us to do.

I quote from the President's address. He said:

> I urge you to join me before you recess by voting to set a target spending limit of $300 billion for the fiscal 1975 Federal budget.

He continued to say:

> When Congress agrees to this spending target, I will submit a package of budget deferrals and rescissions to meet this goal.

Of course, under the Budget Act the Congress would have to take action or by its refusal to take action accede to those rescissions and deferrals recommended by the President.

I think the reference made by the Committee on Appropriations by its chairman (Mr. MAHON), who introduced this to carry out the President's request with respect to the powers of Congress to control spending priorities, has reference primarily to our individual response to those individual deferrals and rescissions that would be submitted to us by the President.

So I really believe that if the gentleman will examine the words of our President on Tuesday, what the gentleman from Texas (Mr. MAHON) and the Committee on Appropriations are attempting to bring us today is exactly what the President asked us to perform before our adjournment.

Mr. SISK. Mr. Speaker, I appreciate the comments of our colleague, the gentleman from Texas.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, I thank the gentleman for yielding.

I understand what the gentleman from Texas has just said, and I certainly appreciate the spirit of cooperation coming from the other side of the aisle through the gentleman from Texas (Mr. WRIGHT) and the other gentleman from Texas (Mr. MAHON), the chairman of the Committee on Appropriations.

However, the point I am attempting to make is that this resolution does not really fix a ceiling as far as this Congress is concerned. It does not say that we cannot spend beyond $300 billion, and I predict it will not be very long before

Congress will be above the $300 billion ceiling again.

In the second place, what we really must do, I think, if we are to bring inflation under control, is, by some process, reduce our Federal debt. This is where the real pressure comes, in the management of the Federal debt. A $300 billion spending limit still calls for a deficit budget. The anticipated revenue for fiscal year 1975, according to Mr. Simon about 3 days ago, as I read in one of the newspapers, is $297 billion.

So that still means that we here in Congress are calling for deficit spending this year of an additional $3 billion on top of the present $495 billion. That comes pretty close to $500 billion, which is half a trillion. That is the point I really wanted to make.

Mr. Speaker, I appreciate the spirit of compromise. I understand what the gentleman from California (Mr. SISK) has said, and I understand what the gentleman from Texas (Mr. WRIGHT) and what the gentleman from Texas (Mr. MAHON), the chairman of the Committee on Appropriations, are attempting to do. But I just do not think it is enough, as far as Congress is concerned.

Mr. SISK. Mr. Speaker, I appreciate the comments of my colleague, the gentleman from Ohio.

Let me say that there was one witness before the Committee on Rules who sought the opportunity to amend this resolution to bring it down to the $297 billion, on the basis of Secretary Simon's estimates, which in essence would balance the budget if in fact those projections held.

Of course, we naturally are still a good, long way from knowing exactly what our income will be. That, amendment of course, will be a matter which will be up to the chairman of the Committee on Appropriations, if in fact there might be some desire to do that.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself such time as I may consume.

As the gentleman has just explained, House Resolution 1437 provides for consideration of Concurrent Resolution 667, which would establish a target for budget outlays for the fiscal year 1975 in the amount of $300 billion. This was requested by President Ford earlier this week in his address to the joint session of the Congress and to the American people.

This is simply a House concurrent resolution, which under Hinds' precedents, does not have any statutory effect outside of the Congress itself. It is a sense-of-the-Congress resolution, as has been explained. It says that the Congress itself hopes that the total expenditures for this current fiscal year will not be over $300 billion, which is a reduction of the previous request by the President for a $305 billion budget for this year.

Mr. Speaker, I heartily concur in the resolution, and I support the rule.

Mr. GROSS. Mr. Speaker, will the gentleman yield for a question?

Mr. MARTIN of Nebraska. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, aside from the fact this calls for an alleged reduction of $5 billion from the President Nixon's budget request to $300 billion, what is sacred about "$300 billion?" Why $300 billion? Is it just a good round figure?

Mr. MARTIN of Nebraska. Well, I will say to the gentleman that I do not think there is anything sacred about a particular number, but the President has requested, when he spoke to us on Tuesday of this week, a reduction of $5 billion in Federal expenditures for the current fiscal year.

I think this is logical, reasonable, and something that we should attempt to accomplish as far as the Congress itself can do so. So that is the figure that was picked out. If we can reduce it further in the total expenditures by the executive branch of the Government I am all for that. But we had to have some figure, and I think $300 billion is a reasonable figure to adopt.

Mr. GROSS. What would be a better figure than expenditures based on anticipated revenues?

Mr. MARTIN of Nebraska. I believe the gentleman from Iowa well understands that there is a projection at the present time from OMB that the revenues are not going to match the outlays of the Federal Government in the current fiscal year. Sometimes from a realistic and practical standpoint it is very difficult to get down to that point. I hope in the next fiscal year we can have a balanced budget. I agree entirely with the gentleman from Iowa on that matter, because I have been fighting and working toward a balanced budget for the 14 years that I have been a Member of the House of Representatives.

Mr. GROSS. I want to thank the gentleman and commend him for trying through the years to save some money around this place. But I think we are going through another charade here, just as we have gone through a number of charades in the House in the last few days and into the bowels of the night spending borrowed money instead of trying to save for the people whom we are supposed to represent.

I will probably vote for this concurrent resolution, but it is nothing more nor less than window-dressing.

Mr. MARTIN of Nebraska. Mr. Speaker, I am glad we are going to have the support of the gentleman from Iowa on this resolution.

Mr. LUJAN. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Speaker, I would like to ask the gentleman from Nebraska if we are going to set this target of $300 billion, and if we do keep it to a $300 billion will it still be necessary for us to increase the national debt ceiling come next year some time?

Mr. MARTIN of Nebraska. I would say to the gentleman from New Mexico that the latest figures that I have seen—and these were given to us yesterday afternoon by one of the witnesses before us when we had our hearings in the Committee on Rules—that the latest figures he had, and I believe he said they were last week's from OMB, that total revenues would probably equal about $297 billion.

But I would caution the gentleman from New Mexico not to take complete stock in that statement because of the fact that we have had many statements over the years from OMB in regard to revenues that proved to be very, very wrong.

Mr. LUJAN. Mr. Speaker, the reason I ask that question is because, as the gentleman from Nebraska knows, the increase in the national debt limit just barely passed the House, and I would anticipate that some changes that would probably come before the 94th Congress, that the times of approving more borrowing by the Federal Government are gone, and I sure hope that they are.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. Speaker, I rise in opposition to the rule. I do so with some reluctance because this rule is supported by the gentleman from Nebraska (Mr. MARTIN) whose judgment I admire and respect, and by the distinguished chairman of the Committee on Appropriations, Mr. MAHON, who has shown over and over again his concern for fiscal sanity in this country.

But the rule before us is seriously defective. I would like to tell the Members why.

A $300 billion spending limitation is a fine thing. Certainly it is an approach toward solving the Nation's most serious problem . . . inflation. Such action is long overdue.

In my judgment, $300 billion is a good figure—not so good as $299 billion, or $298 billion, or $297 billion—but the reason why I am going to oppose the adoption of this rule is the fact this resolution, if adopted, will not permit Members of the House to properly consider the issue.

It will not permit the offering of amendments either to increase or decrease the proposed spending limitation. There is no magic in $300 billion.

In fact, if we were to pick a magic figure, I believe that number is $297 billion, just 1 percent less than what is proposed by this resolution.

Mr. Speaker, if we adopt a $300 billion spending limitation, and if we did so, it would give us, for the second time in 15 years, a balanced budget. Only once in the last 15 years have we managed to balance the budget, and I think this is an opportunity, which may not soon come again, to put this House on record in favor of that kind of fiscal responsibility.

Second, if we adopt this rule, we will be setting a precedent which we are going to live to regret. Although this resolution does not have the force of law, we will soon have before us the recommendations of the Budget Committee itself arising out of the Budget Control Act. Those recommendations will have the force of law.

Is this the prelude to bringing those resolutions to the floor under a closed rule with only one number and no chance to amend, either up or down.

This brings me to the final reason why I intend to oppose this rule, because it is violative of the best traditions of this House and a throwback to the worst traditions. Are we decisionmakers here? Do we not know enough about the problems of this country to offer and consider amendments? Or is our purpose only to vote yes or no on what someone else has previously decided?

I think for the good of the country and for the good of this House, and for the best traditions of this House, if we are really legislators, we will vote the previous question down. If we have any guts, we will adopt an open rule.

Mr. KEMP. Mr. Speaker, will the gentleman yield?

Mr. ARMSTRONG. I will be pleased to yield to my friend, the gentleman from New York (Mr. KEMP) who has joined with me in this effort.

Mr. KEMP. I appreciate the gentleman's yielding.

Mr. Speaker, I am glad to join the gentleman from Colorado in this attempt to defeat this closed rule. I totally agree with my friend from Colorado when he says that a closed rule on the vital issue is inherently wrong because it denies us the opportunity to offer an amendment to set a ceiling on spending at $297 billion which is balanced by expected revenues.

It seems to me that the real question that the gentleman and I are posing to this House is this: Are we going to cut Federal spending and Federal deficits, or are we going to raise taxes? Where do the Members of this Congress want to be recorded? I for one choose to cut spending.

Mr. Speaker, I am pleased to join the gentleman in opposing this closed rule. I want to thank my friend from Colorado for taking the leadership on this issue.

Mr. Speaker, the simple truth is this: Congress has not sufficiently held the line on spending before, so why should the people believe—why should the Members even believe—that it will hold the line on spending now or in the future?

Inflation is the result of excessive Government spending and expansion of the money supply, behind which stands no commensurate increase in national productivity. And excessive Government spending is a result of the Congress lack of fiscal restraint.

The Congress has not been able to curb its own spending appetites, yet it has the audacity to ask the American people to curb theirs.

The truth of the matter is—by the President's proposing of an additional tax upon the people's livelihood and by the specter which haunts us that the Congress may enact such an economically repressive measure—that people are being asked to bear the burden of irresponsible spending on the part of their Congress.

The Senator from Delaware, Senator WILLIAM ROTH, put it this way in remarks on the Senate floor following the President's address to the joint session:

> The American people have been asked to accept an increase in their tax burden because the Congress has not had the guts to cut Federal spending. Once again, the middle-income people, who receive the least amount of Government benefits, are being asked to pay for excessive Federal spending.
>
> I believe that the Congress will violate this spending target (of $300 billion requested by the President) just as quickly as it is violating the $295 billion spending ceiling (target) 74 Senators approved a few months ago.

The Congress—the Nation—does not need a Federal spending target of $300 billion. It needs one of $297, which is the level of projected revenues—without any income from a new surtax. To call for a $300 billion ceiling is to call for a revenue level which can only be met by enacting the new surtax.

RAISING TAXES WILL NOT RELIEVE INFLATIONARY PRESSURES ARISING FROM DEFICIT SPENDING

It can be argued that raising taxes will help control inflation, by raising additional revenues with which to cover a potential deficit; in other words, the larger the revenue, the smaller the deficit. To believe that takes a lot of faith—more than the statistics of the last several years can sustain.

Federal revenue collections have increased markedly during the last 3 years. Did it reduce the debt? No, for Government spending continued to grow—actually outpacing increased revenue—and that spending created even larger deficits. A full one-fourth of the entire national debt—$133 billion of it—has been generated in the past 6 years. Increased revenue does not reduce deficits, for the self-restraint which the administration and the Congress should exercise in trying to hold down spending is actually lessened when they know more money will be coming in.

The statistics prove the accuracy of this observation.

From 1971 to 1972, Federal receipts rose $15.061 billion. Did the deficit go down? No, it went up $23.227 billion.

From 1972 to 1973, those receipts rose $12.511 billion. Did the deficit go down? No, it went up another $14.301 billion.

Receipts took a big jump from 1973 to 1974—some $19.660 billion—but the deficit climbed another $3.495 billion over that.

The estimated increase in receipts from 1974 to this fiscal year—as calculated in August—is $20.382 billion, yet we project a deficit of another $12.273 billion. No, increasing receipts—by increasing taxes—does not reduce pressures.

Mr. Speaker, I hope we defeat this rule to allow us to offer our substitute which is a budget in balance.

Mr. DRINAN. Mr. Speaker, will the gentleman yield?

Mr. ARMSTRONG. I yield to the gentleman from Massachusetts.

Mr. DRINAN. I thank the gentleman for yielding.

I am happy to associate myself with the gentleman's remarks, and I will vote to open up this rule so that we, as Members of the Congress, can arrive at our own decision as to what the limit should be.

Mr. DENNIS. Mr. Speaker, will the gentleman yield?

Mr. ARMSTRONG. I yield to the gentleman from Indiana.

Mr. DENNIS. I thank the gentleman for yielding.

Mr. Speaker, I would like just to remark that while I am not convinced that this is the time and place, on this resolution, for the particular battle that the gentleman has mentioned, it is encouraging to see that we are getting a few younger Members here who have the idea that Members of this body, as such, should have certain rights, and who are beginning to attack the closed rule, which is one of the oldest abuses of this body.

Mr. ARMSTRONG. I thank the gentleman for his comments.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina (Mr. MARTIN).

Mr. MARTIN of North Carolina. I thank the gentleman for yielding me time.

Mr. Speaker, while I have a mild quarrel with the rule under consideration, it is not my purpose to challenge the rule.

I take this time to present to the House an alternative which I hope will be considered favorably.

The Mahon resolution (H. Con. Res. 667), which this rule makes in order, establishes a target—not a spending ceiling, but a target—of $300 billion for budget outlays for fiscal 1975, as requested by the President. If this reduction can be eventually achieved, there would still result a $3 billion deficit: the difference between $300 billion in outlays and $297 billion in revenues, to quote the current, revised revenue estimate of the Treasury Department.

That deficit will add $3 billion to the national debt unless we enact the proposed 5-percent surtax on individual's incomes.

To avoid the dilemma between a tax increase and another increase in the inflationary national debt, would it not be better to cut spending to $297 billion? This would be met by expected revenues and would not necessitate any tax increase on individuals.

Under this rule the distinguished chairman of the Appropriations Committee will control the time and he is not obliged to yield for amendments. One classical way to seek to obtain a vote on the $297 million level would be to oppose the previous question on this rule and offer a substitute rule making my amendment in order. If the House will forbear I will withhold that procedure, and will not challenge the rule itself. Instead, it will be my intention to wait until the conclusion of general debate on the concurrent resolution, and will then oppose the previous question on passage of the resolution. If we are successful at that point, it will then be in order for me to seek recognition for the purpose of offering my amendment.

It will be simple. My amendment, if you support my procedure allowing it to be offered, will simply strike in effect the last words "$300 billion," and insert in lieu thereof the sum of "$297 billion."

If we are today going to set a target level for reducing spending, at least let us get one recorded vote on the precise level that will not necessitate any tax increase on individual incomes.

Mr. MARTIN of Nebraska. Mr. Speaker, if the gentleman will yield, I wonder if the gentleman will support a bill which I introduced this morning that provides for a 10-percent reduction in the pay of the President of the United States, Members of Congress, those in the Judiciary, all civil service employees and military? It excludes the postal employees because they are not direct Federal employees. If we are going to cure this inflation it is going to take a three-pronged attack by labor and industry and the Federal Government.

The SPEAKER. The time of the gentleman has expired.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield the gentleman from North Carolina 3 additional minutes.

Mr. MARTIN of North Carolina. I thank the gentleman.

Mr. MARTIN of Nebraska. Mr. Speaker, it is going to take a three-pronged attack not only by the Federal Government to stop inflation but also the active and vigorous cooperation of both labor and industry. Such a piece of legislation passed by the Congress and put into effect would have a dramatic effect on the American people and on both industry and labor in this country.

President Ford in his message earlier this week in advocating a $5-billion reduction in Federal expenditures said that he would be sending up very shortly to the Congress a detailed plan wherein he proposes to make these $5 billion reductions in expenditures during the current fiscal year. It just so happens that the total labor expenditures in the Federal Government for the current year amounted to $55 billion, so if we had a 10-percent reduction we could pick up another $5 billion in reduction in Federal expenditures—not quite that much, because part of the fiscal year has already gone by.

I just wonder whether the gentleman would support such a position?

Mr. MARTIN of North Carolina. I would say to the gentleman, for whom I have the greatest admiration and with whom I wish there were some blood kinship, that I would support his measure whether it was a cut across the board or selective cuts or in any fashion if it would enable us to balance the budget and particularly without the necessity of a tax increase.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of North Carolina. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I would like to have the opportunity to offer the bill I have had in the Ways and Means Committee for years and cannot get a hearing. It is H.R. 144, which provides that except in a state of war or dire national emergency the budget must be balanced and orderly annual mandatory payments made on the Federal debt of up to 5 percent a year. But under the procedures which this charade is being brought to the House floor, we cannot offer an amendment to this legislation.

Mr. MARTIN of North Carolina. I would say to the gentleman his proposal has great merit. I have introduced a somewhat similar proposal modeled after a proposal introduced by former Congressman Jones of North Carolina.

Mr. GROSS. Without the gentleman's proposal this is really fooling the people.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. Brown).

Mr. BROWN of Ohio. Mr. Speaker, I have no desire to delay the House rush to adjournment, although I intend to vote against that adjournment, because I do not like the idea of this Congress walking out of Washington in the face of the problems of inflation which afflict all of our citizens; but I will oppose this rule because I prefer, not a target, but a ceiling on our spending. I prefer, not $300 billion, but $297 billion.

I regret to say to the gentleman from New Jersey (Mr. Patten) my eyes are such that I cannot read that headline from here. I will yield to the gentleman from New Jersey.

Mr. PATTEN. Mr. Speaker, it says, "GOP Loyalists Skeptical."

Mr. BROWN of Ohio. I think there is nothing radical in the proposal for $297 billion.

Senator Proxmire, the distinguished leader of the Joint Economic Committee, has proposed $295 billion; so I think we ought to at least accommodate him part way.

I would suggest to the gentleman from Nebraska (Mr. Martin) that I think the leaders of our country ought to set an example to the rest o' the citizens of our country. I suggest to the President that he cut the White House staff by a significant percentage and then turn to the other governmental agencies and tell them to do likewise. I think it would be appreciated by the citizens of this country who have been asked to cut their own budgets.

Finally, as we approach the 200th anniversary of this Nation, I think we ought to remember the principles that saw this National born were principles that related both to economy, to the economy, to the economic circumstance of our society and also to a basic matter of philosophy; that is, whether the Government should properly ask individuals to restrain themselves and not in any way try to restrain itself. It seems to me that the Government philosophically ought to be limited to taxes on which Government fees ought to be limited, that spending on which the Government tries to buy our support ought to be brought under some degree of control.

I would like to say to the gentleman from Nebraska that I would be willing to support this legislation and also support the legislation of the gentleman from Iowa (Mr. Gross).

I think given the circumstance of our society and the respect to the Congress that I have for the gentleman from Iowa (Mr. Gross) that H.R. 144 is going to be around a long time, unless we do not pass it promptly. If we do not pass something of that nature soon, the Congress and the country may not last all that long.

I think it is extremely significant that we make this effort to vote down this rule today. It may not succeed, but it certainly is a gesture which I think would have support from a good many American citizens who would like to see us reduce our spending further.

Mr. MARTIN of Nebraska. Mr. Speaker, I understand a move will be made to vote down the previous question. I want to make it clear that I support this legislation and I urge an "aye" vote on the previous question.

Mr. SISK. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia (Mr. Landrum).

Mr. LANDRUM. Mr. Speaker, it took us 177 years to come from our beginning in 1787 to 1964 and reach a $100 billion budget. That was a millennium. Many of us were concerned about it, but not alarmed, because at that time we were producing and our economy was growing; but it took us only 5 years, from 1964 to 1969 to go to a $200 billion budget, and then only 5 years more, from 1969 to 1974, now, to go to a $305 billion budget a $200 billion increase in 10 years.

Discussing this problem recently, the budget and the economic dilemma of this Nation, with the distinguished Chairman of the Federal Reserve Board, a group of us were inquiring if it were possible for this country to run now on less than $300 billion. His response to us was that it must run on less than $300 billion if we are to survive as the system that we are.

Moreover, he said that while he would not be emphatic, he believed that we could reduce to $295 billion, a $10 billion reduction from the proposed $305 billion.

The day before yesterday, in a discussion with the distinguished Secretary of the Treasury, Mr. Simon, in a colloquy I had with him, I laid these facts out as a preface, and inquired of him, "Do you believe that the Nation can run on a $295 billion budget, or less than $300 billion, without impairing the efficiency of any of the agencies of the Government?"

His response was in the affirmative.

Many of us were disappointed about a great deal in the President's speech—not in its entirety. I believe that the President is doing the very best he can under the circumstances, but I was greatly disappointed when I listened to him and did not hear him come down hard enough on reducing Federal expenditures below $300 billion. It just simply is not good judgment in my opinion, to shoot only for $300 billion when we could set a goal of $295 billion; and if we have to go to $297 billion, then we have done something.

I say to the Members now, in considering this resolution and in considering the proposal which the distinguished chairman of the Appropriations Committee is presenting, it is time we commenced to tighten our own belts up here in Washington, the Federal Government. The individual at home has gotten his tight enough now to where it is just about to pinch him beyond repair. It has got him about squeezed out, and it will not hurt any Department of this Government; it will not impair the efficiency of the Defense Department, of the Health, Education, and Welfare Department, the Treasury, or any other agency of this Government, to move this budget from its requested $305 billion to $295 billion.

I urge the Members of this Congress to come together and to do just that.

Mr. SISK. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Speaker, I rise in support of this resolution. It commits us to a target ceiling of no more than $300 billion in total Federal expenditures for the fiscal year.

This, of course, is approximately $5 billion below the amount requested by President Nixon in the Presidential budget submitted to us last January. Yet with diligence and persistent effort I believe we can achieve it, and I believe we owe it to the country to make this commitment today.

You will recall that on July 25 of last year a majority of the House voted in the Anti-Impoundment and Budget Reform Act to impose a firm expenditure ceiling of $267.1 billion on total expenditures for the fiscal year just ended. Even though the Senate ultimately did not approve the bill in just that form, a majority of us in the House expressed our willingness to live within that ceiling.

There is no reason why we cannot trim more than $5 billion this year from the Presidential spending requests, and have at least something left over to apply to the national debt. Nothing, in my judgment, could have a more salutary or reassuring influence upon the public. Nothing could set a better example for private citizens to reduce the skyrocketing total of inflationary private debts than for the Federal Government itself to point the way.

Already we have made substantial reductions in the President's budget. Just 2 weeks ago, in the military appropriation bill, we cut a total of $4.9 billion from the executive askings. We have trimmed substantial sums from executive spending requests for foreign aid. In the past few weeks, we have demonstrated a capacity for restraint in the creation of new spending programs, even some which many Members had considered highly desirable. A clear majority of us refused the creation of a new land use planning program. A clear majority of us acceded to President Ford's request and made an $11 billion reduction in the 6-year mass transit authorization. By continuing in this general direction, I am convinced as one member of the Budget Committee that we can surely hold appropriations below the $300 billion level which this resolution would mandate.

In recent years, Congress has demonstrated not only the disposition but the ability to reduce Presidentially projected deficits. For fiscal year 1973, the Presidential budget projected a deficit of $25.5 billion. We cut that by $11 billion. For fiscal year 1974, the President's budget projected a deficit of $12.8 billion. As result of economies made by both the legislative and the executive branch, we cut that to approximately $3.8 billion—a reduction of some $9 billion in the deficit projection for the fiscal year.

Admittedly, there will be difficulties. The wild escalation of interest rates, acceeded to by the executive branch, has added several billion dollars of dead weight for which we somehow must compensate. It now appears that the Government will have to pay out some $30 billion in interest payments during the year, and this does make our task infinitely more difficult as we strive to hold down total spending.

There will be disagreements between the executive and the legislative branches as to just which programs should be cut. Predictably, Congress will insist upon some of its own priorities, as is our constitutional right and duty. But these difficulties should not deter us. Admittedly, fiscal restraint is only one tool in the fight against inflation. It assuredly cannot accomplish the task alone. Assuredly, there are other actions which must accompany this, and some of them can be undertaken only by the executive branch of Government.

But let us set our minds and wills resolutely to do our part. By passing this resolution today we can give assurance to the executive branch and to the public that the Congress is indeed determined to fulfill its share of the responsibility in the task that confronts us all.

Mr. SISK. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. PATMAN).

CREATION OF MONEY—OR MANUFACTURE MONEY

Mr. PATMAN. Mr. Speaker, at the end of this session I think it is well to mention some things that happened which, if they had not happened, we would not need this proposal to reduce the proposed $300 billion by $5 billion to get the budget $5 million under $300 billion. It goes back a long time, about 60 years, when the Federal Reserve Act was created.

It was a good law. It was signed 2 days before Christmas in 1913 by President Woodrow Wilson. But, after it was put on the statute books efforts were made, which were successful, which changed it to a bad law by maladministration. It was a good law which passed, but by bad administration it was changed into a bad law.

President Woodrow Wilson would not stand for a central bank, and the then Congress finally agreed with him to set up 12 regional banks instead of the proposed central bank. Each region would have just as much power as the other regions. A southwestern region would have just as much power as the New York region. That gave everybody an opportunity to get credit on reasonable terms and reasonable amounts. It was very fine.

But, when they began to organize these 12 banks they said, "What are we going to do for money? We do not have any money. Congress has not appropriated any for the establishment of these banks."

Then, they began to read the law, and the law gives them the power to create money, to manufacture money without cost, as commercial banks have under the Federal Reserve System. So they said, "Well, that is the answer to our problem. We will just buy Government bonds that have already been issued in the market to provide an interest rate, and we will pay for them with created money."

The U.S. Constitution provides that public money shall only be expended when appropriated by Congress—in order to get around this constitutional provision so as to allow Federal Reserve officials the privilege of not having to go before Congress in order to get money for expenditures.

What the Federal Reserve wanted to do was to get around that constitutional provision. They did not want to have to go before congressional committees and answer all kinds of questions. Some of the questions would probably be embarrassing to them. So they got around the constitutional provision that way. It did not amount to much, of course. The first year they only had $16 million that way, and they, of course, provided for the expenses for the first year. But the expenses got higher and higher. Now, then, by reason of that policy, they have used the Government's money to buy Government bonds and now the Fed claims the Fed owns the bonds bought with Government money. The Fed Governors claim they are trustees for the Government. Now they are setting an example that trustees having possession of other people's money can convert the money to their own use and benefit some of them drawing pretty high interest now, with Government money—with Government money—and they put those bonds in their portfolio in the Federal Reserve Bank of New York. They are there right now. It will almost shake some Members out of their seats when I tell them how much they have in the Fed's portfolio now.

They have $82 billion. I did not say million. I said "billion". They are drawing from $5 to $7 billion a year interest on those bonds. Of course, they do not have to go through the Congress on that. They are bypassing Congress. They go ahead and they pay the expenses that they have, $495 million a year, just for the Federal Reserve Bank alone. They pay it out of there, and other expenses, and what they have left they turn over to the Treasury. They think they will satisfy Congress because they are not paying it directly, like they were supposed to. The point is, they are charging people from $5 to $7 billion a year interest on bonds that have already been paid for. If these bonds are not canceled they will have to be paid again. Then our Government will pay out $164 billion—pure inflation, which is clearly wrong. If we cancel the $84 billion now we will not have to pay this extra 84th second billion dollars. The winners can be the Fed which will be out nothing and get the $164 billion.

You see, they are paying interest on bonds that have already been paid for. We know what caused our budget to be big, because we are not canceling debts if we are buying back from the people. Whenever we pay out money for obligations that are issued by the Government and bought by someone else and then the Government buys them back, the bonds should be canceled. Every academic professor in a college teaching economic questions tells his class, "Now, when the obligor becomes the obligee of a promissory note, the debt is canceled." Certainly, it should be canceled. One of the things that is wrong with our Government now is that we are continually paying debts and paying for them without canceling the bonds.

Mr. SISK. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. MILFORD).

Mr. MILFORD. Mr. Speaker, I rise to encourage members to defeat the previous question. Business Week has just released an article that very appropriately explains why. It reads as follows:

NATIONAL DEBT

NEW YORK.—The total debt of every segment of American society has swelled to $2.5 trillion and poses a serious threat to the nation's economy in this inflationary period, Business Week magazine says in its latest edition.

"Never has the debt economy seemed more vulnerable, with a distressing number of borrowers and lenders in precarious shape," the magazine said.

Since the close of World War II, the nation has borrowed an average net of $200 million a day, the magazine said.

Now the debt is so huge that it would take more than one-third the gross national product of Japan, the world's second-largest capitalist economy, just to pay this year's interest on the American debt, the magazine said.

Of the total debt, $1 trillion is in corporate debt, $600 billion in mortgage debt, $500 billion in U.S. Government debt, $200 billion in state and local government debt, and $200 billion in consumer debt.

Business Week said the debt "is an ominously heavy burden with the world as it is today—ravaged by inflation, threatened with economic depression, torn apart by the massive redistribution of wealth that has accompanied the soaring price of oil."

The magazine said the consensus among economists was that the economy still was not overborrowed but the breaking point was drawing near.

"In the end, the world may very well escape disaster," Business Week wrote, "but there is no way it can escape change. The very assumptions on which the U.S. built its debt economy, for instance, must be rethought. Not in the foreseeable future will any nation pile up debt as rapidly as this nation."

In a separate article, the magazine says that a survey of 550 major nonfinancial corporations found that 23 percent or 114 of the companies as of last June "had amassed more total debt . . . than they carried in equity."

"Despite record corporate earnings, just covering the interest on this mountain of fixed obligations is rapidly becoming a major corporate headache and a disturbing threat to the very survival of many," the magazine says.

Mr. Speaker, I would ask all Members to vote against the previous question.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER pro tempore (Mr. BRADEMAS). The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. SISK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 195, nays 150, answered "present" 1, not voting 88, as follows:

[Roll No. 609]

YEAS—195

Adams
Addabbo
Anderson, Ill.
Andrews, N.C.
Annunzio
Aspin
Barrett
Bell
Bergland
Bevill
Biaggi
Boggs
Boland
Bowen
Brademas
Bray
Breaux
Brooks
Broomfield
Broyhill, N.C.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Camp
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Collins, Ill.
Conte
Conyers
Corman
Cotter
Cronin
Daniels, Dominick V.
Danielson
Davis, Wis.
Delaney
Dennis
Dingell
Downing
Dulski
Eckhardt
Edwards, Calif.
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fisher
Flood
Foley
Ford
Fuqua
Gaydos
Gray
Green, Pa.
Griffiths
Gubser
Haley
Hanley
Hays
Heckler, Mass.
Hicks
Hogan
Holifield
Hosmer
Howard
Hungate
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Lehman
Litton
Long, La.
Long, Md.
McClory
McDade
McEwen
McFall
McSpadden
Macdonald
Madden
Madigan
Mahon
Martin, Nebr.
Matsunaga
Mazzoli
Meeds
Metcalfe
Mezvinsky
Michel
Minish
Mink
Moakley
Mollohan
Moorhead, Pa.
Morgan
Murphy, Ill.
Murphy, N.Y.
Myers
Natcher
Nedzi
Nichols
Nix
Obey
O'Hara
O'Neill
Passman
Patman
Patten
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Price, Ill.
Quillen
Rees
Reuss
Rhodes
Rinaldo
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Roybal
Ryan
St Germain
Sandman
Sarbanes
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Sikes
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Staggers
Stanton, J. William
Stark
Steed
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Teague
Thompson, N.J.
Thomson, Wis.
Thornton
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Wampler
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki

NAYS—150

Abdnor
Abzug
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Ashley
Badillo
Bafalis
Bauman
Beard
Bennett
Biester
Breckinridge
Brinkley
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, Va.
Buchanan
Burleson, Tex.
Carney, Ohio
Carter
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Collier
Conlan
Coughlin
Crane
Culver
Daniel, Dan
Davis, S.C.
Dellenback
Dellums
Dent
Derwinski
Devine
Dickinson
Drinan
du Pont
Erlenborn
Esch
Fish
Flynt
Forsythe
Fountain
Frenzel
Frey
Froehlich
Fulton
Gettys
Gibbons
Ginn
Gonzalez
Goodling
Gross
Grover
Gude
Gunter
Guyer
Hamilton
Harsha
Hastings
Hawkins
Hechler, W. Va.
Heinz
Henderson
Hillis
Hinshaw
Holt
Holtzman
Horton
Huber
Hutchinson
Ichord
Kemp
Ketchum
Kuykendall
Lagomarsino
Landgrebe
Landrum
Latta
Leggett
Lent
Lott
Lujan
Luken
McCloskey
McCollister
McKinney
Mallary
Mann
Mathis, Ga.
Mayne
Milford
Miller
Mitchell, Md.
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Mosher
Murtha
Nelsen
O'Brien
Owens
Parris
Preyer
Price, Tex.
Quie
Railsback
Randall
Rangel
Regula
Riegle
Rogers
Roncallo, N.Y.
Rose
Rousselot
Roy
Runnels
Ruppe
Ruth
Sarasin
Satterfield
Scherle
Schneebeli
Shuster
Skubitz
Spence
Steiger, Ariz.
Steiger, Wis.
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Vander Jagt
Walsh
Whalen
Wiggins
Wydler
Wylie
Wyman
Young, Fla.
Young, Ill.
Zion
Zwach

ANSWERED "PRESENT"—1

Martin, N.C.

NOT VOTING—88

Alexander
Anderson, Calif.
Arends
Baker
Bingham
Blackburn
Blatnik
Bolling
Brasco
Brown, Calif.
Burgener
Burke, Fla.
Butler
Carey, N.Y.
Clark
Clawson, Del
Cohen
Collins, Tex.
Conable
Daniel, Robert W., Jr.
Davis, Ga.
de la Garza
Denholm
Diggs
Donohue
Dorn
Duncan
Edwards, Ala.
Eilberg
Findley
Flowers
Fraser
Frelinghuysen
Giaimo
Gilman
Goldwater
Grasso
Green, Oreg.
Hammerschmidt
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Hébert
Helstoski
Hudnut
Hunt
Johnson, Colo.
Jones, N.C.
King
McCormack
McKay
Maraziti
Mathias, Calif.
Melcher
Mills
Minshall, Ohio
Moss
Peyser
Podell
Powell, Ohio
Pritchard
Rarick
Reid
Roberts
Roncalio, Wyo.
Rooney, N.Y.
Shoup
Snyder
Stanton, James V.
Steele
Steelman
Stephens
Stubblefield
Stuckey
Symms
Tiernan
Towell, Nev.
Vander Veen
Veysey
Waggonner
Waldie
Ware
White
Whitehurst
Young, Alaska
Young, S.C.

So the previous question was ordered.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Arends.
Mr. Eilberg with Mr. Gilman.
Mr. Rooney of New York with Mr. Ware.
Mr. Giaimo with Mr. Robert W. Daniel, Jr.
Mr. Carey of New York with Mr. Baker.
Mr. Roncalio of Wyoming with Mr. Collins of Texas.
Mr. Reid with Mr. Steelman.
Mr. James V. Stanton with Mr. Davis of Georgia.
Mr. Waggonner with Mr. Edwards of Alabama.
Mr. Melcher with Mr. Symms.
Mr. Moss with Mr. Blackburn.
Mr. Helstoski with Mr. Cohen.
Mr. Clark with Mr. Duncan.
Mr. Brown of California with Mr. Burgener.
Mr. Bingham with Mr. Veysey.
Mr. Alexander with Mr. Steele.
Mr. de la Garza with Mr. Findley.
Mr. Denholm with Mr. Del Clawson.
Mr. McCormack with Mr. Towell of Nevada.
Mr. Diggs with Mr. Dorn.
Mr. Flowers with Mr. Maraziti.
Mr. Anderson of California with Mr. King.
Mr. Donohue with Mr. Jones of North Carolina.
Mr. Fraser with Mr. Burke of Florida.
Mrs. Grasso with Mr. Whitehurst.
Mr. McKay with Mr. Hunt.
Mr. Hanna with Mr. Harrington.
Mr. Roberts with Mr. Butler.
Mr. Stephens with Mrs. Hansen of Washington.
Mr. Tiernan with Mr. Conable.
Mr. Vander Veen with Mr. Mathias of California.
Mr. Stuckey with Mr. Hudnut.
Mr. Waldie with Mr. Hammerschmidt.
Mr. Stubblefield with Mrs. Green of Oregon.
Mr. White with Mr. Frelinghuysen.
Mr. Blatnik with Mr. Rarick.
Mr. Hanrahan with Mr. Goldwater.
Mr. Mills with Mr. Young of South Carolina.
Mr. Peyser with Mr. Minshall of Ohio.
Mr. Shoup with Mr. Pritchard.
Mr. Snyder with Mr. Young of Alaska.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MAHON. Mr. Speaker, pursuant to House Resolution 1437 just agreed to, I call up the concurrent resolution (H. Con. Res. 667) to establish a target for budget outlays for fiscal year 1975 in the amount of $300 billion and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 667

Whereas the Congress is concerned about the economic health of the country and especially the continuing inflationary pressures; and

Whereas the Congress has reflected this concern and the desire to reassert the primary constitutional role of Congress in fiscal affairs by the approval of the Congressional Budget and Impoundment Control Act of 1974; and

Whereas the Administration has requested total outlays of $305,400,000,000 for fiscal year 1975; and

Whereas the Congress has demonstrated its concern about inflation in completed actions to date on all bills affecting spending, which have reduced the President's requested budget outlays for fiscal year 1975 by $1,500,000,000; and

Whereas the Congress believes it is necessary to the stability of the economy to pursue a policy of prudence and fiscal restraint; and

Whereas the Congress also believes it is essential for the Congress and the President to work in a spirit of cooperation toward the goal of reducing budget outlays for fiscal year 1975: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That a target for budget outlays during the fiscal year ending June 30, 1975, under the Budget of the United States Government is hereby established at $300,000,000,000.

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MAHON. Mr. Speaker, I yield for debate only 30 minutes to the gentleman from Michigan (Mr. CEDERBERG), the ranking minority member, pending which I yield myself such time as I may require.

Mr. Speaker, I had thought that the adoption of this resolution would be more or less pro forma and that there would be no controversy about the rule, but I find that I was mistaken.

The President appeared before the Congress in a joint session a few days ago, and he requested that we set a spending target at $300 billion. What the President does not know, and my fellow Members do not know, and I do not know, is whether it would be reasonably possible to achieve the $300 billion target when the work is all done for this fiscal year. I would hope we could achieve the $300 billion target. Better still, I would hope we could lower that figure to a much lesser amount.

I noticed a number of Members—and I was surprised in some instances—voted against ordering the previous question. I have observed that when we have appropriation bills on the floor, the Committee on Appropriations is often overriden, and programs requiring additional expenditures are proposed and approved. I did not think we could cure our failure to exercise more fiscal restraint by voting against the previous question. Yet I agree that there is ample basis for differences of opinion.

Mr. LANDRUM. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman for debate only or for a question.

Mr. LANDRUM. The distinguished gentleman seems to make a statement there that those of us who saw fit to vote against the previous question were doing so because we did not want to set a spending limit.

Mr. MAHON. No, if the gentleman will permit, there were a number of Members who spoke in favor of a lower spending limit than $300 billion. Nobody I know of spoke for more than that figure.

Mr. LANDRUM. I was one of those who did speak and that is the very reason I voted to open up this legislation so I could offer a resolution to cut below this amount.

Mr. MAHON. I fully understand that.

Mr. LANDRUM. Will the gentleman be kind enough to yield further and let me say to him why?

Mr. MAHON. No, I do not have the time to yield at the moment. After I complete my remarks I will yield.

A SENSE OF THE CONGRESS RESOLUTION

This concurrent resolution is a sense of the House resolution. It is not a bill which becomes law. The resolution does not go to the President for approval. It does not in any way delegate or compromise the constitutional authority and power of Congress over the purse. It does not resemble the spending ceiling legislation which has been considered by Congress from time to time in the past. It does not in any way embody a directive to the President to work toward spending reductions without the full participation and approval of the Congress.

A TARGET—NOT A CEILING

The resolution establishes a target for budget outlays, that is a spending target of $300 billion for fiscal year 1975. It is not a ceiling.

It must be understood that by the time the books are closed on fiscal year 1975, the final spending figure for fiscal year 1975 will be subject to a multitude of factors. Let me recite some of those. There may be subsequent actions by the President asking for bills which mean additional spending. There may be subsequent actions by the Congress where the Congress continues to initiate new programs and expand old ones.

We do not know just what may happen there, but I think we have done reasonably well on the President's requests so far in this session.

Also there may be changes in the economy which would have an impact on the budget. Interest on the public debt could go up. The estimated interest payment for fiscal year 1975 has already been revised upward by $1 billion and it may go up $1 billion or $2 billion more, and that must be included in the spending picture of $300 billion.

What about payments for unemployment benefits? Recent estimates by the OMB indicate we may require a great deal more money for unemployment benefits. Unemployment is progressively getting worse and the payments could go up by very large sums.

Then we have the possibility of natural disasters for which we usually provide several billion a year in the budget, but we cannot tell what will happen and more may be required.

There are many imponderables, including international agreements. Who knows what may happen there, especially in view of some of the things developing in the Middle East.

This resolution merely indicates the Congress wishes to work with the President toward the goal of reducing expenditures in fiscal year 1975 to $300 billion.

It is in no way a commitment to keep spending at $300 billion without regard to what happens in the economy and in the world. We have thus a target and not a spending ceiling.

TARGET OF $300 BILLION REQUESTED BY PRESIDENT

If we were to have a firm and unequivocal ceiling enacted into law, then we would have to have exhaustive hearings. We would have to select the places where cuts would be made. This would require a great deal of time, and we have not had that kind of time. The President delivered his message asking for our immediate cooperation only 3 days ago.

He asked that we go along with a target of $300 billion when he appeared before a joint session of the Congress on October 8, 1974, the President proposed certain remedies for our inflationary problems. He identified 10 areas which relate to action by the Congress. In his discussion involving Federal taxes and spending, he said:

> I urge you to join me before you recess by voting to set a target spending limit of $300 billion for the Federal fiscal 1975 budget. When Congress agrees to this spending target, I will submit a package of budget deferrals and rescissions to meet this goal. I will do the tough job of designating for Congressional action, on your return, those areas which I believe can and must be reduced. These will be hard choices but no federal agency, including the Defense Department, will be untouchable.
>
> Fiscal discipline is a necessary weapon in any fight against inflation. While this spending target is a small step, it is a start in the right direction. And we need to get on that course without further delay.

The President's request could have been ignored. But, under the circumstances, it seems most appropriate to me for the Congress to respond quickly with affirmation action. We should notify our constituents and notify the world that looks at our economy that we would like to practice as much restraint as is reasonably possible and seek to achieve a spending goal of about $300 billion.

WHAT IS MAGIC ABOUT $300 BILLION?

What is magic about $300 billion? It is, of course, a target that the President indicates is most appropriate. That is his view and he has had a lot of advice on it; but it is also a target endorsed in a September 21 report by the Joint Economic Committee of the Congress. In his address to the Congress on August 12, 1974, the President asked the Joint Economic Committee of Congress to make a recommendation within 6 weeks on economic policy. I have the report of that committee which reads:

> Federal outlays in the current fiscal year should be held to $300 billion. Both Defense and civilian outlays should be scrutinized to determine the areas where cuts can best be made.

So that was the action of the Joint Committee; but the Joint Committee, of course, does not know what the future holds and whether or not this is a target that can be achieved.

Hopefully, we can bring it below that, hopefully down to $297 billion or to a lower figure than that. It all depends on whether we have the will and the courage to cut back on some of these spending programs and whether it is in the interest of the country to do so.

INFLATION

Now, a word about inflation. It is clear that there is no consensus on what is the primary cause of our current inflation. But it must be acknowledged that growing Federal spending in recent years without adequate increases in revenue has been a factor. Of course, we all know that the national debt has been going up at the rate of $20 billion a year—$20 billion a year. Certainly it is not appropriate to at least make a gesture to reduce the increase in the accumulation of the debt from year to year. Our national debt has increased by one-third over the last 5 fiscal years. The debt limit of $495 billion which we have enacted to carry us through March 31, 1975, represents an increase of about $19 billion. It is clear to me that any move to reduce the Government's borrowing requirements will have a salutary effect on the market and will tend to permit an easing of the monetary policy.

Before turning to the resolution itself I yield for a question, first to the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Speaker, I thank the gentleman. I want to commend him for his patience and tell him that I support the resolution. But would not the gentleman agree with me that the situation with which we are confronted today only highlights the necessity of moving on with our Budget Committee proceedings, so that we can, in fact, have a mechanism for making the cuts and deciding where the cuts are going to be made at the same time?

Mr. MAHON. I thank the chairman of the Budget Committee for his very kind remarks. As Members of the House know, the Budget Committee operation does not go into full swing until fiscal 1977. Therefore, there was no appropriate way for the Budget Committee to come to grips with this situation at this time. However, at an early time in the next session of Congress, we will have an opportunity to set priorities and targets for budget totals in a budget resolution.

Mr. ULLMAN. Mr. Speaker, I thank the gentleman for those words to explain to the House why the Budget Committee is not taking an active role on this resolution. Our committee is barely 8 weeks old. We have just begun the process of recruiting our staff and establishing our procedures. As soon as we get into full operation, the Budget Committee will assume jurisdiction over all general budget concurrent resolutions.

Let me point out that section 101(c) of the Congressional Budget Act of 1974 gives the Committee on the Budget jurisdiction over all concurrent resolutions on the budget, as defined in that act. The definition, which appears in section 301(a), includes "the appropriate level of budget outlays" for a fiscal year, which is what this concurrent resolution is all about.

Although I support it, this resolution is nevertheless a classic case of how Congress ought not to proceed. Instead of considering a figure arrived at by a rational process of consideration, we are being asked to rubberstamp a figure the President has pulled out of the air. We have not had the benefit of hearings, of analysis, or of thorough consideration of consequences. This is certainly not the way we ought to proceed in the future.

Under the Congressional Budget Act, the Budget Committee will be looking at a proper spending level within the context of a process that will involve consideration of national spending priorities, revenue targets, tax expenditures, and the public debt. It will weigh all relevant consideration, including impact upon the national economy.

That is the kind of thorough, comprehensive, and careful approach to the budget we should be taking. It will be a process in which Congress, and not the President, determines priorities.

Mr. LANDRUM. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Georgia for a question.

Mr. LANDRUM. Mr. Speaker, I thank the gentleman for yielding to me. I would like to make just a brief statement to the gentleman before putting the question.

I would not have the gentleman believe or think that I am critical of his leadership or critical of his efforts to get the $300 billion limit. My concern only is that we have not set our target lower than the $300 billion. I was hopeful that the gentleman would let me put some information to him about colloquies that were had recently with the Chairman of the Federal Reserve Board and Secretary of the Treasury, which indicated that we could run on $295 billion without impairing the efficiency of the Government. I wonder if the distinguished chairman would not want to lend himself to such an effort.

Mr. MAHON. Mr. Speaker, I would say to my friend from Georgia that if we achieve the $300 billion, in my opinion, we are going to have to change some laws in order to make that possible under the circumstances. Of course, we can change whatever laws we want to change, and we can take whatever actions we want to take. But we are not out of this recession yet. The unemployment problem really is serious, and it may very well be that, under those circumstances, those who are projecting that we could spend about $309 billion may be close to right. It is just a matter of trying to work toward a goal of reducing expenditures wherever we reasonably can. That is the only object of this target, and I think everybody in the House would like to try, at least.

The writers have said, "Not failure, but low aim is a crime." We are just trying to do something here which will be reasonably useful; trying to cooperate with the President; trying to be responsible in connection with this matter. The gentleman thinks perhaps $290 billion or $295 billion would be a better figure, but it just happens that the $300 billion figure is the one suggested by the President and approved by the Committee on Appropriations by a vote of 38 to 6.

Mr. SIKES. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Speaker, as the distinguished chairman has indicated, the figure of $300 billion was not just picked out of the air. It was suggested by the President and it was considered very carefully by the Committee on Appropriations as a figure we can reach. It is a figure which is practical and reachable.

Of course, we would like to make greater savings if it can be done, but I wonder if it would not be helpful if our colleagues in the House, when they suggest lower amounts, will also suggest what specific areas they propose for further reductions. This would help the committee and give more validity to their recommendations.

Mr. MAHON. The gentleman has made a good suggestion. It may be that Members would want to place in the RECORD, in connection with this debate, where they propose to make reductions in order to bring the expenditures down to $290 billion or $295 billion. I would invite Members to put in the RECORD where they would make the cuts to bring the expenditures down to the figures they suggest.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, at the outset of his remarks, the gentleman from Texas alluded to the vote against the previous question, and said, in effect, that some of those who voted against the previous question were among—he did not use these precise words—among the spenders in Congress.

Mr. MAHON. Not all of them were.

Mr. GROSS. The gentleman made that distinction. I hope he was not referring to the gentleman from Iowa, because I would compare my record for economy with that of the gentleman from Texas any day.

Mr. MAHON. Both the people who believe in higher levels of spending and those who do not believe in higher levels of spending, for reasons which they thought appropriate, voted against the previous resolution. This is standard operation.

Mr. GROSS. If the gentleman wants a suggestion as to where we can still make some cuts—although most of the appropriation bills are gone for this fiscal year, we finished the markup today of the foreign aid bill, otherwise known this year as the Israel-South Vietnam relief bill.

Mr. MAHON. Yes.

Mr. GROSS. And if we did not approve this foreign handout bill, it would be too soon. We could kill that bill and save at least $3 billion without any trouble.

TEXT OF THE CONCURRENT RESOLUTION

Mr. MAHON. Well, without a doubt the House and the Senate will, in my opinion, and upon my recommendation, make sharp reductions in the so-called foreign aid program.

I think it might be appropriate to read the concurrent resolution:

> Whereas the Congress is concerned about the economic health of the country and especially the continuing inflationary pressures; and
>
> Whereas the Congress has reflected this concern and the desire to reassert the primary constitutional role of Congress in fiscal affairs by the approval of the Congressional Budget and Impoundment Control Act of 1974; and
>
> Whereas the Administration has requested total outlays of $305,400,000,000 for fiscal year 1975; and
>
> Whereas the Congress has demonstrated its concern about inflation in completed actions to date on all bills affecting spending, which have reduced the President's requested budget outlays for fiscal year 1975 by $1,500,000,000; and
>
> Whereas the Congress believes it is necessary to the stability of the economy to pursue a policy of prudence and fiscal restraint; and
>
> Whereas the Congress also believes it is essential for the Congress and the President to work in a spirit of cooperation toward the goal of reducing budget outlays for fiscal year 1975: Now, therefore, be it
>
> *Resolved by the House of Representatives (the Senate concurring)*, That a target for budget outlays during the fiscal year ending June 30, 1975, under the Budget of the United States Government is hereby established at $300,000,000,000.

Mr. LEGGETT. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I will yield to the gentleman from California.

Mr. LEGGETT. I thank the gentleman for yielding.

Mr. MAHON. I yield for a question.

Mr. LEGGETT. I am not going to editorialize too much. Now, just so that we understand where we are going, as I understand it, the original budget that was submitted calls for outlays of $304.4 billion. That was revised in May to $305.5 billion. In addition, the OMB is contemplating——

Mr. MAHON. My time is limited. Can the gentleman ask his question?

Mr. LEGGETT. This is a complex subject.

Mr. MAHON. Are you in favor of the resolution?

Mr. LEGGETT. I might be, if the gentleman would explain it.

What I am concerned with is that OMB is going to submit additional escalation to spending on the order of $4.5 billion over the next several weeks, and that is going to bring us up to the $311 billion. We have effected economies through deductions on appropriations——

Mr. MAHON. I cannot yield further at the moment. The gentleman has, of course the opportunity to revise and extend his remarks in the RECORD.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Speaker, I would like to point out that the Joint Economic Committee has considered all these matters and did conclude that $300 billion was within the realm of the possible. Perhaps the chairman will include in the RECORD a list of the various programs which it is difficult to cut, such as interest on the debt.

SPENDING FOR PRODUCTION ACTIVITIES

I want to make the point here, however, that we must give thought to the fact that too much spending certainly is inflationary, but too little production is more so. We have to give thought not only to how much we spend, but where we spent it.

I am of the opinion that the head of the Federal Reserve System, Dr. Burns, and others who advocate spending for unemployment insurance might better give their attention to programs that help create employment.

I wish to go on record here and now—and I am on the Committee on the Budget, too—that it is possible to bring down public spending. At present we get so little for our spending. What we really need to give thought to is to spend our money for productive activities which, in the final result, is the way to handle inflation.

Mr. MAHON. Mr. Speaker, I have yielded, I believe, 30 minutes to the gentleman from Michigan, but before yielding I will place in the RECORD a description of the programs in the budget which are difficult by their nature to control in the short run, as requested by the gentleman from Mississippi (Mr. WHITTEN):

GROWTH OF RELATIVELY UNCONTROLLABLE PROGRAMS AND ACTIVITIES IN THE BUDGET OVER THE YEARS

The following table indicates how the relatively uncontrollable portion of the budget has grown over the years:

CONTROLLABILITY OF BUDGET OUTLAYS, 1967–75
[Fiscal years, in billions]

	Actual							Estimated[1]	
	1967	1968	1969	1970	1971	1972	1973	1974[1]	1975[1]
Relatively uncontrollable under present law:									
Amount	$93.8	$107.2	$116.4	$125.7	$140.4	$153.5	$172.9	$197.1	$223.6
Percent	59	60	63	74	66	66	70	72	73
Relatively controllable:									
Amount	$66.1	$73.5	$70.1	$73.3	$73.7	$81.1	$76.5	$81.0	$84.4
Percent	42	41	38	37	35	35	31	29	28
Relatively controllable civilian programs:									
Amount	($19.5)	($20.2)	($17.0)	($20.9)	($21.5)	($27.1)	($23.2)	($26.5)	($25.9)
Percent	(12)	(11)	(9)	(11)	(10)	(12)	(9)	(10)	(9)
Undistributed employer share, employee retirement:									
Amount	−$1.7	−$1.8	−$2.0	−$2.4	−$2.6	−$2.8	−$2.9	−$3.5	−$3.6
Percent	−1	−1	−1	−1	−1	−1	−1	−1	−1
Total outlays	$158.3	$178.8	$184.5	$196.6	$211.4	$231.9	$246.5	$274.7	$304.4

[1] February estimate.

DETAILED DESCRIPTION OF THE RELATIVELY UNCONTROLLABLE PROGRAM AND ACTIVITIES IN THE FISCAL 1975 BUDGET AS SUBMITTED IN FEBRUARY

The following table includes a detailed listing of the relatively uncontrollable programs in the fiscal 1975 budget as they were estimated in February:

CONTROLLABILITY OF BUDGET OUTLAYS

[In millions of dollars]

Description	1973 actual	1974 estimate[1]	1975 estimate[1]	Change 1974–75
Relatively uncontrollable under present law:				
Open-ended programs and fixed costs:				
Payments to individuals:				
Social security and railroad retirement	50, 733	57, 943	67, 157	9, 214
Federal retirement and insurance	8, 887	11, 009	12, 822	1, 813
Military retired pay	(4, 390)	(5, 145)	(5, 685)	(540)
Civilian	(4, 497)	(5, 864)	(7, 137)	(1, 273)
Unemployment assistance	5, 744	5, 965	7, 466	1, 501
Veterans benefits:				
Pensions, compensation, education, and insurance	9, 322	10, 009	9, 562	−447
Medicare and medicaid	14, 079	18, 007	20, 754	2, 747
Housing payments	1, 608	1, 888	2, 263	375
Public assistance and related programs	9, 122	11, 528	14, 126	2, 598
Subtotal, payments to individuals	99, 495	116, 349	134, 150	17, 801
Net interest	17, 378	21, 373	21, 992	655
General revenue sharing	6, 636	6, 147	6, 174	27
Farm price supports (Commodity Credit Corporation)	3, 555	909	932	23
Postal service	1, 567	1, 714	1, 553	−161
Legislative and Judiciary	742	885	1, 058	173
Other	3, 953	5, 387	5, 494	107
Subtotal, open-ended programs and fixed costs	133, 326	152, 728	171, 353	18, 625
Outlays from prior-year contracts and obligations:				
National defense	19, 113	20, 927	23, 654	2, 727
Civilian programs	20, 493	23, 450	28, 620	5, 170
Total, Relatively uncontrollable outlays	172, 932	197, 105	223, 627	26, 522
Relatively controllable outlays:				
National defense	53, 368	54, 620	58, 524	3, 904
Civilian programs	23, 151	26, 479	25, 871	−608
Total, relatively controllable outlays	76, 519	81, 099	84, 395	3, 296
Undistributed employer share, employee retirement	−2, 927	−3, 543	−3, 577	−34
Total budget outlays	246, 524	274, 661	304, 445	29, 784

[1] February estimate.

AUGUST ANALYSIS OF MANDATORY AND DISCRETIONARY SPENDING

In August the Office of Management and Budget prepared an updated analysis of discretionary and mandatory spending in the fiscal 1975 budget. The overall analysis follows:

Fiscal year 1975 budget—composition of outlays

[In billions of dollars]

MANDATORY SPENDING	
Contractual obligations:	
Net interest	23.0
Housing subsidies and insurance, farm supports, etc	5.8
Other prior-year obligations	53.1
Defense	(23.0)
Nondefense	(30.1)
Subtotal, contractual obligations	81.9
Entitlement programs	142.1
Legislative and judiciary	1.1
Total, mandatory spending	225.1
DISCRETIONARY SPENDING	
Defense	57.1
Personnel	(37.0)
All other	(20.1)
Nondefense	35.1
Personnel	(20.0)
All other	(15.1)
Total, discretionary spending	92.2
Offsets (offshore oil land receipts and contributions to employee retirement fund)	—11.8
Total	305.4

The August analysis by OMB also included detailed listings of the $142 billion figure for entitlement programs, which was under the category of "mandatory spending" in the over all analysis; and it included detailed listings of the $15 billion figure for nondefense activities other than personnel, which was under the category of "discretionary spending" in the overall analysis. Those tables follow:

Composition of entitlement programs—Mandatory

[Outlays in millions]

BENEFIT PAYMENTS FOR INDIVIDUALS	
Direct Federal:	
Social security (OASDI)	62, 342
Railroad retirement	2, 753
Civil service retirement	7, 376
Veterans compensation and pensions	7, 536
Veterans readjustment benefits	2, 592
Disabled coal miners	870
Supplementary security income	4, 770
Food Stamps	4, 027
Medicare	14, 191
Military retired pay	5, 685
Grants to States:	
Public assistance (AFDC)	4, 550
Rehabilitation and social services	3, 080
Medicaid	6, 319
Unemployment insurance	8, 266
Subtotal, payments for individuals	134, 357
OTHER ENTITLEMENT PROGRAMS	
General Revenue Sharing	6, 174
Postal Service	1, 553
Subtotal, other entitlement programs	7, 727
Total	142, 084

Composition of discretionary nondefense outlays—excluding personnel costs

[Amount in billions]

DESCRIPTION	
Funds appropriated to the President—mainly Indochina postwar reconstruction assistance and other foreign aid	1.0
Agriculture—largely P.L. 480 foreign assistance and child nutrition grant programs	1.9
Corps of Engineers—construction and maintenance	.3
Health, Education, and Welfare—primarily, grants for higher education, impact aid, health services and research and health and education legislation	4.6
Housing and Urban Development—Better Communities Act and various grant programs	.6
Justice—law and drug enforcement and prisons	.5
Labor—Comprehensive manpower assistance and other grant programs and legislation to extend unemployment benefits	1.8
Transportation—FAA air control operations, transportation grant programs and UTAP legislation	1.8
Atomic Energy Commission—mainly for services performed by private industry	1.4
Environmental Protection Agency	0.4
General Services Administration—largely, stockpiles sales and Federal buildings fund receipts	—1.7
National Aeronautics and Space Administration—largely for services and materials procured from private industry	1.6
Veterans' Administration—mainly for veterans hospital and medical care and pension and education benefits proposals	1.2
All other agencies	—.3
Total	15.1

Mr. CEDERBERG. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we are going through a very interesting preelection exercise here this afternoon.

The simple facts are that this resolution has no teeth in it, and most everyone is going to vote for it anyway.

Let me just recite what is going to happen. We will pass this resolution overwhelmingly that says we ought to get down to $300 billion. I would like to get down to $297 billion or $295 billion or whatever we could get down to reasonably and maintain the kind of services that are essential to keep our country and economy running.

The President asked us to pass a resolution. I preferred a bill myself. As a matter of fact, I introduced the bill because I think if we had a bill, we would have a little more teeth in it.

What is going to be required after we pass this resolution, as I understand it, is that the President will come in—and I suppose it will take some time to do this—with what is called rescissions and deferrals, which are supposed to get us down to this $300 billion so-called spending ceiling.

It will be interesting when we get back after the elections, when all of these rescissions and deferrals are here, to see how the oratory will be at that time.

Everybody will say, "Do not rescind

anything in my district," and "Do not defer anything in my district." In the meantime, Members can revise and extend their remarks in the RECORD so that they can go back between now and the election and state that they really are for this $300 billion ceiling or this $297 billion or whatever we are talking about.

Some day, when we have an appropriations bill or a spending bill up here, we should spend just as much time on one of those pieces of legislation, discussing reductions and holding the line on the budget, as we are spending here on this concurrent resolution.

Mr. ARMSTRONG. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Colorado.

Mr. ARMSTRONG. I should like to inquire as to whether or not it is the gentleman's intention or the chairman's intention that when we get to setting the lawful limitation that is the actual binding resolution from the Committee on the Budget, it will also be brought to the floor under a closed rule.

The reason I ask is that I understand that one of our colleagues is going to try to get an amendment considered. I think many of us would like to know whether or not in the future it is the gentleman's intention or the chairman's intention to give us a chance to do that.

Mr. CEDERBERG. Of course, with respect to the Committee on the Budget, of which I happen to be a member, a ceiling will have to be established. There are certain procedures that have to be followed. However, this does not take effect for this fiscal year. I understand that we may have a dry run for 1976, but there really would be nothing mandatory about it. By law, that ceiling will come before the Congress, yes, that is right.

Mr. ARMSTRONG. If the gentleman will yield further, my question is, Is it anticipated that we will have an open rule when that bill comes to the floor?

Mr. CEDERBERG. Mr. Speaker, I cannot anticipate to what will be done in the way of a rule, although the Budget Control Act does provide that budget resolutions shall be read for amendment under the 5-minute rule.

I think that will be an interesting exercise for about 2 weeks when that matter comes up.

Mr. ARMSTRONG. Mr. Speaker, I appreciate the gentleman's assurance.

Mr. LEGGETT. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Speaker, I thank the gentleman for yielding.

The gentleman does serve on the Joint Committee on the Budget with me. I am concerned that, as I understand it now, with about $305 billion, we are going to have escalations on that figure announced to us.

I think the interest rate has gone up by a couple billion dollars, so we are going to have to figure that in. The current figure in the original budget is something like $311 billion. The Committee on Appropriations, I think, can take credit, after we are all finished, for reducing that by something like $5 billion on the actual outlays.

Mr. CEDERBERG. Mr. Speaker, I think the gentleman is overly optimistic.

Mr. LEGGETT. Assuming I am right and assuming we get down to, say, $306 billion, then, if we add the unemployment insurance that the President announced in his message the other night, plus some of the other public works programs and the housing programs, which may call for $3 billion of outlays before next July, it is reasonable to assume that we are going to get up to $309 billion in spite of what we have cut today.

Now, as I understand it, that $9 billion that this resolution would seek to set as a reasonable target to obliterate these expenditures equates to about $18 billion of appropriations. I think it is a laudable target.

I am not going to put the onus on the gentleman to explain where those reductions are going to come from, but I hope the House will have in mind the action we are taking here, if it is carried into any kind of an ongoing situation, is rather permissive.

Mr. CEDERBERG. Mr. Speaker, I cannot find too much objection in what the gentleman has said. I think perhaps that is probably the reason why we are using the concurrent resolution, and that is why it says something about a target.

We are not too good at hitting targets. We always aim higher when we should aim lower.

The gentleman has made an interesting observation. It will be interesting to see what happens over a period of time. We do have to face those problems realistically.

Mr. LEGGETT. Mr. Speaker, if the gentleman will yield further, this will not only involve reductions in the social sector but in national defense.

Mr. CEDERBERG. As the chairman of the committee said, if we are going to do some of these things, we are going to make some basic changes in the fundamental law, and that can only be done right here in this body.

Mr. BIAGGI. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Speaker, I understood the gentleman has suggested that this $300 billion is purely fictitious, and that this resolution we are acting on today has no teeth in it and has no effect.

Is the gentleman suggesting that the President, when he established this $300 billion target as a figure to shoot for, was also dealing in fiction and fantasy?

Mr. CEDERBERG. No; I am sure that is not so, because he requested that $300 billion ceiling several months ago, 2 or 3 months ago, and he did not ask for a concurrent resolution; he asked for something more, something with a little more teeth in it, something to be sent to him.

This concurrent resolution will not be sent to the President. If we read what he said, we find he said in effect, "If it comes to me, then I will send the recissions and the deferrals down to get below that $300 billion."

This is where it hurts. This is where we squirm around a little bit. So I do not say that at all, in answer to the gentleman from New York.

Mr. BIAGGI. Then what the gentleman is saying is that when the President suggests $300 billion, whether it be last week or 2 months ago, that is not fiction or fantasy, but the House has suggested it is fiction or fantasy?

Mr. CEDERBERG. No; because the Congress has already enacted legislation since that time that puts it well over that figure, and the Congress might as well understand that.

Mr. ROUSH. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Indiana.

Mr. ROUSH. Mr. Speaker, the gentleman is the ranking Republican on the Committee on Appropriations.

Mr. CEDERBERG. Which means I am in the minority, and we seldom have the votes.

Mr. ROUSH. Mr. Speaker, I really think the gentleman has avoided a direct answer to the question propounded by the gentleman from New York (Mr. BIAGGI). The fact is that the President did not ask us to set a ceiling; he did not ask us for a bill. He asked us to set a target spending limit of $300 billion for the Federal fiscal year 1975 budget, and then he went on to say that when we set that limit, he would perform the hard task of determining the various deferrals and recissions.

Mr. CEDERBERG. That is what we are doing.

Mr. ROUSH. Is that not precisely what we are doing today?

Mr. CEDERBERG. It is.

Mr. ROUSH. Then I cannot understand the gentleman's lack of enthusiasm for the resolution.

Mr. CEDERBERG. The gentleman will state that the gentleman has been on the Committee on Appropriations for a lot more years than the gentleman from Indiana, and I have been through these exercises before, and I have never seen one of them yet that worked.

So if the gentleman will excuse me for my lack of enthusiasm, as he calls it, that is what it is, because I am realistic about what has occurred in the past, and I have not seen anything yet to change my pessimism to optimism.

I will be the first one to join when opportunity arrives because I want to be there when the roll is called up yonder on this $300 billion spending limitation. If we can make it, I am all for it. I recognize it as a target, and as I said before, the Congress, when it shoots, seldom hits the target, and when the Congress aims we are usually shooting over the target rather than under.

Mr. MYERS. Mr. Speaker, if the gentleman will yield, there is a fiction that happens right here on this floor, and that is that we establish a ceiling today, but we can and do violate that ourselves. The President has said that he would like to keep expenditures within the $300 billion figure, but what happens is that we mandate the Executive to make his expenditures beyond that, and then some stand in the well and object to where the cuts are made. Here in the Congress is where the decision should be made to make cuts in spending and then we should continue to practice economy.

Mr. CEDERBERG. You see, the illusion is that people think that the President can determine what the spending ceilings are going to be, but it has to be done in the legislative body because the President can spend only what the Congress allows him to spend. So when you get right down to it, it is still a target and not a strict ceiling.

Mr. MYERS. It is an illusion and it is fiction.

Mr. CEDERBERG. The American people somehow do not seem to understand that, but that is the way it is.

Mr. LUJAN. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Speaker, I want to tell the gentleman that I do not think this is a fiction or an illusion, or is something that is a futility; that which we are voting on here today. I certainly am one of those who believes in a balanced budget, as I am sure the gentleman in the well does, and I intend to back that up by not voting for additional increases in the debt limit.

Mr. Speaker, I believe that this vote will perhaps be the most important vote we will take in this 93d Congress. While I would prefer to set a limit of $297 billion—which is the anticipated income—I will nevertheless vote for the $300 billion limit, as something better than nothing.

But let me say, Mr. Speaker, that I would like to ask my colleagues to resolve to reduce spending below this mark. I wish to serve notice that this is one Member of Congress who will not vote to increase the national debt limit if I am returned to Congress next year. I do not believe the Government should go out and borrow money and thereby contribute to the deflation factor.

Mr. CEDERBERG. Let me discuss that for one moment. You can have a balanced budget—and this is another thing the people do not understand—you can have a balanced budget next year. Let us just assume that we have an income of $297 billion, and we have outgoes of $297 billion. We still have to increase the national debt under the unified budget, because the deficit in the Federal funds budget will be financed by borrowing from the trust fund surpluses, which increases the debt. So the gentleman is going to get an opportunity to vote for or against the debt limit, whether or not there is a balanced budget. So do not worry about that.

Mr. LEGGETT. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Speaker, carrying on with that line of questioning, assuming that really all we are doing here today is probably reducing spending for fiscal year 1975 on the order of $9 billion, including the existing recisions that have been offered plus the escalation and reductions that have been made. Assuming that that $9 billion reduction will probably come about by recommendations from the President with respect to recisions and deferrals. As I understand it, those will be going to your Committee on Appropriations. By this action today does the gentleman believe that the committee is aborting its discretion of reviewing those recisions and deferrals?

Mr. CEDERBERG. I am sorry, I did not hear the gentleman. Do I believe the committee is doing what?

Mr. LEGGETT. That the committee is aborting its discretion?

Does the gentleman think they will retain their discretion in determining which of the President's recisions they favor?

Mr. CEDERBERG. Yes; as a matter of fact, there is language in the report that says just that.

Mr. LEGGETT. So, then, in effect if you determine you do not like some of those recisions, but you still want to hold to the $300 billion target then I presume the Committee on Appropriations would have to suggest other reductions?

Mr. CEDERBERG. I do not know whether it will or not, but it has the authority to do that. I cannot tell the gentleman whether they will do it.

But let me tell you about one other problem we have here. We do not get the opportunity at control, say, down to this target area of $300 billion or $301 billion, whatever it might be, when we look at the built-in expenditures for future budgets. I might say that the people down at the executive department are putting together a budget now that will be coming to this Congress in a matter of a few months, and that budget will be in the area of $300 billion to $335 billion, with the tightest restraints they can get on it, and that is because of the built-in escalator costs over which they have no control.

So it is of some importance to get our spending under control. But I recognize that we have to try to do it prudently, and I am not for meat-ax cuts that fall in areas where they cause hardships. I think we do have a responsibility, where we possibly can, to pull in our belts and try to do what we can to get to that target. I do not predict that we are going to get there.

Mr. LEGGETT. I would hope that the administration would take to heart what the gentleman has said and would submit a budget which is reasonably in balance so that the Congress can work with it, because I am sure the gentleman is aware that we have reduced the budget this year on the order of probably by $6 or $7 billion of actual appropriations as submitted by the executive.

By the action we are taking here today, we are going to be reducing the appropriations by another $15 billion probably, if we do what we say we mean to do.

I believe that when he is 10 percent off in his overall projections, the executive rather substantially misleads the Congress and puts much too great a burden on the budget committees and the appropriation committees. I would hope that we could either increase our taxes or reduce our spending, but to do it in a budget submitted, and not submit these hopelessly unified budgets that call for escalation of the debt on the order of $20 and $30 billion in a single year, which has been our history over the past 5 years.

Mr. CEDERBERG. Just let me say this. The administration has not been 10 percent off or misleading anybody. The Congress has mandated these additional expenditures. That is why we get them in supplementals. We do it. They do not do it. Look at their revenue projections over the years, and all administration has been reasonably close for revenue projections. However, expenditure projections are a lot more difficult, because there is no way that the administration can tell what the Congress is going to do. They cannot tell what some of the escalators will be in the welfare areas, many of those that are mandated—food stamps, and so forth—which they have no control over.

Mr. LEGGETT. When we put the budget to bed, though, with a $20 billion escalation in debt, there is really very little way that that situation can be remedied.

Mr. CEDERBERG. There is only one way to handle that. If we are going to ask for a balanced budget, we have to walk the line, and increase taxes, or cut expenditures.

Mr. LEGGETT. That is true.

Mr. CEDERBERG. There is no other way.

Mr. LEGGETT. There is no other way.

Mr. CEDERBERG. We can make our great oratory here, but we either put up the money to make up the difference, or we cut the programs down to fit the revenue. That is all there is to it.

Mr. LEGGETT. But the leadership has got to come from the top.

Mr. CEDERBERG. It has got to come from the top, the Congress, and from all over.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from California.

Mr. HOLIFIELD. I thank the gentleman for yielding.

I think the gentleman is making a very realistic statement. The thing that bothers me in this is the fact that we set this budget at $300 billion. That is without any consideration of the 12 percent inflation that we have had in the last year, so if we admit that there is 12-, or 10- or 8- —whatever we admit—then the $300 billion will not buy as much as the amount less the inflation that has occurred, so it is the old, old story that we are setting a budget level here without regard to inflation because we are dealing in the unit of a dollar.

There is another problem involved in this. Say the Congress sets a level of $300 billion, and let us say that the Committee on Appropriations acting in good faith moves ahead, and we have authorized $320 billion, and the Committee on Appropriations tries to get it down to $300 billion, and, say, they do it.

Then we have the Appropriations Committee having cut down to hit this mythical target we are setting up. If the Appropriations Committee gets overridden on the floor, as it has been, and it goes up to $305 billion or so, the President can say, "I am cutting this back so and so much," and he can do it selectively, as I understand it, by selecting certain items but not across the board by 5 or 10 percent. He could say then that the Congress has set a target and tried to meet it and could not and he could say, "I am, therefore, trying to help them," and we will then give him the possibility of cutting us back down to $301 or $300 billion, and what have we to say about it?

Mr. CEDERBERG. We have this to say about it. We still appropriate. Under the Budget Control Act, which we just passed, the President can send deferrals down, and if one House vetoes it, that is it. The money must be spent.

The gentleman from California is an old, experienced legislator, and he knows we set ceilings. We set a budget ceiling not too long ago, and when the former President tried to live within that spending ceiling, my good chairman got an anti-impoundment measure out, but it was not as bad as the anti-impoundment bills some others had around here. We tell the President to live within this ceiling or else, and then when the President said he would, and that he wanted to, then everything broke loose around here, and what happened was we got all kinds of anti-impoundment measures saying he could not impound. Not only that, some went to the courts and there were several court decisions.

This is what makes a spending ceiling rather meaningless, but a target more meaningful.

Mr. HOLIFIELD. The target will be more meaningful if we believe in it.

Mr. CEDERBERG. If we can hit it.

Mr. HOLIFIELD. That is right.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, preelection oratory to the contrary notwithstanding, we have had a parade of witnesses before the Banking and Currency Committee in the last few weeks saying that deficit spending has been the major cause of our current crippling inflation, and that the first step toward solution to the problem is up to Congress really.

I think the gentleman from Michigan was suggesting a little while ago that we are considering a resolution today which is a sense of Congress resolution which really means nothing, and that what we ought to do is to pass a bill which would have the full force and effect of law. I have introduced such a bill which is H.R. 144 offered by the gentleman from Iowa (Mr. H. R. Gross), and which would simply require that the Government live within its income and that the Federal debt would be reduced by 2 percent.

I believe this is the proper approach to fighting inflation; because I believe that our debt problems have caused most of our economic pressures. How can private industry compete with the Federal Government when the Federal Government is issuing short-term notes with interest at 9 and 10 percent every day to pay the interest on the national debt?

What would the gentleman think of the bill I have described?

Mr. CEDERBERG. I think it would be fine if the gentleman could get the votes for it. I do not think he can. It has a great deal of merit and if we did fix a debt ceiling then we would have to break the law ourselves if we exceeded it.

But that is not really what we are talking about today. What we are talking about today is that we would like to live within $300 billion. We might not make it, but we ought to try. The gentleman has a fine bill. What committee is that in?

Mr. WYLIE. The Ways and Means Committee.

Mr. CEDERBERG. Then get a hearing on it and get it out.

Mr. WYLIE. I discussed my bill with the chairman of the Ways and Means Committee as to whether or not I could have a hearing. At one time I was hopeful, but then other bills, the national health insurance bills—the tax reform bill, among other bills—took precedence. I asked Mr. Mills if he had any objection to my filing a discharge petition. He said he had no great objection and so I did.

Mr. MIZELL. Mr. Speaker, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from North Carolina.

Mr. MIZELL. Mr. Speaker, what we are doing really this afternoon is setting a target we should shoot for. There is nothing to prevent our exceeding this amount and there is nothing to prevent, if the surtax would be enacted, our exceeding the amount raised in the surtax.

Mr. CEDERBERG. My good friend, the gentleman from North Carolina, is an old major league baseball pitcher. The gentleman knows they give him three chances to strike out a batter and, if sometimes the pitcher used to walk a batter, even so he was not missing the target by too much.

Well, I am sure from the gentleman's actions that he will always be pitching right toward a fiscally sensible and reasonable target. I hope the rest of us can do as well.

I yield to the gentleman from North Carolina (Mr. Mizell).

Mr. MIZELL. Mr. Speaker, just one further observation, and I thank the gentleman for yielding. Is it not true that even setting a ceiling or even a sense of Congress resolution is no more effective than the will of the Congress to live within that limit?

Mr. FLYNT. Mr. Speaker, I support House Concurrent Resolution 667 which would set a target spending ceiling for fiscal year 1975 at $300 billion. This will amount to an estimated expenditure reduction for fiscal year 1975 of approximately $5.4 billion.

I would prefer a greater reduction to somewhere in the neighborhood of $297 billion or even to $295 billion. For this reason, I voted against the previous question on the rule and if I have the opportunity, I shall vote against the previous question on final adoption of House Concurrent Resolution 667, because I would like to vote on a lower target expenditure ceiling figure. The rule on this is a closed rule which precludes amendments, therefore, I am voting against the previous question for the sole purpose of opening the resolution to further reductions.

For years, I have foreseen and have witnessed absolute runaway inflation. The prices of everything that a consumer uses seems to go up frequently and with regularity and there seems to be no end to price increases in sight.

If you were to ask a hundred different people the cause or causes of inflation, you might well receive a hundred different answers. My answer is and has been that the primary cause of the inflation that is presently taking place is constantly escalating deficit spending by the Federal Government. During the last 5 fiscal years, we have seen a combined and total deficit of more than $78.1 billion. Present estimates are that this year—fiscal year 1975—we will experience a deficit of somewhere between $15 and $20 billion. No government and no country on Earth can forever survive this kind of reckless, lunatic fringe fiscal policy.

Interest rates on short-term Government obligations have recently been as high as 9.7 percent; Federal fund rates have been in excess of 13 percent. Fortunately, there are indications that both of these may be coming down. Even at a slightly reduced rate, the total interest on the national debt, including long- and short-term obligations, will total somewhere between $27 and $30 billion during the current fiscal year. The cost of debt management, which includes interest, is the primary charge on the Treasury, because everything else is subordinated to the interest on the national debt. The interest has to be paid first and there is an automatic reduction of that much available for operation of the Government.

Mr. Speaker, in my opinion, there is not an agency or department in Government which could not absorb a substantial expenditure reduction. With few exceptions, the cost of Government is related to services, many of which are duplicatory, extravagant, and wasteful. Most of this wasteful spending should and could be eliminated by attrition if the chief executive officers and personnel officers of the respective departments and agencies would exercise restraint and self-discipline.

I am very apprehensive that the present insane policy of escalating deficit spending will not only further weaken and probably destroy the economy of this country, but could even endanger the very structure of our Government.

On September 18, 1974, along with other Members, I introduced H.R. 16714, a bill to authorize the President to reduce Federal expenditures for fiscal year 1975 to $295 billion. Consistent with my reasons and motives in joining with the introduction of this bill, I shall support House Concurrent Resolution 667 on final passage. But in an effort to further reduce the figure contained therein, I have earlier today voted against the previous question on the rule on House Concurrent Resolution 667, and I shall vote against the previous question on final adoption of the resolution in order to amend it. I have done so and shall do so in an effort to obtain a vote on an amendment which would reduce the $300 billion figure to a more acceptable figure of $297 or $295 billion.

Mr. Speaker, I shall be interested to see the list of recommended recisions and deferrals which the President sends to the Congress pursuant to the provisions of House Concurrent Resolution 667.

(Mr. MANN asked and was given permission to revise and extend his remarks.)

Mr. MANN. Mr. Speaker, I want to make it clear that I voted against the previous question on the rule on House Concurrent Resolution 667, because the defeat of the previous question would have made in order an amendment to House Concurrent Resolution 667 providing for a spending ceiling of less than $300 billion. I was, and am, prepared to support a spending ceiling of either $295 or $297 billion, either of which would, according to current income estimates, produce a balanced budget.

Mr. CEDERBERG. Mr. Speaker, I yield to the gentleman from North Carolina (Mr. Martin).

Mr. MARTIN of North Carolina. Mr. Speaker, I thank the ranking member of the committee for allowing me this time.

Mr. Speaker, earlier, during debate on the rule, I indicated that I would seek to establish a situation whereby the House could vote on the target for fiscal 1975 expenditures at the level of $297 billion. Accordingly, it is my announced intention to oppose the previous question on passage of this bill so that I may then seek to offer an amendment to the concurrent resolution offered by the gentleman from Texas. That gives us one more chance.

Mr. Speaker, with the greatest deference to the distinguished chairman of the Appropriations Committee—about whom my predecessor, Charles R. Jonas, has often spoken so highly—I respect his record of fiscal responsibility and commend him for bringing this concurrent resolution to the floor. Ultimately, I will support his resolution, if that is the best we can do.

I have only the smallest quarrel with his resolution: that it does not quite go far enough; that it falls short of the mark by just 1 percent—$3 billion—that if achieved it will target outlays $3 billion in excess of projected revenues, and this will necessitate a tax increase or else another budget deficit.

The Treasury Department has currently revised its revenue estimate to $297 billion for this fiscal year. If we try for a target of an equivalent $297 billion in outlays, then we will at least be trying to avoid the necessity of a tax increase on individual incomes.

We need an opportunity to vote on the lower limit. To vote for the lower figure, as I propose, is to vote for a balanced budget without a surtax on our constituents.

For this reason, to provide such an opportunity, it will be necessary to oppose and defeat the previous question on this resolution. This is not to oppose the chairman, and I hope his resolution ultimately carries with or without my amendment.

In order to debate and vote upon my amendment, though, we must defeat the previous question, so that I can be recognized to offer a simple amendment changing the target from $300 to $297 billion. It will not otherwise change one word of the Mahon resolution. I do want to express my appreciation to the gentleman from New York (Mr. Kemp) who joins me in this and two cosponsored my original bill.

A similar effort is being made in the Senate to aim at a target of $297 billion.

If recognized, let me assure you that I will only consume 10 to 15 minutes to avoid prolonging this session. Furthermore, I will assure the chairman that I would yield time in the ensuing debate only for purposes of debate.

The issue is simple: $300 billion, balanced only with a surtax versus $297 billion, balanced without a surtax. The difference is only 1 percent, but that 1 percent is the surtax. If all we're voting is a target; then at least let us take better aim.

Mr. MAHON. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. Obey).

Mr. OBEY. Mr. Speaker, and Members, forgive my laryngitis.

Let me just say that I think this target which we are establishing in this resolution is really just one that is as unreal as the original target presented by the President in the first place. As a matter of fact, Mr. McCracken, who was an economist relied upon by both the previous administration and this one, has indicated it would be extremely difficult to even reach $305 billion by the time the estimates come in on interest, by the time the estimates come in on SSI and unemployment compensation and all the rest.

So, what we are really doing here today is doing what Congress does best, which is to posture rather than really take the time to get into effective policy decisions on what we are going to do. Our real tasks are still lying before us and are still going to lie on what we do on antitrust; on what we do on energy; on what we do on tax reform.

I do not want anyone coming down here in January, February, or March and saying, "Fellows, you supported that $300 billion target so you have to support the recession which is supported by the President."

It just is not so.

The only reason this is being supported to the degree that it is being supported today is because everyone realizes that it is sentiment, and sentiment only. It does not really reflect what we really believe. It should not be here, but if it is here I will vote for it. I would prefer it not be here, because it does not add to the question of credibility and it does not add to the American peoples' understanding of economics as well.

Mr. MAHON. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. Corman).

Mr. CORMAN. Mr. Speaker, my colleagues, I take this time only to suggest to Members that while they are home, they might stay flexible on what they are going to do on a tax bill when we get back here. It is my own feeling that we must have a tax bill before this year is up, and it will necessarily include increasing taxes. I hope the Ways and Means Committee can present an equitable, rational bill.

If our constituents understand that one of the reasons this country is in such terrible economic shape is that there is no capital for businessmen to borrow, for builders to borrow. The Federal Government is borrowing it and at very high interest rates.

We hope to cut the budget to $300 billion. We are not talking about a congressional budget, we are talking about the executive departments' budgets. President Ford's predecessor asked for $305 billion. We are trying to cut that to $300 billion. Even if we do, we will have a Federal funds deficit of between $15 and $20 billion. We must get out of the capital market and let the American businessman have access to the capital created by Americans.

The only sound course is to move toward a balanced budget by cutting spending and increasing revenue. But if the average American worker and small businessman is to be asked to pay more taxes, we must first ask the wealthy, who pay very little, to pay their reasonable share commensurate with their income. This kind of reform is the real discipline needed from both the President and the Congress.

GETTING A HANDLE ON FEDERAL SPENDING AND INFLATION

Mr. MAHON. Mr. Speaker, we have been wrestling with the fiscal situation. We were aware on the day the President submitted his budget that the debt would go up about $20 billion this year if his budget proved to be correct.

So, Members have been aware that the President's budget was about $305 billion. We have been up and down on appropriation bills and other bills which are not appropriation bills, but which have mandated spending. We have adjusted our priorities from time to time, and we now come to the point of deciding whether or not we feel it would be desirable to establish a $300 billion target.

I realize that this is a concurrent resolution. It will not become law. It will not be signed by the President. Those who think it meaningless, let them think it meaningless, but I think it has to do with the effort of Congress to try to get a better handle on the problem of Federal spending and inflation.

So, those who favor the resolution can vote for it. Those who oppose it can vote against it. The will of the majority will determine the issue.

Mr. **LEGGETT**. Mr. Speaker, I am supporting House Concurrent Resolution 667 to set a target for spending in 1975 with considerable tongue in cheek.

God knows with the country virtually flat on its back, the stock market at Korean war levels, housing off 1 million units and mortgage interest rates over 10½ percent, we need some sobering up.

I am not sure the committee really knows where it is going with a $300 billion target budget.

The administration started with a spending budget for fiscal year 1975 of $304.4 billion. Revised May 1974 to $305.5 billion—add new revised estimates—interest et cetera—equals $4.5 billion. Total current projected spending $311 billion. From this figure deduct congressional appropriation reductions, $4.7 billion, which leaves a balance of $306.3 billion. Add on new programs announced by President Ford this week—unemployment insurance $800 million and housing assistance $3 billion. Total is $310.1 billion.

This resolution therefore probably calls for a $10.1 billion reduction in spending over what already has been cut by Congress. This spending cut probably equates to 20 billion of appropriations.

Provided there are no sacred cows such as National Defense and so forth, I am prepared to share in biting the bullet that I think is required to salvage our rather desperate economy.

I support the resolution.

Mr. **DRINAN**. Mr. Speaker, I cast my vote in favor of House Concurrent Resolution 667 today with serious reservations. I do believe that fiscal restraint exercised at the Federal level is an important tool in combating inflation. Moreover, justifiable cuts in the excessive military budget along with the elimination of Government subsidies to the oil industry, agriculture, and other special interest groups could bring the Federal budget for fiscal 1975 well below the $300 billion target set by this resolution.

Unfortunately, the budgetary process is not so simple that we can "wish" billions of dollars in appropriations away through the passage of target resolutions like the one before us today. In order to be effective, fiscal restraint must be imposed responsibly at each stage of the budgetary process. Each item in the Federal budget should be carefully scrutinized. Wasteful and excessive outlays must be cut, while necessary appropriations are retained. The recently enacted Budget and Impoundment Control Act will presumably result in more assiduous congressional review of budgetary proposals. Under the provisions of that law, I am hopeful that the wasteful portions of the Federal budget will be eliminated.

But we should all realize that the passage of the resolution before us today is no substitute for responsible fiscal restraint on the part of Congress. More importantly, it is no substitute for an effective program to fight inflation which the American people expect and demand from the Ford administration. As long as President Ford resists the need to control skyrocketing prices, as long as he fails to support meaningful tax reform, and as long as he refuses to accept reductions in our bloated military budget, symbolic gestures, such as the one we are making today, will have little impact on bringing the American economy out of stagnation.

Mr. **BIAGGI**. Mr. Speaker, I rise in support of this resolution. I am pleased to see that the Congress is going on record in support of the target goal of a $300 billion Federal budget for fiscal year 1975.

While we all realize that a $300 billion Federal budget is merely a target, it can be a realizable goal if the Congress and the President can chart a course of cooperation and compromise with one another in the pursuit of this common goal.

I have contended throughout my 5 years in the Congress that reduced Federal spending is one of the keys to curbing inflation. In light of the devastating effects which double digit inflation is having on this Nation, this theory takes on even more relevance. This legislation represents an important first step toward the implementation of this needed fiscal program.

We can start to reach this target goal of a $300 billion budget by working to reduce the present exorbitant public debt level and opposing any further increases. We should also carefully scrutinize all Federal budget requests, and not be fearful of reevaluating programs which in the past have met with our automatic approval. Budget requests must be examined both in terms of their effects on the next fiscal year, but future years as well.

I am further pleased to speak in support of this resolution because at long last we are dealing with a potential solution to inflation instead of merely studying or discussing the problem. It should be readily apparent to all my colleagues that the time for discussing inflation has passed. It is now time to move onto a positive action agenda to rid America of her biggest national problem.

The 93d Congress has demonstrated its commitment to reducing inflation by already completing action on all bills affecting spending and have reduced the President's requested budget outlays for fiscal year 1975 by $1,500,000,000. Yet this is only a start, continued and increased fiscal restraint and prudence will be needed if we are to bring all Federal budget outlays down to $300 billion by next year.

I applaud this legislation today. It is an initiative which deserves the cooperation and active participation of all my colleagues. For many, it might mean reversing long-felt beliefs about Government spending. The course will not be easy, but it will be no harder than the course which many Americans, particularly our elderly, are facing today trying to keep pace with inflation. I am prepared to do my share to help restore this Nation to a semblance of economic stability. I hope I will be joined by my colleagues in this venture.

Let me close by saying, if we are to WIN—whip inflation now—we must be prepared to SCORE—Senators, Congressmen, others, reduce expenditures.

Mr. **FRENZEL**. Mr. Speaker, I strongly support this resolution, and I hope it passes by an overwhelming margin. Nothing is more important toward halting inflation than a strong congressional determination to tighten its own belt.

Nevertheless, I am painfully aware that the passage of pious resolutions does not necessarily result in reduced spending. We have to do more than pass a resolution. We must, in addition, make the painful spending choices and reductions that will carry out the intent of the resolution.

This House, and this Congress, have had an extremely poor record on fiscal responsibility. Many Members have talked vigorously about spending reductions but have voted for enormous increases either in terms of last year's spending, the budget or even the Appropriations Committee recommendations.

We are long past the time when it is important to get serious. I urge each Member who votes for this resolution to consider it fully and to pledge himself or herself to the difficult task of carrying out its intent.

Reducing Federal spending will not by itself stop inflation. Nevertheless, nothing else we do will work, nor will the public believe we are serious until we do begin to reduce Federal spending.

Mr. Speaker, I move the previous question on the concurrent resolution.

The **SPEAKER**. The question is on ordering the previous question.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. **MARTIN** of North Carolina. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that quorum is not present.

The **SPEAKER**. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 260, nays 84, not voting 90, as follows:

[Roll No. 610]

YEAS—260

Abzug
Adams
Addabbo
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Arends
Ashley
Aspin
Badillo
Barrett
Bell
Bergland
Bevill
Biaggi
Blatnik
Boggs
Boland
Brademas
Bray
Breaux
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clark
Clausen, Don H.
Clay
Cleveland
Collier
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
Delaney
Dellums
Dennis
Dent
Downing
Drinan
Dulski
Eckhardt
Edwards, Calif.
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Fisher
Flood
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gray
Grover
Gubser
Gude
Hamilton
Hanley
Hastings
Hays

Heckler, Mass.
Henderson
Hicks
Hillis
Hogan
Holtzman
Horton
Hosmer
Howard
Hungate
Hutchinson
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Ketchum
Kluczynski
Koch
Kyros
Leggett
Lehman
Lent
Long, La.
Long, Md.
Lujan
Luken
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mann
Martin, Nebr.
Matsunaga
Mayne
Mazzoli
Meeds
Metcalfe
Mezvinsky
Michel
Minish
Mink
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Murphy, Ill.
Murphy, N.Y.
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Passman
Patman
Patten
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Preyer
Price, Ill.
Quie
Railsback
Randall
Rangel
Rarick
Rees
Reuss
Rhodes
Rinaldo
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Ryan
St Germain
Sandman
Sarbanes
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Sikes
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Staggers
Stanton, J. William
Stark
Steed
Steiger, Wis.
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thornton
Traxler
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Waggonner
Walsh
Wampler
Whalen
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wyman
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—84

Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard
Bennett
Biester
Breckinridge
Brown, Ohio
Buchanan
Burleson, Tex.
Butler
Clancy
Cochran
Conlan
Crane
Daniel, Dan
Dellenback
Derwinski
Devine
Dickinson
du Pont
Esch
Flynt
Ginn
Gonzalez
Goodling
Gross
Gunter
Guyer
Haley
Harsha
Hawkins
Hechler, W. Va.
Heinz
Hinshaw
Holifield
Holt
Huber
Kemp
Kuykendall
Lagomarsino
Landgrebe
Landrum
Latta
Lott
McCollister
Mallary
Maraziti
Martin, N.C.
Mathis, Ga.
Milford
Miller
Mizell
Montgomery
Moorhead, Calif.
Mosher
Murtha
Owens
Parris
Price, Tex.
Quillen
Regula
Riegle
Rogers
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Sarasin
Satterfield
Shuster
Skubitz
Spence
Steiger, Ariz.
Treen
Wiggins
Wydler
Wylie
Young, Fla.
Young, Ill.

NOT VOTING—90

Abdnor
Alexander
Anderson, Calif.
Baker
Bingham
Blackburn
Bolling
Bowen
Brasco
Brown, Calif.
Burgener
Burke, Fla.
Carey, N.Y.
Clawson, Del
Cohen
Collins, Tex.
Conable
Daniel, Robert W., Jr.
Davis, Ga.
de la Garza
Denholm
Diggs
Dingell
Donohue
Dorn
Duncan
Edwards, Ala.
Eilberg
Findley
Flowers
Giaimo
Gilman
Goldwater
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Hammerschmidt
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Hébert
Helstoski
Hudnut
Hunt
Ichord
Johnson, Colo.
Jones, Ala.
King
Litton
McKay
Mathias, Calif.
Melcher
Mills
Minshall, Ohio
Mitchell, Md.
Moss
Peyser
Podell
Powell, Ohio
Pritchard
Reid
Roberts
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, N.Y.
Shoup
Snyder
Stanton, James V.
Steele
Steelman
Stephens
Stubblefield
Stuckey
Symms
Teague
Thone
Tiernan
Towell, Nev.
Vander Jagt
Vander Veen
Veysey
Waldie
Ware
White
Whitehurst
Young, Alaska
Young, S.C.

So the previous question was ordered.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Hanna.

Mr. Rooney with Mr. Dorn.

Mr. Teague with Mrs. Grasso.

Mr. Carey of New York with Mrs. Green of Oregon.

Mr. de la Garza with Mr. McKay.

Mr. Denholm with Mr. Waldie.

Mr. Green of Pennsylvania with Mrs. Griffiths.

Mr. Bingham with Mrs. Hansen of Washington.

Mr. Donohue with Mr. Stubblefield.

Mr. Dingell with Mr. Tiernan.

Mr. Eilberg with Mr. Davis of Georgia.

Mr. Mitchell of Maryland with Mr. Reid.

Mr. Harrington with Mr. Peyser.

Mr. Jones of Alabama with Mr. King.

Mr. Melcher with Mr. Cohen.

Mr. Moss with Mr. Hanrahan.

Mr. Stuckey with Mr. Abdnor.

Mr. Stephens with Mr. Hammerschmidt.

Mr. James V. Stanton with Mr. Findley.

Mr. Roberts with Mr. Baker.

Mr. Vander Veen with Mr. Goldwater.

Mr. White with Mr. Edwards of Alabama.

Mr. Ichord with Mr. Burke of Florida.

Mr. Brown of California with Mr. Shoup.

Mr. Bowen with Mr. Blackburn.

Mr. Flowers with Mr. Duncan.

Mr. Giaimo with Mr. Conable.

Mr. Helstoski with Mr. Hansen of Idaho.

Mr. Litton with Mr. Del Clawson.

Mr. Mills with Mr. Gilman.

Mr. Roncalio of Wyoming with Mr. Hudnut.

Mr. Alexander with Mr. Collins of Texas.

Mr. Anderson of California with Mr. Hunt.

Mr. Diggs with Mr. Minshall of Ohio.

Mr. Pritchard with Mr. Mathias of California.

Mr. Roncallo of New York with Mr. Robert W. Daniel, Jr.

Mr. Snyder with Mr. Powell of Ohio.

Mr. Young of South Carolina with Mr. Thone.

Mr. Ware with Mr. Towell of Nevada.

Mr. Steele with Mr. Young of Alaska.

Mr. Whitehurst with Mr. Symms.

The result of the vote was announced as above recorded.

MOTION TO RECOMMIT

Mr. WYATT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WYATT. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. WYATT moves to recommit House Concurrent Resolution 667 to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the concurrent resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MAHON. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 329, noes 20, not voting 85, as follows:

[Roll No. 611]

AYES—329

Abdnor
Adams
Addabbo
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Bafalis
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burke, Calif.
Burleson, Tex.
Burlison, Mo.
Burton, John
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Cleveland
Cochran
Collier
Collins, Ill.
Conlan
Conte
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Dennis
Dent
Derwinski
Devine
Dickinson
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Calif.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Fisher
Flood
Flynt
Foley
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Ginn
Goodling
Gray
Gross
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hanley
Hansen, Wash.
Harsha
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holt
Horton
Hosmer
Howard
Huber
Hungate
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landgrebe
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKinney
McSpadden
Macdonald
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Passman
Patman
Patten
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Quie
Quillen
Railsback
Randall
Rarick
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman

Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Shuster
Sikes
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton,
J. William
Steed
Steiger, Ariz.
Steiger, Wis.
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thornton
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vigorito
Waggonner
Walsh
Wampler
Whalen
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson,
Charles, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Wyman
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NOES—20

Abzug
Badillo
Burke, Mass.
Burton, Phillip
Clay
Conyers
Dellums
Dingell
Ford
Fraser
Gonzalez
Holifield
Holtzman
Mitchell, Md.
Rangel
Roybal
Stark
Stokes
Wilson,
Charles H.,
Calif.
Wyatt

NOT VOTING—85

Alexander
Anderson,
Calif.
Baker
Blackburn
Bolling
Brasco
Brown, Calif.
Burgener
Burke, Fla.
Carey, N.Y.
Clausen,
Don H.
Clawson, Del
Cohen
Collins, Tex
Conable
Daniel, Robert
W., Jr.
Davis, Ga.
de la Garza
Denholm
Diggs
Donohue
Dorn
Duncan
Edwards, Ala.
Eilberg
Findley
Flowers
Giaimo
Gilman
Goldwater
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Hammer-
schmidt
Hanna
Hanrahan
Hansen, Idaho
Harrington
Hawkins
Hébert
Helstoski
Hudnut
Hunt
Johnson, Colo.
King
McKay
Madden
Madigan
Mathias, Calif.
Melcher
Mills
Minshall, Ohio
Moss
Peyser
Podell
Powell, Ohio
Pritchard
Reid
Roberts
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, N.Y.
Shoup
Skubitz
Snyder
Stanton,
James V.
Steele
Steelman
Stephens
Stubblefield
Stuckey
Symms
Teague
Thone
Tiernan
Towell, Nev.
Vander Veen
Veysey
Waldie
Ware
White
Whitehurst
Young, Alaska
Young, S.C.

So the concurrent resolution was agreed to.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mrs. Grasso.

Mr. Hébert with Mr. Davis of Georgia.

Mr. Teague with Mr. Dorn.

Mr. de la Garza with Mrs. Griffiths.

Mr. Denholm with Mr. Hanna.

Mr. Carey of New York with Mr. McKay.

Mr. Roberts with Mr. Mills.

Mr. Green of Pennsylvania with Mr. Reid.

Mr. Hawkins with Mr. Stubblefield.

Mr. Helstoski with Mr. Tiernan.

Mr. Diggs with Mrs. Green of Oregon.

Mr. Eilberg with Mr. Waldie.

Mr. Giaimo with Mr. Snyder.

Mr. Flowers with Mr. Collins of Texas.

Mr. Moss with Mr. Roncallo of New York.

Mr. Melcher with Mr. Baker.

Mr. Stephens with Mr. Young of South Carolina.

Mr. Harrington with Mr. Cohen.

Mr. Peyser with Mr. Edwards of Alabama.

Mr. Madden with Mr. Blackburn.

Mr. Stuckey with Mr. Duncan.

Mr. White with Mr. Don H. Clausen.

Mr. Alexander with Mr. Robert W. Daniel, Jr.

Mr. Anderson of California with Mr. Findley.

Mr. Donohue with Mr. Burke of Florida.

Mr. Roncallo of Wyoming with Mr. Conable.

Mr. James V. Stanton with Mr. Del Clawson.

Mr. Vander Veen with Mr. Gilman.

Mr. Brown of California with Mr. Hammerschmidt.

Mr. Thone with Mr. Ware.

Mr. Hanrahan with Mr. Hansen of Idaho.

Mr. Towell of Nevada with Mr. Steelman.

Mr. Hudnut with Mr. Shoup.

Mr. Hunt with Mr. Skubitz.

Mr. King with Mr. Madigan.

Mr. Mathias of California with Mr. Whitehurst.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution just agreed to and that I may insert tables and extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING THE SECRETARY OF THE INTERIOR TO PURCHASE PROPERTY LOCATED WITHIN SAN CARLOS MINERAL STRIP

Mr. UDALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7730) to authorize the Secretary of the Interior to purchase property located within the San Carlos mineral strip, with a Senate amendment thereto, and concur in the Senate amendment with an amendment.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: That the Secretary of the Interior (hereinafter referred to as the "Secretary") is hereby authorized and directed to acquire through purchase within the so-called San Carlos Mineral Strip as of January 24, 1969, all privately owned real property, taking title thereto in the name of the United States in trust for the San Carlos Apache Indian Tribe.

SEC. 2. The Secretary is authorized and directed to purchase from the owners all range improvements of a permanent nature placed, under the authority of a permit from or agreement with the United States, on the lands restored to the San Carlos Apache Indian Tribe for the reasonable value of such improvements, as determined by the Secretary: *Provided, however*, That, if any such range improvements were constructed under cooperative agreement with the Federal Government, the reasonable value shall be decreased proportionately by the percentage of original Federal participation. Such permanent improvements shall include, but not be limited to, wells, windmills, water tanks, ponds, dams, roads, fences, corrals and buildings. The Secretary shall take title to such range improvements in the name of the United States in trust for the San Carlos Apache Indian Tribe.

SEC. 3. There are authorized to be appropriated for the purposes of this Act not to exceed $3,000,000 to be available without fiscal year limitation: *Provided*, That the Secretary shall make a fair determination of compensation for property acquired pursuant to this Act: *And provided further*, That the Secretary shall make such appraisals and require the owners to present such documents as title, tax assessment, bills of sale, other paper, and other evidence which he may deem necessary for such determination.

The Clerk read the amendment to the Senate amendment, as follows:

In section 3, strike out "fiscal year limitation: *Provided*," and insert "fiscal year limitation: *Provided*, That in no event shall any person receive total compensation under this Act in excess of $150,000: *Provided further*,"

The Senate amendment as amended was agreed to.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. O'NEILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I take this time in order that I may announce the program for the remainder of the day and for next week. This is in agreement with the minority leader and the minority whip.

Today, we will take up the Ways and Means conference reports which have been scheduled. Following that, we will take up S. 3838, debt obligations conference report. There may be one or two other items to be called up by unanimous consent.

We would then take up 1-minute speeches and adjourn for the day, to meet on Tuesday next.

On Tuesday next, we would proceed with the remainder of the program as the Members have had it for this week, adding to it S. 3979, additional housing funds.

We anticipate at this time that there will be a veto by the President. The veto, we think, is coming over during the weekend. Consequently, it would be on the floor, we believe, for action on Tuesday.

ADJOURNMENT OVER TO TUESDAY, OCTOBER 15, 1974

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Mr. Speaker, reserving the right to object, how long is it planned to go today? How much longer today?

Mr. O'NEILL. Until the legislation I just mentioned has been finished. There are these Ways and Means conference reports, and I understand from the acting chairman that they are noncontroversial. When we get through with those, we will take up S. 3838, which is debt obligations.

If there are any unanimous-consent requests or something of that nature, there is a possibility that they may be brought up. Then we will have 1-minute speeches. I would anticipate the Congress should be through by 4:30 p.m.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

Mr. MARTIN of Nebraska. Mr. Speaker, reserving the right to object, I believe the distinguished majority leader stated that the rule on the housing bill was an open rule. That is not correct. This was reported out as a closed rule, contrary to the rules of the Democratic Caucus.

Mr. O'NEILL. I want to thank the gentleman for calling my attention to that. On my sheet it did say an open rule. I have been informed it is a closed rule.

Mr. MARTIN of Nebraska. Mr. Speaker, I withdraw my reservation of objection.

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that when the House adjourn today, it adjourn to meet on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from Arizona.

Mr. RHODES. Mr. Speaker, it is my understanding that on Tuesday when we return, we will return for the purpose of voting on the overriding of the veto of the President, and possibly one other matter.

Can the distinguished majority leader confirm that, so that the Members may have some idea as to how late we might be in on that day?

Mr. O'NEILL. Very definitely, we intend to take up the veto. If the veto is sustained, we would have to await the action of the Appropriations Committee for legislation to come forward and for whatever action would take place.

Mr. RHODES. But, as far as any other matters?

Mr. O'NEILL. Yes, we intend to go through to finish the calendar which we have not finished this week.

Mr. RHODES. On Tuesday next?

Mr. O'NEILL. For Tuesday and Wednesday, and Thursday if necessary. I hope at least by Thursday of next week we will have been able to bring to the Congress the adjournment recess resolution which I had anticipated bringing today.

Mr. RHODES. Then, it is entirely possible that the House will be in session practically all of next week?

Mr. O'NEILL. Let us say we anticipate being in on Tuesday, Wednesday, and hope to go home on Thursday until the 12th of November.

CONFERENCE REPORT ON H.R. 11830, TO SUSPEND DUTY ON SYNTHETIC RUTILE

Mr. ULLMAN. Mr. Speaker, I call up the conference report on the bill H.R. 11830, to suspend the duty on synthetic rutile until the close of June 30, 1977, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. GROSS. Mr. Speaker, reserving the right to object, does the gentleman propose—and I hope he does—to give us a brief explanation of the content of each of these bills?

Mr. ULLMAN. If the gentleman will yield, it is the purpose of the acting chairman of the committee to explain each bill as we go through and also to explain the procedure.

Let me say that we have nine different conference reports that have both germane and nongermane amendments to them. We will take them up one by one, explain the conference report itself and pass on it, and then the nongermane amendments will all be taken up separately, and the House will have an opportunity to work its will on each of the nongermane amendments and they will be fully explained to the House as we proceed.

Mr. GROSS. Mr. Speaker, with that assurance, that the nongermane amendments will be explained and that the House will have that opportunity to work its will, I will not object to dispensing with further reading.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of October 1, 1974.)

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection?

The SPEAKER. The chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Speaker, as passed by the House, H.R. 11830 would amend the Tariff Schedules of the United States to provide for the temporary suspension of duty, until the close of June 30, 1977, on imports of synthetic rutile. In approving H.R. 11830, the Senate made no amendment to provisions of the bill as passed by the House. However, the Senate did add a nongermane amendment.

As agreed in conference, the Senate receded from its nongermane amendment to the bill as passed by the House.

Mr. Speaker, I now yield to the gentleman from Pennsylvania (Mr. SCHNEEBELI).

Mr. SCHNEEBELI. Mr. Speaker, the legislation embodied in the conference report on H.R. 11830 is the same as that which was passed by the House under unanimous consent on April 8 of this year. As the chairman of my committee has pointed out, the other body attached an unrelated amendment, but this was not accepted in conference by the managers on the part of the House.

The legislation before us would suspend the duty on synthetic rutile through fiscal 1977. The merits of the measure have been recognized by both Houses and I recommend final approval of the legislation now.

Mr. ULLMAN. Mr. Speaker, as passed by the House, H.R. 11830 would amend the tariff schedules of the United States to provide for the temporary suspension of duty on imports of synthetic rutile until the close of June 30, 1977.

This is the identical bill passed in the House, and the conference agreed to no amendments. This is in a form which is identical to that previously passed by the House.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. Mr. Speaker, this is the same legislation as that which was passed by the House in April. An amendment passed by the Senate was deleted in conference. It is exactly the same bill previously agreed to. I recommend final approval of the legislation now.

Mr. ULLMAN. Mr. Speaker, I move the previous question on the conference report.

The SPEAKER. Without objection, the previous question is ordered on the conference report.

There was no objection.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 11452, TO CORRECT AN ANOMALY IN RATE OF DUTY APPLICABLE TO CRUDE FEATHERS AND DOWN

Mr. ULLMAN. Mr. Speaker, I call up the conference report on the bill H.R. 11452 to correct an anomaly in the rate of duty applicable to crude feathers and down, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 1, 1974.)

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ULLMAN. Mr. Speaker, the Senate also added an amendment dealing with the tax treatment of dividend income of affiliated life insurance companies. Under present law, life insurance companies are not permitted to file a consolidated return with their affiliates, even though a sufficient stock ownership exists, because the unique method of taxing such companies makes it difficult, from an accounting standpoint, to consolidate their income with their affiliates which are not life insurance companies. As a result, members of the affiliated group receiving dividends from a life insurance company may find the dividends being treated as personal holding company income. This would not be the case, however, if life insurance companies were permitted to file consolidated returns with the other affiliated companies. The Senate amendment treats dividends received by members of an affiliated group from a life insurance subsidiary in the same manner as they would be treated if the life insurance company were permitted to file a consolidated return with the group. The effect of this will be that dividends received by a holding company from a life insurance subsidiary will not be treated as personal holding company income. The House conferees accepted this amendment.

Another amendment, No. 7, that was added to this bill by the Senate would postpone from January 1, 1975, to January 1, 1976, the requirement that Federal employees' health coverage be coordinated with medicare as a condition of medicare reimbursement for services provided to persons eligible under both programs.

Unfortunately, substantial progress has not been made thus far toward coordination of the two programs. As a result, the Civil Service Commission and the individual Federal employee health benefit plans would now have great difficulty in meeting the January 1, 1975, deadline. The amendment I propose would postpone the deadline for 1 year and would also require the Civil Service Commission and the Secretary of Health, Education, and Welfare to submit a report to the proper committees of the Congress by March 1, 1975, on steps that have been taken and are planned to accomplish the coordination. If the report is not submitted timely, medicare would stop paying for services that are covered by a Federal employee plan as of July 1, 1975, rather than as of January 1, 1976.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. Mr. Speaker, I support the conference decision on H.R. 11452 as amended and agree with the statement made on the legislative package by the chairman of the Ways and Means Committee.

H.R. 11452 is a bill which we passed to suspend temporarily the duty-free status of certain feathers and down. The conferees agreed to a modification of the period of suspension and to an amendment by the other body to remove authority for the granting of a trade concession on this duty-free status during the period of suspension. This decision was made in view of the continued absence of any trade agreements authority.

An unrelated amendment to the bill would provide that dividends received by the members of an affiliated group from a life insurance company subsidiary would not be treated as personal holding company income. This is the same treatment accorded dividends so received if the life insurance company subsidiary were permitted to file a consolidated return as a member of an affiliated group.

Another amendment would postpone for 1 year the current requirement that no payment be made under medicare for service to an individual enrolled in the Federal employees health program unless the Federal employees health plan has provided for proper coordination with medicare. The Civil Service Commission and the individual Federal employee plans indicated there would be great difficulty in meeting the present law deadline for coordination of January 1, 1975. The 1-year extension should provide sufficient time for that coordination.

I urge the House to support the conference decisions on H.R. 11452 as amended.

Mr. ULLMAN. Mr. Speaker, I move the previous question on the conference report.

The SPEAKER. Without objection, the previous question is ordered on the conference report.

There was no objection.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 2, after line 12, insert:

Sec. 3. (a) Section 542(a) of the Internal Revenue Code of 1954 (relating to corporations filing consolidated returns) is amended by adding at the end thereof the following new paragraph:

"(5) Certain dividend income received from a nonincludible life insurance company.—In the case of an affiliated group of corporations filing or required to file a consolidated return under section 1501 for any taxable year, there shall be excluded from consolidated personal holding company income and consolidated adjusted ordinary gross income for purposes of this part dividends received by a member of the affiliated group from a life insurance company taxable under section 802 that is not a member of the affiliated group solely by reason of the application of paragraph (2) of subsection (b) of section 1504.".

(b) The amendment made by this section shall apply to taxable years beginning after December 31, 1973.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. VANIK. Mr. Speaker, I would like to reserve a point of order against this amendment. I just want to say that I protest this procedure under which nongermane amendments were added in the conference.

I oppose this particular provision.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Ullman moves that the House recede from its disagreement to Senate amendment numbered 5, and agree to the same.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 7: Page 2, after line 12, insert:

Sec. 5. (a) Section 1862(c) of the Social Security Act is amended by striking out "January 1, 1975" and inserting in lieu thereof "January 1, 1976".

(b) The Civil Service Commission and the Secretary of Health, Education, and Welfare shall submit to the Committee on Post Office and Civil Service and the Committee on Ways and Means of the House of Representatives, and to the Committee on Post Office and Civil Service and the Committee on Finance of the Senate, on or before March 1, 1975, a report on the steps which have been taken, and the steps which are planned, to enable the Secretary of Health, Education, and Welfare to make the determination and certification referred to in section 1862(c) of the Social Security Act. If such report is not submitted to such committees on or before March 1, 1975, the date specified in such section (as amended by this section) shall be deemed to be July 1, 1975, rather than January 1, 1976.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Ullman moves, that the House recede from its disagreement to Senate amendment numbered 7, and agree to the same, with an amendment, which is printed on page 4 of the statement of the Managers of the bill.

On page 4, line 18, of the Senate engrossed amendments, strike out "Sec. 5" and insert "Sec. 4".

The SPEAKER. The gentleman from Oregon (Mr. Ullman) is recognized.

Mr. ULLMAN. Mr. Speaker, the action of the conference with respect to Senate amendments to H.R. 11452 involves both germane and nongermane amendments to the House-passed bill which would amend the Tariff Schedules of the United States to suspend for a temporary period, from the 180th day after enactment to the close of December 31, 1979, the duty on imports of certain feathers and downs.

Senate amendments Nos. 1 and 2 to H.R. 11452, as passed by the House, shorten the period of duty suspension by 2 years until the close of December 31, 1977. The conference report recommends that the period of duty suspension proposed by the House—until the close of December 31, 1979—be adopted but that it be reduced by 6 months—until the close of June 30, 1979—in order to prevent the suspension period from expiring at a time when Congress is normally not in session.

The House conferees concurred with Senate amendments Nos. 3 and 4 which would delete the authority contained in section 2 of the House bill under which the President, in the exercise of his trade agreements authority, could grant a concession on the duty-free status for feathers and downs provided in the bill if such concession were granted during the statutory suspension of duties, the managers on the part of the House agreed to recommend that the House recede and agree to this Senate amendment.

The remaining amendments are nongermane to the provisions of the House-passed bill. Let me review for Members of the House the motions I will make with respect to these amendments which have been available to Members as a part of the conference report.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I will be happy to yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, although we have not yet come to amendment No. 6, the nongermane amendment, I feel that this is an amendment to the Internal Revenue Code, which really should be reviewed by the entire Committee on Ways and Means before being considered by the Congress. I would like at this time simply to state my objection to the provisions of this amendment, which provides for special deductions to a select group of people.

Mr. ULLMAN. Mr. Speaker, let me explain to the gentleman that that amendment was not agreed to in conference, and I am not bringing it back. It is not a part of this conference report.

Mr. VANIK. Mr. Speaker, I thank the chairman of the committee.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the various motions was laid on the table.

CONFERENCE REPORT ON H.R. 6191, TEMPORARY SUSPENSION OF DUTY ON CERTAIN FORMS OF ZINC

Mr. ULLMAN. Mr. Speaker, I call up the conference report on the bill (H.R. 6191) to amend the tariff schedules of the United States to provide that certain forms of zinc be admitted free of duty, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 1, 1974.)

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the statement of the managers be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The SPEAKER. The gentleman from Oregon is recognized.

Mr. ULLMAN. Mr. Speaker, the action of the conference with respect to Senate amendments to H.R. 6191 involves both germane and nongermane amendments to the original provisions of the House-passed bill which would amend the Tariff Schedules of the United States to provide that imports of certain forms of zinc temporarily be admitted free of duty until the close of June 30, 1977.

The House conferees concurred with Senate amendment No. 1 which is germane to the provisions of the bill as passed by the House. It would include zinc waste and scrap among the zinc materials to which the suspension of duty would apply. The managers on the part of the House consider that the purposes of the House-passed version of the bill would best be served by adoption of the Senate amendment which would provide equitable treatment for all zinc-bearing material.

Senate amendment No. 2 which is not germane to the provisions of the bill as passed by the House, is reported in technical disagreement. Let me review for Members of the House the contents of the motions I will make regarding this amendment and which has been available to Members as a part of the conference report.

The second amendment made by the Senate to the bill deals with certain disaster losses where taxpayers were allowed flood casualty loss deductions and subsequently were compensated for those losses based on claims of tort. The amendment specifies that a taxpayer in these circumstances, instead of taking the compensation into income in the year received, may reduce the basis of the damaged property—or replacement property—by the amount of compensation received, up to a maximum of $5,000, in terms of tax benefits. This amendment is intended only to benefit lower-income people, which is why the provision provides a reduction of the $5,000 tax benefit to the extent of the ratio of the taxpayer's adjusted gross income to $15,000.

For example, if a taxpayer has $30,000 of adjusted gross income in a year, he will be limited to one-half of the maximum $5,000 of tax benefits, or to $2,500. The amount of the benefits in excess of this level are to be included in income of a taxpayer in equal installments over a 5-year period. As a result, the excess amount would be spread over this period of years rather than being included in the income in a single year.

The House conferees agreed to this amendment and proposed its application to other aspects of disaster losses. This was accepted by the Senate conferees. As a result, the income tax consequences of this amendment will also be applied in the case of the cancellation of certain Federal disaster assistance loans made during 1972. These cases concern the tax treatment of the disaster losses resulting from Hurricane Agnes and certain other serious disasters in 1972 which produced severe hardships on the part of the people affected by them.

As a result of these disasters, Federal disaster assistance loans were made and, subsequently, these loans were forgiven. From a tax standpoint, this forgiveness is required to be taken into income by the taxpayers. This amendment provides that if such a loan is canceled in whole or in part, the taxpayer does not have to include that forgiveness in income for that year. The maximum amount of a disaster loss which could be canceled under Federal law to which this amendment applies is $5,000. This provision, as in the case of the original Senate amendment, is intended to apply to lower income taxpayers.

Thus, if a taxpayer's income is less than $15,000, the entire amount forgiven—to the extent of a tax benefit of $5,000—would be disregarded for income tax purposes. If the taxpayer's income is above $15,000, he is permitted to disregard for tax purposes a percentage of the amount canceled equal to the ratio of his income to $15,000.

The House conferees believe that both of these amendments are equitable and are badly needed by those victims of disaster losses if they are to recover from their severe hardships. I urge the House to accept these amendments.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. Mr. Speaker, I am in agreement with the statement made by the chairman of the Ways and Means Committee with respect to the conference report on H.R. 6191.

This bill, which we passed by unanimous consent on May 7 of this year, would suspend through fiscal 1976 the duty on certain zinc materials. This was designed to help in maintaining and improving the position of U.S. smelters vis-a-vis foreign smelters, thereby reversing our increasing dependence on imports of zinc material.

The other body amended the measure to include zinc waste and scrap among the materials subject to suspension and the managers on the part of the House agreed that this would be in keeping with the primary aim of the legislation.

The conferees decided to accept a Senate amendment to H.R. 6191 which was designed to prevent a hardship created where a taxpayer receives tort compensation in a subsequent year for a loss for which the taxpayer had claimed casualty loss deductions in previous taxable years. The amendment would permit a taxpayer to elect to exclude from his income up to $5,000 of tort compensation payments on claims based on losses attributable to a disaster for which the taxpayer had already claimed a deduction. The amendment limits the exclusion, however, to the extent that the taxpayer's income is in excess of $15,000. This amendment will specifically assist certain taxpayers whose property was damaged by floods and who have settled claims against those responsible for the damage.

The conferees also decided to accept a House amendment to this amendment which deals with the tax consequences occasioned by the cancellation of certain disaster assistance loans made during 1972. Basically, it will assist those whose property was ravaged by Hurricane Agnes and other disasters during that year. It provides that if a Federal disaster loan is canceled, and the individual to whom the loan was made had an adjusted gross income of less than $15,000, he is not required to reduce the amount of his casualty loss deduction by the amount of the loan canceled or to include that amount in income. If his adjusted gross income for that year was more than $15,000, he is permitted to disregard a percentage of the amount canceled for tax purposes equal to the percentage which $15,000 is of his adjusted gross income for that year.

I am pleased that the conferees agreed to this amendment which is modeled after legislation I had introduced. It will correct a problem in current law under which victims of various disasters were, to their surprise, required to include in their income amounts of certain Federal disaster relief loans. It was never intended that these amounts should be included in income but the Internal Revenue Service held that they would have to be taken into account. This amendment changes that ruling and should be supported.

For these reasons, I support the conference report and its amendments.

Mr. HECHLER of West Virginia. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Speaker, I am very pleased that this legislation has been approved by the House Ways and Means Committee, because it will bring fair treatment to some 1,800 families who suffered losses in the February 27, 1972, disaster on Buffalo Creek, W. Va. Many families who were in the path of that devastating wall of water which swept down the 18-mile Buffalo Creek valley were told by the Internal Revenue Service that they should deduct their losses from their income tax, which they immediately did.

Then along came the Pittston Coal Co. to pay some of these people, often less than their actual losses which they immediately spent to get back on their feet. Later, the Internal Revenue Service ruled that those who had deducted their losses in 1972 would have to repay their deductions with interest. This legislation will correct this inequity.

I am pleased that this act of equity and justice has been taken. Senator ROBERT C. BYRD has spearheaded action in the other body to pass this bill. The bill sets a maximum of $5,000 for any one person, and thereby insures against large windfalls. In most cases, the amounts in question are up to $2,500. I congratulate those involved in passing this useful and meritorious legislation.

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. Mr. Speaker, I rise to urge my colleagues to adopt the conference report to accompany H.R. 6191. This bill contains a provision which will at last bring equity to disaster victims who have received a Small Business Administration or Farmers Home Administration disaster loan. In years past when the Congress authorized the granting of these loans to disaster victims, it was the intent of the Congress as indicated by the Public Works Committees of both Houses of Congress, that a small portion of the loan would be forgiven from repayment to the Federal Government.

To the complete shock and consternation of every Member of Congress who has knowledge of this situation, the Internal Revenue Service taxed the disaster victim for this small loan forgiveness. Now you know, and I know, and you know that I know that the Congress gave disaster victims a small loan forgiveness strictly as a grant and never intended to then have the IRS turn around and tax these victims on that grant. Two years ago, after my district was wiped out by Hurricane Agnes, I pleaded with the then Commissioner of the IRS to reverse this incredible policy.

On the one hand the Federal Government gave disaster victims a grant to get them onto their feet once again, and on the other hand the Government took away a portion of that grant for tax money. This "Catch 22' would have even astounded Kafka.

This bill then corrects an inequity that the IRS has refused to correct, and the bill does so in an eminently fair manner that will have a very slight impact upon revenues. For those incomes below $15,000, and that is adjustable gross income; for those incomes, none of the loan forgiveness will be considered as income, nor as compensation rather than as a grant. For those adjustable gross incomes in excess of $15,000, the loan forgiveness benefit would accrue to the taxpayer via a progressive tax mechanism. It works this way for those taxpayers: You take the ratio of the $15,000 to the amount of adjusted gross income in excess of $15,000 and the taxpayer gets the benefit of that ratio applied to the loan forgiveness.

Thus for upper income flood or other disaster victims, they would receive a lesser amount of benefit in proportion to the amount of their income in excess of $15,000. This is fair, it is progressive, it has wide support in the committee, and the Senate is only awaiting House action, I have been assured, before they will then speedily send it to the President. I thus strenuously urge the adoption of the conference report.

Mr. McDADE. Mr. Speaker, I rise in support of the conference report to H.R. 6191 and urge its adoption by the Members of this House.

Mr. Speaker, this is a most significant piece of legislation to all victims of the destructive floods that followed in the wake of Hurricane Agnes. In 1972 this Congress responded to the needs of these thousands of people by passing the Agnes Recovery Act. Its provisions were most liberal in establishing 1 percent SBA and FHA loans to enable families to rebuild their businesses, homes, and farms. The first $5,000 of those loans was to be forgiven by the Government. Our intent in passing that "forgiveness" provision was to give an up to $5,000 grant to boost flood victims along the road to recovery.

Later in 1972, as flood victims throughout my congressional district were availing themselves of these provisions, I received complaints from many flood victims that the Internal Revenue Service was advising them that, if they took advantage of the $5,000 grant provisions of the Agnes Recovery Act, then they would have to deduct from their casualty losses the amount of the forgiveness when computing their tax returns. In my judgment and in the judgment of many of my colleagues, this violated the intent of Congress in passing the Agnes Recovery Act, that this be a free and clear grant. Congress never intended to give only to have IRS take away.

Toward the end of the 92d Congress, in September 1972, I introduced H.R. 16800 which would have exempted the $5,000 grants provisions of the Agnes Recovery Act from taxation. Again on the first day of the new Congress I introduced H.R. 728 which would accomplish the same purpose.

The bill we are considering today, H.R. 6191, accomplishes what I set out to do 2 years ago. It will provide the equity to which thousands of taxpayers in my district and in other areas affected by Agnes are entitled. Under this bill those flood victims with an adjusted gross income of $15,000 or under will be able to exempt the full $5,000 grant. Taxpayers whose adjusted gross incomes are above $15,000 will be able to exempt a percentage of the grant based on the ratio of their adjusted gross income to $15,000.

Mr. Speaker, the Congress responded with compassion and fairness to thousands of Americans who lost their homes and possessions through a freak of nature when we passed the Agnes Recovery Act and its related legislation. Today, we have righted a 2-year wrong that will provide another significant step forward in getting these people back on their feet again.

Mr. ULLMAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

AMENDMENT IN DISAGREEMENT

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Senate amendment numbered 2: Page 2, after line 4, insert:

SEC. 3. (a) Notwithstanding the provisions of section 61 (relating to gross income), section 165 (relating to losses), or any other provision of the Internal Revenue Code of 1954, any taxpayer who was allowed a deduction under section 165 of such Code for a loss attributable to a disaster described in section 165(h) occurring during calendar year 1972, and who received compensation (not taken into account in computing the amount of the deduction) for such loss in settlement of any claim of the taxpayer against a person for that person's liability in tort for the damage or destruction of that taxpayer's property in connection with the disaster, may elect, at such time and in such manner as the Secretary of the Treasury may prescribe, to exclude from gross income the amount of such compensation if the taxpayer enters into an agreement with the Secretary or his delegate under which—

(1) the basis of any property of the taxpayer which was damaged in such disaster, or which is replacement property of like kind for property destroyed in such disaster (acquired within 36 months after such destruction), is reduced (but not below zero) by the amount of any part of such compensation, the exclusion of which does not result in an excessive tax benefit, allocable to such damage or destruction, and

(2) the taxpayer will include in his gross income, in equal installments over not more than 5 consecutive taxable years (beginning with the taxable year in which such com-

pensation was received), any amount of such compensation the exclusion of which would result in an excessive tax benefit.

(b) For purposes of this section, the term—

(1) "tax benefit" means an amount equal to the amount of the difference between—

(A) the liability of a taxpayer under chapter 1 of the Internal Revenue Code of 1954 for tax for the taxable year in which the compensation was received, computed without regard to the provisions of this section, and

(B) the liability of that taxpayer for such tax for that taxable year computed after the application of the provisions of this section (without regard to the requirements of paragraphs (1) and (2) of subsection (a));

(2) "excessive tax benefit" means—

(A) a tax benefit of more than $5,000 in the case of—

(i) an individual whose adjusted gross income for the taxable year in which the compensation is received does not exceed $15,000 ($7,500 in the case of a married individual filing a separate return) determined without regard to any deduction allowable for the casualty loss described in subsection (a) and without regard to the compensation described in that subsection; or

(ii) any other taxpayer (not an individual) the taxable income of which for the taxable year in which the compensation is received does not exceed $15,000 (determined without regard to any deduction allowable for such casualty loss and without regard to such compensation); and

(B) in the case of any taxpayer not described in subparagraph (A), a tax benefit of more than an amount which bears the same ratio to $5,000 as $15,000 ($7,500 in the case of a married individual filing a separate return) bears to—

(i) the adjusted gross income of that taxpayer (in the case of an individual) for that taxable year (determined without regard to the deduction allowable for such casualty loss and without regard to such compensation), or

(ii) in the case of any other taxpayer, the taxable income of that taxpayer for that taxable year (determined without regard to the deduction allowable for such casualty loss and without regard to such compensation);

(3) "gross income" means gross income as defined in section 61 of the Internal Revenue Code of 1954;

(4) "adjusted gross income" means adjusted gross income as defined in section 62 of such Code;

(5) "taxable income" means taxable income as defined in section 63 of such Code; and

(6) "basis" means the basis of property determined in accordance with the provisions of part II of subchapter O of chapter 1 of such Code (relating to basis rules of general application).

(c) In applying the provisions of paragraph (1) of subsection (a) of his property, a taxpayer shall reduce the basis of any depreciable property to which that paragraph applies before he reduces the basis of any of his other property, then he shall reduce the basis of any trade or business property (other than depreciable property) to which that paragraph applies, and finally he shall reduce the basis of any other property to which that paragraph applies. For purposes of this subsection, the term "trade or business property" means property which is described in paragraphs (1) and (2) of section 1221 of the Internal Revenue Code of 1954 (relating to the definition of capital assets), and the term "depreciable property" means property of the taxpayer with respect to which a deduction is allowable under section 167 of such Code (relating to depreciation). No taxpayer who enters into an agreement with the Secretary of the Treasury under subsection (a) shall be liable for the repayment of any interest received under section 6611 of such Code on a credit or refund of tax resulting from an election under section 165(h) of such Code with respect to a loss attributable to a disaster described in this section, nor shall he be liable for the payment of any interest with respect to any deficiency (as defined in section 6211(a) of such Code) arising out of the revocation of such election.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the Senate amendment be dispensed with, and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to the Senate amendment numbered 2, and agree to the same, with an amendment, as follows: At the end of Senate amendment numbered 2 insert the following:

(d)(1) In the case of an individual—

(A) who was allowed a deduction under section 165 of the Internal Revenue Code of 1954 (relating to losses) for a loss attributable to a disaster occurring during calendar year 1972 which was determined by the President, under section 102 of the Disaster Relief Act of 1970, to warrant disaster assistance by the Federal government, and

(B) who received a disaster loan under section 7 of the Small Business Act or an emergency loan under subtitle C of the Consolidated Farm and Rural Development Act, for purposes of determining the amount of the deduction allowable under such section 165 of the Code with respect to such loss, and for purposes of determining gross income under section 61 of such Code, such an individual is not required to take into account any part of any such loan which was cancelled under the provisions of section 7 of the Small Business Act or section 328 of the Consolidated Farm and Rural Development Act, except to the extent required under paragraph (2).

(2) In the case of an individual described in paragraph (1) whose adjusted gross income for the year in which the loss occurred exceeded $15,000, the provisions of such paragraph apply only to so much of any loan cancelled under the provisions of section 7 of the Small Business Act or section 328 of the Consolidated Farm and Rural Development Act as bears the same ratio to the amount so cancelled as $15,000 bears to such individual's adjusted gross income for such taxable year.

The motion was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read the Senate amendment as follows:

Amend the title so as to read: "An Act to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty, and for other purposes."

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to the amendment of the Senate to the title of the bill (H.R. 6191) and concur therein.

The motion was agreed to.

A motion to reconsider was laid on the table.

EXTENDING THE TEMPORARY SUSPENSION OF DUTY ON CERTAIN BICYCLE PARTS AND ACCESSORIES

Mr. ULLMAN. Mr. Speaker, I call up the conference report on the bill (H.R. 6642) to suspend the duties of certain bicycle parts and accessories until the close of December 31, 1976, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 1, 1974.)

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ULLMAN. Mr. Speaker, the action of the conference with respect to Senate amendments to H.R. 6642 involves both germane and nongermane amendments to the original provisions of the House-passed bill which would amend the tariff schedules of the United States to extend, until the close of December 31, 1976, the existing suspension of duties on imports of certain bicycle parts and accessories.

The Senate made no substantive changes in the provisions of the bill as passed by the House. Senate amendments Nos. 1, 2, 3, and 4 are merely conforming changes to the House provisions necessitated by the nongermane Senate amendments to H.R. 6642, the conference report recommends that the House recede and agree with these amendments.

The remaining amendments are nongermane to the House-passed bill. Let me review for Members of the House the contents of the motions I will make regarding these amendments which have been available to Members as part of the conference report.

The Senate added an amendment which applies to the moving expense deduction for military personnel. Since enactment of the 1969 Tax Reform Act, the Internal Revenue Service has, by administrative determination, provided a moratorium with respect to the application of the new moving expense rules in the case of members of the armed services. The most recent extension of the IRS moratorium expires at the end of the present Congress. The Senate amendment extended this moratorium until January 1, 1975, to permit a staff study to be made of possible legislative solutions pertaining to the difficulties presented.

The modification of this amendment agreed to by the conferees extends the moratorium with respect to the application of the new moving expense provisions to military personnel until January 1, 1976, and makes it clear that this moratorium also applies to the Coast Guard as well as other branches of the armed services. This was accepted by the conferees.

The Senate also added an amendment which repeals the excise tax and other regulatory tax provisions relating to filled cheese. These provisions are no longer necessary because the tax was originally for nonrevenue purposes and has produced little revenue. Moreover, the regulatory aspects dealing with filled cheese are presently being handled by the Food and Drug Administration. The House conferees accepted the Senate amendment.

The Senate added another amendment which permits private foundations whose assets are largely invested in the stock of a multistate regulated company—which investment represents 90 percent or more of the stock of the company—to exclude the value of this stock in computing the amount of their required charitable distributions under the private foundation provisions. This amendment permits the retention of 51 percent of the stock of the company in cases of this type by permitting such investments to be ignored in applying the charitable distribution provisions. The House conferees accepted this Senate amendment.

The next Senate amendment—amendment No. 8—added a provision to H.R. 6642 which was designed to reduce the number of tax reports employers must make. Under existing Treasury Department regulations, employers are required to submit quarterly reports of the wages paid to their employees which are subject to social security taxes. In addition, employers are required to prepare the W-2 form which is used to report an employee's annual earnings for income tax purposes. The Senate amendment would have provided the Secretary of the Treasury and the Secretary of Health, Education, and Welfare with authority to exchange information which would have eliminated the necessity for the quarterly report on social security earnings and thus make it possible to combine the reporting of social security credits and income taxes in a single combined annual report.

The Social Security Administration identified a number of problems raised by the Senate amendment which could have a deleterious effect on the administration of the program and could, to a limited degree, affect the benefits received by some beneficiaries under the program. The Department of Health, Education, and Welfare recommended that the conferees eliminate this provision from the bill since there is presently underway a joint study by the Secretary of the Treasury and the Secretary of Health, Education, and Welfare in an effort to determine the feasibility of instituting a system of combined social security—income tax reporting on an annual basis.

The conferees, therefore, agreed to defer action on this matter until the study presently under way is completed after being assured that the study would be completed and a report submitted before the end of the year.

The provision contained in the motion which I have offered, therefore, directs the Secretaries of Treasury and Health, Education, and Welfare to continue the present study on the desirability and feasibility of instituting a system of combined reporting for social security and income tax purposes, taking into consideration the effect of such a system on social security beneficiares, on the costs to employers and to the social security program and on the administration of the program.

The joint report of the two Secretaries is to be submitted to the Committee on Ways and Means and the Senate Committee on Finance no later than December 31, 1974. If the Secretaries determine that such a system is desirable and workable, their report is to contain recommendations as to the provisions, procedures, and requirements which might be included in such a combined annual reporting system and the manner in which it might be put into effect.

The final Senate amendment increases the amount of carbon dioxide that may be contained in still wines from 0.277 to 0.392 grams per 100 milliliters of wine. This increase is intended to improve the shelf life of wine with low alcoholic content by permitting the addition of a little more carbon dioxide. It does not change the tax status of these still wines. The House conferees also accepted this Senate amendment.

Mr. Speaker, I now yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. I thank the gentleman for yielding.

Mr. Speaker, H.R. 6642 would continue for 2 years the suspension of duties on certain bicycle parts and accessories. The bill was approved unanimously by the Ways and Means Committee and was passed by the House on a voice vote 11 months ago. I see no need to elaborate on it further.

In the other body, however, a number of amendments were added, and all but one were accepted, with some modifications, by the managers on the part of the House in the conference committee.

One of these amendments would extend until January 1, 1976, a moratorium on application of new moving expense rules to members of the armed services. The moratorium has been in effect, by administrative determination of the Internal Revenue Service, since the moving expense provisions were changed in the 1969 Tax Reform Act. The amendment accepted in conference merely would extend the moratorium long enough to permit a staff study to be made of possible long-lasting legislative solutions to the difficulties which the rules present to members of the armed services.

Another amendment repeals the excise tax and other regulatory provisions which were enacted with respect to filled cheese in 1896. At that time, the major aims were to insure purity of the product and to enhance the competitive position of natural foods in competition with factory-processed foods. The conferees felt that the former objective no longer is appropriate and the latter—food purity—is not one with which the Internal Revenue Service should be concerned.

I think it is important to note also that the filled cheese provisions never were intended to raise money, and their repeal would have a negligible effect on revenues.

A third amendment concerns the charitable distribution requirements for certain private foundations. Under present law, private foundations are required to divest themselves of business holdings in excess of certain prescribed percentages. In the 1969 Tax Reform Act, an exception to that rule was provided, permitting the retention by a foundation, under certain conditions, of 51 percent of the stock in a business.

However, the attention of the Congress was called to a situation in which a foundation is unable to use the exception provided in the 1969 act because of charitable distribution provisions, requiring the current distribution either of adjusted net income or a percentage of investment assets, whichever is greater. To prevent this frustration of congressional intent, the conferees agreed to an amendment which would permit a private foundation, whose assets are invested mainly in the stock of a multi-State regulated company, to exclude the value of the stock in computing the amount of its required charitable distributions under the private foundation provisions. The investment in such cases would have to represent at least 90 percent of the stock of the company.

A fourth amendment to which the conferees agreed would increase the amount of carbon dioxide permissible in still wines. The increase is designed to improve the shelf life of wines which have a low alcohol content.

A fifth amendment by the other body, which was not agreed to by the managers on the part of the House, would have permitted annual wage reporting for social security purposes. In view of a number of potential problems posed by the amendment, the conferees decided to require the Secretaries of the Treasury and Health, Education, and Welfare to conduct a joint study on the feasibility of a income tax reporting on an annual basis. combined system of social security and The results of that study, which is already underway, would have to be filed with both Houses before the end of the year.

In summary, Mr. Speaker, I feel the managers on the part of the House obtained the best possible agreement on conference on H.R. 6642, as amended, and I urge my colleagues to support that agreement now.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the conference report on H.R. 6642, and especially the second Senate amendment thereto as being very needed legislation.

Mr. VANIK. Mr. Speaker, I want to commend the committee for its decision providing for a study of combined annual reporting for social security and income tax purposes. This provision requires a study by the Secretary of the Treasury and the Secretary of HEW on whether or not social security and tax reporting forms could be combined and submitted less frequently. The report will be submitted to the Ways and Means Committee and the Senate Finance Committee for possible legislative action.

I am hopeful that a way can be found to reduce paperwork burdens and costs for the Government, businessmen, and, ultimately, the American consumer.

The possibility of eliminating unnecessary paperwork is especially important for our Nation's small businessmen.

Each year, of course, individuals are asked to assist in filing their Federal income tax returns. The businessman, also, files the necessary IRS forms and other Federal form requests—not once a year, but weekly, quarterly, semiannually, and annually. The proliferation of Federal forms, the complexity of the forms, and the increase in the frequency of filing requirements in the last 5 years has had a crushing impact on the small businessman. The number of IRS forms commonly used by the small businessman has tripled in the last 5 years. In the index to the 1970 Tax Guide for Small Business, 30 forms were among the list of those commonly used; in 1972 the number jumped to 64 forms. In the 1974 edition, the number had swollen to 85 forms.

Many small businessmen, including several who testified to the Senate Select Committee on Small Business, agree that the hours spent reading and recordkeeping for the Government, especially the IRS, amounted to more than 10 hours a month—or 120 hours a year. Applying this conservative estimate to a marginal clerical hourly rate of $3 an hour, that represented an investment of at least $360 a year. The small businessman can either perform these functions himself, hire a clerical bookkeeper to help him, or seek outside help from private tax preparation agencies. Regardless of the method chosen, the money spent is a fairly large overhead item for the small businessman.

Comparing the manner in which the small businessman is forced to handle the tax forms, and the manner in which the large corporations can handle them is similar to comparing medieval manuscript techniques with those of the computer printout age. The large corporations, with a fleet of computer experts and a bank of computers, have a decided advantage. The small corporation, on the other hand, must employ clerical helpers to balance figures in a variety of books. Shuffling, sorting, posting, filing, and calculating manually is not only a costly process, but a timely and tedious process subject to a greater degree of error. Large corporations often avoid such tasks by just forwarding a computer magnetic tape to the IRS instead of the regular report forms.

Even if computers are not used, a larger business can do the recordkeeping involved in payrolls at a lower cost per employee. Since clerical costs for the large business are smaller as a percentage of gross sales or income, they can more easily be buried in the price of the large company's product or service. The little businessman cannot afford to pass these costs on to the consumer in the form of a price increase—he must absorb the cost of record-handling internally, or burn the midnight oil and do the tax work himself. If the small businessman does raise his product price, he may be forced out of the competitive market.

Even a firm employing less than 50 people, for example, is required to fill out as many as 70 or 80 different types of forms per year. A typical family-run grocery store with gross income of $30,000 files approximately 52 forms a year. These estimates do not include the State and municipal tax forms that add a further burden to the small businessman.

The enlarged use of pension and profit-sharing plans will add another burden. In 1972, the IRS increased from two to six forms the number of reports required for such plans. It is certain that the small businesses will be slow to develop such plans as long as the complexity and amount of form filing remain the same.

Another side effect of the high cost of paperwork compliance is that small businesses are deterred from hiring part-time workers—the marginal worker or the handicapped. The cost of putting the short-term worker on the payroll just is not worth it in dollars and cents. On both the Federal and State level, the complexity of payroll procedures and high costs of paperwork accompanying it create a situation where the cost does not match the benefit, and part-time workers become too expensive.

I hope that the study provided by this legislation will be at least a small start in reversing the mounds of paperwork and redtape that reduce efficiency and contribute to the cost of everything in our economy.

Mr. ULLMAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXTENDING THE TEMPORARY SUSPENSION OF DUTY ON CERTAIN BICYCLE PARTS AND ACCESSORIES—CONTINUED

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 1, after line 10, insert:

Sec. 2. Application of Section 22 and Section 217 to Members of Uniformed Services.

(a) In General.—Notwithstanding the provisions of section 82 (relating to reimbursement for expenses of moving) and section 217 (relating to moving expenses), of the Internal Revenue Code of 1954, the Secretary of the Treasury, in the administration of those sections, is authorized—

(1) to enter into an agreement with the Secretary of Defense under which the Secretary of Defense will not be required to withhold tax on, or to report, moving expense reimbursements made to members of the uniformed services:

(2) to permit any taxpayer who is a member of the uniformed services not to include in adjusted gross income the amount of any reimbursement in kind of moving expenses made by the Secretary of Defense; and

(3) to permit any taxpayer who is a member of the uniformed services to deduct any amount paid by him as moving expenses in connection with any move required by the Secretary of Defense, in excess of any reimbursement received for such expenses, without regard to the provisions of section 217 (c) (relating to conditions), to the extent it is otherwise deductible under section 217.

(b) Definitions.—For purposes of this section, the term "uniformed services" has the meaning given it by section 101(3) of title 7, United States Code, and the terms "adjusted gross income" and "moving expenses" have the meanings given them by sections 62 and 217(b), respectively, of the Internal Revenue Code of 1954.

(c) Effective Date.—The provisions of this section shall apply with respect to taxable years ending before January 1, 1975.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Ullman moves that the House recede from its disagreement to Senate amendment numbered 5, and agree to the same, with amendments as follows: On page 1 of the Senate engrossed amendments, in the seventh line from the bottom strike out "Section 22" and insert "Section 82".

On page 2 of the Senate engrossed amendments, strike out "Secretary of Defense" each place it appears and insert "Secretary concerned".

On page 2 of the Senate engrossed amendments, strike out "uniformed services" each place it appears and insert "armed forces".

On page 2 of the Senate engrossed amendments, strike out line 18 through 23, and insert the following:

"(b) Definitions.—For purposes of this section, the term—

"(1) 'armed forces' has the meaning given it by section 101(4) of title 37, United States Code;

"(2) 'Secretary concerned' means the Secretary of Defense and, with respect to the Coast Guard, the Secretary of Transportation; and

"(3) 'adjusted gross income' and 'moving expenses' have the meanings given them by sections 62 and 217(b), respectively, of the Internal Revenue Code of 1954".

On page 3, line 2, of the Senate engrossed amendments strike out "1975" and insert "1976".

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendments be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 6: Page 1, after line 10, insert:

SEC. 3. REPEAL OF REGULATORY TAXES ON FILLED CHEESE.

(a) IN GENERAL.—

(1) Part II of subchapter C of chapter 39 (relating to regulatory provisions affecting filled cheese) is repealed.

(2) The table of parts of such subchapter is amended by striking out the item relating to part II.

(b) TECHNICAL AND CONFORMING CHANCES.—

(1) Section 7236 (relating to false branding, etc.) is repealed.

(2) The table of sections of part II of subchapter A of chapter 75 is amended by striking out the item relating to section 7236.

(3) Section 7266 (relating to offenses relating to filled cheese) is repealed.

(4) The table of sections of subchapter B of chapter 75 is amended by striking out the item relating to section 7266.

(5) Section 7303 (relating to property subject to forfeiture) is amended by striking out paragraphs (4) and (5) and inserting in lieu thereof the following:

"(4) PURCHASE OR RECEIPT OF ADULTERATED BUTTER.—All articles of adulterated butter (or the full value thereof) knowingly purchased or received by any person from any manufacturer or importer who has not paid the special tax provided in section 4821.

"(5) PACKAGES OF OLEOMARGARINE.—All packages of oleomargarine subject to the tax under subchapter F of chapter 38 that shall be found without the stamps or marks provided for in that chapter.".

(6) Section 6808 (relating to cross references) is amended by striking out paragraph (5).

(7) Section 7103(d)(3) (relating to cross references) is amended by striking out subparagraph (C).

(c) EFFECTIVE DATE.—The repeals and amendments made by this section shall apply to filled cheese manufactured, imported, or sold after the date of enactment of this Act.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment numbered 6 and agree to the same, with amendments as follows: On page 4 of the Senate engrossed amendments between lines 13 and 14 insert the following:

(8) Section 7641 (relating to supervision of operations of certain manufacturers) is amended by striking out "filled cheese.".

On page 4 of the Senate engrossed amendments after line 16, insert the following:

Amendment of Internal Revenue Code.—Whenever an amendment in this section is expressed in terms of an amendment to or repeal of a section or other provision, the reference is to a section or other provision of the Internal Revenue Code of 1954.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 7: Page 1, after line 10, insert:

SEC. 4. APPLICATION OF SECTION 4942 TAX ON FAILURE TO DISTRIBUTE INCOME.

(a) IN GENERAL.—Section 101(1)(3) of the Tax Reform Act of 1969 (relating to savings provisions under section 4942 of the Internal Revenue Code of 1954) is amended by—

(1) striking out "and" in subparagraph (D),

(2) striking out the period at the end of subparagraph (E) and inserting in lieu thereof "; and", and

(3) adding after subparagraph (E) the following new subparagraph:

"(F) apply, in the case of an organization described in paragraph (4)(A) of this subsection,

"(i) by applying section 4942(e) without regard to the stock to which paragraph (4)(A)(ii) of this subsection applies,

"(ii) by applying section 4942(f) without regard to dividend income for such stock, and

"(iii) by defining the distributable amount as the sum of the amount determined under section 4942(d) (after the application of clauses (i) and (ii)), and the amount of the dividend income from such stock.".

(b) The amendment made by this section shall apply to taxable years beginning after December 31, 1971.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment No. 7 and agree to the same.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 8: Page 1, after line 10, insert:

COMBINED OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE-INCOME TAX REPORTING AMENDMENTS

SEC. 5. (a) This section may be cited as the "Combined Old-Age, Survivors, and Disability Insurance-Income Tax Reporting Amendments of 1974".

(b) Title II of the Social Security Act is amended by adding after section 231 the following section:

"PROCESSING OF TAX DATA

"SEC. 232. The Secretary of the Treasury shall make available information returns filed pursuant to part III of subchapter A of chapter 61 of subtitle F of the Internal Revenue Code of 1954, to the Secretary for the purposes of this title and title XI. The Secretary and the Secretary of the Treasury are authorized to enter into an agreement for the processing by the Secretary of information contained in returns filed pursuant to part III of subchapter A of chapter 61 of subtitle F of the Internal Revenue Code of 1954. Notwithstanding the provisions of section 6103(a) of the Internal Revenue Code of 1954, the Secretary of the Treasury shall make available to the Secretary such documents as may be agreed upon as being necessary for purposes of such processing. The Secretary shall process any withholding tax statements or other documents made available to him by the Secretary of the Treasury pursuant to this section. Any agreement made pursuant to this section shall remain in full force and effect until modified or otherwise changed by mutual agreement of the Secretary and the Secretary of the Treasury.".

(c) Section 232 of the Social Security Act, as added by subsection (b) of this section, shall be effective with respect to statements reporting income received after 1973.

(d)(1) Section 201(g)(1) of such Act is amended to read as follows:

"(g)(1)(A) The Managing Trustee of the Trust Funds (which for purposes of this paragraph shall include also the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund established by title XVIII) is directed to pay from the Trust Funds into the Treasury—

"(i) the amounts estimated by him and the Secretary of Health, Education, and Welfare which will be expended, out of moneys appropriated from the general fund in the Treasury, during a three-month period by the Department of Health, Education, and Welfare and the Treasury Department for the administration of titles II, XVI, and XVIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954, less

"(ii) the amounts estimated (pursuant to the method prescribed by the Board of Trustees under paragraph (4) of this subsection) by the Secretary of Health, Education, and Welfare which will be expended, out of moneys made available for expenditures from the Trust Funds, during such three-month period to cover the cost of carrying out the functions of the Department of Health, Education, and Welfare, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1954 other than those referred to in clause (i).

Such payments shall be carried into the Treasury as the net amount of repayments due the general fund account for reimbursement of expenses incurred in connection with the administration of titles II, XVI, and XVII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code of 1939, and chapters 2 and 21 of the Internal Revenue Code of 1954. A final accounting of such payments for any fiscal year shall be made at the earliest practicable date after the close thereof. There are hereby authorized to be made available for expenditure, out of any or all of the Trust Funds, such amounts as the Congress may deem appropriate to pay the costs of the part of the administration of this title, title XVI, and title XVIII for which the Secretary of Health, Education, and Welfare is responsible and of carrying out the functions of the Department of Health, Education, and Welfare, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1954 other than those referred to in clause (i) of the first sentence of this subparagraph.

"(B) After the close of each fiscal year the Secretary of Health, Education, and Welfare shall determine the portion of the costs, incurred during such fiscal year, of administration of this title, title XVI, and title XVIII and of carrying out the functions of the Department of Health, Education, and Welfare, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1954 (other than those referred to in clause (i) of the first sentence of subparagraph (A)), which should have been borne by the general fund in the Treasury and the portion of such costs which should have been borne by each of the Trust Funds; except that the determination of the amounts to be borne by the general fund in the Treasury with respect to expenditures incurred in carrying out such functions specified in section 232 shall be made pursuant to the method prescribed by the Board of Trustees under paragraph (4) of this subsection. After such determination has been made, the Secretary of Health, Education, and Welfare shall certify to the Managing Trustee the amounts, if any, which should be transferred from one to any of the other of such Trust Funds and the amounts, if any, which should be transferred between the Trust Funds (or one of the Trust Funds) and the general fund in the Treasury, in order to insure that each of the Trust Funds and the general fund in the Treasury have borne their proper share of the costs, incurred during such fiscal year, for the part of the administration of this title, title XVI, and title XVIII for which the Secretary of Health, Education, and Welfare is responsible and of carrying out the functions of the Department of Health, Education, and Welfare, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1954 (other than those referred to in clause (i) of the first sentence of subparagraph (A)). The Managing Trustee is authorized and directed to transfer any such amounts in accordance with any certification so made.".

(2) Subsection (g) of such section is further amended by adding at the end thereof the following new paragraph:

"(4) The Board of Trustees shall prescribe before January 1, 1977, the method of determining the costs which should be borne by the general fund in the Treasury of carrying out the functions of the Department of Health, Education, and Welfare, specified in section 232, which relate to the administration of provisions of the Internal Revenue Code of 1954 (other than those referred to in clause (i) of the first sentence of paragraph (1)(A)). If at any time or times thereafter the Board of Trustees of such Trust Funds deem such action advisable they may modify the method so determined.".

(e) Any persons the Board of Trustees finds necessary to employ to assist it in performing its functions under section 201(g)(4) of the Social Security Act may be appointed without regard to the civil service or classification laws, shall be compensated, while so employed at rates fixed by the Board of Trustees, but not exceeding $100 per day, and, while away from their homes or regular places of business, they may be allowed traveling expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently.

(f) The Secretary shall not make any estimates pursuant to section 201(g)(1)(A)(ii) of the Social Security Act before the Board of Trustees prescribes the method of determining costs as provided in section 201(g)(4) of such Act. The determinations pursuant to section 201(g)(1)(B) of the Social Security Act with respect to the carrying out of the functions of the Department of Health, Education, and Welfare specified in section 232 of such Act, which relate to the administration of provisions of the Internal Revenue Code of 1954 (other than those referred to in clause (i) of the first sentence of section 201(g)(1)(A) of the Social Security Act), during fiscal years ending before the Board of Trustees prescribes the method of making such determinations, shall be made after the Board of Trustees has prescribed such method. The Secretary of Health, Education, and Welfare shall certify to the Managing Trustee the amounts that should be transferred from the general fund in the Treasury to the Trust Funds (as referred to in section 201(g)(1)(A) of the Social Security Act) to insure that the general fund in the Treasury bears its proper share of the costs of carrying out such functions in such fiscal years. The Managing Trustee is authorized and directed to transfer any such amounts in accordance with any certification so made.

(g) Section 6103 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(g) DISCLOSURE OF INFORMATION TO SECRETARY OF HEALTH, EDUCATION, AND WELFARE.—The Secretary or his delegate is authorized to make available to the Secretary of Health, Education, and Welfare information returns filed pursuant to part III of subchapter A of chapter 61 of subtitle F for the purposes of carrying out, in accordance with an agreement entered into pursuant to section 232 of the Social Security Act, an effective information return processing program.".

(h)(1) Section 230(b)(2) of the Social Security Act is amended to read as follows:

"(2) the ratio of (A) the average of the wages of all employees as reported to the Secretary of the Treasury for the calendar year preceding the calendar year in which the determination under subsection (a) with respect to such particular calendar year was made to (B) the average of the wages of all employees as reported to the Secretary of the Treasury for the calendar year 1972 or, if later, the calendar year preceding the most recent calendar year in which an increase in the contribution and benefit base was enacted or a determination resulting in such an increase was made under subsection (a),".

(2) Section 230(b) of such Act is further amended by adding at the end thereof the following new sentence: "For purposes of this subsection, the average of the wages for the calendar year 1976 (or any prior calendar year) shall, in the case of determinations made under subsection (a) prior to December 31, 1977, be deemed to be an amount equal to 400 per centum of the amount of the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of such calendar year."

(i)(1) Section 203(f)(8)(B)(ii) of the Social Security Act is amended—

(A) in clause (I) thereof, by striking out "taxable wages of all employees as reported to the Secretary for the first calendar quarter of the calendar year", and inserting in lieu thereof "wages of all employees as reported to the Secretary of the Treasury for the calendar year preceding the calendar year", and

(B) in clause (II) thereof, by striking out "taxable wages of all employees as reported to the Secretary for the first calendar quarter of 1973, or, if later, the first calendar quarter of the most recent calendar year", and inserting in lieu thereof "wages of all employees as reported to the Secretary of the Treasury for the calendar year 1972, or, if later, the calendar year preceding the most recent calendar year".

(2) Section 203(f)(8)(B)(ii) of such Act is further amended by adding at the end thereof the following new sentence: "For purposes of this clause (ii), the average of the wages for the calendar year 1976 (or any prior calendar year) shall, in the case of determinations made under subparagraph (A) prior to December 31, 1977, be deemed to be an amount equal to 400 per centum of the amount of the average of the taxable wages of all employees as reported to the Secretary for the first calendar quarter of such calendar year.".

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to the Senate amendment numbered 8, and agree to the same, with an amendment. In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SEC. 5. STUDY OF COMBINED ANNUAL REPORTING FOR SOCIAL SECURITY AND INCOME TAX PURPOSES.

The Secretary and the Secretary of Health, Education, and Welfare shall (1) study the desirability and feasibility of instituting a system of combined social security-income tax reporting on an annual basis, and the effect of such a system on social security beneficiaries, on the costs to employers and to the social security program, and on the administration of such program, and (2) submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, no later than December 31, 1974, a joint report of the results of such study containing their recommendations as to the provisions, procedures, and requirements which might be included in such a system and the manner in which it might be put into effect.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 9: Page 1, after line 10, insert:

SEC. 6. IMPOSITION AND RATE OF TAX ON STILL WINES.

(a) IN GENERAL.—The last sentence of section 5041 (a) of the Internal Revenue Code of 1954 (relating to tax on wines) is amended by striking out "0.277" and inserting in lieu thereof "0.392".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the first day of the first calendar month which begins more than 90 days after the date of enactment of this Act.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment numbered 9, and agree to the same.

The motion was agreed to.

The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amend the title so as to read: "An Act to suspend the duties on certain bicycle parts and accessories until the close of December 31, 1976, and for other purposes.".

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

DUTY-FREE ENTRY OF METHANOL

Mr. ULLMAN. Mr. Speaker, I call up the conference report on the bill (H.R. 11251) to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as a fuel, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the statement.

[For conference report and statement, see proceedings of the House of October 1, 1974.]

Mr. ULLMAN. Mr. Speaker, the action of the conference with respect to the Senate amendments to H.R. 11251 involves both germane and nongermane amendments to the House-passed bill which would amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as a fuel.

Senate amendments Nos. 1, 2, and 3 are germane to the provisions of the bill as passed by the House. Amendments Nos. 1 and 2 make a technical and a conforming change to the House provisions. Senate amendment No. 3 provides that the duty-free treatment for methanol under the House bill shall be treated as not having the status of a statutory provision, but as having been proclaimed by the President under his trade agreement authority. This amendment would permit parties affected by imports of duty-free methanol to apply for trade adjustment or adjustment assistance should such relief become appropriate. The conference report recommends that the House recede and concur in these three Senate amendments which are germane to the House provisions.

Senate amendments Nos. 4 and 5, which are nongermane to the original provisions of the House-passed bill, were considered and reported in technical disagreement by the conference committee. Let me review for the Members of the House the motions I will offer with respect to these nongermane Senate amendments and which have been provided to the Members as part of the conference report.

The first nongermane amendment added by the Senate to this bill makes a change in the DISC tax deferral provisions relating to export sales. The amendment provides that a financing corporation is not to be prevented from qualifying as a DISC where it holds accounts receivable which arose by reason of the export-related transactions of a related DISC. In effect, the amendment provides for financing arrangements between related corporations whereby the transferee financing corporation will be able to hold these accounts receivable and qualify as a DISC if they arose by reason of the export-related transactions by the related DISC. The House conferees accepted this amendment.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, I want to say again I oppose the addition of nongermane amendments. I oppose all of the DISC provisions in the Internal Revenue Code. They have proved to be more of a help to those who seek to avoid taxation than a help to the development of the great trade policy of this country.

This amendment would mean a further loss of Federal revenues for the Treasury. For that reason, I must oppose this amendment.

Mr. ULLMAN. Mr. Speaker, the Senate also added an amendment which extends the period of special tax treatment of certain low-income housing rehabilitation expenditures for 3 more years until 1978. The present provision, adopted as part of the Tax Reform Act of 1969, permits taxpayers to depreciate rehabilitation housing expenditures for low-income and middle-income rental housing over a period of 60 months. This provision was enacted for a 5-year period and is to expire at the end of this year. Although the House conferees agreed that this provision should be extended, it was agreed to limit this amendment at this time to cover only bonding contracts arising before the end of this year, rather than providing a general extension of the provision as provided in the Senate amendment. This is because the Ways and Means Committee has provided in the tax bill, presently before it, for the extension of all the 60-month amortization provisions which expire at the end of this year. It is for this reason that we agreed with the House conferees not to extend just this amortization provision in this bill with the view that all the expiring amortization provisions would be dealt with in the tax bill. The concern of the Senate, however, with the treatment of expenditures incurred next pursuant to contracts made this year has been covered by the amendment agreed to in conference so that the housing-rehabilitation program would not be affected pending congressional action on the special amortization provision.

Mr. SCHNEEBELI. Mr. Speaker, I support the statement of the chairman of the Committee on Ways and Means with respect to the conference report on H.R. 11251.

The bill, which was passed by the House under unanimous consent this past May, would provide for the duty-free entry of methanol, or methyl alcohol, which is imported for use only as a fuel. A number of amendments were added by the other body, and the managers on the part of the House accepted these with a few changes.

The first two amendments by the other body would make only technical and conforming changes. The third provides that the duty-free treatment of methanol shall be treated as if it were a Presidential proclamation pursuant to a trade agreement. This would permit affected parties to apply for trade adjustment or adjustment assistance if such relief were appropriate.

A fourth and unrelated amendment would enable a financing corporation to qualify as a Domestic International Sales Corporation, or DISC, if it holds accounts receivable or evidences of indebtedness arising by reason of the export-related transactions on the part of the related DISC. The conferees felt this was fully in keeping with the purposes of the original DISC provisions.

A fifth amendment has to do with housing rehabilitation expenditures. Under present law, taxpayers may depreciate rehabilitation expenditures for low- and moderate-income rental housing over a 60-month period. But this provision is limited in application to expenditures made before 1975, to situations where at least $3,000 per unit is spent for rehabilitation over 2 years, and to no more than $15,000 per unit.

The amendment added by the other body would have extended this special tax treatment to cover expenditures made up to January 1, 1968. But a House substitute, adopted in conference, would extend the period for special tax treatment only where expenditures were made under a binding contract entered into prior to December 31, 1974. The extension was limited in this fashion because the Ways and Means Committee has included in the tax reform legislation which it is now developing an extension of all the 60-month amortization provisions scheduled to expire at the end of this year.

Mr. Speaker, I concur in the decisions reached in conference on H.R. 11251, as amended, and urge the House to approve the conference report.

Mr. ULLMAN. Mr. Speaker, I move the previous question on the conference report.

The SPEAKER. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 4: Page 2, after line 4, insert:

SEC. 3. (a) Section 993(b)(3) of the Internal Revenue Code of 1954 (relating to qualified export assets) is amended to read as follows:

"(3) accounts receivable and evidences of indebtedness which arise by reason of transactions described in subparagraph (A), (B), (C), (D), (G), or (H) of subsection (a)(1) which are transactions of that corporation or, in the case of a corporation which is a financing corporation and a member of a controlled group, which are transactions of another corporation which is a DISC and a member of the same controlled group;".

(b) The amendment made by this section shall apply with respect to taxable years beginning after December 31, 1973. Such amendment shall, at the election of the taxpayer made within ninety days after the date of the enactment of this Act, also apply to any taxable year beginning after December 31, 1971, and before January 1, 1974.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment numbered 4, and agree to the same, with an amendment which is printed on page 4 of the statement of the managers of the bill: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SEC. 3. (a) Section 993(b)(3) of the Internal Revenue Code of 1954 (relating to qualified export assets) is amended by striking out "such corporation" and inserting in lieu thereof "such corporation or of another corporation which is a DISC and which is a member of a controlled group which includes such corporation".

(b) The amendment made by subsection

(a) applies to taxable years beginning after December 31, 1973. The amendment shall, at the election of the taxpayer made within 90 days after the date of enactment of this Act, also apply to any taxable year beginning after December 31, 1971, and before January 1, 1974.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: Page 2, after line 4, insert:

Sec. 4. Section 167(k) of the Internal Revenue Code of 1954 (relating to depreciation of expenditures to rehabilitate low income rental housing) is amended by striking out "January 1, 1975," in paragraph (1) and inserting in lieu thereof "January 1, 1978,".

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Ullman moves that the House recede from its disagreement to Senate amendment numbered 5, and agree to the same, with an amendment which is printed on page 4 of the statement of the Managers of the bill: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

Sec. 4. Notwithstanding the provisions of section 167(k)(1) of the Internal Revenue Code of 1954 (relating to depreciation of expenditures to rehabilitate low income rental housing), the provisions of section 167(k) shall apply with respect to rehabilitation expenditures incurred with respect to low income rental housing after December 31, 1974, and before January 1, 1978, if such expenditures are incurred pursuant to a binding contract entered into before December 31, 1974.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amend the title so as to read:

An act to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as fuel, and for other purposes.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Ullman moves that the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

CONFERENCE REPORT ON H.R. 12035, EXTENDING UNTIL JULY 1, 1975, SUSPENSION OF DUTY ON CERTAIN CARBOXYMETHYL CELLULOSE SALTS

Mr. ULLMAN. Mr. Speaker, I call up the conference report on the bill (H.R. 12035) to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 1, 1974.)

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ULLMAN. Mr. Speaker, the Senate did not amend the provisions of the bill as passed by the House which amend the tariff schedules of the United States to suspend for a 1-year period the duty on imports of certain carboxymethyl cellulose salts. The Senate did, however, add nongermane amendments to the House bill which were considered and reported in technical disagreement by the conference committee.

Let me review for Members of the House the motions I will offer regarding these nongermane amendments and which have been available to the Members as a part of the conference report.

The first Senate amendment made to this bill provides for an extension of time in which the governing instruments relating to charitable remainder trusts may be conformed to meet the requirements of the Tax Reform Act of 1969 insofar as an estate tax deduction is concerned. The 1969 act required charitable remainder trusts to meet certain requirements in order for the estate to be entitled to an estate deduction for the transfer of a remainder interest to charity. Pursuant to these requirements, which in general applied to decedents dying after December 31, 1969, trusts created after July 31, 1969, must be amended to meet these new requirements by December 31, 1972. The Snate amendment extends until December 31, 1975, the time when amendments must be made for conformity to the new requirements.

The House conferees agreed to this amendment in general, but provided an amendment to limit the extension of these transitional rules to trusts created or wills executed before September 21, 1974. The revision also makes minor and technical changes in the Senate amendment. It was felt that the right to change the terms of the governing instrument to comply with the 1969 act should be available only as respects instruments already in existence, and not to instruments drawn in the future. The Senate accepted the House amendment.

The second amendment made by the Senate deals with certain scholarships for members of uniformed services. Under present law, the exclusion from gross income for certain amounts received as a scholarship at an educational institution or as a fellowship grant generally does not apply if the amounts received represent compensation for past, present, or future employment services. The Internal Revenue Service has notified the Department of Defense in response to its request for a ruling that certain amounts received by students toward their educational expenses while participating in the recently instituted Armed Forces health professions scholarship program are includible in their income for tax purposes because of the individual's commitment to future service with the Armed Forces. Thus, under this position the individuals are subject to tax on the amounts received. The Senate amendment provides that the exclusion for scholarship and fellowship grants is to apply to payments made by the Government for the tuition and certain other educational expenses of a member of the uniformed services attending an educational institution under the Armed Forces health professions scholarship program—or substantially similar programs—until January 1, 1976, pending a review by the staff of the effect of application of this provision. The House conferees accepted this Senate amendment.

The Senate engrossed amendments to H.R. 12035 also included a section providing similar treatment for certain other student loans where a portion of the loan may be canceled if the recipient performs certain specified work. This provision was inadvertently included in the Senate engrossed amendments and, therefore, was not properly in conference.

The third Senate amendment deals with lease guaranty insurance and insurance of State and local obligations. The amendment permits insurance companies which write lease guaranty insurance and insurance guaranteeing the debt service of municipal bond issues to deduct additions to contingency reserves for periods of 10 or 20 years in accordance with the current treatment of similar additions for mortgage guaranty insurance under present law. Under the Senate provision, however, any tax benefit which would otherwise occur as a result of these deductions is not to be retained by the insurance companies, but instead is to be invested in non-interest-bearing Federal bonds. Thus, the United States has the unrestricted use of these funds, and the bonds cannot be redeemed until the reserves are restored to income by the insurance companies. The House conferees agreed to this Senate amendment.

The final amendment made by the Senate on this bill deals with interest that is forfeited on premature withdrawals. Under present law, individual taxpayers must include interest paid or accrued with respect to time savings accounts or deposits in determining their gross income each year. If an individual prematurely withdraws his funds in these accounts, however, a substantial penalty is imposed, and the individual forfeits part of the interest that he has earned and reported for tax purposes in prior years. Where an individual itemizes his deductions in determining his taxable income, he will be able to claim a deduction for this forfeited interest. However, where he uses a standard deduction, he must report the gross amount of interest received but cannot take a deduction for the forfeited interest. The Senate amendment provides for the deduction of such forfeited interest from his gross income so individuals may claim this deduction whether they itemize their deductions or take the standard deduction. The House conferees agreed to this Senate amendment.

Mr. DRINAN. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Massachusetts.

Mr. DRINAN. Mr. Speaker, would the gentleman please inform us whether or not there is any estimate of the revenue loss as a result of incorporating this totally nongermane amendment in this bill?

Mr. ULLMAN. There is a negligible loss of revenue.

Mr. DRINAN. I thank the gentleman.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. Mr. Speaker, as one of the sponsors of bills to amend section 2055(e) of the Internal Revenue Code, now a part of H.R. 12035, it is necessary to amplify several considerations which Senate Report 93-1063 and House Report 93-1405 do not deal with or which are not clear from the text of the reports.

By way of background, during the 92d Congress, I introduced this measure in the House originally as H.R. 14513 on April 20, 1972, and Senator CLIFFORD HANSEN introduced it, with cosponsors, in the Senate as S. 3841 on July 24, 1972. No action was taken on H.R. 14513 by the Ways and Means Committee, but S. 3841 was approved by the Senate Finance Committee in a version which contained a December 31, 1974, cutoff date for reformations. Because of procedural deficiencies, the transitional rule was blocked when offered as a floor amendment to a minor tax bill on October 16, 1972.

In the 93d Congress, efforts were again renewed with the initial introduction of H.R. 3227, with similar later versions with cosponsors, and as finally revised, as H.R. 11785. During its general hearings on tax reform, the Committee on Ways and Means received testimony in support of the measure on April 13, 1973, part of which was reprinted in the October 25, 1973, CONGRESSIONAL RECORD. On Wednesday, July 31, 1974, the Ways and Means Committee, in executive session, approved the text of H.R. 11785 as part of its general tax reform bill. The Senate Finance Committee, in its consideration of a minor tariff bill, approved the text of H.R. 11785 as an amendment to H.R. 12035 which the Senate passed on August 13, 1974. House Report 93-1405 was reported in the October 1, 1974, CONGRESSIONAL RECORD.

Proposed section 2055(e)(3) is a relief provision aimed at reducing the hardship caused by the 1969 enactment of the complex charitable remainder trust rules affecting certain charitable bequests and transfers. Its fundamental premise is that an unqualified trust, if amended or conformed by the required date, whether effectuated through judicial proceeding or agreement between all interested parties, is treated for tax purposes as if the amended trust was actually in the will—or other governing instrument—as of the date of the decedent's death. The amended trust is to be treated as a qualified charitable remainder trust not merely for deduction purposes but for all purposes, including, for example, the income tax exemption contained in section 664(c) and the application of the chapter 42 excise taxes pursuant to section 4947(a)(2). There are some distinctions between the bill and the Treasury Department's regulations. Under the regulations, the original bequest or transfer had to be in trust and such trust had to be created subsequent to July 31, 1969, apparently even if originally created as a revocable trust before that date.

First. If the decedent created a revocable trust before July 31, 1969, which thereafter became an irrevocable charitable remainder trust includable in his estate under, for example, sections 2036 and 2038, no right of amendment was permitted by the regulations to prevent loss of the deduction by section 3055(e). The bill deletes this requirement. The important dates are the date of death of the decedent, the date of the governing instrument—that is, prior to September 21, 1974—and the date on which amendment is effected or commenced—that is, by December 31, 1975.

Second. An amended trust is treated as one described in section 4947(a)(2). Accordingly, the bill was clarified so that the Treasury Department's regulatory authority is extended to chapter 42 to assure that adjustments may be made for the chapter 42 provisions which will be applied when section 4947(a)(2) becomes operative as to an amended trust. Adding a reference to chapter 42 was desirable because some form of "effective date" regulatory authority will be needed due to the change in status of the trust. Adjustments may be made so as not to unduly penalize parties who may have dealt with the trust prior to its amendment. Moreover, there are going to be practical, administrative problems for fiduciaries inherent in the changeover from a trust not subject to chapter 42 to one that is, especially in the self-dealing area. Amendment or conformation of the trust may create problems for banks, which, as trustees, are disqualified persons. When banks have to deal with estate properties—which go into trust—or provide special services needed to facilitate the changeover, they may run afoul of indirect self-dealing rules. For example, present regulations exempt from self-dealing only certain specific bank services which the disqualified person—as fiduciary—may perform for a trust under its charge. Those services are not sufficiently broad to assure a proper changeover. Also, it should be recognized that a charity may have to strike a "bargain" with a disqualified person—as a beneficiary—to induce the beneficiary to agree to amendment or conformation and enable it to achieve the estate tax and income tax savings. For example, suppose a spouse of the creator of the trust is the life beneficiary of an unqualified trust and is entitled to receive income only. There is an invasion power over corpus—not permitted in a section 664 trust—for her. It may be necessary for the charity, to get the tax savings, to give the beneficiary more of a current return, such as a "guaranteed" 5-percent unitrust amount in exchange for her surrendering her invasion power over the corpus. Such a transaction, effectuated between the fiduciary, the life beneficiary, and the remaindermen, should not be regarded as self-dealing.

Third. Amendment or conformation is to be recognized by the Internal Revenue Service by whatever means achieved so long as it binds all parties having a vested interest in the bequest or transfer.

Under Rev. Rul. 74-283, IRB 1974-24, 11, the Internal Revenue Service stated that the principles of *Commissioner* v. *Bosch*, 387 U.S. 456 (1967) are not to be applied to judicial reformations of unqualified trusts in applying Regs. § 1.664-1(f)(3). This would continue to be the case for amendments made in accordance with section 2055(e)(3). Because some State laws now permit all parties in interest to an unqualified charitable remainder trust to agree, without judicial supervision, to the proper amendments, such a nonjudicial agreement would be as satisfactory as a judicial one. (See, e.g., Maryland Code Art. 16-§ 199D-1. Ohio Code § 109.232. Colorado Code § 57-10-2. D.C. Code § 21-1801(d).)

Fourth. The fact that Congress enacted this bill should not be regarded as any limit upon the Treasury Department's inherent power to deal with unqualified trusts administratively, such as it did in its original reformation regulation which expired in 1972 and by promulgation of Rev. Proc. 74-6, IRB 1974-12, 17. Moreover, merely because section 2055(e)(3) does not apply to unqualified charitable income trusts, no inference should be drawn that they may not be handled administratively. The reason for not including charitable lead trusts is primarily because we had no information as to whether charities were actually in the position of losing funds by reason of the failure of such trusts to properly comply with section 2055(e)(2), as was the case for charitable remainders. Should a strong need be shown, perhaps relief similar to this provision would be appropriate.

Mr. YOUNG of Georgia. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I will be happy to yield to the gentleman from Georgia.

Mr. YOUNG of Georgia. I thank the gentleman for yielding.

Mr. Speaker, I rise today in support of

H.R. 12035, a bill which would suspend for 1 year the duty on "warp-sized" carboxymethyl cellulose—CMC—which is crucial for the preservation of the textile industry in my State of Georgia and throughout the country.

My constituents and others who are in the business of manufacturing and processing textile materials will be relieved from a very serious inflation problem by the passage of this bill. "W-S" grade CMC was, in early 1973, supplied by Hercules Powder Co. and E. I. du Pont, as well as certain Japanese firms. During that year, the Japanese stopped sending CMC to this country because they opened markets closer to Japan, primarily in China. Also at about the same time, Du Pont stopped manufacturing CMC. This left only one domestic supplier, Hercules, in a virtual monopoly situation.

As a result of this action, Hercules had access to the markets that the Japanese and Du Pont were not servicing but they could not supply their smaller customers. Those customers had to either go out of business or pay the higher price—part of which was the duty—charged by European suppliers. We conferred with Hercules and found that they had no objection to suspension of the duty; in fact, Hercules could not begin to meet the demand at any price and is planning, I am told, to construct two new facilities to increase their capacity. The countries supplying the CMC which is being imported are: Finland, Belgium, France, and England.

One of the major uses of CMC is to protect the thread while it is going through the stress and strain of the weaving process. Once that process is finished, the CMC is washed from the material. The CMC has the approval of the Environmental Protection Agency as the least contaminating chemical that can be used in this process. It is my understanding that material previously used in this process could damage plant and fish life when entering freshwater streams. CMC is biodegradable and therefore much preferred.

At the time that my office became involved in this problem, September 1973, the price charged by domestic suppliers was 34 cents per pound. The current domestic price is around 60 cents per pound. The import price, including duties, is around 75 cents per pound. Clearly, all domestic markets would prefer to be supplied by the domestic supplier. Only the strongest companies can remain in business and pay the import price. Those textile mills that could not afford CMC have used starches for the above purposes—protecting the threads. These starches are used in the manufacture of sugars and are also in very short supply, resulting in rapidly increasing price. Thus, the substitute is not readily available.

Mr. Speaker, we have consulted the Tariff Commission and the other governmental agencies with an interest in this matter and have received no objection to the suspension of this tariff. This will not cause the displacement of any U.S. workers, and, in fact, will save many jobs in plants that would be forced to lay off or shut down without this legislation. We can help fight inflation by making this material, CMC, available to our domestic textile industry at a lower cost and I strongly urge passage of H.R. 12035.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. Mr. Speaker, I support the statement of H.R. 12035 made by the chairman of the Ways and Means Committee. As he pointed out, the House-passed bill would suspend through June of next year the duty on certain carboxymethyl cellulose salts.

Four unrelated amendments added in the other body were accepted in conference, after some modifications, by the managers on the part of the House.

The first of these amendments would give charitable remainder trusts more time to conform to provisions relating to the estate tax deduction in the 1969 Tax Reform Act.

These trusts now must meet certain requirements of that act in order for an estate tax deduction to be allowed for the transfer of a remainder interest to charity. In general, the requirements apply to cases in which decedents expired after December 31, 1969. A proposed amendment would extend application of transitional rules with respect to meeting these requirements to December 31, 1975. The conferees agreed to the change in principle but limited the extension of the transitional rules to wills executed and trusts created prior to September 21, 1974.

Another amendment to which the House Members agreed would permit insurance companies which write insurance guaranteeing both leases and debt services of municipal bond issues to deduct additions to contingency reserves. This would be in accordance with the current treatment of similar additions for mortgage guaranty insurance under section 832(e) of the Internal Revenue Code.

A third amendment relates to interest forfeiture on premature withdrawals from financial institutions. According to current interpretations of law, savings and loan associations and other financial institutions must report annually the gross amounts of interest paid or accrued on each time savings account or deposit. Additionally, individual taxpayers must include such payments or accruements in determining their gross income annually. If a taxpayer prematurely withdraws funds in such accounts, a penalty is imposed and the individual is required to forfeit part of the interest earned. If the individual does not itemize deductions, he cannot claim a deduction for the interest forfeited. The amendment would allow a taxpayer to deduct interest forfeitures in calculating his adjusted gross income. He would be able to do so in utilizing the standard deduction, or the low income allowance, without resorting to itemization.

I am particularly interested in the Senate amendment accepted by the conferees which provides for a moratorium on the application of certain revenue rulings as they apply to the inclusion in income of a grant to individuals under the Armed Forces health profession scholarship program.

Under present law, the exclusion from gross income for certain amounts received as a scholarship at an educational institution or as a fellowship grant generally does not apply if the amounts received represent compensation for past, present or future employment services. The Internal Revenue Service has indicated that amounts received by students toward their educational expenses while participating in the recently instituted Armed Forces health professions scholarship program will not be excluded from gross income because under the program, the student agrees to serve in the Armed Forces after completion of his education. Under this rule, the individual would be subject to tax on the amount received.

The Senate amendment changes this rule until January 1, 1976, thus insuring that prior to that date students under this program will not have to include in gross income the payments received. During the period prior to January 1, 1976, there will be a staff study of this situation and recommendations on how these amounts will be handled in the future.

During the conference, I pointed out that a similar situation existed with regard to certain loans made to students conditioned upon service after completion of their education. The Internal Revenue Service has ruled that loans given to medical students and teachers, for example, which are forgiven when the student performs service in a rural area or other place must fall under this same rule. Legislation to change this rule has been pending before the Ways and Means Committee and, subsequent to action by the conferees on this bill, the committee decided to include in its tax reform legislation, a provision for these civilian-oriented programs which will delay until January 1, 1976, the rule of the IRS requiring students to include in their gross income the amounts forgiven under these other programs. Such a result is only fair and I supported it.

Mr. Speaker, H.R.12035 is sound legislation and I urge the approval of the conference report on it.

Mr. BROYHILL of Virginia. Mr. Speaker, I am interested in one of the amendments accepted by the conferees to H.R. 12035, the House-passed bill which would suspend through June of next year the duty on certain carboxymethyl cellulose salts.

The particular amendment provides for a moratorium on the application of certain revenue rulings as they apply to the inclusion in income of a grant to individuals under the Armed Forces health professions scholarship program.

These rulings generally hold that individuals who receive scholarships toward their educational expenses while participating in the above-mentioned program must include that income for tax purposes. The problem occasioned by the ruling is broader than that covered by the Senate amendment which was accepted by the conferees.

Recently it was brought to my attention that the Internal Revenue Service has ruled that the amounts of money forgiven under certain State and Federal loan programs in return for service by the student subsequent to the completion of his education would have to be included in income at the time they were forgiven. These rulings were applied to certain State medical loan programs under which an individual would agree to serve in a medically underserved area after graduating from medical school and in return he would be relieved from repaying the loan he previously obtained. Similar circumstances obtain in the case of teachers who upon receipt of a loan agreed to teach in a particular State for a given number of years.

The conferees decided to impose a moratorium on the application of these rulings only as they relate to the Armed Forces health professions scholarship program. The notion behind this moratorium was that a study of the entire problem would be undertaken prior to January 1, 1976, at which time the Congress would have the opportunity to decide the issue.

In August of this year, I introduced H.R. 16457 which would make an affirmative change in the rule relative to the inclusion of loan forgiveness moneys for programs benefiting health care education students. I was disappointed that the conferees did not see fit to extend the moratorium to at least the categories covered in my bill and think it is important to point out that as a result of this failure one rule will apply to students who have participated in the Armed Forces program and another to individuals who have participated in similar civilian-oriented programs. However, in an effort to change this inequitable situation, I moved and the Committee on Ways and Means accepted an amendment to the current tax reform legislation which would equalize this treatment by extending the moratorium on these revenue rulings for all civilian programs until January 1, 1976. It is only fair that this be done and I am hopeful that our committee will be able to receive the same tax treatment vis-a-vis these programs as their military counterparts.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, after line 4, insert:

SEC. 3. (a) Section 2055(e) of the Internal Revenue Code of 1954 (relating to the disallowance of deductions in certain cases) is amended by adding at the end thereof the following new paragraph:

"(3) If a deduction is not allowable at the time of the decedent's death because of the failure of an interest in property which passes from the decedent to a person, or for a use, described in subsection (a), to meet the requirements of subparagraph (A) of paragraph (2) of this subsection, and if the governing instrument is amended or conformed on or before December 31, 1975, or, if later, on or before the 30th day after the date on which judicial proceedings begun on or before December 31, 1975 (which are required to amend or conform the governing instrument), become final, so that the interest is in a trust which is a charitable remainder annuity trust or a charitable remainder unitrust (described in section 664), a deduction shall nevertheless be allowed. The Secretary or his delegate may, by regulation, provide for the application of the provisions of this paragraph to trusts whose governing instruments are amended or conformed in accordance with this paragraph, and such regulations may provide for any adjustments in the application of the provisions of section 508 (relating to special rules with respect to section 501(c)(3) organizations) and subchapter J (relating to estates, trusts, beneficiaries, and decedents) to such trusts made necessary by the application of this paragraph. If, by the due date for the filing of an estate tax return (including any extension thereof), the interest is in a charitable trust which, upon allowance of a deduction, would be described in section 4947(a)(1), or the interest passes directly to a person or for a use described in subsection (a), a deduction shall be allowed as if the governing instrument was amended or conformed under this paragraph. If the amendment or conformation of the governing instrument is made after the due date for the filing of the estate tax return (including any extension thereof), the deduction shall be allowed upon the filing of a timely claim for credit or refund (as provided for in section 6511) of an overpayment resulting from the application of this paragraph. In the case of a credit or refund as a result of an amendment or conformation made pursuant to this paragraph, no interest shall be allowed for the period prior to the expiration of the 180th day after the date on which the claim for credit or refund is filed."

(b) The amendment made by subsection (a) shall apply with respect to estates of decedents dying after December 31, 1969.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment No. 1, and agree to the same, with amendments as follows: On page 1 of the Senate engrossed amendments, in the seventh line from the bottom, strike out "(3) If" and insert "(3) In the case of a will executed before September 21, 1974, or a trust created before such date, if".

On page 2, line 6, strike out "or" and insert a comma.

On page 2, line 7, after the comma insert the following: "or a pooled income fund (described in section 642(c)(5)),".

On page 2, line 15, of the Senate engrossed amendments, strike out "and" and insert a comma.

On page 2, line 16, of the Senate engrossed amendments, after "decedents)" insert ", and chapter 42 (relating to private foundations)".

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read, and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2: Page 2, after line 4, insert:

SEC. 4. APPLICATION OF SECTION 117 TO CERTAIN EDUCATION PROGRAMS FOR MEMBERS OF THE UNIFORMED SERVICES.

(a) IN GENERAL.—Any amount received from appropriated funds as a scholarship, including the value of contributed services and accommodations, by a member of a uniformed service who is receiving training under the Armed Forces Health Professions Scholarship Program (or any other program determined by the Secretary of the Treasury or his delegate to have substantially similar objectives) from an educational institution (as defined in section 151(c)(4) of the Internal Revenue Code of 1954) shall be treated as a scholarship under section 117 of such Code, whether that member is receiving training while on active duty or in an off-duty or inactive status, and without regard to whether a period of active duty is required of the member as a condition of receiving those payments.

(b) DEFINITIONS.—For purposes of this section, the term "uniformed service" has the meaning given it by section 101(3) of title 37, United States Code.

(c) EFFECTIVE DATE.—The provisions of this section shall apply with respect to amounts received during calendar years 1973, 1974, and 1975.

SEC. 5. APPLICATION OF SECTION 117 TO CERTAIN STUDENT LOAN PROGRAMS.

(a) IN GENERAL.—Any amount received as a student loan shall be treated, for purposes of the Internal Revenue Code of 1954, as a scholarship under section 117 of such Code, without regard to whether repayment of all or a portion of the loan may be canceled if the recipient works for a certain period of time in certain professions or certain geographical areas or for certain classes of employers. The preceding sentence shall not apply with respect to any interest paid on a student loan.

(b) DEFINITION.—For purposes of this section, the term "student loan" means any loan to an individual to assist the individual in attending an educational institution (as defined in section 151(e)(4))—

(1) by the United States, or an instrumentality or agency thereof, or a State, a territory, or a possession of the United States, or any political subdivision thereof, or the District of Columbia, or

(2) by any educational institution (as defined in section 151(e)(4)) pursuant to an agreement with the United States, or an instrumentality or agency thereof, or a State, a territory, or a possession of the United States, or any political subdivision thereof, or the District of Columbia under which the funds from which the loan was made were provided to such educational institution.

(c) EFFECTIVE DATE.—The provisions of this section shall apply with respect to amounts received as student loans on or before December 31, 1975.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment No. 2, and agree to the same, with an amendment as follows: On page 4 of the Senate engrossed amendments, line 8, strike out

"Definitions" and insert "Definition of Uniformed Services".

On page 4 of the Senate engrossed amendments, beginning with line 14, strike out all through line 18 on page 5.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: Page 2, after line 4, insert:

SEC. 6. Section 832(e) of the Internal Revenue Code of 1954 (relating to special deduction and income account in the case of certain insurance companies) is amended by inserting after paragraph (5) the following new paragraph:

"(6) LEASE GUARANTY INSURANCE; INSURANCE OF STATE AND LOCAL OBLIGATIONS.—In the case of any taxable year beginning after December 31, 1970, the provisions of this subsection shall also apply in all respects to a company which writes lease guaranty insurance or insurance on obligations the interest on which is excludable from gross income under section 103. In applying this subsection to such company, and any reference to mortgage guaranty insurance contained in this section shall be deemed to be a reference also to lease guaranty insurance and to insurance on obligations the interest on which is excludable from gross income under section 103; and in the case of insurance on obligations the interest on which is excludable from gross income under section 103, the references in paragraph (1) to 'losses resulting from adverse economic cycles' include losses from declining revenues related to such obligations (as well as losses resulting from adverse economic cycles), and the time specified in subparagraph (A) of paragraph (5) shall be the twentieth preceding taxable year.".

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment No. 3, and agree to the same, with an amendment as follows: On page 5, line 20, of the Senate engrossed amendments, strike out "Sec. 6" and insert "Sec. 5".

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 4: Page 2, after line 4, insert:

SEC. 7. (a) Section 62 of the Internal Revenue Code of 1954 is amended by inserting after paragraph (9) the following new paragraph:

"(10) PENALTIES FORFEITED BECAUSE OF PREMATURE WITHDRAWAL OF FUNDS FROM TIME SAVINGS ACCOUNTS OR DEPOSITS.—The deductions allowed by section 165 for losses incurred in any transaction entered into for profit, though not connected with a trade or business to the extent that such losses include amounts forfeited to a bank, mutual savings bank, savings and loan association, building and loan association, cooperative bank or homestead association as a penalty for premature withdrawal of funds from a time savings account, certificate of deposit, or similar class of deposit."

(b) The amendment made by this section applies to taxable years beginning after December 31, 1972.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment No. 4, and agree to the same, with amendments as follows: On page 6, line 21, of the Senate engrossed amendments, strike out "SEC. 7" and insert "SEC. 6".

On page 6, line 22, of the Senate engrossed amendments, strike out "(9)" and insert "(10)".

On page 6, line 24, of the Senate engrossed amendments strike out "(10)" and insert "(11)".

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read the Senate amendment as follows:

Amend the title so as to read: An Act to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts, and for other purposes.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

CONFERENCE REPORT ON H.R. 12281, EXTENDING TEMPORARY SUSPENSION OF DUTIES ON CERTAIN FORMS OF COPPER

Mr. ULLMAN. Mr. Speaker, I call up the conference report on the bill (H.R. 12281) amending the tariff schedules of the United States by extending until July 1, 1975, the suspension of duties on imports of certain forms of copper, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 1, 1974.)

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ULLMAN. Mr. Speaker, the Senate did not amend the provisions of the House-passed bill which amend the tariff schedules of the United States by extending until July 1, 1975, the suspension of duties on imports of certain forms of copper. The Senate did, however, add a nongermane amendment to the bill which was considered and reported in technical disagreement by the conference committee.

Let me review for Members of the House the motions I will offer regarding this nongermane amendment and which has been available to the Members as a part of the conference report.

The Senate added an amendment to this bill dealing with the adjustment to basis of property received from a subsidiary in the case of certain types of liquidations. The problem here arises from an inequitable tax result because a court changed its own decision after action was taken by the taxpayer on the assumption that the court would stand by its first decision. The amendment permits a taxpayer—which in this case is a steamship company, named State Lines, Inc., which acquired and liquidated a subsidiary prior to July 1, 1957—to deduct a loss occasioned by a contingent liability created as a result of a reversal of a U.S. Court of Appeals decision. If the court had not, upon rehearing, reversed its own decision, the liquidation would not have taken place, and the taxpayer would have been in the same position as provided by this bill. The amendment provides that under these conditions a taxpayer who had acquired the assets of a liquidated corporation is to be permitted to deduct the unanticipated loss in the year incurred in the same manner as the liquidated corporation would have been permitted to do if it had remained in existence.

The House conferees accepted this provision.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. Mr. Speaker, I support the statement of the chairman of the Committee on Ways and Means with respect to the conference report on H.R. 12281.

The bill was approved without dissent by the Committee on April 30 of this year and was passed by the House under unanimous consent on June 11. It would continue through June 30, 1975, the suspension of duties on certain forms of copper, and this was not altered by the other body.

One unrelated amendment, however, was attached by the other body and was accepted in conference by the managers on the part of the House. This amendment is intended to correct a situation in which a taxpayer who has acquired the assets of a liquidated corporation may deduct an unanticipated loss, in the year incurred, just as the liquidated corporation would have been able to do if it had remained in existence. More particularly, the change would permit a deduction of a loss occasioned by a contingent liability which resulted from the unforeseeable reversal of a U.S. Court of Appeals decision.

The conferees understood that this amendment would have very limited applicability and would indeed correct an apparent inequity.

I urge my colleagues to support the decision of the conferees on this measure.

AMENDMENTS IN DISAGREEMENT

The **SPEAKER**. The Clerk will report the amendments in disagreement.

The Clerk read as follows:

Page 2, after line 6, insert:

SEC. 3. (a) Notwithstanding the provisions of section 334 of the Internal Revenue Code of 1954 (relating to basis of property received in liquidations), no adjustment to the basis of any property distributed in complete liquidation of a corporation prior to July 1, 1957, shall be made for any liability if—

(1) the distributor and distributee did not consider the liability relevant to the value of the stock with respect to which the distribution was made,

(2) the distributor and distributee reasonably relied upon a decision of a United States district court specifically adjudicating the amount of the liability and its affirmance by the appropriate United States court of appeals, and

(3) the amount of the liability so adjudicated was not greater than would be compensated for by insurance.

The provisions of this section apply without regard to whether such decision was subsequently reversed or modified by that United States court of appeals following distribution of such property in complete liquidation.

(b) To the extent that the liability described in subsection (a) is not compensated for by insurance or otherwise, the amount thereof shall be allowed as a deduction under the appropriate provision of the Internal Revenue Code of 1954 for the taxable year in which payment thereof was made and shall be effective in determining income tax liabilities of all taxable years prior thereto.

Amend the title so as to read: "An Act to continue until the close of June 30, 1975, the suspension of duties on certain forms of copper, and for other purposes."

Mr. **ULLMAN** (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The **SPEAKER**. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. **ULLMAN**. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to the amendments of the Senate and agree to the same.

The motion was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 13631, TEMPORARY SUSPENSION OF DUTY ON CERTAIN HORSES

Mr. **ULLMAN**. Mr. Speaker, I call up the conference report on the bill (H.R. 13631) to suspend for a temporary period the import duty on certain horses, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The **SPEAKER**. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 1, 1974.)

Mr. **ULLMAN** (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers be dispensed with.

The **SPEAKER**. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. **ULLMAN**. Mr. Speaker, the Senate did not amend the provisions of the House-passed bill which amend the tariff schedules of the United States to temporarily suspend until the close of June 30, 1976, the duty on imports of certain horses. The Senate did, however, add nongermane amendments to the bill which the conference committee considered and reported in technical disagreement.

Let me review for Members of the House the motions I will offer regarding these nongermane amendments and which have been available to the Members as a part of the conference report.

The first of the Senate amendments added to H.R. 13631 would broaden the opportunity for providers of services to obtain judicial review of decisions regarding reimbursement under the medicare program.

Public Law 92–603 established a Provider Reimbursement Review Board to review and decide upon substantial issues raised by providers of services regarding their reimbursement under medicare. The Secretary of Health, Education, and Welfare could modify or reverse the Board's decision in a manner adverse to the provider, and such a decision of the Secretary could be appealed to the Federal courts.

Under the amendment I have offered, judicial review of the Board's unmodified findings would be permitted as well. In addition, interest would be paid to the party who won—the Government or the provider. The amendment I propose makes a technical modification in the effective date provisions of the Senate language to conform to the text of the original Provider Reimbursement Review Board provision in Public Law 92–603.

Mr. Speaker, the Senate added another amendment to this bill which was designed to protect the level of supplemental security income payments to beneficiaries of SSI living in nonprofit retirement homes or similar institutions.

The institutions involved are private in character and ordinarily operated by church groups, fraternal orders, unions, and philanthropic agencies. They provide residential care to persons who because of age, disability, or blindness are limited insofar as living in their individual establishments is concerned but they do not need medical care and do not require the services of a skilled nursing home or an intermediate care facility.

The problem arises when benefits are reduced because the care provided is determined by the Social Security Administration to be of greater value than the amount of the individual's income. In such instances, the excess value is considered unearned income and correspondingly reduces the SSI benefit. This process is repeated month after month and depending on the amount involved, soon reduces the benefit to zero. This is an unintended result of the legislation and certainly needs prompt correction.

The number of persons affected is not large. It is estimated to be 4,500 to 5,000. But for the persons and institutions involved, the situation is an extremely serious one. The amendment which I propose clarifies the original Senate language to assure that it will not render persons for whom an institution has assumed an obligation to provide full support and maintenance without cost—the so-called lifetime care arrangements—eligible for full SSI benefits. I think the language makes clear our intent that the obligation referred to is not the general one of a charitable organization or institution but rather a specific commitment to a particular individual. With this clarification, I believe that the amendment deserves the immediate favorable consideration of the House and I urge its adoption.

Mr. **SCHNEEBELI**. Mr. Speaker, the chairman of the Committee on Ways and Means has explained in detail the decision of the conferees on H.R. 13631 as amended. I agree with his statement.

H.R. 13631 would suspend until July of 1976 the duty on horses other than for immediate slaughter. The basic bill was unchanged by the other body which did, however, add two unrelated amendments.

One of these amendments concerns judicial review of decisions affecting reimbursement under medicare. Under present law, a Provider Reimbursement Review Board examines and makes decisions on substantial reimbursement issues raised by providers of medicare services. Providers may appeal to Federal courts any modification or reversal of Board decisions. Under the amendment adopted in conference, judicial review of the Board's unmodified findings also would be allowed. And interest would be payable to the winning party in such cases.

Another amendment would prevent the reduction of supplemental security income—SSI—benefits in certain cases where institutions provide support and maintenance.

Under the SSI program, support and maintenance of institutionalized beneficiaries are deemed payments in kind, or unearned income, and Federal payments are reduced accordingly. This has become a critical problem both for the beneficiaries and the institutions involved.

Under the amendment agreed to in conference, SSI benefits no longer would be reduced if the cost of subsidized support and maintenance were borne by the nonprofit institution in which the beneficiary were housed or by another nonprofit organization. Cases in which individuals had turned over assets to the institution as prepayment for care would not be included in the change.

Mr. Speaker, I support the conference decision in this matter and recommend approval by the House.

Mr. ULLMAN. Mr. Speaker, I yield to my friend, the gentleman from Iowa (Mr. GROSS).

Mr. GROSS. I thank the gentleman for yielding. Is this not a rather extraordinary series of bills with nongermane amendments attached to them? Or has this been going on for a period of time and I overlooked it?

Mr. ULLMAN. I think the gentleman knows that in handling legislation with the other body and working out methods for getting the necessary legislation passed there are many procedures that are used. I would agree with the gentleman that this is not the best procedure in the world, but there are times when it has to be used, and we have very carefully screened these provisions. They are primarily pieces of legislation that the House would have added, in all probability, to the tax reform bill; but because of urgency of the matters we have agreed to take them up.

Mr. GROSS. A growing practice, would the gentleman say?

Mr. ULLMAN. I would say to the gentleman that as far as I am concerned it is a practice that I am trying to reduce as much as possible. I hope in the future we will be able to hold these procedures down to the bare minimum.

Mr. GROSS. I appreciate what the gentleman has said.

I tried to look at the nongermane amendments in these bills. I have had little time to do so, but I have not found anything seriously wrong; in my judgment, I have not found anything seriously wrong with the amendments that are attached to these bills.

I do think that it is a practice that ought to be held to the very minimum in the House because I would hope that Members of the House would be watchful in this respect since each of these bills, with one or two exceptions, has carried one or a multiplicity of nongermane amendments.

Mr. ULLMAN. I would say to the gentleman that I am not in disagreement with his observations.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Pennsylvania.

Mr. SCHNEEBELI. I thank the gentleman for yielding.

I would like to say that I agree with the gentleman from Iowa that we should tend to minimize these things, but I would like to assure him also that the necessary departments concerned were in on the conference. Most of them have a minimal dollar impact, and although I disagree generally with the manner in which they were brought before us, nevertheless, they are not harmful in their effect.

Mr. COLLIER. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I yield to the gentleman from Illinois.

Mr. COLLIER. I thank the gentleman for yielding.

I simply want to make this observation, if I may: On many occasions this year, as both the chairman and I and the ranking member will testify, we have strongly resisted one effort after another on other bills to add nongermane amendments, and I am pleased to say that in many instances we have been successful.

On the other hand, until the other body adopts some change in their rules in the area of germaneness, we are going to be plagued with this problem long after I am gone.

Mr. ULLMAN. I appreciate the gentleman's observation.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1. Page 2, after line 4, insert:

SEC. 3. (a) Section 1878(f) of the Social Security Act is amended to read as follows:

"(f) (1) A decision of the Board shall be final unless the Secretary, on his own motion, and within 60 days after the provider of services is notified of the Board's decision, reverses, affirms, or modifies the Board's decision. Providers shall have the right to obtain judicial review of any final decision of the Board, or of any reversal, affirmance, or modification by the Secretary, by a civil action commenced within 60 days of the date on which notice of any final decision by the Board or of any reversal, affirmance, or modification by the Secretary is received. Such action shall be brought in the district court of the United States for the judicial district in which the provider is located or in the District Court for the District of Columbia and shall be tried pursuant to the applicable provisions under chapter 7 of title 5, United States Code, notwithstanding any other provisions in section 205.

"(2) Where a provider seeks judicial review pursuant to paragraph (1), the amount in controversy shall be subject to annual interest beginning on the first day of the first month beginning after the 180-day period as determined pursuant to subsection (a) (3) and equal to the rate of return of equity capital established by regulation pursuant to section 1861(v) (1) (B) and in effect at the time the civil action authorized under paragraph (1) is commenced, to be awarded by the reviewing court in favor of the prevailing party.

"(3) No interest awarded pursuant to paragraph (2) shall be deemed income or cost for the purposes of determining reimbursement due providers under this Act."

(b) Notwithstanding any other provision of law, section 1878 of the Social Security Act shall not be construed as affecting any right to judicial review which may otherwise be available under law to providers of services with respect to cost reports for accounting periods ending prior to June 30, 1973.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment No. 1, and agree to the same, with amendments, which are printed on page 3 of the statement of the managers of the bill: On page 2, line 12, of the Senate engrossed amendments, strike out "of" and insert "on".

On page 2 of the Senate engrossed amendments, strike out lines 20 through 25, and insert the following:

"(b) The amendment made by subsection (a) shall be applicable to cost reports of providers of services for accounting periods ending on or after June 30, 1973."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 2. Page 2, after line 4, insert:

SEC. 4. Section 1612(a) (2) (A) of the Social Security Act is amended—

(1) by inserting "(i)" immediately after "except that"; and

(2) by inserting immediately before the semicolon at the end of such paragraph the following: "and (ii) in the case of any individual or his eligible spouse who resides in a nonprofit retirement home or similar nonprofit institution, support and maintenance which is furnished to such individual or such spouse without payment therefor or for which payment is made by a nonprofit organization shall not be included".

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment in disagreement be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreeemnt to Senate amendment No. 2, and agree to the same, with an amendment, which is printed on page 4 of the statement of the managers of the bill: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SEC. 4. Effective January 1, 1974, section 1612(a) (2) (A) of the Social Security Act is amended—

"(1) by inserting '(i)' immediately after 'except that'; and

"(2) by inserting immediately before the semicolon at the end of the subparagraph the following: 'and (ii) in the case of any individual or his eligible spouse who resides in a nonprofit retirement home or similar nonprofit institution, support and maintenance shall not be included to the extent that it is furnished to such individual or such spouse without such institution receiving payment therefor (unless such institution has expressly undertaken an obligation to furnish full support and maintenance to such individual or a spouse without any current or future payment therefor) or payment therefor is made by another nonprofit organization'."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amend the title so as to read: "An Act to suspend for a temporary period the import duty on certain horses, and for other purposes."

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

The motion was agreed to.

CONFERENCE REPORT ON H.R. 7780, EXTENDING FOR AN ADDITIONAL TEMPORARY PERIOD EXISTING SUSPENSION OF DUTIES ON CERTAIN CLASSIFICATIONS OF YARNS OF SILK

Mr. ULLMAN. Mr. Speaker, I call up the conference report on the bill (H.R. 7780) to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 1, 1974.)

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the statement of the managers be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ULLMAN. Mr. Speaker, the action of the conference with respect to Senate amendments to H.R. 7780 involves both germane and nongermane amendments to the original provisions of the House-passed bill which would amend the tariff schedules of the United States to extend, until the close of November 7, 1975, the existing suspension of duties on certain classification of yarns of silk.

The first two Senate amendments which are germane to the provisions of the bill as passed by the House, would prevent a lapse in the continuity of the suspension of duties on imports of certain classifications of yarns of silk, since the last temporary suspension expired November 7, 1973. In order to avoid this lapse in continuity, the Senate amendments would provide for the duty-free treatment of such imports entering on or after the date of enactment and also requires, upon appropriate application, that any entry of yarns made after November 7, 1973, and before such date of enactment be accorded duty-free status. The managers on the part of the House recommend that the House recede with respect to Senate amendments Nos. 1 and 2.

Senate amendments Nos. 3 and 4, which are nongermane to the original provisions of the House-passed bill, were considered and reported in technical disagreement by the conference committee. Let me review for the Members of the House the motions I will offer with respect to these nongermane Senate amendments and which have been provided to the Members as part of the conference report.

The Senate added an amendment to this bill dealing with the treatment processes which are treated as mining in computing the percentage depletion allowance for trona ore. This amendment provides that the decarbonation of trona is to be treated as an ordinary treatment process. The effect of this is to continue to allow percentage depletion on trona based on the value of soda ash extracted from it, as was provided prior to 1971. At that time an administrative change was made disallowing the so-called decarbonation process as an ordinary treatment process with respect to trona which, in effect, treated it as a nonmining process for purposes of percentage depletion. The House conferees accepted this Senate amendment.

The Senate also added an amendment under which the 10-percent Federal excise tax on wagers would be eliminated where they are placed with licensed persons in a State which imposes a State tax on such wagers or their proceeds. This would have affected only wagers made with State-licensed wagering enterprises in Nevada. Those placing wagers with unlicensed persons, in Nevada and elsewhere, would remain subject to the 10-percent excise tax on wagers.

The conferees agreed to a substitute provision. This substitute reduces the 10-percent Federal excise tax on all wagers to 2 percent as of December 1, 1974. In addition, the $50 annual occupational tax imposed on persons liable for the tax on wagers and on persons engaged in receiving wagers is increased to $500 as of December 1, 1974. However, persons subject to this tax who, prior to December 1, 1974, have paid the $50 tax for the current fiscal year ending June 30, 1975, will not be subject to the increase in the annual occupational tax for the fiscal year ending June 30, 1975.

The substitute provision also provides specific restrictions as to the disclosure and use of information pertaining to taxpayer compliance with Federal wagering taxes. Although present law provides broad limitations on the publicity of income tax returns, no such restrictions exist for returns and other documents related to the wagering taxes. In 1968, Congress repealed the provision of prior law which provided for public inspection of the names of all persons paying occupational taxes, including the wagering occupational tax. Despite this repeal, current law remains ambiguous in that no specific provision exists barring disclosure of wagering tax information.

Consequently, the substitute attempts to resolve any remaining doubts which may exist under the rationale of two Supreme Court cases. It is expected that these changes with respect to disclosure will remove any constitutional problems regarding enforcement of the wagering taxes. This substitute provision was agreed to by the conferees.

Mr. SCHNEEBELI. Mr. Speaker, will the gentleman yield?

Mr. ULLMAN. I would be happy to yield to my friend, the gentleman from Pennsylvania.

Mr. SCHNEEBELI. Mr. Speaker, I support the statement of the chairman of my committee with respect to the decision of the conferees on H.R. 7780 as amended.

The bill itself would continue for 2 years the extension of the duty suspension on silk yarn. This measure was passed by the House November 15, 1973, on a voice vote. The other body made two minor changes in the measure, primarily to prevent a lapse in continuity of the suspension.

A third and unrelated amendment to the bill concerns the definition of mining for the purpose of determining the 14 percent depletion allowance on trona ore, from which soda ash was produced.

Trona ore is not sold in crude form as it is extracted from the ground, and treatment processes must be applied to separate the soda ash from unwanted water and carbon dioxide. The contemplated change specifically would allow the percentage depletion to be applied with respect to a calcining process by which the desired soda ash is produced.

Trona miners were allowed to compute the percentage depletion in this manner in the past, but the Treasury Department announced in 1971 that it would, in the future, treat calcining as a non-mining process. The conferees decided, however, that this treatment to eliminate water and carbon dioxide essentially is a concentration process which should be considered as part of mining, and that the percentage depletion on trona should be determined in the same way as it was in the past.

Under a fourth amendment, the Federal excise tax would be eliminated on wagers placed with licensed persons in a State which imposes its own tax on such wagers or their proceeds. The managers on the part of the House agreed to accept this change with two additional amendments: First, that the 10 percent Federal excise tax on wagers be reduced to 2 percent, and second that the $50 annual occupational tax with respect to wagering be increased to $500. Both of these amendments would become effective next year. Another amendment adopted in conference provides restrictions on disclosure and use of information pertaining to taxpayer compliance with Federal wagering taxes. It is expected that such changes would remove constitutional problems regarding enforcement of the wagering taxes.

Mr. Speaker, I urge the House to approve the decisions of the conferees with respect to H.R. 7780 as amended.

Mr. ULLMAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: Page 1, after line 10, insert:

SEC. 2. (a) Section 613(c)(4)(E) of the Internal Revenue Code of 1954 (relating to treatment processes considered as mining) is amended by inserting after "phosphate rock," the following: "the decarbonation of trona,".

(b) The amendment made by this section shall apply to taxable years beginning after December 31, 1970.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment No. 3, and agree to the same.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 4: Page 1, after line 10, insert:

SEC. 3. AMENDMENT TO WAGERING TAX.

(a) IN GENERAL.—Section 4401 of the Internal Revenue Code of 1954 (relating to imposition of tax on wagers) is amended by adding at the end thereof the following new subsection:

"(d) EXCEPTION.—The tax imposed by subsection (a) does not apply to a wager placed with a licensed person if a tax on such wager (or the proceeds therefrom) is imposed by the State or political subdivision under the laws of which such person is licensed. For purposes of this subsection the term 'licensed person' means a person who is licensed under the laws of a State or a political subdivision thereof to engage in one or more activities with respect to wagers and who, solely by reason of such activities, is liable for the payment of a special tax under section 4411.".

(b) EFFECTIVE DATE.—The amendment made by this section applies to wagers placed more than 30 days after the date of enactment of this Act.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the Senate Amendment No. 4 be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to Senate amendment No. 4, and agree to the same, with an amendment which is printed on pages 4 and 5 of the statement of the Managers of the bill: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SEC. 3. WAGERING, TAX AMENDMENTS.

(a) Tax on Wagers.—Section 4401 of the Internal Revenue Code of 1954 (relating to imposition of tax on wagers) is amended by striking out "10 percent" and inserting in lieu thereof "2 percent".

(b) Occupational Tax.—Section 4411 of the Internal Revenue Code of 1954 (relating to imposition of occupational taxes) is amended by striking out "$50" and inserting in lieu thereof "$500".

(c) Disclosure of Wagering Tax Information.—

(1) Subchapter C of Chapter 35 of the Internal Revenue Code of 1954 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"SEC. 4424. DISCLOSURE OF WAGERING TAX INFORMATION.

"(a) General Rule.—Except as otherwise provided in this section, neither the Secretary or his delegate nor any other officer or employee of the Treasury Department may divulge or make known in any manner whatever to any person—

"(1) any original, copy, or abstract of any return, payment, or registration made pursuant to this chapter.

"(2) any record required for making any such return, payment, or registration, which the Secretary or his delegate is permitted by the taxpayer to examine or which is produced pursuant to section 7602, or

"(3) any information come at by the exploitation of any such return, payment, registration, or record.

"(b) Permissible Disclosure.—A disclosure otherwise prohibited by subsection (a) may be made in connection with the administration or civil or criminal enforcement of any tax imposed by this title. However, any document or information so disclosed may not be—

"(1) divulged or made known in any manner whatever by any officer or employee of the United States to any person except in connection with the administration or civil or criminal enforcement of this title, nor

"(2) used, directly or indirectly, in any criminal prosecution for any offense occurring before the date of enactment of this section.

"(c) Use of Documents Possessed by Taxpayer.—Except in connection with the administration or civil or criminal enforcement of any tax imposed by this title—

"(1) any stamp denoting payment of the special tax under this chapter,

"(2) any original, copy, or abstract possessed by a taxpayer of any return, payment, or registration made by such taxpayer pursuant to this chapter, and

"(3) any information come at by the exploitation of any such document,

shall not be used against such taxpayer in any criminal proceeding.

"(d) Inspection by Committees of Congress.—Section 6103(d) shall apply with respect to any return, payment, or registration made pursuant to this chapter.".

(2) The table of sections for such subchapter is amended by adding at the end thereof the following:

"SEC. 4424. Disclosure of wagering tax in information.".

(d) Effective Date.—

(1) In general.—The amendments made by this section take effect on December 1, 1974, and shall apply only with respect to wagers placed on or after such date.

(2) Transitional rules.—

(A) Any person who, on December 1, 1974, is engaged in an activity which makes him liable for payment of the tax imposed by section 4411 of the Internal Revenue Code of 1954 (as in effect on such date) shall be treated as commencing such activity on such date for purposes of such section and section 4901 of such Code.

(B) Any person who, before December 1, 1974—

(i) became liable for and paid the tax imposed by section 4411 of the Internal Revenue Code of 1954 (as in effect on July 1, 1974) for the year ending June 30, 1975, shall not be liable for any additional tax under such section for such year, and

(ii) registered under section 4412 of such Code (as in effect on July 1, 1974) for the year ending June 30, 1975, shall not be required to reregister under such section for such year.

Mr. ULLMAN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Amend the title so as to read: "An Act to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk, and for other purposes.".

MOTION OFFERED BY MR. ULLMAN

Mr. ULLMAN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ULLMAN moves that the House recede from its disagreement to the amendment of the Senate to the title of the bill (H.R. 7780) and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the motions was laid on the table.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the several conference reports I am bringing up.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

APPOINTMENT AS MEMBERS OF NATIONAL COMMISSION ON SUPPLIES AND SHORTAGES

The SPEAKER. Pursuant to the provisions of section 5, Public Law 93–426, the chair appoints as members of the National Commission on Supplies and Shortages the following Members on the Part of the House: Mr. REES of California, and Mr. J. WILLIAM STANTON of Ohio.

EXTENDING AUTHORITY OF EXPORT-IMPORT BANK ACT OF 1945

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate Joint Resolution (S.J. Res. 251) to extend the authority of the Export-Import Bank of 1945 for a 45-day period, to November 30, 1974.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, the gentleman from California (Mr. ROUSSELOT) expressed an interest in being here during consideration of this matter. I did not hear this matter announced by the majority leader, and I wonder whether we can withhold consideration of this conference report until the gentleman can be here, otherwise I will be constrained to object.

The **SPEAKER**. The Chair will state to the gentleman from Maryland that this is not a conference report.

Mr. **BAUMAN**. I understand that, Mr. Speaker, but the gentleman from California did make that request.

Mr. **ASHLEY**. Mr. Speaker, I withdraw my request for consideration of this matter at this time.

DEBT OBLIGATIONS AND USURY CEILING

Mr. **ST GERMAIN**. Mr. Speaker, I call up the conference report on the Senate bill (S. 3838) to authorize the regulation of interest rates payable on obligations issued by affiliates of certain depository institutions, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The **SPEAKER**. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 8, 1974.)

Mr. **ST GERMAIN** (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The **SPEAKER**. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. **ST GERMAIN**. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conferees agreed to the House position on the regulation of debt issues in all respects with the exception of technical amendments. The House-passed bill authorized the Federal Reserve Board, the Board of Directors of the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board to regulate debt obligations of a parent holding company or an affiliate of a member institution regardless of the use of the proceeds within the holding company. The Senate agreed to this, with amendments which are designed to clarify the intent of the legislation.

In addition, the Senate bill contained provisions relating to State usury laws. In essence, the Senate bill allowed national banks to charge interest on business or agricultural loans in the amount of $25,000 or more at a rate not in excess of 5 percent more than the Federal Reserve discount rate on 90-day commercial paper regardless of any State constitution or statute respecting usury.

This would apply to July 7, 1977, or the date of the State and parties' overriding of the State laws.

It also includes a provision to preserve the infallibility of contracts now in effect.

Mr. Speaker, the conferees were unanimous on this report, but for the chairman of the House Committee on Banking and Currency, who did not see fit to sign the report.

Mr. **WIDNALL**. Mr. Speaker, once again the House conferees have been quite successful in their work on a bank regulatory bill which will afford a better balance among our depository institutions.

As the House passed its companion bill to S. 3838, the extension of authority to the financial institutions regulatory agencies over obligations issued by bank holding companies and their affiliates was provided in order to respond to the highly competitive floating rate notes which were beginning to come on the market at that time. The Senate provisions on this title were quite similar in impact, although the technical drafting was accomplished in a somewhat different manner. I believe that the compromise reached encompasses the best aspects of each provision.

Of particular importance, the conference committee included the House exemption for banking holding companies which are in the process of divesting themselves of their subsidiary banks and the Senate exemption of commercial paper in large denominations which is ordinarily sold only to institutional investors.

This combined authority among the regulatory agencies will enable them to deal effectively with these debt issues and prevent any destructive competition with either banks or thrift institutions.

The House conferees also accepted a pair of Senate provisions dealing with State usury provisions, both of which have been passed several times in separate and combined legislation by the Senate. I am not ordinarily favorably inclined toward the preemption of State law. However, the situation in the first of these cases is such that the State laws involved could not practically be modified in time to loosen the strictures on business credit in States such as Tennessee, Montana, and Arkansas. The second of the pair of amendments on usury ceilings is intended to be of immediate benefit to consumer savers who care to invest in obligations issued by banks and affiliates in States such as California, where they could not legally receive the full amount of interest payable on these notes. Again the orderly operating of the credit market demands that this constraint be overcome, even though there is not enough flexibility in the State statute to provide this ability to the saver.

In both cases the preemption of State usury statutes will apply only to July 1, 1977, or the date on which the States involved enact similar enabling provisions.

On balance then the House conferees bring back to this body a package which includes not only substantial conformity with the House-passed bill but also two very beneficial amendments which we now have the opportunity to move along through the legislative process. I commend this conference report to the favorable consideration of my colleagues.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

FARM LABOR CONTRACTOR REGISTRATION ACT AMENDMENTS OF 1974

Mr. **FORD**. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 13342) to amend the Farm Labor Contractor Registration Act of 1963 by extending its coverage and effectuating its enforcement, with a Senate amendment thereto, and concur in the Senate amendment with an amendment.

The Clerk read the title of the bill.

The **SPEAKER**. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the House amendment to the Senate amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

That (a) this Act may be cited as the "Farm Labor Contractor Registration Act Amendments of 1974".

(b) Unless the context otherwise requires, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision the reference shall be considered to be made to a section or other provision of the Farm Labor Contractor Registration Act of 1963 (7 U.S.C. 2041).

Sec. 2. Section 3 of the Act is amended by striking out the word "interstate" each place where it appears therein. The first sentence of section 3(b) is amended to delete therefrom the phrase "ten or more" and the phrase "at any one time in any calendar year". The second sentence of section 3(b) is amended to read as follows: "Such term shall not include—

"(1) any nonprofit charitable organization, public or nonprofit private educational institution, or similar organization;

"(2) any farmer, processor, canner, ginner, packing shed operator, or nurseryman who personally engages in any such activity for the purpose of supplying migrant workers solely for his own operation;

"(3) any full-time or regular employee of any entity referred to in (1) or (2) above who engages in such activity solely for his employer on no more than an incidental basis;

"(4) any person who engages in any such activity for the purpose of obtaining migrant workers of any foreign nation for employment in the United States if the employment is subject to—

"(A) an agreement between the United States and such foreign nation; or

"(B) an arrangement with the government of any foreign nation under which written contracts for the employment of such workers are provided for and the enforcement thereof is provided for through the United States by an instrumentality of such foreign nation;

"(5) any full-time or regular employee of any person holding a certificate of registration under this Act; or

"(6) any common carrier or any full-time regular employee thereof engaged solely in the transportation of migrant workers."

Sec. 3. Section 3(d) of the Act is amended to read as follows:

"(d) The term 'agricultural employment' means employment in any service or activity included within the provisions of section 3(f) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(f)), or section 3121(g) of the Internal Revenue Code of 1954 (26 U.S.C. 3121(g)) and the handling, planting, drying, packaging, processing, freezing, or grading prior to delivery for storage of any agricultural or horticultural commodity in its unmanufactured state.".

Sec. 4. Section 4 of the Act is amended by adding at the end thereof the following new subsections:

"(c) No person shall engage the services of any farm labor contractor to supply farm laborers unless he first observes in the immediate possession of the farm labor contractor a certificate from the Secretary that is in full force and effect at the time he contracts with the farm labor contractor.

"(d) Upon determination by the Secretary that any person knowingly has engaged the services of any farm labor contractor who does not possess such certificate as required by subsection (c) of this section, the Secretary is authorized to deny such person the facilities and services authorized by the Act of June 6, 1933 (48 Stat. 113; 29 U.S.C. 49 et seq.), commonly referred to as the Wagner-Peyser Act, for a period of up to three years.".

Sec. 5. Section 5(a) is amended by—

(1) striking the word "and" after paragraph (2),

(2) striking the period at the end of paragraph (3) and inserting in lieu thereof a semicolon, and

(3) adding the following new paragraphs:

"(4) has filed, under such terms as the Secretary may prescribe, a statement identifying each vehicle to be used by the applicant for the transportation of migrant workers, and all real property to be used by the applicant for the housing of migrant workers, during the period for which registration is sought, along with proof that every such vehicle and all such housing currently conform to all applicable Federal and State safety and health standards to the extent that such vehicle and all such housing are under the applicant's ownership or control; and

"(5) has consented to designation of the Secretary as the agent available to accept service of summons in any action against such farm labor contractor at any and all times during which such farm labor contractor has departed from the jurisdiction in which such action is commenced or otherwise has become unavailable to accept service, under such terms and conditions as are set by the court in which such action has been commenced.".

Sec. 6. (a) Section 5(a)(2) is amended by striking the second sentence and inserting in lieu thereof the following: "In no event shall the amount of such insurance be less than the amounts currently applicable to vehicles used in the transportation of passengers in interstate commerce under the Interstate Commerce Act and regulations promulgated pursuant thereto, or amounts offering comparable protection to persons or property from damages arising out of the applicant's ownership of, operation of, or his causing to be operated any vehicle as provided herewith: *Provided*, That the Secretary shall have the discretion to issue regulations requiring insurance in the highest amounts feasible which are less than the amounts currently applicable to vehicles used in the transportation of passengers in interstate commerce under the Interstate Commerce Act and regulations promulgated pursuant thereto, if the Secretary, after due and careful consideration, determines that the insurance coverage in such amounts is not available to farm labor contractors in the same manner and in the same amounts as such coverage is available to other carriers used to transport passengers in interstate commerce;".

Sec. 7. Section 5(b) is amended by—

(1) striking "or" at the end of paragraph (9);

(2) striking the period at the end of paragraph 10 and inserting a semicolon in lieu thereof; and

(3) adding after pargaraph (10) the following new paragraphs:

"(11) is not in fact the real party in interest in any such application or certificate of registration and that the real party in interest is a person, firm, partnership, association, or corporation who previously had been denied a certificate of registration, has had a certificate of registration suspended or revoked, or who does not presently qualify for a certificate of registration; or

"(12) has used a vehicle for the transportation of migrant workers, or has used real property for the housing of migrant workers, while such vehicle or real property failed to conform to all applicable Federal and State safety and health standards, to the extent of any such vehicle or real property coming within the ownership or control of such farm labor contractor."

(4) adding at the end of paragraph (7) the following: "prostitution or peonage; where the date of the judgment of conviction of any crime as specified herein has been entered within a period of five years preceding the action of the Secretary under this subsection;"

(5) striking all after the words "of" in paragraph 6 and inserting in lieu thereof the following: "any person, who is an alien not lawfully admitted for permanent residence, or who has not been authorized by the Attorney General to accept employment;".

Sec. 8. Section 5 is amended by adding at the end thereof the following new subsection:

"(d) Persons issued a certificate of registration under this section shall provide to the Secretary a notice of each and every address change within 10 days after such change. The Secretary shall maintain a public central registry of all persons issued certificates of registration under this section. Persons issued a certificate of registration under this section shall provide to the Secretary documentation required under section 5(a)(5) of the Act applicable to any vehicle which the applicant obtains for use in the transportation of migrant workers and any real property which the applicant obtains or learns will be used for the housing of migrant workers during the period for which the certificate of registration is issued, within ten days after he obtains or learns of the intended use of such vehicle or real property, to the extent that such vehicle or such real property is under the ownership or control of such persons who have been issued certificates of registration.".

Sec. 9. Section 6(a) of the Act is amended by inserting immediately before the semicolon at the end thereof the following: "and shall be denied the facilities and services authorized by the Act of June 6, 1933 (29 U.S.C. 49), upon refusal or failure to exhibit the same;".

Sec. 10. Section 6(b) of the Act is amended by striking the word "and" before paragraph (5), and by striking the semicolon at the end of paragraph (5) and adding at the end thereof the following: "(6) the period of employment, (7) the existence of a strike or other concerted stoppage, slowdown, or interruption of operations by employees at a place of contracted employment, and (8) the existence of any arrangements with any owner, proprietor, or agent of any commercial or retail establishment in the area of employment under which he is to receive a commission or any other benefit resulting from any sales provided to such commercial or retail establishment from the migrant workers whom he recruits. The disclosure required under this subsection shall be in writing in a language in which the worker is fluent, and written in a manner understandable by such workers on such forms and under such terms and conditions as the Secretary shall prescribe."

Sec. 11. (a) Section 6 is amended by—

(1) striking "and" after paragraph (d),

(2) striking the period at the end of paragraph (e) and inserting in lieu thereof a semicolon, and

(3) adding at the end thereof the following new paragraphs:

"(f) refrain from recruiting, employing, or utilizing, with knowledge, the services of any person, who is an alien not lawfully admitted for permanent residence or who has not been authorized by the Attorney General to accept employment;

"(g) promptly pay or contribute when due to the individuals entitled thereto all moneys or other things of value entrusted to the farm labor contractor by any farm operator for such purposes; and

"(h) refrain from requiring any worker to purchase any goods solely from such farm labor contractor or any other person."

(b) Section 6(e) of the Act is amended by striking "interstate" each time it appears.

(c) Section 6(e) of the Act is further amended by striking the last sentence and substituting the following: "He shall additionally provide to the person to whom any migrant worker is furnished all information and records required to be kept by such contractor under this subsection, and all information required to be provided to any migrant worker under this subsection. The Secretary may prescribe appropriate forms for the recording of information required by this subsection;"

(d) Section 2(b) of the Act is amended by striking the word "interstate" the second time it appears.

Sec. 12. Section 7 is amended by adding at the end thereof the following: "The Secretary may issue subpenas requiring the attendance and testimony of witnesses or the production of any evidence in connection with such investigations. The Secretary may administer oaths and affirmations, examine witnesses, and receive evidence. For the purpose of any hearing or investigation provided for in this chapter, the provisions of sections 9 and 10 of the Federal Trade Commission Act of September 16, 1914 (15 U.S.C. 49, 50) (relating to the attendance of witnesses and the production of books, papers, and documents), are made applicable to the jurisdiction, powers, and duties of the Secretary. The Secretary shall conduct investigations in a manner which protects the confidentiality of any complainant or other party who provides information to the Secretary with respect to which the Secretary commences an investigation. The Secretary shall monitor and investigate activities of farm labor contractors in such manner as is necessary to enforce the provisions of this Act.".

Sec. 13. Section 9 of the Act is amended by inserting the subsection designation "(a)" at the beginning thereof; by striking out "or any regulation prescribed hereunder"; and by striking the period at the end thereof and adding the following: ", sentenced to a prison term not to exceed one year, or both, and, upon conviction for any subsequent violation of this Act, shall be punishable by a fine not to exceed $10,000 or sentenced to a prison term not to exceed three years, or both. The Secretary shall report on enforcement of the provisions of this Act in the annual report of the Secretary required pursuant to section 9 of the Act entitled "An Act to create a Department of Labor", approved March 4, 1913 (37 Stat. 738, 29 U.S.C.). The reporting hereunder shall include, but shall not be limited to, a description of efforts to monitor and investigate the activities of farm labor contractors, the number of persons to whom certificates of registration have been issued, the number of complaints of violations received by the Secretary and their disposition, and the number and nature of any sanctions imposed.

"(b)(1) Any person who commits a violation of any regulations promulgated under this Act, may be assessed a civil money penalty of not more than $1,000 for each violation. The penalty shall be assessed by the Secretary upon written notice, under the procedures set forth herein.

"(2) The person assessed shall be afforded an opportunity for agency hearing, upon request made within thirty days after issuance of the notice of assessment. In such hearing, all issues shall be determined on the record pursuant to section 554 of title 5, United States Code. The agency determination shall be made by final order subject to review only as provided in paragraph (3). If no hearing is requested as herein provided, the assessment shall constitute a final and unappealable order.

"(3) Any person against whom an order imposing a civil money penalty has been entered after an agency hearing under this section may obtain review by the United States district court for any district in which he is located or the United States District Court for the District of Columbia by filing a notice of appeal in such court within 30 days from the date of such order, and simultaneously sending a copy of such notice by registered or certified mail to the Secretary. The Secretary shall promptly certify and file in such court the record upon which the penalty was imposed. The findings of the Secretary shall be set aside if found to be unsupported by substantial evidence as provided by section 706(2)(E) of title 5, United States Code.

"(4) If any person fails to pay an assessment after it has become a final and unappealable order, or after the court has entered final judgment in favor of the agency, the Secretary shall refer the matter to the Attorney General, who shall recover the amount assessed by action in the appropriate United States district court. In such action the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(5) All penalties collected under the authority of this section shall be paid into the Treasury of the United States."

(d) Notwithstanding subsection (a) of this section, any farm labor contractor who commits a violation of subsection 6(f) of the Act or any regulations promulgated thereunder shall upon conviction be fined not to exceed $10,000 or sentenced to a prison term not to exceed three years, or both, if the person committing such violation has failed to obtain a certificate of registration pursuant to this Act or is one whose certificate has been suspended or revoked by the Secretary.

Sec. 14. (a) The Farm Labor Contractor Registration Act of 1963 is amended by redesignating sections 12, 13, and 14 thereof as sections 15, 16, and 17, respectively, and by inserting after section 11 the following:

"CIVIL RELIEF

"Sec. 12. (a) Any person claiming to be aggrieved by the violation of any provision of this Act or any regulation prescribed hereunder may file suit in any district court of the United States having jurisdiction of the parties without respect to the amount in controversy or without regard to citizenship of the parties and without regard to exhaustion of any alternative administrative remedies provided herein.

"(b) Upon application by the complainant and in such circumstances as the court may deem just, the court may appoint an attorney for such complainant and may authorize the commencement of the action. If the court finds that the respondent has intentionally violated any provision of this Act or any regulation prescribed hereunder, it may award damages up to the amount of $500 for each violation. Any civil action brought under this section shall be subject to appeal as provided in chapter 83 of title 28, United States Code.

"(c) If upon investigation the Secretary determines that the provisions of this Act have been violated, he may petition any appropriate district court of the United States for temporary or permanent injunctive relief.

"(d) Except as provided in section 518(a) of title 28 relating to litigation before the Supreme Court, the Solicitor of Labor may appear for and represent the Secretary in any civil litigation brought under this chapter but all such litigation shall be subject to the direction and control of the Attorney General.

"DISCRIMINATION PROHIBITED

"Sec. 13. (a) No person shall intimidate, threaten, restrain, coerce, blacklist, discharge, or in any manner discriminate against any farmworker because such worker has, with just cause, filed any complaint or instituted or caused to be instituted any proceeding under or related to this Act or has testified or is about to testify in any such proceedings or because of the exercise, with just cause, by such worker on behalf of himself or others of any right or protection afforded by this Act.

"(b) Any worker who believes, with just cause, that he has been discriminated against by any person in violation of this section may, within thirty days after such violation occurs, file a complaint with the Secretary alleging such discrimination. Upon receipt of such complaint, the Secretary shall cause such investigation to be made as he deems appropriate. If upon such investigation, the Secretary determines that the provisions of this section have been violated, he shall bring an action in any appropriate United States district court against such person. In any such action the United States district courts shall have jurisdiction, for cause shown, to restrain violation of paragraph (a) and order all appropriate relief including rehiring or reinstatement of the worker or damages up to and including $1,000 for each and every violation.

"Sec. 14. Any person who is furnished any migrant worker by a farm labor contractor shall maintain all payroll records required to be kept by such person under Federal law, and with respect to migrant workers paid by a farm labor contractor such person shall also obtain from the contractor and maintain records containing the information required to be provided to him by the contractor under section 6(e) of the Act."

Sec. 15. The Act is amended by addition at the end thereof of the following new sections:

"WAIVER OF RIGHTS

"Sec. 18. Any agreement by an employee purporting to waive or to modify his rights hereunder shall be void as contrary to public policy, except a waiver or modification of rights or obligations hereunder in favor of the Secretary shall be valid for purposes of enforcement of the provisions of the Act.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 19. There are authorized to be appropriated to carry out the purposes of this Act, such sums as may be necessary for the effective enforcement of this Act for the fiscal year ending June 30, 1975, and for each fiscal year thereafter."

Sec. 16. Section 17 of the Act (as redesignated by this Act) is amended by striking "of sections 4, 5, 6, and 8".

Sec. 17. (a) Section 19(d) of the Longshoremen and Harbor Worker's Compensation Act (33 U.S.C. 901) as amended, is further amended by adding after the words "under the Act" the following: "including any amendment or extension thereto,".

(b) Persons appointed by the Secretary of Labor after December 30, 1969, and before September 1, 1974, for the purposes of conducting hearings under title IV of the Act of December 30, 1969 (Public Law 91–173), shall for such purposes only, and not for the purposes of subsection (c) of this section and until they vacate their position, be deemed qualified hearing examiners within the meaning of section 19(d) of the Longshoremen and Harbor Worker's Compensation Act.

(c) All positions, within the Department of Labor, for hearing examiners qualified under section 3105 of title 5, United States Code, and appointed by the Secretary for the purposes of conducting hearings in accordance with section 554 of that title with respect to this Act and any law in effect on the date of enactment of this Act, shall be compensated at not less than the rate prescribed for GS–16 under section 5332 of title 5, United States Code. This subsection shall not require any individual who holds such a position at less than a grade GS–16 within the Department of Labor on the date of enactment of this Act and who does not qualify for a grade GS–16 under applicable law to be compensated at the rate prescribed under this subsection, nor shall it affect the eligibility of such persons to continue to exercise the duties of the position which they hold on the date of enactment of this Act, nor does it require such individuals who do not qualify for grade GS–16 to be removed or vacate the positions which they hold on the date of enactment. Notwithstanding any other law, the Secretary, in addition to positions within grades GS–16, GS–17, and GS–18 allotted or assigned to the Department of Labor in accordance with law, is authorized such additional positions within grade GS–16 as may be necessary to effectuate the purposes of this subsection and subsection (d) of this section. The Secretary may appoint to such positions only hearing examiners qualified under section 3105 of title 5, United States Code, and employed by the Department of Labor at grade GS–15 on the date of enactment of this Act, and who have been appointed for the purposes of conducting hearings in accordance with section 554 of title 5, United States Code, with respect to any law in effect on the date of enactment of this Act.

(d) Notwithstanding any other law, the members of the Benefits Review Board established under the Longshoremen and Harbor Worker's Compensation Act shall be placed in positions not less than grade GS–16.

Mr. Speaker, at this point I move the adoption of the bill H.R. 13342, the Farm Labor Contractor Registration Act Amendments of 1974.

Mr. LANDGREBE. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Indiana.

Mr. LANDGREBE. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, the amendments being offered to the Senate amendments to H.R. 13342 offer a compromise and bipartisan approach to this important legislation.

The original twin objectives of the House bill were to encourage registration of "crew leaders" and to strengthen the enforcement mechanism of the Farm Labor Contractor Registration Act. Certain provisions in the Senate amendments were very broad, would probably discourage registration, and possibly make the act more difficult to enforce. However, there were other provisions in the Senate amendment which would strengthen the enforcement procedures. The amendment Chairman Ford is offering today is a balance—it accepts those Senate provisions which strengthen enforcement and returns to the House provisions which encourage registration. Chairman Ford and I have worked hard, we have each taken, and we have each given, to reach what we feel is an acceptable compromise for all. I am especially grateful to him for his cooperation.

The main area of concern to me was the extensive coverage of farmers or processors under the Senate version. Since this is a "crew leader" bill, and not a bill covering farmers or growers, we felt it should appropriately remain a crew leader bill. The amendment offered covers growers and processors only to the extent that they must observe a crew leader's certificate of registration and maintain records provided by the crew leader. Also, this House amendment would not require a bond from crew leaders when they register.

The House amendment accepts the Senate amendment of increasing the insurance requirements. Although this may increase crew leaders' costs of operations, we must remember that crew leaders are transporting human beings—migrant workers—whose life and limb are essential to the harvesting of our food crops. The question was raised of whether insurance would be available. The House amendment allows the Secretary of Labor to waive the maximum insurance requirements if the insurance is not as equally accessible to crew leaders as it is to common carriers.

There has been some opposition to the provision requiring a crew leader to refrain from recruitment of illegal aliens. However, the present act allows the Secretary of Labor to refuse to issue or revoke a crew leader's license if he finds such contractor has recruited or employed the services of a person with knowledge that such person is violating the provisions of the immigration and nationality laws of the United States. The provision we are adopting also makes it an obligation of the contractor to refrain from recruiting or employing, with knowledge, the service of an alien not lawfully admitted or who has not been authorized by the Attorney General to accept employment.

Admittedly, this provision will be difficult to enforce; admittedly, this provision at the present does not apply to employers other than crew leaders. However, there is legislation passed by the House which would cover all employers equally, and our hearings made us aware that there are numerous "illegal aliens" working in the fields. Furthermore, I am informed that the Judiciary Committee has no objections to this provision. For these reasons, we are accepting the Senate version.

The amendment being considered also retains the House version regarding civil relief and nondiscrimination clauses. I am satisfied that we have effectively maintained the House position and, at the same time, amended the bill in a manner which will be acceptable to the other body. I urge my colleagues to support the amendment.

Mr. QUIE. Mr. Speaker, the amendment to H.R. 13342 which we are considering deserves the support of the House. The Representative from Michigan (Mr. FORD) and the Representative from Indiana (Mr. LANDGREBE) are to be commended for their ample, able, and bipartisan approach to this legislation.

The Senate version impliedly imposed upon growers and processors—all those with whom a labor contractor provided migrant workers—the obligation to enforce the act. In other words, the Senate version held them responsible for the crew leaders' abuses and failures. We did not believe that it was necessary to hold a farmer criminally liable for the acts and omissions of another. Since the legislation now imposes a mandate on the Secretary of Labor to investigate and monitor activities regulated by the Farm Labor Contractor Registration Act, the responsibility for enforcing the act is where it belongs—on the Secretary of Labor and not on the farmer.

However, we still require the farmer or processor to observe a certificate of registration of a crew leader when he deals with him and to keep the records the crew leader supplies him. Thus, the scheme of the act is maintained, responsibility is vested where it belongs, and a means to enforce and administer the act with obligations on both parties to the extent necessary is created.

The House amendment maintains the Senate provision which requires a crew leader to inform the Secretary of a change of address within 10 days of the change. It is obvious this requirement will assist in enforcement of the act. It is also obvious that this requirement will be difficult to administer and enforce. I think it is also obvious that this requirement does not mean that an intrastate crew leader must inform the Secretary each day or each week if he goes to a different farm to work, but maintains the same residence. The Secretary can issue regulations to carry out this provision and it seems clear that we will have the many problems and variety of operations in mind for appropriate regulations.

This amendment also maintains the House position of eliminating criminal penalties for violations of regulations prescribed under the act. However, we have adopted the Senate suggestions for an increase in penalties for second violations and a civil assessment penalty for violation of regulations. All penalties will apply only to those who violate the act or regulations, and there is no "residual responsibility" in a farmer for crew leader abuses, although the grower has his own responsibilities. This is as it should be.

One other provision should be called to the attention of the Members. The Senate added an amendment to the crew leader bill which would amend the Longshoremen and Harbor Workers' Compensation Act. The reason for this amendment grew out of a dispute over the interpretation of amendments to that act. Apparently, the Benefits Review Board, which reviewed decision of hearing examiners, were of the same grade, or lower, than the hearing examiners whose decision they reviewed. This is obviously inequitable, and the offered amendment rectifies that problem.

The SPEAKER. The question is on the amendment to the Senate amendment.

The amendment to the Senate amendment was agreed to.

The Senate amendment as amended was concurred in.

A motion to reconsider was laid on the table.

MERGING DISTRICT OF COLUMBIA PUBLIC POSTSECONDARY EDUCATION INTO SINGLE LAND-GRANT UNIVERSITY

Mr. DIGGS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 15643) to merge the existing institutions of public postsecondary education in the District into a single land-grant University of the District of Columbia, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 13, after "cation" insert: ", as well as liberal arts, sciences, teacher education, and graduate and postgraduate studies,".

Page 6, line 2, strike out "March" and insert "August".

Page 6, line 8, strike out "April" and insert "September".

Page 7, line 7, strike out "domiciled in and".

Page 7, line 10, strike out "two" and insert "four".

Page 7, lines 17 and 18, strike out "and shall serve as Secretary to the Trustees".

Page 8, line 11, strike out "three".

Page 9, line 12, strike out all after "programs" where it appears the second time down to and including "study" in line 17.

Page 11, line 15, after "counsel" insert ", except that in no case shall any such compensation be fixed in an amount in excess of that provided for the Mayor unless specifically authorized by legislative act of the Council".

Page 16, line 18, strike out "209" and insert "208".

Page 17, line 24, after "industrial," insert "labor,".

Page 18, line 4, strike out "bill" and insert "Act".

Page 18, line 4, after "moneys" insert ", including income derived from any such gift or endowment,".

Page 19, line 7, strike out "District of Columbia".

Page 19, line 13, strike out "January 2, 1975." and insert "July 1, 1975, unless the Council, after January 2, 1975, adopts legislation, in accordance with the District of Columbia Self-Government and Governmental Reorganization Act, repealing this Act prior to July 1, 1975. In any case in which the Council adopts any such legislation amending or otherwise modifying this Act (other than its repeal), the foregoing provisions of this Act as so amended or modified shall take effect on July 1, 1975, unless the Council provides, by such legislation, for an effective date other than that provided by this section, in which case this Act, as so amended or modified take effect on the date prescribed by such legislation of the Council."

Mr. DIGGS (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DIGGS. Mr. Speaker, the purpose of H.R. 15643 as passed by the House on July 29, 1974, by a vote of 351 to 11 is to authorize the establishment of a Board of Trustees as an independent agency of the District of Columbia government, and to authorize the Board of Trustees to consolidate the city's public post-secondary institutions into a single land-grant university.

AMENDMENTS OF THE SENATE

Section 407, as amended, changes the effective date of the act from January

1, 1975, to July 1, 1975, thus giving the elected Council from January 2, 1975, to July 1, 1975, to repeal, modify, or otherwise change the provisions of the act. Should the Council take no action prior to July 1, 1975, the act will take effect on that date.

Technical amendments to sections 201 (c) and (d) to conform the dates to the July 30, 1974, effective date are also included.

Section 102, the statement of purpose, is amended to indicate that it is the clear and specific intent of Congress that all educational programs of the university, including vocational and technological education, liberal arts, teacher education, graduate, and post-graduate programs be given a high priority.

Section 201(h) retains the 12-month residency requirement for members of the Board of Trustees, but eliminates the "domiciled in" requirement. This subsection is also amended to increase from two to four the number of nonresidents that may be appointed to the Board of Trustees.

Section 201(j) is amended to eliminate the requirement that the president of the university serve as Secretary to the Board of Trustees.

Section 204 is amended to eliminate any reference to a specific number of public post-secondary institutions to be consolidated.

Section 203(j) is amended to provide that the Board of Trustees shall not fix the salary of the president of the university or provosts of the college in an amount to exceed the salary of the Mayor unless such higher salary or salaries are specifically authorized by legislation enacted by the Council.

Section 205(2) is amended to eliminate the congressional determination that programs of vocational and technical education of the Washington Technical Institute are sound and valid, and vests authority in the Board of Trustees to make determinations as to which programs of existing institutions are sound and valid.

Section 402 is amended to include representatives of labor in the listing of organizations to be represented on Advisory Committee appointed by the Board of Trustees.

Sections 209, 403 and 406 contain technical perfecting amendments.

Mr. NELSEN. Mr. Speaker, will the gentleman yield?

Mr. DIGGS. I yield to the gentleman from Minnesota.

Mr. NELSEN. I thank the gentleman for yielding.

Mr. Speaker, I wish to point out that we are in complete agreement on this bill. For some time there has been a bit of time clamoring for a little bit more cooperation in the educational facilities of the District of Columbia. I noted the reference made to the situation by the gentleman from Iowa (Mr. SCHERLE) that this would possibly create a greater and more efficient operation of the school system. I like the provision put in there to Section 407 which gives the newly-elected City Council a chance to review what is in this bill before going into action. It gives them a chance to review it, and if they have a difference of opinion, they have an opportunity for so expressing it.

So I join with my good friend, the gentleman from Michigan, in support of this bill. I believe it is a good measure.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DIGGS. Mr. Speaker, I ask unanimous consent that all Members be permitted to revise and extend their remarks on the bill H.R. 15643.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AUTHORIZING CLERK TO RECEIVE MESSAGES FROM THE SENATE AND THE SPEAKER TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS NOTWITHSTANDING ADJOURNMENT

Mr. FULTON. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House until Tuesday, October 15, 1974, the Clerk be authorized to receive messages from the Senate, and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

HIGH INTEREST RATES ARE INFLATIONARY

(Mr. GONZALEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GONZALEZ. Mr. Speaker, I take this opportunity to address the House in view of the almost no discussion with respect to the conference report on S. 3838 which just a few minutes ago was approved with very little fanfare. It is most distressing.

One interesting thing we ought to note is that the chairman of the Banking and Currency Committee, who headed the House conferees, did not sign this conference report. I think each Member out to find out why. I think he had a very, very good reason, in fact one that should have allowed us not only to object to this measure but also to raise questions that I believe the Congress has neglected to do for years. By virtue of adopting this conference report we are unilaterally mandating from the Federal level the removal of usury laws that several States still have to protect their small businessmen. Our conference report will remove these unilaterally from the Federal level.

In effect we will continue what the Congress has been doing for some years now, turning its back on the average American citizen and defending the usurious practices and the usurious lenders and the bad sin of usury. The day of accountability is fast coming upon us. High interest rates are the most inflationary of all forces known to man but Congress refuses to address itself to this situation.

BUDGET TARGET OF $300 BILLION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. MARTIN) is recognized for 60 minutes.

Mr. MARTIN of North Carolina. Mr. Speaker, I will not take the entire 60 minutes. My purpose here is to continue on the discussion we had in the colloquy earlier in the afternoon in connection with the concurrent resolution which set a target figure of $300 billion for budget outlays for fiscal year 1975. There was a lot of information developed in that colloquy, although we were unsuccessful in an attempt to arrange to get the vote on a lower figure of $297 billion.

The issue at that point was the question of whether or not the Congress would face up to a vote on that one level of budget outlays, $297 billion, which would be equal to revenues for this fiscal year, which would, thereby, balance the Federal budget without the necessity of a surtax. Although we were unsuccessful on this, it has led me as a consequence to introduce a joint resolution which I am presenting today which will set a statutory limit of $297 billion and for other purposes.

I am aware, of course, and very futilely conscious there will be no opportunity in the remaining days of this session of Congress to obtain a vote on this resolution, but I think it is a way to serve notice on the Members of the Congress of a device which Senator FANNIN of the other body and I have been working on which will, in effect, provide that in the future at any such time that budget outlays are proposed to exceed the expected revenues, that there will be a triggering mechanism, and automatic device, that would require the imposition of the necesary tax authority to pay for that additional expenditure.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of North Carolina. Yes. I yield to the gentleman from California.

Mr. ROUSSELOT. I want to compliment my colleague from California for his efforts today and his regular efforts since he has been here in the Congress to make sure that the Congress acts more responsibly on this whole issue of controlling inflation and especially from our own standpoint by controlling our own expenditure process.

The gentleman has been extremely active in this effort. He has worked aggressively and soundly to encourage other Members in their understanding of what this deficit spending does in the marketplace to create problems with housing. When we engage in such large deficit spending, it is because of the inability of Congress to stay within our revenue.

I want to compliment our colleague and I join him in trying to set this ceiling and stick to it.

As a matter of fact, I believe we can even do better than $297 billion. My belief is that we could think of a $10 billion decrease over last year's expenditures, which would be more than reasonable; but I join the gentleman in his effort to set a stronger ceiling so that we do not have to have a surtax charge, as has been suggested by the President.

The spiraling rate of inflation over the past several quarters has been declared by many to be the chief concern of Americans today on the domestic front. President Ford has declared it to be "Public Enemy No. 1." Everyone would like to see the rate reduced by a substantial amount. It can be done, Mr. Speaker, but only if we in the Congress realize that we bear the major responsibility for the runaway inflation we are now experiencing. The primary cause for our current ills is excessive Government spending.

Mr. Speaker, we have got to stop handing out money as if there were no tomorrow. Surprising as it may be to some of us, deficit spending is not and cannot be a way of life. All of us of course would like to see the many worthy programs that are brought to our attention funded fully and appropriately. It is always difficult to allocate limited resources. Yet we must, if we are to conduct ourselves responsibly. We simply cannot continue to spend more than we have.

The cumulative effect of our huge Federal deficits and the resultant borrowing which deficit spending requires has reduced drastically the amount of funds remaining for private enterprise to borrow for housing and for capital expansion, with a corresponding shrinkage in job opportunity. It is not difficult to understand what damage we here are doing to our country's economic fiber through this practice.

The joint resolution which is being offered today is designed to encourage us to approach our spending in a responsible manner. In short, if we limit Federal spending to the proposed ceiling of $297 billion, there will be no surtax placed upon our citizens. This would result in the twofold advantage of a balanced Federal budget and the retention in the market of moneys which would otherwise have been collected by a surtax. This of course would leave more capital available for the expansion of private enterprise together with job opportunities. It would be the first step, and a major one, on the road to sounder fiscal policy.

Should our spending exceed the proposed ceiling, the excess is to be financed by a surtax. This of course would take badly needed capital out of the market and would substitute inefficient spending by the Federal Government for efficient spending by individuals. Which of these two results occurs will be determined by the degree of responsibility and control we here can exercise over our freely expanding spending habits.

The consequences of our action can have a significant impact on our spiraling inflation problem. Mr. Speaker, the outcome is up to us. We thank our colleague.

Mr. MARTIN of North Carolina. I thank the gentleman for those remarks and also for the personal reference.

Mr. BRECKINRIDGE. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of North Carolina. I yield to the gentleman from Kentucky.

Mr. BRECKINRIDGE. Mr. Speaker, I would like to join and associate myself with the remarks of the gentleman from North Carolina. I appreciate his efforts in the course of the business earlier this afternoon, that on the two occasions when the matter of a motion on the previous question was made, I joined with the gentleman in an attempt to make it possible for him to be able to amend the resolution before this House, in order that we might vote on his proposal to fix a ceiling of $297 billion and also in order that the gentleman from Georgia (Mr. LANDRUM) might be able to offer an amendment establishing as a target $295 billion.

I thank the gentleman and commend him for his efforts and say that I will support him in the future.

Mr. MARTIN of North Carolina. The gentleman's assistance was greatly appreciated.

Mr. LOTT. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of North Carolina. I yield to the gentleman from Mississippi.

Mr. LOTT. Mr. Speaker, I too want to express my appreciation to the gentleman from North Carolina for his actions and suggestions for this body. I suppose when we go back to our constituents, we are going to get the message loud and clear as to where we have to begin to reduce inflation, which is to reduce Federal spending, and the policies we are making here are what we stand for.

I hope the people get that message. I join with the gentleman and will make every effort to accomplish this purpose.

(Mr. LOTT asked and was given permission to revise and extend his remarks.)

Mr. MARTIN of North Carolina. Mr. Speaker, I appreciate the support of the gentleman from Mississippi all through this session.

Mr. Speaker, I ask unanimous consent that the text of this resolution be incorporated in the body of my remarks at this point.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The text of the joint resolution follows:

> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,*
>
> (a) That expenditures and net lending during the fiscal year ending June 30, 1975 under the Budget of the United States Government shall not exceed $297,000,000,000;
>
> (b) in making reductions in expenditures and net lending during the fiscal year ending June 30, 1975, to the figure referred to in the section (a) of this Resolution, the expenditures and net lending of any major department and agency shall not be less than 80 percent of the sum requested for such department or agency in the Budget for the fiscal year;
>
> (c) notwithstanding the provision of section (b) of this Resolution the expenditures and net lending for the Department of Defense shall not be less than 90 percent of the sum requested for the Department in the Budget for the fiscal year;
>
> (d) if such expenditures and net lending during the fiscal year ending June 30, 1975, exceeds the amount provided in section (a), a surtax rate of 5 percent shall be applied with respect to the income tax of taxpayers for taxable year 1975.

DRUG ABUSE AND THE ELDERLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ROBISON) is recognized for 10 minutes.

Mr. ROBISON of New York. Mr. Speaker, the Federal Government—in conjunction with State and local authorities—has, for the past 2 years, been waging an all-out war on drug abuse. In fiscal year 1975, more than $745 million will be spent on a wide variety of national and local programs in law enforcement, education, treatment, and rehabilitation in the drug abuse field. While the Government can claim a number of significant victories in this battle—particularly with respect to heroin addiction—the Federal strategy has overlooked a major area of drug abuse: That which concerns the Nation's elderly population.

If we look back on the Federal drug control efforts, much attention has been focused on the need to deal with abuse by soldiers, students, athletes, and others. The theory has been to help drug abusers help themselves, and to educate nonabusers to the dangers of both illicit drugs and various over-the-counter and prescription medication. However, little has been done to assist older Americans with their particular drug problems. Unlike soldiers or students, the elderly are least able to help themselves and are most dependent upon others for guidance and assistance.

The logical question here is: Is there a real drug abuse problem within the elderly population? To answer this query, one only has to examine both the particular characteristics of older persons and the nature of drug consumption in the United States.

The elderly have less tolerance for most drugs than other age groups in our population—the young and the middle aged. To quote from an article by Dr. Roland D. Wynne and Frank Heller, in the National Council on Aging, March–April 1973 publication entitled "Drug Overuse Among the Elderly: A Growing Problem":

> They are less capable of metabolizing most drugs, more susceptible to direct, side and interaction effects and may require smaller dosages. Because of common pathological processes, they are likely to be receiving a variety of drugs that can produce complex and little-understood antagonistic or potentiating interactions.

To further complicate the drug abuse problem among the elderly is the fact that many of them have insufficient diets—resulting in a weakened and unresponsive physical condition. The combination of poor nutrition and increased consumption of both over-the-counter and prescription drugs has been shown to be extremely harmful to all age groups.

The amount of both legal and illegal drugs consumed in this country has increased markedly during the past two decades. The consumption rate for older Americans has grown more rapidly than those of other age categories. It should be noted that those over 65 account for less than one-tenth of the American population while they receive, at the same time, more than one-quarter of all prescription drugs.

Modern society has developed a pattern of drug use for a wide variety of serious illnesses and mild ailments—both psychological and physiological. As the Nation's elderly population continues to grow, unintentional and unrecognized drug abuse could become a more persistent and pervasive problem. The young and middle-aged drug users of today could be the victims of drug overuse in the future.

Little, if anything, has been done to deal with this problem, as it now exists, or to halt this trend for the benefit of elderly citizens in the years to come. The reasons for elderly drug abuse are many. They include the voluntary overdose of drugs, abuses arising out of poor understanding and even ignorance of the hazards, and careless over-prescribing by physicians and hospitals. In addition, the scant knowledge we have about the effects of drug overuse by older persons is very poor and mostly speculative.

In an effort to correct this oversight in the Federal drug strategy, I am today introducing the Elderly Americans Drug Abuse Prevention Act of 1974. This bill would require the Secretary of Health, Education, and Welfare to work with the Commissioner of the Administration on Aging and the Director of the National Institute on Drug Abuse to conduct a study on this problem and to provide the necessary service to assist our older citizens in learning and dealing with drug abuse.

It is a simple—and inexpensive—beginning; but it is a beginning that ought now be made for the sake of the future well-being of our growing population of "senior" citizens, to which segment of our population the rest of us, and the Nation, owe so much.

Mr. Speaker, I shall soon be leaving Congress so I know that action on this initiative will probably not take place until after my departure. But I am hopeful that this more or less final initiative on my part will spur others to eventual interest and response.

COPYRIGHT REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, for the review of my colleagues, I ask that the following article, "A Law for Creativity," be inserted in the CONGRESSIONAL RECORD. I think it points out all too well the need for copyright reform legislation:

[From the New York Times, Oct. 7, 1974]

A LAW FOR CREATIVITY

The first major revision of the United States copyright law since 1909 has finally been approved by the Senate. The measure would help to bring creativity into line with technology. It would go a long way toward insuring the survival of individual composers, dramatists and authors, and raise the standard of protection to that already existing in most nations of the Western world. In a large sense, it would encourage freedom for self-created works—a freedom sadly lacking in countries that look over the shoulders of writers, artists and performers.

The complex bill would provide copyright ownership for the life of the work's creator plus fifty years. Under the old law the duration is twenty-eight years and a right of renewal for another twenty-eight years. This has been particularly hard on authors and composers who, in declining creative years, have seen their works pirated.

The new technologies are taken into account in the bill. A national commission would be created to study and make recommendations on the use of copyrighted works that are reproduced or stored by various processes. Cable television systems would be subject to a graduated schedule of royalty payments—needed recognition that books, plays and other printed material are not "produced" by electrical circuitry but by people. A copyright tribunal would adjust royalty rates and distribute fees.

The immediate problem is for the House to enact another two-year extension bill before the current session ends, safeguarding many renewal copyrights under the existing law. Then the House must take up the Senate's revision bill. An arduous fight looms against crippling amendments by various interests to make uncompensated use of creative material. But Senator John L. McClellan's Subcommittee on Copyrights has produced a fair bill that deserves approval. It would help to make creators one less endangered species in the economy.

REMARKS OF REPRESENTATIVE WIDNALL ON THE EQUAL CREDIT OPPORTUNITY ACT AMENDMENTS OF 1974: TO PROHIBIT DISCRIMINATION ON THE BASIS OF AGE IN THE GRANTING OF CREDIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. WIDNALL) is recognized for 10 minutes.

Mr. WIDNALL. Mr. Speaker, this week the conference report on H.R. 11221, the Depository Institutions Act of 1974, passed both Houses and was forwarded to the President for signature. Included in this bill is a title to provide equal opportunity in securing credit. This provision prohibits discrimination in the granting of credit on the basis of sex or marital status. It is very similar to a bill which was reported out by the Consumer Affairs Subcommittee of the Committee on Banking and Currency. As was discussed at length on the House floor, the full committee became engaged in procedural problems while treating the question of age as an additional criterion.

I wish to commend the efforts of my colleague, ANGELO RONCALLO of New York, a member of the Consumer Affairs Subcommittee, for his attempt to clear the air by offering a substitute provision similar to the one which he joins me in introducing today. I believe that the number of additional cosponsors representing a broad spectrum of the membership of the House, attests to the fact that it is well recognized that a prohibition against discrimination in the granting of credit on the basis of arbitrary age limits is as necessary as the prohibition with regard to sex and marital status.

Certainly, it is apparent from the lengthy hearing record on credit discrimination, that practices have been carried out, particularly against our older citizens, which deny them credit merely on the basis of a capricious decision on a particular age representing the end of a person's creditworthiness. Attaining the age of 65 does not represent, as some credit grantors have claimed, the end of someone's ability to make rational credit decisions or, certainly, the end of his ability to repay his debts. The specific provision which we introduce differs from the general prohibition only to the extent necessary to allow for decisions actually related to creditworthiness.

Specifically, I refer to the protection being limited to applicants who have the capacity to contract. It would indeed be an anomalous result if a 10-year child who had been denied the luxury of buying candy on credit were to claim that he had been discriminated against merely on the basis of his age, based on a law which was simply drafted too broadly. In this respect, the application of ths law only to those people who can be held accountable for their contractual obligations is the only reasonable requirement to levy.

It was also a considered decision to couch this particular prohibition in terms of the use of an arbitrary age limit. This is in order to permit the use of statistically valid tests and actuarially sound criteria in the granting of credit. Again, an example to illustrate an unintended result might be that of an 85-year old man who might claim discrimination because of being turned down on his application for a 30-year mortgage. Likewise, the specific exclusion to permit an inquiry of age is included so that decisionmaking in the credit-granting process may be based upon knowledge, not ignorance, and in fairness to the credit grantor.

I feel that we have made the correct decision in giving the responsibility of promulgating regulations on equal credit opportunity to the Board of Governors of the Federal Reserve System. These may, of course, be flexible enough to take into consideration such classifications and differentiations as may be necessary. Under the terms of the sex and marital status bill, these regulations would be in effect 1 year from the date of enactment.

In order that our citizens be protected against discrimination on the basis of age in as prompt a fashion as possible, I urge immediate consideration and passage of this additional provision so that it may become an integral part of the Equal Credit Opportunity Act.

U.S. ENRICHMENT CORPORATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. HOSMER) is recognized for 15 minutes.

Mr. HOSMER. Mr. Speaker, I am today introducing a bill to amend the Atomic

Energy Act of 1954 to establish the United States Enrichment Corporation, USEC, to transfer the Atomic Energy Commission's uranium enrichment functions, facilities and uranium stocks to USEC and authorize and direct USEC to manage this program on a business-like self-financing basis, free of the restraints and delays of the budgetary-authorization-appropriation cycle. Mr. RONCALIO of Wyoming is cosponsoring the legislation with me.

The basic purposes of the legislation are avoidance of a nuclear fuel gap or contracting gap, assistance to private enterprise to provide new required enrichment capacity, and recovery of an appropriate share of the foreign enrichment business for the United States.

This Nation cannot afford the catastrophe of a nuclear fuel gap, but I am concerned that if legislation such as this bill is not enacted soon, that is exactly what we will be faced with in the early 1980's.

The only capability in the United States today to produce enriched uranium, the fuel for nuclear power reactors, is the three Atomic Energy Commission gaseous diffusion plants. Even when these plants have been fully improved, uprated, and powered, they will only be able to produce sufficient enriched uranium fuel to meet the rapidly increasing demand until about 1982. When this cross-over date is reached, a block of new enrichment capacity amounting to about one-third of the present capacity of the AEC plants will be needed during the time of around 24 months and, each year thereafter for some 20 years, about 6 million new units of separative work, or enriching, capacity will have to be added.

This will mean an annual investment of some $2 billion in new plants. These plants require a lead-time of 6 to 8 years to design and build. In order for private industry to be able to take the responsibility for this vast new capital investment off the shoulders of the Government, substantial and effective back-up assistance from the Government will be needed.

AEC does not now have the legal authority to provide this assistance in an effective way, nor will ERDA have such authority. Neither does AEC or ERDA have authority to keep enrichment revenues separate from other funds. As a result, hundreds of millions of dollars collected from enrichment customers as advance payments are actually being used to finance other AEC programs.

The only effective way to save this program from ultimate disaster in the form of shortfalls of nuclear fuel or power reactors is legislation to place the enrichment program under separate management with sufficient authority to operate the program in a self-supporting and effective manner.

This legislation would not authorize USEC to construct new enrichment capacity, other than pilot plants, without a statutory amendment. USEC would be entirely self-supporting, on its own revenues and limited borrowing authority if necessary, and it would be required to pay a minimum of $2 billion with interest into the Treasury, which would more than repay the total appropriation investment in the facilities and materials transferred to it by AEC.

It would have effective authority to assist private enterprise to build future needed enrichment plants. USEC would be under surveillance and oversight of JCAE to the same extent as AEC, and could not sell its facilities without referral to JCAE.

Chairman PRICE, Congressman HOLIFIELD and other members of the Joint Committee on Atomic Energy have indicated their concern with this problem, and Chairman PRICE has stated that he will hold hearings on this bill shortly after the Congress returns in November.

A NEW PROBLEM: LEGAL MARIHUANA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. HOGAN) is recognized for 10 minutes.

Mr. HOGAN. Mr. Speaker, it may come as a surprise to most Members of this body that there is such a thing as legal marihuana. But this is a fact, and it is causing serious problems for law enforcement agencies.

The current laws prohibit possession, sale, or use of only one species of marihuana—cannabis sativa—and they do so in a most specific way.

Taking advantage of this legal technicality, the drug trade is switching to growing and selling cannabis indica, a species of marihuana that was identified and described in published works in Europe nearly 200 years ago.

Although drug peddlers are now referring to Cannabis indica as "legal grass," it is at least four times as strong, and costs approximately three times as much "on the street," as the single species that was outlawed when the U.S. laws on marihuana were written in the 1930's. Since there had been only one species of marihuana "naturalized" in the United States, the code makers adopted the so-called monotypic concept of this drug when the language of the statutes was drafted.

One of my constituents, Prof. James L. Reveal of the University of Maryland, has already been called as a witness in several court cases as a result of this anomaly in the drug laws.

He recommends a speedy change in the United States Code to include all species of cannabis in the prohibitions on the possession, sale, or use of this harmful drug.

The following letter to me from Professor Reveal will give Members much of the background related to this problem:

Hon. LAWRENCE J. HOGAN,
Representative from Maryland,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HOGAN: One of man's oldest domesticated plants is *Cannabis*, variously called hemp, marijuana or cannabis. Cannabis has long been regarded as a multipurpose economic plant, being a source of fiber, a medicine, an oil and an edible fruit. It is also known for its hallucinogenic properties, and it is in this latter regard that *Cannabis* has become best known to the general public under a variety of local, common names—marijuana or marihuana, grass, pot, etc.

In the scientific community, cannabis is generally referred to by its generic name, *Cannabis*. For our purposes, *Cannabis* had its formal baptism in 1753 when the Swedish naturalist Carl Linnaeus published the scientific name *Cannabis sativa* in his Species Plantarum. We know that Linnaeus actually saw living plants of *Cannabis sativa*, and probably collected the specimens that still exist in his collection in England himself. This species, the hemp plant, was grown throughout much of Europe for its fiber, having come to Europe at least 1,500 years before Christ from Asia. By 1753, hemp had been established even in the Americas, for the Pilgrims of New England had brought this crop to North America in 1632.

In 1783, the French biologist Jean Baptiste Lamarck published an account of a second species of *Cannabis* which he called *C. indica* in the first volume of his Encyclopoedia. Lamarck contrasted *C. indica* from *C. sativa*, noting the several morphological differences between the two species as well as the use of the former as an intoxicant. Apparently, the hallucinogenic aspects of *Cannabis* were either largely unknown to Europeans, or the plants of *C. sativa* which were being grown only for fiber, oil and seeds—were not particularly rich in the chemical compounds responsible for the hallucinogenic effects. Lamarck called attention to these differences, and wrote that the stems of *C. indica* were unsuitable for fiber as it had "a thin cortex rendering it incapable of providing fiber" (as translated from the original French), but he did note that *C. indica* was used by man for its intoxicating properties instead.

Since 1783, other species of *Cannabis* have been added to the genus. In 1812, Stokes proposed *C. macrosperma*, but this has proved to be identical to *C. sativa*. The name *C. generalis* was proposed by Krause in a 1905 German flora, but this too is a synonym of Linnaeus' name. A possibly good species was described from Indochina in 1917 by Crévost, which he named *C. gigantea*. Due to a paucity of material and critical observations, I and others have not been able to determine if this is a valid species or merely a synonym of *C. sativa*. From the U.S.S.R., *C. ruderalis* was described by Janischewsky in 1924, and this entity is regarded as a good species.

As there has only been (until recently) one species naturalized in the United States, *Cannabis sativa*, the opinion has been expressed that the genus *Cannabis* is monotypic, i.e., the genus consists of but a single species. In the 1930's, when the laws regarding marijuana prohibition were enacted, the monotypic concept was largely accepted in the United States, although the committee hearings used several different species names and several publications—unfortunately mostly in Russian—held that the genus was polytypic, i.e., that the genus consists of more than one species. In the late 1960's when the current Federal laws were established, the polytypic concept was well known for in 1964, FLORA EUROPAEA, a book on the plants of Europe which had to deal with the monotypic versus polytypic question, recognized the two species that occur in Europe, *C. sativa* and *C. ruderalis*.

The significance of this monotypic versus polytypic concept of the genus has moved from the realms of academic debate and study to the courtroom. Our current laws prohibit the use of only one species, *Cannabis sativa*, and do so in a most specific manner. As a result of recent publicity from court trials, lawyers have used the argument that the government must prove that the marijuana in question is *C. sativa* as called for in the statute. Concomitant with the developments in court is the fact that the growers of marijuana have stopped growing *C. sativa* for the drug trade, and have started to grow *C. indica* almost exclusively.

The man on the street is now aware of the differences. It is possible that some growers wrap their marijuana in specially coded packages distinguishing between crops of *Cannabis sativa* and *C. indica*. The street price for *C. indica* is nearly three times higher than that for *C. sativa* currently in the Washington, D.C., area because one species is legal and the other is not.

It should be noted that all species of *Cannabis* produce tetrahydrocannabinol (THC), the chemical compound that causes the euphoric effect of marijuana. However, well-documented studies have shown that the amount of THC is much greater in *C. indica* than that found in most populations of *C. sativa*. As a result, the introduction of *C. indica* onto the streets of the United States could be significant.

As our current laws are very restrictive in defining the term "marijuana" I feel it is necessary to alter the definition to include all species of the genus *Cannabis*. I feel that this is urgently needed legislation as street jargon has apparently christened *C. indica* with the name "legal grass." Long-term debate can only delay those persons charged with the duty of protecting the citizens of this country from the illegal use of a controlled substance.

Finally, let me say that the debate amongst my colleagues as to whether or not *Cannabis* is monotypic or polytypic is a discussion we all relish. More work has been done on this genus in the past few years than anyone could have foreseen, due to the problem of species definition. However, this debate should be amongst the taxonomists of the world via their usual channels of publication and not in the courtrooms of America. Quick action on your part will solve the legal problems of *Cannabis*, for I can guarantee that the discussion of one or more species of this genus will continue for years to come.

Thus, let the laws of the United States fall into line with those of most nations of the world which prohibit the use of *Cannabis*—any element of that genus—and not merely one species. I hereby submit to you the suggestion that the definition of marijuana in the Controlled Substance Act be reworded as follows:

Title 21, Section 802 (15) "The term "marihuana" means all parts of any plant of the genus *Cannabis*, whether growing or not, . . ."

This rewording would make it impossible for anyone to claim that a particular kind of marijuana is implied, and more importantly, all the chemist will have to do is prove that the material in question is *Cannabis* (and therefore marijuana) which they can now do with existing tests. Currently, there is no chemical test that will distinguish the various species of the genus.

Sincerely yours,

James L. Reveal,
Associate Professor of Botany.

BILL TO EXTEND UNTIL DECEMBER 1, 1975, THE DEADLINE FOR SUBMISSION BY THE PRESIDENT OF STUDY ON TAXES ON ELDERLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. Quie) is recognized for 5 minutes.

Mr. QUIE. Mr. Speaker, section 205(g) of the Older Americans Act of 1965 directs the Federal Council on the Aging to undertake a study of the interrelationships of Federal, State, and local benefit programs for the elderly. The President is directed to submit recommendations for bringing about greater uniformity of eligibility standards and eliminating the negative impact one program's standards may have on another by November 3, 1974. Section 205(h) of that act directs the Council to study the combined impact of Federal, State, and local taxes on the elderly. The President is directed to submit the results of the study to the Congress and the States by November 3, 1974, with such recommendations as he deems necessary.

It has now become apparent that the Council cannot complete these two studies until the latter part of 1975. Accordingly, I am introducing a bill—cosponsored by my colleague John Brademas who is chairman of the Select Subcommittee on Education which was responsible for the Older Americans Act—to extend until December 1, 1975, the deadline for submission by the President of the results of the tax study and his recommendations based on the two studies.

I understand that progress has been made in initiating these two very important studies. It is clear, however, that the Council will need the time that this bill allows in order to complete them. I urge, therefore, that the bill receive speedy and favorable consideration.

DENIAL OF HUMAN LIBERTIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Wolff) is recognized for 5 minutes.

Mr. WOLFF. Mr. Speaker, I would like to call to my colleagues attention one more instance of the denial of human liberties.

Boris Levitas, a 20-year-old Soviet Jew, applied for emigration with his family. While his family was granted permission and emigrated to Israel, Boris' visa was denied as he lived in a city other than the family home. After his family's arrival in Israel, Boris was told by his superiors at the institute where he was a student that he must make public anti-Israel statements. He refused and again applied for emigration. Despite the fact that he was an outstanding student, Boris was then told that he had failed an examination and was dismissed from the institute, making him liable for military conscription. He was also told that his application for emigration had again been refused, because while at the institute he had attended classes on basic military training which included instructions on the use of a rifle and other information on military regulations. This is despite the fact that the manual used in these courses is available for purchase by any Soviet citizen or tourist from any bookstore. Shortly thereafter, he was advised he was to be drafted for 2 years of military service.

Thus, Boris Levitas, who only sought permission to emigrate, has been confronted with the alternative of 2 years of military service or, if he should refuse to serve, 3 years in a labor camp. While I firmly believe in détente, I would like to remind my colleagues that our partner in détente in this case has not shown concern for the rights of its own citizens.

A rich tradition of America is a concern for the oppressed everywhere in the world. I urge my colleagues to do their utmost to press the Soviets to respect the rights of their own people.

LOAN SHARKS WIN IN TEXAS

The SPEAKER. Under a previous order of the House, the gentleman from Texas (Mr. Gonzalez) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, even though the hour is late, I feel it incumbent upon myself to speak out for two reasons: One, making sure as a member of the House Committee on Banking and Currency, that I am on record, as I have been since I came to the House 13 years and some 10 months ago, a question of the most disturbing series of events that I have noted both in the actions of the Congress generally and the committees specifically, and the general sell-out of the public interest over the course of this span of time.

It is particularly distressing to me, because before coming to the Congress, I had the honor of serving 5 years in the Texas State Senate; there waging in every one of those 5 years a successful fight against the usurious, the money hungry, the gougers, the loan sharks that predator-like have been preying, particularly, on the lower-income levels of the wage earners in the State of Texas.

When I came up to the Congress, I was surprised to notice by the identity of the stripes here in the Nation's Capital that this thing I call loan sharks were here and were very active in trying to federalize or nationalize the loan shark business which, as I say, has been a constant worry in my State.

Then, 1 year after I left the State Senate and 1 year after I assumed my position as a U.S. Representative, I had two things happen which began to distress and demoralize. One, back home the loan sharks won the day, and they were able to get legislation as well as eventually the removal through the constitutional process on the State level of the usury limitation laws that had prevailed in Texas since the adoption of the 1875 constitution.

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. GONZALEZ. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Speaker, I have just come into the Chamber and heard the gentleman from Texas speaking. I think I agree with him. As far as the usury laws in Texas are concerned, have they been changed recently?

Mr. GONZALEZ. Yes, they have, but earlier in the day, and one of the reasons I decided to take my 15 minutes, is that I had a 1-minute opportunity to point out that we had just, without any questioning whatsoever, approved a conference report which accepted amendments which were imposed by the Senate and never discussed in the House.

We never discussed them in the House, never had debate. They were imposed in the conference by the Senate and we adopted them willy-nilly and blithely here on the floor this afternoon, which in my mind is an abrogation of either a statutory or constitutional provision setting limitations on usurious charges in several of the States that still have their constitutional and statutory limitations.

Mr. ICHORD. The State of Missouri still has an 8-percent usury law, and one of the complaints and one of the arguments used for repealing usurious laws in Missouri is that the money is going out of Missouri into other States which have larger loan limitations. Texas is also used as one of the examples.

What is the usury law in Texas? How much do you permit money to be loaned for in Texas?

Mr. GONZALEZ. It all depends. In the State of Texas, as I say, some 12 years ago the loan shark forces won the day. They have legitimatized what even the Scriptures say has been considered immoral, if not illegal; and legitimized it. It depends on whether one is a small, small borrower. If one is a small, small borrower, under certain circumstances he can legally, according to the law in Texas, be charged as much as 326 percent.

Mr. ICHORD. Mr. Speaker, I want to commend the gentleman from Texas for the statement that he is now making. I agree with him 100 percent, and I would like to point out that a number of weeks ago a study came over my desk, a statistical study, that was prepared and made by a professor at Temple University. Of course, I realize one can do anything with statistics.

Mr. GONZALEZ. Right.

Mr. ICHORD. But in this report I have the gut feeling that the statistical study is correct.

The gist of the story, the conclusion, was this: In 1949 1 percent of the people in this country owned 21 percent of the personal aggregate wealth of the Nation. Today, 25 years later, the study concluded that that some 1 percent owns 40 percent of the wealth of this Nation.

I agree with the gentleman from Texas that if the high interest policy of this administration, of this Federal Government, continues, in another 10 years that 1 percent will own at least 60 percent of the personal aggregate wealth of this Nation. I agree with the gentleman from Texas that usury laws were not invented by the United States of America.

Mr. GONZALEZ. The gentleman is right.

Mr. ICHORD. They were on the law books 500 years before the birth of Christ.

If we continue with this high-interest policy, the results will be chaotic.

I have never believed, from the days I first studied economics in college and in high school, that money should be permitted to fluctuate according to the law of supply and demand. I am a strong believer in the free enterprise system, but I do not believe that interest rates should be permitted to rise above a ruinous rate.

For example, in a period of inflation, if we have 100 percent inflation, which we almost have today, if one wants to purchase an item, say, for $1,000 at the old rate we used to have prevailing in Missouri for many years anyway, at 6 percent, one would pay $60 on that $1,000 for a year. With 100 percent inflation a person would have to borrow $2,000 and would pay $120 interest, but when we permit the interest rate to go as high as 12 percent and higher, instead of paying the $120 interest he would have to pay $240. Such a policy will destroy the middle class, the people who work and pay the taxes and keep this Government going. There definitely should be a redistribution of wealth in this country.

Mr. GONZALEZ. I thank the gentleman.

Mr. ICHORD. I would say to the gentleman that I am having drafted what I am calling the national usury law, which would set the rate of interest in this country at 8 percent.

I realize very well, as I am sure the gentleman from Texas does, that if we establish a maximum rate of interest of 8 percent, we are going to have to have controls or embargoes on investments going abroad, to keep the money from going abroad, where the interest rate is higher.

We both, I think, recognize that. I would also point out, however, that when the Government of the United States back in the 1940's was borrowing money for 2 percent, the interest rate was still, in a lot of the South American countries and in other undeveloped countries 12 or 15 percent.

Mr. GONZALEZ. That is right.

Mr. ICHORD. Therefore, there is no reason why we cannot establish as a national policy at least an 8 percent usury rate.

Mr. GONZALEZ. There is no question about that.

Mr. Speaker, I sincerely thank the distinguished gentleman from Missouri, and I am very grateful for his awareness and knowledge and grasp of what I consider to be a serious problem, if not a critical problem.

In fact, when the gentleman mentioned 12 percent, we have reached the point where we have had 12 percent prime interest rates—prime interest—this is for the topnotch multimillion or billion-dollar corporations. By the time that rate is translated to the little man, it is much more than 12 percent.

I would also take advantage of this opportunity to caution my colleague to read this conference report on the so-called debt obligation and usury ceiling, a conference report that, in effect, vitiates and repeals the Missouri constitutional and statutory obligations.

It says so specifically, and it does it in beautiful language. Always when the people are about to get robbed, the gentleman knows as well as I that the most beautiful language is used to, in effect, emasculate the real intentions of the law.

It says:

> In order to prevent discrimination against State-chartered, insured banks with respect to interest rates, if the applicable rate prescribed in this subsection exceeds the rate such State bank would be permitted to charge in the absence of this subsection, notwithstanding any State constitution or statute with respect to business and agriculture, et cetera—

In other words, this will continue whatever limitations there are in the statutory and constitutional provisions of the State of Missouri which are now prescribed in the case of businessmen and farmers.

This is in accordance with what has been happening on a national level for several years. The people literally have been sold out, and the most distressing thing of all is that the Congress has been a party to it. It has been an integral party. It could not have happened any differently except through a license authorized by the Congress.

In fact, at this point, the delusion is reflected in this language which in effect says that it is an effort to protect the very people it is going to "gyp," and that this is the reason why the law is being sought. This is the argument that has been used in the case of the local and State financial institutions who are told:

> Unless you do something, the funds will not come to the State, they will flow out of your State into the high-interest-yielding areas, and you had better do something.

On the international level this is exactly what has happened to us with the so-called Eurodollar markets. The big corporations, when we had the crunch in 1966, found their line of credit curtailed in the New York banks, and they were relieved when the New York banks borrowed in the Eurodollar market and got gypped by the international speculators, as we have been fleeced now since before 1966.

We are now teetering and tottering, and instead of our leaders facing and confronting the bad situation realistically, they continue to indulge in fantasy and believe that slogans and buttons on the lapel are going to shoo away this demon or this robber. On the other hand, they have sanctioned through the laws that this Congress has approved these practices, and they as administrators have winked at the institutional practices that have complemented this highway robbery of the American public.

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. GONZALEZ. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Speaker, at that point I can well understand, I think, the concerns of the conferees. They are concerned about money, for example, in a State like Missouri where we have an 8-percent usury law going to other States.

Let me ask the gentleman: What alternative at this time do we have? The dean of the delegation of the gentleman from Texas (Mr. PATMAN) has advised me that the President of the United States does have the authority at this time to roll back the interest rates in this Nation.

What alternative does the gentleman suggest?

Mr. GONZALEZ. Mr. Speaker, in answer to the gentleman, as I said a while ago in my 1-minute presentation, the gentleman from Texas (Mr. PATMAN), the chairman of the committee, refused to sign this conference report. He did not affix his signature to this conference report, and I am sure if the gentleman will ask him, he will tell the gentleman exactly why. His reason is that he could not stomach the unilateral imposition on the States by the Federal Government of usurious rates.

With respect to the power of the President or the Government to roll back such fundamental things as, say, the prime interest rate, I am afraid that there the power is limited. I do not know that we will deal with this unless we change our system of society and Government; I do not know that we as a Government can find the answer.

Mr. ICHORD. The Congress certainly has the power to legislate in such an area, does it not?

Mr. GONZALEZ. We can legislate in certain areas, but in such areas as the prime interest rate or the prime interest setting function of the private banking institutions, there is some doubt, unless we do what the Congress would not do in 1865 or thereabouts, and that is to set up some national usury laws with respect to the national-chartered institutions and our national banking system. This was a big debate more than 100 years ago.

THE ROCKEFELLER NOMINATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. Mezvinsky) is recognized for 30 minutes.

Mr. MEZVINSKY. Mr. Speaker, before we recess, I would like to address myself to one of the major issues which we will face when we reconvene after the elections: that is the Rockefeller nomination.

We are all aware that there has been pressure on Congress to rush through the confirmation process and approve President Ford's choice for Vice President. Some have charged that we are "playing politics" or "holding Rockefeller hostage" because a vote on confirmation has not already been taken.

This disturbs me because I think it indicates a sadly inadequate understanding of the responsibilities of Congress under the 25th amendment. To hear some people talk, the role of Congress in filling a vacancy in the Vice Presidency is somewhat akin to that of a national convention's part in filling the second slot on the ticket—once the Presidential nominee makes his choice known, the delegates almost automatically proclaim their concurrence.

But our responsibility is much more grave. The Constitution that makes us surrogate electors for all the people demands that we must make a thorough investigation of political and financial questions which must be raised.

To conduct such an investigation—as the House is now doing—in no way indicates that we have prejudged the evidence. Rather, I fear that those who urge us to rush through this confirmation process have prejudged the facts by contending that they need not be reviewed.

The revelations of the last few weeks have made it clear that we have to ask tough questions if we are to fulfill our responsibilities to the American people.

Serious questions have arisen about some of the gifts and loans which Mr. Rockefeller has made to public officials and it is becoming more and more clear that we must examine not only Nelson Rockefeller's finances and gifts but those of his family as well in order to take a full measure of Rockefeller political and economic influence. The vast network of financial holdings which resides in the Rockefeller family must be analyzed to determine the full extent of their influence and resolve the questions concerning potential conflicts of interest.

Mr. Speaker, the urgency of filling the vacancy in the Vice Presidency cannot supersede the importance of a thorough investigation of the quesitons which have arisen. I am confident that the time this Congress spends fulfilling its obligation as surrogates of the people will be well invested.

LOW TUITION AT THE UNIVERSITY OF WISCONSIN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. O'Hara) is recognized for 5 minutes.

Mr. O'HARA. Mr. Speaker, usually Members take this floor to praise citizens, institutions, and agencies in their own States, and I have had ample opportunity to do that. The University of Michigan, Michigan State University, and the splendid network of State universities, and colleges and community colleges in Michigan can well serve as an example to the Nation.

But today, I am going to sing the praises of a university in a neighboring State—the University of Wisconsin.

In a period when colleges throughout the Nation are faced with the fact of increasing costs and dropping enrollments, and with a theory that suggests that students should bear a greater share of those costs, a great many people have urged the public colleges and universities to raise their tuitions, and expressed hope that student aid could be increased to improve access to the colleges which raise their prices. The fallacy of this approach has been apparent to most of our educators who have tried valiantly to resist the upward trend of educational price setting.

But the University of Wisconsin has done more than resist. Last year, the university experimented with reducing tuitions at two of its centers outside the main campus at Madison. At the Fond du Lac and Rice Lake Centers, tuitions were reduced, and enrollment went up. The university under the courageous and innovative leadership of its president, John C. Weaver, was faced with a stand-off as between the facts and the fashionable theory. They chose to look at the facts and, contrary to the theoretical arguments, they have now moved to reduce tuitions generally. The goal, I have been advised, is immediate stabilization of resident undergraduate fees, and de-escalation of instructional fees beginning in 1976–77 to one-half of their current level. It is not appropriate, of course, for me to suggest what the legislature of the great State of Wisconsin should do, but I can legitimately express the hope that the legislature of the State of Michigan would make it possible for our great universities to reduce tuitions, and I can express more than the hope—I can express the intention of the chairman of the Special Subcommittee on Education that this Congress will, in considering student aid, do whatever it can to encourage Wisconsin and other States to do the same.

Mr. Speaker, I want to extend my congratulations to President John C. Weaver, and to the members of the Wisconsin Board of Regents for taking what I consider to be an historic step toward preserving the century-old American tradition of the low-tuition public college and university as the most effective form of student assistance yet devised.

TRADE REFORM ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. Culver) is recognized for 5 minutes.

Mr. CULVER. Mr. Speaker, with only limited time left in this session of Congress, I want to underscore the importance of final action on the House-passed Trade Reform Act before this 93d Congress ends.

With the world economy in critical condition, it is imperative that cooperative efforts toward resolving mutual problems involving monetary systems, environmental and energy issues, mutual security and trade be conducted concurrently and at the highest levels of Government. We must have a trade bill which gives our President the authority and the credibility to do what is needed in that area, and to avoid the misunderstandings and unilateral disruptions which threaten us if major multilateral negotiations are not soon set in motion.

Trade negotiations are urgently needed not only to assure access to our foreign markets and supplies, but also to establish orderly codes of trading conduct in such critical areas as export controls, export subsidies, and many other non-tariff barrier areas where GATT rules are nonexistent, inadequate or ineffective. These areas are of vital interest to our farmers and our agricultural trading interests, representing a major potential for offsetting balance-of-payments deficits of recent years. The Nation is well-served by our vigorous agricultural export program, and the welfare of American farmers is dependent on maintenance of strong and reliable foreign markets.

For the good of our farmers and for the broad interests of our Nation, I hope that no effort will be spared when Congress reassembles in November to complete action on the Trade Reform Act of 1973. Both Houses have labored long and hard on this legislation. To allow this legislation to falter just short of its objective would jeopardize our opportunity to lead in the construction of an improved world trade, monetary, and political order which is strong and resilient enough to deal with the current massive threats not only to our mutual economic well-being but, in some countries, to their very system of government.

I. F. STONE ON PARDONS AND TESTIMONY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. Abzug) is recognized for 10 minutes.

Ms. ABZUG. Mr. Speaker, on Wednesday of this week, a column by the noted commentator and writer, I. F. Stone, appeared on the Op-Ed page of the New York Times.

As usual, Mr. Stone, raises trenchant and perceptive questions about the nature of the pardon and its constitutional basis. Mr. Stone notes that the pardon power is specifically prohibited in cases of impeachment. He asks:

> Did not Mr. Ford's pardon of Richard M. Nixon in advance of full investigation violate the spirit and purpose, if not the letter, of this ancient constitutional exception to the pardoning power?

I commend Mr. Stone's article to the attention of all my colleagues and especially to the attention of the members of the Judiciary Committee:

On Pardons and Testimony

(By I. F. Stone)

Washington.—Before they question President Ford, House Judiciary Committee members ought to look at an obscure clause in Article II, Section 2, of the Constitution. It says that the President may pardon "except in cases of impeachment."

That exception goes back to 17th century England. In two cases that read like a preview of Watergate, the Crown was subjected to Parliamentary control. The impeachment of the Duke of Buckingham under Charles I established the principle that, though the King could do no wrong, miscreant ministers could not avoid impeachment by pleading that they were merely carrying out his orders.

There still remained a loophole, and a second case closed it. The Earl of Danby tried to block his own impeachment with a pardon granted in advance by Charles II. The Commons refused to honor the pardon. It ruled that to permit "a pardon to be a bar to an impeachment" would defeat its purpose and thereby "the chief institution for the preservation of the Government would be destroyed." The King could pardon after, but not before, an impeachment had been completed.

Our Federal Constitution, and most state constitutions, go further and do not permit a pardon even after an impeachment. Did not Mr. Ford's pardon of Richard M. Nixon in advance of full investigation violate the spirit and purpose, if not the letter, of this ancient constitutional exception to the pardoning power?

Congress sought the full truth about Watergate by two modes of procedures, by impeachment and by a special prosecutor. President Nixon promised he would "not exercise his constitutional powers" to interfere with the special prosecutor. The pardon frustrated the mandate insofar as full investigation of President Nixon's own part was concerned. Indeed had Mr. Ford not been stopped by public outcry he was ready with a general Watergate pardon. Its effect would have been to get rid of the special prosectuor's office altogether.

In a speech Mr. Ford made in 1963, he said that President Kennedy's assertion of executive privileges to hide the full truth about the Bay of Pigs was "akin to the divine right of kings."

The Kings of England long ago lost any divine right of pardon. The royal pardon is no longer the result of a royal soliloquy with the royal conscience. Pardon in practice is granted by the Home Secretary with aid from the Court of Criminal Appeals.

A similar safeguard was adopted here. The encyclopedic "American Jurisprudence" says that while the pardoning power of the President "is less restricted than that of an English King, it has been seldom abused **because ordinarily applications are** required to be presented through or referred to the Department of Justice."

In the Department of Justice, there is an office of the pardon attorney. Federal regulations with the force of law spell out the procedures he must follow in investigating "all applications to the President for a pardon." Why was this safeguard short-circuited by Mr. Ford in granting the Nixon pardon?

Mr. Ford as a lawyer must have had this safeguard in mind when questioned by chairman Howard W. Cannon of the Senate Rules Committee at his confirmation hearing last November. If he succeeded to the Presidency, Mr. Cannon asked, would he use the pardoning power "to prevent or to terminate any investigation or criminal prosecution," of Mr. Nixon? After replying that the public wouldn't stand for it, Mr. Ford added that, "the Attorney General, in my opinion, would be the controlling factor.

The Attorney General has said that he was consulted neither on the pardon nor on the tapes agreement accompanying that which gave Mr. Nixon custody of the tapes and the right eventually to destroy them. Why did Mr. Ford avoid the regular channels? Was he afraid the Attorney General might object to the pardon and the tapes agreement, perhaps as fresh steps in a continuing cover-up?

Abuse of the pardoning power is an impeachable offense. At least one state governor, John C. Walton of Oklahoma in 1923, has been removed by impeachment for pardon abuses. Pardons may be challenged in the courts.

Blackstone said pardons tainted by fraud are avoidable. Pardons granted by prior agreement under circumstances contrary to public policy may be revoked by the courts, according to "American Jurisprudence." A pardon may also be a link in a conspiracy to obstruct justice. All these matters cry out for full airing by the House Judiciary Committee.

DISPOSAL OF BERYL ORE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Flood) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, the bill that I am introducing today would provide for the disposal of the remaining inventory of approximately 18,000 short tons of beryl in our national stockpile.

Beryl, 1 of some 30 minerals containing the metal beryllium, was for many years essential to the survival of our Nation's beryllium industry; until recently, there were only two commercially practicable processes for extracting beryllium from its ore, and both were geared to the chemistry and richness of beryl. Beryl ore runs about 11 percent in beryllium oxide content. Intensifying the strategic importance of the mineral to domestic beryllium production was the industry's dependence upon imports from Brazil, Africa, and India; beryl mining in the United States has never brought forth sufficient ore to satisfy normal levels of consumption.

Beryllium, an extremely light metal, made its first successful bid for a place in the market in the 1930's when metallurgists began to use it as an addition to copper-base alloys. Such materials containing 2 percent or less beryllium proved to have, in addition to other desirable properties, much higher strength than conventional brasses and bronzes. Today beryllium copper alloys are in great demand for switches, relays, spring contacts, and connectors in electrical and electronic assemblies. Alloys of aluminum and beryllium improve the processes of the primary aluminum plants and the large light-metal foundries. Beryllium nickel, an alloy characterized by high strength and hardness, corrosion resistance, and the ability to serve at elevated temperatures, is now, after an extended period of development, gaining in commercial stature.

In World War II when airplane engines and aircraft instruments required substantial quantities of beryllium copper, and in the Korean war when a greater array of military demands accounted for even more consumption of the same alloy, those who were concerned with assuring adequate supplies of strategic resources became acutely aware of the vulnerability of the country's beryllium position. In the 1950's, there were even reports of plans to reserve all beryllium production for the defense establishment. In actuality, no one went so far as to prevent civilian use of beryllium alloys, but it made sense in times of war or threatened war to build up reserves of beryl, a much-needed raw material available in adequate volume from remote foreign sources only.

Experience proved that beryl, though by necessity an import, was not in short supply. As new demands for other beryllium products—chiefly pure beryllium for atomic uses, inertial guidance systems, and aerospace vehicles—were added to the healthy appetite of the growing alloy business, the foreign beryl suppliers found no difficulty in increasing the flow of material. Nor was there any significant upsurge of price with the growing demand. As each new large area of application for beryllium was opened, concern over the availability of sufficient ore was expressed. Yet the feared shortages never came to pass.

Nevertheless, an active beryl stockpiling program continued to receive the support of Government and industry as long as domestic beryl production lagged and no process was available for the commercial conversion of any of the Nation's substantial reserves of beryllium minerals other than beryl. The United States has yet to become a beryl ore producer of real consequence, but since 1969 deposits in Utah of bertrandite, another beryllium-containing mineral, have been successfully converted on a large scale.

Now that Utah bertrandite constitutes a substantial share of the domestic beryllium industry's ore consumption, all-but-total reliance on raw material sources abroad is a thing of the past. Expansion of bertrandite mining and extraction sufficient to eliminate any need for beryl seems entirely feasible but not an immediate prospect. One of the domestic producers, having closed down its own beryl extraction plants, continues to use imported ore which it sends to others for processing on a toll-conversion basis.

Disposal of the remaining stockpile inventory of beryl will no longer expose domestic beryllium production to the peril of complete stoppage. Assuming the worst case, namely, that bertrandite mining and extraction could not be expanded rapidly enough to meet national needs, it is difficult to imagine a set of circumstances that would cut the United States off from all beryl imports. To do so would require simultaneous interruptions of shipments from such widely separated areas as South America, Africa, India, and Australia.

In the light of domestic fiscal and international economic considerations, the beryl in the stockpile should be converted into cash immediately. Now is the ideal time to apply the money equivalent of this idle national asset most effectively toward a balanced budget and a favorable balance of payments.

It would be a mistake to adopt a policy of leave-it-in-the-stockpile-and-forget-it based on the theory that the ore will always be in demand. The industry has already moved in the direction of bertrandite and could conceivably shift away from beryl entirely. In that event, the market value of the stockpile inventory could be expected to plummet, and the ore might very well, for lack of beryl conversion facilities, fail in its original purpose as a stockpiled commodity.

Mr. Speaker, I urge early consideration and passage of this bill.

TRONA ORE DEPLETION—A NEW LOOPHOLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

Mr. REUSS. Mr. Speaker, we have before us the conference report on H.R. 7780—a bill to extend the temporary suspension of duty on certain silks. A totally unrelated Senate amendment would allow chemical companies mining trona ore to apply the current 14-percent depletion allowance not to the value of the ore as mined, but to the considerably higher value of the ore after its conversion into soda ash.

Mr. Speaker, the amendment is clearly nongermane. It amends the Internal Revenue Code, while H.R. 7780 did not touch the code. In the past, it has been the chair's position that tax amendments are germane only to tax bills, and that only if the amendment relates to the same section of the code as the bill itself. This is obviously not the case with the amendment and conference report before us now.

Mr. Speaker, with so many new billion dollar tax loopholes being proposed lately—the Ways and Means "tax reform" bill, President Ford's bonanzas for business propounded this week—perhaps I am being capricious in objection to a loophole which will lose only $2 million a year—rising to as much as $4 million a year in future years. Senator HANSEN was responsible for getting the amendment added to the silk bill, and understandably: the four principal trona mining corporations in the country are in the State of Wyoming. I hate to single out the four companies for criticism when every industry in the country lined up hat in hand at the recent inflation minisummits and summit.

But the principle involved in this trona bill is vitally important. The depletion allowance—justified or unjustified—is designed to compensate for declining mineral reserves. The value of the mineral on which the depletion allowance is based is, and must be, the value in its crude state—that is, after mining, but before manufacturing or other processing. The oil depletion allowance, for instance, is calculated on the basis of the price of oil at the wellhead, not on its much higher value after refining into gasoline.

Why should we treat trona any differently. If we legislate this precedent for trona—a small step—we will find the sulfur, uranium, gravel, brick, shale, gold, silver, iron, and all the other mineral industries demanding equal treatment. The cost could be devastating—throwing our already strained Federal budget into a deficit swollen by billions of dollars. At a time when the national interest dictates that we move away from the depletion allowance, it ill behooves us to open up the depletion loophole still further.

The Treasury Department, to its credit, vehemently opposed this amendment. I quote from a recent Treasury letter on the subject of trona depletion:

> The importance of this issue to the entire matter of percentage depletion for hard minerals persuades me to put our views in writing for you. . . . The clear line between mining and manufacturing must be preserved. Any exceptions for specific minerals will undermine the integrity of the statutory concept and our regulations.

The Treasury Department makes the additional point that:

> Allowing trona miners to calculate depletion on the basis of the price of soda ash manufactured from it is unfair to other producers of soda ash who manufacture their product through the use of admittedly nonmining processes, and consequently will not receive a similar tax benefit. Thus, incorporation of this provision in the statute will give trona producers a competitive advantage over those companies which, at the present time, produce over half of the soda ash sold in the country. Such a competitive advantage is not appropriate.

Mr. Speaker, we can hardly do better than to follow the Treasury's lead on this matter, and I urge my colleagues to vote to reject that part of the conference report dealing with the Senate amendment on trona depletion.

NATIONAL CONDOMINIUM AND TENANTS RIGHTS ACT

(Mr. ROSENTHAL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROSENTHAL. Mr. Speaker, along with 26 of our House colleagues, I recently introduced the National Condominium and Tenants Rights Act. This legislation establishes mandatory Federal standards for the protection of condominium purchasers and for tenants displaced by condominium conversions. And it prohibits discrimination in condominium mortgage loans based on age, sex, or marital status. The legislation covers condominium construction, sales and conversions financed by any lending institution which is insured or aided in any way by the Federal Government. It would be administered by a newly created Assistant Secretary of Housing and Urban Development for Condominiums.

Mr. Speaker, problems associated with condominium sales and conversions are among the most pressing consumer problems in the Nation. It is almost impossible to pick up a daily newspaper without reading a dramatic account of how condominium purchasers have been deceived or defrauded; or, in the case of conversions from rental usage to condominium ownership, of how individuals—many of them elderly or poor—have been dispossessed and unable to find suitable replacement housing.

Thousands of individuals across the country have purchased condominium apartments without being given access to essential information about the project and believing—incorrectly—that they owned key recreational and maintenance facilities. But, it is in the area of conversions and the dislocation of renters where the greatest and most personally tragic abuses take place. The psychological stress caused by a forced move is enormous and the financial burden is staggering. The American Movers Conference reports that the cost of a typical intracity move is in excess of $300. Coupled with the lost value of carpeting, draperies, and other improvements in the leased unit and the need to replace many of these same items in a substitute dwelling, a forced relocation can wipe out the savings of most low and many moderate income families.

Mr. Speaker, we are now in the early stages of a condominium and cooperative boom. The Department of Housing and Urban Development predicts that within 20 years, half the U.S. population will be living in condominiums. According to the National Association of Home Builders and the U.S. Census Bureau, more new condominium units will be built in 1973 and 1974—461,000—than were built in the entire 20-year period from 1950 to 1970—415,000. But notwithstanding the serious loss of decent rental housing and the human toll caused by the avalanche of condo building and conversion, fewer than seven States have meaningful laws protecting purchasers and no more than two or three States have laws protecting those displaced by conversions.

That is why the Federal Government, which has a public policy responsibility to assure adequate decent rental housing and to protect consumers in the housing marketplace against fraud and sharp practices, must take speedy remedial action. Earlier this year, when the House approved the Housing and Urban Development Act, I successfully offered an amendment that mandates a 1-year study by the Secretary of HUD into problems associated with condominium and cooperative building and conversions. The results of that study will, I feel sure, add impetus to the drive for Federal legislation in this area and I urge support for the National Condominium and Tenants Rights Act.

Mr. Speaker, I am including at this point in the RECORD, a summary of the act and the bill in its entirety:

SUMMARY OF "NATIONAL CONDOMINIUM AND TENANTS RIGHTS ACT"

ADMINISTRATION OF ACT

By newly created Assistant Secretary for Condominium Housing in HUD.

REQUIREMENTS FOR CONDOMINIUM SALE

No condominium housing loan shall be made to any condominium developer unless HUD has approved a writttten property report and that report has been submitted to the prospective purchaser 21 days prior to purchase, containing:

1. The name, address, ownership position and extent of holdings of each person having a financial interest in the project, each professional firm involved in the construction, conversion, rehabilitation, sale, or financing.
2. A complete legal description of the condominium project.
3. A statement of the extent of a purchaser's legal ownership of a unit, the common areas, recreational facilities, etc.
4. A listing of facilities whose use is subject to separate fees or other conditions imposed by developer.
5. A statement of the total operating and maintenance costs of the entire project and the purchaser's unit for the preceding two years.
6. An independent engineering report showing condition of building.
7. Appropriate warranty protections.
8. Such other information as the Secretary may require.

TENANT PROTECTION FOR CONDOMINIUM CONVERSIONS

No condominium housing loan shall be made unless and until existing tenants have been granted first priority to purchase a unit, 50% of the tenants have agreed to purchase a unit prior to the conversion, and tenants are given a minimum of 120 days from notification to decide whether to purchase a unit and an additional 150 days to remain as renters.

DISCRIMINATION IN MORTGAGE LOANS PROHIBITED

No creditor shall discriminate against any person desiring to purchase condominium units on the basis of age, sex, marital status, religion, race or national origin.

PENALTIES

Any developer or creditor violating these provisions shall be fined not more than $15,000 for each violation, and any director, officer, or employee who willfully violates the provisions shall be fined not more than $5,000 or imprisoned not more than 6 months, or both, for each violation.

GRANTS TO STATE AND LOCAL GOVERNMENTS

The Secretary is authorized to make grants to State and local governments and agencies for the purpose of encouraging equal or superior State and local condominium standards.

AUTHORIZATION

There are authorized to be appropriated such sums as may be necessary to enable the Secretary to carry out this Act.

SPONSORS

Bella S. Abzug (D-NY).
Joseph P. Addabbo (D-NY).
Herman Badillo (D-NY).
John A. Blatnik (D-Minn).
Jonathan B. Bingham (D-NY).
Herbert Burke (R-Fla).
John Conyers, Jr. (D-Mich).
Dominick V. Daniels (D-NJ).
Ronald V. Dellums (D-Calif).
Ella T. Grasso (D-Conn).
Michael Harrington (D-Mass).
Augustus F. Hawkins (D-Calif).
Ken Hechler (D-W.Va).
Henry Helstoski (D-NJ).
Elizabeth Holtzman (D-NY).
Edward I. Koch (D-NY).
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Parren J. Mitchell (D-Md).
Joe Moakley (D-Mass).
Robert N. C. Nix (D-Pa).
Thomas M. Rees (D-Calif).
Peter W. Rodino, Jr. (D-NJ).
Benjamin S. Rosenthal (D-NY).
Patricia Schroeder (D-Colo).
Antonio Borja Won Pat (D-Guam).
Andrew Young (D-Ga).

H.R. —

A bill to protect purchasers and prospective purchasers of condominium housing units and residents of multifamily rental structures being converted to condominium units, by providing for the establishment of national minimum standards for condominium sales and conversions (to be administered by an Assistant Secretary for Condominium Housing, Department of Housing and Urban Development); and to insure that financial institutions engaged in the extension of credit to prospective purchasers of condominium units make credit available without discrimination on the basis of age, sex, marital status, race, religion, or national origin

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "National Condominium and Tenants Rights Act".

STATEMENT OF FINDINGS

SEC. 2. (a) The Congress finds that the absence of adequate decent housing throughout the nation is due in increasing measure to the conversion of multifamily rental units to condominium ownership; that those displaced by such conversions frequently experience great financial, social, and psychological hardships; and that because condominium projects are a relatively new phenomenon in the housing marketplace, certain consumer abuses have occurred throughout the nation which require the attention of the Federal Government. The Congress further finds that various financial institutions engaged in the extension of credit to prospective purchasers of condominium units have failed to make credit available with impartiality and without discrimination on the basis of age, sex, race, or marital status.

(b) It is therefore the purpose of this Act to establish minimum national standards governing the sale and ownership of condominium units, the conversion of multifamily rental units to condominium use, and the extension of credit to prospective purchasers of condominium units financed by any institution or creditor whose deposits are insured under the Federal Deposit Insurance Act, any savings and loan association whose deposits, shares, or withdrawable accounts are insured under the Federal Home Loan Bank Act, and any credit union whose member accounts are insured or are required to be insured under title II of the Federal Credit Union Act, as amended.

REQUIREMENTS FOR CONDOMINIUM SALES

SEC. 3. (a) No condominium housing loan shall be made by any creditor—

(1) to any developer of a project unless the developer has first submitted to the creditor in a written property statement containing the information specified in this section and the Secretary has approved this statement as being accurate and complete; or

(2) to any prospective purchaser unless the developer of the project has submitted to the prospective purchaser, 21 days prior to the execution of any document which legally obligates the purchaser to buy a condominium unit, a written property statement containing the information specified in this section and the Secretary has approved this statement as being accurate and complete.

(b) The property statement required by subsection (a) of this section shall contain the following information in a form easily understandable to prospective purchasers:

(1) The name, address, ownership position (if any), and extent of financial interest of each developer or other person having a financial interest (including liens) in the condominium project.

(2) The name and address of each professional or professional firm involved in the construction, conversion, rehabilitation, sale, or financing of the condominium project, including, but not limited to, architects, attorneys, contractors, engineers, accountants, sales and management agents, construction mortgagors, and institutions offering long-term financing to prospective purchasers.

(3) A complete legal description of the condominium project, including but not limited to—

(A) a map, plan, or plat showing the location, size, and dimensions of all buildings, units, common areas, recreational facilities, parks, playgrounds, parking areas, streets, and roads together with a description of these areas and facilities and a clear statement of whether they presently exist or, if not, the date on which they will be completed;

(B) a statement of the nature and extent of a purchaser's legal ownership of the units, common areas, recreational facilities, and other parts of the project;

(C) a detailed listing of all condominium project services and facilities whose use and enjoyment by the unit owners are subject to fees or other conditions imposed by the developer and a complete statement of the terms of each such arrangement; and

(D) a list of all services to be offered to unit owners and, if the project is a conversion, a statement of improvements and changes to be made in the buildings, common areas, units, and recreational facilities with floor plans and descriptions.

(4) A statement of the total operating and maintenance costs of the entire project and the prospective purchaser's unit, on a monthly and yearly basis for the preceding two years (to be estimated in the case of a new project).

(5) A complete statement of the monthly costs to be assumed by owners on a unit-by-unit basis and for the entire project including mortgage costs, taxes and insurance fees, maintenance costs, and all other costs, fees, and assessments.

(6) In the case of a converted property, an independent engineering report showing the condition of the project's electrical, heating, air-conditioning, plumbing, and ventilation equipment; and an independent evaluation of the project's structural integrity, including roofing and elevators.

(7) Satisfactory assurance that purchasers will be provided a one-year warranty from the time of closing on all electrical, heating, air-conditioning, plumbing, and ventilation equipment; and on the project's structural integrity, roofing, and elevators.

(8) Satisfactory assurances that (A) the owners of the units in the project will be permitted to form an owners' association, adopt their own by-laws, and select the project management no later than one year after initial occupancy of the project or as soon as 80 per centum of the units in the

project are occupied, whichever comes first, and (B) the developer will not establish a management lease or enter into other contractual arrangements which are enforceable against the owners of the units beyond the latest date provided for in clause (A) of this paragraph.

(9) Satisfactory assurances that a prospective purchaser's deposits will be held in a protected escrow account so that no risk exists that deposits will be forfeited if the developer becomes insolvent prior to the project's completion.

(10) Satisfactory assurances that the purchase agreement or contract of sale between the prospective purchaser and developer will contain the following:

(A) a statement setting forth the date on which each building and the prospective purchaser's unit in the project will be ready and fit for occupancy; and

(B) a statement setting forth that for each 10-day delay in the occupancy date established for the purchaser's unit, the purchase price of that unit shall be reduced ½ of 1 percent; and, after a delay of 60 days, the purchaser can cancel the agreement, receive a full refund of any deposit, and receive in addition from the developer an amount equal to 5 per centum of the purchase price.

(11) Such other information, documents, and certifications as the Secretary may require in order to assure that prospective purchasers are protected in a manner consistent with the purposes of this Act.

TENANT PROTECTION FOR CONDOMINIUM CONVERSIONS

SEC. 4. Notwithstanding any lease or contractual agreement between a tenant and a developer or his predecessor in interest, in any case where the condominium project involved is a multifamily leased-unit structure, no condominium housing loan shall be made by any creditor unless and until—

(1) existing tenants residing within the proposed condominium project have been granted first priority to purchase dwelling units;

(2) more than half of the tenants of the structure(s) involved have freely agreed in writing prior to conversion to purchase a condominium unit or move from the structure(s);

(3) all of the tenants residing within the proposed project have been given a minimum of 120 days from the date they received written notification of the developer's intention to convert, to decide whether to purchase a unit;

(4) those tenants who do not wish to purchase a unit have been or will be given a minimum of 150 days, or in the case of a person 65 years or older 180 days, from the date of actual conversion, to remain as tenants;

(5) no lease agreement outstanding at the time of conversion or intention to convert shall be abridged without the consent of both the lessee and the developer or his predecessor; and

(6) rents or other conditions concerning use and enjoyment by the tenants of the leased units have not been or will not be changed in contemplation of the conversion to condominium.

DISCRIMINATION IN MORTGAGE LOANS PROHIBITED

SEC. 5. It shall be unlawful for any creditor to discriminate against any person desiring to purchase condominium units in any extension of credit or in connection with any application for credit on the basis of age, sex, marital status, religion, race, or national origin. This Act does not otherwise annul, alter, or affect in any manner the meaning, scope, or applicability of the laws of any State relating to prohibition against discrimination on the basis of age, sex, religion, race, or national origin except to the extent that those laws are inconsistent with the provisions of this Act or regulations thereunder, and then only to the extent of the inconsistency.

ASSISTANT SECRETARY FOR CONDOMINIUMS

SEC. 6. (a) The first sentence of section 4 (a) of the Department of Housing and Urban Development Act is amended by striking out "eight" and inserting in lieu thereof "nine".

(b) Section 4 of such Act is amended by adding at the end thereof a new subsection as follows:

"(d) One of the Assistant Secretaries provided for in subsection (a) shall be designated Assistant Secretary for Condominiums. All of the functions and duties vested in the Secretary by the National Condominium and Tenants Rights Act, and any other program or part thereof which is administered by the Department to assist in the planning, development, construction, or operation of condominiums or the purchase of condominium units, shall be administered by and through the Assistant Secretary so designated. In the exercise of this authority the Assistant Secretary shall—

"(1) administer and coordinate all Department housing and other programs involving condominiums;

"(2) administer programs and receive, evaluate, and pass on all submissions from developers and creditors required by this Act;

"(3) coordinate the condominium-related activities and programs of the Department with related activities and programs of Federal agencies which supervise financial institutions, the Veterans' Administration, and other Federal departments and agencies;

"(4) provide a central source and clearinghouse of information with respect to condominiums; and

"(5) carry out studies and make recommendations for appropriate administrative or legislative action with respect to condominiums."

(c) Paragraph (87) of section 5315 of title 5, United States Code, is amended by striking out "(8)" and inserting in lieu thereof "(9)".

REPORTS

SEC. 7. (a) Not later than January 31 of each year after 1974, each creditor subject to the provisions of this Act shall prepare and file with the Assistant Secretary a report showing the extent of compliance with the provisions of this Act.

(b) Not later than May 1 of each year after 1974, the Assistant Secretary shall make a report to Congress concerning the administration of his functions under this Act, including such recommendations as he deems necessary or appropriate. Each report shall include an evaluation of the impact of condominiums on the availability and adequacy of rental housing and single family dwellings and the effect of conversions on the well-being of persons displaced thereby, and an assessment of the extent to which compliance with the requirements imposed under this Act is being achieved.

PENALTIES

SEC. 8. (a) (1) Any creditor who discriminates on the basis of age, sex, religion, race, or national origin or marital status against any person in connection with the extension of credit or an application for credit in a transaction to which the requirements of section 3 apply shall be liable to that person in an amount equal to the sum of—

(A) the principal amount of credit extended or applied for, whichever is larger, except that the liability under this subparagraph shall—

(i) not be less than $100 nor greater than $1,000 in an individual action; or

(ii) in the case of a class action, not more than $10,000;

(B) in the case of any successful action to enforce the foregoing liability, the costs of the action together with a reasonable attorney's fee as determined by the court.

(2) Any action under this subsection may be brought in any United States district court, or in any non-Federal court of competent jurisdiction, within two years from the date of the occurrence of the violation.

(b) (1) Any developer or creditor who violates the provisions of this Act shall be fined not more than $15,000 for each violation.

(2) Any director, officer, or employee of any developer or creditor who wilfully and knowingly violates the provisions of this Act shall be fined not more than $5,000 or imprisoned not more than six months, or both, for each violation.

GRANTS TO STATE AND LOCAL GOVERNMENTS

SEC. 9. (a) The Secretary shall take all possible steps to encourage and assist State and local governments and agencies to establish procedures, standards, and requirements with respect to condominiums, similar or superior to the corresponding procedures, standards, and requirements provided by this Act, designed to protect purchasers and prospective purchasers of condominium housing units and residents of multifamily structures being converted to condominium units.

(b) The Secretary is authorized to make grants to State and local governments and agencies, in such amounts as may be appropriate, to help them establish special offices to administer and enforce the procedures, standards, and requirements referred to in subsection (a) and in general to oversee the development and construction of condominiums and condominium conversions. Grants under this subsection shall be made on such terms and conditions, consistent with the purpose and objectives of this Act, as the Secretary may deem necessary or appropriate, except that a plan for the protection of purchasers and prospective purchasers of condominium units and those displaced by conversion to such units must—

(1) provide for financial participation by the State or local unit of government;

(2) provide for the establishment or designation of a single State or local agency to administer the plan or to supervise the plan or both; and

(3) provide that the State agency will make such reports, in such form, and containing such information, as the Secretary may from time to time find necessary to assure the correctness and verification of such reports and compliance with this Act.

(c) There are authorized to be appropriated such sums as may be necessary to enable the Secretary to carry out this section.

DEFINITIONS

SEC. 10. (a) As used in this Act—

(1) The term "creditor" means any bank whose deposits are insured under the Federal Deposit Insurance Act, any savings and loan association whose deposits, shares, or withdrawable accounts are insured under the Federal Home Loan Bank Act, any credit union whose member accounts are insured or required to be insured under title II of The Federal Credit Union Act, as amended, and any lender whose deposits or accounts are insured or protected by any agency of the Federal government or whose activities are assisted or regulated in any way by the Secretary or any other Federal agency;

(2) the term "developer" means any individual, person, firm, partnership, association, joint venture, or corporation, or any other entity or combination of entities or any successors thereto, who owns or constructs a

condominium project or converts or proposes to convert a multifamily rental housing project to condominium ownership and who offers or proposes to offer dwelling units in such project for sale;

(3) the term "condominium housing loan" means a loan, extension of credit, or other financial assistance to a developer or a prospective purchaser of a condominium;

(4) the term "conversion" means the offering for sale by a developer or the agent of the developer of condominium units which were previously rental units of a multifamily rental housing project;

(5) the term "prospective purchaser" means a person who visits the condominium project site for the purpose of inspection for possible purchase, or a person who requests a property report on the project, or any tenant who is residing in a multifamily rental housing projects at the time of conversion or subsequent to the time of conversion;

(6) the term "condominium project" means a multifamily housing project, consisting of one or more buildings and related property, facilities, and appurtenances, in which the dwelling units are held in condominimum ownership;

(7) the term "condominium ownership" means ownership by a person of an estate in residential real property consisting of a separate interest in one or more dwelling units in such property either in fee or for a term of not less than thirty years, together with an interest in the common elements, areas, and facilities which are appurtenant to such dwelling unit or units;

(8) the term "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States;

(9) the term "common elements" means all of the condominium project except the condominium units;

(10) the term "condominium unit" means a three-dimensional area intended for human habitation in a condominium project, and includes all improvements contained within the area except those excluded by the developer;

(11) the term "credit" means the right granted by a creditor to a person to defer payment of debt, to incur debt and defer its payment, or to purchase property and services and defer payment therefor;

(12) the term "application for credit" refers to any communication, either oral, written, or otherwise, by a person to a creditor requesting an extension of credit to that person or any other person;

(13) the term "Secretary" means the Secretary of Housing and Urban Development; and

(14) the term "person" means a natural person.

(b) Any denial of credit, or increase in the charge for credit, or restriction on the amount or use of credit, imposed by a creditor solely on the basis of age, sex, religion, race, or national origin, shall constitute discrimination.

REGULATIONS

SEC. 11. The Secretary shall prescribe regulations to carry out the purposes of this Act. These regulations shall contain such provisions as are necessary and proper to effectuate the purposes of this Act, to prevent the circumvention or evasion thereof, and to facilitate compliance therewith.

SEVERABILITY

SEC. 12. The provisions of this Act are severable, and if any provision or section of this Act is held illegal, invalid, or unconstitutional, or inapplicable to any person or circumstances, the remaining provisions or sections of this Act shall not be affected or impaired as a result of such illegality, invalidity, or unconstitutionality.

EFFECTIVE DATE

SEC. 13. This Act shall take effect on the date of its enactment.

AUTHORIZATION OF APPROPRIATIONS

SEC. 14. There are authorized to be appropriated such sums as may be necessary to enable the Secretary to carry out this Act.

THE LATE HONORABLE JOHN A. KOSINSKI, A GIANT LEADER IN THE COMMUNITY OF AMSTERDAM, N.Y.

(Mr. STRATTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. STRATTON. Mr. Speaker, last March there passed away in my home city of Amsterdam one of the great outstanding citizens of that community, and a long and most effective leader in our city, John A. Kosinski, Sr.

The late Mr. Kosinski was a longtime friend of mine. He was loved and respected by the people of Amsterdam whom he had helped for half a century. For many years he served as president of the Amsterdam Federal Savings & Loan Association, and in that capacity played a very direct role in the growth and expansion of Amsterdam and in helping hundreds, even thousands, of citizens to acquire and maintain a home of their own.

Mr. Kosinski was also a longtime chairman of the Montgomery County Democratic Committee, as well as a State committeeman and a frequent delegate to State and national Democratic conventions. He was a most constructive force in the political life of our city. We are missing him deeply and his life is an example of what one very able and hardworking person was able to accomplish during a long lifetime in keeping with the terms of the traditional American dream.

Mr. Speaker, under leave to extend my remarks I include several articles from the Amsterdam Evening Recorder relating to the life and achievements of John A. Kosinski as well as a formal resolution adopted by the Amsterdam Federal Savings & Loan Association of which he was the longtime president and I invite my colleagues to read this fascinating account of a great American.

[From the Amsterdam Recorder, Mar. 30, 1974]

JOHN A. KOSINSKI

John A. Kosinski Sr. was a well known and highly successful attorney and banker. But his memory will be revered most for his service to his hometown of Amsterdam. He had much to offer and he gave of himself unstintingly, and over a long period of years.

When Amsterdam suffered its worst moment with the departure of Bigelow-Sanford Carpet Co. back in 1955, it did not sit back and bemoan its ill fortune. It did not because there was a small group of men, one of whom was John Kosinski, who stepped forward, assumed leadership and quickly put a floundering city back on the comeback course.

The Amsterdam of 1955 was pretty much a one-industry city. Amsterdam of today has not completely made it all the way back to where it once was industrially, but it is a city of diversified industry. It is in this economically sound position because Industries for Amsterdam Inc., the community industrial organization which Mr. Kosinski headed for so many years, was able to recruit a substantial number of small industries which were employing some 2,500 persons only seven years after the Bigelow-Sanford economic disaster.

Only Mr. Kosinski, himself knew the full extent of the time, effort and money he personally devoted to Amsterdam's comeback struggle. But it was substantial in all three categories, and Mr. Kosinski's canniness, which came from a combined legal and business career inevitably placed him in the position of quarterbacking Amsterdam's "bootstrap" efforts.

Mr. Kosinski was a "Polish giant" as he was referred to yesterday in one reaction to his death. But he was more than a leader of Amsterdam's Polish-American community. John A. Kosinski was a "giant" for all Amsterdam.

KOSINSKI.—March 28, 1974, John A. Kosinski. Funeral at the Jendrzejczak Funeral Home, 200 Church St., Monday at 10 a.m. and 10:30 a.m. at St. Stanislaus' Church. Interment in St. Stanislaus' Cemetery. Friends may call Saturday from 7 to 9 p.m. and Sunday from 2 to 4 and 7 to 9 p.m. In lieu of flowers, it is the request of the family that contributions be made to an educational institution or any other charity of your choice.

JOHN KOSINSKI DIES AT 80; WAS BANKER, CIVIC LEADER

AMSTERDAM.—John A. Kosinski, 80, of Golf Course Rd., a man whose contribution to this city and the state, and even nation extended from the 1920's died yesterday at 9:57 p.m. at St. Mary's Hospital after a short illness. He was hospitalized Monday after a fall.

Mr. Kosinski was an assistant state attorney general, the founder and organizer of the Amsterdam Federal Savings and Loan Assn., creator of Industries for Amsterdam, and a city corporation counsel, a president of the Montgomery County Bar Assn., state Democratic committeeman, a member of a task force created by John F. Kennedy and member of the New York State Industrial Board.

John Albert Kosinski was born Aug. 1, 1893 in Amsterdam to Albert and Anna Kosch Kosinski. His father, a native of Wojtowa, Poland, died in 1909 and his mother died in 1954.

Despite the death of his father when Mr. Kosinski was 16, he continued his schooling and attended St. Stanislaus' School, the Milton Ave. public school, St. Mary's College in Detroit and eventually Union College in Schenectady. He graduated from Albany Law School with a bachelor of laws degree in June 1917 and then served as a law clerk for Judge W. Barlow Dunlap of Amsterdam.

When World War I started, Mr. Posinski joined the United States Army and was still stationed in Richmond, Va., as a member of the Medical Corps when the Armistice was signed.

After he was discharged he organized and joined the John J. Wyszomirski Post 701, American Legion.

Mr. Kosinski was admitted to the New York Bar in 1919 and since was engaged in general law practice in Amsterdam. He was appointed deputy attorney general of the State of New York in 1928 by Gov. Alfred E. Smith and he served in that capacity until 1930.

He was local attorney for the Home Owners Loan Corporation in Montgomery County during the depression following the stock market crash in 1929. In March 1936 he organized the Amsterdam Federal Savings and Loan Assn., and became president in 1944. From its inception he was its managing officer.

After nearly two decades of practice of law in Amsterdam, Mr. Kosinski was appointed a member of the New York State Industrial Board (now Workmen's Compensation Board) on Aug. 30, 1938.

In 1946 and 1947 he was corporation counsel of Amsterdam by appointment of Mayor Joseph P. Hand. He was a director of Amsterdam Chamber of Commerce for several years and was very active in organizing Industries for Amsterdam in 1954 and served for many years as its president.

He was active in the campaign to raise $300,000.00 in 1955.

In 1961 he was appointed to Task Force on Aid to Depressed Areas by President Kennedy.

AFFILIATIONS

His professional affiliations include the Montgomery County Bar Assn. and the New York State Bar Assn. and he was president of the New York State Council of Polish Democratic Clubs Inc. for four years.

He was a member of the New York State Democratic Committee and was presidential elector and as such voted for President Franklin D. Roosevelt for the 1940 election. He was a member of St. John's Society, ZNP and other civic organizations, was involved in the erection of the ZNP Home at the corner of Reid and Church Sts. as well as the home of St. John's Society. Mr. Kosinski was a member of the Advisory Board of St. Mary's Hospital.

He was of the Catholic faith.

Mr. Kosinski was given the Columbian Award in 1962, was the Montgomery County Democratic chairman in the 1940's and was county Bar Assn. president in 1954.

On September 5, 1923, John A. Kosinski married Viola L. Karwowski.

SURVIVORS

He is survived by Mrs. Kosinski and three children, all of them lawyers: John Kosinski Jr. of Amsterdam, Robert E. Kosinski of Rye, N.Y.; and Mrs. Jean Kosinski Cleary of Delmar, N.Y.; three sisters, Mrs. Katherine Kalinoski, Mrs. Bernice Michels and Miss Anna Kosinski of Amsterdam; five grandchildren, Karen, Kristie and Kim Kosinski of Rye and Susan and David Cleary of Delmar; several nieces, nephews and cousins.

Funeral services will be Monday at 10 a.m. at the Jendrzejczak Funeral Home, 200 Church St. followed by a service at St. Stanislaus' Church at 10:30 a.m. Burial will be at St. Stanislaus' Cemetery.

Mr. Kosinski's bank, Amsterdam Federal Savings & Loan, will be closed Monday morning for the funeral, opening at 1 p.m.

KOSINSKI, "POLISH GIANT," MOURNED BY HIS ASSOCIATES AND THE COMMUNITY

(By Tom Bradley)

AMSTERDAM.—"He was one of the Polish giants. I know that's trite to say, that it's an overused term, but in his case it's true," said local attorney Frederick Partyka, who knew John A. Kosinski all his life and whose wife is a niece of Kosinski.

"I heard from my father and John that when they were young the Poles in this city were treated approximately the way the Puerto Ricans are being treated now. John proved that we weren't Polish, that we were Americans. He broke the ice for many able Poles and everybody gained from that," Partyka said this morning.

Indeed, almost everyone who knew Kosinski in one of his many capacities for at least some of his 50 years as a community and state leader registered two common reactions: "great shock" and "it's a real loss to the community."

Mayor John Gomulka admitted how hard it is to sum up a man he knew all his life. "It's tough to pick out just one event that you remember that means the most . . . he was an enthusiastic supporter of everything that went on in the city. He's going to be missed very much."

Supervisor Ambrose Krupczak and his wife said today that they both had lost a great friend. Kosinski's mother was Krupczak's godmother, and Krupczak reminisced about how he used to visit the Kosinski home when he was a boy. "There are few men of his stature," said Krupczak.

Mr. Krupczak said he was a treasured friend and remembered how, after Kosinski had told his wife to discontinue being a regular nurse, if he found someone was sick and needed help, he'd allow Mrs. Kosinski to come to their aid. Mrs. Krupczak said you really appreciate things like this.

Said Mrs. Mary Galinski, president of the Amsterdam Chamber of Commerce, "It was a great shock. I think he's done a great deal for Amsterdam. As Chamber president I should say that Amsterdam has lost a great friend. We've lost a great friend."

Bernard Kisielis, Montgomery County Democratic chairman, said the city and party has lost a good friend. He noted that Kosinski was a state committeeman for years and how active he'd been for years.

Bernard Marks, a member of one of Kosinski's creations, Industries for Amsterdam, said "I thought he was a good businessman and a pillar of the community and that he's going to be hard to replace. He almost always gave unselfishly of his time."

Joseph Jacobs, who is corporation counsel for a Democratic administration just as Kosinski once was, said he knew Kosinski since before he (Jacobs) started his law practice in 1934. Then he knew him as a leader of Democratic affairs in the city and county.

Said Jacobs: "He was a citizen deeply conerned with the affairs of our community. His contributions to Amsterdam will long be felt for they reflected his sound judgment and commitment to a progressive city for today and tomorrow. His leadership will be missed by everyone."

AMSTERDAM FEDERAL SAVINGS AND LOAN ASSOCIATION RESOLUTION OF RESPECT ON THE DEATH OF JOHN A. KOSINSKI, PRESIDENT

Whereas, the Board of Directors on behalf of the Officers and Staff of the Amsterdam Federal Savings and Loan Association deeply mourn the passing of our President, John A. Kosinski on March 28, 1974; and

Whereas, John A. Kosinski was instrumental in the organization of the Amsterdam Federal Savings and Loan Association in March 1936 and was conscientious in serving the Amsterdam Federal Savings and Loan Association as President and Managing Officer from December 1944 to the date of his death; and

Whereas: John A. Kosinski was an outstanding citizen, a distinguished attorney and counsellor at law and served his fellow men as a member of the Montgomery County Bar Association, New York State Bar Association, Advisory Board of St. Mary's Hospital, Corporation Counsel of the City of Amsterdam, New York, Assistant Attorney General of the State of New York, New York State Industrial Board, New York State Democratic Committee, Chairman of the New York State Council of Polish Democratic Clubs, and United States Task Force on Aid to Depressed Areas; and

Whereas: John A. Kosinski foresaw the need for industrial development in the City of Amsterdam and was instrumental in the organization of Industries for Amsterdam, Inc. and served as President and a member of the Board of Directors; and

Whereas: John A. Kosinski was always ready, able, and willing to serve and provide leadership to all people and in particular to the Polish Americans of the Community. Now, therefore, it is hereby

Resolved: That the Board of Directors of the Amsterdam Federal Savings and Loan Association commend John A. Kosinski, President, for his outstanding service, leadership, dedication, and devotion to the Board of Directors and members of the Amsterdam Federal Savings and Loan Association; to the City and People of Amsterdam, to the State of New York, and to the United States of America; and it is hereby

Resolved: That in an age when trust is rare, this man was one who could be trusted by all who knew him as a friend, an associate in business and law, and as an American; and it is hereby

Resolved: That the Board of Directors on behalf of the Officers, Staff, and Members of the Amsterdam Federal Savings and Loan Association convey its deepest and most sincere sympathy to the family of John A. Kosinski; and it is finally

Resolved: That a plaque in honor of the dedication of John A. Kosinski to the Amsterdam Federal Savings and Loan Association be placed in a prominent place in the office of the Amsterdam Federal Savings and Loan Association and that another plaque be presented to Mrs. John A. Kosinski and her family in honor of his dedication and service to all people.

AMSTERDAM FEDERAL SAVINGS
& LOAN ASSOCIATION,
By
JOHN J. ZAWISA, *President.*
AMSTERDAM, N.Y., *May 14, 1974.*

PERSONAL EXPLANATION

(Mr. MITCHELL of Maryland asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MITCHELL of Maryland. I have examined the record and discovered that I was not recorded as voting on H.R. 12628, the Veterans' Education and Rehabilitation Amendments Act of 1974. I was present, I did record my vote in favor of the bill and ask that the record be corrected to show that I did vote for this legislation.

THE HOME PURCHASE ASSISTANCE ACT OF 1974

(Mr. BARRETT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BARRETT. Mr. Speaker, as Members know, the Senate yesterday passed the House Purchase Assistance Act of 1974, an emergency measure designed to provide immediate relief to the depressed housing industry. That industry has borne the full impact of the administration's heavy-handed tight money policy of the past year.

It was my hope and intention that the House would act before the recess, if at all possible, on this legislation, as was strongly urged upon us by the President in his economic statement early this week. Our subcommittee kept a close watch on developments in the Senate on the Cranston-Brooke legislation, which we understood was being modified substantially to take into account various administration objections and reservations.

The Senate-passed bill cures all of those objections, except for the interest rate applicable to mortgages to be purchased by the Government National Mortgage Association under the new authority provided in the bill. It is our understanding that the administration objects to the rate contained in the Senate bill, which is tied to the Treasury's borrowing rate on 6- to 12-month borrowings. The administration urges the adoption of a higher rate, equal to the 8¾ interest rate applicable to existing tandem plan mortgages with a principal obligation exceeding $33,000.

Unfortunately, because of the rush of events in this final day before recess, it appears impossible, despite our efforts, to obtain a rule permitting House action on the Senate-passed bill without amending that bill to change the interest rate in accordance with the administration's position. Consequently, House action must be deferred until after the November election.

While I would have liked to see the House accept the Senate bill, there need be no delay in preparing to implement the new mortgage purchase authorities contained in the Senate bill. HUD should prepare implementing regulations during the recess so that activity can begin promptly after enactment of this bill as soon as the Congress reconvenes.

Furthermore, HUD should accelerate its purchases of FHA and VA mortgages through GNMA during the recess under its existing tandem plans. With the new higher mortgage ceilings on FHA mortgages permitted under the 1974 Housing Act, there should now be a substantially higher volume of FHA-financed housing which can be supported by HUD. FNMA and the Home Loan Bank Board should also continue to support the housing market for conventional mortgages at stepped-up rates.

I can assure Members that the Housing Subcommittee will deal promptly with the Senate-passed bill and other measures to help the housing industry as soon as the Congress returns from its recess.

FINANCIAL STATE OF CONGRESSMAN BOB WILSON OF CALIFORNIA

(Mr. BOB WILSON asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BOB WILSON. Mr. Speaker, I join in supporting the Privacy Act which is scheduled to come before us. There has been an increasing trend toward "Big Brother" Government and I believe it is time we set limitations on the invasion of privacy by governmental agencies and others.

This may be the appropriate time for me to make a statement about my own financial situation, apart from the financial statements I have filed annually with the House Ethics Committee according to law.

After 22 years of service in the House of Representatives, I feel strongly in this year of political disillusionment that I should make a financial disclosure exceeding the requirements of the law.

For that reason I want at this time to present my own financial situation, as unimpressive as it may be, after 38 years of hard work.

My investments in real estate consist of half interest in an inactive 38-acre farm near Marlow, W. Va., with an equity value of $9,500 and one-third interest in 58 acres of undeveloped land in Pauma Valley, on which I have paid a total of $10,666.66.

I own a commemorative coin collection valued at $8,000, and artwork and mementos worth about $15,000. I hold a personal note from a friend worth $11,000. I own no corporate or Government bonds, and the only stock I own is 125 shares of Fotomat currently valued at $325.

I owe $6,600 to Riggs National Bank, and Mrs. Wilson and I owe a total of $9,500 to three local banks, San Diego Trust, Bank of California, and the La Jolla Bank & Trust. I also owe $1,600 on my 1973 Chevrolet Camaro.

Mrs. Wilson owns in her own name a resident in La Jolla valued at $90,000 on which there is a mortgage of $58,000. She also owes $4,500 to a bank in La Jolla.

My adjusted gross income last year was $54,915.66, made up of my congressional salary, plus $10,400 in trustee fees from Independence Mortgage Trust, from which I resigned last November, and miscellaneous fees. On this I paid $9,395.33 in Federal taxes and $2,006.77 in California taxes.

In the past few years I have lived in a rented apartment in Washington but Mrs. Wilson and I intend to purchase a home here soon.

VOCATIONAL EDUCATION

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, the Federal Government has long been in the forefront of efforts to provide youths and adults with adequate job training through our schools. The Smith-Hughes Act of 1917 providing funds for vocational education was, in fact, the first major Federal legislation enacted by Congress affecting the elementary and secondary schools. In 1963 Congress passed the land mark Vocational Education Act which modernized and expanded the types of vocational education courses being offered in our schools, and in 1968 that act was amended by further broadening its coverage and refocusing its emphasis.

Since all the categorical programs under the Vocational Education Act will expire on June 30, 1975, the Committee on Education and Labor has been conducting hearings in anticipation of renewing that act and amending it in the new Congress next year. In this review we have heard testimony so far from the major education organizations involved in this field.

The American Vocational Association, the foremost organization in the country involved in vocational education, testified on July 31 and offered many noteworthy suggestions for amendments to the act. Those suggestions have now been reduced to bill form by the AVA; and I am pleased today to be introducing that bill with the cosponsorship of Congressman Al Quie, the ranking Republican member on our committee.

I am also introducing today, again with the cosponsorship of Al Quie, a bill containing recommendations for amendments to the Vocational Education Act offered by the American Association of Community and Junior Colleges in testimony to the committee. Since 50 percent of the enrollments in community colleges today are students engaged in some form of vocational education, those institutions are fast becoming a prime vehicle for providing relevant job training to adults, both young and old.

After our recess for the election we anticipate introducing two more bills. The first will contain the administration's recommendations, and the second will be a bill prepared by the American Personnel and Guidance Association.

It is our purpose in introducing these four bills this year to spread a large number of ideas, many of which may be in conflict, before the public so that after 3 or 4 months of discussion and review throughout the country the committee will be better prepared to draft a new bill amending the Vocational Education Act. We will conduct thorough hearings in the next Congress and then begin to write our own bill. But I believe that it is only through hearing the advice and counsel of people involved in these programs on the State and local level and through receiving comments from the general public that we will be able to write the best bill possible.

I am inserting two short bill summaries in the Record today. The first summary was prepared by the American Vocational Association and describes their bill. And the second summary was prepared by the American Association of Community and Junior Colleges and describes their bill.

The inserts follow:

EXPLANATION OF THE VOCATIONAL EDUCATION AMENDMENTS OF 1975

Generally speaking, this bill proposes that the Vocational Education Act of 1963 be amended and reorganized on the basis of five major titles. Each title will consist of several parts and it is proposed that federal funds authorized in each title be allocated to the parts according to a comprehensive state plan.

Title I provides for the federal and state administration of vocational education, the National Advisory Council, state advisory councils and a new part concerning comprehensive statewide planning for vocational education.

Title II places emphasis upon vocational guidance and exploration. Attention to this priority area is essential in order to assure quality vocational education programs in the future. Providing youth and adults an opportunity to make realistic vocational choices is urgent in a rapidly changing social and economic scene.

Title III provides for vocational education program support. All programs—secondary, postsecondary and adult, as well as vocational student organizations, are included and funds are also available for vocational education facilities of private, non-profit and proprietary institutions.

Title IV brings out prominently for the first time in vocational education all of the service functions that support and add strength to the vocational education program of the Nation. Provision is made for an expanded teacher education program, continuation of leadership development, in the form of graduate leadership development awards, and an emphasis upon placement and follow-up. In addition, Title IV provides for student support programs in the form of work-study funds and stipends in order to make possible a new "outreach" program in vocational education. This "outreach" is for those persons who have fallen through the cracks in the educational and social structure and who are unemployed or underemployed, needing training or re-training.

Title V accounts for applied research, curriculum development, exemplary demonstration and implementation programs and for leadership development workshops, symposia and projects.

In addition, this bill provides that policy and authority for the administration of vocational education in the state rest with the State Board for Vocational Education and that this sole state agency be responsible to cooperate with the federal government in matters relating to vocational education. A comprehensive statewide planning document representing forward planning will be required to take into account all of the provisions of the act and provide a coordination of all vocational education in the state. The legislation is based on the premise that it is appropriate for the Congress to authorize funding for each of the titles in this act and assume responsibility for the establishment of national priorities in programs for training and upgrading the Nation's labor force.

Explanation of Postsecondary Vocational Education Act of 1975

The bill proposes a number of changes in the Vocational Education Act of 1963, as it relates to postsecondary vocational education.

SEPARATE ADMINISTRATION OF POSTSECONDARY PROGRAMS

The major feature of the bill is to separate the administration of vocational education programs at the postsecondary level from the administration of such programs at the secondary level. This separation is achieved in the bill by denominating the programs carried on at the postsecondary level as occupational education programs. The programs carried on at the secondary level would continue to be called vocational education programs.

The bill makes no change in the manner in which the program for vocational education is carried on, except, of course it would now be limited to vocational education at the secondary level.

The bill keeps a single authorization of appropriations for both vocational education and occupational education, and the formula for allotting funds to the States remains unchanged. After the funds for a year are allotted to a State, they will be divided into a vocational education allotment, to be used only for secondary vocational education, and an occupational education allotment to be used only for postsecondary occupational education. Each of these allotments will be 40 per cent of the total State allotment with the remainder of the full State allotment being divided between the two allotments as the State advisory council may determine.

As indicated above, no change of substance is made in the method in which the vocational education allotment will be administered, except for participation of local coordinating committees as explained hereafter.

The occupational education allotment will be administered under new provisions which generally parallel those applicable to vocational education. Under these provisions, the State postsecondary education commission will develop the State plan for occupational education to be administered by a State agency designated in the plan (a new or existing agency, which could be the agency administering the vocational education plan for the State). At the Federal level the program will be administered through the Community College Unit in the Office of Education, since a minimum of 30 per cent of the State's occupational education allotment is earmarked for use by community colleges.

COORDINATION OF PROGRAMS

At the Federal level the vocational education and occupational education programs will be coordinated through the National Advisory Council. The membership of that Council would be revised to more adequately represent postsecondary education institutions, and its area of advise would be broadened to include the new occupational education program.

At the State level, coordination would be obtained through the State advisory councils whose area of advice would include both vocational and occupational education. Again the membership would be revised to reflect the increased importance of postsecondary institutions.

At the local level, coordination would be attained through newly required local coordinating committees. These committees which are appointed by the Governor would be charged with developing and proposing a strategy which will present a coherent, integrated, and comprehensive set of vocational education, occupational education, and manpower training programs. Interlocking membership is required between local coordinating committees and planning councils established under the new Comprehensive Employment and Training Act of 1973.

ADMINISTRATION AND SUPPORT SERVICES

The bill limits expenditures for administrative and support services under both the vocational education and the occupational education programs to 20 per cent of the funds available.

CONSOLIDATION OF PROGRAMS

The bill consolidates the programs now carried on under part C (research and training), part D (exemplary programs), and part I (curriculum development). The consolidation includes a single authorization of appropriations. Half of the appropriations will be allotted to the States (basically on the basis of State populations aged 15 to 19, inclusive), and the other half will be available to the Commissioner for projects and programs he selects.

One-half the funds available to the Commissioner will be administered through the Bureau of Occupational and Adult Education, and the other half through the Community College Unit in the Office of Education.

The funds allotted to the States will be divided between the State Board for vocational education and the agency administering the State's occupational education program in the same ratio as the State's allotment under part B is divided.

Funds may be used for basically the same purposes as under present law, except that the purposes in present part D (exemplary programs) would be broadened to encourage programs for unemployed and under-employed adults. Twenty per cent of the appropriations will be earmarked for each of the present types of programs.

THE NATION'S LIBRARIES

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, I am very disappointed that the House was unable to vote on Senate Joint Resolution 40 as amended before the recess. This bill would authorize the President to call a White House Conference on Library and Information Services in 1977. It would also authorize assistance to the States and Territories for planning and implementing their own conferences before the White House Conference.

Senate Joint Resolution 40 was favorably reported by the Select Subcommittee on Education, and favorably reported by the full Education and Labor Committee. The Rules Committee has considered it and granted an open rule with 1 hour of debate. It was tentatively on the program for this week but the press of other business has forced us to put the measure over until after the recess.

Senate Joint Resolution 40 is a bipartisan bill. President Ford, himself, introduced one of the resolutions calling for this White House Conference, just a little over a year ago when he was still Representative from Michigan's Fifth District and House minority leader.

As chairman of the Education and Labor Committee, I want to indicate that we will work with the leadership to see to it that the House has an opportunity to vote on this bill soon after our return next month. I have a special concern for library programs and I believe prompt enactment of this bill is particularly important at this time.

The Library Services and Construction Act expires in 1976; the Higher Education Act library programs expire in 1975. General revenue sharing, which cites libraries as an eligible expenditure category at the local level, expires in 1976. A thorough public examination and reassessment of our Nation's libraries can be undertaken through the mechanism of the White House Conference and the preliminary State conferences. This will provide us in Congress and those in the executive branch with the information we need to make sound legislative decisions in the future.

Senate Joint Resolution 40 is an important bill, and I look forward to its early enactment after the recess.

VOCATIONAL EDUCATION

(Mr. QUIE asked and was given permission to extend his remarks at this point in the Record.)

Mr. QUIE. Mr. Speaker. I am pleased to join the distinguished chairman of the Committee on Education and Labor in introducing two bills which embody the concepts of two different national organizations—the American Vocational Association and the American Association of Junior Colleges—with respect to desirable changes in the Vocational Education Act of 1963, as amended. These bills are being introduced for discussion purposes in order that there be the widest possible consideration of proposals of this nature prior to action by our committee next year. We are prepared also to join in introducing an administration bill when we receive it, and for the same purposes. I feel that there needs to be as much advance discussion of various proposals as possible because of the very great importance of Federal legislation dealing with vocational education in its implications for all of education and for national manpower policy generally.

Chairman Perkins has ably summarized the bills we are today introducing, so there is no need for me to make further reference to the details. Needless to say, we are grateful, and our committee is grateful, for the thought and effort on the part of these two great national organizations which these bills represent. I feel certain that the concepts and specific suggestions they embody will be of tremendous assistance to the Congress.

At the same time, I would like to stress that our committee's own hearings and deliberations, and the individual and collective judgment of its members on the information assembled, will be our fundamental guide in formualting new legislation. Also, independent assessments of the success of existing Federal legislation such as that being prepared by the General Accounting Office after a careful and detailed study will receive the most careful scrutiny. We intend also to study the testimony and reports of both State and National Advisory Councils on Vocational Education established by the 1968 amendments, as well as the testimony and recommendations of officials of the Department of Health, Education, and Welfare.

Thus far our General Subcommittee on Education, also headed by Chairman Perkins, has conducted hearings both here in Washington and in North Carolina, Wisconsin, Minnesota, and the State of Washington. In addition, during the field hearings we have heard witnesses also from the States of South Carolina, Texas, Alabama, and Michigan. The committee plans further hearings both here and in other parts of the country. So this is an intensive effort to study and assess our whole national posture with respect to vocational education, and one to which these two bills make a considerable contribution.

Mr. Speaker, there has been increasing attention by all segments of education given to the concept of "career education" which, most simply stated, is that the primary function of education is to prepare individuals to pursue a personally rewarding and socially useful career. This concept, which seems so elemental but is so frequently missing in our educational system, of course, involves many programs of instruction and educational goals other than those commonly defined as "vocational." But it should be apparent enough that the concept has no real chance of implementation unless we have available first-rate vocational programs for those who will fill the 80 percent of our jobs requiring education and training other than a baccalaureate or higher academic degree.

This, in my judgment, is the truest measure of the importance of making certain that the Federal program in vocational education is designed as effectively as we know how to produce the maximum results in our educational system. We have come a long way since the historic Vocational Education Act of 1963, which Chairman Perkins and I worked on together along with other members of our committee, but by all reports we have a great deal farther to go.

I look forward to the continued cooperative effort with Chairman Perkins and the other members of our committee toward achieving the greatest amount of progress possible through new Federal legislation on behalf of the millions of young persons and adults who need and deserve this kind of educational opportunity.

A TRIBUTE TO LT. ROBERT G. ROBINSON, U.S. MARINE CORPS

(Mr. RUPPE asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. RUPPE. Mr. Speaker, I would like to take this opportunity to commemorate the passing of one of our Nation's outstanding servicemen, Lt. Robert R. Robinson, who was considered a pioneer in what is now the Marine Naval Flight Officer's Specialty.

On October 13, 1918, Lieutenant Robinson participated in a bombing mission over France. His plane was attacked by German "fokkers" over Belgium, and although seriously wounded, he continued to fight and successfully drove off the remaining enemy scout planes before two additional bullet wounds forced his collapse. For his heroism as a gunnery sergeant, Lieutenant Robinson was awarded the Congressional Medal of Honor. He was one of only two airmen in the U.S. Marine Corps who received the Congressional Medal of Honor during World War I.

During his administration, President Harding recognized his exceptional service to his country and awarded him a special monthly pension for life. In addition, in 1971, the U.S. Marine Corps established the Robert G. Robinson award, a trophy presented annually to the "Marine Flight Officer of the Year."

Lieutenant Robinson was 80-years-old and resided in St. Ignace, Mich., most of his life. He is survived by a brother and a nephew and is remembered warmly by all those who knew him. Lieutenant Robinson was buried with full military honors in Arlington National Cemetery at 1 p.m. today.

THE STOKES FUEL SUBSIDY PROGRAM

(Mr. STOKES asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. STOKES. Mr. Speaker, I am today introducing the Federal Utility and Energy Low-income Subsidy Act of 1974, designed to provide equity and relief for the millions of Americans subjected to ever increasing costs for the utilities they need to maintain their life and health. As inflation continues to soar and the costs for basic utility necessities escalate, it is increasingly clear that the need for some substantial relief for Americans of moderate and, especially, low income is more and more urgent.

The plight of the poor has been documented, studied, and restudied. The same conclusions have always been reached—that the poor suffer the most in depressions, recessions, and even when the economy is running smoothly.

During the energy crisis as well as during other periods of commodity shortages in American history, the poor and persons on fixed incomes have suffered disproportionately. Such persons have to spend unacceptably high portions of their meager incomes on food, clothing, shelter, and now energy. In some cases they are forced to do without these basic necessities.

What I propose here does not represent a radical change in this traditional pattern of poverty. I wish it were.

What is recommended is merely an equitable method of ameliorating that pattern for some persons at the bottom of the economic ladder through the implementation of a FUEL subsidy program. The FUELS program provides assistance in paying the cost of utility services similar to that which the food stamp program provides in paying the cost of food.

A program of Federal aid to help pay the residential utility expenses of middle and low income households is needed to overcome the burden on such households resulting from the general inflationary conditions and especially the high cost of utilities which are apparently certain to rise still more. Some households must now pay an inordinate portion of their income for necessary utilities—such as electricity, heating fuel, and gas—due to substantial increases in energy prices—and the number of affected households is certain to increase. Low income Americans should not be forced to decide whether they should spend their meager savings on food to eat or fuel for heat.

The subsidy should be available to both homeowners and tenants. Tenants stand to be victimized by high rent increases forced by increased costs to the landlords. Adequate safeguards can and must be built into the subsidy program to eliminate any possibility of a rent increase on the part of the landlord receiving the subsidy.

This nation must not attempt to climb out of the dark pits of inflation and recession on the backs of the powerless and the poor, nor on the rights of the aged and the infirm. It is inhuman and malignant for society in this wealthy Nation to tolerate the specter of old and poor people eating dog food in order to be able to pay for their heat, light, or rent.

The FUELS program would allow voluntary participation by families certified as needy by State and local welfare agencies, as well as other low-income households having less than specified levels of income established for such family size. However, it has been designed so as to eliminate the great volume of paper and overhead generated by the food stamp program. This is possible because of the relatively few utility providers who supply almost all utility services in contrast to the more than one million food retailers.

The streamlined procedures are intended to lessen the administrative costs of such a program while simultaneously limiting the inconvenience and invasion of privacy which have often tended to accompany some comparable programs. Unlike some proposals, therefore, it does not utilize stamps and could not accurately be called a fuel stamp bill. But the differences between my proposal and other preliminary efforts in the direction of creating a fuel stamp program are far greater than my elimination of the need for high volumes of paperwork.

While it is important to provide relief for those who are suffering the most, it is clear that many Americans are much more than just inconvenienced by high utility costs, while not yet suffering deprivation. To be responsible, I think it is necessary that any program such as this reflect the reality that economic hardship does not just happen overnight, but that it evades gradually, and varies in degree. Therefore, an arbitrary level of total assistance or cut off is to be rejected. The FUELS program deals with this reality by extending limited contributions toward the utility costs of this transitional, moderate-income group.

To provide the maximum value and equity my proposal would take into account gross income and household size. It would graduate the allowance which any household would receive so as to provide the greatest benefit to those with the lowest income, while equalizing the effective benefit under the program in accordance with household size. Instead of defining a specific dollar level, which could be outpaced by inflation, my proposal will authorize the Federal Government to pay a percentage of the utility costs of eligible households. The percentage will range from 10 to 90 percent, depending upon need as determined. The use of a percentage reduction in determining the benefit level also automatically takes into account the differences in the cost of utilities that result from geographic variations and different living conditions.

In practice, the recipients would see the benefit as an item deducted from their regular utility bill and would have to pay only the remaining balance.

The administering State agency would transfer to the utility provider, a list of all eligible households, by name and address, as well as the appropriate percentage reduction. The utility provider would calculate the total amount for which it did not bill eligible households and would claim that amount from the Department of Treasury on a monthly or quarterly basis. The existence of computer capability clearly makes billing, reimbursement, and the transfer of the eligibility lists relatively simple to administer and audit. The utility provider would be assured payment of a certain portion of its charges from the Federal Government, and the impact of utility bills on low- and moderate-income households would be significantly lessened.

The bill provides for the establishment of a maximum limitation on the amount payable so as to eliminate any exorbitant or unreasonable payments not in accord with the basic concept of the bill which might be occasioned by fraud and/or by persistently wasteful use of utility services. It also places checks on all those involved in the process of distributing the benefits to insure that the subsidy is properly received and utilized.

I cannot emphasize too strongly the urgency of coming to grips with this problem now—and I mean now. We must provide an equitable solution before we find ourselves well into the cold weather with no adequate program for alleviating the suffering of millions of our citizens. I urge the Congress to seriously consider and promptly act upon the FUEL subsidy program.

H.R. —

A bill to establish a program providing financial assistance to low- and modern-income households with regard to utility costs incurred by such households

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Utility and Energy Low-income Subsidy Act of 1974."

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds that—

(1) the general inflationary economic conditions and, especially, the rapidly increasing costs of residential utility services are creating a substantial financial burden on low- and moderate-income families;

(2) these families are not able to pay the costs of utility services without expending funds normally used to purchase other necessities; and

(3) these families should not be forced to assume the burden of making a choice in purchasing products and services which are necessary to the health of these families.

(b) It is, therefore, the purpose of this Act to help alleviate this burden by providing financial assistance to these families in the form of the program authorized by this Act.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) the term "certified household" means any household certified under section 6;

(2) the term "certified landlord" means any landlord certified under section 6;

(3) the term "federally-related program" means any program established by, administetred under, or receiving Federal assistance under any Federal statute;

(4) the term "household" means—

(A) any individual who lives alone and is billed directly for any of his utility expenses; or

(B) any group of individuals who live together as an economic unit and are billed directly for any of their utility expenses;

(5) the term "income" means the gross income received by all members of a household;

(6) the term "landlord" means any landlord who rents a dwelling which is the principal residence of the tenant and who is billed directly for any of the utility services used in that dwelling;

(7) the term "maximum allowable monthly income standard" means the standard for determining eligibility for benefits under the Food Stamp Act of 1964 as prescribed by the Secretary of Agriculture pursuant to section 7(a) of such Act, except that the definition of the term "income" in paragraph (5) of this section shall apply in interpreting such term;

(8) the term "participating provider of utility services" means any entity which contracts with the Secretary under section 4(b) of this Act;

(9) the term "Secretary" means the Secretary of Health, Education, and Welfare;

(10) the term "State" means any State of the United States, the District of Columbia, Guam, the Commonwealth of Puerto Rico, and the Virgin Islands;

(11) the term "State agency" means the agency of State government designated by the Secretary to perform the duties described in section 9 in such State; and

(12) the term "utility" includes natural gas, electricity, heating oil, and propane used by an individual in the maintenance and operation of his principal residence, but such term does not include telephone service.

ESTABLISHMENT OF PROGRAM

SEC. 4. (a) If the State plan described in section 8 is approved by the Secretary, the Secretary shall establish and maintain a program which shall provide benefits to certified households and landlords in that State in the manner described in subsection (b) and in the amounts described in section 7.

(b) The Secretary shall, in administering the benefits authorized by this Act, contract with the providers of utility services to certified households and to certified landlords for purposes of—

(1) having the provider, during its regular billing period, transmit to the Secretary a statement of the expenses for the utility service supplied by such provider since the previous billing period to each certified household;

(2) having each provider, during its regular billing period, transmit to the Secretary a statement of the expenses for the utility service supplied by such provider since the previous billing period to the tenants of each certified landlord who are described in the third sentence of section 6(d);

(3) having the Secretary, through the facilities of the Secretary of the Treasury, reimburse each of the participating providers of utility services for a percentage, as determined under section 7, of the expenses transmitted to the Secretary under paragraphs (1) and (2); and

(4) allowing the Secretary to audit appropriate records of such provider pertaining to the administration of this Act, as specified by such contract.

ELIGIBILITY

SEC. 5. (a) Except as provided in subsection (b), the Secretary shall establish uniform national standards of eligibility for benefits provided under this Act. He shall limit eligibility to households which have incomes that are substantial limiting factors in permitting them to pay necessary utility expenses and to landlords who pay any utility bill of those households. In so limiting the eligibility, he shall provide that at least the following households and landlords are eligible with regard to the utility services for which they are billed directly:

(1) any household receiving cash benefits under titles 4 and 16 of the Social Security Act or coupons under the Food Stamp Act of 1964;

(2) any household which has a monthly income of not more than twice the amount of the maximum allowable monthly income standard for a household of its size, except that no household shall be eligible under this paragraph if the State agency determines the aggregate worth of its assets exceeds an amount specified by the Secretary; and

(3) any landlord if the landlord—

(A) is billed directly for, and pays, the utility expenses of any of his tenants who would be eligible for benefits under paragraph (1) or (2) with regard to any of their utility services except for the provision requiring that they be billed directly for such utility service; and

(B) agrees with the State agency at the time of certification under section 6(d) to reduce the rent charged each month to each tenant described in the third sentence of section 6(d) by an amount which the State agency determines, pursuant to rules prescribed by the Secretary, is commensurate with the benefits received by such household under the agreement described in section 7(b).

(b) The Secretary shall prescribe eligibility standards for the Commonwealth of Puerto Rico, the Virgin Islands, and Guam, which are similar to the uniform standards provided by this section but which take into account the special needs and conditions in those areas.

(c) No household or landlord shall be eligible for benefits unless certified by the State agency under section 6.

(d) The Secretary shall, for purposes of determining eligibility for households whose incomes fluctuate significantly, prescribe rules providing an income-averaging procedure for determining the average monthly income for any household during a certification period.

CERTIFICATION

SEC. 6. (a) The State agency shall, under rules prescribed by the Secretary, certify the eligibility of households and landlords for benefits provided by this Act.

(b) A household or landlord may be certified for a period of not less than 3 months but not more than 12 months.

(c)(1) Any household which is certified for a period by a State agency and moves during such period to another State which participates in the program established by this Act shall be considered to be certified in the State to which it moved for 30 days after entering the State.

(2) Any landlord which is certified for a period by a State agency under section 6(d) and moves during such period to another State which participates in the program established by this Act must be recertified in the State to which he moves before receiving any benefits in that State.

(d) With regard to certifying any landlord, the landlord shall present to the State agency the name and address of each of his tenants. The State agency shall notify the tenants of the benefits available under this Act and request certification information from them. From that information the State agency shall determine the number of these tenants who would be eligible for benefits with regard to any utility service if they were billed directly for the service. After negotiating the agreements described in sections 5(a)(3)(B) and 7(b), the State agency shall certify that the landlord is eligible for benefits under section 7(b) with regard to the utility services for which these tenants are not billed directly. In negotiating these agreements, the State agency shall take into consideration the following factors:

(1) the number of tenants of the landlord who would be eligible under section 5(a)(1) or 5(a)(2) except for the requirement that they be billed directly for a utility service in order to be eligible under such section;

(2) the amount of benefits which would be received by those tenants if they were so eligible; and

(3) the intent of Congress that those tenants be benefitted to the same degree that they would have been if they were so eligible.

BENEFITS

SEC. 7. (a)(1) In the case of certified households the income of which is less than one-half of the maximum allowable monthly income standard for a household of its size, the Secretary shall, subject to the limitation, in paragraph (3), pay 90 percent of the expenses billed on each statement received pursuant to section 4(b)(1).

(2) In the case of certified households the income of which is one-half or more of the maximum allowable monthly income standard for a household of its size, the Secretary shall, subject to the limitation in paragraph (3), pay the percentage of the expenses billed on each such statement as indicated in a table of percentages to be prescribed by the Secretary. In prescribing such table, the Secretary shall provide for a payment of 89 percent of such expenses on each such statement for a household with a monthly income equaling one-half of such standard for a household of its size, and he shall provide for other payments graduated downward for other certified households to the minimum payment of 10 percent of such expenses on each statement for a household with twice the monthly income of such standard for a household of its size.

(3) The maximum amount which may be paid by the Secretary on behalf of any household under paragraph (1) or (2) of this subsection during any certification period may not exceed 50 percent of the maximum allowable monthly income standard for a household of its size multiplied by the number of months in the certification period.

(b)(1) Except as provided in paragraph (2) of this subsection and subsection (d), the Secretary shall, with regard to each certified landlord, pay the percentage of each statement received for such landlord pursuant to section 4(b)(2) which equals the percentage agreed upon by the State agency and the landlord at the time of certification under section 6(d).

(2) The Secretary shall prescribe rules limiting the amount which may be paid on behalf of any landlord during any certification period under paragraph (1). In prescribing such rules, he shall take into consideration the factors listed in section 6(d).

(c) The Secretary shall make the payments described in subsections (a) and (b) regardless of whether the household has paid its portion of any utility bill.

(d) The Secretary shall prescribe rules specifying the benefits available for households and landlords in the Commonwealth of Puerto Rico, the Virgin Islands, and Guam which meet the standards of eligibility prescribed under section 5(b). Such benefits shall be similar to those provided by this section but shall take into account the special needs and conditions in those areas.

STATE PLANS

SEC. 8. (a) Any State requesting aid under this Act shall submit a plan to the Secretary indicating, in addition to any other information required by the Secretary, the following—

(1) the informational programs to be conducted by the State concerning the benefits available under this Act;

(2) the process to be used in certifying the households and landlords eligible for benefits under this Act;

(3) the manner in which the State agency will restrict the disclosure of information obtained from households and landlords applying for benefits under this Act;

(4) the procedure to be used for a hearing and determination of any complaint by any household or landlord aggrieved by the action of the State agency in any of its actions concerning this Act; and

(5) the reasons for the State not being able to administer this Act in an area, if any, of the State.

(b) The Secretary shall, if he approves any plan submitted to him under subsection (a), establish and maintain, subject to section 13, the program established by this Act in the State submitting the approved plan. He shall, if he disapproves such plan, inform the State of the reasons for the refusal and allow the States to resubmit a new plan.

STATE AGENCY

SEC. 9. The State agency of each State in which the program provided by this Act is established shall, in addition to any other duties assigned to it by the Secretary—

(1) certify eligible households and landlords under section 6;

(2) establish and maintain a hearing procedure described in section 8(a)(4);

(3) report to the Secretary, in a manner and at times determined by the Secretary, with regard to the operation of the program in the State;

(4) conduct programs described in section 8(a)(1);

(5) enter into the agreements described in section 5(a)(3)(B);

(6) supply necessary information concerning eligible households and landlords to the Secretary and to participating providers of utility services for purposes of facilitating the reimbursing procedures of the Secretary and the billing procedures of the providers under section 4; and

(7) make the determinations described in sections 5(a)(2) and 5(a)(3)(B).

RELATION TO BENEFITS FROM OTHER STATE AND FEDERAL PROGRAMS

SEC. 10. (a) Any benefit received by any household under this Act shall not be considered as income for purposes of—

(1) the Internal Revenue Code of 1954; or

(2) determining the eligibility for benefits administered with regard to any other federally-related program.

(b) Any benefit received by any household or landlord under this Act shall be in addition to, and not in lieu of, any other benefit received by the landlord or by a member of a household from any other federally-related program.

AID TO STATES AND PARTICIPATING PROVIDERS

SEC. 11. (a) The Secretary shall pay to each State agency an amount equal to 50 percent of the reasonable costs of such agency with regard to the administration of the duties described in section 9.

(b) The Secretary may make grants to any participating provider of utility services for purposes of paying—

(1) costs incurred by such provider in initially establishing the billing procedure described in paragraphs (1) and (2) of section 4(b); and

(2) unusual costs incurred by such provider as a result of special circumstances affecting the administration of the program, as determined by the Secretary.

PENALTIES; DAMAGES

SEC. 12. (a) Any person who knowingly presents false information for the purpose of obtaining any benefit under this Act shall be fined not more than $1,000 together with the amount of the benefit so obtained, if any, or shall be imprisoned for not more than 1 year, or both.

(b) If the Secretary determines that there has been gross negligence or fraud on the part of the State agency in the performance of the duties described in section 9, the Secretary may direct the Attorney General of the United States to bring a suit in a Federal district court in such State for purposes of collecting damages caused by such negligence or fraud to the United States.

TERMINATION OF PROGRAM IN A STATE

Sec. 13. If the Secretary determines that in the administration of this Act there is a failure by a State agency to comply substantially with the provisions of this Act, with the rules issued pursuant to this Act, or with the State plan of operation, he shall inform such State agency of such failure and shall allow the State agency a reasonabe period to correct such failure. Upon the expiration of such period, the Secretary shall direct that there be no further benefits administered in the areas where such failure has occurred until such time as satisfactory corrective action has been taken.

DETERMINATION AND DISPOSITION OF CLAIMS

Sec. 14. The Secretary may hear and determine any claim arising against the Federal Government in the administration of this Act.

AUTHORIZATION FOR APPROPRIATIONS

Sec. 15. There are authorized to be appropriated such sums as are necessary for carrying out the provisions of this Act.

A TARGET DATE TO FIGHT INFLATION

(Mr. MILLER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MILLER. Mr. Speaker, yesterday I introduced a resolution that would set a target ceiling on budget outlays for fiscal year 1975 at $295 billion. The measure which we are now considering would only set that target at $300 billion. Because of this, I voted against the previous question on the rule to enable the resolution to be opened up and amended to the lower level.

Each Member here has been told of the great opposition to a tax surcharge on our constituents. If Congress were to set a budget ceiling of $295 billion as I have suggested, there would be no need to even consider the 5 percent tax surcharge.

This Congress will not begin to put the brakes on inflation until it realizes that Federal spending must be reduced. A budget target ceiling of $295 billion rather than $300 billion would be a realistic step toward that goal.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members at the request of Mr. Lott) and to revise and extend their remarks and include extraneous matter:)

Mr. Robison of New York, for 10 minutes, today.

Mr. Railsback, for 5 minutes, today.

Mr. Widnall, for 10 minutes, today.

Mr. Hosmer, for 15 minutes, today.

Mr. Young of Illinois, for 10 minutes, today.

Mr. Hogan, for 10 minutes, today.

Mr. Quie, for 5 minutes, today.

(The following Members (at the request of Mr. Breckinridge) and to revise and extend their remarks and include extraneous matter:)

Mr. Gonzalez, for 15 minutes, today.

Mr. Mezvinsky, for 30 minutes, today.

Mr. O'Hara, for 5 minutes, today.

Mr. Culver, for 5 minutes, today.

Ms. Abzug, for 10 minutes, today.

Mr. Flood, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Rosenthal and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $764.50.

Mr. Flynt to insert his remarks immediately following Mr. Cederberg on House Concurrent Resolution 667.

Mr. Mann to extend his remarks immediately following the remarks of Mr. Cederberg on House Concurrent Resolution 667.

Mr. Ullman, and to include extraneous material, on each of the conference reports from the Committee on Ways and Means today.

Mr. Miller to revise and extend his remarks prior to vote on House Concurrent Resolution 667.

Mr. Stokes and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $625.50.

Mr. Widnall to revise and extend his remarks following the remarks of Mr. St Germain on the debt obligation bill.

(The following Members (at the request of Mr. Lott) and to include extraneous matter:)

Mr. Parris in five instances.

Mr. Broomfield.

Mr. Ashbrook in three instances.

Mr. Buchanan in three instances.

Mr. Martin of Nebraska.

Mr. Frelinghuysen.

Mr. Kemp in two instances.

Mr. Gude in five instances.

Mr. Don H. Clausen in four instances.

Mr. Mizell in five instances.

Mr. Taylor of Missouri.

Mr. Landgrebe.

Mr. Huber in two instances.

Mr. Widnall.

Mr. Armstrong.

Mr. Guyer.

Mr. Gubser.

Mr. Robison of New York.

Mr. Young of Illinois in two instances.

Mr. Maraziti.

Mr. Hillis in two instances.

Mr. Bray in six instances.

Mr. Price of Texas.

Mr. Rousselot.

(The following Members (at the request of Mr. Breckinridge) and to include extraneous matter:)

Mr. Rooney of New York in 10 instances.

Mr. Rarick in three instances.

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. Davis of South Carolina.

Mr. Fuqua in four instances.

Mr. Helstoski.

Mr. Bennett.

Mr. Carey of New York.

Mr. Annunzio in 12 instances.

Mrs. Chisholm in two instances.

Mr. Hanna in five instances.

Mr. Corman.

Mr. Carney of Ohio.

Mr. Litton.

Mr. Brown of California.

Mr. Mitchell of Maryland.

Mr. Studds in two instances.

Mr. Fraser.

Mr. Badillo in three instances.

Mr. Mezvinsky in two instances.

Mr. Eckhardt.

Mr. Patten.

ENROLLED BILLS SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 11221. An act to increase deposit insurance from $20,000 to $40,000, to provide full insurance for public unit deposits of $100,000 per account, to establish a National Commission on Electronic Fund Transfers, and for other purposes;

H.R. 11510. An act to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a new Nuclear Regulatory Commission in order to promote more efficient management of such functions.

H.R. 12628. An act to amend title 38, United States Code, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special allowances paid to eligible veterans and persons under chapters 31, 34, and 35 of such title; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34 of such title; to improve and expand the veteran-student services program; to establish an education loan program for veterans and persons eligible for benefits under chapter 34 or 35 of such title; to make other improvements in the educational assistance program and in the administration of educational benefits; to promote the employment of veterans and the wives and widows of certain veterans by improving and expanding the provisions governing the operation of the Veterans Employment Service, by increasing the employment of veterans by Federal contractors and subcontractors, and by providing for an action plan for the employment of disabled and Vietnam era veterans within the Federal Government; to codify and expand veterans reemployment rights; and for other purpose; and

H.R. 15427. An act to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 605. An act to amend the act of June 30, 1944, an act "to provide for the establishment of the Harpers Ferry National Monument", and for other purposes;

S. 1769. An act to reduce losses of life and property, through better fire prevention and control, and for other purposes;

S. 2348. An act to amend the Canal Zone Code to transfer the functions of the Clerk of the United States District Court for the District of the Canal Zone with respect to the issuance and recording of marriage licenses, and related activities, to the civil affairs director of the Canal Zone Government, and for other purposes;

S. 3044. An act to impose overall limitations on campaign expenditures and political contributions; to provide that each candidate for Federal office shall designate a principal campaign committee; to provide for a single reporting responsibility with respect to receipts and expenditures by certain political committees; to change the times for the filing of reports regarding campaign expenditures and political contributions; to provide for public financing of Presidential nominating conventions;

S. 3234. An act to authorize a vigorous Federal program of research, development, and demonstration to assure the utilization of solar energy as a viable source for our national energy needs, and for other purposes; and

S. 3698. An act to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in or disapprove international agreements for cooperation in regard to certain nuclear technology.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following title:

H.R. 3903. An act to direct the Secretary of the Interior to convey certain public land in the State of Michigan to the Wisconsin Michigan Power Co.;

H.R. 9075. An act to authorize the disposition of certain office equipment and furnishings, and for other purposes;

H.R. 11510. An act to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a new Nuclear Regulatory Commission in order to promote more efficient management of such functions.

H.R. 13113. An act to amend the Commodity Exchange Act to strengthen the regulation of futures trading, to bring all agricultural and other commodities traded on exchanges under regulation, and for other purposes;

H.R. 13261. An act to amend the International Claims Settlement Act of 1949, as amended, to provide for the timely determination of certain claims of American nationals settled by the United States-Hungarian Claims Agreement of March 6, 1973, and for other purposes; and

H.J. Res. 898. A joint resolution authorizing the President to proclaim the second full week in October, 1974, as "National Legal Secretaries' Court Observance Week."

ADJOURNMENT

Mr. BRECKINRIDGE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 49 minutes p.m.), under its previous order, the House adjourned until Tuesday, October 15, 1974, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. RODINO: Committee on the Judiciary. S. 782. An act to reform consent decree procedures, to increase penalties for violation of the Sherman Act, and to revise the Expediting Act as it pertains to Appellate Review; with amendment (Rept. No. 93-1463). Referred to the Committee of the Whole House on the State of the Union.

Mr. PEPPER: Committee on Rules. House Resolution 1446. Resolution providing for the consideration of S. 3979. A bill to increase the availability of reasonably priced mortgage credit for home purchases (Rept. No. 93-1464). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOWNING (for himself, Mr. Pike, and Mr. Cohen):

H.R. 17296. A bill to protect the domestic fishing industry by granting to it the same protections granted to the coastwise trade; to the Committee on Merchant Marine and Fisheries.

By Mr. FASCELL:

H.R. 17297. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

H.R. 17298. A bill to require in all cases court orders for the interception of communications by electronic and other devices, for the entering of any residence, for the opening of any mail, for the procurement of certain records, and for other purposes; to the Committee on the Judiciary.

By Mr. KOCH (for himself, Mr. Symington, and Mr. Evans of Colorado):

H.R. 17299. A bill to amend the Public Health Service Act to provide for a National Center for Clinical Pharmacology, to provide support for the study of clinical pharmacology and clinical pharmacy, and to provide for review of drug prescribing; and to amend the Federal Food, Drug, and Cosmetic Act to provide for additional regulation of drug promotions, to provide for recordkeeping and reporting for all drugs, to provide for certification of programs respecting manufacturers' representatives, to provide for the submission of data relating to therapeutic equivalence of drugs, to provide for the certification of certain drugs, to provide for a national drug compendium, to provide additional drug information to consumers, to establish a code system for the identification of all drugs, to provide for the recall of adulterated or misbranded foods, drugs, and cosmetics, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MALLARY:

H. R. 17300. A bill to amend title IV of the Social Security Act to eliminate the existing prohibition against payment of aid to families with dependent children where there is an unemployed father receiving unemployment compensation under State or Federal law, thus treating unemployment compensation the same as other income and resources in determining the family's need; to the Committee on Ways and Means.

By Mr. MARTIN of Nebraska:

H.R. 17301. A bill to provide for a 10-percent Federal employee pay reduction; to the Committee on Post Office and Civil Service.

By Mr. MURTHA (for himself, Mr. Murphy of New York, Mr. Staggers, and Mr. Slack):

H.R. 17302. A bill to amend the Federal Coal Mine Health and Safety Act of 1969; to the Committee on Education and Labor.

By Mr. PATMAN:

H.R. 17303. A bill to prohibit the importation into the United States of any fresh, chilled, or frozen cattle meat during a 180-day period; to the Committee on Ways and Means.

By Mr. PERKINS (for himself and Mr. Quie):

H.R. 17304. A bill to amend and extend the Vocational Education Act of 1963, and for other purposes; to the Committee on Education and Labor.

H.R. 17305. A bill to amend the Vocational Education Act of 1963 to improve the administration of postsecondary vocational education programs, and for other purpose; to the Committee on Education and Labor.

By Mr. SHOUP:

H.R. 17306. A bill to increase the availability of reasonably priced mortgage credit for home purchases; to the Committee on Banking and Currency.

By Mr. STRATTON (for himself, Mr. Howard, Mr. McCormack, Mr. McEwen, Mr. O'Brien, and Mr. Price of Illinois):

H.R. 17307. A bill to prohibit any increase in the price of certain consumer commodities by any retailer once a price is placed on any such commodity by such retailer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TALCOTT:

H.R. 17308. A bill to amend the Federal Water Pollution Control Act; to the Committee on Public Works.

By Mr. THONE (for himself and Mr. Denholm):

H.R. 17309. A bill to amend the Consolidated Farm and Rural Development Act, as amended to provide for improved emergency loan procedures; to the Committee on Agriculture.

By Mr. BREAUX (for himself, Mr. Bennett, Mrs. Boggs, Mr. Brooks, Mr. Casey of Texas, Mr. Fascell, Mr. Fuqua, Mr. Ginn, Mr. Hébert, Mr. Jones of North Carolina, Mr. Lott, Mr. Sikes, Mr. Treen, and Mr. Young of Texas):

H.R. 17310. A bill to amend section 4 of the Fish and Wildlife Act of 1965, to provide short-term relief to those portions of the fishing industry which have suffered economic dislocation; to the Committee on Merchant Marine and Fisheries.

By Mr. BROOKS (for himself, Mr. Donohue, Mr. James V. Stanton, Mrs. Collins of Illinois, Mr. Culver, Mr. Moorhead of California, and Mr. Danielson):

H.R. 17311. A bill to establish procedures and regulation for certain protective services provided by the U.S. Secret Service; to the Committee on the Judiciary.

By Mr. BROTZMAN:

H.R. 17312. A bill to amend title 38 of the United States Code to establish a Court of Veterans' Appeals and to prescribe its jurisdiction and function, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. DANIELSON (for himself, Mr. Luken, and Mr. Stokes):

H.R. 17313. A bill to amend the definition of "former President" under the act of August 25, 1958 (Public Law 85-745), and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. DANIELSON (for himself, Mr. Hanna, Mr. Madden, and Mr. Yates):

H.R. 17314. A bill to amend section 204 of the Federal Water Pollution Control Act to authorize the use of ad valorem taxes to satisfy the user charge system requirement; to the Committee on Public Works.

By Mr. DERWINSKI (for himself, Mr. Flood, Mr. Annunzio, Mr. Ashbrook, Mr. Blackburn, Mr. Collier, Mr. Crane, Mrs. Holt, Mr. Huber, Mr. Kemp, Mr. Landgrebe, Mr. Mitchell of New York, Mr. Murphy of New York, Mr. Murphy of Illinois, Mr. O'Brien, Mr. Sikes, and Mr. Talcott):

H.R. 17315. A bill to authorize the construction and maintenance of the General Draza Mihailovich Monument in Washington, D.C., in recognition of the role he played in saving the lives of approximately 500 U.S. airmen in Yugoslavia during World War II; to the Committee on House Administration.

By Mr. du PONT:

H.R. 17316. A bill to establish an energy stamp program to provide energy stamps to low-income householders to help meet the cost of rising fuel bills; to the Committee on Interstate and Foreign Commerce.

By Mr. EILBERG:

H.R. 17317. A bill to amend the Internal Revenue Code of 1954 to allow the deduction of certain expenditures for food and lodging primarily for medical care; to the Committee on Ways and Means.

By Mr. FLOOD:

H.R. 17318. A bill to authorize the disposal of beryl ore from the national stockpile and the supplemental stockpile; to the Committee on Armed Services.

H.R. 17319. A bill to amend the Internal Revenue Code of 1954 to provide income tax simplification, reform, and relief for small business; to the Committee on Ways and Means.

By Mr. GAYDOS:

H.R. 17320. A bill to establish the Reconstruction Finance Corporation to make loan guarantees to business concerns which would otherwise be unable to obtain needed financing; to the Committee on Banking and Currency.

By Mr. GUDE (for himself, Mr. Won Pat, Mr. Roybal, Mr. Harrington, Mr. Moakley, Mr. Seiberling, Ms. Abzug, Mr. Horton, and Mr. Rangel):

H.R. 17321. A bill to amend the Federal, Food, Drug, and Cosmetic Act to require the establishment of standards for a grading system by which retail purchasers may determine the relative nutritional value of different foods, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HOSMER (for himself and Mr. Roncalio of Wyoming):

H.R. 17322. A bill to amend the Atomic Energy Act of 1954, as amended to establish the U.S. Enrichment Corporation, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. KEMP:

H.R. 17323. A bill to establish a Federal Medical Privacy Board with responsibility for promoting protection of the right of privacy as it relates to personal medical information; to the Committee on the Judiciary.

By Mr. KOCH (for himself, Mr. Hechler of West Virginia, Mr. Badillo, Mr. Brown of California, Mr. Harrington, Mr. Helstoski, Mr. Rosenthal, and Ms. Schroeder):

H.R. 17324. A bill to amend the Internal Revenue Code of 1954 to increase the excise tax on cigarettes, and to amend the Public Health Service Act to establish a trust fund to be used to fund the reasearch programs of the National Cancer Institute; to the Committee on Ways and Means.

By Mr. KYROS (for himself and Mr. Dellenback):

H.R. 17325. A bill to amend the act of August 24, 1966, for purposes of prohibiting the shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering, or entertainment; to the Committee on Agriculture.

By Mr. McKINNEY:

H.R. 17326. A bill to amend title 39, United States Code, to eliminate certain restrictions on the rights of officers and employees of the U.S. Postal Service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. MARAZITI (for himself, Mr. Hanrahan, Mr. Froehlich, Mr. Cleveland, and Mr. Grover):

H.R. 17327. A bill to deauthorize permanently the construction of the Tocks Island Dam on the Delaware River; to the Committee on Public Works.

By Mr. MILFORD:

H.R. 17328. A bill to amend title II of the Disaster Relief Act of 1974 to authorize research, development, and demonstration projects relating to neighborhood emergency warning systems; to the Committee on Public Works.

By Mr. MOLLOHAN:

H.R. 17329. A bill to designate the Wheeling Suspension Bridge as a National Historic Site, and to provide for the administration and maintenance of the site by the Secretary of the Interior in consultation with an advisory commission; to the Committee on Interior and Insular Affairs.

By Mr. MOLLOHAN (for himself, Mr. Clark, Mr. Dent, Mr. Duncan, Mr. Gaydos Mr. Hunt, Mr. Mitchell of New York, Mr. Sandman, Mr. Spence, Mr. Treen, Mr. Waggonner, and Mr. Yatron):

H.R. 17330. A bill to repeal sections 102 and 202 of the Flood Disaster Protection Act of 1973 which make flood insurance coverage and community participation in the national flood insurance program prerequisites for approval of any financial assistance in a flood hazard area, and for other purposes; to the Committee on Banking and Currency.

By Mr. NIX (for himself, Mrs. Chisholm, Mr. Diggs, Mr. Green of Pennsylvania, Mr. Helstoski, Mr. Rosenthal, Mr. Stark, and Mr. Won Pat):

H.R. 17331. A bill to limit and regulate the imposition, and the transfer in interstate commerce, of handguns and handgun parts; to the Committee on the Judiciary.

By Mr. PATMAN:

H.R. 17332. A bill to prohibit the importation into the United States of any dairy products for a period of 12 months unless and until the market price for milk reaches 100 percent of parity and then only if the Secretary of Agriculture certifies that the products equal or exceed all U.S. health and sanitary requirements; to the Committee on Ways and Means.

By Mr. PRICE of Texas:

H.R. 17333. A bill to amend the Internal Revenue Code of 1964 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mr. QUIE (for himself and Mr. Brademas):

H.R. 17334. A bill to amend the Older Americans Act of 1965 to extend the time for the submission of certain studies and recommendations to the Congress; to the Committee on Education and Labor.

By Mr. RAILSBACK (for himself, Mr. Owens, Mr. Mitchell of New York, and Mr. Biester):

H.R. 17335. A bill to regulate lobbying and related activities; to the Committee on the Judiciary.

By Mr. ROBISON of New York:

H.R. 17336. A bill to provide for services and study relating to drug abuse and dependency among older persons; to the Committee on Education and Labor.

By Mr. ROE:

H.R. 17337. A bill to authorize certain revenues from leases on the Outer Continental Shelf to be made available to coastal and other States; to the Committee on the Judiciary.

By Mr. RONCALLO of New York:

H.R. 17338. A bill to require that users of heart pacemakers be given notice of the proximity of electronic products which emit radiation which adversely affects such pacemakers; to the Committee on Interstate and Foreign Commerce.

H. R. 17339. A bill to make it an unfair practice for any retailer to increase the price of certain consumer commodities once he marks the price on any such consumer commodity, and to permit the Federal Trade Commission to order any such retailer to refund any amounts of money obtained by so increasing the price of such consumer commodity; to the Committee on Interstate and Foreign Commerce.

By Mr. RONCALLO of New York (for himself and Mr. Cleveland):

H.R. 17340. A bill to authorize the Secretary of the Navy to transfer ownership of two naval vessels no longer needed by the Navy to the city of New York, N.Y.; to the Committee on Armed Services.

By Mr. ST GERMAIN:

H.R. 17341. A bill to amend the Internal Revenue Code of 1954 to provide relief to certain individuals 62 years of age and over who own or rent their homes, through a system of income tax credits and refunds; to the Committee on Ways and Means.

H.R. 17342. A bill to amend title II of the Social Security Act to provide that the automatic cost-of-living benefit increases authorized thereunder shall be made on a semiannual basis (rather than only on an annual basis as at present); to the Committee on Ways and Means.

By Mr. SARASIN:

H.R. 17343. A bill to provide financial assistance to regulated electric utilities to reduce the increases in electric utility rates caused by increases in the price of residual oil; to the Committee on Interstate and Foreign Commerce.

By Mr. SKUBITZ (for himself, Mr. Martin of North Carolina, Mr. Don H. Clausen, Mr. Regula, Mr. Johnson of California, Mr. Camp, Mr. Steelman, Mr. Ruppe, Mr. Hosmer, Mr. Roncalio of Wyoming, Mr. Bauman, Mr. Udall, Mr. Stephens, Mrs. Mink, and Mr. Ketchum):

H.R. 17344. A bill to authorize the Secretary of the Interior to conduct investigations and studies relating to new units or additions to the National Park System; to the Committee on Interior and Insular Affairs.

By Mr. TALCOTT:

H.R. 17345. A bill to amend the Federal Water Pollution Control Act; to the Committee on Public Works.

By Mr. TAYLOR of North Carolina (for himself, Mr. Skubitz, Mr. Johnson of California, Mr. Hosmer, Mr. Udall, Mr. Don H. Clausen, Mr. Phillip Burton, Mr. Ruppe, Mr. Foley, Mr. Dellenback, Mr. Kastenmeier, Mr. Sebelius, Mrs. Mink, Mr. Regula, Mr. Kazen, Mr. Steelman, Mr. Vigorito, Mr. Cronin, Mr. Melcher, Mr. Young of Alaska, Mr. Bingham, Mr. Bauman, Mr. Seiberling, Mrs. Burke of California, and Mr. Won Pat):

H.R. 17346. A bill to amend the Land and Water Conservation Fund Act of 1965, as amended, to amend the act of October 15, 1966, to establish a program for the preservation of additional historic properties throughout the Nation, as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. TAYLOR of North Carolina (for himself, Mr. Skubitz, Mr. Owens, Mr. de Lugo, Mr. Bell, Mr. Carney of Ohio, Mr. Cleveland, Mr. Conlan, Mr. Dulski, Mr. Fascell, Mr. Ford, Mr. Frey, Mr. Gibbons, Mr. Goldwater, Mr. Hamilton, Mr. Harrington, Mr. Hechler of West Virginia, Mr. Hudnut, Mr. Koch, Mr. McKay, Mr. Mollohan, Mr. Morgan, Mr. Pepper, Mr. Roe, and Mr. Roush):

H.R. 17347. A bill to amend the Land and Water Conservation Fund Act of 1965, as amended, to amend the act of October 15, 1966, to establish a program for the preservation of additional historic properties throughout the Nation, as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. TAYLOR of North Carolina (for himself, Mr. SKUBITZ, Mr. PICKLE, Mr. QUIE, Mr. RIEGLE, Mr. STARK, Mr. TALCOTT, Mr. VANIK, Mr. WOLFF, and Mr. YOUNG of Georgia):

H.R. 17348. A bill to amend the Land and Water Conservation Fund Act of 1965, as amended, to amend the act of October 15, 1966, to establish a program for the preservation of additional historic properties throughout the Nation, as amended, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. TREEN:

H.R. 17349. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income the interest paid or accrued on a deposit or account in a bank or other savings institution to the extent that the amount of such interest does not exceed the amount of interest which would have been paid or accrued on such deposit or account if the rate of interest on such deposit or account had been the inflation rate; to the Committee on Ways and Means.

By Mr. WIDNALL (for himself, Mr. RONCALLO of New York, Mrs. HECKLER of Massachusetts, Mr. JOHNSON of Pennsylvania, Mr. RINALDO, Mr. BROWN of Michigan, Mr. J. WILLIAM STANTON, Mr. WYLIE, Mr. FORSYTHE, Mr. ROUSSELOT, Mr. MCKINNEY, and Mr. FRENZEL):

H.R. 17350. A bill to prohibit discrimination on the basis of age in the granting of credit; to the Committee on Banking and Currency.

By Mr. BOB WILSON:

H.R. 17351. A bill to secure the civil rights of blind persons; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. JOHN L. BURTON:

H.R. 17352. A bill for the relief of Sachio Koya Snell; to the Committee on the Judiciary.

By Mr. GIAIMO:

H.R. 17353. A bill for the relief of John J. Egan; to the Committee on the Judiciary.

By Mr. LENT:

H.R. 17354. A bill for the relief of Gabriel Gellerman; to the Committee on the Judiciary.

By Mr. McCLOSKEY:

H.R. 17355. A bill for the relief of Thach Man; to the Committee on the Judiciary.

H.R. 17356. A bill for the relief of Pham Chon Tam; to the Committee on the Judiciary.

H.R. 17357. A bill for the relief of Kim Ung Nyu; to the Committee on the Judiciary.

H.R. 17358. A bill for the relief of Kim-John Bartholmew; to the Committee on the Judiciary.

H.R. 17359. A bill for the relief of Kim-Jenny Brooke; to the Committee on the Judiciary.

H.R. 17360. A bill for the relief of Lee-Daniel Alexander; to the Committee on the Judiciary.

By Mr. SISK:

H.R. 17361. A bill for the relief of Peter Olav Mesikepp; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

FREE AND UNAFRAID

HON. OGDEN R. REID

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. REID. Mr. Speaker, Paul Hoffman was a unique American, not alone in his innovative vision and capacity but precisely because he could articulate the best of America with a conviction that none could match. He would have made a distinguished President—a view that was strongly held by President Eisenhower, among others. As administrator of the Marshall plan after World War II, and subsequently of the aid program, or special fund, of the United Nations, he made major steps to strengthen the economies and spirits in a lasting way of war-torn Europe and of the emerging countries and underdeveloped nations.

Paul Hoffman never lost faith in what free enterprise in a democratic republic could do not only for its own citizens but for all mankind. His inherent faith in the capacity of man to help others was translated into reality in the practical aspects of his work; his effectiveness was matched with social conscience.

All Members of this House, and indeed all Americans, stand in debt to Paul Hoffman, but with a twinkle in his eye, a smile on his face and a purposeful pat on the back, he will always be urging us forward with an inspiration that all who knew him treasure.

We extend our deepest sympathies to his wife, Anna Rosenberg Hoffman, and to his entire family.

Mr. Speaker, I request unanimous consent to insert in the RECORD at this point the editorial on Mr. Hoffman from today's New York Times:

FREE AND UNAFRAID

Paul G. Hoffman was an exuberant exponent of all that is best in the American tradition. A highly successful salesman and corporate executive, he never lost sight of the reality that "free enterprise" was viable only to the extent that it genuinely served the interests of human freedom and social responsibility.

This conception of America's role illumed Mr. Hoffman's monumental achievements as administrator of the Marshall Plan after World War II, the most ambitious program ever undertaken by any victorious nation to rebuild the shattered economies, hopes and spirits of war-devastated countries overseas.

He superintended the spending of $13 billion in European aid, with full knowledge that the greater the success of his efforts, the more effectively the beneficiaries could compete with United States industry in the global struggle for markets. In the process he accomplished more than arms ever could to keep totalitarianism of left or right from triumphing on the ashes left by Hitler and Mussolini.

The same spirit marked his thirteen years as chief of development programs for the United Nations. The frustrations others had felt never tempered either his enthusiasm or his ability to infuse his hard-headed brand of endeavor into even the most stolid or obstructionist of his client states. The $3.4 billion in U.N. aid he distributed served as seed money for vastly greater outlays in upbuilding underdeveloped nations and expanding opportunities for their people.

When the sterile anti-Communist virus of McCarthyism undermined the Bill of Rights in the nineteen-fifties, Mr. Hoffman stood unshaken in constancy to the real underpinnings of the American way. He moved from presidency of the Ford Foundation to chairmanship of its crusading Fund for the Republic. In a 1956 speech to an American Legion post, he summed up the fund's purposes in a sentence that also summed up his life: "We are trying to help keep this Republic free and strong so that it can give a demonstration to all the world of a free and unafraid society at work."

GEORGE M. BROOKER: NEW YORK URBAN LEAGUE LEADER

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. RANGEL. Mr. Speaker, at this time, I would like to submit for the attention of my colleagues an article from July 24 New York Post entitled "A League by Itself."

The article presents a warm and complimentary profile of a dear friend of mine, George M. Brooker. Now a member of the board of directors of the New York Urban League, Mr. Brooker has done meaningful work in struggling to improve the quality of life in the black communities of our city. His story, as presented in the article, deserves the consideration and commendation of my colleagues in Congress:

[From the New York Post, July 24, 1974]

A LEAGUE BY ITSELF

When George M. Brooker was appointed to the board of directors of the New York Urban League three years ago, he was not expecting very much. "I thought, like many people," he said, "that the Urban League was a bourgeois organization for middle-class blacks and liberal whites to get together and solve their guilt."

But serving on the board proved a "revelation" to Brooker, one of the country's most successful black realtors. "Once I found out how far-reaching the League was," he said the other day in his Harlem office, "I decided there's nothing I wouldn't do for it." And Brooker now has more to do than ever: he has just been elected chairman of the board.

"The League is a very dynamic, very positive organization. We touch all areas of inner-city life with things like our drug-rehabilitation program, our Street Academy for high school dropouts, and our job-training and housing programs."

His most important functions as chairman, Brooker said, are "trying to put forth the name of the league" and helping to raise funds. "The league is faced with serious money problems. Many people are under the misconception that blacks have come into an affluent status to the point where they can fund such organizations without outside help. But unless we get additional funding we'll have to discontinue many of our programs."

As for federal aid, Brooker is pessimistic. "The government has been cutting back on minority-aid programs, but our defense budget doesn't seem to suffer. I have little hope that they'll change their priorities, but that shouldn't deter us in our efforts to break through the stone wall."

If Brooker talks of the league with an almost evangelical zeal, perhaps it comes naturally. His father, MacHenry Brooker, is an African Methodist Episcopal minister. His mother, the former Lumicia Campbell, "worked at raising seven children," of whom Brooker was the second. He was born in Allendale, S.C., on May 2, 1926. His family moved to Philadelphia two months later. It was only a few years ago that he saw his birth certificate for the first time and discovered he had been born on a plantation.

"My kids looked at me with great respect after that," he smiled. "I think it brought home to them how ancient I was."

He attended Howard University in Washington, D.C., where he majored in music because a teacher "really fired me up to be a concert singer." In 1945 he met and married fellow-student Jean Barbee. Shortly after that he interrupted his studies for an 18-month hitch in the Army, including a year in Germany.

He came to New York after graduation, "hell-bent on taking the Met by storm," and worked as a singer until his first child was born and he "decided I should be doing something more stable."

Brooker's introduction to the field of real estate was a brief period with the State Rent Commission. Later, he studied at the Institute of Real Estate Management in Chicago, and at Fordham University, then worked for several different firms in the next few years.

From 1962 to 1966, Brooker worked on his own as a consultant specializing in rent control. In 1966, he was named vice-president of Mark Rafalsky and Co.—the first black officer of a major real estate firm.

Five years ago, he "made the thrust at black entrepreneurship" as one of the founding partners of Webb, Brooks & Brooker. "There had never been a black company that dealt in commercial real estate," he said with undisguised pride. "It was rough getting started, but we have reached the stage where we're relatively successful. We have three offices and $200 million worth of property. And we are actively working to stabilize the community.

"One of the main problems in the inner city has always been the lack of rapport between landlords and tenants, which has led to the deterioration of housing. We try to relate in a personal way to our tenants, and we are as demanding in terms of maintenance as any landlords downtown."

Brooker lives with his wife and his younger son, Jeffrey, 19, when he's home, from Dartmouth (older son George Jr., 23, is married and at CCNY), in an uptown Riverside Dr. Co-op. He also has an "escape apartment" in Fort Lee, N.J.

He likes to go to the theater and concerts, jog, and play golf. But the twin responsibilities of his business and the League leave him little free time.

ST. DOMINIC'S CHURCH CELEBRATES GOLDEN ANNIVERSARY

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. BIAGGI. Mr. Speaker, this coming Sunday, I will join hundreds of friends and acquaintances from the Bronx in celebrating the 50th anniversary of St. Dominic's Church. This joyous occasion will mark one of the most important religious milestones in the history of the Bronx.

St. Dominic's Church was founded in 1924 under the direction of the Archbishop of New York, Cardinal Hayes. The church grew rapidly during the succeeding years under the expert guidance and leadership of Msgr. Dominic Fiorentino.

No tribute to St. Dominic's Church would be complete without taking time to note the instrumental role which Monsignor Fiorentino played in the history of the church. Born in Italy in 1891, Monsignor Fiorentino studied for the priesthood at St. Joseph's Seminary in Yonkers, N.Y. He was ordained as a priest in 1914 by the then Archbishop of New York Cardinal Farley. Monsignor Fiorentino had the unique distinction of serving his first three masses with the beloved Mother Cabrini in attendance, an honor which he never forgot throughout his long years in the priesthood.

In 1924 Cardinal Hayes directed the young Father Fiorentino to find a site for a church to serve the large Italian population living in the Van Nest section of the Bronx. From this directive not only was St. Dominic's Church established, but the present day St. Clair's Church also owes it founding to Father Fiorentino.

Father Fiorentino plunged into his new job at St. Dominic's with vigor, dedicated to the rapid expansion of the church's facilities. From a modest beginning, St. Dominic's rapidly grew into one of the finest houses of worship in the entire city of New York. Monsignor Fiorentino's personal goal was the creation of a school to serve the rapidly growing demands of his parishioners for a decent Catholic education for their children. The culmination of his efforts was achieved in 1953 when the cornerstone for the school was laid in an elaborate ceremony attended by many prominent religious dignitaries. The school opened its doors the following year, and in its brief 20-year history, now has an enrollment of 686 young boys and girls from the kindergarten through the eighth grade. The school is under the expert leadership of the Sisters of St. John the Baptist. Monsignor Fiorentino chose not to rest on his laurel and a short 4 years later a gymnasium was opened on the church grounds and a beautiful rectory and parish center was opened in 1964.

Monsignor Fiorentino in addition to his many time consuming duties as pastor also was one of the most renowned Italian priests in the Nation. He hosted a weekly radio show in New York which hailed an audience of several thousand Italo-Americans.

Many considered the year 1959 to be the saddest year in St. Dominic's history for this was the year that their beloved pastor of 45 years, chose to retire. Although retired, Monsignor Fiorentino remained active in church affairs until his death 2 years ago.

The leadership of St. Dominic's was ably assumed by Msgr. Michael Martorella who served with distinction as pastor for the next 3 years, and now serves as pastor of Our Lady of Mt. Carmel Church also in the Bronx.

For the past 2 years, St. Dominic's Church has been under the expert leadership of Bishop Anthony Mestice who also serves as the Vicar for Vocations for the Archdiocese of New York. Bishop Mestice has dedicated himself to the continued growth of St. Dominic and has begun an ambitious renovation of the existing facility and all indications point to a successful culmination of this effort in the near future.

One of the primary reasons for the longevity of St. Dominic's Church has been its ability to provide numerous services for her parishioners. She currently has a most successful senior citizen program. This program is multifaceted in nature, and provides the senior citizens of the area with meaningful social contact through such activities as bingo, arts and crafts and supervised trips. And most recently a block party.

Mr. Speaker, for one-half a century two generations of Bronxites have come to know St. Dominic as their home parish. St. Dominic's past has been noteworthy and her future looks equally bright. In an era when meaningful spiritual guidance is in limited quantity, St. Dominic's has provided her parishioners with an abundance of this guidance, and has gained the respect and acclaim of each and every one of them. Her parishioners young and old, rich and poor all feel a personal sense of joy as St. Dominic prepares to celebrate this historic milestone in its history. I have personally watched the growth of St. Dominic over the years and I congratulate Bishop Mestice and his able staff of assistants, Father Tobert Larkin, Father Joseph DeVivo, and Father Anthony Della Villa on this occasion and wish them the continued guidance of God in their succeeding years in service to the parishioners of St. Dominic.

SAFE DRINKING WATER

HON. HOWARD W. ROBISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 9, 1974

Mr. ROBISON of New York. Mr. Speaker, a few of my colleagues may be interested to know that I intend to support the committee version of the Safe Drinking Water Act, rather than the substitute bill which I proposed a few weeks ago. I want to explain, today, the turn of events which has brought me to abandon H.R. 16760, the substitute proposal I had hoped might find some support within the administration.

Four years ago, September 1970 to be exact, I introduced the Pure Drinking Water Act in the wake of an extensive Public Health Service study of the Nation's drinking water systems, which indicated that 40 percent of the 969 systems studied failed to meet one or more of the rudimentary Federal drinking water standards then in effect. Since then, I have devoted more time to this legislation than any other single issue I have been involved with, and much of that time has been spent seeking both the old and the new administration's cooperation in drawing up an acceptable compromise bill.

I think it is fair to say that those within OMB and EPA who are charged with setting the administration line on safe drinking water legislation, agree that a problem exists. We have never come to agree, however, on the best means for Federal participation in solving this problem. It is my observation—and only mine, in the context of these remarks—that administration spokesmen are willing to dismiss the legitimate and documented drinking water quality problem which exists in this country, and which daily contributes to sickness and disease in many parts of the country, in order to defend the theoretical legitimacy of the "new federalism" doctrine.

Were we all part of a university faculty, we might have the leisure and the social duty to identify the correctness and the shortcomings of the "new federalism" concept. As a legislator, however, I cannot afford to overlook an obvious and serious national problem for the sake of participating in such an ideological debate which would center inevitably around that always vexing question of whether or not, in attempting to solve a problem such as has been presented here, the several States and their subordinate municipal entities were better equipped, and equally as motivated as an agency of the Federal Government, to take the lead in producing that solution.

My aforementioned substitute proposal would have led to greater dependence on the States and local municipalities in this regard. However, it is necessary to say that I was never fully convinced that this change from the committee bill's provisions was all that necessary or desirable, since its own provisions as now finally in place had moved a substantial distance in the same direction from the enforcement concept the committee—or some of its members—originally had in mind.

In that regard, my colleagues will note that—perhaps out of deference to my own early work on this problem area and in the search for a legislative response—the committee has kindly allowed my name to appear as one of the cosponsors of its final product; a rather unusual but surely, in this instance, a most welcome recognition of my interest and efforts.

The committee members—particularly the gentleman from Florida (Mr. ROGERS)—who have been so cooperative with me in such regards, have understood, I am sure, as I wish all my colleagues to similarly understand, that the work I undertook to put together my substitute, along with its recent introduction, was chiefly an effort on my part to draw the spokesmen for the current and the preceding administrations, they being the individuals charged with formulating an administration position on this legislation, into a more productive discussion of the basic issues involved than had developed during the long months of committee deliberations.

I regret to have to say that, as of this late date even, that effort on my part has yielded nothing. Instead of discussing the basic issues and exhibiting a willingness to seek a viable compromise—if one existed—of whatever differences were present, as between the committee product and the administration viewpoint, representaitves of both OMB and the White House Congressional Liaison Office have been lobbying actively against the committee bill both here in Washington and in State capitals around the country.

Further, the threat of a Presidential veto has been raised—something my substitute, if adopted, might have made less threatening although, again to be frank about it, I have had no signal whatsoever from either OMB or the White House that such would be the event.

I am grateful for the Rules Committee's action, this morning, and for its consideration in making my substitute "in order" when the bill comes to the floor.

I sincerely trust that the existence of my substitute and such conversations as I have had about it with some of the Rules Committee members has misled no one as to my basic interests and intentions. If there were substantial support for the substitute—as there is not—I might have gone forward with it in a good faith effort to avoid a Presidential veto.

Absent that support, however, and absent any sort of constructive administration position, I would now state that the committee bill has my full support—and I urge my colleagues to also support it.

It is an acceptable bill. It defines a serious national problem, and it proposes a realistic and reasonable method for arriving at its resolution. I trust that, when President Ford, himself, understands the situation—as, given his other burdens, I doubt he now does—this bill will receive his approval.

PULASKI DAY—A SALUTE TO POLISH AMERICANS

HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mrs. GRASSO. Mr. Speaker, as we begin in earnest the Bicentennial celebration of the American Revolution, we should not forget the important contributions made to our struggle for independence by people from Europe who offered their services, and often their very lives, for the cause of liberty.

Among those who joined in the struggle for liberty in those trying days of the 1770's was Count Casimir Pulaski, a Polish nobleman who is considered by many the father of the American cavalry. October 11 marks the 195th anniversary of the death of General Pulaski, an American patriot who contributed in the most selfless way to the birth of the idea and the ideal called America.

Many Poles have journeyed to America seeking the same freedoms for which Pulaski died. Connecticut is the home of thousands of these Polish Americans and many of them live in the sixth district which I have been proud to represent in the Congress for 4 years.

Never have the Polish Americans failed to give less than their all for this Nation. Government, the arts and humanities, education, business and sports, indeed all facets of American society, have known the imprint of Polish Americans. During America's darkest hours, these brave people have served valiantly in our Armed Forces and on the homefronts. In their special and splendid ways, the spiritual descendants of Casimir Pulaski have kept his memory alive to this day.

Some of the industrious and courageous people are known to students of American history. In addition to Pulaski Gen. Thaddeus Kosciuszko, hero of revolutions in America and Poland stands as a symbol of the selflessness which has always provided this Nation with greatness. To highlight the recognition which is deserved by Kosciuszko and all the gallant Polish Americans who followed him to America to work and fight for freedom, I was proud to introduce and support the 1972 law which designated the Kosciuszko Home a National Historic Site in Philadelphia.

But many of the Polish Americans who have enriched and strengthened America are little known. Except for the most studious historians, few of us remember the resourcefulness of the Polish settlers at Jamestown who played an important part in the survival of that first English colony in America. Until recently, many Americans were unaware of the needs of former members of the Polish Army who are now American citizens. These men who fought alongside our British and French Allies in World War II chose freedom in the West rather than tyranny in a postwar Communist Poland. As a result of their decision, and unlike other former Allies who became citizens, they are ineligible for certain veterans' benefits. In the 92d and 93d Congresses, I introduced legislation to provide them with benefits and was pleased to be a cosponsor of the bill which the House passed in August to rectify this situation.

As sincere in their love of God and their fellow man as in their love of country, Polish Americans have shown a deep concern for the welfare of mankind. In the Sixth District the roster includes those luminaries who have been sources of great encouragement and fellowship in the Polish community in Connecticut.

Mr. Speaker, as Poles throughout the United States commemorate the memory of that brave patriot Casimir Pulaski, I would especially like to salute the dedicated, resourceful Polish Americans in Connecticut whose lives have epitomized Pulaski's qualities of patriotism and love of liberty.

THE NEED FOR AN INCREASE IN VETERANS PENSIONS

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, unless the 93d Congress acts before the end of the year, some 75,000 veterans and their dependents will have their pensions terminated, because of a cost-of-living increase in social security benefits which became effective earlier this year. I am introducing a bill today which would, by raising the limit on incomes for those receiving veterans pensions, prevent anyone from losing theirs entirely.

In addition this measure would provide for a cost-of-living increase of 12 percent across the board for all veterans pensions. This would effectively neutralize the lowering of these pensions due to the long overdue social security increase. These provisions have been passed by the Senate. In view of the kind of cliffhanging finale that has characterized the melodramatic legislative progress of the Veterans Educational Assistance Amendments, H.R. 12628, I feel passage of this bill would be a perfectly acceptable means of ameliorating the situation and avoiding a crisis.

This is, of course, only a stopgap measure. The need for immediate action is apparent; the Government should not be in the position of granting an increase with one hand and rescinding it with the other. If these veterans were judged worthy of a pension at a certain rate in years past, we would be cruel indeed to effectively lower these pensions by penalizing them for a social security increase. The time has come for the rethinking and restructuring of our veterans pension policies, not according to some cold and callous political criterion, but rather according to the dictates of compassion and commonsense. Veterans need not and must not spend their declining years in penury. The passage of this interim legislation and the formulation of a comprehensive and humane pension program are the necessary first steps in correcting the situation.

HUMAN RIGHTS IN SOUTH KOREA

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. FRASER. Mr. Speaker, I wish to insert in the RECORD a very thoughtful and perceptive article by Prof. Jerome Alan Cohen concerning the death of one of Korea's leading scholars, Prof. Tsche Chong Kil, and the generally disturbing human rights situation in South Korea.

Professor Cohen gives exceedingly sound advice to President Ford. Before visiting Seoul next month President Ford should have "convincing evidence—not merely soothing secret assurances—that the Park regime will significantly relax its oppression for more than the few months of the U.N. General Assembly session."

Both the House Foreign Affairs Committee and the Senate Foreign Relations Committee have adopted amendments to the foreign aid bill providing less military assistance than requested by the executive branch on the grounds that the U.S. Government should not be closely identified with the oppressive Park regime. President Ford should make it unmistakably clear to President Park that a continuation of his present course will lead to complete termination of U.S. military assistance.

The article follows:

[From the Washington Post, Oct. 9, 1974]

A GRIM ANNIVERSARY IN SOUTH KOREA

(By Jerome Alan Cohen)

This month will mark the grim first anniversary of the death of Prof. Tsche Chong Kil, a Korean who spent the years 1970–72 at Harvard Law School. Seoul National University, Korea's most prestigious educational institution, had selected Tsche, a member of its law faculty, for a highly prized Harvard-Yenching Fellowship. Indeed, the university's president had described him as one of Korea's most promising scholars.

Tsche was a likable, gentle person who spent his time in Cambridge analyzing Anglo-American and German theories of private international law and being with his wife and two young children. Like most Koreans who study abroad with their government's permission, he seldom took part in public political discussions. By criticizing the increasingly repressive measures of the Park regime, a few SNU law professors had landed in serious trouble. But Tsche concentrated on his professional interest and avoided controversy except for an occasional defense of harsh measures taken by his government in the name of anti-Communism.

Soon after Tsche returned to Seoul in the fall of 1972, President Park plunged the nation into crisis by declaring martial law and replacing the Constitution with a new charter that permits Park's total and permanent rule. These events provoked peaceful demonstrations by democratic-minded students, to whom Koreans have traditionally looked for leadership against tyrants. And this in turn exposed the students to the brutality of the ubiquitous Korean Central Intelligence Agency.

In one such incident just a year ago, KCIA thugs beat up and arrested some SNU law students, a professor and the associate dean. This was too much for even Prof. Tsche, who in earlier years had sought to pacify student unrest. He protested against the KCIA's actions at a meeting of the law faculty. Shortly after class on Oct. 16, 1973, Tsche was picked up by the KCIA. He was never seen alive again. Four days later the government announced that Tsche had been arrested for investigation of charges of spying for North Korea and that after making a confession he had committed suicide by jumping out the seventh-floor window of an interrogation center.

I have no way of knowing whether Tsche was actually a North Korean agent. I do know that the evidently embarrassed South Korean government failed to substantiate its post-mortem accusations with any persuasive evidence; nor was the confession supposedly extracted from Tsche made public. Moreover, South Korean friends who have survived KCIA detention treat the report of Tsche's "suicide" with the utmost skepticism, for KCIA prisoners are said to be subject to the closest scrutiny. The fact that Tsche's widow, a medical doctor, was denied permission to examine his corpse hardly inspires confidence in what appears to have been a hastily contrived story.

Subsequent efforts to discover the truth about Prof. Tsche's demise have met a stone wall. His widow has been insulated from outside contacts. The intimidation and fear that prevail in Seoul prevent his colleagues from pursuing the matter. The press is muzzled, and the legal system controlled. Koreans shy away from discussing the case even in America, for the tentacles of the KCIA extend throughout not only their country but also our own.

Prof. Tsche's case is not unique. The exquisite tortures that have become the KCIA's hallmark have claimed many victims. Its mindless arrogance recognizes no bounds but power. It kidnapped from Japan President Park's last rival for the presidency, Kim Dae Jung, and was about to dump his weighted body into the sea when pressure from the Japanese and American governments saved his life, at least temporarily. Kim's offense was to poll 47 percent of the vote despite grave government-imposed handicaps and to alert his people to Park's plan to abolish constitutional rule. Another notorious case is that of Soh Sung, a Korean student from Japan who was horribly disfigured during pretrial detention. Yet this is only to speak of Koreans who are well-known or who have foreign friends to inquire after them. There are countless others.

All this took place before this year's emergency decrees that made it a capital offense for students to cut class "without plausible excuse" and that resulted in long prison sentences for hundreds of courageous intellectuals, Christian leaders and students whose crime was to call for the restoration of freedom. Thus the recent withdrawal of those decrees in the hope of luring President Ford to Seoul in November, improving South Korea's prospects at the U.N. this autumn and avoiding congressional reduction of military aid is essentially cosmetic, especially when the kangaroo courts-martial that made a farce of Korean justice continue to function.

Was it for this that some 33,000 Americans died in combat in Korea? Is this "the Free World" that our military and economic aid make possible and that we are still pledged to defend?

People in South Korea have few illusions about the kind of freedom they would share with their brothers in the North should Kim Il Sung forcibly reunify their tragically divided country. Yet they now suffer a KCIA-military dictatorship that uses American tanks to deprive them of most of their freedoms ostensibly to protect them from the North.

President Ford should not go to Seoul next month unless there is convincing evidence—not merely soothing secret assurances—that the Park regime will significantly relax its oppression for more than the few months of the U.N. General Assembly session. He should in any event make it clear to the Korean people and the world that the United States will henceforth refuse to support tyranny of the right as well as tyranny of the left. To do less than this is to inflict another moral disaster upon American foreign policy.

THE FEA AND THE CONSUMER

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. DRINAN. Mr. Speaker, I delivered testimony and an extensive statement to the Federal Energy Administration in their Boston hearings on Project Independence at the end of August. In my speech and statement, I expressed grave reservations concerning the FEA's planning and development of Project Independence. I was particularly concerned that Project Independence would pass on huge price increases to the already overburdened consumer, that environmental standards would be sacrificed in attempting to reach energy supply targets, and that a rapid shift to energy independence could severely disrupt world trade and undermine the sale of U.S. goods abroad.

Repercussions like those just mentioned are indeed worrisome, yet my greatest fear goes to the very heart of Project Independence and relates to the Government agency which will administer this program. The Federal Energy Administration has been charged with the responsibility for Project Independence, but the FEA's role in the energy field has seemed to confirm my suspicions that all is not well here. My feeling is that, based on the FEA's actions to date, the consumer is not being properly represented. Indeed, some would say that the FEA's actions place the agency on a collision course with the best interests of the consumer.

Mr. Speaker, I would like to bring to the Members' attention a letter submitted to the Congress by a variety of consumer, environmental, and public interest groups with regard to the FEA's administration of Project Independence. The letter describes how the Energy Administration has not been properly responsive to the public in planning and implementing this country's energy policies, and thus, how consumers have not been properly represented in the energy deliberations that so vitally affect them:

To the Members of Congress:

In his August 12 address to the Congress and the Nation, President Ford indicated that his new administration would "push" Project Independence, and he asked for the help of both the Congress and the country. We are writing to alert you to the fact that the Federal Energy Administration, which has assumed responsibility for developing Project Independence, has excluded interested citizen groups, federal agencies, and elected government officials from preparation of the Project Independence Blueprint and violated several of its statutory obligations. Moreover, preliminary investigations by the FEA and other organizations have raised serious questions about the advisability of pursuing the policy goal of continued increases in energy consumption implicit in Project Independence. We urge that you work to prevent premature commitments to certain energy policy options in the context of Project Independence without appropriate Congressional scrutiny and economic analysis.

As you may recall, the concept of Project Independence was originally introduced by President Nixon as a national program to achieve energy self-sufficiency by 1980 following the OPEC oil embargo of last year. The goal of "energy independence" has since been redefined to mean a reduced dependence upon foreign oil supplies. The Federal Energy Administration has assumed responsibility for the preparation of a Blueprint for Project Independence by November 1, 1974.

Contrary to FEA's claims to being an especially "open" agency, it has proven to be secretive, unresponsive, and ineffective in its preparation of the Project Independence Blueprint, while the effects of its energy-pricing directives are seriously aggravating the pressures of inflation. FEA has resisted the efforts of citizens, members of Congress, and representatives of State and local governments seeking access to reports prepared by the interagency "task groups" working on the Project Independence Blueprint, as well as contracted studies and other background papers. Although the first drafts of most of these reports were completed by early August, only six of the eighteen reports known to exist were available in FEA's public document room at the time public hearings began. Members of Congress have been similarly frustrated in their attempts to acquire copies of the draft documents. Public hearings on Project Independence have been scheduled in only ten locations throughout the country, with notable omissions of Washington, D.C., Appalachia, and several major population centers. Many interested parties have not been permitted to testify at these hearings. The United States Conference of Mayors/League of Cities, for example, has reported that some mayors and city councilmen have had difficulty in securing places on the hearing agendas. Further, FEA has failed to involve relevant federal agencies such as the Department of Justice, HEW, and OEO in the preliminary work of the interagency task groups preparing the Blueprint.

These procedures are characteristic of a pattern whereby FEA has illegally excluded the public and the Congress from participation in the development of a national energy policy. We feel strongly that FEA has violated the Freedom of Information Act, the Federal Advisory Committee Act, the Federal Energy Administration Act, and may be planning to violate the National Environmental Policy Act. FEA has failed to respond to many inquiries from Congressional offices as well as private individuals and organizations, provide the mandated representation of consumers and other interests on its advisory committees, and submit to Congress reports on the relative market shares of branded and non-branded independent marketers of all refined petroleum products. Finally, despite the fact that planning for Project Independence unquestionably constitutes a major federal action subject to the requirements of the National Environmental Policy Act, it is unclear whether FEA is prepared to comply with these requirements.

In addition to FEA's procedural shortcomings in the preparation of the Project Independence Blueprint, serious questions have arisen regarding the fundamental assumption of achieving increased energy self-sufficiency within the next decade. The OPEC oil embargo and petroleum price increases have completely reshaped the world monetary system and effectively invalidated many of the economic assumptions on which planning for Project Independence has been based. While the Federal Reserve Board Draft Task Force Report to FEA has estimated capital requirements for domestic energy production to be $545 billion through 1985, this estimate utilized an economic model based on a "stable economy with a real annual growth rate of 4%, an inflation rate of about 4.5%, and an unemployment rate lingering around 5%." A more recent study by the New York Stock Exchange (September '74), however, estimates capital costs of $820 billion from 1974 through 1985, based on a 3.6% annual rate of real growth and a 5% annual rate of inflation (figures which it admits "might well be optimistic"). While neither study is entirely compatible with the 12% rate of inflation experienced domestically since the OPEC embargo, it is noteworthy that the New York Stock Exchange estimates a $650 billion capital shortfall in the U.S. by 1985 if we invest the projected $820 billion to expand domestic energy production. At the same time, World Bank studies estimate that accumulated capital reserves in the OPEC nations will reach $650 billion by 1980 and $1.2 trillion by 1985 if present spending trends for OPEC oil continue.

Thus it appears that Project Independence poses a fundamental dilemma to the American economy if it is based on any substantial increases in energy consumption. Regardless of whether we increase domestic energy production, increase oil imports, or adopt some combination of these two strategies, the availability of capital and, consequently, our ability to control inflation will be affected. Furthermore, it is entirely conceivable that only the OPEC nations will be able to underwrite the capital requirements of a Project Independence effort that assumes substantial growth of energy consumption. In that event, we would be trading nominal energy independence for a no less compromising capital dependence on the OPEC nations.

In contrast to these foreboding prospects, and to the real problems of material shortages, water shortages, and other physical constraints that will limit our ability to substantially increase domestic energy production in the near future, recent studies suggest potential alternatives. Draft studies being prepared independently for the Federal Power Commission and FEA indicate a greater price-elasticity in the energy market than previously assumed, and indicate that future electronical energy demand, in particular, may consequently be lower than currently projected. Therefore, the possibility of substantially reducing our energy growth rate through energy conservation measures, without deleterious effects on the economy, is a policy option that must be studied. Such a policy would also be desirable because it would entail a reduction of adverse social and environmental consequences.

We hope that this letter will alert you to the need for Congress to analyze Project Independence closely through full and open hearings on the economic effects and environmental and social impacts of various policy options so that a technically feasible, economically sound, and socially productive national energy policy may yet emerge.

Respectfully,

Environmental Policy Center, Corporate Accountability Research Group; Center for Science in the Public Interest; National Consumers Congress; Friends of the Earth; National Intervenors; Consumer Federation of America, Energy Policy Task Force; Environmental Action; National Consumers League; Movement for Economic Justice; Public Interest Economics Center.

STATEMENT OF CONGRESSMAN BURT L. TALCOTT ACCOMPANYING INSERTION OF VOTING RECORD FOR 93D CONGRESS, 1ST SESSION

HON. BURT L. TALCOTT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. TALCOTT. Mr. Speaker, I am pleased to have this opportunity to insert in the CONGRESSIONAL RECORD an accounting of my voting record for the 1st session of the 93d Congress.

I realize how difficult it may sometimes be to properly interpret a Member's position when we are not always afforded an opportunity to make clear-cut votes on every issue. However, my affirmative votes reflect a judgment that a bill includes considerably more good than bad.

The format of my voting record includes a succinct bill title and an abridged description which also is not always fully descriptive or precise. Due to official business away from Washington, it was occasionally necessary for me to miss a recorded vote. In these instances, I have indicated how I would have voted had I been present. By publishing my voting record, the public in general, and my constituents in particular, will have the opportunity to evaluate how I have represented them on the many important issues of the day.

As soon as practicable after adjournment of the second session, I shall insert my voting record for the second session.

The voting record follows:

VOTING RECORD OF BURT L. TALCOTT OF THE 12TH CONGRESSIONAL DISTRICT OF CALIFORNIA

[Yes—For; Nay—Against; NVN—Not voting, against; NVY—Not voting, for]

1973	Measure, question, and result	Vote
Jan. 3	Quorum call of the States	
	Election of Speaker of the House (Carl Albert elected over Gerald R. Ford 236–188).	Ford.
	H. Res. 6. On ordering the previous question for adoption of the Rules of the House of Representatives for the 93d Congress, allowing the Speaker to entertain a motion to suspend the rules on the 1st and 3d Mondays of each month, and on the immediately following Tuesday (passed 208–206).	Nay.
31	On ordering the previous question for H. Res. 176, a resolution providing for the consideration of H. Res. 132, House Committee Study (passed 205–167).	Nay.
	H. Res. 176, the "rule" under which to consider H. Res. 132, House committee study (passed 283–135).	Nay.
	H. Res. 132, to pass the resolution creating a special committee to study the role, jurisdiction and procedures of the standing committees of the House (passed 282–91).	Yes.
Feb. 5	To suspend the rules and pass H. J. Res. 123, to extend for 1 year the Highway Beautification Commission (passed 283–40).	Yes.
Feb. 7	On ordering the previous question for H. Res. 188, the "rule" under which to consider H. R. 2107 to require the Secretary of Agriculture to carry out a rural environmental assistance program (passed 237–150).	Nay.
	H.R. 2107, on an amendment to require that the Secretary of Agriculture carry out the rural environmental assistance program (REAP) at a funding level of $140,000,000 as budgeted (defeated 176–217).	Nay.
	H.R. 2107, on an amendment to restrict REAP payments to farmers whose average annual net income from all sources during the preceding 3 years was $10,000 or less (defeated 132–260).	Yes.
	H.R. 2107, on final passage of the bill to require the Secretary of Agriculture to carry out a rural environmental assistance program (passed 251–142).	Nay.
20	To suspend the rules and pass H.R. 3694, to extend the activities of the American Revolution Bicentennial Commission (passed 286–72).	Yes.
21	To suspend the rules and pass H.J. Res. 345, making further continuing appropriations for fiscal year 1973 (passed 311–73).	Nay.
22	H.R. 1975, on an amendment to the emergency loan program bill to allow applicants eligible as of Dec. 26, 1972, to apply for 1 percent loans for an 18-day period beginning with the enactment of the bill (passed 196–160).	Yes.
	H.R. 1975, on final passage of the bill to return to emergency farm loan program basically to the terms and conditions which existed before 1971.	Yes.
27	H.R. 3577, to approve a bill providing an extension of the interest equalization tax, first enacted in 1963 to deter outflow of U.S. capital to other nations by removing the incentive for foreigners to borrow funds in America and for U.S. citizens to invest in foreign securities bearing a higher interest rate.	Yes.
28	H. Res. 256, on adoption of a resolution to reconstitute the Select Committee on Crime for the first 6 months of 1973 and to transfer its functions to the Judiciary Committee after June 30 (passed 317–75).	
	On ordering the previous question for H. Res. 18, the resolution authorizing funds for investigations and studies by the Banking and Currency Committee (passed 204–191).	Nay.
	H. Res. 257, on adoption of a resolution authorizing funds for investigations and studies by the District of Columbia Committee, including trips abroad to study local government administration in foreign countries (failed 153–234).	
Mar. 1	H.R. 3298, to approve the bill to restore the rural water and sewer grant program under the Consolidated Farm and Rural Development Act (passed 297–54).	Yes.
4	Quorum call	
	H.R. 4278, to suspend the rules and pass the bill to assure that Federal financial assistance for child nutrition program is maintained at the level budgeted for fiscal year 1973 (passed 352–7).	Yes.
	H.J. Res. 393, to suspend the rules and pass the resolution to extend the life of the National Commission on the Financing or Postsecondary Education and the period within which it must make its final report (passed 332–29).	Yes.
7	On ordering the previous question on H. Res. 272, the "rule" under which to consider H.R. Res. 259, open committee meetings (passed 197–196).	Nay.
	H. Res. 259, on an amendment to authorize executive department officials and experts to attend closed committee meetings, if authorized by the committee (passed 201–198).	Yes.
	H. Res. 259, on final passage of the resolution amending House rules to require open committee meetings except where national security or personal privacy was involved, or where the committee decided by a majority vote to close its doors (passed 371–27).	Yea.
8	H.R. 17, on an amendment to the Vocational Rehabilitation Act of 1973 in the form of a substitute restricting the bill to a 3-year extension of the existing grant program to the States for vocational rehabilitation services (defeated 165–213).	NVY.
	H.R. 17, on final passage of the bill to amend the Vocational Rehabilitation Act to extend and revise the authorization of grants to States for vocational rehabilitation services, to authorize grants for rehabilitation services to those with severe disabilities (passed 318–57).	NVY.
13	H.R. 71, on an amendment in the form of a substitute bill, to authorize $501 million in grants for fiscal year 1973 for States and regional programs under the Older Americans Act (rejected 168–229).	Nay.
	H.R. 71, on final passage of the bill to strengthen and expand programs under the Older Americans Act of 1965 and to strengthen representation of the interests of the elderly at the Federal level (passed 329–69).	Yes.
14	S. 583, to approve a bill to promote the separation of constitutional powers by securing to the Congress additional time in which to consider the Rules for Evidence for U.S. Courts and Magistrates, the Amendments to the Federal Rules of Criminal Procedure which the Supreme Court on Nov. 20, 1972, ordered the Chief Justice to transmit to Congress (passed 399–1).	Yes.
15	H.R. 2246, to approve a bill to extend for a 1-year period the authorizations for the Public Works and Economic Development Act of 1965 (passed 278–108).	Nay.
20	H. Res. 285, to approve a resolution authorizing funds for investigations and *studies* by the Committee on Public Works (passed 372–9).	Yes.
21	H.R. 5446, to approve a bill to extend the Solid Waste Disposal Act for 1 year (passed 392–2).	Yes.
22	H. Res. 308, to approve a resolution authorizing funds for investigations and studies by the Committee on Internal Security (passed 289–101).	NVY.
	H.R. 5445, to approve the bill to extend the Clean Air Act for 1 year (passed 387–1).	NVY.
29	H.R. 5293, on a motion to recommit to the Committee on Foreign Affairs with instructions to reduce by $17 million fiscal year 1974 authorization, the bill authorizing continuing appropriations for the Peace Corps (defeated 132–238).	Yes.
	H.R. 5293, to approve the bill authorizing continuing appropriations for the Peace Corps (passed 299-72).	Yes.
Apr. 2	To suspend the rules and pass H.R. 3153, a bill to amend the Social Security Act to make certain technical and conforming changes (passed 340–1).	NVY.
	To suspend the rules and pass H. Res. 330, endorsing objective and policy to be pursued by the U.S. delegation to the Law of the Sea Conference; objectives included protection of freedom of the seas beyond a 12-mile territorial limit and conservation and protection of living resources.	NVY.
4	H.R. 3577, to adopt the conference report on the bill providing for an extension of the interest equalization tax (adopted 396–18)	Yes.
	On ordering the previous question and thereby ending debate on H. Res. 337, the rule for consideration of H.R. 5683, the bill to amend the Rural Electrification Act (passed 244-170).	Nay.
	H.R. 5683, on an amendment, in the form of a substitute bill, to the bill to amend the Rural Electrification Act, which sought to further restrict loan criteria for 2 percent loans and to give the Rural Electrification Administration more discretion on the amount of funds that could be loaned (defeated 162-244).	Yes.
	H.R. 5683, to approve the bill to amend the Rural Electrification Act to establish a revolving fund for insured and guaranteed loans to rural electric and telephone systems (passed 317-92).	Nay.
5	H. Res. 340, to approve the resolution authorizing the representation of the House Interior Committee at the General Assembly of the International Centre for the Study of the Preservation and Restoration of Cultural Property (passed 281–70).	Yes.
9	H.R. 4586, to approve the bill to incorporate in the District of Columbia the National Inconvenienced Sportsmen's Association (passed 328–0).	Yes.
	H.R. 342 to approve the bill to authorize the District of Columbia to enter into the Interstate Agreement on Qualification of Education Personnel (passed 331–1).	Yes.
10	H.R. 3298, to override the President's veto of the bill to require the Secretary of Agriculture to spend the entire amount appropriated by Congress each fiscal year for water and sewer grants to rural communities (defeated 225–189; a ⅔ vote being necessary).	Nay.
	H. Res. 348, to approve the rule under which to consider H.J. Res. 205, to create an Atlantic Union delegation (defeated 197–210).	Nay.
11	H. Res. 349, to approve the rule providing for the consideration of H.R. 3180, a bill to clarify the proper use of the franking privilege by Members of Congress (passed 371–14).	Nay.
	H.R. 3180, to approve the bill to clarify the proper use of the franking privilege (passed 354–49).	Yes.
12	H.J. Res. 496, to approve the resolution making supplemental appropriations for the fiscal year 1973 (passed 367–0).	Yes.
16	On ordering the previous question for H. Res. 357, the rule under which to consider H.R. 6168; to extend and amend the Economic Stabilization Act of 1970 (defeated 147–258).	NVY.
	H.R. 6168, on an amendment which sought to impose a ceiling on prices at levels no higher than those in effect on Apr. 16, 1973 (defeated 139–263).	NVN.
	H.R. 6168, on an amendment which set forth requirements for the Cost of Living Council on a hearing and report procedure to be followed in wage reduction decisions (passed 271–132).	NVY.
	H.R. 6168, on an amendment in the form of a substitute to extend the Economic Stabilization Act of 1970 for 60 days and to direct the President to develop and report to Congress by May 15, 1973, a comprehensive controls program (defeated 151–253).	NVN.
	H.R. 6168, on an amendment to direct the President to roll back rents to Jan. 10, 1973, levels (defeated 173–225).	NVN.
	H.R. 6168, on an amendment to direct the President to roll back rents to Jan. 10, 1973, levels and allow increases up to 2.5 percent annually (defeated 147–250).	NVN.
	H.R. 6168, on an amendment to require the President to roll back food prices, without exempting farm level prices, to the Mar. 17, 1973, levels and to roll back rents to the Jan. 10, 1973, levels (defeated 101–303).	NVN.
	H.R. 6168, on a motion to recommit to committee the bill to amend and extend the Economic Stabilization Act of 1970 (defeated 164–243).	NVN.
	H.R. 6168, on final passage of the bill to amend and extend the Economic Stabilization Act of 1970 (passed 293–114).	NVY.
17	H.R. 6691, on an amendment to the bill providing for legislative appropriations, which sought to delete $58 million for the extension of the west front of the Capitol (defeated 189–195).	NVN.
18	H.R. 6691, on a motion to recommit to committee the bill providing for legislative appropriations, with instructions to delete $58 million for the extension of the west front of the Capitol (defeated 185–215).	NVN.
	On ordering the previous question for H. Res. 369, the rule providing for consideration of H.R. 4204, to extend the Emergency Employment Act of 1971 for 2 years, thereby ending debate and the possibility of amending the rule (defeated 193–209).	NVN.
	On ordering the previous question for H. Res. 369, on an amendment in the form of a substitute to the rule under which the bill was considered (defeated 157–245).	NVY.
	On a motion to table the motion to reconsider H. Res. 369, the rule under which to consider H.R. 4204, to extend the Emergency Employment Act for 2 years at a cost of $4.5 billion (passed 183–173).	NVY.
	S. 50, on concurring in the Senate amendment to the House amendment on the bill to strengthen and improve the Older Americans Act of 1965 (passed 348–0)	NVY.
19	S. 502. on an amendment to the Federal Aid Highway Act to permit urban areas to use highway trust fund moneys for mass transit projects (defeated 190–215).	NVN.
	S. 502. on an amendment to the Federal Aid Highway Act to delete language which earmarked funds or cities with a population more than 400,000 from the urban system funds (passed 292–93).	NVY.
30	S. 398, to adopt the conference report on the bill providing for a 1-year extension of Presidential power to impose wage and price control, new authority for the President to allocate petroleum products (passed 267–115).	NVY.
May 1	H. Res. 351, a resolution providing for consideration of H.R. 3923, to provide that appointments to the offices of Director and Deputy Director of the Office of Management and Budget shall be subject to confirmation by the Senate (passed 318–56).	Nay.
	H.R. 3932, on an amendment in the nature of a substitute to require Senate confirmation of all Directors and Deputy Directors of OMB appointed after enactment of the bill (defeated 130–263).	Nay.
	H.R. 3932, on final passage of the bill to abolish and reestablish the Office of Management and Budget with its Director and Deputy Director subject to confirmation by the Senate, and to transfer same direct authority from the President to the OMB Director (passed 229–171).	Nay.

VOTING RECORD OF BURT L. TALCOTT OF THE 12TH CONGRESSIONAL DISTRICT OF CALIFORNIA—Continued

[Yes—For; Nay—Against; NVN—Not voting, against; NVY—Not voting, for]

1973	Measure, question, and result	Vote
May 2	H. Res. 370, a resolution providing for consideration of H.R. 6388, the bill to amend the Airport and Airway Development Act (passed 385–2).	Yes.
	H.R. 6388, to approve the bill amending the Airport and Airway Development Act of 1970 to raise the Federal share of airport development costs from 50 to 75 percent on all but the largest airports and to prohibit local "head taxes" on airline passengers (passed 386–16).	Yes.
3	H.R. 982, on an amendment to the bill amending the Immigration and Nationality Act that sought to strike language containing a 3-step civil and criminal penalty procedure for imposing sanctions on employers (defeated 96–266).	Yes.
	H.R. 982, on final passage of the bill to amend the Immigration and Nationality Act to make it unlawful for American employers to employ illegal aliens (passed 297–63).	Yes.
7	To suspend the rules and pass H.R. 4967, the bill to authorize appropriations for the Indian Claims Commission for fiscal year 1974 (passed 336–8).	Yes.
	To suspend the rules and pass H.R. 6574, the bill to provide full coverage under Servicemen's Group Life Insurance for members of the Armed Forces Reserve, the National Guard and for certain members of the retired Reserves (passed 342–1).	Yes.
	To suspend the rules and pass H.R. 2828, to provide additional burial allowances for veterans and establish a National Cemetery System within the Veterans' Administration (passed 340–1).	Yes.
	To suspend the rules and pass H.R. 29, the bill providing for payments by the Postal Service to the Civil Service Retirement Fund for increases in the unfunded liability of this fund due to increases in benefits for Postal Service employees (passed 344–0).	Yes.
8	To suspend the rules and pass H.R. 5452, to extend and make technical corrections to the National Sea Grant College and Program Act of 1966 (passed 368–9).	Yes.
	To suspend the rules and pass H.R. 5451, the bill to amend the Oil Pollution Control Act to implement amendments to an international convention on oil pollution control and to provide stiffer penalties for violations (passed 370–1).	Yes.
9	H.R. 7445, to approve the bill to extend the Renegotiation Act of 1951 which provides for a review of government contracts in the defense and space programs to eliminate excess profits (passed 388–0).	Yes.
	H.R. 6370, on an amendment to the bill to extend certain laws relating to the payment of interest on time and savings deposits, to delete language that prohibits NOW (Negotiable Order of Withdrawal) savings accounts (defeated 98–264).	Nay.
	H.R. 6370, the bill to extend certain laws relating to the payment of interest on time and savings deposits, to prohibit depository institutions from permitting negotiable orders of withdrawal accounts where interest or dividend is paid, and to authorize Federal savings and loan associations and national banks to own stock in and invest in loans to certain State housing corporations (passed 376–4).	Yes.
10	S. 394, on adoption of the conference report on the bill to amend the Rural Electrification Act to establish a revolving fund to provide for insured and guaranteed loans to rural electric and telephone systems (passed 363–25).	Nay.
	On ordering the previous question on H. Res. 389, the rule under which to consider H.R. 7447, the bill to provide supplemental appropriations for fiscal year 1973, defeat of which would make in order an amendment to the bill to liberalize the funding of impacted area school aid (defeated 184–222).	Nay.
	H.R. 7447, on an amendment to the supplemental appropriations bill to delete language authorizing the transfer of $430 million by the Department of Defense (passed 219–188).	Nay.
	H.R. 7447, on an amendment to the supplemental appropriations bill that sought to postpone the provisions of the amendment prohibiting the use of funds to finance combat activities in Cambodia (defeated 180–219).	Ye-
	H.R. 7447, on an amendment to the supplemental appropriations bill to prohibit funds appropriated under this Act to be expended to support, directly or indirectly, combat activities in, over or off the shores of Cambodia by U.S. forces (passed 224–172).	Nay.
	H.R. 7447, on an amendment to the supplemental appropriations bill to increase the funding for category B federally impacted area school assistance aid from 54 percent to 68 percent of entitlement (passed 211–178).	Yes.
	H.R. 7447, on a 2d vote on the amendment to strike language authorizing the transfer of $430 million by the Defense Department (passed 194–187).	Nay.
	H.R. 7447, on final passage of the supplemental appropriations bill (passed 284–96).	Yes.
15	H.R. 6768, on an amendment to the bill providing for participation by the United States in the United Nations Environmental Program, to reduce a proposed multiyear authorization of $40 million for U.S. contributions to a 1-year authorization of $2.5 million (defeated 164–126).	Nay.
	H.R. 6768, on an amendment to the bill providing for participation by the United States in the United Nations Environmental Program, to delete the $40 million total authorization and through fiscal year 1978 and authorize a contribution of $5 million for fiscal year 1974 only (passed 200–184).	Nay.
	H.R. 6768, on a second vote on the above amendment, which had been passed in the Committee of the Whole House (defeated 192–198).	Yes.
	H.R. 6768, on final passage of the bill providing for participation by the United States in the United Nations Environmental Program established to coordinate and support work on international environmental concerns (passed 266–123).	Yes.
16	H.R. 5777, to approve a bill to protect hobbyists against the reproduction or manufacture of certain imitation hobby items and to provide additional protection for American hobbyists (passed 382–7).	Yes.
21	To suspend the rules and pass H.J. Res. 512, the resolution to extend through June 30, 1974, Federal Housing Administration insurance programs, urban renewal programs, open space programs, neighborhood facilities grants, and rehabilitation loan programs (passed 357–1).	Yes.
	To suspend the rules and pass H.R. 6330, the bill to permit the District of Columbia Armory Board to borrow up to $1.5 million to enlarge the seating capacity of the Robert F. Kennedy Stadium (passed 270–98).	Nay.
22	To suspend the rules and pass H.R. 6717, to prohibit the charging of fees for the use of certain public recreation areas at lakes and reservoirs under the jurisdiction of the U.S. Army Corps of Engineers (passed 307–90)	Yes.
	H.R. 7200, on a motion to recommit to committee the bill extending previously granted temporary increases in retirement benefits and liberalizing requirements for benefits (defeated 10–393).	Nay.
	H.R. 7200, to approve the bill to amend the Railroad Retirement Act of 1937 and the Railroad Retirement Tax Act to extend temporary retirement benefit increases through Dec. 31, 1974, and to liberalize eligibility requirements for railroad retirement (passed 387–5).	Yes.
May 23	S. 518, to override the President's veto of the bill to abolish the Office of Management and Budget and reestablish it with a Director and Deputy Director subject to Senate confirmation and to transfer from the President to the OMB Director certain statutory authority (defeated 236–173, a ⅔-vote being necessary).	Nay.
	H.R. 7528, on an amendment to the bill authorizing appropriations for the National Aeronautics and Space Administration, to prohibit the use of funds to operate a South African space tracking station (defeated 104—294).	Nay.
	H.R. 7528, on final passage of the bill to provide authorization for appropriations for fiscal year 1974 for the National Aeronautics and Space Administration (passed 322–73).	Yes.
29	H. Res. 408, the rule under which to consider H.R. 6912, the bill to authorize a 10 percent devaluation of the dollar (passed 299–9).	Yes.
	H.R. 6912, on an amendment to the bill to authorize a 10 percent devaluation of the dollar, to allow private purchase, sale, and ownership of gold by U.S. citizens after Dec. 31, 1973, instead of at a date to be determined by the President which would not increase speculation and thereby further weaken the dollar (defeated 182–162).	Yes.
	H.R. 6912, on an amendment to the bill to authorize a 10-percent devaluation of the dollar, to strike the provision giving the President the authority to determine when to end the prohibition on private gold ownership (defeated 100–218).	Yes.
	H.R. 6912, on final passage on the bill to amend the Par Value Modification Act to authorize a 10-percent devaluation of the dollar (passed 281–36).	Yes.
30	H.R. 5857, to approve the bill amending the National Visitor Center Facilities Act of 1968 to authorize additional funding to complete the renovation of Washington's Union Station as a National Visitor Center (passed 288–75).	Yes.
	H.R. 5858, to approve the bill authorizing appropriations for fiscal years 1974–76 for the Interior Department for the maintenance, security and information operations of the John F. Kennedy Center for the Performing Arts (passed 260–100).	Yes.
31	H.R. 7806, to approve the bill to extend through fiscal year 1974 certain expiring authorizations in the Public Health Service Act, Community Mental Health Centers Act, and the Developmental Disabilities Service and Facilities Construction Act (passed 372–1).	Yes.
	H.R. 7724, on an amendment to the bill authorizing biomedical research fellowships and training grants to prohibit Federal sponsorship of research on live human fetuses (passed 354–9).	Yes.
	H.R. 7724, on final passage of the bill to authorize $208 million for each of fiscal years 1974 and 1975 to continue a Federal program of biomedical research fellowships and training grants (passed 361–5).	Yes.
	H.R. 6458, to approve the bill authorizing $145 million for fiscal years 1975–76 for emergency medical services grants to local communities for planning, establishing or initially operating emergency medical care systems and for research and training in emergency medical services (passed 261–96).	Nay.
June 4	To suspend the rules and pass H. Res. 398, a resolution providing for promotions on the U.S. Capitol Police Force (passed 299–0).	Yes.
5	To suspend the rules and pass H.R. 8070, the bill authorizing grants for vocational rehabilitation (passed 384–13).	Yes.
6	H.R. 7935, on an amendment to the bill to increase the minimum wage, to bring minimum wages for farmworkers up to the base level of industrial workers (defeated 186–232).	Yes.
	H.R. 7935, on an amendment in the form of a substitute to increase the hourly minimum wage for most nonfarmworkers to $1.90 upon enactment, then to $2.10 in 1974 and to $2.20 in 1975, and to increase the minimum wage for farmworkers in increments up to $2 by 1976 (defeated 199–218).	Yes.
	H.R. 7935, on an amendment to the bill to increase the minimum wage, to set the minimum wage for employees covered before 1966 at $1.90 per hour the 1st year, $2.10 the 2d year, and $2.20 thereafter (defeated 193–225).	Yes.
	H.R. 7935, on an amendment to the bill to increase the minimum wage, to set the hourly minimum wage rate for nonagricultural employees covered prior to 1966 in 2 steps: to $2.10 on July 1, 1974, and to $2.20 on July 1, 1975 (defeated 189–224).	Yes.
	H.R. 7935, on an amendment to the bill to increase the minimum wage, to set the minimum wage for farmworkers at $1.50 upon enactment, $1.70 in the 2d year, and $2.20 in the 3d year (defeated 195–224).	Nay.
	H.R. 7935, on an amendment to the bill to increase the minimum wage, to increase the hourly minimum for farmworkers to $1.80 per hour upon enactment, to $2 per hour by July 1, 1974, and to $2.20 per hour by July 1, 1975 (defeated 102–313).	Yes.
	H.R. 7935, on an amendment to the bill to increase the minimum wage, to strike out extended coverage for Federal employees (defeated 167–249).	Yes.
	H.R. 7935, on an amendment to the bill to increase the minimum wage, to strike language providing for extended coverage for local and State government employees (defeated 182–233).	NVY.
	H.R. 7935, on an amendment to the bill to increase the minimum wage, to delete language providing for the elimination of overtime exemptions for seasonal employees who process perishable products (passed 251–163).	Yes.
	H.R. 7935, on an amendment to the bill to increase the minimum wage to permit employers to hire youths under 18 or full-time students at $1.60 per hour ($1.30 for agricultural labor) or 80 percent of the prevailing adult minimum wage, whichever is higher, for a period not to exceed 20 workweeks (defeated 199–215).	Yes.
	H.R. 7935, on an amendment to the bill to increase the minimum wage, to freeze the minimum wage paid in the Panama Canal Zone at its present level, $1.60 per hour (passed 213–203).	Nay.
	H.R 7935, on final passage of the bill to increase the minimum wage for all workers covered under the Fair Labor Standards Act to $2.20 per hour, to repeal certain overtime exemptions and extend coverage of the act to around 6 million workers (passed 287–180).	Nay.
7	H. Res. 382, on a resolution to disapprove Reorganization Plan No. 2, which proposed combining the drug control activities into a single Drug Enforcement Administration (defeated 130–281).	Nay.
	H.R. 7645, to approve the bill authorizing funding for the State Department and prohibiting any such funds from being used for reconstruction aid to North Vietnam (passed 331–57).	Yes.
	H.R. 7446, to approve the bill to establish the American Revolution Bicentennial Administration to coordinate planning for the 1976 celebration (passed 344–14).	Yes.
8	H.R. 2246, to adopt the conference report on the bill providing for a 1-year extension of the Public Works and Economic Development Act of 1965 (passed 276–2).	Yes.

VOTING RECORD OF BURT L. TALCOTT OF THE 12TH CONGRESSIONAL DISTRICT OF CALIFORNIA—Continued

[Yes—For; Nay—Against; NVN—Not voting, against; NVY—Not voting, for]

1973	Measure, question, and result	Vote
June 8	H. Res. 426, the rule under which to consider H.R. 7670, to authorize appropriations for fiscal year 1974 for Department of Commerce maritime programs (passed 274–0).	Yes.
	H.R. /670, to approve the bill authorizing appropriations for fiscal year 1974 for Department of Commerce maritime programs (passed 266–10).	Yes.
11	On a motion to dispense with Calendar Wednesday business on June 13 (defeated 221–119; a ⅔-vote being necessary).	
	H.R. 4083, to approve the bill to strengthen laws relating to the regulation of insurance in the District of Columbia (passed 330–0).	Yes.
	H.R. 6713, to approve the bill amending the District of Columbia Election Act regarding the times for filing certain petitions and regulating the primary election for Delegate from the District of Columbia (passed 330–12).	Yes.
	H.R. 8250, to approve the bill to authorize Government programs and activities in the District of Columbia (passed 268–84).	Yes.
	H.R. 4771, to approve the bill to give the District of Columbia City Council the power to impose rent controls (passed 210–144).	Nay.
12	H.R. 5293, to adopt the conference report on the bill authorizing $77 million for the Peace Corps for fiscal year 1974 (passed 329–64).	Yes.
	H. Res. 423, the rule under which to consider H.R. 77, the bill to permit employee contributions to jointly administered trust funds established by labor organizations to defray costs of legal services (passed 307–91).	Yes.
	H.R. 77, on an amendment to the legal services trust fund bill to allow employees benefiting from the legal services funds to select any attorney of their choice rather than an attorney selected by the union (passed 279–126).	Yes.
	H.R. 77, on an amendment to the legal services trust fund bill to strike language specifying as an unfair labor practice the unilateral modification or termination of a legal services fund agreement or a failure or refusal to bargain on the subject in the next subsequent negotiation (defeated 111–293).	Nay.
	H.R. 77, on an amendment to the legal services trust fund bill to provide that no labor organization or employer shall be required to bargain on the establishment of a legal services trust fund, but once established, it would be an unfair labor practice to unilaterally modify or terminate the trust fund agreement or to refuse to bargain concerning the trust fund in subsequent negotiations (defeated 177–223).	Yes.
	H.R. 77, on final passage of the bill to permit employee contributions to jointly administered trust funds established by labor organizations to defray costs of legal services for employees and their families (passed 257–149).	Nay.
13	On ordering the previous questions on H. Res. 437, the rule under which to consider H.R. 8410, to extend the temporary $465 billion ceiling on the national debt (defeated 21–395).	No.
	On ordering the previous question on the substitute amendment to the rule, H. Res. 437, the rule under which to consider H.R. 8410, to extend the temporary $465 billion ceiling on the national debt (passed 254–160).	Yes.
	H. Res. 437, on an amendment to the rule providing for consideration of H.R. 8410, debt ceiling extension, with no provisions waiving points of order against consideration as a floor amendment the text of H.R. 3932, requiring Senate confirmation of the director and deputy director of the Office of Management and Budget (passed 248–163).	Yes.
	H. Res. 437, on final passage of the rule, as amended, under which to consider H.R. 8410, to extend the temporary $465 billion ceiling on the national debt (passed 271–141).	Yes.
	H.R. 8410, to approve the bill to extend the temporary $465 billion ceiling on the national debt (passed 261–152).	Yes.
14	H.R. 3926, on an amendment to the bill authorizing appropriations to extend the National Foundation on Arts and the Humanities Act, to decrease the fiscal year 1974 authorization from $145 million to $81 million (defeated 141–248).	Nay.
	H.R. 3926, on an amendment to the bill authorizing appropriations to extend the National Foundation on Arts and the Humanities Act, to delete authorizations for funding for fiscal years 1975 and 1976, and to provide a 1-year authorization instead of a 3-year authorization (defeated 146–235).	Nay.
	H.R. 3926, on final passage of the bill to provide authorization to extend the National Foundation on Arts and Humanities Act (passed 309–63).	Yes.
15	H.R. 8619, on an amendment to the bill making appropriations for agriculture, environmental, and consumer protection programs, to prohibit payment of the salaries for personnel of Cotton, Inc., a quasi-public organization which conducts cotton research and promotion (passed 234–125).	Yes.
	H.R. 8619, on an amendment to the agriculture, environmental and consumer protection appropriations bill, to prohibit the payment of salaries to personnel who formulate or carry out programs on which the total price support payments on wheat, feed grains and cotton exceed $20,000, or on programs which sanction the sale or lease of cotton acreage allotments (passed 195–157).	Nay.
	H.R. 8619, on final passage of the bill to provide appropriations for agriculture, environmental and consumer protection programs for fiscal year 1974 (passed 304–3).	Yes.
18	H.R. 8658, to approve the bill making appropriations for the District of Columbia for fiscal year 1974 (passed 321–64).	Yes.
	H.R. 8152, on an amendment to the bill to amend the Omnibus Crime Control and Safe Streets Act of 1968, to provide for optional inclusion of citizens representatives, professional and community organizations in state and regional criminal justice and law enforcement planning units (passed 227–162).	Yes.
	H.R. 8152, on an amendment to the bill to amend the Omnibus Crime Control and Safe Streets Act of 1968, to add language stating that nothing in the bill shall be construed to require the adoption by a grantee of a quota or other type of system to achieve racial balance (passed 231–161).	Yes.
	H.R. 8152, on final passage of the bill to amend the Omnibus Crime Control and Safe Streets Act of 1968, to strengthen law enforcement and criminal justice (passed 391–0).	Yes.
19	H.R. 689, to suspend the rules and pass the bill to make it a Federal crime for private persons or debt collecting agencies to misuse names in the collection of debts so as to convey the false impression that any agency of the Federal Government is involved (passed 399–0).	Yes.
	H.R. 6129, to suspend the rules and pass the bill providing for the continuance of civil government for the Trust Territories of the Pacific Islands (passed 387–14).	Yes.
	H.R. 7127, to suspend the rules and pass the bill providing for a 3-year authorization to continue the National Historical Preservation Act programs (passed 385–16).	Yes.
June 19	H. Res. 434, the resolution providing for consideration of H.R. 5464, the bill to authorize appropriations for the saline water program for fiscal year 1974 (passed 389–4).	NVY.
	H.R. 5464, on an amendment to the saline water program authorization, to increase funds in the bill from $9.2 million to $15.8 million (passed 281–125).	Yes.
	H.R. 5484, on final passage of the bill to authorize appropriations for the saline water program for fiscal year 1974 (passed 399–4).	NVY.
	H.R. 4980, to approve the bill providing for the reclassification of positions of deputy U.S. marshal (passed 319–84).	Yes.
20	H.R. 8760, on an amendment to the bill making appropriations for the Department of Transportation for fiscal year 1974, to delete $1.6 million for new moorings for the Coast Guard Cutter Mackinaw at Cheboygan, Mich. (defeated 107–309).	Nay.
	H.R. 8760, on an amendment to the bill making appropriations for the Department of Transportation, to add $3 million in urban transportation systems (defeated 204–213).	Nay.
	H.R. 8760, on an amendment to the bill making appropriations for the Department of Transportation, to add $9.7 million for research and demonstration for personal rapid transit programs (defeated 137–277).	Nay.
	H.R. 8760, on an amendment to the bill making appropriations for the Department of Transportation, to delete all funds in the bill for research, development and demonstration of urban mass transportation programs (defeated 17–392).	Nay.
	H.R. 8760, on final passage of the bill making appropriations for the Department of Transportation for fiscal year 1974 (passed 414–2).	Yes.
	H. Res. 435, the rule under which to consider H.R. 7824, the bill to establish a Legal Service Corporation (passed 358–34).	Yes.
	H.R. 7824, on an amendment to the bill establishing a Legal Services Corporation, to prohibit the corporation from undertaking, by grant or contract, activities in backup research centers (passed 245–166).	Yes.
	H.R. 7824, on an amendment to the bill establishing a Legal Services Corporation, to insert language allowing persons to bring suit against the corporation and reimbursing costs and fees to plaintiffs who win such court actions (defeated 159–237).	Yes.
	H.R. 7824, on an amendment to the bill establishing a Legal Services Corporation, to include administrative advocacy in the bill's prohibition against legislative advocacy (passed 200–181).	Yes.
	H.R. 7824, on an amendment to the bill establishing a Legal Services Corporation, to prohibit full time attorneys of the Corporation from engaging in partisan and nonpartisan political activities (passed 207–171).	Yes.
	H.R. 7824, on an amendment to the bill establishing a legal Services Corporation, to prohibit the Corporation from providing legal assistance with respect to any proceeding or litigation relating to the desegregation of any school or school system (passed 221–150).	Yes.
	H.R. 7824, on an amendment to the bill establishing a Legal Services Corporation, to prevent the Corporation from funding legal research backup centers (passed 233–139).	Yes.
	H.R. 7824, on a motion to strike the enacting clause and thereby kill the bill establishing a Legal Services Corporation (defeated 91–283).	No.
	H.R. 7824, on a substitute amendment to the Legal Services Corporation bill amendment prohibiting the Corporation form providing legal assistance which sought to procure a nontherapeutic abortion or to compel the performance of abortion contrary to the religious beliefs or moral convictions of an individual or an institution (passed 316–53).	Yes.
	H.R. 7824, on the amendment to the Legal Services Corporation bill containing the substitute amendment adopted on rollcall No. 261, above (passed 301–68).	Yes.
	H.R. 7824, on final passage of the bill to establish a Legal Services Corporation to replace the legal services programs of the Office of Economic opportunity.	Yes.
22	H.R. 8510, on an amendment to the bill authorizing appropriations for the National Science Foundation, to delete from the bill the provision designed to prevent selective impoundment of science funds and to reinstate the less stringent customary authority covering transfers of funds between programs (defeated 109–238).	Yes.
	H.R. 8510, on an amendment to the bill authorizing appropriations for the National Science Foundation, to prohibit funds from being used for research on human living fetuses (passed 288–73).	Yes.
	H.R. 8510, on final passage of the bill authorizing appropriations for the National Science Foundation for fiscal year 1974 (passed 364–6).	Yes.
	H.R. 8825, on an amendment to the bill making appropriations for the Department of Housing and Urban Development and related agencies, to increase by $75 million the funds for community comprehensive planning (defeated 168–184).	Nay.
	H.R. 8825, on an amendment to the HUD appropriations bill, to increase by $400 million the funds for urban renewal programs (defeated 106–241).	Nay.
	H.R. 8825, on final passage of the bill making appropriations for the Department of Housing and Urban Development and related agencies for fiscal year 1974 (passed 316–21).	Yes.
25	Quorum call	
	H.R. 7447, second supplemental appropriations bill for fiscal year 1973, on motion that the House recede from its disagreement with Senate amendment No. 83, which would prohibit the use of funds in this bill or any other previous appropriations measure from being used to carry on U.S. military activities in or over Cambodia and Laos (passed 235–172).	Nay.
	H.R. 7447, on a preferential motion to the second supplemental appropriation bill, to concur in Senate amendment No. 83 with an amendment to prohibit the use of any funds to support combat activities in Cambodia or Laos after September 1, 1973 (defeated 204–204).	Yes.
	H. Res. 454, a resolution authorizing the Speaker of the House to entertain motions to suspend the rules during the week of June 25, 1973 (passed 276–129).	Nay.
	H.R. 8662, on an amendment to the bill authorizing funds for the Atomic Energy Commission, with regard to the establishment by the States of regulations covering emissions stricter than those established by the Commission (defeated 136–266).	NVN.
	H.R. 8662, on final passage of the bill authorizing funds for the Atomic Energy Commission (passed 396–4).	Yes.
26	H.J. Res. 636, on a motion to the continuing appropriations bill for fiscal year 1974, limiting debate on a pending amendment to 20 minutes (passed 275–136).	Nay.

VOTING RECORD OF BURT L. TALCOTT OF THE 12TH CONGRESSIONAL DISTRICT OF CALIFORNIA—Continued

[Yes—For; Nay—Against; NVN—Not voting, against; NVY—Not voting, for]

1973	Measure, question, and result	Vote
June 26	H.J. Res. 636, on an amendment to a substitute amendment to the continuing appropriations bill to prohibit all funds herein or previously appropriated from being used for combat activities in or over Cambodia or Laos (passed 218–194).	Nay.
	H.J. Res. 636; due to the parliamentary situation, 2 additional votes on the above amendment were required (passed 232–181).	Nay.
	H.J. Res. 636, final vote on the amendment designed to prohibit any funds from being expended either directly or indirectly to support combat activities in or over Laos, Cambodia, Vietnam, and South Vietnam or off their shores by U.S. forces (passed 240–172).	Yes.
	H.J. Res. 636, the resolution providing for continuing appropriations for fiscal year 1974, necessary due to lack of final action on the regular appropriations bills for most agencies for the fiscal year starting July 1, 1973 (passed 325–86).	Yes.
	H. Res. 455 to approve the rule under which to consider H.R. 8877, the bill making appropriations for the Department of Labor and Health, Education, and Welfare for the fiscal year ending June 30, 1974 (passed 395–3).	Nay.
	H.R. 8877, on an amendment to the Labor-HEW appropriations bill, to reduce the funding for the Office of Economic Opportunity (OEO) by $100 million (defeated 110–288).	Yes.
	H.R. 8877, on an amendment to the Labor-HEW appropriations bill, to reduce the total cost of the bill by $632 million by making reductions in 26 various sections of the bill (defeated 186–213).	Yes.
	H.R. 8877, on an amendment to the Labor-HEW appropriations bill, to increase by $15 million the funding for bilingual education programs (defeated 161–244).	Yes.
	H.R. 8877, on an amendment to the Labor-HEW appropriations bill, to restrict grants to local education agencies for each State to a minimum of 90 percent of the amounts made available in fiscal year 1972 (rejected 190–218).	Yes.
	H. R. 8877, on a motion to recommit to committee the Labor-HEW appropriations bill, with instructions that the committee report it back to the House with reduction in the total cost of the bill of $600 million by making various reductions in 26 seccions of the bill (defeated 186–219).	Yes.
	H.R. 8877, on final passage of the bill making appropriations for the Departments of Labor and Health, Education, and Welfare for fiscal year 1974 (passed 347–58).	Yes.
27	H.R. 8215, on an amendment to the bill to continue the suspension of the import duty on certain shoe copying lathes until June 30, 1976 (passed 403–0).	Yes.
	H.R. 4200, to approve the bill providing for an exclusion from taxable income of money paid into a survivors benefit plan by a serviceman (passed 402–0).	Yes.
	H. Res. 470, the rule under which to consider H.R. 8917, the bill making appropriations for the Department of Interior for fiscal year 1974 (passed 401–12).	Yes.
	H.R. 7447, to override the President's veto of the second supplemental appropriations bill for fiscal year 1973 (defeated 241–173; a ⅔ vote being necessary).	Nay.
	H.R. 8917, to approve the bill providing appropriations for the Department of Interior and related agencies for fiscal year 1974 (passed 405–4).	Yes.
28	H.R. 8537, the military Dependents Assistance Act, on a motion to instruct conferences to insist on the House disagreement to title III of the Senate amendment which extended the time period during which high ranking officers in noncombat assignments could be entitled to flight pay (passed 238–175).	Nay.
	H.R. 8947, on an amendment to the bill authorizing appropriations for public works for water and power development, to eliminate funds from the program for the nuclear stimulation of natural gas (defeated 108–303).	Nay.
	H.R. 8947, on an amendment to the bill authorizing appropriations for public works for water and power development, to increase by $4.7 million funding for the Atomic Energy Commission for geothermal energy research (passed 206–205).	Nay.
	H.R. 8947, on final passage of the bill making appropriations for public works for water and power development for fiscal year 1974 (passed 384–26).	Yes.
	H.R. 8548, to approve the bill extending the Council on International Economic Policy (CIPE) for two years and to require Senate confirmation of future CIPE executive directors (passed 322–62).	Yes.
29	H.R. 9055, on an amendment to the bill making supplemental appropriations for the fiscal year ending June 30, 1973, to extend the proposed ban on U.S. combat activities in or over Cambodia or Laos to cover hostilities in any sovereign state (defeated 57–346).	Nay.
	H.R. 9055, on an amendment to the bill making supplemental appropriations for the fiscal year ending June 30, 1973, to provide for an immediate and complete cutoff of funds for combat activities in or over Cambodia or Laos (defeated 169–236).	Nay.
	H.R. 9055, on final passage of the bill making supplemental appropriations for the fiscal year ending June 30, 1973, and to provide a ban against use of funds provided in the bill for combat activities in or over Cambodia, Laos, or Vietnam, and a ban against using previously appropriated funds for such purposes after Aug. 15, 1973 (passed 278–214).	Yes.
	H.R. 8916, on an amendment to the bill making appropriations for the Departments of State, Justice, Commerce and the Judiciary for fiscal year 1974, to add $2.8 million in Federal judiciary funding and to increase by $709,000 travel funds for the judiciary (passed 220–164).	Nay.
	H.R. 8916, on final passage of the bill making appropriations for the Departments of State, Justice, Commerce and the Judiciary for fiscal year 1974 (passed 370–11).	Yes.
	H.R. 8410, the bill providing for a temporary debt limit extension, on a motion to concur with a Senate amendment providing for a 5.6 percent social security increase in April 1974 (defeated 185–190).	Nay.
30	H.R. 8410, the bill providing for continuation of the existing temporary increase in the public debt limit, on a motion to concur with a Senate amendment to put the Presidential campaign contribution income tax checkoff on a nonpartisan basis and to provide for continuation of maternal and child health programs and liberalized the continuation of extended unemployment benefits (passed 294–54).	Yes.
	H.J. Res. 636, on adoption of the conference report on the bill providing for continuing appropriations through Sept. 30, 1973, for agencies for which regular appropriations bills had not been passed and to ban the use of funds for combat in or over Laos, Cambodia or Vietnam after Aug. 15, 1973 (passed 266–65).	Yes.
	H.R. 7445, on the bill providing for an extension of the Renegotiation Act, on a motion to concur with a Senate amendment as amended to provide for a 5.6 percent social security increase in June of 1974 (passed 327–9).	Yes.
July 10	H.R. 8860, on an amendment to the bill to extend and amend the Agricultural Act of 1970, on an amendment to reduce the limit on Government subsidy payments to farmers from a proposed $37,500 to $20,000 per crop on wheat, feed grain and cotton (passed 313–89).	Yes.
	H.R. 8860, on an amendment to the bill to extend and amend the Agricultural Act of 1970, on an amendment to reduce the subsidy limitation on wheat, feed grains and cotton to $20,000 per farmer and to prohibit planters from selling or leasing part of their cotton allotments (passed 246–163).	Nay.
	H.R. 8860, on an amendment to the bill to extend and amend the Agricultural Act of 1970, to prohibit the use of any Commodity Credit Corporation funds to finance any future wheat sales to Russia or China (defeated 139–264).	Nay.
11	H.R. 8880, on an amendment to the bill to extend and amend the Agricultural Act of 1970, to delete from the bill funding for Cotton, Inc., a cotton research and promotion organization (passed 241–162).	Yes.
	H.R. 8860, on an amendment to the bill to extend and amend the Agricultural Act of 1970, to remove from the bill the escalator clause providing for annual adjustment of target prices for wheat, cotton and feed grains on the basis of production cost changes (defeated 174–239).	Yes
	H.R. 8860, on an amendment to the bill to extend and amend the Agricultural Act of 1970, to add language to extend price support loan provisions under the wheat, cotton and feed grains programs to farmers not participating in the programs (defeated 160–247).	Nay.
	H.R. 8860, on an amendment to the bill to extend and amend the Agricultural Act of 1970, to provide for a 3-year phaseout of income supplement payments and to end certain crop-by-crop acreage allotments (defeated 186–220).	Yes.
12	On a procedural motion that the Committee of the Whole "rise," which has the effect of postponing further action on the agriculture bill to allow for further off the floor deliberation on provisions of H.R. 8860 (passed 325–67).	Yes.
	H.R. 8606, on an amendment to the bill to amend the Small Business Act to delete provisions for section 7(a) loan forgiveness (defeated 167–245).	Yes.
	H.R. 2990, to approve the bill providing for annual authorizations of appropriations for the U.S. Postal Service, thereby restoring some congressional oversight into Postal Service operations (passed 328–65).	Yes.
16	H.R. 8860, on an amendment to the bill to amend and extend the Agriculture Act of 1970, to strike the provisions on the cotton program (passed 207–190).	NVN.
	H.R. 8860, on an amendment to the bill to amend and extend the Agriculture Act of 1970, to delete from the bill the section to transfer from the Labor Department to the Agriculture Department the authority to establish pesticide regulations (passed 221–177).	NVN.
17	S. 504, to adopt the conference report on the bill providing a 3-year authorization for Federal aid to emergency medical services systems and prohibiting the closing of Public Health Service hospitals without the authorization of Congress (passed 306–111).	NVY.
	H.R. 6073, to suspend the rules and pass the bill to include inspectors of the Immigration and Naturalization Service or Bureau of Customs within the provisions of the United States Code relating to the retirement of certain employees engaged in hazardous occupations (passed 296–123).	NVY.
	H.R. 8949, to suspend the rules and pass the bill to provide for readjustment of the interest rates on loans to veterans based on prevailing market demands (passed 412–3).	NVY.
	H.R. 9048, to suspend the rules and pass the bill providing for expanded Veterans' Administration medical programs and to authorize the contracting out of certain care for certain survivors and dependents of veterans (passed 421–0).	NVY.
	S. 2120, to suspend the rules and pass the bill to carry out provisions of the Federal Railroad Safety Act of 1970 and the Hazardous Materials Transportation Act of 1970 (passed 409–7).	NVY.
	S. 1572, to suspend the rules and pass the bill providing for a $5 million authorization for the Commission on Productivity and Work Quality (defeated 174–237).	NVN.
18	H.J. Res. 542, on a substitute amendment to the resolution defining war powers, to require Congress to specifically approve or disapprove the commitment of forces by the President in absence of a declaration of war within 90 days of such executive action (defeated 166–250).	NVY.
	H.J. Res. 542, on an amendment to the resolution defining war powers, in the nature of a substitute bill to bar troop commitments without a congressional declaration of war, specific congressional authorization of a military attack upon the United States (defeated 143–262).	NVY.
	H.J. Res. 542, on an amendment to the resolution defining war powers, to require that Congress specifically approve or disapprove the commitment of enlargement in number of U.S. combat troops abroad within 120 days following a Presidential report of such action (defeated 200–211).	NVY.
	H.J. Res. 542, on final passage of the bill defining war powers (passed 244–170).	NVN.
19	H.R. 8860, on an amendment to the bill amending and extending the Agriculture Act of 1970, to delete a provision giving eligibility for food stamps to persons receiving supplemental security income (SSI) benefits (passed 238–173).	NVY.
	H.R. 8860, on an amendment to the bill amending and extending the Agriculture Act of 1970, to prohibit striking workers from receiving food stamps (passed 213–203).	NVY.
	H.R. 8860, on an amendment to the bill amending and extending the Agriculture Act of 1970 to liberalize the eligibility for food stamps, as amended above (passed 210–207).	NVY.
	H.R. 8860, on an amendment to the bill amending and extending the Agriculture Act of 1970, to prohibit the payment of farm subsidies to a farmer on any crop planted or harvested during a labor dispute involving the producer or his employees (defeated 85–326).	NVY.
	H.R. 8860, on an amendment to the bill amending and extending the Agriculture Act of 1970, on the second substitute amendment to prohibit food stamps for strikers (passed 208–207).	NVY.
	H.R. 8860, on an amendment to the bill amending and extending the Agriculture Act of 1970, to restore the cotton program to the bill but with the elimination of funds for Cotton, Inc. (passed 250–165).	NVY.
	H.R. 8860, on a motion to "strike the enacting clause," thereby killing the bill to extend and amend the Agriculture Act of 1970 (defeated 73–338).	NVN.
	H.R. 8860, on an amendment to the bill to extend and amend the Agriculture Act of 1970, on a motion to recommit the bill to committee with instructions to delete the target-price escalator provisions for cotton (passed 248–165).	NVY.

VOTING RECORD OF BURT L. TALCOTT OF THE 12TH CONGRESSIONAL DISTRICT OF CALIFORNIA—Continued

[Yes—For; Nay—Against; NVN—Not voting, against; NVY—Not voting, for]

1973	Measure, question, and result	Vote
July 19	H.R. 8860, on a motion to recommit to committee the bill to extend and amend the Agriculture Act of 1970, with instructions to delete the target-price escalator provisions on cotton, wheat, and feed grains (defeated 182–225).	NVY.
	H.R. 8860, on final passage of the bill to extend and amend the Agriculture Act of 1970 for the purpose of assuring consumers of plentiful supplies of food and fiber at reasonable prices (passed 226–182).	NVN.
20	H.R. 8538, on an amendment to the bill containing authorizations for the Corporation of Public Broadcasting, to withhold grants for construction of public broadcasting facilities unless the recipient was found to be in compliance with all laws prohibiting discrimination in employment practices (defeated 189–90).	NVN.
	H.R. 8538, on final passage of the bill containing authorizations for the Corporation of Public Broadcasting for fiscal years 1974 and 1975 (passed 363–14).	NVY.
23	H. Res. 493, to approve the resolution providing for consideration of H.R. 5356, to provide for control of toxic substances (passed 351–4).	NVY.
	H.R. 5356, on an amendment to the bill providing for control of toxic substances, to direct the Administrator of the Environmental Protection Agency to use the authority of other acts under his jurisdiction for the purpose of regulating chemical substances (passed 193–192).	NVN.
	H.R. 5356, on an amendment to the bill providing for control of toxic substances, with regard to promulgation of administrative regulations by the Administrator of the EPA (defeated 159–236).	NVY.
	H.R. 5356, the bill providing for control of toxic substances, on a demand for a second vote on the amendment adopted on rollcall No. 368 (defeated 180–202).	NVN.
	H.R. 5356, on final passage of the bill providing for control of toxic substances, authorizing the Administrator of the EPA to require the testing of cehmical substances, to establish a system of premarket screening, and to adopt rules restricting the manufacture of certain chemical substances (passed 324–73).	NVY.
	H. Res. 495, the resolution under which to consider H.R. 8929, the bill providing for revision of mailing rates for certain publishers and book and record distributors (defeated 180–202).	NVN.
24	S. 1888, on ordering the previous question on the motion to instruct House conferees on the bill to amend and extend the Agriculture Act of 1970 to insist on a House amendment prohibiting bargain sales or gifts of farm; products to North Vietnam under the food for peace program or others (passed 244–155).	Yes.
	S. 1888, on the motion to instruct House conferees on the farm bill to insist on an amendment to the bill to prohibit bargain sales or gifts of farm products to North Vietnam under the food for peace program or others (passed 371–35).	Yes.
	H.R. 8480, on an amendment to the bill requiring the President to notify the Congress whenever he impounds funds and to provide a disapproval procedure, to empower the Comptroller General to exempt from provisions of the bill impoundments of funds which he determines to be in accordance with the Anti-Deficiency Act (defeated 180–229).	Yes.
	H.R. 8480, on an amendment to the bill to require the President to notify the Congress whenever he impounds funds and to provide a disapproval procedure, proposing concurrent action by both the House and Senate to overrule a Presidential impoundment of funds instead of an adverse resolution by either the House or Senate (defeated 205–206).	Yes.
25	S. 1423, to adopt the conference report to the bill to allow employer contributions to jointly administered trust funds established by labor organizations to defray legal costs for employees (passed 256–155).	Nay.
	H.R. 8480, on an amendment to the bill requiring the President to notify the Congress whenever he impounds funds and to provide a disapproval procedure, to provide that an impoundment action cease after 60 days unless ratified by both Houses of Congress by concurrent resolution (defeated 96–318).	Nay.
	H.R. 8480, on an amendment to the bill requiring the President to notify the Congress whenever he impounds funds and to provide a disapproval procedure, to further reduce the ceiling on fiscal year 1974 outlays by $7.1 billion (defeated 156–252).	Nay.
	H.R. 8480, on an amendment to the bill requiring the President to notify the Congress whenever he impounds funds and to provide a disapproval procedure, to further reduce the ceiling on fiscal year 1974 outlays by $3.8 billion (defeated 205–206).	Yes.
	H.R. 8480, on a motion to recommit to committee the bill requiring the President to notify the Congress whenever he impounds funds and to provide a disapproval procedure, with instructions that the bill be reported back with an amendment that it would require concurrent action by both Houses of Congress to overrule a Presidential impoundment action (defeated 208–212).	Yes.
	H.R. 8480, on final passage of the bill requiring the President to notify the Congress whenever he impounds funds and to provide a disapproval procedure (passed 254–164).	Nay.
26	H.R. 9360, on an amendment to the bill making foreign aid authorizations for fiscal year 1974, to reduce funds in the bill for population planning and health to $75 million from $150 million (defeated 131–271).	Nay.
	H.R. 9360, on an amendment to the bill making foreign aid authorizations for fiscal year 1974, to strike the section of the bill authorizing $93 million for selected development programs (defeated 203–204).	Yes.
	H.R. 9360, on an amendment to the bill making foreign aid authorizations for fiscal year 1974, to strike language authorizing $60 million for assistance to selected countries and organizations (defeated 173–232).	Nay.
	H.R. 9360, on an amendment to the bill making foreign aid authorizations for fiscal year 1974, to prohibit foreign aid to any country which expropriates any property owned by U.S. citizens, repudiates any contract or, imposes discriminatory measures having the effect of expropriation, unless compensation is provided for (passed 279–102).	Yes.
	H.R. 9360, on an amendment to the bill making foreign aid authorizations for fiscal year 1974, to strike out the section which sought to establish a U.S. Development Credit Fund to lend money to undeveloped nations to buy U.S. exports (passed 240–137).	Yes.
	H.R. 9360, on a motion to recommit the foreign aid bill to committee with instructions that the proposed authorization be reduced by $68 million (passed 232–139).	Yes.
	H.R. 9360, on final passage of the bill making foreign aid authorizations of $2.8 billion for fiscal year 1974 (passed 188–183).	Nay.
30	H.R. 8947, to adopt the conference report on the bill making appropriations of $4.7 billion for public works, flood control and power projects, for the Atomic Energy Commission and related agencies (passed 373–9).	Yes.
July 30	H. Res. 512, to approve the resolution directing the President to submit recommendations by Aug. 21, 1973, for pay raises for Members of Congress, Federal judges, and Cabinet members which could go into effect without a congressional vote, and called for a review of such salaries every 2 years, instead of every 4 years (defeated 156–237).	Nay.
	S. Con. Res. 42, to approve the resolution providing for a congressional adjournment from Aug. 3 to Sept. 5, unless Members were given prior notice by the leadership to reassemble (passed 370–22).	Yes.
	H.R. 9474, to suspend the rules and pass the bill to increase the monthly rates of veterans' disability and death pensions and dependency and indemnity compensation for survivors (passed 385–0).	Yes.
31	H.R. 9286, on an amendment to the bill authorizing military procurement for fiscal year 1974, to delete the authorization for the CVN–70 nuclear aircraft carrier by $657 million (defeated 88–323).	Nay.
	H.R. 9286, on an amendment to the bill authorizing military procurement for fiscal year 1974, to delete $437.5 million for research and development for the B–1 bomber (defeated 96–313).	Nay.
	H.R. 9286, on an amendment to the bill authorizing military procurement for fiscal year 1974, to pull back U.S. troops from any nation paying a smaller portion of its gross national product for defense than does the United States, with a June 30, 1974 deadline for such pull backs (defeated 130–382).	Nay.
	H.R. 9286, on an amendment to the bill authorizing military procurement for fiscal year 1974, to reduce the total of U.S. troops overseas by 322,000 and to place a ceiling of 300,000 on the number of troops to be assigned overseas after fiscal year 1974 (defeated 67–339).	Nay.
	H.R. 9386, on an amendment to the bill authorizing military procurement for fiscal year 1974, calling for an Armed Services Committee report concerning U.S. troops levels in Europe (passed 242–163).	Yes.
	H.R. 9386, on an amendment to the bill authorizing military procurement for fiscal year 1974, to reduce funding in the bill by $948 million, and set a ceiling equal to fiscal year 1973 outlays plus an inflation factor increase (passed 242–163).	NAY.
	H.R. 9386, on final passage of the bill authorizing military procurement for fiscal year 1974 (passed 367–87).	Yes.
Aug. 1	H.R. 8825, to adopt the conference report on the bill making appropriations of $19.1 billion for the Housing and Urban Development Department, NASA, the Veterans Administration, and various independent agencies for fiscal year 1974 (passed 401–9).	Yes.
	H.R. 8825, on a motion on the conference report on the bill making appropriations for HUD and other agencies, that the House insist on disagreement with Senate amendment No. 44 with regard to funding for limousines and Government vehicles (passed 222–189).	Yes.
	H.R. 9590, on an amendment to the bill making appropriations for the Treasury Department and other agencies for fiscal year 1974, to reduce by 5 percent the funding for the Office of Management and Budget (defeated 199–209).	Nay.
	H.R. 9590, on an amendment to the bill making appropriations for the Treasury Department and other agencies for fiscal year 1974, to reduce by 25 percent the funds proposed for the Office of Telecommunications Policy (defeated 190–217).	Nay.
2	H. Res. 515, the resolution providing for consideration of H.R. 9130, the trans-Alaska pipeline authorization (passed 401–11).	Yes.
	H.R. 9130, on an amendment to the trans-Alaska pipeline authorization, to restrict the granting of a right-of-way for the pipeline across national park, wildlife refuge or wilderness lands (defeated 160–261).	Nay.
	H.R. 9130, on an amendment to the trans-Alaska pipeline authorization, to delete language from the bill declaring that actions by the Secretary of Interior regarding the pipeline were in compliance with the National Environmental Policy Act (NEPA) of 1969, and substituting language giving priority to the proceedings in any U.S. Federal court with respect to the provisions of NEPA and the pipeline (defeated 198–221).	Nay.
	H.R. 9130, on an amendment to the trans-Alaska pipeline authorization, to require the President, within 6 months after enactment, to develop a national petroleum contingency plan and provide for allocation among the States and the 5 Petroleum Administration for Defense (PAD) districts (rejected 177–228).	Nay.
	H.R. 9130, on an amendment to the trans-Alaska pipeline authorization, to require that all articles, materials, and supplies used in the future for the Alaska pipeline be mined, produced or manufactured in the United States (passed 334–65).	Yes.
	H.R. 9130, on an amendment to the trans-Alaska pipeline authorization, to authorize the Secretary of Interior to grant right-of-way permits for the construction only of the pipeline, instead of for its construction, operation and maintenance (defeated 177–228).	Nay.
	H.R. 9130, on final passage of the bill to authorize the Secretary of Interior to grant a right-of-way for the trans-Alaska pipeline (passed 356–60).	Yes.
3	S. 1636, to adopt the conference report on the bill to extend the Council on International Economic Policy (CIEP) to June 1977 and to require Senate confirmation for future appointments of CIEP executive directors (passed 335–71).	Yes.
	H. Res. 518, the rule under which to consider S. 1264, to authorize and direct the Secretary of the Treasury to make grants to Eisenhower College in New York out of proceeds from the sale of silver dollar coins (defeated 183–230).	Yes.
	S. 502, to adopt the conference report on the bill authorizing Federal aid highway programs for fiscal years 1974–76, with provisions for some funding for bus purchases and rail transit construction (passed 382–34).	Yes.
	H.R. 7935, to adopt the conference report on he bill providing for an increase in the minimum wage to $2.20 per hour and expanding the coverage of the Fair Labor Standards Act minimum wage laws (passed 253–152).	Nay.
	S. 1888, on ordering the previous question on a motion to agree to the Senate amendments on the bill extending and amend the Agriculture Act of 1970 (passed 349–59).	Yes.
	S. 1888, on a motion to concur with the Senate amendments, with an amendment urging increased farm production, on the bill to extend and amend the Agriculture Act of 1970 (passed 252–151).	Nay.
	H.R. 8658, to adopt the conference report on the bill making appropriations for the District of Columbia for fiscal year 1974 (passed 342–47).	Yes.
	H.R. 8760, to adopt the conference report on the bill making appropriations of $2.9 billion for fiscal year 1974 for the Department of Transportation and related agencies (passed 359–5).	Yes.
Sept. 5	H.J. Res. 512, on a motion to recommit to conference the resolution to extend Federal loan and mortgage insurance authority (passed 202–172).	Yes.
	H.R. 8920, to approve the bill making a 2-year authorization for the anti-lead-based paint poisoning program including detection and treatment of lead paint poisoning in children (passed 368–11).	Yes.

VOTING RECORD OF BURT L. TALCOTT OF THE 12TH CONGRESSIONAL DISTRICT OF CALIFORNIA—Continued

[Yes—For; Nay—Against; NVN—Not voting, against; NVY—Not voting, for]

1973	Measure, question, and result	Vote
Sept. 5	H R. 8449, to approve the bill authorizing a mandatory Federal flood insurance program and to penalize flood-prone communities which do not participate in the program (passed 359–21).	Yes.
6	H.R. 6912, to adopt the conference report on the bill to amend the Par Value Modification Act, to provide a 10 percent devaluation of the dollar and to provide for private ownership of gold by U.S. citizens when the President determines it would not adversely affect the U.S. international monetary position (passed 322–59).	Yes.
	H.R. 8351, to approve the bill authorizing $107.3 million for the National Railroad Passenger Corporation for fiscal year 1974 (passed 357–37).	Yes
	H. Res. 484, the resolution providing for consideration of H.R. 8547, to amend the Export Administration Act (passed 304–84).	Yes.
	H.R. 8547, on an amendment to the bill to amend the Export Administration Act, to require the Secretary of Commerce to report to Congress any decision he makes on prohibition or curtailment of commodities exported and to permit either House of Congress to disapprove such decisions by a simple resolution (defeated 154–211).	Nay.
	H.R. 8547, on final passage of the bill to amend the Export Administration Act, to protect the domestic economy from shortages and/or the inflationary impact of abnormal foreign demand (passed 220–133).	Nay.
10	H. Res. 536, to approve the resolution citing G. Gordon Liddy for contempt of Congress and turning the case over to the U.S. attorney for the District of Columbia (passed 334–11).	NVy.
	H.R. 7482, to approve the bill to amend the Federal Cigarette Labeling and Advertising Act to extend its advertising restriction provisions to include little cigars (passed 287–63).	NVy.
11	H.R. 7645, on a motion to delete from the conference report on the State Department authorizations bill a nongermane section to cut off funds for the Department of State and other agencies if they do not comply within 35 days with any request for information by the House Foreign Affairs Committee or the Senate Foreign Relations Committee (passed 213–185).	Yes.
	H.R. 2096, to approve the bill to prohibit the imposition by the States of discriminatory burdens upon interstate commerce in wine (passed 213–185).	Yes.
	H. Res. 511, the resolution providing for consideration of S. 1697, the bill requiring the President to furnish $11 million in predisaster assistance to avert eucalyptus forest fires in 2 California counties (defeated 163–233).	Nay.
	S. 504, to override the President's veto of the bill to authorize Federal assistance for emergency medical services systems and to prohibit the closing of several Public Health Service hospitals without a specific authorization from Congress (defeated 273–144, a ⅔ vote being necessary to override).	Nay.
	H.R. 7974, to approve the bill authorizing a 5-year program for the establishment and expansion of health maintenance organizations (HMO's) (passed 369–40).	Nay.
	H.R. 8789, to approve the bill providing a new coinage design and date emblematic of the 1976 American Revolution Bicentennial (passed 396–4).	Yes.
13	H.R. 8619, on a motion to instruct House conferees on the Agriculture appropriations bill to insist on House language to limit Federal payments to $20,000 per farm and bar payments for cotton acreage allotments (passed 231–160).	Yes.
	H.R. 6576, to approve the bill authorizing the Secretary of Interior to engage in feasibility investigation of certain water resource developments (passed 321–74).	Yes.
	H.R. 9639, on an amendment to the bill providing additional Federal assistance to the school lunch and breakfast programs, to delete the section which raised the reimbursement by the Federal Government from 8 cents to 10 cents per lunch (defeated 127–272).	Nay.
	H.R. 9639, on final passage of the bill to amend the National School Lunch and Child Nutrition Act for the purpose of providing additional Federal financial assistance to the school lunch and breakfast programs (passed 389–4).	Yes.
	H.R. 9553, to approve the bill amending the Communications Act of 1964 to ban TV blackouts of certain professional sports events where tickets are sold out 72 hours before the event (passed 336–37).	Yes.
17	H.R. 7265, to suspend the rules and pass the bill authorizing $88 million for the operation of federally funded domestic volunteer programs by the ACTION agency (passed 339–14).	Yes.
18	H.R. 8070, to adopt the conference report on the authorization for fiscal years 1974 and 1975 for Federal grants to the States for the rehabilitation of the handicapped and to create certain new programs to aid the handicapped (passed 400–0).	Yes.
	H.R. 7730, to suspend the rules and pass the bill to authorize the Secretary of Interior to purchase property located within the San Carlos mineral strip (defeated 236–164, a ⅔ vote being necessary under suspension of the rules).	Yes.
	H.R. 37, to suspend the rules and pass the bill providing for the conservation, protection and propagation of species of wildlife that are threatened with extinction (passed 390–12).	Yes.
	Quorum call--	
	H. Res. 420, to suspend the rules and pass the resolution establishing a special congressional intern program (passed 345–64).	Yes.
19	H.R. 7935, to override the President's veto of the bill providing for increases in the minimum wage to $2.20 per hour and expanding the coverage of the Fair Labor Standards Act with regard to the wage floor (defeated 259–164, a ⅔ vote being necessary).	Nay.
	H.R. 9715, on an amendment to the bill providing authorizations for the U.S. Information Agency, to provide for withholding of funds from the Agency if it failed to furnish information requested by certain congressional committees (passed 240–178).	Nay.
	H.R. 9715, on final passage of the bill providing authorizations for fiscal year 1974 for the U.S. Information Agency (passed 305–108).	Yes.
	H. Res. 546, to approve the resolution providing for consideration of H.R. 9256, to increase the government contributions to Federal employees' health benefits (passed 311–87).	NVY.
20	H.R. 8917, to adopt the conference report on the bill providing for appropriations for the Department of Interior and related agencies for fiscal year 1974 (passed 385–14).	NVY.
	H.R. 8917, on a motion on the conference report on the Interior Department and related agencies appropriations bill that the House concur with a Senate amendment on the appropriation for the National Endowment for the Arts (passed 325–73).	NVY.
	H.R. 9281, on a motion to recommit to committee the bill providing for federal police-firemen retirement plan changes, with instructions to substitute a guaranteed annuity for the retirement formula and other changes (defeated 282–116).	NVN.
Sept. 20	H.R. 9281, on final passage of the bill increasing retirement benefits for Federal police and firemen (passed 299–93).	NVY.
	H.R. 9256, to approve the bill to increase the federal contribution to Federal employees' health insurance costs from 40 to 75 percent by 1977 (passed 217–155).	NVN.
25	H.R. 8619, to adopt the conference report on the bill making fiscal year 1974 appropriations for agricultural, environmental, and consumer protection activities (passed 348–24).	Yes.
	H.J. Res. 727, on an amendment to the resolution making continuing appropriations for fiscal year 1974, to provide that local school agencies receive fiscal year 1974 educational aid for disadvantaged children at a per pupil basis rate no lower than in fiscal year 1973 (defeated 184–198).	Yes.
	H.J. Res. 727, on an amendment to the continuing appropriations resolution, to provide that each local school agency receive in fiscal year 1974 at least 85 percent of the funds it received in fiscal year 1973 for aid for disadvantaged children (passed 286–94).	Yes.
	H.J. Res. 727, on an amendment to the continuing appropriations resolution to prohibit funds for the Cost of Living Council for any program which discriminates among petroleum product marketers in the method of establishing their prices (passed 371–7).	Yes.
	H.J. Res. 727, on final passage of the resolution providing for continuing appropriations for agencies where final action had not yet taken place on their regular appropriation bills (passed 368-7).	Yes.
26	H.R. 981, on an amendment to the bill amending the Immigration and Nationality Act, to provide a 5-year aggregate limit on the extensions of 1-year visas for certain migrant workers and specifying employment contract requirements and working conditions (defeated 174–203).	Yes.
	H.R. 981, on an amendment to the bill amending the Immigration and Nationality Act, to establish immigration limits of not more than 20,000 visas per year for any one country, to raise from 20,000 to 35,000 each the maximum number of immigration visas per year from Canada and Mexico (defeated 70–310).	Nay.
	H.R. 981, on final passage of the bill amending the Immigration and Nationality Act, to establish immigration limits of not more than 20,000 visas per year for any one country (passed 336–30).	Yes.
Oct. 1	H.R. 8029, to suspend the rules and pass the bill to expedite the distribution of funds appropriated by certain judgments of the Indian Claims Commission and the U.S. Court of Claims (passed 331–33).	Yes.
	S. 2419, to suspend the rules and pass the bill to correct typographical and clerical errors in Public Law 93–86 (farm bill) (passed 330–28).	Yes.
	H.R. 10397, to suspend the rules and pass the bill extending the authorization for appropriations for the Cabinet Committee on Opportunities for Spanish-speaking people (defeated 241–130, a ⅔ vote being necessary under suspension of the rules procedure).	Yes.
2	S. 795, to adopt the conference report to extend through fiscal year 1976 the National Foundation on the Arts and Humanities Act and to authorize appropriations of $597 million for the 3-year period (passed 294–106).	Yes.
	S. 1914, to approve the bill providing an authorization of $50.2 million in fiscal year 1974 for Radio Free Europe and Radio Liberty, and to create a Board for International Broadcasting to oversee their operations (passed 313–90).	Yes.
3	H. Res. 372, to approve the rule under which to consider H.R. 6452, to make authorizations for mass transit and provide Federal subsidies for operating deficits (passed 282–131).	Yes.
	H.R. 6452, on an amendment to the urban mass transit authorization, to delete from the bill the $800 million proposed for operating subsidies to meet the deficits of transit companies (passed 206–203).	Yes.
	H.R. 6452, on a motion to strike the enacting clause of the urban mass transit bill (defeated 143–268).	Yes.
	H.R. 6452, on a second vote on the amendment to the urban mass transit bill, to delete from the bill the funding proposed for operating deficits (defeated 205–210).	Yes.
	H.R. 6452, on final passage of the bill increasing the Federal share on aid to mass transit capital grant programs and authorizing $800 million in operating subsidies to transit companies (passed 219–195).	Nay
	H.R. 10088, to approve the bill to establish the Big Cypress National Preserve in Southern Florida (passed 376–2).	Yes.
4	H.J. Res. 748, on an amendment to the bill making appropriations for devaluation of the dollar, to reduce the appropriation from $2.2 billion to $477 million (defeated 129–237).	Nay.
	H.J. Res. 748, on final passage of the resolution appropriating up to $2.2 billion for devaluation of the dollar costs (passed 274–90).	Yes.
9	H. Res. 581, to approve the rule under which to consider H.R. 9682 the District of Columbia home rule bill (passed 346–50).	Yes.
10	H.R. 9682, on an amendment to the District of Columbia home rule bill, to provide for retention of Presidential appointments to the District of Columbia Court of Appeals and the District of Columbia Mayor (passed 228–186).	Yes.
	H.R. 9682, on an amendment to the District of Columbia home rule bill, to provide that the President, House or Senate could veto legislation passed by the District of Columbia City Council (defeated 138–273).	Yes.
	H.R. 9682, on an amendment to the District of Columbia home rule bill, providing for a federal enclave within the District of Columbia including principal federal buildings to be supervised by a Presidentially appointed national service director (passed 209–202).	Yes.
	H.R. 9682, on an amendment to the District of Columbia home rule bill, providing that the District of Columbia Chief of Police be appointed by the President, rather than by the Mayor (defeated 132–275).	Nay.
	H.R. 9682, on an amendment to the District of Columbia home rule bill, to exclude parts of Maryland and Virginia from the National Capital Planning Commission's planning area (defeated 130–278).	Nay.
	H.R. 9682, on an amendment to the District of Columbia home rule bill, which would still retain an elected city council but provide that the Mayor continue to be appointed by the President (defeated 144–273).	Yes.
	H.R. 9682, on final passage of the bill providing for home rule for the District of Columbia (passed 343–74).	Yes.
11	H.J. Res. 727, on a motion to recommit to the Conference Committee the bill making continuing appropriations for fiscal year 1974 (defeated 182–225).	Yes.
	H.J. Res. 727, to adopt the conference report on the bill making continuing appropriations for agencies where final action had not yet taken place on their regular fiscal year 1974 appropriations bills (passed 309–99).	Nay.
	H.R. 10614, to approve the bill authorizing construction at military installations for fiscal year 1974 (passed 359–28).	Yes.
12	H.J. Res. 542, to adopt the conference report on the bill defining war powers (passed 238–123).	Nay.

VOTING RECORD OF BURT L. TALCOTT OF THE 12TH CONGRESSIONAL DISTRICT OF CALIFORNIA—Continued

[Yes—For; Nay—Against; NVN—Not voting, against; NVY—Not voting, for]

1973	Measure, question, and result	Vote
Oct. 12	H.R. 10203, to approve the bill authorizing the construction, repair, and preservation of public works on rivers and harbors for navigation and flood control (passed 337–14).	Yes.
15	S. 907, to suspend the rules and pass the bill authorizing an appropriation for a Federal contribution to the Arctic Winter Games to be held in Alaska in 1974 (passed 306–54).	Yes.
	H.R. 8346, to suspend the rules and pass the bill to establish a National Institute of Building Standards (defeated 108–258).	Nay.
16	H.R. 9590, to adopt the conference report on the bill making appropriations for the Treasury Department-Postal Service and related agencies for fiscal year 1974 (passed 403–10).	Yes.
	H.R. 9590, on a motion on the conference report to the Treasury-Postal Service appropriations bill, to concur with a Senate amendment allowing the President to determine salaries of White House employees, regardless of Civil Service requirements (passed 253–153).	Yes.
	H.R. 9590, on a motion on the conference report in the Treasury-Postal Service appropriations bill, to concur with a Senate amendment on Presidential payments for official entertaining (passed 302–107).	Yes.
	H.R. 6691, to adopt the conference report on the bill making appropriations of $605 million for fiscal year 1974 for the legislative branch (passed 400–11).	Yes.
	H.R. 10717, to suspend the rules and pass the bill to repeal the act which terminated federal supervision over the property and members of the Menoninee Indian Tribe of Wisconsin (passed 404–3).	Yes.
	H.R. 9681, on an amendment to the bill authorizing emergency petroleum allocation authority, to provide that allocation of crude oil should not apply to producers unless the President found that such allocation was necessary to carry out the purposes of the bill (defeated 136–245).	Nay.
	H.R. 9681, on an amendment to the emergency petroleum allocation bill, on a motion which proposed limiting debate on pending amendments to 15 minutes (defeated 161–214).	Nay.
17	H. Res. 601, to pass the rule providing for consideration of the conference report on H.R. 9286, the military procurement authorization bill (defeated 193–216).	Nay.
	H.R. 9681, on an amendment to the emergency petroleum allocation bill, to transfer the monitoring of allocation programs from the Federal Trade Commission to the General Accounting Office (defeated 152–256).	Yes.
	H.R. 9681, on final passage of the bill to require the President to allocate crude oil and refined petroleum products (passed 337–72).	Yes.
	S. 2016, to adopt the conference report on the bill making fiscal year 1974 authorizations for the National Railroad Passenger Corporation (Amtrak) (passed 346–51).	Yes.
18	H.R. 10397, to approve the bill authorizing $1.5 million for the Cabinet Committee on Opportunities for Spanish-Speaking People (passed 273–97).	NVY.
	H.R. 9639, on a motion to concur with a Senate amendment to the bill providing additional Federal assistance to the school lunch and breakfast programs (defeated 145–218).	NVN.
23	H.R. 10586, to approve the bill authorizing the use of health maintenance organizations (HMO's) in providing health care for dependents of active duty military personnel and dependents of retired military personnel (passed 345–41).	Yes.
24	H. Res. 600, to adopt the rule under which to consider H.R. 3927, to extend the Environmental Education Act for 3 years (passed 369–15).	Yes.
	H.R. 3927, on an amendment to the bill extending the Environmental Education Act, proposing a 1-year authorization (defeated 140–252).	Nay.
	H.R. 3927, on final passage of the bill to extend the Environmental Education Act for 3 years (passed 335–60).	Yes.
25	H. Res. 655, to adopt the rule under which to consider H.R. 10956, to authorize Federal aid to areawide emergency medical care system (passed 380–2).	Yes.
	H.R. 10956, to approve the bill making a 3-year authorization of $185 million for Federal aid to areawide emergency medical care system (passed 364–18).	Yes.
30	H. Res. 656, to adopt the rule under which to consider H.R. 9545, the bill extending the Drug Abuse Education Act for 3 years (passed 476–4).	Yes.
	H.R. 9456, to approve the bill extending the Drug Abuse Education Act for 3 years (passed 372–13).	Yes.
31	H.R. 9236, on a motion to delete from the conference report on the military procurement authorization the section requiring continued operation of 8 Public Health Service hospitals (defeated 103–290).	Yes.
Nov. 6	H.J. Res. 735, to suspend the rules and pass the resolution authorizing places at the U.S. Naval Academy for 2 citizens and subjects of Iran (passed 343–28).	Yes.
	H.R. 5874, to suspend the rules and pass the bill to establish a Federal Financing Bank for the purpose of coordinating Federal borrowing (passed 349–25).	Yes.
	H.R. 8219, to suspend the rules and pass the bill to amend the International Organizations Immunities Act to authorize the President to extend certain privileges and immunities to the Organization of African Unity (passed 340–39).	Yes.
	H.R. 10937, to suspend the rules and pass the bill extending the life of the Watergate Grand Jury (passed 378–1).	Yes.
7	H.J. Res. 542, to override the President's veto of the bill defining war powers of Congress and the President (passed 284–135, the necessary ⅔ voting to override).	Nay.
	H. Res. 687, on ordering the previous question on the rule under which to consider H.R. 11104, a bill to increase and extend the temporary limit on the public debt ceiling (passed 274–135).	Yes.
	H.R. 11104, on an amendment to the bill to increase and extend the temporary limit on the public debt ceiling, to reduce by $2.3 billion the proposed increase in the temporary national debt limit (passed 263–147).	Nay.
	H.R. 11104, on final passage of the bill to increase the temporary national debt limit to $475.7 billion from $465 billion and extend the temporary limit to June 30, 1974 (passed 253–153).	Yes.
8	H. Res. 688, to adopt the rule under which to consider H.R. 9142, to finance reorganization of bankrupt Northeast railroads (passed 393–2).	Yes.
	H.R. 9142, on an amendment to the Northeast railroads reorganization assistance bill, to provide for a 6-year limit on continued salary payments to displaced employees due to the railroad merger (defeated 148–245).	Yes.
	H.R. 9142, on an amendment to the Northeast railroads reorganization assistance bill, to provide for a 6-year limit on displacement allowances to employees transferred to another northeastern railroad (defeated 187–198).	Yes.
	H.R. 9142, on final passage of the bill authorizing Federal loan guarantees to finance the reorganization of bankrupt Northeastern railroads into one corporation (passed 306–82).	Yes.
Nov. 13	S. 1081, on a motion to recommit to conference the bill authorizing the trans-Alaska pipeline, with instructions that House conferees insist on disagreement with 3 nongermane "riders" in the Senate bill (defeated 162–213).	Yes.
	S. 1081, to adopt the conference report on the bill authorizing the trans-Alaska pipeline (passed 361–14).	Yes.
	H.R. 8916, to adopt the conference report on the bill authorizing fiscal year 1974 appropriations of $4.7 billion for the Departments of State, Justice and Commerce and the Judiciary and related agencies (passed 394–11).	Yes.
	H. Con. Res. 378, to approve the resolution providing for an 11-day recess of the House over Thanksgiving (passed 215–190).	Nay.
	H.R. 8877, on a motion to recommit to the conference committee the report on the bill making appropriations for the Departments of Labor and Health, Education, and Welfare for fiscal year 1974 (passed 272–139).	Yes.
	S. 1570, to adopt the conference report on the bill requiring the President to impose mandatory allocation controls on petroleum and related products for enforcement from the well to refinery to marketplace (passed 348–46).	Yes.
14	H. Res. 128, to approve the resolution expressing the sense of the House that a Member, convicted of a crime and sentenced to 2 or more years in jail, should refrain from committee work participation and from voting in committee or on the floor (passed 388–18).	Yes.
	H.R. 11459, to approve the bill making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1974 (passed 366–29).	Yes.
15	H. Res. 702, on ordering the previous question as the resolution providing additional investigatory funding for the House Judiciary Committee (passed 230–182).	Nay.
	H. Res. 702, on a motion to close debate on a privileged resolution to furnish the Judiciary Committee with an additional $1 million for inquiry into possible grounds for impeachment (passed 233–185).	Nay.
	H. Res. 702, on a motion to recommit to committee the resolution providing additional investigatory funding for the House Judiciary Committee, with instructions that it be amended to earmark ⅓ of the funds for the minority and to prohibit the use of funds until the Judiciary Committee defines the scope and nature of the studies and investigations (defeated 190–227).	Yes.
	H. Res. 702, on final passage of the resolution to furnish the House Judiciary Committee an additional $1 million in investigatory funding for the impeachment inquiry (passed 367–51).	Yes.
	H.R. 11332, on an amendment to the bill increasing social security benefits, to define language which sought to allow States to raise supplemental security income benefits by amounts provided for in the bill to qualify for their "hold harmless" protection (passed 246–153).	Nay.
	H.R. 11333, on final passage of the bill to increase social security benefits in March and June of 1974 by an aggregate 11 percent (passed 391–20).	Yes.
26	H.R. 11238, to approve the bill to provide for an improved system of adoption of children in the District of Columbia (passed 350–0).	Yes.
27	H.R. 7446, to adopt the conference report on the bill to establish the American Revolution Bicentennial Administration (passed 357–34).	Yes.
	H. Res. 718, the rule under which to consider H.R. 11324, the bill providing for year-round daylight savings time (passed 349–40).	Yes.
	H.R. 11324, the bill providing for year-round daylight savings time through April of 1975 (passed 311–88).	Yes.
28	H. Res. 719, the rule under which to consider H.R. 11010, the bill to assure opportunities and training to unemployed and underemployed persons (passed 386–7).	Yes.
	H.R. 11010, on an amendment to the manpower programs bill to reduce from 100,000 to 50,000 the population requirement for local governments receiving public employment program assistance (passed 248–149).	Yes.
	H.R. 11010, on an amendment to the manpower programs bill to permit combinations of local government units, with populations totaling at least 50,000 for the combination, to receive public employment program assistance (passed 260–140).	Yes.
	H.R. 11010, on an amendment to the manpower programs bill to raise to $1 billion from $500 million the fiscal year 1975 funds earmarked for the title 11 public employment program (defeated 107–292).	Nay.
	H.R. 11010, on final passage of the comprehensive manpower bill to assure opportunities and training to unemployed and underemployed persons (passed 369–31).	Yes.
29	H. Res. 721, to adopt the resolution disagreeing to the Senate amendments to H.R. 11104, the Federal debt limit bill (passed 347–54).	Yes.
	H.R. 11575, on an amendment to the bill making appropriations for the Department of Defense for fiscal year 1974, to restore $1.5 million in funds which had been cut from the race relations programs (defeated 178–226).	Nay.
30	H.R. 11575, on an amendment to the defense appropriations bill, to strike language providing that not more than $851.6 million be available for repair, alteration, and overhaul of vessels in naval shipyards (defeated 170–203).	NVN.
	H.R. 11575, on an amendment to the defense appropriations bill, to require funding of $3.5 billion in the appropriation from backlog "pipeline" funds left over from past years (defeated 118–250).	NVN.
	H.R. 11575, on an amendment to the defense appropriations bill, to cut the proposed active duty level of the armed services by 22,000 below the level recommended by the Appropriations Committee (defeated 160–210).	NVN.
	H.R. 11575, on final passage of the bill making appropriations for fiscal year 1974 for the Department of Defense (passed 336–23).	NVY.
	H.R. 11576, on an amendment to the bill making supplemental appropriations for fiscal year 1974, to increase by $34 million the $707.5 million appropriation for social rehabilitation services (defeated 160–164).	NVN.
	H.R. 11576, on final passage of the bill making supplemental appropriations for fiscal year 1974 for various Federal agencies (passed 295–8).	NVY.
Dec. 3	S. 1191, to suspend the rules and pass the bill to provide financial assistance for a 3-year demonstration program for the prevention, identification and treatment of child abuse and neglect and to establish a National Center on Child Abuse and Neglect (passed 354–36).	NVY.
	H.R. 11710, to suspend the rules and pass the bill to insure that the compensation and other emoluments attached to the Office of Attorney General are those which were in effect on Jan. 1, 1969, and to clarify the use of the congressional frank (passed 261–129).	NVY.
	H.R. 9437, to suspend the rules and pass the bill authorizing a 3-year program to encourage foreigners to travel in the United States (passed 272–120).	NVY.
4	H. Res. 725, to approve the resolution waiving all points of order against the conference report on the foreign aid authorization (passed 265–137).	Yes.

VOTING RECORD OF BURT L. TALCOTT OF THE 12TH CONGRESSIONAL DISTRICT OF CALIFORNIA—Continued

[Yes—For; Nay—Against; NVN—Not voting, against; NVY—Not voting, for]

1973	Measure, question, and result	Vote
Dec. 4	S. 1443, to adopt the conference report on the foreign aid authorization bill with $2.4 billion for foreign economic and military aid for fiscal year 1974 and $922 million in economic aid for fiscal year 1975 (passed 210–193).	Nay.
	H. Con. Res. 173, to suspend the rules and pass the resolution declaring it to be the congressional policy to support, protect, and enhance the coastal and offshore fisheries resources of the United States (passed 405–0).	Yes.
5	H.R. 8877, to adopt the conference report on the bill making appropriations for the Departments of Labor and Health, Education, and Welfare and related agencies for fiscal year 1974 (passed 371–33).	Yes.
	H.R. 8877, on a motion that the House agree to an amendment reported in technical disagreement on the conference report to the Labor-HEW appropriations bill, on the limitation of Presidential impoundment of funds (passed 263–140).	Yes.
	H.R. 7130, on an amendment to the bill to reform congressional spending operations, proposing a deadline of July 1 instead of Mar. 31 each year for final congressional action on spending authorization legislation (defeated 106–300).	Nay.
	H.R. 7130, on an amendment to the bill to reform congressional spending operations, to require a 3-year pilot testing program of new Federal programs with costs above $100 million (defeated 185–218).	Yes.
	H.R. 7130, on an amendment to the bill to reform congressional spending operations, to limit to 3 years the authorization of appropriations for all Federal programs except those funded by user taxes (defeated 192–217).	Nay.
	H.R. 7130, on an amendment to the bill to reform congressional spending operations, to require that Congress hold all appropriations bills including those within budget limitations, and send them to the President at the same time (defeated 117–289).	Nay.
	H.R. 7130, on an amendment to the bill to reform congressional spending operations, to delete the provisions of the bill requiring the expenditure of Presidentially impounded funds if either the House or Senate passes an anti-impoundment resolution (defeated 108–295).	Nay.
	H.R. 7130, on an amendment to the bill to reform congressional spending operations, to require that a Presidential impoundment of funds stay in effect unless disapproved by both Houses of Congress and to allow selective disapproval of impoundments by Congress (defeated 186–221).	Yes.
	H.R. 7130, on an amendment to the bill to reform congressional spending operations, to make the impoundment control provisions effective on Oct. 1, 1975 (defeated 185–221).	Yes.
	H.R. 7130, on final passage of the bill to reform congressional spending operations, to establish a timetable for clearance of authorization bills, followed by budget resolutions setting spending ceilings, and a budget and appropriations reconciliation process (passed 386–23).	Yes.
6	H. Res. 738, the rule under which to consider the nomination of Gerald R. Ford for Vice President (passed 389–15).	Yes.
	H. Res. 735, the resolution providing for confirmation, as provided by the 25th amendment, of the nomination of Gerald R. Ford to be Vice President of the United States (passed 387–35).	Yes.
7	H.R. 11459, to adopt the conference report on the bill making appropriations for military construction for fiscal year 1974 (passed 329–40).	Yes.
	H. Res. 673, the rule under which to consider H.R. 9107, the bill to provide various Federal retirement increases (passed 295–70).	Yes.
	H.R. 9107, to approve the bill to provide a minimum Civil Service retirement benefit equal to the minimum social security benefit and to provide annuity increases for civil servants who retired before Oct. 20, 1969 (passed 270–95).	Yes.
10	H. Res. 657, the rule under which to consider H.R. 10710, the bill providing for trade reform (passed 230–147).	Yes.
11	H.R. 10710, on an amendment to the trade reform bill, to prohibit the extension of U.S. Government credit or loan guarantees for trade with Communist countries if the President found that its government denied the right to emigrate or imposed harsh taxes on emigrants (passed 139–80).	Yes.
	H.R. 10710, on an amendment to the trade reform bill, to strike provisions to forbid extension of trade credits or most-favored-nation duty status for trade with a Communist nation if the President determined that its government denied the right to emigrate or imposed more than nominal fees or taxes on citizens who wished to emigrate (defeated 106–298).	Nay.
	H.R. 10710, on final passage of the bill granting the President authority to negotiate trade expansion agreements, to take steps to reduce trade barriers subject to congressional veto procedures, grant import relief and provide adjustment assistance for workers and industries hurt by imports (passed 272–140).	Yes.
	H.R. 11088, on an amendment to the bill authorizing $2.2 billion in emergency assistance for Israel, to permit use of funds under bill to support implementation of U.N. resolutions calling for an Israeli withdrawal from occupied territory, respect for the sovereignty and territorial integrity of every nation in the area, and calling for cease-fire and peace negotiations (defeated 82–334).	Nay.
	H.R. 11088, on final passage of the bill authorizing $2.2 billion in emergency assistance for Israel (passed 364–52).	Yes.
	H.R. 11771, on an amendment to the bill making appropriations for foreign aid, to delete from the bill military training funds for Chile and to prohibit use of funds for military credit sales to Chile (defeated 102–304).	Nay.
	H.R. 11771, on an amendment to the bill making appropriations for foreign aid, to delete from the bill ⅔ of the funding proposed for emergency military assistance to Cambodia (defeated 147–256).	Nay.
	H.R. 11771, on an amendment to the bill making appropriations for foreign aid, to prohibit the use of any Export-Import Bank funds to extend credit to any nonmarket economy country or any country that does not have preferential most-favored-nation tariff status (defeated 134–266).	Nay.
	H.R. 11771, on final passage of the bill making appropriations of $5.8 billion for fiscal year 1974 for foreign aid (passed 219–180).	Nay.
12	H. Res. 744, the rule under which to consider H.R. 11450, national emergency energy legislation (passed 272–129).	Yes.
	H.R. 11450, national emergency energy legislation, on an amendment to restore language giving Congress 15 days to disapprove any Presidential energy plan (defeated 152–256).	Nay.
	H.R. 11450, on an amendment to the national emergency energy legislation, to provide for the participation by the Justice Department and Federal Trade Commission in the initial phases of any allocation plans (passed 286–112).	NVY.
13	H.R. 11450, on an amendment to the national emergency energy legislation, to eliminate restrictions on windfall profits on coal (passed 256–155).	Yes.
	H.R. 11450, on an amendment to the energy bill, to ban the allocation of gasoline for busing students to a school farther than the school nearest their homes (passed 221–192).	Yes.
	H.R. 11450, on an amendment to the energy bill, on a motion to cut off debate on the committee amendment to the bill and on all amendments to it (defeated 58–351).	Nay.
Dec. 13	H.R. 11450, on an amendment to the energy bill, to require the President to use his authority to permit no more than reasonable profits to sellers of gas and oil and to propose legislation to provide incentives for investment of such profits for the purpose of increasing energy supplies (defeated 188–213).	Yes.
	H.R. 11450, on an amendment to the energy bill, to extend through 1977 the date for compliance with the 1975 vehicle emission standards (passed 199–180).	Yes.
14	H.R. 11450, on an amendment to the energy bill, to delete provisions which exempted from antitrust action those voluntary energy conservation agreements by retail establishments to limit operating hours or adjust delivery schedules (defeated 170–233).	Nay.
	H.R. 11450, on an amendment to the energy bill, to rescind the requirements for omission control devices on vehicles until Jan. 1, 1977, except for those areas with air quality problems (defeated 180–210).	Yes
	H.R. 11450, on an amendment to the energy bill, to allow for the allocation of petroleum for school busing only where a busing plan had been ordered by the appropriate school board (defeated 185–202).	Nay.
	H.R. 11450, on a motion to cut off debate on the energy bill (passed 197–196)	Nay.
	H.R. 11450, on a motion to strike the enacting clause of the national emergency energy bill (defeated 56–335).	Nay.
	H.R. 11450, on an amendment to the energy bill, to place percentage limitations on the number of low- and medium-gas mileage vehicles to be purchased by executive agency (passed 299–89).	Yes.
	H.R. 11450, on an amendment to the energy bill to exclude from restrictions crude oil producers of less than 25,000 barrels of oil per day (defeated 189–194).	Nay.
	H.R. 11450, on an amendment to the energy bill to provide that energy conservation plans include Federal incentives and subsidies to maintain or reduce public transportation fares (passed 197–184).	Nay.
	H.R. 11450, on a motion that the committee of the whole "rise," thereby ceasing debate on the energy bill (defeated 104–280).	Nay.
	H.R. 11450, on an amendment to the energy bill, to provide for grants for the States in providing assistance to persons unemployed as a result of the administration and enforcement of the bill (passed 311–73).	Yes.
	H.R. 11450, on an amendment to the energy bill, to provide for consideration in energy conservation plans of the needs of late-night food stores (passed 301–60).	Nay.
	H.R. 11450, on an amendment to the energy bill, to substitute "agricultural operations" for "agriculture" in 2 sections of the bill, to include ranching dairying, and commercial fishing as operations to receive priority fuel allocations (passed 332–19).	Yes.
	H.R. 11450, on an amendment to the energy bill, to provide for possible restrictions on coal and petrochemical feedstock exports, if such exports would lead to U.S. unemployment (passed 327–27).	Yes.
	H.R. 11450, on an amendment to the energy bill, to exempt from the bill the Navy's petroleum reserves (defeated 174–202).	Nay.
	H.R. 11450, on an amendment to the energy bill, to exempt from restrictions producers of less than 5,000 barrels of crude oil per day (defeated 140–226).	Nay.
	H.R. 11450, on an amendment to the energy bill, to require the Interstate Commerce Commission to revise its current rate structure regarding transportation of recyclable resource materials, making more equitable the comparative rates charged for recycled commodities and raw resources (passed 349–8).	Yes.
	H.R. 11450, on a motion that the Committee of the Whole "rise," thereby concluding consideration of the energy bill (defeated 86–290).	Nay.
	H.R. 11450, on an amendment to the energy bill, to permit the President to authorize oil exports upon his determination that such exports will not contribute to shortages of oil or petroleum products within the United States (defeated 152–205).	Yes.
	H.R. 11450, on an amendment to the energy bill, to suspend until Jan. 1, 1976, the authority of the Administrator of the Environmental Protection Agency to require automobile emission controls on automobiles registered to persons residing outside 13 geographic areas of the United States (defeated 170–205).	Yes.
	H.R. 11450, on an amendment to the energy bill, to require the Administrator of the Federal Energy Office to prohibit any exportation of petroleum products for direct or indirect use in military operations in South Vietnam, Laos, and Cambodia (passed 201–172).	Nay.
	H.R. 11450, on an amendment to the energy bill, to prohibit the export of petroleum products for military use in Israel (defeated 50–320).	Nay.
	H.R. 11450, on a motion to recommit to committee the national emergency energy bill (defeated 173–205).	NVN.
	H.R. 11450, on final passage of the national emergency energy bill to give additional temporary powers to the executive branch for implementing plans to deal with the energy crisis (passed 265–112).	NVY.
17	S. 1435, on a motion to recommit to the conference committee the conference report on the District of Columbia home rule bill (defeated 80–259).	NVN.
	S. 1435, to adopt the conference report on the bill providing for home rule for the District of Columbia (passed 272–74).	NVY.
	S.J. Res. 180, to suspend the rules and pass the bill providing that the 93d Congress convene for its 2d session on Jan. 21, 1974, unless called back earlier by the leadership (passed 263–91).	NVY.
	S. 2482, to suspend the rules and pass the bill extending the lending authority of the Small Business Administration and increasing the ceiling on its loans (passed 339–21).	NVY.
18	H.R. 9256, to adopt the conference report on the bill to increase the Federal Government's contributions to the health insurance premiums covering Federal employees (passed 307–82).	Yes.
	H. Res. 746, to approve the resolution authorizing the Speaker of the House to accept motions to suspend the rules during the period of Dec. 19–22, 1973 (passed 284–101).	Nay.
	S. 2166, to suspend the rules and pass the bill authorizing disposal of opium from the national stockpile (passed 270–122).	Yes.
	S. 2316, to suspend the rules and pass the bill authorizing the disposal of copper from the national stockpiles (passed 315–73).	Yes.
	H.R. 11714, to suspend the rules and pass the bill authorizing $16 million for the GSA Administrator to develop engineering and architectural design guidelines for promoting efficient energy use in existing and newly constructed buildings (defeated 230–160, a ⅔ vote for passage under suspension of the rules).	Nay.
	H.R. 11763, to suspend the rules and pass the bill providing for the construction of an intercity bus terminal in Washington, D.C. to serve the National Visitor Center (passed 356–18).	Yes.

VOTING RECORD OF BURT L. TALCOTT OF THE 12TH CONGRESSIONAL DISTRICT OF CALIFORNIA—Continued

[Yes—For; Nay—Against; NVN—Not voting, against; NVY—Not voting, for]

1973	Measure, question, and result	Vote
Dec. 19	H.R. 11576, on a motion to recommit to the conference committee the report on the supplemental appropriations bill, with instructions that the House conferees agree to a Senate amendment providing $72 million for petroleum exploration and production at 2 naval oil reserves (passed 216-180).	Yes.
	H.R. 11510, on an amendment to the bill proposing an Energy Research and Development Administration, to add an additional Assistant Administrator (defeated 112-271).	Nay.
	H.R. 11510, to approve the bill to reorganize and consolidate various energy functions into a new Energy Research and Development Administration (passed 355-25).	Yes.
20	S. 1559, on a motion to recommit to conference the report on the bill to authorize Federal aid for job-training programs (defeated 93-264).	Nay.
	S. 1559, to approve the conference report on the bill to authorize Federal aid to States and localities for job training and to assure assistance for the unemployed and underemployed (passed 330-33).	Yes.
	H.R. 11575, on a motion to recommit to conference the report on the bill to provide for defense appropriations (defeated 88-280).	Yes.
	H.R. 11575, to approve the conference report on the defense appropriations bill for fiscal year 1974 (passed 336-32).	Nay.
	H.R. 11771, to approve the conference report on the bill making foreign aid appropriations for fiscal year 1974 (passed 216-149).	Nay.
	S. 1983, to adopt the conference report on the bill to further provide for the conservation and preservation of endangered species (passed 355-4).	Yes.
Dec. 20	H. Res. 754, to suspend the rules and pass the bill regulating in the District of Columbia insurance dividends, with an amendment to permit District of Columbia and Federal employees to run for District of Columbia Mayor or City Council (passed 319-26).	Yes.
	H.R. 9142, to adopt the conference report on the bill to reorganize various bankrupt eastern railroads into one corporation with Federal financing (passed 284-59).	Yes.
	H.R. 11576, to adopt the conference report on the bill making supplemental appropriations for fiscal year 1974 (passed 329-10).	Yes.
21	H.R. 11333, to adopt the conference report on the bill providing for social security benefit increases of 7 percent and 4 percent in March and June of 1974 (passed 301-13).	Yes.
	S. 921, on a demand to a second on a motion that the House agree to the Senate amendment (the text of the national emergency energy bill) to the bill amending the Wild and Scenic Rivers Act (passed 148-113).	Nay.
	S. 921, on a motion to suspend the rules and pass the bill amending the Wild and Scenic Rivers Act, with a nongermane Senate amendment including the text of the national emergency energy bill as amended (defeated 189-95, a ⅔ vote being necessary).	Nay.
	H. Res. 760, to suspend the rules and pass the resolution providing that the House agree to the Senate amendments to the Wild and Scenic Rivers Act as amended, with an amendment (defeated 22-240).	Nay.
	H. Res. 761, to suspend the rules and pass a subsequent resolution providing that the House agree to the Senate amendments to the Wild and Scenic Rivers Act as amended to include the text of S. 921, national emergency energy bill and send the bill as amended to the White House (defeated 36-228).	Nay.

THE DEPRESSION

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HELSTOSKI. Mr. Speaker, as we all know, the problem of inflation and its myriad byproducts are both large and complex. The prices people pay continue to rise more quickly than the wages they earn. President Ford's recent message may serve as the impetus for positive action, but until the time such action is taken the problem will remain.

Mr. Speaker, today I would like to share with my colleagues some material which was sent to me recently by one of my constituents, Tom Bryan of New Milford, N.J. Mr. Bryan was kind enough to forward me a recent article by New York Post columnist Pete Hamill. Entitled, "The Depression," the column, which appeared September 16, gives further insight into the plight many people now face:

THE DEPRESSION

(By Pete Hamill)

The talk is everywhere now. You hear of it from housewives trying to put food on the family table. The Wall Street people talk about it as an accomplished fact. Old people, betrayed by their government after years of hard, honorable work, are shoplifting in the supermarkets. We are in a depression. Not a simple recession where the government can take steps to ease the suffering after it has served its purposes. But a full-scale depression.

"The American economy will collapse within 60 days," a Wall Street broker told me flatly the other night. "Forget about Ford's economic summit conference. All the talk in the world won't change the basic facts. And the facts are simple: We're bankrupt and we've lost faith in the future. Worse, the world has lost its faith in the dollar. And the whole thing is about to tumble. It's the most dangerous period since the 1930s. Keep your eye on the Pentagon, because anything could happen."

This man, who, like others, insists on anonymity, is not a wide eye radical. He is a capitalist. His life has been spent in the business of making money with money. But he believes that within 60 days the Dow Jones Industrial Average will fall to 500, and possibly lower. He points out that in the past year that index has fallen from 1051.7 in January 1973 to 627.19 last Friday. More than $300 billion worth of profits has been wiped out, including much of the swollen value of such stock market giants as Avon and Polaroid.

"This winter, the banks will start to crumble," he said. "Franklin National is already a welfare case. In July and August, $3.5 billion was withdrawn from savings banks, which means people are very scared. The commercial banks were playing the stock market with money they did not own, and they've lost fortunes. A lot of them started speculating in European money markets to cover their losses in the stock market, and they lost there, too. The paper money we are now carrying around in our pockets is growing more worthless by the hour."

The inflation is real to everyone. I went into a joint the other day and discovered that a takeout pizza is now selling for $6.40. Out on Long Island, a Dairy Freeze costs 50 cents. Cigarettes are up 47 percent, beer 29 per cent, wine 47 per cent. Those are the marginal items. Consider the necessities: Meat is up 54 per cent since 1967, milk is up 52 per cent, rice—that classic staple of the poor—is up 144 per cent, fish 116 per cent. Housing is up 50 per cent, clothes 35 per cent. And it's certain to get worse.

"Nobody believes in the future anymore," my stock broker friend said. "We've been printing paper to pay for wars, power, foreign aid, and have debased the currency so badly that there are few technical devices left to us. And as more people become unemployed, demand seems to increase, which indicates that there is a lot of hoarding going on. People are stocking up against the apocalypse, and they're probably right."

Several other money people I spoke with offered the following advice: 1) Sell every stock you now have, because the capital market will get so bad that it might have to be altogether scrapped; 2) Empty your bank accounts and start converting the bulk of your money to gold or a harder currency, such as Swiss francs; and 3) Try to get as much spare money as possible out of the country before the federal government again devalues the dollar. The long term is more ominous.

"The banks could be closed up in a minute," one of these men said to me. "Roosevelt closed them in 1933, and they could be closed up again. As soon as people realize how worthless the paper dollar is there could be a run on the banks like we've never seen before. And once the people discover how the banks and insurance companies and the other institutions have been shooting craps with their dollars, it could be panic time again."

Others point to the eminent collapse of Great Britain and Italy as signals that the crisis of capitalism is worldwide. England no longer has a string of colonies into which it can dump its shoddy goods. It has been reduced to an off-shore island, and the pressure of fuel increases is wrecking the economy. Italy has been kiting checks with the rest of the world for more than a year.

"In terms of the international monetary system," a Wall Street friend said, "the collapse of one of those countries will be the equivalent of a major American bank collapsing, a National City or a Chase Manhattan. The whole goddamn thing will come tumbling down."

In New York, the effects have been devastating. Inflation since 1969 has eaten up 34 percent of every New York dollar. Unemployment is now 7.5 percent and rising. The sales tax is at 8 percent, the state and city income taxes are eating away at what is left from the federal taxes, and the prices of food, housing and clothing are going through the roof. There is a smell of the Weimer Republic in the air.

"This isn't just another technical problem." one of those Wall Street informants told me. "The old system is finished. And what replaces it could be even worse."

More on Wednesday.

PERSONAL ANNOUNCEMENT

HON. VICTOR V. VEYSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. VEYSEY. Mr. Speaker, I wish to correct the October 7, 1974, CONGRESSIONAL RECORD, which shows me not voting on Rollcall No. 575. I was, in fact, present and voting against the motion that the House resolve itself into the Committee of the Whole House, for the purpose of further consideration of House Resolution 988.

SENATOR RANDOLPH CITES BICENTENNIAL CELEBRATION OF THE BATTLE OF POINT PLEASANT; COLONISTS FOUGHT TO FREEDOM AND OPENED WAY FOR WESTERN EXPLORATION

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Friday, October 11, 1974

Mr. RANDOLPH. Mr. President, on October 10, 1774, pioneer troops fought Shawnee Indians in what is now Point Pleasant, W. Va., along the Ohio River. This 12-hour battle is referred to by some historians as the first battle of the American Revolution.

During this entire week the city of Point Pleasant is celebrating this memorable and historic occasion. Each day, in an outdoor musical drama, "Rivers of Destiny," there is a reenactment of the events which led to the Battle of Point Pleasant. A replica of Fort Randolph has been constructed as it appeared 200 years ago. It was my privilege to announce earlier this year an American Revolution Bicentennial Administration grant for reconstruction of Fort Randolph and also the designation on March 19 of Point Pleasant as a Bicentennial Community.

When George Washington was a young land surveyor from Virginia, he named the town Point Pleasant. Indians called the area "Tu-Endie-Wei"—"the point between two waters."

On May 30, 1908, the 60th Congress of the United States appropriated $10,000 to aid in erecting a monument "to commemorate the battle of the Revolution." This 84-foot granite monument with a colonial soldier statue at its base is located in a park on the former battlegrounds.

Local historians consider the Battle of Point Pleasant as the beginning of the colonial independence movement.

I ask unanimous consent, Mr. President, to print in the RECORD portions of several articles concerning the battle's historical significance, news story on this week's commemorative activities, and a message from the mayor of Point Pleasant.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

THE SHOT HEARD ROUND THE WORLD

(By Jack Burdett)

Was the "shot heard round the world" really fired in April of '75 at Ralph Waldo Emerson's "rude bridge that arched the flood" up in Massachusetts or was it actually fired six months earlier, in the forests of present day West Virginia?

As for the people of Point Pleasant the seat of West Virginia's Mason County, there is no room for argument. If, as is said, it takes an act of Congress, they've got one. The sixtieth U.S. Congress, in 1908, designated their town as the site of a battle of the revolution (and if so, then the first), and appropriated $10,000 to help erect a monument memoralizing that famous day. Now that the nation's Bicentennial is fast approaching, West Virginians are planning to celebrate, on October 10, the 200th anniversary of their battle, and the 200th anniversary of the first shot for freedom from England's rule.

The all day fight which followed Cornstalk's attack is known as the Battle of Point Pleasant. Historians who hold tightly to their position that thus began the American Revolution point to contemporary records which strongly suggest, if they do not clearly prove, that the Indian attack was planned by the British, or at least by British loyalists, to destroy Colonel Lewis' militia as a fighting force and thus eliminate it as a threat to the King's armies gathering along the coast to suppress the budding struggle for American freedom.

The use of Indian warriors as mercenaries was a long standing English policy, continuing throughout the Revolution, and the attempt to annihilate Colonel Lewis and his men is thought to have been no accidental encounter. For one thing, Cornstalk's organization and his maneuvers had none of the characteristics of a frontier raid. For another, it is said by writers on the scene at the time that Cornstalk was aware of the recent completion of a peace treaty between the Indians and the white man. If so, why did he, so many times a proven pacificist, attack?

Also of major signficance to some historians is the riddle of why Lord Dunmore, encamped with another army a short distance away, near what is now Hockingport, Ohio, failed to come to Lewis' assistance as previously planned. Many think that one of Lord Dunmore's advisors, Major John Connolly, a strong British Loyalist and later an officer in the British Army, stood in the way, hoping to hear of a complete Indian victory.

That news never came for Cornstalk's surprise attack was thwarted by one of those unforeseen and unplanned small events upon which major historical events so often turn. Well before dawn on October 10 two of Lewis' militia, out to find deer still abed, encountered the first wave of the Indians as they crept through the woods toward Lewis' camp. There was an exchange of shots (to many the first shots of the Revolution) and one of the militia was killed. The other escaped to give the alarm.

Many of its members later played vital roles in the eventual defeat on the British, the gaining of independence and the formation of the United States of America.

This is the encounter to be refought, over much of the same ground, next October and, with the blessings and under the auhority of the sixtieth Congress of the United States, it will be billed as the observance of the 200th anniversary of the first battle of the American Revolution.

THE BATTLE OF POINT PLEASANT

(By Patricia Burton)

The Battle of Point Pleasant, fought on October 10, 1774, was the principal event of Lord Dunmore's War. Forty-six officers and men of the command of Colonel Andrew Lewis were slain by the enemy forces made up of the Confederacy of Indian Nations, led by the Shawnee chief, Cornstalk. It was later highly suspected by the Virginia officers that the Indians had, in reality, been serving as allies of the British in an effort to divide the attention of the country just as the First Continental Congress was meeting in Philadelphia.

The war was a direct outgrowth of the December 16, 1773 meeting between Governor Dunmore and John Connolly at the Governor's Palace in Williamsburg, Virginia. On that day John Connolly was given a deed to 2,000 acres of land at "the falls of the Ohio," now present-day Louisville, Kentucky. He also received from Governor Dunmore a commission as Captain Commandant in the Virginia militia, charged with furthering Virginia's claim to the area in and around Fort Pitt. It was this commission which would produce the events leading to Lord Dunmore's War.

On January 1, 1774, Captain Commandant John Connolly issued a Proclamation stating that Fort Pitt belonged, not to Pennsylvania, but to Virginia. This produced a series of dramatic happenings which brought Pennsylvania and Virginia almost to the brink of civil war. Connolly was issuing orders . . . and counter-orders . . . until the entire area was in virtual turmoil. Whites were killing Indians and Indians were killing whites, until there was a very real danger of the frontier being completely abandoned, the whites fleeing eastward and leaving their livestock, crops and plantations.

The situation became so critical that Lord Dunmore had no choice but to take action. He ordered out two armies. The Northern Division would be under his personal command, made up of troops from the Winchester and Pittsburgh locales. They would go down the Ohio and join with the second army at Point Pleasant.

The frontier's foremost military leader, Colonel Andrew Lewis, was in command of the Southern Division.

The original plan called for the two armies to meet, join and then cross the Ohio River and proceed on to destroy the Shawnee towns on the Scioto.

But, after Lord Dunmore met up with his Captain Commandant John Connolly, these plans were changed. Dunmore, instead of proceeding on down to Point Pleasant, encamped up-river, building Fort Gower on the Ohio. He sent orders to Colonel Lewis to cross the river without him, that the Northern Division would meet him at a more advanced position.

Lewis' troops had undergone a tiring ordeal in crossing over the mountains. His rear guard, under Colonel William Christian, was some days behind. So, he decided to encamp at "the Point" until Christian arrived with needed supplies and additional troops.

On the morning of October 10th, the enemy was discovered about a mile from the camp of the Virginians. Shots rang out. Private Joseph Hughey fell . . . the first soldier to die in the epic Battle of Point Pleasant which would rage for twelve bloody hours.

When it was over, near sundown, the victory lay with Lewis' men. But, the cost had been high. Forty-six officers and men were either dead or mortally wounded. More than twice that number were also wounded. Colonel Andrew Lewis sent runners off to Colonel Christian, urging him to make a forced march to come to their aid. But, it was almost midnight when Christian came on the scene and the battle had been over some six hours.

The Commander-in-Chief also sent runners up the river, to plead with Lord Dunmore to send aid. But, word later came back that "Major Connolly prevented it."

A week later, Colonel Lewis, with his troops regrouped, crossed the river and proceeded on to join the Northern Division. The latter was already meeting with the Indians and a peace treaty was underway, with John Connolly serving as Secretary for Lord Dunmore in the transaction. Lewis was so advised, his troops were thanked for their service and ordered to return to Point Pleasant and there dismissed; all by his Lordship, Governor Dunmore.

POINT PLEASANT PLANNING FORT DEDICATION

(By Pat Cole)

Point Pleasant, W. Va. will be one of the first cities in the nation to celebrate America's 200th birthday. A week of activities, centered around dedication of a permanent fort, will be held Oct. 6 through Oct. 12.

Dedication of the fort is timed to coincide with the 200th anniversary of what is reputed to have been the first battle of the American Revolution. On Oct. 10, 1774, settlers and Virginia militia fought and won a battle at Point Pleasant against attacking Indians who were allegedly aligned with the British.

Festival activities begin Sunday, Oct. 6, with "Faith of Our Fathers Day." Appropriate observances will be held at Point Pleasant houses of worship and a colonial tea party will be held on the lawn of Tu-Endie-Wei (Indian for "point between two rivers") Park in the afternoon.

Mid-afternoon of Oct. 6 will feature the landing of canoes—a re-enactment of militia leader Col. Andrew Lewis arriving in Point Pleasant 200 years ago. The canoes will be launched by the Mountaineer Flintlock Riflemen in Charleston the day before Oct. 5, events will conclude with a community religious service at the new fort.

Monday, Oct. 7, has been designated Pioneer and Homecoming Day. Historical displays, arts and crafts exhibits and demonstrations of pioneer skills will be featured.

Industrial and Agricultural Day on Oct. 8 will be highlighted by an old time shooting match with muskets. "Rivers of Destiny," an outdoor musical drama reenacting the events which led up to the Battle of Point Pleasant, will also make its world premier performance Tuesday. Daily performances of the drama are scheduled to take place at the fort through Oct. 13.

Wednesday, Oct. 9, salutes youth with "Old Fashion Play Day," a series of old fashioned games and contests, being held at various grade schools in the county.

Thursday, Oct. 10, marks the 200th anniversary of the Point Pleasant battle, the focal point for dedication of Fort Randolph. Gov. Arch A. Moore Jr. will dedicate the log structure at 2 p.m.

Jack C. Burdett, bicentennial coordinator, said the logs used in building the fort are exactly the same as those Kentucky used in building its frontier forts. He estimated cost of the fort at roughly $100,000. The federal government has given the city an $8,000 grant, however, and additional funding has come from the West Virginia Legislature, the Mason County Court and the city itself.

The original Fort Randolph, erected in 1776, was one of the early forts built at the strategic juncture of the Ohio and Kanawha Rivers.

Friday, Oct. 11, is Colonial Ladies Day. A memorial service honoring the slain heroes of the Point Pleasant Battle will be held at Tu-Endie-Wei Park, site of the battle monument. A tasting spree and a bicentennial costume contest will cap off the day's events.

Saturday, Oct. 12, is a salute to veterans and fraternal organizations. A bicentennial fishing derby for young sportsmen will take place at Krodel Park on Saturday. The heritage parade will also be on Saturday.

Sunday, Oct. 13, will see the final performance of "Rivers of Destiny."

A MESSAGE FROM THE MAYOR:

A young man surveying the trek westward in the late 1730's came upon a breathtaking view at the junction of two great rivers, the Ohio and Kanawha. During a later visit here, in 1770, this man, George Washington, called this peaceful territory Point Pleasant.

And it is fitting that the Father of Our Country is also the "father" of the name of a city with deep-rooted heritage.

Situated modestly where the two rivers unite is beautiful Tu-Endie-Wei Park, with its monument to the First Battle of the American Revolution, fought here on October 10, 1774, and giving Point Pleasant a distinct position in the pages of the history of America.

Thousands of tourists and historians annually visit this park to view the last resting place of the militia who fell in the battle, and the graves of other early settlers who contributed to our historical past.

Point Pleasant, West Virginia, was chartered in 1794. The population in the 1960 census was 6,100, and today is estimated to be 7,500. Point Pleasant, the county seat of Mason County, with its historical past and progressive present, is often referred to as the "Hub of the Industrial Ohio Valley."

JOHN C. MUSGRAVE,
Mayor.

POINT PLEASANT, W. VA.

COPING WITH THE UNEMPLOYMENT CRISIS

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BADILLO. Mr. Speaker, yesterday, the Select Labor Subcommittee met with the Senate Employment, Poverty and Migratory Labor Subcommittee to consider the ever-escalating unemployment crisis and to review proposals for public service employment. We first heard from the Secretary of Labor and various Labor Department officials about the administration's National Employment Assistance Act. Unfortunately, this appears to be a rather limited approach and the community improvement program simply does not provide an adequate number of public service jobs, particularly considering the fact that over 5 million Americans are currently out of work.

A more realistic and perceptive view of the unemployment crisis was subsequently presented by Prof. Helen Ginsburg, who I had asked to appear before the Select Labor Subcommittee. Professor Ginsburg is research associate professor in the Center for Studies of Income Maintenance Policy at New York University's School of Social Work and I have had the pleasure of working with her and a number of colleagues on matters pertaining to unemployment and underemployment, income distribution and various other subjects related to the economy.

Addressing herself to the Emergency Employment Act of 1974 (H.R. 16596), Prof. Ginsburg very aptly observed that the immediate crisis of high unemployment is superimposed on a continuing long-term crisis caused by chronic failure of the economy to provide an adequate supply of jobs. She continued by noting that—

> This quiet crisis is exacerbated by the absence of a firm national policy to insure full employment . . .

I believe Prof. Ginsburg's testimony warrants our most careful consideration and I present it herewith for inclusion in the RECORD:

ESCALATING UNEMPLOYMENT: CRISIS ON CRISIS

Mr. Chairman, I appreciate the opportunity to appear before this Subcommittee and I commend you for your attempt to counter the unemployment crisis facing millions of Americans by introducing the Emergency Employment Act of 1974. As an economist specializing in manpower and poverty problems, I hope that the present rise in unemployment will lead to a new look at overall national policy on employment and unemployment. This reexamination will make it clear that the much-needed Emergency Employment Act of 1974 should be but one step in the direction of providing jobs for all Americans who are willing and able to work.

Unemployment is now at a disaster level. The sharp rise in the unemployment rate from 5.4 percent in August 1974 to 5.8 percent in September is a telling reminder of the urgency with which steps need to be taken to reduce unemployment. In a single month, unemployment has risen by more than 400,000. Thus, the number of persons officially jobless now stands at 5.3 million. And additional millions of fully and partly unemployed workers are not even counted in that figure: those too discouraged to look for work and those who want full-time work but are forced to accept part-time work. Clearly, we are in the midst of an unemployment crisis.

The nature of this unemployment crisis is complex, for what we are witnessing is really an acute, dramatic crisis superimposed on a continuing long-term, quiet, often-ignored crisis. The *immediate* crisis is a newsworthy unemployment rate coupled with nearly universal projections that the worst is yet to come. The continuing *long-term* crisis is due to the chronic failure of our economy to provide an adequate supply of jobs. This quiet crisis is exacerbated by the absence of a firm national policy to insure full employment and the consequent lack of any continuing long-term strategy to come to grips with the troublesome unemployment that persists between the more dramatic crises.

A partial indication of the extent of the long-term unemployment crisis can be gleaned by considering the years since passage of the Employment Act of 1946. Even the modest commitment of that Act to provide "maximum employment" has been consistently violated and several disturbing trends are evident. From 1946 to 1973, unemployment averaged somewhat more than 4.5 percent. Particularly disturbing is the fact that in recent decades not only has joblessness been substantial and persistent, but it has also been drifting to higher levels. For example, during the first half of this era, from 1946 to 1959, unemployment averaged 4.2 percent, but in the second half of this era, from 1960 to 1973, that figure was 4.9 percent. The initial trigger point of the Emergency Employment Act is an unemployment rate of 4.5 percent. It might be argued that an unemployment emergency exists at well below that figure, particularly for those groups subject to especially high unemployment rates. Yet, even using that figure, it should be noted that since 1958 annual unemployment has only dipped below 4.5 percent 4 times, from 1966 through 1969—and those were Vietnam War years.

Despite the fact that an unemployment emergency, as defined by H.R. 16596, has been nearly the norm for almost two decades, there has been a remarkable complacency about the problem of unemployment during much of this time. Indeed, there has even been a shift in the meaning of full employment.

Immediately after World War II, the concept of full employment was related to people. Full employment was commonly considered to be a condition in which flesh and blood people who wanted and needed work would be able to work. The traumatic experience of the Great Depression was still etched in the national psyche. The human tragedy of unemployment was well remembered by millions of Americans. But with unemployment considerably below the catastrophic rates of the 1930's, it became easy to ignore the remaining unemployed. Indeed, they were nearly defined out of existence, though their problems remained.

In many circles even the concept of full employment was changed, as economists popularized the concept of the Phillips curve—the alleged trade-off between unemployment and inflation. No longer did the term "full employment" focus on human beings. No longer did it mean that all job-seekers would find jobs. *Full employment was redefined to mean the unemployment rate assumed to be consistent with the degree of price stability desired*. And that "full employment" unemployment rate was revised upward over the years from about 3 percent to 4 percent. More recently figures of 5 and 5½ percent have been suggested as *the goal* towards which the nation should strive! Indeed, in the quest for price stability, policies were often advocated and even implemented to increase unemployment deliberately.

In recent years, it has been evident that, contrary to the conventional wisdom, rising unemployment can be associated with rising prices. This stagflation has, to say the least, cast considerable doubt on the validity of the Phillips relationship. Indeed, detailed studies such as those of John Blair, former Chief Economist of the Senate Anti-Trust Committee, suggest that attempts to cope with inflation by inducing a recession are likely to cause price increases rather than decreases. Firms in highly concentrated industries tend to raise prices in response to falling demand rather than to cut prices. With industry, this tendency is stronger than it was several decades ago. Thus, efforts to cure inflation by accepting higher unemployment are certain to bring more unemployment but are also likely to lead to higher rather than lower prices! And use of these techniques can frustrate attempts to reduce unemployment through creation of public service jobs. With a civilian labor force of some 90 million persons, even a one percentage point rise in the unemployment rate means that an additional 900,000 persons will be unemployed.

It has sometimes been assumed—erroneously so—that unemployment is solely a problem faced by unskilled workers. This is far from true. On the whole, unskilled workers have much higher unemployment rates than skilled and professional workers. But increasingly, even a bachelor's degree no longer guarantees employment. Nor a Ph. D. At various times, the unemployment of engineers has attracted national attention. Presently, newly graduated teachers are having more trouble finding jobs than at any time since the 1930's. Unemployment among construction workers is currently 12.4 percent. These human resources represent a net loss to the nation when they are not utilized. So does the unemployment of unskilled workers.

Unemployment is not just a phenomenon of minority group workers. At any time, the vast majority of the unemployed are, in fact, white workers. In 1972, for instance, when there were 4.8 million unemployed, 3.9 million of them were white. Thus, reduction of unemployment will benefit many segments of American society, not merely one group. White and black, skilled and unskilled workers all have a stake in full employment.

However, the incidence of unemployment among minority group and poor workers requires special mention. A six percent unemployment rate is the final trigger point of the Emergency Employment Act of 1974. At that point, the full $4 billion is to be utilized for public service jobs. Six percent unemployment is considered a full-fledged emergency. But from 1954 until the present, the annual unemployment rate of blacks has never gone as low as 6 percent, not even in the so-called "prosperous" years. Thus, for this group, there is always an unemployment crisis. (Workers of Spanish origin also have especially high unemployment rates, but it is only very recently that precise figures have become available.) Right now, the black unemployment rate is 9.8 percent, nearly double the white rate of 5.3 percent.

More than for any other group, unemployment is endemic among the poor, whose jobless rates are as much as three times and even four times higher than for comparable nonpoor workers. For example, in March 1972, when the national unemployment rate for all workers was 5.9 percent, 10.5 percent of male family heads with incomes below the poverty line were out of work compared to 3.1 percent of those with incomes above the poverty line. For women heads of families the gap between the poor and the nonpoor was even greater—the respective rates were 19.9 percent compared to 3.5 percent. And for heads of families, the unemployment rate gap between the poor and the rest of us has widened considerably since the early 1960's.

Persistent widespread unemployment makes it all the more difficult to reduce the incidence of poverty in the United States. The tight labor markets of the mid-1960's greatly lowered the incidence of unemployment among poor male heads of families. Many families were thus able to rise out of poverty when jobs became more plentiful. Since 1969, with the national unemployment rate either rising or remaining at high levels, the decline in official poverty has been less impressive and, in fact, the number of persons officially poor actually rose between 1969 and 1970 and again between 1970 and 1971, mainly as a consequence of that recession.

The continuation of high unemployment is a costly policy. Some costs are obvious. Unemployment compensation payments increase. There is a loss of potential taxes. There are welfare costs. These are but a few examples. Finally, there are less obvious costs. A recent Brookings Institution study, for example, has shown that even Social Security retirement benefits rise with increases in unemployment as older unemployed workers are forced into premature retirement. Then there is the cost of living in a society plagued by crime. It is instructive to recall the findings of the National Commission on the Causes and Prevention of Violence, headed by Milton Eisenhower. The strong association between unemployment, underemployment, and crime led the Commission to urge that we "take more effective steps to realize the goal, first set in the Employment Act of 1946, of a useful job at a reasonable wage for all who are able to work." That recommendation was too easily ignored.

Experience has shown that public service jobs can provide this nation with much-needed services. Public service jobs are not "make-work." Instead, they add to the national well being.

The jobs need doing. The unemployed need jobs. I urge passage of the Emergency Employment Act of 1974 and also urge that further and immediate steps be taken to eliminate the massive unemployment that will still remain, even after passage of this Act.

TABLE 1

Unemployment in the United States, 1946–73

[Percent unemployment] *

1946	3.9
1947	3.9
1948	3.8
1949	5.9
1950	5.3
1951	3.3
1952	3.0
1953	2.9
1954	5.5
1955	4.4
1956	4.1
1957	4.3
1958	6.8
1959	5.5
Average 1946–59	4.2
1960	5.5
1961	6.7
1962	5.5
1963	5.7
1964	5.2
1965	4.5
1966	3.8
1967	3.8
1968	3.6
1969	3.5
1970	4.9
1971	5.9
1972	5.6
1973	5.9
Average 1960–73	4.9

* (Unemployed as percent of civilian labor force.) Prior to 1947, persons 14 years and over; from 1947 on, persons 16 years and over.

Source: U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, February 1973, Table A–1, p. 27; *Monthly Labor Review*, April 1974, Table 1, p. 91.

TABLE 2.—UNEMPLOYMENT RATES, 1948–73, BY RACE

	Percent unemployed			
Year	National (all races)	Negro and other races [1]	White	Ratio: Negro and other races to white
1948	3.8	5.9	3.5	1.7:1
1949	5.9	8.9	5.6	1.6
1950	5.3	9.0	4.9	1.8
1951	3.3	5.3	3.1	1.7
1952	3.8	5.4	2.8	1.9
1953	2.9	4.5	2.7	1.7
1954	5.5	9.9	5.0	2.0
1955	4.4	8.7	3.9	2.2
1956	4.1	8.3	3.6	2.3
1957	4.3	7.9	3.8	2.1
1958	6.8	12.6	6.1	2.1
1959	5.5	10.7	4.8	2.2
1960	5.5	10.2	4.9	2.1
1961	6.7	12.4	6.0	2.1
1962	5.5	10.9	4.9	2.2
1963	5.7	10.8	5.0	2.2
1964	5.2	9.6	4.6	2.1
1965	4.5	8.1	4.1	2.0
1966	3.8	7.3	3.3	2.2
1967	3.8	7.4	3.4	2.2
1968	3.6	6.7	3.2	2.1
1969	3.5	6.4	3.1	2.1
1970	4.9	8.2	4.5	1.8
1971	5.9	9.9	5.4	1.8
1972	5.6	10.0	5.0	2.0
1973	4.9	8.9	4.3	2.1

Source: U.S. Bureau of the Census, current population reports; series P–23, No. 42, "The Social and Economic Status of the Black Population in the United States, 1971," USGPO, 1972, table 36, p. 52, "Manpower Report of the President, "1973, table A–1, p. 127, and "The Employment Situation: December 1973," news release, U.S. Department of Labor, Jan. 11, 1974, pp. 5–6.

TABLE 3.—UNEMPLOYMENT RATES OF POOR [1] AND NONPOOR FAMILY HEADS, BY SEX, MARCH 1960–MARCH 1973

Month and year	U.S. unemployment rate, all workers	All family heads (all incomes, both sexes)	Male heads		Female heads	
			Non-poor	Poor	Non-poor	Poor
March:						
1973	5.0	3.1	2.5	8.0	3.8	17.9
1972	5.9	3.7	3.1	10.5	3.5	19.9
1971	6.0	3.9	3.4	8.7	4.8	16.1
1970	4.4	2.8	2.4	7.2	3.4	13.9
1969	3.4	1.8	1.5	4.6	2.7	9.2
1968	3.7	2.2	1.7	6.1	3.2	11.8
1967	3.8	2.3	1.8	7.0	2.9	10.5
1966	3.8	2.3	1.6	6.7	2.8	9.6
1965	4.7	3.1	2.6	6.5	2.6	13.1
1964	5.4	3.7	2.9	8.7	4.1	11.7
1963	5.7	4.4	3.4	11.2	3.8	13.1
1962	5.6	4.5	3.3	12.0	4.9	16.0

Footnote at end of table.

TABLE 3.—UNEMPLOYMENT RATES OF POOR[1] AND NONPOOR FAMILY HEADS, BY SEX, MARCH 1960–MARCH 1973—Con.

Month and year	U.S. unemployment rate, all workers	All family heads (all incomes, both sexes)	Male heads		Female heads	
			Nonpoor	Poor	Nonpoor	Poor
1961	6.9	6.1	5.0	12.8	4.8	12.6
1960	5.4	4.5	3.4	10.9	3.9	11.3

[1] Poor means below the SSA poverty line. Nonpoor mean above the poverty line.

Source: Current population reports, P–60, No. 86, table 4s "Employment and Earnings," February 1973, p. 179 and derive, from unpublished data Bureau of the Census, Social and Economic Statistics Administration.

SINDONA'S KEY TO CONTROL

HON. LEE METCALF

OF MONTANA

IN THE SENATE OF THE UNITED STATES

Thursday, October 10, 1974

Mr. METCALF. Mr. President, a recent issue of Newsday carried an informative article by Reporter Kenneth C. Crowe regarding Franklin National Bank

The article attributes to Mr. Sindona a statement which was interesting to those of us who are concerned by the way in which large investors control corporations. I quote from Mr. Crowe's article:

> Control appears to be the key to Sindona's business philosophy. He has said that holding a controlling block of stock in a company makes the stock worth 20 to 30 per cent more than its market value—because those in working control of a company are in a position to select the firm's bankers, financial consultants, suppliers and distributors. Control has assured Sindona and those around him that fortunes could flow to them out of companies that might be producing nothing but a sorry investment for small stockholders—those not in control.

Mr. Crowe goes on to say that while various of the companies involved were losing money:

> Sindona and his associates collected millions from them in consultants' fees, brokerage fees and interest fees on loans.

Mr. President, I ask unanimous consent that Mr. Crowe's article, "Sindona Waxes, His Firms Wane," which appeared in the Friday, September 6, 1974 issue of Newsday, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SINDONA WAXES, HIS FIRMS WANE

(By Kenneth C. Crowe)

(During the past few months, the Franklin National Bank has been hit by major financial losses and drastic management changes. Here is an examination of some of the other financial interests of the bank's major stockholder, Italian financier Michele Sindona.)

The Long Island-based Franklin National Bank is only one of a number of American companies that have suffered severe financial losses after Italian financier Michele Sindona moved in on them.

And while smaller stockholders in these companies saw their investments drop in value and produce no dividends, Sindona and his associates reaped millions in fees, interest and stock deals.

Some of the corporations Sindona moved into were financial losers to begin with—and under his reign got worse. The American corporations controlled by Sindona were not run directly or openly by him; but in varying degrees these troubled companies, all publicly traded, have felt the Sindona touch of mergers, movement into international markets, and loans and deals with other banks and companies within his financial empire.

Control appears to be the key to Sindona's business philosophy. He has said that holding a controlling block of stock in a company makes the stock worth 20 or 30 per cent more than its market value—because those in working control of a company are in a position to select the firm's bankers, financial consultants, suppliers and distributors. Control has assured Sindona and those around him that fortunes could flow to them out of companies that might be producing nothing but a sorry investment for small stockholders—those not in control.

Sindona's American empire:

Argus Inc. of Ann Arbor, Mich., a manufacturer of photographic and optical equipment. Argus has never paid a dividend, and in the last five years reported losses totaling $13,263,000.

Seaport Corp. (formerly Oxford Electric Corp.) of Pittsburgh, primarily an automobile parts distributor. Since the Sindona group took open control in 1968, the company has lost more than it made. No dividends have been paid since Sindona took over.

Interphoto Corp. of Long Island City, primarily a distributor of photographic and electronic equipment. Interphoto had always showed a profit until the Sindona group bought control in 1970. Interphoto reported losses of $2,384,000 in 1973 and of $9,300,000 in 1974. No dividends have been paid since Sindona's group took control.

Franklin New York Corp. which owns Franklin National Bank. Franklin was a shaky institution before Sindona purchased a major block of stock in 1972 for $40,000,000, but since then it has suffered staggering losses. The bank's usual 40-cents-per-share dividend was withheld in the second quarter this year.

While these companies were losing money, Sindona and his associates collected millions from them in consultants' fees, brokerage fees and interest fees on loans.

Daniel A. Porco, who represents Sindona's interests on the boards of Argus, Interphoto and Seaport, defended the circumstances under which the fees and interest payment were made. Porco contended that if banks or companies not associated with Sindona had been involved, the payments probably would have been larger. "Mr. Sindona has leaned over backwards to help the companies. In every case, without Mr. Sindona's help, none of the companies would be still in existence," Porco said.

Sindona was born in 1920 into the family of a farm cooperative employee in Patti, a small town 50 miles west of Messina, Sicily. When he graduated from the University of Messina's law school in 1942, most Italian youths his age were in uniform. But lemons were needed to prevent scurvy among the Italian troops fighting in North Africa—and Sindona stayed home because he was working for a major citrus producer.

With the invasion and conquest of Sicily by the Allies in 1943, Sindona gave up lemons and acquired a truck. He hauled fruit from Messina on the coast to the Sicilian interior, bringing back grain on return trips. He has said that at times he put in 15 hours a day behind the wheel of that truck. After the war, Sindona concentrated on mastering Italy's complicated tax laws, which reputedly have prompted some businesses there to keep three sets of books: one for small stockholders; a second for tax authorities, and a third for those really in control.

Using his skills as a tax lawyer, real estate developer and corporate wheeler-dealer, Sindona built a fortune estimated at $450,000,000 in the summer of 1973. In the past year, a series of decisions by U.S. and Italian authorities have cost him control of a good portion of his financial empire and enormous paper losses in the value of his holdings.

Argus Inc.—In 1969, Sindona's personal holding company, Fasco A.G. of Liechtenstein, acquired a controlling block of Argus stock. Porco, a former Crucible Steel Co. executive who appears in most Sindona undertakings on this side of the Atlantic, was installed along with several other Fasco representatives on the Argus board of directors.

Argus, which had been losing money before Sindona bought in, began an expansion program and attempted to grow by acquiring interests in other companies. The U.S. based brokerage firm of Amerofina Inc., of which Porco was then president and principal stockholder, put together a series of stock deals for the Argus expansion program, often dealing with banks and companies controlled by Sindona. In the 1969–70 year, Argus paid Amerofina $583,413.50 in fees.

Two years later, with Argus experiencing difficulties in meeting its bills, Amerofina cut $235,130.50 from these fees and wound up collecting only $348,283.

Porco conceded, "Sure there could be considered a conflict of interest" in collection of the fees, since he was a director of Argus. He noted that the transactions were fully disclosed in filings with the SEC, and said, "A conflict of interest is not an improper thing unless it's done improperly, and we never did it improperly."

In addition, Amerofina was paid $82,500 in fees by one of the companies Argus tried unsuccessfully to acquire, Seaway Multi-Corp. Ltd. of Canada. Seaway gave Argus a chain of Canadian hotels and a $1,000,000 note in exchange for 642,500 shares of Seaway stock that Argus had bought in the aborted takeover attempt in 1970. The exchange deal was made to rid Seaway of the Argus interest—and Porco's company collected the extra $82,500 fee in the process.

A large part of the millions needed for the Argus acquisition of Seaway came from Finabank of Geneva, whose owners include a combination of Sindona's Fasco A. G., the Vatican, and a subsidiary of Continental Illinois National Bank and Trust Co. of Chicago. In one transaction, Finabank foreclosed on 269,418 shares of Seaway put up for collateral on a $2,000,000 loan. The stock was passed to Argus for $2,245,200 in cash plus a block of Argus stock worth $521,050.50 at the time. This adds up to a price to Finabank of $2,766,750.50—or $766,750.50 more than the $2,000,000 defaulted loan. Finabank was the source of the cash in the deal, landing the $2,766,750.50 to Argus at 10 per cent annual interest for three years.

Another bank involved in the financing of the Argus expansion was Amincor Bank of Zurich, whose directors include Carlo Bordoni, a close associate of Sindona's who served with him until recently on Franklin New York Corp's board of directors.

Argus Inc., which has never paid a dividend, reported a profit of $687,000 in 1972, but losses of $3,313,000 in 1970; losses of $4,950,000 in 1971; losses of $987,000 in 1973; and losses of almost $4,700,000 in 1974.

Seaport Corp. (Oxford)—In 1965, Sindona's Fasco A.G. acquired a 25 per cent interest in Oxford Electric Corp., a company that was losing money and hadn't paid a dividend since 1960. In 1966, Fasco helped Oxford raise funds for an expansion program by guaranteeing loans for Oxford. For this service, Fasco received a $100,000 fee plus options to buy 210,000 shares of Oxford at $3.335 a share. In 1968, Fasco exercised the option at a time when Oxford was selling on the American Stock Exchange for $14.50 a share, giving Fasco an apparent paper profit of another $2,388,150. Porco said, "You can't really get rich on a paper profit."

Porco, who had been on Oxford's board as a director since 1965, became chairman of the board in 1968. With him in command, Oxford turned in a profit of $846,000 that year—and went through an aggressive expansion program, buying eight companies over the next two years.

Oxford's financial reports filed with the Securities & Exchange Commission show that in 1970, the company agreed to pay Sindona $20,000 a year for his services to Oxford's European subsidiaries, Banks controlled by Sindona received more than $2,000,000 in interest payments and fees from Oxford's subsidiaries from 1968 to 1972. Most of the money went to Banca Privata Finanziara of Milan, which is controlled by Sindona.

For the next 10 months of 1972 alone, Oxford's Uranya S.p.a. (Italy) of Milan subsidiary paid Banca Privata $573,600 in interest and discount charges. Uranya (Italy's) movement through the Sindona empire involves a series of intricate financial deals. Acquired by Oxford in 1968, Uranya (Italy), a television manufacturer, had piled up $7,000,000 in debts to Banca Privata by 1972. To help bail out Uranya (Italy), Oxford sold four other subsidiaries in 1972 for $8,125,000 to Interphoto Corp., which is controlled by Argus. Oxford applied $3,000,000 of the proceeds Uranya (Italy's) debts owed to Banca Privata. An other facet of the deal was that Interphoto was to buy some of Uranya (Italy)'s assets for about $70,000.

As 1972 wore on, Uranya (Italy) underwent a name change to Microel S.p.a. on Oct. 31, 1972, Oxford sold Microel to Fasco A.G. for a cash price of $4,801,276. But $1,000,000 went to pay off an outstanding loan to Amincor. Another $3,801,276 plus interest of $209,979 was returned by Oxford to Microel to satisfy promissory notes held by that former subsidiary. The slightly more than $4,000,000 returned to Microel added up to just about the amount still owing to Banca Privata.

Microel's net worth is an unknown factor, but Oxford's business reports indicate that beginning in 1972 an Italian firm, controlled by Sindona business associates, was paying rent and fees for technical services to Microel amounting to more than $1,000,000 a year.

Interphoto Corp.—While Fasco apparently made out all right in its dealings with Oxford (whose chairman was Porco), Interphoto (whose directors included Porco) suffered a severe turnabout in its fortunes. Argus (on whose board Porco sits) had acquired a controlling interest in Interphoto in 1970. Interphoto previously had a history of moderate profits.

After buying Oxford's subsidiaries, Interphoto reported "a net loss of $2,384,000, the only loss in its history as a public company," according to SEC records. The following fiscal year, ending Feb. 28, 1974, was even worse, with losses amounting to $9,300,000. Porco said that only a small part of the losses could be attributed to the subsidiaries purchased from Oxford. Now it was Interphoto's turn to hand over a subsidiary to Fasco A.G. Among the four companies purchased from Oxford was a Greek television manufacturer, Uranya Hellas S.A. (Uranya-Greece), which was in the process of completing a new factory in August, 1972. Uranya-Greece brought with it debts totaling $7,320,000, including almost $2,000,000 owed to Uranya (Italy).

In May, 1974, Interphoto sold Uranya (Greece), including its new plant, to Fasco. Fasco agreed to assume the Greek company's debts, totaling $4,300,000. Porco said that as part of the deal, Fasco received a subsidiary of Uranya that owned $2,100,000 to Greek banks, but was owed $3,000,000 by Greek consumers. This would provide Fasco with a potential profit of $900,000.

Interphoto obtained a $19,000,000 line of credit to help it through its financial travails in July, 1973, from a Chicago finance company, Walter E. Heller Co., and three major banks. At the time of the agreement, Heller's chairman was Norman B. Schreiber, 69, who was succeeded as chairman in August, 1973. In February, 1974, Schreiber was hired by Franklin under a five-year contract with an annual salary of $160,000, to help revitalize the bank's management. Porco said that none of his dealings with Heller to obtain the credit line involved Schreiber. At the end of August, Schreiber announced that he was planning to resign from Franklin.

Franklin New York Corp.—In May, 1972, Sindona hosted a luncheon at the exclusive Recess Club in downtown Manhattan for a half-dozen Wall Street bankers and investment specialists. Sindona, dining on hash with a poached egg and skim milk, invited his guests to suggest investment projects to him, and said that he was interested in companies that paid cash dividends. He said he had investors behind him with anonymous money in sums as high as $25,000,000.

Within two months, Sindona made his $40,000,000 investment in Franklin, buying 1,000,000 shares, or 21.6 per cent of the company. He insisted that the money was his own. "When Fasco invests, it is 100 per cent Michele Sindona. When my clients invest, we work through other companies," he said.

The only challenge to the Italian financier's move toward control of what was then the U.S.'s 20th largest commercial bank came from Rep. Wright Patman (D-Texas), chairman on the House Banking and Currency Committee. Patman questioned the legality of a single holding company that controlled both banking and nonbanking interests.

Sindona sidestepped this issue by severing Fasco International Holding from Fasco A.G., although both companies continued to be owned by him. Fasco International now holds his Franklin stock.

Sindona, who controls the Italian real estate conglomerate, Societe Generale Immobiliare, that built the Watergate complex, in Washington, D.C., visited former Commerce Secretary Maurice Stans five days before the 1972 presidential election to offer him a secret contribution of $1,000,000 for President Nixon's campaign. Stans, Nixon's chief fundraiser, said he turned down the offer because he couldn't promise Sindona anonymity.

Nixon's former New York City law firm, Mudge, Rose, Guthrie & Alexander, welcomed Sindona as a client. The law firm also represents Franklin in some of its SEC problems and in dealing with the insurance companies whose policies cover the bank's foreign exchange losses.

On March 26, 1973, Sindona's Fasco A.G. lent Sindona's Fasco International Holding $30,000,000 to buy 51 per cent of the Talcott National Corp., a major finance company that had just come through a bad year, with losses of $19,262,861. Sindona's announced intention from the outset was to merge Franklin and Talcott.

As part of the merger deal, Franklin agreed to pay Sindona's expenses in acquiring the stock. Franklin estimated that if the merger went through by June 30, 1974, the reimbursement to Sindona's holding company would amount to $3,509,447.95. Most of that money was for interest, since Sindona's Fasco A.G. was charging Sindona's Fasco International Holding nine per cent interest on the loan. Another $115,000 was to go to Amdapco of Pittsburgh, an investment banking firm headed by Porco. But the merger was blocked in May by the Federal Reserve Board, partly because of Franklin's poor earnings record in recent years.

In 1973, Sindona collected $6,400 from Franklin for director's fees—and another $60,000 "to reimburse him for his expenses in connection with his activities relating to the international business of Franklin," according to a Franklin report. In December, 1973, Franklin helped underwrite the financing of an Italian government agency's public works project. Franklin collected $300,000 in fees and in turn passed along $100,000 "to an institution controlled by Mr. Sindona" for its services in the deal, according to Franklin reports to the SEC. Franklin has also been involved in other transactions with Sindona banks and companies, but the details and amounts involved have not yet been revealed.

Franklin this year has reported losses totaling $83,000,000, and its regular second-quarter dividend was withheld from stockholders. Franklin had been paying quarterly dividends of 40 cents per share of common stock since 1971 and had paid continuous quarterly dividends of varying amounts prior to that since 1956.

McKINNEY SUPPORTS CAMPAIGN REFORM

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. McKINNEY. Mr. Speaker, I am pleased to see that the House of Representatives is taking final action on a piece of legislation which I feel is one of the major issues which faced the 93d Congress. While spurred to final passage by a scandal that rocked the very foundations of our Government, I am hopeful that this legislation will instill in the American public a new attitude toward our political process.

Though the provisions of this legislation are many, and affect almost all aspects of Federal elections, I think that perhaps the most important provision is the establishment of an Independent Elections Commission. Without such a Commission, the public might view the new regulations and guidelines outlined in the bill as meaningless. With the Independent Commission, the public is made aware of the fact that we are creating a seperate agency to oversee this legislation and be chiefly responsible for supervision and enforcement of the new law.

Essentially, I am pleased to see the spending limits imposed on the Presidential and congressional races. It is my feeling that these limits will serve to put these races in the proper perspective and will do away with future charges of men and women having "bought" the office they hold simply because they outspent their rivals.

The limits on contributions which this bill contains should not be looked upon by any candidate as being restrictive. In fact, such limitations will mean that the candidates will have to go to a broader base of their constituents for support. Personally, I have limited my contributions this year to no more than $100 per person and have taken no money from any organized interest group. To date, I have received contributions from more than 2,000 individuals, which is more than the amount of contributors in my past two campaigns combined. I am sure that in future years many of my colleagues will find that they will get similar results.

Overall, I am optimistic that this legislation will mean more to the American political process than most people realize. The bill does lack a few provisions, such as partial public financing of congressional races, but I look forward to taking up this issue in future legislation.

THE FARMERS OF WESTERN NEW YORK ARE CAUGHT IN A SEVERE COST-PRICE SQUEEZE: CONGRESS MUST HELP REMOVE THAT BURDEN

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. KEMP. Mr. Speaker, the farmers of western New York are being caught in a severe cost-price squeeze—a squeeze between runaway production costs being paid by them and the substantially lesser rate of increases in the prices of produce, milk, grain, and livestock being paid to them.

The long-range consequences of their deteriorating economic condition—for the farmers, the consumers who rely upon their productive capacity, and the economies of both the State and Nation—must now be a major part of our overall programing to restore the Nation's economic vitality.

What is happening in western New York is happening in a thousand farming communities of our Nation. This is indeed a problem of national dimension, and it will require decisive, consistent decisionmaking to alleviate the burdens being borne by the farmers.

In all candor, many—if not most—of the examples of what is happening to them point—in my opinion—to the need for less government in their daily lives, not more. Because their problems are national in scope is no automatic justification for the Federal Government to step in—even more than it has already—with new programs, more bureaucracy, more regulations, more controls—all of which combine, too often, to make for more burdens, not less.

WHAT ARE THE CAUSES OF THIS DETERIORATING SITUATION?

What are the causes of the farmers' deteriorating economic condition?

As I indicated, they are being caught in a squeeze between runaway production costs and the rate of price increases at the farm level.

The farmers' share of the total customer cost of food has not kept pace with the increase in price at the grocery counters. We may be paying more for food at the retail stores today than ever before—even though it remains much less than most other Nations have to pay, measured in terms of earning power—but the farmers are not getting it. It is, primarily, going into additional production and overhead costs of the middlemen.

In western New York, farmers' production costs have risen a staggering 79 percent since 1967, with a whopping 42-percent cost rise since August 1972—in just 2 years time. What they are being paid for what they produce has risen too, but only by 53 percent during this period from 1967.

The arithmetic is simple: The farmers have fallen behind 26 percent in this cost-price ratio.

When one considers that the average percentage profit yield of a commercial operation in the United States during recent years has been about 6 to 8 percent—and if you are really doing good, you might be up to 10 to 12 percent—one can see the tremendous, destructive impact of falling behind 26-percent in a cost-price squeeze.

Dairy farmers have been most severely hit—in western New York—by this cost-price bite. Because of both inflation and a steadily dwindling demand nationally for milk products—doctors telling their patients that it is too high in cholesterol, a decline in the baby population—and because of a dramatic increase in imports of foreign-produced milk in recent years—the future of the smaller, family-owned dairy appears as dark as it has in years, according to both agricultural experts and the farmers themselves.

I have met on several occasions with the farmers in my area during recent weeks, and the stories I hear form a pattern on what is happening to them.

Machinery and labor costs have soared as a result of the inflation which has resulted both from the Federal Government spending too much money and issuing too much new paper money. So too have feed and grain prices and interest rates. It is getting tougher and tougher to get credit for feed and grain purchases; and, this as it applies to the dairy farmers starts an endless cycle of buying poorer quality feed grains, which result in less milk production, which then result in less money with which to buy additional feed. Dairy farmers have had to rely this year on both lower quality, lower protein feeds, and home-grown crops and forage.

Ill-advised national decisions on milk imports have resulted in sharp increases in imported milk, despite an increasing excess of domestically produced milk. Foreign competitors, through these policies, are being given an unfair, anticompetitive edge over our own dairy farmers.

Credit is being shut off to the farmers. And, if you can still get it, it is at an all-time high interest rate.

The requirements of the Occupational Safety and Hazards Act—OSHA—are too often being unduly imposed on the small, often family-operated farms. I was recently told of an OSHA inspector simply walking into a farm in my area and closing the dairy operation down—effective that day—without any regard for its consequences to the farmer—the producer—and without any immediate due process recourse to the courts to question the validity of the OSHA inspector's decision. From what I have been told, this is no isolated event.

During this period of less cash flow, the unrelenting assessments imposed by the dairy cooperatives, often to finance lobbying in Washington and the State capitals, have become burdensome, and their utility is now questioning.

When one adds all these factors together, one can better see the potential adverse consequences to the Nation. In a sense, farming is becoming a closed business. If a farmer cannot pass along his investment to his children, he finds great difficulty in finding someone with the assets to make a down payment and sufficient capital to make it work. It is not unlike being in the stock market and not being able to sell out, when a farmer wants to sell his farm and has no qualified buyers. And, if the pattern of closings and mergers continue at the pace established since the mid-1960's, it is not good for the national economy or competition.

WHAT CAN BE DONE?

This is not a problem without possible solutions. There are, indeed, many things which can be done to improve the plight of the American farmer.

First, Government must tighten its own belt and spend less money. Government spending has had a dramatic impact on the farmer—as it has on everyone else—for excessive Government spending is the cause of inflation, and inflation is the farmer's single biggest problem.

When the Federal Government runs deficits year after year, it does two things to cover them. First, just like you and me, it goes into the open money market and borrows funds from commercial lending institutions and investors. That, of course, takes funds away from American industry and business, which needs them to maintain productivity and to expand thereby providing more jobs. Additionally, taking that much money out of the economy—and into Government—substantially drives up interest rates for nongovernment borrowers—like our farmers.

The other method of covering its deficits is to print more paper money, and this is the real crux of inflationary pressure. When Government prints more money—and there is no commensurate increase in national productivity—it lessens the value of the dollars we held while Government was printing more of them. Therefore, instead of a dollar held still being worth a dollar, it is worth less. It takes more of them, as a result, to buy a good or service. The economists call this "monetizing the debt." The people call it inflation. Either way, it is reckless economic policy, and must be stopped.

Higher costs—machinery, labor, equipment, feed, seed, and grain—and higher interest rates—are all the results of inflation. They are its products, not its causes. The root cause of every one of those price jumps is inflation—inflation arising from Government action. The best way to stabilize, and then to bring down, the costs of all goods and services—and interest rates—is to get a handle on inflation. That is the joint responsibility of the administration and the Congress, and I am committed to its exercise.

Second, we can institute an immediate, expanded agricultural production research effort on a national scale. We must devise ways to increase the yield of agricultural production.

If the number of farms continues to decline, if the number of farmed acres continues to decline, and if our demand continues to increase—worldwide and nationally—we must increase production.

I am the cosponsor of legislation, House Resolution 1339, a measure expressing the sense of the House of Representatives that the prevention of widespread shortages during the next 10 to 15 years and the maintenance of world order requires we make an immediate and substantial public and private investment in increasing food production. That measure ought to be acted upon this year.

Third, our import policies must be thoroughly reexamined and changed. It simply makes no sense to continue massive imports of foreign-produced milk at a time when we have decreasing demand and increasing domestically produced supplies. It is grossly unfair to penalize our own farmers, yet reward those in other countries.

In addition, our deteriorating balance of payments in international trade is made even worse by continued imports. Milk comes in, but American dollars go out, and with the dramatic outflow of American dollars occassioned by the increased Arab oil prices, we should make every effort to keep American dollars home when possible.

Fourth, Government must take a new look at the regulatory burdens it has placed on the farmers. I am not saying that laws to protect workers health and safety ought to be repealed, but I am saying that the intent of Congress—apparently not now being carried out—was clearly to balance the requirements of the labor force with those of the producers.

It makes no sense, in national economic terms or in terms of the individual farmer, to have federal inspectors acting arbitrarily and capriciously in the enforcement of regulations. There simply must be a better balance here.

Mr. Speaker, every Member of this House—whether he comes from a farming district or not—knows from his history and his economics of the threshold importance of having adequate agricultural production and stable farm policies. We must assure the American farmer and consumer—we must assure our posterity—that we took every available step to help our farmers maintain the food productivity essential to a strong nation and world leader.

FREE CHINA: ALIVE AND WELL ON ITS 63D BIRTHDAY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. CRANE. Mr. Speaker, at a time when there seems to be a dearth of good news almost anywhere, I am happy to be able to tell my colleagues that an old friend and firm ally of the United States—the Republic of China—will celebrate its 63d birthday Thursday in good economic, political, and cultural health.

October 10 is the 63d anniversary of the founding of the Republic of China, which by the way was the first republic under a constitution in Chinese history. In those more than 60 years, Free China has seen many ups and downs but is most definitely on the up these days.

In economics the Republic of China has a per capita income second only to Japan in Asia and three times that of Communist China. It will probably become a "developed" nation within the decade.

In politics, the Republic of China has successfully weathered its eviction from the United Nations in 1971 and the severing of diplomatic relations with many nations. It maintains a wide variety of contacts with nearly 130 nations and in 1973 attended 18 international meetings and nearly 400 private international meetings.

In culture, the Republic of China remains the only true repository of Chinese culture and history, the oldest continuous civilization in man's history.

In mainland China, the Chinese Communists strive to destroy the best of the old and substitute the worst of the new. On Taiwan, the Free Chinese seek to blend the best of the old and the new, and they are succeeding.

Mr. Speaker, I think we should pause for just a moment to wish the Republic of China our best, to express the hope that President Chiang Kai-shek will continue to provide enlightened leadership and to declare our conviction that the Republic of China and the United States should and must remain good friends, firm allies and close colleagues in our pursuit of peace and freedom in Asia and around the world.

THE 63D ANNIVERSARY OF THE REPUBLIC OF CHINA

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. LANDGREBE. Mr. Speaker, October 10th is the 63d anniversary of the founding of the Republic of China. Although Dr. Sun Yat Sen is no longer alive, his heir, Chiang Kai-shek and his political party, the Kuomintang, are still the leaders of the only civilized China, Nationalist China. As we all know, Dr. Sun Yat Sen's dream was to found a Republic, and he succeeded in a measure. But the revolution unleashed forces that led to the eruption of the Communist Chinese movement—a movement that has succeeded in capturing the mainland of China. His revolution has come full circle; a new, incredibly brutal and vicious dynasty has replaced the ancient dynasties of China. A rigidity unknown in the class system of ancient China has been established in the name of liberation. A murderous and bloody dictatorship has replaced the relatively benign regimes of dynastic China.

It is only in the island of Taiwan, Republic of China, that free government has been a success. And what a success it has been. Taiwan is rapidly becoming one of the most powerful commercial countries in the world, doing many times the amount of trade that Communist China does, and challenging even Japan, which has been called one of the postwar economic miracles. Taiwan has succeeded so well simply because it has respected the principles of constitutional government and has had the wise and Christian leadership of Generalissimo Chiang Kai-shek. On this its 63d anniversary, I extend to it my best wishes and hope that it will last for many years to come.

FIFTY-FIVE MILE-AN-HOUR SPEED LIMIT

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. DERWINSKI. Mr. Speaker, recognizing the debate that continues to rage over the 55 mile-an-hour speed limit which the Congress passed a year ago, I note with satisfaction statistics which demonstrate that 1,000 lives have been saved as a result of slower speeds on highways. I naturally recognize the complexity of this subject, but I believe that this life-saving factor will be a major consideration for all of us if a bill is considered in committee or on the House floor.

An editorial broadcast over WBBN News Radio, Chicago on September 24, very effectively makes this point:

EDITORIAL

> We have the chance to save about 12 thousand lives this year if we slow down on the highways.
>
> Since the 55 mile-an-hour speed limit was imposed nationally in an effort to conserve fuel, we have had an extra benefit—fewer traffic accidents and fatalities. In fact, the National Safety Council statistics show that in the period from January through July, highway deaths were down twenty-two percent from the same period in 1973. In Illinois alone, there have been almost 350 fewer deaths on the highway so far this year than there were last year.
>
> All this is good news as far as it goes, but there's a catch: even though the fatality rates are lower than they were last year, they are creeping back up a little each month. One reason is that since most people think the energy crisis is over, they are taking to the highways again in droves. The other reason is that the 55 mile-an-hour speed limit is not being enforced as strictly as it should be. People are gradually going faster until the average speed is now a little over sixty. And they aren't being stopped for it.
>
> Prominent among the speeders are truckers who are excused because their *livelihoods* depend on their getting from one place to another in a hurry. We regard that as a flimsy excuse. Our *lives* frequently depend on their slowing down to 55.
>
> We strongly urge local and state police to enforce the 55 mile-an-hour speed limit and to enforce it equally for truckers and automobile drivers. As we said, our lives depend on it.

INFLATION

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. MITCHELL of Maryland. Mr. Speaker, the American Friends Service Committee, in response to the critical economic situation which this country is currently facing, has prepared a paper on the impact of inflation and proposals for its remedy.

At this point I include in the RECORD the text of the committee's interesting and timely article:

SUMMARY MEMORANDUM: INFLATION, ITS IMPACT AND REMEDIES

The following observations and recommendations are based on the experience of the community relations work of the American Friends Service Committee and our examination of its meaning.

We address ourselves to the problems of poverty, exclusion and denial of rights and carry out concentrated work on the issues of housing, jobs and income, education, health, hunger and welfare, and administration of justice. We work in 25 states and the District of Columbia, in rural areas as well as in urban centers and smaller cities.

The basic thrust of the program is to strengthen poor and minority communities in their efforts to bring change to their situations. Therefore a major aspect of the work is *in* communities; we seek to be responsive to the needs perceived there.

As part of our work we draw together this varied experience and seek to bring it to bear on national policy. We have examined the interrelationships between economic injustice and exploitation and the political and social exclusion which prevents minority and poor people from effectively controlling their own lives. We have reached certain conclusions about some of the steps toward needed change.

OBSERVATIONS AND RECOMMENDATIONS

The past two years have seen a two-fold assault on poor and marginal income people: *first*, at attempted ending of federal government involvement in many social programs; and, *second*, rising prices coupled with continued and growing lack of opportunities for jobs which would provide meaningful work at decent pay. In contrast with previous inflationary periods, which have been accompanied by rising employment and broadened opportunities for low or marginal income people, this inflation has hurt poor people severely.

Thus, we urge that the Administration's considerations on how to meet inflation address themselves not only to halting the spiraling cost of living but also to redressing the injuries which have been done to its victims.

In response to the question which was posed to those invited to preliminary "inflation" conferences, "Suppose you had responsibility for the economy as a whole, where are we and what should we do", we would propose that a first requirement is a major shift in the approach of the administration to domestic, economic and social problems. Instead of retrenchment and transfer of money to state and local governments, many of which are unresponsive and ill-equipped to cope with these problems, we would broaden the base of federal involvement and the scope of federal programs.

We are convinced that society should organize itself to assure all people fair access to the resources and services required to meet their basic needs. These include access to adequate food, housing, health care, education, child care, transportation, legal services, and protection of the environment, together with opportunities for meaningful work and assured and adequate income. In order to provide equity, efficiency, and adequacy regardless of location we believe that the basic cost of these assurances should be borne by the federal government out of federal revenues.

The nature of our current inflation, which is concentrated primarily in increased cost of staples such as food, shelter, and energy, gives heightened importance to the role of federal government. The impact of the current inflation has been particularly severe on poor people and those with marginal and modest fixed incomes. We would, therefore, stress the importance of identifying and instituting effective measures to soften the impact of inflation on low and moderate income people.

We believe no discussion of inflation can be complete without recognizing that it is in large part rooted in the Vietnam war and the continued maintenance of a huge military establishment. In an effort to hide the extent of our involvement and the true cost of the war, previous administrations not only refrained from raising taxes to cover the cost of additional spending, but created a balance of payments crisis through the maintenance of an overseas military establishment—one that has contributed to world unrest and insecurity, rather than preserving international order.

We must do now what we should have done years ago: reduce the defense budget and seek international order through international cooperation, with full respect for the aspirations and rights of others, particularly the peoples of the third world and developing nations. With this approach, we can make deep cuts in the defense budget—a most inflationary segment of our budget because it produces no useful goods or services while adding to the strain on production and demand for scarce resources—particularly fossil fuel.

But whether or not the defense budget is cut, there are federal budget increases which must be made if Americans are to enjoy equality under the law economically as well as juridically.

We must expand our programs for low and moderate income housing, so that we produce subsidized housing at least at the rate called for by the national housing goals. Our view is that housing needs are far greater than have been officially recognized.

We must provide additional subsidies for the cost of utilities for low income people.

We must increase the eligibility levels and the outreach of food programs, so that no American need go hungry.

We must spend whatever is necessary to provide all Americans with access to adequate health care.

We must spend whatever is necessary to assure that education is available to all Americans.

Perhaps most important, we must assure adequate income and the opportunity for employment. This means the creation of new employment programs, funded by the public sector, which will provide not only public service employment but opportunities for organizations of low income and minority people to pursue their own development needs. We must end the atrocious process of cutting welfare expenditures through keeping people unaware of the benefits due them and harassing welfare applicants and recipients to the point where their self respect is endangered and they are deprived of income which is rightfully theirs.

We have no argument with those who would balance the federal budget, provided the federal budget is balanced after meeting these needs. We assume that this will require increases in taxes and urge that this be done by eliminating the tax advantages which now accrue to upper income people.

We would propose, for example, the establishment of a flat ceiling on the amount which any individual could receive in his or her lifetime through gift or inheritance. We would propose repeal of capital gains preferences and the establishment of a genuinely progressive income tax system through the closing of loopholes and, perhaps, by a temporary surcharge.

Our basic concern is that any efforts to treat inflation must also treat its consequences, through special programs for assistance to people who are poor or are now threatened with poverty: to raise their incomes, to provide meaningful work opportunities at decent wages, and to compensate for the impact of the unbearable increases in the cost of essentials, including food and shelter.

MRS. MAE H. BRIDEWELL CHOSEN BUSINESS WOMAN OF THE YEAR

HON. JOHN J. ROONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ROONEY of New York. Mr. Speaker, it is indeed a very great pleasure to inform my colleagues today of a very fine honor that has come to a member of my staff.

In a recent letter I received from Mrs. May E. Wendels, director of District 1 of the Business and Professional Women's Clubs of New York State, Inc., I was informed that Mrs. Mae H. Bridewell, of my Brooklyn office, had been chosen by that esteemed group as their "Business Woman of the Year."

This award is made to an outstanding and dedicated woman chosen by judges from nominees submitted by the seven clubs in the New York metropolitan area. The award is made in connection with the National Business Women's Week.

Mrs. Bridewell, besides doing an outstanding job in helping to run my Brookly office, is also president of the prestigious Gotham Club and is very active in numerous other civic and religious organizations and affairs in the New York area.

Mr. Speaker, Mrs. Bridewell's award will be presented at a reception and luncheon on Saturday, October 19, at the Sheraton Russell Hotel in New York City.

My congratulations go to both the Business and Professional Women's Clubs of New York State for their very fine selection and to Mrs. Bridewell for her exceptional abilities and industry that earned her this award.

I know that all the members of my staff, both here in Washington and in Brooklyn, join me in extending our very best wishes for continued success to Mrs. Bridewell in all her future endeavors and I am sure that her husband, Commander Bridewell, and their family are as proud of her as we are.

Under the permission heretofore granted me I include with these remarks the correspondence I have had on this subject:

OCTOBER 4, 1974.

Hon. JOHN J. ROONEY,
Rayburn Office Building,
Washington, D.C.

DEAR SIR: District One of the Business and Professional Women's Clubs of New York State is proud to tell you that Mrs. Mae

Bridewell has been chosen as "Business Woman of the Year."

Bi-annually, these awards are made to a business and a professional woman choosen by judges from nominees submitted by the seven clubs in the Manhattan area. The event commemorates "National Business Women's Week" which begins the following Monday.

Mae is president of the Gotham Club and we regard her as a fine and deserving person.

The award will be presented at a reception and luncheon beginning at 12:30 p.m. on October 19th, at the Sheraton Russell Hotel at 37th Street and Park Avenue in New York City.

We would be very pleased to have you be a guest at the awards ceremony. If your schedule does not permit, your personal representative will be most welcome.

Please accept best wishes for a happy retirement.

Cordially,

Mrs. May E. Wendels,
Director, District One.

October 8, 1974.

Mrs. May E. Wendels,
Director, District One, Business and Professional Women's Clubs of New York State, Inc., New York, N.Y.

Dear Mrs. Wendels: Please accept my thanks for your letter of October 4th advising that Mrs. Mae H. Bridewell of my Brooklyn District Office has been chosen by District One of the Business and Professional Women's Clubs of New York State, Inc., as "Business Woman of the Year", and your invitation to attend a reception and luncheon in her honor on Saturday afternoon, October 19th, at the Sheraton Russell Hotel in New York City.

I very much appreciate your kindness in extending this invitation to me and certainly wish that it could be possible for me to attend the awards ceremony. However, I have been confined to my residence here in Washington since I was last released from the hospital last November and, consequently, regret that my situation is such that I shall be unable to be present.

Please extend to Mrs. Bridewell my sincere congratulations and best wishes on this occasion.

With kindest regards,

Sincerely,

——— ———.

THE CENTRAL INTELLIGENCE AGENCY

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the Record, I include the following:

The Central Intelligence Agency

It's something to worry about that the publicity the Central Intelligence Agency is getting these days could gravely damage the effectiveness of this organization which is absolutely necessary to America's security and defense.

Let's face it. The CIA is a spy agency and meant to be. We admit some concern that it may not be sufficiently controlled and restrained. But it is the counterforce to foreign systems that spy on us, try to undermine or weaken us here and abroad and, in some instances, would destroy us if they could.

The current furor over the CIA is that it has meddled in the affairs of other nations, especially Chile. On the surface, that seems hard to defend. But consider: Practically every military operation by the United States during the past century has been, in one sense or another, an interference in the affairs of others. Witness the Spanish-American and Mexican Wars, Korea, Indochina, the dispatch of troops to Haiti and Lebanon, even the occupation of Germany and Japan. In each case it was in the interest of our own or world security. So the raw question is: Which is better? to achieve that security through covert means (even though they go against the grain) or through wars and military interventions. We believe the question answers itself.

It may be that the CIA did go too far in Chile, and we can't help wondering whether the Congressional subcommittees that are supposed to keep tabs on the CIA did their best job in this case. With the great and potentially dangerous powers the CIA has, we think it extremely important that Congress, as the prime elected representatives of the people, make sure that those powers are properly restrained.

But the main thing now is to stop trying to drag all the CIA's actions into the limelight. Secrecy is its strongest weapon. And secrecy it must have if it is to perform the delicate, difficult and hazardous tasks our nation has assigned it to do.

THE REPUBLIC OF CHINA: THE PROGRESS OF A FREE PEOPLE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ASHBROOK. Mr. Speaker, today, October 10, is the 63d anniversary of the founding of the Republic of China. In those 63 years the free Chinese have lived through many trials and tribulations but they have withstood every challenge to become a stronger society.

The progress that the Republic of China has made is truly exemplary. The people of Taiwan and the other islands now have the second highest standard of living in Asia, a per capita income five times that of the Chinese on the Mainland. The country's gross national product has risen at a real rate of more than 10 percent a year for the past decade. The country is continuing to grow economically.

The Republic of China and the United States have had long and friendly relations. Numerous political, cultural, and economic exchanges take place. Presently Free China is our Nation's 12th largest trade partner. The free Chinese estimate that if the present trend continues, their country could become the seventh largest by 1976, behind only the countries of Japan, Canada, England, West Germany, France, and Italy.

While Free China has enjoyed a trading surplus with the United States, that country has attempted to bring the trade figures more into balance through a "Buy American" program. More than a half dozen trade missions have come to the United States from Free China in the past year and a half. Additionally, there have been several exhibitions of American products in the Republic of China.

I congratulate the people of Free China and their leaders, President Chiang Kiashek and Premier Chiang Ching-kuo on the progress that their country has made. Through continuing perseverence, hard work, and opposition to communism I know that Free China will continue to be a beacon to the developing nations. Free China is an example that free people working together can prosper and stand up against the forces of totalitarianism.

GOD AND EPA

HON. ANDREW J. HINSHAW

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HINSHAW. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following:

God and EPA

In the beginning God created heaven and earth.

He was then faced with a class action lawsuit for failing to file an environmental impact statement with HEPA (Heavenly Environmental Protection Agency), an angelically staffed agency dedicated to keeping the Universe pollution free.

God was granted a temporary permit for the heavenly portion of the project, but was issued a cease and desist order on the earthly part, pending further investigation by HEPA.

Upon completion of his construction permit application and environmental impact statement, God appeared before the HEPA Council to answer questions.

When asked why he began these projects in the first place, he simply replied that he liked to be creative.

This was not considered adequate reasoning and he would be required to substantiate this further.

HEPA was unable to see any practical use for earth since "the earth was void and empty and darkness was upon the face of the deep."

Then God said: "Let there be light."

He should never have brought up this point since one member of the Council was active in the Sierrangel Club and immediately protested, asking "how was the light to be made? Would there be strip mining? What about thermal pollution? Air pollution-" God explained the light would come from a huge ball of fire.

Nobody on the council really understood this, but it was provisionally accepted assuming (1) there would be no smog or smoke resulting from the ball of fire, (2) a separate burning permit would be required, and (3) since continuous light would be a waste of energy it should be dark at least one-half of the time.

So God agreed to divide light and darkness and he would call the light Day, and the darkness Night. (The Council expressed no interest with in-house semantics.)

When asked how the earth would be covered, God said, "let there be firmament made amidst the waters; and let it divide the waters from the waters."

One ecologically radical Council member accused him of double talk, but the Council tabled action since God would be required first to file for a permit from the ABLM (Angelic Bureau of Land Management) and further would be required to obtain water permits from appropriate agencies involved.

The Council asked if there would be only water and firmament and God said "Let the earth bring forth the green herb, and such as may seed," and the fruit tree yielding fruit after its kind, which may have seen itself upon the earth.

The Council agreed, as long as native seed would be used.

About future development God also said: "Let the waters bring forth the creeping creature having life, and the fowl that may fly over the earth."

Here again, the Council took no formal action since this would require approval of the Game and Fish Commission coordinated with the Heavenly Wildlife Federation and Audobongelic Society.

It appeared everything was in order until God stated he wanted to complete the project in six days.

At this time he was advised by the Council that his timing was completely out of the question . . . HEPA would require a minimum of 180 days to review the application and environmental impact statement, then there would be the public hearings.

It would take 10 to 12 months before a permit could be granted.

God said, "To Hell with it!"

MOST FAITHFUL UNTO DEATH—250TH ANNIVERSARY OF THE BIRTH OF COL. MICHAEL DE KOVATS

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. PATTEN. Mr. Speaker, recently I discussed, together with several of my colleagues, the 250th anniversary of the birth of Col. Michael de Kovats, the American Hungarian hero of the War of Independence.

In the meantime, I had the opportunity to read the excellent article by Dr. Elemer Bako, the chairman of the National Cultural Committee of the American Hungarian Federation and Finno-Ugrian Specialist of the Library of Congress in a new magazine, The American Bicentennial, July–August 1974.

I insert this excellent résumé of Col. Michael de Kovats' life into the RECORD.

"MOST FAITHFUL UNTO DEATH"—THE STORY OF COL. MICHAEL DE KOVATS OF HUNGARY

On January 13th, 1777, Major Michael de Kovats, formerly with various Hussar regiments of the Austrian and Prussian armies, and now on his way to the New World, mailed a letter in Bordeaux, France, to Benjamin Franklin, then Ambassador of the United States of America at the court in Versailles. The fifty-three year old man wrote in fine Latin, in beautiful handwriting. The text of this historical document, which is among the holdings of the American Philosophical Society's Library at Philadelphia, among the Benjamin Franklin Papers, follows in translation:

"Most Illustrious Sir:

"Golden freedom cannot be purchased with yellow gold.

"I, who have the honor to present this letter to your Excellency, am also following the call of the Fathers of the land, as the pioneers of freedom always did. I am a free man and a Hungarian. As to my military status I was trained in the Royal Prussian Army and raised from the lowest rank to the dignity of a Captain of the Hussars, not so much by luck and the mercy of chance than by most diligent self-discipline and the virtue of my arms. The dangers and the bloodshed of a great many campaigns taught me how to mold a soldier, and, when made, how to arm him and let him defend the dearest of the lands with his best under any conditions and developments of the war.

"I now am here of my own free will, having taken all the horrible hardships and bothers of this journey, and I am willing to sacrifice myself wholly and faithfully as it is expected of an honest soldier facing the hazards and great dangers of the war, to the detriment of Joseph and as well for the freedom of your great Congress. Through the cooperation and loyal assistance of Mr. Faedevill, a merchant of this city and a kind sympathizer of the Colonies and their just cause, I have obtained passage on a ship called "Catharina Froam Darmouth", whose master is a Captain Whippy. I beg your Excellency, to grant me a passport and a letter of recommendation to the most benevolent Congress. I am expecting companions who have not yet reached here. Your Excellency would be promoting the common cause by giving Mr. Faedevill authorization to expedite their passage to the Colonies once they have arrived here.

"At last, awaiting your gracious answer, I have no wish greater than to leave forthwith, to be where I am needed most, to serve and die in everlasting obedience to Your Excellency and the Congress.

"Most Faithful unto death,

Michael Kovats de Fabricy

Bordeaux, January 13th, 1777.

"P.S. As yet I am unable to write fluently in French or English and had only the choice of writing either in German or Latin; for this I apologize to your Excellency."

Although there is no documentary proof of his whereabouts until late November and December, 1777—when Count Casimir Pulaski, after only a few months in the United States, submitted his first memoranda to George Washington, on the principles of cavalry organization in which Kovats' name appears quite frequently—it is generally assumed that Kovats was waiting for the arrival of Pulaski, and, as indicated in his letter to Franklin of other Polish and, possibly; Hungarian officers.

MILITARY SERVICE IN HUNGARY, AUSTRIA AND PRUSSIA

Michael de Kovats was born in 1724 in Karcag, Hungary, at the edge of the Hungarian puszta Hortobágy, well known for its innumerable herds of horses, cattle, sheep and pigs. Unquestionably, the boy went to school there, in that area, learned his Latin and other subjects according to the curricula of the mid-18th century grammar school, then, as a twenty-year old, joined the Hussar regiment of his home county, in 1744 (when his name first appears in a historical document). Hungary being at that time part of the Austrian Empire (although Empress Maria Theresa was always very careful to get herself addressed as "Queen of Hungary"), Kovats fought through the Second Silesian War as a soldier in the army of Maria Theresa.

In the wake of the Peace Treaty of Dresden, signed in December, 1745, many units of the Austrian army were dissolved. As stated by a later document, dated December 14, 1761, Kovats had distinguished himself in this war, and received an honorable discharge.

According to another version, his joining the Prussian army had not been voluntary: while serving in the Austrian army, he was captured and forced to join the Prussian service as a private,—which happened quite frequently in the various military services of those times.

Under Colonel Michael Székely, Hungarian commander of the First Prussian Hussar Regiment in the army of Frederick, the Great, King of Prussia, Kovats participated in many important battles (Pirna, Gotha, Lobositz, Prague, Torgau, and Leitmeritz), receiving also severe wounds in the battle of Gotha. By 1760, he reached the rank of a captain, then is mentioned as "commander of a squadron" (equals a battalion) named as the "Gersdorf" Free Hussars.

The harsh conditions and customs of that age which often forced military commanders to forage and plunder, (thereby sustaining their troops), did not appeal to the character of Michael de Kovats, a man of unquestionable honesty and gallantry. Consequently, he resigned his commission in the Prussian army on March 12, 1761; his immediate reason might have been the circumstance that, in his last assignment, he was forced to function as a tax collector as well as the executioner of orders and instructions related to his position as commander of an occupation force.

His request for an honorable discharge from the Prussian army being granted, he went to Poland where he established contacts with the court. The Austrian ambassador, Count Sternberg made several attempts to get him arrested but the Polish authorities refused his requests and issued a Polish passport for Kovats. Since the Austrian War Council regarded him as a deserter, a warrant for his arrest was issued on April 25, 1761.

IMPRISONED AND PARDONED BY VIENNA

At the same time, however, Kovats was informed about the amnesty proclaimed by Empress Maria Theresa, and he traveled to Hungary, in the firm belief that it covered his case also. As he reached the city of Késmárk, in May, 1761, he found himself arrested, facing court martial for high treason. The preparations for his trial took more than a year, producing several volumes of documents, including seven personal letters he received from Frederick the Great, then the arch enemy of Austria. During this time Kovats was kept in various military prisons. However, the outcome of the investigations was very satisfactory: the Hungarian officer did not only receive full amnesty, with the indication that he never deserted the Austrian army, but he was freed on June 13, 1762; his confiscated property was returned to him, and half of a year later, on January 31, 1763, he was also reappointed by the Empress as major of the Hussars, now pensioned, with an annual allowance of five hundred florins.

His marriage, on May 20, 1763, to Francisca Szinnyei-Merse, daughter of a prominent official in Upper-Hungary, turned out to be an unhappy one: following the death of their only child, a young son, at the age of three, they separated. Kovats left his newfound home, and traveled from one place to the other; as indicated by the secret reports of the Austrian military authorities, always under their strictest surveillance.

By July 1776 of the same year, he submitted another request for a travel permit, again to Saxony, in order to finalize his financial agreement with some debtors there. But soon after, as it was reported by the military authorities of Buda to General Headquarters in Vienna, Austria, "the pensioned Hussar Major de Kovats left Hungary in August, 1776, without any official permit, travelled to Bordeaux, the sea port in France, but he left it for America where he entered the military service of the United States." (The report is dated on January 9, 1778.)

AT THE SIDE OF PULASKI

Count Casimir Pulaski was only twenty-three when he became a recognized leader in the struggle of independence-minded Poles, and, by twenty-four, he already had to go into exile, Having left Poland in 1772, he spent the following five years in Turkey and France. In 1777, he offered his life and fortune for the cause of the liberty and independence of the United States of America, signing an agreement with Silas Deane, one of the representatives of the American Congress in Paris. Two months later, by the end of July, Pulaski arrived in Boston, and entered the American service. He distinguished himself in the battle at Brandywine, and four days later, on September 15, 1777, in accordance with his agreement with Deane, he was appointed as Brigidier General, assigned for the organization of a cavalry force as Commander-in-Chief of the Cavalry in George Washington's army.

Soon after the unfortunate battle at Germantown, on October 3, 1777, General Washington went into winter quarters at Valley Forge. Pulaski did not waste time but in quick succession, in November and December, submitted two memoranda to Washington on the principles of cavalry organization and training. In these documents Kovats' name appears repeatedly as the only professional officer who is an expert in the Prussian service regulations, highly recommended by Pulaski for the creation of an American cavalry force. No wonder: of 22 famous battles fought by the Prussian King, fifteen were decided by his excellently trained cavalry. The essence of Frederick's success was secured by his training methods and discipline, and Michael de Kovats was trained in the Prussian army. Pulaski's recommendations did not refer only to the general principles of the organization and training of light cavalry but to specific aspects which are definitely those of the service developed in imitation of the famous Hungarian Hussar regiments then serving in France, besides Austria and Prussia. (Descendants of emigré Hungarian Hussar officers who followed their leader, Prince Francis Rákóczi II into exile in 1711, organized and led several Hussar regiments in France; one of their own, General Ladislas Bercsényi, son of Rákóczi's commander-in-chief, was elevated to the rank of Marshall of France.)

In one of Pulaski's follow-up memoranda to George Washington, on February 4, 1778, he recommended the formation of a training division of Husars to be commanded by a Colonel, "named Kovats". This division would be the training unit for officers while participating in actual cavalry battle. This method was typically Hungarian, and not Prussian; it has been employed numerous times in Hungary in the course of uninterrupted campaigning while fighting an enemy maneuvering in the country. This proposal by Pulaski was a clear deviation from the Prussian principle and could be originated only with Kovats.

During these months Michael de Kovats was at Pulaski's headquarters, but without any formal appointment of official character. Just then, General Washington went through the unparalleled hardships of the worst winter at Valley Forge. He could hardly perceive the way of thinking of these foreign officers who were obsessed by visions of victorious cavalry battles while he had only four thousand men of who "no less than 2,873 men" were "unfit for duty because they are barefooted or otherwise naked",—as he wrote in one of his reports to the Congress.

In a letter to Pulaski, dated January 14, 1778, Washington nevertheless gave his consent to the appointment of Kovats as "Master of Exercise" for a few months. Pulaski, however, kept up with his pressure to get a satisfactory promotion for Kovats whose unmatched professional training, character and leadership qualities he never ceased to praise in his communications.

The situation was extremely critical. The British marched into Philadelphia, revived its gay city life, promoted trade and reinforced the numerous members of the pro-England Tory party. Foraging parties were sent out which caused great harm for the population of the surrounding country and increased damages in their property.

A subdued Washington had to cope with the situation, and forgetting about his earlier promises and instructions to Pulaski, ordered him, on March 1, to join General Wayne who commanded the forces guarding the New Jersey-Delaware line against further incursions of the British army. Already on March 3, Pulaski's still small force battled the English at Haddon's Field, and lost. In his bitterness, Pulski resigned from his command of the cavalry, which was accepted by the Congress.

THE STRUGGLE FOR A MODERN CAVALRY

The ideas developed by Kovats and promoted by Pulaski must have been premature in that fateful winter. Only the miraculous self-discipline of Washington saved Pulaski from severe criticism and rejection when he submitted his ambitious plans for large-sized cavalry units, excellently organized training camps and elegant uniforms as they were customary in the European armies of that age. Nevertheless, they became disheartened which brought about the resignation of Pulaski.

This resignation, however, carried a positive weight with it. In the February 4 memoradum by Pulaski they outlined the formation of a Training Division of Hussars. Through this particular approach they wished to create the nucleus of a real Cavalry (because the then existing militia-type American cavalry did not amount to much more than mounted infantry), and, then, after the creation of a valuable and well-trained corps of Hussar officers, they planned to return to the headquarter's command once again, with the aim that they should then develop the "other half" (i.e. the cavalry half) of Washington's army.

The acceptance of Pulaski's resignation from the command position of the cavalry was concluded by the Congress on March 20. However, on March 28, the formation of an independent cavalry corps, later named the "Pulaski Legion" was sanctioned by the same body. Hardly a week later, Washington recommended the appointment of Kovats as Colonel in command of the Legion,—which was approved by the Congress within a week. They also got the right to conduct their own recruiting in the nearby areas, that is in the States of New Jersey, Delaware, Pennsylvania and Maryland,—causing thereby numerous objections on the part of the respective militia commanders in the same states.

On April 18, following a recommendation by General Washington, Michael de Kovats was commissioned by Congress as "Colonel Commandant" of the new unit.

The headquarters of the Pulaski Legion were established in Baltimore, Maryland, and the enlistments were commenced at once. Colonel Kovats recruited in Easton, Pennsylvania, and the adjoining counties, Major Henrick Bentken in Trenton, New Jersey, and Count Monfort, also a Major, in Baltimore. They met with remarkable success. In a time when desertions were a daily occurrence and the entire army of Washington was at a total of 4,000, they managed to enlist, in less than three months' time, 320 men, 60 more than they had originally hoped for. By the end of July, they joined all their recruited troops in Baltimore, and, in order to promote the training of their officers in Cavalry—Infantry maneuvers, three cavalry and three infantry companies were formed.

By this time, Colonel Kovats was put in full charge of training. His own background came to expression in the meticulous organization, and the particularly Hussar type soldier he created during these summer months. In the summer he had enough opportunity to train his cavalrymen on the frontier, fighting the Indians who were in the pay of the British. By September, the Legion was ordered by Washington to Princeton, New Jersey, against the British. There were two battles for them in October: at Osborne Island on the 10th, and at Egg Harbor on the 14th of that month.

In the first battle, at Osborne Island, they lost only 22 men. But in the second loss, (caused by a traitor, a former English officer who was assigned to the Legion by the Board of War, and went over to the English again), they were surprised by the English and suffered severe losses. Colonel Bose, their Infantry Commander, was killed also.

Before the winter, the Pulaski Legion was ordered from Trenton, at first to Sussex Court House, then, on November 10, to Cole's Fort, their winter quarters. The first half of the winter passed without greater events, interrupted only by sporadic battling off the Indian attacks. During the winter months, Colonel Kovats continued his systematical training of his troops.

ON THE SOUTHWARD TRAIL

On February 2, 1779, the Legion moved to Yorktown, Pennsylvania, where they have received orders from the Congress to march to South Carolina, and to fight off the invading British forces, joining the army of General Lincoln.

The contingent of the Legion was reduced, by this time, not only by the losses in the two October battles, but also by the vicissitudes of the winter encampment. The first occurrences of smallpox were already put on record. On February 4, Congress decided to bring up the Legion to its former strength and issued instructions to the Board of War in the matter. The Board of War failed to produce the missing quota, and Kovats found himself forced to start recruiting anew—which he did with such a success, that the total of his enlisted men reached 336. After a short training program of six weeks, the Legion's infantry left Yorktown on March 18, heading, as ordered, for South Carolina, and the cavalry followed on the 28th of the same month. Pulaski, however, was, as late as April 10, still at Annapolis, Maryland, probably still trying to recruit for the Legion.

Ingeniously avoiding the various Indian bands and the numerous auxiliary forces of the British, the Legion reached Salem, North Carolina in a month's time. It has been noted there that both officers and soldiers behaved very friendly and courteously, paying for everything they had to ask for. But it has been reported also, that they already had forty cases of smallpox of which two resulted in death.

The last leg of this march, between Salem and Charleston, which normally required only a week's time, turned out to be the most fateful for the Legion: the smallpox reduced their number to 150 men.

THE SEIGE OF CHARLESTON—THE HEROIC DEATH OF KOVATS

As the Georgia Legislature was in session at Augusta, Georgia, General Lincoln found it necessary to keep the major part of his troops nearby in order to be ready against any possible move by the British General Prevost who already had Savannah in his possession since December 29, 1778. In the meantime, General Lincoln stationed General Moultrie at Black Swamp, South Carolina, to keep him informed about any possible maneuvers of the enemy.

The British general, hoping to pull away General Lincoln from Augusta, crossed the Savannah River and made a move towards Charleston. However, as soon as he discovered that there were but small forces in the city, he changed his plans and made the decision to attack Charleston. The British, however, lost two days in hesitation, and, by the time his advance reached Charleston, a stubborn General Moultrie, while trying to oppose him, found time to inform General Lincoln about the moves by Prevost. General Lincoln, abandoning the defense of Augusta, reached Dorchester by forced marches on the isthmus leading up to Charleston, but still too late to stop the advancement of the British.

The Pulaski Legion, (that is, its remnants after the long and deadly march) which joined the Southern army some time after April 10, made a last effort to push forward in the van of the American troops, crossed the Cooper River and reached Charleston on the 11th of May, 1779,—the same day on which General Prevost crossed the Ashley River above Charleston.

Through emissaries, General Prevost demanded the surrender of the city, and the City Fathers, in order to save their property from destruction, had been ready to hand over Charleston to the enemy. But upon persuasion by Generals Pulaski and Moultrie, and by Lieutenant-Colonel Laurens, son of the President of the Congress, himself being of Charleston, they decided to continue their resistance.

The meager forces under General Moultrie were positioned just outside the city, behind some trenches, with the Pulaski Cavalry in their center. A small part of the Legion, under Colonel Kovats, was sent out as reconnoitering force in the view of the advance of the Prevost forces. However, they were met with such a fierce fire that, according to one observer, it had been a miracle that any of them returned alive to the defenders.

Colonel Kovats lost his life in this attack, thereby becoming the first Hungarian (many others were to follow later) who sacrificed his life in the service of the United States of America.

He was buried there where he fell. A small marker indicates the place of his burial.

The remaining troops of the Legion, together with the rest of the defenders, among them Count Pulaski, fought bravely and fought off the repeated attacks of the British. Thus persuaded, General Prevost was convinced that Charleston would not be an easy take and left the battlefield.

The city was saved.

General Pulaski followed his Hungarian friend and comrade on October 9 of the same year of 1779, sacrificing his young life in the battle at Savannah, Georgia.

Their deaths marked also the end of the Pulaski Legion, the remnants of which were merged later with other cavalry and infantry units.

The 250th anniversary of the birth of this great Hungarian hero is a real occasion for commemoration and meditation.

THE 482D ANNIVERSARY OF AMERICA'S DISCOVERY

HON. LEO J. RYAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. RYAN. Mr. Speaker, on October 12, 1974, the Italian-American Federation of San Mateo County, Calif., will be celebrating the 482d anniversary of the discovery of America by Columbus. At their annual Columbus Day dinner, Arlene Marie Nunziati will be their honored guest. I would like to congratulate Arlene on receiving this special recognition.

Arlene has personally contributed extensively to the Italian-American Federation of San Mateo County for over 10 years. She has also represented San Mateo County since 1967 at the Sons of Italy State conventions. Arlene and her husband, Ronald, reside in Burlingame, Calif., with their two children, James and Linda. Arlene, a native-born San Mateoan, was introduced at an early age to Italian-American activities in San Mateo County by her parents, Mario and Norma Marcucci, who have also been active in federation activities for many years.

The Italian community in San Mateo County represents approximately 14 percent of the population, and, as an ethnic group, they have contributed notably to community living in the county. The School of Italian Language and Culture has been established by the Italian-Americans locally and recently efforts by many Italian federations were successful in raising money to acquire a white-cell separator used in treating children with leukemia. I am privileged to acknowledge both the efforts of Arlene and the Italian-American Federation in benefiting all the residents of San Mateo County.

Arlene joins the ranks of other eminent members of the Italian community in San Mateo County, such as A. P. Giannini, founder of the largest banking institution in the United States, the Bank of America.

ATTORNEY GENERAL OF ILLINOIS SPEAKS OUT ON DRUGS

HON. MORGAN F. MURPHY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. MURPHY of Illinois. Mr. Speaker, I would like to bring to the attention of my colleagues a letter I received from the attorney general of Illinois, William J. Scott. With the resumption of growing opium poppy, Turkey has once again attracted attention from those who are working toward controlling the international drug traffic. The attorney general of Illinois is to be complimented for his interest and concern in seeking to halt the flow of drugs into the United States.

The letter follows:

STATE OF ILLINOIS,
Chicago, Ill., October 4, 1974.

Hon. MORGAN F. MURPHY,
Representative in Congress, Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN MURPHY: As chief law enforcement officer of the State of Illinois, I strongly believe that U.S. assistance should be immediately terminated to Turkey because of Turkey's decision this week to replant thousands of fields of heroin poppies. This is actually a wanton aggression against the young people of our country. In the past, over 80% of the illegal heroin smuggled into the United States came from the poppy fields of Turkey. Turkey's unilateral decision to lift the ban on heroin production must not be allowed to go unchallenged.

Therefore, I hereby request your support of the bills before the Congress that will demonstrate unequivocally that the United States will not sit back idly and accept this action by the merchants of death in Turkey. This ban on aid to Turkey should apply to all measures before the Congress, whether economic or military in nature.

Sincerely,

WILLIAM J. SCOTT,
Attorney General of Illinois.

CRIME AND REHABILITATION

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HANRAHAN. Mr. Speaker, it has been the belief of many that persons who commit crimes can be rehabilitated. However, there is now becoming more and more doubt against this belief. For my colleagues' interest, I wish to insert the following Wall Street Journal editorial:

[From the Wall Street Journal, Oct. 9, 1974]

CRIME AND REHABILITATION

For the nation's chief law enforcement officer to describe rehabilitation as a myth will strike some people as shocking, almost as if the Senate chaplain were to pooh-pooh the efficacy of prayer. Yet there seems to be growing evidence to support Attorney General Saxbe's iconoclastic opinion.

Political scientist Gordon Tullock, in a recent issue of The Public Interest, notes that "rehabilitation" became the dominant rationale of our punishment system in the latter part of the 19th Century and has remained so up to the present—even though it has never yet worked. Mr. Saxbe cited studies financed by the Justice Department's Law Enforcement Assistance Administration which he had said questioned the belief that habitual wrongdoers can be rehabilitated. If such studies need to be viewed with suspicion, Professor Tullock cites a number of independent studies that point in the same general direction.

Perhaps more money and more enlightened penology would make rehabilitation a success. But if we have "been operating on a premise that we can't substantiate," as Mr. Saxbe said, it's doubtful that dollars or good intentions will make much difference. New approaches to crime and criminals will be needed. Yet any change in attitudes about rehabilitation is not likely to sit well with those who believe that criminals are more sinned against than sinning. Those who hold this view tend to feel that since society made criminals what they are, it can unmake them by reshaping them in desirable ways.

We find little value in Mr. Saxbe's suggestion that offenders be required to acknowledge their guilt, since there isn't any way to measure sincerity and since a pro forma admission of guilt would be meaningless. But lasting rehabilitation requires private acknowledgement of guilt, at least, and criminals are not likely to acknowledge fault even to themselves when prominent citizens assure them they aren't really to blame. What many well-meaning people overlook is that despite occasional injustices the typical prison inmate is not some erring schoolboy but a hardened criminal who wound up in prison only after repeated violations, usually long after society would have been justified in removing him from the streets.

Crime cannot be separated from the broader question of social justice, nor can criminal justice be separated from court reform, judicial ethics and police training. But neither can it be fashioned on comfortable yet spurious assumptions about criminals. Prisons should be encouraged to offer technical and occupational training, but it is folly to view prison as little more than a boarding school for truants. Even modern and enlightened prisons are at best custodial institutions, concrete expressions of society's determination to protect its law abiding citizens by removing from circulation those who threaten and inflict violence. Expecting them to be rehabilitation centers is to forget that real rehabilitation can only take place through a transformation of attitudes on the part of individual prisoners. It is unlikely that such a change can take place until the individual, rather than society, is held responsible for antisocial conduct.

PRESIDENTIAL PAPERS

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ROYBAL. Mr. Speaker, recent events have raised serious questions concerning the ownership of papers, documents, books and other paraphernalia that a President and Vice President accumulate while in office. It is fair to say that past Presidents and Vice Presidents have treated these materials as their own private property even though they were produced at taxpayers' expense. The Attorney General has recently issued an opinion stating that the papers and documents a President or Vice President accumulates are his personal property. This opinion is based on custom and tradition rather than a law on the statute books and probably will be tested in the courts.

I believe it is in the best interest of the Nation to clear up the confusion that exists over the ownership of Presidential and Vice-Presidential papers. Therefore, I have introduced a bill which provides for public ownership and access to these records and documents. There are several compelling reasons for introducing this legislation.

First, it will insure that the new administration will have the necessary documentation to formulate new or continue existing policies. Second, the people will better know the policies and procedures that its Government is following in carrying out its duties. Finally, we will reaffirm the principle that material produced at taxpayer's expense belongs to the people of this Nation.

My bill adds a new chapter to title 44 of the United States Code. It provides that all books, correspondence and other documents which are prepared for or at the direction of the President, or Vice President, in connection with public business are the property of the United States. If the President or Vice President transfers official papers in the performance of his duties, the bill provides that he must make a copy of those documents.

Within 180 days after leaving office, the President and Vice President must transfer all their official papers to the Administrator of the General Services Administration. The President or Vice President may, if he so chooses, designate an educational institution or Presidential archival depository to receive the papers, and the Administrator would then make the donation. If the President chooses to make such a gift of his papers, the Administrator may make copies of the donated material for the National Archives. If the President or Vice President does not donate his papers, the Administrator is directed to deposit the records in the National Archives.

The President or Vice President may restrict the use of his papers for a period not to exceed 1 year. Materials that pertain to national security issues shall continue to be governed by existing statutes.

Mr. Speaker, I wish to point out that there has been other legislation introduced to deal specifically with the former President's tapes and documents to insure their availability during the impending court proceedings. However, it is clear that we need legislation to make certain that the papers of all future Presidents and Vice Presidents will be the property of the public.

AMNESTY FOR CUBA WITH CAUTION

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BOB WILSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

AMNESTY FOR CUBA WITH CAUTION

(By Ira C. Eaker)

President Ford's first administration is likely to be known as the "era of amnesty," if the first few weeks of it are any criterion.

First, there was the honeymoon with Congress. There followed in quick succession, the pardon for ex-President Nixon and amnesty for draft evaders and military deserters.

Now, all signs point to a resumption of diplomatic relations with Castor's Cuba. Before the Cuban dictator is let out of the doghouse, unchained, it may be prudent and timely to ask some pertinent questions.

Why were diplomatic relations with Cuba broken off by President Kennedy and not resumed under Presidents Johnson and Nixon?

Because Castro was permitting Cuba to become a Russian missile, submarine and bomber base, endangering U.S. security.

Because he was actively conducting clandestine Red operations in Central and South America.

Because he confiscated the property of American companies legitimately doing business in Cuba without remuneration.

Because he eliminated the Cuban middle class, the bulwark of any republic, cruelly confiscating their property and driving the best people in Cuba into exile.

Has he discontinued or made recompense for any of these anti-American crimes? The only one of these activities which he appears to have discontinued, at least temporarily, is the export of Red subversion. This was not due to regret or repentence, but to the disastrous experience of Che Guevara in Colombia. He and his mentor and financial backer, Russia, learned that this was an unproductive enterprise. Reds do not waste much time on lost causes.

Our American companies have not been compensated for the illegal seizure of their properties, nor has any effort been made to compensate the Cuban exiles for the seizure of all their possessions.

Cuba is still an active Russian air and naval base. Soviet submarine crews are flown from Cuba to the USSR, using Canada as an intermediate stop, for rest and recreation. Several Russian bombers are on a Cuban airfield as this is written. Last week two Soviet guided missile cruisers were in Havana Harbor. Cuba today is more of a Russian vassal than at any time.

One of the reasons for the agitation to resume full diplomatic relations with the U.S. is because the status quo is costing Russia from two to three billion dollars per year. This is the average annual amount of Soviet subsidy required to keep Cuba's economy from complete collapse.

It is the Red hope that, with diplomatic relations resumed, U.S. and South American companies will rush in with favorable trade and long term credits, relieving the Kremlin of this aid burden.

Some advocates of resumed relations with Cuba ask, "Now that we, under détente, are resuming trade and diplomatic relations with Russia and Red China, why continue the embargo against Cuba?" One answer should be obvious. There is a great difference in hazard between hostile missiles and bombers based 5,000 miles away and those but 90 miles from our vital targets and defenses.

President Ford wisely attached a condition to his amnesty proposal for draft evaders and military deserters when he said, "let them work their way back."

Before we resume diplomatic relations with Cuba, we should require that all the conditions which led to the embargo be discontinued with full compensation for prior damage. Let Castro "work his way back."

REPUBLIC OF CHINA, FREE ENTERPRISE AT WORK

HON. JOHN B. CONLAN

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. CONLAN. Mr. Speaker, on the occasion of the 63d anniversary of the founding of the Republic of China, I would like to say just a few words about the remarkable economic prosperity which Free China presently enjoys—a prosperity based primarily upon free enterprise and individual initiative.

Only 29 percent of the island of Taiwan is arable. There are few natural resources. Population density on the arable land is the highest in the world. Yet, the Republic of China exports food. Its gross national product has increased more than 250 percent since 1965, the year the United States ended aid to the Republic of China.

Per capita income in 1973 was $467—three times that of Communist China. Free China has become one of the world's leading traders with an expected total of $12 billion trade this year. It is rapidly moving toward becoming a developed nation.

The secret is a philosophy and an economic system that recognizes the rights and dignity of the individual. Confucius said it best over 2,000 years ago: "The people come first."

The free people of Free China believe in and practice what might be called "enlightened capitalism." On their Independence Day, I am pleased to say, as a representative of one "private capital" country to another, of one "free society" to another, "Happy anniversary, and many more of them."

CIVIL PREPAREDNESS

HON. GEORGE A. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. GOODLING. Mr. Speaker, some 4½ years ago a constituent came to me to ask where he could best serve in order that he might make a contribution to his Government.

I had been trying to justify the existence of Civil Defense, now the Defense Civil Preparedness Agency. In my own mind this Agency had been simmering slowly on the back burner, promising never to come to a boil. To my way of thinking any branch of government that is content with a status quo position cannot justify its existence.

It was for this reason that I considered that this would be the place where my friend could make a contribution, either by getting the Agency on the front burner or turning all burners off. I therefore placed the challenge before him, he accepted the challenge, and when a vacancy occurred in this Agency, John E. Bex of Mechanicsburg, Pa., was named Director of the Defense Civil Preparedness Agency, region two, with headquarters at Olney, Md.

Since I had some part in recommending John E. Bex to the position, I felt that after he had served in a Director's capacity for a substantial period of time, it would be incumbent on me to conduct an "oversight hearing" on his activities. In due course, I therefore asked John E. Bex to come to my office in order that we might discuss his activities. I prepared a list of questions which I asked him to answer.

The following is the dialogue that took place:

Goodling. John Bex, you are a constituent of mine from Mechanicsburg, Pennsylvania. You are also a part of the Executive Department as Regional Director of Defense Civil Preparedness Agency. Tell me why you came into Government, and give me your impression of Federal service as you view it from the inside. I do not want you to gild the lily but to give me the facts as you see them. No double talk, please.

Bex. I welcomed the opportunity to serve my Government in Civil Preparedness because our Nation is, in my opinion, twenty years behind in its preparedness effort. This became a very personal thing with me.

Goodling. Have you found your experience in trying to get things done in this environment frustrating? Or, perhaps I should ask, has your frustration been in a degree other than you expected?

Bex. Yes, I have experienced frustration. To me, time and results are extremely important when working with taxpayers' dollars. It does become frustrating when delays result in little action because of antiquated regulations.

Goodling. What's the story with Civil Defense or Civil Preparedness, as you now call it? Do we really need it or not? Can you justify its existence? You know I want to hear the eagle scream before letting the dollar go.

Bex. I feel the Civil Defense story is defensive strategy. We need it now more than ever before. Only in a defensively oriented world would great powers consider themselves sufficiently secure to contemplate disarmament. Our current civil defense posture is far from what it should be. Of course, as you are aware, Civil Preparedness is concerned with natural disasters such as floods, fires, etc., as well as military ones.

Goodling. If you agree that the cause of peace will be better served by developing ways to strengthen defense and limit offense, and that we need some Civil Preparedness, then is our present effort satisfactory?

Bex. There is no easy way of deciding exactly how much civil defense is enough, but it is clear we have far from enough. Presently our Civil Preparedness effort can best be described as austere. The Defense Civil Preparedness Agency has less than one Federal employee per 300,000 people. From a financial point of view, the picture is just as bleak. Our budget for the year is about $83.6 million. Spread across the population, this amounts to spending about 40¢ per capita for Civil Preparedness. This is less than the cost of a gallon of gasoline.

Goodling. If we don't have a program commensurate with our needs—tell me why?

Bex. The American people can be and are very complacent. We have a tendency to pick ourselves up by the boot straps only when disaster strikes. This is not good enough for me. We have the resources, we have the dollars to have the best civil defense program in the world. Every Soviet citizen must become infused with a feeling of personal responsibility for the fulfillment of civil defense measures and participate in them actively. Until we in America do likewise, we will never realize a program commensurate with our position as the richest country in the world.

Goodling. Don't Americans believe in or want security?

Bex. Yes, Americans want security—but they believe that the Federal Government is there to give it to them. Civil Defense is not a give-away program. It is a program for survival and security for all of us, but all of us have to understand and want it before the cry will be heard by our legislatures.

Goodling. It appears to me that Civil Preparedness has, for a long time, been pushed pretty far down on the list of national priorities. It has been placed on the back burner, so to speak. How can we get it pushed back to where it should be?

Bex. Only through extensive public information programs, training and educating all citizens. Then and only then will the people speak, and our Congress will act.

Goodling. If the real message of Civil Preparedness has never been conveyed to the American people, do you think it can and should be done now?

Bex. Yes, the time is long overdue. The message should include not only what people need to do for themselves, but also those things that people should insist their government do because it cannot be accomplished by individuals alone.

Goodling. What do you think our next steps should be? Give me your short-term and long-term thinking.

Bex. Short-term—we must continue with full speed ahead. Long-term calls for a complete reassessment of Civil Preparedness. Too many agencies are involved in the Civil Preparedness mission. How can we expect the public to accept and understand when so many agencies have bits and pieces of the overall mission. What we need is a unified agency which will act as a sort of safety-engineer for every man. Any such agency with adequate power and funds would mean a huge step forward in raising the level of security for all of us. And raising the level of security is close to the fundamental progress of civilization—in a sense, it is civilization itself.

Goodling. In other words, you haven't given up hope of making the agency responsive to the times.

Bex. Never—The mission of Civil Preparedness is too important. To give up hope on this program would be giving up hope on thousands of lives should a disaster strike.

Goodling. How can I help your effort? How can Congress help most? Who has the responsibility of moving your agency ahead?

Bex. I'm awfully glad you asked that question. In response to what you and other members of Congress can do individually, I would say, first of all, stress to your constituents the importance of Civil Preparedness and their obligation to their community to prepare for survival. Second, there is a need for you and your colleagues to support legislative and funding resquests which will permit the Federal Government to lead the way, to do its part, and to set the example for States and local governments to emulate. Third, your enabling legislation is of 1950 vintage—old and perhaps antiquated. I think it would be appropriate and desirable for Congress to conduct in-depth, substantive hearings of our activities with the view of bringing about needed legislative changes, oversight hearings, if you will. It might be appropriate to expand such a Congressional overview to include a review of disaster responsibilities of other Federal Agencies as well as DSPA. It is my opinion that there might be better ways for the Federal Government to organize to meet its responsibility for all types of disasters than the present division of responsibilities for disaster among so many different agencies.

Goodling. You have now given us in the Congress our charge. Let me explore with you actions that might help in the Executive branch. Since the days of President Kennedy, I do not recall of any positive statement from the White House regarding the need and importance of Civil Preparedness. We have a new Administration. The designated Vice President is Mr. Rockefeller. As Governor he was a Civil Preparedness leader among governors. With a new team, wouldn't this be an ideal time for some positive pronouncement?

Bex. Across this Nation, we have over 6,000 full-time, part-time, paid, and volunteer Civil Defense Directors and Coordinators, serving Mayors, County Commissioners, and other elected local officials at the grass roots level. Collectively, they are waging an uphill battle to be prepared to serve 210 million people in an emergency. A statement from our President concerning the importance of the great work that has been done and that which remains to be done would be greatly appreciated. If such a Presidential message were directed to the Governors of all States, emphasizing that Civil Preparedness is part of our strategic deterrence and that preparedness actions must be taken at the local level, this would give the whole National mission a positive lift. In addition, the Secretary of Defense should on every possible occasion emphasize the importance of Civil Preparedness to our deterrent posture. Mr. Congressman, you can help, Congress can help, the President can help, the Secretary of Defense can help, and all your efforts, in this man's opinion, would be in the best interest of 210 million Americans. Remember—people count! We appreciate your sincere interest and concern in the Civil Preparedness mission for our Nation!

PRIVACY ACT AND SAFE DRINKING WATER ACT

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. PEYSER. Mr. Speaker, the leadership has given an indication that H.R. 16373, the Privacy Act, and H.R. 13002, the Safe Drinking Water Act, will be taken up by the House either late tonight, or during the session tomorrow.

I think that these are both good measures and worthy of support. However, I do regret that due to a longstanding commitment I will have to be up in New York when these matters are on the floor. If I were present I would support them, and because I have heard so many Members express positive feelings about them I am confident they will pass.

ROCK OF AGES

HON. ANDREW YOUNG

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. YOUNG of Georgia. Mr. Speaker, on September 28th, the Congressional Black Caucus held its Fourth Annual Dinner here in Washington. This gathering chose to pay particular honor to the wives and widows of four great black leaders—women who have, in their own right, contributed immeasurably to the noble cause for which their husbands gave their lives: Ms. Coretta Scott King, Ms. Betty Shabazz, Ms. Myrlie Evers, and Ms. Margaret Young.

The keynote address was given by the Honorable Maynard Jackson, mayor of Atlanta, Ga., the first black mayor of a major southern city.

Several of my colleagues have requested a copy of the eloquent remarks of Mayor Jackson, and I would like to make his fine statement available to all Members. Entitled "Rock of Ages," Mayor Jackson's remarks have meaning and urgency for all men and women, and I urge my colleagues to ponder them. The strength and eloquence of Mayor Maynard Jackson cannot be improved upon, so I insert them at this point in the Record:

Rock of Ages

(By Mayor Maynard Jackson)

Over three and one-half centuries ago, an old, gray-haired mother stood on the shores of the mighty African continent and watched with strained gaze a small ship slowly fade from view. As that vessel of evil disturbed the serenity of that tranquil sea, she endured the pain of recalling that her sons and daughters had been stolen, beaten, chained and sold into a system so perverse that it challenged her understanding. She knew nothing of the politico-economic arrangements of that day. Words such as mercantilism and imperialism meant nothing to her; but in her heart she knew that something had just made an attack upon the soul of her people. Although she was left behind, too old to be privy to the plunder, she felt the tremors when that enslaved Black humanity, which theretofore had thrived under the moon and stars of freedom, survived the middle passage and was spewed onto the docks of Jamestown, Virginia, to make cotton king and the king corrupt.

As we were defined as chattel, sold like a horse, worked like a mule, mated like cattle and treated like a dog, the spirit of that old woman presided over us. She saw us emancipated into a system of freedom where everybody was free but us. She consoled us while we endured pellagra, boll weevil exploitation, lynching, castration and racism so barbaric that its vestiges plague the oppressed and the oppressor even a century later.

Today, as we remember our common roots, we honor these four matriarchs of the movement and the strength, intelligence and compassion of universal Black womanhood which they represent. We celebrate the Black woman as our "Rock of Ages", that tower of power suggested by Ernie Barnes' painting, who is so often seen standing at the bus stop, clothed in the raiments of poverty, surrounded by rumpled shopping bags, waiting for her ride home after a hard day's work for too little money. Hers is not the smooth contour of the Venus De Milo, the mysterious smile of the Mona Lisa or the languid beauty of a Paul Gaugin Polynesian bather. She bulges from too many starches. She grimaces from corns and bunions that vie for position on weary feet. She is weathered by experience and withered by the heavy burden of being overworked, oppressed and ignored. But she's our Rock of Ages, standing steadfast against the tides of trouble, the rancor of racism and the bitter winds of benign neglect.

While she remembers us, she wonders now whether we remember her. She taught us to stick together, yet she saw the anti-black-elected-official, self-consuming, paranoid disunity of a national Black political convention in Little Rock that fiddled around while home was burning.

She taught us to love one another, yet the spiraling incidence of Black-on-Black crime makes her wail the words from Genesis, "The voice of your brother's blood is crying to you from the ground".

She taught us to survive on little in a land of plenty. Yet, now she stands in mute amazement at an America where the thing that is fed the best is inflation, and it is partial to dark meat.

Our Rock of Ages taught us that if we did right, obeyed the law and loved the Lord, we, too, could walk America's glory road up to Canaan Land. Yet, she now sees that when America catches a cold, Black America catches pneumonia.

The Black unemployment rate is double that of whites, 20 percent in some innercity neighborhoods and 36 percent among Black teenages.

The Black high school drop out rate is twice the national average and Black college graduates often earn less than the white high school graduate.

The chances that a Black American will die before the age of 35 are four times greater than if one were white; and of the Black children under 14 years of age who were born in a public hospital, 60 percent have never seen a dentist.

If you are a Black American, the chances that you will be robbed are triple those if you were white; the chances that you will be burglarized and have your car stolen are almost double. If you make less than $3,000, your chances of being robbed are five times higher than if your income is over $10,000. A Black, poor woman's chances of being raped are four times as high.

If Richard Nixon were Black, he would be catching so much hell he would rather be in jail.

Our Rock of Ages sees us here tonight in our finery at $100 per plate and representing 3,000 Black elected officials, but her reality nevertheless is rocked by the truth of Langston Hughes' plaintive cry of the masses,

"I Swear to the Lord
I just can't see
Why democracy means
Everybody *but* me."

She taught us to do unto others as we would have others do unto us. But now she discovers that Richard Nixon re-wrote that proverb so that in the first chapter of the New Testament Book of Watergate it now reads, "Do unto others before they do unto you." Now she discovers that, while she urged us to be boy scouts and girl scouts, Nixon was re-writing the oath to read, "On my honor I will do my best to get my part and steal the rest.

Our Rock of Ages taught us, like Albert Camus, that change and love can redeem our lives and prevent them from becoming nothing more than absurd caricatures of meandering meaninglessness. Yet now she sees that, after America has spent millions of dollars and millions of hours of manpower on churches and other places of Worship, sensitivity sessions, studies, conferences, seminars, research, analysis and summit meetings, we *still* live in an era of more hate than love, more discord than unity, more ignorance than enlightenment, more poverty than wealth, more despair than hope, more neglect than attention, more problems than solutions, more down than up.

She taught us to remember our roots, remember our brothers and sisters who are still locked in the dungeons of deprivation. Yet, today she sees some Black people who have escaped from poverty (for the time being) and who also are trying to escape their duty to the poor. Some Black Americans have gotten so big that they are *so* big that they are so *big* that they are *so big* that they don't have time for the folks who made it possible for them to *be* so big.

Watch out, America! You are chipping away at the Rock of Ages and we, her sons and daughters, will not simply let the chips fall where they may. She is us, America, and we are you, and we must stand together lest we fall apart! No more hypocrisy, America! No more

"People walking up to ya
Singing 'Glory Hallelujah'
And all the while they're trying to sock it
to ya
In the name of the Lord."

No more weeping and a 'wailing! Our Rock of Ages taught us to be tough, and when the going gets tough, the tough get going. We cannot tolerate the mistaken belief that the time for group struggle is over and that the 1970's are a period for individual pursuits and materialistic gains. We still must have the unity and group identification that made civil rights a *Movement*.

We must seek allies *regardless of color*. Our protracted struggle must be one of good *people* against bad ideas. We must remember that the Rock of Ages taught Martin Luther King, Malcolm X, Whitney Young, Medgar Evers and their women that, in its ultimate dimensions, the struggle for Black liberation is a battle for *human* rights, black *and* white. If we are to change our national policies, we must be a broad-based political force that can change the people who make the policies. So, let Black America be united, but let us also reach out, as we did in the 1960's, and include our white brothers and sisters of good heart. As Julian Bond reminds us, "When your house is on fire and somebody runs up with a bucket of water, don't ask him who he is. Don't ask him where he got it. Just make sure it's not gasoline, and pour it on."

These four martyrs did not leave their wives widows just to elect 110 Black mayors across this nation; the fight is for freedom. The fight was not just to send a thousand Black students to Ivy League schools; the fight is for freedom. The fight was not just to open up a handful of $20,000-a-year jobs in business and government; the fight is for freedom—freedom for *all* from economic and racial oppression.

So, we must redefine our strategies, sharpen our political tools and stick to our goals if we are to prove ourselves worthy of the faith of our Rock of Ages. She taught us that the essence of Black people is *will*, perserverance, and a dogged determination to survive.

We must have the *will* to keep our eyes on the goal and not become disillusioned with the *process*.

Black men must look to ourselves and each other for strength, but Black men also must draw strength and inspiration from the Black woman, our Rock of Ages. We must not allow the tensions and pressures of our struggle to turn us against each other. We must not allow the false dichotomy between the struggle for Black liberation and the struggle for women's liberation to divide us along biological lines. We must use our struggles for complete *human* liberation as a basis for increased unity. Without complete trust in each other, we can only defeat ourselves.

Finally, I come to you tonight to say that I have faith that we will make it. We will win our human struggle for ourselves and for generations yet unborn because the Rock of Ages has given us the *will* to do when others don't, the *will* to keep on keeping on. As Ella Wheeler Wilcox said:

"There is no chance, no destiny, no fate
can circumvent or hinder or control
the firm resolve of a determined soul.
Gifts count for nothing;
Will alone is great,
and all things fall before it soon or late.
What mighty force can stay the sea-seeking river in its course,
or turn the ascending orb of day into night?
Each well-born soul must *win* what it deserves.
Let the fool prate of luck;
The fortunate is he
whose earnest purpose never swerves,
whose every action or inaction serves
the one great aim.
And even death will stand still
and wait an hour, sometimes more,
on such a *will*."

HIKERS FOR HEMOPHILIA

HON. PAUL W. CRONIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. CRONIN. Mr. Speaker, recently I had the honor of greeting two young men from the State of Massachusetts who have walked 1,000 miles from Lowell, Mass., to Washington in a "Hike for Hemophilia." I congratulated them here on the steps of the Capitol and pledged my support of hemophilia legislation currently pending before the House Public Health and Environment Subcommittee.

These two young men are Richard Toth from South Lawrence, Mass., and Kent Wahlberg, from Leicester, Mass. Both are acutely aware of the problems faced by the 100,000 hemophiliacs in this country—Mr. Toth has a brother and three cousins afflicted with this disease—and decided that their hike would be a dramatic way to bring the plight of hemophiliacs to the attention of all Americans. During their walk to Washington they were joined by representatives of local hemophilia chapters who were sponsored by donors to hemophilia research. They are also working for the implementation of a national blood donor recruitment policy for the increased supply and distribution of blood and blood products to hemophiliacs.

Mr. Speaker, I rise today to express my fervent desire that these hikers' efforts not go unheeded. Rich and Kent have made a tremendous sacrifice for those afflicted with this disease. It is only fitting that each of us express his admiration for their efforts through our own contributions and support for hemophilia research. Their example will stand as a model to be emulated by the young people of this country in their efforts to provide a better and healthier life for future generations of Americans.

HELP FOR THE HOMEBUILDING AND CONSTRUCTION INDUSTRIES

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. KEMP. Mr. Speaker, there is much which the Congress should be doing to help the homebuilding and construction industries recover from the severe decline in those areas this year. We should be about that task.

I think we need to aproach it from this perspective—homebuilding and construction—because we are not just talking about single-unit homebuilding. We should, instead, be talking also about multiunit residential dwellings, as well as commercial and industrial construction. Such essential job-producing work as that performed on the site—carpentering, plumbing, electrical writing, plastering, painting—and that performed off the site—from cutting raw timber to making nails and pipes—are as applicable to multiunit residential and commercial and industrial building as they are to single-unit homes. I think too often people think only in terms of those who on the site—and not sufficiently in terms of material suppliers, realtors, title companies, financial intermediaries, et cetera. All of these men and women—hundreds of thousands of them nationally—are affected by upswings and turndowns in the homebuilding and construction markets.

Housing is one of America's largest industries, something we often overlook because of its diversity. Even during this housing construction crunch, America is still building 1.3 million housing units each year. It is the realization that we should be building at least 1.9 million units per year—a full 600,000 over what we are building—that calls to one's mind how severe this problem has become.

In New York State, this translates into 32,000 housing units which will not be built this calendar year alone, resulting in a direct loss of 56,000 jobs and $3 billion to the State's economy.

The seriousness of the problem is, further, indicated by the fact that in the 4 months preceding September 1st, thrift institutions in New York State lost a staggering $1.3 billion in deposits, enough to provide mortgages for 45,000 housing units. The shortage of capital in the private markets has become so severe in New York State that 30 percent—almost a third—of the normal $1 billion mortgage supply in the State is now being provided through the State of New York Mortgage Agency—SONYMA—which puts an additional burden on the taxpayers of the State.

Similar effects are being felt throughout the other States of the Union.

Unemployment in the construction trades—homebuilding and otherwise—is running ahead of the national average for the entire work force. In western New York State—the Buffalo area—it is running far ahead of the general unemployment rate—hitting the 18- to 20-percent level. And, the hard winter months of greatly reduced construction employment are only now beginning.

It has reached such a severe, sustained unemployment level that some contractors are predicting an almost total construction work stoppage during the next several months because skilled construction laborers are having to go into other kinds of employment, and many—if not most—will not return to construction work if they can find both better and less erratic work.

No one really knows how high the construction trades unemployment rate may go. But, I do know this: I am committed to doing something about it.

And, the impact of inflation on the cost of materials has been astronomical. Nails cost 20 percent more today than a year ago. Oil base enamel paint is 35 percent more. Vinyl asbestos tile is up 58 percent. Ceramic wall tile is up 30 percent. Roofing asphalt is up 49 percent. And, major kitchen appliances—ranges, refrigerators, et cetera—are up 23 percent. These must be brought under control—by the control of inflation. I am committed to that too.

Controlling inflation is the most important thing we can do and the best way to lower interest rates.

In the day-to-day discussion about ways in which to stimulate additional housing and construction, there is a tendency among many to overlook the greatest cause of all in the disruption of that industry: I speak of runaway inflation. The real way to reduce interest rates is to stop the huge government deficits which are the chief cause of high interest rates.

Higher material costs and wage rates, material shortages, tight money, higher interest rates, record-high home purchase prices—these are all the results of inflation. They are caused by inflation. It is their common denominator.

Inflation pushed up the costs of materials. It creates intense pressures for higher wages to offset it. And, of course, ill-conceived and misdirected attempts to regulate wage and price increases through mandatory Federal controls resulted in some of the worst materials shortages in the history of the Nation.

Government's excessive spending—the prime factor in creating inflationary pressures—has drained so much lending moneys rom the Nation's capital markets—to cover part of the Government's debts—that it drove interest rates to a record high.

All of this, of course, contributed to pushing the costs of homes to such a high level as to make them unattainable to an ever-increasing segment of the population.

Inflation is what we must control. And, if there is one clear consensus which emerged from the conference on inflation, it was that excessive Government spending — deficit spending — was the principal cause of inflation. Why?

When government spends more money than it takes in, deficits are created. There are two ways in which the Federal Government can cover its deficits.

Just like you and me, it can go out into the Nation's money markets and borrow the funds—paying back both principal and interest. This has three dire consequences: It takes mammoth sums of money out of the capital funds needed for home construction mortgages and for capital investment by industry in replacing equipment and constructing or remodeling facilities. It drives up the interest rates; tight money leads to higher rates to discourage less demand. Lastly, it places additional burdens on the taxpayers, for the interest payments this fiscal year alone on the national debt are a staggering $29 billion. Think of which other, more worthwhile programs that amount of money could be supporting, or think of the tax relief that could be given if it were not necessary to pay it.

The second thing the Federal Government can do to cover its debts is to simply print more money. It knows that it cannot borrow all the funds to cover the deficit—to do so would leave almost no money for lending in the private sector. So, it prints more of it. The economists call this "monetizing the debt." The people call it inflation. Either way, it is reckless economic policy.

When government prints more paper money, behind which there is no commensurate increase in national productivity, it lessens the value of each dollar we hold.

Let us assume, for simplicity's sake, that there are $1,000 in circulation, and that there are 1,000 units of national productivity for the year. That means each unit of productivity is worth $1; and, each $1 is worth one unit of productivity. Now, if government prints an additional $100—an increase in the money supply of 10-percent, and there is no increase in national productivity, the value of each dollar held—in real purchasing power terms—is thereby decreased by the same 10-percent. Instead of the dollar then being worth $1, it is worth only $0.90—a decline of 10 cents, or 10 percent. That means it takes more of them—$1.10—to buy the same good or service which you could have bought for $1 before the government printed that new money. That is inflation; new money stock is the overwhelmingly predominant cause of it. It is the principal pressure behind higher prices, wages, interest rates.

There has never been—in the 200-year history of our Republic—a sizable increase in money supply which has not been accompanied by a similar increase in prices. During the past several years, we have—through the Federal Reserve System—our government's central bank, so to speak—been increasing the money supply by 7, 8, up to 11 percent a year. It is a surprise to no one that prices have gone up at about the same level.

The way to control this inflation is to require that money supply increases be roughly tied to the increases in national productivity, and the way to do that is to control deficits created by excessive Federal spending.

WHAT ELSE CAN BE DONE?

What additional actions can be taken to overcome the housing crisis?

First, the exclusion from taxable income of the first $1,000 in interest earned on savings accounts—in banks, savings and loans, and credit unions—ought to be enacted. I have introduced a bill to do this; it has been sought by many of us for months. The present exclusion is limited to $100 for an individual and $200 for a married couple filing a joint return.

The outflow of funds from savings and loan institutions in recent months—almost $1 billion per month this summer—attests to the urgent need to get these funds back into savings accounts, so that those institutions can lend them to homeowners and industry. This flow back into these institutions will also significantly lessen the pressure on the Federal Reserve System to expand the money supply.

Will this expanded exclusion cause a counter-productive drain of revenue from the Federal treasury? No. To the contrary, it will result in offsetting—even additional—revenue.

In 1 year, this proposal, if enacted, will generate about $29 billion in new funds for savings and loan associations and mutual savings banks. About 65 percent of these funds will be used for existing mortgages and 35 percent—or about $10 billion—for new mortgages. The $10 billion will generate about 300,000 new housing units or about 555,000 man-years of employment—in tax-generating, not tax-consuming, jobs. This additional employment would, in turn, generate $1.422 billion in Federal taxes, $87 million in State taxes, and $172 million in local real estate taxes.

The Department of the Treasury has estimated that the loss in Federal taxes of instituting this exclusion would be $1.08 billion. With the total direct Fedcral taxes generated of $1.422 billion, this would result in a net benefit to the Treasury of $342.2 million. And, of course, indirect benefits—as the impact of expanded housing starts multiplies throughout the economy—will generate even more tax revenue.

Second, I think a mortgage investment tax credit ought to be made the subject of our immediate attention.

Housing is one of the principal industries of this Nation—housing sales constitute tens of billions in transactions each year. It ranks in scale with such other industries as oil and gas, and a variety of manufacturing categories—including automobiles. Yet, while the investment tax credit is generally available to the other industries, it is not available in the housing industry—not at the unit level.

I think there is much merit to amending our tax laws—when the Tax Reform Act comes before us this year—to permit an investment tax credit at the level of the home purchaser. This could be either in dollar terms—$1,000, for example—or on percentage terms—5 percent, for example.

How would such an investment tax credit work—at the level of the home purchaser? Let us assume that he buys a $40,000 house. He would be given a tax credit that year of $1,000 on his total tax liability. If it were computed on a percentage basis, he would be given a credit, at the level of the percentage, on that tax liability.

We should never forget that for most everyone in the low- and middle-income segments of our population the equity in their house is the largest single item in their asset column. To them and their heirs this is their largest investment. I think, through tax reform, they should be given the advantages given to other segments of our population.

I feel here—as was the case with respect to the $1,000 exclusion from interest on savings accounts—that the revenue generated would offset any potential tax losses. That would have to be calculated by the statisticians at the Treasury, and if a loss to the Treasury were shown to be probable, I would withdraw the proposal.

But, considering we need 600,000 housing units this year over what we expect to be built, considering that the $1,000 interest exclusion will result in only 300,000 new starts, and considering the President's proposal for additional financing through the Government National Mortgage Association—GNMA—will produce at best only 100,000 more starts and many say only about 48,000 starts, then the remainder—ranging from 200,000 to 252,000—has to come from somewhere. Perhaps, the mortgage investment tax credit is a way to generate that remainder need.

Third, we can insure savings accounts—through the Federal Deposit Insurance Corporation—up to $50,000. They are now insured up to $20,000.

Let us be candid with ourselves: There is much credibility to the assertion that a great amount of the money which has been withdrawn from our savings accounts has been withdrawn out of concern—not yet fear—about how well protected it might be if a severe recession came about. The closing of banks, like Franklin National in New York City, does not help this climate.

The House has already passed a bill increasing the insurance level to $50,000. We should insist this not be held up in the legislative process. It should become law, and the sooner the better.

The more money we can get back into our savings accounts, the more money there will be in the private market to finance additional mortgages—which means no additional burden on the taxpayers, as does guaranteeing mortgages and housing loans through the public programs.

Fourth, we should be willing to look at pension funds as potential lending sources for the housing industry.

There are reportedly $140 billion in pension fund reserves currently. No doubt, most of that is already invested.

To take money out of one investment and put it into another accomplishes very little, for it does not increase the overall size of the investment folios of the Nation. What we must do is to devise a way to increase the size of the investment folios—providing additional funds for housing without hurting other areas of needs.

Louis L. Levine, the Industrial Commissioner of New York, has met with me about an idea with which he has been working—one to take the current cash flow in the pension funds of the construction industry pension funds and, with adequate safeguards for the security of the investments, plough them back into mortgages for housing starts. This would generate not only employment in the industry and additional tax revenues—but would also generate additional payments into the pension funds themselves for additional lending purposes. In other words, this plan is designed to increase the overall size of the investment capability, directing that increase toward the housing construction market.

This proposal is still under scrutiny, but I think it merits the attention of the Nation and of this Congress.

There are, of course, other things we can do to stimulate housing construction, but I believe these are not only the most major but also the ones which will have the most productive results—building our national productivity and economy along the way.

I am committed to a course of action designed to stimulate additional housing, permanent—not make-work—jobs, relying to the maximum degree possible upon the mechanics of the private market.

OPPOSITION TO FETAL EXPERIMENTATION

HON. LAWRENCE J. HOGAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HOGAN. Mr. Speaker, I have received a copy of a letter from a concerned educator that crystallizes the determined opposition to fetal experimentation. I believe this letter from Mrs. Constance Szostak will be of interest to many of our colleagues and, therefore, would like to insert a partial text in the RECORD:

EDITOR,
Change Magazine,
New Rochelle, N.Y.

DEAR EDITOR: A paragraph in Richard J. Margolis's article "Medical Schools at the Crossroads" caused me some concern.

In referring to Senator James Buckley's human life amendment, a spokesman for the American Association of Medical Colleges was quoted as saying that the amendment would "wipe out pediatric research" by banning fetal experimentation.

What Mr. Margolis and/or the AAMC spokesman failed to explain was that the ban extends only to live fetuses. Until the recent furor over experimentation on live aborted babies (I am using these words with complete accuracy) caused NIH to ban such experimentation, babies were aborted and vivisected. This is fully documented. If the same women came to a hospital in premature labor, every effort would be made to save the life of the infants. And the babies would not be called "fetuses" after birth.

Obviously, the AAMC has not come to grips with the insanity of this situation, or its full implications. Aborted babies, having been denied the protection of the law, are fair game for researches. Clinic patients, retardates and prisoners—who are likewise powerless, although for different reasons—have been traditional objects for experimentation. There has been some effort to rectify this situation, but one wonders how effective this will be.

Where does the AAMC stand on this issue? The civil rights of the powerless and uneducated have been constantly abused. . . .

CONSTANCE SZOSTAK.

Alexandria, Va.

NATIONAL COOPERATIVE MONTH

HON. KEITH G. SEBELIUS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. SEBELIUS. Mr. Speaker, Americans across this Nation are joining together during October to celebrate National Cooperative Month. More than 50 million of them are active members of cooperative organizations, working together to provide themselves and their families with a more efficient and effective lifestyle.

We in Kansas are especially close to cooperatives, for it was a noted Kansan, Senator Arthur Capper, who coauthored the historic Capper-Volstead Act, foundation legislation for the Nation's cooperative organizations.

President Ford paid his respects to cooperatives this past week in a special White House proclamation. His remarks are most relevant, and I am pleased to provide them for my fellow Members:

WHITE HOUSE PROCLAMATION

The observance of October as National Cooperative Month gives all Americans the opportunity to recognize the major contributions of our country's cooperatives and their fifty million members to the progress and general well-being of our society. I take great pride in giving voice to this nationally shared sentiment.

Through my past associations with cooperative leaders, I have seen firsthand how farmers and urban residents alike have used the constructive approach of working in unison to achieve a better way of life for all.

Many segments of America's citizenry have effectively utilized the cooperative method of marketing agricultural products; purchasing farm supplies and business services; providing electric power and telephone service; supplying credit needs; and securing other essential needs such as health care, housing and insurance. These accomplishments are a great testimonial to the positive and sound thinking of those who have self reliantly joined to solve their problems and serve their needs in a business-like manner.

On behalf of my fellow citizens, I applaud the members of our nation's cooperatives. They are frontline partners in progress for themselves and for all of us.

INCREASING DOMESTIC ENERGY PRODUCTION

HON. ROBERT PRICE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. PRICE of Texas. Mr. Speaker, during the summit meeting on the economy, the fact that Americans have been forced to pay $16 billion more this year for imported oil than we did 1 year ago was branded by various delegates as one of the prime reasons for the double-digit inflation which we are now experiencing. Every American is burdened with this cost increase whether it be in the price of gasoline; heating and cooling costs at both work and home; or production costs for food and virtually all manufactured items. There is absolutely no escaping the inflationary impact of this imported oil.

In order to put a halt on price increases we must include in any economic program a method to end our dependence upon 6 million barrels of imported oil a day. I support the President's goal of easing these imports by 1 million barrels a day, but much more is needed—and that is to increase domestic production to replace this oil. If we are to meet this challenge of "Project Independence," our purpose will not be served by suggestions such as those of the Ways and Means Committee to eliminate the depletion allowance for domestic production. I am, therefore, introducing legislation on the House side today to give direction to the comprehensive program necessary to increase our domestic energy supplies by the needed amount.

This legislation, which has been under intensive consideration in the Senate Finance Committee, is entitled the "Energy Revenue and Development Act." It sets up an energy trust fund, contains several tax reforms which include the repeal of the foreign depletion allowance and retains the present depletion allowance to encourage domestic production, terminates present unrealistic price controls on petroleum and petroleum products, and deregulates new natural gas and old gas released from expiring contracts.

The energy trust fund set up by this legislation would be administered by the Federal Energy Administration, through which a program to carry out a national energy program to finance energy research and development would be formulated. Legislation is now in conference to set up a national research and development program along this line, however, this legislation, S. 1283, does not contain any financing provisions. My legislation would finance the program with revenues from Outer Continental Shelf bonuses and royalties, a portion of which would be shared with States adjacent to offshore drilling. Under such a revenue sharing plan, States which have the capability for offshore drilling, or those which allow new refinery capacity, would be better able to equalize the benefits and disadvantages of the development of such operations.

The second section of the bill deals with the depletion allowance. The foreign depletion allowance would be repealed. This tool has only served to transfer the needed capital for domestic investment to foreign markets. At the same time, it would retain the domestic depletion allowance to encourage production here at home. It has been estimated that repeal of the foreign depletion allowance would bring $40 million into the U.S. Treasury annually.

Retention of the domestic depletion allowance is absolutely necessary for the surival of the independent petroleum producer as we know him today. In the first 6 months of this year, the independent producer drilled 87 percent of the exploratory wells in the United States. The domestic depletion allowance is the life blood of the independent as an indispensable element in financing exploratory efforts. Retention of the domestic depletion allowance will be of little assistance to the major oil producers who have openly declared that this tax structure is unimportant to them because their capital is tied up in foreign investments—where greater profits are made.

Under this bill, the domestic depletion allowance would be modified to be the ratio of domestic to worldwide intangible drilling costs, times the current rate of 22 percent. For example, for domestic investments of 100 percent, the depletion allowance would be 22 percent, while dropping to 11 percent for domestic investments of only 50 percent.

The third section of the bill would deregulate the price of new natural gas and old natural gas released from expiring contracts. Although I have introduced legislation which would deregulate the price of all natural gas at the wellhead, I hope that the Congress will at least go this far to encourage exploration for new reserves of this almost perfect fuel. I was encouraged that the President has stated that deregulation is one action which is necessary now.

The costs of producing natural gas have risen sharply while the price of interstate natural gas has been severely restricted. Between 1961 and 1967, the average price of natural gas increased by 24 percent while drilling costs alone increased by 57 percent. If regulated wellhead prices are held down to anything near their present levels, the consumer will end up paying higher prices as domestic gas supplies dwindle, making it necessary to become more dependent on foreign sources to meet our committed demands.

This section would also terminate price controls on all petroleum and petroleum products. Such regulations have done nothing to increase our supplies and have proved inefficient and inequitable to most parties concerned.

Mr. Speaker, I have introduced this legislation today, although it is late in the session, so that it may be considered promptly by the Ways and Means Committee as an alternative to the tentative decisions reached by that committee with regard to tax legislation affecting the oil and gas industry. The Senate Finance Committee's Subcommittee on Energy has held extensive hearings on legislation in this area, and this bill is the result of its work. I commend their efforts.

Many have heard the old saying, "Don't bring me problems, bring me solutions." The solution to our energy problem was given to us by President Ford in his Economic Address only 2 days ago when he said "the primary solution must be at home." We know the problem, we have heard the solution and this type of legislation is the best way to arrive at our desired goal in the shortest period of time.

INFLATION

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HANRAHAN. Mr. Speaker, the inflationary conditions of our country are becoming worse every day. We might not agree with all of President Ford's proposals to win the fight against inflation, but his program is a beginning. As we know, inflation is caused by too much money and too few goods. Therefore, the Federal Reserve System is a large factor on whether or not we can curb this inflation which has hit us. I wish to insert the following articles from the Wall Street Journal for the benefit of my colleagues:

CONGRESS AS AN ISSUE

Whatever the weaknesses of President Ford's anti-inflation program, it is better than no program at all. And no program at all is what Congress has consistently offered as an alternative.

Individual Congressmen already are confirming the President's worst fears, using his 31 proposals as a shopping list, selecting any political goodies and publicly scorning anything that has the taste people hate. The things people hate—the public doesn't much like taxes and the federal bureaucracy doesn't much like budget cuts—are of course the ones that offer possibilities for bringing inflation under control.

The shopping list approach makes it unlikely that Congress will take any meaningful measures against inflation, even in the scheduled post-election session. Quite possibly the best that can be hoped for is that whatever it does will be relatively neutral and will not further aggravate the nation's budget and economic problems.

A deeper issue inherent in all this is that the voting public is faced with serious difficulties in affixing the blame for an inadequate response to inflation. Mr. Ford could be blamed, but he does not control Congress. Individual Congressmen can be held responsible for their own actions but not, in most cases, for Congress as a body.

The problem has to do with more than the fact that the presidency and the Congress are controlled by opposing parties. The Democrats in control of Congress are themselves badly fragmented. There still are those, for example, who want central economic management despite the near disaster caused by the wage-price controls that Democrats urged on a Republican President three years ago. There are others with more wholesome notions but nonetheless representative of special economic interests, such as the HEW bureaucracy or the AFL-CIO. The Republicans aren't much better off in terms of rallying behind the President.

The result of all this fragmentation is that there is no coherent program emanating from anything that passes for leadership in Congress. Rather there is but a dissonant chorus of criticism of the program the President has put forth.

President Ford has tried to put the ball in the court of Congress by asking for measures that will dampen inflation by reducing the government's prospective budget deficit. No doubt Congress will stall for some time, too long to have any effect on the prospective 1975 budget deficit, which could be on the order of $20 billion.

At some point, the President will have to become less tolerant of his old colleagues. Their own disarray should itself be made a political issue. Otherwise, there is not much hope that the country will ever get the kind of leadership it needs.

IT'S UP TO YOU, ARTHUR

President Ford's economic program contains some excellent proposals for improving the long-term strength of the economy. But for the immediate problem of inflation, the underlying message of his speech Tuesday was that any solution will have to come from Arthur Burns and the Federal Reserve System.

That observation, we're happy to add, is not wholly a counsel of despair. In any event the Fed is the government's chief grip on the problem of inflation. Inflation is too much money chasing too few goods. The supply of goods is over the long run indirectly influenced by certain government policies, many of which Mr. Ford proposed to improve. Whatever the technical difficulties of controlling the supply of money, Mr. Burns can have tremendously larger and quicker impact on this side of the equation.

Inflation results when the Fed expands the supply of money faster than the economy expands the supply of goods. Factors such as spurts in the price of oil or food have some short-run effect, but over any meaningful period of time are only excuses. To understand why we have had increasingly serious inflation, look at the history of money growth; an average yearly rate of 7.4% to mid '74 from '72, 6.0% to '72 from late '66 3.8% to '66 from mid '62, and 1.8% to '62 from '52.

Curing inflation, accordingly, consists of adjusting the supply of money to the supply of goods. The ray of hope in the current economic gloom is that in the last few months Mr. Burns seems finally to have decided he is not going to get much help from anyone else, and that fighting inflation is up to him. Accordingly, he has clamped down on money growth, as the accompanying chart shows.

For various technical reasons, the Fed's policy probably has not been as restrictive as the above M-1 chart suggests. But it probably has been restrictive enough that, even if some growth is resumed to keep the annual growth around 5.0% to 5.5%, the inflation rate will descend out of the double digit zone over the next six months or so. The danger is that the Fed will lose control, and that money growth will zoom up as suddenly as it leveled off. This, as the chart also shows, has been a repeated pattern over the past few years.

The danger of the Fed again losing control is exacerbated by the fact that Mr. Ford's program is not likely to give Mr. Burns any immediate help. When the Fed slows money growth it causes pain, in the form of high interest rates and low credit availability, which in turn slow the expansion of production and jobs. The right policies by Mr. Ford could do much to lower this pain threshold by lowering the federal government's demands on the economy's finite pool of capital. If the government borrowed less to cover its deficits and off-budget activities, more credit would be available to the private sector, and the Fed could slow money growth more without causing truly disastrous pain.

If the President really could persuade Congress to hold spending to $300 billion and thus cut the deficit and borrowing accordingly, this would help Mr. Burns a great deal. But since the President's cuts are still unspecified and not even promised until November, it's hard to take them seriously as any near-term prospect. Raising taxes would also help if it is used to reduce the deficit, but Mr. Ford would instead spend the revenues on social programs. He also proposes a $3 billion program to help housing, which to the extent it really does supply new money for housing, means $3 billion more in federal demands on the credit markets.

As a practical matter, the long and short of it is that President Ford has left Chairman Burns out on the limb. That is not to deny, we repeat, that Mr. Ford's proposals are constructive for the long term. And we would be the first to recognize that the root problem is not the President but a Congress bereft of responsibility for its spending. Still, the lack of any real effort to give the Fed some help is the profoundly disappointing aspect of the new economic program.

The nation's only hope of getting control of inflation lies in the Fed chairman gritting his teeth and single-handedly steering between the shoals the President and Congress have left before him. And of course, if Mr. Burns pulls off this impossible feat of navigation and acrobatics and brings inflation under some control, credit in the popular mind will go to Mr. Ford's new lapel button.

CONFERENCE REPORT TO H.R. 11221

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. FRENZEL. Mr. Speaker, I supported the conference report on H.R. 11221 yesterday. I think the conference committee was wise to settle on a compromise figure for the increase in deposit insurance. I believe that $40,000 is a reasonable level to expect during these inflationary times in order to adequately protect the deposits of American savers.

I also strongly endorse the provisions of title II relating to the establishment of a National Commission on Electronic Funds Transfers. This technological innovation in our financial industries is growing so rapidly that it may already have outstripped our ability to control it properly, and to protect the individual privacy of our citizens from any abuses which might arise. I am hopeful that the work of this Commission will begin immediately so that its conclusions and recommendations can be put to good use by the Congress and the executive branch in connection with all our privacy-protection legislation.

The titles relating to credit and fair credit billing, as well as to truth in lending, are also long overdue efforts by the Congress to protect the rights of the individual, especially female individuals, in financial matters. While these provisions are giant steps forward, I hope that this will be only the beginning of a continuing concern by the Congress over fairness in our financial industry.

Finally, with regard to title VI, relating to the disposition of abandoned money orders and travelers checks, some concerns have been raised about the constitutionality of the retroactive provisions. The House Banking and Currency Committee did not consider this provision, and I hope that any problems which may arise out of this language could be considered by the committee at a future date. In general, Mr. Speaker, I endorse this bill, and will vote for it.

THE FOOD STAMP PROGRAM

HON. CLAIR W. BURGENER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BURGENER. Mr. Speaker, this Government operates one of the most massive food surplus distribution programs in the history of the world—and this at a time when we do not have a food surplus.

Each Member is familiar with the operation of the food stamp program which is an integral part of the welfare system in our Nation today. We know the enormous numbers of individuals who benefit from the program and the very real need it serves.

But we are also aware of the high number of people who are or can be covered by this program with little or no justification from a welfare standpoint. The reason for this appears to be the fact that, despite the absence of a food surplus problem, the program is still under the jurisdication of a department that has no direct role in those functions which have been given to the Department of Health, Education, and Welfare.

The food stamp program as established under the Food Stamp Act of 1964 is administered by the Department of Agriculture. The Secretary of Agriculture is the responsible administrative officer for this massive and important program.

Yesterday this House passed H.R. 16901, the agriculture-environmental and consumer protection appropriation bill. Included in this measure was an astronomical $4 billion for the food stamp program—an increase of $900 million over the preceding year.

This vast sum of money represents a major portion of the structure of benefits and programs which operate today to aid those who qualify for assistance under a need criteria. This is a portion of our welfare package and it does not belong under the administrative structure of the Department of Agriculture.

The existence of such a large part of the welfare program in a separate agency makes coordinated reform practically impossible. It also, since the two departments are funded separately, camouflages the scope of our welfare effort. What is even more important, the regulations under which the program operates are prepared and administered by individuals whose primary duties involve not welfare programs but programs for agriculture. To expect maximum efficiency under these conditions is not realistic.

I have today introduced legislation which would transfer the food stamp program from the Department of Agriculture to the Department of Health, Education, and Welfare. My bill does not change the program, the benefits, the costs or the approach—it does place the program in the same department as other welfare programs so that a coordinated policy can be pursued. This is the first step towards making the welfare program reformable and I urge my colleagues to study the matter with great care.

REPEAL FAIR TRADE LAWS

HON. JOHN Y. McCOLLISTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. McCOLLISTER. Mr. Speaker, it seems inconceivable that when inflation is our No. 1 problem that we could still allow legislation to remain in force which prevents the lowering of prices. Yet this is exactly what we do. Resale price maintenance, sometimes called "Fair Trade" by its dwindling band of supporters, is still allowed in about one-third of the States.

Antitrust exemption is allowed for those States which do wish to enact so-called fair trade laws, but two-thirds of the States have decided quite rightly to do away with them. Their purpose is the avowed one of fixing prices. And let no one suppose that this price fixing is designed to keep prices down. On the contrary, the price fixing is aimed at preventing more efficient dealers from lowering prices. It keeps prices unnecessarily higher than the market would otherwise allow.

This resale price maintenance is claimed to be a measure in support of the small trader. It is alleged by supporters that unless "unfair" price-cutting is banned, then the bulk buyers and the supermarkets will capture all of the business, forcing the little man to go to the wall. If this is true, it seems very strange that the trading pattern for the states which ban resale price maintenance is no different from that in states which allow it. If it is essential to the survival of the small trader, why is it that small traders still survive in states which do not allow legalized price fixing?

The answer is, of course, that fair trade protects not the small man, but the inefficient man. It is just another of the various devices which have been tried throughout history to thwart competition on behalf of those who think that the world owes them a living. All of these arguments were trotted out in Britain in the early 1960's when resale price maintenance was repealed there. A picture of instant doom was painted, and vested interests fought the measure tooth and nail. What happened when the repeal went through? Nothing. Nothing, that is, except lower prices. The small stores promptly banded together to form larger buying chains; and they found that the service and convenience which they offered were at least as important as price in insuring their survival. The point was, though, that the public had the choice of lower prices if they wanted it.

Our own experience in America with States that have banned price fixing has been exactly the same. Efficiencies have been promoted, costs have been cut, and prices have been lowered. Most important of all, it was in every case the consumer who benefited.

Now that inflation faces us on its present scale, and we are looking everywhere for ways of easing its burden, what could be more contributory than a recognition that resale price maintenance has had its day? By banning it from the States which still retain it, we will be acting directly against inflation where it hurts most. We should make no mistake about it: For all the high-flown talk about monetary stability and balance of payments, inflation bites deepest when the ordinary American consumer reaches the cash register in the supermarket. That is where inflation should be tackled first.

By ending resale price maintenance, we serve notice on inefficiency and high costs in our stores. We give the green light to those with sufficient enterprise to offer goods at lower prices. We take a step which helps the budget of every American family at present suffering under this price fixing. By putting price fixing back where it belongs, under our antitrust legislation, we take a direct step to attack the high prices which are prompting inflationary wage demands.

We have talked about inflation for long enough. The time has come for action; and it must be action that will let the American public see that we mean business. Repeal of so-called fair trade is such an action.

TAIWAN

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ROUSSELOT. Mr. Speaker, October 10 marks the 63d anniversary of the overthrow of the Manchu monarchy and the birth of the Republic of China. With the emphasis on freedom Taiwan looks forward to the future.

On a per capita basis, Taiwan has the world's largest number of mass media. Censorship is nonexistent. Reporters are free to disseminate and comment on any and all the news. This includes reports on the Chinese Communists and the Chinese mainland from the world's leading news sources.

All religions are free to grow and develop in Taiwan without governmental intereference of any kind.

The foreign visitor is free to walk anywhere, poke his nose into everything, and talk with local people. And all who visit can truthfully tell friends and relatives that they have seen the Republic of China, and seen it all.

Since 1968, 9 years of free, compulsory education has been required for every child on Taiwan. Enough new schools and classrooms have been built so that the junior high school entrance exams could be dropped. Now nearly 28 percent of free China's 15.7 million people are attending school. Illiteracy has been virtually wiped out among young people.

Communist Governments ask their people to give up even minimum comforts for the utopia which they promise but can never deliver. The Chinese on Taiwan agree that their society has problems but they know too that never before have they enjoyed so rich and varied and modern and free a life as they do now in the Republic of China.

COLUMBUS DAY

HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mrs. GRASSO. Mr. Speaker, on Saturday we commemorate the bold and historic exploits of Christopher Columbus, that brave and resourceful Italian sea captain, who opened the New World to his fellow Europeans.

In an age when even the most learned were unsure what lay to the west, across the ocean, Columbus set sail with valor and determination on his dauntless voyage into history. His landing on San Salvador is universally accepted as one of the most important milestones in the history of western man.

Columbus' discovery of the New World heralded profound changes in the character of life on our planet. This seaman from Genoa presented a new perspective, one which would blossom into a power force for the people of the world.

No one can deny Columbus' courage as an explorer, his skill as a leader of men, and his dedication to duty. It is through the perseverance of Columbus and his crew that the dream of the New World and its many benefits became a reality.

Yet, Columbus is much more than a man of history. He is a symbol of the inventiveness and creative energy that is so much a part of Italian history and culture. In a very real sense he is the first Italo-American, and his heritage of accomplishment has been continued for centuries by those of Italian descent who have traveled to the shores of the New World and have made lasting contributions to the history of our nation and the world.

I am proud to share in the traditions and heritages of illustrious human beings like Columbus, Leonardo DaVinci, Lorenzo DeMedici, and Fiorello LaGuardia. My own parents came from Voghera and Perleto, and like many people who came to America before them and have come since, they arrived searching for the promise of freedom and a new life. As those millions of Italians who came to this country together with their sons and their daughters, my parents found the fulfillment of that American promise through the hard labor of their hands and minds and the resilience and forcefulness of their unbendable resolve, their irrepressible spirit.

Italian-Americans in Connecticut and throughout our land have given much to help form the greatness of America. I am proud to say that Italian heritage is very much a part of the fabric of American society, and the traditions that are cherished by those of Italian descent are integral facets of the cultural background of our country.

On this Columbus Day let us not only praise the grand feats of this wonderful Italian explorer, but also commemorate the accomplishments of the many who share with him proudly in the heritage of the Italian people.

THE 250TH ANNIVERSARY OF THE BIRTH OF COL. MICHAEL KOVATS

HON. FRANK THOMPSON, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. THOMPSON of New Jersey. Mr. Speaker, this is the 250th anniversary of the birth of Col. Michael Kovats, a hero of the Revolutionary War and the organizer of Washington's cavalry.

Colonel Kovats, a friend of Count Casimir Pulaski and the commanding colonel of the Pulaski Legion, was of Hungarian ancestry. He served in the best cavalry armies of Europe, the Austrian Army of Empress Maria Theresa and the Prussian Army of Frederick the Great.

At 52 years of age, Kovats offered his services to the United Colonies and embarked for America from Bordeaux, France. His military career in the United States brought him in 1778 to New Jersey, after having helped Count Pulaski to organize an independent cavalry unit consisting of four companies. This unit subsequently became known as the Pulaski Legion. At the end of the summer of 1778 the legion was ordered to Princeton, N.J., where it engaged the British or two occasions: at Osborne Island on September 10 and at Egg Harbor on the 14th of September. In October of 1778 the legion was stationed at Trenton and then at Sussex Courthouse. On November 10 they moved to Cole's Fort.

Many of the recruits of the legion came from New Jersey, especially as the losses of the two battles had to be replaced by new recruits before the unit could depart for South Carolina as ordered by General Washington. Thus, Kovats had close associations with New Jersey during his too short sojourn in the United States.

Colonel Kovats was an officer well-trained in organizing light cavalry. His Hungarian Hussar training taught him tactics which made the name Hussar famous in the 18th century. His long service and training in the Prussian Army also imbued him the methodological training methods of the best drilled and most professional army in Europe. Although the British-trained General Washington was somewhat distrustful of giving a large military role to the cavalry, Pulaski and Kovats hoped that several initial successes might spur greater interest in the development of such forces within the Continental Army. Unfortunately, Kovat's early death in battle at Charleston, S.C. and the subsequent death of Count Casimir Pulaski at Savannah, Ga., in 1779, ended the short-lived experiment for several decades.

We remember the valiant Colonel Kovats, whose motto in his American service was "Faithful unto Death," as a hero of the emerging American Nation, and as a man who lived and fought in New Jersey in 1778. Americans of Hungarian descent may be very proud of the man who blazed their trail into American history and his commitment to freedom and democracy which has become the hallmark of Hungarian-Americans during the 198 years of our Republic.

MEETING WITH PRESIDENT FORD

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. MITCHELL of Maryland. Mr. Speaker, SANE, one of the organizations on Richard Nixon's "enemies list" has asked President Ford to meet with a delegation of peace group leaders. In a letter to the President, dated August 16, 1974, SANE Executive Director Sanford Gottlieb requested the meeting to discuss cuts in military spending and disarmament agreements.

Unfortunately, President Ford has chosen to refuse their request. Because I feel that such a meeting would have been valuable and because I feel that the concerns of SANE and similar organizations should be heard and seriously considered, I am introducing into the RECORD a copy of their letter to President Ford:

SANE ASKS FORD TO MEET WITH PEACE GROUPS

DEAR MR. PRESIDENT: SANE, one of the organizations on President Nixon's "Enemies List", looks to your administration with renewed hope—hope that the openness which you have brought to the White House will lead to fresh approaches in the field of national security.

We believe that national security should be viewed in broader terms. You told the joint session of Congress on August 12: "A strong defense is the surest way to peace. Strength makes detente attainable. Weakness invites war." But, Mr. President, is it strength when we have 36 H-bombs (7,940 in mid-1974) for every major Soviet city? Is it strength when cost overruns for 55 weapons systems amount to $26 billion? Is it strength when two officers and non-commissioned officers supervise each private? Is it strength when the largest single bill to pass Congress pours billions of inflationary dollars into the economy without in turn producing goods and services the public can buy?

We live in a country whose citizens are more likely to be attacked on the streets or in their homes by their fellow Americans than they are to be blown up by Soviet missiles—although we don't underestimate the threat of strategic weapons to either side. Americans are more likely to die of noxious air, substandard water or inadequate health care than they are of enemy action—although we recognize the need for a military establishment to carry out the role of legitimate defense.

It is because we question how much security and how much defense there is in the military budget that we write to you today. We recall the words of President Dwight Eisenhower: "Every addition to defense expenditures does not automatically increase military security. Because security is based upon moral and economic, as well as purely military strength, a point can be reached at which additional funds for arms, far from bolstering security, weaken it."

While the United States is Number One in military power, our long preoccupation with military responses to political conflicts—often at the expense of domestic needs—largely explains the fact that our country is Number 18 in doctor-patient ratio, Number 15 in literacy, Number 15 in infant mortality, and Number 26 in life expectancy. Have we perhaps reached the point where large additional funds for arms, far from bolstering security, weaken it?

In this connection, we enclose a poignant editorial by Anthony Guertin, a college student, in the Mankato State (Minn.) Daily Reporter of July 11.

Among the fresh approaches which we would hope to see in the future are the following:

Military spending—If the current inflation requires cuts in federal spending, simple equity should require that these cuts be made in military as well as civilian programs. With inflation as well as security in mind, we urge you (1) gracefully to accept the modest reductions now being made by Congress in the Fiscal 1975 military appropriations bill, (2) to order a stringent review of waste, overkill and overcommitment in the earliest stages of the Fiscal 1976 military budget, and (3) to challenge the Soviet leaders to match any cuts in military spending made by the United States now or in the future.

We are particularly interested in halting the deployment of MIRV's and the production of the B-1 bomber and the Trident submarine; reducing the number of American troops overseas, particularly where they serve to bolster totalitarian regimes, as in South Korea; cutting back arms sales and grants, again primarily to totalitarian regimes; streamlining the top-heavy military command structure, and requiring competitive bidding in the award of weapons contracts.

Arms control and disarmament—We were struck, Mr. President, by your predecessor's reference to nuclear arms in his farewell address. "* * * We must set as a goal, not just limiting, but reducing and finally destroying these terrible weapons so that they cannot destroy civilization," Mr. Nixon stated. Actually, that goal was set during the Eisenhower Administration and embodied in a Soviet-American statement of principles in 1961 during the Kennedy Administration. But it has been sidetracked by every administration for reasons which led to a steadily-escalating nuclear arms race.

We hope the scrapping of nuclear weapons will become not merely a stated goal, but also a tangible achievement of the Ford Administration. We believe Secretary Kissinger is wholly correct when he warns that, unless the arms race is checked within the next few years, "we will be living in a world which will be extraordinarily complex, in which opportunities for nuclear warfare exist that were unimaginable 15 years ago . . ." One of the reasons for Secretary Kissinger's concern is undoubtedly India's nuclear explosion and the knowledge that other nations are now pondering whether to join the "nuclear club". The only incentive these nations can be given to dissuade them from membership is arms reduction by the superpowers.

We urge you, Mr. President, to resume negotiations with the USSR for a comprehensive nuclear test ban to replace the cosmetic "threshold" agreement reached in Moscow. We further urge you to instruct the negotiators in the next phase of SALT II to seek nuclear parity at *lower* rather than higher levels of destructive power. Each higher rung on the ladder of nuclear escalation heightens the feeling of threat. Each lower rung eases tension and provides greater confidence to continue the process. And minor agreements which nibble around the edges of the arms race will not solve the problem. As John Stuart Mill said:

"Against a great evil, a small remedy does not produce a small result, it produces no result at all."

We would be very happy to explore these brief suggestions in greater depth. We hope you would be willing to meet with a representative delegation of peace-group leaders for this purpose. We would be delighted to help organize such a delegation.

Sincerely,

SANFORD GOTTLIEB,
Executive Director.

ASIAN AFFAIRS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. DERWINSKI. Mr. Speaker, I insert into the RECORD at this time a commentary, from the May–June 1974 issue of Asian Affairs, which is especially pertinent as today marks the 63d anniversary of "Double Ten," the birth of the Republic of China. The author, Jay H. Long, is a retired Foreign Service officer and a legitimate "China expert."

It is not only a timely but an objective article on United States-China relations. The article follows:

UNITED STATES-CHINA RELATIONS—WHOSE MOVE?

Once again, editorial and Op-Ed pages are returning to the theme that the current lack of progress in "normalizing" relations with Peking dictates fresh initiatives from Washington. A number of writers have concluded that the necessary next step is the establishment of full diplomatic ties with Peking and the simultaneous and unceremonious withdrawal of recognition from the Republic of China on Taiwan.

There is a disturbing tendency among these writers—the China and Soviet "specialists," and even some policymakers—to regard "detente" with the Soviet Union and "normalization" of relations with Peking as ends in themselves. Detente is an atmosphere that can only be created and sustained through the slow process of working out mutually acceptable solutions to outstanding problems. It cannot be achieved by ignoring or mishandling these problems, or by slighting our other interests in Europe and Asia, the legitimate interests of friendly countries, and our legal and moral obligations to them.

The most vital interest of the United States in Asia now, as it consistently has been since the end of World War II, is to establish and preserve peace and stability in the region. With a few notable exceptions, that policy has been successful. However anachronistic the "containment" approach of the 1950s may somtimes appear in the world of the 1970s, it—along with other bilateral policies and programs—has provided a framework for security within which viable political and economic institutions, both domestic and regional, might develop. The significance of this factor, especially for Japan and the non-

Indochinese nations of Southeast Asia, is rarely sufficiently appreciated.

In more recent years, gradual changes in circumstances have dictated a more uncertain and complex approach. The Sino-Soviet conflict has replaced the Cold War as Moscow's primary international concern; the Vietnam conflict has had a profound influence on American attitudes as to the extent to which we should commit our power overseas; and Peking appears, at least for the moment, to have concluded that its national objectives are best served by playing a more active diplomatic role in the world arena.

Any normalization of relations with Peking should be based on certain fundamental understandings: in particular, (1) that both sides have important and continuing interests in Asia; and (2) that peace and stability in the area can be preserved only through mutual commitment—in deed as well as word—to seek mutually acceptable solutions to reconcilable problems, not to resort to the use of force in areas of conflicting interests, and not to make unreasonable demands as the price of coexistence. The February 1972 Shanghai communique, at the end of President Nixon's visit to China, acknowledged these essential elements of a viable relationship (although the language of the Chinese position suggests that Peking intends only a qualified implementation; and that it maintains its "right" to support liberation movements generally, and to "liberate" Taiwan specifically).

Recent analyses to the effect that the termination of diplomatic relations with Taiwan is required in order to achieve full diplomatic relations with the PRC are probably correct. Indeed, in the Shanghai communique, Peking reaffirmed its position that Taiwan was "the crucial question obstructing the normalization of relations." Such a step would not, however, be compatible either with the elements of a viable detente, or with long- or short-term interests of the United States.

There is certainly no basis for the assertion that the United States has not lived up to the "spirit" of the communique by failing to take this step. Perceptive readers of the communique will have noted the careful language used in the statement of the American position: "The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain that there is but one China and that Taiwan is a part of China." The United States did *not* say that it accepted the One China thesis. It simply did not challenge the thesis. Nor did it say that Taiwan was a part of the *People's Republic* of China. These distinctions surely were not overlooked by the Peking leadership; indeed, they were probably the cause of considerable debate as to whether to agree to a communique worded in such a fashion.

Both before and since the Peking visit, moreover, the United States has consistently and publicly asserted that the new relationships with the Soviet Union and Peking "will not be achieved by sacrificing the interests of our friends," and that we intend to "stand by our treaty commitment to the Republic of China" as required by "our word and our national interest."

Whatever the current views of "all Chinese," the reality is that separate governments have existed on the mainland and on Taiwan for over two decades, each with all the attributes of sovereignty and independence. Apart from moral and treaty commitments and economic interests, there is logically no reason why the United States should not continue to deal with the reality of Taiwan as an independent state in the same way that we have come to deal with the reality of the People's Republic.

The fact that the United States is prepared to deal amicably and evenhandedly with mutually hostile governments is neither unreasonable nor unprecedented. Indeed, Secretary Kissinger has been widely praised for achieving precisely that posture in the Middle East. Peking's reluctance to establish formal diplomatic relations with the United States under these circumstances should be regarded as a Made-in-China obstacle to improved relations.

Another popular theme in recent articles on China is that a more forthcoming attitude on the part of the United States would help Chou En-lai and other purported "moderates" to retain the upper hand in the current power struggle on the mainland. Like the United States in the aftermath of Watergate, China appears to be undergoing a domestic political crisis of potentially farreaching consequences, including some spillover into foreign policy areas. In both cases, however, the domestic issues are of such a dimension that new foreign policy gestures are unlikely to have much impact. It is as naive to suggest that China's power struggle can be shaped by American attitudes as it would be to argue that Chinese attitudes carry any appreciable weight on the impeachment issue here. It is doubtful, in any case, that analysts in Peking are advocating unilateral concessions to the United States in order to bolster Mr. Nixon's political position.

Detente is a two-way street, the end result of a process of give and take—not all give—in which the important interests of each side must be seen as having been furthered. The next move should come from Peking.

SIMAS KUDIRKA

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HANRAHAN. Mr. Speaker, I am certain my colleagues know of my involvement in the international case regarding the Russian capture of the Lithuanian seaman, Simas Kudirka. I would like it brought to my colleagues' attention that I spoke with Simas this morning. Since he has been declared an American citizen he was released from the Soviet prison camp and was in his hometown in Lithuania when I spoke with him.

I told Simas it was an honor and a privilege to speak with him. I also told him he had many friends in America and in the Congress. I expressed greetings from the many Congressmen and Senators who had learned in time of the coming telephone call and requested I express their greetings. These Members included Senators Edward Brooke, Jacob Javits, Harrison Williams, Charles Percy, Robert Roe, Morgan Murphy, William Scherle, Phillip Crane, David Treen, Donald Riegle, Stewart McKinney, Joe Pritchard, Ronald Sarasin, Samuel Stratton, Harold Collier, William Walsh, Robert Huber, George O'Brien, Michael Harrison, Ralph Metcalfe, and Roger Zion. I not only expressed greetings from these Members, but also the entire U.S. Congress.

My staff and I have been working very closely on this issue with Dr. and Mrs. Paegle, of New Jersey. The telephone call today was made possible through the Paegles who were in my office. Mrs. Paegle spoke with Simas and his mother, Mrs. Sulskiene, and informed them I wish to speak with Simas. She also did all translating of the conversations.

I informed Simas we will continue to work in his behalf and we are hopeful we will see him in America soon.

ROUDEBUSH A POOR CHOICE

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. STARK. Mr. Speaker, the Senate has recently confirmed Richard Roudebush to head the Veterans' Administration. Though as a House Member, I had no official role in his confirmation, I have reviewed his record closely and must register my skepticism at his appointment.

Since coming to Washington I have met and corresponded with thousands of veterans of all ages and several conflicts. Although these vets represent needs and viewpoints as diverse as the population of the district as a whole, they share many common experiences and complaints. Most of the complaints, it seems, result from dealings with the VA.

As the Federal Government's second largest bureaucracy with 185,000 employees, and its third largest budget at more than $13 billion it has come under growing criticism in past months. Its constituency of 99 million veterans, dependents, widows and orphans are met more often by redtape than delivery of the appointed services. The VA is infamous for its late benefit payments and its overall indifference to the needs of individual veterans. But the agency is also accused of budget cutting at the expense of VA hospitals and education programs, misuse of tax dollars for junkets and conferences, antiquated systems of retaining information and gathering statistics, insensitivity to Vietnam-era vets' problems, parochialism, rigidity and politicization.

In view of its problems, I was heartened by the news some months ago that the agency was due to receive a new administrator. Upon close scrutiny of Mr. Roudebush's career, I was forced to conclude that to me he is ill suited to aggressively lead an ailing agency out of its doldrums and set it to work as a sophisticated, finely tuned instrument of the veterans best interests. Let me explain briefly the basis for my opinion.

While in the House from 1961–70 Richard Roudebush did not serve on the Veterans' Affairs Committee. Nor did a study of his record reveal even so much as periodic floor statements in support of veterans causes or legislation. Overall, a survey of his concerns while in Congress demonstrates little interest in pressing human needs. Legislation he sponsored includes a resolution to require Capitol Police to wear an American flag replica on their left sleeve, and a bill to mandate that only an American flag be left by the astronauts on the Moon. He sponsored an antiflag descration bill and another to prevent the employment of subversives in defense plants.

Through the years, he voted against the poverty program, medicare, open housing, a minimum wage increase, model cities funding increases, a rent subsidy program, Federal aid to education. He voted to cripple the food stamp program and to kill a college aid bill. After surveying Mr. Roudebush's legislative record, I have difficulty finding evidence of strong empathy and concern for his fellowmen which I would expect of a VA chief.

On another point, Mr. Roudebush's confirmation hearings he said he "could not tolerate" the presence of draft evaders and deserters doing their alternate service in VA hospitals. Many of the hospitals are sorely lacking in personnel; it would seem that men choosing to serve there should be welcomed.

Last, I seriously question Mr. Roudebush's qualifications as an administrator. For such an enormous bureaucracy and budget we need someone highly experienced in the ways of modern computer technology and advanced principles of administration.

CARL VINSON

HON. W. S. (BILL) STUCKEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. STUCKEY. Mr. Speaker, on Thursday, September 26, in Milledgeville, Ga., dedication of the Carl Vinson Professorship in Political Science and Public Administration was held at Georgia College. The professorship is named in honor of an illustrious former member of this body from my State who served in Congress longer than any other person.

Mr. Vinson was first chairman of the old Naval Affairs Committee, then of the Armed Services Committee a total of 30 years. His service in Congress exceeded 50 years. Mr. Vinson lives today in Milledgeville, Ga.

At the presentation ceremonies, Honorable PHIL LANDRUM, dean of the Georgia delegation, delivered the dedicatory address. I insert his spendid statement in the RECORD:

COMMENTS OF HON. PHIL M. LANDRUM

What makes a politician? What makes a statesman? When does a politician become a statesman? It's obvious that the first answer concerns the practitioner's record . . . his history of actions and experience.

A record of actions and experiences through time . . . becoming history! We're here today in praise and recognition of the study of political history and the living record of one of government's finest participants. We're here to acknowledge the great importance society places in understanding and studying the science of how mankind governs itself.

Harry Truman, one of our greatest practitioners of the art of politics, once said that there is nothing new in human nature . . . that the only thing that changes is the name we give to things. He recalled that all of the ancients had the same problems we have today. They had rules of law and problems of corruption, crime and passion . . . and problems too of maintaining an economy. Truman said, "if you want to understand the 20th century read the lives of the roman emperors, all the way from Claudius to Constantine."

So to give us insights for solving our problems in the present, it is necessary to go back over mankind's challenges and solutions of the past. There are people and experiences in the past that *do* repeat themselves.

In just the past few days, in one of my vicarious expeditions into the past, I've come across a most interesting comparison of political figures from two different ages in American history.

When three of the drafters of our Constitution put down their arguments for ratification in what are known as the Federalist Papers, they set down for history what has come to be one of the most clear and concise documents ever written to explain a form of government. Those three men, Alexander Hamilton, John Jay and James Madison . . . created the persuasive device credited with convincing the legislatures of the various States to vote for ratification of the Constitution.

These were three astute politicians . . . three statesmen . . . three patriots . . . all of whom were skilled in the art of legislative techniques from years of experience in their state assemblies. They were vigorous men—determined that the new government would begin in an atmosphere of strength and respect. Of these three, Alexander Hamilton was the master tactician who worked for ratification. It was his idea to publish in the New York papers a series of letters arguing for the new form of government outlined in the just-completed Constitution. Here was a man who pushed hard for what he believed to be in the best public interest. He made enemies along the way, but he learned how to persuade a point and how to manipulate his arguments to achieve a consensus among his fellow men. Hamilton knew so well how to negotiate and compromise in pursuing a political result. He knew how to withdraw his own personality into anonymity in placing great points of debate in the forefront.

If Alexander Hamilton had lived in this century, he would have been the kind of legislator that Carl Vinson was, and if Carl Vinson had lived in 1787, when the fight for ratification of the constitution was on, he would have been just the kind of man that Alexander Hamilton was.

Supreme patriots both . . . convinced of the rightness of their goals . . . master tacticians in the practical art of effective politics.

In Hamilton's day, the concept of creating a strong central government was by no means a popular one among the newly-independent states—all of which still enjoyed the heady feeling of total independence from the crown, the very idea of giving away part of a state's powers to a federal government didn't go down well at all with many of the people.

As a matter of fact, that great patriot, Patrick Henry, was violently opposed to the constitution, he said, "I look on that paper as the most fatal plan that could possibly be conceived to enslave a free people."

So the proponents of constitutional ratification . . . the proponents of the government we have today . . . had a lot of hills to climb in convincing the country that it was right.

In the brilliantly written Federalist papers, Hamilton knew that, to be persuasive, he had to withdraw his own controversial personality from the arena of the debate. So he devised the pen name "publius" for the Federalist letters, eighty-five in all, which were published beginning in late 1787.

Here was Hamilton, then, working behind the scene to make the arguments for ratification most effective. He enlisted his fellow New Yorker, John Jay . . . at the time a more prestigious figure than himself . . . to write some of the essays. He enlisted Virginian James Madison, the guiding force for convening the constitutional convention, in writing others. Together, the eighty-five Federalist essays . . . in direct, lucid language . . . cut to the core of the arguments in supporting a stronger union.

But Carl Vinson's time came over a century later . . . and in the fifty years he served in the Congress . . . he exhibited the same supreme patriotism, political skill and tactical brilliance as his predecessor.

In the third of the Federalist essays, John Jay wrote, "Among the many objects to which a wise and free people find it necessary to direct their attention, that of providing for their safety seems to be the first." The very formation of a stronger union, he argued, was justified by the need for safety in our lives . . . safety in external and internal defense . . . in our relationships with other powers . . . and safety in our domestic lives . . . involving a federal union dedicated to the greater economic and social good of all our citizens.

Safety, then, was one of the very core arguments for our constitutional system. In Carl Vinson Today, we have seen a lifetime devoted to this very basic of concepts articulated by similarly brilliant leaders before him.

Safety means many things. Not only does it mean the maintenance of a strong national defense system, it also means providing society with knowledge . . . with education . . . and with an atmosphere for economic comfort in our lives. The record of "Mister Carl" is unparalleled in the history of Congress in pursuit of safety in our society.

It was my privilege to serve for twelve years with him in the Congress. Here is the man, who served longer than any Representative in history . . . for fifty years . . . from 1914 'til 1964 . . . through some of the most extraordinary events in our history . . . the man from whom I learned the art of the possible . . . the pragmatic art of the politically feasible.

His canny tactical sense was beautifully displayed when as the incumbent he defeated Georgia political power Tom Watson in a strong challenge for his Congressional seat in 1918. He got the jump on Watson in firmly implanting the issues in people's minds at the beginning of the campaign, creating a situation that placed Watson on the defensive throughout his challenge.

And then after Tom Watson went to the Senate, he and Vinson became close friends.

Carl devastated an opponent by the name of Sam Olive with a simple campaign poster showing the possible ramifications of federal school financing in 1920.

And the setting for what became legislative history began when Carl Vinson was appointed to the Naval Affairs Committee when the 65th Congress convened in 1917. His impact on defense policy for the next 47 years was like no other in the history of our country.

As World War One approached, he made a stirring appeal for investment in a stronger Navy. He became chairman of the House Naval Affairs Committee in 1931 and fought for a two-ocean Navy and for greater recognition of the airplane in our defense.

Vinson's congressional tenure then surpassed that of most Navy professionals, and in time, he became more expert on matters of Naval policy than anyone in the Navy itself. But he was always careful to leave to the military men the tactical side of planning and supported them unfailingly when they justified their congressional requests.

Mr. Vinson was 47 when he became chairman of the Naval Committee . . . and 81 when he retired in 1964 as Chairman of the Armed Services Committee. He became known as a stern taskmaster on the Hill, abrupt and demanding. Where the President and Secretary of State controlled external or operational policies of the Armed Forces, the

Congress was concerned with internal or structural policy.

So the Armed Forces Committees became arbiters on the kinds of equipment and numbers of ships, planes, tanks, and the number and status of personnel. As the Committee Chairman of, first, the Naval Affairs Committee, and later the combined Armed Forces Committee, Vinson became one of the most powerful men in the Congress.

His constantly increasing store of information about all the military services became a commanding knowledge. His dominant personality, combined with his skill at legislative strategy and tactics, made him a power in the whole House. Seniority insured Vinson's place, but it was his own keen understanding that made his power more formidable.

He was a dominating legislative leader, knowing instinctively when to press his demands, retreat, or stand firm. He knew how to handle all men, regardless of station, according to what the situation demanded. He could cut an unprepared admiral down to size as easily as he could restrain a freshman committee member.

I'm reminded of one freshman committee member whose committee seat was high in the back of the room near a glass lighting fixture. To get chairman Vinson's attention, he would tinkle the glass pendants attached to the fixture.

One day the young member tinkled the pendants several times, and Mr. Vinson rather sourly recognized him. The next day, when he took his seat, the young representative found each of the pieces of glass neatly taped so that they would not rattle. That freshman congressman was Lyndon Baines Johnson.

Mister Carl was one of those from whom Johnson learned, as did we all.

And speaking of master tacticians and practitioners of the art of the possible . . . Speaker Sam Rayburn once said of Carl Vinson, "he was the best legislative technician in the House."

He fought for the two ocean navy before World War Two appeared on the horizon. In 1940, one of his greatest legislative achievements was pushing through expenditures for naval expansion . . . the wisdom of which was imminently clear after the Japanese attack on Pearl Harbor.

President Roosevelt's "arsenal of democracy" found its strongest legislative supporter in Carl Vinson when war was imminent. The President chose an interesting way to get Vinson's backing for sending ships to Great Britain, a move that had considerable opposition in Congress before we entered World War Two.

President Roosevelt took "the admiral"—as he was referred to by the most daring—fishing with him down on the Potomac. The two of them rowed out from the Presidential yacht alone for an afternoon of fishing. Not a word about the military aid for Britain was said until they were on the way back home. Vinson promised him his support.

Later, Mr. Vinson envisioned the importance of air superiority, and pushed for the 70 group air force. Then Representative Lyndon Johnson said in debate, "Vinson long ago saw Hitler and Hirohito coming and built a navy to whip them. Now he sees the danger of Stalin and backs an air force—the thing that will beat him."

Admiral William D. Leahy, in his book, praised the congressman for his far sighted efforts during the critical period from 1935 to 1945: he wrote, "in my opinion, the Georgia representative had contributed more to the national defense than any other single person in the country except the President himself."

There were countless pieces in legislation following World War Two which bear the imprimatur of Carl Vinson. All pursue the goal of increasing the greater safety of the American people through astute defense planning. As times changes, as technology and strategic balances and priorities changed, Mr. Vinson was also able to change. (If a stump appears in the road you're on, you'd be a fool not to go around it.)

In a historic exchange with President Kennedy and Secretary of Defense McNamara over development of the RS–70 bomber, Vinson and others on the hill wanted to *direct* the Department of Defense to go ahead with development. The President and McNamara wanted to stretch out the development for economy reasons. A confrontation was avoided at a White House meeting in which President Kennedy and Chairman Vinson reached a compromise. Vinson later said, "reasonable people don't go bumping into each other and having difficulties that can be avoided. There is always room for a little give and take. That is what makes our kind of government work."

The agreement with President Kennedy came during a walk in the White House Rose Garden, and I remember Mr. Vinson referring to this compromise as . . . "The lingering fragrance of the Rose Garden."

Just as Alexander Hamilton and the others who fought so diligently to form our constitutional system of government in the beginning . . . so do men like Carl Vinson continue to practice the art of legislative tactics and persuasion today.

In creating this chair for the scholarly study of political science and history, we name it in honor of a contemporary statesman who embodies all the best and most effective qualities of those who founded our Nation.

Let this instrument of perpetual political study be funded not just with material wealth, but with the depth of intellectual and ethical riches we have in our history. Let it be a challenge to this institution to increase its efforts to instruct with pulsating episodes from our history . . . and a challenge to all who study here to attain the highest levels of responsible citizenship.

Laws on the books are not enough. Civilization at one time or another has had laws on the books and political machinery to fight every problem we have in the world today.

The difference between success and failure of a society has come in the caliber of its people!

It is my hope that through this study . . . through this chair for scholarly insight . . . will pass the word to thousands of young Georgians . . . will grow a renewed respect for honesty and ethics in government . . . will be instilled the courage to speak the truth . . . will be ingrained the moral fortitude to persist and endure through the cynicism and misguided motives of those who pervert the constitution and set themselves above the law.

We must shore up knowledge of our political system in terms of the highest standards of ethics and humanism . . . so that never again shall we be endangered by the moral and political errors engraved in our memory today.

FOR SPENDING TARGET OF $295 BILLION

HON. JOSEPH J. MARAZITI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. MARAZITI. Mr. Speaker, on Tuesday, October 8, 1974, President Ford delivered his economic recommendations to the Congress. While many of these recommendations have merit, I feel the proposal for a 5 percent surcharge on income taxes is unnecessary and unwarranted.

The President stated that this surcharge is necessary to fund some of the programs to fight inflation.

Today, we are asked to approve a $300 billion spending limit. While this action is a step in the right direction, I believe that we could realistically cut more funds from the giveaway programs, both foreign and domestic. If we set a spending target of $295 billion, then there would be no need for the tax surcharge.

For this reason, while I voted for the $300 billion spending limit, because it does cut back spending, I intend to continue to fight to limit spending to $295 billion.

THE CHARLESTON TEXTBOOK DISPUTE

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. LANDGREBE. Mr. Speaker, often enough when we read the press accounts of the parent protests around Charleston, W. Va., against the textbooks being used in the public schools, we gain the impression that nobody but rednecks and knownothings could be involved in the demonstrations. In fact, nothing could be farther from the truth. One of the leaders in the dispute is Mrs. Alice Moore, a member of the Kanawha County School Board and a charming young woman who ran for the board precisely on the issue of textbooks. She has taken a courageous stand against a great deal of abuse, and she is determined to see her cause through to victory.

The end results of the sort of education Mrs. Moore and her supporters worry about are very well described indeed in a column which appeared in one of the Charleston papers, the Charleston Daily Mail, for October 2, 1974. The column is by Jeffrey Hart, no redneck, but a professor of English at Dartmouth College. He points out in the column that students even from the best schools have been cut off from their cultural and religious heritage and not been provided with the ability to think well and write cogently. He does not say so in so many words, but he implies that this is the result of at best neglect and at worst intent on the part of elementary and secondary educators.

I think what Professor Hart has to say should be taken very seriously by all of us who are concerned about education, and I append the text of his column below:

FRESHMAN ESSAYS APPALLING

(By Jeffrey Hart)

The college year now begins again, and I have just spent the day reading the essays of entering freshman, exercises designed to determine which of them take the regular composition course, which, perhaps, are so good they can skip it, and which may need serious remedial work.

Reading the essays was a strangely dispiriting experience, and as such it stood in marked contrast to the atmosphere of bustling hopefulness that always characterizes the reopening of the college—the cheery new students, the bright fall clothes, the tennis rackets and skis, the new textbooks in everyone's hands, the general feeling that much might be possible.

Not that the freshmen are especially bad writers in their essays. Far from it. They have been admitted to an Ivy League college in competition with numerous other applicants. They have gone to good public and private schools. They have high test scores, and so on. All of them can write sentences and most of them can write paragraphs, and virtually all of them can communicate what they have to say. But here is where the melancholy aspect appeared.

One of the proposed essay topics, for example, dealt with supposed shift from a religious perspective to a scientific one during the past couple of centuries in Western culture; surely a provocative topic, and indeed one that was popular among the freshmen essay writers. Yet I did not come across one essay in the batch I read—and these, after all, are elite students—that showed any grasp of the religious tradition of the West, much sense of history, or any sense at all of philosophical argument.

In any group of students, you expect to come across dazzling gaps in factual knowledge, such as the assertion by one freshman that during the 200 years since Darwin (1809–1882) religion had been eclipsed by science.

What I really find appalling, however, is the virtually universal assumption—blandly asserted, loosely taken for granted throughout—that the Bible is a collection of primitive myths and that the claims of theology, never very convincing to begin with, have long since been exploded.

Reading these essays, you begin to sense afresh that Out There, in what Scott Fitzgerald called the dark fields of the republic, rolling on under the night, much that has always been central to Western culture has simply disappeared. It has not been refuted. It is simply gone, not being communicated by schools, churches, surrounding general culture, or family. We spend billions on secondary education, and what we are getting is social studies, language arts, and the world view of the early Wells. These Ivy League freshmen even think that during the Middle Ages intelligent men thought the earth was flat! Culturally speaking, one momentarily thinks, we might as well be living in Magnitogorsk, USSR.

Ah well, this week one of my classes begins reading Milton's Paradise Lost, the other one undertakes Chaucer, Donne, Pope, Wordsworth and T. S. Eliot. Perhaps all is not entirely lost.

FREEDOM OF RELIGION AND FREE CHINA

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. LAGOMARSINO. Mr. Speaker, there are over 5,000 churches, temples, and mosques on the Island of Taiwan, present location of the Government of the Republic of China. They represent almost every one of the world's major religions.

Buddhism is the major religion with 5¾ million members while Taoism comes second with 3 million followers. Christianity is the fastest growing religion with more than 600,000 adherents. Underlying all these faiths are the basic Confucian ideals of humanity, tolerance, and pragmatism.

There is no state religion in Free China unlike Communist China where the one true "religion" is communism and the one "god" is Mao Tse-tung.

The world's religions have helped create the miracle that is Taiwan, especially in the field of education. For example, there are 775 Christian kindergartens, primary, and secondary schools. Of the 98 colleges and universities in the Republic of China, 4 are Christian colleges and 3 full-fledged universities.

Freedom of religion is guaranteed by the ROC Constitution as are all the other basic human freedoms—much like our own U.S. Constitution. It is appropriate, therefore, that the House take public notice of the many similarities between the United States and the Republic of China, acknowledge the longstanding friendship between our two countries and extend our very best wishes to Free China on this, its 63d birthday.

SAN LEANDRO YOUTHS TRAVEL TO SCANDINAVIA

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. STARK. Mr. Speaker, I would like to share with my colleagues the pride I have for the ninth grade basketball team from John Muir Junior High School in San Leandro, Calif. On October 16, 1974, 14 boys and 3 members of the John Muir faculty will depart for Copenhagen, Denmark. For 5 weeks, they will be touring and playing a series of basketball games in Denmark and Sweden.

These young men are the first secondary school athletic team from California ever to visit Europe. Participating are John Alves, Mark Alves, Tom Alves, Stephen Balero, Jeffrey Beltramo, John Hatten, Prentice Jacob, Manuel Lopes, Tom Markou, Jeff Perry, David Reed, Kelly Robinson, Michael Schultz, and Arthur Teter. In addition to playing basketball teams, these young men will also participate in a cultural exchange. Sightseeing tours have been arranged for the group and they will be staying with families of opposing team members. In preparation for the trip, every member of the team enrolled in the San Leandro Summer School to study a special curriculum of Scandinavian culture.

This group of young men and their families are to be congratulated for their long, hard efforts to earn funds for the trip. They succeeded in raising over 7,000 by sponsoring several events in the community, including pizza parties, movies, yard work and selling firewood. The success of these young men also reflects the efforts of three faculty members who arranged the trip and will be accompanying the team to Europe—Coaches Richard Vaeth and Robert Breedlove, and Mr. Lee Jensen, who has spent the last 3 years teaching in Denmark.

I am very proud of these young California ambassadors of sportsmanship and I am hopeful they will share their broadening experiences with their community.

COAL ALLOCATION IN CASE OF DISRUPTIVE LABOR DISPUTE

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BINGHAM. Mr. Speaker, after the President's economic message I announced that I would be introducing legislation to give the FEA authority to allocate coal in case of national disruption of coal supplies resulting from a labor dispute. I am today introducing such legislation. For the benefit of my colleagues and other interested readers of the Record, I include herewith the text of my bill:

A bill to provide for the mandatory allocation and pricing of coal in the event of a national disruption in coal production caused by a labor dispute

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1 of the Energy Supply and Environmental Coordination Act of 1974 (P.L. 93–319) is amended by striking the period at the end of such section and adding after the word "resources" a comma and the following new language: "and (3) to provide for the mandatory allocation and pricing of coal in the event of a national disruption in coal production caused by a labor dispute."

(b) Section 2 of the Energy Supply and Environmental Coordination Act of 1974 (P.L. 93–319) is amended by adding after subsection (d) of such section the following new subsection:

"(e)(1) In the event of a national disruption in coal production caused by a labor dispute, the Federal Energy Administrator shall, by rule or order, allocate coal (in amounts and at prices) in accordance with the provisions of paragraphs (2), (3), (4), and (5) of this subsection.

"(2) (A) Any rule or order under paragraph (1), to the maximum extent practicable, shall provide that coal is allocated in accordance with the following priorities:

"(i) The protection of public health, safety, and welfare (including maintenance of residential heating, such as individual homes, apartments, and similar occupied dwelling units), and the national defense.

"(ii) The maintenance of public services and institutions (such as public facilities, prisons, hospitals, and educational institutions) whether government, municipally, cooperatively, or investor owned or operated.

"(iii) The maintenance of powerplants as defined in subsection (f) of this section.

"(iv) The maintenance of other users of coal.

"(v) No coal may be allocated pursuant to this subsection to any user of coal who the Administrator finds can switch from the use of coal to some other fuel (without substantial capital expense) which the Administrator finds is available to such user.

"(3) The Administrator shall, to the maximum extent practicable, obtain coal for allocation in accordance with the following priorities:

"(A) From coal held for sale not under contract for delivery to a specific user.

"(B) From coal held for sale or delivery to a foreign user.

"(C) From coal held for sale or delivery to a domestic user.

"(D) From stockpiles held by utilities and industrial and commercial users.

"(E) From other sources.

"(4)(A) The price of any coal allocated pursuant to this subsection shall not be greater than the average price, as determined by the Administrator, at which the particular grade or type of coal was sold during the thirty (30) day period immediately preceding the date of a national disruption in coal production caused by a labor dispute.

"(B) Transportation costs incurred as a result of any rule or order issued pursuant to this subsection shall be passed on to the ultimate user on a dollar for dollar basis.

"(5) Any order or rule under paragraphs (1) or (4) shall remain in effect until the termination of the national disruption in coal production caused by a labor dispute, except that such termination shall not affect any action or pending proceeding, civil or criminal, based upon any act committed prior to such termination."

(c) Subsections (e) and (f) of section 2 of the Energy Supply and Environmental Coordination Act of 1974 (P. L. 93-319) are redesignated as subsections "(f)" and "(g)".

(d) Section 12(b)(3) of the Energy Supply and Environmental Coordination Act of 1974 (P.L. 93-319) is amended by striking the period at the end of the first sentence therein, and adding "or (e)."; and by inserting "or (e)" in the second sentence after "2(d)".

JUDGE ARTHUR O'DEA

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HELSTOSKI. Mr. Speaker, one of Bergen County's leading citizens, former County Court Judge Arthur J. O'Dea, died last month at the age of 68. Judge O'Dea was respected throughout the State and the Nation for his dedication to preserving the integrity of the law and his knowledge of the intricacies of our legal system.

Appointed to the Bergen County District Court in 1948, he served in that post for 6 years until moving up to a judgeship in the Bergen County Court. He had also served as president of the New Jersey County Judges Association, the Bergen County Bar Association, and the Bergen County Historical Society.

Among his many achievements, Judge O'Dea was an authority on Bergen County Revolutionary War history. Mr. O'Dea was the author of the book "Washington and His Army in Bergen County."

Mr. Speaker, an article concerning Judge O'Dea appeared in the Bergen Record September 15. In view of the fact that it provides additional insight into this most gifted and dedicated man, I would like to share this material with my colleagues. The article follows:

[From the Sunday Record, Sept. 15, 1974]

JUDGE ARTHUR O'DEA

Former County Court Judge Arthur J. O'Dea died at his home yesterday. He was 68.

Judge O'Dea received his law degree from New York University in 1932, and was admitted to the New Jersey Bar that year. He was in private practice from 1932 to 1954. During that time, he handled all his own appeals, and he won all his cases that reached the U.S. Supreme Court.

He was appointed to the Bergen County District Court in 1948 and served in that post until 1954, when he moved up to a judgeship in the Bergen County Court. He was an instructor at Seton Hall Law School from 1950 to 1954, and was made an honorary member of the Phi Alpha Delta Law fraternity there in 1965.

Judge O'Dea served as president of several groups including the Bergen County Bar Association, the New Jersey County Judges Association, and the Bergen County Historical Society. He was a former national chairman for the Marquette Tercentenary Committee, and was a founder of the St. Thomas More Society.

He was an expert on Bergen County Revolutionary War history and author of the book "Washington and His Army in Bergen County."

In 1973, he retired after 25 years on the bench. During his retirement, Judge O'Dea studied Celtic history at Galway University and at Trinity College in Dublin, Ireland, and attended Oxford University. He was a scholar, author, and lecturer on Celtic art and history.

He is survived by his wife, Bessie; four daughters, Susan, at home, Elizabeth Kennedy of Tenafly, Maureen Feeney of Wyckoff, and Anna O'Dea of Ridgefield Park; three sons, Arthur Jr. of Arlington, Vt., Dr. Thomas O'Dea of Philadelphia and Joseph of New Milford; two sisters, Ann and Helen O'Dea, both of the Bronx, and 18 grandchildren.

Mass will be Tuesday at 10 a.m. at St. Andrew's R. C. Church, Westwood, with burial in Maryrest Cemetery, Mahwah. Friends may call today and tomorrow from 3 to 5 and 7 to 9 p.m. at the Lyons Funeral Home, 219 Kinderkamack Rd., Westwood.

FREEDOM OF THE PRESS AND FREE CHINA

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BAUMAN. Mr. Speaker, freedom of the press is no illusion but a reality in the Republic of China. There are 32 daily newspapers and no two have the same point of view. Ten out of every 13 households subscribe to one or more daily paper.

In addition, the Republic of China produces a total of 1,605 weeklies, monthlies, bimonthlies, and quarterlies. Some 52 publications from around the world appear regularly on Taiwan's newsstands. For example, more than 10,000 copies each of Time and Newsweek are freely sold each week.

Also, there are three commercial television networks in Free China plus an educational TV station. There are 80 radio stations on the air. Programing totals 1,500 hours daily.

The contrast with Communist China with its controlled press, controlled radio, no television, and propaganda loudspeakers blaring on every corner is like night and day, light and darkness.

This past June, Robert Page, the Asian manager for UPI, stated in Taipei that the press in Free China enjoys more freedom than in most Asian countries, and added:

> One even sees critical impulses which one would look for in vain in newspapers elsewhere in Asia.

Mr. Speaker, I am proud to declare that I am a friend of Free China, and I am pleased to join with my colleagues in extending best wishes to the Republic of China on this 63d anniversary of its founding.

CRISIS IN CONFIDENCE

HON. DAVID C. TREEN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. TREEN. Mr. Speaker, our colleague, PHIL CRANE, has written an essay for the publication "Crisis in Confidence" which I believe merits the close attention of all Members. I believe it may be well for each of us to consider carefully Mr. CRANE's conclusion that a "crisis in confidence" might well be justified.

In the essay Congressman CRANE points out that the source of the abuse of power that became public during the investigation of "Watergate" was the tremendous growth in size and power of the Federal Government. All of us in this body should read and weigh, before advocating another Federal program, Mr. CRANE's conclusion that Government is unresponsive because Congress has lost its capacity to exercise legislative oversight over the burgeoning bureaucracy.

We are all indebted to Congressman CRANE for such clear exposition of the dangers to individual liberty inherent in the philosophy that Government's role is to be "the savior of the people—welding absolute power—in the name of the greater good of society."

CRISIS IN CONFIDENCE

There's a great deal going on in Washington. It's not always easy to draw a perspective on what's happening in Washington when you're in the middle of it. Very often I think it's easier to derive an understanding when you're removed from the scene of the activity and the preoccupations and the obsessions there than when you're in the eye of the hurricane.

In connection with "Crisis in Confidence," I should start out by saying that indeed there may be something of a crisis in confidence; but on the other hand I do not view that as necessarily a bad thing. On the contrary, I think there may be much merit in it. Second, with respect to politicians, in general, while I feel that on the whole most of them probably operate under somewhat baser instincts than most people in the private sector, as a group they are probably more honest than most people in other professions—not necessarily because they want to be, but because they are working in a fishbowl environment. Their actions, and in fact a number of the laws that we have drafted recently, make them subject to public scrutiny more than people in other professions. Furthermore, when you're running for public office, you have to go periodically before the public to seek reelection and you're going to have your record, your performance, including sometimes even aspects of your personal life, scrutinized most carefully by your opponent to find something that can be used against you politically. In addition to that, I think we can count on the media to do a rather effective job of riding herd on the behavior of politicians.

Lord Acton once observed that few discoveries are quite so irritating as those which expose the pedigree of ideas. I think in putting into focus what has taken place most recently in Washington, it is indeed important for us to go back and examine the pedigree of some of the ideas which provided the underpinnings for what has taken place today. I would only add one other word about Watergate in its broadest sense: I don't think it is wholly unique despite certain unusual qualities which are not similar to other instances of misconduct. In earlier times, for example, as a Washington Post editorial noted, we have had people using political power to acquire money. That's been the characteristic rule. It has happened in the past, and unfortunately it will probably happen in the future, too. But, what was extraordinary and chilling about the Watergate business was the realization that people were engaged in passing literally millions of dollars back and forth without apparently pocketing any but, instead, utilizing money for the acquisition of power and influence. I think that is one area of departure which makes Watergate something unique in our American political experience.

Turning, then, to some of the premises that I think are important to examine in understanding what's taken place, there are sharp divergences, as I am sure most of you are aware, in the way most liberals and conservatives view government. Maybe it's not proper to use words like conservative and liberal because they almost invariably require definition when you are dealing with people who seem much more conversant with stereotypes. Maybe it's better to describe myself in terms of a nineteenth-century liberal or the more current term, libertarian.

When I use the word liberal today, I am using it within the context of mid-twentieth-century politics. When I use the word conservative, I'm not talking about William McKinley, I am talking more in terms of what is sometimes referred to as neoconservative thought, which emerged on campuses of America along about the late 1950's and has continued from that time on. It is a philosophy which puts a great premium on trying to conserve the individual's right to freedom of choice, maximizing, in fact, freedom of choice on the one hand, and minimizing trespass on the other. I am examining, then, certain conservative premises dealing with such things as the nature of man, the conservative's evaluation of truth, the nature of society, the role of government, and in fact the type of government we should have, and contrasting that with the dominant liberal thinking. Here, perhaps it would be fair to make a distinction between the mid-twentieth-century liberal thought and the radical revolutionary approach we've seen demonstrated on a number of campuses over the past several years. Having made these distinctions, and ruling out the anarchical approach to government whether on the Left or the Right, let's touch upon some of the premises that serve as the basis for what has taken place in Washington today.

On the question of the nature of man, of course, the conservative takes the position that man's nature is unchanging and has not changed in the span of recorded history. Men are essentially today as they were 5,000 years ago, and as they will be 5,000 years hence. Implicit in much liberal thought and explicit in some is the notion that man's nature is undergoing a process of change, an evolutionary progression, upward and onward toward a level of perfection. I would challenge this as a historian. I would challenge anyone to produce any evidence to justify such a claim.

Second, with regard to the question of truth, conservatives have held that truth is objective, eternal, and abiding. I don't mean to say that there are not such things as truths relative to a particular time or a particular circumstance, but that there are indeed objective, abiding, and eternal truths applicable to human relationships, man's nature, and man's behavior. I think these might be summarized fairly well in the Ten Commandments, which deal with human relationships that have as much relevance in our midtwentieth-century age as they did back in the age of Moses. Conservatives would argue that they will remain relevant for thousands of years hence, unless there is some radical departure from man's nature that has not been manifested to date. By contrast many in the liberal community are disposed to hold that all truth is relative; that, in effect, man is the measure of all things. This issue has been debated for centuries, as you know. Pythagoras, who is perhaps more noted for his famous theorem in geometry, argued that truth was objective. Another Greek philosopher, Protagoras, held that truth is subjective. I think that one's premise on this question of the nature of truth impinges on the present discussion.

Turning to the question of the nature of society, it has been very popular in many aspects of liberal circles in the twentieth century to take the so-called organic view of society. In contrast with the conservative position that society is nothing more than a collection of infinitely precious individuals, many liberals argue that the whole is more important than any individual part. This, too, is an important aspect of our evaluation of present problems, because I think there are certain logical consequences of such a view, which have led to disastrous developments in Hitler's Germany, Stalin's Russia, or in any totalitarian state. It becomes, in extremis, an easy thing to rationalize excesses in the names of the collective if one holds that society is more important than any individual member of it. One can argue reasonably that if I develop an infection in my little finger which threatens my existence, then to amputate the little finger to save my life is a prudent act. But I think it is a false analogy to compare society to my body and to liken individual members of society to that little finger or appendage, particularly when we have the example of how dictators employed this specious argument to "purify" their bodies politic through genocide. As we get into the examination of the role of government, you'll see that this distinction in evaluating the nature of man is a profound one in its implications with respect to government.

Turning, then, to the role of government, I think we have an even greater debate, one which brings some of these points closer to home. The conservative for the most part has taken the view that government is a necessary evil. Conservatives share Thomas Paine's observation that government is the badge of lost innocence. The average conservative views it as something we cannot do without because of the nature of man. But because his nature is such that he has a capacity for both evil and good, one must devise, institutionally, ways and means of curbing the potential exceses arising from the baser aspect of his nature. By contrast, and more implicitly than explicitly, liberals are compatible with the notion that the role of government is to play social engineer—the concept that a paramount function of government is the removal of evils and afflictions in society. General faith in government is more characteristic of liberals than of conservatives and rests on the premise that it is possible to get an angel for a king. One of the immediate problems that comes to mind when you take this latter view of government is who defines the good? You can get into a great philosophical debate on that topic, but in practical terms it really means that the people who control the power are the ones who define the terms.

The conservative attitude toward government was best summarized in Jefferson's definition 175 years ago when he said, "A wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned, this is the sum of good government." Frank Munsey, by contrast, early in this century, made the observation that the responsibility of government is to think for the people, to do for the people, and to sustain them in doing. A senator from the state of Indiana condensed this philosophy about eight years ago when he observed that people in the United States should depend upon the government the way a child depends on its mother. Those are two totally contradictory approaches to the role of government. Which one you accept is going to have a great influence on the type of government you will create. This leads to the final point I want to dwell on before getting into an evaluation of how all of this impinges on what happened most recently in Washington.

The type of government that conservatives embrace is a government of limited and enumerated powers. This concept of government proceeds from a set of religious beliefs widely accepted at the birth of the republic. The founding fathers, on the whole, were attempting to structure a government under God's law. Most of them really believed that they could institutionally create a society that was at least more consistent with scriptural dictates than any society prior to that time. If you think back to ancient biblical times, you will remember that pharaohs initially insisted that they were divine. If that were so, and if man was created to serve his god, then what these mortal divinities were really claiming was that man was created to serve the state. This pagan notion persisted until the time of the ancient Hebrews, who disagreed and insisted that the pharaohs, like their lowliest servants were accountable to the one true God. That was a modification of the earlier claim by the pharaohs, but despite this qualification the notion persisted that some—by divine right—were entrusted with the responsibility to care for all the others. So you remember that at the time of the death of Queen Elizabeth I, James came down from Scotland to take over the British throne, claiming to rule by divine right. He advanced the pretension that God in His infinite wisdom looked down on the planet Earth and approved the bloodline of the Stuart family. Then He tapped them on the head and said judge the quick and the dead. But the British people rejected that notion and his brother lost his head advancing the same claim. In 1688, at the time of the Glorious Revolution, there was a significant change in the British system of government in one respect. Power had transferred from the hands of the one into the few—because Parliament was an aristocratic body—and in the twentieth century it passed into the hands of the many. But the British system of government never relinquished the claim to rule absolutely. If you go back to the time of the Stamp Act controversy in 1765 you'll remember our forebears cried, "Taxation without representation is tyranny." This, in turn, led them to initiate colonial boycotts against British manufacturers. The result was that in 1766 Parliament lifted the stamp tax. But the same day that Parliament lifted the stamp tax it passed what was called the Declamatory Act, which stated that Parliament had the right to regulate the lives of British citizens "in all cases whatsoever." A government that can regulate our lives "in all cases whatsoever" is a government of unlimited powers.

By contrast, our founding fathers—acknowledging their debt to scriptural teaching—attempted to create a government consistent with the First Commandment: "Thou shalt have no other gods before Me." Any government that claims absolute or unlimited powers over its citizenry is a government that has usurped the powers that we said were reserved unto God alone. Such absolute governments are guilty of attempting to play God with our lives. In the creation of our government, James Madison stressed the point that ours was a government of "limited or enumerated powers." This marked the first time that such a government had been called into being. All governments prior to this time claimed the right to exercise unlimited power over their citizens. They debated as to whether the power should be vested in the hands of the one, the few, or the many; but that is really an academic debate with respect to this vital question of exactly what government's relationship should be to you or me or to any other citizen. If you go back to the Declaration of Independence you will remember that Jefferson postulated the existence of a Creator who created man in His image and as such he was endowed with inalienable rights to "life, liberty," and (Jefferson's felicitous phrase) "pursuit of happiness." I think Locke's language is clearer: "Our inalienable rights to our lives, our liberties, and our properties." Governments were then instituted amongst men for what reason? To make them more secure in the possession of their God-given inheritance. In other words, these rights that we possess as citizens are not a gift of the state, and, in fact, conservatives err when they use the phrase "state's rights" because states under our system do not have rights. Rights are not the gift of the state. Indeed, if they were a gift of the state then what the state gives the state can take away. I don't mean to say that you can't have abuses of your rights by the state—that happens all too frequently, as we all know—but what I am saying is that it has no legitimacy in wielding that kind of power over the individual except in response to trespass. The premises undergirding all systems of government prior to our own did advance the pretension of omnipotence. And the abuses in the twentieth century of the totalitarian states, while proceeding from a different set of assumptions to establish their legitimacy, nevertheless, still advanced that claim to rule, in effect, by divine right.

What Jew in Hitler's Germany could talk about his inalienable God-given rights to his life, his liberty, or his property? Or what Kulak in the Soviet Union, at the time of the collectivization of the farms there, could talk about his inalienable right to his life, his liberty, and his property? These governments used, as I say, different arguments to advance the legitimacy of what they were doing, but there was really no significant difference in a practical sense betwen their claims to rule and those of James I or the pharaohs. These are important distinctions for us to keep in mind because one's view of the role of government will inevitably lead to certain consequences.

If you view the role of government to be that of the savior of the people, and if you are going to make the concession that government can wield, for all practical purposes, near absolute power over your life: if you argue that it can do this in the name of the greater good for "society" (that undefinable term), then you are going to find yourself sooner or later in collision with the rights of the individual. It is for this reason, in my estimation, that we have come to the sorry state that we are in today. Friedrich Hayek wrote a book titled *The Road to Serfdom*. Hayek was talking about the dangers inherent in collectivism because of the political and economic tyranny of the individual that follows whenever you get such concentration of economic and political power. He was addressing himself specifically to socialism in Germany in the 1930's under Adolph Hitler. When the book was published in 1943 in Great Britain there were many members of the Socialist Labour Party there who thought that Hayek was rendering an indictment of what they hoped to do in the post-World War II era. When Hayek's book was printed here in the United States on the heels of World War II, it was attacked more vehemently by many members of the liberal community in the United States than it was by Socialists in Great Britain. They assumed that much of the indictment Hayek was making was directed against the liberal community here when, in fact, Hayek was evaluating conditions in Europe which led finally to the excesses of Adolph Hitler. But his analysis had broader implications that should not be missed.

I resurrected Hayek at this juncture because one of the points that he stresses is that when you create a concentration of power you're going to get not philosopher kings, but tyrants. James Madison observed, "There is nothing inherently wrong with monarchy as a system of government, provided we get angels for kings." You can substitute the word dictatorship for monarchy because he was talking about where the power in the system lies. This was the reason behind checks and balances and rigid observances of separation of powers. At any rate, Hayek has one chapter titled "Why the Worst Get to the Top." His contention is that any time that you create concentration of power you're going to guarantee that the worst will get to the top. While it is usually the philosopher kings who help to create the structure, there is always some gangster lurking in the bushes who sees it as a splendid opportunity to move in and take control. Because he doesn't play by the same rules as the philosopher kings he makes playthings of the latter. Once power has been concentrated to a sufficient degree, and the gangsters recognize what can be done with it, they simply move in and beat the brains out of the intellectuals who helped to fashion it. This is not to say that the philosopher kings, had they been able to maintain control, could not have run the system beneficently, but history shows that they are never able to stand up to those elements in society with an outlaw mentality. In light of the present problems we have today in Washington, I'd like to quote from Hayek. He's talking here about those people who work within the system wherein you have concentrated this degree of power, saying, "to be a useful assistant in the running of a totalitarian state it is not enough that a man should be prepared to accept specious justification of vile deeds, he must himself be prepared actively to break every moral rule that he has ever known if this seems necessary to achieve what is sought for."

I don't mean to suggest that we have a totalitarian state in the United States today. I don't think we do. There will be some, doubless, who would argue that point, but I don't think that we have begun to sink as low as that state which Hayek described. On the other hand, I do feel if you look over some of the statements, attitudes, and developments that occurred involving Watergate, certain symptoms should give us pause. One symptom is the almost fanatical loyalty to the man, because this was clearly a hallmark of the Haldeman-Ehrlichman iron guard that existed at the White House. It was devotion to the man, not to higher principles. A primary commitment to abiding eternal truths does not preclude having personal loyalties, but on the other hand personal loyalties do not permit doing violence to those principles which transcend our personal relationships. The confessions of an Egil Krogh should alarm us. In addition to this, if you examine some of the comments made by principals involved in Watergate you will see they felt a degree of pride in being pragmatists. They saw themselves as people who weren't hung up with the ideological baggage of being conservative or liberal. These people were above all this, sophisticated technocrats. These were professionals; able, talented professionals. I recall a quotation attributed to Mr. Haldeman that appeared in the Washington Post some months ago: "We never let the president be exposed to any ideas to the left of him at his most liberal or to the right of him at his most conservative. We always worried that someone might rush into the Oval Office and make an emotional pitch that he'd buy." You really wonder about a comment like that. Did Haldeman have a hot line to God Almighty? In distilling and filtering information upon which decisions had to be made, what criteria did he employ to determine what information was to be included and what information was to be withheld? I'm reminded of the old gag about computers—garbage in, garbage out. What gave Mr. Haldeman the conviction that he had the right to do that? What gave him the confidence to make such vital decisions?

I can tell you on the basis of personal experience, as a Republican member of the House, that dealing with the White House was a virtual impossibility while the "Berlin Wall" was there. It was a very frustrating, anguishing experience. The President, as you know, once had Republicans in for a series of breakfasts, to answer questions on the Watergate issue. I think it was Howard Robision of New York who said, "Mr. President, maybe there is a fringe benefit to Watergate in that it has given us this opportunity to sit down and have an exchange with you." I have talked to colleagues who have served many more years than I have who said it was a lot easier as a Republican to talk to Lyndon Johnson when he was president than it is to talk to Richard Nixon, who is a member of our own party. So we were up against that kind of problem. In addition, on a very early vote after I had gotten elected, I voted against the administration position. I subsequently learned that while I may not have made any official list at the White House, nevertheless, there were people there who kept track of those members who were not one hundred percent loyal to Richard Nixon, "the man." That was the real test of accessibility in no small measure.

It was always a mistake to assume that all the answers were there and that people at the local level could relinquish responsibility and control over their own destinies and still expect to remain a free people. We may, with the advantage of hindsight, view Watergate as providential and thank God on bended knee for its revelations occurring when the problems are still subject to remedy. I think one can perceive evidence of some of the qualities that Hayek describes in *The Road to Serfdom*. I'm not saying that this is a Republican problem, and, believe me, any of you who think the problem is confined to a Republican administration—don't kid yourself—the situation has been created on a bipartisan basis in Washington. There is no room for selective indignation in the pulpit. Either you're for truth and disclosure, or you're not; or you do it on a purely partisan basis. David Brinkley was speaking to a group of students at Ohio University in 1966 and told them that in the course of their lifetime they were going to witness a total destruction of state government and the transfer of all that power to Washington, D.C. Clearly, on the basis of the historic record since the foundation of the republic, I think that is not altogether an unsafe generalization. But the most distressing aspect of his observation was his adding that he could view this development with equanimity because our state legislatures were too subject to popular pressure to pass necessary legislation. Now what pressure should our state legislators be subject to if not popular pressure? Unpopular pressure? Or the pressure of special vested-interest groups? In fact, I think that's the thing that most of us are concerned about: that there is not enough popular presure on our elected representatives, if by that you mean the constituency which elects these people to public office. But the arrogance of the remark is the idea that the people in the hinterlands and provinces are too unenlightened to know what's in their own best interest and will exert popular pressure on elected representatives to do things that are either unnecessary or contrary to their best interests. But if you let the power gravitate to the banks of the Potomac, an oracle is sitting there who knows what's necessary because presumably he has a hot line to God Almighty. Brinkley didn't tell us who the oracle was; he simply told us where he lived.

Back in 1962 Senator Fulbright participated in a study at Santa Barbara, California, that resulted in publication of an essay titled, "The Elite and the Electorate." In essence, Senator Fulbright indicted our national Congress on essentially the same grounds that Brinkley indicted state legislatures. Senator Fulbright saw members of Congress as too subject to the narrow parochial influences of their own constituencies. To be sure, my understanding of problems is undoubtedly shaded and colored by the suburban district I represent, just as someone representing the inner city of Chicago is going to have his view of how to represent his district colored by the circumstances of his constituency. But, in effect, Senator Fulbright was saying that because of our responsiveness to our own peculiar constituencies, we didn't have insights into the broader problems of these United States. His remedy was the transfer of the legislative power into the executive branch. He saw the legislature standing in the path of effective implementation of enlightened policies emanating from the White House.

Now that was Senator Fulbright in 1962, a time when he apparently saw a philosopher king occupying the White House. A year later that man was gone and who replaced him? A man Senator Fulbright viewed as the court jester from the Pedernales. And what did Senator Fulbright do in return? He became a constitutionalist and suddenly he was exercised over executive encroachments on legislative prerogatives. I'm not attempting to poke fun at Senator Fulbright, because I think he is guilty of the folly that virtually any one of us is disposed to be guilty of, and that is to assume that we have, if not a monopoly on truth, certainly a better understanding than most people. So if we are in the position to wield power, then obviously our view of things is what is going to be policy.

The founding fathers, recognizing that this was a normal human predisposition, insisted upon separating power and viewed it as essential that power remain separate and decentralized. Even in the Congress, as you know, they incorporated two different concepts of government: democracy in the House and aristocracy in the Senate, on the assumption that they would be feuding with one another. They felt that the democratic wing would be trying to devour the aristocratic branch and that the latter presumably would be trying to do likewise to the former. Moreover, both branches would be trying to double-team the monarchical branch, which was represented by the presidency. But beyond that they created an independent judiciary that was, they hoped, going to be in a position to play referee. In the unlikely event there was collusion between the democratic branch, aristocratic branch, and monarchical branch, the Supreme Court could examine their handiwork and declare it bad law or non-law because it did violence to those guarantees contained in the Constitution and the Bill of Rights.

But it didn't stop there. The founding fathers anticipated that the states would continue to exercise a degree of independence from the national government. They did not anticipate, of course, the War between the States and the Fourteenth Amendment. Madison fretted in the Federalist Papers over the fear that it would not be the national government eating up state governments, but rather that state governments would team up against the national government and reduce it to impotence. But the separation of powers, that inherent check prohibiting the emasculation of any of the branches of governmental authority, has been destroyed. With it has come such concentration of power that today we in the Congress—and I say this advisedly—we in the Congress are acting on matters on an almost daily basis about which we know virtually nothing. Yet there are still too many people in these United States who assume that for some miraculous reason when we drink Potomac River water, we develop omniscient insights.

What makes us brighter than most people? Oh, indeed, we may be able to monitor day-to-day events better than you can back home. But on the other hand, we are no brighter and in most instances vastly less bright than the constituencies we represent. In fact, I think that we have locked mediocrity into the system; beyond that I would go so far as to say that in taking on such a burden of legislative responsibility, by moving into areas about which we know little or nothing and by assuming that we have all the answers in Washington, we are inviting the loss of all our liberties. We frequently act on bills that come before our attention with only the most cursory examination of a report which is produced by the committee in question, which is maybe a twenty-five page condensation of a 250-page bill and requires a Philadelphia lawyer to explain. If you visit the Congress, you will sometimes observe that, when some legislation comes before the House, stacks of books representing the hearings that were held before the legislation was drafted are sitting on the committee table. It is printed on onionskin paper in fine print and stands three feet high. Let's face it; we can never lay our hands on all the evidences on which we should make our judgments. Even if one read all the hearings, he couldn't be assured that he has heard all sides of the argument, by any means. And even if you had the time to work laboriously as committees do when they mark those bills up, line by line, word by word, in a mark-up session from subcommittee to full committee, you still don't know what the proof of your handiwork is, And if you're not on that committee, you're almost hopelessly in the dark. Nevertheless, we go ahead and vote. What's the consequence? Increasingly there is the disposition to structure loosely the language because we are not altogether sure of what we are doing and we assume, just like so many folks back home apparently assume with respect to us, that somebody in the bureaucracy understands what we are doing. Thus, we are increasingly giving broader latitudes of power to the bureaucracy to make policy. But the bureaucracy does not just make law by issuing rules and regulations which have the force of law, they are also in the position to impose sanctions. Consequently, they play judge, jury, and executioner.

The American public then wonders why the government is unresponsive. It's unresponsive because the Congress has lost its capacity to exercise its legislative overseeing responsibility. We've simply bitten off more than we can chew. With respect to bureaucracy Herbert Hoover made an observation which is as true today as when he stated it. He said that there are three implacable spirits in bureaucracy: one is the desire for expansion; the second is the desire for self-perpetuation; and the third is an incessant demand for power. He added that power leads to impatience and impatience leads to arrogance; and in their totality they become veritable exponents of political tyranny.

The Congress can be turned over from election to election, an administration in the White House can turn over and parties change, but the bureaucracy goes on and on. President Kennedy observed that he was the slave of policy decisions made years before. Barry Goldwater noted that if he had been elected in 1964 it would have taken four years just to stop the momentum of preceding policy decisions that were being implemented in the various bureaucracies in Washington. So we've got yet another danger to free institutions here. This danger is the self-perpetuating bureaucracy reinforced by the growth of government. Within the bureaucracy there are none of the disciplines of private industry. In private industry you are rated on performance and efficiency. If you can reduce your cost of production and increase your output, that's the basis for promotion. The bureaucracy works in the opposite manner. The more people you take on the payroll, the more prestigous the chief. Bureaucrats don't have to worry about profit and loss because they're not working within those restraints either. The end result is increasing unresponsiveness to us and to our needs.

One final point on this concentration of power is that, notwithstanding these enormous deficits that we've been running up down there because we can't manage our affairs as well as the average housewife, we do attempt to arrange priorities. In the process of arranging priorities certain things will take precedence over others in the attention that we give to them and the money we spend on them. People at the local level will do that same thing. Intelligent people have to arrange priorities. We can't have everything at once. But I submit to you that when we arrange priorities in Washington for fifty different states we are doing violence probably to ninety-nine per cent of congressional districts. It is unlikely that one out of a hundred congressional districts would arrange the same priorities in the same way that we have determined for them in Washington. Again, as I say, this is a lack of responsiveness.

Alexander Hamilton once noted that people get the kind of government they deserve. I'd like to dwell on this momentarily. Politicians, according to one line of political theory, are simply a mirror of the constituency that they represent. I think there's a lot of truth to that. Bentley was essentially correct when he observed that the man you elect captain of the football team has a different order of talents than the man you elect captain of the debating team. Each one is a reflection of those felt needs of the constituency that elects him. To the degree to which people don't want to get involved, or are turned off, they permit a disproportionate voice to the interests that do participate. No one concerned about the quality of government can talk in terms of dropping out of participation. Believe me, that is no remedy. On the contrary, I think nothing is better calculated to aggravate all the problems that have been developing over the last fifty years. All of these problems will grow apace, and at some point down the line I can assure you we're going to live under a system that Hayek described in *The Road to Serfdom*. At one point in the book, Hayek says he would rather live under a British or American totalitarianism than one in Germany or Russia. But on the other hand he says that sooner or later there will not be that much difference between any of them. I think that's what all of us have to be concerned about.

Now I'd like to make a few positive recommendations. One of these is not to despair over what has taken place. To be sure, there's a basis for keen distress. But, if it took a crisis in confidence to open our eyes up to the very real problems that we had not fully perceived before, then it is a blessing. Beyond this, however, we must not succumb to the attitude that it's hopeless, that we're inevitably heading in any particular direction. Such views become self-fulfilling prophecies when good people do nothing. You remember Alexander Pope's statement that all that is necessary for the triumph of evil is for good people to do nothing.

We have to maintain our involvement. If anything, during the times of greatest adversity the people with integrity in society have an obligation to redouble their efforts. This isn't the time to walk away from the problem. It's the time to get more deeply involved than you have ever been before. I had a student who came to me after the '64 election while I was teaching at Bradley University, and he said, "Dr. Crane, I believe in your philosophy and your ideals and your principles, but let's face it, the United States is finished. Western civilization is down the tubes. We're inevitably moving on to some gray, bland socialist world somewhere between us and the Soviet Union and it's an irreversible process, so why spin your wheels? Why not eat, drink, and be merry, and forget about it?" I replied that I could sympathize in part with his feelings because at one time in my undergraduate career I almost bought that idea. But I said, "You know, the problem with your thinking is that you have bought one of the rankest superstitions that Karl Marx ever advanced. That was the doctrine of inevitability." I added that by accepting the idea of inevitability he had been as effectively removed from the battle as if he had been put against the wall and had his brains blown out, but they've killed him without expending a bullet. "Consider for a moment," I said, "if you and I both cling to our beliefs and we in turn enjoin them to win two more converts each the next day, before very long we'd be a majority. Then would you tell me it's inevitable that the United States will die?" He said, "Gee, I never thought of it that way."

It is vital for people to recognize that they can make a difference. Our problems are the result, in large measure, of too many people ducking responsibility. Jefferson said that if you corrupt and pollute the rivulets and springs at their source, it is inevitable that the river will be contaminated. How many of you can readily name your own county assessor? Jefferson's concept of federalism envisioned counties as the most meaningful unit of government. Historically, counties were the most powerful unit of government. The major taxing body was the county. The county assessor had an enormous impact on everyone's life. If you had a crook for a county assessor, and unfortunately we have some, who would accept payoffs from apartment owners, say, to give them a reduced assessment on their apartment dwellings, that loss of revenue would have to be absorbed by homeowners. This situation is not unique. It is too common because Americans haven't fully appreciated the role of county government. A politician in Indiana prior to the War between the States, when he was out on the hustings, used to tell audiences, "Elect the most competent, able, talented man in your community as county assessor. Then if you have some ambitious scalawag with about half his sense send him off to Congress where he can't do any damage." Unfortunately, today the roles have been so turned around that you'd better worry profoundly about who you send to Washington.

There is another point I would make about political involvement. Evaluate critically the candidates that you want to work for. Make sure that you do indeed understand their philosophy. I can assure you, as a conservative, that I would much rather deal with a liberal than a so-called pragmatist because I know he has a sincere commitment to certain principles. We may disagree on premises, we may fight on a variety of issues, but he is at least a man of integrity and consistency and willing to present himself to the voters with candor and conviction. The most worrisome politician of all is the "pragmatic opportunist," the man who reached his majority without developing a coherent philosophy. The primary motivation of such individuals is an insatiable demand for power. How he intends to use it is something that should worry every one of us. But your responsibility does not end simply with the study of candidates. If you believe in your candidate, then get out and work for him, do some of the leg work.

The real unsung heroes of any political campaign are the precinct worker. These are the people who ring doorbells, who talk to people and attempt to persuade them that here is someone worthy of their confidence and support. Such men will not go down to Washington simply because it's a job, but because they see there is a job to be done. Give such men the reassurance that they do not have to be intimidated by the winds of special interest that blow continually down there. I can assure you that there are many men in Congress who have yielded to these pressures because of the apathy of good people back home. These people are dangerous because they have become infatuated with their jobs. Beware of people who are determined to make a career of serving in the Congress. Most of all, be on your guard when any "lean and hungry" man tells you that he wants to be president. The woods are crawling with lean and hungry men today. Stop and think for a moment about the burdens of being president of the United States. If you were willing to accept it out of a sense of responsibility, how many of you would feel that it was fair to ask you to serve more than one four-year term? So I would counsel you to watch any ambitious man who aspires to hold an office of power. Never trust any man who would seek to expand the power of government over your life.

If we hope to restore confidence in the system, we must develop a better understanding of the premises upon which the system rests. This necessitates some study of history. The founding fathers studied all the systems of government, and there are no new ones that have evolved since their day. We must recognize, as the founding fathers did, that if we are going to preserve our liberties we must work to restore a proper system of checks and balances. We must work to restore a proper system of separation of powers between those vested in Washington and those most appropriate to the states, counties, townships, municipalities, or the people. Finally, we must recognize that the system will not run itself. It is a contradiction in terms to talk about a free and irresponsible people.

Woodrow Wilson, who was a keen student of history before becoming president, made the observation that the history of liberty is the history of limitation of governmental power, never the increase of it. When we resist concentration of power, we are resisting the powers of death, for the destruction of human liberty has ever been preceded by concentration of governmental power.

SUPPORT FOR SELECT COMMITTEE ON AGING

HON. DONALD G. BROTZMAN

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BROTZMAN. Mr. Speaker, I wish to go officially on record in favor of the Heinz amendment to the committee reform bill. This amendment establishes a Select Committee on Aging in the House of Representatives. Unfortunately, my vote in favor of this amendment when it was passed by the House on October 8, rollcall No. 582, was not recorded by the electronic voting device.

I strongly support this measure. We can be justifiably proud of the initiatives that have already been made by the Congress toward meeting the difficulties being faced by our senior citizens. But we must also realize that the elderly in this country represent the fastest growing segment of our population, and the problems brought on by this growth continue to mount.

The Select Committee on Aging meets a vital need for the Congress to take an intelligent and comprehensive look at the needs of older Americans.

VINYL CHLORIDE

HON. SAMUEL H. YOUNG

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. YOUNG of Illinois. Mr. Speaker, I want to comment about two articles concerning vinyl chloride: The first appeared in the Wall Street Journal of October 7, 1974, and the second is in the October 14 issue of Time magazine.

The articles describe the implications of the discovery that vinyl chloride can cause cancer to workers who are exposed to this substance for prolonged periods.

Mr. Speaker, vinyl chloride is a chemical substance which in various forms is used in thousands of household products with which we all come in daily contact. Twenty-six cases of a rare liver cancer have been recently discovered among workers in plants which manufacture polyvinyl chloride. As the article suggests, however, there is recent evidence indicating that this gas may also be responsible for an increase of other cancers among workers in PVC plants.

Various Federal agencies are acting on this serious health hazard: The Environmental Protection Agency has prohibited the use of vinyl chlorides as a propellant in both pesticides and other household products. EPA has also announced that it will set air pollution standards for vinyl chloride under the Clean Air Act. OSHA—the Occupational Safety and Health Administration of the Department of Labor—has taken steps to reduce the exposure of workers to vinyl chlorides in the work situation. Starting in January, workers cannot be exposed to more than one part per million parts of air, averaged over an 8 hour day or, to more than five parts per million for any period more than 15 minutes. The Food and Drug Administration of HEW is increasing its restrictions on the amount of vinyl chloride that may be used in food wraps.

Mr. Speaker, the discovery of vinyl chloride to be a health hazard highlights, in my judgment, the need for a speedy enactment of the Toxic Substance Control Act which is now being considered in conference. Our Interstate and Foreign Commerce Committee reported this bill last year. The entire House passed the measure on June 29, 1973, the Senate having acted on July 18, 1973.

Our House bill would require the Environmental Protection Agency to publish a list of chemical substances which it finds likely to pose a substantial danger to health or to the environment. The toxic substances on this list would be subject to "premarket screening." In this way, we could make judgments about potentially dangerous substances in advance of the manufacture or distribution. The bill would permit the Administrator to require manufacturers and processors to submit a report on the chemical identity, molecular structure, categories of use, estimates of amounts and descriptions of the byproducts of chemical substances they handle.

The bill would permit the seizure of chemical substances—or products containing them—which were manufactured or distributed in violation of these requirements. The bill would bring some order to the Federal regulations of toxic substances.

As our report states—House report 93-360, July 29, 1973, at page 18—the following statutes are now on the books: The Federal Food, Drug, and Cosmetic Act; the Poultry Products Inspection Act; the Federal Meat Inspection Act; the Egg Products Inspection Act; the Federal Insecticide, Fungicide, and Rodenticide Act; the Atomic Energy Act; the Clean Air Act; the Federal Water Pollution Control Act; the Federal Hazardous Substances Act; the Occupational Safety and Health Act; and the Consumer Product Safety Act. But as our report states:

> In spite of this plethora of regulatory mechanisms, conspicuous gaps still exist as evidenced by man's experiences with mercury and polychlorinated biphenyls (PCB's).

To that list, Mr. Speaker, we can now add vinyl chloride. There is no doubt in my mind that if this bill were now on the statute books the Environmental Protection Agency would be in a much better position to protect the health and safety of American citizens from toxic substances which abound in the atmosphere and environment, and the new substances, compounds and mixtures which are daily being introduced in the environment.

Perhaps, Mr. Speaker, the polyvinyl chloride episode can serve a useful purpose by spurring us to act to prevent future episodes of the same sort. The Wall Street Journal article concluded with the following quote from Lancet, the British medical journal:

> Whatever happens, the vinyl chloride episode will have provided a salutary lesson. It will not be quite so easy in the future as it has been in the past for any chemical manufacturer to assume, until proved otherwise, that a chemical to which workers are exposed is carcinogenically safe. There must surely be more systematic evaluation of industrially used chemicals for carcinogenic risk to workers.

Mr. Speaker, my sincere hope is that before we adjourn this year, the conferees will agree and both Houses will have an opportunity to act on the Toxic Substances Control Act. It is a necessary and important measure, the need for which is surely highlighted by the vinyl chloride episode.

CONDOMINIUM REGULATION

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. LEHMAN. Mr. Speaker, today, Mr. Ernest Samuels, a good friend of mine, testified before the Senate Subcommittee on Housing and Urban Affairs in his capacity as chairman of the Florida Chapter of the National Association of Condominium Owners. Mr. Samuels also serves as president of the Point East Condominium Association, and as chairman of the board of the Condominium Executives Council of Florida, Inc.

Mr. Speaker, I value Mr. Samuels' expertise in the area of condominiums very highly, and I would like to commend his statement before the Senate subcommittee to the attention of my colleagues:

STATEMENT OF ERNEST SAMUELS

Mr. Chairman and members of the Committee, my name is Ernest Samuels. I am the President of the Point East Condominium Complex of 1270 apartment units. I am also the President of and speak for the Condominium Executives Council, Inc., an organization of the executives of more than 150 condominium associations throughout the State of Florida, having approximately 35,000 apartment units or about 70,000 residents. And I am Chairman of the Florida chapter of the National Association of Condominium Owners.

I am here to discuss the many problems besetting condominiums. Our complaints range from poor construction to nonexistent appliance guarantees, but most center on the following major areas:

Developers retaining control of management until all apartments are sold, some rent out a few apartments and use the excuse that not all the apartments are sold to keep control of lucrative management contracts;

Developers who dissolve corporations after all the apartments are sold, leaving the buyers with no one to turn to when defects are found in the buildings;

Developers who advertise monthly maintenance contracts at deliberately underestimated prices to entice people into buying apartments, then raise the price after the buyer moves in;

Vague description of condominium facilities in advertising brochures and legal contracts, which allow developers to erect structures that are not what the buyer was promised and build recreation facilities far too small for the number of people in the condominium.

Very poor construction and cheap materials are common. But most flagrant and serious are the latent, that is unseen and hidden defects in building construction and materials. These do not come to light until after the irresponsible builder has hit the road with the buyers hard earned money. Then the unwary unit owner is left holding the proverbial bag and is put to heavy costs and assessments.

The most serious problem derives from the 99 year recreational facility and ground leases, which are imposed by almost every developer in Florida on unsuspecting buyers. We have seen these leases termed in the newspapers as well as by reputable developers, legislators, attorneys, as well as the vast majority of the almost 400,000 condominium buyers upon whom they were imposed, as tricky, one-sided, small print, unconscionable, illegal. When you read and understand any of them, you read them all. In spite of what some real estate developers or their agents say, they contain provisions, which, if clearly understood, would make all buyers horrified. I have yet to find one buyer who was fully aware of the implications when accepting this lease, or who was aware prior to his purchase of exactly what he was getting into.

To understand how these leases operate let me briefly describe some of their standard conditions.

They are for 99 years and they are a lien on every apartment sold in the condominium. In some instances they also contain a pledge agreement. They have a standard escalation clause based on the cost of living index but with no de-escalation. They provide for the payment of every expense on the property, including but not limited to taxes, maintenance, replacement, insurance of every nature and contain many restrictions as to use, which in some instances is limited in the sole discretion of the developer to specific activities.

Under these conditions, one may pay for the replacement of obsolete facilities many times before the expiration of the lease.

The developers and their agents are correct that these conditions are spelled out in a clear, legal unambiguous language in a 120 page document which a man with about 40 years of legal experience can understand if he devotes several weeks to studying it.

Nowhere in any of the newspaper ads, or in the developer's brochures, is there a mention of long term management agreements, or 99 year recreational facility leases. No mention is ever made of the size, capacity or furnishings of the leased facilities. They are merely described in glowing, general terms, calculated to mislead the buyer into believing in the adequacy of the facility.

To say that those documents are given to all people prior to their purchase is totally untrue. They are unaware of the total obligation, they do not know the nature of the lease facilities other than by a vague description. The size, its furnishings, how many people will make use of them, are they adequate, will they be built by the time they occupy their apartment, all this is vaguely brushed aside with "Everybody signs the same contract, you will get it at the closing."

I have seen and read contracts which provide that "in the sole discretion of the developer" the recreational leased facilities will not be built for approximately one year but the lease rental payments will commence upon signing of the agreement.

Amazingly, thousands sign.

The Legislature, the Courts, permit these leases and management agreements and term them legal because they are in print and signed by consenting parties.

The Federal Trade Act prohibits these deceptive practices and it also prohibits tie-in sales. Clearly condominium apartments should be sold in fee simple title without any long term management agreements and 99-year leases tied in with the purchase of these units. Recently I have drawn an analogy: "Suppose most automobile manufacturers got together and sold their cars with the proviso that the transmission is leased to you for 25 years at $200.00 per year and that regardless of whether or not you use the car for the entire leased period, you must pay the rental even though you know in advance that you will never make use of the transmission for 25 years." Surely such a tie-in sale would never be made legal. How can you expect a cardroom or a sauna or a swimming pool to last 100 years and the use of which to be conditioned upon the sale of a home to an unsuspecting retiree 70 years of age for 100 years?

If all of these conditions are legal then the law of "public policy", "Federal Trade Commission rules" or "Fair Trade Practices" are all meaningless to the hundreds of thousands of consumers looking to their legislators, the courts and their elected officials for protection.

Our association will be glad to cooperate with your committee to help solve these problems.

DEMONSTRATING CONCERN FOR THE HANDICAPPED

HON. WILLIAM S. COHEN

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. COHEN. Mr. Speaker, more than a year ago, on June 27, 1973, I introduced a bill to reduce architectural barriers encountered by our elderly and handicapped citizens. The bill would provide a variety of tax incentives to encourage owners of commercial buildings and transportation facilities to remove barriers from the path of their would-be patrons.

I still regard that bill as essential legislation. Experts tell us that 1 out of every 10 persons has some disability that may prevent him from using buildings designed only for the physically fit. Some 200,000 people—approximately 13 percent of our handicapped population of working age—could return to productive work if the Nation's architectural and transportation barriers were removed. And when the numbers of the physically handicapped are grouped with persons impaired by a chronic medical condition, the elderly, temporarily disabled persons, and those whose mobility is restricted by less obvious handicaps such as pregnancy and heart disease, there are approximately 44 million Americans who would benefit from the elimination of architectural barriers in public places.

The barriers these people encounter in their everyday life are frequently subtle, but basic and formidable: doors too narrow for wheelchairs or too heavy to be opened by people using crutches; long stairways too steep for sufferers of heart and respiratory diseases; obstructions in the paths of the blind; and rest rooms with toilet stalls too narrow for use by those in wheelchairs. Virtually no transportation system is designed to provide adequate service to the handicapped. Yet, as serious as these problems are, the General Services Administration estimates that the average cost of barrier-removing renovations would amount to less than 1 percent of the cost of the facility in which they appear.

Mr. Speaker, I believe that these arguments give more than sufficient reason for passage of the bill that I introduced in June of 1973. However, I am pleased to report that this weekend a further demonstration of the need for this legislation will take place.

Saturday, October 12, has been designated as Architectural Barriers Awareness Day in my State of Maine. To demonstrate the need for architectural renovations to assist the handicapped, a number of student nurses at the Eastern Maine Medical Center will tour the city of Bangor, Maine, in wheelchairs. At the conclusion of the day, they expect to have a fuller comprehension of the problems faced by handicapped Americans.

I shall be awaiting the results of their demonstration with great anticipation. I know that I shall learn something from their efforts. And I hope to acquaint my colleagues with the results they achieve.

In the meantime, I would ask my colleagues to join me in a tribute to the student nurses of the Eastern Maine Medical Center, who, by their initiative in undertaking this project, may move us a step closer to passage of badly needed legislation.

UGANDA'S REIGN OF TERROR

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HARRINGTON. Mr. Speaker, on September 4, 1974, an article by Hal Sheets appeared on the Op-Ed page of the New York Times, concerning the reign of terror in Uganda. In his article, Mr. Sheets describes the general and progressive erosion of the rule of law and the flagrant degradation of human rights, which has occurred since the military coup in January of 1971, when Gen. Ide Amin seized the reigns of power in Uganda.

Despite the numerous violations of human rights, including the murder of two Americans, U.S. policy toward Uganda has been one of nonaction—to the point of declining formal protest of those actions, so as not to offend the unpredictable Amin lest he embark on a rampage which might injure still more Americans.

In contrast, the general's expulsion of 40,000 Asians from Uganda in November of 1972 aroused considerable protests from Canada and Great Britain.

While the State Department's announcement to cut off aid to Uganda in April, 1973, and the withdrawal of all American diplomats from the Ugandan capital could be viewed as a step in the right direction, Mr. Sheets suggests that the real motive was Mr. Nixon's anger over a telegram from General Amin, wishing him a "speedy recovery" from Watergate. The State Department's gesture seems still more cosmetic, when one realizes that there has been no formal break in relations between the two countries, and the Ugandan Embassy in New York is still open and staffed.

The highly respected International Commission on Jurists has recently completed an extensive study of the situation in Uganda, and has issued a 63-page report entitled "Violations of Human Rights and the Rule of Law in Uganda," which summarizes their findings. The ICJ plans to present their findings before the Human Rights Commission of the United Nations in February, and then to possibly proceed to the U.N. Economic Council at a later date. However, Mr. Sheets states that U.N. human rights specialists see little hope of the issue being raised in the February session.

Unfortunately, since the coup there have been no hearings in either the House or the Senate, and nothing is presently contemplated concerning Uganda by way of congressional legislation. For this reason, Congress stands equally indicted with the administration in not rectifying the current situation of U.S. foreign policy vis-a-vis Uganda.

It is important to note that the United States is the largest purchaser of Ugandan coffee. In 1970, we bought $47 million worth—almost one-fifth—of Uganda's export trade for that year. From January through August of this year, we have already purchased $46,605,000 worth of Ugandan coffee—at least twice the amount paid by any importer from Uganda. Consequently, we do not sit here as innocent bystanders but are, in essence, implicitly condoning the policies of Amin's regime.

It is my hope that prompt action on the human rights problem in Uganda will be taken by the United Nations, and that any subsequent sanction—be it economic or otherwise—will be fully endorsed by the United States if passed by the United Nations. Furthermore, although the United States has only observed status in the OAU, we should at least make known our position to encourage the organization to take some substantive action on the issue. We cannot continue to remain passive on the diplomatic front, and to provide a certain amount of economic support in the face of continuing and gross violations of human rights.

In conclusion, I would urge all those interested to obtain copies of both the previously mentioned ICJ report and its supplement which contains an open letter to Gen. Idi Amin from Wanume Kidebi, former Ugandan Foreign Minister, dated June 21, 1974. I would also like to call to the attention of my colleagues the informative article by Hal Sheets at this time:

UGANDA'S REIGN OF TERROR

(By Hal Sheets)

WASHINGTON.—In July, 1971, two Americans were brutally murdered and their bodies burned by Ugandan Army officers in a remote southern province. Nicholas Stroh, a 33-year-old freelance journalist, and Robert Siedle, 46, a lecturer at Makerere University, had been attempting to investigate reports of mass executions at Mbarara barracks. According to witnesses, now in exile from Uganda, these last words were uttered: "You may kill us, but someday you'll answer for this."

Three years and 90,000 deaths later, there has been no answer, by international action, to the policy of mass murder by the Government of Gen. Idi Amin.

The killing, initially following racial and ethnic lines but expanded to include anyone who displeases the mercurial General Amin, began scarcely a month after he overthrew the regime of President Milton Obote in January, 1971.

General Amin immediately began a series of systematic purges of the judiciary, the civil service, the police, and the military. Within five months, he had abolished the Parliament, ended all political activity and invested the military with extraordinary powers of arrest, detention, and summary execution.

A recent report by the International Commission of Jurists on violations of human rights in Uganda described the situation as a "reign of terror." Though detailed figures are a state secret, and almost impossible to calculate, most diplomatic observers now estimate that more than 90,000 have been killed since General Amin took power. The killing has struck nearly every tribe in every region of the country, including more than 50,000 people from ethnic groups formerly identified with the Obote regime and several thousand from General Amin's own tribe, the Kakwa.

According to witnesses, the methods used in the killings match the horror of the numbers. There are reports that entire villages were slain by machinegun and that the bodies were fed to crocodiles in the Nile River or carried to mass graves in the bush. Some victims have been made to kill each other with hammers or to consume their own flesh until they have bled to death. There are numerous accounts of death by sexual abuse and mutilation as well is dismemberment of live people.

Known to the world largely for his persecution and expulsion of 60,000 Asians in 1972, and his telegrams to Secretary General Waldheim of the United Nations praising Hitler's genocide of European Jews, General Amin has been treated as an almost comic figure by the international community. Not even the murder of Africans has stirred other African countries to condemn the regime. In the sheer arbitrariness of the killings, however, United States officials find few parallels. "He's totally mad," said one former United States diplomat, "and the killing is no more explicable than Stalin's mass purges. It is an African 'Gulag'."

The only attempt to raise the issue of human-rights violations in Uganda at the United Nations failed to gain support during the 1972 session of the Subcommission on the Prevention of Discrimination and Protection of Minorities. The subcommission, a group of 26 experts selected on a geographical basis, is charged with certifying to the Commission on Human Rights whether or not a persistent pattern of gross violating of human rights exists.

Though United Kingdom experts on human rights raised the issue of the persecution of the Ugandan Asians during the 1972 session, the subcommission soon became paralyzed by a series of procedural debates. Neither that issue nor the killing of Africans was ever discussed in substence or forwarded to the full commission. Not surprisingly, the discussion was impeded by the representatives from the Soviet Union, Greece, and Brazil, countries that have been noted for their own human-rights violations.

Although the killings continue, human-rights specialists who follow the issue at the United Nations in New York and in Geneva see little hope of the issue being raised at the upcoming session, in February. Though the widely respected International Commission of Jurists has filed its formal report to the United Nations detailing the situation in Uganda, one source familiar with the operation of the Human Rights Commission observed, "It could take as long as five years to make a decision to even consider the I.C.J. report."

Meanwhile, Uganda is receiving military assistance from the Soviet Union, Libya, Egypt and Algeria. General Amin has been given MIG's, heavy tanks, armored personnel carriers and a wide assortment of small arms.

There does not seem to be any hope that the United States Government, though well aware of General Amin's savagery, will raise the rights issue. United States companies purchased in 1973 some 38 per cent of the total exports of Uganda, including nearly $100 million in coffee, but State Department officials quickly discount any plans for an embargo to dissociate the United States from the Amin regime.

Though the United States closed its Embassy in Uganda in 1973, sources close to that decision say it was more in response to an acriminious telegram from General Amin wishing President Nixon "a speedy recovery" from Watergate than as an act of principle.

Washington has done nothing to place the Ugandan case on the agenda of the Human Rights Commission or even to condemn publicly the killings.

Nearly thirty years after the horrors of Dachau, Buchenwald, Auschwitz, and Treblinka were exposed to the world, the Ugandan case and others, such as genocide in neighboring Burundi, demonstrate that human rights continues to be a minor issue in international politics.

Nearly thirty years after the founding of the United Nations, there is still no mechanism to protect citizens from the arbitrary madness of governments. Mass murder in Uganda and elsewhere remains, for the United Nations and the United States Government, a distant grief at best.

REDUCED FEDERAL SPENDING REMAINS THE KEY TO SOLVING INFLATION

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BIAGGI. Mr. Speaker, upon contemplating the President's recent economic message before the Congress, of the 31 specific inflation fighting proposals he offered, I wish to address myself to one particular proposal I support; setting a target of a $300 billion Federal spending limit for the fiscal year 1975 budget.

My support stems from a long-standing belief that one of the keys to combating inflation is the substantial reduction in overall Federal spending. Many Americans are now pointing to their Government as the main culprit for the continuation of inflation, and not without good cause. In recent years, we the Congress have allowed Government spending to reach extraordinary heights, with the direct result being our public debt reaching the astronomical level it is at today.

I have advocated and maintained a consistent opposition to wasteful Government spending throughout my 5 years in the Congress. I am gratified that at long last this commitment now rates as one of our most important priorities in the national battle against inflation. In the 93d Congress, there have been a number of key issues which presented the Congress with an opportunity to trim some excess weight off of the already obese Federal budget. Yet, as we all know, we have not capitalized on these opportunities.

A prime example of this occurred this past May when an effort was made to once again increase the public debt ceiling. Congress once again found herself unable to say no to the former administration's request for still another increase, and thus the bill was passed but by the scantest of majorities, one vote. As I have in the past when this issue has come up, I voted against it.

If we are to achieve the target of a $300 billion Federal budget by fiscal year 1975, we must resolve here in 1974 to reduce the public debt by placing a ceiling on appropriations at least equal to the amount of revenues expected for a given fiscal year. Once done, then all appropriations should be kept within that ceiling.

Some other key votes which reflected my opposition to wasteful Government spending included my vote to trim some of the fat from the budget of the Office of Management and Budget; my vote to reduce the supplemental appropriations bill of last April by 5 percent, and votes cast against numerous special interest, subsidy giveaway programs to those groups and industries in our society which have sought to exploit inflation for their own ends.

There was one issue where my opposition was particularly intense; namely, on a bill which sought to establish an inflation policy study to be conducted by the Congress. This bill was one of the most absurd to come before the House in recent memory. It set up a congressional study group to study inflation with the inflationary price tag of $100,000. Not only did I oppose the cost figure, but the provision which called for the study to be completed in 6 months.

Yet despite my objection, this legislation was passed overwhelmingly.

The President is to be commended for this proposal, but let no one think that to achieve a $300 billion Fed budget by fiscal year 1975 will not take a great deal of sacrifice. We in Congress will be forced to reduce or eliminate certain programs which have always met with our favor in the past. We must look beyond the next fiscal year in our approval of budgets, and look to the future inflationary prospects of both existing and future programs. This goal will take the unified action of not only Federal but State and local governments as well, as the latter's request for aid and spending policies must be tempered to accommodate for the increased fiscal fortitude of the Federal Government.

Yet a good deal of the responsibility for achieving this target of a $300 billion Federal budget rests right here in the Congress. We must not fear to initiate fiscal retraint in our work. For many it might mean reversing long-felt beliefs about Government spending. The course will not be easy, but it will be no harder than the course which many of our citizens, particularly the elderly, must face today trying to keep pace with inflation. I am prepared to work especially hard to achieve the $300 billion budget and hopefully a mandatory balanced budget after that. It is one of the key goals we must achieve if this Nation is to be restored to a semblance of economic stability, and be rid of its single biggest problem—inflation. I hope I will be joined by my colleagues in this effort. After all before we can WIN—Whip Inflation Now—we must SCORE—Senators, Congressmen, Others, Reduce Expenditures.

BUY AMERICAN

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. LANDGREBE. Mr. Speaker, in February 1973, I introduced H.R. 3825, a bill to require that imported meat and meat food products be labeled as "imported." I reintroduced this bill in July 1974, with 35 cosponsors.

I am confident that the American people will overwhelmingly choose to "buy American" if given the choice. Thus the bill will greatly increase the demand for American meat, which in turn will increase the demand for feed grains. This increased demand will guarantee the farmer a fair price and a fair rate of return on his investment.

The impact of this change in labelling policies could be far greater than one might think. In 1973, for example, domestic production of canned hams was 341 million pounds, while imports amounted to 307 million pounds. In other words, imported canned hams amounted to 90 percent of domestic production. Thus, this legislation could have a very significant affect on domestic pork production alone.

And yet this can be accomplished with no direct subsidies and with no increased cost to the consumer. The increased cost to the Department of Agriculture would be minimal.

Mr. Speaker, enactment of this legislation would not only insure fairer treatment of our Nation's farmers, but would go a long way toward restoring the farmer's trust in Government.

Therefore, I call upon Congress and the Committee on Agriculture for prompt consideration of this important legislation.

PAUL G. HOFFMAN

Hon. PETER H. B. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. FRELINGHUYSEN. Mr. Speaker, it was sad news indeed to learn of the death in New York on October 7 of a truly distinguished American, Paul G. Hoffman. He was a man of many interests, and a man who proved his ability in a remarkable number of ways. He had a vitality and enthusiasm which affected everything he did, and everyone he met. He had a capacity to make friends in all walks of life, and a natural eloquence which could make all subjects absorbing. The many friends of Paul Hoffman, both here on Capitol Hill and elsewhere, will miss him greatly.

Mr. Speaker, I include in the RECORD an editorial from the New York Times of October 9 regarding the accomplishments of Mr. Hoffman:

FREE AND UNAFRAID

Paul G. Hoffman was an exuberant exponent of all that is best in the American tradition. A highly successful salesman and corporate executive, he never lost sight of the reality that "free enterprise" was viable only to the extent that it genuinely served the interests of human freedom and social responsibility.

This conception of America's role illumed Mr. Hoffman's monumental achievements as administrator of the Marshall Plan after World War II, the most ambitious program ever undertaken by any victorious nation to rebuild the shattered economies, hopes and spirits of war-devastated countries overseas.

He superintended the spending of $13 billion in European aid, with full knowledge that the greater the success of his efforts, the more effectively the beneficiaries could compete with United States industry in the global struggle for markets. In the process he accomplished more than arms ever could to keep totalitarianism of left or right from triumphing on the ashes left by Hitler and Mussolini.

The same spirit marked his thirteen years as chief of development programs for the United Nations. The frustrations others had felt never tempered either his enthusiasm or his ability to infuse his hard-headed brand of endeavor into even the most stolid or obstructionist of his client states. The $3.4 billion in U.N. aid he distributed served as seed money for vastly greater outlays in upbuilding underdeveloped nations and expanding opportunities for their people.

When the sterile anti-Communist virus of McCarthyism undermined the Bill of Rights in the nineteen-fifties, Mr. Hoffman stood unshaken in constancy to the real underpinnings of the American way. He moved from presidency of the Ford Foundation to chairmanship of its crusading Fund for the Republic. In a 1956 speech to an American Legion post, he summed up the fund's purposes in a sentence that also summed up his life: "We are trying to help keep this Republic free and strong so that it can give a demonstration to all the world of a free and unafraid society at work."

EMMET F. BYRNE

HON. HAROLD R. COLLIER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. COLLIER. Mr. Speaker, I want to pay tribute to the memory of a friend of many years who passed away last month. Emmet F. Byrne was one of the many other newcomers who took the oath on the day that I began my service in this great body.

During his short tenure in the House of Representatives, I came to know Emmet, his late wife Mary, and some of their children very well. They were a warm and closely knit family, and I enjoyed many pleasant hours with them. My sincere sympathy and condolences go to them.

His election to the House of Representatives followed several decades of distinguished service to his community, State and country. His fellow veterans of World War I honored him by electing him commander of his American Legion post. His knowledge of the law and his experience as a practicing attorney were recognized by appointments as assistant corporation counsel for the city of Chicago, assistant State's attorney for Cook County, Ill., and hearing officer for the State of Illinois Commerce Commission.

Although he has broken from the ranks, the record written by Emmet Byrne will live on in the memories of those who were privileged to serve with him. It will be an example and an inspiration to those who choose to follow in his footsteps.

PAUL TAYLOR—THE POWER OF A TENACIOUS MAN

HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. WALDIE. Mr. Speaker, several weeks ago I had the notable honor of including a recent article by Prof. Paul S. Taylor along with my remarks about his remarkable record of service to the Nation and the State of California.

Another article, from the current Nation magazine, concerning Dr. Taylor has come to my attention.

The author, Mary Ellen Leary, has done a wonderful job in portraying the work of this truly unique human being:

PAUL TAYLOR—THE POWER OF A TENACIOUS MAN

(By Mary Ellen Leary)

BERKELEY.—Dr. Paul Schuster Taylor is a phenomenon among academicians. Some think that what makes this University of California economist remarkable is the faith he has sustained in the small family farm in the irrigated West, despite the national decline of home-centered farming and despite the increasingly corporate pattern that converts agriculture into industry.

They are wrong. The size of a landholding is not the essence of the stubborn crusade Dr. Taylor has been carrying forward. True, he has been talking with singular concentration about 160-acre farms in reclamation districts. But what he has really focused upon is integrity in government: obedience to the law by the bureaus that administer the law. For thirty years this modest, gentlemanly scholar has been admonishing the public about a governmental flouting of the law which he considers as serious an abuse as Watergate.

With the U.S. public alerted these days to the consequences of governmental distortion of the law for special, private advantage, Dr. Taylor's alarms over land monopoly are enjoying a more hospitable reception than they used to get. He has been heard and heeded in Congressional circles in past crises. He has been published in academic journals and cited by the U.S. Supreme Court. But there are signs now that many of the politically alert among the general public have caught his concern for the National Reclamation Act, which was meant to prevent, or break up, vast corporate landholdings in areas of the West where government subsidy has made water available. Taylor's effort to keep alive the early American reverence for that finite resource, land, and to fit its use to the scale of man, matches the concern of present-day environmentalists.

It is common these days for professors to be summoned to roles of political influence, where the power is in the leverage available. But it is rare that a habitué of the classroom deflects the course of history by what he says. Dr. Taylor has become a force by the sheer tenacity of his ideas and by the relevance of those ideas to the life of this nation. His influence is most recently attested by three critical lawsuits moving toward district and U.S. appellate court hearings in San Francisco and ultimately, it seems sure, to the U.S. Supreme Court. In addition, a spate of related legislation is proposed in the present Congress to grant special protection to the family farm and to set in motion an agency responsible for coping with "excess" landholdings. But what most profoundly reveals Paul Taylor's influence is the impetus toward new land policies in the United States which the environmental movement is shepherding.

Rarely does a prophet live long enough for his world to come around full circle and present him with a new generation of adherents whose parents had been nonbelievers. Dr. Taylor is in that happy circumstance. He emerged as a labor economist in the late 1920s and early 1930s, a time of deep concern for the rural poor and the immigrant poor. But that spirit was inundated by the postwar urban bustle. Through the long, bleak, uninterested 1940s, 1950s and 1960s, Dr. Taylor pursued a cause which even supportive friends thought was lost. Colleagues grew sensitive about the loneliness of his vigil; it had become absurd, many feared.

Now nearing 80, Paul Taylor thrives as the apostle of a new movement. His phone rings constantly. Strangers knock at his study door to ask for his articles. Colleges and universities ask permission to reprint his early studies. He has become unofficial teacher to a dynamic group of young people knit together through the National Coalition for Land Reform, with headquarters in San Francisco. He is revered by the Sierra Club. He is dispatched to public hearings on behalf of Friends of the Earth, interviewed for television, invited to speak to new, inevitably young audiences. His name is known among Indians, Mexican-Americans, Japanese-Americans and dirt farmers from Maine to Oregon. He is a catalyst for an assortment of determined "poverty" lawyers pursuing justice for the rural underdogs. Only a few weeks ago *University of California Law Review* editors asked him for an article on the Chicano and the 160-acre limitation. "I've recycled myself," he chuckles. "I go out into the streets and talk to anyone who will listen."

He pours out upon this accumulating multitude his conviction that America can, if it will, stop the accretion of political power in the hands of a wealthy few, and that the place to start is in reform of land policy:

"Who owns the land is not something trivial to a nation. It is central to our society, to our economy and to our political power system. Our New England ancestors were committed to a belief that widespread distribution of land ownership was necessary for the kind of society they wanted to create. Concentrated land ownership, the monopoly of land, was the essence of a feudal Europe which they had fled, an undemocratic Europe, a Europe in the control of an elite.

"The prohibition against monopoly of land . . . the insistence that land be cultivated by people who live on it—these two elements are deeply rooted in the American system. This is what this country is all about."

But he will acknowledge that his view is not universally accepted. "Most people don't know anything about land. They will. They'll come to it. They are beginning to wake up to it now." And he says:

"If the facts get out, if people open their minds and understand what is involved, they will see that the benefit of public spending must be spread to the largest number of people possible. Even urban people who don't have much instinct for land can see the justice involved.

"This issue isn't as remote as some think from urban problems. Much of the population pressure and discontent which disturbs our cities has been caused by carrying into modern times the plantation-style farming of the South and the style of farming in the West left over from the immense rancherias of the Mexican era.

"We have fostered an agricultural system which has driven the modest family man off his farm. We pride ourselves on the efficient large-scale agriculture which replaced him. And we reap the social consequences in our cities."

Dr. Taylor's name has become synonymous with the term "160 acres." Around this figure of 160 acres, the quarter section of land which was the family development pattern in frontier and homesteading days, his arguments have rung through successive Congresses since the early 1940s, through corporation board rooms, through top councils of the American labor movement, and through pivotal cases that earlier reached and persuaded the U.S. Supreme Court.

Quite commonly, smiles break out over so quaint a concept; that a land ownership scale suitable to the ox team and hand plow could have pertinence today. Modern agriculture is a complex international marketing enterprise attuned to the computer and to mechanical pickers. In some parts of the West one ownership can stretch from horizon to horizon. Small farms in the United States have dwindled by half in the past thirty years, to a present total under 3 million. Of these, the largest farms—representing about 2 per cent of the owners—dominate a third of the total produce sales.

But Dr. Taylor is not arguing that the small family farm in the irrigated West, 160 acres per owner or, if you join husband's and wife's allotments, 320 acres, is his academic configuration for the wisest system of land distribution. Nor is it his own unique view that families should live on the land they till. What he has been saying for thirty-five years in lectures, legislative testimony, academic journals and private exhortation is that *Congress* holds this view. Congress ordered the 160-acre norm and family residency. Congress laid down these provisions for areas receiving water under the National Reclamation Act, and has repeatedly reaffirmed them. Congress said its huge reclamation expenditures were intended to help the largest number of people on the land, not to bring unearned increment to corporate interests.

The explicit conditions apply to lands enjoying the advantage of water made available by dams, reservoirs, aqueducts, pumping stations and other elements of the immensely costly water projects which have been provided by U.S. tax money. The precise language (Section 5, National Reclamation Act): "No right to the use of water for land in private ownership shall be sold for a tract exceeding one hundred and sixty acres to any one landowner, and no such sale shall be made to any landowner unless he be an actual bona fide resident on such land, or occupant thereof residing in the neighborhood of such land. . . ."

Recognizing that there would be landowners with larger holdings in areas where reclamation water would be channeled, Congress in 1912 provided that such owners might secure water if they formally signed a recordable contract with the government to sell land in "excess" of their 160 acres within ten years. In 1926, it was specified that the sale price must be at pre-project levels and that the transaction must be under the supervision of the Secretary of the Interior.

In more than a dozen instances, from 1906 through the 1960s, sometimes when Republicans were in power and sometimes with Democratic majorities, Congress has engaged in a fierce conflict over attempts to scuttle this policy, and in each instance Congress has concurred with the original terms of this law. In the 1940s, Sen. Sheridan Downey (D., Calif.) battled repeatedly with Secretary of Interior Harold L. Ickes in an effort to curb or abolish the limitation, and at the critical point Sen. Robert M. La Follette, Jr. of Wisconsin came to the rescue. In the 1950s Paul Douglas of Illinois and Wayne Morse of Oregon were defenders against interests seeking to erase acreage limitation. In the 1960s, new champions were on hand to scotch yet another effort, raised by Gov. Ronald Reagan and Sen. George Murphy.

Through those years a band of stalwarts stood guard over the original purpose of the law. They included the National Farmers' Union, the Grange, many church groups and, consistently, vocally, the organized labor movement. It has supported the fight against land monopolists since the 1870s, and the AFL–CIO today is a staunch advocate of the 160-acre limitation law. In each of these epochs, Dr. Taylor, quietly behind the scenes, rallied supporters, found witnesses, alerted the unwary and provided the documentation. He saw to it that the case for acreage limitation and the historic principles behind it were laid before Congress so openly and so explicitly that the legislators could not dodge the choice between corporate interests and the small farmer. Each time, the small farmers won—at least as far as the law reads.

Repeated assaults and the passage of time might be expected to grind this cause into oblivion. Many people today assume that its basic objectives are, as Governor Reagan termed them, "archaic." Opposition to the 160-acre limitation thrives. It was strong enough to persuade President Nixon's National Water Commission last year to term family farming "an agrarian myth" and to propose blue-penciling the whole concept, letting farmers "buy out" for any size acreage. Fresh encounters in Congress over this issue are brewing, but the remarkable fact is that support for the 160-acre limitation and for the principles it represents has been rejuvenated recently and is steadily gaining adherents. In 1968, the National Wildlife Federation wrote Secretary of the Interior Stewart L. Udall, "It is our belief that a groundswell of public opinion is developing for support of strong enforcement of the Reclamation Act."

However, enforcement is the crux. The law has been retained on the books. But what Dr. Taylor insists has occurred, what he has spent his time documenting, is a pattern of evasion by which the purpose of the National Reclamation Act has been thwarted, circumvented or "modified by administrative interpretation," for the benefit of wealthy special interests and to the disadvantage of persons with modest means.

Over the years, owners of large holdings have sought in one way or another to overcome the law's restrictions. In some regions they failed, and the law has been applied. Owners of "excess" land have received water because they signed contracts committing them to sell off acreage beyond their family holdings at the end of ten years. Some of them stalled when the time came or found devices such as trusts or partnerships by which to evade the law. Others have indeed sold, and their surplus land formed new farms. Family farms dot a considerable portion of the federally irrigated West. Ten years ago, a Department of the Interior report claimed that only 3.5 percent of the land within some ninety-five various projects remained in excess ownership, but this claim is subject to interpretation. The department has tolerated many corporate-sized buildings under legal devices which Rep. Jerome R. Waldie (D., Calif.) calls "circumvention" of the law. In 1972 the General Accounting Office undertook a detailed analysis of supposedly compliant areas and reported so many abuses that it advised Congress that the intent of the law had been foiled. It found 14 percent of the property in excess holdings, ranging from 1,744 acres to 40,404 acres. Government subsidy bringing water to the areas examined amounted to about $1.5 billion, the GAO reported.

On lands which enjoy water through systems built in whole or in part by federal reclamation money, there are now under legal challenge in California such holdings as the Tejon Ranch, 54,000 acres; Standard Oil of California, 101,120 acres; Tenneco Corporation, 162,000 acres. In the Imperial

Valley, seventy-five property owners hold 1,000 acres or more each, some of them 5,000 acres; the Irvine Land Co. owns 9,000 acres there.

In the current lawsuits, argument is advanced that California's semi-desert valley regions increased in value by sums ranging from $577 to $750 per acre when water became available. Thus, merely measured by the real estate market, a family farm of 320 acres lifted from its natural aridity to agricultural productivity is blessed with an instant subsidy of at least $184,640. The holder of 1,000 acres is endowed with a subsidy of $500,000 and up. Beyond that, the figures mount astronomically. It was to justify spending public money on projects offering such large direct subsidy to individual property owners (along with advancing the region's economy) that Congress thought it necessary to establish a policy that would spread these benefits to as many individual families as possible, and to require that families in fact live on the land that was to be so generously helped.

But a network of exemptions eroded this principle. Now three lawsuits in California are designed to force the courts into a thorough analysis of two of the most significant "exemptions." They bring to focus many of the contentions Dr. Taylor has raised in a lonely alarm for so many decades.

Two of the pending court actions oppose the intention of Congress to an exemption granted to Imperial Valley landowners by a private interpretation of the law which then lame-duck Secretary of the Interior Ray Lyman Wilbur penned in February 1933, ten days before the Hoover administration expired. The result of Wilbur's interpretation is that in California's opulent, low-lying valley inland from San Diego and adjacent to the Mexican border—one of the most fruitful agricultural areas of the world and flourishing because Boulder Dam regulates the flow of the Colorado River—most of the land is in large holdings and nearly 50 percent of the owners are nonresidents. Secretary Wilbur's letter of exemption has been assumed to be adequate authority for ignoring reclamation law. Now, this exemption is under legal challenge. In 1964 the U.S. Department of Justice finally confronted the situation in the Imperial Valley and held that the "plain intent" of the law was indeed applicable there. A long series of rulings within the Department of the Interior over a thirty-year period had reflected growing dissatisfaction with Wilbur's opinion, and finally Solicitor of the Interior Frank J. Barry came right out and said the law should apply. Justice concurred. Then for three years the government went through vague maneuvers aimed at winning voluntary compliance from Imperial growers; finally it went to court. Four years later, on January 5, 1971, in a distinctly different political climate, U.S. District Court Judge Howard B. Turrentine ruled that the acreage limitation does not apply to Imperial Valley landholdings. As proof of just how changed was the climate, the federal government, which had initiated the suit, did not appeal Judge Turrentine's ruling. Instead, a band of landless residents of the valley intervened and were permitted to appeal.

This same group instituted the second legal action. It includes a number of Mexican-Americans who would like to own their own farms and a spirited physician, Dr. Ben Yellen, an ex-New Yorker, who has been active in support of Chicano interests. This second suit challenges the waiver of residency by landowners in Imperial Valley. On September 27, 1972 in San Diego, U.S. District Court Judge W. D. Murray ruled that Secretary Wilbur's interpretation "is not now and never has been reasonable." Administrative fiat cannot erase a law passed by Congress, Judge Murray said. Failure to enforce this law, he continued, "is destructive of the clear purpose and intent of national reclamation policy." In this case, there was no doubt about an appeal being sought. Imperial growers went hastily to court. These two directly contradictory judicial opinions, which deal with two phrases in the same sentence in the National Reclamation Act, have been linked for purposes of hearing and are calendared for argument soon before the Ninth U.S. Circuit Court of Appeals in San Francisco.

A third lawsuit still at the U.S. District Court level, also in San Francisco, involves acreage irrigated through the California State Water Project. It has not been generally considered a federal undertaking and in fact there is some evidence to suggest that the state program was conceived to avoid the constraints of federal reclamation law. But now a group of small farmers who receive their irrigation water through the federal system in California's Central Valley and are therefore bound by the 160-acre limit have challenged this separate water system which flows along the west side of their valley. They claim that the state plan, lacking acreage restrictions, affords "enormous speculative gain" to the landowners involved and encourages "a frightening concentration of land and of power . . . posing a substantial and unfair competitive threat" to small farmers who are under federal limitation.

But the nub of the legal argument, strongly supported by evidence Dr. Taylor has accumulated, is that joint use by state and federal systems of certain reservoirs, canals and backup reserves of water, as well as joint spending for certain facilities, so commingles the product of the two projects that the twin federal restrictions of residency and acreage should apply in both state and federal areas.

The Sierra Club and a number of other environmental groups have filed supporting amicus curiae briefs. Said the Sierra Club, "Failure to apply the 160-acre limitation . . . has created and will in the future create grossly and artificially inflated demands for irrigation water . . . for the benefit of speculators."

Whether the courts will agree with the litigants who urge that holdings beyond 320 acres for a family, either in the Imperial Valley or in the California State Plan service area are in fact violations of law remains to be seen. It is worth remembering, however, that the U.S. Supreme Court, in June 1958 (*Ivanhoe Irrigation District* v. *McCracken*, 357 U.S., p. 297) held that the reclamation law's limitations created "a reasonable classication," adding that "The project was designed to benefit people, not land." This ruling recognized Professor Taylor's singular efforts to protect the principles of the Reclamation Act, and cited his writings.

Whether the pending litigation will break up large holdings and reverse the trend toward land monopoly lies in the future. But out of some early research by Dr. Taylor, which uncovered proposals made more than sixty years ago that the federal government itself ought to buy up "surplus" land in reclamation districts, there has developed a plan for an agency to enforce the 160-acre limitation, purchase the excess land at pre-water prices and then resell or lease it at current prices, the profit going into a special fund for education and conservation. This could lead to a more aggressive policing of the law than the Department of the Interior has managed to date. A bill proposing such a national land conservation program (H.R. 5236) has been introduced by Rep. Robert Kastenmeier of Wisconsin and endorsed by six California Congressmen. Sens. Birch Bayh Alan Cranston and Philip Hart have proposed parallel legislation. So far, no hearings have been held, but conservation and education groups are building support for this kind of land-use reform.

Sen. James Abourezk of South Dakota who has drafted a "family farm antitrust act" expressed a sense of debt to Dr. Taylor's "admirable" battle. He feels that the growing concern over land use leads inevitably to a revival of support for small farm ownership. Michael McCloskey, executive director of the Sierra Club, also thinks that family farming places less burden on the environment than does quick-profit corporate farming.

Meeting Dr. Taylor, one is beguiled by the gentleness of the man. He has a delicate, whispery way of talking and the courtesy of an earlier day. The years have slowed his gait—he has been professor emeritus since 1962—but his bulky frame still suggests a strong man who belongs out of doors; his fleshy, freckled hands designed better to guide a plow than to leaf patiently through historic documents. Beneath his abundant, unruly and still brown hair, peering from under bushy, russet eyebrows, his eyes sparkle with the interest and responsiveness of a youngster's. Very round, very ruddy cheeks, inherited no doubt from a Swiss grandfather named Schuster, reinforced the impression of boyishness—not mischievous, not puckish, but naive. He seems a kind of innocent, and some Western growers and their stylish corporation lawyers made that assumption before they learned how tough in combat a man can be who is inflexibly in pursuit of the facts.

Paul Taylor has been at the center of successive great social movements for more than half a century. He was one of the first to recognize and document the problems of America's migrant farm labor, particularly that from Mexico. He chronicled the distress among Southern sharecroppers and tenant farmers that followed mechanization of agriculture. Early in the depression, he drew national attention to the potential of self-help cooperatives. He was among the first to propose and bring into being federal labor camps, when no other housing was available for the rural destitute. He saw the tremendous hope for displaced dust bowlers in the great reclamation programs which opened up new farmlands in the West, and he has been the indefatigable champion of the National Reclamation Act: to succor small farmers, not corporate absentee owners. When the Japanese were herded into relocation camps during World War II, Dr. Taylor was one of the first to denounce the program for flouting legal protections and native humanitarianism. When the environmental movement grew past the anti-pollution stage into a positive concern for natural resources, its advance men found Paul Taylor already on the scene.

It is a curious—perhaps a logical—coincidence that Paul Taylor was drawn into the reclamation-law controversy because of his concern for Mexican migrant labor. From the late 1920s he was deeply involved in a detailed study of Mexican immigration into this country. His principal writings have been on this topic. His major work, *Mexican Labor in the U.S., 1928–34,* has been republished lately by the University of California Press.

He came to write about this issue after a youth spent in the Midwest, where he was thoroughly imbued with the prairie farmer's pride in his own labor and his own land. Born in Sioux City, Iowa, of parents who had both graduated from the University of Wisconsin, Paul Taylor attended the same university during that golden era when the "progressive" spirit dominated the campus. There he soaked up an intellectual compassion for the oppressed among workingmen that has been the driving force of his life. When he returned from World War I, with lungs damaged in a gas attack, doctors discouraged his intention to take up graduate studies at Columbia University, suggesting instead the milder climate of Berkeley. He earned his Ph.D. in 1922 at the University of California, and stayed on to teach.

All through his work Professor Taylor had felt the need for photography to put the record of conditions in bolder and more irrefutable terms. He bought himself a second-hand Kodak, and was constantly searching for illustrations by others to illuminate his articles. Thus it chanced, in 1934, that he came upon a particularly eloquent photograph taken during the general labor strike in San Francisco. He went to the telephone to track down the photographer. It was Dorothea Lange, wife of the artist Maynard Dixon. He hired her to work with him on the California Rural Rehabilitation project. She had to be identified as a typist, photographers being too novel for public payrolls. They went first to Nipomo, Calif. Photographs of "Starving Pea Pickers" sent a shock wave across the state when they were published in August 1935, in the *San Francisco News*. Taylor's report—and the Dorothea Lange photographs — caught national attention. They went to Rexford Tugwell, national administrator of the Farm Security Administration, who was in charge of the Roosevelt administration's commitment to do something practical for the destitute in the rural areas. This led Dr. Taylor to take a year's leave from the university to serve as labor adviser to the Resettlement Administration in the Western states. He and Dorothea, having divorced their respective spouses, were married. After returning to the university he worked with the research division of the Social Security Board until 1941.

During Gov. Culbert Olson's Democratic administration in California Dr. Taylor was busy as an adviser to the state Department of Employment, a member of the Governor's Committee on Re-employment in 1939, and from 1940 to 1944 a member of the State Board of Agriculture, a service to send shivers down the backs of present members on the Ronald Reagan board, whose loyalties lie largely with the big growers. In 1943 he became a consulting economist with the Department of the Interior. His work on self-help cooperatives had made him many friends in the Roosevelt administration, one of them being Arthur Goldschmidt, whom Lyndon Johnson later made U.S. Ambassador to UNESCO. Goldschmidt headed the power division in the Department of the Interior in 1943, when that department was sizing up responsibilities it had assumed in building Shasta Dam, one of the earliest massive public-employment projects of the depression. Some twenty-five problem areas had been designated for study and Goldschmidt asked Paul Taylor to represent the department on a number of these "task forces." Problem Area No. 19 concerned acreage limitation. It was Paul Taylor's introduction to the subject.

One day he was casually discussing it with his neighbor and good friend, Walter Packard, with whom he had served on the Farm Security Administration. Packard, one of the key men in Tugwell's Resettlement Administration, an extraordinarily advanced social thinker in agriculture, gave Dr. Taylor strong encouragement over the years. He said on that day: "It's perfectly clear what has to be done about the size of acreage entitled to receive water. Each parcel should be limited to 160 acres."

Musing back upon his own grandfather's homestead plot, Dr. Taylor agreed that that might, indeed, be a good idea. "Good idea! It's the law!" said Packard. "I had never heard of it before," Taylor says today, with an air of astonishment.

There was reason. Growers in the West who had for years pressed the state and then the federal government to build Shasta Dam to bring water to their lands, saw to it that the question of acreage limitation receded as far as possible toward infinity. They hoped to obliterate it from the law. That they didn't, through all the years since, is due almost singly to the perseverance of Dr. Taylor. He likes to note that in those early days when he first became involved in the struggle to retain and enforce the 160-acre limitation, people would ask if he didn't think it was a lost cause.

"I told them then that I didn't know. I still don't. But I'll say this, it is a cause that is getting a lot more attention these days."

NEW FINDINGS IN DRUG ADDICTION

HON. JAMES F. HASTINGS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HASTINGS. Mr. Speaker, on Monday, October 7, the Health Subcommittee of the Interstate and Foreign Commerce Committee held hearings on the current status of drug addiction in the United States.

We heard testimony from the Director of the White House Special Action Office for Drug Abuse Prevention, Dr. Robert L. DuPont, that there are new indications that we have not turned the corner on heroin addiction in this country, particularly in some of the smaller cities.

He noted:

> It is significant that all of the indicators, which had been going steadily down over the last 2–3 years, have turned up or remained flat for the last six months. So we have a genuinely new situation, and a worrisome one. Thus we can no longer talk confidentially of turning the corner on heroin addiction.

Dr. DuPont also testified regarding new findings on the dangers of marihuana use. He cited medical evidence of reduced capacity to fight infection, reductions in production of the male sex hormone, and the effects of what he called "Marihuana intoxication" on driving, reaction time, memory and reasoning.

The testimony of Dr. DuPont should be of interest to every Member of the Congress, and I am submitting for the RECORD his remarks:

STATEMENT OF ROBERT L. DUPONT, M.D.

Mr. Chairman, I am pleased to have this opportunity to present the views of the Special Action Office for Drug Abuse Prevention on the status of addiction in the United States.

In June 1971, when SAODAP was created, there were many estimates of the number of heroin addicts in the United States. The numbers ranged widely, often reflecting the personal biases of their authors. While no truly adequate estimate of the number of heroin addicts is available even today, one of the most responsible estimates is that made annually by Dr. Joseph A. Greenwood for the Drug Enforcement Administration. Using the same techniques these estimates are updated annually. The Greenwood estimates indicate that the active pool of heroin users was 630,000 in 1971 and 610,000 in 1972.

The 1973 estimate fell slightly to 580,000 narcotic users of which about 40 percent, or 250,000, are estimated to be active heroin users. These 250,000 active heroin users are one measure of the unfinished task before us. About 125,000 of the remaining users are receiving help from one of the more than 2,000 drug abuse treatment programs which now exist throughout the Nation. Additionally, about 85,000 users are in jails and prisons. The remainder have been successfully treated, have voluntarily stopped using narcotics or have died.

But drug addiction and drug use is constantly changing, and I would like to discuss with you today some of the changes which we have seen. By January of this year, most of our evidence indicated a downturn in heroin addiction. The supply of heroin had been reduced, both as a result of Turkey's decision in 1972 to ban the cultivation of opium poppy, and as a result of generally more effective law enforcement nationwide. We had evidence from virtually every state of excess treatment capacity. In February of 1974, for example, only 55 percent of all Federally funded community-based treatment slots were filled. Waiting lists had virtually disappeared. Overdose deaths, hepatitis, and property crime rates were down in many parts of the country. The Special Action Office, at this point in time, began to turn more of its attention to "outreach" activities.

Outreach is designed to bring into treatment, persons who have not voluntarily sought it. We have developed two basic approaches, one working through existing treatment facilities, and one working through the criminal justice system.

In 1972, the Special Action Office developed a concept called TASC, Treatment Alternatives to Street Crime. Under the program, which was instituted on an experimental basis in several Federal, state and local court systems, persons who were identified as drug abusers at the time of arrest were referred to treatment under a variety of conditions. At the present time, there are 19 TASC programs in operation.

Recently, we have worked with the Department of Justice to develop more comprehensive pilot programs in six selected Federal court jurisdictions where a high rate of addiction exists among the arrested population. The purpose is to develop a comprehensive system of identification and referral, including the options of pretrial diversion, diversion to treatment as a condition for bail or personal recognizance, treatment within the prison system, and treatment as a condition for probation or parole. If this program can be demonstrated effectively, we would like to see it become a model not only for other Federal courts, but for State and local courts as well.

Other outreach activities developed by our office include a public health model. One way to use this model is for counselors or other trained personnel to interview an addict reporting for treatment to determine the names of his friends who might also be users. Drug abuse treatment workers can then be dispatched to the area to interview these persons and encourage them also to report for treatment. Along this same line, we have funded demonstration programs involving mobile vans which are sent to areas known to have a high rate of addiction; trained workers talk with addicts they meet along the street, and if the person volunteers for treatment he is taken immediately to a program for enrollment.

Another important factor in reducing, or at least limiting, the pool of addicts in this country, has been the effective work undertaken by the Department of Defense and the Veterans Administration. In 1971, when the Special Action Office was created, heroin use was rampant among servicemen in Vietnam. A comprehensive study has since been undertaken of a sample of Army enlisted men who left Vietnam in September 1971. Tests revealed heroin addition rate of 20 percent; 43 percent of this group admitted having used narcotics while in Vietnam. The latest follow-up study, released in May 1974, showed that only 2 percent of all these returness were still using narcotics a year later. The combination of identification, referral to treatment prior to return, and the vitally important factor of change in circumstances and reduced availability upon return to the United States, combined to reduce the number of servicemen-addicts dramatically.

Similar procedures were subsequently applied world wide. Since 1971, urinalysis data has been collected on a regular basis for all the services in all military theatres. The percent of confirmed drug users has always been relatively small—under one percent. Beginning in September 1973 there were indications of an encouraging downturn both in the percent and the numbers identified as drug positive. From September 1973 to June 1974, the figure remained between 0.6 and 0.9 percent, and the number of DOD clients in treatment remained relatively steady at between 20,500 and 21,800. Then, in July of 1974, the Department of Defense suspended all urinalysis. The order went into effect on July 18th, but the data we have indicates that even in that period of less than a full month, the percent of confirmed drug positives rose, for the first time in almost a year, to 1.2 percent, or a 50 percent increase.

At the same time, the number of clients in treatment dropped significantly; and while approximately 2,000 of this drop can be accounted for by a change in reporting procedures, it does not account for the entire drop to 17,087 reported clients in treatment in July. This data is far too scant to draw firm conclusions; one month of data does not establish a trend. But there is some cause for concern that drug use may be on the increase in the military; and an even greater cause for concern that the military at the present time has no way of measuring the extent of drug use among its servicemen.

There is also some cause for concern over scattered data now coming in from civilian sources. In trying to predict national trends, the treatment and law enforcement communities have learned the necessity of working together. Law enforcement follows certain indicators of the extent of supply: numbers of seizures and their location; the price and purity of drugs on the streets of key indicator cities; overdose death rates and drug related crimes, for example. We share in this data collected by the Drug Enforcement Administration. In addition, we watch for and share with them such indicators as change in demand for treatment; length of waiting lists; cases of serum hepatitis or hospital emergency room episodes. We are interested not only in overall shifts in numbers, but in where those shifts occur.

In recent months, we have become aware of a very important phenomenon: an unexpected increase in heroin addiction in some smaller cities like Eugene, Oregon; Des Moines, Iowa; and Jackson Mississippi. This has led us to speculate that drug use radiates out from the major population centers, and can be expected to hit some smaller cities, and eventually perhaps even some rural areas, after a reasonable predictable time lag. To test this hypothesis, teams of investigators were sent out from our office to look at 10 selected smaller cities throughout the country. Evidence of current, or fairly recent epidemics of drug use were substantiated in some of these areas, though the reasons for their occurrence and the direction that they took often varied based on local cultural conditions. This "ripple hypothesis" would seem to be substantiated also by the recent experience of my colleagues in law enforcement, who tell me that a larger proportion of their seizures and arrests are now occurring in the smaller cities.

Another change which we are following very closely has been an increase in demand for treatment in certain geographic regions of the country: particularly the Southwest, the West Coast, and more recently in Illinois and Pennsylvania. The Drug Enforcement Administration has plotted the spread across the country of so-called "Mexican brown" heroin, based on their records of seizures. We could practically do the same thing based on increased demand for treatment. Within the last year, the number of clients in treatment in the state of California has increased from 16,000 to 23,500. At the same time the number of heroin overdose deaths in the city of San Diego has increased from 29 in 1971 to a projected 105 in 1974.

In Texas, where the availability of Mexican heroin has created a large and fairly steady number of heroin users in the border cities, there is evidence of a resurgence of heroin use in the more northern city of Austin, and the state has reported in the last six months 500 untreated persons who have died, been arrested, or developed serum hepatitis.

Similar data has come in from the State of Illinois which law enforcement identifies as a major distribution point for Mexican heroin. The number of clients in treatment has tripled in the last year and a half, and in the first six months of 1974 Cook County (Chicago) reported a 100 percent increase in overdose deaths. Even New York City has reported, within the last few months, a sharp increase in the number of heroin detoxifications being performed in the Tombs and the Brooklyn House of Detention, indicating an increase in the availability of street heroin.

Mr. Chairman, I want to stress that these changes are indicators of what is taking place in *some* parts of the country. We have not found that *all* smaller cities have growing heroin problems and *all* large cities have not had a deterioration in the heroin problem. But it is significant that all of the indicators, which had been going steadily down over the last 2–3 years, have turned up or remained flat for the last six months. So we have a genuinely new situation, and a worrisome one. Thus we can no longer talk confidentially of "turning the corner on heroin addiction." The purpose of our office is to coordinate the overall Federal response to treatment needs, and to make adaptations in that response as they become necessary. This is what we are doing.

We estimate that there are presently 160,000 clients in all treatment programs: Federally, state and locally funded. Of the 75,000 clients in Federally funded programs, about 25,000 are being treated for problems with drugs other than heroin: approximately one third of these (13 percent) are involved primarily with marihuana or hashish: one third (11 percent) with amphetamines and barbiturates; and smaller percentages with such substances as inhalants, hallucinogens and alcohol.

As the demand for treatment has shifted geographically, we have moved promptly to meet that need. Thus, in FY 74 we reprogrammed Federal funds to take away treatment expansion money from States with excess capacity, and to make it available to the States where new needs had been identified. Thus, of 91,000 slots which were Federally funded in FY 74, 13,722 were reprogrammed to meet new demands. Most of the new treatment capacity was created in states like California, Oregon and Pennsylvania, where a clear and continuing demand for treatment exists.

With 55 states and territorial drug abuse prevention agencies presently operational, we are now receiving regular reports of treatment needs for every part of the United States. These needs are constantly undergoing assessment, with both increases and decreases in State needs being taken into account. It is anticipated that, as in FY 74, some FY 75 treatment funds may be reprogrammed at the end of the fiscal year. We are also watching for signs that the increase in demand for treatment may exceed the funds presently budgeted for that purpose. If it becomes apparent that there is a cumulative increase in demand for treatment, in addition to the localized shifts we are presently meeting with existing resources, then we may find it necessary to request additional, supplemental funding.

At the present time, however, we are meeting existing demand with existing resources. Nationally, over 80,000 of the 95,000 federally funded treatment slots are presently filled. We estimate that at the present rate, the remainder—or 14,000 slots—will be filled by January, 1975. The utilization rate of treatment slots has been going up steadily since last spring. In cities which we believe to have the most severe problem, such as Chicago, Phoenix, Los Angeles and Philadelphia, all available treatment slots are already filled.

At the same time that we are adapting our resources to meet changes in demand for treatment, we are also moving ahead with research and development of methods of treatment.

This committee has long had an interest in our research on antagonists and the long acting, methadone-like drug, LAAM. At the present time, there are two major cooperative studies underway to test the safety and efficacy of LAAM in normal male ex-heroin addict volunteers and to create a group of clinicians across the nation expert in the use of LAAM. The Veterans Administration cooperative study has 430 patients who have taken LAAM. This study is nearing completion and the data should be processed within the next few months. The second study is a cooperative study of clinics across the nation and involves approximately 700 patients and should be complete within one year. All indications are the LAAM will be at least as safe and as efficacious as methadone as a replacement therapy for heroin addiction.

Our most promising antagonist, Naltrexone, is in the early Phase II stage of development, that is, short term safety and efficacy studies are currently being done. There are more than 300 patients now receiving Naltrexone across the country. It is being used in approximately 17 clinics and preliminary data would indicate that the drug is as safe as methadone. Later testing of Naltrexone will follow the pattern of LAAM and be a national cooperative undertaking. A study is being piloted in 5 clinics and great care is being taken in consultation with an expert committee of the National Academy of Sciences to develop a standardized reporting system for the full study. The late Phase II study will be a major safety and efficacy evaluation and is scheduled to begin in January 1976. This will involve 10 additional clinics across the nation. Finally, we are experimenting with propoxyhene napsulate, a drug approved for use in humans on a short-term basis as an analgesic. It is felt to be of potential use as an alternative to methadone in the treatment of heroin addiction. It is attractive because of its low abuse potential. We are about to begin three studies to determine the efficacy of propoxyphene napsulate in the treatment of chronic heroin addiction, particularly as a detoxification agent.

Treatment of other forms of drug abuse also merits our continuing attention especially in view of the fact that about 30 percent of Federally funded treatment slots are filled with non-opiate abusers. To help us in developing better techniques for working with these patients, we have established 11 pilot, in-hospital detoxification programs for polydrug abusers. To date, about 800 clients have been treated in these programs, and we have learned not only how to detoxify persons with heavy polydrug habits, but we are developing techniques for providing the essential psychiatric follow up care which they may require.

By our estimates, one American in seven has used marihuana. Clearly not all of them encounter problems with marihuana use. But a surprisingly large number of clients in Federally funded treatment programs—13.5 percent—report a primary problem with marihuana or hashish. Within the last two years, continuing research has turned up evidence of changes in basic cellular mechanisms, and initial research indicates that there may be adverse immunologic and genetic implications for long-term or heavy marihuana use. In addition, marihuana has been found to have adverse effects on reaction time and on mechanical performance, consequences of particular concern in connection with marihuana use and driving.

Numerous clients are also turning up in Federally funded treatment programs with primary or secondary problems with alcohol. We have been working closely with the National Institute on Alcoholism and Alcohol Abuse to develop joint research, and in some instances, joint treatment programs. We know that persons who abuse drugs very often switch from one drug to another, or use drugs in combination depending on availability, cost, or the effect they wish to achieve. We know that alcohol potentiates the effects of barbiturates and some other substances. We therefore believe it is essential that this kind of cooperative effort continue.

Mr. Chairman, I think the most important lesson we have learned in the three years since the Special Action Office was founded is that drug abuse is a constantly changing phenomenon. We have seen trends which began on the East or West Coasts spread to the Midwest. We have seen patterns which began in the big cities spread out to the satellite cities, the suburbs, and finally the rural areas. We have seen drugs which we thought were in disfavor in the "youth culture" enjoy a resurgence based on such changing factors as cost and availability, combined with some unpredictable phenomenon which we can only describe as changing myths or changing folk lore among the groups at risk.

In my opinion, we are still far from winning the "war against drugs." in this contest, we admit that we frequently turn one corner only to be confronted with another. But this is not to say that considerable progress has not been made:

We have provided rapid and large-scale expansion of treatment for drug abusers;

We have moved forward on new frontiers, both for understanding the causes of drug abuse and for finding new ways to treat it;

Perhaps most important of all, we no longer have a Federal policy toward drugs which is based purely on a law enforcement approach.

What is required now in continuing vigilance, by treatment and law enforcement, but also by parents, educators and young people themselves. We must continue our research, and make the results available. We must provide the best information to our young people, and stress not only the temporary dangers of experimentation, but the long term dangers of a lifetime of drug use—including alcohol, nicotine, and mind-altering pills. The important thing is that we now have the Federal capability to monitor shifts in drug use and drug trafficking patterns, and to respond with appropriate measures. We have made great progress, but we still have a long way to go.

MARIN CONSERVATION LEAGUE HONORS CAROLINE LIVERMORE, HELEN VAN PELT, PORTIA FORBES, AND SEPHA EVERS

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. JOHN L. BURTON. Mr. Speaker, 40 years ago, four Marin County civic leaders founded a citizens group to advocate parks, planned growth, and protection of wildlife and shorelines.

On October 12 they will be honored by the Marin Conservation League.

A look around Marin County today with the Golden Gate National Recreation Area, the Point Reyes National Seashore, Angel Island, and the beautiful rolling hills and green valleys will show that their work was successful.

These visionary people who founded the league were Caroline Livermore, Helen Van Pelt, Portia Forbes, and Sepha Evers. It is for this reason that they are being recognized for their contributions not only to their native county but to all of California and the Nation, since the lands they helped save are now being enjoyed by people from all over the country.

EMPTY BOX

HON. JOEL T. BROYHILL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BROYHILL of Virginia. Mr. Speaker, under leave to extend my remarks, and at the request of Mr. George E. Stringfellow of Arlington, Va., I offer the following timely editorial entitled "Empty Box", from Barron's weekly magazine, for insertion into the Record:

Empty Box—It's One of Which Pandora Might Be Proud

(By Robert M. Bleiberg)

Cold war between oil consumers and producers, which for months had been simmering, so to speak, on the back burner, last week threatened to get hotter. Using language customarily reserved for the stiffest of diplomatic notes, if not outright ultimatum, President Ford on Monday told the ninth World Energy Conference in Detroit: "Exorbitant prices can only distort the world economy, run the risk of a worldwide depression and threaten the breakdown of world order and safety." At the United Nations in New York, Secretary of State Kissinger grimly echoed the sentiments of his Commander-in-Chief: "The world cannot sustain the present level of (oil) prices, much less continuing increases. . . . The complex fragile structure of global economic cooperation required to sustain national economic growth stands in danger of being shattered."

Targets of the attack swiftly returned the fire. In a full-page ad in leading newspapers, Carlos Andres Perez, President of the Republic of Venezuela, accused the developed countries of "economic totalitarianism." "Establishment of the Organization of Petroleum Countries (OPEC)," he charged, "was a direct consequence of the developed countries' use of a policy of outrageously low prices for our raw materials as a weapon of economic aggression." The Shah of Iran was equally forceful. "No one can dictate to us," he told Australian newsmen. "No one can wave a finger at us because we will wave a finger back."

Coming on the eve of the first anniversary of the Yom Kippur War, the slanging match raised hackles up and down Wall Street, all-too-painfully mindful of the financial damage done by last winter's embargo on Mideast oil. Hence despite the dramatic decline in short-term interest rates, as well as the long-awaited cut in the prime, the rally in stock prices melted under the heated exchange. Outside the financial district, however, the news caused scarcely a ripple; gold bullion, historical barometer of crisis, sagged a bit, and there was no reveille in Washington. In a midweek dope story from the nation's capital, headlined "Hands Tied. What can the U.S. Do About High Oil Prices? Actually, Very Little," The Wall Street Journal carefully analyzed the possibilities open to this country's policy-makers. On close scrutiny, according to the Journal, the various options—a ban on shipments of food and arms to oil producers, price ceilings on imports, seizure of OPEC assets, landing the Marines—struck the powers-that-be as futile, if not counter-productive (the Secretary of Defense pointedly disavowed any resort to force). "Our policy," said one U.S. official, "is an empty box."

Empty or not, it's one of which Pandora might be proud. By beating a hasty retreat at the first sign of wholly predictable opposition—by Thursday the State Department was all but apologizing to the Shah of Iran—this country has lost credibility and further weakened its none-too-robust position abroad. Mao once called the U.S. a paper tiger; lately, it's been acting more like a de-clawed pussycat. Meanwhile, on the home front—where Project Independence, or a reasonable facsimile thereof, offers perhaps the best hope of someday smashing the OPEC cartel—politics as usual prevails.

On this score, consider what's happening in the realm of natural gas, largest single source of the nation's energy. Though the fuel which burns with a gem-like flame currently commands well over a dollar per thousand cubic feet (mcf) in the free market intrastate, the Federal Power Commission, doubtless with a wary eye on a consumerist Congress, persists in imposing price ceilings only fractionally as high. In consequence—as a scholarly new study by the American Enterprise Institute for Public Policy Research demonstrates beyond cavil—shortages over the years have worsened, while pipeline cutbacks, with their attendant threat to industrial production and home heating alike, proliferate. In turn, the lawmakers, far from pressing for the deregulation of natural gas (which, in one form or another, four out of five FPC Commissioners have come to endorse), have turned their energies to harassing the agency on ill-timed, flimsy charges of negligence and alleged conflict of interest. Nero fiddled while Rome burned, but Nero didn't have to run for reelection.

And on the sorry record to date, the voters would be justified in cleaning House and Senate alike. Scarcity of natural gas began to surface as long as a half-decade ago ("Natural Gas Fiasco," Barron's, October 13, 1969), and nearly a year has gone by since the Arab sheikhdoms turned a shortage of hydrocarbons into a major crisis. During this time the Federal Power Commission, acting within the strict limitations imposed by Congress, has taken a number of steps to encourage production, notably allowing pipelines to make emergency purchases of fuel on a short-term basis at higher-than-area rates, and raising ceilings to the current 43 cents per mcf on so-called new gas (that produced from wells which began operating after January 1, 1973), with price escalation of one cent per year.

For its pains the agency has fallen afoul of the General Accounting Office, which a fortnight ago issued a report challenging the propriety of some of its moves. It also has evoked the wrath of the short-sighted politicians in whom both legislative chambers abound, notably Reps. John E. Moss (D., Calif.) and Harley Staggers (D., W. Va.) and Senator Adlai Stevenson Jr. (D., Ill.); in total disregard of the nation's increasingly pressing needs, these gentlemen have gone riding off in hot pursuit of FPC officials who may or may not have been involved in such conflicts of interest as ownership by a spouse of 150 shares of Kennecott Copper, a subsidiary of which, Peabody Coal, happens to hold an FPC certificate of convenience and necessity.

By their perennial folly, we submit the lawmakers have been guilty of worse. Their failure to lift the burden of controls from natural gas producers—as a study issued last month by the American Enterprise Institute painfully documents—is largely to blame for the shortage of oil and gas, and, by extension, for U.S. haplessness in the face of OPEC rapacity. Among its findings: "Area rate regulation drastically reduced incentives for producers to search for new reserves. In 1969, for instance, exploratory footage was less than half what it would have been if producers had been motivated by market-determined prices. Regulation also resulted in tremendous diversions of gas from the regulated interstate to the unregulated intrastate market. In 1966, 75.4% of new gas was committed to the interstate market. By 1970, when regulation had taken effect, only 0.3% of "new" gas to 43 cents per mcf natural gas pipelines. Because of a gas shortage caused by price controls, the U.S. will have to turn to far more costly alternative fuels such as LNG (liquified natural gas) from Algeria or synthetic gas from coal. The additional cost per year of importing LNG to make up for the domestic shortage created by regulation would average at least $657 million each year over the seven years from 1974 to 1980."

Scholarly projections aside, what's going on in the real world fairly screams the need for decontrol. Price-wise, the FPC, as noted, has boldly pushed the ceiling on "new" gas to .43 cents per mcf ("old" still fetches 50% less). Yet that's far below the going rate, whether foreign or domestic. On the first count, natural gas sold in the free market for intrastate use has soared to more than triple the FPC lid—in late July, Consolidated Oil & Gas Inc. signed a 20-year contract with Delhi Pipeline, calling for an initial price of $1.50 per mcf. Last week, as the Congressmen were harrying the agency for allowing pipelines to pay over ceiling, Canada abruptly raised the price of gas for export to $1.00 per mcf, a 67% increase, while El Paso Co., which wants to bring gas from Alaska's North Slope to the continental U.S., unveiled a massive plan calling for transportation costs alone of $1.15 per mcf. By seeking to save consumers money at the expense of producers, our solons have succeeded in robbing both Peter and Paul.

Not to mention paving the way for widespread and potentially disruptive, shortages. Despite the FPC's best efforts—without the "emergency" program, things would be desperate—the quantity of gas committed to interstate pipelines continues to plunge (by 65%, according to the agency, in the first quarter of 1974). Hence curtailments of service are soaring, from 1.2 trillion cubic feet in the twelve months ended March 31, 1974, to an estimated 1.8 trillion, nearly 10% of total requirements, this winter. Several pipelines, including Arkansas-Louisiana Gas, Trunkline Gas and United Gas, expect cutbacks of one-third or more, while two others—Columbia Gas and Equitable Gas—have announced plans to retrench by 25%-35% long before the snow flies. Thanks largely to Congress, it looks like a long, cold winter.

"PAPPA JOHN" COLEMAN OF WYLAM

HON. WALTER FLOWERS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. FLOWERS. Mr. Speaker, man has no more precious asset than his own time, and when a man gives of himself in this way, unselfishly and without hesitation, it is deserving of the highest recognition. That is what will happen on the evening of October 22 in the Wylam Methodist Church near Birmingham when untold numbers of his fellow citizens will gather in body or in spirit to pay tribute to Mr. John Coleman.

"Pappa John", as he is affectionately known, began serving his fellow man at least as early as 1918, when he founded Boy Scout Troop 26 in Wylam—it is now one of the oldest scout troops in the nation. Down through the years he has spent himself largely in working with and helping to raise hundreds of boys of the area—teaching and influencing them through scouting programs and other ways to become loyal, patriotic and productive citizens of our great country.

Mr. Speaker, every community needs a John Coleman—or men and women like him—to help lead and direct young people. And I look forward to being at the Wylam Methodist Church on October 22d to join with "Pappa John's" boys and other friends to honor him for his lifetime of services to his fellow man.

FISCAL YEAR 1975 SUPPLEMENTAL FALLS SHORT OF NATIONAL EDUCATION NEEDS

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. FORD. Mr. Speaker, last week we passed a bill H.R. 16900, entitled "the Supplemental Appropriations Act of 1975." Included in H.R. 16900 was primary funding for many of the major Federal elementary and secondary education programs, the heart of the Federal commitment to education. In it are the dollar promises we are making to our schools. Somewhat in contrast to the authorizing legislation we have struggled with this year, this is "the real thing."

With respect to education, I supported the committee bill as it was improved by the bare-bones Roybal-Veysey amendment which adds less than $200 million for four of the important education programs. But in stating my support, I also expressed my disappointment in the amounts proposed by the Appropriations Committee bill and by the very lean offering in the Roybal-Veysey amendment. Even after adopting the needed additions, I do not believe we have a bill which we can proudly tell our school people is an adequate response to the critical needs of local education. But the Roybal-Veysey amendment is a positive step in the right direction and it was the absolute minimum we could do to make H.R. 16900 more acceptable, and more in-tune with our national priorities.

For 6 years we in the Congress have struggled with the executive branch over funding for education. Each year we are told that spending for education and for other human needs is inflationary. Seldom do we see clear evidence from the administration that they believe education is a vital and deserving concern for the Federal Government. Our new President, has taken the first step toward repairing this situation and restoring some administration support for the Nation's commitment to education. When he signed the Education Amendments of 1974, he said:

> This bill symbolizes one of my greatest hopes for the future—the hope that a new spirit of cooperation and compromise will prevail between the legislative and executive branches.

However, he did repeat the one old tune which every year the opponents of education funding play for us when they try to beat down school funding here on the floor. He said:

> Closely related to this issue is my concern about substantially increased Federal funding for education, especially at a time when excessive Federal spending is already fanning the flames of inflation. I hope the Congress will exercise restraint in appropriating funds under the authorizing legislation included in H.R. 69 (Public Law 93–360) and will carefully avoid increasing the budget.

Again today, inflation is being waved in our faces as the red light to adequate education funding in HR 16900 which is now before the Senate.

Many of us are getting pretty tired of the "fanning the flames of inflation" routine. The cost of living has zoomed since the Nixon Administration took over in 1968. We did not cause it here on the House floor by passing education appropriations. The cause of that inflation is Nixonomics. In contrast to those who say spending for educations fuels inflation, the report of the Senate Select Committee on Equal Educational Opportunity shows quite the opposite, that spending for education contributes to the economic well-being of the country. Just last month, HEW's mini-summit on inflation concluded that education is not inflationary. The consensus of the educators attending was that education is the victim, not the contributor to inflation. They concurred that education funding should be increased, not slashed.

Mr. Speaker, the fundamental issue before us is to provide enough money to our local communities, to the school leaders and to the teachers so they can make possible quality education for all our children. The issue is not how much will inflation be cut by sharply reduced education funding. There have been cuts and impoundments in education in the past and it has not made a nickel's bit of difference to the inflation cycle.

Inflation is just one more convenient but irrelevant red herring which the opponents of impact aid, the opponents of library and audio-visual programs, the opponents of title I, and the opponents of more help for the handicapped draw across our path. We are not fooled one bit. Yet, when I look at the committee bill as reported, I can see clearly by all the line item cuts that some of my colleagues have been dazzled by the inflation rhetoric.

There is another side of the inflation coin and it is the side which says education is suffering and needs our full support. School people tell me that the cost of operating schools is expected to be at least 8 to 10 per cent over last year's costs. Some individual costs are up 30 to

50 per cent over the last school year. We all know how little a 1974 dollar will buy. Inflation is eating away at our school budgets. One study shows that from 1969 to 1974:

> There has been a serious erosion of goods and services available through Federal funding for elementary and secondary education programs.

Despite the increases by this Congress, inflation is corroding our school programs. Spending is not keeping pace with rising costs.

So on the one hand, we are saying that we recognize these new and broader needs; we recognize the need to replenish and upgrade our existing programs. But, by underfunding education, we are saying, we only care so much.

There is another reason why I make my plea today for adequate funding for education. The education picture has changed. Enrollments are steadily dropping, especially on our elementary and secondary schools. USOE says that in 1975, K–12 enrollment will be 49.2 million, down from 49.7 in 1974 and 51.3 in 1970. In 1980, elementary and secondary enrollment is expected to be 45.7 million. We have an abundance of teachers which means that those we hire are the best.

Additionally, when teachers have fewer students and more time to teach, they are better teachers. Instruction is increasingly becoming more innovative, more individualized, more tuned to the individual needs of every student. Now, with the slowdown in enrollment and the excess of teachers, we have an excellent opportunity to provide better education. Teachers are by their nature imaginative and energetic. They have many inner resources. But they cannot "fight it alone." They must have the help that only the Federal Government can provide. They must have the funds to back up their ideas.

I particularly want to address several programs that I believe to be important to our teachers.

ESEA TITLE I

This program, which provides funds to schools for programs for educationally and economically deprived children, reached 6 million children in 13,900 of our roughly 16,000 school districts last year. Under the new formula, some experts say we will only reach 70 percent of the eligible schoolchildren. Thus, without inflation, an appropriation of $1.9 billion would probably not meet our needs.

ESEA II AND NDEA III

Instructional materials and equipment are the backbones of instruction. These two programs provide basic tools for learning in classrooms, libraries, media centers, guidance centers, and learning resource centers. A recent U.S. Office of Education study concluded:

> The need for larger quantities of equipment and materials in schools appears to be almost universal.

The American Library Association reports that in 14 States, including some of the largest and most populous, more than half the elementary schools still lack libraries. And the National Audio-Visual Association reports that the cost of raw materials for A–V products and the cost of paper for printed products has climbed steeply this year for many reasons including the soaring rise in the cost of oil, petrochemicals, plastics, and transportation.

A recent survey of all States, conducted by the North Carolina Department of Public Instruction, reveals that local schools need $125 million for NDEA III and $160 million for ESEA II in fiscal year 1975. Contrast these real needs with the sums in H.R. 16900:

[In millions]

	Fiscal year 1974, actual	Fiscal year 1975			
		Budget	H.R. 16900	Needed	Roybal-veysey
ESEA II	90.2	90.2	90.2	160.1	+5
NDEA III	28.5	28.5	15.0	125.6	+0

It is easy to see that H.R. 16900 takes us no closer to the needs of our local schools, and the Roybal-Veysey amendment makes only a very slight improvement in the right direction.

In Michigan during fiscal year 1974, our schools received a total of $1,260,000 for NDEA III. However, the State received requests from local school districts throughout the State of $5,511,784 for NDEA III funding. In response to this clear need in my State, H.R. 16900 would provide Michigan with only $663,340—enough to supply only 12 percent of the amount applied for. H.R. 16900 is saying "no" to the 88 percent which will have to be turned down.

BILINGUAL AND HANDICAPPED

In recent years the courts have told us that we must provide full educational opportunities to all students, including bilingual and handicapped children. I would hope that we could act out of principle, not be pushed into it by a court order. Finally, in 1974, we must show with our dollars that we will not neglect our handicapped and bilingual students. No longer must we let these students drop out of school because school is not for them. No longer must we put them in classes totally unsuited for their needs. No longer can we leave them out of the education picture. The cost of educating our bilingual and handicapped students could well run into the billions. But good education programs for these, "the forgotten," is probably even a better investment than other education expenditures. Given the chance, the students can become self-sufficient, productive members of society. Giving our schools the money they need is not only a humanitarian act but an economic one.

ADULT EDUCATION

Studies presented to Congress show that 57 million adults over age 16 have not completed high school and are not enrolled in school. We must give them an opportunity, and again it is cost-effective.

The gains they make in educational achievement, earning power and tax revenue return to the Federal Government are compelling arguments for providing sufficient funds for this program.

IMPACT AID

The administration has proposed that $340.3 million be appropriated for this program. Despite frequent criticism of the program's failings, I believe it essential and sound and I have said so repeatedly. It affects more than 4,000 school districts. The Federal Government owns more than one-third of the land area of the United States and over 50 percent in five States. If we cut impact aid, we are asking localities to bear the burden their Government has imposed on them. We are giving local governments the go-ahead to raise local property taxes. This I cannot buy.

ESEA III

This program has been a shining example of what the Federal Government can do. It has stimulated school systems to establish and conduct innovative instructional programs. It has helped create career guidance and counseling programs. It has encouraged teachers and administrators to develop novel and model ways of finding solutions to our educational problems. Many say it is a model of Federal, State, and local cooperation for the improvement of school curricula. We cannot afford to curtail or call to a halt these advances. Administration recommends we continue at last year's levels. The committee has cut the program by $21 million. Such a cut is in direct contradiction to the goals of Federal support for innovation.

FEW MORE DOLLARS FOR OUR CHILDREN

Mr. Speaker, for 6 years, we have seen education shunted about in the Federal bureaucracy. For 6 years, we have seen education given the back seat. For 6 years, we have seen Federal dollars for education withheld, impounded and rejected. For 6 years, we have seen our schoolchildren suffering. I submit that this year we must make a new start. We must say to our schools that we care. And I submit that, in a bill in which we are giving thousands of our hard-earned tax dollars to an unindicted co-conspirator who abused democracy more than any President known in American history, we can spare a few more dollars for our children.

PRODUCTION AND PRODUCERS ARE THE ANSWER TO INFLATION-RIDDEN COUNTRY

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ALEXANDER. Mr. Speaker, in the last few weeks, I have talked myself blue in the face in an effort to counteract the powerful interest groups who oppose the expansion of rice production in this country. These people do not seem to be concerned with feeding a hungry world or a hungry America.

At this point, I would like to share with my colleagues a letter from one of my constituents which perhaps states the point better than I ever can:

CLARENDON, ARK.

DEAR CONGRESSMAN ALEXANDER: In response to a news article (Arkansas Democrat, Sat. 10-5-74) "Major Cut In Rice Acreage Possible" reporting you as the main sponsor of an Administration-backed bill to end the present system of allotments and marketing quotas. Also it reported the measure is stalled in the House Rules Committee because powerful interests oppose the legislation. I say down with the powerful interest groups. What this inflation ridden country and the world in general needs is production and producers. Whether we like it or not we have moved into a new era of time where controls on production are detrimental to all but the so called powerful interests and should be removed. We are in a brand new ball game, and the old rules will have to go if we are to survive this inflation and its related problems.

Yours truly,

GLENN HODGE.

BEING HANDICAPPED BUT LEADING A NORMAL LIFE

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HARRINGTON. Mr. Speaker, I recently received a letter from Alex Malvers, a constituent of mine who, although handicapped, has managed to live a close to normal life.

Mr. Malvers' suggestions for others who are handicapped are insightful and demonstrate that a positive mental state can overcome a physical disability. I hope that his remarks will encourage other handicapped Americans to pursue active and rewarding lives.

The text of Mr. Malvers' letter follows:

TEXT OF LETTER FROM ALEX MALVERS

This is a summary of a report I have written on Employment of the Handicapped. I, myself, am Handicapped. I don't want anything to stop me from leading a normal life. And every Handicapped person should feel the same way. The foundation of a normal life is having a job, and being independent. I have seen Handicapped People that don't work. They, usually, end up in nursing homes. Some of them went in when they were teenagers. These people don't have very much. It is very depressing to see them. If these people had jobs, they could, at least, live more normal lives. There are many Handicapped People who have lived, and are living normal lives. A good example of that is one of our greatest presidents, FDR, of course, who had Polio, but he didn't let that stop him.

I CAN'T DO MUCH

You might be saying "I can't do much." Well neither can I. But that doesn't stop me. Don't think of what you can't do. Think of what you can do, and go on from there. For example if your speech is good you could do telephone soliciting. I know of a Handicapped man who runs his own soliciting business. If you can type you can do clerical work, or address envelopes. You can even try writing.

If you can do something you should do it, even if you don't like it, because I think a normal life is worth it. Don't you?

WHERE TO FIND WORK

When you're looking for work contact the Governor's Council of Employment of the Handicapped. Every State has one. They'll put you in contact with other agencies that help the Handicapped find jobs. Now if these agencies can't help you don't give up. Magazines, such as Opportunity, and Popular Mechanics, are good because they have many ads for jobs, and businesses. However, before you get involved with any ads, make sure they are on the level.

TRANSPORTATION

If you get a job outside your home, and need transportation, take a cab. Make an agreement with one company that they will provide you with transportation to, and from work. Ask them to keep a record of what you have paid them. So at the end of the year they can give you a receipt, and you can deduct that amount from your income tax.

CHRISTOPHER COLUMBUS, THE "ADMIRAL OF THE OCEAN SEA"

HON. JOHN J. ROONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ROONEY of New York. Mr. Speaker, Americans all across this great land of ours and in her many farflung outposts will spend this Monday, October 14, observing Columbus Day as a national holiday. Outside of the normal pride that such a day engenders, to some of us it means a great deal more. I am proud to say that many of us here in this body struggled for many long years to secure enactment of the legislation to give fitting honor to that intrepid navigator who first set foot on our shores. The nationwide observance of Columbus Day is truly a fitting reward for our long and arduous efforts. The recognition of this day as a national holiday also is of particular importance to the many fine Italo-American organizations who have long sought such recognition for their intrepid kinsman, Christopher Columbus.

The exploits of this fearless Italian sailor are near legend among our countrymen. Every red-blooded American glories in the courage of the dauntless navigator who commanded the three tiny ships on their voyage in 1492 across an unknown, uncharted and mysterious sea. It would be well for every American to remind himself of the characteristics of the man who braved the awesome unknown reaches of the sea by sailing "on and on." The courage and determination of Columbus should inspire all of us. His leadership and his belief in his God and himself are truly worthy of our emulation.

In his several voyages Columbus did not find what he went looking for. He did not find India nor gold nor any of the precious gems he had sought. Rather he discovered a new world and in the process provided Spain with land claims valued at much more than gold or silver. He also proved that, beyond any doubt, navigating over great distances could be done safely and accurately.

The splendid human traits of Columbus; courage, faith, and determination, had a positive influence on the navigators and settlers who fostered exploration and colonies after him. His rugged determination and dauntless valor were passed on to the settlers who pioneered the establishment of our unique civilization.

These traits were to be ingrained in wave after wave of immigration that our country was to know. Generations of Italians and Spaniards, Poles, Irish and Germans have taken as their own these stately and noble qualities.

Mr. Speaker, while the pride I feel in Columbus Day being a national holiday is great, the one group of Americans who take the greatest joy and pleasure in observing it are the Americans of Italian birth and extraction in this country and the many fine organizations which represent them so well. These organizations conduct many inspiring programs throughout America in paying honor to Columbus and all that he represents. I am most thankful that because of my large Italo-American constituency in Brooklyn I can count so many of these leaders as my personal friends over these many years. And so I use the occasion of this Columbus Day to offer my personal best wishes and my congratulations to all of the members of the Italo-American community both in my congressional district and across the country.

HAPPY BIRTHDAY REPUBLIC OF CHINA

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HUBER. Mr. Speaker, it is a pleasure to join so many of my colleagues on both sides of the aisle in offering my congratulations and those of my constituents in Michigan's 18th Congressional District to the Republic of China on the occasion of its 63d birthday.

The Free Republic of China is becoming one of the standout democracies not only in Asia but in the whole world. A country no larger than Massachusetts and Connecticut combined, the 16 million population of Taiwan is one of the best educated in the East. Unemployment is low; the standard of living is high by Asian standards and rapidly improving. In addition, Free China is sharing its prosperity and progress with the emerging nations by giving them technical and other assistance.

In a September 27th article in the Christian Science Monitor, journalist Peggy Prinz noted:

> American firms foresee growing commerce with China. But at the same time they realize Peking could sever its foreign mercantile ties at any moment. So, they are not about to sacrifice what has been a long-standing, lucrative trade with Taiwan, which last year totaled nearly $3 billion, compared with only $754 million in commerce with the People's Republic. Most American companies reflect a corresponding "tilt" toward Taiwan.

In the Republic of China we see a 20th century example of the blessings of a democracy where free enterprise and the determination to improve the lot of its citizens and the cause of world peace has created a stable, free nation who the United States is glad to call its friend and ally.

FAMINE PREVENTION ACT

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. FINDLEY. Mr. Speaker, every citizen has a vital stake in meeting world food supply needs.

Our Judeo-Christian heritage demands that we help feed the hungry and share generously when famine strikes. In a broader sense, the values of our civilization—even individual liberty itself—can be lost if famine sweeps the world and leads to civil disorder and perhaps war.

Food supplies are today more limited than at any time in several years. This is reflected in prices at the supermarkets. The outlook is that supplies will remain tight for another year or more.

But the hungry of the world must not be allowed to starve. I firmly believe that a positive sound program of famine relief and famine prevention can and should be instituted.

I am, today, introducing a bill which would make a start toward this goal. It would change Public Law 480, the Food for Peace program, so that donations of grain for famine relief up to $300 million a year can occur regardless of whether the grain is in surplus.

Under the present law, the Secretary of Agriculture technically cannot authorize donations for famine relief unless he finds that the commodities are in surplus. The present low level of stocks makes these conditions important for the first time.

Changing the law to set a level of donations regardless of the surplus situation will establish a dependable famine-relief grain reserve. With this change, no one can properly charge that U.S. charitable instincts are only surplus-deep.

Concerning famine prevention, I propose that we adopt a long-term program that our own experience has proven to be sound. Let us invest in the education of farmers in the developing countries.

There is no doubt in my mind—nor do I think there can be doubt in anyone's mind—that one of the greatest social investments the U.S. Government has made in almost 200 years of history was the creation of our land-grant colleges. In 1862, President Abraham Lincoln signed the Morrill Act creating agricultural colleges for working men and women—people's colleges.

The Hatch Act of 1887 provided a practical research effort which continues to transform our agriculture with new crops, superior livestock, and whole new systems of technology.

In 1914, under the Smith-Lever Act we established the extension services, a partnership between Federal, State, and county governments and the land-grant university. This wholly unique American invention—this third dimension of the land-grant colleges—has provided practical education and demonstration to the farmer, the homemaker, and through 4-H to the youth of the Nation.

A hundred years ago, an American farmer produced food and fiber to feed, clothe, and shelter himself and five others—typically his own immediate family. Today, as a result of the agricultural progress fostered by our national land-grant colleges, only 5 percent of the labor force farms the land, and produces more than enough for all of us.

The social and economic effects of this tremendous advance are almost beyond comprehension. It has been estimated, for instance, that the economic yield on the investment—Federal, State, and local moneys—in the development of hybrid corn alone amounts to 700 percent per year. And can you imagine this country achieving all the great social, scientific, and economic advancements—of which we are so proud—if nine-tenths of our people were still tied to the soil eking out a bare physical existence?

The record of this achievement has been recognized the world over. In fact, one of the most sought-after exports of this country is the land-grant college concept of agricultural instruction, research, and extension.

To their great credit these colleges have worked for more than two decades to fill the need for agricultural progress in underdeveloped countries around the globe. Progress has been made. But most of this assistance has been sporadic, uncertain, and meager.

Now, in the face of worldwide food shortages, we must make a major long-term commitment to developing countries of our agricultural science and education. It is time to add the fourth dimension to our land-grant colleges. The United States should commit this resource to help solve the fundamental human needs of food, shelter, and clothing. We cannot do less than make these resources available to peoples all over the world to make it possible for them to help themselves, rather than to sink further into conditions of basic human desperation.

Therefore, in addition to direct food aid, my bill provides for Federal funds to encourage and assist our great land-grant colleges to share with governments all over the world the knowledge and experience which has made America the best fed, clothed and sheltered nation in the world.

Such an action, by this Nation, to provide education in the arts and sciences of agriculture is more meaningful than all the tons of grain that we shall ship. And I believe that our action will be welcomed by nations everywhere.

No action that I can think of will produce greater goodwill for our country than the enactment of this bill. No action that I can think of will do more to produce the solid economic and social conditions that must prevail to secure worldwide peace. And no action I can think of will do more to meet the basic humanitarian needs of all people, in all countries.

Under my bill, the Secretary of Agriculture is authorized to contract with the land-grant colleges and universities for their long-term continuing assistance in one of the underdeveloped countries. For example, a typical contract might provide the College of Agriculture of the University of Illinois with 10 years in which to help a country establish, organize, and staff a land-grant-type agricultural education institution—with classroom, extension, and research services.

Instead of creating dependency and despondency as often occurs when handouts get to be a habit, this program will build self-sufficiency and self-respect. In the longterm, it will help developing countries become good customers for American products of all kinds.

Properly handled, and coordinated with programs of family planning, "land-grant" education can prevent famine world wide, and, I believe, accomplish this goal within our lifetime.

In facing up to the great challenge of world food supply, I believe we must concentrate on helping our less-fortunate neighbors build their own successful system of food production. That is the purpose of the Famine Prevention Act of 1974.

Text of bill follows:

H.R. 17265

A bill to improve world food production

SECTION 1. This Act may be cited as the Famine Prevention Act of 1974.

SECTION 2. Section 201 of the Agricultural Trade Development and Assistance Act (7 U.S.C. 1721) is amended by adding the following sentence at the end thereof:

"In order to guarantee that agricultural commodities may be made available for humanitarian purposes as determined in accordance with the last clause of section 401, the Commodity Credit Corporation is authorized to acquire for such purposes agricultural commodities having a total cost of not to exceed $300,000,000 in any calendar year."

SECTION 3. Section 401 of the Agricultural Trade Development and Assistance Act (7 U.S.C. 1731) is amended by striking the period at the end of the last sentence thereof and inserting in lieu thereof a comma and the following: "unless the Secretary of Agriculture determines that some part of the exportable supply thereof should be used to carry out humanitarian purposes of Title II of this Act."

SECTION 4. There is hereby established an Office of International Agricultural Science and Education within the Department of Agriculture, the Director of which shall be responsible for the Department's programs to assist developing countries to improve their agricultural production, marketing and education.

SEC. 5. In order to establish eligibility for commodities under Title II of the Agricultural Trade and Development Assistance Act of 1954, a developing country shall enter into an agreement with the Secretary of Agriculture to accelerate and improve educational and scientific development services in all aspects of agriculture. To assist in the fulfillment of that objective, the Secretary of Agriculture is hereby authorized to enter into long-term continuing agreements with the land-grant colleges and universities and such other institutions as he may choose for the provision in the developing country of one or more of the following services:

(a) assistance in the development of agricultural educational capability, including the establishment of colleges of agriculture, and providing direct participation in establishing extension services for the dissemination of practical education in agriculture to those engaged in food production;

(b) exchanging students, scientists and educators for the purpose of improving scientific and educational capability for agriculture; and

(c) conducting research in the U.S. or abroad of direct relevance to the solution of the problems of agricultural development.

SEC. 6. There are hereby authorized such sums as may be required for the purpose of carrying out sections 4 and 5 of this Act.

HOUSE COMMITTEE REFORM MEASURE INCLUDES PROVISION FOR INFLATION IMPACT STATEMENT

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. McCLORY. Mr. Speaker, I take this moment to stand and congratulate the many Members of Congress who, along with myself, supported the inflation impact statement amendment to House Resolution 988—the committee reform resolution. Only 2 hours before the Congress adopted this amendment, President Ford spoke in this very Chamber and requested Congress to take action in regard to the impact of inflation on the economy. It was, therefore, no coincidence that Congress added the requirement of inflation impact statements to the long list of amendments attached to the committee reform resolution.

I understand that this amendment would require that all committee reports on each bill or resolution involving the public sector contained a detailed analytical statement as to whether the enactment of such bill or resolution may have an inflationary impact on the economy.

Mr. Speaker, this amendment is worthy for at least two reasons—first, that legislative action can have an important impact on the national economy. The possible impact of Congressional action on the economy is not limited to appropriation bills—in fact, almost any measure enacted into public law could have an effect on the economy. Second, our legislators ought to have inflation impact information available to them to be considered along with other pros and cons of the bill or resolution.

Mr. Speaker, this amendment will focus the attention of Congress on inflation. It will not only make the House of Representatives more accountable to the public for its actions, particularly with respect to anti-inflation measures, but it will also demonstrate that the Congress is truly serious about fighting inflation.

It is entirely conceivable that the inflationary impact of a bill will be far outweighed by other merits of the bill. Under this amendment however, at least Members of Congress will be in a position to know the exact costs of a bill—the costs to our economy, that is.

My only suggestion is that this statement should be more appropriately referred to as an economic impact statement—as the effects of any particular measure could be deflationary as well as inflationary.

I am proud, Mr. Speaker, to have supported this successful effort to include economic information in our committee reports.

LEGISLATIVE HIGHLIGHTS OF THE 93D CONGRESS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HAMILTON. Mr. Speaker, I include the text of my report to the residents of the Ninth District of Indiana which describes the major legislative accomplishments of the 93d Congress.

LEGISLATIVE HIGHLIGHTS OF THE 93D CONGRESS 1973–74

ENACTED INTO LAW

Agriculture

Farm Program—Establishes a 4-year program of cash payments to farmers if farm prices fall below "target" levels.

Emergency Farm Loans—Establishes an SBA and FHA disaster relief program of 5% no-forgiveness loans to farmers and rural residents who cannot obtain loans elsewhere.

REA Insured Loans—Creates an insured and guaranteed loan program for rural electrification and telephone systems.

Guaranteed Livestock Loans—Establishes a one-year emergency guaranteed loan program for livestock producers who need financial assistance to stay in business.

Congressional

Impeachment—The House voted 412 to 3 to accept the Judiciary Committee's final report and to commend the Committee for its investigation.

War Powers—Reaffirms the Constitutional authority of the Congress in war-making matters. Enacted over former President Nixon's veto.

Rules Changes—Designed to make House proceedings more open, more democratic, and more effective.

Impoundment—Sets a procedure by which Congress can review any Presidential impoundments of funds and overrule those with which it disagrees.

Economy

Budget Control—Restructures Congressional budget consideration procedures so that Congress can limit overall federal spending and set budget priorities.

Small Business Loan Increase—Increases the Small Business Administration loan ceiling and raises the loan maximum from $350,000 to $500,000.

Housing and Urban Development—Revises and consolidates federal housing programs, establishes a community development block grant program, and provides for an FHA mortgage and loan limit increase.

Budget—House appropriations actions so far this year have reduced Presidential budget requests by $6 billion.

Wage and Price Stability Council—Establishes the Council on Wage and Price Stability to monitor the overall economy, including wages, productivity, prices, and profits; does not include controls.

Education

Elementary and Secondary Education—Expands and extends federal programs aiding grade schools and high schools and permits busing only as a last resort and only to the next nearest school.

Guaranteed Student Loans—Provides federal interest payments for educational loans of under $2,000 to students from families with adjusted incomes under $15,000 a year.

Basic Opportunity Grants—Raises the educational grant maximum from $600 to $1,050 for first and second year college students in financial need.

Energy and environment

Alaska Pipeline—Authorizes construction of the Alaskan oil pipeline.

Energy Supply and Environmental Coordination—Authorizes the newly created Federal Energy Administration to develop energy conservation plans, inventory domestic energy reserves, and monitor energy production. The law also temporarily eases environmental standards.

Energy Research and Development—Appropriates $2 billion for coal, nuclear, solar, and geothermal energy research.

Mandatory Fuel Allocation—Requires the Federal Energy Administration to assure that fuels are allocated fairly to fuel suppliers and dealers throughout the nation.

Health

Emergency Medical Services—Authorizes funds to help communities develop adequate emergency medical services, including ambulance services, emergency rooms and trained personnel.

Cancer—Authorizes research and cancer control programs through June, 1977.

Health Maintenance Organizations—Creates a five-year program to encourage the development of HMO's, which provide health care and medical treatment for plan participants on a pre-paid enrollment basis.

Labor

Private pension reform—Establishes uniform federal regulations for pension plans, including standards for funding, reinsurance, vesting, financial disclosure, and plan administration.

Minimum wage increase—Raises the basic minimum wage to $2.00 with further step increases through 1978, and extends coverage to an additional 8.4 million workers.

Manpower and public service—Provides financial assistance to state and local government for manpower, training, and public service programs.

Extended unemployment benefits—Continues the extended unemployment benefits program through April 30, 1975. This program provides up to 13 weeks of additional unemployment benefits in states with an insured unemployment rate of at least 4%.

Public safety

Law enforcement assistance—Authorizes law enforcement assistance programs through June, 1976 and accelerates the flow of funds to state and local law enforcement agencies.

Disaster relief—Provides aid to Indiana and 4 other states struck by tornadoes last April and makes permanent improvements in the disaster relief program.

Flood insurance—Increases the limit on the HUD flood insurance program and requires state and local participation as a condition of federal aid.

Social welfare

Social security increases—Provides a two-step 11% increase in social security benefits and raises the maximum amount a person may earn without losing benefits from $2,100 to $2,400.

Supplemental security income—Increases the guaranteed minimum income levels for eligible aged, blind, and disabled individuals who are in financial need to $146 for individuals and $219 for couples.

Nutrition for the elderly—Extends programs which provide meals for elderly citizens.

Older Americans programs—Extends and expands programs for older Americans, including information and referral services, senior centers, gerontology research, and volunteer and employment opportunities.

Transportation

Highways—Authorizes a three-year extension of highway programs, including an option for urban areas to use certain highway funds for mass transit.

Northeast Regional Rail Services—Reorganizes bankrupt railroads through consolidation of rail systems, financial assistance, and improved regulation.

Veterans

Compensation—Increases benefits for disabled veterans and survivors by 15 to 18 percent, depending on the disability.

Pensions—Increases pensions for veterans and surviving spouses by 10 percent.

Health Care—Improvements emphasize long-term and nursing care and generally widen the scope of treatment VA hospitals may provide, including an expansion of medical services to veterans' dependents.

PENDING

Vice Presidential Nomination—Both Houses will be holding hearings and voting on the confirmation of Nelson Rockefeller, Vice Presidential Nominee.

National Health Insurance—Various proposals are under consideration to provide adequate health care services to all Americans at reasonable cost.

Campaign Reform—Would impose strict limitations on political contributions and spending in federal election campaigns and create an independent enforcement commission.

Strip Mining—Would establish minimum standards for federal and state programs regulating surface mining and reclamation.

Trade Reform—Would give the President broad authority, subject to Congressional approval, to negotiate trade barriers, provide assistance to industries and workers injured by imports, and grant trade preferences in certain cases.

No-Fault Auto Insurance—Would establish a national no-fault auto insurance system to pay benefits to accident victims regardless of who caused the accident.

Veterans' Educational Benefits—Would increase funds for educational benefits and rehabilitation and job programs.

Mass Transit—Would authorize grants to states and local governments for operating mass transit systems.

Tax Reform—Would close various tax preferences and simplify tax forms; an energy tax bill would impose additional taxes on oil companies.

Economic Development—Would authorize an expanded program for economic development and permanent job creation in economically distressed areas.

Congressional Committee Reform—Would modernize the committee system and restructure commitee jurisdictions.

Health Services Extension—Would continue five health programs, including health services grants to states, family planning, and community health centers.

FAVORS 10-PERCENT REDUCTION IN FEDERAL SALARIES

HON. DAVE MARTIN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. MARTIN of Nebraska. Mr. Speaker, today I have introduced legislation to provide for a 10-percent reduction in the salaries of all Federal employees, including the President of the United States, as well as the Members of Congress. This legislation would apply to all civilian and military employees except for postal employees who are working for a quasi-government cooperation and under labor contracts.

The inflationary problem will only be solved by a tripart attack headed up by the Government, labor, and industry. We need, however, something dramatic from the Federal Government which will prove conclusively to the American people that the Federal Government means business in solving the serious problems of the Nation.

If the President of the United States and the Members of Congress take these cuts it would have this effect. In addition, a salutary effect would be a reduction in the Federal budget of $5 billion because the total payroll of the Federal Government amounts to approximately $55 billion in this current fiscal year. Harsh, but firm, measures must be taken to correct the dangerous economic difficulties in which we find ourselves today. This would be a real step forward in accomplishing this goal.

THE SPRINGFIELD REPUBLICAN

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. CONTE. Mr. Speaker, this body is a group of newspaper readers. We voraciously devour the efforts of the Washington and national press as well as our hometown newspapers.

As a resident of western Massachusetts, I am among the more than 132,000 subscribers to the Springfield Republican. The Republican is celebrating 150 years of continuous publication this year, a fact I am proud to point out to my colleagues.

When the first copy of the Springfield Republican rolled off the press on September 8, 1824, it was largely a one-man operation. That man was Samuel Bowles II, who had traveled up the Connecticut River to Springfield to make his fortune as a publisher.

But it was his son, Samuel Bowles III, whose life and career history is taught in journalism schools across the country. He made a national reputation for this growing weekly newspaper. Its renown stretched far beyond its immediate circulation area. It was a powerful and outspoken force in the politics of the Nation. Its editorial opinions were widely quoted.

While for a period, the Republican was a daily, in fact the first daily newspaper outside of Boston, today it is a weekly, appearing on Sunday, and has relinquished its daily operations to its sisters, The Springfield Daily News, an afternoon newspaper, and The Springfield Union, a morning newspaper.

For more than 140 of its 150 years, the Bowles family name was associated with the Republican, for Samuel Bowles IV succeeded his father in control of the paper, and his son, Sherman H. Bowles, after him.

In 1966, the paper became the property of another distinguished American newspaper publishing family, the Newhouse family. Owned by Samuel I. Newhouse, his nephew, Donald P. Newhouse, served as general manager until his untimely death last year.

The anniversary of this newspaper, which has continued its reputation for concise, knowledgeable and responsible reporting, is being marked this year by a concert this weekend at which the U.S. Army Band will perform and a special edition of the newspaper which will appear October 27.

Today, I would like to take this opportunity to salute this venerable newspaper. the Springfield Republican, its owner, publisher, manager, and staff.

WHY WE SHOULD CONTINUE TO SUPPORT THE REPUBLIC OF CHINA

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. STEIGER of Arizona. Mr. Speaker, as we extend our congratulations to the Republic of China on its 63d anniversary, I think it would be helpful to state once again the basic reasons why we should continue to support Free China and why it would be terribly wrong to recognize Peking and unrecognize Taipei. My good friend and our old colleague, Dr. Walter H. Judd, has summarized the reasons in a letter which has come to my attention, and I want to share them with you:

> It would be wrong *morally* because it would be a disruption of the uniquely close relations America has had with the Republic of China for over 60 years. If we were now to weaken our traditional close relations with the Republic of China, all other U.S. allies and friends in the world would rightly wonder how dependable our word and commitments are to them.
>
> It would be wrong *militarily* because the island of Taiwan is the keystone of the Free World's line of defense in the Western Pacific. For the sake of our own security, Taiwan must not be allowed to fall into hostile hands.
>
> It would be wrong *strategically* because it would be interpreted by the Soviets as excessive U.S. "tilting" toward the Chinese Communists. The U.S. should not disturb the fragile balance which presently exists by moving too quickly or too far in the direction of either Peking or Moscow.
>
> It would be wrong *tactically* because there is great uncertainty and unrest in mainland China today—a desperate power struggle—as reflected by the anti-Confucius campaign. No one can say who or what we would be recognizing.
>
> It would be wrong *diplomatically* because Peking will not accept such an arrangement as final. Mao Tse-tung would not be satisfied with a U.S. embassy in Peking. He wants a Chinese Communist Party and army in Taiwan—in control.
>
> It would be wrong *practically* because the certain losses far outweigh any possible benefits. What would be gained from recognizing Mao Tse-tung? Doubtless a few more exports—on credit. What would be lost? A very great deal, as outlined above—plus our

self respect as a nation that has always believed in and stood for principle as well as power in our international actions.

Mr. Speaker, let us keep our commitments to an old friend and faithful ally whom we honor here this day.

NO. 1 IS FIRST AGAIN

HON. WM. J. RANDALL

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. RANDALL. Mr. Speaker, on the first page of the Wall Street Journal for October 8, 1974, it was reported that the Fireman & Oilers Local No. 1 of Kansas City—Kansas City, Mo. and Kansas City, Kans.—had become the first local to win an election to represent employees of a private health-care institution under the expanded coverage of the National Labor Relations Act approved by a bipartisan majority of the 93d Congress earlier this year. In my judgment, Mr. Speaker, this landmark development is entirely consistent with the record of pioneering achievements established by this local over many, many years.

The Fireman & Oilers Local No. 1 was founded because a group of workers believed it was necessary to band together to improve their wages and working conditions in the Kansas City, Kans., and Kansas City, Mo., area. Let us not forget this was the first local to be established under the charter of International Brotherhood of Firemen & Oilers when that organization was created under the American Federation of Labor. The founding took place 75 years ago, on February 4, 1899.

Now, in the year 1974, local No. 1 has come forward to become the first collective bargaining representative of a units of employees working in a private health care institution. On October 3, 1974, the National Labor Relations Board announced that it had certified local No. 1 as the bargaining agent for 40 employees of the supply processing and distribution department of the 426-bed hospital operated by the Kansas City College of Osteopathic Medicine.

Mr. Speaker, I take this opportunity to extend my best wishes for an amicable relationship between the newly represented employes and the management of this fine health-care institution. It should be noted that much of the work to bring about this successful election was performed by the business manager of Local No. 1, Mr. Michael T. Butkovich, who is a resident of Sugar Creek, Mo.

At this point in the RECORD, Mr. Speaker, I read into the RECORD a copy of the National Labor Relations Board press release announcing the certification of local No. 1:

NLRB CONDUCTS FIRST EMPLOYEE ELECTION UNDER NEW HEALTH CARE LEGISLATION

The National Labor Relations Board today announced that a union had won employee representation rights at a Kansas City, Missouri, nonprofit hospital in the first election in private health care institutions under expanded coverage of the nation's primary labor relations law.

Local 1 of the International Brotherhood of Firemen and Oilers, AFL–CIO, was certified by NLRB as collective bargaining representative for a unit of 40 employees of the supply processing and distribution department of a 426-bed hospital operated by the Kansas City College of Osteopathic Medicine.

The vote in the secret-ballot election, conducted by NLRB September 25, was 33 for Local 1, 3 for no representation, and 4 ballots challenged. No objections were filed within the five-day limit for such action, and the NLRB certification of representative was issued today.

This year Congress amended the National Labor Relations Act, effective August 25, to extend its coverage to all privately-operated health care institutions. Previously, private nonprofit hospitals and their million and a half employees—the largest segment of the hospital industry—were not covered by the Act. The statute does not cover government-operated health facilities such as Federal, state, county, and city hospitals.

During the first month of the Act's expanded jurisdiction, the NLRB received more than 200 petitions for employee secret-ballot representation elections. Some 80 charges alleging unfair labor practices by employers or by unions also were filed with the Agency.

The multi-story concrete and brick hospital is a key unit of the Kansas City College of Osteopathic Medicine, which has a dozen buildings on its urban campus. The election sets up the second employer-labor organization bargaining relationship in the hospital.

A collective bargaining agreement was reached last June by the hospital management and two unions it previously had recognized as joint representatives of approximately 100 employees in the food service and the building service and maintenance departments. The co-representatives are Local 1 and Local 96 of the Service Employees International Union, AFL–CIO.

THE WORLD TODAY—BY JON GARRETT

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. TEAGUE. Mr. Speaker, one of my constituents from Groesbeck, Tex., Mr. Jon Garrett has written to me enclosing a poem which he states reflects his beliefs of today's problems in the United States. Under leave to extend my remarks in the RECORD, I wish to include Mr. Garrett's poem.

THE WORLD TODAY

The world today has changed so much,
Grownups and kids have lost contact and touch.
The younger generation with their hair so long,
Everything is free and nothing is wrong.

The world today where the prices are high,
Where land lays in waste and depression draws nigh.
The laws get lenient and killers go free,
The world soon may wake up and oh, finally see.

We've given all food and grains to foreign places,
Sent doom and hunger to this world and human races.
It's not too late for this world to change,
So let's wake up, take heed and re-arrange.

LIVING WITH PLUTONIUM: IS IT POSSIBLE?

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Ms. ABZUG. Mr. Speaker, I have just received a report from the National Resources Defense Council, which is of such importance that I would like to share it with everyone who reads the CONGRESSIONAL RECORD. Its authors are Dr. Arthur R. Tamplin, who has been a biophysicist at the Lawrence Radiation Laboratory since 1963; Attorney J. Gustave Speth of the NRDC staff, formerly with the Scientists' Institute for Public Information; and Dr. Thomas B. Cochran, nuclear physicist and members of the Federal Power Commission's Task Force on Energy Conversion Research and Development. The report is too long to include in the RECORD but I would like to insert the following excerpts:

THE PLUTONIUM DECISION—A REPORT ON THE RISKS OF PLUTONIUM RECYCLE

1. INTRODUCTION

The Atomic Energy Commission, if unchecked, is about to sow the seeds of a national crisis. The Commission now proposes to authorize the nuclear power industry to proceed to use plutonium as fuel in commercial nuclear reactors around the country. The result of a decision approving this commercial use of plutonium will be the creation of a large civilian plutonium industry and a dramatic escalation in the risks posed by nuclear power.

This decision to launch what the AEC calls the "plutonium economy" is the conclusion of the AEC's recently released draft environmental impact statement for plutonium recycle — the recycling of plutonium as fuel in the present generation of light water reactors. The final version of the impact statement, which is expected to confirm the decision to authorize plutonium recycle, is due in six to nine months.

Plutonium is not native to Earth: the entire present-day inventory is man-made, produced in nuclear reactors. Plutonium-239, the principal isotope of this element, has a half-life of 24,000 years, hence its radioactivity is undiminished within human time scales. It is perhaps the most toxic substances known. One millionth of a gram (there are 28 grams in an ounce) has been shown capable of producing cancer in animals. Plutonium is also the material from which nuclear weapons are made. An amount the size of a softball is enough for a nuclear explosive capable of mass destruction. Scientists now widely recognize that the design and manufacture of a crude nuclear explosive is no longer a difficult task technically, the only real obstacle being the availability of the plutonium itself.

Thus, former AEC physicist Donald Geesaman observes that "plutonium is a fuel that is toxic beyond human experience." Its use, he states, "will inextricably involve our society in the large-scale commercial production of a substance that is a suitable nuclear explosive." The successful theft of this material, as Mason Willrich and Theodore Taylor note, "could enable a small group to threaten the lives of many people, the social order within a nation, and the security of the international community of nations."

It is the burden of this report that the commercialization of plutonium will place an intolerable strain on our society and its institutions. Our unrelenting nuclear technology has presented us with a possible new fuel which we are asked to accept because of its potential commercial value. But our technology has again outstripped our institutions, which are not prepared or suited to deal with plutonium. And those who have asked what changes in our institutions will be necessary to accommodate plutonium have come away from that enquiry profoundly concerned.

The AEC's impact statement assessment of plutonium recycle reinforces, and does not allay, these concerns. It concedes that the problems of plutonium toxicity and nuclear theft are far from solved and indicates that they may not be for some years. Yet it concludes, inexplicably, that we should proceed. Whether stemming from blind faith in the beneficience of the technology it has fostered or from a callous promotion of the bureaucratic and industrial interests of the nuclear power complex, the AEC decision cannot be justified in light of what we know and, just as important, what we do not know.

. . . [The NRDC's report, "Radiation Standards for Hot Particles" concludes] that plutonium particulates or "hot particles" are uniquely virulent carginogens and that the current AEC radiation protection standards governing the amount of plutonium to which members of the public can be exposed are roughly 100,000 times too lax. The lung cancer risk associated with hot particles of plutonium as estimated by Tamplin and Cochran is comparable to the lethal dose of botulin toxin, a biological warfare agent. Certainly one would hope that this nation would give careful consideration, and pursue all alternatives, before implementing an energy policy based on such toxic materials.

As a result of the Tamplin-Cochran report, NRDC formally petitioned the AEC and the Environmental Protection Agency to reduce the present maximum permissible exposure levels by 100,000. Neither AEC nor EPA have responded finally to the NRDC petition, but the petition is now being considered by the National Commission on Radiation Protection, the National Academy of Sciences, the Biophysical Society and several of the AEC national laboratories. Moreover, EPA will shortly commence a series of hearings and other initiatives on plutonium-related issues, including the hot particles controversy.

Although the adequacy of the AEC's plutonium standards is thus a matter of considerable doubt and great controversy, the AEC's draft impact statement for plutonium recycle simply assumes that the present standards are adequate. The entire risk analysis of the statement, as well as the ultimate decision to proceed with plutonium recycle, are based upon a premature and unexplained rejection of the hot particle hypothesis. Yet, the AEC is forced to concede that this hypothesis "is being given careful consideration in a separate proceeding."

. . . Some plutonium contamination of the environment has already occurred, due principally to the atomic weapons program. Aside from the worldwide plutonium contamination associated with the fallout from atmospheric weapons tests, there is significant ground contamination at the Nevada Test Site and the Bikini and Eniwetok Atolls. The AEC's plutonium weapons plant at Rocky Flats, 10 miles west of Denver, Colorado, was the site of one of the most costly industrial fires in history. The leakage of plutonium from contaminated oil at this site led to an uncontrolled source of plutonium which was some orders of magnitude larger than the integrated effluent loss during the 17 years of plant operation. As a result of this source, tens to hundreds of grams of plutonium went off site, 10 miles upwind from Denver. The loss was internally unnoticed, the ultimate deposition is now speculative, as is its human significance.

IV. NUCLEAR THEFT AND SAFEGUARDS

A. The problem defined

On May 18 of this year the world was made dramatically aware of the relationship between nuclear power and nuclear weapons when India exploded a nuclear device made from plutonium taken from a "peaceful" reactor built with Canadian assistance. The threat posed by the availability of plutonium from power reactors is set out by Willrich and Taylor in their book *Nuclear Theft: Risks and Safeguards.*

"As fuel for power reactors, nuclear weapon material will range in commercial value from $3,000 to $15,000 per kilogram—roughly comparable to the value of black market heroin. The same material might be hundreds of times more valuable to some group wanting a powerful means of destruction. Furthermore, the costs to society per kilogram of nuclear material used for destructive purposes would be immense. The dispersal of very small amounts of finely divided plutonium could necessitate evacuation and decontamination operations covering several square kilometers for long periods of time and costing tens or hundreds of millions of dollars. The damage could run to many millions of dollars per gram of plutonium used. A nuclear explosion with a yield of one kiloton could destroy a major industrial installation or several large office buildings costing hundreds of millions to billions of dollars. The hundreds or thousands of people whose health might be severely damaged by dispersal of plutonium, or the tens of thousands of people who might be killed by a low-yield nuclear explosion in a densely populated area represent incalculable but immense costs to society."

In our troubled world, terrorist activity and other forms of anti-social violence is an almost daily occurrence. A recent AEC study identified more than 400 incidents of *international* terrorism carried out by small groups during the past six years. In an age of bombs and bomb threats, of aircraft hijacking, of the ransom of diplomats and the murder of Olympic athletes, the risks of nuclear theft, blackmail and terrorism are not minimized even by some of the most ardent supporters of nuclear energy. Thus former Atomic Energy Commissioner Clarence Larson recently described the evolution of a plutonium black market:

"Once special nuclear material is successfully stolen in small and possibly economically acceptable quantities, a supply-stimuated market for such illicit material is bound to develop. And such a market can surely be expected to grow once the source of supply has been identified. As the market grows, the number and size of thefts can be expected to grow with it, and I fear such growth would be extremely rapid once it begins . . . . Such theft would quickly lead to serious economic burdens to the industry, and a threat to the national security."

The critical point here is that these tremendous risks will become real with the advent of plutonium recycle. Unless plutonium is reprocessed and recycled, the possibility that it will be stolen is small, for if the plutonium has not been "detoxified" by separating it from the high-level wastes in the spent fuel, it is very effectively protected from theft, at least for hundreds of years. . . .

B. Safeguards and the impact statement

In the language of the nuclear industry, the various programs and techniques to prevent nuclear theft and recover stolen nuclear material are called "safeguards." There is now widespread agreement, at least among those outside the nuclear industry, that present safeguards are woefully inadequate. The AEC's own Rosenbaum Report concluded:

"In recent years the factors which make safeguards a real, imminent and vital issue have changed rapidly for the worse. Terrorists groups have increased their professional skills, intelligence networks, finances and levels of armaments throughout the world. . . . Not only do illicit nuclear weapons present a greater potential public hazard than the radiological dangers associated with power plant accidents, but . . . the relevant regulations are much less stringent."

It is not that AEC has not implemented the necessary safeguards programs; rather it has not even developed an adequate program on paper.

On the subject of safeguards, the AEC's draft impact statement for plutonium recycle is a marvel of clouded reasoning and breezy optimism. The statement concedes that the objective of keeping the risk of nuclear theft small "will not be fully met for the recycle of Pu by current safeguards measures." . . .

Despite the facts (1) that current proposals to correct inadequacies are preliminary and their content not well-defined, (2) that they are still being studied, some for the first time, (3) that several would require Congressional action, (4) that several would necessitate substantial changes in the structure of the U.S. utility industry, and (5) that a sophisticated safeguards program would pose a major threat to civil liberties and personal privacy, the draft impact statement nevertheless recommends that we proceed now with plutonium recycle because "The Commission has a high degree of confidence that through implementation of some combination of the above concepts the safeguards general objective set forth earlier can be met for Pu recycle." The Commission's faith, unfortunately, is hardly reassuring.

C. Are adequate safeguards possible?

While it may be possible to devise an adequate safeguard system in theory, there is little reason to believe that such a system would be acceptable in practice. This is true for several reasons.

First, the problem is immense, The illegal diversion of weapons material is only one type of anti-social behavior a safeguards program must protect against. Terrorist acts against the reactors, shipments of radioactive wastes, fuel reprocessing facilities and waste repositories can result in catastrophic releases of radioactivity. Such threats against nuclear facilities have already occurred. Moreover, a safeguards system would have to exist on a vast, worldwide basis. Some 1000 nuclear reactors are projected for the United States in the year 2000, with hundreds of shipments of radioactive materials daily. Hundreds of tons of plutonium will be in the commercial sector of our economy by that date. Abroad, American firms are constructing nuclear reactors in countries that have little political stability and in countries, such as Japan, who have not signed the non-proliferation treaty. Safeguarding nuclear bomb material would ultimately require a restructuring of the socio-political institutions on a worldwide scale. The United Nations unfortunately gives us little reason to believe that this is a practical reality.

Second, safeguards measures are strongly opposed by the nuclear industry. Some indication of the degree to which the industry is sensitive to the diversion hazards, and the degree with which the industry is likely to be an effective partner in the enforcement and implementation of safeguards programs can be gleaned from published accounts of the industry's response to the modest strengthening of the AEC safeguards rules which were first published in the February 1, 1973, *Federal Register*. . . .

Third, experience with present safeguards is hardly reassuring. The NUMEC, over several years of operation, was unable to account for six percent (100 kilograms) of the weapons grade material that it handled, and as noted previously was recently fined by the AEC, in part because of safeguards violations. At a recent safeguards symposium the director of the AEC's Office of Safeguards and Materials Management observed that "we have a long way to go to get into that happy land where one can measure scrap effluents, products, inputs and discards to a one percent accuracy." This statement takes on particular significance when it is realized that only one half of one percent of the plutonium utilized by the commercial sector in the year 2000 is enough to make hundreds of atomic bombs. The editors of *Bulletin of the Atomic Scientists* have noted that the frequent "misrouting" of nuclear shipments highlights a key safeguards problem—hijacking. They cite instances where theft of weapons grade materials would have been relatively easy: a shipment bound for Missouri ended up in Boston; another shipment between two California cities was eventually located in Tijuana, Mexico. Finally, a spot check by General Accounting Office investigators at three AEC licensed contractors showed that in some cases access to easily portable quantities of special nuclear material could be gained in less than a minute using the simplest of tools. At two of the three plants checked, GAO found weak physical barriers, ineffective guard patrols, ineffective alarm systems, lack of automatic-detection devices, and the absence of an "action plan" should material be stolen or diverted. In contrast, the AEC's inspectors were giving the same facilities good marks on virtually every security category.

Fourth, and perhaps most basically, there is little reason to believe that safeguards will work when little else does. For example, the AEC supports the creation of a federal police force which might provide an immediate federal presence whenever the use of force may be needed to protect these incredibly dangerous materials from falling into the hands of would-be saboteurs and blackmailers. But is there anyone who believes that police are effective at a level commensurate with the potential nuclear hazard? The New York City police department was proven incapable of maintaining security over confiscated heroin. Are similar losses of plutonium acceptible? The general point here is that our safeguards system must be essentially infallible; it must maintain what Alvin Weinberg, former Director of the Oak Ridge National Laboratory, has called "unaccustomed vigilance" and "a continuing tradition of meticulous attention to detail." Yet our human institutions are far from infallible. Our experience indicates that rather than sustaining a high degree of esprit, vigilance and meticulous attention to detail, our governmental bureaucracies instead become careless, rigid, defensive and, less frequently, corrupt. A basic question, then, is whether we want to entrust so demanding and unrelenting a technology as plutonium recycle to institutions which are negligent of their own responsibilities and insensitive to the rights of others and to technical fixes which are untried and unproven.

V. THE THREAT TO CIVIL LIBERTIES

One principal reason for our believing that an adequate safeguards system would not be acceptable in practice is the tremendous social cost of such a system in terms of human freedom and privacy. Safeguards necessarily involve a large expansion of police powers. Some one million persons have been trained in the handling, moving and operation of nuclear weapons. The projected growth of the nuclear industry will give rise to a parallel and an ultimately much larger group of persons, in this case civilians, who will be subjected to security clearance and other security procedures now commonplace in the military weapons program. Indeed, the AEC makes the following disturbing statement in its draft impact assessment of plutonium recycle:

"Security problems are much simplified when it can be established with high probability that the persons who are responsible for the handling of plutonium or implementing of related safeguards programs are trustworthy. Various court rulings in recent years have been favorable to the protection of individual privacy and of individual right-to-work. These rulings have made it difficult to make a personnel background check of an individual in commercial activities to assure with high probability that he is trustworthy and, hence, potentially acceptable as a steward for the protection of plutonium. The AEC has requested legislation which would allow background checks of individuals with access to plutonium and related material accountability records. We believe that enabling legislation such as this is necessary to the further improvement of personnel selection practices."

The keeping of police dossiers will not be limited to nuclear industry personnel. The *New York Times* reported August 11 that Texas state police maintain files on nuclear power plant opponents. The police stated that they had information that some nuclear opponents might attempt to sabotage transmission lines, though they declined to disclose their information or its source. How much more government investigation into the private lives of individuals can be tolerated by a free society? Security and surveillance procedures at best infringe upon the privacy of families and their friends. At worst, they are the instruments of repression and reprisal.

A second AEC safeguards proposal is the creation of a federal police force for the protection of plutonium plants and shipments. The draft impact statement for plutonium recycle justifies such a federal force in the following terms.

But what standards should govern and restrain the operations of such a force? The AEC has already issued shoot-to-kill orders once to personnel directing the production, shipment and storage of atomic weapons, at the height of the Yom Kippur War. Once a significant theft of plutonium or other weapons material has occurred, how will it be recovered? To prevent traffic in heroin, police have asked for no-knock search laws. This infringes upon one of our most cherished freedoms. To live with plutonium we may have to abandon this freedom along with others. In the presence of nuclear blackmail threats, the institution of martial law seems inevitable. It has been said that the widespread availability of weapons material and terrorists' targets in the nuclear fuel cycle will radically alter the power balance between large and small social units. It should be added that the threatened society will undoubtedly attempt to redress that balance through sophisticated and drastic police action.

In sum, to accommodate plutonium we shall have to move towards a more intimidated society with greatly reduced freedoms. . . .

VI. THE SUPER-HUMAN REQUIREMENTS

The commercialization of plutonium will bring with it a major escalation of the risks and problems already associated with nuclear power. Plutonium will further strain the already weakened regulatory fabric of the nuclear industry.

Dr. Hannes Alfven, Nobel Laureate in Physics, has described the regulatory imperatives applicable to the nuclear industry:

"Fission energy is safe only if a number of critical devices work as they should, if a number of people in key positions follow all their instructions, if there is no sabotage, no hijacking of the transports, if no reactor fuel processing plant or reprocessing plant or repository anywhere in the world is situated in a region of riots or guerrilla activity, and no revolution of war—even a 'conventional one'—takes place in these regions. The enormous quantities of extremely dangerous material must not get into the hands of ignorant people or desperados. No acts of God can be permitted."

. . . the public and its decisionmakers must seriously question whether it will be possible to attract, train and motivate the personnel required for these functions. These must be highly qualified persons who will maintain a tradition of "meticulous attention to detail" even when the glamorous aspects of a new technology become the commonplace operations of an established industry. What are the qualifications of these people? How does the AEC and the nuclear industry plan to attract and continuously motivate them? We suggest that it is beyond human capability to develop a cadre of sufficient size with expertise of "very" high order that can be counted upon to understand nuclear technology, to control it, to prevent accidents and diversion over many generations, or even over the present generation.

There is considerable evidence at the present time to suggest that the fledgling nuclear industry is already unmanageable. For example, in testimony presented to the Congressional Joint Committee on Atomic Energy, Ralph Nader and the Union of Concerned Scientists on January 29, 1974, made public a heretofore secret report by an AEC Task Force dated October, 1973. That report stated the following:

"Review of the operating history associated with 30 operating nuclear reactors indicated that during the period 1/1/72—5/30/73 approximately 850 abnormal occurrences were reported to the AEC. Many of the occurrences were significant and of a generic nature requiring followup investigations at other plants. Forty percent of the occurrences were traceable to some extent to design and/or fabrication related deficiencies. The remaining incidents were caused by operator error, improper maintenance, inadequate erection control, administrative deficiencies, random failure and combinations thereof."

Regarding these incidents, on page 16, the Task Force stated:

"The large number of reactor incidents, coupled with the fact that many of them had real safety significance, were generic in nature, and were not identified during the normal design, fabrication, erection, and preoperational testing phases, raises a serious question regarding the current review and inspection practices both on the part of the nuclear industry and the AEC."

In addition to these 850 abnormal occurrences, consider the tritium that recently appeared in the drinking water of Broomfield, Colorado. Consider the 115,000 gallons of high level radioactive waste that leaked from the tank at Hanford over a period of 51 days while no one monitored the tank. Consider that the radio-active releases from the famed Shippingport reactor were higher than recorded. Consider that the executives of the Consumers Power Corporation failed to notify the AEC that their radioactive gas holdup system was not functioning. Consider that two reactors were half completed before the AEC was informed that they were being constructed over an earthquake fault. Consider that the GAO found the security at plutonium storage areas totally inadequate after the AEC inspectors had certified the facilities.

Considering all this, there is good reason to suggest, because of the meticulous attention to detail that will be required at every stage of plutonium recycle, that a decision to proceed with plutonium recycle will precipitate an already unmanageable situation into a national crisis.

VII. OPTIONS: ALTERNATIVES TO PLUTONIUM RECYCLE

Given that the risks of plutonium recycle are unacceptably high, particularly in light of the present uncertainties, a key question is what are our options—what are the alternatives to the AEC's proposal to proceed now with plutonium recycle? We believe that there are essentially three options, each of which is preferable to the AEC's announced plan.

First, we could phase out nuclear power reactors. There is mounting apprehension within the scientific community concerning the human and societal hazards of fission reactors which would only be compounded by plutonium recycle. As evidence of this apprehension among scientists, a statement of concern over the environment and world peace (The Menton Statement) which was signed by 2,200 scientists, included a call for an end to the proliferation of nuclear reactors. It was presented to U.N. Secretary U. Thant, and published in the U.N. Courier, July, 1971. Similarly, scientists from all nations at the 23rd Pugwash Conference on Science and World Affairs in September, 1973, concluded:

"1. Owing to potentially grave and as yet unresolved problems related to waste management, diversion of fissionable material, and major radioactivity releases arising from accidents, natural disasters, sabotage, or acts of war, the wisdom of a commitment to nuclear fission as a principal energy source for mankind must be seriously questioned at the present time.

"2. Accordingly, research and development on alternative energy sources—particularly solar, geothermal and fusion energy, and cleaner technologies for fossil fuels—should be greatly accelerated.

"3. Broadly based studies aimed at the assessment of the relation between genuine and sustainable energy needs, as opposed to projected demands, are required."

This third recommendation implies the implementation of energy conservation measures. It is important to recognize that energy conservation can be our major energy source between now and the year 2000. Conservation means using our present energy more efficiently; it need not mean a change in life styles. Coupled with the use of solar and geothermal energy, energy conservation could eliminate the need for new nuclear power stations.

Second, we could continue with the present generation of lightwater reactors but strictly prohibit plutonium recycle for the foreseeable future. Such a decision would be premised upon a judgment that plutonium is too dangerous because of its toxicity and explosive potential to be allowed to become an article of commerce. Of course, we would still have plutonium to cope with, because it is produced in present-day reactors. But without plutonium recycle there is little incentive to reprocess the plutonium out of the spent fuel, so the plutonium could remain in the spent fuel where it is effectively protected from theft and, hopefully, confined and contained.

The benefits of plutonium recycle are small. Plutonium recycle would reduce the annual uranim requirements by about 10 to 15 percent and reduce the light water reactor fuel cycle cost by about the same amount. But the nuclear fuel cycle cost represents less than 20 percent of the total cost of power from nuclear plants, and nuclear plants by 1985 will represent less than 40 percent of the electric, or about 15 percent of the total, domestic energy supplied. In other words, plutonium recycle involves an economic savings of less than one-half of one percent.

Plutonium differs from the high-level wastes in the spent fuel in one critical respect: whereas the radioactivity of high-level wastes will continue for thousands of years, that of plutonium will continue for hundreds of thousands. Thus, while the problem of effectively storing both these materials and preventing their entering the environment are unprecedented in human history, plutonium must be contained for eons longer. For this reason, an argument can be made that, ultimately, the safest thing that can be done with plutonium is to burn or fission it in reactors, thus making it into high-level wastes rather than plutonium. But that is an activity that is best left for decades or even centuries hence—for a society more capable and less violent than today's.

Third—and we believe that this is an option that must command general support—a decision regarding plutonium recycle, and of course plutonium recycle itself, could be deferred several years until present uncertainties regarding safeguards and plutonium toxicity are satisfactorily resolved and a basis has been laid for a more intelligent judgment regarding the risks and benefits of the commercialization of plutonium. Too many questions, both technical and social, are unanswered today, and until these questions are answered it would be a grave error, we believe, to rush into the AEC's plutonium economy.

COMMEMORATING THE DAY OF THE DOUBLE TEN

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. LEGGETT. Mr. Speaker, today marks the 63d anniversary of the Republic of China, Taiwan. Traditionally known as the Day of the Double Ten, it commemorates the formation of the Republic by Dr. Sun Yat-sen.

This anniversary is of special significance to me and to the Fourth Congressional District of California, which I represent. The Chinese people, in an early indication of their industrious ability, played an important part in the formative years of the state of California.

To this day, some of the most treasured citizens of California are of Chinese ancestry.

It was in the small town of Locke, located on the Sacramento River in my congressional district, where Dr. Sun lived for a short time developing the concepts of a free people, which are the basis for the Republic of China's society today.

The Chinese on Taiwan recognize the flaws synonymous to most modern societies—pollution, overpopulation, poverty, et cetera. Yet, they appreciate the fact that their people have never enjoyed such a rich and productive lifestyle, and are determined to work hard to insure that such a lifestyle befits the Republic of China for many years to come.

We can all appreciate the fact that Taiwan has remained a self-help country, receiving no economic aid from the United States. Yet, our two countries are bound by a firm and mutual defense treaty containing no expiration date.

On this anniversary date, I would like to share with you the words of Chinese Vice President Yen Chia-kan when he expressed his feelings for the United States by saying:

> The United States and the Republic of China have as much in common for the future as for the past. We both believe in a free way of life for our people. We both are dedicated to justice.

NATIONAL COMMISSION ON REGULATORY REFORM

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ROUSSELOT. Mr. Speaker, one of the most promising proposals which President Ford made during his inflation address last Tuesday was made when he called upon Congress "to establish a National Commission on Regulatory Reform to undertake a long overdue total reexamination of the independent regulatory agencies. The President continued:

> It will be a joint effort by the Congress, the executive branch and the private sector to identify and eliminate existing Federal rules and regulations that increase costs to the consumer without any good reason in today's economic climate.

I enthusiastically welcome this step, which I have advocated for many years. Most recently I discussed the need for such an effort in my letter to constituents, which appeared in the August/September issue of my newsletter. At that time I identified legislative and regulatory actions of the Federal Government as a major contributor to inflation. I pledged "to be part of the effort in Congress to force a harder and more comprehensive look at all legislative proposals which establish federally mandated controls that cause the consumer to pay an unnecessary and burdensome price for normal, everyday purchases. This is no short-range project, but it is another positive way in which Congress can do something constructive to stop inflation." I look forward to continuing this effort in cooperation with the new Commission.

Another constructive step in dealing with inflation which I have advocated and which the President endorsed in his statement is the requirement every bill or joint resolution which is enacted into law must contain a statement indicating the "inflationary impact" which the measure would have on the national economy. This proposal is embodied in House Resolution 1098, which I introduced on May 9, 1974, and also in House Resolution 1397, which I cosponsored on September 30, 1974.

Additional support for a thorough study of the inflationary effects of Federal regulation is being provided by a series of articles which began in the October 9, 1974, edition of the Wall Street Journal. The first article notes that—

> A growing number of analysts, both in and out of government, think regulators manage their crisis badly, if at all, frequently harming rather than helping the economy. And now the regulatory agencies are being blamed increasingly for much of the current inflation.

I heartily concur and strongly commend the full text of the articles to the attention of my colleagues:

The Regulators: Federal Commissions Draw Increasing Fire, Called Inept and Costly

Washington.—While James H. Quello was lobbying for his seat on the Federal Communications Commission, a Congressman asked him: "Why do you want that damned job? Congress will beat you up, and the courts will overrule you."

Mr. Quello's friend might have added that the regulatory commissions as a breed rank among the least glamorous agencies of government. They are nearly invisible to the public, and the men inside them struggle, sometimes for years, to resolve questions that often seem arcane, complicated and dull.

Now, after several months on the job, Mr. Quello has concluded that FCC stands for "from crisis to crisis." The phrase aptly describes the way all the regulatory agencies operate, jumping from one issue to another, reacting to pressure from citizens, courts, Congress and industry.

A growing number of analysts, both in and out of government, think regulators manage their crisis badly, if at all, frequently harming rather than helping the economy. And now the regulatory agencies are being blamed increasingly for much of the current inflation.

Yesterday, in his economic message to Congress, President Ford himself seized on this theme. He proposed creating a National Commission on Regulatory Reform to undertake what he called "a long overdue total reexamination" of independent regulatory agencies in order "to identify and eliminate existing federal rules and regulations that increase costs to the consumer, without good reason, in today's economic climate."

Other officials echo the chief executive. "In a time of spiraling costs we can ill afford the costs of excessive or antiquated regulation," says Donald T. Baker, deputy assistant attorney general. The regulatory process, he adds, "has tended to discourage innovation, while prepetuating inefficiency."

UNKIND WORDS

On Capitol Hill, the Joint Economic Committee says a new commission should take a close look at "excessive or inept regulation" of transportation and communications. And consumer advocate Ralph Nader says of the agencies: "Never has so little government had so much bad effect."

Even some regulators have unkind words for their agencies. In a speech Monday, Federal Trade Commission Chairman Lewis A. Engman said that federal regulation often does little more than shelter companies from competition. He declared that "most regulated industries have become federal protectorates, living in a cozy world of cost-plus, protected from the ugly specters of competition, efficiency and innovation." And he added: "Our system of hidden regulatory subsidiaries makes welfare fraud look like petty larceny."

In the fiscal year ended June 30, the eight agencies that oversee transportation, communication, public-utility and financial enterprises spent about $270 million on regulatory activities, less than 1-10 of 1% of the federal budget.

But the costs they impose on the public go well beyond this relatively modest amount. Transportation economists, for example, estimate that price-fixing and waste allowed under Civil Aeronautics Board, Federal Maritime Commission and Interstate Commerce Commission regulations cost consumers between $8 billion and $16 billion a year. Consider the effect of some of those regulations.

RUNNING EMPTY

The national commission on productivity estimates that at any given time 40% of the trucks on the road are running empty because of government regulations that prevent them from carrying cargo on return trips after making deliveries. This costs food retailers alone $250 million a year.

An economist specializing in airline matters estimates that many air fares are 35% to 50% higher than they should be, partly because the CAB approves fares which protect the least efficient carriers.

This leads to some costly quirks in the nation's air fare structure. Pacific Southwest Airlines, which isn't regulated by the CAB because it flies solely within California, charges only $20 to fly the 350 miles from San Francisco to Los Angeles. But United Air Lines charges $41 for a flight of the same distance between Minneapolis and Chicago—an interstate trip subject to CAB rules.

Because of CAB rules a traveler may even pay different prices for the identical trip, depending on when and where he buys his ticket. Take someone flying United or Western Air Lines from Seattle to Los Angeles with a one-day stopover in San Francisco.

THE CHEAPER LEG

If he buys a one-way coach ticket for both legs of the trip in Seattle, he pays the CAB-approved interstate fare of $105. But if he buys only the Seattle-to-San Francisco ticket in Seattle, and then buys the San Francisco-to-Los Angeles ticket in San Francisco, he pays only $86.39. The reason is that he gets the second leg at the unregulated, and cheaper, intrastate rate.

Aside from higher prices, regulation may distort normal supply-and-demand forces for a product. White House and oil-industry economists claim this has happened as a result of Federal Power Commission regulation of natural-gas prices. Throughout the 1960s the agency kept interstate gas rates too low, they say, discouraging exploration for new reserves and inducing many producers to sell their gas in the unregulated intrastate markets, where they could get higher prices.

Thus, supplies of natural gas available for interstate use fell below demand, they believe. Over the objections of consumer groups, who dispute the theory that gas prices are too low, the FPC recently tried to change its ways by granting gas producers a sharp increase in the price of newly discovered gas. This will cost 130 million natural-gas users up to $3.3 billion over the next decade, consumer groups complain.

For reasons such as these "any economist venturing to support regulation today is apt to find himself in a very lonely position," says George C. Eads, an economics professor at George Washington University.

It seems ironic now, but two agencies, the Federal Trade Commission and the Securities and Exchange Commission, grew out of "reform" movements. Both act primarily as policemen. The FTC was established in 1914, a child of the trust-busting era, and it has broad powers to halt anticompetitive practices as well as to stop deceptive advertising. The SEC was born in 1934, following rampant stock-market abuses preceeding the 1929 crash. It is charged with protecting investors by requiring corporate financial disclosure and regulating the securities industry.

The six other agencies play a different role, one that often puts them more squarely in the middle of business decisions. The Atomic Energy Commission both promotes and regulates the growth of nuclear power, goals that some criticis charge are incompatible. The FCC, the Federal Power Commission and the transportation agencies—CAB, ICC and FMC—all approve rates and control entrance into industries they regulate by granting licenses, establishing financial standards or clearing construction permits.

Four of the agencies were established in the 1930s to regulate natural monopolies such as airlines, electric and gas companies and communications services. But over the last 40 years the dynamics of the industries have changed, and in some cases the old rationales hardly apply.

The worst failing of regulation is that it doesn't "let the market adjust to day-to-day forces," argues Bernard Nash, a regulatory expert on the staff of the Senate antitrust and monopoly subcommittee. In many cases, he believes, the market can allocate resources more efficiently.

Mr. Nash isn't alone. Recent reports by the President's Council of Economic Advisers also have criticized federal regulation, particularly in the fields of transportation and energy, as costly and inefficient. "Increasingly, policymakers and judges have seen that competition can do better than government fiat in achieving efficiency among regulated firms," argues Thomas E. Kauper, who heads the Justice Department's antitrust division.

And Clay T. Whitehead, who recently resigned as director of the White House Office of Telecommunications Policy, argues that the FCC has actually become "a major impediment to the natural growth of new communications services." The FCC must clear new services for public use, yet the 1934 act that set the agency's legal framework is built around the assumption that telephones and telegraphs "were the only feasible communications services."

The result is that FCC winds up protecting the turf of established carriers like American Telephone & Telegraph Company. Mr. Whitehead says, "The major expense of developing a new communications service for the public is often the legal expense of fighting established carriers in the regulatory process for permission to offer the service to would-be consumers, rather than the development of the service and equipment itself."

For example, the first international communications satellite was launched in 1964. But, although high-capacity satellites promise to cut costs for the transmission of data and to reduce long distance telephone bills, the first domestic communications satellite wasn't launched until this year, after a long FCC proceeding.

Congress didn't charge the economic regulators with keeping rates as low as possible, and, indeed, they often have the opposite effect. In general, the rate-clearing agencies were established not to protect the consumer, but to "rationalize" the industries it regulates by keeping rates high enough to prevent even the least efficient firms from folding.

The varying rates charged for trucking of foodstuffs illustrate one practical effect of government regulation. While truckers that carry raw agricultural products are by law exempt from ICC rules, many carriers that haul nonagricultural commodities (and are thus subject to ICC regulation) also haul unregulated farm goods—on which they're free to charge any rates they wish. But these partially regulated carriers, accustomed to rigid rate structures, don't drop their farm-product rates to match the lower charges of the totally unregulated truckers.

As a result, there are big gaps between the rates charged by these two sets of truckers. Gold Kist Inc., a large Atlanta-based farm cooperative, pays $170,000 a week to unregulated truckers to ship poultry and peanuts, $55,000 less than it would cost to use regulated truckers, according to Thomas L. Melton, general traffic manager. The current rate for poultry trucked from North Georgia to Milwaukee in unregulated trucks is $1.65 per hundred pounds, compared to the $2.07 charged by regulated truckers. Peanuts move from South Georgia to New York for $1.20 a hundredweight, against a listed fee of $2.48 for regulated carriers.

One reason for the differential is that regulated carriers are subject to a complete set of ICC policies and rulings designed to give certain truckers selective monopolies that prevent head-to-head competition.

For instance, to get from Pittsburgh to Jacksonville, Fla., a trucking firm called Gateway Transportation has to detour 225 miles out of its way, through Cincinnati, and Atlanta to avoid competing effectively with other truckers with direct-service authority. Such detours are common.

Many carriers aren't allowed to make stops along their routes, and truckers often are limited to carrying a specific commodity or forbidden from carrying a particular item. For example, Tiona Truck Line may haul fertilizer from Joplin, Mo., to northern Illinois; powdered milk and soybean meal from Minneapolis to Missouri, and feed from Pryor, Okla., to Memphis. It must travel empty after leaving those destination points until it returns to one of its authorized departure cities.

Shippers complain that a motor carrier with established authority is protected by the ICC from new competition, regardless of such considerations as lower rates offered by prospective competitors. But without such restrictions, new competitors "would take the cream of the crop from carriers who have been giving service for years," one ICC commissioner explains.

Regulators also block competition by shielding companies from antitrust laws. Indeed, Robert Hope, special assistant to FMC Chairwoman Helen Delich Bentley, says that agency's primary purpose is to exempt shipping lines from antitrust laws. Ocean shippers, rail, truck and barge companies, and airlines with international routes are all members of various rate-setting conferences that allow them to agree on fares, which are then submitted to regulators for approval.

Similarly, Mr. Whitehead charges, the FCC acts as "a cartel manager, apportioning markets" among AT&T and its aspiring competitors. In the telecommunications field, "we are even seeing the perverse phenomenon of many entrants seeking regulated status in order to secure the protections and benefits that such status accords," he says.

To be sure, the Justice Department's antitrust division is intervening in a number of regulatory proceedings in an effort "to get commissions to adopt more and more competitive policies," according to Keith Clearwaters, deputy assistant attorney general for antitrust. The department's constant pressure for competitive commission rates on securities transactions played a part in the SEC's decision to force stock exchanges to end fixed rates by next May 1. Now the antitrust division is pressing the FCC to block the common ownership of newspapers and broadcast stations in the same town and is urging the AEC to consider competitive factors in its atomic-plant licensing procedures.

To an extent, this stance reflects the conclusions of the President's Council of Economic Advisers that "when regulation has stifled competition, performance has deteriorated" and "that regulation should be narrowed or halted when it has outlived its original purpose."

But regulation is hard to end. Transportation companies have opposed legislative proposals to trim the ICC's powers because they're familiar with the current, protective regulations, Mr. Clearwaters says. And the agencies themselves are always on the lookout for new areas to regulate. Right now, for example, the SEC is considering proposals that would extend its authority in areas of the life insurance and banking industries.

WORLD DOUBLE STANDARD FOR INTERNATIONAL ELITE

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. RARICK. Mr. Speaker, the American people, especially the taxpayers, are becoming more and more sensitive to the tax loopholes and tax inequities which give tax breaks to special interest groups.

Recently, a constituent wrote that while in a checkout line some foreigners identifying themselves as diplomats, flashed identification cards which enabled them to avoid paying sales taxes. The writer questioned what kind of double standard we live under when the foreigners are allowed to buy in our market places with our devalued currency and then be exempt from the payment of taxes.

Diplomatic status and immunities have traditionally been between reciprocal arrangements agreed to by the host and guest countries. Under such a traditional diplomatic agreement, any special privileges foreign diplomats in the United States had, were felt offset by similar advantages to Americans in the foreign countries. This was accomplished by agreements entered into by one nation with another nation.

The advent of the United Nations organization, especially with it being housed in the United States, where many of the Communist member nations did not have diplomatic agreements with the United States, caused some furor among the new international elite. So it was decided in 1961 at the United Nations Conference on Diplomatic Intercourse and Immunities that the United Nations would establish the diplomatic law of the world which is called the Geneva Convention on Diplomatic Relations.

The tax exemption is contained under article 34, as follows:

ARTICLE 34

A diplomatic agent shall be exempt from all dues and taxes, personal or real, national, regional or municipal, except:

(*a*) indirect taxes of a kind which are normally incorporated in the price of goods or services;

(*b*) dues and taxes on private immovable property situated in the territory of the receiving State, unless he holds it on behalf of the sending State for the purposes of the mission;

(*c*) estate, succession or inheritance duties levied by the receiving State, subject to the provisions of paragraph 4 of Article 39;

(*d*) dues and taxes on private income having its source in the receiving State and capital taxes on investments made in commercial undertakings in the receiving State;

(*e*) charges levied for specific services rendered;

(*f*) registration court or record fees, mortgage dues and stamp duty, with respect to immovable property, subject to the provisions of Article 23.[1]

The overriding fear of the American people should not be confined to the fact that the United Nations crowd and foreign diplomats are now exempt from our taxes, rather the real threat is that the laws exempting the one world community from taxes, social security payments, criminal laws, et cetera are being laid down by the United Nations rather than the appropriate officials of the United States.

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[1] United Nations Conference on Diplomatic Intercourse and immunities; Vienna Convention on Diplomatic Relations.

STUDDS-MAGNUSON 200-MILE FISH BILL

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. STUDDS. Mr. Speaker, recent administration efforts against the Studds-Magnuson bill have led to a major setback for this legislation which is so vital to our American fishing industry. The views of many of the people of my district are expressed in an editorial which appeared in the October 5, 1974, issue of the New Bedford, Mass. Standard-Times. At this time, I would like to enter this article into the RECORD:

DOWN THE DRAIN

Proponents of the 200-mile fishing limit, including this newspaper, conceded from the start that it is not the best possible way to protect American fishing grounds from being overrun and overfished by foreign fleets.

The difficulties are obvious: Enforcement would pose problems, the risk of confrontation is always present, and the reaction of other nations—who might take reciprocal steps that would inhibit American commercial, maritime, and defense activities—principally unpredictable.

Clearly, the best possible way to solve the problem would be, therefore, a multilateral approach—achievement of an international agreement so broadly supported that an enforcement would be virtually unnecessary. Even if patrols were necessary, because of disagreements or nonparticipants, a pact involving several countries is preferable to unilateral action.

Nobody denies all this; it is old ground and has been plowed for years. But the hard facts of the situation are these:

1. There are no indications that the countries now ravaging our fishing grounds—principally Japan and the Soviet Union—are likely to do an about-face and take conservation seriously.

2. The Law of the Sea Conference, from which we had hoped for much in this direction, agreed principally to meet again, and agreed on little else. Prospects for help through this approach—if any—are apparently very long term;

3. If present foreign-fleet practices persist, the diplomats will outlast the fish.

Thus, the Studds-Magnuson proposal for a 200-mile fishing limit has been put forth as an essential interim measure, a stopgap aimed at protecting the fisheries resources until the fishing nations of the world come to have a practical realization of what they are doing to stocks off this country's coasts. It is born of the grim notion—being forced upon us daily—that somebody better do something in a hurry or we shall be out of business.

President Ford was ill-advised to lead what looks very much like a successful lobbying effort to kill the bill. This is a shame, for the proposal had gained more support than ever before and very likely had it not been for the President's personal intervention, passage might have been possible.

As it is, we are reminded once more that the American fishing industry—unlike steel, oil, farming, and many other interests—just doesn't have any "muscle" in Washington and it doesn't matter much which party is in power or who is president.

At the national level, the American fisherman is, and always has been, politically expendable.

INJUSTICES AND INHUMANITY

HON. HUGH L. CAREY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. CAREY of New York. Mr. Speaker, I would like to take this opportunity to describe a special young man to my colleagues.

He is 26 years old. He is deeply religious and heroic in the face of tragedy. He could be your own son, your neighbor, or a close friend. He should be someone just beginning to savor all that life has to offer the young.

But because he is a Soviet Jew, who was active in the Jewish movement and yearned to emigrate to Israel, he is serving a 12-year prison term in a Russian labor camp.

His name is Iosif Mendelevich and I have adopted his cause as my own under the auspices of the Greater New York Conference on Soviet Jewry's "Adopt a Prisoner Program." Now Iosif is a member of my family.

His plight began in 1967 when he filed the first of three applications for permission to emigrate to Israel where he hoped to join family and friends. Three times he filed such forms, and three times he was denied permission to emigrate.

In 1970, after the last request for permission to emigate was denied, he was arrested by Soviet authorities on contrived charges that he had participated in an alleged hijacking. His only crime, in actuality, was to file an application to emigrate to Israel. Yet, he was sentenced to 15 years of hard labor, and only consistent public pressure helped reduce his sentence to 12 years in the prison camp.

Iosif spends his time at hard labor, often working overtime during the week, because he remains a deeply religious person and does not want to break the Sabbath by working.

He has been beaten and mentally harassed. Soviet authorities have denied him the right to a yearly visit from his family and the right to send one letter a month.

His family was harassed by Soviet authorities until public pressure forced the Soviet to stop such action.

I have brought this particular story to your attention today as a reminder that the tragedies that Soviet Jews face are brutal realities and not just idle rumors. These tragedies, moreover, will continue until the Soviet Union realizes that the rest of the world will not tolerate such injustices and inhumanity.

I am committed to sustaining Iosif's cause. All of us at the same time must remain committed to ending such tragedies if world peace is ever to really be achieved and if a person like Iosif is ever going to be able to live the decent type of life he deserves.

INFLATION AS THE NO. 1 ENEMY

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. PATTEN. Mr. Speaker, while I commend President Ford for many of his proposals to fight inflation, and for his attempt at bringing about a bipartisan effort to find solutions to our economic problems, I must be critical of the program because it is not comprehensive enough and too much of the burden has been placed on the individual taxpayer.

I must first say that although there are parts of the President's plan that I can support, I will not be able to vote in favor of the proposed 5 percent income tax surcharge. There are many reasons for my stand on this issue.

I have said that in the past the surcharge has been used in a valid way during emergencies to fight inflation, and I supported the method at that time. One of the basic reasons I oppose it at this time is because of the levels that President Ford chose to enforce it. The middle-income taxpayer at this time is having a difficult time making ends meet. Every dollar is counted, and little, if anything, can be saved. To ask this individual to pay out more to the Government is, in my view, a crime.

On a more general level, the surcharge would bring about a drastic cut in the purchasing power of the taxpayer, and this would prove to be a definite hardship for the economy. I believe that this is not the time to bring about a reduction in money which would bring about a reduction in purchasing power and investment. I also think that the tax surcharge will be harmful if it comes about without reform of the whole tax structure so that loopholes for special interest groups are closed and these groups are made to carry part of the burden.

It is my view that one anti-inflation measure I see as necessary is a cut in Federal spending. I also believe in a stronger public service jobs program than the President suggested, and I support his proposal for extended jobless benefits for the unemployed. There must also be a concerted effort to stop price fixing and to enforce antitrust legislation.

And lastly, but certainly one of the most important aspects of our fight against inflation, must be our efforts as a nation to stop the great amount of waste. The name of the game is "conservation." We must all learn to use less oil specifically and less energy generally, and we must learn to conserve on food and stop taking our natural resources for granted. In other words, we must pull together on this and exercise voluntary restraint and self-discipline.

Mr. Speaker, I am hopeful that we can put our differences aside at this time and fight together against our No. 1 enemy, the one thing that has affected all of us, and that is inflation.

CREEPING NONCONFORMITY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HAMILTON. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following article describing the Soviet educational system and its effects on the lives and aspirations of Russian teenagers:

[From the Washington Post, June 18, 1974]

CREEPING NONCONFORMITY: SOVIET YOUTH "BUILD COMMUNISM"—AND CAREERS

By Robert G. Kaiser

Moscow.—"Do they give you a hard time about your long hair?" the 20-year-old taxi driver was asked. His brown locks fell over the collar of his jacket.

"Ah, they'd like to, but I play on our garage's football team. I'm pretty good, so they don't dare say anything."

By such arrangements, long hair has finally come to this isolated land. For years a few Russian eccentrics have followed the fashion established in the early 1960s by the Beatles, but suddenly this year, the adolescent males of Moscow and other towns have blossomed out with long hairdos.

The new hairstyles are a nice symbol of the temper of Soviet youth. Long tresses are hardly counterrevolutionary; they don't challenge the Communist Party or the status quo. But, they do depart from the strict standards of this outwardly puritan society.

School principals don't like the change—they still insist that the younger boys (whom they can control more easily) keep their hair cut short. Parents giggle nervously about their wayward sons. But there it is—long hair on Russian boys, just like Americans or Britons or other Westerners.

Measured by the standards of the Western world's rebellious youth, Soviet adolescents are a somnolent lot. They don't stage demonstrations or occupy the dean's office. Nor do they accept their elders' world just as they find it. Most of all, they seem impatient with the isolation from the outside world that every previous generation since the time of Stalin has accepted.

Like all generalizations about Soviet society, any collective descriptions of the nation's youth are rash, and perhaps misleading. It would be impossible to exaggerate the gulf between a 17-year-old student in one of Moscow's special schools for bright children and a 17-year-old farm boy in Siberia or Soviet Central Asia.

Outside the more sophisticated major cities, conformity is still the rule, and even in Moscow or Leningrad the vast majority of young people are preoccupied with getting an education and beginning a career. From the age of 8 or 9 they have been lectured, cajoled and entreated to work hard to get a place in college and build a good career.

A Hungarian girl studying in a provincial Soviet college of engineering found her fellow students universally bored by world politics or Alexander Solzhenitsyn or any subject outside the approved mainstream, save perhaps Western clothes and pop music.

This is a conformist society, and the overwhelming majority of young people respect the tradition. But the draconian controls that once guaranteed Soviet conformism have largely been removed. As a result, there is more room for individualists to express themselves. Expressive nonconformists can have an infectious influence.

"By the 6th grade [age 12 here]," one Moscow mother reports, "the kids have stopped thinking that they have to do every single assignment in school and obey every single instruction they hear. Most of the boys and a lot of the girls have started to smoke.

"Teachers who used to maintain iron discipline now find they can't. It makes them nervous. Some try to rush through their lessons and escape from the classroom before they lose control. The teacher no longer enjoys full authority just because she's the teacher. . ."

The official Soviet press has confirmed the existence of a serious juvenile delinquency problem. Published sociological studies suggest that there is a deprived under-class that breeds juvenile crime. One study reported that of its sample of juvenile offenders, 48 per cent had begun smoking at age 9, and 43 per cent were drinking alcoholic beverages at 12.

A recent television program in a series on law enforcement was devoted to a teen-age gang that had killed two tellers in a savings-bank holdup in the Ukraine. The gang leader was sentenced to death.

The press has revealed the existence of bands of young dropouts from all walks of life who roam remote areas of the country, working when they need money (and getting the good salaries that are paid in remote regions), then quitting when they're bored, blowing their earnings on easy or wild living.

The strict regulations that govern the Soviet mass media prohibit reporting on isolated or atypical deviant behavior so it is reasonable to assume that these reports describe social problems that the authorities regard as serious.

More tolerable deviance is so common that it is visible, even to a foreign eye. There is no disguising the black market in phonograph records, conducted daily in front of the second-hand store on Moscow's Sadovoye Koltso, for example. There a copy of the original cast recording of "Jesus Christ, Superstar" might change hands for 100 rubles ($135 at the official exchange rate, and the monthly salary of a young physician.

The leading status symbols in the cafes for young people on Moscow's Kalmin Prospekl are articles of Western clothing—platform shoes for the girls, mod shirts or blue jeans for the boys. The black market price for a pair of Levis is 80 rubles ($100). Three cafes along this avenue are much frequented by the young—the most stylish hangouts in Moscow. If you want a seat you'd best arrive about 6:30 p.m.—from then until closing at 11, they are all full.

An interest in Western styles and Western culture seems strongest among the Moscow elite—the children of government officials, professors, writers, and journalists, etc. The wife of one prominent musician bragged to an American recently that her son was going to be a poet. The American observed that Russia was the perfect country for that ambition, since Russians were so in love with poetry.

"Oh," the mother said excitedly, "I wish you'd tell my son that. He only talks about how good things are in the West—the freedom, the lack of censorship . . ."

A large percentage of these children attend special schools that give intensive instruction in a foreign language or a branch of science. Admission to these schools is by fiercely competitive examination. Their students—according to their own testimony—see themselves as a special slice of the country's youth.

These schools appear to produce a skeptical spirit that disturbs the authorities. Last year a special mathematics school in Moscow was disbanded because, according to one former student there, "the atmosphere was too free."

The official pretext for the unpublicized closing of the school was that some of its students had visited the main Moscow synagogue and signed the guestbook there as representatives of "Mathematics School No. 3." In fact, this student reported, the authorities realized that they couldn't control the school's intellectual environment. "We had a Russian literature teacher who told us Solzhenitsyn was the best living Russian writer," the student said.

A boy of 17 in the 10th class (the last year in Soviet schools), at a special physics school in Moscow recently talked at length about life there. His story is worth recounting.

His fellow students can't see how their contemporaries in ordinary schools ("They're lousy") get any education at all. But they are working hard, mostly at physics, with an eye to Moscow state university or one of the best physics institutes.

There are 32 students in his class—four of them from the families of manual workers. The others are all children of officials and intellectuals.

All but three are members of the Young Communist League (the Komsomol), "but very few take it seriously. It's a credential you have to have to get into university . . ." (There's a full-time, paid Kromsomol secretary on the school staff to organize Communist Party activities.)

Most of those who are active in the Komsomol are completely cynical about it—"or they are fools." They know that most fringe benefits go to the active young Communists. Last year, for example, half a dozen students in the school were chosen (by the Komsomol secretary) for a tourist trip to Poland. "Anybody who's been abroad has the highest status in school."

They have "military preparations" class twice a week, conducted by "a dumb retired colonel" who is also on the school's permanent staff. Girls and boys march together in military training.

"But the boys are anxious to avoid being drafted into the army—that's ghastly. Their parents try to help. Lots of mothers are always looking for physical defects that might keep their sons from being drafted." No one from his school would want to make a career in the military: "There's no prestige in it."

However, a boy who goes into the army after high school and then applies for admission to a university or institute has a big advantage over other applicants. Preference is given to veterans. But if you get into the institute directly from school, you'll only be a reserve officer after graduation, and probably won't have to serve on active duty.

Many 10th graders have private tutors to help them prepare for the university entrance exams. The school curriculum doesn't cover all the material that students will be held responsible for in the exams. Some students think that teachers in the universities and institutes maintain this gap on purpose, so they'll get more business as tutors. A teacher from Moscow University—whose salary might be 200 rubles a month—can earn up to 10 rubles an hour tutoring.

Because they're members of the faculty at universities and institutes, tutors can help you get admitted—"It's what we call 'Blat' in Russian—influence." (The Soviet press has reported many cases of parents bribing university officials to get their children admitted.)

"Steady romances aren't too common," but there is an active social life. On holidays the school has its own "evenings," which end with a dance. And the kids gather at one another's apartments for parties—if they can persuade someone's parents to allow it." "There are always some liberal parents who are willing to let their places be used for parties, but most parents don't like to see vodka on the table."

The boys start experimenting with vodka at 13 or 14—by which age many of them already smoke. (There is no official propaganda against smoking in the Soviet Union.)

There's a school uniform, but that doesn't prevent sartorial competition among the girls. "Only the dress is required—they can wear different shoes, coats, stockings, pocketbooks. It's a big deal."

And what about ideals? What do 17-year olds at the physics school care about? "Physics—they've got physics in their blood. They all have a pretty clear idea of what kind of work they'd like to do later on—research or practical work or whatever."

So, in the end, even these skeptical, cynical young people agree to play the game by the established rules. The young don't see how the rules could be changed.

A teacher of English in a Moscow institute recounts her own discomfort at the sight of career-oriented students compromising their way toward good jobs and other benefits.

"I asked one of them recently, 'Aren't you ashamed of yourself?' And he said 'What do you mean? I'm building a career. I want to live, to Live.' "

"Nado zhit," the Russians say—you have to live.

And cynicism is certainly not the universal attribute of this adolescent generation. Away from Moscow, outside the narrow world of the intellectual elite, simple, patriotic enthusiasm is at least as common. This is vividly evident at a giant industrial project like the Kama River truck plant, where a work force approaching 100,000, mostly young people just out of school, is building the world's largest truck factory.

These youngsters were lured to Kama, 600 miles east of Moscow, by Komsomol agitators who promised them good living conditions eventually and an exciting life immediately—building the country's top-priority industrial plant with thousands of their contemporaries.

They may covet a Rolling Stone record or a pair of blue jeans, but these young Soviet citizens are also willing to respond to the state's exhortations, transplant their lives to a remote new town, put up with overcrowded dormitory living for many years—all for the sake of what the propagandists call "building Communism."

The question remains whether the Soviet Union can remain the kind of country it has been when a new generation that does not remember the Revolution, the 1930s, the war or Joseph Stalin is running the country. People born after the war have lived lives that are difficult to compare with their parents'. Everything has been different—and, as parents complain, easier—for the young.

MRS. MANGES RECOGNIZED FOR PUBLIC SERVICE ACTIVITIES

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. MURTHA. Mr. Speaker, we all recognize that the true and lasting spirit of America lies with our individual citizens, but we should never take that so for granted that we forget to recognize an individual when he or she makes a truly outstanding contribution to our society.

It is in numberless individual lives that the history of America is written. It is written by individuals who give selfishly of their own time in order to help other individuals—it is written by people helping other people because they care and are concerned.

Such a person is Mrs. Vera A. Manges. Mrs. Manges has been properly selected as winner of Pennsylvania's Para-Professional Project Award by the National Association of Extension Home Economists.

Mrs. Magnes has been working at the Vine Street and Connor Towers senior citizen high rise housing areas in Johnstown. Mrs. Manges offers nutrition education classes, food demonstrations and other programs to help residents improve their eating habits.

Observers and participants agree there has been an improvement in the quality of the diets of the individuals who have participated in this program.

It is certainly proper, Mr. Speaker, that the U.S. Congress recognize such outstanding individual contributions to our society. I am certain I speak for all the Members of the House in congratulating Mrs. Manges on behalf of the U.S. Congress.

Many years ago, as this Nation was being founded, Thomas Jefferson wrote:

> My confidence in my countrymen generally leaves me without much fear for the future.

I would certainly repeat Jefferson's remark and add that that same spirit is alive in Americans such as Mrs. Manges and will continue to provide well for the future of this Nation.

SPANISH NEWS COVERAGE

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. HELSTOSKI. Mr. Speaker, one of the hallmarks of any good newspaper is its dedication to improving relations within the community it serves. One such newspaper is the Hudson Dispatch, which is headquartered in my congressional district. Throughout its history, the Dispatch has had a distinguished career of service and dedication to the community.

Recently, the Dispatch again demonstrated its awareness of the needs of its readers by instituting a new feature, an entire page of stories and pictures in Spanish, to serve Hudson County's growing Hispanic population. This new page, I am certain, will benefit both the people of Hudson County and the newspaper itself.

Mr. Speaker, an article concerning the new feature appeared recently in Editor and Publisher magazine. In view of the fact that I am proud to have this fine paper in my congressional district, I would like to share this article with my colleagues:

NEW JERSEY DAILY INTRODUCES SPANISH NEWS COVERAGE

The Hudson (N.J.) Dispatch has begun a new feature, a full page of stories and pictures in Spanish.

According to managing editor James R. Ferguson, Hudson County's Hispanic population is now estimated at more than 150,000, primarily of Cuban and Puerto Rican ancestry. Approximately 70,000 Cuban-born refugees have moved into West New York and Union City, in the heart of the Dispatch circulation area, Ferguson said.

The decision to translate major stories into Spanish, as well as running those of interest to all in both languages, is complicated by a New Jersey law which forbids any newspaper from running a story in another language which does not appear in its regular edition in English, he said.

To carry out the Spanish Page idea, The Dispatch added to its staff two journalists of Hispanic background to report activities of the community, as well as to translate major events from the world, nation and area. A bilingual editor coordinates the entire operation.

OCTOBER 14—COLUMBUS DAY

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. BADILLO. Mr. Speaker, on Monday, October 14, we will observe Columbus Day in honor of the discovery of the New World. It is most appropriate that this event has been made a national holiday and that citizens throughout the land will be able to join in the celebrations commemorating this great occasion.

Columbus Day, popularly known throughout the Spanish-speaking community both in this country and in Latin American as El Dia de la Raza—The Day of our Race—has long been observed by our people as a day of great historical and cultural significance. Although an Italian by birth, Columbus made his historic journey in the name of and with the financial assistance of the Spanish monarchs—Los Reyes Católicos. We are thus reminded of our common heritage and of our native Spanish language, which has provided the basic cohesive element that binds our various groups together in a spirit of brotherhood and harmony.

Mr. Speaker, I would like to take this opportunity to congratulate my fellow Spanish-speaking Americans on the occasion of El Día de la Raza. While we have a deep pride in our accomplishments and progress in recent years, we do not forget that we are involved in a continuing effort for equal opportunity in many areas. The present national economic dislocations, where massive unemployment and rampant inflation are already seriously affecting the low- and middle-income population, are presenting a grave crisis for those Spanish speaking in the barrios of our cities who are struggling for some means of survival. We still need more bilingual education programs in our public schools and bilingual instruction in job training programs. We need better housing and a system of health insurance in which our physical well-being does not depend on our personal income. One of our most crying needs is for better representation among the Federal work force, especially in higher-paying, policy-making positions. In many Federal agencies, employment of Spanish speaking has grown not more than one percentage point in the past 5 years, and the bulk of this increase has been in the lower-paying jobs.

It is obvious that much remains to be done, and I personally look forward to the day when we commemorate this special holiday with the knowledge that we have made meaningful advances and are able to fully participate in the American system.

TRIBUTE TO MSGR. MYROSLAV CHARYNA

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. EILBERG. Mr. Speaker, on Sunday, November 17 the parishoners of St. Josaphat's parish in my district in northeast Philadelphia will honor their pastor, Msgr. Myroslav Charyna for 25 years loyal service in their parish.

Msgr. Myroslav Charyna is an outstanding person whose life reflects devotion to the service of his people.

At this time I enter into the RECORD a biography of Monsignor Charyna:

MSGR. MYROSLAV CHARYNA

The Very Reverend Monsignor Myroslav Charyna, the son of the late Jacob and Takla, was born in Matiyeva, Western Ukraine. He completed his elementary school education in Matiyeva, Nowij Sancz, and Lviw. In Lviw he attended the gymnasium (High School).

He entered the Major Seminary in Lviw, studying there from 1930 to 1935. On June 23, 1935 the Monsignor married Maria Facjewycz, the daughter of Reverend Julienand Olha. On February 15, 1936 he was ordained to the priesthood by the late Archbishop Ivan Buchko. The Monsignor was assigned as an assistant pastor in Lviw and at the same time cared for the faithful at Mission parish in Zamarstyniw, where he organized St. Josaphat parish.

On June 10, 1940, Msgr. Charyna left for Krakow where he worked with the Ukrainian Relief Committee. In October of that same year he moved to Rymaniw, where he organized another parish and school while continuing his work with the Relief Committee in Rymaniw.

On October 1941 Msgr. Charyna returned to Lviw and became pastor of St. Volodymyr's parish and was a catechist in the business gymnasium. He purchased a rectory, established educational facilities for the kindergarten and was active in various civic and social organizations.

On July 10, 1944 Monsignor left for Kryntsya and because of the war was unable to return to his parish in Lviw. Monsignor with his family moved to Bratislava, Slovakia for a short time, and then to Lakhsfeld near Vienna, Austria, and finally to Konradshofen, Bavaria in March of 1945. Here he cared for the spiritual needs of the Ukranian people and helped to organize the

Ukranian Relief Committee which aiding refugees.

In the summer of 1945 Msgr. Charyna departed for Rothenburg on the Tauber, where he organized a parish, Sodalities, Saturday School, kindergarten, and a soccer team "Tryzub." At the same time he was busily seeking out refugees in camps and administering to their needs.

The fall of 1948 found Msgr. Charyna in Waysenburg, Bavaria. Here he became pastor, established a beautiful chapel and organized a Sodality of the BVM.

On August 14, 1949, the Monsignor arrived on the shores of the United States of America. Shortly after settling in Baltimore, Maryland, he was assigned as assistant pastor of St. John's Church in Northampton, Pennsylvania.

The late Archbishop Metropolitan Constantine Bohachevsky named Msgr. Charyna on December 13, 1949 pastor of St. Josaphat Church in the Frankford section of Philadelphia and secretary to the Archbishop's Chancery Office. To this day the Monsignor has been fulfilling the duties of both these positions.

During the years that followed as pastor of St. Josaphat the Monsignor built a new church in 1953 and in 1956 purchased a school building for a parochial school, and a convent for the Sisters. In 1964 a new rectory was purchased and in 1968 marked the erection of a new building addition for the school which contains an auditorium, kitchen, facilities for kindergarten, an apartment for a janitor, and a visual-aid room and library.

An iconstasis was erected in the church in 1955, new stained glass windows in 1957, Stations of the Cross in 1958, and the church was repainted artistically in 1961.

Under the direction of Msgr. Charyna an Altar Boy Society, Sodality of the BVM, Ukrainian Catholic Youth League, and Home-School Association was founded in St. Josaphat's parish.

During the 25 years Msgr. Charyna has worked with devotion in the Chancery Office, he compiled many issues of the Archdiocesan Directory as well as Ukrainian parts of the book "First Metropolitan See in the U.S.A." He is also the editor of the Archdiocesan Bulletin.

The Very Reverend Monsignor was appointed Dean of the Philadelphia Deanery in May 1962. He is also the director of the Church Unity Octave, a member of the Archdiocesan Marriage Tribunal, the Archdiocesan Building Commission and Advisory Board and the Spiritual Director of Ukrainian Catholic Students Organization "Ovnova."

In the year 1966 the Monsignor was elected the President of the Providence Association of Ukrainian Catholics in America and became a Vice President of the Ukrainian Congress Committee of America. To this day the Monsignor has been fulfilling the duties of both of these positions.

On May 30, 1968, His Holiness Pope Paul VI honored Monsignor by raising him to the rank of Papal Chamberlain with the title of Monsignor.

THE 8-A CERTIFICATION

HON. PARREN J. MITCHELL

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. MITCHELL of Maryland. Mr. Speaker, Federal Petroleum, a minority oil company, went into operation in September 1973. This minority firm raised its own capital in the amount of a quarter of a million dollars. It did not seek Federal funds from the Small Business Administration, the Office of Minority Business Enterprise, nor any other Federal agency.

The only thing the company needed was 8-A certification by the Small Business Administration. As a result of making the request for certification the strangling bureaucracy went into action or should I say lack of action and so today the Federal Petroleum Co. sits with its capital but not being able to do any business.

The problem is as follows:

First. The Small Business Administration argues that it will not grant 8-A certification until such time as the Federal Energy Administration provides a statement that it will allocate to the Federal Petroleum Co. On the other hand the Federal Energy Administration maintains that it will not allocate to the company until the Small Business Administration gives 8-A certification. This idiotic bungling has gone on unresolved since the Federal Energy Administration came into operation.

Is it any wonder that minority businessmen around the country are protesting against the Federal agencies and rightfully suggesting that those agencies do not help rather that they hinder.

I have contacted both of the agencies and hope that they will act sensibly and immediately to resolve the dilemma of the minority small business firm which had the courage to raise its capital independently of the Federal Government.

STUDDS-MAGNUSON 200-MILE FISH BILL

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. STUDDS. Mr. Speaker, the administration has actively intervened to delay Senate passage of the Studds-Magnuson bill. Despite this opposition, the people have shown that they support and desperately need this fishing jurisdiction legislation. These sentiments have been well expressed in an excellent editorial appearing in the Quincy, Mass., Patriot Ledger on October 7, 1974. For the further information of my colleagues, I would like to enter into the RECORD this well written article.

[From the Quincy (Mass.) Patriot Ledger, Oct. 7, 1974]

ACTION NEEDED

The Ford Administration has succeeded in putting on ice the Magnuson-Studds bill providing for extension of American fishing jurisdiction out to 200 miles, pending an international treaty.

But the problem can't be put in the deep freeze for long, and unless the United States can persuade other nations when the United Nations Law of the Sea Conference resumes next year of the urgency of negotiating a uniform international fisheries convention, the U.S. will have to take prompt unilateral action to protect its valuable food fish.

Intense lobbying by the Ford Administration undercut the Senate legislation sponsored by Sen. Warren G. Magnuson, D-Wash., to save it from defeat on the floor, the senator managed to have the bill transferred to the Senate Armed Services Committee. Whether a Senate test will come this year or the bill will stay there, remains to be seen.

Similar legislation has been filed in the House by Rep. Gerry E. Studds, D-Cohasset, who justly complains, "Once again we see the diplomats talking at a pace that is infinitely slower than the pace at which foreign vessels are taking fish off New England's waters."

Despite the foreign overfishing off the New England coast and the serious depletion of important food fish, the United States has resisted the temptation to unilaterally extend its fisheries jurisdiction out to 200 miles. While at one time the State Department seemed to give little attention to New England's fishing problem, it has been forced to pay attention and has come to the realization that something must be done.

The U.S. government has urged New England to have patience while international agreements governing not only fishing but all ocean resources and uses, are negotiated. While we have agreed that a comprehensive new law of the sea is imperative, and that unilateral U.S. action would complicate the negotiations, the urgency of the fisheries problem and the slow pace of oceanic diplomacy make the situation critical.

It is not American negotiators who are responsible for this, for U.S. positions on ocean law in general are statesmanlike and internationalist. It is rather that the world is full of all kinds of conflicting claims to the seas, that a number of nations are acting selfishly in claiming too much of the ocean resources off their coasts, and that at best devising new ocean laws are complex and delicate.

The United States has the responsibility to protect its own interests from foreign greed just as those Latin American nations which already have claimed 200-mile fishing zones, and if a fair system of international sharing is not quickly reached, the U.S. should protect fishing stocks by imposing and enforcing necessary conservation measures.

ARTHUR D. ASTON RECEIVES FERNANDO AWARD

HON. JAMES C. CORMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. CORMAN. Mr. Speaker, for over a decade an annual tradition has evolved in the San Fernando Valley of California to honor the individual who has done most to improve the quality of life for the people of the area. Each year, the Fernando Award spotlights the person, who through personal dedication and devotion, has made a major contribution to our community.

This year's recipient is a well respected resident whose many civic pursuits in the valley have elevated him to a distinguished level of prominence and regard by all who know him. Arthur D. Aston's service has been consistent and varied, but more importantly, it has reaped tremendous benefits for all who work and reside in the valley community.

Arthur has served on many clubs, chambers and boards extending over more than a 20-year period. His energy and diversity of activity are seen in the types of positions he has held: member and President of the Van Nuys Chamber of Commerce; chairman of region I United Way Campaign; trustee of California State University at Northridge; president of the Los Angeles Headquarters-City Development Association; chairman 1974 Convention Committee of the California Savings and Loan League; member, Mayor's Economic Development Board; and member, Southern California Rapid Transit Committee. His charitable work is equally impressive: treasurer of the Canoga Park and Van Nuys March of Dimes; board of governors of the YMCA; finance chairman, Project Hope; and associate member of the San Fernando Valley Realty Board.

The list seems endless, and, perhaps in terms of dedication there is no limit to Art's contribution.

In honoring Arthur Aston with the 1974 Fernando Award we publicly acknowledge his outstanding contribution to the people of the community, and give thanks for his untiring efforts for us all.

BOLLING COMMITTEE REFORM PROPOSAL WARRANTED SUPPORT

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HARRINGTON. Mr. Speaker, regrettably, this week the House defeated the committee reform proposal proposed by the Bolling Committee on Committees, adopting instead a milder plan offered by the so-called Hansen committee of the Democratic Caucus.

The organizational structure of the House of Representatives has not been changed for 28 years, since the Legislative Reorganization Act of 1946. In these 28 years the scope of the Federal Government has expanded vastly; programs have become more complex; new and unforeseen problems have arisen; but the organization of Congress has not changed to keep pace. Mr. Speaker, I believe that a more sweeping reform plan was needed than the watered-down recommendations of the Hansen committee. Because I believed in the desirability of the Bolling plan, the result of almost 2 years of study by a bipartisan Committee on Committees, I voted against the Hansen substitute.

In many ways the defeat of the Bolling plan was predictable. Last May, when the House Democratic Caucus met in closed session to consider the Bolling proposal, by a narrow vote endorsement was withheld and the matter of committee reform was referred to the Hansen committee for review and revision. While the Hansen committee could be credited for its good-faith effort, I think it fair to say that the final result of that group's meetings reflects institutional and personal biases that I consider to be at variance to the broader goals and needs of Congress as an institution. Unhappily, the Hansen committee plan too often reflects not what is right for the House of Representatives or what is best for the effectiveness of the legislative branch, but what is right for the personalities and best for narrow interests presently reflected in the power structure of the House.

Still, while the long-term goals of congressional reform may have not been advanced this session as much as I and many others would have preferred, a small step has been taken that I hope a new, hopefully invigorated Congress will greatly expand upon in the next session of Congress to begin next January. The problems of our country, and the ineffectiveness of the Congress, are too serious for half-way measures like that adopted by the House yesterday.

As reported by the Committee on Committees, the Bolling proposal would have eliminated two standing committees and significantly altered the jurisdiction of 14 other presently existing committees. The Bolling proposal would have limited Members to assignment to only one major committee, while consolidating and updating the often irrational and overlapping jurisdiction of the current system, in the process bringing a more rational approach to many issues of national significance—including health, energy, transportation, and environment—for which present jurisdiction is fractured and distributed piecemeal among a maze of committees. The size of committees would have been limited, and each committee would have been required to have subcommittees. Committees would have been mandated specific new responsibilities to oversee existing Government programs and monitor performance of executive branch Government agencies.

Each member, under the Bolling plan, would serve on only one of the 15 following committees: Agriculture and Forestry; Appropriations; Armed Services; Banking, Currency and Housing; Commerce and Health; Education; Energy and Environment; Foreign Affairs; Government Operations; Judiciary; Labor; Public Works and Transportation; Rules; Science and Technology; and Ways and Means. These committees, insofar as practicable, were to be equal size and none were to have more than 35 members, except Appropriations.

Members would also be permitted to serve on the following "minor" committees as well: District of Columbia, House Administration, Small Business, Standards of Official Conduct, Veterans Affairs, and Merchant Marines and Fisheries.

The Bolling report was, admittedly, considered by many in the House as going too far. If anything, however, it seems to me that the Committee on Committees failed to go far enough, especially in failing to attempt reform of the seniority system which now cripples Congress. Congress abounds in capable men and women early in their terms of service, but they are smothered by the authority of many whose only qualifications for power are their long terms in office.

These people rule the House; they can push or kill legislation, sometimes regardless of the will of the majority, simply by virtue of their seniority. But, as we saw in the defeat of the Bolling recommendations, the typical House Democrat has learned to live under the tutelage of his elders, becoming "grateful" for the crumbs they drop in the form of subcommittee chairmanships and other privileges and accoutrements that attach to rank, all the while slowly creeping up the seniority ladder. The seniority system has thwarted innovative ideas and frustrated the talents of young Congressmen. It defeats the traditional American concept of merit—for, by vitue of this system, merit, talent and good ideas take a back seat to age.

Congress, as it stands, fails to represent the totality of America and its interests and problems. Each of the three major committees in the House of Representatives: Ways and Means, Appropriations, and Armed Services, are chaired by Southerners from rural districts, despite the fact that our country is predominantly urban and serves North, East, and West as well as South.

Nor does the seniority system discriminate only geographically. Since 1913, only one freshman member has been appointed to the Ways and Means Committee. This powerful committee—which in addition to its jurisdictions over tax-writing, trade, medicare, social security, and welfare also parcels out committee assignments in the House—denies young Members the opportunity to sit on the committee. And, not one black man has served on the Ways and Means Committee since Reconstruction.

The Rules Committee is equally narrow in its representative quality. No blacks serve on the Rules Committee. It is stacked with senior Members.

Over 85 percent of the committee chairmen of the House of Representatives have, over the past two decades, come from essentially rural districts where there is virtual one-party politics. To further frustrate attempts at representative government, in terms of ideology, committee chairmen and others in leadership roles are significantly more conservative than the House as a whole. Are we representative? Or have our rules and our insistance on archaic organization deprived urban and contemporary America from representation? I think not.

In the overall structure of Federal Government the House of Representatives was to be the representative body, reflecting the immediacy of citizen interest and concern. But Congress has through the seniority system and compound inefficiency the constitutional design has been thwarted.

While adoption of the Hansen committee recommendations are at least a start to the task of reform, I felt that the House by adopting these recommendations, was denying itself the rare opportunity to broadly reshape our institution by defeating the original Bolling proposal of the Committee on Committees. I hope that Congressman BOLLING is correct in his hopes that the new 94th Congress will not let the reform movement languish. The problems of the Congress and the country will not allow the House of Representatives to continue in is plodding, antiquated way.

Much has been written and said of the ascendancy of the executive branch in recent decades, and the corresponding decline in the authority and prestige of the legislative branch. Yet I cannot help but wonder how much of the power of Congress was "usurped" and how much was given away by our unwillingness to face difficult issues. Perhaps it has always been that politicians by their nature seek to avoid risks inherent in decisive action of any kind. Certainly that was one lesson of the defeat of the Bolling committee reform proposal. Viewed from the broadest perspective, even the bolling proposals were small by comparison with what is needed.

We have, in Congress, a system which appears to give reward to vacillation and avoidance. We have a system that penalizes energy, quashes unorthodoxy, and lionizes the stasis of the status-quo. But it seems to me that one lesson of the last few years is that things as they are in this country have not worked terribly well; and the immediate prospects are not bright. It is time for new answers; new leaders; and a new vision. Unless Congress summons forth the integrity and the honesty to squarely face its failings, the legislative branch of the American Government will sink further into obscurity, full of sound and fury, but signifying nothing.

NAVY BIRTHDAY 1974—A PROUD TRADITION

HON. CHARLES E. BENNETT

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. BENNETT. Mr. Speaker, Sunday we celebrate the 199th birthday of the U.S. Navy. We are all deeply indebted to our Navy for its tremendous contributions not only in the beginnings of our Nation, but also in the almost two centuries of time that have followed.

Mr. Speaker at this point I include the thoughtful birthday statement of the Navy's great Secretary of the Navy, J. William Middendorf, II:

Navy Birthday 1974—A Proud Tradition

As our Navy celebrates its 199th Birthday, we are in the midst of important changes in the Navy as we know it: the modernization of our Fleet, the realignment of certain command and support organizations, severe fiscal constraints, the realities of the All-Volunteer Force, and the dramatic expansion of the Soviet fleet.

But throughout the past year the United States Navy has met each challenge, answered each call, and, in every case, lived up to the finest traditions of its 199 year history. In fact, it is during times of crisis and challenge that our Navy's proud tradition has its greatest influence.

For almost two centuries, American patriots have sailed the oceans of the world, under sail, coal, steam and nuclear propulsion, in ships of wood and ships of steel, in a constant vigil to protect this nation and its vital interests abroad from foreign aggression.

That tradition is embodied today in every Navy man and woman whose patriotism, dedication to serve, and diligence in the performance of duty are still, as they were in 1775, America's first line of defense. Those of you who have stepped forward to serve your country should know that your vital role is recognized all across this country. And as our Navy meets the challenges that face us on this 199th Birthday, we should take strength from our Navy heritage, match the commitment of our forebearers with our own, and rededicate ourselves to carrying the proud tradition of our Naval Service into the unforeseeable future.

THE REVENUE SHARING LOBBY

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. RARICK. Mr. Speaker, in these confused times of unusual happenings many of the American people are not as upset about what is taking place as they seem to be over who is doing it and why.

Mrs. Jo Hindman, a hard-hitting columnist from Powell Butte, Oreg., in her copywrited column, "Metro News" entitled "Political Hit Men," comments on the role of COPE of the AFL-CIO money and elected officials participating with a national lobby called the National Association of Counties—NACo.

I fear that many of our colleagues may someday also come to the realization that the establishment of NACo, and its related functionary, the Advisory Commission on Intergovernmental Relations—ACIR—may soon prove to be one of the largest tax-supported lobbying groups in our Nation. The American people continue putting the pieces of the puzzle together. Will they do it in time?

For additional information on NACo and its parent and related bodies, I recommend the reading of "Terrible 1313 Revisited" and "Blame Metro," both by Mrs. Jo Hindman and published by the Caxton Printers, Ltd., Caldwell, Ida.

I insert Mrs. Hindman's column following my remarks:

Political "Hit Men" Rip Campaign

Hon. John R. Rarick (D.-Louisiana) was defeated Sept. 28 in the Democratic second primary election within the year, a run-off.

A TV sports announcer who, many say, has little to offer in the way of qualifications for the job of a congressman, got about 4,000 votes more than did Congressman Rarick.

A reliable source has reported that lies and distortions were circulated in an unusually ferocious attack by forces inimical to the reelection of incumbent Rarick.

An estimated 20–40 "agents" posing as agricultural experts from out of state spread throughout the rural areas telling the farmers that a new congressman was needed. Rarick, being a member of the Agriculture Committee of the U.S. House of Representatives, was particularly vulnerable to such an unwarranted attack.

Reportedly the Committee on Political Education (COPE) of AFL–CIO poured money into the campaign of Rarick's Democratic opponent. And the mayor of Baton Rouge (La.), described as a former head of the National Assn. of Counties (NACo), was on TV during the last week frequently, knocking the Congressman.

NACo, the organization, is part of the Rockefeller-endowed 1313 political syndicate. Reported to the Attorney-General's office as long ago as 1972, accused of violating the Federal Regulation of Lobbying Act, NACo is tax-exempt. According to law, the tax exempt privilege is forfeited following a conviction of violation. So far, NACo has gone untouched by the authorities.

Judge Rarick—as he is known among his colleagues in Wash., D.C. who respect his former judgeship—drew additional wrath from the 1313 crowd. He introduced H.R. 6869, a pending bill relating to another of the 1313 syndicate's units, namely the federal Advisory Commission on Intergovernmental Relations (ACIR). Avidly lobbying for land use control by bureaucrats, ACIR has colonized within federal government, drawing its membership from 1313 groups and collaborators. The whole cabal combines in reshaping American government into constitutionally illegal regional governance that buries local government. Rarick's H.R. 6869 would bring ACIR under the much-needed legislative review by Congress.

Known admiringly as "America's Congressman," Rep. Rarick has befriended citizens all over the nation, orphaned by their own Congressmen who are addicted to the 1313 syndicate, one-world legislation, and the welfare state.

Congressman Rarick is tirelessly outspoken against wasteful Federal spending and seeks a return to Constitutional government. Since his first day in Congress seven years ago, he has worked tirelessly in support of individual liberty as opposed to gang rule.

COPE, composed of the AFL–CIO union's boy rovers, marked John Rarick for elimination long ago. In an article published in the Congressional Quarterly (CQ) in mid-1974 under the title "The Unusual 'Marginals' ", COPE was reported as listing sixteen (16) House incumbents as "marginal" (to be put out of office). CQ noted that the *only Democrat* among the 16 was John R. Rarick who pulled strong reelection vote support in preceding years. Yet COPE rated Rarick at 20 on a scale of 100.

It is tragic that this universally-respected lawmaker is defeated by covert power apparently in his own Party, at a time when Congress is going through the motions of exposing the "dirty tricks" in the campaign tactics of the "other Party."

SUPPLEMENTAL APPROPRIATIONS, 1975

HON. WILLIAM R. ROY

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. ROY. Mr. Speaker, last week, the House of Representatives completed action on the fiscal year 1975 supplemental appropriations bill. During floor consideration of this measure, an amendment was adopted which added $198.6 million to this bill for elementary-secondary education, adult education and education of handicapped children. I voted for this amendment.

I was, however, disappointed that the bill which passed the House reduced the funding level for NDEA, title III. As my colleagues already know, NDEA, title III provides funding for the purchase of classroom instruction equipment and materials by local school districts. This reduction in funding of title III will no doubt adversely affect Kansas educators. These cuts are going to hurt the quality of instruction in classrooms and learning resource centers in Kansas and all over the country. It is going to ultimately affect the quality of education received by students.

The House bill provided $15 million for NDEA, title III. The President's budget request was $28.5 million—the same amount was provided in fiscal year 1974. In a letter to Senator MCCLELLAN, chairman of the Senate Appropriations Committee, I urged the restoration of funding of NDEA, title III to, at the very least, the fiscal year 1974 level. I was therefore very pleased to learn that the committee did in fact restore this necessary funding.

It is my sincere hope that when the Senate resumes consideration of the supplemental appropriations bill after the elections, it will approve the recommendation of the Senate Appropriations Committee with respect to NDEA, title III.

ABORTION DEMAND

HON. GENE TAYLOR

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. TAYLOR of Missouri. Mr. Speaker, the single most important legislative business awaiting action before the close of the 93d Congress is the passage of legislation to correct the damage that has been done to the moral fabric of our society as a result of the disastrous decision of February 1973, which permits abortion on demand.

This is an issue that is essential to the whole range of freedoms and responsibilities embodied in the U.S. Constitution. The right to life is the starting point of all other rights. If the right to life is absolute, government cannot rightfully diminish or restrict this right.

In the 14th amendment, the Constitution guarantees that:

> No State shall . . . deprive any person of life, liberty or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

In Roe against Wade, the Supreme Court decided that some human beings were not "persons" within the meaning of the 14th amendment. The Court held that the unborn infant can be defined as a nonperson and subjected to death at the convenience of others or because others consider him unfit to live.

I believe that the great majority of Americans believe this Court opinion violates fundamental moral and spiritual principles. I share this conviction. Life starts at the moment of conception and the sacred spark should be protected from that moment onward. It is indefensible to withhold protection from human beings, however young.

Legislative action is necessary, not only to protect the young, but also the elderly, sick and retarded who are also now in peril of being defined as nonpersons by the Supreme Court. In principle these persons too are capable of being defined as not self-sustaining.

It is essential to reverse the Supreme Court on its basic proposition. During this Congress, the House of Representatives has attached numerous amendments to many different pieces of legislation which prohibits the use of Federal money to perform abortions. I have been pleased to support the passage of these amendments, but we must recognize that they do not go far enough. A constitutional amendment is needed which would protect the right of life from the very beginning and would guarantee the equal protection of the laws to all human beings at every moment of existence.

Several resolutions are pending within the House Judiciary Committee which seek a basic reversal of the new Supreme Court policy. The committee should act soon to recommend one of these measures to the floor where it can be swiftly passed and sent to the Senate. We should delay no longer in proposing a human life amendment to the Constitution which can be ratified by a vote of the State legislatures.

A CRUCIAN COMMENT ON "MR. ADAM"

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. DE LUGO. Mr. Speaker, on October 2, I inserted an article on Mr. Adam Petersen, whom we in the Virgin Islands look upon as a living example of our Virgin Islands culture "in motion."

Today, I want to bring to my colleagues' attention a similar article on "Mr. Adam" written by Mr. Charles Hawes, a local columnist—a well-known artist, himself—writing for the St. Croix Avis, a newspaper which has been serving the Virgin Islands since 1844. Charlie Hawes had this to say.

The article is as follows:

CRUCIAN COMMENT

(By Charles Hawes)

Every so often, if you're lucky and the moon is in the right quarter, you reach a personal pinnacle of sorts. Just such a thing recently happened to us. It's not the kind of thing money can buy. You just have to be standing in the right place at the right time, and there it is.

Mr. Leroy Daniel drove into our yard not long ago to approach us about doing a painting of a Mr. Adam Petersen who lived at the Herbert Griggs Home. As president of the St. Croix Cultural Dancers, Inc., a non-profit organization founded by Mrs. Lillian Bailey, Mr. Daniel informed us that Mr. Adam Petersen was the foremost floormaster of quadrille in the Virgin Islands, and that his organization wished to present Mr. Adam the painting at a testimonial ceremony on the night of September 20.

Now with the possible exception of musicians, there is no group of people in the world who get as much fun out of their work as artists. Adam Petersen turned out to be a giant of a man. Badly injured a number of years ago, he is a polished ebony carving, walking with a cane. A totally bald head sits squarely on his massive shoulders, and the deep-set eyes that peer from beneath heavy brows cannot suppress a smiling twinkle that says he knows something that you don't know. Square-jawed, his mouth is an upturned smiling slash until he opens it widely to shout a call to his performing dancers. We painted him holding a guitar with a suggestion of a quadrille in the background. We would like to paint him a hundred times.

So the time came and Mr. Adam Petersen was honored at St. Gerard's Hall. Hundreds of friends were there to wish him well. He was honored, in the words of the Hon. Hortense Rowe, Commissioner of Conservation and Cultural Affairs (would someone mind shortening that?) the keynote speaker, "for your contributions to the performing arts, and for the preservation of the cultural heritage of the people of St. Croix." The Governor and his Lady were there. The President of the Senate was there, as well as our Congressional Representative, Ron de Lugo. Joining the Hon. Gwendolyn Blake, Commissioner of Social Welfare, in saying a few words, was Mrs. Dolores Brewster, head nurse at the Herbert Griggs Home. Pinch-hitting for his brother Randall James as toastmaster was old friend, Luz back among us and going strong.

Thus it was fitting that the St. Croix Cultural Dancers should perform before the master on his night of nights. This they did in perfection and grace, though twice called to task by the master by shrill blasts on the whistle for no fault apparent to this neophyte. They executed the Seven Steps and then that most difficult of all forms, The Lancers, to tumultuous and deserved applause.

It was somewhere here in between the raising of our glass of real Crucian guava berry and Mr. Adam's whistling halt at the end of number four of The Lancers that we found ourselves on this pinnacle we started this column talking about. There we sat at a table with the highest officials in this adopted home of ours, Mr. Adam, five feet to our left, calling to his dancers, our old friend Stanley Jacobs ten feet behind us blasting us right out of the room, and we were higher than any riches can buy.

So to close once more on a note about electronic amplification; if we have to be blown right out of a room, let it be by Stanley Jacobs and The Sleepless Nights.

God bless you, Mr. Adam. It was we who were honored.

THE REPUBLIC OF CHINA

HON. FLOYD SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. SPENCE. Mr. Speaker, Thursday, October 10, marks the 63d anniversary of the Republic of China. It is both an honor and a pleasure to join with so many of my colleagues in sending President Chiang Kai-shek and the people of the Republic of China our sincere congratulations.

Many people in the world seem to think that the future of the Republic of China is uncertain. The free Chinese, however, are anything but uncertain of their own destiny.

The Republic of China not only has taken its recent diplomatic reverses in stride, but is engaged in an unprecedented program of social, industrial, and economic expansion.

As citizens of "the only one of the world's developing nations to have truly developed," the people of the Republic of China now enjoy the second highest standard of living in Asia, a per capita income that is five times that of the people on the Chinese mainland, and a stable economy whose gross national product has risen at a real rate of over

10 percent a year in the last decade. For 1973, it was as high as 12.3 percent.

Free China is confidently building for the future, with the sure knowledge that there are still nations and peoples who value freedom and the dignity of the individual. Free China knows that it can continue to find support among those nations and peoples.

Speaking recently to the Chinese people, President Chiang Kai-shek voiced the nation's optimism in these words:

> The world understands that to strengthen both the Government and people of the Republic of China is to increase the strength of the free world, and the free world would suffer were that strength in any way to be diminished.

THE NEED FOR CONGRESSIONAL OVERSIGHT OF FOREIGN INTELLIGENCE OPERATIONS

HON. EDWARD G. BIESTER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. BIESTER. Mr. Speaker, the recent discussions involving the role our Government is said to have played in the internal affairs of the Chilean nation has raised serious questions about the workings of our foreign intelligence gathering agencies.

John Farmer of the Philadelphia Bulletin has written an analysis of the Chilean incident which contributes to a better understanding of the problems which exist when intelligence activities move beyond gathering information to actually becoming involved in the domestic affairs of another nation. The allegations which have been leveled against certain agencies of our Government provide a strong case for more effective and aggressive congressional oversight in this strategic policy area.

I commend this article to the attention of my colleagues.

WHITE HOUSE "40 COMMITTEE" LED OVERTHROW OF ALLENDE

(By John J. Farmer)

WASHINGTON.—On a warm Saturday morning, June 27, 1970, Henry Kissinger, addressing the most secret committee of the United States government, laid down in highly personal terms what was to become official American policy toward Chile.

"I don't see why we should have to stand by and let a country go Communist due to the irresponsibility of its own people," he reportedly declared.

That statement, according to government intelligence sources, was made to the 40 Committee, a five-man group so secret that its existence was unknown at the time to the vast majority of Congress, the press, and even the White House staff.

Kissinger, through a State Department spokesman, said he could not recall making the statement but, in any case, could not comment on 40 Committee activities.

The 40 Committee is elected by no one, and responsible to no one except the President, who appoints its members.

Serious students of foreign-policy-making have questioned whether, in a democracy, such a five-man directorate should have this kind of unbridled power, whether the five are really in touch with American public opinion, and whether Congress should not have tighter reins on their covert programs.

As a consequence of the 40 Committee's action however, large sums of Central Intelligence Agency money were poured vainly into Chile to avert the election of leftist Salvador Allende. And that money was followed in later years by even larger sums to "destabilize" the Chilean economy and topple the Allende regime.

With the Chilean military uprising in 1973 and Allende's violent death, the policy ultimately succeeded.

But it has produced in recent days several developments certain to provoke a new national debate on the role of the CIA and even of Kissinger himself. It has:

—Focused attention, at last, on the 40 Committee, dominated by military and intelligence professionals of the World War II-Cold War vintage, as the real overseer, even operator, of the CIA's covert activities and responsible only to the President.

—Made clear the emergence of Kissinger as the most powerful non-elected official in the nation's history, standing astride the intelligence, covert-operations and foreign-policy apparatuses as Secretary of State, chairman of the National Security Council, National Security Adviser to the President and Chairman of the 40 Committee.

—Destroyed what was left of the belief that at least a few members of Congress have knowledge of and a veto over the cloak-and-dagger aspects of CIA.

"The CIA is the tool of the President and it works today for Kissinger," according to one government source.

The history of the U.S. government's Chilean adventure dates back to 1964 when Allende, a proclaimed Marxist, first sought the presidency. CIA funds helped his Christian Democratic opponent, Eduardo Frei, capture the presidency that year.

GREATER DANGER SEEN BY WASHINGTON

But by 1970, Frei could not succeed himself and the Allende threat was seen by Washington as greater than ever. This time even more money was funneled by CIA into anti-Allende efforts.

In all, according to secret testimony April 22 this year by CIA Director William Colby, as revealed by Rep. Michael J. Harrington (D-Mass.), the agency pumped $11 million into anti-Allende efforts in Chile between 1964 and 1973. It was spent as follows:

—$3 million went in 1964 to help finance the Christian Democratic Party, Allende's chief opposition.

—About $500,000 was advanced in 1969 to help Chilean individuals and organizations gear up to oppose Allende the next year.

—Another $500,000 went to opposition party personnel during the 1970 campaign, and $350,000 was authorized to bribe the Chilean congress, but this last effort was abandoned.

—Following Allende's election, $5 million was authorized to disrupt the Chilean economy from 1971 to 1973, and $1.5 million more was spent to influence Chilean municipal elections in 1973. Some of these funds helped finance an influential Chilean newspaper.

—Finally, in August, 1973, just one month before Allende's downfall, another $1 million was authorized to press home the effort to wreck the Chilean economy, already in trouble because of Allende's own misguided policies.

In each case, the effort and the expenditure were approved by the 40 Committee, or by the same committee operating under another alias, such as the 303 Committee.

"No more mysterious group exists within the government than the 40 Committee," according to David Wise, a journalist who has long been a student of the American intelligence community.

"Its operations are so secret that in an appearance before the Senate Armed Services Committee, CIA Director Colby was even reluctant to identify the chairman," he said.

The Bay of Pigs invasion attempt, the U-2 overflights of Russia, the overthrow of the Arbenz government in Guatemala—each of these was a CIA covert operation approved by the 40 Committee, or its predecessors.

In most cases, it now appears, Congress was kept in the dark, at least until after the operations were completed, and sometimes beyond that.

The Chilean intervention is an example of how this blindfolding of Congress works.

On March 29 this year, Charles A. Meyers, former Assistant Secretary of State for Latin American Affairs, told a Senate subcommittee that "the policy of the government . . . was that there would be no intervention in the political affairs of Chile . . . we financed no candidates, no political parties . . ."

As late as June 12 of this year—two months after Colby's secret admission — Harry Schlaudeman, number two man in the American embassy in Chile from 1969–73, denied that any such U.S. effort was made.

"There was no funding, of that I am quite sure," Schlaudeman told a closed hearing of the House Foreign Affairs Committee.

CIA Director Colby emphasizes when questioned that the agency makes full secret reports to the "appropriate" Congressional committees, the so-called CIA "oversight" subcommittees of the House and Senate.

But what they are told, according to a former top official of CIA, depends on what questions they ask—and frequently they don't ask the right questions.

"The CIA deals with Congress in the way that Congress requests it to," said the official, who requested anonymity. "Often they don't ask the right questions. But it's their fault."

Among the subjects that have escaped close congressional questioning have been the operations of the 40 Committee.

Despite its anonymity, the committee appears to have existed under one name or another since at least 1954.

It was apparently formed officially in 1954 as the Special Group and later called the 54–12 Committee. In President Kennedy's time, it operated under the name 303 Committee, apparently a reference to the room it used in the Executive Office Building adjoining the White House.

The names, in each case, have been deliberately designed to provide no clue as to its function. Its members communicate mostly by word of mouth, with little paperwork and a staff of one man, believed to be a CIA employee.

"You can look all you want but you won't find any document with the title '40 Committee' on it," said one former intelligence officer, "It's like, officially at least, it didn't exist."

From its pre-1954 origins as a loose group of top State and Defense Department officials, the group has evolved a fixed membership based on title and formalized in a directive of the National Security Council. The name 40 Committee is believed to refer to an NSC directive number 40.

Kissinger, as national security adviser to the President, took charge of the 40 committee under former President Nixon and retains the chairmanship today.

The other members are Air Force Gen. George S. Brown, chairman of the Joint Chiefs of Staff; William P. Clements Jr., deputy Secretary of Defense; Joseph J. Sisco, Under Secretary of State for Political Affairs, and Colby, the CIA director.

They are men in their 50s, veterans of World War II and the Cold War periods.

Colby's membership, according to critics, is the classic story of the "fox in the hen coop"—the CIA director, in effect, sitting in judgment on plans and proposals of his own agency.

At times, other officials have sat in; John Mitchell, as Mr. Nixon's Attorney General, was a 40 Committee member and there is some dispute over whether the late Robert Kennedy, in his turn as Attorney General, also was a member. It is believed that Mr. Nixon's controversial assistants, H. R. Haldeman and John Ehrlichman, also attended meetings, but evidently not as members.

Each 40 Committee, according to past and present intelligence officers, has tended to become an extension of the chairman, chiefly because he alone has access directly to the President.

Kissinger has come to dominate the 40 Committee far beyond the power of his predecessor and to an extent some intelligence specialists here believe is dangerous.

In the past, for example, the 40 Committee met weekly, but not today.

As his own responsibilities have expanded, Kissinger has convened the committee less frequently, intelligence specialists here say. Much of the time, according to several sources, Kissinger merely confers with the other members by telephone, dealing with them individually rather than as a group, and passing on to the President the consensus that he alone has had a real hand in fashioning.

The result, according to specialists who have served in both the CIA and State Department, has been to concentrate decision-making in fewer hands, mostly Kissinger's hands.

"A lot of the consultation and argumentation that went on is missing now," said one official.

The controversy over Kissinger's role extends to the Chilean adventure and who really initiated it.

The CIA clearly has taken most of the heat to date, but at least one official highly placed in the State Department from 1970 to 1973, the years of the most ambitious anti-Allende effort, believes the "CIA may be getting a bum rap."

The idea for intervention, he said, appears to have come from the White House—"from Nixon or Kissinger."

It was then farmed out to CIA to develop a plan and provide funds and routed routinely back to the 40 Committee, where Kissinger, as 40 Committee chairman, approved what may have been his own plan, this source said.

According to this official, the CIA "was not that hot" for intervention.

The State Department was divided, he said. Edward Korry, then ambassador to Chile, appeared to favor some CIA role, but the State Department's own Intelligence and Research experts opposed the idea, not on moral grounds, but in the belief it would not work and was too risky.

It is not known, he said, how U. Alexis Johnson, then as under Secretary in the State Department's man on the 40 Committee, "played it in the committee." But in any event, Kissinger's view would have been irresistible because of his influence with the President, he added.

There are some intelligence specialists here who credit Kissinger with having imposed some restraint on CIA after a decade in which the White House and the 40 Committee stood in awe of the agency's glamorous "dirty tricks" department.

This was particularly true under President Johnson's hawkish National Security Adviser, Walt Rostow, of whom one ex-State department intelligence officer said, "he scared even the CIA."

But at the same time, there is apprehension among the same sources that Kissinger has compounded what many saw all along as a real shortcoming of the 40 Committee operation—the concentration of a review function in the hands of men already busy with daily operating responsibilities in their own fields.

The agenda of the 40 Committee includes some of the most delicate foreign policy decisions of the United States government. Besides the CIA's covert projects, it also reviews and approves monthly a Joint Reconnaissance Schedule that involves, among other things, the use of spy satellites around the world.

Outside the intelligence community there is criticism of the secrecy which shrouds the CIA and hands over its operations to a non-elected elite such as the 40 Committee. But within the intelligence community here—men sympathetic to the need for clandestine policy alternatives in a divided world—the concern is that there is not enough control of CIA by institutions such as the 40 Committee.

For example, Victor Marchetti and John D. Marks, former U.S. intelligence officers and authors of "The CIA and the Cult of Intelligence," maintain that covert operations account for only $440 million of CIA's estimated budget of more than $750 million a year. The actual figures are a closely held secret.

By far the larger, more important operation—world-wide espionage—is subject to no review by the 40 Committee.

This is true even if the espionage involves as sensitive an operation as hiring a key official of a foreign government—as has been done in Latin America at the risk of a serious diplomatic incident.

SOME RESULTS NEVER ENVISIONED

Even covert operations approved by the 40 Committee have some history of generating capers never envisioned by the Committee. The Russian sugar case is an example.

Directed by the 40 Committee to do its damnest to foul up the Cuban economy, CIA agents picked on a load of Cuban sugar bound for Russia that had been off-loaded in an American port. They contaminated the sugar, risking a real ruckus with the Russians.

The deed was undone only when President Kennedy learned of it in time.

With the growth of multi-national corporations—the spread of American business abroad in the 1960s—the chance for unmonitored CIA mischief has expanded mightily. For many of these businesses, the CIA is fertile recruiting ground, and the list of American banks and international business is replete with ex-CIA employes whose old loyalties can be tapped by the agency.

According to one published report, Colby has said the CIA maintains some 200 agents abroad posing as businessmen.

With the disclosure of its role in Chile, there are signs at last that Congress, which has closed its eyes to the ever-widening CIA role, may be about to take a tougher line.

Sen. Frank Church (D-Ida.), chairman of a Senate Foreign Relations subcommittee on multi-national corporations, is exploring the possibility of perjury prosecutions against Administration officials who denied any U.S. effort to topple Allende.

And even Sen. Stuart Symington (D-Mo.), a member of the Senate's CIA oversight subcommittee and supposedly one of the few men in Congress informed about the agency, expressed surprise at Colby's admission of the depth of CIA intrusion into Chile.

Among Congress's younger members, like Harrington, there is a rising cry for more control of the agency.

What form that might take is not yet clear. But many intelligence specialists questioned here felt that the CIA might well have to surrender some of its covert operations to protect its more vital intelligence gathering and evaluation capability.

Colby seemed to suggest that late Friday, when, at a conference here on "CIA and Covert Activities," he declared that an end to covert activities "would not have a major effect on the current security of the United States."

In fact, according to Ray S. Cline, a former CIA deputy director, covert activity is on the decline, and has been since its hey-day in the 1950s and 1960s. The thawing of the Cold War, and the detente in general have made the difference, he said.

"COLD WARRIOR" STARTED IT ALL

The man who started it all was that first Cold Warrior, Harry S. Truman, who put together the CIA in 1947, primarily as an intelligence-gathering agency, and saw it quickly enter the cloak-and-dagger trade.

At the end, it seems, Mr. Truman had some second thoughts, and it may be that Congress, will take its lead from this comment attributed to the former President in 1963:

"I never had any thought when I set up the CIA that it would be injected into peacetime cloak-and-dagger operations. Some of the complications and embarrassment that I think we have experienced are in part attributable to the fact that this quiet intelligence arm of the President has been so removed from its intended role . . .

"I would like to see the CIA restored to its original assignment as the intelligence arm of the President and whatever else it can properly perform in that special field and its operational duties be terminated or properly used elsewhere.

"We have grown up as a nation respected for our free institutions and for our ability to maintain a free and open society. There is something about the way the CIA has been functioning that is casting a shadow over our historic position, and I feel that we need to correct it."

DENNIS SUPPORT FOR LEGISLATION

HON. DAVID W. DENNIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. DENNIS. Mr. Speaker, on Wednesday of this week I had the personal pleasure of attending the ceremonies admitting my daughter, Martha Ellen Dennis, to the Bar of the State of Indiana.

Consequently, I was absent from the House Chamber during the calling of the roll on final passage of House Resolution 988, the committee reform amendments, and on H.R. 16901, the agriculture, environment and consumer protection appropriations bill for fiscal year 1975.

Had I been present, I would have voted in favor of passage of both of these important measures.

House Resolution 988 represents the first major undertaking by the House in the last 25 years to review and reform its committee system. Had I been present, I would have voted for the Bolling resolution rather than for the Hansen substitute, although I would hope to have amended the Bolling resolution—as I did the Martin resolution—to provide that the Panama Canal not be placed under the jurisdiction of the Committee on Foreign Affairs, and, in this one particular, I preferred the Hansen version. However, this measure, even the Hansen substitutive proposal which prevailed, represents a step toward reform of the House committee system.

As to H.R. 16901 I voted for the previous bill when it first passed the House, and later voted to sustain the President's veto, after the Senate increased the appropriation. The present new bill is some $192 million less than the measure which was vetoed, and I support the present legislation.

OPPOSITION TO TAX SURCHARGE

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. YOUNG of Florida. Mr. Speaker, there are, there always have been, and there probably always will be those in Government whose immediate answer to any fiscal problem is more taxation of American business and the American people. I know that President Ford believes his recommendation of a 5 percent surcharge will be effective in fighting inflation. While I fully expect to support the President of the United States on every possible occasion, in this case I must respectfully disagree.

The President has proposed a 5-percent surcharge on corporate and individual incomes above a certain level. It is estimated that this surcharge will bring an additional $2.6 billion into the Treasury. Unfortunately, since this is a surcharge, those millionaires who somehow seem to escape income taxes will also escape this tax, and the burden will fall on the same taxpayers always hit.

And what happens to this money? It will be spent by the Federal Government—pumped back into an already inflation-ridden economy to further fuel the inflationary spiral. America's taxpayers, however, will be even less able to cope with higher prices because their incomes will be further reduced by the 5-percent surcharge.

The $2.6 billion is not a large sum, compared with an overall Federal budget topping more than $300 billion. It is less than 1 percent of the budget, in fact. But it would be a far more effective approach to simply reduce the budget by that same 1 percent—and more, preferably to a balanced budget where spending will no longer exceed income. Such a reduction in Federal spending, to effect a balanced budget, would have a very dramatic effect on inflation. If we define inflation as too many dollars chasing too few goods and services, then it makes sense to have fewer Federal dollars chasing these goods and services and driving up their prices.

As I said on the floor following President Ford's first speech to a joint session of Congress, I support him in his fight against inflation. I want to support my President on every possible occasion, and work with him for the betterment of our Nation. But I must respectfully disagree with this proposal to increase income taxes. Such tax increases have not cured inflation in the past, and will not cure inflation now.

More taxation is not the answer to inflation. It just pinches the budgets of American households even more. The budget which needs to be pinched is the Federal budget. It contains the fat, the waste, the unnecessary expenditures, the outmoded programs, the unjustifiable policies. Let us clean up our own accounts before we put a lien on the income of others.

Mr. Speaker, a balanced budget is essential, and I will continually strive to achieve that goal—not by increasing taxes, but by decreasing government spending. For too long the Federal Government has been robbing Peter to pay Paul. It is past time for us to get our financial house in order. If we can achieve this, we will finally be getting rid of one of the major underlying causes of our inflation.

THE NEW TOWN AS AN INSTRUMENT OF SOCIAL CHANGE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. RANGEL. Mr. Speaker, recently at the Black Arts Festival at Reston, Va., Mr. Floyd B. McKissick gave a speech on the new town—intown concept as a mechanism for social change. He envisioned the new town concept as a major instrument and strategy for blacks to integrate the economic and political realms of this society.

The new town principle is a reliable alternative to the deprivation and poverty in our cities and rural areas.

I would like to share with my colleagues Mr. McKissick's speech:

THE NEW TOWN AS AN INSTRUMENT OF SOCIAL CHANGE

(A speech delivered by Mr. FLOYD B. MCKISSICK to the Reston Black Arts Festival at Reston, Va. on August 31, 1974)

(Mr. McKissick is the developer of the Soul City new town and president of the Soul City Co.)

I am delighted to be present at the 1974 Reston Black Focus Arts Festival, and honored to have been chosen to give the luncheon address. I am again delighted to meet with so many New Town associates. New Town people are a peculiar species of humans who believe that society is a mixture of people and of bricks and mortar. They believe that the economic process combined with people, bricks and mortar can improve society as a whole and can provide solutions for individual people of all varieties.

It is time to ask, however, "what is a new town, a new community"? It has recently become a popular expression, not at times expressing what "real" new town developers are all about. Many new housing projects are described erroneously as new communities. How a developer defines what a new community is, depends in part upon the developer himself—his background—his experience—his concept of life—his concept of humanity—his love for people—his love for his country, and his desire for a better world where people can live with dignity *because* of their color and their cultural distinctiveness, and be loved and be respected by all. A new town is not just bricks and mortar, nor sticks and stones, but a new town must be built by people and a new town must have *soul.*

New communities are reactions to the many problems of American Society, thereby creating bold alternatives to urban sprawl and mass out-migration from rural depressed areas. New towns are the result of combined initiative of the Federal Government, private financing, private developers and concerned citizens. This initiative requires that the interdynamics of social, cultural, physical and economic systems must be a part of the development plan of new communities.

Let us now look at how the concept of a new town can be broadened to deal with the basic problems confronting the American society today. Let's make a list of the problems that face America today, those problems which have, to a degree, polarized the races: unemployment and underemployment—lack of economic opportunities—poor health services—lack of police protection—racism—discrimination against women, the elderly and the young—crime in the streets—an inequitable welfare system—poor housing—poor transportation—the lack of new concepts in religion—education—politics—pollution.

Let me make my position on one thing emphatically clear. I am an integrationist. I believe that the struggle of the 1960's has not been stopped in spite of the deaths of my great friends, Martin Luther King, Whitney Young, John F. Kennedy, Malcolm X, Robert Kennedy and Lyndon Baines Johnson, and the many other known and lesser known men and women.

The problem is that we have never experienced, and are not now living in a fully integrated society. We have not tried real integration yet.

Two of the most basic areas in society are today almost completely segregated—one is our economic system, that is, Wall Street and the ownership and management of production. The second is our political system. Both systems are highly sophisticated and cannot be integrated by mere protest or by marching in the streets singing freedom songs. The struggle to integrate the economic and political realms of this society depends upon knowledge—skills—endurance—and sagacity, and in many instances it requires the subordination of the ego. That is why there is a distinction between the strategy employed in the battle to fight overt segregation in the 1960's and the strategy to fight subtle racism of the 1970's. Our objectives have not changed. It is the strategy to accomplish those same objectives that pierced the American conscience in the 1960's that has changed. The end is the same, only the means has been changed.

Unfortunately, many do not realize that the new community is a concept for combatting the ills which confront society and is a mechanism for continuing the struggle of the 1960's. Many do not realize that while we continue the struggle—that the struggle must be shifted to urban development and at the same time must be maintained in the rural community. New communities can be built by private financing and new communities can be models for existing distressed urban and rural areas.

The preamble to the "Urban Growth and New Community Development Act"—(Section 701) states: "It is the policy of the Congress and the purpose of this title to provide for the development of a national urban growth policy and to encourage the rational, orderly, efficient, and economic growth, development, and redevelopment of our States, metropolitan areas, cities, counties, towns, and communities in predominantly rural areas which demonstrate a special potential for accelerated growth; to encourage the prudent use and conservation of our natural resources; and to encourage and support development which will assure our communities of adequate tax bases, community services, job opportunities, and well-balanced neighborhoods in socially, economically, and physically attractive living environments."

This New Community Act was first passed by the Congress in 1968. Under Title VII, as we lawyers like to call it, more than a dozen new towns are now being built across America. Soul City is one of these. Yet neither the Congress nor the Executive branch has seen the full potential of these and the other new towns to come.

Even the developers tend to see new towns primarily as real estate developments. I say to you that a town ought to be viewed as a people development project, because towns in the last analysis are where people live, work, play, study, procreate and die. Real estate development must serve the goals of people. And if new town developers cannot serve people primarily, then surely they do not deserve Federal support.

Our new President has many awesome and important tasks facing him in the next six years. But obviously his most important responsibility is the well-being of all Americans. I believe that Mr. Ford and Mr. Rockefeller will be able to see that new towns like Soul City can serve the national interest at less cost to the taxpayer than any other form of urban development legislation. New towns can be instrumental in the process of the integration of our economic and political system and can reduce polarization, poverty and pollution at the same time.

Soul City is unique among new town developments because it is the first and only "free-standing" community to be developed in the United States. A "free-standing" community is one that must create its own industrial base. It does not depend upon the industrial base of another community. Therefore, the implementation of an industrial development marketing program is a must for the survival of a "free-standing" new community. The pace at which the industrialization process is carried out is dictated by the orderly development of other factors (i.e., water, sewer, and certain amenities). The development of these factors are now beyond the planning stages. Soul City can now very safely advise the industrial community that we are ready to receive them. It is in our interest to create the best possible climate for industrial development. Consequently, our team of industrial advisors has developed a strategy that would allow us to market and develop our first large industrial park.

Our first Shell industrial building will be known as Soultech I. Construction has already started. We now have a full-time industrial developer whose responsibility is to develop a strategy for luring the appropriate industries to Soul City and to coordinate the industrial development programs along with other growth at Soul City. Within the next few months, we will launch a vigorous industrial recruitment program. You see, we now know that civil rights and social goals can best be promoted and accomplished when and where economic gains can equally be accomplished. This is fact.

Soul City is the largest development ever undertaken by a predominantly minority developer. It is situated in rural Warren County, N.C. Warren County's largest town has less than 1,000 persons. Soul City is located in an area where only a few years ago one could boast of tri-partite segregation in its courtroom and in its school system. Whites, Indians and blacks were forced to seek their own destinies and were prevented from any meaningful cooperative effort for the benefit of all. But, Soul City is now located where it can help black, Indian and white people. In order to help ourselves, we must help others. Today, we are in a position to do that. While "free-standing" we are only 50 to 60 miles from Raleigh, Durham and Chapel Hill, the political, financial and educational centers of our great State.

Too often we have not been able to recognize that where there are poor blacks, there are also poor whites and poor people cannot pay people of any color.

Soul City is a new community that welcomes people of all races, and varying economic levels who desire to be a part of bold alternatives. Our permanent physical development has not progressed as fast as we desired, but this has not deterred our development and involvement in the cultural arts.

There is definitely a place for cultural arts in Soul City. And as our physical development proceeds in the years to come, there will be a permanent structure especially for the arts.

As new towns attempt to put concepts into realities, rhetoric into living experience, certain revelations about America are observed. Unless America is really committed to ensure an equal access for all its citizens to its total resources, minority and disadvantaged persons will continue to suffer benign neglect.

This audience would especially be pleased to know that one of our first initiatives was to establish the Soul City Historical and Cultural Society, involving the community persons within a five county area. The cultural program included workshops in drama, dance and art, and a field theater for the Warren County youth.

Rural junior and senior high school students wrote and performed the play "Sometimes I Think". My daughter, S. Charmaine McKissick, organized a dance school and has trained many young people in modern dance. Both of these groups have appeared on T.V.

You see, there are two concepts of integration—one concept is consumer integration which we have had by virtue of the Civil Rights Act. That is, we all have a right to spend our money—public accommodations. The other concept of integration deals with the acquisition of assets leading to control of the production of consumer needs.

The new town, and particularly the "free-standing" new community such as Soul City must be concerned with people first. That means we must be concerned with sound economics. We start off with the belief that we can make the system work, that people want to be happy and that a new town can provide for expansion in every conceivable form for its citizenry—this expansion must come forth in its planning and through its design by its citizens of all ages.

The developing of a new community cannot be the sole responsibility of the private developer nor the Federal Government. It requires the combined efforts of Federal, State, and local governments supporting the private developer. It requires a national policy that does not relegate this program to one administrative department of our National Government but requires the commitment of all those departments that affect our lives.

At Soul City in order to accomplish this goal which is spelled out in the national legislation we have developed programs using the Department of Commerce, Office of Minority Business Enterprise, Office of Economic Opportunity, Department of Transportation, Department of Health, Education, and Welfare, and the Department of Housing and Urban Development which is the mainstay of our program. We have combined the programs of these Departments to accomplish our goals. Yet this is not enough. It would be far better if it were a part of the new community program that these Departments were participants in the project agreement.

I intend to weave these agencies into my implementation program because in order to accomplish my goal, these play a necessary role. But what I want is another commitment. This commitment is to stop cost-benefitting people's lives and to be willing to make realistic expenditures to make the new community program a reliable alternative to the deprivation of our cities and soul shattering poverty in our rural areas.

I am challenging this Nation to address itself to the real problems and their solutions. New communities if supported, are a solution.

CONCLUSION

(1) The civil rights struggle of the 1960's has not yet been completed. We must continue our struggle and we can complete that struggle in the 1970's by breaking those economic and political barriers in this decade which continue to oppress minority groups.

(2) One of the major instrumentalities for continuing the struggle began in the 1960's is the *new town vehicle*. I challenge our present Administration to continue the struggle by making additional funds available to HUD and other appropriate agencies so that they might continue their efforts and by the passage of remedial legislation to assist in this direction. The new communities act is an instrument for major social change, and can be just as effective as the civil rights bill of the 1960's if properly administered so that the intention of Congress is carried out. An aggressive, creative and intensified multiracial new town administration can be the catalyst for creating massive employment opportunities, better living conditions and better race relations—thus elevating the total American society from the plague of inflation.

(3) It is the responsibility of all Americans—rich, poor, liberal and conservative to preserve and protect those rights acquired in the 1960's. It is the duty of black people and white people together to carry on the struggle. Neither independently can bring about any real or permanent solutions.

OUR NATION SALUTES THE HECKMAN FOUNDATION OF PASSAIC, N.J., FOR ITS OUTSTANDING PUBLIC SERVICE IN COMBATING KIDNEY DISEASES

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ROE. Mr. Speaker, it is indeed my privilege and honor to call to the attention of you and our colleagues here in the Congress the outstanding health care and lifesaving efforts being extended by the Heckman Foundation in my Eighth Congressional District, State of New Jersey in seeking to help implement the medical profession's developed techniques and explore, through research, improved techniques and treatment to combat the painful, debilitating, destructive disease of the kidneys which is not only heartbreaking during the end stage renal disease but also places heavy financial burdens upon the families of its victims.

The Heckman Foundation which is located at 592 Main Avenue, Passaic, N.J. is a nonprofit corporate organization approved by the New Jersey State Department of Institutions and Agencies under the laws of the State of New Jersey for the noble purpose of kidney transplants and retrieval research in pediatric nephrology. The goals and purposes of the Heckman Foundation were inspired by the untiring, unselfish endeavors of its founder, the Honorable August Heckman, Superior Court Judge of Hudson County, N.C., who had sacrificed one of his own kidneys in an unsuccessful attempt to save the life of his child. His son died after receiving 3 kidney transplants. His daughter is now on a kidney dialysis machine after having received a kidney which was donated by her mother.

Mr. Speaker, as you know, since coming to Congress in 1969, I have strongly supported and introduced legislation seeking a national commitment to provide adequate and quality treatment for the families of our Nation who are afflicted by the dread diseases of the kidney and although we have made some progress, there is much more that can and should be done. I know that you and our colleagues here in the Congress will want to join with me in applauding the Heckman Foundation and commending its officers and directors who are comprised of the following highly esteemed citizens of our Nation:

The Honorable Judge August Heckman, honorary chairman.

BOARD OF DIRECTORS

Robert James Frankel, chairman; Edward Cooper, Alan Detrick, Elizabeth Detrick, Caroline Heckman, Dorie Heckman, Col. Joseph W. Levy, U.S. Army, retired, Jack Palma, Charles Sachs, Douglas Wain, Louis Wasserstrum.

MEDICAL ADVISERS

Dr. John E. Lewy, chairman, director, Division of Pediatric Nephrology, New York Hospital, Cornell Medical Center, New York, N.Y.; Dr. Louis N. Baker, director New York-New Jersey-RTP, the New York Blood Center, New York, N.Y.; Dr. Nejet Erem, surgeon, Carlstadt, N.J.

EXECUTIVE COMMITTEE

Robert James Frankel, chairman; Kevin G. Callahan, Edward Cooper, Harry S. Dove, Sidney Hassler, Fred Heissenbuttel, Stephen Pappalardo, Jacob A. Robinson, Charles Sachs, Leon S. Wolk, Jacob A. Robinson, CPA, administrative director; Louis Wasserstrum, attorney; Paul Garbarini, CPA, RMA, accountant.

Mr. Speaker, the fiscal resources of this foundation are dependent upon private contributions and there are many other individuals whose names I am unaware of who also deserve this congressional expression of appreciation. Through their donations they support the Heckman Foundation's research on kidney disorders and the purchase of equipment, such as dialysis machines, to aid kidney disease sufferers. The foundation is also devoting its energies towards providing an intensive public interest and information program that will increase the donations of vital kidney organs after death to those who need kidney transplants to sustain their life. At the present time the foundation is contemplating a $30,000 grant to the Cornell Medical Center to develop a new serum for kidney disease.

This distinguished eleemosynary foundation was organized and incorporated on January 9, 1973, in recognition of the fact that in spite of the scientific advancements our Nation's medical profession has made for the diagnosis and prevention of disease which would save lives, people continue to progress to chronic kidney disease and death because of the lack of trained medical technicians, available facilities, research and equipment for the diagnosis, evaluation, treatment and prevention of kidney disease.

Mr. Speaker, I appreciate this opportunity to join with you and our colleagues in extending our greetings and felicitations to the Heckman Foundation in congressional recognition of the exemplary contribution that it is making to aid the victims of crippling kidney diseases and improve the quality of the health care of our Nation. We do indeed salute the Heckman Foundation.

DISPOSITION OF FEDERAL SURPLUS PROPERTY TO STATES

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. O'NEILL. Mr. Speaker, today I and my colleagues in Massachusetts and Rhode Island have filed legislation which has as its prime objective, encouragement of economic development and relief of unnecessary unemployment.

Both Massachusetts and Rhode Island have been severely hit by defense cutbacks in the past few years. As military facilities have been phased out and their work forces cut back in part or in entirety, the reuse of these facilities is a major economic issue for the local community and State involved.

Particularly at this time, when unemployment is high and economic development is in need of incentive, use of surplus property, which could be effective in promoting such development and act as a supplier of jobs, should be encouraged.

The legislation we are filing today will authorize the disposition of Federal surplus property to States and their subdivisions at a reduced price—less than fair market value—for the specific purpose of economic development reuse. Existing Federal statutory authority is not adequate to allow such a transfer to take place. At present, if a community opts for a redevelopment plan focusing on community services, the surplus property may be obtained for substantially less than fair market value. If the property is redesignated for use as an economic resource, however, the community must pay the full fair market value—a price often well beyond the financial means of the community. Due to this stringent finance arrangement, an economic development reuse plan is often delayed or scuttled.

This legislation we are filing today, will facilitate the economic adjustment of a State or local government to the severe economic burden it bears because of the closure of a Federal facility. The legislation will also focus the operating responsibility for this legislation on the Secretary of Commerce, so that Federal and local efforts can be better facilitated and coordinated. Since the Economic Development Administration—EDA—is already involved in the redevelopment of base closures in the early stages, it is logical that EDA/Commerce should have central responsibility for disposing of surplus Federal property for economic development reuse purposes.

This legislation is relevant to States across the country which have felt the tight economic squeeze caused by the closedown of a Federal facility. Illinois, Florida, Alabama, Alaska, New York, California, Ohio, Pennsylvania, and Texas are just a few of the States which would benefit by this legislation. In addition, this legislation provides redress for those communities which have suffered hardship under the present law. Mineral Wells, Tex., and Watertown, Mass., are two notable examples of communities which could apply to the Federal Government for a refund of all or any part of the purchase price.

This legislation will go a long way toward aiding an affected community over the period of marked economic instability which marks the closing of a Federal installation. It will also pave the way for boosting the economy of that area and providing employment. After the election recess we will circulate this legislation for further cosponsorship.

OPERATING AID FOR THE ARTS

HON. OGDEN R. REID

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. REID. Mr. Speaker, artists and artistic organizations throughout this country face bankruptcy.

Spiraling inflation and ever-increasing operating costs threaten to destroy world-famous operas, ballets, and symphonies; the daily cost of living precludes artists from developing their talents, and sends them instead to join construction teams.

The quality of our lives is in danger. For this reason, I am introducing legislation which would broadly expand the scope and jurisdiction of the National Foundation on the Arts and Humanities, by authorizing the Foundation to make grants and contracts for operating and maintenance costs in addition to project and production costs.

The Foundation, and its endowments, have proven themselves to be able and qualified in the business of allocating funds for the arts. I applaud the increases in the budget which the Foundation has seen over the past 9 years, since its inception, to a present high of $159 million. But it is still a fact that artists and nonprofit cultural organizations suffer from a drastic shortage of funds, and have clearly been unable to keep up with the inflationary spiral.

My bill, in short, will authorize the allotment of funds to the Foundation not only for a specific project or production, but for general maintenance or operating funds; for instance, it will allow an artist to paint—when otherwise he would have to teach painting to make a living wage—it will authorize funds for an organization, be it a symphony, opera, theater, or whatever, which, for instance, suffered a deficit one year and felt it could not continue in existence without an operating grant to tide it over to better times; finally, it will plug the gap which is so sorely felt by artists of all stripes—painters, dancers and others, who literally cannot find a studio with light or a practicing hall with decent space—so that facilities would be made available at a reasonable, rather than their present exorbitant, cost.

Mr. Speaker, cultural institutions are facing financial disaster. The Ford Foundation—specifically the Division of Humanities and the Arts, under the direction of W. McNeil Lowry, vice president—has recently completed a comprehensive study of the 166 major performing arts organizations in the country, covering dance, theater, symphony and opera, which discovers that half of these organizations could not balance their budgets in 1970–71.

Allow me to look briefly at some of the finest cultural organizations in the world—unable to raise sufficient funds from this inflation-pinched economy to provide the maximum in beauty and meaning to enhance the quality of our lives.

The New York City Ballet, in the season ending this past June, suffered an operating deficit of $1,372,845. After a major fundraising campaign, they cut it to $149,174.

The New York Philharmonic Orchestra, in 1973, suffered an operating deficit of $2.3 million; after contributions, they cut it to $200,000.

The Buffalo Philharmonic in 1973 suffered an operating deficit of $280,000. This year they estimate their deficit will run to $200,000.

The Brooklyn Museum, as of this past June 30, suffered a deficit of $850,000.

The Metropolitan Museum now suffers a deficit of $94,050.

The Museum of Natural History now suffers a deficit of $320,416.

The American Ballet Theater, as of late last year, suffered a deficit of $1,652,663.

Finally, the Metropolitan Opera's most recent figures, even with ticket sales for the season averaging 90 percent capacity, show a deficit of $7.8 million; raising $5 million in contributions, their net deficit was $2.8 million.

Mr. Speaker, these organizations offer probably the finest cultural opportunities in the world today, yet if not offered assistance, will have to close their doors, or, at best, sharply cut back on their performances. This is especially evident when one notes that the deficits—or earnings gap—is constantly increasing, not decreasing. The earnings gap for symphonies nationwide in 1972, for instance, was some $10.8 million, or 15.2 percent of operating costs—an increase from 7.2 percent in 1966. That same year, private contributions to the 28 major orchestras rose a scant $100,000, while the orchestras' total operating costs grew by $5 million.

The Ford Foundation, in its recent study, found that the earnings gap for the 166 major organizations in performing arts in the country was, in 1970–71, some $66 million—from earnings of $91 million and total operating costs of $157 million.

Furthermore, they estimated, this shortfall could increase to $180 million in 1980–81—in "constant dollars"—or, at a middle-range inflation factor of 7 percent a year, to $335 million in 1980–81.

In New York State alone, according to the New York State Foundation on the Arts, the deficit of all the major—and some minor—nonprofit cultural organizations in 1973 reached some $17 million.

Clearly, institutions of great cultural value face tough sledding in the days and years ahead. I believe legislation granting them necessary funds for basic maintenance and operations, including personnel salaries which account in many cases for over half of the organization's budget, is critical.

But aside from the institutions, severe hardship is also felt by the individual artist—especially that artist who is not unionized, who is self-employed but makes his only income off the sale of a sculpture, or a painting, or a poem. Such artists do not have pension plans—they do not have health insurance plans—they do not have any steady income, except as they produce works of quality. When they grow old, and suffer loss of sight or decreased movement due to arthritis in their hands, for instance, they lose whatever ability they had to gain income.

The life of an artist is all too often romanticized. We think of Pablo Picasso, with thousands of works and a steady income; we think of Leonard Bernstein composing and conducting, and living well. But for every example like this, there are literally tens of thousands of artists who struggle to make ends meet. A fourth-year dancer at the New York City Ballet, for instance, who is at or near the top of his or her profession, makes a mere $7,425 a year, on a season of 27 weeks. Much of the remaining weeks are taken up in rehearsal. Indeed, it is often said in the dance world that a successful dancer is one who works enough to qualify for unemployment insurance to carry him or her over in the off-season months.

In Massachusetts, the average salary of persons employed by nonprofit cultural organizations was $3,039; it was not even that in New York. Now, 2 years later, the average salary is some $4,500, just barely over the poverty level for a family of four.

Finally, the life of an artist is severely hampered by the shortage of facilities, even in New York City—the so-called center of the art world—available for use. Studios with appropriate light, decent practicing rooms, and rehearsal halls with sufficient room are few and far between, and therefore so highly priced to be out of the range of the average artists. It is crucial, in my view, that we provide decent facilities to develop artists, and to encourage these talented men and women to contribute to the very quality of all of our lives, rather than to stifle their creativity in the tight squeeze of inflation.

Let us remember that although our Federal budget for the arts has increased dramatically in the last 5 years, nonetheless it is still true that we are paying only a bare 75 cents a head; this is when we are the richest country in the world, and yet Canada appropriates about twice as much, $1.40 a head, West Germany more than 3 times as much, and Austria some 10 times as much.

Moreover, Amyas Ames, the chairman of Lincoln Center, who points out that museums get only 1 percent of their costs in Federal aid, and orchestras only some 5 percent, notes that we have a double standard. If the cost of a Moon shot doubles, he notes, we go to the Moon, not halfway to it; but if the cost of a concert doubles over 10 years, appropriate action is not taken, and more than likely the concert schedule is cut back.

In sum, Mr. Speaker, I think the need for this legislation is clear. I hope it will be considered as soon as possible.

OTIS PIKE LAYS IT ON THE LINE

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. LEGGETT. Mr. Speaker, from time to time we have all enjoyed the wit provided by the distinguished gentleman from New York, Congressman Otis Pike. His views on the Military Establishment have been particularly entertaining—at least to those on his side of the argument and to those on the other side who retain any sense of humor about themselves.

Recently, Mr. Pike, whose eloquence is exceeded only by his lack of inhibition, decided to venture forthwith into the lion's den. Rather than confining his jibes at military incompetence to the House floor where he is merely outvoted, he has written a typically Pike-sharp article for Armed Forces Journal, thus doubtless causing his office to be inundated by letters questioning his dedication to the old-fashioned virtues of patriotism, integrity, and sobriety.

In all seriousness, both the military and Congress will benefit from the kind of dialog the gentleman from New York, Congressman Pike has begun—I hope to see it continued. Armed Forces Journal deserves credit for printing the article—certainly none of the magazines or reviews of the various service organizations and war colleges would have given space to such a deviation from the party line.

At this point in the Record, I insert "More Brass Than Brawn," by the gentleman from New York, Congressman Otis Pike, from Armed Forces Journal of September 1974:

More Brass Than Brawn

(By Representative Otis G. Pike, Democrat-New York)

The New President of the United States in his first address to Congress stated that he would oppose "unwarranted cuts in national defense." The key word, of course, is "unwarranted" and what warrants cutting and what warrants spending is what all our debate is about.

During the recent months of the Second Session of the 93rd Congress I have had the "honor" of presiding over the hearings in the House of Representatives on the military construction bill for fiscal year 1974. The word "honor" is in quotes, not because I don't appreciate the responsibility shouldered by the Real Estate and Military Construction Subcommittee of the House Armed Services Committee, but because its 25 hearings were generally about as stimulating as plowing through the Commerce Business Daily.

It is my personal judgment that the nation would survive if the 1,000 or so odd people (that's the number, not the people) who work for weeks and months at preparing the annual military construction bill were to forget to do it some year. What would happen if we were to go for a whole year without a military construction bill? Very little. We have backlogs of projects from other years so construction wouldn't stop; a few people living and working in houses and offices inferior to the houses and offices they would like to live and work in would continue to do so for one year longer, but it wouldn't really have an awful lot to do with the ability of the nation to defend itself. There are in every military construction bill a lot of projects which ought to be built and a lot of projects which ought not to be built. There are also 435 Representatives and 100 Senators, all of whom would disagree on which projects deserved building (the ones in their districts) and which projects did not deserve building (the ones somewhere else). Out of this interplay of conflicting priorities and pressures came a bill which cut the President's program by 10.4%, a cut of roughly $347 million. In my judgment it was still too big; in the judgment of others it was much too small, and by a vote of 322 to 30 the House of Representatives said that the bill was acceptable and that that particular cut was "warranted."

Let's talk about procurement. The President's message came just after the Special Investigating Subcommittee of the House Armed Services Committee had, at my request, held a one-week hearing on an Air Force altimeter procurement, which in its nicest terms was a disaster. The Air Force had wound up with 2,700 altimeters costing roughly $1,000 apiece, and all of them had been declared unfit to put in airplanes. That was an Air Force boo-boo. At the time that the President spoke I had spent two weeks trying to get from the Navy a copy of a contract under which the Navy Training Equipment Center in Orlando, Florida, had in the dying days of the fiscal year 1974 entered into a non-competitive agreement for the purchase of 3,300 movie projectors with an option for 1,000 more and with talk of thousands more beyond that. The Navy had just bought 3,000 movie projectors. How many thousands they already had on hand I don't know, and they don't either. I frankly don't know why they need 4,300 more movie projectors, but aside from the basic yearning of the Navy for movie projectors, what I don't understand most of all is why in a period of two weeks all of the captains and computers can't provide me with a copy of the agreement, when I can tell them what the number is, what its date is, and what its subject matter is.

It's not that they can't, it's just that they don't want to. So they don't. They delay and deploy, they orate and obfuscate, but they don't produce the contract.

It is my personal judgment that the national defense of the United States of America would be stronger if our military forces were half as big and twice as tough. It is my personal judgment that if the civilian employees of the military were half as many but were given the responsibility for making decisions, rewarded when they made the right ones, and fired when they made the wrong ones, our nation's defenses would be stronger.

I am a newcomer in Washington, having served on the Armed Services Committee for only 14 years. In those 14 years I can only think of three people over the rank of lieutenant who ever really got disciplined by the military as a result of their bad conduct. Two of them had to do with procurement, and their bad conduct consisted of blowing the whistle on band procurement.

"The system" is sick, and if we were to get into any major conflict, the weaknesses would be instantly obvious. Recently, I spent several days at a major naval base—Roosevelt Roads. I admired the tennis courts under construction, the golf course, the marina (that was my favorite), the corral for the horses, the new officers club, the NCO club, the several bathing beaches, the new housing, the hospital, the school, and all of the accoutrements of gracious living. I was royally entertained, but on parting was obliged to ask one ungracious question—"Where are the guns?" I had observed one while I was there. It was supposed to shell Vieques, and it misfired. A platoon of Marines (well, a company) could take the whole thing. Old Marines, that is.

The recruiting literature for the all-volunteer Army carefully avoids any mention of the outrageous concept that the military is there to fight. Instead, life in the military is portrayed as one big university, where everyone is going to school all the time and the Junior Prom is every Friday night. Unfortunately, it is almost true.

There are three institutions which could do anything about it. The first is the Commander in Chief, and all he does is praise the military and inveigh against unwarranted cuts in defense spending.

The second is the Pentagon, but that's like asking a bunch of people hooked on morphine to switch cold turkey to Special-K. They know it would be good for them, but they like it the way it is. They like the aides and the offices, and the committees and the commands, and the joint commands and the combined commands and the contingency plans and the war games and the acronyms, and the schools and the staff schools and the war colleges and industrial war colleges and all of the impedimentia which cause our "defense" costs to skyrocket as our muscles grow flabby. So they don't do anything about it.

The third institution which could do anything about it is the Congress, and it doesn't have either the necessary knowledge or the necessary guts. As one small concrete suggestion, it should be illegal for the Pentagon to write speeches for Members of Congress to make on the Floor or insert in the Congressional Record. At least 50% of the Members of Congress could write their own speeches if they cared to devote any thought to the subject matter, and thought on the subject matter is urgently needed.

As a second tiny suggestion, would it be too much to ask that the military lobbyists who go under the name of Congressional Liaison and have their offices right in the building where I have mine (a nicety not accorded to any other lobbyists I am aware of) at least wear their uniforms so that we and the other taxpayers may observe just how pervasive this lobbying effort is? I wouldn't kick them out for anything—some of my best friends, and all that. But I have learned over the years that their primary function is giving Members of Congress that information they want us to have, and concealing from Members of Congress that information which they do not want us to have. Information is the only route to intelligent action, and as long as the Pentagon controls it all, Congress couldn't do a hell of a lot to tough-up the military even if it did develop some intestinal fortitude.

In the event that we get into a position whereby we need our military for any other than peaceful purposes in the near future, God help us. For we have neither the will nor the courage to help ourselves.

Please do not send the next few issues of the Armed Forces Journal, as the heartrending wails of the wounded will be more than my delicate nature can stand.

REGIONAL MEDICAL PROGRAM

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. HUDNUT. Mr. Speaker, I am quite proud of the accomplishments of the Indiana regional medical program and, while health planning legislation is pending, think it appropriate to let my colleagues know how regional medical programs looks to Indianians. I am convinced that many of the Members are similarly impressed with the work of regional medical programs in their own districts.

One of the reasons regional medical programs has been successful in almost all regions where it has operated is that leadership has been competent and dedicated.

One of these leaders is Steven C. Beering, M.D., coordinator of the Indiana regional medical program and associate dean of the Indiana School of Medicine.

Most of us have heard of the perennial battles between "town" and "gown" in medicine—between the harried practitioner facing a steady stream of patients and the somewhat protected academic medical man who, within certain limits, can pick and choose his patients. One might anticipate that a medical dean might have difficulty in achieving the rapport with private practitioners needed for successful operation of a regional medical program. But the record of Dr. Beering shows that such a fear would be misplaced, in Indiana at least.

He and his associates and predecessors have proved that they are competent and dedicated and can effectively reach that 75 to 85 percent of the medical care delivery world that treats private patients in non-Government settings.

Earlier this year Dr. Beering testified before the House Subcommittee on Public Health and Environment, relating the history of the Indiana regional medical program.

The chain of events took place largely before any sort of specific national health goals had been thought of and, as you know, such goals still need to be developed. So the projects described are diverse and vary a great deal in breadth and aim. But, note the ingenuity, the ability to attract cooperation from those who are responsible for direct treatment of illness—the pinpointing time and again of critical areas for improvement.

This kind of programing and this kind of leadership must be preserved at all costs as we enter a new round of health planning legislation. It is necessary that a cadre of leadership be free from regulatory duties, untinged by police power, so that it may address private practitioners who deliver care and attract them toward new methods, new therapies, new relationships with other care personnel and toward new institutional arrangements that lower costs and cut short illnesses before they reach the crisis stage which so easily threatens family finances.

I favor strong health planning. And I favor the requirement that health systems development adhere to whatever plans are made for an area. In Indiana the best hope for good development to exploit good planning is regional medical programs with its accent on reaching the people who matter—the doctors and hospitals delivering care.

Mr. Speaker, I commend the brief summary of Indiana regional medical program's work to Members for their comparison with regional medical programs in their own State:

HISTORY AND ACCOMPLISHMENTS OF INDIANA REGIONAL MEDICAL PROGRAM

Indiana Regional Medical Program was created January 1, 1967 with a planning grant under Public Law 89-239 and has been in continuous operation since then. It has been funded by a basic operational grant and continuation awards since 1969.

The IRMP has spearheaded the development in Indiana of a process for regionalization of health care services, facilities, and resources in cost-effective arrangements and programs. Its major impact has been in coordinating the planning, development, and implementation of needed programs.

The Program is a cooperative effort in regionalization designed to make more quality health care available to more people at less cost.

Within the limits imposed by declining funding since 1970, Indiana Regional Medical Program has made great progress toward accomplishing its basic goals and in defining its roles in cooperation with other health interests.

The Program began with heavy emphasis on continuing and postgraduate education for health professionals and on development of cooperative arrangements for delivering the best possible medical care. Both types of activity related basically to the categorical disease nature of the original legislation and addressed the problems of heart disease, cancer, and stroke.

Later, as dictated by experience in Indiana and across the country, legislative changes, and federal directives, emphasis shifted away from the Program's original basic, categorical nature toward greater concern with the availability and the delivery of quality health care at moderate cost for all citizens.

Dollars were first largely employed to fund individual projects. Later, a more programmatic approach developed. This resulted in our quantifying and identifying many health care deficits in Indiana and in focusing attention on the process of developing cooperative arrangements among a broad range of consumer input, to help eliminate those deficits.

The Program's organization and much of its activity initially were highly centralized. Today, it is broadly based and functions on a decentralized or subregional basis. In cooperation with Comprehensive Health Planning, it performs functions such as convener, facilitator, catalyst, broker, consultant, and coordinator of health activities and interests in all areas of the state.

Activities of the Program and benefits to health professionals and the general public have included the following:

A. Compilation and dissemination of a sophisticated health data base which has been utilized to identify a wide range of health deficits in Indiana, at both state and local levels.

B. Creation of subregional groups of health care providers and consumers, in cooperation with CHP, now operational in six areas and under development in the five remaining economic areas of the state.

Actually, I should like to insert here, there are 14 Governor's economic areas. But since we wanted to have form follow function we decided on 11 watershed and trade areas, and implemented six already and have five under development.

C. The promotion of programs to meet needs identified in the data base and as a result of cooperative program development efforts, as follows:

1. Support for physician-extender programs and continuing education for all health professionals.

2. Development of a state-wide emergency medical services system, which in the Indiana Legislature just concluded, resulted in the enactment of a state-wide emergency medical services act.

3. Funding of neighborhood health centers in two metropolitan areas which provide low-cost primary care and ancillary and referral services to residents of low-income areas.

4. Support for a state-wide stroke program which has provided teams of therapists to hospitals which did not have such service to improve the recovery and rehabilitation of stroke patients.

5. Provision of consultation services to many Indiana community hospitals in planning and creating coronary care units and in training physicians, nurses, and technicians in the discipline of operating such units.

We now have 46 units functional in the state and also provide for the training on a continuing basis of the physicians, nurses and technicians who are operating these.

6. Support for a multiphasic health-screening service in disadvantaged areas of Indianapolis which proved that such screening could identify health abnormalities in persons who did not know they had them, and also showed the value of including screening operations in the delivery systems of neighborhood health centers.

7. Assistance in the development of a regionalized radiation therapy program which is part of a very large program utilizing the state-wide medical education systems, telecommunication network, computers, two-way telephone, two-way television in allowing patients in areas as far away as South Bend, for example, to be analyzed by a radiation physicist here in Indianapolis without having to move from his hospital.

8. Assistance in development of a state-wide kidney transplantation program. This includes an operation between the Veterans Hospitals and Medical Center hospitals and the Methodist Hospital.

9. Identification of a high-priority need for education of the general public about health matters, out of which has developed support for a demonstration of a telephone access system of health information for both the public and health professionals.

I would like to add that we in Indiana feel that the matter of lay education is of the greatest urgency of any of our programs and will meet with success.

Since the beginning of 1973, despite significant reductions in operating funds, IRMP has continued to support three major activities: emergency medical services system development, family practice program development, and integration of CHP-RMP activities on the area-wide level.

We would like to highlight, because of its success, the family practice program development, where we were able in conjunction with the State Associations, together with family physicians and the state legislature, to help foster yet another special state bill, an appropriation which will allow over the next three years one million dollars each year to be given to hospitals to support the education and training of young physicians wishing to go into family practice.

In addition, we were able to develop and fund limited demonstrations of high promise in the following areas:

1. *Hypertension*—a funded project in a medically underserved area of metropolitan Indianapolis will demonstrate the feasibility of decentralized screening, care and management of hypertensive patients, with special emphasis on followup procedures that will insure continuity of care.

2. *Perinatal and Infant Care*—a small start is being made by a group of physicians, aided by medical record librarians and others, to develop a protocol for assurance of quality care that will lower the incidence of perinatal and infant death in a large metropolitan area.

3. *Kidney Disease*—a sophisticated project is being undertaken by the state's leading renal dialysis-transplantation center to develop and test procedures that will prevent immunological loss of transplanted kidneys.

4. *Hospital Accessibility Study*—the accessibility of the state's hospitals to the people in geographic areas around them, with special emphasis on those in rural settings, is being studied as a basis for future planning and development.

PAUL HOFFMAN ON THE TWO-WAY BENEFITS OF FOREIGN AID

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. SEIBERLING. Mr. Speaker, all men of good will in America and elsewhere were grieved at the death this week of that great American, Paul Hoffman. Elsewhere in the RECORD I have placed a few words of tribute to him.

Mr. Hoffman's contributions to international goodwill, prosperity and understanding are beyond measure. His wisdom and foresight will be greatly missed as we move into the evermore interdependent world he foresaw so clearly.

It is appropriate at this time to place in the RECORD an article which he wrote for Fortune magazine in 1972 on "The Two-Way Benefits of Foreign Aid." It would be a wasted effort to summarize the article, so I offer it following these remarks:

THE TWO-WAY BENEFITS OF FOREIGN AID

(By Paul G. Hoffman)

(*More than any other single individual, Paul G. Hoffman deserves to be regarded as the father of foreign aid, or mutual assistance, as he now prefers to call it. Formerly president of Studebaker Corp., he became the first administrator of the Marshall Plan. And for thirteen years prior to his retirement in January, he headed the United Nations efforts in the economic-development field, first as director of the United Nations Special Fund, later as administrator of the United Nations Development Program. Reflecting on his long experience, he has concluded that aid is just as vitally beneficial to the nations that give as it is to those that receive.*)

When I was a child I was often told that "sticks and stones can break your bones, but words will never harm you." And when I was a child I believed it. Well, I don't believe it anymore. After being bedeviled for over twenty-five years by the most misleading phrase in common American speech, I know that words *can* do enormous harm.

During the last twenty-five years I have been working in the field called "foreign aid." And almost every day of that time I saw serious damage done to America's national interests by the use of this particular phrase. It obstructed straight thinking about the real issues that divided opinion at home and lost us much of the credit our actions should have earned us abroad. Worst of all, the words "foreign aid" led us to base vital policy decisions on what was considerably less than half a truth.

Doesn't it badly distort reality to call something that creates large numbers of jobs for American workers "foreign aid"? Are actions that greatly increase our export earnings "foreign aid"? Is it "foreign aid" when we help to secure for ourselves new sources of essential raw materials? Is it "foreign aid" when we follow a course that could eventually lower the cost of goods and services Americans need every day? Above all, when we act to put our national security on the one solid footing it can ever really enjoy—while cutting the bill to the American taxpayer in the bargain—is it logical to term this "foreign aid"?

Yet these are the kinds of benefits we have long been reaping from our relatively modest investment in helping other nations help themselves. We earned our first sizable dividends from that pioneering cooperative venture known as the Marshall plan. The rapid economic recovery of Western Europe, which the Marshall plan made possible, enabled us to raise our export earnings so significantly as to add a whole new dimension to our economy and open up millions of new jobs in American factories and farms. Meanwhile the economic integration of Western Europe—a direct outgrowth of the principles underpinning the Marshall plan so strengthened the structure of peace on the Continent that, as the late President Eisenhower once told me, it saved the United States many billions of dollars in defense expenditures. These initial returns alone more than repaid what we spent on the Marshall plan—and they continue to come in. Still, as the plan's first administrator, I vividly remember that the term "foreign aid"—misnomer though it was—was among the kinder things said about the program at a time when there was considerable talk of "pouring money down ratholes" and the like.

CREATING NEW CUSTOMERS

More recently, the U.S. has developed substantial sums to helping the developing countries of Asia, Africa, Latin America, and the Middle East modernize their economies and improve the living standards of their people.

What's good for the world as a whole is bound to be good for the U.S. Modern communications and transport have cut such large chunks out of time and distance as to make all humanity the residents of a single neighborhood. As a consequence, the problems of the rest of the world are so closely and tightly linked to our own that conditions abroad have a deep and inescapable impact on conditions here at home.

We all know that our economy is riddled with soft spots, we have an unacceptable rate of unemployment, and there are widespread pockets of domestic poverty. Now, in order to revitalize our economy and open new job opportunities on the very large scale required, we have simply got to expand our foreign trade. The only way we can win new markets is by creating new customers. And we have the chance to do just that on the scale of hundreds of millions.

As of now, roughly 70 percent of U.S. exports go to markets in the wealthy, industrialized countries. Meanwhile, the less-developed nations occupy two-thirds of the earth's land mass and contain two-thirds of its people. Yet they earn at present only a fraction of total world revenues—and hence can account for only a fraction of total world sales—because they produce at present only one-sixth of all the world's goods and services. Even a moderate redressing of this imbalance would do much to create the new customers our economy so badly needs.

By way of proof, the 5.6 percent average annual increase in gross national product realized by the developing countries during the 1960's was accompanied by an 82 percent increase in U.S. exports to these countries—from a $7-billion to a $13-billion yearly level. There is even more striking evidence of this relationship between productive and purchasing power. Between 1968 and 1969 alone, those low-income countries where production per person was the equivalent of $400 or more increased their imports by nearly 14 percent. At the opposite end of the scale, those countries where production per person came to only $150 showed an actual import drop-off of nearly 3 percent. To round out the picture, the developing countries that imported the most from the wealthier nations showed the fastest economic growth rates—proof that there are vitalizing as well as vicious circles.

How far up can this healthy spiral go? In view of the truly dreadful poverty that afflicts the developing countries, can these countries ever raise their output and earnings to the point where they will become a truly major market for the U.S.? The answer is yes, they can. While there are hundreds of millions of poor people throughout the world, they don't have to remain that way—because most of the countries they live in have enormous latent wealth. According to every reliable estimate, the developing nations today are productively using only about 25 percent of their natural-resource potentials and perhaps 15 percent of their man- and woman-power capabilities.

The U.S. economy has other basic needs that would be well served by narrowing the productivity gap between the industrialized and the developing countries. Our domestic supply of natural resources is far from being bottomless. We must already import more than one-fifth of our oil and more than that proportion of our iron ore. For nickel, tin, chromite, cadmium, bauxite, manganese, and many other vital minerals, the proportion is substantially higher—as much as a full 100 percent. This makes it clearly in our national interest to help locate and extract both fuels and industrial minerals wherever they can be found—so that available supplies can be increased to meet rising global requirements. By far the most promising prospects for this lie in the developing countries. The United Nations Development Program, for instance, has uncovered over $12 billion worth of mineral reserves in these countries during the last ten years alone.

There's another point to consider. The gross disparity in output between the more-developed one-third and the less-developed two-thirds of the world represents a very inefficient division of labor. Most of the wealthier nations—the United States among them—are producing a number of industrial goods and agricultural commodities at a considerably higher cost than they could be produced by the developing countries. Undoubtedly, change would be far from simple. Nor, frankly, would it be altogether painless for certain sectors of the American economy. But there are ways of compensating for the short-term damage involved. And, in the long run, there is as much profit for us as for any other nation in a more diversified, better-balanced global production pattern.

WHERE WARS BEGIN

But there is a higher priority for America than increasing its material prosperity. That priority is the strengthening of peace. During the last decade alone, we have spent nearly $700 billion on national defense. That enormous expenditure may have brought a precarious balance of terror. But it certainly hasn't brought peace anywhere on earth. Nor has the simultaneous sacrifice of thousands of American lives, and the lives of hundreds of thousands of our fellow human beings—on many fields of battle. In fact, none of these could avail. For basically they represent efforts to suppress or contain the symptoms of world disorder, rather than to work a cure.

Consider one compelling fact. Every single international conflict since 1946 has started and been fought out in the poverty-stricken parts of the world. And almost every major international crisis came to a boil in these same areas.

Poverty abroad has bred tensions that erupted in violence abroad. Feeling threatened by violence abroad, we devoted vast sums to building up—and sometimes directly applying our military might. As a result, our resources and energies were diverted from the fight against domestic poverty. This aggravated domestic tensions, and often set off violence at home. Now, concerned with our own problems and disillusioned with overseas ventures, we are turning from the struggle against poverty abroad—thus giving another powerful push to the whole destructive cycle.

To my mind, this puts us on a collision course with reality. We should be increasing instead of reducing the relatively small sums we are spending on overseas development—a yearly amount that nets down to about six-tenths of 1 percent of our gross national product, as against the 1 percent that is generally accepted as an appropriate goal. We can well afford to do so without weakening either our defense efforts or our efforts to meet domestic development needs. In fact, by helping to speed the day when people throughout the world no longer feel that violence is the only way to improve their lot, we will substantially strengthen our national security. And, as we have already seen, we will also strengthen our economic capability to alleviate poverty at home.

One thing, however, must be clearly understood. The first successful step to a better life for the people of the low-income countries will not necessarily bring the world visibly closer to peace. There may actually be more turmoil as early development progress gives rise to expectations that cannot be quickly fulfilled. But there's a positive side to the picture. Real development progress can be achieved only through intensive international cooperation—cooperation among the poorer countries themselves and between the poorer countries and their wealthier neighbors. Now when people of diverse backgrounds work together day after day to achieve common ends, rough edges of suspicion and ill feeling are inevitably rubbed smoother. And when nations collaborate over long periods for agreed-on economic goals, even sharp political disagreements are often sensibly dulled. Meanwhile new ties of mutual interest are imperceptibly woven. Eventually, whole national economies become so tightly intermeshed that war itself is impractical and, finally, almost impossible.

A ROLE WE CAN'T SHUN

There is one final reason for relegating the term "foreign aid" to the scrap heap of our national vocabulary. It is the best reason of all—simple morality.

Strangely enough, in an era of utterly unprecedented material power, it has become more dangerous than ever before to disregard the moral law which dictates that we should help our neighbors. As Benjamin Franklin warned his countrymen, "We must all hang together or, be assured, we shall all hang separately," All must join in a partnership for the common well-being.

America's wealth, America's power, and America's most honorable traditions all combine to give our nation a major role in this historic endeavor. If we shun this role, or fail to shoulder its full responsibilities, we will not be the least of the losers. Yet we cannot play the part we should unless we really understand the depth, nature, and necessity of our involvement. And these things we will not understand until we once and for all stop talking—and stop thinking—in terms of "foreign aid."

TRIBUTE TO THE HONORABLE JOHN F. SHELLEY

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. ANDERSON of California. Mr. Speaker, I was saddened to learn of the recent death of my former colleague and friend, the Honorable John F. Shelley.

California and the Nation lost a most distinguished public servant with the death of this outstanding champion of working men and women.

For most of his nearly 69 years, John Shelley generously gave of himself to serve his Nation, State, and beloved city, San Francisco.

My admiration and friendship with John spans back through many years of mutual interest in politics, labor, and maritime affairs at both the State and National levels.

With all due respect I must admit that we also shared a similar feeling in having served as the mayor of our respected hometowns. While I initiated my public life as mayor of Hawthorne, Calif., at the age of 27; John polished off a most remarkable career by having his "last hurrah" as mayor of his native San Francisco.

John Shelley's distinguished career began from his strong ties with the labor movement. In 1933 he was elected as a delegate to the San Francisco Labor council, and later, the youngest man to ever hold that position. He was to hold this position until 1947 when he was to serve as president of the California State Federation of Labor.

His first elected public office was his election in 1938 as a member of the California State Senate where he was to serve for the next 8 years fighting for relief of jobless workers and stronger social insurance programs.

In 1949 winning a special election he began a career in the House of Representatives which was to last through six more terms. While in Congress he was able to utilize much of his extensive background and expertise in maritime affairs by serving on the House Committee on Merchant Marine and Fisheries, and later on Appropriations.

It was in 1963 that he resigned his seat in the House to fulfill a life's ambition by becoming the mayor of San Francisco, a position he truly cherished.

Mr. Speaker, it has been my privilege to have known and worked with John Shelley for many years in various capacities and at various levels of government. I have always known him to be a hard working and dedicated man. We in California shall miss our dear friend. But I am certain that his numerous contributions to labor, his city, State, and Nation will long remain a living memorial to him.

My wife, Lee, joins me in expressing our condolences to his wife, Thelma, and to their children, Joan-Marie, Kathleen Patricia, and Kevin.

A. PHILIP RANDOLPH

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. RANGEL. Mr. Speaker, it goes without saying that the labor unions of this Nation have through the years, succeeded in bringing economic equity and decency to the factories, stores, farms, and offices of America. It also goes without saying that A. Philip Randolph has, for many years, been one of the true giants in labor and civil rights movement.

Upon the occasion of his resignation as Vice President of the AFL–CIO and a member of the executive council, the following statement was drafted and approved by the council. It is now submitted for the thoughtful consideration of my colleagues:

STATEMENT BY THE AFL–CIO EXECUTIVE COUNCIL ON A. PHILIP RANDOLPH, CHICAGO, ILL., AUGUST 6, 1974.

Whereas, our brother, A. Philip Randolph, president-emeritus of the Brotherhood of Sleeping Car Porters, has resigned as a vice president of the AFL–CIO and the member of this Executive Council, and

Whereas, Phil Randolph has devoted his life to justice, equality and human dignity for his fellow black workers and, indeed, for all workers, and has brought to this cause determination, perseverance, eloquence and integrity, and

Whereas, the wisdom, counsel and common sense that Phil Randolph provided this Council earned for him the trust, respect and admiration of each member, and

Whereas, the labor movement and the civil rights movement are the richer for the tireless dedication of Phil Randolph and his keen understanding that progress for both groups was dependent on close and enduring ties between them, and

Whereas, Phil Randolph is the only trade union official ever to receive the Murray-Green Award, the AFL–CIO's highest honor, at which time we noted that "Phil Randolph is a credit to his race—the human race," and

Whereas, Phil Randolph is the valued friend and trusted comrade of all who served with him on this Executive Council,

Now Therefore Be It Resolved that this Executive Council accepts the resignation of A. Philip Randolph with the deepest regret and affection, and

Be It Further Resolved that we extend to him, on behalf of the millions of workers who gained social and economic justice because of his tireless efforts, our deep and sincere appreciation, and

Be It Further Resolved that this resolution be spread upon the permanent records of the American Federation of Labor and Congress of Industrial Organizations and that a properly engrossed copy of this resolution be persented to A. Philip Randolph, a devoted trade unionist, a great American and our brother.

PAUL HOFFMAN

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. SEIBERLING. Mr. Speaker, on October 8, this country and all mankind lost a great public servant and humanitarian, Paul Gray Hoffman. After a long and productive life of untiring service to the helpless victims of war, poverty, and pestilence, Paul Hoffman is at rest. There are countless millions of men, women, and children in Europe, Asia, Africa and Latin America whose lives and futures are brighter and more secure because of his tireless work as Administrator of both the Marshall Plan and later of the United Nations special fund and the United Nations development program. He realized and never forgot that all men are truly brothers and that we have a compelling responsibility to help others to help themselves.

In rebuilding the shattered economies of Western Europe after the Second World War and in embarking on the new war against human want and despair in the developing countries of the third world, Paul Hoffman has left us an inspiring legacy of hope and courage to face the monumental problems confronting the rich and the poor of the world. We will need and miss his brand of hard-headed idealism and optimism in confronting the complex economic and political challenges of the last quarter of this century.

In 1972, Members of Congress for Peace through Law, of which I am chairman, honored Paul on his retirement after 13 years as head of the U.N. development program. On the silver cup we presented to him, we expressed our "admiration and gratitude for his immense service to mankind." I can do no better than to reiterate those sentiments today. I would like to include in my remarks, some newspaper comments on his life and achievements, which follow:

[From the New York (NY) Times, October 8, 1974]

FREE AND UNAFRAID

Paul G. Hoffman was an exuberant, exponent of all that is best in the American tradition. A highly successful salesman and corporate executive, he never lost sight of the reality that "free enterprise" was viable only to the extent that it genuinely served the interests of human freedom and social responsibility.

This conception of America's role illumed Mr. Hoffman's monumental achievement as administrator of the Marshall Plan after World War II, the most ambitious program ever undertaken by any victorious nation to rebuild the shattered economies, hopes and spirits of war-devastated countries overseas.

He superintended the spending of $13 billion in European aid, with full knowledge that the greater the success of his efforts, the more effectively the beneficiaries could compete with United States industry in the global struggle for markets. In the process he accomplished more than arms ever could to keep totalitarianism of left or right from triumphing on the ashes left by Hitler and Mussolini.

The same spirit marked his thirteen years as chief of development programs for the

United Nations. The frustrations others had felt never tempered either his enthusiasm or his ability to infuse his hard-headed brand of endeavor into even the most stolid or obstructionist of his client states. The $3.4 billion in U.N. aid he distributed served as seed money for vastly greater outlays in upbuilding underdeveloped nations and expanding opportunities for their people.

When the sterile anti-Communist virus of McCarthyism undermined the Bill of Rights in the nineteen-fifties, Mr. Hoffman stood unshaken in constancy to the real underpinnings of the American way. He moved from presidency of the Ford Foundation to chairmanship of its crusading Fund for the Republic. In a 1956 speech to an American Legion post, he summed up the fund's purposes in a sentence that also summed up his life: "We are trying to help keep this Republic free and strong so that it can give a demonstration to all the world of a free and unafraid society at work."

[From the Washington (D.C.) Post,
Oct. 9, 1974]

Paul Hoffman Dies

(By Ferdinand Kuhn)

Few newcomers to official Washington ever won so much acclaim in so short a time as Paul G. Hoffman, the first administrator of U.S. foreign aid who died yesterday in New York at 83.

When he arrived here for his first government job early in 1948, he was a Republican businessman, president of the Studebaker Corporation, with the reputation of a super-salesman. When he left two and a half years later he had won the applause of Democrats and Republicans alike and of those often hardest to please: the career civil servants.

He "achieved great things," said the Democratic President, Harry Truman. He served his country "magnificently," said the Republican chairman of the Senate Foreign Relations Committee, Arthur H. Vandenberg. "Few men in history have left the mark that he did," was the comment, many years later of W. Averell Harriman, his deputy in Europe and his successor. It was a chorus that sang in unison except a few discordant notes from the far right and far left.

Originally the President wanted Dean Acheson to direct the agency that would spend $17 billion in four years for Europe's recovery. Acheson had served as under secretary of State, and by 1948 was back in the private practice of law. But the Republicans then controlled Congress, and Republican leaders had another kind of administrator in mind. Senator Vandenberg, their spokesman, told Mr. Truman that Congress wanted a businessman from outside the government. Hoffman had been the first choice of at least half of more than a hundred businessmen whom Vanderberg had canvassed. That settled it; the President gave in.

The new administrator took comparatively little part in setting the broad policies of the foreign aid effort. Those had been drawn in broad outline in the Marshall Plan and in the historic congressional debates that followed. Where Hoffman excelled was in organizing a new agency on a nonpartisan basis and in choosing able helpers.

His assistants saw little of him in the office, although he kept them briefed and consulted. Then, as always, foreign aid was unpopular. The life of the aid director was one of unending effort to sell an expensive and politically unattractive product. During 1949, his first full year in the job, Hoffman was out of his office all but about two hours of every working day, usually in committee rooms or antechambers on Capitol Hill.

Men and women who worked with Hoffman in the ECA—the Economic Cooperation Administration, as it was then called—still find lessons in his performance. If one asks them why Hoffman was such a success, they answer in this vein: "He never threw his weight around." "He tossed out ideas and didn't mind letting others pick them up and take the credit." "He never let power swell his head."

Where other businessmen felt out of their element in government jobs, Hoffman seemed to know his way. His brisk talk was usually low-keyed. His blue eyes kept a twinkle of humor in reserve; he faced many serious situations but never despaired. In a time of alarms and crises, some of them dangerous, he was a steadfast optimist.

His personal traits stayed the same to the end, but his mind grew and changed with the years. From the start of the Marshall Plan he took a deepening interest in the economic and social well-being of the rest of the world. He went on to head the Ford Foundation and the United Nations development program, broadening his ideas and the market for them.

Again and again in his Marshall Plan years he argued that spending billions to rebuild and revive Europe would be good for business as well as essential for America's survival. When some in Congress wanted special privileges for American business in return, Hoffman replied that the American aid program must never be used for this purpose. Repeatedly he contended that trade is a two-way street, thus standing against American protectionists who were afraid of foreign competition.

In September, 1950, Hoffman resigned, soon stepping into the presidency of the Ford Foundation. Here he could direct the spending of hundreds of millions free of congressional constraints. The Foundation attracted him for other reasons as well. It gave him a chance to sell his ideas with more freedom than before. But he was wrong.

The marriage between Studebaker and Ford did not work. For the first and only time, Hoffman was not a success in a major undertaking. Exactly what happened, and why he left Ford after less than two years, was never publicly explained.

Dwight MacDonald, in a famous profile of the Ford Foundation in The New Yorker, suggested in 1955 that Hoffman had been too dangerous for the Ford trustees. For example, he recruited the always-controversial Robert M. Hutchins, formerly chancellor of the University of Chicago, as his deputy.

It was reported, although Ford spokesmen denied it, that the trustees wanted someone safer and more conventional as president. All Hoffman would say, with a wry smile, was that he and Ford were "incompatible." He seemed glad to be rid of the foundation job, and with his usual energy plunged into a variety of public causes.

One of his favorite causes of those days was named Dwight D. Eisenhower. Soon after Gen. Eisenhower had become president of Columbia University in 1948, the general asked a visitor, "How do we elect Paul Hoffman President of the United States?" Hoffman turned the compliment around. By 1951 he was in the front line of rich and prominent admirers who were urging the general to come home from NATO headquarters in Europe and run for President. The next year he helped round up convention delegates and raised money for the Eisenhower campaign. Only Ike, he said, could cut through "the smog of hate, fear and political amorality" in the United States.

When anyone talked of hate in those years he usually meant Senator Joseph McCarthy. Hoffman was one of the few Republicans to speak out against what he called McCarthy's "fantastically false" charges against Gen. George C. Marshall in the 1952 campaign. Late in 1953 Hoffman prodded President Eisenhower to counterattack. As Robert J. Donovan tells it in "Eisenhower: the Inside Story," based on access to the White House files, Hoffman "was urging him to let McCarthy have it with both barrels." Vice President Nixon and others advised him to hold back. Eisenhower, beset by conflicting advice, decided not to tangle with McCarthy: "I will not," he said, "get in the gutter with that guy."

Hoffman's stand against McCarthy brought frowns to many Republican faces. The displeasures of others seldom stopped him; he was independent-minded from his youth.

Paul Gray Hoffman was born in Chicago on April 26, 1891. His father, George Delos Hoffman, was an inventor who wanted his son to get a University of Chicago degree. Paul did enter that university, but stayed only a year. By 1911, when he would have been a junior in college, he was a salesman in the Studebaker branch in Los Angeles.

He climbed the corporate ladder fast. In 1915, at 24, he became sales manager of the Los Angeles branch; in the same year he married Dorothy Brown. She bore him six children, and they added a seventh as a ward. His children survive him. In 1925 he was already a vice president of Studebaker, and by the time he was 35, a year later, he had made a million dollars.

The Depression pushed Studebaker into bankruptcy in 1933. Within two years the company was on its feet again with capital that Hoffman had coaxed out of Wall Street, and with himself as president.

The start of World War II in Europe, and the war orders pouring into American factories, led Hoffman to think about the postwar future. How, he wondered, could the country keep full production and full employment when the war ended? "This is a problem for university scholars," he told Robert M. Hutchins, the university chancellor, and William Benton, the vice chancellor, in 1940.

According to Sidney Hyman, Benton's biographer, Hoffman argued that businessmen and scholars ought to pool their knowledge to solve the problem. This was the origin of a short-lived but influential group called the American Policy Committee, made up of fifteen or twenty thoughtful businessmen who were willing to give time to long-range public policy.

The commission disbanded after Pearl Harbor, but much of its planning work was picked up by the larger Committee for Economic Development. Hoffman was a sparkplug in this nongovernmental engine of study, planning and publicity. He was sure there would be a vast postwar market at home and abroad—if businessmen could be persuaded to plan the conversion of their plants to peacetime uses. It was the CED more than anything else that brought Paul Hoffman to the attention of business leaders and, before long, political leaders around the country.

Hoffman's mind had turned more and more to international affairs during his five years in government and at the Ford Foundation. In 1956 President Eisenhower called him back to public service by naming him a delegate to the UN General Assembly. This opened a new chapter in Hoffman's life.

It was a strange experience for him to have to listen not only to attacks on the United States by Soviet and Soviet-bloc delegates but also to the diatribes of Krishna Menon of India. He learned new lessons in when to be patient and when to talk back.

The Assembly taught him much, too, about the so-called Third World. He became convinced that government grants by themselves could not pull any country out of poverty. The UN experience led directly to Hoffman's appointment in 1959 as managing director of the UN Special Fund for economic development.

This was an agency in which he could sell his ideas and enthusiasms on a worldwide market. Applying lessons he had learned in the Ford Foundation, he regarded the Special Fund as "seed money." Hoffman like to say that if the Special Fund spent, for example,

$50 million a year on training and pilot projects, and if recipient governments put up $75 million, they would prepare the ground for at least a billion in private investment for profit.

Looking back over his career, Hoffman said the best part of it was at the United Nations. He ran a highly personalized operation at the Special Fund. His closest associates were men of his own choosing. The staff broke with UN secretariat habit and did not splinter into national or racial groups.

Again, as in his Marshall Plan days, Hoffman spent much of his time out of the office. Often he flew to Washington to induce lukewarm congressmen to vote the American share of the Fund. Most of his travels, however, took him overseas. In his first two years as managing director he appointed himself a traveling salesman for development, visiting sixty-eight countries, all outside Western Europe.

The Special Fund was merged in 1966 with the larger and longer-established UN Development Program. Now the bureaucracy of the UN secretariat hemmed Hoffman in. He was less effective than before, but he kept his unbureaucratic ways. Long after he was 70 he liked to walk, when he could, from his apartment to his twenty-ninth-floor office half a mile away.

If he ever lost his optimism during his 70s he never let the public know. He was "completely convinced," he said in 1969, "that we now have the technology to double world food supplies in the next ten to fifteen years." In 1961 his wife died after 46 years of marriage; the next year he married a dynamo named Anna M. Rosenberg, a former assistant secretary of defense. He had worked with her on labor-management problems during his CED days; he described her as "an old, old friend." She was with him at his death.

He kept his good health until about five years before his retirement at 80. He drank only occasionally, hated cocktail parties, had not smoked since his youth. He relaxed playing golf, bridge and gin rummy. But a broken leg and other ailments took their toll. When he returned here for a farewell reception after he retired in 1971, old associates who had not seen him for five years felt he had aged at last.

HAPPY BIRTHDAY TO WEST SPRINGFIELD, MASS.

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. CONTE. Mr. Speaker, in 1774, 2 years before the Declaration of Independence was signed, the town of West Springfield, Mass., declared its independence—from the town of Springfield. This year, the townspeople are celebrating the 200th anniversary of this event and the incorporation of West Springfield as a separate entity.

Many of my colleagues, especially those from the northeastern States will recognize the town as the home of the Eastern States Exposition. How many others will recognize it as the hometown of the Morgan horse, the inventor of the wireless telegraph, or baseball great Leo Durocher? It is all of that. And the home of more than 28,000 proud citizens.

All throughout this year, the town has marked the anniversary. Today, I would like my colleagues to join me in wishing West Springfield and its residents hearty congratulations.

The area known today as West Springfield was first settled in the mid-1600's by residents of Springfield. Located to the west of that community, in the southwestern section of the State, its fertile soil and unsettled expanses attracted Springfield residents who crossed the Connecticut River to reach the site.

Because the Connecticut River provided a natural boundary between the two sections of Springfield, the residents on the west side of the river petitioned the Commonwealth for a separation in 1756. It was protested by the east side residents and it was not until February, 1774, that the town of West Springfield was incorporated by the General Court of Massachusetts.

At that time, what comprised West Springfield was not the 16.75 square miles that it encompasses today. In 1850, the area now the city of Holyoke was taken out of West Springfield. In 1855, the area now the town of Agawam split from West Springfield.

Although newly established, the town dispatched minutemen to Boston just a day after the battle of Lexington and Concord in 1775. It continued to play an active role in the revolutionary effort. After the defeat of General Burgoyne, part of his troops, the German mercenary Hessians, were marched to Boston by way of West Springfield.

Rebel fervor did not die with the conclusion of the revoluntionary war. West Springfield claimed one of the leaders of the infamous Shays rebellion of 1787, Luke Day.

One of the most characteristic of New England politicial entities is the town meeting. The first town meeting in West Springfield was held March 23, 1774. With a few refinements, it remains the form of government in the town. In the 1920's the representative form of town meeting was adopted.

The first school was built in West Springfield in 1737 and today the community boasts 12 excellent learning facilities.

As I mentioned at the outset, West Springfield is the site of the Eastern States Exposition. Begun in 1916 to foster and encourage progressive agricultural practices, the "Big E" today is an annual event that draws thousands of visitors to West Springfield. It houses an impressive "Avenue of the States," Storrowtown Village, and a multitude of livestock and farm exhibits.

The exposition points up the fact that early in its history, the community was primarily an agricultural center. During the period that this was true, a horse named "Justin Morgan"—after its owner—was foaled in the town. The date of this event has been set at 1789. This horse was the progenitor of the Morgan horse, the first all-American breed of horse.

The town also has claim to influence in the sports world, as the hometown of Leo Durocher, one of the all-time great players and managers in major league baseball. A colorful personality, he was a member of the well-known "Gas House Gang" of the St. Louis Cardinals.

Another famous "son," Dr. Mahlon Loomis, inventor of wireless telegraphy, was a resident of West Springfield, although not born in the community.

West Springfield is also the home of "The Hour of the Crucified," a world famous radio program produced by the Passionist Fathers of Our Lady of Sorrows Monastery.

And, finally, West Springfield is the home of numerous industries providing employment for thousands of area citizens.

The Bicentennial Committee in West Springfield has done an outstanding job in coordinating and directing events to commemorate the anniversay. There has been a mammoth parade, an Incorporation Day, an arts festival and the dedication of a gazebo and fountain on the town common, and all manner of activities sponsored by civic, fraternal, and religious groups. Upcoming is a homecoming day, an awards night, a road race, a salute to the bicentennial by the public schools and a final event in February of 1975.

Edmund Burke has said that "people will not look forward to posterity who never look backward to their ancestors." Today, I pay tribute to a town which is spending a year tracing its roots and commemorating the work of those who came before them.

I take this opportunity, Mr. Speaker, to wish a warm "Happy Birthday" to the town of West Springfield.

LABOR DRIVES FOR A "VETO-PROOF," CONGRESS

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. LANDGREBE. Mr. Speaker, today I have had the opportunity to read "Labor Drives For a 'Veto-Proof' Congress", the lead article in the October, 1974, Reader's Digest. At the time, with great public attention being directed toward the electoral process and political campaign reform, I believe this article provides an important insight into an aspect of American politics which generally is overlooked.

LABOR DRIVES FOR A "VETO-PROOF" CONGRESS

(By William Schultz)

Union bosses are lavishly bankrolling "friendly" candidates in this fall's Congressional elections. If they win, uncontrolled federal spending may result.

Most Americans have never heard of the Marine Engineers' Beneficial Association. By May 31 of this year, however, the political-action committees of MEBA, a tiny (14,000-member) AFL–CIO Union, had amassed an election-campaign war chest of $910,426. MEBA President Jesse Calhoun was not bashful about explaining its use this fall. He told CBS correspondent Phil Jones the money would be used to "reward our friends and punish our enemies."

MEBA is only one of hundreds of union groups currently active in the 1974 Congressional elections. Common Cause reports that, in the first five months of 1974, organized labor had spent, or had available to spend, 60 percent more on behalf of Congressional candidates than in the 1972 elections. Better than $1.2 million had been spent on favored candidates; another $5.4 million had been raised.

Additional millions would be secured by Labor Day. Estimates are that the unions' total spending will exceed $50 million—much of it unreported and taken from compulsory dues. "Never before has so much money been spent to secure control of Congress," says syndicated labor columnist Victor Riesel.

What do the leaders of organized labor want? The AFL–CIO puts it simply: a "veto-proof Congress that could tell the President to jump in the lake." Angered by Presidential vetoes that cut federal spending by $30.6 billion, labor demands a Congress that would override those vetoes and support its legislative agenda. Key planks in that program: repeal of legislation under which right-to-work statutes have been enacted in 19 states, greatly expanded funding for federal welfare programs, passage of laws giving public employes the right to strike.

The drive for a veto-proof Congress began the day after the 1972 elections. Despite heavy Democratic margins in Congress, AFL–CIO president George Meany realized that he lacked the votes to put through all of labor's program. Analysis by union lobbyists indicated that a 1974 pickup of seven Senate and 23 House seats would be needed to override Presidential vetoes on labor-related bills when Congress convened in 1975. And so labor's strategists went to work, ultimately selecting 81 target districts. By the fall of 1973, Al Barkan, director of the AFL–CIO's Committee on Political Education (COPE), was sounding the "veto-proof" theme in a series of regional conferences.

Then the death of Congressman John Saylor, a Pennsylvania Republican, gave COPE its first opportunity to put the operation into high gear. More than two months before the February 5, 1974, special election to fill Saylor's seat, Democratic nominee John Murtha hurried to Washington for conferences with Barkan and two dozen of labor's top political strategists. Almost immediately campaign funds began to pour in. National unions and their local affiliates—from the Teamsters to the Steelworkers, from the Railway Clerks to the Meatcutters—chipped in a reported $24,630.

Even more important to the Murtha campaign were unreported contributions and manpower. By early December, out-of-state labor representatives—their salaries paid from union treasuries—were descending on Saylor's former district. In January, when the Washington *Star-News'* Jack Germond came to Johnstown, Pa., he reported that the area was swarming "with union professionals working to turn out the labor vote for Murtha." Among those identified by Germond: coordinators from national COPE, the executive vice president of the Pennsylvania AFL-CIO, and agents for the Auto Workers, the Ladies Garment Workers, the Firefighters, the Clothing Workers, the Steel Workers and the State, County and Municipal Workers.

Ruth Columbo, a top COPE official, supervised a "telephone bank" designed to contact union members in the five-county district. Districtwide mailings were sent out by state COPE and the Pennsylvania teachers union. Frontlash, a coalition of liberal youth organizations working in cooperation with labor, signed up 600 new voters at a local university, two thirds of them Democrats. And an estimated $12,000 was made available for last-minute, get-out-the-vote activities.

By the campaign's end, labor had spent some $65,000 on behalf of Murtha—who won by just 122 votes out of more than 120,000 cast. Inflation, a sluggish economy and Watergate contributed heavily to this outcome, of course. "But if it wasn't for our money and organization," one union leader crowed, "Murtha couldn't have won."

In succeeding weeks, the same scenario was repeated in three other special elections necessitated by the resignation of incumbent Republicans in Cincinnati, Ohio, and Grand Rapids and Saginaw, Mich., electoral districts. Various union groups reported contributions of $68,000 to the Democratic candidates in those contests, and some of the workers who had participated in the Murtha campaign turned up to help. Again, new Democratic voters were registered, massive telephone campaigns organized, and get-out-the-vote drives mobilized. When the votes were tallied, the Democrats—and big labor—had won all three contests by narrow margins.

These special elections, the first manifestation of labor's nationwide push for a veto-proof Congress, demonstrated clearly that union aid breaks down into two categories: "hard" and "soft." "Hard" contributions are the voluntary donations solicited nationally from the rank-and-file and then distributed by labor's political apparatus—groups such as COPE, MEBA, the Teamsters' DRIVE, etc. Most unions request anywhere from $2 to $5 per member. Although some 85 percent of America's 20 million union members decline to give, organized labor nonetheless reported "hard" contributions of $3.8 million to Congressional candidates—almost all of them Democrats—during the 1972 campaign.

Year after year, however, the hard contributions are far surpassed by the "soft" ones. "Soft" dollars cover the salaries of union officials assigned to campaigns, printing and mailing of partisan literature, use of union computers and telephone banks for "friendly" candidates, voter-registration drives, the loan of trucks and other equipment on Election Day, and so on.

Labor officials contend that these expenditures are legitimate "educational" activities, permissible under the law. Others, such as Prof. Sylvester Petro of Wake Forest University School of Law, disagree. They cite the Federal Election Campaign Act (Title 18, Section 610, U.S. Code), which prohibits unions (and corporations) from making "any direct or indirect payment, or any service, or anything of value to any candidate, political party or organization."

Nonetheless, the uses and abuses of "soft" money will be a strong factor in the 1974 campaign. In Cincinnati, a union publication recently summoned all stewards and committeemen to a meeting where "materials will be furnished and definite assignments outlined" for the campaign. Since 1973, the American Federation of State, County and Municipal Employees has conducted training sessions for an estimated 900 members, who are taught the mechanism of political campaigning. The United Auto Workers scheduled summer seminars for about 9000 members, who, after "graduation," would "concentrate full time on politics," according to the non-partisan *Congressional Quarterly*. In the closing hours of the campaign, tens of millions of pieces of political propaganda will be mailed, with the U.S. taxpayer helping to pick up the tab—for most mailings will be sent at the unions' non-profit "bulk rate" of 1.7 cents each. (Candidates themselves would have to pay 6.1 cents.)

Some of the cost of labor's nationwide drive will be paid by the voluntary contributions of union members. But the great bulk will come from union treasuries, without approval of the rank-and-file. Indeed, a survey conducted by the Opinion Research Corporation shows that four out of every five union members oppose the use of compulsory dues "to campaign for political candidates."

Professor Petro estimates that at least 30 percent, and perhaps 40 percent, of union members are Republicans or Independents. "To divert their dues to the support of Democratic candidates and policies infringes upon their political rights," he says. "It is not only unfair; it is unconstitutional."

Clearly, steps should be taken to right the political scales. Washington attorney Douglas Caddy (author of *The Hundred Million Dollar Payoff*,* an account of alleged illegal political activities by labor unions) suggests appointment of a special prosecutor and the impaneling of federal grand juries to probe illegal activity by organized labor. The Justice Department could intervene in certain suits brought by dissident unionists to stop the use of their dues for partisan purposes. Most importantly, Congress could plug, once and for all, the loopholes that enable union leaders to dip into their treasuries to finance political activities, one-party registration drives and partisan propaganda.

But all of this may be academic if Big Labor succeeds in getting its "veto-proof" Congress this fall.

THE ARMY AND EQUAL OPPORTUNITY

HON. HENRY B. GONZALEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. GONZALEZ. Mr. Speaker, in years gone by—and not so long ago, no black member of the U.S. Army could ever become an officer. Black troops had white officers.

When a black man entered West Point, he was ostracized during his whole cadet career.

But today the Army wants its members to have equal opportunity, and it has moved aggressively to make that desire come true.

The ostracized black cadet became a general, and today the Army has a dozen black generals, and that is progress.

Throughout the officer corps, blacks and other minorities are beginning to show up in sizable numbers. It will take time, but you can see now that the officer corps some day is going to look pretty much like the enlisted ranks.

I am glad of this.

It is appropriate that the Secretary of the Army shows the dedication to equal opportunity that he does; it would have been the last thing perhaps that one would have expected of a southerner 15 years ago.

Earlier this week, the Secretary of the Army met with some of us to review the Army's progress toward equal opportunity.

I can see that problems remain, and that there is some distance to go. But I also can see that nobody is ever going to be named "Black Jack" as Pershing was, for being assigned to troops who are black—because there are no more segregated military formations.

Other minorities are getting a share of attention, too, and that is the way it ought to be. The Secretary seems to know that his Army has got to run on the proposition that rank depends on merit, and opportunity has to be open for everybody, if it is going to work.

I want to congratulate the Army for coming the distance that it has. I know that much remains to be done. I know that eliminating the vestiges of discrimination is hard work, demanding the skill and dedication and patience of everybody concerned. But I am encouraged by what has been done, and think that I can see the kind of determination that will bring about more progress still. I simply want to take this time to congratulate Secretary Calloway and the entire Army, and wish them success in this great and difficult endeavor.

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*Published at $8.95 by Arlington House Publishers, New Rochelle, N.Y.

AMNESTY PLAN IGNORES THE PLIGHT OF VETERANS WITH LESS-THAN-HONORABLE DISCHARGES

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 10, 1974

Mr. RANGEL. Mr. Speaker, among the flaws in the amnesty plan proposed by President Ford is the fact that no provision has been made for GIs who received undesirable or dishonorable discharges during the senseless war in Southeast Asia. These veterans are permanently penalized when they seek jobs or educational opportunities. They are denied valuable veterans benefits for health and schooling. And these veterans are disproportionately black or poor.

I am inserting in the CONGRESSIONAL RECORD a copy of a letter written to the Chairman of the Clemency Review Board dealing with this serious problem. The letter was written by a number of leaders in New York's black community and appeared in the Amsterdam News on September 21:

AN OPEN LETTER TO CHARLES GOODELL

Mr. CHARLES E. GOODELL,
Chairman, Clemency Review Board,
Members, Clemency Review Board.

DEAR MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE BOARD: After a careful perusal of President Ford's amnesty proclamation, promulgated in Washington on September 16th, 1974, it appears that amnesty will be offered to those classified as military deserters and draft evaders. We maintain that the proclamation and its implementation should be broad and inclusive enough to cover those young people who fall into neither of the above categories, but, rather who received undesirable or dishonorable discharges as a result of their conduct as servicemen during the Viet Nam war.

Many young servicemen—Blacks, Puerto Ricans, Chicanos and the rural poor—simply did not have the benefit of education, draft counselling, explanation of C.O. status, or parental and community support to enable them to seek out alternatives to military service, of which many middle and upper class young men in America availed themselves.

Under the banner of National Security, thousands of young draftees were inducted and sent to Viet Nam to fight a war they did not understand in a strange, hostile land they did not know. Once there, many realized that it was not their war, and that indeed the National Security of their homeland was not threatened.

Feeling desperate, helpless and hopeless, they began to reflect their discontent in a number of ways: Not following orders, refusing to accomplish assigned tasks timely and with dispatch (in the vernacular—goofing off); running afoul of military authorities; and in general not performing soldierly duties in an appropriate manner. The result: Court martial with an ensuing unsatisfactory or dishonorable discharge from the service.

Upon returning home, these young men found such a discharge to be a permanent stain, blot, or mark on their records; a spot not to be removed during their lifetime—a stain, preventing their full participation in American life, in the job market, and in their own communities as well as being a heartache for parents and friends alike.

Thus, we respectfully request that the Clemency Review Board take into account the plight of these young men, most of whom already bear the burden of poverty, lack of education and, in many cases, of racial discrimination. We ask that you include cases of the kind we have just described for review and consideration by the Clemency Review Board.

It will be a credit to you and to posterity if you will expand, in good conscience and with a feeling of justice and mercy, the purview of the Clemency Review Board to include a review of the cases of young men who are now carrying with them the stigma of undesirable or dishonorable discharges.

To do less would be contrary to the American spirit of justice and fair play, especially in light of the stated objectives of the Presidential Proclamation on Amnesty and in consideration of the recent pardon of Richard M. Nixon by President Gerald R. Ford.

Sincerely yours,
FRANKLIN H. WILLIAMS,
President, The Phelps-Stokes Fund.

Additional signatories:

Percy Sutton, Pres., Borough of Manhattan, Basil Patterson, Deputy Chmn., Democratic National Committee; John L. S. Holloman, Jr., Pres. N.Y. Health & Hospital Corp.; M. Moran Weston, Pastor; Charles A. Vincent, President C.A.V. Enterprises; Lillian Roberts, Asso. Director, District Council No. 37; Wilbert A. Tatum, Director, Office of Apparel Ind. Planning & Development; Archibald R. Murray, Commissioner, N.Y. State Div. of Criminal Justice Services; J. Bruce Llewellyn, President, One Hundred Black Men; Beny J. Primm, M.D., Exec. Director, Addiction Research & Treatment Corp.

THE REPUBLIC OF CHINA AND ITS INDEPENDENCE DAY

HON. LAMAR BAKER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. BAKER. Mr. Speaker, on Thursday, October 10, the Republic of China will celebrate its 63d anniversary, and I am pleased to join with the many other friends of Free China in offering President Chiang Kai-shek my sincere congratulations.

Only 3 years ago, there were those in the United States and around the world who wondered if the Republic of China would survive the shock of being expelled from the United Nations. Well, not only has Free China survived, but it has continued to thrive and prosper, emerging as a true economic, political, and cultural phenomenon.

Economically, the Republic of China enjoys a standard of living second only to Japan in Asia. Its gross national product in 1973 increased 12.3 percent over the preceding year. This year it has been able to stop inflation by allowing a large one-time jump in prices earlier this year and firmly holding the line since then. It trades with more than 120 nations, and expects its two-way trade in 1974 to reach $12 billion.

Politically, although many nations have severed formal diplomatic relations, the Republic of China today enjoys a wide variety of political, economic and cultural relations with nearly 130 nations around the world. As between the United States and Free China, our Ambassador to Taipei, Leonard Unger, said last June:

> I believe it should be clear there is nothing in this readjustment in policy which should interfere with the continuing expansion of the traditionally close relations between the United States and the Republic of China. Our cooperation has stood the test of time. It is deep and broad and of benefit to both.

Culturally, the Republic of China remains the repository of nearly 5,000 years of Chinese history and culture—the longest continuous civilization in man's history. In stark contrast to the destructive nature of the "cultural revolution" of Communist China, the "cultural renaissance" of Free China seeks to blend the culture of philosophy of the East with the science, technology, and productivity of the West.

Mr. Speaker, on their Independence Day, I salute the people and leaders of Free China, and I recommend to the attention of my colleagues a cablegram of congratulations and friendship sent to President Chiang Kai-shek by myself and other Members of the U.S. House of Representatives:

OCTOBER 10, 1974.

Hon. CHIANG KAI-SHEK,
President,
Republic of China,
Taipei, Taiwan

DEAR MR. PRESIDENT: We, the undersigned Members of the United States House of Representatives, take pleasure in sending you our warmest congratulations on the 63rd anniversary of the founding of the Republic of China this coming October 10, 1974.

This anniversary marks the overthrow of the Manchu monarchy after 267 years of despotic rule and the birth of the first Republic under a constitution in Chinese history.

Under your leadership from 1927 and especially in the last 25 years on the island of Taiwan, the people of the Republic of China have enjoyed an economic prosperity, democratization and the right to basic freedoms unmatched by any other province in your nation's history.

You have successfully inspired a unique blending of ancient Chinese virtues and values with modern science, technology and productivity.

In contrast with the Chinese Communists' stated goal of "cultural revolution," your aim of "cultural renaissance" has preserved the rich Chinese civilization, the longest continuous civilization in human history.

On this happy occasion, we recognize the long-standing friendship and good will between the people and governments of the United States and the Republic of China, and we express our firm belief that the continuance of close diplomatic, economic and cultural relations are in the best interests of both our nations and peoples.

We wish you good health and long life. We look forward to your continuing leader-

ship as President of the Republic of China, which serves as a symbol to those who love freedom, justice and peace in Asia and around the world.

Trent Lott, Philip M. Crane, Edward J. Derwinski, Jack Kemp, Benjamin A. Gilman, LaMar Baker.

EARL WARREN: CHAMPION OF LIBERTY UNDER LAW

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Ms. ABZUG. Mr. Speaker, the death of Earl Warren this summer was cause for reflection by myself, attorneys and all people who believe in the Constitution and equal justice.

My good friend Dan Crystal has written an eloquent tribute to Earl Warren in the Reporter, the magazine of the Passaic County Bar Association. Mr. Crystal's article should be read by anyone who respected the life and work of the late Earl Warren and I commend it to the attention of my colleagues :

EARL WARREN: CHAMPION OF LIBERTY UNDER LAW

(By Daniel Crystal)

A giant passed from the legal scene with the death on July 9, 1974, of former Chief Justice Earl Warren.

Legal scholars may have legitimate disputes over the ultimate proper evaluation of the controversial opinions of the Warren Court. There will be quarrels for a long time over the validity of the "activist" concept that marks the rulings associated with his name, including those dealing with school segregation, one-man, one-vote, and the *Miranda* ruling about affording protections to a defendant in custody. But in a very real sense, however, these legal judgments are quite extraneous to the real significance of Earl Warren. In his own essential decency and deep respect for insuring the protection of the Constitution for all, Chief Justice Warren was a powerful moral force who led millions to sense that a majority of the Supreme Court construed that document with concern for the individual. It is not exaggerating his true stature in the law to conclude that during his years as Chief Justice, he came more and more to speak for the noblest traditions of our Bill of Rights. He was the articulate voice of the conscience of America.

Justice and liberty under the law are no mere shibboleths to be glibly recited without wholehearted acceptance of their essentiality to a nation's well being. This past summer has driven that fundamental lesson home to all Americans. History will accord a full measure of approbation to the judicial work of a Chief Justice who by word and example exemplified moral leadership and strong championship of liberty under law. It was the particular greatness of Earl Warren that the Court under his leadership gave new recognition to the concepts of fundamental justice that make our Bill of Rights unique in world law.

In many respects, Earl Warren reminds one of the late Pope John. Both were men with the common touch, able to communicate genuine warmth, to serve as a deeply loved father image, to have even the most humble feel that his plight was a genuine concern to one who had reached the pinnacle of worldly success.

Regardless of what some legal scholars may say as to the judicial craftsmanship involved in some of the opinions of the Warren Court, no one can dispute the self-evident fact that Chief Justice Earl Warren cherished truly basic constitutional values—equal justice, freedom of dissent, fundamental liberty, integrity, fairness, contempt for the corrupt, hatred of oppression. The opinions of the Warrent Court angered many fearful of their consequences. The Warren Court set in motion egalitarian forces that many regarded as a threat to the status quo. We are far from seeing the end of the clash of rival viewpoints about whether constitutional concern for protection of defendants leads to increase in crime. The final chapter has not yet been written on what Earl Warren wrote for a unanimous Court in Brown v. The Board of Education on May 17, 1954:

"We come then to the question presented: Does segregation of children in public schools solely on the basis of race, even though the physical facilities and other 'tangible' factors may be equal, deprive the children of the minority group of equal educational opportunities? We believe that it does."

It has perhaps taken the traumatic events of this fateful summer to see Earl Warren in his true nobility. This, after all, was the Chief Justice whom some sought to impeach. The constitutional values that Earl Warren and the Warren Court cherished are values of deep faith in our special brand of equality and the rule of law with fairness to all. The values that he proclaimed in his opinions are particularly meaningful in the light of the thoughtful reappraisal of the Constitution which all of us have made these past months.

The fifteen years of the Warren Court were with the possible exception of the Marshall era the most creative in the long history of the Supreme Court. There has been no other period when such powerful blows were struck for equality among men and for an open society. Never before or since has there been such a sense of the Court's striving for justice in the relationship of man and the State. The Constitution and its Bill of Rights took on new meaning. The Court's decisions may have (to some) erred on the side of freedom and liberalism, but no one could doubt that the Court was boldly striving for the best in American idealism.

And presiding over that Court as the first among nine strong equals was Earl Warren.

Admitted to the California Bar in 1914, after taking degrees at the University of California, he practiced law successfully in San Francisco and Oakland, became Attorney General of California in 1939 and served as Governor of California from 1943 to 1953, when he was appointed Chief Justice of the United States.

To be Chief Justice of the Supreme Court of the United States requires a rare combination of talents. The Court must constantly construe constitutional provisions which in the luminous words of Learned Hand, "represent a mood rather than a command, that sense of moderation, of fair play, of mutual forbearance, without which states become the prey of factions."

As Mendes Hershman, a New York attorney once said in introducing Chief Justice Earl Warren:

"To preside over such a court requires judicial statecraft of the highest order, an enduring spirit, an uncompromising devotion to duty, a spacious view of the Constitution, a keen insight into the complexities not only of legal precedents but more importantly of the forces that shape our economy and our social structure, and finally an articulateness that carries conviction."

And, continued Mr. Hershman, in his introduction, "always sitting in the eye of the storm, with courage, compassion and dignity was the Chief, asking the simple but jugular question, leading the Court and eventually the country to ever higher ground."

A notable summary of the judicial work of Earl Warren and of the Warren Court appeared in the Michigan Law Review in December 1968 (Vol. 67, No. 2). It comprised a Symposium reviewing the past 15 years of the Court's work.

Many of the contributors to the Symposium pointed out that there had been a consistent pattern evident in the work of the Court under Warren. The thrust of the landmark decisions of the Warren Court had been to give substance to the rights embodied in our constitutional concepts. As Justice Schaefer of the Illinois Supreme Court described it, "Flesh and blood are being put on our ideals . . . And putting on flesh and blood—coming face-to-face with our ideals and looking them in the teeth—is not always a comfortable process, nor is it always an easy one."

It is of interest that Chief Justice Warren named as the most important decisions of the Warren Court, Baker v. Carr, Brown v. Board of Education, and Gideon v. Wainwright.

That Warren would name Baker v. Carr as the most important decision of the Court he had led is not in the slightest surprising; it was symptomatic of his deep concern of the problems of urban America. Elsewhere he had stated that the "cry of modern America is to find a solution to the problems of urban America . . . Urban America does demand the best that the legal profession can offer." In Warren's view, and clearly in that of his brethren on the Warren Court, representative government must be restructured to reflect more accurately the pressing goals of a population which is increasingly concentrated in metropolitan areas.

Seen in the context of this fundamental concern for the problem of urban America, the choice by Chief Justice Warren of the school desegration decision as the next most important decision becomes self-evident. It too is deeply related to the plight of the cities.

His third choice for the most significant of the decisions of the Warren Court was Gideon v. Wainwright. Unquestionably, as the Editor of the Michigan Law Review Symposium pointed out, this simply reflected the confidence which the Chief Justice had in the legal profession's ability to respond to these needs to solve the problems of urban America. In their word "In times when polarization between the police and citizens of all races is increasingly apparent, the presence of counsel at the critical stages of the criminal process may have a placating effect upon both sides. Certaintly, providing counsel to handle cases individually should help to insure that the courts—although a part of the 'establishment'—do indeed dispense justice along with law and order."

The temptation is strong indeed to say more and more about him. But, as Mr. Justice Cardozo once said with reference to Mr. Justice Holmes, quoting from Euripides: "How can I praise thee and not overpraise and yet not mar the grace by stint thereof."

The solution, of course, is clear. It is to let this great Chief Justice speak for himself. The eloquence of his own words speaks far more directly than any tribute from another possibly can.

Shortly after announcing his intention to retire, Chief Justice Warren made plain his fundamental concern with securing justice for all. In an address at the cornerstone-laying ceremonies of the Roscoe Pound-American Trial Lawyers Center, Cambridge, Mass., Chief Justice Warren said on September 28, 1968:

"Justice in individual cases is the basis of justice for everyone. A failure to protect and further anyone's individual rights leads to justice for no one.

"Many countries have provisions in their Constitutions similar to our own. In only a few countries do these provisions find effect in the actual operation of the law. The failure of these Constitutions is not in the concepts of their draftsmen but rather in the absence of an independent judiciary to uphold these rights on a professional independent bar to assert and defend them.

"Justice will be universal in this country when the processes as well as the doors of the courthouse are open to everyone. This can occur only as the institutions of justice, the courts and their processes are kept responsive to the needs of justice in the modern world. Such a goal will be accomplished only as all elements of the legal system, the lawmakers, practicing attorneys, legal scholars and judges, recognize the everchanging effects of the law on society and adapt to them within the principles which are fundamental to freedom."

No biography has yet been written of this great American. It is a safe prediction that eventually one will appear. It will make clear how he changed and matured, so that the Attorney General of California who removed the Japanese-Americans of that State (the Nisei) to detention camps during World War II became the sincere proponent of liberty and justice for all. Certainly his views on many things changed from the time he was known as California's "tough" Attorney General. Indeed, Warren freely talked about his own evolution.

In his years as Chief Justice of the Supreme Court of the United States his words and his judicial actions were of one piece: a seamless web of decency and an unswerving determination that liberty and justice be made available to all; that the powerless have free access to the courts and to the protections guaranteed them in the Constitution; that the Bill of Rights be a living force in the land.

Here then is a sampling of some of the eloquent words of this great American:

"Our Bill of Rights, the most precious part of our legal heritage, is under subtle and pervasive attacks. . . . In the struggle between our world and Communism, the temptation to imitate totalitarian security methods must be resisted day by day . . . When the rights of any individual or group are chipped away, the freedom of all erodes."—Fortune, November 1955

"But the power to investigate, broad as it may be, is also subject to recognized limitations. It cannot be used to inquire into private affairs unrelated to a valid legislative purpose. Nor does it extend to an area in which Congress is forbidden to legislate. Similarly, the power to investigate must not be confused with any of the powers of law enforcement; those powers are assigned under our Constitution to the Executive and the Judiciary. Still further limitations on the power to investigate are found in the specific individual guarantees of the Bill of Rights, such as the Fifth Amendment's privilege against self-incrimination which is in issue here."—Quinn v. U.S. 349 U.S. 155 (1955)

"We are going through a world war of ideas . . . The extent to which we maintain the spirit of our Constitution with the Bill of Rights will in the long run do more to make it both secure and the object of adulation than the number of hydrogen bombs we stockpile."—Fortune, November 1955

"Mere unorthodoxy or dissent from the prevailing mores is not to be condemned. The absence of such voices would be a symptom of grave illness in our society."—Sweezy v. New Hampshire, 1957

"To impose any strait jacket upon the intellectual leaders of our colleges and universities would imperil the future of our nation . . . Scholarship cannot flourish in an atmosphere of suspicion and distrust. Teachers and students must always remain free to inquire, to study and to evaluate, to gain new maturity and understanding; otherwise our civilization will stagnate and die."—Sweezy v. New Hampshire, 1957

Our judges are not monks or scientists, but participants in the living stream of our national life, steering the law between the dangers of rigidity on the one hand and of formlessness on the other. Our system faces no theoretical dilemma but a single continuous problem; how to apply to ever-changing conditions the never-changing principles of freedom."—Fortune, November, 1955.

"All political ideas cannot and should not be channelled into the programs of our two major parties. History has amply proved the virtue of political activity by minority, dissident groups, who innumerable times have been in the vanguard of democratic thought and whose programs were ultimately accepted."—Sweezy v. New Hampshire, 1957.

"Today, education is perhaps the most important function of state and local governments. Compulsory school attendance laws and the great expenditures for education both demonstrate our recognition of the importance of education to our democratic society. It is required in the performance of our most basic public responsibilities, even service in the armed forces. It is the very foundation of good citizenship. Today it is a principal instrument in awakening the child to cultural values, in preparing him for later professional training, and in helping him to adjust normally to his environment. In these days, it is doubtful that any child may reasonably be expected to succeed in life if he is denied the opportunity of an education. Such an opportunity, where the state has under taken to provide it, is a right which must be made available to all on equal terms."—Brown v. Board of Education, 347 U.S. 483 (1954)

There are at least three reasons why an American jurist must work, hope and pray that the observance of law, the prestige of law and the knowledge of law will be far more widespread a generation hence than they are now. * * *

"First of all, the United States, as Americans have always known and loved it, cannot subsist without law. Our Constitution was designed chiefly by lawyers; it was given bone and sinew by great jurists like John Marshall; and we owe the continuity of our social existence to the respect for law of which our reverence for the Constitution is the symbol and sign. Cicero defined a commonwealth as 'an agreement of law and a community of interest.' Without their agreement of law, Americans might still have some community of interest, but it would unquestionably take one of those barbaric forms in which order is kept by force alone, and in which the freedom of the individual and the consent of the governed is ignored.

"In the second place, it is not just the United States that needs law; it is the entire world. The world's chief need in these next decades will be peace and order; and of all human institutions, law has the best historical claim to satisfy this need. Isaiah said that peace is the work of justice. It was an English axiom, framed by Coke, that certainty is the mother of quiet. Justice and certainty are twin aims of the law. When the United States entered the late World War, British soldiers sent the following message to our soldiers: "We welcome you as brothers in the struggle to make sure that the world shall be ruled by the force of law, and not by the law of force." Until the millennium, when all men shall be ruled by Christian love, no other means of social peace but these two—the law of force or the force of law—are likely to be known to man.

"The third reason the great mid-century challenges to the law must be met is simply this: the nature of man. In all times and places he has had a sense of justice and a desire for justice. Any child expresses this fact of nature with his first judgment that this or that 'isn't fair.' A legal system is simply a mature and sophisticated attempt, never perfected but always capable of improvement, to institutionalize this sense of justice and to free men from the terror and unpredictability of arbitrary force. Unfortunately, the same human nature that craves justice and freedom under law is too often willing to deny them to others. Thus the struggle for law is never-ending, and our generation is inevitably engaged in it."—Fortune, November 1955

VIEWS OF SAMUEL PRYOR

Hon. PETER H. B. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. FRELINGHUYSEN. Mr. Speaker, a good friend of mine, Samuel Pryor, makes a practice of providing me with his views on subjects of major importance. As a former senior vice president of one of America's largest corporations, Pan American Airways, and as a public-spirited citizen and civic leader, his views on public issues may well be of interest to my colleagues. Therefore, I am inserting for their review some recent material received from Mr. Pryor on the drug abuse problem.

Mr. Pryor is especially well qualified to discuss this critical problem because he has just returned from the 43d annual meeting of the International Criminal Police Organization—Interpol—held in France.

Mr. Pryor is highly considered by other Members of the House, especially for his knowledge on law enforcement problems. For example, on February 4, 1969, the gentleman from New York (Mr. ROONEY) had this to say:

> Sam Pryor, who as senior vice president helped to build a world organization of Pan American Airways, is a man dedicated to public service and the betterment of mankind. . . . He has served his Government as a consultant and as an official representative to international meetings and conferences. In his capacity as a consultant to the Department of State, he is a foremost leader of that fine group of American businessmen and professional leaders who are giving so generously of their time and experience in helping to achieve some degree to perfection in our foreign affairs. . . . He can speak with authority on the subject of narcotics and drugs because he studied it for many years and . . . attended . . . our U.S. Treasury Narcotic Agents' School in Washington. . . . He served as an agent and acts as an advisor for the Bureau of Narcotics and Dangerous Drugs in the U.S. Department of Justice.

Mr. Speaker, last week's release of a Senate Subcommittee on Internal Security report on marihuana prompted Mr. Pryor to contact me again, commenting that the subcommittee's report had reenforced his belief that narcotic abuse is one of the great dangers to our economic prosperity because of its weakening effect upon our country's moral structure. With the thought that Interpol's views on drug abuse should be shared with my colleagues, Mr. Pryor has asked me to insert several resolutions which have been adopted by Interpol's General Assembly over the last few years. The resolutions follow:

Resolution: Consumption of Cannabis and its Derivatives

Having noted that consumption of cannabis and its derivatives is growing rapidly and is reaching epidemic proportions in some countries,

Having noted that certain propaganda seeks to persuade the general public that such consumption is not harmful,

Considering that the latest scientific research indicates that, on the contrary, such consumption is indeed dangerous,

Noting that daily observation by police forces indicates that the use of cannabis and its derivatives very often leads to the use of even more dangerous substances,

The I.C.P.O—Interpol General Assembly, meeting in Ottawa from 6th to 11th September 1971 at its 40th session:

Recommends:

1. That measures designed to eliminate the illegal cultivation of cannabis be strengthened as much as possible and as soon as possible;

2. That large-scale publicity campaigns be launched or relaunched, aimed not only at young people but also at parents and the general public, and designed to show the direct and indirect dangers of the consumption of cannabis and its derivatives.

RESOLUTION

Considering that seizures of opium and its derivatives are taking place over a wider area and are increasing in volume and number;

Considering that cutting off the sources of production of opium would have a direct and decisive effect on the illicit traffic in particularly dangerous drugs (i.e. morphine and heroin);

The I.C.P.O.—Interpol General Assembly, meeting in Ottawa from 6th to 11th September 1971 at its 40th session:

Urges those countries where the opium poppy is grown:

(1) to take all possible steps to detect illicit crops and to destroy them;

(2) to institute extremely strict controls of licit crops at the production and sales stages so as to avoid their being diverted to illicit markets

Considering that synthetic substances are now available which can be used instead of opium and its derivatives;

Expresses the wish that licit crops be progressively limited and subsequently eliminated to make way for crops of use to humanity.

RESOLUTION NO. 4: MEASURES AGAINST THE ILLICIT DRUG TRAFFIC

Noting that the seizures of drugs are taking place over a wider area and are increasing in volume;

Concerned by the increase in drug abuse by young persons;

The I.C.P.O.-Interpol General Assembly, meeting in Frankfurt from 19th to 26th September 1972 at its 41st session;

Urges all countries:

(1) to take all possible steps to detect and destroy illicit crops and clandestine laboratories manufacturing drugs;

(2) to make arrangements for sound training for the enforcement officials of their countries in detection and investigation of drug crimes;

(3) in respect of illicit drug traffic, to promote better exchange of information between the countries concerned through the I.C.P.O.-INTERPOL machinery;

(4) to apply strict controls on production, manufacture, trade and sale of drugs so as to limit their use to medical and scientific needs and to avoid their being diverted to illicit channels for drug abuse,

Would appreciate that United Nations publish the facts, it has collected, about dangers of misuse of drugs, so as to dispel ignorance and remove prejudices in regard to drug abuse.

DRAFT RESOLUTION

Noting that heroin is the most dangerous drug trafficked and abused internationally;

Recognising that acetic anhydride is the one substance essential to the illicit transformation of morphine base to heroin;

The I.C.P.O.-Interpol General Assembly, meeting in Vienna from 2nd to 9th October 1973 at its 42nd session:

Recommends that in countries where the illicit manufacture of heroin exists and there is little or no industrial need for acetic anhydride, the importation and internal distribution of that chemical be placed under strict control.

Recommends further that in countries where illicit heroin manufacture exists but the heavy industrial utilisation of acetic anhydride renders its control impractical, the narcotic control authorities develop the cooperation of the legal distributors of this substance to trace suspicious sales as a means to discover clandestine laboratories.

Recommends further that countries which manufacture and export acetic anhydride take every practical measure to prevent its export for illicit heroin manufacture and cooperate with the authorities of countries where heroin is illicitly produced in their efforts to monitor the trade in acetic anhydride for the purpose of detecting illicit heroin laboratories.

DRAFT RESOLUTION ON TRAFFIC IN HEROIN

Noting that heroin traffic from certain South East Asian countries towards Europe and North America appears to be increasing considerably and that certain countries are being utilised for transit,

The I.C.P.O.-Interpol General Assembly, meeting in Cannes from 19th to 25th September 1974 at its 43rd session:

Recommends that Interpol member countries remain alert to the possibility of their territories being used for transit, and that cooperation be improved upon where possible, through a more rapid and thorough exchange of information, and that strict enforcement measures be taken with a view to combating this traffic more effectively.

DRAFT RESOLUTION ON CANNABIS AND ITS DERIVATIVES

Noting that the I.C.P.O.-Interpol General Assembly at its 40th, 41st and 42nd sessions adopted resolutions recommending the eradication of illicit cannabis cultivation as well as programmes warning the public of the direct and indirect dangers of cannabis and its derivatives,

Recognising that numerous seizures of increasingly large quantities of cannabis indictate growing traffic and abuse,

Particularly concerned at the growing traffic in and abuse of the extremely dangerous extract known as "liquid hashish",

The I.C.P.O.-Interpol General Assembly, meeting in Cannes from 19th to 25th September 1974 at its 43rd session,

Reaffirms the recommendations contained in the above-mentioned resolutions,

Calls the attention of all member countries to the necessity for intensifying the struggle against the traffic in liquid hashish.

DRAFT RESOLUTION ON CULTIVATION OF THE COCA LEAF

Concerned at the increasing traffic in cocaine from certain regions of South America to other parts of the world,

The I.C.P.O.-Interpol General Assembly, meeting in Cannes from 19th to 25th September 1974 at its 43rd session:

Recommends:

1. That countries from the cocaine-producing areas ratify the single Convention on Narcotic Drugs, 1961, or accede to it, if they have not already done so;

2. That countries where the coca leaf is grown exercise the control system required by the Single Convention, where this is not already being done, and that where wild growth or illicit cultivation occurs steps be taken to eradicate this as required by Article 26 of the said Convention.

VETO-PROOF CONGRESS: COPE'S BLUEPRINT FOR A CONGRESSIONAL PURGE

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. RARICK. Mr. Speaker, a "veto-proof," rubber-stamp Congress, once merely the distorted dream of big labor's self-appointed king-maker, George Meany, could become a nightmarish reality within a few weeks.

Meany's demand last spring was no idle threat. It has become a clear and present danger in the November congressional elections.

The AFL–CIO, through its political strong-arm machine, the Committee on Political Education—COPE—is already well underway with its plan to subvert representative government in America. COPE's plan for a completely labor-bossed Congress could destroy majority rule and turn it over to radical minorities.

COPE's blueprint for a veto-proof Congress calls for electing hand-picked Congressmen and Senators under the influence and control of labor and its minority coalition, who will be able to override a Presidential veto of any given bill. In simple numbers, it means control of two-thirds of the U.S. Congress.

The pyramid effect of the scheme to create a nonviolent coup at the polls was exposed recently in my election race. The skill and cunning with which the big labor coalition is being mobilized and focused to defeat pro-American independents at the polls deserves much more attention than it has been given in the news media.

On April 10, 1974, COPE issued a list of 16 Members of Congress "targeted for defeat." The full financial and manpower capabilities of big labor were concentrated behind this drive to unseat those 16 Congressmen who refused to knuckle under to the "bosses." I was the only Democrat in the AFL–CIO's "enemies list." The election in my district was seen as a testing ground in the drive to bring about a congressional coup—the end result being a legislative dictatorship under the control of labor bosses.

Despite the fact that Federal law prohibits unions from donating money directly to candidates in Federal elections, millions of dollars were amassed to defeat those "targeted" Congressmen. By early spring of this year, reliable sources in Washington placed COPE's campaign war chest earmarked to be concentrated in those targeted congressional races at $20 million. Increasing their financial demands on local labor union members, the national labor bosses launched a drive to raise that total to $40 million.

"Voluntary contributions," the euphemism COPE uses to refer to money drained from local union members, was upped from $1 per member to as much as $10 among locals of some unions. That is a lot of ammunition for taking pot shots at "targets."

Much of the big labor money is "laundered" for use in congressional campaigns in the form of "free" telephone banks, computer work, carefully selected labor leaders campaigning full-time while the unions pay their travel, lodging, transportation, and food expenses. All this adds up to a powerful machine which is hard to counter with limited finances and volunteer campaign workers.

These dollars are never accounted for on a candidate's campaign reporting records, since they are considered as "educational services" for the union members.

In addition to massive amounts of direct and indirect campaign funds, COPE uses less obvious methods to strike at its targets. Fragmentation fronts, organized and backed by big labor money, are used to divide the great mass of American voters into smaller, more easily manipulated groups. Blacks, older citizens, consumers, the poor, and the veterans are some of the groups splintered from their fellow Americans who are then organized and gathered together into a political coalition. The result is a mass of labor-directed voters and an alienation of the independent thinking and acting voter, who is discouraged from going to the polls.

Wrapped in the guise of "People programs," some of the labor-backed fragmentation groups used in the COPE target blitzkreig are the all-black A. Philip Randolph Institute, the National Council of Senior Citizens, National Education Association and the Committee on National Health Security. Each of these pressure groups produces its own "enemies list" which, interestingly, parallels the original target list issued by COPE.

Whether this well-financed and coordinated drive for a rubber stamp Congress can overpower the independent American voter at the polls will be decided in the November elections.

We are seeing a new era of political elections emerge. Many congressional elections are being turned into battlegrounds for the new politics. Unless the independent American voters are made aware of this reality and vote free of the pressure of special interest groups, we will see a radical change in our democratic form of government which will bring about a great congressional purge.

Mr. Speaker, in order that our colleagues can be better informed as to which Members of Congress are considered as "targets" by COPE, I insert the following information which originally appeared in Congressional Quarterly, June 8, 1964, page 1478, in the RECORD at this point:

THE UNUSUAL "MARGINALS"

Sixteen House incumbents listed by COPE as "marginal" in their chances for re-election were elected in 1972 with percentages greater than the 55 per cent cutoff point used by Congressional Quarterly in defining marginal districts. In past years, labor officials also used 55 per cent in targeting swing districts. The only Democrat among the 16 was John R. Rarick (La.), re-elected with 61 per cent of the vote in a district that went 70 per cent for President Nixon. Rarick's 1973 COPE rating was 20 out of a possible 100 and his 1973 percentage of support for legislation favored by Nixon was 51. (CQ marginal districts list, Weekly Report p. 812; COPE ratings, Weekly Report p. 813; CQ voting study, Weekly Report p. 104)

COPE targeted the following Republicans as marginal in 1974 despite their having 1972 margins greater than 55 per cent:

Incumbent	1972 election margin (percent)	Nixon's 1972 vote margin in District (percent)	1973 COPE rating	1973 Nixon support score
Robert B. (Bob) Mathias (California)	66	60	18	58
Donald G. Brotzman (Colorado)	66	65	18	62
Robert McClory (Illinois)	61	70	0	67
George M. O'Brien (Illinois)	56	66	27	71
David W. Dennis (Indiana)	57	69	0	76
Roger H. Zion (Indiana)	63	65	9	70
Marvin L. Esch (Michigan)	56	56	30	56
Garry Brown (Michigan)	59	62	9	71
Charles Thone (Nebraska)	64	67	9	55
Joseph J. Maraziti (New Jersey)	56	70	73	61
Charles W. Sandman, Jr. (New Jersey)	66	66	33	44
Manuel Lujan, Jr. (New Mexico)	56	59	30	56
Samuel L. Devine (Ohio)	56	68	9	79
Alan Steelman (Texas)	56	69	10	58
Glenn R. Davis (Wisconsin)	61	63	0	74

HEALTH CARE

HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Ms. CHISHOLM. Mr. Speaker, the lack of attention which was given to Child Health Day, October 7, clearly exemplifies the major cause of the deficient health often found in our Nation's children—neglect. One of the reasons that the health needs of our children are not being met is due to the fact that in this period of rising inflation, many families cannot afford medical check-ups and immunizations: the preventative measures so essential for proper health.

The Government has sufficiently limited its role in this area by financing only a small percentage of the health care needs of children. Children make up 40 percent of our population, but receive only 10 cents out of every health service dollar. The area of health care for our children should not even be mentioned in the many proposed Government spending cuts to curb inflation. Indeed, what is needed to correctly reduce the inflation in this area is a more comprehensive prevention program.

Many of us are concerned and saddened by the thoughts of the sick and starving children in countries such as Bangladesh and Biafra. Here are some statistics on conditions found right here in our own country:

Five million American children go to bed hungry every night.

Twenty-nine percent of those children living in inner cities do not even see a doctor during a given year and 43 percent have not been immunized against polio.

Up to 10 million of the nearly 14 million 1- to 4-year-olds are unprotected against one or more preventable diseases.

The United States is listed behind 14 other countries in the rate of infant mortality.

Seven percent of those born each year will be born with some type of birth defect. These birth defects are the second largest killer in America next to heart disease.

There are presently 400,000 to 600,000 children suffering with lead poisoning. Among the survivors, brain damage occurs in at least 25 percent of the cases.

Ten percent of all Indian children have middle-ear infections and 25 percent of the children suffer a hearing loss.

Thirty percent of all low income children are presently suffering from some chronic condition but only 12 percent of these children are under treatment.

Preventative health care for our children, through the practice of early detection and intervention is one of the best investments our Government can make. Obviously, this would be an investment in America's future. The present health program is one which demonstrates that saving a little money in the short run will cost a lot of money in the long run, and viewing the state of our economy this can not be allowed to continue. Consider some of the existing and correctable situations:

At least 50 percent of the infant mortalities are correctable with our current technology, but they still occur.

At last 60 percent of the handicapping conditions can be corrected or prevented if the child is treated before the age of 18.

It costs only 17 cents to immunize a child against diphtheria and a total of $15,000 for its treatment.

A rubella vaccine costs $1. During the 1964 rubella epidemic it would have cost $50,000 to vaccinate the pregnant women as compared to the $140 million a year it is now costing to treat their children.

It costs $22,000 to treat each case of rheumatic fever, yet each case is preventable as the disease develops from an inadequately treated streptococcal infection.

It is necessary for all of us to make some sacrifices to fight inflation but the area of health care should never be compromised. At this time, more than ever, a comprehensive, preventative health care program is necessary for our children. Not only is good health a fundamental prerequisite for a good life, but the investment made in the health of our children at an early age will save many lives and help to eliminate the expensive treatment of disabling conditions.

NEW POLITICS IN THE OLD SOUTH

HON. MENDEL J. DAVIS

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. DAVIS of South Carolina, Mr. Speaker, it has been said that politics is a business of change—change that is sometimes for the better and sometimes for the worse, but always an experience to be remembered and reflected upon. Today, throughout the South, there is a dramatic change taking place in the world of politics and politicians—a change that cannot help but leave a lasting impression.

This assault on the old order is being led by a "new breed" of politicians who is not only ready and willing, but able to effect the change needed in the South—a new style legislator who is not afraid to face the issue and say what has to be said—a "take-charge" leader with the guts to stand on the side of "right" even if it isn't the popular side.

I count some of the new leaders among my personal friends—people like ANDY YOUNG of Georgia and BARBARA JORDAN of Texas. I think an article in the Nation, September 28, 1974, is a good indicator of the new brand of "Old South" politics and I offer it for the Members of the House:

NEW POLITICS IN THE OLD SOUTH

(By Chandler Davidson)

"In Walton County, north Georgia, we visited a family who had been illegally denied food stamps. There was nothing to eat in the house but Wonder bread and hog jowls."—Report to the Senate Select Committee on Nutrition and Human Needs.

Poverty, racism, an uncertain economic future, the shriveling of our civic culture—these are everywhere in America; but in the South, as always, they are magnified by regional peculiarities. One of every five Southerners is poor, according to the government's extremely conservative standards. By more conventional criteria, it is probably two in five. The majority are white, although the poverty rate among blacks is much higher.

In the North, the spread between black family income and that of whites has widened for three years in a row. The same is true in the South, but there the gulf was broader to begin with. To make matters worse, Southerners are twice victimized by inflation: rising prices necessarily have a more serious effect upon the poor and the near-poor, who are disproportionately from the South; and last year, for the first time in several years, consumer prices increased faster in that region than in any other.

No account of the prospects that politics offers the region's people can ignore the magnitude of these problems in 1974—six years after the death of Martin Luther King, Jr., and the very year that Lyndon Johnson's war on poverty has been officially declared over, if not won. What is in store? Two equally unlikely possibilities can be dismissed right off the bat—the triumph of Republicanism in the old Confederacy, and the imminent rise of a Populist majority.

Republican strategists enjoyed a short-lived euphoria after the 1972 elections. The Southern popular vote for Nixon was 71 per cent, ten points higher than the national average. Could it be that the President had consolidated the brave new experiment that Goldwater initiated eight years before? Was the South on its way to becoming a safe Republican constituency?

Hardly. True, the Democrats' share of the Presidential vote had eroded sharply after 1964. While Kennedy in 1960 and Johnson in 1964 received about half the Southern vote, Humphrey managed to obtain only 31 percent, and McGovern, 29 per cent. But with Wallace also running in 1968, Nixon did not do appreciably better than the Democrats—he received only 35 per cent.

The results of the 1968 election indicated the presence of three major factions in the South. To oversimplify a bit, they consisted of Republicans, who were conservative on most economic and social issues, including race; national Democrats (perhaps half of whom were black), who were likely to be liberal on these issues, and powerfully cross-pressured Independents, who were in the main somewhat liberal on various economic issues (Wallace, after all, played up tax reform) and conservative on social issues, especially with regard to civil rights and Indochina. So the important question about the 1972 election is this: Did the Nixon landslide in the South indicate a massive long-term switch of Independents to the Republican Party, or was it a temporary switch, the product of circumstances not likely to reappear soon?

My reading of the evidence is that the South will probably remain a three-factioned region for some time to come, with each faction holding about a third of the field, but with the Independents enjoying the special status of being wooed by both traditional parties, each of which shares certain values with the Independents. Ordinarily, the traditional parties have to effect alliances with Independents to achieve electoral majorities.

Survey research bears out this description. In the North, and still more so in the South, the proportion of people calling themselves Democrats has been dropping for several years. But the proportion of self-identified Southern Republicans—20 per cent in 1972—has not increased. It is the Independents who have benefited from the Democrats' decline.

Many of these Independents are not so much apolitical as they are disenchanted with both national parties. Their support for a candidate will depend on what he has to offer. Much of what Nixon had to offer in 1972 was to the liking of those Independents who voted: "Negotiating from a position of strength" with Hanoi, a strong anti-busing stand, and conservatism on assorted social issues.

What do progressives, both black and white, have to offer Independents? A common answer, which in my view constitutes a self-fulfilling prophecy, is nothing. In any case, it is simply not correct. Southerners are at least as liberal on economic issues as is the rest of the nation. For example, majorities in both the North and South have long favored government polices that would insure low-cost medical care and guaranteed employment for everyone who wants to work. The average Southern Congressman is radically at variance with his constituency on many economic issues.

To be sure, Southern whites *are* more conservative on racial issues. But there are many dimensions of liberalism, and progressives who lump together racial and economic liberalism and write off Southern whites as thoroughgoing conservatives commit a costly error. Astute Southern black activists understand this fact better than do many white liberals. Barbara Jordan and Andrew Young, the newly elected black Representatives from the South, have appealed to the economic interests of the white working class as well as to those of blacks.

The economic liberalism of the Southern electorate takes on special importance because of the tremendous changes over the last two years in the public's concerns. One is tempted to start by mentioning Watergate, but I believe its impact on the South is less important than other development; double-digit inflation; troop disengagement from Vietnam; the subsidence of race as a public issue to such an extent that even George Wallace feels constrained to pass himself off, however dubiously, as a friend of blacks.

The Gallup organization recently noted a remarkable change in responses to a question it has been asking since the 1930s: "What do you think is the most important problem facing this country today?" At no time in the 1960s did the public accord economic issues the importance they attached to the combined issues of international problems, race, civil strife and "law and order." Economic worries were so far down the list in those years that it became fashionable to assert that they had been permanently laid to rest.

By the early 1970s, however, Gallup data revealed that economic issues were beginning to rise in the national consciousness to a degree not witnessed since the Eisenhower recession of the late 1950s. Yet, even in 1972, as inflation was beginning to take its toll among middle-income families, respondents still mentioned Vietnam and other international problems as the most important.

That has now changed. In 1973 domestic economic issues headed the list for the first time in fifteen years. This past July, Gallup's figures showed that public worry about domestic problems (primarily the high cost of living) outweighed concern with international ones by the widest margin since the pollster began his regular surveys during the depression. This shift in public concern is also reflected in Presidential trial heats. A Gallup survey this summer, that pitted Sen. Ted Kennedy against (then) Vice President Ford in a two-way race suggests that Kennedy could carry the South by the same hair-thin margin that Johnson gained.

That the South—even the white South—is not a monolithic conservative bloc may be seen in the fact that liberals and moderates do manage to get elected there. Some are defeated, of course, but there does not seem to be a trend away from liberal officeholders. And the absence of a trend in the opposite direction may be caused in part by the failure of racial liberals to champion progressive economic reforms.

At present, there are no liberal Senators from any of the eleven Southern states. Ralph Yarborough of Texas and Albert Gore of Tennessee both won in the 1960s and lost in the 1970s, victims of a backlash. Ironically, Sen. Lloyd Bentsen, who beat Yarborough in 1970 in a straight liberal-conservative battle, has begun to establish a moderate image as he gears up for a 1976 Presidential bid.

Of the South's ninety-nine distinctly Southern Congressional districts, seven are represented by some of the most liberal House members. These are Andrew Young and Barbara Jordan, blacks from Georgia and Texas respectively; William Lehman, Claude Pepper and Dante Fascell from Florida; Bob Eckhardt from Texas, and Corinne Boggs from Louisiana. There are also seventeen moderate liberals.

It helps a liberal to run in a metropolitan district that has substantial ethnic and labor votes. While such districts are not in the majority, the past voting history and shifting demography of many of the South's districts suggest that liberals and moderates could double their number—and that blacks could more than double theirs—during the next ten years. That is so even though no Southern Congressional district currently has a majority of black voters. All liberal and moderate Congressmen were elected with biracial support.

Among the Southern Governors, several are moderates, which means that they play down the race issue and subscribe generally to an enlightened tokenism. Edwin Edwards of Louisiana, Dale Bumpers of Arkansas, Jimmy Carter of Georgia fit this description. Reubin Askew of Florida, on the other hand, seems to embody genuinely Populist ideals, and has strong biracial support.

The defeat of Lester Maddox, whose try for a second term as governor was decisively blocked in the recent Georgia Democratic primary, confirms that "outniggering the opposition," as Wallace once put it, is no longer a sufficient strategy even in the Deep South. Maddox had made a central issue of the fact that his opponent, moderate George Busbee, was backed by black legislator Julian Bond. Yet Busbee carried not only black precincts, but many rural white working-class ones that had previously constituted the hard core of Maddox support.

Events in Arkansas this spring point to the influence of economic worries on voting behavior. Dale Bumpers defeated Senator Fulbright by a 2-to-1 margin in the Democratic primary. While Fulbright, like Bumpers, is a moderate, he has not distinguished himself either on civil rights or on domestic economic questions. His defeat has been interpreted in some quarters as the state's repudiation of his dovish position on Vietnam. More likely, he was defeated because, at a time when domestic problems had become paramount, voters correctly perceived that his primary area of concern was international relations. Bumpers pitched his campaign at "ordinary people," bearing down on inflation and the role of big oil companies in the energy crisis. Fulbright, who outspent Bumpers by 3 to 1, received large contributions from the oil industry.

Former Rep. David Pryor, a moderate liberal with strong labor and black support, won the Democratic nomination to succeed Bumpers as Governor. Pryor had come close to unseating Sen. John L. McClellan in 1972, in a race that was clearly a surprise to the conservative Democrat. Pryor handily defeated Orval Faubus in this year's gubernatorial contest, despite the latter's attempt to use Pryor's labor support against him. Faubus let the race issue lie, apparently in the belief that anti-unionism had more appeal at this point than race-baiting. Arkansas, it should be added, was carried by Wallace in 1968 with a 39 percent plurality, and by Nixon in 1972 with 69 percent.

To mention the case of Henry Howell of Virginia as an indication of what is possible for a progressive candidate in the South today might seem odd. After all, he lost his bid for the governor's chair last fall to Mills Godwin, a conservative Republican who earlier had been an architect of the massive resistance movement. But Howell's experience is instructive. Virginia appears at first glance to be the state in which the Republicans' Southern strategy has succeeded most spectacularly. In 1968 Nixon carried it with a 44 per cent plurality; in 1972, he received 68 per cent. Today all ten Congressmen and one Senator from the Old Dominion are right-wing Republicans. The other Senator, Harry Byrd, is an Independent.

Howell, a former state Senator who had built a Populist reputation by fighting increases in auto insurance premiums and power company rates, first ran for the governorship in 1969. He lost in the Democratic primary runoff by 3 percentage points. Two years later, Howell won the lieutenant governor's race as an Independent by pushing a Populist platform that rallied blue-collar workers, blacks and middle-class Washington suburbanites. As in 1969, he received sizable support from Wallace precincts. Howell won with a 41 per cent plurality against a moderate Democrat and a mountain Republican.

In 1973 no Democrat entered the governor's race, so it was Independent Howell against Republican Godwin. Howell's themes were much the same as before. His slogan was "Keep the Big Boys Honest." He lambasted the big private utilities, and the sales tax on food and nonprescription drugs that had been imposed while Godwin was governor. The pundits agreed during the campaign that the outcome of the election would be a watershed in Virginia politics, predicting the trend for years to come. But they were mistaken. Howell lost by less than 1 percentage point. He received a larger share of votes than in either of his previous statewide races. Only a defeatist could interpret the results as presaging the collapse of Populist prospects in "Republican" Virginia.

Inevitably, a discussion of Southern politics comes around to George Wallace. What about his future, especially in light of his new moderate image? Wallace, above all else, is a consummate opportunist. For many years his national strategy was tailored to appeal to voters disenchanted with Republican economic elitism and Democratic civil rights goals. His "program" was no more than a piquant stew of spurious Populist rhetoric, racial reaction and corn-pone invective. Circumstances now demand that he soft-pedal racist appeals. But we should not let ourselves be fooled: it is the circumstances, not his sleazy opportunism, that have changed. The new Wallace is to the old Wallace what the New Nixon (circa 1968) was to the old one.

Even so, Wallace is no mean political operator, and he still has a sizable following. His presence on the ballot in 1968 resulted in a net loss to the Republicans. Had he run as an Independent in 1972, the result would have been similar. However, if economic issues continue to gain importance in the public mind, a Wallace American Party platform in 1976 that was strongly directed to issues such as tax reform and inflation could conceivably hurt Democrats more than Republicans. Such an eventuality seems unlikely at present, as does the possibility that Wallace can deny a majority of electoral votes to the front-running candidate.

Thus for political reasons alone—not to speak of moral ones—liberal Democratic leaders would do well to disavow Wallace in the strongest possible terms. His recent attempts to butter up the black Alabama electorate (while continuing his discriminatory policies in state hiring) is a characteristic play. He wanted the aura of respectability that a sizable minority of black primary votes supposedly confers, in order to bolster his attempt to gut a progressive national Democratic program this December at the party's midterm convention in Kansas City.

If the liberals allow the party to make a compromise with Wallace, they will probably lose on two counts. First, they will give up a vital part of their influence to someone who is fundamentally at odds with the ideals of the party's progressive wing. Second, recent poll data suggest that the defections of disgusted black and rank-and-file liberals would outnumber Wallace supporters who would vote for a Democratic ticket only if Wallace were on it. The best way for the party to pick up potential Wallace votes is to adopt a platform that includes, among other things, guaranteed jobs, major tax reform, greater old-age assistance, comprehensive health care and a convincing anti-inflation policy.

The problems afflicting the South require radical solutions. One must distinguish, however, between radicalism of aims and of militancy. Clenched fists, terrorism, revolutionary slogans ripped out of Third World contexts exemplify the latter. They are largely irrelevant. But many of the aims of today's blacks, liberals, Southern Populists and Socialists are both radical and compatible with majoritarian politics. A gauaranteed job with adequate pay, for example, would be a radical innovation in America today. It would undercut much of the clout of large employers in the wage market. It would make union organizing easier. If black and white workers were no longer forced to compete for scarce jobs, an extremely important source of racial hostility would disappear.

Would such an innovation be popular with the American public? In 1969, shortly after Nixon's election. Gallup asked a national sample if they favored guaranteed work that would insure each family with an employable wage earner at least $3,200 a year. An overwhelming 79 per cent said yes, with little variation among age groups, income or party identification. In the South, 78 per cent favored it. I suspect that a healthy majority would now favor a guaranteed job with a minimum of $6,500. That, by the way, is not the same as a guaranteed income, which the electorate would probably still reject.

Major tax reform is another radical aim, and one long supported by most of the electorate. Congress' failure to act on an issue so popular is mute testimony to its thralldom to upper-class interests. It is a failure that renders both traditional parties vulnerable to George Wallace's Populist rhetoric.

The South is ripe for progressive change of many kinds. A national Democratic Party that speaks boldly and convincingly to the economic needs of the region's majority is today in a far better position than it has been for many years to make inroads into the Southern vote. Within the region, leaders willing to buck the formidable Bourbon economic establishment are badly needed—men and women with the ability of an Askew or Jordan or Howell or John Lewis.

Most important, the South needs aggressive organizers who are willing to listen to the people as they express their needs and then fashioin programs to meet them. Grassroots organizing around Populist goals is not easy in a region where one-party politics has long predominated. But the hard-won victories of the Voter Education Project, the Selma Project, the Harris County Democrats in Houston, the Southern Poverty Law Center and many smaller groups demonstrate that such organizing efforts are feasible.

COMPUTER CONFERENCING: A TECHNIQUE TO DEAL WITH INTERNATIONAL CRISES

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. HANNA. Mr. Speaker, in the past three decades, we have seen the world shrink because of advances in communication technology. No longer is a crisis confined to one country. Today, an economic or social crisis in one small corner of the world affects all of us. Therefore, we must develop and utilize the capability of dealing with these crises together with other countries. The following article delineates one proposal to share knowledge worldwide: computer conferencing. I urge my colleagues to consider this proposal carefully:

COMPUTER CONFERENCING AND INTERNATIONAL CRISES

(By Robert H. Kupperman and Steven C. Goldman)

The attempt to apply quantitative techniques to analyze crisis situations is not a novel idea. The formal beginnings of this variety of operations research can be traced as far back as World War I with Lanchester's quantitative description of the attritive process of people shooting at each other. This method of analysis became so popular that, during the Cold War era, systems analysis organizations abounded in the United States and perhaps to an even greater degree in the Soviet Union.

However, as the modeling craze became increasingly stylish, its utility as a tool for sophisticated analysis diminished all too swiftly. One of the central problems associated with Cold War systems analysis is that neither side fully understood the attitudes or goals of the other. As a consequence analysts developed poorly rationalized mirror images of their own value systems in an attempt to understand the objectives of potential adversaries. It is therefore probable that the United States and the Soviet Union each possess quantitative images of one another that are of great complexity, but that each may lack sufficient understanding of the actual value system of the other to do credible quantitative analyses.

As we have seen, insufficient or misconstrued infromation not only tends to aggravate crises but may also tend to provoke them. Although Metternich's system was sufficient for 19th century diplomatic relations, the complexity of modern issues necessitates more sophisticated means of communication. In this nuclear age the "hot line" has become a diplomatic answer to the increased dangers and efficiency that have characterized innovations in modern warfare. A natural extension of "hot line" verbal communications would be video contact via satellite. However, man now possesses even more advanced tools for dealing with contemporary crisis situations.

We shall now examine the possibilities for computer-assisted conferencing systems as a means for eventually developing an improved planning potential for international crisis management. When events are moving quickly and it is virtually impossible to anticipate an opponent's behavior or evaluate one's own options, this modern technique could supplant already existing management tools. Such conferencing systems can provide mechanisms for greater communication between countries both in the economic and military sphere and can be used to resolve many problems inherent in the existence of different national value systems and philosophies.

Both in research institutions and in government agencies there is a long-standing tradition of politico-military gaming. Scholars from many nations have developed models for economic and military planning. U.S. military leaders have often ended up adopting the results of model's they have severely criticized initially, and it would not be surprising to discover the same phenomenon in other nations. They do so for a very simple reason: there appear to be no better alternatives for justifying their specific weapons and budgetary requests.

If modeling efforts are to overcome these limitations nations must develop a means to share their images of themselves and of one another so that each may adjust to and correct the other's perceptions. Such processes of discourse can converge to a rich communications form. In its simplest form computer conferencing is a dynamic medium whereby participating nations would be linked via remote terminals to a central computer programmed to sort, store, and transmit each conferee's messages and relate management and other analytical data. Computer conferencing offers planners an opportunity to construct common "metalanguages" upon which to base a communications bridge between national value systems. Our ultimate hope is that dangerous "poker politics" will be undermined and eventually replaced by more rational planning and cooperative development. But before such a system can be realistically implemented, many obstacles must be overcome.

A fundamental difficulty during an international crisis is that of conveying accurately to each adversary the essential nature and intent underlying proposals intended to lessen tensions. If these proposals could be made partly in terms of sophisticated socio-economic models available identically to all discussants, definitional issues could be more readily resolvable, and the implications of foreign policy or military decisions mutually tested.

This form of computer conferencing would have been quite useful during the pre-World War II Japanese-American negotiations. Grave misunderstandings tended to aggravate relations to the point where war became virtually inevitable. The Japanese leadership had no illusions about the possibility for invading the United States but it did believe that a crippling blow to the American Navy would dissuade the United States from conducting a protracted total war over the China question. Japan did not realize that American industry could regenerate the nation's military capability with astonishing speed nor did they understand that an independent China was a top priority of the American leadership. Computer-assisted conferencing could have demonstrated to the Japanese that America's industrial machine was capable of far more than they suspected and might also have made them aware of America's determination to fight a total war rather than to seek a negotiated settlement.

It may be argued by the more operationally oriented, with considerable justice, that present social science models are not sufficient for the level of descriptive and predictive analysis needed to make computer conferencing useful. In international relations it is essentially impossible to design an experiment to test theory in the classic sense; political scientists are fortunate just to find adequate circumstances for carrying out controlled observations. As a result, theories of international discourse are either inferentially imposed hypotheses unverified by quantitative data, or else empirical observations unexplained by generalizable rationales. For example, although models used in econometrics are relatively much more advanced, very little capability exists—even there—for quantitative prediction of the effects of large or sudden changes.

The problems of measuring utility are at the root of the conceptual difficulties of socio-economic modeling. Nevertheless, analytic tools can help in establishing relative preferences among alternatives. And in an interactive conferencing context, the invariant properties among differing value systems of the negotiants can be discerned. Although accurate prediction is always important, computer conferencing provides an experimental basis for improving human communication—and the long-run value of such collective judgment is considerable. The objective is computer augmentation of human reasoning—cooperative reasoning involving many nations. By definition, this represents communication—and of a kind that is much needed.

Computer-supported conferencing is now a reasonably well-established technique in its own right. It has already been used extensively in the implementation of President Nixon's wage-price freeze of August 1971. However, its deliberate use in conjunction with analytical models to achieve an increased level of understanding of differing value systems is decidedly unconventional. Thus it should be expected that the remarkable improvements promised by such an arrangement would be accompanied by several serious problems to resolve. In particular, if adversaries are coupled through a computer conference using shared analytical models, the nature of the communications interface between man and machine can become critical.

This problem is perennial in the computer business, and it becomes considerably more difficult when the participants are not "computer people." The results of model calculations must be conveyed effectively to those who make policy and their staffs—and so must the implicit assumptions behind those calculations. Such people are "subject matter" specialists, and to be useful to them a computer terminal should be no more difficult to use than an automobile. Just as one need not be a mechanical engineer to use an automobile as an effective mode of transportation support, so one should not have to be a computer engineer to use a remote terminal as an effective mode of analytical support.

To the casual observer, the major features of these computer conferencing systems for crisis use would appear to be ease of use, breadth of applicability, and extreme flexibility. Rather than requiring knowledge of a computer language, they actively present the user with a "menu" of things which he can do, so that he needs only to select the appropriate items. Through (interactive) steps, he can refine his selections or correct his mistakes. The nature of the choices presented to users, and the form and content of information obtained or accepted as a result, can be changed relatively rapidly to suit the conditions of a specific crisis and the preferences of the specific decisionmakers managing it.

One important concern to be addressed—and to be resolved carefully—is the fundamental psychological differences between non-technically inclined professional managers and computer specialists. The managers are concerned that they are losing control of the situation to machines they don't understand. On the other hand, the computer specialists' isolation from the pragmatic world sometimes creates in them the private suspicion that perhaps the machines really could do the job better.

It is absolutely essential that the computer output be effectively conveyed to, and controlled by, the humans participating substantially in the discussions. Among the leaders of all advanced nations of the world there is recognition that nuclear war must be avoided; but machines might not be so constrained. Lest we approach a 1984 Orwellian state, computers must only provide information so that men can make more judicious decisions. They must never replace their creators in the formulation of national policy.

Used wisely, a computer-assisted conference can facilitate communications by improving the likelihood that an adversary correctly understands the concepts we intend to convey (and vice versa), but it cannot unilaterally enhance our capability to generate superior concepts, any more than it can improve our physical means to defend ourselves—we must still think intelligently, and we must still have minimally adequate resources available to manage. Computer-assisted conferencing can only assist in analyzing available information, and allocating resources efficiently.

In a world governed by suspicion, it is probable that traditional adversaries will be hesitant to disclose accurate information to one another. Each may build, and suspect others of building, "private" deceitful models to aid in his own policy formulation. These factors may impede rapid international acceptance of computer conferencing as a crisis management tool. However, the traditional uses for covert intelligence will tend to lessen this difficulty by making the "private" models intelligence targets, thus providing feedback for the conference. Also, as we have demonstrated, sustained bluffing and deceit in a nuclear age is a dangerous business, one that can be counterproductive.

In contemporary US-Soviet relations there is cause for some optimism. The Russians have been untrustworthy for so long that many American legislators are opposed to granting them the MFN treatment they desperately want. If the Soviet Union wants to make progress in the area of East-West trade it will have to demonstrate its willingness to live up to its agreements and to be more frank about its objectives. Years of deceit have undermined their international credibility to the point where they must either be more honest or forego vital national objectives. Although a meaningful Soviet transformation may take time and one must also note that similar pressures for change do not necessarily exist among other traditional rivalries, computer conferencing does have long wide-range possibilities for promoting a stable international system.

In keeping with our definition of international crisis management, it seems appropriate to speculate about some of the ultimate uses computer-assisted conferencing can offer the world.

We assume that the world has had a decade or so to develop such conference systems. Further, we consider that the uses of such systems have provided sufficient planning experience for many nations of the world to engage in "crisis management." As a consequence, nations will enjoy rich methods of communications with each other that offer deep understanding of their socio-economic institutions. A host of cooperative ventures then becomes possible.

The conferencing system can simulate foreign exchange between nations, for example. At present, domestic price ratios are used as measures of value in calculating foreign exchange rates. These price ratios, however, do not accurately reflect "value" in market economies as most market economies are no longer "free." Price ratios do not even exist in any comparable form in controlled economies. Currency exchange rates are inaccurate, therefore, when based on questionably-derived domestic price ratios. The conferencing system could augment the present system for valuing trade by accommodating a large variety of barter deals. It could also be very effective in helping control or avert international monetary crises.

Had computer conferencing been operational in early 1968, the Canadian dollar crisis might have been avoided completely. Because of the recent British devaluation that adversely affected America's balance of payments, the U.S. instituted a program of mandatory restrictions on foreign direct-investment. The program was not intended to cause difficulties for the Canadian capital market because North American interdependence was implicitly assumed. Treasury Secretary Fowler even issued a public statement indicating that Canadian-American economic relations would not be affected. Despite this official reassurance, speculators did not believe Fowler and therefore initiated an immediate run against the Canadian currency. In January alone the Bank of Canada used $350 million of its $2.25 billion reserves to support their threatened economy. In order to alleviate the situation, Canada was granted a complete exemption from the U.S. balance of payments program in March 1968 in return for a strict Canadian anti-conduit law. Speculation ended almost immediately.

In this case it appears that the United States did not plan for the contingency of a speculative run against the Canadian dollar and that it trusted the generosity of the "gnomes of Zurich" to take Secretary Fowler's advice. Computer conferencing would have aided in forecasting the probability and extent of a run as well as its effects upon world trade; it could have enabled policy-makers to be better prepared to take prophylactic measures against speculators. Had the U.S. appreciated the possible implications of their balance of payments program, the March agreement with Canada could have been reached before the crisis erupted.

A case of particular interest is that of coping with threats posed by guerrillas and terrorists. In recent years terrorist blackmail has become an increasingly widespread and effective vehicle for political and economic aggrandizement. It is clear that with limited resources extremist groups are potentially capable of extracting enormous concessions from powerful states. As the terrorist trend continues, creative and well-organized fanatic organizations may conceivably force their way into positions of political power by threatening many nations with "unacceptable damage." Up to this point, world political leaders have attempted only to draft minimal cooperative agreements, such as refusing to allow skyjackers landing rights on each other's airfields. However, the urgent necessity for a worldwide crisis-management medium to combat terrorism has been given scant consideration.

Consider a case in which a band of stateless political pariahs has stolen one or more nuclear weapons. With the acquisition of such devices their influence in the world political community would immediately be felt. National leaderships would no longer be able to dismiss them as a marginal lunatic fringe but would instead have to deal with them as a major political force. One should also note that, unlike governments that are constrained and fearful of retaliation, a terrorist organization would apparently have little to lose by igniting a nuclear bomb in a major world capital. Because such radicals do not have a stake in the established order and generally perceive themselves to be outside the system, their fears of a nuclear Armageddon would be virtually nil. Unlike many cold war nuclear bluffs, a terrorist threat would have to be taken seriously.

Suppose, for example, that an Arab terrorist group acquired nuclear weapons and was prepared to pressure the United States by threatening the destruction of an allied as well as an American city. (By threatening to destroy Paris and New York the terrorists would inevitably bring strong French pressure to bear upon the American leadership.) Under such conditions, their demands might include anything and everything from the payment of money to payment in the form of additional warheads and political support for their position in the international arena. Without sophisticated crisis management tools and a firm desire for nations to cooperate, the potential for disaster would be enormous.

An interactive computer conferencing system would indeed be useful during such a crisis situation because it would permit leaderships in threatened countries to test alternative options and derive mutually acceptable solutions. What would be the political and economic costs of permitting the terrorists to obtain their objectives?

On the bases of mutual damage-limiting tactics, should France break diplomatic relations with the United States, support the terrorists in order to save Paris and then pay enormous reparations to the United States for the loss of New York? Perhaps both cities should be sacrificed? In such a case, orderly evacuation procedures must be contemplated. The efficacy of these and other options could all be examined through computer conferencing. While it is evident that no decision would be easy under such extreme circumstances, without an effective crisis management system it is conceivable that the threatened nations might make matters worse by contemplating war with each other rather than examining damage-limiting solutions.

Some readers' sensibilities may be jarred by what may appear to be an overly stark, surrealistic drama. But to ignore such likely events of the near future would be obscene. If such crises are to be avoided or mitigated with minimum damage, a relatively unemotional exploration of multilateral courses would certainly be preferable to *ad hoc* panic solutions. Although some would undoubtedly argue that computer conferencing might not be practical for traditional adversary relationships, this is a probable case that would demand the cooperation of even the most ardent foes.

The development of a common model in a joint conferencing system provides a mechanism for gaining mutual understanding; but the creation of initial models acceptable to both sides presents somewhat of a problem. We are indebted to Professor Oskar Morgenstern for proposing a way to start a conference. Each side would design two models, one describing its own national goals and institutions and the other, its image of the opponent's goals and institutions. The models would then be exchanged —an "iterative" conference would ensue to develop better models.

Computer-assisted conferencing can aid materially in preventing international conflict and resolving differences among nations. One should note that the improvement comes not just from convenient communications, but from a powerful capability for developing and expressing commonly held concepts. This modern variety of conferencing greatly facilitates the clear communication of underlying interests and intents and the mutual generalization of valuable statements of principle. By this means it can contribute significantly to improved understanding between nations and can bring international agreements to a new level of clarity.

SOLOMON GOLAT: JUSTICE INTOXICATED

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Ms. ABZUG. Mr. Speaker, late in August a good friend and fine lawyer passed away. The death of Sol Golat is a blow to all of us who struggled for equal justice in the period of the 1950's, before that concept achieved the recognition that it now holds. All those who knew Mr. Golat mourn his passing and even those who did not are lessened by his death. I would like to insert in the RECORD a tribute to him that appeared in the Reporter, the journal of the Passaic County Bar Association written by my good friend, Dan Crystal:

JUSTICE INTOXICATED

Solomon Golat, long a welcomed contributor to *The Reporter* as well as other legal publications in this State and to daily newspapers, died on Friday, August 23. That Sol (as his legion of friends affectionately called him) should contribute regularly to a Passaic County publication when his home base for practicing law was Essex County was entirely typical of his lack of provincialism.

Sol took many of the world's problems—legal and otherwise—as his personal responsibility. He gave prodigiously of his best legal skills (and they were of a very high order) to their solution.

A specialist and pioneer in Workmen's Compensation law and personally responsible for helping achieve important advances in that area of social legislation, Sol had also served as Chairman of the Commission for Law and Social Action of the American Jewish Congress. His dedication to human rights went back to the thirties when he became a leader in the legal struggles of that time to protect and expand human rights and dignity. A modest gentle man, only his contemporaries were aware that he had been one of the chief lawyers for the Trenton Six—a group of young blacks whose conviction for murder of a Trenton storekeeper raised an international storm in the early fifties about questionable evidence and Jersey justice.

"Justice-intoxicated" was the apt description used by Rabbi Joachim Prinz in an eloquent eulogy, summing up Sol's decades of endless work as a people's lawyer. Elsewhere in this issue we print his last letter, written from his hospital bed following a coronary attack. His recent concerns included such issues as unconditional amnesty for war resisters, consumers' rights, and No Fault legislation, as well as his continuous regard for the rights of defendants in criminal cases.

We mourn his death as a personal loss. Sol was in many ways a symbol to us that there continues to be that special breed of dedicated and courageous advocates with social vision who are willing to bear the legal struggles to right the wrongs of our society. Rare as those men and women are, it is even more uncommon to find in them the additional talent that Sol had in abundant measure: The ability to marshall wisdom, incisive thought, and an impressive articulate choice of words to achieve victory in more than a few of the important battles he waged to help his fellow humans.

Sol Golat, it should be noted, was not the idle, Don Quixote the dreamer. He was highly successful, talented champion of the underprivileged and the underdog.

"Who is honored?" asks the ancient Talmudist. "He who honors Mankind," comes the reply. Sol Golat truly honored Mankind in his life. He richly deserves our honor and our affectionate memory.

DELTA AIRLINES AND THEIR SIDE OF THE STORY ON PILOT PAY

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. HUBER. Mr. Speaker, on September 25, 1974, I placed an article from the Wall Street Journal in the Record, which appeared on page 32673 relating that the new Delta Airlines settlement with their pilots would result in salaries of $100,000 a year for some of their pilots. This story, I find, was somewhat inaccurate in that the average pilot's salary under the new contract will be $36,800 and that of their 16 senior pilots $71,292 a year. Delta justifies the new agreement on the basis of superior productivity and I applaud this, while at the same time still having reservations about the size of the settlement and its ultimate effect on the airlines industry as well as our inflation in general. However, in all fairness, I want to present Delta's side of the story for the benefit of my colleagues. The statement from Delta follows:

The Wall Street Journal's comparison of Delta's 1976 pilot's pay with other carriers' current pilot's pay rates that were established in 1972 and 1973 is an obviously inaccurate method of comparing pay. The proposed pay increases in the Delta pilot contract with its less restrictive work rules are by no means out of line with the remainder of the industry.

It is Delta's belief that one of the most effective weapons against inflation is the increase of productivity.

Productivity on the part of airline pilots is directly affected by work rules which are commonly referred to as duty rigs. The more restrictive duty rigs become, the less flexibility an airline has in scheduling its pilots and the loss of scheduling flexibility results in fewer productive flight hours per pilot. It has always been Delta's policy in negotiating with its pilots to strive to keep duty rig limitations to a minimum. This practice has resulted in Delta pilots being recognized as the most productive pilot group in the industry.

Rather than following the normal trend of negotiations in which productivity is further eroded with each contract renewal, the current Delta contract substantially improves the company's flexibility in scheduling its pilots. The improved flexibility will result in future savings equivalent to more than 125 pilot positions valued at more than $4 million annually.

Under the terms of its new pilot agreement, the total cost required to fly the Delta schedule is lower than the cost of flying the same schedule under any other major U.S. Carrier's pilot agreement. It should be noted that most of these agreements are under negotiation now or come due for renegotiation in the near future.

The net effect of the new contract to Delta in total direct pay and fringe benefit cost improvements is 10% in 1974, 9% in 1975 and 3% for the first seven months in 1976. In contrast to the inaccurate information published in the newspapers, the present average Delta pilot's salary under the new contract is $36,800. Only 16 senior regularly scheduled captains currently earn a maximum of $71,292 and all of these men have more than 30 years experience with Delta.

One of the most vital elements of the American Free Enterprise System has been to reward increased productivity with commenturate salary benefits. Over the years, Delta pilots have recognized that duty rigs unduly complicate management's scheduling prerogatives and frequently result in increased costs without commensurate benefits to the company or to the individual pilot. Delta management feels that this greater productivity should be properly recognized.

SOUTH VIETNAMESE PRIESTS SPEAK OUT AGAINST A CORRUPT, UNJUST, AND DEGENERATE SOUTH VIETNAMESE SOCIETY

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. CARNEY of Ohio. Mr. Speaker, recently Rev. P. Breen Malone, pastor of Saint Patrick's Church in Youngstown, Ohio, brought to my attention a statement issued by 301 South Vietnamese priests concerning the situation in South Vietnam today. In light of this statement, Father Malone asks: "How much longer will we drain our resources on this immorality?"

Mr. Speaker, I insert the statement issued by the South Vietnamese priests in the Record at this time for the information and consideration of my colleagues in the Congress of the United States. The statement follows:

Statement Against a Corrupt, Unjust, and Degenerate Society

In unison with religious leaders, peoples of all classes and organizations concerned about the decline of South Vietnamese society due to corruption and injustice:

As persons spiritually responsible for the faithful of the Church as well as their rights as citizens:

We, the priests who have signed our names, believe:

1. The degeneration of South Vietnamese society today, especially in the form of corruption perpetrated by persons in responsible positions, has caused a great decline in our country. Selfishness and indifference to the common good has caused the Bishop's Committee of Current Affairs in Vietnam to raise its voice to the State. "Corruption is beneficial to a limited number of persons. At the same time the majority suffers in anger. This corruption will prevent the development of the nation, betray the sacrifices of persons who sincerely serve the country, and undermine the confidence of the people in the authorities. During war in an underdeveloped country, one has to accept the hard life, but nobody will accept it when the majority are poor while a few high ranking persons accumulate wealth through dishonesty."

In addition, on January 10, 1974, the statement of the Bishop's Committee reiterated: "This country could be lost due to corruption, especially corruption on the part of authorities."

2. "Political corruption and selfishness" causes powerful persons to accept their positions as legitimate means for making money in any way possible. As in a shoddy business society, if the base of its leaders is founded on corruption then the entire society becomes corrupted.

This situation of buying and selling power in the administration and the military has caused "society to become a battlefield without truce or love" and "the expansion of evil into the art of acquiring money."

Under the protection of the powerful, drug traffic king gambling, prostitution, and smuggling which corrupt society abound as never before in Vietnam. Mugging, robbing, and raping are such that no citizen feels secure.

Using the force of political bias the Government causes Nationalist forces to become passive, indifferent and surrendering of their opposition. Thus, trust between the people and government is lost and replaced by dishonest bartering. In this situation the institution of law becomes a mere decoration and members of the Assembly and Constitutional Government become tools of the system.

Using the institution of law, the Government disregards citizen's rights, continually increases taxes, prints more money to cover inflation which increases a hundred billion piasters per year because the Government wastes too much money, continually increases the cost of living, devaluate the piaster and corrupts the national economy.

3. Rice, fertilizer, sterilizers, gas, and medicine have been controlled by the "Mafia" within the Government who collaborate with dishonest businesspersons to store these items in warehouses for speculation. This exacerbates the situation for the poor by causing higher prices in the market. Thus, the rich become richer and the poor, poorer.

This policy of "surround the enemies economy" forces citizens to pay extremely high prices for rice which is sold at the same time to the other side. The result is the people who are losing billions of piasters into the hands of corrupt officers, especially thousands of persons in Central Vietnam are forced to eat banana stuff, and cactus which causes poisoning in many families.

The increase in gas tax has increased the price of gas. This in turn has decreased or paralyzed the agriculture and fishing industries. Speculation in fertilizer and sterilizers causes the farmers to suffer. The people's daily life which is already bad becomes worse. More persons are unemployed, unaided by the Government. Even persons employed dread each oncoming day. The majority of people live in worry due to increasing prices and irresponsibility on the part of the Government. Famine threatens everyone.

4. The corrupt system of power brands persons as "Communists" or "Communist-sympathizers" in order to suppress dissent. Other persons who expose the true face of the Government are accused of hurting the military struggle. Corruption is which destroys the love between the people and the army and brotherhood within the army.

One cause of corruption is too much power invested in one person and power issuing from central headquarters out to the local areas is always controlled by the military. The anti-communist dependent on the gun and grenade has not succeeded for 20 years and will never succeed, on the contrary it will continue the death and suffering of the people.

Peace, the only wish of our people, will never occur in this corrupt and unjust situation, as the Pope said on World Peace Day January 1, 1974: "Peace will never exist if there is a lack of the real desire for peace and it will take much effort to make peace, protect the witness, help the poor. By such peace will come alive attaining true peace the high point of life."

In our country the situation of corruption not only ignores principles for true peace, as defined by the Pope, because the Government uses the military, special police, and civil servants to destroy the people's lives that is one of the dangers causing the loss of a country as pointed out by the Pope.

For the above reasons—

(1) To obey the principles of the Pope;

(2) To obey the Bishop's Committee;

(3) To respond to the needs of the people.

We, in unison request—

(1) No acceptance of present corruption, injustice and degeneracy in society.

(2) Invite all the faithful to make a REVOLUTION for a healthy society, which our honorable Bishop has called for, and to realize a new society with JUSTICE and FREEDOM, to bring together and protect the happiness of persons of all classes of life in any circumstance of life.

(3) to build the REVOLUTION many honest persons, patriots, persons with a spirit of sacrifice, and a Government honest with the people are needed. Severity and justice must stem from the Government. If one is not severe he is not feared; if one is not just, he is not respected.

We pray and request that God will make us strong to change ourselves and then society for the purpose of reform, reconciliation, and concord for our country.

Peace and unification for our country, happiness and enrichment for our people.

Saigon, June 1974.

Signed by 301 South Vietnamese Catholic priests (list available upon request).

HOMECOMING BANQUET IN HONOR OF NATIONAL COMMANDER JAMES M. WAGONSELLER

HON. TENNYSON GUYER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. GUYER. Mr. Speaker, on October 5, 1974, I was proud to receive an award and be a guest of the American Legion Department of Ohio at the Homecoming Banquet in honor of National Commander James M. Wagonseller, a native of Ohio.

Included in our defense posture in the Pacific is the Republic of South Korea. In our private visit, the commander referred glowingly to the role these courageous people have played and are playing in our present defense of liberty and preservation of peace in perilous times. These people were our partners in arms in the arduous war in Vietnam. The South Koreans are still sustaining assaults from without and within, and many forget how close are the ties between us, and how Americans, like their friends in Korea, dearly want peace and security. I was so impressed by Commander Wagonseller's call for the necessity of having the "most invincible armed forces in the world" that I wish to share a portion of his remarks with my colleagues and the Nation:

> If we the veterans of four wars are to be counted again, we must, in strength, demand from our Congress and our Senate the strongest, the most invincible armed forces in the world. Dedicated not to aggression but to peace for all mankind.
>
> We have treaty commitments both East and West in the North Atlantic Treaty Organization (NATO) and the Southeast Asia Treaty Organization (SEATO) and we must remain militarily strong to enable us to fulfill those commitments.
>
> I have just returned from an observation and fact finding trip to the Far East, to the defense perimeter that stretches from South Korea to Southeast Asia, and we have a vast area to be concerned with in that area of the world. Many friends and allies along that perimeter rely heavily on an American presence in the area to help maintain a balance of power and to defend freedom should the defense of freedom be required.
>
> American military strength, both strategic and conventional, must be maintained at levels adequate to deter any would be aggressor, and the American Legion is one of America's strongest advocates of military strength. We will continue to fulfill that role as long as there is a continuing need for such strength.
>
> And we of the American Legion know that the strength of our national defense comes from our Armed Force. The men and women who serve today so that our children can live free tomorrow.
>
> And I can tell you they are doing a tremendous job. During my visit to South Korea I had the opportunity to observe the 2nd Division in action. I talked with their commander, General Emerson. I talked with General Stilwell and I had lunch with the sergeant majors of the 2nd Division. I even had some SOS with the troops at breakfast one morning.
>
> The 2nd Division is a hard, combat ready force of American troops. Their morale is high, and they are very good. And what is remarkable about the 2nd Division I feel, is the fact that it is an all volunteer force.
>
> Now if we are to maintain that kind of combat ready force, then we of the American Legion must remain adamant in our insistence on adequate national defense for America.

In my recent newsletter to my constituents, I reported that I had suggested to Secretary of Defense Schlesinger "that it is time we reassess our relations with other nations, cut down on excessive grants, and find out who our friends really are. Americans can save billions in our budget without losing posture, power or security."

I still believe this can be done within the framework of Commander Wagonseller's remarks.

During the confrontation in the Middle East, our Nation was fortunate to have an offer by Portugal to use their air bases if needed. Portugal was the only nation offering such facilities.

Commander Wagonseller's high praise of the 2d Division in South Korea should serve to remind us who our friends really are and to exercise all due caution when we consider reduction in any of the programs to an ally of more than two decades.

TRUMAN MEMORIAL SCHOLARSHIP FUND

HON. JERRY LITTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. LITTON. Mr. Speaker—

> There is not really anything new, if you know what has gone before. What is new to people is what they do not know about their history or the history of the world. . . I'm a great optimist about people and their future. But it's not enough to know history without doing something about the future.

Harry Truman said this in 1950. Offering a real insight into the thinking of the man from Independence and the importance he applied to the study of history, this is "Truman philosophy." It is perhaps one of the main reasons why he so capably handled the monumentous challenge of reshaping the postwar Western World, when very few thought he could do it.

What he said here is that a person can help prepare himself for the challenge of the future if he always remains a student of the past, and then has the guts and spunk to draw upon what he knows and act. And Mr. Truman lived by these words.

It is then appropriately fitting that my nine House colleagues of the Missouri delegation and myself join together in cosponsoring a legislative tribute to Mr. Truman in the form of a living memorial which will enable one student yearly from every State to receive a scholarship to study for 4 years, with special emphasis in the history, traditions, and practice of American politics and government. These scholarships would be funded through a one-time appropriation of $30,000,000 which would be put in a trust fund and annually provide for administrative expenses and 51 scholarships with a limit of $5,000 per individual grant.

I was a young boy growing up on a farm in northwest Missouri when Harry Truman took over the reins of our Nation. However, Mr. Truman's honesty, forthrightness, and genuine commonsense had quite an impact on this young country boy. In later years, at the age of 19, I had the opportunity to sit and talk with Mr. Truman. He asked me questions about the young people and their feelings regarding politics. He had an intense, keen interest in youth—so much in fact, that our 15 minute appointment stretched into 2 of the most unforgettable hours I have ever experienced.

Mr. Truman gave me sensible and honest advice about politics and I still attribute that talk as the source of much of my inspiration for entering political life. Because of this, December 26, 1972, was a day of mixed emotion for me. As I embarked with my family to begin a new life as a newly elected Congressman in Washington, a seat I won by largely following the advice of Mr. Truman, I turned on the car radio and found that my friend had died.

I wish other young people could get the advice and inspiration which I received from Truman. Since this is no longer possible personally, my hope is that these students whose scholarships will be given in the name of Truman, will develop some of his unfliching devotion to study and hard work in preparation for a career in public service. Mr. Truman would be saddened to see the apathy and disillusion which Watergate and related activities have brought on the youth of our country. Like most men who reach the pinnacle of greatness, he truly appreciated youth and realized how much our destiny lies with the young. These scholarships are a perfect opportunity to help some young people overcome the dismay they feel over our political system. And it would be a continuing cycle—the scholarships would not help the selected students alone, but would also inspire many other young people with whom the scholars have contact.

For all Mr. Truman's scholarly knowledge, he was first and foremost a practical man. He put on no airs, he was in essence the common man's spokesman and President. He believed in honesty, "called 'em like he saw 'em" and spoke often and highly of the value of education. Once he said that a person's education was most valuable—the one thing which could never be taken away.

Many Presidents have been honored by buildings, statues, busts, and cement memorials. This has been standard operation and is a nice gesture. But grandoise fashion simply would not do for the likes of a Harry Truman. For all his critics—and there were many—could say about him, no one could argue that he was not vibrant, decisive and very much alive. So much in fact that his memory will long linger in the minds and hearts of many Americans, especially those of us who knew and respected him. That we establish a practical and living memorial to Mr. Truman, is most appropriate, the way he would have wanted it.

I respectfully urge all my colleagues in the House to join me in supporting H.R. 15138, the Harry S. Truman Memorial Scholarship Fund.

MALPRACTICE CRISIS IS HERE

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. HUBER. Mr. Speaker, on several prior occasions I have spoken out on the problem of excessive malpractice suit awards. I have twice introduced legislation designed to try and cope with this problem. Unfortunately, others do not appear to view the problem as seriously as I do. For those who still have any doubts that there is a malpractice crisis and that it is here and now, I invite their attention to the following articles on the matter from the Detroit News of September 6, 1974:

WSU Medical Program in Jeopardy—State Doctors Face Crisis on Malpractice Insurance

(By Stephen Cain)

The state's largest medical malpractice insurance company is refusing to cover physicians entering private practice in Wayne, Oakland, Macomb and Genesee counties, a Michigan State Medical Society staff report reveals.

In addition, Michigan's No. 2 malpractice underwriter refuses to cover doctors who have been dropped by other insurers—no matter what the reason may have been, the report says.

Many of the other firms are dropping physicians for no other apparent reason than trying to cut back on the number of doctors they insure, it continues.

As an example, Wayne State University Medical School's insurance situation is so grim that the dean has written Gov. Milliken to warn him that the school's ability both to train new doctors and treat patients is being jeopardized.

An estimated 75 percent increase in the number of malpractice lawsuits within the past year, increasingly large jury verdicts, chaos in medical malpractice insurance and the resulting higher cost and lower quality of medical care all occupied a special meeting yesterday of the Michigan State Medical Society.

Dr. Robert D. Coye, dean of Wayne State's medical school, revealed he had informed Milliken that:

Seventy-seven physicians on the WSU faculty have been able to obtain only partial and inadequate insurance coverage.

Three faculty members currently are unable to buy any malpractice insurance, with several newly recruited faculty members likely to face similar denials.

Twenty faculty members are currently being sued for malpractice.

Three members of the medical school's voluntary faculty have resigned, listing their vulnerability to malpractice suits as the major reason.

The university has sought "umbrella" insurance for its faculty from five separate companies without success.

The faculty doctors—including many of the state's most respected physicians—are on the staff at Detroit General Hospital and are essential to patient care throughout the Detroit Medical Center hospital complex.

Dr. Coye added that this situation threatens a serious loss of teaching faculty at a time when the university is attempting to expand its faculty to handle greatly expanded medical school classes.

Particularly hard hit are such specialists as neurosurgeons, anesthesiologists and obstetricians practicing in Wayne, Oakland, Macomb and Genesee counties.

Their annual insurance from the least expensive company is more than $4,000, according to the staff report, and several doctors have had to pay up to $25,000 a year for coverage.

"The physician passes the cost on to the patient," said Dr. John W. Grigg of Bay City, chairman of the society's committee on professional liability.

"But the situation is so bad that it is keeping new physicians from practicing in Michigan.

"Doctors are becoming increasingly cautious. They decline to perform risky (but medically necessary) procedures. Some decline to take trauma (injury) cases of emergency room cases.

"A lot of unnecessary tests are being ordered, and there is a lot of needless consultation."

Quoting from the staff report, Dr. Griggs said that Medical Protective Co.—which insures about 65 percent of Michigan's physicians—will no longer provide coverage for doctors seeking to enter solo practice in the four counties.

He said Medical Protective also will not insure doctors in the higher-risk specialties who are attempting to join professional corporations or group partnerships if the physician has ever been a target of a suit.

Dr. Grigg added that the Shelby Insurance Co.—the second largest underwriter in Michigan with about 25 percent of the state's doctors—now refuses to cover new physicians working in emergency rooms, doctors who have been dropped by other insurance companies regardless of reason and any specialist in a high-risk field who has had a lawsuit filed against him in the last three years.

In addition, the other insurance carriers are generally not only refusing new business but are simply refusing to renew the policies of many doctors.

"For the 10 percent of physicians outside Shelby and Medical Protective, it is a nightmarish situation," added William Cheeseman, the society's insurance consultant.

Dr. Grigg, Cheeseman and Michigan Insurance Commissioner Daniel J. Demlow are all leaning heavily toward a plan in which the medical society itself—if enough of the state's doctors are willing to participate—would negotiate guaranteed coverage for doctors with a single company.

However, this would result in higher insurance premiums for doctors in low-risk specialties, such as family practice, who work outside of southeastern Michigan, Cheeseman said.

While advising the doctors that a statewide group insurance plan may be the best short-term solution, Demlow told them he was planning to have a "no-fault" medical malpractice bill introduced into the Legislature this fall.

Such a bill, generally patterned after auto no-fault insurance, probably would take three to five years to become law, he said.

Meanwhile, the society's malpractice committee passed a resolution asking the professional organization's board of directors to begin negotiating a statewide group plan.

H.R. 16994: A STEP IN THE RIGHT DIRECTION

HON. ROBERT PRICE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. PRICE of Texas. Mr. Speaker, as the House draws closer to the approaching recess, all Americans are becoming increasingly aware of the No. 1 problem in the Nation today: Inflation. Not only are they becoming aware of the problem, which has been prominently displayed in the news for many months now, but they are finally sensing the frustration that I, and all responsible Congressmen, have had to live with for the last decade. That frustration stems from the lack of fiscal responsibility on the part of the great majority of our elected representatives.

The Congress is the main culprit in creating the "No. 1 issue" of the economy by trying over the years to do too much and sending the Nation into successive economic deficits through excessive spending. Year after year the liberal majority in Congress has continued to promote spendthrift and wasteful programs which have been plagued by redtape, bureaucracy, and duplication.

Therefore, it is indeed refreshing to witness a few constructive attempts on the part of Congress to deal with the problem. One such action is the passage by the Ways and Means Committee of the bill I am introducing today, H.R. 16994. This bill would amend the Internal Revenue Code of 1954 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer.

The major strengths of this bill are that it would provide a tax break for the Nation's taxpayers, hard hit by inflation, and it will have a significant effect on inflation by increasing the desire to save. However, the most important point is that this legislation will restore the flow of funds to financial institutions, helping to meet the credit needs of communities such as for the housing industry, small business, agriculture, and so forth.

The Chairman of the Council of Economic Advisers, Alan Greenspan, outlines the significance of the problem to the housing industry. The savings outflow from thrift institutions is running over $1 billion a month. With less money to back up high risk loans, such as housing loans, loan commitments are being cut back and interest rates are up to well above 9 percent. H.R. 16994 will reverse the trend, meaning lower interest rates for borrowers, more home building and more employment.

Most important, however, is the effect this proposal could have on the agricultural industry. One of the most significant causes for the lagging supply of goods has been the lack of sufficient capital investment in productive capacity. Livestock producers have suffered such severe financial losses in recent months that the future of the industry is threatened. Some cattlemen have lost as much as $100 to $200 per head of cattle, hog feeders are losing up to $30 a head, egg producers about 10 cents per dozen of eggs, broiler producers about 6 cents a pound, and turkey producers 10 to 12 cents per pound. These large losses can be attributed to a dramatic spurt in feed grain and other production costs during the course of 1973 and 1974. Farmers and ranchers have also been subject to other steeply rising production costs. Interest rates offered by production credit associations jumped from 7.36 percent in the first quarter to 9.27 percent in the second quarter of 1974. Another factor is land values: Between March 1973 and March 1974, farm real estate values rose 26 percent. Rental costs for pasturing cattle on privately owned land have also risen dramatically, climbing 42 percent.

To make a long story short, farmers and ranchers have been caught in a desperate squeeze, suffering severe losses on many. Historically a "high risk" industry as a result of drought, disease, and flexible prices, credit has become even harder to obtain for the struggling farmers. If relief is not provided, many small farmers, ranchers, and businessmen will not be able to obtain the needed capital to start production next year. The small operators are extremely hard hit by inflation, because they do not have the volume to spread rising costs over more acres or over more customers. For those that must sell out, the chances are high that they will sell to nonfarm investors who purchase land as a hedge against inflation. This raises land prices, production costs, and taxes unreasonably the farmers and ranchers who must make their living from the land. It also makes it very difficult for young people to get a start in farming. All of these factors will combine to reduce agricultural output in a period where there is already "too much money chasing too few goods."

It was for exactly these reasons that my bill, the emergency guaranteed livestock loan program, H.R. 15560, was passed. My proposal, H.R. 16994, is another significant step in the right direction. By encouraging saving, relieving some credit pressure, and providing a tax break to the middle-class Americans, this will benefit not just the farmers and ranchers, or the housing industry; rather, it will benefit all Americans by helping our economy along the road to recovery.

PERSONAL STATEMENT REGARDING VOTES ON COMMITTEE REFORM AMENDMENTS OF 1974

HON. HOWARD W. ROBISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. ROBISON of New York. Mr. Speaker, on last Tuesday, October 8, in order to keep a long-standing personal engagement I left the House prior to the end of voting on the Committee Reform Amendments of 1974 (H. Res. 988). Before doing so, however, I did check with one of the floor managers of the Bolling resolution—as it was called—on the minority side of the aisle and was assured that, while there would still be a number of votes on a variety of amendments that night to either the so-called Hansen or Martin substitutes, it was definitely not expected that we would reach a vote on adoption of either substitute until the following day.

The actual event was otherwise, as we now know, and although my vote would actually have made no difference in the result, I would like to state that, had I been present, I would have voted "no," or against the Hansen substitute, on rollcall No. 588, but then "yes," or for the adoption of the resolution, as thus amended, on rollcall No. 599.

To complete the record as to the votes missed on prior amendments, had I been present, I would have voted "aye" on rollcall No. 586; "no" on rollcall No. 585; "no" on rollcall No. 584, which was the vote on the Martin substitute, and finally "aye" on rollcall No. 583.

To summarize, Mr. Speaker, my intent in thus expressing how I would have voted, if present, in the above instances, along with my other votes as recorded during the previous hours of our debate on this important matter, is to reexpress my interest in, and strong support for, the Bolling resolution.

As one who is retiring from Congress at the end of this year, and doing so at least in part because of my frustrations with the system through which Congress endeavors to operate, I had sincerely hoped to have helped—as one of my final efforts here—to produce true and meaningful reform of that system.

While one can argue, I suppose, that the adoption of the Hansen substitute, as it also was amended, does contain enough "reform" as to make it worth voting for, howsoever reluctantly, in the end, as the final product of our tortured endeavors it fell far short of the mark. It is unfortunate, indeed, I feel, that the jerry-built committee system under which, for example, energy-related legislation is handled by no fewer than 94 separate committees and subcommittees in this House will now continue on into the next Congress. With public esteem for this body as low as it is—something that I think derives as much or more from the deficiencies in that system than it does in the personal deficiencies of those who try to make it work—I would not like to be going back before my constituency this year if I had not worked for, and voted for, something more meaningful than we have now produced under the label of "reform."

There is, of course, always "next year"—and I am proud to note that the distinguished gentleman from Missouri (Mr. BOLLING), who worked so very long and hard for true reform, has already said that the "fight will continue going on * * *" and that this "* * * is just the beginning of the beginning."

I am grateful to him for what he, and his other supporters, tried to accomplish and, at least in this instance, I regret that I will not be here next year to help them carry on.

GENERAL AVIATION, OFTEN DISPARAGED, VITAL TO NATION

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. HILLIS. Mr. Speaker, I believe the following article from the South Bend Tribune offers an interesting commentary on the subject of general aviation:

GENERAL AVIATION, OFTEN DISPARAGED, VITAL TO NATION

(By Robert R. Bock)

The Donald Chase column on the Sept. 16 "Commentary" page about private flying was highly inaccurate and extremely misleading. The FAA has operated for some years under the Department of Transportation (DOT), the biggest boondoggling-bureaucratic agency I know of in federal government. Chase's column is typical of many from DOT discrediting general aviation. I have found the Associated Press another offender in support of inaccurate reporting, frequently slandering general aviation.

First, on a passenger mile basis, you are three times safer in a general aviation aircraft than a private automobile.

Second, I have checked personally with four certified flight instructors who have "soloed" more than 1,000 students. The shortest dual time was 10 hours and the average was 16 hours.

All of these instructors have required night flying experience including landing and take-offs. The average private pilot licensing required an additional 30 hours of solo flight under instructor supervision—a final check ride and 90 percent attended 60 hours or more of accredited ground school.

The three-hour requirement was an FAA regulation that instructors have ignored for more than 30 years!

Also for the record—there are fewer than 1,500 commercial aircraft servicing fewer than 500 airports. There are 150,000 general aviation aircraft that service 18,000 additional airports and private airstrips.

And, most important, general aviation serves the public interest. We service 30 times the number of airports. And when your doctor has to have you at Ann Arbor Medical Center in two hours, they don't call the Friendly Skies of United. They call us and we remove seats, lose a night's sleep, and charge nothing. We've hauled blood, medicine, patients, repair parts to get production lines running again and never charged a dime.

We are constantly badgered by the FAA, IRS, and the newspapers. We pay exorbitant user taxes on every gallon of gasoline we buy to pay for commercial aviation facilities we are forbidden to use.

Of the 1,500 commercial aircraft in service, 500 are always on the ground. The other 1,000 fly at restricted altitudes general aviation is forbidden to use.

The FAA has never provided flight instruction, refresher courses, safety instruction or much else to general aviation. The FAA has reduced the number of flight service stations and weather advisory stations available to us to aid in pre-flight planning and in-flight assistance.

Since the cost for an individual to get a private pilot's license is between $1,000 and $1,500, you can bet the young men and women take their instruction seriously. There are more than 550,000 licensed pilots who pay for the right to use some of that sky every time they buy a gallon of Av-gas. And yet they consider the use of that sky a privilege and treat it accordingly. And that sky doesn't belong to the FAA—it belongs to all free men and women in America.

I have never read a complimentary article on general aviation's role in commerce, industry, agriculture or medical service. And yet, you wouldn't have Alaskan North Slope oil without us. We are, in fact, the state and county roads of the sky; while commercial aviation constitutes the freeways. We are the ambulances, service vehicles and support system of the airways. America needs us, uses us, and would have a rough time getting along without us.

There is no problem supporting the new FAA regulations since general aviation has been pretty much following these procedures for years. But I resent the inaccurate safety statistics and the implication that general aviation consists of irresponsible, unprofessional men and women who consitute a national safety hazard.

THE AMERICAN WHO NEVER GAVE UP

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. HARRINGTON. Mr. Speaker, I feel that on the eve of the 200th anniversary of the American Revolution, we can all take pride in the courage of Simas Kudirka. At this time, I would like for the benefit of my colleagues to insert in the Record the following article:

THE AMERICAN WHO NEVER GAVE UP

The Simas Kudirka story centers around a man who in 1970 jumped onto the U.S. Coast Guard cutter "Vigilant" asked for but was denied asylum in the U.S.; was forcibly returned to Soviet custody after the U.S. Coast Guard allowed Soviet personnel to board their vessel and beat Kudirka (for allowing this to happen the Coast Guard admiral and district commander were reprimanded and forced to retire); Kudirka was tried for treason; convicted to 10 years in a labor camp; he continued to write protest petitions while in prison; was isolated from the outside world so that even his mother feared he was dead; was declared a U.S. citizen on July 17, 1974; went on a hunger strike, and was released from Soviet prison, on August 23 ,1974.

During the past years, as many Members of Congress and other Americans read about or worked on behalf of the most courageous and persistent Mr. Kudirka, the feeling grew that he was the "Most Unforgettable Man We Never Met." Millions of Americans shared outrage and shock that this forcible return could happen. As time passed and newspaper reports multiplied, admiration for Mr. Kudirka's indomitable spirit grew. In many eyes, Mr. Kudirka displayed an even greater courage than the rightfully celebrated Mr. Solzhenitsyn, who ran tremendous risks while continuing his vigil and protest in the relative comforts of Moscow. By comparison, Mr. Kudirka refused to denounce the United States during his trial in Vilnius while expecting a possible death sentence ("Washington Post" and "Boston Globe," Aug. 7, 1971). The pressures to give in must have been tremendous during the six months of pre-trial solitary confinement when he knew his family had also been made to suffer and when the special prosecutors sent from Moscow hinted at a lighter sentence if he cooperated. After sentencing, he continued to speak up for individual and human rights (New York Times, Nov. 27, 1971 and Dec. 31, 1971). For his pains he received further harsh treatment on top of the already cruel conditions as characterized by Mr. Solzhenitsyn in his book "Gulag Archipelago." In their appeal to the International Red Cross, Mr. Kudirka and others had written: "The entire system of camp detention is designed to transform human beings gradually into non-thinking, frightened and obedient animals, agreeable to do anything and everything." Yet two years later Mr. Kudirka was cosigner of a letter supporting physicist Andrei D. Sakharov's fight for human rights and freedom (Daily News, Oct. 12, 1973).

For his pains Kudirka was so thoroughly cut off from his family (no letters, no parcels) that as late as the Summer of 1974, his mother was afraid her son might be dead. The living conditions must have been terrible, because recently it was learned that his vision and teeth have been affected.

Nevertheless, this summer he went on a hunger strike. He seems to have helped force the hand of Soviet authorities to release him sooner, rather than have a sick or dead man on their hands while delicate trade negotiations were in progress with U.S. Congress.

On Sept. 1, 1974 Mr. Kudirka made his first declaration to the outside world via transatlantic telephone. A friend is in regular telephone contact with the Kudirkas in Lithuania. Mr. Kudirka emphatically stated his wish to come back to the U.S. as soon as possible. The Department of State was notified immediately of this wish and asked for advice how to expedite his and his family's repatriation to the United States.

Meanwhile, back in Griskabudis, individuals are sent to warn Mrs. Sulskis to stop this telephone contact with America. The spunky old lady, however turned the tables on that presumable agent and said: "Show me you ID pass (or badge) first." He refused and faded out of the picture. Subsequent telephone calls were tampered with: several have been interrupted in mid sentence, another one, on a Sunday, was aborted completely. As usual, the time for the call was prearranged. The mother and wife of Kudirka had walked a mile to stand by the phone in the post office. The Soviet operator in Moscow insisted for two hours, that the line from the district Capital to Griskabudis was out of order. When she finally let the call through, the connection was quite clear. The Soviets must have a very efficient phone repair service on Sundays. However, the individual at the other end said the post office was already closed and that the Kudirkas had already gone. During a subsequent conversation it was related to Grazina, that the Kudirkas had still been there when the call went through but that the postal officials had been told by the Moscow operator what to say when the call came through. Since State Department is staying away and the press is denied access to the Kudirkas (Standard-Times, Sept. 23, 1974), the telephone for the Kudirkas is the last life-line to outside help. The abovementioned interference with it is very real threat to them and the great strain on them is coming through during the conversations despite their attempts to keep a stiff upper lip.

Another hardship is being imposed on the Kudirkas. When Simas was released from prison, Grazina wanted to but was unable to afford another relief parcel to the Kudirkas. The cumulative drain on her own and her family finances (including her latest telephone bill) by now is close to $5,000. She has sent parcels, prepaid the airline ticket for Mrs. Sulskis and paid the phone bills since autumn of 1973. Regrettably, Seamen's Education Federation has been able to reimburse only a small amount, ($950) of these bills. Now Simas too, has to subsist and regain his health on his mother's pension of 26 rubles.

During the more pessimistic moments it may seem to Grazina that two large bureaucracies on both sides of the Iron Curtain, are engaged in a game of let's see how long it takes to exhaust the endurance and the financial resources of her own family and the Kudirkas.

PENSION REFORM

HON. WILMER MIZELL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. MIZELL. Mr. Speaker, earlier this month I mailed to those persons in my congressional district an October Newsletter which covered the subject of pension reform. At this point, I would like to insert in the Record a copy of this publication:

PENSION REFORM

A landmark Pension Reform Act was passed by Congress this year and signed into law on September 2, 1974, by President Ford.

The bill affects roughly 30 million workers covered by private pension plans, and its passage climaxes several years of congressional efforts to guarantee that workers get what they have coming when they retire.

It took hundreds of pages to record the specifics of this bill, but a few basic provisions are explained here for the benefit of those affected by the new measure.

1. The law does not force companies to provide pension plans, but sets rules for existing plans and any new ones that may be established.

2. The law makes it illegal for an employer to fire an employee in order to avoid paying

earned pension, but the employee must prove that is the reason he was fired.

3. Pension plans must cover a worker who is at least 25 years old and has worked for a firm for one year. If you started working for a firm at age 22 or younger and serve there until you reach 25, you will get credit for three years of previous service, for the purpose of determining the percentage of benefits that are "vested."

4. "Vested benefits" are defined as a guaranteed share of your company's pension fund, giving you a non-forfeitable right to some benefits even if you leave that job before you retire.

5. There are three minimum methods of vesting, and your employer must choose one of these methods:

(a) You would get at least 25% of your vested benefits after five years on the job. This would gradually rise to 100% at the end of 15 years; or

(b) You would have total rights to your accumulated benefits after 10 years with the company, but nothing before then. If you quit before finishing 10 years of service, you would lose all benefits; or

(c) Under what is called "the rule of 45, you would get 50% vesting when your age and your years of service equal 45, with the final 50% coming in the next five years. This option lets a company give faster vesting to its older workers than to younger ones, but still requires at least five years on the job to obtain it. Anyone completing 10 years service under this plan must get a vested right to at least half the benefits.

6. Participation and vesting rules become effective immediately for new plans, and apply to existing plans after December 31, 1975, allowing time to make necessary changes. Vesting date for some collectively bargained plans with special benefits is delayed until the end of the present contract but no later than December 31, 1980.

7. There are minimum funding standards to help guarantee that your plan will accumulate sufficient money to pay your pension.

8. If the plan should, by some circumstance, fold, you would be protected by termination insurance provided in the new bill. It creates a Pension Benefit Guaranty Corporation in the Labor Department, to be directed by the Secretaries of Labor, Commerce and Treasury. The corporation can borrow $100 million from the U.S. Treasury.

9. If you change jobs, you may keep your pension rights, transferring benefits from one company to another under a voluntary arrangement known as the Individual Retirement Account (IRA). Starting next year, you can set up your own plan by using IRA. You can take a limited tax deduction by contributing to IRA up to 15% of your earned income, or $1,500, whichever is less. You may invest this money in special types of U.S. Treasury Bonds, mutual funds, credit unions, banks, corporate securities and certain life insurance policies.

10. If you are self-employed, you may take a tax deduction by putting up to $7,500 a year in personal retirement plans. The old limit was $2,500.

Further information on the program can be obtained by writing:

Pension Benefit Guaranty Corporation,
P.O. Box 7119, Washington, D.C. 20044.

JOE A. BEIRNE, A COMPASSIONATE LEADER

HON. BOB ECKHARDT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. ECKHARDT. Mr. Speaker, it is with reverence and sorrow that we observe the passing of Joseph A. Beirne. His family, his friends, and workers everywhere keenly feel the loss of this dynamic, compassionate, imaginative leader.

Joe Beirne led the labor movement and served the interest of American working people long and well. Working as a utilities and instrument repairman in Kearney, N.J., during the depression years of the 1930's, he experienced firsthand the problems and the frustrations of the working man and woman. Recognzing that unionization and collective bargaining were essential to solving the problems and articulating the needs of workers, Beirne played a key role in forming a national union of telephone workers. In 1943, workers in the communications industry recognized his capability for leadership and made Joe Beirne the president of the National Federation of Telephone Workers, later to become the Communications Workers of America.

In an industry noted for its advanced state of automation and an atmosphere of technological impersonality, Joe Beirne served as an advocate for humanistic concerns. In Challenge to Labor, one of two books he authored on the future of the labor movement, Beirne wrote:

> The more we can save human labor for important tasks and remove ourselves from lives of meaningless drudgery, the closer we shall be to a truly great society.

He perceived the primacy of the worker even in industries as automated as communications. While leading the CWA in a strike against the Bell System in 1968 he once observed—

> The $30 billion computer they call the Bell Telephone System is the most spectacular achievement of automation; but without our members who repair and keep it running, that computer will eventually become an enormous pile of junk.

Rather than deploring the advance of technology as a threat to jobs, Joe Beirne encouraged the development of a technology that could result in higher wages, better jobs, longer vacations and shorter hours. Beyond the quest for wages, benefits, and hours, he saw the necessity of making work in America more fulfilling for human beings striving to improve their living conditions.

While serving the labor movement as President of the CWA, Vice President and member of the executive council of the AFL–CIO, chairman of the International Affairs Committee of the AFL–CIO, and vice president and director of the United Councils of America, Joe Beirne gave generously of his time to advise the Government of his country. He served on the Peace Corps Advisory Council as well as President Johnson's National Commission on Technology Automation and Economic Progress, and offered his invaluable expertise on labor issues. We in the Federal Government could not help but be impressed with his intelligence, resourcefulness, concern and versatility. Yet, these extraordinary qualities exhibited in Governmental service were characteristic of Joe Beirne; he once described his role as a labor leader in this way:

> When you're head of a union you've got to be a sociologist, marriage counselor, father confessor, psychiatrist, economist, legal expert all wrapped into one. You must have the desire to help people help themselves.

He had that desire and he had those qualifications.

I have followed the course of the labor union that is now CWA for more than a quarter of a century and for a part of that time I have had the honor and pleasure of being deeply involved in that course of development. The union met many crossroads: Its initial breaking loose from Ma Bell's apron strings; its nationalization in NFTW; and its affiliation with CIO, later AFL–CIO. It also went through searing industrial crises: The 1947 strike, the Southern strike, and others. It never faltered under the idealistic, creative and compassionate leadership of Joe Beirne. Workers of the future will appreciate his efforts to improve the human condition. In Government and in the households of working America, Joe Beirne will be sorely missed.

NORMANDIN'S: A COMMUNITY BUSINESS CELEBRATES ITS 100TH ANNIVERSARY

HON. CHARLES S. GUBSER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. GUBSER. Mr. Speaker, with all of the troubles our country has undergone during the past several years, I believe it is essential that we in the Congress pause from time to time to reflect upon and salute those things in America which are good.

All too often we become completely immersed in the day-to-day crises in Washington. We should remember that America's destiny will not be decided in its Capitol, but rather with its people in thousands of communities from New York to California, Hawaii and Alaska.

Alexis De Toqueville in his book, "Democracy in America," published in the early 1800's, noted the fact that America's success is due to the cooperative efforts of private, government and voluntary sectors of our society. Each year, in our own congressional districts, we see our own citizens demonstrate this fact.

Today I would like to salute a very fine business in my congressional district for its outstanding contributions to American free enterprise. Normandin's Chrysler-Plymouth is celebrating its 100th year anniversary this month.

The dealership was founded in 1875 by Amos Normandin. Together with his partner, F. D. Hatman, they opened a carriage factory on South Second Street in San Jose. The purpose—to provide quality vehicles for transportation to the entire Santa Clara Valley. That purpose became the Normandin tradition for the next 100 years.

For four generations, the Normandin family has been building on the foundation left by Amos and Louis Normandin. It is still a family owned business, operated with the same care and concern fostered by its founder in 1875. Today Irv and Clair Normandin, grandsons, and Lon Normandin, great grandson of Founder Amos, are working to give quality service in the Normandin tradition.

Time magazine paid tribute to this fine local business in 1973. This and other honors have been bestowed on Normandin's.

Normandin's is more than a business. It is a community service organization which has assisted numerous service clubs—the Boy Scouts of America, the Red Cross, the Girl Scouts of America, Boys Club, United Way, Junior Achievement, et cetera.

Thirteen San Jose high schools teach thousands of students to drive each year in cars provided by Normandin's. The San Jose Vocational Center, San Jose State, Bellarmine High School, and Santa Clara University have been helped by Normandin's over the years

While operating an automobile dealership, Normandin's has been strongly praised for customer relations programs, including the initiative in establishing an apprenticeship clerk program with the San Jose Vocational Center.

These are the kinds of businesses run by patriotic Americans that not only provide jobs for local people, but at the same time, take an active role in the community. Such businesses are the backbone of a free country.

I salute the Normandin family on its 100th business anniversary in the city of San Jose.

AN AFTERNOON WALK IN IOWA CITY, IOWA

HON. EDWARD MEZVINSKY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. MEZVINSKY. Mr. Speaker, in the September issue of Travel & Leisure John Cheever has written an article titled "An Afternoon Walk in Iowa City, Iowa." I live in and have the honor to represent Iowa City in Congress and would like to take this opportunity to insert Mr. Cheever's article in the RECORD so that my colleagues may learn about the charms of Iowa City.

AN AFTERNOON WALK IN IOWA CITY, IOWA

(By John Cheever)

"It is beautiful, isn't it," they used to say, "but don't tell anyone. They'll spoil it." They were speaking of the little fishing villages in France and Italy, the Tuscan hill towns and the small places in the Austrian Tyrol. They were expatriates from Iowa, driven with such force by the loneliness and bigotry of the prairie towns and the cornfields that one could single them out in any café by their marked air of escape. God knows what it was like—I'm not that old—but I used to see them come through New York on the first stage of their flight to Paris, Sperlonga or Vienna. They would do anything to get out of the cornfields, and a dropped, eastbound train ticket in Iowa City in those days must have seemed worth a life. When I settled in Iowa City, not long ago, I had it in another sphere of time. "It is beautiful, isn't it," they said, "but don't tell anyone. They'll spoil it. We try to keep them moving on to Omaha. We call this the gateway to Nebraska."

I am alone, separated from my wife but not terribly lonely. I walk the streets a lot, often late at night. One checks down the long, sad list of cities where this is no longer possible. Here there are no muggers, no hustlers, and the only strays I see are joggers who trail through the autumn night a rich smell of sweat. I think of my old friend Josie Herbst, who, after spinning around the world for fifty years, could still be profoundly depressed by a memory of Iowa City. She may have been troubled by the uniformity of the front porches in this place. They run the breadth of the house. The supports or columns are pyramidal, and they sustain a very gradual arch. A large window looks onto the porch, and the upper section of this is made of colored or leaded glass. Some of the windows are curtained, some of them are used to display wax flowers, and in some of them one sees a man and a woman playing dominoes or reading the evening paper. ("Iowa Declared Hog Capital of World!") These porches are so similar that they seem to have been produced by edict.

So one walks block after block with the lonely sound of one's heels, past these gradual arches and these pyramidal supports. Some of the columns are fat; they are made of stucco, wood or shingling, but the summit is always narrow and the base is always broad. The very gradual arch conveys domesticity and perhaps conveyed to the expatriates the confinements of family life. There is nothing exultant or rebellious here. The houses stand, more uniform than any row of tombs, more uniform than anything in Luxor, but not at all funereal. Where have they come from, how can one link them to the chain of domestic architecture that binds us to the cave? Have they sprung out of this soil without memory? I think of Josie, who, escaping from such porches, got as far as the porches of Leningrad, but if these streets represented embattled and provincial domesticity that time is long past.

The university, of course, gives the city its life, but there are industries and the cornfields that reach nearly to Chicago. The Iowa River winds through the city, no wider than a ten-minute swim, given moderate currents. Its purity is questionable, but it is an unusually pure reflecting surface, spanned by two footbridges, painted the color of verdigris and lighted by white globes that burn all night. It is the kind of stream that represents continuity, meditation and sometimes love, and walking there on a Sunday afternoon one finds all three.

Most of the students, when the weather is warm, are barefoot, and most of them carry books—Descartes, *Middlemarch*, Kozinski, *Basic Italian Grammar*, Wittgenstein, Auerbach, Flaubert, *Double-Entry Bookkeeping*. Under a tree a young man plays a guitar and sings to a red setter. The dog seems pleased. The river smells of bilge—catboat bilge—a vital and summery odor. There are some bushes where the path turns that smell of apples.

Farther along the banks a young woman plays a recorder to her friend who lies on his stomach. The music is Dowling, and she sharps and flats, but the sound of the pipe is pleasant. At the other end of the musical spectrum is a man playing a Black Watch quickstep on bagpipes. Across the river a couple lie on a park bench, giggling over what must be some difficulty with their clothing. On a pediment above them one reads: *Ars Longa, Vita Brevis Est*. On the next bench is a long-necked young woman with a watercolor pad. Beyond is a man throwing a stick for a Labrador that does not seem to have any retrieving instincts at all. The man whistles and throws the stick, but the dog wags its tail and seems amused or uninterested. It looks at the view. There are lovers everywhere.

On such a walk, on such an afternoon, you might encounter a visiting writer—Tom Berger or Bill Styron, for example. On such a walk, on such an afternoon, Jim Van Allen stopped me and took out of his wallet a colored photograph of Jupiter that he had taken while the university astronomers were tracking the planet.

One also encounters along the banks of the Iowa River Willard Boyd, the university president. He walks with his pleasant wife, but there is no entourage, not even a dog. President Boyd is a man in his forties with a long and handsome face, a black forelock and the composure of an international lawyer who has represented the United States at The Hague. It is partly because of his relaxed and intuitive administration that there are, within the university, no warring colleges, no deadwood and none of the badmouthing that seems to afflict academic communities; although President Boyd is sometimes discriminated against by his peers because he has only a single campus.

The view, the panorama, might be thought artificial. All the buildings and bridges one sees belong to the university and thus to the state, the nation and the people. Everything—including that bag of french fries being eaten by a lonely fat girl—has been paid for by the checks from home, state grants, federal grants, the Danforth Foundation and the G.I. Bill of Rights. The rich grass is nurtured and the trees are fed by public monies, but if such serenity can be arrived at this easily, why is is so seldom achieved?

Some men are playing touch football on the banks. They ask me to join them, and I do for fifteen minutes when I get winded, but where else will a man with short gray hair and tight Peal shoes be asked by strangers to join a game? A young woman comes down the walk. Wrapped around her is a good-sized boa constrictor. "Is the snake yours?" I ask. "Oh, no," she says nicely, "it belongs to the girl upstairs." We part.

On Saturday everyone goes to the football game. You walk to the stadium, a fifteen-minute stroll from the center of town, remembering the traffic hangups on the way to the Yale Bowl. Going to Shea for a football game on an autumn afternoon, I remember the eight-dollar cab fare and that the crowds, moving from all directions toward the stadium, seemed not so much to be moving toward a sport as to be hastening away from some metropolitan catastrophe. At Shea, that crown of incandescence that lights the field goes on in the first quarter and the unchanging light seems like some distortion of time, experienced during a long flight. At about the half, the planes from La Guardia take off, paving the sky with darkness. *Epoca? Time? Paris-Match?* Would you like to order something from the bar?

Here the sky is much bluer and clearer than the East. The light changes minute by minute, and before the half the shadow of the stadium has begun to darken the AstroTurf. At the half there is the famous marching band and the eighty-piece all-girl bagpipe orchestra. The openness and continuity of the faces around one are, for an Easterner, festive and serene. The acutely painful question of where they came from and where they're going is never raised; there are none of the rooming house freaks one sees at Shea. Iowa usually loses, but the amiable crowd, moving back into the city at dusk, has no losers, no drunks, no hustlers.

A medievalist, with whom I breakfast, tells me that we are at the same latitude as Providence, Rhode Island, but the twilights seem much longer than those in the East, and it is at the end of the day that I feel myself to be in another country, although I suppose I have no country at all. My family prided themselves on being Easterners—on seldom traveling west of Worcester—although I don't know why. They were not especially prosperous or distinguished—they were simply Easterners. One disreputable uncle did go west and died, forgotten and disgraced in Omaha; but I was the first Cheever to settle in Iowa—warned about the manners and politics of "red necks" and that corn is a symbol of vulgarity and provincialism. Nothing could be more mistaken.

I do wait for the mail from the East and read it on a bench by the river—letters from friends and children in that more fortunate part of the world. I remind myself of those Americans, walking away from the post office in the Piazza di Spagna, reading the mail from home. Like them I smile, I frown, I pocket a check, but unlike them I am not homesick nor in the least unhappy.

On my walks I see, excepting for a house or two, almost nothing for sale, which is very unlike the Westchester suburb where I used to live. There, in the autumn, as the leaves began to fall, "For Sale" signs would appear on parked cars, sail boats, outboards, trailers, snowmobiles and lawnmowers. Antiques were for sale; there were Attic Sales, Garage Sales and Numbered Sales. These signs generated a sense of distress and confusion that I've not found in the Middle West. A population of 20,000 students may give the city an economic stability that some suburbs lack, but I don't miss the signs and their suggestion of panic. Friends stop by to help me in my exile and I say: "It's rather nice here, but if you like it here you'll love it in Omaha."

THE ERA OF PERMANENT CRISIS

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. HANNA. Mr. Speaker, It has become increasingly apparent in the past several years that we are now living in an era of permanent crisis. In order to deal effectively with problems arising in this crisis era, I would like to bring the following article defining and discussing past crises and how they were dealt with, and proposing crisis management techniques for the future to the attention of my colleagues:

Crisis Management

(By Robert H. Kupperman and Steven C. Goldman)

In recent decades it has become increasingly obvious that we are living in an era of permanent crisis. Science and technology have made the velocity of history so much greater than before while progress in astute and calculated political decision has not grown apace. Although man's ability to make significant and sophisticated technological strides has indeed been impressive, his failure to make tandem progress in the fields of resource allocation, communications, and control has been equally disturbing. Worldwide inflation, extensive famine, worldwide resource shortages, and the inexorable quest for more deadly armaments all serve as striking examples of man's failure to deal with conditions he has created. It is therefore vital that we understand the possible future implications that these failures hold and develop means for dealing with them.

In discussing the crisis management demanded by such situations it is tempting to start by defining crisis, but this is a difficult matter. Crises are matters of degree, being emotionally linked to such subjective terms as calamity and disaster. In fact, it is not necessary to define crises in order to discuss problems generally common to their management, including the paucity of accurate information; the communications difficulties that persist; and the changing character of the players as the negotiations for relief leave one or more parties dissatisfied.

In a sense, crises are unto the beholder. What is a crisis to one individual or group may not be to another. However, crises are generally distinguished from routine situations by a sense of urgency and a concern that problems will become worse in the absence of action. Vulnerability to the effects of crises lies in an inability to manage available resources in a way that will alleviate the perceived problems tolerably. Crisis management, then, requires taking timely action both to avoid or mitigate undesirable developments and to bring about a desirable resolution of the problems.

What characteristics are common to most crisis management? Perhaps the most frustrating is the uncertainty concerning what has happened or is likely to happen, coupled with a strong feeling of the necessity to take some action anyway "before it is too late." This leads to an emphasis on garnering advance information—military commanders press their intelligence staffs, and civil leaders try to get more out of their field personnel and management information systems. Few conventional information systems are equal to the task of covering unconventional situations, so managers in a crisis frequently fall back upon experience, intuition, and bias to make *ad hoc* decisions.

The problems of uncertainty are exacerbated by the dynamic nature of many crises. Storms follow unpredictable courses; famine is affected by vagaries in the weather; terrorists perform apparently irrational acts; and foreign leaders—responding to different value systems or simply interpreting situations differently—elect unexpected courses of action. Thus, with limited information and resources the manager may have to concentrate just on keeping up with rapid developments, let alone improving the overall picture of the situation.

For example, during the Hungarian crisis of 1956, Premier Nagy could have averted the Soviet invasion had he been better informed about the changing politics and priorities of Khrushchev's Politbureau. We know now that the Russians were willing to permit significant liberalization in Hungary but that they drew the line when it came to a proclamation of neutrality and defection from the Warsaw Pact. Had Nagy been more cautious, his country could have obtained liberalization similar to the Gomulka variety in Poland. However, the Hungarian leadership lacked the vital information necessary to make judicious decisions during this crisis. Events moved quckly and it was virtually impossible for either side to determine the priorities and perceptions of the other because both were in a state of flux. In the final analysis, the intervention was harmful for both sides. The Russians demonstrated to the world that they could only maintain their system by military might; the Hungarians lost a measure of cultural and political independence by misjudging Khrushchev's domestic constraints and provoking the Soviet attack.

We can see that, during a crisis, not only does an involved manager suffer from poor information, but he has the problem of identifying the objectives he wishes to accomplish and ordering them by priority, according to his limited resources. The order in which his objectives are placed may be quite controversial, and his priorities may change as he learns of the success or failure of his prior actions and the sharply vocalized opinions of his supporters and detractors. There is generally no single acceptable course of events for him to follow; rather, there is a wide selection which can be ordered more or less by their relative economy and political difficulty of accomplishment.

Under crisis conditions the manager has relatively little time to analyze available alternatives (his own or those of an adversary) or to develop new capabilities. His flexibility depends upon the extent to which he has forecasted for (i.e., pre-analyzed) the situation and made the investment to prepare for it. If he has foreseen the potential emergency adequately he may be able to avoid it entirely. Although this is in principle the ideal form of crisis management, in practice it can be a thankless achievement, for few can recognize what has been accomplished. Glamour and a sense of heroism accompany the "crisis resolver," not the "crises avoider."

Although President Kennedy has been lavishly praised for successfully resolving the Cuban Missile Crisis, one should note that his administration could have avoided it entirely. Premier Khrushchev was already being criticized by Politbureau hard-liners when Gilpatrick publicly announced that the Soviet Union could not launch a successful nuclear strike against the United States from their home bases. In order to improve his domestic and international position, Krushchev introduced nuclear warheads into Cuba. He could then claim that Gilpatrick's remarks were irrelevant because a successful strike could be launched from a base only 90 miles from America's shores. It served no useful purpose to embarrass the most liberal element within the Soviet leadership and it characterized the Administration's inability to comprehend Soviet values and objectives. Considering Khrushchev's domestic constraints during the Cuban Missile Crisis, Kennedy was fortunate to escape as a "Crisis resolver."

If world politics are to be conducted on a more harmonious basis, the important role of the "crisis avoider" must be recognized. Many of the problems facing the world today are sufficiently serious that their amelioration may be prerequisite to the avoidance of major world conflict. Included in this category are famine, particularly in Africa and the Indian subcontinent; inadequacy of available world energy supplies and related distribution systems to support even the present rate of growth, let alone emergence of developing nations; and the spreading trend of terrorism by extremist groups.

We will use the term *crisis management* to mean any process which a manager exercises to meet his goals within a potentially deteriorating situation at an acceptable cost to him, persuading those with whom he is interacting that the costs of opposing him are greater than the costs of allowing him to attain his objectives.

This definition of crisis management is broad and admittedly something of a straw man. It implicitly involves resource allocation, urgency, and various forms of communications. It admits the possibilities of programmed conflict as well as of situations offering minimal feedback. Managing economic problems, disasters, famines, and the termination or avoidance of war are includable within the definition.

In international relations, *crisis management* can be regarded as a process the objective of which is to convince an opponent that the (immediate and long-run) costs of opting for, continuing, or increasing hostilities exceed the (immediate) costs of accepting an offer to resolve conflict that minimally promises likely "face-saving" opportunities to the leaderships of the more powerful nations.

New initiatives in international crisis management in military policy—and, hence, arms control—are prompted by the present thrusts of US strategic doctrine. As the US proceeds to change its nuclear deterrence policy from mutual assured destruction to one involving a wider set of options, we are forced to examine carefully the likely reactions of our opponents. Such a broader policy, in fact, requires the most involved crisis management efforts. Though nuclear war lurks in the shadows, we hardly understand the nature of the game that an adversary may perceive himself to be playing. In many respects, we do not even seem to do very well as understanding ourselves.

Negotiations with an adversary in an international crisis rest, at bottom, on conveying to him the costs of opposition in terms of his own value system. Moreover, for our position to be credible to an opponent he must perceive that the costs we propose to meet in gaining our objective are acceptable in terms of our value system. In international relations the utility of sustained bluffing and deceit is questionable. Although such tactics may be effective in the short run, on the whole they can indeed be counterproductive because they tend to aggravate crises rather than resolve them.

For example, John Foster Dulles encountered serious international credibility problems because his "policies" of rollback and massive retaliation were never convincing to his opponents. No matter what Dulles said, it remained clear that the United States was not prepared to initiate a nuclear war for a marginal cause. Also, when the United States had a perfect excuse to roll back the Iron Curtain during the Hungarian crisis of 1956, no aid was sent to the insurgent forces. The essence of American defense policy was ultimately undermined because it was based upon the principle of "talking loudly and carrying a small stick." Not only were Dulles' pronouncements unconvincing to the Russians, the American electorate was dissatisfied as well. By the end of Eisenhower's Administration a clear majority of Americans believed that the nation's defense policy was inadequate.

Premier Khrushchev encountered similar difficulties in the conduct of his foreign relations. For example, in 1958 he demanded that the West evacuate West Berlin within six months while threatening nuclear war if his wishes were not met. Although these tactics worried many European leaders who had no desire to die for the freedom of Hitler's former capital, Eisenhower knew that the Russians were not prepared to launch a nuclear war over any Berlin issue. He consequently ignored this threat and casually resumed his golf game. At the end of six months, Khrushchev's bluff was called, his international credibility undermined, and his position within the Soviet leadership weakened.

Although the second Berlin "crisis" passed without erupting into a major international incident, the potential existed for a more serious confrontation. Had the West taken Khrushchev seriously and begun to mobilize for the defense of Berlin or perhaps to contemplate prophylactic measures, this failure of international communication and mutual misperception could have ignited World War III.

It is clear that both Dulles and Krushchev were engaged in a game of international "poker politics." Each tried to deceive the other by raising the stakes while holding weak cards. Many times a good bluffer can defeat a powerful opponent without the requisite strength. However, when the stakes become very high a bluffer runs the risk of being humiliated and bankrupted. In contemporary world politics, we believe that "nuclear poker" has become an unacceptably dangerous form of statecraft.

Perhaps the most tragic aspect of US-Soviet relations during the 1950s is that both Eisenhower and Khrushchev were strong proponents of arms control. Despite their vocal threats, both national leaders wanted to reduce international tensions. However, because of mutual misunderstandings and domestic pressures, they were often forced to proclaim policies in which they had no stake. Dulles advocated massive retaliation because he wanted to convince his domestic critics that America's defense posture was not being undermined by troop reductions. Khrushchev, although instrumental in formulating the doctrine of peaceful coexistence, was often forced to pursue bold policies in order to satisfy more belligerent Politbureau leaders. Because they were unable to convince domestic critics and each other that defense cuts would not endanger national security, Cold War tensions were aggravated at a time when detente could have been pursued.

A number of difficulties common to the resolution of crises have been pointed out: uncertainty, too little data, too much data, inadequate communications, differing value systems, little planning, and little time in which to learn. (Despite this long list of difficulties we have not included the psychological and physical problems of confusion and fatigue.) Clearly, the successful crisis manager must be a versatile person—a resource allocator, a communicator, and an artful negotiator with a tough hide.

As we begin to recognize the enormously complex problems that threaten every nation with disaster, we cannot continue to trust the *ad hoc* processes of instant reaction to muddle through. Crisis management must become inseparable from crisis preparedness. We must begin to understand that the mutual-benefit payoffs among "competing" nations playing cooperative games must supplant the many simplistic zero-sum games nations often appear to play. As we have noted, the difficult challenges to peace and human dignity cannot all be met adequately by the instinctive strategems of deceit and bluffing. With natural resource and food shortages as well as the threats of atomic terrorism rapidly coming upon us, little will be solved by reviving the Cold War in any form.

Cold War diplomacy was characterized by mutual misunderstanding, suspicion aggravated by deceit, and a general failure to communicate national objectives. Although many historians and political scientists have attempted to blame either the Soviet Union or the United States for aggressive behavior, more reasonable authors attribute the post-World War II deterioration of the Grand Alliance to the factors discussed in this essay. It serves little purpose to discuss contemporary international relations in terms of "good guys" and "bad guys" because the problems that confront the world community are never solved by such attitudes.

When reflecting upon the course of modern diplomacy, it is interesting to observe that, during the 19th century, Metternich was able to construct a stable international system by basing it upon cooperative dialogue and the protections of common national interests. Violence was never permitted to escalate beyond a mutually acceptable level; no one state could ever become too powerful without incurring the wrath of its neighbors. Although repressive in many respects, it nevertheless prevented the outbreak of another worldwide military confrontation for 100 years. Metternich's system institutionalized mutually agreed upon norms and made international relations more manipulative and predictable. Our contemporary challenge is to construct and institutionalize a modern system based upon an international planning process in which further communication leading to political and economic interdependencies would be fostered.

Of all the planning concerns that must be addressed, the most difficult is the measurement of utility—especially among comparative value systems. Here we face what might appear to be limiting conceptual problems. How can a community of nations with radically different outlooks and perceptions engage in a meaningful dialogue involving respective value systems not well understood by each other?

After the Napoleonic Wars the nations of Europe considered conflict avoidance to be so important that they freely exchanged information in order to clarify national objectives and to consider the effects of any disruptive behavior upon the system. The Congress of Vienna was successful because it institutionalized a technique for the management of international conflict.

In what follows we present a similar approach to treating the problems of comparative value systems in a manner that capitalizes on a vital class of modern analytical and data management activities.

OLIN E. TEAGUE, FRIEND TO THE SPACEMAN—THE VETERAN—THE U.S. CITIZEN—THE WORLD

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. FUQUA. Mr. Speaker, it has been my privilege since becoming a Member of Congress, to serve under the leadership of the Honorable Olin E. Teague while he has been chairman of the Subcommittee on Manned Space Flight and now under his same outstanding leadership as chairman of the full Committee on Science and Astronautics. I share with all my colleagues a deep respect and admiration for this great legislator and American. The Texas Aggie, the alumni magazine of the Texas A. & M. University, recently reviewed his accomplishments. Clearly his alma mater shares our esteem for his leadership and ability. I consider it a privilege to offer this brief summary of the Honorable Olin E. "Tiger" Teague's contributions to our Nation for the information of my colleagues and the general public.

The summary follows:

Friend to the Spaceman—The Veteran—The U.S. Citizen—The World

When Olin E. "Tiger" Teague '32 was elected to Congress in 1946, he could already look back on a distinguished military career, but his greatest contributions to his country lay ahead.

On D-Day plus 6 just over two years before, Lt. Col. Teague led the men of the First Battalion, 314th Infantry Regiment, 79th Division, ashore on Utah Beach not far from the spot where his close friend Gen. J. Earl Rudder '32 and his Rangers scaled the Normandy cliffs several hours earlier. Six months later, on December 18, 1944, Teague literally dragged himself out of World War II after being severely wounded while reconnoitering near the Siegfried Line. Eventually one-third of his battalion was killed and another third injured. The unit was in combat for 120 straight days before the men got their first rest.

Two years and numerous operations later Col. Teague became the most decorated member of Congress having been awarded the Silver Star with two clusters, Bronze Star with two clusters, Purple Heart with two clusters, the Combat Infantryman's Badge, the Army Commendation Ribbon, and the French Croix de Guerre with palm.

Little could he know as he arrived at the Capitol that September almost 30 years ago that he would someday be the third-ranking elected member in the House of Representatives and a leader of U.S. efforts to explore the frontier of space.

According to an April 1956 article by Frank Eleazer in *Nation's Business*, Teague began his congressional career "with no single pledge, principle, or burning ambition that he can recall, other than a general aim to take care of returning servicemen and the families of those who didn't come back." And take care of them he did as he and members of the House Veteran's Affairs Committee, which he soon chaired, carefully reviewed as many as 500 legislative proposals per year. Teague is personally credited with authoring more veterans legislation than any other member of Congress.

The Texas Congressman continues as the ranking Democrat on the Veteran's Committee even though he stepped down as chairman last year to accept the chairmanship of the Science and Astronautics Committee which he had joined in 1960. He also served on the Technology Assessment Board and the Standards of Official Conduct (Ethics) Committee. Teague has also served on the Committee on Committees, the National Democratic Executive Committee, about five sub-committees of the Space and Veterans Committees, and as Vice Chairman of the Speaker's Steering Committee. During his interview at A&M in May be lamented the shortage to time to devote to these endeavors and announced that in January he plans to retire from all except the Space Committee, the Veteran's Committee, and the Ethics Committee.

In addition to his continuing leadership in man's conquest of space, "Tiger" Teague chaired the Select Committee which investigated the shortcomings of the World War II G.I. Bill and authored the Korean War Veterans Bill. His unstinting devotion to duty and uncompromising adherance to the pledge he made during his first campaign—"To serve my constituents with honesty, sincerity, faithfulness and common sense, and to have the courage to fight for my convictions"—has earned him his reputation as an aggressive and able Congressman.

Teague's nomination for Texas A&M's Distinguished Alumni Award which he received in 1966 stated that "he reflects and recognizes the importance of his educational training at Texas A&M, reflects pride in his alma mater, and is loyal to and interested in Texas A&M." His interest in A&M is partially reflected in the College of Engineering's course in Aerospace Technology which he was instrumental in establishing. An advisor to A&M's annual Student Conference on National Affairs since its inception in 1955, Teague has lent the program national prestige through his help in obtaining prominent speakers to address student leaders from throughout the country. In 1972, Teague presented his papers consisting primarily of Congressional correspondence to the Texas A&M University Archives.

That Distinguished Alumni Nomination concluded that "the important point is this: that Olin Teague is still an Aggie. Those closely associated with him know that he has never forgotten Texas A&M, its traditions, and its generosity in providing a noble background for its alumni. It has been 34 years (now 42 years) since he lived and studied on the campus. I find it easy to believe, however, that this day he can sing the *Spirit of Aggieland* and *The (Aggie) War Hymn* as well as any student on campus today."

Additional recognition from Texas A&M has included an honorary Doctor of Laws Degree (1956) and dedication of the Olin E. Teague Research Center (1967). He has also been recognized by numerous organizations and institutions including the VFW and American Legion, the Gold Star Wives of America (1948), and the United States Military Academy at West Point. Earlier this year, Teague was awarded the Goddard Memorial Trophy of the National Space Club for "his significant and invaluable contribution to this nation's space program" and Invest in America's American Eagle Award for his "contribution to the future of America."

Olin Teague's accomplishments and honors cannot begin to be recounted in this limited space. Even a book on his life would undoubtedly be incomplete because no one, perhaps not even Teague himself, could chronicle all the many contributions this man has made to his school, his state and his nation.

However, one thing is certain. He can be expected to make more and greater contributions as he continues to serve the voters who elected him and all citizens of these United States.

Congressman Teague and his wife, the former Freddie Dunman of Fort Worth, have three children: James M. Teague '58 Major John O. "Jack" Teague '59, and Mrs. Jill Cochran, and five grandchildren.

FORD'S EDSEL

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. ASPIN. Mr. Speaker, today's New York Times contains an article by Prof. Seymour Melman of Columbia University which raises some interesting questions about the relationship between excessive military spending and the Nation's economic troubles. Professor Melman asks if we can afford a permanent war economy and concludes we can only if we accept either runaway inflation or "totalitarian political-economic controls." The best hope would be, as I see it, to spend only what we need for defense. To commit more in the mistaken belief that excess defense spending helps the economy is to invite economic and political disaster.

The article follows:

[From the New York Times, Oct. 11, 1974]

FORD'S EDSEL

(By Seymour Melman)

President Ford has made two contradictory economic policy commitments: to sustain military spending and to combat inflation. That is like trying to drive a car with one foot on the accelerator and the other foot on the brakes.

Many people regard Government spending itself as the prime culprit inflation. Actually, it is the nature of the insanely oversized military budgets, not Government spending as such, that has had disastrous economic consequences.

Civilian projects sponsored by government ordinarily yield some addition to consumer goods and services, or to the capacity for future production, and hence add to national wealth. The $100 billion now spent yearly by the Pentagon does none of this.

Conventional economic wisdom assumes that military products can be counted as ordinary economic end products, that the money value of resources used for the military is a proper measure of their economic worth, and that military income increases national prosperity. These assumptions are false.

Military goods and services are not ordinary economic end-products since their use yields no addition to consumption or to future production. The Pentagon's pre-emption of capital, technological skills and raw materials diminishes the economic productivity of the civilian economy.

The ideological illusion that military income adds to national wealth has guided economic policies since World War II, blinding all to the inflationary consequences of military spending at home and abroad.

At home, a traditional strength of American industry has been management's ability to offset cost increases, such as wage increases, with more productive machinery and techniques. This kept unit labor costs down, making sharp price rises unnecessary.

But attractively priced new production machinery became less available as efficiency lagged within the machinery-producing industries themselves because of the capital and top engineering talent mobilized for the military.

Meanwhile, the Pentagon infected important parts of civilian industry with its patterns of cost and subsidy maximization. More and more, industrial prices were simply run up as costs rose. Many civilian firms became noncompetitive with other firms in national economies less burdened by military spending. Managers soon discovered better environments for economic growth, especially in Canada and Western Europe, and they slowed the re-equipment of their American facilities, leaving factories here to stagnate while investing in new factories abroad.

A spectacular example of this process is the recent announcement by the Ford Motor Company that it plans to make 55 percent of its 1975 capital investments outside the United States. The effect of these domestic pressures is strongly inflationary.

Abroad, the value of the dollar was undermined by heavy United States military spending. This dollar outflow, combined with the growing business exportation of capital, produced an exodus of dollars of formerly stable exchange value but constantly lessening real worth.

Finally, a pile-up of unwanted dollars abroad led to the debacle of August, 1971, when the exchange value of the dollar collapsed and prices of our imports soared.

The Federal Government tried to soak up some of the unwanted dollars by spurring the sale of American arms around the world and offering crops and raw materials for sale—with consequent shortages, profit-taking and price rises at home. In these ways, the foreign policies of the Government have been strongly inflationary.

Other economies suffer inflation exceeding that of the United States. However, only a minor part of the American economy depends on world markets and world cost-price conditions for foods, industrial materials and fuels. Unlike the situation in other countries, the main dynamics that control American costs and prices are home-made.

Probably unintended and generally unforeseen, Pentagon spending has contributed mightily to the present inflation that erodes the United States currency as a store of value, degrading the level of living of millions of Americans while enriching a few.

Can we have a permanent war economy without inflation? Yes, with a totalitarian political-economic control system. If that is what President Ford's economic goals imply, it should be confronted openly. Meanwhile, with his contradictory commitments in reduce inflation while lavishing resources on the military, there is reason to expect that the economy will swiftly become Ford's Edsel.

WHAT A COPOUT

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. ARMSTRONG. Mr. Speaker, what a copout.

That is the only way I can describe House action on the so-called committee reform bill passed earlier this week.

By adopting the so-called Hansen plan, instead of the original Bolling-Martin committee reform bill, the House has once again ducked the issue of true committee reform. With a couple of exceptions, the changes are cosmetic—an election year gesture to make our constituents think Congress is reforming itself.

Frankly, the Bolling-Martin proposal itself fell far short of the kind of major overhaul the House needs. Even this plan did nothing about non-germane amendments, conflict-of-interest voting, curbing the powers of conference committees, or the elimination of the idiotic scheduling procedures that the House struggles under.

But the Bolling-Martin report did make a start toward meaningful reorganization of the committee structure along logical jurisdictional boundaries. It would have consolidated energy jurisdiction now scattered among at least 94 committees and subcommittees of the two Houses. The Bolling-Martin plan limited Members to a single committee assignment; it split Education and Labor, abolished the Post Office Committee, and made other similar changes.

About the only worthwhile part of this so-called reform package which survived in the Hansen substitute is the requirement to give the minority party adequate staffing and elimination of proxy voting. Unfortunately, there's no assurrance even these modest reforms will be implemented when Congress reconvenes in 1975.

I recall that the 1970 Legislative Reorganization Act provided for minority staffing. But when the new Congress convened the following year the Democrats simply went into caucus and changed the decision back to the old way. . . . exactly the same kind of high-handed tactics that resulted in the adoption of the Hansen substitute.

I hope the people of this country are watching closely the action of the House on this matter. After a lot of grumbling and complaining by the general public, the House sent out a bipartisan committee, under the leadership of two of our most distinguished Members, DICK BOLLING and DAVE MARTIN, to conduct a yearlong study that cost a million dollars. A thoughtful and carefully worked-out plan for committee reorganization resulted.

But when the committee reported its findings, the Democrats went into caucus. Behind closed doors and by a secret vote, they killed the Bolling-Martin plan and instead set up the so-called Hansen committee—not a committee of the House, but a committee of the Democratic Caucus, to write a watered-down version.

Adopting this plan this week, the House has reverted to the worst traditions of the past and turned its back again on the need for meaningful congressional reform.

What a "copout."

SPENDING PROGRAMS

HON. ELWOOD HILLIS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. HILLIS. Mr. Speaker, at a time when the Federal Government needs to seriously review its spending programs, I would like to share with my colleagues the following editorial which appeared in the Anderson Herald:

STOP FOREIGN AID

When anyone advocates elimination of foreign aid, the cries and howls of liberals can be heard from coast to coast. Rarely, if ever, do they come forth with any facts or figures justifying our foreign giveaways.

The Senate Foreign Relations Committee recently issued a report that should be disheartening to every American. The committee has recommended an authorization of $2.5 billion for certain economic, military assistance and credit sales programs.

That amount is only part of $8.5 billion in total foreign aid proposed for the current fiscal year. Americans have grown numb to such figures over the years. When individual items in the proposal are studied, however, they could prompt a few hard questions.

One proposal calls for $15 million in American tax dollars for outright military assistance to African nations. What value do we receive from $11.3 million in military aid to Ethiopia, or $70,000 to Ghana, or $100,000 in arms to Liberia? How in the name of common sense can we justify $50,000 to Mali, $860,000 to Morocco, or $300,000 to Zaire. The $300,000 to Zaire is equivalent to the total income tax paid by 200 middle-income families.

In piecemeal fashion the American taxpayers have become saddled with providing an annual allowance for more than 100 countries. It has been proposed that taxpayers provide in economic or military aid this year, $2.2 million to Upper Volta, $17.2 million to Afghanistan, $7 million to Nepal, and $232 million to Turkey.

If that isn't enough to dampen anyone's spirits, through the Peace Corps we will spend $66,000 in Fiji, $452,000 to Swaziland, and $181,000 in Oman.

How did this lunacy get started? Federal aid simply got to be a habit, according to the committee, and it has now become a "near-addictive habit."

"At present," the committee observes, "the far-flung network of U.S. military assistance, advisory groups, military missions, and military groups gives bureaucratic momentum to the perpetuation of an, extensive program the rationale for which each year has become increasingly dubious. Through this bureaucracy, the U.S. continues—almost habitually—to dispense hundreds of millions of dollars of weapons in pursuit of such vaguely defined goals as 'stability,' 'balance,' and the 'maintenance of friendly relations.' Yet in the committee's view, there is little evidence that such general purposes have actually been served by this massive and often indiscriminate program."

On the contrary, military aid, the committee concludes, "not only escalates the destructive potential of international conflict but also enhances the relative power of the military within those societies and thereby creates undesirable tendencies away from the democratic processes which the programs in its origins, was intended to defeat."

It seems that what the committee is saying in all that fancy language is nothing more than that we are pouring our money down the drain in more than 100 countries because Congress does not have the guts to stop the bureaucracies, set its collective foot down and deny the money to "enhance the relative power of the military within those societies."

Regardless of how sorry we might feel for some of the other nations of the world, it is pure stupidity for the United States to bankrupt itself, or weaken itself to the point it can be destroyed by others, for the sake of being the "good guy" by giving away our money, military equipment and resources. After all, welfare should begin at home and the American taxpayers are in dire circumstances.

The committee did recommend a three-year phase-out of general military aid. Now is the time for every taxpayer in the country to let the congressmen and senators know that foreign aid must be stopped—and stopped now—if our nation is to survive.

If the committee's recommendation sticks, American taxpayers could get a break in time. Until such a recommendation passes the Congress, however, the drain continues.

S. 3838, THE DEBT OBLIGATIONS AND USURY CEILING LEGISLATION

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. ROUSSELOT. Mr. Speaker, I support the conference report on S. 3838, the debt obligations and usury ceiling legislation.

I believe this legislation is a fair compromise in resolving the differences between the House- and Senate-passed versions of this legislation.

Title I of the bill is substantially the same as the legislation which passed the House relating to the regulation of the issuing and sale of variable rate notes.

Title II and title III of the conference report were incorporated in the Senate-passed version and were accepted by the House conferees only after careful consideration. Both of these provisions are intended to correct situations in specific States, and they are both of a temporary nature—expire July 1, 1977, or sooner if action is taken at the State level to override these exemptions. As one who has repeatedly stood before this body and argued for States' rights, I can assure you that I would not be supporting these provisions if I thought they in any way preempted State controls that could be quickly corrected at the State level if that State so desired. I am convinced that the States involved do want this immediate relief, and only in order to give them time to correct it themselves through the State process.

TITLE II—INTEREST RATE AMENDMENTS REGARDING STATE USURY CEILINGS ON BUSINESS LOANS

In today's money market, insured banks and savings and loan associations in Tennessee, Arkansas, and Montana are virtually unable to make business and commercial loans because of State statutory and constitutional restraints which place an interest ceiling on business and commercial loans of 10 percent without corporate usury exemption. Title II would permit insured banks and savings and loan associations in these States to exceed their State usury law limits for loans to corporations and unincorporated business and agriculture loans. This provision expires July 1, 1977, "or the date—after the date of enactment of this title—on which the State enacts a provision of law which prohibits the charging of interest at the rates provided in the amendments made by this title."

The situation is now that the financial institutions in these States must pay up to 13 percent for money—obtained through the Federal Reserve System in the Federal funds market—but the maximum interest that can be charged commercial borrowers is 10 percent.

TITLE III—APPLICABILITY OF STATE USURY CEILINGS TO CERTAIN OBLIGATIONS ISSUED BY BANKS AND AFFILIATES

Title III would correct a situation which exists in California. Under article 20, section 22, of the California Constitution, the usury law limits the rate of interest to 10 percent that a lender may charge and receive, and a borrower may pay in connection with a loan transaction. In effect, this prohibits bank holding companies and other California corporations from issuing variable rate notes which might yield more than 10 percent per year, and the public is also prohibited from purchasing such notes for which they may receive interest over 10 percent. It will take until june 1976 to get this issue on the ballot.

Another problem in the State of California that would be clarified by this title is that question over whether or not the deposits over $100,000—CD's—are actually borrowing from the bank, and therefore subject to the usury ceiling. Because of this problem, large depositors will start depositing out of State. This is now the case as large CD's have begun to mature. Again, this amendment is of a temporary nature and would expire on July 1, 1977, or sooner if the "State enacts a provision of law which limits the amount of interest which may be charged in connection with deposits or obligations referred to in the amendments made by this title."

On August 31, 1974, the California Legislature adopted Assembly Joint Resolution 126 asking Congress to provide temporary relief, and the following is the text of this resolution for the attention of my colleagues:

ASSEMBLY JOINT RESOLUTION No.126—RELATIVE TO INTEREST RATES

LEGISLATIVE COUNSEL'S DIGEST

AJR 126, Knox. Interest rates.

Memorializes Congress to provide California with temporary relief from specified effects of the usury provisions of the California Constitution.

Whereas, Economic conditions have resulted in depositors being able to obtain interest on large deposits from non-California institutions in excess of 10 percent; and

Whereas, The availability of high interest deposits in other states and not within California may have serious long-term effects on the economy of the State of California by resulting in withdrawals of large deposits from California with subsequent adverse effects on loan availability and employment; and

Whereas, California financial institutions could offer these same high-interest deposits but for the lack of clarity of the California Constitution; and

Whereas, It is impossible to place a clarifying amendment to the California Constitution before California voters before June 1976 at the next scheduled statewide general election; and

Whereas, The California Legislature is advised that legislation now pending in the Congress of the United States, S. 3838, could, if amended to do so, solve California's problem on a temporary basis pending resolution by the California electorate; now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the California Legislature memorializes the Congress of the United States to provide the State of California with temporary relief from the above-stated apparent unforeseen and unintended effects of the California Constitution and thus provide the citizens of California with time to consider amending said Constitution at the first available opportunity; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the Majority Leader of the Senate of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

PULITZER PRIZE PLAYWRIGHT JOHN PATRICK CONSIDERS THE U.S. VIRGIN ISLANDS "AS SAFE AS ANY PLACE IN THE WORLD"

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. DE LUGO. Mr. Speaker, in view of the publicity the U.S. Virgin Islands received some time ago as a result of a few unfortunate incidents, it gives me great pleasure to share with my colleagues, the following article from the Virgin Islands Post written as a result of an interview held with Pulitzer prize-winning playwright, Mr. John Patrick, who presently resides there.

This article realistically portrays the atmosphere our islands offer our frequent visitors, and attributes to this great territory, the warm receptive character of its people.

This article is as follows:

[From the Virgin Islands Post, Oct. 1, 1974]

SECURITY IS A PLACE YOU HAVE TO LIVE

"I have travelled all over the world. I could have lived anywhere. But let me tell you, nowhere in the world is there security these days. We're going through a phase of violence that is worldwide. So you might as well live in a place like the Virgin Islands where the people are pleasant, the weather is ideal, and flowers bloom year-round. Find a place you love to live—there's your security."

So speaks Pulitzer Prize-winning playwright John Patrick to anyone who asks him why he chose the U.S. Virgin Islands to "settle down" in over a year ago.

Patrick is an enthusiastic booster of living in the Virgin Islands, and he says he has talked many of his own circle of theatrical and literary friends from the states into moving to or buying property on either St. Thomas, St. Croix, or St. John.

And Patrick backed up his "claim" with names easily recognized. For instance: Vivian Vance, long-time actress on the "I Love Lucy" television series, and close friend of Patrick's, has bought property on St. Croix and visits whenever possible. Robert Ludlum—author of bestsellers "The Scarlotti Inheritance," "The Matlock Papers," and the "Osterman Weekend" visited Patrick on vacation and was so impressed with the Virgin Islands that he bought a house near Patrick's and moved his family to St. Thomas permanently. And friend Alan Alda of the M*A*S*H TV series and his wife enjoy visiting Patrick at his Fortuna Sugar Mill estate.

Why does he think these people and others are choosing the Virgin Islands for their home? He says "one, they think it's beautiful. Two, it's as safe as any place in the world. And three, it's under the American flag."

* * * * *

He is to date the author of 1,000 radio scripts and some 60 plays and movie scripts, including such well-known titles as "The Tea House of the August Moon," (his Pulitzer Prize winner), "The World of Suzie Wong,"; "Three Coins in a Fountain", "Love Is a Many Splendored Thing", "High Society," and "Les Girls". In addition he has won at least three "Ten Best Plays of the Year" awards, for "The Hasty Heart," "Tea House of the August Moon," and "Curious Savage."

* * * * *

Patrick says he is the first playwright to stipulate in his contract that there be no discrimination on or off stage in his productions. For that he received an N.A.A.C.P. award.

Patrick's travels, for both business and pleasure, spanned the globe before he finally chose St. Thomas as his permanent home. During World War II he served in the American Field Service, joining prior to Pearl Harbor. The A.F.S. was a hospital unit; he preferred it because "I couldn't stand killing anyone." Later he became attached to British hospital units in the Middle East, India, and Burma. In recent years he has traveled Europe and the Orient, but all the while he didn't see any place he really wanted to call home until he found his historic old sugar mill in Fortuna.

Patrick is a very private person, and prefers work on his beautiful multi-level home constructed around the old mill and sprawled over the Fortuna hillside to socializing. Several German Shepherds romp over soft grassy lawns commanding one of the most impressive views of St. Thomas's hills and harbor to be found. Outdoor living is the theme as would be expected in a tropical climate. Each spacious room in the rambling home is separated by patios and steps leading to various levels; to get from one room to another is a matter of stepping outside and walking a few steps to another building since they are each detached.

Each room throughout the "house" is filled with antiques, souvenirs, and memontos of his career and of his travels. The furnishings include brass from the Orient, antique carved furniture, Scandinavian glass, aged Chinese funeral lamps, fur rugs, ornate screens, old English pewter; and even an ancient Japanese Buddha keeps an eye on the very modern swimming pool on a lower terrace.

He has blended old and new, valuable and sentimental throughout. But the room combining perhaps the most valuable and sentimental decor is Patrick's study where he puts in four to five rigorously disciplined hours of writing each morning. The walls are lined with signed photographs of celebrities easily recognizable, publicity posters of his plays and movies, and of course, his awards, including the plain but highly esteemed Pulitzer.

"I couldn't be happier," Patrick said. "Although many people ask whatever happened to Patrick, is he dead? I'm still very much alive and still one of the most active playwrights around. I write three to five plays a year now for the 40,000 community theaters in the United States, where all the action is these days. And this is the place to do it. And as proof of my confidence in the Virgin Islands, by the time I have finished the remodeling and restoration, I will have invested almost a half million dollars in my place."

His plans for his home in the Virgin Islands do not end with just the remodeling and furnishing. As a result of close association with Dr. A. B. Bonds, president of Baldwin Wallace College in Berea, Ohio—and having no family of his own Patrick is seriously considering willing his home to the college to establish a "colony" for aspiring writers where, as part of the curriculum, young writers, can learn, write and communicate with each other.

"I can't think of a better place for it," Patrick said.

AMNESTY INTERNATIONAL ANNOUNCES PRISONER OF CONSCIENCE WEEK 1974

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. FRASER. Mr. Speaker, Amnesty International is a private, nonpolitical, multinational organization dedicated to securing the release of people jailed solely for their beliefs. It is frequently found in the forefront of human rights battles.

October 13 to October 20 will be observed as Amnesty International's 1974 Prisoner of Conscience Week. Attention will be focused upon 13 cases in order to bring international attention to the cases of the hundreds of thousands imprisoned throughout the world because of what they believe.

Mr. Speaker, it would give me great pleasure if there were no need for this campaign. But the need is manifest and we must be thankful that Amnesty International exists.

Following my brief statement is a copy of a news release issued by Amnesty International and a brief sketch of the 13 cases that will receive especial attention:

Amnesty International Announces Prisoner of Conscience Week 1974

Amnesty International will observe its 1974 Prisoner of Conscience Week from October 13 through 20. During this period, Amnesty seeks to focus international attention on the plight of hundreds of thousands of Prisoners of Conscience throughout the world—men, women, and children who have neither used nor advocated violence, but have been incarcerated solely for their beliefs. These 13 cases have been chosen to emphasize the injustice and cruelty experienced in over 100 countries by the 3,450 prisoners currently under adoption or investigation by Amnesty groups.

Subadi of Indonesia is a peasant farmer.

Elsa Rudolfi of Chile is an actress.

Abdul Aziz Al Mu'Ammar was Saudi Arabia's ambassador to Switzerland.

Vyacheslav Chornovil of the Soviet Union is a journalist.

Martin Sostre of the United States is a Black intellectual who ran a bookshop.

Lazarus Nkala of Rhodesia is a builder with a wife and four children.

Bishop Chi Hak-sun of South Korea is a Roman Catholic Bishop and Honorary Chairman of Amnesty's South Korean Section.

Vladimir Makarov of Bulgaria is an old age pensioner.

General Liber Seregni of Uruguay is a distinguished soldier.

Huynh Tan Mam of South Vietnam is a student.

Encarnacion Formenti Arener of Spain was trying to encourage greater political consciousness in women.

Dr. Pablo Castellanos Caballero of Cuba is a professor.

Mokhtar Monsouri of Moroco is a student.

SUBADI—INDONESIA

Subadi is an Indonesian peasant being held because of his past affiliation with the Indonesia Communist Party, which the army claimed had instigated the attempted left-wing coup in Jakarta in 1965. Subadi was one of the hundreds of thousands arrested after the attempted coup. He and over 55,000 others remain prisoners. Fewer than 500 have ever been tried. These detainees have never been informed of the reason for their arrest, have no right of appeal, no access to legal advice or protection, and are held under military jurisdiction without recourse to civilian courts. Subadi has been beaten severely and is allowed to write only one censored postcard of 20 words each month: he unfailingly asks for clothes, sandals, food, and medicine.

ELSA RUDOLFI—CHILE

Elsa Rudolfi, known professionally as Coca, is an actress and a former member of the cultural commission of the Chilean Theatre Actors Union. Rudolfi's arrest, in October 1973, a month after the coup, is part of the junta's attempt to destroy the popular arts in Chile. Tortured and savagely beaten, Rudolfi has been left deaf in one ear. She is being held in Buen Pastor, a convent being used as a women's correctional house. The majority of the women held in Buen Pastor have been sexually assaulted. There are at least two women who are pregnant as a result of rape.

ABDUL AZIZ AL MU'AMMAR—SAUDI ARABIA

Abdul Aziz Al Mu'Ammar was arrested in 1963, two weeks after he had been relieved of his post as Saudi Ambassador to Switzerland. Abdul Aziz was suspected of disloyalty to the ruling family, which, at that time, suspected President Nasser of Egypt of planning the overthrow of the Saudi government by supporting those progressive Saudi intellectuals who were demanding a more liberal regime. Whereas many of those detained at that time have since been released and there appears to be no logical reason for the continued detention without charge or trial of Abdul Aziz, he remains imprisoned, and his family reports he is losing his eyesight. A request for medical treatment has been refused.

VYACHESLAV CHORNOVIL—SOVIET UNION

In January 1972, journalist Vyacheslav Chornovil and a number of other prominent Ukrainian dissidents were arrested by the KGB in a move to suppress entirely the voice of dissent in the Ukraine. Chornovil, who has worked as an editor and publisher for a number of Ukrainian newspapers and magazines, was first arrested in 1966 for refusing to testify in a political trial. In 1966 he published *The Chornovil Papers*, a number of declarations and protests about the 1965–66 political trials, and, as a result, he spent 18 months in a labor camp. Chornovil was held incommunicado for 13 months after his most recent arrest and was finally brought to trial in February 1973 on charges of "anti-Soviet agitation and propaganda." He pleaded not guilty and refused to make a statement of repentance or to testify against the other Ukrainians arrested in 1972. Chornovil was convicted and sentenced to seven years' imprisonment, to be followed by five years' exile.

MARTIN SOSTRE—U.S.A.

Martin Sostre is a Black activist apparently framed by the police because of his radical activities, namely the selling of books that might inspire a radical Black consciousness and the using of his bookshop for gatherings of like-minded people. During civil disturbances in June 1967 in Buffalo, Sostre was constantly harassed by police. In July, Arto Williams, a known drug addict, testified that he had bought heroin in Sostre's shop. Sostre was arrested for sale of narcotics and sentenced to a 40-year prison term. Williams has since retracted his testimony, the sole grounds for Sostre's conviction, and the police officer who apparently organized the frame-up has been dismissed from the Buffalo police force for misplacing a quantity of heroin. During his imprisonment, Sostre has been subjected to harassment and has been put in solitary confinement because he refuses to submit to rectal searches and shave off his beard. An appeal to have Sostre removed from the state facility where he is now being kept and where his safety is in jeopardy, has been denied.

LAZARUS NKALA—RHODESIA

Lazarus Nkala, arrested in 1964, is one of about 20 Rhodesian African nationalists who have been held in prison by Ian Smith's Rhodesia Front Party since before 1965. Nkala has never been charged with any offence, brought to trial, or convicted. He has lived for 10 years without his family, and he writes that his greatest hardship is not being with his children. Rhodesia is one of the few countries which detain individuals without trial for such lengths of time as Lazarus Nkala has been held. In justification, a Rhodesian judge has said: Detention is not regarded as a punishment for what a detainee has done in the past, but as an administrative expedient assigned to prevent him from doing anything in the future which would imperil the safety and order of the state.

All chances of Nkala's release have been firmly quashed.

BISHOP CHI HAK-SUN—SOUTH KOREA

The South Korean Bishop of Wonju, the Most Reverend Daniel Chi Hak-Sun, is the most outspoken Roman Catholic prelate against the repressive practices of President Park Chung-Hee. Bishop Chi is now serving a 15-year prison sentence for providing monetary aid to the poet Kim Chi-Ha, another outspoken Park critic, also in prison. Bishop Chi reportedly gave the money to Kim because Kim was denied all means to sustain a livelihood, following the ban on all his works in South Korea. Bishop Chi was first arrested by the Park government in 1972. After his arrest this July, he was reportedly tortured. It is believed that only international pressure against Bishop Chi's detention prevented the death sentence.

VLADIMIR MAKAROV—BULGARIA

Vladimir Makarov, aged 60, a resident of Bulgaria who was born in Russia, was sentenced on February 13, 1974, to five years' imprisonment. The charges against Makarov included all kinds of seemingly contradictory accusations, but what apparently most disturbed the Bulgarian authorities was the fact that Makarov used to meet and discuss with friends (Theodossi Belyakovski and a Frenchwoman, Catherine Lvoff, both of whom were also arrested—Miss Lvoff was shortly released and returned to France because of French diplomatic pressure) problems of human rights and political dissidents in Eastern Europe. Makarov and his two associates were charged with "disseminating slanderous fascist literature and propaganda material," referring to publications found in their possession, including the writings of dissident Soviet intellectuals like Bukovsky, Sakharov, and Solzhenitsyn. Makarov and Belyakovski appealed immediately against the sentences, but their appeal was rejected.

GENERAL LIBER SEREGNI—URUGUAY

General Liber Seregni is a retired Uruguayan soldier and former presidential candidate. In 1968, Seregni retired from the army in protest against the government's attempts to involve the military in civilian politics. In 1973, he was arrested after taking part in demonstrations against the closure of Parliament and the banning of the major trade union. Seregni was held in solitary confinement in a military barracks for 5 months without charge. In early 1974, he was indicted on charges relating not only to the demonstration in which he participated, but also to pre-election meetings with guerrilla groups. It is believed that the confessions which led to the latter charge were obtained under torture.

HUYNH TAN MAM—SOUTH VIETNAM

Huynh Tan Mam, 29, is President of the General Association of Saigon Students, and the best-known student spokesman in South Vietnam. He has persistently opposed the policies of the Thieu regime and voiced his criticism of the American presence in Vietnam. As a result, he has been constantly in and out of jail during the past few years. In January 1972, Huynh Tan Mam was arrested with 61 other students, intellectuals, and civil rights leaders. He was taken to the National Police Headquarters in Saigon and subjected to a brutal series of interrogations. In May 1973, Saigon announced that Mam was included on the list of prisoners to be exchanged with the PRG at Loc Ninh. Mam refused to be repatriated to the PRG, claiming that he belonged instead to the Third Force neutralist movement. At Loc Ninh, Mam was promised an unconditional release by the Saigon authorities, but on his return to Saigon, he was sent to Chi Hoa prison. Mam has not been heard from since.

ENCARNACION FORMENTI ARENER—SPAIN

Encarnacion Formenti Arener ("Cani") is a member of the banned Marxist-Leninist Communist Party of Spain, which she joined in 1966 when she was 28. Until her arrest in 1968, Cani was one of the party's most active members. She was determined to raise the political consciousness of Spanish women. During her six years' imprisonment, Cani has protested the poor food, inadequate facilities, and harsh and arbitrary disciplinary measures. She has at least five more years to serve, and despite her determination not to be depressed by her own circumstances, conditions are inexcusably severe.

DR. PABLO CASTELLANOS CABALLERO—CUBA

Dr. Pablo Castellanos Caballero, a 55-year old professor and journalist, has been imprisoned in Cuba since 1961, the year of the Bay of Pigs invasion, when thousands of Cuban citizens were arrested on suspicion of collaboration with the American invaders. His friends and relatives have asserted that he was innocent of any crime. They claim he was arrested because of his steadfast opposition to Cuban communism and the Castro government. Since his arrest, Pablo Castellanos' health has deteriorated sharply. He suffers from an ulcer and chronic asthma, as well as serious heart disease, but, because he has consistently refused to submit to Castro's "rehabilitation program" and renounce his opposition to Cuban communism, he is denied adequate medical attention.

MOKHTAR MONSOURI—MOROCCO

Mokhtar Monsouri is a young Moroccan secondary school student arrested in 1972 in a move to stamp out growing left-wing radicalism within the educational system. Mokhtar, whose health was already damaged by his incarceration, suffered even more physical deterioration by his voluntary participation in a two-month hunger strike staged by fellow students imprisoned at Casablanca in order to reinforce their demands for better prison conditions. A year after his arrest, Mokhtar was unable to appear at his trial—after undergoing 17 consecutive days of torture, he had suffered a mental and physical breakdown characterized by epileptic fits and partial paralysis of his lower limbs. As of June 1974, Mokhtar was still in prison and requests for his release into provisional liberty have been refused.

A PRACTICAL BEGINNING TO CRISIS MANAGEMENT

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. HANNA. Mr. Speaker, we have learned over the past several years that we cannot deal effectively with the continual international crises we confront every day. Several proposals utilizing computer technology to share information and solutions have been put forth. One such practical beginning is contained in the following article, which I recommend to my colleagues:

A PRACTICAL BEGINNING TO CRISIS MANAGEMENT

(By Robert H. Kupperman and Steven C. Goldman)

We have made great claims for the possible benefits to be derived from an international computer-assisted conferencing system devoted to planning and crisis management. The surest way to prevent these benefits from being realized would be to accept the claims uncritically, proceed with construction and lavish funding of such a system, and attempt immediately to apply it to delicate and controversial issues. The inevitable failure of such a headlong approach would doubtless stifle further attempts for the foreseeable future. Our purpose has been to suggest possibilities for exploration rather than to sell a ready-made panacea. Inevitably, we must face the question of how the possibilities might be realized. We have indicated above how not to do it. On the other hand, sitting back and waiting for it to evolve eventually is unsatisfactory. Thus, we will attempt to sketch in this section a program which may serve to bring into being the sort of eventual system we visualize, starting from a modest and innocuous beginning.

Considering the fact that only a handful of nations are producing a food surplus, the problem which deserves immediate attention and the one on which it appears least difficult to develop agreement is that of famine. Unlike US-Soviet or Arab-Israeli relations, the resolution of famine problems is a cooperative venture among nations and does not involve explosive political confrontation between potential adversaries. No one seems to be directly in favor of starvation. Although an effective relief effort might perturb domestic food supplies in some nations and compete for transportation facilities, these problems would appear minimal and tolerable in the face of the alternatives. Despite good intentions, the present relief efforts are generally ill-coordinated and ineffective. The task of alleviating this problem by coordinating and managing international famine relief efforts would make a useful trial run for a computer-based conferencing system.

Little seems to be known about the quantitative dynamics of famine. We know, for instance, that at some point seed corn and domestic animals are eaten, thereby complicating recovery, but useful quantitative models of the process do not appear to exist. Evolving models for the famine process, for world food resources, and for the relevant processing and transportation facilities via a computer-assisted international conference might allow agreement on an objective plan of action and a coherent long-term relief effort rather than sporadic and ineffective attempts to feed the hungry. Feedback to modelers from field operations would provide checks on the validity of the models. The implementation and management of such a plan would test the crisis management potential of the system.

Large numbers of lives are at risk and the pressure to make the right decisions will become increasingly intense. (Conceivably, as in the triage system of battlefield medical treatment, the "right" decision may turn out to be counterinstinctual.) Although we expect that everyone would favor famine relief in principle, we would expect some divergence based on differing national outlooks when really difficult choices had to be made. When chaos reigns it is easy to fall back on the fact that "nothing can be done" and so avoid responsibility. When it becomes clear that something can be done and that what must be done is to make the "best" choice among a number of direly unpleasant options, each involving numerous fatalities, the burden of responsibility cannot be avoided. Differences in outlook which might have seemed minute in the face of overwhelming, catastrophic problems can be expected to become acute and inflamed over details of remedial actions which are sure to be frustrating to everyone.

The ability to resolve such disputes and allay the resulting passions would make a first-rate preliminary test of the system's possible usefulness in the larger arena of maintaining world peace. Several other world problems suggest themselves as testbeds for our proposed system, but famine relief seems both to be among the most urgent and to pose a strict test of the system.

Given that some initial problem has been selected, how can the development of the system be organized and financed? For illustrative purposes we will continue to assume the initial problem chosen is famine relief. Asking an operational agency with crisis management responsibilities to fund the development would be unproductive. The Food and Agriculture Organization, for instance, would properly rather spend the money on distributing food for the hungry and would be severely criticized for investing in a speculative crisis management system instead. Even if an operational agency were willing, it would be unfortunate for development to proceed principally under such an aegis, for the resulting system (if successful) would then be dedicated to the particular problems of the agency and further developments reaching beyond that agency's scope of responsibility would be stifled.

Since international cooperation is essential to success, it would appear that some world organization such as UNESCO should probably be the custodial sponsor of the activity, much as they now sponsor more conventional conferences. Some initial funding could be sought from foundations, governments and international agencies and, to an extent, from the user organization. As the system began to demonstrate its utility subsequent users could be expected to pick up more of the cost.

Let us propose a hypothetical course of action: a working conference on the quantitative and management problems of famine relief might be organized, perhaps on an urgent basis. To avoid schedule conflicts which might make attendance impossible or inconvenient for some experts, the conference could be held using the present form of computer assistance which would then be developed according to needs perceived as the conference proceeded. (The nature of these systems allows the participant to participate in the conference at his own convenience. Records, training materials, and summaries of proceedings can be maintained automatically and referred to as needed.) The ongoing nature of the problem could lead to extension of the conference via these electronic linkages as work proceeded.

At some point the transition between a scientific conference and a crisis management operation must begin. This could probably best be effected by having the responsible crisis managers in the role of both sponsors and leading participants in the conference with the intent of guiding it toward practical rather than purely academic ends. The hoped-for end product of such guidance would be a gradual transition from an academic conference to a crisis management team as knowledge was sifted and applied. Essentially, the conference need never adjourn until the crisis was surmounted. Meanwhile, the custodial sponsor (UNESCO, perhaps) has gained considerable experience with this type of operation and can begin to think about applying it to more controversial areas. The role of the custodian remains one of promoting scientific development, international exchange, and application of technology to world problems by supplying the conferencing facilities.

We have presented a scenario for moving into a crisis management system for famine relief, but a similar sort of treatment might be given for OECD reactions to an OPEC oil boycott or various other urgent problems of world trade. Even the question of famine relief would inevitably get involved with some aspects of world trade and also with world energy problems because of their impact on fertilizer supplies.

Certainly world trade, energy, and monetary problems are also suitable subjects for an initial application of the techniques we have suggested, though they are somewhat less dramatic than famine relief. If the utility of such a system as we suggest can be established in a particular problem it will be more readily adopted for others and we can reach the point where it will routinely be used as an adjunct to planning before matters reach crisis proportions.

The ultimate goal, if possible, would be a sort of "continuous Pugwash conference" which would also be intimately linked in a useful fashion to the operational levels of world governments. Although identical physical systems need not be used for all purposes, establishment of a demonstrably useful, tested prototype would undoubtedly lead to further specialized developments and the augmentation by similar means of the "hot line" links between the various governments of the world. Eventually we would hope to see developed a means whereby international communication could be enriched, and crises could be avoided or resolved without resorting to war and on the bases of mutual benefit.

TWO SIDES TO EVERY ISSUE

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. BROOMFIELD. Mr. Speaker, an old adage we sometimes forget is that there are two sides to every issue, and neither one is necessarily "right." It has been particularly hard for our Nation to remember this in the wake of the passions aroused by turbulent events of recent years.

Rev. F. Morgan Roberts, pastor of the First Presbyterian Church in Birmingham, Mich., delivered an excellent sermon on this problem recently, calling for greater toleration on the part of all people of this country. I would like to share some of his remarks with my colleagues.

Reverend Roberts has applied the Christian ideals of gentleness and moderation to our constitutional system as a way to cool the passions and allow our great Nation to bind up the wounds of the past.

As Reverend Roberts points out in his sermon, the late Justice Oliver Wendell Holmes said:

> A Constitution is made for people of fundamentally differing views.

All Americans should remember that, and practice the philosophy of gentleness and moderation toward those whose views differ from their own. That is the message of Reverend Roberts' moving sermon, and I urge my colleagues to take it to heart. Reverend Roberts' remarks follow:

> How shall we, as Christians, in the light of Holy Scripture, approach the storm centers that have come to rage around our Constitutional system of life in these past months—a President's resignation, unconditional amnesty for Mr. Nixon, and conditional amnesty for war deserters?
>
> Let us learn to cultivate gentleness and moderation in the formulation and expression of our opinions. In the letter of James, we read:
>
> "The wisdom that comes from God is first utterly pure, then peace-loving, gentle, approachable, full of tolerant thoughts and kindly actions, with no breath of favoritism or hint of hypocrisy."
>
> We have not been living in a decade characterized by such a gentle, approachable moderation. Mad Magazine depicted the spirit of our times in a cartoon of a stadium. On one side was gathered the establishment in police helmets displaying a banner announcing: "Death to Un-American Hippie Traitors." On the other side of the stadium was gathered the "sub-culture," long-haired, bearded and bearded, raising another banner which read: "Kill the Fascist Pigs." We have lived in an era in which flag-wavers have been slugging it out with flag-burners. Lawrence Hogan described it as a strange war in which one group of young men, dirty and ill-shaven, trampling on the flag, took the law in their own hands while another group of young men, well-shaven, well-dressed, wearing flags on their lapels, also took the law in their own hands.
>
> The same absence of moderation has characterized the life of the Church. From the pulpit, we have heard much angry, prophetic preaching—sometimes more angry than prophetic. We have been on what Kingman Brewster has termed "a ten-year trip of moral outrage." Over against that, religious institutions have been crippled by a predictable response from the pew, viz. angry fiscal retention. The Church has not known, in the last decade, the gentle and moderate wisdom of James. Some might respond by citing the social crises which have legitimately evolved such anger. We recall, however, that James offered this advice in a time when Christians were being drawn and quartered. Similarly, in such harsh times, Jesus told a story about a father who had two sons. One of them was extravagant in his idealism while the other was extravagant in his conservatism. It was the father's will that both sons learn to live together in his house!
>
> Perhaps we cannot hope for such gentle understanding in the world, but the Church ought to be a model of that sensible moderation which makes organized society a possibility. We, who are Calvinists, should find this easy, believing as we do in the total depravity of man. This old idea was not an expression of Calvin's pessimism about human nature, but instead a statement of practical realism. It reminds us that our most sincerely cherished opinions may not be perfect in their conception or expression. Our highest and holiest ideals may be slightly off course.
>
> For the preservation of family life, I have learned that whenever my dear wife suggests a course of action which is obviously impractical or ill-conceived, the best response is to say, "Honey, you may be right." And, at times, she is! Christian persons, acting under the same precepts and convictions, led by the same Spirit, will often arrive at different conclusions. We have agreed ahead of time, however, on the practicality of not destroying one another in the recognition that we never possess perfect answers. As a southern preacher and friend once told me, we "leave our enemy alive so we can fight with him tomorrow."
>
> In this gentle realism, the Church ought to be a model to our society. There is no social organization which can survive if everyone wants his or her own way in everything all the time. No marriage can survive without such sensible accommodation. No nation can be held together without creative compromise. I have put before you this morning two statements.
>
> "Four things are essential to the well-being and existence of the United States as an independent power:
>
> First. The indissoluble Union of the States under one federal head.
>
> Second. A sacred regard to public justice.
>
> Third. The adoption of a proper peace establishment.
>
> Fourth. The prevalence of that pacific and friendly disposition among the people of the United States which will induce them to forget their local prejudices and politics, to make those mutual concessions which are requisite to the general prosperity, and, in some instances, to sacrifice their admitted advantages for the interest of the community.
>
> These are pillars on which that glorious fabric of our independence and national character must be supported. Liberty is the basis, and whoever would dare to sap the foundation or overthrow the structure, under whatever specious pretext he may attempt it, will merit the bitterest execration and severest punishment which can be inflicted by his injured country."—George Washington, June 8, 1783

"A Constitution is made for people of fundamentally differing views."—Justice Oliver Wendell Holmes.

There are only two possibilities for people who want it all their own way. One possibility is anarchy. The other is a totalitarian dictatorship which enforces one viewpoint. The greatest threat to our national security is to be polarized by a left wing advocating anarchial individualism, exempt from all law and order *and* a right wing advocating a despotic presidency, exempt from all law and order.

A Constitutional system of life cannot work for people who want it all their own way. It depends upon a core of sensible people who can approach life with gentleness and moderation and resolve differences around some agreed-upon standards of decent human conduct.

And to give this a final, theological motivation, remember—when you finally get your own way totally—when your viewpoint prevails over all others, you won't be in Heaven, but in Hell! And to make it worse, you'll arrive there with ulcers. Without gentleness and moderation, you'll find that you can't even live with yourself in the end.

ECONOMY AND HONESTY ARE QUALITIES NEEDED TO FIGHT INFLATION

HON. FLOYD SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. SPENCE. Mr. Speaker, when Lord Acton said that "all power tends to corrupt," I have no doubt he included in his list of corrupting temptations the power to spend other people's money. One of the occupational hazards of the legislator is the tendency toward smug self-righteousness brought about by spending money which is not his on "good causes."

We have to be eternally on our guard, lest the desire to "do good" toward selected groups should cause us to forget our duty to the American people, or allow us to betray the trust which has been placed in us. Nearly two centuries ago, a Scottish jurist and historian, Alexander Fraser Tytler, gave us this sober assessment:

> A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largess out of the public treasury. From that moment on, the majority always votes for the candidate promising the most benefits from the public treasury with the result that democracy always collapses over a loose fiscal policy always followed by a dictatorship and a monarchy.

If this seems unduly alarmist or extreme, one only needs to study the history to confirm that the syndrome has recurred with disturbing regularity. Thus, I always find it useful to remember that there is no such thing as "government money"—only money which has been contributed by American taxpayers. Whenever I hear claims that more "government money" should be spent on any particular project, I always translate these claims into their real meaning: that American taxpayers should be made to contribute more of their own money toward that project. In this way, I am able to avoid the tendency of many to feel that money in the public Treasury does not really belong to anyone.

Certainly, Congress has been lavish in its expenditure of taxpayers' money on domestic programs over the years. It is clear that the "big spenders" in both the House and the Senate faithfully dance to the tune of the Federal assistance lobby, paying little or no regard to the fact that the money must come from the pockets of hard-working citizens. Last year, a nonpartisan, nonideological group of college and graduate students devoted 2,500 man-hours of research to analyzing votes on appropriation bills, and cost estimates for legislation introduced by individual Senators. One group, nicknamed the "Extravagant Eleven" by the task force, were conspicuous for their advocacy of an extraordinary number of social welfare proposals. Among them, the "Extravagant Eleven" suggested nearly $1 trillion worth of new spending schemes. One Senator, in the space of only 6 months, proposed $109.4 billion worth of new programs.

Most would agree that Government has an obligation to care for those who, because of illness or infirmity, or other valid disabilities, are not able to produce a sufficient income for themselves and their families. No one begrudges the assistance which actually reaches the poor and needy. But the fact is much of it does not. If the money set aside for assistance projects were actually divided among all those who are below the poverty level, the poor would disappear overnight. We have created a vast bureaucratic superstructure which siphons billions of dollars from funds designated for the poor into a wide array of political patronage, administrative salaries, inefficiency, and plain waste.

It is the height of irresponsibility for Congress to fund wasteful and indiscriminate projects at any time—as Congressmen, we have a duty to the American people to insure that they receive full value for their money. But in times of inflation that duty is doubled, and if the misuse of money contributed by taxpayers is irresponsible, then the misuse of money taken from the American people without their knowledge or consent must be termed totally reprehensible.

This is the real meaning and significance of inflation. Because many of our legislators have become addicted to gigantic social programs, for which they are loath to ask the American people to finance through their taxes, the Government must resort instead to the tactic of paying for them out of newly printed money. When they spend more than they dare to openly and honestly ask the American people to consent to, they make up the balance by creating new money on the Federal presses.

It does not take an expert in monetary theory to realize that if more money is created without a corresponding increase in goods and services, then prices will rise. Every American family has learned the hard way that, as the Government has pumped more money into the economy to finance lavish projects, the prices of our existing stock of goods and services have risen.

This is a particularly evil form of taxation by stealth. As the government creates new money to spend, so does the value of everyone else's money fall. The American people are being taxed by inflation just as surely as if Government agents were sneaking into their bank vaults at night to help themselves.

If Government creation of new money is causing an inflation rate of 12 percent, this means that for every $100 owned by a citizen, the Government is effectively taking $12 away from him every year without his consent and without his knowledge. Even money deposited in the bank is not safe from these predations. Earning interest at 5 percent is really equivalent to losing $7 a year for each $100 invested.

Honest taxation is unpleasant enough, but this underhand and deceitful way of taking money is utterly repugnant. The "big spenders" resort to it because they know that if the American people were given any choice in the matter, they would not willingly pay for such expensive and wasteful projects.

Meanwhile, these extravagant politicians think that they are having it both ways. They gain a reputation for being "concerned," they attract the attention of the national media, and they rank high on all the special interest rating polls—yet, they escape the wrath of ordinary taxpayers by concealing the method by which their programs must be financed. Some even pander additional political favor by advocating a reduction in taxes!

Unfortunately for them, Americans are beginning to realize what fiscal conservatives have been saying for years. That is, the blame for inflation can be laid squarely at the door of those who vote for wasteful and inefficient programs. The people are waking up to the necessary connection between massive Federal spending and inflation. It is very significant, for example, that a recent Gallup poll revealed that the number of voters in this country who consider themselves conservatives is now the highest ever recorded since the question was first asked in 1936. Conservatives outpolled liberals by fully 12 percentage points.

Perhaps a cure for inflation can best be achieved if responsible Congressmen tell people the truth. The media are always excited by big, visible programs which give the appearance of action, and it is because of this attention that some Members of Congress are tempted to court easy popularity by supporting them. But the truth is that quieter virtues, such as preserving the integrity of Government, keeping trust with taxpayers, and maintaining the stability of currency, are of far greater value to the people we are elected to serve.

Those who curry favor through the support of such splashy programs will begin to find that cheap popularity is an ephemeral thing. A more lasting source of respect is available for the Congressman who can tell his electorate that he fought to keep their money honest, that he never robbed them by surreptitious means, and that he handled their finances with integrity.

There can no longer be the excuses of ignorance. The evil has been identified and brought into the open. We know that the main cause of inflation is the printing by the Government of new money to finance projects which the taxpayer would not willingly pay for. Now that the evil is known, we must take action. There must be no more deficit financing, and no more underhanded juggling of the Nation's money. If we insist on a drastic cut in wasteful Government spending, we shall remove the main temptation to inflate the money supply.

If the American people are not prepared to pay for something out of taxation, then they are not prepared to pay for it at all. We, as their representatives, owe it to them to see that their wishes are not thwarted by deficit financing. Economy and honesty might lack the glamor of a highly publicized posturing about social concern, but they are qualities that we could ill forget or ignore. In combination, they can lift us out of this swamp of inflation, and bring integrity back to our Government as well as to our money.

TRIBUTE TO DR. WILLIAM THOMAS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 11, 1974

Mr. BROWN of California. Mr. Speaker, with all the problems our Nation has been going through during the last few years, I believe that we in the Congress could use some inspiration. Now that we have finished today's legislative business I would therefore like to take a few moments to tell our colleagues about one of my constituents, Dr. William Thomas, a distinguished Baptist minister in Riverside, Calif.

The story of Dr. Thomas' service to the people of Riverside begins long ago, on March 7, 1925. Deacon Dumas was pacing anxiously about the train station at Colton, Calif. He had come to welcome the new minister to Second Baptist Church of Riverside. When the train arrived he observed each person with great care, and just as he was about to decide that the new minister had disappointed the congregation, he observed a young man obviously expecting to be met by someone. No, it could not be. Finally only the two of them remained on the train platform, and so he met the Rev. William Thomas.

After tossing his one suitcase into the back seat of the car—young Mr. Thomas was to travel all over the world with only one suitcase—the two headed for Riverside, a 9-mile drive. During the trip the deacon learned many things about the man who had been sent to head the church. William Thomas was born in Raymond, Miss., to farm parents. He attended Elder Hill School and spent 4 years at Jackson College, now called Jackson State University, before leaving Mississippi for 3 years of additional study at Metropolitan Bible College in St. Louis, Mich.

Although neither Deacon Dumas nor young Mr. Thomas could have suspected as they rode from Colton to Riverside on that day in 1925, the new minister would continue his education in California many years later, receiving the degree of doctor of devotion in June of 1952 from the University of Redlands and still later receiving his Doctor of Divinity Degree from Reed College in Los Angeles in 1972.

When William Thomas was born his mother was told that she "had a prophet." He was called to the ministry on Pentecost Day, July 10, 1914. After serving in World War I, Mr. Thomas took up his duties at New Mound Zion Baptist Church in Jackson, Miss., and served there from 1919 through 1924.

When Deacon Dumas brought the young pastor to his new assignment the church was located at Eighth and Main Streets, where it had been since its founding on September 21, 1890. That site is now occupied by the Security Pacific Bank Building. During the ensuing years the church moved to Eighth and Orange Streets, where the Crocker Bank now stands; then to 10th and Commerce Streets, where the Southern California Gas Co. Building is now located; from there to 12th and Howard Streets; and finally to 9th Street and Park Avenue, where—under the guidance of the Reverend Dr. Thomas and with the donated labor of the members and with each brick paid for as it was laid—the present lovely church was erected and dedicated on May 24, 1964.

All that moving around does not seem to have made it too difficult for people to find the Second Baptist Church of Riverside, however. Quite the contrary, under Dr. Thomas' capable leadership the church has grown from its 1925 membership of 90 to over 6,000 enrolled members at the present time.

Dr. Thomas has never stopped teaching, learning, and growing. He has shared with his congregation and the community the things he has learned during his travels to South America, Europe, Africa, and other parts of the world.

He continues to give his time to many community groups including the Eastside Study Group and the NAACP. He has helped more than 100 people to secure their own homes in the city of Riverside, as well as assisting others in retaining their homes. His assistance is not limited to members of his congregation.

Dr. Thomas has been the recipient of many awards from service organizations and elected officials, as well as community leaders. He has been honored many times by his fellow churchmen. For 13 years he served as moderator of the Tri-County District Association of Baptist Ministers Conference. He served on the Marriage and Divorce Board of the National Baptist Convention of the U.S.A., Inc. for 10 years and also served for 10 years on the Baptist Young Peoples Union Board. He was vice president of the Western Baptist State Convention of California from 1941 to 1955, after which he served as recording secretary from 1955 to 1965. He was frequently called upon to preside "when things got rough." He is known as a cool head.

Dr. Thomas continues to deliver the sermon to his congregation each Sunday morning although he now has nine associates to assist him. He was recently honored by the Council of Churches in Riverside on the occasion of his 49th anniversary as pastor of Second Baptist Church. He has been informed by the keeper of the archives that he has the longest tenure in one church of any minister in the State of California.

Recently married to Verlie Kilgore, he now has a help mate devoted to the church. As for future plans, he would like to see a senior citizens home next to the church. From the visionary look that comes into his eyes as he discusses this, it is as good as accomplished.

HOUSE OF REPRESENTATIVES—*Tuesday, October 15, 1974*

The House met at 12 o'clock noon.

Rev. Rolland A. Steever, River Park Church of Christ, South Bend, Ind., offered the following prayer:

Our Eternal God, we bow before You because You made us, You love us, you understand us. Fill us with Your abundant love and tender mercies, as we lay aside the burden of our own human interests and concerns. May Your will encompass us.

We pray today that Your eternal truth and wisdom empower these who direct the business of the House of Representatives of our great American Congress. Help them to direct every resource of our great Nation to compassionately enlarge through all the earth, the peace of our Lord Jesus Christ, in whose name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 17027. An act to amend the National Visitor Center Facilities Act of 1968.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1411. An act to authorize the Sisseton and Wahpeton Sioux Tribe of the Lake

Traverse Reservation to consolidate its landholdings in North Dakota and South Dakota, and for other purposes; and

S. 1412. An act to declare that certain federally owned lands are held by the United States in trust for the Sisseton-Wahpeton Sioux Tribe of the Lake Traverse Indian Reservation in North and South Dakota.

The message also announced that the President pro tempore, pursuant to Public Law 84–689, appointed Mr. THURMOND as a delegate to the North Atlantic Assembly to be held in London, England, November 11 to 16, 1974.

The message also announced that the President pro tempore, pursuant to Public Law 93–379, appointed Mr. Stephen S. Boynton to the District of Columbia Law Revision Commission.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 15736. An act to authorize, enlarge, and repair various Federal reclamation projects and programs, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 32. An act to establish a framework for the formulation of national policy and priorities for science and technology, and for other purposes;

S. 114. An act to direct the Secretary of Agriculture to review as to its suitability for preservation as wilderness the area commonly known as the Snow Mountain De Facto Wilderness Area in the State of California;

S. 2363. An act to amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces;

S. 2854. An act to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance a national attack on arthritis; and

S. 3563. An act to authorize the construction of a highway bridge across the Snake River, between Clarkston, Wash., and Lewiston, Idaho, and to establish a Water Resources Mitigation Advisory Board.

THE REVEREND ROLLAND A. STEEVER

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. BRADEMAS. Mr. Speaker, I take this opportunity to extend a warm welcome to a friend and distinguished constituent, the Reverend Dr. Rolland A. Steever, pastor of the River Park Church of Christ in South Bend, Ind., who offered the moving prayer which we have just heard.

Dr. Steever is a distinguished clergyman and outstanding citizen of my home community. I am very pleased, indeed, that he was able to be with us today. I am sure that my colleagues in the House share in that gratification.

PRIVATE CALENDAR

The SPEAKER. This is the day for the call of the Private Calendar. The Clerk will call the first individual bill on the Private Calendar.

MRS. ROSE THOMAS

The Clerk called the bill (H.R. 2535) for the relief of Mrs. Rose Thomas.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

COL. JOHN H. SHERMAN

The Clerk called the bill (H.R. 2633) for the relief of Col. John H. Sherman.

Mr. WYLIE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ESTATE OF THE LATE RICHARD BURTON, SFC, U.S. ARMY (RETIRED)

The Clerk called the bill (H.R. 3533) for the relief of the estate of the late Richard Burton, Sfc., U.S. Army (retired).

Mr. WYLIE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MR. AND MRS. JOHN F. FUENTES

The Clerk called the bill (H.R. 2508) for the relief of Mr. and Mrs. John F. Fuentes.

Mr. WYLIE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MURRAY SWARTZ

The Clerk called the bill (H.R. 6411) for the relief of Murray Swartz.

Mr. WYLIE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ESTELLE M. FASS

The Clerk called the resolution (H. Res. 362) to refer the bill (H.R. 7209) for the relief of Estelle M. Fass to the Chief Commissioner of the Court of Claims.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. JAMES V. STANTON. Mr. Speaker, I ask unanimous consent that the remainder of the Private Calendar be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

U.N. RESOLUTION TO SEAT THE PLO

(Mr. BINGHAM asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. BINGHAM. Mr. Speaker, an unfortunate and wrongheaded decision was made yesterday at the United Nations. The 105 nations who voted for the resolution to allow the Palestinian Liberation Organization to participate in General Assembly discussions of the Middle East situation next month have in effect voted to legitimize terrorism.

Ambassador Scali, speaking for the United States, said that our "no" vote "in no way reflects a lack of understanding or sympathy for the very real concern and yearning for justice of the Palestinian people." I share this understanding and sympathy, but I cannot see that any constructive purpose is served by giving a voice in U.N. debate to this self-proclaimed "sole representative of the Palestinian people." In fact, the Palestinians have never chosen the PLO as their sole representative. The PLO is a terrorist organization dedicated to the destruction of Israel. Its chosen method for achieving this goal is the slaughter of innocent people. The aspirations of those Palestinians who truly seek a just peace in the Middle East will not be advanced by this decision, and real progress in negotiations will be hampered.

Further, this is a decision without precedent at the U.N. The U.N. has enough troubles without being forced, hereafter, to grant a voice in its debates to every nongovernmental "revolutionary" group which claims a large following.

I am saddened that the world has taken yet another step away from peace between Israel and the hostile forces surrounding her. I consider it unconscionable to allow this terrorist group an unparalleled opportunity to proclaim its destructive and irresponsible doctrines, thereby disgracing an institution dedicated to considered and thoughtful negotiation between nations. The cause of peace has been ill served.

WOULD PRESIDENT FORD CONTROL INFLATION BY INCREASING DOMESTIC OIL PRICES ANOTHER $11 BILLION?

(Mr. LEGGETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEGGETT. Mr. Speaker, unnoticed by almost everyone except the oil industry, President Ford's recently announced economic program includes plans to hand the industry a windfall profit of $9 to $11 billion annually, and to take this money out of the consumer's pocket by raising the price of gasoline 3.8 to 4.6 cents per gallon.

This is a grave charge, and I do not make it lightly. This is how it works:

According to a factsheet put out by the White House and explained by Treasury Secretary Simon, the President has directed that all domestic oil recovered by secondary or tertiary methods will be considered "new" oil even if it comes from old wells. Thus, producers will be able to sell it for the free market price of about $11 per barrel instead of the controlled price, set for "old" oil at $5.25 per barrel. Since a producer can decontrol one barrel of "old" oil for each barrel of "new" oil he produces, the Ford plan will produce an immediate retail gasoline price increase of 3.8 cents per gallon, and an immediate profit increase to the industry of $9.2 billion. The oil producers will then be free to convert some of their primary wells to secondary methods, thus increasing their windfall to $11.2 billion and the retail price boost to 4.6 cents per gallon.

The clever thing about this is that it can be done entirely by administrative regulation, without congressional approval.

Mr. Speaker, this is too clever by half. There is going to be hell to pay for this and I do not mean maybe. I am currently preparing a resolution of inquiry on this matter, a sense of the Congress resolution opposing the plan, and legislation requiring that any decontrol or increase in controlled prices of petroleum will be subject to congressional disapproval within 30 days.

CALL OF THE HOUSE

Mr. BAUMAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 612]

Anderson, Ill.
Aspin
Badillo
Baker
Bell
Biaggi
Blatnik
Boland
Bolling
Brasco
Brown, Mich.
Brown, Ohio
Burke, Calif.
Burke, Fla.
Butler
Clark
Cochran
Collins, Tex.
Conable
Conlan
Conyers
Crane
Culver
Davis, Ga.
Davis, Wis.
de La Garza
Dellums
Denholm
Diggs
Dorn
Dulski
Edwards, Ala.
Erlenborn
Esch
Evans, Colo.
Fish
Flynt
Forsythe
Froehlich
Ginn
Gray
Green, Pa.
Griffiths
Grover
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Hastings
Hays
Hébert
Holifield
Huber
Jarman
Johnson, Colo.
Jones, Okla.
King
Kuykendall
Landgrebe
Lehman
Long, La.
Lott
McCloskey
McSpadden
Macdonald
Madigan
Mayne
Melcher
Mezvinsky
Mills
Mitchell, N.Y.
Moakley
Moorhead, Calif.
Moss
Murphy, Ill.
Murphy, N.Y.
Nichols
O'Hara
Patman
Podell
Randall
Rangel
Rarick
Regula
Reid
Roe
Roncalio, Wyo.
Rooney, N.Y.
Rousselot
Ruppe
Ruth
Sandman
Sebelius
Snyder
Steele
Steelman
Stokes
Stubblefield
Teague
Tiernan
Udall
Ullman
Vander Jagt
Veysey
Waldie
Walsh
Wiggins
Wright
Wydler
Young, Alaska
Young, Ga.
Young, S.C.
Zion

The SPEAKER. On this rollcall 320 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMUNICATION FROM THE CLERK OF THE HOUSE OF REPRESENTATIVES

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
October 14, 1974.

Hon. CARL ALBERT,
Speaker, U.S. House of Representatives.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 3:07 P.M. on Monday, October 14, 1974, and said to contain H.J. Res. 1131, Joint Resolution making further continuing appropriations for the fiscal year 1975, and for other purposes, and a veto message thereon.

With kind regards, I am,
Sincererly,
W. PAT JENNINGS,
Clerk, U.S. House of Representatives.
By W. RAYMOND COLLEY.

FURTHER CONTINUING APPROPRIATIONS, 1975, VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93–369)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

At the beginning of my Administration I pledged to work closely and cooperatively with the Congress. I believe I have kept that promise. I have appeared before two joint sessions of the Congress, I have met frequently with the leadership of both Houses, and I have agreed to appear personally before a subcommittee of the House of Representatives—a step no other President has undertaken in more than a century.

These actions are an earnest of my commitment to a new partnership between the legislative and executive branches of our government. They reflect my deep belief that the antagonisms that have too long divided our nation must be resolved, that hopes for partisan advantage must be put aside, and that we must get on with the business of doing the best we can for our country.

The cooperation I have received from the leadership of the Congress—Democratic and Republican alike—has been truly remarkable. The leaders have advised me and I have listened, I have explained my problems to them and they have responded with understanding and support. For this I am deeply grateful.

It is, therefore, with deep regret that I am returning today without my approval the recently passed continuing resolution, H.J. Res. 1131, granting funds for the operation of several Departments and agencies and for the temporary continuation of our foreign aid programs. I take this step with great reluctance, but in the belief that I have no other choice.

The continuing resolution the Congress has passed and sent to me for signature contains an amendment requiring an immediate cut-off of all military assistance to Turkey. That amendment was passed despite my own public objection to it, and in the face of the unanimous opposition of the bipartisan leadership of both Houses of Congress. It is an act which is harmful even to those it purports to help.

The United States is making every effort to play a useful role in assisting the parties to a resolution of the Cyprus dispute. The continuing resolution as amended is entirely destructive of those efforts. Instead of encouraging the parties involved in the Cyprus dispute to return to the negotiating table, an arms cut-off to Turkey could mean the indefinite postponement of meaningful negotiations. Instead of strengthening America's ability to persuade the parties to resolve the dispute, it would lessen our influence on all the parties concerned. It would as well imperil our relationships with our Turkish ally and weaken us in the crucial Eastern Mediterranean. It directly jeopardizes the NATO alliance.

Most tragic of all, an arms cut-off would not help Greece or the Greek Cypriot people who have suffered so tragically over the past several months. We recognize that we are still far from a settlement consistent with the honor and dignity of Greece, and are prepared to exert our influence to that end. But reckless acts that prevent progress toward a Cyprus settlement harm Greece, for it is the Greek government and the Greek Cypriots who have the most to gain from a compromise settlement. And it is they who have the most to lose from continued deadlock.

It is for these reasons that I am vetoing the bill sent to me. I do so because, should this measure become law, it would be impossible for the United States to continue to play any meaningful role in assisting the parties to resolve the Cyprus dispute. We would inevitably be forced to withdraw from the negotiations because the Congress would have taken from us the tools we need to affect the outcome.

My choice, then, is unavoidable; my responsibility clear. I ask that the Congress reconsider its action and send to me a bill that we can all support; a bill that provides the flexibility needed to carry forward the foreign policy of the United States.

GERALD R. FORD.

THE WHITE HOUSE, *October 14, 1974.*

The SPEAKER. The objections of the President will be spread at large upon the Journal, and without objection the message and joint resolution will be printed as a House document.

There was no objection.

The SPEAKER. The question is, Will the House, on reconsideration, pass the joint resolution, the objections of the President to the contrary notwithstanding?

The Chair recognizes the gentleman from Texas (Mr. MAHON) for 1 hour.

Mr. MAHON. Mr. Speaker, we have all heard the message of the President, whose administration is charged with negotiations involving Greece, Turkey, and Cyprus. We have debated this issue on several occasions in the House.

We must have, of course, a continuing resolution before the recess. Several of the departments of the Government have been operating without legal authority to incur obligations for about 15 days. This is a time for action and not debate. We should proceed to vote on the President's veto of the continuing resolution.

Mr. MARTIN of North Carolina. Mr. Speaker, I am voting to override the veto of this continuing resolution because of its strong language concerning aid to Turkey and my considerable displeasure in seeing arms provided by this country's taxpayers used by one supposed ally against another in violation of the understandings between us and Turkey.

But I take this opportunity to state again the need for a reduction in spending levels. This resolution authorizes no increase, but is a stopgap until appropriations bills can be enacted. We should be wary of postponing such bills until after an election.

The people of this country are waking up to an awareness of the fact that their Congress has been voting to spend money on package after package of pretty programs, and then letting inflationary deficits pile up because we do not have the money to pay the bills when they come due.

Last week I tried my best to cut the spending ceiling target from $300 to $297 billion and wish to thank those who supported me. It was a vote on spending, but it was also the first vote on the surtax. If we do not cut spending down to revenues, we will have a surtax and full credit for that tax will be due those who refuse to restrain Government spending.

The Government cannot dine out and make believe the waiter will not come around with the bill.

When we reconvene in November we are very likely to have new opportunities to cut spending levels. We must take them. We must choose: Cut spending or face up to a surtax. The waiter is coming around with the bill. We wish he would not, but he is coming. We do not want a surtax. Nobody does. But, like the bill in the waiter's hand, it is coming, and if we fail to cut spending down to size we are grossly misleading the American people if we tell them we will not be raising taxes. We must be honest with the people. I suggest we admit the truth to them: If we cannot cut our spending, we are going to have to raise their taxes.

I told my constituents that, and I can tell you that the reaction was disbelief. But, they are bright people and know that they cannot spend money that does not exist and that if a person or a government wants to spend something extra, it is necessary to earn the money to be spent. Their disbelief came from having a Congressman even admitting taxes existed 3 weeks before an election.

So, I suggest when we leave here again this week, we ask our constituents whether they want another $3 billion cut out of spending or whether they want a surtax.

Then, when we come back here on November 11, let us cut spending by $3 billion more and give the people a break: No surtax.

Mr. BADILLO. Mr. Speaker, by vetoing the continuing appropriations resolution because it contains a provision suspending all military aid to Turkey, the President is seeking to shirk his duty to faithfully execute the laws of this country. As I and others observed during debate on a similar issue last Friday, both the Foreign Assistance Act of 1961 and the Foreign Military Sales Act contain specific restrictions which prohibit the use of U.S. military equipment in the invasion of neutral nations.

There is no question that Turkey invaded the island of Cyprus on August 14 and that it has blatantly violated both the letter and spirit of the Foreign Aid Act and the foreign military sales program. Because of its ill-conceived military action against Cyprus Turkey is simply ineligible for further assistance. There can be no qualifications or caveats and certainly no exceptions in the just and proper administration of these two programs.

In his veto statement Mr. Ford claimed that—

> An arms cutoff to Turkey could mean the indefinite postponement of meaningful negotiations.

However, if there are to be any meaningful or productive negotiations there must be definite concessions made on the part of Turkey, particularly as that nation was clearly the aggressor. Why should this Nation compromise its basic principles or limit the full and proper execution of its laws just to appease a country which has contravened both international law and the provisions of bilateral agreements?

Mr. Speaker, on three separate occasions—on September 24, October 7, and October 11—this body has made its position on the Turkish invasion of Cyprus and the Turks' violation of the foreign aid and military sales programs very clear. The Congress has no intention of undermining efforts to seek a prompt and equitable solution to the troublesome issue of Cyprus' territorial integrity and the removal of Turkish military forces. What we do seek, however, is the proper execution of the laws as we have enacted them. We must not be cajoled or intimidated by the administration into condoning and approving its failure to accurately implement the laws of the land. I urge, therefore, that we once again take the initiative in this vital area and move to override the President's veto of the continuing appropriations resolution.

Mr. FRENZEL. Mr. Speaker, while I have voted on two previous occasions to cut off aid to Turkey, I will also support the effort to sustain the President's veto of the continuing appropriations bill. Let there be no mistake about my feelings on the subject. Our obligation to discontinue aid to Turkey in the light of their invasion of Cyprus is clear and unequivocal. The law should be enforced and this is why I voted to discontinue aid until such time as the President can assure Congress that Turkey has ceased its aggression against Cyprus.

But I also believe that we cannot afford to totally disregard the urgent warning from both the President and Secretary of State that such action will only delay the day when we achieve a total withdrawal of Turkish forces and the restoration of local control. We are told that intense diplomatic efforts are currently going on behind the scenes which could lead to some breakthroughs in the near future. Given this point of view, I supported the Mansfield resolution giving the President 60 days in which to make substantial progress toward a settlement. If these efforts fail, the aid cutoff would automatically take effect on December 15. It seems to me that this is a reasonable compromise of conflicting points of view.

I hope the House will sustain the veto and then move quickly to reconsider the Mansfield resolution.

Mr. BIAGGI. Mr. Speaker, I rise in support of an override of the President's veto of House Joint Resolution 1131. It has been almost 3 months since Turkey unleashed her forces in an illegal and unprovoked invasion of Cyprus. Yet, we find ourselves today, thanks largely to the administration, still debating the issue of a cutoff of aid to Turkey, which legally and morally should have occurred on July 20.

I have voted on three different occasions for an immediate termination of aid to Turkey. I planned to cast my fourth vote on this same issue today for precisely the same reasons as before; namely, if it is peace that we wish for Cyprus, the only way we can hope to achieve this is by cutting off the supply of arms which Turkey has so ruthlessly used to invade and occupy the island of Cyprus.

I vehemently disagree with the President's contention that a cutoff of aid will only prolong the Cyprus crisis. Anything less than an immediate and total cutoff of aid to Turkey can only serve to strengthen Turkey's grip in the island. This will prolong the suffering and misery for more than a quarter of a million Greek Cypriot refugees on Cyprus. There is no room left for compromise. Compromise inevitably means concession, and having the issue go unresolved for as long as it has represents the ultimate concession in the eyes of millions of Greek Americans who have viewed with justifiable bitterness the inaction and unresponsiveness of the U.S. Government to Turkey's actions on Cyprus.

We must remove the responsibilities for solving the Cyprus crisis from the shoulders of our Secretary of State, a man who by his "Turkey titling" policies has been instrumental in any prolongation of this crisis. His effectiveness as a mediator has been seriously damaged by his actions up to now, and to allow him any more time to work out a settlement will only serve to further embitter the Greeks and make meaningful negotiations impossible.

We must also ask ourselves, are we willing in Congress to again place ourselves in a subservient position to the administration in the determining of foreign policy? Are we going to allow a blatant violation of a congressionally passed law to go unnoticed? Are we going to allow the Secretary of State the liberty to interpret the intent of Congress in his own way, thus, in effect, superseding the law? The intent of Congress in this area is crystal clear, no military aid is to be used by any country for purposes of invasion and occupation. Any other interpretation is unacceptable.

We are about to cast a historical vote, one which will have both immediate and long-lasting consequences. A vote to override will indicate to Turkey that her aggressive policies on Cyprus will no longer be tolerated by the U.S. Government. A vote to override will send out the message to friend and foe alike that military conquests will not be stood for. Most importantly, a vote to override this veto will tell those Greek Cypriots who have seen their families and friends killed, their homes destroyed and their futures impaired, that we are committed to assisting them, and that we are still the champions of freedom for all men. We must make this message clear to the world. I urge that the President be the first to hear it.

Mr. CLEVELAND. Mr. Speaker, I rise in support of the President's veto of House Joint Resolution 1131. While I supported the measure on two earlier occasions along with amendments calling for a cutoff of aid to Turkey in the absence of substantial progress in the Cyprus negotiations, I take the position that this veto has added a new dimension to the legislation and has posed an issue much broader and more significant than the merits of this particular bill.

While I firmly believe that the Congress should reassert its constitutional responsibility in the making of overall foreign policy, much of which has been abdicated to the Executive in recent years, I do not wish to see us overreact in the opposite direction—that of Congress dictating absolute terms for negotiating foreign policy to the Executive.

For this reason, I will cast my vote to sustain the President's veto in the hope that we will be able to reach a reasonable compromise that will not hamper successful negotiations over Cyprus but will hopefully restore the NATO structure and at the same time make clear our intent that American arms be used in accordance with our laws and agreements with recipient nations.

It is clear that Turkey—although provoked to do so—did violate our laws and agreements. I deplore the aggression and suffering caused thereby. However, our objective now is to restore the situation and protect the rights of both Greek and Turkish Cypriots. I am now persuaded that the President and his negotiators need time and are in a better position than Congress to attain the objectives all agree on—to restore order and get Turkish forces out of Cyprus.

This decision does not represent a change of heart with regard to my disapproval of the Turkish activity in Cyprus nor a belief that the Rosenthal amendment was misguided, but simply a practical realization that cooperation between the Congress and the Executive is badly needed and particularly so in an area as delicate as foreign relations.

Mr. BARRETT. Mr. Speaker, the House has before it an opportunity to once again go on record suspending U.S. foreign assistance and military aid to Turkey. On two prior occasions the House overwhelmingly voted to suspend such aid. Now the House must again make its position clear by voting to override the veto of House Joint Resolution 1131.

Under present law, any country using such aid for purposes other than those specified, for internal security, legitimate self-defense, and defense activities consistent with the United Nations Charter is "immediately ineligible for further assistance." Turkey's military assault on Cyprus in August clearly violates the terms on which American military aid is provided. The Congress should not have to take any action whatsoever on this matter. The law is quite clear and the facts are incontrovertible. Congress was forced to act because the administration refused to follow the law as written and the previously expressed intent of the Congress.

The President's message in support of his veto has no relationship to the present law; nor is it persuasive in regard to reality. Turkey has no desire to come under Soviet influence or domination; nor will the suspension of aid take away the tools for our involvement in meaningful negotiations of the dispute. Quite to the contrary, it will display most clearly the resolve of our Government in such matters regarding the use of our military assistance.

Mr. Speaker, I urge the Congress to vote to override the veto of House Joint Resolution 1131.

Mr. MAHON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is, Will the House, on reconsideration, pass the joint resolution, the objections of the President to the contrary notwithstanding?

Under the Constitution, this vote must be determined by the yeas and nays.

So many as are in favor of passing the joint resolution, the objections of the President to the contrary notwithstanding, will note "yea." Those opposed will vote "nay." Members will record their votes by electronic device.

PARLIAMENTARY INQUIRY

Mr. LANDRUM. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman from Georgia will state his parliamentary inquiry.

Mr. LANDRUM. Mr. Speaker, there seems to be some confusion from the announcement made about how Members should vote if they want to override, or how they should vote if they want to vote to sustain.

The SPEAKER. The Chair will restate the question.

So many as are in favor of passing the joint resolution, the objections of the President to the contrary notwithstanding, will vote "yea." Those Members opposed will vote "nay." A "yea" vote is to override the veto; a "nay" vote is to sustain the veto.

The vote was taken by electronic device, and there were—yeas 223, nays 135, not voting 76, as follows:

[Roll No. 613]

YEAS—223

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Ashbrook
Ashley
Badillo
Bafalis
Barrett
Bauman
Bennett
Bergland
Bingham
Blackburn
Boggs
Brademas
Breckinridge
Brinkley
Brooks
Brotzman
Brown, Calif.
Brown, Mich.
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carey, N.Y.
Carney, Ohio
Casey, Tex.
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cohen
Collins, Ill.
Conte
Corman
Cotter
Cronin
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellums
Dent
Derwinski
Diggs
Dingell
Donohue
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Evans, Colo.
Fascell
Fish

Flood
Flowers
Flynt
Foley
Ford
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Goldwater
Gonzalez
Grasso
Green, Pa.
Gude
Gunter
Hanley
Hansen, Wash.
Harrington
Hawkins
Hechler, W. Va.
Heckler, Mass.
Helstoski
Hicks
Holt
Holtzman
Horton
Howard
Hudnut
Hungate
Hunt
Johnson, Calif.
Jones, Ala.
Jordan
Karth
Kastenmeier
Kazen
Ketchum
Kluczynski
Koch
Kyros
Lagomarsino
Leggett
Lent
Long, Md.
Lujan
Luken
McCollister
McCormack
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Maraziti
Martin, N.C.
Mathias, Calif.
Matsunaga
Mazzoli
Meeds
Metcalfe
Mezvinsky
Miller
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murtha
Natcher
Nedzi

Nix
Obey
O'Brien
O'Neill
Owens
Parris
Patten
Pepper
Perkins
Peyser
Pike
Preyer
Price, Ill.
Pritchard
Railsback
Randall
Rangel
Reid
Reuss
Riegle
Rinaldo
Roberts
Rodino
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
St Germain
Sarasin
Sarbanes
Schroeder
Seiberling
Shipley
Sisk
Slack
Smith, Iowa
Spence
Staggers
Stanton, James V.
Stark
Steelman
Steiger, Wis.
Stephens
Stratton
Stuckey
Studds
Sullivan
Symington
Taylor, N.C.
Teague
Thompson, N.J.
Towell, Nev.
Traxler
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Whalen
Whitehurst
Widnall
Wolff
Wylie
Wyman
Yates
Yatron
Young, Ill.
Young, Tex.
Zablocki

NAYS—135

Abdnor
Anderson, Ill.
Archer
Arends
Baker
Beard
Bevill
Biester
Bowen
Bray
Breaux
Broomfield
Brown, Ohio
Broyhill, N.C.
Buchanan
Burleson, Tex.
Camp
Carter

Cederberg
Chamberlain
Chappell
Cleveland
Cochran
Collier
Coughlin
Daniel, Dan
Dellenback
Dennis
Devine
Dickinson
Erlenborn
Eshleman
Evins, Tenn.
Findley
Fisher
Fountain

Frelinghuysen
Frenzel
Frey
Gettys
Goodling
Green, Oreg.
Gross
Gubser
Guyer
Haley
Hamilton
Hansen, Idaho
Harsha
Heinz
Henderson
Hillis
Hinshaw
Hogan

Hosmer
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Kemp
Kuykendall
Landrum
Latta
Litton
McClory
McCloskey
McDade
McEwen
Madigan
Mahon
Mallary
Mann
Martin, Nebr.
Mathis, Ga.
Michel
Milford
Minshall, Ohio
Mitchell, N.Y.
Mizell
Montgomery
Myers
Nelsen
Nichols
Passman
Pettis
Pickle
Poage
Powell, Ohio
Price, Tex.
Quie
Quillen
Rees
Rhodes
Robinson, Va.
Robison, N.Y.
Runnels
Ryan
Satterfield
Scherle
Schneebeli
Shoup
Shriver
Shuster
Sikes
Skubitz
Smith, N.Y.
Stanton, J. William
Steed
Steiger, Ariz.
Symms
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Thornton
Treen
Ullman
Waggonner
Walsh
Wampler
Ware
White
Whitten
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wyatt
Young, Fla.
Young, S.C.
Zwach

NOT VOTING—76

Aspin
Bell
Biaggi
Blatnik
Boland
Bolling
Brasco
Broyhill, Va.
Burke, Fla.
Butler
Collins, Tex.
Conable
Conlan
Conyers
Crane
Culver
Davis, Wis.
de la Garza
Denholm
Dorn
Dulski
Esch
Forsythe
Froehlich
Ginn
Gray
Griffiths
Grover
Hammerschmidt
Hanna
Hanrahan
Hastings
Hays
Hébert
Holifield
Huber
Johnson, Colo.
Jones, Okla.
King
Landgrebe
Lehman
Long, La.
Lott
Mayne
Melcher
Mills
Moorhead, Calif.
Moss
Murphy, Ill.
Murphy, N.Y.
O'Hara
Patman
Podell
Rarick
Regula
Roe
Roncalio, Wyo.
Rooney, N.Y.
Rousselot
Ruppe
Ruth
Sandman
Sebelius
Snyder
Steele
Stokes
Stubblefield
Tiernan
Udall
Veysey
Waldie
Wright
Wydler
Young, Alaska
Young, Ga.
Zion

So, two-thirds not having voted in favor thereof, the veto of the President was sustained and the joint resolution was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Moss and Mr. Roe for, with Mr. Hébert against.

Mr. O'Hara and Mr. Boland for, with Mr. Hanna against.

Mr. Murphy of New York and Mr. Ginn for, with Mr. Melcher against.

Until further notice:

Mr. Biaggi with Mr. Dorn.
Mr. Lehman with Mr. Gray.
Mr. Conyers with Mr. Blatnik.
Mr. Roncalio of Wyoming with Mr. Holifield.
Mr. Hays with Mr. Tiernan.
Mr. Steele with Mrs. Griffiths.
Mr. Aspin with Mr. Davis of Wisconsin.
Mr. Broyhill of Virginia with Mr. Dulski.
Mr. de la Garza with Mr. Mills.
Mr. Stokes with Mr. Stubblefield.
Mr. Waldie with Mr. Rarick.
Mr. Young of Georgia with Mr. Ruth.
Mr. Wright with Mr. Zion.
Mr. Denholm with Mr. Snyder.
Mr. Forsythe with Mr. Rousselot.
Mr. Sandman with Mr. Collins of Texas.
Mr. King with Mr. Crane.
Mr. Huber with Mr. Culver.
Mr. Murphy of Illinois with Mr. Sebelius.
Mr. Udall with Mr. Patman.
Mr. Froehlich with Mr. Conlan.
Mr. Esch with Mr. Bell.
Mr. Hastings with Mr. Burke of Florida.
Mr. Regula with Mr. Butler.
Mr. Conable with Mr. Hammerschmidt.
Mr. Long of Louisiana with Mr. Jones of Oklahoma.
Mr. Grover with Mr. Lott.
Mr. Hanrahan with Mr. Landgrebe.
Mr Rooney of New York with Mr. Vander Jagt.
Mr. Wydler with Mr. Ruppe.

The result of the vote was announced as above recorded.

The SPEAKER. The message and the bill, together with the accompanying papers, are referred to the Committee on Appropriations.

The Clerk will notify the Senate of the action of the House.

CONTINUING RESOLUTION VETO

Mr. CULVER. Mr. Speaker, I returned today to Washington to vote on the override of the President's veto of the continuing resolution and the other major items on the schedule. Unfortunately, the plane connections on my journey were unexpectedly difficult, and I arrived in the well of the House 15 minutes after the vote which dealt with assistance to Turkey.

Had I been here in time I would, of course, have voted with the majority that sought to override the veto. I regret that this majority fell short by 47 votes of the two-thirds necessary to prevail. For this vote today, as the two prior decisive votes on the continuing resolution, dealt with the bedrock issue of the rule of law.

We were confronted in this the need to reassert the supremacy of law in the face of its clear violations by the Turkish government in its offensive use of American arms. We are being asked not simply to validate congressional prerogatives. We are also under obligation to invoke the statutory prohibitions against military assistance and sales so that the use of force by the Turks is not rewarded.

We are properly concerned about the integrity of Congress and upholding its overwhelming judgment. But we are equally obliged to act in the interests of a genuinely negotiated and just peace in Cyprus. The continuing resolution which the President vetoed served those twin interests—the respect for law both in the relations between the Congress and the President and in the settlement of international disputes.

Unfortunately the veto by the President does nothing to advance peace in Cyprus or to advance the proper enforcement of our own laws.

There were genuine differences in this House about possible diplomatic relief in the debate on the Mansfield resolution last week. But on the core issue of legality the sense of the House, in which I fully joined, was preponderant—by votes of 370 to 9 and 292 to 69. In the vote today we should have been faithful to those declarations and to the imperatives of the Cyprus tragedy.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

October 14, 1974.

Hon. CARL ALBERT,
The Speaker,
U.S. House of Representatives.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 1:35 P.M. on Saturday, October 12, 1974, and said to contain H.R. 15301, An Act to amend the Railroad Retirement Act of 1937 to revise the retirement system for employees of employers covered thereunder, and for other purposes, and a veto message thereon.

With kind regards, I am
Sincerely,
W. PAT JENNINGS,
Clerk,
U.S. House of Representatives.

RESTRUCTURING OF THE RAILROAD RETIREMENT SYSTEM—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. 93-371)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning today without my approval, H.R. 15301, a bill which would finance a long-standing deficit in the Railroad Retirement System at the expense of the general taxpayer.

The Railroad Retirement System, under current law, is headed toward bankruptcy by the mid-1980s. This condition arises largely because benefits have been increased 68 percent since 1970 without requiring the beneficiaries of the system, railroad employees and employers, to pay the added costs.

This bill proposes to solve the financial problems of the Railroad Retirement System by placing a seven billion dollar burden on the general taxpayer, requiring him to contribute $285 million to the Railroad Retirement Trust Fund each year for the next twenty-five years. In return for his seven billion dollar contribution, the general taxpayer would earn no entitlement to benefits and would receive no return on his investment.

At a time when the taxpayer is already carrying the double burden of taxes and inflation, legislation such as this is most inappropriate.

Recognizing the financial straits of the Railroad Retirement System, the Executive Branch in 1970 proposed and the Congress authorized an independent study of the System. After eighteen months of careful work, the study group recommended that the benefits be financed ". . . on an assured, fully self-supporting basis by contributions from the railroad community through the crisis period of the next 20 to 30 years and then beyond."

Following receipt of the report, the Congress directed representatives of railroad employees and management to submit their combined recommendations for restoring financial soundness to the System, taking into account the report and the specific recommendations of the Commission.

The bill which is now before me is true neither to the recommendation of the

Commission nor to the charge placed on the industry by the Congress.

Forcing the general taxpayer to carry an unfair burden is not the only defect in this bill. It would also establish a special investment procedure for the Railroad Retirement Trust Fund.

Under the bill, the interest paid by the Treasury on Railroad Retirement investments and Federal securities would rise when interest rates increase but would not fall when they decrease. This "heads I win; tails you lose" arrangement, with the taxpayer being the loser, has been suggested before, but never adopted. It should not be a part of the solution to the Railroad Retirement System's financial problem.

Furthermore, the provisions of the benefit formula are so complex that they would be extremely difficult to administer and virtually impossible to explain to the persons who are supposed to benefit from it. Now is the time to simplify the benefit structure of the Railroad Retirement System, not make it more complex. Splitting administrative responsibility between the Railroad Retirement System and the Social Security System over benefits that depend on entitlement under the Social Security Act is bad law. Full responsibility for administering Social Security benefits should be vested in the Social Security Administration, not divided among agencies with resultant uncertainty as to who should be held accountable.

I believe it is our obligation to the general taxpayer to see that the problems of this system are overcome by the industry and people it serves—those who have benefitted from it in the past and will continue to receive its benefits in the future. Other industries—other parts of the transportation industry—pay for their own pension systems. There is no justification for singling out the railroads for special treatment.

There are only two ways this obligation can be met—by increasing revenues or by limiting benefits or by a combination of both. Administration spokesmen have proposed constructive ways to achieve this goal, but our proposals have not received serious consideration by the Congress.

We are in need of a better railroad retirement system and a financially sound one. This bill does not meet that need. I urge the Congress to reconsider that need and to develop a new bill which is fair to the taxpayers as well as to the beneficiaries of the Railroad Retirement System. This Administration stands ready to help in any way it can.

GERALD R. FORD.

THE WHITE HOUSE, *October 12, 1974.*

The SPEAKER. The objections of the President will be spread at large upon the Journal, and without objection the bill and message will be printed as a House document.

There was no objection.

The SPEAKER. The question is, will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS) for 1 hour.

The SPEAKER pro tempore (Mr. VIGORITO). The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. Mr. Speaker, I would like to take a little bit of time briefly to explain the history of the Railroad Retirement Act to put the problem in its historical context. It has been talked about many times, but I would like to go back to 1951.

In 1951 the social security people came to the Railroad Retirement Board and asked them if they would join with social security. They stated that they would like to take as many Americans as they could into the social security system. A great many people think that the Railroad Retirement Board wanted to be under social security. This is not the fact. As the former Commissioner at that time said, they requested the railroad retirement fund to come under social security.

At that time, we voted to put farmers and lawyers under social security and to get as many Americans into this fund as we could. What happened was that the Congress passed a law making it imperative that the fund, the railroad retirement fund, join with social security in what they called the financial interchange under which the railroad retirement system paid into social security the money that would have accrued to social security if they had been working under social security since 1936.

This was fine as long as this happened in itself. But, under future amendments to the Social Security Act, men who had retired under the railroad retirement system could go out and get another job and get social security. This was all right, no question about that. This is legal. It is done under other pension plans. But, the law failed to take into account that they weighted both these social security benefits so that short-term employees received the full benefits under social security, along with an equivalent social security benefit paid through increased benefits under the railroad retirement system. They received, in effect, two weighted social security payments. A lot of them did this when they were furloughed; they moonlighted when they had to have extra money to supply their families. So, they qualified for social security.

In all other pension plans which involve social security, when they get additional social security credits, they are added on to the credits leading to the first social security benefits through the recomputation procedure. Since this does not involve weighting of two benefits, it makes it cut much less.

What has happened since 1951? The Railroad Retirement Board has lost reimbursement from social security amounting to $4 billion which they would have received but for these dual benefits. What we are trying to do here today is only to give justice to these men who we, by law, said would receive a Federal pension. They are retired. We are not talking about youngsters. We are talking about the aged in this land; those who are 65 years of age or older, some 75, some perhaps 85. Those are the ones we are talking about, those who have become disabled while working on the railroads; those who died while working on the railroads. We are talking about their orphans, their widows. We are talking about the most unfortunate group we can find in America.

People say that we cannot afford to pay them. I can tell the Members that we can take $285 million out of foreign aid and it will not be missed, and use it to help those here at home who actually need it. We promised our own communities, and made it a law.

I think we must stand by that. There is no other pension plan in America like this one. Up until 2 years ago the railroad pensioners paid almost twice as much into the pension fund as any other man in the land, paid far more than we as Members of Congress pay into our pension fund, that is, percentage-wise. Almost 11 percent they were paying into it. It was taking a very large slice out of their salary. But now, due to some of the negotiations and some laws that have been passed, they are now down to paying social security level. But the railroads, by negotiation, are taking up the other part of the costs of the program. They are paying over 17 percent now, but this was because the railroad worker was willing to take less wages in order to get benefits when he retired.

The Government has an obligation to make this payment. This bill was considered for some days before our committee. We considered the different alternatives that might be feasible. This is the one that the committee came out with as the only one that was feasible and the only one that was right, the only one that was just.

In the amendments we had, we checked with social security, we took it up with them. You heard the chairman of the Committee on Ways and Means say that he thought this should be passed as only right and equitable to those who receive pensions.

We are not taking anything away or giving anything to these men, women, children and widows that they did not pay for. They paid for this, and they have a right to expect it from our Government because we are the ones who passed the law and made the inequity, and now we need to pass the law which will bring it into balance. If we pass this bill today, we will not have this issue before the Congress of the United States in the future ever, unless labor and management come to an agreement to go and ask us to change it in some way.

I have a statement here from the man who represents the railroad industry, Mr. William H. Dempsey, and he said this, which he had inserted in the record in both the House and Senate committees, as follows:

> The railroad industry is perfectly prepared to fund the Railroad Retirement System in every respect in which it bears a reasonable resemblance to any other private industry pension plan. What that means is

> **that if somehow these figures have gone askew and we run into this in the future because we have not put enough money in the bill in relation to the benefits they are being provided, we will fund that. We will take care of it. That is our responsibility.**

I think that by passing this bill today, we are forever taking care of the issue as it is, and we will not have it back before us again.

There are just a few more points I would like to make before I finish. We are talking about human beings. We are not talking about material things. We are talking about orphans and widows and those who are beyond working, they can never go and get another job, the aged. Some of them, as I say, are bedfast. Some of them are lame and halt and blind, up into the ages where they cannot take care of themselves; and I do not think this Congress wants to say to them, "You cannot have the last three raises we gave you," because that is what will happen, it will knock all of them off.

I would like to say that this is justified. The second word on that dais there that was prepared by our forefathers, when we became a government and had a House of Representatives, is "Justice," if the Members will look at it down there. The first is "Union." Without union we have nothing. But without justice we cannot have a good union. We certainly want to do justice to those who are unfortunate in our land. If the people who are covered by this cannot trust their Government, who can they trust? It is our sacred word of honor as the Government to over 1 million people who are the unfortunate of this land who are the beneficiaries of this. If they cannot trust the Government and if we did not pass this, that would be just exactly what the situation would be.

Mr. Speaker, I regret to say that I feel the President has been very poorly advised on the railroad retirement bill.

His veto message completely ignores the arguments that were made in support of the bill both on the floor of the House and on the floor of the Senate.

The Interstate and Foreign Commerce Committee of the House went thoroughly into the question of how the deficit in the railroad retirement system arose. We concluded that the deficit did not arise through any actions of the railroad unions. We concluded that the deficit did not arise through any action by the railroads. The deficit arose because the Congress itself gave inadequate consideration to the question of the proper coordination between the Social Security Act and the Railroad Retirement Act. The unions never supported legislation which increased eligibility of railroad employees for social security benefits. The railroads consistently opposed such legislation.

The Congress still passed legislation making railroad employees and their spouses and survivors eligible for both railroad retirement and social security benefits. This creates lost reimbursement to the railroad fund currently running at the rate of $450 million a year. It is these losses that will bankrupt the railroad retirement fund by 1981 unless corrective action is taken.

And yet there is not a word in the President's veto message dealing with the central problem facing the railroad retirement system—that is the issue of dual benefits.

I mentioned that the President was poorly advised. Not only was he poorly advised, he was erroneously advised. The veto message states that the new investment procedures provided for the railroad retirement account are a heads-I-win-tails-you-lose proposition under which interest rates will go up for the fund when overall rates go up, but will not come down when interest rates fall. This is mistaken. The Railroad Retirement Board is given the authority under the bill to determine which investments the railroad retirement account will be invested in. If interest rates go up, of course the fund managers can obtain increased interest rates; if interest rates go down, the fund will receive whichever is higher, the overall interest rate on Government obligations, or the going interest rate, whichever is the higher.

The President's veto message states:

> There are only two ways this obligation can be met—by increasing revenues or by limiting benefits or by a combination of both.

I regret to say that this statement is also erroneous, since the Congress has sent to the President a third way in which this obligation can be met, which is the provisions of H.R. 15307, which should be enacted into law over the President's veto.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Oklahoma.

Mr. ALBERT. I want to commend the gentleman from West Virginia for the leadership that he has shown in this matter and for the statement he has just made in bringing this bill before us.

It would be my hope that this veto be overridden by an overwhelming vote because it goes, first, to the problems of the defects in the Railroad Retirement system and second, to the vested right of human beings.

I again commend my colleague, the gentleman from West Virginia, for the outstanding leadership that he has shown in this field, and urge my colleagues to give him a resounding vote of confidence.

Mr. STAGGERS. I thank the Speaker for this very fine statement.

Mr. SPEAKER, I yield 5 minutes to the gentleman from Tennessee (Mr. KUYKENDALL), the gentleman who handled this bill when it was originally on the floor. I yield the 5 minutes to him for debate only.

Mr. KUYKENDALL. Mr. Speaker and Members of the House, when we brought this bill to the floor, it was made very clear that the members on both sides of the Committee on Interstate and Foreign Commerce had searched for or sought out all of the possible alternatives of financing this very necessary program.

The only alternative that was not seriously discussed by any party was the one that we all ruled out as being out of the question, not only as a matter of decency, but as a matter of honor, and that was cutting the benefits.

As a first alternative, the question of the money coming out of the social security trust fund was considered. In fact, the bill that was brought to committee had the proposal that the money come out of the social security trust fund, because, frankly, there is a great deal of justification for that. Let us remember that these moneys that go to make up the required appropriation for this bill are moneys that have been paid into social security by railroad retirees.

This bill is, I think, a dramatic show of good faith on the part of the railroad industry, particularly railroad labor, because the right to dual benefits which is maintained by those in the Civil Service system and which is maintained by those in the military is being phased out for those in the railroad industry.

This particular piece of legislation has no effect whatsoever on inflation or the unified budget without changing benefits.

As a second alternative, we looked at the possibility, which is in the bill as it was passed by the Congress, of taking this money from general revenues. All of us who are interested in budgetary control and all of us who are interested in controlling inflation must realize that whether this money comes out of social security or whether it comes out of general revenues makes no difference whatsoever on the unified budget.

A third alternative was proposed. This was that we have an ICC-mandated pass-through to the consumer of an increased freight rate to cover this increase or this cost, in effect, that we have a user charge.

This involves the railroads, and this involves the rail freight business. It is not like an airline where passengers pay a user charge, and they are only, say, 20 percent of the people in the country. The user of the railroad freight system is every man, woman, and child in the United States. Consequently, a pass-through which would automatically increase freight rates has exactly the same impact on inflation as any of the other choices.

Not only that, we have been asked to look at the competitive situation in the railway industry.

We are doing everything in the world we can to make the railroads more competitive. This final alternative would have meant an automatic mandatory increase in freight rates, which would have made the railroads even less competitive than they are today.

Mr. SKUBITZ. Mr. Speaker, will the gentleman yield?

Mr. KUYKENDALL. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Speaker, I want to commend my colleague, the gentleman from Tennessee, on the statement he has made. I support him in his position completely.

I would like to ask the gentleman three questions.

First, is it not true that neither the railroads nor the brotherhoods are responsible for the condition of the fund today, and that both have complied with the requirements of the law relating to the payment of funds to the social security fund and the retirement fund?

Mr. KUYKENDALL. Mr. Speaker, not only is it true that labor and management in this situation have complied with the law of the land, as passed by this House, but the record shows also that the total amount of money paid into retirement by this industry, through the efforts of both labor and management combined, is above the average of that paid in by any other industry in the United States.

Mr. SKUBITZ. Mr. Speaker, I thank the gentleman.

Second, is it not true that congressional legislation and/or congressional blundering in years gone by is responsible for the condition of the fund today?

Mr. KUYKENDALL. There is no question about that. If we had allowed the trustees of this fund to invest in higher yield bonds in the past, we would not have the difficulty we are faced with today.

Mr. SKUBITZ. Therefore, in simple justice, all this body can do is to vote to override the President's veto?

Mr. KUYKENDALL. I see no other alternative than to vote for this legislation.

Mr. SKUBITZ. I shall so vote and urge the membership of this body to do likewise.

The SPEAKER. The time of the gentleman from Tennessee (Mr. KUYKENDALL) has expired.

Mr. STAGGERS. Mr. Speaker, I yield 2 additional minutes to the gentleman from Tennessee (Mr. KUYKENDALL).

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. KUYKENDALL. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

Mr. Speaker, I rise to commend the distinguished Chairman from West Virginia (Mr. STAGGERS) and the gentleman from Tennessee (Mr. KUYKENDALL), the ranking minority member of the Subcommittee on Transportation and Aeronautics, for their extensive efforts and support of this worthy measure.

In the interests of restructuring the railroad retirement system to provide a sound financial base, I urge my colleagues to support thesse long overdue railroad retirement revisions, H.R. 15301.

By voting to override the President's veto, we will be fulfilling our responsibility not only to our railroad employees, but to the entire rail system of our Nation.

President Ford vetoed H.R. 15301 because he said it would place "an unfair burden on the taxpayers." However, his message does not take into consideration the poverty conditions of those living on fixed incomes. Railroad retirees need additional benefits, not a 52 percent reduction.

By an act of Congress in 1951, the railroad pension fund was linked to the social security system. On an annual basis the railroad pension fund was to pay social security an amount social security would have collected in payroll deductions. Social security, in turn, was to pay back into the railroad pension fund the benefits railroad workers would have received if they had been covered by social security.

The veto message failed to mention that the railroad retirement fund was the loser in the arrangement with the Social Security Administration. By subtracting social security retirement money rail workers received from part-time jobs they held, before sending money back into the railroad fund, the Social Security Administration caused a loss to the fund of more than $4 billion. Certainly this was not the fault of railroad employees. We can hardly blame some incensed rail workers who are now demanding the return of their hard-earned money in order to establish their own retirement fund.

The measure before us today will revamp the system by establishing two separate sets of benefits. Railroad workers would come under the social security system for one set of retirement benefits and under a pension fund financed by the railroad industry for a second set.

Although the two-tier system will be phased out, it will still need the Government's continuing contributions until the year 2000.

The actuarial deficit under which the railroad retirement fund is currently operating was largely created by the Government's appalling bookkeeping arrangement. The responsibility for the cost of dual benefits justly belongs to the Government.

H.R. 15301 makes permanent three temporary railroad retirement benefit increases passed since 1970. If Congress does not override this veto, all railroad retiree's pensions will be reduced 52 percent effective January 1, 1975.

Accordingly, Mr. Speaker, I cannot emphasize upon my colleagues too strongly the importance of joining with me in an effort to rectify this gross inequity by voting to override the President's veto of H.R. 15301.

Mr. KUYKENDALL. Mr. Speaker, I urge that this measure be approved.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. PHILLIP BURTON), for debate only.

Mr. PHILLIP BURTON. Mr. Speaker, I rise in support of the position of the distinguished chairman of the full committee in seeking an override vote on the veto. There are just two simple points I would like to make.

The first is that we must recognize how indefensible it is that the elderly and the crippled and the dependent children who are relying on railroad retirement payments should by themselves be forced to bear an unfair portion of the brunt of the inflationary period which is confronting our people.

Second, to those Members who are troubled somewhat about seeking assistance in the relatively short term through general revenues, I would like to note that if the Railroad Retirement Board's own recommendations had been acceptable to the Secretary of the Treasury in terms of permitting an investment portfolio since the establishment of the railroad retirement fund, the railroad retirement fund would have had within it over $2.4 billion more than it presently contains to meet the added limited benefits suggested by this proposal. So quite literally we can view this action today as merely stating that we are going to correct an injustice that was brought about by the Executive, through the Secretary of the Treasury, by not permitting the managers of the railroad retirement fund to get an adequate return on the retirement dollars paid into that fund when it was set up, and on up through the 1960's.

Mr. KUYKENDALL. Mr. Speaker, will the gentleman yield?

Mr. PHILLIP BURTON. I yield to the gentleman from Tennessee.

Mr. KUYKENDALL. Mr. Speaker, I would like to ask the gentleman, for the benefit of both of us, whether he can confirm that this weakness which he has described is corrected in this legislation.

Mr. PHILLIP BURTON. Mr. Speaker, that is true, so that those who are in the fund will get a fair return on that money which goes into the fund and so that the fund itself can then pay a fair level of benefits.

Mr. STAGGERS. Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska (Mr. MCCOLLISTER) for the purposes of debate only.

Mr. MCCOLLISTER. Mr. Speaker, I thank the chairman of the committee for yielding me this time.

Mr. Speaker, and my colleagues, I supported the bill in the committee. I supported the bill on the floor when it was before us. And I support the motion to override the veto now.

I am troubled by the impact of nearly $300 million on the budget, and yet I support the overriding of the veto because to me, as has been stated by others, there seems to be no alternative.

Let me just suggest five ways in which there might be something done, and show the Members how hopeless and pointless each of the five is.

First, we could cut the benefits, but no one has even suggested that the benefits be cut because they have been paid for over a great many years by the people who are the beneficiaries of the Railroad Retirement Fund.

Second, we could take the money from the railroad treasuries, in effect. Last week or the week before we passed a bill in the Committee on Interstate and Foreign Commerce to authorize some $2 billion in loans to the railroads because they are already hard pressed, as every Member of this House knows, to modernize their equipment, their switchyards, to build more cars, and to do all of the things that the railroads have not been able to do.

Third, we could put a tax on transportation, but the inflationary impact from that, as well as the driving away of business to other modes of transportation I believe would be unfortunate.

Fourth, we could charge all or a part of the obligations to social security. There is some argument for that, yet our committee lacked jurisdiction to do that. More importantly, the social security fund is already in difficulty, and it would not seem to help to make that difficulty worse.

Finally, fifth, that we do that which certain people want us to do—and I think the committee and the House of Representatives are to be commended for not doing that on this occasion, is to do nothing and to have another study.

What is the justification then for taking the money from the general fund, from the Treasury?

First, because the railroad retirement funds were badly invested. They were invested for the benefit of the taxpayers rather than for the benefit of the retirees. Had the money been better invested the fund would not have been in such difficulty.

The second justification is that the interchange relationship between social security and the railroad retirement law is for the benefit of social security and to the disadvantage of railroad retirement.

Finally, the railroads are the most closely regulated private industry that we have. We control their rates through the ICC, we legislate on the terms of their labor contracts; nearly every facet of the operation of the railroads at one point or another is influenced by past actions of this Congress.

All of these reasons I suggest are reasons why this is the only alternative available to us, and why this Member is going to vote to override the veto, and hopes that the other Members of the House will do likewise.

Mr. STAGGERS. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. HUDNUT) a member of the committee, for the purpose of debate only.

Mr. HUDNUT. Mr. Speaker, I thank the gentleman for yielding and rise in support of his motion to override the President's veto of H.R. 15301, the Railroad Retirement Act. Even though I have great respect, and indeed affection and admiration for President Ford, I feel that in this instance, justice will be served best by overriding his veto and enacting the Railroad Retirement Act.

The main burden of the President's veto measure is that the bill is inflationary and will place too great a burden on the general American taxpayer. I certainly am sympathetic with the President's desire to curb inflation, and feel that we must do this by cutting unnecessary Government spending and balancing the Federal budget. I regard myself as a fiscal conservative and believe that my votes will bear this out. But I do not feel that the veto of this measure is justifiable. The objections of the Office of Management and Budget were fully explored in the hearings before our Committee on Interstate and Foreign Commerce, and they were found to lack substance. It is estimated that in the first year of enactment, this new plan will cost the American taxpayer $385 million out of the general fund, and that the total cost of it by the year A.D. 2000 will be around $4½ billion.

The question is whether or not this amount of money spread out over the next 25 years, in inflationary. I do not think that it is: Not too many weeks ago, the House voted to reduce some funding for mass transit from approximately $20 billion to $11 billion over a 6-year period—in its debate on the Federal Mass Transportation Act of 1974, and it was not thought that the lower amount of money spread out over that period of time would be inflationary—so it strikes me as stretching a point to claim that the $4½ billion that will come out of the general fund over the next quarter of a century to assist the hundreds of thousands of Americans who are beneficiaries of the railroad retirement trust fund, will compound our inflationary problems.

But beyond that, there is the question of human justice and the very serious matter of what we are going to do to fulfill our moral and legal obligation as a Congress to the persons who have been paying into the railroad retirement trust fund for years and are now either approaching retirement or currently receiving retirement benefits therefrom. The fund is losing an estimated $3 million a month, and if we are going to take care of its beneficiaries rather than simply cut their benefits, which would be unconscionable, we have only three alternatives: First, to increase the freight rates which increases in turn would be passed along to the general American public through increased prices to the consumers; second, take the retirement benefits out of the social security trust fund, which would be fiscally irresponsible; or third, take the moneys out of the general fund. This third alternative seems to be the wisest one for the Congress to take if we are not going to cop out on this matter and let the million or so older Americans who are depending upon their benefits from the railroad retirement trust fund for their very lives, starve to death.

The veto message implies that under H.R. 15301, the financial crisis of the railroad retirement system would be solved mainly through Federal funding. This is not the case. Under H.R. 15301, with one exception, the cost of retirement benefits would be paid through employment taxes and the existing actuarial deficit in the railroad retirement account would be eliminated through restrictions upon future benefits that otherwise would be payable.

The only exception is the cost of phasing out windfall dual benefits. That cost will amount to about $285 million a year for 25 years, or some 3.64 percent of annual taxable payroll. As to this matter, the veto message again misses the main point. It speaks in terms of budget priorities, as if the question were whether a new benefit program should be established, rather than of who in justice should finance benefits that are the results of a series of legislative decisions made long ago. H.R. 15301 recognizes that the financing of these benefits is a Federal responsibility. That is plainly correct.

Those dual benefits resulted from employment in other industries which did not benefit the railroad. They would be paid only to retired employees who already are receiving such benefits and to existing employees who already have qualified for them, and thus who have a vested right to those benefits. Those vested rights were created by the Congress—over the opposition of the railroads and initially of the railroad unions—which repealed restrictions that once had existed. The congressional committees clearly were correct in concluding that these vested rights cannot fairly be ignored and that the costs cannot fairly be imposed on the railroads; and, therefore, that the most reasonable alternative is to pay the cost of phasing out windfall dual benefits through appropriations from the General Treasury.

Moreover, as the committee reports emphasized, the long run effect of H.R. 15301 would be deflationary as compared with existing law. Future benefits would be reduced and increased transportation costs, which would be necessary if the carriers were required to pay even higher railroad retirement taxes, would be avoided.

In this session we passed the Pension Reform Act to guarantee that employees in industries would have their pension available at the time of retirement. I supported that legislation and consider it to be one of the most important of this session. Similarly, I feel H.R. 15301 is a very meritorious bill. We asked railroad management and labor to work out a satisfactory proposal and this is what they did. In the State of Indiana there are approximately 20,000 railroad workers on retirement and approximately 17,300 currently active employees. Many are in my district—in the Beech Grove shops—as well as in the operating locals. In my view, H.R. 15301 is both needed and meritorious. I feel my constituents as well as those of my colleagues are justified in expecting the Congress to approve it notwithstanding the Presidential veto. That is how I will vote.

Mr. STAGGERS. Mr. Speaker, I now yield 2 minutes to the gentleman from Montana, a member of the committee (Mr. SHOUP).

Mr. SHOUP. Mr. Speaker, today is a day of fulfillment of justice for thousands of competent railroad employees in the Nation.

It is also a milestone of cooperation between the Congress of the United States and the Federal bureaucracies charged with preserving and improving retirement rights of our laboring men and women.

Today in overriding the President's veto of the legislation to save railroad retirement funds for those who have earned them, the Congress is reiterating its compassion for equity for all of our people.

Mr. Speaker, I admire President Ford as a man; I cherish him as a friend; I respect him as President of the United States.

I believe he has been badly advised in his veto action of the railroad retirement bill, and I believe our action today of overriding this veto will assist him in the future in judging the merits of arguments he listens to at the White House on our legislative action. If so, the understanding and cooperation between the two branches of Government, which we all desire, will be improved.

For many months, Mr. Speaker, the House Interstate and Foreign Commerce Committee, on which I have the honor to serve, labored long and diligently to rescue the railroad retirement fund from eventual bankruptcy.

We did so because of the thousands of hard-working railroad men and women, many of whom have devoted a lifetime to railroad service, faced future retirement without adequate pensions.

In our deliberations, Mr. Speaker, we had total cooperation from our colleagues on the House Ways and Means Committee; we had cooperation and understanding from the Social Security Administration, from the Railroad Retirement Board, and from labor, business, and financial organizations.

All, Mr. Speaker, approached the solution to the pending bankruptcy of the fund with urgency and determination to rectify its impairments. It was a heart warming and enlightening experience and one I hope we can continue to enjoy as Members of Congress.

The Congress, not many weeks ago, Mr. Speaker, passed landmark legislation providing safeguards for all pension systems within the Nation. It was legislation of high dedication to the obligation toward all those we serve.

Certainly, Mr. Speaker, our railroad retirees, present and future, have every reason to look forward to a continued spirit of cooperation from all of us on their behalf.

Our legislation was just, Mr. Speaker. Our cause was just. We sought justice for many thousands of loyal and hard-working citizens. Justice prevails here today.

Today we reaffirm that dedication by our vote.

I am pleased, Mr. Speaker, for the vindication of judgment, which kept all of us working so many weeks with so many understanding people, for such a high purpose.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to our distinguished majority leader, the gentleman from Massachusetts (Mr. O'NEILL).

Mr. O'NEILL. Mr. Speaker, I rise in strong support of overriding this veto and I agree with the gentleman from Nebraska that we have five alternatives from which to choose. However, four of them are unacceptable. That leaves us with this bill, H.R. 15301, providing for an annual Federal appropriation of $285 million to the railroad retirement fund for the next 25 years. It is absolutely essential that we have a dual benefit system. Yet the President's message completely ignores the dual benefit and responsibility aspect of the problem. Not only was the President poorly advised on this bill; he was also erroneously counseled.

If we do not vote to override this veto we are not going to be able to come up with a new bill in this Congress to handle the problem of railroad retirement. It will be impossible to draft adequately a proposal to aid the over 1 million Americans already on the payroll plus the 600,000 railroad employees and their famlies. It is unconscionable for us to allow this to happen. We cannot abandon these people on a fixed railroad retirement income who so desperately need these benefits just to maintain a subsistence standard of living.

I urge all my colleagues to vote to override, casting your vote for the nearly 2 million people who are directly affected by this bill.

Mr. STAGGERS. Mr. Speaker, at this time I yield 3 minutes to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. I thank the chairman.

Mr. Speaker, today on this floor we are seeing an ironic lesson unfold. For the past 30 years the Federal Government through its overregulation of the railroad system, both in terms of rates and routes, has virtually destroyed the railroad system in our country. Because of the actions and inactions of our Federal Government, we have a railroad system which is prostrate today. We have a railroad system which is so weakened that we have had declining employment to the point that inadequate funds have come into the retirement fund, even though individual employees on a per capita basis pay the highest—the highest, Mr. Speaker—contribution of any retirement contribution to any industry-wide retirement system in our nation. Together the railroads and the employees pay over 23 percent to the railroad retirement system. Now we are told that because the railroad retirement system is in bad financial straits, and that because the railroad industry is virtually bankrupt, we cannot afford to see that our commitments to the retirees in the railroad retirement system are sustained.

Mr. Speaker, I urge my colleagues to support this railroad retirement bill. I urge them to support it, first, because we must keep our commitment to the retirees and employees of the railroad system; and, second, because, most importantly, let us learn the lesson—let us learn the lesson—that Government overregulation leads to the kind of problem we face here today. Let us learn the lesson that there is no substitute for a viable free enterprise system, and let us return to that kind of an economic system in this great Nation.

Mr. STAGGERS. I yield 1 minute to the gentleman from Washington, a member of the committee (Mr. ADAMS), for debate only.

Mr. ADAMS. Mr. Speaker, I thank the chairman for yielding.

I support the position of the chairman on this matter, that the veto should be overridden. It is very important that we cut off the dual benefits as of January 1 of this year, because if we simply go forward with an extension we will be compounding the problem which will certainly deepen in its crisis nature until in 1980 this fund goes broke.

So I hope the House will maintain its previous position. We know of no other way to approach the matter. We debated it fully before. If anyone had a better, more workable solution we would have accepted it. So today I hope we will override this veto.

Mr. STAGGERS. Mr. Speaker, I yield myself 1½ minutes to close the debate.

Mr. Speaker, there has been some misapprehension that this matter is covered under the Pension Reform Act. This is not true. This is a public pension fund which is controlled solely by this Congress. So if we do not pass this legislation today we will have to come back again with new legislation, and I am not sure now we can do it in the remainder of this Congress.

So I say it is simple justice to those who need our help, to the widows and the orphans and those in need and the aged. This Government promised help to those people and I do not think this House of Representatives and our Government want to go back on their word.

The SPEAKER. The time of the gentleman has expired.

Mr. DEVINE. Mr. Speaker, the Railroad Retirement Act amendments passed by Congress a few weeks ago were far from an ideal solution to the difficult problem of solving the actuarial imbalance of the railroad retirement system. At that time I would have preferred to take the bill back to the drawing board so that the Committee on Interstate and Foreign Commerce, upon further consideration, could work out a more satisfactory bill. There were many reasons to believe, based upon the activity leading up to the reporting of the bill by the committee, that such action by the House could have prompted a better response to the problem.

There are alternatives to taking $4½ billion from the General Treasury. One is to split the burden among the parties concerned. Those parties are the railroads, railroad labor, the social security system, the shipping public, and the taxpayers. One plan, not seriously considered but feasible, would be to defer some of the entirely new and increased benefits over a period of time and reduce some of them only slightly. In conjunction with such a change in benefits, a small increase in contributions by employers would result in actuarial balance. I mention this possibility which received short shrift in the committee previously. Be that as it may, the bill as it passed the House did emerge, was voted out by both Houses by overwhelming votes and sent to the President for his consideration.

It is apparent that the President did not feel justified in signing a bill which put the additional pressure upon the Federal budget. I do not argue with that position except that timing becomes a vital consideration. It is now very late in the life of the 93d Congress. It cannot and will not remain in session between now and election day. When Congress returns in November there will be less than 5 weeks to wind up the flood of measures competing for attention. It is extremely unlikely that the Commerce Committee could bring forth a revised bill within that time.

Under most circumstances I would be unconcerned about having a less than perfect bill go on over to the next Congress. It would then begin its trek toward passage from the very beginning. Ordinarily no harm would result. In the present case, however, the income of nearly 1 million railroad retirees would be cut by roughly one-half. This we cannot, in good conscience, allow to happen. This we cannot take long chances with.

The situation before the House today leaves us with no viable alternative. We must, therefore, accept the bill which Congress agreed to and not, by sustaining the Presidential veto, create the possibility of great hardship and injustice to the retirees. For these reasons I am voting to override the veto of H.R. 15301.

Mr. BIAGGI. Mr. Speaker, I rise in support of an override of the President's recent veto of H.R. 15301, the Railroad Retirement Act Amendments of 1974. The overwhelming support which the House and Senate have previously given this bill must be reaffirmed for the future security of the retired railroad workers of America.

While I join with many Americans in supporting the battle against inflation, I am unalterably opposed to having the casualties of this battle be the workers of America. It is estimated that if this veto is sustained, the average railroad retiree pension will be reduced by as much as 52 percent by January 1, 1975. This will place railroad retirement pension benefits below that of the minimum social security payment, and this measured against our current double digit rate of inflation can only spell economic chaos for these Americans.

Older Americans living on fixed incomes have and continue to suffer the most from the effects of inflation. The railroad retiree is no exception. Thousands of these workers must rely almost exclusively on their pension for their economic survival. Yet the inflation of recent years has steadily eaten away at their means of existence, driving many of them to the brink of poverty. Let us not be the ones to push them over.

Not only was this legislation designed to help the retired railroad workers, but it was also meant to rejuvenate the fiscally troubled Railroad Retirement Act and put it on more sound financial ground. H.R. 15301 provided for a complete restructuring of the act. It was drawn up only after an intensive year long study of the entire Railroad Retirement Act by representatives of Congress and the railroad industry. The fundamental problem which the industry faced was the threat of having its pension fund resources dry up—by the year 1981. Therefore, it was incumbent that a plan be devised whereby this fiscal calamity might be avoided. This was effectively accomplished in this bill with the call for a $285 million appropriation to be paid annually from the general tax fund until the year 2000 to meet existing and future costs of the act. Yet all this hard work and effort will be in vain if we allow this irresponsible action by the President to stand.

Mr. Speaker, no railroad retiree will get rich off this legislation. We are not providing anything further than the means for economic survival for these workers in this unprecedented era of inflation. This bill represented one of its key legislative accomplishments which the 93d Congress made on behalf of American working men and women. We must continue our commitment toward finding viable solutions to inflation, but not by making those who are already suffering from its effects have to endure future hardships. The efforts of the distinguished gentleman from West Virginia (Mr. STAGGERS) are to be commended, and so that these efforts may not be in vain, and so that our railroad retirees might avoid financial disaster, I strongly urge that this veto be overriden today.

Mr. BARRETT. Mr. Speaker, I will vote to override the veto of H.R. 15301. The statements by the President in support of his veto are the same that were presented to the Congress, in committee and on the floor, by the administration. There is nothing new and the previous arguments were rejected.

The crucial point of contention appears to be the phasing out of dual benefits. These benefits were created by the Congress and the President in 1954. They were mandated by law and not by railroad labor or management. The President's Commission on Railroad Retirement, Railroad Labor and Management, and the Congress all agree that the dual benefit system must be ended, but that it must be done on a phaseout basis.

If this veto is allowed to stand, almost half a million people presently receiving annuities will be affected. Their income will be cut in more than half. They will undoubtedly be forced to seek some kind of financial assistance from the Government to merely survive. This should not be allowed to happen.

I most strongly urge my colleagues in the House to vote to override the veto on H.R. 15301.

Mr. MORGAN. Mr. Speaker, I rise to urge the House of Representatives to override President Ford's unwarranted veto of H.R. 15301, the railroad retirement bill.

What we are now considering is the very solvency of the railroad retirement system, and the President's veto jeopardizes the pension and retirement plans of more than 1½ million workers and retirees. As dean of the Pennsylvania congressional delegation, I have had the opportunity to discuss rail retirement problems with many interested parties, and I am especially concerned about the deleterious effect of the veto upon the 44,000 working railroaders and 90,000 retirees in the Commonwealth of Pennsylvania.

Mr. Speaker, the railroads and the rail unions both agree that H.R. 15301 is a responsible and effective means of insuring the financial viability of the railroad retirement system, so the only question remaining is the role which the Federal Government should play. I must point out that this bill establishes a self-supporting system, and the only Federal money sought is to protect those who, in good faith, benefited from previous congressional action.

Let us for a moment examine the Federal funding required by H.R. 15301. With only one exception, the cost of retirement benefits would be financed through employment taxes. By eliminating future accruals of dual benefits and making other changes, the actuarial deficit would in large measure be met.

The cost of the Federal Government for phasing out windfall dual benefits would be $285 million per year for 25 years. I am as aware as all Members of the need to eliminate unwarranted Federal spending, but I must point out that dual benefits would be paid only to those workers who have a vested right to them. These vested rights were mandated by the Congress, and it is unfair to require railroads to pay for this mandating of benefits. In addition, if we do not now override this veto, increased numbers of employees will qualify for windfall benefits, and the financial instability of the railroad retirement system will be exacerbated. The fight against inflation should not deprive workers of vested benefits.

Mr. Speaker, the bill was passed by the House on September 12 by a 343 to 10 margin, and the measure passed the Senate on September 25 by a 86 to 1 margin. I would like to commend the chairman and distinguished members of the House Committee on Interstate and Foreign Commerce for their efforts to develop this complicated and comprehensive legislation. I strongly urge you to vote to override the President's veto of H.R. 13501.

Mr. O'BRIEN. Mr. Speaker, I rise in support of H.R. 15301, a bill that will restructure the railroad retirement program and put it back on sound financial track.

Without the major reforms contained in this bill, the fund will be bankrupt within 10 years and the pensions of millions of railroad workers will be in jeopardy.

Yet President Ford has vetoed this measure claiming it is inflationary, that it will add to the taxpayers' already heavy burden, and that the real cause of the problem is the fact that benefits have been increased without simultaneously requiring the railroad industry to pay for these costs.

I disagree. The present situation is largely caused by lack of good judgment on the Congress part years ago. Had the Government not allowed payment of dual benefits under both social security and the railroad retirement programs, the fund would not be collapsing today.

The bill before us would at least provide a way to phase out dual benefits.

Federal funds would be needed only to continue those benefits during the transition period. The remaining deficit would be met by reducing benefits and by railroad retirement taxes paid by the industry itself.

In the long run the plan would be deflationary. Future benefits would be reduced. Higher transportation costs, which are inevitable if the carriers are forced to pay even higher retirement taxes, would be avoided.

The alternatives are of negligible value. On the one hand if we do nothing, a series of temporary extensions that has increased benefits 52 percent over the last several years will expire on January 1, leaving railroad retirees with drastically reduced benefits.

On the other hand, we can again extend those benefit increases without redesigning the basic system. This will only compound the dual benefits problem, increasing the fund's deficit as more and more employees qualify for those benefits.

To take either route would be merely a stall for time. And time cannot help this situation. We have already studied the problem to death. Congress, the railroads, and the unions have overwhelmingly recognized that H.R. 15301 is the only workable plan. President Ford has offered us no feasible alternative. The time has come for the Federal Government to assume its financial responsibility and rectify its past mistakes.

Therefore, I urge my colleagues to join me in voting to override the President's veto of H.R. 15301.

Mr. STAGGERS. Mr. Speaker, I move the previous question.

The SPEAKER. The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

Under the Constitution, this vote must be determined by the yeas and nays.

The question was taken by electronic device; and there were—yeas 360, nays 12, not voting 62, as follows:

[Roll No. 614]

YEAS—360

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bennett
Bergland
Bevill
Biester
Bingham
Blackburn
Boggs
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carey, N.Y.
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Dellenback
Dellums
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Gonzalez
Grasso
Gray
Green, Oreg.
Green, Pa.
Gude
Gunter
Guyer
Haley
Hamilton
Hanley
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holt
Holtzman
Horton
Howard
Hudnut
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Hunt
Hutchinson
Ichord
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landrum
Latta
Leggett
Lent
Litton
Long, Md.
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Mosher
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Neill
Owens
Parris
Passman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Runnels
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Traxler
Treen
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wyatt
Wylie
Wyman
Yates
Yatron
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zwach

NAYS—12

Burleson, Tex.
Camp
Chamberlain
Collier
Goldwater
Goodling
Gross
Gubser
Hosmer
Jarman
Martin, Nebr.
Minshall, Ohio

NOT VOTING—62

Aspin
Bell
Biaggi
Blatnik
Boland
Bolling
Brasco
Broyhill, Va.
Burke, Fla.
Collins, Tex.
Conable
Conlan
Conyers
Crane
Davis, Wis.
Denholm
Dorn
Dulski
Esch
Froehlich
Ginn
Griffiths
Grover
Hammerschmidt
Hanna
Hanrahan
Hébert
Holifield
Huber
Johnson, Colo.
Landgrebe
Lehman
Long, La.
Lott
Mayne
Melcher
Mills
Moorhead, Calif.
Moss
Murphy, Ill.
O'Hara
Patman
Podell
Rarick
Roncalio, Wyo.
Rooney, N.Y.
Rousselot
Ruppe
Ruth
Sandman
Sebelius
Snyder
Stokes
Tiernan
Udall
Veysey
Waldie
Wright
Wydler
Young, Alaska
Young, Ga.
Zion

So, two-thirds having voted in favor thereof, the bill was passed, the objections of the President to the contrary notwithstanding.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Dorn.
Mr. Moss with Mr. Hanna.
Mr. Melcher with Mrs. Griffiths.
Mr. O'Hara with Mr. Tiernan.
Mr. Boland with Mr. Rarick.
Mr. Young of Georgia with Mr. Holifield.
Mr. Ginn with Mr. Dulski.
Mr. Conyers with Mr. Blatnik.
Mr. Sandman with Mr. Davis of Wisconsin.
Mr. Huber with Mr. Mills.
Mr. Broyhill of Virginia with Mr. Snyder.
Mr. Mayne with Mr. Waldie.
Mr. Lott with Mr. Landgrebe.
Mr. Conable with Mr. Collins of Texas.
Mr. Aspin with Mr. Bell.
Mr. Udall with Mr. Crane.
Mr. Biaggi with Mr. Lehman.
Mr. Wright with Mr. Conlan.
Mr. Stokes with Mr. Denholm.
Mr. Hammerschmidt with Mr. Rousselot.
Mr. Murphy of Illinois with Mr. Patman.
Mr. Rooney of New York with Mr. Long of Louisiana.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will notify the Senate of the action of the House.

COMMUNICATION FROM THE CLERK OF THE HOUSE OF REPRESENTATIVES

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
October 14, 1974.

Hon. CARL ALBERT,
The Speaker,
U.S. House of Representatives.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 1:35 P.M. on Saturday, October 12, 1974, and said to contain H.R. 15323, An Act to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes, and a veto message thereon.

With kind regards, I am
Sincerely,
W. PAT JENNINGS,
Clerk,
U.S. House of Representatives.

ATOMIC ENERGY ACT AMENDMENTS—VETO MESSAGE FROM PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-370)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning without my approval H.R. 15323, "To amend the Atomic Energy Act, as amended, to revise the method of providing public remuneration in the event of a nuclear incident, and for other purposes."

The first 11 sections of the bill basically carry out recommendations of the Atomic Energy Commission, and I would be glad to approve them if they stood alone.

Section 12, however, would provide that "the provisions of this Act shall become effective thirty (30) days after the date on which the Joint Committee on Atomic Energy submits to the Congress an evaluation of the Reactor Study, entitled 'An Assessment of Accident Risks in the U.S. Commercial Nuclear Power Plants,' AEC Report Number WASH-1400, except that it shall not become effective if within the thirty (30) day period after the Joint Committee submits its evaluation, the Congress adopts a concurrent resolution disapproving the extension of the Price-Anderson Act." The import of this section is that after I have approved the bill, the Joint Committee and the Congress would further consider whether it should ever become effective.

I cannot approve legislation under these circumstances—if, indeed, the bill can properly be called legislation rather then merely the expression of an intent to legislate. The presentation of a bill to me pursuant to Article I, section 7 of the Constitution amounts to a representation by Congress that, as far as it is concerned, the legislation is ready to become effective, subject perhaps to some extrinsic condition precedent, but not to further congressional deliberation. Here, however, Congress in effect requests my approval before it has given its own.

In this instance, the clear constitutional infirmity of the bill not only affects my powers and duties but directly endangers substantial and important private rights. If the bill is unconstitutional, it will remain unconstitutional despite my signing it. As a result, a sure source of funds for prompt payment of public liability claims, a primary objective of the Price-Anderson Act, would be in doubt. The uncertainty over nuclear liability protection would also adversely affect that private investment which will be necessary as nuclear power assumes its vital role in meeting the Nation's energy requirements. The public interest would not be served by approving legislation which creates these uncertainties.

I urge the Congress to reenact the bill promptly so as to remove the problems which Section 12 now raises.

GERALD R. FORD.

THE WHITE HOUSE, *October 12, 1974.*

The SPEAKER. The objections of the President will be spread at large upon the Journal and the message and bill will be printed as a House document.

MOTION OFFERED BY MR. PRICE OF ILLINOIS

Mr. PRICE of Illinois. Mr. Speaker, I move that the message, together with the accompanying bill, be referred to the Joint Committee on Atomic Energy.

The motion was agreed to.

REQUEST TO AUTHORIZE THE SPEAKER TO DECLARE RECESS TO ACCEPT PRESIDENTIAL INVITATION TO ATTEND BILL SIGNING

(Mr. O'NEILL asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that it be in order at any time today for the Speaker to declare recesses, subject to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Mr. Speaker, reserving the right to object, I would like to ask what this is all about. I thought we came here to work today.

Mr. O'NEILL. Mr. Speaker, it is the intent, with the cooperation of the leadership on the other side, that the House recess at 3:30 this afternoon. There will be buses outside for the Members to go down to observe the signing of legislation at the White House. The President has invited all Members to participate.

Therefore, we would recess from 3:30, and the bells would ring at 4:30, and we would be called back into session at 4:30. That is the object of the unanimous consent request.

Mr. GROSS. In the first place, what is the object of this all-absorbing signing ceremony at the White House?

Mr. O'NEILL. The campaign reform bill. I am sure the gentleman's staff has informed him that he has been invited too.

Mr. GROSS. I do not know about that. I do know I voted against that lousy bill.

Mr. O'NEILL. Then I can be assured that the gentleman will not be in the picture.

Mr. GROSS. Mr. Speaker, I object to the request to recess for the purpose of picture taking.

The SPEAKER. Objection is heard.

Mr. O'NEILL. Mr. Speaker, to continue with my 1-minute speech, I should like to inform the House that the next legislation will be S. 3979, the additional housing funds, with 1 hour of debate.

We hope that the matter will be completed, as I understand from the experts on the committee, within a half hour.

The following bill is Senate Joint Resolution 251, the Export-Import Bank Extension for 45 days. That is a unanimous consent matter.

We will then take up S. 355, the Motor Vehicle and School Bus Safety Amendments. That is a conference report.

H.R. 15427, the Amtrak conference report, will be next.

S. 3355, the Drug Enforcement Administration conference report, will follow.

Then S. 628, the Surviving Spouse Annuity conference report, will come up.

S. 3007, the Indian Claims Commission Authorization, 1975, conference report will follow that.

H.R. 13002, the Safe Drinking Water Act will come up after we return from our recess.

Also, H.R. 16373, the Privacy Act of 1974, will not come up until after we return.

Other than the conference reports, we anticipate bringing up no new legislation.

I am sure that the Members are aware that at 2 o'clock the Committee on Appropriations will meet on the continuing resolution, and then perhaps the Committee on Rules will meet forthwith after the Appropriations Committee reports. There is a possibility we may work on this this afternoon if it does come back.

I am sure that the Members are aware of the fact that it would take a two-thirds vote to vote today, and there is a remote possibility that the chairman may call it up this afternoon.

We do hope that with the cooperation of the Members we will be able to get out tomorrow at an early hour.

Mr. Speaker, it had been my intention and I now ask unanimous consent that when the House adjourns tonight, it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. Yes, I would be delighted to yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. On the gentleman's list of conference reports the Vocational Rehabilitation conference report was not read; am I correct?

Mr. O'NEILL. These are merely the conference reports that had been scheduled.

If there are conference reports that can be brought up, we will bring them up. May I say that we will be out of here at an extremely reasonable hour. We hope to have the Members out of here by 6:30 this evening, and we will meet tomorrow at 11 o'clock.

Mr. STEIGER of Wisconsin. Mr. Speaker, I thank the gentleman.

REQUEST TO AUTHORIZE THE SPEAKER TO DECLARE RECESSES AT ANY TIME TODAY

Mr. O'NEILL. Mr. Speaker, I wish to renew my request.

Mr. Speaker, I ask unanimous consent that it be in order at any time today for the Speaker to declare recesses, subject to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

EXTENDING THE REPORTING DATE OF THE REGIONAL RAIL REORGANIZATION ACT

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the

Speaker's table the Senate joint resolution (S.J. Res. 250) to extend the Regional Rail Reorganization Act's reporting date, and for other purposes, and I ask unanimous consent that the Senate joint resolution be considered in the House as in Committee of the Whole.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. GROSS. Mr. Speaker, reserving the right to object, may we have at least a brief explanation of what is here proposed?

Mr. STAGGERS. Mr. Speaker, if the gentleman will yield, I would be happy to respond to the gentleman from Iowa.

Mr. GROSS. I yield to the gentleman from West Virginia.

Mr. STAGGERS. Mr. Speaker, the administration, the Interstate Commerce Commission, and the U.S. Railway Association have requested Congress to pass Senate Joint Resolution 250. I might say that in the House there are over 200 Members who have cosponsored similar resolutions.

The bill would extend by 120 days the filing of the preliminary system plan for the Northeast Railroad reorganization. Under the law we passed last December, the USRA must file their preliminary system plan by October 29.

They cannot do so because former President Nixon failed to nominate the Board of Directors until late this spring. None of the extensive planning contracts required for the plan were let until this summer because of the delay.

The resolution also authorizes an appropriation of the USRA of up to $14 million in additional funds for planning, and makes a technical change in the Regional Reorganization Act.

I believe the bill is important, and without it the USRA could very well be involved in extensive litigation which would disrupt our plans for the Northeast Rail reorganization.

Mr. Speaker, I would like to hasten here to say that the funds will not be spent. I will in a moment read into the record a letter from the Director of the U.S. Railway Association saying that they will not be spent without hearings.

Mr. GROSS. Mr. Speaker, further reserving the right to object, let me say to the gentleman that it is unnecessary to read the letter. The gentleman has given the House the assurance that the letter will be offered for printing in the RECORD stating that the money will not be spent——

Mr. STAGGERS. Without hearings.

Mr. GROSS (continuing). At least over the period of the extension.

Mr. STAGGERS. Mr. Speaker, I can assure the gentleman of that. This letter so states. Until they have the hearings before the appropriate committees, the funds will not be spent. This is just an authorization. There would have to be hearings held before the appropriate committees, and the funds will not be spent until that time.

I might just read one paragraph of the letter, as follows:

> I wish to assure you that the Association will not, under any circumstances, obligate funds in excess of those specifically appropriated by the Congress until such time as the appropriate Committees have an opportunity to review line items justifications of the purposes for which the funds will be used.

That would have to be taken up in the next Congress.

Mr. GROSS. That would have to have the approval of Congress?

Mr. STAGGERS. The gentleman is correct.

Mr. GROSS. Mr. Speaker, I have no opposition to the extension. I do have opposition to the expenditure of additional funds during the period of the extension.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 250

Whereas the Senate and Congress recently enacted major reorganization legislation to prevent economic disaster in the area served by the Penn Central Railroad and six other bankrupt Class I railroads (Regional Rail Reorganization Act of 1973, Public Law 93–236); and

Whereas such legislation provided for the immediate establishment of a new entity, the United States Railway Association, to plan such reorganization and to adopt and release a "preliminary system plan" within 300 days after the enactment of the legislation, and to prepare and submit the "final system plan" to the directors of the Association within 420 days after enactment, pursuant to a funding authorization not to exceed $26,000,000; and

Whereas, as a result of circumstances not within the control of the Congress or the United States Railway Association, the Association was unable to commence full-scale operations until more than four months later than was contemplated in the legislation; and

Whereas the Association will not be able to prepare reorganization plans for an efficient, adequate, safe, and reliable rail transportation system in the Midwest and Northeast region of the United States unless it is granted an additional 120 days in which to adopt the preliminary system plan and an additional 120 days in which to prepare the final system plan and authorization for funding for such additional period; and

Whereas such legislation provided a system of rail service continuation subsidies so that shippers and local and State governments could, on a matching basis with the Federal Government, continue rail service on selected lines within a State which might not otherwise continue to be operated; and

Whereas confusion has been engendered by the failure to include in such legislation a definition of which rail services are eligible for such subsidies: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 207 (a)(1) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "300" in the first sentence thereof and substituting therefor the figure "420".

(b) Section 207(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "420" in the first sentence thereof and substituting therefor the figure "540".

(c) Section 214(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "$26,000,000" and substituting therefor the figure "$40,000,000".

(d) Section 402(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by inserting "(1)" before the first sentence thereof, redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively, and by adding the following new paragraph:

"(2) Rail freight services eligible for rail service continuation subsidies pursuant to subsection (b) of this section are—

"(A) those rail services of railroads in reorganization in the region which the final system plan does not designate to be continued;

"(B) those rail services in the region which have been at anytime during the five-year period prior to the date of enactment of this Act, or which are subsequent to the date of enactment of this Act, owned, leased, or operated by a State agency or a local or regional transportation authority or with respect to which a State, a political subdivision thereof, or a local or regional transportation authority has invested at any time during the five-year period prior to the date of enactment of this Act, or invests subsequent to the date of enactment of this Act, substantial sums for improvement or maintenance of rail service; and

"(C) those rail services in the region with respect to which the Commission issues a certificate of abandonment effective on or after the date of enactment of this Act.".

(e) The last sentence of section 403(a) of the Act is amended to read: "*Provided, however,* That any rail service for which a State agency or local or regional transportation authority receives such loan is no longer eligible for a rail service continuation subsidy pursuant to section 402 of this title.".

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON FOREIGN AFFAIRS TO HAVE UNTIL 4 P.M., FRIDAY, OCTOBER 25, 1974, TO FILE A REPORT ON H.R. 17234, FOREIGN ASSISTANCE ACT AMENDMENTS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs have until 4 p.m., Friday, October 25, 1974, to file a report on H.R. 17234, to amend the Foreign Assistance Act.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

TO AUTHORIZE, ENLARGE, AND REPAIR VARIOUS FEDERAL RECLAMATION PROJECTS AND PROGRAMS

Mr. JOHNSON of California. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 15736) to authorize, enlarge, and repair various Federal reclamation projects and programs, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 11, line 21, strike out "There" and insert: "At the election of the municipality, the United States shall make electric power and associated energy available to the municipality from the Colorado River storage project at the 69 kilovolt bus of the existing power substation at scheduled rates effective from time to time for resale by the municipality to an electric utility: *Provided*, That the sale agreement between the municipality and such utility is completed before August 1, 1976: *And provided further*, That in lieu of such purchase and resale, there".

Page 11, line 25, after "in" insert: "the event the municipality decides before August 1, 1976, to acquire said facilities through the exercise of its powers of eminent domain or the amount necessary for the municipality to acquire such facilities in".

Page 31, strike out all after line 17 over to and including line 7 on page 34.

Page 34, line 8, strike out "XII" and insert: "XI".

Page 34, line 10, strike out "1201." and insert: "1101.".

Page 34, line 17, strike out "1202." and insert: "1102.".

Page 34, line 24, strike out "1201" and insert: "1101".

Page 35, line 1, strike out "XIII" and insert: "XII".

Page 35, line 3, strike out "1301." and insert: "1201.".

Page 35, line 16, strike out "1302." and insert: "1202.".

Page 35, line 23, strike out "1303." and insert: "1203.".

Page 36, line 1, strike out "XIV" and insert: "XIII".

Page 36, line 3, strike out "1401." and insert: "1301.".

Page 36, after line 13, insert:

TITLE XIV

ELEPHANT BUTTE RECREATION POOL, NEW MEXICO

SEC. 1401. (a) Pending the negotiation of contracts and completion of construction for furnishing water supplies for tributary irrigation units as authorized by section 8 of the Act of Congress dated June 13, 1962 (Public Law 483; 76 Stat. 96), and subject to the availability of stored water in Heron Reservoir in excess of one hundred thousand acre-feet, which water is not required for existing authorized uses, the Secretary of the Interior is authorized to permit releases from the Heron Reservoir of the San Juan-Chama project to provide storage and establish a minimum recreation pool in Elephant Butte Reservoir. Such releases, to the extent of the available supply, shall be limited to providing fifty thousand acre-feet for the initial recreation pool and up to six thousand acre-feet of water delivered to Elephant Butte Reservoir annually, for a period not exceeding ten years from establishment of the recreation pool, to replace loss by evaporation and other causes. Authorized releases, as provided above, are subject to and subordinated to any obligations under contracts for San Juan-Chama project water now or hereafter in force and for filing and maintaining a pool in Cochiti Reservoir under the Act of Congress dated March 26, 1964 (Public Law 88–293; 78 Stat. 171). The provisions of section 11(a) of the Act of June 13, 1962 (76 Stat. 96), requiring a contract satisfactory to the Secretary for the use of any water of the San Juan River are hereby expressly waived with respect to the use of water required to establish and maintain a permanent pool in Elephant Butte Reservoir: *Provided, however*, That nothing in this Act shall be construed to diminish, abridge, or impair any water rights of the Jicarilla, Southern Ute, Navajo and Ute Mountain Indians. Releases, as authorized by this title, shall be discontinued or reduced upon a finding by a court of competent jurisdiction that such releases are detrimental to such Indian water rights.

(b) The releases of water from Heron Reservoir authorized herein shall not be permitted unless and until the Rio Grande Compact Commission agrees by resolution that—

(1) the term "usable water" as defined in Article I of the Rio Grande Compact shall not include San Juan-Chama project water stored in Elephant Butte Reservoir;

(2) in the determination of "actual spill" as that term is defined in article I of the Rio Grande Compact, neither the spill of "credit water", as that term is defined in article I of the Rio Grande Compact, shall not occur until all San Juan-Chama project water stored in Elephant Butte Reservoir shall have been spilled; and

(3) the amount of evaporation loss chargeable to San Juan-Chama project water stored in Elephant Butte Reservoir shall be that increment of the evaporation loss from the storage of San Juan-Chama project water; the evaporation loss from the reservoir shall be taken as the difference between the gross evaporation from the water surface of Elephant Butte Reservoir and the rainfall on the same surface.

(c) Fifty per centum of any incremental costs incurred by the Secretary in the implementation of this title shall be borne by a non-Federal entity pursuant to arrangements satisfactory to the Secretary.

SEC. 1402. Nothing contained in this title shall be construed to increase the amount of money heretofore authorized to be appropriated for construction of the Colorado River storage project, any of its units, or of the Rio Grande project.

SEC. 1403. Nothing herein shall be construed to alter, amend, repeal, modify, or be in conflict with the provisions of the Rio Grande compact.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. GROSS. Mr. Speaker, reserving the right to object, would the gentleman from California briefly explain the Senate amendments in which concurrence is sought?

Mr. JOHNSON of California. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I will be glad to yield to the gentleman from California.

Mr. JOHNSON of California. I thank the gentleman for yielding to me.

Mr. Speaker, I am happy to explain the amendments of the Senate to this legislation.

First, I assure my colleagues that the amendments are germane—they involve no additional cost or authorizations—and they have been cleared with the minority and the Member in whose district the affected program is located.

AMENDMENTS TO TITLE I—INCORPORATION OF PAGE, ARIZ.

Section 108(b) of H.R. 15736, as passed by the House, authorized a loan of $2 million from the Upper Colorado River Basin fund to the city of Page with which to purchase the privately owned electrical distribution system in the city—by exercising an option for such purpose, as contained in the contract between the owners of the distribution system and the United States.

The amendment of the Senate adds language whereby the municipality might elect to exercise its right as a preference customer of Colorado River storage project power—and resell such power at an agreed upon wholesale markup to the private utility which now owns the system.

Additional language was added by the Senate to section 108(b) to make the loan available to the city of Page for its use in acquiring the system by exercise of eminent domain in the event the city would wish to acquire it before the expiration of the present contract on Aug. 1, 1976.

A second amendment of the Senate to H.R. 15736 deals with title XI, Elephant Butte Recreation Pool, New Mexico.

Because of concerns expressed by certain Indian tribes in the State of New Mexico, after the bill was passed by the House of Representatives, to the effect that the legislation might damage the rights of such tribes, the amendment of the Senate adds a proviso in the nature of a savings clause.

This clause provides that the legislation shall not be implemented if a court of competent jurisdiction determines that such implementation does in fact infringe the rights of the tribe or tribes.

The amendment of the Senate also renumbers titles and sections of the bill so that the Elephant Butte legislation now appears as title XIV.

Mr. GROSS. Mr. Speaker, from the explanation given by the gentleman from California I take it that the amendments are fully germane?

Mr. JOHNSON of California. The amendments are fully germane, and they are very minor.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. KING. Mr. Speaker, I would like to have the RECORD show that my plane was 15 minutes late today. Had I been here in time on rollcall No. 613 I would have voted to override the President's veto on the continuing resolution.

TO INCREASE LIMIT ON DUES FOR U.S. MEMBERSHIP IN INTERNATIONAL CRIMINAL POLICE ORGANIZATION

Mr. EILBERG. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 14597) to increase the limit on dues for U.S. membership in the International Criminal Police Organization, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 9, strike out "$20,000" and insert: "$30,000".

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GROSS. Mr. Speaker, reserving the right to object, may we have a brief explanation of the necessity for this legislation?

Mr. EILBERG. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Pennsylvania.

Mr. EILBERG. Mr. Speaker, as passed by the House, H.R. 14597 authorizes $20,000 to meet the unpaid dues for Interpol for calendar year 1973. When this Executive communication was introduced and when it was considered by the House, we were advised that $20,000 would be an adequate amount to satisfy our 1973 unpaid dues.

In fact, the current 1973 deficiency actually amounts to $22,382 and recognizing the daily fluctuation in the international money market, the Senate increased the authorization to $30,000.

Mr. GROSS. So this is necessitated by reason of a mistake as well as the devaluation?

Mr. EILBERG. That is right. The mistake was made by the Department of the Treasury.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORTS

Mr. PEPPER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

MORTGAGE CREDIT FOR HOME PURCHASES

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1446 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1446

Resolved, That upon the adoption of this resolution it shall be in order in the House to consider the bill (S. 3979) as passed by the Senate on October 10, 1974, to increase the availability of reasonably priced mortgage credit for home purchases. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, the previous question shall be considered as ordered on the bill to final passage without intervening motion except one motion to recommit with or without instructions to the Committee on Banking and Currency.

The SPEAKER. The Chair recognizes the gentleman from Florida for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Illinois (Mr. ANDERSON), pending which I yield myself such time as I may consume.

Mr. Speaker, upon adoption of the rule it shall be in order in the House to consider the bill S. 3979, with 1 hour of general debate, as passed by the Senate on October 10, 1974, to increase the availability of reasonably priced mortgage credit for home purchases.

S. 3979 establishes a housing trust fund which shall be used to carry out the purposes of the bill. S. 3979 provides that whenever the Secretary of Housing and Urban Development determines that a substantial number of families are unable to obtain mortgage credit at reasonable rates due to high interest rates or reduced availability of mortgage credit and that the inability to obtain such credit is causing or threatening to cause a substantial reduction in the volume of home construction or acquisition and is delaying the orderly achievement of the national housing goals contained in the Housing and Urban Development Act of 1968 the Secretary shall direct the Government National Mortgage Association to begin making commitments to purchase mortgages.

Mr. Speaker, I urge the adoption of the rule in order that we may discuss debate and pass S. 3979.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding.

Where may I obtain a copy of the report on this bill?

Mr. PEPPER. I will ask the distinguished chairman of the subcommittee. I have a copy of the bill; I do not have before me a copy of the report. I will ask the able gentleman from Pennsylvania, the chairman of the Subcommittee on Banking and Currency, if he would reply.

Mr. BARRETT. There really is not a House report.

Mr. GROSS. If the gentleman will yield, is there no report on a bill of this magnitude?

Mr. BARRETT. There is an urgency. There is an emergency. We must get housing starts moving immediately before this House goes into recess.

Mr. GROSS. If the gentleman will yield further, does not this bill involve nearly $8 billion?

Mr. BARRETT. The bill ultimately would call for $7¾ billion, but the President is indicating that he will authorize the immediate spending of $3 billion.

Mr. GROSS. When did the House committee consider this bill, if the gentleman will yield further? When did the House committee consider this bill?

Mr. BARRETT. Committee members considered this on Thursday. It came over as an emergency measure on Thursday. We went before the Committee on Rules hoping that we would get the rule to go before the House on Friday. For reasons known to the leadership, they thought it would be much better to put it over until today.

Mr. GROSS. If the gentleman will yield, I am well aware of the fact that it was proposed to call this bill on Friday, within an hour or so after the Rules Committee had voted a rule, but the gentleman was well aware that he could not get unanimous consent to consider an $8 billion bill of this kind on such notice.

This is a closed rule, is it not? I will ask the gentleman from Florida.

Mr. PEPPER. It has that effect because the emergency was such the committee requested of the Rules Committee this kind of rule and said they would not have the time to send this back to the committee. This is the urgency the President had in mind when he said in the joint session the other day he would make immediately available several billion dollars for these home mortgages so that the housing industry which has been so terribly stagnant might be partially relieved.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Texas.

Mr. GONZALEZ. I thank the gentleman from Florida.

I want to follow along on this. Part of my questions I had intended to ask have been answered, but in part only. There is no report on this bill.

Mr. PEPPER. That is right. The bill came over from the Senate and the House Banking and Currency Committee met and considered it.

Mr. GONZALEZ. I beg the gentleman's pardon. When did the House Banking and Currency Committee meet on this? I am on that committee. When did it meet?

Mr. BARRETT. Mr. Speaker, if the gentleman will yield, the leadership asked us on Friday to bring this out as an emergency bill. The question was asked, Was there a House report on this bill?

Mr. GONZALEZ. That is right.

Mr. BARRETT. No, there was not. We have studied the bill. Of course, we looked at it as being very important to the economy and to the people on the unemployment rolls. We decided then we would move as expeditiously as we could, and so we asked for a rule, a closed rule to take the bill up immediately. That was on Friday afternoon. We are hopeful we can get it on the floor today because of the great urgency for the bill.

I know it is a good bill. It is absolutely necessary if we are going to help the unemployment situation, to mitigate unemployment by creating more housing starts.

Mr. GONZALEZ. The gentleman did not answer my question. The statement was made that the House Banking and Currency Committee had a meeting of the committee on this bill. What I want to know is, when did the committee meet on this bill?

Mr. BARRETT. The gentleman probably was invited or asked to attend the meeting of the Democrats on the Banking and Currency Committee.

Mr. GONZALEZ. Oh, well, that.

Mr. BARRETT. We discussed this bill. The chairman of the full Committee on Banking and Currency was directed by the Democrat members of the Banking and Currency Committee to get a rule. There was unanimous consent. We had contacted the minority. The minority leader appeared before the Rules Committee and said he was 100 percent for this bill.

Mr. GONZALEZ. Please do not misinterpret me. I am not trying to be difficult, but the version I saw of what apparently was the basis for the granting of the rule was a version that I think requires very close study. The statement was made that a committee meeting had been held on this bill. I do not recall any. I think what the gentleman referred to was the caucus of the Democrats that was called rather quickly on Thursday, but that is not a meeting of the committee. The Banking and Currency Committee has not met on this legislation.

Mr. BARRETT. That is true.

Mr. GONZALEZ. I thank the gentleman.

The other question I had was when the Rules Committee was asked to grant a rule on this bill, what they had in effect was the Senate version.

Mr. PEPPER. We had the Senate bill which is before the House today and it was the subject of this rule. The chairman of the Banking and Currency Committee and the chairman of the subcommittee, both distinguished gentlemen, appeared before the Rules Committee and asked the Rules Committee to vote out this resolution.

They pointed out it was contemplated by the President to withdraw the housing bill immediately and pointed out the impossibility practically of getting it amended in the House and back to the Senate and back here before the election. It was on that basis that the Committee on Rules granted the rule.

Mr. GONZALEZ. Following along that line of questioning, the only thing the Committee on Rules had before it was the Senate legislation and it, in effect, granted upon that presentation a closed rule. What we are being asked today is to defer, to abdicate our responsibility of debating the measure to the Senate. What we are asked to do is vote up or down, to vote a wholly Senate-concocted measure.

For example, there was an amendment appended to the Senate version by Senator PROXMIRE, which I would like to see a copy of, but we do not even have a copy of this bill, much less the report on it.

Mr. PEPPER. Here is a copy of the bill. I would be glad to give it to the gentleman.

Mr. GONZALEZ. Now, on page 4 of this Senate version of the bill, we have a condition precedent to the issuance of whatever it is that this bill is supposed to trigger off, to help housing, employment, and everything else.

Now, it is involved. It is complicated. It is very expensive. As I interpret this, just from a cursory reading of it, it is going to be a countervailing factor against which the gentleman says is an emergency situation giving rise to this quick consideration of the bill.

Mr. PEPPER. I will ask the gentleman from Pennsylvania to comment on this. The Proxmire amendment required an interest rate for the Government to pay for the money made available for these purposes.

Mr. GONZALEZ. That is true, but it does not restrict the interest rate and the maturity rate and everything else of U.S. bonds in certain categories. It in effect would amount to a limitation, even if we are going on the current market values here of a little better than 8 percent; but that is a point we need to discuss. This is the thing I am saying. I cannot understand how a Member of the House can intelligently pass on this without even having a copy of the bill.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Iowa.

Mr. GROSS. At the start of this colloquy with the gentleman from Pennsylvania (Mr. BARRETT), he said there was a meeting of the Banking and Currency Committee on Friday morning last. Now, was there a meeting of the committee or was there not a meeting of the committee?

Mr BARRETT. I am sorry. I am speaking only of the Democratic members of the full Committee on Banking and Currency. We thought it was necessary to get a consensus to do what we could to facilitate getting mortgage money to the market, to create starts especially in the conventional area. We had dropped off, as the gentleman knows, from 2.2 million starts in 1973 to only 1.1 million starts last month.

Mr. GROSS. The question is, was there a quorum of the majority present?

Mr. BARRETT. We had most of the Democrats there. But the gentleman from Texas says apparently he was not notified of the meeting. I certainly regret that.

Mr. GROSS. Then there was a caucus and there was no meeting of the committee.

Mr. BARRETT. It was simply a meeting of the Democratic members. I am sorry for my earlier misstatement.

Mr. BROWN of Michigan. Madam Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Madam Speaker, let us put this in the proper perspective and chronology. When the President appeared before the House in joint session he advocated enactment of legislation which was then under consideration in the Senate, the so-called Brooks-Cranston bill.

Those of us who are active in the housing area were familiar with the legislation pending in the other body. Pursuant to the President's request that we proceed as expeditiously as possible in the passage of this legislation, the Senate enacted its bill. Its bill came over here, and I think their action was taken on Thursday.

Immediately, on Friday, we went before the Rules Committee and requested the Rules Committee to give us a rule so that we could do that which is contemplated by the rules of the House; that is, under a rule, take a bill from the other body from the Speaker's desk and bring it directly to the House. This is an unusual proceeding, but it is contemplated by the rules.

At that point in time the Senate had not had an opportunity to do a report, except that the CONGRESSIONAL RECORD included the total debate on the bill, the reason for the Proxmire amendment, and all of the other matters, so that it was before this body even though there was not a report.

Because the Members of the House that appeared before the Rules Committee—and I should mention although it was only a Democratic group that met on the bill—all members of the Housing Subcommittee on the minority side had introduced almost identical legislation on this side, so that when we appeared before the Rules Committee, I spoke in behalf of the rule and urged that it come before this body.

We were all familiar with the legislation. I do not think anyone is being surprised by this procedure. I think the Rules Committee was entirely proper in taking the action it did. I trust we will adopt the rule and pass this legislation.

I should point out that this is single-purpose legislation. It does one simple single thing. That is, it permits the Government National Mortgage Association not only to purchase FHA-insured and VA-insured mortgages, but also to purchase conventional mortgages, because that is one of the areas in which the housing industry is suffering the most.

Mr. PEPPER. Madam Speaker, I thank the gentleman for his explanation.

Mr. McKINNEY. Madam Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Connecticut.

Mr. McKINNEY. Madam Speaker, we have accepted pretty well our legislative modernization on the floor of this House concerning the minority staff. Now, we are finding out that there is no need to have a minority.

As a member of this committee I was never informed that this bill had arrived in the House. I was never informed that it was going to be considered by the committee. I was never informed that it was going before the Rules Committee. The gentleman appalls me when he talks about expeditious action.

I will come down here and stay until election day if need be, but I think what the gentleman is admitting today is that this is a great bill, something we have to have, so let us throw the whole House of Representatives out the window the way we do every time we get in a crunch.

The fact of the matter is that what we have done today violates every single precept of the House of Representatives. There had been no hearings. There had been no meetings. There have been no quorums. There has been no minority notification. In essence, what we are saying is, "Here is a good bill from the Senate. Let us abolish the House."

Mr. SIKES. Madam Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the able gentleman from Florida.

Mr. SIKES. Madam Speaker, it occurs to me that much more concern is being expressed about details of procedure on the housing bill than on the essentiality of the housing bill. Admittedly, the procedure which has been followed to bring this bill to the floor is not the most desirable that could be devised. Nevertheless, there has been a shortage of time. There is information in the CONGRESSIONAL RECORD on the bill which is before us from the Senate action. There will be opportunity for general debate as provided by the rule and I presume there will be further opportunity for discussion under the 5-minute rule.

What we must not lose sight of is the fact that there must be legislation which will benefit the housing industry and the lumber industry. These are undoubtedly among the hardest hit in the American economy. This bill is directed at housing but it will benefit both. Housing starts are far, far below normal expectations. The lack of construction has very adversely affected the lumber industry and, as a result, many lumber mills are closing. All of this means unemployment and further stagnation of the economy.

The President has identified this as probably the Nation's No. 1 economic problem. He has asked for action before the Congress recesses. Under all circumstances, we should send him a bill which will help to stimulate the Nation's economy. This bill may not be perfect, but as long as it is acceptable, and will help to do the job, we should vote for it. It has passed the Senate. It will expedite matters if the House approves it without amendment.

The Nation can benefit in many ways from a bill to stimulate housing. Interest payments have been a particular problem. High interest and tight money go hand in hand. This bill will help to lessen these problems. We must look ahead. We must attempt to give the President legislation which he can use to stimulate action in these industries as quickly as possible, and to help in the all-important work of restoring confidence to the American economy.

Mr. MARTIN of Nebraska. Madam Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Nebraska.

Mr. MARTIN of Nebraska. Madam Speaker, I would like to call to the attion of the gentleman from Florida that in his remarks he stated there would be ample time under the 5-minute rule to debate this bill. I would call his attention to the resolution. There is no 5-minute rule. We are not going to operate under the 5-minute rule.

This is a closed rule with 1 hour of debate, to be controlled by the majority. No amendments may be offered to vote up or down on the legislation, so we will **not be operating under the 5-minute rule.**

Mr. WAGGONNER. Madam Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. I thank the gentleman from Florida for yielding. Because of the statement of the gentleman from Nebraska, I just want to utilize some time during the debate on the rule to get answers to some of the questions that we normally could get through a committee report. Of course, time has not allowed the preparation of a report. I want to make it crystal clear to the gentleman from Pennsylvania—and I wish to support this legislation strongly—that these are not antagonistic questions by any stretch of imagination. Some matters need clarification.

Of course, we are amending legislation that the bill is not really clear about. Title III of the National Housing Act is that portion of the National Housing Act which has to do with Ginnie Mae. Am I correct?

Mr. BARRETT. The gentleman is correct.

Mr. WAGGONNER. So, when the bill refers to the "Association," we are talking about authority being granted to Ginnie Mae by the legislation. Am I not correct?

Mr. BARRETT. The gentleman is correct.

Mr. WAGGONNER. Further, page 3 of the bill, line 17, has a statement concerning "balances which do not exceed 80 percent of the value of the property securing the mortgages"; there we are saying that home buyers must have made at least a 20-percent downpayment. Is that correct?

Mr. BARRETT. The gentleman is absolutely correct.

Mr. WAGGONNER. However, our recent track record being what it is, is it not true that because of the lack of mortgage money, people are being asked to do what they cannot do; that is, to provide 40 or 50 percent downpayments?

Mr. BARRETT. The gentleman is correct.

Mr. WAGGONNER. Do we have some reason, Mr. Chairman, to believe that this bill, in itself, will be sufficient? I am concerned that maybe this 20-percent downpayment requirement is maybe too high.

Mr. BARRETT. It may be. But 90- and 95-percent loans may still be available where there is private mortgage insurance.

Mr. WAGGONNER. Madam Speaker, I thank the distinguished gentleman from Florida for yielding.

Mr. BROWN of Michigan. Madam Speaker, will the gentleman yield?

Mr. PEPPER. I yield to the distinguished gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentleman for yielding. I made a mistake on the floor I want to correct. I said all members of the Housing Subcommittee on the minority side had introduced almost identical legislation. I was in error. The gentleman from California (Mr. ROUSSELOT) did not sign the bill.

Mr. PEPPER. I yield for debate to the distinguished **gentleman from Illinois (Mr. ANDERSON).**

Mr. ANDERSON of Illinois. Madam Speaker, I yield myself 4 minutes.

It seems to me that the exercise we are going through this afternoon demonstrates that popularity, as far as the House committee is concerned, may be a purely ephemeral thing because it was just a few days ago that we repulsed an assault on the Rules Committee that was contemplated under the terms and provisions of the so-called Hansen substitute to the Bolling-Martin resolution, a provision which would have made it possible to completely make an end run around the Rules Committee and report out legislation. This afternoon, in what we hope are the dying hours of this session of Congress, the Rules Committee, in an effort to prove that it could with solidarity and dispatch report out very quickly an emergency measure that had been requested a matter of days before by the President of the United States in an address to the joint session of Congress, is now being challenged upon the grounds that it has done something unprecedently violative of the rules of the House and the directions of the Members, and so on.

I would certainly express the hope that we would not become so embroiled and so enamored of the procedural niceties of the situation that we forget the very important substantive issue with which we are dealing, which is, as the gentleman from Florida pointed out, that the housing industry is in a state of crisis.

When housing starts are down to 1.1 million, as they were in a recent month, against the national goal of 2.6 million units, either something is wrong or something needs to be done quickly.

All of us, regardless of the part of the country we come from or the district we represent, know that one of the prime problems is the shortage of mortgage money and that because of disintermediation and a lot of other conditions in the money markets which we will not take the time to go into, there is a shortage of mortgage money. As a result, houses are not being constructed.

The President, when he addressed the Congress of the United States on the 8th of October, said:

> Without question, credit is the lifeblood of housing. The United States unfortunately, is suffering the longest and the most severe housing recession since the end of World War II.

There was a challenge. What was the response? Two days later, the Senate of the United States acted on the very measure which the President had referred to by name in that particular speech, the so-called Brooke-Cranston bill. They acted by a vote of 77 to 0, unanimously sent the bill over, and it was placed on the Speaker's desk.

Today, if we adopt this resolution, we simply take it from the Speaker's desk and we have an hour to debate the bill under what is a closed-rule procedure, to be sure. However, think of the alternatives. Think of what will happen if we adopt this under an open rule and amendments are adopted and then we have to go to conference with the other body and something happens so that we either go home for this recess without finally passing this legislation or we put it over until the 12th of November.

In that case, we would be sending out a signal, it seems to me, to the housing industry of this country and to the people who want to buy homes that we are not interested in demonstrating our concern for their problems and that we are not interested in showing that we can act with dispatch.

Therefore, I would plead with the Members of this body to remember that this is not an unprecedented thing we are doing. We have taken bills up under closed rules of this kind before.

It is unfortunate, I think, that there was some misunderstanding when certain witnesses appeared before the Committee on Rules on Friday of last week as to whether or not an actual, formal meeting of the full Committee on Banking and Currency had been held to consider this legislation. It now is clear from the record made here today that it was not, that it was a caucus, in effect. However, as the gentleman from Michigan (Mr. BROWN) has said, he and the ranking member of the committee, the gentleman from New Jersey (Mr. WIDNALL), had introduced bills almost identical to the Brooke-Cranston bill. They appeared before the Committee on Rules. They indicated their consent to the kind of procedure that was called for.

Therefore, I do not think that we have done great violence to the procedures of this House in granting the kind of resolution that we would want to grant.

In concluding, Madam Speaker, I would urge the Members to promptly adopt House Resolution 1446 so that we may get on with consideration of S. 3979, which is a bill that would increase the availability of recently placed mortgage credit for home purchases, so that before we go home, hopefully tomorrow, we can have done much to answer the request of the President of the United States that we take quick, effective, immediate action in this area.

Mr. BROWN of Michigan. Madam Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentleman for yielding.

I think there are two or three points that ought to be made.

One is that the purpose contemplated by this legislation is probably the No. 1 item in priority on the list of things that all of those in the industry feel need to be done if we are going to do something about turning around the depressed situation in housing starts.

Now, that is top on the priority list of everybody in the housing industry, but, after all, what it really means is that it is top on the priority list of every prospective home buyer, anyone who is seeking mortgage money.

Second, it is a single-purpose piece of legislation. It merely extends the purchase authority of Ginnie Mae, the Government National Mortgage Association, to conventional mortgages, whereas the authority heretofore has been limited to mortgages insured by the FHA or the VA.

The SPEAKER pro tempore (Mrs. BURKE of California). The time of the gentleman from Illinois (Mr. ANDERSON) has expired.

Mr. ANDERSON of Illinois. Madam Speaker, I yield 1 minute to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Finally, Madam Speaker, if I may continue, every time we get to the very brink of a recess, unusual actions are necessary. Now, if we want to wait for another 30 days or so, or even more than that, while we are in recess, before we take any action to try to turn the housing situation around, then I guess we are welcome to do so but I do not think we should.

I happen to think that under these very constrained circumstances and with the very constrained provisions of the bill which is before us, that we ought to proceed. I trust that my colleagues agree with me.

Mr. ANDERSON of Illinois. Madam Speaker, I yield 5 minutes to the gentleman from Nebraska (Mr. MARTIN).

CALL OF THE HOUSE

Mr. GROSS. Madam Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. MURPHY of Illinois. Madam Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 615]

Addabbo
Archer
Aspin
Bell
Blatnik
Boland
Bolling
Brasco
Brotzman
Brown, Calif.
Buchanan
Burke, Fla.
Carey, N.Y.
Clark
Clay
Cochran
Collins, Tex.
Conable
Conlan
Conyers
Crane
Davis, Ga.
Davis, Wis.
Dellums
Denholm
Dickinson
Diggs
Dorn
Drinan
Dulski
Eshleman
Fraser
Frey
Froehlich
Gettys
Gibbons
Goldwater
Gray
Griffiths
Grover
Hammerschmidt
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harsha
Hébert
Holifield
Hosmer
Huber
Johnson, Colo.
Jones, Ala.
Kemp
Landgrebe
Long, La.
Lott
McCollister
Mathis, Ga.
Mayne
Melcher
Michel
Mills
Minshall, Ohio
Moakley
Moorhead, Calif.
Moss
O'Hara
Patman
Podell
Railsback
Rangel
Rarick
Rees
Reid
Roberts
Roncalio, Wyo.
Rooney, N.Y.
Rousselot
Roy
Ruppe
Ruth
Sebelius
Seiberling
Sikes
Smith, Iowa
Snyder
Steed
Steele
Steelman
Steiger, Ariz.
Stephens
Taylor, Mo.
Teague
Tiernan
Udall
Ullman
Veysey
Whitehurst
Wiggins
Wilson, Charles H., Calif.
Wydler
Young, Alaska
Young, Ga.
Zion

The SPEAKER pro tempore. (Mrs. BURKE of California). On this rollcall 330 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TO INCREASE ON AN EMERGENCY BASIS THE AVAILABILITY OF REASONABLY PRICED MORTGAGE CREDIT FOR HOUSING

The SPEAKER pro tempore. The Chair recognizes the gentleman from Nebraska (Mr. MARTIN) for 5 minutes.

Mr. MARTIN of Nebraska. Madam Speaker, let me put into perspective what has transpired on this housing bill. There seems to be a little bit of confusion on the floor of the House concerning this matter, although perhaps not quite as much as there was in the Committee on Rules last Friday afternoon when we considered this legislation.

The bill S. 3979 was approved by the other body last Thursday afternoon. It now develops, contrary to the understanding which we had in the Committee on Rules when we had our hearing last Friday afternoon on this matter, that there was no meeting of the Banking and Currency Committee to approve this legislation. There simply was a meeting of some of the Democrat members of the committee.

We did not get a complete explanation of the legislation and in fact we had this bill, S. 3979, which was the one introduced by Senators CRANSTON, BROOKE and PACKWOOD, and it was the original bill considered in the other body on Thursday, the day before—just last Thursday. This was not the bill which we were considering and which was reported out because there were amendments adopted on the floor of the Senate which were not in this bill when it was before us on the desk, and so we were handed a sheet from the CONGRESSIONAL RECORD which showed some of the amendments that had been adopted to this bill.

That is the way we considered it in the Committee on Rules. This was a most unusual situation, to say the least.

Let me call to the attention of the Members the kind of rule we have before us.

House Resolution 1446 is the rule under which this is proposed to be brought up. This is a completely closed rule. Contrary to the bylaws of the Democratic caucus, it was reported out. It provides only for general debate of 1 hour to be controlled by the majority side of the aisle. No amendments can be offered and after the close of 1 hour we vote this bill up or down.

Let me read from the resolution:

> After general debate, which shall be confined to the bill and shall continue not to exceed one hour, the previous question shall be considered as ordered on the bill to final passage.

So we are not operating under the 5-minute rule under this resolution. We are going to remain in the House. We are not going to go in to the Committee of the Whole and there will be no opportunity for amendments at all.

Furthermore, the rules of the House are bypassed, and let me quote from rule XIII, clause 3, in regard to the Ramseyer rule:

> Whenever a committee reports a bill or a joint resolution repealing or amending any

> statute or part thereof it shall include in its report or in an accompanying document—
>
> (1) The text of the statute or part thereof which is proposed to be repealed;.

There is no committee report on this. This amends the Housing Act and the Ramseyer rule is being violated.

Then in rule XIII, clause 7, in regard to estimate of costs, the rule provides:

> The report accompanying each bill or joint resolution of a public character reported by any committee shall contain—
>
> (1) an estimate, made by such committee, of the costs which would be incurred in carrying out such bill or joint resolution in the fiscal year in which it is reported and in each of the five fiscal years following such fiscal year.

Again, we do not have any report on this legislation, so we do not have any estimate as to the cost over the next 5 years.

Mr. REUSS. Madam Speaker, will the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from Wisconsin.

Mr. REUSS. I would agree with the gentleman from Nebraska that the housekeeping in this bill in the other body, in the House Committee on Banking and Currency, and even in the House Committee on Rules was not that model of tidiness that we would like it, however, for our sins, remember we were trying to accommodate the President's request.

I would point out that, contrary to what is said, there is no unfairness in this rule about the time as between the majority and the minority under general debate. It is quite clear that the minority will be entitled to half the time, 30 minutes.

Mr. MARTIN of Nebraska. I beg to differ with the gentleman. There is nothing in the resolution that provides the minority half that time at all.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. ANDERSON of Illinois. Madam Speaker, I yield the gentleman from Nebraska an additional 2 minutes.

Mr. MARTIN of Nebraska. I have talked about the procedural matters and about how this has been considered in the Committee on Banking and Currency and in the Committee on Rules.

I want to make another point in regard to the emergency situation as alleged by some of the Members on the majority side. I have been in the lumber business and in the building business and in the home building business for about 40 years. I am still engaged in the retail lumber business; so I have some knowledge of this industry.

We can pass legislation, Madam Speaker, here in Washington to stimulate building, to provide for lower interest costs, to subsidize loans for the purchasers of these houses or whatever can be included in housing legislation; but we are not going to stimulate the housing industry overnight. We are not going to stimulate it and increase housing a week from now, a month from now or 3 months from now. It is slow to get started. It is going to take at least 6 months for this bill to take effect.

Furthermore, we are approaching the winter season, and in the northern half of the country where the ground freezes, outside construction pretty well stops. This is not true of the west coast and South Atlantic coast, but in the northern half of the country, construction pretty well stops.

Therefore, we are not going to get any salutary effects from this legislation until next spring at the very earliest. We are supposed to come back here November 12. I maintain, Madam Speaker, that there is adequate time after we come back in the postelection session to consider this legislation carefully and prudently, as it should be considered.

Mr. ANDERSON of Illinois. Madam Speaker, I yield 1 minute to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Madam Speaker, I would just like to correct what the gentleman has said with respect to how long it would take for this bill to have an impact; for it to become operative.

I suggest it can become operative immediately. The Government National Mortgage Association presently is purchasing FHA and VA mortgages. The mechanisms are all there. If they extend that authority to conventionals, it means that they can move immediately into this conventional mortgage market, purchase those mortgages, permitting further extension of mortgage credit.

So, it can have an immediate impact. Insofar as construction is concerned, the gentleman is quite right in stating that in the North it will have this seasonal lag, but I suggest that is all the more reason for us to do it now, so that it can be implemented now and operative now, and provide some relief now.

Mr. MARTIN of Nebraska. Would the gentleman agree that the President, about 6 months or so ago—I do not recall the exact time—put into effect this same type program for VA and FHA mortgages, to purchase those loans? Practically nothing has been done under that program, which is the same as this except that this one provides assistance for conventionals.

Mr. BROWN of Michigan. That program was not of the same structure as this program and the reasons for its limited use are not applicable to this program.

Mr. ANDERSON of Illinois. Madam Speaker, I yield 1 minute to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Madam Speaker, I thank the gentleman for yielding to me.

Madam Speaker, I rise in support of this important emergency home purchase legislation. Our Nation's housing industry has been sorely affected and severely depressed by the Government's tight reins on credit and the resulting high rates of interest, pricing most middle-income families right out of the housing market.

The slowdown in the housing industry has had a severe impact throughout the Nation, on the economy of my congressional district in the mid-Hudson region of the State of New York.

The President, in his antideflection message to Congress last week, called for passage of this type of measure.

This bill, granting HUD 1-year authority to purchase $7.75 billion in conventional mortgages for 1- to 4-family dwellings, up to $45,000 at a reasonable interest rate, will be of significant assistance in alleviating the shortage of mortgage money and in spurring housing construction throughout the country.

In the interest of encouraging new housing, in the interest of helping our building trades and our Nation's home building, I urge my colleagues to support this sorely needed measure.

Mr. ANDERSON of Illinois. Madam Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Madam Speaker, I am going to vote for the bill, but I must agree with the previous speakers that the procedures by which the bill comes before us, the manner in which we are going to debate the bill, and indeed the ignorance which we will have of what is in the bill by the time we pass it, should all be a matter of shame and embarrassment to all of us.

It is true that this is a suggestion of the President. It is true that it passed the Senate by a unanimous vote, but it is also true that the committee of competent jurisdiction, the House Banking and Currency Committee, has not met on this bill. It has not discussed the bill. It is true also that the bill appeared before the Rules Committee in an incomplete form. The Members may or may not have been aware of what was actually in the bill.

As a matter of fact, today on the floor there will be some kind of colloquy by which some of our Members will try to explain what the Senator from Wisconsin, Senator PROXMIRE, meant when he put on the amendment which the gentleman from Texas (Mr. GONZALEZ) referred to. None of us know what that means. We will try to say in floor debate that we do know what it means, but there is not anybody here that does.

Madam Speaker, this bill will help some, but the sad fact is that we really do not know how it is going to help and who it is going to help. It includes GI and FHA mortgages. That was a good amendment. However, the requirement of only 80 percent financing means it is not going to be used for GI and FHA mortgages in my area because the downpayments on those mortgages are nowhere near 20 percent. Because of this, and because of Minnesota's usury law which limits conventional mortgages to 8 percent, my State will not get one nickels worth of help from this bill.

Because of the closed rule I am not able to even introduce an amendment so that my State could have a chance to benefit somewhat. The potential homeowners of my State want homes just as much as the homeowners in the other States. The building trades of my State are just as unemployed as the building trades are in the other States.

The reason we cannot make improvements in this bill is because it comes under this ridiculous gag-rule procedure and under a closed rule. I am going to vote for the bill because the country needs it, but this day ought to be a great lesson to us, that the procedures and rules of the House mean something. When we abridge them, and when we abrogate them, and when we stomp on them as we have today we will invariably get less than a perfect product. It is my hope that the Committee on Banking and Currency will take this question of State usury maximums up on our return after election. I hope that it will attempt to give us a good bill we all understand instead of giving us an emergency adventure about which we can go home and speak to our constituents and tell them how wonderful we are, how we tried to do something good a couple of weeks before election, even if we did not know what we were doing.

Mr. ANDERSON of Illinois. Madam Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. Brown).

Mr. BROWN of Michigan. Madam Speaker, I thank the gentleman for yielding.

At the outset, anyone desiring to know in greater detail the provisions of this legislation, has only to read the Congressional Record for last Thursday. It is all there. It was thoroughly discussed in the Senate. And, although the Proxmire amendment has been alluded to as something strange and vague, it is not. It will be clearly explained in the debate on the bill for those having questions.

I will be happy to answer all questions at that time. I think I understand it, and I think anyone who will read the Congressional Record will understand it.

On the matter of timing, there is no question but what we could not take the time to consider this bill in the Banking and Currency Committee and adopt amendments for we would not then have had time for a conference and still get the legislation out.

Mr. BARRETT. Madam Speaker, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Madam Speaker, I just want to place this in the Record now. The bill before the Committee on Rules was the Senate bill as passed, which was printed in the Record on October 10. It has been printed there, for the benefit of anyone who has paid any attention and who has read the Record.

Mr. BROWN of Michigan. I thank the gentleman for his contribution. I would also suggest there is not a Member in this House who has served here for any length of time who does not know that we have to accept special procedures when we are approaching a recess if we want to accomplish something that is urgent. I do not know of anyone who does not think that the situation in the housing industry is urgent. I do not think there is anyone, any of our constituents, that do not think there ought to be some kind of assistance provided them if they are prospective homeowners seeking mortgage money.

If we could not take this action under this procedure today, it would have to wait until after the recess, and I do not know how much longer, and we would not be able to provide the kind of legislative assistance, the kind of credit assistance that almost everyone, if not everyone, who knows anything about the housing industry agrees is of the highest priority and should be passed promptly.

Mr. MARTIN of Nebraska. Madam Speaker, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Nebraska.

Mr. MARTIN of Nebraska. I thank the gentleman for yielding.

The gentleman from Pennsylvania said the bill we had in the Committee on Rules Friday afternoon was printed October 10. That is entirely correct. The bill we have here this afternoon was passed October 11 and included the amendments that were adopted by the other body on October 10. The amendments were included in the Congressional Record.

Mr. BROWN of Michigan. Madam Speaker, let me say to the gentleman from Nebraska that the bill as passed by the Senate, including all amendments, was printed in the Record on October 10. It was in the Record on that date. The explanation is before us. It has been before this House since October 10.

Mr. ANDERSON of Illinois. Madam Speaker, I yield myself 1 minute to conclude the debate in connection with this rule.

I would hope that the Members would come back to the point that I made when I addressed the House earlier that the President of the United States, when he addressed a joint session on the 8th of October, said:

> I urge the Congress to enact before recess additional legislation to make most home mortgages eligible for purchase by an agency of the Federal Government.

This legislation, which would be made in order under the rule, S. 3979, gives us that opportunity to deliver now, to adopt a different kind of rule.

To vote down the previous question, amend the rule, and go to conference would mean simply that we would lose the chance to enact this legislation prior to the recess.

I think it is important that we not take that chance of losing this legislation at the present time.

Madam Speaker, I urge the Members to vote for House Resolution 1446.

Mr. PEPPER. Madam Speaker, I yield 2 minutes to the gentleman from Hawaii (Mr. Matsunaga).

Mr. MATSUNAGA. Madam Speaker, I have been sitting here almost an hour listening to the debate pro and con, and it appears that nearly everyone is for the bill.

The only objection appears to be to the manner in which the bill is being brought up for debate. Some Members have gone to the extent of saying that we are disregarding the rules of the House.

Let me remind my colleagues that we are operating strictly within the rules of the House. The rules provide that we may, in case of emergencies such as that which we are now faced with in housing, bring up a bill in the manner that we are now bringing it up, taking it off the Speaker's table by a rule passed by the Committee on Rules, and bringing it before the full House. So I say, let us adopt the rule and go into debate on the bill itself. Let us cooperate with the President and pass the bill which he has asked for before we go into recess so that we can relieve the country of an anxiety which has developed into the proportions of a plague.

Madam Speaker, I am pleased to lend my support for S. 3979, the proposed Emergency Home Purchase Assistance Act of 1974.

The thrust of this legislation is simple: to pump some life into the flagging housing industry and, more importantly, to help to remove the impenetrable roadblock that now separates millions of average Americans from owning their own homes. This would be accomplished by providing a secondary market for $7.75 billion of conventional mortgages each year, at interest rates that do not make a grown man cry, as interest rates these days often do.

Nationally the housing industry has fallen on hard times. The latest figures show housing starts at an annual rate just over a million units—off more than 50 percent from last year, and more than 1.5 million units a year below what the Housing Act of 1968 sets as the national target of 2.6 million starts annually. This translates into 13 percent unemployment in the construction industry, a rate more than double the national average for all industries.

In my own State of Hawaii, where housing costs have always been higher than on the mainland, the recent scarcity of mortgage money has exacerbated an already intolerable situation.

I am hopeful that the funds provided in S. 3979 will provide a much-needed economic shot in the arm to Hawaii's housing industry, and aid in alleviating some of the critical shortage of moderately priced homes.

The President has asked that we act on this bill before recessing, Madam Speaker, and I fully support expeditious action on this emergency legislation.

I urge the House's overwhelming approval of S. 3979.

Mr. PEPPER. Madam Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken.

Mr. MARTIN of Nebraska. Madam Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 355, nays 13, not voting 66, as follows:

[Roll No. 616]

YEAS—355

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashley
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boggs
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carey, N.Y.
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
de la Garza
Delaney
Dellenback
Dellums
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Downing
Drinan
Dulski
Duncan
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Goodling
Grasso
Green, Oreg.
Green, Pa.
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hanley
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holt
Holtzman
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Litton
Long, Md.
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Metcalfe
Mezvinsky
Milford
Miller
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Obey
O'Brien
O'Neill
Owens
Passman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Symms
Talcott
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Traxler
Treen
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitten
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wylie
Wyman
Yates
Yatron
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zwach

NAYS—13

Armstrong
Ashbrook
Burleson, Tex.
Burlison, Mo.
Clawson, Del
du Pont
Evans, Colo.
Gonzalez
Gross
Horton
Martin, Nebr.
Runnels
Steiger, Wis.

NOT VOTING—66

Aspin
Bell
Blatnik
Boland
Bolling
Brasco
Burke, Fla.
Collins, Tex.
Conable
Conlan
Crane
Daniel, Robert W., Jr.
Davis, Wis.
Denholm
Dorn
Froehlich
Gray
Griffiths
Grover
Hammerschmidt
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Hébert
Holifield
Huber
Johnson, Colo.
Landgrebe
Long, La.
Lott
Mayne
Melcher
Michel
Mills
Moakley
Moorhead, Calif.
Moss
Nix
O'Hara
Parris
Patman
Podell
Rarick
Roncalio, Wyo.
Rooney, N.Y.
Rousselot
Roy
Ruppe
Ruth
Sebelius
Smith, Iowa
Snyder
Steelman
Steiger, Ariz.
Taylor, Mo.
Teague
Tiernan
Udall
Veysey
Vigorito
Whitehurst
Wydler
Young, Alaska
Young, Ga.
Zion

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Boland with Mr. Dorn.
Mr. Rooney of New York with Mr. Holifield.
Mr. Teague with Mrs. Griffiths.
Mr. Vigorito with Mr. Rarick.
Mr. Patman with Mr. Mills.
Mr. O'Hara with Mr. Tiernan.
Mr. Nix with Mr. Hansen of Idaho.
Mr. Michel with Mr. Davis of Wisconsin.
Mr. Whitehurst with Mr. Collins of Texas.
Mr. Harris with Mr. Gray.
Mr. Conable with Mr. Hanna.
Mr. Zion with Mr. Blatnik.
Mr. Wydler with Mr. Rousselot.
Mr. Grover with Mr. Steiger of Arizona.
Mr. Moss with Mr. Snyder.
Mr. Aspin with Mr. Long of Louisana.
Mr. Young of Georgia with Mr. Roy.
Mr. Udall with Mr. Denholm.
Mr. Hébert with Mrs. Hansen of Washington.
Mr. Burke of Florida with Mr. Bell.
Mr. Hammerschmidt with Mr. Conlan.
Mr. Taylor of Missouri with Mr. Landgrebe.
Mr. Roncalio of Wyoming with Mr. Melcher.
Mr. Mayne with Mr. Lott.
Mr. Moakley with Mr. Smith of Iowa.
Mr. Steelman with Mr. Crane.
Mr. Huber with Mr. Moorhead of California.
Mr. Froehlich with Mr. Robert W. Daniel, Jr.
Mr. Hanrahan with Mr. Ruppe.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PEPPER. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Resolution 1446 and S. 3979.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. BARRETT. Madam Speaker, pursuant to House Resolution 1446, I call up the Senate bill (S. 3979) to increase on an emergency basis the availability of reasonably priced mortgage credit for housing.

The Clerk read the title of the Senate bill.

The Clerk read the Senate bill as follows:

S. 3979

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Home Purchase Assistance Act of 1974."

FINDINGS

SEC. 2. The Congress finds and declares that—

(1) in many parts of the Nation, residential mortgage credit is or is likely soon to become prohibitively expensive or unavailable at any price;

(2) the unavailability of mortgage credit severely restricts housing production, causes hardship for those who wish to purchase or sell new and existing housing, and delays the achievement of the national goal of a decent home for every American family; and

(3) there is an urgent need to provide an alternate source of residential mortgage credit on an emergency basis.

INTERIM AUTHORITY

SEC. 3. (a) Title III of the National Housing Act is amended by adding at the end thereof the following new section:

"INTERIM AUTHORITY TO PURCHASE CERTAIN MORTGAGES

SEC. 313. (a)(1) Whenever the Secretary finds inflationary conditions and related governmental actions are having a severely disproportionate effect on the housing industry and the resulting reduction in the volume of home construction or acquisition threatens seriously to affect the economy and to delay the orderly achievement of the national housing goals contained in title XVI of the Housing and Urban Development Act of 1968, the Secretary shall direct the Association to begin making commitments to purchase and to purchase mortgages in accordance with the provisions of this section.

"(2) The Secretary may direct the Association to terminate its activities under this section whenever he determines that the conditions which gave rise to his determination under paragraph (1) are no longer present.

"(b) Whenever the Secretary issues a directive under subsection (a)(1), the Association shall make commitments to purchase and purchase, and may service, sell (with or without recourse), or otherwise deal in, mortgages (1) which cover more than four-family residences (including cooperatives and condominiums and the individual units therein) and which are insured under the National Housing Act and chapter 37 of title 38 of the United States Code, or (2) which cover one- to four-family residences and which are insured under the National Housing Act or guaranteed under chapter 37 of title 38 of the United States Code or by qualified private insurers as determined by the Association or the outstanding principal balance of which do not exceed 80 per centum of the value of the property securing the mortgages. A mortgage may be purchased under this section only if—

"(A) such mortgage was executed to finance the acquisition of a one- to four-family residence which will be the principal residence of the mortgagor or to finance the purchase of a more than four-family residence and is subject to a mortgage insured under the National Housing Act;

"(B) such mortgage involves an original principal obligation not to exceed $42,000 per family residence or dwelling unit, and except that the original principal obligation may not exceed $55,000 in the case of properties in Alaska, Hawaii, and Guam.

"(C) such mortgage involves an interest rate or yield not in excess of that which the Secretary may prescribe, taking into account the cost of funds and administrative costs under this section, the importance of making mortgage credit available on reasonable terms, and current conditions in the mortgage market, but in no event shall such rate exceed a rate equal to the average yield during the month preceding the month in which a commitment to purchase such mortgage was issued on all marketable bonds of the United States maturing in more than six but less than twelve years from the date of such commitment (exclusive of bonds with a coupon rate of less than 6 per centum) plus one-half of 1 per centum adjusted upward to the nearest one-eighth of 1 per centum, and taking into account the need to assure that the funds are available in all States pursuant to any maximum mortgage interest rate permitted under the laws or constitutions of the various States and notwithstanding any State law or constitution to the contrary, discount points and other charges collected in connection with mortgage transactions under this section and recognized by the Association shall not be considered in determining whether the interest rate on any such mortgage exceeds any State usury ceiling.

"(c) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section. Each such obligation shall mature at such time and be redeemable at the option of the Association in such manner as may be determined by the Association, and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Association issued under this section, and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchase of the Association's obligations hereunder.

"(d)(1) The Association is authorized to guarantee securities based on pools or trusts of the mortgages purchased by the Association under this section as provided in section 306(g) of this Act with respect to federally insured or guaranteed mortgages and to act as issuer of such guaranteed securities. The Association shall possess with respect to securities under this section all the powers it possesses with respect to securities guaranteed under such section 306(g), and the provisions of such section shall apply to guarantees under this section, except that such section shall not be deemed to prohibit the Secretary from guaranteeing payment of only a part of the principal and interest on securities issued under the provisions of this section.

"(2) The Association may offer and sell any securities guaranteed under this subsection to the Federal Financing Bank, and such Bank is authorized to purchase any securities so offered. The Association may also offer and sell any securities guaranteed under this subsection to any Federal Reserve bank. The proceeds from the sale of such securities when issued by the Association shall be treated in the accounts in the same manner as if such proceeds were from the sale of the underlying mortgages.

"(e) The Secretary may make available a portion of his authority under this section to purchase mortgages covering housing which has been constructed more than twelve months prior to enactment of this section in areas where he determines that there is a serious shortage of mortgage credit to purchase such housing.

"(f) The Association is authorized to—

"(1) sell mortgages purchased under this section of prices which it determines will help promote the objective of assuring that operations under this section are, to the extent feasible, fully self-supporting;

"(2) pay for services performed in carrying out its functions under this section without regard to any limitation on administrative expenses heretofore enacted.

"(g) The total amount of purchases and commitments authorized by the Secretary to be made pursuant to this section shall not exceed $7,750,000,000 outstanding at any one time.".

(b) The amendment made by subsection (a) becomes effective upon the date of enactment of this Act and shall remain in effect for a period of one year following such date of enactment, except that it shall remain in effect after the expiration of such period to the extent necessary (1) to honor commitments to purchase mortgages issued prior to the expiration of such period, and (2) to provide for the liquidation of assets and discharge of liabilities acquired or incurred prior to the expiration of such period.

AMENDMENTS TO OTHER LAWS

SEC. 4. (a) The National Housing Act is amended as follows:

(1) The first sentence of section 2(a) of such Act is amended by inserting before the period at the end thereof the following: "; and for the purpose of financing the preservation of historic structures, and, as used in this section, the term 'historic structures' means residential structures which are registered in the National Register of Historic Places or which are certified by the Secretary of the Interior to conform to National Register criteria; and the term 'preservation' means restoration or rehabilitation undertaken for such purposes as are approved by the Secretary in regulations issued by him, after consulting with the Secretary of the Interior".

(2) Section 2(b) of such Act is amended by adding at the end thereof the following new paragraph:

"A loan financing the preservation of a historic structure shall—

"(1) involve an amount not exceeding $15,000 per family unit; and

"(2) have a maturity not exceeding fifteen years and thirty-two days.".

(b) Section 203 of the National Housing Act is amended by adding at the end thereof the following:

"(n)(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection. To be eligible, the mortgage shall involve a dwelling unit in a cooperative housing project which is covered by a blanket mortgage insured under this Act. The mortgage amount as determined under the other provisions of subsection (b) of this section shall be reduced by an amount equal to the portion of the unpaid balance of the blanket mortgage covering the project which is attributable (as of the date the mortgage is accepted for insurance) to such unit.

"(2) For the purpose of this subsection—

"(A) The term 'home mortgage' and 'mortgage' include a first lien given (in accordance with the laws of the State where the property is located and accompanied by such security and other undertakings as may be required under regulations of the Secretary) to secure a loan made to finance the purchase of stock or membership in a nonprofit cooperative ownership housing corporation the permanent occupancy of the dwelling units of which is restricted to members of such corporation, where the purchase of such stock or membership will entitle the purchaser to the permanent occupancy of one of such units.

"(B) The terms 'appraised value of the property', 'value of the property', and 'value' include the appraised value of a dwelling unit in a cooperative housing project of the type described in subparagraph (A) where the purchase of the stock or membership involved will entitle the purchaser to the permanent occupancy of that unit; and the term 'property' includes a dwelling unit in such a cooperative project.

"(C) The term 'mortgagor' includes a person or persons giving a first lien (of the type described in subparagraph (A)) to secure a loan to finance the purchase of stock or membership in a cooperative housing corporation."

(c) Section 10(b) of the Federal Home Loan Bank Act (12 U.S.C. 1430(b)), as amended, is amended by striking the dollar figure "$40,000" and inserting in lieu thereof "$55,000 (except that with respect to dwellings in Alaska, Guam, and Hawaii the foregoing limitation may, by regulation of the Board, be increased by not to exceed 50 per centum)".

(d) Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)), as amended, is amended by adding in the nineteenth paragraph thereof after the phrase "section 401(d)" the following phrase: "or section 408(a)".

(e) Section 5 of Public Law 93-387 is amended to read: "The Council shall report to the President, and through him to the Congress, on a quarterly basis and not later than thirty days after the close of each calendar quarter, concerning its activities, findings, and recommendations with respect to the containment of inflation and the maintenance of a vigorous and prosperous peacetime economy.".

FEDERAL RESERVE ACT AMENDMENT

SEC. 5. Section 10(b) of the Federal Reserve Act is amended by adding the following at the end thereof:

"Notwithstanding the foregoing, any Federal Reserve bank, under rules and regulations prescribed by the Board of Governors of the Federal Reserve System, may make advances to any member bank on its time notes having such maturities as the Board may prescribe and which are secured by mortgage loans covering a one-to-four family residence. Such advances shall bear interest at a rate equal to the lowest discount rate in effect at such Federal Reserve bank on the date of such note.".

The SPEAKER pro tempore. The gentleman from Pennsylvania is recognized for 1 hour.

Mr. BARRETT. Madam Speaker, I yield myself such time as I may consume. I will be very brief in order to let Members get to the White House. They must be over there at 4 o'clock. I am going to make just one brief statement. The money provided in this bill will finance at least 100,000 homes immediately. That is literally what this bill does.

I think everybody has had an opportunity now to speak on the rule and certainly it will not be necessary to go into general debate. I am hoping that everybody will make up his mind and put his remarks in the RECORD, as requested by the gentleman from Florida.

Madam Speaker, I urge prompt passage by the House on S. 3979, the Home Purchase Assistance Act of 1974. It is urgently needed to help revive the depressed housing industry and to put our construction workers back on the job. The Senate passed this bill last Thursday by a vote of 77 to 0. And more importantly, virtually all of the objections of the administration to the original Cranston-Brooke bill were removed during the final hours on that day. As a result, we now have a bill that the administration supports and is willing to implement promptly.

What will this bill do for housing?

First, it will make available during the coming year \$7¾ billion for HUD to buy mortgages financing housing for hard-pressed middle-income families.

Second, of that amount, \$3 billion—enough to finance 100,000 homes—will be made available immediately.

Third, HUD support of the mortgage market will be expanded to conventional housing, as well as to FHA and VA financed housing.

This new authority to buy conventional mortgages is sorely needed because of lagging FHA starts in many areas.

Madam Speaker, there is no time to wait for House action on this bill. We must act now, or the housing industry will have to wait until after the election to get going again. I urge prompt action on this bill. As called for by the President earlier last week. Its passage is in the interest of all of us in the Congress and those we represent.

Madam Speaker, the bill passed by the other body contains, in section 5 therein, an amendment to the Federal Reserve Act. This amendment, when enacted into law, will allow any one or all of the Federal Reserve banks under appropriate rules prescribed by the Board of Governors of the Federal Reserve System to make advances to member banks of the Federal Reserve, loans which would be secured by mortgage loans covering a 1-to-4-family residence. Such funds would have to be made available at the rate equal to the lowest discount rate in effect at that particular Federal Reserve bank. Madam Speaker, this provision of law if properly used as we intend here would have a most wholesome effect on moving additional funds into the home mortgage market. Stated very simply, it would allow a commercial bank as a member of the Federal Reserve System to take residential mortgage paper which it holds and use it as collateral at the Federal Reserve bank discount window, thereby securing additional liquid funds which could be used for investment in 1-to-4-family residences.

The Federal Reserve will no doubt argue that this could be inflationary because it would amount, in effect, to an increase in the money supply. This argument, Madam Speaker, is completely without merit for we know full well that the Federal Reserve, through its Open Market Committee, has all of the powers necessary to reduce the effect of such funds by open market operations. I trust the Federal Reserve Board would not be so naive as to make this argument to us, Madam Speaker. It seems reasonable to say the least that if the Federal Reserve can make advances to the now-defunct Franklin National Bank in the amount—as best we know it—of almost \$2 billion and mop up the increase in the money supply affected by this action through its Open Market Committee operations, it could use the same techniques and, at the same time, help us meet one of our great social endeavors now, that of supplying needed funds at reasonable rates for home mortgages.

Madam Speaker, I yield now to the gentleman from New Jersey such time as he may consume.

Mr. WIDNALL. Madam Speaker, I rise to strongly support S. 3979 which has passed the Senate and was cleared by the House Rules Committee last week. I wish to commend Chairmen PATMAN and BARRETT for their leadership in getting the Banking and Currency Committee to move so expeditiously. I also wish to commend Chairman MADDEN for his quick and helpful action on this matter.

This is a matter of great urgency and is vital to homebuilders and home purchasers throughout the country. It is also important to clarify certain points for our colleagues since a large number of them were aware that the original Brooke-Cranston bill did not have administration support—nor did it have unanimous support in the Senate. However, substitute was negotiated at or about the time the President announced his support. This substitute follows closely a bill introduced by me and several other members of the Housing Subcommittee. This bill does not envision vast Federal holdings of mortgages, but rather a buying and seling of such mortgages to long-term investors. It is this process which greatly reduces the budgetary impact in a given year that distinguishes the two approaches.

What would be done under this bill is to have the Government National Mortgage Association, GNMA, commit to purchase mortgages at an interest rate lower than the current market rate. GNMA would them turn around and sell these mortgages at a discount sufficient to encourage long-term investors.

In this way, the home purchaser gets the benefit of a lower interest rate, the homebuilder has an assured source of funds, and long-term investors are provided with competitive yields.

This bill, as passed by the Senate in its final form, is acceptable to me and most Members of the minority and the administration. There were some other provisions in my bill which I would like to have seen adopted—but under the circumstances this is the best we could hope for at this time.

Granted the procedure is extraordinary, but then so is the problem—all you need to do is pick up any newspaper, ask any home purchaser, ask any homebuilder or any mortgagelender. For the House to fail to act would do a greater injustice to the American people than any possible procedural shortcuts will inflict upon the House.

I urge your vote for this bill so that we can recess proudly—going home able to point to a significant achievement as part of an overall plan to defeat stagflation.

Mr. WAGGONNER. Madam Speaker, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. Madam Speaker, I thank the distinguished gentleman for yielding.

I think it needs to be said that there is a great deal less in the way of assistance for the depressed housing market in this proposal that would appear to be the case. I understand that these funds will be rolled over. But, it is my understanding that the limitation for any single mortgage is \$42,500. Is that correct?

Mr. BARRETT. That is correct.

Mr. WAGGONNER. The President, when he addressed the joint session the other day, told us he was going to release, if we would pass this legislation immediately, \$3 billion with which Ginnie Mae may purchase these mortgages. Is that correct?

Mr. BARRETT. Yes.

Mr. WAGGONNER. So it is safe to assume then that with a limitation of not more than \$42,500, as the bill provides, but an average of only \$30,000 per mortgage per unit purchased, we would provide for only 100,000 units.

Mr. BARRETT. That is absolutely correct.

Mr. WAGGONNER. Then we have to realize we are doing very, very little to help. But, we must do at least this much right away. I think the President will later release more money. I think we ought to get on with this legislation.

There is one other aspect of the proposal that concerns me. I feel quite sure that it is the intention of the committee, but inasmuch as we have had a limited time to consider this, it should be mentioned, Is there reason to believe that we will have something in the way of a formula to provide for equitable distribution of this money around the country, so that we are not going to have the money concentrated in one section of the country or in one area?

Mr. BARRETT. Yes, that is what we are hoping for, that it will be distributed throughout the country in order to give everybody an opportunity to get housing credit.

Mr. WAGGONNER. The gentleman said that is what he is hoping for. Is that his intent?

Mr. BARRETT. I am hoping for it and I will urge the Secretary to do so.

Mr. WAGGONNER. I thank the gentleman.

I believe we ought to get on with this proposal as quickly as possible.

Mr. REUSS. Madam Speaker, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Wisconsin.

Mr. REUSS. Madam Speaker, I hope that this bill will pass. It can help a little.

I do not think any of us want to oversell it. It will mean that the U.S. Treasury will create out of thin air some $3 billion. They have to do that by borrowing. That means that other borrowers get less, but that is one of the consequences of favoring one segment of the economy, which certainly needs some help.

I believe that on balance these new funds are going to benefit the mortgage market. That has not always been true in the past, where a sort of Mickey Mouse operation takes place in which the Government sells housing paper, and then people take their money out of savings and loans to buy the Government paper, and the Government gives the money back to the savings and loans.

I do not believe that that rather asinine scenario will obtain here, because the Treasury Department is going to do the borrowing, and the Treasury Department has said "No Treasury bills to someone who comes up with less than $10,000."

Now, for other reasons, I think that such a minimum limit is very unfair and discriminatory. But that is the law of Treasury borrowing at the moment, so it does mean that this bill can be meaningful.

In the long run, I think we are going to have to do something more basic. This is the third credit crunch in 3 years, and we can expect more.

I think ultimately we will have to come up to free interest rate competition among all financial institutions, accompanied by measures to secure an adequate level of support for residential mortgage lending.

I would like to ask a question or two of the bill's managers.

First, I note the question asked by the gentleman from Louisiana (Mr. WAGGONER), and I am delighted to hear the distinguished subcommittee chairman, the gentleman from Pennsylvania (Mr. BARRETT) assure us that it is the proper legislative interpretation and understanding that the $3 billion we are talking about will be administered on a regionally equitable basis, and equitably distributed around the country. I had intended to ask the gentleman that question, but, since he has already given his usual very clear and forthright answer, I will not persist.

I do have another question. Is it not true that the rather high mortgage ceiling of $42,000 under this program is designed to take care of high costs largely in the larger metropolitan areas, and is not intended to be the standard everywhere in the country? After all, a $42,000 mortgage having an 80-percent loan to value ratio, supports a home costing well over $52,000, well over the low and moderate income level that the Congress has in mind.

I would hope, therefore, that our intent would be that HUD concentrate its assistance on low-cost mortgages as much as possible.

I would ask the gentleman from Pennsylvania if that is the intent of the committee?

Mr. BARRETT. That, I am sure, is our intent. I am hopeful that the Secretary would take a very hard look at this in order to get as much out of the $3 billion as we can.

Mr. REUSS. One final question. Is my understanding correct that the national interest rate on mortgages purchased by the Government National Mortgage Association under this bill would be currently about 8¾ percent and this ceiling is acceptable to them and is comparable to the ceiling on FHA insured mortgages now being purchased by Ginnie Mae?

Mr. BARRETT. That is correct.

Mr. REUSS. I thank the gentleman and yield first to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Madam Speaker, because I consider the gentleman from Wisconsin one of our most knowledgeable colleagues, I notice on page 11 of the bill (S. 3979), it says:

> FEDERAL RESERVE ACT AMENDMENT
>
> SEC. 5. Section 10(b) of the Federal Reserve Act is amended by adding the following at the end thereof:
>
> "Notwithstanding the foregoing, any Federal Reserve bank, under rules and regulations prescribed by the Board of Governors of the Federal Reserve System, may make advances to any member bank on its time notes having such maturities as the Board may prescribe and which are secured by mortgage loans covering a one-to-four family residence. Such advances shall bear interest at a rate equal to the lowest discount rate in effect at such Federal Reserve bank on the date of such note.".

In the judgment of the gentleman from Wisconsin, is this not a new proviso in the law?

Mr. REUSS. It is a new proviso. I do not know how much good it will do, but its effect seems to me to be in the public interest. It would nudge the Federal Reserve in its open-market policy toward a more benign attitude toward housing paper and thus accomplish some good and no harm.

Mr. GONZALEZ. Would it complicate the disintermediation practice with respect to the savings institutions? Will this complicate that? Will this hurt the policy?

Mr. REUSS. No, I do not believe so. I think the Fed can take counteracting measures.

Mr. BARRETT. Madam Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Madam Speaker, let me very briefly explain what the bill does, so that we have a clear understanding of it.

We have been talking about $3 billion here, because that is the figure the President mentioned. Actually, the bill authorizes the Secretary to have outstanding at any one time up to $7¾ billion in these purchased mortgages. It says that the Secretary may purchase mortgages that have a rate or yield not to exceed the average rate or yield of Treasury borrowings which borrowings are of at least 6 years maturity, but not greater than 12 years maturity. That is the maximum rate the Secretary may set. The Secretary can lower that rate, but that is the maximum. This is the substance of the so-called Proxmire amendment.

This program is limited to one- to four-family dwellings. I think when we come back from recess we may want to do something about this, making it applicable to multifamily dwellings and condominiums. The maximum mortgage amount is $42,000. It is expected that the Secretary will attempt to utilize the money as advantageously and as broadly as possible, so that therefore many of the mortgages purchased will be less than $42,000. With the lower mortgage figures we will be able, and hope, to get as much housing as possible out of these funds.

The cost to the Federal Government has been mentioned. Since the rate of interest on mortgages the Secretary may purchase under the program is the average of the Treasury borrowings I mentioned, plus one-half percent, the real cost at that point is only the difference between one-half percent and what it costs the Secretary to administer the program. Probably that cost will exceed one-half percent slightly, but that will be the only amount at that point in time.

In connection with the resale of mortgages, if he sells them while a higher market rate prevails, he will be required to discount them and there will be a loss. If he sells them at a time when a lower market rate prevails, there will be a profit. We cannot determine that now.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, is the gentleman saying that this bill provides for a floating interest rate?

Mr. BROWN of Michigan. It is not a floating interest rate from the standpoint of variable rates on mortgages, no. It is a fixed rate, but the Secretary can purchase mortgages at a rate lower than what, in effect, it costs the Government to borrow that money. In other words, the average cost of borrowings of maturities of more than 6 and less than 12 years.

Mr. GROSS. What does the gentleman mean by a fixed rate? A fixed rate as of now?

Mr. BROWN of Michigan. A fixed maximum—a fixed maximum. The Secretary can go below that maximum, but not above it.

Mr. GROSS. But is it the applicable rate as of, let us say, next month or 6 months from now?

Mr. BROWN of Michigan. A very good question; a very good question. The rate that will be the maximum will be the average rate applicable to this group of borrowings by the Treasury of 6 to 12 years, as of the end of the month prior to the time the commitment is made by the Secretary to purchase. So, it will vary as it is varying now. I understand it is much easier to administer the program if the rate is determined as of the 20th of the month, that is the average rate is fixed as of the 20th rather than the end of the month. It is agreed that this alternate time is permissible under the bill, and that is what we would expect them to do.

Mr. GROSS. Does the gentleman agree with the gentleman from Wisconsin (Mr. REUSS) that the interest rate would be 8¾ percent?

Mr. BROWN of Michigan. I say to the gentleman that since borrowings within this 6- to 12-year period will vary as some drop out and others come into the group, the average rate is bound to vary, but the point is the maximum, I think, will never exceed certainly around 8¾ or 9 percent.

Mr. GROSS. I do not believe anybody here today knows what the interest rate is going to be, and that is said with all due respect to the gentleman from Michigan.

Mr. BROWN of Michigan. If the gentleman would care to listen again, I would say that I do not know the exact rate, but the rate I can predict with some accuracy, is somewhere between 8½ and 8⅞ percent.

Madam Speaker, I have a series of questions I would like to pose to the chairman of the subcommittee for the purposes of establishing legislative history and legislative intent.

Madam Speaker, I would like to ask the gentleman from Pennsylvania about the formula which provides that the interest rate on the mortgages shall not exceed—

> A rate equal to the average yield during the month preceding the month in which a commitment to purchase such mortgage was issued on all marketable bonds of the United States maturing in more than six but less than twelve years from the date of such commitment (exclusive of bonds with a coupon rate of less than 6%) plus ½ of 1%, adjusted upward to the nearest ⅛ of 1%.

First, I have been advised by the Treasury Department that at the present time there are four issues of Government obligations privately held which would mature more than 6 years and less than 12 years. Are these the issues that will comprise the average?

Mr. BARRETT. Yes; the average will be composed of those four issues.

Mr. BROWN of Michigan. I understand that an additional issue will fall within the 6 to 12 year range in November. Is that correct?

Mr. BARRETT. That is correct.

Mr. BROWN of Michigan. Another question: Does the provision permit the Treasury Department to weigh the average yield by the amount of obligations outstanding?

Mr. BARRETT. Yes; the provision would permit such weighting.

Mr. BROWN of Michigan. One final question. I can see an administrative problem arising from the need to set a rate on the first of the month for mortgagees around the Nation based on market rates for the preceeding month. I am afraid that there will be difficulty in making the computations and notifying mortgagees so that commitments can be written on the first day of the month. I understand that it is now customary in similar situations for the Treasury Department to use monthly figures ending on the 20th day of the month. Is this procedure permissible under the amendment?

Mr. BARRETT. The procedure would be permissible and I should think desirable in order to speed the implementation of the program.

Mr. BROWN of Michigan. Would the rate set on the first of the month be applied to all commitments made during that month?

Mr. BARRETT. Yes.

Mr. BROWN of Michigan. May I ask the gentleman a question concerning the authorization in the bill. I note that the total amount of commitments and purchases that may be outstanding at any one time is $7.75 billion—or nearly $8 billion. Does the bill require that, once the program is initiated by the Secretary, this total amount must be used?

Mr. BARRETT. I am pleased that the gentleman asked this question. The bill does not mandate purchase of mortgages in the full amount authorized. It directs that where the Secretary of HUD makes certain findings, then he shall, through GNMA, initiate a mortgage purchase program. But the scale of that program, and the rate at which the authority is to be used, are necessarily matters of judgment. The President, for example, in recommending a program along these lines, indicated that the initial program level should be about $3 billion. But this is not written into the law, and the actual starting level might be greater or less than $3 billion. It would all depend on mortgage market conditions, and overall economic considerations. Also, the gentleman should note that the bill specifically provides that the Secretary may terminate the program completely, in advance of the 1-year time period otherwise authorized, whenever he determines that the conditions recognized in his original findings initating the program no longer exist.

I thank the gentleman for his clarifying comments.

Mr. BARRETT. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. O'NEILL).

Mr. O'NEILL. Mr. Speaker, I rise in strong support of S. 3979, to provide an immediate $3 billion for the depressed housing industry. We need this bill now and we need it desperately. Unemployment in the home construction industry is more than 2½ times the high rate of unemployment in the other sectors of the economy. It will not only put these workers back on the job but it will also provide relatively low cost loans to moderate and little-income families seeking housing.

This bill is a response to the constructive proposal made by Democratic members of the President's Summit Conference.

First of all, this bill could immediately provide $7,750 million in new mortgage lending funds. Certainly the housing industry and those seeking to secure purchase of a home have borne the brunt of the administration's economic stagnation policy. We owe them at least this modest proposal.

Yet, the President has threatened to veto this legislation because the interest rate called for on these home loans would be in the nature of 8.25 to 8.5 percent, rather than 9.5 percent as recommended by the administration.

I would hope that the President would set partisan politics aside. Surely, if the President and the Republican Party are sincere in trying to help the depression-ridden homebuilding industry and help those who cannot secure home mortgage funds, he will sign this bill into law immediately.

We must set aside partisan prejudices in this instance. I cannot believe that because the Democrats sponsored this idea, the President would reject it, nor can I believe that the President would refuse to sign this legislation because the interest rate is less than his proposal. Even at the 8.5-percent rate provided for in the bill, the Federal Government would probably make money on the deal. There is no question that the rate recommended by the administration for a minimum of 9.5 percent would become a big moneymaker for the Government; and I find it unconscionable for the Federal Government to be proposing a program to aid the unemployed, the construction workers, the homebuilding industry and the potential home mortgage borrowers and in that process be making big profits on the deal.

Mr. WIDNALL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Massachusetts (Mrs. HECKLER).

Mrs. HECKLER of Massachusetts. Mr. Speaker, I rise in strong support of S. 3979, the Emergency Home Purchase Act of 1974. This Senate-passed bill is identical in all significant respects to H.R. 17050, which I introduced with several of my colleagues on the Subcommittee on Housing 2 weeks ago.

The House has shown its perception of the national crisis in housing by granting this bill an extraordinary closed rule, so that we can send final legislation to the President this very afternoon.

The legislation addresses the fundamental problem in housing today—the severe shortage of mortgage funds, at any rate of interest, let alone rates which prospective home purchasers can afford. This shortage has had derivative effects on the home building industry and the employment of construction workers, and the real estate business. Unemployment in the construction trades is currently 12 percent nationally. There is more than a 9-month inventory of unsold new homes, and mortgage rates on both new and existing housing are approaching 10 percent.

These are the dimensions of the crisis we face. It was clear to those of us who wrote this legislation that the Federal Government would have to assist in making more funds available to mortgage lenders as a stimulus to home buying.

This bill is the result. In it, we authorize the Government National Mortgage Association to purchase up to $7.75 billion in conventional mortgages in the secondary market. The authority is clearly drafted to allow the Secretary of Housing and Urban Development to purchase mortgages on existing housing as well as new housing. I have been assured by top officials of HUD that purchases of mortgages on existing housing will be authorized upon submission of evidence from the real estate industry that such action is warranted in certain localities.

The President has indicated that he

will make available $3 billion of this authority immediately.

Mr. Speaker, we have put together an emergency program which can go into effect immediately, and which will have a very quick impact on mortgage lenders. They will have an expanded market for selling mortgages, and will be paid cash by GNMA, which can be plowed back into their lending program to originate new mortgage loans. It is a practical response to the current situation, and it goes directly to the heart of the problem—the availability of mortgage funds.

I urge my colleagues to approve this measure.

Mr. WIDNALL. Mr. Speaker, I yield such time as he may consume to the gentleman from Kansas (Mr. WINN).

Mr. WINN. Mr. Speaker, I support S. 3979, the Emergency Home Purchase Assistance Act of 1974. The Senate has aproved this bill to increase on an emergency basis the availability of reasonably priced mortgage credit for housing, and the President stated last week that as soon as the legislation is passed, he will make $3 billion available to finance about 100,000 new homes. Passage of this legislation is one more step toward alleviating the problems being encountered by the home building industry.

S. 3979 grants the Secretary of Housing and Urban Development authority for 1 year to direct the Government National Mortgage Association to purchase up to $7.75 billion in conventionally-financed mortgages. The Secretary can exercise this authority whenever inflation and related governmental actions are having a severely disproportionate effect on the housing industry and the economy.

The bill provides that GNMA can make arrangements to purchase federally-insured mortgages for multi-family units, including condominiums and cooperatives. It also allows for purchase of conventional mortgages for one-to-four family residents which are federally or privately insured or which cover no more than 80 percent of the value of the property securing the mortgages. Houses must be the principal residence of the applicant. Mortgage assistance cannot be extended to family residences or dwelling units which are valued at more than $42,000 in most cases. In Hawaii, Alaska, and Guam the ceiling is placed at $55,000.

Further provisions allow the Secretary of Housing and Urban Development to determine the interest rate but he must consider the administrative cost, the need for credit on reasonable terms, and the state of the mortgage market. Interest rates cannot exceed the Treasury borrowing rate by more than one-half of 1 percent, and an interest must be computed monthly and based on the previous month's average of medium-term—6 to 12 years—Treasury bonds. One-half of 1 percent will then be added to compensate for administrative costs.

Mr. Speaker, there is an urgent need to provide an alternate source of residential mortgage credit on an emergency basis, and this bill hopefully will provide us with such a source.

Mr. WIDNALL. Mr. Speaker, I yield such time as he may consume to the gentleman from Montana (Mr. SHOUP).

Mr. SHOUP. Mr. Speaker, a vote today to provide mortgage money for home construction can prevent my State of Montana and many of our sister States in the great Northwest from becoming disaster areas.

I will vote for the $7.75 billion funding legislation as we received it from the U.S. Senate. I think $10 billion would be more adequate, in fact I have legislation before the House setting the figure at $10 billion—however I am as anxious as my colleagues to get going, even if it is just a first step.

Mr. Speaker, 51 percent of the income of the good people of western Montana is derived from logging, mill, lumbering, paper, and related industries.

Montana supplies 4 percent of the Nation's softwood. In Missoula, the heart of my district, 100 billion board feet can be produced annually.

Sawmills, logging, millwork, papermills provide the livelihood for more than 9,000 western Montanans. However, Mr. Speaker, the job boom in the 1960's which brought more than 3,000 new workers to the area, is dying on the vine.

In 1973 Congress set a goal of 2.2 million new homes annually. It was national policy.

This year we will be lucky to produce 1.1 million, and luckier still to sell them to house our citizens.

Even with $7.75 billion in mortgage guarantee money, we will not fulfill our national policy goal.

President Ford asked for $3 billion for housing. I immediately labeled it inadequate. It would have supplied mortgage money for only 100,000 new home starts; it would have built no more than 28 new homes in the major city in my district, Missoula, with a population of 61,000.

The mortgage money we vote here today in the wake of Senate action will build less than 350,000 new homes, or finance the sales of existing ones.

My target for this year is at least 500,000. It still is, and I still seek the $10 billion I think we need to get housing rolling again.

The construction of 500,000 new homes, Mr. Speaker, will do much for our economy. At least 500,000 new refrigerators, television sets, kitchen ranges, dishwashers, storm doors, windows, insulation. Lead, copper, steel, plastic pipes, flooring and finshing plaster, paint, nails, mortar, bricks, and concrete will flow into the marketplace in the millions of tons.

Money in the marketplace, Mr. Speaker, generates more money.

With more houses sold, more money flows into more construction, and once again the cycle of progress begins to turn.

Our legislative process, Mr. Speaker, is demonstrating today that it can function speedily when the demand from our people reaches a crescendo.

It has reached it today. There is no need for further discussion, simply action. Housing is the most basic of our basic industries. It sucks into its proliferation across our land bits, pieces, fragments, and a massive flow of goods, services, and jobs.

It strikes me, Mr. Speaker, that since this is what America is all about the foot-dragging in some places can no longer be tolerated.

We are making that signal plain by our action here today, Mr. Speaker, and I commend the leadership of this House for its understanding of that fact.

Mr. WIDNALL. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. PETTIS).

Mr. PETTIS. Mr. Speaker, today we are considering a bill, the Emergency Home Purchase Assistance Act, S. 3979, which is an important addition to our efforts to rescue the Nation's housing industry. By passing the Housing and Community Development Act a short time ago, this Congress took a start in making it possible for the citizens of the Nation to obtain badly needed housing. I am glad that S. 3979 has been so quickly acted upon by the other body and is before us today. I gladly support it and urge its passage.

The decline in the past 2 years in housing starts are due to the increase in cost of mortgage credit. Interest rates have rocketed from 6 percent in mid-1973 to present highs of about 12 percent, thus large numbers, literally thousands, of middle-income families have been driven out of the housing market. The situation has been compounded by a significant number of investors shifting their funds from relatively low-yield savings and loan deposits to more lucrative investments, thus adding to the decline in the supply of mortgage credit.

This emergency assistance is needed to give this basic industry a much-needed shot in the arm. Housing is in serious shape throughout the country. The poor, and middle-income families of this country deserve a chance to purchase a home. This would give them a chance. My own district is terribly aware of the crisis in the homebuilding industry.

If Congress had not remained in session, I would today be chairing two meetings in my district at which representatives of HUD, FmHA, and the VA present their agencies' housing programs, with special emphasis on the new Housing and Community Development Act. Since I am here instead, I welcome the opportunity to voice my strong support for extending the assistance available for home purchasing even further. We cannot afford not to support S. 3979. This country needs it; my district needs it, and we must recognize these facts, and take this positive action toward a solution.

Mr. WIDNALL. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana (Mr. HUDNUT).

Mr. HUDNUT. Mr. Speaker, I rise in support of S. 3979, the home mortgage assistance bill.

We are violating no rule of the House with our procedure today.

The President has asked for our cooperation in expediting passage of this needed legislation to relieve the housing industry and make it easier for the American people to build and purchase homes. We all know that the housing industry is feeling very acutely the crunch of inflation. Passage of this emergency bill will assure our country of easier credit, more mortgage money, more construction, more jobs, and more productivity.

Consequently, I urge my colleagues to support the bill. This urgently needed legislation would authorize the Government National Mortgage Association to make available up to $7.75 billion in conventional home mortgages over the next year at about 8½ percent. Let us make it possible—now.

Mr. MITCHELL of Maryland. Mr. Speaker, this act proclaims it will increase on an emergency basis the availability of reasonably priced mortgage credit for housing. When one examines the act we can note that it provides for on page 4, "(B) such mortgage involves an original principal obligation not to exceed $42,000 per family residence or dwelling unit, and except that the original principal obligation may not exceed $55,000 in the case of properties in Alaska, Hawaii, and Guam." Now my colleagues, does $42,000 represent reasonably priced mortgage credit? Does $55,000 represent reasonably priced mortgage credit? The answer is no. Therefore, this act is obviously designed to give assistance to upper income families to the detriment of low and moderate income families.

Consider another aspect of the act. It is clearly designed to support the housing construction industry and places significant emphasis, at least inferentially, on new housing starts. All we need to do is examine our cities for the past 10 or 15 years to learn that the home construction industry has not provided any new housing starts for single residences and smaller four unit residences in urban centers during that time span. In light of that history and in light of the fact that the first $3 billion expended will only provide for, at best, approximately 100,000 units, this act will have no impact at all on our urban areas.

Despite the soothing words of comfort made by members of the Housing Subcommittee, I submit to you that there is nothing in S. 3979, I repeat nothing, that will guarantee protection for the prospective home purchaser who seeks to acquire properties in cities in the $12,000 to $15,000 unit range.

I shall vote for the act, recognizing that it represents a subsidy allowance for higher income families, but also recognizing the hope that immediately after our recess the Housing Subcommittee of the Banking and Currency Committee will give its prompt attention to the dire housing need of those who make up low and moderate income families.

Mr. Speaker, I yield back the balance of my time.

Mr. BARRETT. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. Ashley).

Mr. ASHLEY. Mr. Speaker, I understand the desires of the House. I will be very brief. I did want to say to my friend, the gentleman from Maryland (Mr. Mitchell), that first of all I understand some of the reservations he has about the bill, because I share them.

Let us face the fact that what we are doing here is coming up with a housing subsidy program for the more affluent in our society. I happen to be one who says that while it may be justifiable to call upon the average taxpayer to subsidize housing for low-income families, I was not aware that the day had arrived when we are going to do it for upper-income families.

Make no mistake about it, this legislation before us covers mortgages up to $42,000. That is the kind of mortgage on which you might put down $10,000 on a home selling for $50,000. But there is a guaranteed subsidy in the interest rate. What the bill provides, in effect, is that, the interest rate will range between 8⅜ and 8⅞. However, what is the going price of mortgage money today? It is 9½ percent to 10 percent.

Now, who are the families who are going to be getting this subsidized mortgage? The families who will be getting this subsidy are those families who can afford to participate in the conventional mortgage market. That is only about one out of every five families in the United States today—the top 20 percent.

Therefore, if some Members have some problems with this legislation, let me say I do too. I will say the only reason I am going to vote for this is because in the last 2 years we have gone from 2.6 million housing starts per year down to something in the neighborhood of 1.3 million and probably less than that for this year.

The housing industry is not in a recession. It is in a depression. There is no question about that.

Thus, we have before us a bill that is calculated to bail out an industry—and this is distressing—by helping people who probably should not get help. This raises some questions.

This Proxmire amendment that we hear so much about is a real Robin Hood amendment, except that it works just in reverse. It takes money from the $10,000, $11,000, or $12,000 families which cannot afford to participate in the private housing market and says, "We will take your tax dollars and support mortgages for those families which earn $20,000, $21,000 or $25,000 a year."

That is how bad a bill this is.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I will be glad to yield to the gentleman from Iowa.

Mr. GROSS. There are two bills floating around here bearing the number S. 3979. The one I have in my hand is dated October 11. If I read it correctly, it provides for an amount not to exceed $7,750 million. Is this the bill we are dealing with?

Mr. ASHLEY. That is the bill that we are dealing with, a mere $7.75 billion for the families I have just described.

Mr. STEELE. Mr. Speaker, I rise in support of S. 3979, the Emergency Home Purchase Assistance Act of 1974.

The bill which is before us today is an amended version of the bills which Senators Brooke and Cranston were the first to introduce in the Senate, and which I was the first to introduce in the House. I am pleased to announce that I now have 60 cosponsors to my bill—H.R. 16767. Support for the bill cuts across party demarcations and political philosophies.

The original bill has been amended by the Senate Banking and Currency Committee, by a compromise reached by Senators Cranston and Brooke and the administration, and by action on the floor of the Senate last week. But throughout the amending process, the basic nature of the bill has been preserved—a Government agency—Government National Mortgage Association—will purchase conventional, FHA-insured, and VA-guaranteed mortgages at below market rates in sufficient amounts to bolster the sagging housing market.

The bill is a response to the depression-like state to which the housing industry and related industries have sunk. The dismal statistics are well known—a 45-percent decline in housing starts, a 49-percent decline in issuances of building permits, 13-percent unemployment in the construction industry, large layoffs and plant closings of appliance makers, lumber and plywood producers and dealers, and others.

We also must not forget the plight of millions of American families of moderate and middle income who desperately need decent housing but are now unable to find it. I remind this body that the national housing goal is "the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family." The Congress determined in 1968 that this goal "can be substantially achieved within the next decade by the construction or rehabilitation of 26 million housing units." That means 2.6 million housing starts a year. But we all know that the present level of housing starts is only at 1.1 million.

This bill, as amended, will alleviate the credit crunch the housing market has experienced since the Federal Reserve Board adopted its tight money policy. We all know what credit means to the housing industry. The home builder is dependent upon credit for land on which to build, for construction of new housing, and for rehabilitation of existing housing. The home buyer or seller is dependent upon credit to purchase or sell a home. When credit is prohibitively expensive, or when it is unavailable, the industry just dries up—and that is exactly what is happening.

Congress has an obligation to the home builders, realtors, and home buyers of America to prevent this from happening. The bill will go a long way to put housing on the road to recovery. This legislation authorizes the Government National Mortgage Association to purchase conventional, FHA-insured, or VA-guaranteed mortgages which cover one to four family residences, and to purchase FHA-insured or VA-guaranteed mortgages which cover more than four family residences, including cooperatives and condominiums. The GNMA authority to purchase conventional mortgages was in the original bill which I introduced, and is essential for States like Connecticut, which traditionally have not actively taken part in the FHA-insured programs. This is illustrated by the fact that last month, while GNMA purchased 5,826 single-family mortgages for $182,353,000, not one mortgage was purchased from Connecticut financial institutions. I strongly urge Secretary Lynn to insure that those areas of the country, like Connecticut, which are not accustomed to selling mortgages to GNMA, will receive a fair share of the mortgage credit supplied under this bill.

Under the amended bill, the Secretary sets the mortgage interest rate, but must consider administrative costs, the need for credit on reasonable terms, and the state of the mortgage market. However, under no circumstances may the Secretary prescribe an interest rate exceeding the average yield for 6- to 12-year Treasury bonds, plus one-half of 1 percent for administrative costs. At the present Treasury bond yield, a mortgage could be offered at between 8 and 8¼ percent. This compares with the present market rate of 10 percent or higher, when mortgage money is available at all.

This bill as amended also permits GNMA to purchase mortgages which involve an original principal obligation up to $42,000 per family residence. This will be very helpful in States like Connecticut, where there are many high cost areas.

The bill grants the Secretary 1-year authority to direct GNMA to have outstanding at any time $7.75 billion in mortgages purchased under its authority. While I would have preferred permanent authority granted to the Secretary to make additional funds available to the housing market in times when the housing industry suffers a disproportionate effect from inflationary conditions and related governmental actions, I believe that the urgency of the housing problem demands that we vote for the amended bill as is, and pass it along to President Ford for signing.

President Ford supported the bill as Senators BROOKE and CRANSTON and I introduced it. I feel confident that he will sign this amended legislation. I urge that this body quickly pass this vitally needed legislation.

Mr. BADILLO. Mr. Speaker, while I shall support S. 3979, the Emergency Home Purchase Assistance Act of 1974, the benefits of this measure for large urban centers like New York will be minuscule. The bill makes no realistic provisions for the needs of individuals, like my constituents, who live in high land utilization areas and whose housing needs must be met primarily through multifamily housing. While nominally FHA-insured multifamily units are eligible, authority for this program is limited to 1 year. It takes a minimum of 2 years to plan, package, and construct multiunit structures. Since emphasis is to be placed on new construction, condominiums, and co-ops will not be really able to compete for the money. The new construction emphasis serves to assure their elimination.

Nor, in the long run, will this legislation substantially benefit the low-and middle-income taxpayer. Installment payments on mortgages with 8.25-percent interest rates are still so high that the majority of those in desperate need of housing will not qualify. The average cost of housing has risen from $28,300 in 1968 to $38,250 in 1974. Homes which sold for $25,000 6 years ago are selling for $33,790 today. As a result, more than 60 percent of this Nation's families cannot now purchase homes.

The effects of the tight money policy of the Federal Reserve have almost crippled the home building industry while failing to deter big, short-term borrowers who more often than not can afford to pass on the increased cost of money to their customers. As a result, rather than acting as a break on inflation the present approach of "economic restraint" has pushed interest rates to an unprecedented height. Housing production is falling toward the 1 million level, more than 50 percent below the 2.6 million annual average determined by Congress as necessary to meet the Nation's housing needs.

Nor were meaningful relief proposals submitted to us in the economic message of the President. I am distressed to see that rather than aiding the average taxpayers, Mr. Ford proposes to have them bear the full cost of his anti-inflation program.

Time is short and this bill must receive action today. Because of the closed rule, it is not possible to offer improving amendments. However, I hope that, since the measure so noticeably failed to extend relief to people residing in large urban centers, the House Banking and Currency Committee, when it returns after elections, will address itself without delay to the task of bringing them much-needed relief.

Mr. BOLAND. Mr. Speaker, S. 3979, the Brooke-Cranston Emergency Home Purchase Assistance Act of 1974 presents an excellent opportunity for this body to afford some much needed aid to our hard pressed housing industry. Furthermore, S. 3979 will provide that assistance in the form of short term relief that can begin to have an effect almost immediately upon the mortgage credit industry.

For 1 year, the Government National Mortgage Association will have the authority to purchase mortgages covering both existing and new mortgages up to an amount not to exceed $7.75 billion. The basic philosophy of this bill, which has the support of the President, is to free money which is presently tied up in existing mortgages so as to pump new funds into yet more mortgages. This relief has become imperative in view of the fact that new housing starts have diminished to 1.1 million in September of this year, a dip of 300,000 from the August figures.

I had hoped to see a figure higher than $7.75 billion in purchase authorization from GNMA. The original proposal before the Senate would have provided $10 billion in purchase authorization. However, the reduction to $7.75 billion has been offset because S. 3979 covers mortgages which are not VHA or FHA insured. The buyers of the latter type of housing will not be affected in their efforts to secure these mortgages because the new program will be separate from the VHA or FHA program.

S. 3979 will not, however, produce an inflationary influence on the economy because these funds will be repayed, with interest, by the mortgagors whose mortgages have been purchased. It is even possible that the Government may earn a profit on this large scale venture into the private mortgage markets. Furthermore, the Secretary of the Department of Housing and Urban Development will have great flexibility in administering this program to sell mortgages at a loss or to purchase existing housing in areas where this action will free money for prospective buyers who could otherwise not afford to purchase homes.

These provisions of S. 3979 have an all important objective—rejuvenating and restoring mortgage credit at a time when only extremely high priced mortgages, if any, have been available to the prospective home buyer. This credit infusion will also help our depressed construction industry—in adding to new housing starts and in providing for rehabilitation of existing housing. This is what the President has asked us to do and with such goals I am in complete agreement. Our housing and mortgage markets must be returned to their former robust health.

Mr. KOCH. Mr. Speaker, I rise with some reluctance in support of this bill. Unfortunately, under the extraordinary procedures we have adopted, there is no opportunity to correct what I consider will be a grave inequity to large cities, such as New York, in the distribution of assistance.

In many large urban areas there is little single-family construction. In New York, the only construction feasible is in multifamily units and while the bill makes some gesture toward multifamily construction—this gesture is grossly inadequate. The bill only assists FHA-insured multifamily construction. Such construction is unworkable in New York—especially under the per unit cost limitations provided in this bill. With only conventional multifamily construction possible in New York and other large urban centers, we have effectively excluded these centers from assistance in this bill. While I am precluded from trying to correct this inequity under the current rule, I wish to voice my protest and express my intent to correct this inequity at the earliest possible time.

Mr. Speaker, I do have good news, however. A provision which I added to the Omnibus Housing and Community Development Act of 1974 which extended Federal Housing Administration mortgage guarantees to co-op apartment buyers on resale, and which was inadvertently dropped by the committee staff when the bill was signed into law, has been added to this bill. This section in particular will help New York City.

The SPEAKER. Under the rule, the previous question is ordered.

The Senate bill was ordered to be read a third time, and was read a third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

TO EXTEND AUTHORITY OF EXPORT-IMPORT BANK OF THE UNITED STATES

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate Joint Resolution (S.J. Res. 251) to extend the authority of the Export-Import Bank of the United States.

The Clerk read the title of the Senate Joint Resolution.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. GROSS. Mr. Speaker, reserving the right to object, may I assume that the gentleman is going to explain this Senate Joint Resolution, what is here proposed?

Mr. ASHLEY. Yes, indeed.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the Senate Joint Resolution as follows:

S.J. RES. 251

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8 of the Export-Import Bank Act of 1945 is amended by striking out "October 15, 1974" and inserting in lieu thereof "November 30, 1974": *Provided, however,* That the Bank shall not authorize any financial assistance to the Union of Soviet Socialist Republics during the life of this resolution.

Mr. ASHLEY. Mr. Speaker, conference action on legislation to amend and extend the Export-Import Bank Act has been completed. However, the Senate did not take up the conference report last Thursday, as had been anticipated. The other body instead adopted a joint resolution extending the life of the Bank for 45 days.

Mr. Speaker, the joint resolution provides that the Bank shall not authorize any credits to the Soviet Union during the life of this resolution. It is my understanding that the conference report will be the first order of business in the other body upon return from the recess. In the meantime, this resolution is needed in order to enable the Bank to carry on its everyday business.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 355, MOTOR VEHICLE AND SCHOOLBUS SAFETY AMENDMENTS OF 1974

Mr. STAGGERS. Mr. Speaker, I call up the conference report on the Senate bill (S. 355) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to promote traffic safety by providing that defects and failures to comply with motor vehicle safety standards shall be remedied without charge to the owner, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 8, 1974.)

Mr. STAGGERS (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conference report on the Motor Vehicle and Schoolbus Safety Amendments of 1974, S. 355, is a good report. It reflects the give and take that one expects in a conference between two bodies.

As I think everyone knows, Mr. Speaker, this legislation was considered in comprehensive hearings in the House which included oversight of the activities of the National Highway Traffic Safety Administration in administering the National Traffic and Motor Vehicle Safety Act of 1966. The improvements in the House bill during markup sessions led to the inclusion of the schoolbus safety provisions and the motor vehicle inspection demonstration project. These improvements in the House bill are preserved in the conference report. Also preserved is the basic revision to existing law requiring that defects related to motor vehicle safety and failures to comply with applicable safety standards be remedied without charge to the owner.

The conferees considered most carefully the provision on occupant restraint systems contained in the House-passed bill. The Senate bill contained no provision on this subject. I believe we have reached a compromise which meets the basic objectives of both bodies.

The conference report would require, as did the House-passed bill, the elimination of the safety belt interlock system and any continuous buzzer from the agency standard within a maximum of 120 days after enactment. Safety belt systems and other occupant restraint systems currently permitted as options by Federal motor vehicle safety standard 208 could continue to be installed in motor vehicles.

To establish an occupant restraint system other than a safety belt system, the Secretary would first hold a public hearing on the proposed standard.

Congress then would have 60 days in which to disapprove the final standard by concurrent resolution. Due to the great public interest in this provision, a more technical explanation is contained later in this statement.

Mr. Speaker, the Motor Vehicle and Schoolbus Safety Amendments of 1974 (S. 355) is legislation of widespread interest. Therefore, I would like to briefly outline the major provisions of what I trust will soon become law.

TITLE I—MOTOR VEHICLE SAFETY

Section 101 of the legislation would authorize a 2-year appropriation of sums not to exceed $55 million for the fiscal year ending 30, 1975 and $60 million for the fiscal year ending June 30, 1976 for purpose of carrying out the 1966 act.

DISCOVERY, NOTIFICATION, AND REMEDY OF MOTOR VEHICLE DEFECTS

In general, part B of this legislation is based on section 113 of existing law and incorporates the agency hearing and notification procedures of that section while adding the requirement to remedy defects related to motor vehicle safety and failures to comply with applicable safety standards without charge. These provisions preserve the provisions and procedures contained in the House-passed bill with minor modifications.

Section 102 of the legislation would require notification to owners and purchasers of motor vehicles and motor vehicle equipment with safety-related defects or failures to comply with applicable safety standards, as in existing law. The low important change in this legislation is the requirement that the manufacturer of the motor vehicle or equipment remedy the defect or failure to comply without charge.

The informal agency proceeding for determining the existence of a defect or failure to comply which is part of existing law would be retained. If the Secretary determined that such defect or failure to comply exists, he would order the manufacturer to notify owners and to remedy without charge. Civil actions respecting the Secretary's order would be brought in a United States district court.

Concerning such civil actions, section 155(c)(1) would recognize that prompt notification to owners and purchasers in accordance with section 153 is mandatory and that a failure or refusal to so notify would trigger the civil penalty and injunctive provisions of the act. If a manufacturer should fail or refuse to so notify and also seek to have the appropriate U.S. district court restrain the enforcement of the Secretary's order under section 152(b), the conferees agreed upon a standard to be applied by a district court in deciding whether or not to restrain such enforcement. This standard is not intended by the conferees to be applied by a district court except when considering whether to restrain an enforcement action already commenced by the Secretary under section 110(a) or under section 109 of the act. For purposes of section 155 of this legislation, "enforcement" means the assessment of civil penalties for failure to comply with the Secretary's order or an injunction ordering compliance.

Furthermore, with respect to the standard for restraining the enforcement of the Secretary's order, the court's consideration of whether the manufacturer's failure to furnish notification was reasonable would include consideration of whether the public interest would be adversely affected by such failure to notify. The court would also consider, of course, whether or not the manufacturer has demonstrated that he is likely to prevail on the merits.

An exemption from the requirement to remedy without charge would be provided for motor vehicles and equipment purchased more than 8 years—3 years in the case of a tire—before notification. Exemption from notification or remedy would also be provided for defects or failures to comply which the Secretary deemed inconsequential as they related to motor vehicle safety.

Regarding the definitions in section 102 of this legislation, the conferees clarified these terms while preserving the policy contained in the House-passed bill. Motor vehicle equipment would be considered original equipment unless the Secretary provides that it be considered replacement equipment by regulation. Regarding tires, the Secretary could, if appropriate, treat original equipment tires as replacement equipment tires by regulation taking into consideration the relationship between the motor vehicle and tire manufacturers and the facilitation of notice to owners and purchasers.

The conferees also intend that agency regulations permitting exceptions to the definitions contained in section 159(2) of this legislation reflect the following considerations.

The position of the conferees is that the motor vehicle manufacturer would be responsible for notification and remedy of a defect or failure to comply if he manufactured, assembled, authorized, or supplied the equipment or if it was installed in keeping with the manufacturer's instructions or authorization. Should these criteria not be met, the conferees intend the Secretary to provide by regulation that equipment not meeting these criteria be deemed replacement equipment and the responsibility for notification and remedy of a defect or failure to comply fall on the replacement equipment manufacturer.

The conferees intend that notification concerning a defect or failure to comply in any motor vehicle equipment installed in or on a motor vehicle after its delivery to the first purchaser for purposes other than resale shall be the responsibility of the equipment manufacturer. The notification provisions in section 153(c)(1), (2), and (3) of the conference substitute reflect the position of the conferees on this matter.

ENFORCEMENT

Section 103 of this legislation adopts the provisions of the House-passed bill.

Prohibited acts would include rendering inoperative any safety device by a manufacturer, distributor, dealer, or motor vehicle repair business—except for safety belt interlock or any continuous buzzer.

The maximum civil penalty would be increased from $400,000 to $800,000.

INSPECTION AND RECORDKEEPING

Section 104 of this legislation retains the provisions of the House-passed bill.

COST INFORMATION

Section 105 of this legislation adopts the provisions of the House-passed bill while providing that the availability of cost information to the public would not include information containing a trade secret or other confidential matter.

AGENCY RESPONSIBILITY

Section 106 of this legislation retains the provisions of the House-passed bill.

NATIONAL MOTOR VEHICLE SAFETY ADVISORY COUNCIL

Section 107 of this legislation adopts the provisions of the House-passed bill; however, under the Federal Advisory Committee Act, any advisory council whose life is not specifically extended will lapse. The conferees agreed to continue the Council until October 1, 1977.

FUEL SYSTEM INTEGRITY STANDARD

Section 108 of this legislation would incorporate by reference Federal motor vehicle safety standard 301 as published on March 21, 1974 in the Federal Register to take effect on the dates specified therein. This amendment to the provision in the House-pased bill reflects the intent of the House conferees as expressed during floor debate on H.R. 5529.

TECHNICAL EXPLANATION OF OCCUPANT RESTRAINT PROVISIONS

The conference substitute adds to the National Traffic and Motor Vehicle Safety Act of 1966 a new section 125 which deals with occupant restraint systems for motor vehicles.

REVISION OF EXISTING STANDARD

Subsection (a) of the new section 125 requires the Secretary of Transportation, within 60 days after the date of enactment of the bill, to amend the Federal motor vehicle safety standard for occupant crash protection—No. 208—so as to bring the standard into conformity with the requirements of subsection (b) of the new section 125. The amended standard must take effect within 120 days after enactment of the bill. For purposes of section 103(e) of the act, the requirement of a 120-day effective date would constitute good cause for making the amended standard effective before the expiration of the 180-day period after promulgation that section 103(e) would otherwise require.

LIMITATIONS ON OCCUPANT RESTRAINT STANDARDS

Section 125(b) sets out limitations on motor vehicle safety standards prescribed under section 103 of the act which relate to occupant restraint systems. After the effective date of the amendment prescribed under subsection (a), the following limitations would apply:

First. Buzzers and Interlocks. No Federal motor vehicle safety standard may have the effect of requiring—nor may it provide that a manufacturer is permitted to comply with such standard by means of—any continuous buzzer system designed to indicate the safety belts are not in use, or any safety belt interlock system.

Second. Nonbelt Systems. Subject to the exceptions in the following paragraph, no Federal motor vehicle safety standard respecting occupant restraint systems may have the effect of requiring—nor may it provide that a manufacturer is permitted to comply with such standard by means of—a nonbelt system. A "nonbelt system" is an occupant restraint system other than a belt system.

EXCEPTIONS FROM LIMITATION ON NONBELT SYSTEMS

Subsection (b)(3) provides for three exceptions from the limitation respecting nonbelt systems—but not from the limitation respecting interlocks and buzzers. The exceptions are as follows:

First. Nonbelt system optional with manufacturer. The first exception provides that the limitation on nonbelt systems does not apply to a standard which provides that a manufacturer may opt to comply with such standard by equipping motor vehicles manufactured by him with a nonbelt system rather than a belt system.

Second. Oral comment and submission to Congress for initial nonbelt standard. The second exception provides that the limitation on nonbelt systems does not apply to any standard which the Secretary elects to promulgate in accordance with the procedure specified in section 125(c), unless the standard is disapproved by both Houses of Congress by concurrent resolution in accordance with section 125(d).

Third. Revision of initial nonbelt standard. The third exception provides that the limitation on nonbelt systems does not apply to a Federal motor vehicle safety standard if at the time of promulgation of such standard (i) the 60-day period determined under section 125(d) has expired with respect to any previously promulgated standard which the Secretary has elected to promulgate in accordance with section 125(c), and (ii) both Houses of Congress have not by concurrent resolution within such 60-day period disapproved such previously promulgated standard. The effect of this exception is to leave DOT free, if a nonbelt occupant restraint standard has already been promulgated under the provisions of section 125(c) and if Congress has not disapproved the standard during the 60-day period under section 125(d), to promulgate a new nonbelt standard or to amend the previously promulgated one, without resorting to the procedure under section 125(c) and without having to submit the new or amended standard to Congress for disapproval.

It should be noted that the provisions of section 125(b) which refer to a standard which has "the effect of requiring" a particular system, mean not only a standard which by its terms requires the system but also a performance standard which as a practical matter can only be met by use of that system. Thus, if an occupant restraint standard requires passive restraints, which as a practical matter can be provided only by an air bag or other nonbelt system, then the standard would be regarded as having the effect of requiring a nonbelt system. The provisions of section 125(b) which refer to standards which "provide that a manufacturer is permitted to comply with a standard by means of" a particular system, refer to DOT's current practice of providing for a "manufacturer's option" in a standard. Such an option permits a manufacturer to comply with a standard by manufacturing the motor vehicle in a manner which complies with one of several alternative requirements.

PROMULGATION OF INITIAL NONBELT STANDARD

Subsection (c) describes the procedure which the Secretary may elect for purposes of promulgating a nonbelt standard. As noted above, this procedure need not be followed if a previously promulgated standard was prescribed under this procedure, and if that previously promulgated standard was not disapproved under section 125(d).

First. Applicability of section 103. The procedure generally requires that the standard-setting mechanism in section 103 of the act be followed, except as otherwise provided in paragraphs (2), (3), and (4) below. If a standard promulgated under section 125(c) and not disapproved under section 125(d) did not meet the requirements of section 103, it would not be valid. In particular, the effective date provisions in sections 103(c) and (e) of the act remain applicable, except that, of course, a standard for which the procedure under this section was elected could not take effect before the expiration of the 60-day period under section 125(d).

Second. Oral comments. A modification is made in the notice and comment requirements for standard-setting. DOT is required to permit interested persons to present oral presentation of their comments. DOT, however, would not be required to provide an adjudicatory hearing under sections 556 and 557 of title 5, United States Code; and judicial review of a standard promulgated under the seotion 125(c) procedure would not be under the "substantial evidence" rule—since the agency hearing is not required to be "on the record." A hearing held before the date of enactment would not satisfy the requirement for oral presenation.

Third. Congressional input. The chairmen and ranking minority members of the House Interstate and Foreign Commerce Committee and the Senate Commerce Committee are required to be notified in writing of any proposed standard to which section 125(c) applies. Any Member of Congress may make an oral presentation of data, views, or arguments.

Fourth. Transmittal to Congress. Any standard promulgated pursuant to section 125(c) is required to be transmitted to Congress, and to the chairmen and ranking minority members of the committees referred to in the preceding paragraph.

DISAPPROVAL BY CONGRESS OF INITIAL NONBELT STANDARD

Subsection (d) contains the congressional disapproval procedure. A standard which the Secretary has elected to promulgate in accordance with section 125 (c) cannot become effective if, during the first period of 60 calendar days of continuous session of Congress after the date of its transmittal to Congress, both Houses of Congress pass a concurrent resolution disapproving the standard. If both Houses do not pass such a resolution during such period, such standard shall not be effective until the expiration of the 60-day period or until a later date specified in the standard. Sections 103 (c) and (e) would apply to the effective day of such standard—subject to the 60-day requirement.

JUDICIAL REVIEW

Subsection (e) provides that any right which any person may have to obtain judicial review of a Federal motor vehicle safety standard is not impaired by section 125.

DEFINITIONS

Subsection (f) defines terms used in section 125.

"Safety belt interlock" is defined as any system designed to prevent starting or operation of a motor vehicle if one or more occupants of such vehicle are not using safety belts.

"Belt system" is defined as an occupant restraint system consisting of integrated lap and shoulder belts for front outboard occupants and lap belts for other occupants. With respect to: First, motor vehicles other than passenger vehicles, second, convertibles, and third, open-body type vehicles, the term also includes an occupant restraint system consisting of lap belts or lap belts combined with detachable shoulder belts. A partial airbag system, combining an air bag and a lap belt, would not be a belt system.

The term "occupant restraint system" means a system the principal purpose of which is to assure that occupants of a motor vehicle remain in their seats in the event of a collision or rollover. Such term does not include a warning device designed to indicate that seat belts are not in use.

The term "continuous buzzer" means a buzzer other than a buzzer which operates only during the 8-second period after the ignition is turned to the "start" or "on" position.

AUTHORITY TO DISCONNECT INTERLOCKS AND BUZZERS

The conference substitute contains two additional provisions which are related to section 125. Section 108(a)(2)(A) of the act—added by section 103(a) of the substitute—generally prohibits rendering inoperative of safety systems required by the Federal motor vehicle safety standards. Section 102(a)(2)(C) contains an exception from 108(a)(2)(A) which permits rendering inoperative of any interlock or continuous buzzer. Since this exception does not override section 108(a)(1)(A) of the act, which prohibits, and so forth, of a vehicle which does not comply with a standard, a further exception is provided in section 108(a)(2)(D), which permits a dealer to disconnect any interlock or continuous buzzer at the request of the purchaser of the motor vehicle. Section 111 of the bill makes this last exception effective on the date of enactment.

OTHER PROVISIONS

Section 110 of this legislation adopts the technical and conforming amendments as contained in the House-passed bill, including the section on regrooved tires.

The section in the House-passed bill on reduction of motor vehicle weight and cost was deleted for two reasons. DOT considers weight and cost factors as a matter of course in standard-setting proceedings. Also, more comprehensive legislation designed to integrate Federal conservation, environmental, and safety goals for the motor vehicle is anticipated.

Section III states that this legislation would take effect 60 days after enactment, as did the House-passed bill.

SCHOOLBUS SAFETY

Title II of this legislation preserves the House provisions requiring the promulgation of schoolbus safety standards within a 2-year period.

MOTOR VEHICLE DEMONSTRATION PROJECTS

Title III of this legislation adopts the House provision with clarifying changes.

Mr. Speaker, I urge the Members of the House to vote for the conference report.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I would like to ask a question of the gentleman from West Virginia, since I see no one present on the minority side representing the conferees.

Mr. STAGGERS. I would say to the gentleman from Iowa that they all signed the conference report.

Mr. GROSS. I am glad to hear that they signed the conference report.

Mr. STAGGERS. They all did.

Mr. GROSS. Section 4 of the Senate bill authorizes not to exceed $46,773,000, and the House amendment called for $55 million; is that correct?

Mr. STAGGERS. That is correct; yes.

Mr. GROSS. And you came out with how much?

Mr. STAGGERS. $55 million for the reason that the Senate bill went up higher over a longer period of time, it went up astronomically, so we agreed if they would knock off their figures we would come down.

Mr. GROSS. But the House version turned out to be the larger of the spenders?

Mr. STAGGERS. No. If we had acceded to what the Senate wanted it would have been much higher. We said that for the first 2 years we would agree to take ours if they would knock off theirs.

Mr. GROSS. Is that in the conference report?

Mr. STAGGERS. I do not know whether it is in the conference report, but that is the fact, that we did it in conference.

Mr. GROSS. At any rate, the figures are up over what the Senate originally came up with; they were induced to do so by the House.

Mr. STAGGERS. The Senate appropriation for $45 million was for the year 1974; we cut that out and made it for 1975 and 1976.

Mr. BROWN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Speaker, with respect to the interlock system, does the conference report only speak prospectively with regard to new automobiles, or does it cover the interlock system that is on existing automobiles?

Mr. STAGGERS. We say in the bill that a man who has a 1974 car can take it to any dealer and have it taken out right now, or just as soon as the bill passes.

Mr. BROWN of Michigan. I thank the gentleman.

Will the gentleman yield still further?

Mr. STAGGERS. I yield further to the gentleman from Michigan.

Mr. BROWN of Michigan. The owner of a 1974 automobile may take it to anyone?

Mr. STAGGERS. Yes.

Mr. BROWN of Michigan. Including a new car dealer?

Mr. STAGGERS. Yes.

Mr. BROWN of Michigan. That was in the Senate bill, but not in the House version; is that correct?

Mr. STAGGERS. I am not certain about that, but we do say that it may be done by manufacturers, distributors, new car dealers, and so forth, and it includes everybody.

Mr. BROWN of Michigan. I thank the gentleman very much.

Mr. DINGELL. Mr. Speaker, I find in the report language a sentence which disturbs me in that it seems to open the possibility of an air bag standard being imposed without any opportunity for the Congress to pass on it.

The specific language to which I refer appears at page 34493 of the CONGRESSIONAL RECORD of October 8 and reads:

> Once a non-belt system is permitted to become effective, then further changes in occupant restraint standards would not be subject to disapproval.

It incorrectly interpreted that language could thwart the desire of the Congress to review and, if appropriate, disapprove a standard imposing air bags on our constituents. If the language is not read in the clear light of the intent of the managers on the part of the House, such a situation could develop through promulgation of a standard requiring or permitting a passive belt system to become effective, followed by promulgation of an air bag standard. It is my understanding that a passive belt system can be permitted under existing rules and that a passive belt system without a lap belt would qualify as a nonbelt system.

Such a procedure is clearly inconsistent with the desires of this House and not in accord with the intent of the conferees. Consequently, I am pleased that the Chairman of the House managers affirms that any air bag standard which may be promulgated by DOT will, when proposed, be subject to the disapproval procedures afforded by the bill approved by the conferees.

I am pleased that the gentleman from West Virginia (Mr. STAGGERS) agrees with me, that such a procedure would not be in accord with the intent of the conferees or the desires of this body.

Mr. Speaker, I wish to bring before the House matters in the statement of the managers on the part of the House regarding the provisions of section 159 as to certain definitions which did not appear in the bill reported by either House. The conference report states that the new definitions adopted in the conference substitute merely clarify ambiguities and do not reflect any changes of policy expressed in the provisions of the House amendment, which was adopted on August 12, 1974. At that time the gentleman from North Carolina (Mr. BROYHILL) asked for an expression of intent from the managers on the majority side as to the committee's intent in order to instruct the Secretary on the adoption of regulations. The gentleman from California responded to that request by stating:

> In short, the vehicle manufacturer should have no responsibility for safety-related defects resulting from alterations or conversions of completed vehicles unless, of course, it is done in accordance with that manufacturer's instructions, or authorization.

That intent remains unchanged, the Secretary appears to be adequately instructed to adopt regulations that will foreclose the possibility of the vehicle manufacturer being held liable for penalties or for the costs of remedying defects because of the actions of others over whom he has no control. The managers confirm that my understanding is correct and that the intent of this House as expressed by the gentleman from California on this point is also the intent of the conference.

Mr. WYMAN. Mr. Speaker, I am glad to see that the conferees have worked out both language and alternatives to the thorny dilemmas presented by the virtually unanimous protest of this House against the Department of Transportation's regulation requiring a seatbelt-ignition interlock. The resulting inconvenience to America's motoring public from having to buckle up before you could start your car to move it from one stall to another in your own garage—or having to buckle up a bag of groceries on one of the front seats if it weighed more than 6 pounds—this sort of thing was ridiculous and the Congress has now, in response to the overwhelming will of the public, ended the seatbelt ignition interlock once and for all. It should be recognized that it was never a creature of Congress to start with.

I am glad I was able to be helpful in this regard as the prime sponsor of the interlock prohibition. Let it be remembered by regulatory agencies that we are all partners, not adversaries, and that anything that is so costly and so fundamental as a regulation requiring an assembly line function for the entire automotive industry both in the United States and abroad insofar as the industry there schedules imports into the U.S.A., should require consultation with and approval of the appropriate oversight committees of the Congress before it is implemented. Such a procedure is assured under the provisions of this conference report.

We do not know what lies ahead in the field of passive restraints. Air bag enthusiasts are championing an expensive air bag protection as mandatory in 1977 models. But the problem here is manifold since airbags do not adapt themselves to smaller vehicles and it may well be that size and adaptability may be conditions precedent to appropriate airbag regulation, especially at the mandatory level. A further troublesome factor is that airbags provide protection only against collisions in the 11-to-1 frame on the clock. They do not protect against rollovers or side impacts even with the addition of a single seatbelt. So there is much to be worked out to protect the motoring public and its passengers.

And with the price of cars going higher and higher from all the gadgetry being imposed on the industry by Government regulation it should be obvious even to the most enthusiastic restraint advocate, that airbags that are very expensive, ought not to be made mandatory equipment unless they are the real answer. That has not yet been determined.

Meanwhile one thing is clear by what has been accomplished by the Congress in the legislation now before us. Seat belts and harnesses are all motorists can be required to buy. No ignition interlocks. No fancy wiring. No sequential warning systems. And this is as it should be.

Hopefully most American drivers will buckle up voluntarily. If they do not and they end up with that steering wheel in their stomach, that will have resulted from their own decision to their own regret—but this too is as it should be in a still-free America.

As long as it does not relate to the lives and safety of others it is no part of the proper function of bureaucracy to require our people to do things simply because it is not good for them. The Constitution provides otherwise, for which we should each and everyone be profoundly grateful.

Appreciation is due the conferees who labored long and mightily to put this conference together. The same spirit of togetherness as we encourage education in the voluntary use of seatbelts and harnesses, and the development of additional driver and passenger protections, is the goal of all thoughtful concerned Americans in this Nation on wheels in which many lives are needlessly lost in traffic accidents.

Mr. Speaker, I urge adoption of the conference report.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 15427, AMTRAK IMPROVEMENT ACT OF 1974

Mr. STAGGERS. Mr. Speaker, I call up the conference report on the bill (H.R. 15427) to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of October 8, 1974.)

Mr. STAGGERS (during the reading). Mr. Speaker, I ask unanimous consent that the statement of the managers be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. GROSS. Mr. Speaker, reserving the right to object, I will say to my friend, the gentleman from West Virginia, that this is one of my least favorite boondoggles. Does he intend to take some time to explain what transpired in conference?

Mr. STAGGERS. Yes, indeed.

Mr. GROSS. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, essentially, the bill is the same as the House bill with the following changes—

First. Amtrak is required to directly perform its own maintenance and repairs—to the maximum extent practicable;

Second. Amtrak is required to cooperate with the U.S. Railway Association, the Secretary of Transportation, the new Consolidated Rail Corporation, and the Corps of Engineers on the northeast corridor project;

Third. The Secretary of Treasury and the Bureau of the Customs are directed to work out suitable inspections of Amtrak international trains;

Fourth. A technical amendment allowing State or local government to share subsidy costs for Amtrak routes was adopted;

Fifth. The Secretary of Transportation will give priority in designation of experimental trains to those States which do not now have service;

Sixth. The Secretary of Transportation is required to adopt guidelines for Amtrak planning of loan grants;

Seventh. The ICC will be allowed to represent itself in Federal court when the Department of Justice has a conflict of interest or does not want to represent the ICC;

Eighth. A study of high-speed transportation by rail between the west coast cities—much like the Northeast Corridor—was adopted;

Ninth. A technical amendment allowing State utility commissions to modify certain standards prior to the effective date set by law was adopted;

Tenth. Federal coordination of the proposed intermodal terminal at Union Station was modified so that nothing will interfere with the proposed Visitors Center; and

Eleventh. A program to preserve historical rail stations was modified and adopted, giving the Secretary of Transportation authority to designate a demonstration project.

The Senate receded on six of its provisions, including an amendment which would have removed the current salary limitation on Amtrak employees.

Mr. Speaker, I yield to the distinguished gentleman from Michigan (Mr. DINGELL) such time as he may consume.

Mr. DINGELL. Mr. Speaker, I thank the distinguished chairman of the Committee on Interstate and Foreign Commerce for yielding to me. In this, as in all things, the gentleman from West Virginia has been a complete gentleman and I certainly wish to express my thanks to him.

It will be noted for the record, Mr. Speaker, that I was one of the managers on behalf of the House. It will also be noted from the remarks of the statement of the managers on the part of the House that my name does not appear as having signed the statement of the managers on the part of the House. I wish to present before my colleagues in the House the reasons therefor.

As my colleagues will recall, the bill passed by the House was a rather lean bill, it was a bill directed to seeing to it that Amtrak had those things necessary for its success without frills. A reading of the Senate bill will disclose to my colleagues that the Senate loaded the Amtrak authorization down with a large number of matters that do not properly belong in Amtrak at this particular time and which would compel the taxpayers to make additional payments at the time of the subsidy for matters that I regard as being unwise both as to the amount of the subsidy and also as to the manner in which the subsidy would be given.

For example, it will be noted that there is a significant adaptation and expansion to the House bill with respect to the Northeast corridor. It will be noted that there are significant expansions of the House funding with respect to going beyond the basic system. It will be noted that there is significant expansion of our new services going far beyond that which was provided in the House bill. It will be noted that there are significant expansions with regard to purchase of facilities such as stations, expansion of stations including the expansion of a station here in Washington, D.C.

The original Senate bill went so far, and I think it was quite improper, as to authorize the purchase of Union Station again after the House had already adopted similar legislation.

I think the House was far too generous in conceding these and similar points to the Senate, and I think that were it not for the fact of the lateness of the hour and the urgency of providing the necessary assistance to Amtrak to assure its continued viability, I might be at this time rising not to notify the House but rather to urge the House to reject the conference report.

There are a number of things relating to the intermodal system that do not properly belong in Amtrak. There are a number of studies included, such as transportation from downtown to airport, the studies for rail transportation for recreational purposes and a number of other things. Perhaps these things belong in Amtrak, perhaps they belong in this authorization bill, but my colleagues should have before them the hard fact that never were hearings held on these matters in the House. I am satisfied a study of the record in consideration of these matters would indicate that the Senate did not consider those matters.

Now, I think it is too often forgotten that we are equal bodies, the House and the Senate. During the course of discussions with the Senate conferees, the statement was made:

> Well, if you don't want these, we will just terminate the conference and we will go back and the Senate will make it plain who killed the bill.

This is something I very strongly disapprove, but I will say to my colleagues that I disapprove even more strongly how the Senate loads and lauds this bill worth a lot of money for which there is no need, just to satisfy the ego and vanity of the Members of the Senate or to get them "brownie points" at home. This, in my view, is clearly wrong. I want the House to be aware of it and be sure that next year when Amtrak is before us again we will face a similar situation to which the House will be alert and which the House will object to and reject, because clearly this is the wrong way to legislate, although it happens to be the standard way the U.S. Senate functions.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Iowa.

Mr. GROSS. I was not able to understand precisely what the gentleman had to say about the railroad situation, if that is what he was talking about.

Mr. DINGELL. As a result of the action of the House conferees, the gentleman should know the House rejected the purchasing of the second Grand Central Station in Washington and we cut back the raids on the Treasury.

Mr. GROSS. The Grand Central Station in Washington?

Mr. DINGELL. The Union Station, or whatever we call it, that we bought again last week on the House floor, as the gentleman will recall.

Mr. GROSS. Is the gentleman saying that funds for that Union Station were added in this conference report?

Mr. DINGELL. No. There is money for the construction of the station, but we are buying the former Union Station, now the Visitors' Center again; but the House conferees did, I say to their credit, reject that and did significantly modify many of the Senate raids on the Treasury.

Mr. GROSS. I thank the gentleman.

Mr. KUYKENDALL. Mr. Speaker, I want to join in some of the remarks made by the gentleman from Michigan (Mr. DINGELL) in the sense that the Senate did choose to make this bill, to a large degree, a Christmas tree; but I wish to commend the House conferees in most cases and I think there will be some instances in which the House Subcommittee on Appropriations should have a look at the compromise made in the Senate.

There are four primary examples of where the House conferees were able to correct major frills, we might say, in the Amtrak bill.

The Senate bill would have deleted the limitation on salaries of Amtrak officers, as the chairman has stated. The House conferees were successful in retaining the salary limitation.

The Senate bill would have appropriated $100 million for the design and construction of intermodal terminals and required a 90-percent Federal share in such projects. The House conferees managed to cut this amount to $25 million and reduce the Federal share to 60 percent.

The Senate bill would have authorized an expenditure of $35 million to extend the basic Amtrak system. The House conferees were successful in completely eliminating this provision.

Finally, the Senate bill authorized an expenditure of $3 million for a study of the potential for high-speed city-to-airport rail services. Again, the House conferees prevailed, and the Senate receded from this provision.

What we have before us today is basically the House bill with some minor additions, which, of course, should be looked at by the House Appropriations Subcommittee; but I feel that the House conferees did the maximum they could do under the circumstances.

I agree with the gentleman from Michigan, particularly in one instance where one of the Senate conferees in addressing the gentleman from Michigan said, "Well, do you want to stop the conference and have me go over and blame the whole thing on you?"

Those are exactly the words that were said in the conference; so I think the House conferees did the best possible job.

I urge the adoption of the conference report, but I do reserve the right to support some cuts by the Committee on Appropriations when they, hopefully, finish the remainder.

I yield to the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Speaker, I thank the gentleman. I do not want my remarks to reflect adversely on my colleagues in the House conferees who I think under the circumstances under which we all labored did an outstanding job. I refer to my good friend, the gentleman from Tennessee (Mr. KUYKENDALL) and to my good friend, the gentleman from West Virginia (Mr. STAGGERS).

Mr. TALCOTT. Mr. Speaker, will the gentleman yield?

Mr. KUYKENDALL. I yield to the gentleman from California.

Mr. TALCOTT. Mr. Speaker, I would like to commend the House conferees for their commendable work on this Amtrak bill.

I would like to ask a question concerning the conference report, particularly relating to the experimental programs recommended in the conference report. There is a rail service which formerly provided passenger service between San Francisco and Monterey, Calif. This was one of the very last services to be discontinued. I am wondering if this kind of program can be put pack into service. People in these areas and along this route are very anxious to reinstate passenger service.

I am wondering if this experimental program would qualify under the bill.

Mr. KUYKENDALL. Mr. Speaker, I want to compliment the gentleman from California for the work he has done to try to get the reestablishment of this rail service. From the description he has given me, both here and in private, of the potential of this particular service, I am quite sure, that it would qualify under the section of the Amtrak Act dealing with experimental routes.

Mr. TALCOTT. Mr. Speaker, I thank the gentleman.

Mr. STAGGERS. Mr. Speaker, I yield such time as he may consume to the gentleman from Washington (Mr. ADAMS).

Mr. ADAMS. Mr. Speaker, I support this conference report. This is a very important bill. It is one of the few that we have, I think, in this Congress where we have an opportunity to try to go forward in a constructive fashion on the energy crisis by maintaining our rights-of-way throughout the United States for the movement of rail traffic. Our ability to do this will mean that in the future it will not be necessary for us to use the amounts of fuel that we have in the past in the more expensive and more fuel consuming vehicles.

We are very hopeful that this bill will also maintain throughout the United States a right-of-way system so that we will have available the rail facilities to move passengers rapidly, not only up and down the east coast, which is presently under active construction and work, but also the west coast, with the new system of moving people rapidly through a corridor system.

Finally, Mr. Speaker, I would like to state that I am very pleased that we are working with the new intermodal centers. This will allow us to tie together our total transportation system, and by being able to do this we can make it a great deal more effective. Therefore, Mr. Speaker, I am hopeful that this conference report will be adopted. I think the committee has done an excellent job.

Mr. ANDERSON of California. Mr. Speaker, I rise in support of the conference report to accompany H.R. 15427, a bill to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation.

Included in this conference report is a provision requiring the Secretary of Transportation to make an investigation and study for the purpose of determining the social advisability, technical feasibility, and economic practicability of a high-speed ground transportation system between major west coast cities.

Although this provision was not included in the House-passed version of H.R. 15427, it was previously adopted by the House as an amendment to H.R. 11450, the National Energy Emergency Act, which was vetoed by former President Nixon last March.

Many of the Members here are not familiar with some of the problems we have on the west coast. And one of those problems is intercity travel—travel between San Diego, Los Angeles, San Francisco, and other great cities. In fact, the Nation's most heavily traveled air corridor by 3 to 1 is the route between Los Angeles and San Francisco.

Furthermore, the traffic forecast indicates that by 1985, the growth factor alone in this west coast route will amount to several times more than the traffic which now exists in the next densest air short-haul route—Boston to New York.

By automobile, we presently have 6 million trips a year between Los Angeles and San Francisco. This is about equivalent to the auto trips in a year between New York and Boston.

Today, with our need to conserve energy, we must be examining alternatives to both the automobile and the airplane to permit people access to travel for business and pleasure. Obviously, one way of gaining the most benefit from our precious energy resources is to provide a ground system—similar to the Metroliner—which gets the maximum passenger miles per gallon.

If travel within the west coast were ever curtailed because of a lack of an adequate transportation system, serious harm would be done to the economy of the region, as well as the country as a whole.

But presently, we do not even have a plan.

This provision would require a study of the most practical and energy efficient method of ground transportation in the corridor from Tijuana, Mexico, to Vancouver, Canada, including the U.S. cities of San Diego, Los Angeles, Fresno, San Francisco, Portland, and Seattle.

The provision further requires the Secretary of Transportation to report the results of the study and investigation, together with his recommendations, to the Congress and the President no later than January 30, 1977, with an interim report due on Jannary 30, 1976.

Mr. Speaker, I urge my colleagues to approve this conference report in order that we might finally begin the vital West Coast high-speed ground transportation study.

Mr. KUYKENDALL. Mr. Speaker, I rise in support of the conference report on the Amtrak Improvement Act of 1974.

This conference report is the product of rather lengthy deliberations between the House and Senate conferees. The House conferees were faced with a difficult situation because the House-passed bill was quite straightforward and essentially limited itself to the authorization of funds and extension of the loan guarantees to Amtrak. The Senate bill, on the other hand, was an attempt to deal with a wide range of topics, many of which had little or no relationship to the basic problems of Amtrak and all of which cost a lot of money. The House conferees succeeded in deleting most of these provisions or at least reducing their financial impact.

There are four primary examples of where this occurred:

First. The Senate bill would have deleted the limitation on salaries of Amtrak officers that was added to the law by Congress in 1972. The House conferees were successful in retaining the salary limitation;

Second. The Senate bill would have appropriated $100 million for the design and construction of intermodal terminals and required a 90-percent Federal share in such projects. The House conferees managed to cut this amount to only $25 million and reduce the Federal share to 60 percent;

Third. The Senate bill would have authorized an expenditure of $35 million to extend the basic Amtrak system. The House conferees were successful in completely eliminating this provision; and

Fourth. Finally, the Senate bill authorized an expenditure of $3 million for a study of the potential for high-speed city-to-airport rail services. Again, the House conferees prevailed, and the Senate receded from this provision.

What we have before us today, then, is basically the House bill with only a few minor additions, none of which require extensive Federal expenditure. I urge adoption of the conference agreement.

Mr. STAGGERS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that further proceedings on the conference report be postponed until 5 p.m. today.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

PARLIAMENTARY INQUIRY

Mr. BROWN of Michigan. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BROWN of Michigan. Mr. Speaker, would it be in order to move that the vote on this measure be postponed until 5 p.m.?

The SPEAKER. It requires a unanimous consent request.

Mr. O'NEILL. Mr. Speaker, now I inquire as to who objected?

The SPEAKER. The gentleman from Iowa, I believe, objected.

Would the gentleman object to —ithholding the vote until 4 p.m.?

Mr. BROWN of Michigan. Mr. Speaker, I propose that the vote——

Mr. GROSS. Mr. Speaker, regular order.

Mr. BROWN of Michigan. Mr. Speaker, I ask unanimous consent that the vote on this conference report be postponed until 5 p.m.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. GROSS. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 299, nays 35, not voting 100, as follows:

[Roll No. 617]

YEAS—299

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Badillo
Barrett
Bennett
Bergland
Biaggi
Biester
Bingham
Boggs
Bowen
Bray
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Mich.
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Butler
Burton, Phillip
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clark
Clausen, Don H.
Cleveland
Clay
Cochran
Cohen
Collier
Collins, Ill.
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Delaney
Dellenback
Dellums
Dennis
Dent
Derwinski
Devine
Diggs
Donohue
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Fascell
Findley
Fish
Fisher
Flood
Foley
Ford
Forsythe
Fountain
Fraser
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Grasso
Gray
Green, Pa.
Gubser
Gude
Gunter
Guyer
Hamilton
Hanley
Hawkins
Hays
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holtzman
Horton
Howard
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, Md.
Lujan
Luken
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McSpadden
Macdonald
Madden
Madigan
Mahon
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Metcalfe
Mezvinsky
Milford
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Brien
O'Neill
Owens
Passman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Railsback
Randall
Rangel
Rees
Regula
Reuss
Riegle
Rinaldo
Robison, N.Y.
Rodino
Roe
Rogers
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ryan
St Germain
Sarasin
Sarbanes
Scherle
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Traxler
Treen
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Walsh
Whalen
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zwach

NAYS—35

Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bevill
Broyhill, Va.
Burleson, Tex.
Camp
Clawson, Del
Daniel, Dan
de la Garza
Dingell
Duncan
Flowers
Flynt
Goodling
Gross
Harsha
Holt
Hosmer
Landrum
Miller
Montgomery
Nichols
Quillen
Robinson, Va.
Runnels
Satterfield
Schneebeli
Symms
Wampler
Whitten

NOT VOTING—100

Abdnor
Arends
Aspin
Bell
Blackburn
Blatnik
Boland
Bolling
Brademas
Brasco
Breaux
Brown, Calif.
Brown, Ohio
Burke, Fla.
Carey, N.Y.
Clancy
Collins, Tex.
Conable
Conlan
Conte
Crane
Daniel, Robert W., Jr.
Davis, Wis.
Denholm
Dickinson
Dorn
Evins, Tenn.
Frelinghuysen
Frenzel
Froehlich
Fulton
Gettys
Goldwater
Green, Oreg.
Griffiths
Grover
Haley
Hammerschmidt
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Hastings
Hébert
Heckler, Mass.
Holifield
Huber
Hudnut
Johnson, Colo.
Johnson, Pa.
Landgrebe
Long, La.
Lott
McClory
McKinney
Mallary
Mayne
Melcher
Michel
Mills
Mitchell, N.Y.
Mizell
Moorhead, Calif.
Moss
O'Hara
Parris
Patman
Podell
Quie
Rarick
Reid
Rhodes
Roberts
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, N.Y.
Rousselot
Roy
Ruppe
Ruth
Sandman
Shoup
Smith, Iowa
Snyder
Steelman
Steiger, Ariz.
Taylor, Mo.
Tiernan
Udall
Veysey
Ware
White
Whitehurst
Widnall
Williams
Winn
Wolff
Young, Alaska
Zion

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Carey of New York with Mr. Blatnik.

Mr. Evins of Tennessee with Mr. Davis of Wisconsin.

Mr. Fulton with Mr. Dorn.

Mr. Harrington with Mrs. Green of Oregon.

Mr. O'Hara with Mr. Gettys.

Mr. Hébert with Mrs. Griffiths.

Mr. Roberts with Mr. Tiernan.

Mr. Rooney of New York with Mr. Roy.

Mr. Udall with Mr. Reid.

Mr. Rhodes with Mr. Rarick.

Mr. Arends with Mr. Mills.

Mr. Moss with Mr. Mallary.

Mr. Zion with Mr. Holifield.

Mr. Widnall with Mrs. Hansen of Washington.

Mr. Smith of Iowa with Mr. Hansen of Idaho.

Mr. Aspin with Mr. Frelinghuysen.

Mr. Blackburn with Mr. Hanna.

Mr. Conable with Mr. Robert W. Daniel, Jr.

Mr. Boland with Mr. Crane.

Mr. Conte with Mr. Collins of Texas.

Mr. Parris with Mr. Huber.

Mr. Michel with Mr. Johnson of Pennsylvania.

Mr. Patman with Mr. Lott.

Mr. Wolff with Mr. Mizell.

Mr. Whitehurst with Mr. Ruppe.

Mr. Hanrahan with Mr. Rousselot.

Mr. Grover with Mr. Williams.

Mr. Hastings with Mr. Ware.

Mrs. Heckler of Massachusetts with Mr. Steiger of Arizona.
Mr. Hudnut with Mr. Snyder.
Mr. McKinney with Mr. Abdnor.
Mr. White with Mr. Conlan.
Mr. Sandman with Mr. Froehlich.
Mr. Roncalio of Wyoming with Mr. Goldwater.
Mr. Brademas with Mr. Hammerschmidt.
Mr. Brown of California with Mr. Haley.
Mr. Bell with Mr. Breaux.
Mr. Clancy with Mr. Dickinson.
Mr. Burke of Florida with Mr. Frenzel.
Mr. Denholm with Mr. Moorhead of California.
Mr. Mitchell of New York with Mr. Long of Louisiana.
Mr. Landgrebe with Mr. Quie.
Mr. Brown of Ohio with Mr. Ruth.
Mr. Shoup with Mr. Winn.
Mr. McClory with Young of Alaska.
Mr. Melcher with Mr. Taylor of Missouri.
Mr. Steelman with Mr. Mayne.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING CLERK TO MAKE CORRECTIONS IN H.R. 15427, AMTRAK IMPROVEMENT ACT OF 1974

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 119) and ask for its immediate consideration.

The Clerk read the Senate concurrent resolution as follows:

S. Con. Res. 119

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (H.R. 15427) to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes, the Clerk of the House of Representatives shall make the following corrections:

(1) In the new subsection (g) added to section 305 of the Rail Passenger Service Act of 1970 by section 3 of the bill, strike out "its completion" in the last sentence of such subsection and insert in lieu thereof "the completion of such project".

(2) Strike out section 4, and insert in lieu thereof the following:

Sec. 4. Section 305 of such Act is amended by adding at the end thereof the following new subsection:

"(f) The Secretary of the Treasury shall establish and maintain, in cooperation with the Corporation, customs inspection procedures aboard trains operated in international intercity rail passenger service under paragraph (7) of subsection (e) of this section, which procedures will be convenient for passengers and will result in the most rapid possible transit between embarkation and debarkation points on such service.".

(3) In the amendment made to section 4 of the Department of Transportation Act by the first section 15 of the bill, redesignate paragraph (6) as section 6 of the bill.

(4) Immediately following section 5, insert the section redesignated as section 6 by paragraph (3) of this concurrent resolution.

(5) Redesignate the second section 15 of the bill as section 16.

(6) Redesignate the existing section 16 of the bill as section 17.

Mr. STAGGERS (during the reading). Mr. Speaker, I ask unanimous consent that the Senate concurrent resolution be considered as read and printed in the RECORD, and I will explain it.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Speaker, the corrections are strictly technical, changing section numbers and making one grammatical change. There is no substantive change made in any way.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

KIYONAO OKAMI

Mr. JAMES V. STANTON. Mr. Speaker, I ask unanimous consent to take the bill (H.R. 10827) for the relief of Kiyonao Okami from the Private Calendar and ask for its immediate consideration.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, will the gentleman please explain whether this has been cleared with the Republican side?

Mr. JAMES V. STANTON. Mr. Speaker, if the gentleman will yield, yes, it has been cleared with the gentleman from Ohio (Mr. WYLIE) on the Republican side.

Mr. BAUMAN. Mr. Speaker, I appreciate the gentleman's explanation.

I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the bill, as follows:

H.R. 10827

For the relief of Kiyonao Okami.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of computing the retirement annuity due Kiyonao Okami, of Dublin, Ireland, under section 821 (a) of the Foreign Service Act of 1946 (22 U.S.C. 1076 (a)), his promotion to fourth in grade of class 3 shall be deemed to have taken effect on May 19, 1968, if he pays any additional contributions within six months after the date of enactment of this Act which may be required by section 811 of such Act (22 U.S.C. 1071) because of the effective date of such promotion. However, he shall not have to pay any such contributions for the time period beginning on the date of his retirement from the Foreign Service through the date on which he receives the first increased annuity payment resulting from such promotion. The increased annuity payments resulting from such promotion shall be effective beginning with the first annuity payment after the month in which he makes the additional contribution provided by the first sentence of this Act.

With the following committee amendments:

Page 1, line 6: Strike "fourth in grade" and insert "step one".

Page 2, line 3: After "promotion," insert "The said Kiyonao Okami shall be given the option to increase the survivor election he made at retirement up to the maximum amount possible on the increased annuity authorized by this Act."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 3355, EXTENSION OF CONTROLLED SUBSTANCES ACT

Mr. STAGGERS. Mr. Speaker, I call up the conference report on the Senate bill (S. 3355) to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 to provide appropriations to the Drug Enforcement Administration on a continuing basis, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 8, 1974.)

Mr. STAGGERS. Mr. Speaker, the conference report on S. 3355, the Controlled Substances Act Extension of 1974, is a good conference report which is generally very favorable to the House. The House bill authorized $480 million for the three years 1975 through 1977. The Senate bill was more generous, with authorizations of $875 million for 5 years, 1975 through 1979. The conference report adopts the provisions of the House bill and thus includes no increased costs over our original action.

The Senate bill contained a provision which was not included in the House amendment which was intended to ban economic and military assistance to any nation which the Congress found by adoption of a concurrent resolution was not effectively banning the growing of opium poppies or preventing opium or its derivatives from being diverted into illicit markets. Because this provision was not in our committee's jurisdiction, and because the House had already adopted House Concurrent Resolution 507 to deal with the same problem, we insisted that the Senate recede from this provision and they were able to do so.

Both the House and Senate bills repealed the so-called no-knock provisions of the Federal Controlled Substances Act. However, the Senate bill in addition repealed the "no-knock" provisions of the District of Columbia Code. The Senate was very firm on this provision, we have received correspondence from both Mayor Washington of the District and Chairman DIGGS of the District Committee saying they would not object to our accepting the provision, and we needed to be consistent with the Federal repeal. Therefore, the conference report contains the Senate provision and repeals "no-knock" under the District of Columbia Code.

Finally, the conference report adopts a provision in the Senate bill which was not in the House amendment extending the protections of section 1114 of title 18 of the United States Code to agents of the Drug Enforcement Administration, and a provision from the House amendment which was not contained in the Senate bill extending parole provisions of sections 1103 and 4202 of the United States Code to individuals conceived under the old narcotics acts repealed in 1970 by the Controlled Substances Act.

Concern has been expressed that the amendment made by section 2 of the conference report, which makes the parole provisions of section 4202 of title 18, United States Code, specifically available to persons prosecuted before the date of the enactment of the Comprehensive Drug Abuse Prevention and Control Act of 1970—1970 Drug Act—does not expressly refer to the general savings provision of section 109 of title 1 of the United States Code. Section 109 provides, in part, that, unless otherwise specified in the repealing law, the repeal of a statute does not release or extinguish any penalty or forfeiture incurred under the statute repealed. Section 109 is a general savings provision applicable when there is no specific expression of congressional intent to the contrary. Sections 702 and 1103 of the 1970 Drug Act specified that there would be no such release or extinguishing resulting from the repeals made by such act. The Supreme Court in *Warden* v. *Marrero*, 42 U.S.L.W. 4958 (June 19, 1974) found no conflict between section 109 and the provisions of section 1103—see footnote 10 of the decision—and, consequently, also used section 109 to support the holding of the case. But, the amendment made by section 2 of the conference report, a later enactment of Congress, would specifically reverse section 1103—and its companion, section 702—with respect to the availability of parole. Thus, upon enactment of the conference report section 109 would conflict with a later enactment of Congress and could then not be read as overriding the clear intent of Congress in making such amendment, and the decision in the Warden case respecting the availability of parole would no longer be applicable.

This is a good conference report with which I think we can all agree and which contains no increase in costs over the original House bill. I urge its adoption.

Mr. ROGERS. I rise in full support of the conference report. As the chairman has stated, following one conference meeting, the conferees have agreed to recommend to the House a report that retains every provision in the House-passed bill, keeps the funding levels at identical levels authorized in the House bill, and adds two provisions contained in the Senate bill and not the House bill. These provisions consist of an amendment to title 18, United States Code, which makes it clear that an existing statute which makes assault on Federal officers a Federal offense applies to assaults on Drug Enforcement Administration officers, and provisions repealing the District of Columbia "no-knock" provisions.

The first provision is necessary to conform the existing assault statute to changes made by the 1973 reorganization of our Federal drug abuse enforcement efforts, which resulted in incorporation of functions previously performed by the Bureau of Narcotics and Dangerous Drugs into the newly established Drug Enforcement Administration. The existing statute protecting Federal officers refers to officers of the Bureau of Narcotics and Dangerous Drugs.

The Justice Department has requested that this provision be adopted, because of an adverse district court ruling in the southern district of Texas. Briefly, in the case of U.S. against Irick, the defendant was charged with assaulting a DEA special agent on August 27, 1973—after the transfer of authority from BNDD to DEA took place. The judge granted defendant's motion to dismiss on grounds that Congress had not specifically made it an offense to assault a DEA official. The provision agreed to by the House thus is necessary to render the statute applicable to assaults on DEA officers.

The second provision that was contained in the Senate bill, but not the House bill, repeals the so-called no-knock provisions of the District of Columbia Code which were enacted in 1970. Although the House bill repealed the "no-knock" provisions which applied to Federal drug enforcement agents under the Controlled Substances Act, jurisdiction over the District of Columbia Code lies with the House District Committee. The chairman of the District Committee, the gentleman from Michigan, advised the House conferees by letter that he would have no objection to the House receding to the Senate position repealing the District of Columbia "no-knock" provisions. Jerry Wilson, Chief of Police of the District of Columbia, has stated flatly that he would not object to repeal of these provisions.

Mr. Speaker, the Drug Enforcement Administration's mission is to control the accessibility of narcotics and dangerous drugs to current and potential drug abusers throughout the United States. While substantial efforts and accomplishments have been made in attaining this goal, this legislation is necessary to continue the efforts of the DEA. The Subcommittee on Public Health and Environment, which I chair, held oversight hearings on October 7 on the status of drug addiction and control in the United States.

We were informed that during the period beginning in 1971 through January of 1974, all indications were that heroin addiction was on a downturn in this country. Law enforcement efforts, treatment efforts, and the success of the Turkish opium ban were combining to halt the flow of heroin into this country and to treat those individuals addicted to heroin and other dangerous drugs. Within the past few months, however, the DEA has uncovered a new source of heroin reaching a new population group. DEA estimates that 70 percent of the heroin reaching this country today comes from poppies grown in Mexico. This so-called Mexican brown heroin is funneling up from the Southwest into the smaller cities of the Midwest and South. DEA is currently plotting the spread across the country of the Mexican brown heroin based on arrests and seizures. The DEA is cooperating with the Government of Mexico to halt the flow of heroin from Mexico, and has increased its activities and agents on the United States-Mexican border.

Mr. Speaker, this is an important measure that should receive the full support of this body. It will provide needed funds and personnel to continue the attack on illicit drug traffic, from Mexico and elsewhere. I urge my colleagues to approve this report.

The SPEAKER. Without objection, the previous question is ordered in the conference report.

There was no objection.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

SURVIVING SPOUSE ANNUITIES

Mr. WALDIE. Mr. Speaker, I call up the conference report on the Senate bill (S. 628) to amend chapter 83 of title 5, United States Code, to eliminate the annuity reduction made, in order to provide a surviving spouse with an annuity, during periods when the annuitant is not married, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 7, 1974.)

Mr. WALDIE (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WALDIE. Mr. Speaker, the provisions of the conference report are substantially the same as the provisions of S. 628 as originally passed by the Senate, except for certain clarifying language.

As passed by the Senate, S. 628 proposed to eliminate, for any month during which an annuitant is not married, the reduction in annuity that a retiring Federal employee or Member of Congress accepts upon retirement in order to provide a survivor annuity for his or her spouse.

As you may recall, on April 24, 1974, the House passed S. 628 after substituting an entirely new text for the Senate provisions.

The primary purpose of the House amendment was to repeal those provisions of the civil service retirement law which now require a reduction in the annuity of a retiring employee or Member who desires to provide an annuity for his or her surviving spouse and those provisions which now permit a retiree to deny his or her spouse entitlement to a survivor annuity.

The effect of the House amendment to S. 628, therefore, would have been to provide an automatic annuity to a surviving spouse without any reduction in the retiring employee's annuity.

The Senate bill and the conference agreement would increase the unfunded liability of the civil service retirement fund by $136.7 million which would be amortized by 30 annual appropriations of $8.5 million.

The House amendment, on the other hand, would have increased the unfunded liability by $5.85 billion, resulting in annual appropriations of $362 million.

In view of the Senate's position on the matter of cost, and the fact that any significant compromise between the House and Senate versions of the bill also would have resulted in a substantial increase in the unfunded liability of the retirement fund, a majority of the House conferees considered it clearly advisable to accept the conference agreement, which, as noted earlier, is substantially the same as the Senate bill.

There is no question that the conference agreement, though modest in nature, will provide much needed relief for certain civil service annuitants and I, therefore, urge adoption of the conference report.

Mr. HOGAN. Mr. Speaker, will the gentleman yield?

Mr. WALDIE. I yield to the gentleman from Maryland.

Mr. HOGAN. Mr. Speaker, I would like to concur in the remarks of the gentleman from California and say that while the House conferees were intent on sticking with the House version of the legislation, which was far more preferable from the point of view of Federal retirees and employees, we had the choice between this bill or no bill. We thought it was preferable to go along with the Senate version.

Hopefully, in a future Congress, more beneficial legislation will be enacted.

Mr. WALDIE. Mr. Speaker, I thank the gentleman and commend him on his efforts with respect to this bill.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WALDIE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on S. 628, just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CONFERENCE REPORT ON S. 3007, AUTHORIZING APPROPRIATIONS FOR THE INDIAN CLAIMS COMMISSION FOR FISCAL YEAR 1975

Mr. MEEDS. Mr. Speaker, I call up the conference report on the Senate bill (S. 3007) to authorize appropriations for the Indian Claims Commission for fiscal year 1975, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 8, 1974.)

Mr. MEEDS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. MEEDS. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, the Senate passed S. 3007 in May of this year, and it had two titles; one which authorized appropriations for the operation of the Indian Claims Commission in the amount of $1,450,000, and a title which provided that expenditures for food rations or provisions shall not be considered payments on the claim.

The House passed a companion House bill, but thereafter struck out the Senate language and inserted the House language and sent it back. The Senate demanded a conference, and conferees were appointed by the House. The House conferees refused to go along with the Senate conferees, because there had been no hearings in the House on the subject matter of title II, which was only the difference in the two bills; that the Committee on Interior and Insular Affairs had not had an opportunity to consider it, and we felt it was improper to ask the House membership to pass something on which there was no hearings and which might ultimately lead to additional liabilities in the amount of approximately $100 million.

The House conferees agreed to recess the conference, to introduce legislation containing the substance of title II of the Senate bill, to have hearings on that matter, to work it through the subcommittee and full committee and to be guided ultimately by the decision of the Committee on Interior and Insular Affairs.

We had those hearings, and we had the markup in the subcommittee. The bill passed in the full committee by a vote of 31 to 3. At that time, we laid that bill upon the table and agreed to go back to the conference. The House Members then receded to the Senate amendment, and we brought the matter here in the conference.

This title II will have little effect on any Indian claim, with the exception of docket 74(B), which is the Sioux claim for the Black Hills taking. The effect of the language in the Senate-passed bill and what we are now bringing before the House, and the conference, prevent the United States from deducting from the claim of the Sioux food, rations, and provisions which were provided to the Sioux Indians after the United States breached the treaty and took the land upon which they were residing. Among this land was the Black Hills area from which, incidentally, almost $2 billion has been removed in gold thus far, and confined them to a reservation. This required the food rations and provisions which are here in question.

In other words, in breaching that treaty, the Sioux were confined to a reservation where they could not hunt and could not practice their regular method of sustenance, and then they were told that they would accept food rationing and provisions. We are now attempting to charge them for that, in effect, by allowing that as a noffset against their claim for that taking.

Mr. CAMP. Mr. Speaker, I rise in support of this conference committee report. This has been given quite a lot of study this year by our committee and I think they worked out a very good situation for everyone concerned.

I would also recommend that the House accept the conference committee report.

Mr. MEEDS. I have no further requests for time.

Mr. REGULA. Mr. Speaker, I rise in support of the conference report on S. 3007, authorizing appropriations for the Indian Claims Commission for fiscal year 1975. The Committee on Interior and Insular Affairs, as part of its effort to maintain closer supervision over the Commission, comes to the House each year to authorize funds for the Commission's operations.

Congress established the Claims Commission in 1946 to hear and settle, for once and all time, all Indian tribal claims against the United States. These claims are legal and moral in nature and are, in general, for lands ceded by the tribes to the United States without compensation or with inadequate compensation.

Under the 1946 act, the Commission was required to complete its work within 10 years. However, the Commission was unable to meet that requirement, due to difficulties in researching 100-year-old claims, in establishing what amounted to "new law" and innumerable legal and bureaucratic delays. Four times the Congress has extended the time limit for a 5-year period. When it voted the last extension in 1972, Congress decreed that the life of the Commission will expire in 1977. Any unfinished business will at that time be transferred to the court of claims for completion.

To date, the Claims Commission has settled more than 400 of 611 claims and awarded judgments totaling nearly $550 million. Of the approximately 200 claims remaining, 60 are in various stages of appeal. In the court of hearings on this authorization the Commission reported that it expects to complete action on all remaining work by the 1977 deadline. The legislation before us is essential to continue the process of giving final resolution to these long standing Indian claims.

Mr. Speaker, S. 3007 includes language amending the Indian Claims Commission Act of 1946 to provide that the cost of any expenditures the United States made on behalf of an Indian claimant for food, rations or provisions cannot be offset against any award as a payment on the claim. Offsets of this type have been minimal, totaling less than $100,000 in the more than 250 judgments awarded. However, the 1946 act requires the Commission to allow these offsets in all cases in which such expenditures have been made. The Commission is thus bound, regardless of unique facts or circumstances which, in a few cases, would render the offset not only unfair but grossly unjust.

The Indian Affairs Subcommittee held thorough hearings on this amendment, and gave careful consideration to its effects on Indian claims already settled, still pending before the Commission or on appeal. After examining the facts and the equities involved, the subcommitee approved the amendment and the full Interior Committee, by a vote of 31 to 3, concurred.

I urge the Members to approve the conference report on S. 3007, as amended, in order to expedite the fair, equitable, and final settlement of all Indian claims.

Mr. MEEDS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PROVIDING FOR INDEMNIFICATION OF METROPOLITAN MUSEUM OF NEW YORK FOR LOSS OR DAMAGE SUFFERED BY OBJECTS IN EXHIBITION IN UNION OF SOVIET SOCIALIST REPUBLICS

Mr. HAYS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate joint resolution (S.J. Res. 236) to provide for the indemnification of the Metropolitan Museum of New York for loss or damage suffered by objects in exhibition in the Union of Soviet Socialist Republics.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. GROSS. Mr. Speaker, reserving the right to object, I wonder if the gentleman will tell us about this.

Mr. HAYS. Mr. Speaker, I would be glad to explain this. This is a bill to allow the U.S. Government to insure, as the Government, actually, the art objects that are going on exhibition from the Metropolitan Museum to the Soviet Union. As the gentleman remembers, we discussed this in the committee. We could buy the insurance privately for $400,000. It could be Government funds. If this bill passes, the Government insures it, as the insurer, and chances are it costs nothing. In all of the exhibits we sent abroad before, the total loss has been under $25,000. So it is a choice of whether Government funds are used to buy private insurance, or whether the Government stands behind this and indemnifies the Metropolitan for its loss.

As the gentleman remembers, in the committee we also pointed out it would not all go in one plane or in one shipment. No more than $5 million would go on any one shipment.

Mr. GROSS. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio (Mr. HAYS)?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, as sponsor of the bill under consideration, I rise in strong support of Senate Joint Resolution 236 as amended, to provide for the indemnification of the Metropolitan Museum of New York for loss or damage suffered by objects to be exhibited in the Union of Soviet Socialist Republics in 1975.

At the outset, Mr. Speaker, I want to pay tribute to the gentleman from Ohio (Mr. HAYS) who cosponsored this resolution with me and, as a member of the Committee on Foreign Affairs, worked diligently to insure that it received timely attention. And I wish also to thank the Senate sponsor of the bill, Senator CLAIBORNE PELL of Rhode Island.

Mr. Speaker, we all know that cultural exchange can be an expensive undertaking.

But when the Metropolitan Museum of Art agreed to participate in an exchange program with the Soviet Union, pursuant to an agreement signed in 1973 between former President Richard M. Nixon and Communist Party Chairman Brezhnev, the museum authorities did not anticipate that, in addition to the substantial costs normally involved in such an exchange, the cost of insuring its exhibit could run as high as $400,000.

Briefly, Mr. Speaker, the Soviet Union in April 1975 will send to the Metropolitan, and the Los Angeles County Museum, the finest exhibition ever mounted of their incomparable collection of gold and silver objects from the fifth century B.C. Scythian civilization.

In turn, the Metropolitan is planning to send to the Soviet Union 100 of its most important paintings from 16th to 19th century American and European artists. The value of these paintings is estimated to be $75 million.

But, Mr. Speaker, because of the enormous expense involved in insuring the Metropolitan's exhibit it appeared for a time that the museum would not be able to honor the commitment made between a former American President and the acknowledged leader of the Soviet Union.

Mr. Speaker, the bill cosponsored by the gentleman from Ohio and me would simply authorize the Secretary of State to conclude an agreement with the Metropolitan to indemnify the museum for any substantial loss, as defined by the Secretary, incurred to the museum's collection while in the Soviet Union or in transit to and from the U.S.S.R. and the museum.

The chances are great, Mr. Speaker, that the costs to the Government for this resolution will be nothing at all, for the Metropolitan limits the dollar value of any shipment of art on any single aircraft to $5 million to limit the possibility of a catastrophe.

And I must note also that Mr. Douglas Dillon, president of the Metropolitan Museum of Art, has written to advise me that:

> Damages and/or losses in major international exchanges of works of art—both in our own experience and that of major museums around the world of which we are aware—have never exceeded $25,000. This record has been made possible, in part, by the highest professional standards of security and handling of works of art.

Mr. Speaker, the risks involved are small and the potential for good will between the United States and the Soviet Union is huge.

If cultural exchanges are as important as we say they are, the Government should insure these works of art so that the forthcoming exhibit can do what we all want it to: Help improve our relations with the people of the Soviet Union.

The Clerk read the Senate joint resolution as follows:

S.J. RES. 236

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of State (or such officer of the Department of State as he may designate) is authorized to conclude an agreement with the Metropolitan Museum of Art, located in New York, New York, for indemnification of such museum, in accordance with the terms of such agreement, for loss or damage suffered by objects in an exhibition of such museum in the Union of Soviet Socialist Republics pursuant to an agreement between such museum and the Ministry of Culture of the Union of Soviet Socialist Republics, which agreement was made in accordance with the general agreement on contracts, exchanges, and cooperation, signed July 19, 1973, by the United States and the Union of Soviet Socialist Republics. The agreement concluded by the Secretary of State shall provide for such indemnification—

(1) during the period the works of art are in transit from the premises of said museum, on exhibition in the Union of Soviet Socialist Republics, and returning to said premises; and

(2) only for substantial loss or damage as determined by the Secretary of State.

In the case of a claim for loss or damage with respect to an item or items which are covered under such agreement, the Secretary shall certify the validity of the claim and the amount of the loss to the Speaker of the House of Representatives and the President of the Senate. There are authorized to be appropriated such sums as may be necessary to carry out an agreement concluded pursuant to this joint resolution.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ACCEPTING GIFT OF THE CENTENNIAL SAFE, EXPRESSING THANKS TO THE DONOR, AND AUTHORIZING DISPLAY IN THE CAPITOL

Mr. NEDZI. Mr. Speaker, I ask unanimous consent that the Committee on House Administration be discharged from the further consideration of the concurrent resolution (H. Con. Res. 84) accepting the gift of the centennial safe and expressing the thanks of the Congress to the late donor, Mrs. Charles F. Deihm, and authorizing its display in the Capitol to create interest in the forthcoming Bicentennial, and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. GROSS. Mr. Speaker, reserving the right to object, what is it that is to be exhibited?

Mr. NEDZI. This is a safe obtained a century ago by Mrs. Charles F. Deihm of New York. The safe contains various mementos of the period. The formal acceptance of the safe will make possible its display during the Bicentennial celebration in 1976.

Mr. GROSS. Will that be in the rotunda or somewhere in the Capitol Building?

Mr. NEDZI. The Joint Committee on the Library will determine a suitable location and direct the Architect's placement of the safe.

Mr. GROSS. In the Capitol?

Mr. NEDZI. Yes.

Mr. GROSS. It is not suggested that it will absolutely require a new building, is it?

Mr. NEDZI. No. I can assure the gentleman that it will not require a new building.

There is some question as to who had title to this, and an heir of an individual who had custody of the safe's key has agreed to renounce all claims to the safe, if formal acceptance was made by the U.S. Congress. That is the purpose of this resolution.

Mr. GROSS. Gold was used in those days. Will there be any gold in this safe or valuables of any nature?

Mr. NEDZI. I do not think that anybody knows precisely what is in the safe. The key will be turned over, and the safe is to be opened in 1976 by the President.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CASEY of Texas. Mr. Speaker, today we have the opportunity to correct a congressional oversight that has existed for 97 years by accepting the gift of a "centennial safe" containing valuable historical memorabilia dating back into the first century of our Nation.

As many of my colleagues will recall, we have sought the passage of a House joint resolution since the preceding Congress that would place us officially on record as accepting the safe as a gift from the late Mrs. Charles F. Deihm, of New York City.

I believe it especially important that we approve House Concurrent Resolution 84 today so that we can proceed with plans to include this large safe and its historic contents in the American Bicentennial celebration, for which plans are being rapidly developed.

At one time there were some legal questions concerning ownership of the safe, but those have now long been satisfactorily resolved and there is no reason for further delay.

For the benefit of those who are not familiar with the "centennial safe," let me give just a brief background.

Mrs. Deihm was a publisher in New York and a Civil War widow. She wanted to contribute to our Nation's Centennial Exposition that was held in Philadelphia in 1876. She purchased the huge, 5-foot-high safe and spent months collecting suitable artifacts to place inside it.

Among the contents are photographs and autographs of both famous and lesser known personalities of America's first century. There are newspapers, books, and a great many other items, such as silver, gold and mother-of-pearl pen and ink stands crafted by Tiffany's to autograph the huge volumes the safe contains, one presented by Henry Wadsworth Longfellow.

The safe was quite an attraction at the Centennial Exposition and the following year, in 1877, Mrs. Deihm made it a gift to Congress, to be kept and opened again at the Bicentennial. The safe's contents were sealed behind glass at a ceremony on February 22, 1879. Attending that event were President Rutherford B. Hayes, Vice President William A. Wheeler, Cabinet members, Mrs. Deihm, and a great many other national figures.

What happened to the safe after that time is somewhat sketchy.

We know that for almost three decades it was exposed to the elements as it sat under the East Portico of the Capitol. I found it a few years ago in a dingy storeroom in the Capitol basement, where apparently it had been forgotten for generations.

After an extended search before locating the key and combination, Mr. George M. White, our Capitol Architect, and I opened the outside iron doors of the safe in 1971 to be sure that the contents were still intact. Respecting Mrs. Deihm's wishes, we did not disturb the glass enclosure, which is still intact.

After thoroughly searching the records of Congress, however, we could find nothing to indicate that the Congress had ever acted to accept the gift. Somehow, Congress apparently just never got around to it and the safe was stored away and forgotten.

Now we have the chance to rectify that oversight by passing this resolution of formal acceptance and publicly expressing our thanks to Mrs. Deihm.

I am confident that we can find a suitable place for displaying it in the Capitol during our Bicentennial and that we can do all possible to carry out Mrs. Deihm's wishes, which are inscribed on the safe's doors as follows:

> It is the wish of Mrs. Deihm that this safe may remain closed until July 4, 1976, then to be opened by the Chief Magistrate of the United States.

Mr. Speaker, I urge my colleagues to give unanimous consent to this resolution.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 84

Whereas in 1877, Mrs. Charles F. Deihm of New York City, a publisher, a dedicated patriot, a Civil War widow (now deceased), presented to the Congress of the United States a safe, known as the centennial safe, filled with memorabilia linking the Nation's first centennial year (1876) with an expected bicentennial celebration in 1976;

Whereas the idea for this safe was conceived by Mrs. Deihm, who thereupon had the safe made and collected the memorabilia contained in said safe, for display at the 1876 Centennial Exposition in Philadelphia;

Whereas the said safe remained on display at the 1876 centennial until the close of that exposition, after which it was delivered in December 1877 to the United States Capitol;

Whereas the doors of this safe contain the inscription, "It is the wish of Mrs. Deihm that this safe may remain closed until July 4, 1976, then to be opened by the Chief Magistrate of the United States";

Whereas this safe has remained in the custody of the Congress of the United States since 1877, but has never been formally accepted by the Congress, or publicly displayed in the United States Capitol except for a short period in 1878–1879;

Whereas this safe and its contents are now deemed objects of historical interest, appropriate for acceptance and display by the Congress, particularly during the 1976 bicentennial celebration: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States hereby formally accepts with thanks, as a gift, the safe, known as the centennial safe, and its contents, presented to the Congress in 1877 by the late Mrs. Charles F. Deihm of New York City.

SEC. 2. The Architect of the Capitol, under the direction of the Joint Committee on the Library, is hereby authorized to cause the said centennial safe, with its contents, to be placed in such location in the United States Capitol as determined by the Joint Committee on the Library and to display the same to the public, with adequate security protection, during the 1976 bicentennial celebration and at such other times as the joint committee may deem proper or desirable.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. NEDZI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PERMISSION FOR COMMITTEE ON APROPRIATIONS TO FILE REPORT ON HOUSE JOINT RESOLUTION 1163

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on House Joint Resolution 1163, continuing appropriations.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

4–H CLUBS IN OUR CITIES

(Mr. WHITTEN asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. WHITTEN. Mr. Speaker, I am proud to have been identified with 4–H Club work over the years, since I was a member in high school at Cascilla, Tallahatchie County, Miss.

For years, in the Congress, I have been chairman of the Appropriations Subcommittee which recommends funds for this most excellent program for training originally farm youth from which has come many of our greatest leaders.

Mr. Speaker, in recent years, I have deplored the fact that more and more of our people have gathered in our cities where many of the benefits of rural America have been lost, including membership in the 4–H Clubs.

For years, the Appropriations Subcommittee on Agriculture-Environmental and Consumer Protection, of which I am chairman, has actively promoted the 4–H program.

About 10 years ago we appropriated $7.5 million to promote 4–H type programs in our cities.

Mr. Speaker, I am sure many members will be equally interested in knowing that as of calendar year 1973 4–H Clubs had expanded to our cities, 30.6 percent were in towns of 10,000 or larger, with 8.3 percent being from cities of 50,000 or larger. These figures show that 4–H is truly a national program serving both urban and rural areas alike. I am especially proud of the role of my subcommittee and I believe our hearings through the years have fully proven that few Federal programs are more effective per dollar spent.

I am proud to be one of only eight persons to have received the 4–H Alumni Recognition Award. Of all the many awards I have been fortunate to receive since coming to Congress, there is none I value more highly.

Mr. Speaker, our subcommittee also sponsored the program for teaching nutrition in the low-income areas of our cities. 3.5 million people are estimated to have seen TV programs which get this vital information over to those who need it worse.

I take this time to call attention to an outstanding article in the Philadelphia Enquirer. The article tells of the changes in 4–H which have taken place in the last 10 years as Trappe Borough outside of Philadelphia has changed from a rural to a suburban county. In spite of an almost total change from rural to suburban, the Trappe Borough 4–H Club has been able not only to hold its own but to expand its membership from 20 to 33 members.

This is a success story which is being repeated throughout the Nation, and in these times when the public is hungering for good news I believe it deserves more recognition than it has received. That is why I was particularly pleased with this complimentary article in the Philadelphia Enquirer because it represents a recognition by one of our major metropolitan newspapers of the contributions being made in urban areas by the 4–H programs.

Mr. Speaker, while this heart-warming story of success may be unfamiliar to many urban residents, it comes as no surprise to me. One of my greatest senses of accomplishment since I have been in Congress has come from my associations with the 4–H Club program. The article follows:

[From the Philadelphia Enquirer, Oct. 13, 1974]

THE 4–H CLUB SHEDS BARNYARD IMAGE

(By Jack Hurst)

Ten years ago, the 4–H club of rural Trappe Borough in western Montgomery County fit its organization's hayseed national image.

The club consisted of 20 youths growing up in pastures, chickenyards and truck fields—and probably expecting to live forever in the pungency of piled cow manure.

But not any more.

Today Trappe is suburban, its roads paved and its pastures and fields hardly more than cattle pens and gardens interspersing homes and filling stations.

And its 4–H club no longer has a single member living on a working farm. But it has 33 members who don't.

"Most people have the mistaken impression that 4–H is just for farm kids—that is the battle we're always fighting," says Mrs. Midge Litchert, one of 15 adult leaders for Trappe's club.

"It certainly started with tomatoes and corn and chickens and pigs, but it isn't much of that anymore. Our club's projects relate much more to urban life than they do to the farm."

The national 4–H club, which is celebrating its annual "week" this week (Oct. 13–19), used to preoccupy itself with teaching farm kids how to manage agriculture-oriented "projects." Now it is following much of America's former farm population into suburbs and cities.

Whereas about 8 percent of 4–H involvement was located in suburbs and in cities of more than 50,000 in 1969, about 15 percent was located there in 1973. In Pennsylvania, only 20 percent of the active 4–H members live on working farms; 30 percent now live in urban or suburban areas of more than 10,000 population.

By gradually changing its base, 4–H has also swelled its membership.

A total of 5.3 million youngsters were involved in 4–H programs in 1973, as compared to 2.9 million a decade before. There are presently 82,000 members in Pennsylvania, nearly double the 42,000 in 1964.

A spokesman for the National 4–H Foundation in Washington agreed last week that rising concern over supermarket prices and the unavailability of agricultural products, along with the rapidly spreading practice of patio and backyard gardening in intensive-population areas, is helping the urban and suburban spread of 4–H clubs.

"We're continuing to move into the cities, although we've never made it our business to storm any particular area," the spokesman said.

"For instance, we have food and nutrition programs for low-income people, and in cities like Indianapolis we have clubs that have taken windowbox and highway median-strip gardening as projects."

4–H members range in age from eight to 19, and the clubs themselves are sponsored by the land-grant college extension services in the 50 states.

Most of the kids in it are in their preteens or early teens, and nearly two-thirds of them are girls, nationally and locally.

"I don't quite know why it is, but it has always been pretty much that way," says Mrs. Litchert.

HOME ECONOMICS

Whatever the reason for the female dominance (a dominance the national organization is continually trying to balance with new male membership) the 4–H club has always been associated with many home economics-styled projects.

These include sewing, the making of clothing, and cooking—even foreign and regional cooking.

The club also tries to be an active part of the community, staging a variety show at the Montgomery County Geriatric and Rehabilitation Center and conducting a paper-recycling drive every two months.

Socially, there are camping trips, biking hikes, a fair and banquet, and a trip to Gettysburg for all members of the Trappe club.

There weren't nearly so many different kinds of projects or activities when Mrs. Litchert was a member of the Trappe club 15 or 20 years ago.

"The roads around here weren't even paved then," she recalls.

BIGGEST CHANGE

The biggest change from those days, she says, is the wish of the members to actively participate in all of the work. They no longer contentedly sit and watch their leaders demonstrate and explain various projects.

The change in life-styles in the last 20 years has brought the 4–H clubs subtler problems, also.

The problem of gaining new members is different, for instance, than it used to be.

"We could get carloads of new members out of that development there," Mrs. Litchert said, pointing to a new subdivision across the street from a garage where she and some other leaders and members were constructing a 4–H Club Week sign.

"The problem with these new developments too many times is that the parents could not care less. If we asked them if their child could work with us a night or two a week, they'd say, 'You want to take my kid for a night or two? Great!'

"But that's not the kind of new members we need. 4–H has got to be a kind of family thing."

DEATH OF ROBERT KLEBERG, JR., DIRECTOR OF THE KING RANCH IN TEXAS

(Mr. DE LA GARZA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DE LA GARZA. Mr. Speaker, the 15th Congressional District of Texas lost one of its foremost citizens with the death of Robert Kleberg, Jr.—one of the world's eminent ranchers whose agricultural and civic enterprises stretched the world over—whose family has always called Kingsville home where they directly and indirectly have contributed to the growth of the area.

Virtually up to the time of his death, Mr. Kleberg maintained the most emphatic interest in civic affairs. He was knowledgeable in vast areas—and shared his knowledge with all who sought his guidance.

This morning the Washington Post carried a very complete obituary on this outstanding gentleman and while I commend it for the reading of everybody in this House, I also commend the legend of this man who was a giant in his own time. The obituary follows:

KING RANCH DIRECTOR ROBERT KLEBERG, JR., 78

KINGSVILLE, TEX., October 14.—Robert Kleberg Jr., who directed one of the world's great ranching empires, the historic King Ranch in Texas, died Sunday night in Houston after a long illness. He was 78.

The 914,000-acre King Ranch was formed as a family corporation in 1935. The King Ranch bought or acquired partnerships in ranches in Australia, Africa, South America, Florida, Pennsylvania and, more recently, two ranches totaling 17,800 acres in southern Spain.

Mr. Kleberg, president of the ranch, was credited with development of the Santa Gertrudis cattle breed, the only distinct U.S. cattle breed—a cross of Brahma cattle and Shorthorns. The Santa Gertrudis, able to withstand mosquitos and poor range conditions, and considered the biggest, heaviest and hardiest beef cattle to graze American ranges. They have been exported to ranches in 45 foreign countries.

Mr. Kleberg's father assumed operation of the ranch when its founder, Capt. Richard King, died in 1885. Mr. Kleberg married one of King's daughters and began his ranching career. When the elder Kleberg died in 1932 his son assumed the top post.

Three King Ranch horses, Assault, Bold Venture and Middleground, won the Kentucky Derby.

Directed by the younger Kleberg, the ranch, established a number of firsts for the cattle industry.

"I think it's true that the King Ranch is the first ranch that was put together and operated as we know ranches today," Mr. Kleberg once said. "That is all of its lands were used to produce cattle, and the cattle and their products were sold and distributed over a large part of the country."

Other firsts included a correct theory that ticks cause Texas fever, and construction of dipping vats to rid cattle of ticks; first to drill artesian wells in this area; first ranch to develop a range grass that will withstand heat and drought; and first ranch to experiment in phosphorous feeding.

After having stretched so much barbed wire over so vast an area, the King ranch was also first to abandon barbed wire for smooth wire.

Mr. Kleberg was noted for his interest in wildlife management and conservation, and did much to stock deer, turkey and other game throughout Texas.

He became a widower in 1963 and is survived by a daughter and six grandchildren.

TRIBUTE TO LEON JAWORSKI

(Mr. CASEY of Texas asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. CASEY of Texas. Mr. Speaker, this weekend we were notified by Mr. Leon Jaworski that he is resigning as special prosecutor of the cases stemming from the Watergate investigation.

Mr. Jaworski considers his work completed with the bringing to trial of principal defendants in the case. Knowing of his untiring efforts during the last year to bring Watergate to a full and just conclusion, I cannot dispute his decision.

I have known Leon Jaworski and called him my friend for many years, Mr. Speaker, and I believe that the way in which he has conducted himself in heading the Watergate investigation and prosecutions typifies the type of man he is: above reproach in his motivation, untiring in his efforts, unparalleled in his diligence and unquestionably fair in his manner.

For almost a year Mr. Jaworski has devoted his life to bringing the full facts of this case before the American people and to seeing that justice was done, not in an emotional sense, but through the fair application of our laws.

Mr. Jaworski assumed his position not because he sought it out, but because it sought him. The circumstances could not have been more trying. The very heart of our Nation's political system was in question. It was not just a question of men and their misdeeds, but of whether indeed there was equal justice for all men within the American application of the law.

We have seen the results, not only in our courtrooms, but placed before the American people in the newspapers and on radio and television.

Mr. Jaworski, I believe, has indeed restored to our people the confidence that no man is above the law and the faith that within our system there will be to every extent possible the same application of justice to the rich and powerful as to the poor and oppressed. I believe we will agree that any exceptions were beyond Mr. Jaworski's control.

The judicial leadership provided by Mr. Jaworski in the last year is not the first time that he has been called on to serve his nation in trying times, Mr. Speaker.

A native Texan, Mr. Jaworski began establishing himself as a giant of the legal profession as a youth, when he was graduated from the Baylor University School of Law at the age of 19 and earned a master's in law from George Washington University Law School at the age of 20.

In 1934, he joined the Houston law firm that was soon to bear his name—Fulbright, Crooker & Jaworski at the time he became special Watergate prosecutor—and quickly became known as a "lawyer's lawyer."

He volunteered for service in the Army Judge Advocate General Corps during World War II and rose rapidly to the rank of lieutenant colonel. At the end of the war, he was selected as the chief prosecutor of the first war crimes trials in the European theater, an assignment that brought worldwide attention to his abilities.

Since that time, he has repeatedly been called on by our nation's leaders to handle the most difficult, the most controversial and the most delicate cases of our time.

He represented the United States as a Special Assistant Attorney General at President Kennedy's designation in contempt proceedings against Mississippi Gov. Ross Barnett in 1963–65.

Mr. Jaworski was special counsel to the Texas attorney general in proceedings of the Warren Commission during its investigation of the assassination of President Kennedy.

He further served as a member of the President's Commission on Law Enforcement and Administration of Justice, 1965–67; as a member of the President's Commission on the Causes and Prevention of Violence, 1968–69; as the U.S. member of the Permanent Court of Arbitration at the Hague, 1965–69; as a member of the National Commission on Marine Science, Engineering, and Resources, 1967–69; and as a member of the International Center for Settlement of Investment Disputes, 1967–69.

His other contributions to the legal profession and to civic endeavors would take pages to list, Mr. Speaker.

Perhaps Mr. Jaworski's life could best be characterized by one remark he himself made to his fellow lawyers when he closed out his term as president of the American Bar Association in 1972:

> We must, each of us, exemplify in our own civic life the personal involvement and acceptance of public leadership that we would expect of all concerned citizens.

Mr. Speaker, Mr. Jaworski's performance during the last 11 months as Special Prosecutor of the Watergate case has been an example of service to country in the finest American tradition.

Certainly no man has done more to shed light in the darkness of an American political tragedy.

I do not believe any man could have done more to bring back the faith of our people to the principles on which our forefathers founded this Nation.

I know that my colleagues here today, and all Americans, will join me in saying to Leon Jaworski: "Our thanks again for a job well done."

The words seem like small payment for the personal sacrifices that have been made by this great American, but I know that his actions will be recorded by historians and looked back to with pride by future generations long after our words of gratitude today are forgotten.

CHICAGO'S 1974 COLUMBUS DAY PARADE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, on Monday, October 14, the city of Chicago celebrated the discovery of America 482 years ago by Christopher Columbus with a gigantic parade on our great street—State Street. Over 750,000 people viewed the parade which was televised over WGN for 1½ hours.

Our esteemed colleague, the distinguished chairman of the U.S. House of Representatives Judiciary Committee, Hon. PETER W. RODINO, JR., was guest of honor at the great event.

Each year, Chicago celebrates Columbus Day with a series of specially planned events culminating in the spectacular parade on State Street. The theme for this year's parade was "Italian Contributions to Medicine." The parade not only honored Christopher Columbus as father of all immigrants, but it also emphasized the spirit of achievement and combined efforts of all ethnic groups which have made our city and Nation great.

The voyage of Christopher Columbus marked one of history's most challenging and rewarding explorations. He opened this continent to the migration of settlers who created an enduring nation and the United States of America still carries forth his spirit of exploration as part of its national heritage.

Americans of the 20th century strive to follow the vision and unshakeable faith of Christopher Columbus by seeking to discover a "New World" of peace and cooperation.

Monday's Columbus Day celebration began with a Concelebrated Mass at Our Lady of Pompeii Church at 9 a.m., Auxiliary Bishop Alfred L. Abramowicz, D.D. presided; and the concelebrants included Rev. Msgr. Edward Pellicore; Rev. Paul J. Asciolla, C.S.; Rev. Angelo Calandra, C.S.; Rev. Lawrence Cozzi, C.S.; Rev. August Fecci, C.S.; Rev. Angelo Garbin; Rev. Leonard H. Mattei; and the homily was given by Rev. Gino Dalpiaz.

Special wreath-laying ceremonies took place at 11 a.m. at the Columbus Statue in Vernon Park, and at 3 p.m., following the parade, the Order of Sons of Italy in America laid a wreath at the Columbus Statue in Grant Park.

The main event of our celebration, Chicago's great Columbus Day Parade, began at 1 p.m. on State Street and some 60 floats depicting the theme of the parade along with 80 marching units participated. Authentic native costumes of Italy were worn by women and children in the parade, in addition to the various school bands, corps of marchers, and drum and bugle corps which also participated. Christopher Columbus, the father of all immigrants, was portrayed by Joe Livingston, 1121 North Karlov, in Chicago.

Chairman PETER RODINO, as the guest of honor, along with Hon. Richard J. Daley, mayor of Chicago; Hon. Dan Walker, Governor of Illinois; Rudolph Leone, parade grand marshal; Pasquale M. DeMarco, the parade's 1974 general chairman; Anthony J. Fornelli, honorary parade co-chairman; Dr. Alvaro V. Beltrani, Chicago's consul general of Italy; and many other political dignitaries, civic leaders, members of the judiciary, businessmen from the community, and labor leaders kicked off the parade.

Each year the Joint Civic Committee of Italian Americans, comprised of more than 40 Italo-American civic organizations in the Chicagoland area, sponsors the Columbus Day parade and other related activities. Many local groups cooperate with the Joint Civic Committee in this communitywide tribute to Columbus, and both Anthony Sorrentino, consultant, and Dr. Frank Pellegrini, executive director of the Joint Civic Committee of Italian Americans, have helped to coordinate the various activities for many years.

One of the highlights of Chicago's Columbus Day celebration is the selection of the queen of the parade. This year, Mary Jane De Rosa, 2817 North Moody, of Chicago, was chosen to reign as queen of the Columbus Day parade.

Judged on her beauty, poise, and personality, Mary Jane De Rosa, as winner of the Columbus Day Queen Contest, won a round trip to Italy from Alitalia Airlines, a round trip to Las Vegas, a trophy, a bouquet of roses, and $100 from Dr. DeMarco, the parade's general chairman. She will also make TV appearances on the "Louis Farina Show" and the "Mary Jane Hayes Program" in Chicago.

The members of the queen's court were Kathleen A. Ingallinera, 3452 North Nottingham, Chicago; Tina Spitzzeri, 845 North St. Louis, Chicago; Diane Lizzio, 5940 South Kolmar, Chicago; and Cara Mia Cipolla, 3220 Techny Road, Northbrook, Ill.

Judges for the final Columbus Day Queen Contest were Fred Mazzei, chairman; Hon. Philip Romiti, judge of Cook County Circuit Court; Hon. John D'Arco, Jr., Illinois State representative; Mr. Steve Fiorentino, assistant to the vice president of Banco di Roma; Miss Adrienne Levatino, research analyst; Mrs. Theresa Petrone; Mr. Carmen Fanzone, player for the Chicago Cubs; and Mr. Don Case, president of D.A.C. Enterprises.

A "Festa del Moda" was held this year on October 6. This is a fashion show held annually in conjunction with Columbus Day festivities. More than 150 persons participated in the show and wore traditional handmade costumes representing the culture native to various areas of the Italian peninsula. Dr. Mary Ellen Batinich, chairman, and her authentic Italian costumes subcommittee can be proud of their contribution to the success and beauty of our Columbus Day pageantry. Lawrence Spallitta and the float personnel subcommittee members can also be proud of their outstanding contribution to the parade. The list of committees follows:

COLUMBUS DAY PARADE COMMITTEE

GENERAL CHAIRMAN 1974

Pasquale M. DeMarco.

HONORARY PARADE CHAIRMAN

Congressman Frank Annunzio.

GRAND MARSHAL

Rudolph Leone.

HONORARY CHAIRMEN

Honorable Richard J. Daley.
Honorable Dan Walker.

HONORARY CO-CHAIRMEN

Anthony J. Fornelli, President.
Dr. James F. Greco, 1st Vice President.
James E. Coli, 2nd Vice President.
John C. Porcelli, 3rd Vice President.
Joseph Tolitano, 4th Vice President.
Jerome Zurla, 5th Vice President.
Joseph DeLetto, Treasurer.
Charles Carosella, Secretary.

PAST PARADE CHAIRMEN

Martin Buccieri.
Dr. Mario O. Rubinelli.
Anthony Paterno.
Frank Annunzio.
Victor J. Failla.
Nello Ferrara.
Frank Armanetti.
Fred Bartoli.
*Arthur Pullano.
Anthony Bottalla.
Dominick Dimatteo.
James E. Coli.
Anthony Terlato.
Congressman Frank Annunzio.
John C. Porcelli.
Rudolph Leone.

SUBCOMMITTEES

Chaplain

Reverend Armando Pierini, C.S.

Television and radio sponsors

Anthony Paterno, Chairman.
Frank Armanetti.
Dominick DiMatteo.

Finance and souvenir book

Joseph DeLetto, Chairman.
Frank N. Catrambone, Sr., Co-Chairman.
Sam Cerniglia, Co-Chairman.
Mrs. Serafina Ferrara, Co-Chairman.
Mathew J. Alagna.
Anthony Apa.
Charles Carosella.
John D'Arco, Jr.
Joseph Fusco.
Peter Lavorata.
Marino Mazzei.
Michael R. Rosinia.
George Salerno.

Religious programs and organizations

Joseph DeSerto, Chairman.
Louis Moretti, Co-Chairman.
Michael R. Fortino.
Michael J. Mento.
John Spatuzza.

Bands, marchers and transportation

Louis H. Rago, Chairman.
Dr. James F. Greco, Chairman Emeritus.
Jordan Canzone.
Frank Bottigliero.
Hon. Lawrence Diprima.

Programs and arrangements

Domenick DiFrisco, Co-Chairman.
Louis Farina, Co-Chairman.
Dr. Joseph H. Dileonarde.
Jerome Zurla.
Anthony Sulla.
Father Paul Asciolla.

Queen contest

Fred Mazzei, Chairman.
Mrs. Josephine Bianco, Co-Chairman.
Anita Louise Bianco, Special Assistant.
Domenick DiFrisco, Advisor.
Sam Bruno, Photographer.
Joseph Alagna.
John Curielli.
Stephen Fiorentino.
Bob Gelsomino.
Nick LaPonte.
Joseph Lucania.
Anthony Morizzo.
Marie Palello.
Robert Napoli.
Jerome Zurla.

Business and professional

Carl DeMoon, Chairman.
Anthony Terlato, Co-Chairman.
Vincent Lucania, Co-Chairman.
Jack Cerone.
James L. Coli.
Dominic Chirchirillo.
Charles P. DeVito.
Dominick P. Dolci.

*Deceased.

Joseph Fontana.
Peter Ingraffia.
Albert Litterio.
Vincent Lupo.
Arthur Monaco.
Dr. Frank Motto.
Anthony Partipilo.
John Paterno.
Paul Paterno.
Anthony Pellicano.
Hon. Lawrence X. Pusateri.
Judge Philip Romiti.
Horatio Tocco.
Dr. Joseph P. Sirchio.
Peter Tatooles.
Amedo Yelmini.

Parade marshals

Marco DeStefano, Chairman.
Alex Batinich.
Louis Del Medico.
Ettore Divito.
Neil Francis.
Michael Palese.
Marshal Anthony Pilas.
Vito Siciliano.
Ronald Marra.
Peter Tatooles.
Frank J. Tomaso.

Floats

Tom Ardino, Chairman.
Sam J. Coco, Co-Chairman.
Edward S. Fusek.
Joseph Pope.
Joseph Rovetto.
Frank Vechiola.

Float personnel

Lawrence Spallitta, Chairman
Nick Bianco
Russell Bonadonna
Carl DeFranco
Stephen Fiorentino
Michael Galgano
Barbara Inendino
Joseph Pantaleo
Mrs. Mary Spallitta

Authentic Italian costumes

Dr. Mary Ellen (Mancina) Batinich, Chairman.
Mrs. Tena Amico, Co-Chairman.
Mrs. Maria DeSerto, Co-Chairman.
Mrs. Elena Frigoletti, Co-Chairman.
Mrs. Josephine Lavorata, Co-Chairman.
Mrs. Norma Battisti.
Mrs. Stella Boschelli.
Mrs. Gene Bruno.
Mrs. Mary Ann Cervi.
Mrs. Judith Guzaldo.
Miss Barbara Inendino.
Mrs. Ann Menconi.
Mrs. Ann Parisi.
Mrs. Marie Pedi
Mrs. Annette Salvatore.
Mrs. Mary Spallitta.
Mrs. Ange Tufano.
Mrs. Ann Yelmini.

Cusine and culture

Ann Sorrentino, Chairman.
Ann Yelmini, Co-Chairman.

Labor

James E. Coli, Chairman.
Thomas Sircusa.
Edward Coco.
John Serpico.
Angelo Fosco.
John Parise.
Joseph Spingola.

Public officials

Hon. Alexander Adduci, Co-Chairman.
Hon. Frank Belmonte, Co-Chairman.
Hon. Elmer Conti, Co-Chairman.
Hon. John D'Arco, Co-Chairman.
Hon. Louis Garippo, Co-Chairman.
Hon. Frank Giglio, Co-Chairman.
Hon. Anthony Laurino, Co-Chairman.
Hon. Vito Marzullo, Co-Chairman.
Hon. Lawrence Petta, Co-Chairman.
Hon. Paul Ross, Co-Chairman.

FEDERAL GRAND JURY—SWORD OR SHIELD?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EILBERG) is recognized for 5 minutes.

Mr. EILBERG. Mr. Speaker, in ratifying the fifth amendment of the U.S. Constitution, our ancestors provided a uniform method for instituting criminal proceedings against persons who were believed to have committed crimes against the United States.

At the same time, our Founding Fathers clearly intended that Federal grand juries serve as a shield between the individual and the State in order to protect the citizenry from unwarranted or repressive prosecutions.

In a 1956 Supreme Court decision Justice Black summarized the historical development of grand juries as follows:

> The grand jury is an English instituton, brought to this country by the early colonists and incorporated in the Constitution by the Founders. There is every reason to believe that our constitutional grand jury was intended to operate substantially like its English progenitor. . . . It acquired an independence in England free from control by the Crown or judges. Its adoption in our Constitution as the sole method for preferring charges in serious criminal cases shows the high place it held as an instrument of justice.

The Members of the First Congress were keenly aware of the attempts by royal Governors to coerce indictments from colonial grand juries and as a result, they hastily approved the fifth amendment in an effort to protect individuals from the excesses of governmental prosecutors. Despite this background, the grand jury today has become almost exclusively a tool of the prosecutor, thereby no longer serving its traditional protective function. In view of this departure, I have proposed legislation—H.R. 8461—to substantially reform Federal grand juries as well as a constitutional amendment—House Joint Resolution 774—to abolish this institution in the event reform cannot be achieved.

In am inserting at this point in the RECORD the recommendations contained in a recent report entitled "Strengthening the Role of the Federal Grand Jury," which was jointly prepared by the following committees of the Association of the Bar of the City of New York: Committee on Civil Rights; Committee on Criminal Courts, Law and Procedure; and Committee on the Federal Courts.

Many of these recommendations are already embodied in my bill, H.R. 8461, and I am hopeful that hearings can be held on this important issues early in the next Congress.

The recommendations follow:

SUMMARY AND RECOMMENDATIONS

1. Congress should pass legislation which would strengthen the grand jury's independence, specifically requiring:

(a) that rules governing the grand juror's prerogatives be developed and contained within the court's instructions to the jurors.

(b) that the prosecutor should advise the grand jury of exculpatory evidence known to him.

(c) that a stenographic record be made of everything spoken in the grand jury room prior to deliberation.

2. The legislation should also increase the effectiveness of counsel for all witnesses testifying before the grand jury, by permitting the attorney to enter the grand jury chamber in order to advise his client but not, however, to act as an advocate therein.

3. The statute should provide that any person be permitted to testify before the grand jury if he so requests, unless the prosecutor and the grand jury believe his testimony to be without relevance to the inquiry.

4. In order to curb unauthorized disclosure of grand jury proceedings and of criminal investigations prior to such proceedings, the legislation should:

(a) authorize United States District Courts to appoint Special Attorneys in cases of improper disclosure of information. Special Attorneys would be empowered to investigate, to empanel special grand juries, and to prosecute the persons responsible for such disclosures.

(b) create criminal sanctions for unauthorized disclosures which cause substantial harm to the reputation of those involved or to the progress of an investigation, such as revelation of names of witnesses and of targets of the inquiry, and the subject matter presented to the grand jury.

(c) provide for injunctive relief prohibiting recurrence of disclosures.

(d) exclude from its prohibitions the exceptional cases where coverups of wrongdoing are involved.

5. The Bar should investigate and hold hearings where unauthorized information becomes public, whenever there is reason to believe that members of the Bar are involved, and should institute disciplinary proceedings wherever appropriate.

A TRIBUTE TO THE LATE PAUL G. HOFFMAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MORGAN) is recognized for 5 minutes.

Mr. MORGAN. Mr. Speaker, I wish to take this opportunity to join with my colleagues and with numerous citizens in this country and abroad in paying tribute to the late Paul G. Hoffman. Mr. Hoffman, who was often a witness before our Committee on Foreign Affairs, as well as an esteemed and valued friend of many Members of Congress, died in his sleep on October 8—after a long and successful career in business and public service.

To his widow—also a distinguished former official in her own right, the Honorable Anna Rosenberg Hoffman—and to all members of Mr. Hoffman's family, I extend my deepest sympathy.

The remarkable achievements of Paul Hoffman are well known and have been fully documented in newspaspers and publications throughout the world. Equally remarkable were some of the personal qualities of this outstanding servant of all mankind—his determination and humility, his vision, and his dedication to peaceful economic development, both at home and abroad. A devoted apostle of the free enterprise system, he recognized, as the Washington Post editorialized, that the system was viable "only to the extent that it genuinely served the interests of human freedom and responsibility."

Paul Hoffman was, in fact, a man always slightly ahead of his time: as architect of the postwar conversion of the U.S. economy from military to peaceful purposes; as administrator of the Marshall Plan in Europe; as president of the Ford Foundation; and finally—beginning at the age of 68—as managing director of the United Nations development program. He was, indeed, as a friend remarked "November in age, but March in spirit."

Above all, Paul Hoffman was among the first to recognize that the world we inhabit is an increasingly interdependent one—and that we cannot enjoy peace and prosperity at home amid turmoil abroad and the fatal disruption of the international order. His legacy is a record of accomplishment which will be hard to match in the decades ahead.

Mr. Speaker, I insert in the Record at this time two obituaries, from the Washington Post and New York Times, which document to some extent the life and works of the late Paul G. Hoffman, a distinguished American:

[From the New York Times, Oct. 9, 1974]

FREE AND UNAFRAID

Paul G. Hoffman was an exuberant exponent of all that is best in the American tradition. A highly successful salesman and corporate executive, he never lost sight of the reality that "free enterprise" was viable only to the extent that it genuinely served the interests of human freedom and social responsibility.

This conception of America's role illumed Mr. Hoffman's monumental achievements as administrator of the Marshall Plan after after World War II, the most ambitious program ever undertaken, by any victorious nation to rebuilt the shattered economies, hopes and spirits of war-devastated countries overseas.

He superintended the spending of $13 billion in European aid, with full knowledge that the greater, the success of his efforts, the more effectively the beneficiaries could compete with United States industry in the global struggle for markets. In the process he accomplished more than arms ever could to keep totalitarianism of left or right from triumphing on the ashes left by Hitler and Mussolini.

The same spirit marked his thirteen years as chief of development programs for the United Nations. The frustrations others had felt never tempered either his enthusiasm or his ability to infuse his hard-headed brand of endeavor into even the most stolid or obstructionist of his client states. The $3.4 bililon in U.N. aid he distributed served as see money for vastly greater outlays in upbuilding underdeveloped nation and expanding opportunities for their people.

When the sterile anti-Communist virus of McCarthyism undermined the Bill of Rights in the nineteen-fifties, Mr. Hoffman stood unshaken in constancy to the real underpinnings of the American way. He moved from presidency of the Ford Foundation to chairmanship of its crusading Fund for the Republic. In a 1956 speech to an American Legion post, he summed up the funds purposes in a sentence that also summed up his life: "We are trying to help keep this Republic free and strong so that it can give a demonstration to all the world of a free and unafraid society at work."

[From the Washington Post, Oct. 9, 1974]

PAUL HOFFMAN DIES

(By Ferdinand Kuhn)

Few newcomers to official Washington ever won so much acclaim in so short a time as Paul G. Hoffman, the first administrator of U.S. foreign aid who died yesterday in New York at 83.

When he arrived here for his first government job early in 1948, he was a Republican businessman, president of the Studebaker Corporation, with the reputation of a supersalesman. When he left two and a half years later he had won the applause of Democrats and Republicans alike and of those often hardest to please: the career civil servants.

He "achieved great things," said the Democratic President, Harry Truman. He served his country "magnificently," said the Republican chairman of the Senate Foreign Relations Committee, Arthur H. Vandenberg. "Few men in history have left the mark that he did," was the comment, many years later, of W. Averell Harriman, his deputy in Europe and his successor. It was a chorus that sang in unison except a few discordant notes from the far right and far left.

Originally the President wanted Dean Acheson to direct the agency that would spend $17 billion in four years for Europe's recovery. Acheson had served as under secretary of State, and by 1948 was back in the private practice of law. But the Republicans then controlled Congress, and Republican leaders had another kind of administrator in mind. Senator Vandenberg, their spokesman, told Mr. Truman that Congress wanted a businessman from outside the government. Hoffman had been the first choice of at least half of more than a hundred businessmen who Vandenberg had canvassed. That settled it; the President gave in.

The new administrator took comparatively little part in setting the broad policies of the foreign aid effort. Those had been drawn in broad outline in the Marshall Plan and in the historic congressional debates that followed. Where Hoffman excelled was in organizing a new agency on a nonpartisan basis and in choosing able helpers.

His assistants saw little of him in the office, although he kept them briefed and consulted. Then, as always, foreign aid was unpopular. The life of the aid director was one of unending effort to sell an expensive and politically unattractive product. During 1949, his first full year in the job, Hoffman was out of his office all but about two hours of every working day, usually in committee rooms or antechambers on Capitol Hill.

Men and women who worked with Hoffman in the ECA—the Economic Cooperation Administration, as it was then called—still find lessons in his performance. If one asks them why Hoffman was such a success, they answer in this vein: "He never threw his weight around." "He tossed out ideas and didn't mind letting others pick them up and take the credit." "He never let power swell his head."

Where other businessmen felt out of their element in government jobs, Hoffman seemed to know his way. His brisk talk was usually low-keyed. His blue eyes kept a twinkle of humor in reserve, he faced many serious situations but never despaired. In a time of alarms and crises, some of them dangerous, he was a steadfast optimist.

His personal traits stayed the same to the end, but his mind grew and changed with the years. From the start of the Marshall Plan he took a deepening interest in the economic and social wellbeing of the rest of the world. He went on to head the Ford Foundation and the United Nations development program, broadening his ideas and the market for them.

Again and again in his Marshall Plan years he argued that spending billions to rebuild and revive Europe would be good for business as well as essential for America's survival. When some in Congress wanted special privileges for American business in return, Hoffman replied that the American aid program must never be used for this purpose. Repeatedly he contended that trade is a two-way street, thus standing against American protectionists who were afraid of foreign competition.

In September, 1950, Hoffman resigned, soon stepping into the presidency of the Ford Foundation. Here he could direct the spending of hundreds of millions free of congressional constraints. The Foundation attracted him for other reasons as well. It gave him a chance to sell his ideas with more freedom than before. But he was wrong.

* * * For the first and only time, Hoffman was not a success in a major undertaking. Exactly what happened, and why he left Ford after less than two years, was never publicly explained.

Dwight MacDonald, in a famous profile of the Ford Foundation in The New Yorker, suggested in 1955 that Hoffman had been too dangerous for the Ford trustees. For example, he recruited the always-controversial Robert M. Hutchins, formerly chancellor of the University of Chicago, as his deputy.

It was reported, although Ford spokesmen denied it, that the trustees wanted someone safer and more conventional as president. All Hoffman would say, with a wry smile, was that he and Ford were "incompatible." He seemed glad to be rid of the foundation job, and with his usual energy plunged into a variety of public causes.

One of his favorite causes of those days was named Dwight D. Eisenhower. Soon after Gen. Eisenhower had become president of Columbia University in 1948, the general asked a visitor, "How do we elect Paul Hoffman President of the United States?" Hoffman turned the compliment around. By 1951 he was in the front line of rich and prominent admirers who were urging the general to come home from NATO headquarters in Europe and run for President. The next year he helped round up convention delegates and raised money for the Eisenhower campaign. Only Ike, he said, could cut through "the smog of hate, fear and political amorality" in the United States.

When anyone talked of hate in those years he usually meant Senator Joseph McCarthy. Hoffman was one of the few Republicans to speak out against what he called McCarthy's "fantastically false" charges against Gen. George C. Marshall in the 1952 campaign. Late in 1953 Hoffman prodded President Eisenhower to counterattack. As Robert J. Donovan tells it in "Eisenhower: the Inside Story," based on access to the White House files, Hoffman "was urging him to let McCarthy have it with both barrels." Vice President Nixon and others advised him to hold back. Eisenhower, beset by conflicting advice, decided not to tangle with McCarthy: "I will not," he said, "get in the gutter with that guy."

Hoffman's stand against McCarthy brought frowns to many Republican faces. The displeasures of others seldem stopped him; he was independent-minded from his youth.

Paul Gray Hoffman was born in Chicago on April 26, 1891. His father, George Delos Hoffman, was an inventor who wanted his son to get a University of Chicago degree. Paul did enter that university, but stayed only a year. By 1911, when he would have been a junior in college, he was a salesman in the Studebaker branch in Los Angeles.

He climbed the corporate ladder fast. In 1915, at 24, he became sales manager of the Los Angeles branch: in the same year he married Dorothy Brown. She bore him six children, and they added a seventh as a ward. His children survive him. In 1925 he was already a vice president of Studebaker, and by the time he was 35, a year later, he had made a million dollars.

The Depression pushed Studebaker into bankruptcy in 1933. Within two years the company was on its feet again with capital that Hoffman had coaxed out of Wall Street, and with himself as president.

The start of World War II in Europe, and the war orders pouring into American factories, led Hoffman to think about the postwar future. How, he wondered, could the country keep full production and full employment when the war ended? "This is a problem for university scholars," he told Robert M. Hutchins, the university chancellor, and William Benton, the vice chancellor, in 1940.

According to Sidney Hyman, Benton's biographer, Hoffman argued that businessmen and scholars ought to pool their knowledge to solve the problem. This was the origin of a short-lived but influential group called the American Policy Committee, made up of fifteen or twenty thoughtful businessmen who were willing to give time to long-range public policy.

* * * He was sure there would be a vast postwar market at home and abroad—if businessmen could be persuaded to plan the conversion of their plants to peacetime uses. It was the CED more than anything else that brought Paul Hoffman to the attention of business leaders and before long, political leaders around the country.

Hoffman's mind had turned more and more to international affairs during his five years in government and at the Ford Foundation. In 1956 President Eisenhower called him back to public service by naming him a delegate to the UN General Assembly. This opened a new chapter in Hoffman's life.

It was a strange experience for him to have to listen not only to attacks on the United States by Soviet and Soviet-bloc delegates but also to the diatribes of Krishna Menon of India. He learned new lessons in when to be patient and when to talk back.

The Assembly taught him much, too, about the so-called Third World. He became convinced that government grants by themselves could not pull any country out of poverty. The UN experience led directly to Hoffman's appointment in 1959 as managing director of the UN Special Fund for economic development.

This was an agency in which he could sell his ideas and enthusiasms on a worldwide market. Applying lessons he had learned in the Ford Foundation, he regarded the Special Fund as "seed money." Hoffman liked to say that if the Special Fund spent, for example, $50 million a year on training and pilot projects, and if recipient governments put up $75 million, they would prepare the ground for at least a billion in private investment for profit.

Looking back over his career, Hoffman said the best part of it was at the United Nations. He ran a highly personalized operation at the Special Fund. His closest associates were men of his own choosing. The staff broke with UN secretariat habit and did not splinter into national or racial groups.

Again, as in his Marshall Plan days, Hoffman spent much of his time out of the office. Often he flew to Washington to induce lukewarm congressmen to vote the American share of the Fund. Most of his travels, however, took him overseas. In his first two years as managing director he appointed himself a traveling salesman for development, visiting sixty-eight countries, all outside Western Europe.

The Special Fund was merged in 1966 with the larger and longer-established UN Development Program. Now the bureaucracy of the UN secretariat hemmed Hoffman in. He was less effective than before, but he kept his unbureaucratic ways. Long after he was 70 he liked to walk, when he could, from his apartment to his twenty-ninth-floor office half a mile away.

If he ever lost his optimism during his 70s he never let the public know. He was "completely convinced," he said in 1969, "that we now have the technology to double world food supplies in the next ten to fifteen years." In 1961 his wife died after 46 years of marriage; the next year he married a dynamo named Anna M. Rosenberg, a former assistant secretary of defense. He had worked with her on labor-management problems during his CED days; he described her as "an old, old friend." She was with him at his death.

He kept his good health until about five years before his retirement at 80. He drank only occasionally, hated cocktail parties, had not smoked since his youth. He relaxed playing golf, bridge and gin rummy. But a broken leg and other ailments took their toll.

* * * * *

DAIRYLEA CO-OP FRAUD BEGINS TO UNRAVEL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Koch) is recognized for 5 minutes.

Mr. KOCH. Mr. Speaker, the Dairylea case is beginning to open up. In this morning's mail, I received a letter from the Department of Agriculture's Director of Investigation, John V. Graziano. Mr. Graziano indicated that on September 25, 1974, the Department's general counsel recommended criminal prosecution of Dairylea officials to the Department of Justice on charges of false reporting and false recordkeeping. While it is discouraging that little was done by the Department of Agriculture on this case until the matter was exposed by the New York Times, it is encouraging that the Department has acted in response to some prodding.

Mr. Speaker, on September 25, 1974, I first alerted our colleagues to the large milk scandal in the State of New York. For 5½ years Dairylea Co-op, Inc., undetectedly adulterated milk that it sold to consumers. When the adulteration was finally detected by the State's inspectors, what can be described as only a modest fine was levied on the cooperative and no attempt was made to hold those responsible for perpetrating the fraud criminally liable. When questions were raised by the New York Times, the State agencies, one of which is headed by a former Dairylea official, ducked responsibility and tried to pass the buck to other agencies. Only after the New York Times story did the attorney general of the State of New York initiate grand jury proceedings which he advised me were to begin on October 10.

I still believe that we will not get to the bottom of this sordid milk mess unless and until the Federal Government involves itself. And for that reason I urged that the U.S. Department of Justice as well as the House Agriculture Committee begin their own independent investigations According to Mr. John V. Graziano of the U.S. Department of Agriculture: "The state plans no criminal action."

What is also important is that Mr. Graziano in his letter stated that:

> In the meantime, this Office is considering investigation of possible adverse effects of Dairylea irregularities upon other USDA programs in which dairy products are used.

I suspect that the Federal Government too was the victim of the fraud through its food purchase programs. In addition to determining whether this was the case, it also is important that the Department determine whether the Dairylea fraud is but the tip of the iceberg and being duplicated by other cooperatives in the country.

Further, I have written to Henry Petersen, Assistant Attorney General, enclosing a copy of the letter and specifically calling attention to the fact that the U.S. Department of Agriculture states:

> The matter now lies for consideration with the Criminal Division of the Department of Justice.

Mr. Speaker, this matter cannot be put to rest until those who committed the criminal fraud are brought to justice and I am pleased to report Mr. Speaker, that the Dairylea Co-Op, Inc., affair is beginning to unravel very much like Watergate. The truth will be out and justice will not be denied.

The letter from the U.S. Department of Agriculture and my letter to Assistant Attorney General Henry Petersen follow:

U.S. Department of Agriculture,
Washington, D.C., October 11, 1974.

Hon. Edward I. Koch,
House of Representatives,
Washington, D.C.

Dear Mr. Koch: The Secretary has requested that I respond to your September 25 letter concerning lack of criminal action against officers of the Dairylea Cooperative, Inc.

Following employee charges that Dairylea officials were illegally adding reconstituted milk to whole milk, audit and investigative activity was initiated by representatives of the New York State Milk Department of Agriculture, the Attorney General of New York, and enforcement representatives of the Agricultural Marketing Service, United States Department of Agriculture.

Their findings divulged improper practices, false reporting, false record keeping, and destruction of records. As a result, 33 Dairylea employees were removed from their positions, fines and injunctions were imposed by state civil action, and recoveries of $227,933 were received from the Cooperative. The state plans no criminal action.

On September 25, 1974, USDA General Counsel John A. Knebel wrote to the U.S. Department of Justice, citing various laws and regulations which had been violated, and recommending criminal prosecution of Dairylea officials on charges of false reporting and false record keeping. The matter now lies for consideration with the Criminal Division of the Department of Justice.

In the meantime, this Office is considering investigation of possible adverse effects of Dairylea irregularities upon other USDA programs in which dairy products are used.

We appreciate your interest in this matter.

Sincerely,

John V. Graziano,
Director, Office of Investigation.

House of Representatives,
Washington, D.C., October 15, 1974.

Henry E. Petersen,
Assistant Attorney General, Department of Justice, Washington, D.C.

Dear Mr. Petersen: I refer to our earlier correspondence on the Dairylea Coop Inc. I am enclosing a letter received today from the U.S. Department of Agriculture. That letter makes it clear that criminal prosecution is recommended by the Department and as it says, "The matter now lies for consideration with the Criminal Division of the Department of Justice."

I do hope this matter will be pursued vigorously and that the investigation is not limited solely to that of Dairylea and the

State of New York. It may well be that we have a national scandal requiring your Department's attention.

Sincerely,

EDWARD I. KOCH.

A TRIBUTE TO THE LATE HONORABLE FRANK KOWALSKI

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Connecticut (Mrs. GRASSO) is recognized for 15 minutes.

Mrs. GRASSO. Mr. Speaker, it is with the deepest sadness and regret that we mourn the passing of former Representative Frank Kowalski, a dedicated legislator and military man, a distinguished son of Connecticut, who has truly left his mark on the State he loved, the Nation he served and the world he helped to build.

Frank's great enthusiasm, his zest for life and dedication to hard work for the good of all, were an inspiration for all those who knew him, and whose lives he has touched. He had a great creative drive, a resourceful and boundlessly innovative approach to problems, a quickness of mind and resiliency of spirit that aided him in accomplishing the many tasks that serve as jewels in the crown of his career of service to the people.

Frank was born in Meriden, Conn. His bold determination and deep appreciation of education and learning led him to graduation from West Point in 1930, as well as through advanced academic training in the sciences and international relations at Massachusetts Institute of Technology and Columbia University.

He was a member of Gen. Dwight D. Eisenhower's staff in Europe during World War II, and after the war served with Gen. Douglas MacArthur in Japan, where he organized that country's defense forces and supervised political, social, and economic reforms. Even in far away Japan he retained his Connecticut ways, using our State's publication "Government in Connecticut" as a basis for instruction in democracy in Japanese schools.

Several years later Frank returned to the United States and as a colonel used his great organizational skill and energy to set up the first school for senior military officers in modern management practices. He was commandant of this Command Management School at Fort Belvoir when he left the Army.

Through his many years and travels as a distinguished Army officer Frank maintained a deep love and affection for his native Connecticut, and a respect and admiration for the solid roots of New England "town meeting" democracy that exemplify government in the State. It was only natural then that Frank Kowalski would return home to his native State and win an at-large seat in Congress in 1958.

Many of my colleagues will remember Frank for his great skill and knowledge in military affairs. He was an exemplary member of the House Armed Services Committee, a moving force in the establishment of the Manpower Utilization Subcommittee To Cut Military Manpower Waste. His great compassion and understanding of the human condition were reflected in his concern for senior citizens' medical care, aid to education, minimum wage legislation, and the control of nuclear arms.

Upon leaving the Congress, Frank was appointed to the Subversive Activities Control Board by President John F. Kennedy—serving honorably in this capacity for some 3 years.

Frank was a prolific writer, and an active amateur inventor. While in the Army he won the Legion of Merit with cluster and the Bronze Star.

Above all Frank Kowalski was a credit to his family, his State and his Nation. Often I had the opportunity to witness his greatness and often I marveled at his selfless and noble approach to life and to people.

He was a good and decent man, and will be sorely missed by all of us who knew and loved him.

I offer my condolences to his loving wife Helene, and to his family.

OPPOSITION TO $300 BILLION BUDGET TARGET EXPLAINED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

Mr. STARK. Mr. Speaker, I voted against the resolution calling for a $300 billion budget target last week and want to explain why I could not support the position of my colleagues.

I do indeed believe that fiscal restraint is an important step in curtailing inflation. Moreover, much-needed cuts in the military budget as well as significant changes in Government support of the oil and gas industry could bring the Federal budget well below $300 billion.

But unfortunately, the process for reducing the expenditures is complex, and there is no guarantee that this resolution will accomplish its stated purpose. It might have the effect of cutting significant amounts of Federal spending, but if these cuts only further increase unemployment, they will have only worsened the state of the economy. The goal must not be just to cut anywhere, regardless of the cut. Certain reductions will only add to our recession, while cuts in military spending will be much more anti-inflationary. Similarly, tax reform of the right sort would not only increase Treasury revenues, but would place the added burden on those who can afford it, rather than on our Nation's poor and overburdened middle-income families.

Therefore, I reluctantly voted against the resolution. As long as President Ford refuses to face up to the stringent measures that are needed, this resolution can have little positive impact on our economy.

AN UNWISE U.N. MOVE

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, the Christian Science Monitor on Wednesday, October 2, editorialized in a straightforward and realistic way about the unwise action of the United Nations in rejecting the credentials of the South African Delegation. It is a clear statement of fact and I am pleased to call it to the attention of Members of Congress by submitting it for the RECORD.

AN UNWISE UN MOVE

It is regrettable that the United Nations General Assembly has rejected the credentials of the South African delegation and called on the Security Council to review the relationship of South Africa and the UN. This action, propelled by the African nations, flouts what should be a cardinal principle of the UN—universal membership.

We appreciate the negative vote cast by the U.S., Britain, and others. To try to ostracize a nation from the UN because of its internal policies is counterproductive. Indeed such an approach is untenable and inconsistent. What about the Soviet Union, China, and other totalitarian states that do not abide by the UN Declaration of Human Rights? What about the United States, which, embarrassingly still is in violation of the UN sanctions against Rhodesia?

The Assembly's action could start a chaotic ball rolling. It is conceivable, for instance, that Israel could be the next target on grounds of not implementing the UN resolutions on withdrawal from Arab territories.

If the UN Assembly has any meaning at all, it is that nations of the world convene in a single forum to discuss and debate, harangue and holler, despite their disparate political systems and views. It has no authority to apply force or compel compliance with its votes. But its members, through consensus, can exert a certain moral pressure.

More such pressure can be brought to bear against white-ruled South Africa by keeping it within the UN fold than by trying to drum it out.

The Assembly vote will not alter repressive racial policies in Pretoria. It only reinforces the views of those in Congress and elsewhere who look at the UN with unenthusiastic eye. And, if the issue is taken up by the Security Council, it might put the U.S. in the awkward position of having to veto an expulsion resolution and thereby aligning itself with South Africa against the third-world nations.

The UN move is all the more unwise this year because for the first time South Africa's delegation has nonwhite members, including the head of the black government of Transkai, an Indian, and a colored. Some may argue these are but token appointments, but the fact remains that Transkei leader Kaiser Matanzima is proving to be a more independent and effective black leader than was thought possible.

The future of South Africa is fraught with uncertainty and all African states have a legitimate cncern about what happens there. But it serves no useful purpose to unseat South African delegates to the UN.

TO THE MEMORY OF ROSS MARLER

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, good citizens are always appreciated, and outstanding citizenship is to be held at a premium. A good friend, a widely respected and loved community leader, as well as an outstanding citizen, was Ross Marler, of Destin, Fla. The memory of his good works lives on.

Radio Station WFTW, on September 18, editorialized on Mr. Marler's good work and high standing in the community, and there were additional comments in the "Destin Weekly Log."

Because of my personal appreciation and friendship for Ross Marler, I am happy to submit these for reprinting in the CONGRESSIONAL RECORD:

[WFTW Radio Editorial]

ON ROSS MARLER

Seldom is one person so universally loved and respected by all who knew him as was Ross Clinton Marler of Destin.

We say Destin, because that was where he lived and worked for the final years of his life, but he was just as much a citizen of Ft. Walton Beach and all Okaloosa County.

Ross was a member of the pioneer family of Marlers who have done so much to make Destin what it is today. He was a master mariner, which means that he was licensed to command any ocean vessel, regardless of size or type.

Although his primary occupation was as a member of the Army Corps of Engineers, he also served in the U.S. Navy, retiring on disability as a commander in 1954. He served as Destin postmaster from 1962 to 1972 when he retired for good with 33 years of honorable government service.

But Mr. Marler never retired from active community and civic work. He was the first elected president of the Ft. Walton Beach Rotary Club, President of the Destin Chamber of Commerce for two years and a director for five years, served as vice chairman of the Okaloosa Island Authority, and on too many other committees and civic projects to mention.

Ross Marler will always be remembered for his sense of fairness and compromise, and for his keen wit and good humor. As an example, he referred to a tourist as being "more valuable than a bale of cotton and twice as easy to pick".

It is extremely doubtful that Ross Marler ever had an enemy, for, even in disagreement, he was honorable, kind, and gentle. For his many contributions to his fellow man, WFTW takes great pride in presenting him posthumously with its Good Citizenship Award.

[From Destin Weekly Log]

GOOD CITIZENSHIP AWARD GOES TO THE LATE ROSS MARLER

WFTW radio presented Mrs. Ross Marler with a Good Citizenship award last week during their morning programming. The award was presented posthumously to the late Ross Clinton Marler and accepted by Nell Marler on the show.

The management, in bestowing the honor, said "It is extremely doubtful that Ross Marler had an enemy, for even in disagreement, he was honorable, kind and gentle." For his many contributions to his fellow man, the late Ross Marler was honored.

"Seldom is one person so universally loved and respected by all who knew him," the presentation speech said.

Ross was a member of the pioneer family of Marlers who have done so much to make Destin what it is today. He was a master mariner, which means that he was licensed to command any ocean vessel, regardless of size or type.

Although his primary occupation was as a member of the Army Corps of Engineers, he also served in the U.S. Navy, retiring on disability as a commander in 1954. He served as Destin postmaster from 1962 to 1972 when he retired with 33 years of honorable government service.

But Ross Marler never retired from active community and civic work. He was the first elected president of the Fort Walton Beach Rotary, President of the Destin Chamber of Commerce and a director for five years; served as vice-chairman of the Okaloosa Island Authority, and on many other committees and civic projects.

Ross Marler will always be remembered for his sense of fairness and compromise and for his keen wit and good humor. As an example, he referred to a tourist as being "more valuable than a bale of cotton and twice as easy to pick."

It was with this review of his background and enumeration of Ross Marler's attributes that the Good Citizenship award was presented by the radio station to Mrs. Nell Marler of Destin in honor of her late husband.

WHAT IS FORD'S ECONOMIC POSITION?

(Mr. BINGHAM asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BINGHAM. Mr. Speaker, on Wednesday the President held a news conference to explain in greater detail some of the specifics of the economic program to fight inflation which he presented to the Congress on Tuesday. Unfortunately, on Thursday the White House was forced to make a series of corrections and clarifications which to say the least rendered much of the press conference inoperative.

On Wednesday, Mr. Ford said he favored phasing out the depletion allowance—on Thursday the White House said he favors retention of this "big oil" tax break until the price of oil is freed of controls; on Wednesday the President said that only 28 percent of U.S. taxpayers would be subject to the surtax—on Thursday the White House admitted it would affect many more taxpayers than represented by the 28 percent figure; on Tuesday the President told the Congress that by 1980 he would like to phase out oil-fired electrical generating plants—on Thursday it was learned that what the administration had in mind was to eliminate enough oil-powered generating plants to save a million barrels of oil a day by 1980 by replacing them with nuclear plants.

It appears that the Ford administration is confused about its economic policies, and this is unfortunate because it will tend to undermine whatever remaining confidence the American people have in the ability of the Federal Government to extricate us from the present economic morass.

I include herewith two articles from today's Wall Street Journal on the subject:

WHITE HOUSE ISSUES SLEW OF CORRECTIONS MAKING COMMENTS OF FORD INOPERATIVE

WASHINGTON.—President Ford, it turns out, didn't really intend to say a lot of things he seemed to say at his press conference Wednesday.

In a day of embarrassing corrections and "clarifications," the White House, in effect, conceded Mr. Ford was wrong when he said:

That he favors phasing out the domestic oil-depletion allowance. Actually, the President favors retention of this tax break for oil producers, presidential spokesman Ron Nessen said yesterday, at least until the government ends its price controls on oil. Mr. Ford does want to end the depletion allowance on foreign production, which is little used and relatively insignificant.

That his proposed 5% surtax would affect about 28% of all taxpayers. What the President meant to say was that it will affect about 28% of all personal tax returns. As many returns are joint returns, this is considerably more than 28% of all taxpayers.

It was a day that reminded some observers of a problem Mr. Ford used to have as a Congressman on Capitol Hill—where a Ford statement of one day would sometimes be followed by a Ford clarification the next. But Mr. Nessen argued manfully that Mr. Ford had neither misspoken himself Wednesday nor "changed his mind overnight." He did concede that "the President was perhaps imprecise" Wednesday and wanted to correct any "questions" that he may have left in his listeners' minds.

Mr. Ford certainly didn't intend to give "aid and comfort" to those who are violently protesting school desegregation in South Boston when he said that he personally disagrees with the court decision that led to the desegregation effort. Massachusetts Senators Edward Kennedy and Edward Brooke have protested that Mr. Ford's comment merely adds fuel to the fire. And Boston's mayor, Kevin White, accused him of "taunting" the city into "becoming another Little Rock." Mr. Nessen called reporters' attention to other parts of Mr. Ford's remarks that deplored the Boston violence.

An administration "fact sheet" given reporters Tuesday to explain Mr. Ford's economic package contained some less-than-accurate figures on the amount of surtax that wage-earners of various incomes would have to pay. Mr. Nessen then read off the "accurate" figures (which were given in yesterday's edition).

One presidential remark the White House didn't retract was Mr. Ford's statement Tuesday that the U.S. isn't in a recession. But unfortunately for the White House, Federal Reserve Board Chairman Arthur Burns testified on Capitol Hill yesterday that the current situation certainly looks like a recession to him, although an "unusual" kind of recession.

In still another embarrassing development, the administration had to point out that part of Mr. Ford's economic speech outlining plans to cut oil imports by converting oil-fired electrical generating plants to coal drastically overstated the much more modest effort that administration experts really had in mind. (See story on back page.) Apparently White House speechwriters garbled a plan drawn up in the Treasury.

And, to top it all off, experts at the Federal Energy Administration conceded they were stunned by Mr. Ford's pledge to improve automobile mileage 40 percent in four years. They're still trying to persuade auto makers to agree to 30 percent over six years.

It all added up to a bad day for a young administration striving to overcome an impression, which seems to be growing daily in official Washington, that it mightn't be quite on top of things. And all the clarifications and corrections tended to undercut the effectiveness of the frequent press conferences President Ford has held to demonstrate the openness and candor of his administration.

In explaining Mr. Ford's true position on the depletion allowance, Mr. Nessen put it this way:

"As long as the price of oil continues to be controlled, the President believes that the elimination of the percentage depletion on domestic oil production would be a mistake. The President feels that oil should be sold on a free-market basis and he thinks that many oil producers would be glad to trade the percentage depletion in order to achieve the important result of a free market for oil. As for the foreign oil depletion allowance, the President believes that should be phased out immediately and finally."

As the depletion allowance stands, 22 percent of the gross income from petroleum properties may be deducted from taxable income, with a ceiling of 50 percent of taxable income.

Legislation pending before the House Ways and Means Committee would phase out the allowance for both domestic and foreign oil. In his press conference Wednesday, the President said this legislative package contains some things he likes and some he doesn't like, but that he was prepared to accept the package. Asked if this meant he favors the depletion phaseout as part of the package, he replied: "The answer is yes."

As it turns out, the actual White House position on the package seems to be as follows:

The President would like to see price controls ended, as a way to encourage increased production. But if controls are removed, there should be a "windfall-profits" tax on oil to discourage companies from running the price up. With these two things accomplished, the White House would be willing to end the depletion allowance, but not before. If the package that ultimately emerges from Congress ends the allowance and continues controls, the President still might sign it to get the features he considers desirable. But then he mightn't, officials indicated.

The House Ways and Means Committee bill would establish a windfall-profits tax on oil as well as ending the depletion allowance. But decontrol isn't likely to become part of this bill and would have to be passed separately.

The White House clearly hopes to modify the package, which, as Mr. Nessen noted, "is a long way from its final form."

In other developments yesterday, Mr. Nessen was asked if the President would expect corporations to refrain from simply passing along to consumers the 5% surtax Mr. Ford wants them to pay. Mr. Nessen said he'd have to check Mr. Ford on that.

In a memorandum to his Cabinet heads, Mr. Ford acknowledged that the administration still hasn't decided where to make all the about $5 billion in budget cuts it must make to meet Mr. Ford's goal of a $300 billion budget for the current fiscal year, which ends next June 30. The President said cuts proposed so far are insufficient and he urged the Cabinet to get cracking.

Unrealistic Goal?—Ford Bid To End Oil Use in Power Plants Is Met With Skepticism by the Industry

(By David Brand and Sanford J. Jacobs)

Most industry and even many government officials are skeptical of the feasibility of President Ford's announced goal of eliminating oil as a fuel in the nation's largest power plants by 1980. In fact, some experts are saying it will be impossible.

The reason is that the oil will probably have to be replaced by coal and that coal production in this country is currently lagging by millions of tons a year. Coal is also facing costly environmental problems that may take years to solve. Nuclear energy, the only other alternative, is expected to be of little help in meeting the goal because financing problems have forced utilities to defer construction of 15 nuclear plants.

The skepticism may be partly due to bewilderment over the exact nature of the President's goal. In his economic message to a joint session of Congress on Tuesday, the President said, "I propose that we, together, set a target date of 1980 for eliminating oil-fired plants from the nation's base-loaded electrical capacity." Because oil accounts for nearly 20% of this capacity, replacement with another fuel in just over five years would be a physical impossibility, energy experts say.

What the President actually meant, according to energy planners at the U.S. Treasury, who helped formulate the details of the message, was to set a goal of phasing out enough oil-fired plants to save a million barrels of oil a day by 1980 and replacing the oil with coal or nuclear power. "The language of the speech maybe wasn't clear," concedes Gerald Parsky, an assistant treasury secretary.

However, even this goal may be unattainable. An energy planner at the Federal Power Commission says, "We don't think it can be accomplished unless there's tremendous conservation of electricity usage." After a quick study of the so-called fact sheet given up to back up the President's message, this EPC expert remarked: "Obviously someone's had a temporary loss of logic."

Gordon Hurlburt, president of Westinghouse Electric Corp.'s power system division, says that if ways can be found of bringing the deferred nuclear plants back on schedule, these could replace some of the oil-fired plants. The rest would have to be replaced with coal, which, says Mr. Hurlbert "isn't realistic."

IMPORTANCE OF COAL

Officials at the Treasury's energy-policy office agree that "coal will have to bear the brunt of the shift." In fact they calculate it will take 90 million tons of coal a year to save a million barrels of oil a day in large power plants.

Last year, U.S. coal production amounted to about 592 million tons, 12 million tons less than needed. Utilities made up the deficit from their stockpiles, estimated to contain 105 million tons currently. This year the FPC estimates that the deficit will be 10 million tons.

Treasury officials point to calculations by the Project Independence coal task force that it is feasible to double domestic coal production by 1985. However, FPC and Bureau of Mines experts say this is practically impossible because of problems of obtaining equipment to open new mines and the insufficiency of railroads to carry coal. The current hopper-car shortage has forced some mines to scale down production, an FPC official notes.

The burning of coal also raises numerous environmental problems, chiefly the control of health-damaging sulphur-dioxide emissions from smokestacks. This requires the use of costly scrubbing equipment because sufficient low-sulphur coal isn't available in this country unless vast areas of Western lands are to be strip-mined. Some utility scientists even doubt that scrubbers are feasible on large coal-fired plants.

The President's oil-saving goal is aimed only at those power stations that represent the bulk of the nation's generating capacity, the so-called base load. These plants, the newest and largest of the nation's power plants, generate electricity 24 hours a day. Older plants are fired up only when power demands warrant.

HALF AND HALF

About half the oil-burning plants in the base load were originally built to burn coal and were converted to oil to meet air-purity regulations. An FPC official says that these plants could be converted back to coal. The other half can only be switched to coal by replacing the boilers, he adds, and that is "damned expensive."

Treasury officials concede that simply converting half the oil-fired plants back to coal wouldn't meet the million-barrel-a-day savings goal. Some would also have to have new boilers installed. They calculate that the cost of converting plants to coal to save only 750,000 barrels of oil a day would be $160 million—a figure that Douglas McCullough, director of the Treasury's energy-policy office, says is "maybe too low."

Consumers, he says, will have to pay for the conversion costs in rate increases.

Mr. McCullough concedes that little thought was given to replacing the oil-fired plants with nuclear stations by bringing some or all of the deferred nuclear plants back on schedule. The 15 plants were all due to go into operation in 1980, but recently money shortages have forced the 10 utilities that are building the plants to defer their construction for one to two years.

James Connor, an Atomic Energy Commission official, says that if these plants could be speeded up again, perhaps half the President's oil-saving goal could be met. But first, says Howard Winterson, a vice president of Combustion Engineering Inc., the utilities must have help in meeting their credit problems. "The President didn't get into that at all, which dumbfounded me, frankly, because money is the root of this problem," he says.

ENVIRONMENTAL LEGISLATION

Mr. Winterson doubts that nuclear power can make a substantial dent in the oil-burning plant capacity in the near future. But Mr. Hurlbert at Westinghouse is more optimistic. If the delays now holding up construction of new plants, from licensing problems to environmental opposition, could be ended, he says, nuclear power could replace the entire oil-fired base load by 1985.

There are hints that utilities may push to burn more coal by seeking repeal of environmental legislation. The use of scrubbers on all new coal-fired plants becomes mandatory under a federal law that takes effect next year. Floyd Lewis, president of Middle South Utilities Inc., told a gathering of analysts in New York the day after the President's speech: "I expect we can use this (the President's oil-saving goal) to our advantage. It's an opportunity to get environmental roadblocks to burning coal removed."

Environmental problems clearly haven't hampered the use of coal in Europe. A Common Market report notes that most power stations now being built in Europe use coal and that older plants are being converted to coal. The exception is France, which has become the first nation to depend solely on nuclear power for all future generating capacity.

THE INDIVIDUAL AMERICAN CAN ACT TO CHECK INFLATION

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, the National League of Postmasters of the United States has recently concluded its 71st annual convention in Hollywood in my State of Florida. Something took place in the assembly of this venerable body which has an importance to every citizen of this Nation.

Inflation is the headline of the hour; but the postmasters asked a question to the point: "What can I as an American citizen do myself to check the inflationary spiral?"

To that question and by a special order and suspension of the rules, the convention addressed itself. The proposal was made by Postmaster L. J. Gaughen, of North Bend, Nebr.

The question is a short one: "What can I do?" The answer is contained in a single word: "Save!"

Here is the resolution which Postmaster Gaughen submitted to a cheering body of delegates in the Diplomat Hotel:

RESOLUTION

Whereas: Inflation is eroding the economic stability of our nation; and

Whereas: The National League of Postmasters of the United States realizes the importance of stemming this cycle of runaway inflation; Now therefore be it

Resolved: That the National League of Postmasters of the United States assembled in its 71st annual convention, asks every Postmaster who has less than a $50.00 U.S. Savings Bond deduction made from his or her bi-weekly salary check to increase such deductions by double this amount or more or to allot a similar amount on a regular basis to a Savings & Loan association or other financial institution; and be it further

Resolved: That the National League of Postmasters of the United States solicit the cooperation of all postal organizations and craft unions in carrying out this resolution for the welfare of the country.

Mr. Speaker, what can one American postmaster do? What can 700,000 postal employees do? They can help the Nation and help their own future.

I commend the National League of Postmasters of the United States and hope that its program has widespread acceptance.

There is something that every American can do. What? Save!

"ARE PUBLIC UNIONS SECOND-CLASS CITIZENS?"

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, in the February 1974 issue of the Florida Bar Journal the Honorable Albert E. Harum, professor of business law at the University of Miami, wrote an article on the very important and sensitive subject, "Are Public Unions Second-Class Citizens?" Professor Harum has had a distinguished career in journalism, in the law, and as a professor. He has been a member of the American Newspaper Guild and of the International Typographical Union. He later was publisher of the Coral Gable Times. He holds B.B.A. and LL.B. degrees from the University of Miami and earned the LL.M. and J.S.D. as a Ford Foundation fellow at New York University. For many years he has been professor of business law at the University of Miami and has written many articles for important legal publications on challenging subjects in the law.

Mr. Harum is also an able and distinguished lawyer who for many years in his spare time has been associated with my law office.

There is lively interest today in the subject of Professor Harum's article; namely, whether unions of public employees should have the same rights as private unions and what the status of unions of public employees is before the law today. I commend Professor Harum's thorough article to my colleagues and to all those interested in this challenging subject.

Mr. Speaker, I include Professor Harum's article to appear in the body of the RECORD at this point:

ARE PUBLIC UNIONS SECOND CLASS CITIZENS?

YES: LEGAL WARFARE CONTINUES AS THEY STRUGGLE FOR BONA FIDE COLLECTIVE NEGOTIATIONS

(By Albert E. Harum)

Public sector unions in Florida are engaged in a bitter struggle to rise above "second class" status, with the Florida Supreme Court on the one hand virtually ordering the legislature to establish collective bargaining guidelines, and the legislature on the other hand failing to meet the task.

As far back as 1969, the court held that "public employees have the same rights of collective bargaining as are granted private employees" (citing Article 1, Section 6 of the Florida Constitution) and buttressed this position in 1972 by warning the legislature that inaction would leave the court "no choice but to fashion such guidelines by judicial decree." The 1969 pronouncement came down in *Dade County Classroom Teachers' Association Inc.* v. *Ryan* (225 So. 2d 903). The teachers sought to force the issue in the second suit making the legislature defendant (Case No. 42,323).

To date, the impasse is not resolved, though the DCTA is still engaged in legal warfare both in Miami and Tallahassee to secure "bona fide collective negotiations." Court-appointed mediators are conferring in Miami and stipulations in Tallahassee appear to have placed the matter in suspended animation without prejudice to the unions.

While private sector unions cling to the hard-won right to strike as the ultimate weapon in collective bargaining, the government workers, long deprived of this device by both common law and statute, are invoking the "job action" or *de facto* strike, and news reports bespeak its effectiveness. This infant prodigy stands neither on ceremony nor on precedent. Government unions may not negotiate on wages—but they do! They mustn't strike—but, in fact, they do!

The Bureau of Labor Statistics verifies this phenomenon. Not only wage talks but even discussion of agency operations and functions are now common occurrences. Government strikes over the period 1958 to 1968 rose from 15 to 254, workers involved from 1,700 to 202,000, and man-days of idleness increased from 2.6 in the 1958–64 period to 9.8 days in the 1965–68 period. Wages, hitherto a forbidden area of negotiation in the public sector, caused 61 percent of job actions in the 1966–68 period and involved 73 percent of all government workers engaged in work stoppages. The Department of Labor estimates an increase in public employment by almost 50 percent in the years 1960–75. Only 37 percent increase is projected for all employment.

YES: PUBLIC EMPLOYEE UNIONS TAKE THE POSITION THAT THERE CAN BE NO GENUINE COLLECTIVE BARGAINING WITHOUT THE RIGHT TO STRIKE

Second class citizens

These are the factual ingredients of the problem. Philosophically, the problem is even graver. Public employee unions, militant and increasingly powerful because of burgeoning membership, take the position that there can be no genuine collective bargaining without the right to strike. They claim that depriving them of this right by legal bans makes them "second class citizens" in the labor movement. The trade union in the private sector, they argue, "bargains" because it has something to withhold if no agreement is reached. The public employee union only "negotiates" because it has been deprived of the ultimate bargaining tool. When all strikes are barred, they claim, joint determination is out.

The positions on both sides of this vital question are clear. Against giving the right to strike are those who look upon government employment as a "calling," a trusteeship, an idealistic, almost religious, commitment to public service, sheltered by Civil Service Commissions who confer perquisites and benefits such as promotions, retirement and pension plans and tenure programs. The tradition of dedicated service, they contend, should not be interrupted lest government functions be undermined. They remind government employees that they are working for sovereignty, which is an alter ego of themselves since they themselves constitute the essence and power of sovereignty.

Still another view of the public employee relationship is that it is implied in his contract of employment that he waives rights enjoyed by his counterpart in the private sector and that in taking employment on known terms he is estopped from complaining. Carrying this argument a step further, it is contended that the public employer may impose any reasonable condition prerequisite to holding offices within its control.

Not even strikes in "nonessential" areas should be permitted, it is contended, because determining essentiality by statute is an unrewarding semantic exercise. Also, a discriminatory grant of the right to strike to one group may result in a volume of claims from other groups.

Despite these arguments, however, the trend in the expanding public employee unions is to adopt to the hilt the industrial concept of organization and negotiation. Though the legislative strike ban in the public sector has to date met constitutional challenges, (*i.e.,* it is not an abridgement of free speech or assembly, it does not impose involuntary servitude nor does it deny equal protection of the laws) the unions draw an analogy between public and private sector problems and label the distinction unwarranted and discriminatory. Both employee "ladders" run the gamut, on the union side from laborers, crafts, blue collar, professional, technical, administrative, to unclassified. On the "employer" side are the administrative agencies, municipal (county and state) agencies, elected heads, legislative bodies, and quasi-cultural institutions such as art exhibits, museums and libraries. Struck by this analogy, the unions are asking why the public sector unions shouldn't enjoy the same right to strike as the private.

The role of public attitude and interest cannot be denied. In private union negotiations, the public frequently are mere bystanders who perhaps are apprehensive about the economic effect on the family purse but whose sentiments rarely alter the outcome. An exception to this would appear where the private sector talks constitute a deprivation of some vital service such as light, power or telephone. In the strike or "job action" against the government, however, public attitude is of great importance. Questions of "fairness" and "public interest" inject themselves, and the union is lauded or indicted in direct ratio to this public attitude. An economic fact thus becomes enmeshed in an intense political climate of a potential increase in taxes, deprivation of services, and smoldering indignation at contempt for law. Much of the negative public reaction arises from the aforementioned "job actions" which are *de facto* strikes. These range from the "work by the rules" (a slowdown effected by working strictly according to the rule book), the slowdown, the simultaneous flu epidemic, refusal to work overtime, "safety" checks (minute inspection of machines and vehicles resulting in nonconforming citations), to mass resignation and mass picketing (without the formality of a strike). In 1968 there were 254 such actions as compared with 15 in 1958.

Minor taxpayer rebellions have occurred on occasion because unions have demanded more than comparable private work units were getting because they have been better organized to conduct a strike or because their service was more essential.

Union recognition

While public employee unions are not new their earlier forms were weak. Their existence was only tolerated, often secret for fear of reprisals, often acting as a shield from patronage raids, and certainly lean of accomplishment. The pioneer postal union drew frequent fire from executive Washington, bringing about a broad-front ban on lobbying which sparked the Lloyd-LaFollette Act in 1912. The Act removed the lobby ban, allowed concerted activity for improved working conditions, but firmly prohibited the strike against government. Toleration grew into a tacit acceptance of unions even in the face of reinforced strike prohibitions in the Taft-Hartley Act of 1947 and legislation in the 1950's making a strike against government a felony punishable by fine and imprisonment. Union recognition, however, finally came about in two Executive Orders issued by President Kennedy in 1962. This Magna Carta of federal unionism provided for recognition in proportion to membership ratio, written agreements with agencies on matters outside budget and structure, and establishment of grievance procedures. But it denied the privileges of the Executive Order to unions asserting the right to strike against the government. In 1963 President Kennedy, in a Code of Fair Labor Practices, specifically prohibited what is now called job action.

Still further updating of the Magna Carta was provided by President Nixon in a 1969 Executive Order, which created a Federal Labor Relations Council, establishing wide consultation rights and authorizing binding arbitration for grievances among other changes. One of the most important provisions of the Nixon order was the establishment of an "Impasses Panel" with authority to launch fact-finding and binding arbitration procedures.

The Presidential orders are unanimous in designating wages and hours as non-negotiable issues, because they are within the jurisdictional realm of Congress. The orders uniformly prohibit collective bargaining on "official" time. This lack of authority to negotiate on wages and hours detracts from the traditional bargaining process in which the parties so frequently engage in trading, "wheeling and dealing," retreating, and swapping on demands. Bargaining during off-hours lends an amateur or "hobby" atmosphere to discussions and tends to detract from their dignity and their serious role in the business-like conduct of the government operation involved.

The initial Kennedy Order sparked not only the growth of federal unions but their extent. Administrative officials were now obliged to "get their feet wet" in the trough of labor negotiations—a field hitherto preempted by the private sector. A great deal of discord leading to job actions during this formative period can be laid at the door of public managers inept in this foreign area and often clinging to tactics of the pre-union era. The public managers have been indicted for not doing their "homework," being therefore unprepared to cope with negotiation problems until at the brink of crisis. They are criticized for lacking experience in the drafting and administraton of contracts, the use of mediation, the handling of grievances, and the uses of fact-finding.

States differ

Without a doubt the greatest frustration and inadequacy can be traced to the lack of uniformity in state recognition of the basic relationship between public employers and employees, ranging from mandatory collective negotiation to no recognition at all. The 29 states falling into the latter class evidence a desire either to hide from the problem in the hope that it will soon spend itself and depart, or to abandon their responsibilities to political forces, unsympathetic bureaucrats or the courts. Even the states which recognize the problem do so with varying degrees of enthusiasm. Fourteen states require or command collective negotiation in good faith, two states only permit such negotiation. Five states have legislated "meet and confer" statutes under which the parties execute nonbinding memoranda.

Hawaii and Pennsylvania took a bold step in mid-1970 by granting a limited right to strike to organized public employees. The statute in both states establishes a public employment relations board to rule on compliance with the limiting provisions. The strike right is withheld during pendency of collective bargaining procedures (*i.e.*, mediation, fact-finding and arbitration in good faith) and where the threatened strike poses a "clear and present danger," a matter to be determined by a court of equity. Hawaii requires a cooling-off period of 60 days, beginning when the fact-finding board makes its report public, and 10 days notice of strike intent to the public employment board and the employer. Pennsylvania prohibits strikes by guards at prisons or mental hospitals and employees "necessary to the functioning of the courts"—in addition to those involved in health, safety and public welfare. The emphasis placed on the role of the state boards and on the courts in these statutes almost compels something less than a completely positive evaluation of the legislation while recognizing that it is certainly enlightened.

POTENTIAL SOLUTIONS

Since the Nixon Order gives implied blessing to fact-finding and arbitration, and also makes available the assistance of federal mediation and conciliation, it is appropriate that these devices be considered as potential "solutions" to the problem. Because disputants in a public sector impasse are inclined to confuse facts with notions, desires, aims, goals and ideals, a good case is made for the effectiveness of fact-finding. The old caveat—"Don't confuse me with facts, I've already made up my mind"—often governs in a dispute. The obvious purpose of the fact-finding board or panel is to state in cold extensional terms the factual issues and the factual context, shorn of emotional and subjective distortions. Conducted by an individual or by a board or panel or impartial, judicious-minded labor relations experts, the fact-finder(s) first must establish acceptability to both parties. Opportunity is provided both sides to present their case. This may involve taking testimony of witnesses, submission of documents and statistics, argument (oral and by brief) and rebuttal. The fact-finders may employ their own resources in research and may adduce testimony from witnesses they themselves may summon. Having thus sifted out the facts, the fact-finder attempts to "sell" them to the parties, frequently inducing disputants to agree on a solution. If this does not happen, the fact-finders make their findings public and thus attempt to bring public opinion and pressures to bear.

Critics of the fact-finding device deplore the lack of force behind the findings. They speak of "compelling" the "voluntary" acceptance of the findings. This criticism has led to modification of the process, calling in some cases for "mere" fact-finding and in other cases to "binding" fact-finding. Some labor experts contend that the mere statement of existing facts with no compulsions involved is an exercise in futility depending for its success on pressures from without. On the other hand, these same experts favor fact-finding which compels acceptance by the disputants of the factual conclusions reached. Organized employee groups, however, are basically opposed as a matter of principle to abandoning the "raw" negotiating process in favor of yielding control of a dispute to a third party.

YES: MUCH OF THE DISSATISFACTION ARISING IN PUBLIC SECTOR NEGOTIATION INVOLVES THE INABILITY TO ESTABLISH PARITY BETWEEN EMPLOYER AND UNION ON WAGE INCREASES

Whether the dispute is over contract interpretation or deals with an "interest" of the union (*i.e.*, the making of a contract), arbitration as a problem-solving tool must be binding to be effective. However, the public "employer" cannot be required to yield power which is beyond his legal authority. Hence, arbitration is frustrated and the arbitrator's award becomes only advisory. The arbitration process could (and should) be buttressed by repealing proscriptions where they exist and enacting statutes enabling acceptance of arbitration decisions in unresolved disputes.

As a practical measure, arbitration, like fact-finding, has been fractured into "binding" and "advisory" categories so that its good features may still be employed in the public sector.

Mediator's job difficult

By definition, mediation is the intervention of a neutral presence in a dispute in order to maintain lines of communication, frame the issues, and propose suggestions for agreement. Essentially, mediation does not impose agreement but nurtures settlement by the disagreeing parties themselves. Since the "employer" in a public sector dispute is often nebulous and the union is operating under a strike ban, the mediator has his work cut out for him. Some of the questions that assail him are who in the government can make the "final" decision on disputed issues and what effect is the inability to strike having on the course of the negotiations? Certainly the development of special mediation techniques is needed in a situation where, after the parties are persuaded, the mediator must then hunt down the true seat of authority. This may be a personal higher authority—the mayor, governor, or legislature—or any administrative higher authority, board or other governmental unit. And when all is said and done, mediation has no power to compel, but can only achieve by logic and persuasion.

Much of the dissatisfaction arising in public sector negotiation involves the inability to establish parity between the employer and the union on matters involving wage increases. It is argued, and with validity, that the public employer, more often than not, does not control the purse, that funds must be appropriated by higher authority or by legislation. This lack of parity between public and private negotiating brings about delay and frustration which in turn generates bargaining heat. The problem, of course, is somewhat diminished when the collective bargaining is concerned with nonbudgetary matters such as hours and other conditions of employment.

In light of the peculiar circumstances surrounding public sector negotiations, a procedural route which would at least alleviate the frustration seems in order. At the wage talk stage, a decision-maker should be brought into the picture. This could be either a higher authority with power to provide the funds or a legislative representative or committee endowed with budgetary power. In other words, the union should be allowed to negotiate with the "real" employer or manager on a matter upon which the nominal employer is incapable of making a binding decision.

If, for example, an intrastate public sector union is negotiating a contract renewal wherein a wage increase is among other demands, the public manager and the union should be allowed to request the seating at the bargaining table of a legislative representative upon whom spending power has been conferred. If such advance power cannot be conferred, then the representative should be in a position to exert significant influence on budgetary matters, so as to virtually assure the participants the funds will be appropriated upon his recommendation.

A grass-roots solution of the complex problem would be either to repeal the strike power in the private sector or to grant that power in the public sector. Either of these would end the discrimination which is the core of the controversy. However, depriving private-sector unions of their right to strike is obviously bold and impractical. Such a move, even if it were to succeed, would only create new and more formidable problems. The second alternative holds more promise, especially if acceptable provisions guaranteeing the maintenance of essential public services could be woven into the fabric.

Canada, for instance, is living with legislation giving civil servants the rights to organize, bargain collectively, and strike. The strike power, however, is withheld from certain designated employees whose functions are or will be necessary to the safety and security of the public. On the surface, this would appear to dilute the strike power but for the fact that the "essential" employees are chosen bilaterally at one stage of the bargaining route. At this point, the public employer is required to provide the union with a list of employees whom he deems essential. The list then becomes a matter for negotiation and, if agreement fails. the matter of designation is referred to the Public Service Staff Relations Board which makes final determination. These designated employees participate in all union activities except striking. Though the Canadian experience to date is limited, the facts are that a strike is permitted, the psychological barrier to no-strike bargaining is removed by the maintenance of truly needed services, and the parties are allowed to know in advance the power of the strike punch. Selection of the essential employees at a prenegotiation stage also precludes emotional and position pressures.

One of the potential weaknesses of the Canadian plan is that the "essential" employees thus weeded out will feel rejected by the unions (or, inversely, those not deemed essential will feel they are being rejected by management). A possible solution for this would be to allow those "separated" to be given the best available substitute to the right to strike, namely, coverage by binding compulsory arbitration.

Strike power, alternatives

That equity and fairness require that public employees have the opportunity to strike is the view entertained by one faction of the 20th Century Task Force, which deliberated on the problem. These minority members take the position that the strike power should be given when the government authority with decision-making power refuses to accept the recommendations for settling a dispute that have been arrived at by the fact-finders. This faction also would exclude police and firemen and would subject the matter to a court finding as to health and safety peril. The Task Force Report emphasizes that there is no internal dissent on prohibiting strikes by law while "a legal process is under way to determine the question of union recognition or while the parties are negotiating, in meditation, or before a fact-finding body."

YES: GRANT THE RIGHT TO STRIKE ON A FUNCTIONAL BASIS

Though the Task Force agrees unanimously that strike alternatives should be established and available in all agencies and levels of government, the division of opinion is over whether a legal bar against striking should apply to all public employees in all circumstances.

Support in some quarters for a "limited right to strike" is recognized in the 1970 report of the Advisory Commission on Intergovernmental Relations. The commission's recommendations, however, support outright prohibition of public employee strikes, pointing out that in the private sector strike a counter weapon, the lockout, is available and that such a balancing device is not accessible to the public employer. To condone strikes, the report holds, is to sanction putting the government employer, who lacks the weapons of his private counterpart, at the mercy of his organized workers.

A more sensible approach to ultimate solution of the multi-sided problem would be to grant the right to strike on a functional basis. This is the scientific approach to problem solving—no blanket prohibition, no absolutes, but rather a study of the extensional consequences likely to result from granting the right to strike to specific strata of employees. This would permit taking into account such things as public safety, general welfare and essentially vis-a-vis a particular class of public employees. When, for instance, Canada's postal workers exercised their right to strike, the welfare of the public was only minimally affected. True, citizens did not get their allotment of junk mail (including bills), but a skeleton force of non-striking employees managed to deliver important missives.

A functional approach might result in a granting of the strike privilege to clerks, maintenance workers, or even bus drivers and in granting a strike substitute (*e.g.*, binding arbitration) to policemen, firemen or public hospital employees. The functional study should include the extent to which denial of the right to strike is based on fears, on unwarranted apprehension regarding what might happen, on irrelevancies and fantasies. Certainly attempted political and outmoded doctrinal solutions by both public union and public worker can be expected to provoke stalemates and impasses so long as the right to bargain is eroded by lack of unanimity—and so long as the right to strike is withheld arbitrarily.

THE DEATH OF G. HUNTER WARLICK

(Mr. BROYHILL of North Carolina asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BROYHILL of North Carolina. Mr. Speaker, I wish to note the passing of an outstanding North Carolinian and one whom I have been privileged to know as a close personal friend. G. Hunter Warlick, of Hickory, N.C., was a distinguished Republican and minority leader of the North Carolina House of Representatives. He was greatly respected by his colleagues in the general assembly and beloved by those he represented.

Hunter Warlick was born August 1, 1931, and died of cancer on October 5, 1974. He represented Catawba County in the North Carolina House of Representatives since 1969, and because of ill health had announced he would not seek reelection this year. He was a member of the Advisory Budget Commission and was named House minority leader in November 1972. He served on the appropriations, finance, local government, higher education, highway safety, constitutional amendments, banks and banking, and judiciary committees. He was a member of the Catawba County Bar Association, the North Carolina Bar Association, and the American Bar Association.

A simple listing of Hunter Warlick's accomplishments fails to convey the wonderful personal qualities of this great man. Hunter Warlick was a rarity in political life. He combined outstanding intellectual ability with uncompromising principle. At a time when the public view of elected officials is somewhat skeptical and questioning, Hunter Warlick exemplifies all that is admirable about those in public life. North Carolina is privileged to have had such a public servant.

I would like to include in the Record two moving speeches which were given by men who had known him well. The first is a tribute to him by the Reverend Thad McDonald who was Hunter Warlicks' former pastor at St. Luke's United Methodist Church in Hickory, N.C. Reverend McDonald is now at Grace United Methodist Church in Greensboro, but he returned to Hickory to speak at Hunter Warlick's funeral.

In addition, I am including remarks of Hunter Warlick's good friend and former colleague in the North Carolina General Assembly, the Reverend Robert Q. Beard. Reverend Beard is the former pastor of St. Paul's Lutheran Church in the Startown section of Catawba County. He served in the North Carolina House of Representatives from 1969 to 1971. He is presently executive director of the Governor's Coordinating Council on Aging in Raleigh. These remarks were made to a public gathering in Hickory in April of this year, in tribute to Hunter's public service.

I would like to share with my colleagues the thoughts of these two men on the life of Hunter Warlick:

A TRIBUTE TO HUNTER WARLICK AT MEMORIAL SERVICES, ST. LUKE'S UNITED METHODIST CHURCH, HICKORY, N.C., OCTOBER 6, 1974

(By Rev. Thad McDonald)

I HAVE HEARD IT IN THE MOUNTAINS

(By Ralph Cushman)

I have heard it in the mountains,
I have heard it by the sea,
Where the plains are vast, and vaster
I have heard it calling, calling,
Ever calling unto me!

In the nighttime I have heard it
Through the darkness and the gloom,
In the morning when the sunrise
Bursts in splendor through my room.

Oh, what is it that is calling
In the mountains, by the sea,
In the nighttime, in the daytime,
Ever calling unto me?
Oh, my soul, and can it be
It is God, and He is calling,
Ever calling, calling, calling,
Ever calling unto me?

God calls. He calls in a sovereignty as wide as the human race and as uniquely personal as a human father talking to a son. God speaks. He has not, as yet, lost his voice.

God calls through His word. And that word is a strong word; a bracing word; a good word; and always a just word. As the Psalmist said: "The law of the Lord is perfect, converting the soul; the testimony of the Lord is sure, making wise the simple. The statutes of the Lord are right, rejoicing the heart; the commandment of the Lord is pure, enlightening the eyes. The fear of the Lord is clean, enduring forever; the judgments of the Lord are true and righteous altogether. More to be desired are they than gold, yea, than much fine gold; sweeter also than honey and the honeycomb. Moreover by them is thy servant warned; and in keeping them there is a great reward. (Psalm 19:7–11)

Hunter Warlick was a man who knew "the great reward" conferred upon "The Keeping of the Law." He held a high view of constitutional law because he knew it originated in sacred law.

Tempered by his boyhood days in historic King's Mountain, North Carolina; close family with his home church; a liberal arts education at church-related Davidson College; and as an honor graduate of Duke University's Law School, Hunter Warlick developed a unusual understanding and appreciation for "The majesty of the law" and its historical rootage. It was painful for him to observe those who "used" the law only to find loopholes to excuse known offenders. His approach was to master the law for the purpose of knowing (its) full implication that offender and keeper alike might sit under its broad umbrella equally.

To those of you who sat with him in committee or council in Raleigh, Hickory, or elsewhere, you saw a certain judicial quality in his value-judgments and personal ethics that was in keeping with the highest in both church and state. He was the type of lawyer I like to have in my church because he typified the fairness inherent in the Christian faith. He was convinced as the Psalmist, that: "The Lord executeth righteousness and judgment for all that are oppressed. He made known his ways unto Moses, his acts unto the children, Israel. The Lord is merciful and gracious, slow to anger and plenteous in mercy. He will not always chide; neither will he keep his anger forever. He hath not dealt with us after our sin; nor rewarded us according to our iniquities. For us the heaven is high above the earth, so great is his mercy toward them that fear him. As far as the East is from the West, so far hath he removed our transgressions from us. Like as a father pitieth his children, so the Lord pitieth them that fear him. For he knoweth our frame; he remembreth that we are dust." (Psalm 103:6–14).

It was this time-honored combination of "justice tempered with mercy" that characterized his patient wisdom and calmly considered renderings. Hunter Warlick possessed such a quiet humility that his vaillliance was often overlooked; that is, until he, eventually spoke or presented his findings. He was one of those rare souls who was willing to wait to win. He believed that truth would ultimately vindicate itself.

North Carolina has been blessed again by a devoted son; St. Luke's Church has been strengthened by a friendly and concerned stewardship; and my own personal life has been enriched immeasurably by one Hunter Warlick.

"And what doth the Lord require of thee but to do justly, love mercy, and walk humbly with thy God."

TRIBUTE TO A STATESMAN, GEORGE HUNTER WARLICK

(By Robert Q. Beard)

I first met Hunter Warlick six years ago at a breakfast meeting arranged by a mutual friend, Martin Pannell. Hunter had already announced that he would be a candidate for the State House of Representatives, and I had discussed my intentions of doing the same. The three of us got together on this occasion to develop plans and strategy for our forthcoming campaign. It was the first of many early morning meetings Hunter and I would be together in that 1968 compaign and later ones. Taking a lesson from the approach of Congressman Jim Broyhill, greeting workers at factory gates became a trademark of our campaigns. Starting out with the 6:30 and 7:00 a.m. shifts, we always intensified the effort to the point that, several days before election, we were hitting plant gates all over the county at many different hours of the day. One year we estimated that we had personally greeted at least 5,000 people the last three days of the campaign.

Truly, in retrospect, only God Himself really knows the price that was paid for those rigorous campaigns—out early in the mornings and again in the evenings, sandwiching a full day's work in between—pushing ourselves when often neither of us really felt like it. Only those who have gone through it know the strain and drain, not only on the candidate, but on the members of his family as well. It can push personal relationships to the point of breaking, and only total devotion to the goal by both the office seeker and his loved ones can hold off disaster.

A good example of his sense of responsibility and duty to the people who had elected him is the time when, during the 1971 Session, Hunter had to undergo a serious operation. It was a major surgical procedure spelled with capital letters; yet he was back at his seat in the House six weeks after the operation—a Herculean accomplishment by anyone's definition.

My respect for Hunter Warlick grew as I gradually got to know him better. The personality of this quiet, basically very private man does not hit you with the force of a cloudburst, but slowly grows on you by stages, as the first rays of dawn bring forth the light of a new day. He had the same effect on his colleagues in the General Assembly. They especially respected him for his intellectual abilities. One House member, a mutual friend, Democrat and himself a brilliant man, once said to me, "As far as sheer brain power is concerned, probably no one in the entire General Assembly can compare with Hunter Warlick." Others quickly became aware of this ability.

Governor Bob Scott in 1969 appointed him to the Local Government Study Commission, where he made a vital contribution to the extensive revisions of those statutes during the past four years.

His rigid adherence to principle was a source of both admiration and irritation to friend and foe alike.

As far as I can tell, he always voted on the basis of conviction; expediency was just not a part of his vocabulary or thinking. His dogged persistence in sticking to a position once he made up his mind earned him the affectionate title of some of his fellow legislators, "The meanest man in the General Assembly."

It is a known fact that there is a "snowball effect" in House roll call votes; that is, if it becomes apparent that a particular bill is going to win or lose by a landslide, those farther down the alphabet will tend to vote the way everybody else is voting. After all, who wants to be an obvious loser? Nobody. Sometimes a fellow near the top of the roll—like a Beard—may vote the "wrong way" before a trend is seen to be developing and you can understand why he might have been one of only four people out of 120 to vote for or against a bill. But by the time you reach the end of the roll, where the Warlicks and the Zahners are, there is no need to get caught on the short end of a lost cause. Nevertheless, I remember the time when the tally was 113-1 with Hunter casting the lone dissenting vote. He was not being cantankerous or obstinate; that was the way he felt, and that was the way he voted.

His effectiveness as a legislator is witnessed by the fact that he is the only Republican to get a Constitutional Amendment passed during the entire twentieth century. He is also the author of pioneering legislation such as the artificial insemination bill—a subject few states have addressed themselves to as yet.

Together we had a very good record for getting local legislation passed. As freshmen in 1969, we were having extreme difficulty getting a particular assistant attorney general to draft the school board bill the way we wanted it. After about the third attempt, we began to suspect that the fellow was either exceptionally obtuse or else he was deliberately trying to sabotage our bill. Finally, Hunter sat down and drafted the bill himself. Opponents of the bill at home got a ruling from the Attorney General's office that the bill was unconstitutional. Representative Warlick wrote the man who had written the opinion, posing four or five constitutional questions for him. In his reply, the Assistant Attorney General found himself in an indefensible position, backing down on each point and finally concluding with words that went something like this: "I probably should not have ruled that the bill was unconstitutional." It passed both Houses without opposition.

Our theme during the '72 campaign was, "Re-elect an Effective Team". During three terms in the General Assembly we had learned to work together to try to provide the strongest possible representation for our District. I sincerely believe that we *were* an effective team.

And with the victory of Jim Holshouser in the gubernatorial election and the subsequent elevation of Hunter Warlick as House Minority Leader, Catawba County was indeed in a strong position politically. Thus, when circumstances dictated Hunter's decision not to run again, it marked the end of an era in Catawba County politics.

In one of his more familiar quotes, Thoreau said, "If a man does not keep pace with his companions, perhaps it is because he hears a different drummer. Let him step to the music he hears, however measured or far away." Hunter is such a man as this. I have never known anyone whose life corresponded so closely with the principles he believed in. Such a near harmony between principle and practice is exceedingly rare. It takes a lot of courage to march to the music one hears in the inner soul when there are so many conflicting voices outside. Hunter has dared to do this—and in the process he has given us all something enduring and worthwhile.

He has made a notable contribution to the life of our State and our community, and has left an indelible mark on the lives of all of us who have had the privilege of knowing him in his public life. Not the least of these contributions is the fact that, at a time when politics and the public regard for politicians is at an all-time low ebb, this man is the personification of integrity and living proof that politics can be an honorable profession.

A BREATH OF FRESH AIR

(Mr. HECHLER of West Virginia asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HECHLER of West Virginia. Mr. Speaker, the president of the United Mine Workers of America, Arnold Miller, is a rank-and-file coal miner who symbolizes the fact that this great union is at last being run by and for the rank and file. Arnold Miller's victory in 1972 was an inspiring event in a year filled with disillusionment and despair.

Tomorrow, October 16, there is scheduled a dinner at which Arnold Miller was to be presented an Urban Justice Award. But Arnold Miller is not an ordinary man. He has exhibited a new and higher morality which is refreshing in this city, by refusing to accept this award on the same platform with Edward Bennett Williams, whose conduct during the infamous and murderous regime of Tony Boyle was an insult to every coal miner.

I am proud of Arnold Miller, and especially proud of the letter which he wrote in declining the award which was to have been conferred tomorrow, and include in the RECORD the text of Mr. Miller's letter:

SEPTEMBER 12, 1974.

Mr. PAUL A. PORTER,
General Chairman, Antioch School of Law, Washington, D.C.

DEAR MR. PORTER: Some time ago I agreed to accept an Urban Justice Award from the Antioch School of Law at a dinner scheduled for October 16th. This letter is to inform you that, after consultation with my colleagues, including the UMWA attorneys and the attorneys who represented our Miners for Democracy group during the reform struggle within the union, I have decided that I cannot in good conscience accept the Award.

I suppose I could write and say that my decision is based on the likelihood of our being in negotiations with the coal operators right through until November. That would be a good enough reason for it is in fact doubtful that I will have a night off during October. But that would not be the real reason and coal miners who live in daily fear of death and disease get in the habit of telling it like it is.

Bluntly put, I cannot accept an award on the same platform with Edward Bennett Williams because of his unethical and improper conduct in the representation of Tony Boyle against the reform elements in the union and because of his appropriation of hundreds of thousands of dollars out of the dues of coal miners as payment for his efforts to keep them in Tony Boyle's bondage. The fact that the Bar has done nothing about this wrongful conduct is no excuse for my demeaning the memory of the martyred Yablonski family and betraying the trust of the coal miners by pretending that all this never happened.

Let's look at the record. From August 1, 1969 until December 22, 1972, when Judge Bryant signed the order installing me as President of the UMWA, Williams & Connolly were the legal field marshals for Tony Boyle in his effort to retain his dictatorial control of our union. It is not that Williams & Connolly represented Tony Boyle that troubles me, for everyone is entitled to a lawyer; it is what Williams & Connolly did as Boyle's lawyers that was unethical and improper, including their pretense that they were representing the union and its membership when, in fact, every act they took was in direct contravention of the interests of the union and its membership.

From the beginning, Williams & Connolly represented Boyle's interest and not that of the union and its membership who were paying them. The first case they handled was the effort by Jock Yablonski to get a fair shake in the United Mine Workers Journal during his 1969 election campaign against Boyle. Williams & Connolly had the audacity, representing the union and its membership, to urge upon two district judges and two Court of Appeals panels the proposition that Boyle could use the UMWA Journal in any way he wanted to further his election campaign. They never once gave the slightest hint of any obligation to the members of the union who were being brainwashed by the Boyle crowd under the theory espoused by Williams & Connolly.

Later in the 1969 election campaign, Yablonski brought suit to insure a fair election and this time Williams & Connolly, again representing the union and its membership, not only pressed for Boyle's unrestrained right to conduct the election in any way he pleased, but even went further than this. When it became apparent that the UMWA would commence printing and distributing ballots without a union observer present, counsel for Yablonski informed the General Counsel of the union, Edward L. Carey, co-counsel in the case with Williams & Connolly, that they would seek a temporary restraining order the following morning barring the unprotected printing of the ballots. Mr. Carey got this message at the office of Williams & Connolly where he was conferring on this case; from there he directed the union printer to "get the job out as quickly as possible." When Mr. Carey admitted this in open court the next morning, Williams & Connolly did not withdraw from the case because of their co-counsel's effort to defeat the jurisdiction of the court through the printing of the ballots overnight before the court could act; they simply disclaimed personal involvement in that action of their co-counsel and went on representing Boyle as though nothing had even happened.

On January 5, 1970 the bodies of Jock Yablonski, his wife and daughter were found murdered. Two days later Williams & Connolly served papers on the Yablonski attorneys suggesting that Yablonski's death terminated all rights under several pre-election suits which had been brought to help the union and its membership. Worse yet, when the Yablonski sons were trying to bring their family's murderers to justice, Williams & Connolly spread reports that their sources (implying the FBI) had fully cleared the UMWA of any involvement in the murders, though the FBI at that very time already had a confession involving a local UMWA President. And Williams & Connolly continued to assist Boyle in his efforts to hang on to union control right through until December 1972 when Judge Bryant signed the Order certifying me as President of the union, though by this time no one doubted Boyle's complicity in the murder.

Williams & Connolly's unethical and improper conduct in this matter has actually been *adjudicated* by the United States Court of Appeals for the District of Columbia. In December 1969 the Yablonski forces brought a suit to force Boyle and his fellow officers to pay back to the union what they had misappropriated from it. Williams & Connolly incredibly entered their appearance for both the union and its officers. When the Yablonski attorneys pointed out this obvious conflict of interest, Williams & Connolly retired from their representation of the individual officers but tried to stay in the case for the union. The Court of Appeals, on conflict of interest grounds, ordered them out of the case entirely in an opinion which would have resulted in disciplinary procedures against less well-connected lawyers. Significantly, the unanimous Court of Appeals stated: "It appears that in 18 months of representation (6 months for both the UMWA and Boyle individually, and 12 months for the UMWA alone), the regular UMWA counsel [Williams & Connolly] has not brought forth a single issue on which the UMWA and the Boyle individual interest have diverged." This was said by the Court of Appeals on July 21, 1971. And in the additional 18 months of their further representation of Boyle and the UMWA, there was never a single issue on which Williams & Connolly found any divergence between the interest of the UMWA and its membership and the Boyle individual interest.

Although dismissed from the "misappropriation" case by the Court of Appeals, this did not stop Williams & Connolly from trying to defeat the efforts of the Secretary of Labor and the Yablonski group to obtain a new election. Six months after they were disqualified as counsel in the misappropriation case and barred from receiving further substantial fees in that case, Williams & Connolly entered their appearance in the government's suit to overturn Boyle's fraudulent 1969 election. Thousands and thousands of dollars of miners' dues were paid to them for again representing Boyle while purporting to represent the UMWA. Judge Bryant in a 33-page opinion handed down May 1, 1972 found violation after violation by Boyle and his crowd and discredited the testimony of union witnesses put on the stand by Williams & Connolly. This is in line with Judge Gesell's holding in the *Blankenship* v. *Boyle* pension trust case a year earlier (where Williams & Connolly were again representing both the union and Boyle) that Boyle and the UMWA had engaged in a massive conspiracy to defraud UMWA pensioners out of more than $11,000,000 and that the testimony of Boyle and Carey was not to be credited.

Even Judge Bryant's opinion holding a new election necessary could not slow down Williams & Connolly defense of Boyle. In the lengthy arguments prior to Judge Bryant's election order of June 15, 1972, Williams & Connolly defended Boyle's freedom of action in the rerun election case by opposing every major proposal of the Secretary of Labor and Miners for Democracy to insure a fair election by the membership. And after Judge Bryant did enter his order, they defended every Boyle violation of that order, including one which the Judge called "deliberate and flagrant." Williams & Connolly even filed a memorandum in the union's name to obtain space in the UMW Journal for obviously fraudulent candidates helping Boyle who had not even asked Williams & Connolly to represent them. As the Department of Labor put it in opposing Williams & Connolly's defense of this scheme, "it is difficult to perceive the union's interest in this matter."

But the worst is yet to come. By May of 1972 the murder cover-up was unravelling and at least the following was known to all those who were representing the two sides in the struggle for reform of UMWA: During 1969 Boyle caused twenty thousand dollars to be forwarded to UMWA District 19 as "advances." In September and October of 1969, Albert E. Pass, Secretary-Treasurer of District 19, along with District 19 field representative William Prater, caused $19,970 of these "advances" to be laundered into cash. In October and November of 1969, Silous Huddleston, a local UMWA President in District 19, received $15,000 in cash from Pass and Prater to be used in the murders (Huddleston and his daughter, Mrs. Antoinete Gilly, gave lie detector controlled confessions to this effect). Mrs. Gilly, also by her own confession, paid off the three actual trigger men (two confessed, one convicted) from these funds. With the confessions of Huddleston and Mrs. Gilly, Pass and Prater were indicted for the murders. Boyle, desperately anxious to keep Pass silent, asked for an opinion that he could continue to keep him on the payroll. He went to a member of the UMWA legal staff, Harrison Combs, and asked him for such an opinion. Mr. Combs, to his eternal credit, said "no." He then went to Williams & Connolly who, on May 25, 1972, gave him the incredible opinion that he could continue to make salary payments to Pass, likening a man indicted for murder with a mountain of evidence including two lie detector-controlled confessions against him, to a corporation paying "an employee during a period when he is temporarily absent from work due to illness or when he is on vacation." Everyone knew that the only possible reason Boyle could have wanted such an opinion was to help keep Pass silent at a time when the best interests of the UMWA membership, who were paying Williams & Connolly their fees, was so clearly to let the truth come out.

It was not long until the truth did in fact come out. Mr. William Turnblazer, then President of UMWA District 19, in his confession that directly implicated Tony Boyle as the top murderer, referred to this opinion as follows:

"I attended a meeting on May 25, 1972, in Washington, D.C., on welfare fund benefits and met with Tony Boyle, Ed Carey, and Joe Brennan, Research Director of the UMWA. During this meeting Tony Boyle took me aside in the office and showed me a letter that he had received from the law firm of Williams and Connolly, Washington, D.C., stating that it was their legal opinion that the UMWA was justified in keeping Prater and Pass on the payroll, although they were in custody of the authorities on a murder charge. Tony Boyle commented to me that this action should please Pass and Prater and suggested that I get this information to them. I either informed their wives or sent word to them concerning this information, although a short time later the Labor Department ruled that this payment of salaries could not continue."

I could have kept silent about this whole matter on the theory that Boyle and Williams & Connolly ultimately lost out. But I saw what lawyers did to this country in the Watergate cover-up and I think I owe this recital to someone and I have decided to make it to you because of your own high standing at the Bar. You will understand the depth of my feelings if you will only think of the additional length of time that Tony Boyle, a murderer, was kept as President of the union through the tactics of Williams & Connolly, and of the three Yablonski graves on a hillside near a coal village in Pennsylvania.

Sincerely,

Arnold Miller.

GENERAL LEAVE

Mr. MURTHA. Mr. Speaker, I ask unanimous consent that all Members may have 5 additional legislative days in which to extend their remarks on the special order taken on Monday, October 7, 1974, by the gentleman from California (Mr. Phillip Burton) in tribute to the memory of the late Hon. John F. Shelley.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

LEAVE OF ABSENCE

Mr. Conlan (at the request of Mr. Rhodes), for today and tomorrow, on account of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Murtha) to revise and extend their remarks and include extraneous material:)

Mr. Vanik, for 5 minutes, today.
Mr. Gonzalez, for 5 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Eilberg, for 5 minutes, today.
Mr. Drinan, for 10 minutes, today.
Mr. Morgan, for 5 minutes, today.
Mr. Koch, for 5 minutes, today.
Ms. Abzug, for 20 minutes, today.
Mr. Rosenthal, for 5 minutes, today.
Mrs. Grasso, for 15 minutes, today.
Mr. Dellums, for 10 minutes, October 16.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Culver, immediately following the vote on the veto override on the continuing appropriation resolution.

(The following Members (at the request of Mr. Powell of Ohio) and to include extraneous matter:)

Mr. Hosmer in three instances.
Mr. Martin of North Carolina.
Mr. Gilman in two instances.
Mr. Wyman in two instances.
Mr. Frenzel in two instances.
Mr. Bob Wilson in two instances.
Mr. Bray in three instances.
Mr. Archer.
Mr. Hunt.
Mr. Derwinski in three instances.
Mr. Abdnor.
Mr. Ashbrook in two instances.
Mr. Shriver.
Mr. Buchanan in two instances.
Mr. O'Brien.
Mr. Winn.
Mr. Brown of Michigan.

(The following Members (at the request of Mr. Murtha) and to include extraneous matter:)

Mr. Moorhead of Pennsylvania in two instances.
Mr. Annunzio in six instances.
Mr. Anderson of California in three instances.
Mr. Rarick in three instances.
Mr. Gonzalez in three instances.
Mr. Badillo in three instances.
Mr. Alexander.
Mr. Fraser.
Mr. Kazen.
Mr. Eilberg in two instances.
Mr. Koch in two instances.
Mr. Hawkins in two instances.
Mr. Byron.
Mr. Harrington.
Mrs. Mink in two instances.
Mr. Ryan in two instances.
Mr. Murtha.

SENATE BILLS AND CONCURRENT RESOLUTIONS REFERRED

Bills and concurrent resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 32. An act to establish a framework for the formulation of national policy and priorities for science and technology, and for other purposes; to the Committee on Science and Astronautics.

S. 114. An act to direct the Secretary of Agriculture to review as to its suitability for preservation as wilderness the area commonly known as the Snow Mountain De Facto Wilderness Area in the State of California; to the Committee on Interior and Insular Affairs.

S. 2363. An act to amend chapter 39 of title 38, United States Code, relating to automobiles and adaptive equipment for certain disabled veterans and members of the Armed Forces; to the Committee on Veterans' Affairs.

S. 2854. An act to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance a national attack on arthritis; to the Committee on Interstate and Foreign Commerce.

S. 3563. An act to authorize the construction of a highway bridge across the Snake River between Clarkston, Washington, and Lewiston, Idaho, and to establish a Water Resources Mitigation Advisory Board; to the Committee on Public Works.

S. 2859. An act for the relief of Marian Law Shale Holloway; to the Committee on the Judiciary.

S. 3871. An act to authorize the Administrator of the Federal Energy Administration to conduct a study of the energy needs of the United States and the methods by which such needs can be met, and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 4081. An act to redesignate November 11 of each year as Veterans Day and to make such a day a legal public holiday; to the Committee on the Judiciary.

S. Con. Res. 99. Concurrent resolution authorizing the printing of additional copies of the National Nutrition Policy Study hearings and panel reports of the Senate Select Committee on Nutrition and Human Needs; to the Committee on House Administration.

S. Con. Res. 116. Concurrent resolution authorizing the printing of additional copies of Senate hearings on the marihuana-hashish epidemic and its impact on United States security; to the Committee on House Administration.

ENROLLED BILLS SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 6624. An act for the relief of Alvin V. Burt, Jr., Eileen Wallace Kennedy Pope, and David Douglas Kennedy, a minor;

H.R. 7768. An act for the relief of Nolan Sharp;

H.R. 12281. An act to continue until the close of June 30, 1975, the suspension of duties on certain forms of copper, and for other purposes;

H.R. 17027. An act to amend the National Visitor Center Facilities Act of 1968;

H.R. 15148. An act to extend the time limit for the award of certain military decorations;

H.R. 15643. An act to reorganize public postsecondary education in the District of Columbia, establish a Board of Trustees, authorize and direct the Board of Trustees to consolidate the existing local institutions of public postsecondary education into single Land-Grant University of the District of Columbia, direct the Board of Trustees to administer the University of the District of Columbia, and for other purposes; and

H.R. 16857. An act to provide for emergency allotment lease and transfer of tobacco allotments or quotas for 1974 in certain disaster areas in North Carolina.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 2840. An act to authorize the Secretary of Commerce and the Secretary of the Treasury to conduct a study of foreign direct and portfolio investment in the United States, and for other purposes;

S. 3473. An act to authorize appropriations for the Department of State and the U.S. Information Agency, and for other purposes;

S. 3792. An act to amend and extend the Export Administration Act of 1969;

S. 3838. An act to authorize the regulation of interest rates payable on obligations issued by affiliates of certain depository institutions, and for other purposes; and

S.J. Res. 250. A joint resolution to extend the Regional Rail Reorganization Act's reporting date, and for other purposes.

ADJOURNMENT

Mr. MURTHA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, October 16, 1974, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

[*Omitted from the Record of Oct. 11, 1974*]

2852. A letter from the Under Secretary of Health, Education, and Welfare, transmitting proposed amendments to part 177 of title 45 of the Code of Federal Regulations, governing the administration of the guaranteed student loan program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

2853. A letter from the Chairman, U.S. Civil Service Commission, transmitting a report on employment opportunities for public offenders in the Federal service, pursuant to section 605(e) of Public Law 93-203; to the Committee on Education and Labor.

2854. A letter from the Director, Bureau of Land Management, Department of the Interior, transmitting the semiannual report on the Bureau's negotiated sales contracts for the disposal of materials, for the period ended June 30, 1974, pursuant to Public Law 87-689; to the Committee on Interior and Insular Affairs.

2855. A letter from the Acing Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend the education broadcasting facilities program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes; to the Committee on Interstate and Foreign Commerce.

2856. A letter from the Chairman, Federal Power Commission, transmitting a draft of proposed legislation to amend section 305 of the Federal Power Act; to the Committee on Interstate and Foreign Commerce.

2857. A letter from the Acting Director, Office of Resource Utilization, Consumer Product Safety Commission, transmitting an amendment to the Commission's 1976 budget proposals submitted to the Office of Management and Budget, pursuant to section 27(k)(1) of Public Law 92-573; to the Committee on Interstate and Foreign Commerce.

2858. A letter from the Administrator of General Services, transmitting an amendment to the approved prospectus for the Federal Office Building at Manchester, N.H., to the Committee on Public Works.

2859. A letter from the Administrator, National Aeronautics and Space Administration, transmitting notice of the proposed use of funds appropriated to NASA for the lunar and planetary exploration program during fiscal year 1975 in excess of the amount authorized therefor, pursuant to section 4 of Public Law 93-74; to the Committee on Science and Astronautics.

[*Submitted Oct. 15, 1974*]

2860. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a report on increased fiscal year 1974 appropriations and limitations granted for fiscal year 1973 retroactive pay costs, pursuant to section 305 (c) of Public Law 93-305 (H. Doc. No. 93-375); to the Committee on Appropriations and ordered to be printed.

2861. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a report that the appropriation to the Department of Agriculture for Forest Protection and Utilization, Forest Service, for fiscal year 1975, has been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation, pursuant to section 3679 of the Revised Statutes [31 U.S.C. 665]; to the Committee on Appropriations.

2862. A letter from the Under Secretary of Health, Education, and Welfare, transmitting a proposed amendment to part 177 of title 45 of the Code of Federal Regulations, governing the administration of the guaranteed student loan program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

2863. A letter from the Chairman, U.S. Advisory Commission on Information, transmitting the 27th Annual Report of the Commission, pursuant to section 603 of Public Law 402, 80th Congress (H. Doc. No. 93-373); to the Committee on Foreign Affairs and ordered to be printed with illustrations.

2864. A letter from the Secretary of Transportation, transmitting the Department of Transportation's Annual Report for fiscal year 1974 on its disposal of foreign excess property, pursuant to section 404(d) of the Federal Property and Administrative Services Act of 1949 [40 U.S.C. 514(d)]; to the Committee on Government Operations.

2865. A letter from the Executive Director, Federal Communications Commission, transmitting a report on the backlog of pending applications and hearing cases in the Federal Communications Commission as of August 31, 1974, pursuant to section 5(e) of the Communications Act, as amended; to the Committee on Interstate and Foreign Commerce.

Received From the Comptroller General

2866. A letter from the Comptroller General of the United States, transmitting a report on the examination of the financial statements of the Federal Home Loan Mortgage Corporation for calendar year 1973, pursuant to section 307 of the Federal Home K Loan Mortgage Corporation Act [12 U.S.C. 1456(b)]; to the Committee on Government Operations.

2867. A letter from the Comptroller General of the United States, transmitting a report on the examination of the financial statements of the national flood insurance program, Federal Insurance Administration, Department of Housing and Urban Development, for the fiscal year ended June 30, 1973, pursuant to the Government Corporation Control Act [31 U.S.C. 851] (H. Doc. No. 93-372); to the Committee on Government Operations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAHON: Committee on Appropriations. House Joint Resolution 1163. Resolution making further continuing appropriations for the fiscal year 1975, and for other purposes (Rept. No. 93-1465). Referred to the Committee of the Whole House on the State of the Union.

Mr. SISK: Committee on Rules. House Resolution 1448. Resolution providing for the consideration of H.J. Res. 1163. Resolution making further continuing appropriations for the fiscal year 1975, and for other purposes (Rept. No. 93-1466). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOWEN:

H.R. 17362. A bill to restore and maintain a healthy transportation system, to provide financial assistance, to improve competitive equity among surface transportation modes, to improve the process of Government regulation, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BROTZMAN (for himself, Mr. Mills, Mr. Hosmer, Mr. Talcott, Mr. Rousselot, Mr. Burgener, Mr. Johnson of Colorado, Mr. Winn, Mr. Sarasin, Mr. Young of Florida. Mr. Murphy of Illinois, Mr. Harrington, Mr. Erlenborn, Mr. Cohen, Mr. Mitchell of Maryland, Mr. Murphy of New York, Mr. Conte, Mr. Blatnik, Mr. Thone, Mr. Seiberling, Mr. Forsythe, Mr. Hastings, Mr. Eshleman, and Mr. Horton):

H.R. 17363. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mr. BROTZMAN (for himself, Ms. Abzug, Mr. Steelman, Mr. Broyhill of Virginia, Mr. Johnson of Pennsylvania, Mr. Clancy, Mr. Spence, Mr. Parris, Mr. Price of Texas, Mr. Hogan, Mr. Walsh, Mr. Roe, and Mr. Goldwater).

H.R. 17364. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income $500 of interest on savings in the case of an individual taxpayer; to the Committee on Ways and Means.

By Mr. CHAPPEL:

H.R. 17365. A bill to increase on an emergency basis the availability of reasonably priced mortgage credit for housing; to the Committee on Banking and Currency.

By Mr. COCHRAN:

H.R. 17366. A bill to amend the Internal Revenue Code of 1954 to permit an exemption of the first $5,000 of retirement income received by a taxpayer under a public retirement system; to the Committee on Ways and Means.

By Mr. COTTER:

H.R. 17367. A bill to provide tax relief and tax reform: to the Committee on Ways and Means.

By Mr. COUGHLIN:

H.R. 17368. A bill to exclude from gross income the first $1,000 of interest received from savings account deposits in home lending institutions; to the Committee on Ways and Means.

By Mr. FLOOD:

H.R. 17369. A bill to amend the Internal Revenue Code of 1954 to provide that an individual who suffers a casualty loss as a result of a major disaster may disregard the amount of any grant or cancellation of loan under a State disaster assistance program for purposes of determining the amount of that individual's casualty loss deduction and of determining his gross income; to the Committee on Ways and Means.

By Mr. FUQUA:

H.R. 17370. A bill to amend title 28, United States Code, to provide that Madison County, Fla., shall be included in the northern judicial district of Florida; to the Committee on the Judiciary.

By Mrs. GRASSO (for herself, Ms. Abzug, Mr. Adams, Mr. Beard, Mr. Benitez, Mrs. Boggs, Mrs. Collins of Illinois, Mr. Conyers, Mr. Cotter, Mr. Dominick V. Daniels, Mr. Fraser, Mr. Harrington, Mr. Hechler of West Virginia, Mrs. Heckler of Massachusettts, Mr. Helstoski, Mr. Long of Maryland, Mr. Murphy of New York, Mr. Murphy of Illinois, Mr. Patten, Mr. Rosenthal, Mrs. Schroeder, Mrs. Sullivan, and Mr. Yates):

H.R. 17371. A bill to make it an unfair practice for any retailer to increase the price of certain consumer commodities once he marks the price on any such consumer commodity, and to permit the Federal Trade Commission to order any such retailer to refund any amounts of money obtained by so increasing the price of such consumer commodity; to the Committee on Interstate and Foreign Commerce.

By Mr. HAWKINS:

H.R. 17372. A bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide a comprehensive, coordinated approach to the problems of juvenile delinquency, and for other purposes; to the Committee on Education and Labor.

By Mr. KASTENMEIER:

H.R. 17373. A bill to amend the Jury Selection and Service Act of 1968, as amended, to clarify the qualification section of that act with regard to service by persons whose civil rights have been restored; to the Committee on the Judiciary.

By Mr. KOCH (for himself, Ms. Grasso, and Mr. Steele):

H.R. 17374. A bill to impose additional standards with respect to the construction, conversion, and operation of oil tankers in order to prevent the pollution of the marine environment, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. MACDONALD:

H.R. 17375. A bill to establish a framework for the formulation of national policy and priorities for science and technology, and for other purposes; to the Committee on Science and Astronautics.

By Mr. MARAZITI (for himself, and Mr. Gilman):

H.R. 17376. A bill to prohibit the shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering, or entertainment; to the Committee on the Judiciary.

By Mr. STRATTON (for himself and Mr. Preyer):

H.R. 17377. A bill to prohibit any increase in the price of certain consumer commodities by any retailer once a price is placed on any such commodity by such retailer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TAYLOR of Missouri:

H.R. 17378. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

By Mr. YATRON:

H.R. 17379. A bill to amend title 38 of the United States Code to provide that World War II and Korean conflict veterans entitled to educational benefits under any law administered by the Veterans' Administration who did not utilize their entitlement may transfer their entitlement to their children; to the Committee on Veterans' Affairs.

By Mr. LATTA:

H.R. 17380. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

By Mr. MOSHER (for himself, Mr. Badillo, Mr. Clark, Mr. Duncan, Mr. Forsythe, Mr. Hanrahan, Mr. Harrington, Mr. Hechler of West Virginia, Mr. Helstoski, Mr. Quie, Mr. Roncallo of New York, Mr. Stark, and Mr. Won Pat):

H.R. 17381. A bill to require in all cases court orders for the interception of communications by electronic and other devices, for the entering of any residence, for the opening of any mail, for the inspection or procurement of certain records, and for other purposes; to the Committee on the Judiciary.

By Mr. NEDZI (for himself, Mr. Thompson of New Jersey, Mr. Gray, Mr. Brademas, Mr. Gettys, Mr. Frenzel, and Mr. Butler):

H.R. 17382. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes; to the Committee on House Administration.

By Mr. PEPPER:

H.R. 17383. A bill to terminate age discrimination in employment; to the Committee on Education and Labor.

By Mr. STRATTON (for himself, and Mr. King):

H.R. 17384. A bill to prohibit any increase in the price of certain consumer commodities by any retailer once a price is placed on any such commodity by such retailer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

[*Omitted from the Record of Oct. 11, 1974*]

By Mr. MARTIN of North Carolina:

H.J. Res. 1162. Joint resolution to limit expenditures and net lending during the fiscal year 1975 to $297 billion, and for other purposes; to the Committee on Ways and Means.

By Mr. DICKINSON:

H. Con. Res. 675. Concurrent resolution providing for the printing as a House document of the Constitution of the United States (pocket-size edition); to the Committee on House Administration.

By Mr. FASCELL:

H. Res. 1439. Resolution expressing the sense of the House with respect to the consideration and reporting of a concurrent resolution on the budget for the fiscal year 1976; to the Committee on Government Operations.

By Mr. FUQUA:

H. Res. 1440. Resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investments in agriculture research and technology for the express purpose of increasing food production; to the Committee on Agriculture.

By Mr. HARRINGTON (for himself, Mr. Edwards of California, Mr. Eilberg, and Mr. Hawkins):

H. Res. 1441. Resolution to amend the Rules of the House of Representatives to create a standing committee to be known as the Committee on Intelligence Operations, and for other purposes; to the Committee on Rules.

By Mr. HASTINGS:

H. Res. 1442. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

By Mr. LITTON (for himself, Mr. Harsha, Mr. Johnson of Colorado, and Mr. Mezvinsky):

H. Res. 1443. Resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investments in agriculture research and technology for the express purpose of increasing food production; to the Committee on Agriculture.

By Mr. PATMAN:

H. Res. 1444. Resolution to rescind the Executive order lifting restrictions on beef imports; to the Committee on Ways and Means.

By Mr. ROE (for himself, Mr. Dingell, Mr. Heinz, Mr. Mitchell of New York, and Mr. Rinaldo):

H. Res. 1445. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on Foreign Affairs.

[*Submitted Oct. 15, 1974*]

By Mr. MAHON:

H.J. Res. 1163. Joint resolution making further continuing appropriations for the fiscal year 1975, and for other purposes; to the Committee on Appropriations.

By Mr. BLACKBURN:

H. Con. Res. 676. Concurrent resolution to establish a target of $297 billion, for budget outlays for fiscal year 1975; to the Committee on Appropriations.

By Mrs. GRASSO:

H. Res. 1447. Resolution expressing the sense of the House that the price of domestic oil shall not be decontrolled; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. SYMMS:

H.R. 17385. A bill for the relief of Northwest Nazarene College, Nampa, Idaho; to the Committee on Education and Labor.

By Mr. TOWELL of Nevada:

H.R. 17386. A bill for the relief of Gong Sing Hom; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

535. The SPEAKER presented a petition of the 116th convention of the International Typographical Union, relative to the death of Frank Teruggi, Jr., in Chile; to the Committee on Foreign Affairs.

SENATE—*Tuesday, October 15, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. William Proxmire, a Senator from the State of Wisconsin.

PRAYER

The Reverend Dr. C. Leslie Glenn, canon and subdean of Washington Cathedral, Mount St. Alban, Washington, D.C., offered the following prayer:

O God, our Heavenly Father, we give Thee thanks for the good examples of all those Thy servants who are spending their lives in the service of our country, especially now the Members of the Senate. Pour upon them Thy mercy that the good work which Thou hast begun in them may be perfected.

Grant them in all their doubts and uncertainties the grace to ask what Thou wouldst have them to do, that the spirit of wisdom may save them from all false choices, that in Thy light they may see light and in Thy straight path may not stumble.

Bless these ever more dear United States; give Thy people grace fearlessly to contend against evil and to make no peace with oppression. And that we may reverently use our freedom, help us to employ it in the maintenance of justice among men and nations, to the glory of Thy holy name, through Jesus Christ our Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 15, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. PROXMIRE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, October 11, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF CALL OF THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VII, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN ITEMS ON THE CALENDAR

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendars Nos. 1212 and 1213.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF THE INTERCOASTAL SHIPPING ACT

The Senate proceeded to consider the bill (S. 3173) to amend the Intercoastal Shipping Act, 1933, which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and insert:

That section 5 of the Intercoastal Shipping Act, 1933, as amended (46 U.S.C. 845b, is amended by changing the period at the end thereof to a comma and adding thereto the words: "and shall apply to the carriage, storage, or handling of property for the United States, State, or municipal government, or for charitable purposes.".

SEC. 2. Section 6 of the Intercoastal Shipping Act, 1933, as amended (46 U.S.C. 846), is deleted.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (S. Rept. 93–1278), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of the proposed legislation is to provide for the regulation of the transportation of government and charitable cargo in the domestic offshore trades in the United States by the Federal Maritime Commission to insure that the ocean freight rates in these trades meet the same statutory standards of reasonableness and fairness currently applicable to rates charged for the transportation of commercial cargo in these trades. This objective would be achieved by deleting section 6 of the Intercoastal Shipping Act, 1933, as amended, which permits the carriage of government and charitable cargo at free or reduced rates, and by amending section 5 of that Act, so as to expressly apply the other provisions of that Act to these classes of cargo.

BACKGROUND

This proposed legislation was introduced on March 13, 1974 by Senator Inouye. Hearings on the bill were held on August 9, 1974, and the bill was ordered favorably reported with an amendment by the full Committee on September 25, 1974.

During the hearings, only the representative of the Military Sealift Command, in behalf of the Department of Defense, testified against the bill. Enactment of the legislation is supported by the Department of Commerce and the Department of Transportation. James Day, Vice-Chairman of the Federal Maritime Commission, which administers the Intercoastal Shipping Act of 1933, testified favorably on the legislation at the hearings.

NEEDS

The Shipping Act, 1916, and the Intercoastal Shipping Act, 1933, authorize the Federal Maritime Commission to exercise economic regulation over the rates and practices of common carriers by water in the domestic offshore trades of the United States, that is, the trades between the mainland United States and Hawaii, Alaska, Puerto Rico, Guam, American Samoa, and the Virgin Islands.

The 1933 Act was originally enacted to subject common carriers by water operating between the U.S. Atlantic/Gulf Coasts and the Pacific Coast via the Panama Canal to complete economic regulation by the Federal Maritime Commission's predecessor agency. Section 6 of the Act (originally section 4) was proposed by the Federal Coordinating Service (a predecessor agency of the General Services Administration) for the purpose of enabling intercoastal steamship carriers to operate on an equitable basis with rail carriers, with which they were presumably competing. Rail carriers are permitted to grant reduced rates to the government under section 22 of the Interstate Commerce Act.

The provisions of the Intercoastal Shipping Act, 1933, were made applicable to domestic offshore carriers in 1938. Under the Transportation Act of 1940, jurisdiction over intercoastal water carriers was transferred to the Interstate Commerce Commission. This meant that domestic offshore carriers were left subject to a statutory provision, section 6, which was not designed for them either historically or economically and that the carriers for which it was originally intended were removed from jurisdiction of the Act. Since 1938, the Federal Maritime Commission has been administering a provision for which the rationale has long since disappeared.

Section 6 has operated to prevent the Federal Maritime Commission from exercising the same economic regulation over government and charitable cargo that it currently has over commercial cargo. Although the section is permissive in theory, in practice it has resulted in substantially lower rates for governmental cargoes than for comparable commercial cargo.

The principal beneficiary of this section has been the Department of Defense. The freight rates for much of the military cargo in domestic offshore trades are negotiated between the Navy Department's Military Sealift Command and the carrier. Contracts with the General Services Administration follow the MSC contract, but the GSA impelled volume is much lower. There are presently no charitable rates filed with the Federal Maritime Commission. Government rates are filed on an informational basis only since the effect of section 6 has been to strip the Commission of the right to determine, prescribe and enforce just and reasonable rates for government cargoes.

In its negotiations with carriers in the offshore domestic trade, the Military Sealift Command adheres to the Armed Services Procurement Regulations, which disallow a number of substantial operating costs of the carriers. These regulations produce preferential, or lower, rates for the carriage of military cargo. The steamship companies, in order to maintain a profit margin sufficient to attract capital and maintain their investment, must either absorb the rate differential or pass them on to their shippers who in turn usually pass them on to the consuming public. Thus, preferential rates for military cargo can ordinarily be translated into higher rates for commercial shippers unless the carriers absorb the costs.

Improvements in the financial results of the service in the domestic offshore trades would have the practical effect of possibly delaying the imposition or reducing the amount of any future general increase in commercial rates. Any future general rate increase required to bring a carrier's rate of return on investment to a more acceptable level would be spread over a broadened cargo base. This would effectively reduce the percentage of increase assessed against commercial rates.

Deletion of section 6 need not mean that the government and commercial rates will be the same. In instances where the government can show that there are cost savings in the carriage of government cargo, it would be entitled to obtain lower rates. Furthermore, the government would have the full protection of the 1933 Act against unfair rates and/or procedures.

MARINE PROTECTION, RESEARCH, AND SANCTUARIES ACT OF 1972

The bill (H.R. 15540) to extend for 1 year the authorization for appropriations to implement title I of the Marine

Protection, Research, and Sanctuaries Act of 1972, was considered, ordered to a third reading, read the third time, and passed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93-1279), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

PURPOSE OF THE LEGISLATION

The purpose of H.R. 15540 is to amend the Marine Protection, Research, and Sanctuaries Act of 1972, in order to authorize for fiscal year 1975 appropriations of not to exceed $5,500,000 to carry out the purposes of title I of the Act. This statute, commonly referred to as the Ocean Dumping Act, is the Federal Government's mechanism for controlling and regulating the dumping of land-generated wastes at sea. This bill extends that statute for an additional year.

BACKGROUND AND NEED

In April 1970, the Council on Environmental Quality was directed by the President to make a study of disposal of waste materials in the oceans. In October 1970, the Council completed and published its Report to the President. The Report, which was entitled "Ocean Dumping—A National Policy", formed the basis for the Administration legislative proposal that became the Marine Protection, Research, and Sanctuaries Act of 1972 (Public Law 92-532). Public Law 92-532, which was reported by the Committee on Commerce in the second session of the 92d Congress, enacted into law the basic recommendations of CEQ's Report on Ocean Dumping.

During the period that Public Law 92-532 was being developed in the Congress, the Executive was taking action to achieve an international agreement covering the same subject matter. That initiative ultimately culminated in the Convention on the Preventions of Marine Pollution by Dumping of Wastes and Other Matter. This Convention has been ratified by the United States and its provisions were incorporated into the basic Domestic Ocean Dumping Act by Public Law 93-254, enacted March 22, 1974. Certain provisions of the amendatory legislation became effective immediately upon enactment. Other provisions will come into effect when the Convention enters into force.

The basic Act, as amended, provides for a regulatory scheme to control all materials transported from the United States for the purpose of dumping the material into ocean waters. In addition, the Act controls the dumping of materials originating outside the United States, if such dumping takes place in ocean waters subject to the jurisdiction or control of the United States or if the transportation is undertaken by Federal departments and agencies or on U.S-flag vessels.

The Marine Protection, Research, and Sanctuaries Act of 1972 was enacted into law on October 23, 1972, and became effective 6 months thereafter on April 23, 1973. In passing this legislation, the Congress made a national commitment for the protection of a part of the environment which had not previously been the subject of any protective regulatory activities. Rather than a reactive measure, the Act anticipated the national need to protect ocean waters, which are so vital to the continued existence of mankind. Prior to the passage of the basic Act, some 200 dumping sites were in use for disposal of waste materials at sea and only 10 of those sites had even been studied as to the potential impact of disposal on the ocean environment. There was, therefore, a great dearth of the knowledge on the subject and more information and greater understanding needed to be acquired if the permit program for ocean waste disposal was to be managed rationally. The Act, therefore, imposes specific research responsibilities on the National Oceanic and Atmospheric Administration, in addition to the general permit responsibilities of the Environmental Protection Agency and of the Army Corps of Engineers.

The Ocean Dumping Act is being extended for 1 year to enable the Committee to conduct oversight hearings during the first session of the 94th Congress. Further extension will depend on the findings of such congressional investigation.

It is clear that the Congress has made a national commitment in this area, and that the United States has extended that commitment internationally by ratifying the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter. The present authorization for funding under the Act, however, expired on June 30, 1974. Although the program may continue to operate through September 30, 1974, under the terms of the joint resolution, passage of H.R. 15540 is essential to permit it to continue thereafter. The request for a 2-year extention of title I of the Act was included in an Executive Communication from the Environmental Protection Agency, dated June 20, 1974. As noted, the Committee has decided that an extension of 1 fiscal year should be legislated to allow completion of the oversight hearings, since passage of the bill is essential in order to permit the program to continue. The Committee, therefore, approved the House amendment to accomplish the 1-year extension and, by unanimous voice vote, recommended favorable action on the bill.

ESTIMATED COSTS

Pursuant to section 252 of the Legislative Reorganization Act of 1970, the Committee estimates that the additional cost to the Government as a result of the enactment of H.R. 15540 would be not more than $5.5 million for 1 year.

GIFTS AND POLITICAL CONTRIBUTIONS

Mr. HUGH SCOTT. Mr. President, where is the American Civil Liberties Union?

There has been blown up a frenetic furor affecting the civil rights of an individual, and few have risen to his defense. There is an enormous clattering of the cackling claques concerning the right of a man to be generous with his own means.

I cannot find in the Constitution or the Bill of Rights or the amendments that it is legally or morally wrong for a man to do what he will with his money, so long as he does not violate any law or offend the conscience or the sense of right of those who would have the responsibility of standing in judgment upon him or those who would be expected to base their opinions on issues of right or wrong.

The Vice-President-designate is written up in every paper, and questions are asked of every public official, beginning, "What do you think of Governor Rockefeller's gifts?"

Approximately one-fifth of the Senate and the House have received those gifts in the form of campaign contributions. I do not believe they questioned it at the time. They were members of both parties in the House and in the Senate.

As is well known, I am opposed to the whole system of political contributions. The Senator from Massachusetts (Mr. Kennedy) and I succeeded in having passed in this body a measure, which was not accepted by the other body in conference, which would have provided for public financing of congressional elections. But, as long as this is the system under which we live, I think those who have benefited from contributions from their supporters who believe in them are ill-advised to assume a mantle of indignation if someone has legitimately made such contributions in political campaigns.

Surely, there is no legal or moral wrong where one has had an employee or an aide work for him for 6, 8, 10, or 12 years, where in one case a man gave up his entire career to work for Governor Rockefeller. Those people are rewarded after their service in the same way in which businesses award bonuses or gratuities to their associates or former associates. Labor unions provide it for men retiring after distinguished service; business corporations provide for it. Yet, an unwarranted implication is being set up here as if acts of generosity were wrong. Mr. Charles Bartlett, in his column, points out how hypocritical that is, and he is right.

In my opinion, if you are going to say that someone who gives one, two, three million dollars a year to charity has no right to do it, then change the law. If you are going to say that a man has no right to reward those who have worked for him for many years, at the cost of what they might have been doing otherwise, then change the law. If you are going to say that political contributions cannot be made, then change the law, as the Senator from Massachusetts (Mr. Kennedy) and I have urged. But do not engage in all this mewling and puking hypocrisy which nobody who writes it believes and nobody who speaks it believes.

I am tired of that kind of nonsense going on. I think we ought to set the record straight, and I am seeking to do just that.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Michigan (Mr. Griffin) is recognized for not to exceed 15 minutes.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. Does the Senator from Michigan suggest the absence of a quorum on his time?

Mr. GRIFFIN. Yes.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GRIFFIN. Mr. President, I yield back any time that I may have remaining under the special order.

The ACTING PRESIDENT pro tempore. Under the previous order, the

Senator from West Virginia (Mr. ROBERT C. BYRD) is now recognized for not to exceed 15 minutes.

MEASURES ORDERED TO BE PLACED ON THE CALENDAR—SENATE CONCURRENT RESOLUTION 118 AND SENATE RESOLUTION 430

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Senate Concurrent Resolution 118, to establish a ceiling on fiscal year 1975 expenditures, which is coming over under the rule, and Senate Resolution 430, to express the sense of the Senate that the domestic price of oil not be decontrolled, which is coming over under the rule, be placed on the calendar.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXEMPTION FROM DUTY ON CERTAIN FORMS OF ZINC—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. LONG, I submit a report of the committee of conference on H.R. 6191, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6191) to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

Mr. ROBERT C. BYRD. Mr. President, I ask that further action on the conference report be delayed briefly.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(Later in the day the following proceedings occurred:)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the distinguished Senator from Louisiana (Mr. LONG) in explanation of the conference report.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR LONG

The original House bill would have suspended until June 30, 1977 the duty on zinc-bearing ores, zinc dross and zinc skimmings and zinc-bearing materials. The first Senate amendment to the bill also provides for the temporary duty-free treatment of zinc waste and scrap. The House has accepted this amendment.

The second amendment made by the Senate to the bill deals with certain disaster losses where taxpayers were allowed flood casualty loss deductions and subsequently were compensated for those losses based on claims of tort. The amendment specifies that a taxpayer in these circumstances, instead of taking the compensation into income in the year received, may reduce the basis of the damaged property (or replacement property) by the amount of compensation received, up to a maximum of $5,000, in terms of tax benefits. This amendment is intended only to benefit lower income people, which is why the provision provides a reduction of the $5,000 tax benefit to the extent of the ratio of the taxpayer's adjusted gross income to $15,000. For example if a taxpayer has $30,000 of adjusted gross income in a year, he will be limited to one-half of the maximum $5,000 of tax benefits, or to $2,500. The amount of the benefits in excess of this level are to be included in income of a taxpayer in equal installments over a 5-year period. As a result, the excess amount would be spread over this period of years rather than being included in the income in a single year.

The House has agreed to this amendment and proposed its application to other aspects of disaster losses. As a result, the income tax consequences of this amendment will also be applied in the case of the cancellation of certain Federal disaster assistance loans made during 1972. These cases concern the tax treatment of the disaster losses resulting from Hurricane Agnes and certain other serious disasters in 1972 which produced severe hardships on the part of the people affected by them. As a result of these disasters, Federal disaster assistance loans were made and, subsequently, these loans were forgiven. From a tax standpoint, this forgiveness is required to be taken into income by the taxpayers. This amendment provides that if such a loan is cancelled in whole or in part, the taxpayer does not have to include that forgiveness in income for that year. The maximum amount of a disaster loss which could be cancelled under Federal law to which this amendment applies is $5,000. This provision, as in the case of the original Senate amendment, is intended to apply to lower income taxpayers. Thus, if a taxpayer's income is less than $15,000, the entire amount forgiven—to the extent of a tax benefit of $5,000—would be disregarded for income tax purposes. If the taxpayer's income is above $15,000, he is permitted to disregard for tax purposes a percentage of the amount cancelled equal to the ratio of his income to $15,000.

The Senate conferees believe that both of these amendments are equitable and are badly needed by those victims of disaster losses if they are to recover from their severe hardships.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. LONG, I move the adoption of the conference report on H.R. 6191.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from West Virgina.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. The clerk will report the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill, and concur therein with an amendment as follows:

At the end of the said statement, insert:

(d) (1) In the case of an individual—

(A) who was allowed a deduction under section 165 of the Internal Revenue Code of 1954 (relating to losses) for a loss attributable to a disaster occurring during calendar year 1972 which was determined by the President, under section 102 of the Disaster Relief Act of 1970, to warrant disaster assistance by the Federal government, and

(B) who received a disaster loan under section 7 of the Small Business Act or an emergency loan under subtitle C of the Consolidated Farm and Rural Development Act, for purposes of determining the amount of the deduction allowable under such section 165 of the Code with respect to such loss, and for purposes of the determining gross income under section 61 of such Code, such an individual is not required to take into account any part of any such loan which was cancelled under the provisions of section 7 of the Small Business Act or section 328 of the Consolidated Farm and Rural Development Act, except to the extent required under paragraph (2).

(2) In the case of an individual described in paragraph (1) whose adjusted gross income for the year in which the loss occurred exceeded $15,000, the provisions of such paragraph apply only to so much of any loan cancelled under the provisions of section 7 of the Small Business Act or section 328 of the Consolidated Farm and Rural Development Act as bears the same ratio to the amount so cancelled as $15,000 bears to such individual's adjusted gross income for such taxable year.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. LONG, I move that the Senate concur in the House amendment to Senate amendment No. 2.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes each.

ORDER FOR ADJOURNMENT UNTIL 9 A.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until the hour of 9 o'clock tomorrow morning.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(A subsequent order provided for adjournment to 10 a.m. tomorrow.)

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. HELMS) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE RECEIVED DURING THE ADJOURNMENT OF THE SENATE

ENROLLED BILLS SIGNED

Under authority of the order of the Senate of October 11, 1974, a message from the House of Representatives was received on October 11, 1974, stating that the Speaker had affixed his signature to the following enrolled bills:

S. 3234. An act to authorize a vigorous Federal program of research, development, and demonstration to assure the utilization of solar energy as a viable source for our national energy needs, and for other purposes; and

H.R. 12628. An act to amend title 38, United States Code, to increase vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special allowances paid to eligible veterans and persons under chapters 31, 34, and 35 of such title; to improve and expand the special programs for educationally disadvantaged veterans and servicemen under chapter 34 of such title; to improve and expand the veteran-student services program; to establish an education loan program for veterans and persons eligible for benefits under chapter 34 or 35 of such title; to make other improvements in the educational assistance program and in the administration of educational benefits; to promote the employment of veterans and the wives and widows of certain veterans by improving and expanding the provisions governing the operation of the Veterans Employment Service, by increasing the employment of veterans by Federal contractors and subcontractors, and by providing for an actioon plan for the employment of disabled and Vietnam era veterans within the Federal Government; to codify and expand veterans' reemployment rights; and for other purposes.

MESSAGES FROM THE HOUSE

At 12:25 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House has passed the bill (S. 1296) to further protect the outstanding scenic, natural, and scientific values of the Grand Canyon by enlarging the Grand Canyon National Park in the State of Arizona, and for other purposes, with amendments in which it requests the concurrence of the Senate.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 7730) to authorize the Secretary of the Interior to purchase property located within the San Carlos mineral strip, with an amendment in which it requests the concurrence of the Senate.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3838) to authorize the regulation of interest rates payable on obligations issued by affiliates of certain depository institutions, and for other purposes.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 13342) to amend the Farm Labor Contractor Registration Act of 1963 by extending its coverage and effectuating its enforcement, with an amendment in which it requests the concurrence of the Senate.

The message further announced that the House agrees to the amendments of the Senate to the bill (H.R. 12281) to continue until the close of June 30, 1975, the suspension on certain forms of copper.

The message also announced that the House agrees to the amendments of the Senate to the bill (H.R. 15643) to reorganize public postsecondary education in the District of Columbia, to establish a Board of Trustees, authorize and direct the Board of Trustees to consolidate the existing local institutions of public postsecondary education into a single Land-Grant University of the District of Columbia, direct the Board of Trustees to administer the University of the District of Columbia, and for other purposes.

The message further announced that the House passed the following bill and agreed to the following concurrent resolution in which it requests the concurrence of the Senate:

H.R. 16925. An act to make technical amendments to the Act of September 3, 1974, relating to salary increases for District of Columbia police, firemen, and teachers, and to the District of Columbia Real Property Tax Revision Act of 1974, and for other purposes; and

H. Con. Res. 667. A concurrent resolution to establish a target for budget outlays for fiscal year 1975 in the amount of $300 billion.

The message also announced that, pursuant to the provisions of section 5, Public Law 93–426, the Speaker appointed Mr. REES and Mr. J. WILLIAM STANTON members on the part of the House of the National Commission on Supplies and Shortages.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6191) to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty; that the House recedes from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill and concurs therein with an amendment in which it requests the concurrence of the Senate; and that the House recedes from its disagreement to the amendment of the Senate to the title of the bill and concurs therein.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11830) to suspend the duty on synthetic rutile until the close of June 30, 1977.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7780) to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk; that the House recedes from its disagreement to the amendment of the Senate numbered 3 and concurs therein; that the House recedes from its disagreement to the amendment of the Senate numbered 4 to the aforesaid bill and concurs therein with an amendment in which it requests the concurrence of the Senate; and that the House recedes from its disagreement to the amendment of the Senate to the title of the bill and concurs therein.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11251) to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as a fuel; that the House recedes from its disagreement to the amendments of the Senate numbered 4 and 5 to the aforesaid bill and concurs therein, each with an amendment in which it requests the concurrence of the Senate; and that the House recedes from its disagreement to the amendment of the Senate to the title of the bill and concurs therein.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11452) to correct an anomaly in the rate of duty applicable to crude feathers and downs, and for other purposes; that the House recedes from its disagreement to the amendment of the Senate numbered 5 to the aforesaid bill and concurs therein; and that the House recedes from its disagreement to the amendment of the Senate numbered 7 to the aforesaid bill and concurs therein with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12035) to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts; that the House recedes from its disagreement to the amendments of the Senate numbered 1, 2, 3, and 4 and concurs therein, each with amendments, in which it requests the concurrence of the Senate; and that the House recedes from its disagreement to the amendment of the Senate to the title of the bill and concurs therein.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13631) to suspend for a temporary period the import duty on certain horses; that the House recedes from its disagreement to the amendments of the Senate numbered 1 and 2, each with amendments, in which it requests the concurrence of the Senate; and that the House recedes from its disagreement to the amendment of the Senate to the title of the bill and concurs therein.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6642) to suspend the duties of certain bicycle parts and accessories until the close of December 31, 1976; that the House recedes from its disagreement to the amendments of the Senate numbered 7 and 9 and concurs therein; that the House recedes from its disagreement to the amendments of the Senate numbered 5, 6, and 8 and concurs therein, each with amendments, in which it requests the concurrence of the Senate; and that the House recedes from its disagreement to the amendment of the Senate to the title of the bill and concurs therein.

At 3 p.m., a message from the House of Representatives by Mr. Hackney announced that the House has passed without amendment the joint resolution (S.J. Res. 250) to extend the Regional Rail Reorganization Act's reporting date, and for other purposes.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 14597) to increase the limit on dues for U.S. membership in the International Criminal Police Organization.

The message further announced that the House agrees to the amendments of the Senate to the bill (H.R. 15736) to authorize, enlarge, and repair various Federal reclamation projects and programs, and for other purposes.

The message also announced that, on reconsideration, and two-thirds of the House of Representatives not having voted in the affirmative, the joint resolution (H.J. Res. 1131) making further continuing appropriations for the fiscal year 1975, and for other purposes, returned by the President of the United States with his objections, failed of passage.

The message further announced that, on reconsideration, and two-thirds of the House of Representatives having voted in the affirmative, the bill (H.R. 15301) to amend the Railroad Retirement Act of 1937 to revise the retirement system for employees of employers covered thereunder, and for other purposes, returned by the President of the United States with his objections, was passed.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Proxmire) laid before the Senate the following letters, which were referred as indicated:

Retroactive Pay Increases

A letter from the Director of the Office of Management and Budget certifying, pursuant to law, to the additional amounts needed by agencies of the legislative, judicial, and executive branches and furnished to the Treasury Department (with accompanying papers). Referred to the Committee on Appropriations.

Report of the Atomic Energy Commission

A letter from the Assistant General Manager and Controller of the Atomic Energy Commission transmitting, pursuant to law, the 1974 Financial Report of the Commission (with an accompanying report). Referred to the Joint Committee on Atomic Energy.

Proposed Legislation To Amend the Federal Power Act

A letter from the Chairman, Federal Power Commission, transmitting a draft of proposed legislation to amend section 305 of the Federal Power Act (with accompanying papers). Referred to the Committee on Commerce.

Proposed Telecommunications Facilities Act of 1974

A letter from the Acting Secretary, Department of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend the educational broadcasting facilities program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes (with accompanying papers). Referred to the Committee on Commerce.

International Agreements Other Than Treaties

A letter from the Assistant Legal Adviser for Treaty Affairs of the Department of State transmitting, pursuant to law, copies of international agreements other than treaties entered into during the past 60 days (with accompanying papers). Referred to the Committee on Foreign Relations.

Report of the Advisory Commission on Information

A letter from the Chairman of the Advisory Commission on Information transmitting, pursuant to law, the report of the Commission dated July 1974 (with an accompanying report). Referred to the Committee on Foreign Relations.

Reports of the Comptroller General

Two letters from the Comptroller General of the United States transmitting, pursuant to law, two reports entitled "Examination of Financial Statements of the National Flood Insurance Program Fiscal Year 1973" and "Examination of Financial Statements of the Federal Home Loan Mortgage Corporation for the Year Ended December 31, 1973" (with accompanying reports). Referred to the Committee on Government Operations.

Report of Negotiated Sales Contracts

A letter from the Director, U.S. Department of the Interior, transmitting, pursuant to law, a report of negotiated sales contracts made under Public Law 87–698 (79 Stat. 587) for disposal of materials during the period January 1 through June 30, 1974 (with accompanying documents). Referred to the Committee on Interior and Insular Affairs.

Proposed Legislation by the Administrative Office of the United States Courts

A letter from the Director of the Administrative Office of the U.S. Courts transmitting a draft of proposed legislation to allow for a more flexible treatment of rehabilitated persons (with accompanying papers). Referred to the Committee on the Judiciary.

Addendum to the Consumer Product Safety Commission's 1976 Budget Submission

A letter from the Acting Director, Office of Resource Utilization transmitting, pursuant to law, an addendum to the Consumer Product Safety Commission's 1976 budget submission (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Guaranteed Student Loan Program—Notice of Proposed Rulemaking

A letter from the Under Secretary of Health, Education, and Welfare, transmitting, pursuant to law, notice of proposed rulemaking, guaranteed student loan program (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

Report of the Civil Service Commission

A letter from the Chairman of the Civil Service Commission transmitting, pursuant to law, a report entitled "Employment Programs for Public Offenders in the Federal Service" (with an accompanying report). Referred to the Committee on Labor and Public Welfare.

Proposed Legislation To Amend the Federal Water Pollution Control Act

A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a draft of proposed legislation to amend the Federal Water Pollution Control Act (with accompanying papers). Referred to the Committee on Public Works.

Proposed Legislation by the Environmental Protection Agency

A letter from the Administrator of the Environmental Protection Agency transmitting a draft of proposed legislation to amend the Federal Water Pollution Control Act (with accompanying papers). Referred to the Committee on Public Works.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. Proxmire):

A resolution adopted by the Legislature of the Territory of Guam. Referred to the Committee on Interior and Insular Affairs:

"Resolution No. 301

"Be it resolved by the Legislature of the Territory of Guam:

"Whereas, with the passage and implementation of Public Law 12–85, the Twelfth Guam Legislature exercised an option under the Organic Act to confer substantial original and appellate jurisdiction over local matters to the reorganized Judicial Branch; and

"Whereas, it is paradoxical that this branch, whose jurisdiction is defined by local statute should be subordinate in status to the Executive and Legislative Branches which are created by federal law; and

"Whereas, it is indispensable for the perpetuation of a democratic system of government on Guam with an adequate system of checks and balances, that each of Guam's three branches of government be co-equal with powers derivative from a common source; and

"Whereas, it would be most desirable for Guam through an expression of its natural sovereignty to establish a common constitutional source for its government branches, this expression must regretably stem from a bilateral agreement between Guam and the United States; and

"Whereas, in the interim, it would be desirable that the Judicial Branch have jurisdiction over all litigation concerning the Guam Territorial income tax, and that litigants have a line of appeal and certiorari to the United States Supreme Court as is enjoyed by the people of the Free Associated State of Puerto Rico; now therefore be it

"*Resolved*, that the Twelfth Guam Legislature does hereby on behalf of the people of Guam respectively request, petition and memorialize the Congress of the United States of America to amend the Organic Act of Guam so as to establish the Judicial Branch as reorganized by Public Law 12–85 as a co-equal branch of the government of Guam, so as to confer jurisdiction over all litigation concerning the Guam Territorial income tax in the Judicial Branch and so as to establish a line of appeal and certiorari from the Guam Supreme Court to the United States Supreme Court; and be it further

"*Resolved*, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the Secretary of the Interior, to the Speaker of the House of Representatives, to the President of the Senate, to the Chairmen of the Committee on Interior and Insular Affairs, U.S. Senate and House of Representatives, to the Guam's Delegate to the U.S. House of Representatives and to the Governor of Guam.

"Duly and regularly adopted on the 23rd day of September, 1974.

"G. M. BAMBA,
"Legislative Secretary.
"F. T. RAMIREZ,
"Speaker."

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. ROBERT C. BYRD, from the Committee on the Judiciary:

George Beall, of Maryland, to be U.S. attorney for the District of Maryland;

Charles W. Koval, of Pennsylvania, to be U.S. marshal for the Western District of Pennsylvania; and

Johnny M. Towns, of Alabama, to be U.S. marshal for the Northern District of Alabama.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE BILL REFERRED

The following bill was read twice by its title and referred to the Committee on the District of Columbia:

H.R. 16925. An act to amend technical amendments to the act of September 3, 1974, relating to salary increases for District of Columbia police, firemen, and teachers, and to the District of Columbia Real Property Tax Revision Act of 1974, and for other purposes.

ENROLLED BILL SIGNED

The enrolled bill (S. 3044) to impose overall limitations on campaign expenditures and political contributions; to provide that each candidate for Federal office shall designate a principal campaign committee; to provide for a single reporting responsibility with respect to receipts and expenditures by certain political committees; to change the times for the filing of reports regarding campaign expenditures and political contributions; to provide for public financing of Presidential nominating conventions and Presidential primary elections, and for other purposes, having been previously signed by the Speaker of the House of Representatives, was signed today by the Acting President pro tempore (Mr. METCALF).

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that today, October 15, 1974, he presented to the President of the United States the following enrolled bills:

S. 2362. An act granting the consent of Congress to the Cumbres and Toltec Scenic Railroad Compact; and

S. 3044. An act to impose overall limitations on campaign expenditures and political contributions; to provide that each candidate for Federal office shall designate a principal campaign committee; to provide for a single reporting responsibility with respect to receipts and expenditures by certain political committees; to change the times for the filing of reports regarding campaign expenditures and political contributions; to provide for public financing of Presidential nominating conventions and Presidential primary elections, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. JACKSON:

S. 4141. A bill authorizing the erection of a statue to commemorate the founding of Marine Barracks, Washington, D.C., by President Thomas Jefferson. Referred to the Committee on Interior and Insular Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JACKSON:

S. 4141. A bill authorizing the erection of a statute to commemorate the founding of Marine Barracks, Washington, D.C., by President Thomas Jefferson. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, just 174 years ago, the U.S. Marine Corps headquarters moved to Washington from Philadelphia.

During the summer they lived in tents, and during the winter in rented buildings. But the Commandant, William Ward Burrows, was a friend of President Jefferson, and they managed to get Congress to agree to an appropriation for a permanent barracks.

In their book, "A Compact History of the U.S. Marine Corps," Phillip N. Pierce and Frank O. Hough tell how Burrows and Jefferson rode together around Washington and finally selected a site in the southeast section of the city near the Washington Navy Yard.

The appropriation, however, was sufficient only to purchase the land and buy materials. So, the Marines built their own barracks and a house for the commandant. They moved in in 1805. Here they have since remained—in one of the oldest continuously occupied military posts in the United States.

Mr. President, I now introduce for appropriate reference a bill to commemorate the founding of the Marine Barracks by President Jefferson and Commandant Burrows. It calls for a statue of the two to be erected at an appropriate site at the barracks.

Felix DeWeldon, famed for his sculpture of the Iwo Jima World War II Memorial in Arlington, has offered to execute the work without fee.

I think this is most fitting, Mr. President, and I hope the Senate will act promptly on this legislation.

NOTICE OF HEARING

Mr. HRUSKA. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Thursday, November 14, 1974, at 10:30 a.m., in room 2228 Dirksen Senate Office Building, on the following nominations:

Donald D. Alsop, of Minnesota, to be U.S. district judge for the district of Minnesota, vice Philip Neville, deceased.

Juan R. Torruella Del Valle, of Puerto Rico, to be U.S. district judge for the district of Puerto Rico, vice Hiram R. Cancio, resigned.

Any persons desiring to offer testimony in regard to these nominations, shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Mississippi (Mr. EASTLAND) chairman; the Senator from Arkansas (Mr. McCLELLAN) and myself.

NOTICE CONCERNING NOMINATIONS BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. HRUSKA. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Marjorie W. Lynch, of Washington, to be Deputy Administrator of the American Revolution Bicentennial Administration (new position).

William E. Amos, of Maryland, to be a member of the Board of Parole for the term expiring September 30, 1980 (reappointment).

Frank X. Klein, Jr., of California, to be U.S. marshal for the northern district of California for the term of 4 years, vice George E. Tobin, term expired.

George J. Reed, of Oregon, to be a member of the Board of Parole for the term expiring September 30, 1980 (reappointment).

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Tuesday, October 22, 1974, any representation or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ADDITIONAL STATEMENTS

WHAT ABOUT CUBA?

Mr. CURTIS. Mr. President, all too often in our discussions recently concerning our policy towards the Castro regime in Cuba we have been left with the implication that we are only dealing with one small and rather insignficant nation. The usual nonsequitor that has been continually heard goes as follows: if we can have a detente policy and a lessening of tensions with the People's Republic of China and the Soviet Union, then certainly we should be able to get along with a small nation only 90 miles off our coast.

However, fetching such a proposition may sound on the surface, it fails to take into account either the nature of our detente policies with the Soviet Union or China nor the full parameters of the problems associated with Cuba. Although we have certainly had numerous discussions and agreements with the Soviet Union we have not deluded ourselves into thinking an adversary relationship between our two countries has ceased. Similarly most of our dealings with the communists in Peking have been generated by the mutual needs of our respective countries rather than any convergence of ideals and objectives. As in our dealings with China and the Soviet Union we must find some quid pro quo for reducing the present embargo we have maintained against Castro.

In most of the discussions so far on the change of policy toward Castro, all of the benefits of such an alteration appear to be on his side of the ledger. Largely because of the imposition of a Communist system upon the people of Cuba, Castro has continued to suffer severe economic dislocations. The only way that his regime has been able to survive in the past decade has been through a tremendous infusion of funds and materials from the Soviet Union. Both for Havana and Moscow this has been a very costly experiment in the creation of a western Communist system. Estimates of support given Castro run from 1 to 1.5 million per day. There is little wonder then that both Brezhnev and Castro would like to transfer part of their economic burden to the United States. But in the process of desiring an end to American hostility towards Castro, they have been unwilling to make any concessions of their own. Instead we have only had additional unconditional demands placed before us.

In a joint statement issued last February 4, 1974, in Havana, Castro and Brezhnev stated the following:

> The Soviet Union resolutely demands an end to the economic and political and other hostile actions taken against socialist Cuba. It reiterates that it considers the demand of the republic of Cuba for the unconditional removal of the American Guantanamo naval base from its territory as lawful and just, and fully supports this demand.

The close tie between the Soviet Union and Cuba should be a principal consideration as we discuss our own relationship with Castro. For all practical purposes, Cuba has become nothing less than a satellite of the Soviet Union. In 1972 trade between these two countries reached $992.5 million or 47.9 percent of all Cuba's foreign trade that year. The dependency of Cuba upon goods from the Soviet Union is revealed from the fact that 57.5 percent of the value of her imports come from the U.S.S.R. Only 25 percent of Cuba's total trade is with non-Communist countries.

The Soviet Union desires to reduce their economic burden in Cuba. But thus far they have only indicated that any change in policy by their client will come through major concessions by the United States. Thus just as in our dealings with the Soviet Union, such as the sale of wheat, they desire that the United States in effect subsidize their own inefficiencies.

The objective of the Soviet Union in Cuban-American relations was recently summarized quite well in an essay by Morris Rothenberg, research professor at the University of Miami Center for Advanced International Studies:

> Within the context of U.S. acceptance of Cuban terms, the U.S.S.R. would doubtless be more than happy to see the resumption of relations between the U.S. and Cuba. Moscow would consider this as an U.S. acceptance of the irreversibility of communism in Cuba and its ties with the U.S.S.R. as well as attainment by the Soviet Union of a permanent voice in the affairs of Latin America. Restoration of U.S.-Cuban relations would be interpreted as a U.S. "defeat" or, if Moscow felt benevolent, it might be described as a U.S. concession to "realism." It would be seen as meaning that the Monroe Doctrine, long since described by the Kremlin as dead, was being formally buried with U.S. concurrence.

The United States has successfully prevented the Soviet Union from using Cuba as a base for revolutionary expansion in the hemisphere. Having failed to increase Castro's influence in the hemisphere through the support of guerrilla warfare, the Soviets may be encouraging Castro to "legitimatize" his regime and in this manner draw governments away from their close relations with the United States.

First, I think Castro should release all political prisoners and repay the United States for property taken to show his sincerity.

RECOMMENDATIONS ON THE ECONOMY BY HON. COLEMAN LONG OF UNIONTOWN, ALA.

Mr. ALLEN. Mr. President, Hon. Coleman Long, of Uniontown, Ala., is a distinguished Alabamian and American. Mr. Long is one of our outstanding citizens, well versed in economics, statecraft, political science, and philosophy. He is an outstanding businessman and plantation owner and plantation owners in the early days of our Republic contributed the lofty principles and sound foundation upon which our country was founded. I regard him as one of our soundest and most illustrious citizens.

Needless to say, I can vouch for the high quality of his citizenship, honor, character and patriotism. I thought so well of him that I recommended to the President that he name him to the economic summit panel.

The President recommended to me that if Mr. Long would like his specific views on inflation included in the official record of the economic conference and considered by the President's team of economic advisers, that Mr. Long direct his recommendations to Mr. L. William Seidman, executive director, Conference on Inflation, the White House, Washington, D.C. 20500.

In compliance with the President's suggestion, Mr. Long wrote to Mr. L. William Seidman, under date of September 30, 1974, making his suggestions, and I ask unanimous consent that a copy of his letter be printed in the RECORD for the information of my colleagues in the Senate and in the House.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNIONTOWN, ALA.,
September 30, 1974.

Hon. L. WILLIAM SEIDMAN,
Executive Director, Conference on Inflation,
The White House, Washington, D.C.

DEAR SIR: In compliance with the suggestion of President Ford and Senator James B. Allen, I have outlined my ideas to be included in the official record of the Conference.

It is my intention to couch them in the simplest, most non-technical words in my vocabulary.

(1) The utter fallacy of the John Maynerd Keynes' theory of unbridled over-spending must be terminated. We must balance the budget.

(2) There is no easy way out of our present perilous situation. We must cut government spending to the bone. We must discontinue some unnecessary and non-productive Bureaucracies. We must come up with a surplus and make small token payments on the National Debt. All Monetary Bills originate in the Congress. The Congress must either face up to its responsibility now or accept its responsibility for the tragic destruction of our monetary system and our Democracy. I was in the Army of Occupation in World War One and served as Military Commander of the German Population in the Neuweid area. I saw the tragic results of total inflation and destruction of their monetary system. I pray to God that we will not suffer the same tragedy. We are tottering on the brink of that precipice now.

(3) The most collossal Flim Flam in our recent history is the social security performance. Our Government has collected over Four Hundred Billion Dollars from the workers of America and spent every penny of it. To compound this irresponsible action, they have secreted this fact and do not even mention it in the stated Public Debt.

(4) We have four intelligent, straight thinking men in office now. They are Secretary of the Treasury, William Simon; Federal Reserve Bank Chairman, Arthur Burns; Economist, Allen Greenohan; and American Bankers Association President, Rex Morthland. Let's use them and support them.

Yours Sincerely,
H. COLEMAN LONG.

THE ECONOMY: A CITIZEN'S VIEW

Mr. HELMS. Mr. President, in recent weeks we have heard and read a great deal about the current plight of our Nation's economy. One of the primary concerns has been the present rate of spiraling inflation and the resulting high interest rates which are stifling credit and strangling the housing industry.

Of course, as Senators are aware, I firmly believe that the only real solution is a balanced Federal budget and reduced Government spending. The President has expressed his belief that we must limit spending. I strongly support him in that view.

In addition, we must listen to our constituents, the people back home, who are suffering the consequences of the folly of deficit spending. We must realize that they want Congress to act responsibly in the appropriation of their tax dollars.

A great many people have written to me expressing their thoughts on inflation and the economy generally. Naturally, there are numerous and diverse views. However, one constant theme threads its way through all of the letters: Balance the budget, cut spending.

I would like to share with my fellow Senators one such letter. It is from a citizen of Cary, N.C. It is an example of a concerned citizen who is thinking about the problem and searching for solutions. Mr. President, I hope that those of us in the Congress can address ourselves to the problem and that we too can search for solutions—real solutions to the real problems—not simply temporary steps that serve only to prolong the inevitable and aggravate the illness, but forthright realizations that we must act responsibly in the appropriations process, that we cannot continue the follies of the past.

Mr. President, I ask unanimous consent that a copy of a letter dated October 4, 1974, from Mrs. Jean Hunt of Cary, N.C., be printed in the Record at the conclusion of this statement.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Cary, N.C.,
October 4, 1974.

The President,
The White House,
Washington, D.C.

Mr. President: I have followed with much interest your hedge against inflation summit conferences and agree with your stand that something must be done.

As a Realtor, I have seen first hand how the housing market has been affected by high building costs and escalated interest rates. My view is that the public cannot pay the current cost of money and I have heard all of the arguments which by innuendo contend that this is better than no money, etc.

May I point out one or two things for your consideration? First on my list is what I term government interference or subsidy programs. As you know, buyers are subsidized to buy new homes under the "tandem" plan whereby they can secure 7¾% interest rates. The builder is also subsidized inasmuch as he can pay only 4½% discount rates.

The ordinary individual homeowner is therefore discriminated against because the man who buys his home has to pay at least 9½% interest and the seller pays as high as 10% discounts. Naturally, the buyer will shop for the new home first.

My point of view is that if all government affiliated interest rates were consistent and the government would desist selling high interest bonds, which in effect would help Savings & Loan banks, our housing market would correct itself by supply and demand.

Secondly, because of the current high interest rates we have banks which refuse for loans already on the books to be assumed simply because they want to reinvest the money at higher rates. In many cases this kills the sale of the home in question and has really put a crimp in many real estate sales.

I have seen bankers commit to loan money at one rate and go up so consistently with market conditions that they would kill sale after sale. I'm referring to banks who commit for permanent loans if they have the construction loans.

Bankers have enjoyed "high on the hog" returns for so long that we have as many as four banks on one corner. Now they are lamenting because some of their participation projects are now becoming defunct.

Third, I do hope that Congress will strive for a balanced budget. I know that Senator Helms has advocated this long before and since he went to Washington.

As a consumer, I find that across the country utility bills are out of sight. When an average homeowner pays upwards of fifty dollars per month for electricity he has been had. Nevertheless, this is happening. We were for years sold a bill of goods regarding electrical appliances and the need for them. Women can still hang out their wash and cut bills tremendously. If they will cut off water heaters at least half a day, it will reduce the bill by a high percentage. In some cases, near fifty percent.

My last say is please do not push for the extra gas tax that you have advocated. I think the gas purge has gone far enough. More production will increase taxes. That is all the public can stand.

I do not envy you your job, Mr. President, and I am not being critical because you have an awesome job at best. I just hope that my opinions will merit some consideration in your decisions.

Kindest personal regards to you and your family. I have prayed for your wife's complete recovery.

Sincerely,

Mrs. Jean Hunt.

RECESS

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess for 15 minutes.

The motion was agreed to and, at 12:20 p.m., the Senate took a recess until 12:35 p.m., whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Allen).

EXTENSION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be an extension of the period for routine morning business for not to exceed 15 minutes with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSE CONCURRENT RESOLUTION 667—HELD AT THE DESK PENDING FURTHER DISPOSITION TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that House Concurrent Resolution 667, a resolution to establish a target for budget outlays for fiscal year 1975 in the amount of $300 billion, be held at the desk until and pending further disposition on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SUSPENSION OF DUTY ON CERTAIN BICYCLE PARTS—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. Long I submit a report of the committee of conference on H.R. 6642, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6642) to suspend the duties of certain bicycle parts and accessories until the close of December 31, 1976, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of October 1, 1974, at p. 33368.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record a statement by the distinguished Senator from Louisiana (Mr. Long) in explanation of the conference report.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Statement by Senator Long

The first four Senate amendments to the bill are simply clerical amendments reflecting the fact that new sections were added to the Senate bill.

Senate amendment 5 applies to the moving expense deduction for military personnel. Since enactment of the 1969 Tax Reform Act, the Internal Revenue Service has, by administrative determination, provided a moratorium with respect to the application of the new moving expense rules in the case of members of the armed services. The most recent extension of the IRS moratorium expires at the end of the present Congress. The Senate amendment extended this moratorium until January 1, 1975, to permit a staff study to be made of possible legislative solutions pertaining to the difficulties presented.

The modification of this amendment agreed to by the House extends the moratorium with respect to the application of the new moving expense provisions to military personnel until January 1, 1976, and makes it clear that this moratorium also applies to the Coast Guard as well as other branches of the armed services.

The sixth Senate amendment repeals the excise tax and other regulatory tax provisions relating to filled cheese. These provisions are no longer necessary because the tax was originally for non-revenue purposes and has produced little revenue. Moreover, the regulatory aspects dealing with filled cheese are presently being handled by the Food and Drug Administration. The House has accepted the Senate amendment.

Senate amendment 7 permits private foundations whose assets are largely invested in the stock of a multistate regulated company (which investment represents 90 percent or more of the stock of the company) to exclude the value of this stock in computing the amount of their required charitable distributions under the private foundation provisions. This amendment permits the retention of 51 percent of the stock of the company in cases of this type by permitting such investments to be ignored in applying the charitable distribution provisions. The House has accepted this Senate amendment.

Current regulations of the Treasury Department require employers to report the wages of their employees on five separate reports each year. In addition to the annual W–2 form which shows the total amount of annual wages paid to and taxes withheld from each employee, employers also must file a form 941–A at the end of each calendar quarter showing how much they paid to each employee in wages subject to social security tax. Senate amendment 8 was designed to reduce this paperwork burden on private employers by changing certain social security procedures which now make these quarterly reports necessary. Under the Senate amendment, the Treasury Department would have been able to change its regulations to permit private employers to file a single, annual report on a modified W–2 form for each employee and to dispense with the 4 quarterly 941–A reports.

The substitution of a single combined annual report of wages for social security and income tax purposes for the present system which is particularly burdensome to the millions of small businessmen who, for the most part, must make these multiple reports out by hand has been under study for many years. For example, a September, 1971 report of the President's Advisory Council on Management Improvement recommended that a system to achieve this objective be designed and the necessary legislation be submitted. A similar recommendation was presented in an April, 1973 report on "The Federal Paperwork Burden" by the Select Committee on Small Business. The Senate Conferees were, therefore, very reluctant to agree to the deletion from the bill of this amendment which appeared to offer a means of achieving this long-desired relief for small businessmen. The House, however, was not willing to accept the Senate amendment at this time in view of the fact that an intensive study of this matter is currently underway in the Executive branch. The House amendment, therefore eliminates the Senate-passed provisions which would have implemented a system of annual reporting of social security wages and provides instead a statutory basis for the study of this issue. Under the terms of the amendment, however, a joint report of the results of this study including recommendations for implementing such a system must be sent to the Committee on Ways and Means and the Committee on Finance by the Secretaries of Treasury and HEW by the end of this year. The Conferees were assured by the representatives of the Administration that this deadline could and would be met. I am hopeful therefore that, on the basis of this report, we will be able to pass implementing legislation early in the 94th Congress.

The final Senate amendment, number 9, increases the amount of carbon dioxide that may be contained in still wines from 0.277 to 0.392 grams per 100 milliliters of wine. This increase is intended to improve the shelf life of wines with low alcoholic content by permitting the addition of a little more carbon dioxide. It does not change the tax status of these still wines. The House has accepted this Senate amendment.

Mr. ROBERT C. BYRD. Mr. President, I move the adoption of the conference report on H.R. 6642.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. The clerk will report the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 5 to the aforesaid bill, and concur therein within the following amendments:

(1) Page 1, line 15, of the Senate engrossed amendments, strike out "Sec. 22", and insert: "Sec. 82".

(2) Page 2 of the Senate engrossed amendments, strike out "Secretary of Defense" each place it appears, and insert: "Secretary concerned"

(3) Page 2 of the Senate engrossed amendments, strike out "uniformed services" each place it appears, and insert: "armed forces"

(4) Page 2 of the Senate engrossed amendments, strike lines 18 through 23 inclusive, and insert in lieu thereof:

"(b) Definitions.—For purposes of this section, the term—

"(1) 'armed forces' has the meaning given it by section 101(4) of title 37, United States Code;

"(2) 'Secretary concerned' means the Secretary of Defense and, with respect to the Coast Guard, the Secretary of Transportation; and

"(3) 'adjusted gross income' and 'moving expenses' have the meanings given them by sections 62 and 217(b), respectively, of the Internal Revenue Code of 1954."

(5) Page 3, line 2, of the Senate engrossed amendments, strike "1975", and insert: "1976"

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 6 to the aforesaid bill, and concur therein with the following amendments:

(1) Page 4 of the Senate engrossed amendments, after line 13 insert:

"(8) Section 7641 (relating to supervision of operations of certain manufacturers) is amended by striking out 'filled cheese,'."

(2) Page 4 of the Senate engrossed amendments, after line 16, insert:

"(d) Amendment of Internal Revenue Code.—Whenever an amendment in this section is expressed in terms of an amendment to or repeal of a section or other provision, the reference is to a section or other provision of the Internal Revenue Code of 1954."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 8 to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert:

"Sec. 5. Study of Combined Annual Reporting for Social Security and Income Tax Purposes.

The Secretary and the Secretary of Health, Education, and Welfare shall (1) study the desirability and feasibility of instituting a system of combined social security-income tax reporting on an annual basis, and the effect of such a system on social security beneficiaries, on the costs to employers and to the social security program, and on the administration of such program, and (2) submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, no later than December 31, 1974, a joint report of the results of such study containing their recommendations as to the provisions, procedures, and requirements which might be included in such a system and the manner in which it might be put into effect."

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. Long I move that the Senate concur en bloc with the House amendments to Senate amendments Nos. 5, 6, and 8.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

SUSPENSION OF DUTIES ON CERTAIN YARNS OF SILK—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. Long, I submit a report of the committee of conference on H.R. 7780, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7780) to extend for an additional temporary period the existing suspension of duties on certain classification of yarns and silk, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of October 1, 1974, at p. 33369.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record a statement by the distinguished Senator from Louisiana (Mr. Long) in explanation of the conference report.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The statement follows:

Statement by Senator Long

The first two Senate amendments are technical in nature, and they have been accepted by the House.

The Senate added a third amendment to this bill dealing with the treatment processes which are treated as mining in computing the percentage depletion allowance for trona ore. This amendment provides that the decarbonation of trona is to be treated as an ordinary treatment process. The effect of this is to continue to allow percentage depletion on trona based on the value of soda ash extracted from it, as was provided prior to 1971. At that time an administrative change was made disallowing the so-called decarbonation process as an ordinary treatment process with respect to trona which, in effect, treated it as a non-mining process for purposes of percentage depletion. The House has accepted this Senate amendment.

The Senate also added a fourth amendment under which the 10-percent Federal excise tax on wagers would be eliminated where they are placed with licensed persons in a State which imposes a State tax on such wagers or their proceeds. This would have affected only wagers made with State-licensed wagering enterprises in Nevada. Those placing wagers with unlicensed persons, in Nevada and elsewhere, would remain subject to the 10-percent excise tax on wagers.

The House has agreed to a substitute provision. This substitute reduces the 10 percent Federal excise tax on all wagers to 2 percent as of December 1, 1974. In addition, the $50 annual occupational tax imposed on persons liable for the tax on wagers and on persons engaged in receiving wagers is increased to $500 as of December 1, 1974. However, persons subject to this tax who, prior to December 1, 1974, have paid the $50 tax for the current fiscal year ending June 30, 1975, will not be subject to the increase in the annual occupational tax for the fiscal year ending June 30, 1975.

The substitute provision also provides specific restrictions as to the disclosure and use of information pertaining to taxpayer compliance with Federal wagering taxes. Although present law provides broad limitations on the publicity of income tax returns, no such restrictions exist for returns and other documents related to the wagering taxes. In 1968, Congress repealed the provision of prior law which provided for public inspection of the names of all persons paying occupational taxes, including the wagering occupational tax. Despite this repeal, current law remains ambiguous in that no specific provision exists barring disclosure of wagering tax information.

Consequently, the substitute attempts to resolve any remaining doubts which may exist under the rationale of two Supreme Court cases. It is expected that these changes with respect to disclosure will remove any constitutional problems regarding enforcement of the wagering taxes.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

The ACTING PRESIDENT pro tempore. The clerk will report the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 4, to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter proposed to be inserted by the said amendment, insert:

Sec. 3. Wagering tax amendments.

(a) Tax on Wagers.—Section 4401 of the Internal Revenue Code of 1954 (relating to imposition of tax on wagers) is amended by striking out "10 percent" and inserting in lieu thereof "2 percent".

(b) Occupational Tax.—Section 4411 of the Internal Revenue Code of 1954 (relating to imposition of occupational taxes) is amended by striking out "$50" and inserting in lieu thereof "$500".

(c) Disclosure of Wagering Tax Information.—

(1) Subchapter C of Chapter 35 of the Internal Revenue Code of 1954 (relating to miscellaneous provisions) is amended by adding at the end thereof the following new section:

"Sec. 4424. Disclosure of wagering tax information.

"(a) General Rule.—Except as otherwise provided in this section, neither the Secretary or his delegate nor any other officer or employee of the Treasury Department may divulge or make known in any manner whatever to any person—

"(1) any original, copy, or abstract of any return, payment, or registration made pursuant to this chapter,

"(2) any record required for making any such return, payment, or registration, which the Secretary or his delegate is permitted by the taxpayer to examine or which is produced pursuant to section 7602, or

"(3) any information come at by the exploitation of any such return, payment, registration, or record.

"(b) Permissible Disclosure.—A disclosure otherwise prohibited by subsection (a) may be made in connection with the administration or civil or criminal enforcement of any tax imposed by this title. However, any document or information so disclosed may not be—

"(1) divulged or made known in any manner whatever by any officer or employee of the United States to any person except in connection with the administration or civil or criminal enforcement of this title, nor

"(2) used, directly or indirectly, in any criminal prosecution for any offense occurring before the date of enactment of this section.

"(c) Use of Documents Possessed by Taxpayer.—Except in connection with the administration or civil or criminal enforcement of any tax imposed by this title—

"(1) any stamp denoting payment of the special tax under this chapter,

"(2) any original, copy, or abstract possessed by a taxpayer of any return, payment, or registration made by such taxpayer pursuant to this chapter, and

"(3) any information come at by the exploitation of any such document,

shall not be against such taxpayer in any criminal proceeding.

"(d) Inspection by Committee of Congress.—Section 6103(d) shall apply with respect to any return, payment, or registration made pursuant to this chapter.".

(2) The table of sections for such subchapter is amended by adding at the end thereof the following:

"Sec. 4424. Disclosure of wagering tax in information.".

(d) Effective Date.—

(1) In general.—The amendments made by this section take effect on December 1, 1974, and shall apply only with respect to wagers placed on or after such date.

(2) Transitional rules.—

(A) Any person who, on December 1, 1974, is engaged in an activity which makes him liable for payment of the tax imposed by section 4411 of the Internal Revenue Code of 1954 (as in effect on such date) shall be treated as commencing such activity on such date for purposes of such section and section 4901 of such Code.

(B) Any person who, before December 1, 1974.—

(i) became liable for and paid the tax imposed by section 4411 of the Internal Revenue Code of 1954 (as in effect on July 1, 1974) for the year ending June 30, 1975, shall not be liable for any additional tax under such section for such year, and

(ii) registered under section 4412 of such Code (as in effect on July 1, 1974) for the year ending June 30, 1975, shall not be required to reregister under such section for such year.

Mr. ROBERT C. BYRD. Mr. President, on behalf of the distinguished Senator from Louisiana (Mr. Long), I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 4.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from West Virginia (Mr. Robert C. Byrd).

The motion was agreed to.

DUTY-FREE ENTRY OF METHANOL—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Louisiana (Mr. Long) I submit a report of the committee of conference on H.R. 11251, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore (Mr. Proxmire). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11251) to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as a fuel having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

THE ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of Octoher 1, 1974, at p. 33370.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a statement by Senator Long in explanation of the conference report be printed in the Record.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Statement by Senator Long

The first three Senate amendments to this bill were clerical and conforming amendments, and were accepted by the House.

A fourth amendment added by the Senate to this bill makes a change in the DISC tax deferral provisions relating to export sales. The amendment provides that a financing corporation is not to be prevented from qualifying as a DISC where it holds accounts receivable which arose by reason of the export-related transactions of a related DISC. In effect, the amendment provides for financing arrangements between related corporations whereby the transferee financing corporation will be able to hold these accounts receivable and qualify as a DISC if they arose by reason of the export-related transactions by the related DISC. The House has accepted this amendment.

The Senate also added a fifth amendment which extends the period for special tax treatment of certain low-income housing rehabilitation expenditures for three more years until 1978. The present provision, adopted as part of the Tax Reform Act of 1969, permits taxpayers to depreciate rehabilitation housing expenditures for low-income and middle-income rental housing over a period of 60 months. This provision was enacted for a 5-year period and is to expire at the end of this year. Although the House agreed that this provision should be extended, they insisted on limiting this amendment at this time to cover only bonding contracts arising before the end of this year, rather than providing a general extension of the provision as provided in the Senate amendment. This is because the Ways and Means Committee has provided in the tax bill, presently before it, for the extension of all the 60-month amortization provisions which expire at the end of this year. The concern of the Senate, however, with the treatment of expenditures incurred next year pursuant to contracts made this year has been covered by the amendment agreed to in conference so that the housing-rehabilitation program would not be affected pending Congressional action on the special amortization provision.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

The ACTING PRESIDENT pro tempore. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 4, to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed to be inserted by the said amendment, insert:

Sec. 3. (a) Section 993(b)(3) of the Internal Revenue Code of 1954 (relating to qualified export assets) is amended by striking out "such corporation" and inserting in lieu thereof "such corporation or of another corporation which is a DISC and which is a member of a controlled group which includes such corporation".

(b) The amendment made by subsection (a) applies to taxable years beginning after December 31, 1973. The amendment shall, at the election of the taxpayer made within 90 days after the date of enactment of this Act, also apply to any taxable year beginning after December 31, 1971, and before January 1, 1974.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 5, to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed to be inserted by the said amendment, insert:

SEC. 4. Notwithstanding the provisions of section 167(k)(1) of the Internal Revenue Code of 1954 (relating to depreciation of expenditures to rehabilitate low income rental housing), the provisions of section 167(k) shall apply with respect to rehabilitation expenditures incurred with respect to low income rental housing after December 31, 1974, and before January 1, 1978, if such expenditures are incurred pursuant to a binding contract entered into before December 31, 1974.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Senator LONG, I move that the Senate concur en bloc with the House amendments to Senate amendment numbered 4 and 5.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

DUTY APPLICABLE TO CRUDE FEATHERS AND DOWNS—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Louisiana (Mr. LONG), I submit a report of the committee of conference on H.R. 11452, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore (Mr. PROXMIRE). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11452) to correct an anomaly in the rate of duty applicable to crude feathers and downs, and for other purposes having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 1, 1974, at p. 33371.)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a statement in explanation of the conference report by Senator LONG be printed in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR LONG

The original House bill would have provided for duty-free treatment of certain feathers and downs until December 31, 1979. The Senate amended this to suspend the duty until December 31, 1977. The Conferees agreed to suspend the duty until June 30, 1979.

The Senate also added an amendment dealing with the tax treatment of dividend income of affiliated life insurance companies. Under present law, life insurance companies are not permitted to file a consolidated return with their affiliates, even though a sufficient stock ownership exists, because the unique method of taxing such companies makes it difficult, from an accounting standpoint, to consolidate their income with their affiliates which are not life insurance companies. As a result, members of the affiliated group receiving dividends from a life insurance company may find the dividends being treated as personal holding company income. This would not be the case, however, if life insurance companies were permitted to file consolidated returns with the other affiliated companies. The Senate amendment treats dividends received by members of an affiliated group from a life insurance subsidiary in the same manner as they would be treated if the life insurance company were permitted to file a consolidated return with the group. The effect of this will be that dividends received by a holding company from a life insurance subsidiary will not be treated as personal holding company income. The House has accepted this amendment.

The Senate added another amendment relating to the value of family farms for estate tax purposes. The amendment would exclude the first $200,000 in the value of the family farm from the taxable estates of those families who have managed their own farms during their lives and have willed them to relatives who plan to carry on the farming. The House conferees believed it was appropriate to deal with this type of provision in connection with a full review of the estate and gift tax provisions. Since the Ways and Means Committee expects to conduct such a review next year and consider this type of problem at that time, the Senate conferees agreed to recede from this amendment.

The final Senate amendment postpones from January 1, 1975 to January 1, 1976 the requirement in current law that Federal employee health coverage be coordinated with Medicare as a condition of Medicare reimbursement for services provided persons eligible under both programs. The one-year postponement is necessary because the Civil Service Commission and the individual Federal employee plans would have great difficulty meeting the current deadline in view of the absence of substantial progress toward coordination thus far.

To encourage timely action, the amendment requires that the Civil Service Commission and the Secretary of Health, Education and Welfare submit a report to the proper Committee of the Congress by March 1, 1975, on the steps then being taken to accomplish the coordination; if the report is not submitted by that date, Medicare would stop paying for services that are covered by a Federal employee plan on July 1, 1975, rather than postponing action to the January 1, 1976 date.

The House has agreed to this Senate amendment

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 7, to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed to be inserted by the said amendment insert: SEC. 4.

Mr. ROBERT C. BYRD. Mr. President, on behalf of Senator LONG I move that the Senate recede from its amendment numbered 6 and that the Senate concur in the House amendment to the Senate amendment numbered 7.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

SUSPENSION OF DUTY ON SYNTHETIC RUTILE—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Louisiana (Mr. LONG) I submit a report of the committee of conference on H.R. 11830, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore (Mr. PROXMIRE). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11830) to suspend the duty on synthetic rutile until the close of June 30, 1977, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of October 1, 1974, at p. 33371.)

Mr. ROBERT C. BYRD. Mr. President, on behalf of Senator LONG, I submit a statement in explanation of the conference report and ask unanimous consent that it be inserted in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR LONG

The Senate provided an amendment to this bill to revise the exemption from the excise tax on wages for state-run lotteries to take account of changes in the conduct of state lotteries. The present law exemption is provided for lotteries whose winners are determined by the results of horse races. This is because the first state-run lotteries determined their winners on this basis. Since that time, however, the lotteries have changed their basis for determining winners. This amendment conforms the tax law to present state practices.

Since a provision along the lines of the Senate amendment, but with certain modifications, is contained in the tax bill currently before the Ways and Means Committee, the House conferees believed it was appropriate to deal with this problem in connection with its bill. For this reason, the Senate agreed to recede with respect to this amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

SUSPENSION OF DUTY ON CERTAIN SALTS—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Louisiana (Mr. LONG) I submit a report of the committee of conference on H.R. 12035, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore (Mr. Proxmire). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12035) to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of October 1, 1974, at p. 33372.)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a statement by Senator Long in explanation of the conference report be inserted in the Record.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR LONG

The first Senate amendment made to this bill provides for an extension of time in which the governing instruments relating to charitable remainder trusts may be conformed to meet the requirements of the Tax Reform Act of 1969 insofar as an estate tax deduction is concerned. The 1969 Act required charitable remainder trusts to meet certain requirements in order for the estate to be entitled to an estate deduction for the transfer of a remainder interest to charity. Pursuant to these requirements, which in general applied to decedents dying after December 31, 1969, trusts created after July 31, 1969, must be amended to meet these new requirements by December 31, 1972. The Senate amendment extends until December 31, 1975, the time when amendments must be made for conformity to the new requirements.

The House has agreed to this amendment in general, but provided an amendment to limit the extension of these transitional rules to trusts created or wills executed before September 21, 1974. The revision also makes minor and technical changes in the Senate amendment. It was felt that the right to change the terms of the governing instrument to comply with the 1969 Act should be available only as respects instruments already in existence, and not to instruments drawn in the future.

The second amendment made by the Senate deals with certain scholarships for members of uniformed services. Under present law, the exclusion from gross income for certain amounts received as a scholarship at an educational institution or as a fellowship grant generally does not apply if the amounts received represent compensation for past, present, or future employment services. The Internal Revenue Service has notified the Department of Defense in response to its request for a ruling that certain amounts received by students toward their educational expenses while participating in the recently instituted Armed Forces Health Professions Scholarship Program are includable in their income for tax purposes because of the individual's commitment to future service with the Armed Forces. Thus, under this position the individuals are subject to tax on the amounts received. The Senate amendment provides that the exclusion for scholarship and fellowship grants is to apply to payments made by the Government for the tuition and certain other educational expenses of a member of the uniformed services attending an educational institution under the Armed Forces Health Professions Scholarship Program (or substantially similar programs) until January 1, 1976, pending a review by the staff of the effect of application of this provision. The House has accepted this Senate amendment.

The Senate engrossed amendments to H.R. 12035 also included a section providing similar treatment for certain other student loans where a portion of the loan may be cancelled if the recipient performs certain specified work. Senator Bennett, who offered the second amendment on the Senate floor, had withdrawn this provision from his amendment before it was voted on. This provision should thus not have been included in the Senate engrossed amendments, and therefore was not properly in conference.

The third Senate amendment deals with lease guaranty insurance and insurance of state and local obligations. The amendment permits insurance companies which write lease guaranty insurance and insurance guaranteeing the debt service of municipal bond issues to deduct additions to contingency reserves for periods of 10 or 20 years in accordance with the current treatment of similar additions for mortgage guaranty insurance under present law. Under the Senate provision, however, any tax benefit which would otherwise occur as a result of these deductions is not to be retained by the insurance companies, but instead is to be invested in non-interest bearing Federal bonds. Thus, the United States has the unrestricted use of these funds, and the bonds cannot be redeemed until the reserves are restored to income by the insurance companies. The House has agreed to this Senate amendment.

The final amendment made by the Senate on this bill deals with interest that is forfeited on premature withdrawals. Under present law, individual taxpayers must include interest paid or accrued with respect to time savings accounts or deposits in determining their gross income each year. If an individual prematurely withdraws his funds in these accounts, however, a substantial penalty is imposed, and the individual forfeits part of the interest that he has earned and reported for tax purposes in prior years. Where an individual itemizes his deductions in determining his taxable income, he will be able to claim a deduction for this forfeited interest. However, where he uses a standard deduction he must report the gross amount of interest received but cannot take a deduction for the forfeited interest. The Senate amendment provides for the deduction of such forfeited interest from his gross income so individuals may claim this deduction whether they itemize their deductions or take the standard deduction. The House has agreed to this Senate amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

The ACTING PRESIDENT pro tempore. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the aforesaid bill, and concur therein with amendments as follows:

(1) Page 1, line 11 of the Senate engrossed amendments, strike out ["(3) If], and insert: "(3) In the case of a will-executed before September 21, 1974, or a trust created before such date, if

(2) Page 2, line 6 of the Senate engrossed amendments, strike out [trust or], and insert: *trust,*

(3) Page 2, line 7 of the Senate engrossed amendments, after "664),", insert: or a pooled income fund (described in section 642(c)(5)),

(4) Page 2, line 15 of the Senate engrossed amendments, strike out [organizations) and], and insert: organizations),

(5) Page 2, line 16 of the Senate engrossed amendments, after "decendents)", insert: , and chapter 42 (relating to private foundations)

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill, and concur therein with amendments as follows:

(1) Page 4, line 8 of the Senate engrossed amendments, strike out [definitions], and insert: Definition of uniformed services

(2) Page 4, of the Senate engrossed amendments, strike out all after line 13 over to and including line 18 on page 5.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 3 to the aforesaid bill, and concur therein with an amendment as follows:

Page 5, line 20 of the Senate engrossed amendments, strike out [Sec. 6,], and insert: Sec. 5.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 4 to the aforesaid bill, and concur therein within amendments as follows:

(1) Page 6, line 21 of the Senate engrossed amendments strike out [Sec. 7.], and insert Sec. 6.

(2) Page 6, line 22 of the Senate engrossed amendments, strike out [(9)], and insert: (10)

(3) Page 6, line 24 of the Senate engrossed amendments, strike out [(10)], and insert: (11)

Mr. ROBERT C. BYRD. Mr. President, I move on behalf of Senator Long that the Senate concur en bloc with the House amendments to Senate amendments Nos. 1 2, 3, and 4.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

SUSPENSION OF DUTY ON CERTAIN HORSES—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Louisiana (Mr. Long) I submit a report of the committee of conference on H.R. 13631, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore (Mr. Proxmire). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 13631) to suspend for a temporary period the import duty on certain horses, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of October 1, 1974, at p. 33373.)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. LONG's statement in explanation of the conference report be inserted in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR LONG

Mr. President, the Senate added two amendments to H.R. 13631.

The first Senate amendment is designed to assure that the new Supplemental Security Income (SSI) program for the aged, blind and disabled will not operate in such a way as to increase the burden or non-profit retirement homes which have voluntarily undertaken to absorb a part of the costs of caring for elderly and disabled persons.

Under the SSI program, all forms of income—including room and board furnished for less than cost—are used to reduce the amount of benefits payable. Thus if a non-profit home for the aged subsidizes an aged resident by charging less than full cost, the amount of the subsidy is considered income and serves to reduce the individual's SSI payment. This then requires a larger subsidy which in turn causes a larger reduction in SSI and so on until the SSI payment is reduced to zero. The Senate amendment eliminates such reductions if the cost of the subsidized support and maintenance is borne by the non-profit home or institution or by another non-profit organization.

The House has agreed to accept the Senate amendment with the addition, however, of one clarifying modification. The change made by the House would specify that subsidized support and maintenance will continue to be considered as income to the individual in those cases where the institution has a true obligation to provide full support and maintenance without charge.

Support and maintenance would not be excludable in this case: where an institution has entered into a written contract with an individual under which he makes a single lump-sum nonrefundable payment and the institution guarantees him lifelong care at no further charge—even if he is financially able to make further payment. Similarly, a fraternal organization or labor union which makes free care in its retirement home a benefit of membership would be considered to be providing such care by reason of obligation.

It should be made clear that the House amendment applies only to cases in which an institution has an express and unconditional obligation to provide full support and maintenance without any requirement of payment by the individual. A conditional obligation under which the institution will bear the cost of support and maintenance to the extent that the individual is unable to do so, for example, would not be covered by the modified amendment. In such cases the value of the support and maintenance provided by the institution to the extent it exceeded the amount of payment, if any, actually received from the individual would not be considered as income for the purpose of reducing the SSI payment. Similarly, a generalized commitment undertaken by an institution of maintaining any resident who becomes unable to pay the regular charges would not be considered an obligation for full support and care without payment. This would be true even if the institution has formally acknowledged such a commitment, as for example, in its by-laws or in an application for tax-exempt status for the purpose of complying with the requirements of revenue rulings with respect to meeting the need of aged persons for protection against financial risks associated with later life.

The second Senate amendment is designed to broaden the opportunity for hospitals and skilled nursing facilities who are Medicare providers to judicial review of decisions regarding their reimbursement under the program. Under the amendment, providers can appeal to the Federal courts any decision of the Provider Reimbursement Review Board as well as any affirmation, modification or reversal of a Board decision by the Secretary of Health, Education, and Welfare. In addition, any amount in controversy would be subject to annual interest, payable to the party who won.

The House has agreed to the amendment with a minor change designed to conform the wording of the effective date provision to the text of the original Provider Reimbursement Review Board provision in Public Law 92-603.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

The ACTING PRESIDENT pro tempore. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1, to the aforesaid bill, and concur therein with amendments as follows:

(1) Page 2, line 12, of the Senate engrossed amendments, strike out [of], and insert: on

(2) Page 2 of the Senate engrossed amendments, strike out lines 20 through 25, and insert:

(b) The amendment made by subsection (a) shall be applicable to cost reports of providers of services for accounting periods ending on or after June 30, 1973.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2, to the aforesaid bill, and concur therein with an amendment, as follows:

In lieu of the matter proposed to be inserted by the said amendment, insert:

SEC. 4. Effective January 1, 1974, section 1612(a)(2)(A) of the Social Security Act is amended—

(1) by inserting "(1)" immediately after "exempt that"; and

(2) by inserting immediately before the semicolon at the end of the subparagraph the following: "and (ii) in the case of any individual or his eligible spouse who resides in a nonprofit retirement home or similar nonprofit institution, support and maintenance shall not be included to the extent that it is furnished to such individual or such spouse without such institution receiving payment therefor (unless such institution receiving payment therefor has expressly undertaken an obligation to furnish full support and maintenance to such individual or spouse without any current or future payment therefor) or payment therefor is made by another nonprofit organization".

Mr. ROBERT C. BYRD. Mr. President, on behalf of Senator LONG, I move that the Senate concur en bloc with the House amendments to Senate amendments numbered 1 and 2.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

SUSPENSION OF DUTIES ON CERTAIN FORMS OF COPPER—H.R. 12281

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may be permitted to insert in the RECORD at this point a floor statement which has to do with H.R. 12281, such statement being offered by Mr. LONG.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT BY SENATOR LONG

The Senate added an amendment to this bill dealing with the adjustment to basis of property received from a subsidiary in the case of certain types of liquidations. The problem here arises from an inequitable tax result because a court changed its own decision after action was taken by the taxpayer on the assumption that the court would stand by its first decision. The amendment permits a taxpayer—which in this case is a steamship company, named State Lines, Inc., which acquired and liquidated a subsidiary prior to July 1, 1957—to deduct a loss occasioned by a contingent liability created as a result of a reversal of a United States Court of Appeals decision. If the Court had not, upon rehearing, reversed its own decision, the liquidation would not have taken place, and the taxpayer would have been in the same position as provided by this bill. The amendment provides that under these conditions a taxpayer who had acquired the assets of a liquidated corporation is to be permitted to deduct the unanticipated loss in the year incurred in the same manner as the liquidated corporation would have been permitted to do if it had remained in existence.

The House has accepted this provision, and the bill thus requires no further Senate action.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider certain nominations at the desk reported earlier today by the Committee on the Judiciary.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

U.S. MARSHAL FOR THE NORTHERN DISTRICT OF ALABAMA

The legislative clerk read the nomination of Johnny M. Towns, of Alabama, to be U.S. marshal for the northern district of Alabama for the term of 4 years.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

U.S. MARSHAL FOR THE WESTERN DISTRICT OF PENNSYLVANIA

The legislative clerk read the nomination of Charles W. Koval, of Pennsylvania, to be U.S. marshal for the Western District of Pennsylvania for the term of 4 years.

The ACTING PRESIDENT pro tempro. Without objection, the nomination is considered and confirmed.

U.S. ATTORNEY FOR THE DISTRICT OF MARYLAND

The legislative clerk read the nomination of George Beall, of Maryland, to be attorney for the District of Maryland for the term of 4 years.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. (Mr. METCALF). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECESS UNTIL 3 P.M.

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess until the hour of 3 p.m. today.

There being no objection, the Senate, at 12:56 p.m., recessed until 3 p.m.; whereupon, the Senate reassembled when called to order by the presiding officer (Mr. HELMS).

QUORUM CALL

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT TO 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 10 a.m. tomorrow.

The PRESIDING OFFICER (Mr. McCLURE). Without objection, it is so ordered.

ORDER FOR VOTE TOMORROW AT 2:30 P.M. ON PRESIDENT'S VETO OF H.R. 15301, AN ACT TO AMEND THE RAILROAD RETIREMENT ACT OF 1937

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate vote on the override of the President's veto of H.R. 15301, an act to amend the Railroad Retirement Act of 1937, occur tomorrow at 2:30 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR GRIFFIN AND SENATOR ROBERT C. BYRD ON TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow under the standing order, the assistant Republican leader be recognized for not to exceed 15 minutes; that he be followed by the assistant Democratic leader for not to exceed 15 minutes; that there then be a period for the transaction of routine morning business, of not to exceed 10 minutes, with statements therein limited to 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUGH SCOTT. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

RAILROAD RETIREMENT—CONTINUING RESOLUTION—ORDER OF BUSINESS TOMORROW

Mr. HUGH SCOTT. Mr. President, with respect to the overriding of the President's veto on the railroad retirement bill, it is my intention to vote to override the veto of the bill. I am bound to make this statement; I should make it early. Since I am also a spokesman for the administration, when I cannot agree I feel bound to say so. Therefore, if any Senator on this side of the aisle wishes to speak in favor of sustaining the veto, I would transfer my time to him. I say this so that the record will show it.

With respect to the continuing resolution, as the distinguished assistant majority leader knows, the other body has already sustained the veto of the President. Had it come over here, I would have voted, also, to sustain the veto. I understand that the other body is now considering a new continuing resolution. Is that not correct?

Mr. ROBERT C. BYRD. That is correct.

Mr. HUGH SCOTT. There may be amendments to that resolution. Therefore, it would be my hope that as soon as we have disposed of the railroad retirement bill, we could move promptly on the continuing resolution, whether it be amended or not, in order to send it to the President. That would be the desire of the distinguished assistant majority leader, I take it.

Mr. ROBERT C. BYRD. Yes. I have just been visiting in the other body and have talked with the majority leader there.

There is a fairly good prospect that the other body will act on the continuing resolution this afternoon. In any event, I am told by the majority leader there that if the House does not act on that resolution today—and the chances probably are a little less than 50-50—the House will act early on tomorrow. If the Senate convenes at 10 o'clock, it is quite possible that the Senate will be able to conduct some debate and action on the continuing resolution prior to the vote at 2:30 p.m. on the override of the President's veto.

In any event, so that our colleagues will know what the situation is, we can also ask consent now that no votes occur before the hour of 2:30 tomorrow afternoon. Any action that is ready for a vote before the hour of 2:30 p.m. tomorrow, on the continuing resolution, could immediately follow the vote on the overriding of the President's veto.

Mr. HUGH SCOTT. I certainly agree with that suggestion. It is done to accommodate Senators who are in the process of returning to this body. At the same time, there are some Senators who, believing we would recess last week, have made engagements for tomorrow night. I hope that we can have our votes in time, if possible, bearing in mind that this business is overriding, to permit them to keep their engagements.

I may say that this particular Senator has no such engagements, so I do not speak for myself.

May I inquire as to the status of the so-called Price-Anderson bill, which I understood the President was expected to veto? I am not certain, but I thought this bill might come up to us, if it has not already, with his veto message.

Mr. ROBERT C. BYRD. I am under the impression, although I may be wrong, that that bill also originated in the other body. If, therefore, there is an attempt to override the veto, that will come up in the other body first.

Mr. HUGH SCOTT. We have already accomplished a good deal today, I understand, in that nine conference reports have been acted upon.

Mr. ROBERT C. BYRD. And two bills on the calendar have been passed.

Mr. HUGH SCOTT. I thank the distinguished assistant majority leader.

Mr. ROBERT C. BYRD. I thank the distinguished minority leader.

ORDER FOR NO ROLLCALL VOTES TO OCCUR BEFORE THE HOUR OF 2:30 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that no rollcall votes occur tomorrow prior to the hour of 2.30 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE INTERCOASTAL SHIPPING ACT, 1933

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Commerce be discharged from its consideration of H.R. 13561, and that the bill be immediately considered.

The PRESIDING OFFICER. The clerk will state it by title.

The assistant legislative clerk read as follows:

> H.R. 13561, an act to amend the Intercoastal Shipping Act, 1933.

The PRESIDING OFFICER. Without objection the committee will be discharged, and the Senate will proceed immediately to consideration of the bill.

Mr. GRIFFIN. Mr. President, for the record, as I understand it, this is a House bill which is identical to a Senate bill which has already been passed. This procedure, as I understand it, is being followed in order to send the bill directly to the President.

The PRESIDING OFFICER. The Senator is correct.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed.

ORDER TO MAKE THE CONTINUING RESOLUTION THE PENDING BUSINESS TOMORROW UPON ITS RECEIPT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the continuing resolution be made the pending business of the Senate tomorrow as soon as it is received, if it is not at the desk at the time morning business has been concluded.

The PRESIDING OFFICER. Without objection, it is so ordered.

VISIT BY THE DUKE OF GLOUCESTER

Mr. HUGH SCOTT. Mr. President, if the distinguished assistant majority leader will yield, for the historical record, perhaps, it should be noted that this morning, just prior to the convening of the Senate, a visit was made to the Senate Chamber by His Royal Highness, the Duke of Gloucester, who had an opportunity to see the way our democratic institutions function, and that he went from here to the other body. We do indeed welcome his visit.

It was my pleasure to show to him the mirror in the Vice President's ceremonial office, which was rescued by Dolly Madison at a time when His Royal Highness' ancestors were busy burning the White House. I assured him that there were no hard feelings. He said that, in his judgment, the removal of that mirror was a tribute to the taste of Dolly Madison.

MR. ROCKEFELLER'S GIFTS TO DR. RONAN

Mr. HELMS. Mr. President, the former Governor of New York, Mr. Rockefeller, has made public his reply to the chairman of the Rules Committee, Mr. CANNON, with reference to his gifts to friends and associates.

While I admire the Governor's willingness to make this information available, the nature of the information is such as to raise a deeper concern than the reply was supposed to lay to rest.

The Governor has plainly stated that he made gifts totaling $625,000 to Dr. William J. Ronan. According to the Governor's account, the first gift of $75,000 was made on December 19, 1958, more than a month after Dr. Ronan assumed the position of personal secretary to the Governor-elect, according to accounts related in the New York Times. On May 3, 1974, according to the Governor, he made a second gift of $550,000, consisting of a forgiveness of six loans totaling $510,000, and a cash gift of $40,000.

According to "Who's Who in America," Dr. Ronan became chairman of the New York Metropolitan Commuter Transportation Authority in 1965. In 1968, he became chairman of the newly reorganized Metropolitan Transportation Authority, which job he presumably held until he became chairman of the New York Port Authority. According to the newspaper accounts, the gift of May 3, 1974, was made between his resignation from the MTA and the initiation of his tenure on the port authority.

At this point, the chronology of the six loans which were forgiven on May 3, 1974, becomes very important. The crucial question is: Were any of the loans made after January 1, 1966, at a time when Dr. Ronan was on the State of New York payroll? For, in 1965, the New York State Legislature passed, and Governor Rockefeller signed, tough legislation laying down the law on conflict of interest. This addition to the so-called public officers law became effective on January 1, 1966. The relevant portion reads as follows:

> No officer or employee of a state agency, member of the legislature or legislative employee, shall, directly or indirectly, solicit, accept, or receive any gift, having a value of twenty-five dollars or more, whether in the form of money, service, loan, travel, entertainment, hospitality, thing, or promise, or in any other form, under circumstances in which it could reasonably be inferred that the gift was intended to influence him, or could reasonably be expected to influence him in the performance of his official duties, or was intended as a reward for any official action on his part.

That is the first relevant portion. The second relevant portion is as follows:

> No person shall, directly or indirectly, offer or make any such gift to any officer or employee of a state agency, member of the legislature, or legislative employee under such circumstances.

This is taken from section 73, paragraph 5, Public Officers Law, State of New York (McKinney's Consolidated Laws of New York, Annotated).

There is one other relevant paragraph from the New York law creating the Metropolitan Transportation Authority:

> The Authority shall be a State agency for the purposes of sections seventy-three and seventy-four of the Public Officer's Law.

Section 73, of course, is the provision previously read. The latter quote is taken from the Public Authorities Law of New York, article five, title II, section 1263, paragraph 5.

Much of the speculation about the Governor's gifts has been made upon the presumption that no impropriety occurred because the gift technically did not occur until Dr. Ronan left the payroll.

Yet the law, on its face, forbids not only "any gift" but also any "loan" exceeding $25. The law states that it is illegal both to give and to receive such a "loan." Governor Rockefeller has said on the record that he made six loans to Dr. Roman totaling $510,000. Presumably all of the loans exceeded $25.

The question, as I said earlier, is whether or not any of these loans took place after the law became effective on January 1, 1966, and before Dr. Roman went off the State payroll. I am presuming that Dr. Ronan's salary as secretary to the Governor was paid from the State payroll; and his position at MTA clearly fell within the law's ambit. If necessary to ascertain the dates the loans were received, Dr. Ronan's bank deposit records should be subpenaed.

The law apparently treats gifts and loans as the same thing, for the purpose of this law. In any case, Dr. Ronan has been quoted in the press as saying that he did not recall whether any interest had been paid, or at what rate. If no interest was paid, and no repayment schedule was followed, then it might reasonably be concluded that the transaction bears the hallmark of a gift from the very start.

The remaining point to be established so far as the law's applicability lies in the circumstances surrounding the loan or gift. The law forbids such loans or gifts "under circumstances in which it could be reasonably inferred that the gift was intended to influence him, or could reasonably be expected to influence him, in the performance of his official duties, or was intended as a reward for any official action on his part."

The question therefore is what inference can be drawn from loans totaling a half million dollars and made in secret. Dr. Ronan, as Chairman of MTA, was presumably working on projects that were important to the success of the Governor's administration and to his political career. He presided over bond issues, construction projects, and public service disputes whose successes were crucial both to the public and private interests of the Rockefeller family. We must ask ourselves, therefore, whether an invidious inference is "reasonable" under the circumstances.

Now, in the case of Dr. Ronan, special attention must be given to the post he occupied as head of the Metropolitan Transportation Authority. It is difficult for non-New Yorkers to understand the Byzantine ways of New York politics and government, particularly the relationship of the various public authorities to the State and city governments. The job which Dr. Ronan held, however, was in effect the successor post to the job which Robert Moses held as chairman of the Triborough Bridge Authority. Robert Caro, in his widely acclaimed book on Mr. Moses' career, has an extremely lucid explanation of the independent position which the chairman of such an authority had, and the way in which that position can be used for political power.

According to Mr. Caro, the concept of the authority which Mr. Moses developed was a significant deviation from traditional practice. In the past, an authority was a creature of the city or State, which issued revenue bonds for a specific project, and then went out of business when the bonds were retired. The Triborough Bridge Authority, however, generated unprecedented revenues, which Mr. Moses used to organize a permanent staff of engineers, planners, and public relations men who drew up new projects and promoted them. Mr. Caro says that Mr. Moses got the New York State Legislature to amend the Triborough statutes so that outstanding bond issues could be refunded before they were retired, thus giving perpetuity to the authority, and he wrote special powers of independence into the contracts with the bondholders, contract powers which, under the U.S. Constitution, the State of New York could not abrogate. Moreover, such a public authority is not required to open its books to the public, seek public referendums on its projects, or submit to competitive bidding. The head of such an authority, with millions of dollars at his disposal, therefore becomes a very powerful political figure with whom even a Governor must reckon. Governor Rockefeller spent a decade, Mr. Caro says, in trying to remove Robert Moses, even though Mr. Moses was years past retirement age. As Mr. Caro shows, Mr. Moses was finessed out of office through the merger technique, when Triborough was merged with MTA. Dr. Ronan was installed as chairman of the new authority.

I suggest to my colleagues that they read carefully Mr. Caro's chapter 28, "The Warp on the Loom," which details the growth of the independent authority concept in New York. I also suggest that they read chapter 33, "Leading Out the Regiment," which describes how Mr. Moses welded together a coalition of politicians, lawyers, insurance brokers, bankers, labor leaders, and others through using his unchecked power to dispense contracts and fees. It was apparently this power which passed to Dr. Ronan.

Of special interest in the present circumstances is the power of the head of an authority to promote the bond market, to issue the bonds on particularly favorable conditions, to provide favored banks and syndicates with underwriters' fees that bear little or no risk, to manipulate deposits of cash and securities and so forth. This is obviously a matter of interest because one of the most important banks which could reasonably be expected to be a beneficiary of such activities is Chase Manhattan, the bank which is so closely identified with the Rockefeller family.

I want to make it absolutely clear that I have no knowledge whatsoever of any actions in which Chase Manhattan has been the improper recipient of favors, either from Robert Moses or Dr. Ronan. I make no allegations, because I have no facts. I am only citing the circumstances, as described by Mr. Caro, in which Dr. Ronan took over from Mr. Moses. It is up to the Senate to investigate whether any impropriety occurred in those circumstances, or whether the appearance of impropriety occurred in those circumstances. The New York public officers law is very particular about circumstances, not only with regard to the intention of the participants in the action, but also with regard to what the public might expect in such circumstances, whether impropriety took place or not.

Mr. President, I ask unanimous consent that an excerpt from chapter 33 of Mr. Caro's book, "Robert Moses and the Fall of New York," be printed in the RECORD at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

One cannot dip a toe into the water of New York politics without sensing, moving somewhere deep beneath the surface, the presence of an enormous force, a power unseen but immense: the power of banks.

Banks control the dispensing of huge amounts of insurance and they can dispense it to politicians. Their activities generate immense amounts of legal work and they can dispense the least onerous and most lucrative aspects of that work—local real estate closings, for example—to politicians. They can give politicians access to the inside financial information on which fortunes are made by electing them to their boards of directors, and they can give them fortunes more directly by giving them blocks of their own stock at favorable prices or, more directly still, by giving them unsecured loans which allow them to make investments without the inconvenience or risk of using their own money, and by giving them those loans at interest rates so favorable that the investments can hardly help resulting in a profit. They can give politicians loans of a size that make them rich beyond their dreams.

The acceptance of these—and other—favors puts politicians in the banks' debt. Banks are very good at collecting debts. They collect them with interest. And they collect politicians' debts with interest: the public interest. Decade after decade, what banks wanted from Albany or City Hall, banks got.

Some political analysts speak of the influence of New York's banks as influence exerted almost entirely on the Republican Party, but it is not only Republicans who are interested in money. The power of the great banks of New York crosses party as well as county lines. Within the over-all political structure of New York—city and state—it is all-pervasive and immense. And Moses enlisted it behind his aims.

Banks have one aim: making money. Moses made sure their aim and his coincided. He made sure that banks would make money—quick money, easy money, safe money—from his public works.

Revenue bonds—the key to his authorities' existence and power—were the key to the alliance.

Banks needed authority bonds. Forbidden by federal law from putting the money deposited with them by the public into any but the very safest investments, the very best of what bankers call "good, high-grade paper"—barred specifically from purchasing corporate stock and by inference, inference reinforced by continuing evaluation of their investment portfolios by government regulatory overseers, from purchasing any bonds and notes except those of the most "solid" corporations, of governments and of public authorities—four years of investment-stifling war had left them "loaded with cash," impatient to put it to work earning more cash, and with a drastically insufficient supply of "good, high-grade paper" into which to put it. Jack Madigan, who had spent weeks trying to peddle Henry Hudson Bridge bonds around Wall Street in 1936, was astonished when previously aloof bank presidents began inviting him to lunch in their private dining rooms in 1946—until one, Stewart Becker, president of the Bank of Manhattan, casually remarked over dessert, "You know, Jack, we've got more money than good uses for it." Then he understood. Returning from Becker's table, he told Moses that the banker was asking to be allowed to buy as much as possible of the next Triborough bond issue—and the bartender's son added that he would never have to go hat in hand to bankers again; from now on, bankers would come to him. "It's just supply and demand," he would explain simply. The demand for Triborough's bonds was far greater than the supply.

Of all possible investments legal for banks, moreover, public authority bonds were the most desirable. In selecting investments, bankers had three aims: to keep their money safe, to make as much money as possible with it—and to keep the money they made. Keeping money meant, in postwar America, tax exemption.

Corporate bonds were dependent upon corporate profits, so much more risky than bridge tools. Their yield was higher—in 1968, 8 percent to about 5 percent—but banks had to pay half of their profits (52 percent, later 48 percent)—to the government in taxes, so their yield from a corporate bond would, in terms of money kept, be only 4 percent. So tax-exempt authority bonds had both greater safety and a higher return than corporate bonds.

United States government bonds were as safe as authority bonds, their yield as high, but that yield was subject to state and local taxes; their net yield was lower. State and municipal bonds, exempt from taxes, had net yields about the same as authority bonds. But, in Wall Street's view, they were not as safe since states and municipalities always seemed to be in financial difficulties, and were continually being forced to go to the voters for permission to raise taxes. And who could predict what voters would do? Authorities, on the other hand, grew continually more prosperous, from revenues guaranteed by covenants that were sacred contracts, safe from public whim or will. During the first postwar quarter century, New York City's bonds fluctuated fairly substantially in the ratings they were given for safety. Triborough's held steady, year after year—at AAA, the highest rating given. Ask New York bankers why they are so eager to buy public authority bonds and they begin, as does Dwayne Saunders, vice president of the investment division of the Chemical Bank, by speaking sanctimoniously of "our feeling of responsibility to the community" by financing projects that will benefit it. But the longer one talks to bankers, the less the talk is of responsibility and the more it dwells on more mundane considerations. A Triborough bond "is a very, very high-quality instrument, you know," Saunders says. "And they are paying, say, 5.40, which is [almost] 11 percent. There are corporates out there, but no government stuff. You're always matching yield against safety in this business. Any portfolio manager will try within his limits to maximize his yields—he becomes very, very interested in yield . . . And [authority bonds] are the highest-yielding of any investment-grade security after tax." Higher-yielding than most *risky* investments, higher-yielding even than those riskiest of investments, personal loans—a public authority bond is simply the best investment a bank can make. By far.

Of all public authority bonds, moreover, none were more desirable to banks than Triborough's: by design.

Moses wanted banks to be so anxious to purchase Triborough bonds that they would use all of their immense power to force elected officials to give his public works proposals the approval that would result in their issuance. So although the safety of the banks' money was already amply assured by Triborough's current earnings (so great that each year the Authority collected far more money than it spent), by the irrevocable covenants guaranteeing that tolls could never be removed without the bondholders' consent, and by Triborough's monopoly, also irrevocable, that guaranteed them that if any future intracity water crossing were built, they would share in its tolls, too, Moses provided them with additional assurances. He maintained huge cash reserves—"Fantastic," says Jackson Phillips, director of municipal research for Dun and Bradstreet; "the last time I looked they had ten years' interest on reserve"—and when he floated the Verrazano bonds he agreed to lay aside—*in addition to the existing reserves!*—15 percent ($45,000,000) of the cash he received for the new bond issue, and not touch it until the bridge was open and operating five years later. Purchasers of the Verrazano bonds could be all but certain that they could collect their interest every year even if the bridge never collected a single toll. Small wonder that Phillips says, "Triborough's are just about the best bonds there are." Wall Streeters may believe that "any investment is a bet," but Robert Moses was certainly running the safest game in town.

An additional margin of safety, moreover, was provided by Moses' reputation. "Moses never hesitated to give Wall Street the impression that he would go all out to protect their interests," Phillips says. "We all knew," says a banker, "that Moses would fight for his bondholders." During the previous twenty-two years of its existence, the State Power Authority had never been able to interest the Street in even small proposed bond offerings. In 1954, Moses was named its chairman, and he offered for sale an issue of more than a billion dollars, the largest revenue bond offering in history. "There was some caution," Phillips recalls, "but there was the feeling, 'Look, *Moses* is doing this!'" The issue sold out in four days. Holders of Port Authority bonds were perturbed—although without cause—when, in 1960, New York and New Jersey legislatures teamed up to force it to use its surplus revenues to take over the deficit-ridden Hudson and Manhattan Tubes, but holders of Triborough bonds had no such worries; Triborough's annual surpluses may have been huge—more than $20,000,000 per year and climbing—but Moses made sure that every cent was "committed" to future revenue-, not deficit-, producing projects. "Wall Street loved him for this," Phillips says. And, Wall Street knew, Moses had the power to make these commitments stick. The Municipal Forum of New York is a group of extremely conservative municipal finance and bond analysts who generally accord guests no more than perfunctory applause. Whenever Robert Moses appeared before the Forum, its members, those hard-eyed men of finance, stood as one for an ovation

Moses offered bankers more than safety.

A high return on their money was already assured—in abundance—by the bonds' tax-exempt status. But Moses provided bankers with a still higher return. The interest rates on his bonds were higher than they needed to be to attract buyers—so much higher that, over the life of a single bond issue, the one floated to finance the Verrazano-Narrows Bridge, bondholders would receive the almost incredible amount of $40,000,000 more than they would gladly have settled for.

And favored bankers didn't have to wait for years to make money on Moses' bonds. He made it possible for them to make money in a single day.

Banks make quick profits on bonds through underwriting, a procedure in which they agree to purchase bonds from the issuing agency in the hope of reselling at a profit those they can't afford to keep themselves.

In the case of Triborough's bonds, of course, "hope" was an inaccurate term. No matter what the "state of the market," every postwar Triborough bond issue was sold out—with many buyers still clamoring for them—within twenty-four hours after the underwriting banks offered them for sale. In the case of Triborough's bonds, therefore, the underwriters' "risk"—the possibility that they may not be able to sell the bonds which is the rationale for the profits underwriters allowed to make—was negligible. And Moses made sure that the underwriters' profits would be huge. He allowed the Verrazano underwriting syndicate, for example, to purchase $300,000,000 worth of bonds from Triborough for $295,760,851. Since these bonds were sold—on the same day they were issued—for $300,570,851, the syndicate reaped a one-day profit of almost five million dollars.

Then there were the smaller morsels.

There were, for example, the "service fees" that Triborough paid banks for authenticating and delivering the bonds; for acting as "paying agents" for the semiannual interest payments; or for acting as "trustee" for the bonds, a job which involved "studying the resolution," collecting an annual "administrative fee" for routine duties connected with it, collecting and cremating the coupons amassed by the paying agents and collecting the bonds when the issue was redeemed. These fees—four cents per coupon for paying agents, for example—seemed small, although Moses' fees were higher than others paid for similar work. But, paid out twice a year, year after year for the forty-year life of the bonds, they mounted up.

Selection as a repository of Triborough deposits was similarly profitable. Moses' agreement to set aside $45,000,000 as a five-year "interest reserve" was in effect an agreement to leave on deposit in banks $45,000,000 on which the banks would not have to pay any interest—but on which they could, by lending it out, collect interest.

Moses' generosity to banks had to be paid for out of the pockets of motorists, of course. If bondholders received tens of millions of dollars extra in interest, drivers would have to pay tens of millions of dollars extra in tolls. The state's Public Authorities Law supposedly keeps the cost to the public of public works as low as possible by prescribing the use of open, competitive bidding on bond sales and all other details of authority operation. But Moses wasn't concerned with the cost to the public. His concern was to enlist in his cause the banks who could use their power to push behind-the-scenes political leaders, as well as state legislators, city councilman, borough presidents—and Mayors and Governors—into approving a public work that they might otherwise not have approved. Open bidding would have defeated this purpose. Banks would not push hard for a public work if they knew that after it was approved they would have to bid against other banks for its bonds—and might not get them at all. Banks would only push hard if they knew before the work was approved that they would profit from it.

So Moses let them know. He inserted in the Public Authorities Law a section—561—that permitted the Triborough Authority to sell its bonds at either open sales or through "private placement," and, of course, he invariably selected "private placement"—with the banks that had been working with Madigan on the issue since its earlist stages

And since the aim of the use of private placement was to place power behind his proposals, he selected as the favored banks those that had the most power to place there.

"Chase"—mighty Chase—had the most The Chase Manhattan Bank, and the Rockefeller family that controlled it. Chase—the principal twentieth-century repository and instrument of the wealth and power of the nineteenth-century Standard Oil robber baron—traditionally, as Theodore H. White notes, "raised the big New York money for Republicans." William O'Dwyer, who tried to buck its power once, found out just how much it had, and later commented bitterly: "There's a dictator in New York City, and I'll tell you who it is. It's the Chase Manhattan Bank." Not that Chase's power was selected by Moses as the trustee of Triborough's bonds and hence was the single largest recipient of the lucrative service fees connected with them.

The Chemical Bank began wheeling and dealing behind the political scenes increasingly during the postwar era, executing an end run around the Federal Corrupt Practices Act by having various officers and directors establish, and contribute heavily to, a "Fund for Good Government" that in its turn made heavy political contributions, notably to the Nassau GOP machine and the Bronx Democratic organization headed by House Public Works chairman Charles A. Buckley. The Chemical Bank was the second-largest recipient of Triborough service fees. A Chemical officer, asked if the bank had ever purchased Triborough bonds, replied: "We bought a ton of them." The remaining service fees—and the lucrative underwriting profits and the right to purchase Triborough bonds direct from the source—were divided up among the Morgan Guaranty Trust, the Marine Midland Bank, the Manufacturers Hanover Trust and the United States Trust, a quartet of banks each of which possessed considerable political clout.

The assets of such banks dwarfed the $200,000,000 of which Tom Shanahan at Federation Bank and Trust was so proud; Chase's assets in 1974 were thirty *billion* dollars. And so was their power. And now this power—the power of the greatest pool of liquid capital in the civilized world—was at the service of Robert Moses. He had a friend at Chase Manhattan, and the friend was its president; "No one will ever be able to thank you adequately for the contributions you have made to the city," David Rockefeller wrote him. He had a friend at virtually every major financial institution in New York. Says one observer of the New York political scene: "Whenever Moses made a proposal—and I mean over a period of years and years and years—you could invariably be sure that behind the scenes, the banks would be pushing for that proposal. Pushing hard."

Mr. HELMS. Mr. President, the Governor has stated that the loans were made out of friendship and affection. I am not questioning the motives of the Governor, since we still do not know if we have all the facts. The law further forbids loans or gifts "which could reasonably be expected to influence him, in the performance of his official duties." So the question does not turn entirely on the Governor's motivation. The legal standard is whether the loans or gifts "could reasonably be expected to influence him." The ultimate question is not what the Governor thought he was doing, but what other people might reasonably think he was doing. So that even though the Governor's intentions might be proper—and I do not intend to characterize them at this time—the ultimate standard is whether such loans or gifts might give a reasonable appearance of impropriety.

The laws of New York, therefore, appear to set a very high standard of conduct, and a very low threshold of illegality. As Senators of the United States, it will become very important to find out exactly when Dr. Ronan was on a State payroll, and when the admitted six loans were made. Governor Rockefeller's motivations may be set aside as an issue, so long as no concrete evidence appears that they were less than altruistic. As Senators we will have to decide whether a loan of a half million dollars made in secret might reasonably be expected to influence a State employee, no matter what human considerations may be involved.

Of course, Dr. Ronan is not the only State employee who was the beneficiary of loans and gifts from Governor Rockefeller. Edwin J. Logue, Alton G. Marshall, Joseph H. Murphy, Jerry Danzig, and perhaps others on the list submitted by the Governor, may have been the beneficiary of loans at the time they were on the State payroll and after the public officers law was enacted. I hope that the Rules Committee will call not only Governor Rockefeller and Dr. Ronan, but also every present or former State of New York employee who has been identified as a loan recipient, so that the chronology and conformity with the law may be ascertained. The Senate does not sit as a judge and jury upon Governor Rockefeller, but before a man is confirmed as Vice President under the 25th amendment, these matters ought to be clarified.

Mr. President, I ask unanimous consent that chapter 28, "The Warp on the Loom," from Mr. Caro's book, which contains an explanation of the development of the public authority concept, be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

[From Robert A. Caro: "Robert Moses and the Fall of New York"]

28. THE WARP ON THE LOOM

No State shall . . . pass any . . . law impairing the obligation of contracts . . . — The Constitution of the United States of America, Article I, Section 10.

The authority shall have power . . . to make contracts. . . . —Consolidated Laws of the State of New York, chapter 43-a, article III, title 3: "Triborough Bridge Authority."

The public authority was not a new device. The first of these entities that resembled private corporations but were given powers hitherto reserved for governments—powers to construct public improvements and, in order to pay off the bonds they sold to finance the construction, to charge the public for the use of the improvements—had been created in England during the reign of Queen Elizabeth. By the time Robert Moses went to Oxford three hundred years later, there were 1,800 such part-public, part-private bodies in England, including the huge Port of London Authority (named "Authority" because the clauses in the Act of Parliament that spelled out its powers began with the words *Authority is hereby given*) and highway-building boards whose roads were named "turnpikes" because they were blocked with horizontal bars (or "pikes") set into revolving pillars that would be turned aside to let a carriage pass only after the toll was paid.

But the public authority concept was new in the United States. There may (or may not—there exists no reliable history of authorities) have been a few collecting tolls on rural roads (hearing rumors of one in North Carolina, Jimmy Walker contemplated setting one up in New York to enrich his friends), but at the time Moses went to Oxford the only urban authorities in existence on the western side of the Atlantic were a bare handful set up to build small water-supply systems. The Port of New York Authority, the first large authority in America, modeled on its London counterpart and created by an interstate compact between New York and New Jersey, would not be created until 1921, would not float its first bond issue until 1926 and would not become financially successful until 1931, when, after five years of near fiscal disaster, it would persuade the two states to let it take over the highly successful Holland Tunnel, which had been constructed by an independent commission.* It was not until the New Deal when Depression-strapped municipalities, unable to finance major public works themselves, suddenly realized that RFC and PWA grants were available for self-liquidating projects, that urban authorities began to be established in any number. In 1933 and 1934, when Moses was playing the crucial role in setting up the Triborough, Bethpage, Jones Beach, Henry Hudson, Marine Parkway and Hayden Planetarium authorities—and a lesser but still key role in the creation of seven other authorities—there were only a few handfuls of other authorities in the entire country.

With the lone exception of the Port Authority, moreover, every public authority created in the United States had been created in a single pattern: each had been established to construct and operate, one, and only one, public improvement, a single isolated bridge or tunnel or sewer system, to issue only enough bonds to pay for the construction of that improvement, and only bonds with a fixed expiration date, and, when that date arrived—or sooner, if revenue was collected faster than expected—to pay off the bonds, eliminate all tolls or fees, turn the improvement over to the city and go out of existence. The Port Authority, empowered to operate several improvements, had become America's first "multi-purpose" public authority, but each of its projects fit the traditional pattern since each was financed by a separate bond issue and both Authority members and public officials expected that as soon as each issue was paid off, the tolls on the facility financed by that issue would be eliminated.† Motivated by the failure of several Port Authority projects to earn enough to meet the interest and amortization payments on their bonds, the Authority's brilliant general counsel, Julius Henry Cohen, was attempting in 1934 to break new ground by devising a new kind of bond and persuading bankers who held the Authority's outstanding bonds to accept the new one in their place. Under the plan Cohen had in mind, the individual bond issues would be combined into a single general issue supported by the revenues from all Port Authority enterprises, a move which would allow use of the Holland Tunnel surpluses to bail out such money losers as its two bridges connecting Staten Island with New Jersey. And since the new issue would be "open-ended," the Authority could use any over-all surplus to finance new projects. The bankers refused to consider "open-end" bonds for unspecified new projects but, in 1935, did agree to a consolidation of outstanding bonds in a "General and Refunding Bond" that could be used for *one* new project—the proposed Lincoln Tunnel—and it was this bond, rather than any devised by Moses, that was the first bond issue in the United States secured not by a single public improvement but by an authority's general revenues.

But Moses went much further. Originally, he had conceived of his authorities in the traditional mold: the legislation he had drafted establishing the Triborough, Henry Hudson and Marine Parkway bodies, for example, had explicitly authorized each to construct on a single, specific project and to issue bonds only for that project; the bonds were to be paid off as soon as possible, and not only was a time limit (forty years) set on their expiration but that time limit also limited the authority's life—as soon as its bonds were paid off, it was to go out of existence and turn over its bridge to the city government. The legislators who had created Robert Moses' authorities and the mayor who under the State Constitution had had to ask the legislators to create them had conceived of them as mere creatures of the sovereign city. Legislators and mayor, as well as the city's citizens, continually reminded by the press of the long tradition that all its bridges be toll-free, had been assured that the tolls would be removed forever as soon as their cost had been paid for. And there had been no deliberate attempt to mislead them: Robert Moses had thought of public authorities as men had always thought of public authorities.

But Robert Moses' thinking was changing.

The primary factor behind the change was money.

The carrying charges—interest and amortization—on the $5,100,000 in bonds that had been sold to pay for the Henry Bridge were about $370,000 per year, a sum that could be collected, at ten cents per car, from 3,700,000 cars. But the number of drivers handing their dimes to the bridge toll collectors was not 3,700,000. In 1938, it was 10,300,000; in 1939, 12,700,000. And maintenance costs on bridges were, Moses was learning, gratifyingly minimal. Painting the entire Henry Hudson, for example, cost only $18,000, and painting was needed only once in four years. The salaries of toll collectors, the only operating personnel required, totaled less than $50,000 per year: "Our bridge was fabulously successful," Jack Madigan would say. "We were earning—after the carrying charges—$600,000 per year

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* Moses had played a small but significant role in the tunnel's construction. One of his first assignments for Al Smith was to analyze two conflicting construction proposals, the commission's plan to build the tunnel by conventional methods at a cost it estimated at $28 million and General George W. Geothals' plan to build it by a new method at a cost Geothals estimated at $12 million. The young reformer, unequipped with the slightest practical experience in construction, interviewed the famed builder of the Panama Canal, and gave Smith his verdict: "a great personality, a go-getter, but neither a great engineer nor a financier." Equally unimpressed with the commission's engineers, he talked with independent experts and concluded—and told the Governor—that the Geothals plan "would not work" and that while the commission's would, the cost would be not $28 but $48 million. Smith's reaction, Moses was to recall, "introduced me to his extraordinary head for facts and figures and his immense loyalty to his assistants, no matter how green, young and new at the game." Ignoring protests, the Governor threw out the Geothals plan and accepted the commission's, but allocated for it the $48 million that Moses had suggested. The actual cost turned out to be $49 million.

† Because the facilities would thereafter belong to not one but two states, there were plans to have them run by bistate commissions with members appointed by both legislatures.

NET!!!" And that was just one bridge! The Triborough, on which the annual carrying charges were about $1,800,000, but on which the toll was twenty-five cents for cars and more for trucks, was by 1938 earning per year NET!!! $1,300,000. More significantly still, on all Moses' bridges, the traffic volume for each month was higher than the volume for the corresponding month the previous year; clearly, volume—and revenue—was going to be far higher than even those fabulous figures.

Under the laws creating the authorities—the bills that Robert Moses himself had drafted on his yellow legal note pads—unexpectedly high revenues could be used in only one way: to retire an authority's bonds faster than scheduled, to speed the date when the authority would go out of existence and turn its bridge back to the city.

With surpluses of such unprecedented size, the bonds of Moses' authorities would be retired very fast indeed. At the rate the Henry Hudson Bridge was making money, for example, its cost would be amortized not in forty years but in ten years, perhaps, or nine, or eight. In a decade or less, the bridge that the city had never been able to finance would have been built by Robert Moses—built and paid for, to stand for centuries as a great free public improvement for its citizens.

Using the surpluses in the way required by law would therefore make the Henry Hudson Bridge—and the Triborough—spectacular successes, all the more spectacular in a city in which public works always seemed to cost the public more, not less, than anticipated.

But this was not the kind of success in which Moses, obsessed by accomplishment and power, was interested. Money—revenue, surpluses—was the key to accomplishment and power—but only if he could keep it and use it. It was of no use to him if he had to give it to bankers as fast as he got it. It was of no use to him if, as soon as he had paid off the bankers, he had to surrender control of his bridges. Money was of use to him only if, in other words, he was able to use the bridge surpluses for other purposes than bond paying and if he was able to keep control of the bridges instead of turning them over to the city. And under the law this was impossible.

But what if the law was changed?

What if, in some way, he was able to keep the money?

Madigan and others close to Robert Moses saw his supple mind coiling around the possibilities. The actuality of the money, he began to realize, was not its most significant aspect. Its potential was what mattered. The total annual income of his authorities was, by 1938, $4,500,000. This amount was not insignificant to him; it was as large as his total annual Park Department budget. But it was not as significant as $81,000,000. And $81,000,000 was the amount of forty-year, 4 percent, revenue bonds that could be floated—"capitalized" was the word in the bankers' vocabulary that Moses was learning—with an income of $4,500,000. If he was able to keep the authorities' revenues and use them to float bonds, he would be able to float $81,000,000, or $35,000,000 more than the total $46,000,000 in bonds that the three New York City bridge authorities currently had outstanding. He would have $81,000,000 to use to create dreams and power.

Much more than $81,000,000, in fact.

The multiplier factor would be increased by the proven success of his bridges. When he and Jack Madigan had originally been attempting to persuade bankers to invest in the authorities, the ability of toll bridges to attract substantial amounts of traffic had been in doubt, and the bankers had therefore demanded a coverage of 1.75 or 2.00 (anticipated earnings double that required to cover interest and amortization) and a return of 4 percent on their investment. New toll bridges were a proven commodity. Bankers might settle for a coverage of 1.5 or even 1.4 and an investment return of 3 percent or even 2.75, and any reduction in coverage or interest rates meant an increase in the amount of bonds that the authority income could capitalize. More important, if some of the money raised by the floating of new bonds was used to build new bridges on which tolls could be charged, the authorities' income would be more than $4,500,000. Since each dollar of tolls could capitalize roughly eighteen dollars in bonds, there was therefore an additional built-in multiplier factor at work: the more public works he built, the more money he would have to build still more public works. And this factor would work indefinitely—forever, possibly.

Robert Moses had built public works on a scale unmatched by any other individual in the history of America. But all the highways and parks and bridges he had built were little more than nothing next to the highways and parks and bridges that Robert Moses wanted to build. He had turned into reality his dream of a great parkway along Manhattan's shoreline, but there was still the Brooklyn shoreline, and the Staten Island. He wanted parkways there, too—a "Circumferential" or "Belt" for Brooklyn, a "Shore" for Staten Island—and he had wanted them, and been arguing for their creation, for more than ten years. He had built fifty miles of highways in the city, but there were a hundred more miles that he wanted to build. He had reshaped to his own vision an urban park system that absolutely dwarfed any other urban park system in the United States, but the parks he had created in New York were in their turn dwarfed by the parks that he dreamed of creating; it had been 1930 when he had proposed a Soundview Park and a Flushing Meadows Park and two Marine Parks and a park—the greatest of all urban waterfront parks—in Jamaica Bay, and now it was 1938 and these parks were still only proposals. Where was the Rockaway Improvement? Even those parks that he had been able to create in the city, moreover, had not been created as he wanted; he had been forced to scale them down, to use inferior materials, to compromise. As for bridges, he had built in the city three, including one that was the greatest traffic-moving machine in the history of civilization, but he wanted to build at least four more—including one even larger than Triborough.

And that was just in the city. What about the areas around it? There were parkways on Long Island, all right, but not his greatest parkway—the ocean- and bay-bordered Fire Island masterpiece. There were parks—11,000 acres of parks, the greatest state park system in the country—on Long Island but he could foresee all too clearly the day there would be so many people living in the metropolitan area that 11,000 acres would not be nearly enough. After a decade and a half of building public works, the public works he had not yet built loomed before him larger than ever.

Moreover, the chances of building them seemed to be growing steadily more remote. Only the New Deal had enabled him to make even as much of a start as he had on his plans for New York City. Now, in 1938, the New Deal well was running dry, and La Guardia was insisting with a new firmness that he stop trying to lap up the city's share all by himself. Albany was drying up, too; each year Herbert Lehman was finding it more difficult to obey the law that required him to balance the state's budget. As for the city, La Guardia may have pulled it back from the door of fiscal death, but not even La Guardia could restore it to fiscal health; the corruption that had preceded him had weakened the body politic far too seriously. Political realities, moreover, made it unlikely that health could ever be restored. Existing taxes could support an annual budget—the budget out of which the debt service for new bonds for new public works would have to be paid—of about $575,000,000, and the debt service and salaries loaded on by Tammany ate up $500,000,000 of that even before other necessary expenses were figured in. As for the so-called "capital budget," there was no leeway in that, either; the city was constantly bumping up against the state-imposed ceiling that limited its borrowing capacity to 10 percent of the total assessed valuation of real property; the city's fiscal inability to construct public works was so pronounced that by 1940 La Guardia, who had dreamed of carving out a beautiful new metropolis, would have no choice but to limit new capital spending for the year to a symbolic one dollar. Because the city was a creature of the state, city taxes could be increased and the city budget ceiling raised, only the State Legislature, and not only the Legislature's conservatism but the influence wielded within it by the city's own propertied interests, which wanted the key property taxes kept down and, to protect the bonds they held, as few new bonds as possible issued, made the Legislature as reluctant to take those steps as La Guardia was to ask it to do so; desperately anxious to reshape his city La Guardia might be, but he was not anxious enough to court political disaster by asking for new taxes. Surveying such realities, Moses could see no reasonable possibility, in any foreseeable future, of the city being able to finance his dreams. If he wanted to remake the city, it was clear, he was going to have to do the job without its money.

But if he was able to keep the authorities' revenue, keep them indefinitely, he would have the money.

He would, moreover, have money he would be free to use as he chose.

Tens of millions of dollars had been placed in his hands already, of course—by Governors and Legislatures, by Mayor and Board of Estimates, by federal alphabet-agency administrators. But these had been millions hedged about by all the safeguards—the rules and regulations and established procedures, the technicalities—that had been established by generations of legislators and bureaucrats and that made it so difficult to Get Things Done.

Tens of millions of dollars had been given him to hire men, but he had been required to hire them according to civil service regulations which made it difficult for him—in most cases made it impossible for him—to hire the kind of men he wanted: the *best* men, the best engineers, the best administrators, the best ramrods, the best laborers. Under those regulations, he couldn't pay them enough to attract them to his service. He couldn't even hire whom he wanted of the men available at the salaries he *could* pay; he had to hire off civil service lists. These regulations could sometimes be circumvented, of course—no one circumvented them as cleverly as he, as was proven by the quality of his "Moses Men"—but they could be circumvented only with difficulty and delay, the delay he hated. And they could not be circumvented wholesale: the "Moses Men" were a prize cadre, but a cadre was not an army, and he was constantly raging at the quality of the main body of his troops, noncommissioned officers as well as enlisted men; once the Depression eased, civil service salary limits had made it impossible to keep loyal to his colors more than a handful of the prized seven hundred and fifty ramrods he had recruited during its depth. Civil service regulations made it impossible for him even to drive men as he wished to drive them: to drive men mercilessly you have to have threats to hold over their heads; the ultimate threat—dismissal—was all but denied him by the regulations; and dismissal for even a legitimate cause was a cumbersome and tedious procedure that had none of the efficacious effect on other workers of a snappy "Pick up your time and get out" from Art Howland or Earle Andrews. Civil service regulations had prevented him from using his men flexibly and efficiently; because he had to hire men out of allocations for a specific upstate or Long Island park commission or the New York City Park Department, and civil service regulations required him to use an employee of a public agency only on that agency's work, it was illegal for him to assign an upstater to a city job even if he was best qualified for it. Most important, civil service regulations required him to hire men only for specific purposes approved by Legislature or Board of Estimate, and these purposes had never included the one most vital to his aims: long-range planning. For more than ten years he had been scheming, scrapping and saving to build up a "stable planning force"—without success.

But changing the law would give him one. The Legislature had placed public authorities under civil service, of course, but the power of Civil Service Commissions to enforce their edicts rested, as Moses had learned from the bitter experience of his youth, on the power to disapprove salary payments—on the commission's control of the purses out of which municipal and state agencies drew their "personal service" funds. It rested on the power of money. Let him have the money—let him keep control of the authorities' revenues—and he, this man, who had mastered the intricacies of civil service as well as any man who ever lived, would be able to devise a hundred ways to manipulate Civil Service Commission rulings to his own ends. He would be able to attract to his service the men his sharp eyes had picked out of the herd, to hire and fire them as he pleased, to provide them with material rewards huge enough to make them endure his driving and his demands and to guarantee their absolute loyalty. And he would be able to hire men not only for specific but for general purposes. He would be able to have, at last, his stable planning force. Let him keep the control of the authorities' revenues and he would be able to study transportation needs before elected local officials studied them. He would be able to determine by his own criteria which transportation facilities should be built and in which order. He would be able to determine by his own criteria *how* these facilities should be built—what their design, size and precise location should be. He would be able to translate these general plans into detailed blueprints and specifications. And then, when the time was right—when a large new state or federal grant became available, or when the public was demanding a solution to the transportation problem—he could present these plans to elected officials as the solution, a solution already engineered, already designed, already costed out, a solution feasible engineeringly and economically, a solution whose planning was already a *fait accompli*, a solution that awaited only their approval for implementation, a solution for which, in many cases, money—the money of his public authorities—was already available. What official would then be willing to risk public antagonism by withholding that approval?

And if an official did dare to suggest an alternative, what good would it do him? The city possessed neither an engineering corps capable of planning large-scale public works nor money to hire in sufficient numbers engineers who did possess such capability. For that matter, the city had no money to build an alternate large-scale public work if it wanted to. It would be dependent upon the federal government or upon Moses' authorities to provide the cash. Federal money might well be lost by the delay additional studies would entail; as for the authorities' money, cross the man who was offering it and he might (bearing in mind that the man was Robert Moses, he probably would) withdraw the offer, and the official then could be accused of having cost the city a great public improvement. Let Moses keep control of the authorities' revenues and there would be no more nonsense about the Mayor or the Board of Estimates studying alternate routes for a highway or alternate locations for a bridgehead or alternate methods—mass transportation instead of highways, for example—of solving transportation problems. In the fields he had chosen for his own, the city would have to build public works where and how he chose.

Additional tens of millions of dollars had been given to him for non-salary items—construction costs, mainly—but he had been allowed little leeway in the spending of that money either. Much of it he had to give to contractors—under strict regulations which not only required him to award contracts to the lowest qualified bidders, thereby preventing him from making awards to firms he personally favored, but also set many conditions designed for economy, a saving of taxpayers' money, rather than for the speed he wanted; strict restrictions on overtime had been especially irritating to this supreme ramrod, this archetypal top sergeant, who wanted his projects driven forward around the clock.

Allocations directly to his agencies allowed him even less leeway; such appropriations were made "line by line" for specific items. And members of the Legislature or Board of Estimates—accountable to the voters and therefore anxious not to make any appropriations that appeared to waste their money (and anxious as well not to let Moses further expand his empire)—resisted especially making any appropriations to him for the PR items which would seem blatantly wasteful to taxpayers but which Moses knew were vital to Getting Things Done: the printing of impressive, persuasive brochures and pamphlets, the creation of large-scale dioramas and scale models ("It never ceases to amaze me how you can talk and talk and talk to some guy about something you've got in mind, and he isn't very impressed, and then you bring in a beautiful picture of it or, better yet, a scale model with the bridge all in white and the water nice and blue, see, and you can see his eyes light up," Jack Madigan says); the hiring of public relations men to visit publishers, editors, reporters and radio commentators as well as nonmedia influentials, sell them on a project in advance, escort them on pre-opening limousine or yacht tours, leak them information that would place Moses' views in a favorable light (and his opponents' views in an unfavorable light); the rental of the necessary limousines; the hiring of the "bloodhounds" to dig up facts about an opponent that could induce him to cease his opposition, or, should he prove stubborn, could be leaked into print to discredit him; and, especially important to Moses because it gave him a chance to exercise his matchless charm as host, the laying on of hospitality—intimate luncheons for key individuals or lavish buffet luncheons for influentials by the hundreds—at which he could drape a big arm over a recalcitrant borough president's shoulders and use the glow induced by good food and fine wine to win him to his cause. He had, of course, used his ingenuity, and his skill at circumvention of the spirit if not the letter of the law, to publish brochures, hire public relations men, purchase limousines and host luncheons in the past. But he had never had enough money to do all this as lavishly and effectively as he wanted. But let him keep the authorities' revenues and he would have enough.

Changing the law might give him more than money. Changing the law might give him power, more power than he had ever attained before. Money itself is power, of course, but the power he was thinking about now was power of far greater dimensions.

A public authority, he had learned, possessed not only the powers of a large private corporation but some of the powers of a sovereign state: the power of eminent domain that permitted the seizure of private property, for example, and the power to establish and enforce rules and regulations for the use of its facilities that was in reality nothing less than the power to govern its domain by its own laws. The powers of a public authority were vested in the board of that authority. If there was only one member of that board in fact (as in the case of the Henry Hudson Parkway Authority: Robert Moses, Sole Member) or in practice (as in the case of the Triborough Authority, whose other members would routinely rubber-stamp Moses' actions), the powers of the authority would be vested in that member—in *him*, Robert Moses.

And there was another dimension in his thinking, too. Keen as always in discerning the potentialities for vast power in humble institutions, he had glimpsed in the institution called "public authority" a potentiality for power whose implications no one else—no one in City Hall or the Albany Statehouse for certain and, so far as research can determine, no one anywhere in the United States—had noticed, but that were exciting and immense.

Authorities could issue bonds. A bond was simply a legal agreement between its seller and its buyer. A legal agreement was, by definition, a contract. And under the Constitution of the United States, a contract was sacred. No state—and no creature of a state such as a city—could impair its obligations. No one—not Governor, not Mayor, not State Legislature, not City Board of Estimate—could interfere with its provisions. If Robert Moses could write the powers which had been vested in him into the bond contracts of his authorities, make those powers part of the agreements under which investors purchased the bonds, those powers would be his for as long as the authorities should remain in existence and he should control them. If he could keep the authorities in existence indefinitely and could keep his place at their head, he would hold those powers indefinitely—quite conceivably, until he died. The powers might have been given him by the Legislature and the Governor at the request of the Mayor and City Council, but if he embodied those powers in bonds, neither Legislature, Governor, Mayor nor City Council would ever be able to take them back.

Giving public authorities indefinite existence and such vastly expanded powers would not be easy. In proposing to give the institution substantial governmental powers and a lifespan at least of decades, possibly of centuries—in proposing to make it an institution that might endure as long as the Republic endured—Moses was in effect, whether or not he thought in such terms, proposing to create, within a democratic society based on a division of powers among three branches of government, a new, fourth branch, a branch that would, moreover, in significant respects, be independent of the other three.

The public officials whose approval was necessary would never give it. Those who were thinking men would realize that if they gave it they would be adding, without sufficient thought and consideration by themselves or by the public which should have the final say on matters of such significance, a whole new layer to urban government in America. The rest of them, concerned with power and patronage, would realize that to the extent they gave away power, they would be diminishing their own power. The key body whose approval was necessary—the Legislature that under the State Constitution alone had the power to create new authorities—had been fighting for years to keep Moses from gaining more power, from building his own empire within the state government. The Legislature would never approve the bills Moses was drafting if they understood them.

So Moses would have to keep them—and all the other officials involved—from understanding. He would have to persuade Mayor, City Council, Legislature and Governor to approve his bills before they realized what was in them.

In 1924, he had faced a similar problem—and had solved it successfully, persuading a naive assemblyman to introduce, and hostile Republican legislative leaders to accept, bills that appeared innocuous but gave the Long Island State Park Commission vast new powers. This time, however, the job would be harder. His aims now were far more ambitious, the powers which he wanted now were far broader than those he had wanted then. And in 1924, he had had the Governor on his side. Now he had no one on his side. If a single person in Albany or New York—Democrat, Republican Governor, Mayor, assemblyman, councilman, any one of the thousand sharp-eyed lawyers who prowled the Capitol and City Hall—caught even a glimpse of his true aims, and sounded the alarm, he would never be able to accomplish these aims. He had to conceal his purposes from everyone.

The safeguards included in all previous New York State legislation on authorities to limit their lifespan were the provisions setting a time limit on their bonds, a date by which each authority must redeem all its bonds, surrender control of all its facilities and go out of existence. Moses, drafting amendments to the Triborough Bridge Authority Act, knew that the Legislature would never agree to the elimination of these safeguards.

So he didn't eliminate them.

He just made them meaningless.

Right at the beginning of the original Triborough Act—in Section One, in the portion labeled "Existence"—the act said explicitly that the Triborough "board and its corporate existence shall continue only for a period of five years and thereafter until all its . . . bonds have been paid in full . . . ," a provision which when coupled with a provision setting the maximum life of the bonds at forty years, was intended to limit the maximum life of the Authority to that span. The amended Triborough Act which Moses was proposing said the same thing—in the same place, right at its beginning, in Section One.

But it also said something else. Not at its beginning and not in the portion labeled "Existence," but long, legalistic pages later, buried deep within the act, in a subdivision of Section Nine, a subdivision and a section that otsensibly had nothing to do with "Existence," there was a new sentence: The authority shall have power from time to time to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and may issue bonds partly to refund bonds then outstanding and partly for any other corporate purpose.

"He had figured out a gimmick," says Reuben A. Lazarus, drafter of the original Triborough Act and himself a master of the gimmick—and as Lazarus spoke a smile broke over his old, wrinkled face despite his attempts to conceal it, and his voice was filled with admiration, the admiration of a master of a difficult craft for a man who was more than a master. "That sentence looked so innocuous. But it changed my whole act completely With that sentence in there, he had power to issue forty-year bonds and every thirty-nine years he could call them in and issue new bonds, for another forty years. La Guardia had thought that authorities . . . would be temporary creations that would build something and then turn it over to the city and go out of existence as soon as it was paid off. But with that gimmick in there, it would never be paid off."

Never. The existence of the Triborough Authority "shall continue only until all its bonds have been paid in full," the act said. But, because of Moses' amendments, the Authority no longer had to pay its bonds in full. Every time it had enough money to pay them in full, it could instead use the money to issue new bonds in their place. The amendments meant that unless it wanted to, the Authority wouldn't ever have to turn its bridges over to the city. It might, if it so desired, be able to keep the bridges—and stay in existence—as long as the city stayed in existence.

The safeguards included in all previous New York State legislation on authorities to limit their scope were the provisions setting a limit on the amount of bonds each could have outstanding, a limit sufficient to pay only for the specific project or projects the Legislature wished it to build and nothing more. The Triborough Act contained such a provision, a clause stating that the Authority could not have outstanding more than $53,000,000—an amount sufficient only to cover its $35,000,000 share of the cost of the Triborough Bridge and the $18,000,000 cost of the Bronx-Whitestone Bridge. But Moses' gimmick made that restriction meaningless, too. For by authorizing the Authority to issue new bonds not only to pay off old ones but also for "any other corporate purpose," it was authorizing it to keep its indebtedness at $53,000,000 even though it had money available to pay off part, or even most, of that figure. If, for example, the income was high enough to pay all its carrying charges and also accumulate a surplus, which after five or ten years amounted to $20,000,000, the Authority could then call in $20,000,000 of its outstanding bonds, pay them off and therefore have only $33,000,000 outstanding. Its legislatively authorized borrowing capacity would still be $53,000,000. Its revenues would support that amount of bonds. So the Authority would have $20,000,000 of borrowing capacity. It could issue $20,000,000 in new bonds and use the proceeds of the sale for "any corporate purpose."

And what were such purposes?

The original Triborough Act had given the Authority power to build only the two bridges and their "approaches." Moses' success in persuading the PWA that approaches could mean roads leading to the bridges had greatly expanded the Authority's power.

Now he proceeded to expand it further.

The new, amended, Triborough Bridge Authority Act that Moses was proposing still said first that the Authority's powers were to build bridges and their approaches. But, in later sections, it also said some other things.

The act empowered the Authority to acquire land for and construct not only approaches but "new roads, streets, parkways or avenues connecting with the approaches," and to widen existing roads, streets, parkways or avenues connecting with those approaches. The word "connecting" was innocuous—unless one began to think closely about what it would mean if Moses expanded its definition as he had expanded the definition of "approaches." If an approach was miles long—the Queens "approach" to the Triborough Bridge, for example, was six miles long—scores of roads, streets, parkways or avenues intersected (*"connected"*) with it. Under the amended act he was proposing, the Triborough Authority would have the right to widen any or all of them. It would have the right to build a new thoroughfare that would connect with the approaches anywhere along their length. And how long could that thoroughfare be? A block? A mile? Five miles? Ten? Could it be a highway that ran clear across the city? Under the amended act he was proposing, it certainly could. And suppose he wanted to build another—third—highway, to intersect with the one he had built to intersect with the approaches? Since this new, third, road would connect with the second, and the second would connect with the approaches, why could not the third be said to connect with the first? Under a liberal definition—a definition such as Moses had long since proven himself adept at making—quite possibly it could. Quite possibly, in fact, one could say that any major thoroughfare in the city "connected" wtih any other. And if one could say that, one could say that the act that Moses was so carefully drafting would mean that the Triborough Authority could have the right to construct highways throughout the city, in many respects exactly as if it were the city government itself.

And not just highways. Another clause in the act gave the Authority power "in connection with the Whitestone Bridge project and with new or existing roads, streets, parkways and avenues connecting with such project." Under the act Moses was drafting, the Authority would be able to build parks along any highway it might construct. Since the Authority would be able to build highways throughout the city, it would be able to build parks throughout the city, too.

And not just highways and parks. Buried still deeper within the act Moses was drafting was a clause giving the Authority the right to build and operate *any* "facilities for the public not inconsistent with the use of the project." Not with the *project*. With the *use* of the project. Since the project consisted of bridges, roads and parks, why, under that clause, would it be inconsistent for the Authority to build housing nearby that would allow more members of the public the convenient use of those bridges, roads and parks? Why, for that matter, would the construction of *any* public facility be inconsistent with the use of the project? An aggressive Authority chairman, anxious to stretch the powers in the act to the limit, could well find in that phrase legal authorization to build any type of public facility he chose anywhere along the Authority's bridges, roads, streets, parkways, avenues and parks—anywhere, in fact, in the city.

And the best bill drafter in Albany set to work to make sure that, in building and operating its projects, the Authority, despite the limitations on its power by the State Legislature, would nevertheless possess powers equal to those possessed by the state—or by the city of which, in theory, the Authority was merely a creature.

Legislature and Mayor had sought to insure that the Authority would be subordinate to the city by including in the old act the provision that the City Comptroller should be the Authority's "fiscal agent." The new act included the same provision. In drafting the section entitled "Moneys of the Authority," Moses began it, in fact, with the flat statement: "All moneys of the authority from whatever source derived shall be paid to the comptroller as agent of the authority." The meaning of this sentence must have seemed clear to any legislator who read it. The definition of "fiscal agent" was well established; he was the individual empowered to receive and pay out a corporation's moneys. But later in the section, Moses added another sentence: "The moneys . . . shall be paid out on check of the Comptroller on requisition of the chairman of the authority. . . ." With that sentence added, the Comptroller, while still authorized to receive the Authority's moneys, would be able to pay them out only on Moses' requisition—would, in other words, be able to do with them only what Moses wanted him to do. He was still required to take Moses' money to the bank and deposit it there, but he was now forbidden to take the money out again without Moses' signature on the withdrawal slip. The sentence that Moses had slipped into the act meant that although the Comptroller of the City of New York would be called the Authority's agent, he would really be no more than its errand boy.

Legislature and Mayor had sought to insure that the Authority would be subordinate to the city by including in the old act the provision that the city would "own" all Triborough projects. The new act said that it did—flatly and clearly. But it also said that "the authority shall retain full jurisdiction and control over all its projects. . . ." The city might own the Triborough Bridge, but only the Triborough Bridge Authority could run it.

By the time Moses had finished drafting his amended acts, his authorities had not only all the powers of "bodies corporate" but many of the powers of "bodies politic"—including bodies politic that were sovereign states. His authorities had the right to "do all things . . . that a business corporation can do"—to sue, for example, to make contracts and bylaws, to acquire real estate and use it or lease it or dispose of it, and, of course, to issue bonds—and they had the right to do many things that private corporations could not do. They had the power to own public facilities, to require the public to pay tolls for their use and to prevent the construction of competing facilities so that the public had no choice but to pay those tolls. They had the right to govern their domain by making their own laws ("rules and regulations for the protection of" their property which "shall have the force and effect of law," with violations "triable by a city magistrate and punishable by not more than thirty days imprisonment, or by a fine of not more than fifty dollars, or both") and to maintain their own police force (hundreds of Authority "Bridge and Tunnel Officers") to enforce those laws. They could have their own great seals ("and alter the same at pleasure") and set their own statute of limitations (a private citizen suffering damages by negligence of a private corporation had three years to sue; a private citizen suffering damages by negligence of the Jones Beach State Park Authority had six months to sue). They had the sovereign power of eminent domain, and more—not only could they take a private citizen's property, they could enter the land before it was taken to make the surveys necessary to decide if they wanted to take it (never again would some Long Island farmer be able to ram a shotgun against Sidney Shapiro's chest and keep him off his land). They had, in fact, some powers that sovereign states—at least the sovereign state of New York—did not. They could let contracts without competitive bidding. Their officials could be removed only for cause; they were immune from the pleasure of the Governor.

And Moses made sure that these powers, these powers corporate and politic and, in some respects, greater than both, would be embodied, ultimately, not in the authorities but in him personally. In the case of the single-member authorities, of course, the authority *was* Robert Moses. The Triborough, Jones Beach and Bethpage authorities had three-member boards, but while their enabling acts said, "The power of such corporation shall be vested in and exercised by a majority of the members," it also said, "The board may delegate to one or more of its members . . . such powers and duties as it may deem proper."

Then Moses set to work to make sure that no one would ever be able to take those powers away.

He did it in Section Nine, Paragraphs 2 and 4, Clauses *a* through *i*. Paragraph 2 authorized the Authority to pass resolutions governing the sale of its bonds. The various clauses of Paragraph 4 said, when taken together, that the resolutions could contain provisions dealing with toll rates, Authority rules and regulations and "*any other matters, of like or different character, which in any way affect the security or protection of the bonds.*" And Paragraph 4 also said that any such resolution "shall be a part of the contract with the holders of the bonds."

Legislation can be amended or repealed. If legislators were in some future year to come to feel that they had been deceived into granting Robert Moses wider powers than they had intended—the right to keep tolls on a bridge even after the bridge was paid for, for example—they could simply revoke those powers. But a contract cannot be amended or repealed by anyone except the parties to it. Its obligations could not be impaired by anyone—not even the governing legislature of a sovereign state. Section Nine, Paragraphs 2 and 4, Clauses *a* through *i*, gave Robert Moses the right to embody in Triborough's bonds all the powers he had been given in the legislation creating Triborough. Therefore, from the moment the bonds were sold (thereby putting into effect the contract they represented), the powers he had been given in the legislation could be revoked only by the mutual consent of both Moses and the bondholders. They could not be revoked by the state that had created the Authority or by the city whose mere instrumentality it was supposed to be. If he copied into the bond resolutions the legislation giving him the right to charge whatever tolls he wished, for as long as he wished, from the moment the bonds were sold that power could never be revoked without his consent. If he copied into the bond resolutions the legislation giving him his other new, broad powers, those powers could never be revoked. The elected representatives of the state and city might have given Robert Moses those powers. But the elected representatives of the state and city would never be able to take them back.

Previously, Robert Moses had always needed what he termed "executive support." He had learned during his first great effort in public life—his attempt to reform the municipal civil service, an attempt brought to naught by his betrayal by John Purroy Mitchel—that as long as he was an appointed official, he could not accomplish great dreams without the backing of the elected official who had appointed him, and he had never allowed himself to forget that fact. His skill at bill drafting and his hold on the public imagination had gained him a unique insulation from Mayors and Governors in his daily operations, but it had still been only a chief executive who could give him the money and power necessary for the creation of giant public works.

But now he needed executive support no longer. In the fields which he had carved out for his own—transportation and recreation—the passage of his "amendments" to the authority enabling acts had given him resources of money and power independent of Governors and Mayors. Their approval was no longer required. Before Moses, the public authority had been a mere instrument of the city, a body established by the city's duly constituted, elected officials to carry out one of their decisions. His public authorities had been set up to do what they wanted done. Now his authorities would do what he wanted done.

For years, Robert Moses had sought executive power himself, hastily switching his party allegiance in 1928 when he thought he had a chance for the Democratic nomination for Governor, switching back to Republican in 1933 when he thought he had a chance for the Republican-Fusion nomination for Mayor, finally obtaining a nomination and running for Governor in 1934.

Each such clutch at executive office had been an attempt to obtain more power through normal democratic processes. After the 1934 debacle, however, it was obvious that his path to power was forever barred to him. His voter-antagonizing personality meant that he was never going to be able to obtain that supreme power which, in a democratic society, only the people can, through their votes, confer.

But now he needed that power no longer. In many ways, the amendments to the authority acts had given him, in his fields of operation, more power than he would have possessed as chief executive of state or city.

And Moses knew it. Prior to passage of the authority amendments, he had scrounged for elective office. After the passage of those amendments, he disdained it. For the next twenty years he would with regularity be approached by men prepared to back him for a gubernatorial or mayoral nomination, and he would firmly discourage them. Robert Moses was interested in money and power, and he no longer needed elective office to obtain those prizes. After the passage of his authority amendments, he had them already. With the institution he defined as "a body corporate and politic," Robert Moses had, on a broader scale, simply repeated the formula successful for him at Yale and with the Long Island State Park Commission, carving out within the state and city governments but outside those governments' traditional, formal framework a unique, independent niche. Now, thanks to his penchant—his genius—for seeing potentialities for power where no one else saw them, in the future his public authorities as well as city officials would be making vital, city-shaping decisions.

He didn't even need public opinion any more.

"That's a slender reed to lean on," Al Smith had said. Now Robert Moses had something more solid: the firm, precise, unbreakable covenants of the bond resolutions.

Robert Moses still had all his old, immense, popularity. But were he, one day, to lose that popularity, the loss would no longer be nearly as disastrous as it would have been in the past. For no one—not the people, not the people's elected representatives, not the people's courts—could change those covenants.

The institution over which Robert Moses had waved his magic wand was one uniquely suited to be the fairy princess that would bring his dreams to life. It dovetailed neatly with his philosophy and personality.

Moses was driven by the need for tangible, indisputable evidence of accomplishment and achievement—evidence such as a public improvement. He was driven by a need to build. Building—building a public improvement—was an authority's primary function; apart from operating and maintaining that improvement, its *only* function.

Moses had what amounted almost to a horror of ceasing to build; of finishing a bridge, say, and then having nothing to do thereafter but keep it clean and collect tolls on it, of being forced, as he put it, "to be a caretaker, to have nothing to do but sit around and collect nickels and dimes for the rest of my life." If an authority ceased to build, it would die; if all it did was collect tolls, the tolls would pay off its bonds and when the bonds were paid off it would have no choice but to go out of existence. Only by continually embarking on new projects—which would require new bond issues—could an authority remain viable.

Moses' vision was on a scale so grand that it transcended the tangled network of boundary lines of the 1,400 cities, boroughs, counties, townships, villages, sewer districts, fire districts, police districts, water districts in the New York metropolitan area. As he had once seen Long Island entire, now he saw the metropolitan region as a single whole, and as he had once wanted to shape the whole Island, now he wanted to shape the whole region. Of all the region's governmental institutions, only an authority could transcend those boundary lines. The jurisdiction of every one of the 1,400 governmental units ended at that unit's borders, and any attempt by one of them to initiate a development which crossed its borders was jealously—and, invariably, successfully—resisted by its neighbor. The sacred right to "home rule" could not be tampered with even by a county; only by obtaining the consent of every incorporated hamlet that would be crossed by a proposed highway could the Board of Supervisors of Nassau or Suffolk or Westchester County build one. Even the state government violated "home rule" only at its peril. Only an authority could with impunity build a project across or through several jurisdictions.

Moses' methods of Getting Things Done were dictatorial, peremptory, arbitrary, arrogant—"authoritarian," an observer addicted to puns might conclude. An official of a conventional governmental agency had difficulty in employing such methods. An official of an authority did not. Many of the restrictions which gave the public recourse from the decisions of old-line agencies did not even exist for public authorities. The symbol was the public hearing, the exemplification of everything Moses detested about normal democratic processes. Under law and custom, conventional governmental agencies could not embark on any large-scale public improvement without holding public hearings. An authority could.

Moses' methods—the methods with which he swayed politicians to his side—required secrecy. An authority gave him secrecy, for unlike the records of conventional governmental agencies, which were public, subject always to inspection, an authority's records were corporate records, as private as those of a private corporation.

Moses' image—the image he had so painstakingly cultivated—was precious to him, not only because it helped him achieve and accomplish, but because of reasons rooted in the murky depths of his personality. The image could not help being reinforced by his identification with public authorities, for public authorities had the same image.

The image was of the totally unselfish and altruistic public servant who wanted nothing for himself but the chance to serve. A key element in it was his disdain for money—a disdain which he made certain was well publicized and which was symbolized by his refusal to accept a salary for his services. Authority officials were traditionally unsalaried (the tradition had begun in England, where it had been believed that authorities would get better officials—men above politics—if they were not paid), and Moses had eagerly followed the tradition with his authorities—and had made certain that the public knew he was serving as authority chairman "without compensation."

The image was of the fearless independent above politics. The public believed authorities—entities outside the normal governmental setup, entities whose members were unsalaried and appointed to terms long enough in theory to insure their independence from politicians—to be "nonpolitical."

The image was of the relentless foe of bureaucrats, the dynamic slasher of red tape. A key rationale for the creation of authorities was their freedom from the red tape involved in old-line governmental agencies and their ability to function freely and efficiently because they were established outside the governmental bureaucracies.

The image was of the Man Who Got Things Done, who produced for the public tangible, visible, dramatic achievements. The great bridges, tunnels and piers created by authorities were tangible, highly visible monuments to their achievements.

In short, Moses had discovered a governmental institution that was not only uniquely suited to his purposes but was, in institutional terms, an embodiment of his personality, an extension of himself. "An institution," said Ralph Waldo Emerson, "is the lengthened shadow of one man." The institution named "the public authority" was, in the form it took after Moses' eyes focused on it in 1937 and 1938, the lengthened shadow of Robert Moses.

He himself seemed to understand this. His remarks and, sometimes, his published statements, reveal a striking identification of himself with authorities, which he defined as "nonpolitical" organizations headed by "unsalaried" trustees in which "the speed, flexibility and absence of red tape, traditionally associated with private industry," could be used for public purposes. Composing the introduction to a brochure—expensively bound, wide-margined, printed in full color on paper of a weight and sheen suitable for an invitation to a royal wedding—that he issued in 1941 to mark the fifth anniversary of the opening of the Triborough Bridge, he wrote:

"If I may be permitted a personal note, I would say that it has long been a cherished ambition of mine to weave together the loose strands and frayed edges of the New York metropolitan arterial tapestry. . . . The Triborough Bridge Authority has provided the warp on the metropolitan loom, the heavier threads across which the lighter ones are woven."

"The warp on the loom": the public authority, this new institution—new at least to America—at whose birth he had been present, to which he had served as prescient nursemaid and which he, more than any other individual, had raised to a maturity consonant with a major role on America's urban scene, would be the vehicle which would make his dreams come true.

A series of decisions Robert Moses took in 1937 symbolized his realization of this fact.

Two were financial. Previously, realizing that his dreams would never be funded by state and city governments, he had, through intricate and ingenious financial devices, arranged wherever possible to have revenues collected by the state commission and city department he headed paid not into state and city treasuries but into special "revolving funds" that in effect let him add them to the regular commission and department budgets. Now, in another series of maneuvers, he circumvented his circumventions—and when he had finished, the revenues of the Jones Beach parking fields no longer went to the Long Island State Park Commission but to the Jones Beach State Parkway Authority, and the revenues of the Jacob Riis Park parking field went not to the City Park Department but to the Marine Parkway Authority. He still had the money to spend—but now he could spend it through the authorities.

One was physical. Previously, he had had four offices: the State Council of Parks office at 80 Centre Street; the Long Island State Park Commission's offices at Belmont Lake State Park; 270 Broadway (the New York State Office Building), selected for its proximity to City Hall; and his nominal office in the headquarters of the New York City Park Department in the Arsenal in Central Park.

Four might have seemed adequate, but now he built a fifth, and told his aides it would be "the main office from now on." And this office was located on Randall's Island.

Geographically, Randall's Island was near the center of New York, but the water which surrounded it was a moat which separated it from the rest of the city. Moses' "amendments" to the Triborough Act made that separation more than physical. No inhabitant of the city could use the lawns or stadium or other facilities on Randall's Island—could even drive across it—without paying the Triborough Bridge Authority a tribute in coin, a tribute which Moses exacted from even the highest city officials, generally refusing to give free bridge passes even to borough presidents and sometimes, angry at La Guardia, withholding them from the Mayor. Once on the island, visitors were subject not to the city's laws but to Triborough's—Authority rules and regulations enforced by Triborough's Bridge and Tunnel Officers. Moses' decision to build his main office there was, intentionally or not, symbolic of his independence of the city.

If, moreover, Moses' authorities were becoming an independent empire, the heart's blood of that empire was money: tolls. The bulk of those tolls were collected at the huge Triborough Bridge toll plaza. If the empire had a heart, that was it. Moses built his new office in the very shadow of that toll plaza.

Not only the location of Moses' headquarters but its height was symbolic. Although the squat, gray three-story structure was built directly adjacent to the Triborough toll plaza, its roof was just enough below that plaza so that the building could not be seen by drivers on the plaza or on the bridge roadway. Although tens of thousands of drivers used the bridge day after day, year after year, none but a handful ever realized that there was an office building there. Moses' headquarters was concealed almost completely from public view.

He no longer needed the support of the city's mayor—and he wasted little time letting him know it. Exactly one month after La Guardia, on the strength of his trust in Moses' earnest representations, had assured Governor Lehman that the city was retaining ample control over Moses' authorities, thereby persuading the Governor to sign one of Moses' new authority bills, a dispute arose over the Authority's hiring practices, and Moses wrote the Mayor, "It is silly to force a court test of such a matter, but I shall have to take this up with attorneys for the bondholders and with the trustees unless the matter is adjusted."

The Mayor thought he knew how to handle so outrageous an attempt at intimidation. "Now, there is one matter I want to make absolutely clear," he replied.

"The Authority bondholders have absolutely nothing to say and have no control over purely administrative matters of the City of New York. So, don't talk about a court test on such matters or taking up anything of this nature with the Authority's attorneys or the stockholders. The Mayor establishes the policy for the City as well as the selection of the commissioners of the Authorities, and the Authority bondholders have absolutely nothing to say from the Commissioner down to the last line of attendants. You are a city official and will take matters up with the Corporation Counsel of the City of New York and not with 'attorneys for the bondholders.' "

Moses' reply was more succinct. "I think you had better read the agreements and contracts," he wrote.

As poor Trubee Davison had done years before, Fiorello La Guardia sat down, too late, to study documents drawn up by Robert Moses which he had approved because he had relied on Moses' word as to what was in them. Then he called in his legal advisers to read them.

"Well, that was the day of the great awakening," recalls Windels, who, having resigned as Corporation Counsel, had not previously seen Moses' "amendments." He and Reuben Lazarus told the Mayor that, as Windels was to put it, "of course, under the bond resolution, the Authority *did* have the power to employ its own counsel, and it had all these enormous other powers as well." The Mayor, of course, had powers, too. On some of his authorities Moses served *ex officio* because he was the City Park Commissioner. The Mayor could fire Moses as Park Commissioner, and thereby divest him simultaneously of his membership on those authorities. But this power existed in theory only; political realities made it meaningless. Remove him from the authority undertaking the Rockaway Improvement and he might use his influence with the State Legislature to have state funds cut off from the state-financed part of the project, the Atlantic Avenue grade elimination; the Legislature had agreed to finance the elimination in the first place only because he was heading both city and state agencies involved. The city had no funds to further the work itself; it would have to remain uncompleted; Atlantic Avenue, already torn up, would remain a three-mile-long stretch of rubble. La Guardia would find himself in the same untenable position in which President Roosevelt had found himself when he had attempted to oust Moses as head of another authority—that of sacrificing a great public improvement for the sake of personal revenge on a faithful and immensely popular public servant. La Guardia might, of course, attempt to make clear the fact that the issue was not personal. He might attempt to make the public understand that public authorities had been given too much power. But the Mayor was only too well aware of the futility of attempting to explain the technicalities of bond resolution contracts to an electorate that idolized the Man Who Got Things Done.

More important, while the Mayor could remove Moses from some authorities, he could not remove him from the Triborough Authority—he had no charges of specific wrongdoing to bring against him—until his term expired in three years. During those three years, Moses would still have immense powers in the city. He would still be in charge of huge public works being constructed within the city's borders. Making an open enemy of Moses would lead to an immensely embarrassing situation, a situation which, moreover, would continue to be embarrassing for what was, in political terms, a lifetime.

And these considerations combined with the others that always hamstrung La Guardia in his dealings with Moses: Moses' immense popularity; Moses' immense influence with a Governor and State Legislature from whom the Mayor constantly needed favors; Moses' ability to ram through the great public works the Mayor, as sculptor of metropolis, desperately wanted rammed through. La Guardia knew that Moses could ram them through—scandal-free and in time for the next election. With good reason, he doubted if anyone else could. The powers that the Mayor possessed over Moses' authorities in theory he did not possess in practice. Political realities gave him no choice but to allow Moses to remain at their head. And he knew it.

Moses knew it, too. After reading the bond agreements and contracts, La Guardia dropped all further discussion of the authorities' powers. Moses never raised the matter again. But thereafter he treated La Guardia not as his superior but as an equal. In the areas of transportation and recreation, Robert Moses, who had never been elected by the people of the city to any office, was henceforth to have at least as much of a voice in determining the city's future as any official the people *had* elected—including the Mayor.

AUTHORITY FOR THE SECRETARY OF THE SENATE TO RECEIVE MESSAGES FROM THE HOUSE OF REPRESENTATIVES DURING THE ADJOURNMENT OF THE SENATE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to receive messages from the House of Representatives during the adjournment of the Senate over until 10 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 10 o'clock tomorrow morning. After the two leaders or their designees have been recognized under the standing order, Mr. GRIFFIN will be recognized for not to exceed 15 minutes, after which Mr. ROBERT C. BYRD will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business of not to exceed 10 minutes, with statements therein limited to 2 minutes each.

At the conclusion of routine morning business, if the continuing resolution has been acted on by the House and is at the desk in the Senate, the Senate will proceed to consideration of that continuing resolution.

In the alternative, the Senate will take up that continuing resolution when it comes over from the House, and action will occur with respect to debate thereon and in relation to any amendments thereto. Any rollcall votes, however, will not occur prior to the hour of 2:30.

At the hour of 2:30 p.m. on tomorrow, the Senate will proceed to vote on the overriding of the President's veto of H.R. 15301, the railroad retirement bill. Under the Constitution, that vote will be by rollcall.

Immediately upon the disposition of that vote, the Senate will proceed with any other rollcall votes that have been ordered prior thereto. If the continuing resolution has not been disposed of at that time, the Senate will continue its action thereon. I think the prospects are fairly good that the Senate and the House will be able to complete their work on the continuing resolution by the close of business tomorrow evening. At least, that can be hoped for.

Several rollcall votes during the day can be anticipated.

ADJOURNMENT UNTIL 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 10 o'clock tomorrow morning.

The motion was agreed to; and at 3:29 p.m. the Senate adjourned until tomorrow, Wednesday, October 16, 1974, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate October 15, 1974:

IN THE ARMY

The Army National Guard of the United States officer named herein for appointment as a Reserve Commissioned officer of the Army under the provisions of title 10, United States Code, sections 593(a) and 3392:

To be major general

Brig. Gen. Richard A. Miller, [redacted] Adjutant General Corps.

IN THE MARINE CORPS

The following-named staff noncommissioned officer for appointment to the grade of first lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Bourgeois, John R.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 15, 1974:

DEPARTMENT OF JUSTICE

George Beall, of Maryland, to be U.S. attorney for the district of Maryland for the term of 4 years.

Johnny M. Towns, of Alabama, to be U.S. marshal for the northern district of Alabama for the term of 4 years.

Charles W. Koval, of Pennsylvania, to be U.S. marshal for the western district of Pennsylvania for the term of 4 years.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXTENSIONS OF REMARKS

INFLATIONARY IMPACT

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. ALEXANDER. Mr. Speaker, I think that every member of the American public is willing to do his part to end inflation. However, the leadership and the impetus must come from the Federal level. The new Budget Control Act establishes a procedure which should help us eliminate countless dollars in excessive Government spending every year. However, many of our rules and regulations are such that their enforcement results in passing along many hidden costs to individuals and businesses.

I recommend to my colleagues for consideration the following editorial from the Waterways Journal which deals with this subject:

[From the Waterways Journal, Oct. 5, 1974]

EDITORIAL—INFLATIONARY IMPACT

President Gerald Ford describes inflation as America's No. 1 public enemy. No one disputes the accuracy of his designation. The difficulty is how to arrest the culprit, and it seems at times that there are as many proposals as there are economists in this country. The inland waterways carriers, however, have offered some practical suggestions. Testifying last month at the President's pre-summit conference on transportation, James R. Smith, president of The American Waterways Operators, Inc., presented the views of the water carriers.

Four basic factors are responsible for inflation in the water carrier industry, Mr. Smith declared. The cost of fuel has gone up 300 percent since 1972; wages and the cost of materials have risen; the cost of money is up, and there is excessive federal regulation. The first step in meeting this situation, he emphasized, is to require that an "Inflationary Impact Statement" be submitted for all proposed governmental regulations "which may reasonably be suspected of having exceeded the bounds of a proper ratio between public needs and the ability of the economy to pay."

This proposal makes sense. Economists agree that increased productivity has a major role in halting inflation. In Mr. Smith's words, "It is the productivity per man and per dollar that moves goods from factories to consumers efficiently." The inland waterways carriers have done more than any other mode of transport to maximize their efficiency. Bigger towboats and increased tow size contribute to both fuel and cost efficiency.

Intramodal flexibility in Mr. Smith's judgment, must be encouraged so that each form of transport can serve the needs for which it is best suited. William J. Hull, president of the National Waterways Conference, Inc., also stressed this point in his annual report to the NWC's annual convention in Memphis. He declared that the era of ancient feuds between railroads and barge lines must be ended. He added:

> "The nation is no longer faced with an either-or situation with respect to bulk commodities. We will need every gondola, every hopper car and every barge and towboat for which we can muster the steel and capital to put into service in the coming years if we are to solve the grave problems that confront us with respect to energy and materials production and distribution."

Not only should there be careful scrutiny of new regulations, but existing regulations of the Environmental Protection Agency and the U.S. Coast Guard should be reviewed to evaluate their effect on inflation. "Each government regulation has its cost effect," Mr. Smith pointed out. "Every nuance of an agency directive has its inflationary effect. These increases will ultimately be passed on to the consumers of the product or service regulated."

As the AWO spokesman reminded the conference, federal agencies have virtually buried the inland waterways operators "beneath a mountain of new regulations" and all of them are expensive in manpower, costly in capital investment, wasteful of energy and inflationary.

All water resources organizations agree with the need to protect the human environment. Some of the environmental regulations are necessary and reasonable. The trouble is that many of them are needlessly stringent and add fuel to the inflation spiral. Inflation too, affects the human environment, and in a real sense many of the environmental regulations are self-defeating.

We agree with Mr. Smith that any move to curb inflation calls for a three-pronged attack by the federal agencies, the Congress and the carriers. The carriers have demonstrated their acceptance of this responsibility. Now it is up to the agencies and the Congress to do as well.

A NOBEL PRIZE TO FRIEDRICH VON HAYEK, A CHAMPION OF ECONOMIC FREEDOM

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. KEMP. Mr. Speaker, for those who look for encouraging signs in the struggle for the survival of freedom and the exercise of individual economic choice, it was indeed a bright ray this week when the announcement was made that Friedrich von Hayek had been chosen to share this year's Nobel Prize in economics.

The Swedish Royal Academy of Sciences' citation stated that he is being honored not only for his contributions to economic theory, but also for his "penetrating analysis of the interdependence of economic, social, and institutional phenomena." Perhaps the Swedish Academy is reflecting, through this award, not only a long-overdue recognition of Hayek's contributions to economic and social thought, but also their own country's rapidly rising discontent with both socialist theory and applied socialism.

What is it that we should learn from his works?

Hayek warns against the dangers of central planning and government intervention in the economy. He argues convincingly—with the full force of his extensive and acute analysis of economic history—that persistent government intervention leads, eventually but inevitably, to the total State control of life through centralized economic planning—whether it be Communist, Socialist, or Fascist.

His understanding of the institutional dynamics of interaction between man and the state—in the political framework inherent to any government—led him to conclude, in his 1944 classic work, "The Road to Serfdom," that government is tempted to intervene more in the economy to correct its own mistakes and to shore up its standing with the public than to allow the self-balancing laws of supply and demand, exercised daily in the millions of transactions between consumers and producers, to aright economic imbalances. Could there ever be a more accurate portrayal of what we are witnessing today in this country—in an effort to overcome the inflation which was produced by Government action in the first place—than that observation?

There is much more to learn from Hayek's works. He postulated in the 1931 work, "Prices and Production," that all recessions are the result of large fluctuations in the money supply, whether caused by government or private forces. This principle served as a cornerstone of the subsequent studies of the monetarist economists. That postulation is of great relevance today.

In awarding him the Nobel prize, the Academy observed:

> Perhaps partly due to this more profound analysis, he was one of the few economists who gave warning of a major economic crisis before the Great Crash came in the autumn of 1929.

His observations were right then as to what reckless Government spending and irresponsible fiscal policies would do. He predicted the crash; it came. Those spending and fiscal policies are being repeated today. We should heed his observations before it is too late.

I congratulate Professor Hayek on the receipt of his coveted award. It is an outstanding recognition of the life and works of a man whose postulation of ideas will live as long as men care to choose the instruments of freedom to those of tyranny. I personally thank him for his monumental "The Constitution of Liberty" which has played such a central role in shaping my ambition to help promote the cause of individual liberty.

REAL CONSUMER PROTECTION

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. ARCHER. Mr. Speaker, there has been much attention given this year to the problems of the consumer in American society. All of us are consumers and as consumers are hurt by the rising inflation in our country. Higher prices provide difficulties for all levels of our society. A chief cause of this inflation has been deficit spending by the Federal Government which hurts the consumer at the most vulnerable spot—the pocketbook.

Certain special interests have pushed for a federally financed and all powerful Consumer Protection Agency which would champion the interest of all consumers. In reality, it would establish a group of elite Federal bureaucrats which would have the ultimate power to determine what is "good" and what is "bad" for the consumer. The basic assumption behind this proposal is similar to the assumption behind other "Big Brother" government schemes: The individual consumer and citizen does not have the intelligence or ability to decide his or her own best interests. Recent experiences with the arbitrary regulations and bureaucratic redtape of agencies like the Occupational Safety and Health Administration and the Environmental Protection Agency should make us cautious in establishing another Federal bureaucracy no matter how noble or desirable the purpose.

The true champion of the consumer is not the advocate of a strong Consumer Protection Agency but the opponent of such a bureaucratic organization which would entangle large and small businesses in regulations and further diminish the voice of the ordinary citizen in the marketplace. The real friend and champion of the consumer are Members of Congress who vote to oppose enlarging the Federal bureaucracy at additional costs to the average taxpayer and who vote to oppose massive Federal spending which contributes to the problem of inflation.

The House of Representatives passed a Consumer Protection Agency bill earlier this session of Congress; the Senate recently failed for the fourth time to break a filibuster against the bill. I would like to enter into the RECORD an excellent editorial in the Washington Star-News of October 5, 1974, discussing the real significance of this bill:

NO DEFEAT FOR CONSUMERS

It was unfortunate, for the imagery involved, that the bill to create a federal Consumer Protection Agency had to be defeated by a filibuster instead of on the demerits of the plan. But the consumers are lucky, we expect, that the measure died in the Senate, for this was one of those well meant, simplistic proposals that could have brought more headaches than protection in the long run. It will be reborn, of course, in the next Congress, but at least some time is afforded to consider the issue apart from election-year pressures.

There is much more to it than meets the eye. This proposed new independent agency—to represent consumers' interests before other agencies and the courts—easily could become the fastest-growing arm of the federal bureaucracy. The proponents were willing to start rather small—with almost anything, in fact, to get it established. But the prospect, indeed the certainty, of growth was well known. Given the political difficulty of resisting anything that bears the label of consumerism (and this is the cause celebre of many activists), vast expansion of the agency's manpower and jurisdiction seems inevitable. Before long it could be trying to respond to every gripe in the country, and might very well become an administrative monstrosity.

Almost everything, as we've noted before, is consumer-related, and we doubt that the American public upon reflection will want to add another layer of bureaucracy large enough to deal with everyone's complaints. And who, indeed, is to define the consumers' interests, which often are in conflict? The head of this agency could emerge as the most powerful administrator in government, invested with authority to speak for everyone with one voice. And the difficulty of that was illustrated in the effort to pass the bill: Its advocates, to keep support lined up, had to exempt all labor affairs from coverage. Their concessions even included exemption of perishable commodities, reportedly to gain the vote of a New England senator concerned for the welfare of McIntosh apple growers.

Moreover, the duplication of effort by this superagency could be massive and costly. Most of the regulatory and protective agencies now in existence aren't doing all that badly in looking after the public interest, and Congress can deal with business fraud of various kinds, and threats to health and safety, through specific legislation. In fact, it already has done much of that; several dozen federal consumer protection programs now are in operation. And the country still has much cost to absorb in expensive new programs, such as environmental protection and health-care improvement, which aren't fully appreciated as yet.

The point is that such an all-inclusive proposition should not be accepted, unanalytically, simply because it carries the consumerist tag. For the average citizen, the ultimate cost of such an agency might outweigh any pocketbook benefits it would produce.

PROTEST AGAINST NEO-NAZI PROGRAM ON PUBLIC TELEVISION STATION

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. EILBERG. Mr. Speaker, on September 11, the public television station which serves my district in Philadelphia, WHYY–TV, channel 12, presented a program produced by the National Socialist White People's Party.

As a result of this presentation the station received a great many letters of protest and many other public statements about the program were issued. On October 7, I placed in the RECORD the comments of the Antidefamation League of B'nai B'rith.

Because this argument centers on one of our basic principles of our democracy, the right of free speech, I believe both parties must be heard. For this reason I now insert into the RECORD the response to these complaints by Warren A. Kraetzer, executive vice president and general manager of WHYY–TV:

RESPONSE TO COMPLAINTS BY WARREN A. KRAETZER

I am deeply concerned that our recent (September 11) TAKE 12 program occasioned not only your letter of protest by the appearance of the National Socialist White People's Party but also your stated intent not to be supportive of Channel 12 in the future.

Therefore, I trust that you will give me the opportunity to outline the purposes and guidelines of TAKE 12 since its inception in June 1973. TAKE 12 is a community or free access program series that makes available, upon request, air time and facilities to any non-profit agency, group or organization that observes the following groundrules:

Will not use profane, obscene or vulgar language.

Will not engage in personal attack.

Will not incite to riot.

Will not solicit funds.

During the past sixteen months several hundred community groups have appeared on TAKE 12, some of which espoused unpopular or controversial ideas. These kinds of programs are broadcast on Channel 12 not to be a platform for acceptance but rather to create an awareness of the divergent views held by others in our community.

It is my belief that our free society is strengthened by the exposure of ideas and ideologies no matter how repugnant and abhorrent they may be. TAKE 12 is a mirror of what our community is; not as we would like it to be nor as we pretend it is.

The TAKE 12 program under question was not presented arbitrarily or without a recognition of its sensitive nature but rather with the considered judgment that the views of this splinter group will be discredited and repudiated by the people who saw and heard it.

Not as a defense but rather as a supportive view, may I commend for your reading a copy of the editorial which appeared in the *Jewish Exponent* on September 20 as it related to this particular program.

Please be assured that we at Channel 12 are not unmindful of your views or concerns about our programs. However, we do hope that as you consider the broad range of our programming over the years, you will recognize that Channel 12 has demonstrated continued fairness and integrity in its program service for children and adults alike.

We further hope that you will continue to support Channel 12 and thereby give us your confidence and understanding of the difficult road that leads to a truly strong and free society.

Sincerely,

WARREN A. KRAETZER.

[From the Jewish Exponent, Sept. 20, 1974]

NOT EASY TO BE FREE

One who would be free, who would help to shape a free society, has not chosen an easy path.

The libertarian view of a free press is one that subscribes to a "marketplace" in which good ideas and bad ideas, noble ideas and petty ideas, righteous ideas and ignominious ideas vie for public attention. The libertarian contends that rational men, provided access to all ideas, will ultimately arrive at "truth."

This First Amendment argument was amended later by Supreme Court Justice Oliver Wendell Holmes, who admonished that one does not shout "Fire!" in a crowded theater and plead the defense of freedom of speech.

Channel 12's "Take 12" program, dedicated to providing minority points of view with access to the airwaves, recently telecast a program by the American Nazi party. It was blatantly anti-Semitic and anti-Black. It was dedicated to hate.

What applies here—the First Amendment or Justice Holmes' addenda? It is not easy to be free.

STATEMENT OF REPRESENTATIVE BARBARA JORDAN

HON. BARBARA JORDAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Ms. JORDAN. Mr. Speaker, due to an unavoidable absence on Thursday, October 10, 1974, I was unable to vote on seven separate rollcall votes taken by the House of Representatives. Had I been present and voting, I would have cast the following votes:

ROLLCALL VOTES

ROLL NUMBER, ITEM, HOUSE VOTE, AND JORDAN VOTE

600. Conference Report on S. 3792, Export Administration Act amendments. 333–43. Yes.

601. Passage of H.R. 17027, to amend the National Visitor's Center Facilities Act of 1968. 198–159. Yes.

602. A motion to strike section 6 of the conference report to accompany H.R. 8193, Energy Transportation Security Act. 95–261. No.

603. Conference report on H.R. 8193, the Energy Transportation Security Act. 219–140. Yes.

604. A committee amendment to section 10, S. 1296, relating to the lands placed in trust for the Havasupai Indians. 180–147. Yes.

605. An amendment to H.R. 15888 that sought to delete language that authorizes the chairman of the corporation to request funds to restore the capital reserve fund. 146–165. No.

606. Passage of H.R. 15888, to establish a District of Columbia Development and Finance Corporation. 116–191. No.

PAUL G. HOFFMAN

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. FRASER. Mr. Speaker, the death of Paul Hoffman at 83 early this week is cause for reflection by all of us on the greatness of this man who exemplified so much that is good in the character of the American people. He was the perfect example of the conscientious businessman—turned—public servant. His career spanned more than a half century during which he was president of the Studebaker Corp., administrator of the Marshall plan, and administrator of the U.N. development program. He was above partisan politics and his admirers were as numerous in one political party as in the other. A measure of the high estimation in which he was held was a question asked in 1948 by Dwight Eisenhower: "How do we elect Paul Hoffman president of the United States?" Paul Hoffman embodied equal components of humanitarianism, pragmatism, unselfishness, and American optimism.

An editorial in the New York Times of October 9, described Hoffman as "an exponent of all that is best in the American tradition." I insert full text of the editorial at this point in the RECORD.

"FREE AND UNAFRAID"

Paul G. Hoffman was an exuberant exponent of all that is best in the American tradition. A highly successful salesman and corporate executive, he never lost night of the reality that "free enterprise" was viable only to the extent that it genuinely served the interests of human freedom and social responsibility.

This conception of America's role illumed Mr. Hoffman's monumental achievements as administrator of the Marshall Plan after World War II, the most ambitious program ever undertaken, by any victorious nation to rebuild the shattered economies, hopes and spirits of war-devastated countries overseas.

He superintended the spending of $13 billion in European aid, with full knowledge that the greater, the success of his efforts, the more effectively the beneficiaries could compete with United States industry in the global struggle for markets. In the process he accomplished more than arms ever could to keep totalitarianism of left or right from triumphing on the ashes left by Hitler and Mussolini.

The same spirit marked his thirteen years as chief of development programs for the United Nations. The frustrations others had felt never tempered either his enthusiasm or his ability to infuse his hard-headed brand of endeavor into even the most stolid or obstructionist of his client states. The $3.4 billion in U.N. aid he distributed served as seed money for vastly greater outlays in upbuilding underdeveloped nations and expanding opportunities for their people.

When the sterile anti-Communist virus of McCarthyism undermined the Bill of Rights in the nineteen-fifties, Mr. Hoffman stood unshaken in constancy to the real underpinnings of the American way. He moved from presidency of the Ford Foundation to chairmanship of its crusading Fund for the Republic. In a 1956 speech to an American Legion post, he summed up the fund's purposes in a sentence that also summed up his life: "We are trying to help keep this Republic free and strong so that it can give a demonstration to all the world of a free and unafraid society at work."

THE NEED FOR A FEDERAL PRESENCE IN BOSTON

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. BADILLO. Mr. Speaker, I was deeply distressed by the failure of Federal District Judge Arthur Garrity to fulfill Boston Mayor Kevin White's request for Federal marshals to maintain the peace and to aid in implementing the court-ordered busing of students in the troubled New England city. Even more distressing is the rather cavalier attitude assumed by the President in furnishing tacit support for the primary instigators of the violence by publicly expressing his agreement with their cause.

The able and dedicated Mayor White has indicated that he is unable to actively pursue the implementation of school integration plans until such time as his city receives Federal aid in guaranteeing the safety of the schoolchildren. Just this morning there were reports of renewed violence in some of the Boston schools—an all too familiar story in recent weeks. Tragically, the Federal Government has turned a deaf ear to Mayor White's pleas for U.S. Government personnel to aid in maintaining the order and in properly safeguarding Boston schoolchildren and lives and property in the unsettled areas. Many of us have witnessed on television the brutal beating of a parent who was concerned over his child's safety and of news media personnel. Black children and parents are endangering their very lives in a courageous effort to secure equal educational opportunities yet the Federal Government stands mute in the face of prolonged violence in the streets.

Mr. Speaker, regardless of the President's personal views on the issue of busing he must now come to the realization that he no longer represents just the views of the people of Michigan's Fifth Congressional District but those of the entire Nation. He has an obligation to insure that the laws of the land are fully and properly implemented and that the rights of all citizens are upheld and protected. Mr. Ford's hope that the law would be respected rings hollow, and affirmative steps must be taken to furnish the aid and protection eagerly sought by Mayor White. Fortunately, a major tragedy has so far been averted in Boston but there is no guarantee how long this will last in the absence of a Federal presence in the city. I urge, therefore, that the President take prompt and effective action, in cooperation with Mayor White and his administration, to furnish necessary protection with Federal force.

FULL EMPLOYMENT AND MORALITY, JUSTICE, AND EQUITY

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. HAWKINS. Mr. Speaker, the twin evils of massive unemployment and galloping inflation tend to destroy the moral fiber of this great Nation. The Equal Opportunity and Full Employment Act seeks to attack those problems. The bill, which I am privileged to coauthor with the distinguished gentleman from Wisconsin (Mr. REUSS) and which over 60 of our colleagues have joined me in cosponsoring, would establish a national policy and nationwide machinery for guaranteeing to all adult Americans willing and able to work the availability of equal opportunity for useful and rewarding employment.

I am troubled, however, Mr. Speaker, by a disturbing tendency of some public figures to assess the Nation's social and economic health solely in statistical terms—an arbitrarily tolerable unemployment rate of, for example, 6 percent, or the growth rate of our gross national product. This exclusive approach disregards the devastation which unemployment wroughts upon the individual in human terms—to be unemployed is to be regarded as a superfluous person, an unconscionable condition. I urge my colleagues to regard inflation and unemployment, not only in statistical terms, but within the dimensions of morality, justice, and equity.

For example, the administration proposes that temporary public service jobs would go to those persons who have already demonstrated a stable work history. The administration would also accept a level of unemployment of a narrowly defined labor force. Such policies fail to adequately consider the major casualties of the war against inflation in the development of national policy. I regard these policies, without regard to those who bear the brunt of inflation and unemployment, as unwise, regressive, inequitable, and against the national interest.

In developing national policy, we should consider the advances of the poorest of our national population, not simply the needs of a relative minority which has already demonstrated its ability to withstand the ravages of inflation and unemployment. National manpower policy should be directed toward providing for the basic human needs of all of its people, including the least advantaged. National policy should be geared toward narrowing in the increasingly large income gaps which are developing between the poor, middle class, and the wealthy.

In conclusion, Mr. Speaker, I urge that, in the development of social policy for this Nation, we remain ever vigilant to the potential for unwittingly adopting regressive, Calvinist attitudes. The poor need not always be with us. Their condition shall and must be improved. We can do so, however, only by rejecting the idea that a given level of unemployment is tolerable. We can do so by rejecting the view that only those who have held jobs for a given period of time shall be assisted in public employment programs. These views are counterproductive and inhuman. They weaken the fabric of America and are not in our national interest.

CONGRESSMAN WILLIAM MOORHEAD ON MASS TRANSIT

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. FRENZEL. Mr. Speaker, I insert, and invite the attention of my colleagues to an article in the October issue of Mass Transit by Congressman BILL MOORHEAD, chairman of the Joint Economic Committee's Subcommittee on Mass Transit.

BILL MOORHEAD brings fresh air and sunlight to a subject clouded by conventional, and often spurious, wisdom generated by the interest groups who run the unattractive and inefficient systems in our population centers. The Moorhead concepts of decisionmaking based on sound data, and of leadership incentives, are heresy to the vested interests, but will make great sense to the people.

I believe BILL MOORHEAD is one of the few straight thinkers in Congress on mass transit. I applaud his thinking, his article, and his bill.

NEEDED: A POLICY AND PRIORITY FOR TRANSIT

(By WILLIAM S. MOORHEAD)

Many of us in the Congress who have long advocated a greater Federal commitment to urban mass transportation services have been extremely heartened by the tremendous interest in public transportation this year. The energy crisis, among other factors, has precipitated an unprecedented commitment to improving urban mass transportation services; a commitment which has long been overdue. New voices of support have become conspicuous both within the Congress and the Nixon Administration.

Justifications for developing more balanced urban transportation services are manifold. Most recently Americans have become aware of the enormous dependence on mass transportation services. Similarly, damage to air quality and time consuming traffic congestion are minimized by shifting automobile drivers to public transportation services. Finally, we cannot ignore the obligation to provide transportation services to the poor, the aged, and the handicapped who cannot transport themselves. Hopefully, we have reached the point where urban mass transportation services will receive the type of federal assistance reserved, in the past, for the stronger highway interests.

At the same time, however, that we need expanded mass transportation programs and increased dollar commitments, we must evaluate program performance more carefully so that we can assure that American taxpayers are getting the most for their federal transportation dollars. In recent hearings before the Urban Affairs Subcommittee of the Joint Economic Committee, it has become clear that our urban transportation programs have not been as successful as we would like. Ridership has declined, deficits have soared and, most important, the overall quality of service has disappointed many. While these developments are due partially to insufficient funding and partially to population and income shifts, they also result from poorly defined and shifting national transportation policy. In fact, testimony by Administration officials before my subcommittee has indicated a reluctance to develop any national transportation policy, much less one that incorporates clear objectives, strong incentives for performance and provisions for more effective program evaluation. In my opinion, a national transportation policy is essential if we are to improve the effectiveness of our urban transportation expenditures.

POLICY CONFLICTS

As part of this policy, we must begin to evaluate urban transportation expenditures on the basis of what we are trying to accomplish with this money. Modal conflicts, which have dominated past discussions, must be put aside, so that we may begin to focus policy on our overall objective of transporting people with the minimum of social, economic, energy and environmental costs. For example, the benefits of shifting an automobile driver to a car pool or an automobile driver to public transportation are quite similar. Both improve energy consumption, both improve environmental quality and both reduce traffic congestion. Similarly, if we want to reduce peak hour automobile useage, staggered work hours, car-pooling and other non-public transportation strategies will complement the effectiveness of improved public transportation services. This is not to minimize the importance of public transportation. Quite the contrary, it is the key to all energy conservation, environmental preservation, and congestion reduction strategies in our urban areas. However, we must point out that a broad range of strategies can complement and enhance the effectiveness of urban mass transportation expenditures.

As a first step toward the development of a national transportation policy, I have suggested that the formula for distributing Federal transportation assistance incorporate incentives for shifting people from private automobiles to public transportation. Such a formula would allocate transportation assistance on the basis of the percentage of daily person trips carried by public transportation in an urbanized area, or the market share of total trips carried by public transportation. This formula clearly provides incentives for attracting automobile drivers to public transportation, rather than incentives just to increase transit body counts or total miles traveled.

A transit system which attracted new riders from their automobiles would receive greater federal assistance per rider than a system that attracted people who had walked previously. Since it is more costly to attract automobile drivers than walkers, federal assistance would be more consistent with the costs of attracting new riders to public transportation. This very simple formula will provide incentives to cities to consider a broad range of strategies to increase their market share, and thus increase the effectiveness of their urban transportation expendiutres. At the very least, cities will begin to consider how they can most effectively attract automobile drivers to public transportation services.

In addition to providing incentives for improving public transportation's market share, Federal transportation legislation should incorporate guarantees that the transit needs of the poor, elderly and handicapped are considered. Testimony in the Joint Economics Committee hearings suggested that in the past, we have not been as successful in serving these groups as is necessary. I have proposed legislation authorizing a demonstration grant to examine the feasibility and advisability of fare-free mass transportation coupons for the poor, the elderly and the handicapped.

Such a program, would at the very least, make transportation services financially accessible to disadvantaged groups in the population. I would also have the Secretary of the Department of Transportation prepare other proposals he feels would aid in the implementation of our national goal to provide public transportation services to these disadvantaged groups.

INCENTIVES FUND

Finally, it is my opinion, that Federal Transportation legislation should include specific incentives for improving the efficiency and cost-effectiveness of transportation services. The legislation I have proposed will make $400 million available annually, beginning in 1977, for a Mass Transportation Performance Incentive Fund.

This fund will be distributed by the Secretary to those urbanized areas which produce results which compare favorably with the national averages for cost and efficiency I have suggested that cost per passenger carried may be one measure of cost-effectiveness, but have asked that the Secretary develop specific criteria to allocate the performance incentive fund.

In summary, it is essential that urban mass transportation legislation incorporate:

strong incentives to attract automobile drivers to public transportation services through a broad range of strategies;

guarantees that the needs for mobility of the poor, the elderly and the handicapped be met by mass transportation expenditures; and

clear incentives for the development of efficient and cost-effective strategies to attract riders to public transportation. If these three elements can be incorporated in urban mass transportation legislation, it would be a strong first step in the direction of effective public transportation services for decades to come.

JEFFERSON'S 200TH ANNIVERSARY

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. BYRON. Mr. Speaker, this month "Jefferson Town" celebrates its 200th anniversary, commemorating its founding in 1774, the year the struggle for independence for this Nation from Great Britain began, and 2 years before the Declaration of Independence was drafted, recognizing the United States of America.

Jefferson is a town of 1,000 people nestled in the Middletown Valley between Frederick and Harpers Ferry, W. Va. It was, for many years, a stopoff for travelers on the main route, north and south.

In recognition of this historic occassion I submit to you a poem by Folger McKinsey, the Bentztown Bard. The poetry was reprinted in a special supplement of the Frederick Newspost and best sums up the reasons why Jefferson has survived 200 years and will survive 200 years hence.

The poem follows:

THE BENTZTOWN BARD

Jefferson sits by the ancient road
Where teamsters passed with a six-horse load,
Where all the travel of valley and pike
Came through till you never saw the like—
Bell teams traveling to Fredericktown,
Passenger coaches, bearing down
In lofty elegance, wearing upon
Their hames and collars the morning sun.

Jefferson, clean and sweet and prim,
Here at the Middletown valley's rim,
Lives her life in a gentle way,
Smiling as sweet as the lips of May,
Clean and orderly, swept and neat,
Gracious homes on her old Main Street,
Hills around her, and miles and miles
Of farming richness where beauty smiles.

She heard the guns at Crampton's gap,
But never a bullet fell in her lap.
She saw the troops of that elder day
Come and go—it's so far away—
And now she is beauty in placid rest
With the flowers of May upon her breast,
And birds and children and elfin dreams,
And the nearby voice of Catoctin streams.

FOLGER MCKINSEY,
(Known as the Bentztown Bard).

NIX ATTACKS INFLATION OF MILK PRICES, DAIRIES EXEMPT FROM ANTITRUST LAWS

HON. ROBERT N. C. NIX

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. NIX. Mr. Speaker, one of the issues that the President neglected in his recent address to the Congress is the exemption under our antitrust laws for dairy cooperatives which empowers people in this industry to arbitrarily set the price of milk nationwide.

This exemption was written into law during the depression. No person, no industry, should have the power to set the price of dairy products while ignoring the free market. A monopoly in milk subjects every family in this country, every child, to the whim and greed of the milk manipulators.

When there is no competition in the marketplace, the only limit on the price for this necessity is the greed of the milk monopoly. The goodwill of the dairy industry with its vast economic and political power is not protection enough for American families.

It is time for a change. Inflation is a curse. But, the dairy monopoly is a curse that we have brought on ourselves. This can be changed by statute because the basis of the dairy power is by statute. The antitrust exemption for the dairy cooperatives must be repealed.

The National Association for Milk Marketing Reform, which is very active in my city under the leadership of Michael Maggio, has provided evidence for us to begin the fight against this vicious monopoly. I want to thank them for their leadership and work and promise them that I will, as one Congressman, dedicate myself to ending the power of the milk monopoly.

CAMPAIGN REFORM DOES NOT MAKE HONEST ELECTIONS A REALITY

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. RARICK. Mr. Speaker, the Presidential signing of the campaign reform bill is hoped by many to signal "honest elections" for years to come. Unfortunately, precisely the opposite may prove to be true.

The removal of financial contributions from political contests does not necessarily "clean up the election process." Powerful pressure groups, using their political muscle alone, or in combination with other special interest organizations, are able to determine the outcome on elections anywhere in the country. A prime example of how the AFL–CIO's Committee on Political Education—COPE—is working toward making George Meany's demand for a veto-proof Congress a reality was seen recently in my defeat for reelection. Richard Cotten, radio broadcaster and editor of Conservative Viewpoint, analyzed results of the September 28 Democratic primary in the Sixth Congressional District of Louisiana and came to some interesting conclusions.

The advance copy of Conservative Viewpoint follows:

RICHARD COTTEN'S CONSERVATIVE VIEWPOINT

Saturday, the 28th of September 1974, saw the culmination of the combined efforts of the ADL, the AFL–CIO, and the bought-and-paid-for black bloc vote to defeat Congressman John R. Rarick, one man who had the courage to truly represent his people on Capitol Hill.

In terms of tactics, we can all learn a little from this 6th District of Louisiana confrontation, a contest not between Congressman Rarick and the young television sports announcer selected to oppose him, but more accurately, Congressman Rarick standing alone against the combined power of Organized Labor, the Anti-Defamation League of B'Nai B'rith, the local and national media, and the black bloc vote which was quite openly bought and paid for. And despite all this august power and the manifest ability to buy and pay for the vote of any and all who considered their vote to be saleable, Congressman Rarick still carried his district—except for the concentrated black vote in East Baton Rouge where of the vote in 18 precincts alone, with a total of 10,122 votes cast for Rarick's opponent, only 128 voted for Rarick. Odds like this do not represent the will of the people in the open society that we would purport to have in the United States of America.

It is not as though Rarick's opposition was a local black folk-hero of the black community, he was just as alien to the black community as Rarick, but with the backing of the local newspapers, television, radio, labor, and the Negro leaders, a 29-year-old television sports announcer was able to receive a bloc vote that smacks of "new" day miracles.

The election was lost by less than 4,000 votes with 117,000 plus votes cast all told. And yet in this one select section, embracing two wards out of three wards, Congressman Rarick's defeat was assured by the bought-and-paid-for bloc vote of the federally registered black voters. Even this tactic would not have succeeded except for the pre-election purge of 5,600 names from the voting rolls, in the remaining ward which just happened to be a Rarick stronghold. Mysteriously they simply never "got around" to purging the rolls in these two crucial wards where this organized black bloc vote was able to separate Rarick from his people.

Looking back it would appear a miracle that John Rarick was able to get elected in the first place. He ran in opposition to the vastly powerful James H. Morrison who, with a seemingly limitless supply of money, much openly admitted to be from the postal employees coffers, was running for his thirteenth term, having served for twenty-four consecutive years. John Rarick won this election handily, with nothing but small contributions, and volunteer work from his "little people."

Succeeding election campaigns were always contests between John Rarick, standing on his own, supported by volunteers and a very limited budget, against the entrenched powers, a controlled press, radio and television. And still he won, despite the most blatant gerrymandering of his district in repeated attempts to make his reelection impossible. But all that transpired in the previous three bids for reelection pale into insignificance as compared with the organized orchestration that assured his defeat last September.

That there were "dirty tricks" to make the Watergate Affair appear insignificant when compared. All the evidence indicates that implementing the labor bosses program, was the black vote, more than sufficient to defeat Congressman Rarick.

It would be well to brief you as to the opponent who was to receive the stolen election as though on a silver platter. We find a 29-year-old Jeffrey Dean LaCaze, born in Kansas City, Missouri and having served in the Navy as an electronic mechanic of some sort from April of 1966, until September of the year to follow. His educational background seems to consist of something less than four years in high school although there is a rumor that he had something to do with college credits in Arkansas. That is debatable.

What is not debatable is that his "claim to fame" lies in the fact that he was given remarkable coverage as the local television station sports announcer. There, as he was being groomed, he received the type of coverage that made his campaign possible. More to the point, however, his employer, Douglas Manship, not only owned the television station but also the Baton Rouge State Times and the Morning Advocate, the two daily newspapers. And he also owned the largest radio station, meaning that for all practical purposes, the media was safely in the hands of LaCaze's employer. I should say former employer, because by mutual agreement, he had stepped down from his lofty vantage point after his filing for the race had become a matter of public record.

Congressman Rarick earned the right to become the victim of George Meany's drive to establish a "veto-proof Congress." Earlier this year, Rarick was listed as a "target" of the AFL–CIO's political machine, the Committee on Political Education (COPE). A political war chest, unrivaled by any other single pressure group, was collected from the dues of union members throughout the United States to defeat the sixteen Congressmen on the "target" list. Rarick was the only Democrat considered a threat to COPE's blueprint for a rubber stamp Congress. Organized labor launched a series of drives to raise at least $40 million to take aim at its "targets," according to columnist Victor Riesel, himself a victim of power politics within organized labor.

There is every indication that business

agents streaming from union halls in the district, fanned out onto the road spent union money wherever necessary. This included buying drinks in barrooms, spreading rumors, contacting their country cousins and even buying votes directly. Young working men who could not get a days call from the union hall, were given a job at the going rate, simply to campaign for John's opponent. Much of these funds never reached John's opponent directly and so were never declared as contributions. They were for "education" of the workers.

Election day itself found organized cadres of husky blacks dressed in conspicuous uniforms of black pants, white shirts and black bow ties, maintaining road blocks and stopping the members of the black community. These crews saw to it that these people voted and took them to the polls themselves where necessary. Irregularities in the polling places were so widespread as to defy description. There were numerous instances reported in which the poll watcher did the voting.

Later in the day black "voting crews", estimated at as many as 150 blacks per crew, went from black precinct to black precinct in the closing hours and determined, with the aid of black poll watchers, who had not yet done their voting. In case after case, upon learning the name of someone who had not voted, one of the crew would qualify himself as the illiterate in question, and cast a non signature vote. Organized right down to the line, no bases left untended by the conspiracy. Typical of the results thus induced in the black voting places, were votes of 453 for LaCaze, 9 for Rarick. Other boxes revealed 589 to 6, 505 to 3, 624 to 6, 701 to 11, 413 to 2, 214 to 0, 635 to 9, 351 to 5, 447 to 10, 455 to 1, 756 to 3, 712 to 4, 1211 to 10, 785 to 4, 515 to 9, and 286 to 0! LaCaze, in thirteen boxes alone, picked up 9000 vote lead. Out of 147 boxes all told in East Baton Rouge, LaCaze led by 10,247 votes. Even with this kind of skullduggery, his final vote in the entire district was only four thousand more than Congressman Rarick, 60,570 to 56,658 to be more specific. Common sense tells us that it is inconceivable that the vote was that one-sided without the poll watchers, and the voting crews, helping with the manipulating.

It has always seemed a particular miracle to me that John has been able to be reelected in this district. Quite aside from the activities of the Labor, Jewish and Negro organizations, it simply didn't seem possible to get out enough of the vote to keep in office, in such a district. The ethnic makeup of the district as a whole is clearly over 25% black and, sorry to say, a somewhat significant white semi-illiterate. Since John would never run on a platform of what he could get for free for his constituents and since his opponents inevitably will, it has always given him a significant handicap.

On the plus side, taxpaying citizens, doctors, lawyers, lumbermen, cattlemen and what have you, in other words, the producing segment of our society, did vote for John Rarick. His opponent received the votes of the welfare state's and political prostitutes. We should view this as frightening.

There can be no question but what a "watergate type" investigation would prove that the election was stolen, not won, by LaCaze. But I don't believe we believe that the "media" is prepared to go after this "liberal" element that is doing so much to undermine the very foundations of our society. We have evidence of 100% voting in certain precincts, where the possibility of this actually happening seems non-existent. Similarly the incredibly one-sided vote that we have described in the earlier paragraphs of this letter just don't appear to be realistic. And if anyone wished to, the monies could be traced, and a flood of one hundred dollar bills inundating the community should call for an investigation but we don't really expect that, now do we?

Anyone that knows John Rarick as well as I do, knows that we have not seen the last of him. In fact, as our nation's 200th anniversary draws near there is every reason to believe that doors will open that will make it possible for him to represent Constitutionalists on an even broader basis. Because, whether the Masters of the Media would like to admit it or not, John Rarick is well on the way to becoming a folk-hero of the Constitutionalists, and there can be no question but what he will continue to serve the cause of his people across this vast nation.

For eight years we have had the advantage of John Rarick's presence on Capitol Hill, now that he is a "graduate student" from that particular vantage point, there will be new horizons to challenge him. We who have watched Congressman Rarick from the days when he was a District Judge in East and West Feliciana Parishes, know that he is the living proof of the old adage, "When the going gets tough, the tough get going." He is also living proof that "One with God is a Majority." True, his people have been taking on the color as a "Dispossessed Majority" in recent years, but pendulums do swing in both directions. What "his kind of people" recognize how the Masters of the Media, working with unassimilable minorities are altering our form of government, then there will be an overwhelming awakening.

A SALUTE TO THE JEFFERSON COUNTY HOUSING AUTHORITY

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. MURTHA. Mr. Speaker, one of the counties in the 12th Congressional District of Pennsylvania, which I have the privilege of representing in the House, is Jefferson County.

On Wednesday, October 9, 1974, the Jefferson County Housing Authority took an action which I feel is deserving recognition by all of us in the House of Representatives.

The Jefferson County Housing Authority presented a check in the amount of $2,051.91 to the Jefferson County Commissioners which represented excess funds received from rental moneys in the housing program in Jefferson County.

As you know, the housing authority is exempt under Federal law from paying Federal, State, and local taxes and did not have to pay any money to the county. The housing authority, under the direction of Mr. Charles Setree, the executive director, felt it proper to return the money to the county and borough governments.

There are few housing authorities in America that are operating in the black like the Jefferson County Housing Authority and I felt that such responsibility and administrative capability should be shared with my colleagues as an example of what can be done with housing problems when properly handled.

BELATED TRIBUTE TO PIONEER PRIEST

HON. ABRAHAM KAZEN, JR.

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. KAZEN. Mr. Speaker, last week I was pleased to call the attention of my colleagues to a ceremony in my district honoring the patriarch of American Polonia, Father Leopold Moczygemba. This sturdy pioneer priest, attracted to the new land as a missionary, was so impressed that he wrote his family and friends in Poland, attracting almost 100 families to join him. When they arrived, they held a Christmas Eve mass and found the first Polish-American settlement in Panna Maria, Tex.

Last Sunday, the Most Reverend Francis J. Furey, archbishop of San Antonio, more than 40 other priests, and hundreds of south Texas participated in a retirement of Father Moczygemba's remains near the site of that 1854 Christmas Eve mass.

Father Moczygemba's performance of his priestly duties took him back to his native land, to Rome, to other areas of our country, as detailed at the ceremony last Sunday in a stirring address by Rev. Msgr. Erwin A. Juraschek of San Antonio, president of the Polish American Priests Association. Monsignor Juraschek not only told the history of Father Moczygemba's labors but cited the inspiration of his labors and his bravery to all of us who now live in South Texas.

I am pleased to share the message of Monsignor Juraschek with my colleagues:

BELATED TRIBUTE

To this place today, we have brought our lamps, filled with the oil of hope, to the altar of the past, to touch their wicks to the eternal flames of memory and inspiration. In their growing light, we see the young priest Leopold. In full flower is the Faith which his parents planted early in his soul, even as they tilled the open plains of Poland, under skies as endless as the power of God, yet clouded over by the twin tyrannies of Prussian rule and meagre crops.

We see the young priest Leopold, schooled in Italy, ministering to the Catholics of southern Germany. And, then, his vision, his dream, illumined by the inspiring heroism of his brother Franciscans centuries earlier, remembering them then as we remember him today. Remembering them as, in the name of Christ Jesus, they trod the stubborn, vengeful soil of Texas. His dream—his vision—his Franciscan heart aflame with the inspiration of his Spanish brothers' sacrifices, so ancient even then but yet to be redeemed. A sea crossed and then a second. Not yet 28. But five years a priest. He stood at last upon the soil to which God had summoned him; to which he, in turn, would beckon the loved ones of his youth—his kin, his neighbors, the very brothers of his parents' flesh; to which, today, we return his mortal self.

They came, crossing those same seas, their hopes and dreams bounding upwards with the cresting waves. They landed, and at once learned the full price of liberty. For some, the payment was impoverishing, taking all they had, their lives. Their blood drawn from them by the yellow-fever mosquito. The warmth driven from them by the cruel, north winds of that winter 120 years ago.

From the land which had given them little, they brought little with them. A few dollars to buy land, a few belongings which could be loaded on a hand cart and pushed from Galveston to San Antonio in a three week's march. But they brought great stores of what their ancient land had given them freely, their faith in the ministrations of Christ's church, and a Christ Crucified to pray by, taken down from the walls of the only church they had ever known, carried upon waters and to a land they had never known.

On Christmas eve, they came to the virgin soil of the Rio Cibolo, of the Rio San Antonio. They called it Panna Maria. They took their cross to a high hill. Beneath a sheltering oak and under the outstretched blessing of the Moses who had called them out of the land of oppression and want, they sang the joyous songs of Christmas. That night, Panna Maria gave birth to a new people, the first of their breed, the Polish-Americans. In this New World, they would advance in grace and wisdom and be ever about their heavenly Father's business.

A chosen people, a people chosen to stand beneath a flag which had signalled the victory of Englishmen over a British king, to work beside the Indians who had found Christ under the Spanish flag, to break virgin Texas soil alongside Germans who, like themselves, had escaped the Prussian gun.

They came down from the hill that Christmas eve 120 years ago—to find shelter, to rest, to sleep, and in the coming years to subdue the soil, endure the pitiless stare of a dry and cloudless sky. They would give birth and witness birth and their grandsons and great grandsons would twice make the trip back to Europe, there to put down again and yet again the enemy they thought they had escaped forever.

Their Moses was not to see their Promised Land in the fullness of its promise. Father Leopold moved on, driven now by a new vision. Only years later would he return, briefly, to see the land, softened at last by their unrelenting sweat, yielding up its product, its plenty, its prosperity. But driven now, compelled. To San Antonio. To Galveston. To New York. As the first leader of his order in America. As a simple priest again in Rome, hearing confessions in four languages. Back again in America. In Illinois and Indiana. As president of the Polish Roman Catholic Union. In all these roles, in all these places, his thoughts and labors were shaped by a single dream, a seminary for young Polish-Americans. It opened its doors in Detroit 32 years after the first Christmas eve in Panna Maria. Four years and a few months later the doors of eternity opened and Father Leopold stepped through. Today, the soil of Panna Maria is opened anew, to receive what remains of that powerful body, driven for 63 years by that determined, priestly soul.

Our minds open to the memory of his vision. Our hearts open to the inspiration of his courage. Our hands open to the touch of his strength. We welcome him home. We welcome him as a hero, as a giant who shaped history, who brought great things into being. We cherish what he has given us. We are proud of being one with him in Faith and in blood.

Father Leopold Moczygemba beckons us even now, to yet another Promised Land. It is filled with the milk which nourishes our faithfulness to the individual destiny which God has set before each of us. It is filled with the honey which makes the yoke of Christ sweet. Father Leopold has charted our course. Once again, we prepare to leave the land of the old and familiar, clouded over by compromises with the Devil and concessions to the flesh. We take down the cross of the Crucified Christ from walls stained by the inglorious past. We follow once again, to break virgin soil, to bring forth a harvest of justice and virtue, to bring the warmth of Christ to those who suffer in the cruel, north wind.

We dare today to act bravely because he lived bravely. We resolve to endure, to dream relentlessly, because he showed us how. Through his example, he has placed greatness within our grasp. We touch our lamps to the undying torch. In their surging light, we remember. The memory moves us once again to take up the cross of Christ, to cross alien seas, to find the Promised Land which is in the soul of each of us.

Rev. Msgr. ERWIN A. JURASCHEK,
President, Polish American Priests' Association.

STATEMENT IN FAVOR OF CONFERENCE REPORT

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. ABDNOR. Mr. Speaker, today I am riding to South Dakota with the President. The President's departure schedule makes it impossible for me to remain here to cast my vote in favor of the conference report on S. 3007 which I surely would do if I could remain in the Chamber when that measure is considered. I have shared by views on this important matter with many of my colleagues, both in private conversations, and in testimony to the subcommittee which considered this issue.

I would now like to give the reasons I support this conference report to all of my colleagues, and to urge them to join me in supporting this measure:

STATEMENT

This measure presents an opportunity to right a long standing wrong and to put an end to accusations by Indian leaders that our Government does not stand by its commitments to our Indian people. Section 2 of S. 3007 would amend section 2 of the Indian Claims Commission Act to provide that expenditures by the United States for "food, rations, or provisions" shall no longer be deemed "payments" on a tribal land claim.

Although couched in terms of a general change in the law, the proposed amendment is intended to apply, and, according to data furnished by the Commission to the Committee, actually would apply, with only insignificant exceptions, exclusively to the famous Black Hills claim of the Missouri Sioux Nation. This case, which first was filed in the Court of Claims during 1923, but which today, over 50 years later, remains pending and undecided, unquestionably represents the worst example of justice delayed being justice denied in the history of American jurisprudence.

In aboriginal times, the Missouri Sioux Nation was the dominant Indian tribe on the Great Plains, using and occupying a vast area in the present States of North and South Dakota, Montana, Wyoming and Nebraska. Over the years the Sioux landholdings have been drastically reduced, until they now occupy parts of seven reservations which lie within my District in South Dakota. Of the estimated 60,000 Missiuri Sioux presently living throughout the country, approximately 30,000 are my constituents. As is the case for Indians generally, they are at the very bottom rung of the economic ladder, with poverty and unemployment rates many times the national average.

In the rapid descent of the Missouri Sioux from power and affluence to destitution, no single event played a more significant role than on Government's taking of the Black Hills pursuant to the Act of February 28, 1877 (19 Stat. at L. 254). The Indian Claims Commission, in a decision handed down earlier this year, already has determined that the 1877 Act violated the Sioux Treaty of April 29, 1868 (15 Stat. at L. 635) and thus constituted a taking of Sioux land in violation of the Fifth Amendment. A full record concerning the historic background and legal consequences of the 1877 Act has been compiled during hearings before the Subcommittee on Indian Affairs and need not be given in detail in this letter. Suffice it to say for present purposes that the taking of the Black Hills is so important not only because this country unilaterally deprived the Indians of such valuable property—7,345,157 acres inside the Great Sioux Reservation with known gold deposits of incalculable worth, plus abrogation of treaty-guaranteed off-reservation hunting rights—but more particularly because the 1877 Act marked a turning point in relations between the United States and the Missouri Sioux: the point at which the Federal Government forced the Sioux into dependency; the point at which the Sioux no longer could believe our Nation's word.

So great was the wrong, so devastating and far-reaching was the impact of the 1877 Act upon Sioux society that the Black Hills claim literally has become part of the Sioux way of life. I do not exaggerate when I say that generations of Sioux have looked to redress of that grievance as their lodestar, as the ultimate test of whether the United States in fact has changed its policies towards Indians. I need hardly add what is all too self-evident: that many of these generations have gone to their death with their hopes unrequited. Fifty years is simply too long to wait for justice. Our Government should not and, indeed, cannot afford to allow this blot upon our national honor to drag through the courts any further.

Last year's disorders at Wounded Knee may no longer be fresh in our minds. However, the rabble-rousers who fomented trouble there used as their rallying cry the Government's breach of the 1868 Sioux Treaty and the taking of the Black Hills. Such a siren song could have struck a responsive chord in the hearts of all the Missouri Sioux, and it is a tribute to this fine people that the overwhelming majority still placed their faith in the United States. I suggest that it makes good public policy as well as good fiscal policy now to take the rabble-rousers' slogans away. In short, let Congress take action to forestall a new outbreak, and not just leave the Executive and the courts to respond when a crisis already has arisen.

With these thoughts in mind, let me relate the language of the conference report before us. As is cogently pointed out in the report on S. 3007, which has been passed by the Senate:

"The United States never has paid the Sioux a cash consideration for the Black Hills land and minerals taken under the Act of February 18, 1877. Article 5 of the 1877 Act did provide, however, that the Government would furnish the Sioux 'with subsistence consisting of a ration for each individual of a pound and a half of beef (or in lieu thereof, one-half pound of bacon), one-half pound of flour, and one-half pound of corn * * * until the Indians are able to support themselves.' The Commission has determined that the furnishing of rations to the Sioux constituted a payment on the Black Hills claim within the meaning of section 2 of the Indian Claims Commission Act, and thus that the value of such rations must be deducted from the value of the land in order to arrive at the amount of just compensation due the Sioux. The Government has asserted that the United States expended almost $25 million for Sioux 'provisions' up to 1924, a figure which, if verified, would substantially wipe out the Black Hills claim.

"The facts are, as the Commission found, that the United States disarmed the Sioux and denied them their traditional hunting areas in an effort to force the sale of the Black Hills. Having violated the 1868 Treaty and having reduced the Indians to starvation, the United States should not now be in the position of saying that the rations it furnished constituted payment for the land which it took. In short, the Government committed two wrongs: first, it deprived the Sioux of their livelihood; then it deprived the Sioux of their land. What the United States gave back in rations should not be stretched to cover both wrongs."

Adoption of the conference report on S. 3007 would correct the above-described inequity by amending section 2 of the Indian Claims Commission Act to provide that "food, rations, or provisions" shall not be deemed to be payments on a land claim, and thus would insure that the Missouri Sioux will be paid the full fair market value of their property as of the taking date, February 28, 1877. In the Black Hills case—and, as previously noted, this is the only significant case affected by the pending bill—such a change in the law also would eliminate the necessity for a prolonged and expensive GSA investigation into the amount of rations furnished under the 1877 Act, and thus would move this long-delayed claim a substantial way further to a final decision. That result, I am convinced, clearly is in the interest of both the United States and the Sioux.

As far as I am aware, no opposition exists to approval of S. 3007 in principle.

In summary, the time has come, I believe, when Congress itself should act in relation to the Black Hills claim and passing the problem back to the Indian Claims Commission would be tantamount to an abdication of that responsibility. Secondly, although vesting the Commission with discretion to allow or disallow gratuities as offsets against a tribal claim has been a long-recognized practice, following that pattern clearly seems inappropriate in the Black Hills situation where the United States concededly deprived the Sioux in a single transaction of two property rights, their land and their livelihood. Lastly, authorizing the Commission to pass upon whether payments for food should be treated as payments for land will frustrate one of the basic purposes of the pending bill, the elimination of a long and expensive GSA investigation into these expenditures.

FREE CHINA

HON. JOHN E. HUNT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. HUNT. Mr. Speaker, today marks the 69d anniversary of the Republic of China. Reflecting on this day it is my hope that this pillar of freedom a few miles off the shores of the Communist mainland will remain free and strong.

In the past 25 years on the island of Taiwan, under the guidance of its symbol and President, Chiang Kai-shek, the Republic of China has developed into a great economic force in the world. The freedoms the citizens of Taiwan enjoy are unparalleled in Chinese history. Even the visitor has freedom of movement and speech. Quite unlike, Mr. Speaker, the Communist controlled mainland, with which it is still in a state of war.

It is appropriate and fitting too, to state at this time America's pledge to Taiwan, to preserve this free outpost in the Pacific against military and economic catastrophe.

On this day which has such significance for our Republic of China friends I merely say congratulations, your strength is in your freedom. With this you will survive and continue your growing role in affairs of the world.

FARM PRODUCTIVITY ABROAD

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. FRASER. Mr. Speaker, increasing agricultural production in poor countries abroad is absolutely necessary if we are to make lasting headway in combatting hunger afflicting millions of men, women, and children.

An article by Edgar Owens of the Agency for International Development stresses what can be accomplished through small farm, labor intensive agriculture. Mr. Owens was a witness at joint Foreign Affairs Subcommittee hearings last month on U.S. policy and world food needs.

Following the hearings, I introduced a resolution with bipartisan cosponsorship which deals with the world food situation. The resolution, House Resolution 1399, has been approved by the Foreign Affairs Committee and is awaiting House action. The resolution favors, among other things, vigorous efforts to increase farm productivity in poor countries through labor intensive, small farm agriculture.

Following are some excerpts from Mr. Owens' article, "World Lilliputs Hold the Answer to Famine Threat," which was published by the Washington Post October 13, 1974:

EXCERPTS FROM WORLD LILLIPUTS HOLD THE ANSWER TO FAMINE THREAT

(By Edgar Owens)

The real nature of the world food problem . . . is specifically a shortage of foodgrains—wheat, rice and corn are the most familiar to Americans. For the pitifully poor, the foodgrain of their area is two-thirds or three-fourths of their diet. Just a single food represents the difference between hunger and satisfaction for literally hundreds of millions of people. Countries can increase their production of foodgrains only by increasing yields per acre because nearly all the arable land in developing countries is already being cultivated. For this reason, food-grain productivity is the key indicator of a country's ability to grow enough food to feed its own people.

* * * * *

"Emphasis on yields per acre is relatively recent. Through 5,000 years of history, food production has been increased primarily by opening new lands for cultivation as populations gradually expanded. In recent decades, countries have begun to exhaust their supply of land. Fortunately for the world's peoples, this exhaustion happened to coincide with the explosion of agricultural science. The 'biochemical agricultural revolution'—improved seeds, fertilizer, disease and pest control—has become the route to more food through higher yields per acre.

"This shift from 'extensive' to 'intensive' farming, which began in Japan around the turn of the century, became widespread in the West during the period of World War II. During the 1930s, food-grain yields in rich and poor countries alike were low. Since the Second World War, however, yields in the rich lands have bounded upwards so rapidly that today they are 2½ times higher than in the poor countries (2,640 pounds per acre as compared to 1,135 pounds).

"Because the population of the developing lands has risen faster than their farm productivity, the countries have shifted from being food-grain exporters to food-grain importers. Before World War II, the poor countries exported 12 million tons of food-grains annually, mostly to Western Europe. In 1972, these countries imported 44 million tons of food-grains, mostly from the United States and Canada.

* * * * *

To Americans, accustomed to multi-hundred-acre farms, big tractors and a constant decline in the number of farmers, viewing the farm economy of developing countries must seem like Gulliver in the Land of Lilliput. Four-fifths of the farms in poor nations are less than 12 acres. In the very crowded countries, such as Egypt, Taiwan, Bangeladesh, Indonesia, as well as rich Japan, the average farm is as little 2 or 3 acres, hardly a cabbage patch to an American farmer. Clearly the big tractors and combines which, to Gulliver, are synonymous with modern agriculture in his own country do not fit the Lilliputian farms of the developing world.

"Further, there are seemingly endless numbers of farmers cultivating these tiny plots. In relative terms, the poor countries have 50 or 75, even as many as 100, times as many farmers as the United States. It it possible to organize a high productivity agriculture in Lilliput?

"The world food problem is really a problem of political will, or rather the lack of it, in all but a handful of developing countries. In most developing countries, agricultural advance has been concentrated on their own Gullivers. In Mexico, for example, only 3 per cent of the farms—large, mechanized and irrigated—account for four-fifths of the increase in agricultural production. The one-sixth of Mexico's farmers who cultivate them are prospering, but half of Mexico's farmers actually have less money today than in 1950. These poor farmers, also continue to have a baby a year, for among the pitifully poor there still lingers the notion that more hands mean more work—and therefore more food.

Mexico's "dual farm economy," a handful of Gullivers and a multitude of rapidly multiplying Lilliputians, is alas, the common pattern throughout the developing world. The Gullivers often are as productive as farmers in the rich countries. But the combination of the two groups adds up to mediocre national performance—Mexico's food-grain yields of Egypt and Taiwan—and the threat of hunger.

"The place to look is Japan, Egypt, Taiwan and, to a lesser extent, South Korea, the four countries that have found a way to combine microscopic farms and a superabundance of farmers with a modern science-based agriculture in which both the productivity and incomes of 2-acre farmers rise.

"Such a system is known as "small-farm, labor-intensive" agriculture.

"As compared to American farming, small farm systems rely relatively much more on agricultural chemicals, such as fertilizer, as the means of increasing output and on farming techniques, or "cultural practices," many of them carried out by hand. The reason the small Egyptian or Taiwanese farms can usually outcompete the American farmer on a per-acre basis is that the farmer on a small farm works harder and longer on each of his acres.

"The improbable feature of small farm systems to Americans is the use of small-sized farm machinery and tools to supplement human effort, not replace it, to increase the amount of work farmers can do rather than drive them off the land. It is this concept of mechanization which explains the extraordinary number of hard-working farmers on the tiny plots of Egypt and Taiwan.

"Egypt and Taiwan have combined this unusual use of farm machinery with land reform, protection of their tenant farmers, cooperatives that work, high taxes to finance the cost of rural public investment, integrity in public administration and the accounting of farmers' funds and other activities which make up what the experts call "rural development."

"It is this emphasis on the non-technological issues of agricultural advance that separate Egypt and Taiwan from other developing countries. These are precisely the issues that are politically sensitive. But experience tells us that without legal protection and strong local institutions there can be neither equity nor high productivity in agricultural development. Without legal protection, small farmers will continue to be exploited in traditional ways by the Gullivers of their country. Without strong local institutions, 2-acre farmers will not get their 2-acre share of credit and fertilizer and access to the market to sell the increased production which fertilizer makes possible.

* * * * *

"The complex problem of small farm development, and whether and how the United States might be able to help, was clearly recognized a year ago by the House Foreign Affairs Committee.

With remarkably little notice by the press and the public, the committee initiated, and the Congress passed, the most significant policy change in the history of the always controversial "foreign aid" program. Future foreign aid, said the Congress, is to be aimed directly at the people Congress described as the "poorest majority," the hundreds of millions of villagers and urban slum dwellers whom Americans have always wanted to be the beneficiaries of American help. Most of the "poorest majority," more than half the total population of the developing countries, are small farmers. The Congress disdained Gulliver-like "made in America" solutions to the problems of Lilliput and endorsed the concentration of American help in those countries, and there are some, where the problems of the "poorest majority" are being recognized.

"The November World Food Conference in Rome provides an excellent opportunity to show that we are trying to understand the food/population problem and want others to understand it, too."

GENOCIDE IN BOSTON

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. RARICK. Mr. Speaker, the tragic busing in Boston has forced national attention on the parents of schoolchildren in the area, but has done little to explain the frustrations of those parents, mainly of Irish or Negro extraction, in forced busing of the children to achieve racial balance.

Even the international one-worlders at the United Nations condemned as genocide the "forced transfer of children to another human group" for the expressed purpose of destroying the identity of the children.

The act of busing schoolchildren for the express purpose of achieving racial balance comes precisely within the intent of the international crime of genocide. For busing is being required or manipulated "to destroy in whole or in part" cultural differences by intermixing different races as well as national origins to achieve the announced goal of overcoming racial identity in schoolchildren, an unnatural racial balance.

The liberal's fascist iron fist is showing again in Boston. Let Americans awaken lest they be denied immortality through their children. While I am not and never have been an advocate of or supporter of the United Nations movement, I do feel that our colleagues might find of interest the record of the United Nations General Assembly debates on the Greek Amendments to the Genocide Treaty, which culminated as article II (e) to include "forced transfer of children to another human group" under the definition of the crime of genocide.

I include the U.N. debates following my remarks:

UNITED NATIONS GENERAL ASSEMBLY, THIRD SESSION, SIXTH COMMITTEE, SUMMARY RECORD OF THE 82ND MEETING, HELD AT THE PALAIS DE CHAILLOT, PARIS, ON OCTOBER 23, 1948

CONTENTS: GENOCIDE. DRAFT CONVENTION AND REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

The Chairman stated that the remaining amendment to article II was that submitted by the Greek delegation and providing for the addition of a final paragraph reading as follows: "(5) Forced transfer of children to another human group". (document A/C. 6/242).

Mr. Vallindas (Greece) recalled that the draft Convention on genocide prepared by the Secretariat included in its enumeration of the material means which might be used for committing genocide the "forced transfer of children to another human group". That clause was classified among the means of cultural genocide and he would draw the attention of the committee to the fact that the experts who had advised the Secretariat in the preparation of the draft Convention "were agreed that this point should be covered by the Convention on genocide".

Only two Governments had expressed their views on that clause. The French Government was in principle opposed to the inclusion of cultural genocide but that opposition surely did not extend to the special case of forced transfer of children, an act far more serious and indeed barbarous than the other acts enumerated in the first draft Convention under the heading a cultural genocide, such as the prohibition of the use of a national language, the destruction of books or of historical or religious monuments. Such acts could be covered by other rules of international law, especially by those dealing with the protection of minorities. The forced transfer of children on the other hand had not only cultural, but also physical and biological effects since it imposed on young persons conditions of life likely to cause them serious harm or even death.

The United States Government, although opposed to the principles of cultural genocide as stated in the first draft Convention, had nevertheless made an exception in the special case of the forced transfer of children to another human group. The draft convention submitted by the United States included the clause of the "forced transfer of children" as a final clause in the enumeration of the acts constituting physical and biological genocide.

The amendment now submitted by the Greek delegation had the same end in view and was made necessary because the draft Convention prepared by the ad Hoc Committee did not include that clause in the enumeration of Article II.

There could be no doubt that a forced transfer of children, committed with the intention of destroying a human group in whole, or at least in part, constituted genocide. The forced transfer of children could be the means of destroying a human group as efficient as that of imposing measures intended to prevent births, or that of inflicting conditions of life likely to cause death.

Since the enumeration of the acts in Article II of the draft Convention was restrictive, the Greek delegation wished to emphasize the necessity of including the "forced transfer of children". It was a means of committing genocide used not only in the past but even in the present.

Mr. Tarazi (Syria) said that the amendment submitted by the Greek delegation was similar to that submitted by his delegation and was being met by the same criticisms. The Syrian delegation would vote in favour of the Greek amendment since it considered that the crime of genocide was not confined only to the destruction of a human being, but included also the element of threat of destruction. In the case under discussion that element constituted a decisive factor.

Mr. Morozov (Union of Soviet Socialist Republics) considered that the Greek amendment, like the Syrian, went far beyond the limits of the provisions already accepted under Article II. That, from the legal point of view, was the main objection. From the historical point of view there were recorded many acts of the destruction of children and young people, but there were none of forced transfer constituting genocide. The point was already fully covered by the provisions of the draft Convention and since the Greek amendment was justifiable neither from the legal nor from the historical point of view, the Soviet delegation would vote against it.

Mr. Manini y Rios (Uruguay) did not consider that the Greek amendment was similar to the Syrian of which a correct interpretation had been given by the USSR representative. But the Greek amendment dealt with clearly defined cases of genocide where the destruction of human groups could occur. Since measures to prevent births had been condemned, so also should be condemned measures intended to destroy a new generation through abducting infants, forcing them to change their religion, educating them to become enemies of their own people. He would vote in favour of the Greek amendment.

Mr. Maktos (United States of America) stated that although he had voted against the Syrian amendment, he would vote in favour of the Greek amendment. The Syrian amendment was formulated in terms too indefinite to allow of strict interpretation—there was, for example, the time factor which came into play in the term "subsequent ill treatment"; it went beyond the definition of the crime of genocide. The Greek amendment on the other hand was very clear, and he would ask the Committee to consider what difference there was from the point of view of the destruction of a group between measures taken to prevent birth half an hour before the birth or measures of abduction taken half an hour after the birth.

Mr. Rafaat (Egypt) asked what was the precise meaning of the term "forced transfer". Was transfer from one country to another implied or was the reference to transfer from one political or religious group to another? If it were the first, then the Greek amendment was similar to the Syrian; if the second, then the amendment should be considered together with the Pakistan amendment (document A/C.6/229) to draft Article III which dealt with forced conversion to another religion.

Mr. Vallindas (Greece) stated that the Greek amendment was couched in the same terms as the corresponding provision in the first draft Convention prepared by the Secretariat and meant the forced transfer from one human group to another.

Mr. Lache (Poland) was not sure of the precise meaning of the Greek amendment. The transfers carried out by the Germans during the past war were certainly to be condemned, but the word "transfer" could also be applied to the evacuation of children from a theatre of war; such evacuation had in fact been carried out by institutions working under the aegis of the United Nations. He joined with the representative of Egypt in asking for elucidation of the point.

Mr. Vallindas (Greece) stated that the Greek delegation had not had in mind only a specific case such as the forced transfer of Greek children. There had in past history occurred cases when Christian children were abducted and taken to the Ottoman Empire. But a discussion of the Greek case was not appropriate in a Committee engaged in drafting a convention. In submitting the amendment, the Greek delegation was merely actuated by a desire to contribute to a more satisfactory draft and to secure the inclusion of the proposed paragraph in the enumeration under Article II. It was for the Committee to decide if forced transfer was or was not an efficient means of destroying a group. Article II presupposed intent to destroy and enumerated types of acts. There could be no doubt that that act also constituted an efficient means of committing genocide, there being no difference between sterilization, abortion, and abduction.

Nor was it primarily an act of cultural genocide. It could in certain cases be so, but it could be perpetrated with the intent to destroy or to cause serious harm to members of a group.

Mr. Dihigo (Cuba) said that, if the Greek amendment were read in conjunction with the introductory paragraph to Article II, it would be seen to follow on sub-paragraphs 1 to 4 quite appropriately.

Mr. Kaeckenbeeck (Belgium) feared that, although the Greek amendment covered a very important point, its inclusion would broaden too much the scope of the convention and hamper its practical application. Certain transfers of population did not necessarily mean the physical destruction of groups. Kauckenbeeck recalled that the Committee had rejected the idea of declaring forced displacement in general to be genocide. Should it now decide differently with regard to the displacement of children? It was necessary to take a decision on cultural genocide in connexion with Article III before considering the Greek amendment. He added that the wording of the amendment was too vague.

Mr. Lachs (Poland) agreed with the Belgian representative. The Greek representative had not sufficiently clarified the meaning of his amendment. By referring to the abduction of Greek children, the Greek representative had given the matter a distinct political bent.

Mr. Abdoh (Iran) felt that, as the Greek amendment concerned cultural as well as physical genocide, it had better be discussed after Article III.

Mr. De Beus (Netherlands) agreed that the discussion of the Greek amendment should be postponed until a decision had been taken on cultural genocide. There might be cases of the forced transfer of children which were tantamount to genocide, but, in its present wording, the Greek amendment was too vague to justify immediate adoption. Certain questions might arise, for example, whether forced transfer necessarily meant mass transfer; whether the forcible transfer of children to schools of a different language or religion constituted genocide.

Mr. Mactos (United States of America) remarked that it was a simple matter for any member to move the postponement of an amendment which the member did not favour. He felt that the Greek amendment should stand on its own merits and not be associated too closely with cultural genocide. Even if it were subsequently decided to include cultural genocide in the convention, a judge considering a case of the forced transfer of children would still have to decide whether physical genocide was involved.

He stressed that, in the eyes of a mother, there was little difference between the prevention of a birth by abortion and the forcible abduction of a child shortly after its birth.

Mr. Manini y Rios (Uruguay) agreed with the United States representative that there was no reason why such acts of physical genocide should be associated with cultural genocide.

Mr. Vallindas (Greece) emphasized that the addition proposed by him must be read as following on the first part of Article II. It was not connected with cultural genocide, but with the destruction of a group, with physical genocide.

Mr. Zourek (Czechoslovakia) observed that the Committee unanimously deprecated the forced transfer of children, but that it must be clear of its position. Cases of transfer must either be regarded as temporary, as the Polish representative had seemed to indicate, or else as cases of forced transfer from one group to another; in the latter case, the amendment would have to be considered in connexion with the Pakistan amendment to Article III. He therefore supported the Belgian proposal.

The Belgian proposal to postpone consideration of the Greek amendment until Article III had been discussed was rejected by 20 votes to 17, with 5 abstentions.

Mr. Morozov (Union of Soviet Socialist Republics) stated that no one had been able to quote historical cases of the destruction of a group effected by the transfer of children. There had been a reference to Hitlerite crimes committed against children; the aim of the transfer of children by the Germans had, however, been to secure slave labour. If the children later died in the performance of that labour, their deaths could not be directly attributed to their abduction, but would be covered by point (3). In the case of abductions carried out in the time of the Ottoman Empire, the aim had been to enslave children for economic reasons. The United States representative had a wrong approach to the problem. If the intent of the forced transfer was indeed to destroy a group, the four previous subparagraphs at the beginning of Article II would apply.

There were no legal grounds for including the Greek amendment, as it was physical destruction that was under consideration, and the Greek amendment suddenly took up the very different problem of the transfer of individuals.

Mr. Iksel (Turkey) explained that his voting against the Greek amendment should not be associated with unfair remarks about the Ottoman Empire.

Mr. Maktos (United States of America) pointed out that the adjective "forced" appeared before the word "transfer" in the Greek amendment.

He further observed that Article III was concerned with the prohibition of language, religion, monuments, et cetera, and found it difficult to see how the transfer of children could fit into that context.

The Greek amendment (document A/C.6/242) was adopted by 20 votes to 13, with 13 abstentions.

PROTEST AGAINST THE TURKISH INVASION OF CYPRUS

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. EILBERG. Mr. Speaker, the actions of the Turkish Government in invading Cyprus were immoral and violated the rules set down when we agreed to supply it with arms. For this reason I voted to cut off arms shipments to Turkey and will vote today to override President Ford's veto of this legislation.

The brutal and illegal Turkish invasion is still a source of great concern to Americans of all backgrounds. At this time I enter into the RECORD a statement on Cyprus by the officers of the Metropolitan Christian Council of Philadelphia and the chief executives of member denominations of the council:

STATEMENT ON CYPRUS

(By the officers of the Metropolitan Christian Council of Philadelphia and the chief executives of member denominations of the council)

We have followed with grave concern the painful course of events in Cyprus over the past several weeks, while recognizing the complexity of the long standing difficulties on the island.

We strongly disapprove the intervention of foreign military forces which has resulted in death to many persons, deep suffering among the civilian population and the uprooting of thousands of people from their homes.

We condemn the non-compliance with the United Nations Security Council resolution which called for cease fire and negotiations.

We urge full continuing adherence to the cease fire by the parties involved and the settlement of their differences around the negotiating table.

We call for the full representation of the people of Cyprus in these negotiations. The aim must be that the people of this island, Cypriotes, Turks, Armenians and Greeks alike, should be able to decide their own future and govern themselves without any foreign intervention.

We urge the Government of the United States to use its diplomatic offices to restrain the aggressive acts of foreign military forces in Cyprus, to cooperate with other major powers in cultivating a political climate conducive to the maintenance of peace and to support all efforts through the United Nations to bring about the peaceful settlement of differences.

Persons endorsing the statement include the following:

Francis G. Brown, Chairman, Metropolitan Christian Council of Philadelphia; General Secretary, Philadelphia Yearly Meeting of the Religious Society of Friends.

The Rev. William J. Shaw, President, Metropolitan Christian Council of Philadelphia.

The Rev. Dr. Rugus Cornelsen, Executive Director, Metropolitan Christian Council of Philadelphia.

The Rt. Rev. James M. Ault, Bishop Eastern Pennsylvania Conference, United Methodist Church.

The Rev. William J. Brown, Executive Presbyter, Donegal Presbytery, United Presbyterian Church in the USA.

The Rt. Rev. E. L. Hickman, Bishop, First Episcopal District, African Methodist Episcopal Church.

The Rev. Dr. William A. Janson, Jr., President, Southeastern Pennsylvania Synod, Lutheran Church in America.

The Rev. William L. Johnston, Executive Minister, Philadelphia Baptist Association, American Baptist Churches in the USA.

The Rev. Carl M. Klies, Moderator, Philadelphia Classis, Reformed Church in America.

The Rev. Father John A. Limberakis, Archpriest, Greek Orthodox Community of Philadelphia.

The Rt. Rev. Lyman C. Olgiby, Bishop, Diocese of Pennsylvania, Episcopal Church.

The Rev. Dr. John C. Shetler, Conference Minister, Pennsylvania Southeast Conference, United Church of Christ.

The Rev. Dr. Frank H. Stroup, Executive Secretary, Philadelphia Presbytery, United Presbyterian Church in the USA.

The Rev. Harrison J. Trapp, Moderator, Pennsylvania Baptist Association.

PROFESSOR HAYEK ON MONETARY FRAMEWORK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. DERWINSKI. Mr. Speaker, as a Representative from the State of Illinois I take particular pride in calling to the attention of the Congress the award of the Nobel Memorial Prize in Economic Science to Prof. Friedrich A. von Hayek, an award which Dr. Hayek will share with Dr. Gunnar Myrdal.

For 13 years, we in Illinois had the honor of Professor Hayek teaching and writing in our midst. From 1950 to 1963 he was professor of moral and social science in the committee on social thought of the University of Chicago. Although this is an intellectual center rivaled by few in this country or abroad it was further distinguished by the presence of Professor Hayek; it was there that he wrote what may be his greatest work, "The Constitution of Liberty," a masterful restatement of the principles of classical liberalism for our own time.

Although Dr. Hayek was born in Vienna, Austria and taught at the University of London for many years—he still remains a British subject—his ties to this country are many and deep. "The Constitution of Liberty," in fact, is dedicated to "The Unknown Civilization that is Growing in America."

At this critical point in our economic life, I would like to particularly recommend this timely and thoughtful book to our colleagues. I should like, to include parts of Professor Hayek's insightful chapter on inflation—Chapter 21, "The Monetary Framework"—in the RECORD at this time:

MONETARY FRAMEWORK

2. With government in control of monetary policy, the chief threat in this field has become inflation. Governments everywhere and at all times have been the chief cause of the depreciation of the currency. Though there have been occasional prolonged falls in the value of a metallic money, the major inflations of the past have been the result of governments' either diminishing the coin or issuing excessive quantities of paper money. It is possible that the present generation is more on its guard against those cruder ways in which currencies were destroyed when governments paid their way by issuing paper money. The same can be done nowadays, however, by subtler procedures that the public is less likely to notice.

We have seen how every one of the chief features of the welfare state which we have considered tends to encourage inflation. We have seen how wage pressures from the labor unions, combined with the current full-employment policies, work in this manner and how the heavy financial burden which governments are assuming through old age pensions are likely to lend them to repeated attempts to lighten them by reducing the value of money. We should also note here, although this may not necessarily be connected, that governments seem invariably to have resorted to inflation to lighten the burden of their fixed obligations whenever the share of national income which they took exceeded about 25 percent. And we have also seen that, because under a system of progressive taxation inflation tends to increase tax revenue proportionately more than incomes, the temptation to resort to inflation becomes very great.

If it is true, however, that the institutions of the welfare state tend to favor inflation, it is even more true that it was the effects of inflation which strengthened the demand for welfare measures. This is true not only of some of those measures we have already considered but also of many others which we have yet to examine or can merely mention here, such as rent restrictions on dwellings, food subsidies, and all kinds of controls of prices and expenditures. The extent to which the effects of inflation have in recent times provided the chief arguments for an extension of government controls is too well known to need more illustration. But the extent to which, for over forty years now, developments throughout the whole world have been determined by an unprecedented inflationary trend is not sufficiently understood. It is perhaps best seen in the influence that it has had on the efforts of the generation whose working life covers that period to provide for their old age.

It will help us to see what inflation has done to the savings of the generation now on the point of retiring if we look at the results of a little statistical inquiry. The aim of the inquiry was to determine what would be the present value in various countries of the accumulated savings of a person who for a period of forty-five years, from 1913 to 1958, had put aside every year the equivalent in money of the same real value and invested it at a fixed rate of interest of 4 per cent. This corresponds approximately to the return which the small saver in Western countries could have obtained from the kind of investment accessible to him, whether its actual form was a savings account, government bonds, or life insurance. We shall represent as 100 the amount that the saver would have possessed at the end of the period if the value of money had remained constant. What part of this real value would such a saver actually have had in 1958?

It seems that there is only one country in the world, namely, Switzerland, where the amount would have been as much as 70 per cent. The saver in the United States and Canada would still have been relatively well off, having been able to retain about 58 per cent. For most of the countries of the British Commonwealth and the other members of the "sterling bloc" the figure would have been around 50 per cent, and for Germany, in spite of the loss of all pre-1924 savings, still as much as 37 per cent. The investors in all those countries were still fortunate, however, compared with those in France or Italy, who would have retained only between 11 and 12 per cent of what the value of their savings over the period ought to have been at the beginning of 1958.

It is usual today to dismiss the importance of this long and world-wide inflationary trend with the comment that things have always been like that and that history is largely a history of inflation. However true this may be in general, it is certainly not true of the period during which our modern economic system developed and during which wealth and incomes grew at an unprecedented rate. During the two hundred years preceding 1914, when Great Britain adhered to the gold standard, the price level, so far as it can be meaningfully measured over such a period, fluctuated around a constant level, ending up pretty well where it started and rarely changing by more than a third above or below that average level (except during the period of the Napoleonic wars, when the gold standard was abandoned). Similarly, in the United States, during the period 1749–1939 there also does not seem to have occurred a significant upward trend of prices. . . .

Though there may be some people who explicitly advocate continuous inflation, it is certainly not because the majority wants it that we are likely to get it. Few people would be willing to accept it when it is pointed out that even such a seemingly moderate increase in prices as 3 per cent per annum means that the price level will double every twenty-three and a half years and that it will nearly quadruple over the normal span of a man's working life. The danger that inflation will continue is not so much due to the strength of those who deliberately advocate it as to the weakness of the opposition. In order to prevent it, it is necessary for the public to become clearly aware of the things we can do and of the consequences of not doing them. Most competent students agree that the difficulty of preventing inflation is only political and not economic. Yet almost no one seems to believe that the monetary authorities have the power to prevent it and will exercise it. The greatest optimism about the short-term miracles that monetary policy will achieve is accompanied by a complete fatalism about what it will produce in the long run.

There are two points which cannot be stressed enough: first, it seems certain that we shall not stop the drift toward more and more state control unless we stop the inflationary trend; and, second, any continued rise in prices is dangerous because, once we begin to rely on its stimulating effect, we shall be committed to a course that will leave us no choice but that between more inflation, on the one hand, and paying for our mistake by a recession or depression, on the other. Even a very moderate degree of inflation is dangerous because it ties the hands of those responsible for policy by creating a situation in which, everytime a problem arises, a little more inflation seems the only easy way out.

We have not had space to touch on the various ways in which the efforts of individuals to protect themselves against inflation, such as sliding-scale contracts, not only tend to make the process self-accelerating but also increase the rate of inflation necessary to maintain its stimulating effect. Let us simply note, then, that inflation makes it more and more impossible for people of moderate means to provide for their old age themselves; that it discourages saving and encourages running into debt; and that, by destroying the middle class, it creates that dangerous gap between the completely propertyless and the wealthy that is so characteristic of societies which have gone through prolonged inflations and which is the source of so much tension in those societies. Perhaps even more ominous is the wider psychological effect, the spreading among the population at large of that disregard of long-range views and exclusive concern with immediate advantages which already dominate public policy.

It is no accident that inflationary policies are generally advocated by those who want more government control—though, unfortunately, not by them alone. The increased dependence of the individual upon government which inflation produces and the demand for more government action to which this leads may for the socialist be an argument in its favor. Those who wish to preserve freedom should recognize, however, that inflation is probably the most important single factor in that vicious circle wherein one kind of government action makes more and more government control necessary. For this reason, all those who wish to stop the drift toward increasing government control should concentrate their efforts on monetary policy. There is perhaps nothing more disheartening than the fact that there are still so many intelligent and informed people who in most other respects will defend freedom and yet are induced by the immediate benefits of an expansionist policy to support what, in the long run, must destroy the foundations of a free society.

WHILE GOVERNMENT FOOD STATISTICS RISE, YOUR FOOD PRICES SKYROCKET

HON. WAYNE OWENS

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. OWENS. Mr. Speaker, our American republic has faced national emergencies before. War, natural catastrophes, and economic upheavals are not strangers to the American people. To them the spirit of sacrifice is not new. When necessary, when pressed upon by nature, they are enobled by their willingness to sacrifice.

But today, we face a grave trial. Before us we see the horrible specter of inflation grown rampant. Allowing inflation is a tax without legislation, a tax without representation, an oppression to the poor. It cannot be allowed to exist unaddressed.

Our situation is made more grave, unlike other times of emergency, because we also face a crisis of spirit.

In 1932, Franklin D. Roosevelt came before this body in times no less vexatious and declared that we have "nothing to fear but fear itself." I believe those words. We need that kind of leadership today.

It is a quality of leadership to call for sacrifice, but the responsibility of Government is to insure that it is fairly distributed, that all will share the burden. It is to this leadership the people turn for resolution so that economic crisis does not become a crisis of the spirit, a sacrifice of the many for the few.

The time for experimentation is passed. There is no more time to trifle with the expectations and confidences of the American people. They can, and they must be told that the remedy is not easy, the causes are not singular, the recovery process not without sacrifice. They must also be told what the process is, and why the end is not in doubt.

It makes little sense to ask the consumer for less consumption when the market already makes no exception for its limitations of their demands. The American consumer buys fewer cars, and the price goes up, he turns down his thermostat, and he pays more to make up for what he did not use. He buyes fewer clothes, gives up his vacation, and drives less, but prices continue to go up.

My purpose today is not to discuss the whole problem, but to focus upon the most fundamental element, the cost of food.

You have to eat. It is inescapable.

The economics of consumption are not complex. Consumers are paying more and farmers are getting less. And the Goverment tells us that we spent 14 percent more for food this summer than we did last summer; 14 percent is bad enough, but it certainly seems to hurt more than 14 percent.

It is the increasing price of food and our inability to deal effectively with these costs that is probably the largest single source of frustration for the American consumer. It is in how we spend our food dollar, or what we cannot buy with our food dollar, that is one of the cruelest punishments of inflation. The average American wage earner pays about 20 percent of his income for food. For the older American, it is over 30 percent of his income. The individual has already been fed his diet of austerity. It is evident that "tight money" or "fiscal restraint" alone is not a satisfactory solution to this problem. Nor can the problem be dismissed alone by the cold calculus of demand over supply. A meaningful discussion of problem and resolution must include an understanding of the data employed.

The Bureau of Labor Statistics tells us that prices for food at home have increased 14 percent during the year beginning in July 1973 and ending this past summer. I believe that this figure represents a serious distortion of what is really happening to the American diet and obscures real problems in our food distribution and marketing system.

Basically, the food price index of the Consumer Price Index is based on the increase of cost in about 100 selected food items. Each item is weighted in relation to its importance in the American diet. A tottering system, based upon 1961 eating habits, the BLS idea has not been updated to reflect changes in our eating habits. For example, meats are weighted heavily in the BLS system, and meat prices are down 9.6 percent over the last year. So this holds the index down. But at the same time, Americans are eating less meat; 6 percent less beef than last year, and nearly 20 percent less pork from 1971 levels. It also happens that pork is generally eaten more than beef by the less affluent members of our society. So it is not coincidental that we are eating less meat and more beans. Meat prices have decreased 9.6 percent, but dried beans have increased 300 percent.

So while the Government tells us that it is only costing us 14 percent more, we know that it is costing us more than that.

Salt Lake City is not one of the cities sampled by the BLS. We have been informed, however, that Salt Lake City is one of the four most expensive cities for food in the United States. An independent study has been done in a large discount grocery store, comparing June 8, 1973, retail prices with the shelf prices of September 16, 1974. It indicates that something is very wrong. Common brand name foods that are typical of the average American's eating habits were selected. The 1973 products were picked first, on the basis of diet, and then a comparison was made with this September's prices.

WHAT HAS ACTUALLY HAPPENED TO THE COSTS OF FOOD FOR A DAY IN SALT LAKE CITY?

BREAKFAST

Instant Tang for your juice has increased in price by 33%.

Wonder English Muffins have increased by 38%.

If you spread them with Parkay margarine, this has increased by 106%, considering the tax reduction; however, butter has decreased by 1%. Welch's Grape Jelly has increased by 41%; or for those who prefer Miller's honey, it is an increase of 29%.

For the pancakes, Pillsbury Hungry Jack Mix has increased by 32%; Aunt Jemima Pancake Mix has increased by 36%. Log Cabin Syrup has shown an increase of 36%, and Nalley's Lumber Jack by 43%. Mazola for the griddle has gone up 88%, or Crisco has increased 136%.

Folger's regular coffee has increased 22%, but MJB instant has gone up 55% in price. Nestle's Choc Quick has increased 34%. U & I sugar for your coffee has increased 156%.

For cereal, it is better to stay with "All-American Boy" Wheaties, Breakfast of Champions, which has increased only 18%. A second choice would be Nabisco Shredded Wheat, at 27%. However, if the kids insist, Cheerios has increased 37%, Kelloggs Sugar Pops, 34%. Post Raisin Bran has jumped up 50% in cost, (yet DelMonte seedless raisins are only up 33%).

2% milk in cartons has only increased by 9%, but if you have been trying to keep costs down by using Carnation Instant, it has increased 36%, or Pet evaporated milk has increased by 58%.

Fortunately your morning egg is still within the range of the index.

FOR THE SACK LUNCHES THAT HAVE TO BE PREPARED

Bread costs 49% more now, than 15 months ago.

Skippy Peanut Butter has increased 25%.

Kraft American Cheese for sandwiches only 14%, but the Best Foods Mayonnaise Spread is up 89%.

Clover Club potato chips have gone up 68%, or Doritos, which have increased by 28%, or Fritos, which have gone up in price 15%.

Oreo Cookies are up 39%, Nabisco Old Fashioned Ginger Cookies up 49%.

Glad Sandwich Bags have increased 16%, and Handiwrap has gone up 12%.

Napkins are up 29%, and the cost of Zee Brown Lunch Bags are up 31%.

THE DOG HAS TO BE FED

All beef Alpo is down 6% (a bright spot for some of the poor, if reports are true and if they can afford the more expensive brand of dog food).

Friskies are up 24% and Ken-L-Ration is up 25%.

A LIGHT LUNCH AT HOME

Campbell's Beef Soup has increased in price by 28%, and saltines are up 54%. Cottage cheese has increased by 31%.

Some canned fruit, such as Del Monte cling peaches has increased by 30%, and Rosedale pears are up 32%.

If you prefer a little ice cream, the minimum priced store brand has risen 34%, or

Meadow Gold brand, for ½ gallon, is up 22%.

An afternoon Tab will cost you 40% more, Shasta 36%, and a Coke is up 6%. (If you purchase it at the right time and in the "proper" containers).

AN ECONOMY DINNER WITH A MEXICAN ORIENTATION

Woods Cross tomatoes are up 52%.

Golden Grain Pinto Beans are up 198%, or refried beans, from a can, Little Pancho, are up 52%, to 126%, depending upon the size purchased.

Minute rice has risen by 48%, or if MJB is chosen long grain rice, cooked, has increased 106%.

Tortillas, Little Pancho have increased by 17%, and Mexicorn by 10%.

A Jello Desert will cost 50% more, flour for a cake 36%, plus 88% to 136% for shortenings.

If Gerbers is represenative, baby food has increased 25%.

Popcorn for watching the NFL game or TV movie will cost you 66% more for the 3 Minute Yellow brand in 2 lb. bags.

CLEANLINESS IS ALMOST AS NECESSARY AS FOOD

Dial Soap for the shower has gone up 30%, and Palmolive has increased 40%.

Tide or Oxydol for the clothes have both increased 18%, All in a 9 lb. bag by 33%, or the economy detergent, Jumbo Sun Low Suds by 88%.

Clorax is up 19%, and Downey Fabric Softener by 7%.

Dishes also have to be washed, and Joy is up 34%; Thrill is up 24%, and the economy store brand 34%. Calgonite for your dishwasher is up 15%.

A 3 lb. container of Saniflush has been replaced with a 31-oz. container at the same price for a 41% increase.

Delsey bathroom tissue is up by 39%. Scott paper has increased their prices and reduced the quantity in their packages so that Soft and Pretty has increased by 117% and the 10-roll family size has increased 44%. A 4-roll family size thas increased by 84%.

Note that the so-called economy items and brands have consistently increased by a greater percentage than the more expensive items: The poorer you are, the tougher it is.

The average increase of the items reflected in the survey was up a whopping 43 percent. It is a figure on this order, I submit, that comes closer to capturing the tragic and tremendous cost of inflation on our food prices.

It is all too apparent that more monetary restraint, more fiscal control alone, will break the back of the consumer long before it breaks the back of inflation. The problem is endemic in the structure of our food marketing system.

There are those who would control the problem at the State and local level where the people are. While this objective is laudable, they have not learned that you do not bind tigers with twine or control price exploitation by local alone. Most of the food and household products bought in Utah are supplied by large, multi-state and international corporations. For example, Procter & Gamble—Comet, Crest, Bold, Crisco, Duncan Hines, et cetera—1973 sales exceeded the total gross sales in Utah—sales and services subject to the sales and use tax—by 3.5 percent.

The food and household production and distribution "giants" whose actions have a major impact on Utah consumers could be discussed for hours. A listing of a few other corporations, with some of the brand names and 1973 sales as a percentage of total sales in Utah is illuminating:

Kraftco Corp.—95% of Utah (Kraft, Miracle Whip, Parkay, Etc.)

R. J. Reynolds—87% of Utah (Camel, Winston, Salem, Chun King, Etc.)

General Foods—70% of Utah (Tang, Kool-Aid, Post Cereals, Etc.)

Beatrice Foods—75% of Utah (Royal Crown, Swiss Miss, Viva, Etc.)

Coca Cola—57% of Utah (Fresca, Sprite, Tab, Minute Maid, Etc.)

How much impact can any one individual or group have on one of these "giants"? Obviously, there is neither a private group nor a local government body that can prevent these very large corporations from administering prices, instead of letting the market set the price. This is a national problem. A problem of Federal antitrust enforcement. Certainly these Utah prices would find similar parallels elsewhere.

The purpose of Government action is the restoration of our competition as the protector of the consumer in the value and quality of the food they buy. A specific program must include consideration of the following elements:

First. Free enterprise and the laws of supply and demand, are the cornerstone of our economic system, but we have allowed this principle to be subverted by the continuing trend toward concentration of incredible economic power. How often must we learn the painful lesson that antitrust laws must be enforced if we are to control these cancerous growths on our economy. If we allow them to continue to grow, unchecked, they will squeeze the life blood from our economy and kill the spirit of our people. We cannot ask for the present sacrifices while allowing a gap of hypocrisy to exist between what we say and what we do.

The people of Utah are highly independent people, and our State economy is based on small businesses and family farms, but our people cannot compete against conglomerates like ITT, whose 1973 sales were 2.7 times the entire gross sales and services in Utah. These are often companies who use their tremendous economic power to buy influences at the national level to further subvert the process of free enterprise.

The final evidence of such economic distortions occurred in August of this year, when the chairman of the Federal Trade Commission, Lewis A. Engman, stated that his agency was continuing an extensive investigation to determine whether the food industry is limiting competition in an attempt to drive up prices.

My office has recently been informed that the FTC will shortly file major antitrust actions against some retail dealers in the food industry and others in the chain of distribution.

Second. We must have legislation to insure that there will be no further "Russian wheat deals," no further Government assisted sales of commodities below prevailing world prices.

Third. The Washington bureaucracy must change its data reporting procedures to more accurately reflect the real patterns and costs of the American diet. The last Household Consumption Studies by the Department of Agriculture were done nearly 10 years ago. We really don't know how people really spend their food dollar, or how price changes affect diet. The BLS food cost index needs to be revised to more accurately reflect the current situation. We need to know the truth about what is actually happening.

I am sure my colleagues in the House share my concern for the speedy resolution of these problems. It is through the insistence of Congress that better statistics will be kept. The other objectives can only be met by prompt and decisive legislative action.

DR. WINFIELD W. RIEFLER: THE ECONOMIST—THE MAN

HON. GARRY BROWN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. BROWN of Michigan. Mr. Speaker memorial services were held for Dr. Winfield W. Riefler at the Cosmos Club here in Washington on May 7, 1974. The holding of the services is attributable to the thoughfulness of Mr. Ralph A. Young, a former close friend and associate of Dr. Riefler, and was in recognition of the important service rendered to the Federal Government as a financial economist and adviser by Dr. Riefler.

In view of the relationship between Dr. Riefler and those who participated, it could be suggested that the opinion expressed during these memorial services were biased; however, I believe any fair examination of the Riefler record will establish the validity of the proposition that his contributions to the Federal Government and all Americans placed him a notch above most who functioned and performed in a similar capacity.

In order that my colleagues may have the advantage of the remarks expressed by the participants in these memorial services, I am including a transcript of them at the end of these prefatory remarks. However, as a sort of synopsis, I would like to mention that during the 1930's Win was secretary of, and adviser to, President Roosevelt's National Executive Committee on Measures for Economic Recovery; first Chairman of the Government's then newly established Central Statistical Board; and, finally, adviser to the Department of the Treasury on its fund to stabilize the dollar internationally. Some have characterized Win as the first more or less specifically designated economic adviser to a President; while others have noted that he was one of the original "brain trusters" in the economic area to President Roosevelt; and, still others remember him as the "father of FHA."

During World War II, he was the U.S. Economic Minister to the British Government in London where he functioned in the capacity of director of the allied governments efforts in economic warfare. From 1948 to 1959 he served as assistant to the Chairman of the Federal Reserve Board under Chairman McCabe and Chairman Martin, and during the period 1952 to 1959 he was Secretary of the Federal Open Market Committee.

Although obviously Win and I were of different partisan persuasians, my many conversations with him while I resided in his home while attending law school at the George Washington University caused me to conclude that we had similar goals and objectives even though we might not have been in agreement with respect to the means and mechanisims which could be best utilized to accomplish such goals and objectives. In all such conversations, I never had any occasion to question Win Riefler's dedication and commitment to decisionmaking in the public interest.

The remarks of those participating in the memorial services follow:

REMARKS BY RALPH A. YOUNG

As long time friends of Winfield Riefler we gather today with his wife and two sons, David and Donald, to pay homage to a life richly lived. That life we all know was consistently zestful, varied in its intellectual and artistic interests, and unselfish toward his family, professional associates, and the community at large.

As an economist, Riefler was a man of high competence, restless energy, and determination. He entered the profession in a transitional period that demanded intimate familiarity with the doctrines handed down from predecessors. Much of this received wisdom Win Riefler found acceptable but only on a level of generality that made him dissatisfied and restive as it did others of his contemporaries.

The challenge to the younger members of the profession, therefore, was to acquire comprehensive and detailed empirical knowledge of economic institutions and markets. Such knowledge would serve as a foundation for modernizing the body of economic doctrine. It was up to the new generation to see that the needed knowledge was rapidly accumulated and to devise new methods for accumulating. Specialization was called for. In Win's case the area of special interest was money, banking, and financial institutions. He applied himself diligently to this area and during the 1920's had two major achievements to his credit. The first was a pioneering study, Money Rates and Money Markets, published in 1930; the second, an important new quantitative series that reduced monetary factors determining the demand for credit at Reserve Banks to precise quantitative terms.

Not satisfied with this professional record, Riefler's imagination reached out into the central problem of the modern economy: How can a technological society achieve a more stable, orderly, and equitable performance than heretofore? The economic catastrophe of the 1930's raised compelling questions that had to find answers despite the absence of adequate knowledge. About this time a call to coordinate the Federal statistical service opened up an opportunity to reshape and extend the Federal Government's statistical program to better meet modern informational needs. But before this task could be accomplished, Win's energies were completely absorbed in devising remedies for faults in the financial system which the economic collapse had disclosed.

Win's experience up to this time prepared him for a broader role in advancing economic research for which he had a rare talent, in centralizing a broad design for desirable research, and in breaking it down into manageable parts for analysis. Exciting the interests of some younger economists by persuasive presentation of the possibility, often soliciting or arranging the necessary funding, and making full use of his own wide experience.

My first contact with Reifler came in 1929 when I was spending a year at the Department of Commerce. The elder statesman, David Friday, told me that Riefler was the ablest and most imaginative economist in Washington, and urged me to meet him and seek his views on my developing research interests. I acted promptly and found myself engaged in a very exciting conversation. I was fascinated. The imprint he left on my mind was deep and permanent. Eight years later he visited me at the University of Pennsylvania to engage my interests in an exploratory survey of research and finance under the auspices of the National Bureau of Economic Research. I jumped at the opportunity and there began a personal and collaborative relationship that was broken only by the war years and lasted until his retirement in 1959.

There are others who want to memorialize Win Riefler this morning, each from his particular relationship. First of these is Donald Riefler who will offer his views of Win as a man and a father. The other participants need no introduction and will follow one another in accordance with the listing on the program.

May 7, 1974.

REMARKS BY DONALD B. RIEFLER

Win was a great guy and it was lucky for me to be his son, but it's difficult today to express easily what I felt about him, so I thought I'd mention a few incidents that took place between us during our lives because they are meaningful to me and I think they might be indicative of the kind of father that he was. I'll start early.

In about the third grade, reports came home from school that I was having an extremely difficult time learning how to read, and Win decided this was something he would take in hand personally. He always loved games and decided to devise a game that would solve this problem. So we got the book out and in the back were series of words listed in groups of ten and he told me that I could study the book as long as I wanted to and for each ten that I could get right without an error he would give me a dime. For each one I got wrong I had to pay him a penny and of course didn't get the dime for getting the ten right. Well, he knew me well too, I guess, and it didn't take long before I learned how to read and was making a lot of money from him.

A little later on, one characteristic that both David and I had as children that Win was not necessarily particularly pleased about was the fact that we had a reputation of being somewhat mischievous, but he had different ways of handling this too. I recall one day that in the winter we were living in Princeton and David and I were outside on the other side of the road with some snowballs and we were throwing snowballs at cars that were driving by, and we both let fly and suddenly realized simultaneously that the car that just drove by was a policeman's. As the snowballs crashed into the car, David took off like a shot.

The policeman jammed on the brakes and I was petrified and couldn't move. He came storming out of the car and I wasn't sure what he was going to do to me. About this time, Win apparently had been watching out of the window,and he saw this activity going on. He came striding out of the door with a grim look on his face, and marched across the street and grabbed me by the arm and he said "Officer, I'll take care of this." At that stage of the game he led me back into the house, and I was still wondering what was going to happen to me next. After he got me in the house he walked back to the library and I could just see the side of his face and see just a little grin coming across his face. He knew I had learned that lesson very well. Nothing more need be said.

Toward the end when we were down in Florida, Win got very reminiscent, and he would recall his life, and we were conversing one day about the early days of the New Deal. Win, of course, had been with the Federal Reserve at that time and was asked to join the New Deal as an economic adviser. When he did it, a lot of his friends at the Federal Reserve and a lot of his friends on Wall Street thought that this was a great mistake—that the New Deal was doing many things that were not considered reasonable and why should Win associate himself with this kind of a crowd. Win said he never understood that attitude at all, that he felt this was a marvelous opportunity. All sorts of new ideas were being proposed in the New Deal, some good and some bad. And it was an opportunity to get in there and work like hell for the good ideas and reject the bad ones.

And that was Win's message, he always believed in being involved and working like hell for the good ideas.

May 7, 1974.

REMARKS BY MILES L. COLEAN

I feel rather inadequate to this assignment because there are others in this audience, and some who could not be here, who could recite this experience more aptly and more comfortably than I can. So by default I will tell my experience with Win in the early days of the New Deal.

I had read about Win and his proposal for a mortgage insurance plan back in Chicago before I came to Washington for five days in the spring of 1934, and by a set of curious chances, found myself among the group that was working on the legislation and establishment of an organization of what became the Federal Housing Administration. The origin of that idea came in the National Security Council to which Win was an adviser; and I think it is safe to say that Win was the first official economic adviser that the Federal Government had ever had. Marriner Eccles was closely associated with the enterprise, which was to find some stimulating force that would not require Government expenditure. That may sound anomalous coming from President Roosevelt, but it was his intent that something of this sort should be found. Marriner Eccles was enthusiastic about it and promoted it and Win developed the idea. The concept was built upon failure—the failure of the old mortgage guaranty companies of the 30's and 20's—but Win, with his keen mind, as Ralph has described, analyzed what the faults had been and prescribed remedies that created a unique social experiment, and a unique institution, that in spite of all the difficulties and erosion that was encountered over the last 40 years still persists and still is capable of doing the job that Win had in mind.

The idea was an organization based on the pooled risk principle but with the risks shared among the insuring agency, the borrower, and the lender, the whole self-supporting. It was a unique idea and it was a great success. Within less than 20 years it had built up reserves capable of withstanding a depression such as the mortgage industry had suffered in the 30's, and it paid back the Government all that it had advanced to get the organization started, plus interest—a masterful achievement in every way.

But Win's achievements went way beyond his ability to invent social institutions. He was a man of warm friendship. I appreciated his advice at every stage in the years that I was with FHA, and profited by his comments on many occasions. I sought him out at Princeton and at Hillside in New York and I worked with him on the financial research project that Ralph helped so nobly to organize.

I would like to just mention one personal anecdote that my wife put me in mind of as we came in. Win was loved by children as well as older people and our small daughter was a particular favorite. I came home one night from work to find her walking back and fourth in front of our house with a placard hung on her neck. I asked her what it was about and she said she was a picket and that pickets didn't talk. I read the placard which said "This place unfair making me go to bed at eight o'clock. If no change will go to live with Win Riefler."

May 7, 1974.

REMARKS BY ERIC H. BIDDLE

My thoughts of Win Riefler that I'll share with you this morning, take me back. The place was the old State War and Navy Building at 17th and Pennsylvania Avenue, now known as the EOB. The time was late summer in 1942. By pure chance I ran into Win Riefler in the halls and having just arrived from London, congratulated him on his appointment which had just been announced as Minister for Economic Warfare at the Embassy in London. He reported that he was leaving for London the following morning to take up his new post. On the spur of the moment, without any prior thought, I invited him to share by flat at 40 Berkeley Square in London, where he had actually visited me only a few weeks before when he was on a reconnaissance trip prior to taking up his appointment. He accepted promptly.

Our shared living arrangement began then and continued for the whole of the two years that Win was in his London appointment. London in those days was the base of all U.S. Allied and Economic operations in Europe including Eisenhower's headquarters prior to his North African landings, and later SHAEF up until well after D-Day. Economic warfare was a very special case. As many of you know, economic warfare in World War II was concerned with denial to the enemy, worldwide, of critical materials, such matters, that is, as pre-emptive buying of critical materials, of operation and maintenance of the blockade. Selection of bombing targets and others were within the purview of economic warfare as then understood.

Win brought to this assignment his abundant economic wisdom, his rare analytical capacity, his profound politico-economic insight, and with it all his special capacity for developing and maintaining trusted and trusting close relationships with his U.S. and Allied opposite numbers.

There are others here today—we've heard two or three of them—who will talk about Win's superior intellect, his great capacities and accomplishments. Because of experiencing as we did such a close personal relationship in sharing the altogether indefinable aura of wartime London, I prefer to focus for a moment on some of the human qualities of this very exceptional man as revealed to me during that time of stress.

In this two-year period of constant daily contact one could not help but be aware of and be influenced by Win's warmth, his equable disposition, and his penetrating mind. But I was constantly aware for the entire period of two sources of deep distress. One was the natural distress resulting from separation from Dorothy and the family. As to the second, one sensed a muted, almost entirely misspoken, awareness of Win's deep concern with what he knew to be the inescapably sad consequences of the practical application of economic warfare measures, such as the deprivation resulting from the denial of food and medical supplies for beleaguered people.

In my assessment Win's truly remarkable accomplishments during that period are enhanced by recognition of this heavy, hidden toll that I knew he was paying then. And I think perhaps that an appreciation of that toll today may bring into even clearer perspective the quality of this wise and sensitive man, Win Riefler.

May 7, 1974.

REMARKS BY THOMAS B. MCCABE

I know Win would have loved to be here today among his old friends, just as I have enjoyed it because I've seen people I haven't seen for 23 or 24 years.

My friendship with Win Riefler began in 1941, when he was appointed a Class C Director of the Federal Reserve Bank in Philadelphia, and I was Chairman. Subsequently, I met Win during World War II in Washington, where we both were serving, and in London, where he was special economic minister.

When I was appointed Chairman of the Board of Governors of the Federal Reserve System in 1948, I thought immediately of Win as Assistant to the Chairman. I knew of no one else in the country with his competence as an economist, especially in the areas of money and banking. He was then at the School for Advanced Study at Princeton, but after much persuasion he agreed to come to the Federal Reserve. Allan Sproul, former President of the New York Federal Reserve Bank and one of the ablest men in banking, wrote me only recently that Win was one of his oldest friends and one of the most remarkable men who found a career in the System.

The Federal Reserve has experienced many stormy periods in its history, but the years 1949–51 were undoubtedly among the stormiest. The major issue was the Federal Reserve's struggle to regain its statutory independence, especially in its government bond open market operations, against the strong opposition of the Secretary of the Treasury, who was supported by the President. After a long period of travail, we appointed Win in early 1951 and urged the Treasury to appoint Bill Martin to negotiate the basic differences between us and to continue their efforts until they had reached a mutually satisfactory argeement.

At the time I used the expression of putting them in a room together, locking the doors, and keeping the key until they were ready to come out. I might say the Treasury accepted this suggestion with some reluctance because they wanted to start at a lower staff level. These two wonderful men did finally agree, and they came out after a few days—and only a few days—with an agreement which we now refer to as "The Accord", which I think is one of the most outstanding documents and achievements in Federal Reserve history.

Bill Martin and especially Win Riefler, as architects of the Accord, have never been given full credit for their magnificent achievement. If they had not accomplished what they did, the Federal Reserve would be in a very feeble position to combat inflation—the inflation which we had then as well as the inflation in which we are now.

It was fortunate for the country that President Truman appointed Bill Martin to succeed me as Chairman. He and Win, working harmoniously together, established a new high record of excellence in Federal Reserve performance.

I never worked with any one who had a keener and more imaginative mind than Win or knew more about the disciplines in which he had been trained. It was a delight to work with him because he was a genuinely friendly person with complete integrity, a wonderful sense of humor, keen zest for life, and a natural humility that endeared him to his colleagues.

My wife and I were happen to visit Win and Dorothy at their Florida home shortly before Win's death. They were a devoted and inseparable couple, and I will always cherish that visit with those dear and longtime friends as a wonderful time of reminiscence about Washington and good talk about current events.

The words of Shelley in memory of his friend John Keats seem appropriate:

He has outsoared the shadow of our night
He is secure, and now can never mourn
A heart grown cold,
A head grown gray in vain.

He is made one with nature; there is heard
His voice in all her music
He is a presence to be felt and known
In darkness and in light.

He is a portion of that loveliness
Which once he made more lovely
And his works do live after him.

May 7, 1974.

REMARKS BY C. RICHARD YOUNGDAHL

My comments about Win will be made from a slightly different perspective than the previous speaker. I was a junior official, I wouldn't even say officer, in the Federal Reserve at the time that I first came to know him. I knew Win Riefler as a friend, humanitarian, and nature lover, economist, central banker, massive intellect and analytical genius. One could go on and on. I knew him best at the Board in the early 50's, and I saw all of these qualities and many more displayed in abundance.

When Win returned to the System shortly before the Korean War, inflation was the number one economic problem. A huge Federal debt was paralyzing Federal Reserve efforts to curb bank credit and monetary expansion, and the Board had spent a number of fruitless years trying to sell to the country a secondary reserve plan that would have tied up a part of the Federal debt held by the banking system. Win showed a little or no interest in the many variations of these bank reserve plans. He perceived that the problem was far broader; that the Federal debt, when supported in price by the Federal Reserve System, constituted instant liquidity no matter who held it. Since the economy was over-liquid the need was to remove the supports on the Government security market. As we've heard, Win played a key role in this effort and in its ultimate negotiation with the Treasury.

I would like to recall an incident that happened slightly in advance of the time when Win and Chairman Martin got together. It was in the summer of 1950 shortly after the outbreak of the Korean War and just at the time that the Federal Reserve had the temerity to raise the discount rate—I believe it was from 1½ to 1¾ per cent, I forget the exact amount. Immediately the Treasury rushed out and announced refunding terms that were absolutely completely out of accord with the new level of the discount rate, and Win conceived the strategy at the time that made it possible for the Fed to proceed with its policies. And that strategy was to buy up all the maturing securities, and I believe there were some $4 billion or more involved, accept the refunding offering which the Treasury was offering, take it all into the Federal Reserve portfolio, and proceed to sell out of the Federal Reserve portfolio at higher interest rates an equivalent amount of other things.

Now the Treasury accomplished its refunding, but it was also put on notice by that action that the Fed was no longer a permanent captive of Treasury requirements. Win had developed the open market equivalent of the pass or run option. The ultimate development of the Treasury-Federal Reserve accord in early 1951, with Win as a key negotiator, had its seed in this small element of flexibility from Treasury refunding domination that Win was able to devise.

But Win's efforts to remove from the economy the excess liquidity of the Federal debt did not end with the accord. Freedom to stop supporting Treasury security prices did not automatically bring a free market in Government securities. The dealer market itself, long dependent on the Fed for guidance, had to be strengthened and broadened, and this strengthening was slow in developing. A Board study of the market functioning in which Win, again, played a dominant role revealed a vestigial concern by dealers as to Fed Open Market intentions that kept the market in a crippled and dependent condition. Win's thesis was that open market activity should be confined to the shortest term sector of the market, that part of the market which is the broadest and the nearest to money itself, and in particular the Treasury bills. The market would then be free to find its own relationships without fear of Fed intervention to impose a yield structure of the Fed's own choosing. The "bills usually" doctrine was adopted and followed for years. Even though now repealed in form it is still followed largely in substance. It is hard to imagine what the Government security market and indeed the entire economy would be like today if Win's insights of the early 50's had not so changed the nature of the Fed's Open Market role.

But for me Win was much much more than the brilliant central banker. Win was a kind and considerate person who brought these qualities into every contact with his associates. In open meetings, small groups, and private discussions, he cared about people as individuals. His towering intellect was never used to overpower but rather to lead and to help a person find the answer himself. I remember with pleasure the many hours I was privileged to spend with him in a small morning group where we looked at the problems of the times. The analytical capacity of the Riefler mind was a marvel to observe.

My wife and I treasure the social times we had with Deezie and Win. We remember the home that they fashioned out of two small houses, imaginatively tying them together with a large high-beamed living room that kept the charm of the old and gave utility to the totality. We remember Win the gardener, Win the grass expert, Win the builder, but most dearly we treasure the memory of Win the friend.

May 7, 1974.

Remarks by Wm. McChesney Martin, Jr.

Both Cynthia and I appreciate this opportunity to be here and pay tribute to Win Riefler. I know he would have enjoyed being here and seeing so many of his good friends and associates. You have heard several comments on how fortunate we all have been to know him and what an inspiration he has been to us all in many ways.

Now obviously there is very little I can add to what the previous speakers have said except on a personal basis. It was my good fortune to work with Win Riefler during the time that Tom McCabe has said was the most difficult time in the Federal Reserve's history—and I won't challenge that, although I'm sure it's had many difficult times and will have many more difficult times. But I give Win Riefler full credit for whatever came out of the Treasury-Federal Reserve accord. He was the keystone, and it was his analytical mind and his tolerance and at the same time his unwillingness to compromise the important principle which made that accord possible. I had known him very slightly before that time, and as Assistant Secretary of the Treasury was given the authority to enter into those negotiations, and Win was more than responsive but just like rock when it came to the fundamentals.

I think that this is a trait that we all recognize and we admire when it has along with it an ability to be tolerant of other people and tolerant of lesser minds. And I say in no sense of false modesty that Win Riefler's intellect was infinitely superior to mine, that he had a bigger grasp and a greater grasp of finance and financial activities than I had, and therefore it made it possible for me to enter into my later duties as Chairman of the Federal Reserve, secure in the knowledge that his view of independence of the Federal Reserve was based on independence within the Government but not independence of the Government, that he fully appreciated the importance of money, and sound money, but at the same time he did not want money to be our master, he wanted it to be our servant. And in the sense that he was pursuing sound monetary policies, he was pursuing them with an understanding that unless we had sound money we would be servants and not masters of that money. This is something that all of us, I think, must recognize.

The Federal Reserve System has been blessed with a great many competent people but none more competent or more dedicated than Win Riefler, and he rendered a service which is recognized by this group here today and by many more who could not be here today. And I, as Chairman for a short period of time and working with him, am very glad to testify to the contribution which he made to the work of the Federal Reserve System and to finance in this country.

Cynthia and I had the privilege of traveling with Win on several occasions and everything that's been said here about him is true. He enjoyed a zest for life. I remember on one of our trips from Basle to Le Havre, that we had great pleasure in finding places where we would point out and say "that would be a good place for you to retire, Win," and then we would discuss whether Dorothy would like it or not, and we gradually moved on toward the sea coast.

Obviously, his qualities as a man and his inspirational and intellectual knowledge were very rare and something that meant a great deal to all of us. But above all I think he was a man of faith, a man who believed we could work out our problems and no matter how difficult the situation was he came with a constructive point of view. And I simply close these brief comments of mine, and in behalf of some of my associates on the Federal Reserve Board who worked with him, by saying that within the words of the Apostle Paul he fought the good fight always, and he ran the course and when he came to me and said he wanted to retire, he was doing it with the knowledge that he had run his course to the end as he saw it. And above all he kept the faith. That's a heritage that all of us can be proud of and I think all of us who are here today are better because of the fact that we knew and worked with and had the affection and respect of Win Riefler.

May 7, 1974.

THE TWO-GERMANY POLICY

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. RARICK. Mr. Speaker, the latest diplomatic boondoggle, that is, a second German Embassy, this one of the East German Communist party variety, is now being welcomed to Washington, D.C. We are told that the austere East Germans are presently planning to buy the 59-room Firenze House, one of Washington's most celebrated estates, situated on 22 acres at 4400 Broad Branch Road in Washington as its diplomatic and party headquarters.

Even more interesting than having a two Germany policy indicative of the free world's dedication to preventing reunification of Germany is the suggestion that the entire United States-East German diplomatic détente was tied to consideration of Jewish reparations against East Germany by Nazi victims, estimated by at least one source to total nearly $400 million. Material claims for property confiscated by the Nazis are estimated as high as $4 billion.

All in all, it will be an interesting diplomatic relationship since rigid socialist East Germany has indicated that one of its first diplomatic moves would be to apply for most-favored-nation status to enable its party leader to obtain foreign aid and all of the other one-world goodies from U.S. taxpayers. In other words, it gives the inference of the Nazi victims reparations being a tax shifted onto the U.S. taxpayers. We are yet to hear from the heirs and survivors of the Christian victims of socialism under the Hitler era—especially as to charting U.S. foreign policy.

I ask that related news clippings follow my remarks:

[From the Christian Science Monitor, Sept. 1974]

United States and East Germany Sign Diplomatic Accord

(By Dana Adams Schmidt)

Washington.—For the U.S., the ceremony at the State Department Sept. 4, establishing diplomatic relations between Washington and East Germany, marks the end of a long and difficult political road that began with the division of Germany following World War II.

Wednesday, President Ford nominated former Kentucky Sen. John Sherman Cooper (R) to be the U.S. ambassador to East Germany.

One of the final obstacles overcome was East German reluctance to acknowledge the possibility of its obligation to pay compensation to the Jewish and other victims of Nazism. The East Germans argued that they were an entirely new political unit and not a successor state to the Third Reich, and that they should not be held responsible for what the Nazis did.

But an American spokesman said after Wednesday's ceremony that the East Germans had agreed to consider claims which would be raised by the conference on Jewish material claims against Germany. The group, based in New York, has in past years won payment of nearly $820 million by West Germany to Israel and nearly 20 times as much to individuals.

REUNION EFFORTS FADED

For years after World War II, reunification of Germany was a cardinal objective of U.S. foreign policy, as it was of Britain and France, and even of the Soviet Union. But advocacy of reunification was for the most part taken by observers as an example of "double speak."

The Russians, British, and French continued to fear the potential power in central Europe of a reunited Germany, and many of the Americans, while less concerned about German power, agreed that reunification was unlikely to be realized in the foreseeable future.

Among West Germans sincere reunification enthusiasts were to be found mainly on the extreme political right. Other West Germans were aware that East Germany—always the poorer part of Germany, stripped by the Russians of its factories, organized now on doctrinaire socialist lines—would be a drag on a reunited state.

As for the East Germans, the Communists wanted total and final separation—and the others had no voice anyhow.

And so the signatures of Assistant Secretary Arthur A. Hartman and Dr. Herbert Suess, head of the East German Foreign Ministry's legal division, are a recognition of reality.

There are, however, some American reservations about recognition which reflect the reservations the West Germans wrote into their own agreement with East Germany two years ago. The West Germans described the

German Federal Republic and the Democratic Republic of Germany as two states in one nation. In other words they clung to the concept—some would say the myth—of ultimate reunification.

Accordingly it is the American position reiterated in the documents signed at the State Department that the question of ultimate reunification is one for the Germans to work out by themselves.

In addition, the United States pointed out it will continue to deal with the Soviet Union (which has 20 divisions in East Germany) on all questions affecting Berlin.

If the East Germans interfere with traffic on the road through East Germany to Berlin (a recurrence which caused the U.S. to delay the recognition ceremony originally scheduled for July 29) the United States will, as on the most recent occasion, make its protest to the Soviet Union. A quadripartite agreement of 1971 continues to govern both East and West Berlin.

East Germany, about the size of Tennessee, with a population of 16 million (excluding East Berlin), remains mostly isolated and rigidly socialist. Most of its foreign trade is conducted with the Soviet Union.

East Germany has built up its standard of living from the low point reached after the Russians removed not only the technological equipment of the country but many of its technologists. It experienced no Marshall Plan to boost its economy.

And some East Germans boast that the real "economic miracle" of recovery took place not in West but in East Germany. They are the most prosperous among the East Europeans, though not yet as affluent as the West Germans.

[From the New York Times, Sept. 5, 1974]

United States and East Germany Open Ties and Name Envoys

(By David Binder)

Washington, September 4.—The United States established formal diplomatic relations with East Germany today, the last major Western country to do so since the Communist country emerged from relative international isolation three years ago.

Both Governments named ambassadors—John Sherman Cooper, the former Republican Senator from Kentucky, for the United States and Rolf Sieber, a 44-year-old professor of economics, for East Germany.

However, opening of permanent embassies in East Berlin and Washington will take four months or more because neither nation has found adequate facilities.

East Germany was founded 25 years ago and began to receive recognition by Western nations after a series of East-West agreements culminating in the 1972 Berlin Treaty.

France and Britain moved with dispatch to open diplomatic relations with East Germany at that time and other Western nations followed. The United States lagged, partly out of deference to its ally, West Germany, and partly as an expression of reserve toward a government that had caused it trouble in Berlin crises of the past.

The number of countries recognizing East Germany changed rapidly after East Germany acceded to the four-power pact on Berlin late in 1971. Before that the East Germans had ambassadors representing 30 countries. Now it has diplomatic representatives from 104 countries.

Recognition by the United States remained a prestige goal for the East German leadership. This was reflected not only in the terms of agreement, viewed as generous by the United States, but also in the East German appreciation of today's modest recognition at the State Department.

Herbert Süss,, the East German Foreign Ministry official who negotiated the relations with Arthur A. Hartman, Assistant Secretary for European Affairs, was wreathed in smiles at the noontime signing.

He said "hello," "thank you," and "good-by" in English to the crowd of newsmen and diplomats gathered on the seventh floor. A television team filmed the five-minute event for transmission by satellite to East Berlin.

Neither Mr. Süss nor Mr. Hartman made formal remarks. But a joint communiqué was issued saying the two had conducted negotiations "in a cordial atmosphere" and had agreed to talk on claims and financial issues, consular relations and opening of trade and cultural exchanges.

The two signed a three-page résumé of their negotiations in which the two sides agreed to pursue talks on these matters.

Later a State Department official explained to newsmen on a background basis that the document dealt mostly with the question of claims by United States citizens for restitution as victims of Nazism and claims for property that belonged to Americans in what was formerly the Third Reich.

The official said that after initial reluctance East Germany had acknowledged the United States view on claims of Nazism victims, that "a refusal even to consider it as a problem wouldn't wash" with the American people.

He explained that the bulk of United States claims by individuals would be established by the Federal Trade Commission and then handled by a private organization, the Conference on Jewish Material Claims.

The State Department will reserve the right to review East German action on claims, the official said, adding: "What they do will have an effect on everything." He said the individual claims would undoubtedly be settled with a lump sum rather than a parceling out in terms of individual cases.

The Süss-Hartmann document provides that the two Governments will negotiate trade, consular and cultural relations one year from today.

It also notes that the United States has again acquired title to the pre-war American Embassy property on Pariser Platz, northeast of the Brandenburg Gate. But the new American Embassy will be established in the center of East Berlin.

East German officials said they did not know when Ambassador Sieber will take up duties here. The son of working-class parents, Mr. Sieber was schooled in economics in Moscow and East Berlin and became a full professor at the College of Economics in Berlin-Karlshorst in 1969. He is married and has two children.

The East Germans said that while Mr. Sieber had no diplomatic experience he had traveled in India, Belgium and Mauretania.

[From the Detroit News, Sept. 8, 1974]

A New Tie With East Germany

In establishing formal diplomatic relations with East Germany, the U.S. government is acknowledging a simple fact of life: The Communist government is in control of East Germany whether we like it or not.

Whether U.S. recognition will make the East Germans any easier to deal with over the major issue that has caused trouble in the past—the status of Berlin—is problematical. At the moment, it suits the East German government to play a friendly role. But like a leopard it cannot hide its spots.

One measure of the willingness of the East Germans to improve their relations with this country will be their handling of the claims of U.S. citizens as victims of nazism and for property that belonged to Americans in what was formerly the Third Reich. The West German government long since has paid its debts for such claims.

The U.S. State Department quite properly is taking a cautious view but also making it clear that East Germany's attitude on this problem "will have an effect on everything." Past experience indicates East Germany will tend to be miserly on payments of claims to any foreigners.

In John Sherman Cooper, who served 20 years as a U.S. senator from Kentucky and became one of the Senate's foreign policy experts, President Ford has named a well qualified ambassador to East Germany.

But it will be instructive to see whether East Germany's ambassador to the United States, Rolf Sieber, an economics professor, will serve as a professional diplomat or whether, like some other Communist representatives, he will preside over an embassy more interested in spying than in doing business with this country.

President Ford is continuing Mr. Nixon's policy of moving from confrontation to negotiation with the Communist nations of the world but we hope he is still approaching detente coolly and cautiously. That means judging the Communist nations such as East Germany on the basis of their actions rather than just their words.

[From the Washington Post, July 20, 1974]

East Germans Seeking To Buy Firenze House for an Embassy

(By Martin Weil)

The East German government, anticipating the opening of diplomatic relations with the United States, is negotiating to buy Firenze House, one of Washington's most celebrated estates, to serve as an embassy.

"It is no secret that we are interested and also are in the negotiations" to buy the 59-room house on 22 acres at 4400 Broad Branch Rd. NW, said a spokesman for the East German government. "But the contract is not yet signed."

William Stanley Jr., attorney for the owners, who include the present resident, Mrs. John A. Logan, said that a proposal has not yet been submitted, but that he expects that one may come next week. An East German delegation is in Washington holding talks with the State Department, and Hanns Gerd Protsch, a spokesman for the delegation, said that diplomatic relations possibly could be established as soon as next week.

If his government does purchase Firenze House, Protsch said, it would be used as a residence for the East German ambassador.

Other uses for the property, such as construction of embassy offices, or of housing for other embassy personnel, would depend on zoning regulations and procedures, he added.

Protsch declined to discuss the amount of money his government expects to offer for the 47-year-old Tudor-style mansion and its grounds, abutting Rock Creek Park.

The land and improvements were assessed at $532,929 in the assessment year that ended June 30, 1972, according to Lusk's assessment directory.

B'NAI B'RITH TESTIFIES IN SUPPORT OF DISASTER INSURANCE AID

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, yesterday, the Housing Subcommittee began hearings on a most important bill, H.R. 4772, the National Catastrophic Insurance Act, introduced by my good friend Dan Flood.

The legislation grew out of the disasters caused in my State of Pennsylvania by Hurricane Agnes.

There has been ample suggestion that Federal money could produce far more relief for disaster victims than the services delivered by the Government to the

Wilkes-Barre and Scranton area, which most suffered from Agnes' rage.

A group active in supporting the disaster insurance concept is the B'nai B'rith.

I would like to include in the RECORD at this time the testimony of Ms. Norma Gilbert, B'nai B'rith legislative representative.

STATEMENT BY NORMA GILBERT

Mr. Chairman and distinguished Members of this Committee, my name is Norma Gilbert and I am representing B'nai B'rith and B'nai B'rith Women, the largest Jewish service organization in the United States, with additional affiliates in several foreign countries. I serve as Director of Public Affairs for B'nai B'rith Women and as legislative liaison for the B'nai B'rith Disaster Relief Committee, and it is in the latter capacity that I appear before you today. Let me say at this time that it is an honor to be here this morning, and to be able to present our views for your deliberations.

I wish at this time, with your permission, to briefly trace for you the interest and involvement of B'nai B'rith and B'nai B'rith Women in a national comprehensive disaster insurance program:

Both historically and traditionally, as you are no doubt aware, our organization has demonstrated its interest in the well-being and welfare of all citizens, regardless of color or creed. Through the activities of our various agencies and through continuing programs in our districts across the United States, we have attempted to serve the needs of the nation's youth, the elderly, minorities, the underprivileged, and any other group which may be in need. Indeed, though we seek to perpetuate the Jewish tradition and culture through educational programs and youth activities, I wish to underscore for your attention the fact that our services have never been confined to those of the Jewish faith alone. We serve all of the human family, with a sense of dedication to the betterment of society and to the basic rights of all citizens; and in the century-and-a-quarter of B'nai B'rith's existence, our name has been identified with public service and the preservation of individual rights.

In the field of disaster relief, we have undertaken various projects in past years to assist the victims of natural disasters. But the most comprehensive and intense program we have ever undertaken came in the wake of the havoc wrought by Hurricane Agnes in 1972—the worst natural disaster this nation has ever experienced. Although most all of the Eastern states were affected by this hurricane, the most catastrophic effects seemed to be experienced by the populace of Wilkes-Barre, Pennsylvania—where an entire valley was ravaged, and homes, businesses and institutions were wiped out or damaged irrevocably.

B'nai B'rith concentrated its efforts in this community, with four kinds of assistance—

(1) A former staff member of the Small Business Administration was employed to assist the people in processing individual applications for SBA loans.

(2) Families were helped regarding counseling, relocation, school attendance for children, and numerous other interim problems.

(3) B'nai B'rith Youth physically volunteered to help dig out the unbelievable mud and residual slime from the houses.

(4) A national fund-raising campaign was organized to raise moneys for emergency relief for families and institutions affected by the disaster.

The experience of Agnes pointed up to us the inadequacy of present federal programs to compensate disaster victims, including the federal flood insurance program, which only a handful of the victims held.

B'nai B'rith then turned its eyes to other catastrophes—tornadoes in the Mid and Southwest—floods in the Mississippi Valley—earthquakes in California. It was apparent that no area of the United States was invulnerable to natural disaster.

It also became apparent that some form of nationally mandated catastrophic insurance was needed to protect Americans against all forms of natural disasters—a program which would be within reach of the property owner's pocketbook, yet have the capacity to provide full coverage for losses—one which would protect all potential victims of any future disasters against economic ruin.

We then undertook an informal survey among various Members of Congress to ascertain if there was support for such a concept—and found there indeed *was*.

In December 1972, the B'nai B'rith Disaster Relief Committee held an all-day meeting in Washington, where presentations were given by Members of the House and Senate, the Association of Insurance Commissioners, and the Federal Insurance Administrator. Included also were representatives of the private insurance industry.

This meeting produced a resolution, stating the principles which B'nai B'rith and B'nai B'rith Women would wish to see included in any disaster insurance legislation to which we would lend our support. Shortly thereafter, this resolution was passed by the B'nai B'rith Board of Governors—and I attach its text at the conclusion of this statement.

After hearing several legislative proposals, the Committee then decided that HR 4772 and S 1144, introduced by Congressman Daniel Flood and Senator Richard Schweiker, respectively, came closest to embodying the principles set forth in our resolution.

We then proceeded, as indicated in our resolution, to spearhead the formation of a national coalition of organizations to mobilize their individual membership in support of mandatory, all-risk disaster insurance legislation—while reserving the right to offer suggestions for changes to the authors of the bills. Ms. Scholtz has just described for you the history and structure of that coalition.

Ladies and Gentlemen, B'nai B'rith feels that HR 4772, which is under your consideration this morning, is the answer to the plight of thousands of yet unknown victims of future catastrophes. It would cost the taxpayer little, it would be easy to administer without creating a new federal bureaucracy, and it would provide the broadest possible coverage with far greater compensation than the present system. It also utilizes the cooperative efforts of the federal government and the private insurance industry, and would turn the program over to the privates whenever they can equal the program. We respectfully urge your approval of this important legislation.

B'NAI B'RITH POSITION ON DISASTER INSURANCE

B'nai B'rith has been involved in disaster relief efforts since its founding in 1843. However, its interest in the concept of Catastrophic All Risk Disaster Insurance was stimulated by its experiences during the disasters wrought by Hurricane Agnes in June 1972.

The position of B'nai B'rith, as adopted by its Board of Governors, is as follows:

B'nai B'rith, aware of the devastation wrought in recent months through Hurricane Agnes, and concerned as it always has been with the best interests of humanity, urges the Congress of the United States to adopt legislation which would provide adequate and effective relief to victims of natural disasters, including Hurricane Agnes, and provide insurance opportunities for all future potential victims of natural disasters. Some of the guiding principles of such legislation should include the following:

1. Retroactivity, so as to include the victims of Hurricane Agnes.

2. All Risk Comprehensive Disaster Insurance.

3. Insurance coverage for both property owners and rentors.

4. Land use reform provisions.

B'nai B'rith will lend its support to that legislation which will best reflect the foregoing principles.

B'nai B'rith authorizes a continuation of a special ad hoc committee as a subcommittee of its Permanent Disaster Relief Committee under the aegis of the B'nai B'rith Commission on Community and Veterans Services, and charges it with the task of implementing a program of action to involve the entire family of B'nai B'rith, B'nai B'rith Women and B'nai B'rith youth. It also authorizes the committee to adopt specific strategy related to legislation, in keeping with the general principles outlined. The committee is urged and hereby authorized to spearhead the formation of a coalition of national organizations and citizens groups to mobilize support for such legislation as will conform to the principles set forth herein.

THE BATTLE AGAINST MULTIPLE SCLEROSIS

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. HARRINGTON. Mr. Speaker, the Multiple Sclerosis Service Organization of Massachusetts, and its founder and director, Jean Pantano, are providing a valuable public service to the people of Massachusetts in moving the fight against this dreadful disease forward. A piece recently appeared in the news notes of the organization which, in a way deserving the attention of all my colleagues, outlines the battle now underway to cure this disease, to find new approaches to dealing with it, and to put its crippling effects behind us once and for all.

It seems to me that this article deserves the attention of every Member of the House, and I would like to insert it in the CONGRESSIONAL RECORD at this time.

The text follows:

ARTICLE BY JEAN PANTANO

By the time you read this month's MSSO NEWS Steve's and Tylla's 2015-mile epic journey for MS will be over. They plan to cross the finish line at Baxter State Park, Maine, on October 12th. . . . In contrast to the glorious weather we've enjoyed in New England, Steve and Tylla plodded along the Appalachian Trail through eighteen days of continuous rain during the earlier part of their walk. On the heels of the torrential downpours, the weary walkers trudged for hundreds of miles through drought-like conditions where brooks and streams which dot the Appalachian Trail were bone dry.

Meanwhile, back home in Massachusetts Steve's Mom and Dad, the Massachusetts Jaycees under the direction of Joe Cohen, and Mary Kasdan of the Newburyport News, joined with officers, members and friends of the Multiple Sclerosis Service Organization to publicize Steve's walk by seeking donations and pledges.

From the moment Steve and Tylla departed Logan Airport in June for Springer Mountain, Georgia, it's been an arduous undertaking for the walkers. It was equally arduous for those of us who were determined that their efforts would result in raising a substantial amount of money to support MS research.

Ever mindful of its responsibility to use contributions made to the organization for patient related services, an MSSO auction was held on June 8th to help defray Steve's Walk-for-MS related expenses. Steve's parents also assumed a substantial portion of his expenses, which was extremely helpful.

Hundreds of publicity releases documenting Steve's progress along the Appalachian Trail were mailed to newspapers, radio and TV outlets, which resulted in pledges received from such far away places as California and Florida.

Throughout the month of August the MSSO of New York and its chapters conducted tag days for Steve's walk. On August 25th members of the MSSO of New York met Steve at Pawling. They drove Steve and Tylla to the Brooklyn-based headquarters where the walkers received a warm and gracious welcome from MSSO President Tessie Rauscher, the Westchester Chapter President John W. Chase, County Supervisor George C. Cunningham, Mayor of Pawling John Lappas, and State Senator Jeremiah Bloom. Senator Bloom commented, "He is a delightful young man, and Tylla is charming. Neither could stop eating!!"... The following day Steve and Tylla were returned to the same spot in Pawling.

Simultaneously, on August 25 a big event was held on Boston Common. MSers from all over greater Boston and suburbs were on hand to sign up sponsors for Steve's Walk from 11 a.m. to 6 p.m. At 1 p.m. Parks and Recreation Commissioner Anthony Forgione officially dedicated the billboard-type sign showing Steve's route throughout the 13 States, including designated stops. The event was well covered by the Boston Globe, Herald American, and Channels 4 and 7. We invite everyone to visit The Common and see this extraordinary sign, which originally was slated to cost $1150 had it been made by a professional sign firm in Boston, but which actually cost less than $75!! Kudos to Dante Nigro for his expert carpentry work on the sign, and to artists Caroline Baum, Phil Pantano and Holly Ann Wood, whose combined carpentry and artistic lettering efforts produced a magnificent sign, one which might be the envy of any Madison Avenue advertising exec.... Just another vivid example of the MSSO's enterprising ability to draw on its own resources to produce the desired results with a minimum of funds expended.

The day on The Common was a monumental success. Over $1000 was raised in pledges and contributions. Entertainment was provided by Arnie Pelletier of the See-Saw Quartet, and he was accompanied by "Miss Helen", a sparkling personality and an accomplished pianist, who performed at the Old Howard many moons ago! Bill Child was an able MSSO member assistant who played beautifully during "Miss Helen's" intermissions.

The Beverly Jaycees held a car wash at Monty's Mobil Service Station in North Beverly. The Jaycees-members obliged thirty-six satisfied customers with super car washes, with a net result of $240.50 for Steve's Walk for MS.

On September 3rd Joe Cohen, State Chairman for MS for the Massachusetts Jaycees, accompanied Steve's Mom and Dad and Carl Marraffa to Williamstown where Steve was picked up and taken to Marlboro. There Steve met several Jaycees Chapter presidents, including State External Director John Kuczynski, and the president of the Franklin Jaycees. President Chuck Sulkala presented Steve with a list of pledges totalling $600 from Massachusetts Jaycees, "with more to come" according to Joe Cohen. Every spare moment has been devoted to promoting pledges for Steve's Walk for MS Research.

The layover in Marlboro afforded Steve and Tylla the opportunity to have a long chat with his folks and other MSSO members. Tylla had a checkup with a Worcester veterinarian, who marvelled that the dog had walked over 1500 miles on that lame paw. Steve questioned the advisability of having Tylla continue to Baxter Park. The vet said, "If she's come this far in this condition there's no reason she can't continue to the finish line, barring any other unforeseen circumstances to alter the situation.". . . Upon learning the Walk would benefit Multiple Sclerosis research, the vet wrote off the entire bill as "paid"!

Those of us who have had a chance to see the "boots that did all the walking" were aghast. They were thoroughly soaked, and the troublesome sole once again became "unglued" though Steve assured us he had "cemented it together somewhere in Pennsylvania"!

That Steve keeps a low profile is probably the understatement of the year. There were thirteen of us seated at the table at the Marlboro Holiday Inn, and each was anxious to ask the hundreds of questions that plagued us through his long and often dangerous journey. Steve had just returned from the motel room where he and his folks were staying for the night. Someone asked, "During those long hot days, how did you manage to bathe?" Steve replied, "I just did." The conversation also touched on the herculean efforts of so many to publicize his Walk, which in large part failed to receive the public attention it deserved.

The pledges made to date have been far short of the expected goal. However, Steve was assured that the figure was conservative because there were hundreds of "sponsor-getters" who are holding onto their sponsor sheets until October 8th when he and Tylla cross the finish line at Baxter State Park. Then they would collect the money and send it to the MSSO. The magnificent response from the Massachusetts Jaycees, who are still going strong, and the active participation of the MSSO in New York, who are combining their efforts with the MSSO of Massachusetts, give us reason to hope that we will reach our goal.

Mary Ann Cohen asked Steve, "Would you do it again?" Without equivocation he answered, "Yes".

Now it is up to you and everyone with whom you come in contact. Tell them about this courageous young man with the indomitable spirit. We make this plea for a meaningful contribution in recognition of his selfless efforts to benefit MS sufferers.

Steve's walk has finally come to an end. Only you can make that end mark the beginning of something better for the victims of Multiple Sclerosis.

Yes—over the years enormous amounts of money have been spent (we are told!) on MS research. Yet, we want to be told in laymen's language specifically what advances have been made in the field of MS research in 20 years.

Our aim is not to discredit the programs presently pursued in seeking the cause and cure of this disease, but to open up new avenues of approach which have heretofore been either ignored or untried. At the start of Steve's Walk for MS a goal of a quarter of a million dollars was set. Hopefully, the money raised from this effort will enable us to obtain innovative and fruitful research programs that bypass the detours of wasteful mismanagement, duplication of effort, and professional hypocrisy which inhibit and frustrate the desired goals.

Six years ago the MSSO "bit the bullet" and initiated programs which stressed the need for patient services for MSers and their families. This led to the formation of other patient service oriented groups throughout the Commonwealth with the approval and direction of the Boston chapter of the National Multiple Sclerosis Society. In fact, a paid patient care coordinator was hired, and new patient care programs were instituted.

However laudable, it is not enough to dwell on what our small efforts have wrought in the way of patient services. Six years ago we dared to draw attention to the failure of existing organizations to meet the needs of MS sufferers and our efforts brought a measure of comfort to their daily lives. Now we are venturing into the area of research which will bring the ultimate hope of tomorrow—the hope of finding the cause and cure of this progressive neurological disorder. Just possibly, the dedicated men on the MS research peer review committee under Dr. Levine's direction will provide some light and wisdom in relation to their baffling disease. Should we fail to reach the desired goal in funds, we can at least take satisfaction in the knowledge that we dared to challenge the aura of untouchable respectability that surrounds the name of research. We are not damning research programs per se,—but we are demanding a greater degree of accountability from those charged with the awesome task of reducing human suffering caused by disease.

The field of medical research is not sacrosanct. An article on cancer in children by Robert A. Becker which was reprinted in the Boston Globe used a quote from another article in Esquire by Philip Nobile. Nobile was quoting "a cancer research observer", who remarked sadly, "If I came up with a cure for cancer tomorrow, half the people at the National Cancer Institute would commit suicide and the other half would be out chasing me with a machine gun."

The jealousy is so great. . . . The unhappy commentary is probably applicable to most medical research endeavors at the various national institutes. . . . As we approach our bicentennial celebration, are Americans really as "free" as we try to believe? The tradition in this country of a devoted and responsible approach to the alleviation of suffering appears to have undergone some suffering itself—in the form of erosion. How are we to have faith in our huge public and private health organizations when we find them mouthing virtually the same goals and platitudes today (while seeking our support) as was true in the 1950's?—Americans can do better—will we? . . .

Steve's exhaustive personal contribution paves the way for the MSSO to enter a new arena. By this means we can combine our desire to fill the needs of the MSer today through patient services, as well as strive to achieve the ultimate hope of tomorrow through research.

As our good friends and neighbors in the MSSO of New York said so succinctly in their own newsletter, "Every mile Steve and faithful Tylla walk will be rewarding only if we have your financial support in this cause to help humanity the world over."

Please—if you have not already done so—send your contribution today to:

Multiple Sclerosis Service Organization of Massachusetts, Inc., 77 Topsfield Road, Wenham, Mass. 01984.

I want to sponsor Steve's Appalachian Trail Walk for MS.

I pledge (check one):
¼ cent per mi—$5.00.
½ cent per mi—$10.00.
1 cent per mi—$20.00.
5 cents per mi.—$100.00.
10 cents per mi.—$200.00.

to be paid when Steve completes his journey for research.

Name ----------------------------------
Street ----------------------------------
City--------------- State------- Zip-------
Tax Exempt

THE MIDDLE EAST CRISIS AND THE SUITABILITY OF U.S. POLICYMAKERS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 15, 1974

Mr. ASHBROOK. Mr. Speaker, the October 7 issue of Newsweek carried a discussion of options open to the United States to cope with the oil crisis resulting from the high oil prices in the Middle East. Queried were a number of governmental officials, military strategists, and experts on the Mideast whose "most talked-about options" included the use of psychological warfare, covert operations, and military intervention. Why covert operations and military intervention against the Arab nations should be suggested while we increase trade with the world's greatest and most dedicated aggressor, the Soviet Union, is a matter that demands a close look at those who are formulating such foreign policy.

At the moment, the most disturbing aspect of possible options concerns the moral connotations of some suggested covert operations. One suggestion in the Newsweek article stated:

> Agents in the pay of the West could borrow a tactic from the Palestinian guerrillas and set up terror squads to stalk traveling Arab oil barons.

Another possibility stated that—

> Assassinations—accompanied by blunt hints to other Arab leaders that they could be next—might be carried out.

It is indeed ironic and irresponsible that such considerations should be even mentioned by supposedly responsible sources here in the United States, especially in the light of our experiences in this country with various forms of terrorism. One need only recall the recent episode involving the Symbionese Liberation Army, Patricia Hearst and the SLA's shootout with the police; how the Eldridge Cleaver faction of the Black Panther Party spawned urban terrorist groups notorious for murders of police officers and many armed robberies; or the use of violence by the Weathermen, a faction of the Students for a Democratic Society. Suffice it to remember the bombing of the U.S. Capitol, the terror bombings of other Government and business installations, the innumerable cases of violence on college campuses and other terrorist activities, and the revulsion of the American people to such actions.

A recently issued staff study by the House Committee on Internal Security entitled "Terrorism" presents an excellent record of the present scope of terroristic groups and activities both here and abroad. To advocate exporting such terrorism abroad while decrying it at home is damaging to our current policy efforts in the Mideast area and, first of all, morally irresponsible.

It is common knowledge that the only things in surplus in the United States today are crises. Our problem is what priority we give to solving them and how we avoid a total collapse of our economic and political life by taking immediate action where it is needed, the Mideast oil crisis being a good and topical example. How equitably this particular crisis will be resolved depends in part on the integrity, suitability and expertise of our own officials.

As I have pointed out in the past, the concept of security includes both loyalty and suitability. It is precisely because of questions of suitability that I expended much time and effort on the case of Helmut Sonnenfeldt whose nomination as Under Secretary of the Treasury was withdrawn last year when a number of witnesses alleged at Senate hearings that he had in the past leaked classified information while in the State Department. While Mr. Sonnenfeldt was later confirmed by the Senate for the position of Counselor of the State Department, my inquiries of the State Department and the preceding administration at the White House in pursuit of pertinent information necessary to the House Committee on Internal Security now investigating this case have remained unresolved. Conflicting testimony under oath before the Senate suggesting the possibility of perjury demonstrates the seriousness of this particular case.

Obviously, anyone who is the center of so much controversy involving his personal conduct should not be entrusted with handling issues of extraordinary security implications or of paramount national interest. Among these today the most critical is the explosive Middle East situation, both from the political and military standpoints. Compounding the urgency of this crisis is the roaring worldwide inflation because of the increase in oil costs. For these reasons, the American public and the governments of India, Iraq, Iran, and Saudi Arabia would find it reassuring if Helmut Sonnenfeldt were relieved of all duties and responsibilities affecting the Middle East until allegations concerning him have been resolved.

In addition, it goes without saying that any officials in the executive branch advocating the types of terrorist activities described in the Newsweek article are irresponsible and should also be removed.

My concern on this issue arises not solely because of partisan, political or ideological views. Mr. George Meany, president of the AFL–CIO, in his statement before the Senate Foreign Relations Committee on October 1 of this year, put the issue in proper perspective:

> In fact, detente is simply a new tactic, a new means toward the old end—the worldwide advance and ultimate victory of Communism.

I agree that the greatest threat to the freedom of all mankind continues to be the Soviet Union, and this is not an issue of being conservative or liberal in domestic politics but a fact of international life.

Most of all, it is in the interest of the free world that the differences between Israel and the Arab world be settled on the principles of genuine freedom and mutual understanding which, of course, requires the survival of Israel as well as the security of the Arab nations.

I feel certain that the personnel actions I have recommended will do much to create a climate producing the kind of results we all desire.

Excerpts from article follow:

EXCERPTS FROM NEWSWEEK ARTICLE OF OCTOBER 7, 1974

COVERT OPERATIONS

The last time the Central Intelligence Agency is known to have mounted a full-scale covert operation in the Middle East—to oust Iran's anti-American Premier Mohammed Mossedegh in 1953 — it worked. Whether similar action to oust balky oil sheiks would work today is doubtful. Even if it did, it would perilously escalate the battle for oil and might create grave new problems for the U.S.

But it is possible.

Agents in the pay of the West could borrow a tactic from the Palestinian guerrillas and set up terror squads to stalk traveling Arab oil barons. "It would be an attempt to deny to the sheiks the pleasures their money can buy," said one former CIA agent. "Flights overseas, foreign residences, visits to Nice—all that would be out." Assassinations—accompanied by blunt hints to other Arab leaders that they could be next—might be carried out. Or undercover operatives could attempt to stir up riots and protests within a country. "We could give the sheiks a sharp lesson by getting the radicals in the country to cause trouble," said an ex-CIA man. "The rationale behind this would be to come back and say: "See what could happen'."

"Dirty tricks": A risky possibility

The peril is that what could happen would probably harm the U.S. as much as the sheiks. The leaders who replaced those now in power would undoubtedly be at least as nationalistic as their predecessors and equally anxious to use the oil weapon against the West. The Soviet Union, even if it did not threaten a direct confrontation with the U.S., would be in a position to expand its influence in the Arab world. And once the news leaked out of what the U.S. had done, the public uproar would be deafening.

Thus, such "dirty tricks" probably would take second place to more discreet moves—such as trying to exploit the existing differences between nations such as Iran and Saudi Arabia in the hope of shattering the cartel's unity. "I believe that the cartel will break up on inherent internal conflict," says one high U.S official. "But I also believe we should do everything reasonable in our power to make sure it does."

MILITARY INTERVENTION

Historically, depriving a nation of access to vital natural resources has been considered a *casus belli*. And as one top U.S. official noted last week, "If the oil-producing nations drive the world into depression in their greed, the West might be forced into a desperate military adventure. But it would be a nightmare—trying to pump oil for decades in the midst of what would amount to guerrilla war and probable worldwide terror." Beyond any doubt, then, an armed attack would have such enormous and frightening ramifications that only the imminent breakdown of Western society could spur Washington to launch it.

To be meaningful, a military intervention would have to be directed against Saudi Arabia, the largest oil producer, and it would need to be both quick and massive. In addition to seizing the major oil fields, troops would have to secure the loading facilities at Ras Tanura 125 miles away on the Persian Gulf and control the narrow Strait of Hormuz through which tankers have to pass. The U.S. would need to mass enough airpower to repel a counterattack by Arab air forces and perhaps even land in neighboring sheikdoms to block them from reinforcing the Saudis. It would have to be done with enough speed to take the oil fields before they could be blown up. And the initial attack would have to be carried out by the 82nd Airborne Division—the only U.S. force trained for parachute assaults—plus perhaps whatever allied (and Israeli) units that could be persuaded to join up.